



OLDMUTUAL

OLD MUTUAL LIMITED

# ANNUAL FINANCIAL STATEMENTS

Consolidated and separate

For the year ended 31 December 2021



DO GREAT THINGS EVERY DAY

## Index to the annual financial statements

Directors' Responsibility Statement	2
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	3
Certificate by the Company Secretary	4
Directors' Report	5 – 7
Audit Committee Report	8 – 12
Independent Auditors' Report	13 – 20
Consolidated income statement	21
Consolidated statement of comprehensive income	22
Consolidated supplementary income statement	23
Consolidated statement of financial position	24
Consolidated statement of cash flows	25
Consolidated statement of changes in equity	26 – 29
Notes to the consolidated financial statements	30
A: Significant accounting policies	30 – 36
B: Segment information	37 – 43
C: Other key performance information	44 – 46
D: Other consolidated income statement notes	47 – 56
E: Financial assets and liabilities	57 – 70
F: Financial Risk and Capital Management	71 – 88
G: Analysis of financial and insurance assets and liabilities	89 – 111
H: Non-financial assets and liabilities	112 – 128
I: Interests in subsidiaries, associates and joint arrangements	129 – 137
J: Other notes	137 – 147
K: Future standards, amendments to standards, and interpretations not early-adopted in the 2021 consolidated financial statements	148 – 149
L: Directors' and Prescribed Officers' emoluments	150 – 180
M: Biographical information on the Directors	181 – 182
N: Share ownership	183 – 184
<b>Company annual financial statements</b>	
Company statement of comprehensive income	186
Company statement of financial position	187
Company statement of changes in equity	188
Company statement of cash flows	189
Notes to the company financial statements	190 – 201

The consolidated and separate financial statements were audited in terms of the Companies Act, 71 of 2008. The preparation of the Group and separate annual financial statements was supervised by Casper Troskie CA(SA), Group Chief Financial Officer.

## Directors' Responsibility Statement

The directors of Old Mutual Limited (the Company) are required by the South African Companies Act, 71 of 2008, as amended (the Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial and non-financial information included in this report.

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Old Mutual Limited, comprising the consolidated and separate statements of financial position at 31 December 2021, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the consolidated and separate notes thereto, including the consolidated supplementary income statement, which include accounting policy elections and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, including interpretations to IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act, No 71 of 2008 (Companies Act). In addition, the directors are responsible for the preparation of the directors' report.

The directors are also ultimately responsible for such internal controls as they determine are necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records in addition to reducing the risk of loss or error cost-effectively and effective risk management. An effective system of internal financial controls provides reasonable assurance as to the reliability of financial information being reported. To the best of their knowledge and belief the directors are satisfied that the system of internal controls provides reasonable assurance that reliance can be placed on financial records used in the preparation of the consolidated and separate financial statements during the financial year ended 31 December 2021.

The directors have made an assessment of the ability of the Group and Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the foreseeable future.

It is the responsibility of the Group's independent external auditors to report on the fair presentation of the consolidated and separate financial statements. These financial statements have been audited in terms of section 29(1) of the Companies Act. Their unmodified report appears on pages 13 – 20.

## Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The directors, whose names are stated below, hereby confirm that:

- a) the annual financial statements set out on pages 5 to 201, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code;
- d) internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

**IG Williamson**  
Chief Executive Officer

**CG Troskie**  
Group Chief Financial Officer

**Sandton**  
24 March 2022

## Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Old Mutual Limited, as identified in the first paragraph, were approved by the board of directors on 24 March 2022 and signed on their behalf by:

**TA Manuel**  
Chairman

**IG Williamson**  
Chief Executive Officer

**Sandton**  
24 March 2022

## Certificate by the Company Secretary

In terms of Section 88(2)(e) of the South African Companies Act, 71 of 2008, as amended, I certify that Old Mutual Limited has lodged with the Commissioner, all such returns and notices as required by the Companies Act for the year ended 31 December 2021, and that all such returns and notices appear to be true, correct and up to date.

**Ms EM Kirsten**

Company Secretary

24 March 2022

## Directors' Report

### Nature of the business

Old Mutual Limited (the Company or the Group) is a premium African financial services group, listed on the Johannesburg Stock Exchange (JSE), and has a standard listing on the London Stock Exchange, and secondary listings on the Stock Exchanges of Malawi, Namibia and Zimbabwe. The Company is registered and incorporated in South Africa (Registration number: 2017/235138/06). The public officer is Nazrien Kader.

The Company, through its subsidiaries, distributes products and services to customers through a multi-channel distribution network spanning tied and independent advisers, branches, bancassurance, direct and digital channels and worksites.

### Subsidiary companies

The Company is the ultimate holding company of a number of subsidiaries, the details of which are reflected on page 130 herein. These subsidiaries have various lines of business in the Financial Services Industry, including Life and Savings, Property and Casualty, Asset Management and Banking and Lending.

### Financial statements

Details of the financial results are set out on pages 21 to 184 of the consolidated annual financial statements and on pages 186 to 201 of the separate annual financial statements. The directors have approved the consolidated and separate annual financial statements as reflected on pages 21 to 201, including the certificate by the Company Secretary on page 4 and the Audit Committee report for the 2021 financial year on pages 8 – 12.

### Year under review

The operating results and financial position of the Group and Company are set out in the annual consolidated and separate income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes. The year under review is fully analysed in the Group Annual Results for 2021 which is available on our website at <http://www.oldmutual.com/investor-relations/reporting-centre/reports>.

The Group profit after tax for the year ended 31 December 2021 was R7,463 million (2020: loss of R5,348 million).

### Share capital

The Company's authorised share capital at 31 December 2021, was 10,000,000,000 ordinary shares (ten billion) ordinary shares and 10,000,000 (ten million) preference shares.

At 31 December 2021, the issued number of shares is 4,708,553,649 (2020: 4,708,553,649) ordinary shares. No preference shares were issued since the shares have been authorised. Refer to pages 183 – 184 for more information.

Due to CREST rules, beneficial entitlement to Ordinary uncertificated shares listed on the London Stock Exchange are held through Company Depository Interests.

### Ownership

The Company is a publicly listed Company, and no single shareholder, or group of shareholders, control the Company. Further details of shareholders are included in the Integrated Report and available on our website as noted herein above.

### Dividends

The following dividends were declared in respect of the year ended 31 December 2021 and 31 December 2020:

- 2021 final ordinary dividend of 51 cents per share declared by Old Mutual Limited
- 2021 interim ordinary dividend of 25 cents per share declared by Old Mutual Limited
- 2020 final ordinary dividend of 35 cents per share declared by Old Mutual Limited

The board deemed it appropriate not to declare an interim dividend for the six months ended 30 June 2020. In addition to the interim and final dividends declared during the current financial year, there was also a dividend in specie of R10,656 million declared on 8th November 2021 (relating to the unbundling of Nedbank), refer to Note A2(a) for further details.

### Borrowings

The directors may from time to time exercise all of the powers of the Company to (a) borrow for the purposes of the Company such sums as they think fit; and (b) secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of any securities, mortgage or charge upon all or any of the property or assets of the Company.

### Property and equipment

There was no material change in the nature of the fixed assets of the Group or its subsidiaries or in the policy regarding their use during the year.

## Directors' Report

### Notice in terms of Section 45(5) of the Companies Act, 2008 (the Act)

The Company as an essential part of conducting the business of the Old Mutual Group, is required to provide financial assistance to Group companies as part of its day-to-day operations in the form of loan funding, guarantees or general financial assistance as contemplated in Section 45 of the Act.

In accordance with Section 45(5) of the Act this serves to give notice that the Old Mutual Limited Board, in line with existing practice, approved that the Company may, in accordance with and subject to the provisions of Section 45 of the Act and in terms of the shareholder resolution passed at the Annual General Meeting on 21 May 2021, provide such direct or indirect financial assistance to related and inter-related companies and corporations as described in Section 45 of the Act.

The amount and format of financial assistance which may be granted pursuant to the resolution is subject to ongoing review by the Old Mutual Limited Board and may not in total exceed the reporting threshold of 0.1% of the Old Mutual Limited Group's net asset value provided for in the Act.

### Directors

Details of the members of the board who served during the year and at the reporting date have been provided below. The biographical details of the current directors are available in the Governance Report, which can be found on our website.

Name	Position as director	Appointment date	Resignation date
Mr TA Manuel	Independent Non-Executive Director	05.03.2018	
Prof BC Armstrong	Independent Non-Executive Director	29.06.2020	
Mr PG de Beyer	Independent Non-Executive Director	05.03.2018	21.05.2021
Mr MM du Toit	Independent Non-Executive Director	05.03.2018	21.05.2021
Mr AK Essien	Independent Non-Executive Director	05.03.2018	
Ms O Ighodaro	Independent Non-Executive Director	11.12.2020	
Mr I Kgaboesele	Independent Non-Executive Director	05.03.2018	
Mr J Langner	Independent Non-Executive Director	20.05.2021	
Mr JR Lister	Independent Non-Executive Director	05.03.2018	
Dr SM Magwentshu-Rensburg	Independent Non-Executive Director	05.03.2018	
Ms TM Mokgosi-Mwantembe	Non-Executive Director	05.03.2018	
Ms CWN Molohe	Independent Non-Executive Director	05.03.2018	
Mr JI Mwangi	Independent Non-Executive Director	05.03.2018	
Ms N Nqweni	Independent Non-Executive Director	20.05.2021	
Mr BM Rapiya	Non-Executive Director	05.03.2018	
Mr SW van Graan	Independent Non-Executive Director	05.03.2018	
Mr CG Troskie	Executive Director (CFO)	27.03.2018	
Mr IG Williamson	Executive Director (CEO)	27.05.2019	

### Directors' interests

According to the Register of Directors' Interests, maintained by the Company in accordance with the provisions of Section 30(4)(d) of the Companies Act, directors of the Company have disclosed the following interest in the ordinary shares of the Company:

Directors	Direct beneficial	Indirect beneficial	Total 2021	Direct beneficial	Indirect beneficial	Total 2020
Mr TA Manuel	437	–	437	437	–	437
Ms O Ighodaro	20,000	–	20,000	20,000	–	20,000
Mr I Kgaboesele	–	13,500	13,500	–	13,500	13,500
Mr BM Rapiya	1,662	333,364	335,026	1,662	333,364	335,026
Mr CG Troskie <sup>2</sup>	236,412	–	236,412	146,248	–	146,248
Mr SW van Graan	350	–	350	350	–	350
Mr IG Williamson <sup>2</sup>	482,698	–	482,698	439,089	–	439,089
Mr PG de Beyer <sup>1</sup>	–	–	–	962	–	962

<sup>1</sup> Resigned 21 May 2021. Holding only disclosed for the prior year.

<sup>2</sup> The amounts for CG Troskie and IG Williamson exclude unvested shares in STI and LTI schemes

The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. There have been no changes in the directors' interests between the 31 December 2021 and the date of publication of the annual report.

## Directors' Report

### Political donations

The Group does not, as a principle make donations to political parties. As a responsible and responsive corporate citizen, the Group is, however, required to participate, from time to time, in certain events that are organised by political parties for which payment is required. Any such payments must be done transparently and with prior approval by the designated member of the Executive Committee.

### Events after the reporting period

#### ONE Financial Services Holdings Propriety Limited

The Group acquired 51% of the share capital of ONE Financial Services Holding Proprietary Limited, a South African short-term insurance service provider, with effect from 3 January 2022. The acquisition forms part of the Group's growth strategy and will enable the Group to strengthen its distribution capabilities and non-insurance revenue streams by broadening the Group's base in the market place. As the initial accounting for this acquisition was not completed at the time that the financial statements were authorised for issue details of the values of assets acquired and liabilities assumed have not been provided.

#### Unrest in Eastern Europe

Old Mutual has interests in commercial properties in Bucharest, Romania and Sofia, Bulgaria to the value of ZAR 6.3 billion as at 31 December 2021. On 24 February 2022 Russian armed forces invaded Ukraine and since then there has been war in Ukraine. Ukraine's neighbour to the South is Romania and Bulgaria is south of Romania. Neither Romania nor Bulgaria are involved in the conflict, other than indirectly through refugees potentially looking to Romania for refuge. Both are members of the North Atlantic Treaty Organisation which through Article 5 (an attack on one is an attack on all) gives them significant protection. We do not believe that any of the properties are impacted by the set of sanctions set out by many world countries as there are no Russian companies who tenant the buildings. We continue to monitor the situation.

#### Tax Rate Change

In terms of IAS 12, both current and deferred tax assets and liabilities are to be measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in tax rates should be regarded as substantively enacted from the time that they are announced in terms of the Minister of Finance's Budget Statement. When changes in the tax rates are inextricably linked to other changes in the tax laws, they should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the South African President.

Effective from the commencement of the OML Group's 2023 year of assessment, the South African corporate income tax rate will be reduced to 27 per cent. This is inextricably linked to the base broadening measures related to limiting the use of assessed losses and interest deduction limitation rules. The base broadening measures were legislated in terms of the Taxation Laws Amendment Act 20 of 2021 and come into operation on the date on which the rate of tax is reduced, after announcement by the Minister of Finance in the annual National Budget. The announcement of the reduction in tax rate by the Minister of Finance in the annual National Budget took place on 23 February 2022. It follows that the tax rate change together with the above mentioned base broadening measures are considered to be substantively enacted on this date.

This is considered to be a non-adjusting event for purposes of IAS 10: Events after a Reporting Period on the basis that the rate change was substantially enacted after the end of the 31 December 2021 reporting period. The reduction of the rate of tax will for current tax purposes only have an effect for the 2023 year end. From a deferred tax perspective, due to the timing of the announcement and complexity involved, a reasonable estimate of the effect of the rate change on deferred tax assets and liabilities could not be made at the time of preparation of this annual report. Additional disclosure in this regard will only be considered further for the 31 December 2022 year end.

Other than the items disclosed above, there has been no significant events after the reporting date, being 31 December 2021, to the date of approval of these annual financial statements.

### Debt Officer

The Board has, with effect from 31 October 2020, appointed Mr M van der Walt as the Debt Officer pursuant to considering the JSE Debt Listing Requirements. The Board has considered and is satisfied with the competence, qualifications and experience of the appointed debt officer

### Company Secretary

The competence, qualifications and experience of the Company Secretary has been evaluated in terms of the required annual board evaluation process. The Board confirms that the Company Secretary is not a Board member, is suitably qualified and experienced and has maintained an arm's length relationship with the Board.

Details of Elsabé Margaretha Kirsten's qualifications and experience are available on our website at [www.oldmutual.com](http://www.oldmutual.com).

### Registered office

Mutualpark  
Jan Smuts Drive Pinelands  
7405  
South Africa

### Going concern

The Board has satisfied itself that the Group and Company has adequate resources to continue in operation for the foreseeable future, taking into account the Group's most recent business plan and the capital and liquidity position. The annual financial statements have accordingly been prepared on a going-concern basis.

## Audit Committee report

This Audit committee report has been prepared based on the requirements of the South African 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.

This report sets out how the Audit committee has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

### Role and mandate

The committee's main role is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the integrity of the Group and Company's financial statements, effectiveness of the systems of internal control, financial reporting and risk management.

In addition, the committee is responsible for assessing the effectiveness of the Group internal audit function, the Chief Financial Officer and the independence and effectiveness of the Group's external auditors.

The Audit committee also has oversight responsibilities over key subsidiaries within the Group, specifically our largest subsidiary Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). The committee routinely provides guidance and feedback on discussions that may have an impact on these subsidiaries and their Audit committees.

These responsibilities are in terms of the mandate of the Audit committee as defined in section 94(7) of the Companies Act and its terms of reference, which are available at [www.oldmutual/about/governance/board-committees](http://www.oldmutual/about/governance/board-committees).

### Committee composition

The committee is comprised of six independent non-executive directors who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act. Three out of the six committee members are chartered accountants and all six members have risk management, finance and audit expertise.

The Chairperson of the committee reports to the Board on its activities, all matters discussed, highlighting key issues requiring action and recommendations for resolution. The Audit committee works closely with the Group Risk committee, which reviews risk management and compliance initiatives and monitors the effectiveness of the risk, compliance and internal control environment of the Group.

The Chairperson of the Audit committee is a member of the Risk committee and the Chairperson of the Risk committee is a member of the Audit committee. This helps ensure that there is adequate communication between the two committees.

Name	Appointment or resignation date	Board status	Scheduled meeting attendance
Ms O Ighodaro <sup>1</sup> (Chairperson) BSc (HONS), FCA (ICAEW), CA(SA)	06.03.2018	Independent non-executive	9/9
Mr PJ de Beyer BBus Sci (Hons), FASSA	Resigned 21.05.2021	Independent non-executive	6/6
Mr I Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	06.03.2018	Independent non-executive	8/9
Mr J Langner BCom, FASSA, FFA	20.05.2021	Independent non-executive	3/3
Mr J Lister BSc (Stats), FIA	06.03.2018	Independent non-executive	9/9
Ms N Nqweni BCom, PDip (Inv Mgt), LDP, AMP	20.05.2021	Independent non-executive	3/3
Ms CWM Molope BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)	06.03.2018	Independent non-executive	9/9

<sup>#</sup> In accordance with the Audit committee's Terms of Reference, it held the minimum of 4 scheduled meetings during 2021, convening 7 scheduled meetings along with an additional 2 special meetings required to adequately discharge its duties in accordance with its mandate.

<sup>1</sup> Designation changed to Chairperson of the committee on 1 November 2021.

### Invited attendees

The engagement partners of the external auditors and Group Internal Audit Director are standing invitees to the Audit committee meetings, as is the Board Chairman, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and the heads of finance, actuarial and tax. Invitations to attend committee meetings are extended to senior executives and professional advisers as deemed appropriate. Directors of the Board who are not members of the committee have the right of attendance at Audit committee meetings.

## Audit Committee report

### Actuarial sub-committee

The Board constituted a separate Actuarial committee, which functions as a sub-committee of the Audit committee. All the audit committee members are members of the Actuarial committee.

The Actuarial committee assists the Audit committee in ensuring that actuarial matters are properly considered prior to decision making by the Audit committee. The Actuarial committee is chaired by John Lister, an independent non-executive director and a qualified actuary.

### Our commitment to independence, transparency and collaboration

The Audit committee encourages continuous improvement of and fosters adherence to the Group's policies, procedures and practices at all levels of the organisation.

Application of these policies encourages open communication with assurance providers, including the external auditors, senior management, internal audit, compliance, the risk functions and the Board.

The Group Internal Audit Director also has a direct reporting line to the committee with unrestricted access to the committee Chairperson.

The independence of the committee is key to its effective functioning, whilst ensuring that it does not assume the functions of management.

As part of its mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

### Areas of focus during the year

#### Significant audit matters

The Audit committee routinely considers audit matters, as raised by the external auditors relating to the annual financial statements.

Audit matter	How the Audit committee addressed the matter
Assumptions related to policyholder and property and casualty liabilities	The committee reviewed reports from the Group Chief Actuary and the external auditors on actuarial assumptions and basis changes, including extensive discussions on the impact of COVID-19 on key assumptions and provisions.
Accounting treatment of the Zimbabwe business	The hyperinflation accounting treatment for the Zimbabwe business continued in the current year and was consistent with the 2020 financial year. Detailed discussions were held on the appropriateness of this judgement and the decision to exclude Zimbabwe from the Group's key performance indicators, including Adjusted Headline Earnings, was discussed and approved by the committee.  In light of hyperinflation, the committee routinely review the appropriateness of the asset valuations recognised in the Zimbabwe statement of financial position.
Valuation of property assets	The committee reviewed the appropriateness of property asset valuations, with specific focus on property assets in South Africa, Zimbabwe and East Africa.
Loans and advances	The committee reviewed and assessed the appropriateness of the expected credit loss for the material banking business in the Group.
Appropriateness of asset valuations	The impact of the COVID-19 pandemic on business operations and cash flows is considered a potential impairment indicator for non-financial assets that are not recognised at fair value. The committee reviewed the assets' valuations and the subsequent adjustments, including the valuation of Nedbank.
Valuation of investments and securities	Considered the appropriateness of investments and securities valuations, with focus on level 3 instruments.
Goodwill and intangible valuations and impairments	The committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. The committee considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.
Nedbank unbundling	The committee reviewed the appropriateness of the accounting treatment and disclosure regarding the unbundling of part of the Group's stake in Nedbank.

### Financial statements and integrated reporting process

During the year under review the Audit committee:

- Monitored the impact of the COVID-19 pandemic and noted that the finance function continued to operate effectively throughout the lockdown period, without any material impacts on productivity. Monitored the Group's continued response to the impact and mitigation of the COVID-19 pandemic. In particular considered the extent of COVID-19 related claims across the Group and the impact on reserving. The impact of the COVID-19 pandemic on business operations and cash flows is considered a potential impairment indicator for non-financial assets that are not recognised at fair value. The committee reviewed these assets' valuations and the subsequent adjustments, including the valuation of Nedbank.
- Reviewed the Key audit matters identified by the external auditors and monitored the appropriateness of the management actions taken in addressing the Key Audit Matters.

## Audit Committee report

- Reviewed and debated key accounting, actuarial and tax judgements including external audit's Key Audit Matters and were satisfied with how these were addressed.
- Analysed financial information included in the Group's interim and year end results announcements to ensure the accuracy and integrity of financial data disclosed externally.
- Reviewed the Head of Actuarial Function reports concluding that the actuarial control function operated effectively.
- Remained apprised of key updates, policy and methodology decisions and upcoming milestones on the IFRS17 programme.
- Reviewed and assessed the audited annual financial statements, and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective, despite the disruptions caused by the COVID-19 pandemic.
- Recommended to the Board for approval of the annual financial statements, interim and annual results and the financial information included in the 2021 Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.
- Reviewed the interim and final dividend proposals. Ensured that the Group had sufficient resources to make the dividend distributions, before recommending the proposals to the Board.
- Reviewed and approved the final dividend proposal and recommend this to the Board.
- Reviewed and approved the combined assurance plan for the Group, ensuring the inclusion of material risk areas, acceptable coverage of business processes and that all reporting requirements were met. Confirmed that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.
- Reviewed and considered the overall effectiveness of the Group's internal controls.
- Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of Section 92 of the Companies Act. Considered the suitability, qualifications, experience, independence and capacity of proposed engagement partners and recommended for approval to the Board.
- Reviewed reports from the Group Chief Actuary and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of Old Mutual Limited at 31 December 2021.
- Recommended to shareholders the appointment of Deloitte and Touche and KPMG Inc. as joint auditors for 2021.
- Reviewed the transition plan for the rotation of Ernst and Young (EY) in 2022 to replace KPMG Inc.
- Monitored the levels of the various capital measures in the Group, ensuring that they are within acceptable ranges.
- Assessed compliance with all other statutory requirements in terms of section 94(7) of the Companies Act of 2008, King IV, JSE Listings Requirements and any other applicable regulatory requirements, and confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.
- Ensured that the recommendations, as set out in the JSE Proactive Monitoring review reports, have been incorporated into the Annual Financial Statements.

### Internal controls and risk management

The Audit committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The Audit and Risk committees delegate the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of our operating environment. Mitigating controls are formulated to address the risks and the Board is kept abreast of progress on the Group's risk management plan

During the year under review the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls. These reports included internal and external audit reports, reports from the Board's Risk committee as well as specific internal control reports from management, relating to internal attestation of financial and other controls. Areas of heightened risk resulting from the COVID-19 pandemic and the group's transformational projects to upgrade various legacy IT platforms received particular focus.

Where deficient controls or matters were raised, the committee reviewed the remediation plans in place and were satisfied that any material impact on the Group's annual financial statements had been appropriately mitigated by management, through manual controls and increased oversight where necessary. It is expected that the significant control deficiencies identified during the year will be fully remediated once the IT transformation project is completed, with other mitigating controls, by 2023. The committee will continue to monitor and evaluate the remediation plans.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, Internal Audit and the external auditors, the Audit committee is of the opinion that the internal controls of the Group, together with management's additional procedures performed to mitigate identified control deficiencies, can be relied upon as a reasonable basis for the preparation of the annual financial statements, throughout the year under review.

## Audit Committee report

### Internal Audit

Internal audit is the third line of assurance in the assurance model, and provides independent assurance over the first and second lines of assurance operations and oversight functions.

Group internal audit is accountable to the Audit committee and has unrestricted access to the Chairperson of the Audit committee. Group internal audit meets with the Audit committee at least once a year without management being present, and has frequent interactions with the Chairperson of the Audit committee.

The Audit committee approves the internal audit plan and neither the Group internal audit director nor the internal audit function reports into the executive committee rather than from an administrative perspective. Group internal audit is also independent from the activities it audits and from the day-to-day management of the Group. This maintains the functional and financial independence of the internal audit function.

During the year under review the Audit committee:

- Reviewed and approved the internal audit terms of reference and workplan.
- Monitored the transition of the internal audit function from an outsourced model to an operating model that is largely in-house. The transition was implemented successfully.
- Evaluated the independence, effectiveness and performance of the Internal audit function and compliance with its terms of reference.
- Reviewed and approved the annual internal audit plan in consultation with the Group internal audit director, ensuring that material risk areas were included, that the coverage of risks and business processes was acceptable.
- Reviewed and discussed with the Group internal audit director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.
- Ensured coordination and cooperation between internal audit and the risk management and compliance functions.
- Evaluated the independence, effectiveness and performance of the internal audit function. Confirmed the appropriateness of the expertise, experience and resources of the internal audit function and that of the audit director.

The Audit committee is satisfied with the appropriateness of the expertise, experience and resources of the internal audit function and that of the audit director.

### Chief Financial Officer

During the year under review the Audit committee reviewed the performance and confirmed the suitability and appropriateness of the expertise and experience of the Chief Financial Officer, Casper Troskie, and the resources, expertise, succession planning and experience of the Group's finance function.

### External auditors

The Audit committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Deloitte and Touche and KPMG Inc.

During the year under review the Audit committee:

- Assessed the suitability for re-appointment of the audit firms and designated audit partners, considering the relevant legislative and regulatory requirements and presented and included the appointment of the Auditors. Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements.
- Considered and recommended to the Board the re-appointment of the joint external auditors Deloitte and Touche (with Gerdus Dixon as designated registered auditor and joint signing partner of Old Mutual Limited and John Kruger as the joint signing partner for OMLACSA) and KPMG Inc. (with Zola Beseti as designated registered auditor and joint signing partner for Old Mutual Limited and Mark Danckwerts as the joint signing partner for OMLACSA).
- Considered and recommended to the Board, the appointment of EY as the joint external auditor, replacing the outgoing KPMG due to mandatory firm rotation.
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- Approved the joint external auditors' annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed.
- Approved the audit fees for the 2021 year under review.
- Reviewed the information provided by the auditors as detailed in paragraph 3.84(g)(iii), as read with section 22.15(h) of the JSE Listings Requirements.
- Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services, which is summarised in the Corporate Governance section of our website.
- Reviewed the external auditors findings and recommendations and ensured that matters raised were resolved appropriately.
- Ensured coordination and cooperation between the external and internal auditors.
- Convened with the external audit team, without management being present and was assured that there were no unresolved areas of disagreement with management, satisfaction was expressed with the skills and expertise in Group Finance and confirmed that throughout the audit there was good support from the management teams.
- Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of Section 92 of the Companies Act.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.

## Audit Committee report

The Audit committee reviewed and approved the non-audit services policy, which governs the type, value and scope of non-audit services that the external auditors are able to perform for the Group. Only those non-audit services that do not impact the external auditors' independence and where it is best placed for the auditors to perform the services are permitted under the policy.

The Audit committee is satisfied with the appropriateness of the expertise, experience and resources of the external auditors, the external audit partners and the quality of the external audit.

### Combined assurance

The Audit committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives.

The Group's Combined Assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and ongoing focus on increased collaboration and sharing of information as well as reducing duplication of activities. The committee reviewed and approved the combined assurance plan for the Group.

In accordance with the principle of proportionality of our Group Governance Framework, both the boards of non-operating holding companies and holding companies with own operations are required to adopt the Combined Assurance Framework and ensure that the framework is implemented within their entity. Any areas of concern are escalated to the Audit committee.

The Audit committee is satisfied that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.

### Committee training

As a part of the ongoing training for directors, the committee members received training on the new insurance accounting standard IFRS 17.

### Committee performance

The performance of the committee is reviewed annually as part of the effectiveness review of the Board and all its committees. The externally facilitated review performed during 2021 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review.

### Key focus areas for 2022

- Monitoring and evaluation of the Group's preparation for the implementation of IFRS 17.
- Monitor the transition of EY as the incoming joint auditor, as they replace the outgoing KPMG due to mandatory firm rotation.
- Continued monitoring of the economic situation in Zimbabwe and assessment of the appropriate accounting treatment and disclosure in the Group financial statements.
- Focus on ensuring that the Group's financial processes and controls operate effectively and are proportionate with the Group's complexity.
- Monitor the Group's response to the impact and mitigation of the COVID-19 pandemic.
- Continue to monitor, with the Technology and Platforms committee, the finance modernisation and transformation initiatives, supporting the drive for simplifying and conforming finance data to further enhance the quality of the Group's financial reporting.
- Monitor the implementation of other new accounting standards.
- Monitor the levels of the various capital measures in the Group, ensuring that they are within acceptable ranges and continued monitoring of the functioning of the Group's internal controls.
- Review the Group's long term actuarial assumptions ensuring appropriateness for current operating environment.
- Monitor methodology and assumptions used to calculate the Group's liabilities and Solvency Capital Ratio.
- Succession planning with a focus on further complementing the skills on the Committee.

### Conclusion

The Audit committee is satisfied that it has complied with all statutory duties as well as its duties under its terms of reference for the reporting period.

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2021 and recommended them for approval to the Board.

On behalf of the Audit committee

#### Olufunke Ighodaro

Audit committee Chairperson

24 March 2022  
Sandton

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Opinion

We have audited the consolidated and separate financial statements of Old Mutual Limited (the Group and Company) set out on pages 21 to 184 and 186 to 201, which comprise:

- the consolidated statement of financial position at 31 December 2021;
- the consolidated income statement for the year ended 31 December 2021;
- the consolidated statement of comprehensive income for the year ended 31 December 2021;
- the consolidated statement of changes in equity for the year ended 31 December 2021;
- the consolidated statement of cash flows for the year ended 31 December 2021;
- the notes to the consolidated financial statements, including a summary of significant accounting policies and the consolidated supplementary income statement, but excluding information marked as "unaudited";
- the statement of financial position at 31 December 2021;
- the statement of comprehensive income for the year ended 31 December 2021;
- the statement of changes in equity for the year ended 31 December 2021;
- the statement of cash flows for the year ended 31 December 2021; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Old Mutual Limited at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (the IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Valuation of life insurance contract liabilities – R155.3 billion in the consolidated financial statements

Refer to the accounting policy elections note A1.3 and note G2.

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2021, the value of the life insurance contract liabilities was R155.3 billion. These life insurance contract liabilities are measured in accordance with actuarial guidance in Standard of Actuarial Practice (SAP) 104 and in a manner allowed under IFRS 4: <i>Insurance Contracts</i> (IFRS 4) in the consolidated financial statements.</p> <p>The valuation of life insurance contract liabilities requires significant judgement and estimation driven by a number of inputs based on a variety of uncertain future outcomes. Judgements also include the policies for creating and releasing discretionary margins. Inputs into the valuation of life insurance contract liabilities include actuarial assumptions such as mortality rates, morbidity rates, and lapse rates. Other key assumptions including discount rates and expense assumptions.</p> <p>The valuation of life insurance contract liabilities involves the use of complex models which are reliant on complete and accurate contract and external data. Data also drives experience studies applied in forming key assumption decisions.</p> <p>Ongoing uncertainty associated with the COVID-19 pandemic continues to require additional judgement in the measurement of these liabilities. The directors have considered the ongoing impact of the pandemic on the Group and continues to update previously established short-term provisions to allow for additional uncertainty associated with mortality, morbidity and lapse assumptions.</p> <p>Due to the significant judgement and estimation uncertainty involved in the determination of the life insurance contract liabilities, their valuation is considered a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the design, implementation and operating effectiveness of controls over: <ul style="list-style-type: none"> <li>the actuarial reserving processes that ensure the appropriateness of key assumptions applied; and</li> <li>the liability measurement processes established by the actuarial review function and the directors.</li> </ul> </li> <li>Verifying the completeness and accuracy of data included in the valuation models by: <ul style="list-style-type: none"> <li>evaluating and concluding on the design, implementation and operating effectiveness of controls related to the integrity of the data used in the models;</li> <li>verifying on a sample basis the policyholder data inputs to source documentation; and</li> <li>using data analytics to reconcile the data between actuarial valuation policy administration and accounting systems and investigating any anomalies.</li> </ul> </li> </ul> <p>With our actuarial audit specialists the following have been performed:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the methodologies and assumptions applied to value the life insurance contract liabilities against industry standards, IFRS 4, SAP 104 and where relevant, market practice;</li> <li>Challenging the key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date. Our challenge focused on: mortality rates, morbidity rates, lapse rates, and expense assumptions;</li> <li>Assessing the consistency of the data used in experience reviews supporting key changes in assumptions with other audited information and evaluating the results of experience reviews ensuring they are appropriately applied in the valuations;</li> <li>Evaluating the appropriateness of discretionary margins applied to ensure they are consistent with actuarial guidance; and the Group's policies and IFRS;</li> <li>Assessing the appropriateness and accuracy of key models used to value the life insurance contract liabilities. This included testing of relevant information technology controls, re-calculation of certain outputs and assessing the consistency of model outputs with our expectations and the Group's analysis of profits; and</li> <li>Testing the methodology and basis for the COVID-19 short term pandemic provision specifically related to the impact its has on mortality, morbidity and lapse assumptions and experiences. Our work included analysing the Group's COVID-19 claims and lapse experience data, comparing it with nationally published statistics and challenging the Group's judgements applied in determining the provisions as well as their compliance with IFRS 4 and SAP 104.</li> </ul> <p>We considered whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.</p>

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Valuation of investments and securities – R893.3 billion in the consolidated financial statements

Refer to the accounting policy elections on note A1.3 and disclosure notes E1, E2, E3 and G1.

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2021, investments and securities (financial instruments) carried at fair value through profit or loss represented 84.8% of total assets in the consolidated financial statements. Level 1 investments and securities amounted to R441.2 billion and represented 49.1% of the total balance.</p> <p>As level 1 investments and securities are valued using quoted market prices, we do not consider these to include a significant risk of misstatement, or to be subject to a significant level of judgement. However, due to their significance in the context of the consolidated financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p> <p>Level 2 investments and securities amounted to R406.7 billion and represented 45.2% of the total balance. The valuations of level 2 financial instruments are determined using models where all significant inputs are observable.</p> <p>The valuations of level 3 financial instruments amounting to R45.4 billion and represented 5.1% of the total balance, are determined using models where one or more significant inputs are unobservable.</p> <p>Consequently, the determination of the fair value of investments and securities classified as level 2 and 3 financial instruments is more complex and/or judgmental, with a higher level of estimation uncertainty.</p> <p>Due to the significance of level 1 investments and securities, and the estimation uncertainty involved in determining the fair value of investments and securities classified as level 2 and 3 financial instruments, the valuation of investments and securities is considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the design and implementation of controls over the valuation of investments and securities to ensure the accuracy of inputs, the appropriateness of methodologies and the assessment by the directors of the final measurement of the investments and securities.</li> <li>For level 1 and level 2 investments and securities, verifying observable valuation inputs against independent data for a sample of the investments.</li> <li>On a sample basis selecting level 2 and 3 financial instruments and performing the following procedures together with our corporate finance valuation specialists: <ul style="list-style-type: none"> <li>challenging and assessing the key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and critically assessing the valuation methodologies against current market practice and industry standards;</li> <li>comparing the valuation models and assumptions applied across the Group, ensuring consistency throughout;</li> <li>assessing the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts where cash flow forecasts are required for the valuation;</li> <li>assessing the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, sizes and liquidity; and</li> <li>performing independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's calculated value falls within this range.</li> </ul> </li> <li>Assessing whether the disclosures in relation to the fair value of the investments and securities and the disclosures around the estimation uncertainty are complete, appropriate and in compliance with IFRS 13: Fair Value Measurement (IFRS 13) and IFRS 7: <i>Financial Instruments Disclosures</i> (IFRS 7).</li> </ul>

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Assessment of expected credit losses on loans and advances – R5.1 billion in the consolidated financial statements

Refer to the accounting policy and disclosure note F1.

Key audit matter	How the matter was addressed in our audit
<p>The Group has unsecured and commercial lending portfolios at Old Mutual Finance, Faulu Microfinance Bank and Central African Building Society. The expected credit loss (ECL) assessment for loans and advances requires significant judgements and subjective assumptions to be made in respect of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD).</p> <p>Significant judgement was also applied in assessing whether a significant increase in credit risk occurred including updates to the ECL model and risk parameters.</p> <p>The Group applies an overlay to account for the forward-looking information. This was achieved by reviewing the macro-economic scenarios including Gross Domestic Product forecasts and the impact on PDs, LGDs, and stage distribution.</p> <p>As a result of differences in the availability of data, sophistication of the credit risk management system and the maturity of the credit risk management across the Group, the directors apply significant judgement within a governance framework to determine parameters used in the ECL calculation.</p> <p>Due to the significant judgements applied, the estimation uncertainty and the audit work effort required, the ECL assessment is considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the design and implementation of controls over the completeness and accuracy of the data used in the ECL impairment models.</li> <li>Assessing, with assistance from our credit modelling specialists, the reasonability of models and key assumptions applied by the directors through: <ul style="list-style-type: none"> <li>re-performing the ECL calculation with the use of an independent challenger model and comparing the ECL parameters and estimates to the calculation performed by the directors;</li> <li>performing key sensitivity and ECL impact assessments informed by our review of impairment methodologies with the re-performance of the ECL calculation, taking into consideration industry concerns observed in the market;</li> <li>performing portfolio trend analysis and investigating anomalies noted;</li> <li>reviewing the overlay adjustment raised, and assessing calculations and management judgements around this adjustment;</li> <li>performing independent benchmarks of forward-looking information used in relation to industry peers; and</li> <li>comparing default rates and other impairment events against macro-economic data to determine if a correlation exists that should be factored into the forward-looking information.</li> </ul> </li> <li>Assessing the basis of significant changes to ECL models and methodologies to ensure they are appropriately accounted for in terms of IFRS 9: <i>Financial Instruments</i> (IFRS 9).</li> <li>Assessing whether disclosures made in relation to ECL are consistent with the requirements of IFRS.</li> </ul>

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Valuation of investment property – R38.7 billion in the consolidated financial statements

Refer to the accounting policy note A1.3 and disclosure note H2(b).

Key audit matter	How the matter was addressed in our audit
<p>The Group's investment properties are geographically dispersed throughout Africa, Romania and Bulgaria.</p> <p>The Group's investment property balance comprises mainly income generating properties in the office, retail and industrial sectors. The Group has substantially all of its properties valued by registered independent valuers at least once every three years. As a result of the continuing uncertainties that arose due to the COVID-19 pandemic, all significant properties were subjected to an independent external review in the current year. The valuation technique applied by the Group is dependent on the nature and circumstances of the specific property. However, the majority of the high value investment properties are valued using the Discounted Cash Flow Method.</p> <p>The key inputs with the most significant impact on the investment property valuations are (excluding Zimbabwe):</p> <ul style="list-style-type: none"> <li>Vacancy rates;</li> <li>Discount rates;</li> <li>Capitalisation rates; and</li> <li>Market rentals.</li> </ul> <p>The independent valuers have issued their valuation reports with a material valuation uncertainty clause due to the impact of the COVID-19 pandemic on market activity and the economy which results in more estimation uncertainty related to the fair values of the investment properties.</p> <p>Due to the nature of the Zimbabwean economy, estimation uncertainty exists in the valuation of the related investment properties. The key inputs with the most significant estimation in the Zimbabwean Dollar based valuations are:</p> <ul style="list-style-type: none"> <li>Capitalisation rate; and</li> <li>Market rentals.</li> </ul> <p>The valuation of investment property is considered to be a key audit matter due to the large degree of subjectivity, estimates and judgement included in the determination of the fair value and economic consequences and ongoing uncertainty in the property market.</p>	<p>In evaluating the fair value calculations of the investment properties performed by management, and reviewed by independent valuers and by the directors, we focused on the key inputs into the valuations as these areas required significant judgement and estimation.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the design and implementation of controls related to the determination of the fair values of the investment properties including controls related to the appropriate review and approval of the investment property valuations, and the forecasts submitted by management to the independent valuers;</li> <li>Assessing the competence, capabilities and objectivity of management's independent valuers;</li> <li>Assessing the scope of the independent valuers' work and reviewing the terms of the engagement to determine that there were no matters that affected their independence and objectivity, or inappropriately limited the scope of their work;</li> <li>Confirming that the approaches used by the independent valuers are consistent with IFRS and industry norms;</li> <li>Evaluating and challenging the judgements applied by the independent valuers in determining the fair value of the investment property, in particular the models and significant assumptions used in performing the valuations;</li> <li>Engaging a suitably qualified auditors' expert to independently assess the reasonability and appropriateness of the valuation models, methodologies and inputs used by the independent valuers on a sample basis;</li> <li>Performing further procedures on a sample of the investment properties, which included an assessment of the valuation techniques used, the appropriateness of the forecast period in respect of rental income, a comparison of rental income to the market and a comparison of capitalisation and discount rates to those available in industry publications;</li> <li>In respect of properties in Zimbabwe the following additional procedures have been performed: <ul style="list-style-type: none"> <li>understanding the build-up of the capitalisation rate including validating the base rate against observable transactions and evaluating adjustments made to the capitalisation rate;</li> <li>testing rental assumptions to market research; and</li> <li>comparing management's valuations to those performed by the registered independent valuers.</li> </ul> </li> <li>Assessing whether the disclosures in the consolidated financial statements are appropriate and in accordance with IFRS 13 and IAS 40: <i>Investment Property</i> (IAS 40).</li> </ul>

# Independent auditors' report

## To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

### Valuation of investment in subsidiaries as it relates to Old Mutual Group Holdings (SA) (Pty) Limited – R87.9 billion in the separate financial statements

Refer to the accounting policy notes 1.3 and 1.9, and disclosure notes 4 and 8.

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2021, the value of the investment in Old Mutual Group Holdings (SA) (Pty) Limited (OMGH) amounted to R87.9 billion, which is included in the Investment in subsidiaries caption in the separate financial statements and represented 95.2% of the total assets.</p> <p>While any impairment of the carrying value of investment in subsidiaries does not affect the consolidated financial statements, it does impact distributable reserves in the separate financial statements.</p> <p>Investment in subsidiaries may be misstated if the carrying value of the investment in the statement of financial position is not supported by the future cash flows of the underlying business, the value in use (VIU).</p> <p>As at reporting date, management performed a VIU calculation of OMGH using a discounted cash flow model which resulted in an impairment of R14.4 billion in the separate financial statements. As disclosed in note 4 to the separate financial statements, the unbundling of Nedbank through a 12.2% distribution in specie contributed to the impairment recognised.</p> <p>The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. Specifically, these included the Group's risk adjusted discount rate, free cashflows from dividend projections and additional free surplus generated.</p> <p>The impairment of OMGH is considered to be a key audit matter due to the audit work effort required and the significant judgements applied in determining the recoverable amount of the investment.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Assessing for indicators that the investment in OMGH might be impaired;</li> <li>Assessing whether the methodology over management's calculation of VIU is compliant with the requirements of IFRS;</li> <li>Comparing key assumptions including those underlying certain estimated future cash flows, to externally derived data including analyst broker reports, peer group data and projected economic growth;</li> <li>Using our understanding of the business, evaluated the reasonableness of certain key assumptions and considerations made;</li> <li>Performing a retrospective review by comparing management's forecasts from previous years to actual results to assess the Group's ability to accurately prepare cash flow forecasts;</li> <li>Assessing whether the disclosures around the assessment of recoverable amount of the investment in subsidiaries in the separate financial statements adequately reflects key assumptions considering the level of risks inherent in the assessment of recoverable amount of the investment in subsidiaries.</li> </ul> <p>With our valuation specialists the following have been performed:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the discount rates used in developing ranges using external data and peer group data.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Old Mutual Limited Annual Financial Statements Consolidated and Separate for the year ended 31 December 2021", which includes the Directors' Report, the Audit Committee Report, the Certificate by the Company Secretary as required by the Companies Act of South Africa, Chief Executive Officer's and Chief Financial Officer's Responsibility Statement and information marked as "unaudited" in the consolidated and separate financial statements, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent auditors' report To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Old Mutual Limited for five years and Deloitte & Touche has been the auditor of Old Mutual Limited for four years.

We also report that KPMG Inc., has been the auditor of the public interest entities within the Old Mutual Limited Group, Old Mutual Life Assurance Company (South Africa) Limited and Old Mutual Insure Limited, for thirty-one and fifty-one years respectively.

KPMG Inc.  
Registered Auditor  
Per ZA Beseti  
Chartered Accountant (SA)  
Registered Auditor  
Director  
24 March 2022

85 Empire Road  
Parktown  
2193

Deloitte & Touche  
Registered Auditor  
Per Gerdus Dixon  
Chartered Accountant (SA)  
Registered Auditor  
Partner  
24 March 2022

The Ridge Building  
6 Marina Road  
Portwood District  
V&A Waterfront  
8000

## Consolidated income statement

For the year ended 31 December 2021

Rm	Notes	December 2021	December 2020
<b>Revenue</b>			
Gross insurance premium revenue	G2(a)	83,841	81,571
Outward reinsurance	G2(a)	(11,290)	(9,109)
Net earned premiums		72,551	72,462
Investment return (non-banking)	D2	157,047	56,940
Banking interest and similar income	D3	4,347	4,734
Banking trading, investment and similar income		433	341
Fee and commission income, and income from service activities	D4	11,827	10,409
Other income <sup>1</sup>		1,609	1,647
<b>Total revenue and other income</b>	D9(a)	<b>247,814</b>	<b>146,533</b>
<b>Expenses</b>			
Gross claims and benefits (including change in insurance contract provisions)		(139,245)	(95,412)
Reinsurance recoveries		7,679	13,431
Net claims and benefits incurred		(131,566)	(81,981)
Change in investment contract liabilities	G2(d)	(54,947)	(24,003)
Credit impairment charges	F1.9(a)	(667)	(2,874)
Finance costs	D5	(543)	(484)
Banking interest payable and similar expenses	D6	(755)	(1,053)
Fee and commission expenses, and other acquisition costs	D7	(10,506)	(9,803)
Change in third party interests in consolidated funds		(11,874)	3,479
Other operating and administrative expenses	D8	(24,896)	(25,049)
<b>Total expenses</b>		<b>(235,754)</b>	<b>(141,768)</b>
Share of gains of associated undertakings and joint ventures after tax	I2(b)	1,385	592
Reversal of impairment/(impairment) of investments in associated undertakings	I2	18	(8,629)
Loss on disposal of subsidiaries	II(e)	(36)	-
<b>Profit/(loss) before tax</b>		<b>13,427</b>	<b>(3,272)</b>
Income tax expense	D1	(5,964)	(2,076)
<b>Profit/(loss) after tax for the financial year</b>		<b>7,463</b>	<b>(5,348)</b>
<b>Attributable to</b>			
Equity holders of the parent		6,662	(5,097)
Non-controlling interests			
Ordinary shares		801	(251)
<b>Profit/(loss) after tax for the financial year</b>		<b>7,463</b>	<b>(5,348)</b>
<b>Earnings per ordinary share</b>			
<b>Basic earnings/(loss) per ordinary share (cents)</b>	C1(a)	<b>151.3</b>	<b>(116.3)</b>
<b>Diluted earnings/(loss) per ordinary share (cents)<sup>2</sup></b>	C1(b)	<b>148.9</b>	<b>(116.3)</b>

<sup>1</sup> Included in other income is R200 million which relates to insurance proceeds received from the SASRIA claim, refer to note H2(b) for further information.

<sup>2</sup> In periods where the Group recognises a loss attributable to equity holders of the parent, the impact of potentially dilutive shares are excluded from the weighted average number of ordinary shares used to calculate diluted loss per share as their inclusion would have an antidilutive effect. Note C1(a) provides more information on these shares excluded from the calculation.

## Consolidated statement of comprehensive income

For the year ended 31 December 2021

Rm	Notes	December 2021	December 2020
<b>Profit/(loss) after tax for the financial year</b>		<b>7,463</b>	<b>(5,348)</b>
<b>Other comprehensive income for the financial year</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gains on property revaluations		817	9
Remeasurement gains on defined benefit plans		22	175
Fair value movements related to credit risk on borrowed funds		(64)	(130)
Share of other comprehensive income from associated undertakings and joint ventures		(40)	57
Shadow accounting <sup>1</sup>		(219)	55
Income tax on items that will not be reclassified to profit or loss		(20)	(63)
		<b>496</b>	<b>103</b>
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences on translating foreign operations <sup>2</sup>		187	(635)
Exchange differences recycled to profit or loss on disposal of businesses <sup>2</sup>		203	-
Share of other comprehensive income from associated undertakings and joint ventures <sup>3</sup>		(75)	118
		<b>315</b>	<b>(517)</b>
<b>Total other comprehensive income/(loss) for the financial year</b>		<b>811</b>	<b>(414)</b>
<b>Total comprehensive income/(loss) for the financial year</b>		<b>8,274</b>	<b>(5,762)</b>
<b>Attributable to</b>			
Equity holders of the parent		7,411	(5,492)
Non-controlling interests			
Ordinary shares		863	(270)
<b>Total comprehensive income/(loss) for the financial year</b>		<b>8,274</b>	<b>(5,762)</b>

<sup>1</sup> Shadow accounting is applied to policyholder liabilities where the underlying measurement of the policyholder liability depends directly on the fair value of the Group's owner occupied properties. Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts', to allow for the impact of recognizing unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on assets that have a direct effect on the measurement of the related insurance assets and liabilities.

<sup>2</sup> These amounts have no tax impacts

<sup>3</sup> This consists of FCTR of R42 million which bears no tax and R33 million equity accounted OCI, which was brought in net of tax.

## Consolidated supplementary income statement

For the year ended 31 December 2021

Rm	Notes	December 2021	December 2020
Mass and Foundation Cluster	B1	2,752	1,265
Personal Finance and Wealth Management	B1	448	525
Old Mutual Investments	B1	1,109	180
Old Mutual Corporate	B1	727	87
Old Mutual Insure	B1	543	(131)
Rest of Africa	B1	(391)	192
Net expenses from central functions	B1	(804)	(455)
<b>Results from Operations</b>		<b>4,384</b>	<b>1,663</b>
Shareholder investment return		2,726	1,612
Finance costs		(543)	(484)
Share of gains of associated undertakings and joint ventures after tax		1,252	917
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>		<b>7,819</b>	<b>3,708</b>
Shareholder tax		(2,088)	(1,188)
Non-controlling interests		(329)	(36)
<b>Adjusted Headline Earnings after tax and non-controlling interests</b>		<b>5,402</b>	<b>2,484</b>
<b>Adjusted weighted average number of ordinary shares (millions)</b>	C1(a)	<b>4,558</b>	<b>4,574</b>
<b>Adjusted Headline Earnings per share (cents)</b>		<b>118.5</b>	<b>54.3</b>
Adjusted diluted weighted average number of ordinary shares (millions) <sup>1</sup>		4,630	4,574
<b>Adjusted Diluted Headline Earnings per share (cents)<sup>1</sup></b>		<b>116.7</b>	<b>54.3</b>

<sup>1</sup> Adjusted Diluted Headline Earnings per share added to enhance disclosure. Adjusted Diluted earnings/(loss) per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

### Reconciliation of Adjusted Headline Earnings to IFRS profit/(loss) after tax<sup>1</sup>

Rm	Notes	December 2021	December 2020
<b>Adjusted Headline Earnings after tax and non-controlling interests</b>		<b>5,402</b>	<b>2,484</b>
Investment return on group equity and debt instruments held in policyholder funds	A1.6(a)	(190)	785
Impact of restructuring	A1.6(b)	(1,482)	497
Operations in hyperinflationary economies	A1.6(c)	3,489	1,093
Non-core operations	A1.6(d)	(10)	229
<b>Headline Earnings</b>		<b>7,209</b>	<b>5,088</b>
Impairment of goodwill and other intangible assets and property, plant and equipment and other Headline Earnings adjustments		(559)	(1,408)
Remeasurement of non-current asset held for sale		4	
Reversal of impairment/(impairment) of associated undertakings		37	(8,777)
Profit on disposal of property, plant and equipment		7	-
Loss on disposal of subsidiaries and associated undertakings		(36)	-
<b>Profit/(loss) after tax for the financial year attributable to equity holders of the parent</b>		<b>6,662</b>	<b>(5,097)</b>

<sup>1</sup> Refer to note A1.6 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.

## Consolidated statement of financial position

At 31 December 2021

Rm	Notes	At 31 December 2021	At 31 December 2020
<b>Assets</b>			
Goodwill and other intangible assets	H1	6,234	5,925
Mandatory reserve deposits with central banks		195	235
Property, plant and equipment	H2(a)	9,155	8,952
Investment property	H2(b)	38,672	33,606
Deferred tax assets	H7(a)	2,455	2,007
Investments in associated undertakings and joint ventures	I2	908	17,450
Deferred acquisition costs <sup>1</sup>	H3	405	362
Costs of obtaining contracts <sup>1</sup>	D9(b)	1,496	1,528
Loans and advances	F1	18,722	17,798
Investments and securities	G1(a)	899,388	772,037
Reinsurers share of policyholder liabilities	G2	13,372	15,610
Current tax receivable		459	371
Trade, other receivables and other assets	H4	22,802	20,317
Derivative financial instruments	G1(b)	6,391	10,840
Cash and cash equivalents		32,931	33,560
Assets held for sale	H2(b)	269	84
<b>Total assets</b>		<b>1,053,854</b>	<b>940,682</b>
<b>Liabilities</b>			
Life insurance contract liabilities	G2(i)	155,349	145,536
Investment contract liabilities with discretionary participating features	G2(e)	245,483	203,117
Investment contract liabilities	G2(d)	393,787	334,311
Property and Casualty liabilities	G2(i)	11,206	14,455
Third-party interests in consolidated funds		77,308	73,020
Borrowed funds	G3	17,506	17,335
Provisions	H5	1,767	1,760
Contract liabilities <sup>2</sup>	H6	1,272	662
Deferred tax liabilities	H7(b)	6,453	4,293
Current tax payable		499	459
Trade, other payables and other liabilities <sup>2</sup>	H8	63,934	60,213
Amounts owed to bank depositors	G4	5,905	5,044
Derivative financial instruments	G1(b)	8,084	11,154
<b>Total liabilities</b>		<b>988,553</b>	<b>871,359</b>
<b>Net assets</b>		<b>65,301</b>	<b>69,323</b>
<b>Shareholders' equity</b>			
Equity attributable to equity holders of the parent		62,174	66,995
<b>Non-controlling interests</b>			
Ordinary shares		3,127	2,328
<b>Total non-controlling interests</b>		<b>3,127</b>	<b>2,328</b>
<b>Total equity</b>		<b>65,301</b>	<b>69,323</b>

<sup>1</sup> As part of the Group's continued disclosure enhancement efforts, the Costs of obtaining contracts is now disclosed separately from Deferred acquisition costs. Please refer to note D9(b) and note H3 for further details.

<sup>2</sup> As part of the Group's continued disclosure enhancement efforts the Loyalty Reserve of R618 million, attributable to Personal Finance, was transferred from trade, other payables and other liabilities to contract liabilities in 2021

## Consolidated statement of cash flows

For the year ended 31 December 2021

Rm	Notes	December 2021	December 2020
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		13,427	(3,272)
Non-cash movements and adjustments to profit before tax	J6	9,978	29,628
Net changes in working capital	J6	1,187	715
Taxation paid		(4,473)	(3,748)
<b>Net cash inflow from operating activities<sup>1</sup></b>		<b>20,119</b>	<b>23,323</b>
<b>Cash flows from investing activities</b>			
Acquisition of financial investments		(14,089)	(13,305)
Acquisition of investment properties		(1,077)	(367)
Proceeds from disposal of investment properties		1	26
Dividends received from associated undertakings		219	879
Acquisition of property, plant and equipment		(874)	(767)
Proceeds from disposal of property, plant and equipment		55	141
Acquisition of intangible assets		(984)	(1,279)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		(104)	(67)
<b>Net cash outflow from investing activities</b>		<b>(16,853)</b>	<b>(14,739)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to			
Ordinary equity holders of the Company	C(4)	(2,686)	(3,346)
Non-controlling interests and preferred security interests		(156)	(93)
Interest paid (excluding banking interest paid)		(645)	(607)
Acquisition of treasury shares – ordinary shares <sup>2</sup>		(1,047)	(509)
Proceeds from disposal of treasury shares – ordinary shares <sup>2</sup>		1,142	1,761
Proceeds from change in participation in subsidiaries		64	–
Lease liabilities repayments		(528)	(460)
Proceeds from issue of subordinated and other debt		3,451	5,648
Subordinated and other debt repaid		(3,443)	(7,016)
<b>Net cash outflow from financing activities</b>		<b>(3,848)</b>	<b>(4,622)</b>
<b>Net cash (outflow)/inflow</b>		<b>(582)</b>	<b>3,962</b>
Effects of exchange rate changes on cash and cash equivalents		(87)	(782)
Cash and cash equivalents at beginning of the year		33,795	30,615
<b>Cash and cash equivalents at end of the year</b>		<b>33,126</b>	<b>33,795</b>
<b>Comprising</b>			
Mandatory reserve deposits with central banks		195	235
Cash and cash equivalents		32,931	33,560
<b>Total</b>		<b>33,126</b>	<b>33,795</b>

<sup>1</sup> Net cash inflow from operating activities includes interest income from investments and securities of R22,491 million (2020: R24,052 million) and Dividend income from investments and securities of R12,535 million (2020: R11,118 million).

<sup>2</sup> In 2020, cash flows from treasury shares were disclosed on a net basis. This has been restated and corrected in the current year.

Cash and cash equivalents comprise cash balances and highly liquid short term funds, mandatory reserve deposits held with central banks, cash held in investment portfolios awaiting reinvestment and cash and cash equivalents subject to the consolidation of funds.

# Consolidated statement of changes in equity

For the year ended 31 December 2021

Year ended 31 December 2021 Rm	Notes	Millions										
		Number of shares issued and fully paid	Share capital	Fair-value reserve <sup>3</sup>	Property revaluation reserve	Share-based payments reserve	Liability credit reserve <sup>1</sup>	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4,709	85	10	550	749	(271)	(7,854)	73,726	66,995	2,328	69,323
Profit after tax for the financial year		-	-	-	-	-	-	-	6,662	6,662	801	7,463
Other comprehensive income for the financial year												
Items that will not be reclassified to profit or loss												
Gains on property revaluations		-	-	-	817	-	-	-	-	817	-	817
Remeasurement gains on defined benefit plans		-	-	-	-	-	-	-	22	22	-	22
Fair value movement related to credit risk on borrowed funds		-	-	-	-	-	(64)	-	-	(64)	-	(64)
Share of other comprehensive income from associated undertakings and joint ventures		-	-	-	(35)	-	-	-	(5)	(40)	-	(40)
Shadow accounting		-	-	-	(219)	-	-	-	-	(219)	-	(219)
Income tax on items that will not be reclassified to profit or loss		-	-	-	(12)	-	-	-	(8)	(20)	-	(20)
				-	551	-	(64)	-	9	496	-	496
Items that may be reclassified to profit or loss												
Currency translation differences on translating foreign operations		-	-	-	-	-	-	125	-	125	62	187
Exchange differences reclassified to profit or loss on disposal of businesses		-	-	-	-	-	-	203	-	203	-	203
Share of other comprehensive income from associated undertakings and joint ventures		-	-	(33)	-	-	-	(42)	-	(75)	-	(75)
Income tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive (loss)/income for the financial year</b>		-	-	(33)	551	-	(64)	286	6,671	7,411	863	8,274
<b>Transactions with the owners of the Company</b>												
<b>Contributions and distributions</b>												
Dividends for the year <sup>4</sup>	C4	-	-	-	-	-	-	-	(13,342)	(13,342)	(156)	(13,498)
Share-based payment reserve movements		-	-	-	-	259	-	-	34	293	-	293
Transfer between reserves		-	-	-	-	(135)	-	-	101	(34)	34	-
Other movements in share capital <sup>2,5</sup>		-	-	38	-	-	-	-	802	840	(6)	834
<b>Total contributions and distributions</b>		-	-	38	-	124	-	-	(12,405)	(12,243)	(128)	(12,371)
<b>Changes in ownership and capital structure</b>												
Change in participation in subsidiaries		-	-	-	-	-	-	-	11	11	64	75
<b>Total changes in ownership and capital structure</b>		-	-	-	-	-	-	-	11	11	64	75
<b>Total transactions with the owners of the Company</b>		-	-	38	-	124	-	-	(12,394)	(12,232)	(64)	(12,296)
<b>Shareholders' equity at end of the year</b>		<b>4,709</b>	<b>85</b>	<b>15</b>	<b>1,101</b>	<b>873</b>	<b>(335)</b>	<b>(7,568)</b>	<b>68,003</b>	<b>62,174</b>	<b>3,127</b>	<b>65,301</b>

<sup>1</sup> In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. The Group released RNil million (2020: R39 million) of the liability credit reserve directly to retained earnings on the repayment of the RNil (2020: R2,250 million) unsecured subordinated debt. Refer to note E4 and G3(d) for more information.

<sup>2</sup> Other movements in share capital includes a movement in retained earnings of R770 million (2020: R220 million) relating to own shares held by consolidated investment funds, employee share trusts and policyholder funds. These shares are treated as treasury shares in the consolidated financial statements.

<sup>3</sup> The fair value reserve comprises all fair value adjustments relating to investments in debt and equity instruments of equity accounted associated undertakings that are subsequently measured at FVOCI within the financial statements of these associated undertakings.

<sup>4</sup> Included in dividends is R10,656 million which represent a dividend in specie, refer to note A2 (a) for further information.

<sup>5</sup> The R38 million represents a release of the Nedbank portion of the fair value reserve previously raised.

## Consolidated statement of changes in equity

For the year ended 31 December 2021

Year ended 31 December 2020 Rm	Notes	Millions										
		Number of shares issued and fully paid	Share capital	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Liability credit reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
<b>Shareholders' equity at beginning of the year</b>		4,709	85	(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925
<b>Profit after tax for the financial year</b>		-	-	-	-	-	-	-	(5,097)	(5,097)	(251)	(5,348)
<b>Other comprehensive income for the financial year</b>												
<b>Items that will not be reclassified to profit or loss</b>												
Gains/(losses) on property revaluations		-	-	-	(21)	-	-	-	-	(21)	30	9
Remeasurement losses on defined benefit plans		-	-	-	-	-	-	-	175	175	-	175
Fair value movements related to credit risk on borrowed funds		-	-	-	-	-	(91)	-	(39)	(130)	-	(130)
Share of other comprehensive income from associated undertakings and joint ventures		-	-	-	(5)	-	-	-	62	57	-	57
Shadow accounting		-	-	-	55	-	-	-	-	55	-	55
Income tax on items that will not be reclassified to profit or loss		-	-	-	(13)	-	-	-	(50)	(63)	-	(63)
Currency translation differences on translating foreign operations		-	-	-	16	-	(91)	-	148	73	30	103
Share of other comprehensive income from associated undertakings and joint ventures		-	-	90	-	-	-	(586)	-	(586)	(49)	(635)
<b>Total comprehensive loss for the financial year</b>		-	-	90	16	-	(91)	(558)	(4,949)	(5,492)	(270)	(5,762)
<b>Transactions with the owners of the Company</b>												
<b>Contributions and distributions</b>												
Dividends for the year	C4	-	-	-	-	-	-	-	(3,346)	(3,346)	(93)	(3,439)
Share-based payment reserve movements		-	-	-	-	200	-	-	(40)	160	-	160
Transfer between reserves		-	-	-	(81)	(214)	-	108	674	487	(487)	-
Other movements in share capital		-	-	-	-	-	-	-	423	423	16	439
<b>Total contributions and distributions</b>		-	-	-	(81)	(14)	-	108	(2,289)	(2,276)	(564)	(2,840)
<b>Changes in ownership and capital structure</b>												
Change in participation in subsidiaries		-	-	-	-	-	-	-	-	-	-	-
<b>Total changes in ownership and capital structure</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>		-	-	-	(81)	(14)	-	108	(2,289)	(2,276)	(564)	(2,840)
<b>Shareholders' equity at end of the year</b>		4,709	85	10	550	749	(271)	(7,854)	73,726	66,995	2,328	69,323

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## A: Significant accounting policies

### A1: Basis of preparation

#### 1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa. The financial statements for the year ended 31 December 2021 consolidates the results of the Company and its subsidiaries (together 'the Group') and equity accounts the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds and investments in venture capital divisions which are accounted for as investments at fair value through profit or loss).

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2021, the consolidated and separate income statement, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 December 2021 and explanatory notes to the consolidated and separate financial statements (including the consolidated supplementary income statement). The financial statements are prepared on the going concern basis, which the directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the board of directors on 24 March 2022.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), including interpretations of IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act, no 71 of 2008 (Companies Act).

The Group has prepared the financial statements in accordance with its detailed accounting policies which can be found at [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports). The significant accounting policies are contained in the financial statements and are included in the specific notes to which they relate. The accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the Group's 2020 consolidated financial statements.

#### 1.2 Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2020 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2020 (prior year financial statements).

#### 1.3 Accounting policy elections

The following significant accounting policy elections have been made by the Group:

Area	Details
<b>Financial instruments</b>	The Group has elected to designate certain financial assets and liabilities at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise. This measurement election is typically utilised in respect of financial assets held to support liabilities in respect of contracts with policyholders. Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.
<b>Investment properties</b>	The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.
<b>Property, plant and equipment</b>	Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment. Revaluation surpluses are recognised in equity, through other comprehensive income. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings. Plant and equipment are carried at cost less accumulated depreciation.
<b>Investment in venture capital divisions and investment-linked insurance funds</b>	In venture capital divisions and investment-linked insurance funds, the Group has elected to carry associate and joint-venture entities at fair value through profit or loss.
<b>Policyholder liabilities: insurance contracts and investment contracts with discretionary participating features</b>	Although not an accounting policy election, the measurement of policyholder liabilities under IFRS 4 Insurance Contracts currently refers to existing local practice. In South Africa, the valuation basis of such policyholder liabilities is made in accordance with the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. For territories outside of South Africa, local actuarial practices and methodologies are applied.
<b>Investments in subsidiaries, associated undertakings and joint ventures</b>	The Group has elected to recognise these investments at cost in the Company financial statements.

#### 1.4 Going concern

COVID-19 continued to have a material impact on South Africa in 2021 and through this the Group focused on driving the recovery in the underlying business. We have seen a significant improvement in most key performance indicators.

As part of preparing the financial results, the Group has performed a detailed going concern assessment. This assessment has relied on the Group's 2022 to 2024 business plan and has considered the profitability and solvency projections over the plan period. This business plan was presented in the context of a challenging local economic environment, with the impacts of COVID-19 continuing to affect our customers through 2021. Even under these conditions, the business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the cycle. As part of the planning process, a downside scenario has also been modelled that examined a protracted inflation scenario in developed markets and further COVID vaccine challenges being experienced in emerging markets. The results show that the Group remains sufficiently capitalised with appropriate levels of liquidity and no material uncertainty in relation to the going concern has been identified in the base business plan as well as the downside scenario.

Based on the above reviews, no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

#### 1.5 Foreign currency translation

##### Translation of foreign operations into the Group's presentation currency

The assets and liabilities of foreign operations are translated from their respective functional currencies into the Group's presentation currency (being the South African Rand), using the period-end exchange rates, and their income and expenses using the average exchange rates for the year. Cumulative translation gains and losses up to 1 January 2015, being the effective date of the Group's conversion to IFRS, were reset to zero. Other than in respect of cumulative translation gains and losses up to 1 January 2015, cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. To the extent that these gains and losses are effectively hedged, the cumulative effect of such gains and losses arising on the hedging instruments are also included in that component of shareholders' equity. Upon the disposal of subsidiaries, the cumulative amount of exchange differences post 1 January 2015, deferred in shareholders' equity is recognised in profit or loss. The accounting for Zimbabwe as a hyperinflationary economy is excluded from this policy and is explained in note A2(b).

The exchange rates used to translate the operating results, assets and liabilities of key foreign businesses to rand are:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	20.3372	21.5601	21.1126	20.0650
US dollar	14.7870	15.9372	16.4597	14.6836
Kenyan shilling	0.1348	0.1409	0.1552	0.1344
Zimbabwe dollar <sup>1</sup>	0.1099	0.1099	0.1335	0.1335

<sup>1</sup> Income statement also translated at closing rate due to hyperinflation accounting being applied.

#### 1.6 Basis of preparation of Adjusted Headline Earnings

##### Purpose of Adjusted Headline Earnings

Adjusted Headline Earnings (AHE) is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. It is one of a range of measures used to assess management performance and performance based remuneration outcomes. In addition, it is used in setting the dividend to be paid to shareholders. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Due to the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listings Requirements and SAICA circular 01/2021 adjusted for items that are not considered reflective of the long term economic performance of the Group. AHE is presented to show separately the Results from Operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The Committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## A: Significant accounting policies

### A1: Basis of preparation

The adjustments applied in the determination of AHE are:

#### (a) Investment return adjustment for Group equity and debt instruments held in policyholder funds

Represents the investment returns on policyholder investments in Group equity and debt instruments held by the Group's policyholder funds. This includes investments in the Company's ordinary shares and the subordinated debt and ordinary shares issued by subsidiaries of the Group. These investment returns are eliminated within the consolidated income statement in arriving at profit before tax, but are added back in the calculation of AHE. This ensures consistency with the measurement of the related policyholder liability.

#### (b) Impact of restructuring

Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. This adjustment would therefore include items such as the costs or income associated with completed acquisitions or disposals and the release of any acquisition date provisions. These items are removed from AHE as they are not representative of the operating activity of the Group and by their nature they are not expected to persist in the long term.

#### (c) Operations in hyperinflationary economies

Until such time as we are able to access capital by way of dividends from the business in Zimbabwe, we will manage it on a ring fenced basis and exclude its results from AHE. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019.

#### (d) Non-core operations

Represents the elimination of the results of businesses or operations classified as non-core. This adjustment represents the net losses associated with the operations of the Residual plc. Residual plc is not considered part of the Group's principal operations due to the fact that it is in the process of winding down and therefore the associated costs are removed from AHE.

### 1.7 Basis of preparation of other non IFRS measures

The Group uses AHE in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below.

#### (a) Return on Adjusted Net Asset Value (RoNAV)

RoNAV (expressed as a percentage), is calculated as AHE divided by the average of the opening, mid-year and closing balances of Adjusted IFRS equity. Adjusted IFRS equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations (if applicable) and operations in hyperinflationary economies. A reconciliation is presented in note C3.

Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that Earnings was recognised in AHE.

RoNAV is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is assessed. The adjustments made to Adjusted IFRS equity mirror those made in AHE to ensure consistency of the numerator and denominator in the calculation of RoNAV.

#### (b) AHE per share

AHE per share is calculated as AHE divided by the Adjusted weighted average number of shares. The weighted average number of shares is adjusted to reflect the Group's BEE shares and the shares held in policyholder funds and consolidated investment funds as being in the hands of third parties, consistent with the treatment of the related revenue in AHE. Refer to note C1 for more information.

AHE per share is used alongside IFRS earnings, to assess performance of the Group. It is also used in assessing and setting the dividend to be paid to shareholders.

## A2 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2020. Due to the impact that COVID-19 has had on the economy, additional disclosure on the valuation impacts and sensitivities thereto of the Group's assets and liabilities has been provided in the notes to which they relate.

Covid-19 has continued to have an impact on OM and the change in estimates and judgements has been disclosed in the underlying notes. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

### Critical accounting judgements

The following sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year.

Critical accounting estimate	Accounting policy reference
Nedbank unbundling and dividend-in-specie	A2(a)
Accounting matters relating to Zimbabwe	A2(b)

#### (a) Investment in Nedbank

##### Accounting for the Group's stake in Nedbank at 31 December 2021

Following the unbundling of Nedbank Group Limited (Nedbank) during 2018, the Group retained a strategic shareholder interest that had been accounted for in terms of the equity accounting method and classified as an investment in an associated undertaking.

On 23 June 2021, the Group announced its intention to unbundle 12.2% of its 19.4% stake in Nedbank by way of a distribution in specie. The Group believes that the unbundling is in the best interests of shareholders and allows shareholders to participate directly in the investment cases of both businesses whilst providing a return of capital to shareholders.

##### Initial accounting treatment of the distributed stake and the retained stake

Based on the facts and circumstances that existed at 23 June 2021, the Directors had formally assessed and concluded that it was appropriate to classify the 12.2% stake being distributed as an asset held for sale and distribution. Due to the proximity of this date and the interim reporting date of 30 June 2021, the effective date of classification as held for sale and distribution was noted as 30 June 2021 and treated as such in the interim financial statements.

The total stake in Nedbank was assessed for impairment and a subsequent remeasurement adjustment was recognised in terms of IFRS 5 for the distributed stake. The Group had recognised a reversal of previously recognised impairments to the value of R108 million for the total stake, as well as a remeasurement loss of R47 million on the distributed stake. The resultant carrying values were R10 591 million for the distributed stake and R6 298 million for the retained stake at 30 June 2021. Accounting guidance also prescribes that upon reclassification, equity accounting is no longer applied to assets classified as held for sale and distribution.

##### Subsequent accounting treatment of the distributed stake

As the distributed stake had been classified as held for sale and distribution, any increases in fair value less costs to sell can be recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognised in accordance with IFRS 5 or previously in accordance with IAS 36. A remeasurement gain of R65 million has been recognised until the date of unbundling, resulting in a pre-unbundling carrying value of R10 656 million.

Furthermore, dividends of R269 million have been received on the distributed stake and recognised in the income statement.

A held for distribution liability of R10 656 million had been raised post the approval from the Prudential Authority and the South African Reserve Bank. The held for distribution liability was discharged by crediting the distributed stake, effectively derecognising the held for sale and distribution investment off the balance sheet.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## A: Significant accounting policies

### A2: Critical accounting estimates and judgements

#### Subsequent accounting treatment of the retained stake

The retained stake continued to be classified as an investment in an associated undertaking until the date of unbundling of the distributed stake.

The equity accounted earnings of Nedbank have been extrapolated from HY 2021, resulting in additional earnings of R261 million on the retained stake for the second half of the year. This takes the equity accounted earnings on the total stake to R1 289 million for the year.

Dividends of R159 million have been received and taken against the carrying amount of the investment in an associated undertaking. The carrying amount of the investment in an associated undertaking was compared to the recoverable amount and an impairment loss of R92 million was recognised, resulting in a carrying value of R6 308 million immediately prior to reclassification.

Following the unbundling of the distributed stake on 8 November, the Group no longer has significant influence in Nedbank and the retained stake was reclassified to investments and securities at fair value through profit or loss. Previous gains taken to other comprehensive income for foreign exchange differences and fair value movements relating to the total stake, have now been reclassified through profit or loss in the income statement.

Part of this investment (5.3%) has been hedged, limiting the exposure to movements in the share price of Nedbank. The market movement of the hedge has been accounted for as part of the Group's shareholder investment return, consistent with the fair value movement of the retained stake post reclassification.

The fair value of the retained stake is R5 919 million at 31 December 2021.

#### Tax impacts of the distributed stake and the retained stake

The general principle in IAS 12 is that deferred tax is recognised on all taxable temporary differences, with a deferred tax liability recognised on any increase in the carrying value of an investment over its tax base.

IAS 12 provides for certain exceptions on recognition of deferred tax, one of which was applied in the treatment of Nedbank. Given the intention to unbundle the distributed stake, a deferred tax liability was raised. For the distributed stake, the difference between the carrying value under IFRS 5 and the tax base of the investment was a taxable difference in terms of IAS 12, resulting in a tax liability of R731 million at the capital gains tax rate. This amount was reclassified from deferred tax to a current tax liability upon recognition of the held for distribution liability and was settled prior to 31 December 2021.

As the retained stake has been reclassified to investments and securities at fair value through profit or loss, the difference between the fair value and the tax base of the investment results in a taxable temporary difference in terms of IAS 12. Deferred tax has been recognised on this temporary difference at the capital gains tax rate amounting to R429 million at 31 December 2021.

### (b) Accounting matters relating to Zimbabwe

#### Zimbabwe as a hyperinflationary economy

During the year, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. This decision was made after careful assessment of the relevant factors including the continued high official inflation rates.

The results of our operations with a functional currency of Zimbabwe dollar (ZWL\$) have been prepared in accordance with IAS 29 – 'Financial Reporting in Hyperinflationary Economies'. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the year in order to account for the effect of loss of purchasing power during the year. Consistent with the prior year, the Group has elected to use the Zimbabwe Consumer Price Index (CPI) of 3,977.5 at 31 December 2021 (2,474.5: 31 December 2020) to restate amounts, as CPI provides an official observable indication of the change in the price of goods and services.

The application of hyperinflation accounting has been applied consistently with the principles outlined in both the 2019 and 2020 financial statements. The impact of applying IAS 29 in the current year resulted in a decrease in net asset value and profit after tax of R94 million.

#### Application of hyperinflationary accounting

On 20 February 2019, the Reserve Bank of Zimbabwe (RBZ) announced that the ZWL\$ would be recognised as an official currency and that an inter-bank foreign exchange market would be established to formalise trading in ZWL\$ with other currencies. For the year ended 31 December 2019, the Group applied this exchange rate in the translation of the financial results and position of the Zimbabwe business.

During the prior year, the RBZ suspended the inter-bank exchange rate system in order to provide for greater certainty in the pricing of goods and services in the Zimbabwe economy. In its place, the RBZ adopted a fixed exchange system at ZWL\$25 to 1 US dollar. In June 2020, the RBZ implemented a formal market-based foreign exchange trading system (auction trading system), which was operational from 23 June 2020. The intention of this system was expected to bring transparency and efficiency in the trading of foreign currency in the economy.

As the auction trading system came into operation in the previous year and the rate derived from this system did not appropriately reflect the rate for immediate delivery of foreign exchange, therefore, in the Group's judgement there is a permanent lack of exchangeability and the Group had estimated an exchange rate that more appropriately reflected observable differences between ZWL\$ and US dollar values. For the purposes of 31 December 2021 reporting, a ZWL\$ to US dollar exchange rate of 145 to 1 (110 to 1: 31 December 2020) has been applied.

The estimated exchange rate has been calculated on a similar basis to the exchange rate used in the prior year. The inputs considered in the estimate include the global relative fuel prices and the weighted average exchange rate calculated on the newly implemented formal market-based foreign exchange trading system. For the current year, management has also considered additional inputs in the determination of the estimated rate. Two further inputs into the estimated rate include the global relative maize prices between Zimbabwe and the US and a CPI adjusted group exchange rate based on the relative inflationary moves between Zimbabwe and the US.

In accordance with the provisions of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' the results, net assets and cash flows have been translated at the closing exchange rate.

#### Valuation of assets within Zimbabwe

In light of the economic conditions within Zimbabwe, the valuation of assets requires significant judgement. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe Stock Exchange (ZSE) and other international stock exchanges whilst the Group's unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS.

#### IFRS profits earned within Zimbabwe

During the current year, our operations in Zimbabwe reported pre-tax IFRS profits of R4.1 billion, of which R3.1 billion was driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the ZSE. The ZSE generated returns of 311% during the year, driven by investors seeking safe-haven assets due to continued movements in CPI. We caution users of these financial statements that these returns may reverse in the future.

#### Sensitivities

The table below illustrates the sensitivity of the condensed income statement and condensed statement of financial position to changes in the general price index:

##### Condensed income statement for the year ended 31 December 2021

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
<b>Total revenues</b>	18,513	18,606	18,746	18,979
<b>Total expenses</b>	(14,441)	(14,542)	(14,673)	(14,803)
<b>Profit before tax for the financial year</b>	4,072	4,064	4,073	4,176
Income tax expense	(138)	(139)	(141)	(226)
<b>Profit after tax for the financial year</b>	3,934	3,925	3,932	3,950

##### Condensed statement of financial position at 31 December 2021

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
<b>Total assets</b>	28,141	28,146	28,153	28,165
<b>Total (liabilities)</b>	(23,158)	(23,159)	(23,160)	(23,162)
<b>Net assets</b>	4,983	4,987	4,993	5,003

The following table illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwean business. The sensitivities include a depreciation of 50% of the existing rate. In addition, the results have also been stated at the closing parallel and auction rates as at 31 December 2021.

##### Condensed income statement for the year ended 31 December 2021

Rm	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
<b>Total revenues</b>	18,513	9,257	12,783	24,703
<b>Total expenses</b>	(14,441)	(7,221)	(9,971)	(19,270)
<b>Profit before tax for the financial year</b>	4,072	2,036	2,812	5,433
Income tax expense	(138)	(69)	(95)	(184)
<b>Profit after tax for the financial year</b>	3,934	1,967	2,717	5,249

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## A: Significant accounting policies

### A2: Critical accounting estimates and judgements

Condensed statement of financial position at 31 December 2021

	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
<b>Rm</b>				
Total assets	28,141	14,070	19,430	37,550
Total liabilities	(23,158)	(11,579)	(15,990)	(30,901)
Net assets	4,983	2,491	3,440	6,649

	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
<b>Rm</b>				
Profit after tax attributable to equity holders of the parent	3,513	1,756	2,425	4,687
Equity attributable to the equity holders of the parent	4,411	2,205	3,046	5,886

The below sensitivity shows the potential impact on the investment values and profit attributable to the equity holders of the parent, should there be significant movements on the ZSE.

For FY 2021, the ZSE recorded a gain of 311% (FY 2020: 1,046%). The return generated on the ZSE is less about company fundamentals and more about the conditions in Zimbabwe where investors are piling money into the stock market as a 'safe haven'. For FY 2021, the Zimbabwe shareholder portfolio generated a return of R3.1bn, with R2.9bn of this being generated from local equities.

	As reported	50% increase	50% decrease	75% decrease
<b>Rm</b>				
Profit after tax attributable to equity holders of the parent	3,513	5,518	1,507	504
Equity attributable to the equity holders of the parent	4,411	6,416	2,405	1,403
Listed equities (total for both shareholders and policyholders)	13,319	19,979	6,660	3,330

### Critical accounting estimates

The following table sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year. The COVID-19 global pandemic has had a significant impact on the economy and the Old Mutual business during the current period. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

Critical accounting estimates	Accounting policy reference
Measurement of policyholder liabilities	G2
Fair value measurement of financial assets and liabilities	E1/E2/E3
Estimation of uncertain tax positions	D1/H7/J4
Investments in subsidiaries, associated undertakings and joint ventures	I1/I2/I3
Impairment allowances for loans and advances	F1
Impairment of goodwill and other intangible assets	H1
Fair value of property assets	H2(b)
COVID-19 impacts	E3(c)/ F1.9/ G2/ G2(f)/ H1/ H2(b)/ H7

### A3: Liquidity analysis of the separate and consolidated statement of financial position

The separate and consolidated statements of financial position is in order of liquidity as is permitted by IAS 1 'Presentation of Financial Statements'.

Separate and consolidated statements of financial position captions generally expected to be recovered no more than 12 months after the reporting date are classified as current and as non-current if the expected recovery or settlement date is more than 12 months after the reporting date. The analysis of significant separate and consolidated statements of financial position captions into current and non-current are disclosed in the individual notes to which they relate.

### A4: Items labelled as "Other"

Where items have been found to be individually immaterial they have been disclosed under the 'Other' category. Where applicable footnotes have also been added to reflect the nature of these amounts and/or the major balances contained within these line items.

## B: Segment information

### B1: Basis of segmentation

#### 1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, was responsible for the assessment of performance and the allocation of resources of the continuing business operations during the year under review. The Group has identified the Chief Operating Decision Maker (CODM) to be the executive management team of Old Mutual Limited. The Group's operating segments have been identified based on the internal management reporting structure which is reflective of the nature of products and services as well as the target customer base. The managing directors of the operating segments form part of the executive team. Therefore, the CODM, being the executive team of Old Mutual Limited, is structured in a way reflective of the internal reporting structure.

The Group manages its business through the following operational segments, which are supported by central shareholder activities and enabling functions.

- **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- **Personal Finance and Wealth Management:** Personal Finance is 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 targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- **Old Mutual Investments:** Operates across Asset Management through three distinct segments: (i) Listed asset management comprising three affiliate businesses being Futuregrowth, Marriott and Old Mutual Investment Group. (ii) Old Mutual Alternative Investment, an unlisted investment affiliate business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- **Old Mutual Corporate:** Operates in Life and Savings and primarily provides group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- **Old Mutual Insure:** Provides non-life insurance products through three operational channels: (i) Retail (including direct: iWYZE), (ii) Speciality and (iii) Credit Guarantee (CGIC).
- **Rest of Africa:** Operates in Life and Savings, Property and Casualty (including health insurance), Banking and Lending (including micro-lending) and Asset Management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.
- **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc and investments in associated undertakings.

#### 1.2 Presentation and disclosure

Results from Operations measures the operational performance of the Group and together with items such as investment return, finance costs and income from associated undertakings, the Group's profit measure, AHE is derived.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## B: Segment information

### B2: Segmental income statement

Year ended 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
<b>Revenue</b>											
Gross insurance premium revenue	12,762	16,657	-	27,829	15,914	9,648	(409)	82,401	-	1,440	83,841
Outward reinsurance	(39)	(1,426)	-	(1,995)	(6,649)	(1,417)	407	(11,119)	-	(171)	(11,290)
Net earned premiums	12,723	15,231	-	25,834	9,265	8,231	(2)	71,282	-	1,269	72,551
Investment return (non-banking)	4,706	56,224	8,108	52,131	96	6,582	(2,145)	125,702	13,709	17,636	157,047
Banking interest and similar income	2,796	-	-	-	-	724	-	3,520	-	827	4,347
Banking trading, investment and similar income	-	-	-	-	-	79	-	79	-	354	433
Fee and commission income, and income from service activities	435	7,384	2,721	398	1,408	1,092	(1,906)	11,532	(668)	963	11,827
Other income	246	365	122	614	4	262	(49)	1,564	92	(47)	1,609
<b>Total revenue and other income</b>	<b>20,906</b>	<b>79,204</b>	<b>10,951</b>	<b>78,977</b>	<b>10,773</b>	<b>16,970</b>	<b>(4,102)</b>	<b>213,679</b>	<b>13,133</b>	<b>21,002</b>	<b>247,814</b>
<b>Expenses</b>											
Net claims and benefits (including change in insurance contract provisions)	(10,574)	(31,458)	-	(66,832)	(6,158)	(12,607)	168	(127,461)	-	(11,784)	(139,245)
Reinsurance recoveries	46	3,655	-	2,605	662	765	(110)	7,623	-	56	7,679
Net claims and benefits incurred	(10,528)	(27,803)	-	(64,227)	(5,496)	(11,842)	58	(119,838)	-	(11,728)	(131,566)
Change in investment contract liabilities	(23)	(37,554)	(7,109)	(8,927)	-	(796)	322	(54,087)	-	(860)	(54,947)
Credit impairment charges	(136)	(136)	-	(91)	-	(106)	-	(469)	-	(198)	(667)
Finance costs	-	-	-	-	-	-	-	-	-	(543)	(543)
Banking interest payable and similar expenses	(428)	(1)	-	-	-	(266)	-	(695)	-	(60)	(755)
Fee and commission expenses, and other acquisition costs	(2,604)	(4,038)	(420)	(844)	(2,626)	(947)	1,559	(9,920)	(277)	(309)	(10,506)
Change in third-party interest in consolidated funds	-	-	-	-	-	-	-	-	(11,874)	-	(11,874)
Other operating and administrative expenses	(4,225)	(7,278)	(2,297)	(3,952)	(2,108)	(3,304)	1,518	(21,646)	(982)	(2,268)	(24,896)
Policyholder tax	(210)	(1,946)	(16)	(209)	-	(100)	(159)	(2,640)	-	2,640	-
<b>Total expenses</b>	<b>(18,154)</b>	<b>(78,756)</b>	<b>(9,842)</b>	<b>(78,250)</b>	<b>(10,230)</b>	<b>(17,361)</b>	<b>3,298</b>	<b>(209,295)</b>	<b>(13,133)</b>	<b>(13,326)</b>	<b>(235,754)</b>
Share of gains of associated undertakings and joint ventures after tax	-	-	-	-	-	-	-	-	-	1,385	1,385
Impairment of investments in associated undertakings	-	-	-	-	-	-	-	-	-	18	18
Loss on disposal of subsidiaries and associates undertakings	-	-	-	-	-	-	-	-	-	(36)	(36)
<b>Results from operations</b>	<b>2,752</b>	<b>448</b>	<b>1,109</b>	<b>727</b>	<b>543</b>	<b>(391)</b>	<b>(804)</b>	<b>4,384</b>	<b>-</b>	<b>9,043</b>	<b>13,427</b>
Shareholder investment return	-	-	-	-	203	795	1,728	2,726	-	(2,726)	-
Finance costs	-	-	-	-	(29)	(90)	(424)	(543)	-	543	-
Income from associated undertakings	-	-	-	-	-	-	1,252	1,252	-	(1,252)	-
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>	<b>2,752</b>	<b>448</b>	<b>1,109</b>	<b>727</b>	<b>717</b>	<b>314</b>	<b>1,752</b>	<b>7,819</b>	<b>-</b>	<b>5,608</b>	<b>13,427</b>
Shareholder tax	(862)	(87)	(292)	(204)	(255)	(148)	(240)	(2,088)	-	(3,876)	(5,964)
Non-controlling interests	(239)	(1)	(22)	-	(101)	34	-	(329)	-	(472)	(801)
<b>Adjusted Headline Earnings</b>	<b>1,651</b>	<b>360</b>	<b>795</b>	<b>523</b>	<b>361</b>	<b>200</b>	<b>1,512</b>	<b>5,402</b>	<b>-</b>	<b>1,260</b>	<b>6,662</b>
Investment return adjustment for Group equity and debt instruments held in policy holder funds	-	-	-	-	-	(93)	(97)	(190)	-	190	-
Impact of restructuring	(288)	-	-	-	-	(9)	(1,185)	(1,482)	-	1,482	-
Operations in hyperinflationary economies	-	-	-	-	-	3,489	-	3,489	-	(3,489)	-
Non-core operations	-	-	-	-	-	-	(10)	(10)	-	10	-
<b>Headline earnings</b>	<b>1,363</b>	<b>360</b>	<b>795</b>	<b>523</b>	<b>361</b>	<b>3,587</b>	<b>220</b>	<b>7,209</b>	<b>-</b>	<b>(547)</b>	<b>6,662</b>
Adjustments											
Remeasurement of non-current asset / disposal group HFS	-	-	-	-	-	-	4	4	-	(4)	-
Reversal of impairment/(impairment) of goodwill and other intangibles assets and property plant and equipment and other											
Headline Earnings adjustments	-	1	-	-	-	1	(560)	(558)	-	558	-
Profit on disposal of property, plant and equipment	-	-	-	-	-	3	4	7	-	(7)	-
Reversal of impairment of associated undertakings	-	-	1	-	-	-	36	37	-	(37)	-
Profit on disposal of subsidiaries and associated undertakings	-	-	14	-	-	-	(51)	(37)	-	37	-
<b>Profit after tax for the financial year attributable to equity holders of the parent</b>	<b>1,363</b>	<b>361</b>	<b>810</b>	<b>523</b>	<b>361</b>	<b>3,591</b>	<b>(347)</b>	<b>6,662</b>	<b>-</b>	<b>-</b>	<b>6,662</b>
Profit for the financial year attributable to non-controlling interests	243	9	22	38	101	388	-	801	-	-	801
<b>Profit after tax for the financial year</b>	<b>1,606</b>	<b>370</b>	<b>832</b>	<b>561</b>	<b>462</b>	<b>3,979</b>	<b>(347)</b>	<b>7,463</b>	<b>-</b>	<b>-</b>	<b>7,463</b>

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1,082 million (2020: R1,085 million), Personal Finance and Wealth Management is R5,395 million (2020: R11,659 million), Old Mutual Investments is R5,568 million (2020: R3,557 million), Old Mutual Corporate is R9,329 million (2020: R11,447 million), Old Mutual Insure is R1 million (2020: R1 million), Rest of Africa is R51 million (2020: R16 million) and Other Group Activities is R12,732 million (2020: R6,392 million).

Segmental income statements are disclosed to match the way the business is managed. This will not align to Disaggregated revenue (D9) as it represents the IFRS 15 view of income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## B: Segment information

### B2: Segmental income statement<sup>1</sup>

Year ended 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
<b>Revenue</b>											
Gross insurance premium revenue	13,061	15,929	-	28,012	14,839	9,165	(103)	80,903	-	668	81,571
Outward reinsurance	(38)	(1,346)	-	(1,105)	(5,398)	(1,157)	102	(8,942)	-	(167)	(9,109)
Net earned premiums	13,023	14,583	-	26,907	9,441	8,008	(1)	71,961	-	501	72,462
Investment return (non-banking)	1,172	27,530	2,272	17,351	231	2,775	(2,553)	48,778	(1,121)	9,283	56,940
Banking interest and similar income	3,489	-	-	-	-	930	-	4,419	-	315	4,734
Banking trading, investment and similar income	-	-	-	-	-	81	-	81	-	260	341
Fee and commission income, and income from service activities	540	6,812	2,069	371	1,013	1,082	(1,917)	9,970	-	439	10,409
Other income	270	375	85	692	1	215	(72)	1,566	39	42	1,647
<b>Total revenue and other income</b>	<b>18,494</b>	<b>49,300</b>	<b>4,426</b>	<b>45,321</b>	<b>10,686</b>	<b>13,091</b>	<b>(4,543)</b>	<b>136,775</b>	<b>(1,082)</b>	<b>10,840</b>	<b>146,533</b>
<b>Expenses</b>											
Net claims and benefits (including change in insurance contract provisions)	(7,874)	(21,030)	-	(38,538)	(14,974)	(8,280)	154	(90,542)	-	(4,870)	(95,412)
Reinsurance recoveries	37	2,317	-	1,521	8,678	934	(93)	13,394	-	37	13,431
Net claims and benefits incurred	(7,837)	(18,713)	-	(37,017)	(6,296)	(7,346)	61	(77,148)	-	(4,833)	(81,981)
Change in investment contract liabilities	15	(17,455)	(2,307)	(2,578)	-	(234)	(74)	(22,633)	-	(1,370)	(24,003)
Credit impairment charges	(1,949)	(199)	-	(373)	-	(319)	(1)	(2,841)	-	(33)	(2,874)
Finance costs	-	-	-	-	-	-	-	-	-	(484)	(484)
Banking interest payable and similar expenses	(612)	-	-	-	-	(347)	-	(959)	-	(94)	(1,053)
Fee and commission expenses, and other acquisition costs	(2,572)	(3,747)	(444)	(745)	(2,499)	(886)	1,488	(9,405)	(241)	(157)	(9,803)
Change in third-party interest in consolidated funds	-	-	-	-	-	-	-	-	3,479	-	3,479
Other operating and administrative expenses	(4,273)	(7,202)	(1,489)	(4,882)	(2,022)	(3,656)	2,575	(20,949)	(2,156)	(1,944)	(25,049)
Policyholder tax	(1)	(1,459)	(6)	361	-	(111)	39	(1,177)	-	1,177	-
<b>Total expenses</b>	<b>(17,229)</b>	<b>(48,775)</b>	<b>(4,246)</b>	<b>(45,234)</b>	<b>(10,817)</b>	<b>(12,899)</b>	<b>4,088</b>	<b>(135,112)</b>	<b>1,082</b>	<b>(7,738)</b>	<b>(141,768)</b>
Share of gains/(losses) of associated undertakings and joint ventures	-	-	-	-	-	-	-	-	-	592	592
Impairment of investment in associated undertakings	-	-	-	-	-	-	-	-	-	(8,629)	(8,629)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-	-	-	-	-	-	-	-
<b>Results from operations</b>	<b>1,265</b>	<b>525</b>	<b>180</b>	<b>87</b>	<b>(131)</b>	<b>192</b>	<b>(455)</b>	<b>1,663</b>	<b>-</b>	<b>(4,935)</b>	<b>(3,272)</b>
Shareholder investment return	-	-	-	-	89	311	1,212	1,612	-	(1,612)	-
Finance costs	-	-	-	-	(35)	(118)	(331)	(484)	-	484	-
Income from associated undertakings	-	-	-	-	-	-	917	917	-	(917)	-
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>	<b>1,265</b>	<b>525</b>	<b>180</b>	<b>87</b>	<b>(77)</b>	<b>385</b>	<b>1,343</b>	<b>3,708</b>	<b>-</b>	<b>(6,980)</b>	<b>(3,272)</b>
Shareholder tax	(448)	(154)	(128)	(26)	5	(311)	(126)	(1,188)	-	(888)	(2,076)
Non-controlling interests	(41)	-	(17)	-	1	21	-	(36)	-	287	251
<b>Adjusted Headline Earnings</b>	<b>776</b>	<b>371</b>	<b>35</b>	<b>61</b>	<b>(71)</b>	<b>95</b>	<b>1,217</b>	<b>2,484</b>	<b>-</b>	<b>(7,581)</b>	<b>(5,097)</b>
Investment return adjustment for Group equity and debt instruments held in policy holder funds	(33)	(85)	-	(315)	-	62	1,156	785	-	(785)	-
Impact of restructuring	210	294	-	-	-	(7)	-	497	-	(497)	-
Operations in hyperinflationary economies	-	-	-	-	-	1,093	-	1,093	-	(1,093)	-
Non-core operations	-	-	-	-	-	-	229	229	-	(229)	-
<b>Headline earnings</b>	<b>953</b>	<b>580</b>	<b>35</b>	<b>(254)</b>	<b>(71)</b>	<b>1,243</b>	<b>2,602</b>	<b>5,088</b>	<b>-</b>	<b>(10,185)</b>	<b>(5,097)</b>
Impairment of goodwill and other intangibles assets and property plant and equipment and other Headline Earnings adjustments	(1,127)	-	-	-	-	-	(281)	(1,408)	-	1,408	-
Impairment of associated undertakings	-	-	(9)	-	-	-	(8,768)	(8,777)	-	8,777	-
Profit/(loss) on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Profit on disposal of subsidiaries, associated undertakings and strategic investments	-	-	-	-	-	-	-	-	-	-	-
<b>(Loss)/Profit for the financial year attributable to equity holders</b>	<b>(174)</b>	<b>580</b>	<b>26</b>	<b>(254)</b>	<b>(71)</b>	<b>1,243</b>	<b>(6,447)</b>	<b>(5,097)</b>	<b>-</b>	<b>-</b>	<b>(5,097)</b>
(Loss)/Profit for the financial year attributable to non-controlling interests	(338)	(5)	17	(29)	(1)	105	-	(251)	-	-	(251)
<b>(Loss)/Profit for the financial year attributable to equity holders</b>	<b>(512)</b>	<b>575</b>	<b>43</b>	<b>(283)</b>	<b>(72)</b>	<b>1,348</b>	<b>(6,447)</b>	<b>(5,348)</b>	<b>-</b>	<b>-</b>	<b>(5,348)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## B: Segment information

### B3: Segmental statement of financial position

At 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
<b>Total assets<sup>1</sup></b>	<b>36,847</b>	<b>412,951</b>	<b>68,049</b>	<b>318,611</b>	<b>16,971</b>	<b>88,693</b>	<b>29,091</b>	<b>82,641</b>	<b>1,053,854</b>
Policyholder liabilities	(16,070)	(381,024)	(58,111)	(288,282)	–	(53,945)	2,813	–	(794,619)
Life insurance contracts liabilities	(141)	(83,787)	(3)	(62,926)	–	(9,305)	813	–	(155,349)
Investment contract liabilities with discretionary participating features	(15,845)	(16,911)	–	(176,462)	–	(36,265)	–	–	(245,483)
Investment contract liabilities	(84)	(280,326)	(58,108)	(48,894)	–	(8,375)	2,000	–	(393,787)
Property and Casualty insurance liabilities	–	–	–	–	(7,630)	(3,576)	–	–	(11,206)
Other liabilities	(17,253)	(28,200)	(5,345)	(29,769)	(5,071)	(14,424)	91	(82,757)	(182,728)
<b>Total liabilities</b>	<b>(33,323)</b>	<b>(409,224)</b>	<b>(63,456)</b>	<b>(318,051)</b>	<b>(12,701)</b>	<b>(71,945)</b>	<b>2,904</b>	<b>(82,757)</b>	<b>(988,553)</b>
<b>Net assets</b>	<b>3,524</b>	<b>3,727</b>	<b>4,593</b>	<b>560</b>	<b>4,270</b>	<b>16,748</b>	<b>31,995</b>	<b>(116)</b>	<b>65,301</b>

At 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
<b>Total assets<sup>1</sup></b>	<b>31,455</b>	<b>361,052</b>	<b>59,845</b>	<b>287,336</b>	<b>19,850</b>	<b>65,980</b>	<b>38,884</b>	<b>76,280</b>	<b>940,682</b>
Policyholder liabilities	(13,544)	(328,673)	(50,765)	(253,143)	–	(39,106)	2,267	–	(682,964)
Life insurance contracts liabilities	(195)	(77,893)	(3)	(60,201)	–	(7,758)	514	–	(145,536)
Investment contract liabilities with discretionary participating features	(13,280)	(15,377)	–	(151,384)	–	(23,076)	–	–	(203,117)
Investment contract liabilities	(69)	(235,403)	(50,762)	(41,558)	–	(8,272)	1,753	–	(334,311)
Property and Casualty insurance liabilities	–	–	–	–	(11,202)	(3,253)	–	–	(14,455)
Other liabilities	(14,625)	(28,836)	(5,310)	(33,741)	(4,862)	(12,684)	3,022	(76,904)	(173,940)
<b>Total liabilities</b>	<b>(28,169)</b>	<b>(357,509)</b>	<b>(56,075)</b>	<b>(286,884)</b>	<b>(16,064)</b>	<b>(55,043)</b>	<b>5,289</b>	<b>(76,904)</b>	<b>(871,359)</b>
<b>Net assets</b>	<b>3,286</b>	<b>3,543</b>	<b>3,770</b>	<b>452</b>	<b>3,786</b>	<b>10,937</b>	<b>44,173</b>	<b>(624)</b>	<b>69,323</b>

<sup>1</sup> Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster is R 23 million (2020: R 2 million), Personal Finance and Wealth Management is R 46 million (2020: R 4 million), Old Mutual Corporate is R 200 million (2020: R 15 million), Rest of Africa is R Nil (2020: R 63 million) and Old Mutual Insure is R Nil (2020: R Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## C: Other key performance information

### C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2021 cents	2020 cents
Basic earnings/(loss) per share	IFRS	C1(a)	151.3	(116.3)
Diluted earnings/(loss) per share	IFRS	C1(b)	148.9	(116.3)
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	163.8	116.1
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	161.2	116.1

#### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit for the financial year attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the year excluding own shares held in policyholder funds, Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment trusts. These shares are regarded as treasury shares.

Year ended 31 December Rm	2021	2020
Profit/(loss) for the financial year attributable to equity holders of the parent from operations	6,662	(5,097)

The following table summarises the calculation of the weighted average number of ordinary shares for the purposes of calculating basic earnings per share:

Year ended 31 December	2021	2020
Weighted average number of ordinary shares in issue (millions)	4,709	4,709
Shares held in charitable foundations and trusts (millions)	(18)	(19)
Shares held in ESOP and similar trusts (millions)	(133)	(116)
Adjusted weighted average number of ordinary shares (millions)	4,558	4,574
Shares held in policyholder and consolidated investment funds (millions)	(139)	(179)
Shares held in Black Economic Empowerment trusts (millions)	(17)	(14)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	4,402	4,381
Basic earnings/(loss) per ordinary share (cents)	151.3	(116.3)

#### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

The following table reconciles the profit attributable to ordinary equity holders to diluted profit attributable to ordinary equity holders and summarises the calculation of weighted average number of shares for the purpose of calculating diluted basic earnings per share:

For the year ended 31 December	Notes	2021	2020
Profit/(Loss) attributable to ordinary equity holders (Rm)		6,662	(5,097)
Weighted average number of ordinary shares (millions)	C1(a)	4,402	4,381
Adjustments for share options held by ESOP and similar trusts (millions) <sup>1</sup>		54	-
Adjustments for shares held in Black Economic Empowerment trusts (millions) <sup>1</sup>		17	-
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		4,473	4,381
Diluted earnings/(loss) per ordinary share (cents)		148.9	(116.3)

<sup>1</sup> The impact of these trusts on weighted average number of shares were excluded in the prior year as their inclusion would have an antidilutive effect. This is only applicable in periods when a loss attributable to ordinary equity holders is recorded.

#### (c) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

Year ended 31 December Rm	Notes	2021		2020	
		Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
Profit/(loss) attributable to ordinary equity holders			6,662		(5,097)
Adjustments:					
Impairments of goodwill, intangible assets and property, plant and equipment		648	559	1,796	1,395
Impairment of investment in associated undertakings		(18)	(37)	8,777	8,777
Remeasurement of non-current asset held for sale		(18)	(4)	-	-
(Profit)/loss on disposal of property and equipment		(7)	(7)	17	13
Loss on disposal of subsidiaries, associated undertakings and joint ventures		36	36	-	-
Total adjustments		641	547	10,590	10,185
Headline Earnings			7,209		5,088
Weighted average number of ordinary shares (millions)	C1(a)		4,402		4,381
Diluted weighted average number of ordinary shares (millions)	C1(b)		4,473		4,381
Headline Earnings per share (cents)			163.8		116.1
Diluted Headline Earnings per share (cents) <sup>1</sup>			161.2		116.1

<sup>1</sup> Diluted Headline Earnings per share has been calculated using the same weighted average number of ordinary shares used to calculate diluted loss per share, in accordance with the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## C: Other key performance information

### C2: Net asset value per share and tangible net asset value per share

Net asset value per share is calculated as total assets minus total liabilities divided by the total number of ordinary shares in issue at year end.

Net tangible asset value per share is calculated as total assets minus goodwill and other intangible assets minus total liabilities divided by the total number of shares in issue at year end.

Year ended 31 December Rand	2021	2020
Net asset value per share	13.9	14.7
Net tangible asset value per share	12.5	13.5

### C3: Return on Net Asset Value (RoNAV)

The following table outlines the calculation of RoNAV, using AHE disclosed on page 21. The basis of preparation of RoNAV is described in note A1.7.

Year ended 31 December Rbn or %	2021	2020
Total RoNAV (%)	9.0%	3.8%
Average Adjusted IFRS Equity (Rbn) <sup>1</sup>	59.8	65.2
Closing Adjusted IFRS Equity (Rbn)	55.8	64.2

<sup>1</sup> Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that Earnings was recognised in AHE.

#### Reconciliation of equity attributable to the holders of the parent to closing adjusted IFRS equity

Rbn	Notes	2021	2020
Equity attributable to the holders of the parent		62.2	67.0
Equity in respect of associated undertakings <sup>1</sup>		–	(15.8)
Equity in respect of operations in hyperinflationary economies		(4.4)	(0.7)
Equity in respect of non-core operations		(2.1)	(2.7)
Consolidation adjustments		0.1	0.6
<b>Equity attributable to operating segments</b>		<b>55.8</b>	<b>48.4</b>
Equity attributable to the Group's stake in Nedbank	A2	–	15.8
<b>Closing Adjusted IFRS equity</b>		<b>55.8</b>	<b>64.2</b>

<sup>1</sup> In 2020, this represents the Group's 19.4% stake in Nedbank at fair value. Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, the retained stake in Nedbank is no longer classified as an associated undertaking and is included in the Equity attributable to operating segments.

### C4: Dividends

Year ended 31 December Rm	Ordinary dividend payment date	2021	2020
2019 Final dividend paid – 75.00c per share	4 May 2020	–	3,346
2020 Final dividend paid – 35.00c per share	24 May 2021	1,565	–
2021 Interim dividend paid – 25.00c per share	11 October 2021	1,121	–
2021 Dividend in specie (refer to note A2(a))	08 November 2021	10,656	–
<b>Dividend payments to ordinary equity holders for the year</b>		<b>13,342</b>	<b>3,346</b>

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in ESOP trusts, life funds of Group entities, Black Economic Empowerment trusts and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of those countries (or, in the case of Namibia, the Namibian section of the principal register) are settled through Dividend Access Trusts established for that purpose.

During the prior year, the Board deemed it appropriate to hold the interim dividend for the six months ended 30 June 2020. Dividends has since resumed.

A final dividend of 51 cents (or its equivalent in other applicable currencies) per ordinary share in the Company has been declared by the directors and will be paid on 23 May 2022 to shareholders on all registers.

## D: Other consolidated income statement notes

### Accounting policies

The Group provides financial services, such as insurance, asset management and banking & lending services to our customers. Fees and commission from asset management and banking & lending services are accounted for as revenue from contracts with customers, while revenue from insurance contracts is accounted for in accordance with the accounting policies for gross insurance premium revenue (G2). Investment returns (fair value gains or losses, interest income and dividend income) earned on behalf of shareholders and customers are recognised in accordance with the accounting policies for financial instruments (note E).

### Basic revenue recognition principle

The Group recognises revenue from contracts with customers based on the amount expected to be received from customers when the performance obligations agreed to by the Group have been satisfied. Performance obligations are satisfied through the transfer of the promised services to the customer. The Group transfers the promised service over time or at a point in time depending on the nature of the promised services. In the majority of instances, the performance obligations are satisfied as the Group renders the agreed financial services to our customers over time.

### Banking and lending

The Group provides banking and lending services to retail and corporate customers. These services include, but are not limited to account management, transaction support, provision of overdraft facilities and issuing of loans. Revenue from account management and provision of overdraft facilities are recognised over time as the Group renders these services. Revenue derived from specific transactions are recognised when the transaction takes place. Loan origination fees are included in the yield on the loan provided and are recognised as part of interest income through the effective interest method.

Fee and commission income on lending activities relates primarily to administration fees. These fees are recognised as revenue over time as the Group administers the loan accounts for our clients. In the lending business the administration fee income is realised through loan instalment collection process.

The Group also earns fee and commission income from transactions performed by our clients. The fee and commission income is recognised on the date of the transaction. The fee and commission income from particular transactions are realised through a reduction in the amount due to depositors. The amount of the fee is agreed to with our clients.

### Asset management

Revenue from asset management consists of asset management fees, performance fees and administration fees. Fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities.

If the amount of the fee can be reliably estimated, the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, the recognition of fees is delayed until significant uncertainty regarding the Group's entitlement to the fee and the measurement of the fee have been resolved.

Fee and commission income is earned through providing asset management and related investment administration services to our clients.

Fee and commission income is primarily based on funds-under-management, investment commitment values or amounts drawn from investors. Fee and commission income is generally recognised over time, on a monthly basis, as the services are rendered. Fee and commission income earned from collective investment schemes is recognised over time, on a daily basis, as the services are rendered.

Fee and commission income is generally realised during the first work week of the month succeeding the period of service. In some instances, fee and commission income is realised between 30 and 45 days in arrears or as agreed with our clients. Fee and commission income is realised through a reduction from our clients' investments portfolios or through a separate invoice and collection process.

In some instances, an initial fee is charged to the clients when entering into an investment agreement with the Group. The initial fee is collected as a reduction from the initial amount invested with the Group or through a separate payment made by the client. Initial fees, which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over periods between five and 10 years as the services are rendered.

The Group earns transaction fees from assisting clients with specific transactions on their portfolios. These fees are recognised when the transaction has been completed and are realised through a reduction in the client portfolio.

The Group earns a performance fee if certain performance thresholds and other criteria are met. The performance fee is deducted from the portfolio or is invoiced separately as per the terms of the contract. The rate that the fee and commission income is charged at is agreed with our clients in investment mandates.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## D: Other consolidated income statement notes

### Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured at the amount of revenue recognised. A contract liability exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation. The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligation to the customer.

### Costs incurred in acquiring investment management service contracts

Incremental costs that are directly attributable to securing an investment management service contract are recognised as assets if the costs can be identified separately, measured reliably and it is probable that the costs will be recovered.

Costs of obtaining contracts are those costs that the Group incurs in acquiring investment management service contracts and are amortised as the related revenue is recognised.

## D1: Income tax expense

### Current tax

Included within the tax charge are charges relating to:

- Normal income tax
- Taxes payable on behalf of policyholders
- Withholding tax borne by the group

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax charge and worldwide provisions for income tax necessarily involves a degree of estimation and judgement. At any given time the Group typically has a number of open tax returns with various tax authorities and engages in active dialogue to resolve this. Taxation provisions relating to these open items are recognised based on the Group's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period such determination is made.

### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be set off. In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profits.

### Significant accounting estimate and judgements – uncertain tax positions

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management, are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue Authorities in the various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Group is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts ultimately payable may differ from the provision recognised.

### IFRIC 23 Uncertainty over Income Tax Treatments

The Group records and evaluates tax positions in terms of IFRIC 23 – Uncertainty over Income Tax Treatments, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and IAS 12 – Income Taxes, which sets out how to account for the tax position, when there is uncertainty over income tax treatments. Uncertain tax positions are based on the most likely outcome of the liability based on a probability weighted average approach. Where applicable, the impact of IFRIC 23 on the respective legal entities in the Group has been considered and adequate amounts provided.

## (a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Rm	2021	2020
<b>Current tax</b>		
South Africa	3,697	2,041
Overseas tax		
Rest of Africa	374	456
Rest of the world	–	(64)
Withholding taxes	295	(7)
Adjustments to current tax in respect of prior years	31	9
<b>Total current tax</b>	<b>4,397</b>	<b>2,435</b>
<b>Deferred tax</b>		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,695	(445)
Write-down of deferred tax assets	15	1
Adjustments to deferred tax in respect of prior years	(143)	85
<b>Total deferred tax</b>	<b>1,567</b>	<b>(359)</b>
<b>Total income tax expense</b>	<b>5,964</b>	<b>2,076</b>
<b>Attributable to</b>		
Shareholder funds	3,314	907
Policyholder funds	2,650	1,169
<b>Total income tax expense</b>	<b>5,964</b>	<b>2,076</b>

For South African entities that are in a tax paying position, tax has been provided at 28% (2020: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Old Mutual Limited is domiciled in South Africa and the most significant operations are in South Africa.

## (b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from operations from the different tax jurisdictions had been taxed at the South African standard corporation tax rate. The difference in the effective rate of the operations is explained below:

Year ended 31 December	Note	2021	2020
<b>Rm</b>			
<b>Profit/(loss) before tax</b>		<b>13,427</b>	<b>(3,272)</b>
Tax at South African standard rate of 28.0% (2020: 28.0%)		3,759	(916)
Different tax rate or basis on foreign operations		(74)	(60)
Untaxed and low taxed income <sup>1</sup>		(2,055)	(1,903)
Disallowable expenses <sup>2</sup>		880	4,148
Adjustments to current tax in respect of prior years		(36)	46
Net movement on deferred tax assets not recognised		274	53
Adjustments to deferred tax in respect of prior years		(2)	72
Withholding taxes <sup>3</sup>		66	(209)
Income tax attributable to policyholder returns		1,908	845
Tax impact of Nedbank unbundling	A2(a)	1,250	–
Other		(6)	–
		<b>5,964</b>	<b>2,076</b>

<sup>1</sup> Includes exempt income, capital gains taxed at lower than the corporate tax rate and untaxed share of joint venture and associated profits.

<sup>2</sup> Disallowable expenses includes impairments R Nil (2020: R3,212 million) with the balance mainly relating to expenses incurred in the production of non-taxable income and are therefore non-deductible for tax purposes.

<sup>3</sup> The withholding tax included in the 'Reconciliation of total income tax expense' includes the shareholder tax component only.

## (c) Income tax relating to components of other comprehensive income

The total income tax expense relating to items recognised in other comprehensive income for the year comprises of the following:

Year ended 31 December	2021	2020
<b>Rm</b>		
Measurement gains on defined benefit plans	8	50
Property revaluation reserve	12	13
<b>Income tax on items that will not be reclassified subsequently to profit or loss</b>	<b>20</b>	<b>63</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## D: Other consolidated income statement notes

### D2: Investment return (non-banking)

This note analyses the investment return from the non-banking activities of the Group.

Rm	2021	2020
<b>Interest and similar income</b>		
Loans and advances	25	15
Investments and securities	22,491	24,052
Cash and cash equivalents	854	1,076
<b>Total interest and similar income</b>	<b>23,370</b>	<b>25,143</b>
Dividend income from investments and securities	12,535	11,118
Net fair value gains recognised in profit or loss	115,236	17,294
Rental income from investment properties	3,597	3,023
Net fair value gains on the revaluation of investment property	2,285	116
Net foreign currency gains	24	246
<b>Total amounts recognised in profit or loss</b>	<b>157,047</b>	<b>56,940</b>
Total interest income for assets measured at amortised cost (effective interest rate)	9	5
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:		
Designated and mandatorily at fair value through profit or loss	115,236	17,294

### D3: Banking interest and similar income

This note analyses the interest earned on loans and advances from the banking activities of the Group's businesses.

Rm	2021	2020
<b>Loans and advances</b>	<b>4,235</b>	<b>4,668</b>
Mortgage loans	624	193
Bills and acceptances	13	27
Overdrafts	59	30
Term loans and other <sup>1</sup>	3,539	4,418
<b>Investments and securities</b>	<b>112</b>	<b>66</b>
Government and government-guaranteed securities	94	54
Other debt securities, preference shares and debentures	18	12
<b>Total interest and similar income</b>	<b>4,347</b>	<b>4,734</b>
Total interest income for assets not at fair value through profit or loss	3,432	3,679

<sup>1</sup> Term loans and other includes commercial mortgages, deposits placed under repurchase agreements, preference shares and debentures and unsecured and other loans.

### D4: Fee and commission income, and income from service activities

This note analyses the fees and commission, earned by the Group, from negotiating, or participating in the negotiation of a transaction for third-parties, transaction and performance fees earned and administration fees.

Year ended 31 December Rm	2021	2020
Fee and commission income	11,051	9,952
Transaction and performance fees	798	446
Administration fees <sup>1</sup>	(22)	11
	<b>11,827</b>	<b>10,409</b>

<sup>1</sup> The primary reason for this amount being negative is due to an uptick in Fixed Bond sales and the introduction of the CNQS Reinsurance Programme.

### D5: Finance costs

Finance costs include interest payable, and gains and losses on revaluation of borrowed funds and on those derivative instruments which are used as economic hedges.

Rm	Note	2021	2020
<b>Interest on borrowed funds</b>		<b>534</b>	<b>607</b>
Subordinated debt		534	607
<b>Fair value gains and losses</b>		<b>9</b>	<b>(123)</b>
Borrowed funds		(177)	38
Derivative instruments used as economic hedges		186	(161)
<b>Total finance costs excluding banking activities</b>		<b>543</b>	<b>484</b>
Finance costs from banking activities	D6	489	693
<b>Total finance costs on debt instruments</b>		<b>1,032</b>	<b>1,177</b>
The fair value gains/ (losses) shown above are analysed according to their IFRS 9 categorisations as follows:			
Designated and mandatorily at fair value through profit or loss		9	(123)

### D6: Banking interest payable and similar expenses

This note analyses the interest and similar expenses related to financial liabilities measured at amortised cost in the Group's banking activities.

Year ended 31 December Rm	Notes	2021	2020
<b>Amounts owed to bank depositors</b>			
Deposits and loan accounts		243	343
Current and savings accounts		8	5
Negotiable certificates of deposit		15	12
Long-term debt instruments	D5	489	693
<b>Total interest payable and similar expenses</b>		<b>755</b>	<b>1,053</b>

### D7: Fee and commission expenses, and other acquisition costs

Fee and commission expense and other acquisition costs include the following presented in the income statement which are classified as expenses.

#### Fee and Commission Expense

Fees and commission expense are those expenses which correspond to any economic benefit, other than clearing and execution services, that an asset manager receives in connection with the Collective Investment Scheme's (CIS) payment of commissions on transactions that involve the CIS's portfolio securities. Fee and commissions are typically obtained from, or through, the executing brokerage whereby these costs are also incurred from obtaining sales from third party agents. These are expensed when sales obtained through agents materialise, a commission will be a percentage of a premium paid where fees include referrals of clients to the Group.

#### Deferred Acquisition Costs (DAC)

Incremental costs of obtaining investment contracts with investment management services are capitalised to a DAC asset if they are separately identifiable, can be measured reliably and it is probable that they will be recovered. DAC is amortised to the income statement over the term of the contracts as the related services are rendered and revenue recognised, which varies from year to year depending on the outstanding term of the contracts in force. The DAC asset is tested for impairment bi-annually and written down when it is not expected to be fully recovered from fee income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## D: Other consolidated income statement notes

### D7: Fee and commission expenses, and other acquisition costs

#### Other acquisition costs

Relate to those costs associated with new business in the Group. These costs are essentially incurred and recorded as not deferred.

Year ended 31 December Rm	2021	2020
Fee and commission expenses	7,651	6,775
Change in deferred acquisition costs	31	167
Other acquisition costs	2,824	2,861
	10,506	9,803

### D8 Other operating and administrative expenses

This note gives further detail on the items included within other operating and administrative expenses.

Year ended 31 December Rm	Notes	2021	2020
Staff costs	D8(a)	10,763	9,873
Depreciation	H2	960	988
Computer, software and processing costs		2,306	1,885
Amortisation of other intangible assets and internally developed software	H1(e)	471	274
Impairment of goodwill and other intangible assets	H1(e)	204	1,503
Operating lease rentals – banking (Short term and low value assets)		13	3
Operating lease rentals – non-banking (Short term and low value assets)		129	129
Auditors' remuneration – fees for audit service		188	166
Auditors' remuneration – fees for non-audit service		15	2
Other		9,847	10,226
		24,896	25,049

#### a) Staff costs

Year ended 31 December Rm	Notes	2021	2021
Wages and salaries		7,819	7,603
Social security costs		37	30
Retirement obligations			
Defined contribution plans		213	241
Defined benefit plans	J1(d)	25	24
Other retirement benefits	J1(d)	136	162
Bonus and incentive remuneration		1,437	907
Share-based payments			
Cash settled	J2(d)	(12)	1
Equity settled	J2(d)	414	379
Other		694	526
		10,763	9,873

### D9: Revenue from contracts with customers

#### IFRS 15 Revenue

##### Fee and commission income

The fees and commission income are earned from negotiating a transaction from third parties, transaction and performance fees earned and the movement in deferred origination fee.

The judgements used in deferred origination fees, include the period over which the origination fee is deferred.

##### Non-IFRS 15 Revenue

##### Insurance

Premium income is recognised in accordance with IFRS 4. Short term insurance premiums received in respect of monthly contracts are recognised as revenue when due. Premiums are shown before the deduction of commission, less the fuel cash back rewards described below and exclude value added tax.

Actuarial assumptions used in the calculation of insurance premiums include, but are not limited to:

- Discount rates;
- Estimates of future cashflows to fulfil insurance contracts;
- Mortality – Life risk, savings and participating contracts;
- Persistency – Life risk, savings and participating contracts;
- Methods used to measure the risk adjustment for non-financial risks.

##### Banking

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from:

- Mortgage loans;
- Bills and acceptance;
- Overdrafts;
- Term loans and others;
- Government and government-guaranteed securities;
- Other debt securities, preference shares and debentures

There are no material financial assets that are measured in other foreign currency. There are in addition, assumptions around ECL calculations. This consists of interest income derived from amortised cost which are measured using the effective interest rate technique. This includes estimates and judgements around credit risk, the risk of default and the time value of money.

##### Investment return (non-banking)

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from Loans and advances, Investment and securities and Cash and cash equivalents. Also included are estimates and judgements around credit risk, the risk of default and the time value of money. There are no judgements made around dividend receivable as they only become receivable when declared. There are no material financial assets that are measured in other foreign currency.

##### Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured at the amount of revenue recognised. A contract liability (deferred revenue liability) exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation. The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligations to the customer.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## D: Other consolidated income statement notes

### D9: Revenue from contracts with customers

#### (a) Revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary segment and type of revenue. The Group believes it best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers are assessed if they contain contract assets.

Year ended 31 December 2021 Rm	Mass and Foundation	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Consolidation of funds	Total
<b>Revenue from contracts with customers</b>									
Fee and commission income	435	7,327	2,652	398	1,419	1,328	(1,839)	(668)	11,052
Transaction and performance fees	–	69	69	–	–	727	(65)	–	800
Change in contract liabilities	–	(12)	–	–	(11)	–	–	–	(23)
<b>Fee and commission income, and income from service activities</b>	<b>435</b>	<b>7,384</b>	<b>2,721</b>	<b>398</b>	<b>1,408</b>	<b>2,055</b>	<b>(1,904)</b>	<b>(668)</b>	<b>11,829</b>
<b>Non-IFRS 15 revenue</b>									
Banking	2,796	–	–	–	–	1,985	–	–	4,781
Insurance	12,723	15,231	–	25,834	9,265	9,498	(2)	–	72,549
Investment return and other	4,986	56,658	8,232	53,050	419	22,590	(1,081)	13,801	158,655
<b>Total revenue from other activities</b>	<b>20,505</b>	<b>71,889</b>	<b>8,232</b>	<b>78,884</b>	<b>9,684</b>	<b>34,073</b>	<b>(1,083)</b>	<b>13,801</b>	<b>235,985</b>
<b>Total revenue</b>	<b>20,940</b>	<b>79,273</b>	<b>10,953</b>	<b>79,282</b>	<b>11,092</b>	<b>36,128</b>	<b>(2,987)</b>	<b>13,133</b>	<b>247,814</b>
<b>Year ended 31 December 2020</b>									
<b>Revenue from contracts with customers</b>									
Fee and commission income									
Transaction and performance fees	540	6,750	2,008	367	1,004	1,144	(1,861)	–	9,952
Change in deferred revenue	–	58	61	4	–	379	(56)	–	446
<b>Fee and commission income, and income from service activities</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>(2)</b>	<b>–</b>	<b>–</b>	<b>11</b>
<b>Non-IFRS 15 revenue</b>									
Banking	540	6,812	2,069	371	1,013	1,521	(1,917)	–	10,409
Insurance	3,489	–	–	–	–	1,586	–	–	5,075
Investment return and other	13,023	14,583	–	26,907	9,441	8,509	(1)	–	72,462
<b>Total revenue from other activities</b>	<b>1,405</b>	<b>27,811</b>	<b>2,352</b>	<b>17,692</b>	<b>187</b>	<b>10,331</b>	<b>(109)</b>	<b>(1,082)</b>	<b>58,587</b>
<b>Total revenue</b>	<b>17,917</b>	<b>42,394</b>	<b>2,352</b>	<b>44,599</b>	<b>9,628</b>	<b>20,426</b>	<b>(110)</b>	<b>(1,082)</b>	<b>136,124</b>
	18,457	49,206	4,421	44,970	10,641	21,947	(2,027)	(1,082)	146,533

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## D: Other consolidated income statement notes

### D9: Revenue from contracts with customers

#### (b) Costs of obtaining contracts

Costs of obtaining contracts<sup>1</sup> relate to costs that the Group incurs to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

The following table analyses the movements in deferred acquisition costs relating to investment and asset management contracts.

Year ended 31 December Rm	Investment contracts	Asset management	Total
<b>Balance at 1 January 2020</b>	1,342	277	1,619
New business	174	6	180
Amortisation	(310)	(35)	(345)
Foreign exchange and other movements	74	–	74
<b>Balance at 31 December 2020</b>	<b>1,280</b>	<b>248</b>	<b>1,528</b>
New business	270	7	277
Amortisation	(290)	(33)	(323)
Foreign exchange and other movements	14	–	14
<b>Balance at 31 December 2021</b>	<b>1,274</b>	<b>222</b>	<b>1,496</b>

<sup>1</sup> Costs to obtain a contract have now been separately disclosed in the statement of financial position as part of the Group's disclosure enhancement process. This note has been amended because of this change. The above disclosure was previously included in note H3 as part of deferred acquisition costs.

Based on the maturity profile of the above assets, R319 million (2020: R431 million) is expected to be earned within 12 months from the reporting date. R1,177 million (2020: R1,097 million) is non-current.

## E: Financial assets and liabilities

### Accounting policy

#### Classification and measurement of financial assets and financial liabilities

##### Initial recognition of financial assets

Financial instruments are measured at initial recognition at fair value net of directly attributable transaction costs, unless the financial instrument is classified as fair value through profit or loss. For instruments classified at fair value through profit or loss attributable transaction costs are immediately expensed.

At initial recognition, the Group considers the appropriate classification as:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVTOCI) which may include debt or equity instruments; or
- Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The business model refers to how the Group is managing its financial instruments to generate cash flows. Business model assessments are performed on shareholder and policyholder portfolios and consider investment mandates, how the portfolios are being managed to generate cash flows and performance indicators. The Group first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test.

Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

Equity instruments held for trading or not designated as at FVTOCI and derivative assets are mandatorily categorised as financial assets at FVTPL or not designated as at FVTOCI. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model where the objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a 'hold to collect contractual cash flows business model' are managed to realise cash flows by collecting contractual payments over the life of the instrument.

A debt instrument is measured at FVTOCI if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at FVTOCI. In such an instance changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All debt instrument financial assets that were not classified as measured at amortised cost or FVTOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Financial assets at FVTOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

### Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

### Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. On derecognition of the financial liability, the amount included in other comprehensive income is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

<b>Financial liabilities at amortised cost</b>	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Financial liabilities at fair value through profit or loss</b>	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss.
<b>Financial guarantee contracts</b>	Financial guarantee contracts are subsequently measured at the higher of the expected credit loss allowance and the amount initially recognised, less cumulative income recognised to date.

### Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### Expected credit losses

The expected credit loss (ECL) model applies to financial assets measured at amortised cost (for example mandatory reserve deposits with central banks, loans and advances, trade and other receivables, cash and cash equivalents and debt securities held by the Group) and debt investments measured at FVTOCI.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions.

The Group has elected to apply the IFRS 9 simplified approach in measuring expected credit losses for all trade receivables, contract assets and lease receivables. In terms of the simplified approach the ECL provision is calculated using lifetime expected credit losses. The Group made use of the provision matrix to calculate the lifetime expected loss allowance.

The Group elected to make use of the low credit risk exemption and consequently financial assets that are deemed of low credit risk are automatically allocated to stage 1 of the expected credit loss model. The consequence of this simplification is that entities are not required to assess whether a significant increase in credit risk since origination took place on these assets. At every reporting date the Group assesses whether the low credit risk exemption can still be applied to the relevant financial instruments. A financial instrument is considered to qualify for the low credit risk exemption if it has a credit rating equivalent to 'investment grade' quality assets.

ECLs on financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. ECLs on financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows

For presentation on the statement of financial position, the ECL allowances are deducted from the gross carrying amount of the assets as disclosed. ECLs are presented separately in the consolidated income statement.

The analysis of financial assets and liabilities of the Group's businesses into their categories as defined in IFRS 9 is set out in the tables below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

For further information on the application of the ECL model on loans and advances refer to note F1.9(g).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E1: Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments' is set out in the tables below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Information about the methods and assumptions used in determining fair value is included in note E2.

At 31 December 2021 Rm	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
<b>Assets</b>					
Mandatory reserve deposits with central banks	195	-	-	195	-
Investments in associated undertakings and joint ventures	908	-	-	-	908
Reinsurers' share of policyholder liabilities	13,372	-	3,744	-	9,628
Loans and advances	18,722	-	-	18,722	-
Investments and securities	899,388	726,871	166,390	6,127	-
Trade, other receivables and other assets	22,802	-	-	10,930	11,872
Derivative financial instruments	6,391	6,391	-	-	-
Cash and cash equivalents	32,931	-	-	32,931	-
<b>Total assets that include financial instruments</b>	<b>994,709</b>	<b>733,262</b>	<b>170,134</b>	<b>68,905</b>	<b>22,408</b>
Assets held for sale	269	-	-	-	269
Total other non-financial assets	58,876	-	-	-	58,876
<b>Total assets</b>	<b>1,053,854</b>	<b>733,262</b>	<b>170,134</b>	<b>68,905</b>	<b>81,553</b>
<b>Liabilities</b>					
Life insurance contract liabilities	155,349	-	-	-	155,349
Investment contract liabilities with discretionary participating features	245,483	-	-	-	245,483
Investment contract liabilities	393,787	-	392,567	1,220	-
Third-party interest in consolidated funds	77,308	-	77,308	-	-
Borrowed funds	17,506	-	8,474	9,032	-
Trade, other payables and other liabilities	63,934	-	9,917	36,015	18,002
Amounts owed to bank depositors	5,905	-	-	5,905	-
Derivative financial instruments	8,084	8,084	-	-	-
<b>Total liabilities that include financial instruments</b>	<b>967,356</b>	<b>8,084</b>	<b>488,266</b>	<b>52,172</b>	<b>418,834</b>
Total other non-financial liabilities	21,197	-	-	-	21,197
<b>Total liabilities</b>	<b>988,553</b>	<b>8,084</b>	<b>488,266</b>	<b>52,172</b>	<b>440,031</b>

At 31 December 2020 Rm	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
<b>Assets</b>					
Mandatory reserve deposits with central banks	235	-	-	235	-
Investments in associated undertakings and joint ventures	17,450	-	-	-	17,450
Reinsurers' share of policyholder liabilities	15,610	-	3,422	-	12,188
Loans and advances	17,798	-	-	17,798	-
Investments and securities	772,037	541,756	226,100	4,181	-
Trade, other receivables and other assets	20,317	-	-	9,459	10,858
Derivative financial instruments	10,840	10,840	-	-	-
Cash and cash equivalents	33,560	-	-	33,560	-
<b>Total assets that include financial instruments</b>	<b>887,847</b>	<b>552,596</b>	<b>229,522</b>	<b>65,233</b>	<b>40,496</b>
Assets held for sale and distribution	84	-	-	-	84
Total other non-financial assets	52,751	-	-	-	52,751
<b>Total assets</b>	<b>940,682</b>	<b>552,596</b>	<b>229,522</b>	<b>65,233</b>	<b>93,331</b>
<b>Liabilities</b>					
Life insurance contract liabilities	145,536	-	-	-	145,536
Investment contract liabilities with discretionary participating features	203,117	-	-	-	203,117
Investment contract liabilities	334,311	-	332,634	1,677	-
Third-party interest in consolidated funds	73,020	-	73,020	-	-
Borrowed funds	17,335	-	7,085	10,250	-
Trade, other payables and other liabilities	60,213	-	11,525	35,750	12,938
Amounts owed to bank depositors	5,044	-	-	5,044	-
Derivative financial instruments	11,154	11,154	-	-	-
<b>Total liabilities that include financial instruments</b>	<b>849,730</b>	<b>11,154</b>	<b>424,264</b>	<b>52,721</b>	<b>361,591</b>
Liabilities held for sale and distribution	-	-	-	-	-
Total other non-financial liabilities	21,629	-	-	-	21,629
<b>Total liabilities</b>	<b>871,359</b>	<b>11,154</b>	<b>424,264</b>	<b>52,721</b>	<b>383,220</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E2: Fair values of financial assets and liabilities

The description of the determination of fair value and the fair value hierarchies of financial assets and liabilities described in this section applies to financial assets and liabilities for all the Group's businesses.

#### (a) Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used.

In general, the following inputs are taken into account when evaluating the fair value of financial instruments:

- Assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid.
- The inclusion of a measure of the counterparties' non-performance risk in the fair-value measurement of loans and advances, which involves the modelling of dynamic credit spreads.
- The inclusion of credit valuation adjustment and debit valuation adjustment in the fair-value measurement of derivative instruments.
- The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

#### Reinsurers' share of policyholder liabilities

Reinsurers' share of policyholder liabilities are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Reinsurance contracts which cover financial risk are measured at fair value of the underlying assets

#### Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations, and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted zero-coupon rate.

#### Investments and securities

Investments and securities include government and government-guaranteed securities, listed and unlisted debt securities, preference shares and debentures, listed and unlisted equity securities, listed and unlisted pooled investments (see below), short-term funds and securities treated as investments, and certain other securities.

Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated or models based on the market prices of investments held in the underlying pooled investment funds.

Other investments and securities that are recognised at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the application of an EBITDA multiple or any other relevant technique.

Investments in associated undertakings and joint ventures held by investment-linked insurance funds and venture capital divisions

Investments in associated undertakings and joint ventures are valued using appropriate valuation techniques. These techniques may include price earnings multiples, discounted cash flows or the adjusted value of similar completed transactions.

#### Derivative financial instruments

The fair value of derivatives is determined with reference to the exchange traded prices of the specific instruments. In situations where the derivatives are traded over the counter the fair value of the instruments is determined by using the discounted cash flows or any other relevant technique.

#### Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the fair value of the underlying funds that are held by the Group.

#### Third-party interest in consolidation of funds

Third-party interests in consolidation of funds are measured at the attributable fair value of the net assets of each fund.

#### Amounts owed to bank depositors

The fair values of amounts owed to bank depositors correspond with the carrying amount shown in the consolidated statement of financial position, which generally reflects the amount payable on demand.

#### Borrowed funds

The fair values of amounts included in borrowed funds are based on quoted market prices at the reporting date where applicable, or by reference to quoted prices of similar instruments.

#### Other financial assets and liabilities

The fair values of other financial assets and liabilities (comprising cash and cash equivalents; cash with central banks; trade, other receivables and other assets; and trade, other payables, other liabilities and advances due to and from Group companies) reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

#### (b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
<b>Level 1</b> – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.	Listed equity securities, listed government securities and other listed debt securities and similar instruments that are actively traded, actively traded pooled investments, listed borrowed funds, reinsurers' share of policyholder liabilities and investment contract liabilities directly linked to other Level 1 financial assets.
<b>Level 2</b> – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices. Certain loans and advances, certain privately placed debt instruments, third-party interests in consolidated funds and amounts owed to bank depositors.
<b>Level 3</b> – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments, and derivatives embedded in certain portfolios of insurance contracts where the derivative is not closely related to the host contract and the valuation contains significant unobservable inputs.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

All businesses have significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E3: Disclosure of financial assets and liabilities measured at fair value

#### (a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The table below presents a summary of the financial assets and liabilities that are measured at fair value in the consolidated statement of financial position according to their IFRS 9 classification. The most material financial asset measured at fair value relates to Investments and securities. The Group has exposure to listed and unlisted investments, with a large portion of these investments backing policyholder liabilities.

At 31 December 2021 Rm	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Reinsurers' share of policyholder liabilities	3,744	3,744	–	–
Investments and securities	893,261	441,185	406,650	45,426
Derivative financial instruments – assets	6,391	–	6,391	–
<b>Total financial assets measured at fair value</b>	<b>903,396</b>	<b>444,929</b>	<b>413,041</b>	<b>45,426</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	392,567	191,616	200,951	–
Third-party interests in consolidated funds	77,308	–	77,308	–
Borrowed funds	8,474	–	8,474	–
Other liabilities	9,917	–	9,917	–
Derivative financial instruments – liabilities	8,084	–	8,084	–
<b>Total financial liabilities measured at fair value</b>	<b>496,350</b>	<b>191,616</b>	<b>304,734</b>	<b>–</b>
<b>At 31 December 2020</b>				
<b>Rm</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets measured at fair value</b>				
Reinsurers' share of policyholder liabilities	3,422	3,422	–	–
Investments and securities	767,856	435,562	295,177	37,117
Derivative financial instruments – assets	10,840	–	10,840	–
<b>Total financial assets measured at fair value</b>	<b>782,118</b>	<b>438,984</b>	<b>306,017</b>	<b>37,117</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	332,634	168,207	164,427	–
Third-party interests in consolidated funds	73,020	–	73,020	–
Borrowed funds	7,085	–	7,085	–
Other liabilities	11,525	–	11,525	–
Derivative financial instruments – liabilities	11,154	–	11,154	–
<b>Total financial liabilities measured at fair value</b>	<b>435,418</b>	<b>168,207</b>	<b>267,211</b>	<b>–</b>

#### (b) Level 3 fair value hierarchy disclosure

The table below reconciles the opening balances of Level 3 financial assets and liabilities to closing balances at the end of the period:

Year ended 31 December Rm	2021	2020
<b>Level 3 financial assets – Investments and securities</b>		
At beginning of the year	37,117	38,430
Total net fair value gains/(losses) recognised in profit or loss	12	(5,156)
Purchases	8,316	9,148
Sales	(2,133)	(2,485)
Transfers in	574	3,360
Transfers out	(172)	(41)
Net movement on consolidated investment funds <sup>1</sup>	(4,571)	(5,651)
Foreign exchange and other	6,283	(488)
<b>Total Level 3 financial assets</b>	<b>45,426</b>	<b>37,117</b>
Unrealised fair value (losses)/gains recognised in profit or loss	1,758	(3,130)

<sup>1</sup> Net movement on consolidated investment funds represents the impact of (i) consolidating new investment funds during the year, (ii) deconsolidating investment funds during the year and (iii) movement in Level 3 investment funds that continued to be consolidated during the year.

#### Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R9,221 million (2020: R1,452 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period listed bonds to the value of R362 million (2020: R2,870 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R452 million (2020: R132 million) were also transferred from Level 2 to Level 1 to better reflect the valuation technique used to value these investments.

A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2021, Level 3 assets comprised unlisted private company shares, unlisted debt securities and unlisted pooled investments mainly held by policyholder funds for which the majority of the investment risk is borne by policyholders.

For all reporting periods, the Group did not have any Level 3 financial liabilities.

#### Level 2 investment and securities

Level 2 assets comprise mainly of pooled investments that are not listed on an exchange, but are valued using market observable prices. Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For such unobservable assumptions, estimates are based on available market data, which may include the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available, and examination of historical levels.

Other assets classified as level 2 include unlisted corporate debt, floating rate notes, money market instruments, listed debt securities that were not actively traded during the period and cash balances that are treated as short term funds. The level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market related inputs. Main inputs used for level 2 valuations include bond curves and interbank swap interest rate curves.

Included within Level 2 investments and securities is unlisted corporate debt. Initially lagging the equity markets, credit spreads widened in the second quarter of the financial year. Although there was some narrowing of these spreads during the second half of the year, the pressure on business operations of some counterparties brought on by the onset of the second wave and general economic decline result in negative mark to market movements in the credit portfolio.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E3: Disclosure of financial assets and liabilities measured at fair value

#### (c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

##### Level 3 investment and securities

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For such unobservable assumptions, estimates are based on available market data, which may include the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available, and examination of historical levels.

The economic uncertainty created by COVID-19 has had an impact on valuation inputs for assets that rely on either unobservable forward looking assumptions or comparable market transactions. The following table sets out information on significant unobservable inputs used in measuring financial instruments classified as Level 3.

Valuation technique	Significant unobservable input	Range of unobservable inputs
Discounted cash flow (DCF)	<b>Risk adjusted discount rate:</b>	
	– Equity risk premium	0.25% – 20.0%
	– Liquidity discount rate	5.0% – 40.0%
	– Nominal risk free rate	5.0% – 13.0%
	– Credit spreads	1.51% – 13.65%
	– Dividend growth rate	5.0% – 20.0%
	– Internal rate of return	16.0% – 40.0%
	– Preference dividend accrual rate	7.0% – 11.0%
	– Marketability discount	5.0% – 30.0%
Price earnings (PE) multiple/embedded value	PE ratio/multiple	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF

All the business segments have performed an analysis of the impact of reasonable possible assumptions for unobservable inputs based on the specific characteristics of each instrument. As all the changes in assumptions are unique to each instrument, the disclosure of the range of changes in the assumptions would not provide the reader of the financial statements with any additional useful information as this is general information and does not relate to a specific instrument.

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the inter-relationships therein from those disclosed in the financial statements for the year ended 31 December 2020. For the purposes of the sensitivity analysis, the most significant unobservable input used to value level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Rm	At 31 December 2021	At 31 December 2020		At 31 December 2021	At 31 December 2020
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
<b>Assets</b>					
Investments and securities	45,426	37,117	Discounted cash flows (DCF) Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads Dividend growth rate Preference dividend accrual rate Marketability Discount PE Ratio/Multiple	Favourable: 2,819 Unfavourable: 2,743 Favourable: 2,315 Unfavourable: 2,257

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December 2021 to changes in unobservable inputs to a reasonable alternative:

Rm	At 31 December 2021		Sensitivities	
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	18,983	Discount rate Credit spreads	1,196	1,170
Equity securities	19,244	Price earnings ratio/multiple Marketability discount rate	1,264	1,215
Pooled investments	7,199	Net asset value of underlying investments	359	358
<b>Total</b>	<b>45,426</b>		<b>2,819</b>	<b>2,743</b>

Fair value gains of R12 million (2020: Fair value losses R5,156 million) were recognised on Level 3 assets during the year. The gain is attributable to the conservative approach followed in performing the valuations due to the high levels of uncertainty in respect of the economic outlook and due to the function of lower comparable multiples. In addition, the Group has investment exposure to industries directly impacted by the lockdown, including the tourism industry.

The economic uncertainty created by COVID-19 has had an impact on valuation inputs for assets that rely on either unobservable forward looking assumptions or comparable market transactions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E4: Financial instruments designated as fair value through profit or loss

The Group has satisfied the criteria for designation of financial instruments as fair value through profit or loss in terms of the accounting policies as described in note E1. Fair value movements on financial assets designated at fair value through profit or loss is recognised in investment return (non-banking and banking interest and similar income) in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVTOCI, the Group elected to designate the portfolio at fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at fair value through profit or loss and hence the assets backing the policyholder liability should also be as fair value through profit or loss.

Designation of instruments as fair value through profit or loss, is consistent with the Group's documented risk management strategy and investment mandates. The fair value of the instruments is managed and reviewed on a regular basis by the risk and investment functions of the Group. The risk of the portfolio is measured and monitored on a fair-value basis.

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below:

Rm	Financial liabilities where the change in credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative <sup>1</sup>	Contractual maturity amount
<b>Borrowed funds at 31 December 2021</b>	<b>8,474</b>	<b>64</b>	<b>337</b>	<b>8,250</b>
Borrowed funds at 31 December 2020	7,085	130	271	6,750

<sup>1</sup> The Group released RNil (2020: R39 million) of the liability credit reserve directly to retained earnings on the repayment of the RNil (2020: R2,250 million) unsecured subordinated debt. Refer to note G3(d) for more information.

The fair values of other categories of financial liabilities designated as fair value through profit or loss do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at fair value through profit or loss has been determined as the difference between fair values determined using a liability curve (adjusted for credit) and a risk-free liability curve. This difference is cross-checked to market-related data on credit spreads, where available. The basis for not using credit default swaps to determine the change in fair value due to credit risk is the unavailability of reliable market priced instruments.

### E5: Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, loans and advances, certain borrowed funds and other financial assets and financial liabilities that are measured at amortised cost. The calculation of the fair value of these financial instruments represents the Group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date.

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. More information on financial assets measured at amortised cost can be found in note F1.5. The fair value of these assets approximates its carrying value, except for loans and advances for which the fair value is set out below.

The table below shows the fair value hierarchy only for those assets and liabilities for which the fair value is different to the carrying value and which is being estimated for the purpose of IFRS disclosure. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.

Rm	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities</b>					
<b>Borrowed funds at 31 December 2021</b>	<b>9,032</b>	<b>–</b>	<b>9,032</b>	<b>–</b>	<b>9,032</b>
Borrowed funds at 31 December 2020	10,250	–	10,250	–	10,250

#### Investments and securities

For investments that are carried at amortised cost in terms of IFRS 9, the fair value has been determined based either on available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

#### Loans and advances

Loans and advances are carried at amortised cost in terms of IFRS 9. The loans and advances principally comprise variable rate financial assets and are classified as Level 3. The interest rates on these variable-rate financial assets are adjusted when the applicable benchmark interest rates change.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposals of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The Group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

#### Borrowed funds

For borrowed funds that are carried at amortised cost in terms of IFRS 9, the fair value is determined using either available market prices (Level 1) or discounted cash flow analysis where an instrument is not quoted or the market is considered to be inactive (Level 2).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## E: Financial assets and liabilities

### E6: Master netting or similar agreements

The Group offsets financial assets and liabilities in the consolidated statement of financial position when it has a legal enforceable right to do so and intends to settle on a net basis simultaneously. Certain master netting agreements do not provide the Group with the current legally enforceable right to offset the instruments.

The majority of these transactions are governed by the principles of International Swaps and Derivatives Association or similar type of agreements. These agreements aim to protect the parties in the event of default.

At 31 December 2021 Rm	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event <sup>1</sup>	Position not available to be offset
<b>Financial assets</b>					
Derivative financial instruments – assets	6,391	–	6,391	(5,900)	491
Cash and cash equivalents	32,931	–	32,931	–	32,931
<b>Financial liabilities</b>					
Trade, other payables and other liabilities	63,934	–	63,934	–	63,934
Derivative financial instruments – liabilities	8,084	–	8,084	(5,900)	2,184

At 31 December 2020 Rm	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event <sup>1</sup>	Position not available to be offset
<b>Financial assets</b>					
Derivative financial instruments assets	10,840	–	10,840	(9,653)	1,187
Cash and cash equivalents	33,560	–	33,560	–	33,560
<b>Financial liabilities</b>					
Trade, other payables and other liabilities	60,213	–	60,213	–	60,213
Derivative financial instruments – liabilities	11,154	–	11,154	(9,653)	1,501

<sup>1</sup> This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in note G1.

Cash and bond collateral amounts not offset against derivative assets and liabilities in the statement of financial position are R368 million (2020: R514 million).

## F: Financial Risk and Capital Management

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts, customer deposits and borrowings), reinsurance assets and insurance liabilities. The key focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance and banking operations. The most important components of financial risk are credit risk, market risk (arising from changes in equity, bond prices, interest and foreign exchange rates) and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Board Risk Committee (BRC), which is responsible for developing and monitoring the Group's risk management policies through the Group Risk Control Function. The BRC reports regularly to the Board of Directors on its activities.

The Group's risk preferences and appetite limits are set out in the Risk Strategy document which describes specific risk preferences and metrics. This Risk Strategy is reviewed, at a minimum, annually by the Old Mutual Limited Board and subsidiary risk preferences and appetite limits may need to be adjusted accordingly.

The Group manages asset and liability mismatches within a Market Risk Management framework together with a Liquidity Risk Management framework, both approved by the Group Asset and Liability Committee (ALCO). The aim of the frameworks is to ensure the identification of the applicable financial risks across the Group and provide guidance on the management (including mitigation) of the risks in line with the Group Risk Strategy.

The principal mitigation technique with regards to market risk (and asset/liability mismatches) for insurance contracts where shareholders bear the market risk is to match appropriate assets with the liabilities arising from these insurance contracts. Investment contracts (i.e. unit-linked and with-profit products) where policyholders require the market risk exposure are managed within a set mandate considering the risk profile of the relevant customer base. The shareholder investment portfolio is managed within a set mandate considering the Group Risk Strategy and the market risk exposure resulting from the chosen investments.

For insurance contracts defined as non-profit (i.e. benefits not linked to underlying asset performance) and those with embedded derivatives (i.e. benefits consist of upside participation and downside protection) the resultant market, credit and liquidity risk exposures are borne by the shareholder. The liabilities are translated into financial risk metrics and appropriate hedging strategies (which include derivative instruments) ensure that these exposures are managed within appetite. The notes below explain how the financial risks are managed using the categories utilised in the Market Risk framework. Note G2 explains in more detail how insurance risk is managed.

### F1 Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation to repay cash or deliver another financial asset. Losses incurred due to credit risk include actual losses from defaults, declines in the market value of the Group's assets due to credit rating downgrades and/or spread widening, or impairments and write-downs.

The Group has material exposure through its insurance businesses where credit risk arises predominantly through the management of credit assets backing non-profit contracts (mostly annuity products), but also through direct credit exposure through invested shareholder capital in assets such as fixed income securities, investment properties and retail lending.

The valuation of investment credit securities and associated credit spreads are driven by a variety of factors including general market conditions such as macro-economic environment, supply and demand dynamics of investment credit, market liquidity as well as counterparty-specific information. Listed credit instruments are recorded at its market value as reflected on the exchange. The valuation policy for unlisted credit assets outlines the consideration given to general spread direction in the market and a hierarchy of inputs to be used in valuations including latest traded prices of similar assets and adjusted for instrument level specifics.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or in investments in which it has taken large positions, or which are highly correlated. The Group maintains limits on the values of transactions with single counterparties or investments in specific sectors.

The Group is also exposed to credit risk which results indirectly from activities undertaken in the normal course of business such as premium payments, outsourcing contracts, reinsurance, exposure from material suppliers, lending of securities and lending to consumers.

#### 1.1 Credit risk governance

Credit risk is monitored through the Old Mutual Limited Management Credit Risk Committee (MCRC), a subcommittee of the Old Mutual Limited Balance Sheet Committee (BSC), to enable the Group Executive Committee (Exco) to discharge their obligations in terms of the Group's aggregated credit risk appetites, exposures and risk management.

The scope and authority of the Committee extends to all activities of the Group in which credit or counterparty credit risks are present. This includes credit risk arising through banking and insurance activities, encompassing both institutional and retail credit. The Committee relies on the work and reporting of the credit committees in the various credit-related businesses across the Group and assists the Exco to set and monitor credit policy and credit risk in the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### 1.2 Credit risk management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure.

The key objective of the Group's Level 1 credit policy is to establish and define the overall framework for the consistent and unified governance, oversight, identification, measurement, monitoring, reporting and management of credit risk and counterparty credit risk across Old Mutual. The Level 1 credit policy sets out the high-level principles which must be applied in this regard. Boards of subsidiaries engaging in business activities that take on credit or counterparty credit risk, in any form (in non-profit funds, asset-based fees, surplus assets, banking and lending, investment guarantee reserves or debtors) regardless of whether it is for the shareholders or policyholders, are required to adopt this policy and ensure all the applicable requirements are implemented and complied with unless it is expressly agreed otherwise.

The Group's Level 2 credit policies and frameworks apply to all businesses taking on credit risk and counterparty credit risk. Level 2 credit policies and frameworks are split into two distinct portfolios: investment credit risk and banking credit risk. The Level 2 credit risk policies and frameworks set out detailed requirements which must be applied in investment management, banking and lending business units. In addition, these Level 2 policies set out the roles and responsibilities for governance committees, business units, functions and individuals involved in credit risk management processes throughout the Group for the business units and functions within the scope of the policy.

The Level 3 credit policies in the business units set out the detailed requirements for each business unit in alignment with the relevant Level 2 credit policy.

The Group manages its credit risk by having a comprehensive risk strategy for all risk types including credit risk, sound investment processes across single assets, single counterparties and aggregate credit portfolio, and comprehensive limit frameworks in place. The risk strategy includes a risk-return framework which sets the overall risk appetite and the risk appetite for specific risk types including credit risk.

Limit frameworks implemented places limits, where applicable, on single facilities, counterparties or groups of counterparties, industry segments, maturity bands and products and are based on both regulatory and economic risk considerations.

The Group ensures comprehensive mandates for the management of credit portfolios relating to insurance businesses are in place, including frameworks, policies and procedures to ensure the appropriate oversight of credit risk. The robust framework ensures a process for identifying, measuring, analysing, monitoring and reporting on risks, including a rigorous model risk governance framework and an independent group model validation capability. Credit risk management follows a rigorous operating model including governance committees, as well as group and business unit roles focused on the management and oversight of credit risk in accordance with Old Mutual Limited's Three Lines of Defence Model. The Group implements formalised and strict escalation processes relating to credit governance and the application, testing and monitoring of risk mitigation actions.

Each investment credit asset acquired follows a strict credit approval process, supported by a credit analysis considering both qualitative and quantitative aspects taking into account the risk return profile. This includes, inter alia, financial and industry analysis and risk assessments coupled with Environmental, Social and Governance analysis. Where applicable, external public credit ratings are considered and the credit quality of exposures are reviewed at least on an annual basis.

Risk monitoring ensures that the risk management approaches in place are effective. The Group employs an active risk monitoring approach both at Group Level and Business Unit (BU) level based on the stated risk appetite and corresponding limits set to manage credit risk. The Group monitors credit risk at a portfolio level (aggregated over the BUs) whilst BUs monitor credit risk on, inter alia, individual deal, mandate, fund, product, customer segment, regional, counterparty, economic sector category levels, whichever is applicable, as well as on a BU Portfolio level. Credit risk exposures are monitored and assessed using appropriate metrics, including trend analysis and communicated to the relevant governance and management committees. Credit risk is monitored against early warning thresholds and exposures are monitored against limits.

The ongoing monitoring and a proactive view of emerging risks are integrated in the granting of new credit. The credit risk appetite and limits are accordingly adjusted to manage the portfolio in view of actual and potential changes in macroeconomic conditions. Portfolio management actions exist in the investment credit asset environment to reduce the exposure to certain counterparties or industries based on this outlook.

Collateral is mainly used in the investment credit portfolios to mitigate the amount of credit risk taken. This is part of the process to ensure OMLACSA has appropriate legal protection in the event of default. Stricter loan covenant or higher levels or better quality collateral are required based on the counterparty and industry outlook.

Within the expected credit loss (ECL) process, the provision is monitored as part of the ongoing management of the underlying credit portfolio. This includes monitoring of the actual credit experience to the expected levels of the following components; default rates, recovery rates and movements between the different ECL stages. The impact of any changes in the ECL parameters is calculated and reported at business unit level. These impacts, together with all other credit risk metrics are reported at the management risk credit committee (a subcommittee of the board) on a quarterly basis as part of a forward looking approach to manage credit risk given emerging risks, opportunities and the defined risk appetite. The financial impact of the ECL provision on each business unit is included in the monthly finance reporting process.

### 1.3 Internal credit risk ratings

The Group uses internal credit risk ratings that reflect its assessment of the probability of default of individual counterparties in the investment businesses.

The assessment of credit risk across the Group relies on internally developed rating models to categorise exposures according to their probability of default and loss given default. The rating models comprises 28 rating categories (OM1 to OM28). These ratings are determined by incorporating both qualitative and quantitative information that builds on information from established rating agencies like Standard & Poors and Moody's, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

At initial recognition, each risk exposure is allocated to the credit rating based on the available information about the counterparty. All exposures are subsequently monitored through general and tailored procedures. The data used to monitor these exposures include, but are not limited to, credit information from external rating agencies, changes in business and economic conditions, payment record and aging, customer behaviour, affordability metrics, utilisation of credit limits, probability of default or any other applicable quantitative and qualitative factors.

### 1.4 Concentrations of credit risk

A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Group monitors concentrations of credit risk by geographic location. The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets. The following table analyses the concentrations of potential credit risk by class of financial asset at 31 December 2021.

At 31 December 2021 Rm	South Africa	Rest of Africa	Other	Total
Mandatory reserve deposits with central banks	–	195	–	195
Loans and advances	10,704	8,018	–	18,722
Unsecured loans	10,403	3,805	–	14,208
Other secured loans	75	3,387	–	3,462
Home loans	–	189	–	189
Other loans and advances	226	637	–	863
Investments and securities	756,811	59,522	83,055	899,388
Government and government guaranteed securities	103,466	12,405	–	115,871
Preference shares, other debt securities and debentures	100,279	2,166	–	102,445
Short-term funds and securities treated as investments	54,904	7,331	–	62,235
Other investments and securities	498,162	37,620	83,055	618,837
Reinsurance share of policyholder liabilities	8,075	1,553	3,744	13,372
Trade, other receivables and other assets	19,924	2,495	383	22,802
Cash and cash equivalents	26,573	3,801	2,557	32,931
Derivative financial instruments – assets	6,391	–	–	6,391

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### 1.4 Concentrations of credit risk

At 31 December 2020 Rm	South Africa	Rest of Africa	Other	Total
Mandatory reserve deposits with central banks	–	235	–	235
Loans and advances	12,096	5,702	–	17,798
Unsecured loans	11,826	4,094	–	15,920
Other secured loans	176	697	–	873
Home loans	–	911	–	911
Other loans and advances	94	–	–	94
Investments and securities	662,369	43,736	65,932	772,037
Government and government guaranteed securities	108,517	9,737	–	118,254
Preference shares, other debt securities and debentures	88,951	2,876	98	91,925
Short-term funds and securities treated as investments	58,023	6,143	–	64,166
Other investments and securities	406,878	24,980	65,834	497,692
Reinsurance share of policyholder liabilities	10,545	1,643	3,422	15,610
Trade, other receivables and other assets	18,315	1,468	534	20,317
Cash and cash equivalents	26,632	3,731	3,197	33,560
Derivative financial instruments – assets	10,840	–	–	10,840

### 1.5 Exposure to credit risk: Financial assets at amortised cost and debt instruments at fair value through profit or loss

The Group holds collateral and other credit enhancements against certain of its credit exposures.

The following table sets out the maximum exposure to credit risk on financial assets within the scope of IFRS 9 impairment model, debt instruments measured at fair value through profit or loss outside of the scope of IFRS 9 impairment model:<sup>1</sup>

At 31 December 2021 Rm	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Mandatory reserve deposits with central banks	195	195	–
Reinsurers' share of policyholder liabilities	13,372	–	13,372
Loans and advances	18,722	18,722	–
Investments and securities	899,388	6,127	893,261
Government and government-guaranteed securities	115,871	–	115,871
Other debt securities, preference shares and debentures	102,445	6,127	96,318
Short-term funds and securities treated as investments	62,235	–	62,235
Other	618,837	–	618,837
Trade, other receivables and other assets	22,802	10,930	11,872
Derivative financial instruments – assets	6,391	–	6,391
Cash and cash equivalents	32,931	32,931	–

<sup>1</sup> Refer to Note 8 for the accounting policy regarding ECL

At 31 December 2020 Rm	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Mandatory reserve deposits with central banks	235	235	–
Reinsurers' share of policyholder liabilities	15,610	–	15,610
Loans and advances	17,798	17,798	–
Investments and securities	772,037	4,181	767,856
Government and government-guaranteed securities	118,254	–	118,254
Other debt securities, preference shares and debentures	91,925	4,181	87,744
Short-term funds and securities treated as investments	64,166	–	64,166
Other	497,692	–	497,692
Trade, other receivables and other assets	20,317	9,459	10,858
Derivative financial instruments – assets	10,840	–	10,840
Cash and cash equivalents	33,560	33,560	–

### 1.6 Collateral

#### (a) Loans and advances

Collateral is held as security against certain loans and advances detailed above, with this principally consisting of cash, properties and letters of credit.

#### (i) Financial collateral

The Group takes financial collateral to support exposures in its banking and securities lending activities of its listed equities and bonds. Collateral held includes cash and debt securities. Cash collateral is included as part of cash equivalents. These transactions are entered into under terms and conditions that are standard industry practice for securities borrowing and lending activities. The fair value of collateral accepted as security for securities lending arrangements amount to R1,348 million (2020: R1,332 million). For both reporting periods, the Group has not provided any cash collateral for security borrowing arrangements.

The Group has placed government securities amounting to R16,962 million (2020: R21,131 million) as collateral for deposits received under repurchase agreements. These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated (recorded within trade, other payables and other liabilities in the Consolidated Statement of Financial Position) liabilities amounted to R 16,085 million (2020: R20,309 million).

#### (ii) Non-financial collateral

The Group takes other non-monetary collateral to recover outstanding lending exposures in the event of the borrower being unable or unwilling to fulfil its obligations. This includes mortgage over property (both residential and commercial), and liens over business assets (including, but not limited to plant, vehicles, aircraft, inventories and trade debtors) and guarantees from parties other than the borrower. Where the Group is exposed to syndicated lending, the collateral offered by the borrower is secured by security special purpose vehicles.

Should a counterparty be unable to settle its obligations, the Group can take possession of collateral as full or part settlement of such amounts in lieu of recovery or restructuring plan. In general, the Group seeks to dispose of such property and other assets that are not readily convertible into cash as soon as the market for the relevant asset permits.

#### (b) Other collateral

Securities held in respect of unlisted debt securities linked to real estate include first covering mortgages over the underlying properties, cession of rights, title and interest to lease agreements and cession of listed unit linked debentures. Securities held on loans extended in other industry sectors include cession of shares, debentures, bank accounts and rights to cash balances, accounts receivable and tangible and intangible assets held by the borrower.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### 1.7 Analysis of financial assets held at amortised cost

At 31 December 2021 Rm	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Mandatory reserve deposits with central banks	195	-	195	-	-	-
Loans and advances	23,817	(5,095)	18,722	(683)	(350)	(4,062)
Investments and securities	6,137	(10)	6,127	(10)	-	-
Trade, other receivables and other assets	11,407	(477)	10,930	-	(477)	-
Cash and cash equivalents	32,931	-	32,931	-	-	-
	<b>74,487</b>	<b>(5,582)</b>	<b>68,905</b>	<b>(693)</b>	<b>(827)</b>	<b>(4,062)</b>

At 31 December 2020 Rm	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Mandatory reserve deposits with central banks	235	-	235	-	-	-
Loans and advances	22,701	(4,903)	17,798	(686)	(446)	(3,771)
Investments and securities	4,193	(12)	4,181	(12)	-	-
Trade, other receivables and other assets	9,949	(490)	9,459	-	(490)	-
Cash and cash equivalents	33,560	-	33,560	-	-	-
	<b>70,638</b>	<b>(5,405)</b>	<b>65,233</b>	<b>(698)</b>	<b>(936)</b>	<b>(3,771)</b>

The simplified approach for trade receivables has been applied, resulting in measuring the loss allowance at an amount equal to lifetime expected credit losses. The allowances have been displayed under stage 2 as allowances within this stage are also calculated on a lifetime expected credit loss basis

### 1.8 Credit quality analysis

The following tables set out information about the credit quality of financial assets at amortised cost. The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

Loans and advances at amortised cost at 31 December Rm	2021	2020
Stage 1 – Sub Investment grade (BB and lower)	14,750	12,434
Stage 2 – Sub Investment grade (BB and lower)	1,190	1,887
Stage 3 – Sub Investment grade (BB and lower)	1,600	2,296
Not in ECL scope – Investment grade (AAA to BBB)	1,182	1,181
<b>Total</b>	<b>18,722</b>	<b>17,798</b>

Based on the maturity profile of loans and advances, R5,731 million (2020: R5,965 million) is receivable no more than 12 months after the reporting date and R12,991 million (2020: R11,832 million) is receivable more than 12 months after the reporting date.

Investments and securities at amortised cost at 31 December 2021 Rm	Investment grade (AAA to BBB)	Sub-Investment grade (BB and lower) and other ungraded investments	Total
Stage 1	-	6,127	6,127
<b>Total</b>	<b>-</b>	<b>6,127</b>	<b>6,127</b>

Investments and securities at amortised cost at 31 December 2020 Rm	Investment grade (AAA to BBB)	Sub-Investment grade (BB and lower) and other ungraded investments	Total
Stage 1	-	4,181	4,181
<b>Total</b>	<b>-</b>	<b>4,181</b>	<b>4,181</b>

### 1.9 Impairment of financial assets

#### (a) Overview

During the current financial year, the Group recognised expected credit loss of R667 million (2020: R2,874 million).

#### (b) Calculation of ECL

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD).

ECL reflects the Group's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group also considers observable market information about the credit risk of the particular financial instrument or similar financial instruments. The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- **Stage 1:** At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- **Stage 2:** A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- **Stage 3:** A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

The ECL loss allowances are measured on either of the following bases:

- **Stage 1:** ECLs that result from possible default events within the 12 months after the reporting date; and
- **Stage 2 and Stage 3:** ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on future cash flows. Where such evidence exists, the exposure is assessed on an individual basis. In some instances, financial assets are grouped into categories in accordance with the term of the financial instrument or the percentage of expected payments that were received. Financial assets are also grouped according to the status of the financial asset. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets at amortised cost. Depending on the relevant information available, PDs are based on historic default rate curves or linked to ratings assigned to counterparties which is set using hybrid models which comprise both conventional statistical models and expert judgement.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### F1.9 Impairment of financial assets

LGDs are derived from a default recovery time series model that takes recency of payments into account or through internally developed statistical models. The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward-looking probability-weighted macroeconomic scenarios.

EADs are determined with reference to expected amortisation schedules, historical payment patterns and taking into account credit conversion factors as applicable for undrawn or revolving facilities. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

#### (c) Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information based on the Group's historical experience, credit assessment and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the behaviour score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward-looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

These primary and secondary risk drivers are included by the Group as part of the ongoing credit risk management. When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date. A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted. Financial assets at amortised cost can be transferred back to stage 1 or 2 within the ECL model if specific criteria have been met. A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

#### (d) Forward-looking information

- Forward-looking information includes, but is not limited to macroeconomic conditions expected in the future. Forward looking information used in the ECL calculation reflects the nature and characteristics of the credit risk exposures. Forward-looking information models considers a set of macroeconomic factors and estimates the relationship between these factors and the key parameters used in calculating the ECL. The Group made use of cross-correlation functions, transfer function models, dynamic regression models and co-integration analyses to identify the impact of forward-looking information on the measurement of ECL balances. Forward-looking factors have been considered taking into account risk factors used in risk assessments, stress testing, budgeting as well as strategy and pricing decisions. Relevant factors include factors intrinsic to the entity and its business or derived from external conditions. The Group considers a range of scenarios over a time period of three years. A probability is assigned to the outcome of each scenario and the weighted average outcomes is considered to be the ECL balance. Forward-looking assessments are considered on an individual or collective basis. When correlations do not exist and, where applicable, management applies expert judgement to determine an overlay provision to incorporate best estimates of the impact of forward-looking information. Any overlay provision is based on available information and qualitative risk factors within a governed process. Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount are reviewed at each reporting date and updated if necessary.
- The outbreak of the COVID-19 coronavirus pandemic has led the Group to reconsider the quantitative model output for the forward-looking impairment. Management has applied judgement in determining the forward-looking impairment by reviewing the macro economic scenarios including GDP forecasts and the impact on PDs, LGDs, and stage distribution.

Data used in modelling is provided from a combination of third party sources (reputable rating agencies) and internal data (e.g. client payment behavioral data). The comparative tables below show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations per region.

Year ended 31 December South Africa	2021	2020
Repo rate	4.00%	3.50%
Consumer Price Inflation	5.09%	3.08%
Household debt to disposable income	77.1%	75.7%
Consumption expenditure to GDP	62.25%	60.3%
New Vehicle Sales	93.96%	78.3%
Nominal Effective Exchange Rate	0.86%	1.16%
Unemployment Rate	34.9%	30.6%

Year ended 31 December Rest of Africa (Weighted average)*	2021	2020
Repo rate	6.87%	7.10%
Consumer Price Inflation	5.04%	4.76%
Gross domestic product (GDP)	5.90%	4.24%
Household debt to disposable income	1,353	1,155

#### (e) Write-off policy

The Group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. No bad debt written off is subject to enforcement activity.

The following are examples of what could result in the write-off of a financial asset at amortised cost:

- legal prescription;
- settlement campaigns, collection efforts and legal processes do not result in the settlement of balances outstanding;
- receipt of payments from insurers;
- financial assets have been in arrears for a significant amount of time with no qualifying payments being received in recent months.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### (f) Critical accounting estimates and judgements – ECL allowances for loans and advances

In determining the ECL allowances for loans and advances, the following significant judgements and estimates were considered:

- In the absence of sufficient depth of data and the sophistication of credit risk management systems and protocols, management applies expert judgement within a governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.
- Due to differences in availability of data and maturity of credit risk management across the Group, different approaches are used to determine the key parameters.
- Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, increases in behaviour scores, arrears aging and portfolio assessments.
- In some instances the 12-month PDs are calculated by a behaviour scoring model that takes into account internal and external information, where available. The 'behaviour PDs' are linked to empirical default rates. A specific change in the behaviour score (and associated PD) indicates that the credit risk has increased significantly since initial recognition. Identifying the specific change in the PD that would trigger a significant increase in credit risk includes a degree of judgement. The behaviour scorecard is monitored and is recalibrated if necessary. Translating 12-months PDs into lifetime PDs requires management judgement and is based on the timing of defaults observed historically. In low default commercial and corporate portfolios PDs are calculated using a combination of internal ratings, default experience and PD floors based on sovereign credit ratings for the jurisdiction.
- Various arrears aging thresholds are also used to determine whether a significant increase in credit risk took place since initial recognition. Judgement is applied to determine the appropriate arrears threshold for different financial assets. The Group also makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears.
- The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers the arrears category where the balance has been allocated to, whether the balance is in legal review, debt review or under administration or expert judgement. Financial asset are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- A key judgement in determining the LGDs is the time period that the cash flows must be estimated for. The time period is estimated based on historical data that can be volatile. When the cash flows are too volatile the time period is capped to limit volatility. LGDs are influenced by estimates of the amounts to be recovered from the realisation of collateral and the estimated costs to realise the collateral.
- The Group has applied judgement in selecting the following macroeconomic factors: CPI inflation, the repo rate, unemployment rate and the household debt-to-income ratio. Management applied judgement in determining the number of scenarios to be used, the probability assigned to each scenario and the time period used to estimate the impact of forward-looking information of the ECL losses. By nature, the estimation of the values of macroeconomic factors in the near future is judgemental and subject to uncertainty.
- In the absence of a reliable correlation between macroeconomic factors and ECL losses, the Group applied expert judgement to decide whether a management overlay provision should be included in the measurement of ECL losses. After considering available information and qualitative risk factors within a governed process, the Group concluded that a management overlay provision will not be included in the measurement of ECL losses.

### (g) Reconciliation of loss allowance relating to financial assets subsequently measured at amortised cost

The following table presents a reconciliation from the opening balance to the closing balance of the loss allowance for loans and advances at amortised cost, and how significant changes in the gross carrying amount contributed to changes in the loss allowance:

Loans and advances at amortised cost at 31 December 2021 Rm	Total allowance for ECL	Stage 1	Stage 2	Stage 3
<b>Balance at beginning of the year</b>	<b>(4,903)</b>	<b>(686)</b>	<b>(446)</b>	<b>(3,771)</b>
Originations	(578)	(550)	(15)	(13)
Interest accruals	(603)	(126)	(95)	(382)
Repayments	506	427	355	(276)
Transfer to stage 1 <sup>1</sup>	45	(61)	65	41
Transfer to stage 2 <sup>1</sup>	(159)	131	(389)	99
Transfer to stage 3 <sup>1</sup>	(946)	173	191	(1,310)
Model and risk parameter changes	(84)	(3)	(17)	(64)
Foreign exchange, write offs and other movements	1,627	12	1	1,614
<b>Balance at end of the year</b>	<b>(5,095)</b>	<b>(683)</b>	<b>(350)</b>	<b>(4,062)</b>

<sup>1</sup> Includes Stage 3 write-offs of R987 million.

Loans and advances at amortised cost at 31 December 2020 Rm	Total allowance for ECL	Stage 1	Stage 2	Stage 3
<b>Balance at beginning of the year</b>	<b>(4,223)</b>	<b>(755)</b>	<b>(418)</b>	<b>(3,050)</b>
Originations	(567)	(496)	(28)	(43)
Interest accruals	(715)	(142)	(113)	(460)
Repayments	1,697	439	272	986
Transfer to stage 1 <sup>1</sup>	51	(47)	34	64
Transfer to stage 2 <sup>1</sup>	(246)	133	(426)	47
Transfer to stage 3 <sup>1</sup>	(2,096)	207	263	(2,566)
Model and risk parameter changes	(401)	(49)	(31)	(321)
Foreign exchange, write offs and other movements <sup>1</sup>	1,597	24	1	1,572
<b>Balance at end of the year</b>	<b>(4,903)</b>	<b>(686)</b>	<b>(446)</b>	<b>(3,771)</b>

<sup>1</sup> Includes stage 3 write offs of R1,788 million

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties with whom balances are held.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### F2: Market risk

Market risk is the potential impact of unfavourable changes in foreign exchange rates, interest rates and equity prices on the financial position and financial performance of the Group. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held, which in turn is driven by the nature of the business activities.

The Group has developed risk policies which set out the practices which are used to monitor and manage market risk. These policies are cascaded to business units across the Group. Each of the business units has its own established set of policies, principles and governance processes to monitor and manage market risk within its individual businesses and in accordance with local regulatory requirements.

Market risks on policies where the terms are guaranteed in advance and the investment risk is carried by the shareholders (e.g. guaranteed non-profit annuities) are predominantly matched with suitably dated interest-bearing assets which minimises interest rate risk and ensures adequate asset and liability matching. Residual risk exposures are minimal and within risk appetite and, where applicable, absorbed by discretionary margins (e.g. savings products).

The Asset-Liability Management (ALM) value chain for these products are generally as follows:

- Match interest rate risk with suitable assets – see more detail in Section F2.2 Interest Rate Risk.
- Manage the counterparty credit risk due to derivative trading with banks through suitable collateral- and margin management processes.
- Manage the liquidity risk resulting from the above collateral- and margin management process by holding adequate sources of liquid assets which can serve as collateral (for more details see Section F3 Liquidity Risk).
- In order to generate liquidity, we might enter securitised short-term funding contracts to create cash liquidity from the matching assets – e.g. repurchase agreements (Repos). These transactions require similar collateral processes to derivatives and would create similar collateral- and margin risk as described above (for more details see Section F3 Liquidity Risk).
- Cash raised from the above repo positions, introduce potential liquidity risk and more specifically repo roll risk; we manage this by holding sufficient liquidity to be able to step in and fund short-dated funding gaps where and when applicable (for more details see Section F3 Liquidity Risk).

Market risks on with-profit policies, where investment risk is shared between policyholders and shareholders, are minimised by appropriate bonus declaration practices and having suitable mandates for asset allocation (the stock selection and investment analysis process is supported by well-developed research functions). In addition, shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements.

Market risk resulting from shareholder investments is managed through set asset allocation mandates in line with the Group Risk strategy. For the South Africa shareholder listed equity portfolio we aim to limit capital losses using a hedged equity strategy. The hedging strategy is executed primarily in the form of zero cost collars where the exposure to losses is limited to 5% – 15% of the investment value whilst underlying equities track the Capped SWIX total return Index. The remaining Nedbank holding is accounted for on a fair value basis post the unbundling and contributes towards the market risk of the shareholder investments going forward. A large portion of this Nedbank holding was hedged using a collar structure, the intention is to exit the remaining unhedged holding on a managed basis.

The principal market risk arising in the Group's banking operations is interest rate risk on the banking book resulting from repricing and/or maturity mismatches between on and off balance sheet components in all banking business. Governance structures are in place to achieve effective independent monitoring and management of market risk.

### 2.1: Currency translation risk

The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. From a capital perspective, the Group's capital is held where our risks are located and currency translation risk would only be realised if we were to require a transfer of surplus capital between regions during a period of stress. As per the Group Risk Strategy, selective appetite exists for currency translation risk.

The functional currencies of the Group's principal overseas operations are pound sterling, US dollar, Zimbabwean dollar and Kenyan shilling.

In the following tables, the Other category includes the Group's exposure to Euro, Namibian dollar, Malawian kwacha, Nigerian naira and Zimbabwean dollar.

These foreign currency translation tables below have been prepared on the basis that the values of the economic hedging instruments are reflected at their carrying value as opposed to their notional amounts. Translation of foreign operations into rand does not expose the Group to foreign currency translation risk, but does expose the Group to volatility in financial position and performance of the underlying entities. Refer to note A2(b) for information on the translation of the Zimbabwean entities into rand.

At 31 December 2021 Rm	ZAR	GBP	USD	KES	Other	Total
<b>Assets</b>						
Mandatory reserve deposits with central banks	–	1	9	149	36	195
Investments in associated undertakings and joint ventures' undertakings	463	1	429	–	15	908
Reinsurers' share of policyholder liabilities	8,016	3,744	73	281	1,258	13,372
Loans and advances	10,705	–	4	2,364	5,649	18,722
Investments and securities	756,009	19,068	63,841	6,212	54,258	899,388
Trade, other receivables and other assets	19,507	–	466	508	2,321	22,802
Derivative financial instruments – assets	6,134	–	257	–	–	6,391
Cash and cash equivalents	25,828	1,813	1,286	336	3,668	32,931
Total assets that include financial instruments	826,662	24,627	66,365	9,850	67,205	994,709
Assets held for sale and distribution	269	–	–	–	–	269
Total non-financial assets	37,311	24	2,127	2,608	16,806	58,876
<b>Total assets</b>	<b>864,242</b>	<b>24,651</b>	<b>68,492</b>	<b>12,458</b>	<b>84,011</b>	<b>1,053,854</b>
<b>Liabilities</b>						
Long term business insurance policyholder liabilities	653,245	20,925	56,195	2,987	61,267	794,619
Third-party interest in consolidation of funds	77,308	–	–	–	–	77,308
Borrowed funds	14,324	–	242	773	2,167	17,506
Trade, other payables and other liabilities	52,247	1,716	3,664	1,868	4,439	63,934
Amounts owed to bank depositors	(1)	77	28	3,021	2,780	5,905
Derivative financial instruments – liabilities	3,683	280	3,037	–	1,084	8,084
Total liabilities that include financial instruments	800,806	22,998	63,166	8,649	71,737	967,356
Total non-financial liabilities	13,901	118	2,571	1,486	3,121	21,197
<b>Total liabilities</b>	<b>814,707</b>	<b>23,116</b>	<b>65,737</b>	<b>10,135</b>	<b>74,858</b>	<b>988,553</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### F2: Market risk

#### 2.1: Currency translation risk

At 31 December 2020 Rm	ZAR	GBP	USD	KES	Other	Total
<b>Assets</b>						
Mandatory reserve deposits with central banks	–	–	6	191	38	235
Investments in associated undertakings and joint ventures' undertakings	16,149	834	451	–	16	17,450
Reinsurers' share of policyholder liabilities	10,492	3,422	119	236	1,341	15,610
Loans and advances	12,096	–	4	2,469	3,229	17,798
Investments and securities	666,638	9,998	55,161	5,810	34,430	772,037
Trade, other receivables and other assets	18,211	207	231	315	1,353	20,317
Derivative financial instruments – assets	10,840	–	–	–	–	10,840
Cash and cash equivalents	26,564	2,157	1,288	265	3,286	33,560
Total assets that include financial instruments	760,990	16,618	57,260	9,286	43,693	887,847
Assets held for sale and distribution	21	–	–	–	63	84
Total non-financial assets	36,566	4	985	2,331	12,865	52,751
<b>Total assets</b>	<b>797,577</b>	<b>16,622</b>	<b>58,245</b>	<b>11,617</b>	<b>56,621</b>	<b>940,682</b>
<b>Liabilities</b>						
Long term business insurance policyholder liabilities	574,856	12,982	49,974	2,827	42,325	682,964
Third-party interest in consolidation of funds	73,020	–	–	–	–	73,020
Borrowed funds	14,785	–	108	976	1,466	17,335
Trade, other payables and other liabilities	48,435	2,054	4,163	1,426	4,135	60,213
Amounts owed to bank depositors	–	69	18	3,073	1,884	5,044
Derivative financial instruments – liabilities	11,099	–	–	–	55	11,154
Total liabilities that include financial instruments	722,195	15,105	54,263	8,302	49,865	849,730
Total non-financial liabilities	15,113	93	2,234	1,261	2,928	21,629
<b>Total liabilities</b>	<b>737,308</b>	<b>15,198</b>	<b>56,497</b>	<b>9,563</b>	<b>52,793</b>	<b>871,359</b>

The Group may reduce currency translation risk through the use of currency swaps, currency borrowings and forward foreign exchange contracts.

#### Sensitivity analysis

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on, profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous year:

Rm	Change in exchange rate	Impact on profit before tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
<b>At 31 December 2021</b>					
<b>GBP</b>	<b>10%</b>	<b>(153)</b>	<b>153</b>	<b>(153)</b>	<b>153</b>
<b>USD</b>	<b>10%</b>	<b>(276)</b>	<b>276</b>	<b>(276)</b>	<b>276</b>
<b>KES</b>	<b>10%</b>	<b>(232)</b>	<b>232</b>	<b>(232)</b>	<b>232</b>
<b>At 31 December 2020</b>					
GBP	10%	(119)	119	(119)	119
USD	10%	(212)	212	(212)	212
KES	10%	(271)	271	(271)	271

#### 2.2 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

The Group has due regard to the nature of the liabilities and guarantees given to policyholders. Generally, the interest rate risk of such liabilities is managed by investing in fixed interest assets of similar duration.

For guaranteed annuities and protection products (life, funeral, disability and critical illness cover), the interest rate risk is managed by investing in fixed interest assets of varying terms, in order to hedge the liability's exposure to interest rate risk across the yield curve. For protection products this approach was introduced via an optimised hedging strategy which was initiated in 2020 and finalised in 2021. The hedging strategy whereby interest rate risk is managed across the yield curve is now fully embedded in our interest rate risk management operations. The non-unit liabilities held for savings products are also sensitive to interest rates. Interest rate exposures on the aforementioned products are not hedged, and is managed by a discretionary margin which absorbs profit or loss impact from interest rate risk sensitivities, limited to the size of the discretionary margin.

For products with embedded guarantees, investment guarantee reserves (IGRs) are calculated on a market-consistent basis. These IGRs are sensitive to movements in interest rates as well as the implied volatility of interest rates, with a reduction in interest rates and/or an increase in implied interest rate volatility increasing the reserves held. Economic hedging is largely in place to mitigate the impact of interest rate movements. A discretionary margin is also held for the potential ineffectiveness of such hedging strategies and for the movements in implied volatilities which are not hedged.

Shareholder capital is also exposed to interest rate risk due to fluctuations in the market value of government bonds within the shareholder funds. Interest rate risk also arises due to changes in the fair value of fixed rate debt when interest rates move, which is hedged using swaps.

The table below shows the sensitivity of assets and liabilities to changes in interest rates. The effect of discretionary margins are included in the change in liabilities in line with relevant discretionary margin methodologies. The sensitivities are calculated for guaranteed (non-profit) products and shareholder funds where shareholders bear the market risk, and excludes with-profit and linked funds.

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net Impact on profit/(loss) before tax
<b>Guaranteed products</b>			
Interest -1%	4,295	4,396	(101)
Interest +1%	(3,615)	(3,705)	90
<b>Shareholder funds</b>			
Interest -1%	164	62	102
Interest +1%	(153)	(60)	(94)

Note: The above table excludes the Group's Zimbabwean operations, refer to note A2(b) for Zimbabwe specific sensitivities. It also excludes the impact of securities held in the ROA segments, the majority of which consists of securities held in Zimbabwe. As Zimbabwe is currently experiencing hyperinflation, a 1% move would have a negligible impact on the value of the securities (refer to Note A2(b)). The remainder of the assets would have an immaterial impact on the sensitivity analysis.

Equity price risk is the risk that fluctuating equity prices will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### 2.3 Equity price risk

Where products have embedded guarantees, the shareholder shares in the equity price level should the guarantees 'bite'. The value of these guarantees are reflected in IGRs calculated on a market-consistent basis. IGRs are sensitive to movements in equity prices as well as implied equity volatility, with a reduction in equity prices and/or an increase in implied equity volatility typically increasing the level of the reserves calculated. Economic hedging is in place to largely mitigate the impact of equity price movements. A discretionary margin is also held for the potential ineffectiveness of such hedging strategies and for the movements in implied volatilities which are not hedged.

There is limited exposure to equity price risk in non-profit products as equity securities are generally not regarded as suitable to match such insurance obligations (where the main risk is interest rate risk).

Indirect shareholder exposure to equity price risk exists where fees earned on products (primarily smoothed bonus, with-profit annuities and unit-linked) are based on the underlying portfolio.

Shareholder capital is also exposed to equity price risk due to equity investments forming part of the Strategic Asset Allocation (or SAA) strategy. The exposure of SA shareholder capital investments to adverse movements in equity prices is mitigated to a large degree by the utilisation of equity hedging instruments.

The table below shows the sensitivity of assets and liabilities to changes in equity market levels. The effect of discretionary margins are included in the change in liabilities in line with relevant discretionary margin methodologies. The sensitivities are calculated for guaranteed (non-profit) products and shareholder funds where shareholders bear the market risk, and excludes with-profit and linked funds.

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net Impact on profit/(loss) before tax
<b>Guaranteed products</b>			
Equity -10%	144	248	(104)
Equity +10%	(143)	(248)	105
<b>Shareholder funds</b>			
Equity -10%	(781)	-	(781)
Equity +10%	717	-	717

Note: The above table excludes the Group's Zimbabwean operations, refer to note A2(b) for Zimbabwe specific sensitivities. It also excludes the impact of securities held in the ROA segments, the majority of which consists of securities held in Zimbabwe. As Zimbabwe is currently experiencing hyperinflation, a 10% move would thus disproportionately skew the sensitivity analysis (refer to Note A2(b)). The remainder of the assets would have an immaterial impact on the sensitivity analysis.

### F3: Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

Subsidiaries are responsible for managing their own liquidity needs in line with the Group Liquidity Risk Policy. This allows the subsidiaries to withstand severe stress events whilst also taking into account any applicable local regulations. The work is overseen by the local subsidiary Company's Board, which for material subsidiaries includes Group representation. Liquidity is also held centrally to meet the liquidity demands of a listed holding company.

The Group liquidity position is monitored over a forecasted period of 24 months. The Group's liquidity risk appetite is to maintain sufficient liquidity to withstand a 1-in-200 year stress event over a one-year period while meeting the demands of ongoing operations.

The primary sources of liquidity risk are:

- Within the Insurance businesses, where derivative instruments may be used for the purposes of hedging and efficient portfolio management. The largest exposure of this nature relates to annuity and risk product portfolios in OMLACSA. The derivative instruments give rise to collateral calls in a changing interest rate environment. These are managed by performing detailed stress tests and ensuring adequate liquidity exists to cover potential collateral and margin calls.
- Within the Banking and Lending businesses, where wholesale funding is sourced to fund loans to customers. Liquidity risk arises as a result of refinancing risk (the risk that the business cannot raise funding to cover maturing debts) or as a result of financial covenants imposed by the businesses' lenders. Old Mutual Finance does not take retail deposits and a portion of its funding is provided by wholesale lenders, subject to financial covenants. Central African Building Society (CABS) is a regulated building society in Zimbabwe and is subject to local banking regulation. Faulu Microfinance Bank Limited (FAULU) is a regulated deposit-taking micro-lender and is subject to local regulation. Both CABS and FAULU obtain a portion of their funding from wholesale lenders, subject to financial covenants.
- Within the Group's central treasury function, where the key liquidity risks relate to the balance between remittances received from the businesses either by way of operations or through capital items, compared to central costs including debt funding and/or capital or liquidity demands of the businesses.

The above risks are mitigated by a combination of holding ample readily accessible liquidity where the risks lie, whether these arise from shareholder commitments or policyholder liabilities, having access to contingent sources of liquidity such as revolving credit facilities, management processes to monitor lending covenants and suitable management actions to proactively remedy any deterioration in the covenant status or liquidity coverage. In the event of a liquidity risk scenario occurring the actual actions to be taken will be tailored to the specific circumstances.

The contractual maturities of the Group's financial liabilities and insurance contracts are set out in notes G2, G3 and G4.

### F4: Capital management

The Group aims to maintain its solvency levels within the target range of 170% – 200%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity.

The Prudential Standards prescribed under the Insurance Act seek to improve policyholder protection and contribute to financial stability through aligning insurers' regulatory capital requirements with underlying risks. It also strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers and aligns with international standards. In accordance with the Prudential Standards, each insurance company must maintain own funds to cover at a minimum their capital requirements. In practice, companies will hold a buffer above this minimum requirement. The solvency capital requirements (SCR) is the primary capital requirement for South African insurers. The SCR is calibrated to correspond to the amount of own funds that an insurer needs to hold at a confidence level of 99.5% over a one-year period. The SCR can be calculated either using the Standard Formula or an Internal Model.

The required capital for OMLACSA, which is the major component of the Group solvency, is calculated using the Standard Formula. This requires the calculation of capital requirements for each key risk category, namely business risk, market risk, life liability risk, credit, counterparty and concentration risk, operational risk and currency risk. The capital requirements for each risk category are aggregated using a prescribed correlation matrix, which allows for diversification effects between some of the risk categories. Subject to regulatory approval, the Standard Formula allows for certain methodology elections to be made.

The Group solvency capital position must be compliant with regulatory requirements at all times. In addition to the calculated regulatory capital requirement, the Group holds a buffer above these minimum requirements that will allow it to remain compliant after a predefined extreme adverse scenario. The primary sources of capital used by the Group are shareholders equity and qualifying subordinated debt. There are a number of constraints, including the Group's desired credit rating, required liquidity and dividend capacity, which inform the optimal mix of capital sources.

During the year, the Prudential Authority approved Old Mutual Limited's application to use the Accounting Consolidation Method when aggregating SCR for the Group solvency capital calculation, and the application to unbundle the Nedbank equity holding held by Old Mutual Emerging Markets (Pty) Ltd. The Accounting Consolidation Method allows for the diversification of risks between South African licensed insurance entities which has the effect of reducing Group SCR and improving the solvency capital position. This necessitated the change in Group solvency target range from 165% – 195% to 170% – 200% for year-end 2021. Nedbank is treated as an equity investment in the calculation of the Group solvency position. Despite the unbundling of approximately R10.7bn of capital to shareholders, the Group solvency coverage ratio reduced marginally by approximately 3%; the own funds reduction being offset by the associated reduction in SCR. The remaining investment in Nedbank is held by OMLACSA and managed in line with the Group's Financial Management Framework.

The group manages its capital based on the regulatory requirements set out by the Prudential Authority for Insurance Groups with OML as the designated holding company of the group. The group targets an OML solvency coverage ratio of 170% to 200%.

At 31 December 2021 Rm (Unaudited)	Optimal target range	FY 2021	FY 2020 Pro-forma <sup>1</sup>	FY 2020 Re-presented <sup>2</sup>	Change (FY 2021) vs Pro-forma FY 2020)
<b>OMLACSA</b>					
Eligible own funds		62,470	62,389	62,389	0.1%
Solvency capital requirement (SCR)		31,084	29,062	29,062	7%
Solvency ratio (%)	175% to 210%	201%	215%	215%	(1400 bps)
<b>Group</b>					
Eligible own funds		91,401	93,319	92,733	(2%)
Solvency capital requirement (SCR)		49,707	47,001	48,920	6%
Solvency ratio (%)	170% to 200%	184%	199%	190%	(1500 bps)

<sup>1</sup> Prior year has been re-presented to include the use of accounting consolidation method.

<sup>2</sup> Prior year has been re-presented to align to the Prudential Authority (PA) substitution.

At 31 December 2021 the group was strongly capitalised at a ratio of 184%.

For comparability, the December 2020 Group solvency ratio was re-presented to reflect the impact of adopting the Accounting Consolidation Method; this results in an increase from 190% as previously reported to 199%. At 31 December 2021, the unaudited solvency ratio for the Group was 184% (2020: re-presented: 199%). This is calculated as total own funds of R91.4 billion divided by total solvency capital requirement of R49.7 billion.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## F: Financial Risk and Capital Management

### F5: Other unaudited information

The capital value used by the Group as the primary performance measurement base is the Group's embedded value. The following table shows the sensitivity of the Group's embedded value to changes in key assumptions. Embedded value is a measure of the value of shareholders' interests in the covered business of the company after sufficient allowance has been made for the aggregate risks in the covered business. It is measured in a way that is consistent with the value that would normally be placed on the cashflows generated by these assets and liabilities in a deep and liquid market. All calculations include the impact on the time-value reserves necessary for policyholder financial options and guarantees.

For each sensitivity illustrated, all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios. For more information on the Group's embedded value, refer to the Additional Disclosures in the Group Annual Results published on 24 March 2022.

This information has not been audited by the Group's auditors.

Rm	Unaudited 2021 EV	Unaudited 2020 EV
<b>Central assumptions</b>	<b>70,315</b>	65,916
<b>Value given changes in:</b>		
Economic assumptions 100bps increase <sup>1</sup>	70,417	65,988
Economic assumptions 100bps decrease <sup>1</sup>	70,088	65,653
Equity/property market value 10% increase <sup>2</sup>	72,452	67,400
Equity/property market value 10% decrease <sup>2</sup>	68,541	64,420
10bps increase of liquidity spreads <sup>3</sup>	70,539	66,099
50bps contraction on corporate bond spreads <sup>4</sup>	70,315	66,189
25% increase in equity/property implied volatilities <sup>5</sup>	69,904	65,544
25% increase in swaption implied volatilities <sup>6</sup>	70,186	65,783
10% decrease in discontinuance rates <sup>7</sup>	72,159	67,703
10% decrease in maintenance expenses <sup>8</sup>	72,195	67,632
5% decrease in mortality/morbidity rates <sup>9</sup>	73,344	68,959
5% decrease in annuitant mortality assumption <sup>10</sup>	69,959	65,614

<sup>1</sup> Economic assumptions 100bps increase/decrease: Increasing/decreasing all pre-tax investment and economic assumptions (projected investment returns and inflation) by 100bps, with credited rates and discount rates changing commensurately.

<sup>2</sup> Equity/property market value 10% increase/decrease: Equity and property market value increasing/decreasing by 10%, with all profit before tax investment and economic assumptions unchanged.

<sup>3</sup> 10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.

<sup>4</sup> 50bps contraction on corporate bond spreads.

<sup>5</sup> 25% increase in equity/property implied volatilities: 25% multiplicative increase in implied volatilities.

<sup>6</sup> 25% increase in swaption implied volatilities: 25% multiplicative increase in implied volatilities.

<sup>7</sup> 10% decrease in discontinuance rate.

<sup>8</sup> 10% decrease in maintenance expenses: Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges.

<sup>9</sup> 5% decrease in mortality/morbidity rates: Mortality and morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.

<sup>10</sup> 5% decrease in annuitant mortality assumption: Mortality assumption for annuities decreasing by 5%, with no corresponding increase in policy charges.

## G: Analysis of financial and insurance assets and liabilities

### G1: Investment and securities and derivative financial assets and liabilities

#### (a) Investments and securities

The table below analyses the investments and securities that the Group invests in, either for its own proprietary behalf (shareholder funds) or on behalf of third parties (either policyholder funds or pooled investments).

At 31 December Rm	2021	2020
Government and government-guaranteed securities	115,871	118,254
Other debt securities, preference shares and debentures	102,445	91,925
Listed	24,879	21,782
Unlisted	77,566	70,143
Equity securities	347,330	282,868
Listed	325,366	260,472
Unlisted	21,964	22,396
Pooled investments <sup>1</sup>	270,029	213,212
Listed	148,054	123,127
Unlisted	121,975	90,085
Short term funds and securities treated as investments	62,235	64,166
Other	1,478	1,612
<b>Total investments and securities</b>	<b>899,388</b>	<b>772,037</b>

<sup>1</sup> Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Investments and securities are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R138,941 million (2020: R123,501 million) is expected to be recoverable within 12 months from the reporting date and R760,447 million (2020: R648,536 million) is expected to be recovered more than 12 months from the reporting date.

The majority of the listed equity securities are traded on well-established exchanges such as the JSE Securities Exchange, New York Stock Exchange and London Stock Exchange.

The Group's holdings of unlisted equity securities arise principally from private equity investment and unlisted investment vehicles.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G1: Investment and securities and derivative financial assets and liabilities

#### (b) Derivative financial assets and liabilities

Derivative financial assets and liabilities predominantly consist of interest rate swaps and bond forward contracts used to economically hedge the Group's borrowed fund fixed and variable rate exposures.

At 31 December Rm	2021				2020			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	4,858	(6,745)	129,237	140,887	9,542	(10,090)	122,112	125,396
Forward rate agreements	712	(672)	40,142	20,661	1,252	(952)	36,911	15,924
Other (options and futures)	821	(667)	-	-	46	(112)	-	-
<b>Total</b>	<b>6,391</b>	<b>(8,084)</b>	<b>169,379</b>	<b>161,548</b>	<b>10,840</b>	<b>(11,154)</b>	<b>159,023</b>	<b>141,320</b>

R1,262 million (2020: R1,525 million) of the total derivative financial assets of R6,391 million (2020: R10,840 million) is regarded as current with the remainder being non-current.

R1,238 million (2020: R1,387 million) of the total derivative financial liabilities of R8,084 million (2020: R11,154 million) is regarded as current with the remainder being non-current.

### G2: Insurance and investment contracts

#### Life assurance

##### Classification of contracts

Life assurance contracts are categorised into insurance contracts, contracts with a discretionary participation feature or investment contracts, in accordance with the classification criteria set out in the paragraphs below.

For the Group's unit-linked assurance business, contracts are separated into an insurance component and an investment component (known as unbundling) and each unbundled component is accounted for separately in accordance with the accounting policy for that component. The treatment of these types of contracts as separate components (unbundling) only occurs when there is a small or insignificant amount of insurance risk in the contract. Other kinds of contracts are considered and categorised as a whole.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is risk other than financial risk. Contracts accounted for as insurance contracts include life assurance contracts and savings contracts providing more than an insignificant amount of life assurance protection.

Financial risks are the risks of a possible future change in one or more of a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract.

Contracts with discretionary participation features are those under which the policyholder holds a contractual right to receive additional payments as a supplement to guaranteed minimum payments. These additional payments, the amount and timing of which is at the Group's discretion, represent a significant portion of the total contractual payments.

These are contractually based on (i) the performance of a specified pool of contracts or a specified type of contract, (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group or (iii) the profit or loss of the Group. Investment contracts with discretionary participation features, which have no life assurance protection in the policy terms, are accounted for in the same manner as insurance contracts.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant (or there is no transfer of insurance risk) and where there is no discretionary participation are classified as investment contracts. Such contracts include unit-linked savings and/or investment contracts sold without life assurance protection and are classified as financial instruments.

#### Premiums on life assurance

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participation feature are stated gross of commission and exclude taxes and levies. Premiums in respect of unit-linked insurance contracts are recognised when the liability is established. Premiums in respect of insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment.

Amounts received under investment contracts, other than those with a discretionary participation feature, and unit-linked assurance contracts are not recorded through profit or loss, except for fee income and investment income attributable to those contracts, but are accounted for directly through the consolidated statement of financial position as an adjustment to investment contract liabilities.

#### Claims paid on life assurance

Claims paid under insurance contracts and investment contracts with a discretionary participating feature include maturities, annuities, surrenders, death and disability payments.

Maturity and annuity claims are recorded as they fall due for payment. Death and disability claims and surrenders are accounted for in profit or loss when notified.

Reinsurance recoveries in profit or loss are recognised in profit or loss in the same period as the related claim.

Amounts paid under investment contracts other than those with a discretionary participating feature and unit-linked assurance contracts are recorded as reductions of the investment contract liabilities.

#### Life Insurance contract liabilities

Provisions in respect of South African business are made in accordance with the Financial Soundness Valuation basis as set out in the latest version of the guidelines issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104.

Under these guidelines, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence.

Provisions for investment contracts with a discretionary participating feature are also computed using the gross premium valuation method in accordance with the Financial Soundness Valuation basis. Surplus allocated to policyholders but not yet distributed related to these contracts is included as part of life insurance policyholder liabilities.

Reserves for immediate annuities and other guaranteed payments are computed on the prospective method, which produces reserves equal to the present value of future benefit payments.

For other territories, the valuation bases adopted are in accordance with local actuarial practices and methodologies.

Derivative instruments embedded in a life insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as a life insurance contract. In this case the entire contract is measured as described above.

The Group performs liability adequacy testing at a business unit level on its insurance liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs and intangible assets) is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability at discount rates appropriate to the business in question. Where a shortfall is identified, an additional provision is made by increasing the liability held. The provision assumptions and estimation techniques are periodically reviewed, with any changes in estimates reflected in profit or loss as they occur.

Whilst the directors consider that the gross life insurance contract liabilities and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

In respect of the South African life assurance business, shadow accounting is applied to life insurance contract liabilities where the underlying measurement of the policyholder liability depends directly on the value of owner-occupied property and the unrealised gains or losses on such property, which are recognised in other comprehensive income. The shadow accounting adjustment to life insurance contract liabilities is recognised in other comprehensive income to the extent that the unrealised gains or losses on owner-occupied property backing life insurance contract liabilities are also recognised directly in other comprehensive income.

Financial guarantee contracts, issued in insurance contracts are recognised as part of the overall measurement of insurance contracts.

#### Investment contract liabilities

Investment contract liabilities in respect of the Group's business other than unit-linked business are recorded at amortised cost unless they are designated at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency, for example where the corresponding assets are recorded at fair value through profit or loss.

Investment contract liabilities in respect of the Group's unit-linked business are recorded at fair value. For such liabilities, including the deposit component of unbundled unit-linked assurance contracts, fair value is calculated as the account balance, which is the value of the units allocated to the policyholder, based on the bid price of the assets in the underlying fund (adjusted for tax).

Investment contract liabilities measured at fair value are subject to a 'deposit floor' such that the liability established cannot be less than the amount repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

#### Acquisition costs on life insurance liabilities

Acquisition costs for insurance contracts comprise all direct and indirect costs arising from the sale of insurance contracts.

As the gross premium valuation method used in South Africa to determine insurance contract liabilities makes implicit allowance for the deferral of acquisition costs, no explicit deferred acquisition cost asset is recognised in the consolidated statement of financial position for the contracts issued in these areas.

Deferral of costs on insurance business is limited to the extent that they are deemed recoverable from available future margins.

#### Property and Casualty

Contracts under which the Group accepts significant insurance risk from another party and which are not classified as life insurance are classified as Property and Casualty. All classes of Property and Casualty business are accounted for on an annual basis.

#### Premiums on Property and Casualty

Premiums are stated gross of commissions, exclude taxes and levies and are accounted for in the period in which the risk commences. The proportion of the premiums written relating to periods of risk after the reporting date is carried forward to subsequent accounting periods as an unearned premiums liability, so that earned premiums relate to risks carried during the accounting period.

#### Claims on Property and Casualty

Claims incurred, which are recognised in profit or loss, comprise the settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the accounting period, whether reported or not.

Outstanding claims do not include any provision for possible future claims where the claims arise under contracts not in existence at the reporting date.

The Group performs liability adequacy testing at a business unit level on its claim liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs and the unearned premium reserve) is sufficient in view of estimated future undiscounted cash flows.

Whilst the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amount provided. Adjustments to the amounts of claims provisions established in prior years are reflected in profit or loss in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used and estimates made are reviewed regularly.

#### Acquisition costs on Property and Casualty

Acquisition costs, which represent commission and other related expenses, are deferred and amortised over the period in which the related Property and Casualty premiums are earned.

#### Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets.

Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts.

For the Property and Casualty business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in reinsurance assets.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the insurance liabilities held in respect of the related insurance contracts. Reinsurance assets include recoveries due from reinsurance companies in respect of claims paid.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

### Critical accounting estimates and judgements – Insurance and investment contract liabilities

#### Life insurance contract liabilities

Whilst the directors consider that the gross life insurance contract liabilities and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

#### Pandemic reserve

In South Africa COVID-19 continued to have a significant impact on claims experience. Wave 2 and Wave 3 excess deaths experience was more pronounced in the insured population due to the older age profile and heterogeneity of lives.

Provisions raised at December 2020 and June 2021 were insufficient to fully cover the excess deaths. The Personal Finance component experience was materially worse for wave 3 (Delta variant) while the experience for the Mass Foundation and Corporate components were similar to wave 2 levels (provisions were sufficient). The year ended with wave 4 reaching its peak but at lower levels of excess deaths compared to any prior wave. The Rest of Africa experience had been muted until the second half of 2021. Namibia experienced its first significant wave in the second half of the year, resulting in significant excess deaths. This increase was exacerbated by the lack of oxygen, medical equipment and other essential items in the country during the peak of the wave.

Management took a number of actions during the year to offset the impact of COVID-19 and maintain the sustainability of the risk product book. These actions included price increases for individual underwritten new business (for unvaccinated lives) and rate reviews on corporate group life schemes. The in-force Greenlight pricing basis used for premium reviews at the end of the guaranteed period was also adjusted to take into account the expected future cost of COVID-19.

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
<b>Pandemic provisions at 31 December 2020</b>	1,024	1,979	891	68	3,962
Utilisation of COVID-19 provisions	(1,105)	(2,868)	(1,094)	(199)	(5,266)
Additional COVID-19 provisions (gross of management actions)	434	2,650	575	509	4,168
<b>Pandemic provisions at 31 December 2021</b>	353	1,761	372	378	2,864
Best Estimate Liability incl. Prescribed margin	353	1,518	275	378	2,524
Discretionary Margin		243	97		340

The closing provisions for all segments were set taking into account experience into January 2022 and assuming no break-out variant in future (a variant that bypasses immunity). It was assumed that each future wave would have a decreasing contribution to excess mortality as vaccines are rolled out, immunity is acquired through past infection and the virus continues to become less virulent (but still transmissible).

Past experience for the Personal Finance and Corporate Segment were significantly different to that estimated due to the heterogeneity of insured lives (amongst other factors). R340 million of Discretionary Margins were established across these two segments to cater for this uncertainty. These margins were set in relation to group's Earnings at Risk appetite. Existing Mass & Foundation Cluster and Rest of Africa mortality related discretionary margins were deemed adequate to cater for this risk and therefore no further explicit discretionary margins have been raised in these segments.

#### Risks to pandemic assumptions

The short-term provisions established for 2022 onwards have assumed that future waves of the pandemic will be resulting in fewer excess deaths as the virus progresses towards becoming endemic. It was therefore assumed that no break out variant will occur in the future. To the extent that a break out variant occurs that bypasses immunity provided by vaccines and prior infection against death, it would result in a negative impact on earnings and future provisioning.

It was assumed at a national level that vaccinations would be administered to around 60% by end of the first half of 2022 with the remainder of the population achieving immunity through prior infection. To the extent that vaccinations uptake is not achieved for age groups 40 years and older we would expect shorter term volatility in earnings and provisioning.

Most research until now has focussed on the body's B-cell immune response to infection. Research on the body's T-cell response and the memory to assist in fighting the infection to prevent death can still deliver much-needed improvements in our understanding. Implicit in the modelling is that past infection will assist in preventing deaths in the future i.e. T-cell assistance. To the extent that this proves not to be true and immunity from past infection wanes, there could be higher losses than modelled.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

Sensitivity of the pandemic provisions	Change in Provision				
	Base	Immunity benefit		Vaccine take-up	
		-25%	+25%	-10%	+10%
Pandemic provision	2,864	1,389	(1,215)	327	(264)

The table above shows the sensitivity of the pandemic provision to two different scenarios before allowing for any offset from discretionary margins:

- Immunity reduction: This assumes that immunity from vaccination and prior infection changes by the specified sensitivity (applied multiplicatively).
- Vaccine take-up: This assumes an absolute change in ultimate vaccination level at a national level (applied additively).

**Discretionary margins**

Insurance and investment contract liabilities in South Africa are determined as the aggregate of:

- Best estimate liabilities, with assumptions allowing for the best estimate of future experience and a market-consistent valuation of financial options and guarantees;
- Compulsory margins, prescribed in terms of South African professional actuarial guidance note (SAP 104) as explicit changes to actuarial assumptions that increase the level of insurance and investment contract liabilities held; and
- Discretionary margins, permitted by SAP 104, to allow for the uncertainty inherent in estimates of future experience after considering available options of managing that experience over time, or to defer the release of profits consistent with policy design or company practice.

Discretionary margins of R6,721 million (0.9% of total insurance and investment contract liabilities) were held at 31 December 2021 (2020: R6,382 million, 1.0% of total insurance and investment contract liabilities). This consisted largely of:

- Margins held for Mass and Foundation Cluster protection business, which allow for the uncertainty related to mortality experience in South Africa, as well as future lapse experience and future investment returns, and to ensure that profit is released appropriately over the term of the policies;
- Margins to allow for the uncertainty inherent in the assumptions used to value financial options and guarantees, implied volatility assumptions in particular, which are difficult to hedge due to the short term nature of the equity option market in South Africa;
- Margins on non-profit annuities, due to the inability to fully match assets to liabilities as a result of the limited availability of long-dated bonds, and to provide for longevity risk; and
- Margins for the uncertainty inherent in future economic assumptions used to calculate, mainly protection product liabilities, in the Personal Finance and Wealth Management and Mass and Foundation Cluster businesses. Although interest rate hedging is used to manage interest rate risk on these products, the volatility of bond yields in South Africa means that it is difficult to maintain appropriate hedging positions without incurring significant trading costs. The discretionary margin therefore caters for the residual uncertainty present after allowing for the hedge programme that is in place.

#### (a) Net earned premiums

The Group's net earned premiums from insurance and investment contracts with discretionary participation features are analysed as follows:

Year ended 31 December Rm	2021	2020
<b>Premiums earned</b>		
Life insurance contracts	35,974	33,280
Investment contracts with discretionary participation features	27,621	29,419
Property and casualty	20,246	18,872
<b>Gross insurance premium revenue</b>	<b>83,841</b>	<b>81,571</b>
Outwards reinsurance	(11,290)	(9,109)
<b>Net earned premiums</b>	<b>72,551</b>	<b>72,462</b>

#### (b) Policyholder liabilities

The Group's insurance and investment contracts are analysed as follows:

Year ended 31 December Rm	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Life assurance policyholder liabilities</b>						
<b>Total life insurance contracts liabilities</b>	<b>155,349</b>	<b>(4,099)</b>	<b>151,250</b>	145,536	(3,764)	141,772
Life insurance contracts liabilities	151,451	(3,628)	147,823	142,772	(3,475)	139,297
Outstanding claims	3,898	(471)	3,427	2,764	(289)	2,475
<b>Investment contract liabilities</b>	<b>639,270</b>	<b>(3,759)</b>	<b>635,511</b>	537,428	(3,436)	533,992
Unit-linked investment contracts and similar contracts	392,705	(3,744)	388,961	332,829	(3,422)	329,407
Other investment contracts	1,082	-	1,082	1,482	-	1,482
Investment contracts with discretionary participating features	245,483	(15)	245,468	203,117	(14)	203,103
<b>Total life assurance policyholder liabilities</b>	<b>794,619</b>	<b>(7,858)</b>	<b>786,761</b>	682,964	(7,200)	675,764
<b>Property and casualty liabilities</b>						
Claims incurred but not reported	2,589	(970)	1,619	2,092	(860)	1,232
Unearned premiums	3,400	(1,273)	2,127	2,969	(1,136)	1,833
Outstanding claims	5,217	(3,271)	1,946	9,394	(6,414)	2,980
<b>Total property and casualty liabilities</b>	<b>11,206</b>	<b>(5,514)</b>	<b>5,692</b>	14,455	(8,410)	6,045
<b>Total policyholder liabilities</b>	<b>805,825</b>	<b>(13,372)</b>	<b>792,453</b>	697,419	(15,610)	681,809

Of the R13,372 million (2020: R15,610 million) included in reinsurer's share of life assurance policyholder and property and casualty liabilities is an amount of R10,738 million (2020: R13,841 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

#### (c) Insurance contracts

Movements in the amounts outstanding in respect of life assurance policyholder liabilities, other than outstanding claims, are set out below:

Year ended 31 December Rm	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Balance at beginning of the year</b>	<b>142,772</b>	<b>(3,475)</b>	<b>139,297</b>	139,046	(1,653)	137,393
<b>Income</b>						
Premium income	35,974	(3,764)	32,210	33,280	(2,820)	30,460
Investment income	22,278	–	22,278	10,726	–	10,726
Other income	143	(1,202)	(1,059)	346	(8)	338
<b>Expenses</b>						
Claims and policy benefits	(42,227)	5,696	(36,531)	(32,679)	2,718	(29,961)
Operating expenses	(8,992)	–	(8,992)	(8,589)	–	(8,589)
Currency translation (gain)/loss	169	(2)	167	(435)	3	(432)
Other charges and transfers	(119)	1,148	1,029	(74)	(116)	(190)
Taxation	(672)	3	(669)	(263)	1	(262)
Transfer to operating profit	2,125	(2,032)	93	1,414	(1,600)	(186)
<b>Balance at end of the year</b>	<b>151,451</b>	<b>(3,628)</b>	<b>147,823</b>	142,772	(3,475)	139,297

The R151,451 million (2020: R142,772 million) relating to life insurance contract liabilities does not include outstanding claims amounting to R3,898 million (2020: R2,764 million).

#### (d) Unit-linked investment contracts and similar contracts, and other investment contracts

Year ended 31 December Rm	2021	2020
<b>Balance at beginning of the year</b>	<b>334,311</b>	314,071
Contributions received	43,551	37,802
Maturities	(895)	(795)
Withdrawals and surrenders <sup>2</sup>	(36,522)	(35,732)
Fair value movements <sup>1</sup>	53,697	24,283
Foreign exchange and other movements	(355)	(5,318)
<b>Balance at end of the year</b>	<b>393,787</b>	334,311

<sup>1</sup> R24,003 relates to changes in investment contract liabilities, the remainder relates to valuation adjustments to Group properties.

<sup>2</sup> This includes reclassified net amounts of R1.2 billion from investment contract to investment contracts with Discretionary Participations (DPS).

#### (e) Discretionary participating investment contracts

Discretionary participating investment contracts relate to the businesses only. None of the businesses classified as held for sale and distribution have issued any discretionary participating investment contracts.

Year ended 31 December Rm	2021	2020
<b>Balance at beginning of the year</b>	<b>203,117</b>	198,483
<b>Income</b>		
Premium income	27,621	29,419
Investment and other income	53,162	14,715
Other income	81	103
<b>Expenses</b>		
Claims and policy benefits	(36,523)	(31,355)
Operating expenses	(1,167)	(1,284)
Other charges and transfers	664	(563)
Taxation	(427)	(225)
Currency translation loss/(gain)	248	(5,322)
Transfer to operating profit	(1,293)	(854)
<b>Balance at end of the year</b>	<b>245,483</b>	203,117

#### (f) Property and Casualty contracts

##### COVID-19 impacts

The Group has continued to support policyholders impacted by the pandemic and the consequential lockdowns imposed by government. We reported in the prior year the uncertainties associated with the technical provisions and corresponding reinsurance recoveries that had been recorded in the consolidated accounts. Based on the exposure data on hand at that time we confirmed that the Group had raised a technical provision that it considered adequate to cover claims incurred relating to policies with the contingent business interruption infectious or contagious disease extension. Developments in the current period support the view that the reserving held by the Group is adequate, with a net release in the reserving of R21m in the year.

The quantum of claims received as well as the final values associated with their settlement resulted in R2.9bn release from the gross reserve with a corresponding reduction in the associated reinsurance asset. The the passage of time, the availability of more data has reduced the amount of uncertainty relating to the net provisions held. However, some uncertainty remains, and specific additional provisions were held at year-end based on outcomes of investigations which support the level of reserving held at the year end. The Group continued to extend its support to policyholders and its intermediaries to ensure that all valid claims were settled on a timely basis.

In addition to Contingent BI claims, the Group also had significant exposure to trade credit claims in the prior year. The net reserve for trade credit claims reduced slightly to a value of R207 million as at 31 December 2021 bringing the total reserve for the Group to R272 million. Given the lingering uncertainties in the market, assumptions around expected ultimate loss ratios for this class of business required significant focus, especially those assumptions related to the most recent underwriting years.

While the Group considers that it has provided adequately for its exposures, the claims experience and reserve results with regards business rescue/trade credit are subject to future economic developments, which are unpredictable and often cannot be accurately projected from past reporting patterns.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

(g) Analysis of movements in outstanding claims (net of subrogation) including IBNR.

Year ended 31 December Rm	2021			2020		
	Gross	Re- insurance	Net	Gross	Re- insurance	Net
Balance at the beginning of the year	9,560	(6,171)	3,389	4,027	(1,239)	2,788
Current year claims incurred	9,853	(4,579)	5,274	11,874	(6,543)	5,331
Change in previous years' claims estimates	(4,135)	3,747	(388)	3,107	(2,724)	383
Current year claims paid net of subrogation	(6,122)	2,711	(3,411)	(6,722)	2,498	(4,224)
Previous year claims paid net of subrogation	(2,860)	1,040	(1,820)	(2,726)	1,837	(889)
<b>Balance at the end of the year</b>	<b>6,296</b>	<b>(3,252)</b>	<b>3,044</b>	<b>9,560</b>	<b>(6,171)</b>	<b>3,389</b>

(h) Analysis of cumulative claims

The following tables illustrate the development of gross and net insurance cumulative claims for the past five financial periods, including the impact of re-estimation of claims provisions at the end of each financial year for the Group's South African Property & Casualty businesses. The first table shows actual gross cumulative claims and the second shows actual net cumulative claims.

Financial year Rm	Estimate of cumulative claims gross of reinsurance						
	Total	2021	2020	2019	2018	2017	2016 and prior
At end of year	52,253	9,853	12,586	10,602	9,799	9,413	-
One year later	38,890	-	11,247	9,803	8,620	9,220	-
Two years later	27,540	-	-	9,761	8,633	9,146	-
Three years later	17,809	-	-	-	8,624	9,185	-
Four years later	9,237	-	-	-	-	9,237	-
Five years later	50,220	-	-	-	-	-	50,220
	98,942	9,853	11,247	9,761	8,624	9,237	50,220
Cumulative payments	(92,646)	(6,122)	(9,855)	(9,168)	(8,347)	(9,121)	(50,033)
<b>Estimated balance to pay</b>	<b>6,296</b>	<b>3,731</b>	<b>1,392</b>	<b>593</b>	<b>277</b>	<b>116</b>	<b>187</b>

Financial year Rm	Estimate of cumulative claims net of reinsurance						
	Total	2021	2020	2019	2018	2017	2016 and prior
At end of year	31,663	5,274	7,422	6,611	5,912	6,444	-
One year later	22,562	-	5,926	5,956	5,311	5,369	-
Two years later	16,612	-	-	6,077	5,133	5,402	-
Three years later	10,564	-	-	-	5,230	5,334	-
Four years later	5,507	-	-	-	-	5,507	-
Five years later	40,299	-	-	-	-	-	40,299
	68,313	5,274	5,926	6,077	5,230	5,507	40,299
Cumulative payments	(65,269)	(3,411)	(5,548)	(5,687)	(5,013)	(5,413)	(40,197)
<b>Estimated balance to pay</b>	<b>3,044</b>	<b>1,863</b>	<b>378</b>	<b>390</b>	<b>217</b>	<b>94</b>	<b>102</b>

(h) Analysis of cumulative claims

Financial year Rm	Estimate of cumulative claims gross of reinsurance						
	Total	2020	2019	2018	2017	2016	2015 and prior
At end of year	51,040	13,025	11,386	10,159	9,548	6,922	-
One year later	37,990	-	10,595	9,031	9,522	8,842	-
Two years later	27,098	-	-	9,003	9,406	8,689	-
Three years later	18,068	-	-	-	9,411	8,657	-
Four years later	8,701	-	-	-	-	8,701	-
Five years later	42,408	-	-	-	-	-	42,408
	93,143	13,025	10,595	9,003	9,411	8,701	42,408
Cumulative payments	(83,583)	(6,722)	(8,887)	(8,333)	(9,059)	(8,507)	(42,075)
<b>Estimated balance to pay</b>	<b>9,560</b>	<b>6,303</b>	<b>1,708</b>	<b>670</b>	<b>352</b>	<b>194</b>	<b>333</b>

Financial year Rm	Estimate of cumulative claims net of reinsurance						
	Total	2020	2019	2018	2017	2016	2015 and prior
At end of year	31,330	6,951	8,052	5,811	5,043	5,473	-
One year later	22,227	-	5,998	4,759	5,955	5,515	-
Two years later	16,067	-	-	5,222	5,283	5,562	-
Three years later	10,827	-	-	-	5,518	5,309	-
Four years later	5,582	-	-	-	-	5,582	-
Five years later	34,186	-	-	-	-	-	34,186
	63,457	6,951	5,998	5,222	5,518	5,582	34,186
Cumulative payments	(60,068)	(4,224)	(5,972)	(5,042)	(5,361)	(5,411)	(34,058)
<b>Estimated balance to pay</b>	<b>3,389</b>	<b>2,727</b>	<b>26</b>	<b>180</b>	<b>(157)</b>	<b>171</b>	<b>128</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

#### (i) Contractual maturity analysis

The following table shows a maturity analysis of liability cash flows based on contractual maturity dates for investment contract liabilities and discretionary participating financial instruments, and expected claim dates for insurance contracts.

Investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies. Although these liabilities are payable on demand, and are therefore included in the contractual maturity analysis as due in less than three months, and more than three months less than one year, the Group does not expect all these amounts to be paid out within one year of the reporting date.

The undiscounted cash flows of discretionary participating investment contracts only include amounts vested or to be vested, while their carrying amount include reserves that are payable at the discretion of the Group.

The Group acknowledges that for Property and Casualty the unearned premium provision, which will be recognised as earned premium in the future, will most likely not lead to claim cash outflows equal to this provision. The Group has estimated the potential claim outflows that may be associated with this unearned premium.

At 31 December 2021 Rm	Undiscounted cash flows					Total
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	
<b>Life assurance policyholder liabilities</b>						
<b>Total life insurance contracts</b>	155,349	17,662	13,038	69,249	254,130	354,079
Life insurance contract liabilities	151,451	13,902	13,038	69,249	254,130	350,319
Outstanding claims	3,898	3,760	–	–	–	3,760
<b>Investment contract liabilities</b>	639,270	616,044	455	1,615	2,615	620,729
Unit-linked investment contracts and similar contracts	392,705	381,592	–	–	–	381,592
Other investment contracts	1,082	895	201	379	88	1,563
Investment contracts with discretionary participating features	245,483	233,557	254	1,236	2,527	237,574
<b>Total life assurance policyholder liabilities</b>	794,619	633,706	13,493	70,864	256,745	974,808
<b>Property and Casualty liabilities</b>						
Claims incurred but not reported	2,589	899	980	332	264	2,475
Unearned premiums	3,400	469	1,964	298	392	3,123
Outstanding claims	5,217	2,338	1,346	1,043	811	5,538
<b>Total Property and Casualty liabilities</b>	11,206	3,706	4,290	1,673	1,467	11,136
<b>Total policyholder liabilities</b>	805,825	637,412	17,783	72,537	258,212	985,944

At 31 December 2020 Rm	Undiscounted cash flows					Total
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	
<b>Life assurance policyholder liabilities</b>						
<b>Total life insurance contracts</b>	145,536	18,545	11,845	66,355	263,583	360,328
Life insurance contract liabilities	142,772	15,725	11,845	66,355	263,583	357,508
Outstanding claims	2,764	2,820	–	–	–	2,820
<b>Investment contract liabilities</b>	537,428	532,069	411	1,402	2,831	536,713
Unit-linked investment contracts and similar contracts	332,829	333,311	–	–	–	333,311
Other investment contracts	1,482	1,526	237	379	154	2,296
Investment contracts with discretionary participating features	203,117	197,232	174	1,023	2,677	201,106
<b>Total life assurance policyholder liabilities</b>	682,964	550,614	12,256	67,757	266,414	897,041
<b>Property and Casualty liabilities</b>						
Claims incurred but not reported	2,092	1,084	801	353	29	2,267
Unearned premiums	2,969	519	1,873	575	1	2,968
Outstanding claims	9,394	4,819	2,590	1,941	49	9,399
<b>Total Property and Casualty liabilities</b>	14,455	6,422	5,264	2,869	79	14,634
<b>Total policyholder liabilities</b>	697,419	557,036	17,520	70,626	266,493	911,675

#### (j) Exposure and management of risk arising from insurance contracts

The Group assumes liability risk, sometimes referred to as insurance risk or life contracts under which the Group agrees to compensate the policyholder or beneficiary if a specified uncertain future event affecting the policyholder occurs. This risk includes mortality and morbidity risk for life insurance contracts, as well as non-life risk from events such as fire or accident arising under general insurance contracts. As such, the Group is exposed to the uncertainty surrounding the timing and severity of such claims.

The principal risk is that the frequency and severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Another key risk is that the return on the portfolio of assets held by the Group is not sufficient to cover the claims made on the insurance contracts.

The Group's risk philosophy is therefore to hold capital where the risks lie and the Group only takes on risks that it can understand, price appropriately and have the skills to monitor and manage.

#### Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

- An agreed risk appetite for all risk types, including those relating to insurance.
- The diversification of business over several classes of insurance and large numbers of uncorrelated individual risks, by which the group seeks to reduce variability in loss experience.
- The maintenance and use of management information systems, which provide current data on the risks to which the business is exposed and the quantification of such risks.
- Actuarial models, which use the above information to calculate premiums and monitor decrements and claims patterns.
- Past experience and statistical methods are used.
- Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.
- Reinsurance, which is used to limit the Group's exposure to large single claims and catastrophes. When selecting a reinsurer, consideration is given to those companies that provide high security using rating information from both public and private sources.
- The mix of assets, which is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest bearing assets to match the guaranteed portion of liabilities. Hedging instruments are used at times to limit exposure to equity market and interest rate movements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

#### Management of insurance risks

The following table summarises the variety of insurance risks to which the Group is exposed, and the methods by which it seeks to mitigate these risks:

Risk type	Nature of risk	Risk management
<b>Liability – mortality</b>	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in deaths, resulting in a loss.	Experience is closely monitored. Mortality rates can be reset at the end of the guarantee term.  Underwriting limits, health requirements, spread of risks and training of underwriters and reinsurance all mitigate the risk.
<b>Liability – morbidity</b>	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in disability/critical illness, resulting in a loss.	Experience is closely monitored. Morbidity rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
<b>Liability – longevity</b>	Possible increase in annuity costs due to policyholders living longer.	For non-profit annuities, improvement to longevity is allowed for in pricing and valuation.  Experience is closely monitored. For with-profit annuity business, the longevity risk is carried by policyholders and any mortality profit or loss is reflected in bonuses declared.
<b>Liability – mortality catastrophe</b>	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
<b>Liability – morbidity catastrophe</b>	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss re-insurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
<b>Market – yield curve movement</b>	Lower swap curves and higher volatilities cause investment guarantee reserves to increase. Movements in yield curves also affect the liabilities of annuity and protection products which affects reported earnings	A discretionary margin is added to the value of guarantees, determined on a market consistent stochastic basis and included in current reserves. Hedging is largely in place for most products. Fewer and lower guarantees are typically provided on new business.
<b>Market – asset price movement</b>	Unfavourable movements in asset prices may result in asset values being less than guaranteed policy values, particularly on smooth bonus business. (This product delivers stable, or 'smooth' returns over time, the smoothing approach delivers investment returns in the form of annual bonuses).	An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees.  Shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements. An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees.
<b>Tax</b>	Tax risk is the risk that the projected taxation basis for basic life assurance business is incorrect, resulting in contracts being incorrectly priced.  Tax risk also represents potential changes in the interpretation or application of prevailing tax legislation applicable to either policyholders or shareholders, resulting in higher taxes reducing profitability or increasing shareholder tax burdens.	The taxation position of the operations is projected annually and tax changes will result in changes to new business pricing models as part of the annual control cycle. High risk issues and emerging trends are reported internally on a quarterly basis.

Risk type	Nature of risk	Risk management
<b>Policyholder behaviour</b>	The risk that business performance will be below projections as a result of negative variances in new business volumes and margins, and lapse, rebate and expense experience.  A natural consequence of doing business, which is proportional to the size of our business, is that it will grow as the businesses grow. These arise as a result of new products and new business.	Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which then has a better chance of staying on books (this benefits both the customer and the Group).  The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions.  In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'Treating Customers Fairly' principles.  Expense risk is limited through the quarterly monitoring of budgets and forecasts.
<b>Business volume risk</b>	Business volumes are not in line with those allowed for in the pricing of products, meaning the expenses are not fully recovered.	Business volumes are closely monitored, and pricing assumptions may be updated to allow appropriately for the expenses incurred by the Group in writing and maintaining policies.
<b>Expenses</b>	Expense risk is the risk that actual expenses and expense inflation differ from expected levels. Higher expenses and expense inflation may result in emerging profit falling below the Group's profit objectives.	Expense levels are monitored quarterly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines.  Some products' structures include variable maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels, subject to Treating Customers Fairly principles.
<b>Lapse risk</b>	Lapse risk arises where policies lapse before initial costs are recouped, or where lapse experience differs from pricing assumptions.	Product design also allows for surrender penalties on early surrender with certain products. Experience is closely monitored.  Premium rates can be reset at the end of the guarantee term. Old Mutual Rewards benefits offered to our customers also contribute towards encouraging persistency.
<b>Mass lapse risk</b>	Mass lapse risk is the risk that the Group will not be able to continue operations after losing the policyholders due to market panic or some other external event.	The Group holds capital to guard against a mass lapse scenario. This includes an allowance for operating expenses over a one-year period.
<b>Property and Casualty: Exposure relating to catastrophe events</b>	Natural and non-natural disasters could result in increased claims experience which could result in underwriting losses.	The Group sets out the total aggregate exposure that it is prepared to accept in certain territories to a range of events, such as natural catastrophes. The aggregate position is reviewed annually. The Group uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

Risk type	Nature of risk	Risk management
<b>Property and Casualty Insurance risk:</b>	The principal risk is that the frequency or severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted.	<p>The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks spread over a large geographical area.</p> <p>The underwriting strategy is set out in an annual business plan and risk appetite that determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Group is prepared to accept exposure. Adherence to the underwriting delegated authorities is managed through the underwriting portfolio management and quality assurance processes.</p>
<b>Property and Casualty: Reinsurance Risk</b>	Reinsurance risk is the risk that the reinsurance cover placed is inadequate and/or inefficient relative to the Group's risk management strategy and objectives.	The Group buys a combination of proportional and non-proportional reinsurance treaties to reduce the overall volatility as well as the net exposure on any one risk/event to within the stated annual risk appetite limits.
<b>Property and Casualty: Claims development</b>	The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk).	The majority of the Group's insurance contracts are classified as "short-tailed", meaning that most claims are settled within a year after the loss date. This contrasts with the "long-tailed" classes where the claims cost takes longer to materialise and settle. The Group's long-tailed business is generally limited to liability, personal accident, third-party motor liability and certain engineering classes. To manage run-off risk the Group takes all the reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. Further, there is a specific capital provision to allowed for the risk of inadequate reserves.

#### Concentration of insurance risk

The Group manages concentration risk through various mechanisms and monitors the opportunities for mitigating actions. Such mechanisms include: underwriting principles and product pricing procedures, reinsurance and the diversification of business over several classes of insurance and large numbers of uncorrelated individual risks.

#### Sensitivity analysis – life insurance contracts

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity. The effect of a change in assumption is mitigated by the offset (partial or full) to the bonus stabilisation reserve in the case of smoothed bonus products in South Africa.

The table shows the impacts of applying the sensitivity over the full remaining duration of the policyholder contracts, which would be significantly higher than a single year's change in experience. The results are also shown before allowing for any management actions likely to be applied (e.g. premium rate reviews or changes in discretionary margins), and therefore do not necessarily translate directly into an impact on profits:

Year ended 31 December Rm	Change in assumption percentage	Increase/(decrease) in liabilities	
	2021 and 2020	2021	2020
<b>Assumption</b>			
Increase in mortality and morbidity rates – assurance	10	7,410	6,955
Decrease in mortality rates – annuities (longevity)	(10)	1,184	1,011
Lapse rates	10	(107)	3
Expenses (maintenance)	10	1,241	1,255
Valuation discount rate	1	272	157

The calculation of the Group's South African life assurance contract liabilities is sensitive to the discount rate used to value the liabilities. The methodology applied by the Group complies with South African professional actuarial guidance (SAP 104 guidance note), with the reference to the applicable yield curve.

It should be noted that where the assets and liabilities of a product are closely matched (e.g. non-profit annuity business) or where the impact of a lower valuation discount rate is hedged or partially hedged, the net effect has been shown since the asset movement fully or partially offsets the liability movement.

The insurance contract liabilities recorded for South African businesses are also impacted by the valuation discount rates assumed. Lowering this rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2021. There continues to be no significant impact in 2021 due to management actions taken to reduce the impact of changing interest rates on operating profit. This impact is also calculated with no change to the charges paid by policyholders.

This impact is also calculated with no change to the charges paid by policyholders.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

#### Sensitivity analysis – Property & Casualty

##### (a) Gross best estimate IBNR reserve assumptions

A sensitivity analysis has been performed on some of the material assumptions made in calculating the components of the gross IBNR provision based on the data as at the end of December 2021.

The analysis was concluded for the material insurance contract types including Motor and Property (Commercial division segment only). The IBNR provision is derived by taking into account the way in which historical claims develop to their final settled cost over time. The sensitivity analysis was performed to test the effect of using more recent historical years to estimate the IBNR provision. These are set out in the table below.

For the Motor Commercial and Property Commercial contracts, the sensitivity analysis is performed on the weighted averages (i.e. the number historical periods to which the development pattern is based) used for the incurred claims projection. For the Motor Personal contracts the sensitivity analysis is calculated on the weighted averages used for the paid claims projection.

Year ended 31 December Rm	Increase/(Decrease) in profit or loss	
	2021	2020
<b>Motor commercial gross of salvages and recoveries</b>		
Incurring claims projection – using the weighted average of the two most recent years	(6)	(6)
Incurring claims projection – using the weighted average of the three most recent years	3	(2)
Incurring claims projection – using the weighted average of the four most recent years	(3)	(4)
Incurring claims projection – using the weighted average of the five most recent years	(1)	(6)
<b>Motor personal gross of salvages and recoveries</b>		
Incurring claims projection – using the weighted average of the two most recent years	(10)	(14)
Incurring claims projection – using the weighted average of the three most recent years	5	(9)
Incurring claims projection – using the weighted average of the four most recent years	(4)	(11)
Incurring claims projection – using the weighted average of the five most recent years	5	(10)
<b>Property commercial net of salvages and recoveries</b>		
Incurring claims projection – using the weighted average of the two most recent years	-	(10)
Incurring claims projection – using the weighted average of the three most recent years	2	(9)
Incurring claims projection – using the weighted average of the four most recent years	2	(5)
Incurring claims projection – using the weighted average of the five most recent years	-	-

##### (b) Net best estimate business interruption reserve

In the prior year, scenario testing was performed to make provision for the net best estimate business interruption reserve due to uncertainty resulting from lock down in early 2020. However, following legal certainty achieved in late 2020 and into 2021, scenario testing for 2021 is no longer applicable.

#### Guarantees and options

Some of the insurance contracts issued by the Group contain guarantees and options, the ultimate liability for which will depend significantly on the number of policyholders exercising their options and on market and investment conditions applying at that time.

Certain life assurance contracts include the payment of guaranteed values to policyholders on maturity, death, disability or survival. The published liabilities include the provision for both the intrinsic and time-value of the options and guarantees. The time-value of options and guarantees has been valued using a market-consistent stochastic asset model that is in keeping with the Advisory Practice Notes (APN) issued by the Actuarial Society of South Africa, APN 110 in particular. The options and guarantees that could have a material effect on the amount, timing and uncertainty of future cash flows are described in the following table:

Product category	Description of options and guarantees
<b>Retail</b>	
Death, disability, point and/or maturity guarantees	A closed block of universal life business with an underlying minimum growth rate guarantee (4.25% p.a. for life and endowment business and 4.75% p.a. for retirement annuity business), and smoothed bonus business with vested bonuses, applicable when calculating death, disability and maturity claims.
Guaranteed annuity options	Retirement annuities sold prior to June 1997 contain guaranteed annuity options, whereby the policyholder has an option to exchange the full retirement proceeds for a minimum level of annuity income at maturity.
<b>Corporate</b>	
Vested bonuses in respect of pre-retirement with-profits business	There is a material pre-retirement savings smoothed bonus portfolio. Vested bonuses affect the calculation of benefit payments when a member exits from the scheme as the face value is paid out. If, however, a scheme terminates, the lower of face and market value is paid out and the vested bonuses are not guaranteed.
Guaranteed annuity payments in respect of with-profit annuity business	There is a significant with-profit annuity portfolio. The underlying pricing interest rate is guaranteed and as such the current level of annuity payments (including past declared bonuses) cannot be reduced. If, however, a scheme terminates, the lower of the liability value on the Financial Soundness Valuation basis and the underlying asset market value is paid out.

The following disclosures are provided in terms of APN 110 issued by the Actuarial Society.

Investment guarantee reserves have been calculated using an internal economic scenario generator (ESG) model that generates product specific economic scenarios. These scenarios comprise interest rates, inflation and fund returns. The model is calibrated to South African derivative market data (where available and reliable), according to the group's specific calibration requirements. The calibration has been performed as at 31 December 2021.

The risk-free zero coupon yield curve has been derived from mid-swap spot rates at the calibration date.

Term (years)	Annualised zero-coupon yield
1	4.8%
2	5.5%
3	6.0%
4	6.3%
5	6.6%
10	8.0%
15	8.7%
20	9.0%
25	9.1%
30	9.2%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G2: Insurance and investment contracts

Maturity (years)	Strike	Price	Implied volatility
1	Spot	7.2%	19.9%
1	0.8 times spot	2.0%	24.9%
1	Forward	7.6%	19.7%
5	Spot	13.1%	25.9%
5	1.04^5 times spot	22.1%	25.5%
5	Forward	18.6%	25.6%
20	Spot	3.8%	26.9%
20	1.04^20 times spot	15.8%	26.9%
20	Forward	21.2%	26.9%

Description of derivative contract*	Calculated price (% of spot price)
5-year put with a strike price equal to (1.04)^5 of spot, on an underlying index constructed as 60% FTSE/JSE Top 40 and 40% ALBI, with rebalancing of the underlying index back to these weights taking place yearly.	11.41%
20-year put option based on an interest rate with a strike equal to the present 5-year forward rate as at maturity of the put option (stripped from the zero coupon yield curve), which pays out if the 5-year interest rate at the time of maturity (in 20 years) is lower than this strike.	0.56%

\* Note that the FTSE/JSE TOP40 referred to in this section is a capital return index, whereas the ALBI is a total return index.

### G3: Borrowed funds

At 31 December 2021 Rm		Mass and Foundation Cluster	Old Mutual Insure	Rest of Africa	Other Group Activities	Total
Term loans	G3(a)	5,000	-	2,532	-	7,532
Revolving credit facilities	G3(b)	350	-	650	-	1,000
Subordinated debt securities	G3(c)	-	500	-	8,474	8,974
<b>Total borrowed funds</b>		<b>5,350</b>	<b>500</b>	<b>3,182</b>	<b>8,474</b>	<b>17,506</b>

At 31 December 2020 Rm		Mass and Foundation Cluster	Old Mutual Insure	Rest of Africa	Other Group Activities	Total
Term loans	G3(a)	7,200	-	1,900	-	9,100
Revolving credit facilities	G3(b)	-	-	650	-	650
Subordinated debt securities	G3(c)	-	500	-	7,085	7,585
<b>Total borrowed funds</b>		<b>7,200</b>	<b>500</b>	<b>2,550</b>	<b>7,085</b>	<b>17,335</b>

#### Lease liabilities

Year ended 31 December Rm	2021	2020
Balance at 1 January	938	1,063
Additions	364	221
Interest accrued	123	143
Repayments (capital)	(528)	(460)
Other movements <sup>1</sup>	(50)	(29)
<b>Balance at 31 December</b>	<b>847</b>	<b>938</b>

<sup>1</sup> Includes interest repaid

#### Maturity analysis

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for borrowed funds, including interest. It is presented on an undiscounted basis, and will therefore, differ from both the carrying value and fair value of borrowed funds:

At 31 December Rm	2021	2020
Less than 1 year	2,136	5,943
Greater than 1 year and less than 5 years	14,906	12,812
Greater than 5 years	930	500
<b>Total</b>	<b>17,972</b>	<b>19,255</b>

#### Analysis of borrowed funds

##### (a) Term loans

At 31 December Rm	Maturity date	2021	2020
<b>Floating rate loans</b>			
R1,400 million at JIBAR plus 2.05%	June 2024	1,400	-
R0,600 million at JIBAR plus 1.90%	December 2023	600	-
R1,050 million at JIBAR plus 2.10%	January 2023	1,050	-
R1,050 million at JIBAR plus 2.20%	July 2023	1,050	-
R0,900 million at JIBAR plus 2.22%	January 2024	900	-
KES 5.0bn 182 days treasury bill +4.1% per annum	February 2024	733	-
R1,500 million at JIBAR + 2.75%	Repaid	-	1,000
\$10 million 3 months LIBOR + 6.75%	October 2024	242	52
\$15 million 3 months LIBOR + 6.75%	October 2022	161	40
R2,200 million at JIBAR + 2.37%	Repaid	-	2,200
\$25 million at LIBOR + 6.50%	Repaid	-	379
\$40 million LIBOR + 5%	June 2023	698	30
R2,000 million at JIBAR + 2.34%	Repaid	-	2,000
R2,000 million at JIBAR + 2.34%	Repaid	-	2,000
KES 2.26bn CBR <sup>1</sup> + 1.50%	Repaid	-	301
KES 1.86bn CBR <sup>1</sup> + 1.54%	Repaid	-	251
KES 1.1bn CBR <sup>1</sup> + 1.54%	Repaid	-	153
KES900 million rate at 91 Days T-Bills + 2%	November 2022	14	40
KES 1000 million at CBR <sup>1</sup> + 2.5%	Repaid	-	135
KES 250 million at CBR <sup>1</sup> + 2.75%	Repaid	-	7
N\$ 10.375 million at prime rate 7.25%	June 2022	10	10
US\$11.8 million at LIBOR + 4.5%	August 2028	146	157
KES 250 million at CBR <sup>1</sup> + 2.75%	February 2023	21	24
MWK4600 million at 1.1% above Lombard rate	September 2023	79	82
US\$5 million at 6 Months LIBOR + 6%	June 2023	16	59
US\$5 million at 6 Months LIBOR + 6.5%	June 2023	16	24
<b>Floating rate loans</b>			
USD17.718 Million at 4.103%	August 2028	284	-
KES200 million at 12.00%	Repaid	-	27
KES202 million at 11.50%	Repaid	-	27
KES200 million at 5.00%	July 2022	6	11
\$5 million at 13.19%	September 2022	5	15
\$6 million at 9.50%	June 2023	64	24
\$10 million at 12.37%	December 2023	37	52
<b>Total term loans</b>		<b>7,532</b>	<b>9,100</b>

<sup>1</sup> Central bank rate.

<sup>2</sup> Refer to Note K for the Groups policy and proposed response to the IBOR reform.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## G: Analysis of financial and insurance assets and liabilities

### G3: Borrowed funds

#### (b) Revolving credit facilities

At 31 December Rm	Maturity date	2021	2020
N\$800 million facility at prime overdraft rate less 1.00%	April 2022	650	650
R1 billion facility at 3 month JIBAR plus 2.10%	January 2023	350	-
<b>Total revolving credit facilities</b>		<b>1,000</b>	650

The Group has access to a R1,050 million revolving credit facility which matures in July 2023. At 31 December 2021, this facility was undrawn (2020: undrawn).

The Group has access to a revolving credit facility from Absa Bank Kenya PLC of KES1,000 million (2020: KES1,487 million). At 31 December 2021, this facility was undrawn. (2020: undrawn).

The Stanbic KES 1billion facility is being renegotiated and is expected to be available by 24 March 2022.

The Group has access to an unsecured revolving credit facility from Standard Bank Namibia Limited of N\$800 million (2020: N\$650 million). At 31 December 2021, N\$650 million was drawn (2020: N\$650 million).

Refer to Note K for further information regarding the Group's impact to the interest rate benchmark reform.

#### (c) Subordinated debt securities

At 31 December Rm	Tier	Maturity date	2021	2020
<b>Non-banking</b>				
R1,500 million with a spread of 1.54% above 3 month JIBAR <sup>1</sup>	Tier 2	September 2026	1,500	-
R409 million at 10.32%	Tier 2	March 2027	413	433
R568 million at 10.90%	Tier 2	September 2027	586	617
R2,000 million at 3 month JIBAR + 1.55%	Tier 2	June 2024	1,999	1,970
R1,150 million at 10.96%	Tier 2	March 2030	1,268	1,331
R623 million at 11.35%	Tier 2	September 2030	683	732
R2,000 million at 3 month JIBAR + 1.93% <sup>1</sup>	Tier 2	November 2025	2,025	2,002
R500 million at 3 Month JIBAR + 2.09% until Nov 2022 and 3 month JIBAR + 3.14% until Nov 2027	Tier 2	November 2027	500	500
<b>Total net subordinated debt securities</b>			<b>8,974</b>	7,585

<sup>1</sup> On 23 September 2021, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R1.5 billion floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 154 bps, payable quarterly in arrears. The maturity date of this instrument is 23 September 2026.

No instruments were redeemed in 2021.

#### (d) Reconciliation of borrowed funds

Year ended 31 December Rm	2021	2020
<b>Balance at beginning of the year</b>	<b>7,585</b>	7,622
<b>Changes from financing cash flows</b>	<b>1,500</b>	(250)
Proceeds from issue of new borrowed funds	1,500	2,000
Redemption of borrowed funds	-	(2,250)
<b>Non-cash changes</b>	<b>(111)</b>	213
Fair value changes	(111)	213
<b>Balance at end of the year</b>	<b>8,974</b>	7,585

### Breaches of covenants

As at 31 December 2021, the financial covenants on 5 existing loans were in breach. The funding was raised to support operations in the Rest of Africa segment.

The loans in breach totalled R130 million (US\$ 8 million) (2020: US\$ 21 million (R310 million)). Waivers for 4 of the 5 breached loans were received prior to year end and the Group is still in negotiation with the remaining lenders, which equals a debt value of R64 million, to either amend prior to year end the breached covenants or to provide formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 31 December 2021, none of these breached loans have been called on.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding nor does it impact the going concern assumption.

### G4: Amounts owed to bank depositors

In the banking businesses, the Group receives cash from bank depositors. The depositors receive interest on the amounts owed depending on the value of the amount borrowed and the terms of the deposit.

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for amounts owed to bank depositors, including interest. It is presented on an undiscounted basis, and will therefore, differ from the carrying amount of amounts owed to bank depositors:

At 31 December 2021 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Savings deposits	609	31	-	130	448	609
Other deposits and loan accounts	2,574	907	1,584	83	-	2,574
Negotiable certificates of deposit	2,722	2,645	159	-	-	2,804
<b>Amounts owed to bank depositors</b>	<b>5,905</b>	<b>3,583</b>	<b>1,743</b>	<b>213</b>	<b>448</b>	<b>5,987</b>

At 31 December 2020 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Savings deposits	445	50	1	7	408	466
Other deposits and loan accounts	2,668	899	1,673	97	-	2,669
Negotiable certificates of deposit	1,931	1,933	-	-	-	1,933
<b>Amounts owed to bank depositors</b>	<b>5,044</b>	<b>2,882</b>	<b>1,674</b>	<b>104</b>	<b>408</b>	<b>5,068</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H1: Goodwill and other intangible assets

Goodwill arises on the acquisition of a business and represents the premium of the amount paid over the fair value of identifiable assets and liabilities. Other intangible assets include those assets which were initially recognised on a business combination and software development costs related to amounts recognised for in-house systems development.

#### (a) Goodwill and goodwill impairment

Goodwill arising on the acquisition of a subsidiary undertaking is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of, the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree, and (iii) if the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest, over the net of the acquisition amounts of the identifiable assets acquired and the liabilities assumed. If the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any), this excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised, but is reviewed for impairments at least once annually. Any impairment losses are recognised immediately in other operating and administrative expenses in profit or loss and are not subsequently reversed.

On loss of control of a subsidiary undertaking, any attributable goodwill is included in the determination of any profit or loss on disposal. On disposal of a business, where goodwill on acquisition is allocated to the entire cash-generating unit (CGU), goodwill is allocated to the disposal on a relative basis.

Goodwill is allocated to one or more CGUs, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each unit or group of units to which goodwill is been allocated is not larger than an operating segment as defined by IFRS 8.5 before aggregation.

#### (b) Other intangible assets acquired as part of a business combination

Contractual banking and asset management customer relationships, relationships with distribution channels and similar intangible assets, acquired as a part of a business combination, are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition.

Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a 'relief from royalty' valuation methodology.

Subsequent to initial recognition such acquired intangible assets are amortised on a straight-line basis over their estimated useful lives as set out below:

Distribution channels	10 years
Customer relationships	10 years
Brands	15 – 20 years

The estimated useful life is re-evaluated at each reporting period.

Other intangible assets acquired in a business combination are impaired if the carrying value is greater than the net recoverable amount. The net recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. An impairment loss is recognised in profit or loss immediately.

#### (c) Internally developed software

Internally developed software (software) is amortised over its estimated useful life, where applicable. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the consolidated statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Costs incurred in the research phase are expensed in profit or loss whereas costs incurred in the development phase are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.

The main criteria being that future economic benefits can be identified as a result of the development expenditure.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between two and fifteen years, depending on the nature and use of the software. This excludes capitalised software that has not been brought into use yet.

#### (d) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### (e) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2021 and the year ended 31 December 2020:

Rm	Goodwill	Present value of acquired in-force business	Software development costs	Other intangible assets	Total
<b>Cost</b>					
<b>Balance at 1 January 2020</b>	6,451	256	4,661	1,439	12,807
Acquisitions through business combinations	66	–	–	–	66
Additions	–	–	1,238	39	1,277
Disposals or retirements	–	–	(403)	–	(403)
Foreign exchange and other movements	(102)	–	290	(49)	139
<b>Balance at 31 December 2020</b>	<b>6,415</b>	<b>256</b>	<b>5,786</b>	<b>1,429</b>	<b>13,886</b>
Additions	–	–	975	2	977
Disposals or retirements	–	–	(97)	–	(97)
Foreign exchange and other movements	142	–	(45)	92	189
<b>Balance at 31 December 2021</b>	<b>6,557</b>	<b>256</b>	<b>6,619</b>	<b>1,523</b>	<b>14,955</b>

#### Amortisation and impairment losses

<b>Balance at 1 January 2020</b>	3,412	256	1,682	1,181	6,531
Amortisation charge for the year	–	–	258	16	274
Impairment losses	1,503	–	–	–	1,503
Disposals or retirements	–	–	(378)	–	(378)
Foreign exchange and other movements	(108)	–	149	(10)	31
<b>Balance at 31 December 2020</b>	<b>4,807</b>	<b>256</b>	<b>1,711</b>	<b>1,187</b>	<b>7,961</b>
Amortisation charge for the year	–	–	453	18	471
Impairment losses	204	–	–	–	204
Disposals or retirements	–	–	(79)	–	(79)
Foreign exchange and other movements	142	–	8	14	164
<b>Balance at 31 December 2021</b>	<b>5,153</b>	<b>256</b>	<b>2,093</b>	<b>1,219</b>	<b>8,721</b>

#### Net carrying value at:

31 December 2020	1,608	–	4,075	242	5,925
<b>31 December 2021</b>	<b>1,404</b>	<b>–</b>	<b>4,526</b>	<b>304</b>	<b>6,234</b>

#### (f) Allocation of goodwill to CGUs

The carrying amount of goodwill relates to the following cash generating units (CGU's):

At 31 December Rm	2021	2020
Old Mutual Namibia	59	59
Old Mutual Insure	70	70
Old Mutual Finance	385	385
Old Mutual Real Estate Holding Company	–	204
Old Mutual Wealth	169	169
Old Mutual Investments	655	655
Old Mutual Corporate	66	66
<b>Goodwill, net of impairment losses</b>	<b>1,404</b>	<b>1,608</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H1: Goodwill and other intangible assets

#### Critical accounting estimates and judgements – Goodwill and other intangible assets

##### (g) Annual impairment testing of goodwill

In accordance with the requirements of IAS 36 'Impairment of Assets', goodwill is tested annually for impairment for each Cash Generating Unit (CGU), by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value in use or fair value less costs to sell. The appropriateness of the CGUs is evaluated on an annual basis. An impairment charge is recognised when the recoverable amount is less than the carrying value.

##### Determination of Cash Generating Units

The Group's CGUs for impairment testing have been determined as the individual countries for the South African and Namibian businesses, with the South African CGU further allocated into the underlying businesses. The South African CGU is further allocated into CGUs being Old Mutual Finance, Old Mutual Real Estate Holding Company (OMREHC), Old Mutual Wealth, Old Mutual Investments, Old Mutual Insure and Old Mutual Corporate. In the Old Mutual Investments CGU, goodwill impairment testing has been performed at the same level that the goodwill arose in Old Mutual Investment Group, namely on the acquisitions of African Infrastructure Investment Managers (AIIM), Futuregrowth Asset Management and Marriott Asset Management. This is consistent with the way that management monitors these goodwill balances. At 31 December 2021, based on the Group's operating model it was concluded that the basis of CGUs continues to remain appropriate.

##### Value-in-use model and key assumptions used

In the performance of goodwill impairment testing, the Group's CGU's mostly used discounted cash flow models, which incorporated planned business performance, factoring in the impact of COVID-19, with a risk-adjusted discounted rate reflecting cost of equity as appropriate for the CGU.

The rate specific to the CGU is derived using the overall OML Group Cost of Equity. The OML Group Cost of Equity (CoE) is calibrated using a derivation of the conventional Capital Asset Pricing Model (CAPM). The rationale for choosing this methodology is to avoid the high degree of subjectivity present in other CoE approaches. This entails calibrating the risk free rate and risk premium:

- The risk free rate is calculated based on historic government bond yields.
- The risk premium is calculated as the beta on the OML share (OML return relative to the equity market) multiplied by the historic market risk premium.

In order to calculate the discount rate applicable to the CGU, the OML risk premium is risk and term adjusted using an internal risk measure to reflect the risk inherent in the CGU relative to the overall Group and the expected term of the asset. In addition, if the CGU is based outside of South Africa, the risk free rate is calibrated using the historic government bond yield applicable in the relevant country.

There have been no significant changes in the assumptions used. Management has further performed stress testing, the results of which have been taken into account when determining the final impairment losses/reversals to be processed.

##### Impairment losses recognised during the year ended 31 December 2021

In the second half of 2021, the goodwill held in OMREHC was fully impaired, as reflected in the latest value in use calculations utilising the cash flow generation of respective properties.

All of the remaining year end goodwill impairment reviews indicated that there is sufficient headroom to maintain these balances, with no additional impairments required to be recognised.

##### Sensitivities and headroom analysis

Sensitivity tests were performed on inputs in the underlying impairment tests, for all reasonable possible changes in key assumptions, for example by applying a 1% increase in the discount rate and a 10% decrease in the cash flows. The outcomes of these sensitivity tests supported that there is sufficient headroom to maintain goodwill balances, and no additional impairments were required to be recognised.

## H2: Fixed assets

### (a) Property, plant and equipment

Buildings that are owner-occupied are recorded at fair value. Owner-occupied properties are valued as at 31 December each year by external professional valuers. Fair value is determined by reference to market-based evidence. For each business, the valuation methodology adopted is dependent upon the nature of the property. Income generating assets are valued using discounted cash flows and vacant land and property are valued according to sales of comparable properties.

Increases or decreases in the carrying amount are taken to other comprehensive income and presented in a revaluation reserve in equity.

The revaluation reserve will be released in equity when the asset is sold.

The Group assesses and adjusts (if required) the useful life, residual value and depreciation method for property and equipment on an annual basis.

Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings is stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to ten years.

#### Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term is not regarded as a lease, but instead a service contract. Accordingly, these contracts are not accounted for in accordance with IFRS 16. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Category	Valuation model	Measurement
Land	Revaluation model	<ul style="list-style-type: none"> <li>• Land is stated at revalued amounts and is not depreciated.</li> </ul>
Buildings	Revaluation model	<ul style="list-style-type: none"> <li>• Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method.</li> <li>• Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income.</li> <li>• On revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount.</li> <li>• On derecognition, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period the asset is derecognised.</li> </ul>
Leased assets	Revaluation model	<ul style="list-style-type: none"> <li>• The Lease Term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: <ul style="list-style-type: none"> <li>• Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.</li> <li>• Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.</li> </ul> </li> <li>• If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.</li> </ul>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H2: Fixed assets

Category	Valuation model	Measurement
Leased liability (Group as lessee)	Amortised cost	<p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:</p> <ul style="list-style-type: none"> <li>Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;</li> <li>Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;</li> <li>The amount expected to be payable by the lessee under residual value guarantees;</li> <li>The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and</li> <li>Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.</li> </ul> <p>The lease liability is presented as a separate line in the notes to the consolidated financial statements. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:</p> <ul style="list-style-type: none"> <li>The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.</li> <li>The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).</li> <li>A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.</li> </ul> <p>The Group did not make any such adjustments during the periods presented.</p>

### Property, plant and equipment owned by the Company and Group

The following tables analyses land, buildings, plant and equipment and buildings leased by the Company and Group.

Rm	Land	Buildings	Plant and equipment	Total	Leased buildings	Total
<b>Gross carrying amount</b>						
<b>Balance at 1 January 2020</b>	629	7,474	4,429	12,532	1,362	13,894
Additions	–	39	497	536	233	769
Increase arising from revaluation	53	144	–	197	–	197
Impairments	–	–	(107)	(107)	–	(107)
Transfer from/(to) investment property	17	(283)	(23)	(289)	(18)	(307)
Reclassification within property, plant and equipment	–	(6)	6	–	–	–
Disposals	–	(2)	(646)	(648)	(109)	(757)
Foreign exchange and other movements	(109)	(606)	(265)	(980)	89	(891)
<b>Balance at 31 December 2020</b>	<b>590</b>	<b>6,760</b>	<b>3,891</b>	<b>11,241</b>	<b>1,557</b>	<b>12,798</b>
Additions	–	28	475	503	291	794
Increase arising from revaluation	24	361	7	392	–	392
Reclassification within property, plant and equipment	3	(3)	–	–	–	–
Disposals	–	(4)	(176)	(180)	(136)	(316)
Foreign exchange and other movements	63	(34)	(59)	(30)	19	(11)
<b>Balance at 31 December 2021</b>	<b>680</b>	<b>7,108</b>	<b>4,138</b>	<b>11,926</b>	<b>1,731</b>	<b>13,657</b>

Rm	Land	Buildings	Plant and equipment	Total	Leased Buildings	Total
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance at 1 January 2020</b>	–	(608)	(2,992)	(3,600)	(402)	(4,002)
Additions	–	–	(3)	(3)	–	(3)
Depreciation charge for the year	(6)	(112)	(475)	(593)	(395)	(988)
Transfer to/(from) investment property	–	–	20	20	2	22
Impairments	–	–	60	60	–	60
Disposals	6	26	563	595	23	618
Foreign exchange and other movements	–	335	120	455	(8)	447
<b>Balance at 31 December 2020</b>	<b>–</b>	<b>(359)</b>	<b>(2,707)</b>	<b>(3,066)</b>	<b>(780)</b>	<b>(3,846)</b>
Depreciation charge for the period	(6)	(104)	(451)	(561)	(399)	(960)
Impairments <sup>1</sup>	–	(139)	–	(139)	–	(139)
Disposals	6	3	101	110	111	221
Foreign exchange and other movements	–	36	171	207	15	222
<b>Balance at 31 December 2021</b>	<b>–</b>	<b>(563)</b>	<b>(2,886)</b>	<b>(3,449)</b>	<b>(1,053)</b>	<b>(4,502)</b>
<b>Net carrying amount at:</b>						
31 December 2020	590	6,401	1,184	8,175	777	8,952
<b>31 December 2021</b>	<b>680</b>	<b>6,545</b>	<b>1,252</b>	<b>8,477</b>	<b>678</b>	<b>9,155</b>

<sup>1</sup> The R139 million impairment loss relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton has decreased due to Covid-19 impacts which has led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognized in the income statement as an impairment loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H2: Fixed assets

#### (i) Property, plant and equipment

The carrying value of owner-occupied property leased to third parties under operating leases included in the above is R80 million (2020: R96 million) and comprises land of RNil (2020: RNil) and buildings of R80 million (2020: R96 million). The value of owner-occupied property pledged as security is R577 million (2020: R324 million). For the year ended 31 December 2021, the Group made revaluation gains of R24 million on land (2020: R40 million) and R361 million (2020: R144 million) on buildings.

The carrying value that would have been recognised had the land and buildings been carried under the historic cost model would be R48 million (2020: R46 million) and R417 million (2020: R398 million) respectively.

The carrying value that would have been recognised had the leased assets been carried under the historic cost model would be R681 million (2020: R777 million) respectively.

Property, plant and equipment are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square meter and the capitalisation rates. Details of the valuation techniques and ranges of estimates for unobservable inputs are disclosed in note H2(b).

The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square meter were to be higher (lower) and the capitalisation rates were to be lower (higher).

Due to the uncertainty of the impact of COVID-19 on the circumstances on which judgements are based, the Group's valuers have reported on the basis of material valuation uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

#### (ii) Leased buildings

Year ended 31 December Rm	2021	2020
<b>Amounts recognised in profit or loss</b>		
Finance expense on lease liabilities	111	125
Lease expenses relating to short term leases	67	38
Lease expenses relating to low-value leases	62	91
<b>Amounts recognised in statement of cash flows</b>		
<b>Total cash outflow for leases<sup>1</sup></b>	<b>531</b>	<b>458</b>

<sup>1</sup> This includes cash flows relating to finance leases

#### Analysis of lease costs

The following table sets out the maturity analysis of undiscounted outstanding commitments under non-cancellable operating leases:

At 31 December Rm	2021	2020
Within one year	291	248
Greater than 1 year and less than 5 years	697	687
After five years	7	172
	<b>995</b>	<b>1,107</b>

#### (iii) Lease renewal options

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

At 31 December 2021 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
<b>Office buildings</b>	<b>847</b>	<b>-</b>
	<b>847</b>	<b>-</b>

  

At 31 December 2020 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
<b>Office buildings</b>	<b>938</b>	<b>-</b>
	<b>938</b>	<b>-</b>

#### (b): Investment property

##### Classification

Includes real estate held to earn rentals or for capital appreciation or both. It does not include owner-occupied property. Certain investment properties are matched to policyholder liabilities.

##### Measurement

Investment properties are measured at fair value as determined by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

For practical reasons, valuations are carried out on a cyclical basis over a 12-month period due to the large number of properties involved. In the event of a material change in market and property specific conditions between the valuation date and reporting date an internal valuation is performed and adjustments made to reflect any material changes in value.

Surpluses and deficits arising from changes in fair value and rental income are reflected as investment income in investment return in the income statement, as appropriate.

##### Fair value hierarchy of the Group's properties

The fair values of the Group's investment properties are categorised into Level 3 of the fair value hierarchy. The following table reconciles the fair value measurements of Group's investment properties:

Year ended 31 December Rm	2021	2020
	<b>Owned by the Group</b>	<b>Owned by the Group</b>
Balance at beginning of the year	33,606	34,992
Additions <sup>1</sup>	3,633	367
Disposals	(1)	(26)
Net gain/(loss) from fair value adjustments	2,139	(294)
Transferred from property, plant and equipment	-	307
Foreign exchange and other movements	(458)	(1,740)
Transfer to assets held for sale and distribution	(247)	-
<b>Balance at end of the year</b>	<b>38,672</b>	<b>33,606</b>

<sup>1</sup> Assets to the value of R3.3 billion have been reclassified to investment property from investment and securities due to the group looking through certain investments deemed to be controlled during the current year.

All of the Group's investment properties are located in Africa, Romania and Bulgaria and are principally held within the policyholder funds.

##### Impact of civil unrest in South Africa

During the civil unrest that erupted in Kwazulu-Natal in July 2021, five investment properties held by the Group were damaged. The total estimated repair costs were R747 million. The Group's SASRIA insurance cover is sufficient to cover the claim. Included in other income on the Income statement is R200 million which relates to insurance proceeds received from this SASRIA claim to date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H2: Fixed assets

#### Assets held for sale

Properties with a fair value of R247 million were transferred to held for sale in the current year. The net fair value gain arising from the valuation of these properties on transfer date amounted to R35 million and was recognised in investment returns in the income statement.

Fair value movements on these Investment properties comprise:

Year ended 31 December Rm	2021	2020
Fair value gains on non-current assets held for sale <sup>1</sup>	35	10

<sup>1</sup> Amounts included in the investment return line on the consolidated income statement.

The value of freehold and leasehold properties are as follows:

Year ended 31 December Rm	2021	2020
Freehold	39,264	30,064
Leasehold	658	3,542
	39,922	33,606

#### Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for investment properties owned, right of use assets and investment properties subject to operating lease:

Year ended 31 December Rm	2021	2020
Rental income from investment property	3,597	3,023
Direct operating expense arising from investment property that generated rental income	(713)	(631)

### (c): Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been an increase in the property assets balance. This was largely attributable to additions and fair value gains in the current financial year.

The South Africa property portfolio accounts for 60.4% (2020: 65.34%) of total property assets and is predominantly exposed to the retail property sector. Although the lockdown restrictions have been lifted, COVID-19 is still a threat on the ability for retailers to trade, impacting current period rentals, growth assumptions applied in the property valuations as well as the period of time required to lease space. Due to the uncertainty inherent in the current economic climate, the property valuers have applied prudence with higher discount and capitalisation rate assumptions in retail resulting in lower property valuations.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The information in the table below discloses the significant unobservable inputs used at year end in measuring investment and owner-occupied properties categorised at level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/industrial properties and owner-occupied properties	Valued using the internationally and locally recognised Discounted Cash Flow (DCF) method. A minimum of five years (if required for specific leases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers' assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	<p><b>South African Properties:</b></p> <p><b>Office</b> Capitalisation rates: 8.25% (2020:8.5%) Discount rates: 12.75% (2020:13.5%) Market rentals: R90 to R190 per m<sup>2</sup> (2020: R100 to R175 per m<sup>2</sup>) Vacancy rates: 0.0% (2020: 7.25% to 9.75%)</p> <p><b>Retail</b> Capitalisation rates: 6.75% to 11.0% (2020: 6.75% to 9.75%) Discount rates: 11.25% to 16.75% (2020: 11.75% to 14.5%) Market rentals: R33.66 to R2 691.26 per m<sup>2</sup> (2020: R22 to R2 222 per m<sup>2</sup>) Vacancy rates: 0.0% to 15.5% (2020: 0% to 8.5%)</p> <p><b>Industrial</b> Capitalisation rates: 8.75% to 11.0% (2020: 8.25% to 10.5%) Discount rates: 13.25% to 15.0% (2020: 13.75% to 15.25%) Market rentals: R29.75 to R71.28 per m<sup>2</sup> (2020: R25 to R75 per m<sup>2</sup>) Vacancy rates: 0.0% to 18.3% (2020: 8.5% to 10.75%)</p> <p><b>Bulgarian Properties:</b></p> <p><b>Office</b> Capitalisation rates: 7.4% to 7.6% (2020: 7.4%) Discount rates: 9.25% to 9.45% (2020: 8.10% to 10.10%) Market rentals: EUR 10.84 to EUR 15.14 per m<sup>2</sup> (2020: EUR 11.0 to EUR 12.6 per m<sup>2</sup>) Vacancy rates: 2.5% to 2.75% (2020: 2.75%)</p> <p><b>Romanian Properties:</b></p> <p><b>Office</b> Capitalisation rates: 6.85% (2020: 7.25%) Discount rates: 8.35% to 8.4% (2020: 9.6% to 9.8%) Market rentals: EUR 15.0 per m<sup>2</sup> (2020: EUR 9.50 to EUR 12.71 per m<sup>2</sup>) Vacancy rates: 2.5% (2020: 2.5%)</p> <p><b>East Africa:</b></p> <p><b>Office</b> Capitalisation rates: 7.92% to 8.92% (2020: 7.92% to 9.5%) Discount rates: 12.92% to 14.92% (2020: 8.75% to 16.63%) Market rentals: USD 8.56 to USD 9.51 per m<sup>2</sup> (2020: USD 15 per m<sup>2</sup>)</p> <p><b>Zimbabwe Properties</b> Capitalisation rates: 4.55% to 8.00% (2020: 6.75% to 11.00%) Market rentals: ZWL\$104 to ZWL\$2,148.0 per m<sup>2</sup> (2020: ZWL\$101 to ZWL\$822 per m<sup>2</sup>) Vacancy rates: 10% (2020: 10%)</p>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H2: Fixed assets

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner allocated pro rata to the land portions in proportion to the bulk available for each portion. However, there are cases where exceptional circumstances need to be considered.	The land per m <sup>2</sup> and bulk per m <sup>2</sup> are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	<b>Land</b> Per m <sup>2</sup> : R144 to R511 (2020: R262 to R2,611)
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m <sup>2</sup> : R75 to R733 (2020: R75 to R757)

#### (d) Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December Rm	2021	2020
An increase of 1% in discount rates would decrease the fair value by:	(1,632)	(1,532)
A decrease of 1% in discount rates would increase the fair value by:	1,810	1,666
An increase of 1% in capitalisation rates would decrease the fair value by:	(2,869)	(2,673)
A decrease of 1% in capitalisation rates would increase the fair value by:	3,781	3,294
An increase of 10% in market rentals per m <sup>2</sup> would increase the fair value by:	2,818	2,821
A decrease of 10% in market rentals per m <sup>2</sup> would decrease the fair value by:	(2,842)	(2,699)

An increase of 1% in vacancy would decrease the fair value by R4,738 million and a decrease of 1% in vacancy would increase the fair value by R4,850 million for the current year (this sensitivity analysis was not carried out in the prior year as it was not considered material). The assessment above depicts the potential impact on profit or (loss) as a result of the change in the parameter identified.

#### (e) Operating lease arrangements (with the Group as lessor)

Investment property comprises a portfolio of retail, commercial and industrial properties that are leased to third parties. These leases are classified as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Each lease has a defined lease period and financial terms. Renewal negotiations with tenants commence prior to expiry of their current lease agreement. Lease periods vary and are dependent on the tenant and property type. Contingent rents charged are immaterial. During the year ended 31 December 2021, rental concessions of R110 million (2020: R181 million) were provided to tenants of the South African property portfolio.

At 31 December Rm	2021	2020
<b>Total future minimum lease receivables under operating leases</b>		
Within one year	1,858	3,251
Greater than 1 year and less than 5 years	3,634	4,154
After five years	1,320	1,251
	<b>6,812</b>	<b>8,656</b>

### H3: Deferred acquisition costs

Deferred acquisition costs relate to costs that the Group incurred to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

The following table analyses the movements in deferred acquisition costs relating to insurance contracts.

Year ended 31 December Rm	Insurance contracts
<b>Balance at 1 January 2020</b>	359
New business	4
Amortisation	3
Foreign exchange and other movements	(4)
<b>Balance at 31 December 2020</b>	<b>362</b>
New business	91
Amortisation	(54)
Foreign exchange and other movements	6
<b>Balance at 31 December 2021</b>	<b>405</b>

Costs to obtain a contract has been now separately disclosed on the statement of financial position as a part of the group's disclosure enhancement process. This note has been amended because of this change. Please refer to note D9(b) for further details.

Based on the maturity profile of the above Insurance Contracts, R405 million (2020: R362 million) will be amortised within 12 months from the reporting date.

### H4: Trade, other receivables and other assets

At 31 December Rm	2021	2020
Debtors arising from direct insurance operations		
Amounts owed by policyholders	2,470	2,748
Amounts owed by intermediaries	574	588
Other	310	158
	<b>3,354</b>	<b>3,494</b>
Debtors arising from reinsurance operations	2,756	1,735
Outstanding settlements	3,201	3,509
Other receivables	3,497	1,558
Accrued interest and rent	3,981	3,792
Prepayments and accrued income	836	1,074
Other assets	5,177	5,155
<b>Total trade, other receivables and other assets</b>	<b>22,802</b>	<b>20,317</b>

Based on the maturity profile of the above assets, R22,197 million (2020: R18,542 million) is recoverable within 12 months from the reporting date. R605 million (2020: R1,775 million) is non-current.

### H5: Provisions

Year ended 31 December Rm	Compensation provisions	Restructuring provisions	Surplus property	Provision for donations	Other	Total
<b>Balance at 31 December 2020</b>	316	20	–	940	484	1,760
Unused amounts reversed	–	–	–	–	35	35
Charge to profit or loss	–	(11)	4	–	552	545
Utilised during the year	(3)	(7)	–	–	(388)	(398)
Transfer to other liabilities	3	–	–	–	(223)	(220)
Other movements	(5)	–	–	113	(63)	45
<b>Balance at 31 December 2021</b>	<b>311</b>	<b>2</b>	<b>4</b>	<b>1,053</b>	<b>397</b>	<b>1,767</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H5: Provisions

#### Analysis of provisions

Compensation provisions at 31 December 2021 comprise:

- R136 million (2020: R91 million) relating to regulatory uncertainty;
- R52 million (2020: R60 million) multiple causal events;
- R123 million (2020: R165 million) relates to the provision for claw-back of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. Estimates of this provision are reviewed annually and are adjusted as and when new circumstances arise.

Of the total compensation provisions, R311 million (2020: R308 million) is estimated to be payable after 12 months from the reporting date.

#### Surplus property provisions

Surplus property provisions relate to the onerous costs of vacant properties leased by the Group. A provision of R4 million has been raised in the current year.

#### Restructuring provisions

The restructuring provisions relates to Old Mutual plc and Old Mutual Bermuda in respect of redundancy costs expected to be incurred in the winding down of these operations. Old Mutual plc utilised R6 million (2020: R1 million) and Old Mutual Bermuda utilised R1 million (2020: R2 million) in the current year.

#### Provisions for donations

The provision for donations is held predominantly in respect of commitments made by the South African business to the future funding of charitable donations. The funds were made available on the closure of the Group's unclaimed shares trusts which were set up as part of the demutualisation in 1999 and closed in 2006. All of this is regarded to be payable after more than one year due to the long-term nature of the agreements in place.

#### Other provisions

Other provisions include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties. Based on the maturity profile of other provisions, the total balance is estimated to be payable within 12 months from the reporting date.

Material, provisions and accruals are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments in respect of provisions, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

The effects of discounting for all provisions are immaterial.

### H6: Contract liabilities

Contract liabilities<sup>1</sup> relates to initial fees received for the future provision of services that the Group will render on investment management contracts. These fees are recognised as a liability in the consolidated statement of financial position and are amortised in profit or loss over the expected life of the contracts. The table below analyses the movements in Contract liabilities.

Year ended 31 December Rm	2021	2020
<b>Balance at 1 January</b>	<b>662</b>	513
Amount reallocated from Other liabilities <sup>2</sup>	<b>618</b>	–
Fees and commission income deferred	<b>143</b>	119
Revenue recognised during the year	<b>(106)</b>	(82)
Restatements due to hyperinflation	<b>(146)</b>	180
Foreign exchange and other movements	<b>101</b>	(68)
<b>Balance at 31 December</b>	<b>1,272</b>	662

<sup>1</sup> At 31 December 2021, the previously disclosed deferred revenue has been re-presented as contract liabilities.

<sup>2</sup> At 31 December 2021, the Loyalty Reserve attributable to Personal Finance was reclassified from other liabilities to contract liabilities.

Based on the maturity profile of the Contract Liabilities, R408 million (2020: R310 million) will be earned within 12 months from the reporting date. R864 million (2020: R352 million) is non-current.

### H7: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the temporary differences arise.

#### (a) Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

The movement on the deferred tax assets account is as follows:

At 31 December Rm	2021	2020
<b>Deferred tax asset</b>		
Tax losses carried forward <sup>1</sup>	<b>1,502</b>	938
Accelerated capital allowances	<b>8</b>	(4)
Policyholder tax	<b>15</b>	18
Other temporary differences <sup>2</sup>	<b>1,229</b>	1,375
Netted against liabilities	<b>(299)</b>	(320)
<b>Total</b>	<b>2,455</b>	2,007

<sup>1</sup> In general 90% of the carried forward tax losses have arisen in South Africa and 10% in Rest of Africa. A significant portion of the carried forward tax losses (R1,082 million) relate to transfer losses incurred between policyholder and shareholder funds within Old Mutual Life Assurance Company South Africa, this is mainly due to Covid-19 provisions raised over the last two reporting periods. Further, a deferred tax asset has been recognised in respect of cumulative tax losses amounting to R132 million by Advicework (Pty) Ltd, on the basis that the entity has exceeded its business case for the last two consecutive reporting periods thus demonstrating the recoverability of the deferred tax asset against future taxable profits. Management has interrogated the business cases for all entities for which assets have been raised and are confident that these entities will generate sufficient future taxable profits against which these losses will be utilised.

<sup>2</sup> Provisions make up the largest component of other temporary differences R763 million (2020: 767 million).

The amounts for which no deferred tax asset has been recognised comprise.

At 31 December Rm	2021		2020	
	Gross amount	Tax	Gross amount	Tax
<b>Tax losses</b>				
Expiring in less than a year	<b>754</b>	<b>236</b>	–	–
Expiring in the second to fifth years inclusive	<b>1,799</b>	<b>444</b>	1,736	364
Expiring after five years	<b>3,114</b>	<b>867</b>	1,730	487
	<b>5,667</b>	<b>1,547</b>	3,466	851
Accelerated capital allowances	<b>1,262</b>	<b>243</b>	1,080	205
Other temporary differences	<b>2,152</b>	<b>458</b>	739	148
<b>Total</b>	<b>9,081</b>	<b>2,248</b>	5,285	1,204

#### (b) Deferred tax liabilities

The movement on the deferred tax liabilities account is as follows:

At 31 December Rm	2021	2020
<b>Deferred tax liabilities</b>		
Accelerated tax depreciation	<b>78</b>	33
Deferred acquisition costs	<b>–</b>	–
Other acquired intangibles	<b>20</b>	20
Capital gains tax – shareholder	<b>1,308</b>	263
Capital gains tax – policyholder	<b>5,025</b>	3,638
Other temporary differences	<b>321</b>	659
Netted against assets	<b>(299)</b>	(320)
<b>Total</b>	<b>6,453</b>	4,293
<b>Reconciliation of net deferred tax liability</b>		
At beginning of the year	<b>(2,285)</b>	(2,979)
Income statement charge	<b>(1,567)</b>	359
Foreign exchange and other movements	<b>(126)</b>	398
Charged to other comprehensive income	<b>(20)</b>	(63)
<b>At end of the year</b>	<b>(3,998)</b>	(2,285)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H8: Trade and other payables

At 31 December Rm	Note	2021	2020
Amounts payable on direct insurance business			
Amounts owed to policyholders		3,637	3,157
Amounts owed to intermediaries		1,528	1,443
Other direct insurance operation creditors		584	1,388
		5,749	5,988
Accounts payable on reinsurance business		166	279
Accruals and deferred income		2,650	2,207
Post-employment benefits	J1	1,545	1,501
Share-based payments – cash-settled scheme liabilities		13	18
Trade creditors		1,481	215
Outstanding settlements		9,556	6,058
Obligations in relation to collateral holdings		5,332	1,913
Interest bearing liabilities	H8.1	8,647	10,275
Liability in respect of repurchase agreements		16,085	20,309
Other payables <sup>1,2</sup>		12,710	11,450
<b>Total trade and other payables</b>		<b>63,934</b>	<b>60,213</b>

<sup>1</sup> At 31 December 2021, the Loyalty Reserve attributable to Personal Finance was reclassified from Other liabilities to Contract liabilities.

<sup>2</sup> Included in Other payables are amounts payable to cell owners of R1,231 billion.

Included in the amounts shown above is an amount of R55,057 million (2020: R48,209 million) that is regarded as current, with the remainder regarded as non-current.

### H8: Trade and other payables

#### H8.1 Interest-bearing liabilities

The following table provides an analysis of the interest-bearing liabilities included in trade, other payables and other liabilities:

For the year ended 31 December Rm	Maturity Date	2021	2020
<b>Floating rate term loans</b>			
EUR16 million drawn of a EUR16 million facility at 3 month EURIBOR +2.25%	Repaid	–	288
EUR20 million drawn of a EUR20 million facility at 3 month EURIBOR +2.35%	Repaid	–	360
GBP25 million drawn of GBP25 million facility at 3 month LIBOR +2.40%	Converted to fixed rate loan	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +1.89%	Change in interest rate	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +1.89%	Repaid	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +2%	April 2024	510	–
R1 billion drawn of a R1 billion facility at 3 month JIBAR +1.55%	March 2022	1,000	999
EUR64 million drawn of EUR80 million facility at 2.32%	Converted to fixed rate loan	–	1,153
EUR67 million drawn of EUR67 million facility at 3 month EURIBOR +2.25%	February 2024	1,236	1,151
GBP22 million drawn of GBP22 million facility at 3 month LIBOR +3.50%	Converted to fixed rate loan	–	441
EUR77 million drawn of a EUR100 million facility at 3 month EURIBOR +2.77%	Converted to ZAR	–	1,241
EUR32 million drawn of EUR32 million facility at 3 month EURIBOR +2.60%	July 2023	503	528
EUR49 million drawn of a EUR50 million facility at 3 month EURIBOR +2.60%	October 2023	811	829
R500 million drawn of a R500 million facility at 3 month JIBAR +1.85%	March 2024	502	500
EUR16 million drawn of EUR16 million facility at 3 month EURIBOR +2.76%	Converted to ZAR	–	289
EUR38 million drawn of EUR38 million facility at 3 month EURIBOR +2.25%	March 2025	658	666
R82 million loan facility at prime rate -1.3%	Under negotiation	77	78
R500 million drawn at 3 Month JIBAR +2.19%	June 2025	509	–
R500 million drawn at 3 Month JIBAR +2.12%	June 2024	508	–
EUR2.9 million drawn at 3 month EURIBOR +2.8%	July 2023	51	–
<b>Fixed rate term loans</b>			
GBP11 million drawn at 4.29%	Repaid	–	234
EUR16 million drawn at 2.22%	May 2023	294	–
R979 million drawn at 6.74%	June 2023	987	–
GBP 25.088 million drawn at 1.41%	February 2022	542	–
GBP 21.5 million drawn at 3.5%	July 2025	459	–
<b>Total fixed and variable rate term loans</b>		<b>8,647</b>	<b>10,275</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## H: Non-Financial assets and liabilities

### H9: Share capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

#### (a) Authorised share capital

	2021 Rm	2020 Rm
<b>At 31 December</b>		
10,000,000,000 (2020: 10,000,000,000) no par value ordinary shares	-	-
10,000,000 (2020: 10,000,000) no par value preference shares	-	-

#### (b) Issued share capital

	2021 Rm	2020 Rm
<b>At 31 December</b>		
4,708,553,649 (2020: 4,708,553,649) no par value ordinary shares	85	85

## I: Interests in subsidiaries, associates and joint ventures

### Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint Ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the Group has control as defined in IFRS 10 are consolidated.	Entities over which the Group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the Group and the other contracting parties have joint control as defined in IFRS 11.

### Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Group has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements'):

#### Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### Consolidation of investment funds and securitisation vehicles

The Group acts as a fund manager to a number of investment funds. In determining whether the Group controls such a fund, it will focus on an assessment of the aggregate economic interests of the Group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds, with regards to their practical ability to allow the Group not to control the fund. The Group assesses, on an annual basis, such interests to determine if the fund will be consolidated. The non-controlling interests in investment funds consolidated by the Group are classified as third-party interests in consolidated funds, a financial liability, in the consolidated statement of financial position. These interests are classified at fair value through profit or loss and measured at fair value, which is equal to the bid value of the number of units of the investment funds' scheme not owned by the Group.

The Group has sponsored certain asset-backed financing (securitisation) vehicles under its securitisation programme which are run according to pre-determined criteria that are part of the initial design of the vehicles. The Group is exposed to variability of returns from the vehicles through its holding of junior debt securities in the vehicles. It has concluded that it controls these vehicles and therefore has consolidated these asset-backed financing vehicles.

#### Structured entities

The Group is required to make judgements on what constitutes a structured entity. Accounting standards define a structured entity as an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an economic interest, the Group considers numerous factors. These factors may include the purpose and design of the investee, its practical ability to direct the relevant activities of the investee, the nature of its relationship with the investee and the size of its exposure to the variability of returns of the investee. The Group has evaluated all exposures and has concluded that all investments in investment funds as well as certain securitisation vehicles and other funding vehicles represent investments in structured entities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I: Interests in subsidiaries, associates and joint ventures

### II: Subsidiaries

#### (a) Principal subsidiaries and Group enterprises

The following table lists the principal Group undertakings whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held directly and indirectly by the Company.

Name	Nature of business	Percentage holding	Country of incorporation
Old Mutual Group Holdings (SA) Limited	Holding company	100	South Africa
Faulu Microfinance Bank Limited	Lending	67	Kenya
Old Mutual Insure Limited	Property & Casualty	100	South Africa
Old Mutual (Africa) Holdings (Pty) Limited	Holding company	100	South Africa
Old Mutual (Netherlands) B.V.	Holding company	100	Netherlands
Old Mutual Emerging Markets (Pty) Limited	Holding company	100	South Africa
Old Mutual Finance RF (Pty) Ltd	Lending	75	South Africa
Old Mutual Investment Group (Pty) Limited	Asset management	100	South Africa
Old Mutual Investment Group Holdings (Pty) Limited	Holding company	100	South Africa
Old Mutual Life Assurance Company (Namibia) Limited	Life assurance	100	Namibia
Old Mutual Life Assurance Company (South Africa) Limited	Life assurance	100	South Africa
Old Mutual Zimbabwe Limited	Life assurance	75	Zimbabwe
OM Group (UK) Limited	Holding company	100	England and Wales
OM Residual UK	Holding company	100	England and Wales
UAP Holdings Limited	Holding company	67	Kenya

All the above companies have a year end of 31 December and their financial results have been incorporated and are included in the Group financial statements from the effective date that the Group controls the entity. There are certain funds in which the Group owns more than 50% of the equity but does not consolidate these because of certain management contracts which give other parties the power to control these funds. These management contracts may include that the ability to control is delegated to a third party with no rights of removal on similar types of contractual agreements.

#### (b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests:

At 31 December 2021 Rm	Old Mutual Finance RF (Pty) Limited	UAP Holdings Limited <sup>1</sup>	Old Mutual (Malawi) Limited	Old Mutual Finance (Namibia) (Pty) Ltd	Other subsidiaries	Total
<b>Consolidated statement of financial position</b>						
Total assets	13,352	16,165	12,719	1,420	53,869	97,525
Total liabilities	(10,931)	(12,779)	(10,353)	(1,005)	(55,908)	(90,976)
<b>Net assets</b>	<b>2,421</b>	<b>3,386</b>	<b>2,366</b>	<b>415</b>	<b>(2,039)</b>	<b>6,549</b>
<b>Non-controlling interests</b>	<b>572</b>	<b>513</b>	<b>439</b>	<b>107</b>	<b>1,496</b>	<b>3,127</b>
<b>Consolidated income statement</b>						
Total revenue	3,973	4,440	4,121	332	22,907	35,773
Profit before tax	1,366	10	585	159	3,060	5,180
Income tax (expense)/credit	(415)	(14)	(116)	(20)	(334)	(899)
<b>Profit/(loss) after tax for the financial year</b>	<b>951</b>	<b>(4)</b>	<b>469</b>	<b>139</b>	<b>2,726</b>	<b>4,281</b>
<b>Non-controlling interests</b>	<b>239</b>	<b>(94)</b>	<b>40</b>	<b>35</b>	<b>581</b>	<b>801</b>
<b>At 31 December 2020 Rm</b>						
<b>Consolidated statement of financial position</b>						
Total assets	15,002	15,003	9,997	1,453	42,222	83,677
Total liabilities	(12,914)	(12,017)	(8,094)	(1,127)	(46,052)	(80,204)
<b>Net assets</b>	<b>2,088</b>	<b>2,986</b>	<b>1,903</b>	<b>326</b>	<b>(3,830)</b>	<b>3,473</b>
<b>Non-controlling interests</b>	<b>455</b>	<b>593</b>	<b>403</b>	<b>85</b>	<b>792</b>	<b>2,328</b>
<b>Consolidated income statement</b>						
Total revenue	4,783	4,521	2,835	367	10,828	23,334
Profit before tax	397	(326)	605	123	(2,583)	(1,784)
Income tax (expense)/credit	(95)	(109)	(199)	(3)	491	85
<b>Profit/(loss) after tax for the financial year</b>	<b>302</b>	<b>(435)</b>	<b>406</b>	<b>120</b>	<b>(2,092)</b>	<b>(1,699)</b>
<b>Non-controlling interests</b>	<b>(335)</b>	<b>(87)</b>	<b>41</b>	<b>30</b>	<b>100</b>	<b>(251)</b>

<sup>1</sup> The financial information of UAP Holdings Limited (UAP) represents the results of UAP for year ended 31 December 2021 and the consolidated statement of financial position at 31 December 2021 as consolidated by the Group. This consolidated result may vary significantly from the full year results published by UAP due to acquisition entries recognised by the Group.

During the year ended 31 December 2021, dividends of R149 million (2020: R93 million) were paid to non-controlling interests.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I: Interests in subsidiaries, associates and joint ventures

### II: Subsidiaries

#### (c) Restrictions on the Group's ability to obtain funds from its subsidiaries

Statutory and regulatory restrictions in terms of the Reserve Bank of Zimbabwe controls and imposed by the Zimbabwean government to restrict the amount of funds that can be transferred out of Zimbabwe to the Group. Regulated entities may only be permitted to remit dividends in terms of local capital requirements and/or permission being obtained from the regulator to distribute such funds.

The non-controlling interests do not have any ability to restrict the cash flows to the Group.

#### (d) Guarantees provided by the Group to subsidiaries

No significant guarantees have been provided by the Group during the financial year.

The Group provides financial support in certain cases where funds require seed capital and also provides liquidity funding in the case of large divestments from unit trust funds.

#### (e) Loss of control of subsidiaries

The loss on disposal of subsidiaries largely represents the loss incurred by OMREHC on the disposal of its investment in We Are Egg (Pty) Ltd.

The Group did not dispose of any other principal subsidiary that resulted in loss of control during the year.

## I2: Investment in associated undertakings and joint ventures

### (a) Aggregate Group investment in associated undertakings and joint ventures

The following table presents the aggregate amounts for investment in associated undertakings and joint ventures at 31 December:

Year ended 31 December Rm	2021	2020
Balance at beginning of the year	17,450	26,251
Additions of investment in associated undertakings and joint ventures	104	89
Disposal of investment in associated undertakings and joint ventures <sup>1</sup>	(644)	(14)
Share of profit after tax	1,385	592
Share of other comprehensive (loss)/income	(32)	131
Impairment provision for investments in associate companies	(30)	(8,629)
Dividend income	(219)	(879)
Fair value loss	(232)	(178)
Foreign exchange and other movements <sup>2</sup>	(16,874)	160
Transfer to assets held for sale and distribution	-	(73)
<b>Balance at end of the year</b>	<b>908</b>	<b>17,450</b>

<sup>1</sup> Included in Disposal of investment in associated undertakings and joint ventures, is the disposal of the group's 42% interest in Squarestone Growth LLP.

<sup>2</sup> Included in other movements is R16.8 billion (of which R10.5 billion is a transfer of Nedbank to held for sale and distribution and R6.3 billion is a transfer of Nedbank to investment and securities) as a result of the Group completing the unbundling of 12.2% of its interest in Nedbank. Subsequent to this unbundling, the Group has assessed and concluded that it no longer has significant influence over the remaining 6.65% shareholding in Nedbank and the retained holding is accounted for as investment and securities, with fair value gains or losses being recognised in profit or loss.

### (b) Analysis of equity accounted and fair value investments in associated undertakings and joint ventures

Of the total carrying value of associates and joint-ventures, R370 million (2020: R1,130 million) relates to those that measured at fair value and R538 million (2020: R16,320 million) relates to those that have been equity accounted.

The Group's equity accounted and fair value investments in associated undertakings and joint ventures are as follows:

At 31 December 2021 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit/(loss)
<b>Associated undertakings</b>					
<b>Listed</b>					
Nedbank Limited <sup>1</sup>				-	1,257
<b>Individually immaterial associates</b>					
<b>Unlisted</b>					
Other individually immaterial associates <sup>2,3</sup>				765	165
<b>Total investment in associate undertakings</b>				<b>765</b>	<b>1,422</b>
<b>Joint ventures</b>					
<b>Unlisted</b>					
Old Mutual-CHN Energy Life Insurance Company Ltd <sup>4</sup>	Life assurance	50%	Equity accounted	143	(37)
<b>Total investment in joint ventures</b>				<b>143</b>	<b>(37)</b>
<b>Total investments in associates and joint ventures</b>				<b>908</b>	<b>1,385</b>

<sup>1</sup> Nedbank was unbundled during the year, refer to note A2(a).

<sup>2</sup> During 2021, there was no individual material associates to be separately disclosed.

<sup>3</sup> ESD associates has additional Preference share debt of R500 million included in investment and securities.

<sup>4</sup> Country of incorporation: China.

At 31 December 2020 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit/(loss)
<b>Associated undertakings</b>					
Nedbank Limited	Banking	19.7%	Equity accounted	15,834	685
Other individually immaterial associates				1,373	63
<b>Total investment in associate undertakings</b>				<b>17,207</b>	<b>748</b>
<b>Joint ventures</b>					
<b>Unlisted</b>					
Old Mutual-CHN Energy Life Insurance Company Ltd	Life assurance	50%	Equity accounted	243	(156)
<b>Total investment in joint ventures</b>				<b>243</b>	<b>(156)</b>
<b>Total investments in associates and joint ventures</b>				<b>17,450</b>	<b>592</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I: Interests in subsidiaries, associates and joint ventures

### I2: Investment in associated undertakings and joint ventures

The aggregate financial information of material investment in associated undertakings and joint ventures is as follows:

At 31 December Rm	2021 Nedbank <sup>1</sup>	2020 Nedbank	2021 Squarestone Growth LLP <sup>2</sup>	2020 Squarestone Growth LLP
Value in use market value	–	15,834	–	877
<b>Statement of comprehensive income</b>				
Revenue	–	54,221	–	436
Profit from operations	–	4,454	–	87
Other comprehensive income/(loss)	–	891	–	–
Total comprehensive income/(loss)	–	5,345	–	87
<b>Statement of financial position</b>				
Current assets	–	413,186	–	342
Non-current assets	–	814,951	–	4,691
Current liabilities	–	(912,206)	–	(250)
Non-current liabilities	–	(215,487)	–	(2,658)
<b>Net assets</b>	–	100,444	–	2,126

<sup>1</sup> During 2021, the Group completed the unbundling of 12.2% of its interest in Nedbank. Following the reclassification to an asset held for sale and distribution, the Group ceased equity accounting Nedbank earnings associated with the distributed stake with effect from 1 July 2021. The retained stake continued to be classified as an investment in an associated undertaking until the date of unbundling of the distributed stake. Following the unbundling of the distributed stake, the Group no longer had significant influence in Nedbank and the retained stake was reclassified to investments and securities at fair value through profit or loss.

<sup>2</sup> During 2021, the group disposed of its 42% interest in Squarestone Growth LLP.

#### Impairment of Associates

In light of COVID-19 and related decrease in the Nedbank share price during the financial year, the Group has performed an impairment review of the value of our equity accounted investment. The outcome of the impairment review resulted in the recognition of an impairment of R8,620 million in the prior year.

The impairment test compares the estimated recoverable amount and carrying value of the investment. The recoverable amount is the higher of its fair value less costs of disposal or its value in use. Nedbank ceased to be an associate in the current year, refer to note A2(a).

In assessing the value in use, the Group valued the expected dividend stream from Nedbank. The calculation of the value is subject to significant judgement as it is based on estimates of economic recovery and macro economic assumptions. The value of the dividend from Nedbank was determined using a dividend discount model. The model has assumed that projected dividends recover to the historic average dividend payout ratio. This payout ratio has been used in the calculation of the final year dividend and terminal value.

Due to the complexity of the current economic environment, multiple valuations were performed assuming a range of earnings and economic recovery scenarios. The final value in use has been calculated as an average of these calculations, with appropriate weighting applied to potential downside scenarios. The total value in use calculated approximates the carrying value at 31 December 2020. The value in use at 30 Dec 2020 was 4% lower than the Group's share of Nedbank's reported net asset value at this date.

Sensitivity analysis Rm	Alternative	Positive impact on change in VIU	Negative impact on change in VIU
Earnings recovery	+/-10%	1,331	(1,543)
Long term growth rate	+/-1%	2,213	(1,745)

The above sensitivity table illustrates the impact of the changes in key valuation assumptions on the value in use for the Group's investment in Nedbank. Negative impacts would result in a potential increase in the impairment charge in respect of the Nedbank carrying value, whilst positive impacts could result in the release of previously recognised impairment charges.

### (c) Aggregate financial information of material investments in joint ventures and associated undertakings

The aggregate financial information of immaterial investments in joint ventures and associated investments is as follows:

At 31 December Rm	2021	2020
Total current assets	14,858	11,697
Total non current assets	14,263	17,044
Total current liabilities	(10,962)	(1,071)
Total non current liabilities	(13,984)	(14,258)
Total revenues	4,493	3,716
Total comprehensive income/(loss)	181	(107)

### (d) Aggregate financial information of other investments in joint ventures

At 31 December Rm	2021 Old Mutual-CHN Energy Life Insurance Company	2020 Old Mutual-CHN Energy Life Insurance Company
<b>Carrying value</b>	143	243
<b>Statement of comprehensive income</b>		
Revenue	2,537	1,619
Loss from operations	(78)	(347)
Total comprehensive loss	(78)	(347)
<b>Statement of financial position</b>		
Current assets	6,541	4,676
Cash and cash equivalents	2,309	2,296
Non-current assets	7,949	6,545
Current liabilities	(2,442)	(1,566)
Non-current liabilities	(9,925)	(7,654)
<b>Net assets</b>	2,122	2,000

### (e) Contingent liabilities and commitments

At 31 December 2021 and 31 December 2020, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.

## I3: Structured entities

### (a) Group's involvement in structured entities

In structured entities, voting rights are not the predominant factor in deciding who controls the entity but rather the Group's exposure to the variability of returns from these entities. The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the Group in the fund in the form of interest held and exposure to variable returns.

In most instances, the Group's decision-making authority, in its capacity as fund manager, with regard to these funds is regarded to be well-defined. Discretion is exercised when decisions regarding the relevant activities of these funds are being made. Fund management agreements include only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis. The Group has concluded that it acts as agent on behalf of the investors in all instances.

The Group is considered to be acting as principal where the Group is the fund manager and is able to make the investment decisions on behalf of the unit holders, earn a variable fee, and there are no kick-out rights that would remove the Group as fund manager.

The Group has not provided any non-contractual support to any consolidated or unconsolidated structured entities.

The Group has committed to providing certain liquidity facilities for certain securitisation vehicles.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I: Interests in subsidiaries, associates and joint ventures

### I3: Structured entities

The table below summarises the types of structured entities the Group does not consolidate, but may have an interest in:

Type of structured entity	Nature	Purpose	Interest held by the Group
• Securitisation vehicles for loans and advances	• Finance the Group's own assets through the issue of notes to investors	• Generate funding for the Group's lending activities • Fees for loan servicing • Margin through sale of assets	• Investment in senior and junior notes issued by the vehicles
• Investment funds	• Manage client funds through the investment in assets	• Generate fees from managing assets on behalf of third party investors	• Investments in units issued by the fund
• Securitisation vehicles for third-party receivables	• Finance third-party receivables and are financed through loans from third-party note holders and bank borrowing	• Generate fees from arranging the structure. • Interest income may be earned on the notes held by the Group	• Interest in these vehicles is through notes that are traded in the market
• Security vehicles	• Hold and realise assets as a result of the default of a client	• These entities seek to protect the collateral of the Group on the default of a loan	• Ownership interest will be in proportion of the lending. At 31 December 2021, the Group held no value in security vehicles
• Clients investment entities	• Hold client investment assets	• Generates various sources of income for the Group	• None
• Black Economic Empowerment (BEE) funding	• Fund the acquisition of shares by a BEE partner	• Generates interest on the funding provided	• Loans to BEE schemes

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. All of the investment vehicles in the investment portfolios are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

#### (b) Interest in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as investments and securities held at fair value through profit or loss. The Group does not sponsor any of the unconsolidated structured entities. Refer to I1 for the Group's policy on consolidation.

The table below provides a summary of the carrying value of the Group's interest in unconsolidated structured entities for both operations and those classified as held for distribution:

At 31 December Rm	2021	2020
Debt securities, preference shares and debentures	1,917	1,881
Equity securities – unlisted	4,655	4,250
Pooled investment funds	190,397	148,000
<b>Total</b>	<b>196,969</b>	<b>154,131</b>

The Group's maximum exposure to loss with regard to the interests presented above is the carrying amount of the Group's investments. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are largely less than 50% and as such the net asset value of these structured entities are likely to be significantly higher than their carrying value.

### Pooled investment funds includes the following investments:

#### Fund 1

The Fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term. The fund invests in government securities, listed debt and equity securities. As at year end the Company's interest in the fund totalled R7,930 million compared to a total fund size of R102,875 million.

#### Fund 2

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The fund invests in government securities, listed and unlisted debt securities, listed and unlisted equity securities. As at year end the Company's interest in the fund totalled R7,701 million compared to a total fund size of R156,169 million.

#### Fund 3

The portfolio aims to preserve capital, but provide returns in excess of that offered by a traditional money market portfolio. The mandate is, however, more flexible and the average portfolio duration will be longer than that of traditional money market portfolios. The portfolio complies with Regulation 28 of the South African Pension Funds Act. As at year end the Group's interest in the fund totalled R4,647 million compared to a total fund size of R58,984 million.

#### (c) Other interests in unconsolidated structured entities

The Group receives management fees and other fees in respect of its asset management businesses that manage investments in which the Group has no holding. These also represent interests in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The Group does not sponsor any of the funds or investment vehicles from which it receives fees.

## J: Other notes

### J1: Post-employment benefits

The Group's post retirement schemes provide for the retirement, medical and disability benefits of employees and have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Actuarial advice confirms that the existing assets are adequate to secure members' benefits over the remaining service lives of participating employees. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they operate. The post-retirement medical aid benefit is no longer offered by the Group and therefore the disclosure relates to winding up of this benefit.

The movement analysis of post-employment benefits presented in note J1(a) includes the information for all of the Group's pension schemes, including movements in plan assets for the year.

#### Restriction on the ability to access individual pension fund surpluses

The Group has pension fund surpluses and its ability to access the surpluses is regulated by local laws and regulations. In all situations, the Group does not have the unilateral right to access these surpluses as the use of the surplus must be approved by the relevant governing bodies of the pension funds.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## J: Other notes

### J1: Post-employment benefits

#### (a) Liability for defined benefit obligations

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
<b>Changes in projected benefit obligation</b>				
Projected defined benefit obligation at beginning of the year	250	226	1,501	1,660
Current service cost	1	2	14	17
Interest cost on benefit obligation	24	22	121	145
Measurement losses arising from experience adjustments	(58)	-	(28)	(196)
Benefits paid	-	-	(63)	(82)
Foreign exchange and other movements	-	-	-	(43)
<b>Projected defined benefit obligation at end of the year</b>	<b>217</b>	<b>250</b>	<b>1,545</b>	<b>1,501</b>
<b>Change in plan assets</b>				
Plan assets at fair value at beginning of the year	250	226	-	-
Actual return on plan assets	(33)	24	-	-
<b>Plan assets at fair value at end of the year</b>	<b>217</b>	<b>250</b>	<b>-</b>	<b>-</b>
<b>Net defined benefit obligation</b>	<b>-</b>	<b>-</b>	<b>(1,545)</b>	<b>(1,501)</b>
<b>Net amount recognised in consolidated statement of financial position</b>	<b>-</b>	<b>-</b>	<b>(1,545)</b>	<b>(1,501)</b>
<b>Disclosed as follows:</b>				
Within trade, other payables and other liabilities	-	-	(1,545)	(1,501)
	-	-	(1,545)	(1,501)

#### (b) Principal actuarial assumptions

The significant actuarial assumptions and sensitivities of the defined benefit liabilities to changes in those assumptions are set out below:

	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
Discount rate used	10.0%	9.9%	10.6%	10.2%
Price inflation	6.1%	4.7%	6.1%	4.7%
Rate of future salary increases	7.1%	5.7%	7.1%	5.7%
Expected return on plan assets	10.0%	9.9%	10.4%	9.7%

Actuarial assumptions used in calculating the projected benefit obligation are based on mortality estimates in line with that adopted for the 92 series of mortality tables prepared by the Continuous Mortality Investigation Bureau of the Institute of Actuaries.

The effect to the Group's obligation of a 1% increase and 1% decrease in the assumed health cost trend rates would be an increase of R198 million and decrease of R166 million (2020: increase of R196 million and decrease of R164 million) respectively.

#### (c) Plan asset allocation

Plan asset allocation relates to all of the Group's pension schemes is as follows:

	Pension plans	
	2021	2020
Equity securities	62.1%	58.5%
Debt securities	20.7%	23.2%
Property	6.4%	6.7%
Annuities and other	10.8%	11.6%
	100.0%	100.0%

#### (d) Expense recognised in the income statements

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
Current service costs	1	2	14	17
Net interest cost	24	22	122	145
<b>Total (included in staff costs)</b>	<b>25</b>	<b>24</b>	<b>136</b>	<b>162</b>

## J2: Share-based payments

### (a) Share incentive schemes

The Group incentivises employees through a number of share incentive schemes. These include a short term incentive (STI), Rest of Africa (ROA) phantom incentive, long term incentive (LTI) and broad-based incentive (BBI) schemes. The STI, LTI and BBI schemes are equity-settled and the ROA phantom scheme is cash-settled. More information on the Group's share incentive schemes is available in the Old Mutual Limited Remuneration Report which will be released in April 2022 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

#### Short term incentive scheme (STI)

These awards are granted under the Employee Share Ownership Plan (ESOP) rules. STI consist of the deferred short term incentive, buy-out/sign on and retention awards.

#### Deferred short term incentive awards

A portion of the annual short term incentive award, for middle management and above, is mandatorily deferred for a maximum period of 3 years. This deferral is converted to OML forfeitable shares for participants in South Africa and Namibia and phantom shares for participants in Rest of Africa. Awards granted in 2021 and to be granted in 2022 vest in three equal tranches on the first, second and third anniversaries of the award, and have no further financial performance conditions. The awards are subject to malus and clawback conditions.

#### Buy-out/Sign-on awards

These awards support the recruitment of key and/or critical talent into the organisation subject to stringent policy guidelines. Buy-out awards replace protentional loss of income/unvested awards for new joiners, in addition to settling financial obligations that the new joiner may have with their previous employer. Sign-on awards increase the overall competitiveness and attractiveness of an offer, specifically for the recruitment of scarce skills or high potential individuals. These awards are granted in OML forfeitable shares for participants in South Africa and Namibia and phantom shares for participants in Rest of Africa. The awards are subject to malus and clawback conditions.

#### Retention awards

These awards are granted in special circumstances to retain key talent based on the outcomes of the Group Talent Management Strategy, or scarce and/or critical skills identified as a potential flight risk. The awards typically vests after 3 years. The awards are subject to malus and clawback conditions.

#### Long term incentive scheme (LTI)

LTI awards are granted under the Long Term Incentive Plan (LTIP) rules. To align long term shareholder and senior management interests, these awards are granted to senior managers and above, on a discretionary basis, subject to a minimum individual performance outcome. Awards granted in 2021 are OML conditional shares for participants in South Africa and Namibia and conditional phantom shares for participants in Rest of Africa. Vesting is subject to company and individual performance targets, and vests in equal tranches on the third, fourth and fifth anniversaries of the award. The awards are subject to malus and clawback conditions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## J: Other notes

### J2: Share-based payments

#### Broad-based incentive scheme (BBI)

A once-off broad-based share incentive scheme was awarded, in September 2018, to all employees permanently employed at the time of Old Mutual listing on the JSE and still in service on the date of grant. This award was in recognition of each employee's contribution to the smooth transition to listing, and the anticipated future contribution they would make to the Group. In terms of this scheme, 25 254 employees were initially allocated 366 Old Mutual Limited shares each, totalling 8 485 344 shares (at a share price of R29.80). This initial grant was supplemented by a further 128 Old Mutual Limited shares at a share price of R22.00 (3 232 512 shares in total). The total Old Mutual Limited shares allocated were 11 717 856. The awards, granted under the ESOP rules, all vested on the 18 September 2020. After taking into account the lapse of shares linked to leavers, 11 122 496 Old Mutual Limited shares vested at a share price of R10.07. The Broad-based incentive scheme shares were equity-settled.

#### (b) Forfeitable/Restricted share grants

The following table summarises the fair value of restricted shares granted by the Group during the year:

Instruments granted and purchased during the year		Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	2021	53,192,717	R9.00
	2020	43,650,087	R11.89

Included in the 2021 awards above are 16,854,364 shares issued on 3 December 2021. These awards were made at the discretion of the Remuneration Committee in order to compensate share scheme participants for the special dividend declaration made by Old Mutual on the 8 November 2021 (refer to Note A2(a)). These awards are linked to previous granted awards and carry the same terms and condition of those original awards. The fair value of the combination of the previous awards and the new awards did not exceed the benefit initially granted to employees and therefore the grant date fair value of these awards was assessed to be zero.

	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
	2021	R	2020	R
<b>Deferred Short Term Incentive (STI)</b>				
<b>Movements in non-vested shares</b>				
1 January <sup>1</sup>	43,648,346	11.89	30,521,378	19.66
Granted	21,068,937	8.18	23,603,586	11.91
Settled	(7,100,723)	13.40	(7,639,846)	11.34
Lapsed	(2,761,117)	13.10	(2,836,772)	11.89
<b>31 December<sup>1</sup></b>	<b>54,855,443</b>	<b>13.10</b>	<b>43,648,346</b>	<b>11.89</b>
<b>Long Term Incentive Plan Awards (LTI)</b>				
<b>Movements in non-vested shares</b>				
1 January <sup>1</sup>	16,784,732	11.89	11,343,320	19.66
Granted	20,255,757	10.01	9,211,958	11.94
Settled	(1,207,416)	13.80	(1,177,320)	11.27
Lapsed	(2,402,611)	13.10	(2,593,226)	11.89
<b>31 December<sup>1</sup></b>	<b>33,430,462</b>	<b>13.10</b>	<b>16,784,732</b>	<b>11.89</b>
<b>Buy-Out/Sign On Awards (STI)</b>				
<b>Movements in non-vested shares</b>				
1 January <sup>1</sup>	–	11.89	–	–
Granted	2,449,222	12.40	–	–
Lapsed	(95,528)	13.10	–	–
<b>31 December<sup>1</sup></b>	<b>2,353,694</b>	<b>13.10</b>	<b>–</b>	<b>–</b>

	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
	2021	R	2020	R
<b>Retention awards (STI)</b>				
<b>Movements in non-vested shares</b>				
1 January <sup>1</sup>	24,488,306	11.89	17,415,661	19.66
Granted	9,418,801	7.81	10,834,543	11.79
Settled	(4,358,615)	14.28	(1,808,502)	11.41
Lapsed	(2,237,701)	13.10	(1,953,396)	11.89
<b>31 December<sup>1</sup></b>	<b>27,310,791</b>	<b>13.10</b>	<b>24,488,306</b>	<b>11.89</b>
<b>Broad-Based Awards (BBI)</b>				
<b>Movements in non-vested shares</b>				
1 January <sup>1</sup>	381,536	11.89	7,821,072	19.66
Settled	(375,376)	10.07	(6,638,800)	10.36
Lapsed	–	–	(800,736)	11.89
<b>31 December<sup>1</sup></b>	<b>6,160</b>	<b>13.10</b>	<b>381,536</b>	<b>11.89</b>

1. Share price at reporting date (and not the weighted average fair value)

No adjustment was made in the above weighted average fair value for expected dividends where the holder of the restricted share is entitled to dividends throughout the vesting period.

#### (c) Deferred short term incentive awards – forecasted

The annual bonus allocation (South Africa and Namibia) gives rise to deferred short term incentive awards. The start of the vesting period of these awards has been determined as 1 January of the year prior to the date of issue, to take into account the element of the award linked to previous performance. The initial fair value is determined by estimating the level of awards to be made in the following year taking into account expected company and individual performance.

The Group anticipates awards under the South African scheme of 19,556,687 restricted shares (2020: 14,330,025). The restricted shares have been valued using an estimated share price of R11.89 (2020: R11.89). A new method was used to calculate the forecast grant which is based on a rand value determined at 1 January using the last reported share price and not adjusted for changes in the share price until the actual awards are made. Comparative for 31 December 2020 would be 8,666,531 shares at R19.66.

#### (d) Financial impact

Year ended 31 December Rm	2021	2020
Expense arising from equity settled share and share option plans	414	379
Expense arising from cash settled share and share option plans	(12)	1
	<b>402</b>	<b>380</b>
Closing balance of liability for cash settled share awards	13	18

## J3: Related parties

### (a) Transactions with key management personnel, remuneration and other compensation

The Company's key management personnel include all members of the Board, (both executive and non executive directors) and prescribed officers as defined by the Companies act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee will also be included as key management personnel.

The definition of key management personnel also includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may influence, or be influenced by that person in their dealings with the Group. These may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## J: Other notes

### J3: Related parties

The Directors' Emolument disclosure required by the Companies Act are set out in Note L. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2022 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

Year ended 31 December Rm	2021		2020	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees	16	29	15	26
Remuneration	-	109	-	78
Salaries and other benefits	14	85	15	76
Termination benefits	-	-	2	-
Share-based payment expense	13	24	15	2
		138		104

Restricted shares	2021		2020	
	Number of personnel	Number of shares '000s	Number of personnel	Number of shares '000s
Outstanding at beginning of the year	13	8,959	14	7,222
Leavers	1	-	3	(1,994)
New appointments	1	-	2	616
Granted during the year		9,345		4,703
Lapsed during the year		(725)		(275)
Released during the year		(766)		(1,313)
<b>Outstanding at end of the year</b>	<b>13</b>	<b>16,813</b>	<b>13</b>	<b>8,959</b>

Transactions with Key management personnel are made on terms equivalent to those that prevail in arm's length transactions.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2021 were as follows.

Year ended 31 December	2021		2020	
	Number of personnel	Value Rm	Number of personnel	Value Rm
Current accounts	4	-	8	2
Credit cards	-	-	3	2
Mortgages	-	-	2	7
Investments	7	130	11	112
<b>Property &amp; Casualty contracts</b>				
Total premium paid during the year	4	-	4	-
Claims paid during the year	-	-	-	-
<b>Life insurance products</b>				
Total sum assured/value of investment at end of the year	9	63	10	72
<b>Pensions</b>				
Value of pension plans as at end of the year	9	102	11	122

Various members of key management personnel hold or have at various times during the year held, investments managed by asset management businesses of the Group. These include unit trusts, mutual funds and hedge funds. None of the amounts concerned are material in the context of the funds managed by the Group business concerned, and all of the investments have been made by the individuals concerned either on terms which are the same as those available to external customers generally or, where that is not the case, on the same terms as were available to employees of the business generally.

### (b) Transactions and balances with other related parties

Material subsidiaries of the Group are identified in note 11(a) and the Group's material investments in associated undertakings and joint ventures are identified in note 12.

Transactions between the Group and its related parties, other than key management personnel are disclosed below. All these transactions were entered into in the normal course of business.

Year ended 31 December Rm	2021	2020
<b>Outstanding balances with associated undertakings</b>		
Bonds, derivatives and other financial instruments due from Nedbank <sup>1</sup>	-	2,808
Loan due to Nedbank <sup>1</sup>	-	(409)
Deposits owing from Nedbank to Group subsidiaries <sup>1</sup>	-	15,942
Balances owing from Nedbank to Group subsidiaries <sup>1</sup>	-	8,019
<b>Transactions with associated undertakings</b>		
Dividend received from Nedbank	477	687
Interest expense to Nedbank from Group subsidiaries	(1,271)	(701)
Interest income from Nedbank to Group subsidiaries	2,585	2,086
Insurance premiums received from Nedbank	141	147
Claims paid to Nedbank	(88)	(74)
Commission expense paid to Nedbank by Group subsidiaries	(25)	(26)
Management fee expense paid to Nedbank	(169)	(185)
Management fee income from Nedbank	55	58
Fees paid for provision of information technology services to the Group	(123)	(228)
Rent received from Nedbank	14	18

<sup>1</sup> The group and Nedbank's related party relationship ceased during the 2021 reporting period (refer note A2(a)), outstanding balances are not disclosed in respect of parties that were not related at the end of the reporting period.

### (c) Investments in the Kutana Group of companies

Thoko Mokgosi-Mwantembe, a non-executive director of the Company, is also the Chief Executive Officer and sole equity holder of Kutana Capital (Pty) Ltd (Kutana).

Old Mutual Specialised Finance, provided preference share funding to Luxanio 220 (RF) (Pty) Ltd, a wholly owned subsidiary of Kutana. In light of this investment, the Group continues to review relationships where Kutana has significant influence in the wider structure and have provided additional information in respect of these relationships. No additional funding was provided to Luxanio 220 (RF) (Pty) Ltd during the current period.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders, to In2Food Group (Pty) Ltd through an entity called Middle Road Packers (Middle Road), an entity in which Kutana has an effective ownership of 35%.

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a non-executive director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure and the IFRS 10 assessment, the Group has no influence over the investment decisions of this fund and this fund is not consolidated.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## J: Other notes

### J3: Related parties

The transactions concluded with the Kutana Group of companies and fellow subsidiaries arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features to the Group.

Rm	At 31 December 2021	At 31 December 2020
<b>Debt instruments held</b>		
Preference shareholding – Luxanio 220 (RF) (Pty) Ltd	277	250
Mezzanine debt – In2Food Group (Pty) Ltd	42	37
Term loan A – In2Food Group (Pty) Ltd	25	76
Term loan B – In2Food Group (Pty) Ltd	137	124
<b>Income earned</b>		
Preference dividends accrued – Luxanio 220 (RF) (Pty) Ltd	20	20
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	–	–
Term loan A interest accrued – In2Food Group (Pty) Ltd	1	1
Term loan B interest accrued – In2Food Group (Pty) Ltd	1	1

### J4: Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

#### Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

#### Tax

The Group is committed to conducting its tax affairs in accordance with tax legislation of the jurisdictions in which the Group operates. All interpretations by management, are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives. All positions taken are vigorously tested and are defensible.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue Authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

#### Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

#### Outcome of Zimbabwean Commission Enquiry

On 31 December 2016, the Zimbabwean Government concluded its enquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's enquiry were made public.

Although the Commission believes that policyholders may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission did not determine a methodology for quantifying or allocating responsibility for this prejudice and recommended that this be the subject of a further independent process to determine criteria for assessing prejudice as well as a basis for compensation which will also take into account the need to maintain stability and confidence in the industry. As such we are not currently able to establish what impact the Commission's findings will have on Old Mutual Zimbabwe.

#### Old Mutual Limited's intraGroup guarantee of Travelers indemnification

In September 2001, Old Mutual plc, now a wholly owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual plc agreed to indemnify Travelers Companies Inc. and certain of its group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to \$480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual plc in the circumstances where Old Mutual plc is unable to satisfy its obligations in respect of the Indemnity Agreement. The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual plc and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

### J5: Commitments

Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

At 31 December Rm	2021	2020
Investment property	716	425
Intangible assets	190	228

#### Future potential commitments

##### Old Mutual Finance (Pty) Ltd put option

The Group and the Business Doctor Consortium Limited and its associates (Business Doctor) established Old Mutual Finance (Pty) Ltd (Old Mutual Finance) as a 50/50 start-up strategic alliance in 2008. The Group increased its shareholding in Old Mutual Finance from 50% to 75% in 2014 by acquiring an additional 25% shareholding from Business Doctor for R1.1 billion. The Group has a call option to acquire the remaining 25% shareholding in Old Mutual Finance held by Business Doctor at market value under certain circumstances, inter alia in the event of a change of control within Business Doctor and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively). Business Doctor has a put option to sell its remaining 25% shareholding in Old Mutual Finance to the Group at market value under certain circumstances, inter alia in the event of a change of control within the Group and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively).

Following the listing of Old Mutual Limited on 26 June 2018, whilst Business Doctor became entitled to exercise the option to put the remaining shares to Old Mutual Limited, the option was not exercised.

Refer to Note G2(b) for further information on the accounting treatment of the put option.

##### Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

##### Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R12,746 million at 31 December 2021 (2020: R11,819 million).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## J: Other notes

### J6: Cash flow information

Management consider it appropriate for all cash flows relating to Investment portfolios backing policyholder liabilities and supporting regulatory and Group risk adjusted minimum capital levels, other than interest income and dividend income, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

Cash and cash equivalents comprise cash balances and highly liquid short term funds, mandatory reserve deposits held with central banks, cash held in investment portfolios awaiting reinvestment and cash and cash equivalents subject to the consolidation of funds.

Rm	December 2021	December 2020
<b>Non-cash movements and adjustments to profit before tax</b>		
Amortisation and impairments of contract assets and liabilities	271	260
Amortisation and impairments of intangible assets	673	1,777
Depreciation and Impairments of Property, Plant and Equipment	1,405	1,035
Credit impairment charges	667	2,874
Impairments in associate undertakings	(5)	8,629
Interest on borrowed funds	645	607
Loss on disposal of subsidiaries, associates and strategic investments	36	-
Share of profit of associate undertakings and Joint Ventures	(1,385)	(593)
Fair value gains and losses on investments and securities	(115,236)	(17,580)
Fair value gains and losses on investment property	(2,285)	(116)
Fair value movement on policyholder liabilities	54,947	24,283
Non-fair value movements on policyholder liabilities	57,960	5,530
Fair value gains and losses on debt instruments	9	(123)
Fair value of Share options	402	(376)
Other Non-cash movements	11,874	3,421
<b>Total non-cash movements and adjustments to profit before tax</b>	<b>9,978</b>	<b>29,628</b>
<b>Changes in working capital</b>		
Deferred acquisition costs	(389)	88
Contract liabilities	717	149
Reinsurers' share of long term business policyholder liabilities	(658)	(2,211)
Reinsurers share of general Insurance liabilities	2,895	(5,011)
Deposits held with reinsurers	1	(3)
Other assets and liabilities	497	8,118
General insurance liabilities	(3,249)	5,595
General provisions	(1)	(303)
Retirement obligations and assets	8	177
Amounts owed to depositors	861	136
Effect of exchange rates	340	(124)
Consolidation of funds	165	(5,896)
<b>Total changes in working capital</b>	<b>1,187</b>	<b>715</b>

### J7: Events after the reporting date

#### ONE Financial Services Holdings Proprietary Limited

The Group acquired 51% of the share capital of ONE Financial Services Holding Proprietary Limited, a South African short-term insurance service provider, with effect from 3 January 2022. The acquisition forms part of the Group's growth strategy and will enable the Group to strengthen its distribution capabilities and non-insurance revenue streams by broadening the Group's base in the market place. As the initial accounting for this acquisition was not completed at the time that the financial statements were authorised for issue details of the values of assets acquired and liabilities assumed have not been provided.

#### Unrest in Eastern Europe

Old Mutual has interests in commercial properties in Bucharest, Romania and Sofia, Bulgaria to the value of ZAR 6.3 billion as at 31 December 2021. On 24 February 2022 Russian armed forces invaded Ukraine and since then there has been war in Ukraine. Ukraine's neighbour to the South is Romania and Bulgaria is south of Romania. Neither Romania nor Bulgaria are involved in the conflict, other than indirectly through refugees potentially looking to Romania for refuge. Both are members of the North Atlantic Treaty Organisation which through Article 5 (an attack on one is an attack on all) gives them significant protection. We do not believe that any of the properties are impacted by the set of sanctions set out by many world countries as there are no Russian companies who tenant the buildings. We continue to monitor the situation.

#### Tax Rate Change

In terms of IAS 12, both current and deferred tax assets and liabilities are to be measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in tax rates should be regarded as substantively enacted from the time that they are announced in terms of the Minister of Finance's Budget Statement. When changes in the tax rates are inextricably linked to other changes in the tax laws, they should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the President.

Effective from the commencement of the OML Group's 2023 year of assessment, the South African corporate income tax rate will be reduced to 27 per cent. This is inextricably linked to the base broadening measures related to limiting the use of assessed losses and interest deduction limitation rules. The base broadening measures were legislated in terms of the Taxation Laws Amendment Act 20 of 2021 and come into operation on the date on which the rate of tax is reduced, after announcement by the Minister of Finance in the annual National Budget. The announcement of the reduction in tax rate by the Minister of Finance in the annual National Budget took place on 23 February 2022. It follows that the tax rate change together with the above mentioned base broadening measures are considered to be substantively enacted on this date.

This is considered to be a non-adjusting event for purposes of IAS 10 on the basis that the rate change was substantially enacted after the end of the 31 December 2021 reporting period. The reduction of the rate of tax will for current tax purposes only have an effect for the 2023 year end. From a deferred tax perspective, due to the timing of the announcement and complexity involved, a reasonable estimate of the effect of the rate change on deferred tax assets and liabilities could not be made at the time of preparation of this annual report. Additional disclosure in this regard will only be considered further for the 31 December 2022 year end.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## K: Future standards, amendments to standards and interpretations not early-adopted in the 2021 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

### IFRS 17 Insurance Contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, a two year deferral from the original effective date of 1 January 2021.

The new standard will affect the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities, disability insurance, and property & casualty insurance) or investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments). The most significant impacted subsidiary will be the Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). However, all other Group entities with life and short term insurance licences will also be impacted.

In 2017 the Group instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chairs a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. Each major IFRS 17 focus area (i.e. Group, Rest of Africa and Old Mutual Insure) is also governed by a delivery committee, which consists of senior finance and actuarial managers who make decisions on scope, design and enablement for their relevant focus areas. IFRS 17 Projects were also mobilised in segments and countries during 2019, each with their own governance and decision-making forums. All decisions relating to the interpretation of the standard (i.e. policies and methodologies) are made by a Technical Review Committee, which consists of actuarial and finance subject matter experts across the Group. Ratification of major decisions is done by the steering committee. Programme resources include a mix of dedicated and shared internal technical experts, as well as external consultants where appropriate.

The main focus of the programme during 2020 was the finalisation of key policy and methodology decisions, the assessment and analysis of the financial impact of transition to IFRS 17, as well as progressing process design, actuarial enablement, finance and data enablement activities. Assurance reviews were also initiated on policy and methodology papers and have progressed in line with plans.

Indicative transition calculations have been performed on 2018, 2019, and 2020 financial results. This process will continue through 2022. Significant focus in 2021 was on finalising the transition methodology and transition approaches for the Group. Actuarial modelling development, which is the most significant enablement requirement on the programme in addition to transition and data sourcing and system changes, commenced in 2018 and progressed in line with planned milestones for 2021. The build of a robust financial data model, CSM calculation engine and results repository progressed according to plans during 2021 and the key focus in 2022 is to close out remaining build and testing activities and ensure successful user adoption across the Group. The new capability leverages the existing financial reporting landscape and provides a sustainable, long term IFRS 17 solution. Design of insurance risk and other disclosures as well as assurance review and testing continued into in 2021, as did related build and enhancements to reporting and disclosure tools.

The Rest of Africa Project progressed with process design, data sourcing and finance enablement in 2020 and the key focus in 2021 was on completing the aforementioned, as well as progressing transition calculations for material portfolios in scope. The Old Mutual Insure Project procured an IFRS 17 reporting solution during 2020 and is currently busy with implementation thereof, whilst finalising process and data enablement in parallel.

There were no new standards effective for the first time in the annual reporting period commencing on 1 January 2021. The following amendments were applicable to reporting standard in issue for prior to 1 January 2021:

The Company has adopted the following Standards for the first time in the annual reporting period commencing 1 January 2021:

- IFRS 16: Leases (COVID-19 Related Rent Concession)
- IBOR Reform phase 2 amendments

These standards are not expected to have a material impact on the financial statements.

### New standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2021.

- IAS 1 amendments on classification
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 Business Combinations
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.
- IFRS 17 Insurance Contracts
- Amendment to IAS 1 Classification of liabilities as current or non-current
- IAS 1 Presentation of Financial Statement
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12
- Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

These standards are not expected to have a material impact on the financial statements.

### Amendments to standards adopted during the year

IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases.

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group had significant exposure to IBORs on its financial instruments that were replaced or reformed as part of these market-wide initiatives.

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 (Phase 2 amendments), which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The Interest Rate Benchmark Reform Phase 2 resulted in amendments to IFRS 7, IFRS 9, IAS 39 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The Group does not have any significant impact from these amendments as the majority of the Group's financial assets and financial liabilities are measured at fair value through profit or loss. The Group is also mostly exposed to JIBAR (Johannesburg) and to a lesser extent LIBOR (London) and EURIBOR (Euro) rates through its borrowed funds. There are currently no material leases that are linked to IBOR rates. The LIBOR reform is expected to be completed by June 2023 and there is currently no set date for the JIBAR reform. The Group will only transition to alternative benchmarks as each interest rate benchmark is replaced. The Group is in the process of determining the estimated impact as none of the interest rate benchmarks it is exposed to has been replaced yet. The Group does not expect that there will be a material impact to as a result of these amendments.

This is currently not relevant for the Group and will be implemented in the future.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

The Directors' Emoluments disclosures required by the Companies' Act are set out below and includes disclosure in relation to Executive Directors and Prescribed Officers. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2021 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

Executive directors	Iain Williamson		Casper Troskie	
	2021	2020	2021	2020
Salary	8,799,819	7,806,344	5,120,531	4,625,970
Other benefits	249,577	46,755	–	–
Retirement benefits	324,450	241,510	185,719	167,781
<b>TGP</b>	<b>9,373,846</b>	<b>8,094,609</b>	<b>5,306,250</b>	<b>4,793,751</b>
Bonus amounts	3,046,680	1,645,313	1,823,250	2,443,856
<b>Total excluding share-based payments</b>	<b>12,420,526</b>	<b>9,739,922</b>	<b>7,129,500</b>	<b>7,237,607</b>
IFRS 2 fair value of unvested shares at year end owed to director	8,473,832	5,549,349	7,341,596	8,049,142
Number of shares vested	81,936	108,776	160,856	464
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Clarence Nethengwe		Kerrin Land		Khaya Gobodo	
	2021	2020	2021	2020	2021	2020
Salary	4,461,928	4,162,310	4,313,108	3,649,635	4,432,936	3,974,644
Other benefits	1,680	700	150,500	151,500	1,480	4,050
Retirement benefits	161,892	150,990	161,892	137,865	160,834	144,305
<b>TGP</b>	<b>4,625,500</b>	<b>4,314,000</b>	<b>4,625,500</b>	<b>3,939,000</b>	<b>4,595,250</b>	<b>4,122,999</b>
Bonus amounts <sup>1</sup>	1,980,750	932,782	2,009,250	932,782	3,532,255	5,488,720
<b>Total excluding share-based payments</b>	<b>6,606,250</b>	<b>5,246,782</b>	<b>6,634,750</b>	<b>4,871,782</b>	<b>8,127,505</b>	<b>9,611,719</b>
IFRS 2 fair value of unvested shares at year end owed to director	5,937,509	5,077,497	3,354,657	2,547,116	3,975,667	3,832,089
Number of shares vested	66,889	46,648	29,637	34,442	62,622	464
Class of share	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Prabashini Moodley		Garth Napier		Clement Chinaka	
	2021	2020	2021	2020	2021	2020
Salary	3,992,687	3,715,249	4,439,889	4,276,406	4,463,608	4,163,010
Retirement benefits	144,813	134,750	252,517	243,219	161,892	150,990
<b>TGP</b>	<b>4,137,500</b>	<b>3,849,999</b>	<b>4,692,406</b>	<b>4,519,625</b>	<b>4,625,500</b>	<b>4,314,000</b>
Bonus amounts	701,250	833,625	2,137,500	991,493	783,750	746,226
<b>Total excluding share-based payments</b>	<b>4,838,750</b>	<b>4,683,624</b>	<b>6,829,906</b>	<b>5,511,118</b>	<b>5,409,250</b>	<b>5,060,226</b>
IFRS 2 fair value of unvested shares at year end owed to director	2,949,797	2,005,115	5,800,287	5,445,841	5,770,855	5,134,321
Number of shares vested	23,187	26,198	108,966	108,965	69,336	52,448
Class of share	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Zureida Ebrahim <sup>2</sup>	
	2021	2020
Salary	723,750	–
Retirement benefits	26,250	–
<b>TGP</b>	<b>750,000</b>	<b>–</b>
Bonus amounts <sup>1</sup>	3,352,500	–
<b>Total excluding share-based payments</b>	<b>4,102,500</b>	<b>–</b>

Prescribed officers	Heloise Van Der Mescht <sup>2</sup>		Karabo Morule	
	2021	2020	2021	2020
Salary <sup>3</sup>	3,725,266	3,842,581	–	350,197
Other benefits	31,165	30,564	–	11,678
Retirement benefits	94,534	92,711	–	13,125
<b>TGP</b>	<b>3,850,965</b>	<b>3,965,856</b>	<b>–</b>	<b>375,000</b>
Bonus amounts	925,539	860,608	–	–
Other	–	–	–	279,865
<b>Total excluding share-based payments</b>	<b>4,776,504</b>	<b>4,826,464</b>	<b>–</b>	<b>654,865</b>
IFRS 2 fair value of unvested shares at year end owed to director	2,113,559	1,670,236	–	–
Number of shares vested	25,619	35,408	–	–
Class of share	Ordinary	Ordinary	–	–

<sup>1</sup> The Committee approved a change in STI calculation for the OM Investments MD, Khaya Gobodo in August 2021. The weighting agreed for STI calculations is 20% individual performance, 30% OML Group performance and 50% OM Investments performance. Mr Gobodo will be subject to a higher deferral of 60% into share based schemes in comparison to the rest of the Group of 40%. Zureida Ebrahim's bonus amounts include a cash sign-on bonus of R3 150 000 in lieu of forfeiture of other bonus and share awards from her previous employer. The cash sign-on is subject to a 36 month clawback provision.

<sup>2</sup> Heloise Van Der Mescht was a prescribed officer until 31 October 2021 as the COO role was permanently filled effective 1 November 2021 by Zureida Ebrahim, therefore Heloise's disclosure represents 10 months in service and Zureida's disclosure represents 2 months in service.

<sup>3</sup> Heloise Van Der Mescht's salary includes a COO acting allowance of R1 137 500.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Iain Williamson</b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	108,854	-	73,476	35,378	-	988,252	475,834	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	254,882	-	-	-	254,882	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	254,882	-	-	-	254,882	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	254,881	-	-	-	254,881	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	601,605	-	-	601,605	-	-	2,288,767
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	101,622	-	-	101,622	-	-	386,614
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	601,605	-	-	601,605	-	-	2,288,767
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	101,621	-	-	101,621	-	-	386,610
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	601,604	-	-	601,604	-	-	2,288,763
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	101,621	-	-	101,621	-	-	386,610
<b>Deferred Short-Term Incentive</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	46,558	-	-	46,558	-	-	626,205	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	62,667	-	-	-	62,667	-	-	769,072
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	10,586	-	-	10,586	-	-	129,915
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	175,733	-	-	-	175,733	-	-	2,156,660
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	29,684	-	-	29,684	-	-	364,293
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	27,932	-	-	27,932	-	-	342,792
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	27,932	-	-	27,932	-	-	342,792
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	27,931	-	-	27,931	-	-	342,780
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
<b>Total</b>						<b>1,375,699</b>	<b>2,413,758</b>	<b>73,476</b>	<b>81,936</b>	<b>3,634,045</b>	<b>988,252</b>	<b>1,102,039</b>	<b>12,648,174</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Casper Troskie</b>													
<b>Long-Term Incentive Plan</b>													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	11.94	12.27	100,671	-	67,953	32,718	-	1,019,295	490,770	-
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	11.94	12.27	100,671	-	67,953	-	32,718	833,944	-	401,527
2018 Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	-	5,527	-	-	5,527	-	-	67,829
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	11.94	12.27	100,672	-	67,954	-	32,718	833,956	-	401,527
2018 Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	-	5,527	-	-	5,527	-	-	67,829
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	11.94	12.27	38,196	-	25,782	12,414	-	386,730	186,210	-
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	11.94	12.27	38,196	-	25,782	-	12,414	316,406	-	152,349
2018 Special Grant Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	-	2,097	-	-	2,097	-	-	25,735
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	11.94	12.27	38,197	-	25,783	-	12,414	316,418	-	152,349
2018 Special Grant Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	-	2,097	-	-	2,097	-	-	25,735
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	79,655	-	-	-	79,655	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	13,455	-	-	13,455	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	79,655	-	-	-	79,655	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	13,455	-	-	13,455	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	79,656	-	-	-	79,656	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	13,456	-	-	13,456	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	104,603	-	-	-	104,603	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	104,603	-	-	-	104,603	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	104,602	-	-	-	104,602	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	203,041	-	-	203,041	-	-	772,456
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	34,297	-	-	34,297	-	-	130,481
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	203,042	-	-	203,042	-	-	772,460
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	34,297	-	-	34,297	-	-	130,481
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	203,042	-	-	203,042	-	-	772,460
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	34,298	-	-	34,298	-	-	130,484
<b>Deferred Short-Term Incentive</b>													
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	80,247	-	-	-	80,247	-	-	984,821
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	13,555	-	-	13,555	-	-	166,352
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	137,239	-	-	-	137,239	-	-	1,684,247
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	23,182	-	-	23,182	-	-	284,498
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	21,116	-	-	21,116	-	-	259,143
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	21,116	-	-	21,116	-	-	259,143
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	21,117	-	-	21,117	-	-	259,156
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
<b>Buy-out Award</b>													
2018	18-Sep-18	18-Sep-21	29.80	11.94	12.27	83,893	-	-	83,893	-	-	1,258,395	-
2018 Special Grant	14-Dec-18	18-Sep-21	22.00	11.94	12.27	31,831	-	-	31,831	-	-	477,465	-
<b>Total</b>						<b>1,302,587</b>	<b>931,425</b>	<b>281,207</b>	<b>160,856</b>	<b>1,791,949</b>	<b>3,706,750</b>	<b>2,412,840</b>	<b>8,032,391</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Clarence Nethengwe</b>													
<b>Long-Term Incentive Plan</b>													
						95 792	-	64 660	31 132	-	869 677	418 725	-
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	70 805	-	-	-	70 805	-	-	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	-	11 960	-	-	11 960	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	70 805	-	-	-	70 805	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	-	11 960	-	-	11 960	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	70 804	-	-	-	70 804	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	-	11 960	-	-	11 960	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	-	15 902	-	-	15 902	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	-	15 902	-	-	15 902	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	-	15 903	-	-	15 903	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	203 018	-	-	203 018	-	-	772 369
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	34 294	-	-	34 294	-	-	130 469
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	203 018	-	-	203 018	-	-	772 369
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	34 294	-	-	34 294	-	-	130 469
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	203 018	-	-	203 018	-	-	772 369
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	34 294	-	-	34 294	-	-	130 469
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	34,294	-	-	34,294	-	-	130,469
<b>Deferred Short-Term Incentive</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	35 757	-	-	35 757	-	-	480 932	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	86 663	-	-	-	86 663	-	-	1 063 560
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	14 639	-	-	14 639	-	-	179 655
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	97 072	-	-	-	97 072	-	-	1 191 303
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	16 397	-	-	16 397	-	-	201 230
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	15 836	-	-	15 836	-	-	194 345
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2 675	-	-	2 675	-	-	32 829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	15 836	-	-	15 836	-	-	194 345
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2 675	-	-	2 675	-	-	32 829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	15 835	-	-	15 835	-	-	194 333
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2 675	-	-	2 675	-	-	32 829
<b>Total</b>						<b>810 125</b>	<b>882 091</b>	<b>64 660</b>	<b>66 889</b>	<b>1 560 667</b>	<b>869 677</b>	<b>899 657</b>	<b>6 025 771</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Kerrin Land<sup>2</sup></b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	55,865	-	37,709	18,156	-	507,186	244,198	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	37,164	-	-	-	37,164	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	6,278	-	-	6,278	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	37,164	-	-	-	37,164	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	6,278	-	-	6,278	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	37,163	-	-	-	37,163	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	6,278	-	-	6,278	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94,143	-	-	-	94,143	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	15,903	-	-	15,903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	121,811	-	-	121,811	-	-	463,422
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	20,577	-	-	20,577	-	-	78,284
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	121,811	-	-	121,811	-	-	463,422
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	20,577	-	-	20,577	-	-	78,284
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	121,811	-	-	121,811	-	-	463,422
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	20,578	-	-	20,578	-	-	78,288
<b>Deferred Short-Term Incentive</b>													
2018 MTI: Maximum Return Fund of Fund	26-Apr-18	23-Mar-21	3.16	3.67	3.89	154,281	-	-	154,281	-	-	600,153	-
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.22	8.30	91,494	-	-	-	91,494	-	-	758,939
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	11,481	-	-	11,481	-	-	154,419	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	29,209	-	-	-	29,209	-	-	358,464
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	4,934	-	-	4,934	-	-	60,552
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	92,262	-	-	-	92,262	-	-	1,132,273
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,585	-	-	15,585	-	-	191,265
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	15,836	-	-	15,836	-	-	194,345
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	15,836	-	-	15,836	-	-	194,345
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	15,835	-	-	15,835	-	-	194,333
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
<b>Total</b>											507,186	998,771	4,808,123

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

<sup>2</sup> A portion of Kerrin Land's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Khaya Gobodo<sup>2</sup></b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	81,036	-	54,699	26,337	-	735,702	354,233	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	61,303	-	-	-	61,303	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	10,355	-	-	10,355	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	61,303	-	-	-	61,303	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	10,355	-	-	10,355	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	61,303	-	-	-	61,303	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	10,355	-	-	10,355	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	89,958	-	-	-	89,958	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,196	-	-	15,196	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	89,958	-	-	-	89,958	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	15,196	-	-	15,196	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	89,959	-	-	-	89,959	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	15,196	-	-	15,196	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	174,637	-	-	174,637	-	-	664,395
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	29,500	-	-	29,500	-	-	112,231
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	174,637	-	-	174,637	-	-	664,395
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	29,500	-	-	29,500	-	-	112,231
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	174,638	-	-	174,638	-	-	664,399
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	29,500	-	-	29,500	-	-	112,231
<b>Deferred Short-Term Incentive</b>													
2019 MTI: Global Equity Fund	23-Mar-19	22-Mar-22	30.12	37.83	49.97	64,493	-	-	-	64,493	-	-	3,222,745
2019 MTI: Investors' Fund	23-Mar-19	22-Mar-22	396.28	332.07	434.70	4,903	-	-	-	4,903	-	-	2,131,131
2020 MTI: Global Equity Fund	27-Mar-20	22-Mar-23	30.90	37.83	49.97	34,306	-	-	-	34,306	-	-	1,714,309
2020 MTI: Maximum Return Fund of Fund	27-Mar-20	22-Mar-23	2.90	3.67	4.60	364,964	-	-	-	364,964	-	-	1,677,445
2021 MTI: Global Equity Fund	23-Mar-21	22-Mar-24	41.45	-	49.97	-	19,118	-	-	19,118	-	-	955,360
<b>Buy-out Award</b>													
2018 Tranche 1	19-Apr-18	19-Apr-21	41.34	11.94	12.27	36,285	-	-	36,285	-	-	488,033	-
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	11.94	12.27	36,285	-	-	-	36,285	-	-	445,303
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	11.94	12.27	36,284	-	-	-	36,284	-	-	445,291
2018 Nedbank Distribution <sup>3</sup>	8-Nov-21	9-Nov-21	170.25	-	-	-	957	-	957	-	-	162,929	-
<b>Total</b>											735,702	1,005,195	12,921,465

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

<sup>2</sup> Khaya Gobodo's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts

<sup>3</sup> In line with the principles applied for the Nedbank unbundling which took place in 2018

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Prabashini Moodley</b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	21,287	-	14,369	6,918	-	193,263	93,047	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	83,682	-	-	-	83,682	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	83,682	-	-	-	83,682	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	83,683	-	-	-	83,683	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	133,690	-	-	133,690	-	-	508,615
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	22,583	-	-	22,583	-	-	85,916
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	133,690	-	-	133,690	-	-	508,615
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	22,583	-	-	22,583	-	-	85,916
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	133,691	-	-	133,691	-	-	508,619
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	22,584	-	-	22,584	-	-	85,919
<b>Deferred Short-Term Incentive</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16,269	-	-	16,269	-	-	218,818	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	45,191	-	-	-	45,191	-	-	554,601
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	7,634	-	-	7,634	-	-	93,687
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	72,804	-	-	-	72,804	-	-	893,477
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	12,298	-	-	12,298	-	-	150,926
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	14,152	-	-	14,152	-	-	173,679
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	14,152	-	-	14,152	-	-	173,679
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	14,153	-	-	14,153	-	-	173,691
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
<b>Total</b>						<b>454,874</b>	<b>588,948</b>	<b>14,369</b>	<b>23,187</b>	<b>1,006,266</b>	<b>193,263</b>	<b>311,865</b>	<b>4,085,367</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Garth Napier</b>													
<b>Long-Term Incentive Plan</b>													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	72,913	-	-	-	72,913	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	12,317	-	-	12,317	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	72,913	-	-	-	72,913	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	12,317	-	-	12,317	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	72,911	-	-	-	72,911	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	12,316	-	-	12,316	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94,553	-	-	-	94,553	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,972	-	-	15,972	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94,553	-	-	-	94,553	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	15,972	-	-	15,972	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94,553	-	-	-	94,553	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	15,972	-	-	15,972	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	86,319	-	-	86,319	-	-	328,395
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	14,581	-	-	14,581	-	-	55,472
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	86,318	-	-	86,318	-	-	328,391
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	14,581	-	-	14,581	-	-	55,472
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	86,318	-	-	86,318	-	-	328,391
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	14,581	-	-	14,581	-	-	55,472
2021 Tranche 1 (Top-up)	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	107,899	-	-	107,899	-	-	410,495
2021 Tranche 1 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	18,226	-	-	18,226	-	-	69,340
2021 Tranche 2 (Top-up)	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	107,898	-	-	107,898	-	-	410,491
2021 Tranche 2 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	18,226	-	-	18,226	-	-	69,340
2021 Tranche 3 (Top-up)	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	107,898	-	-	107,898	-	-	410,491
2021 Tranche 3 (Top-up) Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	18,226	-	-	18,226	-	-	69,340
<b>Deferred Short-Term Incentive</b>													
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	13,369	-	-	-	13,369	-	-	164,069
2019 Nedbank Unbundling	26-Mar-20	26-Mar-23	11.95	11.94	12.27	88,703	-	-	-	88,703	-	-	1,088,596
2020	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	16,833	-	-	16,833	-	-	206,581
2020 Nedbank Unbundling	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	16,832	-	-	16,832	-	-	206,568
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	16,832	-	-	16,832	-	-	206,568
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	2,259	-	-	2,259	-	-	27,723
2021 Tranche 2	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	14,984	-	-	14,984	-	-	183,889
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,844	-	-	2,844	-	-	34,903
2021 Tranche 3	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,844	-	-	2,844	-	-	34,903
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,844	-	-	2,844	-	-	34,903
<b>Sign-on Award</b>													
2019 Tranche 2	20-Mar-19	20-Mar-22	21.75	11.94	12.27	108,965	-	-	-	108,965	-	-	1,337,259
2019 Tranche 3	20-Mar-19	20-Mar-21	21.75	11.94	12.27	108,966	-	-	108,966	-	1,299,964	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	18,406	-	-	18,406	-	-	225,885
<b>Total</b>						<b>822,399</b>	<b>860,615</b>	<b>-</b>	<b>108,966</b>	<b>1,574,048</b>	<b>-</b>	<b>1,299,964</b>	<b>6,342,937</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Clement Chinaka</b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	93,131	-	62,863	30,268	-	845,507	407,105	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	67,433	-	-	-	67,433	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	11,391	-	-	11,391	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	67,433	-	-	-	67,433	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	11,391	-	-	11,391	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	67,433	-	-	-	67,433	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	11,391	-	-	11,391	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94,143	-	-	-	94,143	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	15,903	-	-	15,903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	182,716	-	-	182,716	-	-	695,131
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	30,865	-	-	30,865	-	-	117,424
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	182,716	-	-	182,716	-	-	695,131
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	30,865	-	-	30,865	-	-	117,424
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	182,717	-	-	182,717	-	-	695,135
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	30,866	-	-	30,866	-	-	117,428
<b>Deferred Short-Term Incentive</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	39,068	-	-	39,068	-	-	525,465	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	83,369	-	-	-	83,369	-	-	1,023,135
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	14,083	-	-	14,083	-	-	172,832
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	120,503	-	-	-	120,503	-	-	1,478,857
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	20,355	-	-	20,355	-	-	249,804
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	12,668	-	-	12,668	-	-	155,466
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,140	-	-	2,140	-	-	26,263
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	12,668	-	-	12,668	-	-	155,466
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,140	-	-	2,140	-	-	26,263
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	12,669	-	-	12,669	-	-	155,479
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,140	-	-	2,140	-	-	26,263
<b>Total</b>						<b>820,797</b>	<b>801,488</b>	<b>62,863</b>	<b>69,336</b>	<b>1,490,086</b>	<b>845,507</b>	<b>932,569</b>	<b>5,907,500</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards During 2021 (ZAR)	Value of Settled Awards During 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
<b>Heloise Van Der Mescht</b>													
<b>Long-Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	26,989	-	18,218	8,771	-	245,032	117,970	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	17,954	-	-	-	17,954	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	17,954	-	-	-	17,954	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	17,955	-	-	-	17,955	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	85,636	-	-	-	85,636	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	85,636	-	-	-	85,636	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	85,637	-	-	-	85,637	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	74,930	-	-	74,930	-	-	285,066
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	12,657	-	-	12,657	-	-	48,153
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	74,930	-	-	74,930	-	-	285,066
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	12,657	-	-	12,657	-	-	48,153
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	74,931	-	-	74,931	-	-	285,070
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	12,658	-	-	12,658	-	-	48,157
<b>Deferred Short-Term Incentive</b>													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16,848	-	-	16,848	-	-	226,606	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	43,085	-	-	-	43,085	-	-	528,755
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	7,278	-	-	7,278	-	-	89,318
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	14,612	-	-	14,612	-	-	179,324
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	14,612	-	-	14,612	-	-	179,324
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	14,611	-	-	14,611	-	-	179,312
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
<b>Total</b>						<b>397,694</b>	<b>373,780</b>	<b>18,218</b>	<b>25,619</b>	<b>727,637</b>	<b>245,032</b>	<b>344,576</b>	<b>2,246,598</b>

<sup>1</sup> Long term incentive plan estimated closing fair values on 30 December 2020 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards<sup>1</sup>

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
<b>Iain Williamson</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	142,858	-	88,430	54,428	-	970,077	597,075	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	108,854	-	-	-	108,854	-	-	422,500
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	72,414	-	-	-	72,414	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	72,414	-	-	-	72,414	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	72,414	-	-	-	72,414	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	254,882	-	-	254,882	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	254,882	-	-	254,882	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	254,881	-	-	254,881	-	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	53,884	-	-	53,884	-	-	591,107	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	46,558	-	-	-	46,558	-	-	556,024
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	62,667	-	-	-	62,667	-	-	748,407
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	175,733	-	-	175,733	-	-	2,098,710
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>TOTAL</b>						<b>632,527</b>	<b>940,378</b>	<b>88,430</b>	<b>108,776</b>	<b>1,375,699</b>	<b>970,077</b>	<b>1,192,855</b>	<b>3,825,641</b>
<b>Casper Troskie</b>													
<b>Long Term Incentive Plan</b>													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	19.29	11.94	100,671	-	-	-	100,671	-	-	390,739
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	19.29	11.94	100,671	-	-	-	100,671	-	-	390,739
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	19.29	11.94	100,672	-	-	-	100,672	-	-	390,743
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	19.29	11.94	38,196	-	-	-	38,196	-	-	148,252
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	19.29	11.94	38,196	-	-	-	38,196	-	-	148,252
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	19.29	11.94	38,197	-	-	-	38,197	-	-	148,256
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	79,655	-	-	-	79,655	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	79,655	-	-	-	79,655	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	79,656	-	-	-	79,656	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	104,603	-	-	104,603	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	104,603	-	-	104,603	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	104,602	-	-	104,602	-	-	-
<b>Deferred Short Term Incentive</b>													
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	80,247	-	-	-	80,247	-	-	958,358
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	137,239	-	-	137,239	-	-	1,638,992
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Buy-out Award</b>													
2018	18-Sep-18	18-Sep-21	29.80	19.29	11.94	83,893	-	-	-	83,893	-	-	1,001,901
2018 Special Grant	14-Dec-18	18-Sep-21	22.00	19.29	11.94	31,831	-	-	-	31,831	-	-	380,145
<b>Total</b>						<b>852,004</b>	<b>451,047</b>	<b>-</b>	<b>464</b>	<b>1,302,587</b>	<b>-</b>	<b>4,673</b>	<b>5,596,377</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
<b>Clarence Nethengwe</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	18,884	-	11,690	7,194	-	128,239	78,918	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	95,792	-	-	-	95,792	-	-	371,802
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	70,805	-	-	-	70,805	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	70,805	-	-	-	70,805	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	70,804	-	-	-	70,804	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	94,143	-	-	94,143	-	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	15,715	-	-	15,715	-	-	172,394	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	35,757	-	-	-	35,757	-	-	427,032
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	86,663	-	-	-	86,663	-	-	1,034,982
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	97,072	-	-	97,072	-	-	1,159,293
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Discretionary Share Award</b>													
2015 Tranche 3	9-Sep-15	9-Sep-20	40.03	19.29	11.94	23,275	-	-	23,275	-	-	268,826	-
<b>Total</b>						488,964	379,499	11,690	46,648	810,125	128,239	524,811	2,993,109
<b>Kerrin Land</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	63,143	-	39,086	24,057	-	428,768	263,911	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	55,865	-	-	-	55,865	-	-	216,831
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	37,164	-	-	-	37,164	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	37,164	-	-	-	37,164	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	37,163	-	-	-	37,163	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	94,143	-	-	94,143	-	-	-
<b>Deferred Short Term Incentive</b>													
2017 MTI: OMMM Maximum Return Fund of Funds	28-Mar-17	23-Mar-20	2.06	2.46	2.01	174,592	507	-	175,099	-	-	352,684	-
2018 MTI: OM Maximum Return Fund of Funds	26-Apr-18	23-Mar-21	3.16	3.40	3.67	154,281	-	-	-	154,281	-	-	566,674
2019 MTI: OMMM Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.01	7.22	91,494	-	-	-	91,494	-	-	660,254
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	9,921	-	-	9,921	-	-	108,833	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	11,481	-	-	-	11,481	-	-	137,113
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	29,209	-	-	-	29,209	-	-	348,832
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	92,262	-	-	92,262	-	-	1,101,849
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Total</b>						-	-	-	-	-	428,768	730,101	3,031,553

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
<b>Khaya Gobodo</b>													
<b>Long Term Incentive Plan</b>													
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	81,036	-	-	-	81,036	-	-	314,529
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	61,303	-	-	-	61,303	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	61,303	-	-	-	61,303	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	61,303	-	-	-	61,303	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	89,958	-	-	89,958	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	89,958	-	-	89,958	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	89,959	-	-	89,959	-	-	-
<b>Deferred Short Term Incentive</b>													
2019 MTI: Global Equity Fund	23-Mar-19	22-Mar-22	30.12	31.23	37.83	64,493	-	-	-	64,493	-	-	2,439,769
2019 MTI: Investors Fund	23-Mar-19	22-Mar-22	396.28	384.05	332.07	4,903	-	-	-	4,903	-	-	1,628,001
2020 MTI: Global Equity Fund	27-Mar-20	26-Mar-23	30.90	-	37.83	-	34,306	-	-	34,306	-	-	1,297,812
2020 MTI: Old Mutual Maximum Return Fund of Funds	27-Mar-20	26-Mar-23	2.90	-	3.67	-	364,964	-	-	364,964	-	-	1,340,511
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Buy-out Award</b>													
2018 Tranche 1	19-Apr-18	19-Apr-21	41.34	19.29	11.94	36,285	-	-	-	36,285	-	-	433,338
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	19.29	11.94	36,285	-	-	-	36,285	-	-	433,338
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	19.29	11.94	36,284	-	-	-	36,284	-	-	433,326
<b>Total<sup>3</sup></b>						-	-	-	-	-	-	4,673	8,320,624
<b>Prabashini Moodley</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	21,213	-	13,131	8,082	-	144,045	88,661	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	21,287	-	-	-	21,287	-	-	82,622
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	16,092	-	-	-	16,092	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	16,092	-	-	-	16,092	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	16,092	-	-	-	16,092	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	83,682	-	-	83,682	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	83,682	-	-	83,682	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	83,683	-	-	83,683	-	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	17,652	-	-	17,652	-	-	193,642	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	16,269	-	-	-	16,269	-	-	194,294
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	45,191	-	-	-	45,191	-	-	539,698
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	72,804	-	-	72,804	-	-	869,470
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Total</b>						170,352	323,851	13,131	26,198	454,874	144,045	286,976	1,686,084

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards

Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)				
					Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)	
<b>Garth Napier</b>													
<b>Long Term Incentive Plan</b>													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	72,913	-	-	-	72,913	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	72,913	-	-	-	72,913	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	72,911	-	-	-	72,911	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	94,553	-	-	94,553	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	94,553	-	-	94,553	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	94,553	-	-	94,553	-	-	-
<b>Deferred Short Term Incentive</b>													
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	13,369	-	-	-	13,369	-	-	159,661
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	88,703	-	-	88,703	-	-	1,059,345
<b>Sign-on Award</b>													
2019 Tranche 1	20-Mar-19	20-Mar-20	21.75	19.29	11.94	108,965	-	-	108,965	-	-	1,163,746	-
2019 Tranche 2	20-Mar-19	20-Mar-21	21.75	19.29	11.94	108,966	-	-	-	108,966	-	-	1,301,338
2019 Tranche 3	20-Mar-19	20-Mar-22	21.75	19.29	11.94	108,966	-	-	-	108,966	-	-	1,301,338
<b>Total</b>						<b>559,003</b>	<b>372,362</b>	<b>-</b>	<b>108,965</b>	<b>822,400</b>	<b>-</b>	<b>1,163,746</b>	<b>3,821,682</b>
<b>Clement Chinaka</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	61,916	-	38,327	23,589	-	420,447	258,771	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	93,131	-	-	-	93,131	-	-	361,474
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	67,433	-	-	-	67,433	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	67,433	-	-	-	67,433	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	67,433	-	-	-	67,433	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	94,143	-	-	94,143	-	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	28,395	-	-	28,395	-	-	311,493	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	39,068	-	-	-	39,068	-	-	466,574
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	83,369	-	-	-	83,369	-	-	995,643
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	120,503	-	-	120,503	-	-	1,439,120
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Total</b>						<b>508,642</b>	<b>402,930</b>	<b>38,327</b>	<b>52,448</b>	<b>820,797</b>	<b>420,447</b>	<b>574,937</b>	<b>3,262,811</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

### Bonus share awards

Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)				
					Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)	
<b>Heloise Van Der Mescht</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	30,360	-	18,793	11,567	-	206,157	126,892	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	26,989	-	-	-	26,989	-	-	104,754
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	17,954	-	-	-	17,954	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	17,954	-	-	-	17,954	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	17,955	-	-	-	17,955	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	-	85,636	-	-	85,636	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	-	85,636	-	-	85,636	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	-	85,637	-	-	85,637	-	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	23,377	-	-	23,377	-	-	256,446	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	16,848	-	-	-	16,848	-	-	201,209
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	43,085	-	-	-	43,085	-	-	514,547
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	-	336	-	-	3,384	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	-	128	-	-	1,289	-
<b>Total</b>						194,986	256,909	18,793	35,408	397,694	206,157	388,011	820,510
<b>Karabo Morule</b>													
<b>Long Term Incentive Plan</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	59,966	-	59,966	-	-	1,037,412	-	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	101,113	-	101,113	-	-	1,749,255	-	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	70,805	-	70,805	-	-	1,224,927	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	70,805	-	70,805	-	-	1,224,927	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	70,804	-	70,804	-	-	1,224,909	-	-
<b>Deferred Short Term Incentive</b>													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	21,817	-	21,817	-	-	377,434	-	-
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	37,580	-	37,580	-	-	650,134	-	-
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	54,616	-	54,616	-	-	944,857	-	-
<b>Broad-Based Employee Share Plan</b>													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	-	336	-	-	5,813	-	-
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	-	128	-	-	2,214	-	-
<b>Total</b>						487,970	-	487,970	-	-	8,441,882	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## L: Directors' and Prescribed Officers' emoluments

Non-executive directors	2021	2020
Trevor Manuel (Chairman)	4,950,060	4,853,000
Brian Armstrong (Appointed 29 June 2020)	1,145,392	481,392
Peter de Beyer (Retired 21 May 2021)	2,644,844	3,007,514
Matthys du Toit (Resigned 21 May 2021)	416,473	1,201,845
Olufunke Ighodaro (Appointed 11 December 2020)	1,593,177	65,190
Itumeleng Kgaboesele	1,889,662	1,735,733
Sizeka Magwentshu-Rensburg	1,605,750	1,457,155
Thoko Mokgosi-Mwantembe	1,117,368	1,011,945
Nosipho Molope	1,906,765	1,819,875
Marshall Rapiya	1,413,641	1,268,327
Stewart van Graan	1,441,447	1,403,150
Albert Essien	1,364,137	1,605,832
John Lister	4,133,140	4,746,732
James Mwangi	1,261,907	1,505,092
Paul Baloyi (Resigned 9 June 2020)	–	509,337
Jaco Langner (Appointed 20 May 2021)	971,385	–
Nomkhita Nqweni (Appointed 20 May 2021)	896,852	–
	<b>28,752,000</b>	<b>26,672,119</b>

The above amounts are shown exclusive of VAT.

## M: Biographical information on the directors

### Trevor Manuel (South African) (66)

Trevor is the Independent Chairman of the Board. He served in the South African Government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission. During his ministerial career, he assumed a number of ex-officio positions at international bodies including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

### Iain Williamson (South African) (51)

Iain was appointed Chief Executive Officer of the Company in July 2020, after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to CFO Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017 and has also previously been the Interim Chief Executive Officer in 2017.

### Casper Troskie (South African) (58)

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB. Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

### Brian Armstrong (South African) (61)

Brian is an independent non executive director. He is currently the Professor in the Chair of Digital Business at Wits Business School, where he lectures a Master's Degree in Digital Transformation. He is regarded as one of the ICT industry leaders in South Africa.

Before joining Wits he spent seven years at Telkom in the roles of Group Chief Operating Officer and Group Chief Commercial Officer among others. His prior experience also includes being Vice President for Middle East and Africa at British Telecom and Managing Director of AST Networks.

### Albert Essien (Ghanaian) (66)

Albert is an independent non-executive director. He started his banking career with the National Investment Bank Limited in Accra, and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

### Olufunke Ighodaro (Nigerian and British) (59)

Olufunke is an independent non-executive director. She is currently the deputy chair lead independent director and audit and risk committee chair of Massmart Holdings Limited, and is a non-executive director of Telkom SOC Limited, Ascendis Plc and Sabvest.

Olufunke has over 22 years' experience operating at executive Board level, having previously served as chief financial officer of JSE listed companies namely Tiger Brands Limited, Primedia Limited and as executive director and chief financial officer designate of Barloworld Limited. She was an executive director of EMTS Limited (trading as 9mobile), Nigeria's fourth largest telco and founded and led the private equity business of the Kagiso Trust Investment Group.

### Itumeleng Kgaboesele (South African) (50)

Itumeleng is an independent non-executive director. He has over 20 years of financial services experience, having held executive positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

### Jaco Langner (South African) (48)

Jaco is an independent non-executive director. He is an actuary with more than 25 years financial services, management and insurance expertise and former managing director of Alexander Forbes Life. Jaco has extensive experience in establishing new business lines and turn around strategies and co-funded the insurtech company Surion (Pty) Limited in 2018. Surion was recently listed in the top 50 artificial intelligence companies in Africa to watch by Boabab Insights.

### John Lister (British) (62)

John is an independent non-executive director. He has over 3 decades of experience in the insurance sector and is a finance and risk specialist. He is the former Chief Risk Officer of AVIVA plc and Chief Financial Officer and Chief Actuary of its UK life and savings business. He was the former chairman of the Risk committee of Delta Lloyd Limited, Netherlands, prior to its sale to the NN Group. He has significant experience and knowledge across a number of areas including capital management, risk management and regulatory engagement.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## M: Biographical information on the directors

### Sizeka Magwentshu Rensburg (South African) (62)

Sizeka is an independent non-executive director. She has extensive experience spanning over 25 years in Small, Medium and Micro Enterprise ("SMME") development space in South Africa and Southern Africa. She currently serves on the board of the Industrial Development Corporation. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

### Thoko Mokgosi Mwantembe (South African) (60)

Thoko is a non-executive director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Packard South Africa Proprietary Limited and former non-executive director of Vodacom Group Limited.

### Nosipho Molohe (South African) (57)

Nosipho is an independent non-executive director. She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She was also the former Finance Director at ZICO Proprietary Limited and Chief Financial Officer at the Financial Services Board. She has served on the Boards of Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and MTN Group Limited.

### James Mwangi (Kenyan) (44)

James is an independent non-executive director. He helped found the Dalberg Group in New York in 2002 and set up its African operations in Johannesburg in 2007, before taking on the role of Global Managing Partner and Chief Executive of Dalberg's consulting business from 2010 to 2014. Prior to Dalberg, he worked at McKinsey & Company in New York.

He is a 2009 Archbishop Tutu Leadership Fellow of the African Leadership Institute and a 2013 Young Global Leader of the World Economic Forum.

### Nomkhita Nqweni (South African) (46)

Nomkhita is an independent non-executive director. She has more than 25 years financial services, asset management and insurance expertise and is the former chief executive of Wealth, investment management and insurance (Africa) at Absa Group Limited. During her time at Absa she also served on the Barclays Wealth EMEA Exco responsible for teams in London and Geneva. Prior to joining Absa she was managing director of Alexander Forbes Financial Services Holdings Limited (Africa).

She has served on numerous Absa Group Limited and Alexander Forbes Limited boards and was recognised as the CNBC All Africa Business Woman of the Year in 2018.

### Marshall Rapiya (South African) (69)

Marshall is a non-executive director. He has served as Managing Director for Old Mutual South Africa's retail mass market and prior to that managed a number of Old Mutual South Africa's businesses. He also served as Chief Executive Officer of Old Mutual South Africa and was on the Board of Directors of Old Mutual Insure.

### Stewart van Graan (South African) (66)

Stewart is an independent non-executive director. He has extensive experience in information technology and was the former Managing Director of Dell Computer Proprietary Limited (Dell) in South Africa as well as the former vice president for Dell's Enterprise Solutions business in the EMEA Emerging Markets. Stewart also served as the chairperson of Dell in South Africa and the Dell Khulisa Academy. Prior to joining Dell, he spent 23 years at IBM in various positions, both locally and internationally. He also served on the advisory board of the University of Stellenbosch Business School.

## N: Share ownership

At 31 December 2021

Public and non-public shareholding of ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	447,264	95.82%	4,511,609,100	95.82%
Non-public	21	4.183%	196,944,549	4.183%
Directors and associates	7	0.023%	1,088,423	0.023%
Employee Share Trusts	6	1.748%	82,284,721	1.748%
Black Economic Empowerment Trusts	8	2.371%	111,653,395	2.371%
Restricted	0	0.041%	1,918,010	0.041%
	447,285	100.00%	4,708,553,649	100.00%

### MAJOR SHAREHOLDERS

Pursuant to Section 56(7) of the Companies Act, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2021 are disclosed:

	Number of shares	% of ordinary shares
Public Investment Corporation	884,072,352	18.78
Allan Gray	494,278,386	10.50

Major categories of shareholders	Number of holders	% holding	Number of shares	% of total
1 – 100	3,474	9.11	166,857	0.00
101 – 500	27,800	72.90	7,514,867	0.16
501 – 5000	6,117	16.04	8,435,667	0.18
5001 – 100 000	704	1.85	10,172,354	0.22
100 001 – 500 000	30	0.08	5,943,069	0.13
500 001+	11	0.03	4,676,320,835	99.32
Total	38,136	100	4,708,553,649	100

Register profiles	South Africa		Malawi	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Nominee	348,976	213,584,024	133	35,651
Certificated	12	298,563	4,219	4,913,369
Dematerialised	47,657	4,228,810,559	330	11,315,619
	396,645	4,442,693,146	4,682	16,264,639

Register profiles	Namibia		United Kingdom	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Nominee	6,706	9,861,819	441	142,787,703
Certificated	–	–	8,613	30,777,919
	6,706	9,861,819	9,054	173,565,622

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

### N: Share ownership

Register profiles	Zimbabwe	
	Number of shareholders	Number of shares
Nominee	3,397	660,968
Certificated	25,288	15,662,130
Dematerialised	1,532	49,845,325
	30,217	66,168,423

### Register Profiles

Major categories of shareholders	Variance		31 December 2021		31 December 2010	
	Number of shares	% issued Capital	Number of shares	% issued Capital	Number of shares	% issued Capital
Old Mutual Policyholders	85,864,847	1.21	72,124,030	1.53	13,740,817	0.32



# COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2021



## Statement of comprehensive income

For the year ended 31 December 2021

Rm	Notes	Year ended 31 December 2021	Year ended 31 December 2020
<b>Revenue</b>			
Investment income	3	13,964	5,695
Other income		34	14
<b>Expenses</b>			
Impairment of investments in Group subsidiaries	4	(14,919)	(76)
Operating and administration expenses	5	(219)	(180)
Fair value loss	6	(146)	-
<b>(Loss)/profit before tax</b>		<b>(1,286)</b>	<b>5,453</b>
Income tax expense	7	(58)	(31)
<b>(Loss)/profit after tax for the financial year</b>		<b>(1,344)</b>	<b>5,422</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(1,344)</b>	<b>5,422</b>

## Statement of financial position

at 31 December 2021

Rm	Notes	Year ended 31 December 2021	Year ended 31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8	88,997	103,916
Investments and securities	9	2,376	-
<b>Current assets</b>			
Other assets	10	9	15
Interest receivable on unit trust		27	-
Current tax receivable		2	-
Cash and cash equivalents	11	900	3,130
<b>Total assets</b>		<b>92,311</b>	<b>107,061</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability		2	-
<b>Current liabilities</b>			
Amounts due to group company	12	71	49
Payables	13	788	757
<b>Total liabilities</b>		<b>861</b>	<b>806</b>
<b>Net assets</b>		<b>91,450</b>	<b>106,255</b>
<b>Equity</b>			
Share capital	15	85	85
(Accumulated loss)/Retained earnings		(5,649)	9,156
Reorganisation reserve		97,014	97,014
<b>Total equity</b>		<b>91,450</b>	<b>106,255</b>

## Statement of changes in equity

for the year ended 31 December 2021

31 December 2021 Rm	Note	Share capital	Reorganisation reserve <sup>1</sup>	Accumulated loss	Total equity
Shareholders equity at beginning of year		85	97,014	9,156	106,255
Loss after tax for the financial year		–	–	(1,344)	(1,344)
<b>Total comprehensive loss for the financial year</b>		–	–	(1,344)	(1,344)
<b>Transactions with the shareholders of the Company:</b>					
Dividends paid	14.4	–	–	(2,805)	(2,805)
Dividends paid	14.4	–	–	(10,656) <sup>2</sup>	(10,656)
<b>Transactions with shareholders</b>		–	–	(13,461)	(13,461)
<b>Shareholders equity at end of year</b>	15	<b>85</b>	<b>97,014</b>	<b>(5,649)</b>	<b>91,450</b>

  

31 December 2020 Rm	Note	Share capital	Reorganisation reserve <sup>1</sup>	Retained earnings	Total equity
Shareholders equity at beginning of year		85	97,014	7,243	104,342
Profit after tax for the financial period		–	–	5,422	5,422
<b>Total comprehensive income for the financial period</b>		–	–	5,422	5,422
<b>Transactions with the shareholders of the Company:</b>					
Dividends paid	14.4	–	–	(3,509)	(3,509)
<b>Transactions with shareholders</b>				(3,509)	(3,509)
<b>Shareholders' equity at end of year</b>	15	<b>85</b>	<b>97,014</b>	<b>9,156</b>	<b>106,255</b>

<sup>1</sup> The reorganisation reserve arose on 26 June 2018, in terms of a UK court scheme of arrangement having the effect of inserting the Company as a new holding company above the Old Mutual plc Group. As Old Mutual plc remains within the Old Mutual Limited Group and in terms of predecessor accounting, R89 million has been allocated to share capital. This represents the share capital of Old Mutual plc before the reorganisation. The remainder of the investment in Old Mutual plc has been allocated to the reorganisation reserve within equity, and represents the reserves of the previous Old Mutual plc Group. When Old Mutual Limited financial statements are prepared, this reserve eliminates and is replaced by the Group's reserve. The reason for the decrease of R4m in share capital is due to the share buyback which took place during 2019.

<sup>2</sup> The dividend paid relates to a dividend in specie arising from the Nedbank unbundling.

## Statement of cash flows

for the year ended 31 December 2021

Rm	Notes	Year ended 31 December 2021	Year ended 31 December 2020
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(1,286)	5,453
Non-cash movements and adjustments to profit before tax	14.1	1,101	(5,619)
Changes in working capital	14.2	32	557
Interest received		143	72
Dividends received	3	2,997	5,626
Tax paid	14.3	(58)	(31)
<b>Net cash generated from operating activities</b>		<b>2,929</b>	<b>6,058</b>
<b>Cash flows from investing activities</b>			
Investment in unit trust		(3,027)	–
Disinvestments in unit trust		651	–
<b>Net cash utilised in investing activities</b>	9	<b>(2,376)</b>	<b>–</b>
<b>Cash flows from financing activities</b>			
Increase in Amount due to group company		22	–
Dividends paid to Company's shareholders	14.4	(2,805)	(3,509)
<b>Net cash utilised in financing activities</b>		<b>(2,783)</b>	<b>(3,509)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,230)</b>	<b>2,549</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,130</b>	<b>581</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>900</b>	<b>3,130</b>

# Notes to the financial statements

for the year ended 31 December 2020

## 1. Accounting policies

### 1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations to IFRS as issued by the International Financial Reporting Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE listings Requirements and the requirements of the Companies Act, no 71 of 2008 (Companies Act).

#### Basis of preparation

The financial statements provide information about the financial position of the Company and have been prepared under the historical cost convention. The accounting policies applied have been consistently applied to all periods presented.

The Company's presentation currency is South African rand and all amounts are presented in millions of rands.

The Company is a company incorporated in South Africa. On 25 June 2018, the Company became the parent of Old Mutual plc through a share for share exchange, with the Company receiving the entire net asset value of Old Mutual plc, the original parent company of Old Mutual Limited and its subsidiaries, in exchange for the issue of ordinary shares of the Company to the original shareholders of Old Mutual plc. This was a reorganisation of the previous existing Group which was called Managed Separation and, although there was a change in legal ownership, there was no change in the economic substance of the reporting entity.

### 1.2 Share capital

Ordinary share capital is classified as equity if it is non-redeemable by the shareholder and any dividends are discretionary.

### 1.3 Investments in subsidiaries

The Company's interest in its subsidiaries and associates is accounted for at cost less impairment in accordance with IAS 27 Separate Financial Statements. The Company's interest in subsidiaries was acquired as a consequence of Managed Separation.

### 1.4 Revenue

Revenue includes investment income which comprises dividend and interest income.

#### Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date as investment income.

#### Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method taking into account the expected timing and amount of cash flows. Interest income include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

### 1.5 Foreign currency translation

Transactions in foreign currencies are converted into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the balance sheet date. Exchange gains and losses on the translation and settlement during the period of foreign currency monetary assets and liabilities are recognised in the profit or loss.

### 1.6 Taxation

The income tax charge for the year comprises current tax and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

### 1.7 Financial instruments

Financial instruments comprise of investment and securities, other assets, cash and cash equivalents, amounts due to group company and payables.

#### 1.7.1 Classification and measurement of financial assets and financial liabilities

Under IFRS 9 Financial Instruments, on initial recognition, a financial asset is classified as measured at:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair value through profit or loss (FVTPL)

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to the fair value at initial recognition.

#### Initial recognition of financial liabilities

On initial recognition, financial liabilities are measured at fair value minus in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

#### Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

#### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Fair value hierarchy

Fair values are determined according to the following hierarchy:

- Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2 – valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads.

In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

#### Subsequent measurement of financial liabilities

These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

For more detailed disclosure please refer to note E in the consolidated financial statements.

#### 1.7.2 Impairment of financial assets

The Expected credit loss (ECL) impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD).

The Company has elected to apply the IFRS 9 simplified approach in measuring expected credit losses. This uses a provision matrix when determining the lifetime expected loss allowance for all trade receivables. The impairment loss based on the ECL calculations was immaterial.

For more detailed disclosure please refer to note H1 in the consolidated financial statements.

# Notes to the financial statements

for the year ended 31 December 2021

## 1. Accounting policies continued

### 1.8 Investment and securities

Investments and securities include units purchased in money market funds. Investment and securities are measured at fair value through profit and loss. The fair value equals to their carrying value.

Interest income is presented separately from the rest of the fair value changes.

### 1.9 Significant judgements and estimates

Consistent with the prior financial year, the movement in the value of the listed share price of Old Mutual Limited (OML) necessitated an assessment of the carrying value of Old Mutual Group Holdings (OMGH) for the year ended 31 December 2021, in accordance with IAS 36 Impairment of Assets. OML's value in use was determined using a discounted cash flow model, as a weighted average of different scenarios at various economic assumptions. As the holding company of several OML subsidiaries, OML has access to the cash flows of these entities and therefore a discounted cash flow valuation is appropriate. The cash flows incorporate free cash flows derived from dividend projections and additional free surplus generated, which incorporated planned business performance, with a risk-adjusted discounted rate reflecting the internal cost of equity.

The discount rate applied is the Group's cost of equity. The cash flows are determined with reference to the Group's board approved three year business plan and a terminal cash flow growth rate is applied aligned with the industry's expectations.

The OML Group Cost of Equity (CoE) is calibrated using a derivation of the conventional Capital Asset Pricing Model (CAPM). The rationale for choosing this methodology is to avoid the high degree of subjectivity present in other CoE approaches. This entails calibrating the risk free rate and risk premium:

- The risk free rate is calculated based on historic government bond yields.
- The risk premium is calculated as the beta on the OML share (OML return relative to the equity market) multiplied by the historic market risk premium.

Refer to H1 in the consolidated AFS for detailed information

### 1.10 New standard and interpretations

The Company has adopted the following standards for the first time in the annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform (Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

These standards will not have a material impact on the financial statements.

### 1.11 New standards issued but not effective

The following standards were issued but not effective for the period commencing 1 January 2021.

- IAS 1 Presentation of Financial statements (amendments on classification of liabilities as current or non-current)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IFRS 17 Insurance contracts (amendments to IFRS 17)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Costs of Fulfilling a Contract – (amendments to IAS 37)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments to IAS 8)
- IFRS 9 Financial instruments (2018-2020 annual improvement cycle)
- IFRS 3 Business Combinations (amendments updating a reference to the Conceptual Framework)
- IAS 16 Property, plant and equipment proceeds before intended use (amendments to IAS 16)
- IFRS 10 Consolidated financial statements & IFRS 28 Investments in associates and joint ventures (Sale or contribution of assets between an investor and its associate or joint venture)
- IAS 12 Income taxes (Deferred tax related to assets and liabilities arising from a single transaction)

These standards will not have a material impact on the financial statements.

## 2 Statement of financial position – assets and liabilities

### Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments' is set out in the table below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

31 December 2021 Rm	Fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
<b>Assets</b>				
Investment and securities	2,376	–	–	2,376
Investment in subsidiaries	–	–	88,997	88,997
Other assets	–	3	6	9
Interest receivable on unit trust	–	27	–	27
Cash and cash equivalents	–	900	–	900
Current tax receivable	–	–	2	2
<b>Total assets</b>	<b>2,376</b>	<b>930</b>	<b>89,005</b>	<b>92,311</b>
<b>Liabilities</b>				
Amount due to group company	–	71	–	71
Payables	–	788	–	788
Deferred tax liability	–	–	2	2
<b>Total liabilities</b>	<b>–</b>	<b>859</b>	<b>2</b>	<b>861</b>

Management has considered the Covid-19 impact on these balances and no impact was experienced.

31 December 2020 Rm	Amortised cost	Non-financial assets and liabilities	Total
<b>Assets</b>			
Investment in Group subsidiaries	–	103,916	103,916
Other receivables	10	5	15
Cash and cash equivalents	3,130	–	3,130
<b>Total assets</b>	<b>3,140</b>	<b>103,921</b>	<b>107,061</b>
<b>Liabilities</b>			
Amount due to Group company	49	–	49
Payables	757	–	757
<b>Total liabilities</b>	<b>806</b>	<b>–</b>	<b>806</b>

### Fair values of financial assets and liabilities

#### (a) Determination of fair value

The fair values of financial assets and liabilities at amortised cost (comprising cash and cash equivalents, other assets, amount due to group company and payables) reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

#### (b) Fair value hierarchy for financial assets

At 31 December 2021 Rm	Total	Level 1	Level 2	Level 3
Financial assets through profit or loss	2,376	2,376	–	–

## Notes to the financial statements

for the year ended 31 December 2021

### 3 Investment income

Rm	31 December 2021	31 December 2020
<b>Dividend income – cash</b>		
Dividend income from subsidiaries – local	2,266	4,680
Dividend income from subsidiaries – foreign	731	946
<b>Dividend income – non cash</b>		
Dividend income from subsidiaries – local	10,805 <sup>1</sup>	–
<b>Interest income</b>		
Cash and cash equivalents	60	72
Investment and securities	110	–
<b>Foreign exchange losses</b>	(8)	(3)
	<b>13,964</b>	<b>5,695</b>

<sup>1</sup> The dividend income relates to the Nedbank unbundling.

### 4 Impairment of investments in subsidiaries

Rm	31 December 2021	31 December 2020
Old Mutual Group (UK) Limited <sup>1</sup>	44	12
Old Mutual Business Services Limited <sup>1</sup>	361	64
Fairbairn Investments (UK) Limited <sup>1</sup>	141	–
Old Mutual Group Holdings (SA) (Pty) Limited <sup>2</sup>	14,373	–
	<b>14,919</b>	<b>76</b>

Management has considered the Covid-19 impact on these balances and no impact was experienced.

<sup>1</sup> The PLC entities will be liquidated which is why Old Mutual Business Services Limited, Fairbairn Investments (UK) and Old Mutual Group (UK) Limited were impaired. The investments were impaired to their recoverable amounts which is the fair value less costs to sell. The net asset value was used to determine the recoverable amount. This net asset value approximates fair value less cost to sell. The net asset value would be considered a level 3 under the fair value hierarchy.

Old Mutual Business Services and Fairbairn Investments have been dormant as a result of reduced activity and a request was made to the company house to liquidate. The liquidation of both Old Mutual Business Services and Fairbairn Investments are expected to be completed in 2022. Old Mutual Group (UK) still has a US tax matter and will only be liquidated in 2023.

<sup>2</sup> Old Mutual Group Holdings (SA) (Pty) Limited, a 100% held subsidiary of the company, was impaired by R14 373 million partly due to the loss in value as a result of the Nedbank unbundling.

The recoverable amount is the higher of the fair value less costs to sell and value in use. Old Mutual Group Holdings was impaired to its recoverable amount being the value in use. The rate used to discount the future cash flows was the groups cost of equity.

### 5 Operating and administration expenses

Rm	31 December 2021	31 December 2020
<b>Operating and administration expenses include:</b>		
Statutory audit services	51	23
Administration costs	57	54
Directors' emoluments	30	29
Professional fees	81	74
	<b>219</b>	<b>180</b>

### 6 Fair value loss

Rm	31 December 2021	31 December 2020
<b>Fair value loss</b>		
Fair value loss on Nedbank unbundling	(149)	–
Fair value gain on investment in unit trust	3	–
	<b>(146)</b>	<b>–</b>

### 7 Income tax expense

Rm	31 December 2021	31 December 2020
<b>South African taxation</b>		
Normal tax – current year	56	33
– prior year (income)/expense	–	(2)
Deferred tax - current year	2	–
	<b>58</b>	<b>31</b>

Rm	31 December 2021	31 December 2020
<b>Reconciliation of taxation on (Loss)/profit before tax</b>		
(Loss)/profit before tax	(1,286)	5,453
Tax at South African tax rate 28%	(360)	1,527
Exempt income - dividends	(3,865)	(1,575)
Impairment of subsidiaries	4,178	–
Disallowed expenses	61	70
Non deductible fair value losses	41	–
Adjustment to current tax in respect of prior year	–	(2)
Income received in advance	1	–
CFC income	–	11
Income taxed at other than the corporate rate	2	–
Tax expense	<b>58</b>	<b>31</b>

The majority of the Company's income relates to dividends received which is exempt for tax purposes. Expenses that are deductible are apportioned accordingly.

Non deductible expenses are made up of operating costs and audit fees.

### 8 Investments in subsidiaries

Rm	Recoverable amount	31 December 2021	31 December 2020
<b>Unlisted – subsidiaries (all held at 100%)</b>			
Balance at beginning of the year		103,916	103,992
Impairment loss	4	(14,919)	(76)
Balance at end of the year		<b>88,997</b>	<b>103,916</b>
<b>Closing balance consist of:</b>			
Fairbairn Investments (UK) Limited <sup>1</sup>		–	141
Marriott Isle of Man Limited <sup>2</sup>		48	48
Old Mutual Business Services Limited <sup>1</sup>		–	361
Old Mutual Group Holdings (SA) (Pty) Limited	87,916	87,916	102,289
Old Mutual Group (UK) Limited <sup>1</sup>	691	691	735
Old Mutual International (Guernsey) Limited <sup>1</sup>		108	108
OM Residual UK Limited <sup>1</sup>		234	234
		<b>88,997</b>	<b>103,916</b>

<sup>1</sup> Incorporated in the United Kingdom.

<sup>2</sup> Incorporated in the Isle of Man.

Refer to note 1.9 on how value in use was calculated.

## Notes to the financial statements

for the year ended 31 December 2021

### 9 Investment and securities

Rm	31 December 2021	31 December 2020
Investment in unit trust	2,376	–

During March 2021 the company invested in OMISB1 an instrument which represents units in the Old Mutual Institutional Interest Bearing Fund, a unit trust managed by Futuregrowth and administered by Old Mutual Unit Trust.

### 10 Other assets

Rm	31 December 2021	31 December 2020
Accrued interest on cash and cash equivalents	3	10
Prepayments	6	5
	9	15

The fair value of other assets approximates their carrying amount, as the impact of discounting is not significant.

### 11 Cash and cash equivalents

Rm	31 December 2021	31 December 2020
Cash at bank and in hand	2	12
Short-term deposits	898	3,118
	900	3,130

The fair value of cash and cash equivalents approximates their carrying amount, as the impact of discounting is not significant.

### 12 Amount due to group company

Rm	31 December 2021	31 December 2020
Old Mutual Life Assurance Company (South Africa) Ltd	71	49

The loan was unsecured, interest-free and was not subject to fixed terms of repayment. The fair value of amount due to group company approximates its carrying amount, as the impact of discounting is not significant.

### 13 Payables

Rm	31 December 2021	31 December 2020
Current liabilities		
Audit fees	51	40
Shareholders' unclaimed dividends*	704	706
Other payables	33	11
	788	757

The fair value of other payables approximates their carrying amount, as the impact of discounting is not significant.

\* A decision was taken to transfer the unclaimed dividend of R562m in Old Mutual Dividend Access Trust to the company in the prior year.

## 14 Notes to the statement of cash flows

### 14.1 Non-cash movements and adjustments to (loss)/profit before tax

Rm	31 December 2021	31 December 2020
Dividend income	13,802	5,626
Interest income	170	72
Foreign exchange losses	(8)	(3)
Fair value loss	(146)	–
Impairment of investments in Group subsidiaries	(14,919)	(76)
	(1,101)	5,619

### 14.2 Changes in working capital

Rm	31 December 2021	31 December 2020
Decrease/(increase) in other assets	6	(16)
Increase in payables	31	573
VAT	(5)	–
	32	557

### 14.3 Tax paid

Rm	31 December 2021	31 December 2020
Opening balance receivable	–	–
Current tax expense	(56)	(31)
Closing balance receivable	(2)	–
Paid	(58)	(31)

### 14.4 Dividends paid

Rm	31 December 2021	31 December 2020
Cash dividend	(2,805)	(3,509)
Non cash dividend	(10,656) <sup>1</sup>	–
	(13,461)	(3,509)

<sup>1</sup> The non cash dividend relates to the Nedbank unbundling. Refer to the group financials for further detail on the Nedbank unbundling, note A2(a) Subsequent accounting treatment of the distributed stake. Note 6 in the standalone set also reflects the fair value loss from the Nedbank unbundling.

## 15 Share capital

Rm	31 December 2021	31 December 2020
<b>Authorised share capital</b>		
10,000,000,000 no par value ordinary shares	–	–
10,000,000 no par value preference shares	–	–
<b>Issued share capital</b>		
4,708,553,649 no par value ordinary shares	85	85

# Notes to the financial statements

for the year ended 31 December 2021

## 16 Financial risk management

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its financial liabilities. The most important components of financial risk that are relevant to the Company are market risk, liquidity risk and credit risk.

### Capital adequacy

Capital is actively managed to ensure that the group is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders. The group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analyses of forecasts, and the operations of the Capital Management Committee (CMC) that the group's capital is managed.

The CMC is a sub-committee of the Executive Committee, established to set an appropriate framework and guidelines to ensure the appropriate management of capital, to allocate capital to the various businesses, and to monitor return on allocated capital for each business relative to the agreed hurdle. The CMC comprises the Executive Directors together with certain executives and senior managers. Meetings are held regularly as circumstances require and in any event not less than half-yearly and approve requests for capital that are outside the business plans.

For more detailed disclosure please refer to note F in the consolidated financial statements.

### Sensitivities

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through stress tests, scenario analyses and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

For further details of the management of specific financial risks, refer to the relevant sections of this note.

### Credit and Counterparty risk

Credit and Counterparty Risk refers to the risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties and any other debtors to which the Company is exposed, in the form of counterparty default risk, or spread risk, or credit risk concentrations.

The Old Mutual Group has adopted a consistent, Group-wide approach to Enterprise Risk Management that conforms to good practice and compliance with Solvency II requirements. The approach includes the articulation of minimum Principles and Standards as set out in Group risk policies.

Credit risk management is primarily managed by the relevant business unit, as line 1 of defence, with Balance Sheet Management playing a strategic line 1 role, at Group level. Group Risk plays a line 2 oversight role.

Included in both the CMC and Executive Risk Committee ("ERC") is respective responsibilities to credit risk management, with the CMC largely playing a line 1 role, and ERC a line 2 role. Where necessary, all reports are escalated to the relevant Board committees.

Maximum exposure to credit risk Rm	Credit rating	Year ended 31 December 2021	Year ended 31 December 2020
Prepayments	Unrated	6	5
Interest receivable on unit trust	Unrated	27	
Nedbank and ABSA	BB	3	6
Stanlib	AA- BB+	-	4
Cash and cash equivalents		900	3,130
		936	3,145

There are no assets which are past due or impaired.

Rm	Credit rating	Year ended 31 December 2021	Year ended 31 December 2020
ABSA Limited	BB	-	1,286
Nedbank Limited	BB	139	698
Stanlib	AA- BB+	761	1,146
		900	3,130

### Market risk

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, on its financial position, financial performance and cash flows.

#### Sensitivity analysis table

Rm	Balance at 31 December 2021	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents	-	-	-
Loss before tax	(1,286)	-	-
Loss after tax	(1,344)	-	-

  

Rm	Balance at 31 December 2020	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents	9	(1)	1
Profit before tax	5,453	1	(1)
Profit after tax	5,422	1	(1)

The Company's exposure to currency risk in the current year and prior year is immaterial.

### Currency risk

The Company's exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its cash flows is immaterial at the reporting date.

The Company has investments in subsidiaries whose functional currency is GBP, whereas the functional currency of the Company is rand. These investments are held at cost.

The Company is also exposed to foreign exchange risk through its foreign dividend payments in GBP. The Company's treasury risk management policy is to take out forward exchange contracts to cover exposures.

The Company's exposure to currency risk is analysed below:

Friday, 31 December 2021 Rm	Pound sterling
Cash and cash equivalents	-
<b>Exchange rate (rand)</b>	
Closing rate:	21.56
Average rate:	20.33

The GBP bank balance was less than R1m for the year and therefore the sensitivity impact was immaterial.

Thursday, 31 December 2020 Rm	Pound sterling
Cash and cash equivalents	0.467
<b>Exchange rate (rand)</b>	
Closing rate:	20.07
Average rate:	21.33

### Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets and liabilities

The Company is exposed to interest rate risk through its cash balances held. The effective interest rate on the cash is 3.10%, cash on call is 3.55% (2020 3.3% and 4.2% respectively) .

Should the interest rate increase or decrease by 1%, the loss before tax will increase by R2m or decrease by R2m respectively and the profit before tax by R1.8m in the prior year.

# Notes to the financial statements

for the year ended 31 December 2021

## 16 Financial risk management continued

### Liquidity risk

IFRS 7 defines liquidity risk as the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's executive committee is responsible for the effective management of liquidity risk by putting the appropriate structure and processes in place as it relates to the company. The Risk Committee of the board is responsible for reviewing the adequacy and effectiveness thereof.

The following table analyses the Company's maturity profile of financial liabilities:

31 December 2021 Rm	<1 year	Total
Amounts due to group companies	71	71
Payables	788	788
	859	859

  

31 December 2020 Rm	<1 year	Total
Amounts due to group companies	49	49
Payables	757	757
	806	806

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

## 17 Related parties

Key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Company. The Company's directors, as listed in the directors' report, are considered to be key management personnel of the Company.

The Company's principal interest in subsidiaries and the amounts due to another Group company are disclosed in note 8 and 12. Transactions with directors are disclosed in note 22.

### Transactions with related parties

The following transactions were entered into with related parties:

31 December 2021 Rm	OMLAC(SA)	Direct subsidiaries	Associate
<b>Statement of comprehensive income</b>			
Interest income	-	-	9
Dividend income	-	13,802	-
Foreign exchange loss	-	-	(10)
Administration costs	(19)	-	-
Guarantee fee income	34	-	-
<b>Statement of financial position</b>			
Amounts due to group company	71	-	-

  

31 December 2020 Rm	OMLAC(SA)	Direct subsidiaries	Associate
<b>Statement of comprehensive income</b>			
Interest income	-	-	6
Dividend income	-	5,626	-
Foreign exchange loss	-	-	(6)
Administration costs	(17)	-	-
Guarantee fee income	14	-	-
<b>Statement of financial position</b>			
Cash and cash equivalents	-	-	-
Payables	562	-	-
Amounts due to group company	49	-	-

For more detailed disclosure on associates please refer to note J3 in the consolidated financial statements.

## 18 Commitments

### Black economic empowerment

OML committed, at the time of Managed Separation, to restoring its Black Economic Empowerment Ownership percentage (which is measured under the Financial Sector Code), via a Framework Agreement with the Economic Development Department, now the Department of Trade, Industry and Competition - undertaking to achieve a Black Economic Empowerment Ownership percentage of at least 25% within three years of the listing of OML (by June 2021) and to be best in class (measured at the time of OML's listing, which was 30%) within five years post the listing of OML by June 2023.

## 19 Events subsequent to reporting date

In terms of IAS 12, both current and deferred tax assets and liabilities are to be measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in tax rates should be regarded as substantively enacted from the time that they are announced in terms of the Minister of Finance's Budget Statement. When changes in the tax rates are inextricably linked to other changes in the tax laws, they should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the President.

Effective from the commencement of the OML Group's 2023 year of assessment, the corporate income tax rate will be reduced to 27 per cent. This is inextricably linked to the base broadening measures related to limiting the use of assessed losses and interest deduction limitation rules. The base broadening measures were legislated in terms of the Taxation Laws Amendment Act 20 of 2021 and come into operation on the date on which the rate of tax is reduced, after announcement by the Minister of Finance in the annual National Budget. The announcement of the reduction in tax rate by the Minister of Finance in the annual National Budget took place on 23 February 2022. It follows that the tax rate change together with the above mentioned base broadening measures are considered to be substantively enacted on this date.

This is considered to be a non-adjusting event for purposes of IAS 10 on the basis that the rate change was substantially enacted after the end of the 31 December 2021 reporting period. The reduction of the rate of tax will for current tax purposes only have an effect for the 2023 year end. From a deferred tax perspective, due to the timing of the announcement and complexity involved, a reasonable estimate of the effect of the rate change on deferred tax assets and liabilities could not be made at the time of preparation of this annual report. Additional disclosure in this regard will only be considered further for the 31 December 2022 year end.

## 20 Going concern

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future, taking into account the most recent business plan and the capital and liquidity position. The annual financial statements have accordingly been prepared on a going-concern basis.

## 21 Financial Guarantee

The company entered into a subordinated noteholder guarantee in terms of which it irrevocably and unconditionally agrees to bind itself as a guarantor for due and punctual performance of all obligations that OMLAC(SA) may incur under its Amended and Restated Domestic Medium Term Note programme.

The financial guarantee is initially measured at fair value and subsequently measured at the higher of:

- The loss allowance determined as expected credit loss under IFRS 9; and
- The amount initially recognized (fair value) less any cumulative amount of income/ amortization recognized in line with IFRS 15.

At 31 December 2021, based on the above, we expected both answers to provide a zero outcome. Therefore, we would only be left with the prepayment on the balance sheet.

The initial issuance occurred in June 2019, where OML11 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R 2 billion and the company receives guarantee fee amounting to R 12 million excluding VAT each year of assessment.

The second issuance occurred in November 2020, where OML12 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R 2 billion and the company receives guarantee fee amounting to R 20.4 million excluding VAT each year of assessment.

The third issuance occurred in September 2021, where OML13 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R 1.5 billion and the company receives guarantee fee amounting to R 5.4 million excluding VAT each year of assessment.

## 22 Directors' emoluments

Rm	31 December 2021	31 December 2020
<b>Total expense for the period</b>	<b>30</b>	29

For detailed analysis of directors emoluments refer to note L in the consolidated financial statements.





[www.oldmutual.com](http://www.oldmutual.com)