



OLDMUTUAL

# NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 December 2020



DO GREAT THINGS EVERY DAY



## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The action you need to take is set out in this notice. If you are in any doubt as to what action to take, please consult your broker, attorney, or other professional advisor immediately.



### **OLD MUTUAL LIMITED**

(Registration number: 2017/235138/06)

## **Notice of Annual General Meeting 2021**

Notice is hereby given to the shareholders of Old Mutual Limited ("Company") recorded in the Company's securities register on Friday, 9 April 2021, that the 3rd Annual General Meeting ("AGM") of the Company will be held at **09:00 SA time on Friday, 21 May 2021**, subject to any cancellation, postponement or adjournment, in terms of section 63(2)(a) of the Companies Act, 71 of 2008 as amended ("Companies Act") to (i) consider and, if deemed fit, adopt with or without modification, the ordinary and special resolutions as set out in this notice of AGM ("Notice") in the manner required by the Companies Act, as read with the Listings Requirements ("Listings Requirements") of the JSE Limited ("JSE"), and (ii) deal with such other business as may lawfully be dealt with at the AGM.

The board of directors of the Company ("Board") has, in accordance with section 62(3)(a) as read with section 59(1)(b) of the Companies Act, determined that shareholders recorded in the Company's securities register as at the voting record date of Friday, 14 May 2021 are entitled to participate in and vote at the AGM. Accordingly, the last day to trade in the Company's shares in order to be recorded in the securities register to be entitled to participate in and vote at the AGM will be Tuesday, 11 May 2021.

In light of the COVID-19 outbreak in South Africa, its status as an ongoing pandemic and its declaration as a "national disaster" in terms of the Disaster Management Act, 2002, and the continued restrictions on public gatherings, it may not be possible or responsible to hold the AGM in person at the Company's offices. The Board has, in the circumstances, determined that it is necessary, prudent and preferable that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM will accordingly only be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the Company's memorandum of incorporation ("MOI"). The Company has retained the services of The Meeting Specialist Proprietary Limited ("TMS") to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer for purposes of the AGM.

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact TMS on [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) or alternatively contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 09:00 SA time on Wednesday, 19 May 2021. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM.

If shareholders wish to participate in the AGM, they should instruct their CSDP or Broker to issue them with the necessary letter of representation in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker, to accommodate such requests.

Shareholders are advised, and strongly encouraged, to participate in the AGM electronically and, for administrative ease, to make use of proxy voting as outlined in this Notice.

Shareholders are further advised that in terms of section 63(1) of the Companies Act, any person (including proxies) attending or participating at the AGM must present reasonably satisfactory identification before being entitled to attend or participate in and vote at the AGM. TMS is obliged to validate (in consultation with the Company and, in particular, the Company's transfer secretaries, JSE Investor Services Proprietary Limited and your CSDP) each shareholder's entitlement to participate in and/or vote at the AGM, before providing you with the necessary means to access the AGM and the associated voting platform.

Whether or not you propose to attend the AGM, please complete and submit a proxy form or voting instruction form in accordance with the instructions printed on it. For administration purposes, the proxy or voting instruction forms must be received at the applicable return address (see page 10 and 11 of this document) no later than 09:00 SA time on Wednesday, 19 May 2021. Any shareholder who timeously completes and lodges a proxy form will nevertheless be entitled to attend, participate in and vote in person at the AGM. Proxy forms may also be submitted to the Chairperson before the start of the AGM, electronically, as set out in this Notice.

## Notice of Annual General Meeting (continued)

### Included in this document are the following:

The Notice setting out the resolutions to be proposed to be adopted at the AGM, together with explanatory notes. There are also procedural guidance notes if you wish to attend the AGM or to vote by proxy; and a proxy form for use by shareholders holding ordinary shares of the Company in certificated form or in dematerialised form with "own-name" registration.

### Presentation to Shareholders

#### Presentation of annual financial statements

The consolidated audited annual financial statements ("AFS") of the Company and its subsidiaries, together with the reports of the Board, the independent auditors and the Audit committee for the year ended 31 December 2020, required in terms of section 30(3)(d) of the Companies Act, have been distributed to shareholders as required, and are hereby presented to shareholders as required in terms of section 61(8)(a) of the Companies Act. The AFS can be found on the Company's website at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

#### Presentation of responsible business (including social and ethics) committee report

The report has been distributed to shareholders as part of the integrated reporting suite 2020. Kindly refer to page 50 of the integrated report, page 29 of the Corporate Governance Report and the Responsible Business Impact Report which can be found at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

### Ordinary Resolutions

To consider and, if deemed fit, to pass, with or without modification, the following Ordinary Resolutions.

For each Ordinary Resolution to be adopted, the support of more than 50% (fifty percent) of the total number of votes per Ordinary Resolution, which the shareholders present or represented by proxy at this Meeting are entitled to cast, is required.

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#### Ordinary Resolution No 1: Presenting the Annual Reporting Suite

To present, consider and accept the annual reporting suite (incorporating the Integrated Report, Corporate Governance Report, Remuneration Report and Annual Financial Statements) for the year ended 31 December 2020, that has been distributed to the shareholders as required, including the consolidated audited financial statements of the Company and its subsidiaries, as well as the auditors', audit committee's and directors' reports. The 2020 annual report is available online at [www.oldmutual.com](http://www.oldmutual.com).

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#### Ordinary Resolution No 2: Election and Re-election of directors of the Company

To individually elect and/or re-elect the following non executive and independent non executive directors (Ordinary Resolutions 2.1 to 2.7 below) of the Company, comprising of: (i) four directors appointed by the Board in accordance with the Company's MOI and the Companies Act, prior to the date of this Notice, and who are eligible and have offered themselves for election as directors of the Company; and (ii) one third of the non executive directors of the Company, who have retired from office in accordance with the requirements of the Company's MOI and are eligible and have offered themselves for re-election as a directors of the Company.

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#### Ordinary Resolution No 2.1: Re-election of Trevor Manuel as a director

To re-elect Trevor Manuel who retires by rotation in terms of the Company's MOI, being eligible and offering himself for re-election.

**Name:** Trevor Manuel (65)

**Appointed:** 2016

**Qualifications:** NDip, EMP

**Committee membership:** Corporate Governance and Nominations (Chairperson); Responsible Business

**Major external positions, directorships or associations:** Chairperson of the African Leadership Institute of South Africa, Member of the Advisory Council of Swiss Re Ltd, Non executive director and Deputy Chairperson of Rothschild & Co. South Africa, African Union Covid Envoy

**Key skills and experience:** Corporate Finance; Finance and Audit; Information Technology; Leadership; Listed Corporates; Risk Management; Strategy; Sustainability

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#### Ordinary Resolution No 2.2: Re-election of Itumeleng Kgaboesele as a director

To re-elect Itumeleng Kgaboesele who retires by rotation in terms of the Company's MOI, being eligible and offering himself for re-election.

**Name:** Itumeleng Kgaboesele (49)

**Appointed:** 2016

**Qualifications:** BCom, PDip (Acc), Dip (FMI) and CA(SA)

**Committee membership:** Actuarial; Audit; Corporate Governance and Nominations; Remuneration (Chairperson)

**Major external positions, directorships or associations:** Chief Executive Officer of Sphere Holdings (Pty) Limited ("Sphere") and represents Sphere on the boards of several of its investee companies including: Babcock Ntuthuko Engineering (Pty) Ltd, BBD Holdings(Pty) Ltd, Pearson South Africa (Pty) Ltd and Consol Holdings (Pty) Ltd

**Key skills and experience:** Finance and Audit; Corporate Finance; Remuneration; Risk Management; Strategy

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### Ordinary Resolution No 2.3: Re-election of Marshall Rapiya as a director

To re-elect Marshall Rapiya who retires by rotation in terms of the Company's MOI, being eligible and offering himself for re-election.

**Name:** Bahleli Marshall Rapiya (68)

**Appointed:** 2011

**Qualifications:** BAdmin

**Committee membership:** Responsible Business; Risk

**Major external positions, directorships or associations:** Board member of the Masisizane Non Profit Company; Lead independent director of Sea Harvest Group Ltd

**Key skills and experience:** Finance and Audit; Risk Management; Sales and Distribution; Strategy; Sustainability

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### Ordinary Resolution No 2.4: Election of Brian Armstrong as a director of the Company

To elect Brian Armstrong as a non executive director of the Company in terms of the Company's MOI and section 68(l) of the Companies Act.

**Name:** Brian Armstrong (60)

**Appointed:** 2020

**Committee membership:** Responsible Business; Technology and Platforms

**Qualifications:** PhD, MSc (Electrical Engineering), BSc (Electrical Engineering)

**Major external positions, directorships or associations:** Independent non executive director of Huge Group; serves on the board of Tshimologong Innovation Precinct.

**Key skills and experience:** Technology and Information; Corporate Finance; Listed Company; Remuneration; Risk Management; Sales and Distribution; Strategy; Sustainability

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### Ordinary Resolution No 2.5: Election of Olufunke Ighodaro as a director of the Company

To elect Olufunke Ighodaro as a non executive director of the Company in terms of the Company's MOI and section 68(l) of the Companies Act.

**Name:** Olufunke Ighodaro (58)

**Appointed:** 2020

**Qualifications:** BSc (Hons), FCA(ICAEW), CA(SA)

**Committee membership:** Actuarial; Audit; Risk

**Major external positions, directorships or associations:** Audit and Risk committee chair of Massmart Holdings Limited; Independent non executive director of Sabvest Limited and Ascential plc; Member of the Investment Committee of Cell C Limited

**Key skills and experience:** Finance and Audit; Corporate Finance; Listed Corporates; Remuneration; Risk Management; Strategy; Technology and Information

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### Ordinary Resolution No 2.6: Election of Jaco Langner as a director of the Company

Subject to the approval of the Prudential Authority, to elect Jaco Langner as a non executive director of the Company in terms of the Company's MOI and section 68(l) of the Companies Act.

**Name:** Jaco Langner (47)

**Appointed:** 21 May 2021

**Qualifications:** BCom (Math), FFA, FASSA,

**Committee membership:** Actuarial; Audit; Remuneration

**Major external positions, directorships and associations:** CEO of Surion, Owner of AfricanWay Consulting

**Key skills and experience:** Actuarial, Finance and Audit, Listed Corporates, Remuneration, Risk Management, Strategy, Technology and Information

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### Ordinary Resolution No 2.7: Election of Nomkhita Nqweni as a director of the Company

Subject to the approval of the Prudential Authority, to elect Nomkhita Nqweni as a non executive director of the Company in terms of the Company's MOI and section 68(l) of the Companies Act.

**Name:** Nomkhita Nqweni

**Appointed:** 21 May 2021

**Qualifications:** BSc, Postgraduate Diploma (Investment Management), Advanced Management Programme (Harvard Business School)

**Committee membership:** Actuarial; Audit; Responsible Business

**Major external positions, directorships and associations:** Alternate independent non executive director of Vodacom Limited; Member of the Advisory Committee of Tongaat Property

**Key skills and experience:** Finance and Audit, Listed Corporates, Remuneration, Strategy, Sustainability

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**Full biographies of all the directors standing for election and/or re-election can be found on our website at [www.oldmutual.com/about/our-leadership/board-of-directors](http://www.oldmutual.com/about/our-leadership/board-of-directors)**

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## Notice of Annual General Meeting (continued)

For purposes of clause 29.7.1 of the MOI, the retiring directors comprise Trevor Manuel, Itumeleng Kgaboesele, Peter de Beyer, Marshall Rapiya and Matthys du Toit, being a third of all the non executive directors serving on the Board. Peter de Beyer and Matthys du Toit, although eligible, have not offered themselves for re-election as directors of the Company and will therefore be resigning from the Board with effect from the conclusion of the AGM. The Board expresses its appreciation to both Peter and Matthys for their contribution during their tenure as directors of the Company.

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### Ordinary Resolution No 3: Appointment of audit committee member

To individually elect and/or re-elect the following non executive and independent non executive directors (Ordinary Resolutions No 3.1 to 3.6), subject to: (i) the passing of Ordinary Resolutions No 2.2, 2.5, 2.6 and 2.7 (as applicable) in respect of such director; and (ii) in respect of Ordinary Resolutions 2.6 and 2.7 the approval of the Prudential Authority being obtained in terms of the Insurance Act, No 18 of 2018 for such appointment, by way of a separate resolution, as the members of the Company's Audit committee, until the conclusion of the next AGM of the Company, in accordance with section 92(2) of the Companies Act.

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### Ordinary Resolution No 3.1: Appointment of Olufunke Ighodaro as a member of the Audit committee

Please refer to Ordinary Resolution No 2.5 above.

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### Ordinary Resolution No 3.2: Appointment of Itumeleng Kgaboesele as a member of the Audit committee

Please refer to Ordinary Resolution No 2.2 above.

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### Ordinary Resolution No 3.3: Appointment of Jaco Langner as a member of the Audit committee

Please refer to Ordinary Resolution No 2.6 above.

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### Ordinary Resolution No 3.4: Appointment of John Lister as a member of the Audit committee

**Name:** John Lister (62)

**Appointed:** 2017

**Qualifications:** BSc (Stats), FIA

**Committee membership:** Actuarial (Chairperson); Audit; Corporate Governance and Nominations; Risk (Chairperson)

**Major external positions, directorships or associations:** Pacific Life Re; Phoenix Group

**Key skills and experience:** Actuarial; Finance and Audit; Investments; Listed Corporates; Risk Management; Strategy; Technology and information

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### Ordinary Resolution No 3.5: Appointment of Nosipho Molope as a member of the Audit committee

**Name:** Nosipho Molope (56)

**Appointed:** 2012

**Qualifications:** BSc (Medical Sciences), BCompt (Hons), CTA and CA(SA)

**Committee membership:** Actuarial; Audit (Chairperson); Corporate Governance and Nominations; Risk

**Major external positions, directorships or associations:** Engen Ltd; Mobile Telephone Networks (Pty) Ltd (MTN SA); MTN RwandaCell; MTN ESwatini; MTN Uganda; MTN Zambia; South32 SA Coal Holdings (Pty) Ltd

**Key skills and experience:** Finance and Audit; Listed Corporates; Risk Management

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### Ordinary Resolution No 3.6: Appointment of Nomkhitha Nqweni as a member of the Audit committee

Please refer to Ordinary Resolution No 2.7 above.

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Full biographies can be found on our website at [www.oldmutual.com/about/our-leadership/board-of-directors](http://www.oldmutual.com/about/our-leadership/board-of-directors)

#### **Ordinary Resolution No 4: Re-appointment of auditors**

**Ordinary Resolution No 4.1:** To re-appoint Deloitte & Touche as joint auditors until the conclusion of the next AGM of the Company.

**Ordinary Resolution No 4.2:** To re-appoint KPMG Inc. as joint auditors until the conclusion of the next AGM of the Company.

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#### **Ordinary Resolution No 5: Non-binding advisory vote on the Remuneration policy and remuneration implementation report**

Shareholders are requested to cast separate non-binding advisory votes on the following:

**Ordinary Resolution No 5.1:** The remuneration policy of the Company, as set out on pages 6 to 18 of the full Remuneration Report which can be found at <https://www.oldmutual.com/investor-relations/reporting-centre/> reports.

**Ordinary Resolution No 5.2:** The remuneration implementation report of the Company, as set out on pages 20 to 36 of the full Remuneration Report which can be found at <https://www.oldmutual.com/investor-relations/reporting-centre/> reports.

In terms of principle 14 of the South African King IV Report on Corporate Governance™ ("King IV"), the Company's remuneration policy and implementation report should be tabled to the shareholders to pass the non-binding advisory vote in the same manner as an Ordinary Resolution at the AGM, however, failure to pass the non-binding advisory vote will not have any legal consequences for existing arrangements.

The minimum percentage of voting rights required for the advisory vote to be passed is more than 50% (fifty percent) of the voting rights exercised by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights.

In the event that at least 25% (twenty-five percent) of the voting rights exercised on the advisory votes are against either the remuneration policy or the implementation report or both, the Board will then commit to implementing the consultation process set out in the remuneration policy read together with King IV.

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#### **Ordinary Resolution No 6: To authorise any director or the Company Secretary to implement the Ordinary Resolutions above as well as the Special Resolutions to follow**

That any director or the Company Secretary of the Company be and is hereby authorised to do all such things, take all such actions and sign any documentation as may be necessary to implement the resolutions duly passed at this AGM.

### **Special Resolutions**

To consider and, if deemed fit, to pass, with or without modification, the following three Special Resolutions.

#### **Percentage support required for Special Resolutions No 1 to 3**

Each of the Special Resolutions listed below, proposed to be adopted at this AGM, requires the support of at least 75% (seventy-five percent) of the total number of votes which the shareholders present or represented by proxy at this AGM are entitled to cast, to be adopted.

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#### **Special Resolution No 1: Approval of the proposed remuneration payable to certain non executive directors**

To authorise the Company, in terms of section 66(9) of the Companies Act, to pay the following annual remuneration to its non executive directors for their services as directors (as marked in the table below) for the period 1 July 2021 to 30 June 2022 (which amounts are exclusive of VAT, with this authority accordingly permitting the payment of VAT on such amounts in accordance with applicable law).

The proposed remuneration has been determined on a market-related basis, taking into consideration the Company's larger competitors in the Financial Services Sector.

Fees have been listed in ZAR, GBP and USD, owing to amounts payable to UK resident directors (in GBP) and Rest of Africa resident directors (in USD) (where applicable) and represents a 4% year-on-year increase for the ZAR-based fees and a 2% for the GBP and USD-based fees respectively.

## Notice of Annual General Meeting (continued)

	Annual fee 2021/2022	Annual fee 2020/2021
<b>Board</b>		
Chairman (note that the Chairman received a single, all-inclusive fee)	5,047,120 ZAR	4,853,000 ZAR
Lead Independent Director	721,958 ZAR 52,748 USD	694,190 ZAR 51,714 USD
Non executive Director	515,684 ZAR 68,666 GBP 37,662 USD	495,850 ZAR 67,320 GBP 36,924 USD
<b>Committee</b>		
Chairperson of the Actuarial committee	303,924 ZAR 19,056 GBP 22,265 USD	292,235 ZAR 18,682 GBP 21,828 USD
Member of the Actuarial committee	164,580 ZAR 9,528 GBP 12,069 USD	158,250 ZAR 9,341 GBP 11,832 USD
Chairperson of the Audit committee	671,486 ZAR 31,212 GBP 49,003 USD	645,660 ZAR 30,600 GBP 48,042 USD
Member of the Audit committee	269,911 ZAR 15,606 GBP 19,768 USD	259,530 ZAR 15,300 GBP 19,380 USD
Chairperson of the Corporate Governance and Nomination committee	252,356 ZAR 20,808 GBP 18,415 USD	242,650 ZAR 20,400 GBP 18,054 USD
Member of the Corporate Governance and Nomination committee	131,664 ZAR 10,404 GBP 9,676 USD	126,600 ZAR 10,200 GBP 9,486 USD
Chairperson of the Remuneration committee	397,186 ZAR 20,863 GBP 29,027 USD	381,910 ZAR 20,454 GBP 28,458 USD
Member of the Remuneration committee	179,941 ZAR 10,432 GBP 13,213 USD	173,020 ZAR 10,227 GBP 12,954 USD
Chairperson of the Responsible Business (including Social and Ethics) committee	397,186 ZAR 20,863 GBP 29,027 USD	381,910 ZAR 20,454 GBP 28,458 USD
Member of the Responsible Business (including Social and Ethics) committee	179,941 ZAR 10,432 GBP 13,213 USD	173,020 ZAR 10,227 GBP 12,954 USD
Chairperson of the Risk committee	484,962 ZAR 31,212 GBP 35,374 USD	466,310 ZAR 30,600 GBP 34,680 USD
Member of the Risk committee	228,218 ZAR 15,606 GBP 16,646 USD	219,440 ZAR 15,300 GBP 16,320 USD
Chairperson of the Technology and Platforms committee	303,924 ZAR 19,056 GBP 22,265 USD	292,235 ZAR 18,682 GBP 21,828 USD
Member of the Technology and Platforms committee	164,580 ZAR 9,528 GBP 12,069 USD	158,250 ZAR 9,341 GBP 11,832 USD
Fee per meeting less than three hours in duration, for ad hoc meetings (including fees paid to the Related Party committee)	16,458 ZAR 2,208 GBP 1,248 USD	15,825 ZAR 2,165 GBP 1,224 USD
Fee per meeting in excess of three hours in duration, for ad hoc meetings (including fees paid to the Related Party committee)	27,430 ZAR 3,680 GBP 2,081 USD	26,375 ZAR 3,608 GBP 2,040 USD

	<b>Annual fee 2021/2022</b>	Annual fee 2020/2021
<b>Travel/inconvenience premium</b>		
Travel/inconvenience premium for international directors	<b>ZAR (not applicable) GBP &amp; USD (30% of total fee)</b>	ZAR (not applicable) GBP & USD (30% of total fee)

## Special Resolution No 2: General authority to acquire the Company's own ordinary shares

To grant the Company and its subsidiaries a general authority in terms of the Listings Requirements to repurchase or purchase (collectively "repurchase"), as the case may be, ordinary shares issued by the Company (but not exceeding 3.5% (three point five percent) of the Company's total issued ordinary shares in any one financial year), from any person, on such terms and conditions and in such number as the directors of the Company or directors of the subsidiary (as the case may be) may from time to time determine, subject to compliance with the applicable provisions of the Company's MOI, the Companies Act and the Listings Requirements (as regards repurchases effected on the JSE) or the listing rules applicable on any other exchange on which the Company's ordinary shares are listed (as regards repurchase effected on such exchanges, and only to the extent applicable) (each as presently constituted and as amended from time to time).

The aggregate of such repurchases by subsidiaries of the Company may not result in subsidiaries, in aggregate, holding more than 10% (ten percent) of the Company's issued ordinary share capital.

As regards any repurchase of the Company's ordinary shares to be effected on the JSE, it is noted that:

- such repurchase shall be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty, (reported trades being prohibited);
- such general authority for the repurchase has been given by the Company's MOI;
- such general authority for the repurchase shall be valid only until the next AGM or the expiry of a period of 15 (fifteen) months from the date of passing of this resolution, whichever occurs first;
- such repurchase may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the listed ordinary shares of the Company on the JSE for the 5 (five) business days immediately preceding the date on which the acquisition is effected;
- when the Company and/or its subsidiaries has cumulatively repurchased 3% (three percent) of the initial number (the number of ordinary shares in issue at the time that this general authority is granted) of ordinary shares of the Company, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, an announcement must be made containing the details required in terms of the Listings Requirements in respect of such repurchases;
- no general repurchase of ordinary shares of the Company shall be effected during a prohibited period as contemplated in the Listings Requirements unless the Company or its subsidiaries have in place a repurchase programme where the date and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE in writing as required, prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's ordinary shares independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- at any point in time, the Company only appoints one agent to effect any repurchase on its behalf; and
- the Board shall have authorised the repurchase, the Company and its relevant subsidiaries shall have passed the solvency and liquidity test in terms of section 4 of the Companies Act, and since the solvency and liquidity test was conducted, no material changes to the financial position of the Company and its subsidiaries shall have occurred.

For the purpose of considering Special Resolution No 2 and in compliance with paragraph 11.26 of the Listings Requirements, the following information has been included in the AFS of the Company, at the places indicated:

- (i) major shareholders, refer to page 173;
- (ii) share capital of the Company, refer to page 173, and further;
- (iii) material changes, refer below; and
- (iv) directors' responsibility statement, refer below.

## Notice of Annual General Meeting (continued)

The directors of the Company confirm that:

The method by which the Company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined; no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the Company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of notice of the AGM;
- the consolidated assets of the Company and the group, fairly valued in accordance with the accounting policies used in the latest AFS, will exceed their consolidated liabilities for a period of 12 (twelve) months after the date of notice of the AGM;
- the share capital and reserves of the Company and group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of notice of the AGM; and
- the working capital of the Company and group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of notice of the AGM and the directors have passed a resolution authorising the repurchase, resolving that the Company and its subsidiaries have satisfied the solvency and liquidity test as defined in the Companies Act and, since that test was applied, there have been no material changes to the financial position of the group.

### Material changes

There have been no material changes in the financial or the trading position of the Company and its subsidiaries since the end of the financial period for which the AFS have been published to the date of this Notice.

### Directors' responsibility statement

The directors, whose names are given on page 45 of the Annual Financial Statements collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that in relation to Special Resolution No 2 in particular, all information required by the Listings Requirements is contained herein.

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### Special Resolution No 3: Financial assistance to subsidiaries and other related and inter-related entities and to directors, prescribed officers and other persons participating in share or other employee incentive schemes

To authorise the Board, to the extent required by the Companies Act and subject to compliance with the requirements of the Company's MOI and the Companies Act, each as presently constituted and as amended from time to time, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company or any of its subsidiaries, and/ or to any member of such subsidiary or related or inter-related company or entity, for any purpose or in connection with any matter, including, but not limited to, the subscription for any option, or any securities issued or to be issued by the Company or a related or inter-related company or entity, or for the purchase of any securities of the Company or a related or inter-related company or entity; and/or
- any of the present or future directors or prescribed officers of the Company or of a related or inter-related company or entity (or any person related to any of them or to any company or entity related or inter-related to any of them), or to any other person who is a participant in any of the companies or its group share or other employee incentive schemes, for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company or entity, or for the purchase of any securities of the Company or a related or inter-related company or entity, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act, such authority to endure until the AGM of the Company following this AGM.

## General notes

### Electronic participation

In light of the COVID-19 outbreak in South Africa, its status as an ongoing pandemic and its declaration as a "national disaster" in terms of the Disaster Management Act, 2002 and the continued restrictions on public gatherings, it may not be possible or responsible to hold the AGM in person at the Company's offices. Shareholders are therefore advised, and strongly encouraged, to participate in the AGM electronically and to make use of proxy voting, as outlined in this Notice.

Shareholders or their proxies may participate in the AGM by way of electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the Company's MOI. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM. Shareholders who wish to participate in and/or vote at the AGM by way of electronic communication are required to contact TMS on [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) or alternatively contact them on +27 11 520 7950/1/2 as soon as possible, but in any event, for administration purposes, no later than 09:00 SA time on Wednesday, 19 May 2021. Shareholders participating in this manner may still appoint a proxy to vote on their behalf at the AGM. Access by means of electronic communication will be at the expense of the individual shareholder.

None of the JSE, the Company or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any shareholder from participating in and/or voting at the AGM.

### For shareholders on the South African register:

If you would like to submit your proxy instructions via the internet, you may do so by visiting <https://oldmutualagm/jseinvestorservices.co.za>. For security reasons, you will need your shareholder reference number and postcode/country code which are provided on your Forms of Proxy. Electronic proxies must be received no later than 09:00 SA time on Wednesday, 19 May 2021 (excluding any part of a day that is not a business day) before the time appointed for the relevant meeting.

### For shareholders on the United Kingdom register:

If you would like to submit your proxy instructions via the internet, you may do so through Equiniti's website at [www.sharevote.co.uk](http://www.sharevote.co.uk), where full instructions on the procedure are given. The applicable Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use this electronic appointment system. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 08.00 UK time on Wednesday, 19 May 2021.

If you are a CREST member, and as an alternative to completing a hardcopy or electronic instruction, you may vote by utilising the CREST electronic proxy appointment service. To be valid, a proxy appointment or instruction made using the CREST service must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Company's Agent, Equiniti, (CREST participant ID RA 19) by 08.00 a.m. (UK time) on Tuesday, 18 May 2021 (or 72 hours preceding the date and time for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) for which the Company's Agent is able to retrieve the message.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 08.00 UK time on Tuesday, 18 May 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

#### Proxies

A shareholder entitled to attend, participate in and vote at the AGM is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of registered shareholders of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those shareholders who:

- › hold ordinary shares in certificated form; or
- › are recorded on the sub-register in "own-name" dematerialised form.

### Securities depository participant

Shareholders who have dematerialised their ordinary shares through a central securities depository participant ("CSDP") or broker other than with "own-name" registration and who wish to electronically attend and/or participate in the AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend and/or participate in the AGM in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of their custody agreement entered into between them and the CSDP or broker.

Unless you advise your CSDP or broker, in terms of your custody agreement, by the cut-off time stipulated therein, that you wish to attend and/or participate in the AGM or send a proxy to represent you, your CSDP or broker will assume that you do not wish to attend and/or participate in the AGM or send a proxy.

The Company does not accept any responsibility for any failure by the relevant CSDP to adhere to requests from shareholders.

## Notice of Annual General Meeting (continued)

### Voting

The Chairman is of the view that all resolutions (including any non-binding advisory votes) to be voted on at the AGM should be put to a vote on a poll, rather than being determined simply on a show of hands, in accordance with best practice and to reflect more accurately the views of all shareholders. It is noted that, on a poll, any person who is present at the AGM, whether as a shareholder or represented by a proxy for a shareholder, would have the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder. However, on a show of hands, every person present and entitled to exercise voting rights would be entitled to one vote irrespective of the number of voting rights that person would otherwise be entitled to exercise. Thus, in accordance with clause 25.2.2 of the Company's MOI, the Chairman has demanded that voting be conducted by poll.

Voting at the AGM will be undertaken electronically. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM. The transfer secretaries will identify each shareholder's individual shareholding so that the number of votes that each shareholder has at a meeting will be linked to the number of votes which each shareholder will be able to exercise at the AGM.

### Lodgement of forms of proxy

For administrative purposes, it is requested that forms of proxy be lodged with the Company's transfer secretaries, JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa via email at [investorenquiries@jseinvestorservices.co.za](mailto:investorenquiries@jseinvestorservices.co.za), or posted to the Company's transfer secretaries at PO Box 10462, Johannesburg, 2000, South Africa, so as to be received by them 09:00 SA time on Wednesday, 19 May 2021 before the commencement of the meeting for administrative purposes. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to electronically attend, participate in and vote in person at the AGM.

Kindly ensure that TMS is copied when submitting all completed proxy forms and/or letters of representation to Link. For all other purposes, including submitting relevant information to TMS, please use the following contact details:

The Meeting Specialist Proprietary Limited  
JSE Building  
One Exchange Square  
2 Gwen Lane  
Sandown  
South Africa  
2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor  
Tel: +27 11 520-7950/1/2  
[michael.wenner@tmsmeetings.co.za](mailto:michael.wenner@tmsmeetings.co.za)  
[farhana.adam@tmsmeetings.co.za](mailto:farhana.adam@tmsmeetings.co.za)  
[izzy.vanschoor@tmsmeetings.co.za](mailto:izzy.vanschoor@tmsmeetings.co.za)  
[proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za)

### Contact details for our Share Registrars are listed below:

#### South Africa

JSE Investor Services Proprietary Limited  
13th Floor, 19 Ameshoff Street Braamfontein, Johannesburg, 2001 (PO Box 10462, Johannesburg, 2000)  
Email: [investorenquiries@jseinvestorservices.co.za](mailto:investorenquiries@jseinvestorservices.co.za)

#### Malawi

National Bank of Malawi plc Legal Department  
NBM Towers, 7 Henderson Street, Blantyre, Malawi (PO Box 945, Blantyre, Malawi)  
Email: [legal@natbankmw.com](mailto:legal@natbankmw.com)

#### Namibia

Transfer Secretaries (Pty) Ltd  
4 Robert Mugabe Avenue Windhoek, Namibia (PO Box 2401, Windhoek, Namibia)  
Email: [ts@nsx.com.na](mailto:ts@nsx.com.na)

#### United Kingdom

United Kingdom Freepost RTHJ-CLL-KBKU Equiniti Limited  
Aspect House Spencer Road Lancing BN99 8LU  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

#### Zimbabwe

Corpserve Registrars (Pvt) Ltd 2nd Floor, ZB Centre  
Cnr 1st and Kwame Nkrumah Avenue, Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe)  
Email: [corpserve@escrowgroup.org](mailto:corpserve@escrowgroup.org)

## Registrars' telephone contact details

<b>South Africa</b>	Local: 086 140 0110 or 086 154 6566 International: +27 (0)11 029 0253
<b>Malawi</b>	+265 182 0622 or +265 182 0054
<b>Namibia</b>	+264 61 227 647
<b>United Kingdom</b>	Local: 0371 384 2878 International: +44 (0)121 415 0833
<b>Zimbabwe</b>	+263 242 751 559 or +263 242 751 561

Lines are open Mondays to Fridays from 09.00 a.m. to 05.00 p.m. (local time) for the registrars in the United Kingdom and from 08.00 a.m. to 04.30 p.m. (local time) for all other registrars, except on public holidays.

By order of the Board

### **Elsabé Kirsten**

*Company Secretary*  
Pinelands, Cape Town  
19 April 2021

## Explanatory notes relating to the business to be conducted at the AGM

The notes in this Part of the Notice explain the resolutions to be proposed at the AGM.

### Ordinary Resolutions

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#### Ordinary Resolution No 1 – Adoption of AFS

The AFS of the Company, including the reports of the Board, the independent auditors and the Audit committee can be found on the Company website at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

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#### Ordinary Resolution No 2 – Election and Re-election of directors retiring by rotation

In accordance with the Company's MOI, clause 29.7.1 provides that following the first annual general meeting of the Company following the listing of its ordinary shares on the JSE Ltd, all the elected directors shall retire from office and at each subsequent annual general meeting, one-third of all the non executive directors (or if their number is not three or a multiple of three), the number nearest to one-third (but not less than one-third) shall retire from office. Clause 29.7.2 provides that, among others, the directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot. The Corporate Governance and Nominations Committee ("NomCom") has reviewed the composition of the Board and determine the third of the directors who should retire in the upcoming AGM, as those directors reference in Ordinary Resolution No 2, having regard to, amongst others, the directors who have been longest in office, counting from their initial dates of appointment of directorship in the Company's group. Taking into consideration the composition of the Board, and the required skills mix and diversity considerations in order to ensure its collective effectiveness, optimal functioning and sustainability, the NomCom recommended the re-election of the directors referenced in Ordinary Resolutions No 2.1 to 2.3.

In terms of clause 29.5 of the Company's MOI, the Board has the power to appoint directors: (i) to fill a casual vacancy (being a vacancy on the Board which does not amount to the number of directors being less than the minimum number of directors prescribed in terms of the MOI); or (ii) as an addition to the Board (as contemplated in section 66(4)(a)(i) of the Companies Act); provided that, such appointment must be confirmed by the shareholders at the next AGM (in accordance with clause 29.2 of the MOI) and the approval of the Prudential Authority being obtained in terms of the Insurance Act No 18 of 2017 ("Insurance Act") for directors referenced in Ordinary Resolutions No 2.6. to 2.7. The Board has, prior to the date of this Notice, appointed the directors referenced in Ordinary Resolutions No 2.4 and 2.5 in accordance with the provisions of clause 29.5 of the Company's MOI and now recommends to shareholders the election of these directors by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act.

Therefore, in addition to the election and/or re-election of the directors referenced in Ordinary Resolutions No 2.1 to 2.5, it is proposed that the directors referenced in Ordinary Resolutions No 2.6 and 2.7 be elected as directors of the company in accordance with section 68(1) of the Companies Act and subject to the approval of the Prudential Authority in terms of the Insurance Act.

Accordingly, the Board recommends to shareholders the election and/or re-election of the directors referenced in Ordinary Resolutions No 2.1 to 2.7 by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act.

## Notice of Annual General Meeting (continued)

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### Ordinary Resolution No 3 – Election and Re-election of Audit committee members

In terms of section 94(2) of the Companies Act, the Audit committee must be elected by the shareholders at each AGM.

In terms of the Companies Regulations, 2011, promulgated pursuant to the Companies Act, at least one third of the members of the Company's Audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs, or human resource management.

NomCom, at a meeting held on 11 March 2021, satisfied itself that the proposed members of the Audit committee comply with the requirements of the Companies Act, the Prudential Standards issued in terms of the Financial Sector Regulation Act, 9 of 2017 ("FSR Act") and the King IV in that they:

- are suitably qualified and experienced to be members of the Audit committee;
- collectively possess skills and the relevant experience which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards, and other financial and sustainability reporting standards, regulations; and
- guidelines applicable to the Company.

The report from the Audit committee can be found on pages 8 to 12 of the AFS. Both the Audit committee report and Terms of Reference are available on the Company's website at the following address: <https://www.oldmutual.com/about/governance/board-committees>.

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### Ordinary Resolution No 4 – Re-appointment of Auditors

In accordance with section 90(1) of the Companies Act, Deloitte & Touche and KPMG Inc. are proposed to be re-appointed as the joint external auditors of the Company, as nominated by the Company's Audit committee, until the conclusion of the Company's next AGM. It is to be noted that Messrs Alex Arterton and Pierre Fourie from Deloitte & Touche and KPMG Inc. respectively, are the designated individual audit partners who will jointly undertake the Company's audit until the conclusion of the Company's next AGM.

The Audit committee conducted an assessment of the performance and the independence of the external auditors and considered whether or not the external auditors comply with the requirements of section 90(2) and 90(3) of the Companies Act, and section 22 of the Listings Requirements, and the Board considered and accepted the findings of the Audit committee in this regard.

The Board is satisfied that the proposed external auditors, who will undertake the audit of the Company for the financial year ending 31 December 2021, comply with the relevant provisions of the Companies Act and the Prudential Standards issued in terms of the FSR Act, and are duly accredited by the JSE.

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### Ordinary Resolution No 5 – Non-binding advisory vote on the approval of the remuneration policy and remuneration implementation report

Shareholders are reminded that in terms of King IV read with the Listings Requirements, the passing of Ordinary Resolution No 5 is by way of non-binding advisory votes. Should 25% (twenty-five percent) or more of the votes exercised on the resolution be cast against either or both of these resolutions, the Company undertakes to engage with shareholders as to the reasons therefore and take appropriate action to address issues raised as envisaged in King IV and the Listings Requirements.

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### Ordinary resolution No 6 – Authorisation to implement the Ordinary and Special Resolutions

Ordinary Resolution No 6 provides authority to the Company (acting through a director or the Company Secretary) to implement or give effect to the ordinary and special resolutions contained in this Notice, to the extent that they are adopted.

## Special resolutions

Resolutions 1 to 3 below will be proposed as Special Resolutions. This means that, for each of those resolutions to be passed, at least 75% (seventy-five percent) of the votes cast must be in favour of the resolution.

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### Special Resolution No 1 – Proposed remuneration of non executive directors

Special resolution 1 has been proposed to comply with the provisions of the Companies Act. In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a Special Resolution approved by the shareholders of the Company and if not prohibited in terms of the Company's MOI. Therefore, Special Resolution 1 is proposed to approve the payment of and the remuneration payable by the Company to its non executive directors for their services as directors of the Company in terms of section 66 of the Companies Act. The remuneration payable to the non executive directors is detailed in the table below the proposed resolution.

The remuneration policy is referred to in the governance report, the status and detail of which is included in the full remuneration supplementary report on pages 6 to 18.

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## Special Resolution No 2 – General authority to repurchase the Company's own ordinary shares

The Board is of the opinion that it would be in the best interests of the Company that Special Resolution No 2 be passed and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase or purchase (collectively "repurchase"), as the case may be, the ordinary shares issued by the Company on the exchanges where the Company's ordinary shares are listed, (but, in aggregate, not exceeding 3.5% (three point five percent) of the Company's total issued ordinary shares), should the market conditions and price justify such action. It is noted that, where such repurchase is undertaken on the JSE, then in accordance with the Listings Requirements, such repurchase must be made through the order book of the JSE.

Should the opportunity arise and should the directors deem it to be advantageous to the Company, or any of its subsidiaries, to repurchase ordinary shares, it is considered appropriate that the directors (and relevant subsidiaries) be authorised to repurchase the Company's ordinary shares.

To the extent that the Board determines to effect a repurchase of ordinary shares pursuant to this authority, it shall procure that the Company complies with the provisions of section 48 read with section 46 of the Companies Act in respect of such transaction (including as regards the application of the solvency and liquidity test as contemplated in section 4 of the Companies Act).

For the purpose of considering Special Resolution No 2 and in compliance with paragraph 11.26 of the Listings Requirements, the following information has been included in the AFS or the Integrated Report, of which this Notice forms part, at the places indicated (i) major shareholders, refer to page 173; (ii) share capital of the Company, refer to page 173; (iii) material changes, please see above; and (iv) directors' responsibility statement, please see above.

The directors intend, should the proposed authority be granted to them under this resolution, to use such authority to, at appropriate times, repurchase ordinary shares on the open market and thereby more efficiently utilise cash on hand.

This authority includes an authority, by special resolution, to repurchase, through the JSE's order book (or the order book of another exchange if the repurchase is effected on such other exchange), as contemplated in section 48(8) of the Companies Act, ordinary shares disposed of by a director or prescribed officer of the Company or a person related to a director or prescribed officer of the Company.

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## Special Resolution No 3 – Financial assistance to subsidiaries and other related and inter-related entities and to directors, prescribed officers and other persons participating in share or other employee incentive schemes

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or interrelated companies and entities, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company or for the purchase of any securities of the Company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or general for a category of potential recipients, and the specific recipient falls within that category and the Board must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Companies Act. In addition, it may be necessary or desirable for the Company to provide financial assistance to related or interrelated companies and entities to subscribe for options or securities or purchase securities. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and interrelated companies and entities have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of the shareholders as set out in this Special Resolution No 3.

### Old Mutual Limited

Registration No. 2017/235138/06 in South Africa, Malawi (No. 1010831), Namibia (No. F/2017/235138/07), United Kingdom (Sedol No. BDVYPQ8) and Zimbabwe (No. E/4/2018)

### Registered office:

Mutualpark  
Jan Smuts Drive  
Pinelands, 7405  
Cape Town, South Africa  
www.oldmutual.com



# SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

## Index

Summary consolidated income statement	15
Summary consolidated statement of comprehensive income	16
Summary consolidated supplementary income statement	17
Summary consolidated statement of financial position	18
Summary consolidated statement of cash flows	19
Summary consolidated statement of changes in equity	20
Notes to the summary consolidated financial statements	22
A: Significant accounting policies	22
B: Segment information	25
C: Other key performance information	36
D: Other consolidated income statement notes	38
E: Financial assets and liabilities	40
F: Analysis of financial assets and liabilities	45
G: Other notes	51

## Summary consolidated income statement

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
<b>Continuing operations</b>			
<b>Revenue</b>			
Gross insurance premium revenue		81,571	80,758
Outward reinsurance		(9,109)	(7,998)
Net earned premiums		72,462	72,760
Investment return (non-banking)		59,940	86,696
Banking interest and similar income		4,734	5,074
Banking trading, investment and similar income		341	187
Fee and commission income, and income from service activities		10,409	10,548
Other income		1,647	851
<b>Total revenue and other income</b>	D1	<b>146,533</b>	<b>176,116</b>
<b>Expenses</b>			
Gross claims and benefits (including change in insurance contract provisions)		(95,412)	(93,654)
Reinsurance recoveries		13,431	6,324
Net claims and benefits incurred		(81,981)	(87,330)
Change in investment contract liabilities		(24,003)	(29,756)
Credit impairment charges		(2,874)	(1,878)
Finance costs		(484)	(737)
Banking interest payable and similar expenses		(1,053)	(1,275)
Fee and commission expenses, and other acquisition costs		(9,803)	(10,713)
Change in third-party interest in consolidated funds		3,479	(8,603)
Other operating and administrative expenses		(25,049)	(23,407)
<b>Total expenses</b>		<b>(141,768)</b>	<b>(163,699)</b>
Share of gains of associated undertakings and joint ventures after tax		592	2,269
Impairment of investments in associated undertakings		(8,629)	(869)
Loss on disposal of subsidiaries and associated undertakings		-	(21)
<b>(Loss)/profit before tax</b>		<b>(3,272)</b>	<b>13,796</b>
Income tax expense		(2,076)	(4,245)
<b>(Loss)/profit after tax from continuing operations</b>		<b>(5,348)</b>	<b>9,551</b>
<b>Discontinued operations</b>			
Profit after tax from discontinued operations		-	104
<b>(Loss)/profit after tax for the financial year</b>		<b>(5,348)</b>	<b>9,655</b>
<b>Attributable to</b>			
Equity holders of the parent		(5,097)	9,386
Non-controlling interests			
Ordinary shares		(251)	269
<b>(Loss)/profit after tax for the financial year</b>		<b>(5,348)</b>	<b>9,655</b>
<b>Earnings per ordinary share</b>			
Basic (loss)/earnings per share – continuing operations (cents)		(116.3)	206.0
Basic earnings per share – discontinued operations (cents)		-	2.3
<b>Basic (loss)/earnings per ordinary share (cents)</b>	C1(a)	<b>(116.3)</b>	<b>208.3</b>
Diluted (loss)/earnings per share – continuing operations (cents)		(116.3)	202.9
Diluted earnings per share – discontinued operations (cents)		-	2.3
<b>Diluted (loss)/earnings per ordinary share (cents)<sup>1</sup></b>	C1(b)	<b>(116.3)</b>	<b>205.2</b>

<sup>1</sup> In periods where the Group recognises a loss attributable to equity holders of the parent, the impact of potentially dilutive shares are excluded from the weighted average number of ordinary shares used to calculate diluted loss per share as their inclusion would have an antidilutive effect. Note C1(a) provides more information on these shares excluded from the calculation.

## Summary consolidated statement of comprehensive income

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
<b>Continuing operations</b>			
<b>(Loss)/profit after tax for the financial year</b>		<b>(5,348)</b>	9,655
<b>Other comprehensive income for the financial year</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gains on property revaluations		9	448
Remeasurement gains on defined benefit plans		175	112
Fair value movements related to credit risk on borrowed funds		(130)	(62)
Share of other comprehensive income from associated undertakings and joint ventures		57	68
Shadow accounting <sup>1</sup>		55	(168)
Income tax on items that will not be reclassified to profit or loss		(63)	(67)
		<b>103</b>	331
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences on translating foreign operations		(635)	(3,872)
Exchange differences recycled to profit or loss on disposal of businesses		-	(135)
Share of other comprehensive income from associated undertakings and joint ventures		118	(284)
		<b>(517)</b>	(4,291)
<b>Total other comprehensive loss for the financial year from continuing operations</b>		<b>(414)</b>	(3,960)
<b>Discontinued operations</b>			
Total other comprehensive income for the financial period from discontinued operations after tax		-	98
<b>Total other comprehensive loss for the financial year</b>		<b>(414)</b>	(3,862)
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(5,762)</b>	5,793
<b>Attributable to</b>			
Equity holders of the parent		<b>(5,492)</b>	5,596
Non-controlling interests			
Ordinary shares		<b>(270)</b>	197
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(5,762)</b>	5,793

<sup>1</sup> Shadow accounting is applied to policyholder liabilities where the underlying measurement of the policyholder liability depends directly on the fair value of the Group's owner-occupied properties. Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts', to allow for the impact of recognising 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.

## Summary consolidated supplementary income statement

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019 (Restated) <sup>1</sup>
Mass and Foundation Cluster		1,265	3,527
Personal Finance and Wealth Management <sup>1</sup>		525	2,169
Old Mutual Investments <sup>1</sup>		180	1,008
Old Mutual Corporate		87	1,816
Old Mutual Insure		(131)	233
Rest of Africa		192	496
Central expenses		(455)	(277)
<b>Results from Operations</b>		<b>1,663</b>	<b>8,972</b>
Shareholder investment return		1,612	2,102
Finance costs		(484)	(737)
Share of gains of associated undertakings and joint ventures after tax		917	2,528
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>		<b>3,708</b>	<b>12,865</b>
Shareholder tax		(1,188)	(2,874)
Non-controlling interests		(36)	(135)
<b>Adjusted Headline Earnings after tax and non-controlling interests</b>		<b>2,484</b>	<b>9,856</b>
Adjusted weighted average number of ordinary shares (millions)	C1(a)	4,574	4,709
<b>Adjusted Headline Earnings per share (cents)</b>		<b>54.3</b>	<b>209.3</b>

### Reconciliation of Adjusted Headline Earnings to IFRS profit after tax<sup>2</sup>

Rm	Notes	December 2020	December 2019
<b>Adjusted Headline Earnings after tax and non-controlling interests</b>		<b>2,484</b>	<b>9,856</b>
Investment return on group equity and debt instruments held in policyholder funds	A1.3(a)	785	474
Impact of restructuring	A1.3(b)	497	(580)
Discontinued operations	A1.3(c)	-	74
Operations in hyperinflationary economies	A1.3(d)	1,093	441
Non-core operations	A1.3(e)	229	376
<b>Headline Earnings</b>		<b>5,088</b>	<b>10,641</b>
Impairment of goodwill and other intangible assets and property, plant and equipment and other Headline Earnings adjustments		(1,408)	(395)
Impairment of associated undertakings		(8,777)	(869)
Profit on disposal of subsidiaries and associated undertakings		-	9
<b>(Loss)/profit after tax for the financial period attributable to equity holders of the parent</b>		<b>(5,097)</b>	<b>9,386</b>

- Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.
- Refer to note A1.3 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.

## Summary consolidated statement of financial position

At 31 December 2020

Rm	Notes	At 31 December 2020	At 31 December 2019
<b>Assets</b>			
Goodwill and other intangible assets		5,925	6,276
Mandatory reserve deposits with central banks		235	141
Property, plant and equipment		8,952	9,892
Investment property		33,606	34,992
Deferred tax assets		2,007	1,155
Investments in associated undertakings and joint ventures		17,450	26,251
Deferred acquisition costs		1,890	1,978
Loans and advances		17,798	21,007
Investments and securities		772,037	744,965
Reinsurers share of policyholder liabilities	Fl	15,610	8,385
Current tax receivable		371	309
Trade, other receivables and other assets		20,317	21,082
Derivative financial instruments		10,840	3,221
Cash and cash equivalents		33,560	30,474
Assets held for sale		84	774
<b>Total assets</b>		<b>940,682</b>	<b>910,902</b>
<b>Liabilities</b>			
Life insurance contract liabilities	Fl	145,536	141,156
Investment contract liabilities with discretionary participating features	Fl	203,117	198,483
Investment contract liabilities	Fl	334,311	314,071
Property and Casualty liabilities	Fl	14,455	8,860
Third-party interests in consolidated funds		73,020	80,814
Borrowed funds		17,335	18,989
Provisions and accruals		1,760	2,060
Deferred revenue		662	513
Deferred tax liabilities		4,293	4,134
Current tax payable		459	1,635
Trade, other payables and other liabilities		60,213	52,520
Amounts owed to bank depositors		5,044	4,908
Derivative financial instruments		11,154	4,834
<b>Total liabilities</b>		<b>871,359</b>	<b>832,977</b>
<b>Net assets</b>		<b>69,323</b>	<b>77,925</b>
<b>Shareholders' equity</b>			
Equity attributable to equity holders of the parent		66,995	74,763
<b>Non-controlling interests</b>			
Ordinary shares		2,328	3,162
<b>Total non-controlling interests</b>		<b>2,328</b>	<b>3,162</b>
<b>Total equity</b>		<b>69,323</b>	<b>77,925</b>

## Summary consolidated statement of cash flows

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(3,272)	13,796
Non-cash movements in profit before tax		29,628	(12,905)
Net changes in working capital		715	15,823
Taxation paid		(3,748)	(4,144)
<b>Net cash inflow from operating activities – continuing operations</b>		<b>23,323</b>	<b>12,570</b>
<b>Cash flows from investing activities</b>			
Acquisition of financial investments		(13,305)	(7,924)
Acquisition of investment properties		(367)	(1,072)
Proceeds from disposal of investment properties		26	35
Dividends received from associated undertakings		879	1,513
Acquisition of property, plant and equipment		(767)	(935)
Proceeds from disposal of property, plant and equipment		141	150
Acquisition of intangible assets		(1,279)	(989)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		(67)	(149)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures		-	4,258
<b>Net cash outflow from investing activities – continuing operations</b>		<b>(14,739)</b>	<b>(5,113)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to			
Ordinary equity holders of the Company	C4	(3,346)	(5,383)
Non-controlling interests and preferred security interests		(93)	(69)
Interest paid (excluding banking interest paid)		(607)	(804)
Net acquisition of treasury shares – ordinary shares		1,252	289
Share buy-back transactions		-	(4,900)
Lease repayments		(460)	(419)
Proceeds from issue of subordinated and other debt		5,648	5,739
Subordinated and other debt repaid		(7,016)	(3,211)
<b>Net cash outflow from financing activities – continuing operations</b>		<b>(4,622)</b>	<b>(8,758)</b>
<b>Net cash inflow/(outflow) – continuing operations</b>		<b>3,962</b>	<b>(1,300)</b>
Net cash outflow from discontinued operations		-	(375)
Effects of exchange rate changes on cash and cash equivalents		(782)	(588)
Cash and cash equivalents at beginning of the period		30,615	32,878
<b>Cash and cash equivalents at end of the period</b>		<b>33,795</b>	<b>30,615</b>
<b>Comprising</b>			
Mandatory reserve deposits with central banks		235	141
Cash and cash equivalents		33,560	30,474
<b>Total</b>		<b>33,795</b>	<b>30,615</b>

The Group has enhanced disclosure on the cash flow statement in order to improve usability for the reader.

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.

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.

Except for mandatory reserve deposits with central banks of R235 million (2019: R141 million), cash and cash equivalents of the Zimbabwean operations of R1,297 million (2019: R1,439 million), and cash and cash equivalents consolidated as part of the consolidation of funds of R8,264 million (2019: R8,731 million), management do not consider that there are any significant amounts of cash and cash equivalents which are not available for use in the Group's day-to-day operations.

## Summary consolidated statement of changes in equity

For the year ended 31 December 2020

Year ended 31 December 2020 Rm	Notes	Millions	Share capital	Fair-value reserve <sup>3</sup>
		Number of shares issued and fully paid		
<b>Shareholders' equity at beginning of the year</b>		<b>4,709</b>	<b>85</b>	<b>(80)</b>
<b>Total comprehensive loss for the financial year</b>		<b>-</b>	<b>-</b>	<b>90</b>
<b>Transactions with the owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividends for the year	C3	-	-	-
Share-based payment reserve movements		-	-	-
Transfer between reserves		-	-	-
Other movements in share capital <sup>2</sup>		-	-	-
<b>Total contributions and distributions</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in ownership and capital structure</b>				
Change in participation in subsidiaries		-	-	-
<b>Total changes in ownership and capital structure</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transactions with the owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity at end of the year</b>		<b>4,709</b>	<b>85</b>	<b>10</b>

- <sup>1</sup> In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. The Group released R39 million (2019: R13 million) of the liability credit reserve directly to retained earnings on the repayment of the R2,250 million (2019: R1,000 million) unsecured subordinated debt.
- <sup>2</sup> Other movements in share capital includes a movement in retained earnings of R220 million relating to own shares held by consolidated investment funds, employee share trusts and policyholder funds. These shares are treated as treasury shares in the consolidated financial statements.
- <sup>3</sup> The fair value reserve comprises all fair value adjustments relating to investments in debt and equity instruments of equity accounted associated undertakings that are subsequently measured at FVOCI within the financial statements of these associated undertakings.

Year ended 31 December 2019 Rm	Notes	Millions	Share capital	Merger reserve
		Number of shares issued and fully paid		
<b>Shareholders' equity at beginning of the year</b>		<b>4,942</b>	<b>89</b>	<b>1,133</b>
<b>Total comprehensive income for the financial year</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with the owners of the Company</b>				
<b>Contributions and distributions</b>				
Dividends for the year	C3	-	-	-
Share-based payment reserve movements		-	-	-
Transfer between reserves		-	-	-
Merger reserve transferred from sale of Latin American businesses		-	-	(1,133)
Share buyback transactions		(233)	(4)	-
Other movements in share capital		-	-	-
<b>Total contributions and distributions</b>		<b>(233)</b>	<b>(4)</b>	<b>(1,133)</b>
<b>Changes in ownership and capital structure</b>				
Change in participation in subsidiaries		-	-	-
<b>Total changes in ownership and capital structure</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total transactions with the owners of the Company</b>		<b>(233)</b>	<b>(4)</b>	<b>(1,133)</b>
<b>Shareholders' equity at end of the year</b>		<b>4,709</b>	<b>85</b>	<b>-</b>

- <sup>1</sup> Included in the closing balance of other reserves is a R180 million liability credit reserve on borrowed funds.

Property revaluation reserve	Share-based payments reserve	Liability credit reserve <sup>1</sup>	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
615	763	(180)	(7,404)	80,964	74,763	3,162	77,925
16	-	(91)	(558)	(4,949)	(5,492)	(270)	(5,762)
-	-	-	-	(3,346)	(3,346)	(93)	(3,439)
-	200	-	-	(40)	160	-	160
(81)	(214)	-	108	674	487	(487)	-
-	-	-	-	423	423	16	439
(81)	(14)	-	108	(2,289)	(2,276)	(564)	(2,840)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(81)	(14)	-	108	(2,289)	(2,276)	(564)	(2,840)
550	749	(271)	(7,854)	73,726	66,995	2,328	69,323

Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Other reserves <sup>1</sup>	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
14	758	1,162	(690)	(3,608)	79,163	78,021	3,399	81,420
(94)	271	-	262	(4,017)	9,174	5,596	197	5,793
-	-	-	-	-	(5,383)	(5,383)	(69)	(5,452)
-	-	(122)	-	-	-	(122)	-	(122)
-	(414)	(277)	248	221	222	-	-	-
-	-	-	-	-	1,133	-	-	-
-	-	-	-	-	(4,896)	(4,900)	-	(4,900)
-	-	-	-	-	1,578	1,578	(31)	1,547
-	(414)	(399)	248	221	(7,346)	(8,827)	(100)	(8,927)
-	-	-	-	-	(27)	(27)	(334)	(361)
-	-	-	-	-	(27)	(27)	(334)	(361)
-	(414)	(399)	248	221	(7,373)	(8,854)	(434)	(9,288)
(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925

# Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

## A: Significant accounting policies

### AI: Basis of preparation

#### 1.1 Statement of compliance

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

The summary consolidated annual financial statements have been extracted from the audited consolidated annual financial statements of the Company and its subsidiaries (the Group) for the year ended 31 December 2020

The Old Mutual Limited audited consolidated and separate annual financial statements (Consolidated Financial Statements) for the year ended 31 December 2020 are available at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>, at our registered offices and upon request.

The consolidated annual financial statements for the year ended 31 December 2020 have been audited by KPMG Inc and Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors' report does not necessarily refer on all information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2020, summary consolidated income statement, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year ended 31 December 2020 and selected explanatory notes (including the summary consolidated supplementary income statement), but do not include the information required pursuant to paragraph 16A(j) of IAS 34.

The summary consolidated financial statements and the consolidated financial statements have been prepared under the supervision of Casper Troskie CA(SA) (Group Chief Financial Officer). The directors take full responsibility for the preparation of the summary consolidated financial statements and that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA

Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the summary consolidated annual financial statements are in terms of IFRS and are consistent with those applied in the preparation of the 2019 audited consolidated annual financial statements.

#### 1.2 Going concern

A detailed going concern assessment has been performed as part of the 2020 year end reporting process. This assessment has relied on the Group's 2021 to 2023 business plan and has considered the profitability and solvency projections over the plan period. Due to the unprecedented impact on our operating environment, the Group focussed on key priorities and management actions to ensure that we were able to appropriately respond to what can be considered a 1-in-100 year event. This along with various economic scenarios modelled during 2020 helped provide appropriate inputs into the Group's business plan. As part of the planning process, a downside scenario has also been modelled that factored into account a second wave of infections, with no economic growth until 2022 as well as lower expected market levels. The outcomes of this scenario have shown 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.

A comprehensive and mature risk management framework is in place which is based on a three lines of assurance model. This ensures disciplined risk based decision making in the Group and active control over risk exposures to which earnings and capital are exposed. A comprehensive suite of risk policies is in place to direct how specific risks should be managed and controlled. Appropriate escalation mechanism are in place for risk events and any breaches in risk limits and targets. A forward looking Own Risk and Solvency Assessment (ORSA) is conducted annually. This assesses the robustness of the balance sheet in modelled severe conditions and supports the maintenance of strong solvency capital and liquidity positions.

Subsequent to year end and up to the date of assessment, there have been no significant change in circumstances which suggest the above reviews are no longer valid.

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.

#### 1.3 Basis of preparation of Adjusted Headline Earnings

##### Purpose of Adjusted Headline Earnings

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

Due to the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listing Requirements and SAICA circular 01/2019 adjusted for items that are not considered reflective of the long term economic performance of the Group. AHE is presented to show separately the Results from Operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The Committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time. Adjustments applied in the determination of AHE for the year ended 31 December 2020 are consistent with those applied for the year ended 31 December 2019.

The adjustments applied in the determination of AHE are:

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

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

(b) **Impact of restructuring**

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

(c) **Discontinued operations**

Represents the removal of the profit after tax associated with discontinued operations. These businesses are not considered part of the Group's principal operations due to the fact they have been or are in the process of being sold or distributed and therefore will not form part of the Group going forward. The profit attributable to these businesses, included the profit or loss recognised on the ultimate distribution or disposal of the business, is removed from AHE. The comparative period includes the profit attributable to Latin America and Old Mutual Bermuda.

(d) **Operations in hyperinflationary economies**

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

(e) **Non-core operations**

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

1.4 **Basis of preparation of other non-IFRS measures**

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

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

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

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

(b) **AHE per share**

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

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

## A2: **Critical accounting estimates and judgements**

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

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2019, with the exception of certain judgements made in respect of accounting matters related to Zimbabwe. 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 in the annual financial statements.

# Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

## A: Significant accounting policies

### A2: Critical accounting estimates and judgements

#### (a) Accounting matters relating to Zimbabwe

##### Zimbabwe as a hyperinflationary economy

During the year, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. This decision was made after careful assessment of the relevant factors including the rapid increase in official inflation rates. The inflation rate during 2020 continued to increase and as such, Zimbabwe continues to be a hyperinflationary economy and continues to be accounted for as such in the year end financial statements.

The results of our operations with a functional currency of ZWL\$ have been prepared in accordance with IAS 29 – 'Financial Reporting in Hyperinflationary Economies' (IAS 29). Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. Consistent with the prior period, the Group has elected to use the Zimbabwe Consumer Price Index (CPI) of 2474.51 at 31 December 2020; (31 December 2019: 551.6) to restate amounts as CPI provides an official observable indication of the change in the price of goods and services.

The application of hyperinflation accounting has been applied consistently with the principles outlined in the 2019 financial statements. The impact of applying IAS 29 in the current year resulted in a decrease in net asset value and profit after tax of R70 million.

##### Application of hyperinflationary accounting

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

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

As the auction trading system only came into operation during the year and the rate derived from this system may not appropriately reflect the rate for immediate delivery of foreign exchange, the Group has estimated an exchange rate for the ZWL\$ that will more appropriately reflect observable differences between ZWL\$ and US dollar values. For the purposes of 31 December 2020 reporting, a ZWL\$ to US dollar exchange rate of 110 to 1 (ZWL rate) has been estimated.

The estimate has been calculated on a similar basis to the rate used in the 31 December 2018 financial statements. The inputs considered in the estimate include global relative fuel prices and the weighted average exchange rate calculated on the newly implemented formal market-based foreign exchange trading system. In accordance with the provisions of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' the results, net assets and cash flows have been translated at the closing rate.

##### Valuation of assets within Zimbabwe

In light of the economic conditions within Zimbabwe, the valuation of assets requires significant judgement. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe stock exchange and other international stock exchanges while our unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS. Due to the subjective nature and complexity of the inputs used in these valuations, the Group has adjusted the valuation of property assets to account for uncertainty within the valuations.

##### IFRS profits earned within Zimbabwe

During the current year, our operations in Zimbabwe reported pre tax IFRS profits of R1.3 billion, of which R1.1 billion were driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE). The ZSE generated returns of 1.046% during the year, driven by investors seeking a safe haven due to the current economic conditions within country. This return is in excess of inflation and the depreciation of the Zimbabwe dollar to the rand, resulting in a profit included in the Group's consolidated results. We caution users of these financial statements that these returns may reverse in the future.

##### Sensitivities

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

Condensed statement of financial position at 31 December 2020

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
<b>Total revenues</b>	<b>8,626</b>	<b>8,693</b>	<b>8,793</b>	<b>8,959</b>
<b>Total expenses</b>	<b>(7,304)</b>	<b>(7,368)</b>	<b>(7,466)</b>	<b>(7,631)</b>
<b>Profit before tax</b>	<b>1,322</b>	<b>1,325</b>	<b>1,327</b>	<b>1,328</b>
Income tax expense	(43)	(48)	(51)	(56)
<b>Profit after tax for the financial period</b>	<b>1,279</b>	<b>1,277</b>	<b>1,276</b>	<b>1,272</b>

## Condensed statement of financial position at 31 December 2020

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
<b>Total assets</b>	<b>12,147</b>	<b>12,155</b>	<b>12,167</b>	<b>12,186</b>
<b>Total liabilities</b>	<b>11,325</b>	<b>11,334</b>	<b>11,348</b>	<b>11,372</b>
<b>Net assets</b>	<b>822</b>	<b>821</b>	<b>819</b>	<b>814</b>

The table below illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwe business. The sensitivities include a depreciation of 50% and 75% to the existing rate. In addition the closing auction rate as at 31 December 2020 of ZWL\$ 81,79 to 1 US dollar, which equates to 1 ZWL\$ to 0,18 ZAR has also been included.

Rm	As reported	1 ZWL\$: 0,18ZAR	1 ZWL\$: 0,07ZAR	1 ZWL\$: 0,03ZAR
Profit after tax attributable to the equity holders of the parent	1,151	1,548	575	288
Equity attributable to the equity holders of the parent	741	996	370	185

## B: Segment information

### B1: Basis of segmentation

#### 1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, was responsible for the assessment of performance and the allocation of resources of the continuing business operations during the period 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 chief operating decision maker, 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 businesses: (i) Asset Management comprising eight investment boutiques that provide asset management services to retirement and benefit funds and to the retail market in partnership with Wealth, (ii) Alternatives, an unlisted alternatives investment business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- **Old Mutual Corporate:** Operates in Life and Savings and primarily provides Group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- **Old Mutual Insure:** Provides Property and Casualty insurance products through three operational businesses: (i) Personal, (ii) Commercial, and (iii) Corporate.
- **Rest of Africa:** Operates in Life and Savings, Property and Casualty (including health insurance), Banking and Lending (including micro-lending) and Asset Management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.
- **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc and investments in associated undertakings. Subsequent to the Nedbank unbundling, the Group retained a minority shareholding of 19.7%, managed as part of Other Group Activities.

#### 1.2 Presentation and disclosure

Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business by the same managing director. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information in notes B2 and B3 have been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

Results from Operations measures the operational performance of the Group and together with items such as investment return, finance costs and income from associated undertakings, the Group's profit measure, AHE is derived. AHE by definition excludes discontinued operations and Residual plc, which do not form part of core continuing businesses of the Group, and certain of the discontinued operations are a function of the re-organisation and the application of predecessor accounting.

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.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### B: Segment information

#### B2: Segmental income statement

Year ended 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate
<b>Revenue</b>				
Gross insurance premium revenue	13,061	15,929	–	28,012
Outward reinsurance	(38)	(1,346)	–	(1,105)
Net earned premiums	13,023	14,583	–	26,907
Investment return (non-banking)	1,172	27,530	2,272	17,351
Banking interest and similar income	3,489	–	–	–
Banking trading, investment and similar income	–	–	–	–
Fee and commission income, and income from service activities	540	6,812	2,069	371
Other income	270	375	85	692
<b>Total revenue and other income</b>	<b>18,494</b>	<b>49,300</b>	<b>4,426</b>	<b>45,321</b>
<b>Expenses</b>				
Net claims and benefits (including change in insurance contract provisions)	(7,874)	(21,030)	–	(38,538)
Reinsurance recoveries	37	2,317	–	1,521
Net claims and benefits incurred	(7,837)	(18,713)	–	(37,017)
Change in investment contract liabilities	15	(17,455)	(2,307)	(2,578)
Credit impairment charges	(1,949)	(199)	–	(373)
Finance costs	–	–	–	–
Banking interest payable and similar expenses	(612)	–	–	–
Fee and commission expenses, and other acquisition costs	(2,572)	(3,747)	(444)	(745)
Change in third-party interest in consolidated funds	–	–	–	–
Other operating and administrative expenses	(4,273)	(7,202)	(1,489)	(4,882)
Policyholder tax	(1)	(1,459)	(6)	361
<b>Total expenses</b>	<b>(17,229)</b>	<b>(48,775)</b>	<b>(4,246)</b>	<b>(45,234)</b>
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–
Impairment of investments in associated undertakings	–	–	–	–
Loss on disposal of subsidiaries and associates undertakings	–	–	–	–
<b>Results from operations</b>	<b>1,265</b>	<b>525</b>	<b>180</b>	<b>87</b>
Shareholder investment return	–	–	–	–
Finance costs	–	–	–	–
Income from associated undertakings	–	–	–	–
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>	<b>1,265</b>	<b>525</b>	<b>180</b>	<b>87</b>
Shareholder tax	(448)	(154)	(128)	(26)
Non-controlling interests	(41)	–	(17)	–

Old Mutual Insure	Rest of Africa	Other Group Activities and intercompany eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
14,839	9,165	(103)	80,903	-	668	81,571
(5,398)	(1,157)	102	(8,942)	-	(167)	(9,109)
9,441	8,008	(1)	71,961	-	501	72,462
231	2,775	(2,553)	48,778	(1,121)	9,283	56,940
-	930	-	4,419	-	315	4,734
-	81	-	81	-	260	341
1,013	1,082	(1,917)	9,970	-	439	10,409
1	215	(72)	1,566	39	42	1,647
10,686	13,091	(4,543)	136,775	(1,082)	10,840	146,533
(14,974)	(8,280)	154	(90,542)	-	(4,870)	(95,412)
8,678	934	(93)	13,394	-	37	13,431
(6,296)	(7,346)	61	(77,148)	-	(4,833)	(81,981)
-	(234)	(74)	(22,633)	-	(1,370)	(24,003)
-	(319)	(1)	(2,841)	-	(33)	(2,874)
-	-	-	-	-	(484)	(484)
-	(347)	-	(959)	-	(94)	(1,053)
(2,499)	(886)	1,488	(9,405)	(241)	(157)	(9,803)
-	-	-	-	3,479	-	3,479
(2,022)	(3,656)	2,575	(20,949)	(2,156)	(1,944)	(25,049)
-	(111)	39	(1,177)	-	1,177	-
(10,817)	(12,899)	4,088	(135,112)	1,082	(7,738)	(141,768)
-	-	-	-	-	592	592
-	-	-	-	-	(8,629)	(8,629)
-	-	-	-	-	-	-
(131)	192	(455)	1,663	-	(4,935)	(3,272)
89	311	1,212	1,612	-	(1,612)	-
(35)	(118)	(331)	(484)	-	484	-
-	-	917	917	-	(917)	-
(77)	385	1,343	3,708	-	(6,980)	(3,272)
5	(311)	(126)	(1,188)	-	(888)	(2,076)
1	21	-	(36)	-	287	251

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### B: Segment information

#### B2: Segmental income statement

Year ended 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate
<b>Adjusted Headline Earnings</b>	<b>776</b>	<b>371</b>	<b>35</b>	<b>61</b>
Investment return adjustment for Group equity and debt instruments held in policy holder funds	(33)	(85)	–	(315)
Impact of restructuring	210	294	–	–
Operations in hyperinflationary economies	–	–	–	–
Non-core operations	–	–	–	–
<b>Headline earnings</b>	<b>953</b>	<b>580</b>	<b>35</b>	<b>(254)</b>
Adjustments				
Impairment of goodwill and other intangibles assets and property plant and equipment and other Headline Earnings adjustments	(1,127)	–	–	–
Impairment of associated undertakings	–	–	(9)	–
<b>(Loss)/profit after tax for the financial year attributable to equity holders of the parent</b>	<b>(174)</b>	<b>580</b>	<b>26</b>	<b>(254)</b>
(Loss)/profit for the financial period attributable to non-controlling interests	(338)	(5)	17	(29)
<b>(Loss)/profit after tax for the financial year</b>	<b>(512)</b>	<b>575</b>	<b>43</b>	<b>(283)</b>

The Group operates within two main geographic areas, being South Africa and other African regions collectively known as Rest of Africa. Note B1 provides more information about the primary segments of the Group

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1,085 million (2019: R1,504 million), Personal Finance and Wealth Management is R11,659 million (2019: R16,513 million), Old Mutual Investments is R3,557 million (2019: R6,786 million), Old Mutual Corporate is R11,447 million (2019: R19,414 million), Old Mutual Insure is R1 million (2019: R1 million), Rest of Africa is R16 million (2019: R1 million) and Other Group Activities is R6,362 million (2019: R562 million). The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties.

Old Mutual Insure	Rest of Africa	Other Group Activities and intercompany eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
(71)	95	1,217	2,484	-	(7,581)	(5,097)
-	62	1,156	785	-	(785)	-
-	(7)	-	497	-	(497)	-
-	1,093	-	1,093	-	(1,093)	-
-	-	229	229	-	(229)	-
(71)	1,243	2,602	5,088	-	(10,185)	(5,097)
-	-	(281)	(1,408)	-	1,408	-
-	-	(8,768)	(8,777)	-	8,777	-
(71)	1,243	(6,447)	(5,097)	-	-	(5,097)
(1)	105	-	(251)	-	-	(251)
(72)	1,348	(6,447)	(5,348)	-	-	(5,348)

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### B: Segment information

#### B2: Segmental income statement (Restated)<sup>1</sup>

Year ended 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated) <sup>1</sup>	Old Mutual Investments (Restated) <sup>1</sup>	Old Mutual Corporate
<b>Revenue</b>				
Gross insurance premium revenue	12,366	14,031	–	30,097
Outward reinsurance	(40)	(1,278)	–	(891)
Net earned premiums	12,326	12,753	–	29,206
Investment return (non-banking)	1,615	34,226	5,143	25,847
Banking interest and similar income	3,808	1	–	–
Banking trading, investment and similar income	–	–	–	–
Fee and commission income, and income from service activities	668	7,100	2,260	348
Other income	251	164	110	197
<b>Total revenue and other income</b>	<b>18,668</b>	<b>54,244</b>	<b>7,513</b>	<b>55,598</b>
<b>Expenses</b>				
Net claims and benefits (including change in insurance contract provisions)	(6,046)	(19,282)	–	(45,640)
Reinsurance recoveries	30	2,011	–	818
Net claims and benefits incurred	(6,016)	(17,271)	–	(44,822)
Change in investment contract liabilities	(5)	(20,884)	(4,268)	(3,906)
Credit impairment charges	(1,598)	(58)	–	9
Finance costs	–	–	–	–
Banking interest payable and similar expenses	(798)	–	–	–
Fee and commission expenses, and other acquisition costs	(2,827)	(5,112)	(425)	(453)
Change in third-party interest in consolidated funds	–	–	–	–
Other operating and administrative expenses	(3,885)	(6,739)	(1,806)	(4,741)
Policyholder tax	(12)	(2,011)	(6)	131
<b>Total expenses</b>	<b>(15,141)</b>	<b>(52,075)</b>	<b>(6,505)</b>	<b>(53,782)</b>
Share of gains/(losses) of associated undertakings and joint ventures	–	–	–	–
Impairment of investment in associated undertakings	–	–	–	–
Loss on disposal of subsidiaries, associated undertakings and strategic investments	–	–	–	–
<b>Results from operations</b>	<b>3,527</b>	<b>2,169</b>	<b>1,008</b>	<b>1,816</b>
Shareholder investment return	–	–	–	–
Finance costs	–	–	–	–
Income from associated undertakings	–	–	–	–
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>	<b>3,527</b>	<b>2,169</b>	<b>1,008</b>	<b>1,816</b>
Shareholder tax	(984)	(533)	(195)	(516)
Non-controlling interests	(95)	2	(13)	–

Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Continuing Operations	Discontinued operations	Total IFRS
14,597	8,831	(61)	79,861	-	897	80,758	-	80,758
(4,611)	(1,067)	36	(7,851)	-	(147)	(7,998)	-	(7,998)
9,986	7,764	(25)	72,010	-	750	72,760	-	72,760
233	3,570	(2,476)	68,158	10,256	8,282	86,696	-	86,696
-	840	-	4,649	-	425	5,074	-	5,074
-	63	-	63	-	124	187	-	187
892	902	(2,073)	10,097	-	451	10,548	-	10,548
5	174	(469)	432	24	395	851	-	851
11,116	13,313	(5,043)	155,409	10,280	10,427	176,116	-	176,116
(9,295)	(8,533)	127	(88,669)	-	(4,985)	(93,654)	-	(93,654)
2,896	538	(71)	6,222	-	102	6,324	-	6,324
(6,399)	(7,995)	56	(82,447)	-	(4,883)	(87,330)	-	(87,330)
-	(365)	39	(29,389)	-	(367)	(29,756)	-	(29,756)
-	(157)	(43)	(1,847)	-	(31)	(1,878)	-	(1,878)
-	-	-	-	-	(737)	(737)	-	(737)
-	(331)	-	(1,129)	-	(146)	(1,275)	-	(1,275)
(2,486)	(804)	1,839	(10,268)	(267)	(178)	(10,713)	-	(10,713)
-	-	-	-	(8,603)	-	(8,603)	-	(8,603)
(1,998)	(3,075)	2,437	(19,807)	(1,410)	(2,190)	(23,407)	-	(23,407)
-	(90)	438	(1,550)	-	1,550	-	-	-
(10,883)	(12,817)	4,766	(146,437)	(10,280)	(6,982)	(163,699)	-	(163,699)
-	-	-	-	-	2,269	2,269	-	2,269
-	-	-	-	-	(869)	(869)	-	(869)
-	-	-	-	-	(21)	(21)	-	(21)
233	496	(277)	8,972	-	4,824	13,796	-	13,796
188	41	1,873	2,102	-	(2,102)	-	-	-
(46)	(98)	(593)	(737)	-	737	-	-	-
-	-	2,528	2,528	-	(2,528)	-	-	-
375	439	3,531	12,865	-	931	13,796	-	13,796
(99)	75	(622)	(2,874)	-	(1,371)	(4,245)	-	(4,245)
(26)	(3)	-	(135)	-	(134)	(269)	-	(269)

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### B: Segment information

#### B2: Segmental income statement (Restated)<sup>1</sup>

Year ended 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated) <sup>1</sup>	Old Mutual Investments (Restated) <sup>1</sup>	Old Mutual Corporate
<b>Adjusted Headline Earnings</b>	2,448	1,638	800	1,300
Investment return adjustment for Group equity and debt instruments held in policy holder funds		65	–	214
Impact of restructuring	(61)	(523)	–	–
Profit from discontinued operations after tax	–	–	–	–
Operations in hyperinflationary economies	–	–	–	–
Non-core operations	–	–	–	–
<b>Headline earnings</b>	2,409	1,180	800	1,514
Impairment of goodwill and other intangibles and property, plant and equipment	(8)	(31)	(26)	(75)
Impairment of associated undertakings	17	49	–	164
Profit/(loss) on disposal of fixed assets	–	–	–	–
<b>Profit for the financial year attributable to equity holders</b>	2,418	1,198	774	1,603
Profit for the financial period attributable to non-controlling interests	101	18	13	61
<b>Profit for the financial period attributable to equity holders</b>	2,519	1,216	787	1,664

<sup>1</sup> Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Continuing Operations	Discontinued operations	Total IFRS
250	511	2,909	9,856	-	(574)	9,282	-	9,282
-	(106)	279	474	-	(474)	-	-	-
-	4	-	(580)	-	580	-	-	-
-	-	74	74	-	(74)	-	104	104
-	441	-	441	-	(441)	-	-	-
-	-	376	376	-	(376)	-	-	-
250	850	3,638	10,641	-	(1,359)	9,282	104	9,386
-	-	(255)	(395)	-	395	-	-	-
-	-	(1,099)	(869)	-	869	-	-	-
-	-	9	9	-	(9)	-	-	-
250	850	2,293	9,386	-	(104)	9,282	104	9,386
26	50	-	269	-	-	269	-	269
276	900	2,293	9,655	-	(104)	9,551	104	9,655

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### B: Segment information

#### B3: Segmental statement of financial position

At 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate
<b>Total assets</b>	<b>31,455</b>	<b>361,052</b>	<b>59,845</b>	<b>287,336</b>
Policyholder liabilities	(13,544)	(328,673)	(50,765)	(253,143)
Life insurance contracts liabilities	(195)	(77,893)	(3)	(60,201)
Investment contract liabilities with discretionary participating features	(13,280)	(15,377)	–	(151,384)
Investment contract liabilities	(69)	(235,403)	(50,762)	(41,558)
Property and Casualty insurance liabilities	–	–	–	–
Other liabilities	(14,625)	(28,836)	(5,310)	(33,741)
<b>Total liabilities</b>	<b>(28,169)</b>	<b>(357,509)</b>	<b>(56,075)</b>	<b>(286,884)</b>
<b>Net assets</b>	<b>3,286</b>	<b>3,543</b>	<b>3,770</b>	<b>452</b>

<sup>1</sup> Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster is R2 million (2019: R37 million), Personal Finance and Wealth Management is R4 million (2019: R11 million), Old Mutual Corporate is R15 million (2019: R367 million), Rest of Africa is R63 million (2019: Rnil) and Old Mutual Insure is Rnil (2019: R259 million)

At 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated) <sup>1</sup>	Old Mutual Investments (Restated) <sup>1</sup>	Old Mutual Corporate
<b>Total assets</b>	<b>33,845</b>	<b>348,739</b>	<b>53,395</b>	<b>277,452</b>
Policyholder liabilities	(11,969)	(309,064)	(49,888)	(246,184)
Life insurance contracts liabilities	80	(74,644)	(3)	(60,083)
Investment contract liabilities with discretionary participating features	(11,969)	(15,829)	–	(147,869)
Investment contract liabilities	(80)	(218,591)	(49,885)	(38,232)
Property and Casualty insurance liabilities	–	–	–	–
Other liabilities	(17,563)	(36,168)	774	(30,699)
<b>Total liabilities</b>	<b>(29,532)</b>	<b>(345,232)</b>	<b>(49,114)</b>	<b>(276,883)</b>
<b>Net assets</b>	<b>4,313</b>	<b>3,507</b>	<b>4,281</b>	<b>569</b>

<sup>1</sup> Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Consolidation of funds	Continuing operations	Total IFRS
19,850	65,980	38,884	76,280	940,682	940,682
-	(39,106)	2,267	-	(682,964)	(682,964)
-	(7,758)	514	-	(145,536)	(145,536)
-	(23,076)	-	-	(203,117)	(203,117)
-	(8,272)	1,753	-	(334,311)	(334,311)
(11,202)	(3,253)	-	-	(14,455)	(14,455)
(4,862)	(12,684)	3,022	(76,904)	(173,940)	(173,940)
(16,064)	(55,043)	5,289	(76,904)	(871,359)	(871,359)
3,786	10,937	44,173	(624)	(69,323)	(69,323)

Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Consolidation of funds	Continuing operations	Total IFRS
14,363	63,418	36,106	83,584	910,902	910,902
-	(37,908)	1,303	-	(653,710)	(653,710)
-	(7,596)	1,090	-	(141,156)	(141,156)
-	(22,816)	-	-	(198,483)	(198,483)
-	(7,496)	213	-	(314,071)	(314,071)
(6,341)	(2,519)	-	-	(8,860)	(8,860)
(4,193)	(12,455)	14,707	(84,810)	(170,407)	(170,407)
(10,534)	(52,882)	16,010	(84,810)	(832,977)	(832,977)
3,829	10,536	52,116	(1,226)	77,925	77,925

# Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

## C: Other key performance information

### CI: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2020	2019
Basic (loss)/earnings per share	IFRS	CI(a)	(116.3)	208.3
Diluted (loss)/earnings per share	IFRS	CI(b)	(116.3)	205.2
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2019	CI(c)	116.1	236.1
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2019	CI(c)	116.1	232.6

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

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

Year ended 31 December	2020	2019
<b>Rm</b>		
(Loss)/profit for the financial year attributable to equity holders of the parent from continuing operations	(5,097)	9,282
Profit for the financial year attributable to equity holders of the parent from discontinued operations	-	104
<b>(Loss)/profit attributable to ordinary equity holders</b>	<b>(5,097)</b>	<b>9,386</b>

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

Year ended 31 December	2020	2019
<b>Weighted average number of ordinary shares in issue (millions)</b>	<b>4,709</b>	<b>4,828</b>
Shares held in charitable foundations and trusts (millions)	(19)	(19)
Shares held in ESOP and similar trusts (millions)	(116)	(100)
<b>Adjusted weighted average number of ordinary shares (millions)</b>	<b>4,574</b>	<b>4,709</b>
Shares held in policyholder and consolidated investment funds (millions)	(179)	(192)
Shares held in Black Economic Empowerment trusts (millions)	(14)	(10)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share (millions)</b>	<b>4,381</b>	<b>4,507</b>
<b>Basic (loss)/earnings per ordinary share (cents)</b>	<b>(116.3)</b>	<b>208.3</b>

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

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

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

	Notes	2020	2019
<b>(Loss)/profit attributable to ordinary equity holders (Rm)</b>		<b>(5,097)</b>	<b>9,386</b>
Weighted average number of ordinary shares (millions)	CI(a)	4,381	4,507
Adjustments for share options held by ESOP and similar trusts (millions) <sup>1</sup>		-	58
Adjustments for shares held in Black Economic Empowerment trusts (millions) <sup>1</sup>		-	10
<b>Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)</b>		<b>4,381</b>	<b>4,575</b>
<b>Diluted (loss)/earnings per ordinary share (cents)</b>		<b>(116.3)</b>	<b>205.2</b>

<sup>1</sup> For the purposes of calculating the weighted average number of ordinary shares used to calculate diluted loss per share for the year ended 31 December 2020, these items were excluded as their inclusion would have an antidiative effect. The weighted average number of ordinary shares used to calculate diluted loss per share for the year ended 31 December 2020 is therefore 4,381 million. This is only applicable in periods when a loss attributable to ordinary equity holders is recorded.

(c) **Headline earnings per share**

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2019 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

Year ended 31 December Rm	Notes	2020		2019	
		Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
<b>(Loss)/profit attributable to ordinary equity holders</b>			<b>(5,097)</b>		9,386
<b>Adjustments:</b>					
Impairments of intangible assets and property, plant and equipment		<b>1,796</b>	<b>1,395</b>	472	395
Impairment of investment in associated undertakings		<b>8,777</b>	<b>8,777</b>	869	869
Loss on disposal of property and equipment		<b>17</b>	<b>13</b>	-	-
Profit on disposal of subsidiaries, associated undertakings and joint ventures		-	-	(307)	(9)
<b>Total adjustments</b>		<b>10,590</b>	<b>10,185</b>	1,034	1,255
<b>Headline Earnings (Rm)</b>			<b>5,088</b>		10,641
<b>Weighted average number of ordinary shares (millions)</b>			<b>4,381</b>		4,507
<b>Diluted weighted average number of ordinary shares (millions)</b>			<b>4,381</b>		4,575
<b>Headline Earnings per share (cents)</b>	CI(a)		<b>116.1</b>		236.1
<b>Diluted Headline Earnings per share (cents)<sup>1</sup></b>	CI(b)		<b>116.1</b>		232.6

1 Diluted Headline Earnings per share has been calculated using the same weighted average number of ordinary shares used to calculate diluted loss per share, in accordance with the South African Institute of Chartered Accountants' circular 01/2019 'Headline Earnings'.

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

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

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

Year ended 31 December Rand	2020	2019
Net asset value per share	<b>14.7</b>	16.5
Net tangible asset value per share	<b>13.5</b>	15.2

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### C: Other key performance information

#### C3: Dividends

Year ended 31 December Rm	Ordinary dividend payment date	2020	2019
2018 Final dividend paid – 72.00c per share	29 April 2019	–	3,334
2019 Interim dividend paid – 45.00c per share	31 October 2019	–	2,049
2019 Final dividend paid – 75.00c per share	4 May 2020	<b>3,346</b>	–
<b>Dividend payments to ordinary equity holders for the year</b>		<b>3,346</b>	5,383

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

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

The Board deemed it appropriate to defer the interim dividend for the six months ended 30 June 2020.

A final dividend of 35 cents (or its equivalent in other applicable currencies) per ordinary share in the Company has been declared by the directors and will be paid on 24 May 2021 to shareholders on all registers.

### D: Other consolidated income statement notes

#### D1: Revenue from contracts with customers

Revenue from contracts with customers are 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.

Year ended 31 December 2020 Rm	Mass and Founda- tion Cluster	Personal Finance and Wealth mana- gement	Old Mutual Invest- ments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consoli- dation of funds	Total
<b>Revenue from contracts with customers</b>									
Fee and commission income	540	6,750	2,008	367	1,004	1,144	(1,861)	–	9,952
Transaction and performance fees	–	58	61	4	–	379	(56)	–	446
Change in deferred revenue	–	4	–	–	9	(2)	–	–	11
<b>Fee and commission income, and income from service activities</b>	<b>540</b>	<b>6,812</b>	<b>2,069</b>	<b>371</b>	<b>1,013</b>	<b>1,521</b>	<b>(1,917)</b>	<b>–</b>	<b>10,409</b>
<b>Non-IFRS 15 revenue</b>									
Banking	3,489	–	–	–	–	1,586	–	–	5,075
Insurance	13,023	14,583	–	26,907	9,441	8,509	(1)	–	72,462
Investment return and other	1,405	27,811	2,352	17,692	187	10,331	(109)	(1,082)	58,587
<b>Total revenue from other activities</b>	<b>17,917</b>	<b>42,394</b>	<b>2,352</b>	<b>44,599</b>	<b>9,628</b>	<b>20,426</b>	<b>(110)</b>	<b>(1,082)</b>	<b>136,124</b>
<b>Total revenue and other income</b>	<b>18,457</b>	<b>49,206</b>	<b>4,421</b>	<b>44,970</b>	<b>10,641</b>	<b>21,947</b>	<b>(2,027)</b>	<b>(1,082)</b>	<b>146,533</b>

<b>Year ended 31 December 2019 (Restated)<sup>1</sup> Rm</b>	Mass and Founda- tion Cluster	Personal Finance and Wealth mana- gement (Re- stated) <sup>1</sup>	Old Mutual Invest- ments (Re- stated) <sup>1</sup>	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consoli- dation of funds	Total
<b>Revenue from contracts with customers</b>									
Fee and commission income	667	7,261	1,977	345	890	1,020	(2,013)	-	10,147
Transaction and performance fees	2	29	72	3	-	338	(62)	-	382
Change in deferred revenue	-	21	-	-	2	(4)	-	-	19
<b>Fee and commission income, and income from service activities</b>	669	7,311	2,049	348	892	1,354	(2,075)	-	10,548
<b>Non-IFRS 15 revenue</b>									
Banking	3,808	-	-	-	-	1,453	-	-	5,261
Insurance	12,326	12,753	-	29,206	9,986	8,514	(25)	-	72,760
Investment return and Other	1,907	34,436	5,327	26,457	410	9,531	(801)	10,280	87,547
<b>Total revenue from other activities</b>	18,041	47,189	5,327	55,663	10,396	19,498	(826)	10,280	165,568
<b>Total revenue and other income</b>	18,710	54,500	7,376	56,011	11,288	20,852	(2,901)	10,280	176,116

<sup>1</sup> Effective 1 January 2020, the Wealth Management business has been managed alongside the Personal Finance business by the same managing director. Consequently, the Group has aligned the segmental reporting to align to this operational change and the Personal Finance segment has been renamed as Personal Finance and Wealth Management to reflect this change. The previous Wealth and Investments segment has been renamed to Old Mutual Investments, and the segment comprises the Asset Management, Alternatives and Specialised Finance businesses. Consequently, comparative information has been restated to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### E: Financial assets and liabilities

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

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

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

At 31 December 2020 Rm	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Reinsurers' share of policyholder liabilities	3,422	3,422	–	–
Investments and securities	767,856	435,562	295,177	37,117
Derivative financial instruments – assets	10,840	–	10,840	–
<b>Total financial assets measured at fair value</b>	<b>782,118</b>	<b>438,984</b>	<b>306,017</b>	<b>37,117</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	332,634	168,207	164,427	–
Third-party interests in consolidated funds	73,020	–	73,020	–
Borrowed funds	7,085	–	7,085	–
Other liabilities	11,525	–	11,515	–
Derivative financial instruments – liabilities	11,154	–	11,154	–
<b>Total financial liabilities measured at fair value</b>	<b>435,418</b>	<b>168,207</b>	<b>267,211</b>	<b>–</b>

At 31 December 2019 (Restated) <sup>1</sup> Rm	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Reinsurers' share of policyholder liabilities	3,227	3,227	–	–
Investments and securities <sup>1</sup>	741,195	420,313	282,452	38,430
Derivative financial instruments – assets	3,221	–	3,221	–
<b>Total financial assets measured at fair value</b>	<b>747,643</b>	<b>423,540</b>	<b>285,673</b>	<b>38,430</b>
<b>Financial liabilities measured at fair value</b>				
Investment contract liabilities	313,109	140,092	173,017	–
Third-party interests in consolidated funds	80,814	–	80,814	–
Borrowed funds	7,122	–	7,122	–
Other liabilities	2,471	651	1,820	–
Derivative financial instruments – liabilities	4,834	–	4,834	–
<b>Total financial liabilities measured at fair value</b>	<b>408,350</b>	<b>140,743</b>	<b>267,607</b>	<b>–</b>

<sup>1</sup> During the year, the Group further refined its consolidation of funds processes. Through this, the Group obtained more granular observable data that allowed investments and securities of certain investment funds consolidated by the Group to be more accurately classified into their respective fair value hierarchies. These assets were previously classified as Level 2. As such, comparative information has been restated to move, R93,532 million out of Level 2 and R79,442 million into Level 1 and R14,090 into Level 3.

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

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

<b>Year ended 31 December Rm</b>	<b>2020</b>	2019 (Restated) <sup>1</sup>
<b>Level 3 financial assets – Investments and securities</b>		
At beginning of the year	<b>38,430</b>	34,481
Total net fair value losses recognised in profit or loss	<b>(5,156)</b>	(7,290)
Purchases	<b>9,148</b>	3,487
Sales	<b>(2,485)</b>	(2,993)
Transfers in	<b>3,360</b>	1,937
Transfers out	<b>(41)</b>	(830)
Net movement on consolidated investment funds <sup>2</sup>	<b>(5,651)</b>	10,028
Foreign exchange and other	<b>(488)</b>	(390)
<b>Total Level 3 financial assets</b>	<b>37,117</b>	38,430
Unrealised fair value (losses)/gains recognised in profit or loss	<b>(3,130)</b>	134

1 Comparative information has been restated as explained in note E3(a) above. Of the R14,090 million Level 3 restatement, R4,062 million related to the 2019 opening balance and R10,028 million has been included as a separate line item being net movement on consolidated investment funds.

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

### Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R1,452 million were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period. Pooled investments to the value of R639 million were also transferred from Level 1 to Level 2 to better reflect the valuation technique used to value these investments.

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 R2,870 million were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R132 million were also transferred from Level 2 to Level 1 to better reflect the valuation technique used to value these investments.

A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2020, 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.

During the year unlisted pooled investments to the value of R3,360 million were transferred from Level 2 to Level 3 reflecting the valuation technique used to value these investments as the inputs became unobservable.

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

### Level 2 investment and securities

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

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

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

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

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### E: Financial assets and liabilities

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

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

##### (ii) 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 repayment 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.

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

Valuation technique	Significant unobservable input	Range of unobservable inputs
Discounted cash flow (DCF)	<b>Risk adjusted discount rate:</b>	
	– Equity risk premium	3.0% – 20.0%
	– Liquidity discount rate	5.0% – 30.0%
	– Nominal risk free rate	4.9% – 12.0%
	– Credit spreads	1.5% – 14.8%
	– Dividend growth rate	5.0% – 20.0%
	– Preference dividend accrual rate	7.0% – 17.0%
– Marketability discount	8.0% – 30.0%	
Price earnings (PE) multiple/ embedded value	PE ratio/multiple	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF

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

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 31 December 2019. For the purposes of the sensitivity analysis, the most significant unobservable input used to value level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Rm	At 31 December 2020	At 31 December 2019 (Restated) <sup>1</sup>		At 31 December 2020	At 31 December 2019 (Restated) <sup>1</sup>
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
<b>Assets</b>					
Investments and securities	37,117	38,430	Discounted cash flows (DCF) Price earnings ratios Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads Dividend growth rate Preference dividend accrual rate Marketability discount PE ratio/multiple	Favourable: 2,315 Unfavourable: 2,257
					Favourable: 2,265 Unfavourable: 2,036

<sup>1</sup> Comparative information has been restated as explained in note E3(a) above. As a result, the favourable impact of fair value measurement sensitivity to unobservable inputs has been restated from the previously reported R2,056 million and the unfavourable impact from the previously reported R1,848 million.

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December 2020:

Rm	At 31 December 2020		Sensitivities	
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	13,991	Discount rate Credit spreads	510	500
Equity securities	21,063	Discount rate Price earnings ratio/multiple Marketability discount rate	1,555	1,508
Pooled investments	2,063	Net asset value of underlying investments	250	249
<b>Total</b>	<b>37,117</b>		<b>2,315</b>	<b>2,257</b>

Fair value losses of R5,156 million were recognised on Level 3 assets during the year. The loss is attributable to the prudence applied in the current period valuations due to the high levels of uncertainty in respect of the economic outlook and due to a function of lower comparable multiples. In addition, the Group has investment exposure to industries directly impacted by the lockdown, including the hospitality, entertainment and tourism industries contributing towards the fair value losses.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### E: Financial assets and liabilities

#### E2: Financial instruments designated as fair value through profit or loss

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

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

Designation of instruments as fair value through profit or loss, is consistent with the Group's 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:

Rm	Financial liabilities where the change credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative <sup>1</sup>	Contractual maturity amount
<b>Borrowed funds at 31 December 2020</b>	<b>7,085</b>	<b>130</b>	<b>271</b>	<b>6,750</b>
Borrowed funds at 31 December 2019	7,122	62	180	7,000

<sup>1</sup> The Group released R39 million (2019: R13 million) of the liability credit reserve directly to retained earnings on the repayment of the R2,250 million (2019: R1,000 million) unsecured subordinated debt.

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.

#### E3: Fair value hierarchy for assets and liabilities not measured at fair value

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

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. The fair value of these assets approximates its carrying value, except for loans and advanced for which the fair value is set out below.

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

Rm	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>					
<b>Borrowed funds at 31 December 2020</b>	<b>10,250</b>	<b>-</b>	<b>10,250</b>	<b>-</b>	<b>10,250</b>
Borrowed funds at 31 December 2019	11,867	-	11,867	-	11,867

## Investments and securities

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

## Loans and advances

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

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

## Borrowed funds

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

## F: Analysis of Financial Assets and Liabilities

### FI: 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

The emergence of the COVID-19 pandemic has had a significant impact on the level of judgement management has had to apply in assessing the impact of the pandemic on the cashflows used to measure the insurance contract liabilities. In the interim financial statements, a short term provision of R1,339 million for the anticipated impacts of worsening mortality, morbidity and persistency related to COVID-19 was raised. At the time a trend of increasing mortality and morbidity claims in the second quarter and into the initial weeks of the third quarter was noted. There was limited observed data and significant uncertainty around the length and severity of this experience. Therefore, a short term provision was established to provide for expected negative experience above our long term mortality and morbidity basis assumptions in the second half of 2020. This provision was insufficient to cover the actual experience during the second half of 2020 for Personal Finance and Old Mutual Corporate. New short term provisions were established at the end of December 2020 to address the future expected experience of the pandemic:

R million	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Provision at 30 June 2020	550	510	228	51	1,339
H2 experience in excess/(deficit) of the H1 provision	-	126	117	(39)	204
Provision at 31 December 2020	1,024	1,979	891	68	3,962
<b>Pandemic impact related to COVID-19</b>	<b>1,574</b>	<b>2,615</b>	<b>1,236</b>	<b>80</b>	<b>5,505</b>
Pandemic reserve at 31 December 2020	1,024	1,979	891	68	3,962

The pandemic impact related to COVID-19 in the table above represents the total impact in the current year Income Statement. The pandemic reserve at 31 December 2020 is included within the financial statement line item Life Insurance Contract Liabilities on the Statement of Financial Position.

In South Africa, actual claim experience in the second half of the year was higher than the short term provision raised in H1 2020 for Personal Finance and Old Mutual Corporate. An acceleration in infection and excess mortality rates was observable towards the end of the fourth quarter for Mass Foundation Cluster, consistent with early patterns of second waves noted in other countries. Personal Finance and Old Mutual Corporate have longer claim lag periods than Mass Foundation Cluster and therefore the start of Wave 2 was less visible in these businesses in December. For Rest of Africa the full provision was released with claims being lower than provided for at the half year.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### F: Analysis of Financial Assets and Liabilities

#### FI: Insurance and investment contracts

Since the start of 2021 the excess mortality and infection data released weekly by the South African Medical Research Council ("SAMRC"), internal claims experience and other observable sources have been closely monitored. This data confirmed Wave 2 experience is significantly worse than Wave 1. Based on this data a simplified internal model was developed to estimate the future impact of the pandemic on our business. Due to the uncertainty around the future evolution of the pandemic, the model was developed to ensure suitability of the provision using both internal and external data points while allowing the integration of qualitative information available from subject matter experts. The model catered for differences in the claim lag period observed between the national data and our own claims experience. In Mass and Foundation Cluster, mortality experience is following national experience closely with a lag of approximately a week between national data trends and our claims data. Personal Finance and Old Mutual Corporate have longer lag periods due to reporting and processing cycles. The observed Wave 2 impacts were also scaled to allow for known experience to the end of February 2021. As a result, it was assumed Mass Foundation Cluster would experience a Wave 2 of approximately 170% of its Wave 1 claims experience while for Personal Finance and Old Mutual Corporate this was set to 200% of their Wave 1 claim experience. The main reason for the providing at a lower level for Mass and Foundation is that the experience for this segment has not been as severe as the national experience, whereas for Personal Finance and Old Mutual Corporate experience was in line with national data (SAMRC).

There are also emerging expectations of a third wave given evidence of virus mutation causing re-infection, the slow pace of the vaccination rollout and the upcoming winter season. Wave 3 was assumed to be 85% of Wave 1 for the segments although for Old Mutual Corporate this provision established was then adjusted for a slightly longer lag, contract boundaries and the impact of repricing and reinsurance, which lowered the provision. Although waves beyond Wave 3 could be expected to occur from just before Q4 2021, it is expected the vaccination rollout would have reached all high risk individuals in the insured population at this point and/or available management actions are sufficient to offset the need for further provisioning.

In Rest of Africa the experience related to COVID-19 has been muted and there is a lack of infection and mortality data in certain regions. Excess claims related to COVID-19 during the second half of the year amounted to R12 million and the provision raised is considered appropriate for potential future impacts.

At the end of February, claims experience related to COVID-19 was R1,922 million. The table below illustrates the split of this experience by segment:

R million	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Claims experience in 2021 (at end of February)	(406)	(1,064)	(452)	-	(1,922)

Due to the Mass Foundation Cluster having a shorter claims lag period a portion of the claims related to Wave 2 were received and accounted for in 2020. For Personal Finance and Old Mutual Corporate, a significant increase in claims was experienced in February 2021. Remaining provisions are deemed adequate in light of this experience.

#### Sensitivities

The following table shows the sensitivity of the Pandemic Reserve to changes in the assumption related to the severity of the anticipated Wave 3.

R million	Change in Provision		
	Base	Wave 3 equal to Wave 2	Wave 3 equal to Wave 1
Pandemic reserve at 31 December 2020	3,962	1,187	157

## F1(a) Policyholder liabilities

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

Year ended 31 December Rm	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Life assurance policyholder liabilities</b>						
<b>Total life insurance contracts liabilities</b>	<b>145,536</b>	<b>(3,764)</b>	<b>141,772</b>	141,156	(1,849)	139,307
Life insurance contracts liabilities	142,772	(3,475)	139,297	139,046	(1,653)	137,393
Outstanding claims	2,764	(289)	2,475	2,110	(196)	1,914
<b>Investment contract liabilities</b>	<b>537,428</b>	<b>(3,436)</b>	<b>533,992</b>	512,554	(3,140)	509,414
Unit-linked investment contracts and similar contracts	332,829	(3,422)	329,407	312,984	(3,140)	309,844
Other investment contracts	1,482	-	1,482	1,087	-	1,087
Investment contracts with discretionary participating features	203,117	(14)	203,103	198,483	-	198,483
<b>Total life assurance policyholder liabilities</b>	<b>682,964</b>	<b>(7,200)</b>	<b>675,764</b>	653,710	(4,989)	648,721
<b>Property &amp; casualty liabilities</b>						
Claims incurred but not reported	2,092	(860)	1,232	1,382	(407)	975
Unearned premiums	2,969	(1,136)	1,833	2,885	(1,359)	1,526
Outstanding claims	9,394	(6,414)	2,980	4,593	(1,630)	2,963
<b>Total property and casualty liabilities</b>	<b>14,455</b>	<b>(8,410)</b>	<b>6,045</b>	8,860	(3,396)	5,464
<b>Total policyholder liabilities</b>	<b>697,419</b>	<b>(15,610)</b>	<b>681,809</b>	662,570	(8,385)	654,185

Of the R15,610 million (2019: R8,385 million) included in reinsurer's share of life assurance policyholder and property & casualty liabilities is an amount of R13,841 million (2019: R5,319 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 summary consolidated financial statements (continued)

For the year ended 31 December 2020

## F: Analysis of Financial Assets and Liabilities

### FI(b) Property & Casualty contracts

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

It should be noted that all estimates of reserves and outstanding salvages are inherently uncertain. Claims experience and reserve results are subject to economic developments, which are unpredictable and often cannot be projected from past reporting patterns. One of the highest areas of uncertainty in the reserving process are the assumptions.

#### COVID-19 impacts

Premium relief of R193 million was granted to policyholders in the form of discounts and premium holidays, these items have been accounted for as a decrease in gross written premium for the period the relief is applicable to the policyholder.

During the various levels of lockdown imposed in South Africa and Namibia, many businesses were closed to the public for significant portions of the year. Despite these restrictions since being lifted for certain sectors, many businesses have not operated at full capacity for most of the year due to the nature of products and services provided, travel restrictions or social distancing regulations in place. This has led to a significant increase in business interruption (BI) and business rescue claims in Old Mutual Insure and the general insurance business in Namibia.

In setting the year end Property and Casualty liabilities management have estimated and reserved for the expected cost of all valid claims. The recent court rulings by the Supreme Court of Appeal of South Africa and the Supreme Court in United Kingdom have addressed industry uncertainty around the application of business interruption clauses. These rulings confirmed that cover should be provided for business interruption losses caused by the government enforced national lockdown, provided there was an instance of COVID-19 within the defined radius of the customer's business.

All policies with an infectious disease clause were identified. For this population an assessment was then performed to assess if there was a COVID case within the determined radius. Confirmed cases at district level were used to determine when policyholders would have met the defined radius criteria and therefore have a valid claim. The expected cost of the claim has been calculated as a percentage of the gross profit of each impacted policyholder, including any loss adjuster expenses. Reinsurers are expected to pay in accordance with treaty terms for each valid gross claim and consideration has been given to the distribution of claims over time in assessing the quantum of reinsurance recoveries. As a result of this, a net reserve for business interruption of R537 million was raised at 31 December 2020, this represents R461 million relates to OM Insure and R76 million related to Namibia. This amount includes a provision for payments to SMME customers with an annual sum insured of R5 million or below, to settle business interruption claims ensuring they can continue operating in a tough economic environment. This settlement was applied to all our qualifying SMME customers who had the infectious disease extension at the time of loss and the amounts paid will be offset against valid claims arising from the assessment process. An additional allowance has been made for an Additional Unexpired Risk Reserve (AURR) for future reinsurance premiums relating to business interruption claims.

In addition, a net reserve for business rescue claims of R254 million was raised at 31 December 2020, this amount includes reinstatement premiums where aggregated claims have breached reinsurance retention levels. The assumptions that have the greatest effect on this reserve are the expected ultimate loss ratios for the most recent underwriting years. These are used for determining the IBNR and unexpired risk reserves for the 2019 and 2020 underwriting years. The claims experience and reserve results with regards business rescue are subject to economic developments, which are unpredictable and often cannot be projected from past reporting patterns.

## FI(c) Sensitivity analysis

### Sensitivity analysis – life insurance contracts

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

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

Year ended 31 December Rm	Change in assumption	Increase in liabilities	2019
	2020 and 2019	2020 and 2019	
<b>Assumption</b>			
Increase in mortality and morbidity rates – assurance	10	6,955	5,947
Decrease in mortality rates – annuities (longevity)	(10)	1,011	1,052
Lapse rates	10	3	238
Expenses (maintenance)	10	1,255	1,228
Valuation discount rate	1	157	161

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 for the majority of products 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 as 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 2020 (2019: no impact). There continues to be no significant impact in 2020 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.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

### F: Analysis of Financial Assets and Liabilities

#### Sensitivity analysis – Property & Casualty

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

A sensitivity analysis has been performed on some of the material assumptions made in calculating the components of the gross IBNR provision for Old Mutual Insure, based on the data as at the end of December 2020.

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

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

Year ended 31 December Rm	Increase/(Decrease) in profit or loss	
	2020	2019
<b>Motor commercial gross of salvages and recoveries</b>		
Incurred claims projection – using the weighted average of the two most recent years	(6)	–
Incurred claims projection – using the weighted average of the three most recent years	(2)	(4)
Incurred claims projection – using the weighted average of the four most recent years	(4)	(6)
Incurred claims projection – using the weighted average of the five most recent years	(6)	(9)
<b>Motor personal gross of salvages and recoveries</b>		
Incurred claims projection – using the weighted average of the two most recent years	(14)	–
Incurred claims projection – using the weighted average of the three most recent years	(9)	–
Incurred claims projection – using the weighted average of the four most recent years	(11)	(3)
Incurred claims projection – using the weighted average of the five most recent years	(10)	–
<b>Property commercial net of salvages and recoveries</b>		
Incurred claims projection – using the weighted average of the two most recent years	(10)	–
Incurred claims projection – using the weighted average of the three most recent years	(9)	5
Incurred claims projection – using the weighted average of the four most recent years	(5)	–
Incurred claims projection – using the weighted average of the five most recent years	–	(3)

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

The final outcome on the net business interruption claim amount remains dependent on a number of factors, most importantly: actual losses suffered by a customer (once customer financial statements are obtained); the number of customers with valid claims; and estimated reinsurance recoveries. We are actively engaging with our reinsurers in this regard and anticipate reinsurance contracts will respond as expected. We have modelled various scenarios performing sensitivities on the material assumptions made in calculating the components of the net best estimate of the reserve for business interruption as at the end of December 2020. The table below illustrates the impact of these scenarios on the net best estimate business interruption reserve for Old Mutual Insure.

R million	Change in net reserve		
	Base	Upper end	Lower end
Net best estimate business interruption reserve	461	184	(69)

## G: Other notes

### G1: 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 are also 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 personnel exercise 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 is 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 31 March 2021 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

Year ended 31 December Rm	2020		2019	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees	15	26	14	27
Remuneration		78		167
Salaries and other benefits	15	76	16	114
Termination benefits	2	-	2	19
Share-based payment expense	15	2	16	34
		104		194

Restricted shares	2020		2019	
	Number of personnel	Number of shares '000s	Number of personnel	Number of shares '000s
Outstanding at beginning of the year	14	7,222	14	9,327
Leavers	3	(1,994)	3	(3,097)
New appointments	2	616	3	450
Granted during the year		4,703		4,127
Lapsed during the year		(275)		(1,364)
Released during the year		(1,313)		(2,221)
<b>Outstanding at end of the year</b>	<b>13</b>	<b>8,959</b>	<b>14</b>	<b>7,222</b>

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

# Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

## G: Other notes

### G1: Related parties

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

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 2020 were as follows:

Year ended 31 December	2020		2019	
	Number of personnel	Value Rm	Number of personnel	Value Rm
Current accounts	8	2	9	1
Credit cards	3	2	3	4
Mortgages	2	7	1	11
Investments	11	112	13	69
<b>Property &amp; Casualty contracts</b>				
Total premium paid during the year	4	-	8	1
<b>Life insurance products</b>				
Total sum assured/value of investment at end of the year	10	72	12	86
<b>Pensions</b>				
Value of pension plans as at end of the year	11	122	12	116

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 I1 and the Group's material investments in associated undertakings and joint ventures are identified in note I2 of the financial statements.

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

Year ended 31 December Rm	2020	2019
<b>Outstanding balances with associated undertakings</b>		
Bonds, derivatives and other financial instruments due from Nedbank	2,808	2,031
Loan due to Nedbank	(409)	(622)
Deposits owing from Nedbank to Group subsidiaries	15,791	16,897
Balances owing from Nedbank to Group subsidiaries	8,019	7,810
<b>Transactions with associated undertakings</b>		
Dividend received from Nedbank	687	1,433
Interest expense to Nedbank from Group subsidiaries	(701)	(486)
Interest income from Nedbank to Group subsidiaries	2,086	2,031
Insurance premiums received from Nedbank	147	157
Claims paid to Nedbank	(74)	(73)
Commission expense paid to Nedbank by Group subsidiaries	(26)	(28)
Management fee expense paid to Nedbank	(185)	(107)
Management fee income from Nedbank	58	7
Fees paid for provision of information technology services to the Group	(228)	(273)
Rent received from Nedbank	18	18

#### (c) Investments in the NMT Group of companies

Peter Moyo, previously the Chief Executive Officer and executive director of the Group, is also a non-executive director of NMT Capital Proprietary Limited (NMT Capital) and NMT Group Proprietary Limited (NMT Group), and holds an equity interest in both companies.

During January 2020, NMT Capital bought back the Company's ordinary shareholding of R14 million. In addition, the Group has received R20 million in settlement of the preference shareholding in RZT Zelpy 4971, RZT Zelpy 4973 and STS Capital. On 25 September 2020, the Group received R23 million in settlement of the outstanding preference share capital in Amabubesi Capital Travelling.

As at 31 December 2020, the only remaining exposure is the preference share investment in NMT Group. This asset has a carrying value of R13 million. The negotiations to exit the remaining investments are ongoing and the timing and mechanism of the realisation is yet to be determined. The valuation of this investment will continue to be monitored as negotiations progress.

(d) **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 year.

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, the Group has no influence over the investment decisions of this fund. These structures within the Group ensure that the independence of our asset management businesses is maintained. The underlying assets and liabilities of Fund IV have been consolidated into the Group's results and financial position as if it were a subsidiary in compliance with IFRS 10.

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

Rm	At 31 December 2020	At 31 December 2019
<b>Debt instruments held</b>		
Preference shareholding – Luxanio 220 (RF) (Pty) Ltd	250	226
Mezzanine debt – In2Food Group (Pty) Ltd	37	37
Term loan A – In2Food Group (Pty) Ltd	76	84
Term loan B – In2Food Group (Pty) Ltd	124	120
<b>Income earned</b>		
Preference dividends accrued – Luxanio 220 (RF) (Pty) Ltd	20	25
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	–	1
Term loan A interest accrued – In2Food Group (Pty) Ltd	1	1
Term loan B interest accrued – In2Food Group (Pty) Ltd	1	1

**G2: 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.

During the prior period the Group managed two ongoing litigation matters in which the Chairman of Old Mutual Limited is named. These matters had both reputational and strategic execution consequences specific to the Group and whilst the Chairman is named in these matters, the decision to incur these costs was made in the interests of the Group. Legal fees paid in respect of these matters for the year ended 31 December 2019 was approximately R930,000 and in the current year approximately R449,725.

**Tax**

The Group is committed to conducting the 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.

# Notes to the summary consolidated financial statements (continued)

For the year ended 31 December 2020

## G: Other notes

### G2: Contingent liabilities

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

#### Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

#### Outcome of Zimbabwean Commission Enquiry

On 31 December 2016, the Zimbabwean Government concluded its enquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's enquiry were made public.

Although the Commission believes that policyholders may have been prejudiced, and that government, regulators and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission did not determine a methodology for quantifying or allocating responsibility for this prejudice and recommended that this be the subject of a further independent process to determine criteria for assessing prejudice as well as a basis for compensation which will also take into account the need to maintain stability and confidence in the industry. As such we are not currently able to establish what impact the Commission's findings will have on Old Mutual Zimbabwe.

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

In September 2001, Old Mutual plc, now a wholly-owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual plc agreed to indemnify Travelers Companies Inc. and certain of its Group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to \$480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual plc in the circumstances where Old Mutual plc is unable to satisfy its obligations in respect of the Indemnity Agreement. The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual plc and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

### G3: Commitments

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

At 31 December Rm	2020	2019
Investment property	425	620
Intangible assets	228	206

## Future potential commitments

### Enterprise development commitments

In accordance with the Framework Agreement entered into in relation to Managed Separation concluded with the Department of Economic Development (the Framework Agreement), the Group has undertaken that, in addition to its existing enterprise development programs, it shall, over a period of three years following the Managed Separation Implementation Date, allocate an incremental amount of R500 million to a ring-fenced perpetual Enterprise Supplier Development Fund (the Fund). Funding extended by the Fund is intended and anticipated to generate additional jobs in the company's Ecosystem. The Group's participation in the Fund shall be managed and administered by a specially created function with oversight from the office of the CEO, which function shall also be responsible for the measurement of compliance by the Group with the Amended FSC and the Group's broader commitment to transformation in South Africa.

Although the fund is developmental in nature, it is management's intention and belief that, in aggregate, the Group will return a profit on the instruments used to meet the requirements of the Framework Agreement. Nevertheless, as with any commitment to advance funding, the Group will be subject to credit and counterparty risk in relation to this arrangement.

This risk will be assessed as funds are advanced, expected credit losses will be calculated, and appropriate provisions for impairment will be raised.

#### Old Mutual Finance (Pty) Ltd put option

The Group and the Business Doctor Consortium Limited and its associates (Business Doctor) established Old Mutual Finance (Pty) Ltd (Old Mutual Finance) as a 50/50 start-up strategic alliance in 2008. The Group increased its shareholding in Old Mutual Finance from 50% to 75% in 2014 by acquiring an additional 25% shareholding from Business Doctor for R1.1 billion. The Group has a call option to acquire the remaining 25% shareholding in Old Mutual Finance held by Business Doctor at market value under certain circumstances, inter alia in the event of a change of control within Business Doctor and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively). Business Doctor has a put option to sell its remaining 25% shareholding in Old Mutual Finance to the Group at market value under certain circumstances, inter alia in the event of a change of control within the Group and on the eighth and tenth anniversary of the effective date of the Old Mutual Finance shareholders' agreement (i.e. in 2022 and 2024 respectively).

Following the listing of Old Mutual Limited on 26 June 2018, Business Doctor became entitled to exercise the option to put the remaining shares to Old Mutual Limited. The Group received written confirmation on 22 July 2018 from Business Doctor that the put option would not be exercised.

#### Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

#### Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R11,819 million at 31 December 2020 (2019: R8,300 million).

## G4: Events after the reporting date

On 24 February 2021, the Minister of Finance announced that effective 1 April 2022, the South African corporate tax rate will be reduced from 28% to 27%. This change is applicable to companies with years of assessment commencing on or after 1 April 2022. The Group does not expect this change to have a material impact on the statement of financial position at 31 December 2021.

The Group has exposure to Land Bank's listed debt securities across its subsidiaries OMLACSA and Old Mutual Insure. This includes exposure in our policyholder funds. On 26 February 2021, Land Bank issued an announcement that they had requested the JSE to suspend the trading of the debt securities in order to allow lenders an opportunity to review sensitive information as parties work towards a liability solution. Based on the current structure, we are not anticipating a material impact to the value of our exposure.





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