

A photograph of a man, a woman, and a young child working together in a workshop. The man is on the left, smiling, holding a wooden beam. The woman is in the center, also smiling, holding another wooden beam. The child is on the right, looking down at the wood. They are all working together to assemble a wooden frame. The background is a blurred workshop with various tools and equipment.

**Success, powered
by mutuality**

PPS 2024 INTEGRATED REPORT



Success is better, shared.

We have a mutual story to share.

In these pages you will find more than numbers and statistics, results and reports. You will experience the rewards of a certain way of thinking and doing things. You will see what can be achieved when the power of mutuality is harnessed to serve the greater good. Because success is never a solo project, as every one of our members and intermediaries can attest to. From families and friends to mentors and employers; every successful career is a story of mutual support, guidance and belief, given at the right moment.

This is a story of success, which is better, shared.

*All references to “PPS” refer to “PPS Group”

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CHAPTER TWO

CHAPTER THREE

Who we are and what we do

“In the South African financial services landscape, PPS stands apart with its unique approach. Instead of shareholders, we have members – graduate professionals who are eligible for membership based on their qualifications. Membership provides access to tailored financial solutions, ensuring members benefit directly from the comprehensive cover designed to support their professional and personal needs.

“Our enduring mutual model, which has demonstrated its resilience through many upheavals over the past 83 years, consistently delivers reliable solutions and services, enabling our members to secure their incomes and generate personal wealth. We allocate annual returns to the notional PPS Profit-Share Accounts™ of members who hold qualifying life-risk products. This ensures that members share directly in the growth and success of PPS, reinforcing our belief that success is better, shared.”

Izak Smit

Group Chief Executive Officer

THE PPS STORY

For more than 80 years, PPS has shown resilience, steady growth and uninterrupted service to its members, reflecting the vision of its founders – a group of dentists who created PPS in 1941 to protect their incomes through a mutual model.

This model, which allows members to share in pooled resources, still guides PPS's structure and innovations. Unlike shareholder-driven companies, PPS has members – highly educated professionals with postgraduate qualifications – who benefit from qualifying products and earn a share of returns.

Starting with solutions designed to protect our members' ability to earn an income, PPS has grown to offer a full suite of financial services, supporting graduate professionals across sectors, all aligned with a mission to provide enduring value to members.

Our mission and values give expression to what it is we aim to deliver to our members.

OUR PURPOSE

By providing specialised financial solutions within a mutual framework, our purpose is to help our members live the lives they want to live in a world worth living in.

We help our members to secure their current and future financial positions by providing a comprehensive range of financial solutions specifically designed to meet the needs of graduate professionals.

This offers them peace of mind throughout their careers and during retirement, and enables them to leave a legacy for future generations.

OUR VALUES

- **We take extreme ownership.** We take full responsibility for our impact, avoid blame-shifting, tackle problems with solutions and act as owners of resources. We focus on results and expanding influence, understanding that success comes from decisions, not conditions.
- **We are eternally curious.** We are not satisfied with the status quo and are driven to constantly improve the solutions we offer to our members. We are committed to innovation, giving staff the licence to innovate and experiment while recognising and responding to the complex and changing needs of our current and future members.
- **We do the right thing.** We not only conduct our business with empathy, authenticity and care but with the highest standards of ethics, fairness, governance and respect for all.

Who we are and what we do continued

LIVING THE ETHOS OF MUTUALITY

PPS's mutuality model – rare in financial services – means it has no shareholders. PPS pays no dividends externally and instead shares returns directly with members through their notional PPS Profit-Share Accounts™. Members holding qualifying life-risk products accumulate a share of returns annually, which vests on retirement from age 60 or death. These allocations grow through investment returns and further allocations to ultimately become a valuable asset in personal financial planning. This is unique in the South African insurance sector and there is no benefit to rival it.

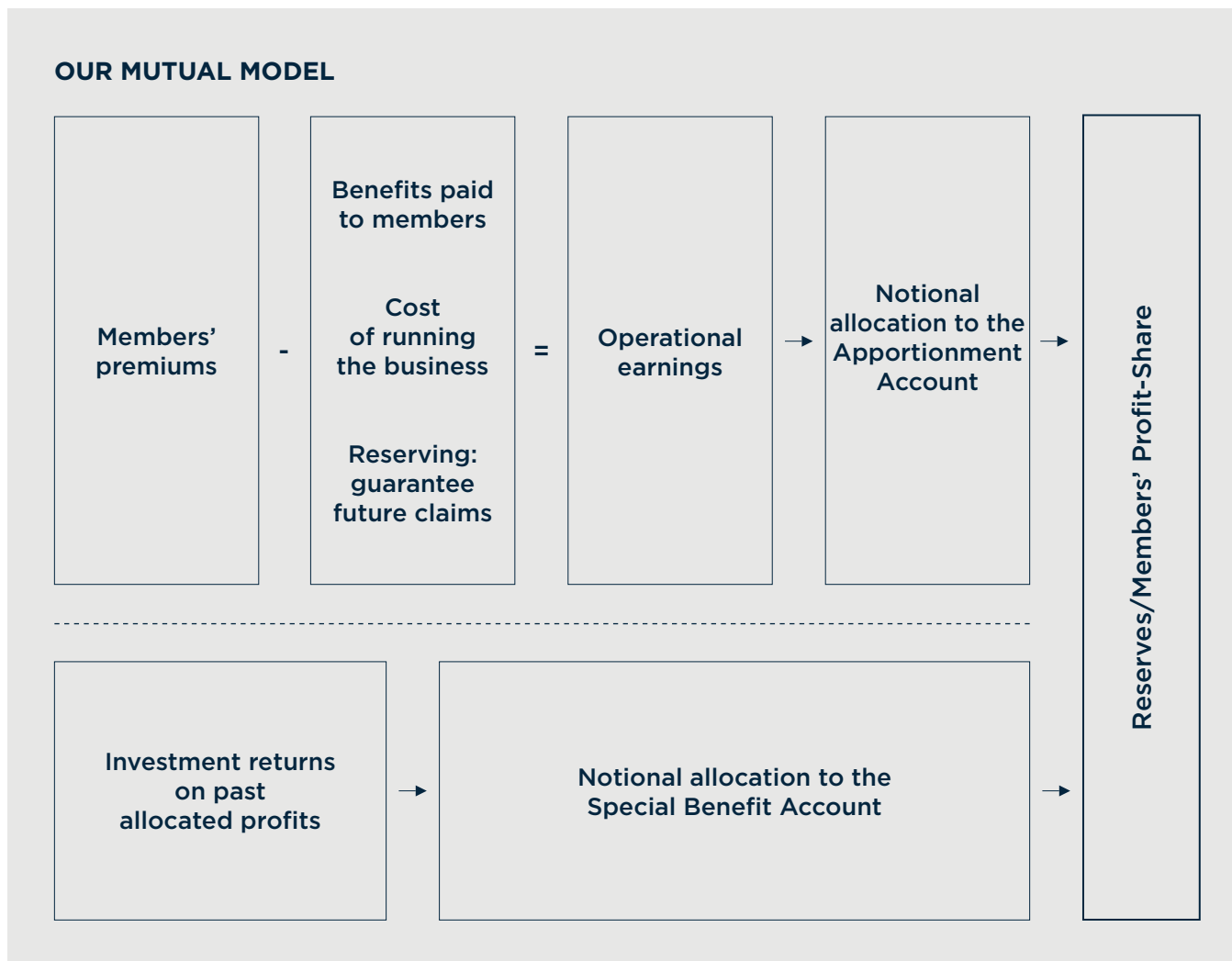
Members also benefit from the PPS Profit-Share Cross-Holdings Booster, which rewards those who hold qualifying products across PPS subsidiaries and affiliates. Many longstanding members have, in fact, received more in Profit-Share allocations in a given year – on top of product benefit payouts – than they have paid in premiums. This creates a counterintuitive model: although members pay premiums for their cover, the success we share with them through Profit-Share allocations often exceeds the cost of their premiums for the year. In this sense, it could be said that we pay them for their loyalty as members.

The ethos of mutuality permeates every aspect of our business and is fundamental to our success. That is why representative members elected by our members hold positions on our Board, contributing significantly to good governance within the Group. Their input ensures that members' voices are always heard.

PROFESSIONAL FOCUS

In addition to the ethos of mutuality, PPS is defined by its focus on the graduate professional market segment. Our exclusive membership criteria mean that only graduate professionals with a qualifying postgraduate degree or equivalent qualification are eligible to become members. This requirement applies across all industries and professions. PPS's membership profile significantly reduces our business risk, ultimately enhancing returns to members.

As a result, PPS is a leading provider of financial services to the graduate professional market segment. PPS-accredited financial advisers therefore have industry-specific knowledge that enables them to offer informed advice on the specific issues and challenges our members face.



DISCLAIMERS:

Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share Account™ and past performance is not necessarily indicative of future performance.

The PPS Profit-Share Cross-Holdings Booster is tiered according to the number of products a member holds across PPS subsidiaries and affiliates provided that they hold a PPS life-risk product. The Booster allocations may differ each year and allocations can take place annually which will be dependent on the profitability of PPS and its subsidiary/affiliates products. PPS reserves the right to discontinue this offering at its own discretion.

The PPS Profit-Share Account™ calculator uses information provided by the member to illustrate results for indicative purposes only, which are subject to change based on the company's annual performance and the actual qualifying products held across the PPS Group.

MUTUALITY

Mutuality is at the core of our business, guiding everything we do. When graduate professionals join PPS, they embark on a lifelong journey built on trust and reciprocity. Mutuality means being part of something bigger, where shared success creates long-term value, ensuring graduate professionals thrive in a world worth living in, with a focus on their holistic wellness and financial well-being.

Mutuality becomes tangible through the impact graduate professionals have in the communities they work in. For members with qualifying life-risk products (life solutions), mutuality is also reflected through the allocation of annual returns to the notional PPS Profit-Share Account™.

Members can also leverage the network effect that PPS has to offer. For example, Family Network, an investment concept pioneered by PPS Investments, helps members to reduce fees by taking advantage of the collective scale of their family members' individual investments.

We strive to constantly add value for our members through health, wellness and personal development benefits, including our exclusive Women in Wealth Circle and retirement summit events.

Our advisory and fiduciary services are always available to offer advice and assistance through good times and challenging times.

PPS is more than a financial services provider; “we do life with our members”.

REVIEW OF 2024

In 2024, we continued on our journey of expanding and enriching the experience of mutuality for our members through our improved processes, campaigns and initiatives. For example, we continued to enhance systems throughout the business to support our ability to deliver on our mutual model. We introduced a new member socialisation platform designed to help new members understand how PPS works and take advantage of all the benefits it has to offer.

Further, our emphasis on youth and skills development continued to deepen our connection with universities. Through our University Support Programme, we allocate grants to universities to fund low-value capital projects that directly benefit students. We contribute to the funding of the Chair in Health Economics at the University of the Witwatersrand. Through the PPS Foundation, we fund university bursaries and provide support for initiatives to alleviate student hunger.

With mutuality at our core and a dedication to graduate professionals' well-being, we are committed to fostering the next generation of graduate professionals. As part of our commitment to this cause, we invest in the training and skills development of mathematics and science educators in rural and underserved areas through our partnership with the Vula and Vuma programmes, both delivered in collaboration with Hilton College, KwaZulu-Natal. Many other initiatives like these are housed under the broader mutuality function.

Initiatives specifically for members include the South African Health Business Academy (SAHBA), a business skills development initiative for medical practitioners, which supports and empowers members in the medical professions. The Transition to Practice and Practice Growth Strategy programmes provide members with a better understanding of the business aspects of running a practice. The goal of these programmes is to help practitioners optimise their time so that they can enjoy the benefits of running a successful practice and living a fulfilling life.

OUR STORY

With the world at war, Drs Kessel, Forsyth, Speck, Lawson, Fielding, Fraser, Pedley and Gottlich – all dentists – established a “friendly society” in accordance with regulations at the time and they named it the Professional Provident Society.

**8 JULY
1941**

**1 AUGUST
1941**

Born in the Free State in 1895, Dr Gordon Alexander Fraser served with the South African forces in World War I and played a major role in the establishment of PPS. He was accorded the honour of being registered as Member Number One.

In the 1950s, several insurance companies were approached regarding a quote for a life insurance company. On 1 November 1958, the Group Life Insurance Scheme was created.

**1 NOVEMBER
1958**

**1 JANUARY
1970**

PPS launched its own medical scheme on 1 November 1959. The scheme became Profmed on 1 January 1970. PPS relinquished its control over Profmed in 2002 due to a change in legislation. PPS Healthcare Administrators now administers the scheme.

PPS had members in the former South West Africa before its independence to become Namibia. In 2002, PPS Insurance Namibia was created with its own board and local CEO.

2002

**SEPTEMBER
2003**

PPS began expanding its scope to include a broader range of financial solutions, focusing on protecting members' ability to earn an income and supporting their overall financial well-being, both within South Africa and beyond.

PPS made the brave decision at the cost of losing a big part of its distribution channel to develop its own suite of life products.

2004

2005

As part of PPS's expansion phase, the company re-entered the medical scheme administration business to manage Profmed, establishing PPS Healthcare Administrators. The business quickly grew from a single-scheme administrator to the fifth-largest in the industry.

PPS identified investments as a crucial part of a holistic financial offering and established PPS Investments to meet this need.

2007

2015

In 2014 it was decided to create a division of specialists to advise members and customise solutions to their unique needs. In 2019 this division was changed to what is now known as PPS Specialist Support Services, assisting financial advisers with specialised input.

In 2011, it was proposed that a short-term insurance company be built for PPS from the ground up. On 16 February 2016, PPS received its licence from the Financial Services Board and launched PPS Short-Term Insurance.

**FEBRUARY
2016**

2016

PPS Mutual started writing business in Australia, offering graduate professionals in that country tailored financial solutions and a strong value proposition.

The PPS Foundation was established to improve access to science, technology, engineering and mathematics fields and contribute to the sustainable development of South African communities through PPS's ethos of mutuality and shared success.

2016

PPS decided to assist members in leaving a true legacy. It created PPS Fiduciary Services to meet this need.

2017

**JUNE
2018**

PPS created Financial Solutions 4 Professionals (fs4p) in June 2018 to focus specifically on the professional-client market in South Africa. fs4p aims to create an environment where exceptional financial solutions are provided to clients.

In partnership with US-based ProAssurance Corporation, PPS Health Professions Indemnity was launched in the fourth quarter of 2018 to provide healthcare professionals with a sustainable indemnity product.

2018

**JULY
2023**

PPS Healthcare Administrators start operating in Botswana. This is the first step across South Africa's borders, servicing medical aids on the rest of the continent.

PPS rethinks mutuality, which all stakeholders – employees, members and intermediaries – benefit from.

2023

**JANUARY
2025**

PPS launches glu, a division that offers financial services to the non-professional market, extending mutuality to more South Africans.

STRATEGY

STRATEGIC APPROACH

Our strategic planning is typically undertaken over successive five-year periods, with the current period running from 2023 to 2027. At the start of each period, new objectives are set and execution plans formulated to achieve them. Successful execution has been premised on rigorous tracking of these plans and adjusting them if and when necessary.

Simultaneously, we focus on refining PPS's vision for the future on a continuous basis. Building on the strong foundations established by the previous stewards of our business, we recognise the fact that we have an intergenerational duty to members and embrace the responsibility of shaping a purposeful and impactful PPS for future generations.

At the start of the current strategic cycle, we redefined our organisational focus and restructured some areas of our business in order to facilitate the implementation of our vision. Regardless of business unit, geography or functional role, PPS employees are all aligned in driving our purpose: *Empowering our members and their families to live the lives they want to live in a world worth living in*. This purpose continues to guide and inform our strategies. Central to this is our unwavering commitment to mutuality, which drives long-term value creation for our members. It shapes our culture, decision-making and approach to business, ensuring that everything we do is rooted in shared benefit and sustainable impact.

STRATEGIC INITIATIVES

In line with these themes, we have implemented strategic initiatives that strengthen our commitment to mutuality, ensuring long-term value for our members and the business.

We have introduced an approach designed to foster a rich, mutuality-driven relationship with our members, complementing the product-focused relationships they have with their financial advisers. This is aligned with an integrated, advice-led strategy that helps us develop personalised financial roadmaps for each member.

Further, early in 2025, we launched an entirely new division called glu, which is dedicated to extending the benefits of mutuality to a wider audience throughout South Africa.

These and other initiatives are all aimed at creating remarkable experiences for our members, supported by digitally savvy and robust systems.

STRATEGIC THEMES:

To ensure that we are able to deliver on our strategic objectives, senior leadership is organised into dedicated teams that focus on each of our eight strategic themes. Collectively, these teams, which have been in place for several years, have significantly accelerated the execution of our strategic objectives. They have proven to be excellent catalysts for keeping the various leadership teams aligned around our common objectives:

1

MUTUALITY

At PPS, mutuality is central to our success, guiding both our culture and the value we offer to members.

By fostering collaboration, trust and shared values, we prioritise the member experience and empower our employees to deliver lasting value and mutual benefit.

2

BUILD AND SECURE BRAND LEADERSHIP

Effective brand positioning is essential to establish PPS as a thought leader in the graduate professional market and as an organisation that contributes to the greater good. This enables us to retain existing members and attract new members.

3

LEADERSHIP AND CULTURE

Foster a culture of trust where individuals feel empowered, with leadership that exemplifies and supports our core values. This approach nurtures future leaders, driving high productivity and delivering our differentiated, mutuality-led Employee Value Proposition.



4

PROVIDE HOLISTIC SOLUTIONS

We are committed to offering holistic financial solutions that maximise the benefits of mutuality for our members. We strive to be a trusted partner to our members throughout their careers and in retirement.

5

DELIVER A SUPERIOR ADVISER VALUE PROPOSITION

Financial advisers play a crucial role in our relationships with members. Empowering them with the right tools and solutions is therefore essential. Our goal is to establish ourselves as the financial services provider of choice for financial advisers who advise professionals, enabling them to deliver consistently excellent service to their clients (our members).

6

DIVERSIFIED REVENUE STREAMS

Diversified revenue streams are essential to enhancing member benefits and protecting against external uncertainties. Our strategy is to support member uptake of new solutions and services as well as to enter into new markets and territories in a way that is consistently sustainable.

7

EMBRACE INNOVATION AND DIGITALISATION

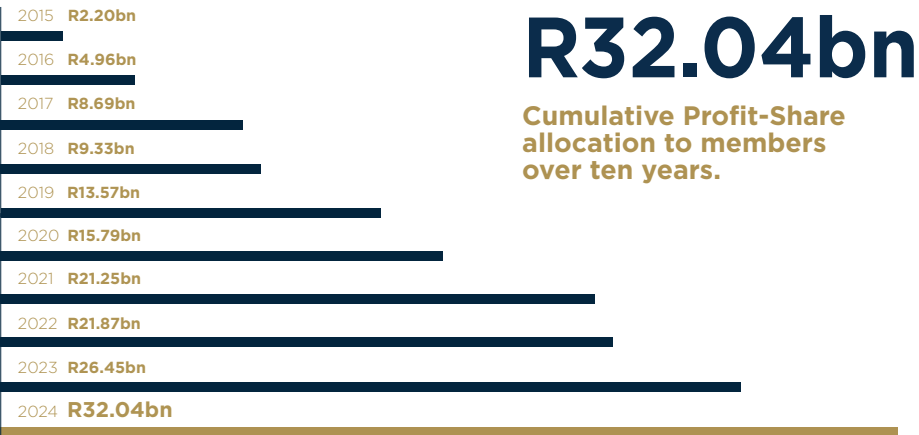
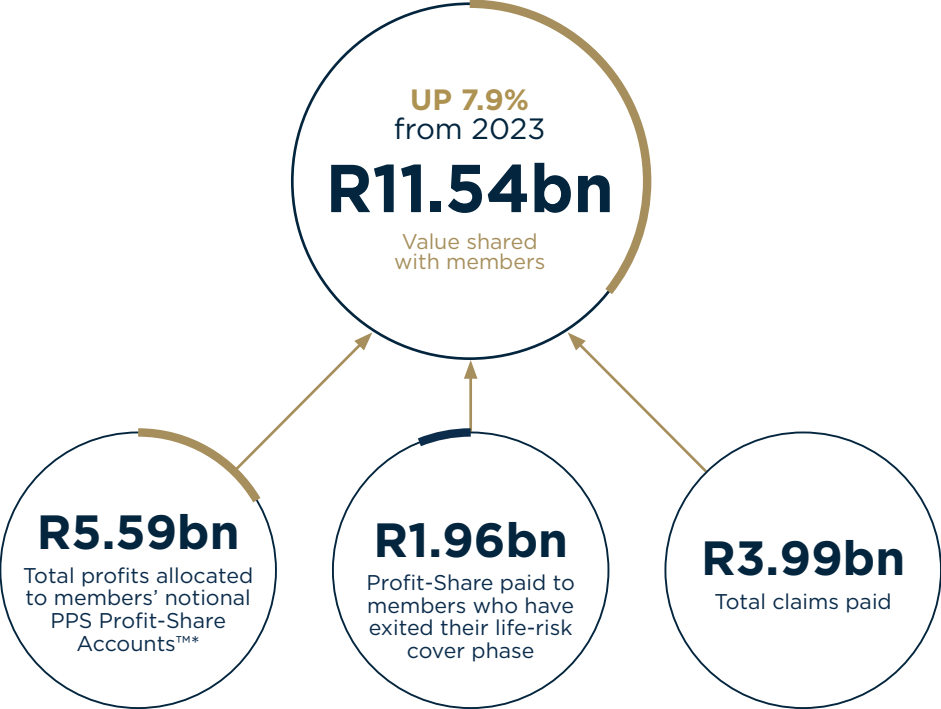
Efficient digital services are crucial to meet the needs of time-starved graduate professionals. At PPS, we are committed to developing an omnichannel sales and service experience that enhances member engagement and satisfaction.

8

SECURE SUSTAINABILITY

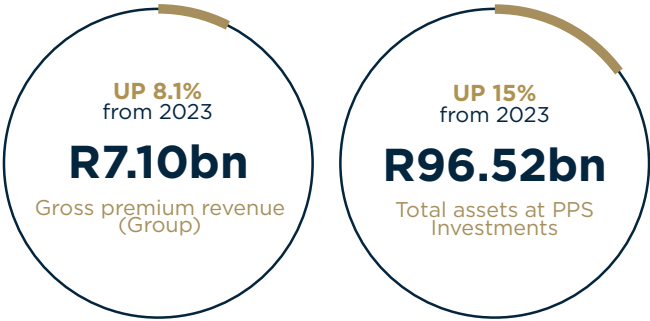
Embedding sustainability principles into our operations demonstrates our dedication to economic growth, social development and environmental stewardship. Through active engagement with stakeholders and by aligning the business with the United Nations Sustainable Development Goals (SDGs), we actively pursue a positive societal impact while simultaneously safeguarding our business's enduring success and resilience.

2024 HIGHLIGHTS



This graph illustrates the growth of the cumulative Profit-Share allocations to members over ten years with 2015 serving as the baseline. Numbers are for PPS's operations in South Africa and Namibia.

*Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share Account™ and past performance is not necessarily indicative of future performance.



TOTAL CLAIMS PAID



*Professional Provident Society Insurance Company Limited is a licensed insurer conducting life insurance business, a licensed controlling company and an authorised financial services provider.

PPS HOLDINGS TRUST BOARD



(From left to right)

Dr NHP Khosa / Mr AH De Vries / Dr SNE Seoka (Chairman) / Dr CM Krüger (Deputy Chairman) / Dr KH Rapetswa
Dr F Mansoor / Adv LC Haupt SC / Dr R Putter / Ms DLT Dondur / Prof HE Wainer / Dr RE Ngwenya / Prof R Perumal
Dr A Coetzee / Mr VP Rimbault / Dr BR Ntshabele / Mr C Erasmus / Mr JAB Downie / Mr S Trikamjee

LEADERSHIP COMMENTARY

CHAIRMAN'S STATEMENT

“The 2024 financial year brought both challenges and opportunities for our business – and we met them with the resilience and vision that PPS is known for. Our mutual model continues to prove its value in a rapidly changing socioeconomic environment and we continue to enrich our members’ lives through the benefits of mutuality. In everything we do, we are guided by the simple but powerful goal of our founders: to secure the lives and livelihoods of graduate professionals and their families. It is a privilege to be part of that undertaking.”

DR Sybil Seoka

Chairman: PPS Holdings Trust Board



OVERVIEW

Throughout PPS's long history, our ethos of mutuality has enabled us to deliver exceptional value for our members and to contribute in a meaningful way to the greater good of society. After all, the graduate professionals that we serve play a vital role in society. In pursuing the objectives of our strategy, we are extending the benefits of our products and services into new markets and territories.

As a dynamic Group, we constantly respond to the changing environment in which we operate and to our members' evolving needs. We therefore continue to create and secure a fit-for-purpose organisation that is able to deliver maximum value, not only as an integrated financial services provider but as a lifelong financial partner to our members.

THE MACROECONOMIC ENVIRONMENT

The macroeconomic environment at home and abroad changed significantly during 2024. In most G20 countries, growth returned despite many socioeconomic and geopolitical events. Headline inflation fell steadily, offering some relief for consumers after a particularly challenging period in 2023, which allowed many central banks to cut interest rates. Better growth prospects, lower interest rates and promising technological innovations supported investment markets in 2024. It was the second year in a row that markets performed well.

The formation of the Government of National Unity in 2024 has fostered hope for greater political stability and a more supportive environment for economic growth in South Africa. Meanwhile, the stabilisation of the power supply situation had a positive impact on the economy, as did the Reserve Bank's decision to cut the repo rate on two occasions, bringing it down to 7.5% by year-end. Together with lower fuel costs, these rate adjustments served to slow the spiralling cost of living that had marked the previous period. However, as growth remained persistently weak, many South Africans still struggled to maintain their life-risk (life solutions), short-term insurance and medical aid cover. Although our graduate professional members are more financially resilient than the population as a whole, they too experienced financial pressures.

Many new graduates and young graduate professionals remain tempted to pursue opportunities overseas, where they feel they will achieve a better quality of life and a more secure future for themselves and their families.

This trend, together with the increase in the emigration of older professionals since the pandemic subsided, represents an ongoing business risk for PPS. We have, however, always strived to find the opportunity in any challenge and we continue to do so. While emigration presents a risk, it also opens up valuable opportunities. We can strengthen our membership by attracting newly eligible professionals, expanding into new markets and nurturing the next generation of graduates. By enriching the value of mutuality and continuously innovating, we can meet evolving needs in an increasingly complex and competitive environment.

OUR STRATEGIC APPROACH

Organisational changes made over the past two periods have equipped us to meet our members' financial needs better than ever. Our eight strategic pillars include a strong focus not only on brand leadership and enhancing the value of mutuality for our members but also on social impact, governance and sustainability.

At PPS, doing the right thing is one of our core values – and that means doing the right thing for our business, our members, our society and the natural environment. We, therefore, continue to embed innovative sustainability practices throughout the organisation, acting on the belief that what we do internally influences the impact we have externally. These practices include an ongoing migration to solar energy in all our offices, best-practice digitalisation to improve efficiencies, reduce paper use and an active commitment to recycling.

We are humbled and proud to serve the graduate professional segment, which is consistently developing imaginative solutions to the many issues facing humanity today. We are committed to testing ourselves on our own responsibility to meet the challenges these matters present and to mobilise and support our members in doing the same.

NEW MARKETS AND TERRITORIES

We continue to explore new markets and territories. PPS Mutual, our associate business in Australia, continues to perform exceptionally well. We are preparing to enter the New Zealand market subject to regulatory approval in the second half of 2025. In addition, we have launched a division at PPS that will offer financial services solutions to the non-professional market. This division will operate under the glu brand. As such, we are opening up the benefits of mutuality to a greater audience of South Africans.

BUSINESS PERFORMANCE

The PPS Group had another successful year in 2024, ensuring the timely payment of all valid claims and delivering substantial allocations to members' notional PPS Profit-Share Accounts™. While financial markets played a role, we are especially proud of our strong operational profit – the best in our history. Growth was evident across the business. Our core Life Solutions division, which still contributes more than 90% of returns allocated to members, closely aligned to our long-term actuarial expectations. PPS Investments continued its impressive growth, nearing R100 billion in assets under management. PPS Short-Term Insurance had an outstanding year and has now reached post-break-even scale. PPS Healthcare Administrators expanded its client base and service offering while maintaining superior service levels. Meanwhile, our Australian associate business continued to grow, earning top ratings from independent financial advisers and generating fee income and royalties that benefit our South African members.

REGULATORY CHANGES AND COMPLIANCE

The most significant regulatory change of the year was the introduction of the Two-Pot Retirement System, which came into effect on 1 September 2024. The new system provides for retirement contributions to be divided into two parts, a savings pot and a retirement pot. This means that contributors will now be able to access the savings portion of their investment should they require funds.

PPS Investments undertook a major systems review to be compliant with this system. However, our experience has been that very few of our members elected to access their retirement savings, electing to keep it invested to fund retirement, a prudent decision, indeed. This is very much in contrast to the trend among the non-professional population.

A further development was the introduction of the Conduct of Financial Institutions (CoFI) Bill. Designed to ensure that financial institutions treat consumers fairly, the CoFI regime will come into effect on 31 March 2025. This will replace a number of existing financial sector regulations and is intended to strengthen the legislative framework for all licensed financial services providers. We are currently reviewing all of our systems and procedures to ensure that we are fully compliant with this new framework.

The healthcare sector stands to benefit from several reforms that could enhance affordability in private healthcare. A key consideration is how these will align with the implementation of the National Health Insurance (NHI).

The National Health Insurance Act 20 of 2023 has been widely debated. While its future remains uncertain, we anticipate that full implementation could take time, especially given the unresolved questions around its funding.

We remain committed to representing the voice of graduate professionals in legislative and regulatory processes and to monitor developments closely.

LOOKING AHEAD

The economic outlook for South Africa in 2025 is cautiously optimistic compared to recent years, with growth expected to be between 1.5% and 2.2%. If growth were to reach 2.2%, as predicted by the Bureau for Economic Research, this would be the highest growth rate in a decade other than in 2021, when growth was boosted by the recovery from COVID-19. However, we believe this is far below our true potential, which is dependent on better supply-side policies.

The global economy, in turn, is more stable than it was at the beginning of 2024 but continues to be characterised by a high level of uncertainty, with geopolitical conflicts affecting many financial indicators.

Our diversified investment strategy enables us to buffer members against the worst market volatility. Members should, however, remember that growth assets will always be vulnerable to shorter-term market impacts and changes in sentiment. Over the longer term, a well-constructed growth portfolio is likely to outperform.

It has always been our approach to look for opportunities in challenges.

ETHICS AND CORPORATE GOVERNANCE

Founded on the ethos of mutuality and offering holistic financial solutions for graduate professionals, PPS has an important role to play in defending the interests of our members and the broader professional community in South Africa and other territories in which we operate.

In line with this, we are consistently compliant with all relevant legislation and regulations and our corporate governance practices are based on the principles of the King IV™ Code of Corporate Governance for South Africa (2016). In terms of both King IV™ and the Companies Act (No. 71 of 2008), PPS is governed through a unitary structure that includes a main board, subsidiary boards and their various subcommittees. All boards and their committees operate within the parameters of approved charters and terms of reference, which are reviewed periodically. They are supported by a well-resourced company secretariat.

CHANGES TO THE BOARD

A number of changes to the PPS Holdings Trust Board of Trustees and the PPS Insurance Company Limited Board took place during the reporting period.

LEADERSHIP COMMENTARY

PPS HOLDINGS TRUST BOARD OF TRUSTEES

- Mr I Kotzé retired from the Board of Trustees on 3 April 2024, having served on the Board and its predecessor entities (PPS Holdings Limited and the Professional Provident Society) since 22 August 1994.
- Dr DP du Plessis retired from the Board of Trustees on 6 May 2024 but continues to serve on the PPS Insurance Company Limited Board and on various subsidiary boards and committees.
- Dr KH Rapetswa was elected to the Board of Trustees on 6 May 2024 and her appointment as a Trustee became effective when the Master of the High Court issued Letters of Authority confirming her appointment on 13 June 2024.
- In April 2024, the PPS Holdings Trust Board decided to streamline its governance structures by discontinuing the representation of professional associations on the Board by invitation. This change will take effect at the PPS Holdings Trust Annual General Meeting on 12 May 2025. Accordingly, the terms of appointment of Ms DLT Dondur (representing the South African Institute of Chartered Accountants), Dr F Mansoor (representing the South African Dental Association), Dr RE Ngwenya (representing the South African Medical Association) and Mr VP Rimbault (representing the Professional Engineers' Societies) will terminate at the PPS Holdings Trust annual general meeting on 12 May 2025. They may make themselves available for election to the Holdings Trust Board in their individual capacity.

PPS INSURANCE COMPANY LIMITED

- Prof WJ Maroun was appointed as an independent non-executive director on 1 January 2024.
- Mr SG Johnson was appointed as the Group Chief Financial Officer and as an executive director on 3 April 2024.

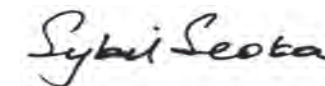
“Strategically, we continue to focus not only on consolidating our position as a full-service financial services provider for graduate professionals but also on deepening the value and experience of mutuality for our members.”

A WORD OF THANKS

In closing, I would like to extend the thanks of my fellow trustees to our Group CEO, Izak Smit, who, together with our Group executive team, continues to guide us on our business journey. He and his team ensure that, as a Group, we stay true to our values and remain consistently responsive to changing needs and circumstances in many proactive and innovative ways. They are supported by our hard-working and dedicated staff, who deliver on our ethos of mutuality every day.

A sincere word of thanks goes to our members, who trust us with their financial goals and contribute in such a committed way to our robust community of professionals.

Finally, I would like to express my gratitude for the advice and support of my deputy, Dr Mannie Kruger, the support of all the PPS Trustees and the advice and support from the Chairman of the PPS Insurance Company Board, Charles Erasmus. They ensure that the Board remains a lasting example of cooperation, innovation and good governance. Their unwavering commitment to the financial security and well-being of the PPS community is truly commendable. I must also thank my family, whose support for me and my work is unfailing.



Dr Sybil Seoka
Chairman

DIRECTORS OF THE PPS INSURANCE COMPANY LIMITED



(From left to right)

Dr DP du Plessis / Mr C Erasmus (Chairman) / Prof WJ Maroun / Mr S Trikamjee / Mr SG Johnson (Group Chief Financial Officer)
Ms DLT Dondur / Mr JAB Downie / Dr SNE Seoka / Dr CM Krüger / Dr NHP Khosa / Mr EJS Franklin / Mr IJ Smit (Group Chief Executive Officer)
Mr CE Backeberg / Mr AH De Vries / Mr LM de Villiers / Mr NJ Battersby (Deputy Group Chief Executive Officer) / Prof HE Wainer (Deputy Chairman)

CEO'S MESSAGE

“In line with our strategy, our core focus continues to be on expanding and deepening the value of mutuality for our members. We, therefore, focus on product, services and system innovation as well as on growth into new markets and territories. PPS has a unique value proposition to offer its members and, as custodians of that proposition, it is our responsibility to secure and deepen what that means to them consistently.”

Izak Smit

Group Chief Executive Officer



OVERVIEW

It is my privilege to present the PPS Integrated Report for 2024 and to celebrate another successful year of not only providing customised financial services solutions for our members but of returning value to them in many different ways. The strength and resilience of our mutual model continue to prove itself and, as we face the challenges and opportunities presented by operating in a rapidly changing socioeconomic environment, we are building on this to provide even more significant benefits for our members.

Guided by the ethos of mutuality espoused by our founders, all premiums paid into our insurance businesses, net of the expenses of running the business, are ultimately returned to our members – with investment growth – either through claims, added value or, for members who hold a qualifying life-risk product, through allocations to their notional PPS Profit-Share Account™. Members who hold additional qualifying products across PPS subsidiaries and affiliates benefit even further through the PPS Profit-Share Cross-Holdings Booster. Furthermore, the PPS Investments Family Network provides for the aggregation of individual and family assets, enabling members to enjoy lower fees resulting from a larger, combined asset base.

We see insurance as more than just financial protection; it is a powerful tool for actively shaping a safer, more resilient and happier society. This is a vision we strive for; to deliver insurance solutions that foster well-being rather than just providing a safety net. In fact, the global insurance sector has the potential to transform the way in which we live, not only by mitigating risks but by fostering empowerment, education and sustainability. That is why we are moving beyond the traditional role of hedging risk and working to shape a more equitable, resilient world for generations to come.

BUSINESS PERFORMANCE

From a performance perspective, PPS is proud to have had an exceptional year in 2024. The value returned to our members was outstanding. This was delivered through our integrated advisory services, our comprehensive products and services range, the timely payment of claims, meaningful support in times of need, an expanding range of added values and – for qualifying members – allocations to their notional PPS Profit-Share Accounts™.

As always, all decisions taken by our Board and executives were made exclusively on behalf of our members. The good numbers were influenced by key factors including: our claims and investment experience, minimising the expense leakage by managing the business very efficiently, and growing the contribution of the subsidiary and associate businesses in which the Group has invested over the past two decades.

In our life-risk business (life solutions), the most critical factors influencing operational profits were life, sickness and disability claims, which were closely aligned to our long-term actuarial expectations. I always note that, although good underwriting profit is pleasing, our first priority is to assist our members by honouring all valid claims. The claims support that we have provided to our members during 2024 amounted to R3.66 billion. We are pleased that new life risk-business grew by more than general inflation levels from 2023, despite a very challenging market for new business.

Given our substantial balance sheet, investment returns continue to remain a significant component of the overall allocations we make to our members' notional PPS Profit-Share Accounts™. And 2024 was indeed a very good year in the investment markets, for a second year in a row. Our members will know from past reports that, after such a strong year in the investment markets – and especially if it follows a year that was also strong (2023) – I am quick to add that it is the long-term average returns that matter and not a single year's performance. Due to the long-term nature of our members' Profit-Share assets that form the bulk of our balance sheet, we are able to take a long-term investment approach. We can invest a significant portion in growth assets which are by nature more volatile over shorter periods but which support superior long-term returns. Years such as 2024 – like 2023 – assist good long-term returns. We do not want to miss out on these years. But, like a good personal financial adviser, I must (yet again) caution against overly exuberant future expectations. Financial reporting cut-offs are somewhat artificial snapshots in a continuous cycle.

That said, the value returned to our members in 2024 remains exceptional.

Our non-life subsidiaries made a meaningful contribution to these allocations and our members should be pleased by the returns we generated in 2024. The financial performance across these various business areas is unpacked in more detail

elsewhere in the report. It is very pleasing to witness the transition of the PPS Group from a life-solutions business to a diversified financial services business.

Growth in PPS Investments remains exceptional, with almost R10 billion of gross inflows in 2024 and total assets under management that increased to R96.52 billion (2023: R84.0 billion). Profit before investment income and tax increased to R162.1 million from R153.5 million in 2023. PPS Investments is now firmly established as a mid-size player in the South African asset manager landscape, with growth continuing unabated. Even more pleasing than the growth in overall assets was the performance of the individual funds in which our members invested.

Our healthcare administration business managed to add clients, as well as the range of services provided to those clients, in an industry where opportunities for such growth are few. For our short-term insurance business, which offers a range of risk-protection solutions for our members, it was a truly exceptional year on all fronts (new business growth, claims and service). It delivered a profit for a second year in a row and we can now with confidence state that it is in a post-break-even position. Our members in Namibia should again be very pleased with the profits that were generated for them.

This year, we are proud to allocate a record-high R5.59 billion in Profit-Share to South African and Namibian members with qualifying life-risk products to their notional PPS Profit-Share Accounts™. This follows the previous record-high allocation of R5.46 billion in 2021. Additionally, the annual gross benefits paid was R5.95 billion (2023: R6.12 billion; due to lower exit claims payment). Together, these amounts totalled R11.54 billion in 2024, compared to R10.70 billion in 2023.

MEMBERSHIP

From a membership perspective, members with PPS life-risk products in South Africa and Namibia increased from 132 934 at the end of 2023 to 135 084 at the end of 2024. Members with a product across the Group (including Namibia) increased from 161 056 at the end of 2023 to 164 891 at the end of 2024.

Many of our graduate professional members continued to feel financial pressure during the year due to constrained economic conditions. Encouragingly, lapse rates improved,

decreasing from 4.70% in 2023 to 4.42% in 2024. These rates remain exceptionally low by industry standards, and our strong member retention continues to be a key driver of the business's profitability.

In keeping with our commitment to assisting members throughout their lives and through all of life's challenges, our financial advisers – both internal and external – are always on hand to aid our members with the advice and solutions they need to help them manage the difficulties they are facing.

STRATEGY AND OPPORTUNITIES

We remain committed to the eight strategic themes defined in our strategy, which include sustainability. Businesses today cannot afford to ignore sustainability in their strategies. Consumers expect not only good governance but environmental responsibility from the brands they support. As an organisation driven by the ethos of mutuality and as a business in which one of our three core values is always striving to do the right thing, PPS is able and willing to meet these expectations.

I noted in my message to members last year that we refined our organisational structure in 2023 to better support our goals for organic growth and our ambitions to expand into new markets and regions. This reorganisation was bolstered by a centralised distribution function and a dedicated Mutuality division. I am happy to report that these structural changes have settled down in 2024 and indeed supported our ability to better serve our members and expand into new markets.

In January 2025, we launched glu, an entirely new division designed to extend mutuality-driven benefits to a broader audience across South Africa, notably individuals between the ages of 25 and 55, ideally with a degree, diploma or a connection to an existing PPS member. glu is a simple and effective product offering designed to meet the evolving financial planning, insurance and investment needs of members in this category. And, as with all PPS solutions, members who take up glu solutions will share in the business's annual returns. We expect glu to grow into one of the pre-eminent insurance brands in South Africa in future.

As it is a separate division, it will allow the core business that operates under the PPS brand to keep its focus on the professional segment of the market.

We are also close to launching a life-insurance business in New Zealand, which is subject to final regulatory approvals in that country. Our experience in building this business is that the New Zealand market is very excited about a mutual proposition for graduate professionals, similar to the proven model in South Africa and in Australia.

We believe our strategy of extending mutuality to previously untapped market segments and territories is appropriate in the current climate and we look to the future with a sense of purpose and excitement.

A WORD OF THANKS

In conclusion, I would like to thank everyone who helps to make PPS so successful and meaningful to our members. Our purpose remains to enrich the lives of our members, helping them to achieve more success and happiness. I always find it uplifting to witness the commitment of our employees as they live this purpose and our values. Our core values of taking extreme ownership, maintaining curiosity and a willingness to learn and do the right thing are firmly embedded in everything we do. I believe this commitment is evident in our results.

I, therefore, thank all my colleagues for their hard work and determination, as well as for contributing to making 2024 a year during which we could continue to support and return value to our members.

The contribution and input of our non-executive Board members continue to be invaluable. Dr Sybil Seoka, Chairman of PPS Holdings Trust, and Charles Erasmus, Chairman of PPS Insurance Limited, are valued sources of advice and support, as are the chairs and members of the various subsidiary boards and subcommittees.

Finally, I would like to offer a profound “thank you” to our members, who continue to trust us with their financial security and many aspects of their personal well-being. We take this trust and responsibility seriously and remain at your service, always.



Izak Smit
Group Chief Executive Officer

GROUP EXECUTIVE COMMITTEE



(From left to right)

Mr NJ Battersby (Deputy Group Chief Executive Officer) / Mr SG Johnson (Group Chief Financial Officer)
Mr AJ Fraser / Mr MM Mtshali / Mr JD van der Sandt / Mr JA Thomas / Ms MD Molefe / Mr L du Plessis



(From left to right)

Mr WJ Mouton / Ms S Bassudev / Mr S Ruiters / Ms AN Seboni

Mr IJ Smit (Group Chief Executive Officer) / Mr JP Loubser / Mr W Bosman / Mr VE Barnard

GROUP PERFORMANCE

PPS LIFE SOLUTIONS

FOCUS

Customised life-risk solutions (life solutions) for graduate professionals, including life, accidental death, sickness, critical illness, disability and education insurance.

UNIQUE FEATURES

Lifetime solutions for professionals from their fourth academic year, throughout their careers and into retirement.

Dynamic cover that adapts to members' evolving professional and personal needs, ensuring lifelong relevance and security.

FLAGSHIP SOLUTION

The Sickness and Permanent Incapacity benefit covers up to 728 days of gross professional income in the event of sickness/incapacity, provided the individual has been booked off for seven days or longer. Income support continues in the case of permanent disability.

ADDITIONAL BENEFITS

International cover and cover for hazardous recreational activities.

A single mobile app offering access to the member's portfolio, information about products and services, wellness planning, retirement planning, fiduciary services, and a professional community.

In line with our Group strategy, we have continued to enhance our suite of life-risk solutions, which are a fundamental component of the PPS offering and delivers unmatched benefits for graduate professionals. Enhanced advisory services have enabled more of our members to diversify their portfolios, strengthening their life-risk cover, adding an investment component and taking up short-term insurance and healthcare options.

Our product roadmap for the year incorporated several notable initiatives designed to improve the user experience for both members and financial advisers. These include extensive enhancements to our underwriting and claims procedures, which have helped to improve efficiency and deliver better results. We now offer all our fiduciary services in-house, which enables members to benefit from economies of scale and a highly personalised level of service.

ADDED VALUE

Since the first quarter of 2024, members have had access to a notional PPS Profit-Share Account™ calculation feature. This enables them to calculate what the impact of adding other qualifying products to their portfolio could have on their account balance.

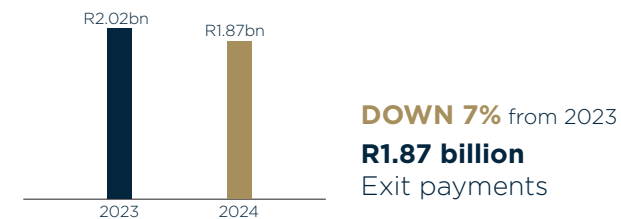
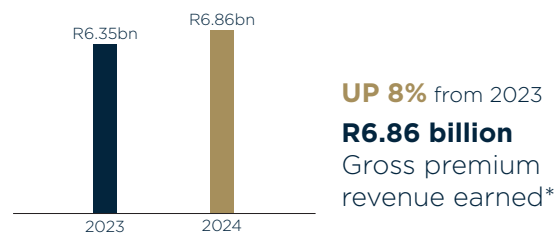
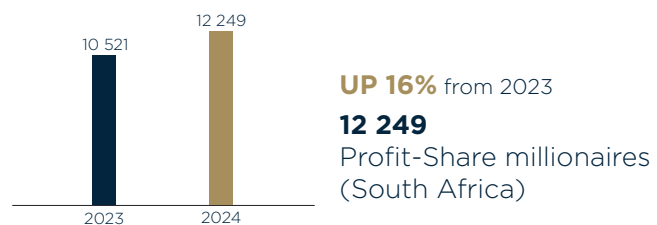
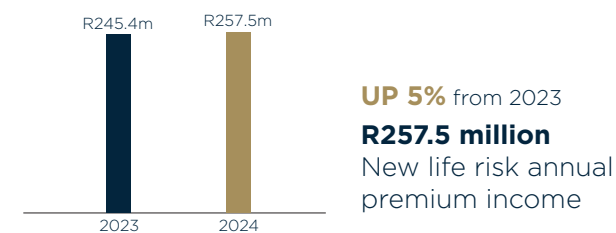
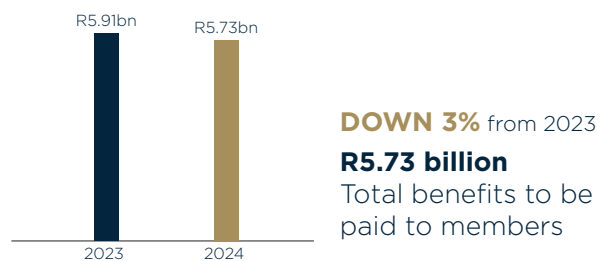
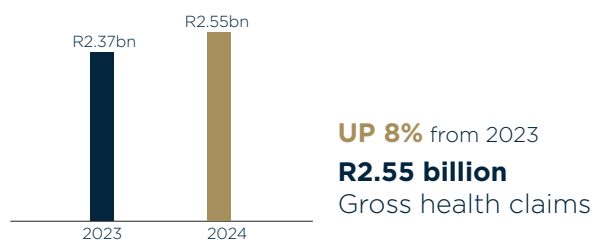
Related enhancements to our intermediary engagement platform, introduced in 2022, have improved efficiencies and enriched relationships with our financial advisers and, through them, our members.

The PPS Business Assurance Special Offer, launched on 1 October 2024, is set to achieve similar success following key improvements to our business assurance product. Previously, members with a PPS Business Assurance Policy (buy-and-sell) and an active PPS Provider™ Policy received additional allocations to their notional PPS Profit-Share Accounts™. Individuals insured under key person, contingent liability and credit loan account policies will directly receive allocations into their notional PPS Profit-Share Accounts™ later this year.

We have raised our Immediate Needs benefit to match the current economic environment in South Africa. This came into effect on 1 January 2025.

The Profit-Share benefits have been enhanced to ensure that members can earn Profit-Share allocations post-retirement from all PPS subsidiaries and/or affiliates. The PPS Profit-Share Cross Holdings Booster, which rewards those who hold qualifying products across PPS subsidiaries and affiliates, now also allows Profit-Share allocations to be boosted post-retirement if members hold a Vested PPS Profit-Share Account™ and PPS subsidiary and/or affiliate products.

THE FOLLOWING NUMBERS ARE FOR SOUTH AFRICAN OPERATIONS



* This includes PPS Short-Term Insurance.

LOOKING AHEAD

We are optimistic about our prospects in 2025, although we anticipate that economic growth will remain constrained.

While emigration continues to impact the graduate market, this is likely to be offset by the Group's focus on new markets and territories, where uptake of our life-risk solutions is likely to be good.

From a service delivery perspective, we are working to introduce a seamless and fully automated process that will make onboarding simpler, quicker and easier.

PPS Life Solutions is well-positioned to continue to enhance existing product offerings and introduce new ones in 2025.

PPS INVESTMENTS

FOCUS:

- Bespoke, transparent investment solutions tailored to meet the unique needs of PPS members as well as those of advisers with clients in the open market.
- Diversified investment capabilities designed to offer solutions that meet both pre- and post-retirement needs and deliver specific wealth-creation opportunities tailored for graduate professionals.

UNIQUE FEATURES:

- A solid and compelling range of investment solutions.
- Hyper-personalisation of each investor's portfolio.
- For PPS members with investment portfolios and holding a qualifying life-risk product (life solutions), automatic allocations to their notional PPS Profit-Share Accounts™.

FLAGSHIP SOLUTIONS:

- PPS Solutions Range, which includes PPS's Discretionary Fund Manager (DFM) and Fund of Funds solutions.
- PPS Partnership Asset Management Fund Range.
- PPS Retail Investment Platform.
- Customised investment solutions such as PPS Shari'ah and Retirement Income Solutions.

ADDITIONAL BENEFITS:

- Consistently positive investment performance.
- A resilient portfolio of assets under management.
- Morningstar-rated investment funds.

PERFORMANCE

During 2023, we began reorienting our strong and established retail investment business in alignment with the PPS Group strategy. In addition to our traditional focus on individual investors, we set out to develop new investment solutions for financial advisers and extend our asset management capabilities. This involved bringing in new expertise and reorienting both our focus and our processes.

INVESTMENT SOLUTIONS

By the end of 2024, we had launched 15 new discretionary funds (DFMs) and several new off-the-shelf solutions, allowing us to aggregate assets from all the financial advisers on the PPS Investments platform and from advisers who use external platforms.

ASSET MANAGEMENT

With the addressable asset aggregation market valued at approximately R650 billion, we have established a new team in our asset management business dedicated to driving the expansion of the Partnership Fund Range beyond the PPS Investments platform.

RETAIL INVESTMENT PLATFORM

In the scalable part of our business, the gross flows on our retail platform increased by 24% to R8.8 billion (2023: R7.0 billion), signalling continued business support from both our financial advisers and distribution teams.

CUSTOMISED INVESTMENT SOLUTIONS

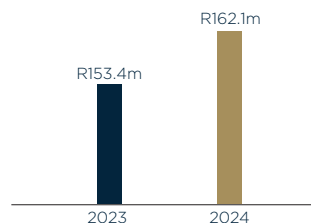
Further, in line with our objective of providing our members with fully customised solutions, we launched PPS Shari'ah Solutions and our Discretionary Fund Manager was nominated in two categories for the 2024 CityWire DFM awards. Our PPS Managed Fund was shortlisted for a Raging Bull award early in the year, demonstrating our objective of strengthening our position in the open market.

TOTAL ASSETS UNDER MANAGEMENT

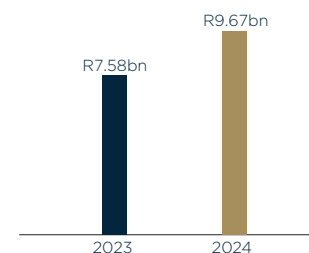
In a year of global political uncertainty, with elections being held in countries worldwide, our total AUM remained resilient, ending at R96.52 billion (2023: R84.0 billion). This is a testament to the business's robustness and the diligence embedded in our investment processes. Market acknowledgement of our performance was once again reflected in our Morningstar ratings, with one fund being awarded a five-star rating and five being awarded four-star ratings.



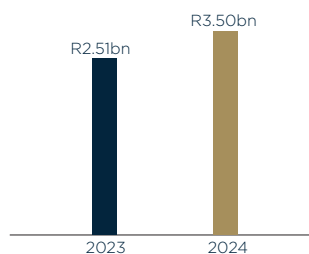
UP 15% from 2023
R96.52 billion
 Total assets under management



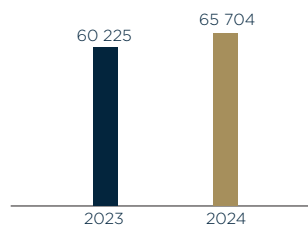
UP 6% from 2023
R162.1 million
 Profit before investment income and tax



UP 28% from 2023
R9.67 billion
 Gross investment flows



UP 40% from 2023
R3.50 billion
 Net flows



UP 9% from 2023
65 704
 Number of investors

MORNINGSTAR RATINGS:

**1 fund = 5-star rating;
 5 funds = 4-star ratings**

LOOKING AHEAD

As we look ahead, the greatest risk factor on the international front is the reversal of interest rate trends while, locally, the greatest risk is that of the Government of National Unity unravelling. We believe both are low-probability risks and our multi-manager process offers the diversification required to offset them. In general, we favour active managers that can benefit from finding opportunities in market volatility and our ability to allocate assets in market weakness should opportunities arise.

More specifically, with all of our strategic initiatives in place, we are confident that we will be able to achieve our growth targets for 2025 and deliver a strong performance. We have ambitious targets for the Partnership Asset Management business and our team is well positioned to achieve these.

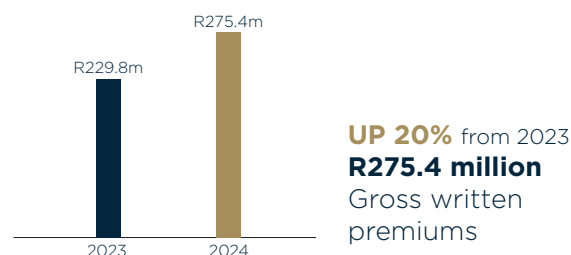
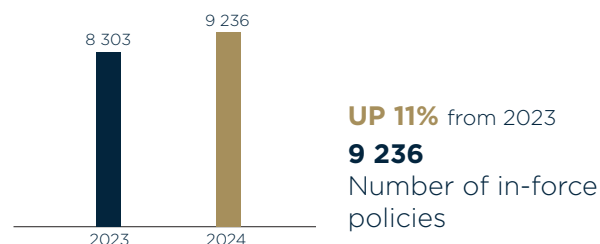
We also aim to significantly increase inflows into our Investment Solutions business and expand our presence in the open market.

Further, we intend to launch seven new funds in 2025 and strengthen our ability to deliver fully customised solutions for our members including the launch of a post-retirement income solution exclusively designed for graduate professionals.

As always, we will focus on creating and managing intergenerational wealth and striving to foster lasting prosperity for our community.

PPS SHORT-TERM INSURANCE

PPS offers two types of short-term insurance solutions, each through a dedicated business. PPS Short-Term Insurance offers cover for vehicles, homes and businesses, while PPS Health Professions Indemnity offers professional indemnity insurance for members in medical practice or working in a medical profession.



Lower than average industry lapse rate

11.6%

DOWN 0.6% from **12.2%**

PPS SHORT-TERM INSURANCE (Personal and commercial lines)

FOCUS:

- Intelligent and customised short-term insurance solutions for graduate professionals, including car, home and business cover, provided either directly or through a financial adviser.

UNIQUE FEATURES:

- Tailored cover designed specifically for graduate professionals.
- Valuable additional benefits to assist members in their time of need.

FLAGSHIP SOLUTIONS:

- Pro-Insure Personal, a full-service solution covering assets owned by individuals.
- Pro-Insure Business, which includes cover for commercial assets and risks such as office contents, business interruption, electronic equipment and public liability.

ADDITIONAL BENEFITS:

- Home and Roadside Assist for members in case of emergencies.
- Protect Me, Cyber Assist and a Chauffeur Service.
- Compensation for loss or delay of luggage during registered flights, with cover for delays exceeding six hours after landing.
- Rental Car Excess Waiver benefit, which covers the difference in excess between rental car insurance and the vehicle policy if the rental car is stolen or damaged, ensuring the policyholder is covered for any additional excess payments required on rental vehicles.
- Trauma treatment: Cover for professional counselling following violent events like theft, hijacking or hold-up.

PERFORMANCE

The 2024 financial year was a landmark year for the business, which reached many significant strategic milestones and recorded 60% growth in new business premiums written compared to the previous period. Consequently, topline (gross written premium) increased by 20% year-on-year, despite the highly competitive short-term insurance environment. Barring significant catastrophic weather events, consistent annual contributions to members' Profit-Share allocations are anticipated going forward.

Claims trends and lapse rates

Until September 2024, claims administration was outsourced. This arrangement made sense during the initial stages of the business as significant infrastructure is required for an effective claims administration function. However, the business has now reached sufficient scale and we are pleased to report that claims administration has been brought in-house, effective 1 October 2024. This change allows us to exercise more direct control over the claims process and provides opportunities to further enhance the already excellent claims service we have delivered to date.

From a net loss ratio perspective, the business performed better than planned for the year, driven by efficient claims management and fewer significant weather-related events compared to prior years.

The business achieved a significantly better-than-anticipated cancellation rate, attributed to our competitive pricing and service to our members.

Innovations

The business has developed a self-quoting tool that enables members and prospective members to obtain a quote within minutes. This straight-through capability facilitates the seamless progression from quote to policy inception without requiring human intervention. In parallel, we have developed a version tailored for financial advisers, empowering them to generate quotes efficiently for their clients. A soft launch was conducted in 2024, with a full roll-out planned for 2025.

PPS HEALTH PROFESSIONS INDEMNITY (HPI)

FOCUS:

- Indemnity insurance for practitioners across all medical disciplines, delivered directly through a specialised and dedicated business.

UNIQUE FEATURES

- Tailored medical malpractice cover for graduate healthcare professionals, offering specialised legal and financial protection, backed by expertise from the US-based ProAssurance Corporation.

FLAGSHIP SOLUTIONS:

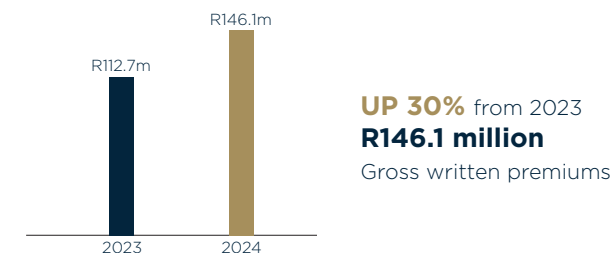
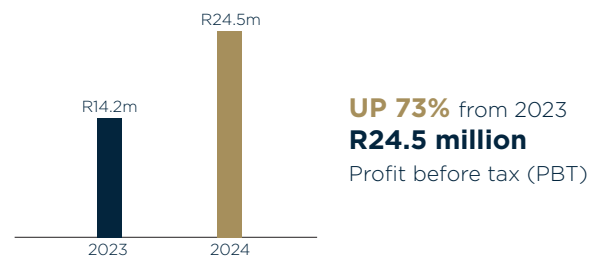
- Personalised, risk-adjusted cover for healthcare professionals registered with the Health Professions Council of South Africa, South African Pharmacy Council, South African Nursing Council, South African Council for Social Service Professionals and Health Professions Council of Namibia. PPS HPI provides indemnity protection for all graduate professionals who qualify for PPS membership and work within one of the registered health disciplines.

ADDITIONAL BENEFITS:

- Streamlined online process enabling members to submit incident reports and claims with ease and efficiency.
- Dedicated account managers for healthcare professionals requiring immediate assistance.
- Proactive risk management for healthcare professionals, helping to mitigate potential risks and improve outcomes.

Number of insured health professionals (including Pharmaceutical Society of South Africa members)

14 088



PERFORMANCE

The PPS HPI business has now been in operation for six years and continues to perform exceptionally well, recording year-on-year growth of 30% since the previous period. In an environment characterised by steeply rising insurance premiums and a growing tendency to litigate, it has not only acquired new members but has also seen existing PPS members switch from their previous providers.

Risk-adjusted underwriting

Our PPS HPI's risk-adjusted underwriting model sets it apart. The business individually assesses each insured professional's risk profile, taking into account its clinical history, caseload and geographical location before determining its premiums. In addition, if practitioners manage their risk well – and have a lower probability of claiming – they can take advantage of a voluntary claims deductible feature to reduce their premiums.

LOOKING AHEAD

PPS Short-Term Insurance (Personal and Commercial lines) and PPS Health Professions Indemnity are both set for growth in 2025.

PPS Short-Term Insurance (Personal and Commercial lines) anticipates substantial growth during the next financial year, especially as we will be formally launching projects that were being piloted in 2024. We will continue to strive for greater efficiency by optimising and leveraging off our strengths. While economic growth is likely to remain muted and the risk environment is likely to remain volatile, we will continue to safeguard PPS members' assets and make annual contributions to their notional PPS Profit-Share Accounts™.

There is significant scope for growth for PPS Health Professions Indemnity, not only among existing healthcare professionals but also among new graduates. Together with all the benefits of mutuality, our product and services offering is unique in the South African medical community.

PPS HEALTHCARE ADMINISTRATORS (PPSHA)

FOCUS:

- Business-to-business medical aid administration and managed healthcare services for a number of open and restricted medical schemes as well as tailored solutions designed to enhance the medical scheme offering.
- Data science-based forensic services to manage and minimise the risk of fraudulent claims for both the medical schemes in the PPSHA portfolio and other businesses and divisions within PPS.

UNIQUE FEATURES:

- Customised and integrated administration and managed care services to meet the specific needs of the members of each medical scheme.
- Strategic consulting services focused on optimising efficiency and achieving economies of scale for all medical schemes in the PPSHA portfolio.

MEDICAL SCHEMES/INSURANCE CLIENTS:

- Profmed, a closed scheme for graduate professionals and a product in the broader PPS suite of products.
- KeyHealth, an open scheme that services local government employees and a growing number of private members.
- Regular Force Medical Continuation Fund (RFMCF), a prefunded medical scheme that funds healthcare treatment for retired members of the South African National Defence Force.

- De Beers Benefit Society, a closed medical scheme for the employees of De Beers.
- SEDMED, a closed medical scheme for the employees of the Seventh Day Adventist Church.
- Botswana Public Officers' Medical Aid Scheme (BPOMAS), which is administered in partnership with Health Risk Management Botswana (HRMB).
- New clients for 2025: Providing forensics services for the Chartered Accountants Medical Aid Scheme (CAMAF) and a mental well-being programme for the Witbank Coalfields Medical Aid Society (WCMAS).
- Other non-regulated schemes.

ADDITIONAL BENEFITS:

- PPS Wallet, PPS Gap and dental risk management for Profmed members.
- Industry-leading response times to Profmed member queries.
- Extensive health and wellness programmes.
- Industry-first re-admission prevention programme using artificial intelligence.

PERFORMANCE

The 2024 financial year was again a very successful one for PPSHA. We achieved all our objectives for the reporting period and fulfilled the requirements specified in our service levels agreements.

Retaining all our major clients is indeed a significant accomplishment, especially in a competitive industry like healthcare administration. It highlights strong relationship management, client satisfaction and the ability to deliver value.

Challenges

Rising medical costs presented a significant challenge during the year, as did the pressure to retain members and grow the membership base. The impact of these challenges varied across schemes, with some experiencing growth while others saw a decline. This was largely due to financial pressures on members, employer-based medical schemes and the increasing presence of unregulated medical insurance products, which are often confused with medical schemes. Additionally, the lack of policy clarity for medical schemes in the country added to the uncertainty for both providers and members.

Claims

Overall, claims volumes remained stable, but specific trends have emerged. Claims for elective procedures have continued to rise over the past three years, partly due to procedures deferred during the pandemic.

There has also been an increase in claims for non-communicable diseases such as diabetes, cardiovascular disease, cancer and chronic respiratory diseases, reflecting both local and global trends. Mental health claims are on the rise as well, driven by higher occurrence rates and the expansion of mental health benefits across many schemes. This increase is particularly notable among younger demographics, both in South Africa and internationally.

Additionally, claims for home-based care have grown in recent years, driven by efforts to reduce hospital stays – enhancing both cost efficiency and the overall member experience.

Service enhancements

From an operations perspective, we are using technology to enhance the patient experience by improving response times and ensuring first-contact resolution across all schemes. For example, we guarantee that Profmed members' e-mail queries are responded to within three hours, significantly exceeding industry standards. Additionally, our webchat facility allows for immediate query resolution, helping us deliver faster and more efficient service to all members.

We offer a patient-centered re-admission management programme, enhanced by artificial intelligence, through our strategic partnerships. The programme – successfully piloted in 2023 – went live in 2024 and involves monitoring post-hospitalisation care closely to ensure better treatment outcomes, reduce the need for re-admission and thus the cost of hospital care.

In addition, we have continued to enhance recent innovations such as our telehealth services and our digitally enabled, outcomes-based managed care solution. All of this is done to elevate our service and improve our members' well-being.

LOOKING AHEAD

In 2025, we will continue to enhance efficiencies and elevate the level of service we provide, focusing on supporting a patient-centered experience through ongoing digitalisation and process improvements. We will also explore opportunities in new territories and markets. Our successful entry into the Botswana market has given us a firm position for entry into similar markets in Southern Africa.

In 2024, we undertook a process of benchmarking our environmental footprint against similar companies, both locally and internationally. This process will be completed in 2025 and we will review our sustainability and environmental management policies and processes informed by the results.

Further, we intend to continue developing our forensic services capability and sustaining our position as a centre of excellence in this field within the PPS Group in South Africa.

Finally, we anticipate that clarity on medical scheme regulations will enable us to offer more low-cost benefit options across all schemes. PPSHA continues to meet the high standards of service delivery expected by the schemes we serve and we look forward to a successful year in 2025.

Customised solutions for schemes based on member needs

PPS Wallet, PPS Gap and dental risk management for Profmed members

Industry-leading response to Profmed member queries

MATERIAL MATTERS AND RISK MANAGEMENT

MATERIAL MATTERS

Material matters are issues that can either directly or indirectly create, preserve or erode financial, economic, environmental and/or social value for the PPS Group and its stakeholders. When determining and prioritising material matters and our risk management responses to them, we consider both internal and external factors.

RISK MANAGEMENT

Our approach to risk management aligns with our ethos of mutuality and our ethical operating principles, which ensures compliance with legislative requirements.

We integrate risk management across all levels of our business, identifying potential impacts by monitoring trends and analysing potential scenarios. Risks are evaluated based on likelihood, consequence and existing controls, aligning them with our risk appetite. We maintain risk registers to track foreseeable and emerging risks, and have mitigation plans in place for each identified risk. Our process includes discussions on emerging scenarios as well as regular reviews of risks faced by similar financial institutions. Specific risk management strategies are articulated for matters deemed material to the Group and stakeholders.

OPERATING IN A LOW-GROWTH ECONOMY

DEFINING THE ISSUE:

PPS operates in an economic environment that faces persistent stagnation, shaped by both global and local challenges. Geopolitical tensions, deteriorating infrastructure, energy and water shortages and high unemployment rates all contribute to financial strain on most individuals, including graduate professionals. In such conditions, maintaining financial resilience becomes increasingly difficult, leading some members to adjust their premiums or policy solutions to accommodate budget constraints. Without proactive intervention, there is a heightened risk of policy lapses. To navigate this landscape, continuous innovation is essential.

PPS's RESPONSE:

As a financial services provider operating under the ethos of mutuality, PPS remains committed to long-term wealth creation for its members. The notional PPS Profit-Share Account™ ensures that members directly benefit from their continued membership, strengthening their financial security over time. Our multi-manager investment approach diversifies risk across asset managers and strategies, positioning portfolios for resilience in varying market conditions. This strategy is designed to deliver optimal medium- to long-term returns.

Additionally, PPS actively manages retention efforts and cost efficiencies to mitigate controllable losses. To drive sustainable growth, we are expanding our reach by attracting younger graduates and exploring new markets. As part of this vision, we established glu, launched in January 2025, to extend the benefits of mutuality to more South Africans. We are also exploring expansion into new territories, with New Zealand being our next planned market.

SUSTAINING STAKEHOLDER VALUE

DEFINING THE ISSUE:

PPS's purpose is to create sustainable financial and lifestyle value for members and their families throughout their working lives as well as after retirement.

PPS's RESPONSE:

Operating for the collective benefit of our members, we sustain stakeholder value through our ethos of mutuality, Group values, legal compliance and adherence to the governance principles defined in King IV™. Our skilled financial advisers provide professional financial planning, helping to develop and evolve solutions to meet members' changing needs. Through diversified investments, we ensure consistent returns for our members.

However, our commitment to graduate professionals extends beyond financial services. For example, we provide training to financial advisers on how to best manage their practices, ensuring they can offer the highest level of service. Additionally, we invest significantly in the development of our own employees by supporting them in obtaining tertiary qualifications. For our members and financial advisers, we offer courses where they can earn continuous professional development (CPD) points, further enhancing their professional growth. Through initiatives like the South African Health Business Academy (SAHBA), we also equip medical professionals with essential business skills to support their career progression.

The PPS Foundation plays a vital role in supporting the next generation of graduate professionals by offering bursaries to deserving students predominantly in the science, technology, engineering and mathematics fields. As from 2024, we now not only cover tuition but also accommodation and a stipend for living expenses – ensuring that financial constraints do not stand in the way of academic success.

DEVELOPING INNOVATIVE PRODUCTS, SERVICES AND SOLUTIONS

DEFINING THE ISSUE:

In an environment defined by the rapid emergence of innovative technologies, financial services providers can analyse customer data and bring new solutions to market quickly.

PPS's RESPONSE:

We maintain a deep understanding of our members' needs, consistently designing and launching customised solutions. Through ongoing engagement, we gather insights into their goals and requirements, refining our services. As part of our efforts to expand mutuality to more South Africans, we established glu as a separate business unit. Additionally, PPS is investing in a digital onboarding platform for financial advisers to streamline the application process and improve overall efficiency.

DEALING WITH RAPID TECHNOLOGICAL DEVELOPMENT

DEFINING THE ISSUE:

Large-scale digitalisation has fundamentally changed the way in which people engage. Professionals have come to expect constant multichannel access, as well as online applications, speed, efficiency, superior customer service, transparency and data security.

PPS's RESPONSE:

Analysing and responding to technological developments is fundamental to our commitment to continuous improvement. Our solutions include a multiplatform internet presence, mobile apps, member and intermediary engagement platforms, a customised digital dashboard for each member, an artificial intelligence (AI)-enabled query facility, a tool* to calculate actual and potential Profit-Share, a data analytics platform that draws on various data points, an AI-powered security platform and a robotics process automation initiative.

We introduced an enhanced workflow engine that is being used to automate many critical but routine functions within the business. This allows for claims to be submitted and tracked electronically.

* The PPS Profit-Share Account™ calculation is based solely on the information provided by the member. It serves as an indication only and is subject to change based on the company's annual performance and the actual qualifying products held across the PPS Group which may be changed from time to time at the discretion of PPS.

MANAGING CYBERSECURITY

DEFINING THE ISSUE:

Given the exponential increase in the number of cyber breaches worldwide over the past five years, cybersecurity is a top concern for our business. Factors like digitalisation, remote work and global networks increase our system vulnerability.

PPS's RESPONSE:

With the ever-expanding cyberthreat landscape, we have significantly bolstered our IT security posture. We rigorously update our cybersecurity strategy, manage development centrally and invest in top-tier technology to enhance the member experience and protect our business. Continuous monitoring of risk and trust levels, together with regular staff training, ensures best-practice cybersecurity. We collaborate with global providers and employ automated responses to mitigate evolving risks. Routine stress tests fortify the stability and security of our IT infrastructure.

Additionally, PPS Short-Term Insurance offers members CyberAssist, a cybersecurity advice service that provides support against cyber threats such as identity theft, ransomware and security breaches.

MATERIAL MATTERS AND RISK MANAGEMENT

FOSTERING EMPLOYEE SATISFACTION

DEFINING THE ISSUE:

In a country characterised by a pervasive shortage of skills, the ability to attract, develop and retain talent is vital. We believe that how we treat our employees ultimately determines how they treat our members. Managing employee satisfaction is, therefore, an especially important material matter for the business.

PPS's RESPONSE:

Our full response to this challenge is outlined in the Human Capital section on our website. Among other initiatives, we conduct an annual employee satisfaction survey to measure all aspects of employee well-being and development. Engagement in the survey is consistently high and is indicative of our commitment to our Employee Value Proposition, the set of benefits and rewards we offer to attract and retain employees.

Additionally, PPS invests in its employees' education through various internal and external initiatives. The PPS Academy plays a key role in this, offering a range of learning opportunities that extend to financial advisers, ensuring continuous professional development and enhancing their ability to support our members effectively.

MANAGING ENERGY NEEDS

DEFINING THE ISSUE:

While South Africa's energy security situation improved in 2024, Eskom's capacity to supply electricity reliably is still in question. The delayed approval of a mixed-energy policy is slowing down the implementation of alternative power sources to reduce reliance on Eskom. Given the state utility's track record over the past 15 years, businesses in South Africa – including PPS – have had to become as self-sufficient as possible when it comes to meeting their energy needs.

PPS's RESPONSE:

We have significantly strengthened our energy independence by expanding our solar power capacity by 66% in 2024 (compared to 2023), increasing output from 150 kWh to 250 kWh. As a result, one of the key buildings at our Head Office in Parktown, Johannesburg – Block A – now only requires 30% Eskom power on a normal full-production day. These initiatives not only enhance our operational sustainability but align with our commitment to long-term resilience in a rapidly evolving energy landscape.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2024

	2024 R'm	2023 R'm	Description of individual items
ASSETS			
Property and equipment	528	546	PPS office premises and other fixed assets which are owned and leased.
Investment property	269	285	Properties held for rental income and capital appreciation.
Intangible assets	300	264	Primarily Internally developed insurance software.
Deferred tax	269	203	
Investment in associates and joint ventures	179	171	New ventures to expand the ethos of mutuality.
Financial assets – Investments at fair value through profit or loss	69 434	59 945	Assets backing insurance liabilities. These mainly comprise investments in equities and bonds. The amount includes assets attributable to unit trust holders.
Reinsurance contract assets	1 290	1 565	Reinsurance contracts where the Group transfers insurance risk to the reinsurance company.
Receivables	2 236	1 885	Non-insurance amounts owing to PPS.
Current income tax asset	218	654	
Non-current assets held for sale	–	29	
Cash and cash equivalents	2 658	2 958	Cash resources including cash attributable to unit trust holders.
Total assets	77 381	68 505	
PROFIT-SHARE AND OTHER LIABILITIES			
PPS Profit-Share Accounts™ and long-term insurance contract liabilities	46 392	42 962	
PPS Profit-Share Accounts™	38 337	34 684	Members' notional PPS Profit-Share Accounts™ comprising cumulative operating profits and investment profits/(losses).
Liability for remaining coverage and incurred claims	7 536	8 006	Capital held to pay future claims including notified claims not yet paid, claims provisions and directly attributable expenses.
Qualifying policyholders residual interest in the net assets of the PPS Group	519	272	
Short-term insurance liabilities	174	138	Capital held to pay short-term insurance future claims.
Investment contract liabilities	6 862	5 529	Members invested in PPS living annuities and endowment products.
Unit trust holders	21 902	17 925	Value of outsiders' investments in unit trusts controlled by PPS.
Deferred tax	919	614	
Retirement benefit obligations	6	6	
Reinsurance contract liabilities	22	17	
Employee-related obligations	411	361	
Payables	468	303	Non-insurance amounts owed by PPS.
Current income tax liabilities	225	650	
Total Profit-Share and other liabilities	77 381	68 505	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME as at 31 December 2024

	2024 R'm	2023 R'm	Description of individual items
Net insurance service result	1 065	574	
Insurance service result	98	(5)	
Insurance revenue	5 489	5 225	Consideration which the Group expects to receive in exchange for insurance services.
Insurance claims and service expenses	(5 116)	(5 260)	Gross benefits paid to members and insurance related expenses.
Net (expense)/income from reinsurance contracts held	(275)	30	Expenses paid to reinsurers or income received from reinsurers.
Net finance income (expense)	967	579	
Finance income from insurance contracts issued	1 026	687	Notional interest cost in insurance contracts and reinsurance contracts held.
Finance expense from reinsurance contracts held	(59)	(108)	
Other income relating to the non-insurance business	854	758	Administration fees: Long- and short-term insurance, medical aid and retirement annuity. Short-term insurance commissions. Fees earned for asset management.
Operating expenses relating to non-insurance business	(1 353)	(898)	
Finance expense	(7)	(4)	
Net investment result	6 699	5 312	
Investment income	3 371	3 078	Interest, dividends and realised and unrealised gains on investment assets.
Fair value gains on investments	6 184	4 039	
Attributable to unit trust holders	(2 455)	(1 427)	Third-party unit trust holders' share of relevant income and revaluation gains.
Asset manager fees	(401)	(378)	Expenses related to investment management.
Movement in fair value of policyholder liabilities under investment contracts	(720)	(626)	Changes in the underlying assets linked to investment policyholder contracts, net of expenses.
Share of profits – Associates and joint ventures	8	5	Share of profits in new ventures to expand the ethos of mutuality.
Profit before tax	6 546	5 121	
Tax	(661)	(536)	
Profit Attributable to PPS members for the year	5 885	4 585	
Other comprehensive income	–	–	
Surplus/(deficit) on revaluation of owner-occupied property, net of deferred tax	9	(4)	
Total comprehensive income for the period attributable to qualifying policyholders	5 894	4 581	This is the accounting measure, which is not the same as the actuarially determined total amount allocated to PPS Profit-Share Account™, derived from the actuarially determined investment and operating profit allocation.
Allocated to qualifying PPS Profit-Share Accounts™	(5 590)	(4 577)	Amounts allocated to notional PPS Profit-Share Accounts™.
Change in residual net assets arising in year, attributable to members	(304)	(4)	
Total comprehensive income after allocations to PPS Profit-Share Accounts™ and change in residual net assets	–	–	

The mutual nature of PPS should be noted. The allocation to PPS Insurance and PPS Namibia policyholders – described above as "Allocated to qualifying policyholders' PPS Profit-Share accounts" of R5 590 million (2023: R4 577 million) – is the annual allocation to members' PPS Profit-Share Account in their capacity as policyholders.

KEY PERFORMANCE INDICATORS

Our key KPIs		Unit of measure	2024 Performance	2024 Goal		Commentary
FINANCIAL STABILITY	Gross premium income ¹	Rand billions	7.10	7.19	●	Gross premium income is 8% up on the prior year and performed 1% below expectations.
	Investment return	%	11.6	10.2	●	Investment return measured over a five-year rolling period performed well above the expectation.
	Efficiency ratio ³	%	17.7	17.7	●	Cost control remains an imperative of the Group. The efficiency ratio is in line with target.
	Investment net flows	Rand billions	3.50	3.12	●	Investment net flows outperformed the set expectations by 12%. The net flows are 40% up on the prior year.
	New annual risk premiums (long-term insurance) ³	Rand millions	257.5	300.1	●	New annual risk premiums are 5% up on the prior year but performed below expectation. The challenging economic environment in South Africa in 2024 significantly impacted consumer behaviour.
	Assets under administration (PPS Investments)	Rand billions	96.52	88.84	●	Assets under administration are above the goal set and up 15% on the prior year.
MEMBERSHIP	Number of long-term insurance members ²	Individuals	135 084	134 860	●	Total number of members was slightly above expectations and 2% up on the prior year.
	Long-term insurance policies lapse rate	%	4.4	4.7	●	Slightly lower policy lapse rates were achieved due to enhanced member retention efforts.
	Health Claims ³	Rand billions	2.5	2.4	●	Health claims are ahead of the expectation mainly due to a slight increase in the average value of health claims and the number of claims was also 1% up on the prior year.
	Death Claims ³	Rand billions	1.1	1.2	●	Death claims are slightly below expectations due to a decrease in the value of the claims while the number of death claims was 9% up on the prior year.
STAFF	Employee satisfaction survey results	%	74.0	73.0	●	Employee satisfaction scores remain strong, reaching their highest level since 2019 with a 10% increase over five years. Data Management and Statistical Analysis (DMSA) regards this as industry-leading.
STAFF	Training spend as a percentage of payroll	%	4.1	> 4.0	●	Training spend remains strong, reflecting the Group's continued strategic focus on investing in human capital.

¹ South African operations (long-term and short-term insurance) and Namibia.

² Long-term insurance: South African (excluding glu) and Namibian operations.

³ South African operations (excluding glu).

● Achieved

● Partly achieved

● Not achieved

● Not a target metric but actuarial expectations. Members benefitted from the value returned to them through the payment of claims.

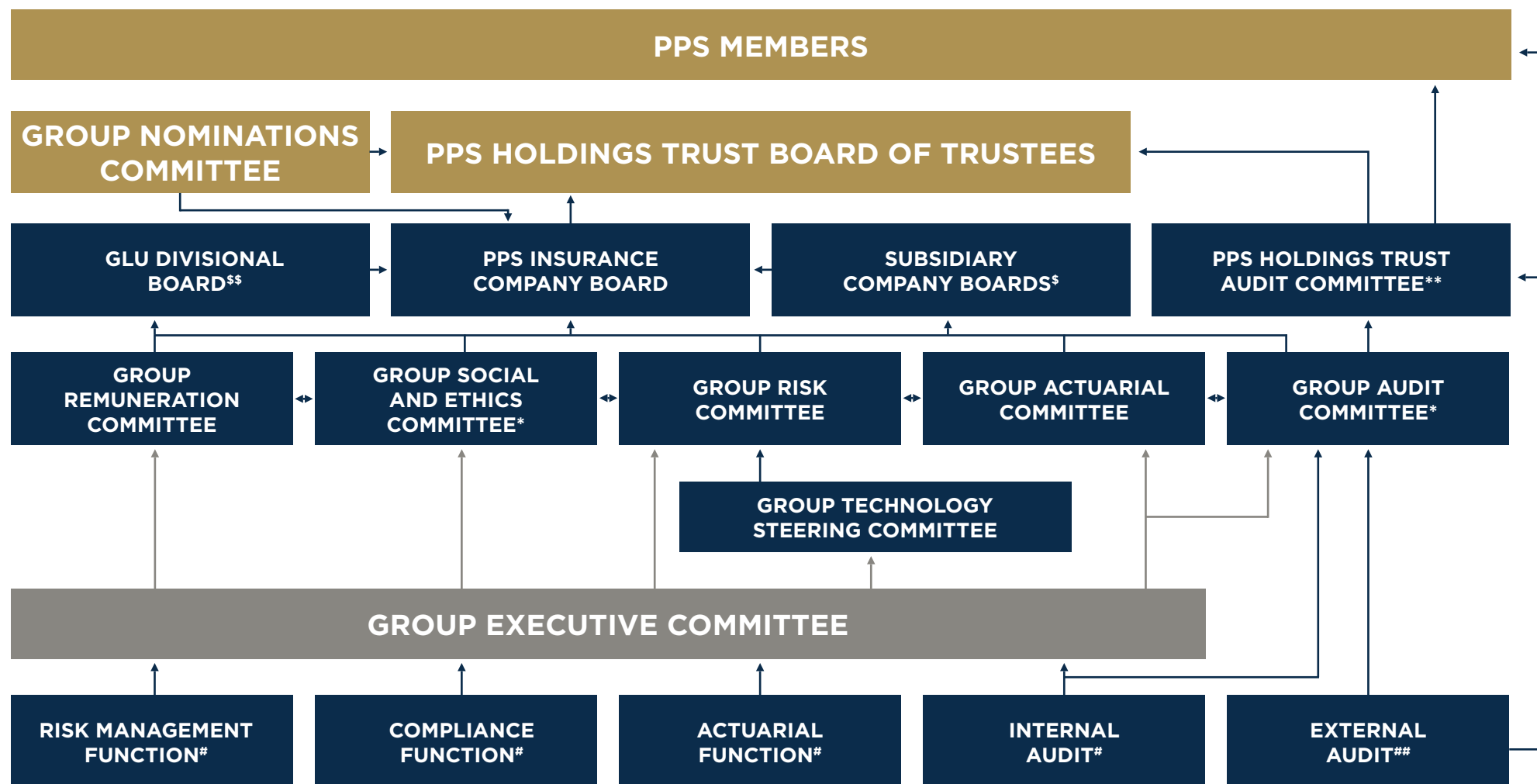
A photograph of a surgeon in an operating room. The surgeon is a Black man wearing a green surgical cap, a white face mask, and clear safety goggles. He is looking directly at the camera with a slight smile. He is wearing green surgical scrubs. In the background, other surgeons in similar attire are visible, and bright surgical lights are illuminating the scene. The overall tone is professional and hopeful.

**Leadership,
powered by
mutuality.**

A story of shared vision.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE



* These are statutory committees with a direct reporting line to the PPS Insurance Board.

** This is a statutory committee, required in terms of the Trust Deed of PPS Holdings Trust, with a direct reporting line to the PPS Holdings Trust Board.

These functions also have direct reporting line to the appropriate Board committees.

External audit has a direct reporting line to the Boards of PPS Holdings Trust, PPS Insurance and its subsidiaries, and reports to PPS members.

§ Subsidiaries PPS Short-Term Insurance and PPS Investments each have their own combined Risk and Audit Committees, over which the Group Risk and Audit Committees have oversight.

\$\$ glu, a second brand of PPS Insurance operating on the same insurance licence, is housed in a separate division, governed by a Divisional Board, which is effectively a committee of the PPS Insurance Board.

CORPORATE GOVERNANCE REPORT **continued**

GOVERNANCE

The holding entity of the PPS Group is the Professional Provident Society Holdings Trust (PPS Holdings Trust). Its primary operating subsidiary is Professional Provident Society Insurance Company Limited (PPS Insurance). The key operating subsidiaries of PPS Insurance are Professional Provident Society Investments Proprietary Limited (PPS Investments), Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia), Professional Provident Society Healthcare Administrators Proprietary Limited (PPS Healthcare Administrators), Professional Provident Society Short-Term Insurance Company Limited (PPS Short-Term Insurance), Financial Solutions 4 Professionals Proprietary Limited (FS4P) and Professional Provident Society Wealth Advisory Proprietary Limited (PPS Wealth Advisory). Good corporate governance is an integral part of the PPS Group's operations and the PPS Group is fully committed to the principles of King IV™ and the Prudential Standards. In terms of the Prudential Standard for Risk Management and Internal Controls for Insurers (GOI 3), PPS Insurance is required to adopt, implement and document an effective governance framework that provides for the prudent management and oversight of its insurance business and adequately protects the interests of its policyholders.

GOVERNANCE FRAMEWORK

PPS Insurance has been designated as an insurance group and controlling company in terms of sections 10(1) and 10(2) of the Insurance Act.

PPS Insurance as the controlling company of the PPS Insurance Group has established an effective governance framework that provides for sound and prudent management of the PPS Group's business, including adequate protection of the interests of policyholders of insurers that are part of the PPS Group, in accordance with the Prudential Standard for Governance and Operational Standards for Insurance Groups (GOG).

The governance framework for the PPS Group is comprehensive and consistent, covering both regulated and non-regulated entities, which:

- a) allows for the prudential and legal obligations of individual entities within the PPS Group to be met; and
- b) appropriately balances any divergence in governance requirements applicable to different entities within the PPS Group.

The PPS Group's governance framework includes adequate policies and processes to enable potential intra-insurance Group conflicts of interest to be identified, avoided if possible, and managed if avoidance is not possible.

The governance framework consists of three parts, being:

- Boards and board committees: This pertains to the composition, governance and structure of the PPS Holdings Trust Board of Trustees, the PPS Insurance Board of Directors and the boards of directors of the operating subsidiary companies, with well-defined roles and responsibilities, as well as statutory and other board committees, being the PPS Holdings Trust Audit Committee, the PPS Group Audit, Risk, Social and Ethics, Actuarial, Remuneration, Nominations and Technology Steering Committees, the glu Divisional Board, as well as the Risk and Audit Committees established by certain subsidiaries.
- Risk management system: The risk management system includes all key risk management policies, as required by Prudential Standard GOI 3: Risk Management and Internal Controls for insurers.
- Internal control system.

The PPS Group Governance Framework provides for the prudent management and oversight of the PPS Group, as well as adequately protecting the interests of PPS's members. The framework is appropriate, given the nature, scale and complexity of the PPS Group and its associated risks and is based on key principles as set out in this report.

TRANSPARENT ORGANISATIONAL STRUCTURE

The governance framework provides an adequate, transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and controls to ensure that segregation is observed. The roles and responsibilities of persons accountable for the management and oversight of the PPS Group are clearly defined. The PPS Group is governed by a unitary board of trustees, assisted by boards of directors, board committees and management committees.

An appropriate system of delegation is in place, in terms of which the direction of the operations of the PPS Group has been delegated to the PPS Insurance Board. The PPS Insurance Board has delegated some of the activities and tasks associated with its role and responsibilities to board committees, the Group Executive Committee, senior management and other employees of the PPS Group.

FIT AND PROPER

The PPS Group Boards are ultimately responsible for ensuring that the PPS Group complies with the fitness and propriety principles and requirements.

The PPS Group Fit and Proper Policy read with the Prudential Standard GOI 4: Fitness and Propriety of Key Persons of Insurers and Joint Standard 1 of 2020: Fitness, propriety and other matters related to Significant Owners states that the following persons must, at all times, meet the Fit and Proper requirements:

- Trustees and Directors.
- Key Persons, being Directors and Trustees, the Group Chief Executive Officer (Group CEO) and persons reporting directly to the Group CEO with decision-making powers.
- Heads of Control Functions.
- Auditors.
- Significant owners of insurance companies in the PPS Group.

Fit and proper checks for the aforementioned persons are conducted on an annual basis.

RISK MANAGEMENT SYSTEM

The risk management system comprises the totality of strategies, policies and related procedures, and tools for identifying, assessing, measuring, monitoring, managing, reporting and mitigating of all reasonably foreseeable current and emerging material risks that may affect the PPS Group's ability to meet its strategic objectives. Risk management is part of the day-to-day business activities conducted at the PPS Group. The system takes into account the likelihood, consequences, velocity and control effectiveness and is adapted as the business and the external environment change. The system supports the PPS Group Boards in meeting their responsibilities relating to the promotion of sound risk management, compliance and policyholder protection. The objectives of the PPS Group are aligned with its Sustainability Framework. The risk management system takes into account the alignment of sustaining and growing the business while preserving the environment.

The risk management system comprises the following components:

- a. A clearly defined and documented risk management strategy that includes the risk management objectives, principles and approach to assumption setting, and assignment of risk management responsibilities across all activities consistent with the overall business strategy;
- b. Adequate written policies consistent with the risk management strategy;
- c. Appropriate policies, processes, procedures, controls and tools for identifying, measuring, monitoring, managing and reporting on all material risks;
- d. Reports to inform Senior Managers, the Group Risk Committee (Risk and Audit Committee where applicable), the PPS Group Boards and other key persons in control functions on all material risks faced by PPS Group and on the effectiveness of the risk management system itself; and
- e. Processes for ensuring adequate contingency planning, business continuity and crisis management.

The detailed particulars of the risk management system are set out in the PPS Group Enterprise Risk Management Framework and Standard.

INTERNAL CONTROL SYSTEM

The internal control system consists of the totality of strategies, policies, procedures and controls to assist the PPS Group Boards and Senior Managers in the fulfilment of their oversight and management responsibilities. The PPS Group has adopted a Five Lines of Assurance model, supported by a combined assurance framework, to facilitate and ensure effective governance across all processes and functions.

The internal control system provides the PPS Group Boards and Senior Managers with reasonable assurance from a control perspective that the business is operated consistently within the following parameters:

- Business objectives of the PPS Group.
- Strategy determined by the PPS Group Boards. The detailed particulars of the strategic planning process are set out in the PPS Group Capital Management Policy.
- Key business, information technology and financial policies and processes, as well as related risk management policies and procedures, determined by the PPS Group Boards.
- Applicable laws, regulations and supervisory requirements.

The internal control system comprises the following components:

- a. appropriate accounting policies and controls for all key business processes to ensure the fairness, accuracy, reliability and completeness of the PPS Group's financial and non-financial information;
- b. annual compliance plan;
- c. appropriate segregation of duties and controls to ensure that such segregation is observed;
- d. detailed control processes for complex business activities;

- e. training in respect of relevant components of the system of internal controls, particularly for employees in positions of trust or responsibility, or who carry out the PPS Group's activities that involve significant risk;
- f. regular monitoring of key controls to ensure that they remain effective, form a coherent system and that the internal control system functions as intended, fits within the overall governance framework and complements the risk identification, risk assessment and risk management activities; and
- g. regular, independent testing and assessments to determine the adequacy, completeness and effectiveness of the internal control system and its usefulness to the PPS Group Boards and Senior Managers for controlling the operations.

CONTROL FUNCTIONS

In terms of the Prudential Standard GOI 3: Risk Management and Internal Controls, an insurer must establish and adequately resource at least certain control functions. The following four key control functions are established, resourced and in place within the two PPS Group insurance companies:

- Risk management function
- Actuarial function
- Compliance function
- Internal audit function

The control functions are structured to include the necessary authority, independence, resources, expertise, access to the PPS Group Boards and all relevant employees, as well as information to enable them to exercise their authority and perform their responsibilities. The performance of the control functions is reviewed periodically by the PPS Group Boards and/or relevant committee(s). The control functions are required to complete regular self-assessments of their respective functions.

CORPORATE GOVERNANCE REPORT **continued**

The control functions' roles and responsibilities are documented and reviewed annually and approved by the PPS Group Boards. The control functions must avoid conflicts of interest, and where conflict arises, it will be brought to the attention of the PPS Group Boards.

A control function may be outsourced in accordance with the Joint Standard 1 of 2024: Outsourcing by Insurers and the PPS Insurance Outsourcing Policy, taking into consideration the nature, scale and complexity of the business, risks and legal and regulatory obligations.

The Actuarial Control Functions are performed by Deloitte in terms of outsourced arrangements. Ms JF Cable of Deloitte serves as the Head of the Actuarial Control Function for PPS Insurance. Mr R Govender of Deloitte serves as the Head of the Actuarial Control Function for PPS Short-Term Insurance. The Internal Audit Control function is performed by KPMG in terms of an outsourced arrangement. Ms A Andrews of KPMG serves as the Head of the Internal Audit Control Function for both insurance companies in the PPS Group. The Compliance and Risk Management Control Functions are performed in-house. Mr L du Plessis and Mr JA Thomas serve as the Heads of the Compliance Function and Risk Management Function for PPS Insurance, respectively. For PPS Short-Term Insurance, Mr T Mbhele serves as the Head of the Risk Management Function, while Mr P Nkosi serves as the Head of the Compliance Control Function.

The existence of the control functions does not relieve the PPS Group Boards or Senior Management from their respective governance and related responsibilities. The governance framework will continue to evolve to ensure compliance with emerging legislation and to enhance the ability of the PPS Group Boards, Senior Managers and Heads of control functions to manage PPS soundly and prudently. The PPS Group Actuarial, Audit, Risk, Technology Steering, Remuneration and Social and Ethics Committees fulfil a key role in ensuring good corporate governance within the PPS Group. Processes are reviewed regularly to ensure compliance with legal obligations and codes of governance.

It is confirmed that the heads of the control functions:

- Are fit and proper;
- Have sufficient seniority and authority to be effective;
- Have reporting lines that support their independence;
- Have unrestricted access to relevant information;
- Have direct access to the PPS Group Boards or relevant committee(s), without the presence of Senior Managers, if so requested;
- Have the freedom to report to the PPS Group Boards or relevant committee without interference;
- Have appropriate segregation of duties from operational business line responsibilities;
- Must report regularly to the PPS Group Boards or relevant committee(s), especially on matters of non-compliance with legislation.

Adequate policies and procedures exist for the appointment, dismissal and succession of heads of control functions.

The relevant committee must appoint, perform performance assessments, determine remuneration, discipline and dismiss the head of each control function with the approval of or after consultation with the PPS Group Boards.

GOVERNANCE DEPARTMENTS

The following departments ensure good corporate governance throughout the PPS Group:

GROUP COMPANY SECRETARIAT

The Chairmen of the PPS Group Boards, the board sub committees and the Group CEO are assisted by the Group Company Secretary in ensuring good corporate governance and adherence to the PPS Group's governance policies. By working closely with the respective board Chairmen and the Group CEO, the Group Company Secretary ensures that the agendas for the PPS Group Board and board committees and the Group Executive Committee meetings address the key business and governance issues, and that the PPS Group Boards are adequately informed to enable them to discharge their duties and make informed decisions. The Group Company Secretary is responsible for the determination of

the corporate calendar to ensure that all required matters are addressed by the respective PPS Group Boards and committees.

The Group Company Secretary has a significant role in supporting the Group Nominations Committee in the discharge of its duties to ensure that the PPS Group Boards and committees are appropriately constituted and have appropriate Terms of Reference, and that the PPS Group Board and committee members, as well the Group Executive Committee members comply with Fit and Proper requirements, are inducted on appointment and are trained and evaluated. The Group Company Secretary co-ordinates the contents and holding of the annual directors' and trustees' strategy and training programme, as well as access to and attendances at governance programmes by external service providers, in accordance with best practice and King IV™.

All trustees and directors have direct access to the services of the Group Company Secretary, who is also appointed as the Secretary of PPS Holdings Trust and as a member and Secretary of the Group Executive Committee. He advises them on all corporate governance matters, on Board procedures, and on compliance with the Trust Deed of PPS Holdings Trust and PPS Group entities' Memoranda of Incorporation and Trust Deeds.

Comprehensive agendas and papers are provided to the PPS Group Boards and committees by the Group Company Secretary (and by subsidiary Company Secretaries, as applicable) in advance of the meetings of the Boards and committees, including circulation of committee minutes and reports to the appropriate Boards. The Group Company Secretary also has responsibility for the secretarial functions of all subsidiary companies, and an oversight responsibility where subsidiaries have appointed their own Company Secretaries, and to ensure that the minutes and statutory records of all PPS Group Board and Board committee meetings are prepared and maintained in the appropriate PPS Group records.

Members of the PPS Group Boards have access to independent professional advice, as may be required,

through the office of the Group Company Secretary and with the respective Chairmen's consent, at the PPS Group's expense, in order to discharge their responsibilities as directors and trustees.

GROUP LEGAL

The Group Legal Department is the central legal function of the PPS Group. Its main responsibility is to identify and manage legal risks that may arise from the Group's activities. It also ensures that these risks are effectively mitigated across all entities. This is achieved by providing or sourcing appropriate legal advice, ensuring that legal risks are optimally negotiated, documented and monitored and that the necessary controls are implemented. The Group Legal Department regularly reports to the Group Executive Committee and the Group Risk Committee on the management and status of all material legal risks. All Group Legal Advisers employed in such capacity report to the Head of Group Legal, who also has an oversight responsibility where subsidiaries have appointed their own legal advisers, who in turn reports to the Group Executive: Legal and Compliance.

The Group Legal Department is also responsible for implementing and maintaining legal policy standards throughout the PPS Group and ensuring that the standards are adopted and followed by all subsidiary companies and their internal legal staff (where applicable).

GROUP COMPLIANCE

The PPS Group Boards are ultimately accountable for overseeing compliance with applicable laws, adopted non-binding rules, codes, standards and internal policies. The primary objective of the Compliance Function is to assist the PPS Group Boards and Senior Management in discharging their responsibilities and to ensure that the business is run with integrity, complies with all regulatory and best practice requirements and is conducted in accordance with the highest ethical standards. The appointed Head of the Compliance Function is responsible for ensuring its effective implementation. This includes facilitating compliance across the business by creating awareness, conducting independent monitoring, and providing reports. The role also involves

offering practical solutions or recommendations where needed. However, the primary responsibility for complying with any regulatory requirement lies with all staff members conducting the particular transaction or activity to which the requirement applies.

PPS implemented a combination of a centralised and a decentralised compliance function. Group Compliance is the central department, with the main role of developing the compliance policy (the PPS Group Boards approve such policy) and related standards to ensure a consolidated compliance risk management and reporting process throughout the PPS Group. The decentralised compliance function consists of business units' compliance functions that are responsible for implementing the PPS Group policies, monitoring the business units' activities and reporting the compliance status to Group Compliance. PPS Investments, PPS Healthcare Administrators, PPS Short-Term Insurance and PPS Namibia have their own business unit compliance officers with oversight by Group Compliance for compliance-related matters. Group Compliance assumes direct responsibility and oversight for compliance risk management in PPS Insurance and its divisions.

The compliance function performs its activities in accordance with these five principles:

- Compliance requirements, including legislative requirements, such as acts, regulations, bills, directives, practice notes, industry codes of conduct, and relevant discussion documents, which impose obligations on PPS are identified and interpreted continuously.
- Compliance requirements are addressed in business processes.
- Management and staff are trained on the compliance requirements relevant to their roles.
- Compliance monitoring is conducted and reported to provide assurance on the level of compliance.
- Compliance incidents or suspected incidents are reported and managed.

GROUP RISK MANAGEMENT

The taking of risk, in an appropriate manner, is an integral part of the business. Success relies on optimising the trade-off between risk and reward, following an integrated risk management process, and by considering all internal and external risk factors. While conducting its business, the PPS Group is exposed to, and needs to take on, a variety of risks. The long-term sustained growth, continued success, and reputation of the PPS Group are critically dependent on the quality of risk management. Management is committed to applying best practice and standards, including the implementation of the ISO 31000 standard on Risk Management, Prudential Standards, Risk Management and Internal Controls for Insurers (GOI 3) and King IV™. The PPS Group Enterprise Risk Management Framework, read with the PPS Group Enterprise Risk Management Standard, is aligned to such standards.

The PPS Group's risk philosophy is underpinned by its objective of creating member value, meeting member benefit expectations and achieving sustainable, profitable growth in a manner that is consistent with members' expectations of the PPS Group's risk appetite. This means the PPS Group must ensure that a high-quality risk management culture is instilled throughout its operations, built on the following main elements:

- Adherence to the value system of PPS;
- Proactive risk management;
- A risk awareness culture via management of the business units;
- Disciplined and effective risk management processes and controls, and adherence to risk management standards and limits;
- Compliance with the relevant statutory, regulatory and supervisory requirements by way of a robust compliance risk management process;
- Regular monitoring by Compliance;
- Review of control measures by Internal Audit;
- Oversight of the risk management process by the Group Risk Committee.

CORPORATE GOVERNANCE REPORT **continued**

The PPS Group Boards ensure that the PPS Group has implemented an effective ongoing process to identify risk, measure its potential outcome and then implement what is necessary to proactively manage these risks. This responsibility includes setting the risk appetite and tolerance of the PPS Group, measuring the relevant risks against it and ensuring that the necessary controls and service level agreements are in place, are effective and are adhered to at all times. Assurance of good corporate governance is achieved through the regular measurement, reporting and communication of risk management performance, which includes progress with risk management plans and improvements to risk management maturity.

Management and employees are responsible for the management of risk in accordance with the Enterprise Risk Management Framework, read with the PPS Group Risk Management Standard, and incorporating risk management into the day-to-day operations of the PPS Group. Management is assisted by the risk management function in performing annual risk assessments and updating these quarterly, and agreed mitigating actions are managed using CURA software. Risk registers are produced from CURA and Risk Reports are reviewed monthly by the Group Executive Committee and quarterly by the Group Risk Committee for strategic and major operational risks. A Risk Report containing the findings and conclusions of the risk environment of the PPS Group is prepared on a quarterly basis and is reviewed by the Group Risk Committee and the respective boards. Other operational risk registers are continuously managed by the relevant business areas.

PPS has implemented an opportunity assessment methodology. The purpose of using this methodology is to identify opportunities and the material risks associated with new opportunities to enhance the quality and depth of the risk management process. This methodology also enables an assessment of current strategic objectives against those derived, based on opportunities and the prioritisation of the efforts to get maximum return based on readily accessible resources. The opportunity assessment process is integrated in the strategic planning process of the Group.

The PPS Holdings Trust Audit Committee, the PPS Group Nominations, Risk, Audit, Actuarial, Remuneration, Social and Ethics and Technology Steering Committees, as well as the Risk and Audit Committees of subsidiaries, make reports and recommendations to the PPS Group Boards, enabling them to discharge their responsibilities in regard to risk management.

MANAGEMENT OF FRAUD AND CORRUPTION RISK AND CONFIDENTIAL REPORTING

The PPS Group has implemented a Fraud and Corruption Policy and Response Plan to manage fraud and corruption risks. In addition, the PPS Group has a Confidential Reporting Policy, which allows employees to report suspicious activities without fear of retribution. An anonymous reporting hotline – operated independently from the PPS Group by Deloitte – provides a facility to enable employees to report suspicious activities and unethical behaviour in a safe environment. All financial crime-related suspicious transactions and reports are managed by the Fraud Committee and other unethical behaviour is managed by the Human Resources Department.

PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT

PPS Insurance issues insurance policies with a discretionary element of bonuses and is required to establish and maintain a document setting out its Principles and Practices of Financial Management (PPFM) and provide this document to policyholders. This document outlines PPS Insurance's principles and practices of financial management so that policyholders can better understand the profit distribution principles and practices in place at PPS Insurance, as well as the investment strategy adopted by the PPS Insurance Board. The PPFM document is available to all policyholders on the PPS Group website at www.pps.co.za.

TECHNOLOGY AND INFORMATION GOVERNANCE

Under the guidance of the Group Technology Steering Committee (GTSC), a subcommittee of the Group Risk Committee (GRC), the PPS Group maintains a robust Information Technology (IT) governance framework

that aligns with strategic priorities, adheres to industry standards and proactively manages risks. The GTSC provides IT governance, compliance and risk management leadership, ensuring that technology initiatives are synchronised with business objectives and contribute to the organisation's resilience.

Enhancing the organisation's security posture is a critical component of this strategy. Efforts to reinforce data protection, improve access control and safeguard critical systems are part of an integrated approach to address the increasing complexity of digital threats. These initiatives are essential elements of PPS's commitment to governance and operational excellence.

Strategic delivery risks are managed through effective capacity planning and resource allocation, facilitating progress in transformative initiatives that modernise insurance processes and digitise risk assessments. These efforts ensure that IT investments are aligned with business priorities, enabling value delivery while managing complexity.

Operational resilience and compliance remain key focus areas. Comprehensive IT General Controls (ITGC) audits and disaster recovery testing validate the robustness of systems and processes, reinforcing confidence in the organisation's ability to maintain integrity and reliability under challenging conditions. The refinement of IT infrastructure and deployment of advanced system access solutions underpin a secure and efficient technology landscape.

The Group's investments in modular systems, application programming interfaces and artificial intelligence enhance integration across platforms, optimise operational workflows and establish a foundation for innovative rollouts that improve user experiences and business outcomes.

By embedding these governance principles into its core strategy, PPS is well-prepared to navigate the evolving digital landscape while maintaining operational excellence and compliance.

REGULATORY DEVELOPMENTS

During the year under review, there was a significant volume of proposed legislation and amendments to existing legislation, all of which will impact the governance and reporting of governance within the PPS Group. This has placed additional responsibilities on the PPS Group Boards and management to ensure adherence to, and compliance with, the new requirements.

The most important upcoming legislative items for PPS are highlighted below:

1. Companies Amendment Act, 16 of 2024 and the Companies Second Amendment Act, 17 of 2024

The Companies Amendment Act 16 of 2024 was partially proclaimed and took effect from 27 December 2024. Similarly, the Companies Second Amendment Act 17 of 2024 was proclaimed and took effect from 27 December 2024. Some of the most important changes implemented are:

- Relaxations of the financial assistance provisions: The provision of financial assistance by a company to or for the benefit of its South African subsidiaries are excluded from the requirements of section 45 of the Companies Act 71 of 2008.
- Social and Ethics Committee (SEC): The appointment of the members of the SEC must be made at the annual general meeting of public and state-owned companies. The SEC and Remuneration Reports must be presented at the annual general meeting of public and state-owned companies.

Some of the important sections of the Companies Amendment Act 16 of 2024 that are not yet effective are:

- The duty to prepare and present a company's Remuneration Policy and its Implementation Report for state-owned and public companies. When effective, the required disclosures will include the remuneration gap between the top 5% highest paid

and the bottom 5% of lowest paid employees. There will be a duty to name all directors and to disclose their remuneration individually. The Remuneration Policy must be approved by the shareholders of the company.

2. The Public Compliance Communication 59 (PCC 59) and the Public Compliance Communication (PCC 44)

PCC 59 has been published by the Financial Intelligence Centre (FIC) to provide guidance on compliance with the Beneficial Ownership (BO) requirements of the Financial Intelligence Centre Act 38 of 2001 (FIC Act). Similarly, PCC 44A had been published by the FIC to provide guidance on the measures aimed at complying with targeted financial sanctions obligations and the risk-based approach to combating terrorist financing.

The PCCs were implemented.

3. Joint Standard 1 of 2023 – Information Technology (IT) Governance and Risk Management for Financial Institutions

A Joint Standard, which sets out the principles and minimum requirements for IT governance and risk management that financial institutions must adhere to, in line with sound practices and processes in managing IT, has been published with effect from 15 November 2024. The Joint Standard aims to help financial institutions better regulate essential aspects of their governance of information, technology and risk.

The relevant PPS Corporate Governance Frameworks, Standards and Policies have been aligned with the guidelines imposed by the above Joint Standard.

- Joint Standard 2 of 2024 – Cybersecurity and Cyber Resilience Requirements for Financial Institutions
The Joint Standard was issued by the FSCA and PA. It outlines comprehensive cybersecurity and cyber resilience requirements for financial institutions to

ensure the protection of IT systems and information assets. It is expected that the joint standard will become effective on 1 June 2025. Work is underway to implement its requirements.

4. Guidance Notice 1 of 2024 – Guidance Notice on climate-related governance and risk practices for insurers, and Guidance Notice 2 of 2024 – Guidance on climate-related disclosures for insurers

The Guidance Notices have been published by the Prudential Authority (PA) on climate-related governance and risk practices and disclosures for insurers. The Guidance Notices provide guidance to insurers on integrating climate-related risks into their governance and risk management frameworks, including guidance on the insurer's own risk and solvency assessments (ORSAs). The PA has developed this guidance notices to strengthen and improve the risk management practices related to climate-related risks with the purpose of enhancing the financial soundness and stability of insurers as well as making climate-related disclosures considering International Sustainability Standards. It is intended to be applied on a proportionate basis considering the size, nature and complexity of the institution and the overall level of risk that each institution is willing to accept.

The requirements were incorporated in the PPS Group Climate-related Risk Policy.

5. Climate Change Act 22 of 2024

The Climate Change Act was signed into law on 23 July 2024 but has not as yet come into effect. It will predominantly regulate governmental action.

6. Employment Equity (EE) Act 55 of 1998

The Employment Equity Amendment Act No 4 of 2022 (EEAA) was assented into law during April 2023. However, the provisions of the EEAA did not immediately

come into force. As a result, during September 2024, employers were advised by the Department of Employment and Labour to use existing legislation when reporting on their Employment Equity (EE) status. The Minister of Employment and Labour announced on 19 December 2024 that the amendments will come into effect on 1 January 2025.

PPS has submitted its annual report, as required, which has been acknowledged by the Department of Employment and Labour.

The sector numerical targets have not yet been finally legislated and the Department of Employment and Labour is holding virtual consultations per sector to discuss the proposed sector numerical EE targets for the Financial and Insurance Activities Sector before publishing the final sector EE targets for implementation.

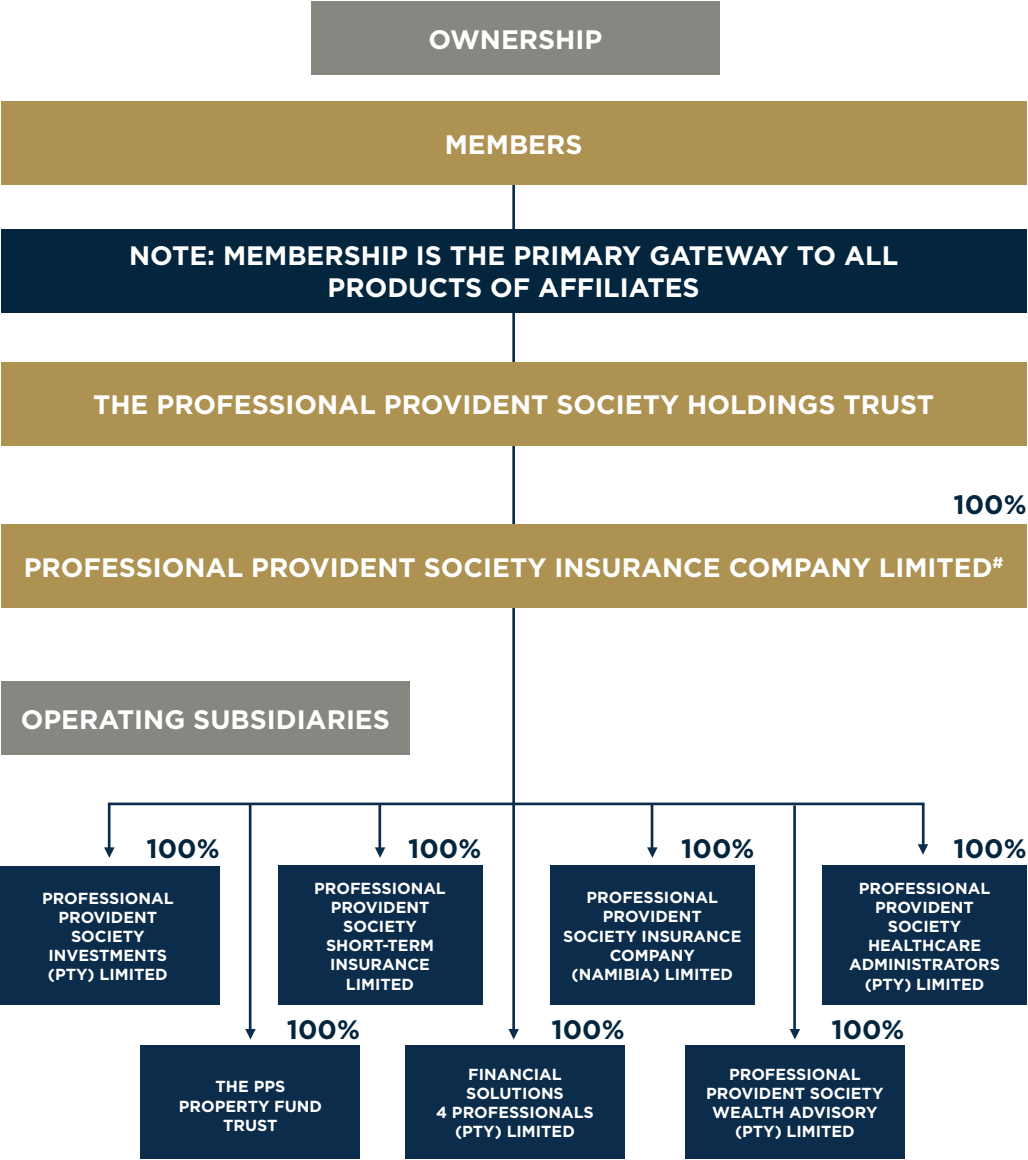
APPLICATION OF THE PRINCIPLES OF KING IV™

The King IV™ Report on Corporate Governance replaced King III in its entirety, and unlike its predecessors, the King IV™ Report is outcome-based. Four governance outcomes, viz: ethical culture, good performance, effective control and legitimacy, are guided and supported by 17 principles and more than 400 recommended practices.

An assessment of the application of the King IV™ principles by the PPS Group was conducted as part of the 2024 Group Compliance Programme, using the King IV™ Governance assessment instrument. The results of the assessment indicated that the PPS Group had satisfactorily applied 391 of the recommended practices, with ten practices not being applicable to PPS and four practices which had not been applied.

Practice 83.a	<p>The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination should be disclosed.</p> <p>Commentary: Particulars of the Group CEO's employment contract are considered to be competitive information and are not publicly reported.</p>	Not applied
Practice 34.c	<p>The overview of the remuneration policy should include a description of the framework and performance measures used to assess the achievement of strategic objectives and positive outcomes, including the relative weighting of each performance measure and the period of time over which it is measured.</p>	Not applied
Practice 34.d	<p>The overview of the remuneration policy should include an illustration of the potential consequences on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.</p>	Not applied
Practice 35.b	<p>The implementation report must include an account of the performance measures used and the relative weighting of each, as a result of which awards under variable remuneration incentive schemes have been made, including: the targets set for the performance measures and the corresponding value of the award opportunity; and for each performance measure, how the organisation and executive managers, individually, performed against the set targets.</p> <p>Commentary: Detailed particulars of the above remuneration aspects are considered to be competitive information and are not publicly disclosed.</p>	Not applied

GROUP STRUCTURE



[#] glu is a second brand of PPS Insurance operating on the same insurance licence, housed in a separate division, governed by a Divisional Board.

CORPORATE GOVERNANCE REPORT **continued**

GOVERNANCE OF THE PPS GROUP BY THE BOARDS

The PPS Group is ultimately governed by PPS Holdings Trust, which has a unitary board of trustees, assisted by the boards of directors and trustees of PPS Group entities and the committees as detailed below.

The wholly-owned principal operating subsidiary, PPS Insurance, has a majority of independent non-executive directors, seven of whom are nominated members of the PPS Holdings Trust Board (including two *ex officio* appointees), and includes directors with specialist skills appropriate to the insurance, investment and financial services industries. The PPS Insurance Board is accountable to the PPS Holdings Trust Board for the achievement of strategic objectives determined by the PPS Holdings Trust Board in furthering the interests of its members. These objectives pertain to:

- Financial soundness and inter-generational fairness;
- Operational efficiency;
- Assets and investment returns;
- Membership and sales growth;
- Value and service to PPS members.

The primary operating subsidiaries of PPS Insurance are set out in the Trustees' Report and their boards are comprised of executive and non-executive directors and trustees as outlined in this report.

BOARD COMPOSITION, APPOINTMENTS AND SUCCESSION PLANNING

In terms of its Trust Deed, the PPS Holdings Trust Board is comprised of a maximum of 20 trustees, all of whom are independent non-executive trustees:

- PPS Ordinary Members may nominate and elect ten Ordinary Members to the PPS Holdings Trust Board at its annual general meeting.
- The PPS Holdings Trust Board may invite up to six professional associations, whose members are significantly represented in the PPS membership base, to nominate representatives, subject to the

recommendations of the Group Nominations Committee and the approval of the PPS Holdings Trust Board in accordance with the provisions of the Trust Deed, to serve on the PPS Holdings Trust Board. Four professional associations are currently invited by the PPS Holdings Trust Board to nominate a representative to serve on the PPS Holdings Trust Board and these representatives' current terms of office expire at the 12 May 2025 annual general meeting. The PPS Holdings Trust Board has decided not to continue with the invitation to professional associations to nominate representatives to serve on the PPS Holdings Trust Board, and therefore, these appointments will terminate at the 12 May 2025 annual general meeting.

- The PPS Holdings Trust Board has co-opted two additional members for their specific skills, as provided for in the Trust Deed.
- The Trust Deed stipulates that the Chairman and Deputy Chairman of PPS Insurance are appointed *ex officio* to the PPS Holdings Trust Board.
- All PPS Holdings Trust Board members are appointed for specific terms and re-appointment is not automatic.

The PPS Holdings Trust Board appoints the members of its Board committees, as well as the members of the PPS Insurance, the PPS Retirement Annuity Fund, the PPS Namibia Retirement Annuity Fund and the PPS Beneficiaries Trust Boards. In turn, the PPS Insurance Board appoints the members of its Board committees and the members of its subsidiaries' boards. The subsidiary boards appoint the members of their own board committees, where applicable.

Under delegated authority of the PPS Holdings Trust Board, the Group Nominations Committee, within its powers, evaluates, selects and recommends for appointment the PPS Group trustees and directors, including the Group CEO, executive and non-executive directors/trustees, and board committee members. This takes into account the Fit and Proper and other regulatory requirements for the appointment of directors/trustees of long- and short-term insurance companies and their holding entities.

The Group Nominations Committee considers trustee and director succession planning and makes appropriate recommendations to the PPS Group Boards. This encompasses an evaluation of the skills, knowledge, diversity and experience required to add value to the PPS Group, as well as compliance with Fit and Proper requirements, for all trustees and directors, including PPS Holdings Trust Trustees standing for re-election, as well as candidates standing for election for the first time. All elections of Trustees of PPS Holdings Trust are made in terms of a formal and transparent procedure and are subject to approval by the Ordinary Members of PPS Holdings Trust at its annual general meeting.

The Group Nominations Committee periodically considers the factors determining the suitability of professional associations for invitation to nominate representatives to serve on the PPS Holdings Trust Board, to further the relationship of the PPS Group with the members of such professional associations, and makes recommendations in this regard to the PPS Holdings Trust Board. The professional associations who currently have representation on the PPS Holdings Trust Board, which will terminate at the 12 May 2025 PPS Holdings Trust annual general meeting, are:

- The South African Medical Association.
- The South African Dental Association.
- The South African Institute of Chartered Accountants.
- The Professional Engineers' Societies.

The PPS Holdings Trust Board has considered and is of the view that the PPS Group Boards and committees are appropriately constituted to meet statutory requirements and the PPS Group's needs.

Candidates who have been nominated for service on PPS Group Boards are required to clearly identify any conflict, or potential conflict, of interest with the activities of PPS Holdings Trust, its subsidiaries and affiliates. Candidates who are financial advisors or intermediaries, or hold any office or interest, directly or indirectly, in any entity which competes in the same sphere of business as the PPS Group, do not qualify for appointment to any of the PPS Group Boards.

CHAIRMAN AND DEPUTY CHAIRMAN OF THE PPS HOLDINGS TRUST BOARD OF TRUSTEES

The PPS Holdings Trust Board elected Dr S N E Seoka, who had held the position of Deputy Chairman of the PPS Holdings Trust Board since 2012, as its Chairman on 13 June 2018. Dr C M Krüger, who has served on the PPS Holdings Trust Board since 2004, was elected as Deputy Chairman of the PPS Holdings Trust Board on 13 June 2018. The Chairman and Deputy Chairman were re-elected to their respective positions at the 6 June 2024 PPS Holdings Trust Board meeting.

In terms of PPS Insurance's Memorandum of Incorporation, the Chairman and Deputy Chairman of the PPS Holdings Trust Board are appointed *ex officio* to the PPS Insurance Board and form part of the seven trustees of PPS Holdings Trust who are nominated annually by the PPS Holdings Trust Board to serve on the PPS Insurance Board.

CHAIRMAN AND DEPUTY CHAIRMAN OF THE PPS INSURANCE BOARD OF DIRECTORS

Mr C Erasmus has held the position of Chairman of the PPS Insurance Board since 2014. Prof H E Wainer has held the position of Deputy Chairman of the PPS Insurance Board since 2015. The Chairman and Deputy Chairman were re-elected to their respective positions at the 18 June 2024 PPS Insurance Board meeting.

In terms of the Trust Deed of PPS Holdings Trust, the Chairman and Deputy Chairman of PPS Insurance are appointed *ex officio* to the PPS Holdings Trust Board.

GROUP CHIEF EXECUTIVE OFFICER OF THE PPS GROUP

Mr I J Smit has held the position of Group CEO of the PPS Group since 25 July 2016.

BOARD CHARTERS AND TRUST DEED

In accordance with the principles of sound corporate governance, the Board Charters for the PPS Holdings Trust, PPS Insurance and the subsidiary boards – modelled on the charter principles recommended by King IV™ and adapted to the requirements of the PPS Group – incorporate the powers of the boards, providing a clear and concise overview of the division of responsibilities and accountability of PPS Group Board members, collectively and individually, to ensure a balance of power and authority. The Board Charters are reviewed regularly to ensure continued compliance with regulation and best practice.

The Trust Deed of PPS Holdings Trust incorporates key elements of the Companies Act 71 of 2008 and its trustees have similar responsibilities and duties to those of company directors, including the statutory responsibilities imposed on directors by the Companies Act, in addition to their responsibilities and duties as trustees.

The committees of the PPS Group Boards operate in accordance with Board-approved Terms of Reference. Each committee's Chairman reports to the Board that established the committee, as required, during the Board's scheduled meetings. These Terms of Reference are reviewed annually to ensure continued compliance with regulation and best practice. Where appropriate, the minutes of the committee meetings are tabled at subsequent Board meetings. The Chairmen of the PPS Holdings Trust and PPS Insurance Boards are independent non-executive trustees/directors. At PPS Insurance, the roles of Chairman and Group CEO are separated, with a clear division of responsibility to ensure distinction between their respective duties and responsibilities. The Chairmen have no executive functions. The role of all trustees and directors is to bring independent judgement and experience to the Boards' decision-making process and to act in the best interests of the trust or company on whose board such trustee/director serves.

FUNCTIONING OF THE BOARDS AND BOARD COMMITTEES

The Group Executive Committee and various other management sub-committees, established by the Group Executives, provide ongoing input and support to the PPS Group Boards and Board committees and the Group CEO as and when required.

The members of the PPS Group Boards receive timely, accurate and relevant information to enable them to fulfil their duties. All new directors and trustees undergo a formal induction process, which includes meeting the PPS Group's senior management to discuss key aspects of the business and the governance thereof, with comprehensive documentation regarding the governance and management structures of the PPS Group. All directors and trustees are encouraged to undertake continuing professional development, training and education throughout their term of office. The PPS Group sponsors membership of the Institute of Directors for its Board members. Board members are provided, on an ongoing basis, with information and training relevant to the business of the PPS Group and the industries in which it operates. Board members also participate in the PPS Group's annual programme for the development of strategy and attend an annual strategy session, which includes training on pertinent aspects of the business, regulation and the environment in which the PPS Group operates.

The Chairmen's key responsibilities are to provide leadership to the boards, oversee the determination of strategy, guide the process to ensure a balance in the composition of the boards, ensure sufficient and open discussion of matters before the boards and promote effective communication between executive and non-executive directors/trustees.

The Group CEO has overall responsibility for the management of the PPS Group's business and its operations, in line with the policies and strategic objectives set and agreed upon by the PPS Insurance Board. The Group CEO reports to the PPS Insurance Board on the performance of the PPS Group and any other material matters at regular Board meetings, which are scheduled five times per annum.

CORPORATE GOVERNANCE REPORT continued

He reports on how the PPS Group has performed against key indicators following the monthly meetings of the Group Executive Committee, which manages the PPS Group's business on a day-to-day basis. Key reports are reviewed at the meetings of the PPS Insurance Board when the Group CEO highlights significant issues and other executive and non-executive directors, as well as members of senior management who attend by invitation, are invited to contribute, as appropriate. Additional meetings of the PPS Group Boards are scheduled as may be required.

The Group CEO also reports on the performance of PPS Insurance to the PPS Holdings Trust Board, which meets quarterly, against the strategic objectives determined for PPS Insurance by the PPS Holdings Trust Board.

Additional papers on issues upon which the Boards are required to make decisions are submitted, as appropriate, and members of senior management regularly attend Board meetings by invitation to present papers and to deal with issues raised by the Boards.

BOARD PERFORMANCE ASSESSMENT

The Group Nominations Committee is mandated by the PPS Holdings Trust and PPS Insurance Boards to institute formal and comprehensive Board evaluation programmes for the assessment of the PPS Group's trustees and directors in accordance with regulatory requirements. In terms of these programmes, the PPS Group Boards and Board Committees, as well as the individual trustees and directors serving on those Boards, are evaluated regularly with the assistance of independent consultants, in accordance with best local and international governance and Board evaluation practices, including the Fit and Proper requirements stipulated by the PA.

The evaluation results are reported to the Boards and any identified areas for improvement are incorporated into the Board training programmes and agendas for scheduled Board meetings and the annual PPS Group Board Strategy Day.

The most recent assessments in November 2023 indicated that the PPS Group Boards were effective in discharging their duties. Comprehensive evaluations will again be performed in 2025.

RETIREMENT OF BOARD MEMBERS BY ROTATION

A maximum of ten trustees are elected to the PPS Holdings Trust Board. One-third of these trustees, who are in office at the time of the annual general meeting, must retire by rotation at least every three years. However, they may stand for re-election at the annual general meeting. Their re-election is subject to the recommendation of the Group Nominations Committee and the approval of the PPS Holdings Trust Board. There are currently ten elected trustees in office. The notice of the annual general meeting, included in this Integrated Report, lists the three trustees retiring by rotation. It also provides abbreviated curricula vitae of the retiring trustees who are standing for re-election and new nominees eligible for election at the meeting on 12 May 2025.

In accordance with the provisions of the Trust Deed, PPS Holdings Trust trustees representing professional associations and those co-opted to the Board serve a three-year term. After this period, they must retire but may be reappointed, subject to the Nominations Committee's recommendation and approval by the PPS Holdings Trust Board. The appointment of representatives nominated by Professional associations at the invitation of the Board will cease at the 12 May 2025 annual general meeting, at which the term of office of current representatives will conclude.

INTERESTS IN CONTRACTS AND CONFLICTS OF INTEREST

PPS Group trustees and directors are required to avoid conflicts of interest, where possible. Where it cannot be avoided, they must inform the respective Board(s) on which they serve timeously of any conflicts or potential conflicts of interest that they may have in relation to particular items of business and they are obliged to recuse themselves from discussions or decisions in relation to such matters. Trustees and directors are also required to disclose their interests in, and directorships of, other companies/entities in accordance with statutory requirements and to inform the boards when any changes occur.

During the year ended 31 December 2024, none of the directors/trustees had disclosed any interest in contracts or arrangements entered by the PPS Group.

The Group CEO is required to disclose any appointments to non-PPS Group boards. Directors and trustees are required to submit and maintain written declarations of interest, which are presented to the respective Boards at each Board meeting and board members are required to acknowledge in writing that they have read the written disclosures submitted.

PROFESSIONAL INDEMNITY INSURANCE

Adequate Directors' and Officers' liability insurance and indemnity cover has been effected by the PPS Group in respect of all its trustees, directors and officers. No claims under the relevant policies were lodged during the year under review.

PPS HOLDINGS TRUST

Meeting attendance:

94%

Meetings:
3 Apr 2024
6 Jun 2024
19 Sep 2024*
28 Nov 2024**

* Apologies – 19 September 2024: Ms D L T Dondur, Adv L C Haupt SC

** Apologies – 28 November 2024: Adv L C Haupt SC, Dr K H Rapetswa

PPS INSURANCE COMPANY LIMITED

Meeting attendance:

97%

Meetings:
4 Mar 2024
2 Apr 2024
18 Jun 2024*
28 Aug 2024
18 Sep 2024**
27 Nov 2024***

* Apologies – 18 June 2024: Mr S Trikamjee









** Apologies – 18 September 2024: Ms DLT Dondur

*** Apologies – 27 November 2024: Prof W Maroun

Note: Ad hoc Board committee meeting



In addition to the above Board meetings, the following ad hoc Board committee meeting was held: 20 August 2024, a sub-committee of the Board met in regard to PPS Mutual New Zealand.

TRUSTEES OF THE PROFESSIONAL PROVIDENT SOCIETY HOLDINGS TRUST









								
	Dr SNE Seoka Age 69 Qualification B Pharm, PhD, FPS	Dr CM Krüger Age 59 Qualification MB ChB, M Prax Med, M Pharm Med	Dr A Coetzee Age 65 Qualification B Med Sc, MB ChB, CAHM, ABCD	Mr AH de Vries Age 47 Qualification B Acc, CA(SA)	Ms DLT Dondur Age 58 Qualification B Acc (Hons), B Compt, CA(SA), MBA, CD(SA)	Mr JAB Downie Age 66 Qualification B Sc, MBA, CFP	Mr C Erasmus Age 73 Qualification BSc, FIA, FASSA	Adv LC Haupt SC Age 55 Qualification B Com Law, LLB (Cum Laude) Admitted as an Advocate of the High Court of South Africa
PPS HOLDINGS TRUST TRUSTEES	PPS Holdings Trust Chairman Independent Non- executive (Co-opted for a three-year term) Appointed 15 August 2005 Ends AGM 2026 <i>Committee member:</i> ■ Group Nominations (Chairman)	PPS Holdings Trust Deputy Chairman Independent Non- executive (Elected for a three-year term) Appointed 21 June 2004 Ends AGM 2027 <i>Committee member:</i> ■ Group Nominations	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 11 August 2022 Ends AGM 2025	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 27 October 2021 Ends AGM 2027	PPS Holdings Trust Independent Non-executive (Nominated for a three-year term) Appointed 6 July 2011 Ends AGM 2025 <i>Committee member:</i> ■ PPS Holdings Trust Audit (Chairman)	PPS Holdings Trust Independent Non-executive (Co-opted for a three-year term) Appointed 15 April 2010 Ends AGM 2026	PPS Holdings Trust Independent Non-executive (Ex officio) Appointed 1 June 2015 Ends N/A <i>Committee member:</i> ■ Group Nominations	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 4 August 2023 Ends AGM 2026
PPS INSURANCE DIRECTORS	PPS Insurance Independent Non-Executive Appointed: 26 June 2006 <i>Committee member:</i> ■ PPS Group Remuneration	PPS Insurance Independent Non-Executive Appointed: 29 June 2015 <i>Committee member:</i> ■ PPS Group Social and Ethics	PPS Insurance Independent Non-Executive Appointed: 8 June 2023	PPS Insurance Independent Non-Executive Appointed: 24 June 2013 <i>Committee member:</i> ■ Group Audit ■ PPS Group Social and Ethics (Chairman)	PPS Insurance Independent Non-Executive Appointed: 24 June 2013 <i>Committee member:</i> ■ Group Audit ■ PPS Group Social and Ethics (Chairman)	PPS Insurance Independent Non-Executive Appointed: 24 June 2013 <i>Committee member:</i> ■ Group Actuarial (Chairman) ■ Group Audit ■ Group Remuneration ■ Group Risk	PPS Insurance Chairman Independent Non-Executive Appointed: 19 February 2007 <i>Committee member:</i> ■ Group Actuarial (Chairman) ■ Group Audit ■ Group Remuneration ■ Group Risk	
OTHER	<i>Trustee:</i> ■ PPS Foundation Trust (Chairman) ■ PPS Retirement Annuity Fund				<i>Trustee:</i> ■ PPS Beneficiaries Trust ■ PPS Retirement Annuity Fund	<i>Trustee:</i> ■ PPS Beneficiaries Trust ■ PPS Personal Pension Retirement Annuity Fund ■ PPS Preservation Provident Fund ■ PPS Preservation Pension Fund ■ PPS Retirement Annuity Fund (Chairman) ■ PPS Namibia Retirement Annuity Fund (Chairman)	<i>Director:</i> ■ PPS Short-Term Insurance	









CORPORATE GOVERNANCE REPORT continued

								
	Dr NHP Khosa Age 43 Qualification MB ChB, MBA	Dr F Mansoor Age 45 Qualification BDS, MBA	Dr RE Ngwenya Age 39 Qualification BSc, MBBCh, FCS (SA), M Med Surg, FC (Plast Surg (SA)), M Med Plast Reconst Surgery	Dr BR Ntshabele Age 52 Qualification BVMCh, Certificate in Entrepreneurship, Diploma in Management Studies (Buckinghamshire Chiltern University College), MBA	Prof R Perumal Age 38 Qualification MBChB, Master of Public Health (MPH), M Med Internal Med, M Phil (Pulmonology), D Phil (Medicine), Fellow of the College of Physicians	Dr R Putter Age 46 Qualification B ChD, M Sc (Dental Public Health), CFO(SA), Cert Dir (SA)	Dr KH Rapetswa Age 37 Qualification B Sc (Hons), M Sc Eng Telecommunications, Cert Enterprise Technology Management, Ph D Informational and Electrical Engineering	Mr VP Rimbault Age 61 Qualification B Sc Eng (Mech)
PPS HOLDINGS TRUST TRUSTEES	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 19 June 2018 Ends AGM 2027	PPS Holdings Trust Independent Non-executive (Nominated for a three-year term) Appointed 17 July 2017 Ends AGM 2027	PPS Holdings Trust Independent Non-executive (Nominated for a three-year term) Appointed 11 August 2022 Ends AGM 2025	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 11 August 2022 Ends AGM 2025	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 4 August 2023 Ends AGM 2026	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 10 July 2019 Ends AGM 2025	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 13 June 2024 Ends AGM 2027	PPS Holdings Trust Independent Non-executive (Nominated for a three-year term) Appointed 12 September 2011 Ends AGM 2025 <i>Committee member:</i> ■ Group Nominations
PPS INSURANCE DIRECTORS	PPS Insurance Independent Non-Executive Appointed: 10 June 2020					<i>Committee member:</i> ■ PPS Group Social and Ethics		
OTHER	<i>Director:</i> ■ PPS Healthcare Administrators (Chairman) ■ PPS Short-Term Insurance	<i>Director:</i> ■ PPS Healthcare Administrators				<i>Director:</i> ■ PPS Healthcare Administrators		

PPS HOLDINGS TRUST TRUSTEES							
	Mr S Trikamjee Age 46 Qualification B Com (Hons), CA(SA)	Prof HE Wainer Age 63 Qualification B Acc, CA(SA), Registered Auditor	Mr CE Backeberg Age: 66 Qualification: BSc (Hons), FIA, FASSA, CFP	Mr LM De Villiers Age: 69 Qualification: Nat. Dip. Electronic Data Processing, GITI - Information Technology & Telecommunications (INSEAD), DIS - Information Technology (Harvard)	Dr DP Du Plessis Age: 70 Qualification: BSc(QS), MBA, DBA, CD(SA)	Mr EJS Franklin Age: 62 Qualification: BSc Physics and Applied Mathematics, BSc Elec Eng, MSc Elec Eng (Manchester), MBA	Prof WJ Maroun Age: 40 Qualification: BAcc (Hons), MAcc, PhD, CA(SA)
	PPS Holdings Trust Independent Non-executive (Elected for a three-year term) Appointed 8 June 2009 Ends AGM 2026 <i>Committee member:</i> ■ Group Nominations ■ PPS Holdings Trust Audit	PPS Holdings Trust Independent Non-executive (<i>Ex-officio</i>) Appointed 1 June 2015 Ends N/A <i>Committee member:</i> ■ PPS Holdings Trust Audit					
PPS INSURANCE DIRECTORS	PPS Insurance Independent Non-Executive Appointed: 8 June 2015	PPS Insurance Deputy Chairman Independent Non-executive Appointed: 30 November 2009 <i>Committee member:</i> ■ Group Actuarial ■ Group Audit (Chairman) ■ Group Remuneration	PPS Insurance Independent Non-Executive Appointed: 1 June 2023 <i>Committee member:</i> ■ Group Actuarial	PPS Insurance Independent Non-Executive Appointed: 1 January 2023 <i>Committee member:</i> ■ Group Risk ■ Group Technology Steering (Chairman)	PPS Insurance Independent Non-Executive Appointed: 19 June 2017 <i>Committee member:</i> ■ Group Audit ■ Group Remuneration (Chairman) ■ Group Risk (Chairman) ■ PPS Group Social and Ethics	PPS Insurance Independent Non-Executive Appointed: 1 March 2019 <i>Committee member:</i> ■ Group Technology Steering	PPS Insurance Independent Non-Executive Appointed: 1 January 2024 <i>Committee member:</i> ■ Group Audit
OTHER	<i>Director:</i> ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees <i>Trustee:</i> ■ PPS Beneficiaries Trust (Chairman) ■ PPS Personal Pension Retirement Annuity Fund ■ PPS Preservation Provident Fund ■ PPS Preservation Pension Fund ■ PPS Retirement Annuity Fund					<i>Director:</i> ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees <i>Trustee:</i> ■ PPS Foundation Trust	

CORPORATE GOVERNANCE REPORT continued

PPS INSURANCE DIRECTORS								
	Mr IJ Smit Age: 57 Qualification: BCom (Hons), FASSA	Mr NJ Battersby Age: 57 Qualification: BSc Mech Eng, BCom (Hons), MBA, CFP, AMP (Harvard)	Mr SG Johnson Age: 38 Qualification: CA(SA), PG Dip Specialised Accounting, CVO	Mr VE Barnard Age: 62 Qualification: BCom (Law)	Ms S Bassudev Age: 53 Qualification: BPharm	Mr W Bosman Age: 51 Qualification: BCompt (Hons), CA(SA)	Mr L du Plessis Age: 50 Qualification: B Juris, LLB, MCom (Business Management)	Mr AJ Fraser Age: 50 Qualification: MBA, BSc (Comp Sci), CFP
	PPS Insurance Executive Group Chief Executive Officer Appointed: 25 July 2016 <i>Committee member:</i> ■ Group Actuarial ■ Group Risk	PPS Insurance Executive Deputy Group Chief Executive Officer Appointed: 28 September 2016 <i>Committee member:</i> ■ Group Technology Steering	PPS Insurance Executive Group Chief Financial Officer Appointed: 3 April 2024				<i>Committee member:</i> ■ PPS Group Social and Ethics	
OTHER	<i>Director:</i> ■ PPS Short-Term Insurance ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees	<i>Director:</i> ■ Financial Solutions 4 Professionals ■ PPS Healthcare Administrators ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees ■ PPS Namibia ■ PPS Wealth Advisory <i>Trustee:</i> ■ PPS Property Fund Trust	<i>Director:</i> ■ Financial Solutions 4 Professionals ■ PPS Healthcare Administrators ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees ■ PPS Namibia ■ PPS Wealth Advisory <i>Trustee:</i> ■ PPS Property Fund Trust					
	<i>Director:</i> ■ PPS Healthcare Administrators	<i>Director:</i> ■ PPS Short-Term Insurance (Chief Executive)	<i>Director:</i> ■ Financial Solutions 4 Professionals ■ PPS Wealth Advisory					
GROUP EXECUTIVE COMMITTEE	<i>Group Executive Committee:</i> ■ Group Chief Executive Officer (Chairman)	<i>Group Executive Committee:</i> ■ Deputy Group Chief Executive Officer	<i>Group Executive Committee:</i> ■ Group Chief Financial Officer	<i>Group Executive Committee:</i> ■ Group Company Secretary	<i>Group Executive Committee:</i> ■ Chief Executive: PPS Healthcare Administrators	<i>Group Executive Committee:</i> ■ Chief Executive: PPS Short-Term Insurance	<i>Group Executive Committee:</i> ■ Group Executive: Legal and Compliance	<i>Group Executive Committee:</i> ■ Group Executive: Operations and Digital

								
	Mr JP Loubser Age: 51 Qualification: NDip Electrical Engineering, BTech Electrical Engineering	Ms MD Molefe Age: 52 Qualification: BCom, MBA, MSc (HR Management and Development) (University of Salford)	Mr WJ Mouton Age: 56 Qualification: BProc	Mr MM Mtshali Age: 48 Qualification: BCom, MBA, AMP (Harvard)	Mr S Ruiter Age: 44 Qualification: BCom (Econ), BCom (Hons) (FAPM)	Ms AN Seboni Age: 48 Qualification: BCom, MAP	Mr JA Thomas Age: 48 Qualification: BCom (Hons) (Actuarial Science), FASSA	Mr JD van der Sandt Age: 50 Qualification: BCom (Hons), CA(SA)
PPS INSURANCE COMMITTEE	Committee member: ■ Group Technology Steering							
OTHER								
GROUP EXECUTIVE COMMITTEE	Group Executive Committee: ■ Group Chief Information Officer	Group Executive Committee: ■ Group Executive: Human Resources	Group Executive Committee: ■ Group Executive: Life Solutions	Group Executive Committee: ■ Group Executive: Advice and Distribution	Group Executive Committee: ■ Chief Executive: PPS Investments	Group Executive Committee: ■ Group Executive: Mutuality	Group Executive Committee: ■ Group Executive: Actuarial Services	Group Executive Committee: ■ Chief Executive: Health Professions Indemnity Division (PPS Short-Term Insurance)
	Director: ■ Financial Solutions 4 Professionals (Chairman)		Director: ■ Financial Solutions 4 Professionals ■ PPS Wealth Advisory (Chairman)		Director: ■ Financial Solutions 4 Professionals ■ PPS Investments ■ PPS Investment Administrators ■ PPS Multi-Managers ■ PPS Management Company ■ PPS Nominees		Trustee: ■ PPS Foundation Trust	Director: ■ PPS Namibia Trustee: ■ PPS Property Fund Trust (Chairman)
							Director: ■ PPS Short-Term Insurance	

PPS NAMIBIA

Directors

Mr SI de Bruin (Chairman)
Mr NJ Battersby (Appointed 18 June 2024)
Ms MD Erkana
Mr SG Johnson (Appointed 3 April 2024)
Dr E Maritz
Mr IJ Smit (Resigned 18 June 2024)
Mr JA Thomas
Mr RA van Rooi
Mr J van der Westhuizen (Chief Executive)

PPS HEALTHCARE ADMINISTRATORS

Directors

Dr NHP Khosa (Chairman)
Ms S Bassudev (Chief Executive)
Mr NJ Battersby (Appointed 18 June 2024)
Mr SG Johnson (Appointed 3 April 2024)
Mr I Kotzé (Retired 3 April 2024)
Dr F Mansoor
Dr R Putter
Mr IJ Smit (Resigned 18 June 2024)
Mr SJ van Molendorff (Chief Financial Officer)

PPS SHORT-TERM INSURANCE

Directors

Mr P Ranchod (Chairman)
Mr W Bosman (Chief Executive)
Mr CF de Jager (Appointed 1 June 2024)
Dr DP du Plessis
Mr C Erasmus
Mr SG Johnson (Appointed 3 April 2024)
(Resigned 18 June 2024)
Dr NH Khosa
Mr IJ Smit
Mr HH van Heerden (Executive) (Appointed 18 June 2024)
Mr JD van der Sandt (Executive)

THE PPS PROPERTY FUND TRUST

Trustees

Mr JA Thomas (Chairman)
Mr NJ Battersby
Mr SG Johnson

PPS INVESTMENTS, PPS INVESTMENT ADMINISTRATORS, PPS MULTI-MANAGERS, PPS MANAGEMENT COMPANY AND PPS NOMINEES

Directors

Mrs RG Govender (Chairman)
Mr NJ Battersby
Dr DP du Plessis
Mr SM Gerber
Mr SG Johnson (Appointed 6 April 2024)
Mr S Ruiters (Chief Executive Officer)
Mr IJ Smit
Mr S Trikamjee

PPS PERSONAL PENSION RETIREMENT ANNUITY FUND

Trustees

Mrs RG Govender (Chairman)
Mr HP du Toit (Deputy Chairman)
Mr A Bosch
Mr JAB Downie
Mr S Trikamjee

PPS PRESERVATION PROVIDENT FUND

Trustees

Mrs RG Govender (Chairman)
Mr HP du Toit (Deputy Chairman)
Mr A Bosch
Mr JAB Downie
Mr S Trikamjee

FINANCIAL SOLUTIONS 4 PROFESSIONALS

Directors

Mr WJ Mouton (Chairman)
Mr NJ Battersby
Mr L du Plessis
Mr SG Johnson (Appointed 3 April 2024)
Mr IEL McMaster (Executive)
Mr MM Mtshali
Mr SR Ruiters (Appointed 18 June 2024)

PPS RETIREMENT ANNUITY FUND

Trustees

Mr JAB Downie (Chairman)
Mrs RG Govender (Deputy Chairman)
Ms DLT Dondur
Mr HP du Toit
Dr SNE Seoka
Mr S Trikamjee

PPS BENEFICIARIES TRUST

Trustees

Mr S Trikamjee (Chairman)
Ms DLT Dondur
Mr JAB Downie

THE PPS FOUNDATION TRUST

Trustees

Dr SNE Seoka (Chairman)
Dr DP du Plessis
Mr P Ranchod
Ms AN Seboni

PPS WEALTH ADVISORY

Directors

Mr MM Mtshali (Chairman)
Mr NJ Battersby
Mr L du Plessis
Mr JA Gouws (Executive) (Appointed 17 October 2024)
Mr SG Johnson (Appointed 3 April 2024)
Mr SR Ruiters (Appointed 18 June 2024)
Ms L Sherlock (Executive) (Resigned 17 October 2024)
Mr IJ Smit (Resigned 18 June 2024)

PPS PRESERVATION PENSION FUND

Trustees

Mrs RG Govender (Chairman)
Mr HP du Toit (Deputy Chairman)
Mr A Bosch
Mr JAB Downie
Mr S Trikamjee

BOARD COMMITTEES

A number of standing Board committees have been established to assist the Boards in discharging their responsibilities. The Boards are satisfied that the members of the respective committees have sufficient recent and relevant experience and are appropriately qualified to enable them to discharge their respective duties and responsibilities.

The membership and principal functions of these committees are set out below.

The various committee members, as well as their attendance at the relevant committee meetings, are provided in this Corporate Governance Report, the Report of the Audit Committees, the Report of the Group Social and Ethics Committee and the Remuneration Report by the Group Remuneration Committee.

PPS HOLDINGS TRUST STANDING BOARD COMMITTEES

The PPS Holdings Trust Board has established the following standing Board committees:

- PPS Holdings Trust Audit Committee
- Group Nominations Committee

PPS INSURANCE STANDING BOARD COMMITTEES

The PPS Insurance Board has established the following standing Board committees:

- Group Actuarial Committee
- Group Audit Committee
- Group Remuneration Committee
- Group Risk Committee
- Group Technology Steering Committee
- Group Social and Ethics Committee
- glu Divisional Board

PPS HOLDINGS TRUST AUDIT COMMITTEE (TAC) AND GROUP AUDIT COMMITTEE (GAC)

The composition, roles, responsibilities and attendance at meetings of the TAC and GAC are set out in the Audit Committees' Report included in this Integrated Report.

GROUP RISK COMMITTEE (GRC)

MEMBERS

- Dr DP du Plessis B Sc (QS), MBA, DBA, CD(SA) (Chairman)
- Mr LM de Villiers DIS Information Technology Harvard, GITI Information Technology & Telecommunications INSEAD, National Diploma in Electronic Data Processing
- Mr C Erasmus B Sc, FIA, FASSA
- Mr IJ Smit B Com (Hons), FASSA

The role of the GRC is to assist the PPS Group Boards in discharging their fiduciary duties regarding risk management within the PPS Enterprise Risk Management and Governance Frameworks, which include:

- Risk policy and the implementation of risk management
- Risk governance structures
- Risk infrastructure, processes and culture
- The setting of risk appetite and tolerances
- Risk assessment, profiling, mitigation and reporting
- Assurance and stakeholder disclosures

The GRC is comprised of three independent non-executive PPS Insurance directors, who are risk management specialists, and the Group CEO. The GRC is chaired by an independent non-executive director. The GRC is scheduled to meet at least four times a year. There is overlap in the non-executive membership of the GRC, the GAC and the Group Actuarial Committee. The internal auditors and Heads of the Compliance and Risk Functions are present at each meeting, when reports are tabled outlining the progress in terms of the risk management framework, internal audit plans and an overview of the PPS Group's risk profile. The GRC is satisfied that the risk assessments, responses and interventions for the PPS Group are effective. The GRC is responsible for the statutory compliance monitoring functions and makes reports to the GAC and Group Social and Ethics Committee on risk matters pertaining to those committees. The GRC considers and recommends the PPS Group Solvency Assessment and Management ORSA Report for approval by the PPS Insurance Board. The GRC also receives reports by the Risk and Audit Committees of the PPS Insurance subsidiaries which have such committees.

The GRC established the Group Technology Steering Committee (GTSC) as a sub-committee of the GRC to, *inter alia*, assist and enable the GRC to discharge its responsibilities in relation to the management of Information Technology (IT) delivery and risks. There is overlap in the non-executive membership of the GRC and the GTSC. Further particulars of the GTSC are provided in this Integrated Report.

MEETING ATTENDANCE: Meetings:
6 Mar 2024
20 May 2024
2 Sep 2024
6 Nov 2024

100%

GROUP TECHNOLOGY STEERING COMMITTEE (GTSC)

MEMBERS

- Mr LM de Villiers (Chairman) National Diploma in Electronic Data Processing, GITI – Information Technology & Telecommunications (INSEAD), DIS – Information Technology (Harvard)
- Mr EJS Franklin (former Chairman) B Sc Physics and Applied Mathematics, B Sc Elec Eng, M Sc Elec Eng (Manchester), MBA
- Mr A Nel B Com (Computer Science, Management Accountancy)
- Mr NJ Battersby (Deputy Group Chief Executive Officer) B Sc Mech Eng, B Com (Hons), CFP, MBA, AMP (Harvard)
- Mr JP Loubser (Group Chief Information Officer) N Dip Electrical Engineering, B Tech Electrical Engineering

The role of the GTSC is to assist and enable the GRC to discharge its responsibilities in relation to the management of information technology (IT) delivery and risks. The Committee has an independent oversight role, with delegated responsibility for interrogating and monitoring IT Risks, associated ratings and responses in a manner that promotes engagement between IT and business and to report thereon to the GRC. The Committee must perform all the functions necessary to fulfil this role and is responsible for governing technology and information in a way that supports the organisation setting and achieving its strategic objectives, as set out in the recommended practices under Principle 12 (Technology and information governance) of the King IV™ Report on Corporate Governance for South Africa. The Committee is responsible for reviewing the IT Governance Policy (and the underlying IT Policies to which it refers) and for recommending it to the Group Risk Committee for approval. The specific responsibilities as assigned to the Committee by the GRC are set out in its Terms of Reference.

THE GTSC IS COMPRISED OF:

- at least one non-executive member of the GRC, being the IT specialist GRC member, who is appointed as the Chairman of the GTSC;
- an additional technology specialist who is an independent non-executive member of the PPS Insurance Board may be appointed as a member of the Committee;
- one or more independent technology specialists (who are not members of the PPS Insurance Board or GRC) may be co-opted by the GRC to serve on the Committee;
- the Deputy Group Chief Executive Officer;
- the Group Chief Information Officer.

The GTSC is scheduled to meet at least four times a year. There is overlap in the non-executive membership of the GRC and the GTSC.

MEETING ATTENDANCE:

100%

Meetings:
8 Feb 2024
7 May 2024
15 Aug 2024
11 Oct 2024

GROUP ACTUARIAL COMMITTEE (AC)

MEMBERS

- Mr C Erasmus B Sc, FIA, FASSA (Chairman)
- Mr CE Backeberg B Sc, FIA, FASSA, CFP
- Prof HE Wainer B Acc, CA(SA), Registered Auditor
- Mr IJ Smit B Com (Hons), FASSA

The AC is chaired by an independent non-executive director and is comprised of three independent non-executive directors of PPS Insurance and the Group CEO.

The AC has an important role in overseeing the integrity of actuarial processes and the proper assessment from an actuarial perspective of PPS Insurance Group companies' risk philosophy, strategy, policies, financial and operational processes and controls, and assessments of major risks. The AC's activities are focused on considering actuarial assumptions and experience, product pricing and design, valuation results, risk metrics and reporting guidelines and practices adopted by the Heads of the Actuarial Function and the Group Executives: Actuarial Services, as well as other actuarial matters as applicable to PPS Insurance and any of its subsidiaries operating a life or short-term insurance licence.

The AC acts as an adviser to the PPS Insurance, PPS Namibia and PPS Short-Term Insurance Boards and has the following primary responsibilities:

- To assist the boards in fulfilling their oversight responsibilities regarding:
 - the accuracy and integrity of the actuarial statements;
 - compliance with actuarial, legal and regulatory requirements from an actuarial perspective; and
 - the performance of the Actuarial Functions of PPS Insurance and PPS Short-Term Insurance.
- To assist the boards in the execution of their fiduciary duties regarding the oversight of the reinsurance arrangements and risk transfer processes.
- To assist the boards with the execution of their responsibilities relating to the Own Risk and Solvency Assessment (ORSA).
- To provide a sounding board for the Head of the Actuarial Function and the Actuarial Functions in making recommendations to the boards and to consider, for tabling at board meetings, the recommendations of the Heads of the Actuarial Function and the Executives: Actuarial Services.

MEETING ATTENDANCE:

100%

Meetings:
28 Feb 2024
21 May 2024
1 Aug 2024
2 Sep 2024
10 Oct 2024
7 Nov 2024

GROUP REMUNERATION COMMITTEE (REMCO)

The composition, roles, responsibilities and attendance at meetings of the Remco are set out in Remco's Remuneration Report included in this Integrated Report.

GROUP NOMINATIONS COMMITTEE (GNC)

The GNC is a sub-committee of the PPS Holdings Trust Board, mandated with responsibility for PPS Holdings Trust and its subsidiaries.

MEMBERS

- Dr SNE Seoka (Chairman)
- Mr C Erasmus (Deputy Chairman)
- Dr CM Krüger
- Mr VP Rimbault
- Mr S Trikamjee

The GNC is chaired by an independent non-executive trustee and comprises solely of independent non-executive trustees of PPS Holdings Trust. It is the responsibility of the GNC to ensure that succession plans are in place for appointments to the Boards of PPS Holdings Trust and its subsidiaries that will maintain an appropriate balance of qualifications, skills and experience and achieve compliance with Fit and Proper requirements. The GNC leads the process for the appointment and re-election of trustees and directors and makes recommendations to the boards for the appointment of PPS Group Boards and committees, except in regard to the appointment of the members of the GNC itself, which is the sole prerogative of the PPS Holdings Trust Board, ensuring that there is a formal, rigorous and transparent procedure for all appointments. The PPS Holdings Trust Board is satisfied that the range and balance of expertise, experience and qualifications of the PPS Group board members are appropriate for the current needs of the business, but keeps these matters under regular review.

The GNC annually considers the continued service of board members with a period of appointment in excess of nine years and is satisfied that such board members still meet the requirements for independence.

The GNC considers the suitability of trustees nominated by professional associations at the invitation of the PPS Holdings Trust Board, for appointment to the PPS Holdings Trust Board and makes recommendations in this regard for consideration by the PPS Holdings Trust Board.

CORPORATE GOVERNANCE REPORT continued

The PPS Holdings Trust Board is responsible for ensuring that an effective system for succession planning and development is in place, covering trustees and directors. It has delegated this task to the GNC. In considering an appointment, the GNC assesses and defines the characteristics, qualities, skills and experience it believes would complement the overall balance and composition of the PPS Holdings Trust Board, subsidiary boards and board committees, ensuring compliance with Fit and Proper requirements. The GNC may appoint external consultants to assist it in the identification and recruitment of an individual who satisfies the GNC’s criteria. Where the GNC is considering matters relating to an individual who is a member of the GNC, such an individual is recused from the discussion of that item.

The GNC is satisfied that the non-executive trustees and directors demonstrate the commitment required to properly discharge their responsibilities. The PPS Group directors and trustees have continued to update their skills and knowledge, both within the PPS Group and externally. The GNC is mandated to regularly evaluate the boards and board members. This includes assessing ethics, performance and compliance with enhanced requirements, which relate to independence and being Fit and Proper to serve on an insurance company board, as required by regulation.

Meeting attendance:

Meetings:
14 Mar 2024
9 May 2024
17 Oct 2024

100%

GROUP SOCIAL AND ETHICS COMMITTEE (GSEC)

Particulars of the composition, role and responsibilities of the GSEC and attendance at meetings are set out in the GSEC’s Report included in this Integrated Report.

glu DIVISIONAL BOARD

The glu Divisional Board is effectively a sub-committee of the PPS Insurance Board, mandated with responsibility for the glu Division.

MEMBERS

- Mr IJ Smit (Chairman)
- Dr DP du Plessis
- Mr EJS Franklin
- Mr MJ Jackson
- Ms M Jennings

The glu Divisional Board comprises of at least five members to be appointed by the PPS Insurance Board. The majority of the members are required to be independent non-executives. The PPS Insurance Board appoints the Chairman of the glu Divisional Board and the glu CEO is appointed ex officio as a member of the glu Divisional Board. The glu Divisional Board is chaired by the PPS Group Chief Executive Officer and, in addition, comprises three independent non-executive members and the glu Chief Executive Officer.

The glu Divisional Board was established in 2024 to provide dedicated governance oversight for glu, which is a division of the Professional Provident Society Insurance Company Limited (PPS Insurance). The glu Divisional Board is not a statutory Board. It is a committee established by the PPS Insurance Board to assist it in discharging the PPS Insurance Board’s duties regarding its glu Division. The glu Divisional Board reports to the PPS Insurance Board on relevant matters. The PPS Group CEO reports on the glu Division in his reports to the PPS Insurance Board.

The glu Divisional Board is responsible for giving strategic direction by providing clearly defined parameters for the strategic objectives, targets and business objectives. The glu Divisional Board is responsible for approving and monitoring the development of an operational strategy and business plan that will give effect to it and will be held to account accordingly. The annual business plan, budget and significant capital expenditure projects shall be considered by the glu Divisional Board and be recommended to the PPS Insurance Board for ultimate approval.

MEETING ATTENDANCE:

Meetings:
Inaugural
meeting
held on
24 Oct 2024

100%

GROUP EXECUTIVE COMMITTEE (GROUP EXCO)

MEMBERS

- Mr IJ Smit (Chairman) (Group Chief Executive Officer)
- Mr VE Barnard (Group Company Secretary)
- Ms S Bassudev (Chief Executive: PPS Healthcare Administrators)
- Mr NJ Battersby (Deputy Group Chief Executive Officer)
- Mr W Bosman (Chief Executive: PPS Short-Term Insurance)
- Mr L du Plessis (Group Executive: Legal and Compliance)
- Mr AJ Fraser (Group Executive: Operations and Digital)
- Mr SG Johnson (Group Chief Financial Officer)
- Mr JP Loubser (Group Chief Information Officer)
- Ms MD Molefe (Group Executive: Human Resources)
- Mr MM Mtshali (Group Executive: Advice and Distribution)
- Mr WJ Mouton (Group Executive: Life Solutions)
- Mr S Ruiters (Chief Executive: PPS Investments)
- Ms AN Seboni (Group Executive: Mutuality)
- Mr JA Thomas (Group Executive: Actuarial Services)
- Mr JD van der Sandt (Chief Executive: Health Professions Indemnity)

COMPOSITION AND MEETING PROCEDURES

Group Exco is chaired by the Group CEO and receive regular input from executives in Advice and Distribution, Finance, Actuarial, Information Technology, Human Resources, Compliance, Governance, Mutuality, Business Change and Strategic Development, Life Solutions, Operations and Digital, the Group Company Secretary, the subsidiary businesses of PPS Investments, PPS Short-Term Insurance, PPS Healthcare Administrators, PPS Namibia, FS4P, PPS Wealth Advisory and the glu Division, as well as the associates PPS Mutual Australia and PPS Mutual New Zealand. Group Exco meetings are held at least monthly and additional meetings are scheduled as required. Group Exco is responsible for the implementation of day-to-day strategy and the operations of the PPS Group, within the parameters defined by the PPS Group Boards.

Group Exco is supported by a number of management committees throughout the PPS Group.

A photograph of two men on a construction site. One man, wearing a blue hard hat, glasses, and a grey blazer, is holding a tablet. The other man, wearing a yellow hard hat, a plaid shirt, and a high-visibility yellow vest, is holding a large white rectangular object. They are standing on a concrete structure, possibly a staircase or a platform, with a wire mesh railing in front of them. The background shows a large, open space with concrete pillars and windows, suggesting a building under construction. The overall tone is professional and collaborative.

**Value creation,
powered by
mutuality.**

A story of shared purpose.

ANNUAL FINANCIAL STATEMENTS

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This report comprises of audited consolidated annual financial statements of The Professional Provident Society Holdings Trust and its subsidiaries.

The report was prepared under the supervision of S G Johnson CA(SA). An audit was performed by Ernst & Young Inc. in line with requirements of the Trust Deed.

Published: 15 April 2025

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 December 2024

The Trustees accept responsibility for the fair presentation of the financial statements of The Professional Provident Society Holdings Trust, comprising the financial statements of the trust itself and the consolidated financial statements of the trust and its subsidiaries (The Group). These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Insurance Act of 2017, the South African Companies Act of 2008, and the Trust Deed. The Trustees are of the opinion that the financial statements are fairly presented in the manner required. The independent auditors are responsible for reporting on these financial statements and were given unrestricted access to all financial records and related data including minutes of the Annual General Meeting of members, minutes of the Board of Trustees and Committees of the Board. The Trustees have no reason to believe that any representations made to the independent auditors during the audit were not valid and appropriate. The Trustees accept responsibility for the maintenance of accounting records and systems of internal financial control.

The Trustees are satisfied that no material breakdown in the operations of the systems of internal financial controls and procedures occurred during the year under review.

Nothing has come to the attention of the Trustees to indicate that the Group, or any company within the Group, will not remain a going concern for at least the ensuing financial year. The financial statements have been prepared on the same basis.

The annual financial statements, which appear on pages 80 to 208, were approved by the Board of Trustees and are signed on its behalf by:



Dr S N E Seoka
Chairman



DR C M Krüger
Deputy Chairman

The Professional Provident Society Holdings Trust

Johannesburg
26 March 2025

CERTIFICATE BY THE SECRETARY

In my capacity as the Secretary of The Professional Provident Society Holdings Trust, I hereby certify in terms of section 88(2)(e) of the Companies Act of 2008 and the Trust Deed that for the year ended 31 December 2024, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required in terms of this Act. I also confirm that all returns to the Master of the High Court's office, required for The Professional Provident Society Holdings Trust in terms of its Trust Deed and the Trust Property Control Act of 1988, are to the best of my knowledge and belief true, correct and up to date.



Mr V E Barnard

Group Company Secretary

The Professional Provident Society Holdings Trust

Johannesburg

26 March 2025

STATEMENT OF RESPONSIBILITY BY THE GROUP CHIEF EXECUTIVE OFFICER AND GROUP CHIEF FINANCIAL OFFICER

for the year ended 31 December 2024

The PPS Group Executives, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 80 to 208 fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- No facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the Trust and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the Group; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to the principle of King IV. Where we are not satisfied, we have disclosed to the Group Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.



Mr I J Smit

Group Chief Executive Officer



Mr S G Johnson

Group Chief Financial Officer

The Professional Provident Society Holdings Trust

Johannesburg
26 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Professional Provident Society Holdings Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Professional Provident Society Trust and its subsidiaries ("the group") and company set out on pages 80 to 208, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Trust Deed.

Basis for Opinion

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

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the 217 page document titled "The Professional Provident Society Holdings Trust Annual financial statements for the year ended 31 December 2024", which includes the Statement of responsibility by the Board of Trustees, Certificate by the Secretary, Statement of responsibility by the Group Chief Executive Officer and Group Chief Financial Officer, Investment returns and profit allocation to policyholders' PPS Profit-Share Account, Trustees' Report, Audit Committees' Report, Group Social and Ethics Committee's Report and Remuneration Report by the Group Remuneration Committee. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements:

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of The Professional Provident Society Holdings Trust for three years.

Ernst & Young Inc.

Sunel Jacobs

Director

Registered Auditor

28 March 2025

102 Rivonia Road

Sandton

2146

INVESTMENT RETURNS AND PROFIT ALLOCATION TO POLICYHOLDERS' PPS PROFIT-SHARE ACCOUNTS™

for the year ended 31 December 2024

At the end of each year, the profit or loss net of movements in insurance policy liabilities earned over that year are allocated to policyholders' PPS Profit-Share Account, comprising the Apportionment Accounts and the Special Benefit Accounts. The PPS Profit-Share Account accumulates from until a policyholder reaches retirement age. On retirement, death or exit, policyholders can access an amount based on the balance accumulated in their PPS Profit-Share Account. This is over and above the cover enjoyed by them as policyholders. This represents a valuable pool of retirement assets for members, particularly retiring members.

The PPS Profit-Share Account represents an allocation of profits and investment returns. This account vests upon retirement, death or exit, and is then payable. The total assets backing the PPS Profit-Share Account belong to PPS at all times.

The investment returns or losses and net operating income allocated each year may be positive or negative, depending on investment return and the operating experience of PPS Insurance and/or PPS Namibia. Therefore, the PPS Profit-Share Account may increase or decrease in any year. Possible variations in the PPS Profit-Share Account are set out in the accounting policies and notes to these financial statements. No guarantees can be given by

PPS Insurance or PPS Namibia that the allocations of operating results or investment returns will always be positive, or that the PPS Profit-Share Account will not reduce in any year.

The net operating income is allocated to members' PPS Profit-Share Account, with reference to the qualifying products a policyholder holds and in accordance with the allocation rules for the specific products held. The investment returns are allocated in proportion to the size of the policyholders' PPS Profit-Share Account.

For all policyholders from age 60 to 65, the full value of the PPS Profit-Share Account is available through the Vested PPS Profit-Share Account to such policyholders on termination of cover or resignation, subject to the vesting rules as contained in the policy document. On death of a member, at any age, the PPS Profit-Share Account is payable to the policyholders' beneficiaries or their estates. For all policyholders aged 66 or older, the fair value of the PPS Profit-Share Account becomes available through the Vested PPS Profit-Share Account, for inclusion in the financial plans of such policyholders, and it is payable to the policyholders' beneficiaries or their estates on death. On surrender of a policy prior to the age of 60, policyholders are entitled to receive their PPS Profit-Share Account at the time subject to an early access charge.

Total Allocations to PPS Insurance Profit-Share Accounts

	2024 R'm	2023 R'm
PPS Insurance		
Allocation to Special Benefit Accounts	2 949	2 556
Allocation to Apportionment Accounts	2 095	1 548
Allocation to Vested Profit-Share and Unclaimed Benefits	283	247
Total allocations to PPS Profit-Share Accounts	5 327	4 351

Total Allocations to PPS Namibia Profit-Share Accounts

	2024 N\$m	2023 N\$m
PPS Namibia		
Allocation to Special Benefit Accounts	198	169
Allocation to Apportionment Accounts	65	55
Allocation to Unclaimed Benefits	1	2
Total allocations to PPS Profit-Share Accounts	264	226

INVESTMENT RETURNS AND PROFIT ALLOCATION TO POLICYHOLDERS' PPS PROFIT-SHARE ACCOUNTS™

for the year ended 31 December 2024 (continued)

Allocation to Apportionment Accounts

The allocations at 31 December to policyholders' Apportionment Accounts are set out as follows:

	2024	2023
	R'm	R'm
PPS Insurance		
Investment income allocation to Apportionment Accounts	354	366
PPS Sickness and Permanent Incapacity Benefit	588	417
Sickness Products	30	21
PPS Provider	908	566
Bonus allocation for PPS Investments' portfolios and products	73	59
Bonus allocation for PPS Medical Aid products	20	20
Bonus allocation for PPS Short-term products	12	8
PPS Profit-Share Cross-Holdings Booster allocation	107	89
BEE allocation	3	2
Total profit allocation	1 741	1 182
Total allocated	2 095	1 548

	2024	2023
	N\$m	N\$m
PPS Namibia		
Investment income allocation to Apportionment Accounts	3	6
PPS Sickness and Permanent Incapacity Benefit	36	33
Sickness Products	2	2
Lumpsum Products	14	8
Sickness and Permanent Incapacity	10	10
Total profit allocation	62	49
Total allocated	65	55

INVESTMENT RETURNS AND PROFIT ALLOCATION TO POLICYHOLDERS' PPS PROFIT-SHARE ACCOUNTS™
 for the year ended 31 December 2024 (continued)

Allocation to Special Benefit Accounts

The following investment returns were allocated to the Special Benefit Accounts:

	2024	2023
	R'm	R'm
PPS Insurance		
Investment income and gains	2 940	2 548
Vested PPS Profit-Share	269	203
Allocation to Unclaimed Benefits	14	44
PPS BEE investment income gains	8	8
Total allocated	3 231	2 803

	2024	2023
	N\$m	N\$m
PPS Namibia		
Investment income and gains	198	169
Allocation to Unclaimed Benefits	1	2
Total allocation to Special Benefit Accounts	199	171

TRUSTEES' REPORT

Holding entity

The holding entity for the PPS Group is The Professional Provident Society Holdings Trust, registration number IT 312/2011 (PPS Holdings Trust or the Trust), which controls all the entities in the PPS Group.

Going concern and solvency

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This 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. The solvency position of the PPS Group remains resilient.

Principal activities

PPS Holdings Trust is a trust registered by the Master of the High Court in terms of the Trust Property Control Act of 1988. PPS Holdings Trust's sole investment is 100% of the shares of Professional Provident Society Insurance Company Limited (PPS Insurance). The beneficiaries of PPS Holdings Trust are the PPS Group companies. Membership of PPS Holdings Trust is acquired through participation in PPS Group products. The Ordinary Members of PPS Holdings Trust control the PPS Group through the election of trustees. All the profits of the PPS Group are allocated to the Ordinary Members of PPS Holdings Trust through their participation in their policyholder PPS Profit-Share Accounts.

PPS Insurance is a wholly-owned subsidiary of PPS Holdings Trust and is a long-term insurance company registered in South Africa in terms of the Insurance Act, which offers a broad range of insurance products, including sickness and incapacity benefits, life and disability benefits, critical illness benefits and business assurance policies. PPS Insurance also issues linked living annuities and endowment policies to PPS members. PPS Insurance in South Africa and Namibia has 135 084 policyholders.

Professional Provident Society Investments (Pty) Limited (PPS Investments) and its subsidiaries are wholly-owned subsidiaries of PPS Insurance which provide, *inter alia*, savings and investment products primarily to PPS members. The assets backing the PPS Profit-Share Account, as well as the assets underlying Risk Reserves, are managed by the in-house multi-manager, PPS Multi-Managers, a wholly-owned subsidiary of PPS Investments.

Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia) is a wholly-owned subsidiary of PPS Insurance providing insurance products exclusively to the Namibian market. PPS Namibia currently has over 5 700 Namibian policyholders.

Professional Provident Society Healthcare Administrators (Pty) Limited (PPS Healthcare Administrators) is a wholly-owned subsidiary of PPS Insurance, which administers Profmed and other medical schemes. PPS Healthcare Administrators' objective is to provide professional service and to support the sustainability of the schemes by applying scheme benefit and tariff rules properly and managing clinical risk, to enable medical schemes to provide for the health care needs of members when they need it most. The administered medical schemes have their own independent boards of trustees.

Professional Provident Society Short-Term Insurance Company Limited (PPS Short-Term Insurance) is a wholly-owned subsidiary of PPS Insurance and is a fully-fledged short-term insurer, offering personal lines, commercial lines and, through its Health Professions Indemnity Division, professional indemnity products, to PPS members.

glu is a separate brand of PPS Insurance launched in January 2025 and is a division of PPS, operating on the insurance licence of PPS. glu also operates under the ethos of mutuality, but offers products to a wider segment of the population than PPS professionals.

PPS Mutual Limited (Australia) and its operating subsidiary launched in Sydney, Australia in February 2016, are associates of PPS Insurance. The company's operating model replicates the PPS Group in South Africa's mutual model, focusing on the insurance needs of graduate professionals in Australia.

The PPS Mutual Limited (New Zealand) group was incorporated during 2023 in Auckland, New Zealand and is an associate of PPS Insurance. The company's operating model replicates the PPS Group in South Africa's mutual model, focusing on the insurance needs of graduate professionals in New Zealand.

The PPS Property Fund Trust (PPS Property Trust) is a trust controlled by PPS Insurance, registered in terms of the Trust Property Control Act of 1988, which invests directly in certain investment property for the benefit of PPS Insurance.

Financial Solutions 4 Professionals (Pty) Limited (FS4P) is a wholly-owned subsidiary of PPS Insurance, established as a brokerage, to provide a vehicle for supporting agents that are not able to sell PPS products due to Retail Distribution Review regulation, which came into effect on 1 January 2018, and enables the continuity of insurance services to members.

PPS Wealth Advisory (Pty) Ltd is a wholly-owned subsidiary of PPS Insurance, which obtained its Financial Services Provider licence during 2022, and provides wealth advisory services to PPS' clients.

TRUSTEES' REPORT (continued)

The Professional Provident Society Foundation Trust is a trust founded by PPS Insurance and registered by the Master of the High Court in terms of the Trust Property Control Act of 1988. It has the principal objectives of working with strategic partners to improve access to Science, Technology, Engineering and Mathematics (STEM) related professions and build the professional pipeline, especially the scarce skills disciplines, making a measurable contribution to sustainable development within South Africa's communities (as defined in the DTI B-BBEE Codes of Good Practice) and the Financial Sector Charter and ensuring that the Foundation's funds are spent on real sustainable, measurable benefits in support of the professional pipeline being created. The Trust also supports the Group's sustainability initiatives, benefiting PPS, its members and the community served by PPS.

Unit Trusts and pooled funds

Unit Trusts and pooled funds for which the Group renders asset management services are consolidated due to the requirements of IFRS. These include the PPS Collective Investment Scheme (South African Unit Trust), PPS Global Equity Fund (Irish Unit Trust) and PPS Namibia Portable Fund (Namibian Pooled Fund).

Events after financial year-end

No circumstances have arisen, or events occurred, between the statement of financial position date and the date of this report in respect of matters which would require adjustment to, or disclosure in, the annual financial statements, or which should be disclosed through some other medium, except as disclosed elsewhere in the financial statements.

Going concern

The Trustees/Directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these financial statements are prepared on a going concern basis.

Financial results

The financial results on pages 80 to 208 set out the results of the PPS Group (comprising PPS Holdings Trust and all its subsidiaries) for the financial year ended 31 December 2024.

AUDIT COMMITTEES' REPORTS

Introduction

The PPS Holdings Trust Audit Committee (TAC) and the PPS Group Audit Committee (GAC) are committees of the PPS Holdings Trust and PPS Insurance Boards, respectively. The responsibilities of these committees are prescribed by the Trust Deed and the Companies Act, and are outlined in their written Terms of Reference, which are in line with King IV, and are reviewed and updated annually. The Committees have an independent role, with accountability to both the Boards and PPS members in terms of the Companies Act and the Trust Deed of PPS Holdings Trust.

The TAC has oversight over PPS Holdings Trust and the PPS Group, while the GAC has oversight over PPS Insurance and its subsidiaries. This includes oversight over the separate Risk and Audit Committees of PPS Investments and PPS Short-Term Insurance, which provide reports to the GAC.

The report of the TAC and GAC is presented to the members in terms of section 94(7)(f) of the Companies Act, No 71 of 2008 (the Companies Act), and a similar provision in the Trust Deed.

Composition of the PPS Holdings Trust Audit Committee

Members:

Independent Non-executive Trustees of PPS Holdings Trust:

Ms DLT Dondur (Chairman), B Acc (Hons), B Compt, CA(SA), MBA, CD(SA), Member of the TAC since 2012

Dr DP du Plessis, B Sc (QS), MBA, DBA, CD(SA), Member of the TAC since 2023 (retired 6 May 2024)

Mr S Trikamjee, B Com (Hons), CA(SA), (Appointed as a member of the TAC on 6 May 2024)

Prof HE Wainer, B Acc, CA(SA), Member of the TAC since 2020

The appointment of the current Members of the TAC was confirmed by PPS members at the annual general meeting held on 6 May 2024.

The TAC was established pursuant to the Trust Deed of PPS Holdings Trust and comprises three independent non-executive trustees of PPS Holdings Trust. The members of the Committee are elected annually by the members of PPS Holdings Trust at its annual general meeting, after being nominated for election by the Nominations Committee and being approved by the PPS Holdings Trust Board for election. As PPS Holdings Trust is not an operating company, but consolidates the financial results of PPS Insurance and its subsidiaries, the TAC considers the recommendations of the GAC in regard to the integrated report and the annual financial statements of PPS Insurance and its subsidiaries. There is an overlap in membership of the TAC and the GAC to ensure appropriate information is exchanged between the two audit committees, and the TAC does not replicate the work performed by the GAC in regard to PPS Insurance and its subsidiaries.

Meeting attendance:

100%

Meetings:

18 Mar 2024

7 Nov 2024

Composition of the PPS Group Audit Committee

Members:

Independent Non-Executive Directors of PPS Insurance:

Prof HE Wainer (Chairman), B Acc, CA(SA), Member of GAC since 2001

Ms DLT Dondur, B Acc (Hons), B Compt, CA(SA), MBA, CD(SA), Member of GAC since 2013

Dr DP du Plessis, BSc, MBA, DBA, CD(SA), Member of GAC since 2020

Mr C Erasmus, BSc, FIA, FASSA, Member of GAC since 2009

Prof WE Maroun, B Acc (Hons), M Acc, PhD, CA(SA), Appointed as a member of the GAC on 1 January 2024

Mr P Ranchod, B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing, Member of the GAC since 2014 (Retired 14 June 2024)

AUDIT COMMITTEES' REPORTS (continued)

Meeting attendance:

100%

Meetings:

18 Mar 2024
20 May 2024
3 Sep 2024
7 Nov 2024

The GAC comprises of five Non-Executive PPS Insurance Directors, all of whom are independent. Three of the members of the GAC are Chartered Accountants. The remaining members of the GAC are an actuary and a risk management specialist, respectively.

The Boards are satisfied that the members of these Committees have sufficient recent and relevant financial experience to enable them to carry out their duties and responsibilities and that the members of the Committees bring a wide range of relevant experience and expertise. The GAC meets at least four times a year, while the TAC is scheduled to meet at least twice a year. The Chairmen of the Group Risk Committee and the Group Actuarial Committee are also members of the GAC. The Head of the Actuarial Function and Statutory Actuary, the Executive: Actuarial Services, the external auditors, the Head of the Internal Audit Function, the Head of the Risk Management Function and other relevant role players are present at each meeting of the GAC. The external auditors are present at each meeting of the TAC. The GAC has an oversight role in regard to the Risk and Audit Committees of PPS Investments and PPS Short-Term Insurance, which report to the GAC at its quarterly committee meetings.

The TAC and GAC meet both the external and internal auditors separately in private sessions, without executive management being present. The Group Chief Executive and the Group Chief Financial Officer, along with other members of senior management, attend Committee meetings, as necessary, at the invitation of the Chairmen of the Committees.

The PPS Group's policy on non-audit services, which is reviewed annually by the Committees, sets out what services may be provided to PPS by the external auditors. All non-audit services are pre-approved by the GAC. The Committees conduct a formal external auditor evaluation process. This evaluation occurs annually and includes various criteria and standards such as independence, audit planning, technical abilities, audit process/outputs and quality control, business insight and general factors (such as black economic empowerment credentials). The Committees keep abreast of current and emerging trends in international accounting standards.

Both committees have satisfied themselves:

- as to the effectiveness of the PPS Group's system of financial controls;
- that the financial statements of PPS Holdings Trust, PPS Insurance and its subsidiaries have been prepared in accordance with IFRS and the requirements of the Companies Act, 2008; and
- that the external auditor is independent of PPS Holdings Trust, PPS Insurance and its subsidiaries.

Role of the Audit Committees

The Committees, *inter alia*, assist the trustees and directors in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes and the preparation of the integrated report and fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

The Committees performed their functions required in terms of the Companies Act and the Trust Deed and executed their responsibilities in accordance with their terms of reference. The Committees, *inter alia*:

- Reviewed and recommended for approval the annual financial statements.
- Considered the factors and risks that might affect the financial reporting of PPS Holdings Trust and the PPS Insurance Group.
- Confirmed the going-concern basis of preparation of the annual financial statements.
- Reviewed and recommended for approval the integrated report.
- Assessed the effectiveness of internal financial control systems and formed the opinion that there were no material breakdowns in internal control.
- Ensured that a combined assurance model was applied to provide a coordinated approach to all assurance activities.
- Reviewed the Group Internal Audit Policy in line with King IV recommendations and recommended the approval thereof to the PPS Insurance Board.
- Approved the internal audit plan for the financial year.
- Reviewed and evaluated reports relating to internal audit and risk management.
- Nominated Ernst & Young Inc. (EY) as the PPS Group's external auditors.
- Determined the external auditors' terms of engagement in the external audit engagement letter and determined the audit fees payable to the external auditors.

AUDIT COMMITTEES' REPORTS (continued)

- Reviewed the quality and effectiveness of the external audit process and the audit plan and assessed the competence of the external auditors.
- Obtained and considered a statement from the independent auditors confirming that their independence was not impaired.
- Confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act.
- Ensured no limitations were imposed on the scope of the external audit.
- Determined the nature and extent of non-audit services that the external auditors may provide and pre-approved any such services.
- Maintained oversight over fraud and corruption risk management and the established protocol for confidential reporting.
- Considered whether there were any concerns or complaints whether from within or outside the PPS Group relating to the accounting practices and internal audit of the PPS Group, the content or auditing of the PPS Group's financial statements, the internal financial controls of the PPS Group or any related matter.
- Made submissions to the Boards on matters concerning the PPS Group's accounting policies, financial control, records and reporting.

External auditors

EY served as the PPS Group's external auditors for the 2024 financial year. The committee determined the auditors' fees and reviewed the terms of their engagement. The Committees satisfied themselves that the external auditors' appointment complies with the Companies Act and in particular Section 90(2) thereof, as well as the Auditing Profession Act.

The Committees are satisfied that both EY and the audit partner are independent. The external auditors provided assurance that their internal governance processes within their audit firm support and demonstrate their claim to independence.

The GAC was comfortable that non-audit services work was justified and necessary and did not give rise to any self-review threat for the external auditors.

Expertise and experience of the Group Chief Financial Officer and the finance team

The Committees are satisfied that the expertise and experience of the Group Chief Financial Officer are appropriate to meet the responsibilities of the position.

The Committees considered the expertise, resources and experience of the PPS Group's finance function and concluded that these are appropriate to meet the requirements of the PPS Group.

Approval of the report

The TAC and GAC confirm for the 2024 financial year that they have functioned in accordance with their Terms of Reference and as required by the Companies Act and Trust Deed of PPS Holdings Trust and that their reports have been approved by the Directors and trustees.

On behalf of the Audit Committees:



Ms DLT Dondur
Chairman of TAC



Prof HE Wainer
Chairman of GAC

26 March 2025

GROUP SOCIAL AND ETHICS COMMITTEE'S REPORT

Introduction

The PPS Group Social and Ethics Committee (GSEC) is a statutory committee of the PPS Insurance Board established by the Board in terms of section 72(4) of the Companies Act (71 of 2008) (Companies Act) and has the functions set out in Regulation 43(5) of the Companies Act.

The GSEC is tasked with monitoring specific activities of the PPS Insurance Group as set out below and to advise the PPS Insurance Group Boards in relation to such matters. The GSEC meets at least twice a year. The GSEC is supported in discharging its duties by the Group Remuneration Committee, the Group Risk Committee and the Group Audit Committee.

Members

Ms DLT Dondur (Chairman), Independent Non-Executive Director

Dr DP du Plessis, Independent Non-Executive Director (Appointed 1 July 2024)

Mr L du Plessis, Group Executive: Legal and Compliance

Dr CM Krüger, Independent Non-Executive Director

Dr R Putter, Independent Non-Executive Trustee

Meeting attendance:

100%

Meetings:

5 Mar 2024

7 Nov 2024

Functions

The GSEC performs all the functions as are necessary to fulfil the following statutory duties:

Monitoring the PPS Insurance Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- Sustainability, the environment, health and public safety
- Assessment of the ethical risk profile
- Labour, culture and employment
- Ethics and conduct
- Consumer relationships
- The implementation of Treating Customers Fairly regulation
- Alignment of the GSEC's activities to the Broader Mutuality strategy of the PPS Group
- Drawing matters within its mandate to the attention of the PPS Insurance Group boards as may be required

Reporting, through one of its members, to the members of PPS Insurance at its annual general meeting on the matters within its mandate.

GROUP SOCIAL AND ETHICS COMMITTEE'S REPORT (continued)

Report to PPS Insurance members by the GSEC

During 2024, the committee discharged its statutory duties and considered reports from the various contributors regarding the relevant functions and the following items were specifically noted:

Social and economic development	<ul style="list-style-type: none">• The United Nations Global Compact Principles are not legislation, but reflect international best practice. PPS conducts its business in accordance with the principles regarding human rights, labour standards, the environment and anti-corruption.• Compliance with the Employment Equity Act is managed in accordance with a report and a plan submitted to the Department of Labour, which are frequently tracked at executive management and board level.• Various action plans are in place to address the requirements of the sectoral Broad-Based Black Economic Empowerment Act and Financial Services Charter.
Good corporate citizenship	<ul style="list-style-type: none">• PPS promotes equality and prevents unfair discrimination against both employees and members.• Various corporate social investment initiatives are in place to develop the professional community and students studying towards qualifying degrees.• Various sponsorships, donations and charitable initiatives are undertaken and are regularly reviewed.• Advocacy and influencing public policy.
Assessment of the ethical risk profile	<ul style="list-style-type: none">• Corruption and fraud management is a priority for PPS and a Fraud and Corruption Policy, as well as a confidential reporting facility, operated by an independent third party, are in place, and have been appropriately communicated to staff.
Consumer relationships	<ul style="list-style-type: none">• PPS has implemented Treating Customers Fairly (TCF) regulation and has fully integrated it into its operations, achieving a high score using the self-assessment tool provided by the FSCA for this purpose.• Industry-specific consumer protection legislation is in place (FAIS, Insurance Act, etc.) and compliance therewith is actively managed and high levels of compliance have been achieved.
Health and public safety, labour and employment	<ul style="list-style-type: none">• The occupational health and safety of employees and others in buildings occupied by PPS are monitored and a high level of compliance is achieved.• Excellent working conditions are in place for all employees.• Employment relationships are valued at PPS and programmes for continued improvements to maintain best employee practices are in place and effective, as evidenced by the results of regular employee surveys.• Educational development of employees is achieved through various initiatives including internal and external training, induction programmes and bursary schemes.

GROUP SOCIAL AND ETHICS COMMITTEE'S REPORT (continued)

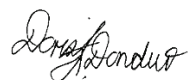
Sustainability

- As a mutual company, PPS recognises its unique position in fostering long-term sustainability, prioritising the well-being of its members, employees, and the communities it serves. This report highlights PPS's progress in integrating sustainability into its core business operations, reflecting its dedication to transparency, accountability, and continuous improvement.
 - Sustainability Journey: While PPS has always pursued various aspects of sustainability in its business, during 2024, PPS continued to implement its sustainability journey, driven by its commitment to corporate responsibility and environmental stewardship. Sustainability is aligned with PPS's core values and strategic objectives, reinforcing PPS's role as a responsible corporate citizen. During 2024, PPS implemented the various Sustainability Framework initiatives, which included taking a formal approach to implement Environmental, Social and Governance (ESG) practices across the PPS Group by embedding key principles, adopting core protocols and putting the necessary structures in place, to ensure its future sustainability. Its overriding intention is to meet the sustainability challenges facing society, by purposefully incorporating ESG factors into its business practices, and thereby holistically servicing the needs of its current and future professional membership base and its stakeholders and this process will evolve over time.
 - Carbon Emission Calculation: One of PPS's focus areas has been to understand and quantify its environmental impact. PPS continues to conduct annual assessments of its carbon emissions across its operations, including Scope 1, Scope 2, and Scope 3 emissions. PPS is using 2023 as the baseline for future improvement and demonstrates PPS's dedication to reducing its carbon footprint. PPS has continued to implement various initiatives to reduce its carbon footprint.
 - Benchmarking against Peers: To gauge PPS's progress and identify areas for improvement, PPS undertook further benchmarking exercises which were used to inform the improvements made to the Sustainability workplan for 2025.
 - As PPS navigates the complex and evolving landscape of sustainability, PPS acknowledges the challenges ahead. These challenges are being met with a proactive approach, leveraging opportunities for innovation and collaboration. PPS is committed to learning from its experiences, adapting its strategies, and continuously improving its sustainability performance. PPS recognises the importance of staying resilient in the face of economic uncertainties, regulatory changes, and emerging sustainability issues.
 - This report reflects PPS's steadfast commitment to a sustainable and responsible future. As a mutual organisation, PPS embraces the interconnectedness of economic, social, and environmental sustainability, recognising that PPS's success is inseparable from the well-being of its members, employees and communities. PPS looks forward to continuing this journey with its stakeholders, working collaboratively to build a sustainable legacy for future generations.
-

The committee is satisfied with the reporting and governance framework to ensure compliance with its statutory responsibilities in terms of the Companies Act.

No complaints were received by the GSEC during the year ended 31 December 2024 and based on the above monitoring reports, the GSEC concluded that there were no specific issues under its purview which required reporting to the PPS Insurance Board or members of the PPS Group.

On behalf of the PPS Group Social and Ethics Committee:



Ms DLT Dondur
Chairman of GSEC

26 March 2025

REMUNERATION REPORT

BACKGROUND STATEMENT

The purpose of the PPS Group Remuneration Committee (Remco or the Committee) is to oversee the implementation of the PPS Group Remuneration Policy as a delegated responsibility from the PPS Insurance Board. The Committee regularly reviews the PPS Group's remuneration policies to ensure that the design and management of remuneration practices enable the organisation to attract top talent and motivate a high-performance culture.

The Committee is pleased to present the PPS Group's Remuneration Report for the year ended 31 December 2024. With this report, we aim to give an overview of the remuneration framework and practices. Additionally, the report shows our commitment to transparency, accountability and fair remuneration for all.

The financial year 2024 was a very successful year for PPS from a financial perspective, a year when we achieved the highest profit-share allocation ever. The only negative metric was life new business not achieving its target. Apart from life new business, the overall results were good and with the strong momentum we have established in 2024, we can look forward to the new year with much eagerness and confidence in achieving even greater strides.

We recognise the importance of aligning our remuneration policies with our strategic goals, while ensuring competitiveness, and the ability to attract and retain top talent.

Remco is satisfied that it has fulfilled its mandate to provide independent oversight on remuneration-related matters.

Key matters discussed for the year include:

- The Group Executive succession plan was reviewed to ensure that proactive measures are in place for sufficient cover and/or action plans for key roles at Group Executive level.
- Following the resignation of Ms A Gounden as the Group CFO in February 2024, Mr S Johnson was appointed as the Group CFO effective 1 April 2024. This was an internal appointment – a good indicator that the PPS succession plan at executive level is in place and performing well.
- A three-year Long-Term Incentive scheme was approved for those employees who are not at senior leadership level, but who are in key and critical roles and/or who have been identified as future successors to senior management roles.

- In efforts to ensure long-term commitment to the future strategy and performance of the organisation, a bonus booster deferral scheme was approved by the Committee. This scheme offers the senior leadership group an opportunity to defer all or a portion of their short-term incentives for a period of three years or five years. This self-imposed retention enables a mechanism for those in key roles to commit themselves to the long-term performance of the organisation.

Remuneration governance

Remco is responsible for advising the PPS Group in relation to:

- Executive, senior management and staff remuneration.
- The remuneration of non-executive directors and trustees of the PPS Holding Trust and subsidiaries, as well as their respective entities.
- Key human resources and employee-related matters, including employment equity and transformation.

The role of Remco is to assist the PPS Group boards to ensure that:

- The PPS Group remunerates non-executive directors and trustees, the Group Chief Executive, executives, management and staff fairly, responsibly and competitively.
- The disclosure of director/trustee and executive remuneration by the PPS Group is accurate and in accordance with the Companies Act and IFRS.
- The functions prescribed by the Prudential Authority in terms of the Prudential Standards are performed.

Remco is chaired by an independent non-executive director and is comprised of non-executive directors of PPS Insurance. No employee is involved in deciding their own remuneration. The Group Chief Executive Officer and the Group Executive: Human Resources attend the meetings of Remco by invitation; however, they are recused from any discussions and/or decisions pertaining to their own remuneration.

Remco does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The Committee operates in accordance with Terms of Reference approved by the PPS Insurance Board. Remco has complied with the obligations as set out in the Terms of Reference and is satisfied that the objectives of the Remuneration Policy have been achieved.

REMUNERATION REPORT (continued)

External advisors

Remco keeps abreast of emerging remuneration trends and leading practices in the Financial Services and Insurance industry. Annually, we benchmark our employees’ remuneration using Remchannel and 21st Century for niche surveys.

Group Remuneration Committee Members

Dr D P du Plessis (Chairman)
Mr C Erasmus
Dr S N E Seoka
Prof H E Wainer

Meeting attendance:

100%

Meetings:

22 Feb 2024

9 May 2024

5 November 2024

REMUNERATION POLICY

The PPS Group is dedicated to maintaining a competitive remuneration strategy that rewards both individual and corporate performance. Recognising that our people are a key strategic differentiator, we support the achievement of our organisational goals by valuing and rewarding employees’ contributions. Our remuneration approach is crucial not only for attracting top talent but also for retaining, engaging and motivating our employees. It forms a fundamental part of the psychological contract between employer and employee, reinforcing our commitment to a compelling Employee Value Proposition.

Remuneration Framework

The determination of the total remuneration packages of employees is overseen on an annual basis by Remco within the context of a total reward approach, balanced design and pay mix.

The PPS Group remuneration structure is based on the following remuneration principles:

Driving High-performance culture	Balance between fixed and variable remuneration	Long-term value creation	Pay parity and fairness
<ul style="list-style-type: none">Performance contracts include financial and non-financial, qualitative and quantitative, as well as lag and lead metrics. Performance measurement metrics are set annually and reviewed for broad alignment to the PPS Group’s objectives and strategies. The mix of short-term and long-term incentives is aligned to appropriate risk management principles, in order that management’s performance is aligned with members’ long-term interests and the remuneration structure does not induce excessive or inappropriate risk-taking.	<ul style="list-style-type: none">The mix of guaranteed pay and short- and long-term incentives is in line with the risk appetite and culture of the group and is designed to meet the PPS Group’s operational needs and strategic objectives, based on targets that are stretched, verifiable and relevant.	<ul style="list-style-type: none">Given the long-term nature of the business, the remuneration structure needs to support both long-term value creation and the achievement of short-term objectives.	<ul style="list-style-type: none">PPS employees are remunerated equitably for the work that they do, based on job role responsibilities and performance. We are committed to equal pay for work of equal value to eliminate disparities and build trust within the organisation.

REMUNERATION REPORT (continued)

Fair and responsible remuneration

At PPS, we are committed to the employment equity regulations that provide for equal pay for work of equal value. As such, Remco is dedicated to fostering pay practices that are justifiable and fair, as well as externally competitive and internally responsible, for all employees.

As part of our commitment to fair and responsible remuneration, PPS actively identifies and implements initiatives that enhance fairness in remuneration and promotes better working

conditions for all employees. These actions reflect the PPS Group's ongoing dedication to creating a supportive and just workplace environment. To address pay disparities where they arise, decisive actions are implemented to ensure progressive measures are aimed at fostering equality. Such measures are considered necessary to uphold the principles of fairness and inclusivity. Additionally, remuneration practices are regularly reviewed to ensure alignment with evolving market trends and industry standards. These practices are benchmarked against best practices, ensuring that they remain fair, competitive and reflective of our core values.

Remuneration Structure

PPS Group's remuneration structure balances short and long term financial and non-financial rewards to drive a high-performance culture. The key components of this model (including policy elements) are elaborated on in the table below:

Remuneration Element	Purpose	Eligibility	Policy
Guaranteed Pay	PPS Group manages total cost to company (TCTC), which incorporates base pay, retirement, medical aid and other optional benefits. The purpose is to ensure we attract and retain the right talent that is qualified and experienced.	All Staff	Guaranteed pay is market related and informed by regular benchmarking within the Financial Services industry, targeted at the market median. The upper quartile of the market is considered where there is scarcity and criticality of skills. Increases are determined by Remco in conjunction with executive management and take into consideration market-related increases, individual and PPS Group performance and other economic indicators. Remco reviews staff increases as determined by management within guidelines approved by Remco and approves increases for PPS Group Executives and senior management.
Benefits	The PPS Group provides its employees with benefits that ensure they are well taken care of in a time of need. These benefits include retirement fund and risk benefits.	All Staff	Benefits form part of the total cost to company (TCTC) and include retirement, risk, recognition, wellness, education, etc. Reward and recognition schemes to enable performance and motivation to drive PPS Group initiatives and objectives and living up to the PPS Group's values. Other non-financial benefits are offered to staff - focusing on personal development and different aspects of well-being, such as financial, physical, social, emotional, and mental health.
Short-term Incentives	PPS Group's short-term incentives aim to reward short-term performance to drive a high performance culture that motivates and rewards substantial achievement of performance objectives.	All Staff, excluding sales employees who participate in commission-based structures	The short-term incentive bonus pool is determined and approved by Remco based on the achievement of financial, strategic and operational objectives, influenced by the financial performance of the PPS Group. This is done to encourage a high-performance culture across the Group, allowing for sufficient differentiation between performers and non-performers. The senior leadership group have the option to defer a portion of their bonus to the long-term incentive scheme.
Long-term Incentives	The key objectives of the long-term incentives are to focus participants on long-term key performance indicators in line with the vision, strategy, roles, expectations, financial and risk parameters of the organisation and to retain key members of management.	Senior Managers and Group Executives	Long-term incentives are structured to ensure alignment of the interests of key management with members' interests. Remco has final discretion over the participation of eligible employees in long-term incentives and allocation values. Long-term incentive awards are based on a five-year plan for Group Executives and senior management and a three-year plan for selected key and critical roles where retention is necessary.

REMUNERATION REPORT (continued)

Executive contracts

Executive Directors and prescribed officers are appointed in terms of employment contracts that are indefinite or until normal retirement age. The notice period is six months for Executive Directors and prescribed officers and three months for Group Executives and other senior leaders. Normal retirement age is 65 years.

On behalf of the PPS Group Remuneration Committee



Dr DP du Plessis

Chairman of Remco

26 March 2025

Non-executive directors and trustees' remuneration

Non-executive directors/trustees are remunerated based on annual retainers, as well as attendance fees for each meeting attended. The value of the annual retainers and the attendance fees are benchmarked against fees paid in the financial and insurance industry by companies of a similar size to PPS. Non-executive directors/trustees do not participate in the PPS Group's long-term or short-term incentive schemes. The trustees' fees for the PPS Holdings Trust Board and its committees are subject to the ultimate approval by the Ordinary Members of PPS Holdings Trust at its annual general meeting (AGM) and for the remainder of the PPS Group companies at their respective AGMs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2024

		Group	
	Note	2024 R'm	2023 R'm
Assets			
Property and equipment	2	528	546
Investment Property	3	269	285
Intangible assets	5	300	264
Deferred tax	17	269	203
Investment in Associates and Joint Ventures	6	179	171
Financial assets – Investments at fair value through profit or loss	7	69 434	59 945
Attributable to Group		49 741	44 480
Attributable to Unit trusts and pooled funds managed for third parties	16	19 693	15 465
Reinsurance contract assets	9.1	1 290	1 565
Receivables	13	2 236	1 885
Attributable to Group		1 638	1 358
Attributable to Unit trusts and pooled funds managed for third parties	16	598	527
Current income tax asset		218	654
Non-current Assets held for sale	4	–	29
Cash and cash equivalents	14	2 658	2 958
Attributable to Group		734	814
Attributable to Unit trusts and pooled funds managed for third parties	16	1 924	2 144
Total Assets		77 381	68 505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2024

	Note	Group	
		2024	2023
		R'm	R'm
Profit-Share and other liabilities			
PPS Profit-Share accounts and Long-term insurance contract liabilities	10	46 392	42 962
PPS Profit-Share accounts	10	38 337	34 684
Liability for remaining coverage and incurred claims		7 536	8 006
Qualifying policyholders' residual interest in the net assets of the PPS Group		519	272
Short-Term Insurance liabilities	9.1	174	138
Investment contract liabilities	15	6 862	5 529
Unit Trust holders	16	21 902	17 925
Deferred tax	17	919	614
Retirement benefit obligations	18	6	6
Reinsurance contract liabilities	9.1	22	17
Employee-related obligations	19	411	361
Payables	20	468	303
Current income tax liabilities		225	650
Total Profit-Share and other liabilities		77 381	68 505

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	Group	
		2024	2023
		R'm	R'm
Net insurance service result		1 065	574
Insurance service result	21	98	(5)
Insurance revenue		5 489	5 225
Insurance claims and service expenses		(5 116)	(5 260)
Net (expense)/income from reinsurance contracts held		(275)	30
Net finance income	25	967	579
Finance income from insurance contract issued		1 026	687
Finance expenses from reinsurance contracts held		(59)	(108)
Other Income – non-insurance business	22	854	758
Operating expenses – non-insurance business	26	(1 353)	(898)
Finance expenses	28	(7)	(4)
Net investment result		6 699	5 312
Investment income	23	3 371	3 078
Fair value gains on investments	24	6 184	4 039
Attributable to unit trust holders	16	(2 455)	(1 427)
Asset manager fees		(401)	(378)
Movement in fair value of policyholder liabilities under investment contracts	15	(720)	(626)
Share of profit – Associates and joint ventures	6	8	5
Profit before tax		6 546	5 121
Tax	29	(661)	(536)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

		Group	
		2024	2023
	Note	R'm	R'm
Profit after tax		5 885	4 585
Other comprehensive income			
Surplus/(Deficit) on revaluation of owner-occupied property, net of deferred tax		9	(4)
Total comprehensive income for the period*		5 894	4 581
Allocated to qualifying policyholders' PPS Profit-Share accounts*		(5 590)	(4 577)
Change in residual net assets arising in year, attributable to members		(304)	(4)
Total comprehensive income after allocations to Profit-Share accounts and change in residual net assets		—	—

The mutual nature of PPS should be noted. The allocation to PPS Insurance and PPS Namibia policyholders – described above as “Allocated to qualifying policyholders' PPS Profit-Share accounts” of R5 590 million (2023: R4 577 million) – is the annual allocation to members' PPS Profit-Share Account in their capacity as policyholders.

*This is the accounting measure, which is not the same as the actuarially determined total amount allocated to PPS Profit-Share accounts, derived from the actuarially determined investment and operating profit allocation.

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2024

	Note	Group	
		2024 R'm	2023 R'm
Cash flows from operating activities			
Cash utilised by operations	30	(1 047)	(888)
Interest received		1 919	1 236
Dividends received		875	844
Interest paid	28	(7)	(4)
Tax paid	31	(446)	(463)
Net cash flow from operating activities		1 294	725
Cash flows from investing activities			
Purchases of property and equipment	2	(42)	(43)
Cost of intangible assets	5	(140)	(83)
Purchase of options		–	(432)
Purchase of financial assets	7	(51 900)	(79 063)
Proceeds from disposal of financial assets	7 & 32	50 684	79 034
(Increase)/ decrease in non-current receivables		(215)	65
Proceeds from sale of investment property, assets for sale, and furniture	4	29	–
Acquisition of associated company	6	–	(166)
Improvements to investment property	3	(4)	(1)
Net cash used in investing activities		(1 588)	(689)
Cash flows from financing activities			
Decrease in lease liabilities		(17)	(20)
Net cash used in financing activities		(17)	(20)
Net (decrease)/ increase in cash and bank		(311)	16
Effect of exchange rate changes on cash and cash equivalents		11	27
Cash and cash equivalents at beginning of year		2 958	2 915
Cash and cash equivalents at end of year	14	2 658	2 958

GROUP ACCOUNTING POLICIES

The principal accounting policies applied are set out below:

1. Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 36.

The financial statements have been rounded to the nearest R million, unless otherwise indicated.

Standards and Interpretations Not Yet Effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2025, or later periods:

Standard	Effective date	Summary
IFRS 18 Presentation and Disclosure in Financial Statements.	Annual periods beginning on or after 1 January 2027	IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of cash flows

IFRS 19 Subsidiaries without Public Accountability: Disclosures	Annual periods beginning on or after 1 January 2027	IFRS 19 Subsidiaries without public accountability: Disclosures works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19.
Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026	The amendments clarify that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG-linked features via additional guidance on the assessment of contingent features.

The Group does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact.

GROUP ACCOUNTING POLICIES (continued)

2. Consolidation

The financial statements include the assets, liabilities, and results of the operations of PPS Holdings Trust (Parent) and its subsidiaries (together, the Group).

Subsidiaries

Subsidiaries are entities over which the Group directly or indirectly has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which control is obtained. They are deconsolidated when control ceases. All the Group's subsidiaries were established by the Group, and there are no acquired subsidiaries or goodwill arising on consolidation. All unit trusts and pooled funds under the control of a PPS entity are consolidated based on the IFRS 10 definition of control. Third-party unit trust holders' interests in unit trusts are liabilities of the unit trust and are classified as such in the Group.

Intra-group transactions, balances, and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the Parent's separate annual financial statements, the interests in subsidiaries are accounted for at cost, with a provision for impairment recognised if there is evidence of impairment.

Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence but not control, through participation in the financial and operating policy decisions of the entity. Judgment is applied in assessing which entities the Group has significant influence over. The Group has no shareholding in some associates and thus no rights to net profits, losses, or net assets of this associate.

PPS Mutual Limited and PPS Mutual Insurance Proprietary Limited (PPS Mutual Limited Group) in Australia and New Zealand are associates of the Group. PPS Insurance Company has significant influence over PPS Mutual Limited groups through its representation on their boards. The Group has no shareholding in either PPS Mutual Limited groups and no rights to net profits, losses, or net assets.

Joint ventures are entities over which the Group has joint control, which is the contractually agreed sharing of control of an arrangement. Joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

The Group determines the dates of obtaining or losing joint control based on an assessment of all pertinent facts and circumstances affecting the ability to jointly control the relevant activities of the entity.

Key factors include the contractual agreements with the counterparty, their practical operation, and the need for regulatory approval. The acquisition or disposal date does not necessarily coincide with the legal finalisation of the transaction.

The Group owns 10% of Ausmanco (Pty) Ltd. All shareholders must approve and unanimously consent to decisions. This investment is a joint arrangement, and the Group accounts for it as a joint venture, using the equity accounting method for its share of Ausmanco's profit after tax.

The Group holds a 49% equity interest with equal voting power in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture in healthcare administration and risk management in Botswana. The Group and Reagile jointly direct activities affecting HRMB's returns. This investment is a joint arrangement, and the Group accounts for it as a joint venture, using the equity accounting method for its share of HRMB's profit after tax.

GROUP ACCOUNTING POLICIES (continued)

3. Financial Instruments

3.1 General

The Group initially recognises financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) when it becomes a party to the contractual provisions of the instrument.

Financial instruments recognised in the Consolidated Statement of Financial Position include financial assets through profit or loss, other receivables, cash and cash equivalents, investment contract liabilities, borrowings, accruals, third-party liabilities arising on consolidation of unit trusts, and other payables.

3.2 Financial Assets

The Group has the following financial asset categories: financial assets at fair value through profit or loss, and financial assets at amortised cost.

All financial assets are initially measured at fair value, including any directly attributable transaction costs for those financial assets measured at amortised cost. All financial asset purchases and sales are recognised using trade date accounting.

Financial Instruments at Fair Value Through Profit or Loss

A financial asset is placed in this category if mandatorily classified as such or designated by management upon initial recognition.

Financial assets classified as fair value through profit or loss consist of local and foreign equities, money market instruments, government bonds, corporate bonds, and unit trusts. Subsequent to initial recognition, these financial assets are accounted for at fair value. Fair value gains and losses arising from changes in fair value are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as gains/(losses) on investments.

Equity fair values are based on regulated exchange-quoted bid prices at the close of business on the last trading day before the reporting date. Bond fair values are based on regulated exchange-quoted closing prices at the close of business on the last trading day before the reporting date. Unit trust fair values are based on the net asset value (price) on the reporting date.

Financial Assets at Amortised Cost

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transactions costs and subsequently at amortised cost using the effective interest rate method, less impairment adjustments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

3.3 Financial Liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities that include other payables and borrowings are categorised as financial liabilities at amortised cost. Investment contract liabilities, and liabilities to outside unit trust holders, are designated on initial recognition as measured at fair value through profit and loss.

Other payables are initially measured at fair value less transaction costs and subsequently at amortised cost using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the fair value at initial recognition is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowing.

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method. Interest is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Third-party financial liabilities arising on consolidation of unit trusts are measured at fair value, based on unquoted unit values derived by the fund administrator, with reference to the rules of each particular fund. Fair value gains or losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

GROUP ACCOUNTING POLICIES (continued)

3.4 Derecognition of Financial Assets and Financial Liabilities

The Group derecognises an asset:

- When the contractual rights to the cash flows from the asset expire;
- When there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred;
- When the Group retains the contractual rights to the cash flows from these assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers all or substantially all the risks and benefits associated with the assets; and
- Where the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3.5 Fair Value Hierarchy of Financial Statement Line Items Held at Fair Value

IFRS 13 indicates a three-tier hierarchy for fair value measurement disclosures:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These prices are readily available in the market and are normally obtainable from multiple sources.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Insurance, Investment, and Reinsurance Contracts

4.1 Classification of Contracts

Insurance contracts are agreements where the Group accepts significant insurance risk from a policyholder, compensating them if a specified uncertain future event adversely affects them. These contracts may also transfer financial risk. The Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Contract classification occurs at inception and remains unchanged unless the terms are significantly modified. This assessment considers all substantive rights and obligations, using judgment to determine if a contract transfers significant insurance risk and whether that risk is substantial.

Insurance contracts are categorised into long-term and short-term insurance based on risk exposure. Long-term contracts may have a discretionary participation feature (DPF), also known as a participating portfolio. The DPF component in the Group's insurance contracts cannot be determined and separated from the insurance component from inception. The DPF entitles the contract holder to additional benefits that are:

- A significant portion of the total benefits;
- At the Group's discretion; and
- Based on the performance of investment returns and the Group's profit and loss.

Judgment is used to determine if payments to the policyholder constitute a substantial share of the fair value returns on the underlying items.

The Group uses reinsurance to mitigate risk, transferring significant risk if it encompasses most of the insurance risk from the insured portion of underlying contracts.

All references to insurance contracts in these statements include issued insurance contracts and held reinsurance contracts unless stated otherwise.

GROUP ACCOUNTING POLICIES (continued)

4.1.1 Unit of Account Including Separating Components and Level of Aggregation

The Group manages insurance contracts by product lines, grouping contracts with similar risks into portfolios. Each portfolio is divided into annual cohorts of:

- Onerous contracts at initial recognition;
- Contracts with no significant possibility of becoming onerous; and
- Remaining contracts.

These groups form the initial recognition and measurement level and are not reconsidered later. Reinsurance contracts are assessed separately, with similar grouping criteria.

Before recognition, the Group checks if a contract has components that must be separated, including:

- Embedded derivatives;
- Distinct investment components; and
- Promises to transfer distinct goods or services other than insurance services.

The Group applies IFRS 17 to all remaining components and does not require further separation or combination of contracts.

Due to the PPS mutual operating model, profits and losses belong to qualifying policyholders and are allocated to their PPS Profit-Share accounts. Policyholder equity is reported as a component of these accounts and Liability for remaining coverage. Profits or losses from non-participating portfolios are allocated to the participating portfolio, with participating contracts having a PPS Profit-Share feature and non-participating contracts not having this feature. The Group uses different measurement approaches, depending on the type of contract, as follows:

PPS Insurance Policy	Portfolio	IFRS 17 Measurement Model
<ul style="list-style-type: none"> • PPS Provider Policy • Sickness and permanent incapacity benefit • Professional Life Provider • Critical Illness Cover • Professional Disability Provider • PPS Education Cover 	Life Risk: Participating	Variable Fee Approach (VFA)
<ul style="list-style-type: none"> • Legacy PPS Life and Disability Policy • Legacy Professional Health Preserver PPS Provider Policy • Business Provider 	Life Risk: Non-participating	General Measurement Model (GMM)
<ul style="list-style-type: none"> • Personal Lines • Commercial Lines Value Added Services Health Professional Indemnity 	Non-Life Insurance	Premium Allocation Approach (PAA)

The Group applies the PAA model to all non-life insurance contracts it issues, as the coverage period for each contract is one year or less. This includes insurance contract services arising from all premiums within the contract boundary. For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the premiums, if any, received at initial recognition.

GROUP ACCOUNTING POLICIES (continued)

The Group expenses all non-life insurance acquisition cash flows as they are incurred for all insurance contracts measured using the PAA. It does not discount the liability for remaining coverage to reflect the time value of money and the effect of financial risk due to the expected time between providing each part of the services and the related premium due date being no more than a year.

4.1.2 Recognition and Derecognition

Recognition:

Groups of reinsurance contracts held are recognised at the earliest of:

- The beginning of the coverage period; or
- The date of the first payment due or received; or
- When a group becomes onerous.

Proportionate coverage (quota share reinsurance) is recognised at the later of:

- The beginning of the coverage period; or
- Initial recognition of any underlying insurance contract; or
 - Other reinsurance groups are recognised from the coverage period's start, or when an onerous group of underlying contracts is recognised.

Only contracts meeting recognition criteria by the reporting period's end are included in groups. Contracts meeting criteria after the reporting date are added to the relevant groups in the period they qualify, adhering to annual cohorts.

Derecognition:

An insurance contract is derecognised when:

- It is extinguished (expired, discharged, or cancelled);
- It is modified and meets additional criteria.

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

- Move the contract outside the scope of IFRS 17;
- Change separable components or contract boundaries;
- Reassign the contract to a different group;
- The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is recognised due to modification, it is recognised from the modification date.

The new contract is assessed for:

- Contract classification, including VFA eligibility;
- Component separation requirements; and
- Contract aggregation requirements.

GROUP ACCOUNTING POLICIES (continued)

Derecognition of Insurance Contracts

When an insurance contract that is not measured under the PAA is derecognised from a group, the Group:

- Adjusts the FCF to remove the present value of future cash flows and risk adjustment for non-financial risk related to the derecognised rights and obligations;
- Adjusts the CSM based on the reason for derecognition:
 - **Extinguished Contract:** Adjusts the CSM by the same amount as the FCF adjustment related to future service;
 - **Transferred Contract:** Adjusts the CSM by the FCF adjustment amount minus the premium charged by the third party;
 - **Modified Contract:** Adjusts the CSM by the FCF adjustment amount, adjusted for the premium the Group would have charged for a new contract with equivalent terms, less any additional premium for the modification. For the new contract, the Group assumes this hypothetical premium as received; and
- Adjusts the number of coverage units for the remaining insurance contract services to reflect the units removed.

4.1.3 Measurement Fulfilment Cash Flows Within Contract Boundary

The Fulfilment Cash Flows (FCF) are current estimates of future cash flows within the contract boundary of a group of contracts. These estimates include premiums collected and payments for claims, benefits, and expenses, adjusted for timing and uncertainty. Estimates of future cash flows:

- Are based on a probability-weighted mean of all possible outcomes;
- Are determined from the Group's perspective, consistent with observable market prices for market variables; and
- Reflect conditions at the measurement date.

Due to the Group's mutual operating model, expected future cash flows are split into:

- Estimates of present value of future cash flows; and
- PPS Profit-Share Accounts.

Surpluses or deficits in component (1) and surplus from non-participating contracts, reinsurance contracts, and unrelated cash flows are treated as changes in fair value of underlying items and are presented as insurance finance income or expenses.

Profit allocations for the year, in line with the bonus basis, are processed in the statement of comprehensive income from changes in fair value of underlying items attributable to policyholders not resulting from financial risk or time value of money after reserving for statutory solvency requirements.

Expected future cash flows include those that do not vary with underlying items and the fair value of residual interest. The former are modelled in the actuarial valuation system, while the latter is sourced from the insurance administration system and is not modelled.

Best Estimate of Expected Future Cash Flows Include:

- Premiums
- Expenses including:
 - Allocation of insurance acquisition cash flows attributable to the portfolio;
 - Claims handling costs;
 - Policy administration and maintenance costs; and
 - Allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts.
- Payments to policyholders including:
 - Death benefits;
 - Accidental death benefits;
 - Sickness benefits;
 - Permanent incapacity benefits;
 - Disability benefits; and
 - Dread disease benefits.

GROUP ACCOUNTING POLICIES (continued)

Risk Adjustment

An explicit risk adjustment for non-financial risk is estimated separately from other estimates.

Discount Rates

Estimates of future cash flows are adjusted using current discount rates to reflect the time value of money and financial risks related to those cash flows. The discount rates reflect the characteristics of cash flows arising from groups of insurance contracts, including timing, currency, and liquidity. Significant judgment and estimation are required to determine the discount rate.

The Group's non-performance risk is not included in the measurement of insurance contracts. For reinsurance contracts held, the probability-weighted estimates of future cash flows include potential credit losses and disputes to reflect the reinsurer's non-performance risk.

Certain FCF are estimated at the portfolio level or higher and then allocated to groups of contracts. Consistent assumptions are used to measure the present value of future cash flows for both reinsurance contracts held and underlying insurance contracts.

Contract Boundary

The Group uses the concept of contract boundary to determine which cash flows should be considered in measuring groups of insurance contracts. Cash flows are within the boundary if they arise from substantive rights and obligations during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation ends when the Group can reassess the risks of a policyholder and set a price or level of benefits that fully reflects those risks or can reprice the contract or portfolio to fully reflect the reassessed risk.

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

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

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

Reinsurance agreements remain in place until the underlying contracts expire, mirroring the contract boundary of the underlying agreement. This aligns the contract boundary and coverage periods of reinsurance agreements with those of the ceded contracts.

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

Insurance Acquisition Costs

Acquisition cash flows arise from selling, underwriting, and starting a group of insurance contracts and are directly attributable to the portfolio of insurance contracts. They are allocated to groups of insurance contracts on a systematic and rational basis.

Acquisition cash flows included in the present value of future cash flows calculate the CSM at initial recognition for non-participating and reinsurance contracts held and the present value of the policyholder share of the change in fair value of underlying items for participating business.

Amortisation of acquisition costs is based on the expected run-off of the sum assured over the life of the contracts for each cohort and has no effect on total profit and loss, as the portion released as recovery into insurance revenue matches the expense amortisation in insurance expenses.

GROUP ACCOUNTING POLICIES (continued)

Risk Adjustment for Non-Financial Risk

The risk adjustment for non-financial risk is applied to the present value of estimated future cash flows, reflecting the compensation required for bearing uncertainty about the amount and timing of cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment represents the risk transferred by the Group to the reinsurer. Methods and assumptions for determining the risk adjustment are discussed in Note 36.

Contractual Service Margin (CSM)

The CSM is part of the asset or liability for a group of insurance contracts, representing the unearned profit to be recognised as the Group provides insurance contract services.

At initial recognition, the CSM is an amount that results in no income or expenses arise from:

- a. Initial recognition of the FCF
- b. Cash flows from contracts in the group
- c. Derecognition of any insurance acquisition cash flows asset
- d. Derecognition of any other pre-recognition cash flow
- e. Insurance revenue and insurance service expenses are recognised immediately for any derecognised assets.

The number of coverage units in a group is the quantity of insurance contract services provided, determined by the benefits provided and expected coverage period. Coverage units are reassessed at each reporting period's end to adjust for claims paid, expectations of lapses, and contract cancellations, then allocated based on the probability-weighted average duration of each coverage unit.

For reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events. The CSM represents a deferred gain or loss recognised as a reinsurance expense as the Group receives insurance contract services from the reinsurer and is calculated as the sum of:

- a. Initial recognition of the FCF
- b. Cash flows from contracts in the group
- c. Amount derecognised at initial recognition of any asset or liability previously recognised for cash
- d. Cash flows related to the group of reinsurance contracts held
- e. Income recognised in profit or loss when recognising a loss on initial recognition of an onerous group of underlying insurance contracts

No CSM is required for the Group's participating contracts as all net cash flows are returned to qualifying policyholders via the PPS Profit-share account.

4.1.4 Subsequent Measurement

The carrying amount at the end of each reporting period of a group of insurance contracts not measured under the PAA, issued is the sum of:

- a) the LRC, comprising:
 - the FCF related to future service allocated to the group at that date; and
 - the CSM of the group at that date.
- b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

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

GROUP ACCOUNTING POLICIES (continued)

Changes in Fulfilment Cash Flows

The FCF are updated by the Group for current assumptions at the end of every reporting period. Changes in estimates of the FCF are treated based on which estimate is being updated:

- a. changes that relate to current or past service are recognised in profit or loss;
- b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC.

For insurance contracts, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments from premiums received in the period that relate to future service and related cash flows;
 - changes in estimates of the present value of future cash flows in the LRC, except as described;
 - differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- b. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments above (except (c)) are measured using discount rates determined on initial recognition (the locked-in discount rates).

Changes to the Contractual Service Margin

Release of the CSM to Profit or Loss

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and financial risk;
- b. changes in the FCF relating to the LIC;
- c. experience adjustments from premiums received in the period that do not relate to future service;
- d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted for:

- a. new contracts added to the group;
- b. interest accreted on the carrying amount of the CSM;
 - changes in the FCF relating to future service, adjusting the CSM to the extent available. Excess FCF is recognised in insurance service expenses; and
 - the amount recognised as insurance revenue for insurance contract services provided during the period.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted for:

- new contracts added to the group;
 - a. interest accreted on the carrying amount of the CSM;
- income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts;
 - a. reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held;
- changes in the FCF, to the extent related to future service;
 - a. the amount recognised in profit or loss for insurance contract services received during the period.

Release of the CSM to Profit or Loss

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

The coverage period is defined as a period during which the Group provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the

GROUP ACCOUNTING POLICIES (continued)

management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA.

Coverage Units

The number of coverage units is the quantity of services provided by the contracts in the Group, determined by the quantity of benefits provided and its expected coverage period. Coverage units are reviewed and updated at each reporting date.

The Group determines coverage units as follows:

Non-participating portfolios	Benefits	Coverage units
Business Provider	Range of benefits including death disability, and critical illness under one contract.	Weighted average discounted expected sum assured
Legacy PPS Life and Disability Policy	Death and disability benefits	
Legacy Health Preserver	Critical illness benefits	

4.1.5 Non-Life Insurance Contracts Measurement

The non-life insurance contracts liabilities are measured using the PPA approach, including the liability for incurred claims (LIC) determined by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay Unallocated Loss Adjustment Expenses (ULAE) incurred.

For contracts measured under the PAA approach, the Group elected to expense its insurance acquisition cash flows for its insurance product lines immediately upon payment being incurred.

For reinsurance contracts held, the Group applies the PAA to measure its reinsurance assets on the same basis as underlying insurance contracts that it issues. The Health Professions Indemnity reinsurance held, relates to group of contracts for a period of one year with risk attaching, resulting in a coverage period greater than one year. However, based on the eligibility assessment, there is no material difference in the measurement between PAA and the general model, therefore, these qualify for PAA measurement.

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

4.1.6 Insurance Revenue

As the Group provides insurance contract services, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised depicts the transfer of promised services at an amount reflecting the consideration expected for those services.

For life insurance contracts, insurance revenue includes:

- claims and other directly attributable expenses incurred in the period;
- changes in the risk adjustment for non-financial risk;
- amounts of the CSM recognised for services provided in the period; and
- experience adjustments from premiums received other than those that relate to future service.

4.1.7 Insurance Finance Income or Expenses

Insurance finance income or expenses include changes in the carrying amount of the group of insurance contracts from:

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

GROUP ACCOUNTING POLICIES (continued)

For contracts measured under the GMM, the main amounts are:

- interest accreted on the FCF and the CSM;
- changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals). The Group allocates expected total insurance finance income or expenses over the contract duration to profit or loss using discount rates determined at initial recognition. Changes include adjustments in contract measurement caused by underlying item value changes, relevant to PPS profit-share accounts, including exits net of forfeitures and profit allocations.

4.1.8 Insurance Service Expenses

Insurance service expenses include:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other directly attributable expenses incurred;
- insurance acquisition cash flows amortisation;
- changes in the FCF relating to past service;
- changes in the FCF resulting in onerous contract losses or reversals; and
- insurance acquisition cash flows assets impairment, net of reversals.

4.1.9 Net Income or Expense from Reinsurance Contracts Held

The Group aggregates expected recoveries from reinsurers and reinsurance premiums paid on the statement of profit or loss and other comprehensive income. Reinsurance cash flows contingent on claims are treated as part of expected reimbursements, excluding investment components and commissions. Recoveries from losses on reinsurance of onerous contracts are included as amounts recoverable from the reinsurer.

4.2 Valuation and Recognition

4.2.1 Insurance Contracts

The Group measures the liability for remaining coverage at the end of each reporting period as the liability at the beginning of the period:

- Plus premiums received in the period
- Minus the amount recognised as insurance revenue for services provided in the period.

The Group estimates liabilities for incurred claims by considering the associated cash flows, including adjustments for non-financial risk (risk adjustment). Future cash flows are adjusted for the time value of money and financial risk for claims expected to be paid within one year.

When a group of insurance contracts is onerous, the Group recognises a loss in profit or loss, adjusting the liability to equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage of the onerous group.

4.2.2 Investment Contracts

Investment contracts are recognised as financial liabilities at fair value in the Statement of Financial Position when the Group becomes a party to their contractual provisions. Contributions from policyholders are accounted for as deposits, not recognised in profit or loss. Amounts paid to policyholders are deducted from investment contract liabilities.

All investment contracts issued by the Group are designated as fair value through profit or loss, reducing measurement inconsistency, as the backing assets are measured at fair value. Changes in the fair value of investment contracts are included in profit or loss in the period they arise. The fair value change represents the change in the fair value of the assets linked to these contracts. The investment contract liability equals the assets' fair value in the unitised fund underlying the policies, reflecting the value of units held by each policyholder.

Receivables and Payables Related to Investment Contracts

Amounts due from and to policyholders and agents in respect of investment contracts are included in other receivables and payables.

GROUP ACCOUNTING POLICIES (continued)

Presentation

The Group separately presents in the statement of financial position the carrying amount of portfolios of insurance contracts issued (liabilities) and reinsurance contracts held (assets). In the statement of profit or loss and other comprehensive income, the Group disaggregates amounts into an insurance service result (comprising insurance revenue and service expenses) and insurance finance income or expenses. The change in risk adjustment for non-financial risk is included entirely in the insurance service result.

The Group does not disaggregate insurance finance income or expenses into profit or loss; and other comprehensive income. Income or expenses from reinsurance contracts held are presented separately from those of insurance contracts issued.

The PPS Profit-share account is presented separately as part of Life contracts with DPf.

5. Foreign Currency Translation

5.1 Transactions and Balances

The consolidated financial statements are presented in Rands (the Group's presentation currency as per IFRS). Foreign currency transactions are translated into Rands using the exchange rates at the transaction dates. Foreign exchange gains and losses from settling such transactions and translating monetary assets and liabilities at year-end rates are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Translation differences on non-monetary items, such as equities at fair value through profit or loss, are included in the fair value gain or loss.

5.2 Group Companies

For Group entities with a functional currency different from the presentation currency:

- Assets and liabilities are translated at the closing rate of the latest statement of financial position.
- Income and expenses are translated at average exchange rates (or the transaction dates if the average isn't reasonable).
- Resulting exchange differences are recognised in Profit-Share liability.

6. Direct and Indirect Tax

Direct tax includes South African and foreign corporate tax payable and capital gains tax.

Current tax is based on the year's results, using enacted or substantively enacted tax rates by the reporting date in each jurisdiction.

Tax for the South African life insurance operations is determined using the five-fund method applicable to life insurance companies.

7. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and demand deposits with banks and similar instruments.

8. Property and Equipment

Owner-occupied property, used for administrative purposes and capital appreciation, is initially recorded at cost and subsequently shown at fair value based on annual external valuations.

The revalued amount is depreciated for the year and the net carrying amount is stated fair value at subsequent year end. The revaluation movement is allocated to the revaluation reserve, mirrored by insurance policy liabilities changes. Revaluation changes are recognised through other comprehensive income. Other fixed assets are stated at historical cost less depreciation, which includes direct acquisition costs. Subsequent costs are capitalised only if future economic benefits are probable and measurable. Repairs and maintenance are charged to profit or loss as incurred.

Depreciation is calculated on a straight-line basis over estimated useful lives:

- Buildings: 50 years
- Vehicles: 5 years
- Computer hardware: 3 years
- Furniture and fittings: 6 years
- Office equipment: 5 years
- Leasehold improvements: the lesser of 5 years or the lease term
- Right-of-use assets: the lesser of the asset life or lease term

GROUP ACCOUNTING POLICIES (continued)

Land is not depreciated. Residual values and useful lives are reviewed annually. An asset's carrying amount is written down to its recoverable amount if impaired. Gains and losses on disposals are included in the Statement of Profit or Loss and Other Comprehensive Income.

9. Intangible Assets

Computer Software Development Costs

Software development costs are recognised as an intangible asset if:

- Completion is technically feasible and intended.
- The software can be used or sold.
- Future economic benefits are probable.
- Adequate resources to complete development are available.
- Expenditure during development is measurable.

Direct costs include qualifying development team costs. Acquired software is capitalised at acquisition cost. Capitalised software costs are amortised over their useful lives, not exceeding five years for developed software and three years for acquired software. Useful lives are reviewed annually. Other software costs are expensed as incurred.

Customer Relationships

Customer relationships, acquired as rights to income streams, are recognised at cost less accumulated amortisation and impairment. Amortisation is on a straight-line basis over an average useful life of eight years, estimated from the cancellation experience of the acquired business.

10. Investment Property

Investment properties are held for earning rental income and for capital appreciation. Initially recorded at cost, including transaction costs on acquisition. Subsequent expenditure is capitalised only when future economic benefits are probable and measurable.

Investment properties are valued annually by external independent valuers and adjusted to fair value as at the reporting date.

Gains or losses from fair value adjustments are included in the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses on disposal are recognised in the Statement of Profit or Loss and Other Comprehensive Income, calculated as the difference between the sale price and the carrying value.

11. Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if they will be recovered primarily through sale rather than continuing use. They are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification and subsequent gains and losses on remeasurement are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

12. Leases

Leases where a Group Entity is the Lessee

The Group leases various offices. Rental contracts are typically fixed for one month to five years and may contain lease and non-lease components. Consideration is allocated based on their relative stand-alone prices. Lease terms are negotiated individually and contain diverse terms and conditions.

GROUP ACCOUNTING POLICIES (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the lease commencement date.

The right-of-use asset comprise:

- a. the amount of the initial measurement of the lease liability;
- b. any lease payments made at or before the commencement date, less any lease incentives received;
- c. any initial direct costs incurred by the lessee; and
- d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

Lease liabilities include fixed payments, variable lease payments based on an index or rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise it, and payments of penalties for terminating the lease if the lease term reflects the Group exercising that option. Lease payments under extension options are also included.

Lease payments are discounted using the interest rate implicit in the lease or, if not readily determined, the Group's notional incremental borrowing rate. The notional incremental borrowing rate is determined using a build-up approach starting with a risk-free interest rate adjusted for credit risk and specific lease factors.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss to produce a constant periodic interest rate on the remaining liability balance. Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the asset's useful life.

Payments for short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Leases where a Group Entity is the Lessor

Rental income from investment property is recognised as revenue on a straight-line basis over the lease term. Rental income from investment property is classified as part of other income and recognised on a straight-line basis.

13. Impairment of Assets

Financial Assets

The Group assesses expected credit losses associated with debt instruments carried at amortised cost on a forward-looking basis. The loss allowance methodology depends on whether there has been a significant increase in credit risk. For receivables, the simplified approach requiring expected lifetime losses is applied.

Non-Financial Assets

Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators include continued losses, and changes in technology, market, economic, legal, and operating environments.

An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount, measured using the higher of fair value less costs to sell and value-in-use. The carrying amount is reduced by the impairment loss, recognised in the Statement of Profit or Loss and Other Comprehensive Income.

If a subsequent decrease in impairment loss can be objectively related to an event after recognition, the previously recognised impairment loss is reversed by adjusting the impairment provision account, recognising the reversal in the Statement of Profit or Loss and Other Comprehensive Income.

GROUP ACCOUNTING POLICIES (continued)

14. Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised on initial recognition of assets and liabilities where it does not impact accounting or taxable profit. Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. For Investment Property measured at fair value, deferred tax is provided at rates applicable to capital gains.

Deferred tax assets related to the carry forward of unutilised tax losses are recognised when it is probable that future taxable profit will be available against which the tax losses can be utilised. Deferred tax liabilities and assets are not discounted.

15. Employee Benefits

15.1 Retirement Obligations

The Group provides retirement benefits through a defined contribution provident fund, with assets held in a separate umbrella fund controlled by trustees appointed by the administrator.

15.2 Post-Retirement Medical Obligations

The Group provides unfunded post-retirement healthcare benefits for a small number of retirees, their spouses, and dependents. The present value of post-retirement medical aid employer contributions is actuarially determined using interest rates referencing the market yield of government bonds at the reporting date. An independent actuary performs annual valuations of the defined benefit obligation using the projected unit credit method.

Actuarial gains and losses from experience adjustments and changes in assumptions are charged or credited in the Statement of Profit or Loss and Other Comprehensive Income in the period they arise.

15.3 Termination Benefits

Termination benefits are recognised as an expense and liability when the Group has a present obligation related to termination.

15.4 Leave Pay Provision

The Group recognises employees' rights to annual leave entitlement in respect of past service accumulated at the reporting date.

15.5 Management Bonuses

Management bonuses are recognised as an expense in staff costs when probable and reliably measurable, arising from a contractual obligation but at the employer's discretion.

15.6 Retention Schemes

Long-term incentive and retention schemes are in place for qualifying employees, based on remaining in service for three to five years. The benefit growth under executive retention schemes is based on the five-year rolling historical average return of the PPS Profit-Share Account.

Other long-term employee benefits include those payable more than 12 months after the related service. These provisions are measured at present value using actuarial assumptions, with the discount rate being the yield of AA-rated government bonds at reporting date with similar maturity dates to the obligations. The projected unit credit method is used, with actuarial gains and losses recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period they arise.

GROUP ACCOUNTING POLICIES (continued)

16. Revenue

16.1 Other Income

Other income non-insurance business is measured at fair value of consideration received or receivable and recognised as services are rendered and the performance obligation (completion of service) to the customer is met.

Royalties are earned from a license agreement with PPS Mutual Australia. Long-term insurance policy administration services are rendered to Noble Oak, a long-term insurance company in Australia. Administration fees include fees charged to medical aid schemes for services rendered. Investment management fees include service fees for investment management services.

Financial advice and fiduciary service fees are earned for investment advice and activities related to will and estate planning.

These arrangements contain no significant financing components, revenue is earned at a point in time.

16.2 Investment Income

Investment income includes interest, dividends, and net fair value gains or losses on financial assets held at fair value through profit or loss. Interest is recognised on the effective interest method, including interest income on financial assets at fair value through profit or loss as part of the fair value movement. Dividends are recognised when declared.

16.3 Gains on Financial Assets and Investment Property

Gains on financial assets held at fair value through profit or loss, both realised and unrealised, from disposal or revaluation to fair values, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024

1. Fair value analysis of financial statement line items with a fair value

The tables analyse each class of financial statement line item per category as well as provide their fair values, where applicable.

Group						
R'm	Note	Financial assets and liabilities classified as fair value through profit or loss on initial recognition	Financial assets and liabilities at amortised cost	PPS Profit-Share accounts, insurance contracts and reinsurance contracts	Total carrying amount	Fair value
2024						
Equity securities ^(a)						
Local listed	7	19 243	–	–	19 243	19 243
International listed	7	12 613	–	–	12 613	12 613
Debt securities						
Government and local bonds	7	21 225	–	–	21 225	21 225
International listed	7	610	–	–	610	610
Unit trusts and pooled funds ^(a)	7	15 743	–	–	15 743	15 743
Reinsurance contract assets	9	–	–	1 290	1 290	1 290
Receivables ^(b)	13	–	2 190	–	2 190	2 190
Cash and cash equivalents	14	–	2 658	–	2 658	2 658
PPS Profit-Share accounts	10	–	–	(38 337)	(38 337)	(38 337)
Liability for remaining coverage and incurred claims		–	–	(7 536)	(7 536)	(7 536)
Qualifying policyholders' residual interest in the net assets of the PPS Group		–	–	(519)	(519)	(519)
Short-term insurance contract liabilities	9	–	–	(174)	(174)	(174)
Investment contract liabilities	15	(6 862)	–	–	(6 862)	(6 862)
Liabilities to unit trust holders	16	(21 902)	–	–	(21 902)	(21 902)
Reinsurance contract liabilities	9	–	–	(22)	(22)	(22)
Payables	20	–	(468)	–	(468)	(468)

^(a) Debt securities are designated at fair value through profit and loss and Equity securities and Unit trusts and pooled funds are mandatorily held at fair value through profit and loss.

^(b) Receivables excludes R46.0 million relating to prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

1. Fair value analysis of financial statement line items with a fair value (continued)

Group						
R'm	Note	Financial assets and liabilities classified as fair value through profit or loss on initial recognition	Financial assets and liabilities at amortised cost	PPS Profit-Share accounts, insurance contracts and reinsurance contracts	Total carrying amount	Fair value
2023						
Equity securities ^(a)						
Local listed	7	15 809	–	–	15 809	15 809
International listed	7	10 610	–	–	10 610	10 610
Debt securities		–	–	–	–	–
Government and local bonds	7	19 666	–	–	19 666	19 666
International listed	7	1 499	–	–	1 499	1 499
Unit trusts and pooled funds ^(a)	7	12 361	–	–	12 361	12 361
Reinsurance contract assets	9	–	–	1 565	1 565	1 565
Receivables	13	–	1 842	–	1 842	1 842
Cash and cash equivalents	14	–	2 958	–	2 958	2 958
PPS Profit-Share accounts	10	–	–	(34 684)	(34 684)	(34 684)
Liability for remaining coverage and incurred claims		–	–	(8 006)	(8 006)	(8 006)
Qualifying policyholders' residual interest in the net assets of the PPS Group		–	–	(272)	(272)	(272)
Short-term insurance contract liabilities	9	–	–	(138)	(138)	(138)
Investment contract liabilities	15	(5 529)	–	–	(5 529)	(5 529)
Liabilities to unit trust holders	16	(17 925)	–	–	(17 925)	(17 925)
Reinsurance contract liabilities	9	–	–	(17)	(17)	(17)
Payables	20	–	(303)	–	(303)	(303)

^(a) Debt securities are designated at fair value through profit and loss and Equity securities and Unit trusts and pooled funds are mandatorily held at fair value through profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

2. Property and equipment

	Owner-occupied property	Computer hardware	Vehicles, office furniture & equipment	Leasehold improvements	Right-of use-asset Buildings	Total
	R'm	R'm	R'm	R'm	R'm	R'm
Year ended 31 December 2023						
Opening net carrying value	469	28	17	4	38	556
Additions	11	26	6	–	9	52
Disposals: Cost	–	(14)	(9)	(2)	(14)	(39)
Disposals: Accumulated Depreciation	–	14	9	1	12	36
Depreciation charge	(16)	(17)	(6)	(2)	(29)	(70)
Revaluation surplus	11	–	–	–	–	11
Closing net carrying value	475	37	17	1	16	546
At 31 December 2023						
Cost or valuation	507	96	77	15	90	785
Accumulated depreciation	(32)	(59)	(60)	(14)	(74)	(239)
Net carrying value	475	37	17	1	16	546
Non-current	475	37	17	1	16	546
Year ended 31 December 2024						
Opening net carrying value	475	37	17	1	16	546
Additions	20	18	2	2	19	61
Reclassification to intangible assets	–	–	(2)	–	–	(2)
Disposals: Cost	–	(6)	(3)	–	(17)	(26)
Disposals: Accumulated Depreciation	–	6	2	–	15	23
Depreciation charge	(17)	(21)	(5)	(1)	(5)	(49)
Revaluation deficit	(25)	–	–	–	–	(25)
Closing net carrying value	453	34	11	2	28	528
At 31 December 2024						
Cost or valuation	453	108	74	17	92	744
Accumulated depreciation	–	(74)	(63)	(15)	(64)	(216)
Net carrying value	453	34	11	2	28	528
Non-current	453	34	11	2	28	528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

2. Property and equipment (continued)

Owner-occupied property

The revalued amount is depreciated for the year and the net carrying value is stated fair value at the subsequent year-end. The land and buildings revaluation surplus/(deficit) represents the capital appreciation/(depreciation) on the owner-occupied properties. As the properties are held to back insurance policy liabilities, with discretionary participation features, the movement in insurance policy liabilities as a result of the revaluation is recognised in other comprehensive income.

Deferred tax has been recognised on the revaluation difference arising on owner-occupied property owned by PPS Insurance Company Limited, based on the amounts and at the rate applicable to recovery through use.

Owner-occupied property is carried at fair value and is classified as level 3 in terms of the IFRS 13 hierarchy.

All of the Group's owner-occupied property consisting of office blocks situated at 6 and 7 Anerley Road, Parktown, and PPS Centurion Square were valued at 31 December 2024 by Quadrant Properties (Pty) Limited.

Independent valuations were performed using the discounted cash flow of future income stream method. The discounted cash flow method takes projected cash flows and discount them at a rate which is consistent with comparable market transactions. Property valuations are based on market assumptions including capitalisation rates, and revenue/expense escalation.

If the owner-occupied properties were stated on a historical cost basis, the amounts would be as follows:

	Group	
	2024	2023
	R'm	R'm
Valuation	490	471
Depreciation	(81)	(70)
Net carrying value as at 31 December	409	401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

2. Property and equipment (continued)

Leases

The Statement of Financial Position includes the following amounts related to leases:

	Group	
	2024	2023
	R'm	R'm
Right-of-use assets (included in property and equipment)		
Buildings	28	16
Lease Liabilities (note 20)		
Current	10	17
Non-Current	21	15
Total lease liabilities	31	32

The Statement of Profit and Loss and Other Comprehensive Income includes the following amounts related to leases:

	Group	
	2024	2023
	R'm	R'm
Depreciation – Right-of-use assets: Buildings (included in expenses – Note 26)	(5)	(29)
Interest expense (included in finance costs – Note 28)	6	3
Expenses relating to short-term leases (included in expenses – Note 26)	12	6

The total cash outflow for leases including finance costs in 2024 was R23 million (2023: R22.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

3. Investment property

		Group	
		2024	2023
		R'm	R'm
Opening balance		285	327
Additions		4	1
Revaluation deficit		(20)	(14)
Transfer to assets held for sale		–	(29)
Net carrying value at the end of year		269	285

Investment properties were valued externally using the discounted cash flow of future income stream method. Investment property is carried at fair value and is classified as level 3 in terms of the IFRS 13 hierarchy. The properties have been Independently valued by an external valuer at 31 December 2024.

Amounts recognised in profit or loss

Rental income generated by the Group from income-generating properties during 2024 was R40.6 million (2023: R40.3 million) and is included in Other income. The direct operating expenses arising from investment property that generated rental income incurred during 2024 was R47.1 million (2023: R48.3 million).

The table below indicates sensitivity of the aggregate market value for changes in the exit capitalisation rate and discount rate for investment properties and owner-occupied properties (Included in Note 2):

		Group
		2024
		R'm
Exit capitalisation rate		
Lower limit decrease: 1%		40
Upper limit increase: 1%		(43)
Discount rate		
Lower limit: -1%		20
Upper limit: 1%		(30)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

3. Investment property (continued)

Key Assumptions used in the calculation of fair value adjustments for investment property and owner-occupied property:

Property	Key unobservable input	2024	2023
Erf 50 Verwoerdburgstad (Centurion Square)	Discount rate	15.25%	15.75%
	Exit Capitalisation rate	10.75%	10.50%
Erf 748 Hatfield (Capital Junction)	Discount rate	15.75%	16.25%
	Exit Capitalisation rate	11.25%	11.00%
Erf 983 Constantia Kloof Ext 6 (Abbott Constantia Kloof)	Discount rate	16.50%	16.75%
	Exit Capitalisation rate	12.00%	11.75%
Erf 14289 Somerset West (Triangle Point)	Discount rate	15.00%	15.50%
	Exit Capitalisation rate	10.50%	10.25%
Erf 709 Hatfield (Capital Junction Harrogate)	Discount rate	16.50%	17.00%
	Exit Capitalisation rate	12.00%	11.75%
Erf 197 Portion 18 Dunkeld West (Bompass Road)	Discount rate	15.00%	15.75%
	Exit Capitalisation rate	10.50%	10.50%
Erf 193 Parktown (11 Eton Road)	Discount rate	15.25%	15.25%
	Exit Capitalisation rate	11.25%	10.75%
Erf 212 Parktown (5 Winchester Road)	Discount rate	16.00%	16.50%
	Exit Capitalisation rate	11.75%	11.25%
Erf 917 Parktown (7 Anerley Road S4 & 8-13)	Discount rate	15.25%	15.75%
	Exit Capitalisation rate	10.75%	10.50%
Erf 917 Parktown (6 Anerley Road)	Discount rate	14.50%	14.60%
	Exit Capitalisation rate	10.00%	10.00%
Erf 981 Olivedale Ext 18 (Diebold Meadowbrook)	Discount rate	14.50%	15.25%
	Exit Capitalisation rate	9.75%	10.00%

The independent valuer is Quadrant Properties (Pty) Ltd. The valuation technique used to value the properties is the discounted cashflow method.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase if:

- expected market rental growth were higher;
- the occupancy rate was higher;
- rent-free periods were shorter; or
- the risk-adjusted discount rate was lower.

The fair value would decrease if the inverse of the events listed above occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

4. Non-Current Assets held for sale

		Group	
		2024	2023
		R'm	R'm
Opening net carrying value		29	-
Transfer from Investment property		-	29
Disposals		(29)	-
Closing net carrying value		-	29

Erf 651, 13 Eton Road was sold on 31 October 2024.

The asset held for sale was stated at fair value less costs to sell prior to the sale. The fair value measurement of the non-current asset held for sale was categorised as a Level 3 fair value, based on the inputs to the valuation technique used. The non-current asset held for sale was valued using the discounted cash flows of future income stream method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

5. Intangible assets

	Computer Software	Customer Relationships	Total
	R'm	R'm	R'm
Year ended 31 December 2023			
Opening net carrying value	258	6	264
Additions	83	–	83
Obsolete and written off: Cost	(22)	–	(22)
Obsolete and written off: Accumulated amortisation	18	–	18
Amortisation	(78)	(1)	(79)
Closing net carrying value	259	5	264
At 31 December 2023			
Cost	547	9	556
Accumulated amortisation and impairment	(288)	(4)	(292)
Net carrying value at end of year	259	5	264
Year ended 31 December 2024			
Opening net carrying value	259	4	263
Additions	140	–	140
Obsolete and written off: Cost	(126)	–	(126)
Obsolete and written off: Accumulated amortisation	110	–	110
Amortisation	(88)	(1)	(89)
Reclassification from property and equipment	2	–	2
Closing net carrying value	297	3	300
At 31 December 2024			
Cost	556	9	565
Accumulated amortisation and impairment	(259)	(6)	(265)
Net carrying value at end of year	297	3	300

Computer Software includes capitalised development costs that is internally developed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

6. Investment in Associates and Joint Ventures

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
2024			
Carrying amount of equity investment	169	10	179
Total investment in joint ventures (non-current) ^(a)	169	10	179

(a) Represents the carrying value after equity-accounted profit.

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
2023			
Carrying amount of equity investment	167	4	171
Total investment in joint ventures (non-current)	167	4	171

PPS Insurance Company holds a 10% interest in Ausmanco (Pty) Ltd and accounts for this investment as a joint venture on the basis of exercising joint control through its Board representation and shareholder voting rights. Ausmanco (Pty) Ltd is a strategic partnership for the Group, providing local management expertise to assist with the management of PPS Mutual in Australia. The principal place of business is Australia.

The Group also has a 49% equity interest, with equal voting power, in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture in the business of healthcare administration and risk management services in Botswana. The principal place of business is Botswana.

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
2024			
Opening balance	167	4	171
Share of profit after tax and other income	2 ^(a)	6 ^(b)	8
Closing Balance	169	10	179

(a) Translated at average rate of AUD/ZAR at 11.8012

(b) Translated at average rate of BWP/ZAR at 1.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

6. Investment in Associates and Joint Ventures (continued)

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
2023			
Opening balance	–	–	–
Additions	166 ^(a)	* ^(c)	166
Share of profit after tax and other income	1 ^(b)	4 ^(d)	5
Closing Balance	167	4	171

* Denotes a value less than R1 million

(a) Translated at transaction spot rate of AUD/ZAR at 12.7954

(b) Translated at average rate of AUD/ZAR at 12.2587

(c) Translated at transaction spot rate of BWP/ZAR at 1.3677 on 31 March 2023 and BWP/ZAR at 1.3879 on 31 November 2023

(d) Translated at average rate of BWP/ZAR at 1.3651

The table below provides summarised financial information for the Group's joint ventures. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not PPS's share of those amounts.

	2024		
	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Summarised statement of comprehensive income			
Revenue	22	92	114
Interest income	3	–	3
Interest expense	(3)	–	(3)
Depreciation expense	–	(4)	(4)
Income tax expense	(5)	(6)	(11)
Net profit for the year	16	13	29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

6. Investment in Associates and Joint Ventures (continued)

2023			
	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Summarised statement of comprehensive income			
Revenue	10	49	59
Interest income	2	–	2
Interest expense	–	(1)	(1)
Income tax expense	–	(3)	(3)
Net profit for the year	8	11	19
2024			
	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Summarised statement of financial position			
Current assets	34	29	63
Non-current assets	36	7	43
Current liabilities	(4)	(14)	(18)
Non-current liabilities	(36)	(1)	(37)
Net assets	30	21	51
Current assets: Cash and Cash Equivalents	2	15	17
Non-current liabilities: Lease liabilities	–	(1)	(1)
Non-current liabilities: Long-term borrowing	(36)	–	(36)
Carrying amount of equity investment	169	10	179
Dividends received	1	–	1

Ausmanco (Pty) Ltd and Health Risk Management Botswana (Pty) Ltd have a financial year-end of 30 June. The information included in the summary is based on the management accounts for the 12 months ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

6. Investment in Associates and Joint Ventures (continued)

	2023		
	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Summarised statement of financial position			
Current assets	27	18	45
Non-current assets	36	9	45
Current liabilities	(2)	(10)	(12)
Non-current liabilities	(36)	(10)	(46)
Net assets	25	7	32

Other associates

PPS Insurance Company has significant influence over PPS Mutual Limited Group Australia and PPS New Zealand through the board representation but does not own any shares. As a result, it has no entitlement to the Group's profits, losses or net assets impaired.

Financial Earnings

For the year, PPS Insurance earned:

- R22.0 million (2023: R24.5 million) in royalties (a)
- R40.0 million (2023: R30.9 million) in administration fees
- R67.4 million (2023: R53.1 million) in interest from loan funding for PPS Mutual Australia and R9.7 million for PPS New Zealand.

(a) The 2023 royalties represent 18 months of royalties, whereas 2024 reflects 12 months.

Loan Funding

The total loan funding provided to PPS Mutual Limited Group Australia amounts to R890.8 million (2023: R760.1 million), of which R234.4 million has been impaired, consistent with 2023. The total loan funding provided to PPS New Zealand amounts to R155.4 million and related party balance of R33.9 million (2023: R29.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

7. Financial assets – investments at fair value through profit or loss

	Group	
	2024	2023
	R'm	R'm
Financial assets attributable to the Group	49 741	44 480
Financial assets attributable to outside unit trust holders	19 693	15 465
Total financial assets at fair value through profit or loss	69 434	59 945
Analysis of financial assets held at fair value through profit or loss		
Level 1 fair value financial assets		
Equity securities:		
Local listed	19 243	15 809
International listed	12 613	10 610
Total level 1 fair value financial assets	31 856	26 419
Level 2 fair value financial assets		
Debt securities – fixed interest rate:		
Government bonds and local listed	21 225	19 666
International listed	610	1 499
Total debt securities	21 835	21 165
Unit trusts and pooled funds:		
Local unit trusts and pooled funds	8 808	7 443
International equity unit trusts	6 063	4 775
International fixed interest unit trusts	773	102
Total Unit trusts and pooled funds	15 644	12 320
Total level 2 fair value financial assets	37 479	33 485
Level 3 fair value financial assets		
Unit trusts and pooled funds:		
Local unlisted	99	41
Total level 3 fair value financial assets	99	41
Total financial assets at fair value through profit or loss	69 434	59 945

At 31 December 2024, investments classified as Level 2 comprise approximately 54.0% (2023: 55.9%) of financial assets measured at fair value through profit or loss. Debt securities are classified as level 2 as directly observable market inputs other than level 1 have been used to value these financial assets. The observable inputs used to determine the fair value of unit trusts and pooled funds classified as Level 2 are the unit prices published by the unit trust fund managers. The investments classified as Level 3 comprise less than 0.1% (2023: 0.1 %) of financial assets measured at fair value through profit or loss and represents the Group's investment in the Old Mutual Midina Fund and Old Mutual Education Investment Impact Fund of South Africa Proprietary Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

7. Financial assets – investments at fair value through profit or loss (continued)

The following valuation approaches are applied for the subsequent measurement of the fair value of the underlying investments of the Old Mutual Midina Fund:

- Discounted cash flow model
- Comparable company valuation multiples
- Comparable market pricing

Inter-relationship between key unobservable inputs and Level 3 fair value measurement:

Key unobservable input	Fair value measurement impact
Future cash flows	Higher cash flows = Higher fair value
Discount rate	Lower discount rate = higher fair value
Adjustment to multiples comparable companies	Higher multiple = Higher fair value
Market value of properties not completed	Higher estimated value = higher fair value
Comparable sales of houses in the area	Higher comparable sales value = higher fair value

The fair value of the Level 3 investments is determined using the unit price.

International investments denominated in foreign currencies were translated to Rands at the closing exchange rates at 31 December of:

\$1 = R18.87 (2023: \$1 = R18.28)

N\$1 = R1.00 (2023: N\$1 = R1.00)

	Group	
	2024	2023
	R'm	R'm
Analysis of movements in financial assets held at fair value through profit or loss:		
Opening balance	59 945	53 898
Additions	57 255	88 049
Disposals	(51 863)	(86 467)
Fair value net gains/(losses)	3 366	3 612
Accrued interest	377	409
Foreign currency translation gains	354	444
Closing balance	69 434	59 945
The spread of investments by sector:		
Industrial: Consumer capital, retail and supportive services (%)	23.3%	39.3%
Financial: Banks, investment fund and real estate companies (%)	45.8%	35.9%
Resources: Energy, utilities and government bonds (%)	30.9%	24.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

7. Financial assets – investments at fair value through profit or loss (continued)

	Group	
	2024	2023
	R'm	R'm
Analysis of Level 2 financial assets held at fair value through profit or loss:		
<i>Maturity profile of fixed interest investments:</i>		
Due in one year or less	2 539	2 262
Due between one year and five years	6 894	6 987
Due between 5 years and 10 years	4 663	4 162
Due after 10 years	7 739	7 754
	21 835	21 165

Cash proceeds on disposal of financial assets presented in the Consolidated Statement of Cash Flows

	2024	2023
	R'm	R'm
Disposals	51 863	86 467
Net realised gains on disposal of financial assets	2 360	285
Redemptions by outside unit trust holders	(1 668)	(1 860)
Foreign exchange realised gains on financial assets	–	117
Non-cash disposals: script transfers and Life funds (Note 32)	(1 908)	(5 975)
Proceeds on disposal of financial assets	50 647	79 034

Cash purchases of financial assets presented in the Consolidated Statement of Cash Flows

	2024	2023
	R'm	R'm
Acquisitions	57 255	88 049
Investments by outside unit trust holders	(3 318)	(2 793)
Non-cash acquisitions: script transfers and Life funds (Note 32)	(1 871)	(5 948)
Non-cash dividends re-invested (Note 32)	(74)	(69)
Non-cash interest re-invested (Note 32)	(92)	(176)
Cash purchases of financial assets	51 900	79 063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities

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

Non-life risk	Short-Term Insurance Motor & Household			Short-Term Insurance Healthcare Professional Indemnity			
	Liabilities for incurred claims			Liabilities for incurred claims			
2024 R'm	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	Total
Insurance contract liabilities as at 1 January	–	36	1	2	87	12	138
Insurance revenue							
Insurance contracts	(2)	–	–	(136)	–	–	(138)
Insurance service expenses							
Incurred claims and other directly attributable expenses	–	142	–	–	37	15	194
Changes that relate to past service	–	(9)	–	–	(12)	–	(21)
Insurance service result	(2)	133	–	(136)	25	15	35
Finance expenses from insurance contracts issued	–	1	–	–	4	1	6
Total amounts recognised in profit or loss	(2)	134	–	(136)	29	16	41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk	Short-Term Insurance Motor & Household Liabilities for incurred claims			Short-Term Insurance Healthcare Professional Indemnity Liabilities for incurred claims			Total
	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	
2024 R'm							
Cash flows							
Premiums received	2	–	–	139	–	–	141
Claims and other directly attributable expenses	–	(136)	–	–	(10)	–	(146)
Total cash flows	2	(136)	–	139	(10)	–	(5)
Insurance contract liabilities as at 31 December	–	34	1	5	106	28	174
Current							118
Non-Current							56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk		Short-Term Insurance Motor & Household			Short-Term Insurance Healthcare Professional Indemnity			
		Liabilities for incurred claims			Liabilities for incurred claims			
		Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
2023								
R'm								
Insurance contract liabilities as at 1 January		-	32	1	2	66	17	118
Insurance revenue								
Insurance contracts		(2)	-	-	(101)	-	-	(103)
Insurance service expenses								
Incurred claims and other directly attributable expenses		-	134	6	-	30	(6)	164
Changes that relate to past service		-	(2)	(6)	-	(31)	-	(39)
Insurance service result		(2)	132	-	(101)	(1)	(6)	22
Finance expenses/(income) from insurance contracts issued		-	-	-	-	4	1	5
Total amounts recognised in profit or loss		(2)	132	-	(101)	3	(5)	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk			Short-Term Insurance Motor & Household			Short-Term Insurance Healthcare Professional Indemnity		
			Liabilities for incurred claims			Liabilities for incurred claims		
2023 R'm	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	
Cash flows								
Premiums received	2	-	-	101	-	-	103	
Claims and other directly attributable expenses	-	(128)	-	-	(3)	-	(131)	
Total cash flows	2	(128)	-	101	(3)	-	(28)	
Other movements	-	-	-	-	21	-	21	
Insurance contract liabilities as at 31 December	-	36	1	2	87	12	138	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.2 Short-Term Insurance contracts – assumptions

Liability for remaining coverage

Insurance acquisition cash flows

The Group is eligible and chooses to recognise acquisition cash flows as an expense immediately as incurred for the short-term insurance contracts issued. This is because all insurance contracts issued have a coverage period of one year or less.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods, as well as an expected Ultimate Loss Ratio method.

The main assumption underlying these techniques is that a group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims are analysed by origin period. Large or catastrophe claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their

future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future to arrive at the estimated ultimate cost of claims that present the expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Group also has the right to pursue third parties for payment of some or all costs in certain instances. Estimates of salvage recoveries and subrogation reimbursements are considered in the measurement of ultimate claims costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.2 Short-Term Insurance contracts – assumptions (continued)

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined with reference to the yields published by the Prudential Authority and prescribed for use within the Prudential Standards.

Discount rates applied for discounting of future cash flows are listed below:

		1 year			3 year		
Product	Currency	2022	2023	2024	2022	2023	2024
Personal Lines	ZAR	8.1%	8.6%	7.6%	8.7%	8.9%	8.8%
Commercial Lines	ZAR	8.1%	8.6%	7.6%	8.7%	8.9%	8.8%
Health Professional Indemnity	ZAR	8.1%	8.6%	7.6%	8.7%	8.9%	8.8%

		5 year			10 year		
Product	Currency	2022	2023	2024	2022	2023	2024
Personal Lines	ZAR	9.6%	9.7%	9.3%	11.9%	12.1%	11.1%
Commercial Lines	ZAR	9.6%	9.7%	9.3%	11.9%	12.1%	11.1%
Health Professional Indemnity	ZAR	9.6%	9.7%	9.3%	11.9%	12.1%	11.1%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at least at the 60th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to at least the 60th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.3 Claims development

Disclosure of actual claims compared with previous estimates

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the below claims development disclosure as at 31 December 2024:

R'm	Accident year						Total
	2019	2020	2021	2022	2023	2024	
Gross of reinsurance							
Estimates of undiscounted gross cumulative claims	112	111	92	146	167	185	813
At end of accident year	122	104	121	164	198	185	-
One year later	116	113	114	153	167	-	-
Two years later	116	99	104	146	-	-	-
Three years later	112	100	92	-	-	-	-
Four years later	113	111	-	-	-	-	-
Five years later	112	-	-	-	-	-	-
Cumulative gross claims paid and other directly attributable expenses paid	109	101	89	118	128	116	661
Gross cumulative claims liabilities for accident years	3	10	3	28	39	69	152
Effect of discounting							(14)
Gross liabilities for incurred claims	3	10	3	28	39	69	138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

8. Short-Term Insurance liabilities (continued)

8.3 Claims development (continued)

	Accident year						
R'm	2019	2020	2021	2022	2023	2024	Total
Net of reinsurance							
Estimates of undiscounted net cumulative claims	109	97	89	118	129	147	689
At end of accident year	116	88	94	122	139	147	-
One year later	110	87	92	119	129	-	-
Two years later	109	86	91	118	-	-	-
Three years later	109	87	89	-	-	-	-
Four years later	109	97	-	-	-	-	-
Five years later	109	-	-	-	-	-	-
Cumulative net claims paid and other directly attributable expenses paid	109	95	88	114	124	115	645
Gross cumulative claims liabilities for accident years	-	2	1	4	5	33	45
Effect of discounting							(2)
Net liabilities for incurred claims	-	2	1	4	5	32	43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

9. Insurance contract liabilities and reinsurance contracts

9.1 Portfolios of insurance and reinsurance contract assets and liabilities

	2024				2023			
R'm	PPS Profit-Share accounts and insurance contract liabilities	Reinsurance contract assets	Short-Term insurance contract liabilities	Reinsurance contract liabilities	PPS Profit-Share accounts and insurance contract liabilities	Reinsurance contract assets	Short-Term insurance contract liabilities	Reinsurance contract liabilities
Life Risk: Participating	45 320	-	-	-	41 076	-	-	-
Life Risk: Non-participating	1 072	-	-	-	1 886	-	-	-
Short-term products	-	-	174	-	-	-	138	-
Life Risk: Reinsurance contract held	-	1 174	-	-	-	1 479	-	-
Short-term: Reinsurance contract held	-	116	-	22	-	86	-	17
Total	46 392	1 290	174	22	42 962	1 565	138	17
Note	10.1, 10.2 ,12	11.1, 11.2, 11.3	8.1	11.3	10.1, 10.2 ,12	11.1, 11.2, 11.3	8.1	11.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

9. Insurance contract liabilities and reinsurance contracts (continued)

9.2 Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts for the year.

Insurance contracts

2024 R'm	Profitable contracts		
	Life Risk: Participating	Life Risk: Non-participating	Total
Claims and other insurance service expenses payable	3 156	23	3 179
Insurance acquisition cash flows	656	7	663
Estimates of present value of cash outflows	3 812	30	3 842
Estimates of present value of cash inflows	(4 173)	(56)	(4 229)
Risk adjustment for non-financial risk	361	1	362
CSM	–	25	25
Losses recognised on initial recognition	–	–	–

2023 R'm	Profitable contracts		
	Life Risk: Participating	Life Risk: Non-participating	Total
Claims and other insurance service expenses payable	248	78	326
Insurance acquisition cash flows	621	9	630
Estimates of present value of cash outflows	869	87	956
Estimates of present value of cash inflows	(1 151)	(183)	(1 334)
Risk adjustment for non-financial risk	282	3	285
CSM	–	93	93
Losses recognised on initial recognition	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

9. Insurance contract liabilities and reinsurance contracts (continued)

9.2 Effect of contracts initially recognised in the year (continued)

Reinsurance contracts

2024 R'm	Contracts without loss-recovery component	Total
Estimates of present value of cash inflows	(463)	(463)
Estimates of present value of cash outflows	525	525
Risk adjustment for non-financial risk	(25)	(25)
CSM	(37)	(37)
Income recognised on initial recognition	—	—
2023 R'm	Contracts without loss-recovery component	Total
Estimates of present value of cash inflows	(642)	(642)
Estimates of present value of cash outflows	726	726
Risk adjustment for non-financial risk	(26)	(26)
CSM	(58)	(58)
Income recognised on initial recognition	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

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

The following table presents the reconciliation from the opening to the closing balances of the liability for the remaining coverage and the liability for incurred claims component:

2024 R'm	Life Risk: Participating			Life Risk: Non-participating		Total
	Liability for remaining coverage excluding Profit- Share accounts	PPS Profit- Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	
Insurance contract liabilities as at 1 January	4 955	34 684	1 435	1 774	114	42 962
Insurance revenue	(4 423)	–	–	(635)	–	(5 058)
Contracts under the fair value transition approach	(125)	–	–	(605)	–	(730)
Other insurance contracts	(4 298)	–	–	(30)	–	(4 328)
Insurance service expenses						
Incurred claims and other directly attributable expenses	–	–	4 465	–	303	4 768
Insurance acquisition cash flows amortisation	(25)	–	25	–	–	–
Total Insurance service expenses	(25)	–	4 490	–	303	4 768
Insurance service result	(4 448)	–	4 490	(635)	303	(290)
Finance expenses (income) from insurance contracts issued	(548)	–	–	(484)	–	(1 032)
Total amounts recognised in profit or loss	(4 996)	–	4 490	(1 119)	303	(1 322)
Movements related to PPS Profit-Share accounts						
Cessation benefits: PSA	–	(1 901)	1 901	–	–	–
Early access charges	–	(21)	–	–	–	(21)
Year end allocations	–	5 574	16	–	–	5 590
Total movements related to the PPS Profit-Share Account	–	3 652	1 917	–	–	5 569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2024 R'm	Life Risk: Participating			Life Risk: Non-participating		Total
	Liability for remaining coverage excluding Profit- Share accounts	PPS Profit- Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	
Transfers						
Transfer to Property, plant and equipment	-	-	(20)	-	(1)	(21)
Transfer to Intangible assets	-	-	(35)	-	(2)	(37)
Transfer to Employee related obligations	-	-	(101)	-	(4)	(105)
Transfer from Revaluation reserve	9	-	-	-	-	9
Total transfers	9	-	(156)	-	(7)	(154)
Expected Deferred Acquisition Costs	(630)		630	-	-	-
Other movements	168	-	(19)	(20)	(27)	102
Cash flows						
Premiums received	6 229	-	-	357	-	6 586
Claims and other directly attributable expenses	-	-	(4 339)	-	(284)	(4 623)
PPS Profit-Share accounts paid to policyholders	-	-	(2 204)	-	-	(2 204)
Insurance acquisition cash flows	-	-	(507)	-	(17)	(524)
Total cash flows	6 229	-	(7 050)	357	(301)	(765)
Insurance contract liabilities at 31 December	5 735	38 336	1 247	992	82	46 392
Current						1 428
Non-Current						44 964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2023 R'm	Life Risk: Participating			Life Risk: Non-participating		Total
	Liability for remaining coverage excluding Profit- Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	
Insurance contract liabilities as at 1 January	4 986	32 293	1 001	1 457	86	39 823
Insurance revenue	(4 255)	-	-	(595)	-	(4 850)
Contracts under the fair value transition approach	(122)	-	-	(578)	-	(700)
Other insurance contracts	(4 133)	-	-	(17)	-	(4 150)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	4 552	-	391	4 943
Insurance acquisition cash flows amortisation	(43)	-	43	(1)	1	-
Total Insurance service expenses	(43)	-	4 595	(1)	392	4 943
Insurance service result	(4 298)	-	4 595	(596)	392	93
Finance expenses (income) from insurance contracts issued	(1 286)	-	-	593	-	(693)
Total amounts recognised in profit or loss	(5 584)	-	4 595	(3)	392	(600)
Movements related to PPS Profit-share accounts						
Cessation benefits: PSA	-	(2 114)	2 114	-	-	-
Early access charges	-	(27)	-	-	-	(27)
Year end allocations	-	4 532	45	-	-	4 577
Total movements related to the PPS Profit Share Account	-	2 391	2 159	-	-	4 550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	Life Risk: Participating			Life Risk: Non-participating		Total
	Liability for remaining coverage excluding Profit- Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	
2023						
R'm						
Transfers						
Transfer to Property, plant and equipment	-	-	(27)	-	(1)	(28)
Transfer to Intangible assets	-	-	(57)	-	(14)	(71)
Transfer to Employee related obligations	-	-	(80)	-	(4)	(84)
Transfer from Revaluation reserve	(4)	-	-	-	-	(4)
Total transfers	(4)	-	(164)	-	(19)	(187)
Other movements	(297)	-	(35)	-	516	184
Cash flows						
Premiums received	5 854	-	-	320	-	6 174
Claims and other directly attributable expenses	-	-	(3 464)	-	(848)	(4 312)
PPS Profit-share accounts paid to policyholders	-	-	(1 948)	-	-	(1 948)
Insurance acquisition cash flows	-	-	(709)	-	(13)	(722)
Total cash flows	5 854	-	(6 121)	320	(861)	(808)
Insurance contract liabilities at 31 December	4 955	34 684	1 435	1 774	114	42 962
Current						1 274
Non-Current						41 689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.2 Reconciliation of measurement components of insurance contract liabilities

2024 R'm	Life Risk: Participating			Life Risk: Non-Participating				Total
						CSM		
	Estimates of present value of future cash flows	PPS Profit- Share accounts	Risk adjustment for non- financial risk	PV of future cash flows	Risk adjustment for non- financial risk	Contracts under fair value transition approach	Other insurance contracts	
Insurance contract liabilities as at 1 January	1 512	34 685	4 878	(5 406)	459	6 455	380	42 962
Changes that relate to current service								
CSM recognised for the services provided	-	-	-	-	-	(429)	(31)	(460)
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	-	-	28	-	7	-	-	35
Experience adjustments – relating to insurance service expenses	327	-	-	(257)	-	-	-	70
	327	-	28	(257)	7	(429)	(31)	(355)
Changes that relate to past service								
Experience adjustments - premiums that relate to past service	(313)	-	-	378	-	-	-	65
Insurance service results	14	-	28	121	7	(429)	(31)	(290)
Finance expenses (income) from insurance contracts issued	(1 019)	-	472	(901)	-	398	18	(1 032)
Total amounts recognised in profit or loss	(1 005)	-	500	(780)	7	(31)	(13)	(1 322)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

2024 R'm	Life Risk: Participating			Life Risk: Non-Participating				Total
						CSM		
	Estimates of present value of future cash flows	PPS Profit- Share accounts	Risk adjustment for non- financial risk	PV of future cash flows	Risk adjustment for non- financial risk	Contracts under fair value transition approach	Other insurance contracts	
Movements related to PPS Profit-Share accounts								
Cessation benefits: PSA	1 901	(1 901)	–	–	–	–	–	–
Early access charges	-	(21)	–	–	–	–	–	(21)
Year end allocations	16	5 574	–	–	–	–	–	5 590
Total movements related to the PPS Profit-Share Account	1 917	3 652	–	–	–	–	–	5 569
Transfers	(147)	–	–	(7)	–	–	–	(154)
Changes that adjust the CSM through the statement of financial position	–	–	–	1 026	62	(1 105)	17	–
Changes that adjust the Risk Adjustment through the statement of financial position	–	–	–	(28)	28	–	–	–
Other movements	148	–	–	(47)	–	–	–	101
Cash flows								
Premiums received	6 229	–	–	357	–	–	–	6 586
Claims and other directly attributable expenses	(4 339)	–	–	(284)	–	–	–	(4 623)
Cessation benefits: PSA	(2 204)	–	–	–	–	–	–	(2 204)
Insurance acquisition cash flows	(507)	–	–	(17)	–	–	–	(524)
Total cash flows	(821)	–	–	56	–	–	–	(765)
Insurance contract liabilities at 31 December	1 604	38 337	5 378	(5 186)	556	5 319	384	46 392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

2023 R'm	Life Risk: Participating			Life Risk: Non-Participating				Total
						CSM		
	Estimates of present value of future cash flows	PPS Profit share accounts	Risk adjustment for non-financial risk	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other insurance contracts	
Insurance contract liabilities as at 1 January	(155)	32 294	6 142	(2 808)	733	3 272	346	39 823
Changes that relate to current service								
CSM recognised for the services provided	-	-	-	-	-	(444)	(23)	(467)
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	-	-	208	-	17	-	-	225
Experience adjustments – relating to insurance service expenses	422	-	-	(126)	-	-	-	296
	422	-	208	(126)	17	(444)	(23)	54
Changes that relate to past service								
Experience adjustments – premiums that relate to past service	(333)	-	-	372	-	-	-	39
	(333)	-	-	372	-	-	-	39
Insurance service result	89	-	208	246	17	(444)	(23)	93
Finance expenses/(income) from insurance contracts issued	187	-	(1 472)	378	-	193	21	(693)
Total amounts recognised in profit or loss	276	-	(1 264)	624	17	(251)	(2)	(600)
Movements related to PPS Profit-share accounts								
Cessation benefits: PSA	2 114	(2 114)	-	-	-	-	-	-
Early access charges	-	(27)	-	-	-	-	-	(27)
Year end allocations	45	4 532	-	-	-	-	-	4 577
Total movements related to the PPS Profit-Share Account	2 159	2 391	-	-	-	-	-	4 550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

2023 R'm	Life Risk: Participating			Life Risk: Non-Participating				Total
						CSM		
	Estimates of present value of future cash flows	PPS Profit share accounts	Risk adjustment for non-financial risk	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other insurance contracts	
Transfers	(169)	–	–	(18)	–	–	–	(187)
Changes that adjust the CSM through the statement of financial position	–	–	–	(3 259)	(211)	3 434	36	–
Changes that adjust the Risk Adjustment through the statement of financial position	–	–	–	80	(80)	–	–	–
Other movements	(332)	–	–	516	–	–	–	184
Cash flows								
Premiums received	5 854	–	–	320	–	–	–	6 174
Claims and other directly attributable expenses	(3 464)	–	–	(848)	–	–	–	(4 312)
Cessation benefits: PSA	(1 948)	–	–	–	–	–	–	(1 948)
Insurance acquisition cash flows	(709)	–	–	(13)	–	–	–	(722)
Total cash flows	(267)	–	–	(541)	–	–	–	(808)
Insurance contract liabilities at 31 December	1 512	34 685	4 878	(5 406)	459	6 455	380	42 962

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities

a) Process used to set assumptions

The Group's insurance contracts combine a non-DPF component (sickness, disability, death, and dread disease benefits) with a DPF component (PPS Profit-Share accounts). The policyholders bear the risk and the contracts are accounted for and managed as one. The Group's estimates of non-DPF liabilities—affecting bonus rates declared on the DPF—adjust the internal balance between these components, while leaving the overall policy liability unchanged.

The assumptions used for the insurance contracts disclosed in this note are as follows:

- *Mortality*

Mortality estimates are based on three to five years of experience and factor in uncertainties such as epidemics (e.g., AIDS) and lifestyle changes. Improvements in healthcare and social conditions may boost longevity. The base table, calibrated to recent PPS experience, is currently a mortality table provided by the reinsurer.

- *Morbidity*

Morbidity estimates, derived from three to five years of data, forecast the number of temporary and permanent incapacity claims along with dread disease claims. Key uncertainties include epidemics (e.g., AIDS, SARS), economic conditions, and lifestyle changes, which may negatively impact morbidity outcomes and future benefit payments.

- *Persistence*

Persistence estimates predict the rate of early contract terminations using three to five years of historical data. These rates vary with economic conditions, business profitability, and policyholder behaviour.

- *Investment returns*

Risk-free interest rates are determined from the gross redemption yield of the Prudential Authority's nominal yield curve.

- *Renewal expense level and inflation*

Future administration costs are estimated using a functional cost approach that allocates expenses between policy and overhead costs, and among new business, maintenance, and claims. These costs are expected to rise in line with an inflation rate consistent with future investment returns, with variations reflecting management initiatives or budget deviations. The current expense base and the Prudential Authority's nominal and yield curves provide the basis for these estimates.

- *Tax*

It is assumed that current tax legislation and rates remain unchanged, with allowances made for future tax and tax relief.

- *Future profit allocations*

Future profit allowances on liabilities align with the Group's historical practice and members' reasonable expectations.

- *Incurred but not reported (IBNR)*

IBNR liabilities are calculated using run-off tables based on data from 2013 to 2024. Because these liabilities are settled quickly, no adjustments are made for claims handling expenses, inflation, trends, unusual claims, or loss ratios, and the IBNR liability is undiscounted.

- *Change in assumptions*

Assumptions are updated annually to reflect current best estimates. Changes affect the liabilities for remaining coverage and incurred claims but are offset by adjustments in future bonus allocations, keeping the total policy liability unchanged. The Permanent Incapacity inception basis was strengthened for males and weakened for females on the Life risk; informed by the latest experience investigations. These adjustments were offset by the increase in the reinsurance premiums increase on the morbidity products included in the Life risk. The assumed administration expense per policy and unit of benefit was updated in line with budgeted expenses and strategy for 2025. This resulted in an overall decrease to the expense per policy assumptions on the life risk. Impact on the fulfilment cashflows (IFRS 17 BEL) is R8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities (continued)

b) Sensitivity analysis

The following tables present the sensitivity in the key valuation assumptions of the value of the future bonuses included in the insurance contract liabilities disclosed in this note to movements in the assumptions used in the estimation of these liabilities. The impact of a deviation from the best estimate assumption for all future years on a per policy basis on the liability is shown. This basis differs from the IFRS17 basis and hence the liability is not included elsewhere in the financial statements.

Variable	Change in Variable Change in liability			Change in Variable Change in liability		
	2024			2023 Restated*		
	%	R'm	% change	%	R'm	% change
Liability		5 439			5 383	
Worsening in mortality	10.0	937	17.2	10.0	964	17.90
Worsening of morbidity rates	10.0	1 984	36.5	10.0	2 078	38.60
Worsening of PI inception rate	10.0	657	12.1	10.0	1 381	25.70
Lowering of investment returns	-1.0	1 134	20.8	(1)	1 440	26.70
Lowering of terminations	-10.0	210	3.9	(10)	188	3.50
Worsening of maintenance expense level	10.0	916	16.8	10.0	1 061	19.70
Worsening of expense inflation rate	10.0	741	13.6	10.0	1 645	30.60

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; change in lapses and future mortality.

The size of the sensitivities were chosen to illustrate the impacts for changes in key variables that would have a significant impact on the future bonuses, as well as mainly chosen to facilitate comparison with the sensitivities disclosed by other major insurers.

Restatement of prior period actuarial liabilities sensitivities

*The portion of the risk reserve liabilities of R314.5 million in the life fund that does not form part of the modelled actuarial discounted cashflow reserves were erroneously added to the sensitivity impacts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities (continued)

b) Sensitivity analysis (continued)

The table below shows the impact of the change:

Variable	2023 Previously reported		2023 restated*		Restatement impact	
	Change in liability R'm	% change	Change in liability R'm	% change	Change in liability R'm	% change
Liability	5 383		5 383		–	
Worsening in mortality	1 279	23.8%	964	17.9%	(315)	-5.9%
Worsening of morbidity rates	2 394	44.5%	2 078	38.6%	(315)	-5.9%
Worsening of PI inception rate	1 696	31.5%	1 381	25.7%	(315)	-5.8%
Lowering of investment returns	1 755	32.6%	1 440	26.7%	(315)	-5.9%
Lowering of terminations	504	9.4%	188	3.5%	(315)	-5.9%
Worsening of maintenance expense level	1 376	25.6%	1 061	19.7%	(315)	-5.9%
Worsening of expense inflation rate	1 960	36.4%	1 645	30.6%	(315)	-5.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities (continued)

b) Sensitivity analysis (continued)

2024 R'm	Change in Assumptions %	Impact on CSM gross of reinsurance	Impact on CSM net of reinsurance
Mortality	10.0%	(987)	(747)
Morbidity	10.0%	(214)	(155)
Terminations	(10.0%)	280	274
Maintenance expenses	10.0%	(95)	(95)
Expense inflation	10.0%	(54)	(54)

2023 R'm	Change in Assumptions %	Impact on CSM Gross of reinsurance	Impact on CSM net of reinsurance
Mortality	10.0%	(940)	(719)
Morbidity	10.0%	(224)	(164)
Terminations	(10.0%)	322	317
Maintenance expenses	10.0%	(98)	(98)
Expense inflation	10.0%	(5)	(5)

The sensitivities above illustrating the impact on the CSM in key valuation assumption of the non-participating portfolio which relates to a small portion of the total liabilities as the participating portfolio does not have a CSM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets

11.1 Reconciliation of the remaining coverage and incurred claims

The following table presents the reconciliation from the opening to closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

2024 R'm	Remaining coverage component	Incurred claims component	Total
Reinsurance contract assets as at 1 January	944	535	1 479
Incurred claims recovery	–	590	590
Reinsurance expenses	(813)	–	(813)
Net (expenses)/income from reinsurance contracts held	(813)	590	(223)
Finance income from reinsurance contracts	(63)	–	(63)
Total amounts recognised in profit or loss	(876)	590	(286)
Other movements			
Non-cash reinsurance movement	2	(73)	(71)
Cash flows			
Premium paid net of ceding commissions and other directly attributable expenses	717	–	717
Recoveries from reinsurance	–	(665)	(665)
Total cash flows	717	(665)	52
Reinsurance contract assets as at 31 December	787	387	1 174
Current			299
Non-current			875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets (continued)

11.1 Reconciliation of the remaining coverage and incurred claims (continued)

2023 R'm	Remaining coverage component	Incurred claims component	Total
Reinsurance contract assets as at 1 January	1 029	281	1 310
Incurring claims recovery	-	720	720
Reinsurance expenses	(645)	-	(645)
Changes in incurred claims risk adjustment	-	7	7
Net income/(expenses) from reinsurance contracts held	(645)	727	82
Finance income from reinsurance contracts	(113)	-	(113)
Total amounts recognised in profit or loss	(758)	727	(31)
Cash flows			-
Premium paid net of ceding commissions and other directly attributable expenses	673	-	673
Recoveries from reinsurance	-	(473)	(473)
Total cash flows	673	(473)	200
Reinsurance contract assets as at 31 December	944	535	1 479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets (continued)

11.2 Reconciliation of measurement components of reinsurance contract balances (continued)

The following table presents the reconciliation from the opening to the closing balances of the reinsurance contracts assets held analysed by component:

2024 R'm	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	CSM		Total
			Contracts under fair value approach	Other insurance contracts	
Reinsurance contract assets as at 1 January	(995)	792	1 156	525	1 479
Changes relating to current service					
CSM recognised for the services received	–	–	(61)	(61)	(122)
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	–	16	–	–	16
Experience adjustments - relating to incurred claims and other directly attributed expenses recovery	(116)	–	–	–	(116)
Total changes relating to current service	(116)	16	(61)	(61)	(222)
Net (expenses)/income from reinsurance contracts held	(116)	16	(61)	(61)	(222)
Finance income from reinsurance contracts	(165)	–	70	32	(63)
Total amounts recognised in profit or loss	(281)	16	9	(29)	(285)
Changes that adjust the CSM through the statement of financial position	56	(106)	(107)	157	–
financial position	(168)	168	–	–	–
Other movements					
Non-cash reinsurance movement	(71)	–	–	–	(71)
Cash flows					
Premium paid net of ceding commissions and other directly attributable expenses	717	–	–	–	717
Recoveries from reinsurance	(665)	–	–	–	(665)
Total cash flows	52	–	–	–	52
Reinsurance contract assets as at 31 December	(1 407)	870	1 058	653	1 174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets (continued)

11.2 Reconciliation of measurement components of reinsurance contract balances (continued)

2023 R'm	Estimates of Present value of future cash flows	Risk adjustment for non- financial risk	CSM		Total
			Contracts under fair value approach	Other insurance contracts	
Reinsurance contract assets as at 1 January	(2 057)	905	1 840	621	1 310
Changes relating to current service					
CSM recognised for the services received	-	-	(59)	(45)	(104)
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	-	32	-	-	32
Experience adjustments - relating to incurred claims and other directly attributed expenses recovery	153	-	-	-	153
Total changes relating to current service	153	32	(59)	(45)	81
Net income/(expenses) from reinsurance contracts held	153	32	(59)	(45)	81
Finance income from reinsurance contracts	(239)	-	88	39	(112)
Total amounts recognised in profit or loss	(86)	32	29	(6)	(31)
Changes that adjust the CSM through the statement of financial position	848	(45)	(713)	(90)	0
Changes that adjust the Risk Adjustment through the statement of financial position	100	(100)	-	-	-
Cash flows					
Premium paid net of ceding commissions and other directly attributable expenses	673	-	-	-	673
Recoveries from reinsurance	(473)	-	-	-	(473)
Total cash flows	200	-	-	-	200
Reinsurance contract assets as at 31 December	(995)	792	1 156	525	1 479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets (continued)

11.3 Reconciliation of the remaining coverage and incurred claims

The following table presents the reconciliation from the opening to closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

2024 R'm	Short-Term Insurance Reinsurance held Amounts recoverable for incurred claims				Total
	Assets for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contract assets/(liabilities) as at 1 January	(17)	76	10		69
Allocation of reinsurance premiums paid	(92)	–	–		(92)
Incurred claims recovery	–	28	13		41
Net (expenses)/ income from reinsurance contracts held	(92)	28	13		(51)
Finance income from reinsurance contracts	–	4	1		5
Total amounts recognised in profit or loss	(92)	32	14		(46)
Cash flows					
Premium paid net of ceding commissions and other directly attributable expenses	87	–	–		87
Recoveries from reinsurance	–	(16)	–		(16)
Total cash flows	87	(16)	–		71
Other movements	–	2	(2)		–
Reinsurance contract assets/(liabilities) as at 31 December	(22)	94	22		94
Current					56
Non-current					38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

11. Reinsurance contract assets (continued)

11.3 Reconciliation of the remaining coverage and incurred claims (continued)

2023 R'm	Short-Term Insurance Reinsurance held Amounts recoverable for incurred claims			
	Assets for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets/(liabilities) as at 1 January	(13)	57	15	59
Allocation of reinsurance premiums paid	(104)	–	–	(104)
Incurred claims recovery	–	26	10	36
Changes in incurred claims risk adjustment	–	(17)	(16)	(33)
Net income/(expenses) from reinsurance contracts held	(104)	9	(6)	(101)
Finance income from reinsurance contracts	–	4	1	5
Total amounts recognised in profit or loss	(104)	13	(5)	(96)
Cash flows				
Premium paid net of ceding commissions and other directly attributable expenses	100	(10)	–	90
Recoveries from reinsurance	–	(2)	–	(2)
Total cash flows	100	(12)	–	88
Other movements	–	18	–	18
Reinsurance contract assets/(liabilities) as at 31 December	(17)	76	10	69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

12. Contractual service margin

The following table shows an analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss.

2024 R'm	Less than 1 year	In 1 to 3 years	In 4 to 5 years	> 5 years	Total
Insurance contracts					
Life Risk: Non-participating	158	323	337	4 886	5 704
Total CSM for insurance contracts	158	323	337	4 886	5 704
Reinsurance contracts					
Reinsurance contracts outwards	(31)	(62)	(64)	(1 552)	(1 709)
Total CSM for reinsurance contracts	(31)	(62)	(64)	(1 552)	(1 709)

2023 R'm	Less than 1 year	In 1 to 3 years	In 4 to 5 years	> 5 years	Total
Insurance contracts					
Life Risk: Non-participating	163	335	356	5 980	6 834
Total CSM for insurance contracts	163	335	356	5 980	6 834
Reinsurance contracts					
Reinsurance contracts outwards	(26)	(53)	(55)	(1 546)	(1 680)
Total CSM for reinsurance contracts	(26)	(53)	(55)	(1 546)	(1 680)

The CSM represents the unearned profit of a group of contracts and, when measured at inception, results in no profit arising at the outset. A CSM is not required to be set up for PPS' participating contracts as the net cash flows of these contracts are eventually returned to policyholders with a residual interest whether these are current or future policyholders. The participating contracts will not be reflected in this note as a result thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

13. Receivables

	Group	
	2024	2023
	R'm	R'm
Receivables (excluding prepayments)	2 190	1 842
Accrued interest	470	523
Accrued dividends	19	8
Loan to related parties (a)	1 104	814
Less allowance for impairment loss of loan to PPS Mutual	(234)	(234)
Receivables from investment property lessees	7	7
Less allowance for impairment of receivables from investment property lessees	(4)	(4)
Other receivables (b)	828	728
Prepayments	46	43
Total receivables including prepayments	2 236	1 885
Current	1 135	930
Non-Current	1 101	955
Fair value of receivables held at amortised cost	2 190	1 842

(a) Included in the 2024 Loan to related parties balance is an additional loan of R130 million to PPS Mutual in Australia and R160 million loan issued to PPS New Zealand. These loans are part of the funding of PPS Mutual Australia's and PPS New Zealand's capital requirements.

(b) An amount of R421 million (2023: R429 million) is included in other receivables relating to an upfront payment to acquire 50% of the issued shares of Ausmanco Property Limited in 2025. This upfront deposit serves as security to the Group's agreed commitment to acquire those shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

14. Cash and cash equivalents

	Group	
	2024	2023
	R'm	R'm
Cash and Cash Equivalents		
Attributable to Group	734	814
Attributable to Unit trusts and pooled funds managed for third parties (note 16)	1 924	2 144
Total cash and cash equivalents	2 658	2 958
Cash at bank and in hand	2 237	2 685
Cash on call	421	273
Total cash and cash equivalents	2 658	2 958
Unrestricted cash	2 658	2 895
Restricted cash	–	63
Total Cash and cash equivalents (a)	2 658	2 958

(a) The proportion of cash held within the Group's operational bank accounts to fund the working capital of the Group is 84.1% (2023: 89.7%) of total cash and cash equivalents. The balance of the cash is held in bank accounts which are part of the investment portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

15. Investment contract liabilities

	Group	
	2024	2023
	R'm	R'm
Level 2 fair value investment contract liabilities		
Linked investment contracts	6 862	5 529
Current	432	349
Non-Current	6 430	5 180

All investment contracts are designated on initial recognition as at fair value through profit or loss. The liabilities relating to linked contracts are measured with reference to the underlying assets linked to these contracts. PPS is contractually required to pay linked investment contract holders an amount equal to the fair value of the assets linked to these contracts. Linked contracts do not include any minimum guarantees and hence, there will be no difference between the carrying amount of the assets and the amount payable at the maturity date.

Investment contract liabilities are classified as Level 2, as the assets backing up these liabilities are unit trust funds of which the fair values are derived from the unit prices published by the unit trust fund managers.

	Group	
	2024	2023
	R'm	R'm
Movement table for investment contract liabilities		
Linked contracts		
Balance at beginning of the year	5 529	4 495
Contributions received during the period	1 248	940
Fair value of assets backing policyholder liabilities under investment contracts	720	626
Administration and other fees	(66)	(56)
Gains/(losses) on financial assets	786	682
Benefit payments	(635)	(532)
Balance at end of the year	6 862	5 529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

16. Liabilities to outside unit trust holders

	Group	
	2024	2023
	R'm	R'm
Liabilities to outside unit trust holders		
Balance at beginning of the year	17 925	15 086
Investment by outside unit trust holders	4 542	2 793
Redemptions by outside unit trust holders	(3 385)	(1 860)
Foreign currency translation gains	365	479
Total comprehensive income attributable to outside unit trust holders	2 455	1 427
Investment income (dividends and interest income)	1 383	1 285
Gains on financial assets	1 507	500
Expenses (a)	(435)	(358)
Balance at end of the year	21 902	17 925
Current	21 902	17 925

(a) Expenses comprise asset manager fees, income tax expense and other professional service fees.

Liabilities to outside unit trust holders are classified as Level 2, as the fair value of the unit trust funds are derived from unit prices published by the unit trust fund managers.

	Group	
	2024	2023
	R'm	R'm
Net assets backing up liabilities to unit trust holders	21 902	17 925
Financial assets – Investments at fair value through profit or loss (note 7)	19 693	15 465
Receivables	598	527
Cash and cash equivalents (note 14)	1 924	2 144
Payables	(312)	(211)
Current income tax liabilities	(1)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

17. Deferred tax

	Group	
	2024	2023
	R'm	R'm
Deferred tax assets attributable to:		
Provisions	141	93
Tax losses carried forward	128	110
End of year (a)	269	203
Deferred tax liabilities attributable to:		
Unrealised gains on investments	917	612
Unrealised gains on land and buildings revaluation	2	2
End of year (b)	919	614
Non-current assets	269	203
Non-current liabilities	919	614

The movement in the deferred tax assets and liabilities during the year is as follows:

(a) Deferred tax assets on provisions and computed tax losses

	Group
	R'm
At 1 January 2023	192
Recognised in profit or loss	11
At 31 December 2023	203
Recognised in profit or loss	66
At 31 December 2024	269

The utilisation of the deferred tax asset in respect of the tax losses is dependent on the relevant Group entities making future taxable profits. The deferred tax asset is assessed as recoverable based on the probability of the future taxable profits of the relevant Group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

17. Deferred tax (continued) (b) Deferred tax liabilities

Group			
	Investments	Land and buildings	Total
	R'm	R'm	R'm
At 1 January 2023	494	8	502
Recognised in profit or loss	117	–	117
Recognised directly in other comprehensive income/(loss)	–	(5)	(5)
At 31 December 2023	611	3	614
Recognised in profit or loss	306	–	306
Recognised directly in other comprehensive income/(loss)	–	(1)	(1)
At 31 December 2024	917	2	919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

18. Retirement benefit obligations

	Group	
	2024	2023
	R'm	R'm
Statement of Financial Position recognised obligations for:		
Post-employment medical benefits	6	6
	6	6
Current	–	–
Non-Current	6	6
Statement of profit or loss and comprehensive income charge for (note 27):		
Post-employment medical benefits	1	1
	1	1

Post-employment medical benefits

The Group provides for the unfunded post-retirement healthcare benefits of those employees and a small number of retirees employed before 4 October 1999, as well as their spouses and dependants. The entitlement to post-retirement healthcare benefits is based on an employee remaining in service up to retirement and completion of a minimum service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

18. Retirement benefit obligations (continued)

The latest actuarial valuation of the Group's post-employment benefits, carried out as at 31 December 2024 indicated a present value of projected future employee benefits amounting to R5.6 million (2023: R5.7 million).

The movement in the post-employment medical benefit obligation was as follows:

	Group	
	2024	2023
	R'm	R'm
Post-employment medical benefit obligation at beginning of year (1 January)	6	5
Notional interest cost	1	2
Benefits paid	(1)	(1)
Actuarial (gain)/loss recognised during the year	*	*
Post-employment medical benefit obligation at end of year (31 December)	6	6

*Less than R1 million

The amounts recognised in the Statement of Profit or Loss and Comprehensive Income are as follows:

	Group	
	2024	2023
	R'm	R'm
Notional interest cost	*	1
Actuarial (gain)/loss recognised during the year	*	*
Total included in employee costs (note 27)	—	1
The principal actuarial assumptions used in valuing the obligation were as follows:		
Discount rate based on the Long-term Bond Index (%)	9.48%	10.17%
Medical cost inflation (%)	6.03%	7.29%

*Less than R1 million

The assumed rates of mortality are as follows:

During employment: SA85-90 (Light) ultimate table

Post-employment: PA(90) ultimate table rated down two years plus 1% improvement per annum (from a base year of 2006)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

19. Employee-related obligations

	Group	
	2024	2023
	R'm	R'm
Leave pay accrual		
Opening balance	51	46
Charged to the Statement of Profit or Loss and Other Comprehensive Income		
Additional provisions	5	19
Utilised during the year	(5)	(14)
Closing balance	51	51
Current	51	51
Provision for performance and retention-related incentives		
Opening balance	310	295
Additional provisions (executive directors and employees)	232	215
Settled during the year	(182)	(200)
Closing balance	360	310
Current	162	143
Non-Current	198	167
Total employee-related obligations	411	361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

20. Payables

	Group	
	2024	2023
	R'm	R'm
Foreign currency translation balance	–	(2)
Other payables	437	273
Accruals (b)	341	236
Employees' tax	28	22
Sundry creditors	68	15
Lease Liabilities (a)	31	32
Total Payables	468	303
Current	447	287
Non-Current	21	16
(a) Reconciliation of lease liabilities		
Opening balance	32	46
Lease renewals	16	6
Interest	6	3
Payments	(23)	(23)
Closing balance	31	32

Lease liabilities – Maturity analysis

Group R'm	Carrying amount	Contractual undiscounted cash flows		
		Total Cash Flows	Within 1 Year	2 - 5 Years
2024	31	36	12	24
2023	32	35	20	15

(b) An amount of R226 million (2023: R167 million) is included in Accruals relating to unsettled trades.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held

2024 R'm	Participating	Non- participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Insurance revenue						
Contracts not measured under the PAA						
Amounts relating to changes in the LRC:						
Expected incurred claims and other directly attributable expenses	4 137	561	–	–	–	4 698
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	(28)	(7)	–	–	–	(35)
CSM recognised for the services provided	–	460	–	–	–	460
Experience adjustments arising from premiums received in the period other than those that relate to future service	313	(378)	–	–	–	(65)
Change of investment assumption impact on RA	–	–	–	–	–	–
Demographic change impact on RA	–	–	–	–	–	–
Insurance acquisition cash flows recovery	25	–	–	–	–	25
Insurance revenue from contracts not measured under the PAA	4 447	636	–	–	–	5 083
Insurance revenue from contracts measured under the PAA	–	–	–	406	–	406
Total insurance revenue	4 447	636	–	406	–	5 489
Insurance service expenses						
Incurred claims and other directly attributable expenses	(4 477)	(303)	–	(336)	–	(5 116)
Experience adjustments arising from acquisition cash flows	11	–	–	–	–	11
Changes that relate to past service - changes in the FCF relating to the LIC	–	–	–	14	–	14
Losses on onerous contracts and reversal of those losses	–	–	–	–	–	–
Insurance acquisition cash flows amortisation	(25)	–	–	–	–	(25)
Total insurance service expenses	(4 491)	(303)	–	(322)	–	(5 116)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2024 R'm	Participating	Non- participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Net income / (expenses) from reinsurance contracts held						
Reinsurance expenses - contracts not measured under the PAA						
Amounts relating to the changes in the remaining coverage:						
Expected incurred claims and other directly attributable expenses recovery	-	-	(683)	-	-	(683)
Change in the Risk adjustment for non-financial risk for the risk expired	-	-	16	-	-	16
CSM recognised for the services received	-	-	(122)	-	-	(122)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service	-	-	(23)	-	-	(23)
Reinsurance expenses - contracts not measured under the PAA	-	-	(812)	-	-	(812)
Incurring claims recovery	-	-	590	-	42	632
Reinsurance expenses - contracts measured under the PAA	-	-	-	-	(95)	(95)
Total net expenses from reinsurance contracts held	-	-	(222)	-	(53)	(275)
Total insurance service result	(44)	333	(222)	84	(53)	98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2023 R'm	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Insurance revenue						
Contracts not measured under the PAA						
Amounts relating to changes in the LRC:						
Expected incurred claims and other directly attributable expenses	4 130	517	-	-	-	4 647
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	(208)	(17)	-	-	-	(225)
CSM recognised for the services provided	-	467	-	-	-	467
Experience adjustments arising from premiums received in the period other than those that relate to future service	333	(372)	-	-	-	(39)
Change of investment assumption impact on RA	-	-	-	-	-	-
Demographic change impact on RA	-	-	-	-	-	-
Insurance acquisition cash flows recovery	43	1	-	-	-	44
Insurance revenue from contracts not measured under the PAA	4 298	596	-	-	-	4 894
Insurance revenue from contracts measured under the PAA	-	-	-	331	-	331
Total insurance revenue	4 298	596	-	331	-	5 225
Insurance service expenses						
Incurred claims and other directly attributable expenses	(4 553)	(390)	-	(279)	-	(5 222)
Experience adjustments arising from acquisition cash flows	-	(1)	-	-	-	(1)
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	-	7	-	7
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	(43)	(1)	-	-	-	(44)
Total insurance service expenses	(4 596)	(392)	-	(272)	-	(5 260)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2023 R'm	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Net income / (expenses) from reinsurance contracts held						
Reinsurance expenses - contracts not measured under the PAA						
Amounts relating to the changes in the remaining coverage:						
Expected incurred claims and other directly attributable expenses recovery	-	-	(541)	-	-	(541)
Change in the Risk adjustment for non-financial risk for the risk expired	-	-	32	-	-	32
CSM recognised for the services received	-	-	(104)	-	-	(104)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service	-	-	(25)	-	-	(25)
Reinsurance expenses - contracts not measured under the PAA	-	-	(638)	-	-	(638)
Other incurred directly attributable expenses						
Incurred claims recovery	-	-	720	-	14	734
Reinsurance expenses - contracts measured under the PAA	-	-	-	-	(66)	(66)
Total net expenses from reinsurance contracts held	-	-	82	-	(52)	30
Total insurance service result	(298)	204	82	59	(52)	(5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

22. Other income

	Group	
	2024	2023
	R'm	R'm
Revenue from contracts with customers (a)	813	718
Rental Income	41	40
Total Other Income (b)	854	758
(a) Disaggregation of revenue with customers		
Primary geographical markets		
South Africa	751	663
Australia	62	55
Revenue from contracts with customers	813	718
(b) Major service lines		
Royalties from licence agreement	22	25
Administration fees	458	392
Investment management services and advice fees	234	214
Financial advice & fiduciary services	99	87
Rental income	41	40
Total other income	854	758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

23. Investment income

	Group	
	2024	2023
	R'm	Restated*
	R'm	R'm
Financial assets held at fair value through profit or loss and at amortised cost		
Interest Income- amortised cost using effective interest rate method*	149	144
Cash and cash equivalents	72	91
Financial assets at amortised cost	77	53
Interest Income - fair value through profit or loss*	2 263	2 040
Dividends	959	894
Total Investment Income	3 371	3 078

* The investment income was disaggregated between interest income - amortised cost using effective interest rate method and interest income at fair value through profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

24. Fair value gains / (losses) on financial assets and investment property

	Group	
	2024	2023
	R'm	R'm
Financial assets held at fair value through profit or loss		
Net fair value gains on financial assets	6 204	4 014
Investment property		
Fair value losses on investment property	(20)	(14)
Financial assets at amortised cost		
Net fair value gains on financial assets	–	39
Total fair value gains on financial assets and investment property	6 184	4 039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

25. Finance Income/(Expense) from Insurance Contracts Issued

The table below presents an analysis of the net insurance finance income/(expense) recognised in profit or loss in the period for insurance contracts issued and reinsurance contracts held:

2024 R'm	Insurance Related		Non-insurance related	TOTAL
	Life Risk: Participating	Life Risk: Non-Participating		
Investment income				
Amounts recognised in profit or loss				
Interest Income	1 446	12	954	2 412
Dividends	518	-	441	959
Total Investment Income	1 964	12	1 395	3 371

2024 R'm	Life Risk: Participating	Life Risk: Non-participating	Life Reinsurance outwards	Short-Term Insurance	TOTAL
Insurance finance income/(expenses) from insurance contracts issued					
Member (surplus)/deficit allocated to profit-share accounts					
Changes in fulfilment cashflows of contracts measured applying VFA due to changes in fair value of underlying items	548	-	-	-	548
Notional interest accredited	-	(162)	-	(6)	(168)
Effect of changes in interest rates and other assumptions	-	205	-	-	205
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	-	441	-	-	441
Finance income/(expenses) from insurance contract issued	548	484	-	(6)	1 026
Finance income/expenses from reinsurance contracts held					
Notional interest accredited	-	-	28	5	33
Effect of changes in interest rates and other financial assumptions	-	-	(45)	-	(45)
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	-	-	(47)	-	(47)
Finance income/(expenses) from reinsurance contracts held	-	-	(64)	5	(59)
Net insurance finance income/(expenses)	548	484	(64)	(1)	967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

25. Finance Income/(Expense) from Insurance Contracts Issued (continued)

2023 R'm	Insurance Related		Non- insurance related	TOTAL
	Life Risk: Participating	Life Risk: Non- Participating		
Investment income				
Amounts recognised in profit or loss				
Interest Income	1 170	83	931	2 184
Dividends	530	2	362	894
Total Investment Income	1 700	85	1 293	3 078

2023 R'm	Life Risk Participating	Life Risk Non- Participating	Life Reinsurance outwards	Short-Term Insurance	TOTAL
Insurance finance income/(expenses) from insurance contracts issued					
Member (surplus)/deficit allocated to profit-share accounts					
Changes in fulfilment cashflows of contracts measured applying VFA due to changes in fair value of underlying items	1 287	-	-	-	1 287
Notional interest accredited	-	74	-	(6)	68
Effect of changes in interest rates and other assumptions	-	(196)	-	-	(196)
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	-	(472)	-	-	(472)
Finance income/(expenses) from insurance contract issued	1 287	(594)	-	(6)	687
Finance income/expenses from reinsurance contracts held					
Notional interest accredited	-	-	34	5	39
Effect of changes in interest rates and other financial assumptions	-	-	54	-	54
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	-	-	(201)	-	(201)
Finance income from reinsurance contracts held	-	-	(113)	5	(108)
Net insurance finance expenses	1 287	(594)	(113)	(1)	579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

26. Expenses

2024 R'm	Gross expenses	Expenses relating to insurance acquisition cash flows (a)	Expenses relating to other directly attributable insurance expenses (a)	Other operating expenses
Acquisition of insurance contracts:				
Long-term insurance	352	219	133	–
Short-term insurance	37	37	–	–
Marketing and administrative expenses include:				
Amortisation and impairment of intangible assets (note 5)	89	6	38	45
Audit fees	17	–	11	6
Other services	21	6	15	–
Data processing and information technology systems maintenance	523	47	171	305
Depreciation on property and equipment (note 2)	49	6	22	21
Directors'/Trustees' and Executives' remuneration	60	16	33	11
Directors/Trustees – Non-executive	15	5	7	3
Executive directors of PPS Insurance	36	11	17	8
Directors of other subsidiaries	9	–	9	–
Employee costs (note 27)	1 405	341	480	584
Fees for services	29	1	14	14
Actuarial	10	–	6	4
Legal	14	1	4	9
Internal audit	5	–	4	1
Other operating and product development expenses (b)	538	74	100	364
Lease rentals	12	5	4	3
Total expenses	3 132	758	1 021	1 353

(a) Expenses relating to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope. These expenses are recognised in the consolidated statement of profit or loss based on IFRS 17 measurement requirements. Refer to accounting policy 4.

(b) Other operating and product development expenses of R364 million is as a result of the establishment and launch of glu.

Value-Added Tax which cannot be recovered from the relevant taxation authority is expensed together with the related expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

26. Expenses (continued)

2023 R'm	Gross expenses	Expenses relating to insurance acquisition cash flows ^(a)	Expenses relating to other directly attributable insurance expenses ^(a)	Other operating expenses
Acquisition of insurance contracts:				
Long-term insurance	351	351	-	-
Short-term insurance	27	27	-	-
Marketing and administrative expenses include:				
Amortisation and impairment of intangible assets (note 5)	79	-	73	6
Auditor's remuneration	21	-	16	5
Audit fees	21	-	16	5
Data processing and information technology systems maintenance	390	48	213	129
Depreciation on property and equipment (note 2)	69	27	29	13
Directors'/Trustees' and Executives' remuneration	45	10	16	19
Directors/Trustees – Non-executive	14	3	5	6
Executive directors of PPS Insurance	22	5	8	9
Directors of other subsidiaries	9	2	3	4
Employee costs (note 27)	1 298	309	449	540
Fees for services	28	1	19	8
Actuarial	13	-	9	4
Legal	11	1	6	4
Internal audit	4	-	4	-
Other operating and product development expenses	369	73	118	178
Lease rentals	7	6	1	-
Total expenses	2 684	852	934	898

(a) Expenses relating to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope. These expenses are recognised in the consolidated statement of profit or loss based on IFRS 17 measurement requirements. Refer to accounting policy 4.

Value-Added Tax which cannot be recovered from the relevant taxation authority is expensed together with the related expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

27. Employee costs

	Group	
	2024	2023
	R'm	R'm
Salaries and related costs (a)	1 012	965
Pension costs – defined contribution plans	119	113
Other post-employment benefits (note 19)	1	1
Performance and retention-related incentives	273	219
Total employee costs (excluding executive directors)	1 405	1 298

(a) Salaries and related costs in 2024 includes additional staff employed for the establishment and launch of glu.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

28. Finance costs

	Group	
	2024	2023
	R'm	R'm
Interest expense - other	1	1
Notional interest expense on lease liabilities	6	3
Total finance costs	7	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

29. Tax

	Group	
	2024	2023
	R'm	R'm
Current income tax	344	332
Current year tax	382	331
Prior years (over-provision)/under-provision	(38)	1
Dividend withholding tax - individual policyholder fund	78	95
Deferred tax	422	427
	239	109
Total tax	661	536
Tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to South African/Namibian companies as follows:		
Profit before tax	6 546	5 121
Tax calculated at domestic tax rates applicable to profits in South Africa/Namibia	2 210	1 383
Tax effect of income not subject to tax	(3 164)	(2 169)
Tax effect of non-deductible expenses	1 576	1 225
Tax effect of tax rate on Dividend Withholding Tax	78	95
Prior years under-provision/(over-provision)	(39)	2
Total tax per Statement of Profit or Loss and Other Comprehensive Income	661	536

The applicable tax rate was 27% (2023: 27%) for South African companies and 32% (2023: 32%) for Professional Provident Society Insurance Company (Namibia) Limited. Professional Provident Society Insurance Company Limited has five separate tax funds: the individual policyholders' fund (taxed at 30%), the Company policyholders' fund (taxed at 27%), the untaxed policyholder's fund (not taxed), the risk-policy fund (taxed at 27%) and the corporate fund (taxed at 27%). The tax reconciliation is done on total tax on all funds. The Professional Provident Society Holdings Trust is taxed at 45%. Deferred tax is recognised at 27% for the Corporate Fund.

Dividend withholding tax is payable on dividends received in the individual policyholder fund.

Tax effect of income not subject to tax consists of dividend income exempt from taxation and a portion of realised gains and unrealised gains not subject to tax.

Tax effect of non-deductible expenses represents expenses that cannot be directly allocated to each policyholder fund which are limited in terms section 29A(11) of the Income tax Act. An expense ratio is applied to calculate the portion of the expenses that are not tax deductible.

The Group has accumulated losses of R491.1 million (2023: R387.2 million) available in certain subsidiaries for offset against future taxable income in those subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

30. Cash generated utilised by operations

	Group	
	2024	2023
	R'm	R'm
Reconciliation of profit before tax to cash (utilised by)/generated from operations:		
Profit before tax	6 546	5 121
Attributable to unit trust holders	2 455	1 427
Investment contract receipts	1 248	940
Investment contract surrenders	(635)	(532)
Adjustments for other non-cash items and items classified separately:		
Depreciation	49	42
Fair value of policyholder liabilities under investment contracts	720	626
Amortisation and impairment of intangible asset	89	83
Realised loss on disposal of property and equipment & intangible assets	20	(0)
Investment income	(3 371)	(3 078)
Finance expenses	7	4
Total gains on financial assets and investment property held at fair value through profit or loss	(6 184)	(4 039)
Increase in non-current payables	30	45
Share of profit of joint ventures	(8)	(5)
Changes in working capital (including non-cash adjustments):		
Receivables	(125)	(34)
Payables	225	72
Reinsurance contract assets	281	(179)
Short-term insurance contract liabilities	36	20
Long-term insurance contract liabilities	(2 430)	(1 401)
Cash utilised by operations	(1 047)	(888)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

31. Tax paid

	Group	
	2024	2023
	R'm	R'm
Net tax (payable)/receivable at beginning of year	(6)	30
Current tax as per Statement of Profit or Loss and Other Comprehensive Income (note 29)	422	427
Add back prior year adjustment	39	-
Net tax (payable)/receivables at end of year	(9)	6
Total tax paid	446	463

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

32. Non-cash transactions

	Group	
	2024	2023
	R'm	R'm
Disposal of financial assets- script transfer between asset managers and Life Funds (note 7)	(1 908)	(5 975)
Acquisition of financial assets- script transfer between asset managers and Life Funds (note 7)	1 871	5 948
Net non-cash realised gain from transfers	37	-
Non-cash dividends earned	85	50
Non-cash dividends from unit trusts re-invested	74	69
Movement on accrued dividends (note 13)	11	(19)
Non-cash interest earned	493	948
Non-cash interest from unit trusts re-invested	92	176
Non-cash interest capitalised on loans granted	77	53
Movement on accrued interest on investments (note 7)	377	409
Movement on accrued interest on receivables (note 13)	(53)	310
Total Non-cash transactions	578	971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

33. Commitments

	Group	
	2024	2023
	R'm	Restated* R'm
(a) Capital expenditure contracted for at the reporting date but not yet incurred is as follows:		
Committed but not contracted for	1 531	982
This expenditure relates to the capital commitments to finance the Group's strategic investments.		
These funds will be utilised to capitalise the strategic investments to continue to diversify the Group's revenue streams for the future.		
(b) Operating lease commitments – where the Group entity is the lessor		
The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:		
Due in one year or less	25	25
Due between one year and five years	169	66
Due after five years	–	–

*The operating lease commitments were erroneously understated by R76 million in the prior year and have been corrected in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

34. Trustees' remuneration

The PPS Holdings Trust trustees' remuneration from the Group

	2024			2023		
	The PPS Holdings Trust (including committees)	Subsidiary Companies (including committees)	Total remuneration (including committees)	The PPS Holdings Trust (including committees)	Subsidiary Companies (including committees)	Total remuneration (including committees)
Trustees	R'000	R'000	R'000	R'000	R'000	R'000
Dr A Coetzee	245	–	245	239	–	239
Mr AH de Vries	258	168	426	239	106	345
Ms D L T Dondur	419	329	748	394	330	724
Mr J A B Downie	656	594	1 250	547	491	1 038
Dr D P du Plessis	93	2 081	2 174	254	1 577	1 831
Mr C Erasmus	133	2 526	2 659	111	2 360	2 471
Adv L C Haupt	232	–	232	131	–	131
Dr N H P Khosa	258	557	815	238	470	708
Mr I Kotzé	61	11	72	238	32	270
Dr C M Krüger	532	200	732	491	171	662
Dr F Mansoor	258	47	305	238	44	282
Ms J K Myburgh (Retired 8 May 2023)	–	–	–	72	–	72
Dr R E Ngwenya	258	–	258	226	–	226
Dr B R Ntshabele	245	–	245	238	–	238
Dr R Perumal	258	–	258	131	–	131
Dr R Putter	258	79	337	238	59	297
Mr P Ranchod (Retired 8 May 2023)	–	–	–	85	1 069	1 154
Dr K H Rapetswa	127	–	127	–	–	–
Mr V P Rimbault	305	–	305	281	–	281
Dr S N E Seoka	949	302	1 251	843	278	1 121
Mr S Trikamjee	494	544	1 038	399	502	901
Prof H E Wainer	94	1 332	1 426	76	1 196	1 272
Total	6 133	8 770	14 903	5 709	8 685	14 394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

35. Related parties

Holding Company

The Professional Provident Society Holdings Trust is the holding entity of the Group. The Professional Provident Society Holdings Trust is a trust incorporated in South Africa and has as its sole investment in 100% of the shares of Professional Provident Society Insurance Company Limited, which it acquired from Professional Provident Society NPC during 2011. Professional Provident Society NPC formerly was a company "limited by guarantee" and has been deregistered.

Subsidiaries

- Professional Provident Society Insurance Company (Namibia) Limited
- Professional Provident Society Healthcare Administrators Proprietary Limited
- Professional Provident Society Short-Term Insurance Company Limited
- Professional Provident Society Investments Proprietary Limited
- Professional Provident Society Multi-Managers Proprietary Limited
- Professional Provident Society Investment Administrators Proprietary Limited
- PPS Nominees Proprietary Limited
- Professional Provident Society Wealth Advisory Proprietary Limited
- Professional Provident Society Management Company (RF) Proprietary Limited
- PPS Property Fund Trust
- Financial Solutions 4 Professionals Proprietary Limited

Other controlled entities

Entities listed below are controlled through board representation:

- Professional Provident Society Foundation Trust and;
- Professional Provident Investments Long-term incentive Trust.

The following unit trusts and pooled fund is controlled either through a group subsidiary rendering asset management services, or a group subsidiary owning 100% of the underlying net assets of the fund:

- PPS Collective investment scheme,

- PPS Global Equity Fund,
- PPS Namibia Portable fund.

Associates and joint ventures

The Trust owns a 10% stake in the Intembeko HoldCo Proprietary Limited Group.

PPS Mutual Limited, PPS Mutual Insurance Proprietary Limited (Australia), and PPS Mutual Limited (New Zealand) are associates of the PPS Group. PPS Insurance Company has significant influence over the PPS Mutual Limited Group (Australia) and PPS Mutual Limited (New Zealand) through board representation. However, the PPS Group does not hold shares in the PPS Mutual Limited Group (Australia) and PPS Mutual Limited (New Zealand) and has no rights to its net profits, losses, or assets.

For the year, the Group earned R67.4 million (2023: R53.1 million) in interest from loan funding of R890.8 million (2023: R760.1 million) provided to the PPS Mutual Limited Group (Australia), with R234.4 million (2023: R234.4 million) cumulatively impaired. Additionally, the Group earned R9.7 million in interest from a R160 million loan to PPS Mutual Limited (New Zealand). Included in note 33, are commitments to PPS Mutual Limited Group (Australia) and PPS New Zealand of R725 million and R380 million respectively.

The Group has a 49% equity stake, with equal voting power, in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture specialising in healthcare administration and risk management services in Botswana.

It also holds a 10% interest in Ausmanco (Pty) Ltd, classifying it as a joint venture due to joint control through board representation and shareholder voting rights.

Transactions between Group entities

Transactions between related parties are concluded on terms equivalent to those that prevail in arm's-length transactions. Transactions that take place between Group entities, are eliminated on consolidation, and are disclosed in the separate annual financial statements of those entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

35. Related parties (continued)

Key management information

Key management personnel have been defined as all trustees of The Professional Provident Society Holdings Trust and group executive committee members, their families (as defined in IAS 24) and entities significantly influenced or controlled by key management personnel. A complete list of trustees of The Professional Provident Society Holdings Trust is disclosed in the Corporate Governance Report.

The PPS Group appoints its prescribed officers at the PPS Insurance entity level.

Aggregate details of insurance between The Professional Provident Society Holdings Trust, any of its subsidiaries, and key management personnel, their families (as defined in IAS 24) and entities significantly influenced or controlled by key management personnel are set out below:

	Group	
	2024	2023
	R'000	R'000
Life and disability		
Premiums	3 620	2 543
Sickness benefit		
Premiums	1 776	1 410
Claims	2 056	1 494
PPS Profit-Share account	23 579	17 133
Motor and household		
Premiums	1 508	1 028
Claims	268	193
Assets under management	187 064	117 614

The transactions with related parties are concluded on terms equivalent to those that prevail in arm's length transactions with all members.

The aggregate compensation of The Professional Provident Society Holdings Trust trustees and Professional Provident Society Insurance Company Limited executives paid by the Group is set out below:

	Group	
	2024	2023
	R'000	R'000
Salaries and other employee benefits	56 836	53 063
Performance	30 475	25 400
Trustee's remuneration	14 907	14 394
	102 218	92 857

36. Critical accounting estimates and judgements in applying accounting policies

The Group applies estimates and assumptions that impact the reported values of assets, liabilities, income, and expenses. These estimates, which are reviewed annually, are based on historical experience and future expectations.

36.1 Valuation of insurance contract liabilities

This relies on necessary assumptions regarding mortality, persistency, investment returns, expenses, inflation, tax, and future profits. See Note 10.3. No adjustments were made for potential mortality and morbidity deterioration due to HIV/AIDS.

36.1.1 Contractual Service Margin (CSM)

CSM represents unearned profit for non-participating insurance contracts, which is recognised as revenue as services are provided. The CSM is calculated by:

- Identifying coverage units.
- Allocating CSM to coverage units for the current and future periods.
- Recognising the allocated amount in profit or loss.

Coverage units reflect the quantity of benefits provided by the insurance contracts. These are reassessed each reporting period to adjust for reductions in coverage due to claims, lapses, or cancellations. Reinsurance contracts follow a similar approach, with coverage units determined by the number of underlying contracts and the maximum probable loss.

36.1.2 Risk adjustment for non-financial risk

The Group uses a Value-at-Risk (VaR) approach to assess risk adjustment for non-financial risks like insurance, lapse, and expense risks. This approach aligns with the Group's economic capital results and is based on an 80% confidence level. Assumption simplifications have no material impact on results.

36.1.3 Discount rates

Products with cash flows that do not vary with underlying items

Discount rates are derived using a bottom-up approach based on the Prudential Authority (PA) Government bond curve, which meets IFRS 17 requirements. These contracts do not have a liquidity premium due to their liquidity.

Products with cash flows that vary with underlying items

The discount rate's impact on cash flows is neutralised by changes in underlying items. The PA Government bond curve is used where discounting is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

36. Critical accounting estimates and judgements in applying accounting policies (continued)

2024	1 year	3 years	5 years	10 years	20 years
Life insurance contracts issued					
ZAR	8.4%	9.6%	10.7%	14.3%	11.4%
2023	1 year	3 years	5 years	10 years	20 years
Life insurance contracts issued					
ZAR	8.6%	10.2%	11.9%	16.8%	15.1%

36.2 Valuation of Short-Term Insurance policy liabilities

Insurance companies assume policyholders' risk, which is reflected in insurance liabilities. See Note 8.2.

36.3 Income tax

The Group operates in South Africa and Namibia, where tax determinations can involve uncertainty. Liabilities are recognised based on estimates, and differences are adjusted when final determinations are made. The South African corporate tax rate was 27%, and in Namibia 32%. See Note 29.

36.4 Valuation of owner-occupied property and investment property

Property valuations are based on market assumptions including capitalisation rates, and revenue/expense escalation. Changes in these assumptions affect asset values. See Notes 2 and 3.

36.5 Deferred tax asset

Deferred tax assets are recognised for unutilised tax losses and temporary differences when future taxable profits are likely. See Note 17.

36.6 Impairment of loan to PPS Mutual

Assumptions used to determine the impairment of loan to PPS Mutual are unbiased and probability-weighted and includes consideration of a range of possible outcomes. Time value of money is taken into account by the discounting of expected future losses to the reporting date at a risk-adjusted discount rate. Reasonable and supportable information is used about past events, current conditions and forecasts of future economic conditions. Additional information is provided in note 13 of these financial statements.

36.7 Expense allocation

Expense attribution is performed on a cost centre level and is based on various expense drivers. The Group has continued to improve the estimation of the cost associated around shared services. For the aggregate split please refer to note 26.

37. Management of risks

37.1 General

The Board is responsible for the company's internal control systems and risk management, while the Chief Executive and executive management oversee the implementation of the PPS Group Enterprise Risk Management and Governance Frameworks. Key risk management functions include assessing policies, maintaining frameworks, conducting risk assessments, and integrating risk management into daily operations.

The Group Risk Committee supports the Board by managing risk strategy, ensuring compliance, segregating risk duties from business operations, and identifying and addressing risk exposure. The committee also monitors corporate accountability, oversees management's risk reporting, ensures compliance with Solvency Assessment and Management frameworks, and manages IT-related risks. Additionally, it recommends risk policies for approval, reviews risk-bearing capacity, and evaluates the effectiveness of risk management strategies.

The Group Audit Committee, delegated by the Board, oversees financial reporting, internal controls, and regulatory compliance to safeguard assets and ensure reliable reporting.

The compliance function monitors regulatory adherence, advises on changes, maintains compliance plans, and facilitates confidential reporting. Internal audit provides independent assurance of financial controls, develops audit plans, and evaluates the effectiveness of the risk management framework.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37.2 Insurance product risk management

General

The Group issues contracts that transfer significant insurance risk. This section outlines these risks and how the Group manages them. The risk in any insurance contract arises from the uncertainty of the timing and amount of claims due to insured events, which are inherently random and unpredictable.

Below is an overview of the Group's life insurance products and their terms:

Type of contract	Terms and conditions
Sickness and permanent incapacity benefit (PPS Provider Policy)	Offers sickness and incapacity benefits with premiums that are level or age-rated and payable monthly. Benefits and premiums are not guaranteed and can be revised by the insurer. Coverage is limited by the applicant's income, and benefits continue as long as the policyholder is employed.
Professional Life Provider (PPS Provider Policy) PPS Life and Disability Policy	Offers lump sum life and disability cover for a specified term or whole life, with monthly premiums. Premiums and benefits are not guaranteed and may be revised. Reinsurance agreements help mitigate claim variability.
Professional Critical Illness (PPS Provider Policy) Professional Health Preserver	Provides lump sum benefits based on the severity of illness or physical impairment. These products are closed to new business, and premiums and benefits can be revised. Reinsurance agreements reduce claim variability.
Professional Disability Provider (PPS Provider Policy)	Offers lump sum disability cover that converts to a severe illness benefit at retirement. Premiums and benefits are subject to revision, and reinsurance agreements manage claim variability.
PPS Provider Policy	Includes a PPS Profit-Share Account™ (DPF component) accessible at age 60 or policy cancellation. No premiums are required for this component.
Business Provider (PPS Provider Policy)	Offers similar benefits to the Professional Life and Health Providers, tailored for business needs. Premiums and benefits can be revised, and reinsurance agreements are in place. These policies do not include a DPF component.
PPS Education Cover	Covers school and university fees for a child beneficiary upon the insured's death, disability, or illness. Premiums and benefits are not guaranteed, and reinsurance agreements mitigate variability in claims.
PPS Endowments	Allows policyholders to save via unit trust investments. These products do not transfer insurance risk or include a DPF component.
PPS Living Annuity	A compulsory purchase linked annuity with no risk benefits or investment guarantees. These policies do not transfer insurance risk or include a DPF component.

The PPS Provider Policy includes a DPF element, meaning insured parties bear the insurance risk. Variations in claims, persistency, or termination rates affect the amounts allocated to the DPF element. Despite this, the Group manages insurance risk to ensure sustainable insurance benefits and growth of DPF benefits for policyholders.

In insurance portfolios where probability theory is applied, the main risk for the Group is that actual claims and benefits exceed the provisions made. This can happen if the frequency or severity of claims is higher than expected. Since insurance events are random, the number and amount of claims will vary annually from statistical estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Larger and more diversified insurance portfolios reduce the variability of outcomes. A more varied portfolio is less likely to be broadly impacted by changes in a specific subset. The Group's underwriting strategy ensures appropriate pricing for accepted risks.

To further mitigate risk, the Group has a comprehensive reinsurance strategy that reduces the impact of variability in claims across different insurance portfolios. This strategy remains effective in protecting PPS from claim fluctuations.

Below is an overview of the Group's short-term insurance products:

Type of contract	Terms and conditions
Motor	Covers damage or loss related to motor vehicles, excluding railway stock and warranty business.
Property	Covers damage or loss of property, excluding businesses covered under other classes in the Insurance Act, 2017.
Legal expense	Covers legal expenses related to litigation.
Transport	Covers damage or loss during transit, storage, or handling of goods.
Liability	Covers liabilities to others, including professional indemnity.
Accidental and health	Covers costs or income loss due to disability or death from accidents or health events not covered by the Medical Schemes Act, 1988.

Insurance contracts – Long-term

(a) Frequency and severity of claims

Key factors that could increase mortality and morbidity claims include diseases (e.g., AIDS), epidemics (e.g., COVID-19), economic conditions, weather, healthcare quality, and lifestyle changes (e.g., smoking, diet, exercise), which may lead to earlier or more claims than expected.

The Group uses a detailed claims assessment process, with authority levels ensuring larger or repeat claims are reviewed by senior assessors and management and the forensics team, if necessary, before approval. Regular investigations help monitor claims trends.

To manage these risks, the Group follows a strict underwriting strategy, aligning accepted risks with its risk appetite. Medical risk selection is incorporated into underwriting, and premium loadings or benefit exclusions may be applied based on an applicant's health history. Maximum exposure limits per insured life are based on professional income and are adjusted annually for inflation, except where deemed inappropriate. Policyholders are also asked to review their benefits yearly to avoid over-insurance, which could affect future claims.

Reinsurance contracts are in place to limit liability where appropriate. A Board-approved reinsurance strategy, regularly reviewed by the Group Actuarial Committee, ensures continued relevance.

The Group also considers contract holder behaviour in its risk assessments, as holders in poor health are less likely to terminate contracts than healthy holders, potentially leading to higher expected mortality rates. These behavioural impacts are factored into liability measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in estimating future benefit payments and premium receipts arises from unpredictable long-term changes in mortality, morbidity, and contract holder behaviour.

The Group uses standard base tables for mortality and morbidity, adjusting them based on its own experience where necessary. Annual reviews of past claims experience help refine these estimates for future expectations. Where no standard tables exist, the Group develops custom tables based on its historical data.

Lapse rates also have a significant impact. The Group conducts monthly analyses of lapse rates for each product line, intervening when rates exceed expected levels to reduce lapses and terminations.

Risk exposure and concentrations of risk

The table below shows the Group's exposure to life insurance risk by business category and reflects the extent of risk mitigation through reinsurance.

Group 2024	Liability of remaining coverage and incurred claims components	PPS Profit-Share accounts component	Total
R'm			
South Africa			
Gross insurance contracts	7 149	36 754	43 903
Reinsurance contract assets	(1 143)	–	(1 143)
Net of reinsurance contract assets	6 006	36 754	42 760
Namibia			
Gross insurance contracts	387	1 583	1 970
Reinsurance contract assets	(31)	–	(31)
Net of reinsurance contract assets	356	1 583	1 939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Group 2023	Liability of remaining coverage and incurred claims components	PPS Profit-Share accounts component	Total
R'm			
South Africa			
Gross insurance contracts	8 128	33 018	41 146
Reinsurance contract assets	(1 445)	-	(1 445)
Net of reinsurance contract assets	6 683	33 018	39 701
Namibia			
Gross insurance contracts	388	1 404	1 792
Reinsurance contract assets	(34)	-	(34)
Net of reinsurance contract assets	354	1 404	1 758

Insurance contracts – Short-term

For short-term insurance portfolios, where probability theory is applied to pricing and provisioning, the main risk the Group faces is that actual claims and benefit payments may exceed the provisions made. This can happen if the frequency or severity of claims is higher than anticipated. Since insurance events are inherently random, the actual number and amount of claims can vary annually from the statistical estimates used.

The Group believes that a larger portfolio of similar insurance contracts reduces variability in outcomes, and a more diversified portfolio is less likely to be significantly impacted by changes within a subset. The Group's underwriting strategy is designed to charge appropriate premiums for the risks accepted.

Pricing for short-term insurance products is based on historical claims data adjusted for inflation and potential catastrophes. The Group also considers other costs, such as acquisition and administration expenses, reinsurance costs, investment income, and a profit margin that covers the cost of capital.

Underwriting limits are set to ensure consistent application of the underwriting policy. Performance is continuously monitored, and pricing policies are adjusted accordingly. Risk factors in this process include the insured's age, past claims history, the type and value of the covered asset, security measures, and the asset's primary use. The Group retains the right to reprice or change conditions for risk acceptance upon renewal or with 30 days' notice. The underwriting strategy aims to ensure diversification by type, amount of risk, and geography.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Expenses are monitored by business unit against an approved budget and business plan.

The Group mitigates insurance risk by managing both reserves and reinsurance effectively. Reserve risk relates to the possibility that provisions for claims, including unreported claims and related expenses, may be inadequate.

The Head of Actuarial Function conducts annual reviews to ensure the reliability of technical provisions and the Solvency Capital Requirement. This includes an assessment of the Underwriting Policy, premium rates, and business profitability.

The Group calculates its short-term insurance reserves using two methods: the "percentile approach" and the "cost-of-capital approach."

a) Percentile approach

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at least at the 60th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to at least the 60th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

b) Cost-of-capital approach

This method calculates the market value of liabilities by determining the cost of transferring them, including associated expenses, to a third party. It involves calculating the best-estimate future cost of claims and adding a capital margin required by the third party to back the future claim payments. Unlike the percentile approach, this method discounts reserves using a term-dependent interest rate structure and accounts for unallocated loss adjustment expenses.

The cost-of-capital approach adjusts reserve levels by class to capture the varying risk levels within different insurance categories, aligning with risk-based solvency principles.

Reinsurance Risk Management

Reinsurance risk refers to the possibility that the reinsurance coverage obtained is insufficient or ineffective relative to the Group's risk management strategy. The Group acquires third-party short-term reinsurance to mitigate risks from significant events or risk accumulations that could severely impact annual earnings or the Group's capital. The reinsurance programme is designed to meet the Group's risk management needs.

Key components of the reinsurance programme include:

- A Whole Account Risk, Clash & Catastrophe Excess of Loss treaty with five layers, where PPS Short-term Insurance (PPS STI) retains the first R5 million of each claim, excluding reinstatement premiums.
- A 10%/90% Quota Share Arrangement for the Health Professions Indemnity liability product, with PPS STI retaining 10% of all premiums and claims.

The Head of Actuarial Function conducts an annual review to ensure that reinsurance arrangements adequately transfer the risks faced by PPS Short-term Insurance. The most recent review confirmed the sufficiency of the current reinsurance agreements.

The PPS Short-term Insurance board approves the reinsurance renewal process annually. Reinsurance is placed with external reinsurers registered with the Prudential Authority (PA) or those with equivalent jurisdiction status. These reinsurers must have a minimum domestic credit rating of A- or equivalent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Risk exposure and concentrations of risk

The table below illustrates the Group's exposure to short-term insurance risk, categorised by business type, based on the carrying value of insurance liabilities at the reporting date.

Group	% of Net Earned Premium 2024	% of Net Earned Premium 2023
Motor	59%	59%
Property	36%	35%
Liability	5%	5%
Other	<1%	1%
	100%	100%

Risk management relating to investment contracts

Since 2007, the Group has offered investment products through its subsidiary, PPS Investments (Proprietary) Limited. For these contracts, the investment risk is borne by the policyholders. However, PPS Investments faces a risk of reduced income from fees, as these are tied to the value of the underlying assets. There is also a reputational risk if the investment performance does not meet the expectations of contract holders.

These risks are managed through a rigorous multi-manager investment research process conducted by PPS Investments' managers, which incorporates both technical and fundamental analysis.

The investment contracts offered by PPS Insurance include the PPS Endowment, PPS Corporate Endowment, and PPS Living Annuity.

Assumptions, methodology and limitations of sensitivity analysis

The sensitivity analysis uses actuarial and statistical models based on economic forecasts and historical variations in market factors. The analysis shows the impact of changes in key assumptions while holding others constant. However, changes in one market factor may cause correlated changes in others.

The analysis does not consider that the Group's assets and liabilities are actively managed. The results are based on the Group's financial position at the reporting date and may differ when actual market movements occur. As markets reach trigger points, management actions would adjust the Group's position accordingly.

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Underwriting risk: Long-Term Insurance

Underwriting risk is the risk that actual exposure to mortality, disability, and medical risks will exceed prudent levels. This risk is managed through established underwriting principles, considering actual and expected mortality, morbidity, and expense experiences.

The Head of Actuarial Function (HAF) annually reviews and certifies the reliability and adequacy of technical provisions and the Solvency Capital Requirement. The HAF also provides opinions on the Underwriting Policy, premium rate soundness, and business profitability, considering policyholders' benefit expectations. All new rate tables are approved by the Executive: Actuarial Services before issuance.

Reinsurance outwards: Long-Term Insurance

The Group has a Board-approved reinsurance strategy in place. Life, disability, dread disease, and physical impairment risks are reinsured to balance claim variability with the cost of reinsurance. Reinsurers are selected based on their ability to provide product, pricing, underwriting, and claims support, as well as their global credit rating.

Claims risk: Long-Term Insurance

Staff undergo proactive training to identify and investigate fraudulent claims promptly. Claims are verified through internal controls designed to manage and monitor claims risks. The Forensic Investigations department advises on improvements to internal controls and investigates suspected fraudulent claims.

Products and pricing risk: Long-Term Insurance

Some of the mitigating measures in place to address this risk include:

- Ongoing analysis of risk experience, such as sickness and mortality investigations.
- Reinsurance, which transfers some risk to reinsurers.
- Including margins in premium rates to protect against slightly worse-than-expected experiences.
- Non-guaranteed rates allow the Group to adjust rates if experience significantly worsens.
- Thorough testing of proposed products, including expected expenses and business volumes, ensures appropriate pricing. If actual expenses or volumes differ significantly from the business plan, the offering is revisited and adjusted as needed.
- The annual valuation provides critical insights into changing parameters such as mortality, morbidity, and long-term investment returns.

37. Management of risks (continued)

37.3 Financial risk management

The Group faces financial risk through its financial assets, liabilities (including investment and insurance contracts), and reinsurance contracts. The primary risk is that the returns from financial assets may not cover the obligations from its insurance contracts. Key components of this financial risk include market risk (interest rate, equity price, and foreign currency risk), liquidity risk, and credit risk. While policyholders bear some of this risk due to the participating nature of the contracts, the Group manages these risks to optimise benefits for policyholders.

These risks arise from open positions in interest rate, currency, and equity products, which are susceptible to market fluctuations. The main risk for the Group is the impact of volatility in equity prices and interest rates on the value of its assets and liabilities.

The Group regularly reviews the assets backing insurance policy liabilities using asset-liability modelling techniques. This approach ensures that the return on assets is sufficient to meet required returns on risk reserves and maximise returns on policy liabilities, all within acceptable risk levels. Asset class composition is reviewed quarterly with asset managers.

Credit and counterparty risk

Credit risk is the risk of loss from a counterparty failing to meet its debt obligations. The Group's exposure includes:

- Insurance and other receivables;
- Intermediary receivables;
- Reinsurers' share of insurance liabilities;
- Reinsurer receivables for payments made to policyholders;
- Debt securities and cash equivalents; and
- Receivables from insurance and investment contract policyholders.

The Group's credit risk management approach has remained consistent. Receivables are monitored based on their credit characteristics, and the Group limits credit risk by investing only in liquid debt securities with well-rated counterparties. The Group deals with reputable banks and reviews their credit ratings quarterly.

The Group only engages in insurance contracts with eligible professionals and enforces a Credit Control Policy aligned with the Policyholder Protection Rules. In case of premium defaults, communication is sent to policyholders, and benefits are suspended after three months of non-payment. The Group has a legal right to offset outstanding premiums against vested Apportionment Accounts, reducing credit risk.

Reinsurance agreements are only entered with Prudential Authority-registered reinsurers, which are subsidiaries of large international companies with minimum credit ratings of A+ for long-term insurance and A- for short-term insurance. No defaults have occurred.

Cash and cash equivalents are invested in financial institutions with credit ratings that meet Board guidelines and legal restrictions. The financial stability of these institutions is monitored regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Exposure to credit risk

The maximum exposure to credit risk at the reporting date from financial assets, including unit trusts, and insurance contracts was:

Group		
R'm	2024	2023
Debt securities (including assets held in unit trust funds) (a)	26 973	25 035
Reinsurance contract assets	1 290	1 565
Cash and cash equivalents (including assets held in unit trust funds)	4 361	4 311
Receivables	2 219	1 842
Total	34 843	32 753

(a) Debt securities

Debt securities designated at fair value through profit or loss include corporate and government bonds. As of 31 December, the Group's exposure to corporate and government debt was R27.0 billion (2023: R25.0 billion). The major industry sectors exposed are detailed below.

Group		
R'm	2024	2023
Government	13 834	7 672
Banks	8 966	971
Utilities	729	11 965
Corporate	3 444	4 427
Total	26 973	25 035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Concentrations of credit risk

National Scale Credit Ratings have been sourced from S&P Global Ratings, except for instruments issued by Standard Bank, for which Fitch Ratings Inc. was utilized. Additionally, for international instruments, the international long-term foreign scale rating was used. Credit ratings were obtained for instruments that constitute approximately 95% of the market value of debt and cash instruments.

The maximum exposure to credit risk for its financial assets, including unit trusts, and insurance contracts at the reporting date by credit rating category was as follows:

Group						
2024						
R'm	AAA and Government	Below AAA but no lower than A	Below A but no lower than BBB	BBB and Below	Unrated/Unobtainable	Total
Debt securities (including assets held in unit trust funds)	12 763	9 403	378	232	4 197	26 973
Cash and cash equivalents (including assets held in unit trust funds)	-	2 835	167	230	1 129	4 361
Receivables	-	-	-	-	2 219	2 219
Reinsurance contract assets	-	1 290	-	-	-	1 290

Group						
2023						
R'm	AAA and Government	Below AAA but no lower than A	Below A but no lower than BBB	BBB and Below	Unrated/Unobtainable	Total
Debt securities (including assets held in unit trust funds)	11 806	1 949	1 059	5 636	4 585	25 035
Cash and cash equivalents (including assets held in unit trust funds)	1	1 265	414	781	1 850	4 311
Receivables	-	-	-	-	1 842	1 842
Reinsurance contract assets	-	1 559	-	6	-	1 565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Ageing of financial assets

The following table provides information regarding the credit quality of assets (including unit trust fund assets) which expose the Group to credit risk:

Group					
Financial assets that are past due					
2024	Neither past due nor impaired	Between 0 - 2 months	Between 2 - 5 months	More than 5 months	Carrying value
R'm					
Reinsurance contract assets	913	100	54	223	1 290
Receivables	2 219	-	-	-	2 219
Cash and cash equivalents	4 361	-	-	-	4 361

Group					
Financial assets that are past due					
2023	Neither past due nor impaired	Between 0 - 2 months	Between 2 - 5 months	More than 5 months	Carrying value
R'm					
Reinsurance contract assets	1 180	133	42	210	1 565
Receivables	1 842	-	-	-	1 842
Cash and cash equivalents	4 311	-	-	-	4 311

The Group does not use collateral or credit enhancements for its credit risk exposure from financial and insurance contract assets in the current or prior year. Insurance receivables can be settled from the Profit-Share Account by arrangement with the policyholder. To assess whether the credit risk of a financial asset has significantly increased since initial recognition and to estimate expected credit losses, the Group considers available, relevant information, both qualitative and quantitative, without undue cost or effort. This includes forward-looking information such as macroeconomic forecasts. Expected credit losses on insurance receivables are calculated using a provision matrix, with receivables categorised by individual policyholder arrangements. Impairment rates for various categories are detailed below:

Category 1	Balances older than 60 days in excess of recoverable Profit-Share Account balance
Category 2	Balances in excess of recoverable Profit-Share Account balance
Category 3	Arrangement Debtor balances for members aged 51 and older. Before age 51, balances in excess of recoverable Profit-Share Account balance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

The Group writes off the gross carrying amount of the financial assets and insurance contract assets (net of the remaining Profit-Share Account balance) when it has no reasonable expectations of recovering the asset or portion thereof. The Group expects no significant recovery from the amount written off. There are no financial assets where the terms have been renegotiated for the current or prior year.

Individually impaired assets

The analysis of overall credit risk exposure indicates that the Group has receivables that are impaired at the reporting date. The impaired asset balances are analysed below:

Group	2024			2023		
		Accumulated impairment losses	Net		Accumulated impairment losses	Net
R'm	Gross			Gross		
Loan to associate company (note 13)	1 080	(234)	846	760	(234)	526
Due from investment property lessees (note 13)	5	(4)	1	7	(4)	3

Liquidity risk

Liquidity risk is the risk that the Group may struggle to raise funds to meet its obligations to policyholders and cover financial liabilities.

The Group manages liquidity risk as follows:

- Policyholder funds are invested in assets that align with the reasonable benefit expectations of policyholders, ensuring funds are available to pay out benefits as required.
- Most policyholder funds are invested in liquid assets like listed financial instruments and cash equivalents, which can be quickly liquidated to meet policy obligations. Some funds are in less liquid assets, such as real estate and private equity funds, but not to a degree that creates material liquidity risk.
- Operational cash flow is sufficient to cover normal operational expenses, such as settling trade creditor balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

The contractual maturities of financial and insurance contract liabilities, including interest payments and net of reinsurance, are shown below. For long-term obligations, estimated cash flows are consistent with the valuation methodology used for insurance contracts. The cash flows are discounted to reconcile with the total policy liabilities, and the PPS Profit-Share accounts reflect the current value of the underlying assets (shown in the tables below).

Group 2024 R'm	Carrying amount	Total cash flows	Contractual cash flows				
			Within 1 year	2 – 5 years	6 – 10 years	11 – 20 years	Over 20 years
PPS Profit-Share accounts ^(a)	38 337	38 337	2 151	5 782	8 307	14 524	7 573
Liability for remaining coverage and incurred claims ^(a)	7 536	334 730	794	514	477	9 004	323 941
Short-term Insurance liabilities	174	174	118	56	-	-	-
Third-party financial liabilities arising on consolidation of unit trusts	21 902	21 902	21 902	-	-	-	-
Investment contract liabilities	6 862	6 862	398	1 730	2 339	2 395	-
Other financial liabilities	437	437	437	-	-	-	-
Lease liabilities	31	36	12	24	-	-	-

(a) These have been disaggregated in the below table to align with IFRS 17 disclosure requirements.

Group 2023 R'm	Carrying amount	Total cash flows	Contractual cash flows				
			Within 1 year	2 – 5 years	6 – 10 years	11 – 20 years	Over 20 years
PPS Profit-Share accounts ^(a)	34 684	34 684	1 945	5 228	7 510	13 130	6 871
Liability for remaining coverage and incurred claims ^(a)	8 006	906 514	2 033	771	257	11 441	892 012
Short-term Insurance liabilities	138	138	117	21	-	-	-
Third-party financial liabilities arising on consolidation of unit trusts	17 925	17 925	17 925	-	-	-	-
Investment contract liabilities	5 529	5 529	349	1 395	1 842	1 943	-
Other financial liabilities	273	273	273	-	-	-	-
Lease liabilities	32	35	20	15	-	-	-

(a) These have been disaggregated in the below table to align with IFRS 17 disclosure requirements. The brackets on liability for remaining coverage and incurred claims have been removed to enhance user understanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

(a) Group 2024 R'm	Contractual cash flows							
	Carrying amount	Total cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years years
PPS Profit-Share accounts	38 337	38 337	2 151	1 301	1 399	1 494	1 589	30 403
Liability for remaining coverage and incurred claims	7 536	334 730	794	246	151	117	-	333 422

(a) Group 2023 R'm	Contractual cash flows							
	Carrying amount	Total cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years years
PPS Profit-Share accounts	34 684	34 684	1 945	1 176	1 265	1 351	1 437	27 510
Liability for remaining coverage and incurred claims (b)	8 006	901 877	(2 605)	337	256	160	18	903 711

(b) The brackets on liability for remaining coverage and incurred claims have been removed to enhance user understanding.

Market risks

Market risk refers to the risk that changes in market prices—such as interest rates, foreign exchange rates, and equity prices—will impact the value of the Group's financial assets, liabilities, and insurance contract assets. Market risk arises from fluctuations in the value of liabilities and investments held by the Group.

The goal of market risk management is to control exposures within acceptable limits while optimising returns on assets. The Group's exposure to market risk and its management strategies have not significantly changed, though they have been rigorously applied due to current market conditions and volatility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Management of market risk

Each major component of market risk is managed as follows:

a. Interest rate risk

Interest rate risk primarily affects the Group's investments in debt securities, cash, and cash equivalents, and its long-term debt obligations. However, changes in investment values due to interest rate fluctuations are mitigated by corresponding changes in the economic value of insurance and investment contract liabilities. This risk is managed by asset managers through investment mandates that limit exposure to debt securities, with performance measured against internal benchmarks.

The Group's approach to managing interest rate risk remains consistent with the prior period. The sensitivity of cash, cash equivalents, and debt securities (including unit trust fund assets) to interest rate changes on profit before tax is shown below:

	2024	2023
Group	R'm	R'm
Cash and cash equivalents		
Interest rate decrease: 1%	(44)	(30)
Interest rate increase: 1%	44	30
Debt Securities		
Interest rate decrease: 1%	(271)	(250)
Interest rate increase: 1%	271	250
Insurance contracts gross of reinsurance		
Interest rate decrease: 1%	338	171
Interest rate increase: 1%	(300)	(162)
Insurance contracts net of reinsurance		
Interest rate decrease: 1%	328	168
Interest rate increase: 1%	(290)	(159)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fluctuations in the value of assets backing the PPS Profit-Share accounts and the investment components of policy liabilities will impact the allocations to these accounts and liabilities each year. The choices for asset backing PPS Profit-Share accounts reflect the Group's understanding of policyholders' investment risk appetite. The assets held for this purpose are listed below:

Group 2024	PPS Profit-share accounts and Investment policies excluding Investment Choice				Investment Choice	
	R'm		%		R'm	
Equity - local	12 609	36			2 002	28
Interest - local and international	8 973	25			2 990	42
Cash - local and international	2 101	6			420	6
Equity - international	11 786	33			1 729	24
Total	35 469	100			7 141	100

Group 2023	PPS Profit-share accounts and Investment policies excluding Investment Choice				Investment Choice	
	R'm		%		R'm	
Equity - local	10 787	34			1 541	26
Interest - local and international	8 990	28			2 778	46
Cash - local and international	1 683	5			505	8
Equity - international	10 681	33			1 174	20
Total	32 141	100			5 998	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

The assets backing the non-DPF component of liabilities are aligned with the Group's risk appetite and past asset-liability modelling exercises. Investment gains or losses from market value fluctuations and interest rate changes are adjusted in the DPF component of policyholder benefits.

Younger policyholders, with more time to recover from market volatility, have portfolios with higher equity exposure and risk. Older policyholders, from age 55, are given the option annually to switch to more conservative portfolios with reduced equity exposure.

The assets backing the liability for remaining coverage and incurred claims are as follows:

	2024		2023	
	R'm	%	R'm	%
Equity - local	454	7	515	9
Interest - local and international	5 980	87	5 080	84
Cash - local and international	90	1	80	1
Equity - international	323	5	405	7
Total	6 847	100	6 080	100

The assets backing the liability for remaining coverage and incurred claims are invested in such a manner as to try and minimise the asset-liability mismatch for interest rate risk and duration risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

b. Currency risk

The Group's operations in Namibia do not introduce additional foreign currency risk due to the parity between the Namibian Dollar and the South African Rand.

Currency risk for international investments is actively managed by multi-managers, with returns shown in US Dollars and performance measured against internal benchmarks. South African legislation allows up to 45% of long-term insurance company investments in foreign currency, with a 55% limit for the Namibian long-term insurance company.

The potential impact of currency movements on domestic equities with significant foreign earnings is assessed by asset managers when selecting equities for PPS mandates.

The Group has minor exposure to the Australian Dollar from its Australian associate, which provides hard currency income that mitigates foreign currency expenses. The year-end assets in Australian Dollars are not material.

The sensitivity of international assets to currency movements on profit before tax is shown below:

Group	2024 R'm	2023 R'm
Currency risk		
South African Rand exchange rate decrease: 1%	(182)	(123)
South African Rand exchange rate increase: 1%	182	123

c. Equity price risk

The Group holds a significant equity portfolio, mainly to support liabilities from unit-linked insurance contracts, contracts with DPF, and investment contracts. Therefore, price movements in equities are matched with corresponding obligations.

Equity exposure is managed to meet internal and regulatory capital requirements. Asset managers and multi-managers are measured against benchmarks and risk parameters, with monthly compliance statements and regular updates on adherence to investment mandates. Management monitors performance and mandate adherence monthly, with any deviations addressed promptly.

The Group's equity risk exposure and management approach have remained consistent with the prior period. The assets have performed well relative to the benchmark, and given the Group's long-term investment strategy, the asset allocations remain unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

The Equity price risk sensitivity on profit before tax is shown below:

Group	2024 R'm	2023 R'm
Equity price risk		
Price decrease: 1%	(647)	(312)
Price increase: 1%	647	312

Expense risk

Expense risk arises when actual expenses exceed those assumed in pricing or valuing contracts, due to factors such as higher business operation costs, unexpected expense inflation, or a smaller-than-expected in-force policy book. Additionally, lower-than-expected new business volumes or higher-than-expected contract terminations can lead to increased unit costs per policy.

To manage this risk, annual expense investigations are conducted, and valuation expense assumptions are set based on these investigations, considering the budgeted expenses per policy for the next financial year. Actual expenses are monitored monthly against the budget. Due to the Group's mutual nature, any expense savings or losses compared to expected expenses directly affect the profit allocation to policyholders.

Business volume risk

The Group faces a risk of not covering acquisition and distribution costs if new business volumes are insufficient. However, a significant portion of these costs are variable. Monthly comparisons of actual sales volumes against budgeted and targeted sales allow management to identify and address factors that may impact volume delivery. Corrective actions are taken as needed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Data and model risk

There is a risk of loss if the models used to calculate insurance liabilities do not accurately project expected cash flows. This risk is mitigated by annually comparing actual cash flows with expected cash flows on a product basis. All new contract designs are incorporated into the model, and detailed investigations ensure data integrity in the valuation process. Automated systems flag any anomalous transactions on an ongoing basis.

Capital management

Long-Term Insurance

The Group’s capital management objectives are:

- Comply with regulatory capital requirements in all operating countries.
- Ensure the entity's ability to continue as a going concern.
- Provide acceptable returns for policyholders and members while benefiting other stakeholders.

The Board maintains a strong capital base to protect policyholders’ and creditors’ interests and to satisfy regulators, while still creating value for policyholders. The required level of accumulated funds is determined by the Insurance Act 18 of 2017 in South Africa and the Namibian legislation (Act 5 of 1998), along with the Group’s licence requirements. Minimum capital requirements must be maintained throughout the year.

The table below summarises the minimum and actual accumulated funds across the Group.

R'm	2024		2023	
	South Africa	Namibia	South Africa	Namibia
Capital held	499	6	518	6
Regulatory capital	237	4	246	4

* Unaudited numbers

In 2024, the PPS Insurance Board decided to maintain a capital cover of 2.1 times which provides adequate protection based on the analysis performed. This decision resulted in R18 million being allocated to (2023: R59 million allocated from) total comprehensive income.

Short-Term Insurance

The Board’s policy is to maintain sufficient capital to protect policyholders’ and creditors’ interests, satisfy regulators, and create value for the shareholder. The capital level required by the Group is determined by the Prudential Standards under the Insurance Act 18 of 2017. The Group maintains a level of SCR cover at 1.60 times (2023: 1.60 times). The Group has complied with all externally and internally imposed capital requirements throughout the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

PPS Collective Investment Scheme funds managed by PPS Multi-Managers (Pty) Ltd

The Group invests in various registered unit trusts to match obligations provided in policyholder contracts. Each fund operates within a defined mandate, managed by the appointed fund manager, and adheres to legal requirements, such as the Collective Investment Schemes Control Act, No. 45 of 2002 in South Africa, which prescribes limits for risk exposure concentrations.

The oversight board of the Collective Investment Scheme appoints administrators responsible for ensuring compliance with the fund's mandate and control procedures. Any breaches are reported immediately to the fund's trustees, Board, and management for remedial action. The unit trust fund vehicle and related procedures are well-regulated in South Africa.

The unit trust funds are grouped under entities named Professional Provident Society Collective Investment Scheme and Prescient Global Funds ICAV (PPS Global Equity Fund). The unit trust subsidiary manager and asset manager, along with their respective mandates and objectives, are described below.

Funds managed by PPS Multi-Managers (Pty) Ltd

PPS Investments Group employs a combination of single- and multi-manager investment strategies to achieve acceptable returns with lower-than-average risk. This is accomplished by:

- Conducting thorough and ongoing quantitative and qualitative research of potential managers;
- Selecting specialist and multi-asset managers based on their investment style and expertise;
- Optimising portfolio construction by blending selected managers;
- Writing segregated investment mandates to tightly control portfolio risk;
- Continuously monitoring the risk and return characteristics of each manager and the overall portfolio; and
- Making manager changes when deemed in the best interest of investors.

The Collective Investment Schemes Control Act also imposes specific restrictions on underlying managers, including limits on interest rate and credit risk, where applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fund Name	Investment Objective	Investment Mandate	Typical Investments	Risk Exposure
PPS Conservative Fund of Funds	Maximise total return while outperforming CPI + 2% p.a.	Multi-managed fund with real return strategies; diversified across all asset classes equity limited to 40% of portfolio.	Fixed instruments (money market, bonds), local and international equities.	Credit risk, interest rate risk, equity price risk, currency risk.
PPS Moderate Fund of Funds	Maximise total return while outperforming CPI + 4% p.a.	Multi-managed fund with real return strategies; diversified across all asset classes, equity limited to 60% of portfolio.	Fixed instruments (money market, bonds), local and international equities.	Credit risk, interest rate risk, equity price risk, currency risk.
PPS Enhanced Yield Fund	Provide enhanced income above a short-term fixed interest benchmark.	Actively managed with a focus on defensive asset allocation; weighted average maturity limited to less than one year.	Income-yielding floating rate instruments (corporate bonds, securities, government bonds, cash).	Credit risk, interest rate risk.
PPS Flexible Income Fund	Total return with income bias and capital protection.	Multi-managed fund with active management and no maturity limits; defensive asset allocation in fixed interest instruments.	Fixed instruments (money market, bonds, preference shares), offshore fixed interest assets.	Credit risk, interest rate risk, currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fund Name	Investment Objective	Investment Mandate	Typical Investments	Risk Exposure
PPS Equity Fund	Long-term capital growth exceeding South African equity market index.	Multi-managed fund focusing on domestic listed equities for long-term performance.	Domestic listed equities, cash.	Local equity price risk, company-specific risk, indirect currency risk.
PPS Balanced Fund of Funds	Maximise total return while outperforming a peer-relative benchmark.	Multi-managed fund under Regulation 28, focusing on long-term growth with a diversified spectrum of securities.	Local and international equities, bonds, property, money market instruments.	Medium to high risk: credit risk, interest rate risk, equity price risk, company-specific risk, currency risk.
PPS Worldwide Flexible Fund of Funds	Maximise total return while outperforming CPI + 6% p.a.	Multi-managed fund with flexible asset allocation and real capital growth; diversified across asset classes and sectors.	Local and international equities, bonds, property, money market instruments.	Medium to high risk: credit risk, interest rate risk, equity price risk, company-specific risk, currency risk.
PPS Global Balanced Fund of Funds	Maximise total return while outperforming a composite industry benchmark.	Multi-managed fund with a focus on long-term capital growth and income; diversified international securities.	International equities, bonds, property, money market instruments.	Medium to high risk: credit risk, interest rate risk, equity price risk, counterparty risk, currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fund Name	Investment Objective	Investment Mandate	Typical Investments	Risk Exposure
PPS Balanced Index Tracker Fund	Track the PPS Balanced Index, a multi-asset high equity composite index.	Index tracker fund investing in securities necessary to track the PPS Balanced Index.	Local and international equities, domestic bonds, domestic cash, domestic property.	Medium to high risk: credit risk, interest rate risk, equity price risk, counterparty risk, currency risk.
PPS Institutional Multi-Asset Low Equity Fund	Consistent benchmark-beating return over 36 months with minimised capital loss.	Institutional multi-managed fund with a focus on capital protection and diversification; equity limited to 40% of portfolio.	Diversified across all asset classes and sectors, domestic and international exposure.	Low to medium risk: equity price risk, credit risk, currency risk, liquidity risk, interest rate risk.
PPS Bond Fund	Outperform broad bond market index with consistent performance.	Multi-managed bond fund focusing on benchmark relative performance and long-term inflation protection.	Listed and unlisted bonds, inflation-linked bonds, fixed deposits, other interest-bearing securities, short to long-dated securities.	Credit risk, interest rate risk, inflation risk.
PPS Institutional Multi-Asset Flexible Fund	Maximise total return while outperforming CPI over 3 years with capital growth.	Institutional multi-managed fund with flexible asset allocation; equity limited to 75% of portfolio.	Flexible combination of listed and unlisted investments across equity, bond, money, and property markets.	Moderate to high risk: credit risk, interest rate risk, local equity price risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fund Name	Investment Objective	Investment Mandate	Typical Investments	Risk Exposure
PPS Stable Growth Fund	Outperform ASISA SA MA Medium equity while preserving capital over the medium-to-long-term.	Single-manager fund with an absolute return focus and aim for medium-to-long-term growth; equity limited to 60% of portfolio.	Domestic equities, bonds, cash, property, international cash, bonds, property, equities, financial instruments.	Medium risk: equity price risk, credit risk, currency risk, liquidity risk, interest rate risk.
PPS Defensive Fund	Outperform ASISA SA Multi-Asset Low Equity category average with low short-term volatility.	Single-manager fund with a focus on protecting capital and maintaining diversified asset class exposure; equity limited to 40% of portfolio.	Domestic equities, bonds, cash, property, international cash, bonds, property, equities, financial instruments.	Low to medium risk: equity price risk, credit risk, currency risk, liquidity risk, interest rate risk.
PPS Managed Fund	Medium-to-long-term capital growth of at least CPI + 5% p.a.	Single-manager fund investing in a spectrum of local and international securities under Regulation 28; equity limited to 75% of portfolio.	Domestic equities, bonds, cash, property, international cash, bonds, property, equities, financial instruments.	Medium to high risk: equity price risk, credit risk, currency risk, liquidity risk, interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fund Name	Investment Objective	Investment Mandate	Typical Investments	Risk Exposure
PPS Global Equity Fund	Outperform MSCI All Country World Index with an investment horizon >7 years.	USD-denominated portfolio managed for long-term capital growth, investing in listed equities globally.	Global equity and equity-related securities, liquid assets, collective investment schemes, cash positions.	Medium to high risk: market risk, currency risk, derivative risk, liquidity risk, counterparty risk, developing market risk.
PPS Global Equity Feeder Fund	Outperform MSCI All Country World Index with an investment horizon >7 years.	Rand-denominated fund investing in the foreign PPS Global Equity Fund; hedging against exchange rate risk.	Global equity and equity-related securities, liquid assets, collective investment schemes, cash positions (through the underlying PPS Global Equity Fund).	Medium to high risk: market risk, currency risk, derivative risk, liquidity risk, counterparty risk, developing market risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2024 (continued)

38. Going concern

The trustees/directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these financial statements are prepared on a going concern basis.

Going concern and solvency

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This 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. The solvency position of the Group remains resilient.



PPS and the power of mutuality.

A story of shared success

ACTION REQUIRED BY MEMBERS IN REGARD TO THE 2025 ANNUAL GENERAL MEETING

The annual general meeting (AGM) of members of The Professional Provident Society Holdings Trust (PPS Holdings Trust) will be held at 18:00 on Monday, 12 May 2025. In the interest of improving participation by members, the PPS Holdings Trust Board has decided that this annual general meeting will be held entirely virtually. This AGM will consider and, if deemed fit, approve the ordinary and special resolution set out in the notice convening the AGM, which is attached to and forms part of this Integrated Report. A form of proxy, enabling members to vote on the respective resolutions proposed, has also been included in this integrated report.

In terms of the Trust Deed of PPS Holdings Trust, only Ordinary Members of PPS Holdings Trust have the right to vote at meetings of its members. The votes of Ordinary Members of PPS Holdings Trust are determined in the manner set out in clause 22.6.2.2 of the Trust Deed, which is available at www.pps.co.za.

While it is permissible for individuals who are nominated for election as trustees to canvas Ordinary Members of the PPS Holdings Trust for votes in favour of their election, the provision or offer of any form of inducement for votes or any inducement to obtain votes on their behalf (whether in cash or in kind) is inconsistent with the qualification criteria for prospective Trustees and may result in ineligibility to stand for election. Members are requested to report any such inducement or offer of such inducement by or on behalf of a prospective Trustee to the Trust Secretary at companysecretary@pps.co.za as soon as reasonably practicable after the occurrence of such an event.

You may attend and vote at the AGM by attending virtually, or you may appoint a proxy to represent you virtually by completing the form of proxy included in this integrated report (please also refer to the notes to the form of proxy) and forwarding it, marked for the attention of the Trust Secretary, to one of the addresses below, or via e-mail, to be received by the Trust Secretary by no later than 18:00 on Wednesday, 7 May 2025 and you are also permitted to withdraw submitted proxy forms up to that date and time.

Physical address

6 Anerley Road
Parktown
Johannesburg

Telephone

011 644 4200

E-mail

AGMproxies@pps.co.za

Postal address

PO Box 1089
Houghton
2041

Ordinary members who have not submitted a form of proxy by 18:00 on Wednesday, 7 May 2025, may cast their votes electronically at the AGM. For the convenience of attendees at the AGM, they will be able to load their votes on the electronic voting system from 15:00 on Monday, 12 May 2025 and those votes will then be exercised at the AGM. Voting will be closed by the Chairman of the AGM during the course of the meeting.

Ordinary members will, on 9 May 2025, be provided with a link enabling them to register for, participate in and vote (if they have not submitted a form of proxy) electronically at the 12 May 2025 AGM.

The results of the voting at the AGM will be announced at the AGM as soon as they have been verified by the appointed scrutineers, KPMG, or will be published on the PPS website as soon as possible after the meeting.

Please take careful note of the provisions relating to the action required by members regarding the AGM. If you are in any doubt as to what action to take, please consult your professional adviser.

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION

The Professional Provident Society Holdings Trust

(Registration number: IT312/2011)

(the Trust)

Notice is hereby given that the fifteenth annual general meeting (the meeting) of the members of the Trust will be held VIRTUALLY on Monday, 12 May 2025 at 18:00, for the purposes set out below. Please refer to the section titled “Action required by members in regard to the 2025 annual general meeting” included in this Integrated Report for particulars regarding participation in the annual general meeting.

1. To adopt, by ordinary resolution, the annual financial statements for the year ended 31 December 2024, including the reports of the trustees and the auditors of the Trust.
2. To appoint, by ordinary resolution, Ernst & Young Incorporated as the auditors of the Trust for the financial year ending 31 December 2025.
3. To elect and appoint trustees, by ordinary resolutions, in place of those trustees retiring in accordance with the Trust Deed which established and governs the Trust (Trust Deed).

Dr A Coetzee, Dr B R Ntshabele and Dr R Putter are retiring by rotation at the conclusion of this annual general meeting in terms of the Trust Deed. Dr B R Ntshabele will not be standing for re-election.

The following Trustees, being eligible for re-election and appointment, offer themselves for re-election and appointment as trustees of the Trust:

3.1 Dr A Coetzee

3.2 Dr R Putter

In addition, the following candidates have been nominated for election and appointment as trustees of the Trust in terms of the Trust Deed:

3.3 Ms DLT Dondur

3.4 Dr A Huggett

3.5 Mr MI Keeka

3.6 Mr FF Koning

3.7 Dr F Mansoor

3.8 Mr LT Maqubela

3.9 Ms PD Ndlovu

3.10 Dr RE Ngwenya

3.11 Mr AL Peter

3.12 Ms T Rakhuu

3.13 Mr VP Rimbault

3.14 Dr B Valodia

3.15 Dr M van der Merwe

(Abbreviated biographical details of the persons referred to above are set out on pages 214 to 215 of this Integrated Report and in the AGM Downloads page on the website).

EXPLANATORY NOTE ON THE APPOINTMENT OF THE TRUSTEES

The Trust Deed provides for a maximum of 20 Trustees, all of whom are appointed in accordance with the Trust Deed. In terms of clause 5.3.1 of the Trust Deed, a maximum of ten Trustees may be elected by the members in general meeting. There are currently 10 elected Trustees, of whom three are required to retire by rotation in terms of clause 7.2.1 of the Trust Deed. Following these retirements by rotation, there will be seven elected trustees in office. There are therefore three vacancies and there are 15 nominees for these vacant positions (including the two Trustees who retire by rotation and who offer themselves for re-election and appointment). The Trust Deed provides that:

- (i) Each candidate will be voted upon by a separate election resolution and if the election resolution is not approved then that candidate is not appointed.
- (ii) If the number of candidates whose election resolutions are approved exceeds the above-mentioned number of vacancies, the result of the voting shall be determined in accordance with the number of votes cast in favour of each approved election resolution so that the vacancies will be filled by those candidates whose approved election resolutions received the highest number of favourable votes.

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION (continued)

4. To elect the Audit Committee of the Trust by ordinary resolutions. The following trustees, who meet the requirements of paragraph 26.1 of the Trust Deed, nominated by the Group Nominations Committee and recommended by the Board, have offered themselves for election:

- 4.1 Ms DLT Dondur CA(SA)
- 4.2 Mr AH de Vries CA(SA)
- 4.3 Mr S Trikamjee CA(SA)
- 4.4 Prof HE Wainer CA(SA) Registered Auditor

5. To approve, by special resolution, the following remuneration of the trustees (exclusive of VAT) for the period commencing 1 July 2025 until such time as this remuneration is amended by a further special resolution:

- remuneration of the chairman, comprising an annual retainer of R640 800 and an attendance fee of R27 675 per meeting;
- remuneration of the deputy chairman, comprising an annual retainer of R427 200 and an attendance fee of R20 756 per meeting;
- remuneration of the co-opted members of the Board of Trustees, comprising an annual retainer of R320 400 and an attendance fee of R13 838 per meeting;
- remuneration of the remainder of the members of the Board of Trustees, comprising an annual retainer of R213 600 and an attendance fee of R13 838 per meeting;
- remuneration of the chairman of the Trust Audit Committee, being an attendance fee of R34 594 per meeting;
- remuneration of the remainder of the members of the Trust Audit Committee, being an attendance fee of R17 297 per meeting;
- remuneration of the Chairman of the Group Nominations Committee, being an attendance fee of R46 125 per meeting;
- remuneration of the deputy Chairman of the Group Nominations Committee, being an attendance fee of R36 900 per meeting; and
- remuneration of the remainder of the members of the Group Nominations Committee, being an attendance fee of R27 675 per meeting.

Voting

In voting or passing any resolution:

- **Associate Members** (as defined in clause 18 of the Trust Deed) do not have any votes; and
- **Ordinary Members** (as defined in clause 18 of the Trust Deed) shall have 100 (one hundred) votes each, plus 1 (one) additional vote for each completed R200 (two hundred Rand) standing to his/her credit in his/her Apportionment Account (as defined in the Trust Deed), as at the most recent date prior to the meeting when the Apportionment Accounts of Ordinary Members were adjusted, provided that an Ordinary Member who is at the date of the vote 3 (three) months or more in arrears with the payment of his/her premiums (payable in terms of the Master Contract (as defined in clause 1.2.25 of the Trust Deed)) shall only have 1 (one) vote at the meeting.

A member who has more than 1 (one) vote may not split votes to exercise his/her votes in voting on any particular resolution but shall exercise all his/her votes either for or against the resolution or the member may abstain from voting on it.

An ordinary resolution is a resolution which has to be approved by a majority of votes exercised on that resolution. A special resolution is a resolution which has to be approved by at least 75% of the votes exercised on that resolution.

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION (continued)

Proxies

Any member who is entitled to attend and vote at the meeting may appoint a proxy (who need not be a member of the Trust) to attend, speak and on a poll to vote or abstain from voting in his/her stead.

A form of proxy is included in this integrated report on pages 217 to 218 and is also available for downloading from www.pps.co.za. **The form of proxy is accompanied by notes indicating the requirements for its completion. Forms of proxy which do not comply with these requirements will be rejected.**

Forms of proxy must be delivered at one of the following addresses or by e-mail, to be received by, and marked for the attention of, the Trust Secretary, by no later than 18:00 on Wednesday, 7 May 2025 (please note that additional requirements apply to proxies submitted in terms of a Power of Attorney or Order of Court, as set out in the notes to the form of proxy):

- Physical address: 6 Anerley Road, Parktown, Johannesburg
- Postal address: PO Box 1089, Houghton, 2041
- E-mail: AGMproxies@pps.co.za

By order of the Board of Trustees

VE Barnard

Trust Secretary

The Professional Provident Society Holdings Trust

26 March 2025

NOMINATED CANDIDATES

Abbreviated CVs of these candidates are available on the PPS website at <https://www.pps.co.za/reports/agm-notice-and-downloads-2024>



Dr A Coetzee

Date of Birth:

20/01/1960

Profession:

Medical Doctor

Qualifications:

BMed Sc, MBChB, CAHM, ABCD

PPS Member since:

01/11/1987



Dr R Putter

Date of Birth:

29/04/1978

Profession:

Dentist

Qualifications:

BChD, MSc (Dental Public Health), CFO (SA), Cert Dir (SA)

PPS Member since:

01/05/2018



Ms DLT Dondur

Date of Birth:

12/12/1966

Profession:

Chartered Accountant and Chartered Director

Qualifications:

BAcc (Hons), BCompt, CA(SA), MBA, CD (SA)

PPS Member since:

01/06/1995



Dr A Huggett

Date of Birth:

06/08/1974

Profession:

Medical Doctor and Business Executive

Qualifications:

MBChB, MBA (cum laude), Masters in Public Health, CD(SA)

PPS Member since:

01/03/1999



Mr MI Keeka

Date of Birth:

05/02/1980

Profession:

Procurement Executive

Qualifications:

BCom (Hons), MCom (Informatics), PG Dip in Management (Digital Business)

PPS Member since:

01/03/2004



Mr FF Koning

Date of Birth:

30/08/1974

Profession:

Actuary

Qualifications:

BSc (Mathematics), BSc (Mathematical Statistics), MSc (Mathematical Statistics), PG Dip in Financial Planning, Chartered Enterprise Risk Actuary PPS, FASSA

PPS Member since:

01/03/2004



Dr F Mansoor

Date of Birth:

29/09/1979

Profession:

Dentist

Qualifications:

BDS, MBA

PPS Member since:

01/08/2003



Mr LT Maqubela

Date of Birth:

18/05/1981

Profession:

Fund Manager

Qualifications:

BCom, CA(SA), CFA, PG Dip Accounting

PPS Member since:

01/04/2022



Ms PD Ndlovu

Date of Birth:

24/12/1968

Profession:

Master Tax Practitioner

Qualifications:

BAdmin Economics and Public Administration, BAdmin (Hons) Public Administration, MBA, H Dip Tax

PPS Member since:

01/02/2012

Abbreviated CVs of these candidates are available on the PPS website at <https://www.pps.co.za/reports/agm-notice-and-downloads-2024>



Dr RE Ngwenya

Date of Birth:
13/12/1985

Profession:
Plastic and Reconstructive Surgeon

Qualifications:
BSc, MBBCH, FCS (SA), MMed Surg, FC (Plast Surg (SA)), MMed Plast Reconst Surgery

PPS Member since:
01/01/2005



Mr AL Peter

Date of Birth:
03/02/1975

Profession:
Strategy, Change and Business Transformation Professional

Qualifications:
BCom, PG Dip (Management Accounting), LEP, MIT (Executive Education – Digital Transformation), Executive Master in Change (INSEAD)

PPS Member since:
01/11/1996



Ms T Rakhuu

Date of Birth:
23/10/1989

Profession:
Actuarial and Risk Management Consultant

Qualifications:
BBus Science, MSc Entrepreneurship, PG Dip (General Management), MBA

PPS Member since:
01/09/2015



Mr VP Rimbault

Date of Birth:
02/01/1964

Profession:
Mechanical Engineer

Qualifications:
BSc Eng (Mech)

PPS Member since:
01/03/1992



Dr B Valodia

Date of Birth:
05/07/1967

Profession:
Chief Marketing Officer, Director of Companies

Qualifications:
BPharm, DBA, EDP, CD(SA)

PPS Member since:
01/06/1992



Dr M van der Merwe

Date of Birth:
10/05/1994

Profession:
Practicing Attorney and Tax Consultant

Qualifications:
LLB (cum laude), LLM Tax, PhD (Tax Policy), Master Tax Practitioner

PPS Member since:
01/11/2017



**Performance,
powered by
mutuality.**

A story of shared achievement.

FORM OF PROXY 2025

The Professional Provident Society Holdings Trust

(Registration number IT312/2011) (the Trust)

PPS Member's details:

Full name:
Identity number:
Membership number:
E-mail address:
Postal address:
Cellphone number:

I, the above member of the Trust, hereby appoint:

Proxy's name:	Proxy's identity number:
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or failing him/her, the Chairman of the meeting, as my proxy to attend, speak and on a poll vote for me and on my behalf at the virtual annual general meeting of the Trust to be held at 18:00 on Monday, 12 May 2025 and at any adjournment thereof, as follows:

No.	Business	In favour of	Against	Abstain
1.	Ordinary resolution for the adoption of the annual financial statements of the Trust for the year ended 31 December 2024			
2.	Ordinary resolution for the appointment of the auditors of the Trust			
3.	Ordinary resolutions for the election and appointment of trustees#:			
3.1	Dr A Coetzee*			
3.2	Dr R Putter*			
3.3	Ms DLT Dondur			
3.4	Dr A Huggett			
3.5	Mr MI Keeka			
3.6	Mr FF Koning			
3.7	Dr F Mansoor			
3.8	Mr LT Maqubela			
3.9	Ms PD Ndlovu			
3.10	Dr RE Ngwenya			
3.11	Mr AL Peter			
3.12	Ms T Rakhuu			
3.13	Mr VP Rimbault			
3.14	Dr B Valodia			
3.15	Dr M van der Merwe			

NOTES TO FORM OF PROXY

4.	Ordinary resolutions for the appointment of the members of the Trust Audit Committee				
	4.1	Ms DLT Dondur			
	4.2	Mr AH de Vries			
	4.3	Mr S Trikamjee			
	4.4	Prof HE Wainer			
5.	Special resolution for the approval of trustees' remuneration for the period commencing 1 July 2025 as set out in the notice of the annual general meeting**				

- # There will be three vacancies on the Board of Trustees to be filled by elected Trustees. These three vacancies will be filled by the three candidates receiving the highest number of favourable votes. Refer to the Notice of the Annual General meeting for an explanation in this regard.
- * Trustees who will retire by rotation at the meeting, in accordance with the Trust Deed and, being eligible, offer themselves for re-election.
- ** Authorisation of at least 75 (seventy-five) per cent of the votes cast by members present (in person or represented by proxy) at the meeting is required.

Signed this _____ day of _____ 2025

Signature _____

Instructions and requirements for completion of the form of proxy

- The form of proxy must be signed, dated and returned so as to be received at the registered office of the Trust by 18:00 on Wednesday, 7 May 2025.
- Forms of proxy are required to be completed and signed by the member appointing the proxy, or by his attorney or agent duly authorised in terms of a court order, or a power of attorney which was signed by the Member. If the form of proxy is completed in terms of a power of attorney or authority, the ORIGINAL, OR A CERTIFIED COPY of such power of attorney or authority has to be lodged with the form of proxy by 18:00 on Friday, 2 May 2025.
- The signatory may insert the name of any person whom the signatory wishes to appoint as his/her proxy in the blank space provided for that purpose. If no name is inserted, the chairman of the meeting shall be appointed as the member's proxy.
- By completing and lodging of the form of proxy, it will not preclude the member who is appointing the proxy from attending the annual general meeting and speaking and voting thereat, to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
- Members are encouraged to indicate how they wish their proxy to vote on their behalf by completing the form of proxy in respect of all the resolutions. If the member does not indicate in the appropriate places on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution. In regard to the ordinary resolutions for the election of trustees, any indication of how the member wishes to vote in regard to the candidates will be deemed to be the entire vote of the member, i.e. if the member has only indicated a vote for, or against, or to abstain for one or more candidate(s), the proxy holder shall not be entitled to exercise additional votes in respect of candidates for whom no votes were indicated by the member.
- In respect of the election of Trustees, each candidate will be voted upon by a separate resolution, either "For", "Against" or "Abstain". In terms of the Trust Deed, if the number of persons approved by such resolutions exceeds the number of vacancies (being three), the result of the voting shall be determined in accordance with the number of votes cast in favour of each resolution so that the vacancies will be filled by the elected candidates receiving the highest number of favourable votes, as set out in the Notice of the Annual General Meeting.

RETURN OPTIONS

Either **Deliver to:** The Trust Secretary
6 Anerley Road
Parktown, 2193
Johannesburg

or Post to: The Trust Secretary
PO Box 1089
Houghton
2041

or E-mail to: AGMproxies@pps.co.za

ADMINISTRATIVE INFORMATION

The Professional Provident Society Holdings Trust and Professional Provident Society Insurance Company Limited

Principal place of business: 6 Anerley Road
Parktown, Johannesburg, 2193

Postal address: PO Box 1089
Houghton, 2041

Web address: www.pps.co.za

Professional Provident Society Insurance Company (Namibia) Limited

Principal place of business: Maerua Mall Office Tower, Fourth Floor
Office No. 4002 to 4005
Jan Jonker Road
Windhoek
Namibia

Postal address: PO Box 1407
Windhoek, Namibia

Web address: www.pps.com.na

HEAD OF ACTUARIAL FUNCTION AND STATUTORY ACTUARY OF PPS INSURANCE AND PPS NAMIBIA

(in terms of the Insurance Act)
Ms J F Cable

HEAD OF ACTUARIAL FUNCTION OF PPS SHORT-TERM INSURANCE

(in terms of the Insurance Act)
Mr R Govender

EXTERNAL AUDITOR

Ernst & Young Inc.
102 Rivonia Road
Sandton, 2146, South Africa

INTERNAL AUDITOR

KPMG Services (Pty) Limited
85 Empire Road
Parktown, Johannesburg, 2193, South Africa

LEGAL ADVISERS

Webber Wentzel
90 Rivonia Road
Sandton, Johannesburg, 2196, South Africa

ACTUARIAL ADVISERS

Deloitte
5 Magwa Crescent,
Waterfall City,
Waterfall, 2090, South Africa

FUND MANAGER

PPS Multi-Managers (Pty) Limited
PPS House, Boundary Terraces
1 Mariendahl Lane
Newlands, 7700, South Africa



PPS is a licensed insurer and authorised FSP. Past performance is not necessarily indicative of future performance.
Profit-Share Account is a notional account and vests at age 60.