

Interim Management Statement

GROUP RESULTS

Group highlights for the three months ended 31 March 2013 (£bn)	Q1 2013	% of opening FUM¹		Q1 2012 (as reported)	% change (reported)
Net client cash flow (NCCF)					
Emerging Markets	0.4	3%		0.3	33%
Old Mutual Wealth ³	0.4	2%		0.5	(20)%
Nedbank	0.5	17%		0.4	25%
US Asset Management ²	2.6	8%		2.5	4%
NCCF from core operations	3.9	6%		3.7	5%
Group highlights at 31 March 2013 (£bn)					
	31 March 2013	31 December 2012 (constant currency basis)	% change (constant currency)	31 December 2012 (as reported)	% change (reported)
Funds under management (FUM)					
Emerging Markets	54.6	51.7	6%	52.6	4%
Old Mutual Wealth ³	74.5	69.2	8%	69.2	8%
Nedbank	12.4	11.5	7%	11.8	5%
Mutual & Federal	0.2	0.2	0%	0.2	0%
US Asset Management	146.7	137.3	7%	128.4	14%
FUM from core operations	288.4	269.9	7%	262.2	10%
Group highlights for the three months ended 31 March 2013 (£m)					
	Q1 2013	Q1 2012 (constant currency basis)	% change (constant currency)	Q1 2012 (as reported)	% change (reported)
Gross sales					
Emerging Markets	2,512	2,295	9%	2,616	(4)%
Old Mutual Wealth ³	3,085	2,602	19%	2,602	19%
Total gross sales	5,597	4,897	14%	5,218	7%
Covered sales (APE)					
Emerging Markets	121	102	19%	116	4%
Old Mutual Wealth	148	153	(3)%	153	(3)%
Total covered sales (APE)	269	255	6%	269	0%
Non-covered sales⁴					
Emerging Markets	1,770	1,702	4%	1,941	(9)%
Old Mutual Wealth ³	1,546	1,117	38%	1,117	38%
US Asset Management ²	-	349	(100)%	344	(100)%
Total non-covered sales	3,316	3,168	5%	3,402	(3)%

¹ Annualised NCCF for core businesses

² 2012 comparative includes the results of OMCap, Dwight, and Lincluden, which were sold on 1 April 2012, OMAM(UK), which was transferred to Wealth Management on 1 April 2012, and 2100 Xenon Group, 300 North Capital, Analytic Investors, Ashfield Capital Partners and Larch Lane Advisors, which were sold during 2012.

³ Comparative period has not been restated for OMAM(UK)

⁴ Non-covered sales includes mutual funds, unit trust and other non-covered sales

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Overview

External Environment

While the economy in South Africa continues to grow, it remains affected by continued global economic weakness and by the lack of growth in Western Europe in particular. The International Monetary Fund (IMF) expects GDP growth in South Africa to be 2.8% for 2013.

Growth in the other African countries where we operate remains strong, with the IMF's World Economic Outlook forecasting growth in sub Saharan Africa to average 5.6% in 2013 and 6.1% in 2014. In the UK, the savings market post the Retail Distribution Review (RDR) has been disrupted with many Independent Financial Advisers (IFAs) experiencing challenges in transitioning to the new regulatory framework. While these challenges are expected to remain in the short-term, we remain confident that we are well placed to be net beneficiaries of the RDR.

Group Overview

Funds under Management (FUM) at the quarter end increased by 7% to £288.4 billion from £262.2 billion (as reported) at 31 December 2012 due to positive market movements and net client cash flow of £3.9 billion across the Group, with all core business units contributing positive flows.

Emerging Markets

Emerging Markets maintained its momentum with a strong first quarter in 2013. Net inflows for the quarter were R5.7 billion, up R1.5 billion on Q1 2012 largely due to a strong performance in Asia and Latin America, in particular from a large corporate deal in Colombia and higher sales in China and Mexico. FUM increased by 6% from the year end to R765 billion. Gross sales rose 9% to R35 billion on the comparative period.

Life Annual Premium Equivalent (APE) sales were up 19% with the South African Mass Foundation Cluster (MFC) up 16%, benefiting from a larger sales force and the inclusion of credit life sales, Rest of Africa up 18%, and Asian sales being reclassified from non-covered sales to life APE sales. We are now trading in Nigeria via our joint venture with Ecobank. Non-covered sales were up 4% to R24.6 billion, with particularly strong performances in Latin America and the Rest of Africa.

Old Mutual Wealth

Old Mutual Wealth had a resilient start to the year. Net client cash flow of £0.4 billion was flat (including OMAM(UK) in the comparative period), in spite of a £225 million net outflow during the quarter following the sale of Skandia Nordic last year. Total FUM of £74.5 billion was up 8% from the start of the year. Gross sales of £3.1 billion were up 19% on Q1 2012.

Our International business had a strong quarter with net inflows of £134 million, significantly higher than in Q1 2012 with an improvement in sales in all regions where we operate, other than the UK. The continued uncertainty around new regulations has had an impact on distribution in the UK, such that the UK platform net client cash flow was down 10% at £498 million. Old Mutual Global Investors (OMGI) gross sales for the period were £1.5 billion, up 68%, helped in part by positive markets, but more significantly by the first time inclusion of OMAM(UK) sales and an internal transfer into OMGI's Select range. Further Nordic outflows are expected in OMGI during 2013. OMGI continued to deliver strong investment performance in the period.

US Asset Management

US Asset Management had an encouraging first quarter with net client cash flow for the quarter totalling \$4.1 billion with inflows into a broad range of strategies. At the end of the quarter, FUM stood at \$222.8 billion, up 7% (\$14.2 billion) from the year end, of which 4.8% of the increase was due to positive markets. Investment performance was stable compared to that at 31 December 2012 and continues to be key to future flows.

Nedbank

In the quarter, Nedbank grew net interest income by 7% to R5.1 billion. Non-interest revenue increased by 8% to R4.4 billion driven by continued growth in commission and fee income. Nedbank remains on track to meet its earnings growth target in 2013, notwithstanding the more challenging economic environment. The credit loss ratio rose to 1.22% from 1.08% for Q1 2012. Nedbank agreed the acquisition of an initial 36% stake in Banco Unico in Mozambique for \$24 million, subject to regulatory approvals.

Mutual & Federal

The first quarter saw a continuation of the challenging claims environment experienced in 2012, with several large fire claims in the Corporate and Commercial business lines, in addition to large weather-related claims in the agricultural business. We continue to take steps to improve underwriting performance, including cost containment and selective pricing action on poor performing lines of business, whilst developing the client base and broadening distribution channels. Terms were agreed in respect of acquiring Ecobank's general insurance operation in Nigeria and we are now awaiting regulatory approval.

Bermuda

At 31 March 2013, the estimated remaining cash cost of meeting future fifth anniversary guarantees to Universal Guaranteed Option (UGO) Guaranteed Minimum Accumulation Benefit (GMAB) policyholders was \$49 million (31 December 2012: \$105 million, 30 September 2012: \$305 million). The aggregate surrender rates remained in line with our assumptions. At 31 March 2013, 84% of the UGO GMAB contracts by guarantee amount had passed their five year top-up date with an aggregate surrender rate of 79% for non-Hong Kong and 62% for Hong Kong contracts.

Outlook

We are pleased with the continuing trends in the performance of our businesses, following the rising equity markets in the first quarter and, against a backdrop of continued challenging macroeconomic conditions, we are confident in the prospects for the Group for the full year.

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Notes to Editors:

A conference call for analysts and investors will take place at 09.00 (UK time) and 10.00 (South African time) today. Analysts and investors who wish to participate in the call should dial the following numbers quoting conference pin 97034284#:

UK and International (outside South Africa and US)	+44 20 3139 4830
South Africa	+27 21 672 4008
US	+ 1 718 873 9077

Please dial in 10 minutes before the scheduled start time of the call to avoid excess holding.

A replay facility will be available until midnight on 23 May 2013 on the following number, quoting access pin 638579#:

UK / standard international	+44 20 3426 2807
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Copies of this update, together with high-resolution images and biographical details of the Executive Directors of Old Mutual plc, are available in electronic format to download from the Company's website at www.oldmutual.com.

This Interim Management Statement has been prepared in accordance with section 4.3 of the Disclosure and Transparency Rules (DTR) and covers the period 1 January 2013 to 9 May 2013. Unless otherwise stated, all percentage movements are presented on a local currency basis to exclude the impact of foreign exchange movements. The business update is included in this Interim Management Statement. A Disclosure Supplement relating to the Company's business update can be found on our website. This contains key financial data for the three months ended 31 March 2013.

Life assurance APE sales are calculated as the sum of (annualised) new regular premiums and 10% of the new single premiums written in an annual reporting period.

Foreign exchange rates used for constant currency calculations versus GBP

		Q1 2013	Q1 2012	Appreciation / (depreciation) of local currency	FY 2012	Appreciation / (depreciation) of local currency
Rand	Average Rate*	13.90	12.19	(14)%	13.01	(7)%
	Closing Rate	14.01	12.23	(15)%	13.77	(2)%
USD	Average Rate*	1.55	1.57	1%	1.58	2%
	Closing Rate	1.52	1.60	5%	1.62	6%

* Average rate is for the three months to 31 March.

Cautionary statement

This announcement contains forward-looking statements relating to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond Old Mutual plc's control including, among other things, global, and UK and South African domestic, economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties or of future acquisitions or combinations within relevant industries, and the impact of tax and other legislation and other regulations in territories where Old Mutual plc or its affiliates operate.

As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in its forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.

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Old Mutual Emerging Markets

Gross sales*

	Rm		
	Q1 2013	Q1 2012	% change
Mass Foundation Cluster	1,812	1,593	14%
Retail Affluent	12,106	11,561	5%
Corporate	3,524	2,712	30%
OMIGSA	6,227	8,486	(27)%
Total South Africa	23,669	24,352	(3)%
Rest of Africa	2,574	2,297	12%
Asia & Latin America	8,656	5,246	65%
Total Emerging Markets	34,899	31,895	9%

* Gross sales are cash inflows for the period and thus include prior period recurring premium flows

Covered sales (APE)

	Rm								
By Cluster:	Single premium APE			Regular premium APE			Total APE		
	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%
South Africa									
Mass Foundation ¹	1	1	0%	575	494	16%	576	495	16%
Retail Affluent	231	238	(3)%	348	340	2%	579	578	0%
Corporate	122	66	85%	43	88	(51)%	165	154	7%
Total South Africa	354	305	16%	966	922	5%	1,320	1,227	8%
Rest of Africa	48	40	20%	128	109	17%	176	149	18%
Asia & Latin America ²	89	6	1,383%	100	33	203%	189	39	385%
Total Emerging Markets	491	351	40%	1,194	1,064	12%	1,685	1,415	19%

	Rm								
By Product:	Single premium APE			Regular premium APE			Total APE		
	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%
Emerging Markets									
Savings ²	385	281	37%	609	528	15%	994	809	23%
Protection	-	-	0%	585	536	9%	585	536	9%
Annuity	106	70	51%	-	-	0%	106	70	51%
Total Emerging Markets	491	351	40%	1,194	1,064	12%	1,685	1,415	19%

Non-covered gross sales

	Rm								
	Unit trust / mutual fund sales			Other non-covered sales			Total non-covered sales		
	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%
South Africa	6,454	6,189	4%	9,219	10,846	(15)%	15,673	17,035	(8)%
Rest of Africa	1,110	932	19%	659	575	15%	1,769	1,507	17%
Asia & Latin America ²	7,148	4,727	51%	-	386	(100)%	7,148	5,113	40%
Emerging markets	14,712	11,848	24%	9,878	11,807	(16)%	24,590	23,655	4%

¹ MFC includes OMF credit life sales of R48 million in 2013

² Sales from Asia have been reclassified from non-covered to covered APE sales from 2013

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Old Mutual Wealth

Gross sales* and funds under management

	£bn					
	1-Jan-13	Gross Sales	Redemptions	Net flows	Market and other movements	31-Mar-13
Invest & Grow markets						
UK Platform	22.6	1.0	(0.5)	0.5	1.6	24.7
International ⁴	13.9	0.4	(0.2)	0.2	0.7	14.8
OMGI	13.8	1.5	(1.4)	0.1	1.1	15.0
Total Invest & Grow	50.3	2.9	(2.1)	0.8	3.4	54.5
Manage for Value markets						
OM Wealth Europe - open book ¹	5.9	0.4	(0.2)	0.2	0.3	6.4
Heritage business ^{2 4}	19.0	0.4	(0.7)	(0.3)	1.3	20.0
Total Manage for Value	24.9	0.8	(0.9)	(0.1)	1.6	26.4
Elimination of intra-Group assets ³	(6.0)	(0.6)	0.3	(0.3)	(0.1)	(6.4)
Total Old Mutual Wealth	69.2	3.1	(2.7)	0.4	4.9	74.5

* Gross sales are cash inflows for the period and thus include prior period recurring premium flows

¹ Includes business written in France, Italy and Poland

² Includes UK Heritage and OMW Europe closed book (Germany, Austria and Switzerland)

³ Represents assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

⁴ From Q1 2013, the Lichtenstein business has been reported within OMW Europe (closed book) rather than International. Comparatives for 2012 have been restated

Covered sales

	£m								
	Gross single premiums			APE regular premiums			Total APE		
	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%	Q1 '13	Q1 '12	%
Invest & Grow markets									
UK Platform	433	506	(14)%	6	8	(25)%	49	59	(17)%
International	399	311	28%	7	10	(30)%	47	41	15%
Total Invest & Grow	832	817	2%	13	18	(28)%	96	100	(4)%
Manage for Value markets									
OM Wealth Europe – open book ¹	359	238	51%	3	7	(57)%	39	31	26%
Heritage business ²	31	66	(53)%	10	16	(38)%	13	22	(41)%
Total Manage for Value	390	304	28%	13	23	(43)%	52	53	(2)%
Total Old Mutual Wealth	1,222	1,121	9%	26	41	(37)%	148	153	(3)%

¹ Includes business written in France, Italy and Poland

² Includes UK Heritage and OMW Europe closed book (Germany, Austria and Switzerland)

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Non-covered gross sales

	£m		
	Q1 '13	Q1 '12	%
Invest & Grow markets			
UK Platform	489	560	(13)%
OMGI ¹	873	331	164%
Total Invest & Grow	1,362	891	53%
Manage for Value markets			
OM Wealth Europe – open book ³	16	6	167%
Heritage business ²	168	220	(24)%
Total Manage for Value	184	226	(19)%
Total Old Mutual Wealth	1,546	1,117	38%

¹ Excludes the transfer of intra-group assets. Comparative does not include OMAM(UK) sales of £270 million

² Includes UK Heritage and OMW Europe closed book (Germany, Austria and Switzerland)

³ OMW Europe open book business written in France, Italy and Poland

Bermuda reserve development

The movement in guarantee reserves over the last three years is shown below:

	\$m			
Calculation date	Guarantee reserves for UGO GMAB	Actual cumulative top-ups paid	Estimated remaining top-up payment	Total estimated cash cost
31-Mar-11	573	-	303	303
31-Mar-12	794	18	463	481
31-Mar-13	153	473	49	522

Financial Groups Directive

The Financial Groups Directive (FGD) surplus was £2.0 billion at 31 March 2013.

Exposure to sovereign debt in Portugal, Italy, Ireland, Greece, Spain, Cyprus and France

The Group has no exposure to the sovereign debt of Portugal, Italy, Ireland, Greece, Spain or Cyprus. The Group's exposure to French sovereign debt is £4.7 million.