Old Mutual Limited
INTEGRATED REPORT
2018
Reporting scope and boundary
This is Old Mutual Limited’s first integrated report. It is the primary report to our stakeholders covering the activities of the Group for the period 1 January 2018 to 31 December 2018. It focuses on our strategy and how our operating segments and key enabling functions, mainly in South Africa and the Rest of Africa, create value over the short, medium and long term.

This report extends beyond financial reporting and includes non-financial performance. Our approach to risk management, an overview of our material matters and a summary of our governance and remuneration practices. This report does not provide detailed information on investments in associates, minority interests and operations held for sale.

Forward looking statements
This report may contain certain forward looking statements with respect to certain of Old Mutual Limited’s plans and its current goals and expectations relating to its future financial condition, performance and results and, in particular, estimates of future cash flows and costs. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual Limited’s control including, among other things, South African domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual Limited and its affiliates operate. As a result, Old Mutual Limited’s actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual Limited’s forward looking statements.

Old Mutual Limited undertakes no obligation to update the forward looking statements contained in this presentation or any other forward looking statements it may make. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

Reporting frameworks
Our integrated report has been compiled in accordance with the principles of the International Integrated Reporting <IR> Framework and the King IV™ Governance code. As a South African company listed on the JSE, we also comply with the JSE Listings Requirements and the South African Companies Act, 71 of 2008 (as amended). Our annual financial statements, a summary of which are included in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS).

Combined Assurance
Internal sources of information, together with interviews with senior leadership, have been used to gather information for inclusion in this report. We employ a combined assurance model to assess and assure various aspects of the business operations, including elements of external reporting. An internal combined review by management and internal audit was performed to ensure the accuracy of our reporting content. Whilst this report is not audited, it contains certain information that has been extracted from the audited consolidated annual financial statements, on which an unmodified audit opinion has been expressed by the Group’s joint independent external auditors, KPMG Inc. and Deloitte & Touche.

Materiality
We apply the principle of materiality in assessing what information is included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on Old Mutual Limited and its ability to consistently deliver value to our stakeholders in a sustainable manner.

Value
Value creation is the consequence of how we apply and leverage our resources and strategy in delivering financial performance and value for all stakeholders. We focus on improving both the quantum of value delivered and the quality of experience for each of our stakeholders.

Trevor Manuel
Chairman of Old Mutual Limited
(On behalf of the Board)

DEFINING CONCEPTS
NAVGATING OUR REPORT

REPORTING SUITE

Our Integrated Report is supplemented by a suite of additional online publications. These can be accessed on our corporate website:

OLDMUTUAL Integrated Report 2018
Old Mutual Limited Remuneration Report 2018
Old Mutual Limited Governance Report 2018
Old Mutual Limited Annual Financial Statements 2018
OMLACSA Annual Financial Statements 2018
Old Mutual Limited Annual Financial Statements 2018

REPORTING SUITE

How Our Report Addresses the Six Capitals

Our relevance as an organisation today and in the future, along with our ability to create long term value is dependent on our ability to effectively manage and leverage the forms of capital available to us.

OUR CAPITALS

FINANCIAL CAPITAL
Our shareholder and debt funding ensures we have a strong capital base that supports the operations of our business and funds growth. Financial capital includes the funds our customers invest with us.

INTELLECTUAL CAPITAL
Our trusted brand and franchise value; strategic partnerships and innovative product solutions we offer to our customers. Good progress made on intelligent automation which is a key driver of delivering our digital strategy.

HUMAN CAPITAL
Refreshed purpose, vision and values to drive a culture that increases competitiveness and investment in the development of skills required by employees to serve the digital customer of the future. A mix of actuarial, finance, investment, legal, risk management and technology skills that support our operations.

MANUFACTURED CAPITAL
Our physical and digital infrastructure through which we conduct business activities. It includes our branch network, digital platforms and IT estate which we are in the process of enhancing and simplifying.

SOCIAL AND RELATIONSHIP CAPITAL
In our interactions with key stakeholders we continuously strive to deliver a meaningful value exchange. We value the views of our stakeholders as they play a significant role in shaping our response to business and societal issues.

NATURAL CAPITAL
The environmental resources used throughout the Group’s operations. With a Green building rating awarded to Mutualpark and 1 Mutual Place Solar panels and the water filtration plant at Mutualpark have helped reduce our carbon footprint.

OUR REPORT ADDRESSES THESE CAPITALS

OUR STRATEGY
BUSINESS MODEL
VALUE CREATION
PERFORMANCE
GOVERNANCE

LINES OF BUSINESS

LIFE AND SAVINGS
ASSET MANAGEMENT
BANKING AND LENDING
PROPERTY AND CASUALTY

HOW OUR REPORT ADDRESSES THE SIX CAPITALS
OLD MUTUAL AT A GLANCE

Old Mutual is a premium African financial services Group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 17 countries. Old Mutual’s primary operations are in South Africa and the Rest of Africa, and we have niche businesses in Latin America and China. With over 173 years of heritage across Sub Saharan Africa, we play a crucial part in the communities we serve and broader society on the continent.

OUR PURPOSE
Championing mutually positive futures everyday

OUR VALUES
Always act with integrity
Respect for each other and the communities we serve
Agile innovation that makes a difference
Trust and accountability
Champion the customer
The power of diversity and inclusion

OUR VISION
To be our customers’ most trusted lifetime partner, passionate about helping them achieve their financial goals

OLD MUTUAL IS A VIBRANT, AFRICAN BRAND THAT COACHES AND MOTIVATES CUSTOMERS THROUGH SIMPLE, ACTIONABLE STEPS TO BRIDGE THE GAP BETWEEN THEIR DREAMS AND REALITY

WEST AFRICA
Customers
1.5 million
Lines of business
FUM
R1.2 billion

EAST AFRICA
Customers
1.5 million
Lines of business
FUM
R29.3 billion

SOUTH AFRICA
Customers
6.2 million
Lines of business
FUM
R946.1 billion

SOUTHERN AFRICA
Customers
2.1 million
Lines of business
FUM
R67.1 billion

EMPLOYEES
30,365

TIED ADVISERS
7,842

VALUE OF CAPITAL RETURNS
R45.9 billion
distributed in 2018
R5.6 billion
to be distributed in 2019

TIE INVESTORS

Where our investors are from (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>60%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10%</td>
</tr>
<tr>
<td>North America</td>
<td>5%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
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Who invests in us (%)

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<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Institutions</td>
<td>30%</td>
</tr>
<tr>
<td>Individuals</td>
<td>20%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>15%</td>
</tr>
<tr>
<td>Employees etc.</td>
<td>15%</td>
</tr>
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<td>Brokers</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
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1 Includes our investment in China
2 Excludes our employees in Latin America and China
3 Verified score as at 29 March 2019
4 Other reflects the unallocated portion of the register
GROUP FINANCIAL HIGHLIGHTS

FUNDS UNDER MANAGEMENT (FUM)
The total market value of funds managed by the Group.

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RENUMERATION

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OUR SEGMENTS

CUSTOMERS

MASS AND FOUNDATION CLUSTER

Provides simple financial services products to customers in the low income and lower middle income markets.

PERSONAL FINANCE

A retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long term savings, investment, income and risk products, and primarily targets the middle income market.

WEALTH AND INVESTMENTS

One of South Africa’s largest asset managers, with a comprehensive range of retail and institutional investment capabilities, providing financial solutions to retail and corporate customers.

OLD MUTUAL CORPORATE

Operates in Life and Savings and primarily provides group risk, investments, annuities and consulting services to employer sponsored retirement and benefit funds.

OLD MUTUAL INSURE

Provides Property and Casualty insurance products through three operational businesses: (i) personal and commercial, (ii) iWYZE, and (iii) specialty. Trade credit insurance is provided through Credit Guarantee Insurance Corporation (CGIC).

REST OF AFRICA

Offers Life and Savings, Property and Casualty (including health insurance), Asset Management and Banking and Lending services to retail and corporate customers. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.

LINES OF BUSINESS

HIGHLIGHTS

- EasiPlus Funeral plans are available online for as little as R22 per month and the application takes no longer than 10 minutes
- Customers can initiate claims for all funeral products on the Money Account app
- 22seven, our popular money management app, is now able to link and track more than 1,800 cryptocurrencies in rands, a first in South Africa
- More than 50,000 Personal Finance customers signed up for the Old Mutual Rewards program during the year
- Awarded Life Insurance Provider of the Year by the Financial Intermediaries Association
- Launched a range of Environment, Social and Governance (ESG) tilted funds for customers
- Launched South Africa’s first ESG Index unit trusts, namely the Old Mutual MSCI World ESG Feeder fund and the Old Mutual MSCI Emerging Markets ESG Feeder fund, increasing options to retail investors who want exposure to responsible investing
- Winner of three categories at the Imbasa Yegolide Awards in 2018:
  - Investment/Asset/Solutions Consultant of the Year awarded to Old Mutual Corporate Consultants
  - Technology Provider of the year
  - Old Mutual Multi-Managers won Manager of Managers for the first consecutive year
- MyOMinsure was launched for brokers and advisers to administer policies online and get quotes for customers in less than 5 minutes
- Rated No.1 in the industry for complaints handling and No.2 for customer satisfaction according to the South African Customer Satisfaction Index (SACSI) survey
- Old Mutual in Malawi won the 2018 Most Visible Brand of the Year Award at the Marketing Excellence Awards
- UAP Old Mutual won the category Product of the Year for SME health cover at the 2018 BIMA awards
A MESSAGE FROM OUR CHAIRMAN

“Exciting opportunities lie ahead for us as an independently listed business and we look forward to delivering sustainable profit growth and returns for our shareholders, and making positive contributions to the societies in which we operate.”

Trevor Manuel
Chairman

Anchoring in Africa

The listing of Old Mutual Limited on 26 June 2018 was a truly momentous occasion. It marked the physical homecoming of a company deeply rooted in Africa. To reach this point, the new Board, appointed in October 2017, had been thoroughly engaged in the preparations for this moment. The eight months leading up to the listing offered the Board a rare and detailed glimpse of the inner workings of Old Mutual. It equipped the Board to take the mantle of responsible leadership. The listing has brought the spotlight onto the operations of Old Mutual Limited in Africa.

Our deep, long standing commitment to make a positive impact in the communities and countries where we operate remains a priority, together with our quest to champion financial inclusion, education and responsible investment. By driving long term economic growth in Africa, we can positively impact the lives of all our customers and communities on the continent.

Exciting opportunities lie ahead for us as an independently listed business and we look forward to delivering sustainable profit growth and returns for our shareholders, and making positive contributions to the societies in which we operate.

Governance

I am proud to chair a Board that has the skills, integrity and gravitas to lead Old Mutual in this new chapter of its history. The Board played a pivotal role in overseeing the listing process and provided insight and counsel to the newly formed executive team as they formulated the Group’s strategy and financial targets. During the year we also oversaw the distribution of R38.8 billion worth of Nedbank shares to our shareholders, bringing Managed Separation to its conclusion.

Ahead of its listing, Old Mutual Limited established a Group Governance Framework (GGF). This framework outlines the minimum governance requirements over the various defined governance domains for the newly listed Group and its subsidiary entities. The GGF adheres to the requirements of King IV™ and takes into consideration all the complexities of governing a financial services Group with significant and geographically diverse operations in Africa and in selected other international markets. It holds management accountable for ensuring the Group adheres to the highest standards of ethics and integrity. This underpins an effective GGF and forms the foundation of a culture that supports employee, customer and investor confidence.

I am very pleased with the team dynamic displayed so far and look forward to leading the Board and the Group in its first years of corporate life.

A business with a conscience

The Board is very aware of the role that Old Mutual plays in society and its leading role in the communities in which it operates. The Board acknowledges its responsibility to steer the Group and its strategy in a sustainable and responsible manner. In fact, we opted to focus attention on building a Responsible Business. To this end, we created a board committee to evaluate the performance of the Group’s efforts towards our sustainability goals. To comply with King IV™, we have established a Social and Ethics function, but for us, Social and Ethics matters are embedded in a company that also focuses on its environment and future. Through the Responsible Business committee we set the tone of the overall ethos of the business and drive management to deliver on specific and measurable outcomes.

We are committed to improving our customers’ lives every day and to help them reach their financial goals. We regularly review the value our products provide to customers and assess whether they adequately provide for the identified need.

We remain committed to transforming our organisation to reflect the societies we operate in. We have maintained our Level 2 BBBEE score for the 10th consecutive year. Ahead of our listing, we made commitments to the Minister of Economic Development (under the Framework Agreement) to achieve an effective black ownership level of 25% within three years of listing and to be best in class as measured at the time of listing, within five years.

We are formulating a plan to achieve these through internal and external mechanisms. We remain focused on the transformation of race and gender balance on the Board and executive team and we are comfortable that we are moving in the right direction.

We have committed to R500 million being set aside for the Enterprise Supplier Development Fund. The Fund’s intention is to generate additional jobs in the Group’s ecosystem, to be evidenced by the end of June 2021.

The completion of our water filtration plant at our Mutualpark office will help us save an estimated 10 million litres of municipal water per month. This will help alleviate the water requirement pressures faced in Cape Town.

We want to continually earn the respect of all the communities we serve through our responsible conduct.

Outlook for 2019

The Board will continue to challenge the long term strategy pursued by the executive management team and will ensure the Group remains relevant and responsible in an always evolving global environment.

We remain exceedingly optimistic about the positive conditions that will improve the quality of life of all the continent’s people.

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1 Includes insurance claims, annuity payouts and investment maturities.
A MESSAGE FROM OUR CEO

“We have made good progress on building a Group that is future fit in a rapidly changing world. I am pleased with the progress we have made on our strategic priorities despite tough economic and market conditions.”

Peter Moyo
Chief Executive Officer

A year of delivery and execution

2018 was a momentous year for the Group. We completed Managed Separation with the listing of Old Mutual Limited on five different exchanges on 26 June 2018 and the unbundling of 32% of Nedbank on 15 October 2018. Delivery and execution extended beyond Managed Separation, as we determined our strategic battlegrounds and set medium term targets. In addition we have distributed and declared R10.7 billion in ordinary and special dividends.

We have embarked on our journey as a newly listed independent entity with a refreshed brand and renewed dedication to become our customers’ lifetime financial partners. We are focused on driving the deep cultural change required to ensure that our Group is future fit, improving the overall employee experience and motivating our employees to be more purposeful. We believe that it will lead to Old Mutual being more competitive in the market.

Across all segments we have made great strides to improve customer experience. As part of our longer term strategy to become a digital business we have launched a single self service portal called MyOldMutual with access to 34 digital products including life insurance and funeral products, available to our South African customers. In East Africa, we have launched Dream Enabler, which is a mobile sales and servicing application with a single view of customer products.

Delivery in a tough macro environment

2018 was characterised by volatility in global equity and bond markets due to escalating global trade tensions. These global dynamics, in addition to weak local economic data, negatively affected the South African economic landscape resulting in low GDP growth in 2018.

The South African equity market declined, with the JSE SWIX down 14% in the year, and inflation continued to remain within the South African Reserve Bank (SARB) target range at a 12-month average of 4.6% for 2018. Macroeconomic indicators in Kenya remained broadly stable in 2018 with overall inflation within target and GDP growth and short term interest rates remaining low. Equity markets remained volatile with a decline in the levels over the period. In Nigeria, economic growth accelerated in the third quarter of 2018, assisted by improved dynamics in both the oil and non oil economy.

Persistently high unemployment rates, a Value Added Tax (VAT) rate increase and fuel hikes contributed to lower real disposable incomes for our retail customers in South Africa. This adversely affected our customer acquisition and persistency, especially in the middle income market. The economic outlook has marginally improved relative to the previous year, resulting in some increase in business and consumer confidence. However, investor confidence is still fragile with concerns around government debt levels and policy uncertainty particularly around the proposed policy on land expropriation without compensation.

Although a new government under President Mnangagwa came into power late in 2017, economic and political instability still persists in Zimbabwe. Equity markets were volatile with a 40% rise in the second half of the year, resulting in substantial mark to market gains. The continued dollar shortages in Zimbabwe led to the increased use of electronic money through the Real Time Gross Settlement or RTGS System, giving rise to a parallel market where bond notes and RTGS balances were traded at a discount to the official US dollar exchange rate. On 20 February 2019, the Reserve Bank of Zimbabwe announced that the RTGS would be recognised as an official currency and that an inter-bank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. In line with industry consensus on this matter, we have applied a reporting change to the functional currency for our businesses in Zimbabwe from 1 October 2018. This change has reduced both reported profits and net asset value in 2018.

Progress on our strategic priorities and delivery against medium term targets

I am pleased with the progress we have made on our medium term strategic priorities despite tough economic and market conditions. Highlights in our customer facing segments include growth in loans disbursed in the Mass and Foundation Cluster and customer facing segments include growth in loans disbursed in the Mass and Foundation Cluster and the continued recovery in profits at Old Mutual Insure evidenced by the underlying margin of 5.3% that was well maintained at the top end of our medium term target range. Old Mutual Corporate’s continued success for the first time since we acquired UAP and we remain well maintained at the top end of our medium term target range.

The trading conditions remain very challenging for our Personal Finance segment. Although we saw some improvement in mortality experience in the second half of 2018, we will continue to monitor our claims experience carefully during 2019. The actions we are taking in response to the mortality experience will only have impacts on our financial results in the second half of 2019 and beyond.

Bank of Zimbabwe announced that the RTGS would be recognised as an official currency and that an inter-bank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. In line with industry consensus on this matter, we have applied a reporting change to the functional currency for our businesses in Zimbabwe from 1 October 2018. This change has reduced both reported profits and net asset value in 2018.

RFO of R9,963 million decreased by 6% over the period which is below our target of nominal GDP+2%. The decrease reflects net reserve movements, and mortality and morbidity losses in Personal Finance in the first half of 2018 and the change in functional currency in Zimbabwe.

RoNAV of 18.6% was ahead of our Cost of Equity (COE)+4% target of 17.4%. We have delivered R750 million of recurring cost savings, putting us in a good position to meet our R1 billion efficiency target by the end of 2019.

Our Group solvency ratio increased to 170%, reflecting the robust capital position of the Group. We are at the upper end of our capital ratio target range and have fully funded the development capital we need in the Group for the coming period. Our full year ordinary dividend of 117 cents per share is covered 2.04 times by AHE, well within our target pay out ratio of 1.75 to 2.25 times coverage.

Outlook for 2019

Our RFO target of nominal GDP+2% will become increasingly challenging to achieve due to negative RFO growth in 2018. Despite the weak growth outlook in South Africa, the macroeconomic risks and strong competitive pressures, we remain confident in delivering our medium term targets.

We have managed our capital well and continue to be responsible to our shareholders in the way we deploy capital. Following the consideration of our capital position at the end of the year, we are pleased with the Board approved share buyback programme of approximately R2 billion over the next 12 months.

We will continue to run our businesses in an ethical and responsible manner, and within our risk appetite.
VALUE CREATION AND STRATEGY
OUR STRATEGY

Our Strategy
Championing mutually positive futures every day

Our Purpose
To be our customers’ most trusted lifetime partner, passionate about helping them achieve their financial goals

Our Vision

Becoming lifelong partners to our customers through meeting their core needs every day

Ensuring that we stay close to our customers throughout their lifetime, meeting their core financial needs and guiding them to achieve their financial ambitions.

Becoming a digital platform business
We will simplify and digitalise journeys for the customer, intermediary and employee. This will enable us to meet the financial needs of our customers in one place, via their platform of choice, at a pace in line with their expectations and needs.

Driving a culture of delivery
This will result in a change in behaviour supported by greater empowerment, agility, accountability and risk-based decision making.

Becoming a champion across the communities in which we operate
Leveraging our role as a leading financial services provider to serve as a catalyst for economic development and contribute to broader social upliftment. We want to be known as leaders in transparent and ethical business practices.

MEDIUM TERM

Defend and grow South African market share in Mass and Corporate markets

Defend and grow in the South African Personal Finance market

Turnaround East African business and improve returns across the Rest of Africa

Improve the competitiveness of Wealth and Investments

Win the war for talent

Refresh the technology offering

Cost efficiency leadership

LONG TERM

Becoming a digital platform business
We will simplify and digitalise journeys for the customer, intermediary and employee. This will enable us to meet the financial needs of our customers in one place, via their platform of choice, at a pace in line with their expectations and needs.

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Defend and grow
in the South African market

Defend and grow
in the South African Personal Finance market

Continued turnaround of Old Mutual Insure

Turnaround East African business and improve returns across the Rest of Africa
 Our strategic priorities

**Defend and grow South African market share in Mass and Corporate markets**

**Defend and grow South African market share in Mass and Corporate markets**

**Improve the competitiveness of Wealth and Investments**

**Continued turnaround of Old Mutual Insurance**

**Turnaround East African business and improve returns across the Rest of Africa**

### WIN THE WAR FOR TALENT

**Digital transformation**
- The digital transformation of our employee experience will achieve efficiency and empower employees to self-service, collaborate and strengthen their capability through tailored learning solutions.
- The implementation of technology will enable data-driven decisions by leveraging existing talent insights and contribute to the delivery of our business strategy.

**Transform the culture**
- Refresh our purpose, vision, values and brand promise to re-energise employees to deliver high performance and enhance the attractiveness of Old Mutual as an employer of choice.
- To embed required culture shifts that will improve overall employee experience, and in turn motivate employees to be more purposeful. We believe this will lead to Old Mutual being more competitive in the market.

**Customer engagement in a digital era**
- To deliver a digital engagement platform to drive sales and service, meeting all our customers’ needs in one place via their channel of choice. We believe this will improve the overall experience, helping us to attract new customers and to retain our existing customers. With a deliberate digital transformation focus, we partner with our intermediaries to give the best service to our customers, anywhere and anytime.

**Innovative culture and capability**
- To build a technology capability with the right skillset and mindset to deliver outcomes to our customers at a pace that meets their needs. We will achieve this through skills development in new technology, leveraging strategic partnerships where required, and working in more collaborative ways as a capability.

**Cost efficiency target**
- The Group is targeting pre-tax run rate cost savings of R1 billion by the end of 2019. The managed IFRS other operating and admin expenses for 2017 were R750 million and we have incurred R110 million of costs to achieve the saving. With effect from the 2020 financial year, the Group is targeting to manage its cost base within inflation.

### REFRESH OUR TECHNOLOGY

**Simplified and secured technology estate**
- To simplify our technology estate while maintaining and customer demands.
- Innovative technology to support our business strategy.
- Embedding robust IT security. A simplified IT estate will enable speed, agility, consistency and efficiency for our customers while ensuring our systems are available and always on.

**Transform the culture**
- To create an environment which fosters a culture of innovation aimed at driving value for customers. We are committed to contributing to skills development in the technology sector, as well as the communities in which we operate.

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**OUR BUSINESS MODEL**

### OUR CAPITAL INPUTS

#### FINANCIAL CAPITAL
- **R81 billion** Net assets
- **170%** Group solvency ratio
- **57%** % of AHE converted to Free Surplus

#### INTELLECTUAL CAPITAL
- **Strong and trusted** brand
- **Leading** market positions in the markets we operate in
- **Strategic** partnerships with Nedbank and Old Mutual Finance

#### HUMAN CAPITAL
- **30,365** Employees
- **7,842** Tied advisers

#### MANUFACTURED CAPITAL
- **348** branches
- **1 million** Money Accounts opened to date
- **>11.3 million** Customers

#### SOCIAL AND RELATIONSHIP CAPITAL
- **Largest alternative asset manager in Africa**
- **Level 2 BBBEE rating**
- **84%** Black employees

#### NATURAL CAPITAL
- **5 star Green building rating**
- **120 million** estimated litres of water saved annually
- **1.3 megawatts** saved annually through solar panels

### OUR UNIQUE OPERATING MODEL

#### CUSTOMER LED ORGANISATION
- Mass and Foundation Cluster
- Personal Finance
- Wealth and Investments
- Old Mutual Corporate
- Old Mutual Insure
- Rest of Africa

#### EXPERIENCED AND AGILE MANAGEMENT TEAM

#### DISTRIBUTION AND ADVICE
- Full range of accessible distribution channels
- Sound financial advice, partnering with customers to provide appropriate solutions

#### DIVERSE PRODUCT OFFERING
- Product expertise and innovation
- Broad offering

#### ENABLING FUNCTIONS
- Human capital
- Finance
- Marketing
- Strategy
- Risk
- Governance
- Customer servicing
- Information technology

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1. Excludes employees from our businesses in Latin America and China. Includes employees of enabling functions.
2. Customer numbers across segments may not sum to total customer number due to overlaps between segments. Excludes customers in Latin America and China.
3. Per the Department of Trade and Industry (DTI) definition and refers to employees in South Africa.
RETAIL DISTRIBUTION MODELS IN SOUTH AFRICA

Personal Finance uses multiple retail distribution channels including face-to-face, direct and digital channels to distribute its own and other segments’ products. These channels contributed a total of R69.2 billion in gross flows in 2018, a total of R37.2 billion and R6.5 billion flowed to Wealth and Investments and Old Mutual Corporate, respectively. The table below only illustrates the Personal Finance retail distribution channel strategy and does not cover the Group’s other distribution channels.

The Old Mutual Finance branch network facilitates a seamless customer experience by providing direct access to products, servicing and advice to any new or existing Old Mutual customer. The branches have in-house Mass and Foundation Cluster and Personal Finance financial advisers selling and advising on both segments’ products. The financial advisers in the branches are recruited directly from the communities in which we operate and as a result work closely with these communities to build a highly trusted and respectable brand.

1 This excludes iWYZE sales, generated through the Personal Finance distribution channels that contribute towards Old Mutual Insure sales.
OUR OPERATIONS IN REST OF AFRICA

The Southern African region remains the largest contributor to the Rest of Africa profits, mainly due to strong performance in Zimbabwe and Namibia despite tough trading and economic conditions. Elections are planned to take place in Namibia, Malawi, and Botswana but we expect 2019 to be politically stable. Monetary policy reforms are contributing to continued uncertainty in Zimbabwe.

ZIMBABWE

Old Mutual Zimbabwe has been in operation since 1902. The business offers a focused range of products including life assurance, asset management, unit trusts, property development and management, property and casualty and banking services. Customers include most of the large local institutions and the major multinationals as well as individuals. During 2018, Old Mutual Zimbabwe held its leading market position in Life and Savings and Asset Management.

MALAWI

Old Mutual Malawi offers a wide range of products including savings, investments, retirement solutions and risk and disability cover to individuals and corporates. The business opened its first office in Malawi in 1954 and serves more than 330,000 customers, serviced by more than 350 employees across its offices in Blantyre, Lilongwe, Mzuzu, Zomba and Kasungu. During 2018, Old Mutual Malawi held its leading market position in Life and Savings and Asset Management and specifically in respect of our unit trust offering.

NAMIBIA

Old Mutual Namibia offers a full range of products and services such as risk, savings, investments and retirement planning for individuals and corporates. The business has been in operation since 1920, with more than 370,000 customers, serviced by more than 950 employees. During 2018, Old Mutual Namibia held its leading market position in Life and Savings.

ESWATINI

Old Mutual eSwatini offers a wide range of corporate and individual solutions. These solutions include risk, savings and investment products (including alternative investment offerings). The business serves more than 49,000 customers, serviced by more than 50 employees from Mbabane, Manzini and Nhlangano offices.

BOTSWANA

Old Mutual Botswana offers a wide range of property and casualty and life insurance products in Botswana. It has branches in Gaborone and Francistown. The business offers its products to individual, commercial and corporate customers.

1 The Group adopted a change in functional currency from US dollar to RTGS for our business in Zimbabwe. This change was applied from 1 October 2018 and has reduced the reported profits and net assets for this region.

Old Mutual Investment Group (OMIG) in Malawi donated MWK2.5 million to 21 needy students so they could write their final university exams. They also partnered with the Public Private Partnership Commission to provide student accommodation, with 4,700 beds at various public universities.
In West Africa, we will focus on the remediation of our business by right sizing the cost base and growing our business through strategic partnerships in markets where we continue to face challenges. Strong GDP growth is expected in the West African markets we operate in.

**Nigeria**
Old Mutual Nigeria has been operating in Nigeria since March 2013, after it acquired the majority stake in Oceanic Life Assurance Company. Our product offerings include life and property and casualty solutions for individuals and corporates. We also provide online insurance solutions.

**Ghana**
Old Mutual Ghana has been operating since 2013. The business has fully rebranded and is now operating as Old Mutual Life Assurance Company (Ghana) Limited and Old Mutual Pensions Trust Ghana Limited. The business provides life insurance solutions to corporates and individuals. It further provides pension administration services to corporate customers.

We have begun to see positive results from the continued turnaround of our East African businesses. We will continue to drive profit growth predominantly through enhancing our customer value propositions in our Property and Casualty business, expanding our Banking and Lending offering and improving occupancy levels in the property portfolio. The peace deal signed recently in South Sudan is expected to result in an improved economic environment in this region.

**UAP Holdings Ltd (UAP)** is a group of companies headquartered in Kenya, with operations in Kenya, Uganda, Tanzania, Rwanda and South Sudan. Our acquisition of controlling stakes in Faulu in 2014, and UAP in 2015 resulted in the formation of one of the largest financial services groups in East Africa.

The business through its subsidiaries, offers a wide range of products and services across the East African region:

- The businesses in Kenya, Uganda, Tanzania, South Sudan and Rwanda offer solutions in all classes of life, health and property and casualty insurance risks, savings, retirement and lending solutions.
- In Uganda, UAP Financial Services Limited offers stock broking services.
- Kenya, Uganda and South Sudan own and manage investment property portfolios.

UAP offers its products and services directly through a wide network of branches and integrated customer service centers across the East Africa region and indirectly through insurance brokers and sales agents.
STAKEHOLDER ENGAGEMENT

At the centre of Old Mutual’s approach to stakeholder engagement is our commitment to good corporate governance. Our dedicated Stakeholder Relations function plays a critical role in ensuring that we observe industry and international best practice in managing and responding to the views and needs of our stakeholders. In all our interactions with our key stakeholders across the public and private sectors, civil society, labour, shareholders and individual customers we continuously strive to deliver a meaningful value exchange.

It is our strong belief that the growth of our business and its overall success depends on the quality of relationships that we build and maintain with our stakeholders. In recognition of the significance of our stakeholders to our business, our newly adopted Stakeholder Relations Policy enables us to be intentional about creating unique and positive stakeholder experiences in all our operations across the Group.

Our commitment to accessibility ensures that we are available to interact on a daily basis through media, strategic partnerships, community engagement, social investment and sales and servicing platforms that include digital engagement. For stakeholders and customers who prefer direct interaction, our wide branch footprint and large tied adviser force allows us to stay physically connected.

As a responsible business we are mindful of the impact of our decisions on our customers, our employees, our investors, our communities and the markets in which we operate. It is for this reason that we value and appreciate the views of our stakeholders as they play a significant role in shaping our organisational responses to both business and societal issues.

The various stakeholder engagement models we employ across the Group advocate that we proactively source these opinions and dedicate time to jointly crafting collaborative solutions. This is a key priority for our Board and our business. As such, we have made the commitment to ensure that all the platforms we create for stakeholder engagement remain open, transparent and inclusive. Fully demonstrative of the values of our business.

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Engaging our customers

We engage with our customer community on a regular basis through our annual reporting cycle, trading updates and presentations. Direct interaction includes attendance of local and international investor days and certain executives meeting with institutional investors and analysts. At the Board level, the Responsible Customer’s Committee has the opportunity to vote on remuneration and other pertinent matters and to address questions to the Board and executive team.

The executive team needs to deliver on the continued turnaround of our businesses in Rest of Africa and the delivery of our cost savings target, both impacted by volatile economic times where revenue growth is challenging. We need to focus on the improvement of mortality experience in Personal Finance during 2019.

In 2018 we returned a significant amount of capital to investors, representing more than a third of our market capitalisation as recorded at the date of the listing of Old Mutual Limited. We remain committed to growing and accelerate value creation to provide sustainable returns to investors through dividends and share price growth.

Various management actions are underway in Rest of Africa to improve core operations, strengthen the balance sheet and to obtain scale. We are on track to deliver our cost savings target by the end of 2019 and to date in the year we have banked recurring savings of R750 million, incurring costs of R110 million to achieve these savings.

Addressing their interests and concerns

Investors are focused on a consistent return on their investment and growth in shareholder value. International investors remain concerned about political uncertainty in South Africa.

Engaging our employees

We engage with employees through engagement forums that take place in the ordinary course of business, including performance and talent management discussions, annual training and regular staff communications. Employees are kept informed of strategic and general business updates through leadership engagements, our weekly digital newsletter ‘That’s a Wrap’, quarterly printed ‘Now Magazine’ and updated Intranet. We further encourage feedback from employees through our annual employee engagement survey.

The Quarterly Business Review (QBR) provides an opportunity for the executive team to engage with each business on financial and operational performance. Post QBR, the executive team provides feedback to senior employees on the performance for the quarter.

Addressing their interests and concerns

Our employees want to be part of an organisation that understands the world is changing rapidly and is committed to invest in the development of skills required for the future with an inspiring value proposition.

We are committed to creating an environment in which employees can reach their full potential and create exceptional business outcomes through inspiring innovation. We believe that the digital enablement of our employee experience will enhance our value proposition. We are revising our reward policies to attract, retain and motivate key talent, and to develop an ownership orientation in our employees that will enable sustainable long term stakeholder value creation. Management and remuneration committees govern fair and responsible remuneration.

Engaging our communities

The Old Mutual Foundation adopts strategic initiatives in rural, peri-urban and township areas that focus on enterprise and skills development, education and staff volunteerism. The Foundation also provides accredited skills development opportunities to high potential unemployed youth to secure permanent employment in the mainstream economy. In partnership with the Massiziselane Fund, the Old Mutual Foundation supports small, medium and microenterprise (SMME) development through a combination of grant and loan funding to help create sustainable jobs in agriculture, manufacturing and commerce.

At the Board level, the Responsible Business committee is responsible for ensuring that we deliver on our promise to be a responsible business and make an impact in the communities we operate in. There is also a responsible business committee at the executive level to ensure that responsible business is entrenched at an operational level.

It is important for us that we contribute to growing societies and communities that are vibrant and sustainable. We have chosen to make financial inclusion an integral part of our business as it relates to product design, pricing and how we interact with customers in the communities we operate in. We remain dedicated to contribute to the financial education of the less fortunate and help them grow positive futures. We will conduct ourselves in an ethical manner in everything we do. Ethics are core to our refreshed values and our internal Code of Conduct.

Addressing their interests and concerns

The shortcoming of financial education in environments of slow economic growth directly affects our customers’ ability to take control of their financial futures. In addition, poverty, unemployment and inequality have created an environment of financial exclusion for many people across South Africa. With rising corporate scandals our communities demand ethical behaviours entrenched at an operational level.

We seek to proactively engage with regulators and lawmakers to influence the enactment and amendment of laws to give better outcomes for our customers, employees and investors. We seek to build and maintain good relationships with governments in the countries we operate in and to engage with governments that violate laws or human rights.

We are committed to participate and contribute to professional bodies and industry associations in the financial services sector to be part of the solution in matters that affect our key stakeholders.
VALUE CREATED FOR OUR STAKEHOLDERS IN 2018

A business with a conscience that continues to create value for our stakeholders in a responsible way.

INVESTORS

R5.8 billion
Ordinary dividends

R4.9 billion
Special dividends

R601 million
Interest costs

R38.8 billion
Nedbank distribution

CUSTOMERS

R91.5 billion
Paid in claims and benefits

34
Digital products available online

Old Mutual voted 1st in the category “Consumer: Long Term Insurance” in the 2018 Sunday Times Top Brands Survey

Old Mutual call centre ranked #1 in the industry

COMMUNITIES

Staff payroll giving
R2 million

Financial education spend
R37 million

Taxes paid (R billion)

Company tax
2.1

VAT
1.4

Other
4.4

R14.1 billion

Other

2.1

6.2

EMPLOYEES

Salaries and benefits paid
R11.5 billion

We have one of the most transformed leadership teams in the insurance industry

R10,000
worth of Old Mutual shares awarded to permanent employees, as part of the broad based employee share plan

Staff training spend
R92 million

1 Includes ordinary and special dividends declared, the Nedbank distribution, taxes paid, amounts paid in claims and benefits and salaries paid to employees.

2 Includes R23.9 billion invested in renewable energy, R60.5 billion invested in infrastructure and R16.1 billion invested in affordable housing.
RISK MANAGEMENT

The listing of Old Mutual Limited allowed us to reassess our risk strategy and identify the culture shifts required to enhance value creation by making better risk and capital based decisions. The Group has undergone a strategic change programme which has resulted in a significant upgrade to our risk management framework to ensure that the risk management capability is a competitive strength that is embedded throughout the organisation.

Richard Treagus
Chief Risk Officer

Risk Strategy

Our risk strategy aligns with our vision to become our customers’ most trusted partner and help them reach their financial goals. In order to provide protection for our customers and good value for money, we need to accept certain risks on their behalf. The risk strategy informs our risk appetite which determines how much of a certain type of risk the Group is prepared to take on. It supports the overall business strategy to ensure a disciplined and balanced approach to risk based strategic decision making, opportunity assessment and capital allocation. We believe this approach leads to higher and sustainable returns on a risk adjusted basis and sustainable delivery on customers’ promises whilst avoiding negative surprises.

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Risk management framework

ANNUAL PLANNING CYCLE

Risk management process

- Formal annual process aligned to business planning cycle
- Dual approach incorporating segment and organisational view of risks
- Inclusion of risks based on inherent risk rating

IDENTIFY

- Assess likelihood of occurrence and financial and non-financial impact (including stress and scenario testing)
- Assess control environment
- Consider residual risk relative to risk appetite for that type of risk

MEASURE

- Apply risk policies for how specific risks should be managed
- Determine appropriate management actions

RESPOND

THREE LINES OF ASSURANCE

1. Own and manage
2. Oversee risk
3. Independent Assurance

GOVERNANCE STRUCTURE

Line 1 is responsible for risk identification and management on a day to day basis. This includes implementing and maintaining effective controls to mitigate risk and addressing control deficiencies.

Line 2 is responsible for providing assurance on the adequacy and effectiveness of the risk management system and system of internal control. It also ensures compliance with policies and the accuracy and completeness of reporting.

Line 3 provides assurance (through internal and external audit) on the effectiveness of governance, risk management and compliance functions, as well as the system of internal control. It also has an active and effective reporting line to the appropriate Board committee.
The risk identification process is a formal annual process aligned to the business planning cycle. The quarterly risk cycles focus on the monitoring of risk events, changes in the internal and external environment, our control environment and mitigating actions being taken.

The table below describes the Group’s key risk categories and the corresponding appetite for each of these categories.

<table>
<thead>
<tr>
<th>RISK TYPE</th>
<th>DESCRIPTION</th>
<th>RISK APPETITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strategic Risk</td>
<td>The risk that discretionary decisions are made that adversely affect future earnings or the sustainability of the business.</td>
<td>We have a very low appetite for a lack of strategic response to risks that seek to disrupt or render our business ineffective or uncompetitive.</td>
</tr>
<tr>
<td>2 External Risk</td>
<td>Risks outside the control of the Company which are difficult to predict or manage.</td>
<td>We have low appetite for not timely adapting to external risks and all levels of management are expected to mitigate such risks, and take advantage of opportunities they may pose.</td>
</tr>
<tr>
<td>3 Legal and Regulatory Risk</td>
<td>Risks of not applying or conforming to the law, or breaching laws, regulations or directives, resulting in fines, sanctions, reputational damage or financial loss.</td>
<td>We will aggressively manage our legal and regulatory risks as we have a significantly low appetite for decisions based on patently incorrect legal arguments or contempt of legal principles and the deliberate non-compliance of regulatory requirements. We have no appetite for being uninformed of regulatory changes that could have a material impact on our business objectives, operations and reputation.</td>
</tr>
<tr>
<td>4 Conduct Risk</td>
<td>Risk of unfair customer outcomes arising from any element of the conduct risk life cycle, including product design to advice and after sales services provided.</td>
<td>We will aggressively manage our conduct risk as we have a significantly low appetite for poor decision making or a culture that undermines fair customer outcomes or market integrity. We have no appetite for any risks that could materially affect our reputation.</td>
</tr>
<tr>
<td>5 Operational Risk</td>
<td>Risks of loss due to an inadequate or inefficient workforce, failure of processes or systems or the occurrence of external events.</td>
<td>We will aggressively manage our operational risks as we have a significantly low appetite for events and activities which can lead to reputational issues, business disruptions, poor customer outcomes and unplanned expenditures.</td>
</tr>
</tbody>
</table>
RISK TYPE | DESCRIPTION | RISK APPETITE
--- | --- | ---
6 Business Risk | Risk that business performance will be below projections as a result of negative variances in new business volumes and mix, margins, lapse experience or expenses. | We recognise that these risks are natural consequences of doing business and we can adequately manage them through good business processes, practices and disciplines which lead to a moderate risk appetite.

7 Insurance Risk | Risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions or volatile claims experience materially impacting earnings and capital. Insurance risk includes mortality, disability, longevity and property and casualty risks. | We readily accept these risks as we will aggressively pursue opportunities aligned to our business strategy and core competencies, whilst employing strong risk management actions such as reinsurance, diversification and obtaining the necessary skills and experience.

8 Credit and Counterparty Risk | Risks of non-payment or settlement of an obligation by a counterparty under the terms of an agreement, or the change in value of a credit asset as a consequence of a deterioration in the credit quality of a counterparty. | We have a moderate appetite for credit risk where it supports our business strategy or our insurance product offerings, otherwise only selectively if it optimises risk adjusted returns to shareholders. We have no appetite for credit risk if it is not supported by our excellent credit risk management practices and expertise.

9 Market Risk | Risks relating to adverse changes to the balance sheet or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments. | We accept the volatility in asset based fee income resulting from fluctuations in the market prices of customer portfolios. The shareholder capital portfolio may be exposed to some market risk if this optimises risk adjusted returns for shareholders over the long term. Market risks arising from guaranteed insurance contracts and underlying investment guarantees have to be mitigated to ensure limited residual risk.

10 Liquidity Risk | Risks that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in customer demands for cash. | All the entities within the Group manage liquidity risk within agreed liquidity risk limits to ensure that sufficient funding and liquidity resources are available to meet our financial obligations in normal and stressed conditions.

We have identified the material matters as those issues which currently pose the most material risk to our ability to generate and create value for our stakeholders. These matters are expected to change over time as the macroeconomic environment in which we operate changes, new trends develop and the needs and expectations of our stakeholders evolve.

Volatile and uncertain economic and political environment in many regions where we operate

Delivery and execution to build long term competitive advantage

Protecting asset value in Zimbabwe

Improving returns in Rest of Africa

Operating in a Digital Age

Increasing demands due to changing regulatory environment
Our reported profit and net asset value levels are highly dependent on macroeconomic factors such as equity market levels, inflation and interest rates in each of the key markets where we operate. The extent of the impact on our financial results and ability to create value is dependent on our ability to manage these factors and the impact they have on all stakeholders.

Most of the markets we operate in are characterised by volatile equity markets and in some, low economic growth. South Africa faces low GDP growth, a persistently high rate of unemployment and an increasing tax burden due to a large fiscal deficit, all of which contribute to lower disposable incomes for our customers. This adversely affects customer acquisition and persistency, especially in the middle income market. The Eskom crisis is likely to put further downwards pressure on economic growth. Inflation continued to remain within the South African Reserve Bank target range at a 12 month average of 4.6% for 2018.


In line with industry consensus on this matter, we applied a change in the functional currency of our businesses in Zimbabwe from 1 October 2018, being the date the RBZ directed all banks to ring fence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Nostro FCAs and RTGS FCAs. We estimated a RTGS exchange rate of 3.3 to the USD and this rate has been used to translate the results and net asset value of the business. The rate was estimated based on assessing various inputs that influence inflation, and included inputs such as relative food and fuel prices and the premium at which the Old Mutual and PPC shares traded on the Zimbabwe Stock Exchange versus the Johannesburg Stock Exchange. This change resulted from Operations by R223 million. Adjusted Headline Earnings by R1.5 billion and IFRS Net Asset Value by R57 billion.

During 2018, the reported profits and net asset value of the Group have been negatively impacted by the change in functional currency in respect of our business in Zimbabwe.

The continued US dollar shortages experienced in Zimbabwe have led to the increased use of electronic transactions. This is facilitated through the Real Time Gross Settlement (RTGS) system, a mechanism for the settlement of non cash transactions, which resulted in the use of RTGS as the term for currency held in bank accounts. The heightened use of this mechanism gave rise to parallel market activities and multiple pricing mechanisms where Bond Notes and RTGS traded at a discount to the official US dollar exchange rate. On 20 February 2019 the Reserve Bank of Zimbabwe (RBZ) announced that RTGS would be recognised as an official currency and that a formal inter-bank foreign exchange market would be established to formalise trading in RTGS balances with other currencies.

In line with industry consensus on this matter, we applied a change in the functional currency of our businesses in Zimbabwe from 1 October 2018, being the date the RBZ directed all banks to ring fence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Nostro FCAs and RTGS FCAs. We estimated a RTGS exchange rate of 3.3 to the USD and this rate has been used to translate the results and net asset value of the business. The rate was estimated based on assessing various inputs that influence inflation, and included inputs such as relative food and fuel prices and the premium at which the Old Mutual and PPC shares traded on the Zimbabwe Stock Exchange versus the Johannesburg Stock Exchange. This change resulted from Operations by R223 million. Adjusted Headline Earnings by R1.5 billion and IFRS Net Asset Value by R57 billion.
Our customers’ needs are evolving at a rapid pace in a fast changing world. Our customers’ expectation is that their needs are met via the channel of their choice and that quick and easy service is provided. If we do not continually adapt to the pace of our customers’ rapidly changing expectations, we risk becoming uncompetitive which could negatively impact our earnings streams and market share. It is imperative that we service customers and intermediaries in ways and at the pace they expect in a digital era if we are to grow our customer numbers and our share of wallet.

We face competitive pressure from the introduction of new technologies and business models, from both traditional and non-traditional technology driven companies. If we fail to provide an end-to-end slick digital experience for our customers or if the simplification of our IT estate takes longer than expected, we may lose ground to competitors who manage to introduce enhanced propositions faster than we can.

Being a digital business requires us to take responsibility to protect our systems and customer information from cyber attacks. These threats could result in operational losses, business interruptions, loss of critical company or customer data and consequently reputational damage. In light of heightened cybersecurity threats globally, we need to aggressively safeguard the business and protect our customers’ interests, by maintaining and investing in robust and sophisticated protection tools to counter attacks from cybercriminals and hackers.

We have embarked on our journey as a newly listed entity with renewed momentum and commitment to execute our strategy. We realise that we need to drive deep cultural change to ensure that our Group is future fit and can execute on its strategy. We have identified required culture shifts that need to be embedded in the organisation to remain relevant in a fast changing landscape. If we fail to make these changes as an organisation we risk losing market share to our competitors.

We believe that to remain competitive in the market we need to attract and retain top talent. We are improving the overall employee experience and motivating our employees to be more purposeful, to increase the attractiveness of Old Mutual as an employer of choice. If we are not able to attract and retain people with new skills we may fail to be relevant to our customers in the future.

**Opportunities**

As a recognised player in the financial services industry we are well positioned to build long term competitive advantage in the markets we operate in. We are investing in capabilities to transform Old Mutual into a true digitally enabled business.

**Response**

We have made great progress on the simplification of our IT estate and have embarked on an end-to-end journey to digitalise the customer and intermediary journey. We launched MyOldMutual, our new secure customer portal which provides digital access to 54 products. We continue to invest in innovative solutions to expand our digital product offerings to customers and improve their overall experience.

We have established strategic partnerships that have aided us to roll out innovative technology at a quicker pace. These partnerships have enabled us to accelerate the rollout of Artificial Intelligence (AI) and chatbots in South Africa and Rest of Africa. A combination of well considered service model enhancements that include the rapid adoption of AI technologies such as robotic process automation (RPA), chatbots and ongoing system automations were key enablers to improving our customers’ service experience.

We have established new cyber resilience capabilities and are continually improving the organisation’s defences against cyber threats.
A large part of our business operations in South Africa are relatively mature, where we hold a leading market share, however GDP growth rates are forecast to remain low in the near future. The growth opportunities in key markets where we are invested in Rest of Africa remain attractive considering higher GDP growth rates and large populations and therefore it is attractive to continue to invest in these markets. To date returns have been negative or low when compared to the cost of capital invested in our operations in East and West Africa. Entering a new market is characterised with higher upfront costs, investment and risk whilst obtaining an understanding of the operating environment. The period of integration in East Africa has taken longer than expected to fully align our operating model to the local operating environment, including distribution channels, regulatory requirements and local stakeholders.

We experienced significant delays in obtaining our bancassurance license in Nigeria which contributed to poor operational results despite the moderate economic recovery as a result of rising oil prices. We are continuously evaluating the economic and operating environment in West Africa to deliver the best outcome for shareholders. If we conclude that the economic and operating environment in West Africa has taken longer than expected to fully align our operating model to the local operating environment, including distribution channels, regulatory requirements and local stakeholders.

Response
In West Africa, we have appointed new leadership to formulate an executable and credible business plan that supports the capital that we are deploying in this business.

Good progress has been made on the turnaround of our East Africa operations and we made an operating profit for the first time in 2018 since the acquisition of UAP. We continue to focus on remediation of our property and casualty insurance book, better occupancy rates in properties and improvements in our business processes, all of which contributed to the turnaround.

We also completed a staff reorganisation which was facilitated through the automation of several processes and merging of disparate IT systems. We continue to strengthen our leadership team and enhance our control environment.

Opportunities
Attractive returns can be delivered to shareholders if we can streamline operating models and capitalise on the growth potential of these significant African markets.

Response
We are committed to regulatory reform and support the evolution of regulations that are focused on protection of customers and improve capital and liquidity management.

Opportunities
Regulatory changes provide opportunities to redesign and improve customer processes in ways that provide them with greater confidence in the industry, thereby facilitating growth. We seek to implement new regulatory requirements in ways that enhance customer experience and provide greater protection for all stakeholders.

Associated Risks

Increasing Demands Due to Changing Regulatory Environment

In the aftermath of the global financial crisis, we have seen an increase in new regulations applicable to our organisation, including the implementation of the Twin Peaks Regulatory Framework during 2018. The regulatory landscape continues to evolve to address concerns surrounding systemically important financial institutions (SIFIs). These regulations serve to protect customers, improve transparency and the soundness of the industry.

The implementation of new regulation does come at an increased cost to the business as we update our financial and operational management processes to ensure that we are compliant and have processes in place to monitor adherence to requirements. This increased regulation places additional pressure on governance and risk management processes and on employees’ existing workloads. The increased cost could potentially impact our customers through increased pricing or our investors through reduced operating margins.

The introduction of regulatory revenue caps puts pressure on the revenues we expect to earn.

The increased complexity associated with the implementation of new accounting standards, most notably IFRS 9 – Financial Instruments during 2018, contributes to the changing environment we face. We will use the learnings from this in our planning for the new insurance accounting standard IFRS 17 – Insurance contracts, which is effective for periods beginning on or after 1 January 2021.

Response
We are committed to regulatory reform and support the evolution of regulations that are focused on protection of customers and improve capital and liquidity management.

Opportunities
Regulatory changes provide opportunities to redesign and improve customer processes in ways that provide them with greater confidence in the industry, thereby facilitating growth. We seek to implement new regulatory requirements in ways that enhance customer experience and provide greater protection for all stakeholders.

Associated Risks
PERFORMANCE
GROUP FINANCIAL HIGHLIGHTS

Despite tough economic conditions in our key markets during 2018, we managed to deliver all but one of our targets and continue to make good progress on our cost efficiency leadership target. We are making good progress in simplifying the balance sheet to support our future capital plans.

Casper Troskie
Chief Financial Officer

Overview
We delivered our 2018 financial results in tough economic and market conditions in our key markets. Strong sales and excellent net client cash flow (NCCF) supported average FUM levels which rose in the year. Closing FUM of R1.044 billion declined by 3% from the end of 2017, largely reflecting lower equity market levels in the fourth quarter.

RoNAV of 18.6% was ahead of our Cost of Equity (COE) +4% target of 17.4%. Adjusted Headline Earnings (AHE) of R9,963 million decreased by 4% over the period reflecting net reserve movements, and the change in functional currency in the fourth quarter of this was the lower RFO, lower investment income and the change in functional currency in Zimbabwe.

We delivered AHE of R11,512 million, a decrease of 11% compared to the prior period. The primary cause of this was the lower RFO. Lower investment income in South Africa as a result of weaker equity markets and the change in functional currency in the fourth quarter in Zimbabwe. This decrease was partially offset by higher income from associates, reflecting higher earnings from our stake in Nedbank.

We have delivered R750 million of recurring cost savings, putting us in a good position to meet our R1 billion cost efficiency target in 2019.

The Group Solvency ratio increased to 170% (FY 2017: 161%), reflecting the robust capital position of the Group.

Adjusted Headline Earnings

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating segments</td>
<td>10,388</td>
<td>10,873</td>
<td>(4%)</td>
</tr>
<tr>
<td>Central expenses</td>
<td>(425)</td>
<td>(506)</td>
<td>16%</td>
</tr>
<tr>
<td>Results from Operations</td>
<td>9,963</td>
<td>10,367</td>
<td>(4%)</td>
</tr>
<tr>
<td>Shareholder investment return</td>
<td>2,880</td>
<td>4,920</td>
<td>(41%)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(601)</td>
<td>(622)</td>
<td>3%</td>
</tr>
<tr>
<td>Income from associates</td>
<td>2,593</td>
<td>2,305</td>
<td>13%</td>
</tr>
<tr>
<td>Adjusted Headline Earnings before tax and non-controlling interests</td>
<td>14,835</td>
<td>16,970</td>
<td>(13%)</td>
</tr>
<tr>
<td>Shareholder tax</td>
<td>(2,947)</td>
<td>(3,535)</td>
<td>17%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(376)</td>
<td>(448)</td>
<td>23%</td>
</tr>
<tr>
<td>Adjusted Headline Earnings</td>
<td>11,512</td>
<td>12,947</td>
<td>(11%)</td>
</tr>
</tbody>
</table>

Segment contributions

Mass and Foundation Cluster
Mass and Foundation Cluster contributed 31% (FY 2017: 29%) to the Group’s RFO. This was supported by an increase in Life APE sales due to higher average adviser headcount and improved productivity. The segment’s positive growth in the loan book, due to improved productivity as a result of process enhancements in the customer take on process also contributed positively to the Group’s RFO.

Personal Finance
Personal Finance contributed 20% (FY 2017: 30%) to the Group’s RFO. The decrease in contribution was due to poor performance as a result of net positive reserve releases in 2017 that were not repeated in 2018 and higher than expected death and disability claims in H1 2018.

Wealth and Investments
Wealth and Investments contributed 16% (FY 2017: 14%) to the Group’s RFO. This was driven by strong growth in the Alternatives business due to higher asset origination levels in Specialised Finance and positive growth in annuity revenue.

Old Mutual Corporate
Old Mutual Corporate contributed 7% (FY 2017: 5%) to the Group’s RFO. This was driven by good flows, including increased standalone to umbrella conversions as well as better group risk underwriting experience, lower claims volumes and improved group income protection pricing.

Old Mutual Insure
Old Mutual Insure contributed 7% (FY 2017: 5%) to the Group’s RFO. This was driven by the increased underwriting margin due to improved claims process efficiencies and procurement optimisation. This was also supported by the general environment in a benign claims environment with lower catastrophe losses.

Rest of Africa
Rest of Africa contributed 13% (FY 2017: 10%) to the Group’s RFO. This was driven by the growth in the Life and Savings, Asset Management and Banking and Lending lines of businesses. Strong Life APE sales were driven by increased adviser productivity in Southern Africa, improved expense management in East Africa and growth in loan books across the regions.

Central expenses
Central expenses were lower following a change in the Group’s central cost allocation methodology which led to the allocation of project expenses to segments. Offset by higher costs to capacitate reporting and management functions for Old Mutual Limited as a standalone listed entity.
Total revenue decreased by 38% to R101.0 billion. Although there was a 10% increase in net earned premiums to R72.2 billion this was more than offset by weaker market performance resulting in negative investment returns in the South African, Namibian and East African businesses.

TOTAL EXPENSES
Total expenses decreased by 40% to R102 billion as a result of the decrease in the change in investment contract liabilities and net claims and benefits expenses. Change in investment contract liabilities is a negative expense of R6 billion (FY 2017: R35.0 billion), largely due to the weaker market performance experienced. Net claims and benefits decreased by 31% to R60 billion due to improved Group risk underwriting experience in Old Mutual Corporate and the impact of weaker market performance.

PROFIT FROM DISCONTINUED OPERATIONS
Discontinued operations are made up of Nedbank, Quilter, Latin America and Old Mutual Bermuda. Profit after tax from discontinued operations includes 6 months of Quilter profit, 9.5 months of Nedbank profit and profits from the Latin American businesses and Old Mutual Bermuda for the full year. The 122% increase to R35.0 billion is largely driven by the profit of R23.2 billion on the unbundling of Quilter and the distribution of Quilter during FY 2018.

Capital management
We actively manage the supply and demand of the Group’s capital to maximise shareholder value within our risk appetite. In achieving this objective, we balance the requirements of our key stakeholders including investors, regulators and customers. In terms of the supply of capital, we manage debt and equity levels to minimise the weighted average cost of capital, within our risk appetite, which allows the Group to maintain strong interest coverage and an acceptable leverage ratio post a moderate stress event. Our target gearing ratio is in the range of 15% to 20%. In terms of capital demand, RoNAV serves as the Group’s key capital efficiency measure for directing capital investments. We aim to maximise shareholder value by deploying capital to entities and initiatives that are able to deliver a RoNAV that supports the Group in achieving its target of cost of equity +4%.

The Group has a solvency capital coverage ratio target of 155% – 175%. The range has been set to ensure that we maintain a strong balance sheet to protect policyholders whilst returning excess capital to shareholders. As at 31 December 2018, the Group had a capital coverage of 170.4% which is within the target ratio. All material entities within the Group have solvency capital coverage targets to ensure that appropriate capital is held where risks are managed. The risk appetite and requirements of relevant regulators, customers and other key stakeholders are considered when determining the level of capital that is required for the relevant entities.

We target a dividend cover, based on AHE, of 1.75x to 2.25x. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations,ability of earnings to targetled liquidity and solvency levels as well as the Group’s strategy.

On 21 February 2019, Standard & Poor’s (S&P) affirmed a South African National Scale Rating of zaAAA for OMLACSA and zaAA- for its subordinated debt. Further to this, S&P upgraded the capital and earnings strength rating of OMLACSA due to continued improvement in OMLACSA’s capital adequacy and management.
MASS AND FOUNDATION CLUSTER

We have delivered strong results for 2018, despite a challenging economic environment. We are making strides in improving our customer experience, with a noticeable reduction in claims payout time from 24 hours to 8 hours, and 4 hours for those initiated via the Money Account app.

Clarence Nethengwe
Managing Director

Mass and Foundation Cluster operates in the Life and Savings and Banking and Lending lines of business. We provide simple financial services products to customers in the low income and lower middle income markets, which the Group defines as individuals earning R1,000 to R20,000 per month. Old Mutual Finance, our business with the Business Doctor Consortium Limited and its associates, offers unsecured lending and transactional banking products, and its robust returns and enhanced customer intimacy have enabled us to compete against banks and other non-traditional competitors.

We deliver our products to customers through tied advisers, branches, accredited brokers, franchise advisers, digital marketing and telesales. We have an extensive tied adviser distribution channel comprising over 4,600 advisers who are recruited directly from the communities in which we operate.

In order to defend our market share we ran promotions on our funeral range which had a negative impact on VNB in 2018.

In 2018 we saw increased competitor activity. We highlighted appropriate features in our product solutions such as premium holidays and premium cash backs to support our customers during the tougher economic times.

We will continue driving cost and operational efficiency across our value chain.

We have launched our first online funeral policy from as little as R22 per month and the transaction can be completed in under 10 minutes.

Continuous improvement to funeral claims process to pay funeral claims faster. Payout time has been reduced from 24 hours to 8 hours, and within 4 hours when claims are initiated via the Money Account app.

We have opened 25 new branches, increasing our total retail branch footprint to 348 branches which supported strong sales in mass market despite ongoing competition from existing players and new entrants.

We have opened 1 million Money Accounts since inception, with nearly a quarter of the accounts opened to date being active.

Strong growth in our loan book, with lower credit losses, as a result of an improved loan scoring and acquisition process.

STRATEGIC PROGRESS IN 2018

- We will continue to grow our retail branch network and will gradually add to the number of Old Mutual branded ATMs.
- We will roll out the One Financial Plan, an advice enablement tool, to our tied agent force that will further strengthen our advice value proposition.
- We remain vigilant on our collections experience on both insurance and lending businesses as we continue to lend responsibly.
- We will continue driving cost and operational efficiency across our value chain.

Defend and grow Mass and Corporate Markets

VALUE CREATED IN 2018

R5.6 billion
Claims and benefits paid

OUTLOOK FOR 2019

- We will highlight appropriate features in our product solutions such as premium holidays and premium cash backs to support our customers during the tougher economic times.
- We will continue driving cost and operational efficiency across our value chain.

Operating environment in 2018

- Challenging macroeconomic environment
- Increased competitor activity
- Consumers remain under pressure as a result of lower disposable income driven by:
  - High unemployment rates
  - VAT increases
  - Fuel price increases
OUR FINANCIAL PERFORMANCE IN 2018

Life APE Sales (R million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4,091</td>
</tr>
<tr>
<td>2018</td>
<td>4,579</td>
</tr>
</tbody>
</table>

NCCF (R billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.5</td>
</tr>
<tr>
<td>2018</td>
<td>0.6</td>
</tr>
</tbody>
</table>

RFO (R million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12,070</td>
</tr>
<tr>
<td>2018</td>
<td>12,516</td>
</tr>
</tbody>
</table>

Loans and advances (R million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>120,700</td>
</tr>
<tr>
<td>2018</td>
<td>125,160</td>
</tr>
</tbody>
</table>

Life APE Sales of R4.579 billion showed strong growth, despite the expected moderation that took place in H2 2018 due to continued pressure on the customer. The increase in Life APE sales of 12% is largely due to growth in adviser headcount and productivity, premium increases and higher credit life sales on the back of growth in loans disbursed.

NCCF increased by 7% to R6.5 billion from R6.1 billion in the prior period. This was driven by the strong growth in Life APE Sales, annual premium increases on in-force book, combined with the good growth in savings flows into Money Accounts.

RFO increased by 3% with flat Life and Savings profits and 29% growth in Banking and Lending profits. Life and Savings profits were affected by a 12% reduction in credit life profits following price cuts for lower risk rated customers, less positive year-end assumption changes and lower new business profit, despite the impact of positive growth in book and good cost management. Banking and Lending profits mostly benefitted from the decrease in amortisation of acquired intangibles related to Old Mutual Finance compared to 2017. The provision for loans disbursed following the implementation of IFRS 9 - Financial Instruments was higher than it would have been under the previously applicable IFRS standard. However this was more than offset by the unwind of day one transitional provisions as a result of excellent collections experience and improved behavioural scores during 2018.

Gross loans and advances increased by 37% to R16.518 billion. Process enhancements in terms of customer take on increased consultant productivity and we deployed a more risk sensitive scorecard that aligned the market offering to terms of our customer base. This allowed us to better compete and achieve significant growth in lower risk scored customers while keeping overall loan approval rates consistent with prior years.

PERSONAL FINANCE

During the year, we launched the EasiPlus and the EasiPlus Single Adult Family funeral plans on the Old Mutual online platform and the Money Account mobile app. These plans allow you to cover yourself, immediate family members and extended family.

The value of the funeral cover ranges from R5 000 to R70 000 for each individual covered, and the minimum premium you can expect to pay for each covered individual is R22. These digital offerings represent an improvement in our efforts to improve customer experience through digital solutions and providing peace of mind. You can get a quote and buy the product using your cell phone, your desktop, or your laptop, when it is most convenient.

Key product benefits and highlights:

- There is immediate cover for death from the moment we accept the application.
- Benefits include body repatriation and no medical examination.
- If a covered individual dies within six months after the inception of the policy, we will pay a benefit equal to all the premiums we received during the period.
- You can miss up to six premiums over the lifetime of the plan through the premium holiday benefit.
- Our restart benefit allows the restart of the policy within six months of having stopped paying your premiums. All missed premiums must be paid before the plan can be restarted.
- The EasiPlus Funeral Plan counts as a “need met” and increases your Old Mutual Rewards tier status.

“Personal Finance provides holistic financial advice and long term savings, investment, income and risk products to the middle income market in South Africa. The Group defines the middle income market as individuals earning between R20,000 and R80,000 per month. We use multiple distribution channels, including face-to-face and direct channels. Face-to-face channels comprises a tie agency force, independent financial advisers (IFAs) and a franchise channel where franchise principals run their own advice business using Personal Finance’s Financial Service Provider licence. The direct channels include the Direct Financial Advice channel, a tele-advice business which provides full advice and single needs selling across all products and Old Mutual Insure. It also includes a direct digital channel offering a number of products online, and life insurance through iWyze, the direct distribution brand in Old Mutual Insure.”

Karabo Morule
Managing Director

OUR LEADERSHIP TEAM

EXPERTISE

- Life and Savings
- Banking and Lending
- Risk Management
- Strategy
- Finance and Audit
- Sales Distribution
- Actuarial
- Operations
- Marketing

Demographics

- Black male
- Black female
- White male
- Non South African male

Work Experience

- 225 years of collective experience

- Customers: 1.9 million
- Employees: 4,609
- Tied Advisers: 3,204
- BMI Customers: 451,000

1. Best estimate based on available data
Performance

Lower than inflation average salary increases and customer confidence remained subdued in the operating environment in 2018. Several management actions were initiated to drive sales. These included the re-pricing of guaranteed annuity products and tactical improvements to the pricing of disability and severe illness cover.

Outlook for 2019

We will continue to monitor our claims experience carefully during 2019, despite seeing some improvement in mortality experience in the second half of the year. Management will continue to analyse causes of death, non-disclosure trends and review medical testing practices in response to negative claims experience.

Our distribution channels performed well, generating gross flows of R69.2 billion in 2018 with a contribution of R37.2 billion to Wealth and investments and R6.5 billion to Old Mutual Corporate.

We experienced good growth in new digital channels with saving sales up 29% and Life APE sales sold through iWYZE up more than 300%.

Our adviser force in Old Mutual Finance branches grew by 67% to 315 advisers and we now have presence in over 181 branches countrywide.

We are on track to launch a new protection proposition, a technology enabled advice model, in the first half of 2019. This will provide enhanced product features and will simplify and digitise journeys for the intermediaries and customers to improve the overall customer experience.

We launched the Old Mutual Rewards Loyalty programme in an effort to strengthen our penetration in the middle income market. We expect the upfront cost incurred in 2018 to create volume in future periods.

Minor profit strain is created by 22seven which creates value by enabling many South Africans to budget easily and have the convenience to monitor their spending in one place using the application.
WEALTH AND INVESTMENTS

“Despite challenging market conditions, we delivered solid operating margin and profit growth. The continued improvement of the investment performance of our core fund range is particularly pleasing.”

Khaya Gobodo
Managing Director

Wealth and Investments is one of the largest private wealth and investment managers in Africa. Our business comprises Old Mutual Wealth (Wealth), Old Mutual Investment Group (Asset Management), Old Mutual Alternatives (Alternatives) and Old Mutual Specialised Finance (Specialised Finance).

Wealth is an advice led, vertically integrated retail investment business. Our Asset Management business operates through investment boutiques with diverse capabilities across listed South African and global asset classes. The Alternatives business covers private equity, infrastructure investments, impact investments and international private equity. Specialised Finance manages and supports the origination of credit assets to back the Group’s guaranteed products and its Consumer Price Index-linked products.

Despite challenging market conditions, we delivered solid operating margin and profit growth. The continued improvement of the investment performance of our core fund range is particularly pleasing.

Khaya Gobodo
Managing Director

Khaya Gobodo has spent over R35 million in the past eight years to address the shortage of black investment professionals.

Old Mutual Investment Group’s Imfundo Trust has spent over R35 million in the past eight years to address the shortage of black investment professionals.

**OUR LEADERSHIP TEAM**

- **7** Life and Savings
- **9** Asset Management
- **2** Banking and Lending
- **8** Strategy
- **7** Risk Management
- **5** Finance and Audit
- **4** Operations
- **3** Corporate Finance
- **5** Responsible Business

**EXPERTISE**

- **7** Life and Savings
- **9** Asset Management
- **2** Banking and Lending
- **8** Strategy
- **7** Risk Management
- **5** Finance and Audit
- **4** Operations
- **3** Corporate Finance
- **5** Responsible Business

**DEMOGRAPHICS**

- 2 Black male
- 2 Black female
- 4 White male
- 4 White female

- Per the DTI definition

- **243** years of collective experience

**WORK EXPERIENCE**

- **10** Core funds
- **1,118** Employees

- 53% Of employees are female
- 4 of our core multi-asset funds have 4 star Morningstar rating

- **VALUE CREATED IN 2018**

- Old Mutual Investment Group’s Imfundo Trust has spent over R35 million in the past eight years to address the shortage of black investment professionals.

**VALUE CREATION AND STRATEGY PERFORMANCE**

**IMPROVE THE COMPETITIVENESS OF WEALTH AND INVESTMENTS**

**STRATEGIC PROGRESS IN 2018**

- We maintained good investment performance in the context of a challenging macroeconomic environment, declining equity markets and high levels of competition.
- Strong retail NCCF was supported by continued improvement in the Wealth proposition and a focus on rebuilding relationships with IFA’s.
- The institutional flows in our Asset Management business held steady with marginally positive NCCF.
- Specialised finance delivered a particularly pleasing result with record high transaction annuity income and very good credit management experience in 2018.
- Alternatives performance in 2018 benefitted from our continued participation in the South African renewable energy sector, all of which demonstrates the benefits of the diversified nature of the revenue streams of our segment.

**OUTLOOK FOR 2019**

- Our business is geared to equity market levels, which opened lower in 2019 relative to 2018, posing a challenge to fee based revenue growth.
- Our outlook is made more challenging given the continued fee margin pressure across the industry.
- Non-annuity revenue in both Alternatives and Specialised Finance are dependent on the robustness of general economic activity, which poses a challenge to 2019.

- Continued industry pressure on the revenue line has required disciplined management of the cost base during 2018.

**TRADE-OFFS**

**Operating environment in 2018**

- Volatility in global equity, currency and bond markets due to escalating global trade tensions
- Challenging South African macroeconomic environment, leading to a decline of 14% in the equity markets

- Fee compression, primarily in the retail business, due to high levels of competition
- Strong competition for high quality credit assets with market wide credit spread contraction
Ours Financial Performance in 2018

Gross flows of R89.2 billion increased marginally by 1% due to strong sales in Old Mutual International and the retail Wealth platform, partially offset by lower institutional inflows to Asset Management.

Positive NCCF of R10.8 billion was supported by strong flows into the retail Wealth platform and good net flows in the institutional Asset Management business resulting from improved investment performance. Outflows were higher due to mandate terminations by certain multi-managers following their decision to internalise indexation capabilities and asset realisations in Alternatives.

AUM of R724.4 billion was slightly down from the prior year, with the positive impact of strong retail and institutional inflows offset by outflows in the form of asset realisations, and weak equity market performance.

RFO increased by 8% to R1,611 million from the prior year. The increase is largely attributable to acquisition related intangibles being fully amortised in 2017 and higher asset based fees on the 7% higher average AUM during the period. Alternatives had an exceptionally strong year due to higher annuity revenue, largely contributed by development fees in the unlisted infrastructure space.

Responsible Business Investing

Investing the Right Way to Create Positive Impacts on Communities and the Environment

During 2018, Old Mutual Unit Trusts launched the Old Mutual MSCI World ESG Index Feeder Fund and the Old Mutual MSCI Emerging Markets ESG Index Feeder Fund, honouring our commitment to integrate responsible investment practices across our investment strategies. These are rand denominated funds designed to give retail investors equity market performance by having exposure to companies that are measurably better when considered on an ESG basis. Investing in highly ranked ESG companies delivers both positive financial performance in the long run and also drives change in the way companies adopt responsible environmental, social and governance practices and policies.

Accordingly, these funds enable customers to invest in companies that promote long term sustainability practices and gain access to offshore investments whilst investing in affordable and cost efficient funds.

Old Mutual Corporate primarily provides group risk, investments, annuities and consulting services to employer sponsored retirement and benefit funds in South Africa. Our risk products include group risk benefits and our cell captive business, Old Mutual Alternative Risk Transfer Limited ("OMART"). Our inhouse consulting business, known as Old Mutual Corporate Consultants, provides benefit, investment, actuarial and communication consulting services, helping us retain our existing customers and acquire new customers.

Our products are distributed through various channels, including directly to corporate customers using our direct sales force and Old Mutual Corporate Consultants, independent intermediaries and the Group's retail distribution channels.

We are the largest2 umbrella fund in South Africa

We won the Technology Provider; Manager of Managers and Consultant of the year categories at the 2018 Imbasa Yegolide Awards

1 This relates to membership numbers
2 By total assets and membership

Clement Chinaka
Managing Director

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**OUR FINANCIAL PERFORMANCE IN 2018**

**Gross Flows (R billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Flows</td>
<td>88.3</td>
<td>89.2</td>
</tr>
</tbody>
</table>

**AUM (R billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>736.6</td>
<td>724.4</td>
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</tbody>
</table>

**NCCF (R billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCCF</td>
<td>14.1</td>
<td>10.8</td>
</tr>
</tbody>
</table>

**RFO (R million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFO</td>
<td>1,490</td>
<td>1,611</td>
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</tbody>
</table>
DEFEND AND GROW MASS AND CORPORATE MARKETS

STRATEGIC PROGRESS IN 2018

- We continue to invest in improving the customer experience of the Old Mutual SuperFund umbrella with the launch of a new self service portal in 2018. SuperFund umbrella continues to attract good flows from both converting standalone schemes as well as customers moving from competitor umbrella funds.
- We launched the OMCC OnTrack, our new consulting tool that measures the health of retirement outcomes at member level and promotes awareness of retirement goals and planning.
- Our management actions to improve group risk underwriting experience gained good traction. These included income protection re-pricing and the launch of the new Well4Work range of four flexible group income protection benefits that allow customers to tailor the desired balance between benefits and price gained traction.

OUTLOOK FOR 2019

- We continue to invest in Old Mutual SuperFund to improve customer experience and drive growth of the umbrella offering. We are pleased with the pipeline of deals we are working on.
- Management remain focused on further improvement of group disability underwriting margins to expected long term levels.

Management actions included tactical repricing initiatives that may have increased the risk of loss of customers in certain circumstances. We believe this was the right strategic decision to maintain operating margins.

OPERATING ENVIRONMENT IN 2018

- Competitive environment for umbrella fund offerings
- Declining equity markets in South Africa
- Expect that earnings will continue to be impacted by market levels during 2019

Claims and benefits paid

R35.6 billion

OUR FINANCIAL PERFORMANCE IN 2018

Life APE sales achieved growth of 15% to R3.133 million, despite a large recurring premium SuperFund deal in the prior period with good growth across all major product lines except annuities.

At R309 million, VNB grew by 22% largely as a result of sales growth and a change in capital allocation across products and segments to align with the new Prudential Standards that govern capital requirements. The VNB margin improved by 10 bps to 1.1%.

Strong inflows from new mandates together with improved termination experience contributed to a significant improvement in NCCF of R9.1 billion to R2.0 billion. FUM of R254.6 billion remained flat with the growth in NCCF being more than offset by the impact of declining equity markets.

RFO increased by 8% from the prior year due to significantly improved group risk underwriting experience, underpinned by lower group life assurance claims volumes and improved group income protection pricing. In addition, active management and a resolution of risk exposures resulted in a net one off release of provisions of approximately R85 million.

In line with the Group’s strategic goal of refreshing our technology offering to improve our customer experience and solution propositions, we have launched a self-service portal for retirement fund members. This new portal replaces the member web platform previously known as Retirement Scheme Administration.

The key features available on the portal include:
- Viewing and downloading statements
- Projecting retirement income amounts
- Managing and updating beneficiaries
- Allocating and switching funds

The portal has been designed to improve our member experience as it provides quicker access to information and provides choice and convenience, as members will have the choice of when, where and how to connect using their mobile devices, laptops and desktops. Furthermore, the simplified information and functionality makes it easier for members to understand and manage their retirement savings, thus giving them piece of mind.
OLD MUTUAL INSURE

Old Mutual Insure provides property and casualty insurance products to individuals and corporates through three operational businesses: (i) personal and commercial (ii) iWyze and (iii) specialty. In addition, it provides trade credit insurance through Credit Guarantee Insurance (CGIC).

The personal business provides property and casualty insurance products, which include household goods, and motor and accident cover to individual customers. The commercial business provides insurance against fire, accident and motor risks for small to medium sized commercial businesses, as well as agriculture and crop insurance. The speciality business provides asset, fire, accident and motor insurance to large corporate institutions.

Garth Napier
Managing Director

Old Mutual Insure delivered strong results, with an underwriting margin at the upper end of our target range, contributing towards our progress on the continued turnaround of the business.

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RFO was R670 million, an increase of 28% compared to 2017, largely due to an improved underwriting margin, as a result of improved claims process efficiencies and procurement optimisation, especially in the personal lines portfolio. Profit growth was also supported by the general environment in a relatively benign claims environment and with lower significant catastrophe losses, partially offset by the increased cost of reinsurance following the adverse large loss and catastrophe experience of 2017.

The strong improvement in the net underwriting result in 2018 led to an improved net underwriting margin of 5.3%, which is at the upper end of the Group’s target range of between 4% and 6%. Growth in underwriting results was driven by exceptionally good claims experience in personal and commercial lines with lower catastrophe claims and significant growth in iWyze profits due to improved claims management and benefits arising from a review of technical reserves.

Gross written premiums (GWP) increased by 6% to R13,218 million as a result of pricing increases and strategic partnerships with underwriting manager agencies to generate new business. Strong growth was delivered by iWYZE, pursuing a profitable growth strategy that leverages operational efficiencies, strategic partnerships and focused marketing. CGIC reported good top line growth, despite the low real annual GDP growth rate which is directly linked to CGIC’s GWP performance.

In December 2017, we launched Swiftcare, our emergency mobile application for our personal lines customers. We have since enhanced this application to improve and ensure our customers’ safety.

Our personal lines customers can now:
- Request emergency tow truck assistance and receive SMS confirmations of requests, for additional peace of mind
- Track and view how far the tow truck driver is, through the GPS integrated map
- View the details and contact numbers of the tow truck driver to reduce the risk of falling victim to rogue tow truck drivers
- Register multiple vehicles on the application
- Easily access home and medical assistance

Our core lines of business in Rest of Africa are Life and Savings, Asset Management, Banking and Lending (including micro lending) and Property and Casualty (including health insurance). We have operations in 12 countries that are grouped into three regions: Southern Africa, East Africa and West Africa.

In the Southern Africa region, we have leading market positions across multiple lines of business. In the East African region, we have exposure to five countries. In Kenya and Uganda there is relatively low penetration in insurance markets. In the West African region, we have strategic relationships with Ecobank.

Our distribution channels include brokers, financial advisers, bancassurance as well as mobile network operators and fintech companies such as Safaricom in East Africa, MTN Group in eSwatini and Multi-pay in Zimbabwe.

Jonas Mushosho
Managing Director

We made great progress in improving our customer experience and our performance in 2018, with positive RFO delivered by the East African business for the first time since acquisition.
STRATEGIC PROGRESS IN 2018

- We completed a staff reorganisation to optimise staffing levels and eliminate duplication across our East African businesses. This reorganisation is expected to create savings going forward.
- Positive profits were delivered by East Africa for the first time since acquisition.
- We now have a presence in 113 Ecobank branches across Nigeria following the delay in licence approval.

OUTLOOK FOR 2019

- Elections are planned to take place in Namibia, Malawi, Botswana and Nigeria but we expect 2019 to be politically stable.
- In Zimbabwe, monetary policy reforms are contributing to continued uncertainty whilst the peace deal signed recently in South Sudan is expected to result in an improved economic environment.
- Muted real GDP growth is expected in our dominant Southern Africa markets, with stronger growth forecast in East and West African markets.

We incurred one off costs of c. R70 million during the first half of the year related to the restructuring in East Africa, to optimise staffing levels and eliminate duplication. Despite the impact to profits in 2018, this is expected to create savings in the region going forward.

We will continue to drive profit growth predominantly through enhancing our customer value propositions in our Property and Casualty business, expanding our Banking and Lending offerings and improving occupancy levels in the property portfolio.

In West Africa we will focus on the remediation of our business by right sizing the cost base and growing our business through strategic partnerships in these markets.

The amounts and commentary below reference amounts before the functional currency change in Zimbabwe.

 Loans and advances increased by 37% to R15,391 million. This was mainly due to strong growth in the Southern African region contributed by an increase in new business and personal loans in OFM Namibia and the CABS loan book. A focused effort in Faulon on lower risk loans through payroll deductions had a positive contribution to top line growth. The change in functional currency led to reported Loans and advances of R9,721 million, a decrease of 36%.

- RDO increased by 37% to R1,477 million. In Southern Africa strong profits were reported in Zimbabwe across all lines of business except Property and Casualty due to higher claims. Malawi contributed through improved profits in group life assurance, increased rental income and higher asset management fees. Higher asset management income and property rental income from improved occupancy rates in Kenya contributed to profit growth in East Africa.

- NCCF increased by 100% to R4.4 billion. In Southern Africa, NCCF rose strongly due to good inflows into Money Market Funds in Malawi and the non repeat of large outflows in the prior year due to a portfolio rebalancing by SOEs in Namibia. In Zimbabwe, effective management actions to improve retention of flows combined with good claims experience contributed to the improved NCCF. This was partially offset by outflows in East and West Africa.

- CWP decreased by 1% to R3,629 million. In Southern Africa, Zimbabwe contributed to 5% growth partially offset by flat growth in Namibia due to tough economic conditions. In the other regions, gross written premiums decreased due to increased competitor activity, tough economic conditions and a challenging business environment in West Africa. The change in functional currency led to reported CWP of R3,512 million, a decrease of 4%.

Operating environment in 2018

- 8th consecutive quarter of the recession in Namibia
- The continued US dollar shortages in Zimbabwe during 2018 has led to the increased use of electronic and plastic money through the Real Time Gross Settlement (RTGS) system. This led to a change in functional currency which was applied to our results prospectively.

- Regulatory changes in West Africa and continued slowdown in the Banking and Lending industry

Elections are planned to take place in Namibia, Zimbabwe, Malawi, Botswana and Nigeria but we expect 2019 to be politically stable.
WIN THE WAR FOR TALENT

2018 was a transformational year for the Group as we made Africa our home again. We assessed our current Human Capital function and developed a transformation programme that will deliver a more capable and technology enabled function. We believe this will attract, retain and motivate our employees as we embark on developing new ways of working to remain relevant to our stakeholders in the long term.

Celiwe Ross
Human Capital Director

ACHIEVED IN 2018

• We have identified legacy systems to be decommissioned in order to drive greater levels of efficiency prior to the full implementation of the new technology solution.

• We have selected a new technology solution to achieve digital enablement of our employee experience and we will start to implement this solution in 2019. We expect this to improve the effectiveness of our recruitment, employee engagement, learning talent management and reward processes.

• We have made online learning capability available to all employees, focusing on developing the skills required for the New World of Work.

2019 OUTLOOK

• We will continue to focus on the development of skills required for the changing business landscape by training employees in agile ways of working, design thinking and problem solving.

• We will roll out a more cohesive leadership development programme across our businesses in South Africa and Rest of Africa to ensure that we develop and retain leadership talent.

• We continue to invest in various youth talent programmes that promote innovation and focus on the development of the future workforce.

• We will focus on the development of skills required for the changing business landscape by training employees in agile ways of working, design thinking and problem solving.

ACHIEVED IN 2018

• We have evaluated and updated our reward philosophy and policies to align to our long term strategy.

• We have made progress in the assessment of our short and long term components of reward to ensure we attract, retain and motivate key talent. We believe this will develop an ownership orientation in our employees that will enable sustainable, long term stakeholder value creation.

2019 OUTLOOK

• We will focus on the design of targets to measure progress against required culture shifts.

• We remain committed to include diverse talent at all levels

• We will focus on translating Project Pulse into a transformational program involving both senior leadership and individual teams to ensure alignment.

Project Pulse engaged
6,000
employees
through face to face engagement and
3,900
employees
through a MOBILE CAMPAIGN
REFRESH OUR TECHNOLOGY

We are committed to bringing about a change that will deliver a holistic, highly personalised and seamless customer and intermediary proposition. We are on track with the launch of Old Mutual Protect during the first half of 2019, which will significantly change the way we work and interact with each other and our customers.

Iain Williamson
Chief Operating Officer

Refreshing our technology offering is one of our eight strategic priorities, essential to helping us build a long term competitive advantage. It is about transforming the customer experience by providing service in a faster, more predictive and intuitive way.

We are building an entirely new service business, where automation and artificial intelligence are a key part of this process. The key component to deliver the digital strategy is intelligent automation. There are a number of stages in this automation journey and we have the first two building blocks in place already.

The first is foundation automation and it involves consolidating data from multiple sources into a single view to complete a process. The goal is to provide a predictable and consistent service experience that is available 24/7.

The second step is robotics process automation, which applies technology to orchestrate existing software to complete a process, such as using our online chatbots to communicate to robots to enable enquires servicing.

Our first bot was launched during the year, and within four months, we managed to save 80 000 minutes, which reached 240 000 minutes six weeks after that. To date we have saved over 1.3 million minutes which reached 240 000 minutes six weeks after that. To date we have saved over 1.3 million minutes which freed up our employees to focus on value enhancing tasks.

It truly is an exciting time for our business, with rapidly developing technology unlocking value across Old Mutual and driving our business forward.

ACHIEVED IN 2018

- We launched MyOldMutual, our new secure customer portal, which provides access to 34 digital products. Our latest digital product offerings include the following:
  - A new self service portal created for retirement fund members. The self service portal on their mobile devices or web browsers, and the simplification of functionality make it easier for members to understand and manage their retirement savings.
  - Activation of online funeral plan functionality. Customers can now buy a funeral plan online via their mobile phone or desktop, from as little as R22 per month and in under 10 minutes.
  - Launched Old Mutual Life Insurance Online, our new end-to-end digital life insurance product.
  - The entire process happens in realtime, so by the time customers are done, the policy is ready.
  - Dream Enabler: our mobile sales and servicing application launched in Kenya, which provides the customer a single view of their product portfolio and a more streamlined ecommerce platform.
  - The new modern public website, OldMutual.com, aligned our digital brand to our refreshed corporate brand. The vibrant new look and feel have infused excitement, and renewed customer interest across South Africa as well as Rest of Africa.
  - A combination of well considered service model enhancements that include the rapid adoption of intelligent automation technologies, such as robotic process automation (RPA), chatbots and ongoing system automations, were key enablers to improving customers’ service experience.
  - We have made a deliberate shift in our culture to improve overall service to customers and intermediaries at the pace they expect in a digital era. Changing our ways of work to be more outcomes based, and operating with a deliberate focus on creating a cohesive customer service offering that demonstrates the culture shift.

<table>
<thead>
<tr>
<th>Customer service</th>
<th>KPI</th>
<th>2018</th>
<th>2017</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Promoter Score (NPS) was 58% in 2018 compared to 56% in 2017</td>
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</tr>
<tr>
<td>Net Effort Score (NES) was 57% in 2018 compared to 54% in 2017</td>
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<tr>
<td>Complaints were 0.29% of customer volume in 2018 compared to 0.27% in 2017</td>
<td></td>
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</tr>
</tbody>
</table>

As part of a root cause analysis to improve customer service, we have actively encouraged our customers to complain during 2018. This has enabled us to identify the changes we need to embed to establish a customer led service culture.

2019 OUTLOOK

- Continued focus on the enablement of end-to-end digital experiences across key customer and intermediary journeys.
- To deliver AI based personalisation of the customer experience by embedding analytics into the last mile of customer engagement processes that will further optimise the customer journey.
- On track to roll out technology enabled advice models which will simplify and digitise journeys for the intermediaries and customers which includes:
  - Refreshed protection proposition in the first half of 2019
  - Pilot of One Financial Plan was rolled out to 100 Mass and Foundation Cluster (MFC) advisers in 2018, which will continue to full rollout in 2019 to cover all MFC advisers.
- To excel in delivering an always on service in support of our customer led aspirations and to ensure that systems are available when customers and intermediaries want to transact.
We have recruited new skills in digital, robotics, data analytics and software engineering while bolstering our transformation objectives.

We continue to focus on creating opportunities to upskill our employees in new technologies and an outcomes-based approach to working.

We established strategic partnerships that have aided us to roll out innovative technology at a quicker pace. These partnerships have enabled us to accelerate the rollout of AI and chatbots in South Africa and Rest of Africa.

We supported partnerships that extend technology knowledge to communities. An example being the AI bootcamp we co-sponsored with other leading technology companies that introduced 75 scholars to AI.

We explored various new innovative technologies including blockchain, robotics, and robo-advice. Employees actively engaged in a blockchain interest group that pursued three proof of concepts with the plan to scale the blockchain use case with the SAFBC (South African Financial Blockchain Consortium).

We will continue to explore emerging technologies such as AI, machine learning and the internet of things through strategic partnerships.

Focus on growing our skillset in emerging and innovative technologies at a pace that our customers expect.

2019 OUTLOOK

- We will continue to pursue the simplification of our estate, with focus on customer applications and applications that monitor the effective functioning of key applications.

- We remain focused on the execution of our information security strategy, as we continue to consult widely, learning from other organisations’ experiences and evolving our approach to manage information security risk.

- We will continue to foster a culture of awareness amongst employees as it relates to cybersecurity.
Our Responsible Business philosophy

Our Responsible Business philosophy is underpinned by the desire to be a purposeful organisation with a conscience. We believe that creating positive value for our customers, investors, employees and the communities we operate in, will facilitate long term sustainability for the Group, the economy and the environment.

Our approach to Responsible Business aligns to the Group strategy. It is informed by an understanding of the expectations of our customers, the societies and communities we operate in, along with an awareness of the growing environmental and social challenges the world is facing.

Our business ethics

In this context, ethical behaviour is a key driver in ensuring we deal with all of our stakeholders in a responsible and fair manner. Our framework for ethical business conduct ensures that we are fully compliant with the governing laws of the countries we operate in and comply with King Code being a JSE listed entity.

We are a signatory to the UN Global Compact and abide by its principles regarding labour practices, human rights and anti-corruption. We are also a signatory to the UN Principles for Responsible Investment (UNPRI) and subscribe to the UN Sustainable Development Goals (SDGs).

Our values

Our set of business values are aligned to the ethos of being a Responsible Business. They drive our behaviours to ensure that we act with integrity, trust and accountability and show respect for each other and our stakeholders. Our values also express our belief in the power of diversity and inclusion, our commitment championing the customer and our enthusiasm for agile innovation.

Our Responsible Business governance

Our Responsible Business commitments are governed by the Responsible Business committee and Responsible Business executive committee. Our Group Governance Framework, which is aligned to the codes, ensures that we conduct our business within the ambit of the laws of all the countries we operate in.

Our stakeholders

As a financial services organisation, our Responsible Business efforts are embedded in all facets of the organisation. This is evidenced in how we deliver on our customers’ expectations, treat and advance our employees and create value for our investors. It is also displayed in the professional engagement with regulators, the positive impact made to communities, meaningful partnerships with suppliers and making responsible investment decisions which incorporate the environmental, social and governance principles (ESGs).

BEING A RESPONSIBLE BUSINESS
04

GOVERNANCE

FULL GOVERNANCE REPORT

This section is summarised from the full governance report, which complies with the principles of King IV™, and can be found online at www.olmutual.com/investor-relations/reporting-centre/reports
GOVERNANCE OVERVIEW

The Board has the responsibility to steer the Group and its strategy in a sustainable and responsible manner. The Board is cognisant of the external threats to the Group, the expectations of society and its leading role in the markets and communities in which it operates.

OUR GOVERNANCE PHILOSOPHY

We believe that good corporate governance contributes to value creation through effective leadership, transparency and adequate controls. It is also fundamental to our success, sustainability and legitimacy.

We seek to have comprehensive and appropriate levels of corporate governance in all regions in which we operate. Our governance structures and processes facilitate efficient and effective leadership, with clear accountability and devolution of responsibility.

OUR ETHICS

The Board is responsible for setting and steering the strategic direction and culture of the Group. It also holds management to account for ensuring the Group adheres to the highest standards of ethics and integrity. This underpins an effective governance framework and forms the foundation of a culture that supports employees, customers and investor confidence.

Our Code of Ethics, which is included in our Code of Conduct, defines ethical behaviour as going beyond just observing the law. It is about following the spirit and intention of the law and ultimately treating all of our stakeholders and peers fairly and respectfully.

Management is mandated to reaffirm this regularly, taking action where necessary to address any breaches which may occur.

The Board’s responsibility

The Board is ultimately responsible and accountable for the performance and the reputation of the Group and ensuring that it continues to operate responsibly, ethically and sustainably. The Board also has a significant responsibility to ensure our customers’ interests are represented and safeguarded and that these interests are balanced against those of our investors and other stakeholders.

The Board operates in terms of a Board Charter, which defines its functions and responsibilities. The key responsibilities of the Board in terms of the charter are to:

- Set and steer strategic direction and culture of the Group
- Ensure there is an effective and competent management team in place, as well as adequate succession planning
- Review operational performance and ensure accountability
- Facilitate an effective governance environment and risk management framework
- Ensure that transformation is addressed
- Ensure that the Group complies with its regulatory and statutory obligations

GOVERNANCE APPROACH

The seven committees of the Board assist the Board in discharging its duties and responsibilities. These committees are arranged around the Group Governance Framework (GGF) domains for which the Board has responsibility. Each committee has a mandate, included in its terms of reference, to ensure that each of these domains is effectively reviewed and monitored. The Board reviews the mandate and terms of reference of each committee annually to ensure effective coverage of, and control over, the operations of the Group.
OUR BOARD

**AGE DIVERSITY**

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Role</th>
<th>Degree/Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thoko Mokgosi-Mwantembe</td>
<td>57</td>
<td>Independent non-executive director</td>
<td>BSc, MSc, SEP (Harvard), MCRP (Institute of Management Development of Switzerland)</td>
</tr>
<tr>
<td>Stewart van Graan</td>
<td>63</td>
<td>Independent non-executive director</td>
<td>BCom (Hons), PMD</td>
</tr>
<tr>
<td>James Mwangi</td>
<td>41</td>
<td>Independent non-executive director</td>
<td>BA (Econ)</td>
</tr>
<tr>
<td>Thys du Toit</td>
<td>60</td>
<td>Independent non-executive director</td>
<td>BSc Agric, MBA</td>
</tr>
<tr>
<td>Peter de Boyer</td>
<td>63</td>
<td>Independent non-executive director</td>
<td>BBusSci (Hons), FASSA</td>
</tr>
<tr>
<td>Nombulelo Moholi</td>
<td>59</td>
<td>Independent non-executive director</td>
<td>BSc (Eng), SEP (Stanford), SMMP (Harvard)</td>
</tr>
<tr>
<td>Nosipho Molope</td>
<td>54</td>
<td>Independent non-executive director</td>
<td>BSc (Medical Sciences), BCom (Hons), CTA, CA(SA)</td>
</tr>
<tr>
<td>Peter Moyo</td>
<td>56</td>
<td>Chief Executive Officer</td>
<td>BAcc (Hons), HDip (Tax Law), AMP (Harvard), CAISA</td>
</tr>
<tr>
<td>Casper Troskie</td>
<td>55</td>
<td>Chief Financial Officer</td>
<td>BCom (Hons), CAISA</td>
</tr>
<tr>
<td>Sizeka Magwentshu-Rensburg</td>
<td>59</td>
<td>Independent non-executive director</td>
<td>BA, MBA (Webster), DPhil</td>
</tr>
<tr>
<td>Thoko Mokgosi-Mwantembe</td>
<td>57</td>
<td>Independent non-executive director</td>
<td>BA, MBA (Webster), DPhil</td>
</tr>
<tr>
<td>Paul Baloyi</td>
<td>63</td>
<td>Independent non-executive director</td>
<td>MBA, AMP (INSEAD), SEP (Harvard)</td>
</tr>
<tr>
<td>Albert Essien</td>
<td>63</td>
<td>Independent non-executive director</td>
<td>BA (Chair), RM, CGN</td>
</tr>
<tr>
<td>Trevor Manuel</td>
<td>63</td>
<td>Chairman and independent non-executive director</td>
<td>NDIP, EMP (Stanford)</td>
</tr>
<tr>
<td>John Lister</td>
<td>60</td>
<td>Independent non-executive director</td>
<td>BSc (Stats), FIA</td>
</tr>
<tr>
<td>Itumeleng Kgobaosile</td>
<td>47</td>
<td>Independent non-executive director</td>
<td>BCom, BAdv (Hons), SEP, PMD</td>
</tr>
<tr>
<td>James Mwangi</td>
<td>41</td>
<td>Independent non-executive director</td>
<td>BA (Chair), R, BM</td>
</tr>
<tr>
<td>Thys du Toit</td>
<td>60</td>
<td>Independent non-executive director</td>
<td>BCom (Hons)</td>
</tr>
<tr>
<td>Stewart van Graan</td>
<td>63</td>
<td>Independent non-executive director</td>
<td>BCom (Hons)</td>
</tr>
</tbody>
</table>

**INDEPENDENCE**

- **Independent non-executives**: 13 (81.3%)
- **Non-executives**: 1 (6.3%)
- **Executives**: 2 (12.5%)

**TENURE**

- 0–3 years: 2
- 3–6 years: 1
- >6 years: 12

**EXPERTISE**

1. **Years**: Term policy limit
2. **Risk and Compliance**: RM
3. **Responsible Business**: R, T
4. **Related Party Transactions**: RP
5. **Technology and Platform**: T
6. **Corporate Governance and Nominations**: CGN

**GENDER DIVERSITY**

- **Male**: 12
- **Female**: 4

- **Male**: 75%
- **Female**: 25%

**TARGET FOR FEMALE REPRESENTATION ON THE BOARD**: 30% by 2019

**DEMOGRAPHICS**

- **Average age**: 59 years
- **Oldest member**: 66 years
- **Youngest member**: 41 years
- **50% under the age of 60**: Ages as at 29 March 2019

**DIVERSITY OF EXPERIENCE**

- **Directors that are current and former CEOs**: 10
- **Directors that are current and former Chairpersons**: 3
- **Directors that have government and regulatory experience**: 4
- **Directors that have experience working for companies outside of South Africa**: 7
- **Directors that are Chartered Accountants (South Africa)**: 2
- **Directors that are actuaries**: 3
- **Directors that have completed an MBA**: 8

**Board and committees attendance**

- **Board meetings held**: 8
- **Board and committee attendance**: 92%

**VALUE CREATION AND STRATEGY**

- **OVERVIEW**
- **PERFORMANCE**
- **GOVERNANCE**
- **RENUMERATION**
OUR EXCO

David Ivan Buenfil (48)  
Managing Director Latin America and China  
BSc (Eng), MBA (Wharton School of Business), MA

Peter Moyo (56)  
Chief Executive Officer  
BAcc (Hons), HDip (Tax Law), AMP (Harvard), CA(SA)

Casper Troskie (55)  
Chief Financial Officer  
BCom (Hons), CA(SA)

Raymond Barnett Berelowitz (50)  
Customer Solutions Director  
BBusSci (Actuarial Science), FIA, FASSA

Tsakani Clarence Nethengwe (47)  
Managing Director, Mass and Foundation Cluster  
BProc, LLM, BA, MBA (University of Cape Town), EDP (University of Stellenbosch Business School)

Clement Chinaka (49)  
Managing Director: Old Mutual Corporate  
BSc (Computer Science and Statistics), AMP (Harvard), FFA, FASSA

Richard Graham Treagus (53)  
Chief Risk Officer  
BSc (Actuarial Science), FIA, FASSA

Karabo Morule (37)  
Managing Director: Personal Finance  
BBusSci (Actuarial Science and Finance), Postgraduate Diploma (Actuarial Science), FFA, FASSA

Iain George Williamson (48)  
Chief Operating Officer  
BBusSci (Actuarial Science), GMP (Harvard), FASSA

Celiwe Ross (40)  
Human Capital Director  
BSc (Eng), MBA (University of Cape Town)

Jonas Mushosho (60)  
Managing Director: Rest of Africa  
BCompt (Hons), MBA (University of Zimbabwe), GMP (Harvard), CA(SA), CA (Zimbabwe)

Khaya Gobodo (41)  
Managing Director: Wealth and Investments  
Bcom, MSc (Investment Management), CFA

Khaya Gobodo was appointed as MD for Wealth and Investments effective 1 January 2019, following the resignation of David Macready.

EXPERTISE

- 10 Life and Savings
- 7 Asset Management
- 2 Property and Casualty
- 7 Banking and Lending
- 14 Strategy
- 9 Risk Management
- 3 Finance and Audit
- 5 Actuarial
- 2 Responsible Business

GENDER DIVERSITY

Male: 11  Female: 3

79% 21%

DEMOGRAPHICS

- Average age: 47 years
- Youngest member: 37 years
- Oldest member: 60 years
- Under the age of 55: 79%
- Ages as at 29 March 2019

AGE DIVERSITY

- Non South African men: 29%
- Black South African men: 21%
- Black South African women: 21%
- White South African men: 29%
GROUP GOVERNANCE FRAMEWORK

The Board is responsible for ensuring that the governance arrangements across the Group enable it to discharge its oversight and fiduciary duties effectively, with clear accountability and devotion of responsibility. To achieve this, the Board, along with executive management, have designed and implemented a best practice, top-down, Group Governance Framework (GGF). This framework takes into consideration all the complexities of governing a financial services group with significant and geographically diverse operations in Africa and in selected other international markets. It also takes into account that the Group has equity listed on five different stock exchanges and debt issued on one stock exchange. The GGF provides the Board with assurance that the Group is operating as they direct, appropriately managing risk, complying with applicable legislation and applying the principles of best practice governance as expressed in King IV™ and other applicable governance guidelines.

The GGF establishes the minimum governance requirements for the Group and subsidiary boards, and importantly, sets a framework for the minimum governance requirements over various governance domains relevant to Old Mutual. The GGF adheres to the requirements of King IV™, as well as the Framework for Governance and Operational Standards for Insurance Groups. As such, the GGF is used as the foundational building block for all other Governance programmes in the Group. It leverages, consolidates, streamlines and simplifies previous governance structures.

The GGF explains how the Board executes its direction and oversight responsibilities, and what it expects from subsidiary boards in the Group.

The GGF in no way absolves or places a restraint on the ability of the boards of subsidiary companies to execute their fiduciary duties, but instead outlines the requirements of the Group Board in discharging its duties across the Group.

The GGF and King IV™

The Group endorses the King IV™ Report on Corporate Governance for South Africa and this code was a key input into the GGF.

The design of the GGF ensured that each defined governance domain in the GGF adequately addressed the principles laid out in King IV™ and implementing the GGF therefore facilitates the implementation of King IV™ across the Group. This framework does not distract from King IV™. It seeks to bring, among other things, proportionality and increased focus on specific areas in our oversight of the different entities in the Group.

GROUP GOVERNANCE FRAMEWORK PRINCIPLES

<table>
<thead>
<tr>
<th>Proportional and fit for purpose</th>
<th>Avoid duplication</th>
<th>Ensure comprehensive regulatory compliance</th>
<th>Maximum devolution of responsibility</th>
<th>Achieve alignment between Board and Management governance requirements</th>
</tr>
</thead>
</table>

The GGF is designed to work within the ambit of the laws of the various countries in which we operate. All our operations have to comply with local legislation and corporate governance codes in addition to the requirements described in the GGF.

How the GGF addresses the six capitals

The governance domains align to the six capitals, facilitating effective oversight.

Areas of focus during the year

- Reviewed and approved the financial disclosures, including the historical financial information, in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- The Audit committee oversaw the appointment of Deloitte and Touche as joint auditor. Following this, the audit scope and approach for 2018 and the related auditors’ fees were reviewed and approved.
- Reviewed and debated key judgements and analysed financial information included in the Group’s interim and 2018 year-end results announcement to ensure the accuracy and integrity of financial data provided externally.
- Review and assessed the 2018 audited financial statements and found the controls underpinning its compilation to be appropriate and effective.
- Reviewed and recommended for approval the 2018 Integrated Report.
- Overseen the implementation of IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers, both standards effective 1 January 2018.
- Reviewed the interim and special dividend proposals, to ensure that the Group had sufficient resources to make these distributions, ahead of recommending these distributions to the Board.
- Evaluated the adequacy and effectiveness of the internal control environment.
- Ensured that the internal audit function, which is outsourced to EY, is equipped to perform in accordance with appropriate professional standards and has the appropriate authority and status within the Group.
- Considered the appropriateness and effectiveness of the Chief Financial Officer, Casper Troskie.

Areas of focus for 2019

- Overseeing the implementation of IFRS 16, effective 1 January 2019.
- Monitoring and evaluating the internal project constituted to prepare the business for the implementation of IFRS 17 – Insurance Contracts, effective 1 January 2022.
- Monitoring the economic situation in Zimbabwe and considering the appropriate accounting treatment in the Group financial statements and disclosure.
- Monitoring of the developments of the independent review of KPMG SA led by SAICA, and assessing the impact on Old Mutual and our auditors.

The Audit committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Board Committee Feedback

The Old Mutual Group Audit committee is pleased to present its report for the 2018 financial year. This report has been prepared based on the requirements of the SA Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for SA (King IV™), the JSE Listings Requirements and other applicable regulatory requirements.

Audit Committee Report

Nosipho Molope
Chairperson

Areas of focus for 2019

- Overseeing the implementation of IFRS 16, effective 1 January 2019.
- Monitoring and evaluating the internal project constituted to prepare the business for the implementation of IFRS 17 – Insurance Contracts, effective 1 January 2022.
- Monitoring the economic situation in Zimbabwe and considering the appropriate accounting treatment in the Group financial statements and disclosure.
- Monitoring of the developments of the independent review of KPMG SA led by SAICA, and assessing the impact on Old Mutual and our auditors.

Associated Stakeholders

- Regulators
- Investors
**CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE REPORT**

**Expertise**
- 3 Life and Savings
- 2 Asset Management
- 4 Banking and Lending
- 7 Strategy
- 6 Risk Management
- 6 Finance and Audit
- 7 Listed Company
- 5 Information Technology
- 6 Responsible Business

**Areas of focus during the year**
- Reviewed and approved the governance related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Reviewed and approved the Memorandum of Incorporation and the Diversity policy ahead of the listing of the Company in June 2018.
- Oversaw and approved the appointment of members to the Board, including the initial appointment of directors to the Board of Old Mutual Limited on 5 March 2018. Key appointments also included Casper Troskie as Chief Financial Officer on 27 March 2018 and the appointment of Nosipho Molope as Chairperson of the Audit committee on 15 November 2018.
- Drove continued simplification in the Board, committee and legal entity structures of the Group.
- Established procedures to ensure that the selection of individuals appointed to the Board was transparent.

**Areas of focus for 2019**
- Board and senior leadership succession planning.
- Considering skills matrix of board members of key subsidiaries, effecting changes where required.
- Considering tenure of certain long serving subsidiary directors to ensure implementation of corporate governance best practice.
- Filling marketing and digital distribution skills gaps on the Board. Female directors will be sought for individual subsidiaries, effecting changes where required.
- Ensuring that the Group Governance Framework delivers the outcomes as agreed by the Board across all subsidiaries.

**The Corporate Governance and Nominations committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.**

**TECHNOLOGY AND PLATFORMS COMMITTEE REPORT**

**Expertise**
- 2 Life and Savings
- 2 Asset Management
- 1 Property and Casualty
- 1 Banking and Lending
- 5 Strategy
- 1 Risk Management
- 1 Finance and Audit
- 3 Listed Company
- 5 Information Technology

**Areas of focus during the year**
- Reviewed and approved the technology related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- The committee considered and reviewed the information technology (IT) strategy for the Group, with particular focus on the strategic investment in technology to refresh the Group’s IT estate.
- Provided input into business resilience programmes.
- Monitored key strategic IT initiatives, aimed at mitigating cyber risk, and showcasing the use of robotics and artificial intelligence (AI) within the business.
- Reviewed management’s assessment of the performance of critical applications and provided input into remedial actions identified.
- The committee provided oversight over the IT governance model through the monitoring of key performance indicators for the five IT governance pillars.
- Governance oversight and making recommendations to the Board in respect of strategic technology projects, information and data management, strategic technology related acquisitions and disposals, technology suppliers, technology contractual arrangements involving services, developments licences, maintenance, support, hosting, networking, data protection and other technology arrangements.
- Approved key technology initiatives and projects within the prescribed limits.
- Reviewed the Group’s cyber security strategy and identified enhancements to be put in place to strengthen the defense against and increase responsiveness to cyber incidents. These enhancements included the delivery of organisation wide campaigns to raise awareness around cyber risk and phishing activities and how employees should respond to these risks.

**Areas of focus for 2019**
- Monitoring the execution of our IT refresh to ensure on time and in scope delivery.
- Monitoring of continued enhanced Information Technology governance.
- Monitoring the management of key IT risks relating to information and cyber security and continuity of certain systems.
- Continue to oversee the execution of the IT strategy, as supported by the committee.

**VALUE CREATION AND STRATEGY**

**PERFORMANCE**

**GOVERNANCE**

**RENUMERATION**
The Remuneration committee continues to review and monitor the Group’s remuneration policies and practices to ensure we reward our employees fairly and responsibly.

Thoko Mokgosi-Mwantembe
Chairperson

Areas of focus during the year
- Reviewed and approved the remuneration related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Set the Old Mutual Limited remuneration philosophy and policy.
- Reviewed current remuneration practices in order to consider whether they are fit for purpose, competitive and supported the sustainability of the Group.
- Reviewed executive remuneration and benefits, including the approval of MSIP payments to qualifying members of the executive committee.
- Reviewed and approved with the Board the remuneration for the CEO, the executive committee and senior management, ensuring they are fairly and responsibly rewarded for their individual contributions to the Group’s overall performance.
- Reviewed and approved the overall annual increase pool awarded to Group employees, with particular focus on the increases awarded to senior management.

Areas of focus for 2019
- Reviewed and monitored the implementation of the Group’s incentive, benefits and equity-based remuneration plans.
- Reviewed potential risks in respect of the Group’s remuneration and benefit programmes and policies.
- Approved the 2018 Remuneration Report and incentive outcomes for employees.
- Reviewed the reward framework to drive consistency in remuneration and the benefits structures across the Group, particularly in Rest of Africa.
- Managing Group remuneration philosophy and implementation in accordance with best practice and ensuring the requisite engagements with all stakeholders are in place.
- Delivering oversight over the themes as set out in the Committee’s terms of reference.

The Risk committee provided extensive oversight over a range of risk management initiatives during the year, ensuring that the Group is able to timeously identify, and effectively manage and mitigate all material risks it faces.

John Lister
Chairperson

Areas of focus during the year
- Reviewed and approved the risk related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Monitored the adequacy, efficiency and appropriateness of the Group’s risk, capital and liquidity management processes and systems.
- Approved and implemented the revised risk policy framework.
- Reviewed the Group’s risk strategy and risk appetite, particularly considering the appropriateness of the application of the Group strategy and risk appetite to Zimbabwe given significant deterioration in the economic environment during 2018.
- Monitored and reviewed the regulatory compliance processes and procedures.
- East Africa, Business Continuity, Retail Banking Credit and Market Conduct risks were key areas of focus, with increased activity around cyber and information security.

Areas of focus for 2019
- Considered and approved the Own Risk and Solvency assessment (ORSA).
- Monitored material legislation and compliance thereto.
- Approved the combined assurance plan.
- Regularly reviewed risks in subsidiary entities.
- Monitoring the economic situation in Zimbabwe and putting in place measures to reduce operational and economic risk.
- Continue to monitor strategic execution risk.
- Continue to monitor retail credit risk exposure.
- Conduct risk to remain an area of focus, specifically the ability to evidence good outcomes for customers.
- From an operational perspective, the Information Security Program’s maturity and remediation roadmap will be a key focus during 2019.
The Responsible Business committee has made significant progress this year in ensuring that enhancements in Responsible Business goals and behaviours are embedded in all aspects of our business.

## Areas of focus during the year
- Reviewed and approved the responsible business related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Reviewed and recommended to the Board for approval the terms of the Framework Agreement with the Department of Economic Development, which was signed on 9 January 2018.
- Monitored and reviewed the outcomes of the Old Mutual Entrepreneurship Ecosystem pilot programmes involving Mass and Foundation Cluster, Old Mutual Corporate, Personal Finance, Old Mutual Insure, Masisizane Fund and Black Distributors Trust.
- Reviewed the impact of the amended FSC on the calculation of Old Mutual Limited’s BBBEE contributor status and drove actions to improve the score.
- Received updates on and provided input into the culture change programme implemented by management.
- Oversaw and considered the experience and outcomes for customers across the Group, including the ongoing monitoring of Treating Customers Fairly (TCF) initiatives.

## Areas of focus for 2019
- Steered the development of the Group’s current responsible business programme, holding executives accountable for the effective planning, resourcing, implementation and delivery of the programme.
- Renewed and approved the Stakeholder Relations Policy to formalise how the Group addresses its sponsorship, donations and charitable giving.
- Reviewed the 2018 BBBEE effective shareholding and identifying actions to improve the shareholding to the levels agreed to in the Framework Agreement.
- Overseas the programme responsible for TCF across the Group and ensure delivery by management.
- Ensuring that governance processes around the R500 million Enterprise Development Fund is established.
- Continue with monitoring initiatives to enhance the customer proposition.

The Responsible Business committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

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The Related Party Transaction committee is particularly important in 2018. We reviewed and evaluated a number of complex related party transactions required to execute Managed Separation, in order to ensure these transactions were in the best interests of Old Mutual Limited.

## Areas of focus during the year
- Reviewed and approved the related party disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Provided monitoring and oversight of any potential undue influence on Old Mutual Limited that could arise during the execution of Managed Separation, which included:
  - The review and approval of the shareholding, governance and commercial arrangements relating to Nedbank, which resulted in the signing of the Nedbank Relationship Agreement and:
  - Ensuring conflicts of interest between Old Mutual Limited and Old Mutual plc were appropriately managed, especially in dealing with liabilities resulting from the wind down of Residual plc activities.
- Ensured accurate disclosure of the IAS 24 related party transactions in the annual financial statements, which included disclosure around the CEO’s financial interest in the NMT Group.

## Areas of focus for 2019
- The committee meets when relevant and will continue to ensure the requisite govenances are in place in respect of related party transactions and any disclosures required in this regard.

The Related Party Transaction committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

---

The Responsible Business committee has made significant progress this year in ensuring that enhancements in Responsible Business goals and behaviours are embedded in all aspects of our business.

## Areas of focus during the year
- Reviewed and approved the responsible business related disclosures in the Old Mutual Limited Pre-Listing Statement, which was approved in April 2018.
- Reviewed and recommended to the Board for approval the terms of the Framework Agreement with the Department of Economic Development, which was signed on 9 January 2018.
- Monitored and reviewed the outcomes of the Old Mutual Entrepreneurship Ecosystem pilot programmes involving Mass and Foundation Cluster, Old Mutual Corporate, Personal Finance, Old Mutual Insure, Masisizane Fund and Black Distributors Trust.
- Reviewed the impact of the amended FSC on the calculation of Old Mutual Limited’s BBBEE contributor status and drove actions to improve the score.
- Received updates on and provided input into the culture change programme implemented by management.
- Oversaw and considered the experience and outcomes for customers across the Group, including the ongoing monitoring of Treating Customers Fairly (TCF) initiatives.

## Areas of focus for 2019
- Steered the development of the Group’s current responsible business programme, holding executives accountable for the effective planning, resourcing, implementation and delivery of the programme.
- Renewed and approved the Stakeholder Relations Policy to formalise how the Group addresses its sponsorship, donations and charitable giving.
- Reviewed the 2018 BBBEE effective shareholding and identifying actions to improve the shareholding to the levels agreed to in the Framework Agreement.
- Overseas the programme responsible for TCF across the Group and ensure delivery by management.
- Ensuring that governance processes around the R500 million Enterprise Development Fund is established.
- Continue with monitoring initiatives to enhance the customer proposition.

The Responsible Business committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.
This section is summarised from the full remuneration report, which complies with the principles of King IV™ and can be found online at www.oldmutual.com/investor-relations/reporting-centre/reports

Shareholders are requested to cast their votes on part 2 and part 3 of the full remuneration report. This section should be read in conjunction with the full remuneration report.
OVERVIEW AND GOVERNANCE

The Remuneration committee continues to review and monitor the Group’s remuneration policies and practices to ensure we reward our employees fairly and responsibly.

Thoko Mokgosi-Mwantembe
Chairperson of the Remuneration committee

Overview

The Remuneration committee has a strong emphasis on remuneration that underpins a future fit reward philosophy that supports the delivery of the Group’s strategic objectives.

While the core elements of the Remuneration Policy were disclosed in the Pre-listing Statement, we continue to monitor investor feedback and local and global developments in remuneration practices that support business strategy and encourage superior performance.

Efforts have been concentrated on linking reward to performance, optimising existing share based payment remuneration structures and creating a long term ownership orientation. We are committed to these efforts while still maintaining a careful focus on costs and upholding our policy of fair and responsible remuneration.

Looking back over 2018

The Remuneration committee focused on winning the war for talent, one of our strategic priorities, and conducted strategic workshops with the Board in order to translate this into key remuneration principles.

Other focus areas for the Remuneration committee included:

- Reviewed the structure, targets and metrics for the 2019 STI and Long Term Incentive (LTI) schemes
- Approved the remuneration of executives appointed during the year
- Approved the exit arrangements of executives leaving the Group during the year

As a newly listed entity, there has been an increased focus on our 2018 remuneration, reinforcing the need to ensure that the remuneration outcomes are fair and responsible, and align with the interests of our investors and stakeholders.

A detailed review of our remuneration policy and practices across the Group as well as performance against our identified Key Performance Indicators (KPIs) and a careful focus on costs, resulting in moderate increases in Total Guaranteed Packages (TGP), all had an impact on 2018 remuneration.

Focus for 2019

The focus areas for 2019 that will guide our reward journey are the following:

- Identifying performance measures and targets that drive a culture of delivery and execution to create shareholder value
- Determine specific and measurable non financial KPIs for inclusion in the determination of the 2020 bonus pool
- Embedding our refreshed remuneration policy, outlined on page 98

Fair and responsible remuneration

We remain committed to fair and responsible remuneration, considering the impact on all levels of employees when defining the future fit reward model. Based on our stated commitment and an increased focus from external stakeholders, we have concluded that additional analysis will be required to meet this commitment.

As a first step, in order to eliminate inequality through pay increases, our Remuneration committee ensured that employees in more junior roles received higher increases in fixed remuneration than those in more senior roles.

Executive increases were inflation linked, averaging at 5.5% (except where rates are positioned below market level). At management level and below, increases were above inflation, averaging at 6.2%.

Shareholder engagement and voting

With our first Annual General Meeting (AGM) as a listed entity approaching, we have actively engaged with shareholders to identify and understand areas of concern.

Our Chairman held a shareholder roadshow in November 2018 discussing the remuneration votes for the upcoming AGM. In particular, performance targets and the linkages to executive director remuneration were discussed.

There was general consensus from the shareholders that the proposed targets were acceptable and that the overlap between STI and LTI incentive metrics were appropriate. The treatment of earnings from Zimbabwe was a significant matter that was discussed.

We remain committed to engaging openly with our shareholders on remuneration matters, and invite them to provide their feedback on the remuneration policy and remuneration outcomes on an ongoing basis.

We will annually table the forward-looking overview of the Remuneration Policy (Part 2 of the full Remuneration Report), as well as the Implementation Report (Part 3 of the full Remuneration Report) for separate non-binding advisory votes at the AGM. In the event that 25% or more of the votes exercised are against either report, our Remuneration committee will take measures to engage proactively with shareholders and ascertain their reasons for the dissenting votes.

Our Remuneration committee shall disclose the results of any shareholder engagement in the Background Statement of the subsequent Remuneration Report. In the event that one or more of the remuneration related resolutions are voted against by 25% or more of the shareholders, additional disclosure will be provided on such engagement and the nature of steps taken to address the shareholders’ feedback.

Where appropriate, our Remuneration committee may consider amending elements of the Remuneration Policy, informed by relevant market practice and shareholder value creation considerations.

Remuneration governance

We comply with all legislative and regulatory provisions and applicable governance codes that determine and manage remuneration and related matters.

Our Remuneration committee oversees and governs our remuneration environment in accordance with its Terms of Reference. Our Chairperson reports to the Board after each committee meeting, and will be present at the AGM to answer questions from shareholders.
Principle remuneration elements

Our remuneration mix reflects the composition of total remuneration comprised of guaranteed remuneration, and both STI, (including deferrals), and LTI schemes, where applicable.

With our focus on rewarding for substantial performance, executive remuneration structures are weighted towards performance based remuneration achieving a total remuneration potential which is strongly tilted toward performance based pay in instances of substantial performance. As is best practice within our industry, we incorporate deferral practices in terms of STI schemes. When determining which employees should participate in the LTI schemes, consideration is given to the ability of a role to influence our share price and create value for investors in the long term. The pay mix should not encourage excessive risk taking.

Executive remuneration

Remuneration for our executive directors and prescribed officers is structured to ensure alignment with the creation of shareholder value and the strategic objectives of the Group. This is intended to encourage outperformance of objectives within appropriate risk parameters.

Non-executive directors fees

Non-executive directors do not participate in long term incentive schemes and fees are reviewed at least every two years.

 Fees consist of an annual fee for Board membership, and annual fees for committee membership. With prema, applying in respect of payments made to Chairpersons of committees. Fees are subject to approval in advance by shareholders at the AGM, exclusive of VAT. Changes to fees, where appropriate, become effective on 1 July following the AGM. The proposed fees for Non-executive directors for 2019/20 are set out in the Notice of AGM.
**2018 REMUNERATION OUTCOMES**

Total guaranteed pay

Total guaranteed pay for all employees reflects the nature of the role, individual skills and competence, and market practice in each of our operating environments. The amounts are reviewed annually, including a review of benefit costs, that consider internal equity and external competitiveness.

As a general principle, the average TGP increase applied for executives should not be higher than that applied for other employees.

**2019 STI Outcomes**

The total STI pool in respect of the 2018 financial year that was approved by the Remuneration committee on 7 March 2019 is R905.3 million compared with R778 million in 2017. This equates to a payout percentage of 62.2%. The STI spend represents 91% of results from operations, compared with 75% in 2017. The portion of the STI pool attributable to the executive committee amounted to 6.9%.

**LTIP performance outcomes**

The long term incentive awards granted in March 2018, vested on 14 March 2019, in terms of the legacy Old Mutual plc Group PSP rules at a 50.2% vesting percentage. This is applied to the number of shares awarded, reflecting the level of achievement against the selected performance measures during the applicable three year performance period.

**One off share awards granted in 2018**

As outlined below, 2018 Remuneration outcomes have been impacted by one off events, including the vesting of MSIP awards and the accelerated vesting due to the distribution of Nedbank and unbundling of Quilter.

**Broad-based share award**

We granted a one off share award in September 2018 to all permanent employees, including executive directors and prescribed officers, who were in permanent employment at the time of listing on the JSE and were still in service on the date of grant. This was in recognition of each employee’s contribution to the smooth transition to listing, and the anticipated future contribution they will make to the Group.

Employees were granted shares to the value of R10 000 (or local currency equivalent). The awards, granted under the ESOP rules, will vest in full on the second anniversary of the date of award, subject to continued employment until then, with participants receiving dividends in the normal course as and when declared and paid.

**Old Mutual Emerging Markets Managed Separation Incentive Plan (OMEM MSIP)**

To align the senior management team with the completion of the Management Separation of the Old Mutual plc Group within a specified period, with the overall objective of unlocking value for shareholders, a one off Long Term Incentive plan (the OMEM MSIP) was implemented. The OMEM MSIP was linked to the delivery of specifically agreed performance targets for each participant.

An assessment against those targets was conducted following the listing of Old Mutual Limited, with the Remuneration committee approving the outcomes. 50% of the OMEM MSIP awards were delivered in cash, and 50% were deferred as forfeitable shares under the terms of the ESOP. The deferred shares will vest in full on the first anniversary of the date of award, subject to continued employment until then, with participants receiving dividends in the normal course as and when a dividend is declared and paid.

**Nedbank and Quilter Distributions**

We noted that the settlement of the Nedbank and Quilter dividends as a result of the distribution of Nedbank and unbundling of Quilter was a consequence of the Old Mutual plc Group share scheme rules for our employees, which led to early vesting.

We have ensured that our new share scheme rules, implemented since listing do not permit early settlement.

This section is a summary of part 3 of the full Remuneration Report which can be found at www.oldmutual.com/investor-relations/reporting-centre/reports

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**Performance outcomes**

We have set out below the single figure remuneration outcomes and performance outcomes of the Executive Directors and Prescribed Officers. This summary includes, on an individual basis, commentary regarding each individual’s achievement against his/her personal KPIs and their remuneration mix.

Graphs presented below may not cast due to rounding.

**PETER MOYO**

Executive Director

Peter’s personal KPIs and achievements for the 2018 financial year included:

- Delivering the successful listing of Old Mutual Limited
- Determining the medium term strategy and targets of the Group
- Delivering the eight strategic priorities by improving the competitiveness of the Group and the segments as well as cost efficiency leadership
- Leading Responsible Business efforts and embedding throughout the organisation

Key outcomes in 2018 included delivery of good sales and NCCF in a tough economic environment, with five of the six medium term targets delivered including approximately R750 million of recurring costs of the R1 billion target saved in 2018.

**CASPER TROSIE**

Executive Director

Casper’s personal KPIs and achievements for the 2018 financial year included:

- Delivering the successful listing of Old Mutual Limited
- Delivering of the supplementary pre-listing statement and analyst presentation
- Establishing an External Reporting Finance function
- Transferring Treasury activities from Residual plc
- Driving cost efficiency leadership
- Delivering interim and year end financial results
- Managing the wind down of Residual plc

Key outcomes in 2018 included substantially improved external disclosures. Simplification of the Group’s balance sheet, including the settlement of remaining international debt and progress made on capital management.
Performance outcomes (continued)

2018 Remuneration outcomes

**CLARENCE NETHENGWE**
Prescribed Officer

Clarence’s personal KPIs and achievements for the 2018 financial year included:
- Delivering the successful listing of Old Mutual Limited
- Defending and growing the life insurance market share
- Growing the lending and transactional account book
- Enhancing the distribution capability through growing tied adviser channel and branch network
- Delivering of financial targets in line with guidance
- Driving cost efficiency leadership
- Defending our market share in a tough environment by growing new business volumes by 12% and gross sales by 14%.

Key outcomes in 2018 included opened 25 branches, increasing the branch footprint to 348 branches. Growth in loan book, with low credit losses.

**Remuneration mix**
- **Without MSIP:**
  - Total fixed remuneration: ZAR 3,600,000
  - Cash STI (FY2018): ZAR 2,650,548
  - Deferred STI: ZAR 1,797,032
  - LTI: ZAR 567,955
  - Total Remuneration: ZAR 10,796,479
  - Total Remuneration received: ZAR 14,284,473

**With MSIP**
- Total fixed remuneration: ZAR 3,487,994
- Cash STI: ZAR 2,650,548
- Deferred STI: ZAR 1,797,032
- LTI: ZAR 567,955
- Total Remuneration: ZAR 10,668,581
- Total Remuneration received: ZAR 14,051,269

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2018 Remuneration outcomes

**KARABO MORULE**
Prescribed Officer

Karabo’s personal KPIs and achievements for the 2018 financial year included:
- Delivering the successful listing of Old Mutual Limited
- Achieving financial targets for the business
- Future fit the business and ensure advisers are ready for retail distribution review (RDR)
- Focusing on customer experience and maximising business effectiveness
- Collaborating with the other businesses to help with the successful achievement of their targets
- Driving cost efficiency leadership

Key outcomes in 2018 included distribution channels contributed a total of R69.2 billion in gross flows, R37.2 billion to Wealth and Investments. A number of initiatives launched to meet customer needs and enhance product offering, including the launch of Old Mutual Rewards.

**Remuneration mix**
- **Without MSIP:**
  - Total fixed remuneration: ZAR 3,800,000
  - Cash STI: ZAR 2,650,548
  - Deferred STI: ZAR 1,797,032
  - LTI: ZAR 567,955
  - Total Remuneration: ZAR 8,785,535
  - Total Remuneration received: ZAR 15,640,229

**With MSIP**
- Total fixed remuneration: ZAR 3,600,000
- Cash STI: ZAR 2,650,548
- Deferred STI: ZAR 1,797,032
- LTI: ZAR 567,955
- Total Remuneration: ZAR 8,546,994
- Total Remuneration received: ZAR 15,401,785

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<td>Total Remuneration received</td>
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Performance outcomes (continued)

Iain’s personal KPIs and achievements for the 2018 financial year included:
- Delivering the successful listing of Old Mutual Limited
- Achieving business results
- Progress in the delivery of SAT
- Delivering financial efficiencies and enhance customer experience through exploitation of robotics process automation
- Key focus on IT, digital and data transformation in order to reduce cost and improve agility
- Transferring of Residual Plc operations and manage wind down of the business
- Driving cost efficiency leadership

Key outcomes in 2018 included protection solutions for Mass and Foundation Cluster and Personal Finance segments expected to be activated during 2019. Introduction of robotics processes and system automations which have improved customer service turnaround time.

**Remuneration mix**
- **Without MSIP:**
  - Total fixed remuneration: ZAR 4,500,000
  - Cash STI: ZAR 2,027,506
  - Deferred STI: ZAR 889,379
  - LTI: ZAR 10,458,146
  - Total Remuneration: ZAR 11,022,156
  - Total Remuneration received: ZAR 21,480,302

**With MSIP**
- Total fixed remuneration: ZAR 4,310,490
- Cash STI: ZAR 2,027,506
- Deferred STI: ZAR 889,379
- LTI: ZAR 10,458,146
- Total Remuneration: ZAR 11,022,156
- Total Remuneration received: ZAR 21,480,302

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<td>21,480,302</td>
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2018 Remuneration outcomes

**DAVID MACREDAKY**
Prescribed Officer

David’s personal KPIs and achievements for the 2018 financial year included:
- Delivering the successful listing of Old Mutual Limited
- Building the investment case for the newly established Wealth and Investments business and capitalising the capability to expand into the continent
- Growing the market share of the business, profits and assets under management
- Driving business delivery to deep succession pipeline
- Driving cost efficiency leadership

Key outcomes in 2018 included appointment of Khaya Gobodo as Managing Director of Wealth and Investments effective 1 January 2019, ensuring a seamless leadership transition for the Wealth and Investments Cluster. Improved investment performance across diversified asset base.

**Remuneration mix**
- **Without MSIP:**
  - Total fixed remuneration: ZAR 5,159,700
  - Cash STI: ZAR 8,327,998
  - Deferred STI: ZAR 1,668,755
  - LTI: ZAR 15,156,353
  - Total Remuneration: ZAR 14,382,614
  - Total Remuneration received: ZAR 29,538,967

**With MSIP**
- Total fixed remuneration: ZAR 4,936,320
- Cash STI: ZAR 8,327,998
- Deferred STI: ZAR 1,668,755
- LTI: ZAR 15,156,353
- Total Remuneration: ZAR 14,382,614
- Total Remuneration received: ZAR 29,538,967

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</table>
Performance outcomes (continued)

CLEMENT CHINAKA
Prescribed Officer

Clement’s personal KPIs and achievements for the 2018 financial year included:

- Delivering the successful listing of Old Mutual Limited
- Achieving financial targets in a difficult economic environment
- Growing the customer and asset base of the business
- Improving the customer experience
- Driving cost efficiency leadership

Key outcomes in 2018 included launch of self-service portal for retirement members. Good traction on management actions to improve Group Risk Underwriting experience.

GARTH NAPIER
Prescribed Officer

Garth’s personal KPIs and achievements for the 2018 financial year included:

- Settling into the Old Mutual Insure business
- Alignment and creation of linkages between Old Mutual Limited and Old Mutual Insure
- Focusing on understanding key processes including claims and procurement optimisation
- Driving the quality of the book and focusing on the brokers
- Driving cost efficiency leadership

Key outcomes in 2018 included substantial completion of remediation and claims management processes.

JONAS MUSHOSHO
Prescribed Officer

Jonas’s personal KPIs and achievements for the 2018 financial year included:

- Delivering the successful listing of Old Mutual Limited
- Appointment of a Managing Director for West Africa
- Completion of the staff reorganisation in East Africa and alignment of East Africa management structure to the CEO
- Turnaround of the East African business
- Managing the Zimbabwe business during a period of economic instability
- Driving cost efficiency leadership

Positive results from operations delivered by West Africa for the first time since acquisition.
Southern Africa continues to generate strong profit growth.

INGRID JOHNSON
Executive Director

For part of the year, Ingrid was an executive of Old Mutual plc. Ingrid did not receive any additional remuneration from Old Mutual Limited as an executive of Old Mutual plc. Ingrid did not receive any additional remuneration from Old Mutual plc for the period 1 July to 31 December 2018. Earnings in relation to Ingrid’s employment with Old Mutual plc for the period 1 July to 31 December 2018 are not included other than in relation to the vesting and exercise of LTI awards.

Performance outcomes (continued)

2018 Remuneration outcomes

Remuneration mix

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Actual Remuneration

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2018 Remuneration outcomes

Remuneration mix

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Actual Remuneration

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2018 Remuneration outcomes

Remuneration mix

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Actual Remuneration

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2018 Remuneration outcomes

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<td>Deferred STI</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>LTI</td>
<td>62%</td>
<td>62%</td>
</tr>
<tr>
<td>Total Remuneration received</td>
<td>4,955,508</td>
<td>4,955,508</td>
</tr>
</tbody>
</table>

Actual Remuneration

<table>
<thead>
<tr>
<th></th>
<th>Without MSIP</th>
<th>With MSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>495,508</td>
<td>495,508</td>
</tr>
<tr>
<td>Cash STI</td>
<td>679,892</td>
<td>679,892</td>
</tr>
<tr>
<td>Deferred STI</td>
<td>2,664,981</td>
<td>2,664,981</td>
</tr>
<tr>
<td>LTI</td>
<td>2,664,981</td>
<td>2,664,981</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>3,840,381</td>
<td>3,840,381</td>
</tr>
</tbody>
</table>

1 The values shown are in respect of Ingrid’s role as Group Finance Director of Old Mutual plc. Ingrid did not receive any additional remuneration from Old Mutual plc for the period 1 July to 31 December 2018.