

PERFORMANCE SUMMARY 2014

ENABLING POSITIVE FUTURES



INVESTMENT | SAVINGS | INSURANCE | BANKING



Q & A



Julian Roberts, Group Chief Executive answers candidly on the highlights of the past year and the key issues facing Old Mutual over the next 12 months.

Q. Are you happy with the Group's performance in the past 12 months?

A. Yes, very. Financially it was a strong year, with profits up 16% to £1.6 billion on a constant currency basis. Whilst Group profits were flat in reported currency, each of our businesses grew profits in their local currencies. We attracted £4.9 billion of net new money and our funds under management have risen to £319.4 billion. We successfully listed our US asset management business on the NYSE and streamlined our European operations. We achieved all this while maintaining a focus on operational delivery and while making significant progress in delivering our strategy.

Q. You have made some significant changes to your UK business over the past few years. What has been the reason for this?

A. Over the last several years a number of factors have combined to make the old life assurance and platform model redundant. At a macro level these include the emergence of the digital world, quantitative easing and the resulting low interest rates, but at a micro level there have been some profound regulatory changes. We are building a business that is fit for the modern financial services regime and is able to take advantage of the large opportunity these changes bring.

Q. You talk of the vertically integrated model in the UK. Is it working?

A. I am delighted with the progress the business has made, and yes the vertically integrated model is working importantly both for customers and for us. Restricted advisers in Intrinsic, the advice network we bought earlier in the year, are selling more through our Platform and in December their sales accounted for 10% of all Platform sales. Pleasingly, 30% of net new money into Old Mutual Global Investors came via the Platform. We have just completed the acquisition of Quilter Cheviot, the discretionary fund manager, which is the final large piece of the integrated business model. So while we are clear we have a lot of

work to do, the business is making good progress.

Q. Are you happy with the progress you are making in building an African financial services champion?

A. Progress has been very pleasing. In South Africa, which is the cornerstone of our African strategy, our businesses are collaborating more than ever, as well as producing strong results. In East Africa, we have announced our intention to acquire a majority holding in UAP, a sizeable business which will provide us with the platform for us to expand in the region. In West Africa, we are looking to grow organically and have just launched a suite of new retail products in Nigeria and Ghana.

Q. What are the big challenges for Old Mutual in 2015?

A. We have redeployed a significant amount of shareholder capital and we are absolutely clear that we need to integrate these businesses, continue to deliver operational improvements and create value from these investments.

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Performance highlights

Net client cash flows for the Group were £4.9 billion, although excluding our non-US affiliate were £11.2 billion. Funds under management were up 9% to £319.4 billion. Profits grew strongly

in the year up 16% in constant currency to £1.6 billion, flat in reported currency. Group return on equity at 13.3% was within our target range of 12-15%.

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£4.9bn

Net client cash flow (↓68%)

£319.4bn

Funds under management (↑9%)

£1,605m

Adjusted operating profit (flat)

17.9p

Earnings per share (↓3%)

13.3%

Return on Equity (↓30bps)

8.7p

Dividend per share (↑7%)

40%

Of our investment capabilities applying to our Responsible Investment (RI) standard

£17.1m

Community Investment (↑6%)

This has been a good year for Old Mutual with strong underlying financial performance, significant strategic developments and continued operational delivery.

This year has seen further progress in the transformation of Old Mutual. We have reshaped the business and in time this should lead to a different earnings profile for the Group.

A transformational year

The Group

We have a simple, focused strategy based on growing in our chosen markets where we have significant competitive advantage: building an African financial services champion; building the leading retail investment

business in the UK, and growing our multiboutique asset management business in the US. This year has seen further progress in the transformation of Old Mutual.

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Old Mutual Emerging Markets

We are making good progress aligning Old Mutual, Nedbank and Mutual & Federal to become the leading financial services group in southern Africa. In East Africa, we have agreed to acquire a 60.7% stake in UAP which has a product offering that complements our existing businesses. We also purchased an additional 25% of Old Mutual Finance, a major distribution channel for the mass foundation market.

Old Mutual Wealth

We acquired the Intrinsic adviser network in July 2014 and Quilter Cheviot, a discretionary fund manager, in February 2015. We also sold six of our European businesses, simplifying our operations to focus on our core growth markets while reducing our operational and regulatory risk.

Nedbank

Nedbank exercised its right to subscribe for a 20% stake in Ecobank Transnational Incorporated. The transaction strengthens the strategic alliance between the two banks, which provides their clients a seamless one bank experience across 39 countries and comprising of more than 2,000 branches.

Institutional Asset Management

OMAM's successful partial IPO in October 2014 enhances our growth potential by providing broader financing options to support the execution of our business strategy and provides a strong platform for new partnerships.

"We are clear about the role we play in society, and we are mindful of the significant responsibility we hold to help drive positive change."

Gail Klintworth,
Group Customer Director



Why responsible business is important

Our purpose is to enable our customers to thrive by helping them achieve their lifetime financial goals, whilst we invest their funds in ways which will secure a positive future for themselves, their families, their communities and the world at large.

The Old Mutual focus on responsible business is nearly 170 years old, but is now being refreshed through many good initiatives across our five pillars of being responsible to our customers, communities, employees, the environment and in our investments. And, we have more to do. We will be raising our ambitions, especially as we seek to make a difference through our unique contribution of enabling financial wellbeing and driving responsible investment. We look forward to partnering with our many stakeholders on this journey, and welcome the support of key partners who are similarly committed to enabling positive futures.

www.oldmutual.com/rb

£670m

Invested in renewable energy across Africa

15m

People reached by our financial education programme "On The Money"

From little things, bigger things can grow

If a business is too small to interest a mainstream lender, how can it raise the funding it needs to grow? That's the challenge Faulu, our Kenyan microfinance business, exists to overcome. Carolyne Chelegat, a typical customer, is a market trader selling peanuts. Faulu gave her six weeks' business training and a series of affordable micro-loans. These enabled her to increase

her stocks and buy machines to make peanut flour – and now, peanut butter. Customers love the new products and business is good, enabling her to provide for her family and her community.

www.oldmutual.com/rb-inpractice

Faulu adviser: Agnes Wambugu (left)
Customer: Carolyne Chelegat, Business woman (right)



"Faulu has really boosted my business. Now I'm self-reliant."

Carolyne Chelegat, Kenya



Investing in a sustainable future

Old Mutual Investment Group is one of the leading local investors in the Department of Energy's Renewable Energy Independent Power Producer Procurement, providing equity participation and debt funding to 14 wind and solar projects across South Africa. With the ongoing energy supply constraints across the country,

our participation in this programme not only brings capital to bear in addressing an important environmental issue, but also provides an appropriate risk-adjusted return for our investors.

www.oldmutual.com/rb-inpractice

Employee: Simon Prior, Old Mutual Global Investors (OMGI) (below)

We invest in renewable energy and infrastructure across Africa to enable positive futures for our existing and future customers.



Our story

Old Mutual began in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

Today, 170 years on, we build on this heritage of trust and accountability by meeting a broad range of our retail and commercial customers' financial services needs at each stage of their lives.

We take a long view, aiming ultimately to enable a positive future for all our stakeholders.

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