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OLD MUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate
For the year ended 31 December 2022



DO GREAT THINGS EVERY DAY

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

Directors' report

The directors of Old Mutual Life Assurance Company (South Africa) Limited (the Company or the Group) have pleasure in submitting their report on the consolidated and separate annual financial statements for the year ended 31 December 2022.

Review of activities

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

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

Profit before tax for the Group was R3 324 million (2021: R7 251 million), and profit after tax was R3 684 million (2021: R3 478 million).

Profit before tax for the company was R2 596 million (2021: R7 278 million), and profit after tax was R3 204 million (2021: R3 741 million).

Consolidated and Company annual financial statements

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

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

Details of the financial results are set out on pages 17 to 167 of the consolidated annual financial statements and on pages 17 to 167 of the separate annual financial statements.

The directors have approved the consolidated and separate annual financial statements as reflected on pages 17 to 167, including the certificate by the Group Company Secretary on page 3 and the Audit committee report for the 2022 financial year on page 11.

Holding company

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

Ultimate holding company

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

Share capital

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

Dividends

Dividends on ordinary shares amounting to R5 480 million (2021: R4 535 million) and dividends on preference shares amounting to RNil (2021: RNil) were declared during the year by the Company.

The directors of the company acknowledged, that it had applied the solvency and liquidity requirements of the Companies Act and Long-term Insurance Act 52 of 1998 prior to the dividend declaration and reasonably concluded that the company will satisfy same immediately after completing the distribution.

Borrowings

The directors may from time to time exercise all of the powers of the Company to (a) borrow for the purposes of the Company such sums as they think fit; and (b) secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of any securities, mortgage or charge upon all or any of the property or assets of the Company provided that the Company may not borrow any assets without the prior written approval of the Prudential Authority, and the authorisation of the shareholders by an ordinary resolution.

Directors

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

The issuer is required, by the Insurance Act, to annually evaluate the performance of the Board of directors of the issuer and that of its committees, its chair and its individual directors as set out by the King Code. The Board hereby confirms that it has performed a performance assessment for the reporting year, which assessment was performed by an independent service provider (*The Board Practice*). The biographical information of the current directors can be found in note L.

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

Name	Position as director	Appointment date	Resignation date
TA Manuel ^c	Independent Non-executive Director	24.10.2017	
PG de Beyer ^{a, ac, c, r}	Independent Non-executive Director	01.03.2012	
AK Essien ^{c, r}	Independent Non-executive Director	24.10.2017	
O Ighodaro ^{a, ac, r}	Independent Non-executive Director	22.09.2020	
I Kgaboesele ^{a, ac}	Independent Non-executive Director	24.10.2017	
J Langner ^{a, ac}	Independent Non-executive Director	20.05.2021	
JR Lister ^{a, ac, r}	Independent Non-executive Director	24.10.2017	
Dr SM Magwentshu-Rensburg ^c	Independent Non-executive Director	24.10.2017	
TM Mokgosi-Mwantembe	Non-executive Director	24.10.2017	
CWN Molope ^{a, ac, r}	Independent Non-executive Director	31.10.2012	Resigned 30.06.2022
BM Rapiya ^{c, r}	Non-executive Director	01.04.2011	Retired 31.07.2022
CG Troskie	Executive Director	01.04.2018	
IG Williamson	Executive Director	27.05.2019	

a Member of the Audit committee.
ac Member of the Actuarial committee.
c Member of the Committee for Customer Affairs.
r Member of the Risk committee.

Directors' interests

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

Directors	Direct beneficial	Indirect beneficial	Total 2022	Direct beneficial	Indirect beneficial	Total 2021
TA Manuel	437	–	437	437	–	437
PG de Beyer	962	–	962	962	–	962
O Ighodaro	20 000	–	20 000	20 000	–	20 000
I Kgaboesele ¹	–	47 900	47 900	–	13 500	13 500
BM Rapiya ²	1 662	333 364	335 026	1 662	333 364	335 026
CG Troskie ³	310 943	–	310 943	236 412	–	236 412
IG Williamson ^{3,4}	847 758	–	847 758	482 698	–	482 698

¹ Purchase of Old Mutual Limited shares on 1 September 2022 by an associate.
² Retired from the Old Mutual Limited Board on 31 July 2022. Holding disclosed as at 31 July 2022.
³ The amounts for CG Troskie and IG Williamson exclude unvested shares in STI and LTI schemes.
⁴ Purchase of Old Mutual Limited shares on 1 September 2022.

The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

There have been no changes in the directors' interests between 31 December 2022 and the date of publication of the annual report.

Group Company Secretary

EM Kirsten is the Group Company Secretary.

Auditors

During the year, Deloitte & Touche and Ernst & Young Inc. have been the joint auditors of the Group and the Company.

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

Debt officer

The Board has considered and is satisfied with the competence, qualifications and experience of the appointed debt officer, M van der Walt.

Events after the reporting period

Continued loadshedding and the declaration of a national state of disaster in South Africa will put additional pressure on our clients' disposable income as the economic impacts filter down to household level. We are, however, positive that the measures put in place through the state of disaster will accelerate the resolution of the energy crisis.

Furthermore, on 24 February 2023, South Africa was 'greylisted' by the Financial Action Task Force. While this decision could have potential financial and economic impacts, at Old Mutual, we do not expect South Africa's 'greylisting' to have a material impact on our relationship with our customers. Old Mutual has always taken care to safeguard our customers' investments with us and we will continue to do so through our processes and controls to manage the risk of money laundering, proliferation, and terrorist financing.

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2022 until the date of authorisation of these audited consolidated financial statements.

Corporate governance report

Corporate Governance Framework

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

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

The OMLACSA Board is satisfied that during 2022, it complied with the GGF, and has applied the King IV™ principles on the same basis as the Group. Refer to the full Old Mutual Limited Corporate Governance Report 2022 at <https://www.oldmutual.com/investor-relations/reporting-centre/reports> details of the application and explanation of the GGF principles and King IV™ requirements.

Going concern

Although the key management focus from a performance perspective is on Old Mutual Limited and its segments, significant information is collected for OMLACSA due to its regulated nature. The business plan process focused on OMLACSA capital compliance and ensuring liquidity reserves remained sufficient.

Despite the challenging local economic environment, the results of the projections indicate that the group is expected to remain sufficiently capitalised to continue as a going concern. No material uncertainty in relation to the going concern has been identified and no items were identified through the operational business plan process that are expected to negatively impact the ability to continue as a going concern.

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

Audit committee report

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 Group internal audit function, the Chief Financial Officer and the independence and effectiveness of the Group's external auditors.

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

Committee composition

The committee comprises five Independent Non-executive Directors who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act. Two out of the five committee members are chartered accountants and all five 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 date	Resignation date	Board status	Scheduled meeting attendance [#]
O Ighodaro (Chairperson) BSc (Hons), FCA (ICAEW), CA(SA)	22.09.2020		Independent Non-executive	6/6
PG de Beyer BBus Sci (Hons), FASSA	01.03.2012		Independent Non-executive	6/6
I Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	24.10.2017		Independent Non-executive	5/6
J Langner BCom, FASSA, FFA	20.05.2021		Independent Non-executive	6/6
JR Lister BSc (Stats), FIA	24.10.2017		Independent Non-executive	6/6
CWN Molope BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)	31.10.2012	30.06.2022	Independent Non-executive	1/3

[#] In accordance with the Audit committee's Terms of Reference, it held the minimum of four scheduled meetings during 2022, convening six scheduled meetings along with four ad hoc meetings to adequately discharge its duties in accordance with its mandate.

Invited attendees

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

When required, country and subsidiary Audit committee Chairpersons will be invited to attend meetings. The Group Company Secretary or her delegate is the secretary of the committee.

The committee Chairperson may, from time to time, attend subsidiaries' Audit committee meetings.

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

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

Actuarial sub-committee

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 relevant actuarial matters are properly considered prior to decision making by the Audit committee. The Actuarial committee is chaired by John Lister, an Independent Non-executive Director and a qualified actuary.

Audit committee report

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
Insurance contract liabilities	The committee reviewed and interrogated reports from the Group Chief Actuary, Group Actuary and the external auditors on actuarial assumptions and basis changes, including extensive discussions on the impact of COVID-19 on key assumptions and provisions.
Valuation of property assets	The committee reviewed the appropriateness of property asset valuations.
Valuation of investments and securities	Considered the appropriateness of investments and securities valuations, with focus on level 3 instruments.
IFRS 17	The committee reviewed key updates, policy and methodology decisions and upcoming milestones of the IFRS 17 programme, which included an IFRS 17 external assurance progress report. It focused on understanding how IFRS 17 impacts the Group's financial results, considering the proposed approach by management, and preparing for its application, commencement and implementation.
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. It 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:

- » Reviewed the Key Audit Matters identified by the external auditors and monitored the appropriateness of the management actions taken to address 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
- » Remained apprised of key updates, policy and methodology decisions and upcoming milestones on the IFRS 17 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. Monitored the Group's continued response to the impact and mitigation of the COVID-19 pandemic.
- » Stayed apprised of key updates, policy and methodology decisions and upcoming milestones for the implementation of IFRS 17.
- » Recommended to the Board for approval, the annual financial statements, interim and annual results and the financial information included in the 2022 Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.
- » Reviewed and approved the combined assurance plan for OMLACSA, ensuring the inclusion of material risk areas, acceptable coverage of business processes and that all reporting requirements were met. Confirmed that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.
- » Reviewed reports from the Group Chief Actuary, Group Actuary and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of OMLACSA at 31 December 2022.
- » Monitored the levels of the various capital measures in OMLACSA, ensuring that they are within acceptable ranges.
- » Reviewed and recommended to the Board for approval, subject to Prudential Authority approval, the issuance of up to R1.61 billion subordinated debt by OMLACSA in terms of the Group consolidated multi-issuer note programme.

Internal controls and risk management

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

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

During the year under review, the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls. These reports included internal and external audit reports, reports from the Board's Risk committee, as well as specific internal control reports from management relating to internal attestation of financial and other controls. The group's modernisation and transformational projects to upgrade various legacy IT platforms continued to receive particular focus through the Technology and Platforms, Risk and Audit committees.

Where deficient controls or matters were raised, the committee reviewed the progress on remediation plans and was satisfied that any material impact on the Group's annual financial statements had been appropriately mitigated by management, through manual controls and increased oversight, where necessary. Significant progress was noted by the committee in terms of improved controls and automation. The committee will continue to monitor and evaluate any remaining deficient controls as well as remediation plans in 2023.

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

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.
- » Evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter and audit plan. Confirmed the appropriateness of the expertise, experience and resources of the internal audit function and that of the Group internal audit director.
- » Reviewed and approved the annual consolidated 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.

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.

Audit committee report

External auditors

The Audit committee is responsible for the appointment, compensation and oversight of the joint external auditors for the Group, namely Deloitte & Touche and Ernst & Young Inc. Deloitte & Touche has served as joint auditor of the Group since June 2018, whereas Ernst & Young Inc. was appointed in May 2022 due to firm rotation.

During the year under review the Audit committee:

- » Assessed the suitability for appointment and 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 appointment of the joint external auditors Deloitte & Touche (with John Kruger as designated registered auditor and joint signing partner of OMLACSA) and Ernst & Young Inc. (with Eugene Breytenbach as designated registered auditor and joint signing partner for OMLACSA).
- » Tracked the transition plan for the rotation of Ernst & Young Inc. to replace KPMG Inc. as the external auditor.
- » 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.
- » Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services.
- » Ensured coordination and cooperation between the external and internal auditors.
- » Reviewed the external auditors findings and recommendations and ensured that matters raised were resolved appropriately.
- » 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 it was confirmed that throughout the audit there was good support from the management teams.
- » Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements. Reviewed the 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, approval process 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 independence and 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 GGF, both the boards of non-operating holding companies and holding companies with own operations are required to adopt the Combined Assurance Framework and ensure that the framework is implemented within their entity. Any areas of concern are escalated to the Audit committee.

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

Committee training

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

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 2022 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review.

Key focus areas for 2023

- » Monitor and evaluate the Group's implementation of IFRS 17.
- » Continue to monitor the functioning of OMLACSA's internal controls and financial processes to ensure those remain effective and are proportional with the Group's complexity.
- » Continue to monitor OMLACSA's various capital measures, ensuring that they are within acceptable ranges.
- » Continue to monitor, with the OML Board Technology and Platforms committee, the finance modernisation and transformation initiatives, supporting the drive for simplifying and conforming finance data to further enhance the quality of the Group's financial reporting.
- » Monitor the implementation of other new accounting standards.
- » Review the Group's long-term actuarial assumptions ensuring appropriateness for current operating environment.
- » Monitor methodology and assumptions used to calculate the Group's liabilities and Solvency Capital Ratio.

Conclusion

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

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2022 and recommended them for approval to the Board.

On behalf of the Audit committee

O Ighodaro

Audit committee Chairperson

23 March 2023

Sandton

Independent auditors' report

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

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Life Assurance Company (South Africa) Limited and its subsidiaries (the Group and Company) set out on pages 17 to 167, which comprise of the separate and consolidated statements of financial position as at 31 December 2022, and the separate and consolidated income statements and statements of other comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies, but excluding information marked as "unaudited".

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2022, 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 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 *Auditor's 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 (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. For each matter below, our description of how our audit addressed the matter is provided in that context.

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Valuation of life insurance contract liabilities

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

Key audit matter

At 31 December 2022, the value of the life insurance contract liabilities was R135 billion. These life insurance contract liabilities are measured in accordance with actuarial guidance in Standard of Actuarial Practice (SAP) 104 and IFRS 4: Insurance Contracts (IFRS 4) in the consolidated financial statements.

The valuation of the life insurance contract liabilities requires significant judgement and estimation driven by a number of inputs based on a variety of uncertain future outcomes. These include actuarial assumptions such as mortality rates, morbidity rates, and lapse rates. Other key measurement assumptions include discount rates and expense assumptions. In addition, there is judgement required in respect of the recognition policies and the recording and release of discretionary margins.

The valuation of the life insurance contract liabilities also involves the use of complex models, which are reliant on complete and accurate contract data. Historical data also drives experience studies applied in forming key assumption decisions.

Following experience studies performed in the year, assumption changes were made to strengthen persistency and mortality bases as disclosed in note F2.

As the COVID-19 pandemic and its impacts abated, management released previously established short-term provisions.

Due to the significant judgement and estimation uncertainty involved in the determination of the life insurance contract liabilities, their valuation is considered a key audit matter.

How the matter was addressed in our audit

Our procedures included, amongst others:

- » Evaluating the design and implementation of key controls over:
 - the actuarial reserving processes that ensure the appropriateness of key assumptions applied; and
 - the liability measurement processes established by the actuarial review function and management.
- » Assessing the completeness and accuracy of data included in the valuation models by:
 - Evaluating and concluding on the design, implementation and operating effectiveness of key controls, including IT General Controls ("ITGCs") and application controls, related to the integrity of the data used in the models;
 - Assessing on a sample basis the policyholder data inputs to policy documentation;
 - using data analytics to compare and reconcile the data between the actuarial valuation, policy administration and the accounting systems and investigating any anomalies;
 - Performing two-way sample tests of policies and data, as applicable, to ensure that the extraction scripts from source systems to valuation models had operated as intended.
- » Performing the following procedures with the involvement of our actuarial audit specialists:
 - Assessing the appropriateness of the methodologies and assumptions applied to value the life insurance contract liabilities against industry standards, IFRS 4, SAP 104;
 - Challenging the key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the group's analysis of experience to date. Our challenge focused on: mortality rates, morbidity rates, lapse rates, and expense assumptions;
 - 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 SAP104 and the Group's policies and IFRS;
 - Assessing the appropriateness and accuracy of key models used to value the life insurance contract liabilities. This includes the re-calculation of certain outputs and assessing the consistency of model outputs with our expectations and the group's analysis of profits; and
 - Evaluating the basis for the release of the COVID-19 short term pandemic provision and strengthening of the Group's persistency and mortality assumptions, including analysing the Group's COVID-19 claims and lapse experience data and comparing it with nationally published statistics and industry consensus and evaluating compliance with SAP 104 and IFRS 4.

We considered whether the associated disclosures are compliant with IFRS 4 and with the methodologies and assumptions approved by the directors.

Independent auditors' report

Valuation of level 3 financial instruments (investments and securities)

Refer to accounting policy elections note A1.3 and note D3

Key audit matter

At 31 December 2022, investments and securities carried at fair value through profit or loss represented 88.5% (94.5% of total assets in separate Company) of total assets in the consolidated financial statements. Level 3 investments and securities amounted to R 39 billion (R66 billion in separate Company) and represented 4.7% (8.6% for separate Company) of the total balance.

The valuation of level 3 financial instruments are determined using models where one or more significant inputs are unobservable.

Consequently, the determination of the fair value of investments and securities classified as level 3 financial instruments is more complex and/or judgmental, with a higher level of estimation uncertainty.

We consider the valuation of the diverse portfolio of level 3 financial instruments to be a key auditing matter given:

- i. that the assumptions determined by management are largely based on unobservable inputs, are highly judgmental and consider a diverse range of sector information, which required the involvement of our internal valuation experts; and
- ii. the extent of effort required assessing the completeness and accuracy of key inputs utilised in the valuation models.

How the matter was addressed in our audit

Our procedures included, amongst others:

- » Obtaining an understanding and evaluating the design and implementation of key controls over the valuation of investments and securities to ensure the completeness accuracy of inputs, the appropriateness of methodologies and the assessment by management of the final measurement of the investments and securities.
- » On a sample basis selecting level 3 financial instruments and performing the following procedures together with our internal valuation specialists:
 - Challenging and assessing the accuracy and completeness of key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and critically assessing the valuation methodologies against current market practice and industry standards;
 - Comparing the valuation model methodologies and assumptions applied across the group, ensuring consistency throughout;
 - Assessing the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts where cash flow forecasts are required for the valuation;
 - Assessing the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, sizes and liquidity; and
 - Performing independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's calculated value falls within this range.

Assessing whether the disclosures in the financial statements in relation to the fair value of the investments and securities and the disclosures of the estimation uncertainty are complete, appropriate and in compliance with IFRS 13: *Fair Value Measurement* (IFRS 13) and IFRS 7: *Financial Instruments Disclosures* (IFRS 7).

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 168-page document titled "Old Mutual Life Assurance Company (South Africa) Limited Annual Report for the year ended 31 December 2022", which includes the Directors' Report, the Corporate Governance Report, Audit Committee Report and Certificate by the Group Company Secretary as required by the Companies Act of South Africa, Directors responsibility and approval statement, the Chief Executive Officer's and Chief Financial Officer's Responsibility Statement and information marked as "unaudited" in the separate and consolidated financial statements, which we obtained prior to the date of this report. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do 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, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Other matter

The consolidated and separate financial statements of Old Mutual Life Assurance Company (South Africa) Limited for the year ended 31 December 2021, were audited by joint auditors, one of whom is no longer the joint auditor in the current period. The joint auditors for the prior year expressed an unmodified opinion on those statements on 24 March 2022.

Auditor's 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 auditor's 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.

Independent auditors' report

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

- » Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group 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 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 auditor's 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 auditor's 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 and separate 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 to 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 auditor's 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 Deloitte & Touche has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for five years and Ernst & Young Inc. has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for one year.

Ernst & Young Inc.

Per: Eugene Breytenbach
Chartered Accountant (SA)
Registered Auditor
Director
23 March 2023

3rd Floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town
8000

Deloitte & Touche

Per: John Kruger
Chartered Accountant (SA)
Registered Auditor
Partner
23 March 2023

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

Separate and consolidated income statements

For the year ended 31 December 2022

Rm	Notes	Separate		Consolidated	
		2022	Restated ¹ 2021	2022	Restated ¹ 2021
Net income					
Gross insurance premium revenue	F2(a)	54 313	55 953	55 636	56 885
Outward reinsurance	F2(a)	(2 797)	(2 910)	(4 115)	(3 602)
Net earned premiums	F2(a)	51 516	53 043	51 521	53 283
Investment return ²	C2	(1 401)	120 350	3 851	135 624
Fee and commission income, and income from service activities	C3	4 703	4 721	6 826	6 558
Other income		2 236	2 457	2 138	2 408
Total revenue	C7(a)	57 054	180 571	64 336	197 873
Expenses					
Gross claims and benefits (including change in insurance contract provisions)	F2(b)	(45 917)	(107 983)	(46 406)	(108 794)
Reinsurance recoveries	F2(b)	3 007	5 581	3 563	6 492
Net claims and benefits incurred	F2(b)	(42 910)	(102 402)	(42 843)	(102 302)
Change in investment contract liabilities	F2(e)	7 716	(52 339)	7 690	(53 051)
Credit impairment charges		(261)	(116)	(210)	(237)
Finance costs	C4	(532)	(425)	(532)	(425)
Fee and commission expenses, and other acquisition costs	C5	(5 818)	(5 574)	(6 142)	(5 950)
Movements in consolidated funds		–	–	(2 016)	(11 911)
Other operating and administrative expenses	C6	(12 653)	(12 437)	(16 837)	(16 669)
Total expenses		(54 458)	(173 293)	(60 890)	(190 545)
Share of gains/(losses) of associated undertakings and joint ventures after tax	H2	–	–	(117)	(26)
Loss on disposal of subsidiaries and associated undertakings		–	–	(5)	(51)
Profit before tax		2 596	7 278	3 324	7 251
Income tax expense	C1	608	(3 537)	360	(3 773)
Shareholder tax		(1 194)	(1 029)	(1 366)	(1 233)
Policyholder tax		1 802	(2 508)	1 726	(2 540)
Profit after tax for the financial year		3 204	3 741	3 684	3 478
Attributable to					
Equity holders of the parent					
Non-controlling interests		3 204	3 741	3 615	3 426
Ordinary shares		–	–	69	52
Profit after tax for the financial year		3 204	3 741	3 684	3 478

¹ These numbers have been restated, refer to note C3(b).

² Investment return include interest income on the effective interest method of R486 million (2021: R447 million) in the separate and R766 million (2021: R584 million) in the consolidated income statements.

Separate and consolidated statements of comprehensive income

For the year ended 31 December 2022

Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Profit after tax for the financial year		3 204	3 741	3 684	3 478
Other comprehensive income for the financial year					
Items that will not be reclassified to profit or loss					
Gains on property revaluations		–	262	–	262
Remeasurement gains/(losses) on defined benefit plans		28	(35)	30	38
Fair value movements related to own credit risk on borrowed funds		(42)	(64)	(42)	(64)
Shadow accounting ¹			(20)		(20)
Income tax on items that will not be reclassified to profit or loss	C1(c)	(162)	13	(162)	(8)
		(176)	156	(174)	208
Items that may be reclassified to profit or loss					
Currency translation differences on translating foreign operations		32	47	(87)	(163)
		32	47	(87)	(163)
Total other comprehensive (loss)/income for the financial year		(144)	203	(261)	45
Total comprehensive income for the financial year		3 060	3 944	3 423	3 523
Attributable to					
Equity holders of the parent		3 060	3 944	3 354	3 468
Non-controlling interests					
Ordinary shares		–	–	69	55
Total comprehensive income for the financial year		3 060	3 944	3 423	3 523

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.

Separate and consolidated statements of financial position

At 31 December 2022

Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Assets					
Goodwill and other intangible assets	G1	3 947	3 742	4 340	4 139
Property, plant and equipment	G2(a)	3 313	3 771	3 562	3 815
Investment property	G2(b)	851	824	34 201	31 635
Deferred tax assets	G6(a)	549	1 085	752	1 289
Investments in associated undertakings and joint ventures	H2	–	–	804	1 286
Costs of obtaining contracts	C7(b)	1 138	1 214	1 330	1 435
Reinsurers' share of policyholder liabilities	F2(c)	2 986	3 704	3 113	3 847
Loans and advances		204	177	479	177
Investments and securities ¹	F1(a)	762 060	782 900	833 243	832 121
Other investments and securities including term deposits		737 578	762 164	808 260	810 677
Cash and cash equivalents		24 482	20 736	24 983	21 444
Current tax receivable		–	–	28	40
Amounts due by Group companies	H1(c)	5 095	6 477	2 352	3 794
Trade, other receivables and other assets	G3	8 670	10 792	27 734	15 776
Derivative financial instruments	F1(b)	9 394	6 273	9 629	6 348
Cash and cash equivalents		6 681	6 700	19 621	18 516
Assets held for sale	G8	–	–	–	268
Total assets		804 888	827 659	941 188	924 486
Liabilities					
Life insurance contract liabilities	F2(c)	134 866	145 733	135 360	146 165
Investment contract liabilities with discretionary participating features	F2(c)	201 314	209 481	201 314	209 218
Investment contract liabilities	F2(e)	364 811	376 396	367 608	379 573
Third-party interests in consolidated funds		–	–	102 100	77 929
Borrowed funds	F3	9 024	8 474	9 024	8 474
Provisions	G4	1 109	1 178	1 176	1 263
Contract liabilities	G5	757	704	968	876
Deferred tax liabilities	G6(b)	2 046	5 385	2 716	5 992
Current tax payable		434	310	433	329
Amounts due to Group companies	H1(c)	472	2 562	480	2 563
Trade, other payables and other liabilities	G7	46 351	36 596	78 954	54 193
Derivative financial instruments	F1(b)	12 384	7 762	12 384	7 814
Total liabilities		773 568	794 581	912 517	894 389
Net assets		31 320	33 078	28 671	30 097
Shareholders' equity					
Equity attributable to equity holders of the parent		31 320	33 078	27 999	29 608
Non-controlling interests					
Ordinary shares		–	–	672	489
Total non-controlling interests		–	–	672	489
Total equity		31 320	33 078	28 671	30 097

¹ The presentation of the statement of financial position, including the comparatives, has been amended to include additional information regarding the cash and cash equivalents component included in investments and securities. Refer to note 16.2 for more information.

Separate and consolidated statements of cash flows

For the year ended 31 December 2022

Rm	Notes	Separate		Consolidated	
		2022	Restated 2021 ¹	2022	Restated 2021 ¹
Cash flows from operating activities					
Profit before tax		2 596	7 278	3 324	7 251
Non-cash movements and adjustments to profit before tax	16	5 814	7 739	9 389	10 891
Net changes in working capital	16	11 996	131	34 110	(1 162)
Taxation paid		(2 255)	(2 108)	(2 616)	(2 355)
Net cash inflow from operating activities²		18 151	13 040	44 207	14 625
Cash flows from investing activities					
Acquisition of property and equipment		(365)	(323)	(588)	(340)
Acquisition of investment properties		(12)	(23)	(640)	(1 040)
Acquisition of intangible assets		(623)	(590)	(663)	(634)
Acquisition of investment in subsidiaries		-	-	-	-
Disposal/(acquisition) of financial investment		(7 961)	(7 557)	(32 199)	(6 796)
Net cash outflow from investing activities		(8 961)	(8 493)	(34 090)	(8 810)
Cash flows from financing activities					
Proceeds from borrowed funds	F3	1 610	1 500	1 610	1 500
Repayment of borrowed funds	F3	(977)	-	(977)	-
Interest paid		(550)	(435)	(552)	(436)
Lease repayments		(155)	(170)	(157)	(177)
Dividends paid to company's shareholders		(5 480)	(4 535)	(5 480)	(4 535)
Net cash outflow from financing activities		(5 552)	(3 640)	(5 556)	(3 648)
Net increase/(decrease) in cash and cash equivalents		3 638	907	4 561	2 167
Cash and cash equivalents at beginning of the year		27 436	26 423	39 960	37 666
Effects of exchange rate changes on cash and cash equivalents		89	106	83	127
Total cash and cash equivalents at end of the year		31 163	27 436	44 604	39 960
Comprising					
Cash and cash equivalents included in investments and securities		24 482	20 736	24 983	21 444
Cash and cash equivalents		6 681	6 700	19 621	18 516
Total¹		31 163	27 436	44 604	39 960

¹ These numbers have been restated, refer to note 16.2.

² Net cash inflow from operating activities (Separate) includes interest income of R21 662 million (2021: R22 856 million) and dividend income from investments and securities of R11 179 million (2021: R9 233 million). Net cash inflow from operating activities (Consolidated) includes interest income of R22 856 million (2021: R20 895 million) and dividend income from investments and securities of R14 131 million (2021: R11 715 million).

Statements of changes in equity

For the year ended 31 December 2022

Rm	Separate							
	Share capital	Share premium	Property revaluation reserve	Share-based payments reserve	Liability credit reserve ¹	Translation reserves	Retained earnings	Total equity
Balance at 31 December 2020	8	6 415	(282)	-	(271)	17	27 621	33 508
Profit after tax	-	-	-	-	-	-	3 741	3 741
Other comprehensive income/(loss)	-	-	242	-	(64)	47	(22)	203
Dividends	-	-	-	-	-	-	(4 535)	(4 535)
Other movements	-	-	-	-	-	-	161	161
Total changes	-	-	242	-	(64)	47	(655)	(430)
Balance at 31 December 2021	8	6 415	(40)	-	(335)	64	26 966	33 078
Profit after tax	-	-	-	-	-	-	3 204	3 204
Other comprehensive income/(loss)	-	-	-	-	(42)	32	(134)	(144)
Dividends ²	-	-	-	-	-	-	(5 480)	(5 480)
Share-based payment reserve movements	-	-	-	137	-	-	-	137
Other movements	-	-	40	-	-	-	485	525
Total changes	-	-	40	137	(42)	32	(1 925)	(1 758)
Balance at 31 December 2022	8	6 415	-	137	(377)	96	25 041	31 320

Rm	Consolidated								
	Share capital	Share premium	Property revaluation reserve	Share-based payments reserve	Liability credit reserve ¹	Translation reserves	Retained earnings	Non-controlling interest	Total equity
Balance at 31 December 2020	8	6 415	(282)	-	(271)	302	24 024	325	30 521
Profit after tax	-	-	-	-	-	-	3 426	52	3 478
Other comprehensive income/(loss)	-	-	242	-	(64)	(166)	30	3	45
Dividends	-	-	-	-	-	-	(4 535)	(7)	(4 542)
Other movements	-	-	-	-	-	-	479	116	595
Total changes	-	-	242	-	(64)	(166)	(600)	164	(424)
Balance at 31 December 2021	8	6 415	(40)	-	(335)	136	23 424	489	30 097
Profit after tax for the financial year	-	-	-	-	-	-	3 615	69	3 684
Other comprehensive income/(loss)	-	-	-	-	(42)	(87)	(132)	-	(261)
Dividends ²	-	-	-	-	-	-	(5 480)	(7)	(5 487)
Share-based payment reserve movements	-	-	-	137	-	-	-	-	137
Other movements ³	-	-	40	-	-	380	(40)	121	501
Total changes	-	-	40	137	(42)	293	(2 037)	183	(1 426)
Balance at 31 December 2022	8	6 415	-	137	(377)	429	21 387	672	28 671

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. Refer to notes D4 and F3(d) for information regarding amounts repaid.

² The Company declared and paid dividends on ordinary shares amounting to R5 480 million (2021: R4 535 million) and dividends on preference shares amounting to RNil million (2021: RNil) during the year. The ordinary dividends for the year ended 31 December 2022 were paid in cash.

³ Included in other movements in retained earnings is the settlement of a share-based payment with Old Mutual South Africa Management Incentive Trust (a related party to the Group).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

A: Significant accounting policies

AI: Basis of preparation

1.1 Statement of compliance

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

The financial statements for the year ended 31 December 2022 consolidate the results of the Company and its subsidiaries (together 'the Group') and equity accounts the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds and investments in venture capital divisions which are accounted for as investments at fair value through profit or loss).

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2022, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 December 2022 and explanatory notes to the consolidated and separate financial statements. The financial statements are prepared on the going concern basis, which the directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the board of directors on 23 March 2023.

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

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

Only material information, as determined using the Group's internal framework for materiality has been included in these annual financial statements. The Group's internal framework for materiality was developed taking into cognisance, the requirements of IFRS, the JSE listings requirements as well as other relevant statutory reporting requirements applicable to the Group. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of these financial statements make based on these financial statements.

The Group presents separately each material class of similar items. The Group also presents separately items of a dissimilar nature or function unless they are immaterial.

If a line item is not individually material, it is aggregated with other items either in these financial statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the primary statements may warrant separate presentation in the notes.

When applying the IFRS the Group shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. The Group does not reduce the understanding of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

IFRS specifies information that is required to be included in the financial statements, which include the notes. The Group does not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and could detract from providing meaningful and concise financial statements. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Group may also provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out and included in the specific notes to which they relate. These policies have been consistently applied. The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property and particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

Amounts are stated in millions of rand (Rm), which is the presentation and the functional currency of the Company.

1.2 Comparative information

Comparative information presented at and for the year ended 31 December 2021 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2021 unless otherwise restated/represented as indicated.

1.3 Accounting policy elections

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

Area	Details
Financial instruments	<p>The Group has elected to designate certain financial assets and liabilities at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise.</p> <p>This measurement election is typically utilised in respect of financial assets held to support liabilities in respect of contracts with policyholders.</p> <p>Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.</p>
Investment properties	<p>The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.</p>
Property, plant and equipment	<p>Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment.</p> <p>Revaluation surpluses are recognised in equity, through other comprehensive income.</p> <p>When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings.</p> <p>Plant and equipment are carried at cost less accumulated depreciation.</p>
Investment in venture capital divisions and investment-linked insurance funds	<p>In venture capital divisions and investment-linked insurance funds, the Group has elected to carry associate and joint-venture entities at fair value through profit or loss and these are included within investment and securities.</p>
Policyholder liabilities: insurance contracts and investment contracts with discretionary participating features	<p>Although not an accounting policy election, the measurement of policyholder liabilities under IFRS 4 <i>Insurance Contracts</i> 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.</p>
Investments in subsidiaries, associated undertakings and joint ventures	<p>The Group has elected to recognise these investments at fair value in the Company financial statements.</p>

1.4 Going concern

The Group has performed a detailed going concern assessment in order to support the 2022 reporting process.

This assessment has relied on the Group's 2023 to 2025 operational business plan. The operational business plan considered the projected new business, profitability and solvency over the plan period together with other items which may impact the business' ability to continue as a going concern.

Despite the challenging local economic environment, the results of the projections indicate that the Group is expected to remain sufficiently capitalised to continue as a going concern. No material uncertainty in relation to the going concern has been identified and no items were identified through the operational business plan process that are expected to negatively impact the ability to continue as a going concern.

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.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

A: Significant accounting policies continued

A1: Basis of preparation continued

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

The assets and liabilities held by foreign branches to support liabilities in respect of contracts with policyholders are translated from their respective functional currencies into the Group's presentation currency, using the period-end exchange rates, and their income and expenses using the average exchange rates for the year. Cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. Upon the disposal of subsidiaries, the cumulative amount of exchange differences deferred in shareholders' equity is recognised in profit or loss.

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

	Year ended		Year ended	
	31 December 2022		31 December 2021	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	20.1673	20.5865	20.3372	21.5601
US dollar	16.3700	17.0374	14.7870	15.9372

A2: Critical accounting estimates and judgements

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

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the consolidated financial statements of Old Mutual Life Assurance Company (South Africa) Limited for the year ended 31 December 2022.

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

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

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

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

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

A4: Items labelled as "Other"

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

A5: Impairment of investments and loss on disposal of subsidiaries

Changes of interest in subsidiaries in the Group financial statements

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Impairment of associates and joint ventures in the Group and Company financial statements

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

B: Segment information

B1: Basis of segmentation

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

1.1 Segment presentation

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

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

- » **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings. 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.
- » **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return, inter-company eliminations and third-party borrowings including the associated finance costs.

1.2 Presentation and disclosure

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

B: Segment information continued

B2: Consolidated income statement

Year ended 31 December 2022 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and Inter-company eliminations	Consolidation of funds	
Revenue							
Gross earned premiums	12 441	16 198	-	27 238	(241)	-	55 636
Outward reinsurance	(41)	(1 511)	-	(2 225)	(338)	-	(4 115)
Net earned premiums	12 400	14 687	-	25 013	(579)	-	51 521
Investment return	444	(12 650)	5 681	8 956	(2 165)	3 585	3 851
Fee and commission, and income from service activities	32	7 705	497	403	(1 174)	(637)	6 826
Other income	56	223	18	720	990	131	2 138
Total revenue	12 932	9 965	6 196	35 092	(2 928)	3 079	64 336
Expenses							
Claims and benefits	(5 824)	(12 746)	(10)	(27 763)	(63)	-	(46 406)
Reinsurance recoveries	39	1 614	-	1 900	10	-	3 563
Net claims incurred	(5 785)	(11 132)	(10)	(25 863)	(53)	-	(42 843)
Change in investment contract liabilities	(17)	13 638	(5 096)	(1 097)	262	-	7 690
Credit impairment charges	3	(20)	-	43	(236)	-	(210)
Finance costs	-	-	-	-	(532)	-	(532)
Commission and other acquisition costs	(1 992)	(4 844)	(675)	(464)	2 025	(192)	(6 142)
Operating and administration expenses	(3 125)	(11 519)	(5 349)	(4 935)	8 962	(871)	(16 837)
Movements in consolidated funds	-	-	-	-	-	(2 016)	(2 016)
Total expenses	(10 916)	13 877	(11 130)	(32 316)	10 428	(3 079)	(60 890)
Segment result	2 016	(3 912)	(4 934)	2 776	7 500	-	3 446
Share of gains of associated undertakings and joint ventures after tax	1	2	-	10	(130)	-	(117)
Loss on disposal of subsidiaries and associated undertakings	(1)	(1)	-	(3)	-	-	(5)
Profit before tax	2 016	(3 911)	(4 934)	2 783	7 370	-	3 324

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R994 million (2021: R926 million), Personal Finance and Wealth Management is R5 711 million (2021: R5 227 million), Old Mutual Investments is R4 995 million (2021: R4 362 million), Old Mutual Corporate is R10 043 million (2021: R9 359 million) and Other Group Activities is R6 613 million (2021: R10 301 million). The Group accounts for inter-segment revenues and transfers as if these transactions were with third parties.

Year ended 31 December 2021 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Revenue							
Gross earned premiums	12 808	16 657	-	27 829	(409)	-	56 885
Outward reinsurance	(588)	(1 427)	-	(1 995)	408	-	(3 602)
Net earned premiums	12 220	15 230	-	25 834	(1)	-	53 283
Investment return	4 880	82 974	7 544	52 388	(25 878)	13 716	135 624
Fee and commission income, and income from service activities ¹	47	6 811	489	354	(478)	(665)	6 558
Other income	68	273	12	605	1 360	90	2 408
Total revenue	17 215	105 288	8 045	79 181	(24 997)	13 141	197 873
Expenses							
Claims and benefits	(10 666)	(31 444)	(5)	(66 810)	131	-	(108 794)
Reinsurance recoveries	342	3 655	-	2 605	(110)	-	6 492
Net claims incurred	(10 324)	(27 789)	(5)	(64 205)	21	-	(102 302)
Change in investment contract liabilities	(24)	(37 314)	(7 109)	(8 927)	323	-	(53 051)
Credit impairment charges	(10)	(139)	-	(88)	-	-	(237)
Finance costs	-	-	-	-	(425)	-	(425)
Commission and other acquisition costs ¹	(1 877)	(3 983)	(519)	(382)	1 089	(278)	(5 950)
Operating and administration expenses	(3 114)	(12 531)	(4 604)	(4 244)	8 776	(952)	(16 669)
Movement in consolidated funds	-	-	-	-	-	(11 911)	(11 911)
Total expenses	(15 349)	(81 756)	(12 237)	(77 846)	9 784	(13 141)	(190 545)
Segment result	1 866	23 532	(4 192)	1 335	(15 213)	-	7 328
Share of gains of associated undertakings and joint ventures after tax	1	1	-	8	(36)	-	(26)
Loss on disposal of subsidiaries and undertakings	(5)	(6)	-	(40)	-	-	(51)
Profit before tax	1 862	23 527	(4 192)	1 303	(15 249)	-	7 251

¹ These numbers have been restated, refer to note C3(b).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

B: Segment information continued

B3: Segmental analysis – Statement of financial position

At 31 December 2022 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	Total
Total assets¹	23 461	407 499	71 244	318 844	343	119 797	941 188
Policyholder liabilities	(15 156)	(364 478)	(60 463)	(278 324)	14 139	–	(704 282)
Life insurance contracts liabilities	1 240	(77 711)	(10)	(59 722)	843	–	(135 360)
Investment contract liabilities with discretionary participating features	(16 335)	(15 643)	–	(169 360)	24	–	(201 314)
Investment contract liabilities	(61)	(271 124)	(60 453)	(49 242)	13 272	–	(367 608)
Other liabilities	(7 123)	(38 729)	(10 848)	(39 676)	7 938	(119 797)	(208 235)
Total liabilities	(22 279)	(403 207)	(71 311)	(318 000)	22 077	(119 797)	(912 517)
Net assets	1 182	4 292	(67)	844	22 420	–	28 671

At 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	Total
Total assets¹	23 769	424 392	67 350	318 775	6 854	83 346	924 486
Policyholder liabilities	(16 228)	(385 925)	(58 110)	(288 278)	13 585	–	(734 956)
Life insurance contracts liabilities	(50)	(83 796)	(3)	(62 922)	606	–	(146 165)
Investment contract liabilities with discretionary participating features	(16 095)	(16 910)	–	(176 463)	250	–	(209 218)
Investment contract liabilities	(83)	(285 219)	(58 107)	(48 893)	12 729	–	(379 573)
Other liabilities	(6 513)	(34 761)	(9 216)	(29 739)	4 142	(83 346)	(159 433)
Total liabilities	(22 741)	(420 686)	(67 326)	(318 017)	17 727	(83 346)	(894 389)
Net assets	1 028	3 706	24	758	24 581	–	30 097

¹ Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster R0 million (2021: R23 million), Personal Finance and Wealth Management R0 million (2021: R46 million), Old Mutual Corporate R0 million (2021: R200 million).

C: Separate and consolidated income statement notes

Accounting policies

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

Basic revenue recognition principle

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

Asset management

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

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

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

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

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

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

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

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

Contract assets and contract liabilities

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

Costs incurred in acquiring investment management service contracts

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

C: Separate and consolidated income statement notes continued

CI: Income tax expense

Current tax

Included in the current tax charge are amounts relating to:

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

Current tax is the expected tax payable on the 'taxable income' as contemplated 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. The calculation of the Group's tax charge and worldwide provisions for income tax, necessarily involves a degree of estimation and judgement. At any given time, the Group typically has a number of open tax returns with various tax authorities and engages in active dialogue to resolve this. Taxation provisions relating to these open items are recognised based on the Group's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period that 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 required to be 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 applied. 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 'business combinations' as contemplated and at the time of their occurrence, affect neither accounting nor taxable profits.

Deferred tax relating to items recognised outside profit or loss (for example, items adjusted for against retained income) is accounted for on a similar basis. Deferred tax is recognised in alignment with the underlying transaction, either in other comprehensive income or directly in equity, as appropriate.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Dividends tax

In South Africa, dividends tax is levied on the recipient of a dividend unless exemption from this tax applies. In terms of the dividends tax provisions, the tax is withheld at a rate of 20% in the hands of certain qualifying shareholders, rather than in the hands of the entity which declares such dividend. As such, where dividends are declared and paid by the Group, the Group does not recognise dividends tax.

Tax laws substantially enacted

In terms of IAS 12, both current and deferred tax assets and liabilities are to be valued applying the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in South African tax laws should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the President.

In South Africa, amendments to tax legislation to cater for the impact of IFRS 17 on insurers are effective from 1 January 2023. This legislation was signed by the President on 22 December 2022 and is therefore regarded as being substantively enacted as contemplated for the 31 December 2022 financial year. These changes do not have any impact on the current tax charge for the year ended 31 December 2022.

IAS 12 requires an entity to recognise deferred tax for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. As IFRS 17 is not applicable to the 2022 annual financial statements, there is no change in the carrying value of assets and liabilities at the end of the reporting period. Hence, there is no impact on deferred tax assets and liabilities as at 31 December 2022.

Significant accounting estimate and judgements – uncertain tax positions

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

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

The Group records and evaluates tax positions in terms of the following specific accounting standards/interpretation, which set out how to determine the accounting tax position, when there is uncertainty over income tax treatments:

- » IFRIC 23 *Uncertainty over Income Tax Treatments*.
- » IAS 12 *Income Taxes*.
- » IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Uncertain tax positions are based on the 'most likely outcome' of the liability based on a 'probability weighted average' approach. Where applicable, the impact of IFRIC 23 on the tax positions of the respective legal entities in the Group, has been considered and adequate amounts provided.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

C: Separate and consolidated income statement notes continued

C1: Income tax expense continued

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Current tax				
South Africa	2 128	1 935	2 302	2 128
Rest of Africa	–	–	3	–
Withholding taxes	287	236	297	245
Adjustments to current tax in respect of prior years	(34)	44	(43)	40
Total current tax	2 381	2 215	2 559	2 413
Deferred tax				
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(2 522)	1 418	(2 448)	1 456
Effect on deferred tax of changes in tax rates	6	–	(1)	–
Adjustments to deferred tax in respect of prior years	(473)	(96)	(470)	(96)
Total deferred tax	(2 989)	1 322	(2 919)	1 360
Total income tax expense	(608)	3 537	(360)	3 773
Attributable to				
Shareholder funds	1 194	1 029	1 366	1 233
Policyholder funds	(1 802)	2 508	(1 726)	2 540
Total income tax expense	(608)	3 537	(360)	3 773

For South African entities that are in a tax paying position, current tax has been provided at 28% (2021: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Old Mutual Life Assurance Company (South Africa) Limited is domiciled in South Africa and the most significant operations are in South Africa.

During the budget speech on 23 February 2022, the Minister of Finance announced a decrease in the corporate income tax rate from 28% to 27% for the years of assessment ending on or after 31 March 2023. IAS 12 requires that deferred tax assets and liabilities be measured at the tax rate applicable when the assets are realised or liabilities are settled, based on the tax rates that are enacted or substantively enacted at the end of the reporting period. The Rates and Monetary Amounts and Amendments of Revenue Laws Bill was signed by the President on 22 December 2022 and therefore is regarded as being substantively enacted for the 31 December 2022 year end. The deferred tax balances as at 31 December 2022 have been redetermined based on a rate of 27%.

(b) Reconciliation of total income tax expense

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

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Profit/(loss) before tax		2 596	7 278	3 324	7 251
Tax at South African standard rate of 28.0% (2021: 28.0%)		727	2 038	931	2 030
Untaxed and low taxed income ¹		(116)	(388)	(143)	(171)
Disallowable expenses ²		200	97	206	107
Adjustments to current tax in respect of prior years ³		(28)	(24)	(28)	(23)
Net movement on deferred tax assets not recognised	C7	–	–	–	(2)
Adjustments to deferred tax in respect of prior years ³		(119)	–	(119)	–
Effect on deferred tax of changes in tax rates ³		10	–	17	–
Withholding taxes ³		14	9	14	9
Income tax attributable to policyholder returns		(1 296)	1 805	(1 235)	1 829
Other		–	–	(3)	(6)
Total income tax expense		(608)	3 537	(360)	3 773

¹ This includes exempt income, capital gains tax at lower than corporate tax rate and non-taxable fair value movements.

² Disallowable expenses include provisions, non-deductible expenses and impairments.

³ The adjustments in respect of prior years, effect on deferred tax of changes in tax rates and withholding taxes included in the 'Reconciliation of total income tax expense' includes the shareholder tax component only.

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

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Measurement gains on defined benefit plans	8	(13)	8	8
Other	154	–	154	–
Income tax on items that will not be reclassified to profit or loss	162	(13)	162	8

C2: Investment return

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Interest and similar income				
Loans and advances	9	7	9	7
Investments and securities	21 176	19 945	22 090	20 311
Cash and cash equivalents	477	440	757	577
Total interest and similar income	21 662	20 392	22 856	20 895
Dividend income from investments and securities	11 179	9 233	14 131	11 715
Net fair value gains recognised in profit or loss	(34 021)	90 580	(36 303)	101 294
Rental income from investment properties	150	137	2 865	3 297
Net fair value (losses)/gains on the revaluation of investment property	(200)	–	446	(1 615)
Net foreign currency gains	(171)	8	(144)	38
Total amounts recognised in profit or loss	(1 401)	120 350	3 851	135 624
Total interest income for assets not at fair value through profit or loss¹	486	447	766	584
The fair value (losses)/gains shown above are analysed according to their IFRS 9 categorisations as follows:				
Designated and mandatorily at fair value through profit or loss	(34 021)	90 580	(36 303)	101 294

¹ An evaluation of the amount disclosed as the effective interest income for 2021 was performed. This resulted in an increase of R447 million (separate) and R576 million (consolidated) disclosed as 'total interest income for assets not at fair value through profit or loss'. The total amount recognised in profit or loss for investment return from the non-banking activities has not changed.

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

(a) Analysis of fee and commission income, and income from service activities

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	Restated 2021 ²	2022	Restated 2021 ²
Fee and commission income	4 711	4 724	6 788	6 507
Transaction and performance fees	–	–	62	66
Administration fees ¹	(8)	(3)	(24)	(15)
	4 703	4 721	6 826	6 558

¹ Administration fees are negative due to deferred fee income exceeding the amount recycled through the income statement in the period.

² These figures have been restated – refer to note C3(b).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

C: Separate and consolidated income statement notes continued

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

(b) Fee and commission income, and income from services activities and fee and commission expenses, and other acquisition costs restatement

Fees and commission income received and paid for certain advisory business transactions were assessed by management in the current period against the principles contained in IFRS 15 *Revenue from Contracts with Customers*. It was concluded that the company was an agent in these transactions and not the principal as previously considered. As a result, these transactions need to be reported net of all related commission expenses associated with these transactions, as opposed to the gross basis it is currently recorded at. The profit before and tax remain unchanged and the statement of financial position is not impacted by this restatement.

The extent to which this amendment has impacted the separate income statement for the year ended 31 December 2021 is set out in the following table:

Rm	Separate		
	As previously reported 31 December 2021	Amend- ment	Restated after 31 December 2021
Fee and commission income, and income from service activities	5 405	(684)	4 721
Total revenue	181 255	(684)	180 571
Fee and commission expenses, and other acquisition costs	(6 258)	684	(5 574)
Total expense	(173 977)	684	(173 293)

The extent to which this amendment has impacted the consolidated income statement for the year ended 31 December 2021 is set out in the following table:

Rm	Consolidated		
	As previously reported 31 December 2021	Amend- ment	Restated after 31 December 2021
Fee and commission income, and income from service activities	7 246	(688)	6 558
Total revenue	198 561	(688)	197 873
Fee and commission expenses, and other acquisition costs	(6 638)	688	(5 950)
Total expense	(191 233)	688	(190 545)

C4: Finance costs

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Interest on borrowed funds	526	415	526	415
Subordinated debt	526	415	526	415
Fair value gains on borrowed funds and derivative instruments	6	10	6	10
Borrowed funds	(125)	(176)	(125)	(176)
Derivative instruments used as economic hedges	131	186	131	186
Total finance costs on debt instruments	532	425	532	425
The fair value gains/(losses) shown above are analysed according to their IFRS 9 categorisations as follows:				
Designated and mandatorily at fair value through profit or loss	6	10	6	10

C5: Fee and commission expenses, and other acquisition costs

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

Fee and commission expense

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

Deferred acquisition costs (DAC)

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

Other acquisition costs

Relate to those costs associated with new business in the Group. These costs are essentially incurred and recorded as not deferred due to the short-term nature of new business within the Group.

Year ended 31 December Rm	Separate		Consolidated	
	2022	Restated 2021 ²	2022	Restated 2021 ²
Fee and commission expenses	3 510	3 380	3 810	3 707
Other acquisition costs ¹	2 308	2 210	2 332	2 243
	5 818	5 590	6 142	5 950

¹ In 2021, change in acquisition costs (Separate: R19 million and Consolidated: R45 million) were disclosed separately. Due to the nature of these costs, it has been included within the other acquisition costs line above.

² Refer to note C3(b) where the restatement is detailed.

C6: Other operating and administrative expenses

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

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Staff costs	C6(a)	5 191	4 850	5 474	5 062
Computer, software and processing costs		1 772	1 878	1 811	1 914
Depreciation	G2	315	349	337	365
Impairment of goodwill and other intangible assets	G1(d)	–	–	4	204
Amortisation of other intangible assets	G1(d)	418	258	458	300
Operating lease rentals – Short-term and low-value assets		13	10	13	10
Asset management expenses ²		960	742	1 631	1 361
Technical and professional fees ²		655	645	717	651
Outsourcing expenses ²		12	10	185	164
Travel and entertainment expense – third party ²		120	40	123	40
Impairment of fixed assets ²		400	–	400	–
Auditors' remuneration – fees for audit service		62	57	62	57
Other ¹		2 735	3 598	5 622	6 541
		12 653	12 437	16 837	16 669

¹ Other includes interest on lease liabilities amounting to R18 million (2021: R20 million) and R20 million (2021: R21 million) in the OMLACSA separate and OMLACSA Group respectively.

² As part of the Group's enhanced disclosure efforts, asset management fees, technical and professional fees, outsourcing expenses and travel and entertainment expense and impairment of fixed assets have been separately disclosed. Previously, these items were included in Other.

(a) Staff costs

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Wages and salaries		3 961	3 732	4 187	3 933
Social security costs		25	23	25	23
Retirement obligations		145	195	167	197
Bonus and incentive remuneration		586	428	632	452
Share-based payments					
Cash settled	I2(e)	87	243	87	227
Equity settled	I2(e)	88	–	88	–
Other		299	229	288	230
		5 191	4 850	5 474	5 062

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

C: Separate and consolidated income statement notes continued

C7: Revenue from contracts with customers

IFRS 15 Revenue

Fee and commission income

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

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

Non-IFRS 15 Revenue

Insurance

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

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

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

Investment return

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

Other income

This includes income arising in the course of the Group's ordinary activities and have not been included in the items above.

Contract assets and contract liabilities

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

(a) Revenue from contracts with customers

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

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers are assessed if they contain contact assets. These assets are disclosed in note C7(b) below.

Year ended 31 December 2022 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Revenue from contracts with customers							
Fee and commission income	32	7 466	497	401	(1 174)	(637)	6 585
Transaction and performance fees	–	239	–	2	–	–	241
Fee and commission income, and income from service activities	32	7 705	497	403	(1 174)	(637)	6 826
Non-IFRS 15 revenue							
Insurance	12 400	14 687	–	25 013	(579)	–	51 521
Investment return and other	500	(12 427)	5 699	9 676	(1 175)	3 716	5 989
Total revenue from other activities	12 900	2 260	5 699	34 689	(1 754)	3 716	57 510
Total revenue	12 932	9 965	6 196	35 092	(2 928)	3 079	64 336

Year ended 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	Total
	Revenue from contracts with customers						
Fee and commission income restated ¹	47	6 565	489	352	(478)	(665)	6 310
Transaction and performance fees	–	246	–	2	–	–	248
Fee and commission income, and income from service activities	47	6 811	489	354	(478)	(665)	6 558
Non-IFRS 15 revenue							
Insurance	12 220	15 230	–	25 834	(1)	–	53 283
Investment return and other	4 948	82 678	7 556	52 993	(23 947)	13 804	138 032
Total revenue from other activities	17 168	97 908	7 556	78 827	(23 948)	13 804	191 315
Total revenue	17 215	104 719	8 045	79 181	(24 426)	13 139	197 873

¹ These numbers have been restated, refer to Note C3(b).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

C: Separate and consolidated income statement notes continued

C7: Revenue from contracts with customers continued

(b) Costs of obtaining contracts

Costs of obtaining contracts 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 investment and asset management contracts.

Year ended 31 December Rm	Separate	
	Investment contracts	
Balance at 1 January 2021	1 219	
New business	253	
Amortisation	(272)	
Foreign exchange and other movements	14	
Balance at 31 December 2021	1 214	
New business	173	
Amortisation	(274)	
Foreign exchange and other movements	25	
Balance at 31 December 2022	1 138	

Based on the maturity profile of the above assets, R79 million (2021: R300 million) is expected to be earned within 12 months from the reporting date. R1 059 million (2021: R914 million) is non-current.

Year ended 31 December Rm	Consolidated		
	Investment contracts	Asset management	Total
Balance at 1 January 2021	1 219	247	1 466
New business	253	7	260
Amortisation	(272)	(33)	(305)
Foreign exchange and other movements	14	-	14
Balance at 31 December 2021	1 214	221	1 435
New business	173	1	174
Amortisation	(274)	(32)	(306)
Foreign exchange and other movements	25	2	27
Balance at 31 December 2022	1 138	192	1 330

Based on the maturity profile of the above assets, R79 million (2021: R300 million) is expected to be earned within 12 months from the reporting date. R1 251 million (2021: R1 135 million) is non-current.

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

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

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

Equity instruments held for trading or not designated as at FVOCI and derivative assets are mandatorily categorised as financial assets at FVTPL or not designated as at FVOCI. 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.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

Accounting policy continued

Subsequent measurement of financial assets

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at 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 is recorded in other comprehensive income and not recycled to profit or loss. On derecognition of the financial liability, the amount included in other comprehensive income is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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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.
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Derecognition of financial liabilities

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

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

D1: Categories of financial instruments

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

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

At 31 December 2022 Rm	Separate				Non-financial other assets and liabilities
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	
Assets					
Investments in associated undertakings and joint ventures	-	-	-	-	-
Reinsurers' share of policyholder liabilities	2 986	-	-	-	2 986
Loans and advances	204	-	-	204	-
Investments and securities	762 060	611 462	149 318	1 280	-
Trade, other receivables and other assets	8 670	-	-	6 605	2 065
Derivative financial instruments	9 394	9 394	-	-	-
Amount due by Group companies	5 095	-	-	5 095	-
Cash and cash equivalents	6 681	-	-	6 681	-
Total assets that include financial instruments	795 090	620 856	149 318	19 865	5 051
Total other non-financial assets	9 798	-	-	-	9 798
Total assets	804 888	620 856	149 318	19 865	14 849
Liabilities					
Life insurance contract liabilities	134 866	-	-	-	134 866
Investment contract liabilities with discretionary participating features	201 314	-	-	-	201 314
Investment contract liabilities	364 811	-	363 577	1 234	-
Borrowed funds	9 024	-	9 024	-	-
Trade, other payables and other liabilities	46 351	-	-	41 753	4 598
Amount due to Group companies	472	-	-	472	-
Derivative financial instruments	12 384	12 384	-	-	-
Total liabilities that include financial instruments	769 222	12 384	372 601	43 459	340 778
Total other non-financial liabilities	4 346	-	-	-	4 346
Total liabilities	773 568	12 384	372 601	43 459	345 124

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

D1: Categories of financial instruments continued

At 31 December 2022 Rm	Consolidated				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	804	-	-	-	804
Reinsurers' share of policyholder liabilities	3 113	-	-	-	3 113
Loans and advances	479	-	-	479	-
Investments and securities	833 243	568 726	264 517	-	-
Trade, other receivables and other assets	27 734	-	-	25 322	2 412
Derivative financial instruments	9 629	9 629	-	-	-
Amount due by Group companies	2 352	-	-	2 352	-
Cash and cash equivalents	19 621	-	-	19 621	-
Total assets that include financial instruments	896 975	578 355	264 517	47 774	6 329
Total other non-financial assets	44 213	-	-	-	44 213
Total assets	941 188	578 355	264 517	47 774	50 542
Liabilities					
Life insurance contract liabilities	135 360	-	-	-	135 360
Investment contract liabilities with discretionary participating features	201 314	-	-	-	201 314
Investment contract liabilities	367 608	-	366 374	1 234	-
Third-party interest in consolidated funds	102 100	-	102 100	-	-
Borrowed funds	9 024	-	9 024	-	-
Trade, other payables and other liabilities	78 954	-	8 271	65 226	5 457
Amount due to Group companies	480	-	-	480	-
Derivative financial instruments	12 384	12 384	-	-	-
Total liabilities that include financial instruments	907 224	12 384	485 769	66 940	342 131
Total other non-financial liabilities	5 293	-	-	-	5 293
Total liabilities	912 517	12 384	485 769	66 940	347 424

At 31 December 2021 Rm	Separate				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	-	-	-	-	-
Reinsurers' share of policyholder liabilities	3 704	-	-	-	3 704
Loans and advances	177	-	-	177	-
Investments and securities ¹	782 900	670 089	111 725	1 086	-
Trade, other receivables and other assets	10 792	-	-	1 588	9 204
Derivative financial instruments	6 273	6 273	-	-	-
Amounts due by Group Companies	6 477	-	-	6 477	-
Cash and cash equivalents	6 700	-	-	6 700	-
Total assets that include financial instruments	817 023	676 362	111 725	16 028	12 908
Total other non-financial assets	10 636	-	-	-	10 636
Total assets	827 659	676 362	111 725	16 028	23 544
Liabilities					
Life insurance contract liabilities	145 733	-	-	-	145 733
Investment contract liabilities with discretionary participating features	209 481	-	-	-	209 481
Investment contract liabilities	376 396	-	375 176	1 220	-
Borrowed funds	8 474	-	8 474	-	-
Trade, other payables and other liabilities	36 596	-	-	25 840	10 756
Amounts due to Group companies	2 562	-	-	2 562	-
Derivative financial instruments	7 762	7 762	-	-	-
Total liabilities that include financial instruments	787 004	7 762	383 650	29 622	365 970
Total other non-financial liabilities	7 577	-	-	-	7 577
Total liabilities	794 581	7 762	383 650	29 622	373 547

¹ An error was detected regarding the IFRS 9 classifications pertaining to debt instruments. As a result, debt instruments amounting to R11.3 billion were reclassified from mandatorily to designated at FVTPL.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

D1: Categories of financial instruments continued

At 31 December 2021 Rm	Consolidated				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non- financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	1 286	–	–	–	1 286
Reinsurers' share of policyholder liabilities	3 847	–	–	–	3 847
Loans and advances	177	–	–	177	–
Investments and securities ¹	832 121	720 215	111 906	–	–
Trade, other receivables and other assets	15 776	–	–	5 383	10 393
Derivative financial instruments	6 348	6 348	–	–	–
Amounts due by Group Companies	3 794	–	–	3 794	–
Cash and cash equivalents	18 516	–	–	18 516	–
Total assets that include financial instruments	881 865	726 563	111 906	27 870	15 526
Assets held for sale and distribution	268	–	–	–	268
Total other non-financial assets	42 353	–	–	–	42 353
Total assets	924 486	726 563	111 906	27 870	58 147
Liabilities					
Life insurance contract liabilities	146 165	–	–	–	146 165
Investment contract liabilities with discretionary participating features	209 218	–	–	–	209 218
Investment contract liabilities	379 573	–	378 353	1 220	–
Third-party interest in consolidated funds	77 929	–	77 929	–	–
Borrowed funds	8 474	–	8 474	–	–
Trade, other payables and other liabilities	54 193	–	10 700	33 715	9 778
Amounts due to Group companies	2 563	–	–	2 563	–
Derivative financial instruments	7 814	7 814	–	–	–
Total liabilities that include financial instruments	885 929	7 814	475 456	37 498	365 161
Total other non-financial liabilities	8 460	–	–	–	8 460
Total liabilities	894 389	7 814	475 456	37 498	373 621

¹ An error was detected regarding the IFRS 9 classifications pertaining to debt instruments. As a result, debt instruments amounting to R11.3 billion were reclassified from mandatorily to designated at FVTPL.

D2: Fair values of financial assets and liabilities

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

(a) Determination of fair value

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

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

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

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

Loans and advances

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

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

Investments and securities

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

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

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

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

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

Derivative financial instruments

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

Investment contract liabilities

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

Third-party interest in consolidation of funds

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

Borrowed funds

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

D2: Fair values of financial assets and liabilities continued

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 and reinsurers' share of policyholder liabilities.
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 investment contract liabilities.
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.

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

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

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

At 31 December 2022 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	760 780	361 459	333 496	65 825
Derivative financial instruments – assets	9 394	53	9 341	–
Total financial assets measured at fair value	770 174	361 512	342 837	65 825
Financial liabilities measured at fair value				
Investment contract liabilities	363 577	–	363 577	–
Borrowed funds	9 024	–	9 024	–
Derivative financial instruments – liabilities	12 384	13	12 371	–
Total financial liabilities measured at fair value	384 985	13	384 972	–

At 31 December 2021 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities ¹	781 814	371 643	347 572	62 599
Derivative financial instruments – assets	6 273	–	6 273	–
Total financial assets measured at fair value	788 087	371 643	353 845	62 599
Financial liabilities measured at fair value				
Investment contract liabilities ²	375 176	–	375 176	–
Borrowed funds	8 474	–	8 474	–
Derivative financial instruments – liabilities	7 762	–	7 762	–
Total financial liabilities measured at fair value	391 412	–	391 412	–

¹ An error was detected regarding the fair value hierarchy pertaining to investments and securities. Consequently, investments and securities to the value of R1.2 billion were reclassified from Level 1 to Level 2, as these securities were not actively traded on their primary exchange during the reporting period.
² In 2021, investment contract liabilities were incorrectly included in Level 1 as the value of the liabilities were derived from underlying assets that are classified as Level 1. The amount has been reclassified to Level 2 as the fair value on investment contract liabilities is derived from valuation techniques based on observable inputs.

At 31 December 2022 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	833 243	424 248	370 154	38 841
Derivative financial instruments – assets	9 629	53	9 576	–
Total financial assets measured at fair value	842 872	424 301	379 730	38 841
Financial liabilities measured at fair value				
Investment contract liabilities	366 374	–	366 374	–
Third-party interests in consolidated funds	102 100	–	102 100	–
Borrowed funds	9 024	–	9 024	–
Other liabilities	8 271	–	8 271	–
Derivative financial instruments – liabilities	12 384	13	12 371	–
Total financial liabilities measured at fair value	498 153	13	498 140	–

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

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

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

At 31 December 2021 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities ¹	832 121	383 723	413 852	34 546
Derivative financial instruments – assets	6 348	–	6 348	–
Total financial assets measured at fair value	838 469	383 723	420 200	34 546
Financial liabilities measured at fair value				
Investment contract liabilities ²	378 353	–	378 353	–
Third-party interests in consolidated funds	77 929	–	77 929	–
Borrowed funds	8 474	–	8 474	–
Other liabilities	10 700	–	10 700	–
Derivative financial instruments – liabilities	7 814	–	7 814	–
Total financial liabilities measured at fair value	483 270	–	483 270	–

¹ An error was detected regarding the fair value hierarchy pertaining to investments and securities. Consequently, investments and securities to the value of R1.2 billion were reclassified from Level 1 to Level 2, as these securities were not actively traded on their primary exchange during the reporting period.

² In 2021, investment contract liabilities were incorrectly included in Level 1 as the value of the liabilities were derived from underlying assets that are classified as Level 1. The amount has been reclassified to Level 2 as the fair value on investment contract liabilities is derived from valuation techniques based on observable inputs.

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 these valuations, 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.

(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	Separate		Consolidated	
	2022	2021	2022	2021
Level 3 financial assets – Investments and securities				
At beginning of the year	62 599	55 454	34 546	34 988
Total net fair value gains/(losses) recognised in profit or loss	1 737	1 428	(5 685)	(1 577)
Purchases	16 255	7 306	16 255	7 306
Sales	(15 027)	(1 584)	(15 027)	(1 584)
Transfers in	397	6	397	6
Transfers out	(164)	–	(164)	–
Net movement on consolidated investment funds ¹	–	–	8 491	(4 582)
Foreign exchange and other	28	(11)	28	(11)
Total Level 3 financial assets	65 825	62 599	38 841	34 546
Unrealised fair value gains/(losses) relating to assets held at 31 December recognised in profit or loss	(3 550)	1 517	2 495	1 758

¹ Net movement on consolidated investment funds represents the impact of (i) consolidating new investment funds during the period and (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 R4 014 million (2021: R9 221 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period, listed bonds to the value of R2 147 million (2021: R362 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of 50 million (2021: R452 million) were also transferred from Level 2 to Level 1 as markets in which these instruments trade, have become active. Pooled investments to the value of R1 308 million (2021: RNil million) were also transferred from Level 1 to Level 2 as markets in which these instruments trade, have become less active.

A transfer between Level 2 and Level 3 occurs when any significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2022, 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. Pooled investments (R168 million), unlisted debt securities (R26 million) and equity securities (R10 million) were transferred from Level 2 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable. Equity securities to the value of R220 million were transferred from Level 1 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable.

During the period, equity and debt securities to the value of R164 million were transferred from Level 3 to Level 2, reflecting the valuation technique used to value these investments as the inputs became observable.

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

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

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

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

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

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

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

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	
		2022	2021
Discounted cash flow (DCF)	Risk adjusted discount rate:		
	» Equity risk premium	2.5% – 6.0%	0.25% – 20.0%
	» Liquidity discount rate	3.9% – 40.0%	5.0% – 40.0%
	» Nominal risk free rate	3.8% – 17.6%	5.0% – 13.0%
	» Credit spreads	1.5% – 13.1%	1.51% – 13.65%
	» Dividend growth rate	Not applicable	5.0% – 20.0%
	» Internal rate of return	13.0% – 30.0%	16.0% – 40.0%
	» Preference dividend accrual rate	5.9% – 12.5%	7.0% – 11.0%
	» Marketability discount	10.0% – 30.0%	5.0% – 30.0%
Price earnings (PE) model/multiple/ embedded value	PE ratio/multiple	2 – 10 times	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF	See PE ratio and DCF

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 31 December 2022. 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	Separate					
	At 31 December 2022	At 31 December 2021		At 31 December 2022	At 31 December 2021	
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
Assets	65 825	62 599	Discounted cash flows (DCF)	Equity risk premium	Favourable: 4 359	Favourable: 2 817
Investments and securities			Market comparable companies approach	Liquidity discount rate	Unfavourable: 4 188	Unfavourable: 2 753
			Adjusted net asset values	Nominal risk free rate		
				Credit spreads		
				EBITDA multiples		
				Price earnings ratios		
				Dividend growth rate		
				Internal rate of return		

Rm	Consolidated					
	At 31 December 2022	At 31 December 2021		At 31 December 2022	At 31 December 2021	
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
Assets	38 841	34 546	Discounted cash flows (DCF)	Equity risk premium	Favourable: 3 296	Favourable: 2 699
Investments and securities			Market comparable companies approach	Liquidity discount rate	Unfavourable: 3 084	Unfavourable: 2 625
			Adjusted net asset values	Nominal risk free rate		
				Credit spreads		
				EBITDA multiples		
				Price earnings ratios		
				Dividend growth rate		
				Internal rate of return		

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

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

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

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December 2022:

Rm	Separate		At 31 December 2022		At 31 December 2021		
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021	At 31 December 2021	At 31 December 2021	
	Sensitivities						
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact	
Investment in subsidiaries, associated undertakings and joint ventures	26 542	25 776	Price earnings ratio/multiple Price book value multiple	1 839	1 801	524	524
Debt securities, preference shares and debentures	4 529	7 244	Discount rate Credit spreads	272	258	291	284
Equity securities	6 815	13 110	Price earnings ratio/multiple Marketability discount rate	291	262	1 047	1 008
Pooled investments and other	27 939	16 469	Net asset value of underlying investments	1 957	1 867	955	937
Total	65 825	62 599		4 359	4 188	2 817	2 753

Rm	Consolidated		At 31 December 2022		At 31 December 2021		
	At 31 December 2022	At 31 December 2021	At 31 December 2022	At 31 December 2021	At 31 December 2021	At 31 December 2021	
	Sensitivities						
Types of financial instruments	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact	
Debt securities, preference shares and debentures	5 628	12 676	Discount rate Credit spreads	272	258	1 196	1 170
Equity securities	23 385	15 873	Price earnings ratio/multiple Marketability discount rate	1 807	1 614	1 181	1 133
Pooled investments and other	9 828	5 997	Net asset value of underlying investments	1 217	1 212	322	322
Total	38 841	34 546		3 296	3 084	2 699	2 625

Fair value gains of R1 737 million (2021: R1 428 million) (Separate) and fair value losses of R5 685 million (2021: R1 577 million) (Consolidated) were recognised on Level 3 assets during the year. The losses are attributable to the approach followed in performing the valuations due to the high level of uncertainty in respect of economic outlook and due to the function of lower comparable multiples.

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

Financial instruments have been classified as designated as fair value through profit and loss where the Group has satisfied the criteria as described in the accounting policies (refer to note D1). Fair value movements on financial assets designated at fair value through profit or loss is recognised in investment return 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 FVPL. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at fair value through profit or loss and hence the assets backing the policyholder liability should also be as fair value through profit or loss.

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

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

Rm	Separate and consolidated			
	Fair value	Current financial year	Cumulative	Contractual maturity amount
Borrowed funds at 31 December 2022	9 024	42	379	8 883
Borrowed funds at 31 December 2021	8 474	66	337	8 250

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

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

D5: Fair value hierarchy for assets and liabilities not measured at fair value

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

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. More information on financial assets measured at amortised cost can be found in note E1.5. The fair value of these assets approximates its carrying value.

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

Rm	Carrying value	Fair value	Separate		
			Level 1	Level 2	Level 3
	Fair value hierarchy				
Financial assets					
Investment and securities at 31 December 2022	1 280	1 282	-	1 282	-
Investment and securities at 31 December 2021	1 086	1 086	-	1 086	-

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).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

D: Financial assets and liabilities continued

D6: Master netting or similar agreements

The Group offsets financial assets and liabilities in the consolidated statement of financial position when it has a legally 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 2022 Rm	Separate				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	9 394	–	9 394	(8 727)	667
Financial liabilities					
Derivative financial instruments – liabilities	12 384	–	12 384	(8 727)	3 657

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

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

At 31 December 2022 Rm	Consolidated				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	9 629	–	9 629	(8 727)	902
Financial liabilities					
Derivative financial instruments – liabilities	12 384	–	12 384	(8 727)	3 657

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

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

Cash and bond collateral amounts not offset against derivative assets and liabilities for separate and consolidated in the statement of financial position are R2 487 million (2021: R628 million).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial risk and capital management

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

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

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

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

The principal mitigation technique with regards to market risk (and asset/liability mismatches) for insurance contracts where shareholders bear the market risk is to match appropriate assets with the liabilities arising from these insurance contracts. Investment contracts (i.e. unit-linked and with-profit products) where policyholders require the market risk exposure are managed within a set mandate considering the risk profile of the relevant customer base. The shareholder investment portfolio is managed within a set mandate considering the Group 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) to ensure that these exposures are managed within appetite. The notes below explain how the financial risks are managed using the categories utilised in the Market Risk framework. Note F2 explains in more detail how insurance risk is managed.

E1: Credit risk

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

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

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

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

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

1.1 Credit risk governance

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

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

1.2 Credit risk management

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial risk and capital management continued

E1: Credit risk continued

1.3 Internal credit risk ratings

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

The assessment of credit risk across the Group relies on internally developed rating models to categorise exposures according to their probability of default and loss given default. The rating models comprises 28 rating categories (OM1 to OM28). These ratings are determined by incorporating both qualitative and quantitative information that builds on information from established rating agencies like Standard & 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.

1.4 Concentrations of credit risk

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

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

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

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

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

At 31 December 2022 Rm	Separate		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	204	204	-
Investments and securities	762 060	1 280	760 780
Government and government-guaranteed securities	98 759	-	98 759
Other debt securities, preference shares and debentures	84 622	1 280	83 342
Short-term funds and securities treated as investments	36 024	-	36 024
Other ¹	542 655	-	542 655
Trade, other receivables and other assets	8 670	6 605	2 065
Derivative financial instruments – assets	9 394	-	9 394
Amount due by Group companies	5 095	5 095	-
Cash and cash equivalents	6 681	6 681	-

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

¹ Other includes equity securities and pooled investments which are not exposed to credit risk.

At 31 December 2022 Rm	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	479	479	-
Investments and securities	833 243	-	833 243
Government and government-guaranteed securities	111 888	-	111 888
Other debt securities, preference shares and debentures	99 492	-	99 492
Short-term funds and securities treated as investments	53 747	-	53 747
Other ¹	568 116	-	568 116
Trade, other receivables and other assets	27 734	25 322	2 412
Derivative financial instruments – assets	9 629	-	9 629
Amount due by Group companies	2 352	2 352	-
Cash and cash equivalents	19 621	19 621	-

At 31 December 2021 Rm	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	177	177	-
Investments and securities	832 121	-	832 121
Government and government-guaranteed securities	102 817	-	102 817
Other debt securities, preference shares and debentures	100 964	-	100 964
Short-term funds and securities treated as investments	47 933	-	47 933
Other ¹	580 407	-	580 407
Trade, other receivables and other assets	15 776	5 383	10 393
Derivative financial instruments – assets	6 348	-	6 348
Amount due by Group companies	3 794	3 794	-
Cash and cash equivalents	18 516	18 516	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk.

1.6 Collateral

(i) Financial collateral

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

At 31 December 2022, the Group has cash collateral of R1 548 million (2021: R1 669 million).

The company conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amount to R1 548 million (2021: R1 669 million).

OMLACSA has placed government securities amounting to R28 107 million (2021: R16 962 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R27 070 million (2021: R16 085 million).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial risk and capital management continued

E1: Credit risk continued

1.7 Analysis of financial assets held at amortised cost

At 31 December 2022 Rm	Separate					
	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	204	-	204	-	-	-
Investments and securities	1 280	-	1 280	-	-	-
Trade, other receivables and other assets	6 849	(244)	6 605	-	(244)	-
Amount due by Group companies	5 095	-	5 095	-	-	-
Cash and cash equivalents	6 681	-	6 681	-	-	-
	20 109	(244)	19 865	-	(244)	-

At 31 December 2021 Rm	Separate					
	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	177	-	177	-	-	-
Investments and securities	1 086	-	1 086	-	-	-
Trade, other receivables and other assets	1 796	(208)	1 588	-	(208)	-
Amount due by Group companies	6 477	-	6 477	-	-	-
Cash and cash equivalents	6 700	-	6 700	-	-	-
	16 236	(208)	16 028	-	(208)	-

At 31 December 2022 Rm	Consolidated					
	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	479	-	479	-	-	-
Trade, other receivables and other assets	25 678	(356)	25 322	-	(356)	-
Amount due by Group companies	2 352	-	2 352	-	-	-
Cash and cash equivalents	19 621	-	19 621	-	-	-
	48 130	(356)	47 774	-	(356)	-

At 31 December 2021 Rm	Consolidated					
	Gross carrying amount	Allowance for ECL	Net amount	Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	177	-	177	-	-	-
Trade, other receivables and other assets	5 806	(423)	5 383	-	(423)	-
Amount due by Group companies	3 794	-	3 794	-	-	-
Cash and cash equivalents	18 516	-	18 516	-	-	-
	28 293	(423)	27 870	-	(423)	-

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

At 31 December 2022 Rm	Separate			
	Government securities	Other debt securities	Short-term funds	Total
Investment grade (AAA to BBB)	1 763	36 762	14 565	53 090
Not rated	531	10 933	1 700	13 164
Sub investment grade (BB and lower)	96 465	35 647	19 759	151 871
Total	98 759	83 342	36 024	218 125

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

At 31 December 2022 Rm	Consolidated			
	Government securities	Other debt securities	Short-term funds	Total
Investment grade (AAA to BBB)	1 763	36 762	14 565	53 090
Not rated	531	11 130	1 700	13 361
Sub-investment grade (BB and lower)	96 465	35 647	19 759	151 871
Consolidation of funds	13 129	15 953	17 723	46 805
Total	111 888	99 492	53 747	265 127

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial risk and capital management continued

E2: Market risk

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

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

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

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

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

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

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

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

2.1 Currency translation risk

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

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

At 31 December 2022 Rm	Separate					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurers' share of policyholder liabilities	2 986	–	–	–	–	2 986
Loans and advances	204	–	–	–	–	204
Investments and securities	689 468	9 517	58 195	2 949	1 931	762 060
Amounts due by Group companies	5 095	–	–	–	–	5 095
Trade, other receivables and other assets	8 442	52	176	–	–	8 670
Derivative financial instruments – assets	9 394	–	–	–	–	9 394
Cash and cash equivalents	5 544	205	846	78	8	6 681
Total assets that include financial instruments	721 133	9 774	59 217	3 027	1 939	795 090
Total non-financial assets	9 508	25	257	6	2	9 798
Total assets	730 641	9 799	59 474	3 033	1 941	804 888
Liabilities						
Long-term business insurance policyholder liabilities	629 412	9 380	57 390	2 672	2 137	700 991
Borrowed funds	9 024	–	–	–	–	9 024
Amounts due to Group companies	472	–	–	–	–	472
Trade, other payables and other liabilities	46 241	63	–	47	–	46 351
Derivative financial instruments – liabilities	12 384	–	–	–	–	12 384
Total liabilities that include financial instruments	697 533	9 443	57 390	2 719	2 137	769 222
Total non-financial liabilities	3 577	7	758	–	4	4 346
Total liabilities	701 110	9 450	58 148	2 719	2 141	773 568

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

Notes to the consolidated and separate financial statements

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E: Financial Risk and Capital Management continued

E2: Market risk continued

2.1 Currency translation risk continued

At 31 December 2022 Rm	Consolidated					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurers' share of policyholder liabilities	3 113	-	-	-	-	3 113
Loans and advances	479	-	-	-	-	479
Investments and securities	762 770	9 949	55 644	2 949	1 931	833 243
Amounts due by Group companies	2 352	-	-	-	-	2 352
Trade, other receivables and other assets	27 320	61	180	167	6	27 734
Derivative financial instruments – assets	9 520	-	-	109	-	9 629
Cash and cash equivalents	18 002	220	855	536	8	19 621
Total assets that include financial instruments	823 556	10 230	56 679	3 761	1 945	896 171
Total non-financial assets	33 969	26	4 523	6 497	2	45 017
Total assets	857 525	10 256	61 202	10 258	1 947	941 188
Liabilities						
Long-term business insurance policyholder liabilities	632 703	9 380	57 390	2 672	2 137	704 282
Third-party interest in consolidation of funds	100 519	-	1 581	-	-	102 100
Borrowed funds	9 024	-	-	-	-	9 024
Amounts due by Group companies	480	-	-	-	-	480
Trade, other payables and other liabilities	72 339	758	2 408	3 449	-	78 954
Derivative financial instruments – liabilities	12 384	-	-	-	-	12 384
Total liabilities that include financial instruments	827 449	10 138	61 379	6 121	2 137	907 224
Total non-financial liabilities	4 148	16	758	367	4	5 293
Total liabilities	831 597	10 154	62 137	6 488	2 141	912 517

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

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

Sensitivity analysis

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

Rm	Separate				
	Change in exchange rate	Impact on profit after tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2022					
GBP	10%	(35)	35	(35)	35
USD	10%	(133)	133	(133)	133
At 31 December 2021					
GBP	10%	(84)	84	(84)	84
USD	10%	71	(71)	71	(71)

Rm	Consolidated				
	Change in exchange rate	Impact on profit after tax		Impact on equity	
		Strengthening	Weakening	Strengthening	Weakening
At 31 December 2022					
GBP	10%	(10)	10	(10)	10
USD	10%	94	(94)	94	(94)
At 31 December 2021					
GBP	10%	(78)	78	(78)	78
USD	10%	290	(290)	290	(290)

2.2 Interest rate risk

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

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

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

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial Risk and Capital Management continued

E2: Market risk continued

2.2 Interest rate risk continued

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

At 31 December 2022 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Interest -1%	3 792	3 885	(93)
Interest +1%	(3 201)	(3 285)	84
Shareholder funds			
Interest -1%	161	53	108
Interest +1%	(147)	(49)	(98)

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Interest -1%	4 295	4 396	(101)
Interest +1%	(3 615)	(3 705)	90
Shareholder funds			
Interest -1%	164	62	102
Interest +1%	(153)	(60)	(93)

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

2.3 Equity price risk

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

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

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

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

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

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

At 31 December 2022 Rm	Change in assets	Change in liabilities	Net impact on profit before tax
Policyholder funds			
Equity -10%	177	187	(10)
Equity +10%	(177)	(187)	10
Shareholder funds			
Equity -10%	(602)	-	(602)
Equity +10%	484	-	484

At 31 December 2021 Rm	Change in assets	Change in liabilities	Net Impact on profit before tax
Policyholder funds			
Equity -10%	144	248	(104)
Equity +10%	(143)	(248)	105
Shareholder funds			
Equity -10%	(781)	-	(781)
Equity +10%	717	-	717

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

E: Financial Risk and Capital Management continued

E3: Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Financial assets that count as available liquidity include cash and money market accounts in holding companies, undrawn amounts in revolving credit facilities and dividends declared by subsidiaries. Financial assets are used to meet liquidity requirements that arise from central expenses, planned transactions, dividend declarations, subsidiary liquidity shortfalls (if any), capital support and external debt calls.

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

The Group liquidity position is monitored over a forecast period of 36 months. The Group's liquidity risk appetite is to maintain sufficient liquidity to withstand a 1-in-200 year stress event over a one-year period while meeting the demands of ongoing operations.

The primary sources of liquidity risk are:

- » Within the Insurance businesses, where derivative instruments may be used for the purposes of hedging and efficient portfolio management. The largest exposure of this nature relates to annuity and risk product portfolios in OMLACSA. The derivative instruments give rise to collateral calls in a changing interest rate environment. These are managed by performing detailed stress tests and ensuring adequate liquidity exists to cover potential collateral- and margin calls.
- » Within the Group's central treasury function, where the key liquidity risks relate to the balance between remittances received from the businesses either by way of operations or through capital items, compared to central costs including debt funding and/or capital or liquidity demands of the businesses.
- » The above risks are mitigated by a combination of holding ample readily accessible liquidity where the risks lie, whether these arise from shareholder commitments or policyholder liabilities, having access to contingent sources of liquidity such as revolving credit facilities, management processes to monitor lending covenants and suitable management actions to proactively remedy any deterioration in the covenant status or liquidity coverage. In the event of a liquidity risk scenario occurring the actual actions to be taken will be tailored to the specific circumstances.

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

E4: Capital management

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

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

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

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

The solvency ratio for OMLACSA increased to 214% from 203% in December 2021, due to a combined decrease in both eligible own funds and the solvency capital requirement.

The decrease in eligible own funds was primarily due to negative investment variances across the segments and shareholder assets as well as the negative impact of economic basis changes. The eligible own funds were further reduced by the impact of poor persistency experience in Mass and Foundation Cluster, as well as mortality and persistency basis changes in Personal Finance and Mass and Foundation Cluster, and net capital flows. This was partially offset by the impact of positive new business written over the period and a decrease in the iterative risk margin, which was mainly driven by the year-on-year reduction in the non-hedgeable risk component of the solvency capital requirement.

The reduction in solvency capital requirement was driven by lower equity risk, due to the decrease in the size of the prescribed equity shock and lower shareholder equity exposure. There was also a reduction in life risk due to the impact of book run-off on certain products. The reduction in life risk was offset by a decrease in the diversification benefits between life risk and market risk, following the large decrease in equity risk.

The remaining investment in Nedbank is held by the Company and managed in line with the Group's Financial Management Framework.

At 31 December 2022 Rm (unaudited)	Optimal target range	2022	2021	Change (2022 vs 2021)
OMLACSA				
Eligible own funds		59 618	62 470	(5%)
Solvency capital requirement (SCR)		27 853	31 084	(10%)
Solvency ratio (%)	175% to 210%	214%	201%	13%

E5: Other unaudited information

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

For each sensitivity illustrated, all other assumptions have been left unchanged except where they are directly affected by the revised conditions. Sensitivity scenarios therefore include consistent changes in cash flows directly affected by the changed assumption(s), for example future bonus participation in changed economic scenarios. For more information on the Group's embedded value, refer to the Additional Disclosures in the Group Annual Results published on 14 March 2023.

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

At 31 December Rm	Unaudited 2022 EV	Unaudited 2021 EV
Central assumptions	54 828	61 229
Value given changes in:		
Economic assumptions 100bps increase ¹	55 072	61 280
Economic assumptions 100bps decrease ¹	54 379	61 082
Equity/property market value 10% increase ²	56 802	63 229
Equity/property market value 10% decrease ²	52 827	59 597
10bps increase of liquidity spreads ³	55 054	61 452
50bps contraction on corporate bond spreads ⁴	54 828	61 229
25% increase in equity/property implied volatilities ⁵	54 689	60 837
25% increase in swaption implied volatilities ⁶	54 710	61 105
10% decrease in discontinuance rates ⁷	56 477	63 018
10% decrease in maintenance expenses ⁸	56 404	62 898
5% decrease in mortality/morbidity rates ⁹	57 918	64 065
5% decrease in annuitant mortality assumption ¹⁰	54 463	60 876

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

² 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.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities

F1: Investment and securities and derivative financial assets and liabilities

(a) Investments and securities

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

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Investments in Group undertakings				
Associated undertakings, joint ventures and subsidiaries	26 542	24 799	–	–
Capital advances to Group undertakings	5 004	3 411	5 004	3 411
Old Mutual Limited	1 041	975	1 152	1 089
	32 587	29 185	6 156	4 500
Other financial assets				
Government and government-guaranteed securities	98 759	91 092	111 888	102 817
Other debt securities, preference shares and debentures	84 622	86 909	99 492	100 964
Listed	24 982	24 402	24 982	24 402
Unlisted	59 640	62 507	74 510	76 562
Equity securities	154 118	174 063	302 944	313 683
Listed	147 219	160 638	277 971	296 328
Unlisted	6 899	13 425	24 973	17 355
Pooled investments ¹	355 930	372 177	257 491	260 729
Listed	112 943	133 165	115 984	136 171
Unlisted	242 987	239 012	141 507	124 558
Short-term funds and securities treated as investments ²	36 024	29 445	53 747	47 933
Other	20	29	1 525	1 495
Total investments and securities	762 060	782 900	833 243	832 121

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.

² Included in Short-term funds and securities treated as investments is cash and cash equivalents of R24 482 million (2021: R20 736 million) in the separate accounts and R24 983 million (2021: R21 444 million) in the consolidated accounts.

The company conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amount to R1 548 million (2021: R1 669 million).

OMLACSA has placed government securities and negotiable certificates of deposit amounting to R28 107 million (2021: R16 962 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R27 070 million (2021: R16 085 million).

The credit grading for the underlying securities within the consolidation of funds has been disclosed as not rated. Sufficient details for the consolidation of funds' securities could not be obtained.

Investments and securities (separate) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R22 625 million (2021: R22 552 million) is expected to be recoverable within 12 months from the reporting date and R739 435 million (2021: R760 348 million) is expected to be recovered more than 12 months from the reporting date.

Investments and securities (consolidated) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R24 562 million (2021: R107 642 million) is expected to be recoverable within 12 months from the reporting date and R808 681 million (2021: R724 479 million) is expected to be recovered more than 12 months from the reporting date.

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

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

(b) Derivative financial assets and liabilities

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

At 31 December Rm	Separate							
	2022				2021			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Separate								
Interest rate swaps	8 456	(11 107)	138 337	363 464	4 776	(6 422)	177 525	355 585
Forward rate agreements	806	(787)	74 963	134 035	712	(672)	45 767	30 164
Other (options and futures)	132	(490)	–	–	785	(668)	–	–
Total	9 394	(12 384)	213 300	497 499	6 273	(7 762)	223 292	385 749

R1 055 million (2021: R1 257 million) of the total derivative financial assets of R9 394 million (2021: R6 273 million) is regarded as current with the remainder being non-current.

R1 631 million (2021: R934 million) of the total derivative financial liabilities of R12 384 million (2021: R7 762 million) is regarded as current with the remainder being non-current.

At 31 December Rm	Consolidated							
	2022				2021			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Consolidated								
Interest rate swaps	8 582	(11 107)	138 337	363 464	4 776	(6 474)	177 525	360 898
Forward rate agreements	806	(787)	74 963	134 035	712	(672)	45 767	30 164
Other (options and futures)	241	(490)	–	–	860	(668)	–	–
Total	9 629	(12 384)	213 300	497 499	6 348	(7 814)	223 292	391 062

R1 138 million (2021: R1 257 million) of the total derivative financial assets of R9 629 million (2021: R6 348 million) is regarded as current with the remainder being non-current.

R1 631 million (2021: R976 million) of the total derivative financial liabilities of R12 384 million (2021: R7 814 million) is regarded as current with the remainder being non-current.

F2: Insurance and investment contracts

Life assurance

Classification of contracts

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

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

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

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

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

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F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

Life assurance continued

Classification of contracts continued

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

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

Premiums on life assurance

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

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

Claims paid on life assurance

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

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

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

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

Life Insurance contract liabilities

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

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

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

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

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

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

The Group performs liability adequacy testing at a business unit level on its insurance liabilities to ensure that the carrying amount of its liabilities (less 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.

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

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

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

Investment contract liabilities

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

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

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

Acquisition costs

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

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

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

Reinsurance

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

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

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

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

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

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

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For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Life insurance contract liabilities

While 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 had to apply in assessing the impact of the pandemic on the cash flows used to measure the insurance contract liabilities.

In the current period, COVID-19 did not continue to have a significant impact on claims experience. Wave 4 and Wave 5 hospital admissions and excess deaths experience were less pronounced in the insured population due to the recent variants being more transmissible but less virulent than previous variants. Furthermore, significant insured population immunity has been achieved through vaccinations and prior infections.

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Group
Pandemic provisions at 31 December 2021	353	1 761	372	2 486
Released to the income statement	(353)	(1 761)	(372)	(2 486)
Pandemic provisions at 31 December 2022	-	-	-	-
Best estimate liability including prescribed margin	-	-	-	-
Discretionary margin	-	-	-	-

The pandemic impact related to COVID-19 in the table above represents the total impact in the current year income statement. The pandemic reserves at 31 December 2022 have been released from the financial statement line item Life insurance contract liabilities on the statement of financial position.

The volatility in operating earnings caused by the pandemic over the last two years has stabilised in the current year as the ongoing impact of the pandemic becomes more muted compared to what was assumed in our reserving.

In the current period, all short-term provisions have been released, as actual experience was materially lighter than expected experience. Rather an allowance for COVID-19 becoming endemic was included in the long-term mortality bases for underwritten risk products, to allow for the future impact of excess COVID-19 related mortality on our experience.

Sensitivity analysis of the COVID-19 provisions was not updated for the period, given that the provisions have been released.

Actuarial basis changes

Rm	2022	2021
Non-economic assumption changes	162	(2 687)
Economic assumption changes	1 181	432
Total basis changes	1 343	(2 255)

Assumption changes were less negative in 2022, with the release of remaining COVID-19 provisions being partially offset by strengthening of persistency basis and mortality basis (to include expected future endemic COVID-19 costs into base mortality).

(a) Net earned premiums

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Premiums earned				
Life insurance contracts	31 468	31 759	32 791	32 142
Investment contracts with discretionary participation features	22 845	24 194	22 845	24 743
Gross earned premiums	54 313	55 953	55 636	56 885
Outwards reinsurance premium ceded	(2 797)	(2 910)	(4 115)	(3 602)
Net earned premiums	51 516	53 043	51 521	53 283

(b) Net claims incurred

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Gross claims and benefits from insurance contracts	21 832	45 296	22 321	45 807
Gross claims and benefits from investment contracts with discretionary participating features	24 085	62 687	24 085	62 987
Gross claims incurred	45 917	107 983	46 406	108 794
Reinsurers' share of claims incurred	(3 007)	(5 581)	(3 563)	(6 492)
Net claims incurred	42 910	102 402	42 843	102 302

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

(c) Policyholder liabilities

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

Year ended 31 December Rm	Separate			2021		
	2022			Gross	Reinsurance	Net
	Gross	Reinsurance	Net			
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	134 866	(2 986)	131 880	145 733	(3 704)	142 029
Life insurance contracts liabilities	131 525	(2 654)	128 871	141 961	(3 233)	138 728
Outstanding claims	3 341	(332)	3 009	3 772	(471)	3 301
Investment contract liabilities	566 125	-	566 125	585 877	-	585 877
Unit-linked investment contracts and similar contracts	363 570	-	363 570	375 578	-	375 578
Other investment contracts	1 241	-	1 241	818	-	818
Investment contracts with discretionary participating features	201 314	-	201 314	209 481	-	209 481
Total policyholder liabilities	700 991	(2 986)	698 005	731 610	(3 704)	727 906

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

(c) Policyholder liabilities continued

Year ended 31 December Rm	Consolidated					
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	135 360	(3 113)	132 247	146 165	(3 847)	142 318
Life insurance contracts liabilities	132 019	(2 781)	129 238	142 393	(3 376)	139 017
Outstanding claims	3 341	(332)	3 009	3 772	(471)	3 301
Investment contract liabilities	568 922	-	568 922	588 791	-	588 791
Unit-linked investment contracts and similar contracts	366 104	-	366 104	378 492	-	378 492
Other investment contracts	1 504	-	1 504	1 081	-	1 081
Investment contracts with discretionary participating features	201 314	-	201 314	209 218	-	209 218
Total policyholder liabilities	704 282	(3 113)	701 169	734 956	(3 847)	731 109

Of the R2 986 million (2021: R3 704 million) included in reinsurer's share of life assurance policyholder liabilities in the separate financial statements is an amount of R459 million (2021: R910 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

Of the R3 113 million (2021: R3 847 million) included in reinsurer's share of life assurance policyholder liabilities in the consolidated financial statements is an amount of R459 million (2021: R1 513 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

(d) Insurance contracts

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

Year ended 31 December Rm	2022 – Separate			2022 – Consolidated		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at beginning of the year	141 961	(3 233)	138 728	142 393	(3 375)	139 018
Income						
Premium income	31 468	(2 783)	28 685	32 791	(3 216)	29 575
Investment income	2 643	-	2 643	2 688	-	2 688
Other income	34	-	34	1 171	970	2 141
Expenses						
Claims and policy benefits	(30 978)	2 934	(28 044)	(31 883)	3 320	(28 563)
Operating expenses	(8 358)	-	(8 358)	(8 758)	-	(8 758)
Other charges and transfers	(3)	-	(3)	(288)	(955)	(1 243)
Taxation	(26)	-	(26)	(274)	(2)	(276)
Transfer to operating profit	(5 216)	428	(4 788)	(5 821)	477	(5 344)
Balance at end of the year	131 525	(2 654)	128 871	132 019	(2 781)	129 238

Year ended 31 December Rm	2021 – Separate			2021 – Consolidated		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at beginning of the year	134 478	(3 076)	131 402	135 196	(3 139)	132 057
Income						
Premium income	31 759	(2 898)	28 861	32 142	(3 493)	28 649
Investment income	21 083	-	21 083	21 119	-	21 119
Other income	22	-	22	128	-	128
Expenses						
Claims and policy benefits	(38 805)	4 752	(34 053)	(39 308)	5 164	(34 144)
Operating expenses	(8 036)	-	(8 036)	(8 366)	-	(8 366)
Other charges and transfers	110	6	116	121	(74)	47
Taxation	(511)	-	(511)	(523)	3	(520)
Transfer to operating profit	1 861	(2 017)	(156)	1 884	(1 836)	48
Balance at end of the year	141 961	(3 233)	138 728	142 393	(3 375)	139 018

The R131 525 million (2021: R141 961 million) in the separate financial statements relating to life insurance contract liabilities does not include outstanding claims amounting to R3 341 million (2021: R3 772 million).

The R132 019 million (2021: R142 393 million) in the consolidated financial statements relating to life insurance contract liabilities does not include outstanding claims amounting to R3 341 million (2021: R3 772 million).

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

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Balance at beginning of the year	376 396	317 786	379 573	320 656
Contributions received	37 485	42 751	37 485	42 751
Maturities	(692)	(641)	(692)	(641)
Withdrawals and surrenders	(41 649)	(35 804)	(41 649)	(35 804)
Fair value movements	(7 716)	52 339	(7 690)	53 051
Foreign exchange and other movements	987	(35)	581	(440)
Balance at end of the year	364 811	376 396	367 608	379 573

(f) Discretionary participating investment contracts

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

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Balance at beginning of the year	209 481	180 374	209 218	180 041
Income				
Premium income	22 845	24 194	22 845	24 743
Investment and other income	3 777	39 703	3 777	39 703
Expenses				
Claims and policy benefits	(32 252)	(33 027)	(32 252)	(33 027)
Operating expenses	(1 069)	(965)	(1 069)	(965)
Other charges and transfers	(442)	872	(179)	393
Taxation	18	(361)	18	(361)
Transfer to operating profit	(1 044)	(1 309)	(1 044)	(1 309)
Balance at end of the year	201 314	209 481	201 314	209 218

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

(g) Contractual maturity analysis

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

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

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

Undiscounted cash flows – Separate

At 31 December 2022 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
Life assurance policyholder liabilities						
Total life insurance contracts	134 866	15 217	12 249	67 444	238 861	333 771
Life insurance contract liabilities	131 525	11 875	12 249	67 444	238 861	330 429
Outstanding claims	3 341	3 342	–	–	–	3 342
Investment contract liabilities	566 125	569 507	(142)	(1 121)	(8 320)	559 924
Unit-linked investment contracts and similar contracts	363 570	363 572	–	–	–	363 572
Other investment contracts	1 241	994	209	527	95	1 825
Investment contracts with discretionary participating features	201 314	204 941	(351)	(1 648)	(8 415)	194 527
Total policyholder liabilities	700 991	584 724	12 107	66 323	230 541	893 695

Undiscounted cash flows – Separate

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

Undiscounted cash flows – Consolidated

At 31 December 2022 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
Life assurance policyholder liabilities						
Total life insurance contracts	135 360	14 916	12 171	67 087	238 178	332 352
Life insurance contract liabilities	132 019	11 574	12 171	67 087	238 178	329 010
Outstanding claims	3 341	3 342	–	–	–	3 342
Investment contract liabilities	568 922	573 861	(142)	(1 121)	(8 320)	564 278
Unit-linked investment contracts and similar contracts	366 104	367 926	–	–	–	367 926
Other investment contracts	1 504	994	209	527	95	1 825
Investment contracts with discretionary participating features	201 314	204 941	(351)	(1 648)	(8 415)	194 527
Total policyholder liabilities	704 282	588 777	12 029	65 966	229 858	896 630

Undiscounted cash flows – Consolidated

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

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

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

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

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

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

Risk management objectives and policies for mitigating insurance risk

The Group manages insurance risk through the following mechanisms:

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

Management of insurance risks

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

Risk type	Nature of risk	Risk management
Liability – mortality	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in deaths, resulting in a loss.	Experience is closely monitored. Mortality rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters and reinsurance all mitigate the risk.
Liability – morbidity	Misalignment of policyholders to the appropriate pricing basis or impact of antiselection or random fluctuation in disability/ critical illness, resulting in a loss.	Experience is closely monitored. Morbidity rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
Liability – longevity	Possible increase in annuity costs due to policyholders living longer.	For non-profit annuities, improvement to longevity is allowed for in pricing and valuation. Experience is closely monitored. For with-profit annuity business, the longevity risk is carried by policyholders and any mortality profit or loss is reflected in bonuses declared.
Liability – mortality catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Liability – morbidity catastrophe	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss re-insurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.

Risk type	Nature of risk	Risk management
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. A natural consequence of doing business, which is proportional to the size of our business, is that it will grow as the businesses grow. These arise as a result of new products and new business.	Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which then has a better chance of staying on books (this benefits both the customer and the Group). The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions. In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'treating customers fairly' principles. Expense risk is limited through the quarterly monitoring of budgets and forecasts.
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.	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. From 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.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

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

Concentration of insurance risk

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

Sensitivity analysis – life assurance

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

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

Year ended 31 December Rm	Change in assumption percentage		Increase/(decrease) in liabilities
	2022 and 2021	2022	
Assumption			2021
Mortality and morbidity rates – assurance	10%	6 867	6 935
Mortality rates – annuities	(10%)	1 192	1 171
Discontinuance rates	10%	1	(56)
Expenses (maintenance)	10%	1 213	1 133
Valuation discount rate	1%	–	–

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

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

The insurance contract liabilities recorded for South African businesses are also impacted by the valuation discount rates assumed. Lowering the discount rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2022 (2021: no impact). There continues to be no significant impact in 2022 due to management actions taken to reduce the impact of changing interest rates on operating profit.

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

Guarantees and options

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

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

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

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

Investment guarantee reserves have been calculated using an internal economic scenario generator (ESG) model that generates product specific economic scenarios. These scenarios comprise interest rates, inflation and fund returns. The model is calibrated to South African derivative market data (where available and reliable), according to the Group's specific calibration requirements. The calibration has been performed as at 31 December 2022.

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	8.0%
2	8.0%
3	8.2%
4	8.3%
5	8.6%
10	9.8%
15	10.1%
20	10.0%
25	9.8%
30	9.7%

Maturity (years)	Strike	Price	Implied volatility
1	Spot	6.4%	21.6%
1	0.8 times spot	2.0%	27.2%
1	Forward	7.9%	20.4%
5	Spot	8.7%	24.2%
5	1.04^5 times spot	15.5%	23.4%
5	Forward	17.2%	23.3%
20	Spot	2.5%	27.0%
20	1.04^20 times spot	11.2%	27.0%
20	Forward	22.1%	27.0%

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

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

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.	6.58%
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.	0.42%

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

F3: Borrowed funds

At 31 December Rm	Note	Separate		Consolidated	
		2022	2021	2022	2021
Subordinated debt securities	F3(a)	9 024	8 474	9 024	8 474

Included in the amount above for OMLACSA separate and consolidated is an amount of R691 million (2021: R1 591 million) that is regarded as current with the remainder regarded as non-current.

Maturity analysis

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

At 31 December Rm	Separate and consolidated	
	2022	2021
Less than 1 year	691	1 591
Greater than 1 year and less than 5 years	10 263	7 310
Greater than 5 years	-	-
Total	10 954	8 901

(a) Subordinated debt securities

At 31 December Rm	Tier	Maturity date	Separate and consolidated	
			2022	2021
Non-banking				
R1 500 million with a spread of 1.54% above 3 month JIBAR	Tier 2	Sep-26	1 506	1 500
R500 million at 3 month JIBAR + 1.55% ¹	Tier 2	Oct-27	500	-
R1 110 million at 3 month JIBAR + 1.55% ¹	Tier 2	Jun-27	1 110	-
R409 million at 10.32% ¹	Tier 2	Repaid	-	413
R568 million at 10.90% ¹	Tier 2	Repaid	-	586
R2 000 million at 3 month JIBAR + 1.55%	Tier 2	Jun-24	2 010	1 999
R1 150 million at 10.96%	Tier 2	Mar-30	1 208	1 268
R623 million at 11.35%	Tier 2	Sep-30	660	683
R2 000 million at 3 month JIBAR + 1.93%	Tier 2	Nov-25	2 030	2 025
Total net subordinated debt securities			9 024	8 474

¹ On 28 October 2022 and 23 June 2022, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R500 million and R11 billion floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of 3 month Johannesburg Interbank Average Rate (JIBAR) plus 155 bps, payable quarterly in arrears. The maturity date of this instrument is 27 October 2027 and 23 June 2027. Instruments totalling R977 million were redeemed in 2022.

(b) Reconciliation of borrowed funds arising from financing activities

Year ended 31 December Rm	Separate and consolidated	
	2022	2021
Balance at beginning of the year	8 474	7 085
Changes from financing cash flows	149	1 150
Proceeds from issue of subordinated and other debt	1 610	1 500
Proceeds from issue of subordinated debt securities	1 610	1 500
Redemption of borrowed funds	(977)	-
Redemption of subordinated debt securities	(977)	-
Interest paid	(484)	(350)
Non-cash changes	401	239
Fair value changes	(125)	(176)
Accrued interest	526	415
Balance at end of the year	9 024	8 474

¹ As part of the Group's enhanced disclosure efforts, the reconciliation above now includes the total borrowed funds balance which cross reference to the financing activities of the consolidated statement of cash flows. Previously only interest paid and accrued on subordinated funds were not disclosed separately.

G: Non-financial assets and liabilities

G1: Goodwill and other intangible assets

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

(a) Goodwill and goodwill impairment

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

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

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

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

(b) Internally developed software

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

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

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

Amortisation is charged to other operating and administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between two and 15 years, depending on the nature and use of the software. This excludes capitalised software that has not been brought into use yet.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G1: Goodwill and other intangible assets continued

(c) Subsequent expenditure

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

(d) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2022 and the year ended 31 December 2021:

Rm	Separate		Consolidated ¹	
	Intangible assets	Goodwill	Intangible assets	Total
Cost				
Balance at 1 January 2021	3 766	544	4 095	4 639
Purchase price adjustments	–	–	–	–
Additions	610	–	654	654
Disposals and retirements	(95)	–	(96)	(96)
Foreign exchange and other movements	–	–	(25)	(25)
Balance at 31 December 2021	4 281	544	4 628	5 172
Purchase price adjustments	–	–	–	–
Additions	623	–	663	663
Disposals and retirements	(44)	–	(45)	(45)
Foreign exchange and other movements	–	–	–	–
Balance at 31 December 2022	4 860	544	5 246	5 790
Amortisation and impairment losses				
Balance at 1 January 2021	357	105	501	606
Amortisation	258	–	300	300
Impairments	–	204	–	204
Disposals and retirements	(76)	–	(77)	(77)
Balance at 31 December 2021	539	309	724	1 033
Amortisation	418	–	458	458
Impairments	–	–	4	4
Disposals and retirements	(44)	–	(45)	(45)
Balance at 31 December 2022	913	309	1 141	1 450
Net carrying value				
Balance at 31 December 2021	3 742	235	3 904	4 139
Balance at 31 December 2022	3 947	235	4 105	4 340

At 31 December

Rm

	2022	2021
Old Mutual Wealth	169	169
Old Mutual Corporate	66	66
Goodwill, net of impairment losses	235	235

¹ Goodwill and intangibles have been separately disclosed as part of the Group's disclosure enhancement process. This note has been amended because of this change. The above disclosure was previously provided in aggregate only.

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

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

During the year, Old Mutual Investment Services impaired Intangibles by R4 million.

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

G2: Fixed assets

(a) Property, plant and equipment

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

Increases or decreases in the carrying amount are taken to other comprehensive income and presented in a revaluation reserve in equity. The revaluation reserve will be released in equity when the asset is sold.

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

Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to 10 years.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

Leased assets

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

Category	Valuation model	Measurement
Land	Revaluation model	» Land is stated at revalued amounts and is not depreciated.
Buildings	Revaluation model	<ul style="list-style-type: none"> » Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method. » Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset are charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. » 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	Cost model	<ul style="list-style-type: none"> » The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: <ul style="list-style-type: none"> – Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. – Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. » If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

Property, plant and equipment owned by the Group

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

Rm	Separate					
	Land	Buildings	Plant and equipment	Total owned	Leased buildings	Total
Gross carrying amount						
Balance at 1 January 2021	195	3 341	1 284	4 820	549	5 369
Additions	–	1	203	204	136	340
Increase/(decrease) arising from revaluation	(3)	(158)	–	(161)	–	(161)
Disposals	–	–	(81)	(81)	(86)	(167)
Foreign exchange and other movements	64	(62)	(179)	(177)	3	(174)
Balance at 31 December 2021	256	3 122	1 227	4 605	602	5 207
Additions	–	14	277	291	141	432
Decrease arising from revaluation	(30)	(108)	–	(138)	–	(138)
Disposals	–	(50)	(96)	(146)	(236)	(382)
Foreign exchange and other movements	84	84	–	–	–	–
Balance at 31 December 2022	142	3 062	1 408	4 612	507	5 119
Accumulated depreciation and impairment losses						
Balance at 1 January 2021	–	7	997	1 004	311	1 315
Depreciation charge for the year	–	51	150	201	148	349
Impairments ¹	–	139	–	139	–	139
Disposals	–	–	(75)	(75)	(75)	(150)
Foreign exchange and other movements	–	(40)	(177)	(217)	–	(217)
Balance at 31 December 2021	–	157	895	1 052	384	1 436
Depreciation charge for the period	–	44	152	196	119	315
Impairments ¹	–	400	–	400	–	400
Disposals	–	–	(88)	(88)	(227)	(315)
Foreign exchange and other movements	–	(32)	2	(30)	–	(30)
Balance at 31 December 2022	–	569	961	1 530	276	1 806
Net carrying amount at:						
31 December 2021	256	2 965	332	3 553	218	3 771
31 December 2022	142	2 493	447	3 082	231	3 313

¹ The R400 million impairment loss recognised in 2022 relates to a R556 million impairment of Mutual Park in Cape Town and a reversal of impairment of R156 million on 1 Mutual Place in Sandton. The decrease in valuation of Mutual Park was due to decreased occupancy rate and below market rental income streams as a result of the COVID-19 pandemic. The decrease resulted in the fair value dropping below the depreciated cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss. The impairment previously recognised in 2021 on 1 Mutual Place was reversed in the current year because of improved occupancy rate resulting in a higher valuation.

The R139 million impairment loss in 2021 relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton decreased due to COVID-19 impacts which led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

Both the Mutual Park and 1 Mutual Place buildings are in the other group activities segment.

Consolidated

Rm	Consolidated					
	Land	Buildings	Plant and equipment	Total owned	Leased buildings	Total
Gross carrying amount						
Balance at 1 January 2021	194	3 341	1 417	4 952	621	5 573
Additions	–	1	214	215	148	363
Decrease arising from revaluation	(3)	(158)	–	(161)	–	(161)
Disposals	–	–	(127)	(127)	(86)	(213)
Foreign exchange and other movements	64	(67)	(193)	(196)	(48)	(244)
Balance at 31 December 2021	255	3 117	1 311	4 683	635	5 318
Additions	–	221	285	506	148	654
Decrease arising from revaluation	(30)	(108)	–	(138)	–	(138)
Disposals	–	(50)	(126)	(176)	237	(413)
Foreign exchange and other movements	(83)	83	–	–	–	–
Balance at 31 December 2022	142	3 263	1 470	4 875	546	5 421
Accumulated depreciation and impairment losses						
Balance at 1 January 2021	–	5	1 064	1 069	337	1 406
Depreciation charge for the year	–	51	156	207	158	365
Impairments ¹	–	139	–	139	–	139
Disposals	–	–	(75)	(75)	(79)	(154)
Foreign exchange and other movements	–	(41)	(196)	(237)	(16)	(253)
Balance at 31 December 2021	–	154	949	1 103	400	1 503
Depreciation charge for the period	–	44	162	206	131	337
Impairments ¹	–	400	–	400	–	400
Disposals	–	–	(117)	(117)	(231)	(348)
Foreign exchange and other movements	–	(32)	–	(32)	(1)	(33)
Balance at 31 December 2022	–	566	994	1 560	299	1 859
Net carrying amount at:						
31 December 2021	255	2 963	362	3 580	235	3 815
31 December 2022	142	2 697	476	3 315	247	3 562

¹ The R400 million impairment loss recognised in 2022 relates to a R556 million impairment of Mutual Park in Cape Town and a reversal of impairment of R156 million on 1 Mutual Place in Sandton. The decrease in valuation of Mutual Park was due to decreased occupancy rate and below market rental income streams as a result of the COVID-19 pandemic. The decrease resulted in the fair value dropping below the depreciated cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

The impairment previously recognised in 2021 on 1 Mutual Place was reversed in the current year because of improved occupancy rate resulting in a higher valuation. The R139 million impairment loss in 2021 relates to the owner-occupied property, 1 Mutual Place, which is a staff office in Sandton. The revaluation model is applied to the property as per Group policy and the benchmark used to revalue is the market value of the surrounding properties in Sandton. The attractiveness of office space in Sandton decreased due to COVID-19 impacts which led to a decrease in the fair value of 1 Mutual Place in the current year. The decrease resulted in the fair value dropping below the cost of the property and therefore as per IAS 16, the loss is recognised in the income statement as an impairment loss.

Both the Mutual Park and 1 Mutual Place buildings are in the other group activities segment.

(i) Property, plant and equipment

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

The carrying value that would have been recognised had owner-occupied property been carried under the historic cost model would be R3 408 million (2021: R3 459 million) for the Group and Company.

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

(ii) Leases as lessee

Year ended 31 December Rm	Separate	
	2022	2021
Amounts recognised in profit or loss		
Finance expense on lease liabilities	18	20
Lease expenses relating to short-term leases	8	15
Lease expenses relating to low-value leases	5	15
Amounts recognised in statement of cash flows		
Total cash outflows on repayment of leases	154	169
Total cash outflows on interest paid on leases	18	20

Year ended 31 December Rm	Consolidated	
	2022	2021
Amounts recognised in profit or loss		
Finance expense on lease liabilities	20	21
Lease expenses relating to short-term leases	8	15
Lease expenses relating to low-value leases	5	16
Amounts recognised in statement of cash flows		
Total cash outflows on repayment of leases	156	176
Total cash outflows on interest paid on leases	20	21

Analysis of lease costs

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

Year ended 31 December Rm	Separate	
	2022	2021
Within one year	104	121
Greater than one year and less than five years	161	131
After five years	-	-
	265	252

Year ended 31 December Rm	Consolidated	
	2022	2021
Within one year	104	126
Greater than one year and less than five years	161	141
After five years	-	3
	265	270

(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 2022 Rm	Separate	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	243	-

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

At 31 December 2022 Rm	Consolidated	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	250	-

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

(b) Investment property

Classification

Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the Group or any of its subsidiaries. Certain investment properties are matched to policyholder liabilities.

Measurement

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

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

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

Fair value hierarchy of the Group's properties

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Balance at beginning of the year	824	940	31 635	28 781
Additions ¹	12	23	1 831	4 845
Disposals	-	-	(53)	-
Net increase from fair value adjustments	15	(139)	661	(1 753)
Foreign exchange and other movements	-	-	(22)	9
Transfer (to)/from assets held for sale	-	-	149	(247)
Balance at end of the year	851	824	34 201	31 635

¹ Assets to the value of R476 million (2021 R3.3 billion) had been reclassified to investment property from investment and securities due to the Group looking through certain investments deemed to be controlled during the current year.

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

The value of freehold and leasehold properties are as follows:

Year ended 31 December Rm	Separate		2021
	2022	2021	
Freehold	851	824	824
Leasehold	-	-	-
	851	824	824

Year ended 31 December Rm	Consolidated		2021
	2022	2021	
Freehold	34 201	31 635	31 635
Leasehold	-	-	-
	34 201	31 635	31 635

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	Separate		Consolidated	
	2022	2021	2022	2021
Rental income from investment property	18	14	2 658	3 101
Direct operating expense arising from investment property that generated rental income	(36)	(25)	(1 325)	(672)

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

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

Overall, there has been an increase in the property assets balance. This was largely attributable to additions and fair value in the current financial year.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The information in the table below discloses the significant unobservable inputs used at year end in measuring investment and owner-occupied properties categorised at Level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/industrial properties and owner-occupied properties	Valued using the internationally and locally recognised Discounted Cash Flow (DCF) method. A minimum of five years (if required for specific leases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers' assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	South African Properties Office Capitalisation rates: 8.25% (2021: 8.25%) Discount rates: 12.75% (2021: 12.75%) Market rentals: R270 per m ² (2021: R90 to R190 per m ²) Vacancy rates: 0.0% (2021: 0.0%) Retail Capitalisation rates: 6.75% to 10.0% (2021: 6.75% to 11.0%) Discount rates: 12.75% to 15.50% (2021: 11.25% to 16.75%) Market rentals: R58.51 to R287.85 per m ² (2021: R33.66 to R2 691.26 per m ²) Vacancy rates: 0.0% to 9.84% (2021: 0.0% to 15.5%) Industrial Capitalisation rates: 8.5% to 11.0% (2021: 8.75% to 11.0%) Discount rates: 13.25% to 15.0% (2021: 13.25% to 15.0%) Market rentals: R33.71 to R77.58 per m ² (2021: R29.75 to R71.28 per m ²) Vacancy rates: 0.0% to 6.60% (2021: 0.0% to 18.3%)
			Bulgarian Properties Office Capitalisation rates: 7.4% to 7.6% (2021: 7.4% to 7.6%) Discount rates: 10.9% to 11.1% (2021: 8.10% to 10.10%) Market rentals per: EUR11 to EUR16 per m ² (2021: EUR10.84 to EUR15.14 per m ²) Vacancy rates: 2.5% to 2.75% (2021: 2.75%) Romanian Properties Office Capitalisation rates: 6.9% (2021: 6.85%) Discount rates: 8.9% (2021: 8.35% to 8.4%) Market rentals: EUR15.0 per m ² (2021: EUR15.0 per m ²) Vacancy rates: 2.5% (2021: 2.5%)

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

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

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner allocated pro rata to the land portions in proportion to the bulk available for each portion. However, there are cases where exceptional circumstances need to be considered.	The land per m ² and bulk per m ² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	Land value per m ² : R100 to R250 (2021: R144 to R511)
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m ² : R75 to R250 (2021: R75 to R733)

(d) Sensitivity analysis

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

Year ended 31 December Rm	Consolidated	
	2022	2021
An increase of 1% in discount rates would decrease the fair value by:	(1 113)	(1 071)
A decrease of 1% in discount rates would increase the fair value by:	1 188	1 135
An increase of 1% in capitalisation rates would decrease the fair value by:	(2 102)	(2 018)
A decrease of 1% in capitalisation rates would increase the fair value by:	2 737	2 600
An increase of 10% in market rentals per m ² would increase the fair value by:	2 211	2 104
A decrease of 10% in market rentals per m ² would decrease the fair value by:	(2 145)	(2 096)

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

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

Investment property comprises a portfolio of retail, commercial and industrial properties that are leased to third parties. These leases are classified as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Each lease has a defined lease period and financial terms. Renewal negotiations with tenants commence prior to expiry of their current lease agreement. Lease periods vary and are dependent on the tenant and property type. Contingent rents charged are immaterial. During the year ended 31 December 2022, rental concessions of R9 million (2021: R110 million) were provided to tenants of the South African property portfolio.

At 31 December Rm	Consolidated	
	2022	2021
Total future minimum lease receivables under operating leases		
Within one year	2 442	1 843
Greater than one year and less than five years	5 063	3 609
After five years	1 545	1 316
	9 050	6 768

G3: Trade, other receivables and other assets

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Debtors arising from direct insurance operations				
Amounts owed by policyholders	905	1 135	1 001	1 164
Amounts owed by intermediaries	483	447	493	457
Other	(3)	(5)	(3)	(5)
	1 385	1 577	1 491	1 616
Debtors arising from reinsurance operations	440	974	536	1 044
Outstanding settlements ¹	-	-	17 295	3 098
Other receivables	1 152	1 665	1 656	2 243
Accrued interest and rent	3 711	3 789	3 755	3 805
Prepayments and accrued income	344	279	563	430
Other assets	1 638	2 508	2 438	3 540
Total trade, other receivables and other assets	8 670	10 792	27 734	15 776

¹ Outstanding settlements represents trades undertaken by the various funds controlled by the Group, but not yet processed at year end. These trades are usually executed on a T+2 timeline.

The trade, other receivables and other assets are presented net of expected credit losses. Refer to note E1 for further details.

Included in the amounts above for OMLACSA separate is an amount of R8 397 million (2021: R10 553 million) that are regarded as current with the remainder regarded as non-current.

Included in the amounts above for OMLACSA Group is an amount of R27 507 million (2021: R15 566 million) that are regarded as current with the remainder regarded as non-current.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G4: Provisions

Year ended 31 December Rm	Separate			Total
	Compensation provisions	Provision for donations	Other	
Balance at 31 December 2021	311	728	139	1 178
Unused amounts reversed	-	-	(3)	(3)
Charge to profit or loss	4	-	94	98
Utilised during the year	(35)	(137)	(328)	(500)
Transfer (to)/from other liabilities	-	-	113	113
Foreign exchange and other movements	-	-	223	223
Balance at 31 December 2022	280	591	238	1 109

Year ended 31 December Rm	Consolidated			Total
	Compensation provisions	Provision for donations	Other	
Balance at 31 December 2021	311	728	224	1 263
Unused amounts reversed	-	-	(3)	(3)
Charge to profit or loss	4	-	92	96
Utilised during the year	(35)	(137)	(343)	(515)
Transfer (to)/from other liabilities	-	-	113	113
Foreign exchange and other movements	-	-	222	222
Balance at 31 December 2022	280	591	305	1 176

Separate and consolidated analysis of provisions

Compensation provisions at 31 December 2022 comprise:

- » R140 million (2021: R136 million) relating to regulatory uncertainty
- » R50 million (2021: R52 million) relating to multiple causal events, and
- » R90 million (2021: R123 million) relates to the provision for claw-back of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed

Of the total compensation provisions, R280 million (2021: R311 million) is estimated to be payable after 12 months from the reporting date.

Provisions for donations

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

Other provisions

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

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

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

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

G5: Contract liabilities

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Balance at 1 January	704	76	876	165
Fees and commission income deferred	80	82	181	91
Revenue recognised during the year	(58)	(52)	(122)	(98)
Foreign exchange and other movements	31	(20)	33	100
Amount reallocated from other liabilities	-	618	-	618
Balance at 31 December	757	704	968	876

Based on the maturity profile of the above liabilities from a Company perspective, R52 million (2021: R86 million) is expected to be earned within 12 months from the reporting date. R705 million (2021: R618 million) is non-current.

Based on the maturity profile of the above liabilities from a consolidated perspective, R90 million (2021: R117 million) is expected to be earned within 12 months from the reporting date. R878 million (2021: R759 million) is non-current.

G6: Deferred tax assets and liabilities

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

(a) Deferred tax assets

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

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

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Deferred tax asset				
Tax losses carried forward ¹	546	1 082	664	1 214
Accelerated capital allowances	-	-	(1)	(3)
Investment contracts	-	-	7	15
Other temporary differences	3	3	82	63
Total	549	1 085	752	1 289

¹ A significant portion of the carried forward tax losses (R546 million; R1 082 million in 2021) relate to transfer losses incurred between policyholder and shareholder funds within OMLACSA, this is mainly due to COVID-19 provisions raised in 2020 and 2021. The transfer losses have been partially utilised in 2022. Further, a deferred tax asset has been recognised in respect of cumulative tax losses amounting to R109 million by Adviceworks Proprietary Limited, on the basis that the entity has exceeded its business case for the last three consecutive reporting periods thus demonstrating the recoverability of the deferred tax asset against future taxable profits. Management has interrogated the business case for all entities for which assets have been raised and are confident that these entities will generate sufficient future taxable profits against which these losses will be utilised.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G6: Deferred tax assets and liabilities continued

(a) Deferred tax assets continued

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

At 31 December Rm	Consolidated			
	2022		2021	
	Gross amount	Tax	Gross amount	Tax
Tax losses				
Less than a year	40	11	110	31
Second to fifth years inclusive	398	107	62	17
After five years	3 129	845	2 690	753
	3 567	963	2 862	801
Other temporary differences	707	191	284	79
Total	4 274	1 154	3 146	880

(b) Deferred tax liabilities

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

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Deferred tax liabilities				
Capital gains tax – shareholder	229	765	229	770
Capital gains tax – policyholder	1 600	4 424	2 271	5 025
Other temporary differences	217	196	216	197
Total	2 046	5 385	2 716	5 992
Reconciliation of net deferred tax liability				
At beginning of the year	(4 300)	(2 809)	(4 703)	(3 186)
Income statement charge	2 989	(1 322)	2 919	(1 360)
Foreign exchange and other movements	(83)	(182)	(77)	(149)
Charged to other comprehensive income	(103)	13	(103)	(8)
At end of the year	(1 497)	(4 300)	(1 964)	(4 703)

G7: Trade, other payables and other liabilities

At 31 December Rm	Notes	Separate		Consolidated	
		2022	2021	2022	2021
Amounts payable on direct insurance business					
Amounts owed to policyholders		2 541	2 543	3 220	2 882
Amounts owed to intermediaries		473	381	488	381
Other direct insurance operation creditors		50	–	50	–
		3 064	2 924	3 758	3 263
Accounts payable on reinsurance business		29	29	119	110
Accruals and deferred income		1 404	1 184	1 656	1 410
Post-employment benefits	11	1 354	1 306	1 354	1 306
Share-based payments – cash-settled scheme liabilities		343	474	343	474
Trade creditors		358	517	513	1 212
Outstanding settlements		4 449	4 094	24 329	9 512
Obligations in relation to collateral holdings		4 740	5 652	4 740	5 652
Lease liabilities ¹	G7.1	243	236	250	253
Interest bearing liabilities	G7.2	–	–	9 394	9 964
Liability in respect of repurchase agreements		27 070	16 085	27 070	16 085
Amount reallocated to contract liabilities		–	(618)	–	(618)
Other liabilities		3 297	4 713	5 428	5 570
Trade, other payables and other liabilities		46 351	36 596	78 954	54 193

¹ As part of the Group's enhanced disclosure efforts, lease liabilities have been separately disclosed. Previously, this was included as other payables.

Included in the amounts above for OMLACSA separate R44 657 million (2021: R34 034 million) is regarded as current with the remainder regarded as non-current.

Included in the amounts above for OMLACSA Group R66 264 million (2021: R45 587 million) is regarded as current with the remainder regarded as non-current.

G7.1: Lease liabilities

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

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Balance at 1 January	236	261	253	318
Additions	142	139	145	139
Interest accrued	19	19	20	19
Repayments (capital)	(154)	(169)	(156)	(176)
Other movements ¹	–	(14)	(12)	(47)
Balance at 31 December	243	236	250	253

¹ Includes interest paid.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

G: Non-financial assets and liabilities continued

G7: Trade, other payables and other liabilities continued

G7.2: Interest-bearing liabilities

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

Year ended 31 December Rm	Maturity date	Consolidated	
		2022	2021
Floating rate term loans			
R500 million drawn of a R500 million facility at 3 month JIBAR + 2%	April 2024	513	510
R1 billion drawn of a R1 billion facility at 3 month JIBAR + 1.55%	Repaid	–	1 000
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.65%	May 2026	508	–
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.74%	May 2026	508	–
EUR67 million drawn of a EUR67 million facility at 3 month EURIBOR + 2.25%	February 2024	1 192	1 236
EUR32 million drawn of a EUR32 million facility at 3 month EURIBOR + 2.70%	November 2027	549	503
EUR49 million drawn of a EUR50 million facility at 3 month EURIBOR + 2.70%	November 2027	790	811
R500 million drawn of a R500 million facility at 3 month JIBAR + 1.85%	March 2024	504	502
EUR38 million drawn of a EUR38 million facility at 3 month EURIBOR + 2.25%	March 2025	749	658
R82 million drawn of a R82 million facility at 3 month JIBAR + 2.00%	May 2025	79	77
R400 million drawn of a R400 million facility at 3 month JIBAR + 1.70%	April 2026	407	397
R300 million drawn of a R300 million facility at 3 month JIBAR + 1.70%	April 2026	306	298
R500 million drawn at 3 Month JIBAR + 2.19%	June 2025	512	509
R500 million drawn at 3 Month JIBAR + 2.12%	June 2024	509	508
EUR2.9 million drawn at 3 month EURIBOR + 2.8%	Repaid	–	51
Fixed rate term loans			
EUR16 million drawn at 2.22%	May 2023	291	294
R979 million drawn at 6.74%	June 2023	976	987
GBP25.088 million drawn at 1.41%	Repaid	–	542
GBP21.5 million drawn at 3.5%	July 2025	407	459
R300 million drawn at 8.70%	April 2023	306	308
GBP15.01 million drawn at 4.5%	February 2026	288	314
Total fixed and variable rate term loans		9 394	9 964

Property to the value of R21 930 million (2021: R21 145 million) has been pledged as security for the interest-bearing liabilities reflected in the table above.

G8: Assets and liabilities held for sale

The Group disposed of an investment property (R119 million) classified as held for sale and reclassified an investment property previously classified as held for sale (R149 million) during the 2022 reporting period. The reclassification occurred due to the terms of the sales agreement not being met within the provided timelines and as a result expired. The net fair value gain arising from the valuation of these properties on transfer date amounted to RNil million (2021: R35 million) and was recognised in investment returns in the income statement.

Assets and liabilities held for sale per segment have been disclosed in note B3.

Year ended 31 December Rm	Consolidated	
	2022	2021
Assets classified as held for sale		
Investment property	–	268
Total assets	–	268

G9: Share capital

Share capital

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

(a) Authorised share capital

At 31 December Rm	Separate and consolidated	
	2022	2021
10 000 000 ordinary shares of R1 each	10	10
10 redeemable preference shares of R1 each	–	–
10 000 000 redeemable, no par value preference shares	–	–
	10	10

(b) Issued share capital and share premium

At 31 December Rm	Separate and consolidated	
	2022	2021
8 000 001 ordinary shares	8	8
1 redeemable preference share of R1	–	–
Share premium	6 415	6 415

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

H: Interests in subsidiaries, associates and joint ventures

Basis of consolidation and equity accounting

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

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

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

Consolidation of subsidiaries

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

H: Interests in subsidiaries, associates and joint ventures continued

Basis of consolidation and equity accounting continued

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.

H1: Subsidiaries

(a) Investments in subsidiaries and Group enterprises

The following table lists the Company's significant investments in subsidiaries, associates and joint ventures whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held directly or indirectly by the Company.

	2022			2021
	Number of issued ordinary shares	% interest	Carrying value	Carrying value
Unlisted joint ventures				
Old Mutual – CHN Energy Life Insurance Company Limited (previously Old Mutual Guodian Life Insurance Company Limited) ²	2 326 134	50.0%	661	846
Unlisted subsidiaries				
Old Mutual Technology Holdings Limited ¹	11 000	100.0%	11	14
Community Property Holdings Proprietary Limited ³	1 737 241 627	81.8%	5 270	4 664
Old Mutual Alternative Solutions Limited ¹	45 000 001	82.0%	84	81
Old Mutual Health Insurance Limited ^{1, 4}	15 000 000	100.0%	–	1
Old Mutual Alternative Risk Transfer Limited ¹	136	100.0%	21	42
Old Mutual Wealth Proprietary Limited ¹	12 200	100.0%	5 660	5 747
Old Mutual Real Estate Holding Company Proprietary Limited ¹	2 031 666 000	100.0%	14 210	12 794
Grand Central Airport Proprietary Limited ¹	18 000	100.0%	188	200
REMchannel Proprietary Limited	153	100.0%	65	65
Blue Hawk VI Proprietary Limited ¹	1	100.0%	354	346
			26 541	24 800

¹ Country of incorporation: Republic of South Africa.

² Country of incorporation: China.

³ Included in the investment in Community Property Holding Proprietary Limited is a loan receivable of R3 526 million (2021: R3 159 million).

⁴ Dissolved in March 2022.

(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 2022 Rm	Community Property Holdings (Pty) Ltd	Other subsidiaries ¹	Total
Consolidated statement of financial position			
Total assets	1 603	30 201	31 804
Current assets	759		
Non-current assets	844		
Total liabilities	(1 209)	(33 339)	(34 548)
Current liabilities	(177)		
Non-current liabilities	(1 032)		
Net assets	394	(3 138)	(2 744)
Non-controlling interests	390	282	672
Non-controlling interests (%)	13%		
Consolidated income statement			
Total revenue	614	8 545	9 159
Profit before tax	87	792	879
Income tax (expense)/credit	(44)	(203)	(247)
Profit/(loss) after tax for the financial year	43	589	632
Non-controlling interests	35	34	69

At 31 December 2021 Rm	Community Property Holdings (Pty) Ltd	Other subsidiaries ¹	Total
Consolidated statement of financial position			
Total assets	1 030	28 547	29 577
Current assets	702		
Non-current assets	328		
Total liabilities	(804)	(31 921)	(32 725)
Current liabilities	(120)		
Non-current liabilities	(684)		
Net assets	226	(3 374)	(3 148)
Non-controlling interests	230	259	489
Non-controlling interests (%)	13%		
Consolidated income statement			
Total revenue	529	6 927	7 456
Profit before tax	16	(836)	(820)
Income tax (expense)/credit	(27)	(196)	(223)
Profit/(loss) after tax for the financial year	(11)	(1 032)	(1 043)
Non-controlling interests	13	39	52

¹ Disclosed as part of the 'Other' non-controlling interest balances are amounts relating to entities which are not 100% held by OMLACSA subsidiaries.

During the year ended 31 December 2022, dividends of R7 million (2021: R7 million) were paid to non-controlling interests.

(c)(i) Analysis of capital advances to Group undertakings

The Company has advanced capital amounting to R5 004 million (2021: R3 411 million) to Old Mutual Capital Holding Proprietary Limited.

Of the R5 004 million due by Old Mutual Capital Holding Proprietary Limited, R3 724 million is unsecured but interest is levied at market-related rates and there are fixed terms of repayment with a last date of repayment of 3 January 2028.

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H: Interests in Subsidiaries, Associates and Joint Ventures continued

H1: Subsidiaries continued

(c)(ii) Amounts due by/(to) Group companies

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

At 31 December Rm	Separate	
	2022	2021
Subsidiaries and associates		
Old Mutual Alternative Risk Transfer Limited	1 588	1 520
Celestis Brokers Services Proprietary Limited	-	44
Old Mutual Unit Trust Managers (RF) Proprietary Limited	100	26
Old Mutual Real Estate Holding Company Proprietary Limited	783	723
Masthead Proprietary Limited	-	(1)
Old Mutual Alternative Solutions Limited	-	24
Old Mutual Wealth Trust Company Proprietary Limited	28	28
Grand Central Airport Proprietary Limited	4	(1)
Old Mutual Investment Services Proprietary Limited	236	274
	2 739	2 637

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Holding companies				
Old Mutual Emerging Markets Proprietary Limited (intermediary holding company)	28	54	28	54
Old Mutual Limited (ultimate holding company)	112	75	112	75
	140	129	140	129

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Fellow subsidiaries				
Old Mutual (Africa) Holdings Proprietary Limited	43	65	43	65
Old Mutual (South Africa) Share Trust	(281)	(283)	(281)	(283)
Old Mutual Investment Administrators Proprietary Limited	18	21	18	21
Old Mutual Specialised Finance Proprietary Limited	(18)	228	(18)	228
Old Mutual Finance (RF) Proprietary Limited	356	327	356	327
Old Mutual Holdings (Kenya) Limited	-	20	-	20
The Old Mutual Black Distributors Trust	36	34	36	34
The Old Mutual Education Trust	1	-	1	-
Old Mutual Transaction Services Proprietary Limited	17	16	17	16
Futuregrowth Asset Management Proprietary Limited	1	1	1	1
Old Mutual Alternative Investments Proprietary Limited	(2)	(5)	(2)	(5)
Old Mutual Zimbabwe Limited	-	(1 422)	-	(1 422)
Old Mutual Investment Services Proprietary Limited	(7)	33	(7)	-
OMSA Management Incentive Trust	1	(644)	1	(644)
Old Mutual Direct Holdings Proprietary Limited	2	3	2	3
Old Mutual Investment Group Proprietary Limited	(25)	(13)	(25)	(13)
African Infrastructure Investment Managers Proprietary Limited	24	13	24	13
Old Mutual Life Assurance Company (Namibia) Limited – Life	217	178	217	178
Old Mutual Life Assurance Company (Namibia) Limited – Service	-	35	-	35
Old Mutual Investment Group (Namibia) Proprietary Limited	-	2	-	2
Old Mutual Life Assurance Co (eSwatini) Limited	1	5	1	5
Faulu Microfinance Bank Limited	1	1	1	1
Old Mutual Life Assurance Company (Ghana) Limited	3	3	3	3
Old Mutual Insure Limited	135	17	135	17
Old Mutual Life Insurance Company (Botswana) Limited	(2)	(9)	(2)	(9)
Old Mutual Holdings plc	13	13	13	13
Old Mutual Limited Broad-Based Black Economic Empowerment Employee Trust	848	608	848	608
Old Mutual Limited Employee Trust	119	419	119	419
The Old Mutual Black Distributors Trust	-	34	-	34
Old Mutual International (Guernsey) Limited	1	10	-	-
OMSA Broad-Based Employee Share Trust	(102)	(73)	(102)	(73)
Old Mutual Dividend Access Trust	-	(22)	-	(22)
Old Mutual West Africa Company Limited	1	2	1	2
Old Mutual Foundation (Charitable Trust)	10	18	10	18
Old Mutual Financial Services Botswana Proprietary Limited	3	9	3	9
Black Distributors SPV	17	15	17	15
REMchannel Proprietary Limited	2	2	2	2
Mutual & Federal Investments Proprietary Limited	(1)	(1)	(1)	(1)
Main Street 1844 Proprietary Limited	-	40	-	40
Old Mutual Capital Holding Proprietary Limited	66	1 416	66	1 416
Old Mutual Zimbabwe Limited	17	28	17	28
Old Mutual Life Assurance Company Zimbabwe Limited	-	(11)	-	(11)
Old Mutual Funeral Services Proprietary Limited	-	2	-	2
Old Mutual Rewards Proprietary Limited	18	(32)	18	(32)
Strategic Investment Services Management Company Proprietary Limited	3	23	3	23
Old Mutual Education SPV Limited	4	1	4	1
Old Mutual Nigeria Life Assurance Company Limited	(1)	(1)	(1)	(1)
Fairbairn Consult Proprietary Limited	(3)	14	(3)	14
Old Mutual Emerging Markets Limited (OSI)	175	-	175	-
Old Mutual East Africa Holdings Group Limited	20	-	20	-
OM Residual UK Limited	(18)	-	(18)	-
Other	31	9	20	5
	1 744	1 149	1 732	1 102
	4 623	3 915	1 872	1 231

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

H: Interests in Subsidiaries, Associates and Joint Ventures continued

HI: Subsidiaries continued

(c)(ii) Amounts due by/(to) Group companies continued

At 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Amounts due by Group companies	5 095	6 477	2 352	3 794
Amounts due to Group companies	(472)	(2 562)	(480)	(2 563)
	4 623	3 915	1 872	1 231

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

(d) Transactions with related entities

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

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

At 31 December Rm	2022 – Separate			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	-	74	1 840	-
Dividend income	-	-	222	-
Fee expense	-	(419)	(451)	-
Insurance contract premiums income	-	-	83	-
Reinsurance contract premiums income	-	-	88	-
Claims and policyholder benefits income	-	-	57	-
Reinsurance contract benefits expenses	-	-	(51)	-
Statement of financial position				
Cash and short-term securities	-	-	-	-
Zero coupon bonds held	-	135	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1 555)	-	-
Call loans including interest	-	1 643	-	-
Promissory notes	-	595	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	-
Statement of changes in equity				
Dividends declared	(5 480)	-	-	-

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

At 31 December Rm	2022 – Consolidated			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	-	(7)	-	-
Dividend income	-	-	-	-
Fee expense	-	(419)	-	-
Insurance contract premiums income	-	-	83	-
Reinsurance contract premiums income	-	-	88	-
Claims and policyholder benefits income	-	-	57	-
Reinsurance contract benefits expenses	-	-	(51)	-
Statement of financial position				
Cash and short-term securities	-	-	-	-
Zero coupon bonds held	-	135	-	-
Credit linked notes including interest	-	-	-	-
Collateral owing	-	(1 555)	-	-
Call loans including interest	-	1 643	-	-
Promissory notes	-	595	-	-
Preference shares	-	-	-	-
Bonds including interest	-	-	-	-
Statement of changes in equity				
Dividend expense	(5 480)	-	-	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

H: Interests in subsidiaries, associates and joint ventures continued

H1: Subsidiaries continued

(d) Transactions with related entities continued

At 31 December Rm	2021 – Consolidated			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	–	65	–	280
Dividend income	–	7	–	–
Fee Income/(expense)	–	(288)	–	–
Insurance contract premiums expenses	–	–	46	–
Reinsurance contract premiums income	–	–	56	–
Claims and policyholder benefits income	–	–	48	–
Reinsurance contract benefits expenses	–	–	(44)	–
Statement of financial position				
Cash and short-term securities	–	–	–	–
Zero coupon bonds held	–	130	–	–
Credit linked notes including interest	–	–	–	–
Collateral owing	–	(1 671)	–	–
Call loans including interest	–	1 983	–	–
Promissory notes	–	441	–	–
Preference shares	–	–	–	–
Bonds including interest	–	–	–	–
Statement of changes in equity				
Dividends declared	(4 535)	–	–	–

At 31 December 2022, debt funding with a fair value of R4 277 million (2021: R4 696 million) had been lent to Old Mutual Specialised Finance Proprietary Limited.

H2: Investments in associated undertakings and joint ventures

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

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

Year ended 31 December Rm	Consolidated	
	2022	2021
Balance at beginning of the year	1 286	2 132
Additions of investment in associated undertakings and joint ventures	–	94
Disposal of investment in associated undertakings and joint ventures ²	(3)	(634)
Share of profit after tax	(117)	(26)
Dividend income	(13)	(11)
Foreign exchange and other movements ^{1,2}	(349)	(269)
Balance at end of the year	804	1 286

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

² During 2022, R456 million was moved from 'Investments in associated undertaking and joint ventures' to 'Investments and Securities', as these assets back policyholder liabilities.

(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, RNil million (2021: R370 million) relates to those that measured at fair value and R804 million (2021: R916 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 2022 Rm	Nature of activities	Percentage holding	Measurement method	Carrying amount	Group share of profit
Associated undertakings					
Other individually immaterial associates ²				143	13
Total investment in associate undertakings				143	13
Joint ventures					
Unlisted					
Old Mutual-CHN Energy Life Insurance Company Limited ¹	Life assurance	50%	Equity accounted	661	(130)
Total investment in joint ventures				661	(130)
Total investments in associates and joint ventures				804	(117)

¹ Country of incorporation: China.

² During 2022, there was no individual material associate to be separately disclosed.

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

(c) Aggregate financial information of immaterial investments in associated undertaking

The aggregate financial information of other immaterial investments in associated undertakings are as follows:

At 31 December Rm	2022	2021 ¹
Total current assets	8	947
Total non-current assets	261	4 065
Total current liabilities	(61)	(1 729)
Total non-current liabilities	–	(2 416)
Total revenues	22	225
Loss from operations	22	(52)
Total comprehensive loss	22	(52)

¹ The Group previously combined associates and joint ventures in the tables above. As part of the ongoing disclosure enhancements, these have now been split out.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

H: Interests in subsidiaries, associates and joint ventures continued

H2: Investments in associated undertakings and joint ventures continued

(d) Financial information of material investments in joint ventures

	2022	2021
At 31 December		
Rm		
Carrying value	661	785
Statement of comprehensive income		
Revenue	3 703	2 537
Interest income	446	338
Depreciation	(10)	(7)
Loss from continuing operations	(261)	(78)
Total comprehensive loss	(261)	(78)
Statement of financial position		
Current assets	7 069	6 541
Cash and cash equivalents	3 632	2 309
Non-current assets	11 294	7 949
Current liabilities	(2 902)	(2 442)
Non-current liabilities	(13 641)	(9 925)
Non-current financial liabilities	(5 308)	(4 081)
Net assets	1 820	2 122
Share of net asset value	910	1 061
Accumulated impairment to recoverable amount based on fair value	(249)	(276)
Carrying amount	661	785

(e) Contingent liabilities and commitments

At 31 December 2022 and 31 December 2021, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.

H3: Structured entities

(a) Group's involvement in structured entities

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

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

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

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

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

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

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

Type of structured entity	Nature	Purpose	Interest held by the Group
» Investment funds	» Manage client funds through the investment in assets	» Generate fees from managing assets on behalf of third party investors	» Investments in units issued by the fund
» Security vehicles	» Hold and realise assets as a result of the default of a client	» These entities seek to protect the collateral of the Group on the default of a loan	» At 31 December 2022, 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.

(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	Consolidated	
	2022	2021
Rm		
Debt securities, preference shares and debentures	1 157	1 917
Equity securities	2 758	4 655
Pooled investment funds	169 724	183 553
Total	173 639	190 125

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

Pooled investment funds include the following investments:

Fund 1

The fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term. The fund invests in government securities, listed debt and equity securities. As at year end the Company's interest in the fund totalled R7 686 million (2021: R7 570 million) compared to a total fund size of R164 600 million (2021: R156 159 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 and unlisted debt securities, listed and unlisted equity securities. As at year end the Company's interest in the fund totalled R7 205 million (2021: R7 849 million) compared to a total fund size of R99 710 million (2021: R102 875 million).

Fund 3

The portfolio aims to preserve capital, but provide returns in excess of that offered by a traditional money market portfolio. The mandate is, however, more flexible and the average portfolio duration will be longer than that of traditional money market portfolios. The portfolio complies with Regulation 28 of the South African Pension Funds Act. As at year end the Company's interest in the fund totalled R3 590 million (2021: R4 647 million) compared to a total fund size of R49 044 million (2021: R58 984 million).

Remaining funds

The remaining R151 243 million (2021: R163 487) across almost 1 500 funds with various investment strategies.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

H: Interests in subsidiaries, associates and joint ventures continued

H3: Structured entities continued

(c) Other interests in unconsolidated structured entities

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

I: Other notes

II: Post-employment benefits

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

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

Restriction on the ability to access individual pension fund surpluses

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

(a) Liability for defined benefit obligations

Year ended 31 December Rm	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Changes in projected benefit obligation				
Projected defined benefit obligation at beginning of the year	217	250	1 306	1 262
Current service cost	-	1	13	14
Interest cost on benefit obligation	21	24	132	121
Measurement (gains)/losses arising from experience adjustments	(57)	(58)	(30)	(28)
Benefits paid	-	-	(67)	(63)
Foreign exchange and other movements	-	-	-	-
Projected defined benefit obligation at end of the year	181	217	1 354	1 306
Change in plan assets				
Plan assets at fair value at beginning of the year	217	250	-	-
Actual return on plan assets	(36)	(33)	-	-
Plan assets at fair value at end of the year	181	217	-	-
Net defined benefit obligation	-	-	(1 354)	(1 306)
Net amount recognised in consolidated statement of financial position	-	-	(1 354)	(1 306)

(b) Principal actuarial assumptions

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

	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Discount rate used	11.1%	10.0%	10.5%	10.6%
Price inflation	6.3%	6.1%	7.0%	6.1%
Rate of future salary increases	7.3%	7.1%	8.0%	7.1%
Expected return on plan assets	11.1%	10.0%	10.9%	10.4%

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 R183 million and decrease of R153.3 million (2021: increase of R177 million and decrease of R148 million) respectively.

Year ended 31 December Rm	Separate and consolidated				
	Reasonable possible change	Pension plans		Other post-retirement benefit schemes	
		%	Increase	Decrease	Increase
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	180	170	1 207	1 534
Increase in accrued service liabilities due to salary increases	1.0%	184	179	-	-
Increase in assumed health cost trend rates	1.0%	-	-	1 537	1 201
	Reasonable possible change	Pension plans		Other post-retirement benefit schemes	
Year ended 31 December 2021	%	Increase	Decrease	Increase	Decrease
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	218	216	1 164	1 479
Increase in accrued service liabilities due to salary increases	1.0%	220	214	-	-
Increase in assumed health cost trend rates	1.0%	-	-	1 483	1 158

(c) Plan asset allocation

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

Year ended 31 December %	Separate and consolidated	
	2022	2021
Equity securities	54.8	62.1
Debt securities	23.4	20.7
Property	6.5	6.4
Annuities and other	15.3	10.8
	100.0	100.0

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

I: Other notes continued

II: Post-employment benefits continued

(d) Expenses recognised in the income statements

Year ended 31 December Rm	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2022	2021	2022	2021
Current service costs	-	1	13	14
Net interest (income)/cost	21	24	132	121
Total (included in staff costs)	21	25	145	135

I2: Share-based payments

(a) Share incentive schemes

The Group incentivises employees through a number of share incentive schemes. These include an Employee Share Ownership Plan (ESOP), Long-Term Incentive Plan (LTIP) and Broad-Based Incentive (BBI) schemes. The ESOP, LTIP and BBI schemes are cash-settled. More information on the Group's share incentive schemes is available in the Old Mutual Limited Remuneration Report which will be released in April 2023 and can be accessed on <https://www.oldmutual.com/investor-relators/reporting-centre/reports>.

Employee Share Ownership Plan (ESOP)

These awards are granted under the Employee Share Ownership Plan (ESOP) rules. ESOP consist of the deferred short-term incentive, buy-out/sign-on, retention and Broad-Based Black Economic Empowerment (B-BBEE) Bula Tsela awards.

Deferred short term incentive awards

A portion of the annual short-term incentive award, for middle management and above, is mandatorily deferred for a maximum period of three years. This deferral is converted to forfeitable Old Mutual Limited shares for participants in South Africa and Namibia. Awards granted in 2022 and to be granted in 2023 vest in three equal tranches on the first, second and third anniversaries of the award, and have no further financial performance conditions. The awards are subject to malus and clawback conditions.

Buy-out/Sign-on awards

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

Retention awards

These awards are granted in special circumstances to retain key talent based on the outcomes of the Group talent management strategy, or scarce and/or critical skills identified as a potential flight risk. The awards typically vest after three years.

Long-Term Incentive Plan (LTIP)

LTI awards are granted under the Long-Term Incentive Plan (LTIP) rules. These awards are granted to executives and select senior managers, on a discretionary basis, subject to a minimum individual performance condition. These awards aim to align senior management and shareholder interests. Awards granted in 2022 are conditional Old Mutual Limited shares for participants in South Africa and Namibia. Vesting is subject to the achievement of company and individual performance targets, and vest in equal tranches on the third, fourth and fifth anniversaries of the award. The awards are subject to malus and clawback conditions.

Broad-Based Incentive scheme (BBI)

B-BBEE listing awards

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

B-BBEE Bula Tsela awards

A once-off broad-based share incentive scheme awarded 205.3 million new Old Mutual Limited ordinary shares, during the year to the following groups:

- » Qualifying Old Mutual employees, as part of the Old Mutual Bula Tsela Employee Transaction granted under the ESOP rules (grant date: 6 December 2022);
- » A Community Trust for the support of eligible Black South African individuals and groups as part of the Old Mutual Bula Tsela Community Transaction (grant date: 12 August 2022); and
- » Qualifying Black South African individuals and groups whose applications pursuant to the public offer were successful, as part of the Old Mutual Bula Tsela Retail Transaction (grant date: 21 November 2022).

The Old Mutual Bula Tsela Community and Retail transactions do not impact OMLACSA.

The Old Mutual Bula Tsela Employee Transaction, has the following core elements:

- » 78 125 166 shares were issued under the employee scheme with 20% of these shares (the "Other Employee Subscription Shares") issued at a subscription price equal to the Post Retail Offer Closing Date VWAP (R10.22 per share, 5 day VWAP as at 1 November 2022) and 80% of these shares (the "Notionally-Funded Employee (NVE) Subscription Shares") issued at their Fair Value as determined through the use of a Monte Carlo option pricing model. The subscription price equated to R3.39 per share.
- » This option pricing model calculates the potential benefit accruing to beneficiaries, taking into account various assumptions/inputs, including the number of shares issued, the price at which shares are trading and the cost of funding provided to the beneficiaries over the 10-year term.
- » Employees will be allocated shares which will vest in tranches after 4 (25%), 6 (25%) and 8 (50%) years. Shares may not be traded until the completion of a 10-year lock in period. Employees will be entitled to a 15% trickle dividend on the NVE shares (remaining dividend will be used to settle the NVE) and 100% of the dividend on the remaining shares during the vesting period.

The cash-settled share-based payment is expensed on a graded vesting basis as a result of the various vesting tranches. The expense is adjusted to reflect the actual number of share rights for which the vesting conditions are met.

(b) Measurements and assumptions

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

The April 2022 grant cycle of 13 613 150 (April 2021: 12 227 331) shares awarded were granted from the Old Mutual Limited Broad-Based Black Economic Empowerment Employee Trust (OML BBEEET) as a free award funded by excess capital transferred from the OMSA Management Incentive Trust. In 2021 these free awards were accounted as a cash-settled transaction because it was believed that the Company still retained the obligation to settle these awards to employees. However, when these free awards were re-evaluated, it was concluded that the Company is not the settling entity because the obligation to settle these awards to employees is with OML BBEEET. Therefore, these free awards were changed from being accounted for as cash-settled to equity-settled transaction. The impact of the change on prior year is considered immaterial; thus it was adjusted in the current year.

(c) Forfeitable/restricted share grants

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

Instruments granted and purchased during the year		Separate and consolidated	
		Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	2022	76 255 855	R7.80
	2021	32 144 808	R9.05

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

I: Other notes continued

I2: Share-based payments continued

(c) Forfeitable/restricted share grants continued

	Number of shares	Weighted average fair value	Number of shares	Weighted average fair value
	2022	R	2021	R
Deferred Short-Term Incentive awards (ESOP)				
Movements in unvested shares				
1 January ¹	37 086 410	13.10	29 542 351	11.89
Granted	13 138 508	13.79	14 042 114	8.10
Settled	(12 208 630)	13.87	(4 464 671)	13.28
Lapsed	(3 450 333)	10.46	(2 033 384)	13.10
31 December¹	34 565 955	10.46	37 086 410	13.10
Long-Term Incentive Plan awards (LTIP)				
Movements in unvested shares				
1 January ¹	15 535 164	13.10	7 744 509	11.89
Granted	4 906 094	13.79	9 387 641	9.96
Settled	(3 817)	10.59	(330 661)	13.49
Lapsed	(2 102 692)	10.46	(1 266 325)	13.10
31 December¹	18 334 749	10.46	15 535 164	13.10
Buy-out/sign on awards (ESOP)				
Movements in unvested shares				
1 January ¹	2 125 029	13.10	–	–
Granted	1 600 159	12.24	2 220 557	9.96
Settled	(25 400)	11.07	–	–
Lapsed	(252 914)	10.46	(95 528)	13.10
31 December¹	3 446 874	10.46	2 125 029	13.10
Retention awards (ESOP)				
Movements in unvested shares				
1 January ¹	15 880 958	13.10	12 416 149	11.89
Granted	5 355 671	13.77	6 494 496	8.18
Settled	(1 987 984)	12.29	(1 605 809)	13.40
Lapsed	(2 372 342)	10.46	(1 423 878)	13.10
31 December¹	16 876 303	10.46	15 880 958	13.10
Broad-Based Incentive awards (BBI)				
Movements in unvested shares				
1 January ¹	3 248	13.10	301 600	11.89
Settled	(1 392)	10.20	(298 352)	8.82
31 December¹	1 856	10.46	3 248	13.10
B-BBEE Bula Tsela awards (BBI)				
Movements in unvested shares				
Granted	51 255 425	4.92	–	–
Lapsed	(633 390)	4.83	–	–
31 December¹	50 622 035	4.83	–	–

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

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

(d) Deferred short-term incentive awards – forecast

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

The Group anticipates awards under the South African scheme of 20 102 765 restricted shares (2021: 14 688 571). The restricted shares have been valued using an estimated share price of R15.00 (2021: R11.89). The method used to calculate the forecast grant is based on a rand value determined at 1 January using the last reported share price and is not adjusted for changes in the share price until the actual awards are made.

(e) Financial impact

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021	2022	2021
Expense arising from cash-settled share and share-option plans	87	243	87	227
Expense arising from equity-settled share plans	88	–	88	–
Closing balance of liability for cash-settled share awards	343	474	343	474
Closing balance of reserve for equity-settled share awards	137	–	137	–

I3: Related parties

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

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

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

The directors' emolument disclosure required by the Companies Act are set out in note K. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in April 2023 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

Year ended 31 December	2022		2021	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees ¹	11	23	11	24
Remuneration		104	–	83
Salaries and other benefits	10	82	11	65
Share-based payment expense	10	22	10	18
		127		107

¹ 2021 has been amended to exclude Nomkhitha Nqweni as she is not a non-executive director of OMLACSA.

Restricted shares	2022		2021	
	Number of personnel	Number of shares '000s	Number of personnel	Number of shares '000s
Outstanding at beginning of the year	10	12 535	10	6 673
Leavers	1	(728)	1	–
New appointments	–	–	1	–
Granted during the year	–	5 483	–	6 994
Lapsed during the year	–	(429)	–	(607)
Released during the year	–	(691)	–	(525)
Outstanding at end of the year	9	16 170	10	12 535

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

I: Other notes continued

I3: Related parties continued

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

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 2022 were as follows.

Year ended 31 December	2022		2021	
	Number of personnel	Value Rm	Number of personnel	Value Rm
Current accounts	4	-	4	-
Credit cards	-	-	-	-
Mortgages	-	-	-	-
Investments	9	136	7	130
Property and Casualty contracts				
Total premium paid during the year	6	-	4	-
Claims paid during the year	-	-	-	-
Life insurance products				
Total sum assured/value of investment at end of the year	12	91	9	63
Pensions				
Value of pension plans as at end of the year	10	110	9	102

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

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 H1(a) and the Group's material investments in associated undertakings and joint ventures are identified in note H2.

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	2022	2021
Transactions with associated undertakings		
Dividend received from Nedbank	-	477
Interest income from Nedbank to Group subsidiaries	-	(1 271)
Interest expense to Nedbank from Group subsidiaries	-	2 585
Insurance premiums received from Nedbank	-	141
Claims paid to Nedbank	-	(88)
Commission expense paid to Nedbank by Group subsidiaries	-	(25)
Management fee expense paid to Nedbank	-	(169)
Management fee income from Nedbank	-	55
Fees paid for provision of information technology services to the Group	-	(123)
Rent received from Nedbank	-	14

(c) Investments in the Kutana group of companies

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

Old Mutual Specialised Finance, provided preference share funding to Luxanio 220 (RF) Proprietary Limited, 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.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders to In2Food Group Proprietary Limited 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 Mkgosi-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.

Year ended 31 December Rm	2022	2021
Debt instruments held		
Preference shareholding – Luxanio 220 (RF) Proprietary Limited	315	277
Mezzanine debt – In2Food Group Proprietary Limited	60	42
Term loan A – In2Food Group Proprietary Limited	196	25
Term loan B – In2Food Group Proprietary Limited	200	137
Income earned		
Preference dividends accrued – Luxanio 220 (RF) Proprietary Limited	26	20
Mezzanine debt interest accrued – In2Food Group Proprietary Limited	1	-
Term loan A interest accrued – In2Food Group Proprietary Limited	2	1
Term loan B interest accrued – In2Food Group Proprietary Limited	2	1

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

I: Other notes continued

16.1: Cash flows from operating activities

Year ended 31 December Rm	Separate		Consolidated	
	2022	2021 ¹	2022	2021 ¹
Fair value gains and losses on debt instruments	–	9	–	9
Depreciation and amortisation	949	827	979	872
Net fair value (gains) or losses	34 236	(90 580)	36 518	(101 294)
Net fair value losses on the revaluation of investment property	(15)	–	(661)	1 615
Non-cash movement in policyholder liabilities	(30 619)	96 223	(30 674)	96 312
Finance costs (including interest and similar expenses)	550	435	552	436
Share-based payment charge	119	209	120	193
Charges to provisions and post-employment benefits obligations	(67)	55	(80)	(98)
Impairment of Intangibles	–	–	4	–
Impairment of goodwill	–	–	–	202
Impairment of fixed assets	400	445	400	445
Credit impairment charges	261	116	210	237
Loss on disposal of subsidiaries and associated undertakings	–	–	5	51
Non-cash changes in consolidated investment funds	–	–	2 016	11 911
Total non-cash movement and adjustments to profit before tax	5 814	7 739	9 389	10 891
Changes in working capital				
Deferred acquisition costs	(179)	(267)	(182)	(273)
Deferred revenue	117	680	220	810
Loans and advances	(288)	(111)	(512)	(232)
Other assets	2 084	(2 722)	(12 001)	(2 703)
Other liabilities	11 164	332	26 761	(56)
Consolidation of funds	–	–	20 643	(453)
Reinsurance contracts	718	(338)	734	(419)
Loans to/from group companies	(708)	(944)	(641)	(1 337)
Collateral owing	(912)	3 501	(912)	3 501
Total changes in working capital	11 996	131	34 110	(1 162)

¹ These numbers have been restated, refer to note 16.2

16.2: Cash flow restatement

(a) Restatement of repurchase agreements

The funding received/(repayments) in respect of repurchase agreements were previously classified as financing activities in the separate and consolidated statement of cash flows. In considering the definition of a financing activity as per IAS 7 *Statement of Cash Flows*, funding received/(repayments) in respect of repurchase agreements do not contribute to the equity and borrowings of the Group. It is therefore more appropriate to be classified as a cash flow from operating activities as part of the 'Net changes in working capital' line. The classification has been amended by restating each of the affected financial statement line items for the prior period. There is no impact on the statement of comprehensive income and statement of financial position.

The extent to which this amendment has impacted the separate statement of cash flows as at 31 December 2021 is set out in the following table:

Rm	Separate		
	As previously reported 31 December 2021	Amendment	Restated after 31 December 2021
Cash flows from operating activities			
Net changes in working capital	(2 068)	2 199	131
Net cash inflow from operating activities	10 841	2 199	13 040
Cash flows from financing activities			
Funding received/(repayments) in respect of repurchase agreements	2 199	(2 199)	–
Net cash (outflow)/inflow from financing activities	(1 441)	(2 199)	3 640

The extent to which this amendment has impacted the consolidated statement of cash flows as at 31 December 2021 is set out in the following table:

Rm	Consolidated		
	As previously reported 31 December 2021	Amendment	Restated after 31 December 2021
Cash flows from operating activities			
Net changes in working capital	(3 361)	2 199	(1 162)
Net cash inflow from operating activities	12 426	2 199	14 625
Cash flows from financing activities			
Funding received/(repayments) in respect of repurchase agreements	2 199	(2 199)	–
Net cash (outflow)/inflow from financing activities	(1 449)	(2 199)	3 648

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

I: Other notes continued

16.2: Cash flow restatement continued

(b) Restatement of cash and cash equivalents

Included in Investments and securities is cash and cash equivalents held for investment purposes within the policyholder portfolio and cash held for risk management within the statement of financial position and have been included as part of cash flows from investing activities in the statement of cash flows. In considering the definition of cash and cash equivalents as per IAS 7 Statement of Cash Flows, these cash flows should be included as cash flows from investing activities as they comprise money at call and short notice. It is therefore more appropriate to be classified as a cash and cash equivalent within the 'Net cash (outflow)/inflow', 'Cash and cash equivalents at beginning of the year' and 'Cash and cash equivalents at end of the year' lines. The classification has been amended by restating each of the affected financial statement line items for the prior period. The presentation of the statement of financial position was amended accordingly to include disclosure of cash and cash equivalents within the investments and securities line. There is no impact on the statement of comprehensive income.

The extent to which this amendment has impacted the separate statement of cash flows as at 31 December 2021 is set out in the following table:

Rm	Separate		
	As previously reported 31 December 2021	Amendment	Restated after 31 December 2021
Cash flows from investing activities			
Disposal/(acquisition) of financial investment	(7 710)	153	(7 557)
Net cash inflow from investing activities	(8 646)	153	(8 493)
Net increase/(decrease) in cash and cash equivalents	754	153	907
Cash and cash equivalents at beginning of the year	5 840	20 583	26 423
Total cash and cash equivalents at end of the year	6 700	20 736	27 436

The extent to which this amendment has impacted the consolidated statement of cash flows as at 31 December 2021 is set out in the following table:

Rm	Consolidated		
	As previously reported 31 December 2021	Amendment	Restated after 31 December 2021
Cash flows from investing activities			
Disposal/(acquisition) of financial investment	(7 657)	861	(6 796)
Net cash inflow from investing activities	(9 671)	861	(8 810)
Net increase/(decrease) in cash and cash equivalents	1 306	861	2 167
Cash and cash equivalents at beginning of the year	17 083	20 583	37 666
Total cash and cash equivalents at end of the year	18 516	21 444	39 960

17: Events after the reporting date

Continued loadshedding and the declaration of a National State of Disaster in South Africa will put additional pressure on our clients' disposable income as the economic impacts filter down to household level. We are, however, positive that the measures put in place through the state of disaster will accelerate the resolution of the energy crisis.

Furthermore, on 24 February 2023 South Africa was 'greylisted' by the Financial Action Task Force. While this decision could have potential financial and economic impacts, at Old Mutual, we do not expect South Africa's 'greylisting' to have a material impact on our relationship with our customers. Old Mutual has always taken care to safeguard our customers' investments with us and we will continue to do so through our processes and controls to manage the risk of money-laundering, proliferation, and terrorist financing.

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2022 until the date of authorisation of these audited consolidated financial statements.

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 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.

J1: IFRS 17 Insurance Contracts (IFRS 17)

1.1 Summary

IFRS 17 *Insurance Contracts* (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure. It was initially published by the IASB in May 2017, and will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard 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 and disability insurance.) as well as investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments).

South African local practice for the measurement of policyholder liabilities under IFRS 4 for long-term insurers follows the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence.

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

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

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

The default model is the General Measurement Model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the Variable Fee Approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with-profits contracts). IFRS 17 also makes provision for a simplified approach, the Premium Allocation Approach (PAA), mainly for short-duration contracts.

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

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

On transition, IFRS 17 requires the standard to be applied either retrospectively (full or modified retrospective approaches) or using the fair value approach. The Group has applied the full retrospective approach in instances where reliable and accurate data and actuarial models are available. For certain groups of contracts issued, the modified retrospective approach and the fair value approach were applied. Refer to section 1.4.5 for more information on transition to IFRS 17.

The standard is effective for reporting periods starting on or after 1 January 2023. As such, the 30 June 2023 interim financial statements will be the first interim results, and the 31 December 2023 annual financial statements the first annual results, presented on an IFRS 17 basis.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.2 Estimated impact of the adoption of IFRS 17

The Group estimates that, based on assessments undertaken to date, the impact of initial application of IFRS 17 on the consolidated and separate financial statements will be in the region of R5,250 million to R6,250 million decrease to total equity at 1 January 2022, net of adjustments relating to consequential amendments to other IFRS standards.

This range has been determined in line with the principles underlying the use of ranges in trading statements as per the JSE's listing requirements. The Group total equity as at 31 December 2021 under IFRS 4 was R30,097 million. (Company: R33,078 million) The increase in liabilities that results in the decrease in total equity is not material relative to the size of the total IFRS 17 liabilities (less than 1% change).

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

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The majority of the Group impact arises from OMLACSA, and within OMLACSA mostly from Mass and Foundation Cluster. The impacts for the other Group entities are less material. The most material impact observed is for the Mass and Foundation Cluster Risk portfolio where liabilities increase on transition to IFRS 17. IFRS 4 required the set-up of material lapse margins associated with expected higher levels of lapses at early durations for this portfolio – these margins were then released into profit at early durations under IFRS 4 as the high early lapse risk expired. Under IFRS 17 the CSM is released more slowly as service is provided – as noted in section 1.4.3(g) the measure of service provided for this portfolio is based on the sum assured for the contracts rather than the level of lapses. This, together with a history of favourable basis changes following management and other interventions that increase the CSM under IFRS 17 rather than directly impacting profit as was the case under IFRS 4, result in an increase in liabilities which will be released over time into profit.

The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes, with no overall impact for OMLACSA or the Group, from Old Mutual Corporate to Personal Finance and Wealth Management. (refer to section 1.4.1(b)).

The Group continues to evaluate the impact of the adoption of the standard and to refine the new financial reporting processes, systems and controls required for the application of IFRS 17. As noted above, the Group will report under the new standard for the first time for the half-year ended 30 June 2023, and will provide restated comparative information for 2022 together with those interim and then the annual financial statements for 2023. The restated comparative information will include the impact on the IFRS 17 financial statements of assumption and model changes made as at 31 December 2022.

IFRS 17 is an accounting standard change that does not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit. It does not have any impact on our non-insurance, for example asset management, businesses.

1.3 IFRS 17 Implementation programme

In 2017 the Group instituted an implementation programme under the sponsorship of the Chief Financial Officer, who chaired a steering committee consisting of senior finance, actuarial and information technology executives from impacted business areas. The programme was also governed by a delivery committee, which consisted of senior finance and actuarial managers who made 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 its own governance and decision-making forums. All decisions relating to the interpretation of the standard (i.e. policies and methodologies) were made by a Technical Review Committee, which consisted of actuarial and finance subject matter experts across the Group. Ratification of major decisions was done by the steering committee. Programme resources include a mix of dedicated and shared internal technical experts, as well as external consultants where appropriate.

Work on the finalisation of key policy and methodology decisions is complete.

Actuarial modelling development was completed in 2022. The build of a robust financial data model, CSM calculation engine and results repository was initiated in 2019 and the key focus in 2022 was completing the remaining build and testing activities and ensuring successful user adoption across the Group. The Group also undertook a number of dry run and user acceptance testing exercises during 2022.

Design of disclosures continued in 2022, as did related build and enhancements to reporting and disclosure tools.

Group assurance roles are fulfilled by Group Internal Audit as well as second line internal control functions. Group assurance on policy and methodology decisions is complete. Their reviews on transition methodology, approaches and results, as well as new modelling and reporting solutions are substantially complete. The assurance by Group assurance on the process control environment across the Group was initiated in 2021, continued throughout 2022 and will be completed in early 2023.

For the purposes of the IAS 8 disclosures included within this audited set of Annual Financial Statements, the external auditors have performed procedures, including evaluating the decisions made by management as well as Group Assurance results to date. These procedures include, but are not limited to, evaluating the transition methodology decisions, product classification, other policy and methodology decisions relevant to the IFRS 17 results, as well as performing audit procedures over the valuation of portfolios considered material to the disclosures provided. The auditors have reported on the annual financial statements as a whole.

1.4 Overview of IFRS 17

All references to insurance contracts apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with discretionary participation features, unless specifically stated otherwise.

1.4.1 Classification of insurance contracts

(a) Identifying the contracts in scope of IFRS 17

The definition of an insurance contract has remained largely the same under IFRS 17 as it was under IFRS 4, thus the adoption of IFRS 17 does not significantly change the classification of the Group's insurance contracts (other than contracts with investment fund choice, as set out below). Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts issued by the Group contain discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

(b) Separation or combination of components

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately: (i) specified embedded derivatives, (ii) distinct investment components and (iii) distinct goods or services other than insurance contract services from insurance contracts. The Group does not issue any insurance contracts that contain distinct embedded derivatives, distinct investment components or distinct goods or services.

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

Where Old Mutual Corporate smoothed bonus investment options are made available to Personal Finance and Wealth Management policyholders, such funds were previously accounted for under the Old Mutual Corporate segment results. Under IFRS 17, the entire contract will be accounted for in the segment that issues the contract. This results in a reallocation of funds under management between segments, but with no overall impact.

(c) Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and reinsurance contracts held distinctly and requires these contracts to be assessed for aggregation requirements on an individual contract basis.

Since the Group manages insurance contracts issued by product lines within an operating segment, insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reassessed, unless there is a modification.

The Group determines the level of aggregation for reinsurance contracts held separately from insurance contracts issued. Similar to insurance contracts issued, reinsurance contracts held are first assessed to identify portfolios of contracts held that are subject to similar risks and managed together. Next, the Group allocates the portfolios of reinsurance contracts held into cohorts of contracts that were initially recognised no more than 12 months apart – typically contracts concluded within a calendar year. Lastly, cohorts (within portfolios) of reinsurance contracts held are split into groups of (i) contracts for which there is a net gain at initial recognition; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts.

¹ The coverage period is the period during which the Group provides insurance contract services, including:
i. the period over which the occurrence of an insured event will result in an incurred claim (for insurance coverage); and/or
ii. the period over which the Group provides investment-related or investment-return services to policyholders.
The coverage period for reinsurance contracts held is determined based on the coverage period of all underlying insurance contracts whose cash flows are included in the reinsurance contract boundary.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

For each portfolio of insurance contracts, the Group determines the level at which reasonable and supportable information is available to assess the profitability of a set of contracts as a whole. The Group uses judgement to determine this appropriate level of granularity for which the reasonable and supportable information is sufficient. Where the evidence is sufficient, the Group concludes that the set of contracts is adequately homogeneous and will be allocated to the same profitability group without performing individual contract assessment.

The Group's interpretation of "becoming onerous" is establishing a loss component for the group of contracts. Financial risks are included in the assessment of "no significant possibility of becoming onerous" for contracts measured under the VFA.

For contracts measured under the PAA, the Group assesses the facts and circumstances as at initial recognition of the contracts, to ascertain whether they should be grouped as onerous. Where facts and circumstances do not indicate such contracts to be onerous as at initial recognition, they are assumed to be non-onerous. Facts and circumstances comprise all management, valuation and pricing information.

The level of aggregation requirements of IFRS 17 limit the cross-subsidies between profitable groups of contracts, for which profit is deferred through the CSM, and onerous groups of contracts, where losses are recognised immediately.

(d) Initial recognition

At initial recognition, groups of insurance contracts issued are recognised from the earliest of the following:

- » The beginning of the coverage period;
- » The date when the first payment from the policyholder is due or actually received, if there is no due date;
- » When the group determines that a group of contracts becomes onerous.

Only contracts that individually meet one of the recognition criteria for the group by the end of the reporting period are included in the group.

Investment contracts with discretionary participation features are initially recognised at the date the Group becomes a party to the contract. The Group becomes party to a contract when it accepts the first payment, which is the date from which it has an obligation to provide investment-return or investment-related service.

1.4.2 Measurement model

The GMM applies to all insurance contracts, except for those where policyholders participate in underlying items. These are contracts where the Group takes on significant insurance risk, for example life insurance and life annuity contracts. The GMM also applies to reinsurance contracts held.

Insurance contracts where policyholders participate in underlying items is defined to mean investment-related service contracts where the benefits depend substantially on the fair value of an underlying item, where this assessment is performed at initial recognition, at a contract level, on a present value probability-weighted average basis.

The VFA applies to these contracts. The VFA is a variation on the GMM and deals with participating business where payments to policyholders are contractually linked and vary substantially with the fair value of the underlying items. The VFA introduces the concept of a variable fee, which is the Group's share of the income from the underlying items as a fee for the investment return or investment related services it provides.

The Group applies the simplified model, the PAA, to all groups of contracts which contain only contracts with coverage periods of one year or less. In addition to the contracts with coverage of less than one year, the Group applies the PAA for the measurement of some groups of contracts where it reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM.

1.4.3 Measurement of insurance contracts

(a) Liability components

A group of insurance contracts is measured as the sum of the Liability for Remaining Coverage (LFRC) and the Liability for Incurred Claims (LIC). These components relate to the provision of future service and past service respectively.

The LFRC is defined as the sum of the following components:

- » Fulfilment cash flows related to future service, which comprise:
 - Best estimate of future cash flows;
 - Risk adjustment for non-financial risk.
- » CSM.

The LIC is structured similarly to the LFRC, except for the CSM. The LIC consists of the following:

- » Fulfilment cash flows related to past service, which comprise:
 - Best estimate of future cash flows;
 - Risk adjustment for non-financial risk.

On initial recognition, there is no difference in measurement of insurance contracts, including the CSM, between the GMM and VFA. The key difference between the VFA and the GMM is evident at subsequent measurement.

The PAA measures the LIC in the same way as the GMM and VFA, but measures the LFRC differently. Refer to Section 1.4.3(i).

(b) Best estimate of future cash flows

The best estimate of the future cash flows of an insurance contract (or group of contracts) is the current estimate of the future cash flows within the insurance contract boundary that the Group expects to collect from premiums and pay out for benefits and expenses, adjusted to reflect the time value of money and financial risk (including uncertainty) associated with those amounts. The adjustment for time value of money and financial risk is allowed for using current discount rates, only to the extent that the adjustments are not already allowed for in the estimates of cash flows.

In measuring the best estimate of the future cash flows for a contract or a set of contracts issued by entities within the Group, the estimates of future cash flows:

- » Are based on a probability weighted mean of the full range of possible outcomes;
- » Are determined from the perspective of the Group entity, provided the estimates are consistent with observable market prices for market variables;
- » Reflect conditions existing at the measurement date.

The Group estimates certain future cash flow components at higher levels and then allocates such estimates to groups as required. Where the Group estimates future cash flow components at a level more granular than IFRS 17 groups, it aggregates the results to the required level. For the LIC specifically, entities within the Group measure the future cash flows at a portfolio level, or at a higher level of aggregation and then allocate to portfolios thereafter.

Investment guarantees embedded in insurance contracts are measured using stochastic modelling because the guarantee does not move symmetrically with different investment return scenarios. The Group's measurement of the investment guarantee reserves incorporates a full range of scenarios representing possible future investment return (or interest rate) environments.

The Group uses assumptions to develop estimates about future cash flows, where the assumptions are:

- » Current (reflecting all the available information around existing conditions, past events and expectations/forecasts of future conditions)
- » Reassessed at each reporting date (and adjusted where required)
- » Based only on substantively enacted legislation at the reporting date.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for underlying insurance contracts issued and the related reinsurance contracts held.

(c) Cash flows within the boundary of insurance contracts

Cash flows are within the boundary of an insurance contract, and considered in the measurement thereof, if they arise from rights and obligations that exist during a period in which the policyholder is obligated to pay premiums or the issuing entity has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends at a single point in time (i.e. the reassessment date) when either:

- » The Group has the practical ability, for a particular contract, to both:
 - Reassess the risk;
 - Set a price or level of benefits that fully reflects the reassessed risk.

(or)

- » Both of the following criteria are satisfied:
 - The Group has the practical ability to reassess the risk of the portfolio of contracts and set a price or level of benefits, such that the reassessed risk of the portfolio is fully reflected by the level of premiums and benefits (for the portfolio) at the reassessment date.
 - The level of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date – ie there is no material pre-funding.

In assessing an entity's practical ability to reprice, the Group only considers policyholder risks (transferred from the policyholder to the issuing entity) such as insurance risk and financial risk. Other risks (such as lapse, surrender and expense risk) are not included in the assessment of the Group's practical ability to reprice.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised by the Group only when those contracts meet the recognition criteria.

Cash flows are within the boundary of an investment contract with discretionary participation features if they result from a substantive obligation to deliver cash at a present or future date.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are not included in the measurement of the future cash flows, and therefore recognised as other operating expenses as incurred.

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For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

1.4.3 Measurement of insurance contracts continued

The Group includes as acquisition cash flows within the insurance contract boundary all cash flows that arise from selling, underwriting and / or starting a group of insurance contracts that are costs directly attributable to the:

- » Individual contracts and groups of contracts; or
- » The portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Tax paid in a fiduciary capacity and related receipts is included in the measurement of future cash flows. The Group will also include income tax payments and related receipts if they are specifically chargeable to the policyholder under the terms of the contract.

The Group includes in the measurement of the future cash flows, investment expense cash flows that relate to providing an investment-return or investment-related service. Therefore, the Group will include the investment expenses incurred on any underlying item. Where there is no investment-return or investment-related service, the Group further includes investment expenses where it performs investment activities to enhance the benefits from insurance coverage for the policyholder.

Risk sharing (mutualisation) applies where contracts in different groups share returns on a specified pool of underlying items (e.g. because they share in a single Bonus Smoothing Account). Where mutualisation applies, the Group adjusts the future cash flows for a group of contracts to include payments to policyholders in other groups arising from existing contracts in the group.

Insurance and reinsurance contract assets and liabilities include all obligations in respect of the contracts, therefore included in the LFRC is an allowance for:

- » Premium debtors;
- » Premium creditors.

The Group includes the following components in the measurement of the LIC, comprising the future cash flows related to past service:

- » Outstanding claims estimates for events that have already occurred and been reported.
- » Additional incurred claims estimates for events that have already occurred, but have not been reported.
- » Claims in payment liabilities for income and premium protection products, as it relates to certain events that have already occurred.
- » Incurred investment components.
- » Earned reinsurance recoveries.

The Group treats incurred claims that are subject to insurance risk as a LFRC only if coverage is reinstated upon recovery, otherwise as a LIC.

(d) Risk adjustment for non-financial risk

Cash flows from insurance contracts involve a high degree of uncertainty regarding the timing and amount of a potential claim and may also include changes in assumptions made about the business or policyholder behaviour. To account for this, IFRS 17 allows for explicit risk adjustments for non-financial risks that are determined to reflect the compensation that the Group would require for bearing such risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the Group, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustment for non-financial risk is determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

In applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over a one-year time horizon.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses.

(e) Measurement of the CSM at initial recognition

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued, representing the future profits expected to be recognised for that group as coverage is provided.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- » The initial recognition of the fulfilment cash flows;
- » The derecognition at the date of initial recognition of any asset recognised for insurance acquisition cash flows;
- » The derecognition at the date of initial recognition of any other asset or liability, for cash flows relating to the group of contracts;
- » Cash flows arising from the contracts in the group at that date.

If the above would imply a negative CSM at the date of inception, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately. For onerous groups of insurance contracts no CSM is recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, the CSM represents the net gain or loss that the Group will recognise over the reinsurance coverage period. The Group does not recognise an immediate gain or loss on recognising a reinsurance contract except if:

- » The reinsurance was purchased on events that occurred before the purchase; or
- » In the case of proportionate reinsurance contracts, the Group recognised a loss on initial recognition of an onerous group of underlying contracts or on addition of onerous underlying contracts to that group.

The loss recovery component at initial recognition of a group of reinsurance contracts is set equal to the amount recognised as income in profit or loss, in the event of onerous underlying insurance groups.

(f) Subsequent measurement of the CSM (adjustments)

The CSM is adjusted at the end of each reporting period. These adjustments differ according to the measurement model of the group of insurance contracts.

The Group calculates and tracks the CSM in the functional currency of the entity in which the contract was written. On consolidation, the financial information in the functional currency is translated into the Group's presentation currency at spot rates. The functional currency is the monetary unit of account of the principal economic environment in which an economic entity operates.

GMM

For insurance contracts measured under the GMM, the CSM is adjusted to reflect the effect of the following changes:

- » The addition of CSM for new contracts recognised for the first time in the current reporting period.
- » The interest accreted on the carrying amount of the CSM.
- » Changes in the fulfilment cash flows relating to future service are recognised by adjusting the CSM. These changes are recognised in the CSM to the extent the CSM is available. When an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LFRC. When the CSM is zero, changes in the fulfilment cash flows adjust the loss component within the LFRC with corresponding changes to insurance service expenses. The excess of any decrease in the fulfilment cash flows over the loss component reduces the loss component to zero and reinstates the CSM.
- » The effect of any currency exchange differences.
- » Release of the CSM for the amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

Interest is accreted on the CSM for contracts measured under the GMM using discount rates determined at initial recognition that are applied to nominal cash flows (locked-in discount rates). Assumptions relating to financial risk are locked in using the functional currency of the relevant entity.

The following adjustments for insurance contracts measured under the GMM relate to future service and thus adjust the CSM:

- » Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- » Changes in estimates of the present value of future cash flows in the LFRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
- » Differences between any investment component expected to become payable (plus any insurance finance income or expenses related to that expected payment before it becomes payable in the period) and the actual investment component that becomes payable in the period;
- » Differences between any policyholder loan expected to become repayable (plus any insurance finance income or expenses related to that expected repayment before it becomes repayable in the period) and the actual investment component that becomes repayable in the period;
- » Changes in the risk adjustment for non-financial risk that relate to future service.

All changes are measured at the locked-in discount rates.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- » Changes in the fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- » Changes in the fulfilment cash flows relating to the LIC; and
- » Experience adjustments relating to current service.

The changes above do not adjust the CSM and flow directly into profit or loss.

The Group performs a full-year calculation for year-end reporting, in which the CSM is accreted for interest under the GMM from the end of the previous annual reporting period up to the next annual reporting period. Only thereafter is the CSM adjusted for changes in the fulfilment cash flows that relate to future service and a portion of the CSM allocated to revenue. The Group has made the accounting policy choice to change the treatment of accounting estimates for interim financial statements in the annual reporting period.

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For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

1.4.3 Measurement of insurance contracts continued

(f) Subsequent measurement of the CSM (adjustments) continued

GMM continued

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the fulfilment cash flows in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying fulfilment cash flows related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the fulfilment cash flows of reinsurance contracts held are also recognised in the insurance service result.

The loss recovery component for a group of reinsurance contracts held is increased for additional income recognised in profit and loss in the case of new onerous underlying contracts issued. The loss recovery component is further adjusted at the end of each reporting period in a manner consistent with the adjustments to the loss component on underlying groups of contracts.

VFA

The VFA modifies the treatment of the CSM to accommodate contracts where policyholders participate in underlying items. The modifications are mostly related to the treatment of movements in the entity's share of the assets backing the contracts or underlying items (other profit-sharing items). Changes in the entity's share of the underlying items (fair value changes) are not recognised immediately in profit or loss. Instead, they adjust the CSM and are subsequently released to insurance revenue over the remaining life of the contract (the coverage period).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- » Changes in the Group's share of the fair value of the underlying items, except to the extent that the Group has applied the risk mitigation option to exclude, from the CSM, changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
- » Changes in the fulfilment cash flows that do not vary based on the returns of underlying items:
 - changes in the effect of the time value of money and financial risks including the effect of financial guarantees
 - experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes
 - changes in estimates of the present value of future cash flows in the LFRC, except items not related to future service as described below
 - differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
 - differences between any policyholder loan expected to become repayable in the period and the actual policyholder loan that becomes repayable in the period;
 - changes in the risk adjustment for non-financial risk that relate to future service.

All adjustments are measured using current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- » Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
- » Changes in the fulfilment cash flows that do not vary based on the returns of underlying items:
 - changes in the fulfilment cash flows relating to the LIC;
 - experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group uses derivatives and non-derivative financial instruments measured at fair value through profit or loss to manage some of the financial risk created by contracts measured under the VFA. In order to ensure that the fair value movement on the hedging instruments offsets (as far as possible) the fair value movement on the fulfilment cash flows, the Group has elected to recognise the changes in financial risk of its share of the fair value of the underlying items that are mitigated with the use of derivatives in profit or loss and not to adjust the CSM. Similarly, the Group has elected to recognise the changes in financial risk in cash flows that do not vary with the underlying item that is mitigated by the use of derivatives and non-derivative financial instruments in profit or loss and not to adjust the CSM.

(g) Subsequent measurement of the CSM (allocation)

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

Coverage units represent a measure of insurance contract services, which could include insurance services or investment services; or a combination of these. Investment service can be further split between investment-return service, applicable to the GMM, or investment-related service, applicable to the VFA.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage duration.

The principle for the number of benefits for the insurance service coverage unit is the amount the policyholder is able to validly claim in each period if an insured event occurs (typically the sum assured). Similarly, the investment service coverage units should represent the assets that the insurer is investing or managing on behalf of the policyholder.

Summarised in the table below are the coverage units that best represent a set of benefit types:

Benefit type	Coverage unit
Lump sum pure risk benefits	Projected total sum assured in-force
Income protection benefits (payable in the event of death or where the disability insured event is defined as the policyholder becoming sick or disabled)	Present value of regular payments on claim inception
Income protection benefits (where the disability insured event is defined as the policyholder becoming and continuing to be sick or disabled)	Projected regular payment in-force
Waiver of premium benefits (payable on death or where the insured event is defined as the policyholder becoming sick or disabled)	Present value of waived premiums on claim inception
Waiver of premium benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	Projected waived premium in-force
Guaranteed and inflation-linked annuities	Projected annuity payment in-force
Reinsurance benefits	Projected total reinsurance sum assured in-force
Investment contracts with discretionary participation features	Underlying item (policyholder account balance plus bonus smoothing account)
Universal life contracts where policyholders participate in the underlying item	Higher of projected total sum assured in-force (excluding accelerated benefits) and underlying item (policyholder account balance plus bonus smoothing account)
Conventional reversionary bonus contracts	Projected total sum assured in-force (including projected bonuses)

Where both insurance and investment services are provided the sum of insurance and investment coverage units is used, where the relevant coverage units are determined based on the benefits discussed above.

The Group reflects the time value of money in the allocation of the CSM to expected future coverage units.

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For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

1.4.3 Measurement of insurance contracts continued

(h) Loss component (LC)

The loss component is the part of the LFRC that represents the excess of outflows over inflows for a group of loss-making contracts.

The Group will determine and track the loss component in a manner consistent with the methodology used to determine and track the CSM for profitable contracts. The loss component for contracts will therefore be:

- » Set up measuring changes in the fulfilment cash flows at locked-in rates for contracts measured under the GMM and current rates for contracts measured under the VFA;
- » Accreted for interest at locked-in rates under the GMM;
- » Unlocked for changes in fulfilment cash flows that relate to future service, consistent with the changes that would have adjusted the CSM;
- » Allocated in subsequent periods using the same coverage units as would have been used to allocate the CSM for a group to revenue in each period.

Decreases in the fulfilment cash flows that relate to future service in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows that relate to future service in subsequent periods increase the loss component.

The allocation of the loss component, which represents the portion of expected claims and expenses and reduction in the risk adjustment for non-financial risk allocated from the loss component in each period, are excluded from revenue and insurance service expenses.

(i) Measurement under the PAA

Under the PAA, the Group measures the LFRC as the premiums received, net of insurance acquisition expenses paid, less the amount recognised as insurance revenue for services provided, net of amortisation of insurance acquisition expenses, unless the Group chooses to expense insurance acquisition cash flows on groups of contracts measured under the PAA where the coverage period is one year or less. This election is made at a portfolio level and is applied consistently over time to all groups which meet the criteria.

For groups of contracts measured under the PAA, if at any time in the coverage period facts and circumstances indicate a group to be onerous, the Group raises an additional loss component under the LFRC, such that the total LFRC is equal to the remaining coverage fulfilment cash flows as measured under the GMM. This additional loss component liability is reassessed at the end of each subsequent reporting period. The set-up and subsequent adjustments to the additional loss component liability under the PAA are recognised as losses or reversals of losses in insurance service expenses.

For all groups of insurance contracts that are measured under the PAA for which insurance service expense cash flows are expected to be paid or received more than 12 months after they are incurred, the Group adjusts the LIC for the effect of time value of money and financial risk.

The Group allows for the effect of time value of money in the measurement of the remaining coverage fulfilment cash flows, used to determine the PAA LFRC allocated to the loss component, for all groups of insurance contracts where an allowance is made for the time value of money in the measurement of the LIC.

If required, the Group establishes a loss recovery component for groups of reinsurance contracts held that are measured under the PAA, to the extent that the underlying insurance contracts issued have a loss.

(j) Discount rates

The Group determines the discount rate as the risk free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free yield is derived using either government bond or swap rates available in the market denominated in the same currency as the product being measured. The illiquidity premium is then added where relevant. This is usually determined as the difference in spread between an illiquid portfolio and a liquid risk-free curve, adjusted for credit risk.

Where risk free yields are not available, for example because there is not a deep and liquid market for bonds, a method that maximizes the use of observable data is chosen.

Management uses judgement to assess liquidity characteristics of the liability cash flows. Guaranteed annuity contracts, including inflation-linked annuities are considered less liquid than the financial assets used to derive the risk-free yield.

The Group values cash flows that vary with an underlying item by performing a risk-neutral projection and discounting at the risk-free rate.

The locked-in discount rate is the rate at initial recognition of a group of contracts measured under the GMM. For interest rate sensitive products, such as guaranteed annuities, a weighted average yield curve is determined. For other groups of contracts, the yield curve at the start of the period over which contracts in a group are recognised, is used.

The Group uses a market-implied inflation rate to determine future cash flows linked to inflation, where such a rate is available. Estimates of future expenses are adjusted using the market-implied inflation rate (where available), plus or minus an adjustment specific to the product or the entity. The market-implied inflation rate is classified as an assumption that relates to financial risk, and changes in which do not unlock the CSM under the GMM.

1.4.4 Presentation and disclosure

The overarching objective of IFRS 17 is to establish principles for the disclosure of insurance contracts which provides a basis for users of the financial statements to assess the effect that insurance contracts have on an entity's financial position, financial performance and cash flows.

Presentation and disclosure of insurance contracts and reinsurance contracts held in the Group's consolidated financial statements under IFRS 17 differ significantly when compared to IFRS 4.

Consolidated statement of financial position

For presentation in the statement of financial position, the Group aggregates portfolios of insurance contracts and reinsurance contracts held and presents separately:

- » Portfolios of insurance contracts that are assets
- » Portfolios of reinsurance contracts held that are assets
- » Portfolios of insurance contracts that are liabilities
- » Portfolios of reinsurance contracts held that are liabilities.

Consolidated income statement

The line items in the statement of profit or loss and other comprehensive income have changed significantly compared with IFRS 4. Under IFRS 4 the Group reported the following line items:

- » Net earned premiums
- » Net claims and benefits incurred (including Change in insurance contract provisions).

Instead, IFRS 17 introduces a comprehensive framework which provides information that distinguishes the two key drivers of insurance contract profitability, whereby insurers typically earn profits:

- (a) **Insurance Service Result**, consisting of **insurance revenue** minus **insurance service expenses**, which provides information about the profit earned from providing insurance coverage;
- (b) **Investment Result**, consisting of investment income minus **finance income or expenses** from insurance contracts, providing information on management of financial risk.

The amount of **insurance revenue** recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- » Amounts relating to changes in the LFRC:
 - Insurance claims and expenses incurred in the period as expected at the start of the period, excluding:
 - amounts related to the loss component;
 - repayments of investment components; and
 - insurance acquisition expenses.
 - Amounts related to income tax that are specifically chargeable to the policyholder.
 - Changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income or expenses;
 - changes that relate to future coverage (which adjust the CSM);
 - amounts allocated to the loss component.
 - Amounts of the CSM recognised in profit or loss for the services provided in the period.
 - Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- » Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows as services are provided over the expected coverage of a group of contracts.

The insurance revenue recognised for insurance contract services provided in the period, for contracts measured under the PAA, is the portion of expected premium receipts allocated to the period. The Group allocates expected premiums equally to each period of related insurance contract services – i.e. based on the passage of time – unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Insurance service expenses include the following:

- » Claims incurred in the period, excluding any investment components, and other directly attributable insurance service expenses incurred in the period;
- » Amortisation of insurance acquisition cash flows, which is equal to the amount recognised in insurance revenue
- » Changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC)
- » Losses on onerous groups of contracts (i.e. the loss on setting up a loss component) and reversals of such losses which represent changes that relate to future service
- » Income or expenses from reinsurance contracts held.

The Group has elected to present a single net amount in profit or loss in respect of net income or expenses from reinsurance contracts held.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

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For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.4 Overview of IFRS 17 continued

1.4.4 Presentation and disclosure continued

Consolidated income statement continued

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- » The effect of the time value of money and changes in the time value of money
- » The effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- » Interest accreted on the CSM (at locked-in rates)
- » The effect of unwind of discounting on the fulfilment cash flows
- » The effect of changes in fulfilment cash flows at current rates, when the corresponding CSM unlocking is measured at the locked-in rate
- » The effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- » Changes in the fair value of underlying items
- » Changes in the effect of financial risk recognised in profit and loss, applying the risk mitigation option

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and Other Comprehensive Income. All insurance finance income and expenses for the period are presented in profit or loss.

Notes to the consolidated financial statements

The Group will provide disaggregated qualitative and quantitative information in the notes to the financial statements about:

- » Amounts recognised in its financial statements from insurance contracts
- » Significant judgements, and changes in those judgements, when applying the standard.

These disclosures will provide more granular information for assessing the effects of contracts on the financial statements than what was disclosed under IFRS 4.

1.4.5 Transition to IFRS 17

Selection of transition approach

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

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

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

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

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

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

Full retrospective approach

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

Modified retrospective approach

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

The Group has applied the modified retrospective approach for certain groups of contracts in portfolios within the Group.

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

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

Fair value approach

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

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

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

The Group has applied the fair value approach on transition for certain groups in portfolios in OMLACSA and OMART.

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

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

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

J: Future standards, amendments to standards and interpretations not early-adopted in the 2022 financial statements continued

J1: IFRS 17 Insurance Contracts (IFRS 17) continued

1.5 Consequential amendments to other IFRS standards

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

1.5.1 IAS 16 Property, Plant and Equipment

The Group holds owner occupied property as the underlying item for groups of insurance contracts measured under the VFA. Paragraph 29A permits the Group to elect to measure such properties using the fair value model in accordance with IAS 40 Investment Property

1.5.2 IFRS 9 Financial Instruments

The Group holds bonds issued by Group companies as the underlying items for groups of insurance contracts measured under the VFA. Paragraph 3.3.5 permits us to elect, irrevocably and on an instrument-by-instrument basis, to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it was a financial asset and measure it at fair value through profit or loss in accordance with IFRS 9.

1.5.3 IFRS 3 Business Combinations

Paragraph 31A requires the Group to measure a group of contracts within the scope of IFRS 17 acquired in a business combination as a liability or asset based on the contractual terms and other factors at the date of acquisition.

There were no new standards effective for the first time in the annual reporting period commencing on 1 January 2022.

J2: Amendments to standards

The Group has adopted the following amendments for the first time in the annual reporting period commencing 1 January 2022:

- » Annual Improvements to IFRS Standards 2018–2020;
- » IFRS 3 amendment to reference to the Conceptual Framework;
- » IAS 16 amendment to proceeds before intended use; and
- » IAS 37 amendment to onerous contracts – Cost of fulfilling a contract.

These standards are not expected to have a material impact on the financial statements.

J3: New standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2022:

- » IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures¹;
- » IFRS 17 Insurance Contracts²;
- » Amendment to IAS 1 Classification of liabilities as current or non-current³;
- » Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies²;
- » IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors²; and
- » IAS 12 amendment on deferred tax related to assets and liabilities arising from a single transaction².

These standards, with the exception of IFRS 17, are not expected to have a material impact on the financial statements.

¹ The IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

² Effective on 1 January 2023.

³ Effective on 1 January 2024.

K: 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 2023 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>.

Executive directors	Iain Williamson		Casper Troskie	
	2022	2021	2022	2021
Salary	9 303 372	8 799 819	5 466 725	5 120 531
Other benefits	369 761	249 577	–	–
Retirement benefits	337 428	324 450	198 275	185 719
TGP	10 010 561	9 373 846	5 665 000	5 306 250
Bonus amounts	6 632 047	3 046 680	4 427 280	1 823 250
Total excluding share-based payments	16 642 608	12 420 526	10 092 280	7 129 500
IFRS 2 fair value of unvested shares at year end owed to director	9 440 828	8 473 832	6 636 620	7 341 596
Number of shares vested	105 904	81 936	171 241	160 856
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Clarence Nethengwe		Kerrin Land	
	2022	2021	2022	2021
Salary	4 858 775	4 461 928	4 757 450	4 313 108
Other benefits	–	1 680	–	150 500
Retirement benefits	176 225	161 892	172 550	161 892
TGP	5 035 000	4 625 500	4 930 000	4 625 500
Bonus amounts	3 461 211	1 980 750	3 366 753	2 009 250
Total excluding share-based payments	8 496 211	6 606 250	8 296 753	6 634 750
IFRS 2 fair value of unvested shares at year end owed to director	5 302 497	5 937 509	4 147 247	3 354 657
Number of shares vested	119 813	66 889	52 654	29 637
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed officers	Prabashini Moodley		Zureida Ebrahim ²	
	2022	2021	2022	2021
Salary	4 224 288	3 992 687	4 472 775	723 750
Retirement benefits	153 213	144 813	162 225	26 250
TGP	4 377 501	4 137 500	4 635 000	750 000
Bonus amounts ¹	2 982 174	701 250	3 154 788	3 352 500
Total excluding share-based payments	7 359 675	4 838 750	7 789 788	4 102 500
IFRS 2 fair value of unvested shares at year end owed to director	2 906 613	2 949 797	2 352 294	–
Number of shares vested	69 368	23 187	–	–
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Exiting prescribed officers	Heloise Van Der Mescht ²	
	2022	2021
Salary ³		3 725 266
Other benefits		31 165
Retirement benefits		94 534
TGP		3 850 965
Bonus amounts		925 539
Total excluding share-based payments		4 776 504
IFRS 2 fair value of unvested shares at year end		2 113 559
Number of shares vested		25 619
Class of share		Ordinary

¹ Zureida Ebrahim's bonus amounts include a cash sign-on bonus of R3 150 000.

² Heloise Van Der Mescht was a prescribed officer until 31 October 2021 as the COO role was permanently filled effective 1 November 2021 by Zureida Ebrahim, therefore Heloise Van Der Mescht's disclosure represents 10 months in service and Zureida Ebrahim's disclosure represents two months in service.

³ Heloise Van Der Mescht is no longer a prescribed officer, therefore no disclosure provided for 2022.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Iain Williamson													
Long-Term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	72 414	-	72 414	-	-	977 589	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	12 232	-	12 232	-	-	165 132	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	254 882	-	-	-	254 882	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	254 882	-	-	-	254 882	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	254 881	-	-	-	254 881	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	43 054	-	-	-	43 054	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	601 605	-	-	-	601 605	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	101 622	-	-	-	101 622	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	601 605	-	-	-	601 605	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	101 621	-	-	-	101 621	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	601 604	-	-	-	601 604	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	101 621	-	-	-	101 621	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	339 376	-	-	339 376	-	-	1 091 753
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
Deferred Short-Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	62 667	-	-	62 667	-	-	846 005	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	10 586	-	-	10 586	-	-	142 911	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	175 733	-	-	-	175 733	-	-	1 835 465
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	29 684	-	-	-	29 684	-	-	310 038
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	27 932	-	-	27 932	-	-	377 920	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	4 719	-	-	4 719	-	-	63 848	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	27 932	-	-	-	27 932	-	-	291 739
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	4 719	-	-	-	4 719	-	-	49 288
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	27 931	-	-	-	27 931	-	-	291 729
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	4 719	-	-	-	4 719	-	-	49 288
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	49 096	-	-	49 096	-	-	512 789
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
Total						3 634 045	1 165 420	253 938	105 904	4 439 623	3 428 163	1 430 684	7 641 203

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Casper Troskie													
Long-Term Incentive Plan													
2018 Tranche 2	18-Sep-18	18-Sep-22	21,58	12,27	10.44	32 718	-	-	32 718	-	-	346 484	-
2018 Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14,09	12,27	10.44	5 527	-	-	5 527	-	-	58 531	-
2018 Tranche 3	18-Sep-18	18-Sep-23	21,58	12,27	10.44	32 718	-	-	-	32 718	-	-	-
2018 Nedbank Unbundling Tranche 3	3-Dec-21	18-Sep-23	14,09	12,27	10.44	5 527	-	-	-	5 527	-	-	-
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22,00	12,27	10.44	12 414	-	-	12 414	-	-	131 464	-
2018 Special Grant Tranche 2 Nedbank Unbundling	3-Dec-21	18-Sep-22	14,09	12,27	10.44	2 097	-	-	2 097	-	-	22 207	-
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22,00	12,27	10.44	12 414	-	-	-	12 414	-	-	-
2018 Special Grant Tranche 3 Nedbank Unbundling	3-Dec-21	18-Sep-23	14,09	12,27	10.44	2 097	-	-	-	2 097	-	-	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21,75	12,27	10.44	79 655	-	79 655	-	-	1 075 342	-	-
2019 Tranche 1 Nedbank Unbundling	3-Dec-21	20-Mar-22	14,09	12,27	10.44	13 455	-	13 455	-	-	181 643	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21,75	12,27	10.44	79 655	-	79 655	-	-	1 075 342	-	-
2019 Tranche 2 Nedbank Unbundling	3-Dec-21	20-Mar-23	14,09	12,27	10.44	13 455	-	13 455	-	-	181 643	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21,75	12,27	10.44	79 656	-	79 656	-	-	1 075 356	-	-
2019 Tranche 3 Nedbank Unbundling	3-Dec-21	20-Mar-24	14,09	12,27	10.44	13 456	-	13 456	-	-	181 656	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11,95	12,27	10.44	104 602	-	-	-	104 602	-	-	-
2020 Tranche 1 Nedbank Unbundling	3-Dec-21	26-Mar-23	14,09	12,27	10.44	17 669	-	-	-	17 669	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11,95	12,27	10.44	104 603	-	-	-	104 603	-	-	-
2020 Tranche 2 Nedbank Unbundling	3-Dec-21	26-Mar-24	14,09	12,27	10.44	17 669	-	-	-	17 669	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11,95	12,27	10.44	104 603	-	-	-	104 603	-	-	-
2020 Tranche 3 Nedbank Unbundling	3-Dec-21	26-Mar-25	14,09	12,27	10.44	17 669	-	-	-	17 669	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13,09	12,27	10.44	203 042	-	-	-	203 042	-	-	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-24	14,09	12,27	10.44	34 297	-	-	-	34 297	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13,09	12,27	10.44	203 041	-	-	-	203 041	-	-	-
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-25	14,09	12,27	10.44	34 297	-	-	-	34 297	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13,09	12,27	10.44	203 042	-	-	-	203 042	-	-	-
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-26	14,09	12,27	10.44	34 298	-	-	-	34 298	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13,79	12,27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 2	13-Apr-22	13-Apr-26	13,79	12,27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 3	13-Apr-22	13-Apr-27	13,79	12,27	10.44	-	166 184	-	-	166 184	-	-	534 605
Deferred Short-Term Incentive													
2019	20-Mar-19	20-Mar-22	21,75	12,27	10.44	80 247	-	-	80 247	-	-	1 083 334	-
2019 Nedbank Unbundling	3-Dec-21	20-Mar-22	14,09	12,27	10.44	13 555	-	-	13 555	-	-	182 993	-
2020	26-Mar-20	26-Mar-23	11,95	12,27	10.44	137 239	-	-	-	137 239	-	-	1 433 410
2020 Nedbank Unbundling	3-Dec-21	26-Mar-23	14,09	12,27	10.44	23 182	-	-	-	23 182	-	-	242 127
2021 Tranche 1	9-Apr-21	9-Apr-22	13,09	12,27	10.44	21 116	-	-	21 116	-	-	285 699	-
2021 Tranche 1 Nedbank Unbundling	3-Dec-21	9-Apr-22	14,09	12,27	10.44	3 567	-	-	3 567	-	-	48 262	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13,09	12,27	10.44	21 116	-	-	-	21 116	-	-	220 549
2021 Tranche 2 Nedbank Unbundling	3-Dec-21	9-Apr-23	14,09	12,27	10.44	3 567	-	-	-	3 567	-	-	37 256
2021 Tranche 3	9-Apr-21	9-Apr-24	13,09	12,27	10.44	21 117	-	-	-	21 117	-	-	220 559
2021 Tranche 3 Nedbank Unbundling	3-Dec-21	9-Apr-24	14,09	12,27	10.44	3 567	-	-	-	3 567	-	-	37 256
2022 Tranche 1	13-Apr-22	13-Apr-23	13,79	12,27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 2	13-Apr-22	13-Apr-24	13,79	12,27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 3	13-Apr-22	13-Apr-25	13,79	12,27	10.44	-	29 382	-	-	29 382	-	-	306 884
Total						1 791 949	586 694	279 332	171 241	1 928 070	3 770 982	2 158 974	4 715 594

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units			-Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Clarence Nethengwe													
Long-Term Incentive Plan													
2019 Tranche	20-Mar-19	20-Mar-22	21.75	12.27	10.44	70 805	-	70 805	-	-	955 854	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	70 805	-	70 805	-	-	955 868	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	70 804	-	70 804	-	-	955 868	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	11 960	-	11 960	-	-	161 460	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 903	-	-	-	15 903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	203 018	-	-	-	203 018	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	34 294	-	-	-	34 294	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	86 663	-	-	86 663	-	-	1 169 950	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	14 639	-	-	14 639	-	-	197 627	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	97 072	-	-	-	97 072	-	-	1 013 881
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	16 397	-	-	-	16 397	-	-	171 260
2021 Tranche 1	9-Apr-21	20-Mar-22	13.09	12.27	10.44	15 836	-	-	15 836	-	-	214 261	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 675	-	-	2 675	-	-	36 193	-
2021 Tranche 2	9-Apr-21	26-Mar-23	13.09	12.27	10.44	15 836	-	-	-	15 836	-	-	165 401
2021 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2021 Tranche 3	9-Apr-21	20-Mar-22	13.09	12.27	10.44	15 835	-	-	-	15 835	-	-	165 391
2021 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2022 Tranche 1	13-Apr-22	26-Mar-23	13.79	12.27	10.44	-	31 919	-	-	31 919	-	-	333 382
2022 Tranche 2	13-Apr-22	26-Mar-23	13.79	12.27	10.44	-	31 919	-	-	31 919	-	-	333 382
2022 Tranche 3	13-Apr-22	26-Mar-23	13.79	12.27	10.44	-	31 920	-	-	31 920	-	-	333 392
Total						1 560 667	526 324	248 294	119 813	1 718 884	3 351 970	1 618 031	3 957 073

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Kerrin Land²													
Long-Term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	37 164	-	37 164	-	-	501 701	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	37 164	-	37 164	-	-	501 714	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	37 163	-	37 163	-	-	501 714	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	6 278	-	6 278	-	-	84 753	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	94 142	-	-	-	94 142	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	15 902	-	-	-	15 902	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	94 143	-	-	-	94 143	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	15 903	-	-	-	15 903	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	20 577	-	-	-	20 577	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	20 577	-	-	-	20 577	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	121 811	-	-	-	121 811	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	20 578	-	-	-	20 578	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	3.89	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	8.30	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-Term Incentive													
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	8.30	7.97	91 494	-	-	91 494	-	-	729 207	-
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	29 209	-	-	29 209	-	-	394 322	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	4 934	-	-	4 934	-	-	66 609	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	92 262	-	-	-	92 262	-	-	963 642
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	15 585	-	-	-	15 585	-	-	162 779
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	15 836	-	-	15 836	-	-	214 261	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 675	-	-	2 675	-	-	36 193	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	15 836	-	-	-	15 836	-	-	165 401
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	15 835	-	-	-	15 835	-	-	165 391
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 675	-	-	-	2 675	-	-	27 939
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	32 378	-	-	32 378	-	-	338 176
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	32 378	-	-	32 379	-	-	338 186
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	32 379	-	-	32 379	-	-	338 186
Total											1 759 388	1 440 592	3 912 745

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

² A portion of Kerrin Land's deferred short-term Incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units				Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)	
Prabashini Moodley														
Long-Term Incentive Plan														
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	16 092	-	16 092	-	-	-	217 242	-	-
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	2 719	-	2 719	-	-	-	36 707	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	16 092	-	16 092	-	-	-	217 242	-	-
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	12.27	10.44	2 719	-	2 719	-	-	-	36 707	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	16 092	-	16 092	-	-	-	217 242	-	-
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	12.27	10.44	2 719	-	2 719	-	-	-	36 707	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	83 682	-	-	-	83 682	-	-	-	-
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	83 682	-	-	-	83 682	-	-	-	-
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	83 683	-	-	-	83 683	-	-	-	-
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	12.27	10.44	14 136	-	-	-	14 136	-	-	-	-
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	12.27	10.44	133 690	-	-	-	133 690	-	-	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	22 583	-	-	-	22 583	-	-	-	-
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	12.27	10.44	133 690	-	-	-	133 690	-	-	-	-
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	12.27	10.44	22 583	-	-	-	22 583	-	-	-	-
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	12.27	10.44	133 691	-	-	-	133 691	-	-	-	-
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	12.27	10.44	22 584	-	-	-	22 584	-	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	128 414	-	-	128 414	-	-	-	413 101
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	128 414	-	-	128 414	-	-	-	413 101
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	128 415	-	-	128 415	-	-	-	413 104
Deferred Short-Term Incentive														
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	45 191	-	-	45 191	-	-	610 079	-	-
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	12.27	10.44	7 634	-	-	7 634	-	-	103 059	-	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	72 804	-	-	-	72 804	-	-	-	760 410
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	12.27	10.44	12 298	-	-	-	12 298	-	-	-	128 448
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	12.27	10.44	14 152	-	-	14 152	-	-	191 477	-	-
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	12.27	10.44	2 391	-	-	2 391	-	-	32 350	-	-
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	12.27	10.44	14 152	-	-	-	14 152	-	-	-	147 812
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	12.27	10.44	2 391	-	-	-	2 391	-	-	-	24 973
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	12.27	10.44	14 153	-	-	-	14 153	-	-	-	147 823
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	12.27	10.44	2 391	-	-	-	2 391	-	-	-	24 973
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	11 300	-	-	11 300	-	-	-	118 024
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	11 301	-	-	11 301	-	-	-	118 035
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	11 301	-	-	11 301	-	-	-	118 035
Total						1 006 266	419 145	56 433	69 368	1 299 610	761 847	936 965	2 827 839	

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	2021 20 day year end VWAP (ZAR)	Share units		Share units			Value (pre-tax)			
					2022 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Zureida Ebrahim													
Long-Term Incentive Plan													
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	135 969	-	-	135 969	-	-	437 405
Deferred Short-Term Incentive													
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	3 264	-	-	3 264	-	-	34 091
Buy-out award													
2022 Tranche 1a	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	76 142	-	-	76 142	-	-	795 274
2022 Tranche 2a	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	76 143	-	-	76 143	-	-	795 285
2022 Tranche 1b	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	120 860	-	-	120 860	-	-	388 800
2022 Tranche 2b	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
2022 Tranche 3b	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
Total						-	932 562	-	-	932 562	-	-	4 171 425

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Iain Williamson													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	108 854	–	73 476	35 378	–	988 252	475 834	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	72 414	–	–	–	72 414	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	12 232	–	–	12 232	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	254 882	–	–	–	254 882	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	254 882	–	–	–	254 882	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	254 881	–	–	–	254 881	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	43 054	–	–	43 054	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	601 605	–	–	601 605	–	–	2 288 767
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	101 622	–	–	101 622	–	–	386 614
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	–	601 605	–	–	601 605	–	–	2 288 767
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	–	101 621	–	–	101 621	–	–	386 610
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	–	601 604	–	–	601 604	–	–	2 288 763
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	–	101 621	–	–	101 621	–	–	386 610
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	46 558	–	–	46 558	–	–	626 205	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	62 667	–	–	–	62 667	–	–	769 072
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	10 586	–	–	10 586	–	–	129 915
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	175 733	–	–	–	175 733	–	–	2 156 660
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	29 684	–	–	29 684	–	–	364 293
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	27 932	–	–	27 932	–	–	342 792
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	27 932	–	–	27 932	–	–	342 792
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	27 931	–	–	27 931	–	–	342 780
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	4 719	–	–	4 719	–	–	57 913
Total						1 375 699	2 413 758	73 476	81 936	3 634 045	988 252	1 102 039	12 648 174

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Casper Troskie													
Long-Term Incentive Plan													
2018 Tranche 1	18-Sep-18	18-Sep-21	29.80	11.94	12.27	100 671	–	67 953	32 718	–	1 019 295	490 770	–
2018 Tranche 2	18-Sep-18	18-Sep-22	29.80	11.94	12.27	100 671	–	67 953	–	32 718	833 944	–	401 527
2018 Tranche 2 Nedbank unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	–	5 527	–	–	5 527	–	–	67 829
2018 Tranche 3	18-Sep-18	18-Sep-23	29.80	11.94	12.27	100 672	–	67 954	–	32 718	833 956	–	401 527
2018 Tranche 3 Nedbank unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	–	5 527	–	–	5 527	–	–	67 829
2018 Special Grant Tranche 1	14-Dec-18	18-Sep-21	22.00	11.94	12.27	38 196	–	25 782	12 414	–	386 730	186 210	–
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	11.94	12.27	38 196	–	25 782	–	12 414	316 406	–	152 349
2018 Special Grant Tranche 2 Nedbank unbundling	3-Dec-21	18-Sep-22	14.09	11.94	12.27	–	2 097	–	–	2 097	–	–	25 735
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	11.94	12.27	38 197	–	25 783	–	12 414	316 418	–	152 349
2018 Special Grant Tranche 3 Nedbank unbundling	3-Dec-21	18-Sep-23	14.09	11.94	12.27	–	2 097	–	–	2 097	–	–	25 735
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	79 655	–	–	–	79 655	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	13 455	–	–	13 455	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	79 655	–	–	–	79 655	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	13 455	–	–	13 455	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	79 656	–	–	–	79 656	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	13 456	–	–	13 456	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	104 603	–	–	–	104 603	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	104 603	–	–	–	104 603	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	104 602	–	–	–	104 602	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	17 669	–	–	17 669	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	203 041	–	–	203 041	–	–	772 456
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	34 297	–	–	34 297	–	–	130 481
2021 Tranche 2	9-Apr-21	9-Apr-25	13.09	11.94	12.27	–	203 042	–	–	203 042	–	–	772 460
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-25	14.09	11.94	12.27	–	34 297	–	–	34 297	–	–	130 481
2021 Tranche 3	9-Apr-21	9-Apr-26	13.09	11.94	12.27	–	203 042	–	–	203 042	–	–	772 460
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-26	14.09	11.94	12.27	–	34 298	–	–	34 298	–	–	130 484
Deferred Short-Term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	80 247	–	–	–	80 247	–	–	984 821
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	13 555	–	–	13 555	–	–	166 352
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	137 239	–	–	–	137 239	–	–	1 684 247
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	23 182	–	–	23 182	–	–	284 498
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	21 116	–	–	21 116	–	–	259 143
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	21 116	–	–	21 116	–	–	259 143
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	21 117	–	–	21 117	–	–	259 156
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	3 567	–	–	3 567	–	–	43 776
Buy-out award													
2018	18-Sep-18	18-Sep-21	29.80	11.94	12.27	83 893	–	–	83 893	–	–	1 258 395	–
2018 special grant	14-Dec-18	18-Sep-21	22.00	11.94	12.27	31 831	–	–	31 831	–	–	477 465	–
Total						1 302 587	931 425	281 207	160 856	1 791 949	3 706 750	2 412 840	8 032 390

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Clarence Nethengwe													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	95 792	–	64 660	31 132	–	869 677	418 725	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	70 805	–	–	–	70 805	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	70 805	–	–	–	70 805	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	70 804	–	–	–	70 804	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	11 960	–	–	11 960	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94 143	–	–	–	94 143	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 903	–	–	15 903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	203 018	–	–	203 018	–	–	772 369
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	34 294	–	–	34 294	–	–	130 469
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	35 757	–	–	35 757	–	–	480 932	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	86 663	–	–	–	86 663	–	–	1 063 560
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	14 639	–	–	14 639	–	–	179 655
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	97 072	–	–	–	97 072	–	–	1 191 303
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	16 397	–	–	16 397	–	–	201 230
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	15 835	–	–	15 835	–	–	194 333
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
Total						810 125	882 091	64 660	66 889	1 560 667	869 677	899 657	6 025 771

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

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For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Kerrin Land²													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	55 865	–	37 709	18 156	–	507 186	244 198	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	37 164	–	–	–	37 164	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	37 164	–	–	–	37 164	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	37 163	–	–	–	37 163	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	6 278	–	–	6 278	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	94 142	–	–	–	94 142	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	15 902	–	–	15 902	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	94 143	–	–	–	94 143	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	15 903	–	–	15 903	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	20 577	–	–	20 577	–	–	78 284
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	20 577	–	–	20 577	–	–	78 284
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	121 811	–	–	121 811	–	–	463 422
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	20 578	–	–	20 578	–	–	78 288
Deferred Short-Term Incentive													
2018 MTI: Maximum Return Fund of Fund	26-Apr-18	23-Mar-21	3.16	3.67	3.89	154 281	–	–	154 281	–	–	600 153	–
2019 MTI: Multi-Managers Defensive Fund of Funds	13-Jun-19	23-Mar-22	6.94	7.22	8.30	91 494	–	–	–	91 494	–	–	758 939
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	11 481	–	–	11 481	–	–	154 419	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	29 209	–	–	–	29 209	–	–	358 464
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	4 934	–	–	4 934	–	–	60 552
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	92 262	–	–	–	92 262	–	–	1 132 273
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	15 585	–	–	15 585	–	–	191 265
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	15 836	–	–	15 836	–	–	194 345
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	15 835	–	–	15 835	–	–	194 333
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 675	–	–	2 675	–	–	32 829
Total											507 186	998 771	4 808 123

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

² A portion of Kerrin Land's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares. No total for number of shares is thus provided as this represents a combination of Old Mutual Limited shares and unit trusts.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Prabashini Moodley													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	21 287	–	14 369	6 918	–	193 263	93 047	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	16 092	–	–	–	16 092	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	2 719	–	–	2 719	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	83 682	–	–	–	83 682	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	83 682	–	–	–	83 682	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	83 683	–	–	–	83 683	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	14 136	–	–	14 136	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	133 690	–	–	133 690	–	–	508 615
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	22 583	–	–	22 583	–	–	85 916
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	133 690	–	–	133 690	–	–	508 615
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	22 583	–	–	22 583	–	–	85 916
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	133 691	–	–	133 691	–	–	508 619
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	22 584	–	–	22 584	–	–	85 919
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16 269	–	–	16 269	–	–	218 818	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	45 191	–	–	–	45 191	–	–	554 601
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	7 634	–	–	7 634	–	–	93 687
2020	26-Mar-20	26-Mar-23	11.95	11.94	12.27	72 804	–	–	–	72 804	–	–	893 477
2020 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	12 298	–	–	12 298	–	–	150 926
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	14 152	–	–	14 152	–	–	173 679
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	14 152	–	–	14 152	–	–	173 679
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	14 153	–	–	14 153	–	–	173 691
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 391	–	–	2 391	–	–	29 343
Total						454 874	588 948	14 369	23 187	1 006 266	193 263	311 865	4 085 367

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

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For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Bonus share awards¹ continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2020 20 day year end VWAP (ZAR)	2021 20 day year end VWAP (ZAR)	Opening balance on 1 Jan 2021 (Number)	Granted during 2021 (Number)	Lapsed during 2021 (Number)	Settled during 2021 (Number)	Closing balance on 31 Dec 2021 (Number)	Value of lapsed awards during 2021 (ZAR)	Value of settled awards during 2021 (ZAR)	Estimated closing fair value on 31 Dec 2021 (ZAR)
Heloise Van Der Mescht													
Long-Term Incentive Plan													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	26 989	–	18 218	8 771	–	245 032	117 970	–
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	11.94	12.27	17 954	–	–	–	17 954	–	–	–
2019 Tranche 1 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	11.94	12.27	17 954	–	–	–	17 954	–	–	–
2019 Tranche 2 Nedbank unbundling	3-Dec-21	20-Mar-23	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	11.94	12.27	17 955	–	–	–	17 955	–	–	–
2019 Tranche 3 Nedbank unbundling	3-Dec-21	20-Mar-24	14.09	11.94	12.27	–	3 033	–	–	3 033	–	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	11.94	12.27	85 636	–	–	–	85 636	–	–	–
2020 Tranche 1 Nedbank unbundling	3-Dec-21	26-Mar-23	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	11.94	12.27	85 636	–	–	–	85 636	–	–	–
2020 Tranche 2 Nedbank unbundling	3-Dec-21	26-Mar-24	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	11.94	12.27	85 637	–	–	–	85 637	–	–	–
2020 Tranche 3 Nedbank unbundling	3-Dec-21	26-Mar-25	14.09	11.94	12.27	–	14 466	–	–	14 466	–	–	–
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	74 930	–	–	74 930	–	–	285 066
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	12 657	–	–	12 657	–	–	48 153
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	74 930	–	–	74 930	–	–	285 066
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	12 657	–	–	12 657	–	–	48 153
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	74 931	–	–	74 931	–	–	285 070
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	12 658	–	–	12 658	–	–	48 157
Deferred Short-Term Incentive													
2018	19-Apr-18	19-Apr-21	41.34	11.94	12.27	16 848	–	–	16 848	–	–	226 606	–
2019	20-Mar-19	20-Mar-22	21.75	11.94	12.27	43 085	–	–	–	43 085	–	–	528 755
2019 Nedbank unbundling	3-Dec-21	20-Mar-22	14.09	11.94	12.27	–	7 278	–	–	7 278	–	–	89 318
2021 Tranche 1	9-Apr-21	9-Apr-22	13.09	11.94	12.27	–	14 612	–	–	14 612	–	–	179 324
2021 Tranche 1 Nedbank unbundling	3-Dec-21	9-Apr-22	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
2021 Tranche 2	9-Apr-21	9-Apr-23	13.09	11.94	12.27	–	14 612	–	–	14 612	–	–	179 324
2021 Tranche 2 Nedbank unbundling	3-Dec-21	9-Apr-23	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
2021 Tranche 3	9-Apr-21	9-Apr-24	13.09	11.94	12.27	–	14 611	–	–	14 611	–	–	179 312
2021 Tranche 3 Nedbank unbundling	3-Dec-21	9-Apr-24	14.09	11.94	12.27	–	2 469	–	–	2 469	–	–	30 300
Total						397 694	373 780	18 218	25 619	727 637	245 032	344 576	2 246 598

¹ Long-Term Incentive Plan estimated closing fair values on 31 December 2021 are shown based on estimated vesting values.

Awards with the suffix "NED" refer to the OML shares purchased from the proceeds of the sold Nedbank shares during the unbundling, granted to participants with the same performance and vesting conditions linked to the original OML award.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

K: Directors' and prescribed officers' emoluments continued

Non-executive Directors	2022	2021 ¹
Trevor Manuel (Chairman)	5 148 062	4 950 060
Peter de Beyer	2 205 360	2 644 844
Albert Essien	1 608 018	1 364 137
Olufunke Ighodaro	2 034 536	1 593 177
Itumeleng Kgaboesele	1 792 423	1 889 662
Jaco Langner (Appointed 20 May 2021)	1 470 584	971 385
John Lister	4 369 401	4 133 140
Dr Sizeka Magwentshu-Rensburg	1 738 244	1 605 750
Thoko Mokgosi-Mwantembe	1 089 615	1 117 368
Nosipho Molope (Resigned 30 June 2022)	607 603	1 906 765
Marshall Rapiya (Retired 31 July 2022)	864 336	1 413 641
	22 928 182	23 589 929

¹ 2021 has been amended to exclude Nomkhitha Nqwini as she is not a non-executive director of OMLACSA.

The above amounts are shown exclusive of VAT.

L: Biographical information on the directors (unaudited)

Trevor Manuel (South African) (66)#

Trevor is the Independent Chairman of the Board. He served in the South African Government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission.

During his ministerial career, he assumed a number of ex-officio positions at international bodies including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

Iain Williamson (South African) (52)#

Iain was appointed Chief Executive Officer of the Company in July 2020, after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to CFO Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017 and has also previously been the Interim Chief Executive Officer in 2017.

Casper Troskie (South African) (59)#

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB.

Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

Peter de Beyer (South African) (66)#

Peter is an Independent Non-executive Director. He worked for the Old Mutual Group from 1978 to 2008, starting his career in actuarial and technical roles, and progressing through executive roles in a variety of business units. After demutualisation and the listing of Old Mutual plc in 1999, Peter was appointed deputy Managing Director of Old Mutual South Africa, responsible for the retail businesses, and at his retirement in 2008, was Managing Director (customer solutions for Old Mutual South Africa). He has subsequently served as an Independent Non-executive Director of a number of Old Mutual subsidiaries in Africa, including the Old Mutual Emerging Markets Board from 2012. He has also served as independent chairperson of OMLACSA.

Albert Essien (Ghanaian) (67)#

Albert is an Independent Non-executive Director. He started his banking career with the National Investment Bank Limited in Accra, and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

Olufunke Ighodaro (Nigerian and British) (59)#

Olufunke is an Independent Non-executive Director. She is a Non-executive Director of Telkom SOC Limited, and Sabvest Capital Limited.

Olufunke has over 22 years' experience operating at executive Board level, having previously served as chief financial officer of JSE listed companies namely Tiger Brands Limited, Primedia Limited and as executive director and chief financial officer designate of Barloworld Limited. She was an executive director of EMTS Limited (trading as 9mobile), Nigeria's fourth largest telco and founded and led the private equity business of the Kagiso Trust Investment Group.

Itumeleng Kgaboesele (South African) (51)#

Itumeleng is an Independent Non-executive Director. He has over 20 years of financial services experience, having held executive positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

Jaco Langner (South African) (49)#

Jaco is an Independent Non-executive Director. He is an actuary with more than 25 years financial services, management and insurance expertise and former managing director of Alexander Forbes Life. Jaco has extensive experience in establishing new business lines and turn around strategies and co-funded the insurtech company Surion Proprietary Limited in 2018.

John Lister (British) (64)#

John is an Independent Non-executive Director. He has over three 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. In addition to his role at Old Mutual John Chairs Phoenix Groups UK Life Companies and is Chair of Saga SSL Risk and Audit Committee.

Sizeka Magwentshu Rensburg (South African) (63)#

Sizeka is an Independent Non-executive Director. She has extensive experience spanning over 25 years in Small, Medium and Micro Enterprise (SMME) development in South Africa and Southern Africa. She currently serves on the board of the Industrial Development Corporation. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

Thoko Mokgosi Mwantembe (South African) (61)#

Thoko is a Non-executive Director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Packard South Africa Proprietary Limited and former Non-executive Director of Vodacom Group Limited.

Age as at 31 December 2022.

Administration

Registered name: Old Mutual Life Assurance Company (South Africa) Limited
Country of incorporation: South Africa
Registration number: 1999/004643/06

Registered Office

Mutualpark
Jan Smuts Drive
Pinelands
Cape Town
7405
South Africa
Telephone: +27 (0)21 509-9111

Postal Address:

PO Box 66
Cape Town
8000
South Africa

Group Company Secretary:

Elsabé Kirsten

Directors

Independent Non-executive

Trevor Manuel (Chairman)
Peter de Beyer
Albert Essien
Olufunke Ighodaro
Itumeleng Kgaboesele
Jaco Langner
John Lister
Nosipho Molope (resigned 30 June 2022)
Dr Sizeka Magwentshu-Rensburg

Non-executive

Thoko Mokgosi-Mwantembe
Marshall Rapiya (retired 31 July 2022)

Executive

Iain Williamson (Chief Executive Officer)
Casper Troskie (Chief Financial Officer)

Public Officer

Nazrien Kader