OLD MUTUAL LIMITED

GROUP ANNUAL RESULTS

For the year ended 31 December 2020

DO GREAT THINGS EVERY DAY

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Cautionary Statement

This report may contain certain forward looking statements with respect to certain of Old Mutual Limited's plans and its current goals and expectations relating to its future financial condition, performance and results and, in particular, estimates of future cash flows and costs. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual Limited's control including amongst other things, domestic conditions across our operations as well as global economic and business conditions, market related risks such as fluctuations in equity market levels, interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual Limited and its affiliates operate. As a result, Old Mutual Limited's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual Limited's forward looking statements. Old Mutual Limited undertakes no obligation to update the forward looking statements contained in this report or any other forward looking statements it may make. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

Notes to Editors

A webcast of the presentation of the 2020 Final Results and Q&A will be broadcast live on 23 March 2021 at 11.00 am South African time on the Company's website **www.oldmutual.com**. Analysts and investors who wish to participate in the webcast can pre-register using the following link:
https://78449.themediaframe.com/dataconf/productusers/oldmutual/mediaframe/43670/indexl.html

Analysts and investors who wish to participate in the call may do so using the following link or telephone numbers below:
https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=8903603&linkSecurityString=da8c1ae27

South Africa	+27 10 500 4108
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Australia	+61 73 911 1378
USA	+1 412 317 0088
International	+27 10 500 4108
Replay Access Code	38691

The replay will be available for five business days.

About Old Mutual Limited

Old Mutual is a premium African financial services Group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 14 countries. Old Mutual's primary operations are in South Africa and the Rest of Africa, and we have a niche business in China. With over 175 years of heritage across sub Saharan Africa, we are a crucial part of the communities we serve and broader society on the continent.

For further information on Old Mutual Limited, and its underlying businesses, please visit the corporate website at **www.oldmutual.com.**

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RESULTS PRESENTATION

DO GREAT THINGS EVERY DAY

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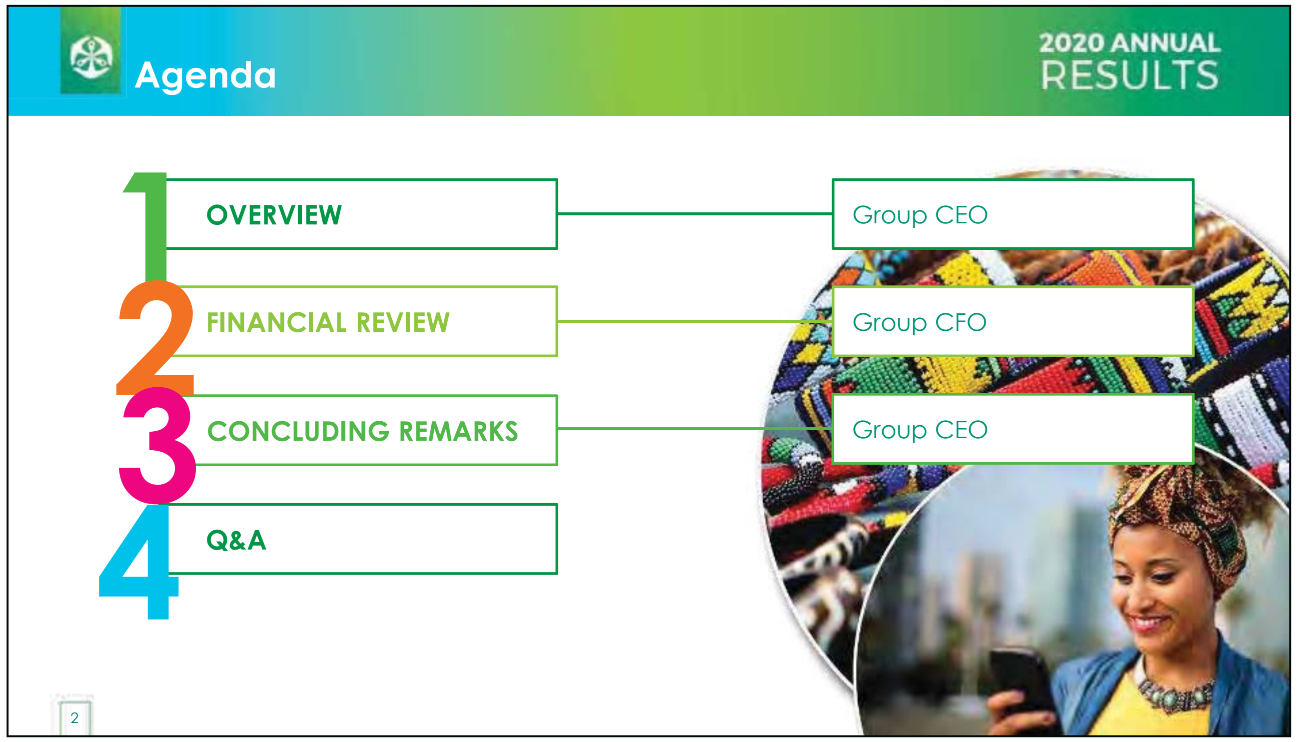

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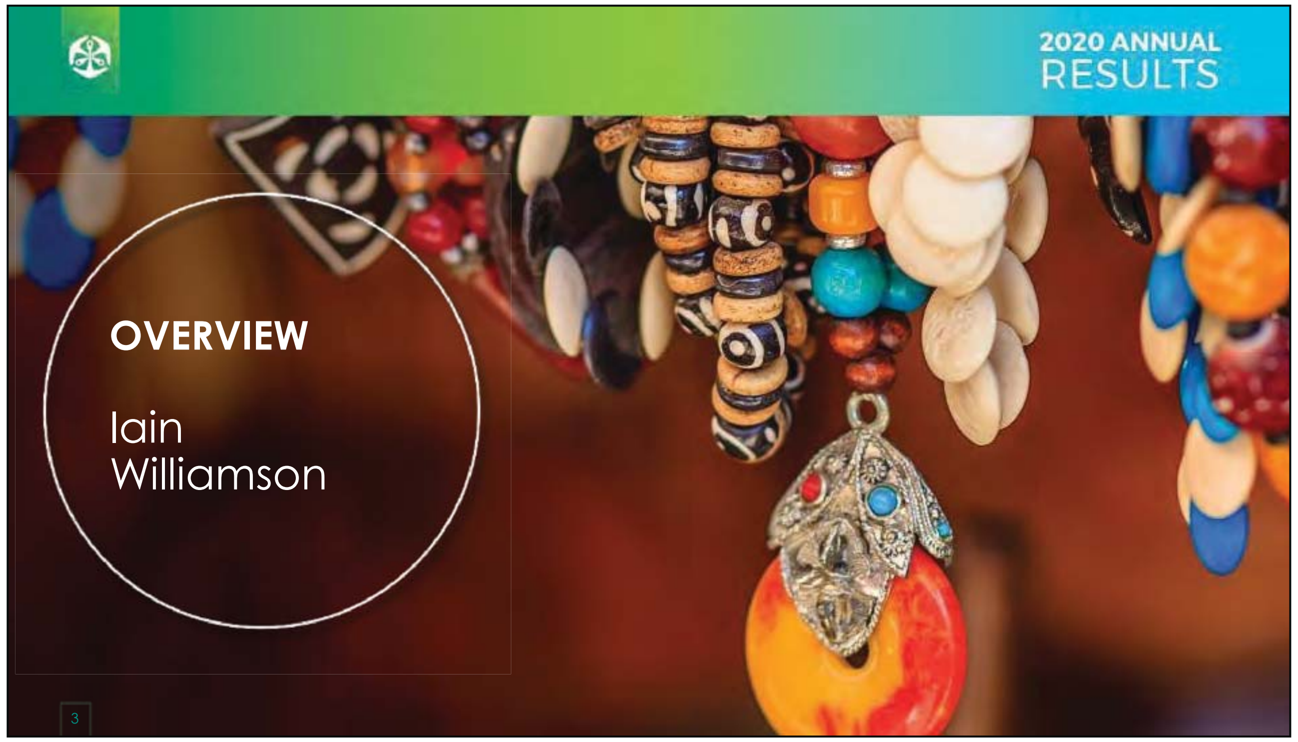

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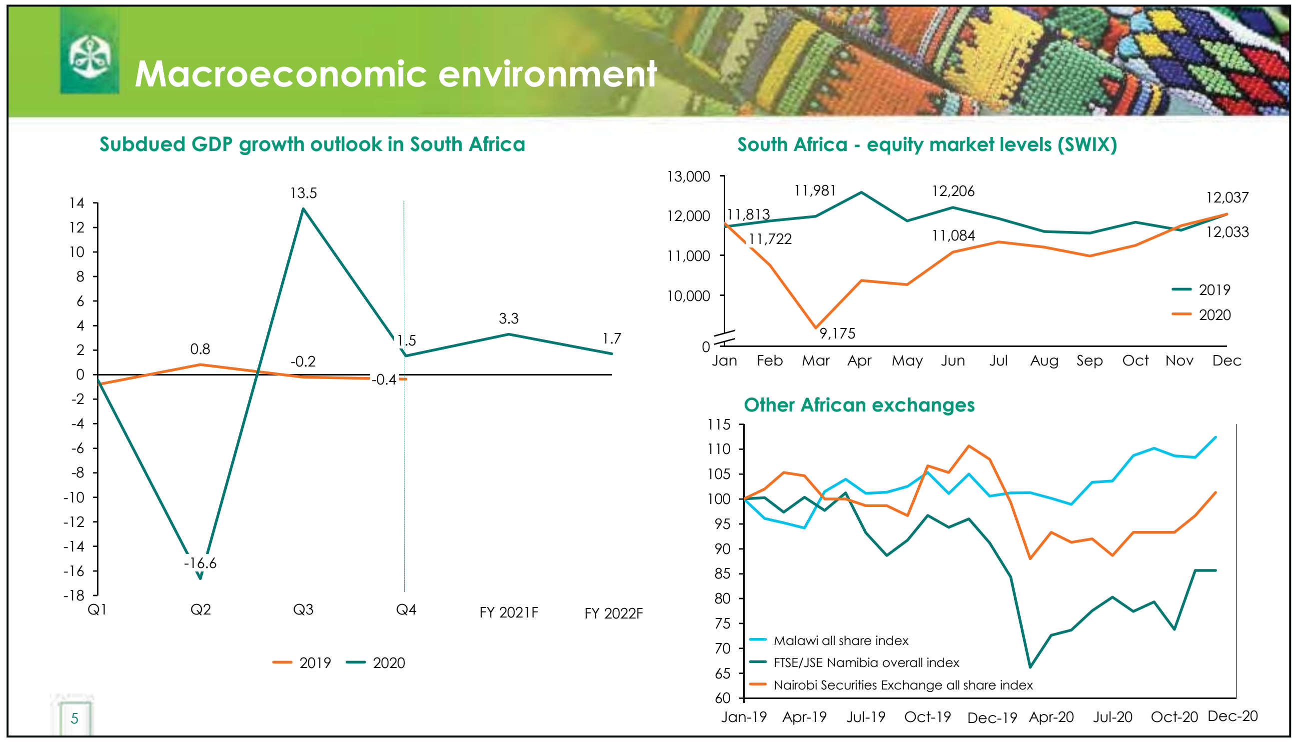

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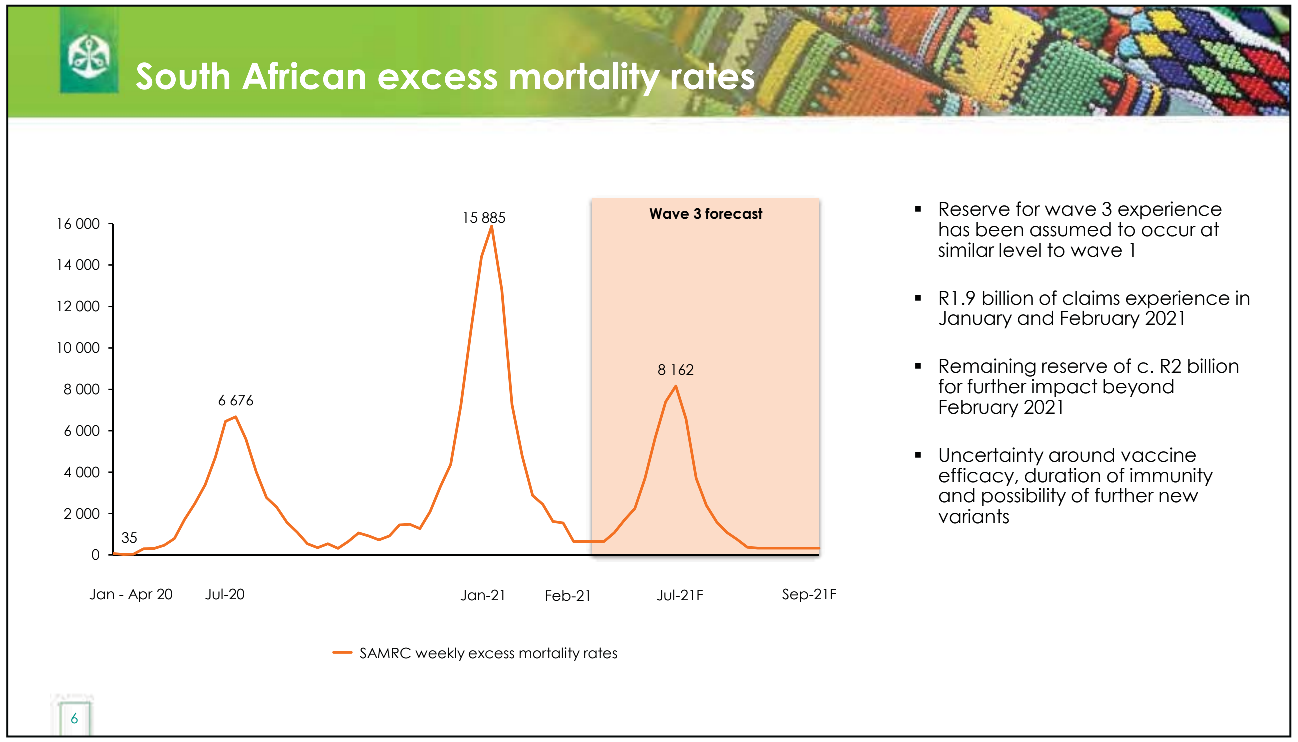


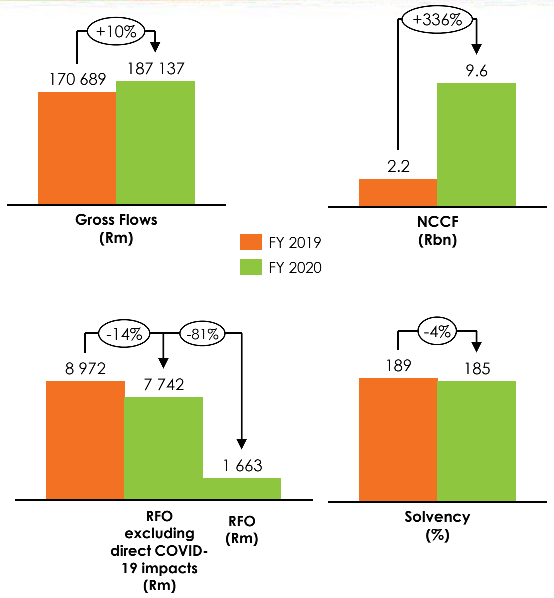
Notes:

Business demonstrated resilience under stress

Good top line performance
- Strong gross flows drove significant increase in NCCF
- Encouraging recovery in life sales levels in Q4 2020 with trend continuing in Q1 2021

Strong balance sheet after significant stress events
- Well capitalised and good liquidity levels
- Business continues to generate free surplus

Earnings negatively impacted by COVID-19 impacts
- Most significant impacts in Life and Property and Casualty businesses
- Emerging expectations of third wave given pace of vaccination roll out, reserving reflects this expectation
- Uncertainty around the speed of economic recovery



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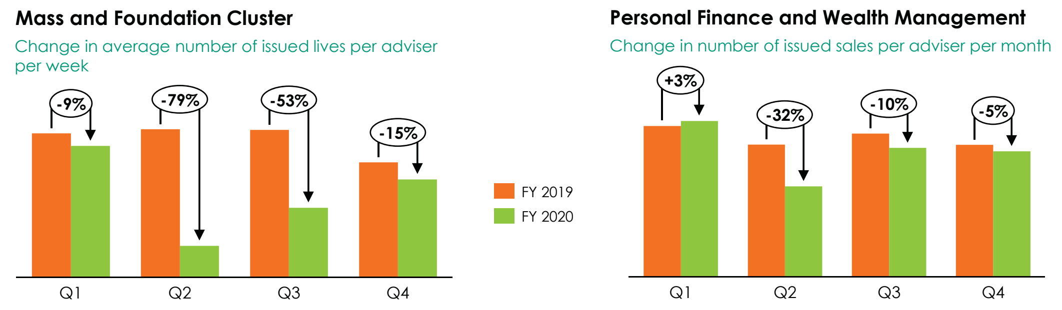
Notes:

Green shoots evident in our distribution channels



- Positive customer response to digital channels introduced during lockdown contributed to improved adviser productivity
- Gradual reopening of worksites and branches supported recovery
- Encouraging recovery in adviser productivity continues in Q1 2021

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Notes:

Operational review

Mass and Foundation Cluster
- Customer base impacted most by COVID-19
- Improving CLR
- Cost optimisation
- Encouraging productivity and sales recovery in Q4

Old Mutual Investments
- Improved investment performance for listed equities
- High levels of deal flow
- Successful capital raises in Alternatives

Old Mutual Insure
- Positive top line growth
- Underwriting result and margin impacted by the pandemic
- Offset by outperformance in personal lines

Personal Finance and Wealth Management
- Strong preference for single premiums
- Savings sales under pressure
- Expenses well managed
- Ended 2020 with good sales momentum

Old Mutual Corporate
- Ability to generate new business came under pressure
- GLA impacted by higher mortality
- Substantial mortality losses due to wave 2

Rest of Africa
- Good growth in P&C
- Strong Asset Management flows
- Balance sheet substantiation
- EA and WA turnaround underway

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Notes:

Three phased response to the crisis

Stabilisation Q2 2020 → Transition H2 2020 → Re-envision 2021+

Financial	Operational	Strategic
• Strong balance sheet through decisive management actions • Good progress on capital optimisation • Final dividend declaration of 35 cents per share	• Digital enablement of employee and intermediary journeys • Uninterrupted service yielding strong customer satisfaction • Health and safety of employees top priority	• Adopting a truly mutual strategy that puts the customer first • Launch of OM Protect in 2020. Adding savings and income proposition in 2021 • Simplified new funeral products to expand funeral service offering

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Financial delivery in 2020

RFO ex COVID	Impact of COVID-19	AHE	Group Solvency	RoEV
R7,742 million	R6,079 million	R2,484 million	185%	3%
Commendable performance before the direct impacts of COVID-19	Mainly pandemic reserve impact, business interruption claims and negative mark to market losses	Impacted by COVID-19 reserves, lower shareholder investment returns and decline in Nedbank earnings	Strong position after significant stress, in excess of target range	Remains positive despite the decline in value of new business and the increase in our pandemic reserves

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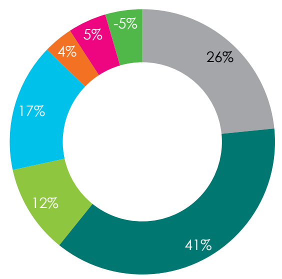
Notes:

Results from Operations

Rm	FY 2020	FY 2019	% Change
Mass and Foundation Cluster	2,008	3,527	(43%)
Personal Finance and Wealth Management	3,208	2,169	48%
Old Mutual Investments	888	1,008	(12%)
Old Mutual Corporate	1,340	1,816	(26%)
Old Mutual Insure	309	233	33%
Rest of Africa	401	496	(19%)
Net expenses from central functions	(412)	(277)	(49%)
RFO excluding direct COVID-19 impacts	7,742	8,972	(14%)
Separately identifiable direct COVID-19 impacts	(6,079)	–	(100%)
Results from Operations	1,663	8,972	(81%)

Segment contribution to RFO excl. direct COVID-19 impacts



- Mass and Foundation Cluster
- Personal Finance and Wealth Management
- Old Mutual Investments
- Old Mutual Corporate
- Old Mutual Insure
- Rest of Africa
- Net expenses from central functions

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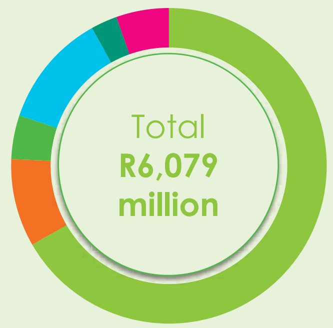
Notes:

Direct COVID-19 impacts



Net pandemic impact	4,393
Business interruption and rescue reserves	791
Underwriting results - Personal lines	(293)
Unrealised Mark to Market losses	704
Forward looking information	169
Increase in operating expenses	315
Total direct COVID-19 impacts	**6,079**

Rm	Results from Operations (RFO)	Direct COVID-19 impacts	RFO excluding direct COVID-19 impacts
Mass and Foundation Cluster	1,265	743	2,008
Personal Finance and Wealth Management	525	2,683	3,208
Old Mutual Investments	180	708	888
Old Mutual Corporate	87	1,253	1,340
Old Mutual Insure	(131)	440	309
Rest of Africa	192	209	401
Net expenses from central functions	(455)	43	(412)
Impact to Results from Operations	**1,663**	**6,079**	**7,742**

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Notes:

Pandemic reserve impact

Pandemic impact

Rm	Group
Reserve at 30 June 2020	1,339
H2 experience in excess of H1 reserve	204
Reserve at 31 December 2020	3,962
Pandemic impact related to COVID-19	**5,505**
Pandemic reserve at 31 December 2020	**3,962**

Pandemic impact, net of releases

Rm	Group
Gross pandemic impact in 2020	**5,505**
Release of discretionary reserves	(1,112)
Pandemic impact, net of release	**4,393**

- H1 reserve not sufficient to cover experience in H2
- Increase of R3,962 million in reserves in December to provide for wave 2 and 3
- Release of discretionary reserves partially mitigated impact
- R1.9 billion of excess claims in January and February 2021
- Remaining reserve of c. R2 billion for impact beyond February 2021

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Notes:

Adjusted Headline Earnings

Rm	FY 2020	FY 2019	% Change
Operating segments	8,154	9,249	(12%)
Net expenses from central functions	(412)	(277)	(49%)
RFO excluding direct COVID-19 impacts	7,742	8,972	(14%)
Separately identifiable direct COVID-19 items	(6,079)	–	(100%)
Results from Operations	1,663	8,972	(81%)
1 Shareholder Investment Return	1,612	2,102	(23%)
2 Finance Costs	(484)	(737)	34%
3 Income from associates	917	2,528	(64%)
Adjusted Headline Earnings before tax and non-controlling interests	3,708	12,865	(71%)
Shareholder tax	(1,188)	(2,874)	59%
4 Non-controlling interests	(36)	(135)	73%
Adjusted Headline Earnings	2,484	9,856	(75%)

1. Decrease driven by low interest rates, decrease in shareholder asset base and fair value losses on unlisted equity portfolios
2. Lower average debt levels and fair value gains on interest rate swaps
3. Decrease in Nedbank headline earnings due to significant increase in credit loss provisions and decrease in non-interest revenue
4. Decrease in non-controlling interests largely driven by lower profits in Old Mutual Finance

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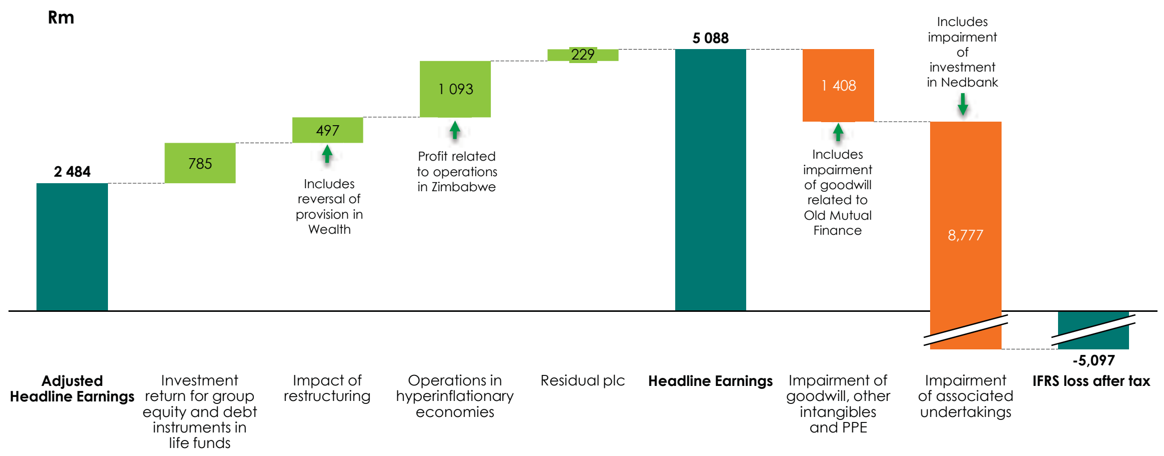
Notes:

AHE to IFRS reconciliation



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Notes:

CFO focus areas

Complex Balance sheet judgements
- Appropriateness of pandemic reserve and business interruption reserves
- Nedbank impairment of R8.7 billion in H1, no further impairment

Market risk
- Implemented Three Manager Model framework
- Actively monitored liquidity risks and the adequacy of our liquidity buffers
- Hedging strategies related to risk products led to one off benefit of R1.8 billion

Continued to optimise capital
- Transferred 12.4% of Nedbank's issued capital from OMLACSA to OMEM
- Simplification of legal entity structure
- Significant Prudential Authority application approved driving R3.3 billion decrease in capital requirements in OMLACSA
- Continue to engage with PA on accounting consolidation application and streamlining ownership structures to eliminate inefficiencies
- Successful debt raise of R2 billion at favourable rates

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Notes:

Robust group solvency

Rm	FY 2020	FY 2019[1]	% Change
OMLACSA			
Own funds	60,659	79,556	(24%)
Solvency capital requirements	29,447	36,518	(19%)
1 Solvency ratio	206%	218%	(1 200 bps)

Rm	FY 2020	FY 2019[2]	% Change
Group			
Eligible own funds	92,078	98,755	(7%)
Solvency capital requirements	49,680	52,194	(5%)
2 Solvency ratio	185%	189%	(400 bps)

1. Decrease driven by:
   - Transfer of 12.4% of Nedbank from OMLACSA to OMEM decreased eligible own funds
   - Reduction in the Nedbank share price and increase in quantum of participation adjustment
   - Partially offset by iterative risk margin approach positively impacting eligible own funds
2. Decrease driven by:
   - Reduction in the value of Nedbank
   - COVID-19 impacts
   - Re-presented FY 2019 to reflect insurance group designation – increase from 161% to 189%

1. Amounts as submitted in the Prudential Authority return
2. Re-presented the solvency position in line with the final Insurance Group designation by the Prudential Authority in 2020.

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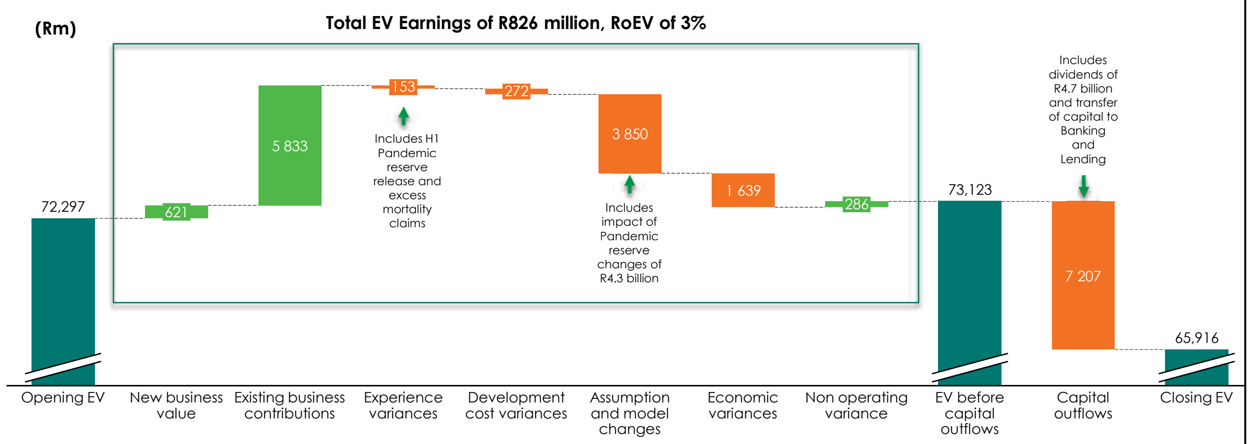
Notes:

Embedded value resilient through crisis



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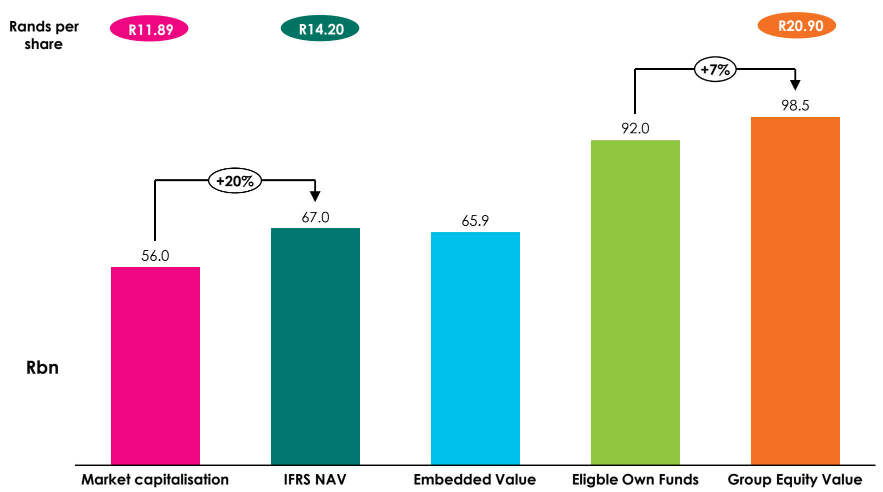
Group Equity Value



- Group Equity Value has reduced from R116.5 billion to R98.5 billion
- Life and savings business included at Embedded Value
- Material non-covered business valued at fair value
- Nedbank included at recoverable value
- Share price currently trading at a discount to all measures of value

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Notes:

2020 ANNUAL RESULTS

Notes:

Outlook for 2021

Drive recovery of the business	• Drive recovery in productivity levels as rapidly as possible, with pleasing momentum in Q1 2021 • Uncertainties remain but believe we are appropriately reserved for wave 3
Delivery of revised medium term targets	• Recovery in RFO and RoNAV to 2019 levels by 2023 • Deliver VNB margin of 1.5% to 3% in medium term • Deliver R750m pre-tax run rate cost savings by end 2022 • Maintain OML solvency within the target range of 155% - 175% • Restore Old Mutual Insure underwriting margin of 4%-6% • Economic recovery will support opportunities for acceleration in capital returns
Execute our strategy	• Disciplined execution will position us to win the market • Continue to deliver digital initiatives and enhancements at pace • Acquire new customers by always being present first with solutions that lead

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Notes:

2020 ANNUAL RESULTS

Notes:

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THANK YOU

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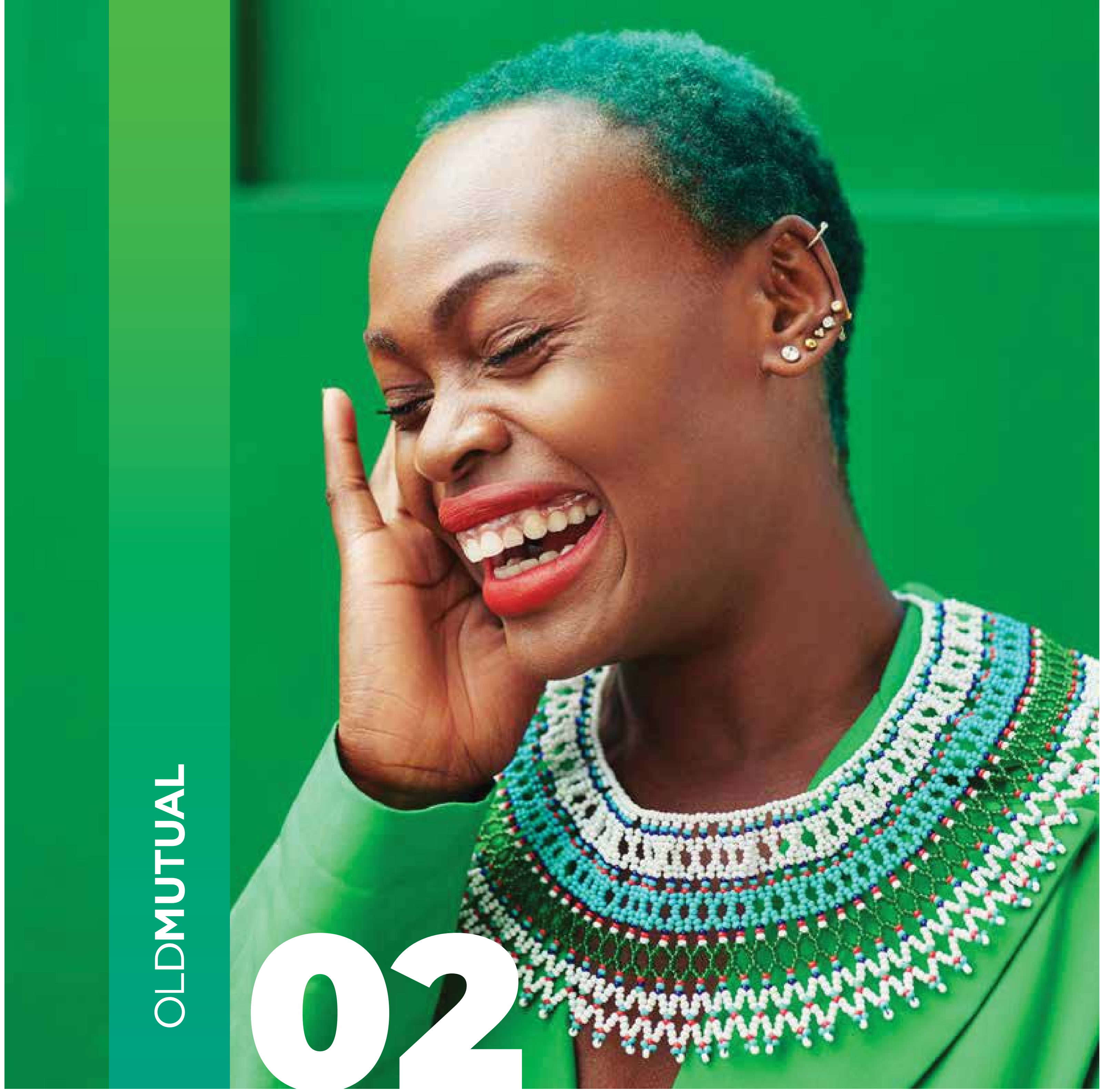


RESULTS COMMENTARY

DO GREAT THINGS EVERY DAY

A message from our CEO

Iain Williamson
Chief Executive Officer

CEO

2020 was one of the most challenging years our organisation has ever faced. Our business remained well capitalised through decisive management actions and our liquidity position was strong, despite the material negative impact COVID-19 had on our earnings. The fundamentals of our business were tested through this extreme scenario but we remained true to our purpose of championing mutually positive futures every day and our diversified business model enabled us to demonstrate resilience in this environment. During this crisis I have been most proud of how our employees have demonstrated dedication, resilience and agility as they continued to serve and advise our customers responsibly. We have made good strides operationally and simplification remains a key focus to enhance efficiencies across the business. Areas of progress include the consolidation of debt programmes, continued digital enablement and the migration of approximately 15% of workloads to a cloud infrastructure to date. We expect to complete this migration in South Africa in 2021.

We are deeply committed to supporting our customers, employees and communities through these unprecedented times. During 2020 we supported customers and their families through the payment of approximately R13 billion in mortality claims during the year. We offered various financial support initiatives that provided relief to customers, intermediaries, communities and our employees. As part of our ongoing relief initiatives to customers during difficult times, we made interim payments in respect of business interruption claims to qualifying small and medium-sized enterprises (SMEs) customers, to enable them to continue operating. We have extended premium free cover to frontline healthcare workers in South Africa, Malawi and Zimbabwe. In most of our regions in Africa we donated medical supplies, protective equipment and funding to frontline health care workers and regional hospitals. We are also involved in a pipeline project to supply oxygen to the Queen Elizabeth Central Hospital in Malawi. We are actively involved in the Business For South Africa (B4SA) Vaccination Support Programme and we will lend our public voice in promoting safe vaccinations across the continent.

The lockdown restrictions have had a material impact on our ability to interact face to face with our customers, particularly during the second quarter. Digital offerings to enhance the customer experience that were already in development, as part of our vision to build a leading African digital platform business, were accelerated and rolled out during the year, enabling us to meet customer needs remotely. In South Africa, we introduced alternative direct digital channels such as email, USSD and WhatsApp platforms to pay funeral claims and facilitate disinvestments and take up rates have improved significantly in the fourth quarter with strong traction in 2021. In the Southern and East African regions, we introduced USSD features and a Facebook Messenger Chatbot to assist customers with opening investment accounts, managing their accounts and requesting withdrawals. We have refreshed our public websites and mobile applications to provide access to all of our solutions in one place with intuitive navigation according to customer needs. Through this we achieved the automation of various key customer journeys and experienced strong growth in our active digital customer count.

We enabled our employees and certain of our advisers to work remotely. We set up multiple training interventions to assist intermediaries to adopt self-service tools to simplify their service experience and enable point of contact resolution on the majority of queries. Through the increase in use of artificial intelligence and robotic processing we continue to improve claim authorisation speed, with 80% of funeral claims paid within 4 hours. As worksites and branches reopened in the second half of the year we implemented strict safety protocols to protect employees and customers visiting these premises.

We rolled out Old Mutual Protect, our new risk proposition which offers a range of personalised cover solutions. This proposition is supported by a secure digital platform, and it seeks to provide personal cover that is comprehensive, modular, and aligned with customers' evolving lives. The platform allows advisers to provide an online needs analysis, make a solution recommendation, pre-populate personal information, verify client identity and save advice records securely in the cloud for easy access. It facilitates quick underwriting decisions through artificial intelligence and allows advisers to focus on meaningful conversations with customers to build cover and benefits that are relevant and appropriate for them. We have seen significant progress in the roll out of Old Mutual Protect. More than 10,000 advisers are accredited to offer the new proposition and enabled to make use of the digital platform. Approximately 202,000 applications were issued for Old Mutual Protect in 2020, with over 125,000 of these issued in the fourth quarter. During 2021 we will add a savings and income proposition alongside the Old Mutual Protect range utilising the same core infrastructure, which will complete the refresh of our Life and Savings solution offering in South Africa and Namibia. In addition, the simplified new funeral product rolled out in branches and distributed through loan consultants has been well received by customers.

We are excited to have launched our Truly Mutual strategy, underpinned by five interconnected strategic pillars. When we listed in Africa in 2018 we communicated our medium term focus areas and reported on these over the past reporting periods. In parallel, we have been formulating a longer term strategy that was approved by the Board. In setting our strategy, the overarching vision is to be our customers' first choice for their financial needs through the services we offer. We believe that successful execution on the five pillars will enable us to be our customers' first choice and allow us to build the most valuable businesses in the industry, delivering sustainable long term value for shareholders.

Zimbabwe continues to be challenged by hyperinflation which has led to distortion in their equity markets. The suspension of our share was a casualty of the Government's actions taken to stabilise the situation. We continue to engage with the Zimbabwean Government to agree a permanent solution to this issue which is negatively impacting our shareholders in Zimbabwe. When I reflect on 2020 and the challenges we faced as a business, I am extremely proud that we further strengthened the fabric of our business during the pandemic. I believe that the disciplined execution of our refreshed strategy will place us in a good position to win in the market as the economy recovers.

NAVIGATING COVID-19

Customers

- Mortality claims of **R13 billion** were fast tracked to support our customers and their families
- Committed **R400 million** towards customer relief initiatives, with **R290 million** disbursed in 2020
- Interest free loans and commercial settlements to qualifying SMEs of approximately **R70 million** paid to date by Old Mutual Insure
- Sales and servicing through WhatsApp, USSD and mobile applications
- Launched COVID-19 helpline in partnership with Careworks to provide telephonic medical consultation

Employees

- Launched Friends In Need initiative to provide financial support to employees in financial distress
- Regular connect sessions through virtual meetings, Exco blogs, newsletters and virtual conferences
- Provided digital solutions and online learning platforms

Intermediaries

- Spend of **R71 million** on commission and incentive relief
- Digital enablement through webinars, self-service web platforms and applications

Suppliers

- Paid our SME suppliers across the supply chain within **7 days**

Investors

- Strong balance sheet through decisive capital management actions
- Diversified sources of income that enable the business to demonstrate resilience

Communities

- Approximately **R70 million** spent on education, health, nutrition and food security
- Premium free cover to qualifying healthcare workers of **R4 billion**, extended to 2021 with **R4.5 million** claims paid to date
- Converted the MuPine training centre into a 300-bed quarantine and self-isolation facility. MuPine Golf Club was also converted into an official COVID-19 testing facility
- Support to Solidarity Fund including:
  - Main fund administrator, and Group's contribution over **R10 million**
  - Beneficiary of Old Mutual Staff Payroll Giving Programme
  - Assist the fund to secure a vaccine for COVID-19

A Truly Mutual Strategy

Our refreshed strategy builds on a strong foundation of serving customers for more than 175 years, our trusted brand and enviable distribution scale. We considered the environment that we operate in, changing customer needs driven by technology, fierce competition and sustainability in order to stay relevant to all stakeholders in the longer term. Our strategy is deliberate in building on our foundation by aggressively driving brand differentiation, providing solutions that meet changing customer needs and enabling a seamless transition between face to face and digital journeys. We draw on our talented and engaged employees to achieve these aspirations. We remain mindful of our responsibility to society and the important role we play in ensuring positive futures for our customers and communities.

WHY DO WE EXIST?

Our purpose is to champion **mutually positive futures** every day

WHERE DO WE WANT TO BE?

Our vision is to be our customers' **1st choice** to sustain, grow and protect their prosperity

We will make it evident that **Old Mutual Cares** through solutions and actions that support customers, their families, and communities

We will aim to be **Always present first** by ensuring that propositions and advice are available to customers when and how they need them, and through our brand that is always top of mind

We will build **Rewarding digital engagement** through considerate and effective use of advice and customer data

Our high performing **Engaged employees** will make meaningful contributions to achieve our purpose, vision and values

We will deliver **Solutions that lead** in service and performance, for insurance, investments and supporting banking needs

DRIVEN BY OUR CORE AND SUPPORTING SOLUTIONS

WHAT WE WILL ACHIEVE

We believe that our delivery on the CARES pillars will enable us to be our customers' **1st CHOICE** and responsibly build the **MOST VALUABLE BUSINESS** in our industry

OLD MUTUAL **CARES**

- R141 billion invested in the green economy[1]
- Provided Listed Equity Stewardship services for asset portfolios of over R300 billion
- Mortality claims of R13 billion were fast tracked, supporting our customers and their families

ALWAYS PRESENT FIRST

- 5th most valuable brand in Africa in 2020
- Score of 80.3 on the SACSI[2] ranking above industry score of 78.7
- Expansion of our integrated digital platform through public websites, mobile applications, WhatsApp and USSD channels in South Africa and our Rest of Africa regions

REWARDING DIGITAL ENGAGEMENT

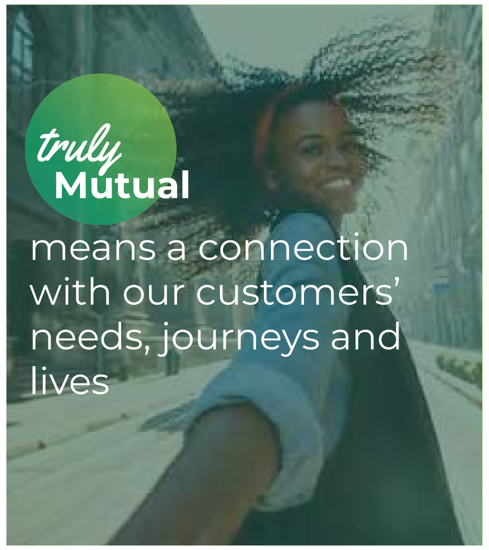
- 406,000 active digital customers, representing 50% growth
- 826,000 rewards programme members, of which 584,000 are our customers
- 1.6 billion rewards points earned since inception driving improved customer persistency

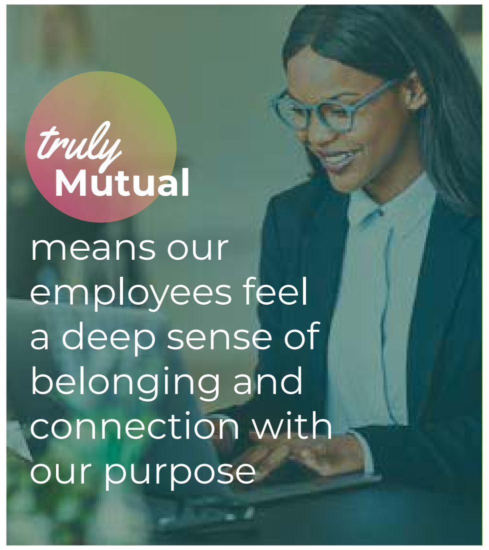
ENGAGED EMPLOYEES

- Reimagining new ways of working through the Distributed Workforce Pilot
- Strategic execution despite challenging conditions and improved levels of engagement per culture survey
- Recipient of the Top Empowered Business of the Year

SOLUTIONS THAT LEAD

- 202,000 applications on Old Mutual Protect, our new flexible risk proposition in South Africa and Namibia
- Launch of artificial intelligence enabled pricing engine and user based Chatbot in Personal lines of Old Mutual Insure
- Insurance products targeted at women and SME retailers in Malawi
- Non advice funeral products rolled out in South Africa and Malawi





1 Represents investments in socially inclusive, low carbon and resource efficient investments
2 South African Customer Satisfaction Index

Results Commentary

Operating context

Following the significant social and economic impact of the COVID-19 pandemic, the global economy is estimated to have contracted by 3.5% in 2020.

With economic activity in South Africa already on a weak footing before the pandemic hit, GDP contracted by 7% in 2020. The country suffered the most severe COVID-19 outbreak in all of Sub-Saharan Africa, which prompted strict lockdown measures and brought the economy to a standstill. The contraction in the economy led to a rise in the unemployment rate to about 30% in the third quarter. Persistent disruptions to power supply placed further pressure on economic recovery and growth. Recent developments surrounding the second wave of COVID-19 infections, which include a more contagious variant and the renewed restrictions will continue to have an impact on economic activity, with an increase on fiscal pressures as expenditure rises in response to the pandemic.

After the sharp decline recorded in March 2020, the South African equity markets recovered to end relatively flat compared to the start of the year, with average market levels being 6.7% lower than the prior year. Inflation averaged 3.3% in 2020, down from 4.1% in the prior year, supported by a stronger rand during the second half of the year. The South African Reserve Bank decided to maintain the repo rate at 3.5% at its first meeting for 2021, following cumulative rate cuts of 300 bps in 2020.

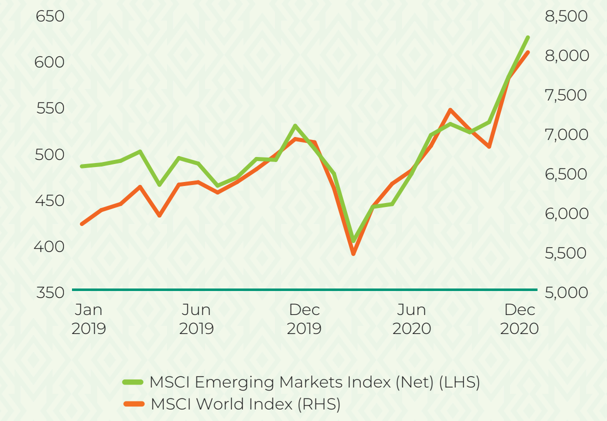
In Namibia, the pandemic has severely strained the Government's ability to meet rising expenditure and repay debt in the coming years without taking on additional debt. The country has been ranked among the worst performing Southern African countries, with an estimated GDP contraction of 7.3% in 2020. The existing structural challenges such as high unemployment, large skills shortage and lack of investment remain a concern for future recovery.

Kenya's economy was hit hard through supply and demand shocks on external and domestic fronts, interrupting its recent broad based growth path. Apart from the pandemic, the locust invasion which started early in 2020, has affected many parts of Kenya. This has had a negative impact on food security and growth of the agriculture sector in the country. The World Bank estimates GDP to have contracted by 1% in 2020.

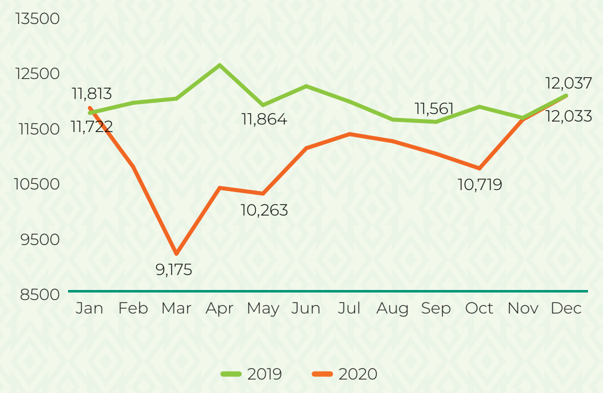
Zimbabwe continues to face extreme macroeconomic instability. The impact of the pandemic and related lockdown restrictions had an adverse effect on an already ailing economy. The annual inflation rate averaged Bloomberg 621.5% in 2020.

Sources: International Monetary Fund, World Bank and NKC Economics

Global equity markets

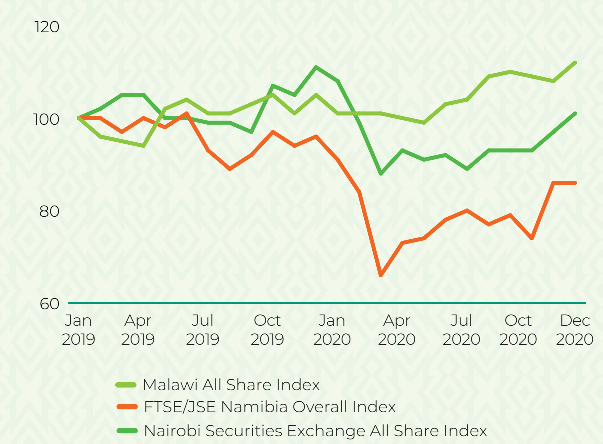


South Africa – equity market levels (SWIX)



Rest of Africa market indices (in local currency)

Equity market index, January 2019 = 100



Impact to our business

We continued to demonstrate agility in our response to the impact of the pandemic on our business. Our balance sheet remains extremely well capitalised despite significant operational and market shocks and some material one off negative items that impacted our 2020 earnings. Cash generation remains solid and we have strong liquidity levels to support the business as we accelerate our recovery out of this period of global crisis. Our robust balance sheet will allow us to continue to take decisive capital management actions in the second half of 2021. Despite the impact to earnings, strong gross inflows throughout the year drove a significant increase in NCCF demonstrating the resilience of our business.

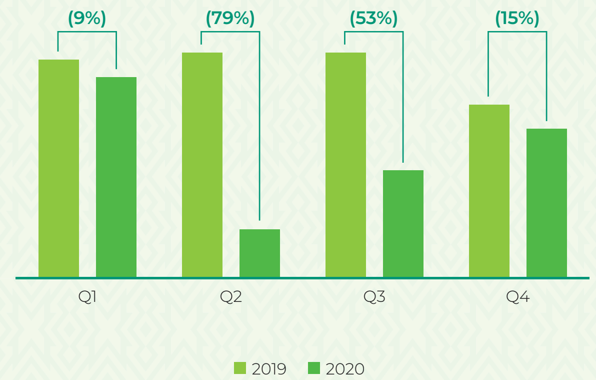
The pandemic triggered unprecedented volatility in local and global capital markets in the first half of 2020. Over the course of the year, equity markets showed a steady recovery from the significant drop in March, with stimulus measures and vaccine breakthroughs sending global equity markets into a rally in the fourth quarter. Local equity markets in South Africa recovered most of its losses, ending the year marginally below the 2019 closing levels. Lower average market levels put pressure on our asset base, partially offset by positive foreign exchange gains driven by rand strength at the beginning of the year. Credit spreads narrowed in H2 2020, however the onset of the second wave of the pandemic in the fourth quarter added pressure to business operations of certain counterparties and contributed to general economic decline. These market conditions led to unrealised mark to market losses emerging in our Specialised Finance business. Investment returns in our shareholder portfolio were negatively impacted by the low interest rate environment and a lower average asset base in South Africa, despite improved returns in Rest of Africa compared to the prior year which included significant fair value losses on investment properties. Fair value losses on the unlisted equity portfolios in South Africa and Namibia further contributed to the decline, with our listed equity portfolio recovering in the second half of the year.

The uncertainty around the pace of economic recovery requires significant judgment when setting growth rate assumptions. This coupled with a low interest rate environment continued to depress the earnings forecasts for some of our unlisted equity portfolios and has resulted in downward revaluations of certain assets.

We have experienced good recovery in new business sales volumes in the second half of the year, following the very low levels in the second quarter at the height of lockdown restrictions in South Africa. In Mass and Foundation Cluster, the gradual reopening of worksites and branches was supported by the digital enablement of advisers to sell remotely. The take up of digital sales and servicing options introduced during lockdown contributed to an improvement in adviser productivity in H2 2020, with the fourth quarter starting to trend closer to prior year levels. In Personal Finance, there has been an increase in face to face engagements with customers and ongoing interaction via digital tools, both of these distribution channels contributing to new business sales recovery. In Rest of Africa, retail productivity was challenged mostly in Southern and East Africa, due to various levels of restrictions and a shrinking agency footprint that has negatively impacted productivity in the banking business. These restrictions led to a significant shift from face to face engagement to telephonic and digital engagement.

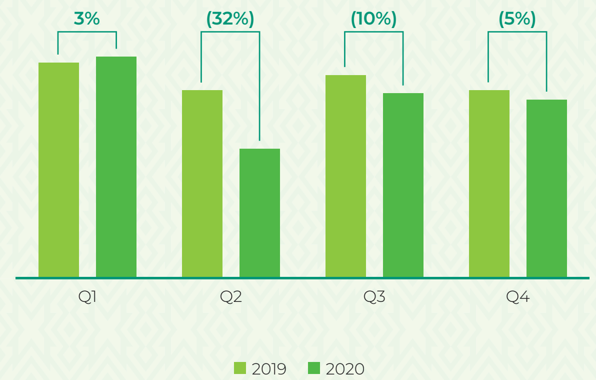
Mass and Foundation Cluster

Change in average number of issued lives per week per adviser (%)



Personal Finance and Wealth Management

Change in number of issued sales per adviser per month (%)



Results Commentary

Our customer base remained financially constrained with retention rates still under pressure. Most of the premium relief initiatives offered to our customers ended in the fourth quarter and reinstatement rates are holding up well at this point, with a continued strong focus across the business on retention and reward activities. It was observed that customers continue to opt for lower margin risk and investment products, and that coupled with lower volumes contributed to the decline in VNB compared to the prior year. Single premium savings sales have also fared better than recurring premium as customers remain uncertain about their ability to make regular premium payments, and they seem to value risk products over savings when looking at lapse trends. Retail investors in our Wealth Management business have also opted for more conservative investment solutions and the demand for offshore solutions remains strong.

Group Highlights

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Gross flows	**187,137**	170,689	10%
Life APE sales	**9,786**	12,268	(20%)
NCCF (Rbn)	**9.6**	2.2	>100%
FUM (Rbn)	**1,104.6**	1,048.5	5%
VNB	**621**	1,865	(67%)
Results from Operations (RFO) excluding direct COVID-19 impacts	**7,742**	8,972	(14%)
Results from Operations (RFO)	**1,663**	8,972	(81%)
Adjusted Headline Earnings (AHE)	**2,484**	9,856	(75%)
Adjusted Headline Earnings per share (cents)[1]	**54.3**	209.3	(74%)
Headline Earnings (HE)[2]	**5,088**	10,641	(52%)
Headline Earnings per share (HEPS)[2]	**116.1**	236.1	(51%)
Return on Net Asset Value (RoNAV) (%)	**3.8%**	15.2%	(1 140 bps)
Free Surplus Generated from Operations	**4,700**	6,794	(31%)
% of AHE converted to Free Surplus Generated	**189%**	69%	12 000 bps
IFRS (Loss)/Profit after tax attributable to equity holders of the parent[2]	**(5,097)**	9,386	(>100%)
Basic earnings per share (cents)[2]	**(116.3)**	208.3	(>100%)
Group Solvency ratio (%)[3]	**185%**	189%	(400 bps)
Final dividend per share (cents)	**35**	75	(53%)

1 *WANS used in the calculation of the Adjusted Headline Earnings per shares is 4,574 million (FY 2019: 4,709 million).*
2 *These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.*
3 *We have re-presented the December 2019 solvency position in line with the final group designation by the Prudential Authority.*

Supplementary Income Statement

Rm	Note	FY 2020	FY 2019	% change
Mass and Foundation Cluster		**2,008**	3,527	(43%)
Personal Finance and Wealth Management[1]	A	**3,208**	2,169	48%
Old Mutual Investments[1]	A	**888**	1,008	(12%)
Old Mutual Corporate		**1,340**	1,816	(26%)
Old Mutual Insure		**309**	233	33%
Rest of Africa		**401**	496	(19%)
Net expenses from central functions	B	**(412)**	(277)	(49%)
Results from Operations excluding direct COVID-19 impacts		**7,742**	8,972	(14%)
Separately identifiable direct COVID-19 impacts	C	**(6,079)**	–	(100%)
Results from Operations		**1,663**	8,972	(81%)
Shareholder investment return	D	**1,612**	2,102	(23%)
Finance costs	E	**(484)**	(737)	34%
Income from associates[2]	F	**917**	2,528	(64%)
Adjusted Headline Earnings before tax and non-controlling interests		**3,708**	12,865	(71%)
Shareholder tax		**(1,188)**	(2,874)	59%
Non-controlling interests		**(36)**	(135)	73%
Adjusted Headline Earnings		**2,484**	9,856	(75%)

1 *Segment composition has been revised following a change in management responsibility as outlined in note A. Comparatives have been re-presented to reflect this.*
2. *Income from associates includes our remaining stake in Nedbank and our investment in China.*

A Change in segment composition

Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business by Kerrin Land, the MD of Personal Finance. Consequently, we have aligned the segmental reporting to reflect this operational change and the segment has been renamed Personal Finance and Wealth Management. The previous Wealth and Investments segment has been renamed Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. We have re-presented all comparative amounts to reflect this change.

B Net expenses from central functions

Rm	FY 2020	FY 2019	% change
Shareholder operational costs	**(705)**	(753)	6%
Interest and other income	**324**	445	(27%)
Net treasury (loss)/gains	**(31)**	31	(>100%)
Net expenses from central functions	**(412)**	(277)	(49%)

Central expenses of R412 million increased by 49% from R277 million in the prior year mainly due to lower interest income earned on working capital cash balances in holding companies, which included cash from the sale of our Latin America business in the prior year. The net treasury loss includes the mark to market losses related to the implementation of the Three Manager Model framework in the current year, this net loss was offset by the impact of lower shareholder operational costs.

Results Commentary

C Separately identifiable direct COVID-19 impacts

We have presented certain direct COVID-19 impacts separately within our presentation of Results from Operations, in order to reflect the underlying results of our segments on a more comparable basis to the prior year. Only items that are directly attributable to COVID-19, separately identifiable and reliably measurable have been presented in this line item. We have not made any pro forma adjustments for impacts such as the loss of earnings due to lower sales activity resulting from lockdown restrictions.

The table below illustrates the direct impacts of COVID-19 on our alternative profit measure, Results from Operations. Please note that RFO and RFO excluding COVID-19 impacts are non-IFRS measures. Refer to Segment Reviews from page 42 to 61 for a detailed reconciliation of COVID-19 impacts for each segment.

Rm	Results from Operations (RFO)	Direct COVID-19 impacts	RFO excluding direct COVID-19 impacts
Mass and Foundation Cluster	1,265	743	2,008
Personal Finance and Wealth Management	525	2,683	3,208
Old Mutual Investments	180	708	888
Old Mutual Corporate	87	1,253	1,340
Old Mutual Insure	(131)	440	309
Rest of Africa	192	209	401
Net expenses from central functions	(455)	43	(412)
Total	1,663	6,079	7,742

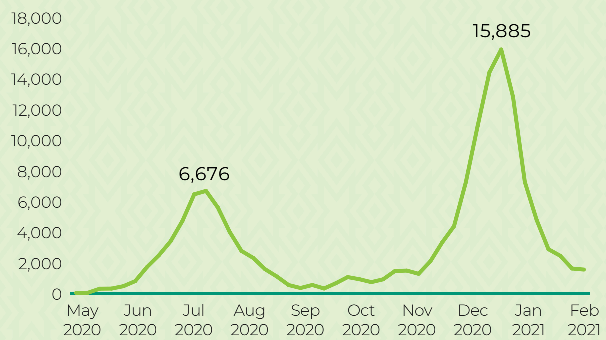
Net pandemic impact

In H1 2020, we raised a short term provision of R1,339 million for the anticipated impacts of worsening mortality, morbidity and persistency related to COVID-19. At the time we had noted a trend of increasing mortality and morbidity claims in the second quarter and into the initial weeks of the third quarter. There was limited observed data and significant uncertainty around the length and severity of this experience. The provision was intended to provide for expected experience in the second half of 2020.

Rm	
Net pandemic impact	4,393
Business interruption and rescue reserves	791
Underwriting results – Personal lines	(293)
Unrealised Mark to Market losses	704
Forward looking information	169
Increase in operating expenses	315
Total direct COVID-19 impacts	**6,079**

In South Africa, actual claims in the second half of the year were higher than the provision raised in H1 2020, with an acceleration in infection and excess mortality rates in the fourth quarter. This acceleration was consistent with early patterns of second waves noted in other countries. Since the start of 2021 we have continued to monitor the excess mortality and infection data released weekly by the South African Medical Research Council (SAMRC), our own claims experience and other observable sources. This data confirms that wave 2 experience is significantly worse than wave 1.

Excess mortality rates



Source: SAMRC

Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Corporate	Rest of Africa	Group
Reserve at 30 June 2020	550	510	228	51	**1,339**
H2 experience in excess/(deficit) of H1 reserve[1]	–	126	117	(39)	**204**
Reserve at 31 December 2020	1,024	1,979	891	68	**3,962**
Pandemic impact related to COVID-19	1,574	2,615	1,236	80	**5,505**
Pandemic reserve at 31 December 2020	1,024	1,979	891	68	**3,962**

1 *Experience in H2 in excess of the H1 2020 reserve raised. In Rest of Africa claims experience was lower than the reserve.*

Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Corporate	Rest of Africa	Group
Gross pandemic impact in 2020	1,574	2,615	1,236	80	**5,505**
Release of discretionary reserves	(1,112)	–	–	–	**(1,112)**
Pandemic impact, net of releases	462	2,615	1,236	80	**4,393**

There are also emerging expectations of a third wave given evidence of virus mutation, the slow pace of the vaccination rollout and the upcoming winter season. In light of this, we have increased our short term provision by R3,962 million, bringing the total pandemic impact in 2020 to R5,505 million. The impact of this has been in part mitigated by the release of discretionary reserves of R1,112 million related to mortality experience in Mass and Foundation Cluster, reducing the income statement impact to R4,393 million.

In the South African life business, each segment has reviewed their own claims data and considered how this correlates to national infection and excess mortality data. In Mass and Foundation Cluster, mortality experience is following national experience closely with a lag of approximately a week between the national data trends and our claims data. Whilst wave 2 experience has been significantly worse than wave 1, the increase in excess mortality rates have not been as severe as national experience. Wave 3 experience has been assumed to occur at a similar level as seen in wave 1. In Personal Finance, there is a noticeable lag between national data trends and claims received due to reporting and processing cycles. The assumptions of the reserve for wave 2 have been aligned with national experience and wave 3 experience has also been assumed at similar levels to wave 1 experience. Old Mutual Corporate has followed a similar reserving approach to Personal Finance, but adjusted for a slightly longer lag, contract boundary differences and considered the impact of repricing and their reinsurance strategy.

In Rest of Africa, the experience related to COVID-19 has been muted and there is a lack of infection and mortality data in certain regions. We have received claims of R12 million in Rest of Africa and consider the provision raised appropriate for potential future impacts.

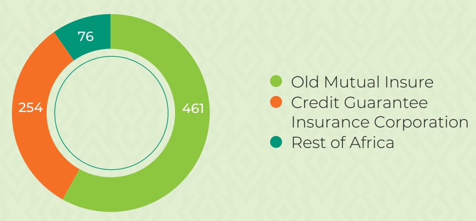
We continue to monitor closely claims experience in 2021 and have recorded R1,922 million of COVID-19 related mortality claims for January and February. Taking into account, there is R2,040 million of the pandemic reserve remaining for mortality risk related to COVID-19 that may arise. There is still much uncertainty around the extent of the third wave and the possibility of future waves, the incidence of new variants, as well as the pace of the vaccination rollout and the impact it will have on curbing infection and mortality. However we expect that the pandemic reserve will be sufficient to provide for the expected future costs of this pandemic, after allowance for available management actions.

Results Commentary

Business interruption and rescue reserves

The recent court rulings by the Supreme Courts of Appeal in South Africa and the United Kingdom have addressed industry uncertainty around the application of business interruption clauses. These rulings confirmed that cover should be provided for business interruption losses caused by the Government enforced national lockdown, provided there was an instance of COVID-19 within the defined radius of the customer's business. In Old Mutual Insure, a net provision for business interruption and rescue reserves of R715 million was raised. This amount includes a provision for payments to SME customers with an annual sum insured of R5 million or below, to settle business interruption claims ensuring they can continue operating in a tough economic environment. This settlement was applied to all our qualifying SME customers who had the infectious disease extension at the time of loss and the amounts paid will be offset against valid claims arising from the assessment process. In Rest of Africa we reserved R76 million for anticipated business interruption claims, with the majority of this provision related to business interruption risk in our business in Namibia.

Business interruption and rescue reserves (R million)



Underwriting results – Personal lines

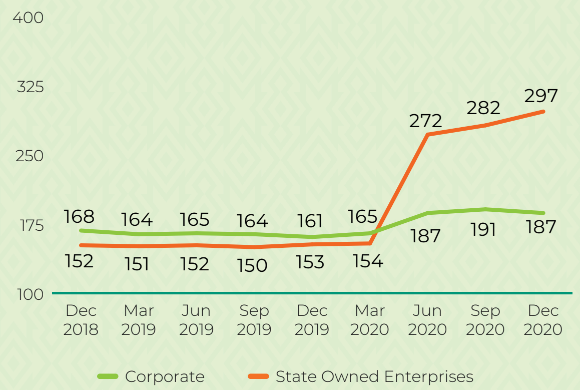
Old Mutual Insure benefitted from a significant reduction in claims volumes, particularly related to motor vehicles, in the first half of the year during the extended national lockdown enforced by government. Total premium relief of R105 million was provided to customers in Personal lines in recognition of their reduced activity during the period. Although there was an increase in the second half of the year as consumer activity returned to more normalised levels, claims volumes remained below the prior year. For this reason we excluded the total positive underwriting result of R293 million of the Personal lines when presenting RFO excluding direct COVID-19 impacts.

Unrealised mark to market losses

Net negative fair value investment losses of R704 million are included in RFO, related to unlisted equity and a portfolio of credit exposures in our Specialised Finance business. Whilst there are some counterparty specific impacts on exposures held, the fair value losses broadly reflect the significant volatility and downside risk seen in capital markets during 2020. We expect these fair value losses to unwind as the economic outlook recovers and stabilises.

The valuation of our unlisted investments portfolio, including equity, decreased by R377 million, taking into account the decline in multiples of comparable listed peers. Whilst there was some narrowing in credit spreads during the second half of the year, the pressure on business operations of some counterparties brought on by the onset of the second wave and general economic decline has resulted in mark to market losses of R327 million in our credit portfolio. This decrease reflects the mark to market impact of the observed spread widening, partially offset by yield enhancement as a result of the movement in spreads.

Credit Spread (bps)



Forward looking information

IFRS 9 requires that forward looking information is included in expected credit loss models to ensure that future credit risk is appropriately provided for. Given the volatile economic environment, an additional management overlay was required to ensure expected credit loss provisions were appropriate. This management overlay referenced several possible economic recovery scenarios and their impact on the credit environment. This resulted in an increase in the expected credit loss provision of R169 million to take into account forward looking economic information and the expected correlated deterioration in the credit environment in South Africa, Namibia and East Africa.

Increase in operating expenses

Incremental operating expenses of R315 million were incurred in 2020 as a direct result of the pandemic. These costs included IT and data costs incurred to enable our employees and tied advisers to work from home, costs incurred to implement COVID-19 safety measures in our offices and branches, and spend on initiatives to aid customers and intermediaries in the current environment.

D Shareholder investment return

Shareholder investment return of R1,612 million decreased by 23% from R2,102 million in the prior year. In South Africa, the decrease in shareholder investment return is largely a function of the lower interest rate environment and the decline in the average shareholder asset base.

The valuation of our unlisted equity portfolio was negatively impacted by the decline in economic growth forecasts and lower comparable listed peers referenced in valuations. Investment return earned in our listed equity portfolio is lower than the prior year, despite a recovery in local equity markets in the second half of the year whereby the fair value losses recorded in H1 2020 corrected due to the nature of the protected equity strategy in place. For South African listed equities in the shareholder portfolio, excluding Nedbank, we aim to limit capital losses using a hedged equity strategy. The hedging strategies are executed primarily in the form of zero cost collars where the exposure to losses is limited to 5% – 15% of the investment value whilst underlying equities track the SWIX40 total return index. The interest bearing assets aim to outperform the STEFi composite index.

Shareholder investment return in the Rest of Africa increased to R311 million from R42 million in the prior year, largely due to the one off negative fair value losses on investment properties in East Africa in the prior year. This was partially offset by fair value losses in Namibia compared to the prior year, driven by negative returns in the listed and unlisted equity portfolios.

E Finance costs

Finance costs decreased by 34% to R484 million from R737 million in the prior year. Old Mutual Life Assurance Company South Africa (OMLACSA) redeemed R2.2 billion of its unsecured subordinated debt in the first and third quarters of the year, which contributed to lower average debt levels. Higher fair value gains on interest rate swaps further contributed to lower finance costs.

F Income from associates

Rm	FY 2020	FY 2019	% change
Nedbank	**1,073**	2,518	(57%)
Stake in Old Mutual-CHN Energy Life Insurance Company Ltd	**(156)**	10	(>100%)
Income from associates	**917**	2,528	(64%)

Income from associates decreased by 64% to R917 million from R2,528 million in the prior year, largely due to a significant decrease in Nedbank earnings. This was driven by a significant increase in credit loss provisions and the negative impact of the national lockdown on non-interest revenue in the first half of the year, partially offset by good expense management and an improvement in earnings in the second half of the year.

Our business in China reported a loss of R156 million compared to a profit of R10 million in the prior year. This was largely due to lower sales volumes as a result of the pandemic and fair value losses on financial assets related to a guaranteed product portfolio.

Results Commentary

Reconciliation of AHE to IFRS profit after tax

Rm	Note	FY 2020	FY 2019	% change
Adjusted Headline Earnings		**2,484**	9,856	(75%)
Investment return for Group equity and debt instruments in life funds		**785**	474	66%
Impact of restructuring	A	**497**	(580)	>100%
Discontinued operations		**–**	74	(100%)
Operations in hyperinflationary economies	B	**1,093**	441	>100%
Residual plc	C	**229**	376	(39%)
Headline Earnings		**5,088**	10,641	(52%)
Impairment of goodwill, other intangible assets and property, plant and equipment	D	**(1,408)**	(395)	(>100%)
Impairment of associated undertakings	D	**(8,777)**	(869)	(>100%)
Profits on disposal of subsidiaries, associated undertakings and strategic investments		**–**	9	(100%)
IFRS (Loss)/Profit after tax for the financial period attributable to ordinary equity holders of the parent		**(5,097)**	9,386	(>100%)

A Impact of restructuring

With the completion of the key migrations of the IT platform and administration processes of Old Mutual International from Quilter to ourselves in 2019, we raised a data provision to cover potential data differences between the accounting and administration systems. During the year, we released R294 million of the provision following the resolution of certain data differences. The release of the data provision has been excluded from the Group's profit measures, consistent with the treatment of the expense when the provision was raised in 2019.

C Residual plc

Residual plc reported a profit of R229 million, a decrease of 39% from the prior year. Fair value losses on residual investments and securities and running costs, were more than offset by a tax refund received by Old Mutual Netherlands BV in respect of withholding tax previously paid. Running costs for these entities have declined reflecting the progress in streamlining and simplifying the balance sheets of the remaining operating companies.

B Operations in hyperinflationary economies

Zimbabwe's profits for the year were driven by an increase in shareholder investment returns. Most of these investment returns relate to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE). The ZSE generated returns of 1,046% during the year, driven by investors seeking a safe haven due to the current economic conditions within the country. This return is in excess of inflation and the depreciation of the Zimbabwean dollar to the rand, resulting in a profit included in the Group's consolidated results. We caution investors that these returns may reverse in the future.

D Impairments

During the first half of the year, we recognised an impairment of goodwill in respect of our investment in Old Mutual Finance. This was largely driven by the decline in GDP growth outlook for South Africa. We also recognised an impairment in respect of our investment in Nedbank, triggered by the significant decline in the Nedbank share price. As part of our full year assessment, we have reviewed the assumptions and economic recovery scenarios in our valuation models and concluded that no further impairments were required.

Free surplus generated from operations

	FY 2020			FY 2019		
Rm	Free Surplus Generated	AHE	%	Free Surplus Generated	AHE	%
Gross operating segments	**1,593**	**1,411**	**113%**	6,826	7,338	93%
Capital requirements						
Business as usual	**(126)**	**–**	**–**	(1,432)	–	–
Capital optimisation	**3,233**	**–**	**–**	–	–	–
Net operating segments	**4,700**	**1,411**	**333%**	5,394	7,338	74%
Nedbank	**–**	**1,073**	**–**	1,400	2,518	56%
Free Surplus Generated from Operations	**4,700**	**2,484**	**189%**	6,794	9,856	69%

Operating segments generated gross free surplus of R1,593 million, representing 113% of AHE. The conversion rate exceeds 100% of AHE due to the exclusion of amortisation related to intangible assets which are non cash items. Our operating segments continue to generate a high proportion of cash earnings although lower than the prior year in absolute terms due to the decline in earnings.

Business as usual capital requirements reduced largely as a result of lower volumes of new business in the Life and Savings business and the decrease in the Old Mutual Finance loan book.

This was partially offset by increased capital requirements following the increase in the net provision related to business interruption and rescue reserves in Old Mutual Insure.

During 2020 the Prudential Authority approved the use of the iterative risk margin approach for use in the calculation of the solvency position of OMLACSA. This materially reduced the solvency capital requirement for OMLACSA, resulting in a one off benefit in free surplus generated by operating segments. This was partially offset by the fact that the Nedbank board did not declare a final ordinary dividend for the period ended 31 December 2020.

Results Commentary

Capital management

The Group manages its balance sheet through the execution of regular management actions taken to maximise return on equity for shareholders. This is achieved through various capital optimisation initiatives combined with efficient capital allocation and strategic asset allocation of shareholder capital. The Group also actively manages the returns and related capital of guaranteed products. These activities will accelerate the recovery of the Group's RoNAV.

Liquidity and market risk management

We continue to actively monitor potential liquidity risks and the adequacy of our current liquidity buffers across legal entities in the Group in response to market volatility experienced during the year. Group liquidity is determined by assessing positions post the emergence of a "Perfect Storm" event. Our current positions remain robust and we retain sufficient liquidity in all stress scenarios modelled.

Liquidity risk buffers that cover margin and collateral calls related to guaranteed product hedging strategies are modelled on a daily basis and can withstand demands even under severe stresses. We continue to further centralise liquidity risk management to ensure the execution of holistic management strategies and improved resource management. The shareholder market risk related to guaranteed products is mitigated using traditional capital markets hedging strategies or setting aside buffers for non hedgeable risk. Hedging strategies and buffers are set to protect the balance sheet against market moves, usually 1-in-10 year stresses. The main guaranteed product related sensitivities are interest rate risk and equity risk. During the second half of the financial year we optimised the hedging strategies related to risk products in Mass and Foundation Cluster and Personal Finance which positively impacted the respective product reserves and significantly reduced the market risk exposure of the applicable policyholder liabilities. This optimisation led to a one off reserve release of R1.8 billion as a direct result of a reduction in interest rate risk and favourable market rates during the execution of the strategy. It also enables the release of previously held risk buffers.

We implemented the Three Manager Model framework effective from 1 January 2020. Under this framework, financial risks such as market and liquidity risks related to non-profit and other guaranteed products are consolidated and managed by the Middle Manager function, reported as part of Other Group Activities, with no aim to generate profit. Investment credit risk was transferred to Specialised Finance in the Old Mutual Investments segment which now have the responsibility for managing assets previously managed by the Old Mutual Corporate and Personal Finance segments. From 1 January 2020, the earnings on these credit assets are capped at the fund transfer pricing rate in these segments. Given the transfer of risk, the capital held against the related products in the segments reduced and current year mark to market losses on these assets are reported either in the RFO of Other Group Activities (including in net central expenses) or Specialised Finance.

Capital optimisation

We continue to optimise the Group's capital structure in an effort to create value for shareholders. In the second half of the year, OMLACSA transferred 12.4% of the issued share capital of Nedbank to Old Mutual Emerging Markets (Pty) Limited which further contributed to capital efficiency for the Group. A gearing ratio between 15% and 20% of IFRS equity attributable to operating segments was determined as an optimal range following an assessment of credit rating agency methodologies and performing industry analysis. Simplification remains a key focus area to enhance efficiencies across the business. Areas of progress include the right sizing of the group structure through legal entity rationalisation that have reduced the number of regulatory returns submitted to the Prudential Authority coupled with the realisation of assets from the wind down of certain entities and trusts.

Funding

A multi-issuer Domestic Medium Term Note (DMTN) programme to the value of R25 billion was registered in March 2020 which enrolled Old Mutual Limited, OMLACSA and Old Mutual Insure as issuers. Previous notes issued by OMLACSA and Old Mutual Insure were transferred to this programme. OMLACSA successfully completed the issuance of unsecured subordinated debt to the value of R2 billion at a favourable floating rate of 193 bps above the 3 month JIBAR and the debt is guaranteed by Old Mutual Limited. During the year, OMLACSA redeemed R2.2 billion of subordinated debt.

The addition of authorised preference shares to the memorandums of incorporation of OMLACSA and Old Mutual Limited was approved by the Board and it provides access to a diverse investor base and additional sources of capital which can be utilised if required.

Capital allocation

The Group strategy and Financial Management Framework (FMF) drives the allocation of capital across the Group. The framework is embedded in all significant business decisions across the Group, and it defines the financial metrics for all capital allocation decisions to enhance shareholder value. The Group measures any new opportunities against a strict acquisition framework which ensures that any acquisitions considered meet the Group's targeted return of cost of equity + 4%.

During the year, the largest portion of capital was allocated to Mass and Foundation Cluster, Personal Finance and Wealth Management and Old Mutual Corporate which are the Group's biggest contributors to AHE and RoNAV. The capital was deployed to support new business and growth in the in force book, which utilised the majority of the capital.

Strategic investments

The Group's strategic asset allocation is set to optimise shareholder value by maximising the after tax return on capital invested. There is a significant allocation to lower risk asset classes such as cash and protected equity, due to the capital efficiency of these asset classes driving an optimal return at a portfolio level. Tactical asset allocation between asset classes is allowed for in the South African portfolio within a tightly managed risk appetite range. This allocation strategy allows for agility in asset allocation to take advantage of market opportunities.

Dividend policy

The dividend policy targets a dividend cover of 1.50x to 2.00x Adjusted Headline Earnings (AHE). When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, fungibility of earnings, targeted liquidity and solvency levels as well as the Group's strategy. After deciding to defer the interim dividend, the Board considered the impact of paying a full year dividend due to the severe impact of COVID-19 on the Group's earnings. In light of our strong liquidity levels and well capitalised balance sheet, the Board is pleased to declare a final dividend of 35 cents per share.

Balance Sheet Metrics

Rbn (unless otherwise stated)	Note	FY 2020	FY 2019	% change
Operating Segments[1]		**48.4**	48.3	0.2%
Non-core operations[2]		**2.7**	3.0	(10%)
Investment in Associates		**15.8**	24.3	(35%)
Operations for hyperinflationary economies		**0.7**	0.4	75%
Consolidation adjustments[3]		**(0.6)**	(1.2)	50%
Equity attributable to ordinary shareholders of the parent[4]		**67.0**	74.8	(10%)
South Africa		**39.5**	39.9	(1%)
Rest of Africa		**8.9**	8.4	6%
Equity attributable to operating segments		**48.4**	48.3	0.2%
Nedbank stake		**15.8**	19.2	(18%)
Closing Adjusted IFRS Equity		**64.2**	67.5	(5%)
South Africa		**56.3**	57.2	(2%)
Rest of Africa		**8.9**	7.8	14%
Average Adjusted IFRS Equity		**65.2**	65.0	0.3%
South Africa		**4.2%**	16.3%	(1 210 bps)
Rest of Africa		**1.1%**	6.6%	(550 bps)
RoNAV	A	**3.8%**	15.2%	(1 140 bps)
South Africa		**25.9**	29.5	(12%)
Rest of Africa		**8.2**	8.0	3%
Invested Shareholder Assets	B	**34.1**	37.5	(9%)
Gearing ratio[4,5]	C	**11.8%**	11.2%	60 bps
Interest cover (times)		**8.7**	18.5	(53%)

1 *Comprises of the net asset value of the operating segments of the Group. This net asset value forms the basis for key balance sheet metrics on which the Group is managed from a capital perspective, and is the same perimeter on which AHE is presented. RONAV is calculated as AHE divided by Average Adjusted IFRS Equity.*
2 *Comprises mostly of the net asset value of Residual plc of R2.7 billion at 31 December 2020 (31 December 2019: R3.0 billion) and Old Mutual Bermuda of R35 million at 31 December 2020 (31 December 2019: R33 million).*
3 *Consolidation adjustments reflect own shares held by consolidated investment funds, which are treated as treasury shares under IFRS.*
4 *Gearing ratios are calculated based on the IFRS equity attributable to operating segments.*
5 *We adopted a new methodology for the calculation of the Group's gearing ratio which includes debt that supports the capital structure and the equity stake in Nedbank to better reflect the long term equity base available to support debt. We have re-presented prior periods.*

Results Commentary

A RoNAV

RoNAV decreased by 1 140 bps to 3.8% from 15.2% in the prior year, driven mainly by the decline in AHE. RoNAV in South Africa decreased by 1 210 bps to 4.2% from 16.3% in the prior year. The decrease in AHE attributable to South Africa was mainly due to the decline in RFO and a significant decrease in associate earnings, partially offset by lower shareholder tax. Average Adjusted IFRS Equity decreased by 2% from the prior year due to the impairment of our stake in Nedbank reducing the closing balance.

RoNAV in Rest of Africa decreased by 550 bps to 1.1% from 6.6% in the prior year. AHE for Rest of Africa decreased by 81% due to a steep decline in RFO and a significant increase in shareholder tax, due to a credit tax charge position in the prior year when deferred tax assets were raised, some of which have been subsequently released. In addition, no deferred tax assets have been raised in relation to current year losses. Average Adjusted IFRS equity increased by 14% mainly due to a higher opening balance from higher retained profits and capital injections in the prior year. An increase in the Closing Adjusted IFRS equity due to capital injections in Namibia and Nigeria further contributed to a higher Average Adjusted IFRS equity.

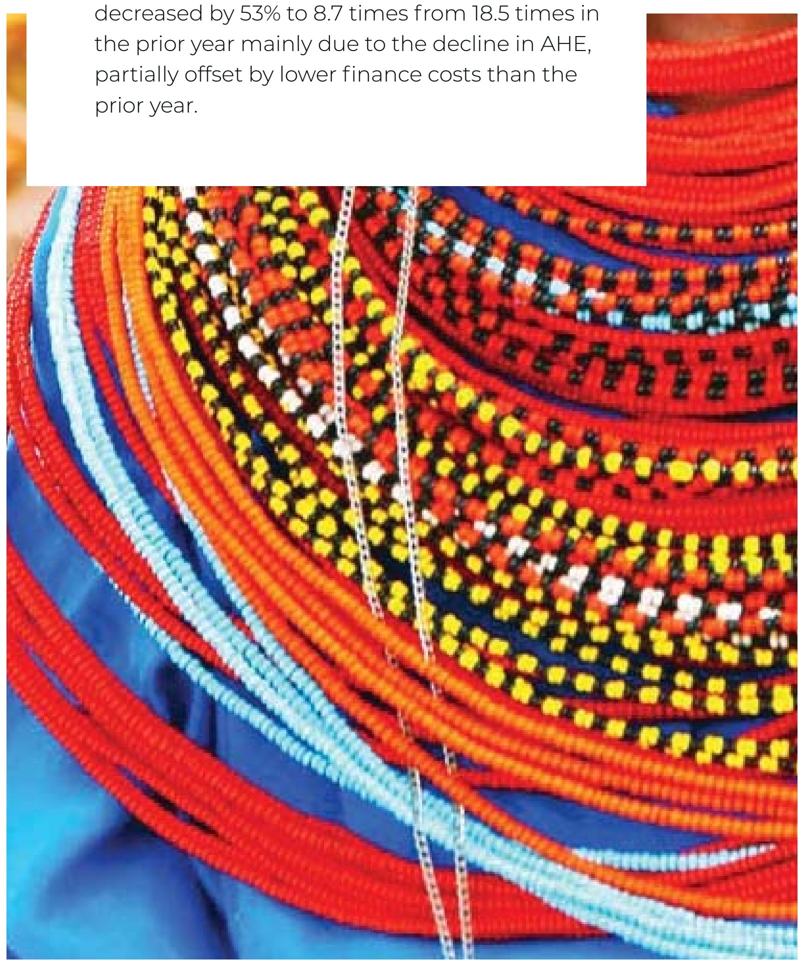
B Invested shareholder assets

Invested shareholder assets of R34.1 billion decreased by 9% from R37.5 billion in the prior year. In South Africa the decrease of R3.6 billion during the period was mainly attributable to a decline in the balance of short term interest bearing assets held and lower investment returns earned compared to the prior year.
Short term interest bearing assets were liquidated in order to fund dividend payments and to meet anticipated working capital requirements in holding companies. Old Mutual Insure reallocated a portion of their short term interest bearing assets from their shareholder portfolio to fund outstanding claims liabilities and working capital bank accounts, in anticipation of the outcome of the court cases related to COVID-19 business interruption claims.

In the Rest of Africa, invested shareholder assets increased by 3% from the prior year due to capital injections in Namibia and Nigeria, positive performance in equity markets mainly in Malawi and East Africa and fair value gains in investment properties in Malawi. This was partially offset by a reallocation of certain short term interest bearing assets in the shareholder portfolio to the asset pool that back net outstanding claims liabilities in our Property and Casualty business.

C Gearing

The gearing ratio of the Group is calculated with reference to Closing Adjusted IFRS Equity.
The gearing ratio increased by 60 bps to 11.8% from 11.2% in the prior year mainly due to a decrease in equity in South Africa as a result of retained losses in the current year. Interest cover decreased by 53% to 8.7 times from 18.5 times in the prior year mainly due to the decline in AHE, partially offset by lower finance costs than the prior year.



Embedded Value

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Adjusted net worth (ANW)	**33,813**	38,248	(12%)
Value in force (VIF)	**32,103**	34,049	(6%)
Embedded value	**65,916**	72,297	(9%)
Operating EV earnings	**2,179**	8,115	(73%)
Return on embedded value	**3.0%**	12.7%	(970 bps)
Value of new business	**621**	1,865	(67%)

The return on embedded value of 3% remained positive despite a decrease of 970 bps, largely due to significantly lower Operating EV earnings of R2,179 million, a decrease of 73% from the prior year. The decline in the value of new business and the increase in our pandemic reserves were the main drivers of the decline.

The table below illustrates the total assumption and model changes, and the impact on EV earnings of the pandemic reserve raised for the impact of mortality impacts related to COVID-19.

	FY 2020			FY 2019		
Rm (unless otherwise stated)	ANW	VIF	EV	ANW	VIF	EV
Pandemic reserve changes	**(3,076)**	**(1,233)**	**(4,309)**	–	–	–
Persistency	**(827)**	**718**	**(109)**	(1,162)	381	(781)
Risk	**(524)**	**(47)**	**(571)**	313	436	749
Expenses	**323**	**14**	**337**	(152)	87	(65)
Model and other changes	**1,400**	**(598)**	**802**	925	195	1,120
Assumption and model changes	**(2,704)**	**(1,146)**	**(3,850)**	(76)	1,099	1,023

Non-economic assumption changes, largely related to the full year impact of pandemic reserves raised to provide for expected mortality, morbidity and persistency experience in relation to the second and third waves of the COVID-19 pandemic materially reduced Operating EV earnings. The change of R3,076 million in ANW represents the after tax total IFRS earnings impact of establishing the pandemic reserve of R5,505 million, less discrecionary reserve releases of R1,112 million. Model and other changes includes the benefit of the implementation of a de-risked investment strategy on retail risk retail products. This resulted in a material reduction in, and release of, discretionary margins previously held for investment risk.

The value of new business reduced by 67% from the prior year primarily due to lower new business volumes, despite an improvement in productivity levels in the second half of the year. A notable shift towards lower margin mix was observed as customers switched to more affordable products given rising unemployment and reduction in disposable income levels.

The overall decrease in embedded value of 9% reflects the impact of net pandemic reserve increases, negative economic variances, dividends paid to the holding company and the transfer of capital related to the management of credit risk to the Banking and Lending line of business. The value associated with this capital is reflected in the Group Equity Value. Negative economic variances were driven by the worse than expected market performance resulting in lower asset based fee income on most investment products, as well as lower than expected shareholder investment return.

Results Commentary

Group Equity Value

	FY 2020			FY 2019		
Rm	**IFRS NAV**	**GEV**	**AHE**	IFRS NAV	GEV	AHE
Covered business	**36.7**	**65.9**	**1.8**	38.2	72.3	6.2
Non covered business	**10.0**	**16.6**	**0.1**	9.4	17.9	1.3
Asset Management	**2.3**	**4.9**	**0.8**	2.5	6.2	0.6
Banking and Lending	**2.6**	**5.7**	**(0.5)**	2.5	6.4	0.6
Property and Casualty	**5.1**	**6.0**	**(0.2)**	4.4	5.3	0.1
Investment in Nedbank	**15.8**	**15.8**	**1.1**	24.3	24.3	2.5
Residual plc	**2.7**	**1.7**	**–**	3.0	2.2	–
Zimbabwe	**0.7**	**–**	**–**	0.4	0.3	–
Other	**1.1**	**(1.5)**	**(0.5)**	(0.5)	(0.5)	(0.2)
Total	**67.0**	**98.5**	**2.5**	74.8	116.5	9.8

Group Equity Value (GEV) has decreased by 15%, reflecting mainly the decrease in the value of covered business and the decline in the carrying value of Nedbank after the recognition of an impairment of R8.7 billion during the first half of the year.

Covered business comprises the businesses which are classified as Life and Savings, Embedded Value is used as the fair value for this portion of the business.

The GEV for non covered businesses is based on a series of directors' valuations for each material legal entity. The value of non covered business decreased due to a decline in the valuations of the Asset Management and Banking Lending businesses partially offset by an increase in the valuation of the Property and Casualty business.

The value of the Asset Management declined by 21% due to the decline the valuations of Old Mutual Investments and Old Mutual Wealth reflecting a decrease in the sustainable future earnings for these businesses due to lower closing asset levels for Assets Under Management and lower peer multiples.

Banking and Lending declined by 11% mainly due to the decline in fair value of Old Mutual Finance. Negative GDP growth in 2020, a decline in the Loans and Advances and slower GDP growth projections in South Africa have reduced the sustainable future earnings outlook for this business. The Banking and Lending net asset value was flat, with the transfer of capital from Life and Savings being offset by the impact of the goodwill write off in respect of Old Mutual Finance recognised during the first half of the year and the current year losses.

The value of the Property and Casualty business improved by 13%, mainly as a result of an improvement in the valuation of Old Mutual Insure reflecting an improvement in sustainable future earnings for this business reflecting efficiency savings and improvement in peer multiples.

Due to the continued impact of hyperinflation on the economy in Zimbabwe and in particular the unrealised nature of the listed investment return supporting the IFRS net asset for this business we have reduced the value of this business to zero Group Equity Value.

Solvency

Rbn (unless otherwise stated)	Optimal target range	**FY 2020**	FY 2019[1]	% change
OMLACSA				
Eligible own funds		**60,659**	79,556	(24%)
Solvency capital requirement (SCR)		**29,447**	36,518	(19%)
Solvency ratio (%)	175% to 210%	**206%**	218%	(1 200 bps)
Group				
Eligible own funds		**92,078**	98,755	(7%)
Solvency capital requirement (SCR)		**49,680**	52,194	(5%)
Solvency ratio (%)	155% to 175%	**185%**	189%	(400 bps)

1 *We have re-presented the December 2019 solvency position in line with the final Group designation by the Prudential Authority.*

During the year, the Prudential Authority communicated the outcome of the Insurance Group designation for our Group. This designation confirmed Old Mutual Limited as the controlling company of the insurance group and confirmed the list of entities that should be included within the scope of this insurance group. The designation also confirmed that our investment in Nedbank should be treated as an equity investment in the calculation of the Group solvency position. Previously Nedbank was included on a Basel III basis which is more punitive and is also significantly misaligned with the IFRS treatment of Nedbank. The designation has no impact on the preparation of the solo position for OMLACSA, as Nedbank has always been treated as an equity investment in the calculation of the solo solvency position. For comparability, the December 2019 Group solvency ratio has been re-presented to reflect the impact of the designation. This results in an increase from 161% as previously reported to 189%. This increase is primarily due to the change in treatment of our stake in Nedbank, partially offset by the impact of using the deduction and aggregation method for parts of the Group calculation where the accounting consolidation method was previously used. A reconciliation of the Group solvency ratio as previously disclosed to the re-presented basis has been included in the Additional Disclosure Supplement.

The solvency ratio for OMLACSA decreased to 206% from 218% in December 2019. In the second half of the year, OMLACSA transferred 12.4% of the issued share capital of Nedbank to Old Mutual Emerging Markets (Pty) Limited (OMEM) to simplify and enhance the capital position of the Group. As the share price of Nedbank recovers there is a limit to the value of Nedbank shares that can contribute towards eligible own funds in OMLACSA. This transfer ensures that as a Group we can continue to count the entire Nedbank holding in the calculation of our Group solvency position. In OMLACSA this transfer resulted in a decrease in eligible own funds, which combined with the impact of the reduction in the Nedbank share price on the remaining shares and an increase in the quantum of the participation adjustment led to a significant decrease in eligible own funds. The impact of the reduction in eligible own funds was partially offset by a significant decrease in the solvency capital requirements for OMLACSA. In the second half of the year the Prudential Authority approved the use of the iterative risk margin approach in the calculation of the solvency position of OMLACSA. Both these items contributed to a material reduction in the solvency capital requirement for OMLACSA.

The Group solvency ratio of 185% reflects a decrease from the 189% in the prior year largely due to the reduction in the market value of Nedbank. The transfer of Nedbank shares from OMLACSA to OMEM did have a small negative impact to the Group solvency position as the holding outside OMLACSA attracts a higher non regulated equity shock versus the diversified equity shock in OMLACSA. This impact will be mitigated as the Nedbank share price increases.

The Group regularly models the impact of an extreme, but plausible sequence of events leading to a "Perfect Storm" economic scenario (1-in-200 year event) on our solvency capital and liquidity positions, and these stress tests have shown that we remain sufficiently capitalised with appropriate liquidity. As at 31 December 2020, Old Mutual Limited was financially sound on the Prudential Standards basis and is expected to remain financially sound for the foreseeable future.

The Group continues to engage with the Prudential Authority on various methodology approvals, the most material being the approval of our application to apply the accounting consolidation method which, if approved, would allow us to recognise a diversification benefit in the calculation of our required capital where risks diversify between different entities in the Group. We are also reviewing the legal entity structures utilised to hold some of our investments in unlisted equity stakes. In certain instances the ownership structure for investments held in our policyholder funds is contributing to the participations deduction in the calculation of eligible own funds. Reviewing these structures will also us to include our participations in our solvency calculations at fair value.

Results Commentary

OUTLOOK

The world remains in various degrees of lockdown and continued restrictions limited the free global movement of people. Recent vaccine approvals and rollouts combined with ongoing stimulus is providing optimism for an increase in economic activity and growth. Renewed waves of infection and new variants of the virus remain concerning, despite infection rates starting to ease from the spikes seen in January 2021. This pace of economic recovery remains very uncertain and difficult to predict. Amid this uncertainty, the latest forecast for the global economy is to expand by 5.5% in 2021.

In South Africa market commentators are citing expectations of GDP growth for 2021 of between 2% and 5%, highlighting the impact of the heightened uncertainty in current forecasting. The World Bank is predicting growth of 3.3%, a partial recovery from the 7% contraction in 2020. The pace of the vaccine rollout, concerns around new virus strains and reinfection, rising unemployment and electricity supply constraints are expected to continue to impact investor sentiment and could impact the speed of expected economic recovery.

In Namibia, a relatively weak recovery of 2.7% is forecasted for 2021 which will be supported by better growth prospects for diamond mining, agriculture, and transport sectors. Risks to domestic growth remain the successful rollout of vaccinations in Namibia and the persistently low international prices for export commodities such as uranium. Kenya's economy is predicted to grow by 6.9% in 2021. The positive outlook mainly reflects increased crude oil production and exports, continuing foreign direct investment and the Government's commitment to the Big Four Agenda aimed at industrialisation of health, housing, agriculture, and manufacturing.

Outlook

GDP forecast for 2021 (%)	
South Africa	3.3%
Zimbabwe	2.9%
Nigeria	1.1%
Kenya	6.9%
Namibia	2.7%

Sources: World Bank, Bank of Namibia

During the second half of the year we focused on maintaining strong levels of solvency and liquidity and identifying opportunities for simplification and efficiencies in our business. This will continue to be an important focus as we transition the business out of this period of global crisis.

We are focused on driving recovery in RFO to 2019 levels and improving RoNAV to above cost of equity as rapidly as possible, however the pace of the recovery will depend on GDP growth and equity market levels. We expect to achieve this recovery by 2023, and these targets have been included in executive remuneration incentive plans. Our VNB margin is unlikely to fully recover in 2021, however as sales and productivity levels return to historic levels this will improve the VNB margin. In the medium term we are targeting a VNB margin of between 1.5% and 3%.

We remain committed to delivering R750 million of pre-tax run rate cost savings by the end of 2022. We expect these savings to be delivered largely through efficiency improvements in Old Mutual Insure, Personal Finance and Wealth Management as well as simplification and digitalisation in our enabling functions.

Final dividend declaration

The Board of directors has approved and declared a final dividend of 35 cents per ordinary share.

The final dividend of 35 cents per share, results in a dividend cover of 1.50 times of Adjusted Headline Earnings for the 2020 year which is in line with Old Mutual Limited's dividend cover target range of 1.50 times to 2.00 times. The final dividend will be paid out of distributable reserves and is payable on 24 May 2021 to all ordinary shareholders recorded on the record date.

Shareholders on the London, Malawian, Namibian and Zimbabwean registers will be paid in the local currency equivalents of the final dividends.

Old Mutual Limited's income tax number is 9267358233. The number of ordinary shares in issue in the company's share register at the date of declaration is 4,708,553,649.

Declaration date	Tuesday, 23 March 2021
Finalisation announcement and exchange rates announced	Monday, 29 March 2021 by 11.00
Transfers suspended between registers	Close of business on Monday, 29 March 2021
Last day to trade cum dividend for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 13 April 2021
Ex-dividend date for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 14 April 2021
Last day to trade cum dividend for shareholders on the UK register	Wednesday, 14 April 2021
Ex-dividend date for shareholders on the UK register	Thursday, 15 April 2021
Record date (all registers)	Close of business on Friday, 16 April 2021
Transfers between registers restart	Opening of business on Monday, 19 April 2021
Final Dividend payment date	Monday, 24 May 2021

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 14 April and Friday, 16 April 2021, both dates inclusive. Transfers between the registers may not take place between Tuesday, 30 March and Friday, 16 April 2021, both dates inclusive. Trading in shares held on the Namibian section of the principal register through Old Mutual (Namibia) Nominees (Pty) Limited will not be permitted between Monday, 29 March and Friday, 16 April 2021, both dates inclusive.

For South African shareholders, the dividend will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 20% amounts 28 cents per share. Shareholders that are tax resident in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-SA taxpayers should complete and submit a declaration form to the respective registrars.
The declaration form can be found at:
https://www.oldmutual.com/investor-relations/dividend-information/dividend-tax-considerations

OLDMUTUAL

03

SEGMENT REVIEWS

DO GREAT THINGS EVERY DAY

Segment Reviews

MASS AND FOUNDATION CLUSTER

Our customer base was vulnerable to the devastating impact of the pandemic. Mortality experience in the first wave was broadly in line with initial projections followed by a sharp increase towards the end of the year. We supported customers and their families by paying R3.1 billion in mortality claims, with approximately 60% paid within 4 hours. In 2021 we have improved authorisation speed of claims to 80% paid within 4 hours. Reinstatement rates of customers that opted for premium relief initiatives were ahead of expectation. Retention rates are still under pressure, but showed some recovery in the second half of the year as retention and customer loyalty activities gained more traction.

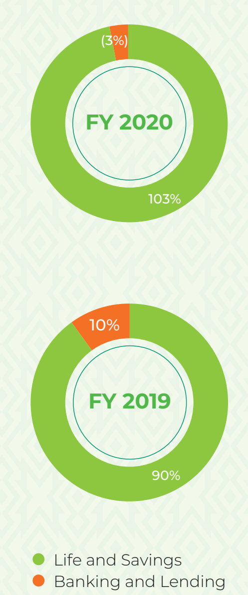
We experienced a solid recovery in productivity and sales in the second half of the year with the gradual reopening of worksites and branches. The size of the adviser force has been managed to ensure alignment with expected short to medium term demand.

The lockdown restrictions had a material effect on our ability to interact face to face with our customers and deliver on sales targets. Digital offerings were accelerated and rolled out during the year, which supported overall sales levels and enabled us to meet customer needs remotely. Digital sales continued to show strong growth on the back of higher demand and improved digital marketing. Digital servicing transactions through additional channels including WhatsApp and USSD to pay funeral claims and facilitate disinvestments, gained good traction with customers to date. The Old Mutual Protect proposition is now fully embedded in our adviser channel which, together with our new non advice funeral sales product sold through the retail branches, will strengthen our overall risk proposition.

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	**1,265**	3,527	(64%)
Gross flows	**13,240**	13,336	(1%)
Life APE sales	**2,634**	4,191	(37%)
NCCF (Rbn)	**6.5**	7.0	(7%)
FUM (Rbn)	**15.0**	13.3	13%
VNB	**41**	1,102	(96%)
VNB margin (%)	**0.5%**	8.7%	(820 bps)
Loans and advances	**16,019**	18,491	(13%)
Net lending margin (%)	**8.4%**	10.7%	(230 bps)
Credit loss ratio (%)	**11.2%**	8.9%	230 bps

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	**1,265**	3,527	(64%)
Direct COVID-19 impacts	**743**	–	100%
Pandemic impact	**1,574**	–	100%
Release of discretionary reserves	**(1,112)**	–	100%
Forward looking information – ECL	**150**	–	100%
COVID-19 related expenses	**131**	–	100%
RFO excluding direct COVID-19 impacts	**2,008**	3,527	(43%)

RFO by LOB (%)



Segment Reviews

PERFORMANCE HIGHLIGHTS

Gross flows of R13,240 million decreased marginally from the prior year driven by significantly lower sales volumes and the impact of premium holidays granted as part of our customer relief initiatives. This was partially offset by growth in the in-force life book following annual premium increases. Positive NCCF of R6.5 billion decreased by 7% from the prior year largely due to the significant increase in funeral claims in the second half of the year coupled with lower inflows.

Life APE sales of R2,634 million decreased by 37% due to lower sales volumes in a contracting economy even prior to the outbreak of COVID-19. National lockdown in various levels restricted access to branches and worksites which further constrained sales activity, particularly the level 5 lockdown in the second quarter. We have focused on managing the size of our adviser force to align with regional access to homes and worksites and the expected economic recovery. We ended the year with 4,158 tied advisers compared to 4,700 at the beginning of the year, which resulted in improved productivity and partially mitigated the negative impact on distribution efficiencies resulting from lower sales volumes. Despite physical distribution being hampered by COVID-19, resilient performance in our alternative distribution channels, including brokers, franchise, direct and digital, supported overall sales levels. Management actions taken in the prior year to manage our credit exposure in the tough economic environment have impacted credit life sales volumes, which were down 52% from the prior year.

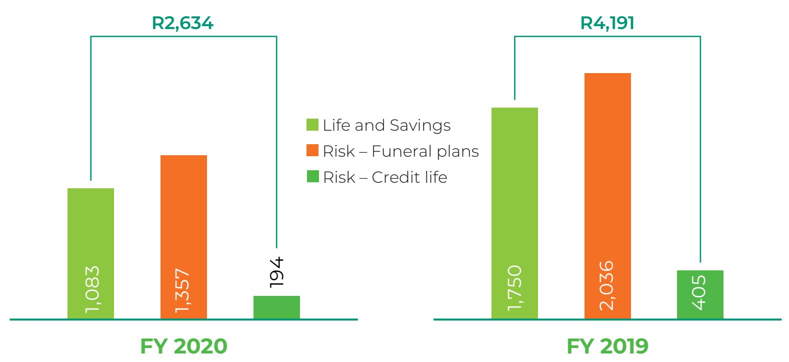
Gross loans and advances declined by 13% to R16,019 million. Lockdown restrictions limiting access to and footfall in branches during certain months of the year, combined with tightened credit criteria and repricing in the second half of 2019, have contributed to the decline in loan disbursements.

Net lending margin of 8.4% decreased by 230 bps from the prior year, mainly due to lower disbursements and a management overlay that was required to ensure expected credit loss provisions were appropriate in light of the impact of COVID-19 on economic conditions. The continued credit deterioration of certain cohorts of customers as the book matures further contributed to the decrease. As a result, our credit loss ratio has also increased by 230 bps to 11.2%. Excluding the direct impacts of COVID-19, net lending margin and credit loss ratio was 9.6% and 10.3%, respectively.

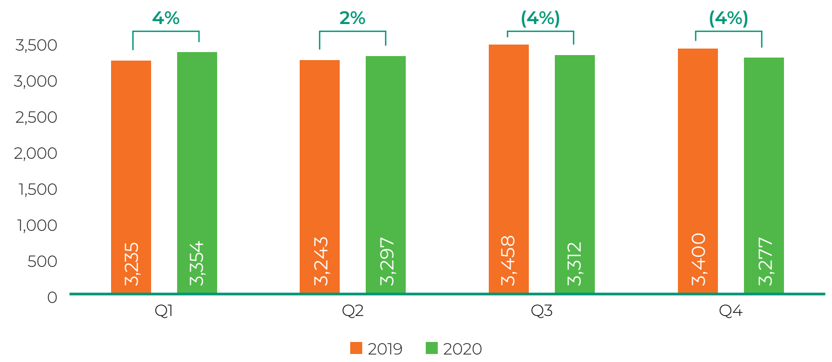
RFO of R1,265 million decreased by 64% from the prior year largely due to the impact of the pandemic on negative mortality experience associated with COVID-19. We raised mortality reserves of R1,574 million during 2020, and we utilised R550 million of this reserve for excess claims incurred in the second half of 2020 and the remaining R1,024 million is available to cover anticipated excess deaths in 2021. The increase in reserves was partially offset by the release of existing discretionary reserves of R1,112 million. Significantly lower sales volumes against a relatively fixed cost base negatively affected distribution efficiencies. Persistency experience worsened as economic conditions negatively affected affordability, partially offset by a short term provision raised at the end of 2019, which resulted in overall persistency losses improving marginally compared to the prior year. Our Banking and Lending business recorded a decrease of 109% in profits compared to the prior year. The decline was due to higher credit losses and an increase in the expected credit loss provision to take into account forward looking economic information and the expected correlated deterioration in the credit environment of R150 million. RFO excluding COVID-19 impacts decreased by 43% from the prior year, largely due to the non repeat of net positive impact of assumption changes of R1.3 billion made in the prior year. The change in investment strategy in our risk book benefitted from favourable market conditions and led to a large one off positive result of R757 million in 2020, which was largely offset by the strengthening of our persistency provisions.

VNB of R41 million declined 96% compared to the prior year, but recovered from a loss position in the first half of the year. The VNB margin of 0.5%, down 820 bps from the prior year, is attributable to the significant decrease in issued sales volumes relative to an acquisition cost base that is largely fixed in the short term. While there has been an encouraging improvement in issued sales since the national level 5 lockdown in the second quarter, access to worksites remained challenging in the second half of the year. Higher productivity levels and greater efficiency seen towards the end of the year delivered a better outcome in the fourth quarter.

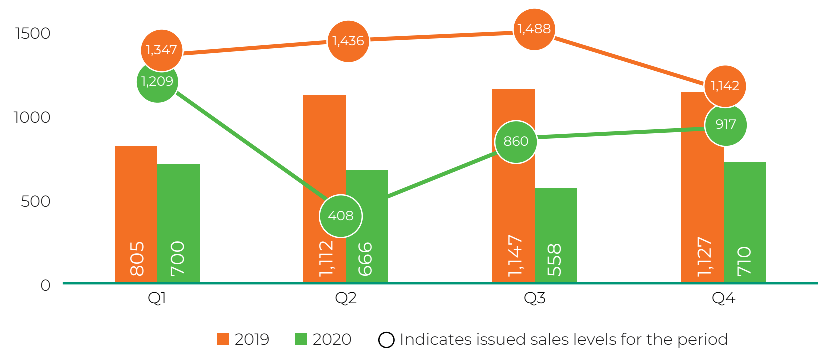
Life APE Sales by product (R million)



Gross Flows (R million)



Life APE Sales (R million)



Claims experience (%)[1]

1 *This represents actual mortality claims paid vs expected mortality claims paid on the Retail Mass Market (RMM) Funeral book and excludes Foundation Market and Savings.*

Outlook 2021

We believe mortality experience in respect of wave 2 peaked at the beginning of 2021 and are anticipating a third wave in the upcoming winter months. We have therefore increased our COVID-19 pandemic reserve to cover expected excess deaths before government's vaccination efforts take effect.

We expect the improvement in adviser productivity to continue in 2021. The rate of economic recovery will determine when sales will return to prior year levels.

We will complete the rollout of Old Mutual Protect to our alternative channels. Our expansion into the funeral services industry was negatively impacted by the pandemic but we will continue to pursue this to access more customers and have end to end value chain capabilities. Various initiatives remain in place to deliver cost savings in the short term and shape future spend. We will continue to invest in alternative channel capabilities to reduce the level of dependency on our adviser force. Growing our rewards base and expanding our offering will remain a key focus as we continue to give value back to our customers whilst rewarding and driving good financial behaviour.

Segment Reviews

PERSONAL FINANCE AND WEALTH MANAGEMENT

During the year, we supported customers and their families through the accelerated payment of R4.9 billion in mortality claims. Our mortality experience worsened materially over the second half of the year, whereas morbidity experience was less affected by COVID-19. More than 80% of Greenlight risk policies that participated in premium holidays have been reinstated, and we have experienced fewer lapses on risk products compared to the prior year. We extended the grace period on Max investment products, and the impact on retention will only be known in 2021. In Personal Finance we have observed a shift to single premium sales and the preference for risk over savings products. Wealth Management customers chose more conservative investment solutions with features that provide easy access to their funds and the demand for offshore solutions has remained strong.

We continued to support our advisers in the second half of the year through delayed commission clawbacks and revised performance targets in an effort to support productivity. We have started placing our advisers in branches and worksites again with strict safety protocols. Face to face customer engagements continue to be supported by digital tools we have rolled out to enable advisers to work from home.

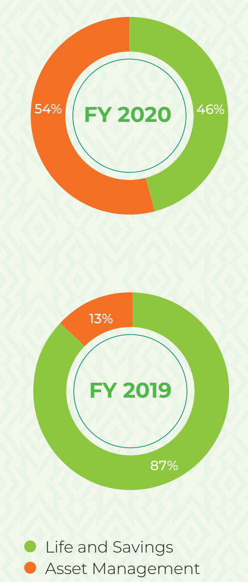
In Personal Finance, we implemented several management actions which included prudent expense management and vacancy freezes and certain project costs were delayed in Wealth Management to reduce costs.

Rm (unless otherwise stated)	**FY 2020**	FY 2019	% change
Results from Operations	**525**	2,169	(76%)
Personal Finance	**160**	1,730	(91%)
Wealth Management	**365**	439	(17%)
Gross flows	**70,315**	72,062	(2%)
Life APE sales	**3,358**	3,682	(9%)
NCCF (Rbn)	**(2.9)**	1.2	(>100%)
FUM (Rbn)	**538.1**	518.6	4%
VNB	**323**	347	(7%)
VNB margin (%)	**1.2%**	1.3%	(10 bps)

Rm (unless otherwise stated)	**FY 2020**	FY 2019	% change
Results from Operations[1]	**160**	1,730	(91%)
Direct COVID-19 impacts	**2,683**	–	100%
Pandemic impact	**2,615**	–	100%
COVID-19 related expenses	**68**	–	100%
RFO excluding direct COVID-19 impacts[1]	**2,843**	1,730	64%

1 *This relates to Personal Finance only, there were no material COVID-19 impacts to Wealth Management's RFO.*

RFO by LOB (%)



PERFORMANCE HIGHLIGHTS

Gross flows decreased by 2% to R70,315 million largely due to lower inflows in Treasury Advisory services in Wealth Management, a decrease of 52% from the prior year demonstrating customers' need for liquidity. Overall inflows in Wealth Management recovered in the second half of the year with an increase of 23% from H1 2020. Gross flows in Personal Finance were marginally ahead of the prior year, with growth in single premium sales mostly offset by lower recurring premium sales.

Life APE sales of R3,358 million decreased by 9% from the prior year as a result of a significant decline in savings and risk sales impacted by the various lockdowns during the year. This was partially offset by strong single premium annuity sales in Personal Finance that were up 58% from the prior year. Our efforts to improve productivity during the second half of the year were evidenced with life sales in the fourth quarter surpassing the pre-COVID levels in the first quarter.

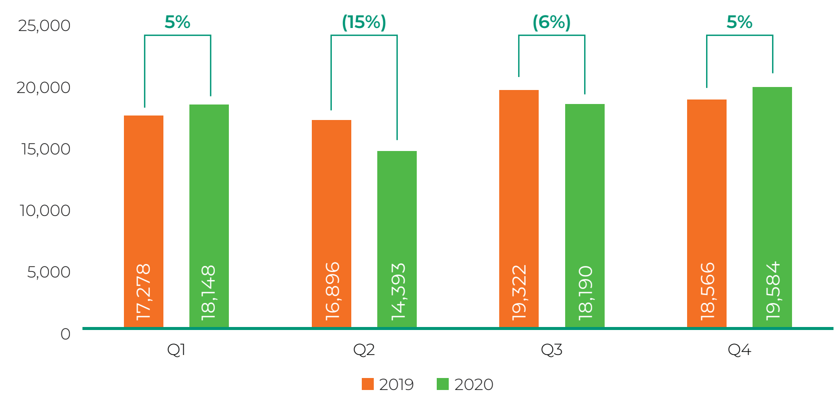
NCCF decreased by R4.1 billion from the prior year due to a combination of lower inflows and higher outflows in Treasury Advisory and Old Mutual International in Wealth Management, as customers sought liquidity and realised profits as the rand weakened during the first half of the year. This was partially offset by improved NCCF in Personal Finance, particularly on the legacy book. Negative NCCF of R7.5 billion related to legacy products, reflect an improvement of R1.2 billion from the prior year while NCCF of R4.6 billion related to new generation products were marginally behind the prior year despite higher claim levels.

FUM of R538.1 billion was up by 4% from the prior year. FUM in Personal Finance was up by 2%, helped by a recovery in markets towards the end of the year when equity market levels were broadly at the same levels as 2019. The Wealth Management FUM increased by 5% driven mainly by the exposure to international markets, particularly in Old Mutual International, also further supported by the recovery in our local equity markets.

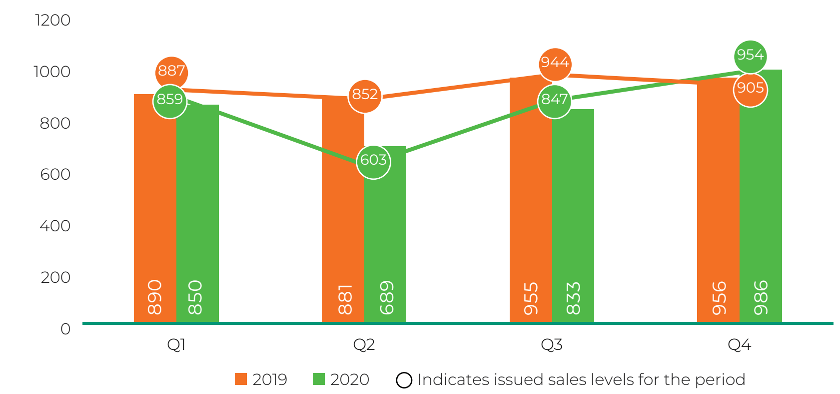
Personal Finance RFO of R160 million decreased by 91% from the prior year largely due to the pandemic impact of R2,615 million related to COVID-19. As at 31 December 2020, a reserve of R1,979 million is available for future mortality and lapse impacts of COVID-19. We incurred R636 million of excess death claims in H2 2020 and utilised the reserve of R510 million raised in H1 2020 to part mitigate this impact. If these claims were excluded from profits, our mortality experience would have been better than the prior year. Personal Finance RFO excluding COVID-19 impacts increased by 64% from the prior year largely due to the non repeat of net negative basis changes in the prior year and the release of a discretionary reserve following changes in the investment strategy of our risk book, resulting in a one off benefit of just over R1 billion given the shape of the bond curve at the time of execution. This was partially offset by the strengthening of bases with risk products. Prudent expense management throughout the year also positively contributed to the current year result.

Wealth Management RFO decreased by 17% from the prior year mainly due to a writeoff of R111 million to remedy legacy reconciliation differences on our local platform. Key process improvements were implemented to mitigate the risk going forward. Excluding the write off, RFO would be 8% up from the prior year driven by cost saving initiatives, partially offset by lower asset based fees earned from lower average market levels during the year. Old Mutual International RFO was supported by positive foreign translation gains in the first half of the year, which reversed as the rand strengthened in the second half of the year.

Gross Flows (R million)



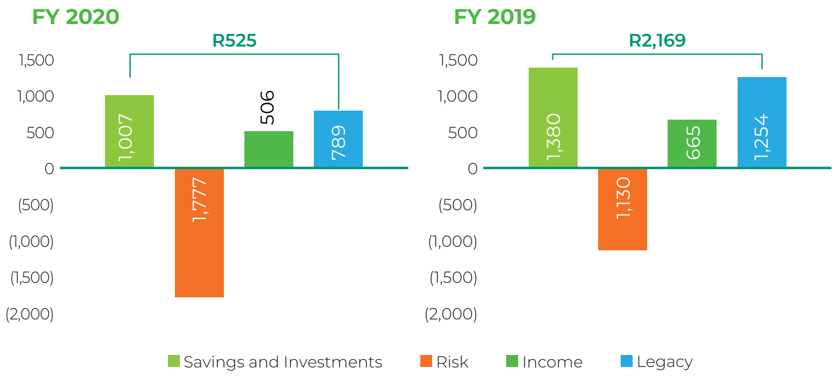
Life APE sales (R million)



Segment Reviews

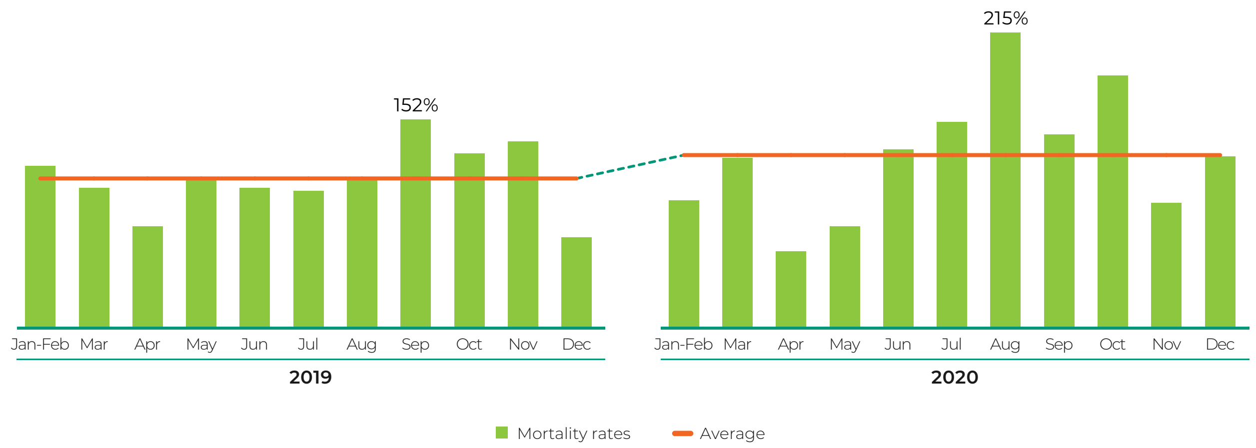
VNB of R323 million decreased by 7% with a corresponding decrease of 10 bps in VNB margin. VNB for Personal Finance increased by 3% to R278 million and VNB margin by 10 bps, due to good growth in high margin annuity products and improved channel economics due to expense savings. This was partially offset by a worse mix of risk products sold and the negative impact of lower sales volumes of both savings and risk products. VNB for Wealth Management decreased by 41% from the prior year reflecting lower life sales and a change in underlying asset mix as customers switched to a higher proportion of money market and fixed interest funds.

RFO split by product (R million)[1]



1 *Risk profits were affected by negative basis changes in both years, the impact in FY 2020 mostly related to setting up COVID-19 pandemic reserves.*

Claims experience (%)[1]



1 *Calculated as actual claims over expected claims in absolute values and is gross of any COVID-19 provision releases.*

Outlook 2021

We believe mortality experience in respect of wave 2 peaked at the beginning of 2021. We are anticipating a third wave in the upcoming winter months and have therefore increased our COVID-19 pandemic reserve to cover expected excess deaths before Government's vaccination efforts take effect. If economic recovery in South Africa is impacted by the second and third waves in 2021, we may see worsening lapse experience as financial pressure on our customers increases. Customers remain at the forefront as we continue to enhance our claims and servicing processes and digital capabilities. We will continue rolling out new risk and savings and income propositions.

We ended 2020 with good sales momentum, but the tightened lockdown restrictions have impacted sales activity in the first quarter of 2021. We will continue to support and enable advisers through further simplifications in the business to improve adviser productivity. Wealth Management will expand the planning and business coaching services to advisers to equip them to better manage their practices.

We will continue to focus on spending on the right initiatives, prioritising efforts to recruit experienced advisers and support activity levels. We expect economic conditions and business activity to remain challenging, however we have implemented significant enhancements to our digital servicing tools to aid customers and intermediaries to interact seamlessly.

OLD MUTUAL INVESTMENTS

Many of our funds have weathered the storm and performed in line with expectations through the pandemic, however the investment performance of certain of our multi-asset and equity capabilities remains challenged. Our flagship funds had a contrarian position going into the market downturn associated with the COVID-19 pandemic and this led to significant underperformance in some of our funds in the first half of the year. Performance in the second half of the year has been encouraging, with some funds recovering from the underperformance reported in the first half of the year.

Despite a very challenging start to the year, the recovery in local equity markets in the second half of 2020, combined with positive retail and institutional flows into our Asset Management businesses drove an increase of 2% in Assets under Management. In our Alternatives business, we continue to grow our asset base with a record of R9 billion of capital committed during the year and over R6.7 billion deployed. R1.9 billion was returned to investors after the successful realisation of assets. Specialised Finance originated R5 billion of unlisted credit assets in a challenging environment.

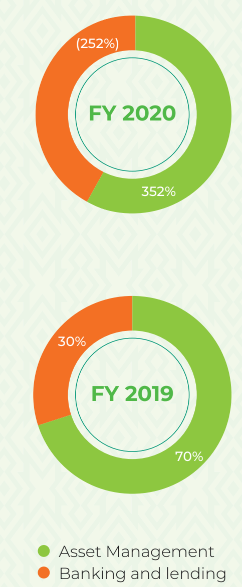
Despite the numerous challenges that the COVID-19 pandemic has created for the economy, our business and our people, we are pleased with the way that our teams have responded. There was a focus on prudent expense management while investing in new revenue opportunities across our capabilities, raising R1 billion of capital in our new hybrid debt capability. We were able to operate effectively with our staff working remotely and significantly increased our digital engagement with customers in the form of webinars and weekly newsletters. We conducted over 60 webinars during the year and increased our subscriber base to 3,818 from 427 in the prior year.

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	180	1,008	(82%)
Gross flows	45,421	34,646	31%
NCCF (Rbn)	(0.1)	(2.4)	96%
Assets under management (AUM)[1](Rbn)	691.2	680.5	2%
FUM	219.6	203.2	8%
Intergroup assets	471.6	477.3	(1%)
Total revenue	1,766	2,672	(34%)
Annuity	2,296	2,169	6%
Non-annuity	(530)	503	(>100%)

1 *AUM comprises FUM as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as FUM of these respective segments.*

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	180	1,008	(82%)
Direct COVID-19 impacts	708	–	100%
Unrealised Mark to Market losses	704	–	100%
COVID-19 related expenses	4	–	100%
RFO excluding direct COVID-19 impacts	888	1,008	(12%)

RFO by LOB (%)



Segment Reviews

PERFORMANCE HIGHLIGHTS

The strong recovery in local equity markets in the fourth quarter, positive retail flows, as well as foreign denominated assets benefitting from rand weakness resulted in closing AUM of R691.2 billion, which was 2% higher than the prior year. The impact of the pandemic was initially felt in March, when AUM decreased by 14% at the lowest point, however the recovery through the year resulted in average asset levels only being 4% behind the prior year. The impact of market growth and positive NCCF was partially offset by the transfer of funds to the Middle Manager function in terms of the Three Manager Model framework implemented effective 1 January 2020. Excluding this transfer, AUM would have been 5% higher than the prior year.

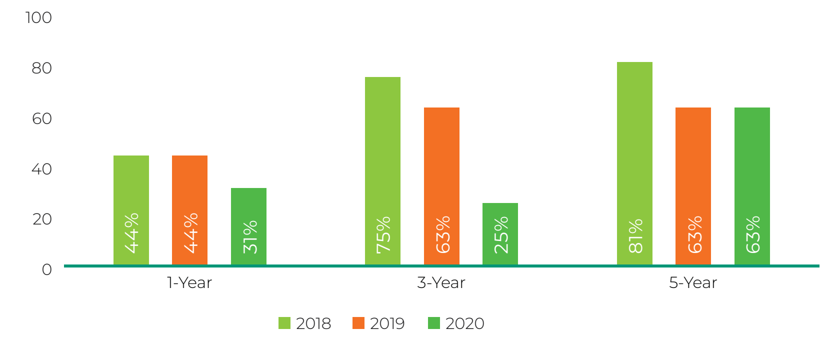
Gross flows improved by 31% to R45,421 million, benefitting from both new mandates secured and continued investment from existing customers in our Asset Management businesses. NCCF of negative R0.1 billion improved by 96% from the prior year due to strong inflows, partially offset by two significant low margin outflows in Futuregrowth in the first half of the year and outflows in Alternatives where R1.9 billion was returned to investors following asset realisations.

Annuity revenue is 6% higher than the prior year, despite lower average asset levels, mainly due to increased portfolio margin emerging in Specialised Finance under the Three Manager Model framework and foreign currency denominated fees. A higher yield on credit assets also contributed positively to higher annuity revenue for the year.

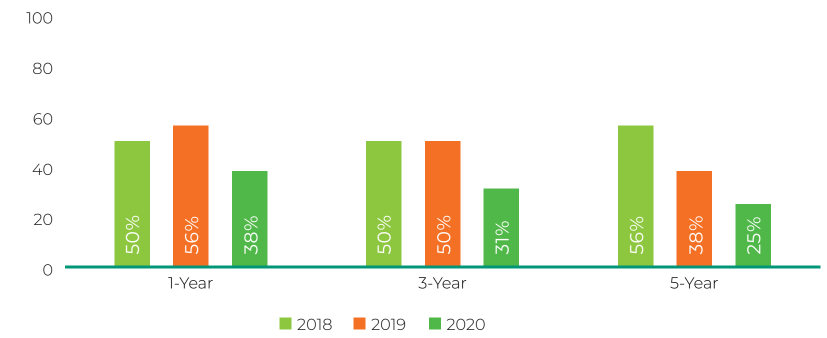
Non-annuity revenue decreased significantly from the prior year as the COVID-19 pandemic had a material impact on our Specialised Finance business, with mark to market losses on credit and unlisted equity assets in the first half of the year. Although credit spreads narrowed over the second half of the year, the onset of the second wave and its impact on some counterparties has resulted in further mark to market losses in the fourth quarter.

RFO by Business Unit (%)

Funds Above Median – 31 December 2020 (%)



Funds Above Benchmark – 31 December 2020 (%)



RFO was 82% lower than the prior year mainly due to the mark to market losses in Specialised Finance, partially offset by higher annuity revenue and expense savings. RFO excluding direct COVID-19 impacts decreased by 12% from the prior year largely due to a decrease in origination income in Specialised Finance as well as positive portfolio returns and fair value gains in Alternatives recorded in the prior year that did not repeat.

Asset Management

Despite the negative impact of lower equity market levels, RFO is 3% higher than the prior year. Annuity revenue benefitted from fees earned on offshore portfolios, stable base fees in our fixed income capabilities and prudent expense management. Positive NCCF of R4.5 billion in the second half of the year was encouraging, with Marriott reporting their strongest NCCF since acquisition coupled with significant flows secured in our Liability Driven Investment (LDI) capability and ESG Indexation fund. These inflows in the second half of the year contributed to the turnaround from a negative R3.9 billion to positive NCCF of R0.6 billion at the end of the year. Flows from our retail channels were positive with strong inflows into our Shariah and ESG ranges during the year.

Alternatives

The diversity of the asset portfolio, prudent expense control and the defensive nature of real assets contributed to the strong business performance. Annuity revenue is marginally down on the prior year with lower base fees in Impact Investing funds being offset by higher dollar denominated fees in the international Private Equity and Infrastructure portfolios. Non-annuity revenue is down 37% on the prior year due to lower origination and performance fees in the current year as well as the recognition of significant fair value gains in the prior year that have not repeated. NCCF for the year was negative R0.7 billion due to the return of capital to investors after the successful realisation of assets.

Specialised Finance

RFO excluding the mark to market losses resulting from the impact of COVID-19 decreased by 17%, mainly due to positive portfolio returns in the prior year which have not repeated, a reduction in origination income given lower levels of deal activity and a more cautious approach to capital deployment. This was partially offset by final performance fees earned on annuity products closed as part of the transition to the Three Manager Model framework.

AUM by asset class (%)

Outlook 2021

In our fundamental portfolios, we are positioned for a modest recovery in South Africa and maintain an overweight position overall in domestic holdings. These shares trade on extremely depressed valuations and should perform well at any hint of more positive economic news. Whilst alternative assets are quite resilient and offer largely uncorrelated returns, high levels of uncertainty remain around the long term impacts of the pandemic on earnings and cash flows. We continue to remain cautious in assessing the valuations of underlying investments and the impact of the second wave on the credit of counterparties in our Specialised Finance business.

We have built a solid foundation to grow our asset base, with significant capital commitments concluded in 2020. We remain focused on capital raising and securing quality deal flow in our Alternatives business. Investment in our customer facing teams is evidenced by a turnaround in NCCF, good retail flows and a solid pipeline in place as we move into 2021.

It remains critically important that we deliver on mandated investment outcomes for our customers. We will continue to drive new revenue initiatives, whilst ensuring we manage costs and drive efficiencies, recognising the constrained environment we are operating in.

Segment Reviews

OLD MUTUAL CORPORATE

Overall customer and intermediary satisfaction continued to be resilient despite remote working conditions. Engagements with our customers included videos, webinars, telephone conferences, self-service platforms, publications and magazines. We launched a debt coaching program for our umbrella fund members and a COVID-19 helpline to all our Group Assurance customers which provided screening, education and counselling.

Substantial mortality underwriting losses emerged in Group Life Assurance due to a significant spike in the number of COVID-19 mortality claims in the second half of the year in line with national excess mortality experience. While comparatively lower in exposure, mortality experience improved on our Non-profit Annuity portfolio. Group Income Protection underwriting experience benefited from price increases and improved claims experience.

New business sales and NCCF came under significant pressure due to the weak economic environment and COVID-19 related lockdown impacts.

Our smoothed bonus funds have been well managed during the period of market volatility. Funding levels for our smoothed bonus products have recovered in the second half of the year. Monthly bonus declarations on all of our major products are now in positive territory.

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	**87**	1,816	(95%)
Gross flows	**34,397**	39,699	(13%)
Life APE sales	**2,624**	3,636	(28%)
NCCF (Rbn)	**(8.0)**	(6.4)	(25%)
FUM (Rbn)	**271.5**	267.3	2%
VNB	**207**	351	(41%)
VNB margin (%)	**0.9%**	1.0%	(10 bps)

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Results from Operations	**87**	1,816	(95%)
Direct COVID-19 impacts	**1,253**	–	100%
Pandemic impact	**1,236**	–	100%
COVID-19 related expenses	**17**	–	100%
RFO excluding direct COVID-19 impacts	**1,340**	1,816	(26%)

PERFORMANCE HIGHLIGHTS

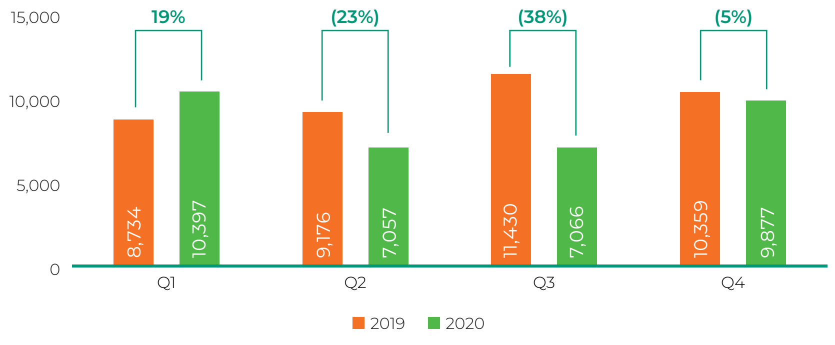
Gross flows decreased by 13% to R34,397 million mainly due to a decline in single premiums, and to a lesser extent lower recurring premiums due to higher retrenchments and the impact of premium relief initiatives. Life APE sales declined by 28% to R2,624 million resulting from significantly lower recurring premium umbrella fund sales with the prior year including a number of large deals, and lower single premium retail platform flows. This was partially offset by a strong performance in group risk sales that included two large deals and a large new cell captive arrangement.

Negative NCCF of R8.0 billion further decreased by R1.6 billion from the prior year. This is largely driven by the decline in single premiums despite sizable section 14 asset transfers, partially offset by lower terminations as customer relief measures led to improved customer retention in our SuperFund umbrella and Group Life Assurance offerings. FUM of R271.5 billion increased marginally by 2% from the prior year due to positive currency movements on the offshore assets in our portfolio, partially offset by the impact of negative NCCF.

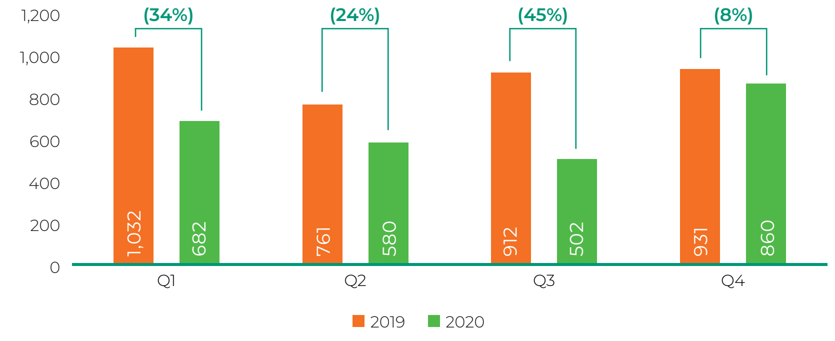
VNB decreased by 41% to R207 million and VNB margin decreased by 10bps to 0.9%. Lower sales volumes was the biggest contributor to the decline in VNB margin, partially offset by improved expense efficiencies.

Results from Operations of R87 million decreased by 95% from the prior year largely due to the pandemic impact of R1,236 million related to COVID-19. As at 31 December 2020, a reserve of R891 million is available for future mortality and morbidity impacts of COVID-19. Our modeling of future mortality risk takes into consideration our pricing and reinsurance strategy as well as a partial offset from the temporary uplift in the underwriting profit on our non-profit annuity portfolio directly related to the COVID-19 mortality claims, although less material. RFO excluding direct COVID-19 impacts decreased by 26% from the prior year. Profits were negatively impacted by lower asset based revenues driven by weaker average market levels, the non-repeat of positive basis in the prior year of around R300 million and the implementation of the Group's Three Manager Model. From 1 January 2020, the earnings on credit assets related to non-profit annuity and Group Income Protection portfolios are capped at the transfer pricing rate. Any excess credit profit or loss is reported in Specialised Finance, forming part of Old Mutual Investments.

Gross Flows (R million)



Life APE sales (R million)



Outlook 2021

We believe mortality experience in respect of wave 2 peaked at the beginning of 2021. We are anticipating a third wave in the lead up to winter and have therefore increased our COVID-19 pandemic reserve to cover expected excess deaths before Government's vaccination efforts take effect. We will continue to review pricing, together with a review of our reinsurance strategy, as more updated weekly COVID-19 data becomes available. However, significant uncertainty remains about the ultimate impact that COVID-19 and the weak economic outlook will have on underwriting experience and business outcomes.

We will continue supporting our customers to reduce the impact that retrenchments or liquidations may have on them. This means we will meet their needs for cash withdrawals, although this means that members may not be opting for preservation of retirement savings in the near term.

We acquired PwC's Research Services business towards the end of 2020, now renamed RemChannel, which adds a human capital advisory capability complimentary to our leading existing employee benefits offering.

While 2021 has had a slow start to new business quotes, we believe the pandemic has increased the appreciation of the value of employee benefits. This coupled with the impact of improved equity market levels on our underlying asset portfolios should present opportunities in the near term.

Segment Reviews

OLD MUTUAL INSURE

COVID-19 and the national lockdown has accelerated the relevance of user-based insurance as our customers face changing circumstances and increased financial pressure. We developed a WhatsApp chatbot called UBI, short for user-based insurance. The application provides customers with a rebate on their premiums in line with their personal vehicle usage. In iWYZE, our product range for SME customers now takes into account changing driving patterns as well as affordability for the customer.

We deployed pricing technology to further improve on our dynamic pricing capabilities of our Personal lines products. This technology enables our retail segment to drive pricing optimisation and speed to market, while reducing IT costs and enabling daily decision making. The roll out of a Customer Relationship Management tool resulted in process standardisation in our intermediated business with the ability to track new opportunities from origination up to a fully onboarded customer. We also implemented a new outsource based business rating tool that enables our business partners to get competitive quotes more efficiently and also easily determine our rates.

In the second half of the year, quote levels in Personal lines largely returned to pre-lockdown levels, although still below the prior year. Quotes in Commercial lines remained well below both pre-lockdown and prior year levels. Remedial actions in our CGIC and Specialty divisions gained significant traction during the year which resulted in a return to profitability in CGIC in the second half of the year and lower gross loss ratios in Specialty.

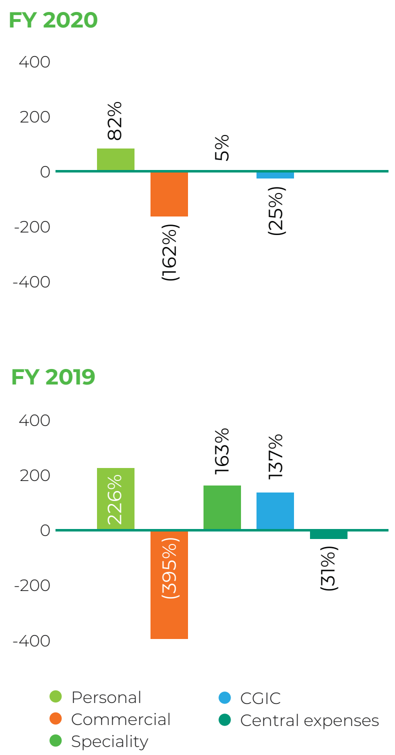
PERFORMANCE HIGHLIGHTS

Gross written premiums of R14,771 million increased marginally from the prior year, despite a difficult trading environment brought on by national lockdowns and the impact of premium relief initiatives. The moderate growth seen in most divisions was partially offset by a decline in the Crop division, where we have taken the decision to exit the market and no longer write new business.

Significant business interruption and rescue reserves as a direct impact of COVID-19 has resulted in a net underwriting loss of R357 million compared to a net underwriting profit of R35 million in the prior year. This led to a decrease in the net underwriting margin to a negative 3.8% from a positive 0.4% in the prior year. RFO decreased significantly to a loss of R131 million due to the lower underwriting result and the impairment of an investment in Insure Group Managers, a premium collections agency, following their curatorship. The investment returns on insurance funds were flat on the prior year mainly due to the low interest rate environment and volatility in equity markets. This was mostly offset by higher returns resulting from an increase in net outstanding claims liabilities that necessitated assets being transferred from the shareholder portfolio to the insurance float and an increase in working capital. RFO excluding direct COVID-19 impacts was 33% higher than the prior year due to lower catastrophe losses and decreased attritional claims volumes in both our Personal and Commercial lines.

Personal lines recorded growth in gross written premiums of 6% in a challenging economic environment. Strong sales of the Elite product, one of our solutions that provide individually tailored general insurance to high net worth individuals, contributed to premium growth. The Elite product plays an important role in our Personal lines growth strategy. The significant increase in net underwriting result reflects the reduction in claims volumes experienced in H1 2020. Even though we saw an increase in claims in the second half of the year as consumer activity returned to more normalised levels, claims volumes remained below the prior year. For this reason we excluded the underwriting result of our Personal lines

Net underwriting results – contribution of divisions (%)



when presenting RFO excluding direct COVID-19 impacts.

Gross written premiums in Commercial lines decreased by 4% due to muted growth experienced in the intermediated sector and our decision to exit from the Crop market segment. Net underwriting losses increased significantly from the prior year due to higher COVID-19 related business interruption reserves. Net underwriting losses excluding direct COVID-19 impacts increased by 18% from the prior year due to a reduction in crop losses when compared to the prior year. This was partially offset by lower reinsurance commission rates and participation losses following the unfavourable gross loss experience on certain treaties.

Our Specialty division recorded gross written premium growth of 3%. Growth in engineering, marine and travel businesses, was muted due to the contracted state of the economy following the outbreak of the pandemic. There are signs of recovery in the engineering and marine businesses, with opportunities for further strategic partnerships in the year ahead to create scale. Although remedial actions implemented during the year improved gross loss ratios, the net underwriting result decreased by 68% from the prior year mainly due to large losses experienced in our engineering business when compared to the prior year. This was partially offset by an improved underwriting experience in our corporate property business following improvements to our risk selection and client risk tracking processes.

CGIC reported gross written premium growth of 7% despite a year defined by the pandemic, which severely impacted the trade credit insurance industry.

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Gross written premiums	14,771	14,699	0.5%
Net earned premiums	9,442	9,986	(5%)
Net underwriting result	(357)	35	(>100%)
Results from Operations	(131)	233	(>100%)
Net underwriting margin (%)	(3.8%)	0.4%	(420 bps)
Insurance margin (%)	(1.4%)	2.3%	(370 bps)

Rm (unless otherwise stated)	FY 2020	FY 2019	% change
Net underwriting result	(357)	35	(>100%)
Direct COVID-19 impacts	440	–	100%)
Business interruption and rescue reserves	715	–	100%)
Underwriting results – Personal book	(293)	–	100%)
COVID-19 related expenses	18	–	100%)
Net underwriting result excluding direct COVID-19 impacts	83	35	>100%

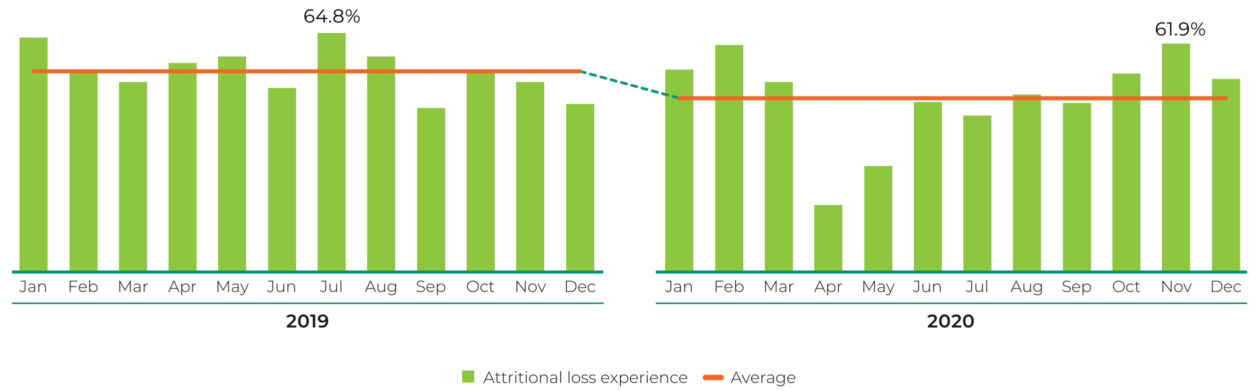
Rm (unless otherwise stated)	FY 2020 Reported results	FY 2020 Direct COVID-19 impacts	FY 2020 Results excluding direct COVID-19 impacts	FY 2019 Reported results	% change	% change excluding direct COVID-19 impacts
Personal	293	(293)	–	79	>100%	(100%)
Commercial	(580)	467	(113)	(138)	(>100%)	18%
Specialty	18	12	30	57	(68%)	(47%)
CGIC	(88)	254	166	48	(>100%)	>100%
Central expenses	–	–	–	(11)	100%	100%
Net underwriting result	(357)	440	83	35	(>100%)	>100%
Investment return on insurance funds	231	–	231	233	(1%)	(1%)
Other income and expenses	(5)	–	(5)	(35)	86%	86%
Results from Operations	(131)	440	309	233	(>100%)	33%

Segment Reviews

CGIC experienced a steep rise in COVID-19 related business rescue applications, force majeure declarations by companies, business failures and numerous non-payment notifications, which led to a net underwriting loss for the first half of the year. Management undertook a range of strict underwriting and risk reduction measures in order to restore stability which led to a recovery in premium income and a return to profitability resulting in a lower underwriting loss for the full year.

Excluding direct COVID-19 impacts, the net underwriting profits increased to R166 million from R48 million in the prior year.

Personal lines – Attritional loss experience (%)



Outlook 2021

We continue to focus on increasing self service capabilities for customers and intermediaries with focused investment in robotics and digital capabilities. We continue to unlock further savings through the acceleration of digital adoption as we rationalise our branch footprint and simplification of products, processes and IT systems.

We launched a digital solution, CommaInsure, that allows customers to insure specific items, offering affordable premiums that are calculated based on the cover periods required by our customers. We look to conclude the move of the Premier Commercial and Agri Assets product from our Commercial lines to our Specialty division to better align our structure according to customer needs and fully embed our customer intimacy model.

We continue to look for inorganic growth opportunities in the market and have signed a shareholders agreement to acquire a 51% interest in a cell captive with gross written premium of approximately R1.8 billion. This is subject to conditions precedent being met and regulatory approval.

Rest of Africa

Mortality and morbidity experience across the portfolio continued to be muted despite most of our markets experiencing their first and second waves of Covid-19 infection rates during the second half of the year. We observed an increased level of surrenders in our savings books as customers sought liquidity during the tough economic climate that prevailed during most of the year. The impact of the tough economic conditions and movement restrictions on customer disposable income translated into increased defaults and as a result credit losses in our Banking and Lending businesses.

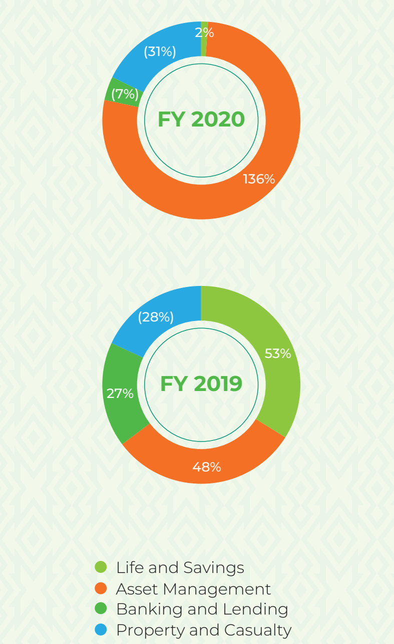
We provided financial assistance to advisers during months where productivity was constrained by the lockdowns. We provided them with laptops, software applications and connectivity to enable them to work remotely. In our Property and Casualty business in East Africa productivity continued to improve with the increased use of digital tools to generate leads for our advisers.

During the year we made new appointments in key leadership roles and senior finance positions in East Africa to address concerns around the depth of finance skills and strength of the financial control environment. We completed an extensive balance sheet review which led to writeoffs of unsubstantiated balances and additional provisions raised to cover potential data differences between the accounting system and underlying administration systems. This resulted in a R177 million decrease in profits. We continue to monitor the situation closely to ensure the continued strengthening of the control environment.

Rm (unless otherwise stated)	**FY 2020 (Reported)**	**FY 2020 (Constant currency)**	% change (Reported)	% change (Constant currency)	FY 2019
Results from Operations	**192**	**182**	(61%)	(63%)	496
RFO excluding direct COVID-19 impacts	**401**	**385**	(19%)	(22%)	496
Gross flows	**26,239**	**25,077**	49%	43%	17, 593
Life APE sales	**956**	**914**	(2%)	(6%)	977
NCCF (Rbn)	**10.0**	**9.5**	>100%	>100%	3.7
FUM (Rbn)	**88.7**	**89.6**	12%	13%	79.5
VNB	**50**	**51**	(23%)	(21%)	65
VNB margin (%)	**1.3%**	**1.3%**	(30 bps)	(30 bps)	1.6%
Loans and advances[1]	**4,301**	**4,382**	(1%)	1%	4, 358
Net lending margin (%)	**7.4%**	**7.4%**	(470 bps)	(470 bps)	12.1%
Gross written premiums	**3,872**	**3,602**	20%	11%	3,235
Underwriting margin (%)	**(6.3%)**	**(6.3%)**	(80 bps)	(80 bps)	(5.5%)

1 Loans and advances in prior periods have been re-presented to include accrued interest related to the loan book in East Africa. Net lending margin and Credit loss ratio re-presented to reflect this.

RFO by LOB (%)[1]



1 These percentages reference Results from Operations.

Segment Reviews

Southern Africa (excluding Zimbabwe)

Rm (unless otherwise stated)	FY 2020 (Reported)	FY 2020 (Constant Currency)	% change (Reported)	% change (Constant currency)	FY 2019
Results from operations	**722**	**678**	(17%)	(22%)	866
RFO excluding direct COVID-19 impacts	**881**	**836**	2%	(3%)	866
Gross flows	**16,594**	**16,264**	28%	26%	12,948
Life APE sales	**692**	**671**	(6%)	(9%)	739
NCCF (Rbn)	**5.4**	**5.3**	>100%	>100%	2.3
FUM (Rbn)	**56.0**	**56.0**	13%	13%	49.5
VNB	**125**	**120**	5%	1%	119
VNB margin (%)	**4.3%**	**4.3%**	110 bps	110 bps	3.2%
Loans and advances	**1,387**	**1,387**	8%	8%	1,285
Net lending margin (%)	**14.4%**	**14.4%**	20 bps	20 bps	14.2%
Gross written premiums	**979**	**960**	6%	4%	927
Underwriting margin (%)	**(1.4%)**	**(1.4%)**	(910 bps)	(910 bps)	7.7%

Rm (unless otherwise stated)	FY 2020	FY2019	% change
Results from Operations	**722**	866	(17%)
Direct COVID-19 impacts	**159**	–	100%
Pandemic impact	**59**	–	100%
Business interruption reserves	**69**	–	100%
Forward looking information – ECL	**15**	–	100%
COVID-19 related expenses	**16**	–	100%
RFO excluding direct COVID-19 impacts	**881**	866	2%

RFO by LOB (%)[1]

1 *These precentages reference Results from Operations.*

PERFORMANCE HIGHLIGHTS

The financial performance commentary is based on the constant currency % change period over period. Constant currency reflects current period numbers, converted using prior period exchange rates.

Gross flows increased by 26% to R16,264 million mainly due to strong money market flows in Malawi and institutional asset management flows in Namibia and eSwatini. Higher gross flows were the main driver of the increase in NCCF, partially offset by higher corporate outflows from unit trusts in Namibia. Strong NCCF was the main driver of the increase in FUM.

Life APE sales decreased by 9% to R671 million due to lower sales in Namibia as a result of COVID-19 lockdown restrictions coupled with the impact of the ongoing recessionary environment on productivity levels. This was partially offset by strong group life sales in Botswana driven by an attractive pricing mechanism implemented during the year, and in Malawi through bancassurance and retail channels following the recruitment of additional sales agents and activity returning to normalised levels in the second half of the year.

VNB of R120 million was marginally up on the prior year. Malawi had an increase in VNB, largely due to good volumes of high margin corporate business sold and prudent expense management. This was offset by lower sales volumes, an expense basis strengthening that negatively impacted margin and a worse mix of high margin AGP smoothed bonus products sold in Namibia.

Loans and advances increased by 8% to R1,387 million, largely due to growth in Government payroll linked disbursements in Namibia, primarily as a result of the ongoing financial pressures on households. The increase of 20 bps in net lending margin was due to a decline in the cost of borrowing driven by lower interest rates, partially offset by higher credit losses

resulting from ongoing financial pressure experienced by our customers, and a management overlay that was required to ensure expected credit loss provisions were appropriate in light of the impact of COVID-19 on economic conditions. Net lending margin excluding direct COVID-19 impacts was 15.5%.

Gross written premiums increased by 4% to R960 million largely due to higher customer renewals in Namibia and an increase in new business sales and renewals in Botswana. Underwriting margin declined by 910 bps to a negative 1.4%. This was due to worsening underwriting results, driven by an increase in reserves for business interruption claims related to COVID-19. Underwriting margin excluding direct COVID-19 impacts was 10.2%.

RFO decreased by 22% to R678 million driven by lower sales volumes in our Life and Savings business and due to the pandemic impact of R59 million related to COVID-19. As at 31 December 2020, R59 million remains available for future mortality and lapse impacts of COVID-19. Net negative basis changes of R113 million further adversely impacted life profits, partially offset by higher underwriting profits in the Group Life assurance book coupled with lower expenses in Malawi. Higher profits in our Banking and Lending business driven by growth in disbursements positively contributed to profits, despite higher credit loss experience during the year. RFO excluding direct COVID-19 impacts decreased by 3% to R836 million.

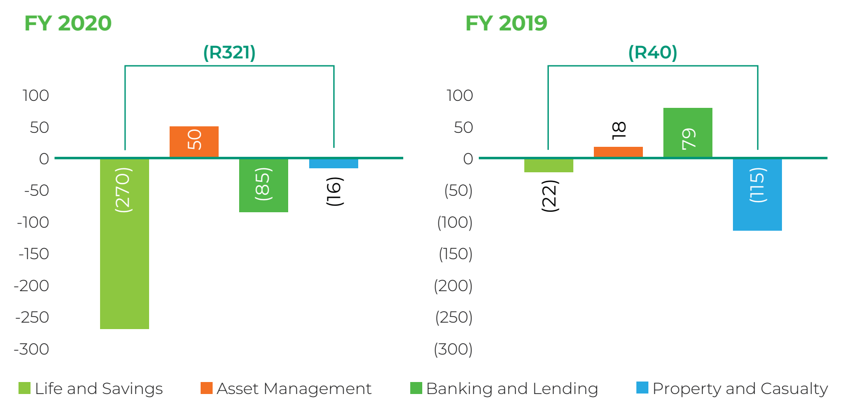
Segment Reviews

East Africa

Rm (Unless otherwise stated)	FY 2020 (Reported)	FY 2020 (Constant Currency)	% change (Reported)	% change (Constant currency)	FY 2019
RFO	**(321)**	**(292)**	(>100%)	(>100%)	(40)
RFO excluding direct COVID-19 impacts	**(279)**	**(254)**	(>100%)	(>100%)	(40)
Gross flows	**9,087**	**8,294**	>100%	95%	4,255
Life APE sales	**109**	**100**	(14%)	(21%)	127
NCCF (Rbn)	**4.3**	**3.9**	>100%	>100%	1.2
FUM (Rbn)	**31.4**	**32.3**	8%	11%	29.0
VNB	**(53)**	**(49)**	(>100%)	(96%)	(25)
VNB margin (%)	**(13.2%)**	**(13.2%)**	(150 bps)	(150 bps)	(11.7%)
Loans and advances[1]	**2,914**	**2,994**	(5%)	(3%)	3,073
Net lending margin (%)	**4.7%**	**4.7%**	(710 bps)	(710 bps)	11.8%
Gross written premiums	**2,769**	**2,528**	25%	14%	2,224
Underwriting margin (%)	**(5.6%)**	**(5.6%)**	40 bps	40 bps	(6.0%)

1 *Loans and advances in prior periods have been re-presented to include accrued interest to the loan book in East Africa. Net lending margin and credit loss ratio were re-presented to reflect this.*

RFO split by LOB (R million)



PERFORMANCE HIGHLIGHTS

The financial performance commentary is based on the constant currency % change period over period. Constant currency reflects current period numbers, converted using prior period exchange rates.

Gross flows increased to R8,294 million from the prior year, due to significant increase in corporate and unit trust inflows in our Asset Management businesses in Kenya and Uganda. NCCF increased to R3.9 billion from R1.2 billion in the prior year due to higher gross inflows, partially offset by an increase in unit trust withdrawals in Uganda and higher surrenders and pension fund withdrawals in Kenya. Life APE sales decreased by 21% to R100 million due to lower retail and corporate sales in Kenya, which was largely driven by the impact of the pandemic and the ongoing economic difficulties, resulting in financially constrained customers.

Gross written premiums increased by 14% to R2,528 million primarily as a result of strong new business acquisition and good retention rates in the general and medical insurance businesses, largely due to improved customer servicing.

The negative underwriting margin improved by 40 bps largely due to improved premium income and better claims experience than in the prior year.

Loans and advances marginally decreased due to a slowdown in disbursements, which was driven by a stricter lending criteria implemented during the year, as difficult economic conditions continued to impact our customers' ability to pay. The net lending margin decreased by 710 bps to 4.7%, largely due to higher credit losses as customers continued to face financial pressure.

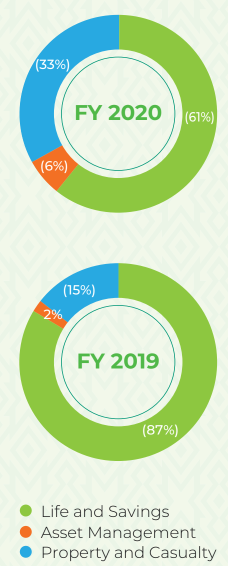
East Africa recorded a loss of R292 million compared to a loss of R40 million. The main drivers of the significant decline in profits were write offs resulting from the balance sheet substantiation project which negatively impacted profits in all lines of business except Asset Management. The decline in Banking and Lending profits was due to lower net interest income earned as disbursements slowed compared to the prior year, and higher credit losses driven by the impact of the pandemic and economic conditions on customers' ability to repay loans. The Life and Savings business experienced lower life sales, poor persistency, a decrease in asset based fees earned due to lower average equity market levels compared to the prior year. Life profits were also affected by the pandemic impact of R19 million related to COVID-19. Our Property and Casualty loss improved due to higher earned premiums, better claims experience and returns on float assets that back claims liabilities, partially offset by writeoffs and additional reserves raised as part of the balance sheet substantiation project. These adverse RFO impacts were partially offset by an increase in Asset Management RFO driven by an increase in management fees earned from higher funds under management in Kenya and Uganda.

The negative VNB deteriorated largely due to lower new business volumes not sufficient to cover higher initial expenses on retail products in Kenya.

West Africa

Rm (unless otherwise stated)	FY 2020 (Reported)	FY2020 (Constant currency)	% change (Reported)	% change (Constant currency)	FY 2019
Results from Operations	**(77)**	**(72)**	38%	42%	(124)
RFO excluding direct COVID-19 impacts	**(69)**	**(65)**	44%	48%	(124)
Gross flows	**557**	**519**	43%	33%	390
Life APE sales	**155**	**143**	40%	29%	111
NCCF (Rbn)	**0.3**	**0.3**	50%	50%	0.2
FUM (Rbn)	**1.3**	**1.3**	30%	30%	1.0
VNB	**(22)**	**(20)**	24%	31%	(29)
VNB margin (%)	**(3.9%)**	**(3.9%)**	810 bps	810 bps	(12.0%)
Gross written premiums	**123**	**114**	46%	36%	84
Underwriting margin (%)	**(60.3%)**	**(60.3%)**	470 bps	470 bps	(65.0%)

RFO by LOB (%)[1]



1 *These percentages reference Results from Operations.*

PERFORMANCE HIGHLIGHTS

The financial performance commentary is based on the constant currency % change period over period. Constant currency reflects current period numbers, converted using prior period exchange rates.

Gross flows increased by 33% to R519 million largely due to strong new business corporate sales in Nigeria driven by improved intermediary productivity and good corporate inflows to the pension administration business in Ghana. Life APE sales increased by 29% to R143 million, mainly driven by higher recurring premium corporate sales in Nigeria. The increase in NCCF was a function of higher inflows, partially offset by an increase in retail savings outflows as customers came under pressure in a tough macroeconomic environment.

Gross written premiums increased by 36% to R114 million due to higher premium renewals in Nigeria as we continued to strengthen broker relationships in the market. Negative underwriting margin improved by 470 bps to negative 60.3%, a function of the increase in net premiums earned during the year.

West Africa's RFO loss decreased by 42% to R72 million largely due to improved life sales coupled with higher administration fees earned on the life book. This was partially offset by a decline in the underwriting result of our Property and Casualty business in Nigeria due to an increase in commission expenses and worse claims experience.

VNB margin improved to negative 3.9% from the prior year, due to prudent expense management and a better mix of more profitable corporate business written in the region.

Outlook 2021

As movement restrictions are lifted and economic activity begins to recover we expect to see the frequency of claims trend towards historical levels in our medical and general insurance businesses. We expect the mortality and morbidity to worsen from what was experienced in the first and second waves and have increased our pandemic reserves accordingly. We expect customer disposable income levels to remain constrained and this may adversely impact life sales and lead to increased lapse experience in our Life and Savings business. We also anticipate continued pressure on credit quality of loan books in our Banking and Lending business.

Retail productivity will continue to be challenged by tough economic conditions and the slow return to normal, however we expect to continue to see a growing preference for remote digital engagements. We have made good progress to improve digital customer and adviser journeys and will continue to ensure seamless interaction while movement restrictions and limited access to worksites continues.

The key strategic priorities across all regions in 2021 will focus on driving sales growth and the continued turnaround of underperforming businesses, building a leading brand through relevant solutions for our customers and creating an innovative high performance culture.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

DO GREAT THINGS EVERY DAY

Index to the summary consolidated financial statements

Independent auditors' report on summary consolidated financial statements

TO THE SHAREHOLDERS OF OLD MUTUAL LIMITED

Opinion

The summary consolidated financial statements of Old Mutual Limited, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes (including the summary consolidated supplementary income statement), are derived from the audited consolidated financial statements of Old Mutual limited for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Old Mutual Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note A.1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Old Mutual Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 March 2021. That report also includes communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note A.1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditors' Responsibility

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

Deloitte & Touche
Per: Alex Arterton
Registered Auditor
Chartered Accountant (SA)
Partner

22 March 2021

The Ridge
6 Marina Drive
Portswood District
V&A Waterfront
8000

KPMG Inc.
Per: Pierre Fourie
Registered Auditor
Chartered Accountant (SA)
Director

22 March 2021

85 Empire Road
Parktown
2193

Summary consolidated income statement

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Continuing operations			
Revenue			
Gross insurance premium revenue		**81,571**	80,758
Outward reinsurance		**(9,109)**	(7,998)
Net earned premiums		**72,462**	72,760
Investment return (non-banking)		**59,940**	86,696
Banking interest and similar income		**4,734**	5,074
Banking trading, investment and similar income		**341**	187
Fee and commission income, and income from service activities		**10,409**	10,548
Other income		**1,647**	851
Total revenue and other income	D1	**146,533**	176,116
Expenses			
Gross claims and benefits (including change in insurance contract provisions)		**(95,412)**	(93,654)
Reinsurance recoveries		**13,431**	6,324
Net claims and benefits incurred		**(81,981)**	(87,330)
Change in investment contract liabilities		**(24,003)**	(29,756)
Credit impairment charges		**(2,874)**	(1,878)
Finance costs		**(484)**	(737)
Banking interest payable and similar expenses		**(1,053)**	(1,275)
Fee and commission expenses, and other acquisition costs		**(9,803)**	(10,713)
Change in third-party interest in consolidated funds		**3,479**	(8,603)
Other operating and administrative expenses		**(25,049)**	(23,407)
Total expenses		**(141,768)**	(163,699)
Share of gains of associated undertakings and joint ventures after tax		**592**	2,269
Impairment of investments in associated undertakings		**(8,629)**	(869)
Loss on disposal of subsidiaries and associated undertakings		**–**	(21)
(Loss)/profit before tax		**(3,272)**	13,796
Income tax expense		**(2,076)**	(4,245)
(Loss)/profit after tax from continuing operations		**(5,348)**	9,551
Discontinued operations			
Profit after tax from discontinued operations		**–**	104
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Attributable to			
Equity holders of the parent		**(5,097)**	9,386
Non-controlling interests			
Ordinary shares		**(251)**	269
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Earnings per ordinary share			
Basic (loss)/earnings per share – continuing operations (cents)		**(116.3)**	206.0
Basic earnings per share – discontinued operations (cents)		**–**	2.3
Basic (loss)/earnings per ordinary share (cents)	C1(a)	**(116.3)**	208.3
Diluted (loss)/earnings per share – continuing operations (cents)		**(116.3)**	202.9
Diluted earnings per share – discontinued operations (cents)		**–**	2.3
Diluted (loss)/earnings per ordinary share (cents)[1]	C1(b)	**(116.3)**	205.2

1 *In periods where the Group recognises a loss attributable to equity holders of the parent, the impact of potentially dilutive shares-are excluded from the weighted average number of ordinary shares used to calculate diluted loss per share as their inclusion would have an antidilutive effect. Note C1(a) provides more information on these shares excluded from the calculation.*

Summary consolidated statement of comprehensive income

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Continuing operations			
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Other comprehensive income for the financial year			
Items that will not be reclassified to profit or loss			
Gains on property revaluations		**9**	448
Remeasurement gains on defined benefit plans		**175**	112
Fair value movements related to credit risk on borrowed funds		**(130)**	(62)
Share of other comprehensive income from associated undertakings and joint ventures		**57**	68
Shadow accounting[1]		**55**	(168)
Income tax on items that will not be reclassified to profit or loss		**(63)**	(67)
		103	331
Items that may be reclassified to profit or loss			
Currency translation differences on translating foreign operations		**(635)**	(3,872)
Exchange differences recycled to profit or loss on disposal of businesses		**–**	(135)
Share of other comprehensive income from associated undertakings and joint ventures		**118**	(284)
		(517)	(4,291)
Total other comprehensive loss for the financial year from continuing operations		**(414)**	(3,960)
Discontinued operations			
Total other comprehensive income for the financial period from discontinued operations after tax		**–**	98
Total other comprehensive loss for the financial year		**(414)**	(3,862)
Total comprehensive (loss)/income for the financial year		**(5,762)**	5,793
Attributable to			
Equity holders of the parent		**(5,492)**	5,596
Non-controlling interests			
Ordinary shares		**(270)**	197
Total comprehensive (loss)/income for the financial year		**(5,762)**	5,793

1 *Shadow accounting is applied to policyholder liabilities where the underlying measurement of the policyholder liability depends directly on the fair value of the Group's owner-occupied properties. Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts', to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on assets that have a direct effect on the measurement of the related insurance assets and liabilities.*

Summary consolidated supplementary income statement

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019 (Restated)[1]
Mass and Foundation Cluster		**1,265**	3,527
Personal Finance and Wealth Management[1]		**525**	2,169
Old Mutual Investments[1]		**180**	1,008
Old Mutual Corporate		**87**	1,816
Old Mutual Insure		**(131)**	233
Rest of Africa		**192**	496
Central expenses		**(455)**	(277)
Results from Operations		**1,663**	8,972
Shareholder investment return		**1,612**	2,102
Finance costs		**(484)**	(737)
Share of gains of associated undertakings and joint ventures after tax		**917**	2,528
Adjusted Headline Earnings before tax and non-controlling interests		**3,708**	12,865
Shareholder tax		**(1,188)**	(2,874)
Non-controlling interests		**(36)**	(135)
Adjusted Headline Earnings after tax and non-controlling interests		**2,484**	9,856
Adjusted weighted average number of ordinary shares (millions)	C1(a)	**4,574**	4,709
Adjusted Headline Earnings per share (cents)		**54.3**	209.3

Reconciliation of Adjusted Headline Earnings to IFRS profit after tax[2]

Rm	Notes	December 2020	December 2019
Adjusted Headline Earnings after tax and non-controlling interests		**2,484**	9,856
Investment return on group equity and debt instruments held in policyholder funds	A1.6(a)	**785**	474
Impact of restructuring	A13(b)	**497**	(580)
Discontinued operations	A1.3(c)	**–**	74
Operations in hyperinflationary economies	A1.3(d)	**1,093**	441
Non-core operations	A1.3(e)	**229**	376
Headline Earnings		**5,088**	10,641
Impairment of goodwill and other intangible assets and property, plant and equipment and other Headline Earnings adjustments		**(1,408)**	(395)
Impairment of associated undertakings		**(8,777)**	(869)
Profit on disposal of subsidiaries and associated undertakings		**–**	9
(Loss)/profit after tax for the financial period attributable to equity holders of the parent		**(5,097)**	9,386

1 *Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.*

2 *Refer to note A1.6 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.*

Summary consolidated statement of financial position

At 31 December 2020

Rm	Notes	At 31 December 2020	At 31 December 2019
Assets			
Goodwill and other intangible assets		**5,925**	6,276
Mandatory reserve deposits with central banks		**235**	141
Property, plant and equipment		**8,952**	9,892
Investment property		**33,606**	34,992
Deferred tax assets		**2,007**	1,155
Investments in associated undertakings and joint ventures		**17,450**	26,251
Deferred acquisition costs		**1,890**	1,978
Loans and advances		**17,798**	21,007
Investments and securities		**772,037**	744,965
Reinsurers share of policyholder liabilities	F1	**15,610**	8,385
Current tax receivable		**371**	309
Trade, other receivables and other assets		**20,317**	21,082
Derivative financial instruments		**10,840**	3,221
Cash and cash equivalents		**33,560**	30,474
Assets held for sale		**84**	774
Total assets		**940,682**	910,902
Liabilities			
Life insurance contract liabilities	F1	**145,536**	141,156
Investment contract liabilities with discretionary participating features	F1	**203,117**	198,483
Investment contract liabilities	F1	**334,311**	314,071
Property and Casualty liabilities	F1	**14,455**	8,860
Third-party interests in consolidated funds		**73,020**	80,814
Borrowed funds		**17,335**	18,989
Provisions and accruals		**1,760**	2,060
Deferred revenue		**662**	513
Deferred tax liabilities		**4,293**	4,134
Current tax payable		**459**	1,635
Trade, other payables and other liabilities		**60,213**	52,520
Amounts owed to bank depositors		**5,044**	4,908
Derivative financial instruments		**11,154**	4,834
Total liabilities		**871,359**	832,977
Net assets		**69,323**	77,925
Shareholders' equity			
Equity attributable to equity holders of the parent		**66,995**	74,763
Non-controlling interests			
Ordinary shares		**2,328**	3,162
Total non-controlling interests		**2,328**	3,162
Total equity		**69,323**	77,925

Summary consolidated statement of cash flows

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Cash flows from operating activities			
(Loss)/profit before tax		**(3,272)**	13,796
Non-cash movements in profit before tax		**29,628**	(12,905)
Net changes in working capital		**715**	15,823
Taxation paid		**(3,748)**	(4,144)
Net cash inflow from operating activities – continuing operations		**23,323**	12,570
Cash flows from investing activities			
Acquisition of financial investments		**(13,305)**	(7,924)
Acquisition of investment properties		**(367)**	(1,072)
Proceeds from disposal of investment properties		**26**	35
Dividends received from associated undertakings		**879**	1,513
Acquisition of property, plant and equipment		**(767)**	(935)
Proceeds from disposal of property, plant and equipment		**141**	150
Acquisition of intangible assets		**(1,279)**	(989)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		**(67)**	(149)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures		**–**	4,258
Net cash outflow from investing activities – continuing operations		**(14,739)**	(5,113)
Cash flows from financing activities			
Dividends paid to			
Ordinary equity holders of the Company	C4	**(3,346)**	(5,383)
Non-controlling interests and preferred security interests		**(93)**	(69)
Interest paid (excluding banking interest paid)		**(607)**	(804)
Net acquisition of treasury shares – ordinary shares		**1,252**	289
Share buy-back transactions		**–**	(4,900)
Lease repayments		**(460)**	(419)
Proceeds from issue of subordinated and other debt		**5,648**	5,739
Subordinated and other debt repaid		**(7,016)**	(3,211)
Net cash outflow from financing activities – continuing operations		**(4,622)**	(8,758)
Net cash inflow/(outflow) – continuing operations		**3,962**	(1,300)
Net cash outflow from discontinued operations		**–**	(375)
Effects of exchange rate changes on cash and cash equivalents		**(782)**	(588)
Cash and cash equivalents at beginning of the period		**30,615**	32,878
Cash and cash equivalents at end of the period		**33,795**	30,615
Comprising			
Mandatory reserve deposits with central banks		**235**	141
Cash and cash equivalents		**33,560**	30,474
Total		**33,795**	30,615

The Group has enhanced disclosure on the cash flow statement in order to improve usability for the reader.

Management consider it appropriate for all cash flows relating to investment portfolios backing policyholder liabilities and supporting regulatory and group risk adjusted minimum capital levels, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

Cash and cash equivalents comprise cash balances and highly liquid short term funds, mandatory reserve deposits held with central banks, cash held in investment portfolios awaiting reinvestment and cash and cash equivalents subject to the consolidation of funds.

Except for mandatory reserve deposits with central banks of R235 million (2019: R141 million), cash and cash equivalents of the Zimbabwean operations of R1,297 million (2019: R1,439 million), and cash and cash equivalents consolidated as part of the consolidation of funds of R8,264 million (2019: R8,731 million), management do not consider that there are any significant amounts of cash and cash equivalents which are not available for use in the Group's day-to-day operations.

Summary consolidated statement of changes in equity

For the year ended 31 December 2020

Year ended 31 December 2020 Rm	Notes	Millions Number of shares issued and fully paid	Share capital	Fair-value reserve[3]	Property revaluation reserve	Share-based payments reserve	Liability credit reserve[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4,709	85	(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925
Total comprehensive loss for the financial year		–	–	90	16	–	(91)	(558)	(4,949)	(5,492)	(270)	(5,762)
Transactions with the owners of the Company												
Contributions and distributions												
Dividends for the year	C3	–	–	–	–	–	–	–	(3,346)	(3,346)	(93)	(3,439)
Share-based payment reserve movements		–	–	–	–	200	–	–	(40)	160	–	160
Transfer between reserves		–	–	–	(81)	(214)	–	108	674	487	(487)	–
Other movements in share capital[2]		–	–	–	–	–	–	–	423	423	16	439
Total contributions and distributions		–	–	–	(81)	(14)	–	108	(2,289)	(2,276)	(564)	(2,840)
Changes in ownership and capital structure												
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	–	–	–
Total changes in ownership and capital structure		–	–	–	–	–	–	–	–	–	–	–
Total transactions with the owners of the Company		–	–	–	(81)	(14)	–	108	(2,289)	(2,276)	(564)	(2,840)
Shareholders' equity at end of the year		4,709	85	10	550	749	(271)	(7,854)	73,726	66,995	2,328	69,323

1 *In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. The Group released R39 million (2019: R13 million) of the liability credit reserve directly to retained earnings on the repayment of the R2,250 million (2019: R1,000 million) unsecured subordinated debt.*

2 *Other movements in share capital includes a movement in retained earnings of R220 million relating to own shares held by consolidated investment funds, employee share trusts and policyholder funds. These shares are treated as treasury shares in the consolidated financial statements.*

3 *The fair value reserve comprises all fair value adjustments relating to investments in debt and equity instruments of equity accounted associated undertakings that are subsequently measured at FVOCI within the financial statements of these associated undertakings.*

Year ended 31 December 2019 Rm	Notes	Millions Number of shares issued and fully paid	Share capital	Merger reserve	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Other reserves[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4,942	89	1,133	14	758	1,162	(690)	(3,608)	79,163	78,021	3,399	81,420
Total comprehensive income for the financial year		–	–	–	(94)	271	–	262	(4,017)	9,174	5,596	197	5,793
Transactions with the owners of the Company													
Contributions and distributions													
Dividends for the year	C3	–	–	–	–	–	–	–	–	(5,383)	(5,383)	(69)	(5,452)
Share-based payment reserve movements		–	–	–	–	–	(122)	–	–	–	(122)	–	(122)
Transfer between reserves		–	–	–	–	(414)	(277)	248	221	222	–	–	–
Merger reserve transferred from sale of Latin American businesses		–	–	(1,133)	–	–	–	–	–	1,133	–	–	–
Share buyback transactions		(233)	(4)	–	–	–	–	–	–	(4,896)	(4,900)	–	(4,900)
Other movements in share capital		–	–	–	–	–	–	–	–	1,578	1,578	(31)	1,547
Total contributions and distributions		(233)	(4)	(1,133)	–	(414)	(399)	248	221	(7,346)	(8,827)	(100)	(8,927)
Changes in ownership and capital structure													
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	(27)	(27)	(334)	(361)
Total changes in ownership and capital structure		–	–	–	–	–	–	–	–	(27)	(27)	(334)	(361)
Total transactions with the owners of the Company		(233)	(4)	(1,133)	–	(414)	(399)	248	221	(7,373)	(8,854)	(434)	(9,288)
Shareholders' equity at end of the year		4,709	85	–	(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925

1 *Included in the closing balance of other reserves is a R180 million liability credit reserve on borrowed funds.*

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

A: Significant accounting policies

A1: Basis of preparation

1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa.

The summary consolidated annual financial statements have been extracted from the audited consolidated annual financial statements of the Company and its subsidiaries (the Group) for the year ended 31 December 2020

The Old Mutual Limited audited consolidated and separate annual financial statements (Consolidated Financial Statements) for the year ended 31 December 2020 are available at https://www.oldmutual.com/investor-relations/reporting-centre/reports, at our registered offices and upon request.

The consolidated annual financial statements for the year ended 31 December 2020 have been audited by KPMG Inc and Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors' report does not necessarily report on all information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2020, summary consolidated income statement, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year ended 31 December 2020 and selected explanatory notes (including the summary consolidated supplementary income statement), but do not include the information required pursuant to paragraph 16A(j) of IAS 34.

The summary consolidated financial statements and the consolidated financial statements have been prepared under the supervision of Casper Troskie CA(SA) (Group Chief Financial Officer). The directors take full responsibility for the preparation of the summary consolidated financial statements and that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA

Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the summary consolidated annual financial statements are in terms of IFRS and are consistent with those applied in the preparation of the 2019 audited consolidated annual financial statements.

1.2 Going concern

A detailed going concern assessment has been performed as part of the 2020 year end reporting process. This assessment has relied on the Group's 2021 to 2023 business plan and has considered the profitability and solvency projections over the plan period. Due to the unprecedented impact on our operating environment, the Group focussed on key priorities and management actions to ensure that we were able to appropriately respond to what can be considered a 1-in-100 year event. This along with various economic scenarios modelled during 2020 helped provide appropriate inputs into the Group's business plan. As part of the planning process, a downside scenario has also been modelled that factored into account a second wave of infections, with no economic growth until 2022 as well as lower expected market levels. The outcomes of this scenario have shown that the Group remains sufficiently capitalised with appropriate levels of liquidity and no material uncertainty in relation to the going concern has been identified in the base business plan as well as the downside scenario.

A comprehensive and mature risk management framework is in place which is based on a three lines of assurance model. This ensures disciplined risk based decision making in the Group and active control over risk exposures to which earnings and capital are exposed. A comprehensive suite of risk policies is in place to direct how specific risks should be managed and controlled. Appropriate escalation mechanism are in place for risk events and any breaches in risk limits and targets. A forward looking Own Risk and Solvency Assessment (ORSA) is conducted annually. This assesses the robustness of the balance sheet in modelled severe conditions and supports the maintenance of strong solvency capital and liquidity positions.

Subsequent to year end and up to the date of assessment, there have been no significant change in circumstances which suggest the above reviews are no longer valid.

Based on the above reviews, no material uncertainties that would require disclosure have been identified in relation to the ability of the group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

1.3 Basis of preparation of Adjusted Headline Earnings

Purpose of Adjusted Headline Earnings

Adjusted Headline Earnings (AHE) is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. It is one of a range of measures used to assess management performance and performance based remuneration outcomes. In addition, it is used in setting the dividend to be paid to shareholders. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Due to the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listing Requirements and SAICA circular 01/2019 adjusted for items that are not considered reflective of the long term economic performance of the Group. AHE is presented to show separately the Results from Operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The Committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time. Adjustments applied in the determination of AHE for the year ended 31 December 2020 are consistent with those applied for the year ended 31 December 2019.

The adjustments applied in the determination of AHE are:

(a) Investment return adjustment for Group equity and debt instruments held in policyholder funds

Represents the investment returns on policyholder investments in Group equity and debt instruments held by the Group's policyholder funds. This includes investments in the Company's ordinary shares and the subordinated debt and ordinary shares issued by subsidiaries of the Group. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are added back in the calculation of AHE. This ensures consistency with the measurement of the related policyholder liability.

(b) Impact of restructuring

Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. This adjustment would therefore include items such as the costs or income associated with completed acquisitions or disposals and the release of any acquisition date provisions. These items are removed from AHE as they are not representative of the operating activity of the Group and by their nature they are not expected to persist in the long term.

(c) Discontinued operations

Represents the removal of the profit after tax associated with discontinued operations. These businesses are not considered part of the Group's principal operations due to the fact they have been or are in the process of being sold or distributed and therefore will not form part of the Group going forward. The profit attributable to these businesses, included the profit or loss recognised on the ultimate distribution or disposal of the business, is removed from AHE. The comparative period includes the profit attributable to Latin America and Old Mutual Bermuda.

(d) Operations in hyperinflationary economies

Until such time as we are able to access capital by way of dividends from the business in Zimbabwe, we will manage it on a ring-fenced basis and exclude its results from AHE. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019.

(e) Non-core operations

Represents the elimination of the results of businesses or operations classified as non-core. This adjustment represents the net losses associated with the operations of the Residual plc. Residual plc is not considered part of the Group's principal operations due to the fact that it is in the process of winding down and therefore the associated costs are removed from AHE.

1.4 Basis of preparation of other non-IFRS measures

The Group uses AHE in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities across the world and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below. Non-IFRS measures are unaudited.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

A: Significant accounting policies

A1: Basis of preparation

(a) Return on Adjusted Net Asset Value (RoNAV)

RoNAV (expressed as a percentage), is calculated as AHE divided by the average of the opening and closing balances of Adjusted IFRS equity. Adjusted IFRS equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations and operations in hyperinflationary economies. A reconciliation is presented in note C3.

RoNAV is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is assessed. The adjustments made to Adjusted IFRS equity mirror those made in AHE to ensure consistency of the numerator and denominator in the calculation of RoNAV.

(b) AHE per share

AHE per share is calculated as AHE divided by the adjusted weighted average number of shares. The weighted average number of shares is adjusted to reflect the Group's BEE shares and the shares held in policyholder funds and consolidated investment funds as being in the hands of third parties, consistent with the treatment of the related revenue in AHE. Refer to note C1 for more information.

AHE per share is used alongside IFRS earnings, to assess performance of the Group. It is also used in assessing and setting the dividend to be paid to shareholders.

A2: Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2019, with the exception of certain judgements made in respect of accounting matters related to Zimbabwe. Due to the impact that COVID-19 has had on the economy, additional disclosure on the valuation impacts and sensitivities thereto of the Group's assets and liabilities has been provided in the notes to which they relate in the annual financial statements.

(a) Accounting matters relating to Zimbabwe

Zimbabwe as a hyperinflationary economy

During the year, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. This decision was made after careful assessment of the relevant factors including the rapid increase in official inflation rates. The inflation rate during 2020 continued to increase and as such, Zimbabwe continues to be a hyperinflationary economy and continues to be accounted for as such in the year end financial statements.

The results of our operations with a functional currency of ZWL$ have been prepared in accordance with IAS 29 – 'Financial Reporting in Hyperinflationary Economies' (IAS 29). Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. Consistent with the prior period, the Group has elected to use the Zimbabwe Consumer Price Index (CPI) of 2474.51 at 31 December 2020; (31 December 2019: 551.6) to restate amounts as CPI provides an official observable indication of the change in the price of goods and services.

The application of hyperinflation accounting has been applied consistently with the principles outlined in the 2019 financial statements. The impact of applying IAS 29 in the current year resulted in a decrease in net asset value and profit after tax of R70 million.

Application of hyperinflationary accounting

On 20 February 2019, the Reserve Bank of Zimbabwe (RBZ) announced that the Zimbabwe Dollar (ZWL$) would be recognised as an official currency and that an inter-bank foreign exchange market would be established to formalise trading in ZWL$ with other currencies. For the year ended 31 December 2019, the Group applied this exchange rate in the translation of the financial results and position of the Zimbabwe business.

During March 2020, the RBZ suspended the inter-bank exchange rate system in order to provide for greater certainty in the pricing of goods and services in the Zimbabwe economy. In its place, the RBZ adopted a fixed exchange system at ZWL$ 25 to 1 US dollar. In June 2020, the RBZ implemented a formal market-based foreign exchange trading system (auction trading system), which was operational from 23 June 2020. The intention of this system is expected to bring transparency and efficiency in the trading of foreign currency in the economy.

As the auction trading system only came into operation during the year and the rate derived from this system may not appropriately reflect the rate for immediate delivery of foreign exchange, the Group has estimated an exchange rate for the ZWL$ that will more appropriately reflect observable differences between ZWL$ and US dollar values. For the purposes of 31 December 2020 reporting, a ZWL$ to US dollar exchange rate of 110 to 1 (ZWL rate) has been estimated.

The estimate has been calculated on a similar basis to the rate used in the 31 December 2018 financial statements. The inputs considered in the estimate include global relative fuel prices and the weighted average exchange rate calculated on the newly implemented formal market-based foreign exchange trading system. In accordance with the provisions of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' the results, net assets and cash flows have been translated at the closing rate.

Valuation of assets within Zimbabwe

In light of the economic conditions within Zimbabwe, the valuation of assets requires significant judgement. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe stock exchange and other international stock exchanges while our unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS. Due to the subjective nature and complexity of the inputs used in these valuations, the Group has adjusted the valuation of property assets to account for uncertainty within the valuations.

IFRS profits earned within Zimbabwe

During the current year, our operations in Zimbabwe reported pre tax IFRS profits of R1.3 billion, of which R1.1 billion were driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE). The ZSE generated returns of 1,046% during the year, driven by investors seeking a safe haven due to the current economic conditions within country. This return is in excess of inflation and the depreciation of the Zimbabwe dollar to the rand, resulting in a profit included in the Group's consolidated results. We caution users of these financial statements that these returns may reverse in the future.

Sensitivities

The table below illustrates the sensitivity of the condensed income statement and condensed statement of financial position to changes in the general price index:

Condensed statement of financial position at 31 December 2020

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
Total revenues	8,626	8,693	8,793	8,959
Total expenses	(7,304)	(7,368)	(7,466)	(7,631)
Profit before tax	1,322	1,325	1,327	1,328
Income tax expense	(43)	(48)	(51)	(56)
Profit after tax for the financial period	1,279	1,277	1,276	1,272

Condensed statement of financial position at 31 December 2020

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
Total assets	12,147	12,155	12,167	12,186
Total liabilities	11,325	11,334	11,348	11,372
Net assets	822	821	819	814

The table below illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwe business. The sensitivities include a depreciation of 50% and 75% to the existing rate. In addition the closing auction rate as at 31 December 2020 of ZWL$ 81,79 to 1 US dollar, which equates to 1 ZWL$ to 0,18 ZAR has also been included.

Rm	As reported	1 ZWL$: 0,18ZAR	1 ZWL$: 0,07ZAR	1 ZWL$: 0,03ZAR
Profit after tax attributable to the equity holders of the parent	1,151	1,548	575	288
Equity attributable to the equity holders of the parent	741	996	370	185

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

B: Segment information

B1: Basis of segmentation

1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, was responsible for the assessment of performance and the allocation of resources of the continuing business operations during the period under review. The Group has identified the Chief Operating Decision-Maker (CODM) to be the executive management team of Old Mutual Limited. The Group's operating segments have been identified based on the internal management reporting structure which is reflective of the nature of products and services as well as the target customer base. The managing directors of the operating segments form part of the executive team. Therefore, the chief operating decision maker, being the executive team of Old Mutual Limited, is structured in a way reflective of the internal reporting structure.

The Group manages its business through the following operational segments, which are supported by central shareholder activities and enabling functions:

- **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being: (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.

- **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.

- **Old Mutual Investments:** Operates across Asset Management through three distinct businesses: (i) Asset Management comprising eight investment boutiques that provide asset management services to retirement and benefit funds and to the retail market in partnership with Wealth, (ii) Alternatives, an unlisted alternatives investment business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.

- **Old Mutual Corporate:** Operates in Life and Savings and primarily provides Group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.

- **Old Mutual Insure:** Provides Property and Casualty insurance products through three operational businesses: (i) Personal, (ii) Commercial, and (iii) Corporate.

- **Rest of Africa:** Operates in Life and Savings, Property and Casualty (including health insurance), Banking and Lending (including micro-lending) and Asset Management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.

- **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc and investments in associated undertakings. Subsequent to the Nedbank unbundling, the Group retained a minority shareholding of 19.7%, managed as part of Other Group Activities.

1.2 Presentation and disclosure

Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business by the same managing director. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information in notes B2 and B3 have been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

Results from Operations measures the operational performance of the Group and together with items such as investment return, finance costs and income from associated undertakings, the Group's profit measure, AHE is derived. AHE by definition excludes discontinued operations and Residual plc, which do not form part of core continuing businesses of the Group, and certain of the discontinued operations are a function of the re-organisation and the application of predecessor accounting.

The Group is in the process of a fundamental multi-year transformation of its finance function, transitioning from a legal entity view to a segment approach to better reflect the statement of financial position economics and levers to drive value.

Notes

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

B: Segment information

B2: Segmental income statement

Year ended 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
Revenue											
Gross insurance premium revenue	13,061	15,929	–	28,012	14,839	9,165	(103)	80,903	–	668	81,571
Outward reinsurance	(38)	(1,346)	–	(1,105)	(5,398)	(1,157)	102	(8,942)	–	(167)	(9,109)
Net earned premiums	13,023	14,583	–	26,907	9,441	8,008	(1)	71,961	–	501	72,462
Investment return (non-banking)	1,172	27,530	2,272	17,351	231	2,775	(2,553)	48,778	(1,121)	9,283	56,940
Banking interest and similar income	3,489	–	–	–	–	930	–	4,419	–	315	4,734
Banking trading, investment and similar income	–	–	–	–	–	81	–	81	–	260	341
Fee and commission income, and income from service activities	540	6,812	2,069	371	1,013	1,082	(1,917)	9,970	–	439	10,409
Other income	270	375	85	692	1	215	(72)	1,566	39	42	1,647
Total revenue and other income	18,494	49,300	4,426	45,321	10,686	13,091	(4,543)	136,775	(1,082)	10,840	146,533
Expenses											
Net claims and benefits (including change in insurance contract provisions)	(7,874)	(21,030)	–	(38,538)	(14,974)	(8,280)	154	(90,542)	–	(4,870)	(95,412)
Reinsurance recoveries	37	2,317	–	1,521	8,678	934	(93)	13,394	–	37	13,431
Net claims and benefits incurred	(7,837)	(18,713)	–	(37,017)	(6,296)	(7,346)	61	(77,148)	–	(4,833)	(81,981)
Change in investment contract liabilities	15	(17,455)	(2,307)	(2,578)	–	(234)	(74)	(22,633)	–	(1,370)	(24,003)
Credit impairment charges	(1,949)	(199)	–	(373)	–	(319)	(1)	(2,841)	–	(33)	(2,874)
Finance costs	–	–	–	–	–	–	–	–	–	(484)	(484)
Banking interest payable and similar expenses	(612)	–	–	–	–	(347)	–	(959)	–	(94)	(1,053)
Fee and commission expenses, and other acquisition costs	(2,572)	(3,747)	(444)	(745)	(2,499)	(886)	1,488	(9,405)	(241)	(157)	(9,803)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	3,479	–	3,479
Other operating and administrative expenses	(4,273)	(7,202)	(1,489)	(4,882)	(2,022)	(3,656)	2,575	(20,949)	(2,156)	(1,944)	(25,049)
Policyholder tax	(1)	(1,459)	(6)	361	–	(111)	39	(1,177)	–	1,177	–
Total expenses	(17,229)	(48,775)	(4,246)	(45,234)	(10,817)	(12,899)	4,088	(135,112)	1,082	(7,738)	(141,768)
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	–	–	–	592	592
Impairment of investments in associated undertakings	–	–	–	–	–	–	–	–	–	(8,629)	(8,629)
Loss on disposal of subsidiaries and associates undertakings	–	–	–	–	–	–	–	–	–	–	–
Results from operations	1,265	525	180	87	(131)	192	(455)	1,663	–	(4,935)	(3,272)
Shareholder investment return	–	–	–	–	89	311	1,212	1,612	–	(1,612)	–
Finance costs	–	–	–	–	(35)	(118)	(331)	(484)	–	484	–
Income from associated undertakings	–	–	–	–	–	–	917	917	–	(917)	–
Adjusted Headline Earnings before tax and non-controlling interests	1,265	525	180	87	(77)	385	1,343	3,708	–	(6,980)	(3,272)
Shareholder tax	(448)	(154)	(128)	(26)	5	(311)	(126)	(1,188)	–	(888)	(2,076)
Non-controlling interests	(41)	–	(17)	–	1	21	–	(36)	–	287	251
Adjusted Headline Earnings	776	371	35	61	(71)	95	1,217	2,484	–	(7,581)	(5,097)
Investment return adjustment for Group equity and debt instruments held in policy holder funds	(33)	(85)	–	(315)	–	62	1,156	785	–	(785)	–
Impact of restructuring	210	294	–	–	–	(7)	–	497	–	(497)	–
Operations in hyperinflationary economies	–	–	–	–	–	1,093	–	1,093	–	(1,093)	–
Non-core operations	–	–	–	–	–	–	229	229	–	(229)	–
Headline earnings	953	580	35	(254)	(71)	1,243	2,602	5,088	–	(10,185)	(5,097)
Adjustments											
Impairment of goodwill and other intangibles assets and property plant and equipment and other Headline Earnings adjustments	(1,127)	–	–	–	–	–	(281)	(1,408)	–	1,408	–
Impairment of associated undertakings	–	–	(9)	–	–	–	(8,768)	(8,777)	–	8,777	–
(Loss)/profit after tax for the financial year attributable to equity holders of the parent	(174)	580	26	(254)	(71)	1,243	(6,447)	(5,097)	–	–	(5,097)
(Loss)/profit for the financial period attributable to non-controlling interests	(338)	(5)	17	(29)	(1)	105	–	(251)	–	–	(251)
(Loss)/profit after tax for the financial year	(512)	575	43	(283)	(72)	1,348	(6,447)	(5,348)	–	–	(5,348)

The Group operates within two main geographic areas, being South Africa and other African regions collectively known as Rest of Africa. Note B1 provides more information about the primary segments of the Group

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1,085 million (2019: R1,504 million), Personal Finance and Wealth Management is R11,659 million (2019: R16,513 million), Old Mutual Investments is R3,557 million (2019: R6,786 million), Old Mutual Corporate is R11,447 million (2019: R19,414 million), Old Mutual Insure is R1 million (2019: R1 million), Rest of Africa is R16 million (2019: R1 million) and Other Group Activities is R6,362 million (2019: R562 million). The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

B: Segment information

B2: Segmental income statement (Restated)[1]

Year ended 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated)[1]	Old Mutual Investments (Restated)[1]	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Continuing Operations	Discontinued operations	Total IFRS
Revenue													
Gross insurance premium revenue	12,366	14,031	–	30,097	14,597	8,831	(61)	79,861	–	897	80,758	–	80,758
Outward reinsurance	(40)	(1,278)	–	(891)	(4,611)	(1,067)	36	(7,851)	–	(147)	(7,998)	–	(7,998)
Net earned premiums	12,326	12,753	–	29,206	9,986	7,764	(25)	72,010	–	750	72,760	–	72,760
Investment return (non-banking)	1,615	34,226	5,143	25,847	233	3,570	(2,476)	68,158	10,256	8,282	86,696	–	86,696
Banking interest and similar income	3,808	1	–	–	–	840	–	4,649	–	425	5,074	–	5,074
Banking trading, investment and similar income	–	–	–	–	–	63	–	63	–	124	187	–	187
Fee and commission income, and income from service activities	668	7,100	2,260	348	892	902	(2,073)	10,097	–	451	10,548	–	10,548
Other income	251	164	110	197	5	174	(469)	432	24	395	851	–	851
Total revenue and other income	18,668	54,244	7,513	55,598	11,116	13,313	(5,043)	155,409	10,280	10,427	176,116	–	176,116
Expenses													
Net claims and benefits (including change in insurance contract provisions)	(6,046)	(19,282)	–	(45,640)	(9,295)	(8,533)	127	(88,669)	–	(4,985)	(93,654)	–	(93,654)
Reinsurance recoveries	30	2,011	–	818	2,896	538	(71)	6,222	–	102	6,324	–	6,324
Net claims and benefits incurred	(6,016)	(17,271)	–	(44,822)	(6,399)	(7,995)	56	(82,447)	–	(4,883)	(87,330)	–	(87,330)
Change in investment contract liabilities	(5)	(20,884)	(4,268)	(3,906)	–	(365)	39	(29,389)	–	(367)	(29,756)	–	(29,756)
Credit impairment charges	(1,598)	(58)	–	9	–	(157)	(43)	(1,847)	–	(31)	(1,878)	–	(1,878)
Finance costs	–	–	–	–	–	–	–	–	–	(737)	(737)	–	(737)
Banking interest payable and similar expenses	(798)	–	–	–	–	(331)	–	(1,129)	–	(146)	(1,275)	–	(1,275)
Fee and commission expenses, and other acquisition costs	(2,827)	(5,112)	(425)	(453)	(2,486)	(804)	1,839	(10,268)	(267)	(178)	(10,713)	–	(10,713)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	(8,603)	–	(8,603)	–	(8,603)
Other operating and administrative expenses	(3,885)	(6,739)	(1,806)	(4,741)	(1,998)	(3,075)	2,437	(19,807)	(1,410)	(2,190)	(23,407)	–	(23,407)
Policyholder tax	(12)	(2,011)	(6)	131	–	(90)	438	(1,550)	–	1,550	–	–	–
Total expenses	(15,141)	(52,075)	(6,505)	(53,782)	(10,883)	(12,817)	4,766	(146,437)	(10,280)	(6,982)	(163,699)	–	(163,699)
Share of gains/(losses) of associated undertakings and joint ventures	–	–	–	–	–	–	–	–	–	2,269	2,269	–	2,269
Impairment of investment in associated undertakings	–	–	–	–	–	–	–	–	–	(869)	(869)	–	(869)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	–	–	–	–	–	–	–	–	–	(21)	(21)	–	(21)
Results from operations	3,527	2,169	1,008	1,816	233	496	(277)	8,972	–	4,824	13,796	–	13,796
Shareholder investment return	-	–	–	–	188	41	1,873	2,102	–	(2,102)	–	–	–
Finance costs	-	–	–	–	(46)	(98)	(593)	(737)	–	737	–	–	–
Income from associated undertakings	-	–	–	–	–	–	2,528	2,528	–	(2,528)	–	–	–
Adjusted Headline Earnings before tax and non-controlling interests	3,527	2,169	1,008	1,816	375	439	3,531	12,865	–	931	13,796	–	13,796
Shareholder tax	(984)	(533)	(195)	(516)	(99)	75	(622)	(2,874)	–	(1,371)	(4,245)	–	(4,245)
Non-controlling interests	(95)	2	(13)	–	(26)	(3)	–	(135)	–	(134)	(269)	–	(269)
Adjusted Headline Earnings	2,448	1,638	800	1,300	250	511	2,909	9,856	–	(574)	9,282	–	9,282
Investment return adjustment for Group equity and debt instruments held in policy holder funds	22	65	–	214	–	(106)	279	474	–	(474)	–	–	–
Impact of restructuring	(61)	(523)	–	–	–	4	–	(580)	–	580	–	–	–
Profit from discontinued operations after tax	–	–	–	–	–	–	74	74	–	(74)	–	104	104
Operations in hyperinflationary economies	–	–	–	–	–	441	–	441	–	(441)	–	–	–
Non-core operations	–	–	–	–	–	–	376	376	–	(376)	–	–	–
Headline earnings	2,409	1,180	800	1,514	250	850	3,638	10,641	–	(1,359)	9,282	104	9,386
Impairment of goodwill and other intangibles and property, plant and equipment	(8)	(31)	(26)	(75)	–	–	(255)	(395)	–	395	–	–	–
Impairment of associated undertakings	17	49	–	164	–	–	(1,099)	(869)	–	869	–	–	–
Profit/(loss) on disposal of fixed assets	–	–	–	–	–	–	9	9	–	(9)	–	–	–
Profit for the financial year attributable to equity holders	2,418	1,198	774	1,603	250	850	2,293	9,386	–	(104)	9,282	104	9,386
Profit for the financial period attributable to non-controlling interests	101	18	13	61	26	50	–	269	–	–	269	–	269
Profit for the financial period attributable to equity holders	2,519	1,216	787	1,664	276	900	2,293	9,655	–	(104)	9,551	104	9,655

1 *Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.*

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

B: Segment information

B3: Segmental statement of financial position

At 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Consolidation of funds	Continuing operations	Total IFRS
Total assets	**31,455**	**361,052**	**59,845**	**287,336**	**19,850**	**65,980**	**38,884**	**76,280**	**940,682**	**940,682**
Policyholder liabilities	(13,544)	(328,673)	(50,765)	(253,143)	–	(39,106)	2,267	–	(682,964)	(682,964)
Life insurance contracts liabilities	(195)	(77,893)	(3)	(60,201)	–	(7,758)	514	–	(145,536)	(145,536)
Investment contract liabilities with discretionary participating features	(13,280)	(15,377)	–	(151,384)	–	(23,076)	–	–	(203,117)	(203,117)
Investment contract liabilities	(69)	(235,403)	(50,762)	(41,558)	–	(8,272)	1,753	–	(334,311)	(334,311)
Property and Casualty insurance liabilities	–	–	–	–	(11,202)	(3,253)	–	–	(14,455)	(14,455)
Other liabilities	(14,625)	(28,836)	(5,310)	(33,741)	(4,862)	(12,684)	3,022	(76,904)	(173,940)	(173,940)
Total liabilities	**(28,169)**	**(357,509)**	**(56,075)**	**(286,884)**	**(16,064)**	**(55,043)**	**5,289**	**(76,904)**	**(871,359)**	**(871,359)**
Net assets	**3,286**	**3,543**	**3,770**	**452**	**3,786**	**10,937**	**44,173**	**(624)**	**(69,323)**	**(69,323)**

1 *Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster is R2 million (2019: R37 million), Personal Finance and Wealth Management is R4 million (2019: R111 million), Old Mutual Corporate is R15 million (2019: R367 million), Rest of Africa is R63 million (2019: Rnil) and Old Mutual Insure is Rnil (2019:R259 million)*

At 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated)[1]	Old Mutual Investments (Restated)[1]	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Consolidation of funds	Continuing operations	Total IFRS
Total assets	33,845	348,739	53,395	277,452	14,363	63,418	36,106	83,584	910,902	910,902
Policyholder liabilities	(11,969)	(309,064)	(49,888)	(246,184)	–	(37,908)	1,303	–	(653,710)	(653,710)
Life insurance contracts liabilities	80	(74,644)	(3)	(60,083)	–	(7,596)	1,090	–	(141,156)	(141,156)
Investment contract liabilities with discretionary participating features	(11,969)	(15,829)	–	(147,869)	–	(22,816)	–	–	(198,483)	(198,483)
Investment contract liabilities	(80)	(218,591)	(49,885)	(38,232)	–	(7,496)	213	–	(314,071)	(314,071)
Property and Casualty insurance liabilities	–	–	–	–	(6,341)	(2,519)	–	–	(8,860)	(8,860)
Other liabilities	(17,563)	(36,168)	774	(30,699)	(4,193)	(12,455)	14,707	(84,810)	(170,407)	(170,407)
Total liabilities	(29,532)	(345,232)	(49,114)	(276,883)	(10,534)	(52,882)	16,010	(84,810)	(832,977)	(832,977)
Net assets	4,313	3,507	4,281	569	3,829	10,536	52,116	(1,226)	77,925	77,925

1 *Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.*

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

C: Other key performance information

C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2020	2019
Basic (loss)/earnings per share	IFRS	C1(a)	**(116.3)**	208.3
Diluted (loss)/earnings per share	IFRS	C1(b)	**(116.3)**	205.2
Headline earnings per share	JSE Listing Requirements SAICA Circular 01/2019	C1(c)	**116.1**	236.1
Diluted headline earnings per share	JSE Listing Requirements SAICA Circular 01/2019	C1(c)	**116.1**	232.6

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial year attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the year excluding own shares held in policyholder funds, Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment trusts. These shares are regarded as treasury shares.

Year ended 31 December Rm	2020	2019
(Loss)/profit for the financial year attributable to equity holders of the parent from continuing operations	**(5,097)**	9,282
Profit for the financial year attributable to equity holders of the parent from discontinued operations	**–**	104
(Loss)/profit attributable to ordinary equity holders	**(5,097)**	9,386

The following table summarises the calculation of the weighted average number of ordinary shares for the purposes of calculating basic (loss)/earnings per share:

Year ended 31 December	2020	2019
Weighted average number of ordinary shares in issue (millions)	**4,709**	4,828
Shares held in charitable foundations and trusts (millions)	**(19)**	(19)
Shares held in ESOP and similar trusts (millions)	**(116)**	(100)
Adjusted weighted average number of ordinary shares (millions)	**4,574**	4,709
Shares held in policyholder and consolidated investment funds (millions)	**(179)**	(192)
Shares held in Black Economic Empowerment trusts (millions)	**(14)**	(10)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	**4,381**	4,507
Basic (loss)/earnings per ordinary share (cents)	**(116.3)**	208.3

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

The following table reconciles the (loss)/profit attributable to ordinary equity holders to diluted profit attributable to ordinary equity holders and summarises the calculation of weighted average number of shares for the purpose of calculating diluted basic (loss)/earnings per share:

	Notes	2020	2019
(Loss)/profit attributable to ordinary equity holders (Rm)		**(5,097)**	9,386
Weighted average number of ordinary shares (millions)	C1(a)	**4,381**	4,507
Adjustments for share options held by ESOP and similar trusts (millions)[1]		**–**	58
Adjustments for shares held in Black Economic Empowerment trusts (millions)[1]		**–**	10
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		**4,381**	4,575
Diluted (loss)/earnings per ordinary share (cents)		**(116.3)**	205.2

1 *For the purposes of calculating the weighted average number of ordinary shares used to calculate diluted loss per share for the year ended 31 December 2020, these items were excluded as their inclusion would have an antidilutive effect. The weighted average number of ordinary shares used to calculate diluted loss per share for the year ended 31 December 2020 is therefore 4,381 million. This is only applicable in periods when a loss attributable to ordinary equity holders is recorded.*

(c) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2019 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

		2020		2019	
Year ended 31 December Rm	Notes	**Gross**	**Net of tax and non-controlling interests**	Gross	Net of tax and non-controlling interests
(Loss)/profit attributable to ordinary equity holders			**(5,097)**		9,386
Adjustments:					
Impairments of intangible assets and property, plant and equipment		**1,796**	**1,395**	472	395
Impairment of investment in associated undertakings		**8,777**	**8,777**	869	869
Loss on disposal of property and equipment		**17**	**13**	–	–
Profit on disposal of subsidiaries, associated undertakings and joint ventures		**–**	**–**	(307)	(9)
Total adjustments		**10,590**	**10,185**	1,034	1,255
Headline Earnings (Rm)			**5,088**		10,641
Weighted average number of ordinary shares (millions)			**4,381**		4,507
Diluted weighted average number of ordinary shares (millions)			**4,381**		4,575
Headline Earnings per share (cents)	C1(a)		**116.1**		236.1
Diluted Headline Earnings per share (cents)[1]	C1(b)		**116.1**		232.6

1 *Diluted Headline Earnings per share has been calculated using the same weighted average number of ordinary shares used to calculate diluted loss per share, in accordance with the South African Institute of Chartered Accountants' circular 01/2019 'Headline Earnings.*

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For the year ended 31 December 2020

C: Other key performance information

C2: Net asset value per share and tangible net asset value per share

Net asset value per share is calculated as total assets minus total liabilities divided by the total number of ordinary shares in issue at year end.

Net tangible asset value per share is calculated as total assets minus goodwill and other intangible assets minus total liabilities divided by the total number of shares in issue at year end.

Year ended 31 December Rand	2020	2019
Net asset value per share	14.7	16.5
Net tangible asset value per share	13.5	15.2

C3: Dividends

Year ended 31 December Rm	Ordinary dividend payment date	2020	2019
2018 Final dividend paid – 72.00c per share	29 April 2019	–	3,334
2019 Interim dividend paid – 45.00c per share	31 October 2019	–	2,049
2019 Final dividend paid – 75.00c per share	4 May 2020	3,346	–
Dividend payments to ordinary equity holders for the year		**3,346**	5,383

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in ESOP trusts, life funds of Group entities, Black Economic Empowerment trusts and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of those countries (or, in the case of Namibia, the Namibian Section of the principal register) are settled through Dividend Access Trusts established for that purpose.

The Board deemed it appropriate to defer the interim dividend for the six months ended 30 June 2020.

A final dividend of 35 cents (or its equivalent in other applicable currencies) per ordinary share in the Company has been declared by the directors and will be paid on 24 May 2021 to shareholders on all registers.

D: Other consolidated income statement notes

D1: Revenue from contracts with customers

Revenue from contracts with customers are disaggregated by primary segment and type of revenue. The Group believes it best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers.

Year ended 31 December 2020 Rm	Mass and Founda-tion Cluster	Personal Finance and Wealth mana-gement	Old Mutual Invest-ments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consoli–dation of funds	Total
Revenue from contracts with customers									
Fee and commission income	540	6,750	2,008	367	1,004	1,144	(1,861)	–	9,952
Transaction and performance fees	–	58	61	4	–	379	(56)	–	446
Change in deferred revenue	–	4	–	–	9	(2)	–	–	11
Fee and commission income, and income from service activities	540	6,812	2,069	371	1,013	1,521	(1,917)	–	10,409
Non-IFRS 15 revenue									
Banking	3,489	–	–	–	–	1,586	–	–	5,075
Insurance	13,023	14,583	–	26,907	9,441	8,509	(1)		72,462
Investment return and other	1,405	27,811	2,352	17,692	187	10,331	(109)	(1,082)	58,587
Total revenue from other activities	17,917	42,394	2,352	44,599	9,628	20,426	(110)	(1,082)	136,124
Total revenue and other income	18,457	49,206	4,421	44,970	10,641	21,947	(2,027)	(1,082)	146,533

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For the year ended 31 December 2020

D: Other consolidated income statement notes

D1: Revenue from contracts with customers

Year ended 31 December 2019 (Restated)[1] Rm	Mass and Foundation Cluster	Personal Finance and Wealth management (Restated)[1]	Old Mutual Investments (Restated)[1]	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consolidation of funds	Total
Revenue from contracts with customers									
Fee and commission income	667	7,261	1,977	345	890	1,020	(2,013)	–	10,147
Transaction and performance fees	2	29	72	3	–	338	(62)	–	382
Change in deferred revenue	–	21	–	–	2	(4)	–	–	19
Fee and commission income, and income from service activities	669	7,311	2,049	348	892	1,354	(2,075)	–	10,548
Non-IFRS 15 revenue									
Banking	3,808	–	–	–	–	1,453	–	–	5,261
Insurance	12,326	12,753	–	29,206	9,986	8,514	(25)	–	72,760
Investment return and Other	1,907	34,436	5,327	26,457	410	9,531	(801)	10,280	87,547
Total revenue from other activities	18,041	47,189	5,327	55,663	10,396	19,498	(826)	10,280	165,568
Total revenue and other income	18,710	54,500	7,376	56,011	11,288	20,852	(2,901)	10,280	176,116

1 *Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business by the same managing director. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.*

E: Financial assets and liabilities

E1: Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The table below presents a summary of the financial assets and liabilities that are measured at fair value in the consolidated statement of financial position according to their IFRS 9 classification. The most material financial asset measured at fair value relates to investments and securities. The Group has exposure to listed and unlisted investments, with a large portion of these investments backing policyholder liabilities.

At 31 December 2020 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	**3,422**	**3,422**	**–**	**–**
Investments and securities	**767,856**	**435,562**	**295,177**	**37,117**
Derivative financial instruments – assets	**10,840**	**–**	**10,840**	**–**
Total financial assets measured at fair value	**782,118**	**438,984**	**306,017**	**37,117**
Financial liabilities measured at fair value				
Investment contract liabilities	**332,634**	**168,207**	**164,427**	**–**
Third-party interests in consolidated funds	**73,020**	**–**	**73,020**	**–**
Borrowed funds	**7,085**	**–**	**7,085**	**–**
Other liabilities	**11,525**	**–**	**11,515**	**–**
Derivative financial instruments – liabilities	**11,154**	**–**	**11,154**	**–**
Total financial liabilities measured at fair value	**435,418**	**168,207**	**267,211**	**–**

At 31 December 2019 (Restated)[1] Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	3,227	3,227	–	–
Investments and securities[1]	741,195	420,313	282,452	38,430
Derivative financial instruments – assets	3,221	–	3,221	–
Total financial assets measured at fair value	747,643	423,540	285,673	38,430
Financial liabilities measured at fair value				
Investment contract liabilities	313,109	140,092	173,017	–
Third-party interests in consolidated funds	80,814	–	80,814	–
Borrowed funds	7,122	–	7,122	–
Other liabilities	2,471	651	1,820	–
Derivative financial instruments – liabilities	4,834	–	4,834	–
Total financial liabilities measured at fair value	408,350	140,743	267,607	–

1 *During the year, the Group further refined its consolidation of funds processes. Through this, the Group obtained more granular observable data that allowed investments and securities of certain investment funds consolidated by the Group to be more accurately classified into their respective fair value hierarchies. These assets were previously classified as Level 2. As such, comparative information has been restated to move, R93,532 million out of Level 2 and R79,442 million into Level 1 and R14,090 into Level 3.*

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

E: Financial assets and liabilities

E1: Disclosure of financial assets and liabilities measured at fair value

(b) Level 3 fair value hierarchy disclosure

The table below reconcile the opening balances of Level 3 financial assets and liabilities to closing balances at the end of the period:

Year ended 31 December Rm	2020	2019 (Restated)[1]
Level 3 financial assets – Investments and securities		
At beginning of the year	**38,430**	34,481
Total net fair value losses recognised in profit or loss	**(5,156)**	(7,290)
Purchases	**9,148**	3,487
Sales	**(2,485)**	(2,993)
Transfers in	**3,360**	1,937
Transfers out	**(41)**	(830)
Net movement on consolidated investment funds[1,2]	**(5,651)**	10,028
Foreign exchange and other	**(488)**	(390)
Total Level 3 financial assets	**37,117**	38,430
Unrealised fair value (losses)/gains recognised in profit or loss	**(3,130)**	134

1 *Comparative information has been restated as explained in note E3(a) above. Of the R14,090 million Level 3 restatement, R4,062 million related to the 2019 opening balance and R10,028 million has been included as a separate line item being net movement on consolidated investment funds.*

2 *Net movement on consolidated investment funds represents the impact of (i) consolidating new investment funds during the period, (ii) deconsolidating investment funds during the period and (iii) movement in Level 3 investment funds that continued to be consolidated during the year.*

Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R1,452 million were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period. Pooled investments to the value of R639 million were also transferred from Level 1 to Level 2 to better reflect the valuation technique used to value these investments.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period listed bonds to the value of R2,870 million were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R132 million were also transferred from Level 2 to Level 1 to better reflect the valuation technique used to value these investments.

A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2020, Level 3 assets comprised unlisted private company shares, unlisted debt securities and unlisted pooled investments mainly held by policyholder funds for which the majority of the investment risk is borne by policyholders.

During the year unlisted pooled investments to the value of R3,360 million were transferred from Level 2 to Level 3 reflecting the valuation technique used to value these investments as the inputs became unobservable.

For all reporting periods, the Group did not have any Level 3 financial liabilities.

Level 2 investment and securities

Level 2 assets comprise mainly of pooled investments that are not listed on an exchange, but are valued using market observable prices. Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For such unobservable assumptions, estimates are based on available market data, which may include the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available, and examination of historical levels.

Other assets classified as level 2 include unlisted corporate debt, floating rate notes, money market instruments, listed debt securities that were not actively traded during the period and cash balances that are treated as short term funds. The level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market related inputs. Main inputs used for level 2 valuations include bond curves and interbank swap interest rate curves.

Included within Level 2 investments and securities is unlisted corporate debt. Initially lagging the equity markets, credit spreads widened in the second quarter of the financial year. Although there was some narrowing of these spreads during the second half of the year, the pressure on business operations of some counterparties brought on by the onset of the second wave and general economic decline result in negative mark to market movements in the credit portfolio.

(b) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

(ii) Level 3 investment and securities

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as repayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

The economic uncertainty created by COVID-19 has had an impact on valuation inputs for assets that rely on either unobservable forward looking assumptions or comparable market transactions. The following table sets out information on significant unobservable inputs used in measuring financial instruments classified as Level 3.

Valuation technique	Significant unobservable input	Range of unobservable inputs
Discounted cash flow (DCF)	**Risk adjusted discount rate:**	
	– Equity risk premium	**3.0% – 20.0%**
	– Liquidity discount rate	**5.0% – 30.0%**
	– Nominal risk free rate	**4.9% – 12.0%**
	– Credit spreads	**1.5% –14.8%**
	– Dividend growth rate	**5.0% – 20.0%**
	– Preference dividend accrual rate	**7.0% – 17.0%**
	– Marketability discount	**8.0% – 30.0%**
Price earnings (PE) multiple/embedded value	**PE ratio/multiple**	**3.0 – 15.0 times**
Sum of parts	**PE ratio and DCF**	**See PE ratio and DCF**

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

E: Financial assets and liabilities

E1: Disclosure of financial assets and liabilities measured at fair value

All the business segments have performed an analysis of the impact of reasonable possible assumptions for unobservable inputs based on the specific characteristics of each instrument. As all the changes in assumptions are unique to each instrument, the disclosure of the range of changes in the assumptions would not provide the reader of the financial statements with any additional useful information as this is general information and does not relate to a specific instrument.

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 31 December 2019. For the purposes of the sensitivity analysis, the most significant unobservable input used to value level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Rm	At 31 December 2020	At 31 December 2019 (Restated)[1]			At 31 December 2020	At 31 December 2019 (Restated)[1]
Types of financial instruments	**Fair values**		**Valuation techniques used**	**Significant unobservable input**	**Fair value measurement sensitivity to unobservable inputs**	
Assets						
Investments and securities	**37,117**	38,430	Discounted cash flows (DCF) Price earnings ratios Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads Dividend growth rate Preference dividend accrual rate Marketability discount PE ratio/multiple	**Favourable: 2,315** **Unfavourable: 2,257**	Favourable: 2,265 Unfavourable: 2,036

1 *Comparative information has been restated as explained in note E3(a) above As a result, the favourable impact of fair value measurement sensitivity to unobservable inputs has been restated from the previously reported R2,056 million and the unfavourable impact from the previously reported R1,848 million.*

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December 2020:

Rm	At 31 December 2020		Sensitivities	
Types of financial instruments	**Fair values**	**Most significant unobservable input**	**Favourable impact**	**Unfavourable impact**
Debt securities, preference shares and debentures	**13,991**	Discount rate Credit spreads	510	500
Equity securities	**21,063**	Discount rate Price earnings ratio/multiple Marketability discount rate	**1,555**	1,508
Pooled investments	**2,063**	Net asset value of underlying investments	**250**	249
Total	**37,117**		**2,315**	2,257

Fair value losses of R5,156 million were recognised on Level 3 assets during the year. The loss is attributable to the prudence applied in the current period valuations due to the high levels of uncertainty in respect of the economic outlook and due to a function of lower comparable multiples. In addition, the Group has investment exposure to industries directly impacted by the lockdown, including the hospitality, entertainment and tourism industries contributing towards the fair value losses.

E2: Financial instruments designated as fair value through profit or loss

The Group has satisfied the criteria for designation of financial instruments as fair value through profit or loss in terms of the accounting policies as described in note E1. Fair value movements on financial assets designated at fair value through profit or loss is recognised in investment return (non-banking and banking interest and similar income in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVOCI, the Group elected to designate the portfolio at fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at fair value through profit or loss and hence the assets backing the policyholder liability should also be as fair value through profit or loss.

Designation of instruments as fair value through profit or loss, is consistent with the Group's risk management strategy and investment mandates. The fair value of the instruments is managed and reviewed on a regular basis by the risk and investment functions of the Group. The risk of the portfolio is measured and monitored on a fair-value basis.

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as fair value through profit or loss. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below:

	Financial liabilities where the change credit risk is recognised in OCI			
Rm	Fair value	Current financial year	Cumulative[1]	Contractual maturity amount
Borrowed funds at 31 December 2020	**7,085**	**130**	**271**	**6,750**
Borrowed funds at 31 December 2019	7,122	62	180	7,000

1 *The Group released R39 million (2019: R13 million) of the liability credit reserve directly to retained earnings on the repayment of the R2,250 million (2019: R1,000 million) unsecured subordinated debt.*

The fair values of other categories of financial liabilities designated as fair value through profit or loss do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at fair value through profit or loss has been determined as the difference between fair values determined using a liability curve (adjusted for credit) and a risk-free liability curve. This difference is cross-checked to market-related data on credit spreads, where available. The basis for not using credit default swaps to determine the change in fair value due to credit risk is the unavailability of reliable market priced instruments.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

E: Financial assets and liabilities

E3: Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, loans and advances, certain borrowed funds and other financial assets and financial liabilities that are measured at amortised cost. The calculation of the fair value of these financial instruments represents the Group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date.

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. The fair value of these assets approximates its carrying value, except for loans and advanced for which the fair value is set out below.

The table below shows the fair value hierarchy only for those assets and liabilities for which the fair value is different to the carrying value and which is being estimated for the purpose of IFRS disclosure. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.:

Rm	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowed funds at 31 December 2020	**10,250**	**–**	**10,250**	**–**	**10,250**
Borrowed funds at 31 December 2019	11,867	–	11,867	–	11,867

Investments and securities

For investments that are carried at amortised cost in terms of IFRS 9, the fair value has been determined based either on available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

Loans and advances

Loans and advances are carried at amortised cost in terms of IFRS 9. The loans and advances principally comprise variable rate financial assets and are classified as Level 3. The interest rates on these variable-rate financial assets are adjusted when the applicable benchmark interest rates change.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposals of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The Group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

Borrowed funds

For borrowed funds that are carried at amortised cost in terms of IFRS 9, the fair value is determined using either available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

F: Analysis of Financial Assets and Liabilities

F1: Insurance and investment contracts

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Life insurance contract liabilities

Whilst the directors consider that the gross life insurance contract liabilities and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

Pandemic reserve

The emergence of the COVID-19 pandemic has had a significant impact on the level of judgement management has had to apply in assessing the impact of the pandemic on the cashflows used to measure the insurance contract liabilities. In the interim financial statements, a short term provision of R1,339 million for the anticipated impacts of worsening mortality, morbidity and persistency related to COVID-19 was raised. At the time a trend of increasing mortality and morbidity claims in the second quarter and into the initial weeks of the third quarter was noted. There was limited observed data and significant uncertainty around the length and severity of this experience. Therefore, a short term provision was established to provide for expected negative experience above our long term mortality and morbidity basis assumptions in the second half of 2020. This provision was insufficient to cover the actual experience during the second half of 2020 for Personal Finance and Old Mutual Corporate. New short term provisions were established at the end of December 2020 to address the future expected experience of the pandemic:

R million	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Provision at 30 June 2020	550	510	228	51	1,339
H2 experience in excess/(deficit) of the H1 provision	–	126	117	(39)	204
Provision at 31 December 2020	1,024	1,979	891	68	3,962
Pandemic impact related to COVID-19	**1,574**	**2,615**	**1,236**	**80**	**5,505**
Pandemic reserve at 31 December 2020	1,024	1,979	891	68	3,962

The pandemic impact related to COVID-19 in the table above represents the total impact in the current year Income Statement. The pandemic reserve at 31 December 2020 is included within the financial statement line item Life Insurance Contract Liabilities on the Statement of Financial Position.

In South Africa, actual claim experience in the second half of the year was higher than the short term provision raised in H1 2020 for Personal Finance and Old Mutual Corporate. An acceleration in infection and excess mortality rates was observable towards the end of the fourth quarter for Mass Foundation Cluster, consistent with early patterns of second waves noted in other countries. Personal Finance and Old Mutual Corporate have longer claim lag periods than Mass Foundation Cluster and therefore the start of Wave 2 was less visible in these businesses in December. For Rest of Africa the full provision was released with claims being lower than provided for at the half year.

Since the start of 2021 the excess mortality and infection data released weekly by the South African Medical Research Council ("SAMRC"), internal claims experience and other observable sources have been closely monitored. This data confirmed Wave 2 experience is significantly worse than Wave 1. Based on this data a simplified internal model was developed to estimate the future impact of the pandemic on our business. Due to the uncertainty around the future evolution of the pandemic, the model was developed to ensure suitability of the provision using both internal and external data points while allowing the integration of qualitative information available from subject matter experts. The model catered for differences in the claim lag period observed between the national data and our own claims experience. In Mass and Foundation Cluster, mortality experience is following national experience closely with a lag of approximately a week between national data trends and our claims data. Personal Finance and Old Mutual Corporate have longer lag periods due to reporting and processing cycles. The observed Wave 2 impacts were also scaled to allow for known experience to the end of February 2021. As a result, it was assumed Mass Foundation Cluster would experience a Wave 2 of approximately 170% of its Wave 1 claims experience while for Personal Finance and Old Mutual Corporate this was set to 200% of their Wave 1 claim experience. The main reason for the providing at a lower level for Mass and Foundation is that the experience for this segment has not been as severe as the national experience, whereas for Personal Finance and Old Mutual Corporate experience was in line with national data (SAMRC).

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

F: Analysis of Financial Assets and Liabilities

F1: Insurance and investment contracts

There are also emerging expectations of a third wave given evidence of virus mutation causing re-infection, the slow pace of the vaccination rollout and the upcoming winter season. Wave 3 was assumed to be 85% of Wave 1 for the segments although for Old Mutual Corporate this provision established was then adjusted for a slightly longer lag, contract boundaries and the impact of repricing and reinsurance., which lowered the provision. Although waves beyond Wave 3 could be expected to occur from just before Q4 2021, it is expected the vaccination rollout would have reached all high risk individuals in the insured population at this point and/or available management actions are sufficient to offset the need for further provisioning.

In Rest of Africa the experience related to COVID-19 has been muted and there is a lack of infection and mortality data in certain regions. Excess claims related to COVID-19 during the second half of the year amounted to R12 million and the provision raised is considered appropriate for potential future impacts.

At the end of February, claims experience related to COVID-19 was R1,922 million. The table below illustrates the split of this experience by segment:

R million	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Claims experience in 2021 (at end of February)	(406)	(1,064)	(452)	–	(1,922)

Due to the Mass Foundation Cluster having a shorter claims lag period a portion of the claims related to Wave 2 were received and accounted for in 2020. For Personal Finance and Old Mutual Corporate, a significant increase in claims was experienced in February 2021. Remaining provisions are deemed adequate in light of this experience.

Sensitivities

The following table shows the sensitivity of the Pandemic Reserve to changes in the assumption related to the severity of the anticipated Wave 3

	Change in Provision		
R million	Base	Wave 3 equal to Wave 2	Wave 3 equal to Wave 1
Pandemic reserve at 31 December 2020	3,962	1,187	157

Discretionary reserves

Insurance and investment contract liabilities in South Africa are determined as the aggregate of:

- Best estimate liabilities, with assumptions allowing for the best estimate of future experience and a market-consistent valuation of financial options and guarantees;
- Compulsory margins, prescribed in terms of South African professional actuarial guidance note (SAP 104) as explicit changes to actuarial assumptions that increase the level of insurance and investment contract liabilities held; and
- Discretionary margins, permitted by SAP 104, to allow for the uncertainty inherent in estimates of future experience after considering available options of managing that experience over time, or to defer the release of profits consistent with policy design or company practice.

Discretionary margins of R6,382 million (0.9% of total insurance and investment contract liabilities) were held at 31 December 2020 (2019: R7,911 million, 1.3% of total insurance and investment contract liabilities). This consisted largely of:

- Margins held for Mass and Foundation Cluster protection business, which allow for the uncertainty related to mortality experience in South Africa, as well as future lapse experience and future investment returns, and to ensure that profit is released appropriately over the term of the policies;
- Margins to allow for the uncertainty inherent in the assumptions used to value financial options and guarantees, implied volatility assumptions in particular, which are difficult to hedge due to the short term nature of the equity option market in South Africa;
- Margins on non-profit annuities, due to the inability to fully match assets to liabilities as a result of the limited availability of long-dated bonds, and to provide for longevity risk; and
- Margins for the uncertainty inherent in future economic assumptions used to calculate, mainly protection product liabilities, in the Personal Finance and Wealth Management and Mass and Foundation Cluster businesses. Although interest rate hedging is used to manage interest rate risk on these products, the volatility of bond yields in South Africa means that it is difficult to maintain appropriate hedging positions without incurring significant trading costs. The discretionary margin therefore caters for the residual uncertainty present after allowing for the hedge programme that is in place.

F1(a) Policyholder liabilities

The Group's insurance and investment contracts are analysed as follows:

	2020			2019		
Year ended 31 December Rm	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	145,536	(3,764)	141,772	141,156	(1,849)	139,307
Life insurance contracts liabilities	142,772	(3,475)	139,297	139,046	(1,653)	137,393
Outstanding claims	2,764	(289)	2,475	2,110	(196)	1,914
Investment contract liabilities	537,428	(3,436)	533,992	512,554	(3,140)	509,414
Unit-linked investment contracts and similar contracts	332,829	(3,422)	329,407	312,984	(3,140)	309,844
Other investment contracts	1,482	–	1,482	1,087	–	1,087
Investment contracts with discretionary participating features	203,117	(14)	203,103	198,483	–	198,483
Total life assurance policyholder liabilities	682,964	(7,200)	675,764	653,710	(4,989)	648,721
Property & casualty liabilities						
Claims incurred but not reported	2,092	(860)	1,232	1,382	(407)	975
Unearned premiums	2,969	(1,136)	1,833	2,885	(1,359)	1,526
Outstanding claims	9,394	(6,414)	2,980	4,593	(1,630)	2,963
Total property and casualty liabilities	14,455	(8,410)	6,045	8,860	(3,396)	5,464
Total policyholder liabilities	697,419	(15,610)	681,809	662,570	(8,385)	654,185

Of the R15,610 million (2019: R8,385 million) included in reinsurer's share of life assurance policyholder and property & casualty liabilities is an amount of R13,841 million (2019: R5,319 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

F: Analysis of Financial Assets and Liabilities

F1(b) Property & Casualty contracts

Whilst the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amount provided. Adjustments to the amounts of claims provisions established in prior years are reflected in profit or loss in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used and estimates made are reviewed regularly.

It should be noted that all estimates of reserves and outstanding salvages are inherently uncertain. Claims experience and reserve results are subject to economic developments, which are unpredictable and often cannot be projected from past reporting patterns. One of the highest areas of uncertainty in the reserving process are the assumptions.

COVID-19 impacts

Premium relief of R193 million was granted to policyholders in the form of discounts and premium holidays, these items have been accounted for as a decrease in gross written premium for the period the relief is applicable to the policyholder.

During the various levels of lockdown imposed in South Africa and Namibia, many businesses were closed to the public for significant portions of the year. Despite these restrictions since being lifted for certain sectors, many businesses have not operated at full capacity for most of the year due to the nature of products and services provided, travel restrictions or social distancing regulations in place. This has led to a significant increase in business interruption (BI) and business rescue claims in Old Mutual Insure and the general insurance business in Namibia.

In setting the year end Property and Casualty liabilities management have estimated and reserved for the expected cost of all valid claims. The recent court rulings by the Supreme Court of Appeal of South Africa and the Supreme Court in United Kingdom have addressed industry uncertainty around the application of business interruption clauses. These rulings confirmed that cover should be provided for business interruption losses caused by the government enforced national lockdown, provided there was an instance of COVID-19 within the defined radius of the customer's business. All policies with an infectious disease clause were identified. For this population an assessment was then performed to assess if there was a COVID case within the determined radius. Confirmed cases at district level were used to determine when policyholders would have met the defined radius criteria and therefore have a valid claim. The expected cost of the claim has been calculated as a percentage of the gross profit of each impacted policyholder, including any loss adjuster expenses. Reinsurers are expected to pay in accordance with treaty terms for each valid gross claim and consideration has been given to the distribution of claims over time in assessing the quantum of reinsurance recoveries. As a result of this, a net reserve for business interruption of R537 million was raised at 31 December 2020, this represents R461 million relates to OM Insure and R76 million related to Namibia. This amount includes a provision for payments to SMME customers with an annual sum insured of R5 million or below , to settle business interruption claims ensuring they can continue operating in a tough economic environment. This settlement was applied to all our qualifying SMME customers who had the infectious disease extension at the time of loss and the amounts paid will be offset against valid claims arising from the assessment process. An additional allowance has been made for an Additional Unexpired Risk Reserve (AURR) for future reinsurance premiums relating to business interruption claims.

In addition, a net reserve for business rescue claims of R254 million was raised at 31 December 2020, this amount includes reinstatement premiums where aggregated claims have breached reinsurance retention levels. The assumptions that have the greatest effect on this reserve are the expected ultimate loss ratios for the most recent underwriting years. These are used for determining the IBNR and unexpired risk reserves for the 2019 and 2020 underwriting years. The claims experience and reserve results with regards business rescue are subject to economic developments, which are unpredictable and often cannot be projected from past reporting patterns.

F1(c) Sensitivity analysis

Sensitivity analysis – life insurance contracts

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity. The effect of a change in assumption is mitigated by the offset (partial or full) to the bonus stabilisation reserve in the case of smoothed bonus products in South Africa.

The table shows the impacts of applying the sensitivity over the full remaining duration of the policyholder contracts, which would be significantly higher than a single year's change in experience. The results are also shown before allowing for any management actions likely to be applied (e.g. premium rate reviews or changes in discretionary margins), and therefore do not necessarily translate directly into an impact on profits:

	Change in assumption	Increase in liabilities	
Year ended 31 December **Rm**	**2020 and 2019**	**2020 and 2019**	**2019**
Assumption			
Increase in mortality and morbidity rates – assurance	**10**	**6,955**	5,947
Decrease in mortality rates – annuities (longevity)	**(10)**	**1,011**	1,052
Lapse rates	**10**	**3**	238
Expenses (maintenance)	**10**	**1,255**	1,228
Valuation discount rate	**1**	**157**	161

The calculation of the Group's South African life assurance contract liabilities is sensitive to the discount rate used to value the liabilities. The methodology applied by the Group complies with South African professional actuarial guidance (SAP 104 guidance note), with the reference rate for the majority of products selected as the South African debt market 10-year bond yield. For non-profit annuities and protection products, where cash flows are hedged, the liabilities are discounted using the yield curve corresponding to the nature of the hedging assets

It should be noted that where the assets and liabilities of a product are closely matched (e.g. non-profit annuity business) or where the impact of a lower valuation discount rate is hedged or partially hedged, the net effect has been shown as the asset movement fully or partially offsets the liability movement.

The insurance contract liabilities recorded for South African businesses are also impacted by the valuation discount rates assumed. Lowering the discount rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2020 (2019: no impact). There continues to be no significant impact in 2020 due to management actions taken to reduce the impact of changing interest rates on operating profit.

This impact is also calculated with no change to the charges paid by policyholders.

Sensitivity analysis – Property & Casualty

(a) **Gross best estimate IBNR reserve assumptions**

A sensitivity analysis has been performed on some of the material assumptions made in calculating the components of the gross IBNR provision for Old Mutual Insure, based on the data as at the end of December 2020.

The analysis was concluded for the material insurance contract types including Motor (Personal and Commercial) and Property (Commercial division segment only) in the Old Mutual Insure business. The IBNR provision is derived by taking into account the way in which historical claims develop to their final settled cost over time. The sensitivity analysis was performed to test the effect of using more of fewer historical years to estimate the IBNR provision. These are set out in the table below.

For the Motor Commercial and Property Commercial contracts, the sensitivity analysis is performed on the weighted averages (i.e. the number historical periods to which the development pattern is based) used for the incurred claims projection. For the Motor Personal contracts the sensitivity analysis is calculated on the weighted averages used for the paid claims projection.

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For the year ended 31 December 2020

F: Analysis of Financial Assets and Liabilities

Year ended 31 December Rm	Increase/(Decrease) in profit or loss 2020	 2019
Motor commercial gross of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	**(6)**	–
Incurred claims projection – using the weighted average of the three most recent years	**(2)**	(4)
Incurred claims projection – using the weighted average of the four most recent years	**(4)**	(6)
Incurred claims projection – using the weighted average of the five most recent years	**(6)**	(9)
Motor personal gross of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	**(14)**	–
Incurred claims projection – using the weighted average of the three most recent years	**(9)**	–
Incurred claims projection – using the weighted average of the four most recent years	**(11)**	(3)
Incurred claims projection – using the weighted average of the five most recent years	**(10)**	–
Property commercial net of salvages and recoveries		
Incurred claims projection – using the weighted average of the two most recent years	**(10)**	–
Incurred claims projection – using the weighted average of the three most recent years	**(9)**	5
Incurred claims projection – using the weighted average of the four most recent years	**(5)**	–
Incurred claims projection – using the weighted average of the five most recent years	**–**	(3)

(b) Net best estimate business interruption reserve

The final outcome on the net business interruption claim amount remains dependent on a number of factors, most importantly: actual losses suffered by a customer (once customer financial statements are obtained); the number of customers with valid claims; and estimated reinsurance recoveries. We are actively engaging with our reinsurers in this regard and anticipate reinsurance contracts will respond as expected. We have modelled various scenarios performing sensitivities on the material assumptions made in calculating the components of the net best estimate of the reserve for business interruption as at the end of December 2020. The table below illustrates the impact of these scenarios on the net best estimate business interruption reserve for Old Mutual Insure.

R million	Change in net reserve Base	 Upper end	 Lower end
Net best estimate business interruption reserve	**461**	**184**	(69)

G: Non-Financial Assets and Liabilities

G1(a): Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been a decrease in the property assets balance. This was largely attributable to fair value losses and foreign exchange losses recognised during the current financial year. The majority of the foreign exchange losses are due to the weakening of the ZWL to the Rand.

The fair value decrease is primarily attributed to the South Africa property portfolio partially offset by fair value gains recognised on the Zimbabwe property value. Due to the current economic conditions within Zimbabwe, property assets are valued in USD and then converted into local currency for reporting purposes. Due to the weakening of the ZWL to the US dollar, this results in fair value gains, this is, however, offset by foreign exchange losses on translation into rand, resulting in a net loss on these properties of R627 million.

The South Africa property portfolio accounts for 65.34% of total property assets and is predominantly exposed to the retail property sector. COVID-19 has had a negative impact on the ability for retailers to trade, particularly during the lockdown period, impacting current period rentals, growth assumptions applied in the property valuations as well as the period of time required to lease space. Due to the uncertainty inherent in the current economic climate, the property valuers have applied prudence with higher discount and capitalisation rate assumptions, resulting in lower property valuations.

Due to the uncertainty of the impact of COVID-19 on the circumstances on which judgements are based, the Group's valuers have reported on the basis of material valuation uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

The table below sets out information about significant unobservable inputs used at year end in measuring investment and owner-occupied properties categorised at level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/ industrial properties and owner-occupied properties	Valued using the internationally and locally recognised Discounted Cash Flow (DCF) method. A minimum of five years (if required for specific eases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	South African Properties: **Office** Capitalisation rates: 8.5% Discount rates: 13.5% Market rentals: R100 to R175 per m² Vacancy rates: 7.25% to 9.75% **Retail** Capitalisation rates: 6.75% to 9.75% Discount rates: 11.75% to 14.5% Market rentals: R22 to R2 222 per m² Vacancy rates: 0% to 8.5% **Industrial** Capitalisation rates: 8.25% to 10.5% Discount rates: 13.75% to 15.25% Market rentals: R25 to R75 per m² Vacancy rates: 8.5% to 10.75% Bulgarian Properties: **Office** Capitalisation rates: 7.4% Discount rates: 8.10% to 10.10% Market rentals per: EUR 139 to EUR 154 per m² Vacancy rates: 2.75% Romanian Properties: **Office** Capitalisation rates: 7.25% Discount rates: 9.6% to 9.8% Market rentals per m²: EUR 9.50 to EUR 12.71 per m² Vacancy rates: 2.5% East Africa **Office** Capitalisation rates: 7.92% to 9.5% Discount rates: 8.75% to 16.63% Market rentals per: USD 15 per m²
Land	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner, allocated pro rata to the land portions in proportion to the bulk available for each portion. However there are cases where exceptional circumstances need to be considered.	The land per m² and bulk per m² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	**Land** Bulk per m² (net): R262 to R2,611
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m²: R75 to R757

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For the year ended 31 December 2020

G: Non-Financial Assets and Liabilities

G1(a): Fair value hierarchy of the Group's property

(d) Sensitivity analysis

The table below indicate the sensitivity of the aggregate property market values (investment properties, land and buildings) for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December Rm	2020	2019 (Restated)[1]
An increase of 1% in discount rates would decrease the fair value by:	**(1,532)**	(2,460)
A decrease of 1% in discount rates would increase the fair value by:	**1,666**	3,516
An increase of 1% in capitalisation rates would decrease the fair value by:	**(2,673)**	(3,233)
A decrease of 1% in capitalisation rates would increase the fair value by:	**3,294**	3,174
An increase of 10% in market rentals per m^2 would increase the fair value by:	**2,821**	3,306
A decrease of 10% in market rentals per m^2 would decrease the fair value by:	**(2,699)**	(2,595)

1 The comparative period has been restated following a correction of a formula error in the underlying sensitivity data. This restatement had no impact on the profit of loss or net assets of the Group.

The assessment above depicts the potential impact on profit/(loss) as a result of the change in the parameter identified.

H: Interests in Subsidiaries, Associates and Joint Ventures

H1: Investments in associated undertakings and joint ventures

Following the unbundling of Nedbank Group Limited (Nedbank), the Group retained a strategic interest of 19.7%. The 19.7% investment in Nedbank has been accounted for in terms of the equity accounting method and has been classified as an investment in an associated undertaking.

In light of COVID-19 and related decrease in the Nedbank share price during the financial year, the Group has performed an impairment review of the value of our equity accounted investment. At 30 June 2020, the outcome of the impairment review resulted in the recognition of an impairment of R8,620 million.

The impairment test compares the estimated recoverable amount and carrying value of the investment. The recoverable amount is the higher of its fair value less costs of disposal or its value in use. At 31 December 2020, the market value of the Group's stake was R12,807 million.

In assessing the value in use, the Group valued the expected dividend stream from Nedbank. The calculation of the value is subject to significant judgement as it is based on estimates of economic recovery and macro economic assumptions The value of the dividend from Nedbank was determined using a dividend discount model. The model has assumed that projected dividends recover to the historic average dividend payout ratio. This payout ratio has been used in the calculation of the final year dividend and terminal value.

Due to the complexity of the current economic environment, multiple valuations were performed assuming a range of earnings and economic recovery scenarios. The final value in use has been calculated as an average of these calculations, with appropriate weighting applied to potential downside scenarios. The total value in use calculated approximates the carrying value at 31 December 2020. The current value in use is 4% lower than the Group's share of Nedbank's reported net asset value as at 31 December 2020.

Sensitivity analysis Rm	Alternative	Positive impact on change in VIU	Negative impact on change in VIU
Earnings recovery	**+/- 10%**	**1,331**	**(1,543)**
Long term growth rate	**+/-1%**	**2,213**	(1,745)

The above sensitivity table illustrates the impact of the changes in key valuation assumptions on the value in use for the Group's investment in Nedbank. Negative impacts would result in a potential increase in the impairment charge in respect of the Nedbank carrying value, whilst positive impacts could result in the release of previously recognised impairment charges.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

I: Other notes

I1: Related parties

(a) Transactions with key management personnel, remuneration and other compensation

The Company's key management personnel include all members of the Board, (both executive and non executive directors) and prescribed officers as defined by the Companies Act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee are also included as key management personnel.

The definition of key management personnel also includes the close family members of key management personnel and any entity over which key management personnel exercise control or joint control. Close family members are those family members who may influence, or be influenced by that person in their dealings with the Group. These may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

The Directors' Emolument disclosure required by the Companies Act is set out in Note L. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released on 31 March 2021 and can be accessed on https://www.oldmutual.com/investor-relations/reporting-centre/reports. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

	2020		2019	
Year ended 31 December Rm	**Number of personnel**	**Rm**	Number of personnel	Rm
Directors' fees	**15**	**26**	14	27
Remuneration		**78**		167
Salaries and other benefits	**15**	**76**	16	114
Termination benefits	**2**	**–**	2	19
Share-based payment expense	**15**	**2**	16	34
		104		194

	2020		2019	
Restricted shares	**Number of personnel**	**Number of shares '000s**	Number of personnel	Number of shares '000s
Outstanding at beginning of the year	**14**	**7,222**	14	9,327
Leavers	**3**	**(1,994)**	3	(3,097)
New appointments	**2**	**616**	3	450
Granted during the year		**4,703**		4,127
Lapsed during the year		**(275)**		(1,364)
Released during the year		**(1,313)**		(2,221)
Outstanding at end of the year	**13**	**8,959**	14	7,222

Transactions with key management personnel are made on terms equivalent to those that prevail in arm's length transactions.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2020 were as follows:

	2020		2019	
Year ended 31 December	**Number of personnel**	**Value Rm**	Number of personnel	Value Rm
Current accounts	**8**	**2**	9	1
Credit cards	**3**	**2**	3	4
Mortgages	**2**	**7**	1	11
Investments	**11**	**112**	13	69
Property & Casualty contracts				
Total premium paid during the year	**4**	**–**	8	1
Life insurance products				
Total sum assured/value of investment at end of the year	**10**	**72**	12	86
Pensions				
Value of pension plans as at end of the year	**11**	**122**	12	116

Various members of key management personnel hold or have at various times during the year held, investments managed by asset management businesses of the Group. These include unit trusts, mutual funds and hedge funds. None of the amounts concerned are material in the context of the funds managed by the Group business concerned, and all of the investments have been made by the individuals concerned either on terms which are the same as those available to external customers generally or, where that is not the case, on the same terms as were available to employees of the business generally.

(b) Transactions and balances with other related parties

Material subsidiaries of the Group are identified in note I1 and the Group's material investments in associated undertakings and joint ventures are identified in note I2 of the financial statements.

Transactions between the Group and its related parties, other than key management personnel are disclosed below. All these transactions were entered into in the normal course of business.

Year ended 31 December Rm	**2020**	2019
Outstanding balances with associated undertakings		
Bonds, derivatives and other financial instruments due from Nedbank	**2,808**	2,031
Loan due to Nedbank	**(409)**	(622)
Deposits owing from Nedbank to Group subsidiaries	**15,791**	16,897
Balances owing from Nedbank to Group subsidiaries	**8,019**	7,810
Transactions with associated undertakings		
Dividend received from Nedbank	**687**	1,433
Interest expense to Nedbank from Group subsidiaries	**(701)**	(486)
Interest income from Nedbank to Group subsidiaries	**2,086**	2,031
Insurance premiums received from Nedbank	**147**	157
Claims paid to Nedbank	**(74)**	(73)
Commission expense paid to Nedbank by Group subsidiaries	**(26)**	(28)
Management fee expense paid to Nedbank	**(185)**	(107)
Management fee income from Nedbank	**58**	7
Fees paid for provision of information technology services to the Group	**(228)**	(273)
Rent received from Nedbank	**18**	18

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

I: Other notes

I1: Related parties

(c) Investments in the NMT Group of companies

Peter Moyo, previously the Chief Executive Officer and executive director of the Group, is also a non-executive director of NMT Capital Proprietary Limited (NMT Capital) and NMT Group Proprietary Limited (NMT Group), and holds an equity interest in both companies.

During January 2020, NMT Capital bought back the Company's ordinary shareholding of R14 million. In addition, the Group has received R20 million in settlement of the preference shareholding in RZT Zelpy 4971, RZT Zelpy 4973 and STS Capital. On 25 September 2020, the Group received R23 million in settlement of the outstanding preference share capital in Amabubesi Capital Travelling.

As at 31 December 2020, the only remaining exposure is the preference share investment in NMT Group. This asset has a carrying value of R113 million. The negotiations to exit the remaining investments are ongoing and the timing and mechanism of the realisation is yet to be determined. The valuation of this investment will continue to be monitored as negotiations progress.

(d) Investments in the Kutana Group of companies

Thoko Mokgosi-Mwantembe, a non-executive director of the Company, is also the Chief Executive Officer and sole equity holder of Kutana Capital (Pty) Ltd (Kutana).

Old Mutual Specialised Finance, provided preference share funding to Luxanio 220 (RF) (Pty) Ltd, a wholly-owned subsidiary of Kutana. In light of this investment, the Group continues to review relationships where Kutana has significant influence in the wider structure and have provided additional information in respect of these relationships. No additional funding was provided to Luxanio 220 (RF) (Pty) Ltd during the year.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders, to In2Food Group (Pty) Ltd through an entity called Middle Road Packers (Middle Road), an entity in which Kutana has an effective ownership of 35%.

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a non-executive director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure, the Group has no influence over the investment decisions of this fund. These structures within the Group ensure that the independence of our asset management businesses is maintained. The underlying assets and liabilities of Fund IV have been consolidated into the Group's results and financial position as if it were a subsidiary in compliance with IFRS 10.

The transactions concluded with the Kutana Group of companies and fellow subsidiaries arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features to the Group.

Rm	At 31 December 2020	At 31 December 2019
Debt instruments held		
Preference shareholding – Luxanio 220 (RF) (Pty) Ltd	**250**	226
Mezzanine debt – In2Food Group (Pty) Ltd	**37**	37
Term loan A – In2Food Group (Pty) Ltd	**76**	84
Term loan B – In2Food Group (Pty) Ltd	**124**	120
Income earned		
Preference dividends accrued – Luxanio 220 (RF) (Pty) Ltd	**20**	25
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	**–**	1
Term loan A interest accrued – In2Food Group (Pty) Ltd	**1**	1
Term loan B interest accrued – In2Food Group (Pty) Ltd	**1**	1

I2: Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

During the prior period the Group managed two ongoing litigation matters in which the Chairman of Old Mutual Limited is named. These matters had both reputational and strategic execution consequences specific to the Group and whilst the Chairman is named in these matters, the decision to incur these costs was made in the interests of the Group. Legal fees paid in respect of these matters for the year ended 31 December 2019 was approximately R930,000 and in the current year approximately R449,725.

Tax

The Group is committed to conducting the its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management, are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

Outcome of Zimbabwean Commission Enquiry

On 31 December 2016, the Zimbabwean Government concluded its enquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's enquiry were made public.

Although the Commission believes that policyholders may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission did not determine a methodology for quantifying or allocating responsibility for this prejudice and recommended that this be the subject of a further independent process to determine criteria for assessing prejudice as well as a basis for compensation which will also take into account the need to maintain stability and confidence in the industry. As such we are not currently able to establish what impact the Commission's findings will have on Old Mutual Zimbabwe.

Notes to the summary consolidated financial statements

For the year ended 31 December 2020

I: Other notes

I2: Contingent liabilities

Old Mutual Limited's intraGroup guarantee of Travelers indemnification

In September 2001, Old Mutual plc, now a wholly-owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual plc agreed to indemnify Travelers Companies Inc. and certain of its Group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to $480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual plc in the circumstances where Old Mutual plc is unable to satisfy its obligations in respect of the Indemnity Agreement. The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual plc and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

J3: Commitments

The Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

At 31 December Rm	2020	2019
Investment property	**425**	620
Intangible assets	**228**	206

Future potential commitments

Enterprise development commitments

In accordance with the Framework Agreement entered into in relation to Managed Separation concluded with the Department of Economic Development (the Framework Agreement), the Group has undertaken that, in addition to its existing enterprise development programs, it shall, over a period of three years following the Managed Separation Implementation Date, allocate an incremental amount of R500 million to a ring-fenced perpetual Enterprise Supplier Development Fund (the Fund). Funding extended by the Fund is intended and anticipated to generate additional jobs in the company's Ecosystem. The Group's participation in the Fund shall be managed and administered by a specially created function with oversight from the office of the CEO, which function shall also be responsible for the measurement of compliance by the Group with the Amended FSC and the Group's broader commitment to transformation in South Africa.

Although the fund is developmental in nature, it is management's intention and belief that, in aggregate, the Group will return a profit on the instruments used to meet the requirements of the Framework Agreement. Nevertheless, as with any commitment to advance funding, the Group will be subject to credit and counterparty risk in relation to this arrangement.

This risk will be assessed as funds are advanced, expected credit losses will be calculated, and appropriate provisions for impairment will be raised.

Old Mutual Finance (Pty) Ltd put option

The Group and the Business Doctor Consortium Limited and its associates (Business Doctor) established Old Mutual Finance (Pty) Ltd (Old Mutual Finance) as a 50/50 start-up strategic alliance in 2008. The Group increased its shareholding in Old Mutual Finance from 50% to 75% in 2014 by acquiring an additional 25% shareholding from Business Doctor for R1.1 billion. The Group has a call option to acquire the remaining 25% shareholding in Old Mutual Finance held by Business Doctor at market value under certain circumstances, inter alia in the event of a change of control within Business Doctor and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively). Business Doctor has a put option to sell its remaining 25% shareholding in Old Mutual Finance to the Group at market value under certain circumstances, inter alia in the event of a change of control within the Group and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively).

Following the listing of Old Mutual Limited on 26 June 2018, Business Doctor became entitled to exercise the option to put the remaining shares to Old Mutual Limited. The Group received written confirmation on 22 July 2018 from Business Doctor that the put option would not be exercised.

Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R11,819 million at 31 December 2020 (2019: R8,300 million).

14: Events after the reporting date

On 24 February 2021, the Minister of Finance announced that effective 1 April 2022, the South African corporate tax rate will be reduced from 28% to 27%. This change is applicable to companies with years of assessment commencing on or after 1 April 2022. The Group does not expect this change to have a material impact on the statement of financial position at 31 December 2021.

The Group has exposure to Land Bank's listed debt securities across its subsidiaries OMLACSA and Old Mutual Insure. This includes exposure in our policyholder funds. On 26 February 2021, Land Bank issued an announcement that they had requested the JSE to suspend the trading of the debt securities in order to allow lenders an opportunity to review sensitive information as parties work towards a liability solution. Based on the current structure, we are not anticipating a material impact to the value of our exposure.

OLDMUTUAL

05

ADDITIONAL DISCLOSURES

DO GREAT THINGS EVERY DAY

Additional Disclosures

Contents

1. Key Metrics

1.1 Key Performance Indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**1,663**	1,541	(7,309)	(81%)	8,972	4,512
RFO excluding direct COVID-19 impacts	**7,742**	4,334	(1,230)	(14%)	8,972	4,512
Adjusted Headline Earnings	**2,484**	1,704	(7,372)	(75%)	9,856	5,211
Return on Net Asset Value (%)	**3.8%**	5.2%	–	(1 140 bps)	15.2%	16.4%
Free Surplus Generated from Operations	**4,700**	808	(2,094)	(31%)	6,794	3,739
% of AHE converted to Free Surplus Generated	**189%**	47%	–	12 000 bps	69%	72%
Group Solvency ratio (%)[1]	**185%**	182%	–	(400 bps)	189%	166%

1 We have re-presented the December 2019 solvency position in line with the final Group designation by the Prudential Authority.

1.2 Supplementary Performance Indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Gross flows	**187,137**	90,835	16,448	10%	170,689	79,801
Life APE sales	**9,786**	4,716	(2,482)	(20%)	12,268	5,814
NCCF (Rbn)	**9.6**	1.5	7.4	>100%	2.2	1.4
FUM (Rbn)	**1,104.6**	1,057.2	56.1	5%	1,048.5	1,080.9
VNB	**621**	125	(1,244)	(67%)	1,865	862
VNB margin (%)	**1.1%**	0.5%	–	(150 bps)	2.6%	2.4%
Banking and Lending						
Loans and advances[1]	**20,320**	21,817	(2,529)	(11%)	22,849	22,133
Net lending margin (%)[2]	**8.2%**	5.1%	–	(530 bps)	13.5%	14.2%
Property and Casualty						
Gross written premiums	**18,643**	9,318	709	4%	17,934	8,880
Underwriting margin (%)[2]	**(4.4%)**	(1.8%)	–	(360 bps)	(0.8%)	(0.5%)

1 Loans and advances in prior periods have been re-presented to include accrued interest related to the loan book in East Africa. Comparatives as well as associated margins and ratios have been re-presented to reflect this.

2 In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.

1. Key Metrics

1.3 Supplementary Income Statement

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Mass and Foundation Cluster	**2,008**	650	(1,519)	(43%)	3,527	1,512
Personal Finance and Wealth Management[1]	**3,208**	1,718	1,039	48%	2,169	1,426
Old Mutual Investments[1]	**888**	489	(120)	(12%)	1,008	511
Old Mutual Corporate	**1,340**	883	(476)	(26%)	1,816	870
Old Mutual Insure	**309**	522	76	33%	233	141
Rest of Africa	**401**	272	(95)	(19%)	496	214
Net expenses from central functions	**(412)**	(200)	(135)	(49%)	(277)	(162)
RFO excluding direct COVID-19 impacts	**7,742**	4,334	(1,230)	(14%)	8,972	4,512
Seperately identifiable direct COVID-19 impacts	**(6,079)**	(2,793)	(6,079)	(100%)	–	–
Results from Operations	**1,663**	1,541	(7,309)	(81%)	8,972	4,512
Shareholder investment return	**1,612**	680	(490)	(23%)	2,102	1,060
Finance costs	**(484)**	(244)	253	34%	(737)	(309)
Income from associates[2]	**917**	364	(1,611)	(64%)	2,528	1,431
Adjusted Headline Earnings before tax and non-controlling interests	**3,708**	2,341	(9,157)	(71%)	12,865	6,694
Shareholder tax	**(1,188)**	(678)	1,686	59%	(2,874)	(1,425)
Non-controlling interests	**(36)**	41	99	73%	(135)	(58)
Adjusted Headline Earnings	**2,484**	1,704	(7,372)	(75%)	9,856	5,211

1 Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. We have aligned segment reporting to reflect this and the new segment has been renamed to Personal Finance and Wealth Management. The previous Wealth and Investments segment has been renamed to Old Mutual Investments.
2 Reflects our share of earnings related to our investment in Nedbank and our investment in China.

1. Key Metrics

1.3 Supplementary Income Statement

1.3.1 Separately identifiable direct COVID-19 impacts

Rm (unless otherwise stated)	Results from Operations	Net pandemic impact	Business interruption and rescue reserves	Underwriting results-Personal book	Unrealised Mark to Market losses	Forward looking information	COVID-19 related expenses	Total direct COVID-19 impacts	RFO excl direct COVID-19 impacts
Mass and Foundation Cluster	1,265	462	–		–	150	131	743	2,008
Personal Finance and Wealth Management	525	2,615	–		–	–	68	2,683	3,208
Old Mutual Investments	180	–	–		704	–	4	708	888
Old Mutual Corporate	87	1,236	–		–	–	17	1,253	1,340
Old Mutual Insure	(131)	–	715	(293)	–	–	18	440	309
Rest of Africa	192	80	76		–	19	34	209	401
Net expenses from central functions	(455)	–	–		–	–	43	43	(412)
Impact to Results from Operations	1,663	4,393	791	(293)	704	169	315	6,079	7,742

1.4 Per Share Measures

Millions (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Weighted average number of ordinary shares in issue	**4,709**	4,709	(119)	(2%)	4,828	4,894
Shares held in charitable foundations and trusts	**(19)**	(19)	–	–	(19)	(19)
Shares held in ESOP and similar trusts	**(116)**	(116)	(16)	(16%)	(100)	(101)
Adjusted weighted average number of ordinary shares[1]	**4,574**	4,574	(135)	(3%)	4,709	4,774
Shares held in policyholder and consolidated investment funds	**(179)**	(186)	13	7%	(192)	(196)
Shares held in Black Economic Empowerment trust	**(14)**	(13)	(4)	(40%)	(10)	(9)
Weighted average number of ordinary shares used to calculate basic earnings per share	**4,381**	4,375	(126)	(3%)	4,507	4,569
Adjusted Headline Earnings per share (cents)[2]	**54.3**	37.3	(155.0)	(74%)	209.3	109.1
Group equity value per share (cents)[3]	**2,091.9**	2,079.7	(382.3)	(15%)	2,474.2	2,415.5

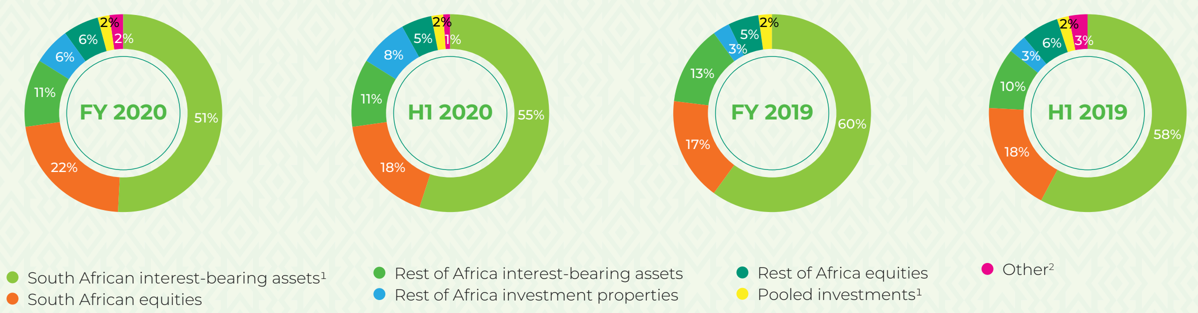
1 Adjusted to reflect the Group's BBE shares and shares held in policyholder and consolidated investment funds, consistent with the treatment of the related revenue in AHE.
2 Calculated as the Adjusted Headline Earnings divided by the adjusted weighted average number of ordinary shares.
3 Calculated as Group Equity Value divided by the closing number of ordinary shares. All periods exclude the results of Zimbabwe.

1. Key Metrics

1.5 Invested Shareholder Assets

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Shareholder investment return (Rm)	**1,612**	680	(490)	(23%)	2,102	1,060
South Africa	**1,301**	556	(759)	(37%)	2,060	955
Rest of Africa	**311**	124	269	>100%	42	105
Invested shareholder assets (Rbn)	**34.1**	36.3	(3.4)	(9%)	37.5	34.9
South Africa	**25.9**	27.4	(3.6)	(12%)	29.5	27.1
Rest of Africa	**8.2**	8.9	0.2	3%	8.0	7.8

Invested shareholder assets by asset class (%)



1 We have reallocated interest-bearing assets from pooled investments and comparative periods have been re-presented to reflect this.
2 Other invested shareholder assets mainly comprise derivative assets.

1.6 Return on Net Asset Value

Rbn (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Total RoNAV (%)	**3.8%**	5.2%	–	(1 140 bps)	15.2%	16.4%
South Africa	**4.2%**	5.8%	–	(1 210 bps)	16.3%	17.3%
Rest of Africa	**1.1%**	1.2%	–	(550 bps)	6.6%	9.2%
Average Adjusted IFRS Equity	**65.2**	65.7	0.2	0.3%	65.0	63.7
South Africa	**56.3**	56.9	(0.9)	(2%)	57.2	56.2
Rest of Africa	**8.9**	8.8	1.1	14%	7.8	7.5
Closing Adjusted IFRS Equity	**64.2**	64.0	(3.3)	(5%)	67.5	65.2
South Africa	**55.3**	54.7	(3.8)	(6%)	59.1	57.7
Rest of Africa	**8.9**	9.3	0.5	6%	8.4	7.5

1. Key Metrics

1.7 Free Surplus Generated from Operations

Rm (unless otherwise stated)	FY 2020 Free Surplus Generated	FY 2020 AHE	FY 2020 %	Change (FY 2020 vs FY 2019) Value	Change %	FY 2019 Free Surplus Generated	FY 2019 AHE	FY 2019 %
Gross operating segments	**1,593**	**1,411**	**113%**	(5,233)	(77%)	6,826	7,338	93%
Capital requirements								
Business as usual	**(126)**	**–**	**–**	1,306	91%	(1,432)	–	–
Capital optimisation	**3,233**	**–**	**–**	3,233	100%	–	–	–
Net operating segments	**4,700**	**1,411**	**333%**	694	13%	5,394	7,338	74%
Nedbank	**–**	**1,073**	**–**	(1,400)	(100%)	1,400	2,518	56%
Free Surplus Generated from Operations	**4,700**	**2,484**	**189%**	(2,094)	(31%)	6,794	9,856	69%

Rm (unless otherwise stated)	H1 2020 Free Surplus Generated	H1 2020 AHE	H1 2020 %	Change (H1 2020 vs H1 2019) Value	Change %	H1 2019 Free Surplus Generated	H1 2019 AHE	H1 2019 %
Gross operating segments	1,342	1,283	105%	(2,520)	(65%)	3,862	3,823	101%
Capital requirements	(534)	–	–	283	35%	(817)	–	–
Net operating segments	808	1,283	63%	(2,237)	(73%)	3,045	3,823	80%
Nedbank	–	421	–	(694)	(100%)	694	1,388	50%
Free Surplus Generated from Operations	808	1,704	47%	(2,931)	(78%)	3,739	5,211	72%

1.8 Group Solvency Position

Rm (unless otherwise stated)	FY 2020	Change (FY 2020 vs Re-presented FY 2019) Value	%	Re-presented FY 2019[1]	Reported FY 2019[2]
Eligible Own Funds	**92,078**	(6,677)	(7%)	98,755	98,488
Solvency capital requirement	**49,680**	(2,514)	(5%)	52,194	61,009
Solvency ratio (%)	**185%**	–	(400 bps)	189%	161%

1 We have re-presented the December 2019 solvency position in line with the final group designation by the Prudential Authority.
2 Amounts differ from reported number to align to the final submission to the Prudential Authority.

1. Key Metrics

1.9 Key Components of the Group Solvency Position

FY 2020

Rm (unless otherwise stated)	OMLACSA[1,2]	Nedbank[3]	Old Mutual Insure[1]	Other[4]	Consolidation Adjustments[5]	Group
Eligible Own Funds[6]	**60,659**	**–**	**3,766**	**44,967**	**(17,314)**	**92,078**
Solvency capital requirement	**29,447**	**–**	**3,031**	**20,982**	**(3,780)**	**49,680**
Solvency ratio (%)[7]	**206%**	**–**	**124%**	**214%**	**n/a**	**185%**

Re-presented FY 2019[1,8]

Rm (unless otherwise stated)	OMLACSA[1,2]	Nedbank[3]	Old Mutual Insure[1]	Other[4]	Consolidation Adjustments[5]	Group
Eligible Own Funds[6]	79,556	–	3,819	36,876	(21,496)	98,755
Solvency capital requirement	36,518	–	2,785	17,152	(4,261)	52,194
Solvency ratio (%)[7]	218%	–	137%	215%	n/a	189%

FY 2019[9]

Rm (unless otherwise stated)	OMLACSA[1,2]	Nedbank[3]	Old Mutual Insure[1]	Other[4]	Consolidation Adjustments[5]	Group
Eligible Own Funds[6]	79,556	21,166	3,819	28,994	(35,047)	98,488
Solvency capital requirement	36,518	16,250	2,785	17,608	(12,152)	61,009
Solvency ratio (%)[7]	218%	130%	137%	165%	n/a	161%

1 The standard formula under the Prudential Standards is used for both OMLACSA and Old Mutual Insure.
2 The OMLACSA position includes OMLACSA's holding in strategic assets.
3 In FY 2019, our stake in Nedbank was included on a Basel III basis in Group solvency. For the re-presented FY 2019 basis and FY 2020, our stake in Nedbank is included in the OMLACSA calculation at the market value of the shares, with an equity stress applied to calculate the SCR.
4 This category includes the balance of the Group, including holding companies, asset managers, Rest of Africa, Asia and smaller lending businesses.
5 Includes the following:

(i) elimination of double counting between entities e.g. the investment of a holding company in a subsidiary,
(ii) fungibility restrictions where the own funds for certain entities are restricted to the solvency capital requirement of that entity (calculated according to the Prudential Standards).

6 Refer to table 3.3. for a reconciliation between IFRS NAV and Own Funds.
7 Due to rounding of own funds and SCR, the ratio presented could differ when recalculated.
8 The re-presented FY 2019 solvency position is in line with the final group designation by the Prudential Authority.
9 Prior year has been re-presented to align to the Prudential Authority (PA) submission.

1. Key Metrics

1.10 Debt Summary

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Gearing[1,2]						
IFRS value of debt[3]	**8,554**	7,796	56	1%	8,498	9,516
Closing adjusted IFRS equity	**64,246**	63,917	(3,263)	(5%)	67,509	65,144
Gearing ratio (%)[1,2]	**11.8%**	10.9%	–	60 bps	11.2%	12.7%
Interest cover						
Finance costs	**484**	244	(253)	(34%)	737	309
AHE before tax and non-controlling interests and debt service costs	**4,192**	2,585	(9,410)	(69%)	13,602	7,003
Interest cover	**8.7**	10.6	(9.8)	(53%)	18.5	22.7

1 Debt ratios are calculated based on the IFRS book value of debt that supports the capital structure of the Group.
2 We adopted a new methodology for the calculation of the Group's gearing ratio which includes debt that supports the capital structure and the equity stake in Nedbank to better reflect the long term equity base available to support debt. We have re-presented prior periods to reflect this.
3 Refer to table 3.6 for the reconciliation of IFRS book value of subordinated debt to IFRS borrowed funds as disclosed in the IFRS balance sheet.

2. Segment Key Performance Indicators

2.1 Mass and Foundation Cluster

2.1.1 Key performance indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**1,265**	(70)	(2,262)	(64%)	3,527	1,512
RFO excluding direct COVID-19 impacts	**2,008**	650	(1,519)	(43%)	3,527	1,512
Gross flows	**13,240**	6,651	(96)	(1%)	13,336	6,478
Life APE sales	**2,634**	1,366	(1,557)	(37%)	4,191	1,917
Single premium	**2**	1	(1)	(33%)	3	2
Recurring premium	**2,632**	1,365	(1,556)	(37%)	4,188	1,915
Savings	**1,081**	640	(669)	(38%)	1,750	819
Risk	**1,551**	725	(887)	(36%)	2,438	1,096
NCCF (Rbn)	**6.5**	3.8	(0.5)	(7%)	7.0	3.4
FUM (Rbn)	**15.0**	14.2	1.7	13%	13.3	13.6
VNB	**41**	(48)	(1,061)	(96%)	1,102	579
VNB margin (%)	**0.5%**	(1.3%)	–	(820 bps)	8.7%	9.2%

2.1.2 Old Mutual Finance

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Loans and advances[1,3]	**16,019**	16,834	(2,472)	(13%)	18,491	18,073
Performing	**10,665**	11,395	(2,885)	(21%)	13,550	13,623
Defaulted	**5,354**	5,439	413	8%	4,941	4,450
Balance sheet impairment provision[1,3,4]	**4,193**	4,169	472	13%	3,721	3,392
Performing	**868**	1470	(123)	(12%)	991	895
Defaulted	**3,325**	2,699	595	22%	2,730	2,497
Impairment coverage ratio[1,4]	**26.2%**	24.8%	–	610 bps	20.1%	18.8%
Results from Operations[2]	**392**	(128)	(127)	(24%)	519	353
RFO excluding direct COVID-19 impacts	**620**	26	101	19%	519	353
Net interest income (NII)[4]	**2,535**	1,254	7	0.3%	2,528	1,206
Non-interest revenue (NIR)	**819**	447	(173)	(17%)	992	474
Net lending margin (%)[4]	**8.4%**	3.8%	–	(230 bps)	10.7%	11.5%
Credit loss ratio (%)[4]	**11.2%**	15.4%	–	230 bps	8.9%	7.9%

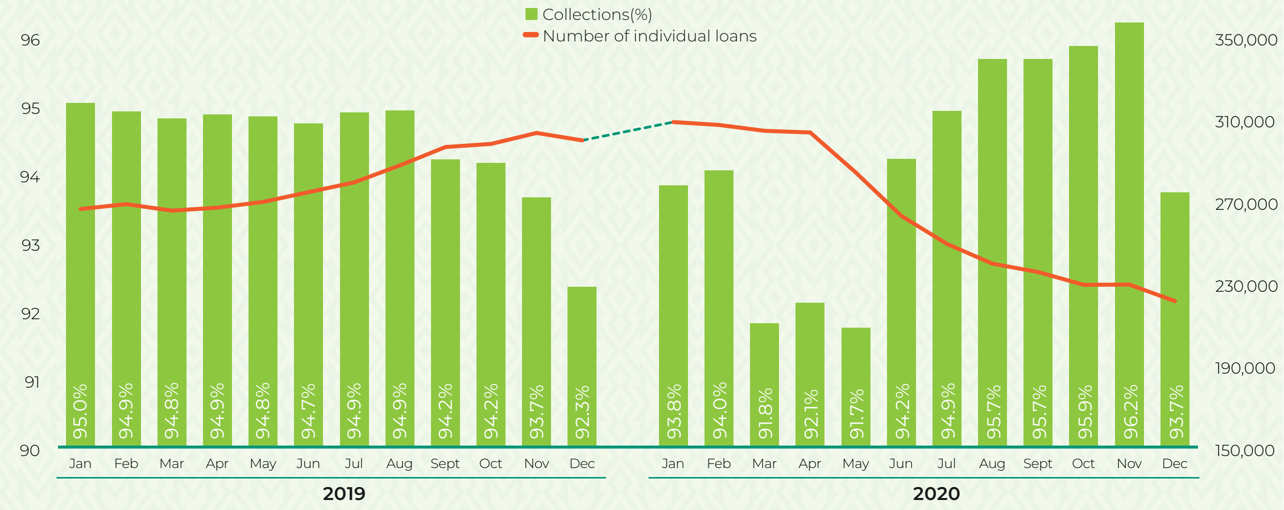
1 Impairment coverage ratio calculates the impairment provision as a percentage of loans and advances.
2 Results from Operations includes credit life profits of R267 million in FY 2020 which is classified as Life and Savings (H1 2020: R165 million, FY 2019: R308 million, H1 2019: R182 million).
3 The ongoing economic conditions have resulted in the reclassification of one of the categories of performing loans to default loans to align to the contractual deliquency terms versus behavioural patterns. We have re-presented prior periods to reflect this.
4 In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.

2. Segment Key Performance Indicators

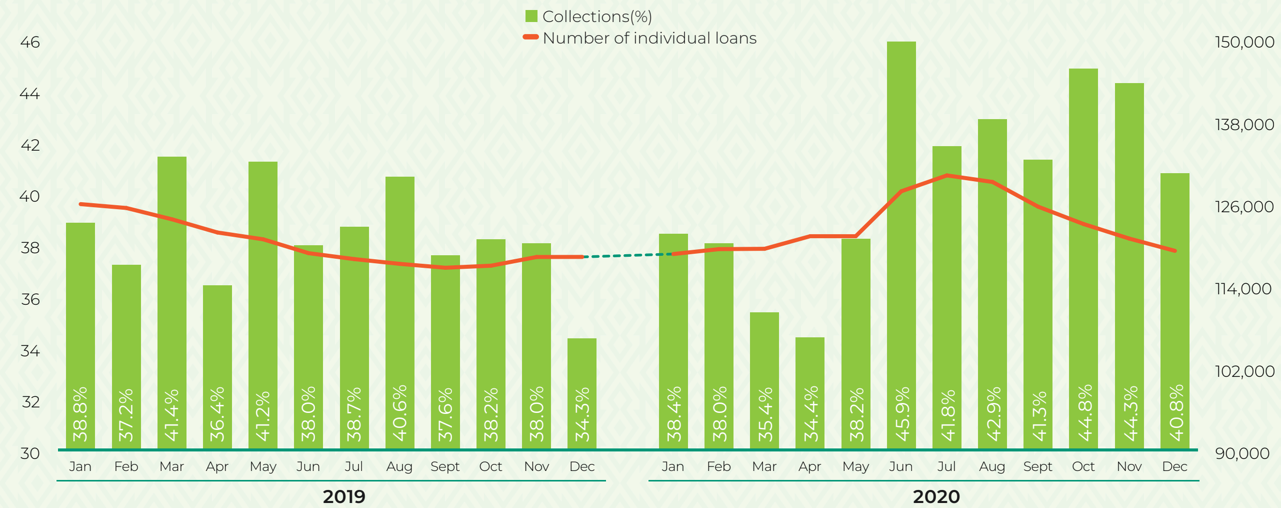
2.1 Mass and Foundation Cluster

24 Month Rolling Collection

Performing Loan Book[1]



Default Loan Book[1]



1 The ongoing economic conditions have resulted in the reclassification of one of the categories of performing loans to default loans to align to the contractual delinquency terms versus behavioural patterns. We have re-presented prior periods to reflect this.

2. Segment Key Performance Indicators

2.2 Personal Finance and Wealth Management

2.2.1 Key performance indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**525**	1,165	(1,644)	(76%)	2,169	1,426
RFO excluding direct COVID-19 impacts	**3,208**	1,718	1,039	48%	2,169	1,426
Gross flows[1]	**70,315**	32,541	(1,747)	(2%)	72,062	34,174
Life APE sales	**3,358**	1,539	(324)	(9%)	3,682	1,771
Single premium	**2,050**	917	60	3%	1,990	955
Savings	**1,523**	710	(134)	(8%)	1,657	810
Annuities	**527**	207	194	58%	333	145
Recurring premium	**1,308**	622	(384)	(23%)	1,692	816
Savings	**765**	373	(243)	(24%)	1,008	490
Risk	**543**	249	(141)	(21%)	684	326
FUM (Rbn)[1]	**538.1**	513.9	19.5	4%	518.6	506.4
NCCF (Rbn)[1]	**(2.9)**	(2.4)	(4.1)	(>100%)	1.2	0.5
VNB	**323**	91	(24)	(7%)	347	151
VNB margin (%)	**1.2%**	0.8%	–	(10 bps)	1.3%	1.2%

1 *Includes a Group elimination for duplicate flows recognised where products of a particular business are sold by advisers or through a platform of another business.*

2.2.2 Personal Finance

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**160**	858	(1,570)	(91%)	1,730	1,227
RFO excluding direct COVID-19 impacts	**2,843**	1,409	1,113	64%	1,730	1,227
Gross flows	**27,212**	13,191	322	1%	26,890	13,111
Life APE sales	**2,275**	1,068	(305)	(12%)	2,580	1,242
Single premium	**1,028**	465	80	8%	948	448
Savings	**501**	258	(114)	(19%)	615	303
Annuities	**527**	207	194	58%	333	145
Recurring premium	**1,247**	603	(385)	(24%)	1,632	794
Savings	**704**	354	(244)	(26%)	948	468
Risk	**543**	249	(141)	(21%)	684	326
NCCF (Rbn)	**(2.9)**	(0.5)	1.0	26%	(3.9)	(1.6)
FUM (Rbn)	**192.8**	184.4	4.2	2%	188.6	188.6
VNB	**278**	64	7	3%	271	103
VNB margin (%)	**1.8%**	0.9%	–	10 bps	1.7%	1.3%

2. Segment Key Performance Indicators

2.2 Personal Finance and Wealth Management

2.2.3 Wealth Management

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**365**	307	(74)	(17%)	439	199
RFO excluding direct COVID-19 impacts	**365**	309	(74)	(17%)	439	199
Gross flows	**44,191**	19,851	(2,603)	(6%)	46,794	21,825
NCCF (Rbn)	**0.5**	(1.6)	(5.4)	(92%)	5.9	2.5
Assets under management and administration (AuMA)(Rbn)	**301.3**	287.8	20.4	7%	280.9	270.5
FUM	**355.2**	336.8	16.9	5%	338.3	326.8
Intergroup assets	**(53.9)**	(49.0)	3.5	6%	(57.4)	(56.3)
Annuity revenue	**2,359**	1,259	(8)	(0.3%)	2,367	1,156
Revenue bps - Annuity[1]	**81 bps**	89 bps	–	(7 bps)	88 bps	88 bps
Life APE sales	**1,083**	471	(19)	(2%)	1,102	529
VNB	**45**	27	(31)	(41%)	76	48
VNB margin (%)	**0.4%**	0.6%	–	(30 bps)	0.7%	0.9%

1 *Calculated as annualised annuity revenue divided by average AuMA.*

2. Segment Key Performance Indicators

2.3 Old Mutual Investments

2.3.1 Key performance indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**180**	(210)	(828)	(82%)	1,008	511
RFO excluding direct COVID-19 impacts	**888**	489	(120)	(12%)	1,008	511
Gross flows	**45,421**	21,186	10,775	31%	34,646	16,949
NCCF (Rbn)	**(0.1)**	(4.1)	2.3	96%	(2.4)	0.1
Assets under management (AUM)[1](Rbn)	**691.2**	639.8	10.7	2%	680.5	679.9
FUM	**219.6**	205.4	16.4	8%	203.2	206.3
Intergroup assets	**471.6**	434.4	(5.7)	(1%)	477.3	473.6
Total revenue	**1,766**	593	(906)	(34%)	2,672	1,299
Annuity	**2,296**	1,113	127	6%	2,169	1,084
Non-annuity[2]	**(530)**	(520)	(1,033)	(>100%)	503	215

1 AUM comprises FUM as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as FUM of these respective segments. Assets under administration that is managed externally is not included in AUM.
2 In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.

2.3.2 Results from Operations

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Asset Management	**451**	243	15	3%	436	226
Alternatives	**182**	101	(87)	(32%)	269	138
Specialised Finance	**(453)**	(554)	(756)	(>100%)	303	147
Results from Operations[1]	**180**	(210)	(828)	(82%)	1,008	511
Operating margin (%)[1,2]	**10%**	(35%)	–	(2 800 bps)	38%	39%

1 In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented all KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.
2 Calculated as Results from Operations divided by total revenue for the period.

2.3.3 NCCF

Rbn (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Asset Management	**0.6**	(3.9)	2.7	>100%	(2.1)	1.0
Alternatives	**(0.7)**	(0.2)	(0.4)	(>100%)	(0.3)	(0.9)
NCCF	**(0.1)**	(4.1)	2.3	96%	(2.4)	0.1

2. Segment Key Performance Indicators

2.3 Old Mutual Investments

2.3.4 AUM

Rbn (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Asset Management	**592.5**	546.9	18.3	3%	574.2	574.2
Alternatives	**54.0**	53.9	3.8	8%	50.2	47.8
Specialised Finance	**44.7**	39.0	(11.4)	(20%)	56.1	57.9
AUM	**691.2**	639.8	10.7	2%	680.5	679.9

2.3.5 AUM by asset class

Rbn (unless otherwise stated)	FY 2020	% of total	FY 2019	% of total
Fixed Interest - Listed	**145.7**	21%	155.1	23%
Fixed Interest - Unlisted	**69.2**	10%	82.8	12%
Equity - Listed	**135.8**	20%	133.5	20%
Equity - Unlisted	**22.1**	3%	19.0	3%
Multi Asset portfolios	**116.2**	17%	115.1	17%
Offshore	**101.2**	15%	97.1	14%
Money market and other cash instruments	**101.0**	14%	77.9	11%
AUM	**691.2**	100%	680.5	100%

2. Segment Key Performance Indicators

2.3 Old Mutual Investments

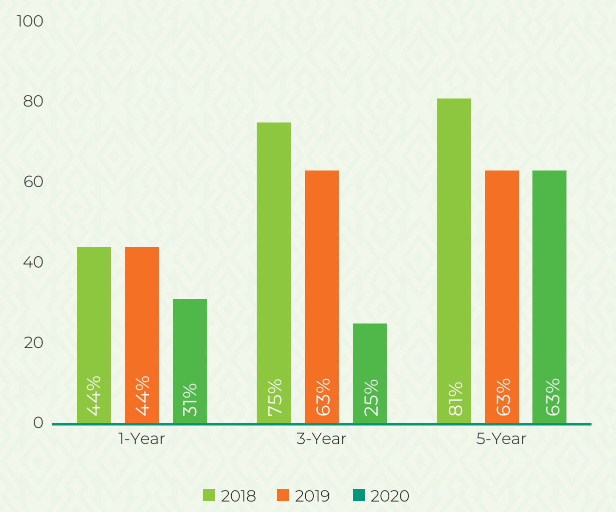
2.3.6 Revenue

			Change (FY 2020 vs FY 2019)			
Rm (unless otherwise stated)	**FY 2020**	H1 2020	Value	%	FY 2019	H1 2019
Revenue – Annuity						
Asset Management	**1,350**	676	10	1%	1,340	663
Alternatives	**446**	218	(6)	(1%)	452	221
Specialised Finance	**500**	219	123	33%	377	200
Total annuity revenue	**2,296**	1,113	127	6%	2,169	1,084
Revenue bps - Annuity[1]	**33 bps**	34 bps	–	–	33 bps	33 bps
Revenue – Non-annuity						
Asset Management	**51**	31	(10)	(16%)	61	32
Alternatives	**174**	116	(101)	(37%)	275	116
Specialised Finance[2]	**(755)**	(667)	(922)	(>100%)	167	67
Total non-annuity revenue	**(530)**	(520)	(1,033)	(>100%)	503	215
Revenue bps - Non-annuity[3]	**(8 bps)**	(15 bps)	–	–	8 bps	6 bps

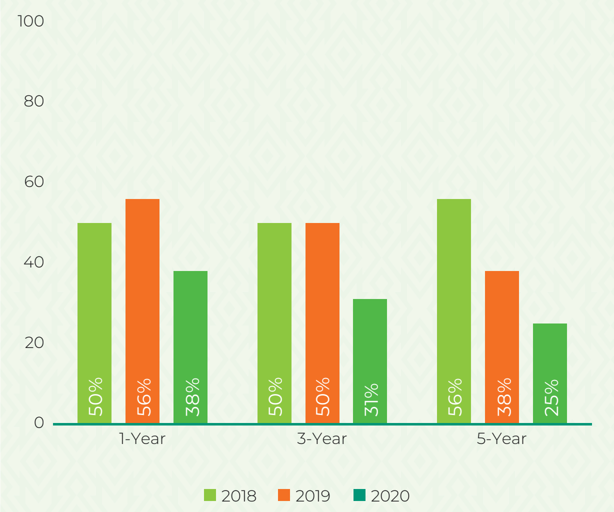
1 *Calculated as total annuity revenue divided by average AUM.*
2 *In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented all KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.*
3 *Calculated as total non-annuity revenue divided by average AUM.*

2.3.7 Investment performance

Funds Above Median – 31 December 2020 (%)



Funds Above Benchmark – 31 December 2020 (%)



2. Segment Key Performance Indicators

2.4 Old Mutual Corporate

2.4.1 Key performance indicators

			Change (FY 2020 vs FY 2019)			
Rm (unless otherwise stated)	**FY 2020**	H1 2020	Value	%	FY 2019	H1 2019
Results from Operations	**87**	649	(1,729)	(95%)	1,816	870
RFO excluding direct COVID-19 impacts	**1,340**	883	(476)	(26%)	1,816	870
Gross flows	**34,397**	17,454	(5,302)	(13%)	39,699	17,910
Life APE sales	**2,624**	1,262	(1,012)	(28%)	3,636	1,793
Single premium	**1,579**	763	(443)	(22%)	2,022	851
Savings	**1,513**	719	(427)	(22%)	1,940	810
Annuities	**66**	44	(16)	(20%)	82	41
Recurring premium	**1,045**	499	(569)	(35%)	1,614	942
Savings	**194**	92	(961)	(83%)	1,155	741
Risk	**851**	407	392	85%	459	201
NCCF (Rbn)	**(8.0)**	(2.4)	(1.6)	(25%)	(6.4)	(2.3)
FUM (Rbn)	**271.5**	261.5	4.2	2%	267.3	267.5
VNB	**207**	102	(144)	(41%)	351	109
VNB margin (%)	**0.9%**	1.0%	–	(10 bps)	1.0%	0.6%

2. Segment Key Performance Indicators

2.5 Old Mutual Insure

2.5.1 Key performance indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Gross written premiums	**14,771**	7,199	72	0.5%	14,699	7,198
Net earned premiums	**9,442**	4,649	(544)	(5%)	9,986	4,914
Net underwriting result	**(357)**	(64)	(392)	(>100%)	35	8
Net underwriting result excluding direct COVID-19 impacts	**83**	415	48	>100%	35	8
Results from Operations	**(131)**	43	(364)	(>100%)	233	141
RFO excluding direct COVID-19 impacts	**309**	522	76	33%	233	141
Net underwriting margin (%)[1,4]	**(3.8%)**	(1.4%)	–	(420 bps)	0.4%	0.2%
Insurance margin (%)[2,4]	**(1.4%)**	0.9%	–	(370 bps)	2.3%	2.9%
Claims ratio (%)[3,4]	**66.7%**	66.2%	–	260 bps	64.1%	66.2%

1 *Calculated as net underwriting result divided by net earned premiums.*
2 *Calculated as results from operations divided by net earned premiums.*
3 *Calculated total claims and reserves divided by net earned premiums.*
4 *In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.*

2.5.2 Results from Operations

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Personal	**293**	272	214	>100%	79	45
Commercial	**(580)**	(122)	(442)	(>100%)	(138)	5
Speciality	**18**	(56)	(39)	(68%)	57	41
CGIC	**(88)**	(171)	(136)	(>100%)	48	(52)
Central expenses	**–**	13	11	100%	(11)	(31)
Net underwriting result[1]	**(357)**	(64)	(392)	(>100%)	35	8
Investment return on insurance funds	**231**	114	(2)	(1%)	233	138
Other income and expenses	**(5)**	(7)	30	86%	(35)	(5)
Results from Operations	**(131)**	43	(364)	(>100%)	233	141

1 *In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.*

2. Segment Key Performance Indicators

2.6 Rest of Africa

2.6.1 Key performance indicators

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**192**	177	(304)	(61%)	496	214
RFO excluding direct COVID-19 impacts	**401**	272	(95)	(19%)	496	214
Southern Africa	**881**	389	15	2%	866	362
East Africa	**(279)**	(22)	(239)	(>100%)	(40)	–
West Africa	**(69)**	(41)	55	44%	(124)	(94)
Central regional expenses	**(133)**	(54)	73	35%	(206)	(54)
Gross flows	**26,239**	13,912	8,646	49%	17,593	7,936
Life APE sales	**956**	506	(21)	(2%)	977	451
Single premium	**156**	72	(26)	(14%)	182	94
Savings	**108**	54	(42)	(28%)	150	81
Risk	**20**	6	8	67%	12	4
Annuities	**28**	12	8	40%	20	9
Recurring premium	**800**	434	5	1%	795	357
Savings	**336**	186	(48)	(13%)	384	178
Risk	**464**	248	53	13%	411	179
NCCF (Rbn)	**10.0**	5.3	6.3	>100%	3.7	1.8
FUM (Rbn)	**88.7**	91.5	9.2	12%	79.5	84.2
VNB	**50**	(20)	(15)	(23%)	65	23
VNB margin (%)	**1.3%**	(0.9%)	–	(30 bps)	1.6%	1.1%
Banking and Lending[1]						
Loans and advances[2]	**4,301**	4,984	(57)	(1%)	4,358	4,060
Net lending margin (%)[2,3,5]	**7.4%**	9.7%	–	(470 bps)	12.1%	12.4%
Credit loss ratio (%)[2,5]	**6.4%**	6.6%	–	260 bps	3.8%	2.9%
Property and Casualty						
Gross written premiums	**3,872**	2,119	637	20%	3,235	1,682
Net earned premiums	**2,897**	1,426	345	14%	2,552	1,228
Underwriting margin (%)[4,5]	**(6.3%)**	(2.8%)	–	(80 bps)	(5.5%)	(3.1%)

1 *Includes Faulu in Kenya and OMF Namibia.*
2 *Loans and advances in prior periods have been re-presented to include accrued interest related to the loan book in East Africa. Comparatives as well as associated margins and ratios have been re-presented to reflect this.*
3 *Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as percentage of average loans and advances over the period.*
4 *Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.*
5 *In H1 2020, these key performance indicators were presented excluding direct COVID-19 impacts. In FY 2020, we presented all KPIs to include direct COVID-19 impacts, H1 2020 has been re-presented to be on the same basis.*

2. Segment Key Performance Indicators

2.6 Rest of Africa

2.6.2 Southern Africa

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**722**	351	(144)	(17%)	866	362
RFO excluding direct COVID-19 impacts	**881**	389	15	2%	866	362
Gross flows	**16,594**	7,925	3,646	28%	12,948	5,747
Life APE sales	**692**	344	(47)	(6%)	739	338
Single premium	**153**	72	(27)	(15%)	180	94
Savings	**108**	54	(42)	(28%)	150	81
Risk	**17**	6	7	70%	10	4
Annuities	**28**	12	8	40%	20	9
Recurring premium	**539**	272	(21)	(4%)	560	244
Savings	**254**	143	(27)	(10%)	281	125
Risk	**285**	129	6	2%	279	119
NCCF (Rbn)	**5.4**	1.6	3.1	>100%	2.3	1.1
FUM (Rbn)	**56.0**	52.6	6.5	13%	49.5	52.2
VNB	**125**	22	6	5%	119	60
VNB margin (%)	**4.3%**	1.3%	–	110 bps	3.2%	3.1%
Banking and Lending						
Loans and advances	**1,387**	1,335	102	8%	1,285	1,123
Net lending margin (%)[1]	**14.4%**	13.9%	–	20 bps	14.2%	15.7%
Credit loss ratio (%)	**7.1%**	8.4%	–	130 bps	5.8%	5.2%
Property and Casualty						
Gross written premiums	**979**	494	52	6%	927	460
Net earned premiums	**635**	317	27	4%	608	300
Underwriting margin (%)[2,3]	**(1.4%)**	11.4%	–	(910 bps)	7.7%	3.1%

1 Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as percentage of average loans and advances over the period.
2 Underwriting margin is calculated as underwriting results as a percentage of net earned premiums.
3 During the year we calculated investment returns on insurance float earned by general insurance businesses in Rest of Africa in accordance with the Group's policy. These returns that were previously classified as shareholder investment return, have been included in RFO for H1 2020 and FY2020. H1 2020 underwriting margin has been re-presented.

2. Segment Key Performance Indicators

2.6 Rest of Africa

2.6.3 East Africa

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**(321)**	(75)	(281)	(>100%)	(40)	–
RFO excluding direct COVID-19 impacts	**(279)**	(22)	(239)	(>100%)	(40)	–
Gross flows	**9,087**	5,681	4,832	>100%	4,255	1,987
Life APE sales	**109**	58	(18)	(14%)	127	59
Recurring premium	**109**	58	(18)	(14%)	127	59
Savings	**11**	6	(7)	(39%)	18	9
Risk	**98**	52	(11)	(10%)	109	50
NCCF (Rbn)	**4.3**	3.5	3.1	>100%	1.2	0.6
FUM (Rbn)	**31.4**	37.5	2.4	8%	29.0	30.8
VNB	**(53)**	(24)	(28)	(>100%)	(25)	(7)
VNB margin (%)	**(13.2%)**	(19.1%)	–	(150 bps)	(11.7%)	(6.6%)
Banking and Lending						
Loans and advances[1]	**2,914**	3,648	(159)	(5%)	3,073	2,936
Net lending margin (%)[1,2]	**4.7%**	8.2%	–	(710 bps)	11.8%	11.2%
Credit loss ratio (%)[1]	**6.1%**	6.0%	–	350 bps	2.6%	2.1%
Property and Casualty						
Gross written premiums	**2,769**	1,560	545	25%	2,224	1,178
Net earned premiums	**2,210**	1,089	295	15%	1,915	913
Underwriting margin (%)[3,4]	**(5.6%)**	(4.9%)	–	40 bps	(6.0%)	(1.1%)

1 Loans and advances in prior periods have been re-presented to include accrued interest related to the loan book in East Africa. Comparatives as well as associated margins and ratios have been re-presented to reflect this.
2 Net lending margin is calculated as net interest income plus non-interest revenue minus credit losses, as percentage of average loans and advances over the period.
3 Underwriting margin is calculated as underwriting results as a percentage of net premiums earned.
4 During the year we calculated investment returns on insurance float earned by general insurance businesses in Rest of Africa in accordance with the Group's policy. These returns that were previously classified as shareholder investment return, have been included in RFO for H1 2020 and FY2020. H1 2020 underwriting margin has been re-presented.

2. Segment Key Performance Indicators

2.6 Rest of Africa

2.6.4 West Africa

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
Results from Operations	**(77)**	(45)	47	38%	(124)	(94)
RFO excluding direct COVID-19 impacts	**(69)**	(41)	55	44%	(124)	(94)
Gross flows	**557**	306	167	43%	390	202
Life APE sales	**155**	104	44	40%	111	54
NCCF (Rbn)	**0.3**	0.2	0.1	50%	0.2	0.1
FUM (Rbn)	**1.3**	1.4	0.3	30%	1.0	1.2
VNB	**(22)**	(18)	7	24%	(29)	(30)
VNB margin (%)	**(3.9%)**	(4.1%)	–	810 bps	(12.0%)	(21.9%)
Property and Casualty						
Gross written premiums	**123**	65	39	46%	84	44
Net earned premiums	**53**	19	24	83%	29	15
Underwriting margin (%)[1]	**(60.3%)**	(138.0%)	–	470 bps	(65.0%)	(114.3%)

1 *Underwriting margin is calculated as underwriting results as a percentage of net premiums earned.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

Rm	FY 2020 South Africa	FY 2020 Rest of Africa	FY 2020 Group	Change (FY 2020 vs FY 2019) Value	Change %	FY 2019 South Africa	FY 2019 Rest of Africa	FY 2019 Group
New business strain	**(1,516)**	**(195)**	**(1,711)**	(578)	(51%)	(951)	(182)	(1,133)
Expected profits	**6,557**	**190**	**6,747**	93	1%	6,414	240	6,654
Non-economic experience items	**393**	**198**	**591**	806	>100%	(412)	197	(215)
Experience variances	**(478)**	**323**	**(155)**	(21)	(16%)	(368)	234	(134)
Assumption changes	**871**	**(125)**	**746**	827	>100%	(44)	(37)	(81)
Economic experience items	**644**	**(95)**	**549**	(1,273)	(70%)	1,812	10	1,822
Investment variances	**760**	**(51)**	**709**	(100)	(12%)	824	(15)	809
Assumption changes	**(116)**	**(44)**	**(160)**	(1,173)	(>100%)	988	25	1,013
Life and Savings RFO[1]	**6,078**	**98**	**6,176**	(952)	(13%)	6,863	265	7,128
Asset Management RFO	**921**	**263**	**1,184**	(38)	(3%)	985	237	1,222
Banking and Lending RFO[1]	**445**	**7**	**452**	(355)	(44%)	672	135	807
Net earned premiums	**5,657**	**2,897**	**8,554**	(3,984)	(32%)	9,986	2,552	12,538
Net claims incurred	**(3,382)**	**(1,641)**	**(5,023)**	2,879	36%	(6,399)	(1,503)	(7,902)
Net commission expenses	**(1,028)**	**(266)**	**(1,294)**	523	29%	(1,594)	(223)	(1,817)
Net operating expenses	**(1,164)**	**(1,080)**	**(2,244)**	681	23%	(1,958)	(967)	(2,925)
Investment return on insurance funds[2]	**231**	**123**	**354**	121	52%	233	–	233
Other income/(expenses)	**(5)**	**–**	**(5)**	30	86%	(35)	–	(35)
Property and Casualty RFO	**309**	**33**	**342**	250	>100%	233	(141)	92
Other RFO	**(412)**	**–**	**(412)**	(135)	(49%)	(277)	–	(277)
Net expenses from central functions	**(412)**	**–**	**(412)**	(135)	(49%)	(277)	–	(277)
RFO excluding direct COVID-19 impacts	**7,341**	**401**	**7,742**	(1,230)	(14%)	8,476	496	8,972
Separately identifiable direct COVID-19 impacts	**(5,870)**	**(209)**	**(6,079)**	(6,079)	(100%)	–	–	–
Results from Operations	**1,471**	**192**	**1,663**	(7,309)	(81%)	8,476	496	8,972
Shareholder investment returns	**1,301**	**311**	**1,612**	(490)	(23%)	2,060	42	2,102
Finance costs	**(366)**	**(118)**	**(484)**	253	34%	(639)	(98)	(737)
Income from associates[3]	**917**	**–**	**917**	(1,611)	(64%)	2,528	–	2,528
Adjusted Headline Earnings before tax and non-controlling interests	**3,323**	**385**	**3,708**	(9,157)	(71%)	12,425	440	12,865
Shareholder tax	**(877)**	**(311)**	**(1,188)**	1,686	59%	(2 949)	75	(2,874)
Non-controlling interests	**(57)**	**21**	**(36)**	99	(73%)	(132)	(3)	(135)
Adjusted Headline Earnings	**2,389**	**95**	**2,484**	(7,372)	(75%)	9,344	512	9,856

1 *We have re-presented FY 2019 for the reallocation of pre-tax earnings of R84 million from Life and Savings to Banking and Lending.*
2 *During the year we calculated investment returns on insurance float earned by general insurance businesses in Rest of Africa in accordance with the Group's policy. These returns that were previously classified as shareholder investment return, have been included in RFO for H1 2020 and FY2020. H1 2020 underwriting margin has been re-presented.*
3 *Income from associates includes our remaining stake in Nedbank and our investment in China.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

Rm	H1 2020 South Africa	H1 2020 Rest of Africa	H1 2020 Group	Change (H1 2020 vs H1 2019) Value	Change (H1 2020 vs H1 2019) %	H1 2019 South Africa	H1 2019 Rest of Africa	H1 2019 Group
New business strain	(911)	(127)	(1,038)	(508)	(96%)	(430)	(100)	(530)
Expected profits	3,465	116	3,581	29	1%	3,418	134	3,552
Non-economic experience items	379	241	620	483	>100%	98	39	137
Experience variances	235	242	477	380	>100%	62	35	97
Assumption changes	144	(1)	143	103	>100%	36	4	40
Economic experience items	529	(50)	479	91	23%	416	(28)	388
Investment variances	531	(40)	491	107	28%	416	(32)	384
Assumption changes	(2)	(10)	(12)	(16)	(>100%)	–	4	4
Life and Savings RFO	3,462	180	3,642	95	3%	3,502	45	3,547
Asset Management RFO	442	59	501	(92)	(15%)	476	117	593
Banking and Lending RFO	(137)	38	(99)	(531)	(>100%)	341	91	432
Net earned premiums	4,649	1,426	6,075	(67)	(1%)	4,914	1,228	6,142
Net claims incurred	(2,615)	(811)	(3,426)	565	14%	(3,254)	(737)	(3,991)
Net commission expenses	(714)	(133)	(847)	84	9%	(791)	(140)	(931)
Net operating expenses	(905)	(522)	(1,427)	(176)	(14%)	(861)	(390)	(1,251)
Investment return on insurance funds[1]	114	35	149	11	8%	138	–	138
Other income/(expenses)	(7)	–	(7)	(2)	(40%)	(5)	–	(5)
Property and Casualty RFO	522	(5)	517	415	>100%	141	(39)	102
Other RFO	(227)	–	(227)	(65)	(40%)	(162)	–	(162)
Net expenses from central functions	(227)	–	(227)	(65)	(40%)	(162)	–	(162)
RFO excluding direct COVID-19 impacts	4,062	272	4,334	(178)	(4%)	4,298	214	4,512
Separately identifiable direct COVID-19 impacts	(2,698)	(95)	(2,793)	(2,793)	(100%)	–	–	–
Results from Operations	1,364	177	1,541	(2,971)	(66%)	4,298	214	4,512
Shareholder investment returns	556	124	680	(380)	(36%)	955	105	1,060
Finance costs	(176)	(68)	(244)	65	21%	(309)	–	(309)
Income from associates[2]	364	–	364	(1,067)	(75%)	1,431	–	1,431
Adjusted Headline Earnings before tax and non-controlling interests	2,108	233	2,341	(4,353)	(65%)	6,375	319	6,694
Shareholder tax	(512)	(166)	(678)	747	52%	(1,446)	21	(1,425)
Non-controlling interests	56	(15)	41	99	>100%	(63)	5	(58)
Adjusted Headline Earnings	1,652	52	1,704	(3,507)	(67%)	4,866	345	5,211

1 *During the year we calculated investment returns on insurance float earned by general insurance businesses in Rest of Africa in accordance with the Group's policy. These returns that were previously classified as shareholder investment return, have been included in RFO for H1 2020 and FY2020. H1 2020 underwriting margin has been re-presented.*

2 *Income from associates includes our remaining stake in Nedbank and our investment in China.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

FY 2020

Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	1,299	–	(34)	–	–	1,265
Personal Finance and Wealth Management	241	284	–	–	–	525
Old Mutual Investments	–	633	(453)	–	–	180
Old Mutual Corporate	87	–	–	–	–	87
Old Mutual Insure	–	–	–	(131)	–	(131)
Rest of Africa	4	260	(13)	(59)	–	192
Net expenses from central functions	–	–	–	–	(455)	(455)
Results from Operations	1,631	1,177	(500)	(190)	(455)	1,663
Shareholder investment returns[1]	1,341	81	–	190	–	1,612
Finance costs	(350)	(44)	–	(90)	–	(484)
Income from associates	(156)	–	–	–	1,073	917
AHE before tax and NCI	2,466	1,214	(500)	(90)	618	3,708
Shareholder tax	(847)	(386)	(10)	(72)	127	(1,188)
Non-controlling interests	(10)	(36)	30	(20)	–	(36)
Adjusted Headline Earnings	1,609	792	(480)	(182)	745	2,484

Sources of Earnings excluding direct COVID-19 impacts

FY 2020

Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	1,814	–	194	–	–	2,008
Personal Finance and Wealth Management	2,924	284	–	–	–	3,208
Old Mutual Investments	–	637	251	–	–	888
Old Mutual Corporate	1,340	–	–	–	–	1,340
Old Mutual Insure	–	–	–	309	–	309
Rest of Africa	98	263	7	33	–	401
Net expenses from central functions	–	–	–	–	(412)	(412)
RFO excluding direct COVID-19 impacts	6,176	1,184	452	342	(412)	7,742
Separately identifiable direct COVID-19 impacts	(4,545)	(7)	(952)	(532)	(43)	(6,079)
Results from Operations	1,631	1,177	(500)	(190)	(455)	1,663
Shareholder investment returns[1]	1,341	81	–	190	–	1,612
Finance costs	(350)	(44)	–	(90)	–	(484)
Income from associates	(156)	–	–	–	1,073	917
AHE before tax and NCI	2,466	1,214	(500)	(90)	618	3,708
Shareholder tax	(847)	(386)	(10)	(72)	127	(1,188)
Non-controlling interests	(10)	(36)	30	(20)	–	(36)
Adjusted Headline Earnings	1,609	792	(480)	(182)	745	2,484

1 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

Rm	FY 2019 Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	3,157	–	370	–	–	3,527
Personal Finance and Wealth Management	1,889	280	–	–	–	2,169
Old Mutual Investments	–	705	303	–	–	1,008
Old Mutual Corporate	1,817	(1)	–	–	–	1,816
Old Mutual Insure	–	–	–	233	–	233
Rest of Africa	265	237	135	(141)	–	496
Net expenses from central functions	–	–	–	–	(277)	(277)
Results from Operations[1]	7,128	1,221	808	92	(277)	8,972
Shareholder investment returns[2]	2,282	(491)	–	311	–	2,102
Finance costs	(594)	(10)	–	(133)	–	(737)
Income from associates	10	–	–	–	2,518	2,528
AHE before tax and NCI	8,826	720	808	270	2,241	12,865
Shareholder tax	(2 554)	(165)	(90)	(142)	77	(2,874)
Non-controlling interests	(47)	48	(113)	(23)	–	(135)
Adjusted Headline Earnings	6,225	603	605	105	2,318	9,856

1 *We have reallocated earnings from Life and Savings to Bank and Lending.*
2 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

Rm	H1 2020 Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	365	–	(435)	–	–	(70)
Personal Finance and Wealth Management	1,070	95	–	–	–	1,165
Old Mutual Investments	–	344	(554)	–	–	(210)
Old Mutual Corporate	649	–	–	–	–	649
Old Mutual Insure	–	–	–	43	–	43
Rest of Africa	117	53	12	(5)	–	177
Net expenses from central functions	27	–	–	–	(240)	(213)
Results from Operations	2,228	492	(977)	38	(240)	1,541
Shareholder investment returns[1]	474	58	–	148	–	680
Finance costs	(156)	(57)	–	(31)	–	(244)
Income from associates	(57)	–	–	–	421	364
AHE before tax and NCI	2,489	493	(977)	155	181	2,341
Shareholder tax	(676)	(136)	209	(142)	67	(678)
Non-controlling interests	(31)	(12)	75	9	–	41
Adjusted Headline Earnings	1,782	345	(693)	22	248	1,704

Sources of Earnings excluding direct COVID-19 impacts

Rm	H1 2020 Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	931	–	(281)	–	–	650
Personal Finance and Wealth Management	1,621	97	–	–	–	1,718
Old Mutual Investments	–	345	144	–	–	489
Old Mutual Corporate	883	–	–	–	–	883
Old Mutual Insure	–	–	–	522	–	522
Rest of Africa	180	59	38	(5)	–	272
Net expenses from central functions	27	–	–	–	(227)	(200)
RFO excluding direct COVID-19 impacts	3,642	501	(99)	517	(227)	4,334
Separately identifiable direct COVID-19 impacts	(1,414)	(9)	(878)	(479)	(13)	(2,793)
Results from Operations	2,228	492	(977)	38	(240)	1,541
Shareholder investment returns[1]	474	58	–	148	–	680
Finance costs	(156)	(57)	–	(31)	–	(244)
Income from associates	(57)	–	–	–	421	364
AHE before tax and NCI	2,489	493	(977)	155	181	2,341
Shareholder tax	(676)	(136)	209	(142)	67	(678)
Non-controlling interests	(31)	(12)	75	9	–	41
Adjusted Headline Earnings	1,782	345	(693)	22	248	1,704

1 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

3. Other Disclosures and Reconciliations

3.1 Sources of Earnings

	H1 2019					
Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
Mass and Foundation Cluster	1,318	–	194	–	–	1,512
Personal Finance and Wealth Management	1,314	112	–	–	–	1,426
Old Mutual Investments	–	364	147	–	–	511
Old Mutual Corporate	870	–	–	–	–	870
Old Mutual Insure	–	–	–	141	–	141
Rest of Africa	45	117	91	(39)	–	214
Net expenses from central functions	–	–	–	–	(162)	(162)
Results from Operations[1]	3,547	593	432	102	(162)	4,512
Shareholder investment returns[2]	1,076	(183)	–	167	–	1,060
Finance costs	(286)	–	–	(23)	–	(309)
Income from associates	43	–	–	–	1,388	1,431
AHE before tax and NCI	4,380	410	432	246	1,226	6,694
Shareholder tax	(1,217)	(138)	(89)	(26)	45	(1,425)
Non-controlling interests	(11)	2	(65)	16	–	(58)
Adjusted Headline Earnings	3,152	274	278	236	1,271	5,211

1 *We have reallocated earnings from Life and Savings to Bank and Lending.*
2 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

3. Other Disclosures and Reconciliations

3.2 Solo Solvency Position

		Change (FY 2020 vs FY 2019)		
Rm (unless otherwise stated)	**FY 2020**	Value	%	FY 2019[1]
OMLACSA				
Eligible own funds	**60,659**	(18,897)	(24%)	79,556
Solvency capital requirement (SCR)	**29,447**	(7,071)	(19%)	36,518
Solvency ratio (%)[2]	**206%**	–	(1 200 bps)	218%
Old Mutual Insure				
Eligible own funds	**3,766**	(53)	(1%)	3,819
Solvency capital requirement (SCR)	**3,031**	246	9%	2,785
Solvency ratio (%)[2]	**124%**	–	(1 300 bps)	137%

1 *FY 2019 amounts have been re-presented to align to the final submission to the Prudential Authority.*
2 *Due to rounding of own funds and SCR, the ratio could differ when recalculated.*

3.3 IFRS NAV to Group Eligible Own Funds

		Change (FY 2020 vs Re-presented FY 2019)			
Rm (unless otherwise stated)	**FY 2020**	Value	%	Re-presented FY 2019[1]	Reported FY 2019[2]
IFRS Equity	**66,995**	(7,768)	(10%)	74,763	74,763
Scoping adjustment[3]	**(7,190)**	(1,705)	(31%)	(5,485)	(3,845)
Difference between Nedbank fair value and Associate carrying value[4]	**(3,027)**	57	2%	(3,084)	-
Treasury shares[5]	**1,943**	(2,266)	(54%)	4,209	4,209
Nedbank adjustments for Basel III[6]	**–**	–	–	-	(4,906)
Goodwill and other intangibles[7]	**(5,925)**	316	5%	(6,241)	(6,241)
Technical provisions (net of deferred tax)[8]	**39,448**	3,727	10%	35,721	36,090
Subordinated debt[9]	**7,585**	(37)	(0.5%)	7,622	7,622
Fungibility and eligibility adjustment[10]	**(6,103)**	(885)	(17%)	(5,218)	(5,672)
Foreseeable dividend	**(1,648)**	1,884	53%	(3,532)	(3,532)
Group eligible own funds	**92,078**	(6,677)	(7%)	98,755	98,488

1 *Prior year has been re-presented to align to the final submission to the Prudential Authority.*
2 *The re-presented FY 2019 solvency position is in line with the final group designation by the Prudential Authority.*
3 *Adjustment for entities included in IFRS reporting but not in scope for Group Solvency reporting. Included in this line item is the valuation adjustment required for OMLACSA policyholder participations as precribed by the Prudential Standards.*
4 *Represents the difference between the Nedbank fair value included in OMLACSA and Old Mutual Emerging Markets (Pty) Ltd eligible own funds and the associate carrying value in IFRS.*
5 *These are Old Mutual Limited shares that are eliminated per IFRS requirements but not under Prudential Standards.*
6 *In Reported FY 2019, this represented the adjustment required to reflect Nedbank on a Basel III basis. This adjustment is no longer required per the final group designation.*
7 *Goodwill and other intangibles are assets that are recognised per IFRS requirements, however, they are deemed inadmissible for solvency reporting purposes.*
8 *Prudential standards use a best estimate liability basis to measure insurance liabilities. This effectively recognises an earnings component within the liabilities and results in an increase in capital requirement.*
9 *OMLACSA and Old Mutual Insure subordinated debt comprises tier 2 debt instruments counting towards the Prudential Standards position.*
10 *Fungibility adjustments includes excess own funds from Zimbabwe, Nigeria, South Sudan and China that are not available to absorb group losses. Further adjustments are made for eligibility requirements and the removal of inadmissible items.*

3. Other Disclosures and Reconciliations

3.4 Adjusted Headline Earnings to IFRS Profit After Tax

Rm (unless otherwise stated)	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	Change (FY 2020 vs FY 2019) %	FY 2019	H1 2019
Adjusted Headline Earnings after tax and non-controlling interests	**2,484**	1,704	(7,372)	(75%)	9,856	5,211
Investment return for Group equity and debt instruments held in policyholder funds	**785**	1,335	311	66%	474	(214)
Impact of restructuring	**497**	512	1,077	>100%	(580)	(114)
Discontinued operations	**–**	–	(74)	(100%)	74	74
Operations in hyperinflationary economies	**1,093**	411	652	>100%	441	594
Non-core operations	**229**	253	(147)	(39%)	376	303
Headline Earnings	**5,088**	4,215	(5,553)	(52%)	10,641	5,854
Impairment of goodwill and other intangible assets and property, plant and equipment and other Headline Earnings adjustments	**(1,408)**	(1,139)	(1,013)	(>100%)	(395)	(62)
Impairment of associated undertakings	**(8,777)**	(8,697)	(7,908)	(>100%)	(869)	–
Profits on disposal of subsidiaries and associated undertakings	**–**	–	(9)	(100%)	9	25
(Loss)/Profit after tax for the financial period attributable to ordinary equity holders of the parent	**(5,097)**	(5,621)	(14,483)	(>100%)	9,386	5,817

3. Other Disclosures and Reconciliations

3.5 Reconciliation of Segment Performance Indicators

	Gross flows (Rm)				Life APE Sales (Rm)			
	FY 2020	H1 2020	FY 2019	H1 2019	FY 2020	H1 2020	FY 2019	H1 2019
Mass and Foundation Cluster	**13,240**	6,651	13,336	6,478	**2,634**	1,366	4,191	1,917
Personal Finance and Wealth Management[1]	**70,315**	32,541	72,062	34,174	**3,358**	1,539	3,682	1,771
Old Mutual Investments[1]	**45,421**	21,186	34,646	16,949	**–**	–	–	–
Old Mutual Corporate	**34,397**	17,454	39,699	17,910	**2,624**	1,262	3,636	1,793
Rest of Africa	**26,239**	13,912	17,593	7,936	**956**	506	977	451
Other Group Activities[2]	**1,096**	453	768	425	**395**	138	282	160
Intra-group eliminations	**(3,570)**	(1,362)	(7,415)	(4,071)	**(181)**	(95)	(500)	(278)
Group	**187,137**	90,835	170,689	79,801	**9,786**	4,716	12,268	5,814

	NCCF (Rbn)				FUM (Rbn)			
	FY 2020	H1 2020	FY 2019	H1 2019	FY 2020	H1 2020	FY 2019	H1 2019
Mass and Foundation Cluster	**6.5**	3.8	7.0	3.4	**15.0**	14.2	13.3	13.6
Personal Finance and Wealth Management[1]	**(2.9)**	(2.4)	1.2	0.5	**538.1**	513.9	518.6	506.4
Old Mutual Investments[1]	**(0.1)**	(4.1)	(2.4)	0.1	**219.6**	205.4	203.2	206.3
Old Mutual Corporate	**(8.0)**	(2.4)	(6.4)	(2.3)	**271.5**	261.5	267.3	267.5
Rest of Africa	**10.0**	5.3	3.7	1.8	**88.7**	91.5	79.5	84.2
Other Group Activities[2]	**(0.4)**	(0.4)	(1.0)	(0.9)	**6.5**	7.0	6.0	43.2
Intra-group eliminations	**4.5**	1.7	0.1	(1.2)	**(34.8)**	(36.3)	(39.4)	(40.3)
Group	**9.6**	1.5	2.2	1.4	**1,104.6**	1,057.2	1,048.5	1,080.9

	VNB (Rm)			
	FY 2020	H1 2020	FY 2019	H1 2019
Mass and Foundation Cluster	**41**	(48)	1,102	579
Personal Finance and Wealth Management[1]	**323**	91	347	151
Old Mutual Investments[1]	**–**	–	–	–
Old Mutual Corporate	**207**	102	351	109
Rest of Africa	**50**	(20)	65	23
Other Group Activities[2]	**–**	–	–	–
Intra-group eliminations	**–**	–	–	–
Group	**621**	125	1,865	862

1 *Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. We have aligned segment reporting to reflect this and the new segment has been renamed to Personal Finance and Wealth Management. The previous Wealth and Investments segment has been renamed to Old Mutual Investments.*
2 *Other Group Activities includes investment in China.*

3. Other Disclosures and Reconciliations

3.6 IFRS Book Value to IFRS Borrowed Funds

Rm	FY 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019
Subordinated debt - South Africa[1]	**7,585**	(37)	(0.5%)	7,622
Term loans - Rest of Africa	**969**	93	11%	876
Borrowed funds that support the Group's capital structure	**8,554**	56	1%	8,498
Other term loans and drawn credit facilities[2]	**8,781**	(1,710)	(16%)	10,491
Total borrowed funds	**17,335**	(1,654)	(9%)	18,989

1 *During 2020, OMLACSA redeemed R1,825 million of floating rate subordinated debt instruments and R425 million fixed rate subordinated debt instruments. On 12 November 2020, OMLACSA issued R2 billion of floating rate subordinated debt instruments which have a maturity date of November 2025.*
2 *These are borrowings used for operational activities.*

3.7 Closing Adjusted IFRS Equity

Rbn	FY 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019
Equity attributable to the holders of the parent	**67.0**	(7.8)	(10%)	74.8
Equity in respect of associated undertakings[1]	**(15.8)**	8.5	35%	(24.3)
Equity in respect of operations in hyperinflationary economies	**(0.7)**	(0.3)	(75%)	(0.4)
Equity in respect of non-core operations[2]	**(2.1)**	(0.3)	(17%)	(1.8)
Equity attributable to operating segments	**48.4**	0.1	0.2%	48.3
Equity attributable to our stake in Nedbank	**15.8**	(3.4)	(18%)	19.2
Closing Adjusted IFRS equity	**64.2**	(3.3)	(5%)	67.5

1 *This represents our remaining stake in Nedbank at fair value.*
2 *Consolidation adjustments reflecting own shares held by consolidated funds have been included in equity in respect of non-core operations.*

3.8 Residual plc IFRS NAV to Economic Value

£m	FY 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019
UK gilts and cash	**84**	(31)	(27%)	115
Other assets and liabilities	**46**	2	5%	44
Investment in Old Mutual Bermuda	**2**	–	–	2
Residual plc IFRS NAV	**132**	(29)	(18%)	161
Adjust liability for future expenses	**(5)**	(1)	(25%)	(4)
Other	**(43)**	(5)	(13%)	(38)
Residual plc Economic NAV	**84**	(35)	(29%)	119

3. Other Disclosures and Reconciliations

3.9 Group Equity Value

	FY 2020			FY 2019		
Rbn (unless otherwise stated)	IFRS NAV	GEV[1]	AHE[2]	IFRS NAV	GEV	AHE
Covered[3]	**36.7**	**65.9**	**1.8**	38.2	72.3	6.2
Non covered	**10.0**	**16.6**	**0.1**	9.4	17.9	1.3
Asset Management[4]	**2.3**	**4.9**	**0.8**	2.5	6.2	0.6
Banking and Lending[5]	**2.6**	**5.7**	**(0.5)**	2.5	6.4	0.6
Property and Casualty[6]	**5.1**	**6.0**	**(0.2)**	4.4	5.3	0.1
Other including Old Mutual-CHN Energy Life Insurance Company Ltd[7]	**1.7**	**(1.5)**	**(0.5)**	0.7	(0.5)	(0.2)
Equity related to operating businesses	**48.4**	**81.0**	**1.4**	48.3	89.7	7.3
Investment in Nedbank[8]	**15.8**	**15.8**	**1.1**	24.3	24.3	2.5
Residual plc[9]	**2.7**	**1.7**		3.0	2.2	
Zimbabwe[10]	**0.7**	**–**		0.4	0.3	
Consolidation of funds	**(0.6)**	**–**		(1.2)	–	
Total Group Equity	**67.0**	**98.5**	**2.5**	74.8	116.5	9.8
Closing number of shares (million)	**4,709**	**4,709**		4,709	4,709	
GEV per share (ZAR)[11]	**14.2**	**20.9**		15.9	24.7	
Geographical split						
South Africa	**39.5**	**71.1**	**1.3**	39.9	80.3	6.8
Rest of Africa	**8.9**	**9.9**	**0.1**	8.4	9.4	0.5
Equity related to operating segments	**48.4**	**81.0**	**1.4**	48.3	89.7	7.3

1 *Group Equity Value (GEV) represents management's view of the equity value of the Group. Material covered businesses were valued at Embedded Value (refer to section 4 of the Additional Disclosures for more details) and material non covered businesses were valued at fair value. Fair value was calculated using a combination of valuation approaches including: Discounted Cash Flow (DCF), P/E multiples, P/B multiples and NAV. Actual results were applied to valuation date multiples and forecast results were applied to forward multiples and DCFs. P/B was calculated using the latest available book values. Listed peer multiples were used and adjusted for differences in size, marketability and control where relevant. The CAPM model was used to calculate discount rates for DCFs. The different valuation methods were weighted based on their relevance to the underlying businesses and the reliability of information available. Remaining businesses were included at IFRS NAV.*
2 *The table above excludes the earnings related to Residual plc as this business is excluded from the perimeter of AHE. Refer to table 3.8 of the Additional Disclosures for more details.*
3 *Covered business comprises business classified as Life and Savings and was valued using the Embedded Value methodology set out in section 4 of the Additional Disclosures.*
4 *Material entities include Old Mutual Investment Group and Old Mutual Wealth which were valued using a combination of a DCF and peer P/E multiples. Remaining entities were included at IFRS NAV. Range of multiples: P/E 10.6 – 14.0.*
5 *Material entities include Specialised Finance and Old Mutual Finance which were valued using a combination of a DCF, peer P/E multiples and peer P/B multiples. Remaining entities were included at IFRS NAV. Range of multiples: P/E 6.0 – 13.0; P/B 0.7 – 1.7.*
6 *Material entities include Old Mutual Insure and UAP which were valued using a combination of a DCF, peer P/E multiples and peer P/B multiples. Remaining entities were included at IFRS NAV. Range of multiples: P/E 7.5 – 15.6; P/B 1.0 – 1.9.*
7 *Other includes the IFRS NAV of holding companies (including cash), present value of central costs and our joint venture in China at fair value.*
8 *Nedbank's value is based on the higher of its carrying value and market value. Based on the closing share price on 31 December 2020, Nedbank's market value was R12.8bn. Refer to note A 2.1 (c) of the Consolidated Annual Financial Statements for more details.*
9 *The Residual plc contribution to GEV is based on the realisable economic value of approximately £84 million at 31 December 2020, translated at the closing exchange rate on 31 December 2020. Refer to table 3.8 of the Additional Disclosures for a reconciliation from IFRS NAV to economic value.*
10 *For the purposes of GEV, Zimbabwe has been included at a nil equity value.*
11 *Calculated as GEV divided by the closing number of shares at 31 December 2020 of 4,709 million.*

3. Other Disclosures and Reconciliations

3.10 Economic Statistics

	FY 2020	H1 2020	Change (FY 2020 vs FY 2019) Value	%	FY 2019	H1 2019
GBP:ZAR						
Average exchange rate (YTD)	**21.113**	21.285	2.665	14%	18.448	18.369
Closing exchange rate	**20.065**	21.517	1.505	8%	18.560	17.885
ZWL$:ZAR						
Average exchange rate (YTD)	**0.133**	0.157	(0.702)	(84%)	0.835	3.832
Closing exchange rate	**0.133**	0.157	(0.702)	(84%)	0.835	2.127
KES:ZAR						
Average exchange rate (YTD)	**0.155**	0.161	0.013	9%	0.142	0.141
Closing exchange rate	**0.134**	0.163	(0.004)	(3%)	0.138	0.138
USD:ZAR						
Average exchange rate (YTD)	**16.460**	16.884	2.011	14%	14.449	14.200
Closing exchange rate	**14.684**	17.351	0.684	5%	14.000	14.087
South African equity indices						
FTSE/JSE Capped All Share Index	**29,183**	26,302	948	3%	28,235	28,933
FTSE/JSE Africa All Share Index	**59,409**	54,362	2,325	4%	57,084	58,204
FTSE/JSE Shareholder weighted All Share Index	**12,033**	11,084	(4)	(0.04%)	12,037	12,206
Rest of Africa equity indices						
Zimbabwe Industrial Index	**7,119**	5,870	6,353	>100%	766	684
Nairobi Securities Exchange Ltd All Share Index	**152**	138	(14)	(8%)	166	150
Malawi All Share Index	**32,393**	29,785	2,141	7%	30,252	29,956
FTSE/JSE Namibia Overall Index	**1,232**	1,055	(74)	(6%)	1,306	1,377
Global equity indices						
MSCI Emerging Markets Index (Net)	**624**	476	96	18%	528	493
Interest-bearing indices						
STEFI composite	**465**	455	24	5%	441	426
FSV discount rate used (%)	**9.1%**	9.5%	–	(10 bps)	9.2%	8.9%

4. Embedded Value

4.1 Components of Embedded Value

Rm (unless otherwise stated)	FY 2020	FY 2019
Adjusted net worth (ANW)	**33,813**	38,248
Free surplus	**13,983**	14,376
Required capital	**19,830**	23,872
Value of in-force (VIF)	**32,103**	34,049
Present value of future profits (PVFP)	**37,289**	40,008
Frictional costs[1]	**(2,549)**	(2,855)
Cost of residual non-hedgeable risks (CNHR)[2]	**(2,637)**	(3,104)
Embedded value	**65,916**	72,297

1 *Frictional costs have decreased following the implementation of capital optimisation techniques reducing capital and associated frictional cost.*
2 *The cost of residual non-hedgeable risks (CNHR) decreased over the period following capital optimisation and a revision to the allocation of capital across the underlying segments/products. Diversified capital in respect of residual non-hedgeable risks is R20,860 million in FY 2020 (FY 2019: R24,795 million)*

4.2 Analysis of Change in Embedded Value

Rm (unless otherwise stated)	Note	FY 2020 Free surplus	Required capital	Adjusted net worth	Value in-force	EV
Opening EV		**14,376**	**23,872**	**38,248**	**34,049**	**72,297**
New business value	4.3	**(2,979)**	**1,586**	**(1,393)**	**2,014**	**621**
Expected existing business contribution (reference rate)		**781**	**1,326**	**2,107**	**3,102**	**5,209**
Expected existing business contribution (in excess of reference rate)		**(77)**	**302**	**225**	**399**	**624**
Transfers from VIF and required capital to free surplus		**8,740**	**(3,851)**	**4,889**	**(4,889)**	**–**
Experience variances	4.4	**453**	**(153)**	**300**	**(453)**	**(153)**
Development cost variances[1]		**(272)**	**–**	**(272)**	**–**	**(272)**
Assumption and model changes	4.5	**301**	**(3,005)**	**(2,704)**	**(1,146)**	**(3,850)**
Operating EV earnings		**6,947**	**(3,795)**	**3,152**	**(973)**	**2,179**
Economic variances	4.6	**(868)**	**262**	**(606)**	**(1,033)**	**(1,639)**
Non-operating variances[2]		**286**	**–**	**286**	**–**	**286**
Total EV earnings		**6,365**	**(3,533)**	**2,832**	**(2,006)**	**826**
Closing adjustments		**(6,758)**	**(509)**	**(7,267)**	**60**	**(7,207)**
Capital and dividend flows[3]		**(6,974)**	**(480)**	**(7,454)**	**60**	**(7,394)**
Foreign exchange variance[4]		**216**	**(29)**	**187**	**–**	**187**
Closing EV[5]		**13,983**	**19,830**	**33,813**	**32,103**	**65,916**
Return on EV (RoEV)% per annum[6]						**3.0%**

1 *The development cost variances in FY 2020 represent investment in strategic initiatives.*
2 *Non-operating variances include tax changes, regulatory changes and any other changes that are not part of normal operations. In FY 2020 this relates to the partial release of provisions associated with the implementation of Old Mutual International business to Wealth Management.*
3 *Capital and dividend flows include dividend outflow from the Life and Savings business and the clean up of the covered business and other lines of business balance sheets.*
4 *The foreign exchange variance in FY 2020 mostly relates to the impact of currency movements in the Rest of Africa.*
5 *EV results are after tax and non-controlling interests, unless stated otherwise.*
6 *Return on EV is calculated as the annualised operating EV earnings after tax divided by opening EV.*

4. Embedded Value

4.2 Analysis of Change in Embedded Value

		FY 2019				
Rm (unless otherwise stated)	Note	Free surplus	Required capital	Adjusted net worth	Value of in-force	EV
Opening EV		10,112	22,677	32,789	31,357	64,146
New business value	4.3	(2,967)	1,934	(1,033)	2,898	1,865
Expected existing business contribution (reference rate)		622	1,406	2,028	3,170	5,198
Expected existing business contribution (in excess of reference rate)		(88)	84	(4)	379	375
Transfers from VIF and required capital to free surplus		7,704	(2,879)	4,825	(4,825)	–
Experience variances	4.4	(176)	219	43	(167)	(124)
Development cost variances		(222)	–	(222)	–	(222)
Assumption and model changes	4.5	(293)	217	(76)	1,099	1,023
Operating EV earnings		4,580	981	5,561	2,554	8,115
Economic variances	4.6	489	217	706	138	844
Non-operating variances		(523)	–	(523)	–	(523)
Total EV earnings		4,546	1,198	5,744	2,692	8,436
Closing adjustments		(282)	(3)	(285)	–	(285)
Capital and dividend flows		(66)	17	(49)	–	(49)
Foreign exchange variance		(216)	(20)	(236)	–	(236)
Closing EV		14,376	23,872	38,248	34,049	72,297
Return on EV (RoEV)% per annum						12.7%

4.3 New Business

4.3.1 Drivers of New Business Profitability

%	FY 2020	FY 2019
VNB margin at the end of comparative reporting period	**2.6%**	3.2%
Change in volume and new business expenses[1]	**(1.2%)**	(0.1%)
Change in country and product mix[2]	**(0.2%)**	(0.4%)
Change in assumptions and models	**–**	–
Change in economic assumptions	**(0.1%)**	(0.1%)
VNB margin at the end of the reporting period	**1.1%**	2.6%

1 Sales volumes reduced due to the impact of the COVID-19 pandemic on face-to-face sales. With a portion of distribution expenses relatively fixed the reduction in volumes has negatively impacted margins.
2 Business mix has shifted more towards lower-margin products. Please refer to Segment Reviews on pages 43 through 61 for detailed segment commentary.

4. Embedded Value

4.3 New Business

4.3.2 Value of New Business and New Business Profitability

	FY 2020					
Rm (unless otherwise stated)	**Annualised recurring premiums**	**Single premiums**	**PVNBP**	**PVNBP capitalisation[1]**	**VNB**	**VNB Margin**
South Africa	**4,985**	**34,498**	**53,637**	**3.8**	**571**	**1.1%**
Mass and Foundation Cluster[2]	**2,632**	**17**	**7,557**	**2.9**	**41**	**0.5%**
Personal Finance and Wealth Management	**1,308**	**20,507**	**25,834**	**4.1**	**323**	**1.2%**
Personal Finance	**1,247**	**10,273**	**15,540**	**4.2**	**278**	**1.8%**
Wealth Management	**61**	**10,234**	**10,294**	**1.0**	**45**	**0.4%**
Old Mutual Corporate	**1,045**	**15,789**	**22,061**	**6,0**	**207**	**0.9%**
Intra-group eliminations[3]	**–**	**(1,815)**	**(1,815)**	**–**	**–**	**–**
Rest of Africa	**800**	**1,556**	**3,893**	**2.9**	**50**	**1.3%**
Southern Africa	**539**	**1,529**	**2,924**	**2.6**	**125**	**4.3%**
East Africa	**109**	**–**	**406**	**3.7**	**(53)**	**(13.2%)**
West Africa	**152**	**27**	**563**	**3.5**	**(22)**	**(3.9%)**
Group	**5,785**	**36,054**	**57,530**	**3.7**	**621**	**1.1%**

1 The PVNBP capitalisation factors are calculated as follows: (PVNBP – single premiums)/annualised recurring premiums.
2 Annualised recurring premiums used in the calculation of PVNBP for Mass and Foundation Cluster excludes the short term pocket of the savings product that is included in Life APE Sales.
3 Sales of Old Mutual Corporate products through the retail platform are included in Personal Finance, Wealth Management as well as Old Mutual Corporate sales, but are eliminated on consolidation.

	FY 2019					
Rm (unless otherwise stated)	Annualised recurring premiums	Single premiums	PVNBP	PVNBP capitalisation	VNB	VNB Margin
South Africa	7,407	35,161	68,017	4,4	1,800	2.6%
Mass and Foundation Cluster	4,101	34	12,622	3,1	1,102	8.7%
Personal Finance and Wealth Management	1,692	19,906	26,737	4,0	347	1.3%
Personal Finance	1,632	9,483	16,254	4,2	271	1.7%
Wealth Management	60	10,423	10,483	1,0	76	0.7%
Old Mutual Corporate	1,614	20,224	33,661	8,3	351	1.0%
Intra-group eliminations	–	(5,003)	(5,003)	–	–	–
Rest of Africa	795	1,822	4,175	3,0	65	1.6%
Southern Africa	560	1,797	3,720	3,4	119	3.2%
East Africa	127	–	214	1,7	(25)	(11.7%)
West Africa	108	25	241	2,0	(29)	(12.0%)
Group	8,202	36,983	72,192	4,3	1,865	2.6%

4. Embedded Value

4.4 Experience Variances

	FY 2020			FY 2019		
Rm (unless otherwise stated)	**ANW**	**VIF**	**EV**	ANW	VIF	EV
Experience pre pandemic provision release	**(678)**	**(1,050)**	**(1,728)**	–	–	–
Pandemic reserve release[1]	**978**	**597**	**1,575**	–	–	–
Persistency	**135**	**608**	**743**	–	–	–
Risk	**843**	**(11)**	**832**	–	–	–
Experience variances	**300**	**(453)**	**(153)**	43	(167)	(124)
Persistency[2]	**48**	**(231)**	**(183)**	(15)	(267)	(282)
Risk[3]	**43**	**(18)**	**25**	158	53	211
Expenses[4]	**335**	**25**	**360**	225	68	293
Other[5]	**(126)**	**(229)**	**(355)**	(325)	(21)	(346)

1 Presents the release of H1 2020 COVID-19 provisions set aside in anticipation of temporary deterioration of H2 2020 experience.
2 The overall persistency result was negative due to economic strain on customers, intensified by the COVID-19 pandemic. Persistency losses in FY 2020 were driven by unfavourable experience across all segments, partially offset by the release of short term provisions in anticipation of worse experience and better than modelled lapse experience.
3 Claims experience deteriorated in FY 2020 (but remained positive overall) due to the COVID-19 pandemic and the weakening of the basis in prior period. This was partially offset by the release of H1 provisions set aside in anticipation of the increase in claims.
4 Expense profits in FY 2020 reflect prudent expense management across the business, and lower one off expenditure.
5 Other experience items deteriorated due to reduced unanalysed/unmodelled profits in Rest of Africa, partly offset by higher premium and cover increases in the Mass and Foundation Cluster.

4.5 Assumption and Model Changes

	FY 2020			FY 2019		
Rm (unless otherwise stated)	**ANW**	**VIF**	**EV**	ANW	VIF	EV
Pandemic reserve changes[1]	**(3,076)**	**(1,233)**	**(4,309)**	**–**	**–**	**–**
H1 2020 reserve strengthening	**(978)**	**(597)**	**(1,575)**	–	–	–
H2 2020 reserve strengthening[2]	**(2,904)**	**(136)**	**(3,040)**	–	–	–
Release of discretionary reserves	**806**	**(500)**	**306**	–	–	–
Assumption and model changes	**372**	**87**	**459**	**(76)**	**1,099**	**1,023**
Persistency[3]	**(827)**	**718**	**(109)**	(1,162)	381	(781)
Risk[4]	**(524)**	**(47)**	**(571)**	313	436	749
Expenses[5]	**323**	**14**	**337**	(152)	87	(65)
Model and other changes[6]	**1,400**	**(598)**	**802**	925	195	1,120
Assumption and model changes	**(2,704)**	**(1,146)**	**(3,850)**	**(76)**	**1,099**	**1,023**

1 COVID-19 has had a significant impact on policyholder behaviour, and we expect claims and persistency experience to vary materially from our long-term assumptions. Short-term provisions have therefore been set aside in anticipation of this temporary deterioration in future experience.
2 Pandemic reserve that remains on balance sheet. H1 2020 reserve strengthening has been released to offset experience over H2 2020.
3 The persistency basis for Mass and Foundation Cluster was strengthened to take account of a worsening trend in retention. Further short term provisions were also established to take account of the worse economic outlook due to the pandemic. This was partly offset by the revision to the Greenlight lapse rates in Personal Finance.
4 Includes the strengthening of the closed book mortality basis and Greenlight Lump Sum Disability basis for Personal Finance.
5 Weakening of the Mass and Foundation Cluster expense basis in line with historical expense savings.
6 Modelling and other changes increased value due to capital optimisation initiatives reducing frictional cost and cost of non-hedgable risk. The successful implementation of a de-risked investment strategy on retail protection products resulted in a release of discretionary margins resulting in a transfer from VIF to ANW.

4. Embedded Value

4.6 Economic Variances

	FY 2020			FY 2019		
Rm (unless otherwise stated)	**ANW**	**VIF**	**EV**	ANW	VIF	EV
Investment variance on in-force business[1]	**499**	**(831)**	**(332)**	525	(556)	(31)
Investment variance on adjusted net worth[2]	**(978)**	**–**	**(978)**	(563)	–	(563)
Impact of economic assumption changes[3]	**(127)**	**(202)**	**(329)**	744	694	1,438
Economic variances	**(606)**	**(1,033)**	**(1,639)**	**706**	**138**	**844**

1 Actual investment returns on policyholder funds were lower than the returns expected, reducing the level of asset-based fee income anticipated.
2 The negative investment variance on ANW in FY 2020 relates to lower than expected investment return on shareholder funds in South Africa and Rest of Africa.
3 The impact of economic assumption changes primarily relates to impact of bond curve movements and an increase in volatility parameters.

4.7 Embedded Value Reconciliations

4.7.1 Reconciliation of IFRS Equity to Embedded Value

Rm (unless otherwise stated)	**FY 2020**	FY 2019
IFRS equity attributable to operating segments	**48,410**	48,276
Less IFRS equity value for non-covered business	**(11,716)**	(10,086)
IFRS equity for covered business	**36,694**	38,190
Adjustment to remove goodwill and other intangible assets[1]	**(3,494)**	(1,115)
Inclusion of Group equity and debt instruments held in life funds	**613**	1,173
Adjusted net worth attributable to ordinary equity holders of the parent	**33,813**	38,248
Value of in-force business	**32,103**	34,049
EV	**65,916**	72,297

1 Goodwill and other intangibles are assets that are recognised per IFRS requirements, however, they are deemed inadmissible for value reporting purposes.

4. Embedded Value

4.7 Embedded Value Reconciliations

4.7.2 Reconciliation of Adjusted Headline Earnings to Total Embedded Value Earnings

Rm (unless otherwise stated)	FY 2020	FY 2019
Adjusted Headline Earnings after tax and non-controlling interests[1]	**2,484**	9,856
Less AHE after tax and non-controlling interest on other lines of business	**(875)**	(3,631)
Life and Savings AHE after tax and non-controlling interest[2]	**1,609**	6,225
Restructuring costs[3]	**286**	(523)
Non-life dividends[4]	**606**	–
Other adjustments[5]	**331**	42
Adjusted net worth total earnings	**2,832**	5,744
Other value of in-force total earnings[6]	**(2,006)**	2,692
Covered business EV total earnings	**826**	8,436

1 *We have re-presented comparative amounts for the reallocation of after tax earnings from Life and Savings to Banking and Lending (FY 2019: R60 million).*
2 *The reduction in Life and Savings AHE compared to prior year is mainly due to impact of raising COVID-19 provisions and reduced shareholder investment return.*
3 *Partial release of restructuring costs provisions associated with the transfer of the OM International book into Wealth Management in 2019.*
4 *Reflects the dividends from underlying investments in non-covered entities, aligning earnings with value.*
5 *Other adjustments comprise the exclusion of non covered operations in China and changes to intangible assets.*
6 *Please refer to section 4.2 on page 145 for detailed breakdown of the change.*

4.8 Expected Return For The Following Period

The following table sets out the expected existing business contribution for the year ending 31 December 2021, based on the 31 December 2020 closing MCEV.

	Year ended 31 December 2021				
Rm (unless otherwise stated)	Free surplus	Required capital	Adjusted net worth	Value of in-force	EV
Expected existing business contribution (reference rate)	598	760	1,358	1,906	3,264
Expected existing business contribution (in excess of reference rate)	(71)	212	141	393	534
Expected existing business contribution	**527**	**972**	**1,499**	**2,299**	**3,798**

4. Embedded Value

4.9 Embedded Value Sensitivities

For each sensitivity illustrated, all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios.

	FY 2020		
Rm (unless otherwise stated)	EV	VIF	VNB
Central assumptions	65,916	32,103	621
Value given changes in:			
Economic assumptions 100bps increase[1]	65,988	32,175	483
Economic assumptions 100bps decrease[1]	65,653	31,840	761
Equity/property market value 10% increase[2]	67,400	33,298	621
Equity/property market value 10% decrease[2]	64,420	30,829	621
10bps increase of liquidity spreads[3]	66,099	32,286	666
50bps contraction on corporate bond spreads[4]	66,189	32,103	644
25% increase in equity/property implied volatilities[5]	65,544	31,731	621
25% increase in swaption implied volatilities[6]	65,783	31,970	621
10% decrease in discontinuance rates[7]	67,703	33,890	1,035
10% decrease in maintenance expenses[8]	67,632	33,819	782
5% decrease in mortality/morbidity rates[9]	68,959	35,146	853
5% decrease in annuitant mortality assumption[10]	65,614	31,801	493

1 *Economic assumptions 100bps increase/decrease: Increasing/decreasing all pre-tax investment and economic assumptions (projected investment returns and inflation) by 100bps, with credited rates and discount rates changing commensurately.*
2 *Equity/property market value 10% increase/decrease: Equity and property market value increasing/decreasing by 10%, with all pre-tax investment and economic assumptions unchanged.*
3 *10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.*
4 *50bps contraction on corporate bond spreads*
5 *25% increase in equity/property implied volatilities: 25% multiplicative increase in implied volatilities.*
6 *25% increase in swaption implied volatilities: 25% multiplicative increase in implied volatilities.*
7 *10% multiplicative decrease in discontinuance rates*
8 *10% decrease in maintenance expenses: Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges.*
9 *5% decrease in mortality/morbidity rates: Mortality and morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.*
10 *5% decrease in annuitant mortality assumption: Mortality assumption for annuities decreasing by 5%, with no corresponding increase in policy charges.*

4. Embedded Value

4.10 Embedded Value Methodology and Assumptions

The methodology used to calculate embedded value and the manner of determining embedded value assumptions at 31 December 2020 is consistent with 31 December 2019 unless explicitly noted in this disclosure.

4.10.1 Methodology

The Market Consistent Embedded Value principles (Copyright © Stichting CFO Forum Foundation 2008) issued in June 2008 and updated in May 2016 by the CFO Forum (the Principles or MCEV principles) have been used as the basis for preparing the MCEV disclosure information for the covered business. We have not changed our MCEV methodology in light of the May 2016 updates to the CFO Forum MCEV principles, which allows (but does not require) the alignment of MCEV and Solvency II methodologies and assumptions.

Apart from Principle 14 the Principles have been materially complied with in the preparation of MCEV information at 31 December 2020. Principle 14 requires the use of a swap curve as the reference curve, however a government bond curve has been used predominantly as the reference curve in South Africa for consistency with the current regulatory solvency reporting regime (based on the Prudential Standards) which uses a government bond curve as the default risk-free rate. Where the liabilities are hedged with swaps, the risk-free rate will remain the swap rate. This is however only a small percentage of covered business. The reference curve and resulting embedded value is still considered to be market consistent as it is derived directly from market indicators. Namibia uses the same reference curves as South Africa.

The covered business within certain African entities (Kenya, Uganda, Malawi, eSwatini, Nigeria, Ghana and Botswana) has been included in MCEV at their respective ANW values only. No VIF for these entities has been recognised. However, the VNB for these entities has been calculated allowing for VIF.

The covered business includes, where material, any contracts that are regarded by local insurance supervisors as long term life insurance business, and other business, where material, directly related to such long term life assurance business where the profits are included in the IFRS long term business profits in the primary financial statements. For the life businesses in entities where the covered business is not material, the treatment within this supplementary information is the same as in the primary IFRS financial statements (i.e. expected future profits for this business are not capitalised for MCEV reporting purposes). Due to the lack of ability to access capital by way of dividends our business in Zimbabwe is managed on a ring-fenced basis. It has been excluded from the Group's key performance indicators for the current and prior periods.

Some types of business are legally written by a life company but are classified as asset management under IFRS because 'long term business' only serves as a wrapper. This business is excluded from covered business.

The EV consists of the sum of the ANW excluding intangibles and goodwill, plus the VIF covered business. The ANW consists of the free surplus and the required capital to support the business. The VIF covered business consists of the present value of future profits (PVFP), less the time value of financial options and guarantees, less frictional costs of required capital, less cost of non-hedgeable risk (CNHR).

The ANW is the market value of shareholder assets with respect to covered business after allowing for liabilities on an IFRS basis after the removal of intangibles. The liability to repay and finance the subordinated debt allocated to the covered business has been allowed for in the ANW.

The required capital is determined with reference to internal management objectives, based off regulatory capital requirements calculated in line with Prudential Standards.

The PVFP is calculated as the discounted value of future distributable earnings (taking account of local statutory reserving requirements) that are expected to emerge from the in-force covered business, including the value of contractual renewal of in-force business, on a best estimate basis where assumed earned rates of return and discount rates are equal to the risk-free reference rates.

Allowance is made in the determination of EV for the potential impact of variability of investment returns (i.e. asymmetric impact) on future shareholder cash flows of policyholder financial options and guarantees within the in-force covered business. The time value of financial options and guarantees describes that part of the value of financial options and guarantees that arises from the variability of future investment returns on assets to the extent that it is not already included in the local statutory reserves. The full market consistent value of financial options and guarantees is already reflected in the local statutory reserves, so no additional allowance is required. The calculation of the value of financial

4. Embedded Value

4.10 Embedded Value Methodology and Assumptions

4.10.1 Methodology

options and guarantees (including the allowance in ANW and VIF components of EV) is based on market consistent stochastic modelling techniques. In the generated economic scenarios, allowance is made, where appropriate, for the effect of dynamic management and/or policyholder actions in different circumstances.

An allowance has been made for the frictional costs in respect of the taxation on investment return and investment costs on the assets backing the required capital for covered business, where material. The run-off pattern of the required capital is projected on an approximate basis over the lifetime of the underlying risks.

An allowance is made in the CNHR to reflect uncertainty in the best estimate of shareholder cash flows as a result of both symmetric and asymmetric non-hedgeable risks since these risks cannot be hedged in deep and liquid capital markets and are managed, *inter alia*, by holding risk capital. CNHR is calculated using a cost of capital approach, i.e. it is determined as the present value of capital charges for all future non-hedgeable risk capital requirements. A cost of capital charge of 2.0% has been applied to non-hedgeable capital over the life of the contracts. The risks considered include mortality and morbidity, persistency and expense risk (among others), but excludes market risks.

For participating business, the method of valuation makes assumptions about future bonus rates and the determination of profit allocation between policyholders and shareholders. These assumptions are made on a basis consistent with other projection assumptions, especially the projected future risk-free investment returns, established Company practice (with due consideration of the PPFM for South African business), past external communication, any payout smoothing strategy, local market practice, regulatory/contractual restrictions and bonus participation rules. Where current benefit levels are higher than can be supported by the existing fund assets together with projected investment returns, a downward 'glide path' in benefit levels is projected so that the policyholder fund would be exhausted on payment of the last benefit.

In valuing shareholders' cash flows, allowance is made in the cash flow projections for taxes in the relevant jurisdiction affecting the covered business. Tax assumptions are based on best estimate assumptions, applying current local corporate tax legislation and practice together with known future changes and taking credit for any deferred tax assets. The value of deferred tax assets is partly recognised in the EV. Typically those tax assets are expected to be utilised in future by being offset against expected tax liabilities that are generated on expected profits emerging from in-force business.

The market consistent VNB measures the value of the future profits expected to emerge from all new business sold, and in certain cases from premium increases to existing contracts, during the reporting period after allowance for the time value of financial options and guarantees, frictional costs and the cost of residual non-hedgeable risks associated with writing the new business. VNB includes contractual renewals and voluntary increments that are not allowed for in PVFP. Where increases are allowed for in PVFP, variations from this expectation are classified as experience variance, rather than new business. The key principles applied in calculating VNB are noted below:

- Economic assumptions at the start of the reporting period are used, except for OMLACSA's non-profit annuity products where point of sale assumptions are used that are consistent with the pricing basis.
- Demographic and operating assumptions at the end of the reporting period are used.
- VNB is calculated at point of sale and rolled forward to the end of the reporting period.
- Generally a stand-alone approach is used unless a marginal approach would better reflect the additional value to shareholders created through the activity of writing new business.
- Expense allowances include all acquisition expenses, including any acquisition expense overruns. Strategic business development expenses are excluded.
- VNB is calculated net of tax, reinsurance and non-controlling interests.
- Economic and operating variances are not attributed to VNB.
- PVNBP is calculated at point of sale using premiums before reinsurance and applying a valuation approach that is consistent with the calculation of VNB.

4. Embedded Value

4.10 Embedded Value Methodology and Assumptions

4.10.2 Assumptions

4.10.2.1 Economic assumptions

The risk-free reference rates, reinvestment rates and discount rates are determined as set out in the basis of preparation. The swap curve is bootstrapped internally from the curve constituent data supplied by the JSE, and compared to an independent source for reasonability. The government bond curve is published by the Prudential Authority in South Africa and validated internally.

Expense inflation rates have been derived by comparing real rates of return against nominal risk-free rates, with adjustments for higher anticipated inflation rates where appropriate.

Real world economic assumptions are determined with reference to one-year forward risk-free reference rates applicable to the currency of the liabilities at the start of the reporting period. The expected asset returns, in excess of the risk-free reference rates, only impact the calculation of the expected existing business contribution in the analysis of EV earnings.

The cash return equals the one year risk-free reference rate.

The bond return equals the one year risk-free reference rate (plus the liquidity premium for applicable product portfolios).

All other economic assumptions, for example future bonus rates, are set at levels consistent with the real world investment return assumptions.

The economic assumptions in non-South African entities were set with reference to local economic conditions.

South African risk-free reference spot yields[1] and expense inflation	**At 31 December 2020**	At 31 December 2019
Risk-free (based on bond curve)		
1 year	**4.5%**	6.8%
5 years	**6.5%**	8.0%
10 years	**10.3%**	9.6%
20 years	**14.2%**	11.2%
Expense inflation (based on bond curve)		
1 year	**3.4%**	4.0%
5 years	**3.3%**	4.2%
10 years	**5.7%**	5.6%
20 years	**9.0%**	7.0%

Pre-tax real world economic assumptions	**31 December 2020**	31 December 2019
Personal Finance illiquidity premium[2]	**0.5%**	0.5%
Old Mutual Corporate illiquidity premium (inflation-linked annuities)[2]	**0.2%**	0.3%
Old Mutual Corporate illiquidity premium (non-profit annuities)[2]	**0.6%**	0.8%
Equity risk premium	**3.7%**	3.7%
Property risk premium	**1.5%**	1.5%
Weighted average effective tax rate	**27.7%**	27.3%

1 *Excluding illiquidity adjustments.*
2 *An illiquidity premium adjustment has been added to the reference rates of OMLACSA's immediate annuity business (Personal Finance and Old Mutual Corporate immediate annuities) for setting investment return and discounting assumptions.*

4. Embedded Value

4.10 Embedded Value Methodology and Assumptions

4.10.2 Assumptions

4.10.2.2 Non-economic assumptions

The non-economic assumptions are determined using best estimate assumptions of future cash flows and have regard to past, current and expected future experience where sufficient evidence exists (entity-specific and industry data).

These assumptions are based on the covered business being part of a going concern. Favourable changes in maintenance expenses are generally not included beyond what has been achieved by the end of the reporting period.

All expected maintenance expense overruns affecting the covered business are allowed for in the calculations at the time identified.

The EV makes provision for future development costs and one-off expenses relating to in-force covered business that are known with sufficient certainty, based on three-year business plans.

5. Glossary

Defined Term	Description
Residual plc	Holding company subsidiaries that formed part of the Old Mutual plc Group which now form part of Old Mutual Limited. These subsidiaries are in wind down and not considered part of the core operations of the Group. The perimeter includes Old Mutual Bermuda, Old Mutual (Netherlands) BV and Old Mutual plc which was re-registered as OM Residual UK Limited in February 2019.
Results from Operations	The primary measure of the business performance of the operating segments. Calculated as Adjusted Headline Earnings before shareholder tax and non-controlling interests, excluding net investment return on shareholder assets, finance costs and income from Group associates.
Adjusted Headline Earnings	The Group profit measure that adjusts headline earnings, as defined by SAICA Circular 01/2019, for the impact of material transactions, non-core operations and any IFRS accounting treatments that do not fairly reflect the economic performance of the business.
Return on Net Asset Value	RoNAV is calculated as AHE divided by average Adjusted IFRS Equity. Adjusted IFRS Equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations and operations in hyperinflationary economies.
Free Surplus Generated from Operations	Free Surplus Generated from Operations represents the net cash generated from the operations that contribute to AHE after allowing for normal course investment in the business and the impact of any fungibility constraints.
Group Solvency ratio	Group eligible Own Funds (OF) divided by the solvency capital requirement (SCR) calculated on the Prudential Standards basis.
Gross flows	The gross cash flows received from customers during the period by Group businesses engaged in Life and Savings and Asset Management.
Life APE sales	A standardised measure of the volume of new life insurance business written. It is calculated as the sum of new business recurring premiums (annualised) and 10% of the new single premiums written in an annual reporting period.
NCCF	The difference between gross flows and cash returned to customers (e.g. claims, surrenders, maturities) during the period.
FUM	The total market value of funds managed by the Group on behalf of customers, at the point at which funds flow into the Group.
Invested shareholder assets	A portfolio of assets invested and managed with the intention to generate an investment return for shareholders. The portfolio has a clearly defined mandate and support the Group's capital requirements.
VNB	The discounted value of expected future profits arising from new life insurance business sold in the reporting period.
VNB margin	VNB divided by PVNBP, where PVNBP is the discounted value of expected future life insurance premiums from new recurring premium business, plus 100% of new single premiums. The VNB margin reflects how much of future profits are expected from each future life insurance premium and therefore measures the profitability of new business sold.
Gross written premiums	The value of premiums that a Property and Casualty insurer is entitled to receive from its insurance business in a period, before adjustments for reinsurance premiums. It is a measure of sales performance in Group businesses engaged in Property and Casualty.
Underwriting margin	Underwriting result as a percentage of net earned premiums. It is calculated for the Property and Casualty businesses across the Group.
Loans and advances	The balance of gross loans and advances for Group businesses engaged in Banking and Lending. The amounts are gross of impairments on all performing, arrears and default loans.
Net lending margin	Net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.

Administration

Registered name:	Old Mutual Limited
Country of incorporation:	South Africa
Registration number:	2017/235138/06
Income tax reference number:	9267358233
Equity Share code (JSE, LSE, MSE and ZSE):	OMU
Debt Share code (JSE):	OMLI
Equity Share code (NSX):	OMM
ISIN:	ZAE000255360
LEI:	213800MON84ZWWPQCN47

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Sponsor

JSE equity sponsor:	Merrill Lynch South Africa (Proprietary) Limited
JSE debt sponsor:	Nedbank CIB, a division of Nedbank Limited
NSX:	PSG Wealth Management (Namibia) (Proprietary) Limited
ZSE:	Imara Capital Zimbabwe plc
MSE:	Stockbrokers Malawi Limited

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Brian Armstrong
Peter de Beyer (Lead independent)
Matthys du Toit
Albert Essien
Olufunke Ighodaro
Itumeleng Kgaboesele
John Lister
Sizeka Magwentshu-Rensburg
Nosipho Molope
James Mwangi
Stewart van Graan

Non-executive
Thoko Mokgosi-Mwantembe
Marshall Rapiya

Executive
Iain Williamson (Chief Executive Officer)
Casper Troskie (Chief Financial Officer)

Public Officer
Nazrien Kader

Ince

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