APPENDICES

15 March 2018

INVESTMENT | SAVINGS | INSURANCE | BANKING

OLDMUTUAL

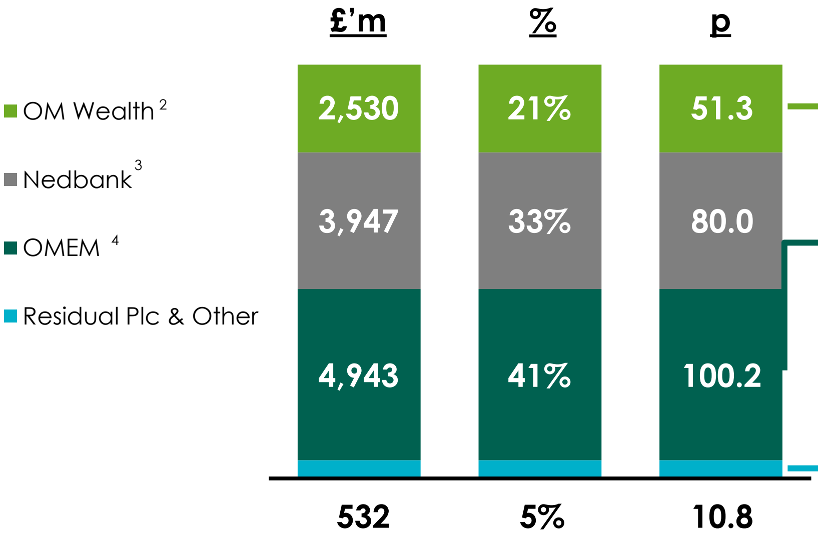
INDEX TO APPENDICES

OLDMUTUAL

APPENDIX 1
PLC PERFORMANCE

ADJUSTED NAV[1]

As at 31 Dec 2017: £11,952m, 242.3p (31 Dec 2016: £11,271m, 228.6p)



£m	31 Dec 2017	31 Dec 2016
OMW excluding UK Heritage[5]	2,032	2,083
UK Heritage	498	497
Old Mutual Wealth	**2,530**	**2,580**

£m	31 Dec 2017	31 Dec 2016
Life & Savings	3,848	3,488
Asset Management[5]	466	365
Property & Casualty	291	359
Banking & Lending	338	291
OM Emerging Markets	**4,943**	**4,503**

£m	31 Dec 2017	31 Dec 2016
OM Bermuda	125	118
Cash in Plc	540	743
Other Plc[6]	257	270
OMAM	-	685
	922	**1,816**
External debt[7]	(476)	(1,356)
Residual Plc	**446**	**460**
Other[8]	86	101
Residual Plc & Other	**532**	**561**

1. IFRS basis unless otherwise stated.
2. UK Heritage is included on an MCEV basis. Other business is included on an IFRS basis and includes IFRS NAV of Quilter Cheviot (represented by assets acquired and goodwill) as well as capital funding from plc Head Office to fund the acquisition.
3. OM plc share of Nedbank at market value and exchange rate at 31 December 2017.
4. Life business is included on an MCEV basis, subject to departures from MCEV Principles (Copyright © Stichting CFO Forum Foundation 2008) due to the use of the government bond yield curve in the majority of OMEM. Other business is included on an IFRS basis.
5. 31 December 2016 figure has been adjusted to reallocate £29m from OM Wealth to Emerging Markets to reflect the transfer of management of OMLACSA offshore branches and OMI Guernsey in 2017.
6. Mostly plc Head Office IFRS NAV net of plc adjustments and excluding cash and external debt.
7. External debt held at plc Head Office and valued at market value.
8. Other relates to excess shares held in Trust, ESOP and BEE schemes.

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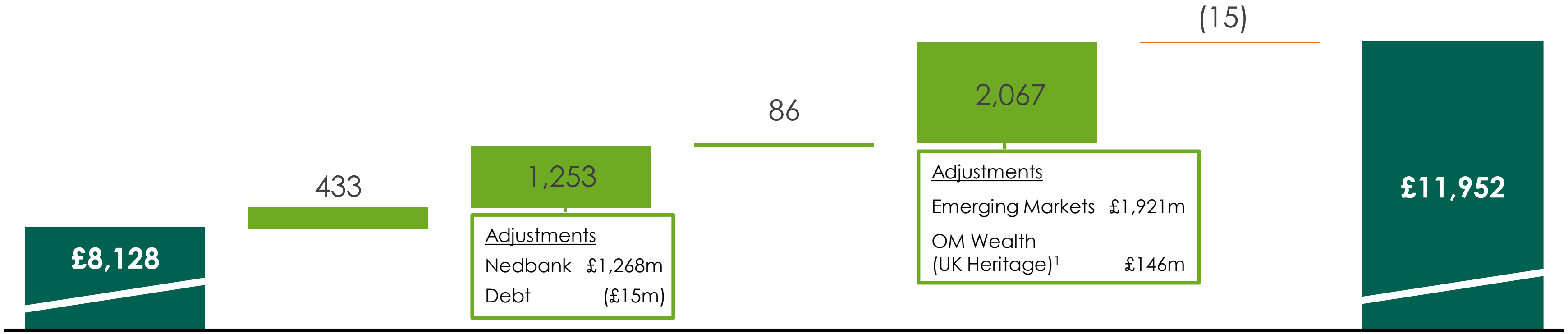
RECONCILIATION OF IFRS NAV TO ADJUSTED NAV (£m): 31 DECEMBER 2017



	Group IFRS NAV (Equity) attributable to ordinary shareholders	Add Life Fund investments in OM plc debt and equity	Market value adjustments for listed businesses and quoted debt	Uplift for excess shares held in Trust, ESOP and BEE schemes	Life Insurance[1] MCEV uplift	Other adjustments	Adjusted NAV attributable to ordinary shareholders
FY 2017:	**164.8p**	8.8p	25.4p	1.7p	41.9p	(0.3p)	**242.3p**
FY 2016:	**160.4p**[2]	8.2p[2]	25.3p	2.0p	39.1p	(6.4p)[3]	**228.6p**

1. OM Wealth uplift relates to the UK Heritage business only (includes Protect and Series 6 pensions).
2. FY 2016 restated for change in IFRS NAV relating to Old Mutual Plc shares held by consolidated investment funds.
3. FY 2016 "Other adjustments" include book value of perpetual callable securities of (£273m), which was subsequently repurchased in H1 2017.

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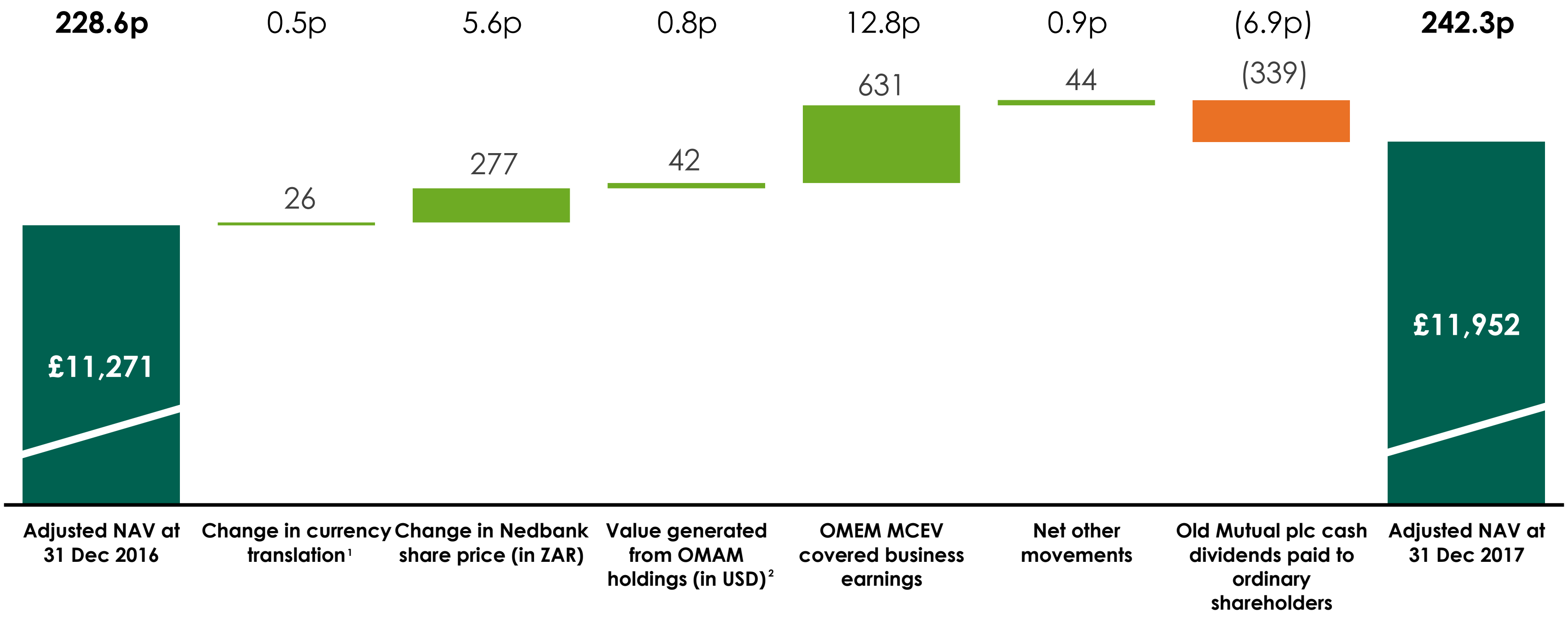
MOVEMENT IN ADJUSTED NAV (£m)



1. Change in currency translation of 1.9p is ZAR/GBP and (1.4p) is USD/GBP.
2. The reduction in value of OM plc's holding in OMAM of (12.7p) and proceeds received 13.5p.

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PROFILE OF IFRS EQUITY, ADJUSTED NAV AND AOP

£m	2017				
	Equity attributable to equity holders of the parent	**Adjusted NAV**	**AOP post-tax & NCI**	**Implied Multiple**	**Adjusted NAV per share**
Old Mutual Emerging Markets	**2,768**	**4,943**	**536**	**9x**	**100.2p**
Life & Savings	1,657	3,848	395	10x	78.0p
Asset Management	464	466	54	9x	9.4p
Property & Casualty	294	291	34	9x	5.9p
Banking & Lending	353	338	53	6x	6.9p
Nedbank	**2,679**	**3,947**	**368**	**11x**	**80.0p**
Old Mutual Wealth	**1,818**	**2,530**	**319**	**8x**	**51.3p**
OMW excluding UK Heritage [1]	1,466	2,032	260	8x	41.2p
UK Heritage	352	498	59	8x	10.1p
OMAM	**-**	**-**	**26**	**(n/a)**	
Residual Plc & Other [2]	**863**	**532**			
Total	**8,128**	**11,952**			

1. The IFRS NAV of Quilter Cheviot (represented by assets acquired and goodwill) as well as capital funding from plc Head Office to fund the acquisition is included in the Adjusted NAV value.
2. Residual Plc is OM Bermuda and Plc Head Office. Other consists of excess shares held in Trust, ESOP and BEE schemes.

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DELIVERING THE MANAGED SEPARATION IN LINE WITH COST ESTIMATES

	One-off plc wind-down & business standalone costs	One-off advisory costs[1]	Resolution of plc HO pre-existing items
2016	£13m	£18m	-
2017	£63m	£34m	£90m
Cumulative to 31 Dec 2017	**£76m**	**£52m**	**£90m**

Estimated outlay over managed separation period[2]	c. £130m (of which £50-65m at the plc HO)	At least c. £100m	c. £130m[3]
	Expect to use full amount of estimates, with limited contingency remaining		

1. Excludes transaction costs which are incurred and deducted from proceeds, where possible, in line with our accounting policies and past practices.
2. Estimates and sensitive to how we execute the managed separation, including the timing of execution and is subject to stakeholder and market dependencies. These processes are, by their nature, unpredictable and therefore the outcome and timing cannot be guaranteed.
3. This estimate is subject to addressing any remaining issues.

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REMOVING & TRANSITIONING PLC OPERATIONAL COSTS[1]

£m	2015 Historic plc HO eliminated	Future standalone recurring costs absorbed: OMW	OMEM[2]	Total
Other central activities	**100**			
Add: recharges	23[3]			
Gross plc corporate costs and other net shareholder income/expenses	**123[4]**	**22**	**7**	**29**
Rent and Group corporate insurance	12	7	3	10
Listing related	11	7	4	11
Brand	8	8	-	8
Other	92	-	-	-

One-off costs to unlock net operational run rate savings of c.£95m[5] will be c.£130 million
(including £50-65 million of plc wind-down one-off costs[6])

1. Illustrative / estimates and subject to change
2. OMEM expect to spend up to R100m per annum in incremental recurring listing related costs
3. Of which £11m was re-charged to OMW and £8m to OMEM
4. Includes £43m employment related costs
5. Based on 2015 gross corporate costs of £123m less £29m future standalone costs in the businesses
6. The remainder of the c.£130m represents the estimated one-off costs to be incurred in OMW and OMEM

ILLUSTRATIVE VALUE CREATION[1]

Value driver	Removal of plc central operational costs	Unlocking the conglomerate discount	Enhanced business performance	plc Head Office pre-existing items
Benefit	c.£95m[2] run rate cost savings	10-20% of market capitalisation[3]	Faster earnings growth	Impact on cash uncertain; dependent on value, cost, time and risk factors in the context of diverse stakeholders and market dynamics c.£130m[6] to address plc HO pre-existing items
Cash outlay to achieve	c.£130m one-off costs	At least c£100m advisory costs[4]	£20m pa. incremental standalone cost (OMEM & OMW combined)	
Basis for calculation	10x costs saved less costs to deliver	Uplift net of costs to achieve	OMEM, Nedbank and OMW peer group	
Value potential[5]	NPV of c.£95m run rate cost savings	Close gap to fair value	Close gap to peer group	

1. Illustrative / estimates and subject to change. The processes for the managed separation are, by their nature, unpredictable and therefore the outcome and timing cannot be guaranteed.
2. Based on 2015 gross plc Head Office operational costs of £123m less £29m future operational costs absorbed by businesses
3. Internal estimate based on Old Mutual share price at 31-Dec-15 and average of sell-side analyst target prices at 31-Dec-15
4. Excludes transaction costs for capital items
5. Excluding the impact of tax
6. This estimate is subject to addressing any remaining issues.

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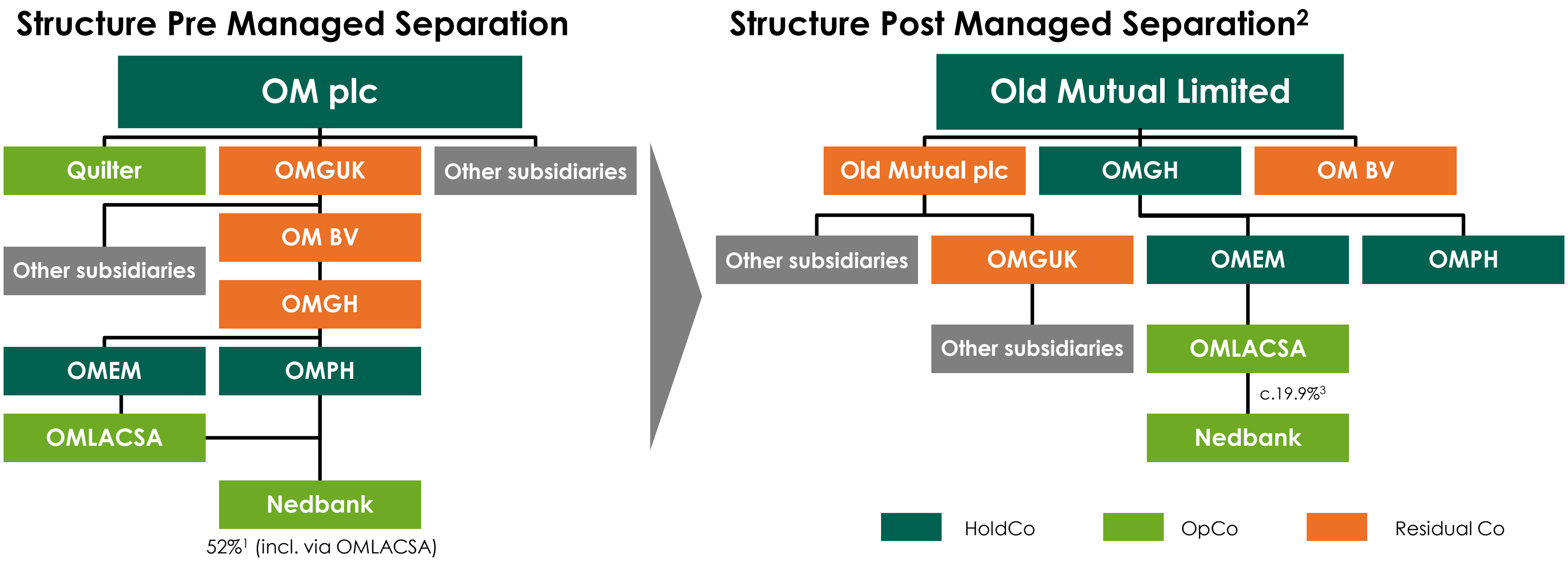
STRUCTURE PRE AND POST MANAGED SEPARATION



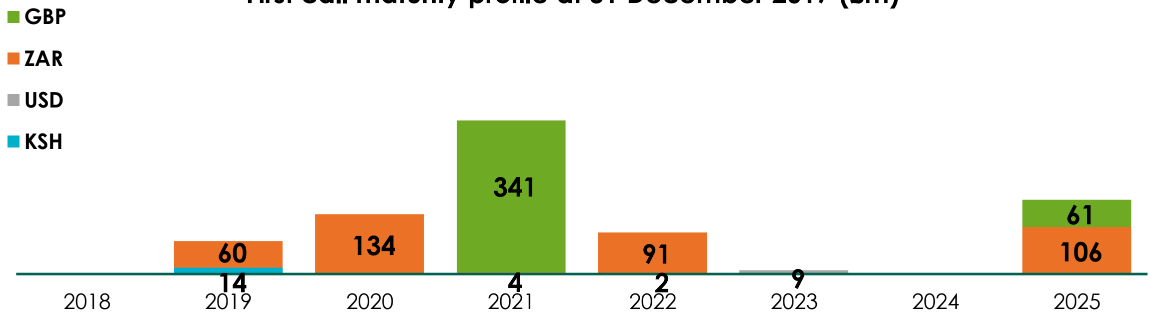
1. At 31 December 2017, OM plc held approximately 53% of the issued share capital of Nedbank, of which 1% was held on behalf of policyholders, with the remaining 52% held in shareholder funds
2. Managed Separation involves Quilter plc listing, Quilter plc demerger to OM plc shareholders and intended secondary offering of up to 9.6%, followed by OML listing. Anticipated distribution of majority of the stake in Nedbank to OML shareholders targeted for approximately six months after OML listing
3. Post distribution, OMLACSA to retain 19.9% of Nedbank

APPENDIX 2
CAPITAL / TREASURY

LIQUIDITY & DEBT

	31 Dec 2016	**31 Dec 2017**
Liquidity headroom (£bn)[1]	1.5	**1.3**
Total IFRS value of debt (£m)[2]	2,091	**903**
Gross gearing (IFRS basis)[3,7]	16.1%	**7.4%**
Net gearing (IFRS basis)[7]	10.3%	**2.8%**
Total interest cover	11.1x	**15.0x**
Hard interest cover	3.4x	**4.5x**

First call maturity profile at 31 December 2017 (£m)[4,5]



IFRS value of PLC debt

	31 Dec 2016	31 Dec 2017
Tier 1	£273m	-
Tier 2[6]	£1,017m	£461m
Total	**£1,290m**	**£461m**

IFRS value of OMLACSA debt

	31 Dec 2016	31 Dec 2017
Tier 2	£348m	£358m
Senior	£135m	£54m
Total	**£483m**	**£412m**

IFRS value of OM Insure debt

	31 Dec 2016	31 Dec 2017
Tier 2	-	£30m
Total	**-**	**£30m**

Total IFRS value of debt

	31 Dec 2016	31 Dec 2017
Tier 1	£273m	-
Tier 2	£1,365m	£849m
Senior	£453m[2]	£54m
Total	**£2,091m**	**£903m**

1. Includes holding company cash and liquid assets of £540m (31 Dec 2016: £743m) and undrawn RCF of £800m (31 Dec 2016: £800m).
2. Group debt excluding banking related business. Includes inter-company debt and $400m OMAM debt for FY 2016.
3. Gross of holding company cash.
4. Group debt excluding banking related business and inter-company debt.
5. Amount outstanding (£m equivalent) at nominal value at 31 December 2017 foreign exchange rates.
6. Excludes a derivative asset of £33m (2016: £31m) related to the Tier 2 debt maturing in June 2021.
7. 2016 gearing has been recalculated to include the restatement of Group equity.

OLD MUTUAL GROUP COMPANY RATINGS[1]

	Moody's	Fitch	S&P
Republic of South Africa			
• Sovereign rating	Baa3 (rev)	BB+	BB
Old Mutual plc			
• Senior debt rating	Ba1 (rev)	BBB	n/a
• T2 debt rating	Ba2 (rev)	BB	n/a
• Short-term debt rating	Not Prime	F3 (rev)	n/a
OMLAC (SA)			
• National insurance financial strength	n/a	AAA	n/a
• National long-term rating	n/a	AAA	AA+
• National long-term subordinated debt rating	n/a	AA	A
• Global insurance financial strength	Baa2 (rev)	n/a	n/a
Old Mutual Insure			
• National insurance financial strength	n/a	AAA	n/a
Old Mutual Wealth Life Assurance Limited			
• Insurance financial strength	A2 (neg)	A	n/a
Nedbank			
• Long-term foreign currency rating	Baa3 (rev)	BB+	BB

1. As at 13/03/2018. Ratings outlook stable unless stated otherwise; neg = negative outlook, rev = review for downgrade

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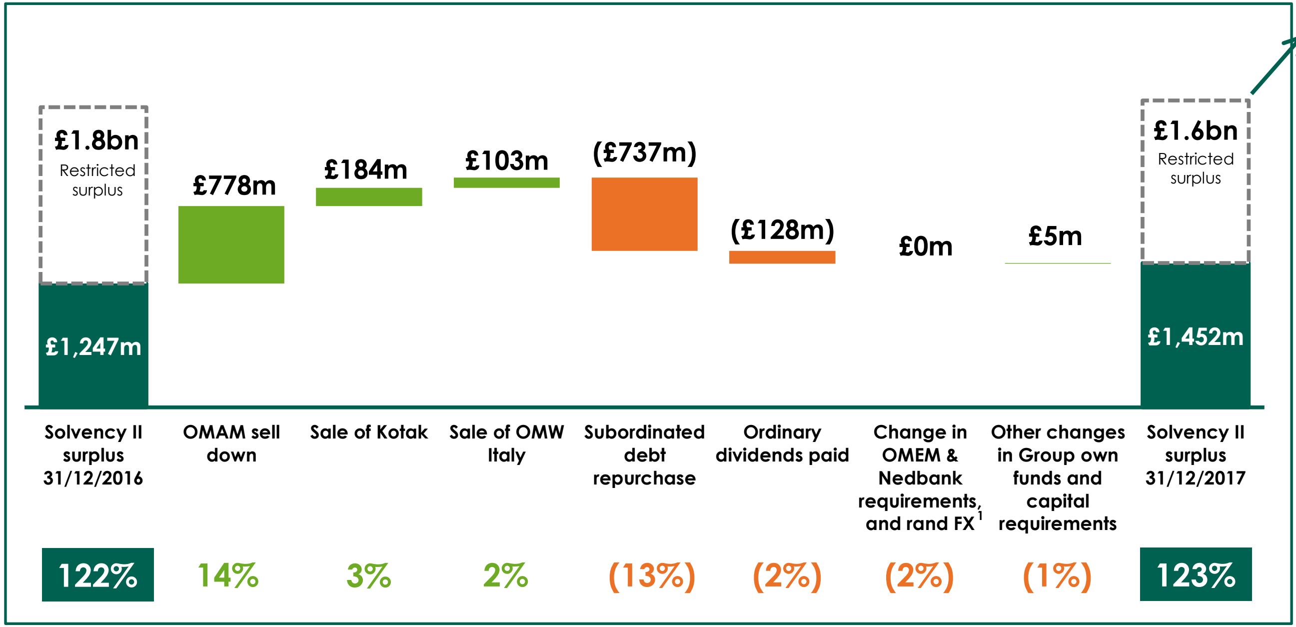
APPENDIX 3
SOLVENCY II

SOLVENCY II – DEVELOPMENTS IN 2017



Restricted surplus is primarily the loss-absorbing surplus from South Africa which we are not allowed to recognise due to strict Solvency II fungibility and transferability restrictions.

Local statutory capital cover for **businesses** are **strong and resilient.**

Evolution of business balance sheets as they prepare for standalone status.

1. Increase in OMEM and Nedbank capital requirements does not impact the Solvency II surplus due to fungibility and transferability restrictions, however it does impact the Solvency II ratio.

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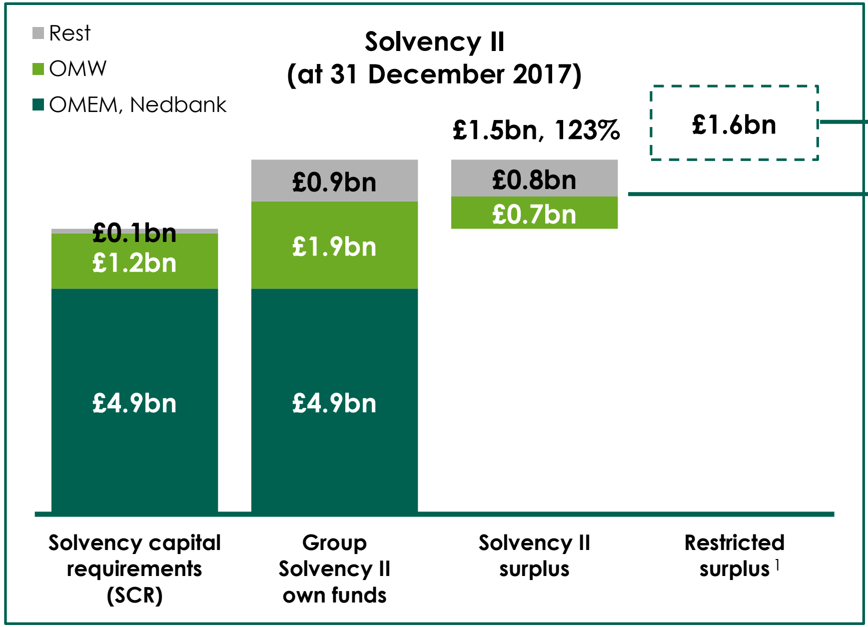
COMPOSITION OF SOLVENCY II RESULTS



Surplus which is excluded from the Group Solvency II surplus due to fungibility and transferability: Primarily loss-absorbing surplus in South Africa.

£1.5bn Group Solvency II surplus includes:
- Central cash and liquidity buffers.
- Resilient OMW solvency within the Group structure.

Surplus underpinned by qualifying plc T2 debt of £0.4bn[2].

Appropriately capitalised standalone businesses will be delivered to the market.

1. Restricted surplus is principally the loss-absorbing surplus from South Africa which we are not allowed to recognise due to strict Solvency II fungibility and transferability restrictions. The majority of the remaining restricted surplus relates to Old Mutual Wealth.
2. Calculated value for regulatory purposes. Nominal value is £341m. Market value is £400m. Excludes 2025 maturity instrument no longer qualifying for inclusion in own funds.

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APPENDIX 4

OLD MUTUAL EMERGING MARKETS

OLD MUTUAL EMERGING MARKETS: ADJUSTED NAV

Rm	2017 Adjusted NAV	2017 AOP after tax & NCI	2017 Implied Multiple	2016 Adjusted NAV	2016 AOP after tax & NCI	2016 Implied Multiple
South Africa[1]	**65,820**	**7,530**	**9x**	**59,174**	**7,519**	**8x**
Life & Savings	53,697	5,910	9x	50,298	6,233[2]	8x
Asset Management[3]	5,351	637	8x	2,711	489	6x
Property & Casualty	3,191	505	6x	3,443	354	10x
Banking & Lending	3,581	478	7x	2,722	443	6x
Rest of Africa	**14,010**	**1,245**	**11x**	**13,333**	**1,083**	**12x**
Life & Savings	9,926	696	14x	7,964	490	16x
Asset Management	319	48	7x	509	(73)	n/a
Property & Casualty	1,696	71	24x	2,649	217	12x
Banking & Lending	2,069	430	5x	2,211	449	5x
Asia & Latin America	**2,986**	**424**	**7x**	**3,852**	**432**	**9x**
Life & Savings	850	178	5x	883	155	6x
Asset Management	2,136	246	9x	2,969	277	11x
Emerging Markets (Rm)	**82,816**	**9,199**	**9x**	**76,359**	**9,034**	**8x**
Emerging Markets (£m)	**4,943**	**536**		**4,503**	**452**	

1. Debt costs have been allocated to South African lines of businesses on a post-tax and NCI basis.
2. Old Mutual Emerging Markets Life and Savings AOP number for 2016 is restated to reflect the LTIR on assets in excess of regulatory required capital, previously shown as a separate item within Plc AOP.
3. 31 December 2016 ANAV figure has been adjusted to reallocate R492m (£29m) from OM Wealth to Emerging Markets to reflect the transfer of management of OMLAC(SA) offshore branches and OMI Guernsey in 2017.

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SEGMENTAL PERFORMANCE ON A LIKE-FOR-LIKE BASIS (OLD BASIS)

Rm	2017	2016			% change	
	As reported	**As reported**	2017 central cost allocation	**Using 2017 allocation**	**As reported**	**"Like-for-like"**
Mass and Foundation Cluster	**3,165**	**3,058**	(111)	2,947	3%	7%
Personal Finance	**3,151**	**3,421**	(16)	3,405	(8%)	(7%)
Wealth and Investments	**1,623**	**1,592**	(33)	1,559	2%	4%
Old Mutual Corporate	**1,576**	**1,403**	(77)	1,326	12%	19%
Old Mutual Insure	**312**	**80**	(20)	60	290%	420%
Rest of Africa	**1,074**	**806**	36	842	33%	28%
LatAm & Asia	**609**	**611**	(8)	603	-	1%
Central expenses and admin costs	**(536)**	**(662)**	229	(433)	19%	(24%)
AOP (pre-LTIR and finance costs)	**10,974**	**10,309**	-	**10,309**	**6%**	**6%**
LTIR	**2,974**	**2,951**	-	**2,951**	1%	1%
Finance costs	**(622)**	**(529)**	-	**(529)**	(18%)	(18%)
AOP (pre-tax and NCI)	**13,326**	**12,731**	-	**12,731**	**5%**	**5%**

OML NEW PROFIT MEASURE: ADJUSTED HEADLINE EARNINGS

Rm	2017	2016	Δ
AOP (pre-LTIR and finance costs)	**10,974**	10,309	6%
Investment return on insurance funds	**200**	170	18%
Amortisation of acquired intangible assets and acquisition costs	**(221)**	(351)	37%
Impairment of intangible and fixed assets	**23**	67	(66%)
Results from operations[1]	**10,976**	10,195	8%
Shareholder investment return	**4,920**	2,205	123%
Finance costs	**(622)**	(529)	(18%)
Income from associates (19.9% of Nedbank)	**2,346**	2,282	3%
Adjusted Headline Earnings (pre-tax and NCI)	**17,620**	14,153	24%
Shareholder tax	**(3,723)**	(3,148)	(18%)
Non-controlling interest	**(488)**	(240)	(103%)
Adjusted Headline Earnings[2]	**13,409**	10,765	25%

1. Results from Operations is Adjusted Headline Earnings before shareholder tax and minority interest, excluding net investment return on shareholder assets and finance costs.
2. Adjusted Headline Earnings is Headline Earnings defined by SAICA Circular 2/2015 adjusted for items that are not reflective of the economic performance of the Group.

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RESULTS FROM OPERATIONS RECONCILIATION BY SEGMENT

Recon of AOP to RFO by segment (Rm)	2017						2016					
	AOP (pre-LTIR and finance costs)	Investment return on insurance funds	Amortisation of acquired intangibles, etc.	Impairment of intangibles, etc.	Other adjustments	**Results from Operations**	**AOP (pre-LTIR and finance costs)**	Investment return on insurance funds	Amortisation of acquired intangibles, etc.	Impairment of intangibles, etc.	Other adjustments	**Results from Operations**
Mass and Foundation Cluster	**3,165**	-	(113)	-	-	**3,052**	3,058	-	(215)	-	-	2,843
Personal Finance	**3,151**	-	-	-	(1)	**3,150**	3,421	-	-	-	-	3,421
Wealth and Investments	**1,623**	-	(132)	-	(1)	**1,490**	1,592	-	(132)	-	1	1,461
Old Mutual Corporate	**1,576**	-	-	-	-	**1,576**	1,403	-	-	-	-	1,403
Old Mutual Insure	**312**	200	-	12	-	**524**	80	170	-	4	1	255
Rest of Africa	**1,074**	-	(6)	14	(1)	**1,081**	806	-	(7)	61	1	861
LatAm & Asia	**609**	-	-	-	-	**609**	611	-	-	-	-	611
Central expenses and admin costs	**(536)**	-	-	-	30	**(506)**	(662)	-	-	-	2	(660)
Total segmental result	**10,974**	200	(251)	26	27	**10,976**	10,309	170	(354)	65	5	10,195

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ADJUSTED HEADLINE EARNINGS RECONCILIATION TO IFRS

Reconciliation to IFRS post-tax profits (Rm)	2017	2016	% change
Adjusted Headline Earnings	**13,409**	10,765	25%
Investment return for Group equity and debt instruments in life funds[1]	**(1,355)**	(864)	(57%)
Impact of restructuring[2]	**(54)**	124	(144%)
Discontinued operations	**8,002**	8,333	(4%)
Income from associates (19.9% of Nedbank)[3]	**(2,346)**	(2,282)	(3%)
Residual plc[4]	**(4,512)**	(3,062)	(47%)
Headline earnings	**13,144**	13,014	1%
Impairment of goodwill and other intangibles[5]	**(1,106)**	(1,783)	38%
Impairment of investments in associates	**2,081**	(557)	474%
Profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments	**-**	399	-
Profit/(loss) after tax for the financial year attributable to ordinary equity holders of the parent	**14,119**	11,073	28%
Dividends on preferred securities	**253**	278	(9%)
Profit/(loss) after tax for the financial year attributable to equity holders of the parent	**14,372**	11,351	27%

1. This adjustment ensures that Adjusted Headline Earnings includes investment returns on policyholder investments in group equity and debt instruments held by the OML Group's life funds. These returns are eliminated in the consolidated income statement of Old Mutual plc, which is not consistent with how the related policyholder liability is measured.
2. Represents the elimination of material non-recurring expenses, specifically related to business restructuring costs such as managed separation costs, the costs or income associated with completed acquisitions and the release of acquisition date provisions. The 2016 financial year includes the release of an acquisition reserve in MFC.
3. Following the anticipated unbundling of Nedbank, the OML Group will retain a proposed 19.9% shareholding in Nedbank in shareholder funds. Consistent with this, the income presented reflects the proportionate headline earnings that would have been earned from the investment in Nedbank, with effect from 1 January 2015. In accordance with IFRS, the Nedbank shareholding of approximately 55% is classified as held for distribution and presented as part of the discontinued operations.
4. Residual plc consists of the Old Mutual plc's net assets, remaining Head Office functions and the operations of Bermuda.
5. Mainly comprises goodwill impairment but also includes amounts related to impairment of fixed assets and profit on disposal of fixed assets and intangible assets.

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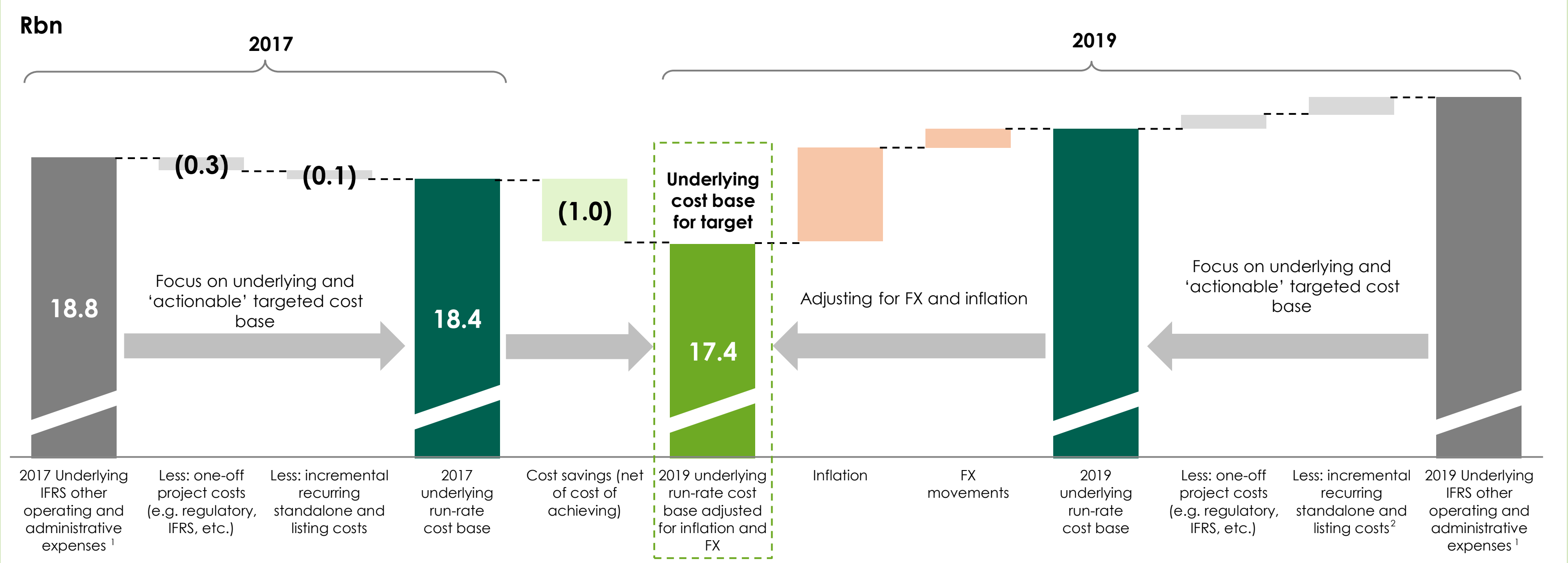
CONCEPTUAL ILLUSTRATION OF COST EFFICIENCY TARGET

R1.0 billion of pre-tax run-rate cost savings by end 2019, net of costs to achieve this. This will be based off the 2017 IFRS administrative cost base (as defined), and adjusted for inflation and foreign exchange movements over 2018 and 2019.



1. One-off business standalone costs have already been excluded.
2. Up to R280 million of incremental recurring standalone and listing costs

SOLVENCY ASSESSMENT AND MANAGEMENT FRAMEWORK[1]

Overview	▪ FSB in process of implementing SAM framework – expected to be in force from 1 July 2018 ▪ Risk-based capital regime similar to European Solvency II Directive ▪ Public and private reporting requirements to Financial Services Board ▪ OMEM has been producing SAM in parallel, but moved our capital management onto a SAM basis effective December 2017 ▪ Old Mutual brand promise means that it has a conservative appetite for solvency risk
Methodology	▪ OML comprises multiple regulated and unregulated financial services entities (e.g. OMLAC(SA), OM Insure, Nedbank) ▪ OML solvency capital requirement (SCR) ratio is weighted across the respective capital requirements of its constituent entities ▪ OMLAC(SA) SCR is calculated using Standard Formula (per SAM) ▪ Nedbank on Basel III basis ▪ SAM SCR ratio is the key performance indicator. Represents ratio of Own Funds (assets less technical provisions) to the SCR ▪ SCR represents the 1-in-200 change in Own Funds
Stress testing	▪ Sensitivities and scenarios run in order to understand how the OML SCR and Own Funds respond to global and local macroeconomic environment ▪ Provides comfort to management, shareholders and regulators that OML can meet its solvency brand promise

1. The Standard Formula allows for, subject to regulatory approval, certain methodology elections to be made. The estimated SAM solvency positions are presented on the basis of the Group's preferred methodology which will, once the SAM framework is implemented, be formally presented for Regulatory approval. This is based on our current shareholding in Nedbank and excludes any residual plc NAV surplus.

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FUTURE BALANCE SHEET AND CAPITAL MANAGEMENT

Solvency	▪ OML SAM solvency ratio[1,2]: 155% - 175% (post the anticipated unbundling of Nedbank) ▪ OMLAC(SA) SAM solvency ratio[2,3]: greater than 200% ▪ OMLAC(SA) Insurance Business solvency ratio[4]: 180% - 210%
Leverage and liquidity	▪ The OML Group's leverage ratio is in line with risk appetite, and excludes residual plc debt of £402m ▪ OMLAC(SA) and OM Insure debt treated as qualifying capital, phased reduction in intercompany loans ▪ Multiple liquidity sources: liquid assets back liabilities, central cash, and revolving credit facility
Dividend	▪ Target full year ordinary dividends covered by Adjusted headline earnings between 1.75 to 2.25 times ▪ Target an Interim dividend at 40% of the current year interim Adjusted Headline Earnings ▪ Any dividends will take into account: underlying local cash generation, fungibility of earnings, targeted liquidity and solvency levels, business strategy needs, and market conditions at the time ▪ Dividends are declared in South African Rands[5]

A disciplined approach to management of resources and risks

1. Any benefit from residual plc positive NAV is assumed not to be fungible
2. Pro-forma at 31 December 2017. The Standard Formula allows for, subject to regulatory approval, certain methodology elections to be made. The estimated SAM solvency positions are presented on the basis of the Group's preferred methodology which will, once the SAM framework is implemented, be formally presented for Regulatory approval. This is based on our current shareholding in Nedbank and excludes any residual plc NAV surplus
3. OMLAC(SA) calculated using Standard Formula (per SAM)
4. Excluding OMLAC(SA)'s holding in strategic assets
5. OML will declare dividends in Rand and conversion rates for non-South African shareholders based on our spot rate which will be communicated before dividends are paid

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APPENDIX 5

OLD MUTUAL WEALTH

REPORTED AOP – RECONCILIATION TO STANDALONE BASIS

£m	2016	**2017**
Reported AOP (pre-tax)	**260**	**363**
Divested business	(35)	**-**
Reversal of shareholder investment returns adjustment	4	**(2)**
Managed separation and standalone costs (one-off)	7	**-**
Single Strategy	(60)	**(152)**
Other	1	**-**
Operating profit pre-tax on a standalone basis	**177**	**209**
Heritage fee restructure	27	-
Other	4	-
Normalised operating profit pre-tax	**208**	**209**
Pre-tax Operating Margin %	32%	**29%**

- Divested business reflects the sale of Italy and SA branches
- Reversal of smoothing shareholder investment returns is a change of accounting policy
- Single Strategy includes net performance fees of £101m in 2017 (2016: £26m)

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RECONCILIATION OF AOP TO IFRS

£m	2016	**2017**
Reported AOP (pre-tax)	260	**363**
UK Platform transformation costs	(102)	**(74)**
Goodwill, intangible and associated charges	(140)	**(103)**
Profit on business disposals	-	**24**
Managed separation and business standalone costs	-	**(32)**
Voluntary customer remediation	-	**(69)**
Short-term fluctuations in investment return	1	**(2)**
Total adjusting items	(241)	**(256)**
Income tax attributable to policyholders returns	94	**66**
IFRS profit (pre-tax)	113	**173**
Tax on adjusted operating profit	(47)	**(44)**
Tax on adjusting items	24	**36**
Income tax attributable to policyholder returns	(94)	**(66)**
IFRS (loss)/profit attributable to equity holders after tax	(4)	**99**

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VOLUNTARY CUSTOMER REMEDIATION PROVISION - £69m

Product reviews completed and consistent with FCA guidance

Reviews cover policies open at 1 January 2009 and date back 20-30 years

Voluntary customer remediation now started

Work supporting FCA Thematic review (TR16/2) continues through its information provision stage

No provision made for any potential FCA fine

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QUILTER: UPDATE ON SALE OF SINGLE STRATEGY BUSINESS

Work continues towards completion

Good progress on all work streams

- All regulatory approvals in process
- Legal entity restructuring underway
- Multi Asset business capabilities build-out is well advanced. Expect non-recurring[1] charge of c. £20m in 2018

Continue to expect completion in H2 2018

1. To be reported outside of operating profit.

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