NEWS **RELEASE**

Old Mutual plc
Ref 179/16
11 March 2016

OLD MUTUAL GROUP'S SOLVENCY II AND ECONOMIC CAPITAL RESULTS

Old Mutual plc today announces its Group Solvency II position as at 1 January 2016.

- The Group Solvency II ratio at 135% (representing a Group Solvency II surplus of £1.6 billion) is conservative as it
  - uses a standard formula approach
  - excludes £0.9 billion of surplus due to fungibility and transferability constraints
  - allows for only limited diversification benefits between entities, and
  - places no reliance on transitional arrangements[1]
- The Group Solvency II ratio is highly resilient to market stresses
  - £0.8 billion of restricted surplus is available in full to absorb losses within Old Mutual Emerging Markets and Nedbank, with these businesses limited to inclusion in the Group Solvency II ratio at a 100% cover ratio
  - Old Mutual Wealth is well capitalised under Solvency II with a ratio of 181%
- Each of our individual businesses have strong and resilient local statutory capital and cover ratios
- The 2017 implementation of Solvency Assessment and Management ("SAM") in South Africa, if deemed equivalent, will have a number of beneficial impacts for the South African insurance business and be marginally beneficial for the Group Solvency II ratio

As indicated previously, the Group is appropriately, but not excessively, capitalised under Solvency II.

The Group's economic capital ratio at 31 December 2015 is 229%.

Further information on the Group Solvency II result at 1 January 2016 and basis of preparation together with details on other capital metrics relevant to the Group at 31 December 2015 are provided in this note.

OLD MUTUAL GROUP'S SOLVENCY II POSITION AT 1 JANUARY 2016

Old Mutual reports a Group Solvency II capital surplus of £1.6 billion and a Group Solvency II ratio of 135% as at 1 January 2016. This is after excluding £0.8 billion of surplus, calculated on a Solvency II basis, relating to our businesses held through South Africa. The remaining £0.1 billion of restricted surplus arises in Old Mutual Wealth.

As expected, the Group Solvency II ratio, using the standard formula approach, is lower than that of the existing FGD regime and is resilient to changes in economic and investment market conditions. Each of our individual businesses retain strong and resilient local statutory cover and have sufficient capital to support normal trading operations and withstand regulatory and internal stress scenarios.

Going forward, we will manage the business to target a Group Solvency II ratio above our early warning threshold of 120%.

Solvency II introduces a different lens through which to view Group capital. It uses a conservative 1 in 200 stress scenario in determining capital requirements and applies a more rules-based determination of capital fungibility and transferability. This basis, together with the limited sensitivity of the Group ratio to standard market stresses have been considered in determining the early warning threshold.

[1] Except in relation to the grandfathering of debt instruments in issue prior to 2015

A summary of the Group's regulatory capital position and reported ratios are presented in the table below:

Group regulatory capital (£ billion)	FGD 31 Dec 2014	FGD 31 Dec 2015	Solvency II 1 Jan 2016
Total capital resources available	5.4	**4.6**	**6.0**
Total capital resource requirements	3.3	**2.9**	**4.4**
Group surplus	2.1	**1.7**	**1.6**
Coverage ratio	164%	**160%**	**135%**

SENSITIVITY OF GROUP SOLVENCY TO KEY MARKET MOVEMENTS

The Group Solvency II ratio is resilient to changes in various economic factors.

The table below presents the estimated sensitivity of the Group Solvency II ratio under certain standard financial stresses. These are defined by reasonably possible individual movements in key market parameters while keeping all other parameters constant with the effects impacting both the capital resources and capital requirement, and consequently the Group Solvency II ratio. In addition, we have included a non-financial stress assuming 10% of our insurance business in Old Mutual Wealth and Old Mutual Emerging Markets lapses immediately.

Impact on Group Solvency II position at 1 January 2016 (£ billion)	Capital requirement	Group surplus	Group ratio	Restricted surplus
Base Solvency II position	**4.4**	**1.6**	**135%**	**0.9**
Equity markets fall by 25%	4.2	1.5	135%	0.7
Impact of 10% of business lapsing immediately[1]	4.2	1.5	135%	0.8
Interest rates rise by 100 basis points	4.4	1.5	135%	0.9
Credit spreads increase by 100 basis points	4.5	1.6	135%	0.8
ZAR:GBP exchange rate depreciates by 30%	3.7	1.6	142%	0.7
ZAR:GBP exchange rate appreciates by 10%	4.8	1.6	132%	0.9

[1] Business lapse sensitivity for Old Mutual Wealth and Old Mutual Emerging Markets only

The results of the sensitivities show that the Group Solvency II ratio is resilient to market and non-market stress events.

In addition to the stand alone sensitivities presented above, as part of our ongoing stress and scenario testing, we have tested the impact of a downgrade in the investment status of South Africa, coupled with a deteriorating economic outlook for the rest of the world and related equity market reductions. This stress testing has been conducted over the three year business planning horizon. The following main parameters were used to stress test our capital, earnings and cash position:

Equity risk

We assumed significant falls in our major markets in 2016 (South Africa 23%, UK 13%, US 14%) with modest recoveries in the ensuing two years (10% in total over 2017 and 2018 in South Africa and 5% in the UK and US).

Interest rate risk

We assumed an immediate spike in interest rates in South Africa followed by a modest fall. We assumed that the Prime rate increases to 13.3% in 2016 followed by a fall back to 10.2% by 2018 and the 10 year bond rate increases to 10.9% in 2016 followed by a fall back to 8.7% by 2018.

Credit risk

We assumed a spread widening on corporate bonds in Old Mutual Emerging Markets of 100 basis points. Credit loss ratios in Nedbank were assumed to increase by an additional 1.6% at their peak in 2017, and by an additional 2.7% on average in Old Mutual Emerging Markets.

Business risk

We assumed new business in Old Mutual Emerging Markets reduced by 20% and lapses increased by 20%.

Currency risk

We assumed that the rand depreciated against the pound to an average of 29.2 over 2016 with a further depreciation to 33.4 in 2018.

Our stress testing demonstrated that the underlying business units have sufficient capital to withstand these significant shocks and, as management actions take effect, the capital positions recover.

The Group Solvency II ratio remains stable due to a combination of the resilience of Old Mutual Wealth, the ability of the restricted surplus in Old Mutual Emerging Markets and Nedbank to absorb the effects of the shock, and the depreciation of the rand. Although the capital position is resilient, this scenario would materially affect earnings in the business units. The Group dividend flexes within the dividend policy to accommodate the materially lower earnings.

South Africa

The restriction that applies to the surplus arising from the businesses held in South Africa dampens the impact of the sensitivities on the Group Solvency II ratio. Importantly, the restricted surplus is available to absorb losses within the businesses held through South Africa.

The Group Solvency II ratio improves with a rand currency depreciation. A rand depreciation decreases the proportion of the Group Solvency II ratio that is included at 100% and therefore improves the overall Group Solvency II ratio. Similarly, a rand currency appreciation results in a decrease in the Group Solvency II ratio.

Old Mutual Wealth

The sensitivity of the pro forma Old Mutual Wealth Solvency II position at 1 January 2016 is shown in the table below.

Impact on Old Mutual Wealth Solvency II position at 1 January 2016 (£ billion)	Capital requirement	Surplus	Old Mutual Wealth ratio
Base Solvency II position	**0.9**	**0.7**	**181%**
Equity markets fall by 25%	0.8	0.7	183%
Impact of 10% of business lapsing immediately	0.9	0.7	179%
Interest rates rise by 100 basis points	0.9	0.7	178%
Credit spreads increase by 100 basis points	0.9	0.7	181%

GROUP SOLVENCY II BASIS OF PREPARATION

The Group Solvency II position has been prepared in accordance with the Solvency II Directive[2] which came into effect on 1 January 2016 for all insurance entities operating in Europe. Reporting under Solvency II commences in 2016 with full annual reporting submissions only required for year end 2016. These will be submitted to the Group supervisor in June 2017.

We have adopted the standard formula approach for Old Mutual for the purposes of measuring regulatory capital under Solvency II.

The Group Solvency II position is presented after restricting entirely the surplus available from the businesses held through South Africa, as a result of the exchange controls and demutualisation agreement that apply to remitting capital from South Africa. Under the Solvency II rules, this means that the surplus is not considered to be fully fungible or transferable at a Group level. The restricted surplus excludes the impact of currency translation risk which may apply if this surplus were considered available at the Group level.

Old Mutual uses a combination of aggregation methods to determine the Group Solvency II position. Insurance entities in Europe and other financial institutions[3] in the Group are included on a consolidation basis. This allows for full diversification to be recognised between these insurance entities only.

Insurance entities in Bermuda, South Africa and other African countries are included using deduction and aggregation[4]. No diversification benefit is recognised between these insurance entities. The use of deduction and aggregation enables the Group to use the local regulatory basis for these entities if the jurisdictions in which they operate are deemed equivalent to Solvency II[5].

In South Africa, the current local regulatory basis is due to be replaced by SAM which is expected to be implemented in 2017. The outcome of the equivalence assessment for SAM is not expected before SAM implementation in 2017. The impact of using the SAM basis for the South African businesses is expected to be beneficial for the local businesses and to result in operational efficiencies in future, but to only have a small positive impact on the Group Solvency II ratio.

Other than the grandfathering of our Group debt in issue prior to 2015, Old Mutual has not placed reliance on the use of transitional measures as set out in the Solvency II Directive. The Group does not have significant guarantee business in Europe and is therefore not impacted by the use of the ultimate forward rate for our European entities. The Group has also not applied for the use of the matching adjustment or the volatility adjustment mechanism.

Consistent with the approach adopted for the reporting of Group FGD and economic capital, the Group Solvency II position is presented before deducting the second interim dividend in respect of the year end 2015.

These results are based on the Directive and provide an estimate of the Group position at 1 January 2016. The results are prepared in accordance with the Group-wide internal assurance control framework but have not been subject to a full external independent audit opinion and may be subject to change before submission to the Prudential Regulation Authority for 'Day one' reporting on 30 June 2016. In addition, the Solvency II position is not an assessment of distributable capital or cash.

Basis for inclusion of Nedbank

We have assessed Nedbank's local Basel III capital requirements to be no less onerous than the EU implementation of Basel III (CRD IV) and have therefore included it within the Group Solvency II position reflecting Old Mutual's 54.9% holding on its local sectoral rules. Due to the fungibility and transferability restrictions, surplus from Nedbank is restricted.

Old Mutual Life Assurance Company (South Africa) ("OMLAC(SA)") holds an investment in Nedbank, which is recognised as a participation at a Group level. The Solvency II rules on the treatment of

[2] Directive 2009/138/EC of the European Parliament and of the Council

[3] Although Financial Institutions are included in the 'consolidated' data by definition, in practice such entities are aggregated in the Group Solvency calculation using sectoral rules as required under Solvency II

[4] As approved by the PRA

[5] Bermuda has been granted provisional equivalence by the European Parliament, with the proposal put forward for the territory to be deemed fully equivalent. Our insurance business in Bermuda has however been included using Solvency II rules as entities for Bermuda are only required to submit regulatory returns on the new equivalent regime in 2017

participations for groups, where a combination of methods is used, are not clear. Until we have further clarity, we have included an additional capital requirement in respect of the equity risk component for Nedbank which arises from the investment in Nedbank held directly by OMLAC(SA). This contributes an additional £0.2 billion to the Group capital requirement. However, this equity investment is not reflected in the Group own funds nor in the restricted surplus.

COMPARISON OF SOLVENCY II TO FGD

The key differences in the Group surplus and ratio between FGD and Solvency II are explained in the table below.

Analysis of difference between FGD and Solvency II (£ billion)	Surplus	Ratio
FGD regulatory surplus and ratio at 31 December 2015	1.7	160%
Restriction to FGD regulatory surplus from entities held through South Africa	(0.8)	
	0.9	133%
Additional Solvency II own funds recognised for Group and Old Mutual Wealth	1.4	
Recognition of additional solvency capital requirement for consolidated insurance and Bermuda arising from Solvency II	(0.7)	
	1.6	144%
Recognition of additional solvency capital requirement for Old Mutual Emerging Markets arising from Solvency II	(0.9)	
Recognition of additional own funds up to the solvency capital requirement in Old Mutual Emerging Markets	0.9	
Group Solvency II surplus and ratio at 1 January 2016	1.6	135%

The Group's FGD position as at 31 December 2015 reflects a Solvency I based position for the Group. The implementation of Solvency II for the Group from 1 January 2016 brings insurance entities[6] in the Group onto a Solvency II basis. This means that prudential reserves used in Solvency I are removed and replaced with a best estimate liability and an explicit risk margin. The Solvency I capital requirement is also replaced with a consistent risk-based requirement, calibrated to a 1 in 200 stress scenario. In general this results in an increase in both the regulatory capital resources and capital requirements under Solvency II when compared to Solvency I. These adjustments are applied to all insurance businesses in the Group, including the Group holding company, and insurance entities in Old Mutual Wealth, Old Mutual Emerging Markets and Bermuda.

Solvency II introduces stricter rules on fungibility and transferability and as a result, the Group position does not recognise any surplus arising from entities held through South Africa; the capital resources recognised from these entities are limited to the amount of their solvency capital requirement. These entities therefore contribute nil to the Group surplus and are included in the Group position at a solvency cover ratio of 100%. The Group Solvency II ratio therefore represents a weighted average of the 100% cover ratio for these businesses and that of the cover ratio that applies to the rest of the Group.

The implications of this are that the Group Solvency II ratio improves with a rand currency depreciation. A rand depreciation decreases the proportion of the Group Solvency II ratio that is included at 100% and therefore improves the overall Group Solvency II ratio; and vice versa for a rand currency appreciation.

While Old Mutual Wealth does not report separately as a sub-group to the Prudential Regulation Authority in the UK, the Solvency II ratio for this business unit is estimated to be 181% at 1 January 2016. This compares to a 223% ratio for the business unit on a Solvency I basis used for FGD at 31 December 2015.

The regulatory basis of other entities in the Group is largely unchanged from FGD. Under FGD, sectoral rules apply to other financial institutions in the Group. In particular, Old Mutual Asset Management ("OMAM") is included using sectoral rules for asset management entities. Due to the significant portion of

[6] This applies to all insurance entities in the Group that are included in the scope of Group supervision

goodwill that arises in OMAM in the Group's financial statements, which is not recognised for regulatory purposes, OMAM contributes a deficit of £54 million to the Group position[7] for both FGD and Solvency II.

COMPOSITION OF GROUP SOLVENCY II OWN FUNDS AT 1 JANUARY 2016

The Group own funds reflects the resources of the underlying businesses after excluding the restricted surplus from the South African owned businesses. The Group own funds include the Group issued hybrid and subordinated debt instruments which qualify as capital under Solvency II. The composition of own funds by tier is presented in the table below.

Old Mutual Group Solvency II Own Funds at 1 January 2016 (£ billion)	Own Funds
Tier 1 (unrestricted)	4.7
Tier 1[1] (restricted)	0.3
Tier 2[2]	1.0
Total Group Solvency II Own Funds	6.0

[1] Comprises £0.3 billion of perpetual securities grandfathered under Solvency II
[2] Comprises £0.5 billion of Solvency II compliant subordinated debt and £0.5 billion subordinated debt grandfathered under Solvency II

Old Mutual plc's new £450m Dated Tier 2 Subordinated Notes issued on 3 November 2015 qualify as Tier 2 capital under Solvency II. Old Mutual plc's other debt instruments issued prior to Solvency II implementation have been grandfathered under the transitional provisions of Solvency II and recognised as restricted Tier 1 or Tier 2.

The subordinated debt issued by OMLAC(SA) qualifies as Tier 2 for local regulatory reporting purposes and similarly Nedbank holds qualifying Tier 1 and Tier 2 instruments in their reported capital. These do not qualify as capital in the Group own funds due to the fungibility and transferability restriction applied to the surplus arising from the businesses held through South Africa.

[7] The Group's shares in OMAM have a market value of £825 million which is recognised in the Group adjusted net asset value metric as reported in the Group Annual accounts

OLD MUTUAL GROUP COMPOSITION OF CAPITAL REQUIREMENTS AT 1 JANUARY 2016

The insurance entities in the Group calculate capital requirements using the Solvency II standard formula. The composition of these requirements is reflected by risk type for the consolidated insurance entities in Europe, and the aggregated insurance entities in Old Mutual Emerging Markets and Old Mutual Bermuda in the profile below.

Composition of capital requirement by key risk type (%)		Consolidated insurance[1]	Aggregated insurance[2]	Old Mutual Bermuda	Total insurance
Market Risk	Equity	23%	21%	75%	22%
	Interest rate	6%	6%	4%	7%
	Currency	19%	3%	17%	8%
	Spread	3%	8%	0%	7%
	Risk concentration	0%	3%	0%	2%
	Property	1%	1%	0%	1%
Life Underwriting Risk	Lapse	31%	26%	2%	27%
	Expense	7%	5%	2%	5%
	Mortality	2%	7%	0%	5%
	Other[3]	1%	5%	0%	4%
Health Underwriting Risk		0%	3%	0%	2%
Non-life Underwriting Risk		0%	6%	0%	4%
Counterparty Default Risk		4%	3%	0%	3%
Operational Risk		3%	3%	0%	3%
(£ billion)					
Total undiversified capital requirement[4]		**1.6**	**4.0**	**0.1**	**5.7**
Diversification		(0.6)[5]	(1.7)[6]	-	(2.3)
Loss absorbing capacity of deferred taxes		(0.1)	(0.5)	-	(0.6)
Total diversified capital requirement		**0.9**	**1.8**	**0.1**	**2.8**[7]

[1] Represents the insurance businesses in Europe, including relevant holding companies, on a consolidated basis
[2] Represents the insurance businesses in Old Mutual Emerging Markets on a deduction and aggregation basis
[3] Other comprises of disability, life catastrophe and longevity risks
[4] Represents the capital requirements before the loss absorbing impact of deferred taxes for insurance entities in the Group only
[5] Represents diversification between risk types within entities and across entities
[6] Represents diversification between risk types within entities only
[7] The total Group capital requirement of £4.4 billion includes capital requirements for insurance entities of £2.8 billion with the balance comprising capital requirements for non-insurance entities within the Group

The composition of capital requirements for the insurance businesses in the Group are determined by the standard formula stresses that apply to each of the underlying risks and can be attributed as follows:

- The largest component of our regulatory capital requirements relates to lapse risk, arising from the loss of future profits as a result of a mass lapse event in both Old Mutual Wealth and Old Mutual Emerging Markets.
- Equity risk is a significant component in Old Mutual Wealth, Old Mutual Emerging Markets and Old Mutual Bermuda. In Old Mutual Wealth and Old Mutual Emerging Markets this largely relates to the fall in future asset related fees arising from an equity shock. For Old Mutual Bermuda, this relates to the increase in the cost of guarantees maturing in 2017 and 2018. Although Old Mutual Bermuda currently undertake a number of different hedging programmes to manage this risk, the risk mitigating effects of these have only partially been reflected in the calculation of the capital requirements.
- Currency risk exists in Old Mutual Wealth due to non-sterling related business written by all of the insurance entities in this business unit. The translation of the Italy business to sterling gives rise to

additional currency risk. There are limited other currency risk capital requirements at Group given the fungibility and transferability restrictions for the South African businesses.

- Spread risk in Old Mutual Emerging Markets arises predominantly from asset exposures within the individual and corporate annuity book and an allowance for the spread risk on South African government bonds.
- Non-life underwriting risk arises in Old Mutual Emerging Markets due to the Property & Casualty activities in Mutual & Federal in South Africa. Under Solvency II, the calibration of certain non-life insurance risks is not representative of South African experience and results in capital charges significantly in excess of those that will apply under SAM. This component (catastrophe risk) is not material at a Group level.
- Expense risk arises from an increase in operational expenses required in the stressed Solvency II position compared to that provided for in the technical provisions.
- Interest rate risk is hedged to a significant extent in Old Mutual Emerging Market's risk and annuity portfolios – this mutes the impact of interest rate stresses on the business.

The capital requirements by risk type represent the standard formula stresses for the insurance entities in the Group only. The economic capital risk profile for the Group includes all entities in the Group and therefore reflects the Group's exposure to credit risk through its banking operations.

The key standard formula stresses that apply for the material risks are detailed in Appendix 1.

REGULATORY DEVELOPMENTS AFFECTING BUSINESSES IN THE GROUP

During 2015, we reported to our regulators under the Solvency II interim arrangements and are well-prepared for the full Pillar 3 reporting required under Solvency II from 2016 onwards. This has required significant effort and investment in reporting processes for our businesses and we will continue to develop capabilities to embed these processes.

SAM in South Africa is expected to be implemented with effect from 2017, along with the Twin Peaks legislation. The SAM principles closely align with those of Solvency II and South Africa is therefore expected to be able to apply for a provisional equivalence[8] assessment under Solvency II in the future. If deemed equivalent, we will use the SAM basis for our South African entities for inclusion in the Group results.

The SAM basis is beneficial as it provides a more appropriate methodology and calibration than Solvency II for these entities. For example, SAM provides a more appropriate treatment of:

- contract boundary definitions to reflect product structures in the local market;
- risk free rates to reflect the South Africa context;
- market risk including equity, credit and interest rate risk calibrated to the South African market environment; and
- the calibration of non-life catastrophe risk for South African exposures.

It is not our current intention to disclose SAM results for our South African business until we have more certainty on the final detail of the SAM regulations. The South African businesses are well placed to comply with the requirements of SAM and have been reporting SAM results in parallel to the current regime since the second half of 2014. SAM implementation will result in the extended period of preparatory parallel reporting coming to an end. Furthermore, if SAM is deemed equivalent to Solvency II, these entities will be able to use one regulatory capital measurement (SAM) for reporting.

The impact on the Group Solvency II ratio of using a SAM basis for these entities is expected to be only marginally beneficial (given the restriction already applied to the surplus at Group).

[8] Equivalence under Article 227 of the Solvency II Directive

In the Isle of Man, the Financial Services Authority is continuing with its project to update the Isle of Man's insurance regulatory framework in line with relevant international standards in a way that is appropriate and proportionate for its insurance sector. Quantitative impact studies were conducted in 2015 as well as consultations on the changes to primary legislation that are required to bring the new regulatory regime into effect. The final framework is expected to be similar to Solvency II.

The European Commission has proposed that Bermuda is an equivalent territory for the purposes of Solvency II, with the proposals expected to be ratified by the European Parliament in Q1 2016. We are expecting to have further discussions with the Bermuda Monetary Authority in respect of the most appropriate basis to use within the equivalent regime and anticipate including our Bermudan business on a local capital requirements basis going forward.

CASH GENERATION UNDER SOLVENCY II

A large portion of free surplus is generated from insurance businesses outside of the EU or non-insurance businesses whose local requirements remain unaffected by the change in Group reporting measures. For insurance business in the EEA, which are subject to Solvency II, own funds and solvency capital requirements relate mainly to future earnings recognised on unit-linked products and the risks associated with those future earnings. The change in Solvency II surplus or cover ratio is not an appropriate guide to understanding cash generation in this business.

We will continue to show surplus generation in our Old Mutual Emerging Markets business through the use of MCEV disclosures.

GROUP SOLVENCY II RATIO AND DIVIDEND POLICY

The Board intends to pursue a dividend policy reflecting the operational cash generation, investment and liquidity needs of the Group as well as the capital requirements of the underlying businesses.

Therefore, local business unit solvency positions are relevant in determining the dividends remitted to the Group holding company. Due consideration will also be given to the Group Solvency position.

GROUP ECONOMIC CAPITAL

The Group's economic capital framework has been in place for a number of years and has been developed to assess exposure to risk across the Group relative to risk appetite. The intention of the framework is to look beyond the regional capital constraints imposed by local or group-level regulatory or rating agency requirements. Economic capital is used to provide a measurement of overall Group risks and to assess the impact of various defined scenarios and stresses. However, in the context of the new strategy we will reconsider the relevance of continuing to report on this basis at a Group level.

Economic capital represents a simple economic view of capital and the exposure of available financial resources to a 1 in 200 event (7 in 10 000 for Nedbank).

The results are prepared in accordance with the Group-wide internal assurance control framework but have not been subject to external independent review.

The methodology applied to calculate the Group's economic capital position and the Group's Solvency II position are subject to certain key differences. In particular, the Group's economic capital:

- assumes there are no restrictions on the transfer of surplus between Group companies;
- recognises full diversification across all types of entities in the Group, not just insurance entities in Europe;
- recognises OMAM above tangible net assets; and

- uses internal methodology and assumptions set with reference to internal capital model governance policies.

The Group's economic capital position and those of the business units as at 31 December 2015 is shown in the table below.

Economic Capital (£ billion)	**Old Mutual Emerging Markets**	**Nedbank**	**Old Mutual Wealth**	**Other Business Units and adjustments**	**Sum of Group businesses**	**Group 2015**	Group 2014
Available Financial Resources	3.4	1.7	2.0	1.1	8.2	**8.2**	9.2
Economic Capital at Risk	1.4	1.3	0.9	1.4	5.0	**3.6**	4.0
Economic Capital Surplus	2.0	0.4	1.1	(0.3)	3.2	**4.6**	5.2
Economic Capital cover ratio	241%	132%	230%	n/a	165%	**229%**	226%

The Group's economic capital position is resilient to changes in various economic factors. The economic capital sensitivities have been presented in more detail in the capital section of the preliminary announcement published today.

This announcement should be read in conjunction with the Preliminary announcement published today and the Risk and Capital Management section within the 2015 Old Mutual Annual Report and Accounts, published in March 2016, at **www.oldmutual.com/ar***, which provides further detail on our current regulatory position and our risk management and mitigation framework.*

Enquiries

External communications

Patrick Bowes	UK	+44 20 7002 7440

Investor relations

Dominic Lagan	UK	+44 20 7002 7190
Sizwe Ndlovu	SA	+27 11 217 1163

Media

William Baldwin-Charles		+44 20 7002 7133
		+44 7834 524833

Notes to Editors

Old Mutual provides investment, savings, insurance and banking services to 18.9 million customers in Africa, the Americas, Asia and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999.

In the year ended 31 December 2015, the Group reported adjusted operating profit before tax of £1.7 billion (on an AOP basis) and had £304 billion of funds under management from core operations (excluding Rogge).

For further information on Old Mutual plc, please visit the corporate website at **www.oldmutual.com**

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, future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and 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.

APPENDIX 1: SOLVENCY II STANDARD FORMULA PRESCRIBED STRESSES

The table below provides a summary of the standard formula stresses prescribed in the Solvency II Delegated Acts for those risks that contribute a significant portion to the total Old Mutual Group solvency capital requirement.

Solvency II Standard Formula stresses			Stress
Market Risk	Equity		Listed EEA/OECD[1]: -36.8% Other[1 2]: -46.8% Strategic participations: -22%
	Interest rate		Up / Down 1 yr: +70% / -75% 5 yr: +55% / -46% 10yr: +42% / -31%
	Spread		Qualifying bonds: 0% Non-qualifying bonds & other credit instruments[3]: various
	Currency		-25%
Insurance Risk	Lapse[4]	Most onerous of:	Lapse Up (50%) Lapse Down(-50%) Mass Lapse (Retail: +40%, Institutional: +70%)
	Expense		Level: +10% Inflation[5]: +1%

[1] Includes the impact of the equity dampener of -2.2%

[2] Includes South African equities

[3] Charge depends on type of instrument, duration and credit quality. For example, our largest grouping of SA government bonds attracts a spread risk charge of 9.9% at 1 January 2016, assuming a modified duration of 9.2 years and credit rating of BBB.

[4] Mass lapse applies as the most onerous for Old Mutual

[5] Additive stress