



OLDMUTUAL

# GROUP ANNUAL RESULTS

For the year ended 31 December 2023



DO GREAT THINGS EVERY DAY

Our financial results are prepared on an IFRS 17 basis, including all comparative information, unless otherwise stated. Please refer to our IFRS 17 Bridging pack on the Investor Relations website, which sets out the impact on the Group's key performance indicators from IFRS 4 to IFRS 17 for December 2022.

## Enquiries

### Investor Relations:

**Langa Manqele**

**M:** +27 (0)82 295 9840

**E:** [investorrelations@oldmutual.com](mailto:investorrelations@oldmutual.com)

### Communications:

**Wendy Tlou**

**M:** +27 (0)83 301 9663

**E:** [oldmutualnews@oldmutual.com](mailto:oldmutualnews@oldmutual.com)

## Cautionary statement

This report may contain forward-looking statements with respect to certain of Old Mutual Limited's plans and its current goals and expectations relating to its future financial condition, performance and results and, in particular, estimates of future cash flows and costs. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual Limited's control including, among other things, domestic conditions across our operations as well as global economic and business conditions, market-related risks, such as fluctuations in equity market levels, interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual Limited and its affiliates operate. As a result, Old Mutual Limited's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual Limited's forward-looking statements. Any reference to future financial performance has not been audited or reported on by the Group's auditors. Old Mutual Limited undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements it may make. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

## Notes to editors

A webcast of the presentation for the 2023 Annual results and Q&A will be broadcast live on Wednesday, 27 March 2024 at 12:00 South African time on the Investor Relations website:

[Click here](#)

Pre-registration to participate in the call is available at the following link. Analysts and investors who wish to participate in the call may do so using the same link or telephone numbers below:

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Replay access code: 45908

To access the replay using an international dial-in number, please select the link below:

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The replay will be available until 1 April 2024.

## About Old Mutual Limited

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 14 countries. Old Mutual's primary operations are in Africa and it has a niche business in China. With over 178 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities it serves as well as broader society on the continent.

For further information on Old Mutual Limited and its underlying businesses, please visit the Corporate website at [www.oldmutual.com](http://www.oldmutual.com).

Our consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The summarised consolidated financial information for the year ended 31 December 2023 and the notes to the summarised consolidated annual financial statements, (contained on pages 64 to 121) were extracted from the consolidated annual financial statements which have been audited by the independent joint auditors, Deloitte & Touche and Ernst & Young Inc, who expressed an unmodified opinion thereon. The consolidated annual financial statements and the independent joint auditors report are available on the Company's website at <https://www.oldmutual.com/investor-relations/reporting-centre/reports/>.

### Non-IFRS financial measures

This document includes non-IFRS financial measures which are not defined by IFRS. The non-IFRS financial measures have not been audited or reported on by the independent joint auditors. The non-IFRS measures provide information that is useful to investors and are appropriate to assess the Group's operational results and financial performance. The non-IFRS measures also enhance the investor's understanding of the Group's results by providing greater insight into the financial performance, financial position and cash flows of the Group as well as the way it is managed. These non-IFRS financial measures are not uniformly defined and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS.

## Feedback

Your feedback is important to us, and we welcome your input to enhance the quality of our reporting. For any further feedback, please contact Investor Relations.

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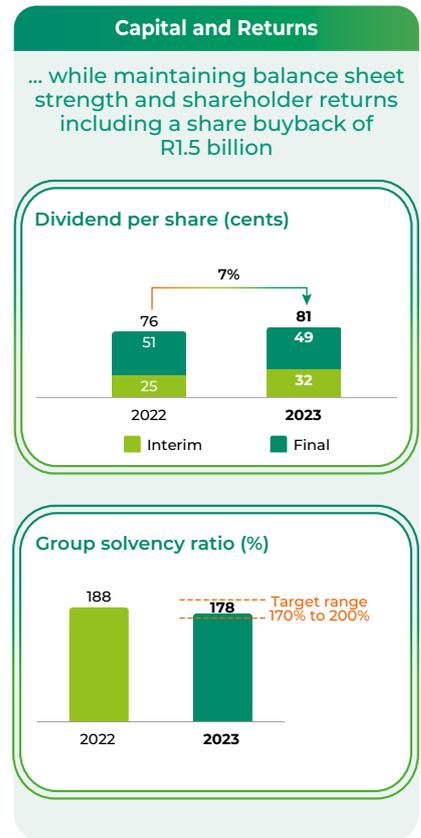
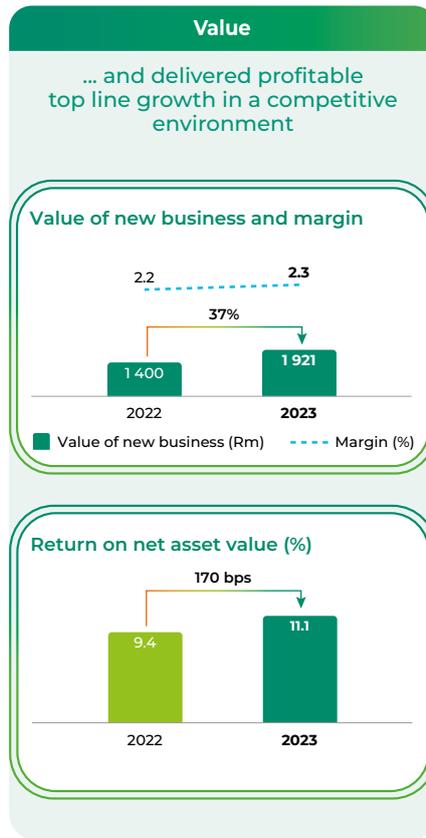
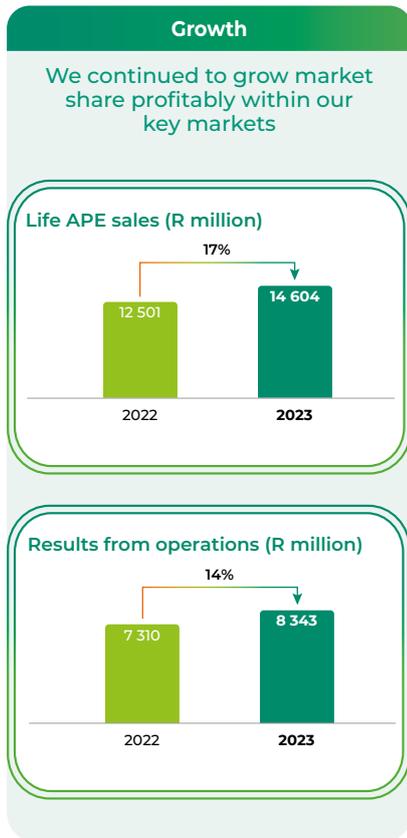
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# Overview of performance



## Leading in impact

**Level 1**  
B-BBEE rating since 2019

**1.4 million**  
Active digital users  
(2022: 1.2 million)

Brand Finance

**2.2 million**  
Old Mutual Rewards  
members  
(2022: 1.8 million)

**Funders into 39%**  
(2.6 Gigawatts) of South Africa's total  
renewable energy capacity in 2022

Old Mutual ranked as the **strongest insurance brand** and **8th strongest brand** in South Africa

## Leading in asset stewardship and responsible investments

**AA rating**  
by MSCI for ESG Equity Fund

**R167 billion**  
of our funds under management invested in the **Green Economy**  
(2022: R146 billion)

**999 522**  
Active stewardship resolutions voted on  
(2022: 968 245)



Old Mutual is the **asset owner of the year category winner**

**R1.3 billion**  
invested in **low-income and affordable housing**  
(2022: R1.4 billion)

**R30.7 billion**  
investment in **renewable energy**  
(2022: R26.7 billion)

## Responsibly building the most valuable business in our industry



# RESULTS PRESENTATION



Notes:

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## Agenda



**Strategic review**  
**Iain Williamson**  
 Group CEO

**Financial review**  
**Casper Troskie**  
 Group CFO

**Looking ahead**  
**Iain Williamson**  
 Group CEO

**Q&A**  
**OML Executive Committee**

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Notes:

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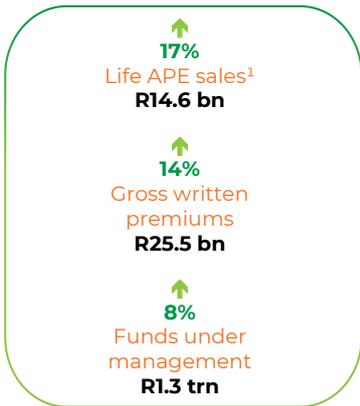
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**2023 Financial Highlights**

Strategic choices across our segments driving profitable top-line growth

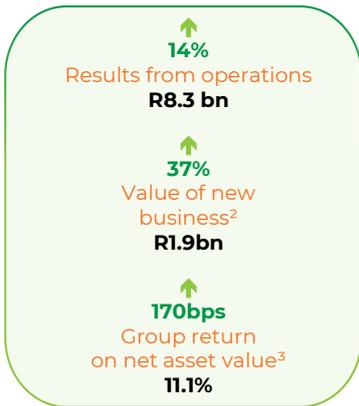


**Growth**



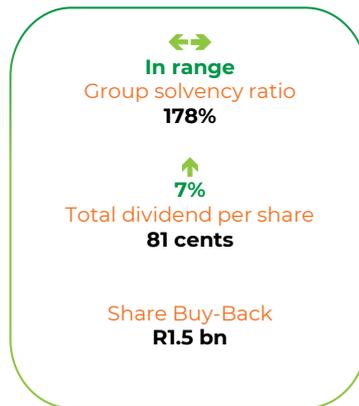
We continued to grow market share profitably within our key markets

**Value**



...and delivered profitable top line growth in a competitive environment

**Capital and Returns**

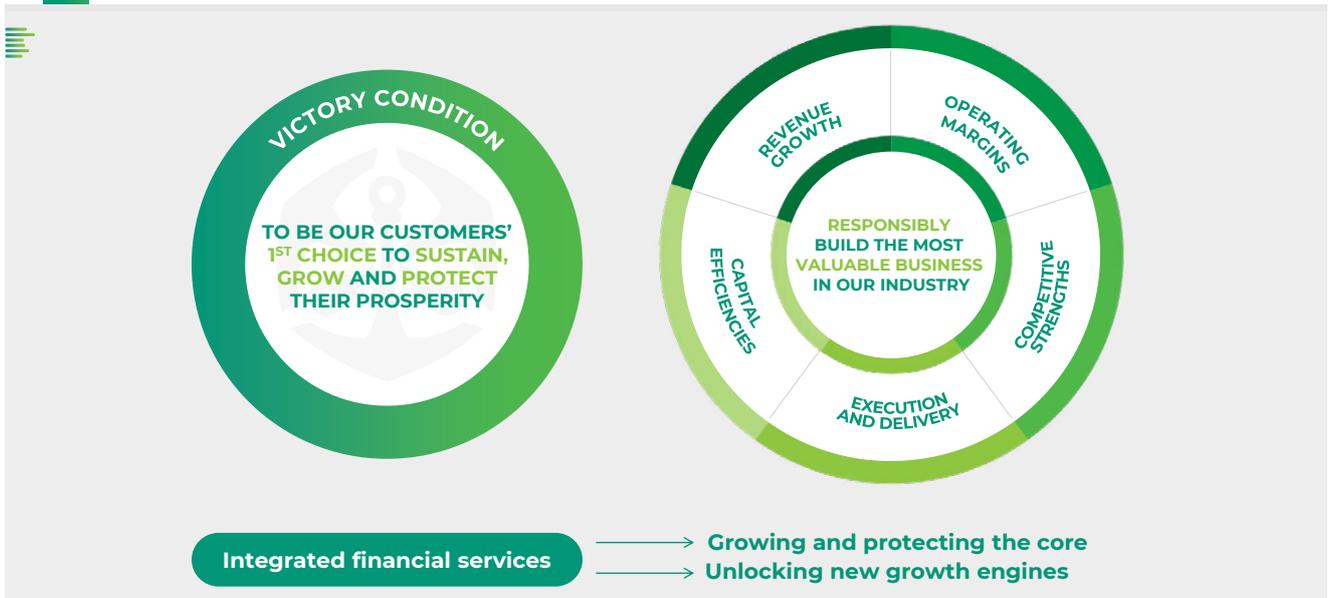


...while maintaining balance sheet strength and shareholder returns

1. Excluding China the increase was 25% | 2. VNB margin increased by 10bps to 2.3% | 3. RONAV excluding new growth initiatives up 210bps to 13.1%

Notes:

## Our strategic framework



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### Notes:

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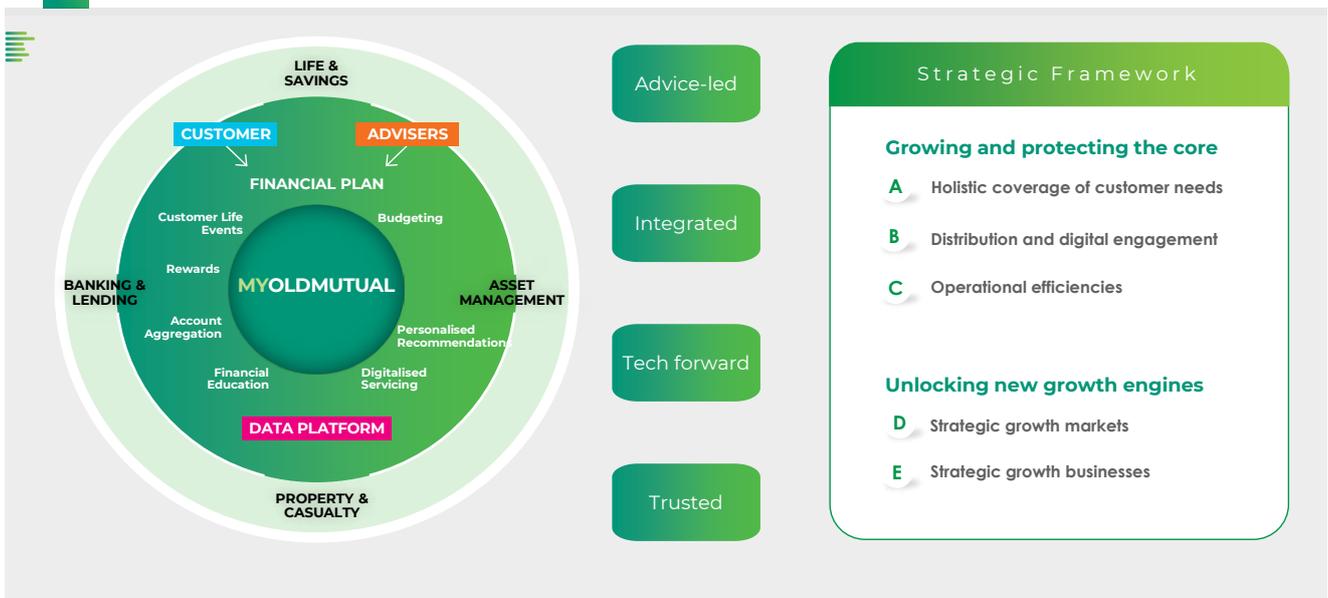


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## The hallmarks of an integrated financial services business



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### Notes:

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## Growing and protecting the core

Delivering integrated financial services through disciplined execution and considered capital allocation

### A Holistic coverage of customer needs

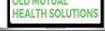


**Delivered**



#### Old Mutual Protect

- Key driver of underwritten sales in MFC



#### Old Mutual Health

- Affordable health insurance for low-income earners



#### Old Mutual Rewards

- Launched in Namibia
- Overall membership reached 2.2 million
- Increasing by 22% to prior year

### B Distribution & digital engagement



**Delivered**



#### Two Mountains

- Expands our distribution footprint
- Present in 5 provinces in South Africa
- Vertically integrates to the value chain



#### MyOldMutual App

- Reached 1.4 million customers
- Increased by 17% from 2022

### C Operational efficiencies



**Delivered**



#### Migrated the Greenlight risk book

- Migrated 1.85 million policies
- Consolidated onto the same platform as our flagship Old Mutual Protect

#### ▶▶ in progress



#### Old Mutual Home Loans

- In a 'friends and family' pilot phase
- In partnership with SA Home Loans

#### ▶▶ in progress



#### Digital Adviser

- In a pilot phase with some advisers
- In partnership with One Connect

#### ▶▶ in progress



#### Decommissioning the legacy platforms

- Launch our Savings and Income proposition
- On the same platform as Old Mutual Protect

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## Notes:



## Unlocking new growth engines

Accelerating profitability and building our integrated financial services business

### D Strategic growth markets China; East and West Africa



**Delivered**



#### Our pivot to corporate and P&C turnaround is bearing fruit

- Gross Flows **54%** higher, driven by new mandates in Kenya and Uganda
- East Africa delivered profit, with West Africa closer to break-even
- The sale of UAP Insurance Tanzania is now pending regulatory approval

#### ▶▶ in progress



#### Strengthening distribution and refining our products

- Tighter regulations and volatility impacted performance

### E Strategic growth businesses Bank build & ecosystem adjacencies



**Delivered**



#### Review of Section 16 application is underway

- Technical capabilities certified fit for purpose by our auditors
- Core build phase completed on-time and on budget: **R1.75bn**

#### Shifting from project mode to the transition phase

- **Section 16** to be followed by an extensive industry testing period
- Thereafter, we will integrate with the industry in the National Payments System
- For this phase, a transition budget of approximately **R800m** has been approved
- We expect to complete this phase before the end of 2024

#### ▶▶ in progress

**NEXT176**



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## Notes:



## Leading sustainability

Responsibly building the most valuable business in our industry



### Leading impact and sustainability



**Funders into 39% (2.6 Gigawatts)**  
of South Africa's total renewable energy capacity in 2022<sup>1</sup>



**R371 million**  
funding provided for disbursement to SMMEs



**Continues to deliver value**  
1st dividend paid

### Leading responsible investments

**R166.8 bn**

37% of OMIG's AUM invested in the green economy

**R30.7 bn**

invested in renewable energy

### Awards & Ratings

**S&P Global ESG Score of 43**  
Improvement of 34% from 2022

**19 funds in Old Mutual Wealth**  
rated as leader (AAA and AA)

#### Level 1

B-BBEE rating since 2019

Old Mutual Investment Group  
**Best Sustainable Investment  
Manager in Africa**  
The European Global Business  
Awards 2023



**Asset owner of the year**

1. Based on renewable energy capacity (solar, hydro and wind) per the February 2023 Council for Scientific and Industrial Research (CSIR) report - <https://www.csir.co.za/documents/statistics-power-sa-2022-csirpdf>

## Notes:



## Notes:



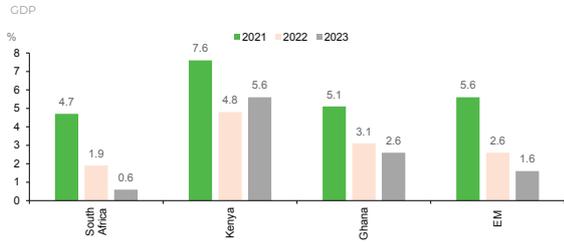
## Macro overview

We navigated growth constraints and market volatility in a difficult macro environment



### Economies & Markets

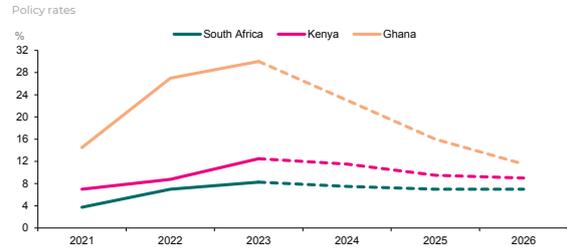
Growth-constrained, volatile markets and weak currencies



Sources: Statistics SA, IMF and RMB Markets Research

### Businesses & Consumers

Tight financing conditions and low business confidence



Sources: Statistics SA, IMF and RMB Markets Research

Our group portfolio is linked to higher-growing economies in East and West Africa

Impact addressed through appropriate hedging strategies and diversified business

Ecosystem partnerships provide us and our clients with attractive growth opportunities

Our customer relationships and brand trust enable us to retain and grow customers

## Notes:

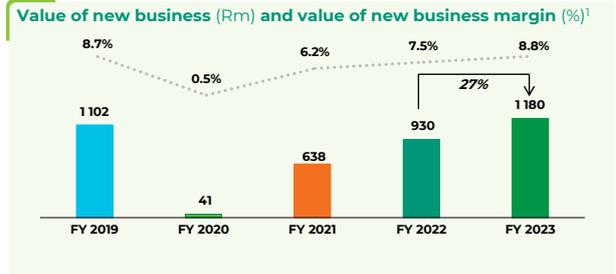


## Notes:



## Mass and Foundation Cluster

Our diversified distribution channels and focus on underwritten sales is delivering profitable growth



### We are accelerating market share gains in Life insurance business

- » Life APE sales grew by **14%** driven by growth in underwritten sales
- » Risk sales (funeral and life insurance) were up **26%**

### Our top-line growth in mass market is highly profitable

- » Growth in underwritten sales and management actions delivered VNB margin of **8.8%**, at the upper end of target range

### We continue to grow our lending book responsibly

- » Book grew by **6%**, net lending margin declined **220bps** to **11%** due to a higher credit loss ratio of 7.2% and higher funding costs

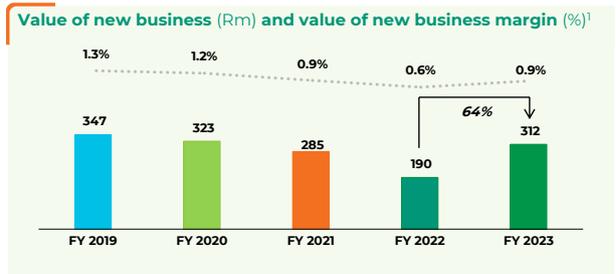
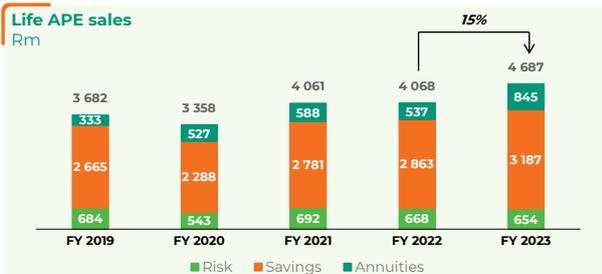
<sup>1</sup> The FY 2019 to FY 2021 amounts are presented on an IFRS 4 basis.

## Notes:



## Personal Finance and Wealth Management

We have scaled our adviser footprint and deployed tech-forward productivity toolsets to drive growth



### Strong sales growth in a difficult market environment

- » Life APE sales increased by **15%** driven largely by guaranteed annuities, which were up **57%**

### We continue to enhance client value proposition to drive flows

- » Gross flows increased by **7%** to **R82.8bn**, driven by strong flows into guaranteed annuities

- » Value of new business grew by **64%** and margin increased by **30bps** supported by shift to higher margin sales mix

- » Launched Private Clients by Old Mutual Wealth, increasing AUM on high-net-worth client propositions by **30%** during 2023

<sup>1</sup> The FY 2019 to FY 2021 amounts are presented on an IFRS 4 basis.

## Notes:

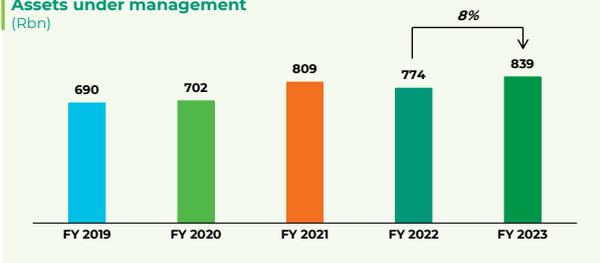


## Old Mutual Investments

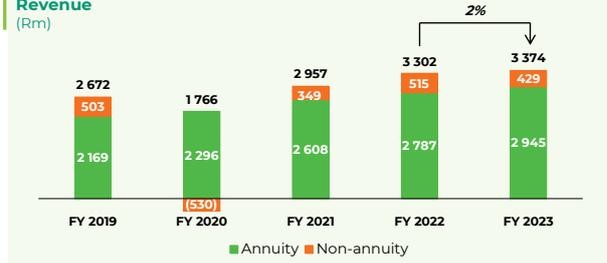
Diverse capability set with a peer-leading Private Markets franchise delivered resilient results in difficult markets



### Assets under management (Rbn)



### Revenue (Rm)



#### Growing AUM and Gross flows in challenging market environment

- » Assets under management grew by **8%** to **R839bn**
- » Gross flows increased by **3%** to **R32.8bn** due to higher inflows in money market, fixed income and the alternative products

#### Differentiated investment capability underpins revenue growth

- » An exceptional **R14.7bn** capital raise from our Alternatives business supported continued strong non-annuity revenue
- » This highlights the benefits of our strategy to compete in the third-party institutional market

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## Notes:



## Old Mutual Corporate

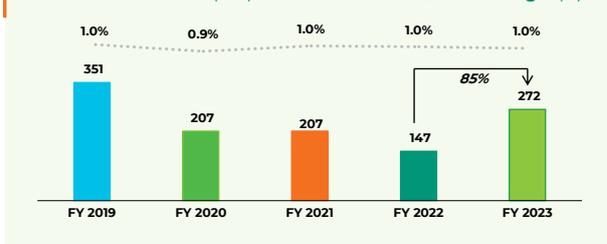
Expanding the core through new solution offerings and leveraging group synergies to drive growth



### Life APE sales Rm



### Value of new business (Rm) and value of new business margin (%)<sup>1</sup>



#### We delivered strong top-line growth and profits in core

- » Life APE sales increased by an impressive **68%** driven by single and recurring premium savings book
- » Value of new business grew by **85%** with corresponding margin of **1%** sustained from prior year

#### We are broadening our value proposition to expand the core

- » Old Mutual Health Solutions extends affordable private health care employee benefits to low-income earners in South Africa
- » Remchannel extends solutions for corporate clients, whilst SMEgo offers integrated business-enabling and financial solutions to SMEs

<sup>1</sup> The FY 2019 to FY 2021 amounts are presented on an IFRS 4 basis.

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## Notes:

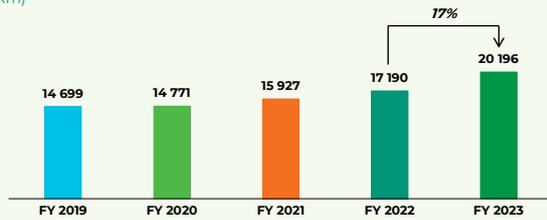


## Old Mutual Insure

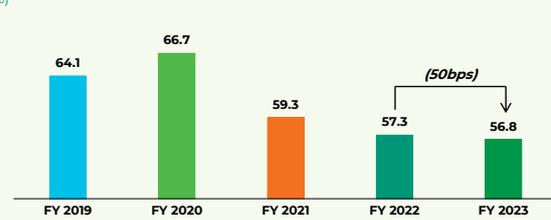
Growth from acquisitions and operational efficiencies supporting insurance revenue momentum



### Gross written premiums (Rm)



### Claims ratio<sup>1</sup> (%)



#### We are driving market share growth and product innovation

- » Generic and ONE Financial Services contributed to our topline growth and added **R266m** to our insurance service result
- » We leveraged existing Group ecosystems to underwrite the Old Mutual Health care for low-income earners through Generic

#### Retail and Speciality lines impacted by catastrophe claims

- » Severe weather events in Western Cape and Gauteng, and net reinsurance costs negatively impacted underwriting margin
- » We are investing in advanced climate risk modelling and geolocation capability for managing extreme weather event risks

<sup>1</sup> The FY 2019 to FY 2021 amounts are presented on an IFRS 4 basis.

## Notes:

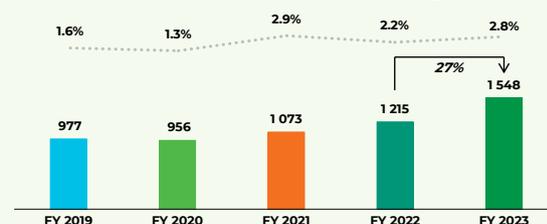


## Old Mutual Africa Regions

Pivot to corporate in East and West Africa and the turn-around of P&C has delivered improved profitability



### Life APE sales<sup>1</sup> (Rm) and value of new business margin (%)



### Gross written premiums<sup>1</sup> (Rm)



#### Over 80% of operating entities in OMAR delivered profit (62%, 2022)

- » Life APE sales grew by **27%** driven by growth in corporate mandates in Kenya and retail and corporate sales in Uganda
- » Value of new business margin increased by **60bps** to **2.8%** due to increase in value of new business and management actions

#### Strong strategic delivery: P&C turn-around and product innovation

- » Gross written premiums grew by **3%**, with strong improvement in underwriting margins of **870bps** to **(0.4%)** closer to break-even
- » We launched US Dollar unit trusts in Uganda. Our fintech platform, Omari, reached over **600 000** active customers in Zimbabwe

<sup>1</sup> The FY 2019 to FY 2021 amounts are presented on an IFRS 4 basis.

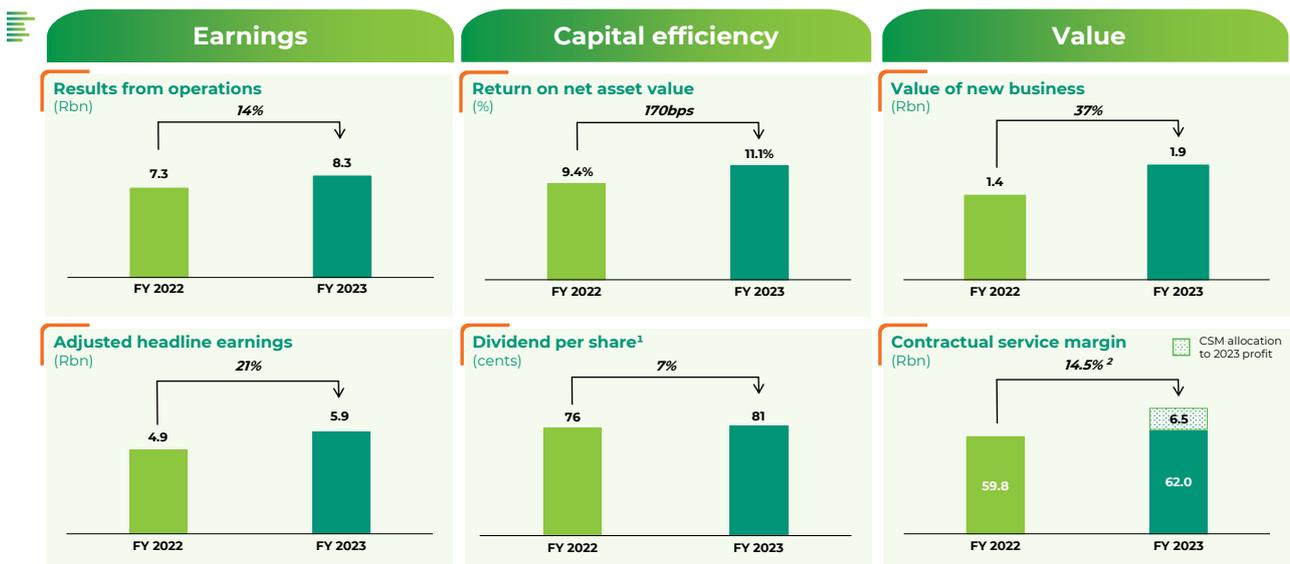
## Notes:



Notes:



**Robust financial performance**  
Our diverse business delivering strong results



1. Revised dividend policy targets dividend cover of 1.5X to 2.0X adjusted headline earnings for interim and final dividend | 2. 14.5% equals (R2.2bn growth in CSM balance + R6.5bn CSM profit allocation)/Opening balance | 20

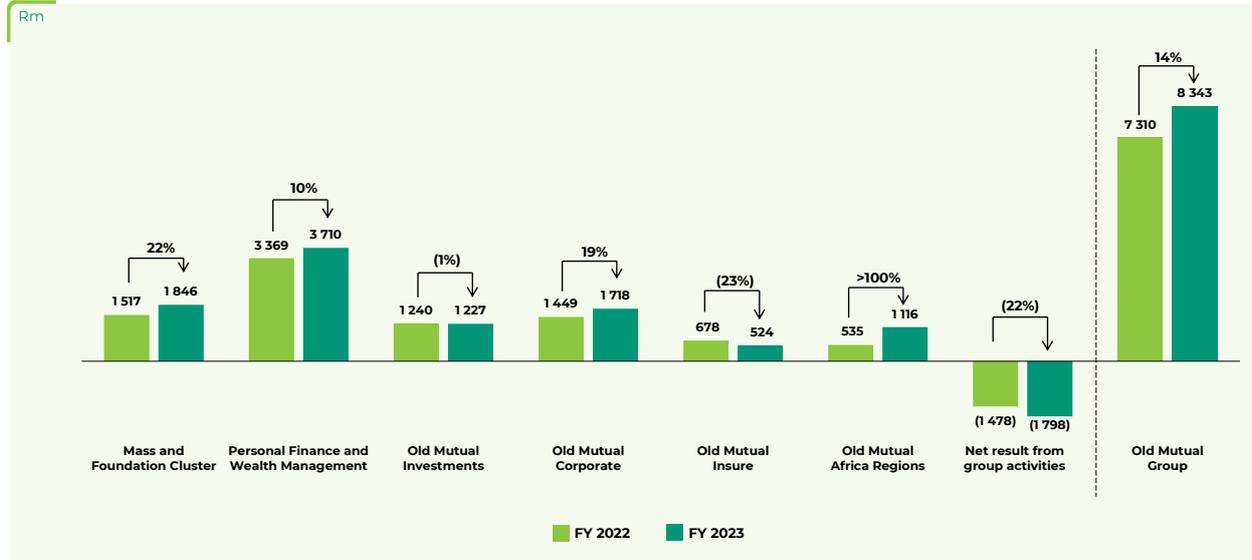
Notes:



## Results from operations

Strong sales growth and operational performance

Rm



21

### Notes:



## Adjusted headline earnings up 21%

Good operational growth supported by increased investment returns

Rm

	FY 2023	FY 2022	change
Results from operations	<b>8 343</b>	7 310	14%
Shareholder investment return	<b>2 162</b>	979	>100%
Finance costs	<b>(1 020)</b>	(662)	(54%)
Loss from associate	<b>(118)</b>	(53)	(>100%)
<b>Adjusted headline earnings before tax and non-control interests</b>	<b>9 367</b>	7 574	24%
Shareholder tax	<b>(3 216)</b>	(2 512)	(28%)
Non-controlling interests	<b>(290)</b>	(212)	(37%)
<b>Adjusted headline earnings</b>	<b>5 861</b>	4 850	21%

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### Notes:



## Adjusted headline earnings to IFRS profit reconciliation

Zimbabwe remains the main driver



Rm	FY 2023	FY 2022	Change
<b>Adjusted headline earnings</b>	<b>5 861</b>	4 850	21%
Accounting mismatches and hedging impacts	<b>(541)</b>	(187)	(>100%)
Impact of restructuring	-	(153)	100%
Operations in hyperinflationary economies	<b>2 039</b>	1 171	74%
Non-core operations	<b>21</b>	173	88%
<b>Headline earnings</b>	<b>7 380</b>	5 854	26%
Headline earnings adjusting items	<b>(315)</b>	(623)	49%
<b>IFRS profit after tax attributable to ordinary equity holders of the parent</b>	<b>7 065</b>	5 231	35%

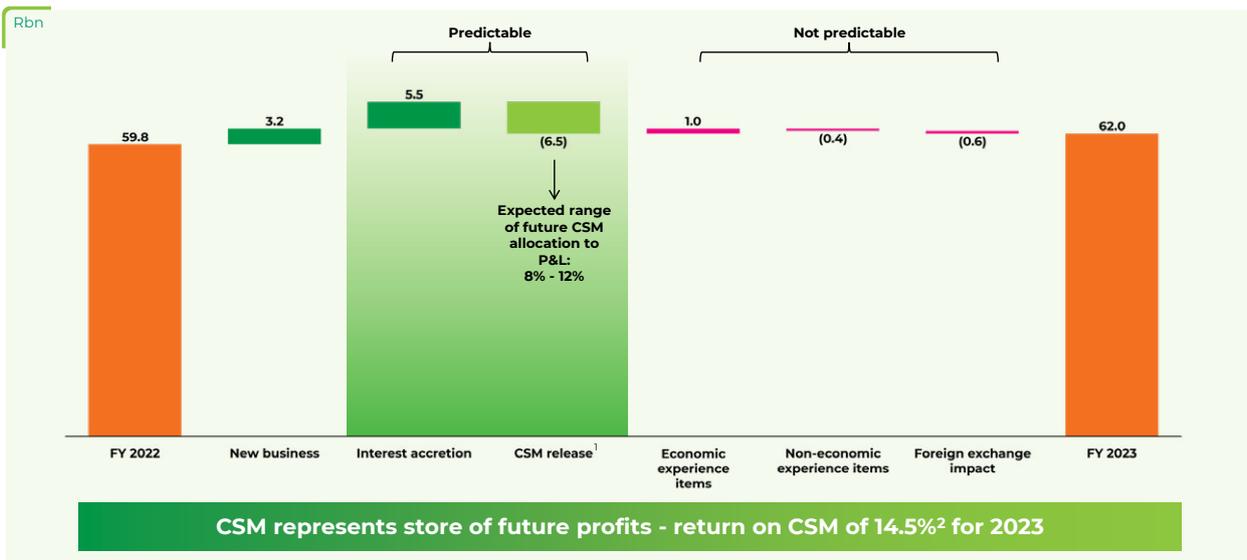
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### Notes:



## Contractual service margin

Allocation within expected range



1. Release of contractual service margin includes the impact of expected investment profits or losses | 2. 14.5% equals (R22.2bn growth in CSM balance + R6.5bn CSM profit allocation)/Opening balance

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### Notes:

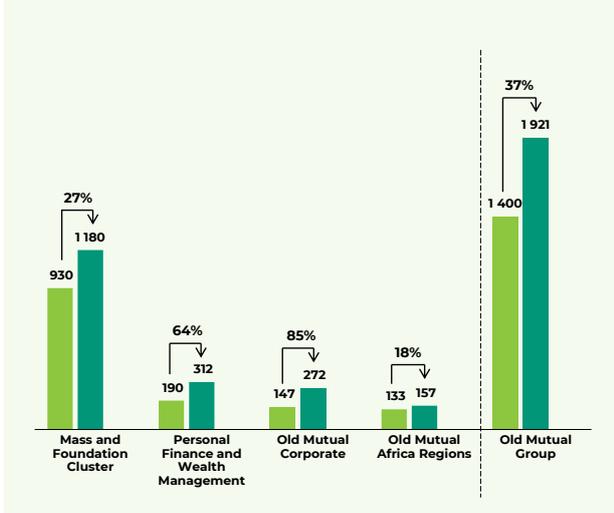


## Value of New Business

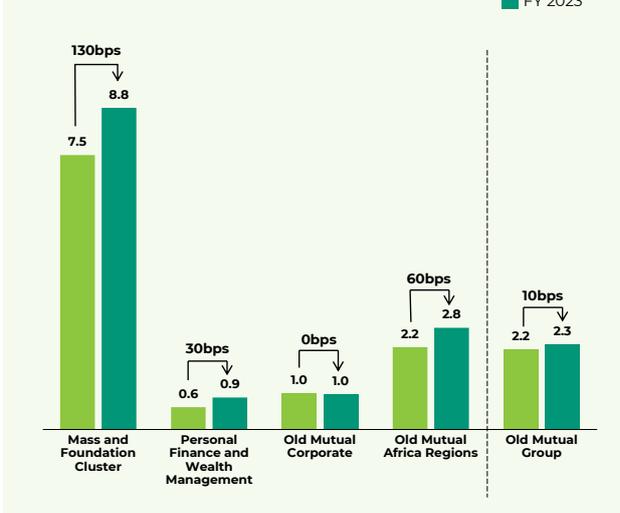
Robust result with work continuing in Personal Finance



Value of new business (Rm)



Value of new business margin (%)



25

### Notes:

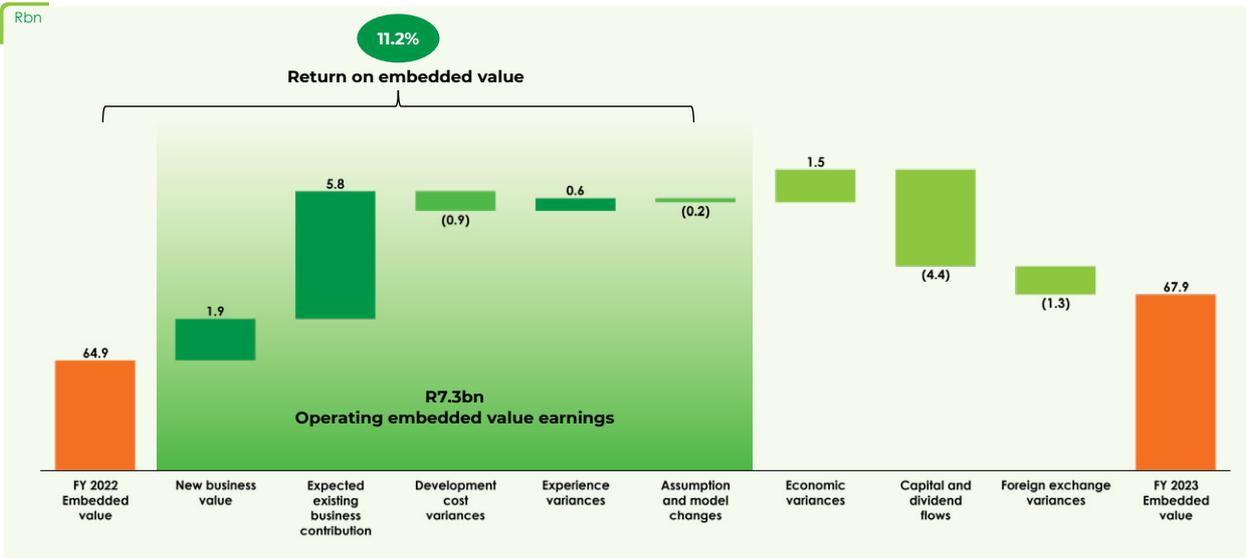


## Embedded Value

Excellent growth in embedded value



Rbn



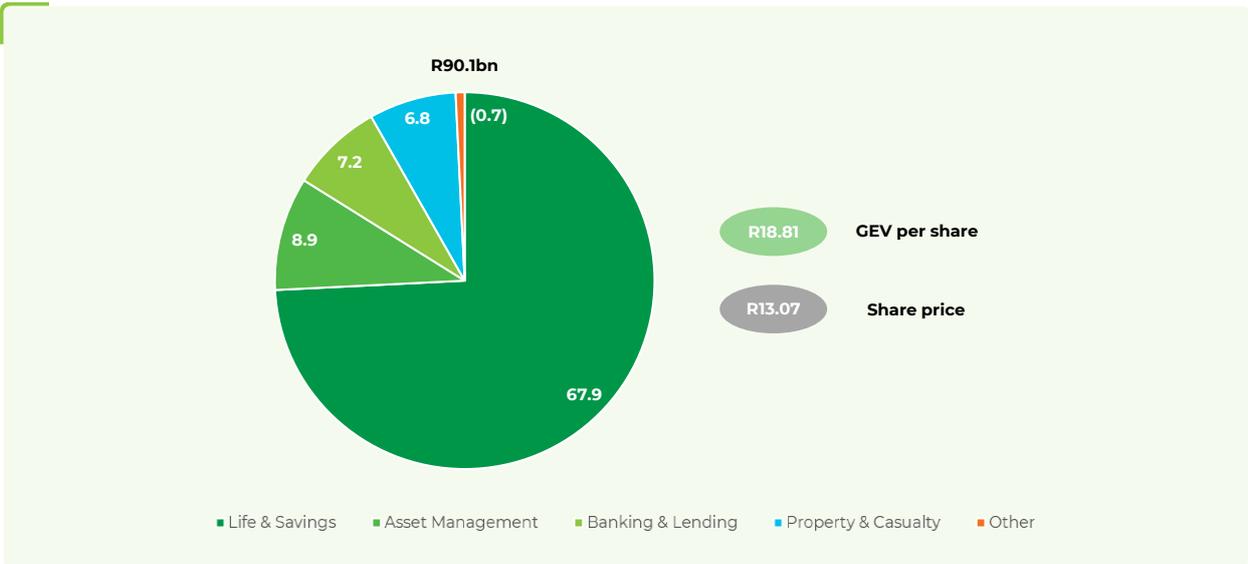
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### Notes:



## Group Equity Value

Sum of the parts



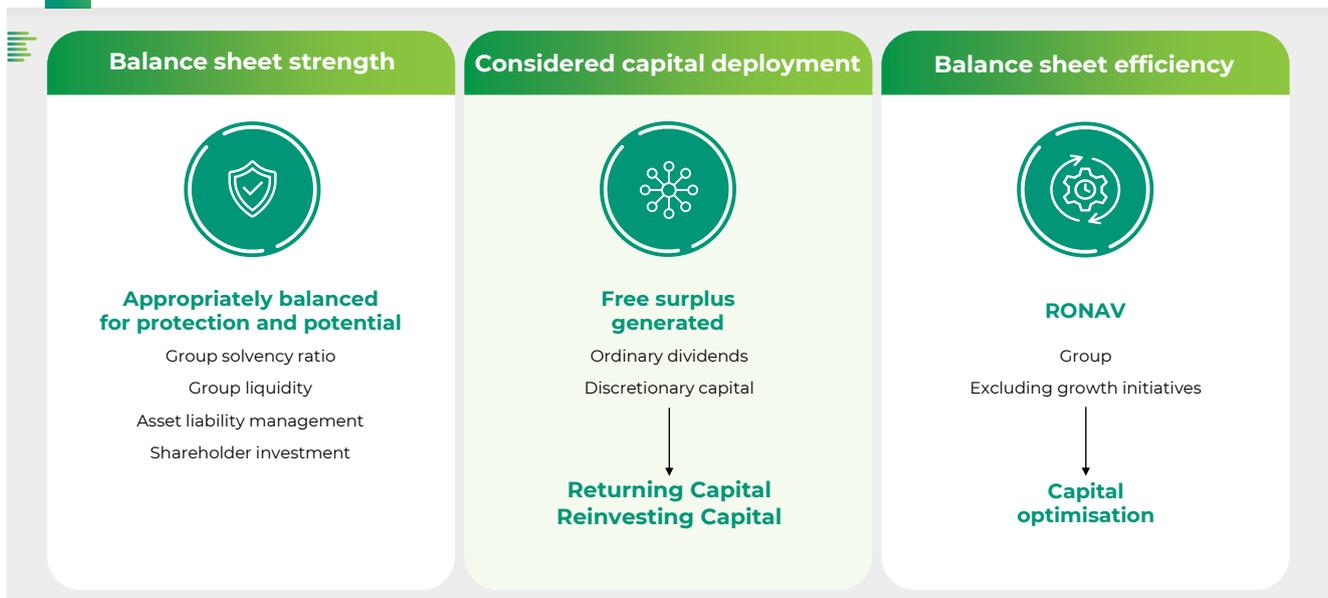
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### Notes:



## Capital management framework

Enhancing value for shareholders



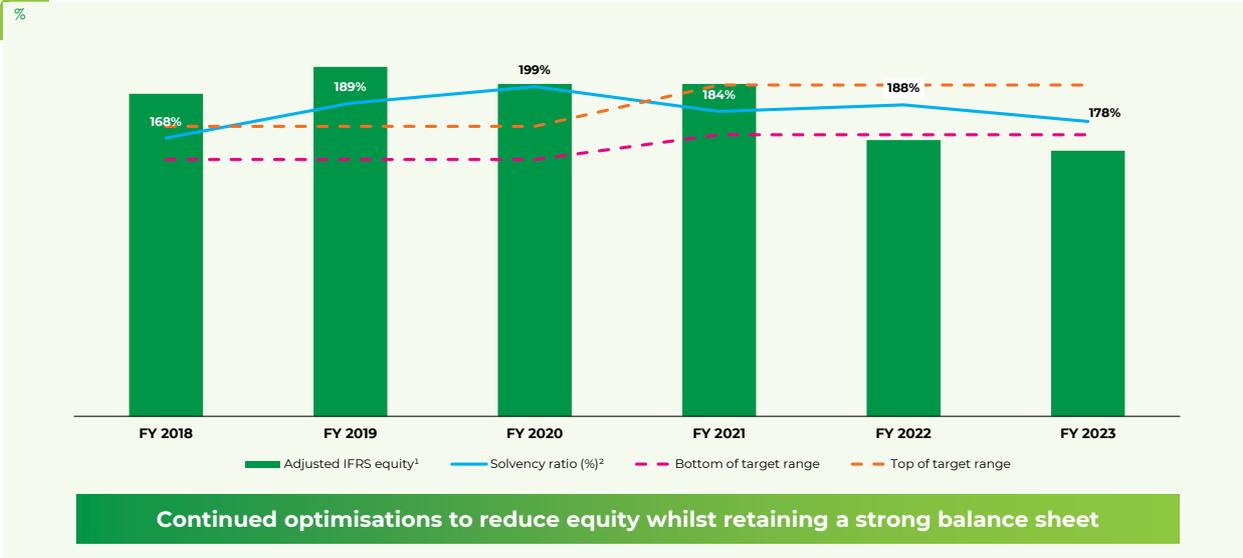
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### Notes:



## OML Group solvency

Appropriately balanced for protection and potential



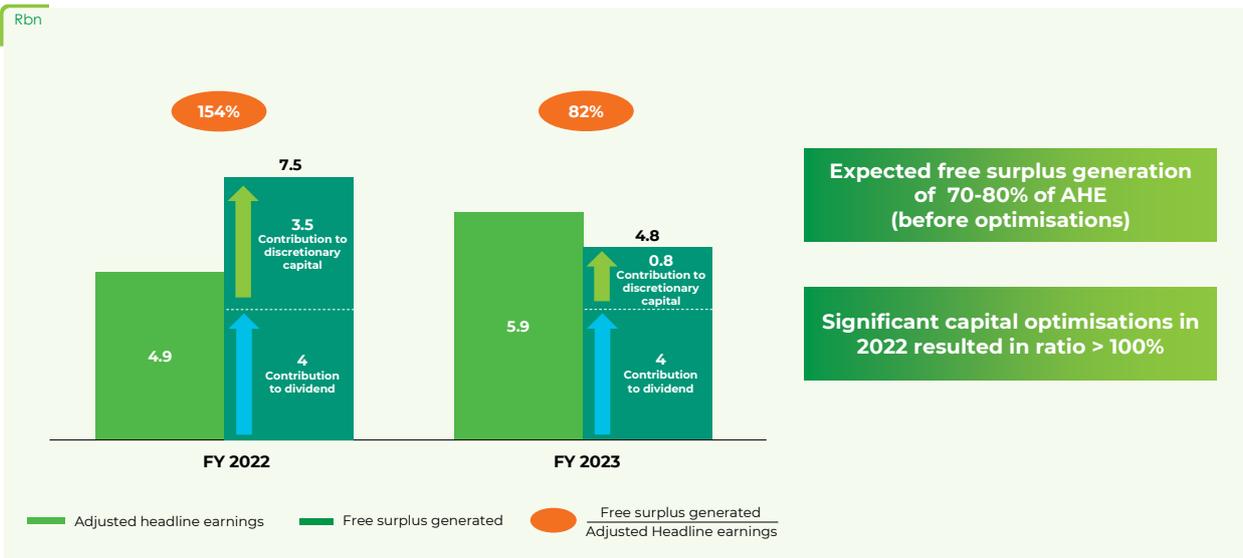
1. FY 2018 to FY 2022 are presented on an IFRS 4 basis  
2. IFRS 17 has no impact on our solvency ratio

### Notes:



## Free surplus generated

Continue to generate a high proportion of cash earnings



### Notes:

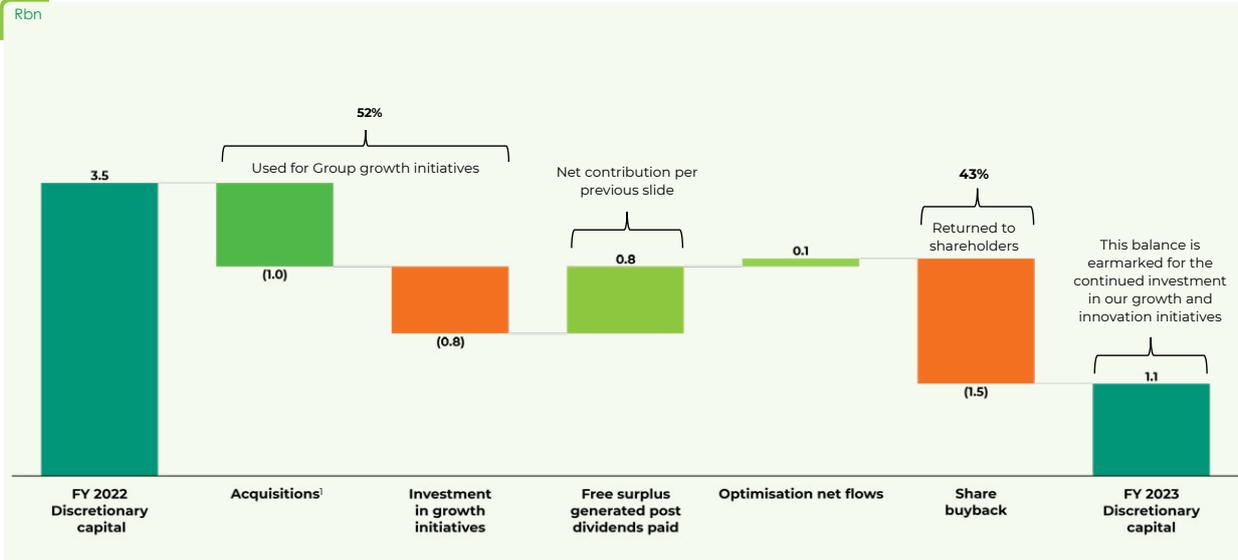


## Discretionary capital

### Considered capital deployment



Rbn



<sup>1</sup> Acquisitions include the acquisition of an equity stake in the Two Mountains Group (R260m), the Genric acquisition (R300m), and the minority buy-out of Old Mutual Finance Namibia (R214m) and iWyze (R269m)

## Notes:

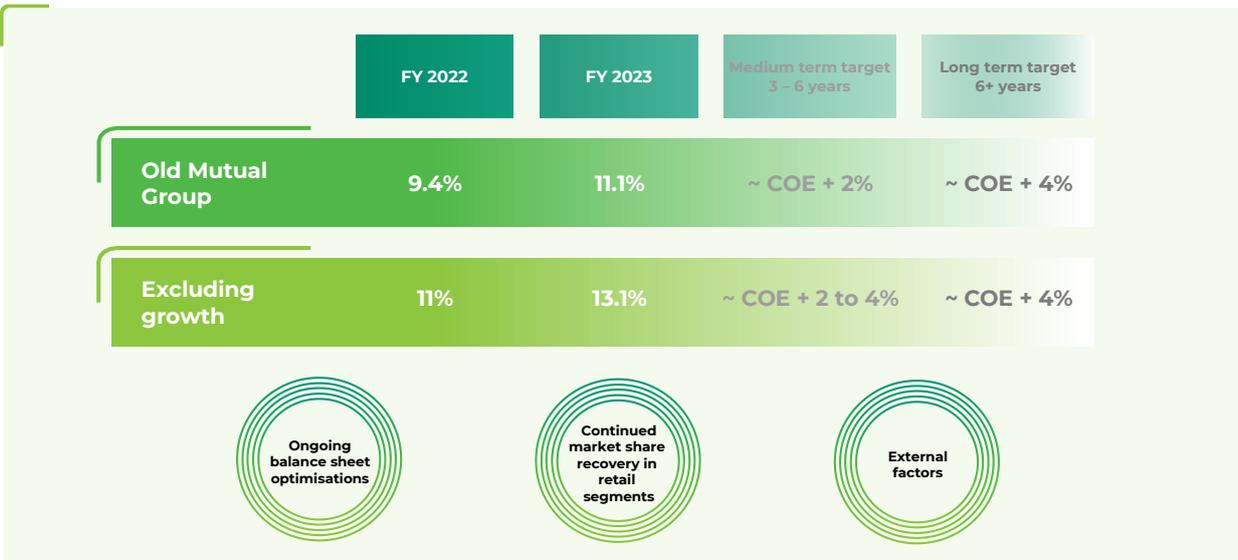


## Return on net asset value

### Balance sheet efficiency



Rbn



## Notes:



## Medium-term targets

Strong delivery



	KPI	Target	2023 outcome	
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Solid delivery	<span style="color: green;">●</span>
	Value of new business margin	Between 2% and 3%	2.3%	<span style="color: green;">●</span>
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	0.3%	<span style="color: orange;">●</span>
	Return on net asset value	Group: Cost of equity <sup>1</sup> + 2%	11.1%	<span style="color: orange;">●</span>
		Excl. new growth initiatives: Cost of equity + 2 to 4%	13.1%	<span style="color: orange;">●</span>
Capital	Solvency	Old Mutual Limited: 170% to 200%	178%	<span style="color: green;">●</span>
		OMLACSA: 175% to 210%	204%	<span style="color: green;">●</span>
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	1.5 times	<span style="color: green;">●</span>
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the Bank, Next176 & growth regions	Completed Greenlight migration	<span style="color: green;">●</span>



1. Cost of equity for 2023 is 12.8%

### Notes:



### Notes:



## Medium-term targets

### Strong delivery



	KPI	Target	2023 outcome	Outlook
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Solid delivery	Continue to regain market share
	Value of new business margin	Between 2% and 3%	2.3%	Within range
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	0.3%	Under pressure, focus on efficiencies
	Return on net asset value	Group: Cost of equity <sup>1</sup> + 2%	11.1%	Continued strategic delivery on the core and accelerate the New Growth Engines
		Excl. new growth initiatives: Cost of equity + 2 to 4%	13.1 %	Remaining above cost of equity
Capital	Solvency	Old Mutual Limited: 170% to 200%	178%	Within range
		OMLACSA: 175% to 210%	204%	Within range
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	1.5 times	Within range
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the Bank, Next176 & growth regions	Completed Greenlight migration	Launch of Savings & Income proposition, decommissioning platforms and launch of the bank

1. Cost of equity for 2023 is 12.8%

### Notes:



### Notes:

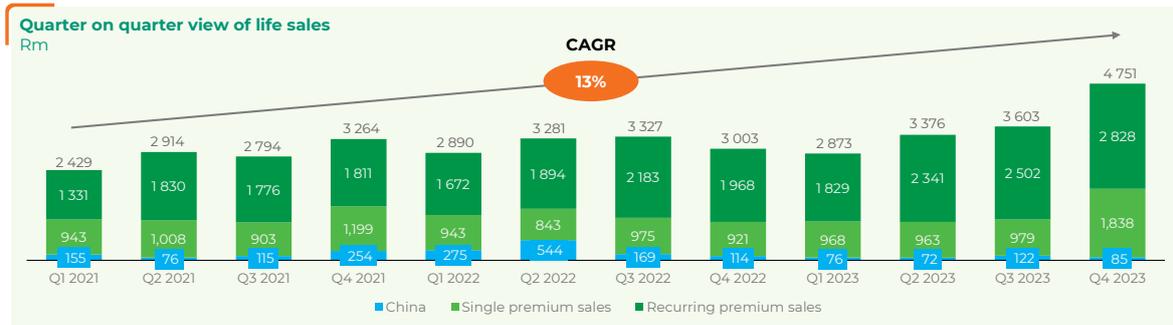


## Conclusion

The Integrated Financial Services is taking concrete shape, with a strong value proposition



- 1 Market share gains:** double-digit top line growth in core lines of business
- 2 Profitable growth:** outcome of deliberate strategic choices across our segments
- 3 Capital and returns:** optimising capital allocation to enhance returns to shareholder



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## Notes:



## Notes:



# A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

# A message from the Chief Executive Officer



**Iain Williamson**  
Chief Executive Officer

I am very proud of our continued progress in building the integrated financial services business of the future to ultimately achieve our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. The benefits are evident in our results, with profitable top line growth and strong earnings delivered in 2023.

## Overview

Our robust operational and financial performance in 2023, underpinned by exceptional sales growth, demonstrates both our sound strategic choices and resilience in a challenging economic climate. Our business remains well positioned for growth and continues to demonstrate its ability to provide customers with high quality solutions that sustain, grow and protect their prosperity. Our customer focused approach has enabled us to generate strong new business and continued sales momentum in 2023. We delivered double digit sales growth of 17% across our life segments as we grow market share profitably within our key markets. Consequently, we delivered exceptional value of new business growth of 37%. We also delivered good growth of 14% on gross flows and gross written premiums.

Our strategic choice to build an integrated financial services business of the future is focused on holistic coverage of our customers' financial needs. It is built around our unmatched distribution and digital engagement capabilities that deliver personalised advice and solutions tailored to these needs, while also driving operational efficiencies and opportunities for strategic growth. During the year, various strategic corporate actions were concluded and we remain confident that these strategic relationships will deliver enhanced growth and profitability for the Group.

One of the key strategic partnerships, the Two Mountains Group, immediately increases our distribution footprint across five provinces and enables us to vertically integrate the funeral services value chain into our value proposition. Our bank build, which is central to our integrated financial services business of the future, remains on track to be launched within the next 12 months subject to regulatory approvals.

## Operating environment

The global economy proved resilient in 2023 despite substantial interest rate hikes over the past 18 months. China recorded 5.2% economic growth in 2023, slightly above their 5% target. Many central banks have paused interest rate increases as inflation continued to decline since the second quarter of the year.

The South African economy grew by 0.6% in 2023, lower than the 1.9% recorded in 2022. Despite resilience from the private sector, mining and agricultural production recorded negative growth rates during 2023.

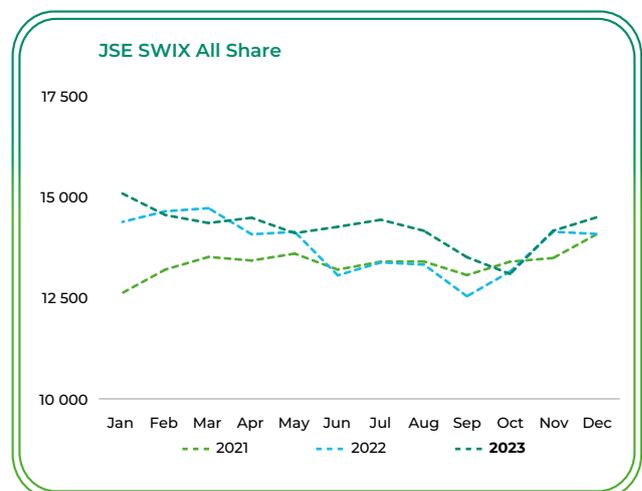
Inflation eased during 2023 at an average of 6%, slightly lower than the 6.9% recorded in 2022, despite the impact of food and petrol price increases in August to October 2023. In the second half of 2023, the South African Reserve Bank's Monetary Policy committee kept rates unchanged after the cumulative 475 basis points rate increases since

November 2021 given the easing of inflation. Our customers' disposable income remains under pressure due to high inflation, elevated interest rates and ongoing confidence crisis. Some of this financial pressure was alleviated by continued employment recovery with a total of 2.2 million jobs added to the workforce between the start of 2022 and the third quarter of 2023.

The energy and logistical challenges in our ports and railways, and service delivery challenges remain key constraints to economic growth. We have a collective responsibility to partner across the private sector, public sector and civil society to alleviate these challenges.

As a responsible business, we are actively engaging in industry organisations such as Business Leadership South Africa (BLSA). Through Business for South Africa (B4SA), a structure of BLSA, our membership enabled us to play a part in supporting government to implement key priority interventions in the areas of energy, transport and logistics, crime and corruption, together with government counterparts. This included supporting the National Energy Crisis committee (NECOM). The NECOM Energy Action Plan has shown progress in its first year, addressing objectives such as ending load shedding, regulatory reforms, approval process streamlining and encouraging private sector investment in energy.

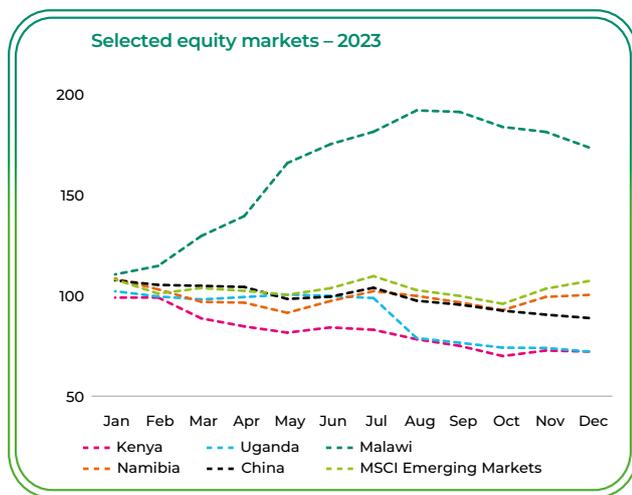
The South African equities market saw muted performance during the year with improvements in December as anticipated interest rate cuts supported confidence.



Source: Bloomberg

In our Africa regions, the operating environment was similarly challenging across all markets. Several African markets have experienced severe currency depreciation against the US dollar and dollar shortages remain a challenge. High inflation continues to impact most economies and central banks have maintained interest rates at elevated levels. Kenya faces substantial maturities of domestic debt and foreign US dollar-denominated debt within the next year. Malawi's total public debt increased by 37.6% year-on-year to 75.0% of GDP. These factors continue to impact our customers' disposable income.

Malawi's equity market significantly increased relative to December 2022 due to the rally in the local equity market. All other selected equity indices in East Africa remain subdued.



Source: Bloomberg

## Key performance overview

Life APE sales recorded robust growth of 17% from the prior year. This was primarily due to strong savings sales in Old Mutual Corporate, resilient retail and corporate sales in East Africa as well as higher guaranteed annuities sales in Personal Finance.

Gross flows increased by 14% from the prior year mainly due to strong single premium inflows in Old Mutual Corporate, new business secured and higher unit trust sales in East Africa.

Our value of new business increased by 37%, with a corresponding increase of 10 bps in the value of new business margin. This was driven by increased risk sales and effective cost management in the Mass and Foundation Cluster and a higher proportion of profitable corporate sales in East and West Africa. The strong growth in guaranteed annuities sales and a shift in mix towards higher margin funds in Personal Finance contributed positively to the value of new business and value of new business margin. The value of new business margin of 2.3% remains within our medium term target range of 2% to 3%.

Gross written premiums were up by 14% from the prior year. This was largely driven by an increase of 17% in Old Mutual

Insure due to strong new business growth, renewals and the acquisition of Genric Insurance Company. Excluding Genric Insurance Company, gross written premiums in Old Mutual Insure increased by 13%.

Net client cash outflows of R7 510 million improved by 40% from the prior year, primarily driven by good inflows across our life businesses. In Old Mutual Investments and Wealth Management, client liquidity requirements in challenging economic conditions resulted in increased outflows. Wealth Management experienced outflows from a number of large clients across both local and offshore platforms, coupled with lower treasury advisory inflows. Old Mutual Investments saw low margin indexation outflows from a large offshore investor that is implementing a change in their investment strategy, low margin money market fund outflows as well as structural pension fund outflows. Funds under management of R1.3 trillion increased by 8% from the prior year, due to the improvement in equity markets and valuations on unlisted portfolio assets, partially offset by higher outflows.

The Group delivered return on embedded value of 11.2%. The contribution of profitable new business written, positive risk variances and risk assumption changes was partially offset by increased once-off expenses, worse than expected persistency experience and strengthening of our persistency assumptions.

Results from operations increased by 14% from the prior year. This was primarily driven by higher expected returns on the contractual service margin across our life businesses as well as positive economic variances due to good market performance. Profits also benefited from positive risk experience in Old Mutual Corporate and higher risk sales volumes in Mass and Foundation Cluster.

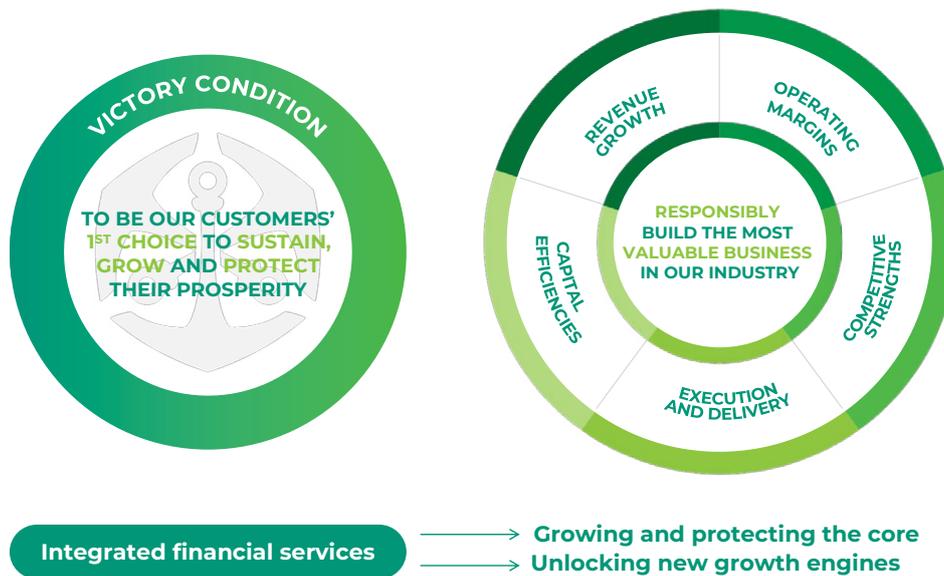
Return on net asset value of 11.1% increased by 170 bps from the prior year. This was largely driven by robust growth in results from operations and shareholder investment returns as a result of higher interest rates and resilient equity markets. Return on net asset value excluding new growth initiatives increased by 210 bps from the prior year to 13.1%. We remain committed to optimising our capital allocation to enhance returns to shareholders, with R60.8 billion returned through special distributions since 2018. This includes the share buyback of R1.5 billion completed in October 2023.

The Group solvency ratio remains solid at 178% for the year ended 31 December 2023, within our target range of 170% to 200%. Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA's) solvency ratio remains strong at 204%, which was at the upper end of our target range of 175% to 210%. OMLACSA issued R1.5 billion of floating rate subordinated debt to optimise the Group's weighted average cost of capital and there were no redemptions in 2023.

Our dividend policy targets an ordinary dividend cover range of 1.5x to 2.0x adjusted headline earnings. The Old Mutual Limited Board declared a final dividend of 49 cents per share, with total dividends declared in 2023 amounting to 81 cents per share.

# A message from the Chief Executive Officer

## Strategic overview



Our strategy remains anchored in our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. We believe in putting our customers front and centre of everything we do. This creates a solid foundation for sustainable long term growth and is key to building the most valuable business in our industry. It is central to our integrated financial services business of the future, which sees us partnering with our customers on their journey towards financial wellness.

Given the continued challenges and financial pressures facing our customers, the need for a trusted financial partner is more imperative now than ever before. Old Mutual was recognised as one of South Africa's top 10 strongest brands (Brand Finance Top 100 Brands Report, 2023), which confirms that our customer-led efforts are increasingly being recognised in the market.

I am very proud of our continued progress in building the integrated financial services business of the future. Our successful strategic and operational delivery over 2023 supports us on our journey to building these integrated capabilities, and further embeds our competitive advantages in our chosen markets.

### Growing and protecting the core

Across our core Southern African businesses, we focus on growth through the holistic coverage of customer needs, driving distribution and digital engagement and delivering operational efficiencies. We are encouraged by the positive trajectory in lead indicators, such as increasingly positive market sentiment, customer and intermediary feedback. Our progress reflects our unwavering commitment to maintaining the trust and loyalty of our customers and advisers.

In the South African entry-level market, our ongoing shift to underwritten life sales, through Old Mutual Protect, supported good sales growth in our Mass and Foundation Cluster. As a result, we experienced a sustained and profitable market share recovery in this segment. We remain the market leader for risk and savings. This bears testament to the competitiveness of our risk value proposition and the strength of our distribution capabilities.

The enhancements to MyOldMutual, our needs-based goals and financial wellness platform, are progressing well. We launched a pilot of the latest version of our goals capability to a cohort of advisers and continue to refine and iterate this based on user feedback.

We delivered multiple enhancements to our Old Mutual Rewards programme and continue to see growth in membership numbers and customer engagement. We rolled out the programme to Old Mutual Namibia, further extending the availability of our integrated ecosystem across Southern Africa. Membership reached 2.2 million, up from 1.8 million at December 2022 exceeding our internal targets. Our efforts are being recognised as Old Mutual Rewards was a finalist at the International Loyalty Awards and received three accolades at the South Africa Loyalty Awards.

Our Net Promoter Score improved to 70, up from 67 at 31 December 2022, which validates that our actions resonate with our customers. Our relentless focus on enhancing the adviser experience continues to yield encouraging results. We implemented targeted interventions, such as point of contact resolution, which resulted in an uplift in the overall adviser experience. We noted a material reduction in service-related complaints compared to the prior year. Old Mutual was the only insurer to improve its Net Promoter Score in the independent adviser market, according to a market survey (2023 NMG Survey, Net Promoter Score across independent financial advisers).

From a distribution and digital engagement perspective, one of our top priorities is to improve the range of self-service offerings across our digital platforms. We expanded the functionality, making it easier for customers to purchase new products, access an adviser and manage their policies with us. Our direct and digital distribution channels, such as iWYZE and Pineapple, experienced solid growth as we sought to ensure accessibility through channels that are convenient to our customers. Active digital users across our Life and Savings businesses reached 1.4 million, up by 17% from 2022.

We continue to reap the benefits of our ongoing journey to modernise and simplify our technology estate, with 2023 marking an important milestone in this journey. We concluded the migration of Greenlight, our legacy risk book, onto our new retail platform and decommissioning of the old platforms is underway. Following the migration, our legacy Greenlight book and Old Mutual Protect proposition are on a single retail platform. This is a significant step in simplifying our South African life insurance operations while delivering operational efficiencies. We also embarked on further modernisation in our short term insurance operations, with Old Mutual Insure migrating core platforms to the cloud, resulting in efficiencies and cost savings.

The next step in our journey is to follow a similar process for our savings solutions by launching our new Savings and Income proposition and migrating our legacy book onto the Old Mutual Protect platform. Ultimately, this brings us closer to realising our integrated financial services business of the future and continually delivering value to our customers and shareholders. Having all our customers on a single technology platform for both our risk and savings solutions allows us to deliver a unified customer and adviser experience. It also allows us to benefit from our scale, which translates to a more competitive and lower cost to serve into the future.

### Unlocking new growth engines

Our bank build in South Africa represents a critical component of delivering on our integrated financial services business of the future. An enhanced transactional banking capability allows us to partner with our customers, while generating new revenue streams for the Group. We remain on track and within budget with our bank build.

In East and West Africa, our 'pivot to corporate' strategy continues to deliver pleasing results. In West Africa, we celebrated our 10-year anniversary in Ghana. Over the past 10 years, our business has grown to become an important part of the financial services landscape. We have made demonstrable progress in delivering innovative solutions for our customers. We have a good market position in Ghana Group Life, which is a market that is expected to be a growth engine for premiums in West Africa. The Corporate Group Life Assurance segment has a market share of 15% and is placed second within the industry.

### Sustainable value creation

We remain mindful of our ability to positively impact the communities and economies in which we operate. The financial services sector plays a fundamental role in creating access, driving inclusion and empowerment, and responsibly advocating for the millions of people who depend on us daily. We see opportunity in driving sustainable growth and building resilience against climate risks by accelerating the development of clean energy solutions.

Sustainability is fundamentally integrated into our business activities. By responding to issues that are most relevant to our customers and operating context, we aim to positively contribute towards the economic environment and social outcomes while delivering business value. We do this through our focus on responsible investing, enabling climate action by supporting the Just Transition to a green economy and by driving financial wellness. As an asset owner, we seek to drive real-world outcomes through our various investment mandates.

We invested R30.7 billion in renewable energy, R167 billion in the green economy and R1.3 billion in the low-income and affordable housing sector. We support climate action through our commitment to the Net Zero Asset Managers Initiative. To achieve our Net Zero Asset Owner Alliance 2025 intermediate targets, we aim to transition the global listed equity assets under management in our portfolios to net-zero aligned benchmarks by one-third each year until 2025. More recently, we signed the Nairobi Declaration on Sustainable Insurance (NDSI), which further cements our commitment to progressing this agenda. The NDSI commits member organisations to take action on some of humanity's biggest challenges, including climate change, biodiversity loss, extreme hunger, human rights violations, poverty and social inequality.

We remain a leader in broad-based transformation and empowerment. This is reflected in our ongoing commitments to uplift not only our customers and broader communities, but also our employees. In South Africa, we retained our Level 1 B-BBEE contributor status for the fourth consecutive year. We strive to be an employer of choice and in this regard have progressed our policies in support of fair and responsible pay.

In 2023, we took a significant step towards reducing the wage gap for our South African employees by increasing the minimum annual salary to R180 000 per year effective 1 April 2023 and the policy was changed to ensure that South African based employees are appointed at this new minimum pay line. Through Bula Tsela, our broad-based share scheme, we delivered tangible value to retail shareholders by declaring the scheme's first cash dividend. We also extended Bula Tsela to employees through an additional grant of shares as part of the Employee Share Scheme for new black, South African employees who joined our organisation. These initiatives demonstrate our commitment to supporting meaningful financial empowerment across the South African landscape.

# A message from the Chief Executive Officer

## Outlook for 2024

The global economy continues to show more resilience than expected. Inflation has reached its peak and no further interest rate hikes are expected.

In South Africa, inflation is expected to ease in 2024 which will create an environment more conducive for interest rate cuts. The South African Reserve Bank's Monetary Policy committee left rates unchanged for the fourth consecutive meeting in late January. The downcycle in interest rates is likely to be far slower than the upcycle. The combination of lower inflation, lower interest rates and ongoing employment recovery will bring financial relief to customers and improve confidence levels over time.

In our Africa regions, significant improvement in the overall economic growth is expected, particularly in East Africa. Inflation is likely to remain high in most markets and monetary policy is expected to remain tight with no further interest rate hikes expected. Several key elections will take place in Botswana, Namibia, Ghana, Malawi, Rwanda and South Sudan which will likely extend the period of political uncertainty.

We remain committed to deliver profitable top line growth and new business by delivering an integrated holistic suite of solutions to our customers that leverages our leading distribution and digital capabilities. We will drive effective cost management to enable growth and profitability for the Group as we build our integrated financial services business of the future.

We will continue to deliver on strategic initiatives to achieve our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. In March, Old Mutual was selected as the winner of the News24 Long-Term Insurer of the Year award. The award recognises high client satisfaction scores in a News24 survey of more than 4 000 people, along with the assessment of our strategy, societal contribution and transparency. Our integrated financial services business of the future, which has our customers' financial wellness at its core, and the planned launch of our bank are important building blocks to get even closer to our customers and be part of their everyday lives.

Our section 16 submission for the bank build was completed and submitted early in 2024 and we are now awaiting approval from the Prudential Authority. As part of the section 16 submission, we were required to have the banking systems and processes independently verified in a working end to end scenario. This was successfully demonstrated and signed off prior to the aforementioned section 16 submission. Section 17 allows us to notify the industry via the Payments Association of South Africa, that we intend testing in the National Payments system in the latter half of 2024. This is a regulated activity and follows a predetermined process of testing with partner banks in the industry.

In January 2024, we announced the sale of our full stake in UAP Insurance Tanzania, our short term insurance business to a group of current minority shareholders, pending regulatory approval. This decision follows a strategic review that identified challenges in achieving the desired returns on capital for the Tanzanian business. We remain committed to East Africa and will continue to strengthen our investment in corporate and retail propositions to position the business as a leading integrated financial service provider. We will expand our corporate offering, distribution channels, and customer base in East and West Africa.

	KPI	Target	FY 2023 outcome	Outlook
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	<b>Solid delivery</b>	Continue to regain market share
	Value of new business margin	Between 2% and 3%	<b>2.3%</b>	Within range
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	<b>0.3%</b>	Under pressure
	Return on net asset value	Cost of equity <sup>1</sup> +2%	<b>11.1%</b>	Improvement towards cost of equity while investing in growth engines
		Excluding new growth initiatives: Cost of equity <sup>1</sup> +2% to 4%	<b>13.1%</b>	Remaining above cost of equity
Capital	Solvency	Old Mutual Limited: 170% to 200%	<b>178%</b>	Within range
		OMLACSA: 175% to 210%	<b>204%</b>	Within range
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	<b>1.5 times</b>	Within range
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services together with growth from the Bank, Next176 and growth regions	<b>Completed Greenlight migration</b>	Launch of Savings and Income proposition, decommissioning platforms and launch of the bank

<sup>1</sup> The cost of equity for 2023 is 12.8%

I want to thank all my colleagues for their passion and commitment in putting our customers front and centre of everything we do, which has enabled us to deliver robust operational and financial performance in a difficult operating environment. I thank our customers for trusting us to help them navigate their financial affairs as we remain that certain friend in uncertain times. To all our stakeholders, we appreciate your continued support and engagement. Our focus remains on building the integrated financial services business of the future, anchored in our victory condition of becoming our customers' first choice and in doing so responsibly building the most valuable business in our industry.

**Iain Williamson**

Chief Executive Officer of Old Mutual Limited



# RESULTS COMMENTARY

# Group highlights

We completed a share buyback of R1.5 billion in 2023.

## Key performance indicators

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	8 343	7 310	14%
Adjusted headline earnings	5 861	4 850	21%
Headline earnings <sup>1</sup>	7 380	5 854	26%
IFRS profit after tax attributable to equity holders of the parent <sup>1</sup>	7 065	5 231	35%
Return on net asset value (%)	11.1%	9.4%	170 bps
Return on net asset value excluding new growth initiatives (%) <sup>2</sup>	13.1%	11.0%	210 bps
Group equity value	90 114	89 477	1%
Discretionary capital (Rbn)	1.1	3.5	(69%)
Group solvency ratio (%) <sup>1,3</sup>	178%	188%	(>100 bps)
Dividend cover (times) <sup>4</sup>	1.5	1.7	(12%)

## Per share measures<sup>5</sup>

Cents	FY 2023	FY 2022	Change
Adjusted headline earnings per share <sup>6</sup>	129.0	106.4	21%
Headline earnings per share <sup>1</sup>	165.5	129.2	28%
Basic earnings per share <sup>1</sup>	158.4	115.5	37%
Total dividend per share	81	76	7%
Interim	32	25	28%
Final	49	51	(4%)
Group equity value per share <sup>7</sup>	1 880.9	1 820.9	3%

 For more information on our Group financial review, see page 32 to 44

## Supplementary performance indicators

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
<b>Life and Savings and Asset Management</b>			
Gross flows	203 802	178 027	14%
Net client cash flow	(7 510)	(12 425)	40%
Funds under management (Rbn)	1 331.0	1 231.1	8%
<b>Life and Savings</b>			
Life APE sales	14 604	12 501	17%
Value of new business	1 921	1 400	37%
Value of new business margin (%)	2.3%	2.2%	10 bps
<b>Banking and Lending</b>			
Loans and advances	19 391	19 009	2%
Net lending margin (%)	11.3%	13.1%	(180 bps)
<b>Property and Casualty</b>			
Gross written premiums	25 513	22 344	14%
Insurance revenue	25 204	22 082	14%
Net underwriting margin (%)	0.1%	1.4%	(130 bps)

<sup>1</sup> These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe

<sup>2</sup> Return on net asset value excluding new growth initiatives was previously reported as core return on net asset value. This key performance indicator excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. The prior year has been re-presented from 10.8% to 11.0%

<sup>3</sup> The prior year has been re-presented to align results to the audited Prudential Authority submission

<sup>4</sup> The dividend declared of 76 cents per share which amounted to a dividend cover of 1.7 times on an IFRS 4 basis was approved by the Board in 2022

<sup>5</sup> Per share measures can be found on page 88 of summarised consolidated annual financial statements

<sup>6</sup> Adjusted headline earnings per share is calculated with reference to adjusted weighted average number of ordinary shares. Weighted average number of shares used in the calculation of the adjusted headline earnings per share is 4 544 million (FY 2022: 4 557 million)

<sup>7</sup> Group equity value per share is calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the Group equity value per share is 4 791 million (FY 2022: 4 914 million)

 For more information on our segment highlights, see page 45 to 63

# Group financial review

## Management of the Group's balance sheet

### Shareholder capital management

#### Overview

The Group proactively manages its balance sheet in order to maximise long term shareholder value. This is driven by capital optimisation initiatives and efficient capital allocation, combined with sophisticated financial risk management and the strategic asset allocation of shareholder funds. This ensures that the balance sheet remains strong with capital deployment and capital optimisation supporting overall business growth.

#### Balance sheet strength

The Group and its subsidiaries set solvency and liquidity targets relative to the regulatory minimum requirements and risk capacity of the Group. These targets balance protection and business potential by assessing severe market impacts ('perfect storm' scenarios) while enabling investments into the business to support growth.

The Group regularly models the impact of these extreme but plausible sequence of events, that could lead to a 'perfect storm' scenario on our solvency, capital and liquidity positions. These stress tests are calibrated at a 1 in 200 year stress event to ensure we remain sufficiently capitalised with appropriate liquidity.

#### Solvency risk management

The Group solvency position remained solid at 178% for the year ended 31 December 2023, within the solvency target range of 170% to 200%. Capital is allocated within the Group based on subsidiary risk profiles, the requirements of relevant regulators, competitor and customer considerations and return on capital targets. All entities' solvency positions are monitored on a regular basis to ensure they are appropriately capitalised. The largest insurer in the Group, OMLACSA's solvency position of 204% remained strong at the upper end of the solvency target range of 175% to 210%, for the year ended 31 December 2023.

#### Shareholder liquidity risk management

The Group's liquidity is managed centrally which ensures that sufficient liquidity is available to withstand severe market stresses and that all subsidiaries carry sufficient liquidity to support their respective business activities. Sources of liquidity include liquid assets and contingent facilities, with the quantum of each driven by the specific liquidity risk being covered and underlying costs.

The Group and subsidiary liquidity positions remained robust and within target ranges for the year ended 31 December 2023 and are sufficient to cover the modelled stress scenarios.

#### Asset and liability management

Products with shareholder guarantees or guaranteed rates of return require sophisticated financial risk management approaches to ensure relevant exposures remain within the Group's risk appetite.

Financial risks (including market, liquidity, funding, and reinvestment risk) are mitigated through capital market transactions and allocation strategies which recognise that risk and funding should be managed as scarce resources.

Within OMLACSA, guaranteed products are managed centrally in line with the Group's Three Manager Model operating framework to optimise hedging costs and ensure that capital within the Group is preserved. Financial risks are mitigated to allow the deployment of funds generated through liability product origination. This deployment follows a guaranteed product investment strategy, with the bulk of the funding invested in fixed interest credit assets within the respective investment businesses, taking into consideration the duration and nature of the product liabilities.

For the rest of the Group, the financial risks resulting from the sale of guaranteed products are mitigated through the selection of appropriate matching assets. In geographies with mature capital markets, more sophisticated hedging programmes are executed to mitigate financial risk.

Over the course of 2023, the OMLACSA asset and liability management programmes were rebalanced to align with the IFRS 17 liabilities and related market risk sensitivities. The rebalance spanned most of the first half of the year and was successfully executed despite volatile capital markets. The resulting decrease in financial risk exposures will lead to reductions in the underlying costs attached to the relevant asset and liability management programmes.

### Shareholder investments

The Group manages its shareholder assets in accordance with the Strategic Asset Allocation Framework. The Strategic Asset Allocation Framework prescribes a low-risk investment strategy for invested shareholder assets aimed at protecting and preserving shareholder capital. The investment strategy targets an asset allocation that maximises net of tax expected returns subject to a defined market risk budget and the Group's liquidity and solvency requirements. The shareholder investment strategy is designed to ensure optimal, long term investment outcomes, while managing the impact of short-term volatility on capital. The shareholder investment portfolio is managed in adherence to the Group's Responsible Investment policy and transitional climate action plans.

In South Africa, we mainly target a combination of protected equity and interest-bearing assets including a small allocation to bonds. The Nedbank stake was completely disinvested in August 2023. Various optimisations were implemented during the year, particularly within the fixed income and protected equity portfolios.

Across the Old Mutual Africa Regions, the shareholder investment strategy adheres to the Group's low-risk investment strategy aimed at protecting shareholder value. The strategy targets capital and inflation protection subject to the market risk appetite. Each entity has a bespoke investment strategy which is influenced by the respective macroeconomic and regulatory regimes. Significant progress has been made in de-risking the balance sheet in this regard and enhancing the investment outcomes for the entities in these regions. Given broader fiscal risks and the global economic backdrop, a more appropriate strategic asset allocation may be implemented in countries where there are inflationary or sovereign concerns in order to better preserve capital.

### Capital deployment

The Group maximises shareholder value by balancing the return of capital to shareholders and allocation of capital for growth. This is supported by the cash generated from operations and capital optimisation initiatives.

### Free surplus generated

Free surplus generated represents the cash generated from our operations which comprised of capital remitted by operating subsidiaries to the Group. The free surplus balance for the year ended 31 December 2023 was R4 779 million. Our operating segments continue to generate a high proportion of cash earnings of 82%. The free surplus is net of central costs and can be deployed to ordinary dividends with the remainder contributing to the discretionary capital balance.

### Dividend policy

The dividend policy targets a full year ordinary dividend cover of 1.5x to 2.0x adjusted headline earnings. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, fungibility of earnings, targeted liquidity and solvency levels, the Group's strategy and market conditions at the time.

In light of our strong liquidity levels and well capitalised balance sheet, the Old Mutual Limited Board declared a final dividend of 49 cents per share, which amounts to a dividend cover of 1.5 times.

### Discretionary capital

The Group proactively manages its discretionary capital by optimising its allocation of capital and distribution to shareholders where appropriate. Discretionary capital represents the surplus assets available for distribution, deployment and/or acquisitions. The discretionary capital balance includes amounts earmarked for investments in growth and innovation initiatives including the bank build.

### Capital allocation

The Group's strategy is supported by financial metrics and targets that drive shareholder value. These targets and metrics are embedded in all significant business decisions, including the annual business planning process and in the assessment of inorganic growth opportunities.

During 2023, the largest allocations of capital were to the Mass and Foundation Cluster, Personal Finance and Wealth Management as well as Old Mutual Corporate to support new business. These segments contribute to the majority of Group earnings.

Any new opportunities are further appraised against our Group acquisition framework. This framework aligns all acquisitions with our strategy, while ensuring that the return generated over time will exceed the cost of equity, and will ultimately result in an increased return to investors. A gated approach to new ventures is followed, ensuring an appropriate delineation of capital allocation between our core operations and growth opportunities to balance profitability and long term growth.

# Group financial review

During 2023, the Group successfully concluded the following strategic corporate actions:



The acquisition of a 75% ordinary equity interest in the Two Mountains Group, a licensed micro-insurer that distributes and underwrites funeral policies and provides burial services



The acquisition of a 100% ordinary equity interest in Genric Insurance Company Limited, a licensed non-life insurer and specialist insurer focused on bringing innovative and niche insurance solutions to the market



The acquisition of the remaining 25% ordinary equity interest in Old Mutual Finance (Namibia) Proprietary Limited resulting in the entity becoming a wholly owned subsidiary of the Group



The acquisition of a 40% ordinary equity interest in Marsh Zimbabwe Holdings (Private) Limited, an insurance brokerage and risk management services provider



The acquisition of Woodbridge Financial Services CC book of clients, an independent financial advice business



The acquisition of 30% of the economics and associated rights attached to the iWYZE life and non-life businesses

## Balance sheet efficiency

We are committed to generating long term shareholder value by delivering sustainable, cash-generative growth at returns on capital that exceed the cost of equity. Our core businesses are expected to deliver stable and high returns in the near to long term. Our Growth Portfolio is expected to require investment in the short term with higher growth in the longer term. As the Growth Portfolio reaches scale, it will support our long term return on capital targets.

### Return on net asset value

Return on net asset value is used to assess and measure the capital efficiency of the Group. Return on net asset value excluding new growth initiatives excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. Return on net asset value increased to 11.1% and return on net asset value excluding new growth initiatives increased to 13.1% for the year ended 31 December 2023.

Improvements to our return on net asset value are dependent on three factors, the continued optimisation of our balance sheet, market share growth within our key markets and external market factors as well as investment returns.

### Capital optimisations

The Group continues to optimise its capital structure to enhance value for shareholders. Initiatives to improve the management of working capital (across Other Group Activities and Personal Finance and Wealth Management) delivered material capital and liquidity benefits. The release of capital and distribution of profits in subsidiaries in Personal Finance and Wealth Management (exceeding R200 million) and Old Mutual Investments (exceeding R500 million), resulted in higher levels of dividends paid by these segments.

Significant progress was made in managing the solvency drag of centrally held cash by utilising the central treasury company. This is mostly expected to support internal free cash flow generation. The Group remains committed to continuously identify opportunities to optimise its balance sheet.

### Issuance of tier 2 subordinated debt

During the first half of the year, OMLACSA issued R859 million of floating rate subordinated debt under the Old Mutual Limited Multi-Issuer Domestic Medium-Term Note programme at 150 bps over three-month JIBAR. In November 2023, OMLACSA issued a further R641 million of floating rate subordinated debt at 134 bps over three-month JIBAR, bringing the total issuance for the year up to R1.5 billion. There were no OMLACSA subordinated debt redemptions in 2023.

We intend to issue subordinated debt annually to optimise the Group's weighted average cost of capital and create a smooth maturity profile, in line with the optimal gearing ratio of 15% to 20%, subject to market conditions and investor demand remaining favourable.

## Balance sheet and capital metrics

Rm (unless otherwise stated)	Notes	FY 2023	FY 2022	Change
Contractual service margin	A	62 050	59 796	4%
Return on net asset value (%)	B	11.1%	9.4%	170 bps
Return on net asset value excluding new growth initiatives (%) <sup>1</sup>	B	13.1%	11.0%	210 bps
Invested shareholder assets	C	21 718	25 897	(16%)
Embedded value	D	67 866	64 874	5%
Group equity value	E	90 114	89 477	1%
Group solvency ratio (%) <sup>2,3</sup>	F	178%	188%	(>100 bps)
Discretionary capital (Rbn)	F	1.1	3.5	(69%)
Gearing ratio (%) <sup>4</sup>	G	18.0%	15.7%	230 bps
Interest cover (times)	G	10.2	12.4	(18%)

<sup>1</sup> Return on net asset value excluding new growth initiatives was previously reported as core return on net asset value. This key performance indicator excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. The prior year has been re-presented from 10.8% to 11.0%

<sup>2</sup> The prior year has been re-presented to align results to the audited Prudential Authority submission

<sup>3</sup> This metric include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe

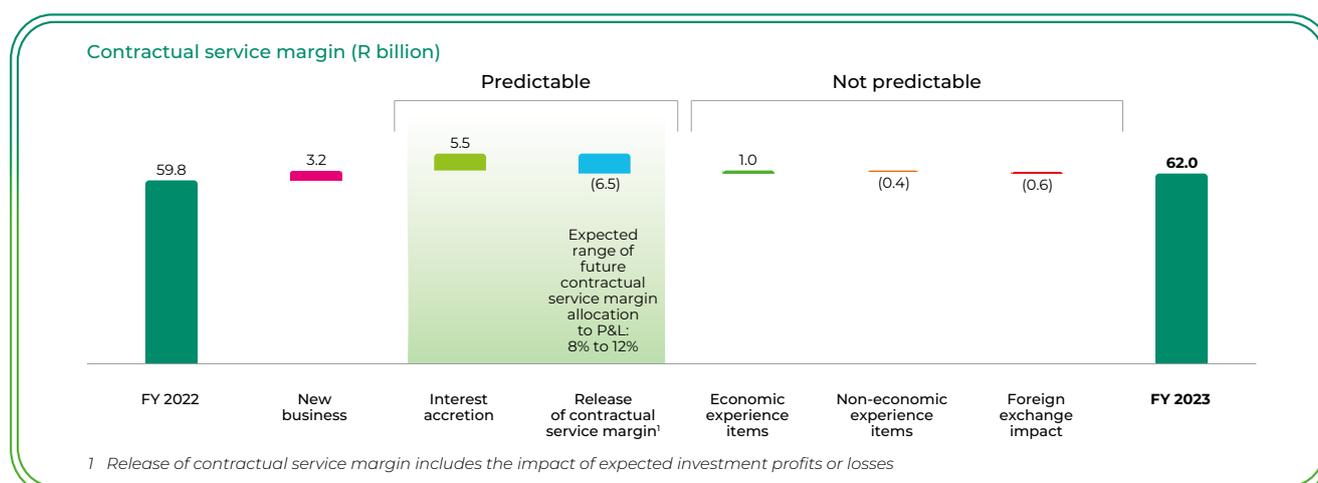
<sup>4</sup> Gearing ratios are calculated with reference to the IFRS value of debt that supports the capital structure of the Group and closing adjusted IFRS equity

## Adjusted IFRS equity

Rm	FY 2023	FY 2022	Change
<b>Closing adjusted IFRS equity</b>	<b>51 234</b>	53 342	(4%)
Equity attributable to the holders of the parent	56 060	57 585	(3%)
Equity in respect of operations in hyperinflationary economies	(3 326)	(2 875)	(16%)
Equity in respect of non-core operations	(1 500)	(1 368)	(10%)
<b>Closing adjusted IFRS equity by region</b>	<b>51 234</b>	53 342	(4%)
South Africa	39 760	41 328	(4%)
Old Mutual Africa Regions	11 474	12 014	(4%)
<b>Average adjusted IFRS equity</b>	<b>52 611</b>	51 822	2%
South Africa	40 406	40 488	(0.2%)
Old Mutual Africa Regions	12 205	11 334	8%

## A Contractual service margin

The contractual service margin is set up at the initial recognition of an insurance contract. It represents a store of future profit held on the balance sheet which, with the risk adjustment for non-financial risk, will be released into profit over the lifetime of the insurance contract. The contractual service margin is the key driver of insurance profit emergence under IFRS 17.



## Group financial review

The contractual service margin increased by 4% from December 2022. The effect of writing new business of R3.2 billion contributed to growth of 5.3% relative to the opening balance. Interest income is added to the contractual service margin which amounted to R5.5 billion for the year. This equates to a return of 9.0% compared to 5.6% for December 2022. For our general measurement model contracts, the contractual service margin grows at the locked in interest rate, while for the variable fee approach, it grows at current interest rates.

The expected contractual service margin allocation of R6.5 billion represents the portion that was allocated to profit for the year. The allocation rate was 9.4% for 2023 compared to 10.2% at December 2022, which is within our target range of 8% to 12%. The allocation is driven by 'coverage units', which is a driver of service delivery for each product. This release was the main contributor to our life operating profit in 2023.

The economic experience of R1.0 billion was driven by actual returns being higher than expected on policyholder funds resulting in an increase in expected asset-based fee income on most investment and smooth bonus products, both in South Africa and Old Mutual Africa Regions. The impact of experience variances and assumption changes of R0.4 billion as well as foreign exchange impacts on profitable contracts amounting to R0.6 billion are included in the build-up of the closing contractual service margin of R62.0 billion at 31 December 2023.

### B Return on net asset value

%	FY 2023	FY 2022	Change
South Africa	11.6%	9.9%	170 bps
Old Mutual Africa Regions	9.7%	7.5%	220 bps
<b>Return on net asset value</b>	<b>11.1%</b>	9.4%	170 bps
<b>Return on net asset value excluding new growth initiatives<sup>1</sup></b>	<b>13.1%</b>	11.0%	210 bps

<sup>1</sup> Return on net asset value excluding new growth initiatives was previously reported as core return on net asset value. This key performance indicator excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. The prior year has been re-presented from 10.8% to 11.0%

Return on net asset value of 11.1% increased by 170 bps from 9.4% in the prior year, reflecting the solid growth in adjusted headline earnings. Similarly, return on net asset value excluding new growth initiatives of 13.1% increased by 210 bps from the prior year.

Return on net asset value of 11.6% in South Africa increased by 170 bps, mainly due to growth in adjusted headline earnings attributable to South Africa from R3 995 million in the prior year to R4 680 million. This was primarily due to strong growth in results from operations and shareholder investment return. The average adjusted IFRS equity remained fairly flat year on year, however, the closing adjusted IFRS equity decreased by 4% in comparison to 31 December 2022. This was predominantly due to the share buyback programme which was completed in October 2023, with R1.5 billion of Old Mutual Limited shares delisted in the year.

Old Mutual Africa Regions recorded an increase of 220 bps in return on net asset value from 7.5% to 9.7%. This was primarily due to higher adjusted headline earnings, resulting from the strong results from operations and shareholder investment return, partially offset by a higher average equity base. Closing adjusted IFRS equity decreased by 4% in comparison to 31 December 2022 due to dividends paid to the holding company and foreign currency depreciation, in particular the Malawian kwacha, Nigerian naira and Kenyan shilling. This was partially offset by an increase of R127 million related to acquiring the remaining 25% minority interest in Old Mutual Finance (Namibia) Proprietary Limited.

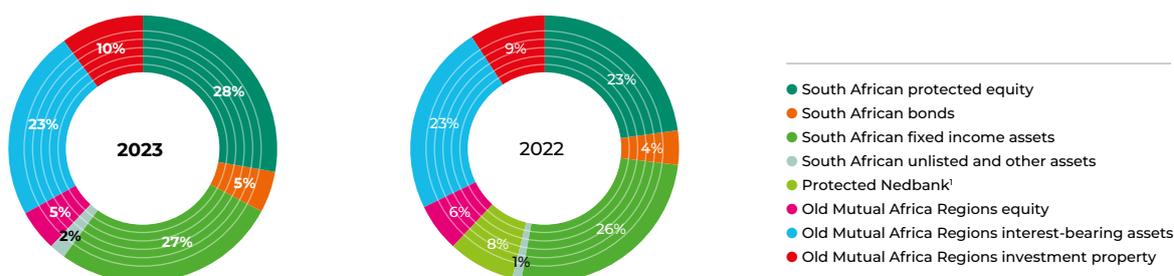
### C Invested shareholder assets

Rm	FY 2023	FY 2022	Change
South Africa	13 564	16 163	(16%)
Old Mutual Africa Regions	8 154	9 734	(16%)
<b>Invested shareholder assets</b>	<b>21 718</b>	25 897	(16%)

Invested shareholder assets of R21 718 million decreased by 16% from the December 2022 asset base of R25 897 million. The invested shareholder asset base in South Africa decreased due to the funding of the Old Mutual Limited share buyback and acquisitions as well as other planned allocations.

In Old Mutual Africa Regions, invested shareholder assets of R8 154 million decreased by 16% from the prior year. This was primarily due to the financing of the remaining shareholding in Old Mutual Finance (Namibia) Proprietary Limited, dividend payments and a reduction in unlisted equity holdings, in line with de-risking the balance sheet. Currency devaluation in Malawi, East and West Africa also contributed to the decrease in invested shareholder assets.

#### Invested shareholder assets by asset class (%)



<sup>1</sup> The Nedbank stake was fully disinvested during the second half of 2023

## D Embedded value

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Adjusted net worth	26 822	25 390	6%
Value in force	41 044	39 484	4%
Embedded value	67 866	64 874	5%
Operating embedded value earnings	7 298	5 132	42%
Return on embedded value	11.2%	7.3%	390 bps
Value of new business	1 921	1 400	37%
Value of new business margin (%)	2.3%	2.2%	10 bps

The return on embedded value increased to 11.2%, primarily driven by higher expected returns, profitable new business written, positive risk experience variances and risk assumption changes. This was partially offset by increased once-off expenses, worse than expected persistency experience and strengthening of our persistency assumptions. The operating embedded value earnings increased by 42% to R7 298 million.

Value generated by new business was higher than prior year, driven by strong sales across the business and a more profitable mix of new business. This was partially offset by the impact of the higher yields.

Despite the dividend outflows from our Life and Savings businesses, our total embedded value increased due to strong operating earnings and improved investment performance on both shareholder and policyholder funds. Actual investment returns on policyholder funds were higher than the expected yields, resulting in an increase in expected asset-based fee income on most investment and smooth bonus products.

# Group financial review

## E Group equity value

Rm	FY 2023			FY 2022		
	IFRS equity	Group equity value	Adjusted headline earnings	IFRS equity	Group equity value	Adjusted headline earnings
Covered business	30 827	67 866	6 230	28 881	64 874	4 088
Non-covered business	16 973	22 969	1 491	17 715	22 631	1 826
Asset Management	4 809	8 915	1 177	5 481	8 301	1 023
Banking and Lending	5 849	7 223	56	6 228	7 945	549
Property and Casualty	6 315	6 831	258	6 006	6 385	254
Residual plc	1 500	402	–	1 368	412	–
Zimbabwe	3 326	–	–	2 875	–	–
Other	3 434	(1 123)	(1 860)	6 746	1 560	(1 064)
<b>Total group equity</b>	<b>56 060</b>	<b>90 114</b>	<b>5 861</b>	<b>57 585</b>	<b>89 477</b>	<b>4 850</b>

Group equity value of R90 114 million increased by 1%, reflecting the growth in covered business and higher valuations of the Asset Management and Property and Casualty businesses, partially offset by a lower valuation for the Banking and Lending line of business and lower value of the other line of business due to capital actions including the Old Mutual Limited share buyback of R1.5 billion as well as ordinary dividends of R3.8 billion.

The group equity value of covered business is set at embedded value, which increased by 5% due to solid operating earnings and improved investment performance. The value of non-covered businesses is based on a series of directors' valuations for each material legal entity, with the remaining entities included at IFRS equity attributable to equity holders of the parent.

The increase in Asset Management group equity value of 7% was mainly due to higher valuations of Old Mutual Wealth and Old Mutual Investments. The increase in the Old Mutual Wealth valuation was largely driven by improved performance resulting in better forecast cash flows, supported by higher assets under management. The Asset Management IFRS equity decreased by 12%, driven by net dividends paid of R1.4 billion in South Africa and foreign currency depreciation in Old Mutual Africa Regions, particularly in Malawi and East Africa.

The group equity value of the Banking and Lending business decreased by 9%, mainly due to a lower valuation of Old Mutual Specialised Finance. This was mainly as a result of dividend paid of R450 million and mark to market losses on certain instruments. In 2023, Old Mutual Finance in South Africa and Namibia was valued using a combination of valuation techniques, whereas in the prior year it was determined with reference to the purchase price agreed for the buyout of the 25% minority shareholding. The group equity value of Old Mutual Africa Regions Banking and Lending business decreased due to foreign exchange movements, particularly the depreciation of the Kenyan shilling.

Property and Casualty group equity value increased by 7% mainly due to a higher valuation of Old Mutual Insure, which was driven by the acquisition of Genric Insurance Company and marginal improvements in forecast cash flow. The Property and Casualty business received capital injections of R300 million during the year. This was partially offset by foreign currency depreciation in Old Mutual Africa Regions.

The Residual plc contribution to group equity value is based on the realisable economic value of approximately £17 million at 31 December 2023, translated at the closing exchange rate. The increase in value of Residual plc was mostly due to foreign exchange movements, partially offset by dividend paid of £3.1 million.

The group equity value in Zimbabwe remained at zero due to the continued impact of hyperinflation on the Zimbabwean economy. The IFRS equity increased due to equity and property asset value growth which was partially offset by currency depreciation.

Other includes the IFRS equity of holding companies (including cash), present value of central costs, our investment in new growth and innovation initiatives and our joint venture in China at fair value. The value of the other line of business decreased to negative R1 123 million, mainly due to the share buyback of R1.5 billion shares, funding of the strategic acquisitions and the investment in new growth initiatives. Dividends paid to shareholders for the year was R3.8 billion and dividends received from the covered and non-covered lines of business was R4.9 billion for the year.

## F Solvency and capital

### Solvency

Rm (unless otherwise stated)	Optimal target range	FY 2023	Re-presented <sup>1</sup> FY 2022	FY 2022	Change vs re-presented
<b>OMLACSA</b>					
Eligible own funds		59 062	59 530	59 618	(1%)
Solvency capital requirement		29 011	27 857	27 853	4%
Solvency ratio (%) <sup>2</sup>	175% to 210%	204%	214%	214%	(>100 bps)
<b>Group</b>					
Eligible own funds <sup>3</sup>		100 530	93 149	94 271	8%
Solvency capital requirement		56 398	49 632	49 533	14%
Solvency ratio (%) <sup>2</sup>	170% to 200%	178%	188%	190%	(>100 bps)

<sup>1</sup> The prior year has been re-presented to align results to the audited Prudential Authority submission

<sup>2</sup> Due to rounding of eligible own funds and solvency capital requirement, the ratio presented could differ when recalculated

<sup>3</sup> Refer to table 3.2 in the additional disclosures for a reconciliation between IFRS equity to Group eligible own funds

The solvency ratio for OMLACSA decreased to 204% from 214% at December 2022, mainly driven by the impact of the OMLACSA interim dividend of R1.6 billion, foreseeable final dividend of R3.1 billion and a foreseeable special dividend of R2 billion. In addition, profitable new business resulted in an increase in lapse risk.

The Group solvency ratio of 178% remains within our target range. The reduction relative to the prior year was mainly due to the inclusion of Old Mutual-CHN Energy Life Insurance Company Ltd ('the China operations') on a South African prudential basis. In prior periods, with approval from the Prudential Authority, the own funds and solvency capital requirement were included on an alternate basis using the in-country regulations – China Risk Oriented Solvency System ('C-ROSS').

The Group has performed a detailed investigation which indicates that the South African Prudential Standards calibration does not appropriately reflect the economic risks in the China operations and is more conservative than Solvency II. Our own view of the appropriate calibration of the economic risks is closer to C-ROSS.

This change does not impact the Group's cash generation, dividend capability or discretionary capital. Management's assessment of an economic basis for China would result in the Old Mutual Limited ratio being at a similar level to 31 December 2022.

### Free surplus generated from operations

Rm (unless otherwise stated)	Free surplus generated	FY 2023 Adjusted headline earnings	%	Free surplus generated	FY 2022 Adjusted headline earnings	%
<b>Free surplus generated from operations</b>	4 779	5 861	82%	7 473	4 850	154%

Operating segments generated gross free surplus of R4 779 million in 2023, representing 82% of the adjusted headline earnings. Our operating segments continue to generate a high proportion of cash earnings, which were paid to the Group as dividends. The free surplus is net of central costs and can be deployed to ordinary dividends with the remainder contributing to the discretionary capital balance. Distributions contributing to free surplus generated include remittances from OMLACSA of R3 550 million, Old Mutual Investments of R900 million, Old Mutual Finance of R462 million, Old Mutual Africa Regions of R100 million and Old Mutual Residual plc of £3.1 million.

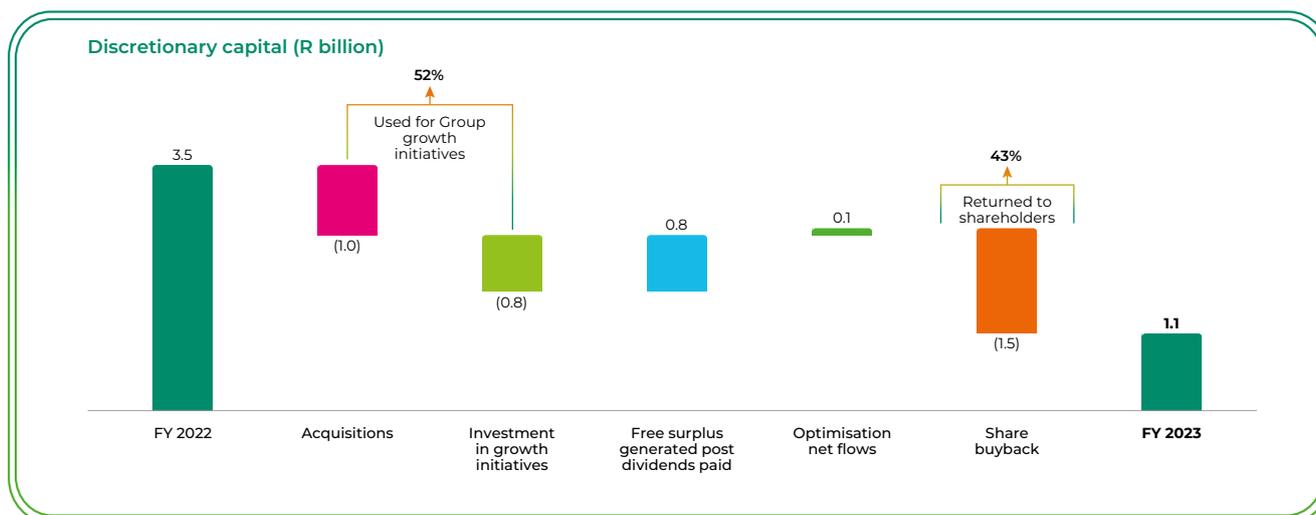
# Group financial review

## Discretionary capital

The Group discretionary capital balance as at 31 December 2023 decreased to R1.1 billion from the R3.5 billion reported at 31 December 2022 principally as a result of capital allocations.

Capital allocations include the Genric Insurance Company acquisition of R300 million, the acquisition of an equity stake in the Two Mountains Group of R260 million, the minority buyouts of Old Mutual Finance Namibia of N\$214 million, associated rights attached to the iWYZE life and non-life businesses of R269 million as well as the investment in growth initiatives, with the largest allocation to the bank build of R710 million, ongoing business support and the share buyback of R1.5 billion completed in October 2023. The discretionary capital balance of R1.1 billion has been earmarked for continued investment in our growth and innovation initiatives.

An OMLACSA special dividend of R2 billion has been approved by the Board subject to regulatory approval. The dividend will increase our discretionary capital balance and will therefore be available for growth or return to shareholders.



## G Gearing and interest cover

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
<b>Gearing<sup>1</sup></b>			
IFRS value of debt <sup>2</sup>	11 255	9 942	13%
Closing adjusted IFRS equity	51 234	53 342	(4%)
Gearing ratio (%) <sup>1</sup>	18.0%	15.7%	230 bps
<b>Interest cover</b>			
Finance costs	1 020	662	54%
Adjusted headline earnings before tax and non-controlling interests and debt service costs	10 387	8 236	26%
Interest cover (times)	10.2	12.4	(18%)

<sup>1</sup> Gearing is calculated with reference to the IFRS value of debt that supports the capital structure of the Group and closing adjusted IFRS equity  
<sup>2</sup> Refer to table 3.3 in the additional disclosures for the reconciliation of IFRS value of debt to IFRS borrowed funds as disclosed in the IFRS balance sheet

The gearing ratio of 18.0% increased by 230 bps from December 2022, reflecting increased levels of long term debt that supports the capital structure of the Group, particularly in OMLACSA and lower closing adjusted IFRS equity as a result of the share buyback of R1.5 billion. During the year, OMLACSA issued in total R1.5 billion of floating rate subordinated debt. The gearing ratio remains in line with our optimal gearing ratio of 15% to 20%.

Interest cover of 10.2 times decreased by 18% from the prior year, which reflects the impact of increased finance costs in OMLACSA due to the higher interest rate environment, coupled with the issuance of subordinated debt in the current year. This was partially offset by the increase in adjusted headline earnings before tax, non-controlling interest and debt service costs, reflecting strong results from operations and significantly higher shareholder investment returns.

## Supplementary income statement

Rm	Notes	FY 2023	FY 2022	Change
Mass and Foundation Cluster		1 846	1 517	22%
Personal Finance and Wealth Management		3 710	3 369	10%
Old Mutual Investments		1 227	1 240	(1%)
Old Mutual Corporate		1 718	1 449	19%
Old Mutual Insure		524	678	(23%)
Old Mutual Africa Regions		1 116	535	>100%
Net result from group activities	A	(1 798)	(1 478)	(22%)
<b>Results from operations</b>		<b>8 343</b>	7 310	14%
Shareholder investment return	B	2 162	979	>100%
Finance costs	C	(1 020)	(662)	(54%)
Loss from associate <sup>1</sup>		(118)	(53)	(>100%)
<b>Adjusted headline earnings before tax and non-controlling interests</b>		<b>9 367</b>	7 574	24%
Shareholder tax <sup>2</sup>		(3 216)	(2 512)	(28%)
Non-controlling interests		(290)	(212)	(37%)
<b>Adjusted headline earnings</b>		<b>5 861</b>	4 850	21%

1 Reflects our share of loss related to our investment in China

2 Shareholder tax increased due to improved profits

## Adjusted headline earnings by region

Rm	FY 2023	FY 2022	Change
South Africa	4 680	3 995	17%
Old Mutual Africa Regions	1 181	855	38%
<b>Adjusted headline earnings</b>	<b>5 861</b>	4 850	21%

### A Net result from group activities

Rm	FY 2023	FY 2022	Change
Shareholder operational costs	(1 614)	(1 123)	(44%)
Interest and other income	357	367	(3%)
Net treasury gain	194	(9)	>100%
New growth and innovation initiatives	(735)	(713)	(3%)
Bank build	(626)	(601)	(4%)
Next176	(109)	(112)	3%
<b>Net result from group activities</b>	<b>(1 798)</b>	(1 478)	(22%)

The loss on net result from group activities of R1 798 million, which includes new growth and innovation initiatives, increased by 22% from the prior year. This was mainly driven by higher shareholder operational costs, partially offset by the increase in net treasury gain.

The increase in shareholder operational costs was mainly due to higher product administration platform costs and online adviser tools, increase in employee related costs following higher variable pay as well as foreign exchange rate movements on US dollar and pound denominated contracts. Significant consumption of diesel to keep branches operational during load shedding and continued investment in solar capacity also contributed to higher expenses. Material investment in IFRS 17 reporting capabilities continued during the year. We expect these expenses to reduce over time.

The increase in net treasury gain was driven by favourable fair value movements on financial instruments.

### B Shareholder investment return

Rm	FY 2023	FY 2022	Change
South Africa	1 099	252	>100%
Old Mutual Africa Regions	1 063	727	46%
<b>Shareholder investment return</b>	<b>2 162</b>	979	>100%

Shareholder investment return of R2 162 million increased significantly despite negative sentiment, a volatile investment environment and a lower asset base throughout the year. During the year, South African assets were negatively impacted by ongoing general pessimism over the economic outlook. Despite the challenging environment, the shareholder investment strategy in South Africa continued to meet the primary objective of protecting and preserving shareholder capital.

## Group financial review

The positive investment performance was largely due to the South African interest-bearing assets portfolio benefiting from higher interest rates returning 9.1% year to date. This represents approximately 1% outperformance of the STeFI Composite Index due to favourable duration positioning and a good asset selection of respective money market and credit assets.

The South African listed protected equity portfolio returned 5.5%. The protected equity portfolio targets on average 50% to 60% of overall market performance. Therefore, given the Capped SWIX Top 40 Index return of 7.2%, this translates to a targeted benchmark return of 3.6% to 4.3%, with our portfolio outperforming by yielding a 5.5% return. The outperformance was primarily due to effective hedging management as well as the adoption of more frequent tranches, instead of quarterly. The hedging strategies on the protected equity portfolio are mainly executed in the form of zero cost collars of varying exposures and maturities whereby the exposure to losses is limited to 0% to 15% of the investment value, while the underlying equities passively track the Capped SWIX Top 40 Index. The local protected equity strategy is used primarily as a capital protection mechanism and thus is not expected to generate returns in line with the market.

The local bond portfolio returned 9.9% year to date, marginally outperforming the Government Bond Index by 0.2%. The relative overweight position of the fund to the longer end of the yield curve during the year resulted in underperformance relative to the benchmark which was altered towards the end of the year.

During the second half of 2023, the Nedbank holding was fully disinvested and therefore, going forward, will no longer contribute to shareholder investment return.

The investment performance in South Africa was slightly offset by the impact of the unlisted equity portfolio that returned negative 3.7% for the year, mainly due to impairment losses experienced on a subset of assets in the portfolio. The unlisted equity balance, however, is a small component of the total asset base.

Included in the investment returns was a gain of R95 million due to the OMLACSA asset and liability management programmes. These programmes focus on managing the financial risks associated with guaranteed products within OMLACSA, specifically guaranteed annuities and protection products. This contribution to investment returns is not expected to be significant in the long term and may vary depending on hedging performance and the ability to allocate guaranteed product funding.

As a result of the transition to IFRS 17, the shareholder investment return in OMLACSA was offset by the performance of assets backing the contractual service margin which resulted in a loss of R129 million. These assets were previously included in OMLACSA's invested shareholder asset base and now supports the increase in the policyholder liabilities as a result of IFRS 17.

Shareholder investment return in the Old Mutual Africa Regions of R1 063 million increased by 46%, primarily driven by increased investment returns in Malawi, Namibia and East Africa.

In Malawi, investment returns increased by R176 million relative to the prior year due to fair value gains on listed equity investments. The Malawi Stock Exchange returned approximately 79% during 2023 compared to 37% in 2022, reflecting increased volatility which may result in returns reversing in future.

In Namibia, investment returns increased by R91 million relative to the prior year, primarily driven by higher interest rates and a higher interest-bearing asset base. During 2023, interest rates increased by 300 bps. Increased valuations on unlisted equity holdings also contributed to higher investment returns.

In East Africa, investment returns increased by R42 million primarily as a result of higher interest rates and reduced equity exposure.

### Finance costs

Finance costs on the long term debt that supports the capital structure of the Group increased by 54% from the prior year to R1 020 million, reflecting the impact of higher interest rates as well as increased levels of subordinated debt in OMLACSA. OMLACSA issued in total R1.5 billion of floating rate subordinated debt during the year and there were no redemptions in 2023.

## Reconciliation of adjusted headline earnings to IFRS profit after tax

Rm	Notes	FY 2023	FY 2022	Change
<b>Adjusted headline earnings</b>		<b>5 861</b>	4 850	21%
Accounting mismatches and hedging impacts	A	(541)	(187)	(>100%)
Impact of restructuring		–	(153)	100%
Operations in hyperinflationary economies	B	2 039	1 171	74%
Residual plc	C	21	173	(88%)
<b>Headline earnings</b>		<b>7 380</b>	5 854	26%
Impairment of goodwill, other intangible assets and property	D	(273)	(492)	45%
Impairment of investment in associated undertakings	E	(42)	–	(100%)
Loss on disposal of subsidiaries and associated undertakings		–	(131)	100%
<b>IFRS profit after tax attributable to ordinary equity holders of the parent</b>		<b>7 065</b>	5 231	35%

### A Accounting mismatches and hedging impacts

Accounting mismatches refers to items where current IFRS treatment does not align with the Group's economic decisions. This includes once-off hedging losses arising from the transition of the guaranteed product related hedging programmes. During 2023, significant updates were made to the various hedging programmes given the implementation of IFRS 17 to ensure that the hedges remain appropriate. This line item also includes mismatch losses and gains on policyholder investments, where the IFRS valuation rules create mismatches in our asset and liabilities valuations.

### B Operations in hyperinflationary economies

Due to hyperinflation in Zimbabwe and barriers to access capital by way of dividends, we continue excluding results from the Zimbabwe business from adjusted headline earnings. Profits in Zimbabwe were driven by investment returns earned on the Group's shareholder portfolio and volatile currency movements. The investment returns largely relate to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE) as market participants seek to invest in equities that preserve value in an inflationary environment. The ZSE generated returns of 982% during the year compared to 80% reported in 2022. At 31 December 2023, the year-on-year inflation rate for Zimbabwe was reported at 381%. We caution users of our financial results that the investment returns earned on the shareholder portfolio may reverse in future.

### C Residual plc

Residual plc reported a profit of R21 million, a significant decrease from the prior year. The profits of Residual plc in the prior year were mainly driven by positive foreign currency movements on US dollar-denominated cash balances and dividend income received from subsidiaries. The cash balances decreased significantly following the dividend of £3.1 million paid to the Group in December 2023.

### D Impairment of goodwill, other intangible assets and property

Impairments recognised in the current year related to goodwill in Old Mutual Insure as well as certain boutiques in Old Mutual Investments due to the decrease in the respective entities' valuations. A write up in respect of our offices was recognised due to the improvement in property valuations. Furthermore, certain of our out of use digital assets were derecognised as no future economic benefits are expected from their use.

### E Impairment of investment in associated undertakings

The impairment loss of R42 million relates to impairment of intangible assets held by an associate and is excluded from headline earnings as the look-through approach is followed as required by the SAICA Circular 01/2023.

# Group financial review

## Final dividend declaration

The Old Mutual Limited Board declared a final dividend of 49 cents per share. This results in a full year dividend of 81 cents per share and a dividend cover of 1.5 times for the 2023 year, which is in line with Old Mutual Limited's dividend cover target range of 1.5x to 2.0x adjusted headline earnings over the financial year. The growth in the full year dividend from the prior year is as a result of our robust operational performance and strong capital and liquidity position. The final dividend will be paid out of distributable income reserves to all ordinary shareholders recorded on the record date.

Shareholders on the London, Zimbabwean, Malawian and Namibian registers will be paid in the local currency equivalents of the final dividend. Shareholders on the Zimbabwean register will be paid the equivalent of the final dividend in United States Dollars.

Old Mutual's income tax number is 9267358233. The number of ordinary shares in issue in the Company's share register at the date of declaration is 4 790 906 428.

	<b>JSE, MSE, NSX, ZSE</b>	<b>LSE</b>
Declaration date	Wednesday, 27 March 2024	Wednesday, 27 March 2024
Finalisation announcement and exchange rates announced	Tuesday, 9 April 2024 by 11.00	Tuesday, 9 April 2024 by 11.00
Transfers suspended between registers	Close of business on Tuesday, 9 April 2024	Close of business on Tuesday, 9 April 2024
Last day to trade cum dividend for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 16 April 2024	
Ex-dividend date for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 17 April 2024	
Last day to trade cum dividend for shareholders on the UK register		Wednesday, 17 April 2024
Ex-dividend date for shareholders on the UK register		Thursday, 18 April 2024
Record date (South African register and Malawi, Namibia and Zimbabwe branch registers)	Close of business on Friday, 19 April 2024	
Record date (UK register)		Friday, 19 April 2024
Transfers between registers restart	Opening of business on Monday, 22 April 2024	Opening of business on Monday, 22 April 2024
Final dividend payment date	Monday, 22 April 2024	Tuesday, 21 May 2024

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 17 April 2024 and Friday, 19 April 2024, both dates inclusive. Transfers between the registers may not take place between Tuesday, 9 April 2024 at close of business and Friday, 19 April 2024. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees Proprietary Limited will not be permitted between Tuesday, 9 April 2024 at close of business and Friday, 19 April 2024, both days inclusive.

The dividend for South African shareholders will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax of 20%. The net dividend payable to shareholders subject to withholding tax of 20% amounts to 39.20000 cents per ordinary share. Distributions made through the dividend access trust or similar arrangements established in a country will not be subject to South African withholding tax, but may be subject to withholding tax in the relevant country. We recommend that shareholders consult with their tax adviser regarding the in-country withholding tax consequences.

Shareholders that are tax residents in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-South African taxpayers should complete and submit a declaration form to the respective registrars. The declaration form can be found at:

[Click here](#)



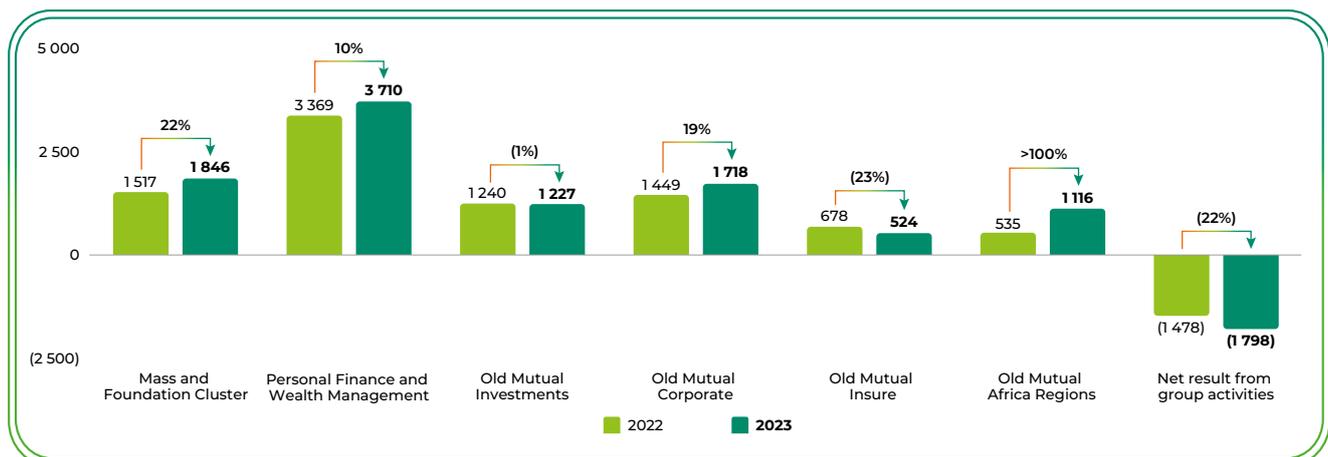
# SEGMENT REVIEWS

# An overview of our segments

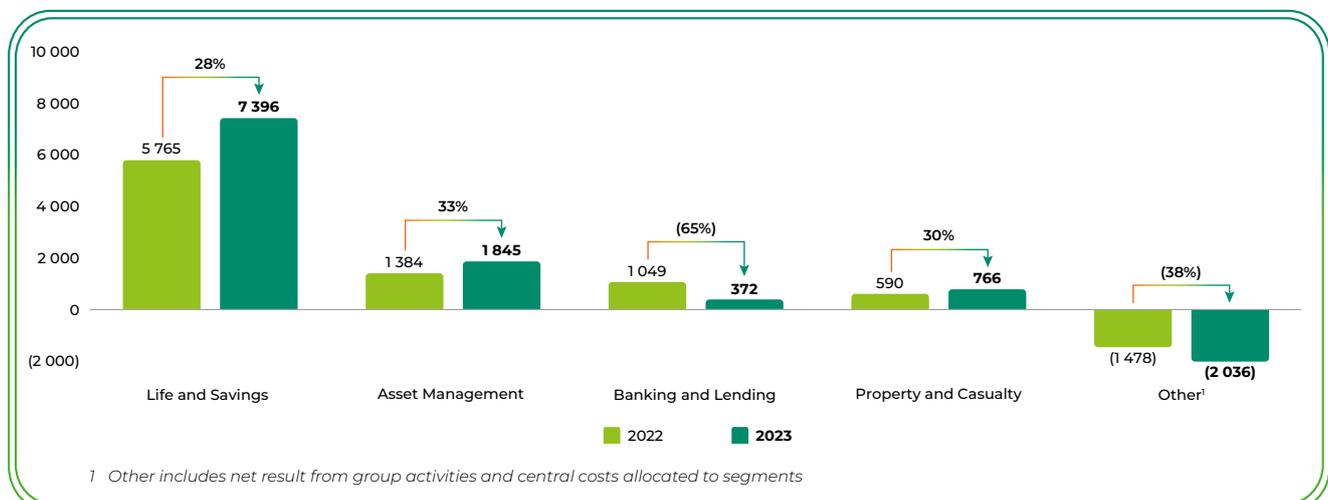
Our operating segments are structured to deliver products and services to our customers according to their needs.

Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
<p>Simple financial services product offering for retail customers in the low-income and lower-middle-income markets</p> <p><b>Lines of business</b></p> 	<p>Holistic financial advice and long term solutions for retail customers in the middle and high-income market, as well as high-net-worth individuals</p> <p><b>Lines of business</b></p> 	<p>Asset management and investment solutions for retail and institutional customers</p> <p><b>Lines of business</b></p> 
Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions
<p>Traditional employee benefits, including group assurance, investments and advisory solutions for enterprises, small and medium enterprises and business solutions for small and medium enterprises</p> <p><b>Lines of business</b></p> 	<p>Short-term insurance services for personal, commercial and corporate customers in South Africa</p> <p><b>Lines of business</b></p> 	<p>Financial services products, asset management and banking services for retail and corporate customers across 12 African countries</p> <p><b>Lines of business</b></p> 

## Segmental results from operations (R million)



## Results from operations by line of business (R million)



**Key:**  Life and Savings  Asset Management  Banking and Lending  Property and Casualty



## Segment reviews

### Mass and Foundation Cluster

We delivered a strong set of results, representing the excellent progress made in our strategy to leverage our diversified channels to grow our market share<sup>1</sup> in the retail protection market. We recorded 14% growth in sales, with a solid contribution from our Foundation Market retail and intermediated channels. Our value of new business margin of 8.8%, is at the upper end of our target range of 6% to 9%. This was achieved despite the ongoing financial pressures on our customers' disposable income.

All required regulatory approvals were obtained for our strategic partnership with Two Mountains Group, and we assumed management control of the business on 1 December 2023. However, Two Mountains Group is not in the base of our new business volumes and profits. The strategic value of the acquisition is in the increased distribution footprint, the product offering and the ability to now integrate the funeral services value chain fully into our value proposition.

Management actions had a positive impact on new business premium collections and persistency in our life in-force book improved during the second half of the year. However, we expect the recovery in our customers' disposable income to take two years and we therefore raised an economic recovery reserve to reflect this.

We maintained a conservative approach in our lending business, Old Mutual Finance, as we continue to deliver loan sales growth within our risk appetite. For the first time since inception, our transactional offering contributed positively to profits as our active customer numbers grew by 14% to 377 000.

<sup>1</sup> NMG consulting

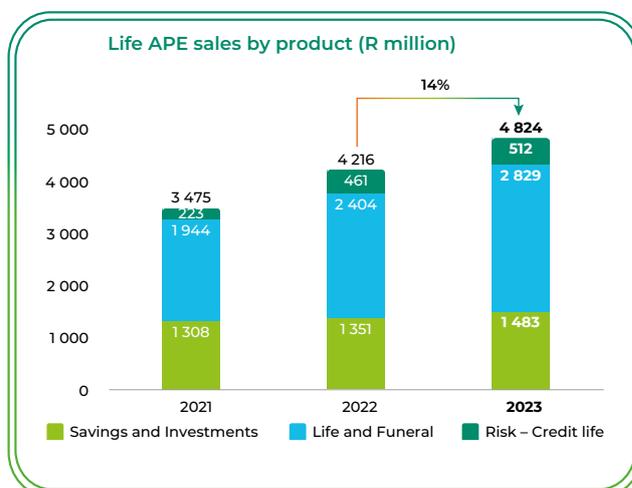
Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	1 846	1 517	22%
Gross flows	14 158	12 924	10%
Life APE sales	4 824	4 216	14%
Net client cash flow	6 228	5 580	12%
Funds under management (Rbn)	29.8	28.6	4%
Value of new business	1 180	930	27%
Value of new business margin (%)	8.8%	7.5%	130 bps
<b>Old Mutual Finance</b>			
Results from operations	335	715	(53%)
Loans and advances	16 371	15 512	6%
Net lending margin (%)	11.0%	13.2%	(220 bps)
Credit loss ratio (%)	7.2%	4.8%	240 bps

### Performance overview

Gross flows of R14 158 million grew by 10% supported by annual premium increases and the inclusion of flows from our credit life business following the increase in shareholding of Old Mutual Finance in December 2022. Net client cash flow increased by 12% to R6 228 million due to growth in recurring premium flows, partly offset by higher surrenders as more customers continue to choose to access their savings to support them during these difficult financial times.

Life APE sales of R4 824 million increased by 14%, with new retail business volumes growing by 21%. Sales in high-margin funeral and underwritten products performed particularly well, recording growth of 26% and 61%, respectively. Foundation Market group business reported lower sales due to a large scheme joining in 2022 which did not repeat in 2023.

Loans and advances of R16 371 million were 6% above prior year, supported by higher loan sales as we continue to grow the book responsibly.

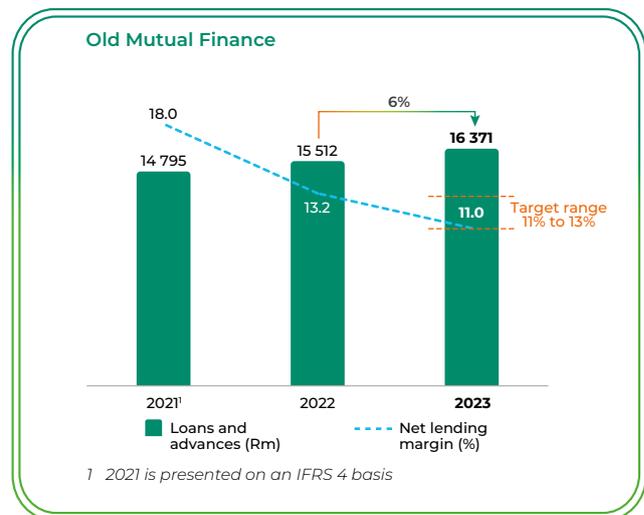
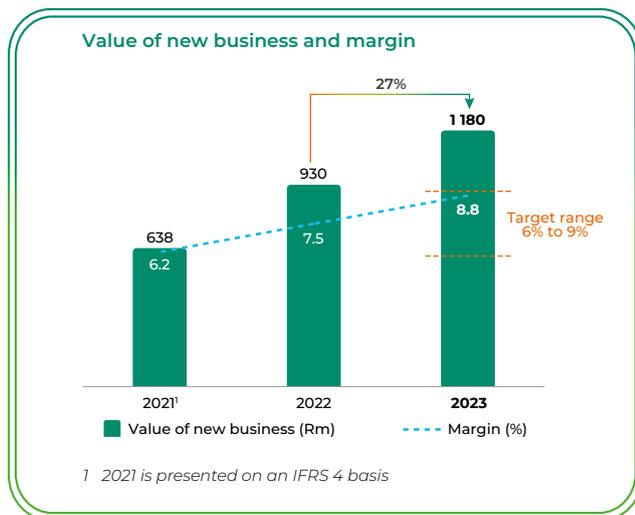


Results from operations grew by 22% to R1 846 million, largely due to higher life profits, partially offset by lower profits from the Banking and Lending business.

Life profits showed a strong improvement compared to the prior year due to higher risk sales volumes, higher returns on the contractual service margin and better retention outcomes relative to stronger assumptions. Retention experience partly contributed to the stronger performance in the second half of the year as the additional provisions raised in June 2023 were sufficient to cover the losses that emerged. Some elevated levels of lapses and surrenders are expected to continue for the next two years as customers' constrained disposable income takes time to recover.

Banking and Lending profits declined due to higher credit losses and the negative impact of the higher funding costs from the rapidly increasing interest rate environment. This led to a decrease in net lending margin of 220 bps to 11.0% and a deterioration of the credit loss ratio to 7.2%.

The value of new business grew strongly to R1 180 million, with value of new business margin up by 130 bps to 8.8% due to increased risk sales volumes and effective cost management as we continue to execute across our value drivers.



## Outlook for 2024

The challenging macroeconomic environment and uncertainty related to the recovery in our customers' disposable income, remains the biggest risk to our performance. Despite these headwinds, we remain confident that our diversified channels will continue to deliver robust sales growth, which will support value of new business outcomes within our target range of 6% to 9%.

In light of the pressure on our persistency experience, we remain focused on our management interventions, which are yielding positive results. An easing of the cost of living pressure and higher economic growth are, however, also needed to support the improvements captured in the economic recovery reserves. We expect a gradual easing of the burden of high costs of living as inflation continues its downward trajectory and a likely downward interest rate cycle starts from the middle of 2024.

We will continue to generate enhanced value from our existing customer base via cross-sell initiatives, focusing on underwritten life products – a key strategic growth area. We have finalised the strategic partnership with Two Mountains Group and we will now focus on strengthening, growing and integrating the business into our value proposition.

The lending book will be grown prudently to ensure we deliver the targeted credit experience with the appropriate profitability outcomes. Despite the challenging environment, we expect our credit loss ratio to remain within our longer-term target range of 6% to 8%. We expect the net lending margin to improve as the gross interest yield on the existing book increases to reflect the current interest rate environment, while funding costs have likely peaked.

We will continue to grow and extract value from our transactional offering as we scale further, prior to the launch of the bank build.

## Segment reviews

### Personal Finance and Wealth Management

We have persisted in our efforts to drive sales activity and improve our business mix within Personal Finance. Our tied advisers continued to focus on engaging customers with quality solutions and excellent advice. Our independent adviser base grew off the back of relationship and advice model enhancements. This drove good top line growth, with excellent sales of annuities and risk products. This resulted in a very strong new business growth and an improved value of new business margin despite the constrained South African operating environment.

We have made progress on our journey towards simplification and standardisation to improve adviser productivity, operational efficiency and servicing cycle times. Our focus on improved leads-to sales ratio has resulted in a 15% growth across our self-directed channels. The Greenlight book, our legacy protection solution which has R1.2 trillion in cover and 1.85 million policies, was successfully migrated to our new product administration system in September 2023. This enables advisers to service customers with all the new functionality available on Old Mutual Protect, as well as the added benefit of doing it on one platform.

During the year, we launched Private Clients by Old Mutual Wealth. The investment in Private Clients as a premium brand has resulted in the successful expansion of our high-net-worth client proposition and has created better integration of services for clients. The growth in Private Clients assets under management exceeded 20% per annum over the past four years and a growth of 30% was recorded in 2023. We have seen improved investment performance in our Private Clients and Old Mutual Multi-Manager businesses. Good progress was made in repositioning Old Mutual Multi-Manager as a competitive investment solutions business. We launched our new Cash and Liquidity Solutions business which offers short-term fixed interest unit trust funds to institutional investors that unlock value for customers with short-term liquidity needs. In 2023, the Old Mutual Wealth Global Equity Portfolio 1 Note won the prestigious South African Listed Tracker Award for its three-year performance track record.

<b>Rm (unless otherwise stated)</b>	<b>FY 2023</b>	FY 2022	Change
Results from operations	<b>3 710</b>	3 369	10%
Personal Finance	<b>2 915</b>	2 716	7%
Wealth Management	<b>795</b>	653	22%
Gross flows	<b>82 759</b>	77 130	7%
Life APE sales	<b>4 687</b>	4 068	15%
Net client cash flow	<b>(8 227)</b>	(4 787)	(72%)
Value of new business	<b>312</b>	190	64%
Value of new business margin (%)	<b>0.9%</b>	0.6%	30 bps
<b>Wealth Management</b>			
Assets under management and administration (Rbn)	<b>369.6</b>	328.3	13%
Funds under management	<b>434.9</b>	390.6	11%
Intergroup assets	<b>(65.3)</b>	(62.3)	(5%)
Revenue	<b>3 258</b>	2 852	14%
Annuity	<b>3 145</b>	2 858	10%
Non-annuity	<b>113</b>	(6)	>100%
Revenue bps – annuity <sup>1</sup>	<b>90 bps</b>	85 bps	5 bps

<sup>1</sup> Calculated as annuity revenue divided by average assets under management and administration

## Performance overview

Gross flows for the segment of R82 759 million increased by 7% from the prior year. This was driven by strong guaranteed annuities flows in Personal Finance and further bolstered by inflows from our new Cash and Liquidity Solutions business in Wealth Management in the fourth quarter of 2023.

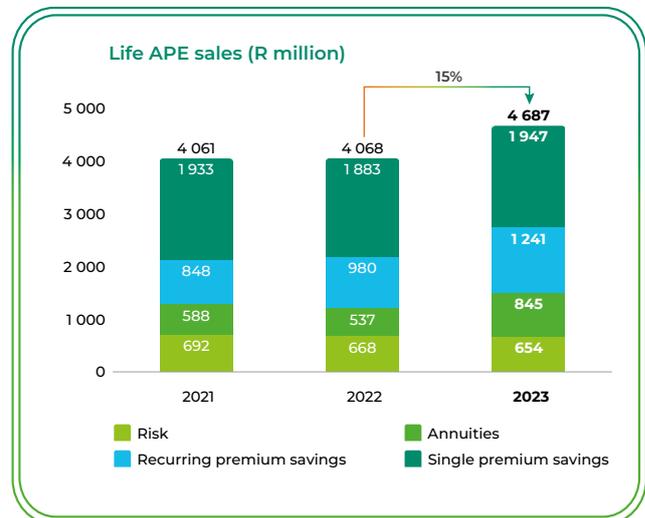
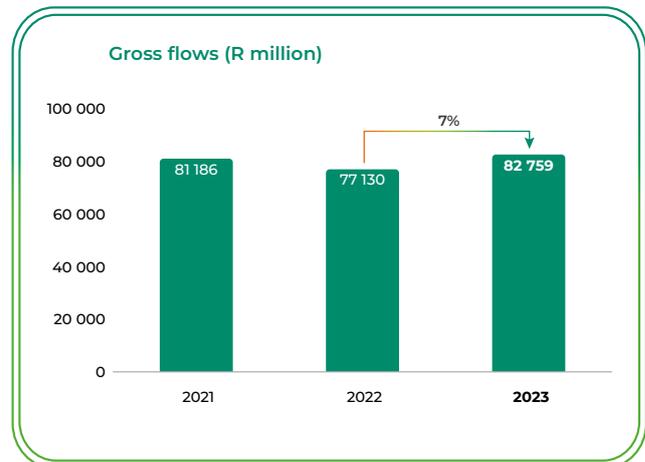
Life APE sales for the segment of R4 687 million increased by 15% from the prior year. Personal Finance delivered strong single and recurring premium sales, driven by robust growth of 57% in guaranteed annuities and strong savings sales. In Wealth Management, Life APE sales were marginally higher than the prior year despite higher sales in the smooth bonus and fixed bond options as customers continued to show a preference for stable and guaranteed funds.

Net client cash flow for the segment worsened from negative R4 787 million in the prior year to negative R8 227 million. In Wealth Management, liquidity requirements in a tough operating environment resulted in outflows from a number of large clients across both local and offshore platforms, coupled with lower treasury advisory inflows. In Personal Finance, net client cash flow improved by R1 804 million due to strong single premium inflows which were partially offset by increased levels of disinvestments from savings and investments.

Results from operations for the segment of R3 710 million increased by 10% from the prior year. In Wealth Management, higher annuity revenue was supported by higher average asset levels. Non-annuity revenue significantly increased due to improved market valuations of seed capital investments and a weaker rand against the US dollar exchange rate on offshore client portfolios.

Personal Finance results from operations benefited from better returns and higher risk-free rates on our contractual service margin, positive reinsurance basis changes and higher morbidity profits compared to the prior year. Our actual mortality experience relative to expected mortality improved in 2023. However, mortality profits in 2022 were boosted by short term COVID-19 provision releases, which did not recur.

The segment value of new business of R312 million increased by 64%, with a corresponding 30 bps increase in the value of new business margin. The strong growth in guaranteed annuities sales and the increase in savings business together with some shift in mix towards higher margin funds contributed positively to the value of new business and value of new business margin. The continued progress on our management actions to improve the proportion of higher margin risk benefits was partially offset by unfavourable economic impacts.



## Outlook for 2024

We anticipate that the operating environment in 2024 will remain challenging against the backdrop of the South African economy. We expect that customers will continue to be under financial pressure which will impact our persistency experience and net client cash flow. We have started to see some deterioration in persistency experience.

We remain committed to deliver on our strategic initiatives with more focus on enhancing our customer proposition, range of solutions and extensive advice network to meet our customers' needs. This includes the repositioning of Old Mutual Wealth as a global business for South African investors by enhancing our advice, marketing and distribution channels as well as transforming Old Mutual Multi-Managers into an investment solutions business. Furthermore, we will accelerate growth of our Private Clients offering into the high-net-worth segment.

We will continue to grow our different sales channels, improve adviser productivity, and maintain sound advice for customers as well as improving the ease of doing business with our customers. Our customer and advice led approach, leveraging our leading distribution and platform capabilities, will continue to drive new business and market share growth at the right mix.

System and process development for the implementation of the two-pot system for retirement funds are a key priority and will be ready by September 2024. The roll out of our new Savings and Income proposition has been moved to 2025 to ensure that it is compliant with the two-pot system.

## Segment reviews

### Old Mutual Investments

Our diverse capability set and asset class exposures in our portfolio have enabled us to navigate the challenging market environment, which continues to negatively impact investment origination opportunities and adds strain to existing investments. While short-term investment performance in Asset Management is below expectations, there has been some improvement over the last few months, with our three-year peer performance remaining competitive.

We have continued to deliver against our strategic focus areas. Through driving our Private Markets initiative, Old Mutual Alternative Investments had another strong year of capital raised and deployment activity, with a significant increase in third party assets under management for the year. We also made excellent progress on various IT refresh projects across the business, with the highlight being the implementation of a new front office system for Futuregrowth and Old Mutual Investment Group.

Old Mutual Investment Group won Best Sustainable African Investment Manager 2023 for the second consecutive year at The European Global Business Awards, as well as the Capital Finance International award for Best ESG Responsible Investor (Africa) 2023 for a third consecutive year, highlighting our credentials as a leader in responsible investment. Old Mutual Investment Group also won Investment Manager of the Year – MENA 2023 by PAN Finance and the best fund manager award in the global equity category at the 2023 Citywire's South Africa Fund Manager Awards.

We remain committed to driving appropriate transformation in asset management. As previously reported, our effective black shareholding in both Futuregrowth and Old Mutual Investment Group is at 56.3% and 55.0%, respectively.

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	1 227	1 240	(1%)
Gross flows	32 815	31 952	3%
Net client cash flow	(11 976)	(7 723)	(55%)
Assets under management (Rbn) <sup>1</sup>	839.1	774.0	8%
Funds under management	258.1	240.2	7%
Intergroup assets	581.0	533.8	9%
Total revenue	3 374	3 302	2%
Annuity	2 945	2 787	6%
Non-annuity	429	515	(17%)

<sup>1</sup> Assets under management comprise of funds under management as defined for the Group and funds managed on behalf of other entities in the Group, which are reported as funds under management of these respective segments

### Performance overview

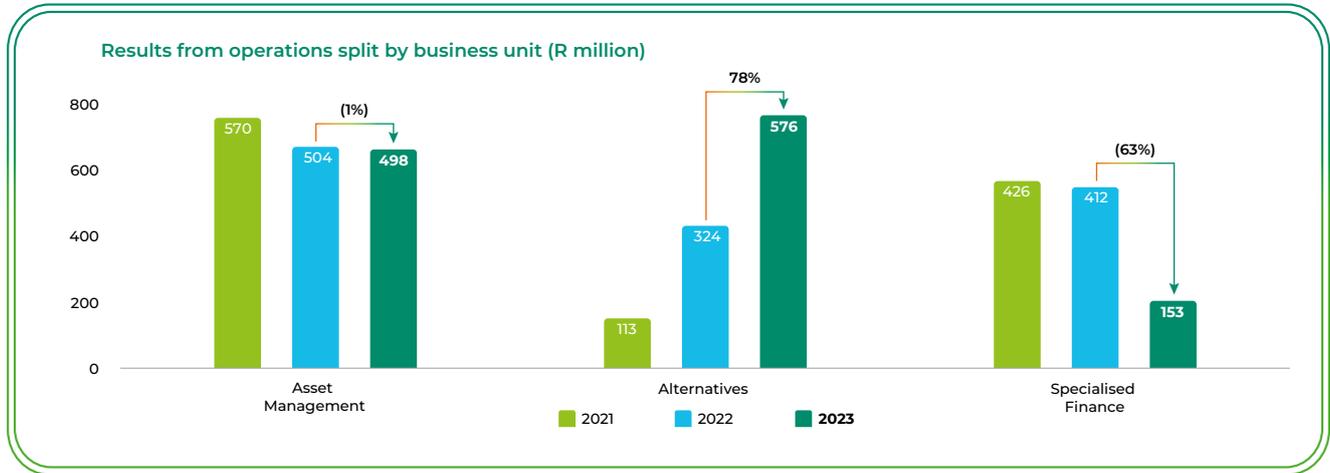
Our results benefited from substantial new capital being raised, which supported the solid growth in annuity revenue. Assets under management grew by 8% from December 2022 due to resilient local equity markets, favourable valuations on portfolio assets and growth in offshore asset values that were supported by a weaker local currency.

Annuity revenue, in the form of management fees, commitment fees and catch-up fees, benefited from exceptional levels of capital raised in our Alternatives business over the past few years, as well as exchange rate gains on our offshore assets under management.

Non-annuity revenue is a major differentiator from our peer group. This revenue is more volatile but provides significant economic value through the investment cycle. The components include carried interest, revaluation of fund co-investments, performance fees and mark to market impacts from changes to credit spreads and equity exposures. Non-annuity revenue declined by 17% from the prior year, mainly due to negative market movements on the credit portfolio and equity exposures in our Specialised Finance business, partly offset by strong performance fees and investment returns in our Alternatives business.

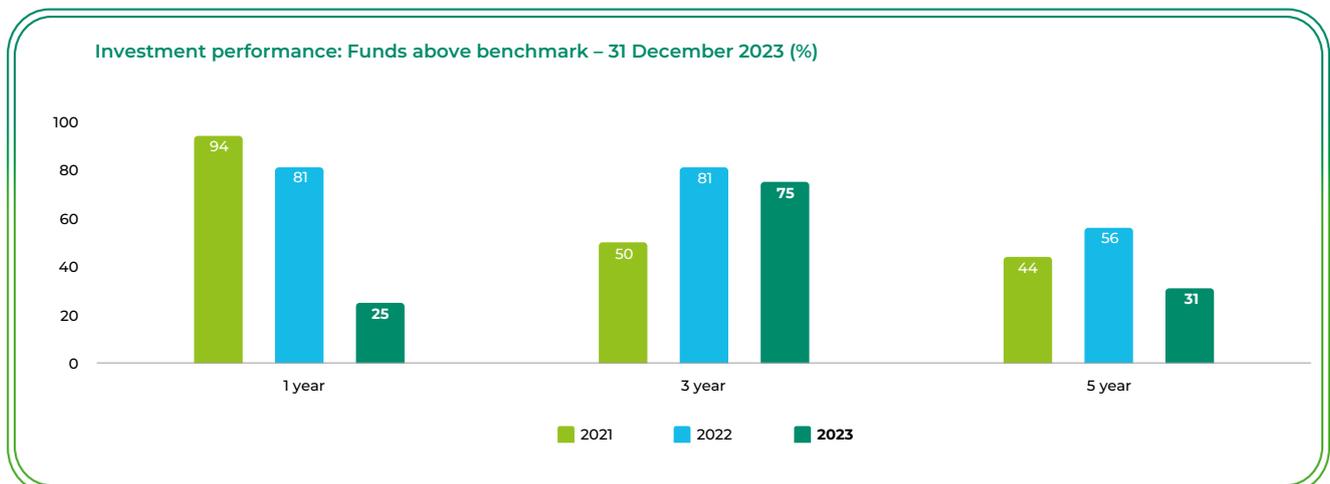
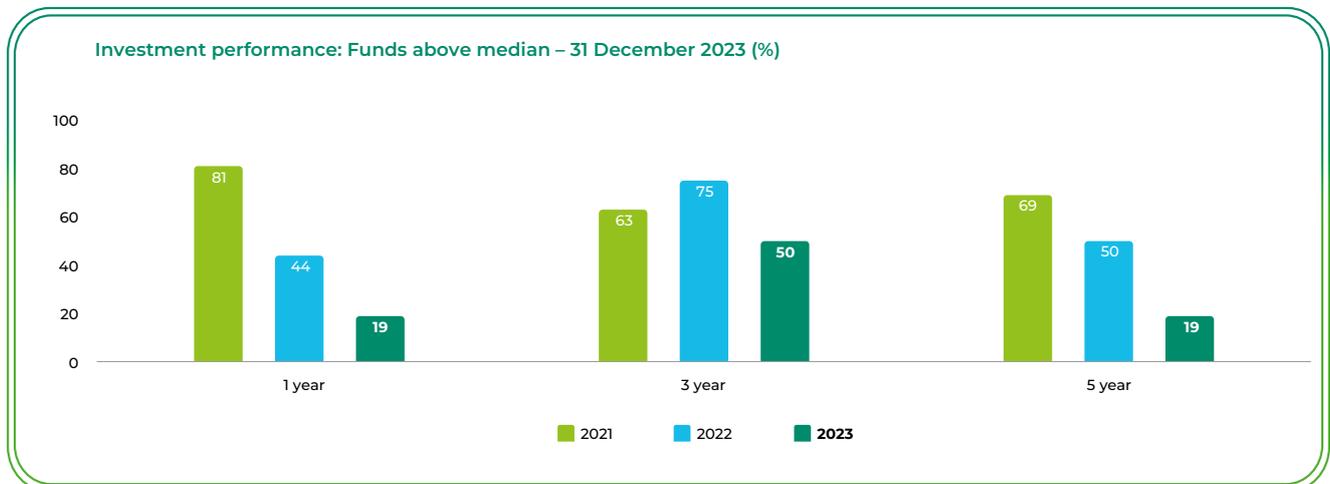
Gross flows improved by 3% to R32 815 million due to higher inflows across our money market, fixed income and alternative products. Negative net client cash flow of R11 976 million was mainly driven by low margin indexation outflows from a large offshore investor that implemented a change in investment strategy from the existing mandate resulting in outflows of R7.8 billion. Furthermore, client liquidity requirements in challenging economic conditions resulted in outflows from low margin money market funds, structural outflows given the ongoing strain in the South African pension fund market, as well as contractual benefit payments. Net client cash flow excluding the termination associated with client restructures and the contractual benefit payments was marginally positive and R2 billion higher than the prior year on a like-for-like basis.

Results from operations marginally declined from the prior year. Higher annuity revenue was offset by the decrease in non-annuity revenue and higher expenses. Expenses were up as a result of vacancies filled, investment in revenue-generating initiatives, technology and increased travel costs.



### Asset Management

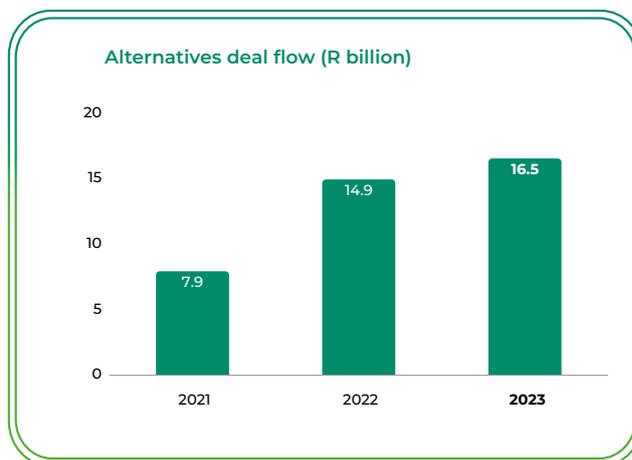
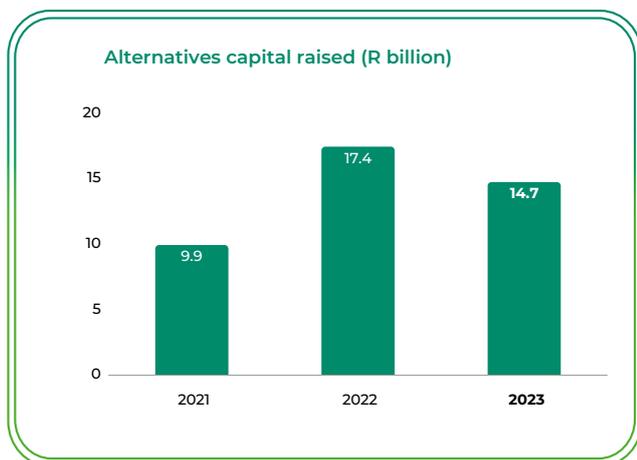
Results from operations were slightly down, largely due to the decrease in non-annuity revenue from reduced performance fees and lower than inflation expense growth. Gross flows were higher than the prior year due to strong flows into money market, fixed income and property products. However, expected Liability Driven Investments benefit payments of R4.4 billion, continued client liquidity requirements and terminations related to client restructures contributed to the negative net client cash flow of R13.1 billion.



# Segment reviews

## Alternatives

Capital raising continued strongly into 2023, with R14.7 billion of capital raised including a substantial portion from third-party investors. This highlights the benefits of our Private Markets initiative and the strategy to compete in the third-party institutional market. Similarly, deal flow remains strong, and we concluded new deals of R16.5 billion during the year. Annuity revenue was higher due to growth in our assets under management benefiting from capital raised in recent years, exchange rate gains and increased fees due to higher valuations. Non-annuity revenue was significantly higher due to strong performance fees and higher investment returns. This resulted in a 78% increase in results from operations.



## Specialised Finance

The business delivered well against its asset and liability management mandate in a challenging environment. Specialised Finance continues to deliver stable hedging positions to reduce volatility for the shareholder.

Balance sheet growth from deal volume originated was partly offset by active risk management that successfully reduced exposures to state owned enterprises, resulting in the committed term credit balance sheet growing by 3% to R36.4 billion. Results from operations declined to R153 million due to mark to market losses in the equity and credit portfolios and a mark to market accounting reversal on the settlement of three unlisted preference share instruments. This was partly offset by higher portfolio margins and lower expenses.

## Outlook for 2024

We remain steadfast in delivering against our strategic initiatives. We are confident that our diverse asset portfolios, integrated investment teams and our client proposition will deliver sustainable long term returns for our clients and drive value for our stakeholders. In Alternatives, although our non-annuity revenue will remain volatile, the capital being raised and deployed will continue to grow our annuity revenue. Stringent cost management and actions required to translate our secured-to-flow deals and high probability pipeline into net client cash flow will remain a key focus.

We expect to see further low margin outflows related to the large offshore investor restructuring their mandate, with R10.5 billion at risk. However, the capital raised in Alternatives and our new business activity across Old Mutual Investments is positive and will support future revenue generation.

We remain committed to driving the sustainable delivery of excellent investment outcomes for our clients, growing both institutional and retail market share (the latter by partnering with Wealth Management), and strengthening our investment platform and offerings. This includes recruiting top talent and delivering technological enhancement throughout our business.

## Old Mutual Corporate

We delivered strong top line growth and profits in 2023, with outstanding value of new business and good retention across the portfolio. This was the culmination of concerted efforts to convert a strong sales pipeline into confirmed sales and flows.

The Old Mutual SuperFund remains a leading fund in meeting diverse employer and employee retirement needs with pre and post retirement solutions, integrated group risk and specialised administration services capabilities. We have significantly invested in strengthening our servicing capability, with improvements in SuperFund death claims and funeral claims processing, evidenced by a result of 84% in our client satisfaction survey. These efforts also support preparations for the implementation of the impending two-pot reforms.

Our Group Assurance capability has performed very well in a highly competitive environment. We launched Old Mutual Health Solutions with a primary health insurance offering and established partnerships to provide a range of wellbeing solutions for retirement fund members. These enabled us to offer our clients integrated employee benefits propositions addressing key financial and wellness management needs of employers for their employees.

Remchannel extended its array of solutions in reward management to include an executive reward consulting service, providing essential reward expertise to large corporate clients. We continue to expand the SMEgo offering, our digital platform which provides integrated business-enabling and financial solutions to the small and medium enterprise (SME) market. Preference Capital, our specialist SME lending partner delivered good performance overall.

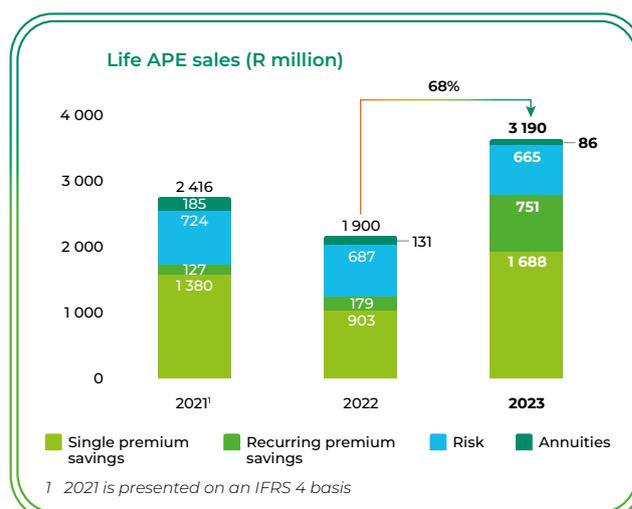
### Rm (unless otherwise stated)

	FY 2023	FY 2022	Change
Results from operations	1 718	1 449	19%
Gross flows	37 744	27 883	35%
Life APE sales	3 190	1 900	68%
Net client cash flow	(3 587)	(11 709)	69%
Funds under management (Rbn)	282.9	261.3	8%
Value of new business	272	147	85%
Value of new business margin (%)	1.0%	1.0%	–

### Performance overview

Gross flows increased by 35% to R37 744 million due to improved recurring premium flows attributed to increased contributions from customers in Old Mutual SuperFund and strong single premium flows in our investment portfolio. The positive persistency also contributed to the growth in gross flows.

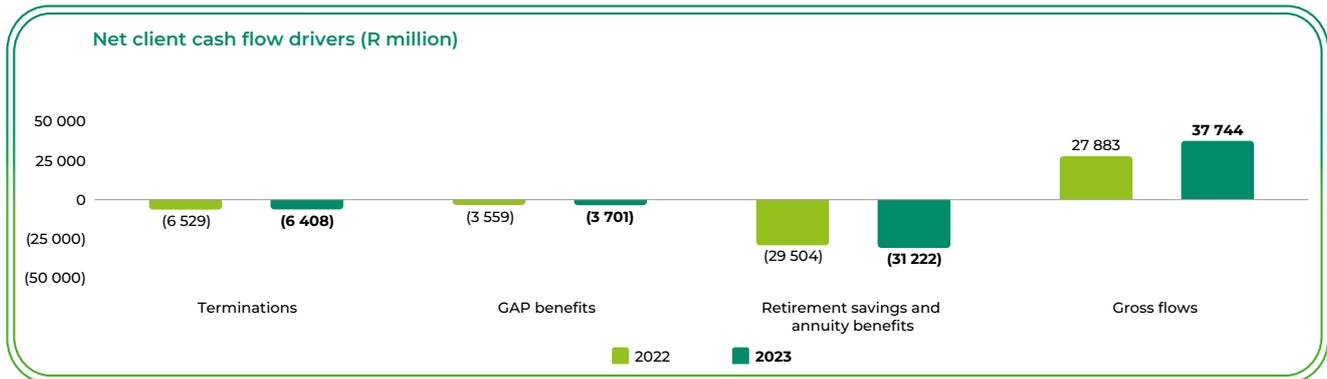
Life APE sales increased by 68% to R3 190 million. This was driven by single and recurring premium savings book growth. Large corporate sales are lumpy by nature with long and sometimes unpredictable lead times. We are also pleased with the good risk new business secured over the year, given the competitive market.



## Segment reviews

The value of new business increased by 85% to R272 million, with a corresponding value of new business margin of 1.0%, which was sustained from the prior year and remains a competitive margin within the employee benefits market. The value of new business and value of new business margin were driven by the new business secured over the period and a favourable product mix within our annuity and risk offerings.

Net client cash flow improved by 69% from the prior year, bolstered by higher gross flows and lower outflows. Termination outflows improved from R6.5 billion in 2022 to R6.4 billion in the current year as a result of management interventions. The terminations in the current year included a R1.8 billion outflow from the closure of a bespoke product in the Old Mutual Multi-manager platform.



Total funds under management improved by 8% to R282.9 billion, driven by strong flows, improved retention and strong investment performance over the period. A component of the funds under management relates to our flagship smoothed bonus funds which performed well in an incredibly volatile market environment. This smoothing allowed our customers to experience reduced volatility in a tough market while building their retirement savings through consistent real returns.

Results from operations increased by 19% to R1 718 million. This performance was driven by higher returns on the contractual service margin and better mortality underwriting experience, with prudent expense management contributing positively to profits.

### Outlook for 2024

The overall macroeconomic environment remains challenging with multiple geo-political risks and ongoing economic pressures in South Africa.

It is important to highlight that premiums are annually renewable in the group risk market and there is a lag in premiums being fully adjusted to reflect significant changes in experience. The Group Assurance market is also cyclical and highly competitive. These factors contribute to volatility in the annual claims experience in this line of business and the profit outcome each year.

In extending and diversifying our core employee benefits business, we will be driving our emotional, physical and financial wellbeing offerings, as well as leveraging advisory synergies with Remchannel.

SMEgo now has a meaningful set of features, and we are focusing on marketing campaigns to drive usage and acquire new customers.

Two-pot implementation is a key priority, and we have projects underway to meet the requirements. We support the regulation and believe the compulsory preservation of the accumulated contributions in the non-accessible retirement savings pot will improve long term member retirement outcomes. The financial wellbeing solutions launched, namely earned wage access and debt management services, are tools that members can utilise to promote their financial wellbeing, thus reducing the withdrawals from the accessible retirement savings. This will also promote good retirement outcomes for members and provide critical assistance to manage their short term liquidity and financial wellness. The timely promulgation of enabling regulation is now of critical importance.

## Old Mutual Insure

Our businesses reported strong top line performance, with 17% growth in gross written premiums, amidst challenging operating conditions. These conditions were characterised by high claims inflation, increased technology and digitalisation costs, adverse weather and property damage claims, as well as increased reinsurance costs resulting from the significant losses in the market reported both locally and globally since 2020.

Despite these headwinds, we remained steadfast in our focus on diversifying our offerings, strengthening our existing businesses and enhancing our processes and products throughout the year. We concluded the acquisition of Generic Insurance Company at the beginning of 2023, which enabled us to access a wide range of value-added products and innovative offerings. Generic Insurance Company partnered with Old Mutual Corporate to underwrite and administer Old Mutual Health Solutions which provides affordable health insurance to low-income workers.

Specialty launched a renewable energy product, extending project cover to include the transportation of renewable energy equipment, the construction phase of the project and risks of business interruption and liability exposures. A strategic partnership that focuses on specialist liability insurance cover was launched in 2023. iWYZE's strategic partnership with Pineapple has allowed us to continue leveraging innovative technologies which provides enhanced customer experience through a seamless online process.

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Gross written premiums	20 196	17 190	17%
Insurance revenue	19 846	17 314	15%
Net insurance revenue	16 098	14 213	13%
Net underwriting result	46	602	(92%)
Results from operations	524	678	(23%)
Net underwriting margin (%)	0.3%	4.2%	(390 bps)
Insurance margin (%)	3.3%	4.8%	(150 bps)

Rm	FY 2023	FY 2022	Change
Retail <sup>1</sup>	(63)	92	(>100%)
iWYZE	(3)	148	(>100%)
Specialty <sup>1</sup>	21	258	(92%)
Credit Guarantee Insurance Corporation	354	550	(36%)
Blue Sky <sup>2</sup>	266	19	>100%
<b>Insurance service result</b>	<b>575</b>	<b>1 067</b>	<b>(46%)</b>
Non-attributable expenses	(529)	(465)	(14%)
<b>Net underwriting result</b>	<b>46</b>	<b>602</b>	<b>(92%)</b>
Investment return on insurance funds	525	300	75%
Finance income and expenses from insurance and reinsurance contracts	(102)	(57)	(79%)
Other income and expenses	55	(167)	>100%
<b>Results from operations</b>	<b>524</b>	<b>678</b>	<b>(23%)</b>

<sup>1</sup> Premier was transferred from Retail to Specialty, to better align with how the portfolio is managed which resulted in a re-presentation of comparative numbers  
<sup>2</sup> Blue Sky is the investment portfolio that includes Generic Insurance Company, ONE Financial Services, Primak Insurance Brokers and Versma Management Services

Gross written premiums per line of business (R million)



# Segment reviews

## Performance overview

Excluding Genric Insurance Company, which contributed R823 million, gross written premiums increased by 13% to R19 373 million due to strong new business growth, renewals and average premium increases.

Insurance service result decreased by 46% to R575 million, largely due to the significant increase in the net cost of reinsurance, higher insurance service expenses and a once-off impairment of irrecoverable assets in iWYZE. Our businesses experienced an increase in reinsurance costs and lower reinsurance claims recoveries compared to the large business interruption and weather-related catastrophe claims recovered in 2022. The increase in insurance service expenses was largely driven by high claims inflation, adverse weather and corporate property damage claims as well as an increase in commissions paid to our intermediaries which was mainly attributed to strong new business flows.

Net underwriting result significantly decreased by 92% to R46 million due to an overall decline in insurance results and an increase in non-attributable expenses. Expense growth was mainly due to the inclusion of Genric Insurance Company for the first time, an increase in project costs incurred to enhance our existing IT infrastructure and the implementation of new technology platforms across several of our business units. This led to a net underwriting margin of 0.3%, below the long term target range of 4% to 6%.

Results from operations decreased by 23% to R524 million, mainly driven by lower net underwriting result. This was partially offset by strong growth in investment returns on insurance funds given the high interest rate environment and fair value gains driven by positive performance of equity markets as well as income from our non-underwriting activities.

## Retail

Retail includes the Commercial and Personal business portfolios. The Commercial business portfolio serves small to large sized enterprises by providing commercial insurance solutions tailored to the needs of entrepreneurs and businesses. The Personal business portfolio offers a multi-product and multichannel distribution portfolio that provides private individuals with cover through a wide range of products.

The Retail business reported 8% growth in gross written premiums. This was mainly driven by premium increases in personal product lines to keep pace with inflationary trends and the risk environment as well as strong sales to the high net worth market segment in the Elite portfolio.

Insurance service result decreased from a profit of R92 million in 2022 to a loss of R63 million. The business was impacted by large weather-related claims from the Western Cape floods and Gauteng hailstorms. Furthermore, higher claims inflation on spare parts, labour and building costs as well as higher IT infrastructure costs were reported, contributing to the negative insurance service result.

Various initiatives were implemented to improve underwriting performance and return to profitability. This included refining of policy wording, appropriate excess structures and enhancement of the motor assessment model and recoveries.

## iWYZE

The iWYZE business offers short-term, gap cover and business insurance through a direct distribution model.

iWYZE reported 9% growth in gross written premiums, benefiting from strong policy renewals and an increase in average premium rates. Insurance service result deteriorated to a R3 million loss compared to R148 million profit in the prior year. This was mainly due to a balance sheet review conducted that resulted in the once-off write off of certain items deemed irrecoverable. iWYZE's results were further impacted by the increase in technology costs and lead generating expenses, coupled with a higher loss ratio compared to the prior year.

## Specialty

The Specialty business portfolio focuses on the insurance of large and complex risks in niche market segments, particularly corporate property, engineering and marine. It also offers first and third-party cell captive as well as alternative risk solutions. Premier delivers tailor-made products for the commercial market segment and complements the type of technical underwriting and improved risk management used in the Specialty business for complex and bespoke customer needs.

In Specialty, gross written premiums increased by 21%, supported by strong new business and higher renewal rates in the corporate property, engineering, marine and public sector portfolios.

Insurance service result declined by 92% to R21 million, largely driven by the decrease in reinsurance claims recoveries compared to the prior year. We plan on reviewing and redesigning the Specialty reinsurance programme during the year, to better manage risk retention and net underwriting results. The business was also not immune to weather-related claims particularly from the Western Cape flooding and Gauteng hailstorms, coupled with large corporate property damage claims. Higher IT-related expenses and an increase in commission paid to intermediaries contributed to the decrease in insurance service result.

Various initiatives implemented to improve underwriting performance include the launch of a renewable energy product, building strategic relationships, seeking opportunities to diversify our product lines particularly in the marine and engineering portfolios, as well as utilising digital tools and technology platforms to improve the reinsurance, agency management and claims processes.

### Credit Guarantee Insurance Corporation

Credit Guarantee Insurance Corporation's main business is trade credit insurance in the domestic and export trade credit insurance market. The business reported a 5% increase in gross written premiums reflecting some slowdown on the prior year inflationary trends in the business environment following the central bank interventions.

Insurance service result decreased by 36% to R354 million, mainly due to an increase in claims paid as challenging economic conditions continued to directly impact our policyholders and their insured turnover levels. Credit Guarantee Corporation's loss ratios continue to rise to normalised levels with the economy now fully reopened. Results were further impacted by higher project and operating expenses incurred to improve business processes and efficiencies through the investment in IT infrastructure.

### Blue Sky

Blue Sky is the strategic acquisitions division in which we report the results of our acquired subsidiaries. This includes Genric Insurance Company, a diversified non-life insurer that focuses mainly on accident and health insurance together with other niche classes of insurance, as well as ONE Financial Services Holdings Proprietary Limited, a South African non-life insurance service provider and a cell owner within the cell captive environment. Primak Insurance Brokers provides intermediary services in the non-life insurance space. Versma Management Services provides customisable, end-to-end business processing services that are tailored to insurance brokers.

Insurance service result significantly increased to R266 million, mainly due to the R86 million contribution from Genric Insurance Company and the strong recovery in ONE Financial Services' heavy commercial vehicle book, supported by various remediation actions taken to improve the business performance.

### Outlook for 2024

We remain committed to delivering on the improvement of our underwriting results and the growth of Old Mutual Insure. This will be achieved through continued focus on strategic partnerships to drive growth, unlocking synergies from our strategic acquisitions and by building future state technology that will enhance the customer and intermediary experience across the business.

The redesign of the Specialty reinsurance programme and the remediation of Premier as well as completing a strategic review of the business will remain our top priority. We will continue to drive productivity and efficiency improvements in Retail, with expanded use of data and technology to enable our sales teams, serve our brokers consistently and efficiently and optimise our claims and reinsurance processes.

The effects of climate change are posing significant challenges to the short-term insurance industry. We will continue to position our businesses to grow climate risk resilience through state-of-the-art climate models to assess, protect and mitigate the risks associated with extreme weather events.

## Segment reviews

### Old Mutual Africa Regions

Our portfolio experienced significant growth with most of our key performance indicators surpassing those of the prior year. This was despite the effects of several headwinds encountered during the year, such as currency devaluation in several markets, elevated inflation and increased interest rates, which impacted our customers' disposable income and credit quality. The pleasing performance indicates the portfolio's resilience and the good progress made in implementing our strategy.

We reported top line growth across our lines of business, except for Banking and Lending business. This top line growth was at improved margins as reflected in the higher value of new business and underwriting margin. Cost management also remained effective despite inflationary pressures and over 80% of our operating entities were profitable in 2023.

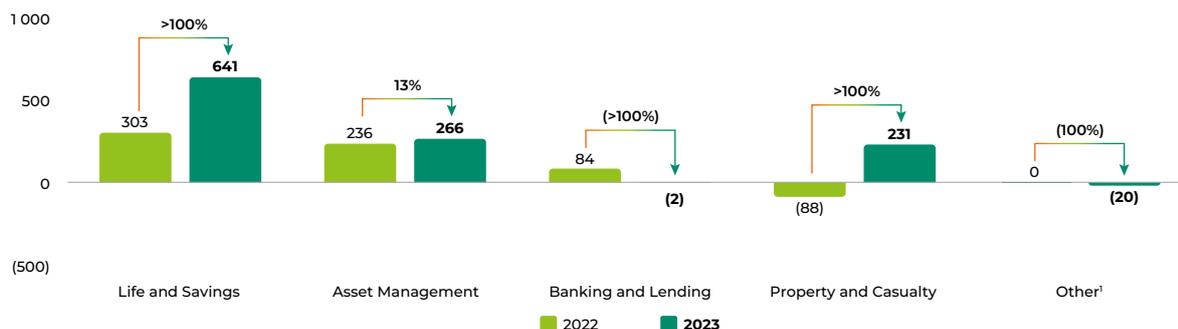
Our strategic pivot to corporate in East and West Africa continues to deliver improved profitability. Management actions such as experience based pricing and claims value chain management implemented in the Property and Casualty business resulted in a strong improvement in net underwriting margin.

We successfully launched Old Mutual Rewards in Namibia, both on the website and the mobile application as well as the United States dollar unit trust funds in Uganda and Kenya. In Zimbabwe, we launched an innovative fintech solution called O'mari, which has over 600 000 customers registered since its launch in May 2023. The O'mari platform encompasses mobile money, insurtech and healthtech services. We were recognised as the Best Company Offering Sustainable Financial Education by the Reserve Bank of Malawi. We won the Customer Service Excellence Award in the Life Assurance Sector from the Chartered Institute of Customer Management in Botswana, as well as the Overall Insurance Company of the Year at the Zimbabwe Independent Insurance Awards.

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations <sup>1</sup>	1 116	535	>100%
Gross flows	33 713	25 109	34%
Life APE sales	1 548	1 215	27%
Net client cash flow	8 351	3 840	>100%
Funds under management (Rbn)	112.4	110.0	2%
Value of new business	157	133	18%
Value of new business margin (%)	2.8%	2.2%	60 bps
<b>Banking and Lending</b>			
Loans and advances	3 020	3 497	(14%)
Net lending margin (%)	13.8%	12.9%	90 bps
Credit loss ratio (%)	0.5%	0.7%	(20 bps)
<b>Property and Casualty</b>			
Gross written premiums	5 317	5 154	3%
Insurance revenue	5 358	4 768	12%
Net underwriting margin (%)	(0.4%)	(9.1%)	870 bps

<sup>1</sup> Old Mutual Africa Regions results from operations include central regional expenses of R146 million (FY 2022: R189 million)

#### Results from operations by line of business (R million)



## Southern Africa

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	1 212	968	25%
Gross flows	16 284	13 618	20%
Life APE sales	865	838	3%
Net client cash flow	2 878	738	>100%
Funds under management (Rbn)	72.2	66.4	9%
Value of new business	127	163	(22%)
Value of new business margin (%)	3.4%	3.6%	(20 bps)
<b>Banking and Lending</b>			
Loans and advances	1 300	1 281	1%
Net lending margin (%)	22.0%	18.2%	380 bps
Credit loss ratio (%)	0.4%	2.0%	160 bps
<b>Property and Casualty</b>			
Gross written premiums	1 224	1 087	13%
Insurance revenue	1 271	1 016	25%
Net underwriting margin (%)	6.9%	0.8%	610 bps

### Performance overview

Gross flows of R16 284 million grew by 20%, largely driven by high demand for offshore investments in Namibia. The strong gross flows resulted in significant improvements to net client cash flow. This was despite Malawi experiencing higher withdrawals due to the amendment of the Pensions Act, which enabled members to access their pension funds five years before retirement as well as increased claims following the liquidation and restructuring of a large scheme.

Life APE sales increased by 3% to R865 million due to good corporate and retail sales in Namibia. The value of new business margin declined by 20 bps due to the retail product mix being weighted towards lower margin savings business. This was partially offset by improved retail protection margins due to profitable policies sold at lower acquisition costs.

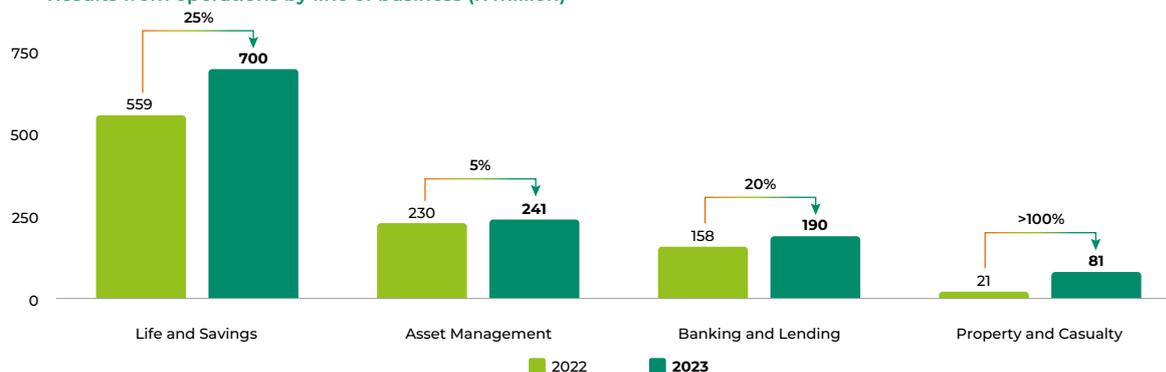
The roll out of the debit order product and momentum from sales initiatives in Namibia resulted in loans and advances marginally increasing to R1 300 million, which was partially offset by lower disbursements of personal loans due to the continued tightening of credit granting criteria. As a result, net lending margin increased by 380 bps to 22.0% as the quality of the loan book improved.

Gross written premiums of R1 224 million increased by 13% driven by new business growth and strong renewals following a re-pricing of commercial and personal lines as well as good volumes sold in the specialised risk sector. The net underwriting margin increased by 610 bps to 6.9% driven by strong top line growth coupled with sound underwriting discipline.

Results from operations increased by 25% to R1 212 million mainly due to the Life and Savings business in Malawi and good turnaround in Property and Casualty business in Namibia. Malawi's performance was driven by increased fees earned on policyholder funds as a result of the rally in the local equity market, reflecting increased volatility which may result in returns reversing in future. Malawi's group assurance business recorded good top line growth and improved claims experience.

Property and Casualty results from operations increased due to good top line growth and better claims experience. In Banking and Lending, the increase in non-interest revenue and lower impairments following improved collections resulted in higher results from operations than the prior year. Asset Management results from operations increased due to higher fees earned from listed equity investments in Malawi.

Results from operations by line of business (R million)



# Segment reviews

## East Africa

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	66	(141)	>100%
Gross flows	16 772	10 943	53%
Life APE sales	502	214	>100%
Net client cash flow	5 190	2 845	82%
Funds under management (Rbn)	38.6	42.0	(8%)
Value of new business	29	(8)	>100%
Value of new business margin (%)	1.9%	(0.9%)	280 bps
<b>Banking and Lending</b>			
Loans and advances	1 720	2 216	(22%)
Net lending margin (%)	7.6%	10.0%	(240 bps)
Credit loss ratio (%)	0.5%	–%	50 bps
<b>Property and Casualty</b>			
Gross written premiums	3 853	3 822	1%
Insurance revenue	3 884	3 510	11%
Net underwriting margin (%)	(3.2%)	(10.6%)	740 bps

## Performance overview

Gross flows of R16 772 million were 53% higher than the prior year driven by new asset management mandates secured and asset transfers from large clients in Kenya. Furthermore, Uganda onboarded a large pension fund and recorded an increase in unit trust sales. The strong gross flows resulted in a significant increase of 82% in net client cash flow.

Life APE sales of R502 million were significantly higher than the prior year. This was driven by increased new business and renewals in Uganda's corporate book coupled with growth of both the retail and corporate book in Kenya following recruitment of additional personnel and improved productivity. The value of new business and value of new business margin improved significantly due to a higher proportion of more profitable corporate sales.

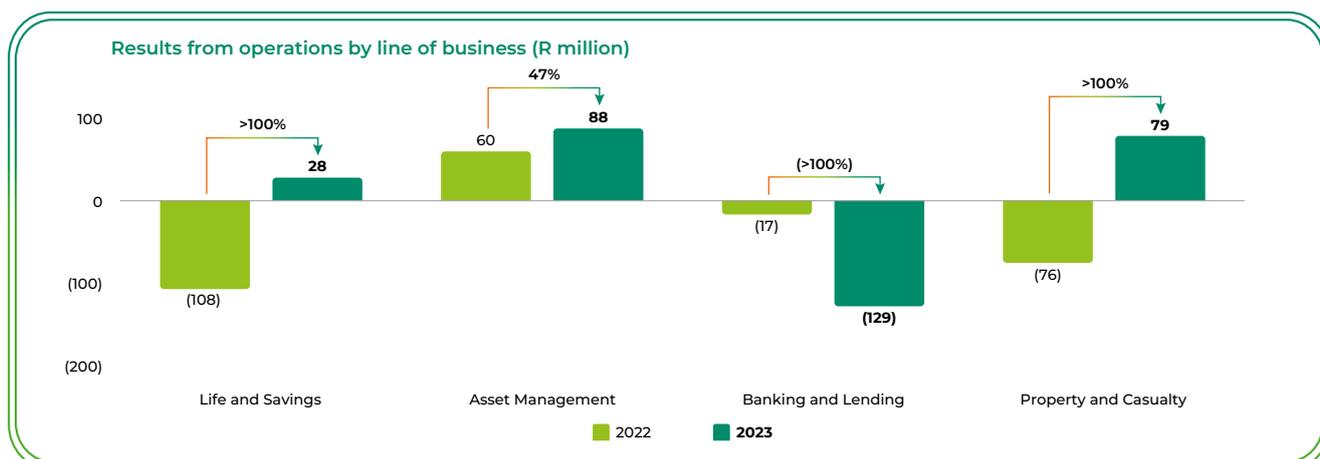
Loans and advances of R1 720 million were 22% lower than prior year due to the continued slowdown in disbursements resulting from the tightening of credit granting criteria to de-risk the portfolio away from poor performing segments, unfavourable economic conditions and continued buyoffs of the good loan book by competitors. The depreciation of the Kenyan shilling against the South African rand also contributed to the decrease in loans and advances.

Gross written premiums of R3 853 million were marginally up due to improved sales in health and general insurance portfolios in Kenya as well as better underwriting practices across the region, despite the impacts of the depreciation of the Kenyan shilling. Insurance revenue grew by 11% to R3 884 million mainly due to higher corporate sales and high scheme retention.

The significant turnaround in results from operations from a loss in the prior year to a profit of R66 million was mainly due to better underwriting results from the Property and Casualty business as well as improvements in the Life and Savings business. In our Life and Savings business, better mortality experience contributed positively to profits.

In Property and Casualty business, better claims experience resulted in improved results from operations. In the health portfolio, improvements were largely driven by repricing and enhanced risk selection in Uganda and South Sudan, while the general insurance portfolio reported lower motor claims due to better claims management across the portfolio as well as repricing of the motor book in Kenya. As a result, net underwriting margin improved by 740 bps.

The Asset Management business performed well due to increased unit trust fees as a result of strong inflows and higher brokerage commissions from fixed income trades in Uganda. The Banking and Lending business loss increased from the prior year due to decreased net interest income earned on a lower average loan book and the increased cost of funding leading to margin compression.



## West Africa

Rm (unless otherwise stated)	FY 2023	FY 2022	Change
Results from operations	(16)	(103)	84%
Gross flows	657	548	20%
Life APE sales	181	163	11%
Net client cash flow	283	257	10%
Funds under management (Rbn)	1.6	1.6	–
Value of new business	1	(22)	>100%
Value of new business margin (%)	0.3%	(5.3%)	560 bps
<b>Property and Casualty</b>			
Gross written premiums	240	245	(2%)
Insurance revenue	203	242	(16%)
Net underwriting margin (%)	(33.9%)	(28.5%)	(540 bps)

### Performance overview

Gross flows of R657 million were 20% higher than the prior year largely due to improved flows in Ghana driven by renewals and new business growth. Strong gross flows resulted in net client cash flow increasing by 10% to R283 million, partially offset by higher pension fund withdrawals in Ghana given the decline in the macroeconomic conditions.

Life APE sales increased by 11% to R181 million due to high retail and corporate sales in Ghana as well as improved renewals, high conversion rate of new business and growth in retail in Nigeria. The value of new business margin improved by 560 bps due to higher proportion of more profitable corporate sales in Ghana.

Gross written premiums of R240 million decreased by 2% due to the depreciation of the Ghanaian cedi and Nigerian naira against the South African rand. However, in local currency, gross written premiums were higher due to more business written as a result of an improved broker value proposition and the regulator increasing the minimum prescribed premium rates for the motor portfolio. The net underwriting margin was negatively impacted by the poor claims experience in the engineering and motor portfolios due to the increase in the cost of motor spare parts driven by the depreciation of the Nigerian naira against the US dollar. This was partially offset by the lower frequency of claims in the energy portfolio.

Results from operations loss improved by 84% to R16 million. The Life and Savings business in Ghana recorded higher revenue from the corporate book, better mortality experience and lower expenses. The Property and Casualty business was profitable due to higher investment returns on United States dollar assets backing liabilities in Nigeria due to foreign exchange gains.

### Outlook for 2024

Top line growth is expected in all our lines of business, despite the uncertainty in the market. We expect that the challenging macroeconomic environment will continue to heighten financial pressure on our customers which will impact our loan portfolio.

We will maintain expense growth below the average weighted inflation rate. We will continue driving improvements in our net underwriting margin, claims management and customer engagement. To remain our customers' first choice we will continue to refresh our retail life propositions and launch new offerings in Southern Africa while we grow our corporate offering, distribution channels and customer base in East and West Africa. By the end of the year, we aim to have at least 90% of our operating entities profitable.

In our East Africa banking business, we will continue driving turnaround efforts focused on improving non-performing loans, collections and addressing loan book and deposit declines. In January 2024, we announced the sale of our full stake in UAP Insurance Tanzania, our short-term insurance business, pending regulatory approval.



# SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS



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# Summarised consolidated income statement

For the year ended 31 December

Rm	Notes	FY 2023	FY 2022 <sup>1</sup>
<b>Insurance service result</b>			
Insurance revenue	D1	68 260	63 300
Insurance service expenses		(54 450)	(54 010)
Net expenses from reinsurance contracts		(3 049)	(961)
<b>Total insurance service result</b>		<b>10 761</b>	8 329
<b>Investment result</b>			
Net investment return		135 901	20 412
Interest income on the effective interest method		1 864	1 288
Other investment return		134 037	19 124
Net finance expense from insurance contracts	F1.2	(83 108)	(19 385)
Net finance income from reinsurance contracts	F1.2	586	92
Change in investment contract liabilities		(25 295)	5 987
Change in third-party interest in consolidated funds		(12 753)	(1 846)
<b>Total net investment result</b>		<b>15 331</b>	5 260
<b>Non-insurance revenue and income</b>			
Banking interest and similar income		4 379	4 505
Interest income on the effective interest method		3 400	2 828
Other interest income		979	1 677
Banking trading, investment and similar income		1 539	1 026
Fee and commission income, and income from service activities		8 432	7 484
Other income		1 359	999
<b>Total non-insurance revenue and income</b>		<b>15 709</b>	14 014
<b>Non-insurance expenses</b>			
Credit impairment charges		(2 349)	(1 079)
Finance costs		(1 020)	(662)
Banking interest payable and similar expenses		(852)	(830)
Other operating and administrative expenses <sup>2,3</sup>		(23 724)	(18 459)
<b>Total non-insurance expenses</b>		<b>(27 945)</b>	(21 030)
Share of gains of associated undertakings and joint ventures after tax		110	118
Loss on disposal of subsidiaries and associated undertakings		-	(133)
<b>Profit before tax</b>		<b>13 966</b>	6 558
Income tax expense		(6 333)	(907)
<b>Profit after tax for the financial year</b>		<b>7 633</b>	5 651
<b>Attributable to:</b>			
Equity holders of the parent		7 065	5 231
Non-controlling interests			
Ordinary shares		568	420
<b>Profit after tax for the financial year</b>		<b>7 633</b>	5 651
<b>Earnings per ordinary share</b>			
Basic earnings per ordinary share (cents)	C1(a)	158.4	115.5
Diluted earnings per ordinary share (cents)	C1(b)	154.1	113.4

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> Included in other operating and administrative expenses are finance costs of R1 047 million (2022: R783 million) which includes interest relating to funding that supports the operations of the Group (funding within policyholder investments) of R909 million (2022: R665 million) and interest on lease liabilities of R138 million (2022: R118 million).

<sup>3</sup> With the implementation of IFRS 17, fee and commission expenses and other acquisition costs of R11 067 million (2022: R10 038 million) have been reclassified between other insurance service expenses and other operating and administrative expenses.

# Summarised consolidated statement of comprehensive income

For the year ended 31 December

Rm	FY 2023	FY 2022 <sup>1</sup>
<b>Profit after tax for the financial year</b>	<b>7 633</b>	5 651
<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	804	641
Remeasurement gains on defined benefit plans	46	29
Fair value movements related to credit risk on borrowed funds <sup>2</sup>	(2)	(42)
Share of other comprehensive income from associated undertakings and joint ventures	-	(70)
Income tax on items that will not be reclassified to profit or loss	(44)	(224)
	<b>804</b>	334
<b>Items that may be reclassified to profit or loss</b>		
Currency translation differences in translating foreign operations <sup>2</sup>	(3 927)	(4 160)
	<b>(3 927)</b>	(4 160)
<b>Total comprehensive income for the financial year</b>	<b>4 510</b>	1 825
<b>Attributable to:</b>		
Equity holders of the parent	4 418	1 913
Non-controlling interests		
Ordinary shares	92	(88)
<b>Total comprehensive income for the financial year</b>	<b>4 510</b>	1 825

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> No tax impacts are associated with these line items.

# Summarised unaudited consolidated supplementary income statement

For the year ended 31 December

Rm	Notes	FY 2023	FY 2022 <sup>1</sup>
Mass and Foundation Cluster	B	1 846	1 517
Personal Finance and Wealth Management	B	3 710	3 369
Old Mutual Investments	B	1 227	1 240
Old Mutual Corporate	B	1 718	1 449
Old Mutual Insure	B	524	678
Old Mutual Africa Regions	B	1 116	535
Central expenses	B	(1 798)	(1 478)
<b>Results from operations</b>		<b>8 343</b>	7 310
Shareholder investment return		2 162	979
Finance costs		(1 020)	(662)
Share of losses of associated undertakings and joint ventures after tax		(118)	(53)
<b>Adjusted headline earnings before tax and non-controlling interests</b>		<b>9 367</b>	7 574
Shareholder tax		(3 216)	(2 512)
Non-controlling interests		(290)	(212)
<b>Adjusted headline earnings after tax and non-controlling interests</b>		<b>5 861</b>	4 850
<b>Adjusted weighted average number of ordinary shares (millions)</b>	C1(a)	<b>4 544</b>	4 557
<b>Adjusted headline earnings per share (cents)</b>		<b>129.0</b>	106.4

<sup>1</sup> These numbers have been restated; refer to note H8.

# Summarised unaudited consolidated supplementary income statement

For the year ended 31 December

## Reconciliation of adjusted headline earnings to IFRS profit after tax<sup>2</sup>

Rm	Notes	FY 2023	FY 2022 <sup>1</sup>
<b>Adjusted headline earnings after tax and non-controlling interests</b>		<b>5 861</b>	4 850
Accounting mismatches and hedging impacts	A1.6(a)	(541)	(187)
Impact of restructuring	A1.6(b)	–	(153)
Operations in hyperinflationary economies	A1.6(c)	2 039	1 171
Non-core operations	A1.6(d)	21	173
<b>Headline earnings</b>		<b>7 380</b>	5 854
Impairment of goodwill and other intangible assets and property, plant and equipment and other headline earnings adjustments		(273)	(492)
Impairment of investment in associated undertakings <sup>3</sup>		(42)	–
Loss on disposal of subsidiaries and associated undertakings		–	(131)
<b>Profit after tax for the financial period attributable to equity holders of the parent</b>		<b>7 065</b>	5 231

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> Refer to note A1.6 for more information on the basis of preparation of adjusted headline earnings and the adjustments applied in the determination of adjusted headline earnings.

<sup>3</sup> The impairment loss of R42 million relates to impairment of intangible assets held by an associate and is excluded from headline earnings as the look-through approach is followed as required by the SAICA Circular 01/2023.

# Summarised consolidated statement of financial position

At 31 December 2023

Rm	Notes	At 31 December 2023	At 31 December 2022 <sup>1</sup>	At 1 January 2022 <sup>1</sup>
<b>Assets</b>				
Goodwill and other intangible assets		7 833	6 934	6 234
Mandatory reserve deposits with central banks		133	173	195
Property, plant and equipment		8 388	8 259	9 155
Investment property		47 172	42 530	38 672
Deferred tax assets		3 945	4 740	4 782
Investments in associated undertakings and joint ventures		1 075	1 065	908
Costs of obtaining contracts		431	478	523
Loans and advances		18 210	17 615	17 617
Investments and securities <sup>2</sup>		958 120	892 404	903 671
Other investments and securities including term deposits <sup>2</sup>		936 785	867 080	881 481
Cash and cash equivalents		21 335	25 324	22 190
Insurance contract assets	F1	4 992	3 697	2 645
Reinsurance contract assets	F1	8 798	8 071	9 463
Current tax receivable		497	415	462
Trade, other receivables and other assets		49 599	30 839	17 869
Derivative financial instruments		8 210	9 688	6 391
Cash and cash equivalents		38 121	37 467	32 931
Assets held for sale		1 058	370	269
<b>Total assets<sup>2</sup></b>		<b>1 156 582</b>	1 064 745	1 051 787
<b>Liabilities</b>				
Insurance contract liabilities	F1	619 200	581 052	608 422
Reinsurance contract liabilities	F1	1 706	903	1 671
Investment contract liabilities		230 629	195 404	205 269
Third-party interests in consolidated funds		109 548	102 749	77 308
Borrowed funds		16 085	16 713	17 506
Provisions		2 001	1 729	1 767
Contract liabilities		495	411	435
Deferred tax liabilities		5 232	3 370	6 520
Current tax payable		453	712	499
Trade, other payables and other liabilities <sup>2</sup>		95 932	84 216	57 565
Amounts owed to bank depositors		5 139	4 706	5 905
Derivative financial instruments		11 587	12 580	8 082
<b>Total liabilities<sup>2</sup></b>		<b>1 098 007</b>	1 004 545	990 949
<b>Net assets</b>		<b>58 575</b>	60 200	60 838
<b>Shareholders' equity</b>				
Equity attributable to the equity holders of the parent		56 060	57 585	57 724
<b>Non-controlling interests</b>				
Ordinary shares		2 515	2 615	3 114
<b>Total non-controlling interests</b>		<b>2 515</b>	2 615	3 114
<b>Total equity</b>		<b>58 575</b>	60 200	60 838

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> Refer to note H6 for details in relation to the restatement due to prior period errors.

# Summarised consolidated statement of cash flows

For the year ended 31 December

Rm	Notes	FY 2023	FY 2022 <sup>1</sup>
<b>Cash flows from operating activities</b>			
Profit before tax		13 966	6 558
Non-cash movements and adjustments to profit before tax		(63 869)	30 710
Net changes in working capital		60 102	(5 346)
Taxation paid		(4 268)	(4 127)
<b>Net cash inflow from operating activities<sup>2</sup></b>		<b>5 931</b>	27 795
<b>Cash flows from investing activities</b>			
Net disposal of financial investments		6 797	(11 866)
Acquisition of investment properties		(2 325)	(659)
Proceeds from disposal of investment properties		–	126
Dividends received from associated undertakings		198	89
Acquisition of property, plant and equipment		(825)	(1 100)
Proceeds from disposal of property, plant and equipment <sup>3</sup>		180	56
Acquisition of intangible assets		(1 245)	(1 108)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures		19	–
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		(293)	(615)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2 506</b>	(15 077)
<b>Cash flows from financing activities</b>			
Dividends paid to:			
Ordinary equity holders of the Company	C4	(3 704)	(3 424)
Non-controlling interests and preferred security interests		(129)	(340)
Interest paid (excluding banking interest paid)		(1 158)	(780)
Proceeds from shares issued by subsidiaries		–	98
Acquisition of treasury shares – ordinary shares		(1 136)	(46)
Proceeds from disposal of treasury shares – ordinary shares		411	299
Change in participation in subsidiaries		(1 461)	201
Share buyback transactions		(1 494)	–
Lease liabilities repayments		(531)	(506)
Proceeds from borrowed funds		5 610	3 404
Repayment of borrowed funds		(6 329)	(2 960)
<b>Net cash outflow from financing activities</b>		<b>(9 921)</b>	(4 054)
<b>Net cash (outflow)/inflow</b>		<b>(1 485)</b>	8 665
Effects of exchange rate changes on cash and cash equivalents		(1 890)	(1 017)
Cash and cash equivalents at beginning of the year		62 964	55 316
<b>Cash and cash equivalents at end of the year</b>		<b>59 589</b>	62 964
<b>Comprising</b>			
Mandatory reserve deposits with central banks		133	173
Cash and cash equivalents included in investments and securities		21 335	25 324
Cash and cash equivalents		38 121	37 467
<b>Total</b>		<b>59 589</b>	62 964

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> Net cash inflow from operating activities includes interest income from investments and securities of R35 807 million (2022: R26 056 million), dividend income from investments and securities of R13 400 million (2022: R15 404 million) and banking interest payable of R1 872 million (2022: R1 500 million).

<sup>3</sup> Proceeds on sale of owned PPE included in the disposals line is R78 million.

# Summarised consolidated statement of changes in equity

For the year ended 31 December 2023

Year ended 31 December 2023 Rm	Notes	Number of shares issued and fully paid	Share capital
<b>Shareholders' equity at beginning of the year</b>		4 914	244
<b>Profit after tax for the financial year</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		-	-
Remeasurement gains on defined benefit plans		-	-
Fair value movement related to credit risk on borrowed funds		-	-
Income tax on items that will not be reclassified to profit or loss		-	-
		-	-
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences on translating foreign operations		-	-
<b>Total comprehensive income/(loss) for the financial year</b>		-	-
<b>Transactions with the owners of the Company</b>			
<b>Contributions and distributions</b>			
Dividends for the year	C4	-	-
Share buyback transactions		(123)	(6)
Share-based payment reserve movements		-	-
Transfer between reserves		-	-
Other movements in share capital <sup>2</sup>		-	-
<b>Total contributions and distributions</b>		(123)	(6)
<b>Changes in ownership and capital structure</b>			
Acquisition/change in participation in subsidiaries		-	-
<b>Total changes in ownership and capital structure</b>		-	-
<b>Total transactions with the owners of the Company</b>		(123)	(6)
<b>Shareholders' equity at end of the year</b>		4 791	238

<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. Refer to notes E4 and G3 (d) for information regarding amounts repaid.

<sup>2</sup> Other movements in share capital include a movement in retained earnings of R715 million relating to own shares held by employee share trusts. These shares are treated as treasury shares in the consolidated financial statements.

Fair value reserve	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
-	1 616	1 122	(377)	(11 230)	66 210	57 585	2 615	60 200
-	-	-	-	-	7 065	7 065	568	7 633
-	804	-	-	-	-	804	-	804
-	-	-	-	-	46	46	-	46
-	-	-	(2)	-	-	(2)	-	(2)
-	(43)	-	-	-	(1)	(44)	-	(44)
-	761	-	(2)	-	45	804	-	804
-	-	-	-	(3 451)	-	(3 451)	(476)	(3 927)
-	761	-	(2)	(3 451)	7 110	4 418	92	4 510
-	-	-	-	-	(3 790)	(3 790)	(129)	(3 919)
-	-	-	-	-	(1 488)	(1 494)	-	(1 494)
-	-	169	-	-	460	629	-	629
-	(83)	-	-	-	6	(77)	77	-
-	-	-	-	-	(1 338)	(1 338)	(56)	(1 394)
-	(83)	169	-	-	(6 150)	(6 070)	(108)	(6 178)
-	-	-	-	-	127	127	(84)	43
-	-	-	-	-	127	127	(84)	43
-	(83)	169	-	-	(6 023)	(5 943)	(192)	(6 135)
-	2 294	1 291	(379)	(14 681)	67 297	56 060	2 515	58 575

# Summarised consolidated statement of changes in equity

For the year ended 31 December 2023

Year ended 31 December 2022 <sup>1</sup> Rm	Notes	Number of shares issued and fully paid	Share capital
<b>Shareholders' equity at beginning of the period as previously reported</b>		4 709	85
<b>Adjustment on initial application of IFRS 17, net of tax</b>	H8		
<b>Restated opening balance</b>		4 709	85
<b>Profit after tax for the financial year</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		–	–
Remeasurement gains on defined benefit plans		–	–
Fair value movement related to credit risk on borrowed funds		–	–
Share of other comprehensive income from associated undertakings and joint ventures		–	–
Income tax on items that will not be reclassified to profit or loss		–	–
		–	–
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences on translating foreign operations		–	–
Exchange differences reclassified to profit or loss on disposal of businesses		–	–
<b>Total comprehensive income for the financial year</b>		–	–
<b>Transactions with the owners of the Company</b>			
<b>Contributions and distributions</b>			
New issuance of share capital during the period		205	159
Dividends for the period		–	–
Share-based payment reserve movements		–	–
Transfer between reserves		–	–
Other movements in share capital <sup>2</sup>		–	–
<b>Total contributions and distributions</b>		205	159
<b>Changes in ownership and capital structure</b>			
Acquisitions/change in participation in subsidiaries <sup>3</sup>		–	–
<b>Total changes in ownership and capital structure</b>		–	–
<b>Total transactions with the owners of the Company</b>		205	159
<b>Shareholders' equity at end of the year</b>		4 914	244

<sup>1</sup> These numbers have been restated; refer to note H8.

<sup>2</sup> Other movements in equity include a movement in retained earnings of R580 million relating to own shares held by employee share trusts. These shares are treated as treasury shares in the consolidated financial statements.

<sup>3</sup> Included in the NCI transfer to retained earnings is R636 million which relates to OMCH purchasing the remaining 25% interest held in Business Doctor in Old Mutual Finance.

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
15	1 101 (20)	873	(335)	(7 568)	68 003 (4 420)	62 174 (4 450)	3 127 (13)	65 301 (4 463)
15	1 081	873	(335)	(7 578)	63 583	57 724	3 114	60 838
-	-	-	-	-	5 231	5 231	420	5 651
-	641	-	-	-	-	641	-	641
-	-	-	-	-	29	29	-	29
-	-	-	(42)	-	-	(42)	-	(42)
-	(70)	-	-	-	-	(70)	-	(70)
-	(36)	-	-	-	(188)	(224)	-	(224)
-	535	-	(42)	-	(159)	334	-	334
-	-	-	-	(3 652)	-	(3 652)	(508)	(4 160)
-	-	-	-	-	-	-	-	-
-	535	-	(42)	(3 652)	5 072	1 913	(88)	1 825
-	-	-	-	-	(159)	-	-	-
-	-	-	-	-	(3 502)	(3 502)	(340)	(3 842)
-	-	331	-	-	-	331	-	331
(15)	-	(82)	-	-	(15)	(112)	112	-
-	-	-	-	-	388	388	1	389
(15)	-	249	-	-	(3 288)	(2 895)	(227)	(3 122)
-	-	-	-	-	843	843	(184)	659
-	-	-	-	-	843	843	(184)	659
(15)	-	249	-	-	(2 445)	(2 052)	(411)	(2 463)
-	1 616	1 122	(377)	(11 230)	66 210	57 585	2 615	60 200

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## A: Material accounting policies

### A1: Basis of preparation

#### 1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa.

The summarised consolidated financial statements for the year ended 31 December 2023 consolidate the results of the Company and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds which are accounted for as investments at fair value through profit or loss). The summarised consolidated financial statements comprise the summarised consolidated statement of financial position at 31 December 2023, summarised consolidated income statement, summarised consolidated statement of comprehensive income, summarised consolidated supplementary income statement (which is not audited), summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year ended 31 December 2023 and selected explanatory notes. The summarised consolidated financial statements and consolidated financial statements have been prepared under the supervision of C.G. Troskie CA(SA) (Chief Financial Officer). The accounting policies and method of computation applied in the preparation of these summarised consolidated financial statements are in terms of International Financial Reporting Standards (IFRS) as issued by the IASB and are consistent with those applied in the preparation of the Group's 2022 consolidated financial statements, except for the adoption of new standards effective from 1 January 2023, refer to note H8.

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa. The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, and for a South African company, the SA financial reporting requirements (as applicable), and contain the information required by IAS 34: Interim Financial Reporting.

The summarised consolidated financial statements fairly present, in all material respects, the financial position, financial performance, and cash flows of the Group in terms of the IFRSs.

The Directors of the Group take full responsibility for the preparation of the summarised consolidated financial statements and have reviewed and approved the summarised consolidated financial statements on 26 March 2024.

#### 1.2 Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2022 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2022.

IFRS 17 *Insurance Contracts* is effective for annual reporting periods starting 1 January 2023 and has been adopted by the Group. The impact of IFRS 17 has been included in note H8 and comparative information has been restated accordingly.

### 1.3 Accounting policy elections

The following material accounting policy elections have been made by the Company:

Area	Details
<b>Financial instruments</b>	<p>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.</p> <p>This measurement election is typically utilised with respect to financial assets held to support liabilities in respect of contracts with policyholders.</p> <p>On transition to IFRS 17, the Group elected to recognise the Company's own shares that are held as underlying items of participating contracts as if they were financial assets. These shares are mandatorily measured at fair value through profit or loss. Consequently, own shares under this election are also regarded as outstanding for the purposes of determining the weighted average number of shares. Previously, these shares were treated as treasury shares.</p> <p>Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.</p>
<b>Investment properties</b>	<p>The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.</p>
<b>Property, plant and equipment</b>	<p>Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment.</p> <p>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.</p> <p>On transition to IFRS 17, the Group no longer applies shadow accounting to insurance-related assets and liabilities.</p> <p>The Group now measures owner-occupied properties that are underlying items of direct participating contracts as assets at fair value through profit or loss to reduce accounting mismatches with the measurement of related contracts. Previously, owner-occupied properties were measured at revalued amounts less accumulated depreciation less any impairment losses.</p> <p>Plant and equipment are carried at cost less accumulated depreciation.</p>
<b>Investment in venture capital divisions and investment-linked insurance funds</b>	<p>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</p>

### 1.4 Going concern

The Group has performed a detailed going concern assessment in order to support the 2023 annual reporting process. This assessment has relied on the Group's 2024 to 2026 business plan and has considered the profitability, liquidity and solvency projections over the plan period together with other items that may impact the business' ability to continue as a going concern. The business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the projection period.

No material uncertainty in relation to the ability to continue as a going concern has been identified. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## A: Material accounting policies continued

### A1: Basis of preparation continued

#### 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. 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.

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	22.9435	23.3763	20.1673	20.5865
US dollar	18.4525	18.3621	16.3700	17.0374
Kenyan shilling	0.1319	0.1171	0.1388	0.1381
Zimbabwe dollar <sup>1</sup>	0.0030	0.0030	0.0237	0.0237

<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 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 adjusted headline earnings 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 01/2023 adjusted for items that are not considered reflective of the long-term economic performance of the Group. Adjusted headline earnings 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 adjusted headline earnings are explained below.

The Group Audit committee regularly reviews the determination of adjusted headline earnings 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.

##### The adjustments applied in the determination of adjusted headline earnings are:

#### (a) Accounting mismatches and hedging impacts

Represents the elimination of items that are recognised within IFRS profit or loss that do not represent the economic outcome that arise due to an accounting mismatch or change in accounting treatment. Included in this line are once-off hedging losses arising from the transition of the guaranteed product-related hedging programmes. During 2023, significant updates were made to the various hedging programmes given the implementation of IFRS 17 to ensure that the hedges remain appropriate under IFRS 17. This line item also includes mismatch losses and gains on policyholder investments, where the IFRS valuation rules create mismatches in our asset and liabilities valuations. Adjusting items included within this line are reviewed and approved by the Group's Audit committee.

#### (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 adjusted headline earnings 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. In the current period, no significant impacts were recognised. In the prior period, the restructuring line includes non-recurring income related to prior acquisitions, partly offset by once-off implementation costs related to the Bula Tsela B-BBEE ownership transaction.

#### (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 adjusted headline earnings. 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 adjusted headline earnings.

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

The Group uses adjusted headline earnings in the calculation of various other non-IFRS measures that 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 adjusted headline earnings 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 Group shares. It excludes equity related to the Residual plc, discontinued operations (if applicable) and operations in hyperinflationary economies. A reconciliation is presented in note C3.

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 adjusted headline earnings 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, as being in the hands of third parties, to be 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.

### 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 and prior periods.

#### Accounting matters relating to Zimbabwe

A critical judgement for the Group is the estimation of the Zimbabwean exchange rate, inflation rate and valuation of assets within Zimbabwe. Other accounting matters that the Group have considered include the hyperinflation economy and IFRS profits earned in Zimbabwe.

#### Application of hyperinflationary accounting – Zimbabwe exchange rate

During 2022, the estimated exchange rate was calculated using the average of four inputs: the auction rate, the interbank rate, the global relative fuel prices and a CPI-adjusted Group exchange rate based on the relative inflationary moves between Zimbabwe and the United States.

During 2023, foreign exchange trading shifted to the interbank market (willing buyer, willing seller), which is a more market-driven exchange rate discovery system. The Group no longer believes that the auction rate, relative fuel price and CPI-adjusted rates are reflective of a rate of exchange that the Group is likely to access and therefore these three inputs have been excluded from the estimated exchange rate calculation. As the Group's access to the interbank rate remains constrained due to availability of funds in the commercial banks and the purpose for which foreign currency will be used, the Group still views that they do not have access to this rate, however, conclude that the interbank rate is an appropriate estimate of the foreign exchange rate.

For the purposes of 31 December 2023 reporting, a ZWL\$ to US dollar exchange rate of 6 104.72: 1 (December 2022: 720: 1) has been applied. In accordance with the provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21), the results, net assets and cash flows have been translated at the closing exchange rate.

#### Valuation of assets within Zimbabwe

The prevailing economic conditions within Zimbabwe require significant judgement when valuing assets. 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, while the Group's unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS.

#### Zimbabwe as a hyperinflationary economy

During the period, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. The results of our operations with a functional currency of ZWL\$ have been prepared in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29). Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period to account for the effect of loss of purchasing power during the period. The Zimbabwe National Statistics Agency (ZIMSTAT) discontinued publication of the ZWL\$ consumer price index in January 2023 and replaced this with the weighted average consumer price index (blended index), in line with Statutory Instrument 27 of 2023 (published on 3 March 2023). This created challenges for financial reporting purposes because the weighted average consumer price index does not comply with IAS 29, which requires the use of a general price index of the hyperinflationary currency (ZWL\$) as a basis of restatement. To comply with IAS 29, the Group estimated the general price index for the period February 2023 to December 2023 by adjusting the last published ZWL\$ consumer price index (January 2023) based on the monthly movement of the total consumption poverty line (TCPL) published by ZIMSTAT. The Group has estimated a ZWL\$ CPI of 65 703.45 at 31 December 2023 to restate amounts. The impact of applying IAS 29 in the current period resulted in a net monetary loss of R1 276 million (2022: net monetary loss of R466 million).

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## A: Material accounting policies continued

### A2: Critical accounting estimates and judgements continued

#### IFRS profits earned within Zimbabwe

During the current year, our operations in Zimbabwe reported pre-tax IFRS profits of R2.5 billion (2022: R1.4 billion), of which R1.3 billion (2022: R928 million) 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 982% (2022: 80%) 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 are volatile and may reverse in the future.

#### Sensitivities

The following table illustrates the sensitivity of the profit before tax and equity to changes in the general price index as at 31 December 2023.

Rm	As reported	+100% CPI
<b>Profit before tax</b>	<b>2 468</b>	<b>2 480</b>
<b>Equity</b>	<b>3 789</b>	<b>3 789</b>

The following table illustrates the sensitivity of profit before tax and equity 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.

At 31 December 2023 Rm	As reported ZWL\$: 0.0030 ZAR	ZWL\$: 0.0015 ZAR
<b>Profit before tax</b>	<b>2 468</b>	<b>1 231</b>
<b>Equity</b>	<b>3 789</b>	<b>1 889</b>

At 31 December 2022 Rm	As reported			Auction	Interbank
	ZWL\$: 0.0237 ZAR	ZWL\$: 0.0118 ZAR	ZWL\$: 0.0059 ZAR	ZWL\$: 0.0254 ZAR	ZWL\$: 0.0249 ZAR
<b>Profit before tax</b>	1 322	634	317	1 359	1 333
<b>Equity</b>	3 126	1 563	781	3 352	3 289

## 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 for 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 multiple channels: Retail, iWyze, Speciality, CGIC and strategic partners Generic and One.
- » **Old Mutual Africa Regions:** 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. This segment was previously known as Rest of 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.

#### 1.2 Presentation and disclosure

The primary measure of the business performance of the operating segments is calculated as adjusted headline earnings before shareholder tax and non-controlling interests, excluding net investment return on shareholder assets, finance costs and income from Group associates. Included in the 'Adjusting items and reclassifications' are mainly adjustments derived from adjusted headline earnings and the Zimbabwe business to reconcile back to IFRS.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## B: Segment information continued

### B2: Segmental income statement

For the year ended 31 December 2023 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Invest- ments
<b>Insurance service result</b>			
Insurance revenue	11 105	17 625	–
Insurance service expenses	(8 766)	(13 332)	–
Net income/(expenses) from reinsurance contracts	190	55	–
Policyholder tax	(58)	(2 701)	–
<b>Total insurance service result after policyholder tax</b>	<b>2 471</b>	<b>1 647</b>	<b>–</b>
<b>Investment result</b>			
Net investment return (non-banking)	2 958	53 808	6 535
Net finance (expense)/income from insurance contracts	(2 822)	(37 002)	–
Net finance (expense)/income from reinsurance contracts	(4)	219	–
Change in third-party interest in consolidated funds	–	–	–
Change in investment contract liabilities	(3)	(12 203)	(5 640)
<b>Total net investment result</b>	<b>129</b>	<b>4 822</b>	<b>895</b>
<b>Non-insurance revenue and income</b>			
Banking interest and similar income	3 062	–	–
Banking trading, investment and similar income	–	–	–
Fee and commission income, and income from service activities	586	5 299	3 462
Other income	248	427	67
<b>Total non-insurance revenue and income</b>	<b>3 896</b>	<b>5 726</b>	<b>3 529</b>
<b>Non-insurance expenses</b>			
Credit impairment charges	(1 174)	(110)	–
Finance costs	–	–	–
Banking interest payable and similar expenses	(408)	–	–
Other operating and administrative expenses	(3 068)	(8 375)	(3 197)
<b>Total non-insurance expenses</b>	<b>(4 650)</b>	<b>(8 485)</b>	<b>(3 197)</b>
Share of gains of associated undertakings and joint ventures after tax	–	–	–
<b>Results from operations<sup>1</sup></b>	<b>1 846</b>	<b>3 710</b>	<b>1 227</b>
Shareholder investment return	–	–	–
Finance costs	–	–	–
Share of gains of associated undertakings and joint ventures after tax	–	–	–
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>1 846</b>	<b>3 710</b>	<b>1 227</b>
Shareholder tax	(392)	(993)	(309)
Non-controlling interests	–	(3)	(56)
<b>Adjusted headline earnings</b>	<b>1 454</b>	<b>2 714</b>	<b>862</b>
Accounting mismatch and hedging impacts	(62)	(24)	–
Impact of restructuring	–	–	–
Operations in hyperinflationary economies	–	–	–
Non-core operations	–	–	–
<b>Headline earnings</b>	<b>1 392</b>	<b>2 690</b>	<b>862</b>
<b>Adjustments</b>			
Impairment of goodwill and other intangibles assets and property, plant and equipment and other headline earnings adjustments	–	–	(188)
Impairment of investment in associated undertakings <sup>2</sup>	–	–	(42)
<b>Profit after tax for the financial year attributable to equity holders of the parent</b>	<b>1 392</b>	<b>2 690</b>	<b>632</b>
Profit for the financial period attributable to non-controlling interests	(1)	4	56
<b>Profit after tax for the financial year</b>	<b>1 391</b>	<b>2 694</b>	<b>688</b>

<sup>1</sup> Results from operations is a segmental performance measure used by the Group and is defined in note B1 (1.2).

<sup>2</sup> The impairment loss of R42 million relates to impairment of intangible assets held by an associate and is excluded from headline earnings as the look-through approach is followed as required by the SAICA Circular 01/2023.

Total intersegments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1 150 million (2022: R1 153 million), Personal Finance and Wealth Management is R11 823 million (2022: R6 002 million), Old Mutual Investments is R6 696 million (2022: R6 244 million), Old Mutual Corporate is R5 892 million (2022: R10 066 million), Old Mutual Insure is R36 million (2022: R10 million), Old Mutual Africa Regions is R19 million (2022: R11 million) and Other Group activities is R13 451 million (2022: R12 324 million).

Segmental income statements are disclosed to match the way the business is managed. This will not align to disaggregated revenue (D5) as it represents the IFRS 15 view of income.

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and intercompany eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
10 618	19 846	9 024	(655)	67 563	-	697	68 260
(7 313)	(17 501)	(6 844)	327	(53 429)	-	(1 021)	(54 450)
(980)	(1 770)	(913)	351	(3 067)	-	18	(3 049)
(135)	-	(249)	86	(3 057)	-	3 057	-
2 190	575	1 018	109	8 010	-	2 751	10 761
					-		
31 485	686	9 883	(1 260)	104 095	14 647	17 159	135 901
(22 888)	(235)	(7 566)	17	(70 496)	-	(12 612)	(83 108)
142	133	99	-	589	-	(3)	586
-	-	-	-	-	(12 753)	-	(12 753)
(6 429)	-	(176)	211	(24 240)	-	(1 055)	(25 295)
2 310	584	2 240	(1 032)	9 948	1 894	3 489	15 331
-	-	548	13	3 623	-	756	4 379
-	-	60	-	60	-	1 479	1 539
445	(21)	744	(2 431)	8 084	(720)	1 068	8 432
864	48	312	(265)	1 701	31	(373)	1 359
1 309	27	1 664	(2 683)	13 468	(689)	2 930	15 709
(11)	-	(42)	(18)	(1 355)	-	(994)	(2 349)
-	-	-	-	-	-	(1 020)	(1 020)
-	-	(197)	-	(605)	-	(247)	(852)
(4 080)	(662)	(3 567)	1 826	(21 123)	(1 205)	(1 396)	(23 724)
(4 091)	(662)	(3 806)	1 808	(23 083)	(1 205)	(3 657)	(27 945)
-	-	-	-	-	-	110	110
1 718	524	1 116	(1 798)	8 343	-	5 623	13 966
-	60	1 063	1 039	2 162	-	(2 162)	-
-	(47)	(116)	(857)	(1 020)	-	1 020	-
-	-	-	(118)	(118)	-	118	-
1 718	537	2 063	(1 734)	9 367	-	4 599	13 966
(484)	(132)	(830)	(76)	(3 216)	-	(3 117)	(6 333)
-	(179)	(52)	-	(290)	-	(278)	(568)
1 234	226	1 181	(1 810)	5 861	-	1 204	7 065
(25)	(5)	67	(492)	(541)	-	541	-
-	-	-	-	-	-	-	-
-	-	2 039	-	2 039	-	(2 039)	-
-	-	-	21	21	-	(21)	-
1 209	221	3 287	(2 281)	7 380	-	(315)	7 065
-	(67)	(4)	(14)	(273)	-	273	-
-	-	-	-	(42)	-	42	-
1 209	154	3 283	(2 295)	7 065	-	-	7 065
7	177	325	-	568	-	-	568
1 216	331	3 608	(2 295)	7 633	-	-	7 633

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## B: Segment information continued

### B2: Segmental income statement continued

<b>For the year ended 31 December 2022</b>	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
<b>Rm</b>			
<b>Insurance service result</b>			
Insurance revenue	10 214	17 066	–
Insurance service expenses	(8 471)	(13 253)	–
Net income/(expenses) from reinsurance contracts	140	18	–
Policyholder tax	23	1 392	–
<b>Total insurance service result after policyholder tax</b>	<b>1 906</b>	<b>5 223</b>	<b>–</b>
<b>Investment result</b>			
Net investment return (non-banking)	1 048	(12 110)	6 328
Net finance income/(expenses) from insurance contracts	(1 183)	(1 957)	–
Net finance income/(expenses) from reinsurance contracts	1	(105)	–
Change in investment contract liabilities	(5)	12 827	(5 038)
Change in third-party interest in consolidated funds	–	–	–
<b>Total net investment result</b>	<b>(139)</b>	<b>(1 345)</b>	<b>1 290</b>
<b>Non-insurance revenue and income</b>			
Banking interest and similar income	2 664	–	–
Banking trading, investment and similar income	–	–	–
Fee and commission income, and income from service activities	479	4 698	2 917
Other income	219	320	145
<b>Total non-insurance revenue and income</b>	<b>3 362</b>	<b>5 018</b>	<b>3 062</b>
<b>Non-insurance expenses</b>			
Credit impairment charges	(722)	(21)	–
Finance costs	–	–	–
Banking interest payable and similar expenses	(387)	–	–
Other operating and administrative expenses	(2 503)	(5 506)	(3 112)
<b>Total non-insurance expenses</b>	<b>(3 612)</b>	<b>(5 527)</b>	<b>(3 112)</b>
Share of gains of associated undertakings and joint ventures after tax	–	–	–
Loss on disposal of subsidiaries and associated undertakings	–	–	–
<b>Results from operations</b>	<b>1 517</b>	<b>3 369</b>	<b>1 240</b>
Shareholder investment return	–	–	–
Finance costs	–	–	–
Share of gains of associated undertakings and joint ventures after tax	–	–	–
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>1 517</b>	<b>3 369</b>	<b>1 240</b>
Shareholder tax	(836)	(936)	(343)
Non-controlling interests	(122)	(2)	(23)
<b>Adjusted headline earnings</b>	<b>559</b>	<b>2 431</b>	<b>874</b>
Accounting mismatches and hedging impacts	(153)	(180)	–
Impact of restructuring	(39)	–	–
Operations in hyperinflationary economies	–	–	–
Non-core operations	–	–	–
<b>Headline earnings</b>	<b>367</b>	<b>2 251</b>	<b>874</b>
Adjustments			
Reversal of impairment of goodwill and other intangibles assets and property, plant and equipment	–	(3)	–
Loss on disposal of subsidiaries and associated undertakings	–	–	(12)
<b>Profit after tax for the financial year attributable to equity holders of the parent</b>	<b>367</b>	<b>2 248</b>	<b>862</b>
Profit for the financial period attributable to non-controlling interests	125	11	23
<b>Profit after tax for the financial year</b>	<b>492</b>	<b>2 259</b>	<b>885</b>

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter- company eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassi- fications	Total IFRS
10 421	17 314	8 464	(591)	62 888	–	412	63 300
(7 925)	(16 192)	(7 532)	337	(53 036)	–	(974)	(54 010)
(414)	(55)	(871)	289	(893)	–	(68)	(961)
(135)	–	(174)	384	1 490	–	(1 490)	–
1 947	1 067	(113)	419	10 449	–	(2 120)	8 329
8 073	337	4 592	(1 619)	6 649	3 431	10 332	20 412
(4 760)	(123)	(2 839)	10	(10 852)	–	(8 533)	(19 385)
109	66	27	–	98	–	(6)	92
(836)	–	(112)	(191)	6 645	–	(658)	5 987
–	–	–	–	–	(1 846)	–	(1 846)
2 586	280	1 668	(1 800)	2 540	1 585	1 135	5 260
–	–	623	–	3 287	–	1 218	4 505
–	–	72	–	72	–	954	1 026
457	–	847	(2 215)	7 183	(637)	938	7 484
720	(190)	245	(89)	1 370	131	(502)	999
1 177	(190)	1 787	(2 304)	11 912	(506)	2 608	14 014
40	–	(68)	(238)	(1 009)	–	(70)	(1 079)
–	–	–	–	–	–	(662)	(662)
–	–	(202)	–	(589)	–	(241)	(830)
(4 301)	(479)	(2 537)	2 445	(15 993)	(1 079)	(1 387)	(18 459)
(4 261)	(479)	(2 807)	2 207	(17 591)	(1 079)	(2 360)	(21 030)
–	–	–	–	–	–	118	118
–	–	–	–	–	–	(133)	(133)
1 449	678	535	(1 478)	7 310	–	(752)	6 558
–	50	727	202	979	–	(979)	–
–	(31)	(99)	(532)	(662)	–	662	–
–	–	–	(53)	(53)	–	53	–
1 449	697	1 163	(1 861)	7 574	–	(1 016)	6 558
(592)	(229)	(390)	814	(2 512)	–	1 605	(907)
–	(147)	82	–	(212)	–	(208)	(420)
857	321	855	(1 047)	4 850	–	381	5 231
(93)	–	249	(10)	(187)	–	187	–
–	–	(78)	(36)	(153)	–	153	–
–	–	1 171	–	1 171	–	(1 171)	–
–	–	–	173	173	–	(173)	–
764	321	2 197	(920)	5 854	–	(623)	5 231
–	–	(185)	(304)	(492)	–	492	–
–	16	–	(135)	(131)	–	131	–
764	337	2 012	(1 359)	5 231	–	–	5 231
54	147	60	–	420	–	–	420
818	484	2 072	(1 359)	5 651	–	–	5 651

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## B: Segment information continued

### B3: Segmental statement of financial position

At 31 December 2023 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate
Insurance contract assets (note G2)	3 340	1 494	–	162
Life risk and annuities	3 340	1 494	–	162
Life savings	–	–	–	–
Property and casualty	–	–	–	–
Other assets	47 723	461 119	85 427	310 510
<b>Total assets<sup>1</sup></b>	<b>51 063</b>	<b>462 613</b>	<b>85 427</b>	<b>310 672</b>
Insurance contract liabilities (note G2)	(30 557)	(322 244)	–	(205 001)
Life risk and annuities	(5 729)	(52 604)	–	(23 409)
Life savings	(24 828)	(269 640)	–	(181 592)
Property and casualty	–	–	–	–
Investment contract liabilities	(50)	(103 872)	(64 732)	(62 140)
Other liabilities	(15 050)	(31 151)	(17 099)	(42 550)
<b>Total liabilities</b>	<b>(45 657)</b>	<b>(457 267)</b>	<b>(81 831)</b>	<b>(309 691)</b>
<b>Net assets</b>	<b>5 406</b>	<b>5 346</b>	<b>3 596</b>	<b>981</b>

At 31 December 2022 <sup>2</sup> Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate
Insurance contract assets (note G2)	2 373	1 168	–	211
Life risk and annuities	2 373	1 168	–	211
Life savings	–	–	–	–
Property and casualty	–	–	–	–
Other assets <sup>2</sup>	46 888	422 406	83 422	282 589
<b>Total assets<sup>1</sup></b>	<b>49 261</b>	<b>423 574</b>	<b>83 422</b>	<b>282 800</b>
Insurance contract liabilities (note G2)	(28 454)	(301 848)	–	(193 295)
Life risk and annuities	(5 157)	(46 711)	–	(22 423)
Life savings	(23 297)	(255 137)	–	(170 872)
Property and casualty	–	–	–	–
Investment contract liabilities	(46)	(85 264)	(60 463)	(49 880)
Other liabilities <sup>2</sup>	(17 735)	(32 382)	(18 182)	(39 578)
<b>Total liabilities</b>	<b>(46 235)</b>	<b>(419 494)</b>	<b>(78 645)</b>	<b>(282 753)</b>
<b>Net assets</b>	<b>3 026</b>	<b>4 080</b>	<b>4 777</b>	<b>47</b>

<sup>1</sup> Total assets held for sale included in total assets are as follows: Mass and Foundation Cluster is Rnil (2022: R1 million), Personal Finance and Wealth Management is Rnil (2022: Rnil), Old Mutual Investments is Rnil (2022: R17 million), Old Mutual Corporate is Rnil (2022: Rnil), Old Mutual Africa Regions is Rnil (2022: Rnil), Old Mutual Insure is Rnil (2022: Rnil), and Other Group activities is R1 058 million (2022: R352 million).

<sup>2</sup> An error was identified. These numbers have been restated. Refer to note J8.

Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and other inter- company elimination	Consolidation of funds	Total IFRS
73	181	(258)	-	4 992
-	181	(258)	-	4 919
-	-	-	-	-
73	-	-	-	73
16 908	84 829	9 377	135 697	1 151 590
16 981	85 010	9 119	135 697	1 156 582
(7 016)	(54 628)	246	-	(619 200)
-	(4 569)	292	-	(86 019)
-	(46 733)	-	-	(522 793)
(7 016)	(3 326)	(46)	-	(10 388)
-	(1 447)	1 612	-	(230 629)
(4 238)	(13 170)	10 777	(135 697)	(248 178)
(11 254)	(69 245)	12 635	(135 697)	(1 098 007)
5 727	15 765	21 754	-	58 575

Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and other inter- company elimination	Consolidation of funds	Total IFRS
4	257	(316)	-	3 697
-	214	(316)	-	3 650
-	43	-	-	43
4	-	-	-	4
13 779	82 554	9 159	120 251	1 061 048
13 783	82 811	8 843	120 251	1 064 745
(5 390)	(52 275)	210	-	(581 052)
-	(4 449)	274	-	(78 466)
-	(44 073)	-	-	(493 379)
(5 390)	(3 753)	(64)	-	(9 207)
-	(1 271)	1 520	-	(195 404)
(3 113)	(13 284)	16 436	(120 251)	(228 089)
(8 503)	(66 830)	18 166	(120 251)	(1 004 545)
5 280	15 981	27 009	-	60 200

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## C: Other key performance information

### C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	FY 2023	FY 2022
<b>Cents</b>				
Basic earnings per share	IFRS	C1(a)	<b>158.4</b>	115.5
Diluted earnings per share	IFRS	C1(b)	<b>154.1</b>	113.4
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2023	C1(c)	<b>165.5</b>	129.2
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2023	C1(c)	<b>161.0</b>	126.9

#### (a) Basic earnings per share

Basic earnings 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 Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment Trusts. These shares are regarded as treasury shares.

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	FY 2023	FY 2022 <sup>1</sup>
<b>Profit for the financial year attributable to equity holders of the parent (Rm)</b>	<b>7 065</b>	5 231
Weighted average number of ordinary shares in issue (millions)	<b>4 868</b>	4 735
Shares held in charitable foundations and trusts (millions)	<b>(82)</b>	(26)
Shares held in ESOP and similar trusts (millions)	<b>(242)</b>	(152)
<b>Adjusted weighted average number of ordinary shares (millions)</b>	<b>4 544</b>	4 557
Shares held in Black Economic Empowerment Trusts and Retail Schemes (millions)	<b>(85)</b>	(27)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share (millions)</b>	<b>4 459</b>	4 530
<b>Basic earnings per ordinary share (cents)</b>	<b>158.4</b>	115.5

<sup>1</sup> The prior years have been restated for the initial application of IFRS 17. Refer to note H8 for additional information

#### (b) Diluted earnings per share

Diluted earnings 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 summarises the calculation of weighted average number of shares for the purpose of calculating diluted basic earnings per share:

Year ended 31 December	Notes	FY 2023	FY 2022
<b>Profit for the financial year attributable to equity holders of the parent (Rm)</b>		<b>7 065</b>	5 231
Weighted average number of ordinary shares (millions)	C1(a)	<b>4 459</b>	4 530
Adjustments for share options held by ESOP and similar trusts (millions)		<b>86</b>	63
Adjustments for share options held in Black Economic Empowerment Trusts and Retail Schemes (millions)		<b>40</b>	20
<b>Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)</b>		<b>4 585</b>	4 613
<b>Diluted earnings per ordinary share (cents)</b>		<b>154.1</b>	113.4

**(c) Headline earnings per share**

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2023 '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	Notes	FY 2023		FY 2022	
		Gross	Net of tax and non-controlling interest	Gross	Net of tax and non-controlling interest
<b>Profit attributable to ordinary equity holders</b>			<b>7 065</b>		5 231
<b>Adjustments:</b>					
Impairment of investment in associated undertakings <sup>2</sup>	I2	<b>42</b>	<b>42</b>	–	–
(Reversal of impairments)/impairments of property, plant and equipment	H2	<b>(134)</b>	<b>(124)</b>	402	309
Impairments of intangible assets	H1	<b>301</b>	<b>301</b>	183	183
Loss on disposal of subsidiaries, associated undertakings and joint ventures		–	–	133	131
Loss on disposal of intangibles		<b>130</b>	<b>94</b>	–	–
Loss on disposal of property and equipment		<b>2</b>	<b>2</b>	–	–
<b>Total adjustments</b>		<b>341</b>	<b>315</b>	718	623
<b>Headline earnings (Rm)</b>			<b>7 380</b>		5 854
<b>Weighted average number of ordinary shares (millions)</b>	C1(a)		<b>4 459</b>		4 530
<b>Diluted weighted average number of ordinary shares (millions)</b>	C1(b)		<b>4 585</b>		4 613
<b>Headline earnings per share (cents)</b>			<b>165.5</b>		129.2
<b>Diluted headline earnings per share (cents)<sup>1</sup></b>			<b>161.0</b>		126.9

<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 01/2023 'Headline Earnings'.

<sup>2</sup> The impairment loss of R42 million relates to impairment of intangible assets held by an associate and is excluded from headline earnings as the look-through approach is followed as required by the SAICA Circular 01/2023.

**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.

At 31 December Rand	FY 2023	FY 2022
Net asset value per share	<b>12.2</b>	12.3
Net tangible asset value per share	<b>10.6</b>	10.8

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## C: Other key performance information continued

### C3: Return on net asset value (RoNAV)

The following table outlines the calculation of RoNAV, using adjusted headline earnings disclosed in the consolidated supplementary income statement. The basis of preparation of RoNAV is described in note A1.7.

At 31 December Rm or %	FY 2023	FY 2022
Total RoNAV (%)	11.1%	9.4%
Average adjusted IFRS equity (Rm)	52 611	51 822
Closing adjusted IFRS equity (Rm)	51 234	53 342

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

Rm	FY 2023	FY 2022
Equity attributable to the holders of the parent	56 060	57 585
Equity in respect of operations in hyperinflationary economies	(3 326)	(2 875)
Equity in respect of non-core operations	(1 500)	(1 368)
<b>Closing adjusted IFRS equity</b>	<b>51 234</b>	<b>53 342</b>

### C4: Dividends

For the year ended 31 December Rm	Ordinary dividend payment date	FY 2023	FY 2022
2021 Final dividend paid – 51.00c per share	23 May 2022	–	2 286
2022 Interim dividend paid – 25.00c per share	17 October 2022	–	1 138
2022 Final dividend paid – 51.00c per share	17 April 2023	2 414	–
2023 Interim dividend paid – 32.00c per share	23 October 2023	1 376	–
<b>Dividend payments to ordinary equity holders for the year</b>		<b>3 790</b>	<b>3 424</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, 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.

A final dividend of 49 cents (2022: 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 22 April 2024 to shareholders on all registers, except for shareholders on the London Stock Exchange who will be paid on 21 May 2024.

**D: Other consolidated income statement notes****D1: Insurance service revenue**

The Group's insurance service revenue is analysed as follows:

Year ended 31 December 2023		Life risk and annuities	Life savings	Property and casualty	Total
Rm	Notes				
<b>Contracts not measured under the PAA</b>					
<b>Amounts relating to changes in liabilities for remaining coverage</b>					
		19 998	8 710	–	28 708
Expected incurred claims		13 172	518	–	13 690
Expected other insurance service expenses		2 440	2 798	–	5 238
Change in risk adjustment for non-financial risk for risk expired		899	193	–	1 092
CSM recognised for services provided		3 667	3 715	–	7 382
Other amounts relating to changes in liabilities for remaining coverage		(180)	1 486	–	1 306
Recovery of insurance acquisition cash flows		4 290	1 307	–	5 597
<b>Contracts not measured under the PAA</b>		<b>24 288</b>	<b>10 017</b>	<b>–</b>	<b>34 305</b>
Contracts measured under the PAA		8 342	–	25 613	33 955
<b>Total insurance revenue</b>		<b>32 630</b>	<b>10 017</b>	<b>25 613</b>	<b>68 260</b>
<b>Year ended 31 December 2022</b>					
Rm	Notes	Life risk and annuities	Life savings	Property and casualty	Total
<b>Contracts not measured under the PAA</b>					
<b>Amounts relating to changes in liabilities for remaining coverage</b>					
		19 594	7 983	–	27 577
Expected incurred claims		13 516	555	–	14 071
Expected other insurance service expenses		2 115	2 902	–	5 017
Change in risk adjustment for non-financial risk for risk expired		875	201	–	1 076
CSM recognised for services provided		3 269	3 727	–	6 996
Other amounts relating to changes in liabilities for remaining coverage		(181)	598	–	417
Recovery of insurance acquisition cash flows		4 160	1 225	–	5 385
<b>Contracts not measured under the PAA</b>		<b>23 754</b>	<b>9 208</b>	<b>–</b>	<b>32 962</b>
Contracts measured under the PAA		7 919	–	22 419	30 338
<b>Total insurance revenue</b>		<b>31 673</b>	<b>9 208</b>	<b>22 419</b>	<b>63 300</b>

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## D: Other consolidated income statement notes continued

### D2: 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 is assessed if they contain contract assets.

Year ended 31 December 2023 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Investments
<b>Revenue from contracts with customers</b>			
Fee and commission income	586	5 216	3 267
Transaction and performance fees	–	74	195
Administration fees	–	9	–
<b>Fee and commission income, and income from service activities</b>	<b>586</b>	<b>5 299</b>	<b>3 462</b>
<b>Non-IFRS 15 revenue</b>			
Banking	3 062	–	–
Insurance	11 105	17 625	–
Investment return and other	3 206	54 235	6 602
<b>Total revenue from other activities</b>	<b>17 373</b>	<b>71 860</b>	<b>6 602</b>
<b>Total revenue</b>	<b>17 959</b>	<b>77 159</b>	<b>10 064</b>
Year ended 31 December 2022 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Investments
<b>Revenue from contracts with customers</b>			
Fee and commission income	479	4 661	2 871
Transaction and performance fees	–	59	46
Administration fees	–	(22)	–
<b>Fee and commission income, and income from service activities</b>	<b>479</b>	<b>4 698</b>	<b>2 917</b>
<b>Non-IFRS 15 revenue</b>			
Banking	2 664	–	–
Insurance	10 214	17 066	–
Investment return and other	1 267	(11 790)	6 473
<b>Total revenue from other activities</b>	<b>14 145</b>	<b>5 276</b>	<b>6 473</b>
<b>Total revenue</b>	<b>14 624</b>	<b>9 974</b>	<b>9 390</b>

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities an inter-company eliminations	Consolidation of funds	Total
445	(21)	1 089	(2 244)	(720)	7 618
-	-	723	(187)	-	805
-	-	-	-	-	9
445	(21)	1 812	(2 431)	(720)	8 432
-	-	2 843	13	-	5 918
10 618	19 846	9 721	(655)	-	68 260
32 349	734	26 981	(1 525)	14 678	137 260
42 967	20 580	39 545	(2 167)	14 678	211 438
43 412	20 559	41 357	(4 598)	13 958	219 870
Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter-company eliminations	Consolidation of funds	Total
457	-	1 164	(2 179)	(637)	6 816
-	-	623	(36)	-	692
-	-	(2)	-	-	(24)
457	-	1 785	(2 215)	(637)	7 484
-	-	2 867	-	-	5 531
10 421	17 314	8 876	(591)	-	63 300
8 793	147	14 667	(1 708)	3 562	21 411
19 214	17 461	26 410	(2 299)	3 562	90 242
19 671	17 461	28 195	(4 514)	2 925	97 726

## E: Financial assets and liabilities

### E1: 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 2023 Rm	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Investments and securities	946 982	529 420	370 745	46 817
Derivative financial instruments – assets	8 210	67	8 143	–
<b>Total financial assets measured at fair value</b>	<b>955 192</b>	<b>529 487</b>	<b>378 888</b>	<b>46 817</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	230 392	–	230 392	–
Third-party interests in consolidated funds	109 548	–	109 548	–
Borrowed funds	10 486	–	10 486	–
Other liabilities	10 784	–	10 784	–
Derivative financial instruments – liabilities	11 587	95	11 492	–
<b>Total financial liabilities measured at fair value</b>	<b>372 797</b>	<b>95</b>	<b>372 702</b>	<b>–</b>
<b>At 31 December 2022 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>				
Investments and securities	882 792	469 141	371 154	42 497
Derivative financial instruments – assets	9 688	53	9 635	–
<b>Total financial assets measured at fair value<sup>1</sup></b>	<b>892 480</b>	<b>469 194</b>	<b>380 789</b>	<b>42 497</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	194 170	–	194 170	–
Third-party interests in consolidated funds	102 749	–	102 749	–
Borrowed funds	9 024	–	9 024	–
Other liabilities	10 035	–	10 035	–
Derivative financial instruments – liabilities	12 580	13	12 567	–
<b>Total financial liabilities measured at fair value</b>	<b>328 558</b>	<b>13</b>	<b>328 545</b>	<b>–</b>

<sup>1</sup> Refer to note J8 for details in relation to the restatement due to prior period errors.

#### Level 2 investment and securities

Level 2 assets comprise mainly 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 these valuations, estimates are based on available market data and examination of historical levels. Market data includes the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available.

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.

**(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	FY 2023	FY 2022 <sup>1</sup>
<b>Level 3 financial assets – Investments and securities</b>		
At beginning of the year	42 497	45 426
Total net fair value losses recognised in profit or loss	7 333	(5 341)
Purchases	8 370	33 163
Sales	(10 908)	(23 046)
Transfers in	583	424
Transfers out	-	(164)
Foreign exchange and other	(1 058)	(7 965)
<b>Total Level 3 financial assets</b>	<b>46 817</b>	<b>42 497</b>
Unrealised fair value gains/(losses) recognised in profit or loss	6 232	(1 094)

<sup>1</sup> As part of the Group's enhanced disclosure efforts, the previously disclosed 'net movement on consolidated investment funds' has been separated into the appropriate movement categories.

**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 R1 532 million (2022: R4 014 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 R7 859 million (2022: R2 147 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 R10 million (2022: R50 million) were also transferred from Level 2 to Level 1 as markets in which these instruments trade have become active. Pooled investments of R589 million, unlisted debt securities of R53 million and equity securities of R2 million (2022: pooled investments of R1 308 million) were also transferred from Level 1 to Level 2 as markets in which these instruments trade have become less active.

A transfer between Level 2 and Level 3 occurs when any significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2023, 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. Equity securities of R179 million (2022: Rnil) and unlisted debt securities of R405 million (2022: R26 million) were transferred from Level 2 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable.

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

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

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.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## E: Financial assets and liabilities continued

E1: Disclosure of financial assets and liabilities measured at fair value continued

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

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	
		FY 2023	FY 2022
Discounted cash flow (DCF)	Risk adjusted discount rate:		
	» Equity risk premium	2.5% – 5.95%	0.25% – 20.0%
	» Liquidity discount rate	5.0% – 20.0%	5.0% – 40.0%
	» Nominal risk-free rate	3.8% – 17.6%	5.0% – 13.0%
	» Credit spreads	1.6% – 15.0%	1.51% – 13.65%
	» Dividend growth rate	Not applicable	5.0% – 20.0%
	» Internal rate of return	13.0% – 30.0%	16.0% – 40.0%
	» Preference dividend accrual rate	8.5% – 12.5%	7.0% – 11.0%
	» Marketability discount	10.0% – 30.0%	5.0% – 30.0%
Price earnings (PE) model/multiple/embedded value	PE ratio/multiple	2 – 11.71 times	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF	See PE ratio and DCF

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 31 December 2023. 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.

Types of financial instruments	At 31 December 2023		Valuation techniques used	Significant unobservable input	At 31 December 2022	
	Fair values	At 31 December 2022			Fair value measurement sensitivity to unobservable inputs	At 31 December 2022
<b>Assets</b>						
Investments and securities	46 817	42 497	Discounted cash flows; 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 rate; PE ratio/multiple	<b>Favourable: 3 442</b> <b>Unfavourable: 3 338</b>	Favourable: 3 487 Unfavourable: 3 275

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December:

Rm	At 31 December 2023		At 31 December 2022		At 31 December 2023		At 31 December 2022	
	Sensitivities							
Types of financial instruments	Fair values		Most significant unobservable input	Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact	
<b>Assets</b>								
Debt securities, preference shares and debentures	5 168	5 981	Discount rates; Credit spreads	34	34	272	258	
Equity securities	9 463	25 901	Discount rate; PE ratio/multiple; Marketability discount rate	710	678	1 946	1 752	
Pooled investments	32 186	10 615	Net asset value of underlying investments	2 698	2 626	1 269	1 265	
<b>Total</b>	<b>46 817</b>	<b>42 497</b>		<b>3 442</b>	<b>3 338</b>	<b>3 487</b>	<b>3 275</b>	

Fair value gains of R7 333 million (2022: fair value losses of R5 341 million) were recognised on Level 3 assets during the year. The gains are attributable to the approach followed in performing valuations due to low levels of volatility with respect to economic outlook and due to higher comparable multiples.

## E2: Financial instruments designated as FVTPL

Financial instruments have been classified as designated as FVTPL where the Group has satisfied the criteria as described in the accounting policies (refer to note E1). Fair value movements on financial assets designated as FVTPL is recognised in investment return (non-banking) in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVOCI, the Group elected to designate the portfolio at FVTPL. 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 FVTPL and hence the assets backing the policyholder liability should also be as FVTPL.

Designation of instruments as FVTPL, 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 FVTPL. 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 credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative	Contractual maturity amount
<b>Borrowed funds at 31 December 2023</b>	<b>10 486</b>	<b>2</b>	<b>381</b>	<b>10 383</b>
Borrowed funds at 31 December 2022	9 024	42	379	8 883

The fair values of other categories of financial liabilities designated as FVTPL do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at FVTPL 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.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## E: Financial assets and liabilities continued

### E3: 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 their 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 not measured at fair value. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.

At 31 December 2023 Rm	Carrying value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
Investments and securities	11 138	10 443	–	8 030	2 413
<b>Financial liabilities</b>					
Investment contract liabilities	237	237	–	237	–
Borrowed funds	5 599	5 599	–	5 599	–

At 31 December 2022 Rm	Carrying value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
Investments and securities	9 612	9 374	–	6 706	2 668
<b>Financial liabilities</b>					
Investment contract liabilities <sup>1</sup>	1 234	1 238	–	1 238	–
Borrowed funds <sup>1</sup>	7 689	7 689	–	7 689	–

<sup>1</sup> As part of the Group's enhanced disclosure efforts, the fair value of these line items has been included in the above table.

For trade, other receivables and other assets, cash and cash equivalents and trade, other payables and other liabilities, the carrying amount approximates fair value due to the short-term nature of these balances.

Loans and advances principally comprise variable rate financial assets. The interest rates on these variable-rate instruments are adjusted when the applicable benchmark interest rates change and, therefore, the carrying amount approximates fair value.

For amounts owed to bank depositors, the carrying amount approximates fair value.

The table below displays the Group's primary valuation techniques used in determining the fair value of its financial assets and financial liabilities:

	Valuation technique	Significant inputs
<b>Financial assets</b>		
Investments and securities	Discounted cash flow model	Yield curve
Loans and advances	Discounted cash flow model	Yield curve
<b>Financial liabilities</b>		
Investment contract liabilities	Discounted cash flow model	Spot curve
Borrowed funds	Discounted cash flow model	Yield curve
Amounts owed to bank depositors	Discounted cash flow model	Yield curve

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

### F1: Insurance and investment contracts

#### F1.1: Insurance and reinsurance contracts

Rm	Notes	At 31 December 2023		At 31 December 2022	
		Assets	Liabilities	Assets	Liabilities
<b>Insurance contracts</b>					
<b>Total life and guaranteed savings</b>		<b>4 920</b>	<b>(608 812)</b>	3 693	(571 845)
Life risk and annuities		<b>4 920</b>	<b>(86 019)</b>	3 650	(78 466)
Life savings		–	<b>(522 793)</b>	43	(493 379)
<b>Property and casualty</b>		<b>72</b>	<b>(10 388)</b>	4	(9 207)
<b>Total insurance contracts</b>		<b>4 992</b>	<b>(619 200)</b>	3 697	(581 052)
<b>Reinsurance contracts</b>					
<b>Total life and guaranteed savings</b>		<b>3 438</b>	<b>(519)</b>	3 490	(387)
Life risk and annuities		<b>3 438</b>	<b>(519)</b>	3 490	(387)
Life savings		–	–	–	–
<b>Property and casualty</b>		<b>5 360</b>	<b>(1 187)</b>	4 581	(516)
<b>Total reinsurance contracts</b>		<b>8 798</b>	<b>(1 706)</b>	8 071	(903)

The maximum exposure to credit risk from reinsurance contracts is R7 052 million (2022: R6 965 million). The maximum exposure to credit risk from insurance contracts is insignificant.

#### F1.2: Movements in the carrying amounts of insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance in each line of business changed during the year as a result of cash flows and amounts recognised in the income statement.

For each line of business, the Group presents a table that separately analyses movements in the liability for remaining coverage and movement in the liability for incurred claims and reconciles these movements to the line items in the income statement.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates for the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of the future cash flows from insurance and reinsurance assets represents the Group's maximum exposure to credit risk from these assets.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

F1: Insurance and investment contracts continued

F1.2: Movements in the carrying amounts of insurance and reinsurance contracts

(i) Insurance contracts: Analysis by remaining coverage and incurred claims

Year ended 31 December 2023 Rm	Liability for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under the PAA	Contracts under the PAA		Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
<b>Net opening balance (insurance contracts)</b>	<b>(543 959)</b>	<b>(6 628)</b>	<b>(8 926)</b>	<b>(17 171)</b>	<b>(671)</b>	<b>(577 355)</b>
<b>Represented by:</b>						
Opening insurance assets	5 850	(1 768)	(378)	(7)	-	3 697
Opening insurance liabilities	(549 809)	(4 860)	(8 548)	(17 164)	(671)	(581 052)
<b>Changes in profit or loss</b>						
<b>Insurance revenue</b>	<b>68 260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68 260</b>
Contracts under the modified retrospective approach	7 604	-	-	-	-	7 604
Contracts under the modified retrospective approach	9 820	-	-	-	-	9 820
Other contracts	50 836	-	-	-	-	50 836
<b>Insurance service expenses</b>	<b>(10 098)</b>	<b>(631)</b>	<b>(19 486)</b>	<b>(24 330)</b>	<b>95</b>	<b>(54 450)</b>
Incurring claims and other insurance service expenses	-	843	(19 483)	(24 598)	(145)	(43 383)
Amortisation of insurance acquisition cash flows	(10 098)	-	-	-	-	(10 098)
Losses and reversal of losses on onerous contracts	-	(1 474)	-	-	-	(1 474)
Adjustments to liabilities for incurred claims	-	-	(3)	268	240	505
<b>Insurance service result</b>	<b>58 162</b>	<b>(631)</b>	<b>(19 486)</b>	<b>(24 330)</b>	<b>95</b>	<b>13 810</b>
Insurance finance income/(expense)	(81 999)	(285)	62	(870)	(16)	(83 108)
<b>Total changes in profit or loss</b>	<b>(23 837)</b>	<b>(916)</b>	<b>(19 424)</b>	<b>(25 200)</b>	<b>79</b>	<b>(69 298)</b>
<b>Investment components</b>	<b>73 208</b>	<b>-</b>	<b>(73 195)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>						
Premiums received	(112 284)	-	-	(199)	-	(112 483)
Insurance acquisition cash flows paid	11 628	-	-	-	-	11 628
Insurance claims paid, including investment components	-	-	86 950	22 181	-	109 131
Other expenses paid	-	-	5 826	1 515	-	7 341
<b>Total cash flows (insurance contracts)</b>	<b>(100 656)</b>	<b>-</b>	<b>92 776</b>	<b>23 497</b>	<b>-</b>	<b>15 617</b>
Foreign currency exchange differences and other	16 044	352	27	390	15	16 828
<b>Net closing balance (insurance contracts)</b>	<b>(579 200)</b>	<b>(7 192)</b>	<b>(8 742)</b>	<b>(18 497)</b>	<b>(577)</b>	<b>(614 208)</b>
<b>Represented by:</b>						
Closing insurance assets	8 188	(2 440)	(683)	(71)	(2)	4 992
Closing insurance liabilities	(587 388)	(4 752)	(8 059)	(18 426)	(575)	(619 200)
<b>Net closing balance (insurance contracts)</b>	<b>(579 200)</b>	<b>(7 192)</b>	<b>(8 742)</b>	<b>(18 497)</b>	<b>(577)</b>	<b>(614 208)</b>

Year ended 31 December 2022 Rm	Liability for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under the PAA		Total
				Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
<b>Net opening balance (insurance contracts)</b>	(574 355)	(4 838)	(8 880)	(17 144)	(563)	(605 780)
<b>Represented by:</b>						
Opening insurance assets	3 838	(890)	(300)	(2)	(1)	2 645
Opening insurance liabilities	(578 193)	(3 948)	(8 580)	(17 142)	(562)	(608 425)
<b>Changes in profit or loss</b>						
<b>Insurance revenue</b>	63 300	–	–	–	–	63 300
Contracts under the modified retrospective approach	7 702	–	–	–	–	7 702
Contracts under the fair value approach	10 056	–	–	–	–	10 056
Other contracts	45 542	–	–	–	–	45 542
<b>Insurance service expenses</b>	(9 184)	(1 317)	(19 480)	(23 964)	(65)	(54 010)
Incurring claims and other insurance service expenses	–	852	(19 738)	(23 871)	–	(42 757)
Amortisation of insurance acquisition cash flows	(9 184)	–	–	–	–	(9 184)
Losses and reversal of losses on onerous contracts	–	(2 169)	–	–	–	(2 169)
Adjustments to liabilities for incurred claims	–	–	258	(93)	(65)	100
<b>Insurance service result</b>	54 116	(1 317)	(19 480)	(23 964)	(65)	9 290
Insurance finance expense	(18 583)	(371)	(31)	(353)	(47)	(19 385)
<b>Total changes in profit or loss</b>	35 533	(1 688)	(19 511)	(24 317)	(112)	(10 095)
<b>Investment components</b>	71 408	–	(71 408)	–	–	–
<b>Cash flows</b>						
Premiums received	(101 759)	–	–	–	–	(101 759)
Insurance acquisition cash flows paid	10 506	–	–	–	–	10 506
Insurance claims paid, including investment components	–	–	85 054	22 827	–	107 881
Other expenses paid	–	–	5 809	1 337	–	7 146
<b>Total cash flows (insurance contracts)</b>	(91 253)	–	90 863	24 164	–	23 774
Foreign currency exchange differences and other	14 708	(102)	10	126	4	14 746
<b>Net closing balance (insurance contracts)</b>	(543 959)	(6 628)	(8 926)	(17 171)	(671)	(577 355)
<b>Represented by:</b>						
Closing insurance assets	5 850	(1 768)	(378)	(7)	–	3 697
Closing insurance liabilities	(549 809)	(4 860)	(8 548)	(17 164)	(671)	(581 052)
<b>Net closing balance (insurance contracts)</b>	(543 959)	(6 628)	(8 926)	(17 171)	(671)	(577 355)

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

F1: Insurance and investment contracts continued

F1.2: Movements in the carrying amounts of insurance and reinsurance contracts continued

(ii) Insurance contracts: Analysis by measurement components - contracts not measured under PAA

Year ended 31 December 2023 Rm	Contractual service margin					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under retro-spective approach	Contracts under fair value approach	Other contracts	
<b>Net opening balance (insurance contracts)</b>	<b>(492 487)</b>	<b>(5 519)</b>	<b>(16 185)</b>	<b>(24 593)</b>	<b>(19 043)</b>	<b>(557 827)</b>
<b>Represented by:</b>	<b>Estimates of present value of future cash flows</b>	<b>Risk adjustment for non-financial risk</b>			<b>Contractual service margin</b>	<b>Total</b>
Opening insurance assets	6 122	(714)			(1 732)	3 676
Opening insurance liabilities	(498 609)	(4 805)			(58 089)	(561 503)
<b>Changes in profit or loss</b>						
<b>Changes that relate to current services</b>	<b>1 433</b>	<b>1 136</b>	<b>2 688</b>	<b>2 122</b>	<b>2 571</b>	<b>9 950</b>
CSM recognised for services provided	-	-	2 688	2 122	2 571	7 381
Release of risk adjustment for the risk expired	-	1 092	-	-	-	1 092
Experience adjustments	1 433	44	-	-	-	1 477
<b>Changes that relate to future services</b>	<b>6 281</b>	<b>(718)</b>	<b>(1 153)</b>	<b>(2 175)</b>	<b>(3 558)</b>	<b>(1 323)</b>
Contracts initially recognised in the year	3 101	(873)	-	-	(3 223)	(995)
Changes in estimates that adjust the CSM	3 534	129	(1 153)	(2 175)	(335)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(354)	26	-	-	-	(328)
<b>Changes that relate to past services</b>						
Adjustment to liabilities for incurred claims	8	(15)	-	-	-	(7)
<b>Insurance service result</b>	<b>7 722</b>	<b>403</b>	<b>1 535</b>	<b>(53)</b>	<b>(987)</b>	<b>8 620</b>
Insurance finance expense	(78 377)	(282)	(711)	(1 293)	(1 622)	(82 285)
<b>Total changes in profit or loss</b>	<b>(70 655)</b>	<b>121</b>	<b>824</b>	<b>(1 346)</b>	<b>(2 609)</b>	<b>(73 665)</b>
<b>Cash flows</b>						
Premiums received	(77 418)	-	-	-	-	(77 418)
Insurance acquisition cash flows paid	6 997	-	-	-	-	6 997
Insurance claims paid, including investment components	86 950	-	-	-	-	86 950
Other expenses paid	5 826	-	-	-	-	5 826
<b>Total cash flows (insurance contracts)</b>	<b>22 355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 355</b>
Effect of movements in exchange rates and other	15 661	20	-	546	38	16 265
<b>Net closing balance (insurance contracts)</b>	<b>(525 126)</b>	<b>(5 378)</b>	<b>(15 361)</b>	<b>(25 393)</b>	<b>(21 614)</b>	<b>(592 872)</b>
<b>Represented by:</b>	<b>Estimates of present value of future cash flows</b>	<b>Risk adjustment for non-financial risk</b>			<b>Contractual service margin</b>	<b>Total</b>
Closing insurance assets	7 933	(947)			(2 072)	4 914
Closing insurance liabilities	(533 059)	(4 431)			(60 296)	(597 786)
<b>Net closing balance (insurance contracts)</b>	<b>(525 126)</b>	<b>(5 378)</b>			<b>(62 368)</b>	<b>(592 872)</b>

Year ended 31 December 2022 Rm	Contractual service margin						Total
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contracts under modified retro- spective approach	Contracts under fair value approach	Other contracts	Contractual service margin	
<b>Net opening balance (insurance contracts)</b>	(520 171)	(5 548)	(18 630)	(25 254)	(16 400)	(586 003)	
<b>Represented by:</b>							
Opening insurance assets	4 313	(436)			(1 236)	2 641	
Opening insurance liabilities	(524 484)	(5 112)			(59 048)	(588 644)	
<b>Changes in profit or loss</b>							
<b>Changes that relate to current services</b>	643	1 118	2 815	1 968	2 212	8 756	
CSM recognised for services provided	–	–	2 815	1 968	2 212	6 995	
Release of risk adjustment for the risk expired	–	1 076	–	–	–	1 076	
Experience adjustments	643	42	–	–	–	685	
<b>Changes that relate to future services</b>	2 959	(1 080)	452	(1 076)	(3 573)	(2 318)	
Contracts initially recognised in the year	2 988	(760)	–	–	(3 226)	(998)	
Changes in estimates that adjust the CSM	1 235	(264)	452	(1 076)	(347)	–	
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1 264)	(56)	–	–	–	(1 320)	
<b>Changes that relate to past services</b>							
Adjustment to liabilities for incurred claims	229	42	–	–	–	271	
<b>Insurance service result</b>	3 831	80	3 267	892	(1 361)	6 709	
Insurance finance expense	(16 322)	(87)	(822)	(533)	(1 286)	(19 050)	
<b>Total changes in profit or loss</b>	(12 491)	(7)	2 445	359	(2 647)	(12 341)	
<b>Cash flows</b>							
Premiums received	(71 252)	–	–	–	–	(71 252)	
Insurance acquisition cash flows paid	6 394	–	–	–	–	6 394	
Insurance claims paid, including investment components	85 054	–	–	–	–	85 054	
Other expenses paid	5 809	–	–	–	–	5 809	
<b>Total cash flows (insurance contracts)</b>	26 005	–	–	–	–	26 005	
Effect of movements in exchange rates and other	14 170	36	–	302	4	14 512	
<b>Net closing balance (insurance contracts)</b>	(492 487)	(5 519)	(16 185)	(24 593)	(19 043)	(557 827)	
<b>Represented by:</b>							
Closing insurance assets	6 122	(714)			(1 732)	3 676	
Closing insurance liabilities	(498 609)	(4 805)			(58 089)	(561 503)	
<b>Net closing balance (insurance contracts)</b>	(492 487)	(5 519)			(59 821)	(557 827)	

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

F1: Insurance and investment contracts continued

F1.2: Movements in the carrying amounts of insurance and reinsurance contracts continued

(iii) Reinsurance contracts: Analysis by remaining coverage and incurred claims

Year ended 31 December 2023 Rm	Remaining coverage component		Incurred claims component			Total
	Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
			Estimates of present value of future cash flows	Risk-adjustment for non-financial risk	Contracts not under the PAA	
<b>Net opening balance (reinsurance contracts)</b>	<b>(390)</b>	<b>400</b>	<b>5 935</b>	<b>241</b>	<b>982</b>	<b>7 168</b>
<b>Represented by:</b>						
Opening reinsurance assets	1 091	210	6 261	229	280	8 071
Opening reinsurance liabilities	(1 481)	190	(326)	12	702	(903)
<b>Changes in profit or loss</b>						
Allocation of reinsurance premiums paid	(8 478)	-	-	-	-	(8 478)
<b>Amounts recoverable from reinsurers</b>						
Recoveries of incurred claims and other insurance service expenses	-	141	3 116	247	1 925	5 429
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	141	-	-	-	141
Adjustments to assets for incurred claims	-	-	(746)	175	12	(559)
<b>Net expenses from reinsurance contracts</b>	<b>(8 478)</b>	<b>141</b>	<b>3 116</b>	<b>247</b>	<b>1 925</b>	<b>(3 049)</b>
Net finance income/(expense) from reinsurance contracts	219	35	297	41	(6)	586
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
<b>Total changes in profit or loss</b>	<b>(8 259)</b>	<b>176</b>	<b>3 413</b>	<b>288</b>	<b>1 919</b>	<b>(2 463)</b>
<b>Investment components</b>	<b>(235)</b>	<b>-</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>						
Premiums paid net of ceding commission and other attributable expenses	6 809	-	199	-	-	7 008
Amounts received	-	-	(2 621)	-	(1 859)	(4 480)
<b>Total cash flows (reinsurance contracts)</b>	<b>6 809</b>	<b>-</b>	<b>(2 422)</b>	<b>-</b>	<b>(1 859)</b>	<b>2 528</b>
Effect of movements in exchange rates and other	(17)	(5)	(109)	(9)	(1)	(141)
<b>Net closing balance (reinsurance contracts)</b>	<b>(2 092)</b>	<b>571</b>	<b>7 052</b>	<b>520</b>	<b>1 041</b>	<b>7 092</b>
<b>Represented by:</b>						
Closing reinsurance assets	58	374	7 496	515	355	8 798
Closing reinsurance liabilities	(2 150)	197	(444)	5	686	(1 706)
<b>Net closing balance (reinsurance contracts)</b>	<b>(2 092)</b>	<b>571</b>	<b>7 052</b>	<b>520</b>	<b>1 041</b>	<b>7 092</b>

Year ended 31 December 2022 Rm	Remaining coverage component		Incurred claims component			Total
	Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
			Estimates of present value of future cash flows	Risk- adjustment for non- financial risk	Contracts not under the PAA	
<b>Net opening balance (reinsurance contracts)</b>	(1 720)	489	7 550	289	1 184	7 792
<b>Represented by:</b>						
Opening reinsurance assets	(458)	485	6 644	285	1 115	8 071
Opening reinsurance liabilities	(1 262)	4	906	4	69	(279)
<b>Changes in profit or loss</b>						
Allocation of reinsurance premiums paid	(8 033)	–	–	–	–	(8 033)
<b>Amounts recoverable from reinsurers</b>	–	(95)	5 011	(45)	2 201	7 072
Recoveries of incurred claims and other insurance service expenses	–	–	4 503	10	2 228	6 741
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	(95)	–	–	–	(95)
Adjustments to assets for incurred claims	–	–	508	(55)	(27)	426
<b>Net expenses from reinsurance contracts</b>	(8 033)	(95)	5 011	(45)	2 201	(961)
Net finance income/(expense) from reinsurance contracts	(116)	30	151	2	–	67
Effect of changes in non- performance risk of reinsurers	(12)	–	–	–	37	25
<b>Total changes in profit or loss</b>	(8 161)	(65)	5 162	(43)	2 238	(869)
<b>Investment components</b>	–	–	–	–	–	–
<b>Cash flows</b>						
Premiums paid net of ceding commission and other attributable expenses	9 498	–	–	–	–	9 498
Amounts received	–	–	(6 746)	–	(2 440)	(9 186)
<b>Total cash flows (reinsurance contracts)</b>	9 498	–	(6 746)	–	(2 440)	312
Effect of movements in exchange rates and other	(7)	(24)	(31)	(5)	–	(67)
<b>Net closing balance (reinsurance contracts)</b>	(390)	400	5 935	241	982	7 168
<b>Represented by:</b>						
Closing reinsurance assets	1 091	210	6 261	229	280	8 071
Closing reinsurance liabilities	(1 481)	190	(326)	12	702	(903)
<b>Net closing balance (reinsurance contracts)</b>	(390)	400	5 935	241	982	7 168

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

F1: Insurance and investment contracts continued

F1.2: Movements in the carrying amounts of insurance and reinsurance contracts continued

(iv) Reinsurance contracts: Analysis by measurement components - contracts not measured under PAA

Year ended 31 December 2023 Rm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
<b>Net opening balance (reinsurance contracts)</b>	<b>670</b>	<b>321</b>	<b>100</b>	<b>230</b>	<b>(310)</b>	<b>1 011</b>
<b>Represented by:</b>	<b>Estimates of present value of future cash flows</b>	<b>Risk adjustment for non- financial risk</b>			<b>Contractual service margin</b>	<b>Total</b>
Opening reinsurance assets	506	43			524	1 073
Opening reinsurance liabilities	164	278			(504)	(62)
<b>Changes in profit or loss</b>						
<b>Changes that relate to current services</b>	<b>(23)</b>	<b>(44)</b>	<b>23</b>	<b>(165)</b>	<b>22</b>	<b>(187)</b>
CSM recognised for services received	-	-	23	(165)	22	(120)
Release of risk adjustment for the risk expired	-	(44)	-	-	-	(44)
Experience adjustments	(23)	-	-	-	-	(23)
<b>Changes that relate to future services</b>	<b>(498)</b>	<b>275</b>	<b>(249)</b>	<b>18</b>	<b>588</b>	<b>134</b>
Contracts initially recognised in the year	50	22	-	-	32	104
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(8)	-	-	6	32	30
Changes in estimates that adjust the CSM	(540)	253	(249)	12	524	-
<b>Changes that relate to past services</b>						
Adjustment to liabilities for incurred claims	11	1	-	-	-	12
<b>Net income or expenses from reinsurance contracts</b>	<b>(510)</b>	<b>232</b>	<b>(226)</b>	<b>(147)</b>	<b>610</b>	<b>(41)</b>
Net finance income/(expense) from reinsurance contracts	372	(95)	(183)	1 035	(830)	299
Effect of changes in non-performance risk	-	10	-	-	-	10
<b>Total changes in profit or loss</b>	<b>(138)</b>	<b>147</b>	<b>(409)</b>	<b>888</b>	<b>(220)</b>	<b>268</b>
<b>Cash flows</b>						
Premiums paid net of ceding commission and other attributable expenses	1 372	-	-	-	-	1 372
Amounts received	(1 859)	-	-	-	-	(1 859)
<b>Total cash flows (reinsurance contracts)</b>	<b>(487)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(487)</b>
Effect of movements in exchange rates	2	1	(1)	-	(2)	-
<b>Net closing balance (reinsurance contracts)</b>	<b>47</b>	<b>469</b>	<b>(310)</b>	<b>1 118</b>	<b>(532)</b>	<b>792</b>
<b>Represented by:</b>	<b>Estimates of present value of future cash flows</b>	<b>Risk adjustment for non- financial risk</b>			<b>Contractual service margin</b>	<b>Total</b>
Closing reinsurance assets	512	84			444	1 040
Closing reinsurance liabilities	(465)	385			(168)	(248)
<b>Net closing balance (reinsurance contracts)</b>	<b>47</b>	<b>469</b>			<b>276</b>	<b>792</b>

Year ended 31 December 2022 Rm	Contractual service margin						Total
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Contractual service margin	
<b>Net opening balance (reinsurance contracts)</b>	1 028	432	(141)	297	(565)		1 051
<b>Represented by:</b>							
Opening reinsurance assets	1 151	426			(448)		1 129
Opening reinsurance liabilities	(123)	6			39		(78)
<b>Changes in profit or loss</b>							
<b>Changes that relate to current services</b>	509	(32)	8	(111)	105		479
CSM recognised for services received	–	–	8	(111)	105		2
Release of risk adjustment for the risk expired	–	(32)	–	–	–		(32)
Experience adjustments	509	–	–	–	–		509
<b>Changes that relate to future services</b>	(240)	(156)	249	(25)	267		95
Contracts initially recognised in the year	271	–	–	–	(271)		–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	32	1	–	–	62		95
Changes in estimates that adjust the CSM	(543)	(157)	249	(25)	476		–
<b>Changes that relate to past services</b>							
Adjustment to liabilities for incurred claims	(27)	–	–	–	–		(27)
<b>Net income or expenses from reinsurance contracts</b>	242	(188)	257	(136)	372		547
Net finance income/(expense) from reinsurance contracts	(70)	88	(16)	70	(117)		(45)
Effect of changes in non-performance risk	(1)	(10)	–	(1)	–		(12)
<b>Total changes in profit or loss</b>	171	(110)	241	(67)	255		490
<b>Cash flows</b>							
Premiums paid net of ceding commission and other attributable expenses	1 911	–	–	–	–		1 911
Amounts received	(2 440)	–	–	–	–		(2 440)
<b>Total cash flows (reinsurance contracts)</b>	(529)	–	–	–	–		(529)
Effect of movements in exchange rates	–	(1)	–	–	–		(1)
<b>Net closing balance (reinsurance contracts)</b>	670	321	100	230	(310)		1 011
<b>Represented by:</b>							
Closing reinsurance assets	506	43	–	–	524		1 073
Closing reinsurance liabilities	164	278	–	–	(504)		(62)
<b>Net closing balance (reinsurance contracts)</b>	670	321	–	–	20		1 011

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

### F1: Insurance and investment contracts continued

#### F1.3: Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

Year ended 31 December 2023 Rm	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
<b>Insurance contracts: Life risk and annuities</b>			
Insurance acquisition cash flows	(3 523)	(2 874)	(6 397)
Claims and other insurance service expenses payable	(28 562)	(12 692)	(41 254)
<b>Estimate of present value of cash outflows</b>	<b>(32 085)</b>	<b>(15 566)</b>	<b>(47 651)</b>
Estimate of present value of cash inflows	35 844	14 908	50 752
Risk adjustment for non-financial risk	(536)	(337)	(873)
Contractual service margin	(3 223)	–	(3 223)
<b>Losses recognised on initial recognition</b>	<b>–</b>	<b>(995)</b>	<b>(995)</b>
Year ended 31 December 2023 Rm	Contracts initiated without loss-recovery component	Contracts initiated with loss- recovery component	Total reinsurance contracts issued
<b>Reinsurance contracts: Life risk and annuities</b>			
Estimate of present value of cash outflows	(76)	(751)	(827)
Estimate of present value of cash inflows	70	807	877
Risk adjustment for non-financial risk	3	19	22
Contractual service margin	3	29	32
<b>Income recognised on initial recognition</b>	<b>–</b>	<b>104</b>	<b>104</b>
Year ended 31 December 2022 Rm	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
<b>Insurance contracts: Life risk and annuities</b>			
Insurance acquisition cash flows	(2 954)	(2 921)	(5 875)
Claims and other insurance service expenses payable	(22 899)	(12 053)	(34 952)
<b>Estimate of present value of cash outflows</b>	<b>(25 853)</b>	<b>(14 974)</b>	<b>(40 827)</b>
Estimate of present value of cash inflows	29 523	14 292	43 815
Risk adjustment for non-financial risk	(444)	(316)	(760)
Contractual service margin	(3 226)	–	(3 226)
<b>Losses recognised on initial recognition</b>	<b>–</b>	<b>(998)</b>	<b>(998)</b>
Year ended 31 December 2022 Rm	Contracts initiated without loss-recovery component	Contracts initiated with loss- recovery component	Total reinsurance contracts issued
<b>Reinsurance contracts: Life risk and annuities</b>			
Estimate of present value of cash outflows	(94)	(642)	(736)
Estimate of present value of cash inflows	85	922	1 007
Risk adjustment for non-financial risk	3	(3)	–
Contractual service margin	6	(277)	(271)
<b>Income recognised on initial recognition</b>	<b>–</b>	<b>–</b>	<b>–</b>

**F1.4: Contractual service margin maturity analysis**

The following table illustrates when the Group expects to realise the remaining CSM as revenue for contracts not measured under the PAA:

<b>Year ended 31 December 2023</b> <b>Rm</b>	<b>Less than one year</b>	<b>One to five years</b>	<b>Six to 10 years</b>	<b>More than 10 years</b>	<b>Total</b>
<b>Insurance contracts</b>					
<b>Total life</b>	<b>(6 790)</b>	<b>(20 091)</b>	<b>(15 053)</b>	<b>(20 434)</b>	<b>(62 368)</b>
Life risk and annuities	<b>(3 358)</b>	<b>(9 813)</b>	<b>(7 798)</b>	<b>(12 504)</b>	<b>(33 473)</b>
Life savings	<b>(3 432)</b>	<b>(10 278)</b>	<b>(7 255)</b>	<b>(7 930)</b>	<b>(28 895)</b>
<b>Total insurance contracts</b>	<b>(6 790)</b>	<b>(20 091)</b>	<b>(15 053)</b>	<b>(20 434)</b>	<b>(62 368)</b>
<b>Reinsurance contracts</b>					
<b>Total life</b>	<b>70</b>	<b>178</b>	<b>67</b>	<b>(39)</b>	<b>276</b>
Life risk and annuities	<b>70</b>	<b>178</b>	<b>67</b>	<b>(39)</b>	<b>276</b>
Life savings	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total reinsurance contracts</b>	<b>70</b>	<b>178</b>	<b>67</b>	<b>(39)</b>	<b>276</b>
<b>Year ended 31 December 2022</b> <b>Rm</b>					
	<b>Less than one year</b>	<b>One to five years</b>	<b>Six to 10 years</b>	<b>More than 10 years</b>	<b>Total</b>
<b>Insurance contracts</b>					
<b>Total life</b>	<b>(6 443)</b>	<b>(19 234)</b>	<b>(14 442)</b>	<b>(19 702)</b>	<b>(59 821)</b>
Life risk and annuities	<b>(3 073)</b>	<b>(9 107)</b>	<b>(7 294)</b>	<b>(11 757)</b>	<b>(31 231)</b>
Life savings	<b>(3 370)</b>	<b>(10 127)</b>	<b>(7 148)</b>	<b>(7 945)</b>	<b>(28 590)</b>
<b>Total insurance contracts</b>	<b>(6 443)</b>	<b>(19 234)</b>	<b>(14 442)</b>	<b>(19 702)</b>	<b>(59 821)</b>
<b>Reinsurance contracts</b>					
<b>Total life</b>	<b>-</b>	<b>11</b>	<b>19</b>	<b>(10)</b>	<b>20</b>
Life risk and annuities	<b>-</b>	<b>11</b>	<b>19</b>	<b>(10)</b>	<b>20</b>
Life savings	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total reinsurance contracts</b>	<b>-</b>	<b>11</b>	<b>19</b>	<b>(10)</b>	<b>20</b>

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## F: Analysis of financial and insurance assets and liabilities continued

### F2: Borrowed funds

At 31 December 2023 Rm	Notes	Mass and Foundation Cluster	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities	Total
Term loans	G3(a)	2 350	–	2 659	–	5 009
Revolving credit facilities	G3(b)	–	–	590	–	590
Subordinated debt securities	G3(c)	–	–	–	10 486	10 486
<b>Total borrowed funds</b>		<b>2 350</b>	<b>–</b>	<b>3 249</b>	<b>10 486</b>	<b>16 085</b>
At 31 December 2022 Rm	Notes	Mass and Foundation Cluster	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities	Total
Term loans	G3(a)	3 950	–	2 839	–	6 789
Revolving credit facilities	G3(b)	250	–	650	–	900
Subordinated debt securities	G3(c)	–	–	–	9 024	9 024
<b>Total borrowed funds</b>		<b>4 200</b>	<b>–</b>	<b>3 489</b>	<b>9 024</b>	<b>16 713</b>

On the 23rd of May 2023 and the 3rd of November 2023 Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R859 million and R641 million 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 150 bps and 134bps, payable quarterly in arrears. The maturity date of this instrument is 28 May 2028 and 03 November 2028. No subordinated debt instruments have been redeemed in the current period.

Other movements in borrowed funds were as follows: R4 110 million (2022: R1 783 million) of term loans and revolving credit facilities were issued and R6 329 million (2022: R1 474 million) were redeemed.

#### Breaches of covenants

As at 31 December 2023, the financial covenants on two existing loans were in breach. The funding was raised to support operations in the Old Mutual Africa Regions segment.

The loans in breach totalled R142 million (US\$7.7 million) (2022: R553 million (US\$32.5 million)). The Group is still in negotiation with lenders for formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 31 December 2023, none of these breached loans have been called on as they are being serviced.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding.

## G: Non-financial assets and liabilities

### G1: Fair value of the Group's properties

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 62.5% (2022: 65.2%) of total property assets and is predominantly exposed to the retail property sector.

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: 8.50% (2022: 8.25%) Discount rates: 13.0% (2022: 12.75%) Market rentals: R205 per m<sup>2</sup> (2022: R270 per m<sup>2</sup>) Vacancy rates: 0.0% (2022: 0.0%)</p> <p><b>Retail</b> Capitalisation rates: 6.75% to 10.0% (2022: 6.75% to 10.0%) Discount rates: 12.75% to 15.50% (2022: 12.75% to 15.5%) Market rentals: R130 to R516.24 per m<sup>2</sup> (2022: R58.51 to R287.84 per m<sup>2</sup>) Vacancy rates: 0.0% to 16.48% (2022: 0.0% to 9.84%)</p> <p><b>Industrial</b> Capitalisation rates: 8.5% to 11.0% (2022: 8.5% to 11.0%) Discount rates: 13.0% to 15.0% (2022: 13.25% to 15.0%) Market rentals: R36 to R72.09 per m<sup>2</sup> (2022: R33.71 to R77.58 per m<sup>2</sup>) Vacancy rates 0.0% to 10.01% (2022: 0.0% to 6.60%)</p> <p><b>Bulgarian properties</b></p> <p><b>Office</b> Capitalisation rates: 7.6% (2022: 7.4% to 7.6%) Discount rates: 10.4% to 10.6% (2022: 10.9% to 11.1%) Market rentals: EUR12 to EUR17 per m<sup>2</sup> (2022: EUR11 to EUR16 per m<sup>2</sup>) Vacancy rates: 4.0% to 5.0% (2022: 2.5% to 2.75%)</p> <p><b>Romanian properties</b></p> <p><b>Office</b> Discount rates: 8.91% (2022: 8.9%) Market rentals: EUR16 per m<sup>2</sup> (2022: EUR15 per m<sup>2</sup>) Vacancy rates: 5.0% (2022: 2.5%)</p> <p><b>East Africa properties</b></p> <p><b>Office</b> Capitalisation rates: 8.60% to 12.30% (2022: 8% to 12.3%) Discount rates: 12.40% to 14.90% (2022: 11.75% to 15%) Market rentals: US\$8.5 to US\$37.5 per m<sup>2</sup> (2022: US\$8.5 to US\$35 per m<sup>2</sup>)</p> <p><b>Zimbabwe properties</b> Capitalisation rates: 6.5% to 10.0% (2022: 6.3% to 9.5%) Market rentals: ZWL\$20 000 to ZWL\$65 000 per m<sup>2</sup> (2022: ZWL\$3 500 to ZWL\$7 600 per m<sup>2</sup>) Vacancy rates: 0% to 20% (2022: 19.7%)</p>

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## G: Non-financial assets and liabilities continued

### G1: Fair value of the Group's properties continued

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. However, there are cases where exceptional circumstances need to be considered.	The land per square metre and bulk per square metre 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.	Land per m <sup>2</sup> : R100 to R250 (2022: R100 to R250)
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 R250 (2022: R75 to R250)

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	FY 2023	FY 2022
An increase of 1% in discount rates would decrease the fair value by:	(1 385)	(1 186)
A decrease of 1% in discount rates would increase the fair value by:	1 467	1 266
An increase of 1% in capitalisation rates would decrease the fair value by:	(3 439)	(3 136)
A decrease of 1% in capitalisation rates would increase the fair value by:	4 385	3 626
An increase of 10% in market rentals per m <sup>2</sup> would increase the fair value by:	3 455	3 066
A decrease of 10% in market rentals per m <sup>2</sup> would decrease the fair value by:	(3 439)	(3 005)

## H: Other assets

### H1: Related parties

There were no one-off significant transactions with related parties of the Group during the current reporting period.

### H2: 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 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. 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.

### Old Mutual Unit Trust Managers and Living Hands Umbrella Trust case

The Living Hands Umbrella Trust (the trust) formerly known as the Matco Trust, was invested in Old Mutual unit trust funds, which were administered by Old Mutual Unit Trusts Managers (RF) Proprietary Limited (OMUT).

In October 2004, OMUT was instructed by its client, Matco, to disinvest the unit trust holdings. After verifying the authenticity of the disinvestment instruction, OMUT processed the disinvestment and transferred the cash value of the assets held at the time into the bank account of its client, Matco Trust. After receiving the deposits into its bank account, Matco placed the funds under the control of Fidentia Asset Management Proprietary Limited (Fidentia). OMUT believes that its actions were in accordance with its contract with Matco as well as the applicable laws and regulations.

The case was brought against OMUT by the Living Hands Umbrella Trust. The court found that, although OMUT had acted in accordance with the client's instructions, it should have further interrogated the instruction and informed the regulator about it prior to effecting payment.

OMUT was granted leave to appeal the court judgment ordering OMUT to pay R1.7 billion on 12 December 2022 to the Supreme Court of Appeal. The appeal hearing took place on 14 March 2024 and judgment has been reserved. No further information is disclosed as the outcome of the liability, as quantified in the judgment of 12 July 2022, is subject to appeal proceedings.

### Outcome of Zimbabwean Commission Inquiry

A commission of inquiry established by the Zimbabwean government concluded its investigation 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 inquiry were made public.

On the 12 July 2022, the cabinet disclosed the Compensation Framework for value lost when insurance and pension values were converted from Zimbabwean dollars to United States dollars in 2009. On 1 October 2023, the Insurance and Pensions Commission (IPEC) issued Statutory Instrument 162 of 2023. The Statutory Instrument is aimed at determining and providing compensation for loss of value of pre-2009 pension benefits.

The Statutory Instrument prescribed a method to be followed in calculating the compensation of pension fund members. Old Mutual Zimbabwe submitted a compensation scheme to the IPEC on the 29 of December 2023, as required by the Statutory Instrument, and are currently awaiting the approval on the compensation scheme, which also demonstrated the separation of assets between shareholders and policyholders.

The Group is therefore not able to determine if there will be any financial impact or the extent of any possible impact until feedback is provided by the IPEC.

### Old Mutual Limited's intragroup guarantee of Travelers indemnification

In September 2001, Old Mutual Residual UK Limited (formerly Old Mutual plc), 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 Residual UK Limited 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 US\$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 Residual UK Limited in the circumstances where Old Mutual Residual UK Limited 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 Residual UK Limited and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

## H3: Commitments

The Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

**At 31 December  
Rm**

	FY 2023	FY 2022
Investment property	685	580
Intangible assets	287	167

### Future potential commitments

#### Commitments under derivative instruments

The Group enters into options 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

OMLAC(SA) 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 R17 521 million at 31 December 2023 (2022: R17 776 million).

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## H: Other assets continued

### H4: Acquisitions and disposals of businesses and other similar transactions

#### (a) Acquisitions of businesses during the current reporting period

The Group, through its wholly owned subsidiary, Old Mutual Insure Limited, acquired 100% of the share capital of Genric Insurance Company Limited (Genric), a diversified short-term insurer which focuses mainly on Accident and Health and other niche classes of insurance, with effect from 6 January 2023, and is a business combination within the scope of IFRS 3. Goodwill of R48 million has been recognised mainly due to intangible assets that do not qualify for separate recognition.

Old Mutual Funeral Services Proprietary Limited, a wholly owned subsidiary of Old Mutual Limited, acquired a 75% equity stake in each of Two Mountains Underwriters Proprietary Limited, Two Mountains Burial Services Proprietary Limited and Two Mountains Financial Services Proprietary Limited (together Two Mountains) with effect from 1 December 2023, and is a business combination within the scope of IFRS 3. Two Mountains is a licensed micro-insurer that distributes and underwrites funeral policies and provides undertaking services. Since the acquisition of Two Mountains, an insignificant amount was contributed to profit after tax and total revenue.

The non-controlling interest mentioned below was measured at their proportionate share of the acquiree's identifiable net assets. Goodwill of R168 million has been recognised mainly due to intangible assets that do not qualify for separate recognition.

The above acquisitions form part of the Group's growth strategy and will enable the Group to access a wider range of value-added products and innovative offerings while realising synergistic benefits from this acquisition.

Details of the consideration paid, assets acquired and liabilities assumed, at fair value, are as follows:

Rm	Genric fair value recognised on acquisition date	Two Mountains fair value recognised on acquisition date	Total
<b>Consideration at date of acquisition</b>			
Cash and cash equivalents	300	260	560
<b>Total consideration</b>	<b>300</b>	<b>260</b>	<b>560</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>			
Goodwill and Intangible assets	118	108	226
Property, plant and equipment	6	81	87
Investments in associated undertakings and joint ventures	4	-	4
Trade, other receivables and other assets	95	233	328
Cash and cash equivalents	262	79	341
Investments and securities	10	-	10
Reinsurance contract assets	218	-	218
Current tax payable	(3)	(4)	(7)
Insurance contract liabilities	(290)	(22)	(312)
Trade, other payables and other liabilities	(139)	(322)	(461)
Deferred tax liabilities	(29)	(30)	(59)
<b>Total identifiable net assets</b>	<b>252</b>	<b>123</b>	<b>375</b>
Total non-controlling interest	-	(31)	(31)
Goodwill	48	168	216
<b>Total</b>	<b>300</b>	<b>260</b>	<b>560</b>

From the date of acquisition, Genric contributed R32 million profit after tax and R105 million total revenue, respectively.

A summary of the total net cash outflow and cash and cash equivalents related to acquisition is included below:

Year ended 31 December	FY 2023
Rm	
<b>Summary of net cash outflows due to acquisitions</b>	<b>219</b>

#### (b) Acquisitions of businesses prior the current reporting period

The Group, through its wholly owned subsidiary, Old Mutual Insure Limited, 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, and is a business combination within the scope of IFRS 3. 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 marketplace.

The non-controlling interest mentioned below was measured at their proportionate share of the acquiree's identifiable net assets. Goodwill of R261 million has been recognised mainly due to intangible assets that do not qualify for separate recognition.

**(b) Acquisitions of businesses prior the current reporting period continued**

Details of the consideration paid, assets acquired and liabilities assumed, at fair value, are as follows:

<b>Rm</b>	Fair value recognised on acquisition date
<b>Consideration at date of acquisition</b>	
Cash <sup>1</sup>	515
<b>Total consideration</b>	<b>515</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Goodwill and intangible assets	234
Property, plant and equipment	125
Deferred tax liabilities	(50)
Loans and advances	13
Current tax receivable	2
Trade, other receivables and other assets	305
Cash and cash equivalents	70
Current tax payable	–
Trade, other payables and other liabilities	(201)
<b>Total identifiable net assets</b>	<b>498</b>
Total non-controlling interest	(244)
Goodwill	261
<b>Total</b>	<b>515</b>

<sup>1</sup> Per the sales purchase agreement, the purchase price comprised a base amount of R515 million and earn-out targets. In completing the Purchase Price Allocation (PPA), it does not appear that the earn-out targets will be achieved. As a result, no adjustments to the base amount of R515 million were made.

From the date of acquisition, ONE Financial Services Holding Proprietary Limited contributed R38 million profit and R1 187 million to the Group profit after tax and total revenue and other income respectively.

A summary of the total net cash outflow and cash and cash equivalents related to acquisition is included below:

<b>Year ended 31 December</b>	<b>Rm</b>
Summary of net cash outflows due to acquisitions	2022 445

**(c) Disposals of businesses and other similar transactions during the current reporting period**

There have been no disposals in the current reporting period.

**(d) Disposals of businesses and other similar transactions during the prior reporting period**

The Group disposed of Old Mutual International Guernsey Limited on 30 November 2022. Investments and securities and investment contract liabilities of R4 592 million were disposed of. The Group incurred a loss on disposal of R108 million. Other immaterial disposals amounted to R25 million loss on disposal.

**H5: Assets and liabilities held for sale**

The Group reclassified owner-occupied property originally included in property, plant and equipment to the value of R688 million into assets held for sale. The net fair value loss arising from the valuation of these properties on transfer date amounted to R62 million and was recognised in investment returns in the income statement. Included in 2023 is investment property held for sale of R360 million relating to the consolidation of funds and another investment property of R10 million.

In 2023, the Group disposed of property, plant and equipment amounting to R1 million, investment in associate of R14 million and other assets of R3 million previously classified as assets held for sale.

In 2022, the Group disposed of an investment property (R119 million) classified as held for sale and reclassified an investment property previously classified as held for sale (R149 million). The reclassification occurred due to the terms of the sales agreement not being met within the provided timelines and, as a result, expired. Included in 2022 was investment property held for sale of R352 million relating to the consolidation of funds, investment in associate of R14 million, property, plant and equipment R1 million and other assets of R3 million.

Assets held for sale per segment have been included in note B3.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## H: Other assets continued

### H6: Restatement of intercompany loan on the statement of financial position

Intercompany assets and liabilities are amounts owed by or to entities within the Group. IFRS 10 *Consolidated Financial Statements* requires the elimination, in full, of intercompany assets and liabilities when preparing consolidated financial statements to avoid the overstatement of asset and liability values. Old Mutual Holdings plc, incorporated in Kenya, has a loan from Old Mutual East Africa Holdings Limited, incorporated in Kenya. The intercompany loan originated in 2015. The loan was not eliminated on consolidation and, as a result, investments and securities and trade, other payables and other liabilities were overstated from origination of the loan. The loan balance as at 31 December 2021 and 31 December 2022 was R910 million and R1 049 million respectively. The presentation of the statement of financial position has been amended by restating each of the financial statement line items for the 2021 and 2022 financial years. There is no impact on the statement of comprehensive income, headline earnings, statement of changes in equity and statement of cash flows.

The extent to which this amendment has impacted the statement of financial position as at 31 December 2022 and 31 December 2021 is set out in the following tables:

Rm	As previously reported at 31 December 2022	IFRS 17 adjustments (refer to note H8)	Intercompany restatement	Restated after 31 December 2022
<b>Assets</b>				
Investments and securities	892 091	1 362	(1 049)	892 404
Other investments and securities including term deposits	866 767	1 362	(1 049)	867 080
<b>Total assets</b>	<b>1 066 956</b>	<b>(1 162)</b>	<b>(1 049)</b>	<b>1 064 745</b>
<b>Liabilities</b>				
Trade, other payables and other liabilities	91 001	(5 736)	(1 049)	84 216
<b>Total liabilities</b>	<b>1 000 410</b>	<b>5 184</b>	<b>(1 049)</b>	<b>1 004 545</b>

Rm	As previously reported at 31 December 2021	IFRS 17 adjustments (refer to note H8)	Intercompany restatement	Restated after 31 December 2021
<b>Assets</b>				
Investments and securities	899 388	5 193	(910)	903 671
Other investments and securities including term deposits	877 198	5 193	(910)	881 481
<b>Total assets</b>	<b>1 053 854</b>	<b>(1 157)</b>	<b>(910)</b>	<b>1 051 787</b>
<b>Liabilities</b>				
Trade, other payables and other liabilities	63 934	(5 459)	(910)	57 565
<b>Total liabilities</b>	<b>988 553</b>	<b>3 306</b>	<b>(910)</b>	<b>990 949</b>

### H7: Events after the reporting date

In January 2024, the Group announced the sale of its full stake in UAP Insurance Tanzania, a short-term insurance business, to a group within its current minority shareholders, pending regulatory approval. This decision follows a strategic review that identified challenges in achieving desired returns on capital for the Tanzanian business. The Group remains committed to East Africa and will continue to strengthen our investment in corporate and retail propositions to position the business as a leading integrated financial service provider.

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2023 until the date of authorisation of these audited consolidated financial statements.

### H8: Standards adopted in the 2023 audited consolidated annual financial statements

The Group has initially applied IFRS 17 *Insurance Contracts*, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated annual financial statements.

The nature and effects of the key changes in the Group's accounting policies as a result of adopting IFRS 17 are summarised on the following page.

## Implementation of IFRS 17 Insurance Contracts (IFRS 17)

### 1.1 Summary

IFRS 17 is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard affected 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 and casualty insurance) as well as investment contracts with discretionary participation features (such as with profit annuities and smooth bonus investments). The most significantly impacted subsidiary was Old Mutual Life Assurance Company (South Africa) Limited (OMLAC(SA)). However, all other Group entities with life and property and casualty insurance licences were also impacted.

South African local practice for the measurement of policyholder liabilities under IFRS 4 for long-term insurers followed the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice 104. Under this guidance, provisions were valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. Local practice for the measurement of property and casualty insurance policyholder liabilities followed Advisory Practice Note 401 issued by the Actuarial Society of South Africa. For territories outside of South Africa, local actuarial practices and methodologies were applied.

IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk (together these represent the fulfilment cash flows) and a contractual service margin (CSM).

Estimates of the present value of future cash flows under IFRS 17 are calculated similarly to the local practice applied in South Africa under IFRS 4. The main difference between IFRS 4 and IFRS 17 measurement relates to how margins are calculated and released over time (i.e. compulsory and discretionary margins for prudence applied under IFRS 4, versus the risk adjustment for non-financial risk and CSM required under IFRS 17).

Contracts where components of the contract were historically separated between IFRS 4 and IFRS 9 *Financial Instruments* (IFRS 9) based on investment fund choice are no longer separated under IFRS 17. Investment contracts with smoothed bonus investment options meet the definition of an investment contract with discretionary participation features and are therefore accounted for under IFRS 17 as a whole, resulting in a reclassification from IFRS 9 to IFRS 17.

The default model is the general measurement model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the variable fee approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with-profits contracts). IFRS 17 also makes provision for a simplified approach, the premium allocation approach (PAA), mainly for short-duration contracts. The majority of these are within the Property and casualty businesses.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognised immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

Under IFRS 17, the discount rate used to reflect the time-value of money in the fulfilment cash flows is based on the characteristics of the liability.

### 1.2 Impact of the adoption of IFRS 17

The impact of initial application of IFRS 17 on the consolidated annual financial statements was a decrease of R4 463 million to the Group's total equity at 1 January 2022, net of adjustments relating to consequential amendments to other IFRS standards amounting to R1 405 million. Total equity as at 31 December 2021 under IFRS 4 was R65 301 million.

The impact on Group equity as a result of transition to IFRS 17 arises because of the different requirements of IFRS 17 compared to the accounting policies and actuarial methodologies used under IFRS 4. The differences include the removal of compulsory and discretionary margins that were required or allowed under IFRS 4 but not under IFRS 17, offset by the requirement to set up a CSM and risk adjustment under IFRS 17. The CSM and risk adjustment will be released into profit over time as service is provided and as risk expires, respectively.

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The majority of the Group impact arises from OMLAC(SA), and within OMLAC(SA), mostly from Mass and Foundation Cluster. The impacts for the other Group entities are less material. The most material impact observed is for the Mass and Foundation Cluster Risk portfolio where liabilities increase on transition to IFRS 17. IFRS 4 required the set up of material lapse margins associated with expected higher levels of lapses at early durations for this portfolio – these margins were then released into profit at early durations under IFRS 4 as the high early lapse risk expired. Under IFRS 17 the CSM is released more slowly. As service is provided, the measure of service provided for this portfolio is based on the sum assured for the contracts rather than the level of lapses.

This, together with a history of favourable basis changes following management and other interventions that increase the CSM under IFRS 17 rather than directly impacting profit as was the case under IFRS 4, results in an increase in liabilities that will be released over time into profit.

The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes, with no overall impact for OMLAC(SA) or the Group, from Old Mutual Corporate to Personal Finance and Wealth Management.

As noted above, the Group has provided the restated comparative information for 2022 in these consolidated annual financial statements.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## H: Other assets continued

### H8: Standards adopted in the 2023 audited consolidated annual financial statements Implementation of IFRS 17 Insurance Contracts (IFRS 17)

#### 1.2 Impact of the adoption of IFRS 17 continued

Included below is the reconciliation of the consolidated statement of financial position from IFRS 4 to IFRS 17 at transition:

Rm	Notes	At 31 December 2021 as reported post-IAS 8 restatement <sup>1</sup>	IFRS 17 transitional adjustments	At 1 January 2022 Restated
<b>Assets</b>				
Goodwill and other intangible assets		6 234	–	6 234
Mandatory reserve deposits with central banks		195	–	195
Property, plant and equipment		9 155	–	9 155
Investment property		38 672	–	38 672
Deferred tax assets		2 455	2 327	4 782
Investments in associated undertakings and joint ventures		908	–	908
Deferred acquisition costs		405	(405)	–
Costs of obtaining contracts		1 496	(973)	523
Loans and advances		18 722	(1 105)	17 617
Investments and securities <sup>1</sup>		898 478	5 193	903 671
Other investments and securities including term deposits <sup>1</sup>		876 288	5 193	881 481
Cash and cash equivalents		22 190	–	22 190
Insurance contract assets		–	2 645	2 645
Reinsurance contract assets		–	9 463	9 463
Reinsurers' share of policyholder liabilities		13 372	(13 372)	–
Current tax receivable		459	3	462
Trade, other receivables and other assets		22 802	(4 933)	17 869
Derivative financial instruments		6 391	–	6 391
Cash and cash equivalents		32 931	–	32 931
Assets held for sale		269	–	269
<b>Total assets</b>		<b>1 052 944</b>	<b>(1 157)</b>	<b>1 051 787</b>
<b>Liabilities</b>				
Insurance contract liabilities		166 555	441 867	608 422
Reinsurance contract liabilities		–	1 671	1 671
Investment contract liabilities		639 270	(434 001)	205 269
Third-party interests in consolidated funds		77 308	–	77 308
Borrowed funds		17 506	–	17 506
Provisions		1 767	–	1 767
Contract liabilities		1 272	(837)	435
Deferred tax liabilities		6 453	67	6 520
Current tax payable		499	–	499
Trade, other payables and other liabilities <sup>1</sup>		63 024	(5 459)	57 565
Amounts owed to bank depositors		5 905	–	5 905
Derivative financial instruments		8 084	(2)	8 082
<b>Total liabilities<sup>1</sup></b>		<b>987 643</b>	<b>3 306</b>	<b>990 949</b>
<b>Net assets</b>		<b>65 301</b>	<b>(4 463)</b>	<b>60 838</b>
<b>Shareholders' equity</b>				
Equity attributable to the equity holders of the parent		62 174	(4 450)	57 724
<b>Non-controlling interests</b>				
Ordinary shares		3 127	(13)	3 114
<b>Total non-controlling interests</b>		<b>3 127</b>	<b>(13)</b>	<b>3 114</b>
<b>Total equity</b>		<b>65 301</b>	<b>(4 463)</b>	<b>60 838</b>

<sup>1</sup> An error was identified. These numbers have been restated. Refer to note H6.

The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit nor does not have any impact on our non-insurance, for example asset management businesses.

## Implementation of IFRS 17 Insurance Contracts (IFRS 17) continued

### 1.3 Transition to IFRS 17

#### Selection of transition approach

The Group has adopted IFRS 17 by applying the full retrospective approach wherever practicable to do so for groups of contracts in force as at 1 January 2022, as required by IFRS 17.

The Group considers a retrospective calculation to be impracticable if historical contract data (including data on past assumptions and actual cash flows) or calculation models do not exist, cannot be obtained or approximated without applying hindsight, or cannot be obtained, built or suitably modified by applying every reasonable effort to do so. The Group applied judgement in assessing these criteria.

The Group has determined that for certain groups of contracts, such information was not available. To the extent that it is impracticable to apply the full retrospective approach, the Group applied the modified retrospective approach or the fair value approach to groups of contracts in force as at 1 January 2022.

Where information required for the modified retrospective approach was not available without undue cost or effort, or cannot be reliably estimated, the Group applied the fair value approach. The Group applied judgement in assessing these criteria.

Application of IFRS 17 at 1 January 2022, required the Group to:

- » De-recognise any existing balances that would not exist had IFRS 17 been applied and recognise the IFRS 17 balances that replace these
- » Recognise a net deferred tax asset based on the net impact of derecognising such balances and the IFRS 17 balances that would replace these, in accordance with tax regulations concerning the implementation of IFRS 17 as issued for jurisdictions where the Group operates
- » Recognised any resulting net difference in equity

#### Full retrospective approach

Under the full retrospective approach, the Group identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The full retrospective approach was used for all groups of contracts, other than where noted below.

#### Modified retrospective approach

The modified retrospective approach aims to achieve results that are as close as possible to the full retrospective approach using the information available for these groups of insurance contracts. These modifications and simplifications, as permitted by IFRS 17, are therefore only used to the extent that information required to apply the full retrospective approach is not available. This specifically applies to identification and classification of groups of insurance contracts, as well as determination of CSM or loss components to be recognised.

The Group has applied the modified retrospective approach for certain groups of contracts in portfolios in OMLAC(SA) and Old Mutual Life Assurance Company (Namibia) Limited (OMLAC Nam).

The Group applied judgement to determine which modifications to use for each group of contracts. The following modifications were used (noting that this is the full list of all modifications used and that not all modifications were used for all groups of contracts applying the modified retrospective approach):

- » Modifications related to the classification and grouping of contracts:
  - Information available at the transition date was used to group contracts according to profitability and determine whether an insurance contract would qualify as an insurance contract eligible for the VFA
  - Contracts issued more than one year apart were aggregated into groups, whereas the full retrospective application would have required contracts to be aggregated into groups including only contracts issued within one year of each other
- » Modifications related to measurement at date of initial recognition:
  - Future cash flows at the date of initial recognition were estimated as the amount of the future projected cash flows at the transition date (or earlier date where feasible), adjusted by the actual cash flows that are known to have occurred before that date
  - The risk adjustment for non-financial risk at the date of initial recognition was estimated by adjusting the risk adjustment at transition date by the expected release of risk before the transition date (determined by reference to the release of risk for similar insurance contracts)
  - The discount rates at the date of initial recognition were determined using the prevailing yield curve as at the transition date
- » Modifications related to measurement at transition date:
  - The amount of CSM recognised in profit or loss before the transition date was estimated by comparing the remaining coverage units with the coverage units provided before the transition date
  - The CSM as at the transition date was estimated using actual cash flows for VFA groups

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## H: Other assets continued

### H8: Standards adopted in the 2023 audited consolidated annual financial statements continued Implementation of IFRS 17 Insurance Contracts (IFRS 17) continued

#### 1.3 Transition to IFRS 17 continued

##### Fair value approach

Under the fair value approach, the CSM at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 *Fair Value Measurement* to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income under the income approach) at the required rate of return. This calculation allows for a market participants' view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.

The Group has applied the fair value approach on transition for certain groups in portfolios in OMLAC(SA), OMAR and OMART.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition, as permitted by the standard. The Group has also used reasonable and supportable information available at the transition date in order to:

- » Identify groups of insurance contracts
- » Determine whether contracts are eligible for the VFA
- » Identify any discretionary cash flows for insurance contracts measured under the GMM

The discount rates for the group of contracts applying the fair value approach were determined using the prevailing yield curve as at the transition date.

##### Reclassification of cell captive arrangements on the statement of financial position

With the adoption of IFRS 17 *Insurance Contracts*, items in the scope of IFRS 17 must be presented in the relevant IFRS 17 associated line items in the financial statements as per IAS 1 *Presentation of Financial Statements*. As the Group has continuously reviewed the implementation and impact of the adoption of IFRS 17 and, subsequent to the restated results reported at 30 June 2023, the Group identified that a portion of its cell captive arrangements included in Old Mutual Insure did not transfer correctly from Trade, other payables and other liabilities (where it was included as part of IFRS 4) to reinsurance contract liabilities (IFRS 17) on the statement of financial position on transition to IFRS 17. The cell captive balance as at 31 December 2021 and 31 December 2022 was R696 million and R520 million, respectively. The presentation of the statement of financial position has been amended by restating each of the financial statement line items for the 2021 and 2022 financial years. There is no impact on the statement of comprehensive income, headline earnings, statement of changes in equity and statement of cash flows.

The extent to which these amendments have impacted the statement of financial position as at 31 December 2022 and 31 December 2021 is set out in the following tables:

Rm	As previously reported at 31 December 2022	IFRS 17 adjustments <sup>1</sup>	IFRS 17 cell captive reclassification <sup>2</sup>	Intercompany restatement (refer to note H6)	Restated after 31 December 2022
<b>Liabilities</b>					
Reinsurance contract liabilities	–	383	520	–	903
Trade, other payables and other liabilities	91 001	(5 216)	(520)	(1 049)	84 216
<b>Total liabilities</b>	<b>1 000 410</b>	<b>5 184</b>	<b>–</b>	<b>(1 049)</b>	<b>1 004 545</b>
Rm	As previously reported at 31 December 2021	IFRS 17 adjustments <sup>1</sup>	IFRS 17 cell captive reclassification <sup>2</sup>	Intercompany restatement (refer to note H6)	Restated after 31 December 2021
<b>Liabilities</b>					
Reinsurance contract liabilities	–	975	696	–	1 671
Trade, other payables and other liabilities	63 934	(4 763)	(696)	(910)	57 565
<b>Total liabilities</b>	<b>988 553</b>	<b>3 306</b>	<b>–</b>	<b>(910)</b>	<b>990 949</b>

<sup>1</sup> As reported at 30 June 2023 (unaudited).  
<sup>2</sup> Results as per 30 June 2023 (reclassified).

#### 1.4 Significant judgements, estimates and accounting policies

The Group's significant judgements and estimates relating to IFRS 17 have been included in note G2.2. Detailed accounting policies are included in note G2.1.

#### 1.5 Consequential amendments to other IFRS standards and resulting accounting policy elections

The International Accounting Standards Board made amendments to several other Standards when it issued IFRS 17. The Group elected to apply the following consequential amendments on transition to IFRS 17:

##### 1.5.1 IAS 16 Property, Plant and Equipment

The Group holds owner-occupied property as the underlying item for groups of insurance contracts measured under the VFA. As permitted by paragraph 29A, the Group elected to measure such properties using the fair value model in accordance with IAS 40 *Investment Property*. As such, the Group now measures owner-occupied properties at fair value profit or loss to reduce accounting mismatches with the measurement of related contracts. In addition, the Group no longer applies shadow accounting to owner-occupied properties. Previously, revaluation gains and losses on owner-occupied property were recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset were charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. In addition, on revaluation, any accumulated depreciation at the date of the revaluation was eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount.

There is no equity impact on transition as these properties were always held at fair value. R3 100 million of PPE, previously measured using the revaluation model is now measured at fair value through profit and loss as at 1 January 2022.

##### 1.5.2 IAS 32 Financial Instruments: Presentation

The Group holds treasury shares as the underlying items for groups of insurance contracts measured under the VFA. As permitted by paragraph 33A, the Group elected, irrevocably and on an instrument-by-instrument basis, to continue to account for that instrument as equity and to account for the reacquired share as if the instrument was a financial asset measured at FVTPL in accordance with IFRS 9. Gains and losses and dividend income are no longer eliminated on consolidation and are presented in investment return (non-banking) in the consolidated income statement. On transition, treasury shares to the value of R1 405 million are no longer deducted from equity and are included in investments and securities on the consolidated statement of financial position.

Previously, the cost of the Group's own equity instruments that it has reacquired (treasury shares) was deducted from equity. Gains or losses were not recognised on the purchase, sale, issue, or cancellation of treasury shares and investment returns were eliminated within the consolidated income statement.

##### 1.5.3 IFRS 3 Business Combinations

Paragraph 31A requires the Group to measure a group of contracts within the scope of IFRS 17 acquired in a business combination as a liability or asset based on the contractual terms and other factors at the date of acquisition. There has been no material impact on equity for acquisitions concluded.



# ADDITIONAL DISCLOSURES

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## 140 5. Glossary

# 1 Key metrics

Key performance indicators, per share measures and supplementary performance indicators expanded from page 31

These tables include a history of our key performance indicators. Please note that the key performance indicators include the cumulative special distributions to shareholders such as the unbundling of Nedbank and share buybacks over the reporting periods as we optimise our balance sheet.

## 1.1 Key performance indicators

Rm (unless otherwise stated)	FY 2023	FY 2022	FY 2021 <sup>1</sup>	FY 2020 <sup>1</sup>	FY 2019 <sup>1</sup>
Results from operations	8 343	7 310	4 384	1 663	8 972
Adjusted headline earnings	5 861	4 850	5 402	2 484	9 856
Headline earnings <sup>2</sup>	7 380	5 854	7 209	5 088	10 641
IFRS profit/(loss) after tax attributable to equity holders of the parent <sup>2</sup>	7 065	5 231	6 662	(5 097)	9 386
Return on net asset value (%)	11.1%	9.4%	9.0%	3.8%	15.2%
Return on net asset value excluding new growth initiatives (%) <sup>3</sup>	13.1%	11.0%			
Group equity value	90 114	89 477	91 993	97 384	116 525
Discretionary capital (Rbn) <sup>4</sup>	1.1	3.5			
Group solvency ratio (%) <sup>2</sup>	178%	188%	184%	199%	189%
Dividend cover (times) <sup>5</sup>	1.5	1.7	1.5	1.5	1.7

## 1.2 Per share measures<sup>6</sup>

Cents	FY 2023	FY 2022	FY 2021 <sup>1</sup>	FY 2020 <sup>1</sup>	FY 2019 <sup>1</sup>
Adjusted headline earnings per share <sup>7</sup>	129.0	106.4	118.5	54.3	209.3
Headline earnings per share <sup>2</sup>	165.5	129.2	163.8	116.1	236.1
Basic earnings per share <sup>2</sup>	158.4	115.5	151.3	116.3	208.3
Total dividend per share	81	76	76	35	120
Interim	32	25	25	–	45
Final	49	51	51	35	75
Group equity value per share <sup>8</sup>	1 880.9	1 820.9	1 952.2	2 068.6	2 474.2

## 1.3 Supplementary performance indicators

Rm (unless otherwise stated)	FY 2023	FY 2022	FY 2021 <sup>1</sup>	FY 2020 <sup>1</sup>	FY 2019 <sup>1</sup>
<b>Life and Savings and Asset Management</b>					
Gross flows	203 802	178 027	194 757	187 137	170 689
Net client cash flow	(7 510)	(12 425)	92	9 643	2 233
Funds under management (Rbn)	1 331.0	1 231.1	1 273.6	1 104.6	1 048.5
<b>Life and Savings</b>					
Life APE sales	14 604	12 501	11 400	9 786	12 268
Value of new business	1 921	1 400	1 266	621	1 865
Value of new business margin (%)	2.3%	2.2%	1.9%	1.1%	2.6%
<b>Banking and Lending</b>					
Loans and advances	19 391	19 009	18 907	20 320	22 849
Net lending margin (%)	11.3%	13.1%	16.4%	8.2%	13.5%
<b>Property and Casualty</b>					
Gross written premiums	25 513	22 344	19 982	18 643	17 934
Insurance revenue	25 204	22 082	–	–	–
Net underwriting margin (%)	0.1%	1.4%	1.6%	(4.4%)	(0.8%)

<sup>1</sup> The comparative amounts presented herein are on an IFRS 4 basis

<sup>2</sup> These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe

<sup>3</sup> Return on net asset value excluding new growth initiatives was previously reported as core return on net asset value. This key performance indicator excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. The prior year has been re-presented from 10.8% to 11.0%

<sup>4</sup> Discretionary capital has been externally disclosed since September 2022

<sup>5</sup> The dividend declared of 76 cents per share which amounted to a dividend cover of 1.7 times on an IFRS 4 basis was approved by the Board in 2022

<sup>6</sup> Per share measures can be found on page 88 of the summarised consolidated annual financial statements

<sup>7</sup> Adjusted headline earnings per share is calculated with reference to adjusted weighted average number of ordinary shares. Weighted average number of shares used in the calculation of the adjusted headline earnings per share is 4 544 million (FY 2022: 4 557 million)

<sup>8</sup> Group equity value per share is calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the Group equity value per share is 4 791 million (FY 2022: 4 914 million)

# 1 Key metrics

## 1.4 Cumulative special distributions to shareholders

Rbn	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019 <sup>1</sup>
Opening special distributions	59.3	59.3	48.6	48.6	43.7
Share buyback	1.5				4.9
Nedbank unbundling			10.7		
Closing special distributions	60.8	59.3	59.3	48.6	48.6

<sup>1</sup> The opening special distributions in FY 2019 relate to the Nedbank unbundling amounting to R38.8 billion and a special dividend payment of R4.9 billion in FY 2018

## 1.5 Group solvency position

Rm (unless otherwise stated)	FY 2023				
	OMLACSA <sup>1,2</sup>	Old Mutual Insure <sup>1</sup>	Other <sup>3</sup>	Consolidation adjustments <sup>4</sup>	Group
Eligible own funds <sup>5</sup>	59 062	4 849	49 529	(12 910)	100 530
Solvency capital requirement	29 011	3 862	29 200	(5 675)	56 398
Solvency ratio (%) <sup>6</sup>	204%	126%	170%		178%

Rm (unless otherwise stated)	FY 2022 represented <sup>7</sup>				
	OMLACSA <sup>1,2</sup>	Old Mutual Insure <sup>1</sup>	Other <sup>3</sup>	Consolidation adjustments <sup>4</sup>	Group
Eligible own funds <sup>5</sup>	59 530	4 321	43 474	(14 176)	93 149
Solvency capital requirement	27 857	3 424	23 774	(5 423)	49 632
Solvency ratio (%) <sup>6</sup>	214%	126%	183%		188%

Rm (unless otherwise stated)	FY 2022				
	OMLACSA <sup>1,2</sup>	Old Mutual Insure <sup>1</sup>	Other <sup>3</sup>	Consolidation adjustments <sup>4</sup>	Group
Eligible own funds <sup>5</sup>	59 618	4 351	44 526	(14 224)	94 271
Solvency capital requirement	27 853	3 498	23 627	(5 445)	49 533
Solvency ratio (%) <sup>6</sup>	214%	124%	188%		190%

<sup>1</sup> The standard formula under the Prudential Standards is used for both OMLACSA and Old Mutual Insure

<sup>2</sup> The OMLACSA position includes OMLACSA's holding in strategic assets

<sup>3</sup> This category includes other entities in the Group, including holding companies, asset managers, Old Mutual Africa Regions, China and smaller lending businesses

<sup>4</sup> Includes the elimination of double counting between entities eg the investment of a holding company in a subsidiary. These adjustments also include the impact of the accounting consolidation methodology

<sup>5</sup> Refer to table 3.2 for a reconciliation between IFRS equity to Group eligible own funds

<sup>6</sup> Due to rounding of eligible own funds and solvency capital requirement, the ratio presented could differ when recalculated

<sup>7</sup> The prior year has been re-presented to align results to the audited Prudential Authority submission

## 2 Supplementary performance indicators by segments

### 2.1 Additional information – segment view FY 2023

Rm (unless otherwise stated)	FY 2023							Group
	Mass and Foundation Cluster <sup>1</sup>	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities <sup>2</sup>	
<b>Life and Savings</b>								
Life APE sales	4 824	4 687		3 190		1 548	355	14 604
Single premium	2	2 792		1 774		181	56	4 805
Savings	2	1 947		1 688		125	51	3 813
Risk	–	–		–		20	4	24
Annuities	–	845		86		36	1	968
Recurring premium	4 822	1 895		1 416		1 367	299	9 799
Savings	1 481	1 241		751		630	–	4 103
Risk	3 341	654		665		737	299	5 696
<b>Banking and Lending</b>								
Net interest income	2 086					321		2 407
Non-interest revenue	808					173		981
Loans and advances	16 371					3 020		19 391
Performing	10 582					2 661		13 243
Defaulted	5 789					359		6 148
Balance sheet impairment provision	4 473					385		4 858
Performing	727					89		816
Defaulted	3 746					296		4 042
Impairment coverage ratio	27.3%					12.7%		25.1%
Credit loss ratio (%)	7.2%					0.5%		6.2%
<b>Property and Casualty</b>								
Net insurance revenue					16 098	4 069		20 167
Net underwriting result					46	(17)		29
Insurance margin (%)					3.3%	5.7%		3.8%
Claims ratio (%)					56.8%	52.1%		55.8%

<sup>1</sup> Banking and Lending in Mass and Foundation Cluster reflect the operations of Old Mutual Finance

<sup>2</sup> Other Group Activities include our investment in China

## 2 Supplementary performance indicators by segments

### 2.1 Additional information – segment view FY 2022

Rm (unless otherwise stated)	FY 2022							Group
	Mass and Foundation Cluster <sup>1</sup>	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities <sup>2</sup>	
<b>Life and Savings</b>								
Life APE sales	4 216	4 068		1 900		1 215	1 102	12 501
Single premium	2	2 420		1 037		223	106	3 788
Savings	2	1 883		903		177	100	3 065
Risk	–	–		3		21	4	28
Annuities	–	537		131		25	2	695
Recurring premium	4 214	1 648		863		992	996	8 713
Savings	1 349	980		179		366	692	3 566
Risk	2 865	668		684		626	304	5 147
<b>Banking and Lending</b>								
Net interest income	2 014					412		2 426
Non-interest revenue	685					166		851
Loans and advances	15 512					3 497		19 009
Performing	9 798					2 964		12 762
Defaulted	5 714					533		6 247
Balance sheet impairment provision	4 398					591		4 989
Performing	656					122		778
Defaulted	3 742					469		4 211
Impairment coverage ratio	28.4%					16.9%		26.2%
Credit loss ratio (%)	4.8%					0.7%		4.0%
<b>Property and Casualty</b>								
Net insurance revenue					14 213	3 794		18 007
Net underwriting result					602	(345)		257
Insurance margin (%)					4.8%	(2.4%)		3.3%
Claims ratio (%)					57.3%	68.5%		59.7%

<sup>1</sup> Banking and Lending in Mass and Foundation Cluster reflect the operations of Old Mutual Finance

<sup>2</sup> Other Group Activities include our investment in China

## 2 Supplementary performance indicators by segments

### 2.2 Personal Finance and Wealth Management

#### 2.2.1 Gross flows

Rm	FY 2023	FY 2022	Change
Personal Finance	32 377	28 318	14%
Wealth Management	52 117	50 248	4%
Intersegment elimination <sup>1</sup>	(1 735)	(1 436)	(21%)
<b>Gross flows</b>	<b>82 759</b>	<b>77 130</b>	<b>7%</b>

<sup>1</sup> Includes a Group elimination for duplicate flows recognised where products of a particular business are sold by advisers or through a platform of another business

#### 2.2.2 Life APE sales

Rm	FY 2023	FY 2022	Change
Personal Finance	3 267	2 665	23%
Wealth Management	1 420	1 403	1%
<b>Life APE sales</b>	<b>4 687</b>	<b>4 068</b>	<b>15%</b>

#### 2.2.3 Wealth Management: Additional sales disclosures on APE basis but not included in Life APE sales

Rm	FY 2023	FY 2022	Change
Retirement products	663	582	14%
Offshore endowments	497	484	3%
<b>Additional sales disclosures on APE basis<sup>1</sup></b>	<b>1 160</b>	<b>1 066</b>	<b>9%</b>

<sup>1</sup> In order to provide a better understanding of Wealth Management's business, we have disclosed retirement annuity and preservation fund sales administered on our platform and offshore policy based endowments. These are not included in Life APE sales

#### 2.2.4 Net client cash flow

Rm	FY 2023	FY 2022	Change
Personal Finance	(2 686)	(4 490)	40%
Wealth Management	(4 423)	531	(>100%)
Intersegment elimination <sup>1</sup>	(1 118)	(828)	(35%)
<b>Net client cash flow</b>	<b>(8 227)</b>	<b>(4 787)</b>	<b>(72%)</b>

<sup>1</sup> Includes a Group elimination for duplicate flows recognised where products of a particular business are sold by advisers or through a platform of another business

## 2 Supplementary performance indicators by segments

### 2.3 Old Mutual Investments

#### 2.3.1 Results from operations

<b>Rm (unless otherwise stated)</b>	<b>FY 2023</b>	FY 2022	Change
Asset Management	<b>498</b>	504	(1%)
Alternatives	<b>576</b>	324	78%
Specialised Finance	<b>153</b>	412	(63%)
<b>Results from operations</b>	<b>1 227</b>	1 240	(1%)
Operating margin (%) <sup>1</sup>	<b>36%</b>	38%	(200 bps)

<sup>1</sup> Calculated as results from operations divided by total revenue for the period

#### 2.3.2 Net client cash flow

<b>Rm</b>	<b>FY 2023</b>	FY 2022	Change
Asset Management	<b>(13 075)</b>	(7 990)	(64%)
Alternatives	<b>1 099</b>	267	>100%
<b>Net client cash flow</b>	<b>(11 976)</b>	(7 723)	(55%)

#### 2.3.3 Revenue

<b>Rm (unless otherwise stated)</b>	<b>FY 2023</b>	FY 2022	Change
<b>Revenue – annuity</b>			
Asset Management	<b>1 635</b>	1 633	0.1%
Alternatives	<b>907</b>	704	29%
Specialised Finance	<b>403</b>	450	(10%)
<b>Total annuity revenue</b>	<b>2 945</b>	2 787	6%
<b>Revenue bps - annuity<sup>1</sup></b>	<b>37 bps</b>	35 bps	2 bps
<b>Revenue – non-annuity</b>			
Asset Management	<b>60</b>	91	(34%)
Alternatives	<b>501</b>	309	62%
Specialised Finance	<b>(132)</b>	115	(>100%)
<b>Total non-annuity revenue</b>	<b>429</b>	515	(17%)

<sup>1</sup> Calculated as total annuity revenue divided by average assets under management

#### 2.3.4 Assets under management

<b>Rbn</b>	<b>FY 2023</b>	FY 2022	Change
Asset Management	<b>711.1</b>	661.9	7%
Alternatives	<b>106.1</b>	92.3	15%
Specialised Finance	<b>21.9</b>	19.8	11%
<b>Assets under management<sup>1</sup></b>	<b>839.1</b>	774.0	8%

<sup>1</sup> Assets under management comprises of funds under management as defined for the Group, as well as funds managed on behalf of other entities in the Group, which are reported as funds under management of these respective segments. Assets under administration that are managed externally are not included in assets under management

#### 2.3.5 Assets under management by asset class

<b>Rbn (unless otherwise stated)</b>	<b>FY 2023</b>	% of total	FY 2022	% of total
Fixed Interest - Listed	<b>147.6</b>	17.6%	153.8	19.9%
Fixed Interest - Unlisted	<b>98.7</b>	11.8%	73.1	9.4%
Floating interest - Listed	<b>4.4</b>	0.5%	–	0.0%
Equity - Listed	<b>159.7</b>	19.0%	152.0	19.6%
Equity - Unlisted	<b>38.5</b>	4.6%	29.9	3.9%
Multi Asset portfolios	<b>104.9</b>	12.5%	91.1	11.8%
Offshore	<b>214.2</b>	25.5%	182.4	23.6%
Money market and other cash instruments	<b>71.1</b>	8.5%	91.7	11.8%
<b>Assets under management</b>	<b>839.1</b>	100.0%	774.0	100.0%

## 3 Other disclosures and reconciliations

### 3.1 Sources of earnings

Rm	FY 2023 Group	FY 2022 Group
<b>Life and Savings results from operations</b>	<b>7 396</b>	5 765
Expected profits	7 168	6 443
New business strain	(1 205)	(944)
Experience variances	304	388
Basis changes on onerous contracts	(230)	(393)
Economics	1 359	206
Non-operating variance	–	65
<b>Asset Management results from operations</b>	<b>1 845</b>	1 384
<b>Banking and Lending results from operations</b>	<b>372</b>	1 049
<b>Property and Casualty results from operations</b>	<b>766</b>	590
Insurance service result	881	736
Non-attributable expenses	(852)	(479)
Investment return on insurance funds	811	559
Other expenses	(74)	(226)
<b>Other<sup>1</sup></b>	<b>(2 036)</b>	(1 478)
<b>Results from operations</b>	<b>8 343</b>	7 310
Shareholder investment return	2 162	979
Finance costs	(1 020)	(662)
Loss from associate <sup>2</sup>	(118)	(53)
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>9 367</b>	7 574
Shareholder tax	(3 216)	(2 512)
Non-controlling interests	(290)	(212)
<b>Adjusted headline earnings</b>	<b>5 861</b>	4 850

<sup>1</sup> Other includes net result from group activities and central costs allocated to segments

<sup>2</sup> Reflects our share of loss related to our investment in China

## 3 Other disclosures and reconciliations

### 3.1 Sources of earnings

Rm	FY 2023					Total
	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other <sup>1</sup>	
Mass and Foundation Cluster	1 661		227		(42)	1 846
Personal Finance and Wealth Management	3 328	478			(96)	3 710
Old Mutual Investments		1 101	153		(27)	1 227
Old Mutual Corporate	1 766		(6)		(42)	1 718
Old Mutual Insure				535	(11)	524
Old Mutual Africa Regions	641	266	(2)	231	(20)	1 116
Net result from group activities					(1 798)	(1 798)
<b>Results from operations</b>	<b>7 396</b>	<b>1 845</b>	<b>372</b>	<b>766</b>	<b>(2 036)</b>	<b>8 343</b>
Shareholder investment return <sup>2</sup>	1 841	95		226	-	2 162
Finance costs	(904)	(15)		(148)	47	(1 020)
Loss from associate	(118)					(118)
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>8 215</b>	<b>1 925</b>	<b>372</b>	<b>844</b>	<b>(1 989)</b>	<b>9 367</b>
Shareholder tax	(1 927)	(641)	(380)	(397)	129	(3 216)
Non-controlling interests	(58)	(107)	64	(189)		(290)
<b>Adjusted headline earnings</b>	<b>6 230</b>	<b>1 177</b>	<b>56</b>	<b>258</b>	<b>(1 860)</b>	<b>5 861</b>

1 Other includes net result from group activities and central costs allocated to segments

2 The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties

Rm	FY 2022					Total
	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	
Mass and Foundation Cluster	967		550			1 517
Personal Finance and Wealth Management	3 049	320				3 369
Old Mutual Investments		828	412			1 240
Old Mutual Corporate	1 446		3			1 449
Old Mutual Insure				678		678
Old Mutual Africa Regions	303	236	84	(88)		535
Net result from group activities					(1 478)	(1 478)
<b>Results from operations</b>	<b>5 765</b>	<b>1 384</b>	<b>1 049</b>	<b>590</b>	<b>(1 478)</b>	<b>7 310</b>
Shareholder investment return <sup>1</sup>	727	117		135		979
Finance costs	(532)	(21)		(109)		(662)
Loss from associate	(53)					(53)
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>5 907</b>	<b>1 480</b>	<b>1 049</b>	<b>616</b>	<b>(1 478)</b>	<b>7 574</b>
Shareholder tax	(1 769)	(397)	(378)	(382)	414	(2 512)
Non-controlling interests	(50)	(60)	(122)	20		(212)
<b>Adjusted headline earnings</b>	<b>4 088</b>	<b>1 023</b>	<b>549</b>	<b>254</b>	<b>(1 064)</b>	<b>4 850</b>

1 The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties

## 3 Other disclosures and reconciliations

### 3.2 IFRS equity to Group eligible own funds

Rm	FY 2023	Re-presented FY 2022 <sup>1</sup>	FY 2022	% change vs re-presented
<b>IFRS equity</b>	<b>56 060</b>	57 585	57 585	(3%)
Scoping adjustment <sup>2</sup>	<b>1 601</b>	(3 086)	(4 407)	>100%
Goodwill and other intangibles <sup>3</sup>	<b>(7 833)</b>	(6 934)	(6 934)	(13%)
Own funds included in IFRS liabilities <sup>4</sup>	<b>42 722</b>	44 330	44 371	(4%)
Subordinated debt <sup>5</sup>	<b>10 486</b>	9 024	9 024	16%
Fungibility and eligibility adjustment <sup>6</sup>	<b>(158)</b>	(3 764)	(2 862)	96%
Foreseeable dividend	<b>(2 348)</b>	(4 006)	(2 506)	41%
<b>Group eligible own funds</b>	<b>100 530</b>	93 149	94 271	8%

<sup>1</sup> The prior year has been re-presented to align results to the audited Prudential Authority submission

<sup>2</sup> Included in this line item is the valuation adjustment required for OMLACSA policyholder participations as prescribed by the Prudential Standards, the impact of intragroup eliminations and an adjustment for entities included in IFRS reporting but not in scope for Group solvency

<sup>3</sup> Goodwill and other intangibles are assets that are recognised per IFRS requirements, however, they are deemed inadmissible under the Prudential Standards

<sup>4</sup> Prudential standards use a best estimate liability basis to measure insurance liabilities. This effectively recognises an earnings component within the liabilities that contributes to eligible own funds

<sup>5</sup> Subordinated debt includes Tier 2 issuances from OMLACSA recognised as per the Prudential Standards

<sup>6</sup> Fungibility adjustments include excess own funds from countries that are not available to absorb group losses. Further adjustments are made for eligibility requirements, the removal of inadmissible items and the own funds gross up for entities in deficit that are held by the group together with third parties.

### 3.3 IFRS value of debt to IFRS borrowed funds

Rm	FY 2023	FY 2022	Change
Subordinated debt – South Africa <sup>1</sup>	<b>10 486</b>	9 024	16%
Term loans – Old Mutual Africa Regions	<b>769</b>	918	(16%)
Borrowed funds that support the Group's capital structure	<b>11 255</b>	9 942	13%
Other term loans and drawn credit facilities <sup>2</sup>	<b>4 830</b>	6 771	(29%)
<b>Total borrowed funds</b>	<b>16 085</b>	16 713	(4%)

<sup>1</sup> OMLACSA issued R1 500 million floating rate subordinated debt during the year and there were no redemptions

<sup>2</sup> These are borrowings used for operational activities

## 3 Other disclosures and reconciliations

### 3.4 Group equity value

Rm (unless otherwise stated)	FY 2023			FY 2022		
	IFRS equity	GEV <sup>1</sup>	AHE <sup>2</sup>	IFRS equity	GEV	AHE
Covered business <sup>3</sup>	30 827	67 866	6 230	28 881	64 874	4 088
Non-covered business	16 973	22 969	1 491	17 715	22 631	1 826
Asset Management <sup>4</sup>	4 809	8 915	1 177	5 481	8 301	1 023
Banking and Lending <sup>5</sup>	5 849	7 223	56	6 228	7 945	549
Property and Casualty <sup>6</sup>	6 315	6 831	258	6 006	6 385	254
Other <sup>7</sup>	3 434	(1 123)	(1 860)	6 746	1 560	(1 064)
<b>Group equity value related to operating businesses</b>	<b>51 234</b>	<b>89 712</b>	<b>5 861</b>	53 342	89 065	4 850
Residual plc <sup>8</sup>	1 500	402	–	1 368	412	–
Zimbabwe <sup>9</sup>	3 326	–	–	2 875	–	–
<b>Total group equity</b>	<b>56 060</b>	<b>90 114</b>	<b>5 861</b>	57 585	89 477	4 850
<b>Closing number of shares (million)</b>	<b>4 791</b>	<b>4 791</b>	–	4 914	4 914	–
<b>Group equity value per share (ZAR)<sup>10</sup></b>	<b>11.7</b>	<b>18.8</b>	–	11.7	18.2	–
Equity related to operating segments						
Geographical split	51 234	89 712	5 861	53 342	89 065	4 850
South Africa	39 760	76 905	4 680	41 328	75 786	3 995
Old Mutual Africa Regions	11 474	12 807	1 181	12 014	13 279	855

<sup>1</sup> Group equity value represents management's view of the equity value of the Group. Material covered businesses were valued at embedded value (refer to section 4 of the additional disclosures for more details) and material non-covered businesses were valued at fair value. Fair value was calculated using a combination of valuation approaches including discounted cash flow, peer P/E and P/B multiples and IFRS equity. Actual results were applied to valuation date multiples and forecast results were applied to forward multiples and discounted cash flows. Listed peer multiples were used and adjusted for differences in size, marketability and control where relevant. The CAPM model was used to calculate discount rates for discounted cash flows. The different valuation methods were weighted based on their relevance to the underlying businesses and the reliability of information available. Remaining businesses were included at IFRS equity

<sup>2</sup> The table above excludes the earnings related to Residual plc as this business is excluded from the perimeter of adjusted headline earnings

<sup>3</sup> Covered business comprise of business classified as Life and Savings and is valued at embedded value, as set out in section 4 of the additional disclosures

<sup>4</sup> Material entities include Old Mutual Investment Group and Old Mutual Wealth which were valued using a combination of discounted cash flow and peer P/E multiples. Remaining entities were included at IFRS equity. Range of multiples: P/E 9.8 – 11.7

<sup>5</sup> Material entities include Old Mutual Specialised Finance, which was valued using a discounted cash flow and Old Mutual Finance. Old Mutual Finance was valued using a combination of a discounted cash flow, peer P/E and P/B multiples. Remaining entities were included at IFRS equity. Range of multiples: P/B 2.1 and P/E 10.3

<sup>6</sup> Material entities include Old Mutual Insure and UAP Old Mutual, which were valued using a discounted cash flow. Remaining entities were included at IFRS equity

<sup>7</sup> Other includes the IFRS equity of holding companies (including cash), present value of central costs, our investment in new growth and innovation initiatives (the bank and NEXT176) and our joint venture in China at fair value

<sup>8</sup> The Residual plc contribution to group equity value is based on the realisable economic value of approximately £17 million at 31 December 2023, translated at the closing exchange rate

<sup>9</sup> The equity value of Zimbabwe has been reduced to nil in group equity value due to the continued impact of hyperinflation on the Zimbabwean economy and in particular the unrealised nature of the listed investment return supporting the IFRS equity for this business

<sup>10</sup> Calculated as closing group equity value divided by the closing number of shares

## 3 Other disclosures and reconciliations

### 3.5 Economic statistics

	FY 2023	FY 2022	Change
<b>GBP:ZAR</b>			
Average exchange rate (YTD)	22.9435	20.1673	14%
Closing exchange rate	23.3763	20.5865	14%
<b>KES:ZAR</b>			
Average exchange rate (YTD)	0.1319	0.1388	(5%)
Closing exchange rate	0.1171	0.1381	(15%)
<b>USD:ZAR</b>			
Average exchange rate (YTD)	18.4525	16.3700	13%
Closing exchange rate	18.3621	17.0374	8%
<b>BWP:ZAR</b>			
Average exchange rate (YTD)	1.3812	1.3226	4%
Closing exchange rate	1.3719	1.3354	3%
<b>MWK:ZAR</b>			
Average exchange rate (YTD)	0.0162	0.0174	(7%)
Closing exchange rate	0.0109	0.0166	(34%)
<b>GHS:ZAR</b>			
Average exchange rate (YTD)	1.5813	1.7982	(12%)
Closing exchange rate	1.5366	1.6772	(8%)
<b>NGN:ZAR</b>			
Average exchange rate (YTD)	0.0286	0.0385	(26%)
Closing exchange rate	0.0208	0.0370	(44%)
<b>CNY:ZAR</b>			
Average exchange rate (YTD)	2.6042	2.4295	7%
Closing exchange rate	2.5860	2.4697	5%
<b>South African equity indices</b>			
FTSE/JSE Africa All Share Index	76 893	73 048	5%
FTSE/JSE Shareholder Weighted All Share Index	14 494	13 981	4%
<b>Other African regions equity indices</b>			
FTSE/JSE Namibia Overall Index	1 633	1 631	0.1%
Malawi All Share Index	110 951	62 036	79%
Nairobi Securities Exchange Limited All Share Index	92	127	(28%)
ZSE All Share Index	210 834	19 494	>100%
<b>Global equity indices</b>			
MSCI Emerging Markets Index (Net)	1 024	486	>100%
<b>Interest-bearing indices</b>			
STeFI composite	548	507	8%

## 4 Embedded value

### 4.1 Components of embedded value

Rm	FY 2023	FY 2022
Adjusted net worth	26 822	25 390
Value of in-force	41 044	39 484
<b>Embedded value</b>	<b>67 866</b>	64 874

### 4.2 Analysis of change in embedded value

Rm (unless otherwise stated)	Notes	FY 2023			FY 2022		
		Adjusted net worth	Value of in-force	Embedded value	Adjusted net worth	Value of in-force	Embedded value
<b>Opening embedded value</b>		25 390	39 484	64 874	29 747	40 323	70 070
New business value	4.3	(900)	2 821	1 921	(795)	2 195	1 400
Expected existing business contribution		1 565	4 281	5 846	1 121	3 013	4 134
Transfers from value of in-force to adjusted net worth		5 091	(5 091)	–	4 642	(4 642)	–
Experience variances	4.4	1 163	(514)	649	1 446	(53)	1 393
Development cost variances <sup>1</sup>		(948)	–	(948)	(374)	–	(374)
Assumption and model changes	4.5	104	(274)	(170)	(299)	(1 122)	(1 421)
<b>Operating embedded value earnings</b>		6 075	1 223	7 298	5 741	(609)	5 132
Economic variances	4.6	714	768	1 482	(1 190)	(435)	(1 625)
Non-operating variances		–	–	–	47	605	652
<b>Total embedded value earnings</b>		6 789	1 991	8 780	4 598	(439)	4 159
Closing adjustments		(5 357)	(431)	(5 788)	(8 955)	(400)	(9 355)
Capital and dividend flows <sup>2</sup>		(4 455)	(4)	(4 459)	(8 492)	(400)	(8 892)
Foreign exchange variance <sup>3</sup>		(902)	(427)	(1 329)	(463)	–	(463)
<b>Closing embedded value<sup>4</sup></b>		26 822	41 044	67 866	25 390	39 484	64 874
<b>Return on embedded value (RoEV)% per annum<sup>5</sup></b>				11.2%			7.3%

1 The development costs variance in the current year relate to an increase in other intangible assets that are once-off in nature to support future new business

2 Capital and dividend flows mainly reflect dividend outflow from the Life and Savings businesses

3 The foreign exchange variance in 2023 includes the impact of currency movements on Old Mutual Offshore Property Holdings as well as Old Mutual Africa Regions

4 All embedded value results are after tax and non-controlling interests, unless stated otherwise

5 Return on embedded value is calculated as the operating embedded value earnings after tax divided by opening embedded value

### 4.3 New business value

#### 4.3.1 Drivers of new business profitability

%	FY 2023	FY 2022
<b>Value of new business margin at the end of comparative reporting period</b>	<b>2.2%</b>	1.9%
Change in volume and new business expenses <sup>1</sup>	0.1%	0.2%
Change in country and product mix <sup>2</sup>	0.1%	0.2%
Change in assumptions and models	0.0%	(0.3%)
Change in economic assumptions <sup>3</sup>	(0.1%)	0.1%
Change in tax/regulation	–%	0.1%
<b>Value of new business margin at the end of the reporting period</b>	<b>2.3%</b>	2.2%

1 Sales volumes increased with improved initial expense variances in Mass and Foundation Cluster, partially offset by high growth in initial expenses in the Old Mutual Africa Regions

2 The mix improved both in South Africa and Old Mutual Africa Regions. The impact was mostly driven by increased higher-margin sales in retail segments

3 The opening economic basis for 2023 also negatively impacted value of new business and margin relative to prior year due to an increase in short to medium duration nominal yields

## 4 Embedded value

### 4.3 New business value

#### 4.3.2 Value of new business and new business profitability

Rm (unless otherwise stated)	FY 2023					
	Annualised recurring premiums	Single premiums	PVNB	PVNB capitalisation <sup>1</sup>	Value of new business	Value of new business margin
<b>South Africa</b>	<b>8 133</b>	<b>45 672</b>	<b>77 556</b>	<b>3.9</b>	<b>1 764</b>	<b>2.3%</b>
Mass and Foundation Cluster	4 822	17	13 484	2.8	1 180	8.8%
Personal Finance and Wealth Management	1 895	27 920	35 904	4.2	312	0.9%
Personal Finance	1 803	14 642	22 534	4.4	215	1.0%
Wealth Management	92	13 278	13 370	1.0	97	0.7%
Old Mutual Corporate <sup>2</sup>	1 416	17 735	28 168	7.4	272	1.0%
<b>Old Mutual Africa Regions</b>	<b>1 367</b>	<b>1 812</b>	<b>5 694</b>	<b>2.8</b>	<b>157</b>	<b>2.8%</b>
Southern Africa	684	1 807	3 773	2.9	127	3.4%
East Africa	502	–	1 542	3.1	29	1.9%
West Africa	181	5	379	2.1	1	0.3%
<b>Group</b>	<b>9 500</b>	<b>47 484</b>	<b>83 250</b>	<b>3.8</b>	<b>1 921</b>	<b>2.3%</b>

<sup>1</sup> The PVNB capitalisation factors are calculated as PVNB for recurring premiums divided by annualised recurring premiums

<sup>2</sup> Sales of Old Mutual Corporate products through the retail platforms were included in Personal Finance and Wealth Management

Rm (unless otherwise stated)	FY 2022					
	Annualised recurring premiums	Single premiums	PVNB	PVNB capitalisation <sup>1</sup>	Value of new business	Value of new business margin
<b>South Africa</b>	<b>6 725</b>	<b>34 589</b>	<b>58 329</b>	<b>3.7</b>	<b>1 267</b>	<b>2.2%</b>
Mass and Foundation Cluster	4 214	21	12 457	3.0	930	7.5%
Personal Finance and Wealth Management	1 648	24 196	31 268	4.3	190	0.6%
Personal Finance	1 552	11 130	18 106	4.5	95	0.5%
Wealth Management	96	13 066	13 162	1.0	95	0.7%
Old Mutual Corporate <sup>2</sup>	863	10 372	14 604	6.0	147	1.0%
<b>Old Mutual Africa Regions</b>	<b>992</b>	<b>2 234</b>	<b>5 943</b>	<b>3.7</b>	<b>133</b>	<b>2.2%</b>
Southern Africa	617	2 213	4 569	3.8	163	3.6%
East Africa	214	–	939	4.4	(8)	(0.9%)
West Africa	161	21	435	2.6	(22)	(5.3%)
<b>Group</b>	<b>7 717</b>	<b>36 823</b>	<b>64 272</b>	<b>3.7</b>	<b>1 400</b>	<b>2.2%</b>

<sup>1</sup> The PVNB capitalisation factors are calculated as PVNB for recurring premiums divided by annualised recurring premiums

<sup>2</sup> Sales of Old Mutual Corporate products through the retail platforms were included in Personal Finance and Wealth Management

### 4.4 Experience variances

Rm	FY 2023 Embedded value	FY 2022 Embedded value
Persistency <sup>1</sup>	(500)	(521)
Risk <sup>2</sup>	1 193	1 359
Expenses <sup>3</sup>	39	519
Other	(83)	36
<b>Experience variances</b>	<b>649</b>	<b>1 393</b>

<sup>1</sup> Persistency experience remained negative. This was driven by material persistency losses in the Mass and Foundation Cluster, where experience had worsened across all products due to the poor economic environment. Personal Finance also observed a worsening of persistency, with Old Mutual Corporate providing some offset

<sup>2</sup> Risk experience was positive over 2023 with good experience from Old Mutual Corporate risk business. The mortality experience in the retail segments were also positive, mainly driven by the Mass and Foundation Cluster. The prior year includes the impact of COVID-19 provision releases materially in excess of actual COVID-19 excess claims

<sup>3</sup> Expense experience worsened compared to prior year with material project and once-off expenditure. Recurring maintenance expense variances were still materially positive

## 4 Embedded value

### 4.5 Assumption and model changes

Rm	FY 2023 Embedded value	FY 2022 Embedded value
Persistency <sup>1</sup>	(824)	(1 057)
Risk <sup>2</sup>	471	(338)
Expenses <sup>3</sup>	(36)	(207)
Model and other changes <sup>4</sup>	219	181
<b>Assumption and model changes</b>	<b>(170)</b>	<b>(1 421)</b>

<sup>1</sup> The negative impact from persistency assumption changes was mainly due to an increase in the short-term retention provision in June 2023 and the setting up of an economic recovery reserve in the Mass and Foundation Cluster

<sup>2</sup> The positive risk impact was mainly due to the update of assumption changes in Old Mutual Corporate

<sup>3</sup> Losses from expense assumption changes were driven by an increase in project cost provisions

<sup>4</sup> Modelling and other changes resulted in a profit, mainly driven by Old Mutual Africa Regions due to improvements in the modelling of premium-related charges, credit assurance and savings business

### 4.6 Economic variances

Rm	FY 2023 Embedded value	FY 2022 Embedded value
Investment variance on in-force business <sup>1</sup>	873	(858)
Investment variance on adjusted net worth <sup>2</sup>	(140)	(767)
Impact of economic assumption changes <sup>3</sup>	749	–
<b>Economic variances</b>	<b>1 482</b>	<b>(1 625)</b>

<sup>1</sup> Actual investment returns on policyholder funds were even higher than the higher expected yields, resulting in an increase in expected asset-based fee income on most investment and smooth bonus products

<sup>2</sup> Investment returns on shareholder funds improved materially from 2022 both in South Africa and Old Mutual Africa Regions

<sup>3</sup> For December 2022, investment variances on in-force business and economic assumption changes were all included in the investment variance on in-force business line

### 4.7 Embedded value reconciliations

#### 4.7.1 Reconciliation of IFRS equity to embedded value

Rm	FY 2023	FY 2022
<b>IFRS equity attributable to operating segments</b>	<b>51 234</b>	53 342
Less IFRS equity value for non-covered business	(20 407)	(24 461)
<b>IFRS equity for covered business</b>	<b>30 827</b>	28 881
Adjustment to remove goodwill and other intangibles <sup>1</sup>	(4 005)	(3 491)
<b>Adjusted net worth attributable to ordinary equity holders of the parent</b>	<b>26 822</b>	25 390
Value of in-force business	41 044	39 484
<b>Embedded value</b>	<b>67 866</b>	64 874

<sup>1</sup> Goodwill and other intangibles that are recognised per IFRS requirements, however, they are deemed inadmissible for value reporting purposes

#### 4.7.2 Reconciliation of adjusted headline earnings to total embedded value earnings

Rm	FY 2023	FY 2022
<b>Adjusted headline earnings after tax and non-controlling interests</b>	<b>5 861</b>	4 850
Less adjusted headline earnings after tax and non-controlling interest on other lines of business	369	(762)
<b>Life and Savings adjusted headline earnings after tax and non-controlling interest<sup>1</sup></b>	<b>6 230</b>	4 088
Non-life dividends <sup>2</sup>	1 019	389
Other adjustments <sup>3</sup>	(460)	121
<b>Adjusted net worth total earnings</b>	<b>6 789</b>	4 598
Other value of in-force total earnings <sup>4</sup>	1 991	(439)
<b>Covered business embedded value total earnings</b>	<b>8 780</b>	4 159

<sup>1</sup> The Life and Savings adjusted headline earnings were higher compared to the prior year

<sup>2</sup> Reflects the dividends from underlying investments in non-covered entities, aligning earnings with value. Non-life dividends increased from the prior year due to an increase in Old Mutual Wealth dividends as a result of the balance of the Old Mutual Unit Trusts dividends for 2022 only being declared and paid in 2023

<sup>3</sup> Adjusted net worth earnings is conceptually aligned to IFRS profit (rather than results from operations or adjusted headline earnings), so other adjustments also include any adjustments made to derive adjusted headline earnings for Life and Savings business, such as normalising for accounting mismatches

<sup>4</sup> Refer to section 4.2 which contains a more detailed breakdown of the change

## 4 Embedded value

### 4.8 Expected return for the following period

The following table sets out the expected existing business contribution for the year ending 31 December 2024, based on the 31 December 2023 closing Market Consistent Embedded Value.

Rm	Year ended 31 December 2024				
	Free surplus	Required capital	Adjusted net worth	Value of in-force	Embedded value
Expected existing business contribution (reference rate)	855	1 578	2 433	4 286	6 719
Expected existing business contribution (in excess of reference rate)	(98)	124	26	886	912
<b>Expected existing business contribution</b>	<b>757</b>	<b>1 702</b>	<b>2 459</b>	<b>5 172</b>	<b>7 631</b>

### 4.9 Embedded value sensitivities

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.

Rm	Year ended 31 December 2024		
	Embedded value	Value of in-force	Value of new business
Central assumptions	67 866	41 044	1 921
Value given changes in:			
5% decrease in mortality rates <sup>1</sup>	70 783	43 540	2 107
5% decrease in morbidity rates <sup>1</sup>	68 616	41 721	1 970
5% decrease in annuitant mortality rates <sup>1</sup>	67 478	40 623	1 890
10% decrease in discontinuance (lapse) rates <sup>2</sup>	69 960	42 838	2 560
10% decrease in maintenance rates (expenses) <sup>3</sup>	70 286	43 096	2 260
100 bps increase in valuation rates <sup>4</sup>	67 348	40 614	1 756
100 bps decrease in valuation rates <sup>4</sup>	68 011	41 406	2 079
5% increase in equity or property market value <sup>5</sup>	68 965	41 834	1 993
10 bps increase of liquidity spreads <sup>6</sup>	67 927	41 026	1 966
25% increase in volatilities (swaption) <sup>7</sup>	67 774	40 944	1 917
25% increase in volatilities (equity and property) <sup>7</sup>	67 792	40 955	1 918

<sup>1</sup> Mortality or morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.

<sup>2</sup> 10% multiplicative decrease in discontinuance rates

<sup>3</sup> Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges

<sup>4</sup> Increasing/decreasing all pre-tax investment and economic assumptions (projected investment returns and inflation) by 100 bps, with credited rates and discount rates changing commensurately

<sup>5</sup> Equity or property market value increasing/decreasing by 5%, with all pre-tax investment and economic assumptions unchanged

<sup>6</sup> Recognising the present value of an additional 10 bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately

<sup>7</sup> 25% multiplicative increase in implied volatilities

## 4 Embedded value

### 4.10 Economic assumptions

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

The Group generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk).

The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long term real interest rate and inflation expectations.

For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long term expectations.

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium, as appropriate.

Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

The table below set out the yield curves used to discount the cash flows of insurance contracts:

<b>South African risk-free reference spot yields<sup>1</sup> and expense inflation</b>	<b>31 December 2023</b>	31 December 2022
Risk-free (based on bond curve)		
1 year	<b>8.5%</b>	8.1%
5 years	<b>9.7%</b>	9.6%
10 years	<b>12.1%</b>	11.9%
20 years	<b>14.5%</b>	13.0%
Expense inflation (based on bond curve)		
1 year	<b>4.3%</b>	4.1%
5 years	<b>5.4%</b>	5.6%
10 years	<b>6.9%</b>	7.1%
20 years	<b>9.0%</b>	8.0%

<b>Pre-tax real world economic assumptions</b>	<b>31 December 2023</b>	31 December 2022
Personal Finance illiquidity premium <sup>1</sup>	<b>0.3%</b>	0.4%
Old Mutual Corporate illiquidity premium (inflation linked annuities) <sup>1</sup>	<b>0.3%</b>	0.4%
Old Mutual Corporate illiquidity premium (non-profit annuities valued on a swap basis) <sup>1</sup>	<b>0.3%</b>	0.4%
Old Mutual Corporate illiquidity premium (non-profit annuities valued on a bond basis) <sup>1</sup>	<b>0.3%</b>	0.4%
Equity risk premium	<b>3.7%</b>	3.7%
Property risk premium	<b>1.5%</b>	1.5%
Weighted average effective tax rate	<b>26.4%</b>	26.6%

<sup>1</sup> An illiquidity premium adjustment has been added to the reference rates of OMLACSA's immediate annuity business (Personal Finance and Old Mutual Corporate immediate annuities) for setting investment return and discounting assumptions

## 5 Glossary

Defined term	Description
<b>Adjusted headline earnings</b>	The Group's primary profit metric that adjusts headline earnings, as defined by SAICA Circular, for the impact of material transactions, non-core operations and any IFRS accounting treatments that do not fairly reflect the long term economic performance of the business.
<b>Claims ratio</b>	The percentage of net claims incurred in relation to the net insurance revenue.
<b>Contractual service margin</b>	A component of the carrying amount of an asset or liability for a group of insurance contracts representing the unearned profit to be recognised as services are provided to policyholders.
<b>Credit loss ratio</b>	The amount of expected credit losses recognised in the current year with respect to new disbursements and outstanding loan balances expressed as a percentage of loans and advances.
<b>Discretionary capital</b>	Represents the surplus assets available for distribution, deployment and/or acquisitions.
<b>Dividend cover</b>	Also commonly known as dividend coverage, is the ratio of the Group's earnings over the dividend paid to shareholders.
<b>Embedded value</b>	<p>The valuation of the Group's current in-force value of its covered business. It does not include the value of any future new business.</p> <p>Covered business includes, where material, any contracts that are regarded by local insurance supervisors as long term life insurance business. It can also include other business, where material, directly related to such long term life assurance business, where the profits are included in the IFRS long term business profits in the primary financial statements.</p>
<b>Funds under management</b>	Represents the total market value of funds managed and administered by the Group on behalf of customers, at the point at which funds flow into the Group. It excludes assets managed and administered by the Group on behalf of shareholders as these are not customer funds flowing into the Group. Funds under management are reported for the Group and all segments.
<b>Gross flows</b>	<p>Represents all cash flows received from external customers for the period by businesses in the Group engaged in Life and Savings and Asset Management.</p> <p>Gross flows are recognised at the point at which funds flow into the Group.</p>
<b>Group equity value</b>	Management's view of the market capitalisation of the Group.
<b>Group solvency ratio</b>	Eligible own funds expressed as a percentage of solvency capital requirement. Eligible own funds are the sum of basic own funds and ancillary own funds approved by the Prudential Authority as meeting the prescribed criteria for such funds, adjusted in accordance with the prescribed tiering restrictions. Solvency capital requirement is the level of eligible own funds required to ensure the value of assets will exceed technical provisions and other liabilities at a 99.5% level of certainty over a one-year time horizon.
<b>Headline earnings</b>	<p>Defined with reference to SAICA circular 'Headline Earnings'.</p> <p>Headline earnings represents the Group's earnings which are generated from operational and investment activities. It excludes asset sales, remeasurements and impairments.</p>
<b>Impairment coverage ratio</b>	Balance sheet impairment provision for impaired loans as a percentage of impaired loans.

Defined term	Description
<b>Insurance margin</b>	The operating profit of a Property and Casualty business, expressed as a percentage of net insurance revenue.
<b>Insurance revenue</b>	Defined as the expected premium receipts excluding investment components allocated to the period.
<b>Invested shareholder assets</b>	A portfolio of assets that are invested and managed with the intention of generating an investment return for shareholders. The portfolio should have a clearly defined mandate and support the Group's capital requirements.
<b>Life APE sales</b>	A standardised measure of the volume of new life insurance business written by the businesses in the Group engaged in Life and Savings.
<b>Loans and advances</b>	The balance of gross loans and advances for Group businesses engaged in Banking and Lending. The amounts are gross of impairments on all performing, arrears and default loans.
<b>Net client cash flow</b>	Represents the difference between gross flows and cash returned to customers (eg claims, surrenders, maturities) during the period.
<b>Net lending margin</b>	Defined as net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.
<b>Net underwriting margin</b>	Represents underwriting result as a percentage of net insurance revenue.
<b>Net underwriting result</b>	Reflects the profit generated through underwriting activity before investment income and capital gains or losses.
<b>Results from operations</b>	The primary measure of the operating business performance of the Group's segments.
<b>Return on net asset value</b>	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.
<b>Return on net asset value excluding new growth initiatives</b>	Used to assess and measure the capital efficiency of the mature business of the Group.
<b>Value of new business</b>	The discounted value of expected future profits arising from new life insurance business sold in the reporting period.
<b>Value of new business margin</b>	Reflects how much future profit is expected from each future life insurance premium and therefore measures the profitability of new business sold after all risks are closed out to the market at market rates.

# Administration

**Registered name:** Old Mutual Limited  
**Country of incorporation:** South Africa  
**Registration number:** 2017/235138/06  
**Income tax reference number:** 9267358233  
**Equity Share code (JSE, LSE, MSE and ZSE):** OMU  
**Equity Share code (NSX):** OMM  
**Debt Share code (JSE):** OMLI  
**ISIN:** ZAE000255360  
**LEI:** 213800MON84ZWWPQCN47

**Registered office**  
Mutualpark  
Jan Smuts Drive  
Pinelands  
Cape Town  
7405  
South Africa  
Telephone: +27 (0)21 509 9111

**Postal address**

PO Box 66  
Cape Town  
8000  
South Africa

**Sponsors**

**JSE equity sponsor:**

**JSE debt sponsor:**

**NSX:**

**ZSE:**

**MSE:**

Tamela Holdings (Proprietary) Limited  
Nedbank Corporate and Investment Banking, a division of Nedbank Limited  
PSG Wealth Management (Namibia) (Proprietary) Limited  
Imara Capital Zimbabwe plc  
Stockbrokers Malawi Limited

**Transfer secretaries**

JSE Investor Services (Pty) Limited  
Registration Number: 2000/007239/07  
One Exchange Square  
2 Gwen Lane  
Sandown  
2196  
South Africa

**Postal address**

Private Bag X991174  
Sandton 2146  
Telephone: Local: 086 140 0110  
International: +27 (0)11 713 0800

**Directors**

**Independent Non-executive**

Trevor Manuel (Chairman)  
Prof Brian Armstrong  
Albert Essien  
Olufunke Ighodaro  
Itumeleng Kgaboesele  
Jaco Langner  
John Lister  
Dr Sizeka Magwentshu-Rensburg (Lead Independent)  
James Mwangi  
Nomkhitha Nqweni  
Busisiwe Silwanyana  
Jurie Strydom  
Stewart van Graan

**Non-executive**

Thoko Mokgosi-Mwantembe

**Executive**

Iain Williamson (Chief Executive Officer)  
Casper Troskie (Chief Financial Officer)

**Group Company Secretary**

Elsabé Kirsten

**Public Officer**

Nazrien Kader

**Debt officer**

Martin van der Walt





[www.oldmutual.com](http://www.oldmutual.com)