

Index to unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

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1. Introduction

For the six months ended 30 June 2013, further information, including additional segmental analysis has been included to support the Market Consistent Embedded Value (MCEV) basis supplementary information. This information was previously included as part of the audited MCEV statements for the period ended 30 June 2012, and as part of the unaudited additional information for the year ended 31 December 2012.

This information is not subject to audit.

2. Segmental analysis of covered business MCEV earnings (after tax)

The following section provides additional information to the analysis of covered business MCEV earnings (after tax) in the published MCEV statements. Additional information is provided for the core covered business; non-core covered business and discontinued covered business.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

The Core covered business consists of Emerging Markets and Old Mutual Wealth.

Core covered business

	Six months ended 30 June 2013				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	698	1,606	2,304	3,456	5,760
New business value	(132)	84	(48)	156	108
Expected existing business contribution (reference rate)	15	27	42	64	106
Expected existing business contribution (in excess of reference rate)	3	5	8	19	27
Transfers from VIF and required capital to free surplus	360	(97)	263	(263)	-
Experience variances	(55)	20	(35)	(12)	(47)
Assumption changes	4	-	4	(4)	-
Other operating variance	(19)	7	(12)	(1)	(13)
Operating MCEV earnings	176	46	222	(41)	181
Economic variances	79	11	90	40	130
Other non-operating variance	(4)	-	(4)	7	3
Total MCEV earnings	251	57	308	6	314
Closing adjustments	(29)	(96)	(125)	(105)	(230)
Capital and dividend flows	(11)	7	(4)	-	(4)
Foreign exchange variance	(33)	(103)	(136)	(105)	(241)
MCEV of acquired/sold business	15	-	15	-	15
Closing MCEV	920	1,567	2,487	3,357	5,844
Return on MCEV (RoEV)% per annum					6.5%

Return on MCEV for total covered business is calculated as the annualised operating MCEV earnings after tax divided by opening MCEV in sterling. The operating assumption changes and other operating variances are not annualised.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Core covered business	Six months ended 30 June 2012					Year ended 31 December 2012				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	527	1,682	2,209	3,509	5,718	527	1,682	2,209	3,509	5,718
New business value	(154)	74	(80)	154	74	(293)	163	(130)	327	197
Expected existing business contribution (reference rate)	11	35	46	76	122	20	70	90	149	239
Expected existing business contribution (in excess of reference rate)	2	6	8	19	27	3	11	14	41	55
Transfers from VIF and required capital to free surplus	386	(97)	289	(289)	-	730	(190)	540	(540)	-
Experience variances	(27)	17	(10)	23	13	(91)	17	(74)	26	(48)
Assumption changes	-	-	-	-	-	18	(7)	11	(6)	5
Other operating variance	8	(1)	7	(39)	(32)	(7)	3	(4)	(108)	(112)
Operating MCEV earnings	226	34	260	(56)	204	380	67	447	(111)	336
Economic variances	39	5	44	102	146	127	3	130	273	403
Other non-operating variance	(14)	-	(14)	(3)	(17)	(14)	(12)	(26)	(3)	(29)
Total MCEV earnings	251	39	290	43	333	493	58	551	159	710
Closing adjustments	(77)	(40)	(117)	(45)	(162)	(322)	(134)	(456)	(212)	(668)
Capital and dividend flows	(61)	(1)	(62)	-	(62)	(313)	(3)	(316)	(5)	(321)
Foreign exchange variance	(16)	(39)	(55)	(45)	(100)	(48)	(131)	(179)	(143)	(322)
MCEV of acquired/sold business	-	-	-	-	-	39	-	39	(64)	(25)
Closing MCEV	701	1,681	2,382	3,507	5,889	698	1,606	2,304	3,456	5,760
Return on MCEV (RoEV)% per annum					7.7%					5.9%

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Emerging Markets ¹

	Six months ended 30 June 2013				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	526	1,312	1,838	1,478	3,316
New business value	(85)	70	(15)	84	69
Expected existing business contribution (reference rate)	14	26	40	51	91
Expected existing business contribution (in excess of reference rate)	2	5	7	8	15
Transfers from VIF and required capital to free surplus	182	(74)	108	(108)	-
Experience variances	(14)	4	(10)	(15)	(25)
Assumption changes	-	-	-	-	-
Other operating variance	(14)	7	(7)	(2)	(9)
Operating MCEV earnings	85	38	123	18	141
Economic variances	58	13	71	7	78
Other non-operating variance	(1)	-	(1)	-	(1)
Total MCEV earnings	142	51	193	25	218
Closing adjustments	(61)	(102)	(163)	(126)	(289)
Capital and dividend flows	(25)	7	(18)	-	(18)
Foreign exchange variance	(36)	(109)	(145)	(126)	(271)
Closing MCEV	607	1,261	1,868	1,377	3,245
Return on MCEV (RoEV)% per annum					9.1%

¹ The MCEV for Emerging Markets is presented after the adjustment for market value of life fund investments in Group equity and debt instruments.

Return on MCEV is calculated as the annualised operating MCEV earnings after tax divided by opening MCEV in rand. The operating assumption changes and other operating variances are not annualised.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

£m

Emerging Markets	Six months ended 30 June 2012					Year ended 31 December 2012				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	405	1,368	1,773	1,399	3,172	405	1,368	1,773	1,399	3,172
New business value	(84)	63	(21)	73	52	(159)	140	(19)	154	135
Expected existing business contribution (reference rate)	9	34	43	56	99	17	67	84	109	193
Expected existing business contribution (in excess of reference rate)	2	6	8	7	15	2	11	13	19	32
Transfers from VIF and required capital to free surplus	196	(76)	120	(120)	-	373	(153)	220	(220)	-
Experience variances	(2)	7	5	8	13	(36)	10	(26)	(3)	(29)
Assumption changes	-	-	-	-	-	21	(3)	18	16	34
Other operating variance	5	-	5	(40)	(35)	12	-	12	(49)	(37)
Operating MCEV earnings	126	34	160	(16)	144	230	72	302	26	328
Economic variances	24	3	27	94	121	86	(2)	84	197	281
Other non-operating variance	(14)	-	(14)	(7)	(21)	(20)	-	(20)	(6)	(26)
Total MCEV earnings	136	37	173	71	244	296	70	366	217	583
Closing adjustments	(7)	(34)	(41)	(30)	(71)	(175)	(126)	(301)	(138)	(439)
Capital and dividend flows	8	-	8	-	8	(128)	1	(127)	(5)	(132)
Foreign exchange variance	(15)	(34)	(49)	(30)	(79)	(47)	(127)	(174)	(133)	(307)
MCEV of acquired/sold business	-	-	-	-	-	-	-	-	-	-
Closing MCEV	534	1,371	1,905	1,440	3,345	526	1,312	1,838	1,478	3,316
Return on MCEV (RoEV)% per annum					10.1%					10.7%

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Old Mutual Wealth

	Six months ended 30 June 2013				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	172	294	466	1,978	2,444
New business value	(47)	14	(33)	72	39
Expected existing business contribution (reference rate)	1	1	2	13	15
Expected existing business contribution (in excess of reference rate)	1	-	1	11	12
Transfers from VIF and required capital to free surplus	178	(23)	155	(155)	-
Experience variances	(41)	16	(25)	3	(22)
Assumption changes	4	-	4	(4)	-
Other operating variance	(5)	-	(5)	1	(4)
Operating MCEV earnings	91	8	99	(59)	40
Economic variances	21	(2)	19	33	52
Other non-operating variance	(3)	-	(3)	7	4
Total MCEV earnings	109	6	115	(19)	96
Closing adjustments	32	6	38	21	59
Capital and dividend flows	14	-	14	-	14
Foreign exchange variance	3	6	9	21	30
MCEV of acquired/sold business	15	-	15	-	15
Closing MCEV	313	306	619	1,980	2,599
Return on MCEV (RoEV)% per annum					3.4%

Return on MCEV is calculated as the annualised operating MCEV earnings after tax divided by opening MCEV in sterling. The operating assumption changes and other operating variances are not annualised.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Old Mutual Wealth	Six months ended 30 June 2012					Year ended 31 December 2012				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	122	314	436	2,110	2,546	122	314	436	2,110	2,546
New business value	(70)	11	(59)	81	22	(134)	23	(111)	173	62
Expected existing business contribution (reference rate)	2	1	3	20	23	3	3	6	40	46
Expected existing business contribution (in excess of reference rate)	-	-	-	12	12	1	-	1	22	23
Transfers from VIF and required capital to free surplus	190	(21)	169	(169)	-	357	(37)	320	(320)	-
Experience variances	(25)	10	(15)	15	-	(55)	7	(48)	29	(19)
Assumption changes	-	-	-	-	-	(3)	(4)	(7)	(22)	(29)
Other operating variance	3	(1)	2	1	3	(19)	3	(16)	(59)	(75)
Operating MCEV earnings	100	-	100	(40)	60	150	(5)	145	(137)	8
Economic variances	15	2	17	8	25	41	5	46	76	122
Other non-operating variance	-	-	-	4	4	6	(12)	(6)	3	(3)
Total MCEV earnings	115	2	117	(28)	89	197	(12)	185	(58)	127
Closing adjustments	(70)	(6)	(76)	(15)	(91)	(147)	(8)	(155)	(74)	(229)
Capital and dividend flows	(69)	(1)	(70)	-	(70)	(185)	(4)	(189)	-	(189)
Foreign exchange variance	(1)	(5)	(6)	(15)	(21)	(1)	(4)	(5)	(10)	(15)
MCEV of acquired/sold business	-	-	-	-	-	39	-	39	(64)	(25)
Closing MCEV	167	310	477	2,067	2,544	172	294	466	1,978	2,444
Return on MCEV (RoEV)% per annum					4.6%					0.3%

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Old Mutual Bermuda

	Six months ended 30 June 2013				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	247	433	680	(55)	625
New business value	-	-	-	-	-
Expected existing business contribution (reference rate)	-	-	-	-	-
Expected existing business contribution (in excess of reference rate)	-	-	-	-	-
Transfers from VIF and required capital to free surplus	-	-	-	-	-
Experience variances	1	-	1	-	1
Assumption changes	-	-	-	-	-
Other operating variance	-	-	-	-	-
Operating MCEV earnings	1	-	1	-	1
Economic variances	8	-	8	-	8
Other non-operating variance	-	-	-	-	-
Total MCEV earnings	9	-	9	-	9
Closing adjustments	(6)	30	24	55	79
Capital and dividend flows	-	-	-	-	-
Foreign exchange variance	17	30	47	(3)	44
Bermuda change in valuation basis	(23)	-	(23)	58	35
Closing MCEV	250	463	713	-	713
Return on MCEV (RoEV)% per annum					0.4%

Return on MCEV is calculated as the operating MCEV earnings after tax divided by opening MCEV in US dollars. The operating assumption changes and other operating variances are not annualised.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Old Mutual Bermuda	Six months ended 30 June 2012					Year ended 31 December 2012					£m
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	
Opening MCEV	-	187	187	(121)	66	-	187	187	(121)	66	
New business value	-	-	-	-	-	-	-	-	-	-	
Expected existing business contribution (reference rate)	-	1	1	3	4	-	1	1	7	8	
Expected existing business contribution (in excess of reference rate)	-	12	12	5	17	-	18	18	8	26	
Transfers from VIF and required capital to free surplus	(7)	(16)	(23)	23	-	(35)	(26)	(61)	61	-	
Experience variances	17	-	17	(10)	7	59	-	59	(20)	39	
Assumption changes	(5)	-	(5)	-	(5)	16	-	16	13	29	
Other operating variance	(52)	49	(3)	3	-	(19)	15	(4)	1	(3)	
Operating MCEV earnings	(47)	46	(1)	24	23	21	8	29	70	99	
Economic variances	47	-	47	6	53	131	-	131	(14)	117	
Other non-operating variance	-	-	-	-	-	(252)	252	-	-	-	
Total MCEV earnings	-	46	46	30	76	(100)	260	160	56	216	
Closing adjustments	-	(1)	(1)	-	(1)	347	(14)	333	10	343	
Capital and dividend flows	-	-	-	-	-	354	-	354	6	360	
Foreign exchange variance	-	(1)	(1)	-	(1)	(7)	(14)	(21)	4	(17)	
MCEV of acquired/sold business	-	-	-	-	-	-	-	-	-	-	
Closing MCEV	-	232	232	(91)	141	247	433	680	(55)	625	
Return on MCEV (RoEV)% per annum					76.5%					154.0%	

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

Nordic	Six months ended 30 June 2012					Year ended 31 December 2012				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV	Free surplus	Required capital	Adjusted net worth	Value of in-force	MCEV
Opening MCEV	158	127	285	1,148	1,433	158	127	285	1,148	1,433
New business value	-	-	-	-	-	-	-	-	-	-
Expected existing business contribution (reference rate)	-	-	-	-	-	-	-	-	-	-
Expected existing business contribution (in excess of reference rate)	-	-	-	-	-	-	-	-	-	-
Transfers from VIF and required capital to free surplus	-	-	-	-	-	-	-	-	-	-
Experience variances	18	-	18	-	18	18	-	18	-	18
Assumption changes	-	-	-	-	-	-	-	-	-	-
Other operating variance	-	-	-	-	-	-	-	-	-	-
Operating MCEV earnings	18	-	18	-	18	18	-	18	-	18
Economic variances	-	-	-	-	-	-	-	-	-	-
Other non-operating variance	(18)	-	(18)	-	(18)	(18)	-	(18)	-	(18)
Total MCEV earnings	-	-	-	-	-	-	-	-	-	-
Closing adjustments	(158)	(127)	(285)	(1,148)	(1,433)	(158)	(127)	(285)	(1,148)	(1,433)
Capital and dividend flows	-	-	-	-	-	-	-	-	-	-
Foreign exchange variance	1	-	1	-	1	1	-	1	-	1
MCEV of acquired/sold business	(159)	(127)	(286)	(1,148)	(1,434)	(159)	(127)	(286)	(1,148)	(1,434)
Closing MCEV	-	-	-	-	-	-	-	-	-	-
Return on MCEV (RoEV)% per annum					2.6%					1.3%

Return on MCEV for total covered business is calculated as the annualised operating MCEV earnings after tax divided by opening MCEV in Krona. The operating assumption changes and other operating variances are not annualised.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

3. Drivers of New Business Value

The following section provides additional information on the other key performance information as disclosed in the published MCEV statements.

Drivers of new business value for covered business (PVNBP margin)¹

	%			
	Total covered business	Core covered business	Emerging Markets	Old Mutual Wealth
Six months ended 30 June 2013				
Margin at the end of comparative financial year	1.8	1.8	3.5	0.8
Change in volume	0.4	0.4	0.2	0.6
Change in country and product mix	-	-	0.1	(0.1)
Change in operating assumptions	-	-	-	-
Change in economic assumptions	0.1	0.1	0.1	0.1
Change in tax/regulation	-	-	-	-
Margin at the end of the financial year	2.3	2.3	3.9	1.4

	%			
	Total covered business	Core covered business	Emerging Markets	Old Mutual Wealth
Year ended 31 December 2012				
Margin at the end of comparative financial year	1.9	1.9	3.0	1.3
Change in volume	0.2	0.2	0.4	(0.1)
Change in country and product mix	0.1	0.1	0.5	-
Change in operating assumptions	-	-	-	(0.1)
Change in economic assumptions	0.1	0.1	0.2	0.1
Change in tax/regulation	-	-	-	-
Margin at the end of the financial year	2.3	2.3	4.1	1.2

¹ The PVNBP margin changes are calculated in the business unit reporting currency.

Commentary for the six months ended 30 June 2013

For Emerging Markets, the increase in new business margins compared to June 2012 is mainly due to increased volumes and a more beneficial business mix. Volumes have improved due to significant growth in the Mass Foundation Cluster and Corporate Segment businesses. The mix of business has improved due to a shift in sales towards higher margin Mass Foundation Cluster business in South Africa and with-profit savings business in Namibia.

For Old Mutual Wealth, the increase in new business margins compared to June 2012 is mainly due to less development expenses allocated to new business in H1 2013 compared to H1 2012 and general expense savings resulting from the cost reduction initiatives at the end of 2012. These impacts are attributed to the 'change in volume' impact in the table above.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

4. Segmental MCEV sensitivity information

The tables below show the sensitivity of the MCEV, value of in-force business at 30 June 2013 and the value of the new business for the six months ended 30 June 2013 to the following:

- **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.
- **10bps increase of liquidity spreads:** Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities, with credited rates and discount rates changing commensurately.

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.

Sensitivity tests: MCEV

	£m				
	Total covered business	Core covered business	Emerging Markets	Old Mutual Wealth	Non-core covered business
At 30 June 2013					
Central assumptions	6,557	5,844	3,245	2,599	713
MCEV given changes in:					
Economic assumption 100bps increase	6,437	5,706	3,177	2,529	731
Economic assumption 100bps decrease	6,673	5,975	3,308	2,667	698
10bps increase of liquidity spreads	6,564	5,851	3,252	2,599	713

Sensitivity tests: Value of in-force business

	£m				
	Total covered business	Core covered business	Emerging Markets	Old Mutual Wealth	Non-core covered business ¹
At 30 June 2013					
Central assumptions	3,357	3,357	1,377	1,980	-
Value of in-force business given changes in:					
Economic assumption 100bps increase	3,240	3,240	1,309	1,931	-
Economic assumption 100bps decrease	3,463	3,463	1,440	2,023	-
10bps increase of liquidity spreads	3,364	3,364	1,384	1,980	-

Sensitivity tests: Value of new business

	£m			
	Total covered business	Core covered business	Emerging Markets	Old Mutual Wealth
At 30 June 2013				
Central assumptions	108	108	69	39
Value of new business given changes in:				
Economic assumption 100bps increase	98	98	63	35
Economic assumption 100bps decrease	117	117	74	43
10bps increase of liquidity spreads	108	108	69	39

¹ For the current period, the valuation basis for Old Mutual Bermuda has been simplified from a full bottom-up MCEV calculation to an adjusted IFRS basis and the valuation therefore does not include a value of in-force component.

Unaudited additional information to Notes to the MCEV Basis Supplementary Information

For the six months ended 30 June 2013

5. MCEV Methodology

The following section provides additional information to the Methodology section in the published MCEV statements.

The table below shows the amounts of diversified economic capital held in respect of residual non-hedgeable risks.

Capital held in respect of non-hedgeable risks

	£m		
	At 30 June 2013	At 30 June 2012	At 31 December 2012
Emerging Markets	875	897	892
Old Mutual Wealth	831	833	820
Old Mutual Bermuda ¹	n/a	275	210
Total	1,706	2,005	1,922

¹ The valuation basis for Old Mutual Bermuda has been simplified from a full bottom-up MCEV calculation to an adjusted IFRS basis and the valuation therefore does not include a non-hedgeable risk component.

Value of debt

Senior and subordinated debt securities are marked to market value (for IFRS reporting, debt is valued at either book value or fair value). The table below shows the comparison of debt on an IFRS and MCEV basis.

	Notes to the Consolidated Financial Statements	£m					
		At 30 June 2013		At 30 June 2012		At 31 December 2012	
		Book value	MCEV	Book value	MCEV	Book value	MCEV
Debt securities							
£348 million perpetual preferred callable securities ¹	E1	348	308	350	282	348	310
€495 million perpetual preferred callable securities ¹	E1	334	400	338	355	334	376
US\$750 million cumulative preference securities	E1	-	-	458	481	-	-
R3.0 billion repayable 27 October 2015 (8.9%)	E1 (e)	199	210	234	248	218	233
US\$16 million secured senior debt repayable August 2014 (5.23%) ²	E1 (b)	11	11	11	11	10	10
£500 million repayable 3 June 2021 (8.0%) ³	E1 (e)	515	515	513	513	547	547
£112 million euro bond repayable October 2016 (7.125%) ⁴	E1 (b)	113	125	504	569	113	131
Value of debt		1,520	1,569	2,408	2,459	1,570	1,607

¹ In December 2012, €5 million of the €500 million perpetual preferred callable securities were acquired and on 5 December 2012, £2 million of the £350 million preferred securities were acquired, both via open market repurchase.

² On 1 December 2012 \$0.5m of the \$16.5m senior bond was repaid.

³ The principal and coupon on the bond were initially swapped into floating rate Swedish Kroner, at three month STIBOR plus 5.46%. Following the Nordic sale, £375 million of the coupon is now swapped into floating rate sterling at six month GBP LIBOR plus 4.15% and £125 million of principal and coupon is swapped into US dollars at six month USD LIBOR plus 5.49%

⁴ This differs from the value in the Borrowed Funds note E2 (b) by the accrued interest during the period, which is included within the book value of the debt in determining the MCEV market value uplift to maintain consistency and comparability with the market value. On 1 August 2012 £388 million of the £500 million senior debt was redeemed via open market tender.

6. MCEV Assumptions

The following section provides additional information to the Methodology section in the published MCEV statements.

Expense inflation

	%			
	GBP	EUR	USD	ZAR
At 30 June 2013				
1 year	3.3	2.5	3.0	7.0
5 years	4.1	2.5	3.0	7.5
10 years	4.7	2.5	3.0	8.2
20 years	5.3	2.5	3.0	8.4
At 30 June 2012				
1 year	3.0	2.5	3.0	5.9
5 years	3.2	2.5	3.0	6.3
10 years	3.5	2.5	3.0	7.1
20 years	4.1	2.5	3.0	7.1
At 31 December 2012				
1 year	3.3	2.5	3.0	6.0
5 years	3.4	2.5	3.0	6.3
10 years	3.7	2.5	3.0	7.3
20 years	4.1	2.5	3.0	7.5

The at-the-money annualised asset volatility assumptions of the asset classes incorporated in the stochastic models are detailed below.

ZAR volatilities¹

	%				
Option term	1 year swap	5 year swap	10 year swap	20 year swap	Equity (total return index) ²
At 30 June 2013					
1 year	32.4	26.3	23.8	22.8	21.3
5 years	23.9	22.5	21.5	22.1	28.1
10 years	21.3	21.1	22.3	23.1	29.5
20 years	25.3	24.9	26.9	26.8	30.0
At 30 June 2012					
1 year	31.9	26.0	23.1	22.9	23.3
5 years	22.0	21.3	21.5	22.3	28.2
10 years	21.0	22.2	23.1	23.0	26.8
20 years	25.1	24.9	24.7	23.6	28.9
At 31 December 2012					
1 year	32.8	26.5	23.0	22.2	18.0
5 years	22.9	21.0	20.6	21.5	26.7
10 years	20.1	20.5	21.7	22.7	26.5
20 years	24.5	24.7	26.0	25.6	28.9

¹ Due to limited liquidity in the ZAR swaption market, the market consistent asset model has been calibrated by extrapolating swaption and equity implied volatility data beyond a term of one year and 5 years respectively.

² For 30 June 2013, the South African stochastic models have been updated to allow for the observed equity volatility skew. The June 2013 at-the-money options volatilities included in the above table have been derived from the updated model.

USD volatilities

USD swaption volatilities are no longer relevant to Old Mutual Bermuda modelling methodology given the simplified modelling approach adopted for June 2013.

6. MCEV Assumptions

The following section provides additional information to the Methodology section in the published MCEV statements.

International equity volatilities (applicable to Bermuda)¹

Option term	SPX	EWZ	TPX	HSCEI	TWY	KOSP12	NIFTY	SX5E	UKX
At 30 June 2013									
1 year	18.7	27.5	30.9	24.5	15.9	19.9	18.8	21.0	18.5
5 years	22.9	28.4	29.4	24.8	18.9	20.5	21.1	21.8	21.8
10 years	22.9	28.4	29.4	24.8	18.9	20.5	22.1	21.8	21.8
At 30 June 2012									
1 year	22.9	31.7	25.9	26.5	21.4	21.9	20.4	24.7	22.0
5 years	26.0	31.5	27.0	28.8	23.3	22.8	26.0	24.3	24.6
10 years	26.0	31.5	27.0	28.8	23.3	22.8	26.0	24.3	24.6
At 31 December 2012									
1 year	20.5	25.6	28.5	24.8	19.2	21.0	16.2	22.0	18.7
5 years	23.9	26.5	30.4	26.8	21.7	22.5	22.3	23.3	22.6
10 years	23.9	26.5	30.4	26.8	21.7	22.5	22.3	23.3	22.6

Option term	EEM	USAgg	EUAgg	APAgg
At 30 June 2013				
1 year	25.2	6.3	14.3	12.8
5 years	26.5	6.3	14.3	12.8
10 years	26.5	6.3	14.3	12.8
At 30 June 2012				
1 year	29.4	5.5	13.0	12.3
5 years	30.5	5.5	13.0	12.3
10 years	30.5	5.5	13.0	12.3
At 31 December 2012				
1 year	24.2	6.3	14.3	12.8
5 years	25.3	6.3	14.3	12.8
10 years	25.3	6.3	14.3	12.8

¹ Long-term option implied volatility has been calibrated assuming a flat volatility term structure beyond 5 years due to limited data availability for some indices. The assumptions are shown as the annualised volatilities applicable over the entire option term specified, consistent with the disclosure of volatilities for other regions. These volatilities, as represented by their Bloomberg codes, refer to the price indices.

Effective tax rates

The weighted average effective tax rates that apply to the cash flow projections at 30 June 2013 are set out below:

Weighted average effective tax rates	At 30 June 2013	At 30 June 2012	At 31 December 2012
OMLAC(SA)	28	28	28
Namibia	-	-	-
Old Mutual Wealth	11	12	11
Bermuda ¹	n/a	-	-

¹ No longer required as per new valuation basis given the simplified modelling approach adopted for June 2013.