OLD MUTUAL LIMITED

ANNUAL FINANCIAL STATEMENTS

Consolidated and Separate

For the year ended 31 December 2020

DO GREAT THINGS EVERY DAY

Index to the Annual Financial Statements

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

Directors' Responsibility Statement

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

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Old Mutual Limited, comprising the consolidated and separate statements of financial position at 31 December 2020, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and cash flows for the year then ended, and the consolidated and separate notes thereto, including the consolidated supplementary income statement, which include accounting policy elections and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, including interpretations to IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act, No. 71 of 2008 (Companies Act). In addition, the directors are responsible for the preparation of the directors' report.

The directors are also ultimately responsible for such internal controls as they determine are necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records in addition to reducing the risk of loss or error cost-effectively and effective risk management. To the best of their knowledge and belief the directors are satisfied that the system of internal controls provides reasonable assurance that reliance can be placed on financial records used in the preparation of the consolidated and separate financial statements during the financial year ended 31 December 2020. The directors have considered control deficiencies identified by the internal and external auditors and have concluded that these have not resulted in a material misstatement of these financial statements. The directors have considered the proposed and completed remedial actions in respect of the identified control deficiencies.

The directors have made an assessment of the ability of the Group and Company to continue as a going concern and have no reason to believe that the business will not be going concerns in the year ahead.

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

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Old Mutual Limited, as identified in the first paragraph, were approved by the Board of Directors on 22 March 2021 and signed on their behalf by:

T A Manuel

Chairman

I G Williamson

Chief Executive Officer

Sandton

22 March 2021

Directors' Responsibility on Financial Controls

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

a) the annual financial statements set out on pages 19 to 193, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

d) internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

I G Williamson

Chief Executive Officer

C G Troskie

Group Chief Financial Officer

Sandton

22 March 2021

Certificate by the Company Secretary

In terms of Section 88(2)(e) of the South African Companies Act, 71 of 2008, as amended, I certify that Old Mutual Limited has lodged with the Commissioner, all such returns and notices as required by the Companies Act for the year ended 31 December 2020, and that all such returns and notices appear to be true, correct and up to date.

Ms E M Kirsten

Company Secretary

22 March 2021

Directors' Report

Nature of the business

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

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

Subsidiary Companies

The Company is the ultimate holding company of a number of subsidiaries, the details of which are reflected on page 122 herein. These subsidiaries have various lines of business in the Financial Services Industry, including Life and Savings, Property and Casualty, Asset Management and Banking and Lending.

Financial Statements

Details of the financial results are set out on pages 19 to 174 of the consolidated annual financial statements and on pages 177 to 193 of the separate annual financial statements. The directors have approved the consolidated and separate annual financial statements as reflected on pages 19 to 193, including the certificate by the Company Secretary on page 4 and the Audit Committee report for the 2020 financial year on page 8.

Year under review

The operating results and financial position of the Group and Company are set out in the annual consolidated and separate income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes. The year under review is fully analysed in the Group Annual Results for 2020 which is available on our website at http://www.oldmutual.com/investor-relations/reporting-centre/reports.

The Group loss after tax for the year ended 31 December 2020 was R5,348 million (2019: profit after tax of R9,655 million).

Share capital

The Company's authorised share capital at 31 December 2020, was 10,000,000,000 (ten billion); (2019: 10,000,000,000) ordinary shares ordinary shares and 10,000,000 (ten million); (2019: nil) preference shares. The authorised preference shares were approved at the Annual General Meeting on 29 May 2020.

At 31 December 2020, the issued number of ordinary shares is 4,708,553,649 (2019: 4,708,553,649) shares. No preference shares were issued during the year ended 31 December 2020. Refer to page 120 for more information.

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

Ownership

The Company is a publicly listed Company, and no single shareholder, or group of shareholders, control the Company. Further details of shareholders are included in note N of the financial statements.

Dividends

The following dividends were declared in respect of the year ended 31 December 2020 and 31 December 2019:

- 2020 Final ordinary dividend of 35 cents per share declared by Old Mutual Limited
- 2019 Final ordinary dividend of 75 cents per share declared by Old Mutual Limited
- 2019 Interim ordinary dividend of 45 cents per share paid by Old Mutual Limited

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

Borrowings

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

Property and equipment

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

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

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

In accordance with Section 45(5) of the Act this serves to give notice that the Old Mutual Limited Board, in line with existing practice, approved that the Company may, in accordance with and subject to the provisions of Section 45 of the Act and in terms of the shareholder resolution passed at the Annual General Meeting on 29 May 2020, provide such direct or indirect financial assistance to related and inter-related companies and corporations as described in Section 45 of the Act.

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

Directors

Details of the members of the board who served during the year and at the reporting date have been provided below. The biographical information of the current directors can be found in note L and on the Group's website.

Name	Position as director	Appointment date	Resignation date
Mr TA Manuel	Independent Non-Executive Director	05.03.2018	
Mr BC Armstrong	Independent Non-Executive Director	29.06.2020	
Mr PC Baloyi	Non-Executive Director	05.03.2018	09.06.2020
Mr PG de Beyer	Independent Non-Executive Director	05.03.2018	
Mr MM du Toit	Independent Non-Executive Director	05.03.2018	
Mr AK Essien	Independent Non-Executive Director	05.03.2018	
Ms O Ighodaro	Independent Non-Executive Director	11.12.2020	
Mr I Kgaboesele	Independent Non-Executive Director	05.03.2018	
Mr JR Lister	Independent Non-Executive Director	05.03.2018	
Dr SM Magwentshu-Rensburg	Independent Non-Executive Director	05.03.2018	
Ms TM Mokgosi-Mwantembe	Non-Executive Director	05.03.2018	
Ms CWN Molope	Independent Non-Executive Director	05.03.2018	
Mr JI Mwangi	Independent Non-Executive Director	05.03.2018	
Mr BM Rapiya	Non-Executive Director	05.03.2018	
Mr SW van Graan	Independent Non-Executive Director	05.03.2018	
Mr CG Troskie	Executive Director (CFO)	27.03.2018	
Mr IG Williamson	Executive Director (CEO)	27.05.2019	

Directors' Interests

The directors' interests in ordinary shares in Old Mutual Limited Group are set out in the 2020 Remuneration Report which will be released on in April 2020 and can be accessed on https://www.oldmutual.com/investor-relations/reporting-centre/reports.

The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. Refer to note J3 for detailed related party disclosure.

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

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

Investments in the Kutana group of companies

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

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

The Group, through various of its operating subsidiaries, has also provided debt funding as part of a consortium of lenders, to In2Food Group (Pty) Ltd through an entity called Middle Road Packers (Pty) Ltd (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.

Political donations

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

Events after the reporting period

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.

Debt Officer

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

Company secretary

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

Details of Elsabé Margaretha Kirsten's qualifications and experience are available on our website at www.oldmutual.com.

Registered office:

Mutualpark
Jan Smuts Drive
Pinelands, 7405
South Africa

Going concern

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

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

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

Role and mandate

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

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

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

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

Committee composition

The committee is comprised of five independent non-executive directors who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(4) of the Companies Act. Three out of the five committee members are chartered accountants and all members have risk management, finance and audit expertise.

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

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

Name	Appointment or resignation date	Board status	Scheduled quarterly meeting attendance	Ad hoc meeting attendance[1]
Nosipho Molope (Chairperson) BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)	**06.03.2018**	**Independent non-executive**	**7/7**	**1/1**
Paul Baloyi MBA, AMP (INSEAD), SEP (Harvard)	**Resigned 09.06.2020**	**Non-executive**	**4/4**	**–**
Peter de Beyer BBus Sci (Hons), FASSA	**06.03.2018**	**Independent non-executive**	**7/7**	**1/1**
Itumeleng Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	**06.03.2018**	**Independent non-executive**	**7/7**	**0/1[2]**
John Lister BSc (Stats), FIA	**06.03.2018**	**Independent non-executive**	**7/7**	**1/1**
Olufunke Ighodaro BSc (Hons), FCA (England and Wales), CA(SA)[3]	**11.12.2020**	**Independent non-executive**	**–**	**–**

1 In accordance with the Audit committee's Terms of Reference, it held the minimum of 4 scheduled meetings during 2020, convening 7 scheduled meetings along with an additional 1 special meeting required to adequately discharge its duties in accordance with its mandate.
2 Apologies received.
3 Attended one OML Audit committee meeting in her capacity as OMLACSA independent director prior to her appointment to the OML Board.

Invited attendees

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

Actuarial sub-committee

During the year under review the Board constituted a separate Actuarial committee, which functions as a sub-committee of the Audit committee. All the audit committee members are members of the Actuarial Committee.

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

Our commitment to independence, transparency and collaboration

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

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

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

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

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

Areas of focus during the year

Significant audit matters

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

Audit matter	How the Audit committee addressed the matter
Assumptions related to policyholder and property and casualty liabilities	The committee reviewed reports from the Group Chief Actuary and the external auditors on actuarial assumptions and basis changes, including extensive discussions on the impact of COVID-19 on key assumptions and provisions. The committee also considered the assumptions for the business interruption insurance claims and related reinsurance provisions.
Accounting treatment of the Zimbabwe business	The hyperinflation accounting treatment for the Zimbabwe business continued in the current year and was consistent with the 2019 financial year. Detailed discussions were held on the appropriateness of this judgement and the decision to exclude Zimbabwe from the Group's key performance indicators, including Adjusted Headline Earnings, was discussed and approved by the committee. In light of hyperinflation and the change in functional currency, the committee routinely review the appropriateness of the asset valuations recognised in the Zimbabwe statement of financial position.
Valuation of property assets	The committee reviewed the appropriateness of property asset valuations, with specific focus on property assets in South Africa, Zimbabwe and East Africa.
Loans and advances	The committee reviewed and assessed the appropriateness of the expected credit loss for the material banking business in the Group.
Appropriateness of asset valuations	The impact of the COVID-19 pandemic on business operations and cash flows is considered a potential impairment indicator for non-financial assets that are not recognised at fair value. The committee reviewed the assets' valuations and the subsequent adjustments, including the valuation of Nedbank.
Valuation of investments and securities	Considered the appropriateness of investments and securities valuations, with focus on level 3 instruments.
Goodwill and intangible valuations and impairments	The committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. The committee considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.

Financial statements and integrated reporting process

During the year under review the Audit committee:

- Monitored the impact of the COVID-19 pandemic and noted that the finance function continued to operate effectively throughout the lockdown period, without any material impacts on productivity.
- Reviewed the Key Audit Matters identified by the Auditors and monitored the appropriateness of the management actions taken in addressing the Key Audit Matters.
- Reviewed and debated key accounting, actuarial and tax judgements including external audit's Key Audit Matters and were satisfied with how these were addressed.
- Analysed financial information included in the Group's interim and year end results announcements to ensure the accuracy and integrity of financial data disclosed externally.
- Reviewed the Head of Actuarial Function reports concluding that the actuarial control function operated effectively.
- Remained appraised of key updates, policy and methodology decisions and upcoming milestones on the IFRS17 programme.
- Reviewed and assessed the audited annual financial statements, and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective, despite the disruptions caused by the COVID-19 pandemic.
- Recommended to the Board for approval of the annual financial statements, interim and annual results and the financial information included in the 2020 Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.

- Reviewed the interim and final dividend proposals, and supported the deferral of the interim dividend in view of the impact of COVID-19 on earnings, and ensured that the Group had sufficient resources to make these distributions, before recommending them to the Board.
- Reviewed and approved the final dividend proposal and recommend this to the Board.
- Approved the application for submission to the Prudential Authority for the use of the iterative risk margin approach to calculate the Solvency Capital Requirement and Risk Margin across all OMLACSA products.
- Recommend to the Board for approval the application for submission to the Prudential Authority for the use of the Accounting Consolidation method across the specified South African insurers and their subsidiaries when assessing the financial soundness of OML
- Reviewed reports from the Group Chief Actuary and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of Old Mutual Limited at 31 December 2020.
- Reviewed and recommended for approval and subsequent issuance of debt under the Group consolidated multi-issuer note programme and reviewed and recommended for approval, the issuance of a subordinated guarantee by OML to the debt holders

Internal controls and risk management

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

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

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

During the year under review the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls. These reports included internal and external audit reports, reports from the Board's Risk committee as well as specific internal control reports from management, relating to internal attestation of financial and other controls. Areas of heightened risk as a result of the COVID-19 pandemic received particular focus. Where deficient controls or matters were raised, the committee reviewed the remediation plans in place and were satisfied that any material impact on the Group's annual financial statements had appropriately been mitigated by management. The committee will monitor and evaluate the implementation of the remediation plans presented.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, Internal Audit and the external auditors, the Audit committee is of the opinion that the internal controls of the Group had been effective in all material aspects, throughout the year under review.

Internal Audit

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

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

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

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

During the year under review the Audit committee:

- Reviewed and approved the internal audit terms of reference and charter.
- Reviewed and approved the proposal to transition the internal audit function in South Africa from the current outsourced model to an operating model that is largely in-house. Professional services firms and consultants will be utilised to source specialist and necessary skills as part of its operating model.
- Evaluated the independence, effectiveness and performance of the Internal Audit function and compliance with its terms of reference.
- Reviewed and approved the annual internal audit plan in consultation with the Group internal audit director, ensuring that material risk areas were included, that the coverage of risks and business processes was acceptable.
- Reviewed and discussed with the Group internal audit director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.
- Ensured coordination and cooperation between internal audit and the risk management and compliance functions.
- An independent review of the effectiveness of Group internal audit was conducted during year, with no concerns raised.

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

Chief Financial Officer

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

External auditors

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

During the year under review the Audit committee:

- Assessed the suitability for re-appointment of the audit firms and designated audit partners, considering the relevant legislative and regulatory requirements and presented and included the appointment of the Auditors. Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements.
- Considered and recommended to the Board the re-appointment of the joint external auditors Deloitte and Touche (with Alex Arterton as designated registered auditor and joint signing partner of Old Mutual Limited and OMLACSA) and KPMG Inc. (with Pierre Fourie as designated registered auditor and joint signing partner for Old Mutual Limited and Mark Danckwerts as the joint signing partner for OMLACSA).
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- Approved the joint external auditors' annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed.
- The committee approved the audit fees for the 2020 year under review.
- Reviewed the information provided by the auditors as detailed in paragraph 3.84(g)(iii), as read with section 22.15(h) of the JSE Listings Requirements.
- Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services, which is summarised in the Corporate Governance section of our website.
- Reviewed the external auditors findings and recommendations and ensured that matters raised were resolved appropriately.
- Ensured coordination and cooperation between the external and internal auditors.
- Convened with the external audit team, without management being present and was assured that there were no unresolved areas of disagreement with management, satisfaction was expressed with the skills and expertise in Group Finance and confirmed that throughout the audit there was good support from the management teams.
- Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of Section 92 of the Companies Act.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.

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

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

Combined assurance

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

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

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

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

Committee Training

As a part of the ongoing training for directors, the committee members received training on the new insurance accounting standard IFRS 17, Return on Net Asset Value (RoNAV) methodology, Accounting Consolidation Methodology and the Iterative Risk Margin methodology.

Audit Committee report

Committee performance

The performance of the committee is reviewed annually as part of the effectiveness review of the Board and all its committees. The externally facilitated review performed during 2020 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review.

Key focus areas for 2021

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

Conclusion

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

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2020 and recommended them for approval to the Board on 22 March 2021.

On behalf of the Audit committee

Nosipho Molope

Audit committee Chairperson

22 March 2021
Sandton

Independent auditors' report

To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Limited (the Group and Company) set out on pages 19 to 174 and 177 to 193, which comprise:

- the consolidated income statement for the year ended 31 December 2020;
- the consolidated statement of comprehensive income for the year ended 31 December 2020;
- the consolidated statement of financial position at 31 December 2020;
- the consolidated statement of cash flows for the year ended 31 December 2020;
- the consolidated statement of changes in equity for the year ended 31 December 2020;
- the notes to the consolidated financial statements, including a summary of significant accounting policies and the consolidated supplementary income statement, but excluding information marked as "unaudited";
- the statement of comprehensive income for the year ended 31 December 2020;
- the statement of financial position at 31 December 2020,
- the statement of changes in equity for the year ended 31 December 2020;
- the statement of cash flows for the year ended 31 December 2020; and
- the notes to the financial statements

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Old Mutual Limited at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

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

The key audit matters set out below relate to our audit of the consolidated financial statements. We have determined that there are no key matters to communicate in respect of our audit of the separate financial statements.

Valuation of life insurance contract liabilities and investment contract liabilities with discretionary participating features ("policyholder liabilities for life insurance risk") – R346,1 billion (on a gross basis)

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

Key audit matter	How the matter was addressed in our audit
At 31 December 2020, the value of the policyholder liabilities for insurance risk was R346,1 billion], being R142,7 billion for life insurance contract liabilities and R203,6 billion for investment contract liabilities with discretionary participating features. These policyholder liabilities are measured in accordance with actuarial guidance in Standard of Actuarial Practice (SAP) 104 and in a manner allowed under IFRS 4 – Insurance Contracts (IFRS 4) in the consolidated financial statements. The valuation of policyholder liabilities for life insurance risk requires significant judgement and estimation driven by a number of inputs based on a variety of uncertain future outcomes. Judgements also include the policies for creating and releasing discretionary margins. Inputs into the valuation of these policyholder liabilities include actuarial assumptions such as mortality and morbidity rates, lapse rates and other key assumptions including discount rates, and maintenance expenses.	**Our procedures included:** • Evaluating the design and implementation of controls over: › the actuarial reserving processes that ensure the appropriateness of key assumptions applied; and › the assessment thereof by the actuarial review function and the directors of the final measurement of policyholder liabilities for life insurance risk. • Verifying the completeness and accuracy of data included in the valuation models through: › evaluating and concluding on the design, implementation and operating effectiveness of associated controls; › verifying on a sample basis the policyholder data inputs to source documentation; and › using data analytics to reconcile the data between policy administration and accounting systems and investigating any anomalies.

Valuation of life insurance contract liabilities and investment contract liabilities with discretionary participating features ("policyholder liabilities for life insurance risk") – R346,1 billion (on a gross basis)

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

Key audit matter	How the matter was addressed in our audit
The valuation of policyholder liabilities for life insurance risk involves the use of complex models applied to and dependent on complete and accurate contract and external data. This data also drives experience studies applied in forming key assumption decisions. In addition, uncertainty associated with the COVID-19 pandemic has resulted in additional judgement relating to assumptions applied in the measurement of these policyholder liabilities. The directors have considered the potential impact of COVID-19 on the Group and have established a short term pandemic reserve to allow for this additional uncertainty associated with mortality, morbidity and lapses.	With our actuarial audit specialists: • Assessing the appropriateness of the methodologies and assumptions applied to value the policyholder liabilities for life insurance risk against industry standards, IFRS 4, SAP 104 and where relevant, market practice; • Challenging key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date. Our challenge focused on the following assumptions; mortality, morbidity and lapse rates, maintenance expenses and valuation discount rates; • Assessing the consistency of the data used in experience reviews supporting key changes in assumptions with other audited information and evaluating the results of experience reviews ensuring they are appropriately applied in the valuations; • Evaluating the appropriateness of discretionary margins applied to ensure they are consistent with actuarial guidance, the Group's policies and IFRS; • Assessing the appropriateness and accuracy of key models used to value the policyholder liabilities. This included testing of relevant IT controls, re-calculation of certain outputs and assessing the consistency of model outputs with our expectations and the Group's analysis of profits; • Testing the methodology and basis for the directors' establishment of the COVID-19 short term pandemic reserve specifically related to the worsening mortality, morbidity and lapses. Our work included analysing the Group's COVID-19 claims and lapse experience data, comparing it with nationally published statistics and challenging the Group's judgements applied in determining the provisions as well as their compliance with IFRS 4 and SAP 104. • Considered whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.

Valuation of net best estimate business interruption reserve of R537 million

Refer to the accounting policy and disclosure note G2.

Key audit matter	How the matter was addressed in our audit
The Group offers business interruption insurance, and policyholders were able to extend that cover to include protection against infectious or contagious diseases if required. The COVID-19 pandemic and the related government enforced national lockdowns resulted in the Group receiving a significant number of business interruption claims. A number of court judgements before year end provided clarity for uncertainties in relation to the application of policy wording and validity of associated business interruption claims. The Group's business interruption reserve comprises both claims received and estimates of claims not received by year end. The reserve is included in outstanding claims which forms part of the property and casualty liabilities financial statement caption. Expected reinsurance recoveries for these estimated claims are included within the financial statement caption reinsurers' share of policyholder liabilities.	**Our procedures included:** • Evaluating the design and implementation of controls over the identification of affected policies and the modelling of the exposure to business interruption claims; With our actuarial audit specialists: • analysing the data and modelling checks performed by the second line compliance functions; • assessing the appropriateness of the methodology applied in the determination of the gross claim reserve and the associated reinsurance recoveries; • assessing the reasonability of the key assumptions made in relation to the population of valid claims, quantum of expected loss and the indemnity period used in deriving the gross claim; and

Valuation of net best estimate business interruption reserve of R537 million

Refer to the accounting policy and disclosure note G2.

Key audit matter	How the matter was addressed in our audit
The calculation of the gross estimate and the associated reinsurance recovery is modelled based on assumptions which are subject to inherent uncertainty and for which significant judgement is required. The gross loss exposure was determined based on analysis of potentially affected policies with reference to related court judgements and policy indemnity periods. The reinsurance recoveries were based on management's legal interpretations and expectations of exposed reinsurance policies. This matter is a key audit matter due to the inherent uncertainty and significant judgements required in determining the net best estimate business interruption reserve.	With our legal specialists: • Reviewing the legal analysis that supports the assessment that claims are valid based on the recent court judgements and the application of the reinsurance program to the gross loss position to calculate the expected reinsurance recoveries. Evaluating the recoverability of the reinsurance asset by: › assessing the validity of the reinsurance claims made by the Group; and › assessing the solvency and credit ratings of the reinsurers to determine their ability to settle all claims. • Considering whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.

Valuation of investments and securities – R768 billion

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

Key audit matter	How the matter was addressed in our audit
At 31 December 2020, investments and securities (financial instruments) carried at fair value through profit or loss represented 81,6% of total assets. Level 1 investments and securities amount to R435,6 billion and represent 56,7% of the total balance. As level 1 investments and securities are valued using quoted market prices, we do not consider these to include a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their significance in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. Level 2 investments and securities amount to R295,1 billion and represented 38,4% of the total balance. The valuations of level 2 financial instruments are determined using models where all significant inputs are observable. The valuations of level 3 financial instruments amounting to R37,1 billion are determined using techniques where one or more significant inputs are unobservable. The significant unobservable inputs include adjustments to the discount rate such as equity risk premiums, liquidity discounts, and price earnings ratios (PE ratio/multiple). Consequently, the determination of the fair value of investments and securities classified as level 2 and 3 financial instruments is more complex and/or judgemental, with a higher level of estimation uncertainty. These valuations were more challenging due to the impact of COVID-19 on the global economy and unpredictability of the timing of the economic recovery. Due to the significance of level 1 investments and securities, the estimation uncertainty involved in determining the fair value of investments and securities classified as level 2 and 3 financial instruments and the audit work effort involved, the valuation of investments and securities is considered to be a key audit matter.	**Our procedures included:** • Evaluating the design and implementation of controls over the valuation of investments and securities to ensure the accuracy of inputs, the appropriateness of methodologies and the assessment by the directors of the final measurement of the investments and securities. • For level 1 and level 2 investments, verifying observable valuation inputs against independent data for a sample of the investments. • Selecting a sample of level 2 and 3 financial instruments and performing the following procedures together with our valuation audit specialists: › Challenging and assessing the key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates and discount rates, and critically assessing the valuation methodologies against current market practice and industry standards; › Comparing the valuation models and assumptions applied, ensuring consistency across the Group; › Assessing the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts; and › Assessing the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, size and liquidity. › Performing independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's determined value falls within this range; • Recalculating disclosure items from source data and assessing whether the disclosures in relation to the fair value hierarchy of the investments and securities and the disclosures around the estimation uncertainty are complete, appropriate and in compliance with IFRS.

Assessment of ECL (expected credit losses) on loans and advances – R4.9 billion

Refer to the accounting policy and disclosure note F1

Key audit matter	How the matter was addressed in our audit
The Group has unsecured and commercial lending portfolios at Old Mutual Finance, Faulu Microfinance Bank and Central Africa Building Society. The expected credit loss (ECL) assessment for loans and advances requires significant judgements and subjective assumptions to be made in respect of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD) on the unsecured and commercial lending portfolios. Significant judgement was also applied in assessing significant increases in credit risk and the application of forward looking macroeconomic factors in the impairment models, including changes to the ECL model and risk parameters. Due to the uncertainty arising from the impact of COVID-19 and related government lockdown regulations, the Group has raised an overlay to account for the forward-looking information. This was achieved by reviewing the macro-economic scenarios including Gross Domestic Product forecasts and the impact on PDs, LGDs, and stage distribution. Due to the insufficient depth of data and lack of sophistication of the credit risk management system, the directors have to apply significant judgement within a governance framework to determine parameters used in the ECL calculation. In addition, as a result of differences in the availability of data and the maturity of the credit risk management across the Group, different approaches are used to determine key parameters used in the ECL calculations. Due to the significant judgements applied, the estimation uncertainty and the audit work effort required, the ECL assessment is considered to be a key audit matter.	**Our procedures included:** • Evaluating the design and implementation of controls over the completeness and accuracy of the data used in the ECL impairment models. • Assessing, with assistance from our credit modelling specialists, the reasonability of models and key assumptions applied by the directors through: › Re-performing the ECL calculation with the use of an independent model and comparing the ECL parameters and estimates to the calculation performed by the directors; › Performing key sensitivity and ECL impact assessments informed by our review of impairment methodologies, the re-performance of the ECL calculation and industry concerns observed in the market. › Performing portfolio trend analysis and investigating anomalies noted; › Reviewing the overlay adjustment raised due to COVID-19, and assessed calculations and management judgements around this adjustment; › Performing independent benchmarks of forward-looking information used in relation to industry peers; and › Comparing default rates and other impairment events against macro-economic data to determine if a correlation exits that should be factored into the forward-looking information. • Assessing the basis of significant changes to ECL models and methodologies to ensure they are appropriately accounted for in terms of IFRS 9, Financial Instruments. • Assessing whether disclosures made in relation to ECL are consistent with the requirements of IFRS.

Valuation of investment property – R33,6 billion

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

Key audit matter	How the matter was addressed in our audit
The Group's investment property is predominantly concentrated in Old Mutual Real Estate Holding Company Group (OMREHC). The investment properties are geographically dispersed throughout South Africa, the Rest of Africa, Eastern Europe, and the United Kingdom. The Group's investment property balance comprises mainly income generating properties in the office, retail and industrial sectors. The Group has substantially all of its properties valued by independent, external valuers at least once every three years. Given the uncertainties due to COVID-19, all material properties were subjected to an external review in the current year. The valuation technique applied by the Group is dependent on the nature and circumstances of the specific property. However, the majority of the high value investment properties are valued using the income approach. The key inputs with the most significant impact on the investment property valuations are: • Vacancy rates; • Discount rates; • Capitalisation rates; and • Market rentals.	In evaluating the fair values of the investment properties that were performed by management, with the use of independent valuers and reviewed by the directors of OMREHC, focus was placed on the key inputs into the valuations as these areas required significant judgement. **Our procedures included:** • Evaluating the design and implementation of controls related to the determination of the fair values of the investment properties including controls related to the appropriate review and approval of the investment property valuations, and the forecasts submitted by management to the external valuers; • Assessing the competence, capabilities and objectivity of the independent valuers; • Assessing the scope of the independent valuers work and reviewing the terms of the engagement to determine that there were no matters that affected their independence and objectivity, or inappropriately limited the scope of their work; • Confirming that the approaches used by the independent valuers are consistent with IFRS and industry norms; • Evaluating and challenging the judgements applied by the independent valuers in determining the fair value of the investment property, in particular the models and significant assumptions used in performing the valuations;

Valuation of investment property – R33,6 billion

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

Key audit matter	How the matter was addressed in our audit
The external valuers have issued their valuation reports with a material valuation uncertainty clause due to the impact of the COVID-19 pandemic on the market activity and the economy which results in more estimation uncertainty related to the fair values of the investment properties. The valuation of investment property is considered to be a key audit matter due to the large degree of subjectivity and judgement included in the determination of the fair value exacerbated by the economic consequences and uncertainty as a result of COVID-19.	• Engaging a suitably qualified auditor's expert to independently assess the reasonability and appropriateness of the valuation models, methodologies and inputs used by the independent valuers on a sample basis; and • Performing further procedures based on a profile of the investment property population including an assessment of the valuation techniques used, the appropriateness of the forecast period in respect of rental income, comparison of rental income to the market and comparison of capitalisation and discount rates to those available in industry publications Assessing whether the disclosures in the financial statements are appropriate and in accordance with IFRS 13: Fair Value Measurement and IAS 40: Investment property.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Old Mutual Limited Annual Financial Statements Consolidated and Separate for the year ended 31 December 2020", which includes the Directors' Report, the Audit Committee report, the Certificate by the Company Secretary as required by the Companies Act of South Africa, and information marked as "unaudited" in the consolidated and separate financial statements, which we obtained prior to the date of this auditors' report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

Independent auditors' report

To the shareholders of Old Mutual Limited

Report on the audit of the consolidated and separate financial statements

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

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

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

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

Report on other legal and regulatory requirements

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

We also report that KPMG Inc., has been the auditor of the public interest entities within the Old Mutual Limited Group, Old Mutual Life Assurance Company (SA) Limited and Old Mutual Insure Limited, for 30 and 50 years respectively.

KPMG Inc.
Registered Auditor

Per: Pierre Fourie
Chartered Accountant (SA)
Registered Auditor
Director
23 March 2021

85 Empire Road
Parktown
2193

Deloitte & Touche
Registered Auditor

Per: Alex Arterton
Chartered Accountant (SA)
Registered Auditor
Partner
23 March 2021

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

Consolidated income statement

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Continuing operations			
Revenue			
Gross insurance premium revenue	G2(a)	**81,571**	80,758
Outward reinsurance		**(9,109)**	(7,998)
Net earned premiums		**72,462**	72,760
Investment return (non-banking)	D2	**56,940**	86,696
Banking interest and similar income	D3	**4,734**	5,074
Banking trading, investment and similar income		**341**	187
Fee and commission income, and income from service activities	D4	**10,409**	10,548
Other income		**1,647**	851
Total revenue and other income	D9	**146,533**	176,116
Expenses			
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	F1.9	**(2,874)**	(1,878)
Finance costs	D5	**(484)**	(737)
Banking interest payable and similar expenses	D6	**(1,053)**	(1,275)
Fee and commission expenses, and other acquisition costs	D7	**(9,803)**	(10,713)
Change in third-party interest in consolidated funds		**3,479**	(8,603)
Other operating and administrative expenses	D8	**(25,049)**	(23,407)
Total expenses		**141,768**	(163,699)
Share of gains of associated undertakings and joint ventures after tax	I2(b)	**592**	2,269
Impairment of investments in associated undertakings	I2	**(8,629)**	(869)
Loss on disposal of subsidiaries and associated undertakings		**–**	(21)
(Loss)/profit before tax		**(3,272)**	13,796
Income tax expense	D1	**(2,076)**	(4,245)
(Loss)/profit after tax from continuing operations		**(5,348)**	9,551
Discontinued operations			
Profit after tax from discontinued operations		**–**	104
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Attributable to			
Equity holders of the parent		**(5,097)**	9,386
Non-controlling interests			
Ordinary shares		**(251)**	269
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Earnings per ordinary share			
Basic (loss)/earnings per share – continuing operations (cents)		**(116.3)**	206.0
Basic earnings per share – discontinued operations (cents)		**–**	2.3
Basic (loss)/earnings per ordinary share (cents)	C1(a)	**(116.3)**	208.3
Diluted (loss)/earnings per share – continuing operations (cents)		**(116.3)**	202.9
Diluted earnings per share – discontinued operations (cents)		**–**	2.3
Diluted (loss)/earnings per ordinary share (cents)[1]	C1(b)	**(116.3)**	205.2

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

Consolidated statement of comprehensive income

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Continuing operations			
(Loss)/profit after tax for the financial year		**(5,348)**	9,655
Other comprehensive income for the financial year			
Items that will not be reclassified to profit or loss			
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[1]		**55**	(168)
Income tax on items that will not be reclassified to profit or loss	D1(c)	**(63)**	(67)
		103	331
Items that may be reclassified to profit or loss			
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)
		(517)	(4,291)
Total other comprehensive loss for the financial year from continuing operations		**(414)**	(3,960)
Discontinued operations			
Total other comprehensive income for the financial period from discontinued operations after tax		**–**	98
Total other comprehensive loss for the financial year		**(414)**	(3,862)
Total comprehensive (loss)/income for the financial year		**(5,762)**	5,793
Attributable to			
Equity holders of the parent		**(5,492)**	5,596
Non-controlling interests			
Ordinary shares		**(270)**	197
Total comprehensive (loss)/income for the financial year		**(5,762)**	5,793

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

Consolidated supplementary income statement

For the year ended 31 December 2020

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

Reconciliation of Adjusted Headline Earnings to IFRS profit after tax[2]

Rm	Notes	December 2020	December 2019
Adjusted Headline Earnings after tax and non-controlling interests		**2,484**	9,856
Investment return on Group equity and debt instruments held in policyholder funds	A1.6(a)	**785**	474
Impact of restructuring	A1.6(b)	**497**	(580)
Discontinued operations	A1.6(c)	**–**	74
Operations in hyperinflationary economies	A1.6(d)	**1,093**	441
Non-core operations	A1.6(e)	**229**	376
Headline Earnings		**5,088**	10,641
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
(Loss)/profit after tax for the financial period attributable to equity holders of the parent		**(5,097)**	9,386

1 *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.*

2 *Refer to note A1.6 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.*

Consolidated statement of financial position

At 31 December 2020

Rm	Notes	At 31 December 2020	At 31 December 2019
Assets			
Goodwill and other intangible assets	H1	**5,925**	6,276
Mandatory reserve deposits with central banks		**235**	141
Property, plant and equipment	H2(a)	**8,952**	9,892
Investment property	H2(b)	**33,606**	34,992
Deferred tax assets	H7(a)	**2,007**	1,155
Investments in associated undertakings and joint ventures	I2	**17,450**	26,251
Deferred acquisition costs	H3	**1,890**	1,978
Loans and advances	F1	**17,798**	21,007
Investments and securities	G1	**772,037**	744,965
Reinsurers share of policyholder liabilities	G2	**15,610**	8,385
Current tax receivable		**371**	309
Trade, other receivables and other assets	H4	**20,317**	21,082
Derivative financial instruments	G1	**10,840**	3,221
Cash and cash equivalents		**33,560**	30,474
Assets held for sale		**84**	774
Total assets		**940,682**	910,902
Liabilities			
Life insurance contract liabilities	G2	**145,536**	141,156
Investment contract liabilities with discretionary participating features	G2	**203,117**	198,483
Investment contract liabilities	G2	**334,311**	314,071
Property and Casualty liabilities	G2	**14,455**	8,860
Third-party interests in consolidated funds		**73,020**	80,814
Borrowed funds	G3	**17,335**	18,989
Provisions and accruals	H5	**1,760**	2,060
Deferred revenue	H6	**662**	513
Deferred tax liabilities	H7(b)	**4,293**	4,134
Current tax payable		**459**	1,635
Trade, other payables and other liabilities	H8	**60,213**	52,520
Amounts owed to bank depositors	G4	**5,044**	4,908
Derivative financial instruments	G1	**11,154**	4,834
Total liabilities		**871,359**	832,977
Net assets		**69,323**	77,925
Shareholders' equity			
Equity attributable to equity holders of the parent		**66,995**	74,763
Non-controlling interests			
Ordinary shares		**2,328**	3,162
Total non-controlling interests		**2,328**	3,162
Total equity		**69,323**	77,925

Consolidated statement of cash flows

For the year ended 31 December 2020

Rm	Notes	December 2020	December 2019
Cash flows from operating activities			
(Loss)/profit before tax		**(3,272)**	13,796
Non-cash movements in profit before tax	J6	**29,628**	(12,905)
Net changes in working capital	J6	**715**	15,823
Taxation paid		**(3,748)**	(4,144)
Net cash inflow from operating activities – continuing operations		**23,323**	12,570
Cash flows from investing activities			
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
Net cash outflow from investing activities – continuing operations		**(14,739)**	(5,113)
Cash flows from financing activities			
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 disposal 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)
Net cash outflow from financing activities – continuing operations		**(4,622)**	(8,758)
Netcash inflow/(outflow) – continuing operations		**3,962**	(1,300)
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
Cash and cash equivalents at end of the period		**33,795**	30,615
Comprising			
Mandatory reserve deposits with central banks		**235**	141
Cash and cash equivalents		**33,560**	30,474
Total		**33,795**	30,615

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.

Consolidated statement of changes in equity

For the year ended 31 December 2020

Year ended 31 December 2020 Rm	Notes	Millions Number of shares issued and fully paid	Share capital	Fair–value reserve[3]	Property revaluation reserve	Share-based payments reserve	Liability credit reserve[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4,709	85	(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925
Loss after tax for the financial year		–	–	–	–	–	–	–	(5,097)	(5,097)	(251)	(5,348)
Other comprehensive income for the financial year												
Items that will not be reclassified to profit or loss												
Gains on property revaluations		–	–	–	(21)	–	–	–	–	(21)	30	9
Remeasurement gains on defined benefit plans		–	–	–	–	–	–	–	175	175	–	175
Fair value movement related to credit risk on borrowed funds		–	–	–	–	–	(91)	–	(39)	(130)	–	(130)
Share of other comprehensive income from associated undertakings and joint ventures		–	–	–	(5)	–	–	–	62	57	–	57
Shadow accounting		–	–	–	55	–	–	–	–	55	–	55
Income tax on items that will not be reclassified to profit or loss		–	–	–	(13)	–	–	–	(50)	(63)	–	(63)
		–	–	–	16	–	(91)	–	148	73	30	103
Items that may be reclassified to profit or loss												
Currency translation differences on translating foreign operations		–	–	–	–	–	–	(586)	–	(586)	(49)	(635)
Share of other comprehensive income from associated undertakings and joint ventures		–	–	90	–	–	–	28	–	118	–	118
Total comprehensive loss for the financial year		–	–	90	16	–	(91)	(558)	(4,949)	(5,492)	(270)	(5,762)
Transactions with the owners of the Company												
Contributions and distributions												
Dividends for the year	C4	–	–	–	–	–	–	–	(3,346)	(3,346)	(93)	(3,439)
Share-based payment reserve movements		–	–	–	–	200	–	–	(40)	160	–	160
Transfer between reserves		–	–	–	(81)	(214)	–	108	674	487	(487)	–
Other movements in share capital[2]		–	–	–	–	–	–	–	423	423	16	439
Total contributions and distributions		–	–	–	(81)	(14)	–	108	(2,289)	(2,276)	(564)	(2,840)
Changes in ownership and capital structure												
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	–	–	–
Total changes in ownership and capital structure		–	–	–	–	–	–	–	–	–	–	–
Total transactions with the owners of the Company		–	–	–	(81)	(14)	–	108	(2,289)	(2,276)	(564)	(2,840)
Shareholders' equity at end of the year		4,709	85	10	550	749	(271)	(7,854)	73,726	66,995	2,328	69,323

1 *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. Refer to note G3 for more information.*

2 *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.*

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

Consolidated statement of changes in equity

For the year ended 31 December 2020

Year ended 31 December 2019 Rm	Notes	Millions Number of shares issued and fully paid	Share capital	Merger reserve	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Other reserves[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
Shareholders' equity at beginning of the year		4,942	89	1,133	14	758	1,162	(690)	(3,608)	79,163	78,021	3,399	81,420
Profit after tax for the financial year		–	–	–	–	–	–	–	–	9,386	9,386	269	9,655
Other comprehensive income for the financial year													
Items that will not be reclassified to profit or loss						–	–	–	–	–	–	–	–
Gains on property revaluations		–	–	–	–	438	–	–	–	–	438	10	448
Remeasurement gains on defined benefit plans		–	–	–	–	–	–	–	–	112	112	–	112
Fair value movement related to credit risk on borrowed funds[1]		–	–	–	–	–	–	262	–	(324)	(62)	–	(62)
Share of other comprehensive income from associated undertakings and joint ventures		–	–	–	–	37	–	–	–	31	68	–	68
Shadow accounting		–	–	–	–	(168)	–	–	–	–	(168)	–	(168)
Income tax on items that will not be reclassified to profit or loss		–	–	–	–	(36)	–	–	–	(31)	(67)	–	(67)
		–	–	–	–	271	–	262	–	(212)	321	10	331
Items that may be reclassified to profit or loss													
Currency translation differences on translating foreign operations		–	–	–	–	–	–	–	(3,692)	–	(3,692)	(82)	(3,774)
Exchange differences reclassified to profit or loss on disposal of businesses		–	–	–	–	–	–	–	(135)	–	(135)	–	(135)
Share of other comprehensive income from associated undertakings and joint ventures		–	–	–	(94)	–	–	–	(190)	–	(284)	–	(284)
Total comprehensive income for the financial year		–	–	–	(94)	271	–	262	(4,017)	9,174	5,596	197	5,793
Transactions with the owners of the Company													
Contributions and distributions													
Dividends for the year	C4	–	–	–	–	–	–	–	–	(5,383)	(5,383)	(69)	(5,452)
Share-based payment reserve movements		–	–	–	–	–	(122)	–	–	–	(122)	–	(122)
Transfer between reserves		–	–	–	–	(414)	(277)	248	221	222	–	–	–
Merger reserve transferred from sale of Latin American businesses		–	–	(1,133)	–	–	–	–	–	1,133	–	–	–
Share buyback transactions		(233)	(4)	–	–	–	–	–	–	(4,896)	(4,900)	–	(4,900)
Other movements in share capital		–	–	–	–	–	–	–	–	1,578	1,578	(31)	1,547
Total contributions and distributions		(233)	(4)	(1,133)	–	(414)	(399)	248	221	(7,346)	(8,827)	(100)	(8,927)
Changes in ownership and capital structure													
Change in participation in subsidiaries		–	–	–	–	–	–	–	–	(27)	(27)	(334)	(361)
Total changes in ownership and capital structure		–	–	–	–	–	–	–	–	(27)	(27)	(334)	(361)
Total transactions with the owners of the Company		(233)	(4)	(1,133)	–	(414)	(399)	248	221	(7,373)	(8,854)	(434)	(9,288)
Shareholders' equity at end of the year		4,709	85	–	(80)	615	763	(180)	(7,404)	80,964	74,763	3,162	77,925

1 *Included in the closing balance of other reserves is a R180 million liability credit reserve on borrowed funds.*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

A: Significant accounting policies

A1: Basis of preparation

1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa. The financial statements for the year ended 31 December 2020 consolidate the results of the Company and its subsidiaries (together 'the Group') and equity account the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds and investments in venture capital divisions which are accounted for as investments at fair value through profit or loss).

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2020, the consolidated and separate income statement, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year ended 31 December 2020 and explanatory notes to the consolidated and separate financial statements (including the consolidated supplementary income statement). The financial statements are prepared on the going concern basis, which the directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the Board of Directors on 22 March 2021.

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

The Group has prepared the financial statements in accordance with its detailed accounting policies which can be found at www.oldmutual.com/investor-relations/reporting-centre/reports. The significant accounting policies are contained in the financial statements and are included in the specific notes to which they relate. The accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the Group's 2019 consolidated financial statements. A number of new standards, amendments to standards and interpretations are effective from 1 January 2020 but they do not have a material effect on the Group's consolidated financial statements.

1.2 Comparative information

Comparative information presented at and for the year ended 31 December 2019 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2019 (prior year financial statements), except for those notes that have been restated.

1.3 Accounting policy elections

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

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

1.4 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.

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

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

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	Income statement (average rate)	**Statement of financial position (closing rate)**	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	**21.1126**	**20.0650**	18.4482	18.5598
US dollar	**16.4597**	**14.6836**	14.4492	14.0000
Kenyan shilling	**0.1552**	**0.1344**	0.1416	0.1381
Zimbabwe dollar (ZWL$)	**0.1335**	**0.1335**	0.8347	0.8347

1.6 Basis of preparation of Adjusted Headline Earnings

Purpose of Adjusted Headline Earnings

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

Due to the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

A: Significant accounting policies

A1: Basis of preparation

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.

1.7 Basis of preparation of other non-IFRS measures

The Group uses AHE in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities 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.

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

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

(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.

A: Significant accounting policies

A2: Critical accounting estimates and judgements

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 valuation.

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)
Total revenues	8,626	8,693	8,793	8,959
Total expenses	(7,304)	(7,368)	(7,466)	(7,631)
Profit before tax	1,322	1,325	1,327	1,328
Income tax expense	(43)	(48)	(51)	(56)
Profit after tax for the financial period	1,279	1,277	1,276	1,272

Condensed statement of financial position at 31 December 2020

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

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

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

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

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

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. 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.

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

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.

B: Segment information

B2: Segmental income statement (Restated)[1]

Year ended 31 December 2019 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated)[1]	Old Mutual Investments (Restated)[1]	Old Mutual Corporate	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
Revenue													
Gross insurance premium revenue	12,366	14,031	–	30,097	14,597	8,831	(61)	79,861	–	897	80,758	–	80,758
Outward reinsurance	(40)	(1,278)	–	(891)	(4,611)	(1,067)	36	(7,851)	–	(147)	(7,998)	–	(7,998)
Net earned premiums	12,326	12,753	–	29,206	9,986	7,764	(25)	72,010	–	750	72,760	–	72,760
Investment return (non-banking)	1,615	34,226	5,143	25,847	233	3,570	(2,476)	68,158	10,256	8,282	86,696	–	86,696
Banking interest and similar income	3,808	1	–	–	–	840	–	4,649	–	425	5,074	–	5,074
Banking trading, investment and similar income	–	–	–	–	–	63	–	63	–	124	187	–	187
Fee and commission income, and income from service activities	668	7,100	2,260	348	892	902	(2,073)	10,097	–	451	10,548	–	10,548
Other income	251	164	110	197	5	174	(469)	432	24	395	851	–	851
Total revenue and other income	18,668	54,244	7,513	55,598	11,116	13,313	(5,043)	155,409	10,280	10,427	176,116	–	176,116
Expenses													
Net claims and benefits (including change in insurance contract provisions)	(6,046)	(19,282)	–	(45,640)	(9,295)	(8,533)	127	(88,669)	–	(4,985)	(93,654)	–	(93,654)
Reinsurance recoveries	30	2,011	–	818	2,896	538	(71)	6,222	–	102	6,324	–	6,324
Net claims and benefits incurred	(6,016)	(17,271)	–	(44,822)	(6,399)	(7,995)	56	(82,447)	–	(4,883)	(87,330)	–	(87,330)
Change in investment contract liabilities	(5)	(20,884)	(4,268)	(3,906)	–	(365)	39	(29,389)	–	(367)	(29,756)	–	(29,756)
Credit impairment charges	(1,598)	(58)	–	9	–	(157)	(43)	(1,847)	–	(31)	(1,878)	–	(1,878)
Finance costs	–	–	–	–	–	–	–	–	–	(737)	(737)	–	(737)
Banking interest payable and similar expenses	(798)	–	–	–	–	(331)	–	(1,129)	–	(146)	(1,275)	–	(1,275)
Fee and commission expenses, and other acquisition costs	(2,827)	(5,112)	(425)	(453)	(2,486)	(804)	1,839	(10,268)	(267)	(178)	(10,713)	–	(10,713)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	(8,603)	–	(8,603)	–	(8,603)
Other operating and administrative expenses	(3,885)	(6,739)	(1,806)	(4,741)	(1,998)	(3,075)	2,437	(19,807)	(1,410)	(2,190)	(23,407)	–	(23,407)
Policyholder tax	(12)	(2,011)	(6)	131	–	(90)	438	(1,550)	–	1,550	–	–	–
Total expenses	(15,141)	(52,075)	(6,505)	(53,782)	(10,883)	(12,817)	4,766	(146,437)	(10,280)	(6,982)	(163,699)	–	(163,699)
Share of gains/(losses) of associated undertakings and joint ventures	–	–	–	–	–	–	–	–	–	2,269	2,269	–	2,269
Impairment of investment in associated undertakings	–	–	–	–	–	–	–	–	–	(869)	(869)	–	(869)
Loss on disposal of subsidiaries, associated undertakings and strategic investments	–	–	–	–	–	–	–	–	–	(21)	(21)	–	(21)
Results from operations	3,527	2,169	1,008	1,816	233	496	(277)	8,972	–	4,824	13,796	–	13,796
Shareholder investment return	-	–	–	-	188	41	1,873	2,102	–	(2,102)	–	–	–
Finance costs	-	–	–	-	(46)	(98)	(593)	(737)	–	737	–	–	–
Income from associated undertakings	-	–	–	-	–	–	2,528	2,528	–	(2,528)	–	–	–
Adjusted Headline Earnings before tax and non-controlling interests	3,527	2,169	1,008	1,816	375	439	3,531	12,865	–	931	13,796	–	13,796
Shareholder tax	(984)	(533)	(195)	(516)	(99)	75	(622)	(2,874)	–	(1,371)	(4,245)	–	(4,245)
Non-controlling interests	(95)	2	(13)	–	(26)	(3)	–	(135)	–	(134)	(269)	–	(269)
Adjusted Headline Earnings	2,448	1,638	800	1,300	250	511	2,909	9,856	–	(574)	9,282	–	9,282
Investment return adjustment for Group equity and debt instruments held in policy holder funds	22	65	–	214	–	(106)	279	474	–	(474)	–	–	–
Impact of restructuring	(61)	(523)	–	–	–	4	–	(580)	–	580	–	–	–
Profit from discontinued operations after tax	–	–	–	–	–	–	74	74	–	(74)	–	104	104
Operations in hyperinflationary economies	–	–	–	–	–	441	–	441	–	(441)	–	–	–
Non-core operations	–	–	–	–	–	–	376	376	–	(376)	–	–	–
Headline earnings	2,409	1,180	800	1,514	250	850	3,638	10,641	–	(1,359)	9,282	104	9,386
Impairment of goodwill and other intangibles and property, plant and equipment	(8)	(31)	(26)	(75)	–	–	(255)	(395)	–	395	–	–	–
Impairment of associated undertakings	17	49	–	164	–	–	(1,099)	(869)	–	869	–	–	–
Profit/(loss) on disposal of fixed assets	–	–	–	–	–	–	9	9	–	(9)	–	–	–
Profit for the financial year attributable to equity holders	2,418	1,198	774	1,603	250	850	2,293	9,386	–	(104)	9,282	104	9,386
Profit for the financial period attributable to non-controlling interests	101	18	13	61	26	50	–	269	–	–	269	–	269
Profit for the financial period attributable to equity holders	2,519	1,216	787	1,664	276	900	2,293	9,655	–	(104)	9,551	104	9,655

1 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 re-presented to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

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

1 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: R111 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 (Restated)[1] Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management (Restated)[1]	Old Mutual Investments (Restated)[1]	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter-company eliminations	Consolidation of funds	Continuing operations	Total IFRS
Total assets	33,845	348,739	53,395	277,452	14,363	63,418	36,106	83,584	910,902	910,902
Policyholder liabilities	(11,969)	(309,064)	(49,888)	(246,184)	–	(37,908)	1,303	–	(653,710)	(653,710)
Life insurance contracts liabilities	80	(74,644)	(3)	(60,083)	–	(7,596)	1,090	–	(141,156)	(141,156)
Investment contract liabilities with discretionary participating features	(11,969)	(15,829)	–	(147,869)	–	(22,816)	–	–	(198,483)	(198,483)
Investment contract liabilities	(80)	(218,591)	(49,885)	(38,232)	–	(7,496)	213	–	(314,071)	(314,071)
Property and Casualty insurance liabilities	–	–	–	–	(6,341)	(2,519)	–	–	(8,860)	(8,860)
Other liabilities	(17,563)	(36,168)	774	(30,699)	(4,193)	(12,455)	14,707	(84,810)	(170,407)	(170,407)
Total liabilities	(29,532)	(345,232)	(49,114)	(276,883)	(10,534)	(52,882)	16,010	(84,810)	(832,977)	(832,977)
Net assets	4,313	3,507	4,281	569	3,829	10,536	52,116	(1,226)	77,925	77,925

1 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 re-presented to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

C: Other key performance information

C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2020	2019
Basic (loss)/earnings per share	IFRS	C1(a)	(116.3)	208.3
Diluted (loss)/earnings per share	IFRS	C1(b)	(116.3)	205.2
Headline earnings per share	JSE Listing Requirements SAICA Circular 01/2019	C1(c)	116.1	236.1
Diluted headline earnings per share	JSE Listing Requirements SAICA Circular 01/2019	C1(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 Rm	2020	2019
(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
(Loss)/profit attributable to ordinary equity holders	**(5,097)**	**9,386**

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

(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
(Loss)/profit attributable to ordinary equity holders (Rm)		**(5,097)**	**9,386**
Weighted average number of ordinary shares (millions)	C1(a)	4,381	4,507
Adjustments for share options held by ESOP and similar trusts (millions)[1]		–	58
Adjustments for shares held in Black Economic Empowerment trusts (millions)[1]		–	10
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		**4,381**	**4,575**
Diluted (loss)/earnings per ordinary share (cents)		**(116.3)**	**205.2**

1 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 antidilutive 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:

		2020		2019	
Year ended 31 December Rm	Notes	Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
(Loss)/profit attributable to ordinary equity holders			**(5,097)**		9,386
Adjustments:					
Impairments of intangible assets and property, plant and equipment		1,796	1,395	472	395
Impairment of investment in associated undertakings		8,777	8,777	869	869
Loss on disposal of property and equipment		17	13	–	–
Profit on disposal of subsidiaries, associated undertakings and joint ventures		–	–	(307)	(9)
Total adjustments		**10,590**	**10,185**	1,034	1,255
Headline Earnings (Rm)			**5,088**		10,641
Weighted average number of ordinary shares (millions)			**4,381**		4,507
Diluted weighted average number of ordinary shares (millions)			**4,381**		4,575
Headline Earnings per share (cents)	C1(a)		**116.1**		236.1
Diluted Headline Earnings per share (cents)[1]	C1(b)		**116.1**		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'.

C: Other key performance information

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

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

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

Year ended 31 December **Rand**	**2020**	2019
Net asset value per share	**14.7**	16.5
Net tangible asset value per share	**13.5**	15.2

C3: Return on Net Asset Value (RoNAV)

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

Year ended 31 December **Rbn or %**	**2020**	2019
Total RoNAV (%)	**3.8%**	15.2%
Average Adjusted IFRS Equity (Rbn)	**65.2**	65.0
Closing Adjusted IFRS Equity (Rbn)	**64.2**	67.5

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

Rbn	**2020**	2019
Equity attributable to the holders of the parent	**67.0**	74.8
Equity in respect of associated undertakings	**(15.8)**	(24.3)
Equity in respect of operations in hyperinflationary economies	**(0.7)**	(0.4)
Equity in respect of non-core operations	**(2.7)**	(3.0)
Consolidation adjustments	**0.6**	1.2
Equity attributable to operating segments	**48.4**	48.3
Equity attributable to the Group's stake in Nedbank	**15.8**	19.2
Closing Adjusted IFRS equity	**64.2**	67.5

C4: 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	**3,346**	–
Dividend payments to ordinary equity holders for the year		**3,346**	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

Accounting policies

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

Basic revenue recognition principle

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

Banking and lending

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

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

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

Asset management

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

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

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

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

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

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

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

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

D: Other consolidated income statement notes

Contract assets and contract liabilities

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

Costs incurred in acquiring investment management service contracts

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

Deferred acquisition costs represent the contractual right to benefit from providing investment management services and are amortised as the related revenue is recognised.

D1: Income tax expense

Current tax

Included within the tax charge are charges relating to:

- Current and deferred income tax
- Taxes payable on behalf of policyholders
- Withholding tax

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

Deferred tax

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

Significant accounting estimate and judgements – uncertain tax positions

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

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. The Group exercises judgement to determine whether the ultimate treatment of a transaction or matter is uncertain. This judgement is dependent on the facts and circumstances that exist at the time of assessment. The Revenue authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Rm	2020	2019
Current tax		
South Africa	**2,041**	3,608
Overseas tax		
Rest of Africa	**456**	342
Rest of the world	**(64)**	12
Withholding taxes	**(7)**	285
Adjustments to current tax in respect of prior years	**9**	(116)
Total current tax	**2,435**	4,131
Deferred tax		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(445)**	190
Recognition of previously unrecognised deferred tax assets	**1**	5
Adjustments to deferred tax in respect of prior years	**85**	(81)
Total deferred tax	**(359)**	114
Total income tax expense	**2,076**	4,245
Attributable to		
Shareholder funds	**907**	2,546
Policyholder funds	**1,169**	1,699
Total income tax expense	**2,076**	4,245

(b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from different tax jurisdictions had been taxed at the South African standard corporation tax rate. For South African entities that are in a tax paying position, tax has been provided at 28% (2019: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Old Mutual Limited is domiciled in South Africa and the most significant operations are in South Africa.

Year ended 31 December Rm	2020	2019
(Loss)/profit before tax	**(3,272)**	13,796
Tax at South African standard rate of 28.0% (2019: 28.0%)	**(916)**	3,863
Different tax rate or basis on foreign operations	**(60)**	66
Untaxed and low taxed income[1]	**(1,903)**	(1,785)
Disallowable expenses[2]	**4,148**	954
Adjustments to current tax in respect of prior years	**46**	(116)
Net movement on deferred tax assets not recognised	**53**	124
Adjustments to deferred tax in respect of prior years	**72**	(81)
Withholding taxes	**(209)**	50
Income tax attributable to policyholder returns	**845**	1,161
Other	**–**	9
	2,076	4,245

1 Includes exempt income, capital gains taxed at lower than the corporate tax rate and non-taxable fair value movements.
2 Disallowable expenses include an impairment on Nedbank, provisions and expenses incurred in the production of non-taxable income and are therefore non-deductible for tax purposes .

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

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

Year ended 31 December Rm	2020	2019
Measurement gains on defined benefit plans	**50**	31
Property revaluation reserve	**13**	36
Income tax on items that will not be reclassified subsequently to profit or loss	**63**	67

D: Other consolidated income statement notes

D2: Investment return (non-banking)

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

Rm	2020	2019
Interest and similar income		
Loans and advances	**15**	13
Investments and securities	**24,052**	24,835
Cash and cash equivalents	**1,076**	1,945
Total interest and similar income	**25,143**	26,793
Dividend income from investments and securities	**11,118**	13,148
Net fair value gains recognised in profit or loss	**17,294**	41,687
Rental income from investment properties	**3,023**	3,020
Net fair value gains on the revaluation of investment property	**116**	1,394
Net foreign currency gains	**246**	654
Total amounts recognised in profit or loss	**56,940**	86,696
Total interest income for assets measured at amortised cost (effective interest rate)	**5**	599
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:		
Designated and mandatorily at fair value through profit or loss	**17,294**	41,687

D3: Banking interest and similar income

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

Rm	2020	2019
Loans and advances	**4,668**	5,006
Mortgage loans	**193**	310
Bills and acceptances	**27**	9
Overdrafts	**30**	45
Term loans and other[1]	**4,418**	4,642
Investments and securities	**66**	68
Government and government-guaranteed securities	**54**	56
Other debt securities, preference shares and debentures	**12**	12
Total interest and similar income	**4,734**	**5,074**
Total interest income for assets measured at amortised cost (effective interest rate)	**3,679**	3,978

1 *Term loans and other includes commercial mortgages, deposits placed under repurchase agreements, preference shares and debentures and unsecured and other loans.*

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

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

Year ended 31 December Rm	2020	2019
Fee and commission income	**9,952**	10,147
Transaction and performance fees	**446**	382
Change in deferred revenue	**11**	19
	10,409	10,548

D5: Finance costs

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

Rm	Note	2020	2019
Interest on borrowed funds		**607**	804
Subordinated debt		**607**	804
Fair value losses on borrowed funds		**(123)**	(67)
Borrowed funds designated at fair value through profit or loss		**38**	12
Derivative instruments used as economic hedges mandatorily at fair value through profit or loss		**(161)**	(79)
Total finance costs excluding banking activities		**484**	737
Finance costs from banking activities	D6	**693**	885
Total Group finance costs on debt instruments		**1,177**	1,622

D6: Banking interest payable and similar expenses

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

Year ended 31 December Rm	Notes	2020	2019
Amounts owed to bank depositors			
Deposits and loan accounts		**343**	315
Current and savings accounts		**5**	19
Negotiable certificates of deposit		**12**	56
Long-term debt instruments	D5	**693**	885
Total interest payable and similar expenses		**1,053**	1,275

D7 Fee and commission expenses, and other acquisition costs

This note analyses the fee and commission expenses and other acquisition costs.

Year ended 31 December Rm	2020	2019
Fee and commission expenses	**6,775**	7,547
Change in deferred acquisition costs	**167**	(8)
Other acquisition costs	**2,861**	3,174
	9,803	10,713

D: Other consolidated income statement notes

D8: Other operating and administrative expenses

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

Year ended 31 December Rm	Notes	2020	2019
Staff costs	D8(b)	**9,873**	9,739
Depreciation		**988**	1,025
Computer, software and processing costs		**1,885**	1,398
Amortisation of other intangible assets and internally developed software		**274**	243
Impairment of goodwill and other intangible assets		**1,503**	331
Operating lease rentals – banking		**3**	–
Operating lease rentals – non-banking (Short term and low value assets)		**129**	139
Auditors' remuneration – fees for audit service		**166**	182
Auditors' remuneration – fees for non-audit service		**2**	14
Other		**10,226**	10,336
		25,049	23,407

(b) Staff costs

Year ended 31 December Rm	Notes	2020	2019
Wages and salaries		**7,603**	7,188
Social security costs		**30**	43
Retirement obligations			
Defined contribution plans		**241**	147
Defined benefit plans	J1(d)	**24**	4
Other retirement benefits	J1(d)	**162**	145
Bonus and incentive remuneration		**907**	1,093
Share-based payments			
Cash settled	J2(d)	**1**	7
Equity settled	J2(d)	**379**	500
Other		**526**	612
		9,873	9,739

D9: 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 Foundation Cluster	Personal Finance and Wealth management	Old mutual investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consolidation of funds	Total
Revenue from contracts with customers									
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
Fee and commission income, and income from service activities	540	6,812	2,069	371	1,013	1,521	(1,917)	–	10,409
Non-IFRS 15 revenue									
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
Total revenue from other activities	17,917	42,394	2,352	44,599	9,628	20,426	(110)	(1,082)	136,124
Total revenue and other income	18,457	49,206	4,421	44,970	10,641	21,947	(2,027)	(1,082)	146,533

D: Other consolidated income statement notes

D9: Revenue from contracts with customers

Year ended 31 December 2019 (Restated)[1] Rm	Mass and Founda-tion Cluster	Personal Finance and Wealth mana-gement (Restated)[1]	Old mutual invest-ments (Restated)[1]	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group activities	Consoli–dation of funds	Total
Revenue from contracts with customers									
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
Fee and commission income, and income from service activities	669	7,311	2,049	348	892	1,354	(2,075)	–	10,548
Non-IFRS 15 revenue									
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
Total revenue from other activities	18,041	47,189	5,327	55,663	10,396	19,498	(826)	10,280	165,568
Total revenue and other income	18,710	54,500	7,376	56,011	11,288	20,852	(2,901)	10,280	176,116

1 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 re-presented to reflect this change. This adjustment had no impact on total expenses, profit after tax for the period or net assets of the Group.

E: Financial assets and liabilities

Accounting policy

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

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

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

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

The classification of financial assets under IFRS 9 is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

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

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

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

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

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

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

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

E: Financial assets and liabilities

Subsequent measurement of financial assets

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

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

Derecognition of financial assets

The Group derecognises a financial asset when:

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

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

Initial recognition of financial liabilities

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

Subsequent measurement of financial liabilities

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

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

Derecognition of financial liabilities

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

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

Expected credit losses

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

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

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

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

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

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

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

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

E: Financial assets and liabilities

E1: Categories of financial instruments

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

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

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

At 31 December 2019	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non–financial assets and liabilities
Assets					
Mandatory reserve deposits with central banks	141	–	–	141	–
Investments in associated undertakings and joint ventures	26,251	–	–	–	26,251
Reinsurers' share of policyholder liabilities	8,385	–	3,227	27	5,131
Loans and advances	21,007	–	–	21,007	–
Investments and securities	744,965	486,186	255,009	3,770	–
Trade, other receivables and other assets	21,082	–	–	8,193	12,889
Derivative financial instruments	3,221	3,221	–	–	–
Cash and cash equivalents	30,474	–	–	30,474	–
Total assets that include financial instruments	855,526	489,407	258,236	63,612	44,271
Assets held for sale and distribution	774	–	–	–	774
Total other non-financial assets	54,602	–	–	–	54,602
Total assets	910,902	489,407	258,236	63,612	99,647
Liabilities					
Life insurance contract liabilities	141,156	–	–	–	141,156
Investment contract liabilities with discretionary participating features	198,483	–	–	–	198,483
Investment contract liabilities	314,071	–	313,109	962	–
Third-party interest in consolidated funds	80,814	–	80,814	–	–
Borrowed funds	18,989	–	7,122	11,867	–
Trade, other payables and other liabilities	52,520	–	2,471	39,864	10,185
Amounts owed to bank depositors	4,908	–	–	4,908	–
Derivative financial instruments	4,834	4,834	–	–	–
Total liabilities that include financial instruments	815,775	4,834	403,516	57,601	349,824
Total other non-financial liabilities	17,202	–	–	–	17,202
Total liabilities	832,977	4,834	403,516	57,601	367,026

E: Financial assets and liabilities

E2: Fair values of financial assets and liabilities

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

(a) Determination of fair value

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

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

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

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

Reinsurers' share of policyholder liabilities

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

Loans and advances

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

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

Investments and securities

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

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

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

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

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

Derivative financial instruments

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

Investment contract liabilities

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

Third-party interest in consolidation of funds

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

Amounts owed to bank depositors

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

Borrowed funds

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

Other financial assets and liabilities

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

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

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

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

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

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

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

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

E: Financial assets and liabilities

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

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

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

At 31 December 2020 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
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**	**–**
Total financial assets measured at fair value	**782,118**	**438,984**	**306,017**	**37,117**
Financial liabilities measured at fair value				
Investment contract liabilities	**332,634**	**168,207**	**164,427**	**–**
Third-party interests in consolidated funds	**73,020**	**-**	**73,020**	**–**
Borrowed funds	**7,085**	**–**	**7,085**	**–**
Other liabilities	**11,525**	**–**	**11,525**	**–**
Derivative financial instruments – liabilities	**11,154**	**–**	**11,154**	**–**
Total financial liabilities measured at fair value	**435,418**	**168,207**	**267,211**	**–**

At 30 December 2019 (Restated)[1] Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	3,227	3,227	–	–
Investments and securities[1]	741,195	420,313	282,452	38,430
Derivative financial instruments – assets	3,221	–	3,221	–
Total financial assets measured at fair value	747,643	423,540	285,673	38,430
Financial liabilities measured at fair value				
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	–
Total financial liabilities measured at fair value	408,350	140,743	267,607	–

1 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:

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

E: Financial assets and liabilities

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

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

(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)	**Risk adjusted discount rate:**	
	– 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)[1]			At 31 December 2020	At 31 December 2019 (Restated)[1]
Types of financial instruments	**Fair values**		**Valuation techniques used**	**Significant unobservable input**	**Fair value measurement sensitivity to unobservable inputs**	
Assets						
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

1 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**
Total	**37,117**		**2,315**	**2,257**

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.

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

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

Where the business model of a portfolio met the definition of amortised cost or 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:

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

1 *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.

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

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

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

		Fair value			
Rm	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowed funds at 31 December 2020	**10,250**	**–**	**10,250**	**–**	**10,250**
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).

E: Financial assets and liabilities

E6: Master netting or similar agreements

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

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

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

At 31 December 2019 Rm	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event[1]	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	3,221	–	3,221	(2,995)	226
Cash and cash equivalents	30,474	–	30,474	–	30,474
Financial liabilities					
Trade, other payables and other liabilities	52,520	(8)	52,512	–	52,512
Derivative financial instruments – liabilities	4,834	–	4,834	(2,995)	1,839

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

Cash and bond collateral that may be offset against derivative assets and liabilities in the statement of financial position in the event of a default, but have not been offset are R514 million (2019: R950 million).

F: Financial Risk and Capital Management

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

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

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

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

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

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

F1 Credit risk

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

The Group also has material exposure through its insurance businesses where credit risk arises predominantly through the management of credit assets backing non-profit contracts (mostly annuity products), but also through direct credit exposure in shareholder capital. These credit assets are exposed to changes in the credit spreads, driven by either general market conditions, or counterparty-specific information.

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

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

1.1 Credit risk governance

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

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

F: Financial Risk and Capital Management

1.2 Credit risk management

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

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

Each business units set out the detailed requirements with regard to credit risk management in their respective credit risk policies and manuals tailored for the specific business.

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

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

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

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

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

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

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

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

1.3 Internal credit risk ratings

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

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

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

F: Financial Risk and Capital Management

1.4 Concentrations of credit risk

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

The Group monitors concentrations of credit risk by geographic location. The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets. The following table analyses the concentrations of credit risk by class of financial asset at 31 December 2020.

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

At 31 December 2019 Rm	South Africa	Rest of Africa	Other	Total
Mandatory reserve deposits with central banks	–	141	–	141
Loans and advances	14,955	6,052	–	21,007
Unsecured loans	14,623	4,316	–	18,939
Other secured loans	148	1,465	–	1,613
Home loans	–	163	–	163
Other loans and advances	184	108	–	292
Investments and securities	701,573	41,325	2,047	744,965
Government and government guaranteed securities	90,465	8,029	–	98,494
Preference shares, other debt securities and debentures	88,311	3,194	–	91,505
Short-term funds and securities treated as investments	76,982	4,224	–	81,226
Equity securities, pooled, short term and other investments	445,815	25,878	2,047	473,740
Reinsurance share of policyholder liabilities	4,204	954	3,227	8,385
Trade, other receivables and other assets	18,758	1,269	1,055	21,082
Cash and cash equivalents	24,189	3,877	2,408	30,474
Derivative financial instruments – assets	3,221	–	–	3,221

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

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

The following table sets out the maximum exposure to credit risk on financial assets within the scope of IFRS 9's impairment model, debt instruments measured fair value through profit or loss outside of the scope of IFRS 9's impairment model, as well as the impact of collateral and other credit enhancements on credit risk:

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

At 31 December 2019 Rm	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Mandatory reserve deposits with central banks	141	141	–
Reinsurers' share of policyholder liabilities	3,254	27	3,227
Loans and advances	21,007	21,007	–
Investments and securities	744,965	3,770	741,195
Government and government-guaranteed securities	98,494	–	98,494
Other debt securities, preference shares and debentures	91,505	3,770	87,735
Short-term funds and securities treated as investments	81,226	–	81,226
Equity securities, pooled, short term and other investments	473,740	–	473,740
Trade, other receivables and other assets	8,193	8,193	–
Derivative financial instruments – assets	3,221	–	3,221
Cash and cash equivalents	30,474	30,474	–

1.6 Collateral

(a) **Loans and advances**

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

(i) Financial collateral

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

F: Financial Risk and Capital Management

1.6 Collateral

(ii) Non-financial collateral

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

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

(b) Other collateral

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

Refer to note G3 for more information on collateral.

1.7 Analysis of financial assets held at amortised cost

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

				Allowance for ECL		
At 31 December 2019 Rm	Gross carrying amount	Allowance for ECL	Net amount	Stage 1	Stage 2	Stage 3
Mandatory reserve deposits with central banks	141	–	141	–	–	–
Reinsurers' share of policyholder liabilities	27	–	27	–	–	–
Loans and advances	25,230	(4,223)	21,007	(755)	(418)	(3,050)
Investments and securities	3,787	(17)	3,770	(17)	–	–
Trade, other receivables and other assets	8,447	(254)	8,193	–	(254)	–
Cash and cash equivalents	30,474	–	30,474	–	–	–
	68,106	(4,494)	63,612	(772)	(672)	(3,050)

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

1.8 Credit quality analysis

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

Loans and advances at amortised cost at 31 December Rm	**2020**	2019
Stage 1 – Sub Investment grade (BB and lower) and other ungraded investments	**12,434**	15,499
Stage 2 – Sub Investment grade (BB and lower) and other ungraded investments	**1,887**	2,001
Stage 3 – Sub Investment grade (BB and lower) and other ungraded investments	**2,296**	2,362
Not in ECL scope – Investment grade (AAA to BBB)	**1,181**	1,145
Total	**17,798**	21,007

Based on the maturity profile of loans and advances, R5,966 million (2019: R7,748 million) is receivable no more than 12 months after the reporting date and R11,832 million (2019: R13,259 million) is receivable more than 12 months after the reporting date.

Investments and securities at amortised cost at 31 December 2020 Rm	**Investment grade (AAA to BBB)**	**Sub-Investment grade (BB and lower) and other ungraded investments**	**Total**
Stage 1	**–**	**4,181**	**4,181**
Stage 2	**–**	**–**	**–**
Stage 3	**–**	**–**	**–**
Total	**–**	**4,181**	**4,181**

Investments and securities at amortised cost at 31 December 2019 Rm	Investment grade (AAA to BBB)	Sub-Investment grade (BB and lower) and other ungraded investments	Total
Stage 1	–	3,722	3,722
Stage 2	8	–	8
Stage 3	–	40	40
Total	8	3,762	3,770

F1.9 Impairment of financial assets

(a) Overview

During the current financial year, the Group recognised expected credit loss of R2,874 million (2019: R1,878 million).

(b) Calculation of ECL

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

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

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

F: Financial Risk and Capital Management

F1.9 Impairment of financial assets

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

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

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

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

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

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

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

(c) Significant increase in credit risk and default

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

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

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

(d) Forward-looking information

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

The outbreak of the COVID-19 coronavirus pandemic has led the Group to review the quantative model output for the forward-looking impairment. Management has applied judgement in determining the forward-looking impairment by applying an overlay based on the macroeconomic scenarios including GDP forecasts and the impact on PDs, LGDs, and stage distribution.

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

Year ended 31 December South Africa	**2020**	2019
Repo rate	**3.50%**	6.50%
Consumer Price Inflation	**3.08%**	4.02%
Household debt to disposable income	**75.7%**	73.0%
Consumption expenditure to GDP	**60.3%**	60.1%
Nominal Effective Exchange Rate	**1.16%**	1.69%
Unemployment Rate	**30.6%**	29.6%

Year ended 31 December Rest of Africa	**2020**	2019
Repo rate	**7.10%**	8.05%
Consumer Price Inflation	**4.76%**	5.20%
Gross domestic product (GDP)	**4.24%**	5.04%

(e) Write-off policy

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

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

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

F: Financial Risk and Capital Management

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

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

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

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

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

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

1 *Includes Stage 3 writeoffs of R1,788 million.*

Loans and advances at amortised cost at 31 December 2019 Rm	Total allowance for ECL	Stage 1	Stage 2	Stage 3
Balance at beginning of the year	(3,753)	(718)	(356)	(2,679)
Originations and interest accruals	(1,587)	(968)	(138)	(481)
Repayments	1,856	610	318	928
Transfer to stage 1[1]	38	(31)	53	16
Transfer to stage 2[1]	(296)	154	(471)	21
Transfer to stage 3[1]	(1,837)	189	152	(2,178)
Model and risk parameter changes	(82)	(45)	1	(38)
Foreign exchange, write offs and other movements	1,438	54	23	1,361
Balance at end of the year	(4,223)	(755)	(418)	(3,050)

1 *Transfers between ECL stages include the change in the ECL allowance amount as a result of the transfer.*

During the current year the provision for ECL decreased due to an increase in the portion of the transferred to stage 3 of the model and a reduction in repayments in 2020. ECL allowance calculations for balances allocated to stage 3 is based on lifetime expected credit losses. The increase was reduced by fewer originations and lower interest accruals when compared to 2019, as well as an increase in balances written off in 2020.

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

F: Financial Risk and Capital Management

F2: Market risk

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

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

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

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

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

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

Market risk resulting from shareholder investments is managed through set asset allocation mandates in line with the Group Risk strategy. For the South Africa shareholder listed equity portfolio, excluding Nedbank, we aim to limit capital losses using a hedged equity strategy. The hedging strategy is executed primarily in the form of zero cost collars where the exposure to losses is limited to 5% – 15% of the investment value whilst underlying equities track the SWIX40 total return index.

The principal market risk arising in the Group's banking operations is interest rate risk on the banking book resulting from repricing and/or maturity mismatches between on and off balance sheet components in all banking business. Governance structures are in place to achieve effective independent monitoring and management of market risk. Refer to note F5 for additional unaudited information on the Group's Embedded Value.

2.1: Currency translation risk

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

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

In the following tables, the Other category includes the Group's exposure to Namibian dollar, Kenyan shilling, Malawian kwacha, Nigerian naira, Columbian peso, Mexican peso and Zim dollar.

These foreign currency translation tables below have been prepared on the basis that the values of the economic hedging instruments are reflected at their carrying value as opposed to their notional amounts. Translation of foreign operations into rand does not expose the Group to foreign currency translation risk, but does expose the Group to volatility in financial position and performance of the underlying entities. Refer to note A1 (1.5) for information on the translation of the Zimbabwean entities into rand.

At 31 December 2020 Rm	ZAR	GBP	USD	EUR	Other	Total
Assets						
Mandatory reserve deposits with central banks	–	–	6	–	229	235
Investments in associated undertakings and joint ventures' undertakings	16,149	834	451	16	–	17,450
Reinsurers' share of policyholder liabilities	10,492	3,422	119	–	1,577	15,610
Loans and advances	12,096	–	4	–	5,698	17,798
Investments and securities	666,638	9,998	55,161	3,083	37,157	772,037
Trade, other receivables and other assets	18,211	207	231	–	1,668	20,317
Derivative financial instruments – assets	10,840	–	–	–	–	10,840
Cash and cash equivalents	26,564	2,157	1,288	165	3,386	33,560
Total assets that include financial instruments	760,990	16,618	57,260	3,264	49,715	887,847
Assets held for sale and distribution	21	–	–	–	63	84
Total non-financial assets	36,566	4	985	2,834	12,362	52,751
Total assets	797,577	16,622	58,245	6,098	62,140	940,682
Liabilities						
Long term business insurance policyholder liabilities	574,856	12,982	49,974	2,995	42,157	682,964
Third-party interest in consolidation of funds	73,020	–	–	–	–	73,020
Borrowed funds	14,785	–	108	–	2,442	17,335
Trade, other payables and other liabilities	48,435	2,054	4,163	1,161	4,400	60,213
Amounts owed to bank depositors	-	69	18	–	4,957	5,044
Derivative financial instruments – liabilities	11,099	–	–	31	24	11,154
Total liabilities that include financial instruments	722,195	15,105	54,263	4,187	53,980	849,730
Total non-financial liabilities	15,113	93	2,234	150	4,039	21,629
Total liabilities	737,308	15,198	56,497	4,337	58,019	871,359

F: Financial Risk and Capital Management

F2: Market risk

2.1: Currency translation risk

At 31 December 2019 Rm	ZAR	GBP	USD	EUR	Other	Total
Assets						
Mandatory reserve deposits with central banks	–	–	–	–	141	141
Investments in associated undertakings and joint ventures' undertakings	25,098	879	194	10	70	26,251
Reinsurers' share of policyholder liabilities	4,171	3,274	58	–	882	8,385
Loans and advances	14,955	–	3	–	6,049	21,007
Investments and securities	567,230	12,566	123,790	3,493	37,886	744,965
Trade, other receivables and other assets	14,232	284	4,984	162	1,420	21,082
Derivative financial instruments – assets	3,215	–	6	–	–	3,221
Cash and cash equivalents	24,044	1,593	1,711	306	2,820	30,474
Total assets that include financial instruments	652,945	18,596	130,746	3,971	49,268	855,526
Assets held for sale and distribution	774	–	–	–	–	774
Total other non-financial assets	38,446	871	1,162	5,414	8,709	54,602
Total assets	692,165	19,467	131,908	9,385	57,977	910,902
Liabilities						
Life assurance policyholder liabilities	560,239	13,864	40,992	1,255	37,360	653,710
Third-party interest in consolidation of funds	80,814	–	–	–	–	80,814
Borrowed funds	16,072	–	565	–	2,352	18,989
Trade, other payables and other liabilities	36,188	2,041	9,883	3,023	1,385	52,520
Amounts owed to bank depositors	–	–	–	–	4,908	4,908
Derivative financial instruments – liabilities	4,704	–	93	37	–	4,834
Total liabilities that include financial instruments	698,017	15,905	51,533	4,315	46,005	815,775
Total other non-financial liabilities	12,353	201	1,241	271	3,136	17,202
Total liabilities	710,370	16,106	52,774	4,586	49,141	832,977

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

Sensitivity analysis

the following analysis was performed for reasonability of possible movements in key variables, with all other variables held constant, showing the impact on profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. Sensitivity information on Zimbabwe dollar is included in note A2(a). The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous year:

Rm	Change in exchange rate	Impact on profit before tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2020					
GBP	**10%**	**(119)**	**119**	**(119)**	**119**
USD	**10%**	**(212)**	**212**	**(212)**	**212**
KES	**10%**	**(271)**	**271**	**(271)**	**271**
At 31 December 2019					
GBP	10%	(336)	336	(336)	336
USD	10%	(7,913)	7,913	(7,913)	7,913
KES	10%	(385)	385	(385)	385

2.2 Interest rate risk

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

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

For guaranteed annuities and protection products (life, disability and critical illness cover), the interest rate risk is managed by investing in fixed interest assets of varying terms, in order to hedge the liability's exposure to interest rate risk across the yield curve. The liabilities held for savings products are also sensitive to interest rates. Interest rate exposures on the aforementioned products are generally well hedged, with residual interest rate exposure due to interest rate movements under normal market conditions absorbed by a discretionary margin which absorbs any profit or loss impact from residual risk sensitivities. During the financial year, an exercise to optimise the hedging strategy of the OMLACSA protection products was completed. The exercise followed a liability valuation basis change and focused on a more granular hedging strategy in line with how other guaranteed products (e.g. annuities) are managed.

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

2.3 Equity price risk

Investments and securities are subject to equity price risk to the extent that the underlying asset allocation strategies include equity.

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

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

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

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

F: Financial Risk and Capital Management

F3: Liquidity risk

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

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

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

The embedding of the liquidity framework is most mature in South Africa and work is ongoing to embed the framework in the other territories.

The primary sources of liquidity risk are:

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

The above risks are mitigated by a combination of holding ample readily accessible liquidity where the risks lie, whether these arise from shareholder commitments or policyholder liabilities, having access to contingent sources of liquidity such as revolving credit facilities, management processes to monitor lending covenants and suitable management actions to proactively remedy any deterioration in the covenant status. In the event of a liquidity risk occurring the actual actions to be taken will be tailored to the specific circumstances. The contractual maturities of the Group's financial liabilities and insurance contracts are set out in notes G2, G3 and G4.

F4: Capital management

The Group aims to maintain its solvency levels within the target range of 155% to 175%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity. The Group's capital requirements are supported by equity shareholders' funds and qualifying subordinated debt.

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

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

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

During the year, the Prudential Authority designated Old Mutual Limited as the controlling company of an insurance group. The designation clarifies the scope of entities that are included within the insurance group and confirms that the investment in Nedbank should be treated as an equity investment in the calculation of the Group solvency position. Previously Nedbank was included on a Basel III basis. The process of securing certain methodology approvals from the Prudential Authority for the Group's proposed basis remains ongoing. For comparability, the December 2019 Group solvency ratio was re-presented to reflect the impact of the designation; this results in an increase from 161% as previously reported to 189%. At 31 December 2020, the unaudited solvency ratio for the Group was 185% (2019: re-presented: 189%). This is calculated as total own funds of R92.1 billion divided by total solvency capital requirement of R49.7 billion.

F5: Other unaudited information

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

For each sensitivity illustrated, all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios. For more information on the Group's embedded value, refer to pages 143 to 153 of the Additional Disclosures in the Group Annual Results published on 23 March 2021.

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

At 31 December Rm	Unaudited 2020 EV	Unaudited 2019 EV
Central assumptions	**65,916**	72,297
Value given changes in:		
Economic assumptions 100bps increase[1]	**65,988**	72,171
Economic assumptions 100bps decrease[1]	**65,653**	72,218
Equity/property market value 10% increase[2]	**67,400**	74,337
Equity/property market value 10% decrease[2]	**64,420**	70,213
10bps increase of liquidity spreads[3]	**66,099**	72,466
50bps contraction on corporate bond spreads[4]	**66,189**	72,667
25% increase in equity/property implied volatilities[5]	**65,544**	71,662
25% increase in swaption implied volatilities[6]	**65,783**	72,105
10% decrease in discontinuance rates[7]	**67,703**	74,314
10% decrease in maintenance expenses[8]	**67,632**	74,044
5% decrease in mortality/morbidity rates[9]	**68,959**	75,136
5% decrease in annuitant mortality assumption[10]	**65,614**	71,985

1 *Economic assumptions 100bps increase/decrease: Increasing/decreasing all profit before tax investment and economic assumptions (projected investment returns and inflation) by 100bps, with credited rates and discount rates changing commensurately.*
2 *Equity/property market value 10% increase/decrease: Equity and property market value increasing/decreasing by 10%, with all profit before tax investment and economic assumptions unchanged.*
3 *10bps increase in liquidity spreads: Recognising the present value of an additional 10bps of liquidity spreads assumed on corporate bonds over the lifetime of the liabilities (annuities only), with credited rates and discount rates changing commensurately.*
4 *50bps contraction on corporate bond spreads.*
5 *25% increase in equity/property implied volatilities: 25% multiplicative increase in implied volatilities.*
6 *25% increase in swaption implied volatilities: 25% multiplicative increase in implied volatilities.*
7 *10% decrease in discontinuance rate.*
8 *10% decrease in maintenance expenses: Maintenance expense levels decreasing by 10%, with no corresponding decrease in policy charges.*
9 *5% decrease in mortality/morbidity rates: Mortality and morbidity assumptions for assurances decreasing by 5%, with no corresponding decrease in policy charges.*
10 *5% decrease in annuitant mortality assumption: Mortality assumption for annuities decreasing by 5%, with no corresponding increase in policy charges.*

G: Analysis of Financial Assets and Liabilities

G1: Investments and securities and derivative financial assets and liabilities

(a) Investments and securities

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

At 31 December Rm	2020	2019
Government and government-guaranteed securities	**118,254**	98,494
Other debt securities, preference shares and debentures	**91,925**	91,505
Listed	**21,782**	28,605
Unlisted	**70,143**	62,900
Equity securities	**282,868**	276,293
Listed	**260,472**	257,263
Unlisted	**22,396**	19,030
Pooled investments[1]	**213,212**	194,906
Listed	**123,127**	116,282
Unlisted	**90,085**	78,624
Short term funds and securities treated as investments	**64,166**	81,226
Other	**1,612**	2,541
Total investments and securities	**772,037**	744,965

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

The Group conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amount to R1,332 million (2019: R1,635 million).

For both reporting periods, the Group has not provided any cash collateral for security borrowing arrangements.

The Group has placed government securities amounting to R21,131 million (2019: R9,926 million) as collateral for deposits received under repurchase agreements. These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated (recorded within trade, other payables and other liabilities in the Consolidated Statement of Financial Position) liabilities amounted to R 20,309 million (2019: R9,953 million).

Investments and securities are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R123,501 million (2019: R68,441 million) is expected to be recoverable within 12 months from the reporting date and R648,536 million (2019: R676,524 million) is expected to be recovered more than 12 months from the reporting date.

Equity securities are used for a combination of activities. The majority of the listed securities are traded on well-established exchanges such as the JSE Securities Exchange, London Stock Exchange and New York Stock Exchange.

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

(b) Derivative financial assets and liabilities

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

At 31 December Rm	2020				2019			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	**9,542**	**(10,090)**	**122,112**	**125,396**	3,206	(4,724)	92,635	111,446
Forward rate agreements	**1,252**	**(952)**	**36,911**	**15,924**	5	(5)	7,300	15,450
Other (options and futures	**46**	**(112)**	**–**	**–**	10	(105)	–	–
Total	**10,840**	**(11,154)**	**159,023**	**141,320**	3,221	(4,834)	99,935	126,896

R1,525 million (2019: R60 million) of the total derivative financial assets of R10,840 million (2019: R3,221 million) is regarded as current with the remainder being non-current.

R1,387 million (2019: R162 million) of the total derivative financial liabilities of R11,154 million (2019: R4,834 million) is regarded as current with the remainder being non-current.

G2: Insurance and investment contracts

Life assurance

Classification of contracts

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

For the Group's unit-linked assurance business, contracts are separated into an insurance component and an investment component (known as unbundling) and each unbundled component is accounted for separately in accordance with the accounting policy for that component.

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

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

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

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

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

Premiums on life assurance

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

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

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

Claims paid on life assurance

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

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

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

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

Life insurance contract liabilities

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

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

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

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

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

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

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

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

Financial guarantees embedded in insurance contracts are recognised as part of the overall measurement of insurance contracts.

Investment contract liabilities

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

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

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

Acquisition costs

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

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

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

Property and Casualty

Contracts under which the Group accepts significant insurance risk from another party and which are not classified as life insurance are classified as Property and Casualty. The majority of the Group’s Property and Casualty insurance contracts are classified as short-tailed, meaning that most claims are settled within a year after the loss date.

Premiums on Property and Casualty

Premiums are stated gross of commissions, exclude taxes and levies and are accounted for in the period in which the risk commences. Premiums are earned from the date of attachment of risk, spread over the indemnity period by using an unearned premium provision, based on the pattern of risk underwritten and are recognised in profit or loss. All premiums are shown before deduction of commission payable to intermediaries. The proportion of the premiums written relating to periods of risk after the reporting date is carried forward to subsequent accounting periods as unearned premiums as a liability, so that earned premiums relate to risks carried during the accounting period.

Claims on Property and Casualty

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

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

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

Acquisition costs on Property and Casualty

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

Reinsurance

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

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

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

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

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

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

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

G: Analysis of Financial Assets and Liabilities

G2: 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
Pandemic impact related to COVID-19	1,574	2,615	1,236	80	5,505
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.

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. 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

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

Discretionary reserves

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

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

Discretionary margins of R6,382 million (0.9% of total insurance and investment contract liabilities) were held at 31 December 2020 (2019: R7,911 million, 1.3% of total insurance and investment contract liabilities). This consisted largely of:

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

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

(a) Net earned premiums

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

Year ended 31 December Rm	2020	2019
Premiums earned		
Life insurance contracts	33,280	30,979
Investment contracts with discretionary participation features	29,419	31,567
Property and casualty	18,872	18,212
Gross earned premiums	81,571	80,758
Outwards reinsurance premium ceded	(9,109)	(7,998)
Net earned premiums	72,462	72,760

During the year, the Group granted policyholders relief from the payment of premiums on certain products (i.e. a premium holiday). The impact of the premium holidays on the cash flows per product category has been assessed in the measurement of the policyholder liabilities.

(b) Policyholder liabilities

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

	2020			2019		
Year ended 31 December Rm	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	145,536	(3,764)	141,772	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
Investment contract liabilities	537,428	(3,436)	533,992	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
Total life assurance policyholder liabilities	682,964	(7,200)	675,764	653,710	(4,989)	648,721
Property & casualty liabilities						
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
Total property and casualty liabilities	14,455	(8,410)	6,045	8,860	(3,396)	5,464
Total policyholder liabilities	697,419	(15,610)	681,809	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.

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

(c) Insurance contracts

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

Year ended 31 December Rm	2020 Gross	 Reinsurance	 Net	2019 Gross	 Reinsurance	 Net
Balance at beginning of the year	139,046	(1,653)	137,393	141,756	(810)	140,946
Income						
Premium income	33,280	(2,820)	30,460	30,979	(2,297)	28,682
Investment income	10,726	–	10,726	14,901	–	14,901
Other income	346	(8)	338	(296)	6	(290)
Expenses						
Claims and policy benefits	(32,679)	2,718	(29,961)	(31,343)	1,716	(29,627)
Operating expenses	(8,589)	–	(8,589)	(9,128)	–	(9,128)
Disposal of interests in subsidiaries	–	–	–	(92)	–	(92)
Currency translation (gain)/loss	(435)	3	(432)	(590)	2	(588)
Other charges and transfers	(74)	(116)	(190)	(1,984)	762	(1,222)
Taxation	(263)	1	(262)	(408)	–	(408)
Transfer to operating profit	1,414	(1,600)	(186)	(4,749)	(1,032)	(5,781)
Balance at end of the year	**142,772**	**(3,475)**	**139,297**	**139,046**	**(1,653)**	**137,393**

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

Year ended 31 December Rm	2020	2019
Balance at beginning of the year	314,071	287 774
Contributions received	37,802	38 795
Maturities	(795)	(1 499)
Withdrawals and surrenders	(35,732)	(36 650)
Fair value movements	24,283	29 756
Foreign exchange and other movements	(5,318)	(4,105)
Balance at end of the year	**334,311**	**314,071**

(e) Discretionary participating investment contracts

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

Year ended 31 December Rm	2020	2019
Balance at beginning of the year	198,483	188,355
Income		
Premium income	29,419	31,567
Investment and other income	14,715	22,583
Other income	103	72
Expenses		
Claims and policy benefits	(31,355)	(32,900)
Operating expenses	(1,284)	(1,531)
Other charges and transfers	(563)	106
Taxation	(225)	(204)
Currency translation gain	(5,322)	(8,197)
Transfer to operating profit	(854)	(1,368)
Balance at end of the year	**203,117**	**198,483**

(f) 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.

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

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

Year ended 31 December Rm	2020 Gross	2020 Re-insurance	2020 Net	2019 Gross	2019 Re-insurance	2019 Net
Balance at the beginning of the year	4,027	(1,239)	2,788	4,604	1,774	2,830
Current year claims incurred	11,874	(6,543)	5.331	9,144	2,924	6,220
Change in previous years' claims estimates	3,107	(2,724)	383	(833)	(11)	(822)
Current year claims paid net of subrogation	(6,722)	2,498	(4,224)	(6,183)	(1,892)	(4,291)
Previous year claims paid net of subrogation	(2,726)	1,837	(889)	(2,705)	(1,556)	(1,149)
Balance at the end of the year	**9,560**	**(6,171)**	**3,389**	4,027	1,239	2,788

(h) Analysis of cumulative claims

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

Reporting year Rm	ESTIMATE OF CUMULATIVE CLAIMS GROSS OF REINSURANCE Total	2020	2019	2018	2017	2016	2015 and prior
At end of year	50,040	13,025	11,386	10,159	9,548	6,922	–
One year later	37,990	–	10,595	9,031	9,522	8,842	–
Two years later	27,098	–	–	9,003	9,406	8,689	–
Three years later	18,068	–	–	–	9,411	8,657	–
Four years later	8,701	–	–	–	–	8,701	–
Five years later	42,408	–	–	–	–	–	42,408
	93,143	13,025	10,595	9,003	9,411	8,701	42,408
Cumulative payments	(83,583)	(6,722)	(8,887)	(8,333)	(9,059)	(8,507)	(42,075)
Estimated balance to pay	9,560	6,303	1,708	670	352	194	333

Reporting year Rm	ESTIMATE OF CUMULATIVE CLAIMS NET OF REINSURANCE Total R million	2020 R million	2019 R million	2018 R million	2017 R million	2016 R million	2015 and prior R million
At end of year	31,330	6,951	8,052	5,811	5,043	5,473	–
One year later	22,227		5,998	4,759	5,955	5,515	–
Two years later	16,067	–	–	5,222	5,283	5,562	–
Three years later	10,827	–	–	–	5,518	5,309	–
Four years later	5,582	–	–	–	–	5,582	–
Five years later	34,186	–	–	–	–	–	34,186
	63,457	6,951	5,998	5,222	5,518	5,582	34,186
Cumulative payments	(60,068)	(4,224)	(5,972)	(5,042)	(5,361)	(5,411)	(34,058)
Estimated balance to pay	3,389	2,727	26	180	157	171	128

Reporting year Rm	ESTIMATE OF CUMULATIVE CLAIMS GROSS OF REINSURANCE Total R million	2019 R million	2018 R million	2017 R million	2016 R million	2015 R million	2014 and prior R million
At end of year	40,690	8,695	8,723	8,786	8,464	6,022	–
One year later	32,408	–	8,768	8,855	8,300	6,485	–
Two years later	23,649	–	–	8,873	8,232	6,544	–
Three years later	14,777	–	–	–	8,292	6,485	–
Four years later	6,557	–	–	–	–	6,557	–
Five years later	32,340	–	–	–	–	–	32,340
	73,525	8,695	8,768	8,873	8,292	6,557	32,340
Cumulative payments	(69,498)	(6,183)	(7,926)	(8,640)	(8,162)	(6,443)	(32,144)
Estimated balance to pay	4,027	2,512	842	233	130	114	196

Reporting year Rm	ESTIMATE OF CUMULATIVE CLAIMS NET OF REINSURANCE Total R million	2019 R million	2018 R million	2017 R million	2016 R million	2015 R million	2014 and prior R million
At end of year	27,977	5,771	5,571	5,734	5,730	5,171	–
One year later	22,019	–	5,751	5,604	5,355	5,309	–
Two years later	16,505	–	–	5,700	5,271	5,534	–
Three years later	10,803	–	–	–	5,327	5,476	–
Four years later	5,547	–	–	–	–	5,547	–
Five years later	28,705	–	–	–	–	–	28,705
	56,801	5,771	5,751	5,700	5,327	5,547	28,705
Cumulative payments	(54,013)	(4,291)	(4,939)	(5,568)	(5,221)	(5,453)	(28,541)
Estimated balance to pay	2,788	1,480	812	132	106	94	164

(i) Contractual maturity analysis

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

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

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

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

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

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

At 31 December 2019 Rm	Carrying amount	Undiscounted cash flows Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Life assurance policyholder liabilities						
Total life insurance contracts	141,156	9,826	18,691	96,964	317,475	442,956
Life insurance contract liabilities	139,046	7,716	18,691	96,964	317,475	440,846
Outstanding claims	2,110	2,110	–	–	–	2,110
Investment contract liabilities	512,554	508,417	449	452	2,695	512,013
Unit-linked investment contracts and similar contracts	312,984	313,460	–	–	–	313,460
Other investment contracts	1,087	1,188	284	452	65	1,989
Discretionary participating investment contracts	198,483	193,769	165	–	2,630	196,564
Total life assurance policyholder liabilities	653,710	518,243	19,140	97,416	320,170	954,969
Property & Casualty liabilities						
Claims incurred but not reported	1,382	719	409	240	28	1,396
Unearned premiums	2,885	1,009	995	233	462	2,699
Outstanding claims	4,593	2,353	1,399	658	86	4,496
Total Property & Casualty liabilities	8,860	4,081	2,803	1,131	576	8,591
Total policyholder liabilities	662,570	522,324	21,943	98,547	320,746	963,560

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

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

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

Another key risk is that the return on the portfolio of assets held by the Group to back the insurance liabilities is not sufficient to cover the duration and quantum of claims arising on the insurance contracts.

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

Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

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

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

Management of insurance risks

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

Risk type	Nature of risk	Risk management
Liability – mortality	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in deaths, resulting in a loss.	Experience is closely monitored. Mortality rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters and reinsurance all mitigate the risk.
Liability – morbidity	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in disability/critical illness, resulting in a loss.	Experience is closely monitored. Morbidity rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
Liability – longevity	Possible increase in annuity costs due to policyholders living longer.	For non-profit annuities, improvement to longevity is allowed for in pricing and valuation. Experience is closely monitored. For with-profit annuity business, the longevity risk is carried by policyholders and any mortality profit or loss is reflected in bonuses declared.
Liability – morbidity catastrophe	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Market – yield curve movement	Lower swap curves and higher volatilities cause investment guarantee reserves to increase.	A discretionary margin is added to the value of guarantees, determined on a market consistent stochastic basis and included in current reserves. Hedging is largely in place for most products. Fewer and lower guarantees are typically provided on new business.
Market – asset price movement	Unfavourable movements in asset prices may result in asset values being less than guaranteed policy values, particularly on smooth bonus business. (This product delivers stable, or 'smooth' returns over time, the smoothing approach delivers investment returns in the form of annual bonuses).	An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees.
Tax	Tax risk is the risk that the projected taxation basis for basic life assurance business is incorrect, resulting in contracts being incorrectly priced. Tax risk also represents potential changes in the interpretation or application of prevailing tax legislation applicable to either policyholders or shareholders, resulting in higher taxes reducing profitability or increasing shareholder tax burdens.	The taxation position of the operations is projected annually and tax changes will result in changes to new business pricing models as part of the annual control cycle. High risk issues and emerging trends are reported internally on a quarterly basis.
Policyholder behaviour	The risk that business performance will be below projections as a result of negative variances in new business volumes and margins, and lapse, rebate and expense experience.	Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which improves the chance of renewal (this benefits both the customer and the Group). The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions. Expense risk is limited through the quarterly monitoring of budgets and forecasts.
Business volume risk	Business volumes are not in line with those allowed for in the pricing of products, meaning the expenses are not fully recovered.	Business volumes are closely monitored, and pricing assumptions may be updated to allow appropriately for the expenses incurred by the Group in writing and maintaining policies.
Expenses	Expense risk is the risk that actual expenses and expense inflation differ from expected levels. Higher expenses and expense inflation may result in emerging profit falling below the Group's profit objectives.	Expense levels are monitored quarterly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines. Some products' structures include variable maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels, subject to Treating Customers Fairly principles.
Lapse risk	Lapse risk arises where policies lapse before initial costs are recouped, or where lapse experience differs from pricing assumptions.	In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'Treating Customers Fairly' principles. Product design also allows for surrender penalties on early surrender with certain products. Experience is closely monitored. Premium rates can be reset at the end of the guarantee term. Since 2018, Old Mutual Rewards benefits offered to our customers also contribute towards encouraging persistency.
Mass lapse risk	Mass lapse risk is the risk that the Group will not be able to continue operations after losing the policyholders due to market panic or some other external event.	The Group holds capital to guard against a mass lapse scenario. This includes an allowance for operating expenses over a one-year period.
Property and Casualty: Exposure relating to catastrophe events	Natural and non-natural disasters could result in increased claims experience which could result in underwriting losses.	The Group sets out the total aggregate exposure that it is prepared to accept in certain territories to a range of events, such as natural catastrophes. The aggregate position is reviewed annually. The Group uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the Group.

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

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

Concentration of insurance risk

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

Sensitivity analysis – life insurance contracts

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

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

Year ended 31 December Rm	Change in assumption 2020 and 2019	Increase in liabilities 2020 and 2019	 2019
Assumption			
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.

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 of 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
Motor commercial gross of salvages and recoveries		
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)
Motor personal gross of salvages and recoveries		
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)**	–
Property commercial net of salvages and recoveries		
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.

G: Analysis of Financial Assets and Liabilities

G2: Insurance and investment contracts

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

Guarantees and options

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

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

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

The following disclosures are provided in terms of APN 110 issued by the Actuarial Society of South Africa:

Investment guarantee reserves have been calculated using an internal economic scenario generator (ESG) model that generates product specific economic scenarios. These scenarios comprise interest rates, inflation and fund returns. The model is calibrated to South African derivative market data (where available and reliable), according to the Group's specific calibration requirements. The calibration has been performed as at 31 December 2020.

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

Term (years)	Annualised zero-coupon yield
1	**3.4%**
2	**3.6%**
3	**4.0%**
4	**4.4%**
5	**4.9%**
10	**7.3%**
15	**8.6%**
20	**9.1%**
25	**9.4%**
30	**9.1%**

Maturity (years)	Strike	Price	Implied volatility
1	Spot	**7.1%**	**19.1%**
1	0.8 times spot	**1.9%**	**24.3%**
1	Forward	**7.3%**	**18.9%**
5	Spot	**15.3%**	**26.2%**
5	1.04^5 times spot	**25.4%**	**25.7%**
5	Forward	**19.7%**	**25.9%**
20	Spot	**3.5%**	**28.5%**
20	1.04^20 times spot	**14.7%**	**28.7%**
20	Forward	**27.1%**	**28.9%**

Description of derivative contract*	Calculated price (% of spot price)
5-year put with a strike price equal to (1.04)^5 of spot, on an underlying index constructed as 60% FTSE/JSE Top 40 and 40% ALBI, with rebalancing of the underlying index back to these weights taking place yearly.	**14.78%**
20-year put option based on an interest rate with a strike equal to the present 5-year forward rate as at maturity of the put option (stripped from the zero coupon yield curve), which pays out if the 5-year interest rate at the time of maturity (in 20 years) is lower than this strike.	**0.63%**

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

G3: Borrowed funds

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

At 31 December 2019 Rm		Mass and Foundation Cluster	Old Mutual Insure	Rest of Africa	Other Group Activities	Total
Term loans	G3(a)	7,700	–	1,981	–	9,681
Revolving credit facilities	G3(b)	750	–	936	–	1,686
Subordinated debt securities	G3(c)	–	500	–	7,122	7,622
Total borrowed funds		8,450	500	2,917	7,122	18,989

Maturity analysis

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

At 31 December Rm	2020	2019
Less than 1 year	**5,943**	4,859
Greater than 1 year and less than 5 years	**12,812**	14,254
Greater than 5 years	**500**	2,583
Total	**19,255**	21,696

G: Analysis of Financial Assets and Liabilities

G3: Borrowed funds

Analysis of borrowed funds

(a) Term loans

At 31 December Rm	Maturity date	2020	2019
Floating rate loans			
$31 million at 3 month LIBOR + 3.50%	Repaid	–	434
KES750 million at CBR[1] + 2.50%	Repaid	–	15
R1,500 million at JIBAR + 2.75%	January 2022	1,000	1,500
$10 million 3 months LIBOR + 6.75%	September 2021	52	193
$15 million 3 months LIBOR + 6.75%	March 2021	40	108
R2,200 million at JIBAR + 2.37%	August 2021	2,200	2,200
$25 million at LIBOR + 6.50%	December 2023	379	363
$40 million LIBOR + 5%	January 2021	30	–
R2,000 million at JIBAR + 2.34%	October 2021	2,000	2,000
R2,000 million at JIBAR + 2.34%	April 2022	2,000	2,000
KES 2.26bn CBR[1] + 1.50%	January 2021	301	310
KES 1.86bn CBR[1] + 1.54%	December 2022	251	–
KES 1.1bn CBR[1] + 1.54%	December 2022	153	–
KES900 million rate at 91 Days T-Bills + 2%	November 2022	40	62
KES 1,000 million at CBR[1] +2.5%	May 2021	135	–
KES 250 million at CBR[1] + 2.75%	August 2021	7	–
US$11.8 million at LIBOR +4.5%	August 2028	157	32
N$ 10.375 million at prime rate 7.25%	November 2021	10	–
KES 250 million at CBR[1] + 2.75%	February 2023	24	–
MWK4600 million at 1.1% above Lombard rate	September 2023	82	86
US$5 million at 6 Months LIBOR + 6%	June 2023	59	33
US$5 million at 6 Months LIBOR + 6.5%	June 2023	24	34
Fixed rate loans			
KES412 million at 11.50%	Repaid	–	57
KES121 million at 11.25%	Repaid	–	17
KES80 million at 12.00%	Repaid	–	11
KES1,183 million at 9.20%	Repaid	–	34
KES200 million at 12.00%	March 2021	27	28
KES202 million at 11.50%	May 2021	27	28
KES200 million at 5.00%	July 2022	11	16
$5 million at 13.19%	September 2022	15	22
$6 million at 9.50%	June 2023	24	33
$10 million at 12.37%	December 2023	52	65
Total term loans		**9,100**	9,681

1 Central bank rate.

(b) Revolving credit facilities

At 31 December Rm	Maturity date	2020	2019
KES87 million at CBR[1] + 2.50%	Repaid	–	3
KES400 million at CBR[1] + 2.00%	Repaid	–	55
KES100 million at CBR[1] + 2.50%	Repaid	–	7
KES300 million at CBR[1] + 2.50%	Repaid	–	31
KES1,000 million at CBR[1]	Repaid	–	138
KES400 million at CBR[1] + 2.00%	Repaid	–	55
KES200 million at CBR[1] + 2.00%	Repaid	–	28
KES250 million at CBR[1] + 2.00%	Repaid	–	19
N$650 million at prime overdraft rate less 1.00%	March 2022	650	600
R2,200 million facility at 3 month JIBAR + 2.45%	Repaid	–	750
Total revolving credit facilities		**650**	1,686

1 Central Bank Rate.

The Group has access to a R2,200 million revolving credit facility which matures in April 2022. At 31 December 2020, this facility was undrawn (2019: R750 million).

The Group has access to a KES2,000 million revolving credit facilities from Stanbic Bank Kenya Limited. At 31 December 2020, this facility was undrawn. (2019: fully drawn)

The Group has access to a revolving credit facility from Absa Bank Kenya plc of KES1,487 million. At 31 December 2020, this facility was undrawn. (2019: KES436 drawn)

The Group has access to an unsecured revolving credit facility from Standard Bank Namibia Limited of N$650 million. At 31 ecember 2020, N$650 million was drawn (2019: N$600 drawn).

(c) Subordinated debt securities

At 31 December Rm	Tier	Maturity date	2020	2019
Non-banking				
R537 million at 3 month JIBAR + 2.30%[3]	Tier 2	Repaid	–	539
R425 million at 9.76%[3]	Tier 2	Repaid	–	426
R1,288 million at 3 month JIBAR + 2.25%[2]	Tier 2	Repaid	–	1,300
R409 million at 10.32%	Tier 2	March 2022	433	420
R568 million at 10.90%	Tier 2	September 2022	617	596
R2,000 million at 3 month JIBAR + 1.55%	Tier 2	June 2024	1,970	2,002
R1,150 million at 10.96%	Tier 2	March 2025	1,331	1,187
R623 million at 11.35%	Tier 2	September 2025	732	652
R2,000 million at 3 month JIBAR + 1.93%[1]	Tier 2	November 2025	2,002	–
R500 million at 3 Month JIBAR + 2.09% until Nov 2022 and 3 month JIBAR + 3.14% until Nov 2027	Tier 2	November 2027	500	500
Total net subordinated debt securities			**7,585**	7,622

1 *On 12 November 2020, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued R2,000 million floating rate subordinated debt instruments under the R10 billion Unsecured Subordinated Note Programme as guaranteed by Old Mutual Limited dated 23 May 2019. These instruments have a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 193 bps, payable quarterly in arrears. The maturity date of these instruments is 12 November 2025.*

2 *On 14 September 2020, OMLACSA repaid R1,288 million unsecured subordinated callable floating rate notes, including a final coupon of R79 million This instrument had a first call date of 14 September 2020.*

3 *On 18 March 2020, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) and Old Mutual Insure consolidated their respective R1,000 million and R4,000 million Unsecured Subordinated Callable Note Programmes to create a single note programme, pursuant to a newly established OMLACSA, Old Mutual Insure and Old Mutual Limited R25,000 million Multi-Issuer Note Programme, which was approved by the JSE Limited on 11 March 2020. All existing terms of instruments issued under the cancelled programmes have been migrated to the Multi-Issuer Programme Memorandum and all new notes to be issued will be issued pursuant to the Multi-Issuer Programme Memorandum. On 19 March 2020, OMLACSA repaid R537 million unsecured subordinated callable floating rate note, including a final coupon of R12 million and a R425 million unsecured subordinated callable fixed rate note, including a final coupon of R21 million. Both these instruments had a first call date of 19 March 2020.*

G: Analysis of Financial Assets and Liabilities

G3: Borrowed funds

(d) Reconciliation of borrowed funds arising from financing activities

Year ended 31 December Rm	2020	2019
Balance at beginning of the year	**7,622**	6,548
Changes from financing cash flows	**(250)**	1,000
Proceeds from issue of new borrowed funds	**2,000**	2,000
Redemption of borrowed funds	**(2,250)**	(1,000)
Non-cash changes	**213**	74
Fair value changes	**213**	74
Balance at end of the year	**7,585**	7,622

Breaches of covenants

As at 31 December 2020, the financial covenants on six existing loans were in breach. The funding was raised to support operations in the Rest of Africa segment.

The loans in breach totalled R310 million (US$ 21 million). Waivers for four of the six breached loans were received and the Group is still in negotiation with the remaining lenders to either amend the breached covenants or to provide formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 31 December 2020, none of these breached loans have been called on.

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

G4: Amounts owed to bank depositors

In the banking businesses, the Group receives cash from bank depositors. The depositors receive interest on the amounts owed depending on the value of the amount borrowed and the terms of the deposit.

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for amounts owed to bank depositors, including interest. It is presented on an undiscounted basis, and will therefore, differ from the carrying amount of amounts owed to bank depositors:

At 31 December 2020 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Current accounts	–	–	–	–	–	–
Savings deposits	**445**	**50**	**1**	**7**	**408**	**466**
Other deposits and loan accounts	**2,668**	**899**	**1,673**	**97**	**–**	**2,669**
Negotiable certificates of deposit	**1,931**	**1,933**	**–**	**–**	**–**	**1,933**
Amounts owed to bank depositors	**5,044**	**2,882**	**1,674**	**104**	**408**	**5,068**

At 31 December 2019 Rm	Carrying amount	Less than 3 months	More than 3 months less than 1 year	Between 1 and 5 years	More than 5 years	Total
Current accounts	148	148	–	–	–	148
Savings deposits	467	48	–	–	419	467
Other deposits and loan accounts	2,348	1,161	1,230	15	–	2,406
Negotiable certificates of deposit	1,945	1,782	205	101	3	2,091
Amounts owed to bank depositors	4,908	3,139	1,435	116	422	5,112

H: Non-Financial Assets and Liabilities

H1: Goodwill and other intangible assets

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

(a) Goodwill and goodwill impairment

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

Goodwill is not amortised, but is reviewed for impairment at least once annually. Any impairment losses are recognised immediately in other operating and administrative expenses in profit or loss and are not subsequently reversed.

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

Goodwill is allocated to one or more CGUs, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each unit or group of units to which goodwill is allocated is not larger than an operating segment as defined by IFRS 8.5 before aggregation.

(b) Other intangible assets acquired as part of a business combination

Contractual banking and asset management customer relationships, relationships with distribution channels and similar intangible assets acquired as a part of a business combination are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition.

Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a 'relief from royalty' valuation methodology.

Subsequent to initial recognition such acquired intangible assets are amortised on a straight-line basis over their estimated useful lives as set out below:

Distribution channels	10 years
Customer relationships	10 years
Brands	15 – 20 years

The estimated useful life is re-evaluated at each reporting period.

Other intangible assets acquired in a business combination are impaired if the carrying value is greater than the net recoverable amount. The net recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. An impairment loss is recognised in profit or loss immediately. Subsequent to initial recognition, other intangible assets are measured at cost less accumulated amortisation and impairment.

(c) Internally developed software

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

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

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

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

Internally developed software, including software not brought into use, is tested annually for impairment.

(d) Subsequent expenditure

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

H: Non-Financial Assets and Liabilities

H1: Goodwill and other intangible assets

(e) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2020 and the year ended 31 December 2019:

Rm	Goodwill	Present value of acquired in-force business	Software development costs	Other intangible assets	Total
Cost					
Balance at 1 January 2019	6,567	256	3,679	1,424	11,926
Purchase price adjustments	(50)	–	–	–	(50)
Additions	–	–	1,019	20	1,039
Disposals or retirements	–	–	(15)	(1)	(16)
Foreign exchange and other movements	(66)	–	(22)	(4)	(92)
Balance at 31 December 2019	6,451	256	4,661	1,439	12,807
Acquisitions through business combinations	**66**	**–**	**–**	**–**	**66**
Additions	**–**	**–**	**1,238**	**39**	**1,277**
Disposals or retirements	**–**	**–**	**(403)**	**–**	**(403)**
Foreign exchange and other movements	**(102)**	**–**	**290**	**(49)**	**139**
Balance at 31 December 2020	**6,415**	**256**	**5,786**	**1,429**	**13,886**
Amortisation and impairment losses					
Balance at 1 January 2019	3,346	256	1,351	1,142	6,095
Amortisation charge for the year	–	–	200	43	243
Impairment losses	131	–	200	–	331
Disposals or retirements	–	–	(13)	–	(13)
Foreign exchange and other movements	(65)	–	(56)	(4)	(125)
Balance at 31 December 2019	3,412	256	1,682	1,181	6,531
Amortisation charge for the year	**–**	**–**	**258**	**16**	**274**
Impairment losses	**1,503**	**–**	**–**	**–**	**1,503**
Disposals or retirements	**–**	**–**	**(378)**	**–**	**(378)**
Foreign exchange and other movements	**(108)**	**–**	**149**	**(10)**	**31**
Balance at 31 December 2020	**4,807**	**256**	**1,711**	**1,187**	**7,961**
Net carrying value at:					
31 December 2019	3,039	–	2,979	258	6,276
31 December 2020	**1,608**	**–**	**4,075**	**242**	**5,925**

On 1 November 2020, the Group acquired 100% of the issued share capital of REMchannel (Pty) Ltd, an employee benefit consulting business. This transaction resulted in goodwill of R66 million being recognised at acquisition.

The majority (R2,994 million) of the total software development costs capitalised, comprises the costs associated with the multi-year information technology refresh initiatives. These initiatives include delivering a new retail policy administration system and digital platforms initiatives that provide a personalised customer experience across all Old Mutual products in a central place. During 2020, a significant component of the developed software relating to the Old Mutual Protection Proposition and a component of the digital platforms developed were brought into use. The remaining useful life of 31 December 2020 is 15 years.

(f) Allocation of goodwill to CGUs

The carrying amount of goodwill relates to the following CGU's:

At 31 December Rm	2020	2019
Old Mutual Namibia	**59**	59
Old Mutual Insure	**70**	70
Old Mutual Finance	**385**	1,888
Old Mutual Real Estate Holding Company	**204**	198
Old Mutual Wealth	**169**	169
Old Mutual Investments	**655**	655
Old Mutual Corporate	**66**	–
Goodwill, net of impairment losses	**1,608**	3,039

Critical accounting estimates and judgements – Goodwill and other intangible assets

(g) Annual impairment testing of goodwill

In accordance with the requirements of IAS 36 'Impairment of Assets', goodwill is tested annually for impairment for each Cash Generating Unit (CGU), by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGUs value-in-use or fair value less costs to sell. The appropriateness of the CGUs is evaluated on an annual basis. An impairment charge is recognised when the recoverable amount is less than the carrying value.

Determination of CGUs

The Group's CGUs for impairment testing have been determined as the individual countries for the South African and Namibian businesses, with the South African CGU further allocated into the underlying businesses. The South African CGU is further allocated into CGUs being Old Mutual Finance, Old Mutual Real Estate Holding Company (OMREHC), Old Mutual Wealth, Old Mutual Investments and Old Mutual Insure. In the Old Mutual Investments CGU, goodwill impairment testing has been performed at the same level that the goodwill arose in Old Mutual Investment Group, namely on the acquisitions of African Infrastructure Investment Managers (AIIM), Futuregrowth Asset Management and Marriott Asset Management. This is consistent with the way that management monitors these goodwill balances. At 31 December 2020, based on the Group's operating model it was concluded that the basis of CGUs continues to remain appropriate.

On 1 November 2020, the Group acquired 100% of the issued share capital of REMchannel (Pty) Ltd, an employee benefit consulting business. This acquisition resulted in goodwill of R66 million being recognised in 2020 to the appropriate CGU, which was determined to be Old Mutual Corporate.

Value-in-use model and key assumptions used

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

For Old Mutual Finance, the most material CGU within the Group, a weighted valuation was performed incorporating discounted cash flows, price to earnings and price to book ratio valuations. The following key assumptions were used in the valuation for the year ended 31 December 2020:

- For discounted cash flow valuation, cash flow projections have been used on the planned business performance and have considered the impact of COVID-19.
- For price earnings and price book ratio valuation, a size and liquidity discount has been factored into both valuations.

Impairment losses recognised during the year ended 31 December 2020

In the first half of 2020 an impairment charge of R1,503 million relating to the Old Mutual Finance CGU was recognised reflecting the challenging economic environment brought on by COVID-19 and the related impact to the performance of the business. The valuation approach used to determine the value in use is consistent with that outlined above.

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

Sensitivities and headroom analysis

Sensitivity tests were performed on inputs in the underlying impairment tests, for example by applying a 2% increase in the discount rate and a 20% decrease in the cash flows. The outcomes of these sensitivity tests supported that there is sufficient headroom to maintain goodwill balances, and no additional impairment were required to be recognised.

H: Non-Financial Assets and Liabilities

H2: Fixed assets

(a): Property, plant and equipment

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

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

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

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

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

Category	Valuation model	Measurement
Land	**Revaluation model**	Land is stated at revalued amounts and is not depreciated.
Buildings	**Revaluation model**	Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method. Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income. On revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. On derecognition, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period the asset is derecognised.
Leased assets	**Revaluation model**	The Lease Term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: • Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. • Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term

H2: Fixed assets

Property, plant and equipment owned by the Group

The following table analyses land, buildings, plant and equipment and buildings owned and leased by the Group.

Rm	Land	Buildings	Plant and equipment	Total	Leased buildings	Total
Gross carrying amount						
Balance at 1 January 2019	512	6,344	4,190	11,046	1,160	12,206
Additions	–	155	712	867	207	1,074
Increase arising from revaluation	42	473	–	515	–	515
Transfer from investment property	132	746	–	878	–	878
Reclassification within property, plant and equipment	–	(43)	(40)	(83)	–	(83)
Disposals	–	(29)	(368)	(397)	–	(397)
Foreign exchange and other movements	(57)	(172)	(65)	(294)	(5)	(299)
Balance at 31 December 2019	**629**	**7,474**	**4,429**	**12,532**	**1,362**	**13,894**
Additions	**–**	**39**	**497**	**536**	**233**	**769**
Increase arising from revaluation	**53**	**144**	**–**	**197**	**–**	**197**
Impairments	**–**	**–**	**(107)**	**(107)**	**–**	**(107)**
Transfer from/(to) investment property	**17**	**(283)**	**(23)**	**(289)**	**(18)**	**(307)**
Reclassification within property, plant and equipment	**–**	**(6)**	**6**	**–**	**–**	**–**
Disposals	**–**	**(2)**	**(646)**	**(648)**	**(109)**	**(757)**
Foreign exchange and other movements	**(109)**	**(606)**	**(265)**	**(980)**	**89**	**(891)**
Balance at 31 December 2020	**590**	**6,760**	**3,891**	**11,241**	**1,557**	**12,798**

Rm	Land	Buildings	Plant and equipment	Total	Leased Buildings	Total
Accumulated depreciation and impairment losses						
Balance at 1 January 2019	–	(453)	(2,852)	(3,305)	–	(3,305)
Depreciation charge for the year	–	(118)	(503)	(621)	(404)	(1,025)
Impairments	–	–	(21)	(21)	–	(21)
Reclassification within property, plant and equipment	–	3	17	20	–	20
Disposals	–	–	243	243	–	243
Foreign exchange and other movements	**–**	(40)	124	84	2	86
Balance at 31 December 2019	–	(608)	(2,992)	(3,600)	(402)	(4,002)
Additions	**–**	**–**	**(3)**	**(3)**	**–**	**(3)**
Depreciation charge for the period	**(6)**	**(112)**	**(475)**	**(593)**	**(395)**	**(988)**
Impairments	**–**	**–**	**60**	**60**	**–**	**60**
Transfer to/(from) investment property	**–**	**–**	**20**	**20**	**2**	**22**
Reclassification within property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**6**	**26**	**563**	**595**	**23**	**618**
Foreign exchange and other movements	**–**	**335**	**120**	**455**	**(8)**	**447**
Balance at 31 December 2020	**–**	**(359)**	**(2,707)**	**(3,066)**	**(780)**	**(3,846)**
Net carrying amount at:						
31 December 2019	**629**	**6,866**	**1,437**	**8,932**	**960**	**9,892**
31 December 2020	**590**	**6,401**	**1,184**	**8,175**	**777**	**8,952**

H: Non-Financial Assets and Liabilities

H2: Fixed assets

(i) Property, plant and equipment

The carrying value of owner-occupied property leased to third parties under operating leases included in the above is R96 million (2019: R100 million) and comprises land of Rnil (2019: Rnil) and buildings of R96 million (2019: R100 million). The value of owner-occupied property pledged as security is R324 million (2019: R311 million). For the year ended 31 December 2020, the Group made revaluation gains of R40 million on land (2019: R42 million) and R92 million (2019: R473 million) on buildings.

The carrying value that would have been recognised had the land and buildings been carried under the historic cost model would be R46 million (2019: R125 million) and R398 million (2019: R759 million) respectively.

The carrying value that would have been recognised had the leased assets been carried under the historic cost model would be R777 million (2019: R958 million).

Property, plant and equipment are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square meter and the capitalisation rates. Details of the valuation techniques and ranges of estimates for unobservable inputs are disclosed in note H2(c).

The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square meter were to be higher (lower) and the capitalisation rates were to be lower (higher).

(ii) Leased buildings

Year ended 31 December Rm	2020	2019
Amounts recognised in profit or loss		
Finance expense on lease liabilities	**125**	125
Lease expenses relating to short term leases	**38**	48
Lease expenses relating to low-value leases	**91**	34
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**458**	419

Analysis of lease costs

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

At 31 December Rm	2020	2019
Within one year	**248**	339
Greater than 1 year and less than 5 years	**687**	964
After five years	**172**	65
	1,107	1,368

(iii) Lease renewal options

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

At 31 December 2020 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	**938**	**–**
	938	**–**

At 31 December 2019 Rm	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	1,063	18
	1,063	18

(b): Investment property

Classification

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

Measurement

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

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

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

Fair value hierarchy of the Group's properties

The fair values of the Group's investment properties are categorised into Level 3 of the fair value hierarchy. The following table reconciles the fair value measurements of Group's investment properties:

	2020	2019
Year ended 31 December Rm	**Owned by the Group**	Owned by the Group
Balance at beginning of the year	**34,992**	34,512
Additions	**367**	1,072
Additions from business combinations	**–**	1,108
Disposals	**(26)**	(35)
Net (loss)/gain from fair value adjustments	**(294)**	1,357
Transferred from/(to) property, plant and equipment	**307**	(878)
Foreign exchange and other movements	**(1,740)**	(1,628)
Transfer to assets held for sale and distribution	**–**	(516)
Balance at end of the year	**33,606**	34,992

All of the Group's investment properties are located in Africa, Romania and Bulgaria and are principally held within the policyholder funds.

The value of freehold and leasehold properties are as follows:

Year ended 31 December Rm	2020	2019
Freehold	**30,064**	28,557
Leasehold	**3,542**	6,435
	33,606	34,992

Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for investment properties owned, right of use assets and investment properties subject to operating lease:

Year ended 31 December Rm	2020	2019
Rental income from investment property	**3,023**	3,020
Direct operating expense arising from investment property that generate rental income	**(631)**	(591)

H: Non-Financial Assets and Liabilities

H2: Fixed assets

(c): Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been a decrease in the property assets balance. This was largely attributable to fair value losses and foreign exchange losses recognised during the current financial year. The majority of the foreign exchange losses are due to the weakening of the ZWL to the Rand.

The fair value decrease is primarily attributed to the South Africa property portfolio partially offset by fair value gains recognised on the Zimbabwe property value. Due to the current economic conditions within Zimbabwe, property assets are valued in USD and then converted into local currency for reporting purposes resulting in a fair value gain as the ZWL has weakened to the US dollar. This gain is offset by the recognition of foreign exchange losses on translation into rand. The net effect of these amounts has resulted in a net loss on these properties of R627 million.

The South Africa property portfolio accounts for 65.34% of total property assets and is predominantly exposed to the retail property sector. COVID-19 has had a negative impact on the ability for retailers to trade, particularly during the lockdown period, impacting current period rentals, growth assumptions applied in the property valuations as well as the period of time required to lease space. Due to the uncertainty inherent in the current economic climate, the property valuers have applied prudence with higher discount and capitalisation rate assumptions, resulting in lower property valuations.

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

The table below sets out information about significant unobservable inputs used at year end in measuring investment and owner-occupied properties categorised at level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/industrial properties and owner-occupied properties	Valued using the internationally and locally recognised Discounted Cash Flow (DCF) method. A minimum of five years (if required for specific eases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	**South African Properties:** **Office** Capitalisation rates: 8.5% Discount rates: 13.5% Market rentals: R100 to R175 per m² Vacancy rates: 7.25% to 9.75% **Retail** Capitalisation rates: 6.75% to 9.75% Discount rates: 11.75% to 14.5% Market rentals: R22 to R2 222 per m² Vacancy rates: 0% to 8.5% **Industrial** Capitalisation rates: 8.25% to 10.5% Discount rates: 13.75% to 15.25% Market rentals: R25 to R75 per m² Vacancy rates: 8.5% to 10.75% **Bulgarian Properties:** **Office** Capitalisation rates: 7.4% Discount rates: 8.10% to 10.10% Market rentals per: EUR 139 to EUR 154 per m² Vacancy rates: 2.75% **Romanian Properties:** **Office** Capitalisation rates: 7.25% Discount rates: 9.6% to 9.8% Market rentals per m²: EUR 9.50 to EUR 12.71 per m² Vacancy rates: 2.5% **East Africa Properties:** **Office** Capitalisation rates: 7.92% to 9.5% Discount rates: 8.75% to 16.63% Market rentals per: USD 15 per m²
Land	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner, allocated pro rata to the land portions in proportion to the bulk available for each portion. However there are cases where exceptional circumstances need to be considered.	The land per m² and bulk per m² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	**Land** Bulk per m² (net): R262 to R2,611
Near vacant properties	Land value less the estimated cost of demolition.	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m²: R75 to R757

(d) Sensitivity analysis

The table below indicate the sensitivity of the aggregate property market values (investment properties, land and buildings) for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December Rm	2020	2019 (Restated)[1]
An increase of 1% in discount rates would decrease the fair value by:	**(1,532)**	(2,460)
A decrease of 1% in discount rates would increase the fair value by:	**1,666**	3,516
An increase of 1% in capitalisation rates would decrease the fair value by:	**(2,673)**	(3,456)
A decrease of 1% in capitalisation rates would increase the fair value by:	**3,294**	3,479
An increase of 10% in market rentals per m² would increase the fair value by:	**2,821**	3,306
A decrease of 10% in market rentals per m² would decrease the fair value by:	**(2,699)**	(2,595)

1 *The comparative period has been restated following a correction of a formula error in the underlying sensitivity data. This restatement had no impact on the profit of loss or net assets of the Group.*

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

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

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

At 31 December Rm	2020	2019
Total future minimum lease receivables under operating leases		
Within one year	**3,251**	3,505
Greater than 1 year and less than 5 years	**4,154**	4,695
After five years	**1,251**	1,561
	8,656	9,761

H: Non-Financial Assets and Liabilities

H3: Deferred acquisition costs

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

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

Year ended 31 December Rm	Insurance contracts	Investment contracts	Asset management	Total
Balance at 1 January 2019	334	1,297	294	1,925
New business	18	356	19	393
Restatement due to hyperinflation	6	–	–	6
Amortisation	(4)	(339)	(36)	(379)
Foreign exchange and other movements	5	28	–	33
Balance at 31 December 2019	**359**	**1,342**	**277**	**1,978**
New business	**4**	**174**	**6**	**184**
Amortisation	**3**	**(310)**	**(35)**	**(342)**
Foreign exchange and other movements	**(4)**	**74**	**–**	**70**
Balance at 31 December 2020	**362**	**1,280**	**248**	**1,890**

Based on the maturity profile of the above assets, R534 million (2019: R309 million) is recoverable within 12 months from the reporting date. R1,356 million (2019: R1,669 million) as non-current.

H4: Trade, other receivables and other assets

At 31 December Rm	Note	2020	2019
Debtors arising from direct insurance operations			
Amounts owed by policyholders		**2,748**	2,303
Amounts owed by intermediaries		**588**	909
Other		**158**	103
		3,494	3,315
Debtors arising from reinsurance operations		**1,735**	1,244
Outstanding settlements		**3,509**	4,362
Other receivables		**1,558**	1,832
Accrued interest and rent		**3,792**	3,789
Prepayments and accrued income		**1,074**	662
Other assets		**5,155**	5,878
Total trade, other receivables and other assets		**20,317**	21,082

The Group has enhanced disclosure on the trade, other receivables and other assets note to improve the usability for the reader.

Based on the maturity profile of the above assets, R18,542 million (2019: R20,359 million) is recoverable within 12 months from the reporting date. R1,775 million (2019: R723 million) is non-current.

H5: Provisions and accruals

Year ended 31 December Rm	Compensation provisions	Restructuring provisions	Surplus property	Provision for donations	Other	Total
Balance at 31 December 2019	**317**	**24**	**13**	**907**	**799**	**2,060**
Unused amounts reversed	**–**	**(3)**	**(5)**	**–**	**(63)**	**(71)**
Charge to profit or loss	**14**	**–**	**–**	**33**	**151**	**198**
Utilised during the year	**(15)**	**(3)**	**(10)**	**–**	**(65)**	**(93)**
Transfer to other liabilities	**–**	**–**	**–**	**–**	**(320)**	**(320)**
Foreign exchange and other movements	**–**	**2**	**2**	**–**	**(18)**	**(14)**
Balance at 31 December 2020	**316**	**20**	**–**	**940**	**484**	**1,760**

Analysis of provisions and accruals

Compensation provisions at 31 December 2020 comprise:

- R151 million (2019: R152 million) relating to regulatory uncertainty and multiple causal events;
- R165 million (2019: R165 million) relates to the provision for claw-back of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. Estimates of this provision are reviewed annually and are adjusted as and when new circumstances arise.

Of the total client compensation provisions, R308 million (2019: R317 million) is estimated to be payable after 12 months from the reporting date.

Surplus property provisions

Surplus property provisions relate to the onerous costs of vacant properties leased by the Group. The provision has been fully utilised in the current and no further provisions have been raised.

Restructuring provisions

The restructuring provisions predominantly relates to a closure provision recognised by the Old Mutual Hong Kong Branch. The balance relates to Old Mutual plc and Old Mutual Bermuda in respect of the redundancy costs expected to be incurred in the winding down of these operations. Old Mutual plc utilised R1 million during the year and Old Mutual Bermuda utilised R2 million.

Provisions for donations

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

Other provisions

Other provisions include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties. Material, provisions and accruals are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments in respect of some of the provisions, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

Of the total provisions shown above R1,276 million (2019: R1,410 million) is estimated to be payable after one year.

H: Non-Financial Assets and Liabilities

H6: Deferred revenue

Deferred revenue relates to initial fees received for the future provision of services that the Group will render on investment management contracts. These fees are capitalised in the consolidated statement of financial position and are amortised in profit or loss over the expected life of the contracts. The table below analyses the movements in deferred revenue.

Year ended 31 December Rm	2020	2019
Balance at 1 January	**513**	472
Fees and commission income deferred	**119**	59
Amortisation	**(82)**	(70)
Restatements due to hyperinflation	**180**	76
Foreign exchange and other movements	**(68)**	(24)
Balance at 31 December	**662**	513

Based on the maturity profile of the above liabilities, R310million (2019: R401 million) is recoverable within 12 months from the reporting date. R352 million (2019: R112 million) is non-current.

H7: Deferred tax assets and liabilities

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

(a) Deferred tax assets

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

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

At 31 December Rm	2020	2019
Deferred tax asset		
Tax losses carried forward[1]	**938**	181
Accelerated capital allowances	**(4)**	13
Policyholder tax	**18**	1
Other temporary differences	**1,375**	1,225
Netted against liabilities	**(320)**	(265)
Total	**2,007**	1,155

1 In general 90% of the carried forward tax losses have arisen in South Africa and 10% in Rest of Africa.

H7: Deferred tax assets and liabilities

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

At 31 December Rm	2020 Gross amount	2020 Tax	2019 Gross amount	2019 Tax
Unrelieved tax losses				
Expiring or to be utilised in less than a year	**–**	**–**	191	56
Expiring or to be utilised in the second to fifth years inclusive	**1,736**	**364**	2,065	500
Expiring or to be utilised after five years	**1,730**	**487**	968	255
	3,466	**851**	3,224	811
Accelerated capital allowances (future use)	**1,080**	**205**	1,031	196
Other temporary differences	**739**	**148**	455	86
Total	**5,285**	**1,204**	4,710	1,093

(b) Deferred tax liabilities

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

At 31 December Rm	2020	2019
Deferred tax liabilities		
Accelerated tax depreciation	**33**	302
Deferred acquisition costs	**–**	35
Other acquired intangibles	**20**	20
Capital gains tax – shareholder	**263**	219
Capital gains tax – policyholder	**3,638**	3,081
Other temporary differences	**659**	742
Netted against assets	**(320)**	(265)
Total	**4,293**	4,134
Reconciliation of net deferred tax liability		
At beginning of the year	**(2,979)**	(3,121)
Income statement charge	**359**	(114)
Foreign exchange and other movements	**398**	323
Charged to other comprehensive income	**(63)**	(67)
At end of the year	**(2,285)**	(2,979)

H: Non-Financial Assets and Liabilities

H8: Trade, other payables and other liabilities

At 31 December Rm	Note	2020	2019
Amounts payable on direct insurance business			
Amounts owed to policyholders		**3,157**	2,498
Amounts owed to intermediaries		**1,443**	1,549
Other direct insurance operation creditors		**1,388**	855
		5,988	4,902
Accounts payable on reinsurance business		**279**	340
Accruals and deferred income		**2,207**	2,344
Post-employment benefits	J1	**1,501**	1,660
Share-based payments – cash-settled scheme liabilities		**18**	63
Trade creditors		**215**	97
Outstanding settlements		**6,058**	9,480
Securities sold under agreements to repurchase		**–**	44
Obligations in relation to collateral holdings		**1,913**	1,957
Interest bearing liabilities	H8.1	**10,275**	9,547
Liability in respect of repurchase agreements		**20,309**	9,909
Other liabilities		**11,450**	12,177
Total trade, other payables and other liabilities		**60,213**	52,520

1 *Included in the amounts shown above is R48,209 million (2019: R35,262 million) that is regarded as current, with the remainder regarded as non-current.*

H8: Trade, other payables and other liabilities

H8.1 Interest-bearing liabilities

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

For the year ended 31 December Rm	Maturity Date	2020	2019
Floating rate term loans			
EUR16 million drawn of a EUR16 million facility at 3 month EURIBOR + 2.25%	February 2021	**288**	252
EUR20 million drawn of a EUR20 million facility at 3 month EURIBOR + 2.35%	February 2021	**360**	315
GBP25 million drawn of GBP25 million facility at 3 month LIBOR + 2.40%	February 2021	**506**	466
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.89%	April 2021	**506**	509
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.89%	April 2021	**506**	509
R100 million drawn of a R500 million facility at 1 month JIBAR + 1.65%	Repaid	**–**	100
R1 billion drawn of a R1 billion facility at 3 month JIBAR + 1.55%	March 2022	**999**	1,000
EUR64 million drawn of EUR80 million facility at 2.32%	May 2022	**1,153**	999
EUR67 million drawn of EUR67 million facility at 3 month EURIBOR + 2.25%	February 2024	**1,151**	1,028
GBP22 million drawn of GBP22 million facility at 3 month LIBOR + 3.5%	June 2022	**441**	399
EUR77 million drawn of a EUR100 million facility at 3 month EURIBOR + 2.77%	May 2023	**1,241**	1,204
EUR32 million drawn of EUR32 million facility at 3 month EURIBOR + 2.60%	July 2023	**528**	471
EUR49 million drawn of a EUR50 million facility at 3 month EURIBOR + 2.60%	October 2023	**829**	739
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.85%	March 2024	**500**	500
EUR16 million drawn of EUR16 million facility at 3 month EURIBOR + 2.76%	June 2024	**289**	251
EUR38 million drawn of EUR38 million facility at 3 month EURIBOR + 2.25%	March 2025	**666**	597
R82 million loan facility at prime rate - 1.3%	December 2021	**78**	–
Fixed rate term loans			
GBP11 million drawn at 4.29%	October 2022	**234**	208
Total Interest Bearing Liabilities		**10,275**	9,547

H9: Share capital

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

(a) Authorised share capital

At 31 December	2020 Rm	2019 Rm
10,000,000,000 (2019: 10,000,000,000) no par value ordinary shares	–	–
10,000,000 (2019: nil) no par value preference shares	–	–

(b) Issued share capital

At 31 December	2020 Rm	2019 Rm
4,708,553,649 (2019: 4,708,553,649) no par value ordinary shares	85	85

No preference shares were issued during the year ended 31 December 2020.

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

I: Interests in Subsidiaries, Associates and Joint Ventures

Basis of consolidation and equity accounting

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

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

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

Consolidation of subsidiaries

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

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

Consolidation of investment funds and securitisation vehicles

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

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

Structured entities

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

I: Interests in Subsidiaries, Associates and Joint Ventures

I1: Subsidiaries

(a) Principal subsidiaries and Group enterprises

The following table lists the principal Group undertakings whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held indirectly by the Company:

Name	Nature of business	Percentage holding	Country of incorporation
Old Mutual Group Holdings (SA) Limited	Holding company	100	Republic of South Africa
Faulu Microfinance Bank Limited	Lending	67	Kenya
Old Mutual Insure Limited	Property & Casualty	100	Republic of South Africa
Old Mutual (Africa) Holdings (Pty) Limited	Holding company	100	Republic of South Africa
Old Mutual (Netherlands) B.V.	Holding company	100	Netherlands
Old Mutual Emerging Markets (Pty) Limited	Holding company	100	Republic of South Africa
Old Mutual Finance RF (Pty) Ltd	Lending	75	Republic of South Africa
Old Mutual Investment Group (Pty) Limited	Asset management	100	Republic of South Africa
Old Mutual Investment Group Holdings (Pty) Limited	Holding company	100	Republic of South Africa
Old Mutual Life Assurance Company (Namibia) Limited	Life assurance	100	Namibia
Old Mutual Life Assurance Company (South Africa) Limited	Life assurance	100	Republic of South Africa
Old Mutual Zimbabwe Limited	Life assurance	75	Zimbabwe
OM Group (UK) Limited	Holding company	100	England and Wales
OM Residual UK	Holding company	100	England and Wales
UAP Holdings Limited	Holding company	67	Kenya

All the above companies have a year end of 31 December and their financial results have been incorporated and are included in the Group financial statements from the effective date that the Group controls the entity. There are certain funds in which the Group owns more than 50% of the equity but does not consolidate these because of certain management contracts which give other parties the power to control these funds. These management contracts may include that the ability to control is delegated to a third party with no rights of removal on similar types of contractual agreements.

(b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests:

At 31 December 2020 Rm	Old Mutual Finance (Pty) Limited	UAP Holdings Limited[1]	Old Mutual (Malawi) Limited	Old Mutual Finance (Namibia) (Pty) Ltd	Other subsidiaries	Total
Consolidated statement of financial position						
Total assets	15,002	15,003	9,997	1,453	42,222	83,677
Total liabilities	(12,914)	(12,017)	(8,094)	(1,127)	(46,052)	(80,204)
Net assets	2,088	2,986	1,903	326	(3,830)	3,473
Non-controlling interests	455	593	403	85	792	2,328
Consolidated income statement						
Total revenue	4,783	4,521	2,835	367	10,828	23,334
Profit before tax	397	(326)	605	123	(2,583)	(1,784)
Income tax (expense)/credit	(95)	(109)	(199)	(3)	491	85
Profit/(loss) after tax for the financial year	302	(435)	406	120	(2,092)	(1,699)
Non-controlling interests	(335)	(87)	41	30	100	(251)

At 31 December 2019 Rm (Restated)[2]	Old Mutual Finance (Pty) Limited	UAP Holdings Limited[1]	Old Mutual (Malawi) Limited	Old Mutual Finance (Namibia) (Pty) Ltd	Other subsidiaries	Total
Consolidated statement of financial position						
Total assets	17,006	14,553	9,241	1,309	65,317	107,426
Total liabilities	(15,428)	(11,090)	(7,669)	(1,061)	(63,863)	(99,111)
Net assets	1,578	3,463	1,572	248	1,454	8,315
Non-controlling interests	829	1,219	375	72	667	3,162
Consolidated income statement						
Total revenue	5,282	3,542	2,772	311	18,529	30,436
Profit before tax	732	(489)	468	109	1,725	2,545
Income tax (expense)/credit	(147)	151	(40)	(7)	(93)	(136)
Profit/(loss) after tax for the financial year	585	(338)	428	102	1,632	2,409
Non-controlling interests	95	(77)	69	25	157	269

1 The financial information of UAP Holdings Limited (UAP) represents the results of UAP for year ended 31 December 2020 and the consolidated statement of financial position at 31 December 2020 as consolidated by the Group. This consolidated result may vary significantly from the full year results published by UAP due to acquisition entries recognised by the Group.

2 The Group has enhanced disclosure on non-controlling interests in subsidiaries to improve usability for the reader.

During the year ended 31 December 2020, dividends of R93 million (2019: R69 million) were paid to non-controlling interests.

I: Interests in Subsidiaries, Associates and Joint Ventures

I1: Subsidiaries

(c) Restrictions on the Group's ability to obtain funds from its subsidiaries

Statutory and regulatory restrictions in terms of the Reserve Bank of Zimbabwe controls and imposed by the Zimbabwean government to restrict the amount of funds that can be transferred out of Zimbabwe to the Group. In addition, the banking subsidiary companies are restricted by Basel regulations and prudential requirements with regard to the distributions of funds to their holding company. Regulated entities may only be permitted to remit dividends in terms of local capital requirements and/or permission being obtained from the regulator to distribute such funds.

The non-controlling interests do not have any ability to restrict the cash flows to the Group.

(d) Guarantees provided by the Group to subsidiaries

No significant guarantees have been provided by the Group during the financial year.

The Group provides financial support in certain cases where funds require seed capital and also provides liquidity funding in the case of large divestments from unit trust funds.

(e) Loss of control of subsidiaries

The Group did not dispose of any principal subsidiary that resulted in loss of control during the year.

I2: Investment in associated undertakings and joint ventures

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

The following table presents the aggregate amounts for investment in associated undertakings and joint ventures at 31 December 2020:

Year ended 31 December Rm	2020	2019
Balance at beginning of the year	**26,251**	26,679
Additions of investment in associated undertakings and joint ventures	**89**	34
Disposal of investment in associated undertakings and joint ventures	**(14)**	(142)
Share of profit after tax	**592**	2,269
Share of other comprehensive income/(loss)	**131**	(216)
Impairment provision for investments in associate companies	**(8,629)**	(869)
Dividend income	**(879)**	(1,493)
Fair value loss	**(178)**	–
Foreign exchange and other movements	**160**	(11)
Transfer to assets held for sale and distribution	**(73)**	–
Balance at end of the year	**17,450**	26,251

I2: Investments in associated undertakings and joint ventures

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

Of the total carrying value of associates and joint-ventures, R1,130 million (2019: R1,233 million) relates to those that measured at fair value and R16,320 million (2019: R25,018 million) relates to those that have been equity accounted.

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

At 31 December 2019 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit
Associated undertakings					
Listed					
Nedbank Limited[3]	Banking	19.7%	Equity accounted	15,834	685
Individually immaterial associates					
Unlisted					
Two Rivers Lifestyle Centre[1,5]	Property	50%	Fair value	–	–
Squarestone Growth LLP[2]	Property	42%	Fair value	877	–
Kabokweni Plaza Shareblock Proprietary Limited[3]	Property	49%	Fair value	117	9
Richmond Park Development Company (Pty) Ltd[3]	Property	38%	Fair value	56	–
King Air (Pty) Ltd[3]	Property	50%	Fair value	100	–
Old Mint (Pty) Ltd[3]	Property	50%	Fair value	74	–
Other individually immaterial associates				149	54
Total investment in associate undertakings				17,207	748
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Ltd[4]	Life assurance	50%	Equity accounted	243	(156)
Total investment in joint ventures				243	(156)
Total investments in associates and joint ventures				17,450	592

1 *Country of incorporation: Kenya*
2 *Country of incorporation: United Kingdom*
3 *Country of incorporation: Republic of South Africa*
4 *Country of incorporation: China*
5 *The closing fair value of Two Rivers at 31 December 2020 was Rnil*

I: Interests in Subsidiaries, Associates and Joint Ventures

I2: Investments in associated undertakings and joint ventures

At 31 December 2019 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit
Associated undertakings					
Listed					
Nedbank Limited	Banking	19.9%	Equity accounted	24,282	2,418
Individually immaterial associates					
Unlisted					
Two Rivers Lifestyle Centre	Property	50%	Fair value	115	(334)
Squarestone Growth LLP	Property	42%	Fair value	920	121
Kabokweni Plaza Shareblock Proprietary Limited	Property	49%	Fair value	107	10
Richmond Park Development Company (Pty) Ltd	Property	38%	Fair value	54	(5)
King Air (Pty) Ltd	Property	50%	Fair value	64	18
Old Mint (Pty) Ltd	Property	50%	Fair value	70	3
Other individually immaterial associates				210	28
Total investment in associate undertakings				25,822	2,259
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Ltd[1]	Life assurance	50%	Equity accounted	429	10
Total investment in joint ventures				429	10
Total investments in associates and joint ventures				26,251	2,269

(c) Aggregate financial information of material investments in associated undertakings and joint ventures

Following the unbundling of Nedbank Group Limited (Nedbank), the Group retained a strategic interest of 19.7%. The 19.7% investment in Nedbank has been accounted for in terms of the equity accounting method and has been classified as an investment in an associated undertaking.

In light of COVID-19 and related decrease in the Nedbank share price during the financial year, the Group has performed an impairment review of the value of our equity accounted investment. At 30 June 2020, the outcome of the impairment review resulted in the recognition of an impairment of R8,620 million.

The impairment test compares the estimated recoverable amount and carrying value of the investment. The recoverable amount is the higher of its fair value less costs of disposal or its value in use. At 31 December 2020, the market value of the Group's stake was R12,807 million.

In assessing the value in use, the Group valued the expected dividend stream from Nedbank. The calculation of the value is subject to significant judgement as it is based on estimates of economic recovery and macro economic assumptions The value of the dividend from Nedbank was determined using a dividend discount model. The model has assumed that projected dividends recover to the historic average dividend payout ratio. This payout ratio has been used in the calculation of the final year dividend and terminal value.

Due to the complexity of the current economic environment, multiple valuations were performed assuming a range of earnings and economic recovery scenarios. The final value in use has been calculated as an average of these calculations, with appropriate weighting applied to potential downside scenarios. The total value in use calculated approximates the carrying value at 31 December 2020. The current value in use is 4% lower than the Group's share of Nedbank's reported net asset value as at 31 December 2020.

Sensitivity analysis Rm	Alternative	Positive impact on change in VIU	Negative impact on change in VIU
Earnings recovery	**+/- 10%**	**1,331**	**(1,543)**
Long term growth rate	**+/-1%**	**2,213**	**(1,745)**

The above sensitivity table illustrates the impact of the changes in key valuation assumptions on the value in use for the Group's investment in Nedbank. Negative impacts would result in a potential increase in the impairment charge in respect of the Nedbank carrying value, whilst positive impacts could result in the release of previously recognised impairment charges.

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

At 31 December Rm	2020 Nedbank	2019 Nedbank	2020 Squarestone Growth LLP	2019 Squarestone Growth LLP
Value in use (Nedbank)/Fair value(Squarestone Growth LLP)	**15,834**	24,282	877	920
Statement of comprehensive income				
Revenue	**54,221**	56,164	436	456
Profit from continuing operations	**4,454**	12,810	87	148
Other comprehensive income/(loss)	**891**	(1,075)	–	–
Total comprehensive income/(loss)	**5,345**	11,735	87	148
Statement of financial position				
Current assets	**413,186**	368,470	342	261
Non-current assets	**814,951**	774,879	4,691	4,410
Current liabilities	**(912,206)**	(848,312)	(250)	(187)
Non-current liabilities	**(215,487)**	(196,588)	(2,658)	(2,409)
Net assets	**100,444**	98,449	2,126	2,076

The closing price per ordinary share of Nedbank on the JSE at 31 December 2020 was R129.48.

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

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

At 31 December Rm	2020	2019
Total current assets	**11,697**	6,660
Total non-current assets	**17,044**	15,898
Total current liabilities	**1,071**	(1,919)
Total non-current liabilities	**(14,258)**	(13,901)
Total revenues	**3,716**	2,645
Total comprehensive income	**(107)**	318

I: Interests in Subsidiaries, Associates and Joint Ventures

I2: Investments in associated undertakings and joint ventures

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

At 31 December Rm	2020 Old Mutual-CHN Energy Life Insurance Company	2019 Old Mutual-CHN Energy Life Insurance Company
Carrying value	**243**	429
Statement of comprehensive income		
Revenue	**1,619**	1,355
Profit from continuing operations	**(347)**	(78)
Total comprehensive income/(loss)	**(347)**	(78)
Statement of financial position		
Current assets	**4,676**	4,625
Cash and cash equivalents	**2,296**	2,265
Non-current assets	**6,545**	5,841
Current liabilities	**(1,566)**	(1,039)
Non-current liabilities	**(7,654)**	(7,375)
Net assets	**2,000**	2,051

(f) Contingent liabilities and commitments

At 31 December 2020 and 31 December 2019, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.

(g) Other Group holdings

The disclosure in this section does not include companies whereby the Group has a holding of more than 20%, but does not have significant influence over these companies by virtue of the Group not having any direct involvement in decision making or the other owners possessing veto rights. These are included in investments and securities in the consolidated statement of financial position. At 31 December 2020, the Group held more than 20% of certain financial assets totalling R3,068 million. These assets back policyholder liabilities, with the returns on management thereof being for the benefit of policyholders. These financial assets are included within investments and securities and are measured of fair value. Refer to note E1 for more information.

I3: Structured entities

(a) Group's involvement in structured entities

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

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

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

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

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

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

Type of structured entity	Nature	Purpose	Interest held by the Group
• Investment funds	• Manage client funds through the investment in assets	• Generate fees from managing assets on behalf of third party investors	• Investments in units issued by the fund
• Security vehicles	• Hold and realise assets as a result of the default of a client	• These entities seek to protect the collateral of the Group on the default of a loan	• Ownership interest will be in proportion of the lending. At 31 December 2019, the Group held no value in security vehicles
• Clients investment entities	• Hold client investment assets	• Generates various sources of income for the Group	• None

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

I: Interests in Subsidiaries, Associates and Joint Ventures

I3: Structured entities

(b) Interest in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as investments and securities held at fair value through profit or loss. The Group does not sponsor any of the unconsolidated structured entities. The table below provides a summary of the carrying value of the Group's interest in unconsolidated structured entities for both continuing operations and those classified as held for distribution:

At 31 December Rm	2020	2019 (Restated)[1]
Debt securities, preference shares and debentures	**1,881**	1,220
Equity securities – unlisted	**4,250**	2,544
Pooled investments	**148,000**	130,852
Total	**154,131**	134,616

1 *Comparative information has been restated to better reflect management's assessment of the Group's interest in unconsolidated structured entities.*

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

Pooled investments includes the following investments in unit trusts:

Fund 1

The Fund aims to create long term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The fund invests in government securities, listed and unlisted debt securities, listed and unlisted equity securities. As at year end the Group's interest in the fund totalled R6,944 million compared to a total fund size of R136,343 million.

Fund 2

The Fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term. The fund invests in government securities, listed debt and equity securities. As at year end the Group's interest in the fund totalled R6,836 million compared to a total fund size of R85,539 million.

Fund 3

The primary performance objective of the fund is to obtain as high level of current income as is consistent with capital preservations and liquidity. The fund aims to achieve this by investing in graded short term money market instruments. As at year end the Group's interest in the fund totalled R5,536 million compared to a total fund size of R84,683 million.

(c) Other interests in unconsolidated structured entities

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

J: Other notes

J1: Post-employment benefits

The Group's post retirement schemes provide for the retirement, medical and disability benefits of employees and have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Pension costs and contributions relating to defined benefit schemes are assessed in accordance with the advice of qualified actuaries. Actuarial advice confirms that the current level of contributions payable to each pension scheme, together with existing assets, are adequate to secure members' benefits over the remaining service lives of participating employees. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they operate.

The movement analysis of post-employment benefits presented in note J1(a) includes the information for all of the Group's pension schemes, including movements in plan assets for the year.

Restriction on the ability to access individual pension fund surpluses

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

(a) Liability for defined benefit obligations

	Pension plans		Other post-retirement benefit schemes	
Year ended 31 December Rm	**2020**	2019	**2020**	2019
Changes in projected benefit obligation				
Projected defined benefit obligation at beginning of the year	**226**	219	**1,660**	1,691
Current service cost	**2**	44	**17**	14
Interest cost on benefit obligation	**22**	21	**145**	(155)
Measurement losses arising from experience adjustments	**–**	(22)	**(196)**	(121)
Benefits paid	**–**	(38)	**(82)**	(79)
Foreign exchange and other movements	**–**	2	**(43)**	–
Projected defined benefit obligation at end of the year	**250**	226	**1,501**	1,660
Change in plan assets				
Plan assets at fair value at beginning of the year	**226**	219	**–**	–
Actual return on plan assets	**24**	1	**–**	–
Benefits paid	**–**	(1)	**–**	–
Foreign exchange and other movements	**–**	7	**–**	–
Plan assets at fair value at end of the year	**250**	226	**–**	–
Net defined benefit obligation	**–**	–	**(1,501)**	(1,660)
Net amount recognised in consolidated statement of financial position				
Disclosed as follows:				
Within trade, other payables and other liabilities	**–**	–	**(1,501)**	(1,660)
	–	–	**(1,501)**	(1,660)

J: Other notes

J1: Post-employment benefits

(b) Principal actuarial assumptions

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

%	Pension plans		Other post-retirement benefit schemes	
	2020	2019	2020	2019
Discount rate used	**9.9%**	9.4%	**10.2%**	9.3%
Price inflation	**4.7%**	4.5%	**4.7%**	4.5%
Rate of future salary increases	**5.7%**	6.4%	**5.7%**	6.4%
Expected return on plan assets	**9.9%**	10.2%	**9.7%**	9.1%

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

The effect to the Group's obligation of a 1% increase and 1% decrease in the assumed health cost trend rates would be an increase of R196 million and decrease of R164 million (2019: R194 million and decrease of R172 million) respectively.

(c) Plan asset allocation

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

%	Pension plans	
	2020	2019
Equity securities	**58.5**	54.5
Debt securities	**23.2**	27.2
Property	**6.7**	7.2
Annuities and other	**11.6**	11.1
	100.0	100.0

(d) Expense recognised in the income statements

Year ended 31 December Rm	Pension plans		Other post-retirement benefit schemes	
	2020	2019	2020	2019
Current service costs	**2**	–	**17**	14
Net interest cost	**22**	–	**145**	131
Other post retirement plan costs	**–**	4	**–**	–
Total (included in staff costs)	**24**	4	**162**	145

J2: Share-based payments

(a) Share incentive schemes

The Group incentivises employees through a number of share incentive schemes. These include a short term incentive scheme, ROA phantom scheme, Long term incentive scheme and broad-based incentive schemes. These arrangements are equity settled with the exception of the ROA phantom scheme. More information on the Group's share incentive schemes is available 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-relators/reporting-centre/reports

Short term incentive scheme (STI)

The STI confers rights on employees for middle management to forfeitable Old Mutual Limited shares (South Africa and Namibia) and phantom shares (Rest of Africa) based on previous performance. Performance metrics & targets are set at the start of each financial year for the Group, segment and individual performance outcomes with the Group performance metrics and targets being approved by the Remuneration Committee annually. These awards vest over a three year period from the grant date with the participants having voting rights and receiving dividends throughout the period. The awards made from April 2021 onwards vest in three equal tranches in years 1,2 and 3.The forfeitable shares are equity settled, while the phantom shares are cash settled.

Long term incentive scheme (LTI)

Annual long term incentive awards are granted in March/April to senior management level employees and are determined as percentages of guaranteed package differentiated per level. The awards are subject to corporate performance targets which are measured over a three year period with vesting in equal tranches in years 3, 4 and 5. Shares are awarded as forfeitable Old Mutual Limited shares (South African and Namibia) and phantom shares (Rest of Africa) with participants having voting rights and receiving dividends throughout the period. The forfeitable shares are equity settled, while the phantom shares are cash settled.

Broad-based incentive scheme

A one-off broad-based share incentive scheme was awarded in September 2018 to all permanent employees of the Group (who were in permanent employment at the time of listing on the JSE and were still in service on the date of grant), in recognition of each employee's contribution to the smooth transition to listing, and the anticipated future contribution they will make to the Group. In terms of this scheme, 25 254 employees were initially allocated 464 Old Mutual Limited shares each totalling 11 717 856 shares (at a share price of R29.80). This initial grant was supplemented by a further 128 Old Mutual Limited shares at a share price of R22.18 (3 232 512 shares). The awards, granted under the ESOP rules, all vested on the 18 September 2020. After taking into account the lapse of shares linked to leavers, 11 122 496 Old Mutual Limited shares vested at a share price of R10.07. The Broad-based incentive scheme shares were equity settled.

(b) Forfeitable/Restricted share grants

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

Instruments granted and purchased during the year		Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	**2020**	**43,650,087**	**11.89**
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	2019	31,216,421	21.45

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

(c) Annual bonus awards

The South Africa Plan Awards give rise to annual bonus awards. The fair value is determined by making an estimate of the level of bonus to be paid out, following the attainment of personal and company performance conditions. The vesting period for the South African annual bonus plans (other than the new joiner and newly qualified grants) has therefore been determined as 1 January in the year prior to the date of issue of the grant. The annual bonus awards are equity settled.

The Group anticipates awards under the South African scheme of 14,330,025 restricted shares (2019: 17,811,008). The restricted shares have been valued using an estimated share price of R11.89 (2019: R19.66).

J: Other notes

J2: Share-based payments

(d) Financial impact

Year ended 31 December Rm	2020	2019
Expense arising from equity settled share and share option plans	**379**	500
Expense arising from cash settled share and share option plans	**1**	7
	380	507
Closing balance of liability for cash settled share awards	**18**	63

J3: Related parties

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

The Company's key management personnel include all members of the Board, (both executive and non executive directors) and prescribed officers as defined by the Companies Act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee 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 23 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.

	2020		2019	
Year ended 31 December Rm	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

	2020		2019	
Restricted shares	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)
Outstanding at end of the year	**13**	**8,959**	14	7,222

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

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2020 were as follows:

	2020		2019	
Year ended 31 December	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
Property & Casualty contracts				
Total premium paid during the year	**4**	**–**	8	1
Life insurance products				
Total sum assured/value of investment at end of the year	**10**	**72**	12	86
Pensions				
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.

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
Outstanding balances with associated undertakings		
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	**15,942**	16,897
Balances owing from Nedbank to Group subsidiaries	**8,019**	7,810
Transactions with associated undertakings		
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

J: Other notes

J3: Related parties

(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 R113 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
Debt instruments held		
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
Income earned		
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

J4: Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

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.

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.

J: Other notes

J4: Contingent liabilities

Consumer protection

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

Outcome of Zimbabwean Commission Enquiry

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

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

Old Mutual Limited's intraGroup guarantee of Travelers indemnification

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

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

J5: Commitments

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).

J: Other notes

J6: Cash flow information

Rm	December 2020	December 2019
Non-cash movements and adjustments to profit before tax		
Amortisation and impairments of contract assets and liabilities	**260**	310
Amortisation and impairments of intangible assets[1]	**1,777**	573
Depreciation and Impairments of Property, Plant and Equipment[1]	**1,035**	1,046
Impairments of loans and advances	**2,874**	1,738
Impairments in associate undertakings	**8,629**	869
Interest on borrowed funds	**607**	804
Profit/loss on disposal of subsidiaries, associates and strategic investments	**–**	21
Share of profit of associate undertakings and Joint Ventures	**(593)**	(2,269)
Fair value gains and losses on investments and securities	**(17,580)**	(41,687)
Fair value gains and losses on investment property	**(116)**	(1,394)
Fair value movement on policyholder liabilities	**24,283**	29,756
Non-fair value movements on policyholder liabilities	**5,530**	(3,459)
Fair value gains and losses on debt instruments	**(123)**	(67)
Fair value of Share options	**(376)**	74
Non-cash changes in consolidated investment funds	**3,421**	780
Total non-cash movements and adjustments to profit before tax	**29,628**	(12,905)
Changes in working capital		
Deferred acquisition costs	**88**	(52)
Deferred revenue	**149**	41
Reinsurers' share of long term business policyholder liabilities	**(2,211)**	(1,171)
Reinsurers share of general Insurance liabilities	**(5,011)**	689
Deposits held with reinsurers	**(3)**	(0)
Other assets and liabilities	**8,118**	3,121
General insurance liabilities	**5,595**	(239)
General provisions	**(303)**	258
Retirement obligations and assets	**177**	116
Amounts owed to depositors	**136**	(2,305)
Effect of exchange rates	**(124)**	14,989
Consolidation of funds	**(5,896)**	(42)
Total changes in working capital	**715**	15,405

1 *Depreciation and impairments have been consolidated in the above note whereas operating expenses note D8 have these listed separately.*

J7: 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.

K: Future standards, amendments to standards and interpretations not early-adopted in the 2020 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases.

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group had significant exposure to IBORs on its financial instruments that were replaced or reformed as part of these market-wide initiatives.

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 (Phase 2 amendments), which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The Interest Rate Benchmark Reform Phase 2 resulted in amendments to IFRS 7, IFRS 9, IAS 39 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The Group does not have any significant impact from these amendments as the majority of the Group's financial assets and financial liabilities are measured at fair value through profit or loss. The Group is also mostly exposed to JIBAR (Johannesburg) and to a lesser extent LIBOR (London) and EURIBOR (Euro) rates through its borrowed funds. There are currently no material leases that are linked to IBOR rates. The LIBOR reform is expected to be completed by June 2023 and there is currently no set date for the JIBAR reform. The Group will only transition to alternative benchmarks as each interest rate benchmark is replaced. The Group is in the process of determining the estimated impact as none of the interest rate benchmarks it is exposed to has been replaced yet. The Group does not expect that there will be a material impact to as a result of these amendments.

IFRS 17 Insurance Contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, a two year deferral from the original effective date of 1 January 2021.

The new standard will affect the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities, disability insurance, and property & casualty insurance) or investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments). The most significant impacted subsidiary will be the Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). However, all other Group entities with life and short term insurance licences will also be impacted.

In 2017 the Group instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chairs a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. Each major IFRS 17 focus area (i.e. Group, Rest of Africa and Old Mutual Insure) is also governed by a delivery committee, which consists of senior finance and actuarial managers who make decisions on scope, design and enablement for their relevant focus areas. IFRS 17 Projects were also mobilised in segments and countries during 2019, each with their own governance and decision-making forums. All decisions relating to the interpretation of the standard (i.e. policies and methodologies) are made by a Technical Review Committee, which consists of actuarial and finance subject matter experts across the Group. Ratification of major decisions is done by the steering committee. Programme resources include a mix of dedicated and shared internal technical experts, as well as external consultants where appropriate.

The main focus of the programme during 2020 was the finalisation of key policy and methodology decisions, the assessment and analysis of the financial impact of transition to IFRS 17, as well as progressing process design, actuarial enablement, finance and data enablement activities. Assurance reviews were also initiated on policy and methodology papers and have progressed in line with plans.

The transition approach and process was finalised in 2018 and indicative transition calculations have been performed since then on 2018 and 2019 financial results. This process will continue through 2022, with a significant focus in 2021 on finalising the transition methodology and transition approaches for the Group. Actuarial modelling development, which is the most significant enablement requirement on the programme in addition to transition and data sourcing and system changes, commenced in 2018 and is progressing in line with planned milestones for 2021. The build of a robust financial data model, CSM calculation engine and results repository progressed according to plans during 2020 and the key focus in 2021 is to conclude the solution build and ensure successful user adoption across the Group. The new capability leverages the existing financial reporting landscape and provides a sustainable, long term IFRS 17 solution. The re-design of the draft annual financial statements, notes and disclosures was completed in 2020. Further refinement and testing will continue into 2021, as well as related build and enhancements to reporting and disclosure tools.

The Rest of Africa Project progressed with process design, data sourcing and finance enablement in 2020 and the key focus in 2021 is on completing the aforementioned, as well as progressing transition calculations for material portfolios in scope. The Old Mutual Insure Project procured an IFRS 17 reporting solution during 2019 and is currently busy with implementation thereof, whilst finalising process and data enablement in parallel.

The further one year delay in the effective date has given us the opportunity to perform additional analysis on the financial impact of the transition to IFRS 17, as well as to extend the scope of parallel testing of data and reporting processes.

L: Biographical information on the directors

Trevor Manuel (South African) (65)

Trevor is the Chairman of the Board. He served in the South African Government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission. During his ministerial career, he assumed a number of ex-officio positions at international bodies including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

Education: National Diploma in Civil and Structural Engineering from the Peninsula Technikon, South Africa, Executive Management Programme at Stanford University

Other directorships: Trevor currently serves as non executive director and Deputy Chairman of Rothschild South Africa.

Board committees: Corporate Governance and Nominations (Chairman); Responsible Business

Iain Williamson (South African) (50)

Iain was appointed Chief Executive Officer of the Company in July 2020, after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to CFO Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017 and has also previously been the Interim Chief Executive Officer in 2017.

Qualifications: Bachelor of Business Science (Actuarial Science), General Management Programme (Harvard), Fellow of the Actuarial Society of South Africa

Board committees: Responsible Business; Technology and Platforms

Casper Troskie (South African) (57)

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB. Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

Qualifications: Bachelor of Commers (Hons), Chartered Accountant (South Africa)

Brian Armstrong (South African) (60)

Brian is an independent non executive director. He is currently the Professor in the Chair of Digital Business at Wits Business School, where he lectures a Master's Degree in Digital Transformation. He is regarded as one of the ICT industry leaders in South Africa.

Before joining Wits he spent seven years at Telkom in the roles of Group Chief Operating Officer and Group Chief Commercial Officer among others. His prior experience also includes being Vice President for Middle East and Africa at British Telecom and Managing Director of AST Networks (now Gijima).

Education: Doctor of Philosophy from the University College London; Master of Science (Electrical Engineering) and Bachelor of Science (Electrical Engineering) from the University of the Witwatersrand

Other directorships: Brian is an independent non executive director at Huge Group and also serves on the Board of Tshimologong Innovation Precinct.

Board committees: Technology and Platforms; Responsible Business

Peter De Beyer (South African) (65)

Peter is the Lead Independent director. He worked for the Old Mutual Group from 1978 to 2008, starting his career in actuarial and technical roles, and progressing through executive roles in a variety of business units. After demutualisation and the listing of Old Mutual plc in 1999, Peter was appointed deputy Managing Director of Old Mutual South Africa, responsible for the retail businesses, and at his retirement in 2008, was Managing Director (customer solutions for Old Mutual South Africa). He has subsequently served as an independent non executive director of a number of Old Mutual subsidiaries in Africa, including the Old Mutual Emerging Markets Board from 2012. He has also served as independent chairperson of OMLACSA.

Education: Bachelor of Business Science (Hons) from the University of Cape Town, Fellow of the Actuarial Society of South Africa

Other directorships: Peter is an independent non executive director of Oceana Group Limited and Real People Investment Holdings Proprietary Limited.

Board committees: Actuarial; Audit; Corporate Governance and Nominations; Responsible Business; Risk

L: Biographical information on the directors

Matthys Du Toit (South African) (62)

Matthys (Thys), is an independent non executive director. Thys, with 4 colleagues, co-founded Coronation Asset Management Limited (Coronation) and was subsequently appointed as Managing Director in 1996. In 2003, he led the listing of Coronation on the JSE. Thys has also been instrumental in the establishment of the empowerment asset management businesses Kagiso Asset Management, Namibia Asset Management, Coronation Fund Managers (Botswana) and African Harvest Asset Management. He was the chairperson of KWV Holdings Limited and served as a non-executive director of PSG Group Limited, Pioneer Food Group Limited, Attacq Limited and ZCI Limited.

Education: Bachelor of Science with majors in Viticulture, Biochemistry and Chemistry, Master of Business Administration (Cum Laude) from the University of Stellenbosch

Other directorships: Thys is the executive chairman of Rootstock Investment Management Proprietary Limited.

Board committees: Corporate Governance and Nominations; Remuneration; Related Party Transaction (Chairperson)

Albert Essien (Ghanaian) (65)

Albert is an independent non executive director. He started his banking career with the National Investment Bank Limited in Accra, and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

Education: EDP (INSEAD) Bachelor of Arts in Economics from the University of Ghana, Honorary fellow of the Ghana Chartered Institute of Bankers

Other directorships: Albert is the chairman of Oasis Africa Capital Fund Limited, Ghana Amalgamated Trust and Jumo Ghana Limited. He is also an independent non executive director of the Development Finance Institute (FinDev) Canada and Jumo World Limited.

Board committees: Responsible Business; Risk

Olufunke Ighodaro (Nigerian) (58)

Olufunke is an independent non-executive director. She is currently the audit and risk committee chair of Massmart Holdings Limited (a Walmart subsidiary company, housing its African retailing interests). She is also a Member of the Investment Committee of Cell C Limited and a Independent Non-Executive Director of Sabvest Limited. Previously Funke served as audit and risk committee chair of Transaction Capital Limited and has also served as independent non-executive director and audit and risk committee member of Datatec Limited (a global IT services business operating across Africa, Europe, North America and Asia).

Olufunke has over 22 years' experience operating at executive Board level, having previously served as chief financial officer of JSE listed companies namely Tiger Brands Limited, Primedia Limited and as executive director and chief financial officer designate of Barloworld Limited. She was an executive director of EMTS Limited (trading as 9mobile), Nigeria's fourth largest telco as well as acting in an interim capacity as chief financial officer. She also founded and led the private equity business of the Kagiso Trust Investment Group.

Education: Bachelor of Business Science (Hons) (Operational Research) from the University of Salford, Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW); Chartered Accountant with the South Africa Institute of Chartered Accountants (SAICA)

Board Committees: Actuarial; Audit; Risk

Itumleng Kgabosele (South African) (49)

Itumeleng is an independent non executive director. He has over 20 years of financial services experience, having held positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

Education: Bachelor of Commerce and Postgraduate Diploma in Accounting from the University of Cape Town, Diploma in Financial Markets and Instruments from the University of Johannesburg, Chartered Accountant (South Africa)

Other directorships: Itumeleng is a director of Consol Holdings Proprietary Limited and BBD Holdings Proprietary Limited. He is also co-founder and Chief Executive Officer of Sphere Holdings Proprietary Limited, an investment company that invests primarily in the industrial services sectors.

Board committees: Actuarial; Audit; Corporate Governance and Nominations; Remuneration (Chairperson)

John Lister (British) (62)

John is an independent non executive director. He has over 3 decades of experience in the insurance sector and is a finance and risk specialist. He is the former Chief Risk Officer of AVIVA plc and Chief Financial Officer and Chief Actuary of its UK life and savings business. He was the former chairman of the Risk committee of Delta Lloyd Limited, Netherlands, prior to its sale to the NN Group. He has significant experience and knowledge across a number of areas including capital management, risk management and regulatory engagement.

Education: Bachelor of Science in Statistics from the University of Wales, Cardiff and Fellow of the Institute of Actuaries

Other directorships: John is chairman of the Risk committee at Phoenix Life and Pacific Life Re in the UK.

Board committees: Actuarial (Chairperson); Audit; Corporate Governance and Nominations; Risk (Chairperson)

Sizeka Magwntshu Rensburg (South African) (61)

Sizeka is an independent non executive director. She has extensive experience spanning over 25 years in the Small, Medium and Micro Enterprise ("SMME") development space in South Africa and Southern Africa. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

Education: Bachelor of Arts in Accounting and Business Administration from Webster University, Master of Business Administration from Webster University and DPhil in Business Management from the University of Johannesburg

Other directorships: Sizeka is a non executive director of the Industrial Development Corporation of South Africa SOC Limited and chairperson of the investments committee. She is also a director of Rensiza Investments Proprietary Limited.

Board committees: Corporate Governance and Nominations; Remuneration; Responsible Business (Chairperson)

Thoko Mokgosi Mwantembe (South African) (59)

Thoko is a non executive director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Packard South Africa Proprietary Limited and Vodacom Group Limited.

Education: Bachelor of Science and Diploma in Teaching from the University of Swaziland, Master of Science in Medical Chemistry from the University of Loughborough, Senior Executive Programme at Harvard University, Managing Corporate Resources Programme from the Institute of Management Development of Switzerland

Other directorships: Thoko is the Chief Executive Officer of Kutana Investments Group Limited, a black women-owned economic empowerment investment group. She is also a director at Royal Bafokeng Platinum Limited.

Board committees: Remuneration; Technology and Platforms

Nosipho Molope (South African) (56)

Nosipho is an independent non executive director. She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She was also the former Finance Director at ZICO Proprietary Limited and Chief Financial Officer at the Financial Services Board. She has served on the Boards of Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and various subsidiaries of MTN Group Limited in the rest of Africa, including MTN Cameroon, MTN Ivory Coast, MTN Liberia, MTN Benin and MTN South Sudan.

Education: Bachelor of Science (Medical Science) from the University of the Witwatersrand, Bachelor of Accounting Science (Hons) with a Certificate of Theory in Accountancy from the University of South Africa, Chartered Accountant (South Africa)

Other directorships: Nosipho serves as director on various company Boards including Engen Limited, South32 Coal Holdings Proprietary Limited, Mobile Telephone Networks Proprietary Limited (MTN SA), MTN Eswatini, MTN Rwandacell, MTN Uganda and MTN Zambia.

Board committees: Actuarial; Audit (Chairperson); Corporate Governance and Nominations; Risk

James Mwangi (Kenyan) (43)

James is an independent non executive director. He helped found the Dalberg Group in New York in 2002 and set up its African operations in Johannesburg in 2007, before taking on the role of Global Managing Partner and Chief Executive of Dalberg's consulting business from 2010 to 2014. Prior to Dalberg, he worked at McKinsey & Company in New York.

He is a 2009 Archbishop Tutu Leadership Fellow of the African Leadership Institute and a 2013 Young Global Leader of the World Economic Forum.

Education: Bachelor of Arts in Economics from Harvard University

Other directorships: James is the executive director of the Dalberg Group, overseeing the global operations of its 6 businesses operating in over 30 countries worldwide. He also serves on the Boards of One Acre Fund, The Skoll Foundation, Koko Networks and various Dalberg businesses and entities.

Board committees: Related Party Transaction; Responsible Business; Technology and Platforms

Marshall Rapiya (South African) (68)

Marshall is a non executive director. He has served as Managing Director for Old Mutual South Africa's retail mass market and prior to that managed a number of Old Mutual South Africa's businesses. He also served as Chief Executive Officer of Old Mutual South Africa and was on the Board of Directors of Old Mutual Insure.

Education: Bachelor of Administration from the University of South Africa, Global Leadership Programme at the London Business School, Channel Leadership from INSEAD France, Leading Organisational Change and Renewal programme from Harvard University

Other directorships: Marshall is a Board member of the Masisizane non-profit company and is the lead independent director at Sea Harvest.

Board committees: Responsible Business; Risk

L: Biographical information on the directors

Stewart Van Graan (South African) (65)

Stewart is an independent non executive director. He has extensive experience in information technology and was the former Managing Director of Dell Computer Proprietary Limited ("Dell") in South Africa as well as the former the vice president for Dell's Enterprise Solutions business in the EMEA Emerging Markets. Stewart also served as the chairperson of Dell in South Africa and the Dell Khulisa Academy. Prior to joining Dell, he spent 23 years at IBM in various positions, both locally and internationally. He also served on the advisory Board of the University of Stellenbosch Business School.

Education: Bachelor of Commerce (Hons) in Systems and Technology from the University of Cape Town, Programme for Management Development at the Graduate School of Business in Cape Town

Other directorships: Stewart is a non executive director of the Allied Electronics Corporation Limited and BankservAfrica.

Board committees: Corporate Governance and Nominations; Risk; Related Party Transaction; Technology & Platforms (Chairperson)

Note: Age as at 23 March 2021 being the publication date.

M: Directors' and Prescribed Officers' emoluments

The Directors' Emoluments disclosures required by the Companies' Act are set out below and includes disclosure in relation to Executive Directors and Prescribed Officers. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2021 and can be accessed on https://www.oldmutual.com/investor-relations/reporting-centre/reports.

	Iain Williamson		Casper Troskie	
Executive directors	**2020**	2019	**2020**	2019
Salary[1]	**7,806,344**	5,749,760	**4,625,970**	4,559,625
Other benefits	**46,755**	90,865	**–**	–
Retirement benefits	**241,510**	165,375	**167,781**	165,375
TGP	**8,094,609**	6,006,000	**4,793,751**	4,725,000
Bonus amounts[2]	**1,645,313**	3,150,000	**2,443,856**	4,060,000
Total excluding share-based payments	**9,739,922**	9,156,000	**7,237,607**	8,785,000
IFRS 2 fair value of unvested shares at year end owed to director	**5,549,349**	7,354,073	**8,049,142**	5,758,816
Number of shares vested	**108,776**	333,105	**464**	–
Class of share	**Ordinary**	Ordinary	**Ordinary**	–

	Clarence Nethengwe		Kerrin Land		Khaya Gobodo	
Prescribed officers	**2020**	2019	**2020**	2019	**2020**	2019
Salary[1]	**4,162,310**	4,051,320	**3,649,635**	–	**3,974,644**	3,855,693
Other benefits	**700**	1,680	**151,500**	–	**4,050**	4,307
Retirement benefits	**150,990**	147,000	**137,865**	–	**144,305**	140,000
TGP	**4,314,000**	4,200,000	**3,939,000**	–	**4,122,999**	4,000,000
Bonus amounts[2]	**932,782**	1,740,000	**932,782**	–	**5,488,720**	11,680,000
Total excluding share-based payments	**5,246,782**	5,940,000	**4,871,782**	–	**9,611,719**	15,680,000
IFRS 2 fair value of unvested shares at year end owed to director	**5,077,497**	4,751,379	**2,547,116**	–	**3,832,089**	2,990,072
Number of shares vested	**46,648**	122,203	**34,442**	–	**464**	–
Class of share	**Ordinary**	Ordinary	**Ordinary**	–	**Ordinary**	–

	Prabashini Moodley		Garth Napier		Clement Chinaka	
Prescribed officers	**2020**	2019	**2020**	2019	**2020**	2019
Salary	**3,715,249**	611,166	**4,276,406**	4,089,751	**4,163,010**	3,892,163
Other benefits	**–**	–	**–**	–	**–**	–
Retirement benefits	**134,750**	22,166	**243,219**	381,218	**150,990**	141,167
TGP	**3,849,999**	633,332	**4,519,625**	4,470,969	**4,314,000**	4,033,330
Bonus amounts[2]	**833,625**	1,305,000	**991,493**	2,128,708	**746,226**	2,160,000
Total excluding share-based payments	**4,683,624**	1,938,332	**5,511,118**	6,599,677	**5,060,226**	6,193,330
IFRS 2 fair value of unvested shares at year end owed to director	**2,005,115**	1,933,898	**5,445,841**	4,446,060	**5,134,321**	5,249,589
Number of shares vested	**26,198**	28,711	**108,965**	–	**52,448**	133,440
Class of share	**Ordinary**	Ordinary	**Ordinary**	–	**Ordinary**	Ordinary

	Heloise Van Der Mescht		Karabo Morule	
Prescribed officers	**2020**	2019	**2020**	2019
Salary[1]	**3,842,581**	2,217,941	**350,197**	3,922,090
Other benefits	**30,564**	–	**11,678**	130,910
Retirement benefits	**92,711**	70,674	**13,125**	147,000
TGP	**3,965,856**	2,288,615	**375,000**	4,200,000
Bonus amounts[2]	**860,608**	2,175,000	**–**	–
Other[3]	**–**	–	**279,865**	–
Total excluding share-based payments	**4,826,464**	4,463,615	**654,865**	4,200,000
IFRS 2 fair value of unvested shares at year end owed to director	**1,670,236**	2,290,986	**–**	4,922,519
Number of shares vested	**35,408**	34,975	**–**	215,748
Class of share	**Ordinary**	Ordinary	**–**	Ordinary

	Peter Moyo		David Macready	
Exiting executive director and prescribed officer	**2020**	2019	**2020**	2019
Salary	**–**	7,938,000	**–**	1,244,778
Retirement benefits	**–**	147,000	**–**	45,147
TGP	**–**	8,085,000	**–**	1,289,925
Other	**–**	1,074,104	**–**	520,930
Termination payment	**–**	–	**–**	6,750,000
Total excluding share-based payments	**–**	9,159,104	**–**	8,560,855
IFRS 2 fair value of unvested shares at year end owed to director	**–**	–	**–**	2,751,576
Number of shares vested	**–**	–	**–**	475,625
Class of share	**–**	–	**–**	Ordinary

	Jonas Mushosho	
Exiting prescribed officer (all values reflected in USD unless otherwise stated)	**2020**	**2019**
Salary	**–**	373,720
TGP	**–**	373,720
Other Bonus	**–**	166,100
Other	**–**	1,109,232
Total excluding share-based payments	**–**	1,649,052
IFRS 2 fair value of unvested shares at year end owed to director	**–**	226,659
Number of shares vested	**–**	433,418
Class of share	**–**	Ordinary

1 *The salary for Iain Williamson includes an acting allowance paid monthly from January 2020 until his appointment as CEO on the 3rd of July 2020 of R1,194,336 and for Heloise van der Mescht of R1,316,958 paid monthly for 2020. The salary for Kerrin Land is shown from the date she became a prescribed officer.*

2 *The bonus amount is the cash portion of the performance bonus linked to performance in the 2020 financial year. Bonus amounts for Casper Troskie includes R1,200,000 representing the third tranche of a sign on bonus. Bonus amounts for Khaya Gobodo includes R4,300,000 representing the third tranche of a buy out award.*

3 *Other includes pay in lieu of leave for Karabo Morule of R279,865.*

M: Directors' and Prescribed Officers' emoluments

Bonus share awards[1]

						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Iain Williamson													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	142,858	–	88,430	54,428	–	970,077	597,075	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	108,854	–	–	–	108,854	–	–	422,500
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	72,414	–	–	–	72,414	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	72,414	–	–	–	72,414	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	72,414	–	–	–	72,414	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	254,882	–	–	254,882	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	254,882	–	–	254,882	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	254,881	–	–	254,881	–	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	53,884	–	–	53,884	–	–	591,107	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	46,558	–	–	–	46,558	–	–	556,024
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	62,667	–	–	–	62,667	–	–	748,407
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	175,733	–	–	175,733	–	–	2,098,710
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
TOTAL						632,527	940,378	88,430	108,776	1,375,699	970,077	1,192,855	3,825,641
Casper Troskie													
Long Term Incentive Plan													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	19.29	11.94	100,671	–	–	–	100,671	–	–	390,739
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	19.29	11.94	100,671	–	–	–	100,671	–	–	390,739
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	19.29	11.94	100,672	–	–	–	100,672	–	–	390,743
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	19.29	11.94	38,196	–	–	–	38,196	–	–	148,252
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	19.29	11.94	38,196	–	–	–	38,196	–	–	148,252
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	19.29	11.94	38,197	–	–	–	38,197	–	–	148,256
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	79,655	–	–	–	79,655	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	79,655	–	–	–	79,655	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	79,656	–	–	–	79,656	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	104,603	–	–	104,603	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	104,603	–	–	104,603	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	104,602	–	–	104,602	–	–	–
Deferred Short Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	80,247	–	–	–	80,247	–	–	958,358
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	137,239	–	–	137,239	–	–	1,638,992
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Buy-out Award													
2018	18-Sep-18	18-Sep-21	29.80	19.29	11.94	83,893	–	–	–	83,893	–	–	1,001,901
2018 Special Grant	14-Dec-18	18-Sep-21	22.00	19.29	11.94	31,831	–	–	–	31,831	–	–	380,145
Total						852,004	451,047	–	464	1,302,587	–	4,673	5,596,377

1 *Long term incentive plan estimated closing fair values on 30 December 2020 are shown based on estimated vesting values*

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units: Opening Balance on 1 Jan 2020 (Number)	Share Units: Granted during 2020 (Number)	Share Units: Lapsed during 2020 (Number)	Share Units: Settled during 2020 (Number)	Share Units: Closing Balance on 31 Dec 2020 (Number)	Value (Before Tax): Value of Lapsed Awards During 2020 (ZAR)	Value (Before Tax): Value of Settled Awards During 2020 (ZAR)	Value (Before Tax): Estimated closing fair value on 31 Dec 2020 (ZAR)
Clarence Nethengwe													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	18,884	–	11,690	7,194	–	128,239	78,918	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	95,792	–	–	–	95,792	–	–	371,802
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	70,805	–	–	–	70,805	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	70,805	–	–	–	70,805	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	70,804	–	–	–	70,804	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	94,143	–	–	94,143	–	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	15,715	–	–	15,715	–	–	172,394	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	35,757	–	–	–	35,757	–	–	427,032
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	86,663	–	–	–	86,663	–	–	1,034,982
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	97,072	–	–	97,072	–	–	1,159,293
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Discretionary Share Award													
2015 Tranche 3	9-Sep-15	9-Sep-20	40.03	19.29	11.94	23,275	–	–	23,275	–	–	268,826	–
Total						488,964	379,499	11,690	46,648	810,125	128,239	524,811	2,993,109
Kerrin Land													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	63,143	–	39,086	24,057	–	428,768	263,911	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	55,865	–	–	–	55,865	–	–	216,831
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	37,164	–	–	–	37,164	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	37,164	–	–	–	37,164	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	37,163	–	–	–	37,163	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	94,143	–	–	94,143	–	–	–
Deferred Short Term Incentive													
2017 MTI: OMMM Maximum Return Fund of Funds	28-Mar-17	23-Mar-20	2.06	2.46	2.01	174.592	507	–	175,099	–	–	352,684	–
2018 MTI: OM Maximum Return Fund of Funds	26-Apr-18	23-Mar-21	3.16	3.40	3.67	154,281	–	–	–	154,281	–	–	566,674
2019 MTI: OMMM Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.01	7.22	91,494	–	–	–	91,494	–	–	660,254
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	9,921	–	–	9,921	–	–	108,833	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	11,481	–	–	–	11,481	–	–	137,113
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	29,209	–	–	–	29,209	–	–	348,832
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	92,262	–	–	92,262	–	–	1,101,849
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Total[2]						–	–	–	–	–	428,768	730,101	3,031,553

2 *A portion of Kerrin Land's deferred short term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.*

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Khaya Gobodo													
Long Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	81,036	–	–	–	81,036	–	–	314,529
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	61,303	–	–	–	61,303	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	61,303	–	–	–	61,303	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	61,303	–	–	–	61,303	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	89,958	–	–	89,958	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	89,958	–	–	89,958	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	89,959	–	–	89,959	–	–	–
Deferred Short Term Incentive													
2019 MTI: Global Equity Fund	23-Mar-19	22-Mar-22	30.12	31.23	37.83	64,493	–	–	–	64,493	–	–	2,439,769
2019 MTI: Investors Fund	23-Mar-19	22-Mar-22	396.28	384.05	332.07	4,903	–	–	–	4,903	–	–	1,628,001
2020 MTI: Global Equity Fund	27-Mar-20	26-Mar-23	30.90	–	37.83	–	34,306	–	–	34,306	–	–	1,297,812
2020 MTI: Old Mutual Maximum Return Fund of Funds	27-Mar-20	26-Mar-23	2.90	–	3.67	–	364,964	–	–	364,964	–	–	1,340,511
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Buy-out Award													
2018 Tranche 1	19-Apr-18	19-Apr-21	41.34	19.29	11.94	36,285	–	–	–	36,285	–	–	433,338
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	19.29	11.94	36,285	–	–	–	36,285	–	–	433,338
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	19.29	11.94	36,284	–	–	–	36,284	–	–	433,326
Total[3]						–	–	–	–	–	–	4,673	8,320,624
Prabashini Moodley													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	21,213	–	13,131	8,082	–	144,045	88,661	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	21,287	–	–	–	21,287	–	–	82,622
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	16,092	–	–	–	16,092	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	16,092	–	–	–	16,092	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	16,092	–	–	–	16,092	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	83,682	–	–	83,682	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	83,682	–	–	83,682	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	83,683	–	–	83,683	–	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	17,652	–	–	17,652	–	–	193,642	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	16,269	–	–	–	16,269	–	–	194,294
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	45,191	–	–	–	45,191	–	–	539,698
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	72,804	–	–	72,804	–	–	869,470
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Total						170,352	323,851	13,131	26,198	454,874	144,045	286,976	1,686,084

3 Khaya Gobodo's deferred short term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units: Opening Balance on 1 Jan 2020 (Number)	Share Units: Granted during 2020 (Number)	Share Units: Lapsed during 2020 (Number)	Share Units: Settled during 2020 (Number)	Share Units: Closing Balance on 31 Dec 2020 (Number)	Value (Before Tax): Value of Lapsed Awards During 2020 (ZAR)	Value (Before Tax): Value of Settled Awards During 2020 (ZAR)	Value (Before Tax): Estimated closing fair value on 31 Dec 2020 (ZAR)
Garth Napier													
Long Term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	72,913	–	–	–	72,913	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	72,913	–	–	–	72,913	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	72,911	–	–	–	72,911	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	94,553	–	–	94,553	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	94,553	–	–	94,553	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	94,553	–	–	94,553	–	–	–
Deferred Short Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	13,369	–	–	–	13,369	–	–	159,661
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	88,703	–	–	88,703	–	–	1,059,345
Sign-on Award													
2019 Tranche 1	20-Mar-19	20-Mar-20	21.75	19.29	11.94	108,965	–	–	108,965	–	–	1,163,746	–
2019 Tranche 2	20-Mar-19	20-Mar-21	21.75	19.29	11.94	108,966	–	–	–	108,966	–	–	1,301,338
2019 Tranche 3	20-Mar-19	20-Mar-22	21.75	19.29	11.94	108,966	–	–	–	108,966	–	–	1,301,338
Total						559,003	372,362	–	108,965	822,400	–	1,163,746	3,821,682
Clement Chinaka													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	61,916	–	38,327	23,589	–	420,447	258,771	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	93,131	–	–	–	93,131	–	–	361,474
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	67,433	–	–	–	67,433	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	67,433	–	–	–	67,433	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	67,433	–	–	–	67,433	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	94,142	–	–	94,142	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	94,143	–	–	94,143	–	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	28,395	–	–	28,395	–	–	311,493	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	39,068	–	–	–	39,068	–	–	466,574
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	83,369	–	–	–	83,369	–	–	995,643
2020	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	120,503	–	–	120,503	–	–	1,439,120
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Total						508,642	402,930	38,327	52,448	820,797	420,447	574,937	3,262,811

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	Award Date	Vesting Date	Issue Price (ZAR)	2019 20 Day Year End VWAP (ZAR)	2020 20 Day Year End VWAP (ZAR)	Share Units					Value (Before Tax)		
						Opening Balance on 1 Jan 2020 (Number)	Granted during 2020 (Number)	Lapsed during 2020 (Number)	Settled during 2020 (Number)	Closing Balance on 31 Dec 2020 (Number)	Value of Lapsed Awards During 2020 (ZAR)	Value of Settled Awards During 2020 (ZAR)	Estimated closing fair value on 31 Dec 2020 (ZAR)
Heloise Van Der Mescht													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	30,360	–	18,793	11,567	–	206,157	126,892	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	26,989	–	–	–	26,989	–	–	104,754
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	17,954	–	–	–	17,954	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	17,954	–	–	–	17,954	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	17,955	–	–	–	17,955	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	19.29	11.94	–	85,636	–	–	85,636	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	19.29	11.94	–	85,636	–	–	85,636	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	19.29	11.94	–	85,637	–	–	85,637	–	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	23,377	–	–	23,377	–	–	256,446	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	16,848	–	–	–	16,848	–	–	201,209
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	43,085	–	–	–	43,085	–	–	514,547
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	–	336	–	–	3,384	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	–	128	–	–	1,289	–
Total						194,986	256,909	18,793	35,408	397,694	206,157	388,011	820,510
Karabo Morule													
Long Term Incentive Plan													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	59,966	–	59,966	–	–	1,037,412	–	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	101,113	–	101,113	–	–	1,749,255	–	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	19.29	11.94	70,805	–	70,805	–	–	1,224,927	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	19.29	11.94	70,805	–	70,805	–	–	1,224,927	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	19.29	11.94	70,804	–	70,804	–	–	1,224,909	–	–
Deferred Short Term Incentive													
2017	29-Mar-17	29-Mar-20	35.00	19.29	11.94	21,817	–	21,817	–	–	377,434	–	–
2018	19-Apr-18	19-Apr-21	41.34	19.29	11.94	37,580	–	37,580	–	–	650,134	–	–
2019	20-Mar-19	20-Mar-22	21.75	19.29	11.94	54,616	–	54,616	–	–	944,857	–	–
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	19.29	11.94	336	–	336	–	–	5,813	–	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	19.29	11.94	128	–	128	–	–	2,214	–	–
Total						487,970	–	487,970	–	–	8,441,882	–	–

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Iain Williamson													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	78,161	–	38,924	39,237	–	831,806	838,495	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	142,858	–	–	–	142,858	–	–	1,049,933
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	108,854	–	–	–	108,854	–	–	1,259,876
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	72,414	–	–	72,414	–	–	838,120
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	72,414	–	–	72,414	–	–	838,120
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	72,414	–	–	72,414	–	–	838,120
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	70,103	–	–	70,103	–	–	1,498,101	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	53,884	–	–	–	53,884	–	–	1,039,422
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	46,558	–	–	–	46,558	–	–	898,104
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	93,219	30,552	–	62,667	664,506	–	1,208,846
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29.80	22.34	19.29	162,217	–	–	162,217	–	–	3,257,317	–
2018 Special Award	14-Dec-18	18-Sep-19	22.00	22.34	19.29	61,548	–	–	61,548	–	–	1,235,884	–
Total						724,647	310,461	69,476	333,105	632,527	1,496,312	6,829,797	7,979,491
Casper Troskie													
Long Term Incentive Plan													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	22.34	19.29	100,671	–	–	–	100,671	–	–	1,165,166
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	22.34	19.29	100,671	–	–	–	100,671	–	–	1,165,166
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	22.34	19.29	100,672	–	–	–	100,672	–	–	1,165,178
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	22.34	19.29	38,196	–	–	–	38,196	–	–	442,081
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	22.34	19.29	38,196	–	–	–	38,196	–	–	442,081
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	22.34	19.29	38,197	–	–	–	38,197	–	–	442,092
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	79,655	–	–	79,655	–	–	921,927
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	79,655	–	–	79,655	–	–	921,927
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	79,656	–	–	79,656	–	–	921,939
Deferred Short Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	119,371	39,124	–	80,247	850,947	–	1,547,965
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Buy-out Award													
2018	18-Sep-18	18-Sep-21	29.80	22.34	19.29	83,893	–	–	–	83,893	–	–	1,618,296
2018 Special Grant	14-Dec-18	18-Sep-21	22.00	22.34	19.29	31,831	–	–	–	31,831	–	–	614,020
Total						532,791	358,337	39,124	–	852,004	850,947	–	11,376,788

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Clarence Nethengwe													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	15,515	–	7,726	7,789	–	165,105	166,451	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	18,884	–	–	–	18,884	–	–	138,788
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	95,792	–	–	–	95,792	–	–	1,108,697
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	70,805	–	–	70,805	–	–	819,497
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	70,805	–	–	70,805	–	–	819,497
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	70,804	–	–	70,804	–	–	819,485
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	20,329	–	–	20,329	–	–	434,431	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	15,715	–	–	–	15,715	–	–	303,142
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	35,757	–	–	–	35,757	–	–	689,753
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	128,914	42,251	–	86,663	918,959	–	1,671,729
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	18-Sep-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29.80	22.34	19.29	51,334	–	–	51,334	–	–	1,030,787	–
2018 Special Award	14-Dec-18	18-Sep-19	22.00	22.34	19.29	19,477	–	–	19,477	–	–	391,098	–
Discretionary Share Award													
2015 Tranche 2	9-Sep-15	9-Sep-19	40.03	22.34	19.29	23,274	–	–	23,274	–	–	432,198	–
2015 Tranche 3	9-Sep-15	9-Sep-20	40.03	22.34	19.29	23,274	–	–	–	23,274	–	–	448,955
Total						319,815	341,328	49,977	122,203	488,963	1,084,064	2,454,965	6,828,493
Kerrin Land													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	–	–	–	–	–	–	–	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	–	–	–	–	–	–	–	–
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	–	–	–	–	–	–	–	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	–	–	–	–	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	–	–	–	–	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	–	–	–	–	–	–	–
Deferred Short Term Incentive													
2016 MTI: OM Maximum Return Fund of Funds	23-Mar-16	22-Mar-19	2.94	–	3.26	–	–	–	–	–	–	–	–
2017 MTI: OMMM Maximum Return Fund of Funds	28-Mar-17	23-Mar-20	2.06	–	2.46	–	–	–	–	–	–	–	–
2018 MTI: OM Maximum Return Fund of Funds	26-Apr-18	23-Mar-21	3.16	–	3.40	–	–	–	–	–	–	–	–
2019 MTI: OMMM Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	–	7.01	–	–	–	–	–	–	–	–
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	–	–	–	–	–	–	–	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	–	–	–	–	–	–	–	–
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	–	–	–	–	–	–	–	–
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	–	–	–	–	–	–	–
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	–	–	–	–	–	–	–	–
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	–	–	–	–	–	–	–	–
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29.80	22.34	19.29	–	–	–	–	–	–	–	–
2018 Special Award	14-Dec-18	18-Sep-19	22.00	22.34	19.29	–	–	–	–	–	–	–	–
Total						–	–	–	–	–	–	–	–

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Khaya Gobodo													
Long Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	81,036	–	–	–	81,036	–	–	937,911
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	61,303	–	–	61,303	–	–	709,521
2019 Tranche 2	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	61,303	–	–	61,303	–	–	709,521
2019 Tranche 3	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	61,303	–	–	61,303	–	–	709,521
Deferred Short Term Incentive													
2019 MTI : Global Equity Fund	20-Mar-19	20-Mar-22	30.12	–	31.23	–	64,493	–	–	64,493	–	–	2,014,057
2019 MTI : Investors Fund	20-Mar-19	20-Mar-22	396.28	–	384.05	–	4,903	–	–	4,903	–	–	1,882,830
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Buy-out Award													
2018 Tranche 1	19-Apr-18	19-Apr-21	41.34	22.34	19.29	36,285	–	–	–	36,285	–	–	699,938
2018 Tranche 2	19-Apr-18	19-Apr-22	41.34	22.34	19.29	36,285	–	–	–	36,285	–	–	699,938
2018 Tranche 3	19-Apr-18	19-Apr-23	41.34	22.34	19.29	36,284	–	–	–	36,284	–	–	699,918
Total						–	–	–	–	–	–	–	9,072,105
Prabashini Moodley													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	17,510	–	8,720	8,790	–	186,346	187,842	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	21,213	–	–	–	21,213	–	–	155,905
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	21,287	–	–	–	21,287	–	–	246,376
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	16,092	–	–	16,092	–	–	186,249
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	16,092	–	–	16,092	–	–	186,249
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	16,092	–	–	16,092	–	–	186,249
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	19,921	–	–	19,921	–	–	425,712	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	17,652	–	–	–	17,652	–	–	340,507
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	16,269	–	–	–	16,269	–	–	313,829
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	45,191	–	–	45,191	–	–	871,734
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Total						114,316	93,467	8,720	28,711	170,352	186,346	613,554	2,496,048

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Garth Napier													
Long Term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	72,911	–	–	72,911	–	–	843,872
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	72,913	–	–	72,913	–	–	843,895
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	72,913	–	–	72,913	–	–	843,895
Deferred Short Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	19,886	6,517	–	13,369	141,745	–	257,888
Sign-on Award													
2019 Tranche 1	20-Mar-19	20-Mar-20	21.75	22.34	19.29	–	108,966	–	–	108,966	–	–	2,101,954
2019 Tranche 2	20-Mar-19	20-Mar-21	21.75	22.34	19.29	–	108,965	–	–	108,965	–	–	2,101,935
2019 Tranche 3	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	108,966	–	–	108,966	–	–	2,101,954
Total						–	565,520	6,517	–	559,003	141,745	–	9,095,393
Clement Chinaka													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	50,257	–	25,028	25,229	–	534,848	539,144	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	61,916	–	–	–	61,916	–	–	455,051
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	93,131	–	–	–	93,131	–	–	1,077,898
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	67,433	–	–	67,433	–	–	780,470
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	67,433	–	–	67,433	–	–	780,470
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	67,433	–	–	67,433	–	–	780,470
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	34,644	–	–	34,644	–	–	740,342	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	28,395	–	–	–	28,395	–	–	547,740
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	39,068	–	–	–	39,068	–	–	753,622
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	124,015	40,646	–	83,369	884,051	–	1,608,188
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	18-Sep-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29.80	22.34	19.29	53,332	–	–	53,332	–	–	1,070,907	–
2018 Special Award	14-Dec-18	18-Sep-19	22.00	22.34	19.29	20,235	–	–	20,235	–	–	406,319	–
Total						381,442	326,314	65,674	133,440	508,642	1,418,899	2,756,712	6,792,859

M: Directors’ and Prescribed Officers’ emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Heloise Van Der Mescht													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	25,180	–	12,540	12,640	–	267,980	270,117	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	30,360	–	–	–	30,360	–	–	223,131
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	26,989	–	–	–	26,989	–	–	312,371
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	17,954	–	–	17,954	–	–	207,800
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	17,954	–	–	17,954	–	–	207,800
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	17,955	–	–	17,955	–	–	207,811
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	22,335	–	–	22,335	–	–	477,299	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	23,377	–	–	–	23,377	–	–	450,942
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	16,848	–	–	–	16,848	–	–	324,998
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	43,085	–	–	43,085	–	–	831,110
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Total						145,553	96,948	12,540	34,975	194,986	267,980	747,416	2,774,913
Karabo Morule													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	49,500	–	24,651	24,849	–	526,792	531,023	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	59,966	–	–	–	59,966	–	–	440,720
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	101,113	–	–	–	101,113	–	–	1,170,282
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	70,805	–	–	70,805	–	–	819,497
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	22.34	19.29	–	70,805	–	–	70,805	–	–	819,497
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	22.34	19.29	–	70,804	–	–	70,804	–	–	819,485
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	26,739	–	–	26,739	–	–	571,412	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	21,817	–	–	–	21,817	–	–	420,850
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	37,580	–	–	–	37,580	–	–	724,918
2019	20-Mar-19	20-Mar-22	21.75	22.34	19.29	–	81,243	26,627	–	54,616	579,137	–	1,053,543
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29.80	22.34	19.29	336	–	–	–	336	–	–	6,481
2018 Special Award	14-Dec-18	18-Sep-20	22.00	22.34	19.29	128	–	–	–	128	–	–	2,469
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29.80	22.34	19.29	100,883	–	–	100,883	–	–	2,025,731	–
2018 Special Award	14-Dec-18	18-Sep-19	22.00	22.34	19.29	38,277	–	–	38,277	–	–	768,602	–
Discretionary Share Award													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	25,000	–	–	25,000	–	–	534,250	–
Total						461,339	293,657	51,278	215,748	487,970	1,105,929	4,431,018	6,277,742

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
David Macready													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	147,657	–	73,533	74,124	–	1,571,400	1,584,030	–
2017	29-Mar-17	29-Mar-20	35.00	22.34	19.29	175,500	–	58,287	–	117,213	1,257,251	–	861,456
2018	19-Apr-18	19-Apr-21	41.34	22.34	19.29	156,015	–	106,763	–	49,252	2,302,878	–	570,043
Deferred Short Term Incentive													
2016	14-Mar-16	14-Mar-19	40.00	22.34	19.29	109,051	–	–	109,051	–	–	2,330,420	–
Broad-Based Employee Share Plan													
2018	18-Sep-18	1-Apr-19	29.80	22.34	19.29	336	–	–	336	–	–	7,248	–
2018 Special Award	14-Dec-18	1-Apr-19	22.00	22.34	19.29	128	–	–	128	–	–	2,761	–
Managed Separation Incentive Plan													
2018	18-Sep-18	1-Apr-19	29.80	22.34	19.29	211,674	–	–	211,674	–	–	4,565,808	–
2018 Special Award	14-Dec-18	1-Apr-19	22.00	22.34	19.29	80,312	–	–	80,312	–	–	1,732,330	–
Total						880,673	–	238,583	475,625	166,465	5,131,529	10,222,597	1,431,498
Jonas Mushosho													
Long Term Incentive Plan													
2016	14-Mar-16	14-Mar-19	2.54	1.58	1.34	46,054	–	22,918	23,136	–	33,919	34,241	–
2017	6-Sep-17	6-Sep-20	2.67	1.58	1.34	67,322	–	15,357	–	51,965	21,599	–	26,577
2018	19-Apr-18	19-Apr-21	3.45	1.58	1.34	100,456	–	43,538	–	56,918	61,235	–	45,842
2019 Tranche 1	20-Mar-19	20-Mar-22	1.50	1.58	1.34	–	79,670	58,881	–	20,789	82,814	–	16,744
2019 Tranche 2	20-Mar-19	20-Mar-23	1.50	1.58	1.34	–	79,670	64,075	–	15,595	90,119	–	12,560
2019 Tranche 3	20-Mar-19	20-Mar-24	1.50	1.58	1.34	–	79,671	67,200	–	12,471	94,515	–	10,044
Deferred Short Term Incentive													
2016	1-Apr-16	1-Apr-19	0.82	1.58	1.34	189,238	–	–	189,238	–	–	155,175	–
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	2.00	1.58	1.34	336	–	–	336	–	–	473	–
2018 Special Award	18-Sep-18	18-Sep-20	1.55	1.58	1.34	128	–	–	128	–	–	180	–
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	2.00	1.58	1.34	159,908	–	–	159,908	–	–	201,176	–
2018 Special Award	14-Dec-18	18-Sep-19	1.55	1.58	1.34	60,672	–	–	60,672	–	–	76,330	–
Total						624,114	239,011	271,969	433,418	157,738	384,201	467,575	111,767

M: Directors' and Prescribed Officers' emoluments

Bonus share awards

	2019					2019							
						Share Units					Value (Before Tax)		
	Award Date	Vesting Date	Issue Price (ZAR)	2018 20 Day Year End VWAP (ZAR)	2019 20 Day Year End VWAP (ZAR)	Opening Balance on 1 Jan 2019 (Number)	Granted during 2019 (Number)	Lapsed during 2019 (Number)	Settled during 2019 (Number)	Closing Balance on 31 Dec 2019 (Number)	Value of Lapsed Awards During 2019 (ZAR)	Value of Settled Awards During 2019 (ZAR)	Estimated closing fair value on 31 Dec 2019 (ZAR)
Peter Moyo													
Long Term Incentive Plan													
2017	6-Sep-17	6-Sep-20	34,50	22,34	19,29	543,479	–	543,479	–	–	11,750,016	–	–
2018	19-Apr-18	19-Apr-21	41,34	22,34	19,29	290,276	–	290,276	–	–	6,275,767	–	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21,75	22,34	19,29	–	193,104	193,104	–	–	4,174,908	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21,75	22,34	19,29	–	193,104	193,104	–	–	4,174,908	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21,75	22,34	19,29	–	193,103	193,103	–	–	4,174,887	–	–
Deferred Short Term Incentive													
2018	19-Apr-18	19-Apr-21	41,34	22,34	19,29	54,690	–	54,690	–	–	1,182,398	–	–
2019	20-Mar-19	20-Mar-22	21,75	22,34	19,29	–	219,027	219,027	–	–	4,735,364	–	–
Broad-Based Employee Share Plan													
2018	18-Sep-18	18-Sep-20	29,80	22,34	19,29	336	–	336	–	–	7,264	–	–
2018 Special Award	14-Dec-18	18-Sep-20	22,00	22,34	19,29	128	–	128	–	–	2,767	–	–
Managed Separation Incentive Plan													
2018	18-Sep-18	18-Sep-19	29,80	22,34	19,29	227,140	–	227,140	–	–	4,910,767	–	–
2018 Special Award	14-Dec-18	18-Sep-19	22,00	22,34	19,29	86,180	–	86,180	–	–	1,863,212	–	–
Buy-out Award													
2017 Tranche 1	6-Sep-17	6-Sep-20	34,50	22,34	19,29	181,160	–	181,160	–	–	3,916,679	–	–
2017 Tranche 2	6-Sep-17	6-Sep-21	34,50	22,34	19,29	181,160	–	181,160	–	–	3,916,679	–	–
2017 Tranche 3	6-Sep-17	6-Sep-22	34,50	22,34	19,29	181,159	–	181,159	–	–	3,916,658	–	–
Total						1,745,708	798,338	2,544,046	–	–	55,002,274	–	–

M: Directors' and Prescribed Officers' emoluments

Non-executive directors	2020	2019
Trevor Manuel (Chairman)	4,853,000	5,029,402
Brian Armstrong (Appointed 29 June 2020)	481,392	–
Peter de Beyer	3,007,514	2,712,992
Matthys du Toit	1,201,845	1,240,369
Olufunke Ighodaro (Appointed 11 December 2020)	65,190	–
Itumeleng Kgaboesele	1,735,733	1,408,959
Sizeka Magwentshu-Rensburg	1,457,155	1,516,865
Thoko Mokgosi-Mwantembe	1,011,945	1,320,185
Nosipho Molope	1,819,875	1,909,775
Marshall Rapiya	1,268,327	1,211,518
Stewart van Graan	1,403,150	1,449,637
Albert Essien	1,605,832	1,191,764
John Lister	4,746,732	4,083,520
James Mwangi	1,505,092	1,194,371
Paul Baloyi (Resigned 9 June 2020)	509,337	1,359,535
Nombulelo Moholi (Resigned 18 September 2019)	–	1,276,472
	26,672,119	26,905,365

The above amounts are shown exclusive of VAT.

N: Share ownership

At 31 December 2020

Public and non-public shareholding of ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	451,907	96.79%	4,557,197,637	96.78%
Non-public	24	3.214%	151,356,012	3.22%
Directors and associates	9	0.020%	955,612	0.02%
Employee Share Trusts	6	1.724%	81,187,306	1.73%
Black Economic Empowerment Trusts	8	1.460%	68742792	1.46%
Restricted	1	0.010%	470302	0.01%

MAJOR SHAREHOLDERS

Pursuant to Section 56(7) of the Companies Act, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2020 are disclosed:

	Number of shares	% of ordinary shares
Public Investment Corporation	726,420,008	15.43%
Allan Gray	528,991,702	12.05%

Major categories of shareholders	Number of holders	% holding	Number of shares	% of total
1 – 100	3,438	8.96%	164,705	0.00%
101 – 500	27,883	72.68%	7,538,869	0.16%
501 – 5000	6,252	16.30%	8,683,639	0.18%
5001 – 100 000	749	1.95%	10,754,932	0.23%
100 001 – 500 000	33	0.09%	6,424,742	0.14%
500 001+	11	0.03%	4,674,986,762	99.29%
Total	38,366	100%	4,708,553,649	100%

	South Africa		Malawi	
Register profiles	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Nominee	355,667	220,744,164	134	35,913
Certificated	16	279,878	4,278	5,471,243
Dematerialised	45,197	4,170,353,753	257	10,155,775
	400,880	4,391,377,795	4,669	15,662,931

N: Share ownership

Register profiles	Namibia		United Kingdom	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Nominee	6,881	9,371,099	542	194,413,045
Certificated	–	–	8,795	31,560,356
	6,881	9,371,099	9,337	225,973,401

Register profiles	Zimbabwe	
	Number of shareholders	Number of shares
Nominee	3,397	660,968
Certificated	25,271	15,674,315
Dematerialised	1,496	49,833,140
	30,164	66,168,423

Register Profiles

Major categories of shareholders	31 December 2020		31 December 2019		Variance	
	Number of shares	% issued Capital	Number of shares	% issued Capital	Number of shares	% issued Capital
Old Mutual Policyholders	80,587,594	1.8%	94,328,411	2.12%	(13,740,817)	(0.32%)

Notes

COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2020

DO GREAT THINGS EVERY DAY

Statement of comprehensive income

For the year ended 31 December 2020

Rm	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Revenue			
Investment income	3	**5,695**	8,690
Other income		**14**	1
Expenses			
Impairment of investments in Group subsidiaries	4	**(76)**	(977)
Operating and administration expenses	5	**(180)**	(238)
Profit before tax		**5,453**	7,476
Income tax expense	6	**(31)**	(37)
Profit after tax for the financial year		**5,422**	7,439
Total comprehensive income for the financial year		**5,422**	7,439

Statement of financial position

As at 31 December 2020

Rm	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Assets			
Non-current assets			
Investments in Group subsidiaries	7	**103,916**	103,992
Current assets			
Other receivables	8	**15**	2
Cash and cash equivalents	9	**3 130**	581
Total assets		**107,061**	104,575
Liabilities			
Current liabilities			
Amounts due to Group company	10	**49**	49
Payables	11	**757**	184
Total liabilities		**806**	233
Net assets		**106,255**	104,342
Equity			
Share capital	13	**85**	85
Retained earnings		**9,156**	7,243
Reorganisation reserve		**97,014**	97,014
Total equity		**106,255**	104,342

Statement of changes in equity

For the year ended 31 December 2020

31 December 2020 Rm	Note	Share capital	Reorganisation reserve[1]	Retained earnings	Total equity
Shareholders' equity at beginning of year		**85**	**97,014**	**7,243**	**104,342**
Profit after tax for the financial year		**–**	**–**	**5,422**	**5,422**
Total comprehensive income for the financial year		**–**	**–**	**5,422**	**5,422**
Transactions with the owners of the Company:					
Dividends paid		**–**	**–**	**(3,509)**	**(3,509)**
Transactions with shareholders				**(3,509)**	**(3,509)**
Shareholders' equity at end of year		**85**	**97,014**	**9,156**	**106,255**

31 December 2019 Rm	Note	Share capital	Reorganisation reserve[1]	Retained earnings	Total equity
Shareholders' equity at beginning of period		89	101,893	5,388	107,370
Profit after tax for the financial year		–	–	7,439	7,439
Total comprehensive income for the financial period		–	–	7,439	7,439
Transactions with the owners of the Company:					
Dividends paid		–	–	(5,567)	(5,567)
Share buyback	13	(4)	(4,879)	(17)	(4,900)
Transactions with shareholders		(4)	(4,879)	(5,584)	(10,467)
Shareholders' equity at end of period		85	97,014	7,243	104,342

1 The reorganisation reserve arose on 26 June 2018, in terms of a UK court scheme of arrangement having the effect of inserting the Company as a new holding company above the Old Mutual plc Group. As Old Mutual plc remains within the Old Mutual Limited Group and in terms of predecessor accounting, R89 million has been allocated to share capital. This represents the share capital of Old Mutual plc before the reorganisation. The remainder of the investment in Old Mutual plc has been allocated to the reorganisation reserve within equity, and represents the reserves of the previous Old Mutual plc Group. In preparation of the Old Mutual Limited Group financial statements, this reserve will eliminate and be replaced by the Group's reserves.

Statement of cash flows

For the year ended 31 December 2020

Rm	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities			
Profit before tax		**5,453**	7,476
Non-cash movements and adjustments to profit before tax	12.1	**(5,619)**	(7,696)
Changes in working capital	12.2	**557**	68
Interest received	3	**72**	125
Dividends received	3	**5,626**	8,608
Tax paid		**(31)**	(41)
Net cash generated from operating activities		**6,058**	8,540
Cash flows from financing activities			
Repayment of intercompany loan		**–**	(7)
Share buyback		**–**	(4,900)
Dividends paid to Company's shareholders		**(3,509)**	(5,567)
Net cash utilised in financing activities		**(3,509)**	(10,474)
Net increase/(decrease) in cash and cash equivalents		**2,549**	(1,934)
Cash and cash equivalents at beginning of year		**581**	2,515
Cash and cash equivalents at end of year		**3,130**	581

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

1.1 Statement of compliance

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

Basis of preparation

The financial statements provide information about the financial position of the Company and have been prepared under the historical cost convention. The accounting policies applied have been consistently applied to all periods presented.

The Company's presentation currency is South African rand and all amounts are presented in millions of rands.

The Company is a company incorporated in South Africa. On 25 June 2018, the Company became the parent of Old Mutual plc through a share for share exchange, with the Company receiving the entire net asset value of Old Mutual plc, the original parent company of Old Mutual Limited and its subsidiaries, in exchange for the issue of ordinary shares of the Company to the original shareholders of Old Mutual plc. This was a reorganisation of the previous existing Group which was called Managed Separation and, although there was a change in legal ownership, there was no change in the economic substance of the reporting entity.

1.2 Share Capital

Ordinary share capital is classified as equity if it is non-redeemable by the shareholder and any dividends are discretionary.

1.3 Investments in Group subsidiaries

The Company's interest in its subsidiaries and associates is accounted for at cost less impairment in accordance with IAS 27, Separate Financial Statements . The Company's interest in subsidiaries was acquired as a consequence of Managed Separation.

1.4 Revenue

Revenue includes investment income which comprises dividend and interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date as investment income.

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method taking into account the expected timing and amount of cash flows. Interest income include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

1.5 Foreign currency translation

Transactions in foreign currencies are converted into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the balance sheet date. Exchange gains and losses on the translation and settlement during the period of foreign currency monetary assets and liabilities are recognised in the profit or loss.

1.6 Taxation

The income tax charge for the year comprises current tax. Included within the tax charge are charges relating to normal income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

1.7 Financial instruments

Financial instruments comprise of other receivables, cash and cash equivalents, amounts due to Group company and payables.

1. Accounting policies

1.7 Financial instruments

1.7.1 Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair value through profit or loss(FVTPL)

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

Initial recognition of financial liabilities

On initial recognition, financial liabilities are measured at fair value minus in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial assets

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Subsequent measurement of financial liabilities

These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

For more detailed disclosure please refer to note E1 in the consolidated financial statements.

1.7.2 Impairment of financial assets

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

Company's assessment

The Company has elected to apply the IFRS 9 simplified approach in measuring expected credit losses. This uses a provision matrix when determining the lifetime expected loss allowance for all other receivables. The impairment loss based on the ECL calculations was immaterial.

1.8 Significant judgements and estimates

In terms of IAS 36- Impairment of Assets , the investment in Old Mutual Group Holdings (OMGH) was assessed for impairment for the year ended 31 December 2020 due to the impact that of COVID-19 has had on the economy and business. In performing the impairment test,OMGH's value in use was determined using a discounted cash flow model. OMGH is the holding company for the operating entities of Old Mutual Limited (OML), and it has access to the cash flows of these entities through the discounted cash flows incorporated free cash flows derived from dividend projections and additional free surplus generated, discounted at the Group's cost of equity rate.

Due to the complexity of the current economic environment, multiple valuations were performed assuming a range of earnings and economic recovery scenarios. The final value in use has been calculated as an average of these calculations, with appropriate weighting applied to potential downside scenarios.

For the year ended 31 December 2020, the value in use exceeded the carrying amount and thus no impairment loss recognised in terms of IAS 36.

1. Accounting policies

1.9 New standards and interpretations

There were no new standards effective for the first time in the annual reporting period commencing on 1 January 2020. The following amendments were applicable to reporting standard in issue for prior to 1 January 2020:

The Company has adopted the following Standards for the first time in the annual reporting period commencing 1 January 2020:

- Conceptual Framework (Improvement in the definition and recognition of assets and liabilities)
- IAS 1 and IAS 8 (Amendments to the definition of material)
- IFRS 3: Business Combinations (amendment to the definition of Business)
- IFRS 16 : Leases (COVID-19 Related Rent Concession)

These standards are not expected to have a material impact on the financial statements.

1.10 New standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2020.

- IAS 1 amendments on classification
- Amendments to IFRS 17
- Amendments on disclosure of accounting policies
- IAS 8 amendments on accounting estimates
- IAS 16 amendments regarding proceeds before intended use
- 2018-2020 annual improvement cycle
- IAS 37 amendments regarding onerous contacts
- IFRS 3 amendments updating a reference to the Conceptual Framework
- IBOR Reform phase 2 amendments
- IFRS 16 amendments

These standards are not expected to have a material impact on the financial statements.

2 Statement of financial position – assets and liabilities

Categories of financial instruments

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

31 December 2020 Rm	Amortised cost	Non-financial assets and liabilities	Total
Assets			
Investment in Group subsidiaries	–	103,916	103,916
Other receivables	10	5	15
Cash and cash equivalents	3,130	–	3,130
Total assets	3 140	103,921	107,061
Liabilities			
Amount due to Group company	49	–	49
Payables	757	–	757
Total liabilities	806	–	806

31 December 2019 Rm	Amortised cost	Non-financial assets and liabilities	Total
Assets			
Investment in Group subsidiaries	–	103,992	103,992
Other receivables	2	–	2
Cash and cash equivalents	581	–	581
Total assets	583	103,992	104,575
Liabilities			
Amount due to Group company	49	–	49
Payables	184	–	184
Total liabilities	233	–	233

Management has considered the Covid-19 impact on these balances and no impact was experienced.

Fair values of financial assets and liabilities

(a) Determination of fair value

The fair values of financial assets and liabilities at amortised cost (comprising cash and cash equivalents, other receivables, amount due to Group company and payables) reasonably approximate their carrying amounts as included in the statement of financial position as they are short term in nature or re-priced to current market rates frequently.

3 Investment income

Rm	31 December 2020	31 December 2019
Dividend income – cash		
Dividend income from subsidiaries – local	4,680	6,085
Dividend income from subsidiaries – foreign	946	2,523
Interest income		
Cash and cash equivalents	72	125
Foreign exchange losses	(3)	(17)
Realised loss		
Disposal of Group subsidiary	–	(26)
	5,695	8,690

4 Impairment of investments in subsidiaries

Rm	Recoverable amounts	31 December 2020	31 December 2019
Old Mutual International (Guernsey) Limited	–	–	58
Old Mutual Group (UK) Limited[1]	735	12	596
Old Mutual Business Services Limited[1]	361	64	310
Fairbairn Investments (UK) Limited	–	–	13
Old Mutual Group Holdings (SA) (Pty) Limited	–	–	–
	1,096	76	977

1 *The Old Mutual PLC entities will be liquidated which is why Old Mutual Business Services Limited and Old Mutual Group(UK) Limited were impaired. They were impaired to their recoverable amounts which is the fair value less costs to sell.*

Management has considered the COVID-19 impact on these balances and no impact was experienced.

The net asset value was used to determine the recoverable amount. This net asset value approximates fair value less cost to sell. The net asset value would be considered a level 2 investment under the fair value hierarchy.

5 Operating and administration expenses

Rm	31 December 2020	31 December 2019
Operating and administration expenses include:		
Statutory audit services	23	86
Administration costs	54	59
Directors' emoluments	29	29
Professional fees	74	64
	180	238

6 Income tax expense

Rm	31 December 2020	31 December 2019
South African taxation		
Normal tax – current year	**33**	35
– prior year (income)/expense	**(2)**	2
	31	37

Numerical taxation reconciliation Rm	31 December 2020	31 December 2019
Profit before tax	**5,453**	7,476
Tax at South African standard rate of 28%	**1,527**	2,093
Exempt income – dividends	**(1,575)**	(2,410)
Disallowed expenses	**70**	352
Adjustment to current tax in respect of prior year	**(2)**	2
CFC income	**11**	–
Tax expense rate	**31**	37

The majority of the Company's income relates to dividends received which is exempt for tax purposes. Expenses that are deductible is apportioned accordingly.

7 Investments in Group subsidiaries

Rm	31 December 2020	31 December 2019
Unlisted – subsidiaries (all held at 100%)		
Balance at beginning of the year	**103,992**	105,029
Impairment loss	**(76)**	(977)
Disposal	**–**	(60)
Balance at end of the year	**103,916**	103,992
Closing balance consists of:		
Fairbairn Investments (UK) Limited[1]	**141**	141
Marriott Isle of Man Limited[2]	**48**	48
Old Mutual Business Services Limited[1]	**361**	425
Old Mutual Group Holdings (SA) (Pty) Limited	**102,289**	102,289
Old Mutual Group (UK) Limited[1]	**735**	747
Old Mutual International (Guernsey) Limited[1]	**108**	108
OM Residual UK Limited[1]	**234**	234
	103,916	103,992

1 *Incorporated in the United Kingdom.*
2 *Incorporated in Isle of Man.*

8 Other receivables

Rm	31 December 2020	31 December 2019
Accrued interest on cash and cash equivalents	**10**	2
Prepayments	**5**	–
	15	2

The fair value of other receivables approximates their carrying amount, as the impact of discounting is not significant.

9 Cash and cash equivalents

Rm	31 December 2020	31 December 2019
Cash at bank and in hand	**12**	2
Short term deposits	**3,118**	579
	3,130	581

The fair value of cash and cash equivalents approximates their carrying amount, as the impact of discounting is not significant.

10 Amounts due to Group company

Rm	31 December 2020	31 December 2019
Old Mutual Life Assurance Company (South Africa) Ltd	**49**	49

The loan is unsecured, interest free and was not subject to fixed terms of repayment. The fair value of amount due to Group company approximates its carrying amount, as the impact of discounting is not significant.

11 Payables

Rm	31 December 2020	31 December 2019
Audit fees	**40**	50
Shareholders' unclaimed dividends*	**706**	121
Other payables	**11**	13
	757	184

* *A decision was taken to transfer the unclaimed dividend of R562m in Old Mutual Dividend Access Trust to OML in the current year.*

The fair value of other payables approximates their carrying amount, as the impact of discounting is not significant.

12 Notes to the statement of cash flows

12.1 Non-cash movements and adjustments to profit before tax

Rm	31 December 2020	31 December 2019
Dividend income	5,626	8,608
Interest income	72	125
Foreign exchange losses	(3)	(17)
Share buyback expenses	–	(17)
Realised loss[1]	–	(26)
Impairment of investments in Group subsidiaries	(76)	(977)
	5,619	7,696

1 *Disposal of Group subsidiary.*

12 Notes to the statement of cash flows

12.2 Changes in working capital

Rm	31 December 2020	31 December 2019
(Increase)/decrease in other receivables	(16)	7
Increase in other payables	573	61
	557	68

13 Share capital

Rm	31 December 2020	31 December 2019
Authorised share capital		
10,000,000,000 no par value shares	–	–
Issued share capital		
4,708 ,553,649 (2018: 4,942 million) no par value ordinary shares	85	85

Share buybacks

During the year ended 31 December 2019, the Company repurchased 233,494,706 of its issued ordinary shares on the Johannesburg Stock Exchange (JSE) as part of two separate share repurchase programmes announced on 11 March 2019 and 2 September 2019 respectively.

The first tranche of share buybacks concluded on 21 May 2019. The aggregate number of shares repurchased amounted to 110,783,507 at prices ranging between 2,118 cents and 2,399 cents per share, resulting in a total cash outflow of R2.5 billion.

The second tranche of share buybacks concluded on 8 October 2019. The aggregate number of shares repurchased amounted to 112,711,199 at prices ranging between 1,767 cents and 2,019 cents per share, resulting in a total cash outflow of R2.4 billion.

The repurchased shares have been cancelled as issued shares and have reverted back to authorised but unissued share capital status.

Unissued shares

Unissued shares are under the control of the Directors until the forthcoming annual general meeting.

14 Financial risk and capital management

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its financial liabilities. The most important components of financial risk that are relevant to the Company are market risk, liquidity risk and credit risk.

Capital adequacy

Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders. The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analyses of forecasts, and the operations of the Capital Management Committee (CMC) that the Group's capital is managed.

The CMC is a sub-committee of the Executive Committee, established to set an appropriate framework and guidelines to ensure the appropriate management of capital, to allocate capital to the various businesses, and to monitor return on allocated capital for each business relative to the agreed hurdle. The CMC comprises the Executive Directors together with certain executives and senior managers. Meetings are held a regularly as circumstances require and in any event not less than half-yearly and approve requests for capital that are outside the business plans.

For more detailed disclosure please refer to paragraph 14 in the consolidated AFS.

Sensitivities

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through stress tests, scenario analyses and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

For further details of the management of specific financial risks, refer to the relevant sections of this note.

Credit risk

Credit and Counterparty Risk refers to the risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties and any other debtors to which the Company is exposed, in the form of counterparty default risk, or spread risk, or credit risk concentrations.

The Old Mutual Group has adopted a consistent, Group-wide approach to Enterprise Risk Management that conforms to good practice and compliance with Solvency II requirements. The approach includes the articulation of minimum Principles and Standards as set out in Group risk policies.

Credit risk management is primarily managed by the relevant business unit, as line 1 of defence, with Balance Sheet Management playing a strategic line 1 role, at Group level. Group Risk plays a line 2 oversight role.

Included in both the CMC and Executive Risk Committee ("ERC") are respective responsibilities to credit risk management, with the CMC largely playing a line 1 role, and ERC a line 2 role. Where necessary, all reports are escalated to the relevant Board committees.

Maximum exposure to credit risk Rm	Credit rating	Year ended 31 December 202 0	Year ended 31 December 2019
Other receivables	Unrated	5	2
Accrued interest			
Nedbank and ABSA	BB	6	–
Stanlib	BB+	4	–
Cash and cash equivalents		3,130	581
		3,145	583

There are no assets which are past due or impaired.

Rm	Credit rating	Year ended 31 December 2020	Year ended 31 December 2019
ABSA Limited	BB	1,286	181
Nedbank Limited	BB	698	29
Stanlib	BB+	1,146	371
		3,130	581

14 Financial risk and capital management

Market risk

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, on its financial position, financial performance and cash flows.

Sensitivities

Sensitivity analysis table

	Balance at 31 December 2020	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents	**9**	**(1)**	**1**
Profit before tax	**5,453**	**1**	**(1)**
Profit after tax	**5,422**	**1**	**(1)**

	Balance at 31 December 2019	10% strengthening of ZAR	10% weakening of ZAR
Cash and cash equivalents	11	(1)	1
Closing rate:	7,476	1	(1)
Average rate:	7,439	1	(1)

The Company's exposure to market risk in the current year and prior year is immaterial.

Currency risk

The Company's exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its cash flows is immaterial at the reporting date.

The Company has investments in subsidiaries whose functional currency is GBP, whereas the functional currency of the Company is Rand. These investments are held at cost.

The Company is also exposed to foreign exchange risk through its foreign dividend payments in GBP. The Company's treasury risk management policy is to take out forward exchange contracts to cover exposures.

The Company's exposure to currency risk is analysed below:

31 December 2020 Rm	**Pound sterling**
Cash and cash equivalents	**0.467**
Exchange rate (rand)	
Closing rate:	**20.07**
Average rate:	**21.33**

31 December 2019 Rm	Pound sterling
Cash and cash equivalents	0.6
Exchange rate (rand)	
Closing rate:	18.85
Average rate:	18.44

Interest rate risk

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

The Company is exposed to interest rate risk through its cash balances held. The effective interest rate on the cash is 2.85%, cash on call is 3.3% and notice deposit is 4.2%.

Should the interest rate increase or decrease by 1%, the profit before tax will increase by R1.8m or decrease by R1.8m respectively.

Liquidity risk

IFRS 7 defines liquidity risk as the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's executive committee is responsible for the effective management of liquidity risk by putting the appropriate structure and processes in place. The Risk Committee of the Board is responsible for reviewing the adequacy and effectiveness thereof.

The following table analyses the Company's maturity profile of financial liabilities:

31 December 2020 Rm	**<1 year**	**Total**
Amounts due to Group company	**49**	**49**
Payables	**757**	**757**
	806	**806**

31 December 2019 Rm	<1 year	Total
Amounts due to Group company	49	49
Payables	183	183
	232	232

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

Notes to the financial statements

For the year ended 31 December 2020

15 Related parties

Key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Company. The Company's directors, as listed in the Directors' report, are considered to be key management personnel of the Company.

The Company's principal interest in subsidiaries and the amounts due to another Group company are disclosed in note 7 and 10. Transactions with Directors are disclosed in note 20. For further detail please refer to the directors report on page 5 in the consolidated financial statements.

Transactions with related parties

Below are transactions with related parties during the year and balances at year end:

31 December 2020	**OMLAC(SA)**	**Direct subsidiaries**	**Associate**
Statement of comprehensive income			
Interest income	**–**	**–**	**6**
Dividend income	**–**	**5,626**	**–**
Foreign exchange loss	**–**	**–**	**(6)**
Administration costs	**(17)**	**–**	**–**
Statement of financial position			
Cash and cash equivalents	**–**	**–**	**697**
Payables	**562**	**–**	**–**

31 December 2019	OMLAC(SA)	Direct subsidiaries	Associate
Statement of comprehensive income			
Interest income	–	–	25
Dividend income	–	8,608	–
Foreign exchange loss	–	–	(15)
Administration costs	(20)	–	–
Loss on disposal of subsidiary	–	(26)	–
Statement of financial position			
Cash and cash equivalents	–	–	29

For more detailed disclosure on associates please refer to paragraph.

16 Commitments

Enterprise development

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 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.

No further distributions were made in 2020 although 2 further beneficiaries were approved. The disbursements along with legal agreements will transpire Q1 2021. These 2 deals amounted to R20m.

Black economic empowerment

The Company undertook to ensure that black economic empowerment shareholding is at least 25% of issued share capital of the Group within 3 years from the implementation date of the transaction. In addition the Company undertook to ensure that the effective black economic empowerment shareholding in the Company shall, within 5 years of the implementation date, not be less than the effective black economic shareholding of the best empowered peer company at the implementation date.

17 Events subsequent to reporting date

There were no events that occurred subsequent to the reporting date that require disclosure or adjustment to these financial statements. The recent lockdown regulations on the 28 February 2021 are not expected to have a negative impact on Company profits. The national lockdown regulations do not affect the insurance industry and dividends and interest from investee companies are therefore unlikely to be impacted.

18 Going concern

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future. The Company's financial statements have accordingly been prepared on a going concern basis.

19 Guarantee

OML entered into a subordinated noteholder guarantee in terms of which it irrevocably and unconditionally agrees to bind itself as a guarantor for due and punctual performance of all obligations that OMLACSA may incur under its Amended and Restated Domestic Medium Term Note programme.

The financial guarantee is initially measured at fair value and subsequently measured at the higher of:

- The loss allowance determined as expected credit loss under IFRS 9; and
- The amount initially recognized (fair value) less any cumulative amount of income/ amortization recognized in line with IFRS 15;

At 31 December 2020, based on the above, we expected both conditions to provide a zero outcome. Therefore, we would only be left with the prepayment on the balance sheet.

The initial issuance occurred in June 2019 ,where OML11 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R 2 billion and will receive a guarantee fee amounting to R 12 million excluding VAT for each year of assessment.

The second issuance occurred in November 2020 ,where OML12 notes began trading on the JSE Interest Rate Market. The subscribed notes were at a value of R 2 billion and will receive a guarantee fee amounting to R 20.4 million excluding VAT for each year of assessment.

20 Directors' emoluments

Rm	**31 December 2020**	31 December 2019
Total expense for the period	**29**	29

For detailed analysis of Directors emoluments refer to consolidated Group notes.

Notes

Administration

Registered name:	Old Mutual Limited
Country of incorporation:	South Africa
Registration number:	2017/235138/06
Income tax reference number:	9267358233
Share code (JSE, LSE, MSE and ZSE):	OMU
Share code (NSX):	OMM
ISIN:	ZAE000255360
LEI:	213800MON84ZWWPQCN47

Registered Office
Mutualpark
Jan Smuts Drive
Pinelands
Cape Town
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South Africa
Telephone: +27 (0)21 509-9111

Postal Address:
PO Box 66
Cape Town
8000
South Africa

Sponsor

JSE:	**Merrill Lynch South Africa (Pty) Limited**
ZSE:	Imara Capital Zimbabwe plc
NSX:	PSG Wealth Management (Namibia) (Proprietary) Limited
MSE:	Stockbrokers Malawi Limited

Transfer secretaries
Link Market Services South Africa (Pty) Limited
Registration Number: 2000/007239/07
13th Floor
19 Ameshoff Street
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Johannesburg, 2000
Telephone: Local: 086 140 0110
International: +27 (0)11 029 0253 Braamfontein

Group Company Secretary:

Elsabé Kirsten

Directors

Independent non-executive
Trevor Manuel (Chairman)
Peter de Beyer (Lead Independent Director)
Paul Baloyi (Resigned 9 June 2020)
Brian Armstrong (Appointed 29 June 2020)
Matthys du Toit
Albert Essien
Itumeleng Kgaboesele
John Lister
Sizeka Magwentshu-Rensburg
Nosipho Molope
James Mwangi
Stewart van Graan
Olufunke Ighodaro (Appointed 11 December 2020)

Non-executive
Thoko Mokgosi-Mwantembe
Marshall Rapiya

Executive

Iain Williamson (Chief Executive Officer – Appointed 3 July 2020)
Casper Troskie (Chief Financial Officer)

Public Officer
Nazrien Kader

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