



OLDMUTUAL

OLD MUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED

ANNUAL FINANCIAL STATEMENTS

Separate and Consolidated

For the year ended 31 December 2021



DO GREAT THINGS EVERY DAY

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

Directors' Responsibility Statement

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

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

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

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

It is the responsibility of the Company's independent external auditors to report on the fair presentation of the consolidated and separate financial statements. These financial statements have been audited in terms of section 29(1) of the Companies Act. Their unmodified report is included within these annual financial statements.

Approval of consolidated and separate annual financial statements

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

T A Manuel
Chairman

Sandton
24 March 2022

I G Williamson
Chief Executive Officer

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

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

- the consolidated and separate annual financial statements set out on pages 18 to 154, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

I G Williamson
Chief Executive Officer

C G Troskie
Chief Financial Officer

Sandton
24 March 2022

Certificate by the Company Secretary

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

Ms E M Kirsten

Company Secretary

24 March 2022

Directors' Report

The directors of Old Mutual Life Assurance Company (South Africa) Limited (the Company or the Group) have pleasure in submitting their report on the consolidated and separate annual financial statements for the year ended 31 December 2021.

1. Review of activities

The principal activity of the Group is the transaction of all classes of life assurance, savings and retirement funding business. The Group underwrites life insurance risks associated with death and disability. It also issues a diversified portfolio of investment contracts and earns fee income from investment management service contracts.

The operating results and financial position of the Group and company are set out in the income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes.

Profit before tax for the Group was R7,251 million (2020: loss of R8,402 million), and profit after tax was R3,478 million (2020: loss of R10,151 million).

Profit before tax for the company was R 7,278 million (2020: loss of R4,628 million), and profit after tax was R3,741 million (2020: loss of R6,816 million).

2. Consolidated and Company annual financial statements

In terms of International Financial Reporting Standards (IFRS), the Company is required to produce consolidated financial statements as its subordinated debt instruments are traded in a public market.

In the Company financial statements, the Company's investments in its subsidiaries, joint ventures, associate companies and structured entities are accounted for as financial assets at fair value through profit or loss and dividends are recognised when receivable.

Details of the financial results are set out on pages 18 to 154 of the consolidated annual financial statements and on pages 18 to 154 of the separate annual financial statements.

The directors have approved the consolidated and separate annual financial statements as reflected on pages 18 to 154, including the certificate by the Company Secretary on page 4 and the Audit committee report for the 2021 financial year on page 8.

3. Holding Company

The Company's holding company is Old Mutual Emerging Markets (Pty) Limited, incorporated in South Africa.

Ultimate holding Company

The Company's ultimate holding company is Old Mutual Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange, with secondary listings in Zimbabwe, Namibia and Malawi and a standard listing on the London Stock Exchange.

4. Share capital

There were no changes in the authorised or issued ordinary share capital of the Company during the current and prior years.

5. Dividends

Dividends on ordinary shares amounting to R4,535 million (2020: R13,042 million) and dividends on preference shares amounting to RNil (2020: RNil) were declared during the year by the Company. Of the total dividend declared in the prior year, R4,768 million was paid in cash and R8,274 million was a dividend in specie related to the disposal of Nedbank to Old Mutual Emerging Markets (Pty) Ltd. Refer to note H2(c) for more information. Total dividend per share was R56,687.50 (2020: R163,025.93 per share).

The directors of the Company acknowledged, that they have applied the solvency and liquidity requirements of the Companies Act and Insurance Act prior to the dividend declaration and reasonably concluded that the Company will satisfy the requirements immediately after completing the distribution.

Directors' report

6. Directors

Details of the members of the Board who served during the year and at the reporting date have been provided below.

During the year, Mr Jaco Langner was appointed to the Board, in accordance with the Board's appointment policy. The issuer is required, by the Insurance Act, to annually evaluate the performance of the Board of Directors of the issuer and that of its committees, its chair and its individual directors as set out by the King Code. The Board hereby confirms that it has performed a performance assessment for the reporting year, which assessment was performed by an independent service provider (The Board Practice). The biographical information of the current directors can be found in note L and on the Group's website. The directors' interests in ordinary shares in Old Mutual Limited are set out in the 2021 Remuneration Report. This report can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

The directors had no third party or company responsible for managing any business activities of the Group. Refer to note I3 for detailed related party disclosure.

Name	Position as director	Appointment date	Resignation/ termination date
Mr TA Manuel c	Independent Non-Executive Director	24.10.2017	
Mr PG de Beyer a, r, c, ac	Independent Non-Executive Director	01.03.2012	
Mr AK Essien r, c	Independent Non-Executive Director	24.10.2017	
Ms O Ighodaro a, ac, r	Independent Non-Executive Director	22.09.2020	
Mr I Kgaboesele a, ac	Independent Non-Executive Director	24.10.2017	
Mr J Langner ac, a,	Independent Non-Executive Director	20.05.2021	
Mr JR Lister a, r, ac	Independent Non-Executive Director	24.10.2017	
Dr SM Magwentshu-Rensburg c	Independent Non-Executive Director	24.10.2017	
Ms TM Mokgosi-Mwantembe	Non-Executive Director	24.10.2017	
Ms CWN Molohe a, r, ac	Independent Non-Executive Director	31.10.2012	
Mr BM Rapiya r, c	Non-Executive Director	01.04.2011	
Mr CG Troskie	Executive Director	01.04.2018	
Mr IG Williamson	Executive Director	27.05.2019	

a Member of the Audit committee.

r Member of the Risk committee.

c Member of the Committee for Customer Affairs.

ac Member of the Actuarial committee.

7. Company Secretary

Ms EM Kirsten is the Company Secretary.

8. Auditors

During the year, Deloitte & Touche and KPMG Inc. were the joint auditors of the Group and the Company.

The auditors' engagement is in accordance with section 90 of the Companies Act of South Africa. The Audit committee confirms that it has complied with Par 7.3(e) iii and iv of the JSE Debt Listing requirements, in that it has obtained the information detailed in paragraph 22.15(h) of Section 22 of the JSE Listings Requirements in their assessment of the suitability for re-appointment of the audit firm and designated individual partner, and secondly, that it has ensured that Deloitte & Touche is re-appointed at the Annual General Meeting of shareholders.

9. Debt Officer

The Board has, on 31 October 2020, appointed Mr M van der Walt as the Debt Officer, pursuant to considering the JSE Debt Listing Requirements, as well as Mr van der Walt's curriculum vitae.

Corporate Governance Report

Corporate Governance Framework

Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) is a licensed life insurer and wholly-owned subsidiary of Old Mutual Limited which is a JSE listed entity. Old Mutual Limited established a Group Governance Framework (GGF) which adheres to King IV™. This framework outlines the minimum governance requirements for the Group and its subsidiary entities.

The Group is in compliance with King IV™ and requires that its subsidiaries comply with the King IV™ governance outcomes through application of the principles as set out in the code.

The OMLACSA board is satisfied that during 2021, it complied with the GGF, and has applied the King IV™ principles on the same basis as the Group. Refer to the full Governance Report 2021 on our corporate website for a full detail of the application and explanation of the GGF principles and King IV™ requirements.

<https://www.oldmutual.com/investor-relations/reporting-centre/reports> for details of the application and explanation of the GGF principles and King IV™ requirements.

Going concern

Although the key management focus from a performance perspective is on OML and its segments, significant information is collected for OMLACSA due to its regulated nature. The business plan process focused on OMLACSA capital compliance and ensuring liquidity reserves remained sufficient. Despite the challenging local economic environment with the impacts of COVID-19 continuing to affect our customers, the plan maintained stable capital and solvency positions throughout the planning cycle. As part of the planning process, a downside scenario has also been modelled that examined a protracted inflation scenario in developed markets and further COVID vaccine challenges being experienced in emerging markets. The results show that OMLACSA remains sufficiently capitalised with appropriate levels of liquidity and no material uncertainty in relation to the going concern has been identified in the base business plan as well as the downside scenario.

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

Audit Committee report

This Audit committee report has been prepared based on the requirements of the South Africa Companies Act, 71 of 2008, as amended ('Companies Act'), the King Code of Governance for SA ('King IV™'), the JSE Listings Requirements and other applicable regulatory requirements.

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

Role and mandate

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

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

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

Committee composition

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

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

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

Name	Appointment/ resignation date	Designation ¹	Scheduled meeting attendance	Adhoc meeting attendance
Olufunke Ighodaro ² (Chairperson) BSc (HONS), FCA (ICAEW), CA(SA)	22.09.2020	INED	7/7	2/2
Peter de Beyer BBus Sci (Hons), FASSA	06.03.2018	INED	7/7	2/2
Jaco Langner BCom, FASSA, FFA	20.05.2021	INED	3/3	2/2
Itumeleng Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	06.03.2018	INED	6/7	2/2
John Lister BSc (Stats), FIA	06.03.2018	INED	7/7	2/2
Nosipho Molope ³ BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)	06.03.2018	INED	7/7	2/2

¹ INED represents independent non-executive director

² Designation changed to Chairperson of this committee on 1 November 2021

³ Stepped down as Chairperson of this committee on 31 October 2021

Invited attendees

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

Contracts and matters in which directors and officers of the Company have an interest

The Group has adopted a Conflict of Interest Policy, which sets out key provisions for both directors and employees to adhere to. Directors are required to confirm on a quarterly basis that their conflicts of interest disclosures are up to date, with a declaration being signed at each quarterly meeting.

Actuarial sub-committee

During the year under review the Board constituted a separate Actuarial committee, which functions as a sub-committee of the Audit committee. All the audit committee members are members of the Actuarial committee. The Actuarial committee assists the Audit committee in ensuring that actuarial matters are properly considered prior to decision making by the Audit committee. The Actuarial committee is chaired by John Lister, an independent non-executive director and a qualified actuary.

Our commitment to independence, transparency and collaboration

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

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

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

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

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

Areas of focus during the year

Significant audit matters

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

Audit matter	How the Audit committee addressed the matter
Assumptions related to policyholder liabilities	The committee reviewed reports from the Group Chief Actuary and the external auditors on actuarial assumptions and basis changes, including extensive discussions on the impact of COVID-19 on key assumptions and provisions.
Valuation of property assets	The committee reviewed the appropriateness of property asset valuations.
Appropriateness of asset valuations	The impact of the COVID-19 pandemic on business operations and cash flows is considered a potential impairment indicator for non-financial assets that are not recognised at fair value. The committee reviewed the assets' valuations and the subsequent adjustments.
Valuation of investments and securities	Considered the appropriateness of investments and securities valuations, with focus on level 3 instruments
Nedbank unbundling	The committee reviewed the appropriateness of the accounting treatment and disclosure regarding the unbundling, of part of the Group's stake in Nedbank.
Goodwill and intangible valuations and impairments	The committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. The committee considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.

Financial statements and integrated reporting process

During the year under review the Audit committee:

- Monitored the impact of the COVID-19 pandemic and noted that the finance function continued to operate effectively throughout the lockdown period, without any material impacts on productivity. Monitored the Group's continued response to the impact and mitigation of the COVID-19 pandemic. In particular considered the extent of COVID-19 related claims across the Group and the impact on reserving. The impact of the COVID-19 pandemic on business operations and cash flows is considered a potential impairment indicator for non-financial assets that are not recognised at fair value. The committee reviewed these assets' valuations and the subsequent adjustments.
- Reviewed and debated key accounting, actuarial and tax judgements including external audit's Key Audit Matters and analysed financial information included in the Group's interim and year end results announcements to ensure the accuracy and integrity of financial data disclosed externally.
- Reviewed the Head of Actuarial Function reports concluding that the actuarial control function operated effectively.
- Reviewed and assessed the audited annual financial statements, and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective.
- Stayed apprised of key updates, policy and methodology decisions and upcoming milestones on the IFRS17 programme.
- Reviewed and approved the combined assurance plan for the Group.

Audit Committee report

- Recommended to the Board for approval the annual financial statements, annual results and the financial information included in the 2021 Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.
- Reviewed reports from the Head of Actuarial Function and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) at 31 December 2021.
- Reviewed and recommended for approval the issuance of up to R2 billion of subordinated debt by OMLACSA, subject to Prudential Authority ("PA") approval in terms of the Group consolidated multi-issuer note programme.

Internal controls and risk management

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

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

During the year under review the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls.

These reports included internal and external audit reports, reports from the Board's Risk committee as well as specific internal control reports from management, relating to internal attestation of financial and other controls. Areas of heightened risk as a result of the COVID-19 pandemic received particular focus. The committee also reviewed the updated acquisition framework, which ensures that decisions are made within a clear decision framework, supported by adequate accessible capital.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, internal audit and the external auditors, the Audit committee is of the opinion that the internal controls of the Group can be relied upon as a reasonable basis for the preparation of the annual financial statements, throughout the year under review.

Internal Audit

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

Group internal audit is accountable to the Audit committee and has unrestricted access to the Chairman of the Audit Committee.

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

The Audit committee approves the internal audit plan and neither the Group Internal Audit Director nor the internal audit function reports into the executive committee other than from an administrative perspective. Group internal audit is also independent from the activities it audits and from the day-to-day internal control processes of the Group.

This maintains the functional and financial independence of the internal audit function. During the year under review the Audit committee:

- Reviewed and approved the internal audit terms of reference and charter.
- Monitored the transition of the internal audit function from an outsourced model to an operating model that is largely in-house. The transition was implemented successfully.
- Evaluated the independence, effectiveness and performance of the internal audit function and compliance with its terms of reference.
- Reviewed and approved the annual internal audit plan in consultation with the Group Internal Audit Director, ensuring that material risk areas were included, that the coverage of risks and business processes was acceptable.
- Reviewed and discussed with the Group Internal Audit Director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.
- Ensured coordination and cooperation between internal audit and the risk management and compliance functions.
- An independent review of the effectiveness of Group internal audit was conducted during year, with no concerns raised.
- Evaluated the independence, effectiveness and performance of the internal audit function. Confirmed the appropriateness of the expertise, experience and resources of the internal audit function and that of the Group Audit Director.

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

Chief Financial Officer

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

External auditors

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

During the year under review the Audit committee:

- Considered and recommended to the Board the appointment of the joint external auditors Deloitte and Touche (with John Kruger as designated registered auditor and joint signing partner of OMLACSA) and KPMG Inc. (with Mark Danckwerts as the joint signing partner for OMLACSA). In addition, the committee approved the audit fees for the 2021 year under review.
- Approved the OMLACSA non-audit services policy.
- Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services, which is summarised in the Corporate Governance section of our website.
- Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements. Reviewed the external auditors' findings and recommendations and ensured that matters raised were resolved appropriately.
- Approved the joint external auditors' annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed.
- Ensured coordination and cooperation between the external and internal auditors.
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- Convened with the external audit team, without management being present and was assured that there were no unresolved areas of disagreement with management, satisfaction was expressed with the skills and expertise in Group Finance and confirmed that throughout the audit there was good support from the management teams.
- Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of Section 92 of the Companies Act.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.
- Considered reports from subsidiary Audit committees on the activities of subsidiary entities.

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

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

Combined assurance

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

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

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

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

Committee Training

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

Audit Committee report

Committee performance

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

Key focus areas for 2022

- Monitoring and evaluation of the Group's preparation for the implementation of IFRS 17.
- Focus on ensuring that the Group's financial processes and controls operate effectively and are proportional with the group's complexity.
- Monitor the Group's response to the impact and mitigation of the COVID-19 pandemic.
- Continue to monitor, with the Board Technology and Platforms committee, the finance modernisation and transformation initiatives, supporting the drive for simplifying and conforming finance data to further enhance the quality of the Group's financial reporting.
- Monitor the implementation of other new accounting standards.
- Monitor the levels of the various capital measures in the Group, ensuring that they are within acceptable ranges and continued monitoring of the functioning of the Group's internal controls.
- Review the Group's long term actuarial assumptions ensuring appropriateness for current operating environment.
- Monitor methodology and assumptions used to calculate the Group's liabilities and Solvency Capital Ratio.

Conclusion

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

The Audit committee reviewed the Group annual financial statements for the year ended 31 December 2021 and recommended them for approval to the board on 24 March 2022.

On behalf of the Audit Committee

Olufunke Ighodaro

Audit committee Chairperson

24 March 2022

Sandton

Independent Auditors' Report

To the shareholder of Old Mutual Life Assurance Company (South Africa) Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Life Assurance Company (South Africa) Limited (the Group and Company) set out on pages 18 to 154, which comprise the separate and consolidated statements of financial position at 31 December 2021, the separate and consolidated income statements, the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and the notes to the separate and consolidated financial statements, including a summary of significant accounting policies, but excluding information marked as "unaudited".

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

Basis for opinion

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

Key audit matters

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

Valuation of life insurance contract liabilities – R145,7 billion (separate financial statements) and R146,2 billion (consolidated financial statements)

Refer to the accounting policy elections note **A1.3** and note **F2**.

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2021, the value of the life insurance contract liabilities was R145,7 billion in respect of the separate financial statements and R146,2 billion in respect of the consolidated financial statements. These life insurance contract liabilities are measured in accordance with actuarial guidance in Standard of Actuarial Practice (SAP) 104 and in a manner allowed under IFRS 4 – <i>Insurance Contracts</i> (IFRS 4) in the consolidated and separate financial statements.</p> <p>The valuation of life insurance contract liabilities requires significant judgement and estimation driven by a number of inputs based on a variety of uncertain future outcomes. Judgements also include the policies for creating and releasing discretionary margins. Inputs into the valuation of life insurance contract liabilities include actuarial assumptions such as mortality rates, morbidity rates, and lapse rates. Other key assumptions including discount rates and expense assumptions.</p> <p>The valuation of life insurance contract liabilities involves the use of complex models which are reliant on complete and accurate contract and external data. Data also drives experience studies applied in forming key assumption decisions.</p> <p>Ongoing uncertainty associated with the COVID-19 pandemic continues to require additional judgement in the measurement of these liabilities. The directors have considered the ongoing impact of the pandemic on the Company and Group and continue to update previously established short-term provisions to allow for additional uncertainty associated with mortality, morbidity and lapse assumptions.</p> <p>Due to the significant judgement and estimation uncertainty involved in the determination of the life insurance contract liabilities, their valuation is considered a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the design, implementation and operating effectiveness of controls over: <ul style="list-style-type: none"> › the actuarial reserving processes that ensure the appropriateness of key assumptions applied; and › the liability measurement processes established by the actuarial review function and the directors. • Verifying the completeness and accuracy of data included in the valuation models by: <ul style="list-style-type: none"> › evaluating and concluding on the design, implementation and operating effectiveness of controls related to the integrity of the data used in the models; › verifying on a sample basis the policyholder data inputs to source documentation; and › using data analytics to reconcile the data between actuarial valuation policy administration and accounting systems and investigating any anomalies. <p>With our actuarial audit specialists the following have been performed:</p> <ul style="list-style-type: none"> – Assessing the appropriateness of the methodologies and assumptions applied to value the life insurance contract liabilities against industry standards, IFRS 4, SAP 104 and where relevant, market practice; – Challenging the key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Company's and Group's analysis of experience to date. Our challenge focused on: mortality rates, morbidity rates, lapse rates and expense assumptions.

Independent Auditors' report

To the shareholders of Old Mutual Life Assurance Company (South Africa) Limited

Report on the audit of the consolidated and separate financial statements

Valuation of life insurance contract liabilities – R145,7 billion (separate financial statements) and R146,2 billion (consolidated financial statements)

Refer to the accounting policy elections note A1.3 and note F2.

Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> – Assessing the consistency of the data used in experience reviews supporting key changes in assumptions with other audited information and evaluating the results of experience reviews ensuring they are appropriately applied in the valuations; – Evaluating the appropriateness of discretionary margins applied to ensure they are consistent with actuarial guidance; and the Company's and the Group's policies and IFRS; – Assessing the appropriateness and accuracy of key models used to value the life insurance contract liabilities. This included testing of relevant information technology controls, re-calculation of certain outputs and assessing the consistency of model outputs with our expectations and the Company's and the Group's analysis of profits; – Testing the methodology and basis for the COVID-19 short-term pandemic provision specifically related to the impact it has on mortality, morbidity and lapse assumptions and experiences. Our work included analysing the Company's and the Group's COVID-19 claims and lapse experience data, comparing it with nationally published statistics and challenging the Company's and the Group's judgements applied in determining the provisions as well as their compliance with IFRS 4 and SAP 104. <p>We considered whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.</p>

Valuation of investments and securities – R781,8 billion (separate financial statements) and R832,1 billion (consolidated financial statements)

Refer to the accounting policy in note A1.3 and disclosure notes D1, D2, D3 and F1.

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2021, investments and securities (financial instruments) carried at fair value through profit or loss represented 94,5% of total assets in the separate financial statements and 90% in the consolidated financial statements. Level 1 investments and securities amounted to R372,9 billion in the separate financial statements (R385 billion consolidated) and represented 47,6% of the total balance (46,3% in the consolidated financial statements).</p> <p>As level 1 investments and securities are valued using quoted market prices, we do not consider these to include a significant risk of misstatement, or to be subject to a significant level of judgement. However, due to their significance in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p> <p>Level 2 investments and securities amounted to R346,3 billion (44,2% of the total balance) in the separate financial statements and R412,6 billion (49,6% of the total balance) in the consolidated financial statements. The valuations of level 2 financial instruments are determined using models where all significant inputs are observable.</p> <p>The valuations of level 3 financial instruments amounting to R62,6 billion represented 8% of the total balance in the separate financial statements (R34,5 billion and 4,2% of the total balance in the consolidated financial statements) are determined using models where one or more significant inputs are unobservable.</p> <p>Consequently, the determination of the fair value of investments and securities classified as level 2 and 3 financial instruments is more complex and/or judgemental, with a higher level of estimation uncertainty.</p> <p>Due to the significance of level 1 investments and securities and the estimation uncertainty involved in determining the fair value of investments and securities classified as level 2 and 3 financial instruments, the valuation of investments and securities is considered to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of controls over the valuation of investments and securities to ensure the accuracy of inputs, the appropriateness of methodologies and the assessment by the directors of the final measurement of the investments and securities. • For level 1 and level 2 investments and securities, verifying observable valuation inputs against independent data for a sample of the investments. • On a sample basis, selecting level 2 and 3 financial instruments and performing the following procedures together with our corporate finance valuation specialists: <ul style="list-style-type: none"> › challenging and assessing the key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and critically assessing the valuation methodologies against current market practice and industry standards; › comparing the valuation models and assumptions applied across the Company and the Group, ensuring consistency throughout; › assessing the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts where cash flow forecasts are required for the valuation; › assessing the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, sizes and liquidity; and › performing independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's calculated value falls within this range. • Assessing whether the disclosures in relation to the fair value of the investments and securities and the disclosures around the estimation uncertainty are complete, appropriate and in compliance with IFRS 13: <i>Fair Value Measurement</i> and IFRS 7: <i>Financial Instruments Disclosures</i>.

Independent Auditors' report

To the shareholders of Old Mutual Life Assurance Company (South Africa) Limited

Report on the audit of the consolidated and separate financial statements

Valuation of investment property – R31,6 billion in the consolidated financial statements

Refer to the accounting policy elections note **A1.3** and disclosure note **G2(b)**

Key audit matter	How the matter was addressed in our audit
<p>The Group's investment property is predominantly held by Old Mutual Real Estate Holding Company Group (OMREHC).</p> <p>The investment properties are geographically dispersed throughout South Africa, Rest of Africa, Romania and Bulgaria.</p> <p>The Group's investment property balance comprises mainly income generating properties in the office, retail and industrial sectors. The Group has substantially all of its properties valued by registered independent valuers annually given continuing uncertainties that have arisen due to the COVID-19 pandemic. The valuation technique applied by the Group is dependent on the nature and circumstances of the specific property. However, the majority of the high value investment properties are valued using the Discounted Cash Flow Method.</p> <p>The key inputs with the most significant impact on the investment property valuations are:</p> <ul style="list-style-type: none">• Vacancy rates;• Discount rates;• Capitalisation rates; and• Market rentals. <p>The independent valuers have issued their valuation reports with a material valuation uncertainty clause due to the impact of the COVID-19 pandemic on market activity and the economy which results in more estimation uncertainty related to the fair values of the investment properties.</p> <p>The valuation of investment property is considered to be a key audit matter due to the large degree of subjectivity, estimates and judgement included in the determination of the fair value and economic consequences and ongoing uncertainty in the property market.</p>	<p>In evaluating the fair value calculations of the investment properties performed by management, and reviewed by independent valuers and by the directors of OMREHC, we focused on the key inputs into the valuations as these areas required significant judgement and estimation.</p> <p>Our procedures included:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of controls related to the determination of the fair values of the investment properties including controls related to the appropriate review and approval of the investment property valuations, and the forecasts submitted by management to the independent valuers;• Assessing the competence, capabilities and objectivity of management's independent valuers;• Assessing the scope of the independent valuers' work and reviewing the terms of the engagement to determine that there were no matters that affected their independence and objectivity, or inappropriately limited the scope of their work;• Confirming that the approaches used by the independent valuers are consistent with IFRS and industry norms;• Evaluating and challenging the judgements applied by the independent valuers in determining the fair value of the investment property, in particular the models and significant assumptions used in performing the valuations;• Engaging a suitably qualified auditor's expert to independently assess the reasonability and appropriateness of the valuation models, methodologies and inputs used by the independent valuers on a sample basis;• Performing further procedures on a sample of the investment properties, which included an assessment of the valuation techniques used, the appropriateness of the forecast period in respect of rental income, a comparison of rental income to the market and a comparison of capitalisation and discount rates to those available in industry publications; and• Assessing whether the disclosures in the consolidated financial statements are appropriate and in accordance with IFRS 13: <i>Fair Value Measurement</i> and IAS 40: <i>Investment Property</i>.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Old Mutual Life Assurance Company (South Africa) Limited Annual Financial Statements Consolidated and Separate for the year ended 31 December 2021", which includes the Directors' Report, the Audit Committee report, the Certificate by the Company Secretary as required by the Companies Act of South Africa, and information marked as "unaudited" in the consolidated and separate financial statements. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

- Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
- As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for thirty one years and Deloitte & Touche has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for four years.

KPMG Inc.
Registered Auditor
Per Mark Danckwerts
Chartered Accountant (SA)
Registered Auditor
Director
24 March 2022

85 Empire Road
Parktown
2193

Deloitte & Touche
Registered Auditor
Per John Kruger
Chartered Accountant (SA)
Registered Auditor
Partner
24 March 2022

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

Separate and consolidated income statements

For the year ended 31 December 2021

Rm	Notes	Separate		Consolidated	
		2021	2020	2021	2020
Net income					
Gross insurance premium revenue	F2(a)	55,953	55,806	56,885	56,943
Outward reinsurance		(2,910)	(2,321)	(3,602)	(2,432)
Net earned premiums		53,043	53,485	53,283	54,511
Investment return	C2	120,350	37,292	135,624	45,621
Fee and commission income, and income from service activities	C3	5,405	5,125	7,246	7,305
Other income		2,457	1,907	2,408	1,986
Total net income		181,255	97,809	198,561	109,423
Expenses					
Gross claims and benefits (including change in insurance contract provisions)		(107,983)	(66,827)	(108,794)	(67,295)
Reinsurance recoveries		5,581	3,582	6,492	3,775
Net claims and benefits incurred	F2(b)	(102,402)	(63,245)	(102,302)	(63,520)
Change in investment contract liabilities	F2(e)	(52,339)	(22,231)	(53,051)	(22,288)
Credit impairment charges		(116)	(92)	(237)	(611)
Finance costs	C4	(425)	(331)	(425)	(331)
Fee and commission expenses, and other acquisition costs	C5	(6,258)	(6,311)	(6,638)	(6,530)
Movements in consolidated funds		-	-	(11,911)	3,032
Other operating and administrative expenses	C6	(12,437)	(10,227)	(16,669)	(16,531)
Total expenses		(173,977)	(102,437)	(191,233)	(106,779)
Share of gains of associated undertakings and joint ventures after tax	H2	-	-	(26)	538
Impairment of investments in associated undertakings	H2	-	-	-	(8,620)
Loss on disposal of subsidiaries and associated undertakings		-	-	(51)	(2,964)
Profit/(Loss) before tax		7,278	(4,628)	7,251	(8,402)
Income tax expense	C1	(3,537)	(2,188)	(3,773)	(1,749)
Shareholder tax		(1,029)	(523)	(1,233)	(682)
Policyholder tax		(2,508)	(1,665)	(2,540)	(1,067)
Profit/(Loss) after tax for the financial year		3,741	(6,816)	3,478	(10,151)
Attributable to					
Equity holders of the parent		3,741	(6,816)	3,426	(10,112)
Non-controlling interests		-	-	52	(39)
Ordinary shares		-	-	52	(39)
Profit/(Loss) after tax for the financial year		3,741	(6,816)	3,478	(10,151)

Separate and consolidated statements of comprehensive income

For the year ended 31 December 2021

Rm	Notes	Separate		Consolidated	
		2021	2020	2021	2020
Profit/(loss) after tax for the financial year		3,741	(6,816)	3,478	(10,151)
Other comprehensive income for the financial year					
Items that will not be reclassified to profit or loss					
Gains/(losses) on property revaluations		262	(472)	262	(472)
Remeasurement (losses)/gains on defined benefit plans		(35)	(247)	38	177
Fair value movements related to own credit risk on borrowed funds		(64)	(130)	(64)	(130)
Share of other comprehensive income from associated undertakings and joint ventures		-	-	-	57
Shadow accounting ¹		(20)	220	(20)	220
Income tax on items that will not be reclassified to profit or loss	C1(c)	13	69	(8)	(50)
		156	(560)	208	(198)
Items that may be reclassified to profit or loss					
Currency translation differences on translating foreign operations		47	(26)	(163)	220
Other comprehensive income recycled to profit or loss on disposal of associate		-	-	-	166
Share of other comprehensive income from associated undertakings and joint ventures		-	-	-	118
		47	(26)	(163)	504
Total other comprehensive income/(loss) for the financial year		203	(586)	45	306
Total comprehensive income/(loss) for the financial year		3,944	(7,402)	3,523	(9,845)
Attributable to					
Equity holders of the parent		3,944	(7,402)	3,468	(9,806)
Non-controlling interests		-	-	55	(39)
Ordinary shares		-	-	55	(39)
Total comprehensive income/(loss) for the financial year		3,944	(7,402)	3,523	(9,845)

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

Separate and consolidated statements of financial position

At 31 December 2021

Rm	Notes	Separate		Consolidated	
		2021	2020	2021	2020
Assets					
Goodwill and other intangible assets	G1	3,742	3,409	4,139	4,033
Property, plant and equipment	G2(a)	3,771	4,054	3,815	4,167
Investment property	G2(b)	824	940	31,635	28,781
Deferred tax assets	G6(a)	1,085	579	1,289	789
Investments in associated undertakings and joint ventures	H2	–	–	1,286	2,132
Costs of obtaining contracts ¹	C7(b)	1,214	1,219	1,435	1,466
Reinsurers' share of policyholder liabilities		3,704	3,366	3,847	3,428
Loans and advances		177	182	177	182
Investments and securities	F1(a)	782,900	682,141	832,121	730,501
Current tax receivable		–	–	40	19
Amounts due by Group companies	H1(a)	6,477	5,181	3,794	2,432
Trade, other receivables and other assets	G3	10,792	9,563	15,776	14,190
Derivative financial instruments	F1(b)	6,273	10,878	6,348	10,878
Cash and cash equivalents		6,700	5,840	18,516	17,083
Assets held for sale		–	–	268	21
Total assets		827,659	727,352	924,486	820,102
Liabilities					
Life insurance contract liabilities	F2(c)	145,733	137,226	146,165	137,948
Investment contract liabilities with discretionary participating features	F2(c)	209,481	180,374	209,218	180,041
Investment contract liabilities	F2(e)	376,396	317,786	379,573	320,656
Third-party interests in consolidated funds		–	–	77,929	73,598
Borrowed funds	F3	8,474	7,085	8,474	7,085
Provisions	G4	1,178	1,123	1,263	1,366
Contract liabilities ²	G5	704	76	876	165
Deferred tax liabilities	G6(b)	5,385	3,388	5,992	3,975
Current tax payable		310	201	329	106
Amounts due to Group companies	H1(a)	2,562	1,011	2,563	1,002
Trade, other payables and other liabilities ²	G7	36,596	34,546	54,193	52,434
Derivative financial instruments	F1(b)	7,762	11,028	7,814	11,205
Total liabilities		794,581	693,844	894,389	789,581
Net assets		33,078	33,508	30,097	30,521
Shareholders' equity					
Equity attributable to equity holders of the parent		33,078	33,508	29,608	30,196
Non-controlling interests					
Ordinary shares		–	–	489	325
Total non-controlling interests		–	–	489	325
Total equity		33,078	33,508	30,097	30,521

¹ At 31 December 2021, the previously disclosed deferred acquisition costs relating to investment and asset management contracts has been re-presented as costs of obtaining contracts.

² In accordance with IFRS 15, the loyalty reserve of R618 million attributable to Personal Finance represents a contract liability and therefore was transferred from trade, other payables and other liabilities to contract liabilities in 2021.

Separate and consolidated statements of cash flows

For the year ended 31 December 2021

Rm	Notes	Separate		Consolidated	
		2021	2020	2021	2020
Cash flows from operating activities					
Profit/(loss) before tax		7,278	(4,628)	7,251	(8,402)
Non-cash movements and adjustments to profit before tax	16	7,739	20,359	10,891	26,213
Net changes in working capital	16	(2,068)	(10,325)	(3,361)	(8,530)
Tax paid		(2,108)	(2,537)	(2,355)	(3,018)
Net cash inflow from operating activities¹		10,841	2,869	12,426	6,263
Cash flows from investing activities					
Acquisition of property and equipment		(323)	(212)	(340)	(271)
Acquisition of investment property		(23)	(17)	(1,040)	(358)
Acquisition of intangible assets		(590)	(1,079)	(634)	(1,172)
Acquisition of investment in subsidiaries		–	(67)	–	(67)
Acquisition of financial instruments		(7,710)	(5,390)	(7,657)	(9,486)
Net cash outflow from investing activities		(8,646)	(6,765)	(9,671)	(11,354)
Cash flows from financing activities					
Proceeds from borrowed funds	F3	1,500	2,000	1,500	2,000
Repayment of borrowed funds	F3	–	(2,250)	–	(2,250)
Funding received/(repayments) in respect of repurchase agreements		2,199	8,140	2,199	8,140
Interest paid		(435)	–	(436)	–
Lease repayments		(170)	(160)	(177)	(167)
Dividends paid to company's shareholders		(4,535)	(4,768)	(4,535)	(4,768)
Net cash (outflow)/inflow from financing activities		(1,441)	2,962	(1,449)	2,955
Net increase/(decrease) in cash and cash equivalents		754	(934)	1,306	(2,136)
Cash and cash equivalents at beginning of the year		5,840	6,784	17,083	19,182
Effects of exchange rate changes on cash and cash equivalents		106	(10)	127	37
Total cash and cash equivalents at end of the year		6,700	5,840	18,516	17,083

¹ Net cash inflow from operating activities (Separate) includes Interest income from investments and securities of R19,945 million (2020: R20,590 million) and Dividend income from investments and securities of R9,233 million (2020: R9,515 million). Net cash inflow from operating activities (Consolidated) includes Interest income from investments and securities of R20,311 million (2020: R22,050 million) and Dividend income from investments and securities of R11,715 million (2020: R10,286 million).

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

Management consider it appropriate for all cash flows relating to investment portfolios backing policyholder liabilities and supporting regulatory and group risk adjusted minimum capital levels, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

Comprising

At 31 December Rm	Separate		Consolidated	
	December 2021	December 2020	December 2021	December 2020
Bank balances and cash equivalents	6,640	4,921	18,456	16,164
Collateral held	60	919	60	919
Total cash and cash equivalents	6,700	5,840	18,516	17,083

Statements of changes in equity

For the year ended 31 December 2021

Rm	Separate						
	Share capital	Share premium	Property revaluation reserve	Liability credit reserves ¹	Translation reserves	Retained earnings	Total equity
Balance at 31 December 2019	8	6,415	(30)	(180)	43	47,732	53,988
Loss after tax	-	-	-	-	-	(6,816)	(6,816)
Other comprehensive loss	-	-	(252)	(91)	(26)	(217)	(586)
Dividends	-	-	-	-	-	(13,042)	(13,042)
Other movements	-	-	-	-	-	(36)	(36)
Total changes	-	-	(252)	(91)	(26)	(20,111)	(20,480)
Balance at 31 December 2020	8	6,415	(282)	(271)	17	27,621	33,508
Profit after tax for the financial year	-	-	-	-	-	3,741	3,741
Other comprehensive income/(loss)	-	-	242	(64)	47	(22)	203
Dividends ²	-	-	-	-	-	(4,535)	(4,535)
Other movements	-	-	-	-	-	161	161
Total changes	-	-	242	(64)	47	(655)	(430)
Balance at 31 December 2021	8	6,415	(40)	(335)	64	26,966	33,078

Rm	Consolidated								
	Share capital	Share premium	Property revaluation reserve	Liability credit reserve ¹	Translation reserves	Fair-value reserve ³	Retained earnings	Non-controlling interest	Total equity
Balance at 31 December 2019	8	6,415	7	(180)	(185)	(94)	46,482	340	52,793
Loss after tax	-	-	-	-	-	-	(10,112)	(39)	(10,151)
Other comprehensive income/(loss)	-	-	(289)	(91)	379	94	183	30	306
Dividends	-	-	-	-	-	-	(13,042)	(6)	(13,048)
Transfer between reserves	-	-	-	-	108	-	(108)	-	-
Other movements	-	-	-	-	-	-	621	-	621
Total changes	-	-	(289)	(91)	487	94	(22,458)	(15)	(22,272)
Balance at 31 December 2020	8	6,415	(282)	(271)	302	-	24,024	325	30,521
Profit after tax for the financial year	-	-	-	-	-	-	3,426	52	3,478
Other comprehensive income/(loss)	-	-	242	(64)	(166)	-	30	3	45
Dividends ²	-	-	-	-	-	-	(4,535)	(7)	(4,542)
Other movements	-	-	-	-	-	-	479	116	595
Total changes	-	-	242	(64)	(166)	-	(600)	164	(424)
Balance at 31 December 2021	8	6,415	(40)	(335)	136	-	23,424	489	30,097

¹ The Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. The Group released R64 million (2020: R39 million) of the liability credit reserve directly into retained earnings on the repayment of the RNil (2020: R2 250 million) debt. Refer to note A2 for more information.

² The Company declared and paid dividends on ordinary shares amounting to R4,535 million (2020: R13,042 million) and dividends on preference shares amounting to RNil (2020: RNil) during the year. The ordinary dividends for the year ended 31 December 2021 were paid in cash.

³ The fair value reserve comprises all fair value adjustments relating to investments in debt and equity instruments of equity accounted associated undertakings that are subsequently measured at FVOCI within the financial statements of the associated undertakings. At 31 Dec 2021, the fair value reserve is Rnil due to disposal of the associated undertakings during Dec 2020.

A: Significant accounting policies

A1: Basis of preparation

1.1 Statement of compliance

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

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

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

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

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

The functional currency of the Company is rand and all values are reported in millions unless otherwise stated.

1.2 Comparative information

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

1.3 Accounting policy elections

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

	Details
Financial instruments	The Group has elected to designate certain financial assets and liabilities at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise. This measurement election is typically utilised in respect of financial assets held to support liabilities in respect of contracts with policyholders. Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.
Investment properties	The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.
Property, plant and equipment	Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment. Revaluation surpluses on land and buildings are recognised in equity, through other comprehensive income. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings. Plant and equipment are carried at cost less accumulated depreciation.
Investment in venture capital divisions and investment-linked insurance funds	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 and these are included within investment and securities.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

A: Significant accounting policies

	Details
Policyholder liabilities: insurance contracts and investment contracts with discretionary participating features	Although not an accounting policy election, the measurement of policyholder liabilities under IFRS 4 Insurance Contracts currently refers to existing local practice. In South Africa, the valuation basis of such policyholder liabilities is made in accordance with the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. For territories outside of South Africa, local actuarial practices and methodologies are applied.

1.4 Going concern

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

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

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

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

The assets and liabilities held by foreign branches to support liabilities in respect of contracts with policyholders are translated from their respective functional currencies into the Group's presentation currency, using the period-end exchange rates, and their income and expenses using the average exchange rates for the year. 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 deferred in shareholders' equity, net of attributable amounts in relation to hedged net investments, is recognised in profit or loss.

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

	Year ended 31 December 2021		Year ended 31 December 2020	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	20.3372	21.5601	21.1126	20.0650
US dollar	14.7870	15.9372	16.4597	14.6836

A2: Critical accounting estimates and judgements

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

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

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

Critical accounting estimates	Accounting policy reference
Measurement of policyholder liabilities	F2
Fair value measurement of financial assets and liabilities	D1
Estimation of uncertain tax positions	C1
Investments in subsidiaries, associated undertakings and joint ventures	H1/H2
Impairment of goodwill and other intangible assets	G1
Fair value of property assets	G2(b)
COVID-19 impacts	F2

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

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

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

A4: Items labelled as "Other"

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

A5: Impairment of investments and loss on disposal of subsidiaries

Changes of interest in subsidiaries

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Impairment of subsidiary

The Group assesses at each reporting date whether there is objective evidence that the investment in subsidiaries, associate or a joint venture is impaired. If such evidence of impairment exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

B: Segment information

B1: Basis of segmentation

Segments as presented represent the OMLACSA contribution to the segments of the Old Mutual Limited Group.

1.1 Segment presentation

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

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

- **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being: (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- **Old Mutual Investments:** Operates across Asset Management through three distinct segments: (i) Listed asset management comprising three affiliate businesses being Futuregrowth, Marriott and Old Mutual Investment Group. (ii) Old Mutual Alternative Investment, an unlisted investment affiliate business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- **Old Mutual Corporate:** Operates in Life and Savings and primarily provides group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- **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, inter-company eliminations and third party borrowings including the associated finance costs.

1.2 Presentation and disclosure

Results from Operations measures the operational performance of the Group and together with items such as investment return, finance costs and income from associated undertakings.

The Group is in the process of a fundamental multi-year transformation of its finance function, transitioning from a legal entity view to a segment approach to better reflect the statement of financial position economics and levers to drive value of the Group, and certain of the discontinued operations are a function of the re-organisation and the application of predecessor accounting.

B2: Consolidated income statement

Year ended 31 December 2021 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Segment revenue							
Gross earned premiums	12,808	16,657	–	27,829	(409)	–	56,885
Outward reinsurance	(588)	(1,427)	–	(1,995)	408	–	(3,602)
Net earned premiums	12,220	15,230	–	25,834	(1)	–	53,283
Investment return	4,880	82,976	7,544	52,388	(25,880)	13,716	135,624
Fee and commission income, and income from service activities	47	7,499	489	354	(477)	(665)	7,246
Other income	68	365	12	605	1,268	90	2,408
Segment expenses							
Gross claims and benefits	(10,666)	(31,444)	(5)	(66,820)	141	–	(108,794)
Reinsurance recoveries	342	3,655	–	2,605	(110)	–	6,492
Net claims incurred	(10,324)	(27,789)	(5)	(64,215)	31	–	(102,302)
Change in investment contract liabilities	(24)	(37,033)	(7,109)	(8,927)	42	–	(53,051)
Credit impairment charges	(10)	(139)	–	(88)	–	–	(237)
Finance costs	–	–	–	–	(425)	–	(425)
Commission and other acquisition costs	(1,877)	(4,671)	(519)	(382)	1,089	(278)	(6,638)
Operating and administration expenses	(3,114)	(12,531)	(4,604)	(4,244)	8,776	(952)	(16,669)
Movements in consolidated funds	–	–	–	–	–	(11,911)	(11,911)
Segment Result	1,866	23,532	(4,192)	1,335	(15,213)	–	7,328
Share of gains of associated undertakings and joint ventures after tax	1	1	–	8	(36)	–	(26)
Impairment of investments in associated undertakings	–	–	–	–	–	–	–
Loss on disposal of subsidiaries and associated undertakings	(5)	(6)	–	(40)	–	–	(51)
Profit/(loss) before tax	1,862	23,527	(4,192)	1,303	(15,249)	–	7,251

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R926 million (2020: R929 million), Personal Finance and Wealth Management is R5,227 million (2020: R11,388 million), Old Mutual Investments is R4,362 million (2020: R2,480 million), Old Mutual Corporate is R9,359 million (2020: R11,428 million) and Other Group Activities is R10,301 million (2020: R1,234 million). The group accounts for inter-segment revenues and transfers as if these transactions were with third parties.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

B: Segment information

B2: Consolidated income statement

Year ended 31 December 2020 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Segment revenue							
Gross earned premiums	12,443	15,929	–	28,673	(102)	–	56,943
Outward reinsurance	(38)	(1,345)	–	(1,149)	100	–	(2,432)
Net earned premiums	12,405	14,584	–	27,524	(2)	–	54,511
Investment return	1,113	32,628	2,182	17,061	(6,645)	(718)	45,621
Fee and commission income, and income from service activities	88	6,787	430	371	(371)	–	7,305
Other income	68	370	26	686	797	39	1,986
Segment expenses							
Gross claims and benefits	(7,710)	(21,013)	(17)	(38,729)	174	–	(67,295)
Reinsurance recoveries	37	2,317	–	1,514	(93)	–	3,775
Net claims incurred	(7,673)	(18,696)	(17)	(37,215)	81	–	(63,520)
Change in investment contract liabilities	14	(17,345)	(2,308)	(2,577)	(72)	–	(22,288)
Credit impairment charges	(39)	(200)	–	(372)	–	–	(611)
Finance costs	–	–	–	–	(331)	–	(331)
Commission and other acquisition costs	(1,897)	(3,739)	(522)	(445)	314	(241)	(6,530)
Operating and administration expenses	(3,052)	(6,718)	(48)	(5,645)	1,044	(2,112)	(16,531)
Movements in consolidated funds	–	–	–	–	–	3,032	3,032
Segment result	1,027	7,671	(257)	(612)	(5,185)	–	2,644
Share of (losses)/gains of associated undertakings and joint ventures after tax	1	1	–	7	529	–	538
Impairment of investments in associated undertakings	–	–	–	–	(8,620)	–	(8,620)
Loss on disposal of subsidiaries and undertakings	–	–	–	–	(2,964)	–	(2,964)
Profit/(loss) before tax	1,028	7,672	(257)	(605)	(16,240)	–	(8,402)

B3: Segmental analysis – Statement of financial position

At 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	Total
Total assets	23,769	424,392	67,350	318,775	6,854	83,346	924,486
Policyholder liabilities	(16,228)	(385,925)	(58,110)	(288,278)	13,585	–	(734,956)
Life insurance contracts liabilities	(50)	(83,796)	(3)	(62,922)	606	–	(146,165)
Investment contract liabilities with discretionary participating features	(16,095)	(16,910)	–	(176,463)	250	–	(209,218)
Investment contract liabilities	(83)	(285,219)	(58,107)	(48,893)	12,729	–	(379,573)
Other liabilities	(6,513)	(34,761)	(9,216)	(29,739)	4,142	(83,346)	(159,433)
Total liabilities	(22,741)	(420,686)	(67,326)	(318,017)	17,727	(83,346)	(894,389)
Net assets	1,028	3,706	24	758	24,581	–	30,097

At 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	Total
Total assets	19,169	363,462	60,359	287,758	11,894	77,460	820,102
Policyholder liabilities	(13,394)	(323,290)	(50,765)	(253,259)	2,063	–	(638,645)
Life insurance contracts liabilities	(46)	(77,893)	(3)	(60,317)	311	–	(137,948)
Investment contract liabilities with discretionary participating features	(13,280)	(15,377)	–	(151,384)	–	–	(180,041)
Investment contract liabilities	(68)	(230,020)	(50,762)	(41,558)	1,752	–	(320,656)
Other liabilities	(4,502)	(36,787)	(9,549)	(33,853)	11,215	(77,460)	(150,936)
Total liabilities	(17,896)	(360,077)	(60,314)	(287,112)	13,278	(77,460)	(789,581)
Net assets	1,273	3,385	45	646	25,172	–	30,521

Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster R 23 million (2020: R 2 million), Personal Finance and Wealth Management R 46 million (2020: R 4 million), Old Mutual Corporate R 200 million (2020: R 15 million).

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

C: Separate and consolidated income statement notes

Accounting policies

The Group provides financial services, such as insurance, asset management and banking & lending services to our customers. Fees and commission from asset management and banking & lending services are accounted for as revenue from contracts with customers, while revenue from insurance contracts is accounted for in accordance with the accounting policies for gross insurance premium revenue (F2). Investment returns (fair value gains or losses, interest income and dividend income) earned on behalf of shareholders and customers are recognised in accordance with the accounting policies for financial instruments (note D).

Basic revenue recognition principle

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

Asset management

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

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

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

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

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

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

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

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

Gross written premiums

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

Contract assets and contract liabilities

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

Costs incurred in acquiring investment management service contracts

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

C: Separate and consolidated income statement notes

C1: Income tax expense

Current tax

Included within the tax charge are charges relating to:

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

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

Deferred tax

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

Refer to Note I7 for further disclosure on the non-adjusting event relating to the South African corporate tax rate change.

Significant accounting estimate and judgements – uncertain tax positions

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

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Current tax				
South Africa	1,935	1,282	2,128	1,573
Withholding taxes	236	210	245	210
Adjustments to current tax in respect of prior years	44	56	40	61
Total current tax	2,215	1,548	2,413	1,844
Deferred tax				
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,418	640	1,456	(107)
Adjustments to deferred tax in respect of prior years	(96)	–	(96)	12
Total deferred tax	1,322	640	1,360	(95)
Total income tax expense	3,537	2,188	3,773	1,749
Attributable to				
Shareholder funds	1,029	523	1,233	682
Policyholder funds	2,508	1,665	2,540	1,067
Total income tax expense	3,537	2,188	3,773	1,749

(b) Reconciliation of total income tax expense

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

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Profit/(loss) before tax	7,278	(4,628)	7,251	(8,402)
Tax at South African standard rate of 28.0% (2020: 28.0%)	2,038	(1,296)	2,030	(2,353)
Untaxed and low taxed income ¹	(388)	2,201	(171)	830
Disallowable expenses ²	97	(20)	107	2,405
Adjustments to current tax in respect of prior years ³	(24)	97	(23)	97
Net movement on deferred tax assets not recognised G7	–	–	(2)	(10)
Withholding taxes ³	9	4	9	4
Income tax attributable to policyholder returns	1,805	1,202	1,829	771
Other	–	–	(6)	5
Total income tax expense	3,537	2,188	3,773	1,749

¹ This includes exempt income, capital gains tax at lower than corporate tax rate and non-taxable fair value movements. Prior year included non-deductible accounting losses on the disposal of shares in Nedbank Limited as a result of the use of the Group reorganisation rules for income tax purposes.

² Disallowable expenses include provisions, non-deductible expenses and impairments. Prior year disallowable expenses included an impairment on the Nedbank Limited investment.

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

C: Separate and consolidated income statement notes

C1: Income tax expense

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

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

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Measurement gains on defined benefit plans	(13)	(69)	8	50
Income tax on items that will not be reclassified subsequently to profit or loss	(13)	(69)	8	50
Income tax on items that may be reclassified subsequently to profit or loss	-	-	-	-
Income tax expense relating to components of other comprehensive income	(13)	(69)	8	50

C2: Investment return

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Interest and similar income				
Loans and advances	7	6	7	6
Investments and securities	19,945	20,590	20,311	22,050
Cash and cash equivalents	440	473	577	641
Total interest and similar income	20,392	21,069	20,895	22,697
Dividend income from investments and securities	9,233	9,515	11,715	10,286
Net fair value gains recognised in profit or loss	90,580	6,355	101,294	12,480
Rental income from investment properties	137	127	3,297	2,697
Net fair value losses on the revaluation of investment property	-	-	(1,615)	(2,764)
Net foreign currency gains	8	226	38	225
Total amounts recognised in profit or loss	120,350	37,292	135,624	45,621
Total interest income for assets not at fair value through profit or loss	-	-	8.0	-
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:				
Designated and mandatorily at fair value through profit or loss	90,580	6,355	101,294	12,480

C3: Fee and commission income, and income from service activities

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

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Fee and commission income	5,408	5,133	7,195	7,242
Transaction and performance fees	-	-	66	63
Administration fees	(3)	(8)	(15)	-
	5,405	5,125	7,246	7,305

C4: Finance costs

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

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Interest on borrowed funds	415	454	415	454
Subordinated debt	415	454	415	454
Fair value gains and losses on borrowed funds and derivative instruments	10	(123)	10	(123)
Borrowed funds	(176)	38	(176)	38
Derivative instruments used as economic hedges	186	(161)	186	(161)
Total finance costs on debt instruments	425	331	425	331
The fair value gains/(losses) shown above are analysed according to their IFRS 9 categorisations as follows:				
Designated and mandatorily at fair value through profit or loss	10	(123)	10	(123)

C5: Fee and commission expenses, and other acquisition costs

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

Fee and Commission Expense

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

Deferred Acquisition Costs (DAC)

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

C: Separate and consolidated income statement notes

C5: Fee and commission expenses, and other acquisition costs

Other acquisition costs

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

Year ended 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Fee and commission expenses	4,048	3,953	4,395	4,131
Change in deferred acquisition costs	19	138	45	167
Other acquisition costs	2,191	2,220	2,198	2,232
	6,258	6,311	6,638	6,530

C6: Other operating and administrative expenses

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

Year ended 31 December	Note	Separate		Consolidated	
		2021	2020	2021	2020
Rm					
Staff costs	C6(a)	4,850	4,352	5,062	4,611
Computer, software and processing costs		1,878	1,528	1,914	1,553
Depreciation	G2	349	376	365	404
Impairment of goodwill and other intangible assets	G1(d)	–	–	204	–
Amortisation of other intangible assets	G1(d)	258	95	300	131
Operating lease rentals – Short-term and low value assets		10	–	10	1
Auditors' remuneration – fees for audit service		57	47	57	47
Auditors' remuneration – fees for non-audit service		–	2	–	2
Other		5,035	3,827	8,757	9,782
		12,437	10,227	16,669	16,531

(a) Staff costs

Year ended 31 December	Note	Separate		Consolidated	
		2021	2020	2021	2020
Rm					
Wages and salaries		3,732	3,738	3,933	3,960
Social security costs		23	22	23	22
Retirement obligations		195	219	197	220
Bonus and incentive remuneration		428	289	452	307
Share-based payments					
Cash settled	12	243	(53)	227	(37)
Other		229	137	230	139
		4,850	4,352	5,062	4,611

C7: Revenue from contracts with customers

IFRS 15 Revenue

Fee and commission income

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

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

Non-IFRS 15 Revenue

Insurance

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

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

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

Investment return (non-banking)

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from investment and securities and cash and cash equivalents. Also included are estimates and judgements around credit risk, the risk of default and the time value of money. There are no judgements made around dividends receivable as they only become receivable when declared.

Contract assets and contract liabilities

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

(a) Revenue from contracts with customers

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

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers are assessed if they contain contract assets. These assets as disclosed in note (b) below.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

C: Separate and consolidated income statement notes

C7: Revenue from contracts with customers

Year ended 31 December 2021 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter- company eliminations	Consoli- dation of funds	
Revenue from contracts with customers							
Fee and commission income	47	7,253	489	352	(479)	(664)	6,998
Transaction and performance fees	-	246	-	2	-	-	248
Fee and commission income, and income from service activities	47	7,499	489	354	(479)	(664)	7,246
Non-IFRS 15 revenue							
Insurance	12,220	15,230	-	25,834	(1)	-	53,283
Investment return and other	4,948	82,678	7,556	52,993	(23,947)	13,804	138,032
Total revenue from other activities	17,168	97,908	7,556	78,827	(23,948)	13,804	191,315
Total revenue and other income	17,215	105,407	8,045	79,181	(24,427)	13,141	198,561

Year ended 31 December 2020 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter- company eliminations	Consoli- dation of funds	
Revenue from contracts with customers							
Fee and commission income	88	6,730	430	367	(371)	-	7,244
Transaction and performance fees	-	57	-	4	-	-	61
Fee and commission income, and income from service activities	88	6,787	430	371	(371)	-	7,305
Non-IFRS 15 revenue							
Insurance	12,405	14,584	-	27,524	(2)	-	54,511
Investment return and other	1,181	32,998	2,208	17,747	(5,848)	(679)	47,607
Total revenue from other activities	13,586	47,582	2,208	45,271	(5,850)	(679)	102,118
Total revenue and other income	13,674	54,369	2,638	45,642	(6,221)	(679)	109,423

(b) Costs of obtaining contracts

Costs of obtaining contracts¹ relate to costs that are incurred to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

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

Year ended 31 December Rm	Separate Investment contracts
Balance at 1 January 2020	1,283
New business	157
Amortisation	(295)
Foreign exchange and other movements	74
Balance at 31 December 2020	1,219
New business	253
Amortisation	(272)
Foreign exchange and other movements	14
Balance at 31 December 2021	1,214

Separate

Based on the maturity profile of the above assets, R300 million (2020: R135 million) is expected to be earned within 12 months from the reporting date. R914 million (2020: R1,084 million) is non-current.

Year ended 31 December Rm	Consolidated		
	Investment contracts	Asset management	Total
Balance at 1 January 2020	1,283	276	1,559
New business	157	6	163
Amortisation	(295)	(35)	(330)
Foreign exchange and other movements	74	-	74
Balance at 31 December 2020	1,219	247	1,466
New business	253	7	260
Amortisation	(272)	(33)	(305)
Foreign exchange and other movements	14	-	14
Balance at 31 December 2021	1,214	221	1,435

¹ Costs to obtain a contract has been now disclosed on the statement of financial position as cost of obtaining contracts as part of the Group's disclosure enhancement process. This note has been amended because of this change. The above disclosure was previously included as part of the Deferred Acquisition Costs note.

Consolidated

Based on the maturity profile of the above assets, R300 million (2020: R160 million) is expected to be earned within 12 months from the reporting date. R1,135 million (2020: R1,306 million) is non-current.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

Accounting policy

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting policy

Subsequent measurement of financial assets

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

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

Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Initial recognition of financial liabilities

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

Subsequent measurement of financial liabilities

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

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

Derecognition of financial liabilities

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D1: Categories of financial instruments

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

Information about the methods and assumptions used in determining fair value is included in note D2.

At 31 December 2021 Rm	Separate				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	-	-	-	-	-
Reinsurers' share of policyholder liabilities	3,704	-	-	-	3,704
Loans and advances	177	-	-	177	-
Investments and securities	782,900	681,381	100,433	1,086	-
Trade, other receivables and other assets	10,792	-	-	1,588	9,204
Derivative financial instruments	6,273	6,273	-	-	-
Amount due by Group companies	6,477	-	-	6,477	-
Cash and cash equivalents	6,700	-	-	6,700	-
Total assets that include financial instruments	817,023	687,654	100,433	16,028	12,908
Total other non-financial assets	10,636	-	-	-	10,636
Total assets	827,659	687,654	100,433	16,028	23,544
Liabilities					
Life insurance contract liabilities	145,733	-	-	-	145,733
Investment contract liabilities with discretionary participating features	209,481	-	-	-	209,481
Investment contract liabilities	376,396	-	375,176	1,220	-
Borrowed funds	8,474	-	8,474	-	-
Trade, other payables and other liabilities	36,596	-	-	25,840	10,756
Amount due to Group companies	2,562	-	-	2,562	-
Derivative financial instruments	7,762	7,762	-	-	-
Total liabilities that include financial instruments	787,004	7,762	383,650	29,622	365,970
Total other non-financial liabilities	7,577	-	-	-	7,577
Total liabilities	794,581	7,762	383,650	29,622	373,547

At 31 December 2021 Rm	Consolidated				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	1,286	-	-	-	1,286
Reinsurers' share of policyholder liabilities	3,847	-	-	-	3,847
Loans and advances	177	-	-	177	-
Investments and securities	832,121	731,507	100,614	-	-
Trade, other receivables and other assets	15,776	-	-	5,383	10,393
Derivative financial instruments	6,348	6,348	-	-	-
Amount due by Group companies	3,794	-	-	3,794	-
Cash and cash equivalents	18,516	-	-	18,516	-
Total assets that include financial instruments	881,865	737,855	100,614	27,870	15,526
Assets held for sale and distribution	268	-	-	-	268
Total other non-financial assets	42,353	-	-	-	42,353
Total assets	924,486	737,856	100,614	24,870	58,147
Liabilities					
Life insurance contract liabilities	146,165	-	-	-	146,165
Investment contract liabilities with discretionary participating features	209,218	-	-	-	209,218
Investment contract liabilities	379,573	-	378,353	1,220	-
Third-party interest in consolidated funds	77,929	-	77,929	-	-
Borrowed funds	8,474	-	8,474	-	-
Trade, other payables and other liabilities	54,193	-	10,700	33,715	9,778
Amount due to Group companies	2,563	-	-	2,563	-
Derivative financial instruments	7,814	7,814	-	-	-
Total liabilities that include financial instruments	885,929	7,814	475,456	37,498	365,161
Total other non-financial liabilities	8,460	-	-	-	8,460
Total liabilities	894,389	7,814	475,456	37,498	373,621

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D1: Categories of financial instruments

At 31 December 2020 Rm	Separate				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Reinsurers' share of policyholder liabilities	3,366	-	-	-	3,366
Loans and advances	182	-	-	182	-
Investments and securities	682,141	544,610	136,609	922	-
Trade, other receivables and other assets	9,563	-	-	1,430	8,133
Derivative financial instruments	10,878	10,878	-	-	-
Amount due by Group companies	5,181	-	-	5,181	-
Cash and cash equivalents	5,840	-	-	5,840	-
Total assets that include financial instruments	717,151	555,488	136,609	13,555	11,499
Total other non-financial assets	10,201	-	-	-	10,201
Total assets	727,352	555,488	136,609	13,555	21,700
Liabilities					
Life insurance contract liabilities	137,226	-	-	-	137,226
Investment contract liabilities with discretionary participating features	180,374	-	-	-	180,374
Investment contract liabilities	317,786	-	316,110	1,676	-
Borrowed funds	7,085	-	7,085	-	-
Amounts due to Group companies	1,011	-	-	1,011	-
Trade, other payables and other liabilities	34,546	-	-	24,604	9,942
Derivative financial instruments	11,028	11,028	-	-	-
Total liabilities that include financial instruments	689,056	11,028	323,195	27,291	327,542
Total other non-financial liabilities	4,788	-	-	-	4,788
Total liabilities	693,844	11,028	323,195	27,291	332,330

At 31 December 2020 Rm	Consolidated				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	2,132	-	-	-	2,132
Reinsurers' share of policyholder liabilities	3,428	-	-	-	3,428
Loans and advances	182	-	-	182	-
Investments and securities	730,501	540,194	190,307	-	-
Trade, other receivables and other assets	14,190	-	-	5,346	8,844
Derivative financial instruments	10,878	10,878	-	-	-
Amounts due by Group Companies	2,432	-	-	2,432	-
Cash and cash equivalents	17,083	-	-	17,083	-
Total assets that include financial instruments	780,826	551,072	190,307	25,043	14,404
Assets held for sale and distribution	21	-	-	-	21
Total other non-financial assets	39,255	-	-	-	39,255
Total assets	820,102	551,072	190,307	25,043	53,680
Liabilities					
Life insurance contract liabilities	137,948	-	-	-	137,948
Investment contract liabilities with discretionary participating features	180,041	-	-	-	180,041
Investment contract liabilities	320,656	-	318,980	1,676	-
Third-party interest in consolidated funds	73,598	-	73,598	-	-
Borrowed funds	7,085	-	7,085	-	-
Trade, other payables and other liabilities	52,434	-	10,113	32,838	9,483
Amounts owed to bank depositors	-	-	-	-	-
Amounts due to Group Companies	1,002	-	-	1,002	-
Derivative financial instruments	11,205	11,205	-	-	-
Total liabilities that include financial instruments	783,969	11,205	409,776	35,516	327,472
Liabilities held for sale and distribution	-	-	-	-	-
Total other non-financial liabilities	5,612	-	-	-	5,612
Total liabilities	789,581	11,205	409,776	35,516	333,084

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D2: Fair values of financial assets and liabilities

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

(a) Determination of fair value

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

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

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

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

Reinsurers' share of policyholder liabilities

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

Loans and advances

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

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

Investments and securities

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

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

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

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

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

Derivative financial instruments

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

Investment contract liabilities

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

Third-party interest in consolidation of funds

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

Borrowed funds

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

Other financial assets and liabilities

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

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

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

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

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

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

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D3: Disclosure of financial assets and liabilities measured at fair value

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

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

At 31 December 2021 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	781,814	372,892	346,323	62,599
Derivative financial instruments – assets	6,273	–	6,273	–
Total financial assets measured at fair value	788,087	372,892	352,596	62,599
Financial liabilities measured at fair value				
Investment contract liabilities	375,176	176,221	198,955	–
Borrowed funds	8,474	–	8,474	–
Derivative financial instruments – liabilities	7,762	–	7,762	–
Total financial liabilities measured at fair value	391,412	176,221	215,191	–

At 31 December 2020 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	681,219	332,737	293,028	55,454
Derivative financial instruments – assets	10,878	–	10,878	–
Total financial assets measured at fair value	692,097	332,737	303,906	55,454
Financial liabilities measured at fair value				
Investment contract liabilities	316,110	150,148	165,962	–
Borrowed funds	7,085	–	7,085	–
Derivative financial instruments – liabilities	11,028	–	11,028	–
Total financial liabilities measured at fair value	334,223	150,148	184,075	–

At 31 December 2021 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	832,121	384,972	412,603	34,546
Derivative financial instruments – assets	6,348	–	6,348	–
Total financial assets measured at fair value	838,469	384,972	418,951	34,546
Financial liabilities measured at fair value				
Investment contract liabilities	378,353	176,221	202,132	–
Third-party interests in consolidated funds	77,929	–	77,929	–
Other liabilities	10,700	–	10,700	–
Borrowed funds	8,474	–	8,474	–
Derivative financial instruments – liabilities	7,814	–	7,814	–
Total financial liabilities measured at fair value	483,270	176,221	307,049	–

At 31 December 2020 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	730,501	400,789	294,724	34,988
Derivative financial instruments – assets	10,878	–	10,878	–
Total financial assets measured at fair value	741,379	400,789	305,602	34,988
Financial liabilities measured at fair value				
Investment contract liabilities	318,980	155,282	163,698	–
Third-party interests in consolidated funds	73,598	–	73,598	–
Borrowed funds	7,085	–	7,085	–
Other liabilities	10,113	–	10,113	–
Derivative financial instruments – liabilities	11,205	–	11,205	–
Total financial liabilities measured at fair value	420,981	155,282	265,699	–

(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	Separate		Consolidated	
	2021	2020	2021	2020
Level 3 financial assets – Investments and securities				
At beginning of the year	55,454	53,434	34,988	36,767
Total net fair value gains/(losses) recognised in profit or loss	1,428	(7,491)	(1,577)	(5,709)
Purchases	7,306	7,360	7,306	7,360
Sales	(1,584)	(1,187)	(1,584)	(1,187)
Transfers in	6	3,360	6	3,360
Transfers out	–	(13)	–	(13)
Net movement on consolidated investment funds ¹	–	–	(4,582)	(5,581)
Foreign exchange and other	(11)	(9)	(11)	(9)
Total Level 3 financial assets	62,599	55,454	34,546	34,988
Unrealised fair value gains/(losses) relating to assets held at 31 December recognised in profit or loss	1,517	(7,845)	1,758	(3,670)

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D3: Disclosure of financial assets and liabilities measured at fair value

(b) Level 3 fair value hierarchy disclosure

Transfer between fair value hierarchies

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

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

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

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

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

Level 2 investment and securities

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

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

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

Level 3 investment and securities

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

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

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

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

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

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

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

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

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

Separate Rm	At 31 December 2021		At 31 December 2020		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
	Fair values							
Assets								
Investments and securities	62,599	55,454	Discounted cash flows (DCF) Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads EBITDA multiples Price earnings ratios Dividend growth rate Internal rate of return	Favourable: 2,817 Unfavourable: 2,753	Favourable: 4,093 Unfavourable: 4,109		
Consolidated Rm								
Investments and securities	34,546	34,988	Discounted cash flows (DCF) Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads EBITDA multiples Price earnings ratios Dividend growth rate Internal rate of return	Favourable: 2,699 Unfavourable: 2,625	Favourable: 2,303 Unfavourable: 2,246		

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D3: Disclosure of financial assets and liabilities measured at fair value

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

Level 3 investment and securities

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

Separate Rm	At 31 December 2021	Sensitivities		
			Favourable impact	Unfavourable impact
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact
Investment in subsidiaries, associated undertakings and joint ventures	25,776	Price earnings ratio/multiple Price book value multiple	524	524
Debt securities, preference shares and debentures	7,244	Discount rate Credit spreads	291	284
Equity securities	13,110	Price earnings ratio / multiple Marketability discount rate	1,047	1,008
Pooled investments and other	16,469	Net asset value of underlying investments	955	937
Total	62,599		2,817	2,753

Consolidated Rm	At 31 December 2021	Sensitivities		
			Favourable impact	Unfavourable impact
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	12,676	Discount rate Credit spreads	1,196	1,170
Equity securities	15,873	Price earnings ratio / multiple Marketability discount rate	1,181	1,133
Pooled investments and other	5,997	Net asset value of underlying investments	322	322
Total	34,546		2,699	2,625

Fair value gains of R1,428 million (separate) and fair value losses of R1,577 million (consolidated) were recognised on Level 3 assets during the year. The loss is attributable to the conservative assumptions used in valuation in the current period valuations and tourism industries, contributing towards the fair value losses.

D4: Financial instruments designated as fair value through profit or loss

The Group has satisfied the criteria for designation of financial instruments as fair value through profit or loss in terms of the accounting policies as described in note D1.

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

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

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as fair value through profit or loss. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below.

Separate and consolidated Rm	Financial liabilities where the change to own credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative ¹	Contractual maturity amount
Borrowed funds at 31 December 2021	8,474	66	337	8,250
Borrowed funds at 31 December 2020	7,085	130	271	6,750

¹ The Group released RNil (2020 R39 million) of the liability credit reserve directly to retained earnings on the repayment of the RNil (2020: R2,250 million) unsecured subordinated debt. Refer to note F3(d) for more information.

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

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

D5: 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, and 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 E1.5. The fair value of these assets approximates its carrying value.

The table below shows the fair value hierarchy for those assets not measured as fair value. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.

Separate Rm	Carrying value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Investment and Securities at 31 December 2021	1,086	–	1,086	–	1,086
Investment and Securities at 31 December 2020	922	–	922	–	922

Investments and securities

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

Borrowed funds

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

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For the year ended 31 December 2021

D: Financial and Insurance assets and liabilities

D6: Master netting or similar agreements

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

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

At 31 December 2021 Rm	Separate				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	6,273	–	6,273	(5,801)	472
Cash and cash equivalents	6,700	–	6,700	–	6,700
Financial liabilities					
Derivative financial instruments – liabilities	7,762	–	7,762	(5,801)	1,961

At 31 December 2020 Rm	Separate				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	10,878	–	10,878	(9,415)	1,463
Cash and cash equivalents	5,840	–	5,840	–	5,840
Financial liabilities					
Derivative financial instruments – liabilities	11,028	–	11,028	(9,415)	1,613

At 31 December 2021 Rm	Consolidated				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	6,348	–	6,348	(5,801)	547
Cash and cash equivalents	18,516	–	18,516	–	18,516
Financial liabilities					
Derivative financial instruments – liabilities	7,814	–	7,814	(5,801)	2,013

At 31 December 2020 Rm	Consolidated				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	10,878	–	10,878	(9,415)	1,463
Cash and cash equivalents	17,083	–	17,083	–	17,083
Financial liabilities					
Derivative financial instruments – liabilities	11,205	–	11,205	(9,415)	1,790

¹ This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in note E1.

Cash and bond collateral amounts not offset against derivative assets and liabilities in the separate and consolidated statements of financial position are R628 million (2020: R588 million).

E: Financial risk and capital management

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

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

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

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

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

For insurance contracts defined as non-profit (i.e. benefits not linked to underlying asset performance) and those with embedded derivatives (i.e. benefits consist of upside participation and downside protection) the resultant market, credit and liquidity risk exposures are borne by the shareholder. The liabilities are translated into financial risk metrics and appropriate hedging strategies (which include derivative instruments) ensure that these exposures are managed within appetite. The notes below explain how the financial risks are managed using the categories utilised in the Market Risk framework. Note F2 explains in more detail how insurance risk is managed.

E1: Credit risk

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

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

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

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E: Financial risk and capital management

E1: Credit risk

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

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

1.1 Credit risk governance

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

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

1.2 Credit risk management

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

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

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

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

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

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

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

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

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

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

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

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

1.3 Internal credit risk ratings

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

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

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

1.4 Concentrations of credit risk

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

The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets.

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

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

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

	Separate		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
At 31 December 2021			
Rm			
Loans and advances	177	177	-
Investments and securities	782,900	1,086	781,814
Government and government-guaranteed securities	91,092	-	91,092
Other debt securities, preference shares and debentures	86,909	1,086	85,823
Short-term funds and securities treated as investments	29,445	-	29,445
Other	575,454	-	575,454
Trade, other receivables and other assets	10,792	1,588	9,204
Derivative financial instruments – assets	6,273	-	6,273
Amount due by Group companies	6,477	6,477	-
Cash and cash equivalents	6,700	6,700	-

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

E: Financial risk and capital management

E1: Credit risk

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

	Separate		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
At 31 December 2020			
Rm			
Loans and advances	182	182	–
Investments and securities	682,141	922	681,219
Government and government-guaranteed securities	82,937	–	82,937
Other debt securities, preference shares and debentures	83,853	922	82,931
Short-term funds and securities treated as investments	30,377	–	30,377
Other	484,974	–	484,974
Trade, other receivables and other assets	9,563	1,430	8,133
Derivative financial instruments – assets	10,878	–	10,878
Amounts due by Group companies	5,181	5,181	–
Cash and cash equivalents	5,840	5,840	–

	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
At 31 December 2021			
Rm			
Loans and advances	177	177	–
Investments and securities	832,121	–	832,121
Government and government-guaranteed securities	102,817	–	102,817
Other debt securities, preference shares and debentures	100,964	–	100,964
Short-term funds and securities treated as investments	47,933	–	47,933
Other	580,407	–	580,407
Trade, other receivables and other assets	15,776	5,383	10,393
Derivative financial instruments – assets	6,348	–	6,348
Amounts due by Group companies	3,794	3,794	–
Cash and cash equivalents	18,516	18,516	–

	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
At 31 December 2020			
Rm			
Loans and advances	182	182	–
Investments and securities	730,501	–	730,501
Government and government-guaranteed securities	95,365	–	95,365
Other debt securities, preference shares and debentures	102,566	–	102,566
Short-term funds and securities treated as investments	53,129	–	53,129
Equities and pooled investments	479,441	–	479,441
Trade, other receivables and other assets	14,190	5,346	8,844
Derivative financial instruments – assets	10,878	–	10,878
Amounts due by Group companies	2,432	2,432	–
Cash and cash equivalents	17,083	17,083	–

1.6 Collateral

(i) Financial collateral

The Group takes financial collateral to support exposures in its securities lending activities. Cash collateral is included as part of cash and cash equivalents. These transactions are entered into under terms and conditions that are standard industry practice to securities lending activities.

At 31 December 2021, the Group has cash collateral of R1 669 million (2020: R1,570 million).

The company conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amount to R1 669 million (2020: R1 570 million).

OMLACSA has placed government securities amounting to R 16 962 million (2020: R 21 131 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R16 085 million (2020: R20 309 million).

1.7 Credit quality analysis

The following tables set out information about the credit quality of debt and similar securities according to their credit rating (Moody's, Standard and Poors, or equivalent). These instruments are all measured at fair value and are therefore not in scope of expected credit loss. The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

	Separate			
	Government securities	Other debt securities	Short term funds	Total
At 31 December 2021				
Rm				
Investment grade (AAA to BBB)	7,482	14,815	15,582	37,879
Not rated	26	23,022	1,441	24,489
Sub investment grade (BB and lower)	83,584	49,072	12,422	145,078
Total	91,092	86,909	29,445	207,446

	Separate			
	Government securities	Other debt securities	Short term funds	Total
At 31 December 2020				
Rm				
Investment grade (AAA to BBB)	1,089	19,221	11,303	31,613
Not rated	78	35,231	1,704	37,013
Sub investment grade (BB and lower)	81,770	29,401	17,370	128,541
Total	82,937	83,853	30,377	197,167

	Consolidated			
	Government securities	Other debt securities	Short term funds	Total
At 31 December 2021				
Rm				
Investment grade (AAA to BBB)	7,482	14,815	15,582	37,879
Not rated	26	18,325	1,439	19,790
Sub-investment grade (BB and lower)	83,584	49,072	12,422	145,078
Consolidation of funds	11,725	18,752	18,490	48,967
Total	102,817	100,964	47,933	251,714

	Consolidated			
	Government securities	Other debt securities	Short term funds	Total
A 31 December 2020				
Rm				
Investment grade (AAA to BBB)	1,089	19,415	11,376	31,880
Not rated	78	35,231	1,704	37,013
Sub investment grade (BB and lower)	81,770	29,401	17,370	128,541
Consolidation of funds	12,428	18,519	22,679	53,626
Total	95,365	102,566	53,129	251,060

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For the year ended 31 December 2021

E: Financial risk and capital management

E2: Market risk

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

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

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

The ALM value chain for these products are generally as follows:

- Match interest rate risk with suitable assets – see more detail in Section E2.2 Interest Rate Risk.
- Manage the counterparty credit risk due to derivative trading with banks through suitable collateral and margin management processes.
- Manage the liquidity risk resulting from the above collateral and margin management process by holding adequate sources of liquid assets which can serve as collateral (for more details see Section E3 Liquidity Risk).
- In order to generate liquidity, we might enter securitised short-term funding contracts to create cash liquidity from the matching assets – e.g. repurchase agreements (Repos). These transactions require similar collateral processes to derivatives and would create similar collateral and margin risk as described above (for more details see Section E3 Liquidity Risk).
- Cash raised from the above repo positions, introduce potential liquidity risk and more specifically repo roll risk; we manage this by holding sufficient liquidity to be able to step in and fund short-dated funding gaps where and when applicable (for more details see Section E3 Liquidity Risk).

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

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

The principal market risk arising in the Group's banking operations is interest rate risk on the banking book resulting from repricing and/or maturity mismatches between on and off balance sheet components in all banking business. Governance structures are in place to achieve effective independent monitoring and management of market risk. Refer to note E5 for additional unaudited information on the Group's Embedded Value.

2.1: Currency translation risk

The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Company operates in Guernsey and Isle of Man through branches and in China through an associate. This creates an additional source of foreign currency risk which arises from the fact that the branches use USD and the joint venture the Chinese Yuan Renminbi as their functional currencies, whereas the functional currency of the Company is rand.

At 31 December 2021 Rm	Separate					Total
	ZAR	GBP	USD	EUR	Other	
Assets						
Reinsurers' share of policyholder liabilities	3,704	–	–	–	–	3,704
Loans and advances	177	–	–	–	–	177
Investments and securities	694,801	17,302	58,875	8,594	3,328	782,900
Amounts due by Group companies	6,477	–	–	–	–	6,477
Trade, other receivables and other assets	10,445	30	317	–	–	10,792
Derivative financial instruments – assets	6,016	–	257	–	–	6,273
Cash and cash equivalents	5,559	215	826	70	30	6,700
Total assets that include financial instruments	727,179	17,547	60,275	8,664	3,358	817,023
Total non-financial assets	10,329	24	277	5	1	10,636
Total assets	737,508	17,571	60,552	8,669	3,359	827,659
Liabilities						
Long term business insurance policyholder liabilities	651,271	16,274	55,180	5,985	2,900	731,610
Borrowed funds	8,474	–	–	–	–	8,474
Amounts due to Group companies	2,562	–	–	–	–	2,562
Trade, other payables and other liabilities	35,824	86	666	18	2	36,596
Derivative financial instruments – liabilities	3,386	280	3,037	1,059	–	7,762
Total liabilities that include financial instruments	701,517	16,640	58,883	7,062	2,902	787,004
Total non-financial liabilities	5,074	91	2,384	24	4	7,577
Total liabilities	706,591	16,731	61,267	7,086	2,906	794,581

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For the year ended 31 December 2021

E: Financial risk and capital management

E2: Market risk

2.1: Currency translation risk

At 31 December 2020 Rm	Separate					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurers' share of policyholder liabilities	3,366	–	–	–	–	3,366
Loans and advances	182	–	–	–	–	182
Investments and securities	616,541	8,939	50,593	2,911	3,157	682,141
Trade, other receivables and other assets	9,097	452	14	–	–	9,563
Derivative financial instruments – assets	10,878	–	–	–	–	10,878
Cash and cash equivalents	4,644	196	910	55	35	5,840
Total assets that include financial instruments	644,708	9,587	51,517	2,966	3,192	711,970
Total non-financial assets ¹	15,124	2	256	–	–	15,382
Total assets	659,832	9,589	51,773	2,966	3,192	727,352
Liabilities						
Long term business insurance policyholder liabilities	571,766	8,709	49,036	2,819	3,056	635,386
Borrowed funds	7,085	–	–	–	–	7,085
Trade, other payables and other liabilities	33,523	534	478	10	1	34,546
Derivative financial instruments – liabilities	11,028	–	–	–	–	11,028
Total liabilities that include financial instruments	623,402	9,243	49,514	2,829	3,057	688,045
Total non-financial liabilities ²	3,719	60	2,001	19	–	5,799
Total liabilities	627,121	9,303	51,515	2,848	3,057	693,844

1. Includes Amounts due by Group companies of R5,181 million.

2. Includes Amounts due to Group companies of R1,011 million.

At 31 December 2021 Rm	Consolidated					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Investments in associated undertakings and joint ventures' undertakings	1,269	1	1	15	–	1,286
Reinsurers' share of policyholder liabilities	3,847	–	–	–	–	3,847
Loans and advances	177	–	–	–	–	177
Investments and securities	743,720	18,021	58,458	8,594	3,328	832,121
Amounts due by Group companies	3,794	–	–	–	–	3,794
Trade, other receivables and other assets	15,329	39	324	10	74	15,776
Derivative financial instruments – assets	6,091	–	257	–	–	6,348
Cash and cash equivalents	16,659	439	914	189	315	18,516
Total assets that include financial instruments	790,886	18,500	59,954	8,808	3,717	881,865
Assets held for sale and distribution	268	–	–	–	–	268
Total non-financial assets	35,279	24	715	2,844	3,491	42,353
Total assets	826,433	18,524	60,669	11,652	7,208	924,486
Liabilities						
Long term business insurance policyholder liabilities	654,617	16,274	55,180	5,985	2,900	734,956
Third-party interest in consolidation of funds	77,929	–	–	–	–	77,929
Borrowed funds	8,474	–	–	–	–	8,474
Amounts due to Group companies	2,563	–	–	–	–	2,563
Trade, other payables and other liabilities	46,744	1,087	2,973	1,421	1,968	54,193
Derivative financial instruments – liabilities	3,413	280	3,037	1,076	8	7,814
Total liabilities that include financial instruments	793,740	17,641	61,190	8,482	4,876	885,929
Total non-financial liabilities	5,610	102	2,384	164	200	8,460
Total liabilities	799,350	17,743	63,574	8,646	5,076	894,389

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For the year ended 31 December 2021

E: Financial risk and capital management

E2: Market risk

2.1: Currency translation risk

At 31 December 2020 Rm	Consolidated					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Investments in associated undertakings and joint ventures' undertakings	1,225	834	57	16	–	2,132
Reinsurers' share of policyholder liabilities	3,428	–	–	–	–	3,428
Loans and advances	182	–	–	–	–	182
Investments and securities	664,901	8,939	50,593	2,911	3,157	730,501
Trade, other receivables and other assets	13,637	477	56	–	20	14,190
Derivative financial instruments – assets	10,878	–	–	–	–	10,878
Cash and cash equivalents	15,608	201	924	161	189	17,083
Total assets that include financial instruments	709,859	10,451	51,630	3,088	3,366	778,394
Assets held for sale and distribution	21	–	–	–	–	21
Total non-financial assets ¹	35,231	4	279	2,834	3,339	41,687
Total assets	745,111	10,455	51,909	5,922	6,705	820,102
Liabilities						
Long term business insurance policyholder liabilities	575,025	8,709	49,036	2,819	3,056	638,645
Third-party interest in consolidation of funds	73,598	–	–	–	–	73,598
Borrowed funds	7,085	–	–	–	–	7,085
Trade, other payables and other liabilities	44,094	1,481	3,814	1,160	1,885	52,434
Derivative financial instruments – liabilities	11,150	–	–	31	24	11,205
Total liabilities that include financial instruments	710,952	10,190	52,850	4,010	4,965	782,967
Total non-financial liabilities ²	4,233	66	2,001	150	164	6,614
Total liabilities	715,185	10,256	54,851	4,160	5,129	789,581

1. Includes Amounts due by Group companies of R2,432 million.

2. Includes Amounts due to Group companies of R1,002 million.

The Group may reduce currency translation risk (of certain foreign denominated monetary assets and liabilities) through the use of currency swaps, currency borrowings and forward foreign exchange contracts.

Sensitivity analysis

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

Rm	Separate				
	Change in exchange rate	Impact on profit before tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2021					
GBP	10%	(84)	84	(84)	84
USD	10%	71	(71)	71	(71)
At 31 December 2020					
GBP	10%	(29)	29	(29)	29
USD	10%	(26)	26	(26)	26

Rm	Consolidated				
	Change in exchange rate	Impact on profit before tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2021					
GBP	10%	(78)	78	(78)	78
USD	10%	290	(290)	290	(290)
At 31 December 2020					
GBP	10%	(20)	20	(20)	20
USD	10%	294	(294)	294	(294)

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E: Financial risk and capital management

E2: Market risk

2.2 Interest rate risk

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

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

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

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

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

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

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

Due to the offsetting of premiums and benefit, notably for protection products, the size of the change in liabilities does not necessarily infer the size of the interest rate risk. Note that Discretionary Margins are applicable for Savings (non-unit) liabilities and IGR liabilities, but are not applicable for other products with respect to management of interest rate risk. Changes in Savings non-unit liabilities are managed via discretionary margin, with no interest rate sensitive assets held to back these liabilities.

2.3 Equity price risk

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

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

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

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

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

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

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

E3: Liquidity risk

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

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

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

The primary sources of liquidity risk are:

- Within the Insurance businesses, where derivative instruments may be used for the purposes of hedging and efficient portfolio management. The largest exposure of this nature relates to annuity and risk product portfolios in OMLACSA. The derivative instruments give rise to collateral calls in a changing interest rate environment. These are managed by performing detailed stress tests and ensuring adequate liquidity exists to cover potential collateral- and margin calls.
- Within the Group's central treasury function, where the key liquidity risks relate to the balance between remittances received from the businesses either by way of operations or through capital items, compared to central costs including debt funding and/or capital or liquidity demands of the businesses.

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

The contractual maturities of the Group's financial liabilities and insurance contracts are set out in notes F2 and F3.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

E: Financial risk and capital management

E4: Capital management

The Company aims to maintain its solvency levels within the target range of 175% - 210%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity.

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

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

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

During the year, the Prudential Authority approved the application to unbundle the Nedbank equity holding held by Old Mutual Emerging Markets (Pty) Ltd. The remaining investment in Nedbank is held by the Company and managed in line with the Group's Financial Management Framework.

E5: Other unaudited information

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

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

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

At 31 December Rm	Unaudited 2021 EV	Unaudited 2020 EV
Central assumptions	61,229	57,890
Value given changes in:		
Economic assumptions 100bps increase ¹	61,280	57,957
Economic assumptions 100bps decrease ¹	61,082	57,671
Equity/property market value 10% increase ²	63,229	59,211
Equity/property market value 10% decrease ²	59,597	56,565
10bps increase of liquidity spreads ³	61,452	58,072
50bps contraction on corporate bond spreads ⁴	61,229	58,163
25% increase in equity/property implied volatilities ⁵	60,837	57,547
25% increase in swaption implied volatilities ⁶	61,105	57,766
10% decrease in discontinuance rates ⁷	63,018	59,609
10% decrease in maintenance expenses ⁸	62,898	59,406
5% decrease in mortality/morbidity rates ⁹	64,065	60,748
5% decrease in annuitant mortality assumption ¹⁰	60,876	57,590

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

² 10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.

³ 50bps contraction on corporate bond spreads.

⁴ 25% increase in equity/property implied volatilities: 25% multiplicative increase in implied volatilities.

⁵ 25% increase in swaption implied volatilities: 25% multiplicative increase in implied volatilities.

⁶ 10% decrease in discontinuance rate.

⁷ 10% decrease in maintenance expenses: Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges.

⁸ 5% decrease in mortality/morbidity rates: Mortality and morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.

⁹ 5% decrease in annuitant mortality assumption: Mortality assumption for annuities decreasing by 5%, with no corresponding increase in policy charges.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F1: Investment and securities and derivative financial assets and liabilities

(a) Investments and securities

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

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Investments in Group undertakings				
Associated undertakings, joint ventures and subsidiaries	24,799	24,493	–	–
Capital advances to Group undertakings	3,411	4,234	3,411	4,234
Old Mutual Limited	975	963	1,089	1,584
	29,185	29,690	4,500	5,818
Other financial assets				
Government and government-guaranteed securities	91,092	82,937	102,817	95,365
Other debt securities, preference shares and debentures	86,909	83,853	100,964	102,566
Listed	24,402	21,318	24,402	21,318
Unlisted	62,507	62,535	76,562	81,248
Equity securities	174,063	139,096	313,683	266,845
Listed	160,638	127,304	296,328	247,181
Unlisted	13,425	11,792	17,355	19,664
Pooled investments ¹	372,177	316,188	260,729	205,301
Listed	133,165	111,655	136,171	114,657
Unlisted	239,012	204,533	124,558	90,644
Short-term funds and securities treated as investments	29,445	30,377	47,933	53,129
Other	29	–	1,495	1,477
Total investments and securities	782,900	682,141	832,121	730,501

¹ 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.

The Company conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amount to R1,669 million (2020: R1,570 million).

OMLACSA has placed government securities and negotiable certificates of deposit amounting to R16,962 million (2020: R 21,131 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R16,085 million (2020: R20,309 million).

The credit grading for the underlying securities within the consolidation of funds has been disclosed as not rated.

Investments and securities (Separate) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R22,552 million (2020: R33,998 million) is expected to be recoverable within 12 months from the reporting date and R760,348 million (2020: R648,143 million) is expected to be recovered more than 12 months from the reporting date.

Investments and securities (Consolidated) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R107,642 million (2020: R98,250 million) is expected to be recoverable within 12 months from the reporting date and R724,479 million (2020: R632,251 million) is expected to be recovered more than 12 months from the reporting date.

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

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

(b) Derivative financial assets and liabilities

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

Separate

At 31 December Rm	2021				2020			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	4,776	(6,422)	177,525	355,585	9,535	(9,964)	123,504	121,321
Forward rate agreements	712	(672)	45,767	30,164	1,254	(952)	42,211	15,524
Other (options and futures)	785	(668)	–	–	89	(112)	–	–
Total	6,273	(7,762)	223,292	385,749	10,878	(11,028)	165,715	136,845

R1,257 million (2020: R1,525 million) of the total derivative financial assets of R6,273 million (2020: R10,878 million) is regarded as current with the remainder being non-current.

R934 million (2020: R1,239 million) of the total derivative financial liabilities of R7,762 million (2020: R11,028 million) is regarded as current with the remainder being non-current.

Consolidated

At 31 December Rm	2021				2020			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	4,776	(6,474)	177,525	360,898	9,535	(10,141)	123,504	126,966
Forward rate agreements	712	(672)	45,767	30,164	1,254	(952)	42,211	15,524
Other (options and futures)	860	(668)	–	–	89	(112)	–	–
Total	6,348	(7,814)	223,292	391,062	10,878	(11,205)	165,715	142,490

R1,257 million (2020: R1,525 million) of the total derivative financial assets of R6,348 million (2020: R10,878 million) is regarded as current with the remainder being non-current.

R976 million (2020: R1,328 million) of the total derivative financial liabilities of R7,814 million (2020: R11,205 million) is regarded as current with the remainder being non-current.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

Life assurance

Classification of contracts

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

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

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

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

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

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

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

Premiums on life assurance

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

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

Claims paid on life assurance

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

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

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

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

Life Insurance contract liabilities

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

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

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

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

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

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

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

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

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

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

Investment contract liabilities

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

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

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

Acquisition costs

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

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

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

Reinsurance

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

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

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

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

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Life insurance contract liabilities

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

Pandemic reserve

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

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

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

R million	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Group
Pandemic provisions at 31 December 2020	1,024	1,979	891	3,894
Release of COVID-19 provisions	(1,105)	(2,868)	(1,094)	(5,067)
Additional COVID-19 provisions (gross of management actions)	434	2,650	575	3,659
Pandemic provisions at 31 December 2021	353	1,761	372	2,486
Best Estimate Liability incl. Prescribed margin	353	1,518	275	2,146
Discretionary Margins		243	97	340

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

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

Risks to pandemic assumptions

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

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

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

Sensitivity of the pandemic provisions

Change in provision	Base	Immunity benefit		Vaccine take-up	
		-25%	+25%	-10%	+10%
Pandemic provision	2,486	1,389	(1,215)	327	(264)

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

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

OMLACSA, remains strongly capitalised. The COVID-19 provisions have minimal impact on the solvency coverage with the provisions resulting in a 4% reduction in solvency.

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Discretionary margins

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

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

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(a) Net earned premiums

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

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Premiums earned				
Life insurance contracts	31,759	29,125	32,142	30,262
Investment contracts with discretionary participation features	24,194	26,681	24,743	26,681
Gross earned premiums	55,953	55,806	56,885	56,943
Outwards reinsurance premium ceded	(2,910)	(2,321)	(3,602)	(2,432)
Net earned premiums	53,043	53,485	53,283	54,511

(b) Net claims incurred

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

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Gross claims and benefits from insurance contracts	45,296	33,212	45,807	33,750
Gross claims and benefits from investment contracts with discretionary participating features	62,687	33,615	62,987	33,545
Gross claims incurred	107,983	66,827	108,794	67,295
Reinsurers' share of claims incurred	(5,581)	(3,582)	(6,492)	(3,775)
Net claims incurred	102,402	63,245	102,302	63,520

The above includes changes in insurance contracts and investment contracts with discretionary participation features.

(c) Policyholder liabilities

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

Year ended 31 December Rm	Separate			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	145,733	(3,704)	142,029	137,226	(3,366)	133,860
Life insurance contracts liabilities	141,961	(3,233)	138,728	134,478	(3,076)	131,402
Outstanding claims	3,772	(471)	3,301	2,748	(290)	2,458
Investment contract liabilities	585,877	-	585,877	498,160	-	498,160
Unit-linked investment contracts and similar contracts	375,578	-	375,578	316,288	-	316,288
Other investment contracts	818	-	818	1,498	-	1,498
Investment contracts with discretionary participating features	209,481	-	209,481	180,374	-	180,374
Total policyholder liabilities	731,610	(3,704)	727,906	635,386	(3,366)	632,020

Year ended 31 December Rm	Consolidated			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	146,165	(3,847)	142,318	137,948	(3,428)	134,520
Life insurance contracts liabilities	142,393	(3,376)	139,017	135,196	(3,139)	132,057
Outstanding claims	3,772	(471)	3,301	2,752	(289)	2,463
Investment contract liabilities	588,791	-	588,791	500,697	-	500,697
Unit-linked investment contracts and similar contracts	378,492	-	378,492	319,175	-	319,175
Other investment contracts	1,081	-	1,081	1,481	-	1,481
Investment contracts with discretionary participating features	209,218	-	209,218	180,041	-	180,041
Total policyholder liabilities	734,956	(3,847)	731,109	638,645	(3,428)	635,217

Of the R3,704 million (2020: R3,366 million) included in reinsurer's share of life assurance policyholder liabilities in the separate financial statements is an amount of R910 million (2020: R1,286 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

Of the R3,847 million (2020: R3,428 million) included in reinsurer's share of life assurance policyholder liabilities in the consolidated financial statements is an amount of R1,513 million (2020: R1,286 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(d) Insurance contracts

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

Year ended 31 December Rm	2021 – Separate			2021 – Consolidated		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at beginning of the year	134,478	(3,076)	131,402	135,196	(3,139)	132,057
Income						
Premium income	31,759	(2,898)	28,861	32,142	(3,493)	28,649
Investment income	21,083	–	21,083	21,119	–	21,119
Other income	22	–	22	128	–	128
Expenses						
Claims and policy benefits	(38,805)	4,752	(34,053)	(39,308)	5,164	(34,144)
Operating expenses	(8,036)	–	(8,036)	(8,366)	–	(8,366)
Other charges and transfers	110	6	116	121	(74)	47
Taxation	(511)	–	(511)	(523)	3	(520)
Transfer to operating profit	1,861	(2,017)	(156)	1,884	(1,836)	48
Balance at end of the year	141,961	(3,233)	138,728	142,393	(3,375)	139,018
Year ended 31 December Rm	2020 – Separate			2020 – Consolidated		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at beginning of the year	131,256	(1,229)	130,027	132,116	(1,488)	130,628
Income						
Premium income	29,125	(2,311)	26,814	30,262	(2,593)	27,669
Investment income	10,381	1	10,382	10,428	1	10,429
Other income	(10)	–	(10)	968	–	968
Expenses						
Claims and policy benefits	(30,574)	2,363	(28,211)	(30,980)	2,549	(28,431)
Operating expenses	(7,728)	–	(7,728)	(7,917)	–	(7,917)
Other charges and transfers	696	(140)	556	(951)	48	(903)
Taxation	(217)	–	(217)	(239)	1	(238)
Transfer to operating profit	1,549	(1,760)	(211)	1,509	(1,657)	(148)
Balance at end of the year	134,478	(3,076)	131,402	135,196	(3,139)	132,057

The R141,961 million (2020: R134,478 million) in the separate financial statements relating to life insurance contract liabilities does not include outstanding claims amounting to R3,772 million (2020: R2,748 million).

The R142,393 million (2020: R135,196 million) in the consolidated financial statements relating to life insurance contract liabilities does not include outstanding claims amounting to R3,772 million (2020: R2,752 million).

(e) Unit-linked investment contracts and similar contracts, and other investment contracts

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Balance at beginning of the year	317,786	299,018	320,656	301,659
Contributions received	42,751	37,070	42,751	37,070
Maturities	(641)	(657)	(641)	(657)
Withdrawals and surrenders	(35,804)	(34,836)	(35,804)	(34,836)
Fair value movements	52,339	22,231	53,051	22,568
Foreign exchange and other movements	(35)	(5,040)	(440)	(5,148)
Balance at end of the year	376,396	317,786	379,573	320,656

(f) Discretionary participating investment contracts

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

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Balance at beginning of the year	180,374	175,667	180,041	175,667
Income				
Premium income	24,194	26,681	24,743	26,681
Investment and other income	39,703	9,198	39,703	9,198
Expenses				
Claims and policy benefits	(33,027)	(28,987)	(33,027)	(28,987)
Operating expenses	(965)	(1,033)	(965)	(1,032)
Other charges and transfers	872	(131)	393	(465)
Taxation	(361)	(137)	(361)	(137)
Transfer to operating profit	(1,309)	(884)	(1,309)	(884)
Balance at end of the year	209,481	180,374	209,218	180,041

(g) Contractual maturity analysis

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(g) Contractual maturity analysis

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

At 31 December 2021 Rm	Undiscounted cash flows – Separate					
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Life assurance policyholder liabilities						
Total life insurance contracts	145,733	17,425	12,073	65,376	226,986	321,860
Life insurance contract liabilities	141,961	13,664	12,073	65,376	226,986	318,099
Outstanding claims	3,772	3,761	–	–	–	3,761
Investment contract liabilities	585,877	591,206	(146)	(1,150)	(4,579)	585,331
Unit-linked investment contracts and similar contracts	375,578	380,721	–	–	–	380,721
Other investment contracts	818	895	200	379	88	1,562
Investment contracts with discretionary participating features	209,481	209,590	(346)	(1,529)	(4,667)	203,048
Total policyholder liabilities	731,610	608,631	11,927	64,226	222,407	907,191

At 31 December 2020 Rm	Undiscounted cash flows – Separate					
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Life assurance policyholder liabilities						
Total life insurance contracts	137,226	18,555	10,639	61,011	234,378	324,583
Life insurance contract liabilities	134,478	15,810	10,639	61,011	234,378	321,838
Outstanding claims	2,748	2,745	–	–	–	2,745
Investment contract liabilities	498,160	504,297	(94)	(1,011)	(3,950)	499,242
Unit-linked investment contracts and similar contracts	316,288	321,651	–	–	–	321,651
Other investment contracts	1,498	1,543	231	353	76	2,203
Discretionary participating investment contracts	180,374	181,103	(325)	(1,364)	(4,026)	175,388
Total policyholder liabilities	635,386	522,852	10,545	60,000	230,428	823,825

At 31 December 2021 Rm	Undiscounted cash flows – Consolidated					
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Life assurance policyholder liabilities						
Total life insurance contracts	146,165	17,091	11,999	65,041	226,305	320,436
Life insurance contract liabilities	142,393	13,330	11,999	65,041	226,305	316,675
Outstanding claims	3,772	3,761	–	–	–	3,761
Investment contract liabilities	588,791	586,778	(146)	(1,150)	(4,579)	580,903
Unit-linked investment contracts and similar contracts	378,492	376,293	–	–	–	376,293
Other investment contracts	1,081	895	200	379	88	1,562
Investment contracts with discretionary participating features	209,218	209,590	(346)	(1,529)	(4,667)	203,048
Total policyholder liabilities	734,956	603,869	11,853	63,891	221,726	901,339

At 31 December 2020 Rm	Undiscounted cash flows – Consolidated					
	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Life assurance policyholder liabilities						
Total life insurance contracts	137,948	18,922	10,707	61,310	235,071	326,010
Life insurance contract liabilities	135,196	16,177	10,707	61,310	235,071	323,265
Outstanding claims	2,752	2,745	–	–	–	2,745
Investment contract liabilities	500,697	508,326	(94)	(1,011)	(3,950)	503,271
Unit-linked investment contracts and similar contracts	319,175	325,960	–	–	–	325,960
Other investment contracts	1,481	1,526	231	353	76	2,186
Discretionary participating investment contracts	180,041	180,840	(325)	(1,364)	(4,026)	175,125
Total policyholder liabilities	638,645	527,248	10,613	60,299	231,121	829,281

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(h) Exposure and management of risk arising from insurance contracts

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

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

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

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

Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

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

Management of insurance risks

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

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

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(h) Exposure and management of risk arising from insurance contracts

Risk type	Nature of risk	Risk management
Policyholder behaviour	<p>The risk that business performance will be below projections as a result of negative variances in new business volumes and margins, and lapse, rebate and expense experience.</p> <p>A natural consequence of doing business, which is proportional to the size of our business, is that it will grow as the businesses grow. These arise as a result of new products and new business.</p>	<p>Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which then has a better chance of staying on books (this benefits both the customer and the Group).</p> <p>The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions.</p> <p>In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'Treating Customers Fairly' principles.</p> <p>Expense risk is limited through the quarterly monitoring of budgets and forecasts.</p>
Business volume risk	Business volumes are not in line with those allowed for in the pricing of products, meaning the expenses are not fully recovered.	Business volumes are closely monitored, and pricing assumptions may be updated to allow appropriately for the expenses incurred by the Group in writing and maintaining policies.
Expenses	Expense risk is the risk that actual expenses and expense inflation differ from expected levels. Higher expenses and expense inflation may result in emerging profit falling below the Group's profit objectives.	<p>Expense levels are monitored quarterly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines.</p> <p>Some products' structures include variable maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels, subject to Treating Customers Fairly principles.</p>
Lapse risk	Lapse risk arises where policies lapse before initial costs are recouped, or where lapse experience differs from pricing assumptions.	<p>Product design also allows for surrender penalties on early surrender with certain products. Experience is closely monitored.</p> <p>Premium rates can be reset at the end of the guarantee term. From 2018, Old Mutual Rewards benefits offered to our customers also contribute towards encouraging persistency.</p>
Mass lapse risk	Mass lapse risk is the risk that the Group will not be able to continue operations after losing the policyholders due to market panic or some other external event.	The Group holds capital to guard against a mass lapse scenario. This includes an allowance for operating expenses over a one-year period.

Concentration of insurance risk

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

Sensitivity analysis – life assurance

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

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

Year ended 31 December Rm	Change in assumption percentage	Increase/(decrease) in liabilities	
	2021 and 2020	2021	2020
Assumption			
Mortality and morbidity rates – assurance	10%	6,935	6,485
Mortality rates – annuities	-10%	1,171	999
Discontinuance rates	10%	(56)	38
Expenses (maintenance)	10%	1,133	1,150
Valuation discount rate	1%	–	–

The calculation of the Group's South African life assurance contract liabilities is sensitive to the discount rate used to value the liabilities. The methodology applied by the Group complies with South African professional actuarial guidance (SAP 104 guidance note), with the reference rate selected as the South African debt market 10-year bond yield. For non-profit annuities and protection products, where cash flows are hedged, the liabilities are discounted using the yield curve corresponding to the nature of the hedging assets.

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

The insurance contract liabilities recorded for South African businesses are also impacted by the valuation discount rates assumed. Lowering the discount rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2021 (2020: no impact). There continues to be no significant impact in 2021 due to management actions taken to reduce the impact of changing interest rates on operating profit.

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

Guarantees and options

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

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

Product category	Description of options and guarantees
Retail	
Death, disability, point and/or maturity guarantees	A closed block of universal life business with an underlying minimum growth rate guarantee (4.25% p.a. for life and endowment business and 4.75% p.a. for retirement annuity business), and smoothed bonus business with vested bonuses, applicable when calculating death, disability and maturity claims.
Guaranteed annuity options	Retirement annuities sold prior to June 1997 contain guaranteed annuity options, whereby the policyholder has an option to exchange the full retirement proceeds for a minimum level of annuity income at maturity.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

F: Analysis of financial and insurance assets and liabilities

F2: Insurance and investment contracts

(h) Exposure and management of risk arising from insurance contracts

Corporate	
Vested bonuses in respect of pre-retirement with-profits business	There is a material pre-retirement savings smoothed bonus portfolio. Vested bonuses affect the calculation of benefit payments when a member exits from the scheme as the face value is paid out. If, however, a scheme terminates, the lower of face and market value is paid out and the vested bonuses are not guaranteed.
Guaranteed annuity payments in respect of with-profit annuity business	There is a significant with-profit annuity portfolio. The underlying pricing interest rate is guaranteed and as such the current level of annuity payments (including past declared bonuses) cannot be reduced. If, however, a scheme terminates, the lower of the liability value on the Financial Soundness Valuation basis and the underlying asset market value is paid out.

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

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

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

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

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

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

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

F3: Borrowed funds

At 31 December 2020	Rm	Separate		Consolidated	
		2021	2020	2021	2020
Subordinated debt securities	F3(a)	8,474	7,085	8,474	7,085

Maturity Analysis

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

At 31 December	Rm	Separate and consolidated	
		2021	2020
Less than 1 year		1,591	649
Greater than 1 year and less than 5 years		7,310	8,598
Greater than 5 years		-	-
Total		8,901	9,247

(a) Subordinated debt securities

At 31 December	Rm	Tier	Maturity date	Separate and consolidated	
				2021	2020
Non-banking					
R1,500 million with a spread of 1.54% above 3 month JIBAR ¹		Tier 2	Sep-26	1,500	-
R409 million at 10.32%		Tier 2	Mar-27	413	433
R568 million at 10.90%		Tier 2	Sep-27	586	617
R2,000 million at 3 month JIBAR + 1.55%		Tier 2	Jun-24	1,999	1,970
R1,150 million at 10.96%		Tier 2	Mar-30	1,268	1,331
R623 million at 11.35%		Tier 2	Sep-30	683	732
R2,000 million at 3 month JIBAR + 1.93%		Tier 2	Nov-25	2,025	2,002
Total net subordinated debt securities				8,474	7,085

¹ On 23 September 2021, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R1.5 billion floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 154 bps, payable quarterly in arrears. The maturity date of this instrument is 23 September 2026.

No instruments were redeemed in 2021.

Refer to Note J for further information regarding the Group's impact to the interest rate benchmark reform.

(b) Reconciliation of borrowed funds arising from financing activities

Year ended 31 December	Rm	Separate and consolidated	
		2021	2020
Balance at beginning of the year		7,085	7,122
Changes from financing cash flows		1,500	(250)
Proceeds from issue of subordinated and other debt		1,500	2,000
Subordinated and other debt repaid		-	(2,250)
Non-cash changes		(111)	213
Fair value changes		(111)	213
Balance at end of the year		8,474	7,085

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G: Non-Financial Assets and Liabilities

G1: Goodwill and other intangible assets

Goodwill arises on the acquisition of a business and represents the premium of the amount paid over the fair value of identifiable assets and liabilities. Other intangible assets include those assets which were initially recognised on a business combination and software development costs related to amounts recognised for in-house systems development.

(a) Goodwill and goodwill impairment

Goodwill arising on the acquisition of a subsidiary undertaking is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of, the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree, and (iii) if the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest, over the net of the acquisition amounts of the identifiable assets acquired and the liabilities assumed. If the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any), this excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is allocated to one or more cash-generating units (CGUs), being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

On loss of control of a subsidiary undertaking, any attributable goodwill is included in the determination of any profit or loss on disposal. On disposal of a business, where goodwill on acquisition is allocated to the CGU, goodwill is allocated to the disposal on a relative basis.

Goodwill is not amortised, but is reviewed for impairments at least once annually for each CGU, by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value in use or fair value less costs to sell. Any impairment losses are recognised immediately in profit or loss and are not subsequently reversed. The appropriateness of the CGUs is evaluated on an annual basis.

(b) Internally developed software

Internally developed software (software) is amortised over its estimated useful life, where applicable. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the consolidated statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Costs incurred in the research phase are expensed in profit or loss whereas costs incurred in the development phase are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.

The main criteria being that future economic benefits can be identified as a result of the development expenditure.

Amortisation is charged to other operating and administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between two and fifteen years, depending on the nature and use of the software. This excludes capitalised software that has not been brought into use yet.

(c) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(d) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2021 and the year ended 31 December 2020:

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Cost				
Balance at 1 January	3,766	3,081	4,639	3,782
Acquisitions through business combinations	–	–	–	66
Additions	610	1,080	654	1,151
Disposals and retirements	(95)	(395)	(96)	(395)
Foreign exchange and other movements	–	–	(25)	35
Balance at 31 December	4,281	3,766	5,172	4,639
Amortisation and impairment losses				
Balance at 1 January	357	640	606	825
Amortisation	258	95	300	131
Impairments	–	–	204	–
Disposals and retirements	(76)	(378)	(77)	(350)
Balance at 31 December	539	357	1,033	606
Net carrying value				
Balance at 31 December	3,742	3,409	4,139	4,033

Intangible assets in the separate accounts consist of developmental expenditure and software, which has been internally generated. In the consolidated accounts, the balance of intangibles includes developmental expenditure of R3,879 million, goodwill of R233 million and other intangible assets of R27 million.

In the performance of goodwill impairment testing, the Group's CGU's mostly used discounted cash flow models, which incorporated planned business performance, factoring into account the impact of COVID-19, with a risk-adjusted discounted rate reflecting cost of equity as appropriate for the CGU.

The carrying value of intangible assets is reviewed for indicators of impairment annually. If indicators of impairment exist, the particular asset is tested for impairment.

In the second half of 2021, the goodwill held in OMREHC was fully impaired, as reflected in the latest value in use calculations utilising the cash flow generation of respective properties.

All of the remaining year end goodwill and intangible asset impairment reviews indicated that there is sufficient headroom to maintain these balances, with no additional impairments required to be recognised.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G2: Fixed assets

(a) Property, plant and equipment

Buildings that are owner-occupied are recorded at fair value. Owner-occupied properties are valued as at 31 December each year by external professional valuers. Fair value is determined by reference to market-based evidence. For each business, the valuation methodology adopted is dependent upon the nature of the property. Income generating assets are valued using discounted cash flows and vacant land and property are valued according to sales of comparable properties.

Increases or decreases in the carrying amount are taken to other comprehensive income and presented in a revaluation reserve in equity.

The revaluation reserve will be released in equity when the asset is sold.

The Group assesses and adjusts (if required) the useful life, residual value and depreciation method for property and equipment on an annual basis.

Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings is stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to ten years.

Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term is not regarded as a lease, but instead a service contract. Accordingly, these contracts are not accounted for in accordance with IFRS 16. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Category	Valuation Model	Measurement
Land	Revaluation model	<ul style="list-style-type: none"> Land is stated at revalued amounts and is not depreciated.
Buildings	Revaluation model	<ul style="list-style-type: none"> Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method. Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income. On revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. On derecognition, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period the asset is derecognised.
Leased Assets	Revaluation model	<ul style="list-style-type: none"> The Lease Term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: <ul style="list-style-type: none"> Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Category	Valuation Model	Measurement
Lease Liability (Group as lessee)	Amortised cost	<p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :</p> <ul style="list-style-type: none"> Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; The amount expected to be payable by the lessee under residual value guarantees; The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. <p>The lease liability is presented as a separate line in the notes to the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:</p> <ul style="list-style-type: none"> The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate. The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. <p>The Group did not make any such adjustments during the periods presented.</p>

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G2: Fixed assets

Property, plant and equipment owned by the Company and Group

The following tables analyses land, buildings, plant and equipment and buildings leased by the Company and Group.

Rm	Separate					
	Land	Buildings	Plant and equipment	Total Owned	Leased Buildings	Total
Gross carrying amount						
Balance at 1 January 2020	249	4,133	1,678	6,060	568	6,628
Additions	–	6	212	218	16	234
Increase/(decrease) arising from revaluation	10	(279)	–	(269)	–	(269)
Impairments	–	–	(49)	(49)	–	(49)
Reclassification within property, plant and equipment	–	(6)	6	–	–	–
Transfer to investment property	(11)	(254)	–	(265)	–	(265)
Disposals	–	–	(561)	(561)	(43)	(604)
Foreign exchange and other movements	(53)	(259)	(2)	(314)	8	(306)
Balance at 31 December 2020	195	3,341	1,284	4,820	549	5,369
Additions	–	1	203	204	136	340
Decrease arising from revaluation	(3)	(158)	–	(161)	–	(161)
Disposals	–	–	(81)	(81)	(86)	(167)
Foreign exchange and other movements	64	(62)	(179)	(177)	3	(174)
Balance at 31 December 2021	256	3,122	1,227	4,605	602	5,207

Rm	Separate					
	Land	Buildings	Plant and equipment	Total Owned	Leased Buildings	Total
Accumulated depreciation and impairment losses						
Balance at 1 January 2020	–	(320)	(1,306)	(1,626)	(168)	(1,794)
Depreciation charge for the year	–	(56)	(177)	(233)	(143)	(376)
Disposals	–	–	433	433	–	433
Foreign exchange and other movements	–	369	53	422	–	422
Balance at 31 December 2020	–	(7)	(997)	(1,004)	(311)	(1,315)
Depreciation charge for the period	–	(51)	(150)	(201)	(148)	(349)
Impairments ¹	–	(139)	–	(139)	–	(139)
Disposals	–	–	75	75	75	150
Foreign exchange and other movements	–	40	177	217	–	217
Balance at 31 December 2021	–	(157)	(895)	(1,052)	(384)	(1,436)

Net carrying amount at:

31 December 2020	195	3,334	287	3,816	238	4,054
31 December 2021	256	2,965	332	3,553	218	3,771

¹ The R139 million impairment loss relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton has decreased due to Covid-19 impacts which has led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

Rm	Consolidated					
	Land	Buildings	Plant and equipment	Total Owned	Leased Buildings	Total
Gross carrying amount						
Balance at 1 January 2020	249	4,133	1,752	6,134	604	6,738
Additions	–	6	271	277	75	352
Increase/(decrease) arising from revaluation	10	(279)	–	(269)	–	(269)
Impairments	–	–	(49)	(49)	–	(49)
Transfer (to)/from investment property	(11)	(254)	2	(263)	(18)	(281)
Reclassification within property, plant and equipment	–	(6)	6	–	–	–
Disposals	–	–	(563)	(563)	(47)	(610)
Foreign exchange and other movements	(54)	(259)	(2)	(315)	7	(308)
Balance at 31 December 2020	194	3,341	1,417	4,952	621	5,573
Additions	–	1	214	215	148	363
Decrease arising from revaluation	(3)	(158)	–	(161)	–	(161)
Disposals	–	–	(127)	(127)	(86)	(213)
Foreign exchange and other movements	64	(67)	(193)	(196)	(48)	(244)
Balance at 31 December 2021	255	3,117	1,311	4,683	635	5,318

Rm	Consolidated					
	Land	Buildings	Plant and equipment	Total Owned	Leased Buildings	Total
Accumulated depreciation and impairment losses						
Balance at 1 January 2020	–	(320)	(1,363)	(1,683)	(174)	(1,857)
Depreciation charge for the year	–	(56)	(187)	(243)	(161)	(404)
Disposals	–	–	434	434	1	435
Foreign exchange and other movements	–	371	52	423	(3)	420
Balance at 31 December 2020	–	(5)	(1,064)	(1,069)	(337)	(1,406)
Depreciation charge for the period	–	(51)	(156)	(207)	(158)	(365)
Impairments ¹	–	(139)	–	(139)	–	(139)
Disposals	–	–	75	75	79	154
Foreign exchange and other movements	–	41	196	237	16	253
Balance at 31 December 2021	–	(154)	(949)	(1,103)	(400)	(1,503)
Net carrying amount at:						
31 December 2020	194	3,336	353	3,883	284	4,167
31 December 2021	255	2,963	362	3,580	235	3,815

¹ The R139 million impairment loss relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton has decreased due to Covid-19 impacts which has led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G2: Fixed assets

(i) Property, plant and equipment

The Group engages internal and independent external valuers to determine the carrying value of its owner-occupied property. Fair Value is determined by reference to market-based evidence. The valuations are carried out at intervals throughout the year by internal valuers and by external valuers each year.

The carrying value that would have been recognised had owner-occupied property been carried under the historic cost model would be R3,459 million (2020: R3,509 million) for the Group and Company.

Property, plant and equipment are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates. Details of the valuation techniques and ranges of estimates for unobservable inputs are disclosed in note G2(b).

Due to the uncertainty of the impact of COVID-19 on the circumstances on which judgements are based, the Group's valuers have reported on the basis of material valuation uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

(ii) Leases as lessee

Year ended 31 December Rm	Separate	
	2021	2020
Amounts recognised in profit or loss		
Finance expense on lease liabilities	20	28
Lease expenses relating to short-term leases	15	16
Lease expenses relating to low-value leases	15	13
Amounts recognised in statement of cash flows		
Total cash outflow for leases	169	160
Year ended 31 December Rm	Consolidated	
	2021	2020
Amounts recognised in profit or loss		
Finance expense on lease liabilities	21	28
Lease expenses relating to short-term leases	15	16
Lease expenses relating to low-value leases	16	13
Amounts recognised in statement of cash flows		
Total cash outflow for leases¹	176	167

¹ This includes cash flows relating to finance leases

Analysis of lease costs

The following table sets out the maturity analysis of undiscounted outstanding commitments under non-cancellable operating leases:

At 31 December Rm	Separate	
	2021	2020
Within one year	121	55
Greater than 1 year and less than 5 years	131	161
After five years	–	97
	252	313
At 31 December Rm	Consolidated	
	2021	2020
Within one year	126	62
Greater than 1 year and less than 5 years	141	176
After five years	3	134
	270	372

(iii) Lease renewal options

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

At 31 December 2021 Rm	Separate	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	236	–

At 31 December 2020 Rm	Separate	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	261	–

At 31 December 2021 Rm	Consolidated	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	253	–

At 31 December 2020 Rm	Consolidated	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	318	–

(b) Investment property

Classification

Includes real estate held to earn rentals or for capital appreciation or both. It does not include owner-occupied property. Certain investments properties are matched to policyholder liabilities.

Measurement

Investment properties are measured at fair value as determined by a registered independent valuer, and by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued, annually.

For practical reasons, valuations are carried out on a cyclical basis over a 12-month period due to the large number of properties involved. In the event of a material change in market and property specific conditions between the valuation date and reporting date an internal valuation is performed and adjustments made to reflect any material changes in value.

Surpluses and deficits arising from changes in fair value and rental income are reflected as investment income in investment return in the income statement, as appropriate.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G2: Fixed assets

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.	South African Properties: Office Capitalisation rates: 8.25% (2020: 8.5%) Discount rates: 12.75% (2020: 13.5%) Market rentals: R90 to R190 per m ² (2020: R100 to R175 per m ²) Vacancy rates: 0.0% (2020: 7.25% to 9.75%) Retail Capitalisation rates: 6.75% to 11.0% (2020: 6.75% to 9.75%) Discount rates: 11.25% to 16.75% (2020: 11.75% to 14.5%) Market rentals: R33.66 to R2,691.26 per m ² (2020: R22 to R2 222 per m ²) Vacancy rates: 0.0% to 15.5% (2020: 0% to 8.5%) Industrial Capitalisation rates: 8.75% to 11.0% (2020: 8.25% to 10.5%) Discount rates: 13.25% to 15.0% (2020: 13.75% to 15.25%) Market rentals: R29.75 to R71.28 per m ² (2020: R25 to R75 per m ²) Vacancy rates: 0.0% to 18.3% (2020: 8.5% to 10.75%) Bulgarian Properties: Office Capitalisation rates: 7.4% to 7.6% (2020: 7.4%) Discount rates: 8.10% to 10.10% (2020: 8.10% to 10.10%) Market rentals per: EUR 10.84 to EUR 15.14 per m ² (2020: EUR 11.0 to EUR 12.6 per m ²) Vacancy rates: 2.75% (2020: 2.75%) Romanian Properties: Office Capitalisation rates: 6.85% (2020: 7.25%) Discount rates: 8.35% to 8.4% (2020: 9.6% to 9.8%) Market rentals: EUR15.0 per m ² (2020: EUR 9.50 to EUR 12.71 per m ²) Vacancy rates: 2.5% (2020: 2.5%)
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner allocated pro rata to the land portions in proportion to the bulk available for each portion. However, there are cases where exceptional circumstances need to be considered.	The land per m ² and bulk per m ² 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 Value per m ² : R144 to R511 (2020: R262 to R2,611)
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m ² : R75 to R733 (2020: R75 to R757)

(d) Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

At 31 December	Consolidated	
	2021	2020
Rm		
An increase of 1% in discount rates would decrease the fair value by:	(1,071)	(1,098)
A decrease of 1% in discount rates would increase the fair value by:	1,135	1,146
An increase of 1% in capitalisation rates would decrease the fair value by:	(2,018)	(2,076)
A decrease of 1% in capitalisation rates would increase the fair value by:	2,600	2,558
An increase of 10% in market rentals per m ² would increase the fair value by:	2,104	2,371
A decrease of 10% in market rentals per m ² would decrease the fair value by:	(2,096)	(2,249)

The assessment above depicts the potential impact on profit or (loss) as a result of the change in the parameter identified.

(e) Operating lease arrangements (with the Group as lessor)

Investment property comprises a portfolio of retail, commercial and industrial properties that are leased to third parties. These leases are classified as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Each lease has a defined lease period and financial terms. Renewal negotiations with tenants commence prior to expiry of their current lease agreement. Lease periods vary and are dependent on the tenant and property type. Contingent rents charged are immaterial. During the year ended 31 December 2021, rental concessions of R110 million (2020: R181 million) were provided to tenants of the South African property portfolio.

At 31 December	Consolidated	
	2021	2020
Rm		
Total future minimum lease receivables under operating leases		
Within one year	1,843	3,237
Greater than 1 year and less than 5 years	3,609	4,129
After five years	1,316	1,247
	6,768	8,613

G3: Trade, other receivables and other assets

At 31 December	Separate		Consolidated	
	2021	2020	2021	2020
Rm				
Debtors arising from direct insurance operations				
Amounts owed by policyholders	1,135	975	1,164	996
Amounts owed by intermediaries	447	494	457	504
Other	(5)	14	(5)	14
	1,577	1,483	1,616	1,514
Debtors arising from reinsurance operations	974	382	1,044	437
Outstanding settlements	–	635	3,098	3,461
Other receivables	1,665	535	2,243	1,016
Accrued interest and rent	3,789	3,666	3,805	3,691
Prepayments and accrued income	279	262	430	415
Other assets	2,508	2,600	3,540	3,656
Total trade, other receivables and other assets	10,792	9,563	15,776	14,190

Included in the amounts above for OMLACSA separate is an amount of R10,553 million (2020: R9,340 million) that is regarded as current with the remainder regarded as non-current.

Included in the amounts above for OMLACSA Group is an amount of R15,566 million (2020: R13,633 million) that is regarded as current with the remainder regarded as non-current.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G4: Provisions

Year ended 31 December Rm	Separate				
	Compensation provisions	Restructuring provisions	Provision for donations	Other	Total
Balance at 1 January 2020	317	12	582	532	1,443
Unused amounts reversed	–	(2)	–	(60)	(62)
Charge to profit or loss	14	–	33	87	134
Utilised during the year	(15)	–	–	(54)	(69)
Transfer to other liabilities	–	–	–	(321)	(321)
Foreign exchange and other movements	–	1	–	(3)	(2)
Balance at 31 December 2020	316	11	615	181	1,123
Charge to profit or loss	–	(11)	113	123	225
Utilised during the year	(3)	–	–	(87)	(90)
Transfer (to)/from other liabilities	3	–	–	(82)	(79)
Foreign exchange and other movements	(5)	–	–	4	(1)
Balance at 31 December 2021	311	–	728	139	1,178

Year ended 31 December Rm	Consolidated				
	Compensation provisions	Restructuring provisions	Provision for donations	Other	Total
Balance at 1 January 2020	317	12	582	762	1,673
Unused amounts reversed	–	(2)	–	(60)	(62)
Charge to profit or loss	14	–	33	111	158
Utilised during the year	(15)	–	–	(54)	(69)
Transfer to other liabilities	–	–	–	(332)	(332)
Foreign exchange and other movements	–	1	–	(3)	(2)
Balance at 31 December 2020	316	11	615	424	1,366
Unused amounts reversed	–	–	–	(1)	(1)
Charge to profit or loss	–	(11)	113	135	237
Utilised during the year	(3)	–	–	(103)	(106)
Transfer (to)/from other liabilities	3	–	–	(235)	(232)
Foreign exchange and other movements	(5)	–	–	4	(1)
Balance at 31 December 2021	311	–	728	224	1,263

G4: Provisions

Separate and consolidated analysis of provisions

Compensation provisions at 31 December 2021 comprise:

- R136 million (2020: R91 million) relating to regulatory uncertainty;
- R52 million (2020: R60 million) relating to multiple causal events; and
- R123 million (2020: R165 million) relates to the provision for claw-back of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed.

Of the total compensation provisions, R311 million (2020: R308 million) is estimated to be payable after 12 months from the reporting date.

Restructuring provisions

The restructuring provisions previously recognised related to a closure provision recognised by the Old Mutual Hong Kong Branch.

The provision was utilised in the current year.

Provisions for donations

The provision for donations is predominately held in respect of commitments made by the South African business to the future funding of charitable donations. The funds were made available on the closure of the Group's unclaimed shares trusts which were set up as part of the demutualisation in 1999 and closed in 2006. All of this is regarded to be payable after more than one year due to the long-term nature of the agreements in place.

Other provisions

Other provisions include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties. Based on the maturity profile of other provisions, the total balance is estimated to be payable within 12 months from the reporting date.

Material, provisions and accruals are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments in respect of provisions, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

Due to the nature of the above provisions, the timing of the expected cash outflows is uncertain. Estimates of these provisions are reviewed annually and are adjusted as and when new circumstances arise.

The effects of discounting for all provisions noted above are immaterial.

G5: Contract liabilities

Contract liabilities¹ relates to initial fees received for the future provision of services that the Group will render on investment management contracts. These fees are recognised as a liability in the separate and consolidated statement of financial position and are amortised in the separate and consolidated income statements over the expected life of the contracts. The table below analyses the movements in contract liabilities.

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Balance at 1 January	76	65	165	122
Fees and commission income deferred	82	58	91	94
Amortisation	(52)	(48)	(98)	(63)
Foreign exchange and other movements	(20)	1	100	12
Amount reallocated from Other liabilities ²	618	–	618	–
Balance at 31 December	704	76	876	165

¹ At 31 December 2021, the previously disclosed deferred revenue note has been re-presented as contract liabilities.

² At 31 December 2021, the Loyalty Reserve attributable to Personal Finance was reclassified from other liabilities to contract liabilities.

Based on the maturity profile of the above liabilities from a Company perspective, R86 million (2020: -R13 million) is expected to be earned within 12 months from the reporting date. R618 million (2020: R89 million) is non-current.

Based on the maturity profile of the above liabilities from a consolidated perspective, R117 million (2020: R55 million) is expected to be earned within 12 months from the reporting date. R759 million (2020: R110 million) is non-current.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G6: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the temporary differences arise.

(a) Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

The movement on the deferred tax assets account is as follows:

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Deferred tax asset				
Tax losses carried forward ¹	1,082	579	1,214	712
Accelerated capital allowances	–	–	(3)	(10)
Investment contracts	–	–	15	18
Other temporary differences	3	–	63	69
Total	1,085	579	1,289	789

¹ In 2020 and 2021 carried forward tax losses have arisen in South Africa. A significant portion of the carried forward tax losses (R1,082 million) relate to transfer losses incurred between policyholder and shareholder funds within Old Mutual Life Assurance Company South Africa, this is mainly due to Covid-19 provisions raised over the last two reporting periods. Further, a deferred tax asset has been recognised in respect of cumulative tax losses amounting to R132 million by Adviceworx (Pty) Ltd, on the basis that the entity has exceeded its business case for the last two consecutive reporting periods thus demonstrating the recoverability of the deferred tax asset against future taxable profits. Management have interrogated the business case for all entities for which assets have been raised and are confident that these entities will generate sufficient future taxable profits against which these losses will be utilised.

The amounts for which no deferred tax asset has been recognised comprise:

At 31 December Rm	Consolidated			
	2021		2020	
	Gross amount	Tax	Gross amount	Tax
Tax losses				
Less than a year	110	31	–	–
Second to fifth years inclusive	62	17	358	105
After five years	2,690	753	799	224
Other temporary differences	284	79	–	–
Total	3,146	880	1,157	329

(b) Deferred tax liabilities

The movement on the deferred tax liabilities account is as follows:

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Deferred tax liabilities				
Deferred acquisition costs	–	–	–	–
Capital gains tax – shareholder	765	201	770	201
Capital gains tax – policyholder	4,424	3,048	5,025	3,638
Other temporary differences	196	139	197	136
Total	5,385	3,388	5,992	3,975
Reconciliation of net deferred tax liability				
At beginning of the year	(2,809)	(2,325)	(3,186)	(3,404)
Income statement charge	(1,322)	(640)	(1,360)	95
Foreign exchange and other movements	(182)	87	(149)	173
Charged to other comprehensive income	13	69	(8)	(50)
At end of the year	(4,300)	(2,809)	(4,703)	(3,186)

G7: Trade, other payables and other liabilities

At 31 December Rm	Notes	Separate		Consolidated	
		2021	2020	2021	2020
Amounts payable on direct insurance business					
Amounts owed to policyholders		2,543	2,242	2,882	2,667
Amounts owed to intermediaries		381	469	381	469
Other direct insurance operation creditors		–	710	–	710
		2,924	3,421	3,263	3,846
Accounts payable on reinsurance business		29	23	110	62
Accruals and deferred income		1,184	1,174	1,410	1,401
Post-employment benefits	11	1,306	1,262	1,306	1,262
Share-based payments – cash-settled scheme liabilities		474	265	474	281
Trade creditors		517	–	1,212	41
Outstanding settlements		4,094	2,168	9,512	6,030
Obligations in relation to collateral holdings		5,652	2,151	5,652	2,151
Interest bearing liabilities	G7.1	–	–	9,964	11,602
Liability in respect of repurchase agreements		16,085	20,309	16,085	20,309
Amount reallocated to Contract Liabilities ¹		(618)	–	(618)	–
Other liabilities		4,949	3,773	5,823	5,449
Trade, other payables and other liabilities		36,596	34,546	54,193	52,434

¹ At 31 December 2021, the Loyalty Reserve attributable to Personal Finance was reclassified from Other liabilities to Contract liabilities.

Included in the amounts above for OMLACSA separate is an amount of R34,034 million (2020: R32,359 million) that is regarded as current with the remainder regarded as non-current.

Included in the amounts above for OMLACSA Group is an amount of R45,587 million (2020: R39,523 million) that is regarded as current with the remainder regarded as non-current.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

G: Non-Financial Assets and Liabilities

G7.1 Interest bearing liabilities

The following table provides an analysis of the interest bearing liabilities included in trade, other payables and other liabilities:

For the year ended 31 December Rm	Maturity Date	Consolidated	
		2021	2020
Floating rate term loans			
EUR16 million drawn of a EUR16 million facility at 3 month EURIBOR +2.25%	Converted to fixed rate loan	–	288
EUR20 million drawn of a EUR20 million facility at 3 month EURIBOR +2.35%	Repaid	–	360
GBP25 million drawn of GBP25 million facility at 3 month LIBOR +2.40%	Converted to fixed rate loan	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +1.89%	Change in interest rate	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +1.89%	Repaid	–	506
R500 million drawn of a R500 million facility at 3 month JIBAR +2%	April 2024	510	–
R1 billion drawn of a R1 billion facility at 3 month JIBAR +1.55%	March 2022	1,000	999
EUR64 million drawn of EUR80 million facility at 2.32%	Converted to fixed rate loan	–	1,153
EUR67 million drawn of EUR67 million facility at 3 month EURIBOR +2.25%	February 2024	1,236	1,151
GBP22 million drawn of GBP22 million facility at 3 month LIBOR +3.50%	Converted to fixed rate loan	–	441
EUR77 million drawn of a EUR100 million facility at 3 month EURIBOR +2.77%	Converted to ZAR	–	1,241
EUR32 million drawn of EUR32 million facility at 3 month EURIBOR +2.60%	July 2023	503	528
EUR49 million drawn of a EUR50 million facility at 3 month EURIBOR +2.60%	October 2023	811	829
R500 million drawn of a R500 million facility at 3 month JIBAR +1.85%	March 2024	502	500
EUR16 million drawn of EUR16 million facility at 3 month EURIBOR +2.76%	Converted to ZAR	–	289
EUR38 million drawn of EUR38 million facility at 3 month EURIBOR +2.25%	March 2025	658	666
R82m loan facility 1.3%	Under negotiation	77	78
R400 million drawn of a R400 million facility at 3 month JIBAR +1.70%	April 2026	397	391
R300 million drawn of a R300 million facility at 3 month JIBAR +1.70%	April 2026	298	293
R500 million drawn at 3 Month JIBAR +2.19%	June 2025	509	–
R500 million drawn at 3 Month JIBAR +2.12%	June 2024	508	–
EUR2.9 million drawn at 3 month EURIBOR +2.8%	July 2023	51	–
Fixed rate term loans			
EUR16 million drawn at 2.22%	May 2023	294	–
R979 million drawn at 6.74%	June 2023	987	–
GBP 25.088 million drawn at 1.41%	February 2022	542	–
GBP 21.5 million drawn at 3.5%	July 2025	459	–
R300 million drawn at 8.70%	April 2023	308	318
GBP11 million drawn at 4.29%	Repaid	–	234
R300 million drawn at 8.87%	April 2023	314	325
Total fixed and variable rate term loans		9,964	11,602

Property to the value of R21,145 million (2020: R22,269 million) has been pledged as security for the interest bearing liabilities reflected in the table above.

G8: Share capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(a) Authorised share capital

At 31 December Rm	Separate and consolidated	
	2021	2020
10,000,000 ordinary shares of R1 each	10	10
10 redeemable preference shares of R1 each	–	–
10,000,000 redeemable, no par value preference shares	–	–
	10	10

(b) Issued share capital and share premium

At 31 December Rm	Separate and consolidated	
	2021	2020
8,000,001 ordinary shares	8	8
1 redeemable preference share of R1	–	–
Share premium	6,415	6,415

Subject to the restrictions imposed by the Companies Act, 71 of 2008, the unissued shares are under the control of the Directors until the forthcoming Annual General Meeting.

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For the year ended 31 December 2021

H: Interests in Subsidiaries, Associates and Joint Ventures

Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint Ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the group has control as defined in IFRS 10 are consolidated.	Entities over which the group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the group and the other contracting parties have joint control as defined in IFRS 11.

Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Group has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements'):

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related for non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Consolidation of investment funds and securitisation vehicles

The Group acts as a fund manager to a number of investment funds. In determining whether the Group controls such a fund, it will focus on an assessment of the aggregate economic interests of the Group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds, with regards to their practical ability to allow the Group not to control the fund. The Group assesses, on an annual basis, such interests to determine if the fund will be consolidated. The non-controlling interests in investment funds consolidated by the Group are classified as third-party interests in consolidated funds, a financial liability, in the consolidated statement of financial position. These interests are classified at fair value through profit or loss and measured at fair value, which is equal to the bid value of the number of units of the investment funds' scheme not owned by the Group.

The Group has sponsored certain asset-backed financing (securitisation) vehicles under its securitisation programme which are run according to pre-determined criteria that are part of the initial design of the vehicles. The Group is exposed to variability of returns from the vehicles through its holding of junior debt securities in the vehicles. It has concluded that it controls these vehicles and therefore has consolidated these asset-backed financing vehicles.

Structured entities

The Group is required to make judgements on what constitutes a structured entity. Accounting standards define a structured entity as an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an economic interest, the Group considers numerous factors. These factors may include the purpose and design of the investee, its practical ability to direct the relevant activities of the investee, the nature of its relationship with the investee and the size of its exposure to the variability of returns of the investee. The Group has evaluated all exposures and has concluded that all investments in investment funds as well as certain securitisation vehicles and other funding vehicles represent investments in structured entities.

(a)(i) Investments in subsidiaries, associated undertakings and joint ventures

The following table lists the Company's investments in subsidiaries, associated undertakings and joint ventures.

All shares held are ordinary shares and are held directly or indirectly by the Company.

Rm	2021			2020
	Number of issued ordinary shares	% interest	Carrying value	Carrying value
Unlisted joint ventures				
Old Mutual – CHN Energy Life Insurance Company Ltd (previously Old Mutual Guodian Life Insurance Company Ltd) ²	2,326,134	50%	846	1,363
Unlisted subsidiaries				
Old Mutual Technology Holdings Ltd ¹	11,000	100%	14	12
Community Property Holdings (Pty) Ltd ³	1,472,272,658	89.2%	4,664	4,012
Old Mutual Alternative Solutions Ltd ¹	45,000,001	89%	81	102
Old Mutual Health Insurance Ltd ¹	15,000,000	100%	1	1
Old Mutual Alternative Risk Transfer Ltd ¹	136	100%	42	33
Old Mutual Wealth (Pty) Ltd ¹	12,100	100%	5,747	5,231
Old Mutual Real Estate Holding Company (Pty) Ltd ¹	1,223,657,627	100%	12,794	13,096
Grand Central Airport (Pty) Ltd ¹	9,000	100%	200	220
22 Seven Digital (Pty) Ltd	2,541	100%	–	24
Old Mutual Alternative Investment Holdings (Pty) Ltd ¹	130	100%	–	–
REMchannel (Pty) Ltd	153	100%	65	64
Blue Hawk VI (Pty) Limited ¹	1	100%	346	335
			24,800	24,493

¹ Country of incorporation: Republic of South Africa

² Country of incorporation: China

³ Included in the investment in Community Property Holdings (Pty) Ltd is a loan receivable of R3,159 million (2020: R2,801 million)

(a)(ii) Analysis of capital advances to group undertakings

The Company has advanced capital amounting to R3,411 million (2020: R4,234 million) to Old Mutual Capital Holding (Pty) Limited.

Of the R3,411 million due by Old Mutual Capital Holding (Pty) Ltd, R2,325 million is unsecured but interest is levied at market related rates and there are fixed terms of repayment with a last date of repayment of 04 January 2027.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

H: Interests in Subsidiaries, Associates and Joint Ventures

H1: Subsidiaries

(a)(iii) Amounts due by/(to) group companies

The following tables provide analysis of the amount due to and from Group companies.

At 31 December Rm	Separate	
	2021	2020
Subsidiaries and associates		
Old Mutual Alternative Risk Transfer Ltd	1,520	1,519
Celestis Brokers Services (Pty) Ltd	44	(5)
Old Mutual Unit Trust Managers (RF) (Pty) Ltd	26	24
Old Mutual Real Estate Holding Company (Pty) Ltd	723	800
Masthead (Pty) Ltd	(1)	-
Acsis (Pty) Ltd	-	-
Old Mutual Alternative Solutions Ltd	24	15
22 Seven Digital (Pty) Ltd	-	10
Old Mutual Technology Holdings (Pty) Ltd	-	(3)
Old Mutual Wealth Services Company (Pty) Ltd	-	-
Old Mutual Wealth Trust Company (Pty) Ltd	28	41
Grand Central Airport (Pty) Ltd	(1)	3
Old Mutual Wealth Services Company (Pty) Ltd	-	1
Old Mutual Investment Services (Pty) Ltd	274	244
	2,637	2,649

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Holding companies				
Old Mutual Emerging Markets (Pty) Ltd (intermediary holding company)	54	97	54	97
Old Mutual Group Holdings (SA) Ltd (intermediary holding company)	-	40	-	40
Old Mutual Limited (ultimate holding company)	75	54	75	54
	129	191	129	191

(a)(iii) Amounts due by/(to) group companies

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Fellow subsidiaries				
Old Mutual (Africa) Holdings (Pty) Ltd	65	47	65	47
Old Mutual (South Africa) Share Trust	(283)	(240)	(283)	(240)
Old Mutual Investment Administrators (Pty) Ltd	21	20	21	20
Old Mutual Specialised Finance (Pty) Ltd	228	166	228	166
Old Mutual Finance (Pty) Ltd	327	238	327	238
Old Mutual Holdings (Kenya) Ltd	20	138	20	138
Old Mutual Black Distributors Trust	34	-	34	-
Old Mutual Transaction Services (Pty) Ltd	16	12	16	12
Futuregrowth Asset Management (Pty) Ltd	1	2	1	2
Old Mutual Alternative Investments (Pty) Ltd	(5)	(6)	(5)	(6)

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Old Mutual Zimbabwe Ltd	(1,422)	47	(1,422)	47
Old Mutual Investment Services (Pty) Ltd	33	66	-	-
OMSA Management Incentive Trust	(644)	(616)	(644)	(616)
Old Mutual Direct Holdings (Pty) Ltd	3	9	3	9
Old Mutual Investment Group (Pty) Ltd	(13)	(15)	(13)	(15)
African Infrastructure Investment Managers (Pty) Ltd	13	-	13	-
Old Mutual Life Assurance Company (Namibia) Ltd – Life	178	188	178	188
Old Mutual Life Assurance Company (Namibia) Ltd – Services	35	281	35	281
Old Mutual Investment Group (Namibia) (Pty) Ltd	2	2	2	2
Old Mutual Zimbabwe Ltd	-	9	-	9
Old Mutual Zimbabwe Ltd	-	114	-	114
Old Mutual Shared Services (Pvt) Ltd	-	19	-	19
Old Mutual Life Assurance Company (Malawi) Ltd	-	16	-	16
Old Mutual Life Assurance Co (Swaziland) Ltd	5	12	5	12
Faulu Microfinance Bank Ltd	1	17	1	17
Old Mutual Life Assurance Company (Ghana) Ltd	3	28	3	28
Old Mutual Insure Limited	17	169	17	169
Old Mutual Life Insurance Company (Botswana) Ltd	(9)	(7)	(9)	(7)
UAP Holdings Ltd	13	46	13	46
Old Mutual Limited Broad-Based Black Economic Empowerment Employee Trust	608	346	608	346
Old Mutual Limited Employee Trust	419	192	419	192
The Old Mutual Black Distributors Trust	34	42	34	42
Old Mutual International (Guernsey) Ltd	10	13	-	-
OMSA Broad-Based Employee Share Trust	(73)	(74)	(73)	(74)
Old Mutual Dividend Access Trust	(22)	(22)	(22)	(22)
Old Mutual West Africa Company Ltd	2	20	2	20
Old Mutual Foundation (Charitable Trust)	18	13	18	13
Old Mutual Financial Services Botswana (Pty) Ltd	9	9	9	9
Black Distributors SPV	15	15	15	15
REMchannel (Pty) Ltd	2	6	2	6
Mutual & Federal Investments (Pty) Ltd	(1)	(1)	(1)	(1)
Main Street 1844 Proprietary Limited	40	-	40	-
Old Mutual Capital Holding (Pty) Ltd	1 416	-	1 416	-
Old Mutual Zimbabwe Ltd	28	-	28	-
Old Mutual Life Assurance Company Zimbabwe Ltd	(11)	-	(11)	-
Old Mutual Funeral Services (Pty) Ltd	2	-	2	-
Old Mutual Rewards (Pty) Ltd	(32)	-	(32)	-
SIS Manco - Retail	23	-	23	-
Old Mutual Education SPV	1	-	1	-
Old Mutual Nigeria Life Assurance Company Ltd	(1)	-	(1)	-
Fairbairn Consult (Pty) Ltd	14	-	14	-
Other	9	9	5	(3)
	1,149	1,330	1,102	1,239
	3,915	4,170	1,231	1,430

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H: Interests in Subsidiaries, Associates and Joint Ventures

H1: Subsidiaries

At 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Amounts due by Group companies	6,477	5,181	3,794	2,432
Amounts due to Group companies	(2,562)	(1,011)	(2,563)	(1,002)
	3,915	4,170	1,231	1,430

All amounts due by or to group companies above are unsecured, interest free and are not subject to fixed terms of repayment.

(b) Transactions with related entities

The Company's immediate holding Company is Old Mutual Emerging Markets (Pty) Ltd, incorporated in South Africa, which holds 100% of the Company's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

The Company's principal associates, joint ventures and subsidiaries together with amounts due by or to them, are listed in Note H1.

At 31 December Rm	Separate 2021			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest Income	-	145	2,161	280
Dividend Income	-	7	692	180
Fee Expense	-	(288)	(349)	(114)
Insurance contract premiums income	-	-	46	141
Reinsurance contract premiums income	-	-	56	-
Claims and policyholder benefits income	-	-	48	-
Reinsurance contract benefits expenses	-	-	(44)	-
Statement of financial position				
Cash and short-term securities	-	-	-	-
Zero coupon bonds held	-	130	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1,671)	-	-
Call loans including interest	-	1,983	-	-
Promissory notes	-	441	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	-
Statement of changes in equity				
Dividends declared	(4,535)	-	-	-

(b) Transactions with related entities

At 31 December Rm	Separate 2020			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest Income	-	260	1,877	296
Dividend Income	-	5	487	742
Fee Income/(expense)	-	(140)	(277)	(127)
Insurance contract premiums expenses	-	-	20	147
Reinsurance contract premiums income	-	-	49	-
Claims and policyholder benefits income	-	-	45	-
Reinsurance contract benefits expenses	-	-	(41)	-
Statement of financial position				
Cash and short-term securities	-	-	-	4,043
Zero coupon bonds held	-	101	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1,572)	-	-
Call loans including interest	-	1,833	-	-
Promissory notes	-	431	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	2,808
Statement of changes in equity				
Dividends declared	(13,042)	-	-	-

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

H: Interests in Subsidiaries, Associates and Joint Ventures

H1: Subsidiaries

At 31 December Rm	Consolidated 2021			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest Income	-	65	-	280
Dividend Income	-	7	-	-
Fee Expense	-	(288)	-	-
Insurance contract premiums income	-	-	46	-
Reinsurance contract premiums income	-	-	56	-
Claims and policyholder benefits income	-	-	48	-
Reinsurance contract benefits expenses	-	-	(44)	-
Statement of financial position				
Cash and short-term securities	-	-	-	-
Zero coupon bonds held	-	130	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1,671)	-	-
Call loans including interest	-	1,983	-	-
Promissory notes	-	441	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	-
Statement of changes in equity				
Dividend expense	(4,535)	-	-	-
Consolidated 2020				
At 31 December Rm	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	-	142	-	296
Dividend income	-	5	-	-
Fee income expense	-	(262)	-	-
Insurance contract premiums income	-	-	20	-
Reinsurance contract premiums income	-	-	49	-
Claims and policyholder benefits income	-	-	45	-
Reinsurance contract benefits expenses	-	-	(4)	-
Statement of financial position				
Cash and short-term securities	-	-	-	5,032
Zero coupon bonds held	-	101	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1,572)	-	-
Call loans including interest	-	1,833	-	-
Promissory notes	-	431	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	2,808
Statement of changes in equity				
Dividends declared	(13,042)	-	-	-

At 31 December 2021, debt funding with a fair value of R4 696 million (2020: R4,376 million) had been lent to Old Mutual Specialised Finance (Pty) Ltd.

H2: Investments in associated undertakings and joint ventures

(a) Aggregate Group investment in associated undertakings and joint ventures

The following table presents the aggregate amounts for investment in associated undertakings and joint ventures at 31 December:

Year ended 31 December Rm	Consolidated	
	2021	2020
Balance at beginning of the year	2,132	26,709
Additions of investment in associated undertakings and joint ventures	94	89
Disposal of investment in associated undertakings and joint ventures ¹	(634)	(8,288)
Share of profit after tax	(26)	538
Share of other comprehensive losses	-	176
Impairment provision for investments in associated undertakings	-	(8,620)
Dividend income	(11)	(817)
Loss on disposal of investment in associated undertakings and joint ventures	-	(2,798)
Foreign exchange and other movements	(269)	84
Transfer of investments in associate companies to investments and securities	-	(4,763)
Fair value loss	-	(178)
Balance at end of the year	1,286	2,132

¹ During 2021, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA), sold 42% of its holding in Squarestone Growth LLP.

(b) Analysis of equity accounted and fair value investments in associated undertakings and joint ventures

Of the total carrying value of associates and joint-ventures, R370 million (2020: R1,130 million) relates to those that measured at fair value and R916 million (2020: R1,002 million) relates to those that have been equity accounted.

The Group's equity accounted and fair value investments in associated undertakings and joint ventures are as follows:

At 31 December 2021 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit
Other individually immaterial associates ²				501	12
Total investment in associate undertakings				501	12
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Ltd ¹	Life assurance	50%	Equity accounted	785	(38)
Total investment in joint ventures				785	(38)
Total investments in associates and joint ventures				1,286	(26)

¹ Country of incorporation: China

² During 2021, there was no individual material associate to be separately disclosed

At 31 December 2020 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit
Associated undertakings					
Other individually immaterial associates				1,248	694
Total investment in associate undertakings				1,248	694
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Ltd	Life assurance	50%	Equity accounted	884	(156)
Total investment in joint ventures				884	(156)
Total investments in associates and joint ventures				2,132	538

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For the year ended 31 December 2021

H: Interests in Subsidiaries, Associates and Joint Ventures

H2: Investments in associated undertakings and joint ventures

(c) Aggregate financial information of immaterial investments in joint ventures

The aggregate financial information of other immaterial investments in associated undertakings and joint ventures is as follows:

At 31 December Rm	2021	2020
Total current assets	7,488	5,882
Total non current assets	12,014	14,892
Total current liabilities	(4,171)	(2,607)
Total non current liabilities	(12,340)	(12,924)
Total revenues	2,762	2,176
Total comprehensive loss	(130)	(364)

(d) Aggregate financial information of other investments in associated undertakings and joint ventures

At 31 December Rm	2021	2020
	Old Mutual-CHN Energy Life Insurance Company	Old Mutual-CHN Energy Life Insurance Company
Carrying value	785	884
Statement of comprehensive income		
Revenue	2,537	1,619
Loss from continuing operations	(78)	(347)
Total comprehensive loss	(78)	(347)
Statement of financial position		
Current assets	6,541	4,676
Cash and cash equivalents	2,309	2,296
Non-current assets	7,949	6,545
Current liabilities	(2,442)	(1,566)
Non-current liabilities	(9,925)	(7,654)
Net assets	2,122	2,000

(e) Contingent liabilities and commitments

At 31 December 2021 and 31 December 2020, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.

H3: Structured entities

(a) Group's involvement in structured entities

In structured entities, voting rights are not the predominant factor in deciding who controls the entity but rather the Group's exposure to the variability of returns from these entities. The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the Group in the fund in the form of interest held and exposure to variable returns.

In most instances, the Group's decision-making authority, in its capacity as fund manager, with regard to these funds is regarded to be well-defined. Discretion is exercised when decisions regarding the relevant activities of these funds are being made. Fund management agreements include only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis. The Group has concluded that it acts as agent on behalf of the investors in all instances.

The Group is considered to be acting as principal where the Group is the fund manager and is able to make the investment decisions on behalf of the unit holders, earn a variable fee, and there are no kick-out rights that would remove the Group as fund manager.

The Group has not provided any non-contractual support to any consolidated or unconsolidated structured entities.

The Group has committed to providing certain liquidity facilities for certain securitisation vehicles.

Refer to Note H: Basis of consolidation and equity accounting, for the Group's policy on consolidation.

The table below summarises the types of structured entities the Group does not consolidate, but may have an interest in:

Type of structured entity	Nature	Purpose	Interest held by the Group
• Investment funds	• Manage client funds through the investment in assets	• Generate fees from managing assets on behalf of third party investors	• Investments in units issued by the fund
• Security vehicles	• Hold and realise assets as a result of the default of a client	• These entities seek to protect the collateral of the Group on the default of a loan	• At 31 December 2021, the Group held no value in security vehicles
• Clients investment entities	• Hold client investment assets	• Generates various sources of income for the Group	• None
• Black Economic Empowerment (BEE) funding	• Fund the acquisition of shares by a BEE partner	• Generates interest on the funding provided	• Loans to BEE schemes

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. All of the investment vehicles in the investment portfolios are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

(b) Interest in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as investments and securities held at fair value through profit or loss. The Group does not sponsor any of the unconsolidated structured entities.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

H: Interests in Subsidiaries, Associates and Joint Ventures

H3: Structured entities

The table below provides a summary of the carrying value of the Group's interest in unconsolidated structured entities for both continuing operations and those classified as held for distribution:

At 31 December Rm	Consolidated	
	2021	2020
Debt securities, preference shares and debentures	1,917	1,881
Equity securities	4,655	4,250
Pooled investment funds	183,553	142,381
Total	190,125	148,512

The Group's maximum exposure to loss with regard to the interests presented above is the carrying amount of the Group's investments. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are largely less than 50% and as such the net asset value of these structured entities are likely to be significantly higher than their carrying value.

Pooled investment funds include the following investments:

Fund 1

The Fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term. The fund invests in government securities, listed debt and equity securities. As at year end the Company's interest in the fund totalled R7,849 million compared to a total fund size of R102,875 million.

Fund 2

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The fund invests in government securities, listed and unlisted debt securities, listed and unlisted equity securities. As at year end the Company's interest in the fund totalled R7,570 million compared to a total fund size of R156,169 million.

Fund 3

The portfolio aims to preserve capital, but provide returns in excess of that offered by a traditional money market portfolio. The mandate is, however, more flexible and the average portfolio duration will be longer than that of traditional money market portfolios. The portfolio complies with Regulation 28 of the South African Pension Funds Act. As at year end the Company's interest in the fund totalled R4,647 million compared to a total fund size of R58,984 million.

(c) Other interests in unconsolidated structured entities

The Group receives management fees and other fees in respect of its asset management businesses that manage investments in which the Group has no holding. These also represent interests in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The Group does not sponsor any of the funds or investment vehicles from which it receives fees.

I: Other Notes

II: Post-employment benefits

The Group's post retirement schemes provide for the retirement, medical and disability benefits of employees and have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Actuarial advice confirms that the existing assets are adequate to secure members' benefits over the remaining service lives of participating employees. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they operate. The post-retirement medical aid benefit is no longer offered by the Group and therefore the disclosure relates to winding up of this benefit.

The movement analysis of post-employment benefits presented in note II(a) includes the information for all of the Group's pension schemes, including movements in plan assets for the year.

Restriction on the ability to access individual pension fund surpluses

The Group has pension fund surpluses and its ability to access the surpluses is regulated by local laws and regulations. In all situations, the Group does not have the unilateral right to access these surpluses as the use of the surplus must be approved by the relevant governing bodies of the pension funds.

(a) Liability for defined benefit obligations

Year ended 31 December Rm	Separate and Consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
Changes in projected benefit obligation				
Projected defined benefit obligation at beginning of the year	250	226	1,262	1,363
Current service cost	1	2	14	17
Interest cost on benefit obligation	24	22	121	122
Measurement (gains)/losses arising from experience adjustments	(58)	-	(28)	(177)
Benefits paid	-	-	(63)	(63)
Foreign exchange and other movements	-	-	-	-
Projected defined benefit obligation at end of the year	217	250	1,306	1,262
Change in plan assets				
Plan assets at fair value at beginning of the year	250	226	-	-
Actual return on plan assets	(33)	24	-	-
Plan assets at fair value at end of the year	217	250	-	-
Net defined benefit obligation	-	-	(1,306)	(1,262)
Net amount recognised in consolidated statement of financial position	-	-	(1,306)	(1,262)

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

I: Other Notes

II: Post-employment benefits

(b) Principal actuarial assumptions

The significant actuarial assumptions and sensitivities of the defined benefit liabilities to changes in those assumptions are set out below:

	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
Discount rate used	10.0%	9.9%	10.6%	10.2%
Price inflation	6.1%	4.7%	6.1%	4.7%
Rate of future salary increases	7.1%	5.7%	7.1%	5.7%
Expected return on plan assets	10.0%	9.9%	10.4%	9.8%

Actuarial assumptions used in calculating the projected benefit obligation are based on mortality estimates in line with that adopted for the 92 series of mortality tables prepared by the Continuous Mortality Investigation Bureau of the Institute of Actuaries.

The effect to the Group's obligation of a 1% increase and 1% decrease in the assumed health cost trend rates would be an increase of R177 million and decrease of R148 million (2020: increase of R171 million and decrease of R144 million) respectively.

(c) Plan asset allocation

Plan asset allocation relates to all of the Group's pension schemes is as follows:

%	Separate and consolidated	
	2021	2020
Equity securities	62.1	58.5
Debt securities	20.7	23.2
Property	6.4	6.7
Annuities and other	10.8	11.6
	100.0	100.0

(d) Expenses recognised in the income statements

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2021	2020	2021	2020
Current service costs	1	2	14	17
Net interest income	24	22	121	122
Total (included in staff costs)	25	24	135	139

II: Share-based payments

(a) Share incentive schemes

The Group incentivises employees through a number of incentive schemes. These include a short term incentive (STI), long term incentive (LTI) and broad-based incentive (BBI) schemes. These schemes are cash settled.

More information on the Group's share incentive schemes is available in the Old Mutual Limited Remuneration Report which will be released in April 2022 and can be accessed on <https://www.oldmutual.com/investor-relations/reportingcentre/reports>

Short term incentive scheme (STI)

These awards are granted under the Employee Share Ownership Plan (ESOP) rules. STI consist of the deferred short term incentive, buy-out/sign on and retention awards.

Deferred short term incentive awards

A portion of the annual short term incentive award, for middle management and above, is mandatorily deferred for a maximum period of 3 years. This deferral is converted to OML forfeitable shares for participants in South Africa and Namibia. Awards granted in 2021 and to be granted in 2022 vest in three equal tranches on the first, second and third anniversaries of the award, and have no further financial performance conditions. The awards are subject to malus and clawback conditions.

Buy-out/Sign-on awards

These awards support the recruitment of key and/or critical talent into the organisation subject to stringent policy guidelines. Buy-out awards replace protentional loss of income/unvested awards for new joiners, in addition to settling financial obligations that the new joiner may have with their previous employer. Sign-on awards increase the overall competitiveness and attractiveness of an offer, specifically for the recruitment of scarce skills or high potential individuals. These awards are granted in OML forfeitable shares for participants in South Africa and Namibia. The awards are subject to malus and clawback conditions.

Retention awards

These awards are granted in special circumstances to retain key talent based on the outcomes of the Group Talent Management Strategy, or scarce and/or critical skills identified as a potential flight risk. The awards typically vests after 3 years. The awards are subject to malus and clawback conditions.

Long term incentive scheme (LTI)

These awards are granted under the Long Term Incentive Plan (LTIP) rules. To align long term shareholder and senior management interests, these awards are granted to senior managers and above, on a discretionary basis, subject to a minimum individual performance outcome. Awards granted in 2021 are OML conditional shares for participants in South Africa and Namibia. Vesting is subject to company and individual performance targets, and vests in equal tranches on the third, fourth and fifth anniversaries of the award. The awards are subject to malus and clawback conditions.

Broad-based incentive scheme (BBI)

A once-off broad-based share incentive scheme was awarded in September 2018 to all employees permanently employed at the time of Old Mutual listing on the JSE and still in service on the date of grant. This award was in recognition of each employee's contribution to the smooth transition to listing, and the anticipated future contribution they would make to the Group. In terms of this scheme, 25 254 employees were initially allocated 366 Old Mutual Limited shares each, totalling 8 485 344 shares (at a share price of R29.80). This initial grant was supplemented by a further 128 Old Mutual Limited shares at a share price of R22.00 (3 232 512 shares in total). The total Old Mutual Limited shares allocated were 11 717 856. The awards granted under the ESOP rules vested on 18 September 2020. After taking into account the lapse of shares linked to leavers, 11 122 496 Old Mutual Limited shares vested at a share price of R10.07.

(b) Measurements and assumptions

The income statement charge is measured as the change in the fair value of the cash-settled share-based payment liability during the reporting period.

(c) Forfeitable/Restricted share grants

The following table summarises the fair value of restricted shares granted by the Group during the year:

Instruments granted and purchased during the year		Separate and Consolidated	
		Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	2021	32,144,808	R9.05
	2020	28,424,885	R11.89

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For the year ended 31 December 2021

I: Other Notes

I2: Share-based payments

Included in the 2021 awards above are 10,128,012 shares issued on 3 December 2021. These awards were made at the discretion of the Remuneration Committee in order to compensate share scheme participants for the special dividend declaration made by Old Mutual on the 8 November 2021. These awards are linked to previous granted awards and carry the same terms and condition of those original awards. The fair value of the combination of the previous awards and the new awards did not exceed the benefit initially granted to employees and therefore the grant date fair value of these awards was assessed to be zero.

	Number of shares 2021	Weighted average fair value R	Number of shares 2020	Weighted average fair value R
Deferred Short Term Incentive (STI)				
Movements in non-vested shares				
1 January ¹	29,542,351	11.89	20,628,164	19.66
Granted	14,042,114	8.10	16,123,669	11.90
Settled	(4,464,671)	13.28	(5,437,443)	11.33
Lapsed	(2,033,384)	13.10	(1,772,039)	11.89
31 December¹	37,086,410	13.10	29,542,351	11.89
Long Term Incentive Plan Awards (LTI)				
Movements in non-vested shares				
1 January ¹	7,744,509	11.89	4,842,157	19.66
Granted	9,387,641	9.96	5,026,585	11.94
Settled	(330,661)	13.49	(386,137)	10.96
Lapsed	(1,266,325)	13.10	(1,738,096)	11.89
31 December¹	15,535,164	13.10	7,744,509	11.89
Buy-Out/Sign On Awards (STI)				
Movements in non-vested shares				
1 January ¹	–	11.89	–	–
Granted	2,220,557	9.96	–	–
Lapsed	(95,528)	13.10	–	–
31 December¹	2,125,029	13.10	–	–
Retention Awards (STI)				
Movements in non-vested shares				
1 January ¹	12,416,149	11.89	8,404,974	19.66
Granted	6,494,496	8.18	7,274,631	11.77
Settled	(1,605,809)	13.40	(1,317,549)	11.40
Lapsed	(1,423,878)	13.10	(1,945,907)	11.89
31 December¹	15,880,958	13.10	12,416,149	11.89
Broad-Based Awards (BBI)				
Movements in non-vested shares				
1 January ¹	301,600	11.89	4,959,696	19.66
Settled	(298,352)	8.82	(4,319,840)	10.24
Lapsed	–	–	(338,256)	11.89
31 December¹	3,248	13.10	301,600	11.89

1. Share price at reporting date (and not the weighted average fair value).

No adjustment was made in the above weighted average fair value for expected dividends where the holder of the restricted share is entitled to dividends throughout the vesting period.

(d) Deferred short term incentive awards – forecasted

The annual bonus allocation (South Africa and Namibia) gives rise to deferred short term incentive awards. The start of the vesting period of these awards have been determined as 1 January of the year prior to the date of issue, to take into account the element of the award linked to previous performance. The initial fair value is determined by estimating the level of awards to be made in the following year taking into account expected company and individual performance.

The Group anticipates awards under the South African scheme of 14,688,571 restricted shares (2020: 10,908,375). The restricted shares have been valued using a share price of R11.89 (2020: R11.89). A new method was used to calculate the forecast grant which is based on a rand value determined at 1 January using the last reported share price and not adjusted for changes in the share price until the actual awards are made. Comparative for 31 December 2020 would be 6,597,181 shares at R19.66.

(e) Financial impact

Year ended 31 December Rm	Separate		Consolidated	
	2021	2020	2021	2020
Expense arising from cash settled share and share option plans	243	(53)	227	(37)
Closing balance of liability for cash settled share awards	474	265	474	281

I3: Related parties

(a) Transactions with key management personnel, remuneration and other compensation

The Company's key management personnel include all members of the Board, (both executive and non executive directors) and prescribed officers as defined by the Companies Act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee will also be included as key management personnel.

The definition of key management personnel also includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may influence, or be influenced by that person in their dealings with the Group. These may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

The Directors' Emolument disclosure required by the Companies Act are set out in Note L. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released on April 2022 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

(a) Transactions with key management personnel, remuneration and other compensation

Year ended 31 December	2021		2020	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees	12	24	11	22
Remuneration	–	83	–	53
Salaries and other benefits	11	65	12	55
Termination benefits	–	–	2	–
Share-based payment expense	10	18	12	(2)
		107		75

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I: Other Notes

13: Related parties

	2021		2020	
	Number of personnel	Number of options/shares '000s	Number of personnel	Number of options/shares '000s
Restricted shares				
Outstanding at beginning of the year	10	6,673	11	5,361
Leavers	1	-	3	(1,575)
New appointments	1	-	2	616
Granted during the year	-	6,994	-	3,658
Lapsed during the year	-	(607)	-	(236)
Released during the year	-	(525)	-	(1,151)
Outstanding at end of the year	10	12,535	10	6,673

Transactions with key management personnel are made on terms equivalent to those that prevail in arm's length transactions.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2021 were as follows.

Year ended 31 December	2021		2020	
	Number of personnel	Value R000's	Number of personnel	Value R000's
Current accounts	4	-	8	2
Credit cards	-	-	3	2
Mortgages	-	-	2	7
Investments	7	129	11	112
Property & Casualty contracts				
Total premium paid during the year	4	-	4	-
Claims paid during the year	-	-	-	-
Life insurance products				
Total sum assured/value of investment at end of the year	9	63	10	72
Pensions				
Value of pension plans as at end of the year	9	102	11	122

Various members of key management personnel hold or have at various times during the year held, investments managed by asset management businesses of the Group. These include unit trusts, mutual funds and hedge funds.

None of the amounts concerned are material in the context of the funds managed by the Group business concerned, and all of the investments have been made by the individuals concerned either on terms which are the same as those available to external customers generally or, where that is not the case, on the same terms as were available to employees of the business generally.

(b) Transactions and balances with other related parties

Material subsidiaries of the Group are identified in note 11(a) and the Group's material investments in associated undertakings and joint ventures are identified in note 12.

Transactions between the Group and its related parties, other than key management personnel are disclosed below. All these transactions were entered into in the normal course of business.

Rm	2021	2020
Outstanding balances with associated undertakings		
Bonds, derivatives and other financial instruments due from Nedbank ¹	-	2,808
Loan due to Nedbank ¹	-	(409)
Deposits owing from Nedbank to Group subsidiaries ¹	-	15,942
Balances owing from Nedbank to Group subsidiaries ¹	-	8,019
Transactions with associated undertakings		
Dividend received from Nedbank	477	687
Interest income from Nedbank to Group subsidiaries	(1,271)	(701)
Interest expense to Nedbank from Group subsidiaries	2,585	2,086
Insurance premiums received from Nedbank	141	147
Claims paid to Nedbank	(88)	(74)
Commission expense paid to Nedbank by Group subsidiaries	(25)	(26)
Management fee expense paid to Nedbank	(169)	(185)
Management fee income from Nedbank	55	58
Fees paid for provision of information technology services to the Group	(123)	(228)
Rent received from Nedbank	14	18

¹ The group and Nedbank's related party relationship ceased during the 2021 reporting period, outstanding balances are not disclosed in respect of parties that were not related at the end of the reporting period.

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For the year ended 31 December 2021

I: Other Notes

13: Related parties

(c) Investments in the Kutana group of companies

Thoko Mokgosi-Mwantembe, a non-executive director of the Company, is also the Chief Executive Officer and sole equity holder of Kutana Capital (Pty) Ltd (Kutana).

Old Mutual Specialised Finance, provided preference share funding to Luxanio 220 (RF) (Pty) Ltd, a wholly owned subsidiary of Kutana. In light of this investment, the Group continues to review relationships where Kutana has significant influence in the wider structure and have provided additional information in respect of these relationships. No additional funding was provided to Luxanio 220 (RF) (Pty) Ltd during the current period.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders, to In2Food Group (Pty) Ltd through an entity called Middle Road Packers (Middle Road), an entity in which Kutana has an effective ownership of 35%.

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a non-executive director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure and the IFRS 10 assessment, the Group has no influence over the investment decisions of this fund and this fund is not consolidated.

The transactions concluded with the Kutana Group of companies and fellow subsidiaries arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features to the Group.

At 31 December Rm	2021	2020
Debt instruments held		
Preference shareholding – Luxanio 220 (RF) (Pty) Ltd	277	250
Mezzanine debt – In2Food Group (Pty) Ltd	42	37
Term loan A – In2Food Group (Pty) Ltd	25	76
Term loan B – In2Food Group (Pty) Ltd	137	124
Income earned		
Preference dividends accrued – Luxanio 220 (RF) (Pty) Ltd	20	20
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	–	–
Term loan A interest accrued – In2Food Group (Pty) Ltd	1	1
Term loan B interest accrued – In2Food Group (Pty) Ltd	1	1

14: 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 our customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with our customers and regulators to ensure that we meet this commitment. 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 Finance relationship agreements

Various Agreements between the Old Mutual Life Assurance Company (South Africa) Limited and Old Mutual Finance contain provisions regarding the seat cost model in respect of insurance sales and servicing conducted in the Old Mutual Finance branch network. There is a disagreement as to the accuracy of charges to the Group for the current and prior reporting periods. In the event that Old Mutual Finance persists with a formal claim for under recovery of historical charges, the legal merit and quantum of the matter will be resolved through arbitration and/or legal proceedings.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

I: Other Notes

15: 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	2021	2020
Rm		
Investment property	716	425
Intangible assets	190	228

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

The Group entered into several contracts with an estimated value of R190 million (2020: 228 million) relating to external technology service providers to procure various services and IT Software products and solutions.

Commitments relating to investment properties have been made totalling R716 million (2020: R425 million) for the Group.

The Group entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment at 31 December 2021 is R12,746 million (2020: R11,819 million).

The Group encumbered its investment in N3 Toll Concession (N3TC) in favour of a Group of funders (including commercial banks and financial institutions) as security for financing to the value of R57 million (2020: R126 million).

Old Mutual Guernsey, a branch of the Group, reserved USD 343 million of policyholder assets in a trust; currently the trustees are Credit Suisse. This is a requirement by the Guernsey regulator.

The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses.

16: Cash flow information

Management consider it appropriate for all cash flows relating to Investment portfolios backing policyholder liabilities and supporting regulatory and Group risk adjusted minimum capital levels, other than interest income and dividend income, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

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

Rm	Notes	Separate		Consolidated	
		December 2021	December 2020	December 2021	December 2020
Fair value gains and losses on debt instruments		9	(123)	9	(123)
Depreciation and amortisation		827	468	872	531
Net fair value (gains) or losses		(90,580)	(6,355)	(101,294)	(12,760)
Net fair value losses on the revaluation of Investment property		-	-	1,615	2,764
Non-cash movement in policyholder liabilities		96,223	26,848	96,312	26,104
Finance costs (including interest and similar expenses)		435	-	436	-
Share based payment charge		209	(159)	193	(142)
Charges to provisions and post employment benefits obligations		55	(320)	(98)	(1,745)
Impairment of investment in associate undertakings		-	-	-	8,620
Impairment of goodwill		-	-	202	-
Impairment of fixed assets		445	-	445	-
Credit impairment charges		116	-	237	-
Loss on disposal of subsidiaries and associated undertakings		-	-	51	2,964
Non-cash changes in consolidated investment funds		-	-	11,911	-
Total Non-cash movement and adjustments to profit before tax		7,739	20,359	10,891	26,213
Changes in Working Capital					
Deferred acquisition costs		(267)	64	(273)	94
Deferred revenue		680	508	810	1,038
Loans and advances		(111)	2	(232)	2
Trade, other receivables and other assets		(2,722)	611	(2,703)	1,210
Trade, other payables and other liabilities		(1,867)	(8,947)	(2,255)	(7,730)
Consolidation of funds		-	-	(453)	-
Re-insurance contracts		(338)	(1,941)	(419)	(2,183)
Loans to/from group companies		(944)	(538)	(1,337)	(874)
Collateral Owing		3,501	(84)	3,501	(87)
Total changes in working capital		(2,068)	(10,325)	(3,361)	(8,530)

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

I: Other Notes

17: Events after the reporting date

Unrest in Eastern Europe

Old Mutual has interests in commercial properties in Bucharest, Romania and Sofia, Bulgaria to the value of R6.3 billion as at 31 December 2021. On 24 February 2022 Russian armed forces invaded Ukraine and since then there has been war in Ukraine. Ukraine's neighbour to the South is Romania and Bulgaria is south of Romania. Neither Romania nor Bulgaria are involved in the conflict, other than indirectly through refugees potentially looking to Romania for refuge. Both are members of the North Atlantic Treaty Organisation which through Article 5 (an attack on one is an attack on all) gives them significant protection. We do not believe that any of the properties are impacted by the set of sanctions set out by many world countries as there are no Russian companies who tenant the buildings. We continue to monitor the situation.

Tax Rate Change

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

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

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

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

J: Future standards, amendments to standards and interpretations not early-adopted in the 2021 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases.

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group had significant exposure to IBORs on its financial instruments that were replaced or reformed as part of these market-wide initiatives.

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 (Phase 2 amendments), which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The Interest Rate Benchmark Reform Phase 2 resulted in amendments to IFRS 7, IFRS 9, IAS 39 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The Group does not have any significant impact from these amendments as the majority of the Group's financial assets and financial liabilities are measured at fair value through profit or loss. The Group is also mostly exposed to JIBAR (Johannesburg) and to a lesser extent LIBOR (London) and EURIBOR (Euro) rates through its borrowed funds. There are currently no material leases that are linked to IBOR rates. The LIBOR reform is expected to be completed by June 2023 and there is currently no set date for the JIBAR reform. The Group will only transition to alternative benchmarks as each interest rate benchmark is replaced. The Group is in the process of determining the estimated impact as none of the interest rate benchmarks it is exposed to has been replaced yet. The Group does not expect that there will be a material impact to as a result of these amendments.

IFRS 17 Insurance Contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, a two year deferral from the original effective date of 1 January 2021.

The new standard will affect the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities, disability insurance, and property & casualty insurance) or investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments). The most significant impacted subsidiary will be the Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). However, all other Group entities with life and short term insurance licences will also be impacted.

In 2017 the Group instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chairs a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. Each major IFRS 17 focus area (i.e. Group, Rest of Africa and Old Mutual Insure) is also governed by a delivery committee, which consists of senior finance and actuarial managers who make decisions on scope, design and enablement for their relevant focus areas. IFRS 17 Projects were also mobilised in segments and countries during 2019, each with their own governance and decision-making forums. All decisions relating to the interpretation of the standard (i.e. policies and methodologies) are made by a Technical Review Committee, which consists of actuarial and finance subject matter experts across the Group. Ratification of major decisions is done by the steering committee. Programme resources include a mix of dedicated and shared internal technical experts, as well as external consultants where appropriate.

The main focus of the programme during 2020 was the finalisation of key policy and methodology decisions, the assessment and analysis of the financial impact of transition to IFRS 17, as well as progressing process design, actuarial enablement, finance and data enablement activities. Assurance reviews were also initiated on policy and methodology papers and have progressed in line with plans.

Indicative transition calculations have been performed on 2018, 2019, and 2020 financial results. This process will continue through 2022. Significant focus in 2021 was on finalising the transition methodology and transition approaches for the Group. Actuarial modelling development, which is the most significant enablement requirement on the programme in addition to transition and data sourcing and system changes, commenced in 2018 and progressed in line with planned milestones for 2021. The build of a robust financial data model, CSM calculation engine and results repository progressed according to plans during 2021 and the key focus in 2022 is to close out remaining build and testing activities and ensure successful user adoption across the Group. The new capability leverages the existing financial reporting landscape and provides a sustainable, long term IFRS 17 solution. Design of insurance risk and other disclosures as well as assurance review and testing continued into 2021, as did related build and enhancements to reporting and disclosure tools.

The Rest of Africa Project progressed with process design, data sourcing and finance enablement in 2020 and the key focus in 2021 is on completing the aforementioned, as well as progressing transition calculations for material portfolios in scope. The Old Mutual Insure Project procured an IFRS 17 reporting solution during 2019 and is currently busy with implementation thereof, whilst finalising process and data enablement in parallel.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

J: Future standards, amendments to standards and interpretations not early-adopted in the 2021 financial statements

Accounting policies

New standards and interpretations

There were no new standards effective for the first time in the annual reporting period commencing on 1 January 2021. The following amendments were applicable to reporting standard in issue for prior to 1 January 2021:

The Company has adopted the following Standards for the first time in the annual reporting period commencing 1 January 2021:

- IFRS 16: Leases (COVID-19 Related Rent Concession)
- IBOR Reform phase 2 amendments

These standards are not expected to have a material impact on the financial statements.

New standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2021.

- IAS 1 amendments on classification
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 Business Combinations
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.
- IFRS 17 Insurance Contracts
- Amendment to IAS 1 Classification of liabilities as current or non-current
- IAS 1 Presentation of Financial Statement
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12
- Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

These standards are not expected to have a material impact on the financial statements.

K: Directors' emoluments

The Directors' Emoluments disclosures required by the Companies' Act are set out below and includes disclosure in relation to Executive Directors and Prescribed Officers. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2022 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

Executive directors	Iain Williamson		Casper Troskie	
	2021	2020	2021	2020
Salary	8,799,819	7,806,344	5,120,531	4,625,970
Other Benefits	249,577	46,755	-	-
Retirement Benefits	324,450	241,510	185,719	167,781
TGP	9,373,846	8,094,609	5,306,250	4,793,751
Bonus Amounts	3,046,680	1,645,313	1,823,250	2,443,856
Total excluding share-based payments	12,420,526	9,739,922	7,129,500	7,237,607
<i>IFRS 2 fair value of unvested shares at year end owed to director</i>	8,473,832	5,549,349	7,341,596	8,049,142
<i>Number of shares vested</i>	81,936	108,776	160,856	464
<i>Class of share</i>	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Clarence Nethengwe		Kerrin Land	
	2021	2020	2021	2020
Salary	4,461,928	4,162,310	4,313,108	3,649,635
Other Benefits	1,680	700	150,500	151,500
Retirement Benefits	161,892	150,990	161,892	137,865
TGP	4,625,500	4,314,000	4,625,500	3,939,000
Bonus Amounts	1,980,750	932,782	2,009,250	932,782
Total excluding share-based payments	6,606,250	5,246,782	6,634,750	4,871,782
<i>IFRS 2 fair value of unvested shares at year end owed to director</i>	5,937,509	5,077,497	3,354,657	2,547,116
<i>Number of shares vested</i>	66,889	46,648	29,637	34,442
<i>Class of share</i>	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Prabashini Moodley		Zureida Ebrahim ²	
	2021	2020	2021	2020
Salary	3,992,687	3,715,249	723,750	-
Retirement Benefits	144,813	134,750	26,250	-
TGP	4,137,500	3,849,999	750,000	-
Bonus Amounts ¹	701,250	833,625	3,352,500	-
Total excluding share-based payments	4,838,750	4,683,624	4,102,500	-
<i>IFRS 2 fair value of unvested shares at year end owed to director</i>	2,949,797	2,005,115	-	-
<i>Number of shares vested</i>	23,187	26,198	-	-
<i>Class of share</i>	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Heloise Van Der Mescht ²		Karabo Morule	
	2021	2020	2021	2020
Salary ³	3,725,266	3,842,581	-	350,197
Other Benefits	31,165	30,564	-	11,678
Retirement Benefits	94,534	92,711	-	13,125
TGP	3,850,965	3,965,856	-	375,000
Bonus Amounts	925,539	860,608	-	-
Other	-	-	-	279,865
Total excluding share-based payments	4,776,504	4,826,464	-	654,865
<i>IFRS 2 fair value of unvested shares at year end owed to director</i>	2,113,559	1,670,236	-	-
<i>Number of shares vested</i>	25,619	35,408	-	-
<i>Class of share</i>	Ordinary	Ordinary	Ordinary	Ordinary

¹ Zureida's bonus amounts include a cash sign-on bonus of R3 150 000.

² Heloise was a prescribed officer until 31 October 2021 as the COO role was permanently filled effective 1 November 2021 by Zureida Ebrahim, therefore Heloise's disclosure represents 10 months in service and Zureida's disclosure represents 2 months in service.

³ Heloise's salary includes a COO acting allowance of R1 137 500.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

K: Directors' emoluments

Bonus share awards¹

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Pre-Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Iain Williamson													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	108,854	-	73,476	35,378	-	988,252	475,834	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	72,414	-	-	-	72,414	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	12,232	-	-	12,232	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	254,882	-	-	-	254,882	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	254,882	-	-	-	254,882	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	254,881	-	-	-	254,881	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	43,054	-	-	43,054	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	601,605	-	-	601,605	-	-	2,288,767
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	101,622	-	-	101,622	-	-	386,614
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	601,605	-	-	601,605	-	-	2,288,767
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	101,621	-	-	101,621	-	-	386,610
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	601,604	-	-	601,604	-	-	2,288,763
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	101,621	-	-	101,621	-	-	386,610
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	46,558	-	-	46,558	-	-	626,205	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	62,667	-	-	-	62,667	-	-	769,072
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	10,586	-	-	10,586	-	-	129,915
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	175,733	-	-	-	175,733	-	-	2,156,660
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	29,684	-	-	29,684	-	-	364,293
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	27,932	-	-	27,932	-	-	342,792
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	27,932	-	-	27,932	-	-	342,792
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	27,931	-	-	27,931	-	-	342,780
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	4,719	-	-	4,719	-	-	57,913
Total						1,375,699	2,413,758	73,476	81,936	3,634,045	988,252	1,102,039	12,648,174

¹ Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

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K: Directors' emoluments

Bonus share awards¹

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units					Value (Pre-Tax)		
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Casper Troskie													
Long-Term Incentive Plan													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	11.94	12.27	100,671	-	67,953	32,718	-	1,019,295	490,770	-
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	11.94	12.27	100,671	-	67,953	-	32,718	833,944	-	401,527
2018 Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	-	5,527	-	-	5,527	-	-	67,829
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	11.94	12.27	100,672	-	67,954	-	32,718	833,956	-	401,527
2018 Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	-	5,527	-	-	5,527	-	-	67,829
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	11.94	12.27	38,196	-	25,782	12,414	-	386,730	186,210	-
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	11.94	12.27	38,196	-	25,782	-	12,414	316,406	-	152,349
2018 Special Grant Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	-	2,097	-	-	2,097	-	-	25,735
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	11.94	12.27	38,197	-	25,783	-	12,414	316,418	-	152,349
2018 Special Grant Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	-	2,097	-	-	2,097	-	-	25,735
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	79,655	-	-	-	79,655	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	13,455	-	-	13,455	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	79,655	-	-	-	79,655	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	13,455	-	-	13,455	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	79,656	-	-	-	79,656	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	13,456	-	-	13,456	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	104,603	-	-	-	104,603	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	104,603	-	-	-	104,603	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	104,602	-	-	-	104,602	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	17,669	-	-	17,669	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	203,041	-	-	203,041	-	-	772,456
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	34,297	-	-	34,297	-	-	130,481
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	203,042	-	-	203,042	-	-	772,460
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	34,297	-	-	34,297	-	-	130,481
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	203,042	-	-	203,042	-	-	772,460
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	34,298	-	-	34,298	-	-	130,484
Deferred Short-Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	80,247	-	-	-	80,247	-	-	984,821
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	13,555	-	-	13,555	-	-	166,352
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	137,239	-	-	-	137,239	-	-	1,684,247
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	23,182	-	-	23,182	-	-	284,498
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	21,116	-	-	21,116	-	-	259,143
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	21,116	-	-	21,116	-	-	259,143
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	21,117	-	-	21,117	-	-	259,156
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	3,567	-	-	3,567	-	-	43,776
Buy-out Award													
2018	18-Sep-18	18-Sep-21	29.80	11.94	12.27	83,893	-	-	83,893	-	-	1,258,395	-
2018 Special Grant	14-Dec-18	18-Sep-21	22.00	11.94	12.27	31,831	-	-	31,831	-	-	477,465	-
Total						1,302,587	931,425	281,207	160,856	1,791,949	3,706,750	2,412,840	8,032,391

¹ Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

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K: Directors' emoluments

Bonus share awards¹

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Pre-Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Clarence Nethengwe													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	95,792	-	64,660	31,132	-	869,677	418,725	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	70,805	-	-	-	70,805	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	11,960	-	-	11,960	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	70,805	-	-	-	70,805	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	11,960	-	-	11,960	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	70,804	-	-	-	70,804	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	11,960	-	-	11,960	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94,142	-	-	-	94,142	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	15,902	-	-	15,902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94,143	-	-	-	94,143	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	15,903	-	-	15,903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	203,018	-	-	203,018	-	-	772,369
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	34,294	-	-	34,294	-	-	130,469
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	203,018	-	-	203,018	-	-	772,369
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	34,294	-	-	34,294	-	-	130,469
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	203,018	-	-	203,018	-	-	772,369
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	34,294	-	-	34,294	-	-	130,469
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	35,757	-	-	35,757	-	-	480,932	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	86,663	-	-	-	86,663	-	-	1,063,560
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	14,639	-	-	14,639	-	-	179,655
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	97,072	-	-	-	97,072	-	-	1,191,303
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	16,397	-	-	16,397	-	-	201,230
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	15,836	-	-	15,836	-	-	194,345
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	15,836	-	-	15,836	-	-	194,345
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	15,835	-	-	15,835	-	-	194,333
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,675	-	-	2,675	-	-	32,829
Total						810,125	882,091	64,660	66,889	1,560,667	869,677	899,657	6,025,771

¹ Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

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K: Directors' emoluments

Bonus share awards¹

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Pre-Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Kerrin Land²													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	55,865	–	37,709	18,156	–	507,186	244,198	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	37,164	–	–	–	37,164	–	–	–
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	6,278	–	–	6,278	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	37,164	–	–	–	37,164	–	–	–
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	6,278	–	–	6,278	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	37,163	–	–	–	37,163	–	–	–
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	6,278	–	–	6,278	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94,142	–	–	–	94,142	–	–	–
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15,902	–	–	15,902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94,142	–	–	–	94,142	–	–	–
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15,902	–	–	15,902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94,143	–	–	–	94,143	–	–	–
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15,903	–	–	15,903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	121,811	–	–	121,811	–	–	463,422
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	20,577	–	–	20,577	–	–	78,284
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	–	121,811	–	–	121,811	–	–	463,422
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	–	20,577	–	–	20,577	–	–	78,284
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	–	121,811	–	–	121,811	–	–	463,422
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	–	20,578	–	–	20,578	–	–	78,288
Deferred Short-Term Incentive													
2018 MTI: Maximum Return Fund of Fund	26-Apr-18	23-Mar-21	3.16	3.67	3.89	154,281	–	–	154,281	–	–	600,153	–
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.22	8.30	91,494	–	–	–	91,494	–	–	758,939
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	11,481	–	–	11,481	–	–	154,419	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	29,209	–	–	–	29,209	–	–	358,464
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	4,934	–	–	4,934	–	–	60,552
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	92,262	–	–	–	92,262	–	–	1,132,273
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15,585	–	–	15,585	–	–	191,265
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	15,836	–	–	15,836	–	–	194,345
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2,675	–	–	2,675	–	–	32,829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	15,836	–	–	15,836	–	–	194,345
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2,675	–	–	2,675	–	–	32,829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	15,835	–	–	15,835	–	–	194,333
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2,675	–	–	2,675	–	–	32,829
Total¹											507,186	998,771	4,808,123

¹ Long term incentive plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values

² A portion of Kerrin Land's deferred short-term Incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

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K: Directors' emoluments

Bonus share awards¹

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Pre-Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Prabashini Moodley													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	21,287	-	14,369	6,918	-	193,263	93,047	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	16,092	-	-	-	16,092	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	2,719	-	-	2,719	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	83,682	-	-	-	83,682	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	83,682	-	-	-	83,682	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	83,683	-	-	-	83,683	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	14,136	-	-	14,136	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	133,690	-	-	133,690	-	-	508,615
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	22,583	-	-	22,583	-	-	85,916
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	133,690	-	-	133,690	-	-	508,615
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	22,583	-	-	22,583	-	-	85,916
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	133,691	-	-	133,691	-	-	508,619
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	22,584	-	-	22,584	-	-	85,919
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16,269	-	-	16,269	-	-	218,818	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	45,191	-	-	-	45,191	-	-	554,601
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	7,634	-	-	7,634	-	-	93,687
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	72,804	-	-	-	72,804	-	-	893,477
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	12,298	-	-	12,298	-	-	150,926
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	14,152	-	-	14,152	-	-	173,679
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	14,152	-	-	14,152	-	-	173,679
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	14,153	-	-	14,153	-	-	173,691
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,391	-	-	2,391	-	-	29,343
Total						454,874	588,948	14,369	23,187	1,006,266	193,263	311,865	4,085,367

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K: Directors' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2020 20 Day Year End VWAP (ZAR)	2021 20 Day Year End VWAP (ZAR)	Share Units				Value (Pre-Tax)			
						Opening Balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing Balance on 31 Dec 2021 (Number)	Value of Lapsed Awards during 2021 (ZAR)	Value of Settled Awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Heloise Van Der Mescht													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	26,989	-	18,218	8,771	-	245,032	117,970	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	17,954	-	-	-	17,954	-	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	17,954	-	-	-	17,954	-	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	17,955	-	-	-	17,955	-	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	-	3,033	-	-	3,033	-	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	85,636	-	-	-	85,636	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	85,636	-	-	-	85,636	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	85,637	-	-	-	85,637	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	-	14,466	-	-	14,466	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	74,930	-	-	74,930	-	-	285,066
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	12,657	-	-	12,657	-	-	48,153
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	-	74,930	-	-	74,930	-	-	285,066
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	-	12,657	-	-	12,657	-	-	48,153
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	-	74,931	-	-	74,931	-	-	285,070
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	-	12,658	-	-	12,658	-	-	48,157
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16,848	-	-	16,848	-	-	226,606	-
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	43,085	-	-	-	43,085	-	-	528,755
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	-	7,278	-	-	7,278	-	-	89,318
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	-	14,612	-	-	14,612	-	-	179,324
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	-	14,612	-	-	14,612	-	-	179,324
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	-	14,611	-	-	14,611	-	-	179,312
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	-	2,469	-	-	2,469	-	-	30,300
Total						397,694	373,780	18,218	25,619	727,637	245,032	344,576	2,246,598

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank Shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award

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For the year ended 31 December 2021

K: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards during 2020 (ZAR)	Value of Settled Awards during 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Iain Williamson													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	142,858	-	88,430	54,428	-	970,077	597,075	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	108,854	-	-	-	108,854	-	-	422,500
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	72,414	-	-	-	72,414	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	72,414	-	-	-	72,414	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	72,414	-	-	-	72,414	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	254,882	-	-	254,882	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	254,882	-	-	254,882	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	254,881	-	-	254,881	-	-	-
Deferred Short-Term Incentive													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	53,884	-	-	53,884	-	-	591,107	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	46,558	-	-	-	46,558	-	-	556,024
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	62,667	-	-	-	62,667	-	-	748,407
2020	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	175,733	-	-	175,733	-	-	2 098,710
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Total						632,527	940,378	88,430	108,776	1,375,699	970,077	1,192,855	3,825,641
Casper Troskie													
Long-Term Incentive Plan													
2018 Tranche 1	18 Sep 18	18 Sep 21	29,80	19,29	11,94	100,671	-	-	-	100,671	-	-	390,739
2018 Tranche 2	18 Sep 18	18 Sep 22	29,80	19,29	11,94	100,671	-	-	-	100,671	-	-	390,739
2018 Tranche 3	18 Sep 18	18 Sep 23	29,80	19,29	11,94	100,672	-	-	-	100,672	-	-	390,743
2018 Special Grant Tranche 1	14 Dec 18	18 Sep 21	22,00	19,29	11,94	38,196	-	-	-	38,196	-	-	148,252
2018 Special Grant Tranche 2	14 Dec 18	18 Sep 22	22,00	19,29	11,94	38,196	-	-	-	38,196	-	-	148,252
2018 Special Grant Tranche 3	14 Dec 18	18 Sep 23	22,00	19,29	11,94	38,197	-	-	-	38,197	-	-	148,256
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	79,655	-	-	-	79,655	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	79,655	-	-	-	79,655	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	79,656	-	-	-	79,656	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	104,603	-	-	104,603	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	104,603	-	-	104,603	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	104,602	-	-	104,602	-	-	-
Deferred Short-Term Incentive													
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	80,247	-	-	-	80,247	-	-	958,358
2020	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	137,239	-	-	137,239	-	-	1,638,992
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Buy out Award													
2018	18 Sep 18	18 Sep 21	29,80	19,29	11,94	83,893	-	-	-	83,893	-	-	1,001,901
2018 Special Grant	14 Dec 18	18 Sep 21	22,00	19,29	11,94	31,831	-	-	-	31,831	-	-	380,145
Total						852,004	451,047	-	464	1,302,587	-	4,673	5,596,377

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

K: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards during 2020 (ZAR)	Value of Settled Awards during 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Clarence Nethengwe													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	18,884	-	11,690	7,194	-	128,239	78,918	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	95,792	-	-	-	95,792	-	-	371,802
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	70,805	-	-	-	70,805	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	70,805	-	-	-	70,805	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	70,804	-	-	-	70,804	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	94,143	-	-	94,143	-	-	-
Deferred Short-Term Incentive													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	15,715	-	-	15,715	-	-	172,394	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	35,757	-	-	-	35,757	-	-	427,032
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	86,663	-	-	-	86,663	-	-	1,034,982
2020	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	97,072	-	-	97,072	-	-	1,159,293
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Discretionary Share Award													
2015 Tranche 3	9 Sep 15	9 Sep 20	40,03	19,29	11,94	23,275	-	-	23,275	-	-	268,826	-
Total						488,964	379,499	11,690	46,648	810,125	128,239	524,811	2,993,109
Kerrin Land													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	63,143	-	39,086	24,057	-	428,768	263,911	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	55,865	-	-	-	55,865	-	-	216,831
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	37,164	-	-	-	37,164	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	37,164	-	-	-	37,164	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	37,163	-	-	-	37,163	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	94,142	-	-	94,142	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	94,143	-	-	94,143	-	-	-
Deferred Short-Term Incentive													
2017 MTI: OMMM Maximum Return Fund of Funds	28 Mar 17	23 Mar 20	2,06	2,46	2,01	174,592	507	-	175,099	-	-	352,684	-
2018 MTI: OM Maximum Return Fund of Funds	26 Apr 18	23 Mar 21	3,16	3,40	3,67	154,281	-	-	-	154,281	-	-	566,674
2019 MTI: OMMM Defensive Fund of Funds	13 Jun 19	23 Mar 22	6,94	7,01	7,22	91,494	-	-	-	91,494	-	-	660,254
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	9,921	-	-	9,921	-	-	108,833	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	11,481	-	-	-	11,481	-	-	137,113
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	29,209	-	-	-	29,209	-	-	348,832
2020	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	92,262	-	-	92,262	-	-	1,101,849
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Total²						-	-	-	-	-	428,768	730,101	3,031,553

² A portion of Kerrin Land's deferred short-term Incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

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For the year ended 31 December 2021

K: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards during 2020 (ZAR)	Value of Settled Awards during 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Prabashini Moodley													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	21,213	-	13,131	8,082	-	144,045	88,661	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	21,287	-	-	-	21,287	-	-	82,622
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	16,092	-	-	-	16,092	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	16,092	-	-	-	16,092	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	16,092	-	-	-	16,092	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	83,682	-	-	83,682	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	83,682	-	-	83,682	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	83,683	-	-	83,683	-	-	-
Deferred Short-Term Incentive													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	17,652	-	-	17,652	-	-	193,642	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	16,269	-	-	-	16,269	-	-	194,294
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	45,191	-	-	-	45,191	-	-	539,698
2020	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	72,804	-	-	72,804	-	-	869,470
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Total						170,352	323,851	13,131	26,198	454,874	144,045	286,976	1,686,084
Heloise Van Der Mescht													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	30,360	-	18,793	11,567	-	206,157	126,892	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	26,989	-	-	-	26,989	-	-	104,754
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	17,954	-	-	-	17,954	-	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	17,954	-	-	-	17,954	-	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	17,955	-	-	-	17,955	-	-	-
2020 Tranche 1	26 Mar 20	26 Mar 23	11,95	19,29	11,94	-	85,636	-	-	85,636	-	-	-
2020 Tranche 2	26 Mar 20	26 Mar 24	11,95	19,29	11,94	-	85,636	-	-	85,636	-	-	-
2020 Tranche 3	26 Mar 20	26 Mar 25	11,95	19,29	11,94	-	85,637	-	-	85,637	-	-	-
Deferred Short-Term Incentive													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	23,377	-	-	23,377	-	-	256,446	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	16,848	-	-	-	16,848	-	-	201,209
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	43,085	-	-	-	43,085	-	-	514,547
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	-	336	-	-	3,384	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	-	128	-	-	1,289	-
Total						194,986	256,909	18,793	35,408	397,694	206,157	388,011	820,510

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For the year ended 31 December 2021

K: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units				Value (Before Tax)			
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards during 2020 (ZAR)	Value of Settled Awards during 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Karabo Morule													
Long-Term Incentive Plan													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	59,966	-	59,966	-	-	1,037,412	-	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	101,113	-	101,113	-	-	1,749,255	-	-
2019 Tranche 1	20 Mar 19	20 Mar 22	21,75	19,29	11,94	70,805	-	70,805	-	-	1,224,927	-	-
2019 Tranche 2	20 Mar 19	20 Mar 23	21,75	19,29	11,94	70,805	-	70,805	-	-	1,224,927	-	-
2019 Tranche 3	20 Mar 19	20 Mar 24	21,75	19,29	11,94	70,804	-	70,804	-	-	1,224,909	-	-
Deferred Short-Term Incentive													
2017	29 Mar 17	29 Mar 20	35,00	19,29	11,94	21,817	-	21,817	-	-	377,434	-	-
2018	19 Apr 18	19 Apr 21	41,34	19,29	11,94	37,580	-	37,580	-	-	650,134	-	-
2019	20 Mar 19	20 Mar 22	21,75	19,29	11,94	54,616	-	54,616	-	-	944,857	-	-
Broad-Based Employee Share Plan													
2018	18 Sep 18	18 Sep 20	29,80	19,29	11,94	336	-	336	-	-	5,813	-	-
2018 Special Award	14 Dec 18	18 Sep 20	22,00	19,29	11,94	128	-	128	-	-	2,214	-	-
Total						487,970	-	487,970	-	-	8,441,882	-	-

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For the year ended 31 December 2021

K: Directors' and Prescribed Officers' emoluments

Non-executive directors	2021	2020
Trevor Manuel (Chairman)	4,950,060	4,853,000
Peter de Beyer	2,644,844	3,007,514
Olufunke Ighodaro (Appointed 11 December 2020)	1,593,177	65,190
Itumeleng Kgaboesele	1,889,662	1,735,733
Sizeka Magwentshu-Rensburg	1,605,750	1,457,155
Thoko Mokgosi-Mwantembe	1,117,368	1,011,945
Nosipho Molope	1,906,765	1,819,875
Marshall Rapiya	1,413,641	1,268,327
Albert Essien	1,364,137	1,605,832
John Lister	4,133,140	4,746,732
Paul Baloyi (Resigned 9 June 2020)	–	509,337
Jaco Langner (Appointed 20 May 2021)	971,385	–
Nomkhita Nqweni (Appointed 20 May 2021)	896,852	–
	24,486,781	22,080,640

The above amounts are shown exclusive of VAT.

L: Biographical information on the directors

Trevor Manuel (South African) (66)

Trevor is the Independent Chairman of the Board. He served in the South African Government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission. During his ministerial career, he assumed a number of ex-officio positions at international bodies including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

Iain Williamson (South African) (51)

Iain was appointed Chief Executive Officer of the Company in July 2020, after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to CFO Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017 and has also previously been the Interim Chief Executive Officer in 2017.

Casper Troskie (South African) (58)

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB. Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

Peter De Beyer (South African) (65)

Peter is the Lead Independent director. He worked for the Old Mutual Group from 1978 to 2008, starting his career in actuarial and technical roles, and progressing through executive roles in a variety of business units. After demutualisation and the listing of Old Mutual plc in 1999, Peter was appointed deputy Managing Director of Old Mutual South Africa, responsible for the retail businesses, and at his retirement in 2008, was Managing Director (customer solutions for Old Mutual South Africa). He has subsequently served as an independent non executive director of a number of Old Mutual subsidiaries in Africa, including the Old Mutual Emerging Markets Board from 2012. He has also served as independent chairperson of OMLACSA.

Albert Essien (Ghanaian) (66)

Albert is an independent non-executive director. He started his banking career with the National Investment Bank Limited in Accra, and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

Olufunke Ighodaro (Nigerian) (59)

Olufunke is an independent non-executive director. She is currently the audit and risk committee chair of Massmart Holdings Limited. She is also a Member of the Investment Committee of Cell C Limited and a Independent Non-Executive Director of Sabvest Limited.

Olufunke has over 22 years' experience operating at executive Board level, having previously served as chief financial officer of JSE listed companies namely Tiger Brands Limited, Primedia Limited and as executive director and chief financial officer designate of Barloworld Limited. She was an executive director of EMTS Limited (trading as 9mobile), Nigeria's fourth largest telco as well as acting in an interim capacity as chief financial officer. She also founded and led the private equity business of the Kagiso Trust Investment Group.

Itumeleng Kgaboesele (South African) (50)

Itumeleng is an independent non-executive director. He has over 20 years of financial services experience, having held executive positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

Jaco Langner (South African) (48)

Jaco is an independent non-executive director. He is an actuary with more than 25 years financial services, management and insurance expertise and former managing director of Alexander Forbes Life. Jaco has extensive experience in establishing new business lines and turn around strategies and co-funded the insurtech company Surion (Pty) Limited in 2018. Surion was recently listed in the top 50 artificial intelligence companies in Africa to watch by Boabab Insights.

John Lister (British) (62)

John is an independent non-executive director. He has over 3 decades of experience in the insurance sector and is a finance and risk specialist. He is the former Chief Risk Officer of AVIVA plc and Chief Financial Officer and Chief Actuary of its UK life and savings business. He was the former chairman of the Risk committee of Delta Lloyd Limited, Netherlands, prior to its sale to the NN Group. He has significant experience and knowledge across a number of areas including capital management, risk management and regulatory engagement.

Notes to the separate and consolidated financial statements

For the year ended 31 December 2021

L: Biographical information on the directors

Sizeka Magwentshu Rensburg (South African) (62)

Sizeka is an independent non-executive director. She has extensive experience spanning over 25 years in Small, Medium and Micro Enterprise ("SMME") development space in South Africa and Southern Africa. She current serves on the board of the Industrial Development Corporation. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

Thoko Mokgosi Mwantembe (South African) (60)

Thoko is a non executive director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Pack-rd South Africa Proprietary Limited and former non-executive director of Vodacom Group Limited.

Nosipho Molope (South African) (57)

Nosipho is an independent non-executive director. She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She was also the former Finance Director at ZICO Proprietary Limited and Chief Financial Officer at the Financial Services Board. She has served on the Boards of Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and MTN Group Limited.

Marshall Rapiya (South African) (69)

Marshall is a non-executive director. He has served as Managing Director for Old Mutual South Africa's retail mass market and prior to that managed a number of Old Mutual South Africa's businesses. He also served as Chief Executive Officer of Old Mutual South Africa and was on the Board of Directors of Old Mutual Insure.

Administration

For the year ended 31 December 2020

Registered name:

Old Mutual Life Assurance Company (South Africa) Limited

Country of incorporation:

South Africa

Registration number:

1999/004643/06

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

Company Secretary:

Elsabé Kirsten

Directors

Independent non-executive

Trevor Manuel (Chairman)
Jaco Langner (Appointed 20 May 2021)
Peter Gerard De Beyer
Olufunke Ighodaro
Nosipho Molope
Albert Essien
Itumeleng Kgaboesele
John Lister
Sizeka Magwentshu-Rensburg

Non-executive

Thoko Mokgosi-Mwantembe
Marshall Rapiya

Executive

Iain Williamson (Chief Executive Officer)
Casper Troskie (Chief Financial Officer)

Public Officer

Nazrien Kader

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