

A MESSAGE FROM THE CEO



OVERVIEW

2021 was a significant year for the Group, with a strong recovery from the impact that COVID-19 had on our operational and financial performance. Whilst the operating environment was challenging in most of our markets, the easing of lockdown restrictions compared to 2020 supported considerable growth in our productivity levels.

Our employees were central to delivering on our strategic goals and helping us get closer to our vision of becoming our customers' first choice to sustain, grow and protect their prosperity. They continue to bring to life our Truly Mutual strategy which seeks to create sustainable long term value for all our stakeholders.

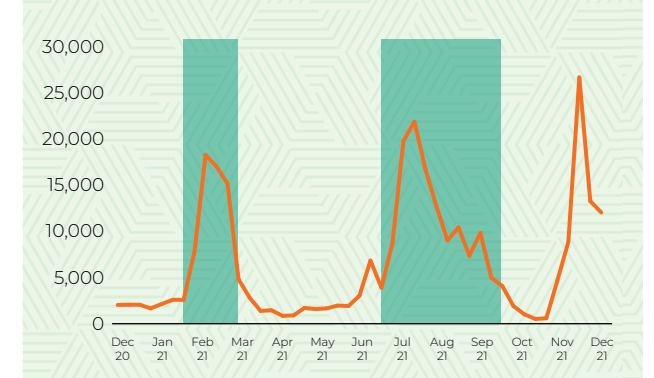
We continued to actively manage our balance sheet through various strategic asset allocation and capital optimisation initiatives. We remained committed to returning capital to our shareholders, with R13.3 billion returned through dividends and the unbundling of 12.2% of Nedbank in November 2021.

OPERATING CONTEXT

In 2021, global economic growth rebounded after the decline in 2020, supported by the roll out of vaccines and the relaxation or removal of COVID-19 related restrictions, resulting in increased demand and economic activity. Economic growth in emerging markets and developing economies was boosted by increases in commodity prices and demand. However, overall growth was constrained by the continued outbreak of new COVID-19 variants, slower vaccination rates in various developing countries and continuing consequent restrictions in mobility and activity imposed by the governments.

In South Africa, our biggest market, high infection rates from the second and third wave of COVID-19 continued to impact our business and our employees. The Group has seen an increase in the number of death claims,

South African new COVID-19 cases



resulting in poor mortality experience, which negatively impacted our results. Since the beginning of the pandemic, we have mourned the passing of 57 colleagues across the Group and we extend our deepest condolences to their families, and to all those who have suffered due to COVID-19.

The South African economy grew by 4.9% in 2021, a strong rebound from the low base in 2020. Much of this growth was despite the impact of the July civil unrests, electricity supply constraints and continued pressure from COVID-19 lockdown restrictions. Average consumer inflation for 2021 was 4.5%, higher than the 3.3% recorded for 2020. High fuel prices driven by rising global oil prices, and rising food prices were the primary drivers of the increase in inflation levels. In November 2021, the Monetary Policy Committee (MPC) increased the repo rate by 25 basis points to 3.75% amid increasing concerns about inflation risks. The unemployment rate increased to 34.9% in the third quarter. These challenges continue to exacerbate the financial pressure experienced by our retail customers, putting pressure on persistency levels, and further impact our corporate customers' growth and liquidity levels.

OLDMUTUAL

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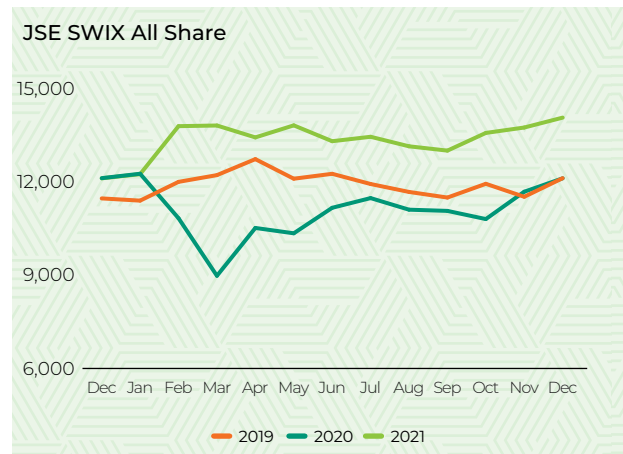
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RESULTS COMMENTARY



DO GREAT THINGS EVERY DAY

A MESSAGE FROM THE CEO



The South African equities market improved with the JSE SWIX up 17% at the end of the year, positively impacting our average assets base.

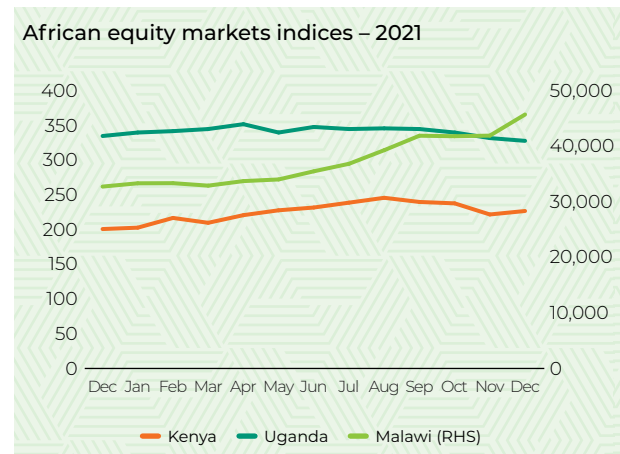
In our Rest of Africa markets, there was a gradual return to normal economic activity, which helped sustain economic growth across the countries. The growth across these markets, specifically Southern Africa markets, was partially impacted by the third wave of COVID-19, which resulted in an increase in infection rates across the countries. Namibia was impacted much more than the other countries, with a significant increase in both infections and deaths, resulting in a worse mortality experience over the period.

Climate change remains a systemic risk that poses a threat to countries where we operate and existing ways of working, whilst providing us with an opportunity to accelerate change into more sustainable activities and operations.

SUMMARY OF GROUP RESULTS

I am proud and very pleased with the resilience and the agility we demonstrated as we responded to the challenging operating environment and opportunities encountered by our businesses, resulting in a strong recovery in sales and earnings.

Gross flows increased by 4% to R194.8 billion due to strong inflows in Old Mutual Investments and Wealth Management. Life APE sales increased by 16% to R11.4 billion, due to a strong recovery in sales following improved productivity levels. Despite improved inflows, net client cash flows declined to R0.1 billion from R9.6 billion recognised in 2020, mainly as a result of COVID-19 related mortality claims from the Life businesses and lower inflows compared to the prior year in Rest of Africa. In South Africa, our retail segments paid approximately R13 billion in mortality claims, maintaining our commitment to supporting our customers in their time of need.



Value of new business grew to R1.3 billion from R621 million in 2020 due to strong new business sales. VNB margin improved from 1.1% to 1.9%, recovering to just below our medium term target range of 2% and 3%.

Results from Operations increased to R4.4 billion, despite a R4.7 billion direct COVID-19 impact recognised for the year. Adjusted Headline Earnings (AHE) increased to R5.4 billion due to the significant growth in RFO and higher shareholder investment returns. Return on Net Asset Value increased by 520 bps to 9.0% as a result of the strong growth in AHE and lower average adjusted IFRS equity.

Our businesses had worse mortality claims experience than anticipated, with R6.8 billion in excess deaths claims. We released R5.3 billion from our pandemic provisions, which partially offset the impact of excess deaths on our profit. We have R2.9 billion in pandemic provisions remaining to be utilised against future COVID-19 related mortality claims. There remains uncertainty around the pace of vaccination rollouts across most of our markets, the emergence of new COVID-19 variants and the changes in expected immunity. However, we continue to closely monitor our mortality claims experience.

The Group solvency ratio decreased by 1500 basis points to 184%, mainly as a result of a higher prescribed equity risk stress factor. Despite this decrease, our Group solvency remains robust. Old Mutual Life Assurance Company (SA) issued R1.5 billion of subordinated debt, helping to optimise the Group's weighted average cost of capital.

The Old Mutual Board declared a final ordinary dividend of 51 cents per ordinary share. The total dividend for FY 2021, including 25 cents per ordinary share declared at H1 2021, is 76 cents per ordinary share.

a truly Mutual strategy

STRATEGIC PROGRESS

Our Truly Mutual strategy puts the customer at the centre of everything that we do. This is rooted in our fundamental belief that putting our customers first will translate into sustainable value creation for our shareholders. While our strategy is a long term one, it is encouraging to see signs that reinforce the belief that we are on the right track. In 2021, we were recognised as South Africa's top long-term insurer by Ask Afrika, and Brand Finance Africa recognised Old Mutual as the fourth most valuable brand in Africa.

Truly Mutual also encapsulates our intent to create positive shared outcomes for our employees, broader society and the communities that we operate in. In line with changing employee expectations and needs, we implemented a hybrid working model, allowing employees to work remotely and on-site part of the week. We disbursed R10 million towards the July social unrest relief efforts, supporting community food relief initiatives and the rebuilding of damaged small businesses. Across the broader continent, we supported the acceleration of COVID-19 vaccination programmes by establishing vaccination centres and supporting initiatives that deliver vaccinations to outlying communities.

During the year, we introduced the 'Rectify-Simplify-Amplify' execution framework that expresses our strategy by breaking down our long term ambitions into more tactical and shorter term steps to reach our destination. Some of the highlights over the past year include:

RECTIFY

Looking at our business and fixing areas within our value chain that are not working optimally. This also means reorienting our business to new ways of thinking and operating.

- Wealth Management migrated the Old Mutual Unit Trust business from legacy platforms onto the Old Mutual Wealth platform to ensure a seamless and unified customer experience
- The control environment improvement programme in East Africa is progressing well, with automation of manual processes and remediation of inadequate controls continuing, in line with plans
- Our banking businesses continued to maintain a cautious lending approach with focus on customer segments within the businesses' appetite
- Our retail segments continued to optimise their distribution force to improve productivity levels
- We closed Greenlight, our previous risk product, to new business as Old Mutual Protect, our new flagship risk product, maintains its positive growth momentum

SIMPLIFY

Leveraging our existing resources and simplifying our processes, systems and products through the use of technology. This reduces waste and inefficiencies and improves our ability to respond to evolving customer needs and expectations.

- Active digital users increased to 1.1 million users from 858 000¹ in 2020
- Migrated 51% of our South African technology estate to the cloud, resulting in better processing levels
- In South Africa, more than 65,000 claims were initiated via WhatsApp, USSD and our websites, compared to 30,566 initiated in 2020
- Leveraged machine learning tools and automated 89 processes through Robotics Process Automation (RPA), a 78% increase from 2020, resulting in 9 million processing minutes saved
- Distributed 12.2% of our stake in Nedbank, simplifying the Group and allowing investors to focus on our core operations

AMPLIFY

Scaling and increasing the impacts of our simplification activities. We do this by further embedding our new and enhanced capabilities, through strategic partnerships, investing in innovation initiatives to drive new sources of growth.

- Introduced the New Growth and Innovation Office. This unit seeks to defend and grow our existing business through a combination of new solutions, capabilities and partnerships to deliver new revenue streams in the longer term
- Our financial education content, delivered through physical and digital channels, reached over 22 million people across Africa
- Achieving scale on our Rewards programme, with a 57% increase to 1.3 million members. 77% of the members form part of our customer base
- On track to launch the new savings and income proposition in South Africa and Namibia
- Old Mutual Insure launched Comma Insure and Stackit, specifically designed for customers who require on-demand, flexible insurance products
- Old Mutual Protect, our risk offering, continues to grow with over 1 million active policies

¹ FY 2020 active digital numbers have been restated to include Rest of Africa numbers.

A MESSAGE FROM THE CEO

OUTLOOK

Global growth is expected to continue in 2022, albeit at a lower rate than 2021, reflecting the uncertainty around further COVID-19 variants. The International Monetary Fund (IMF) forecasts global economic growth at 4.4% for 2022.

The sub-Saharan Africa economic growth is projected at 3.8% for 2022, as low vaccination rates, COVID-19 related restrictions and other challenges continue to pose a risk. The IMF revised South Africa's growth forecast downward to 1.9% for 2022, with a weaker outlook for investment as business sentiment remains subdued. In January 2022, the MPC increased the repo rate by 25 basis points to 4.0%, and has further indicated that a gradual increase in the repo rate could be implemented to manage inflation levels.

The conflict in Ukraine-Russia has dramatically increased the level of uncertainty around the global economic growth and inflation, with a stagflation scenario now more likely. The recent oil price hikes and the risk of negative sentiment towards emerging markets are also likely to lead to an increase in inflation and lower growth in our local markets.

Despite a subdued growth outlook, we remain confident of delivering our medium term targets. Our balance sheet

remains well capitalised with strong liquidity to help us withstand the challenging operating environment. Our focus for 2022 is to continue putting our customers first, and consolidating and simplifying systems and processes that remain a barrier to building an agile business by leveraging technology and partnerships. We will continue to focus on driving shared value and sustainable growth, and tackling the most pressing challenges faced by our customers, employees and the communities in which we operate.

The recent corporate activities from our businesses position us well for the future, and will enhance our shared value and sustainable growth. In February 2022, Old Mutual Insure acquired a 51% stake in One Finance Services Holdings, unlocking new growth opportunities for the business. Old Mutual Investments sold 21.2% of its stake in Futuregrowth to African Women Chartered Accountants Investment Holdings, in line with our commitment to drive the advancement of transformation in the asset management industry.

Our preparation for the IFRS 17 implementation date is progressing in line with plans. We finalised the opening balance sheet methodology and approaches for the Group. Our solution build and enhancements to reporting and disclosure tools are close to completion.

I would like to thank all our employees for the courage, resilience and inspiring commitment they have shown over the past year. Last but not least, I would like to thank all our customers, intermediaries, investors and communities for their continued support and loyalty throughout 2021.

Iain Williamson

Chief Executive Officer of Old Mutual Limited

	KPI	Target	FY 2021 Outcome	FY 2022 Outlook
Growth	Results from Operations	Deliver 2019 result plus 5% to 10% by 2023	R4,384 million	On track to deliver
	Return on Net Asset Value	Between Cost of Equity+2% and Cost of Equity+4%	9.0%	Recovery to continue into 2022
Efficiencies	Cost efficiencies	R750 million by the end of 2022 through our South African insurance and savings businesses	R450 million	On track to deliver
	VNB margin	Between 2% and 3%	1.9%	Recovery to continue into 2022
	Net underwriting margin	Old Mutual Insure underwriting margin 4% – 6%	4.8%	Within range
Capital	Solvency	Old Mutual Limited ² : 170%-200%	184%	Within range
		OMLACSA: 175%-210%	201%	Within range
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x Interim dividend cover: 40% of AHE	1.51	Maintain dividend in terms of policy

² Refer to page 36 for details on the change in Old Mutual Limited solvency target ranges.

FINANCIAL REVIEW

GROUP HIGHLIGHTS

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Gross flows	194,757	187,137	4%
Life APE sales	11,400	9,786	16%
NCCF (Rbn)	0.1	9.6	(99%)
FUM (Rbn)	1,273.6	1,104.6	15%
VNB	1,266	621	>100%
Results from Operations (RFO)	4,384	1,663	>100%
RFO excluding direct COVID-19 impacts	9,103	7,742	18%
Adjusted Headline Earnings (AHE)	5,402	2,484	>100%
Adjusted Headline Earnings per share (cents) ¹	118.5	54.3	>100%
Return on Net Asset Value (RoNAV) (%)	9.0%	3.8%	520 bps
Free Surplus Generated from Operations	6,149	4,700	31%
% of AHE converted to Free Surplus Generated	114%	189%	(7 500 bps)
Group Solvency ratio (%) ^{2,3}	184%	199%	(1 500 bps)
Headline Earnings (HE) ³	7,209	5,088	42%
Headline Earnings per share (HEPS) ³	163.8	116.1	41%
IFRS Profit/(Loss) after tax attributable to equity holders of the parent ³	6,662	(5,097)	>100%
Basic Earnings per share (cents) ³	151.3	(116.3)	>100%
Final dividend per share (cents)	51	35	46%

1 Weighted average number of shares (WANS) used in the calculation of the Adjusted Headline Earnings per share is 4,558 million (FY 2020: 4,574 million).

2 FY 2020 amounts have been re-presented to account for the use of the accounting consolidation method.

3 These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.

SIGNIFICANT TRANSACTIONS: NEDBANK UNBUNDLING

On 23 June 2021, the Group announced its intention to unbundle 12.2% of its 19.4% stake in Nedbank by way of a distribution in specie. The Group believes that the unbundling was in the best interests of shareholders and allows shareholders to participate directly in the investment cases of both businesses whilst providing a return of capital to shareholders. The unbundling received all the requisite regulatory approvals, and was concluded on 8 November 2021.

Initial accounting treatment

As at 30 June 2021, the Group reclassified the 12.2% distributed stake ("the distributed stake") as an asset held for sale and distribution. The total stake in Nedbank was further assessed for impairment and a subsequent remeasurement adjustment was recognised in terms of IFRS 5 for the distributed stake. The Group had recognised a reversal of previously recognised impairments of R108 million for the total stake, as well as a remeasurement loss of R47 million on the distributed stake.

Subsequent accounting treatment

Following the reclassification to an asset held for sale and distribution, the Group ceased equity accounting Nedbank earnings associated with the distributed stake with effect from 1 July 2021. A remeasurement gain of R65 million was recognised to the date of unbundling, resulting in an increase in the pre-unbundling carrying value of the distributed stake. The Group recognised a "held for distribution" liability. The held for distribution liability was discharged by crediting the distributed stake, effectively derecognising the held for sale and distribution investment off the balance sheet.

The retained stake continued to be classified as an investment in an associated undertaking until the date of unbundling of the distributed stake. Following the unbundling of the distributed stake, the Group no longer had significant influence in Nedbank and the retained stake was reclassified to investments and securities at fair value through profit or loss. Following the reclassification to investments and securities, the Group ceased equity accounting Nedbank earnings associated with the retained stake with effect from 1 November 2021. Part of the retained stake (5.3%) has been hedged, limiting the exposure to movements in the share price of Nedbank.

SUPPLEMENTARY INCOME STATEMENT

Rm	Note	FY 2021	FY 2020	Change
Mass and Foundation Cluster		3,016	2,008	50%
Personal Finance and Wealth Management		3,402	3,208	6%
Old Mutual Investments		916	888	3%
Old Mutual Corporate		1,518	1,340	13%
Old Mutual Insure		522	309	69%
Rest of Africa		533	401	33%
Net expenses from central functions	A	(804)	(412)	(95%)
Results from Operations excluding direct COVID-19 impacts		9,103	7,742	18%
Separately identifiable direct COVID-19 impacts	B	(4,719)	(6,079)	22%
Results from Operations		4,384	1,663	>100%
Shareholder investment return	C	2,726	1,612	69%
Finance costs	D	(543)	(484)	(12%)
Income from associates ¹	E	1,252	917	37%
Adjusted Headline Earnings before tax and non-controlling interests		7,819	3,708	>100%
Shareholder tax		(2,088)	(1,188)	(76%)
Non-controlling interests		(329)	(36)	(>100%)
Adjusted Headline Earnings		5,402	2,484	>100%

1 Reflects our share of earnings related to our investments in Nedbank and China.

A Net expenses from central functions

Rm	FY 2021	FY 2020	Change
Shareholder operational costs	(1,157)	(705)	(64%)
Interest and other income	314	324	(3%)
Net treasury gain/(loss)	38	(31)	>100%
Net expenses from central functions	(804)	(412)	(95%)

Net expenses from central functions increased from R412 million in the prior year to R804 million. The increase in shareholder operational

costs was largely as a result of a significant increase in growth and innovation investments, an increase in project costs, the impact of fair market rental concessions and negative movements in Group staff related share based expenses. This was partially offset by net treasury gains due to positive mark to market movements related to improved economic growth compared to 2020.



South Africa: 30.5595° S, 22.9375° E

FINANCIAL REVIEW

B Separately identifiable direct COVID-19 impacts

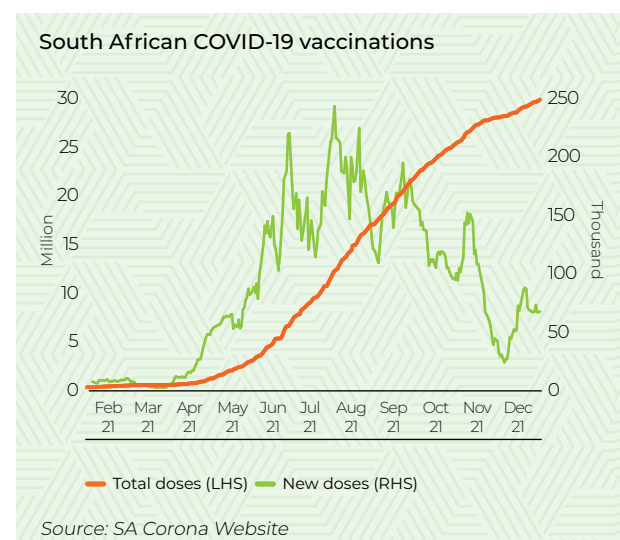
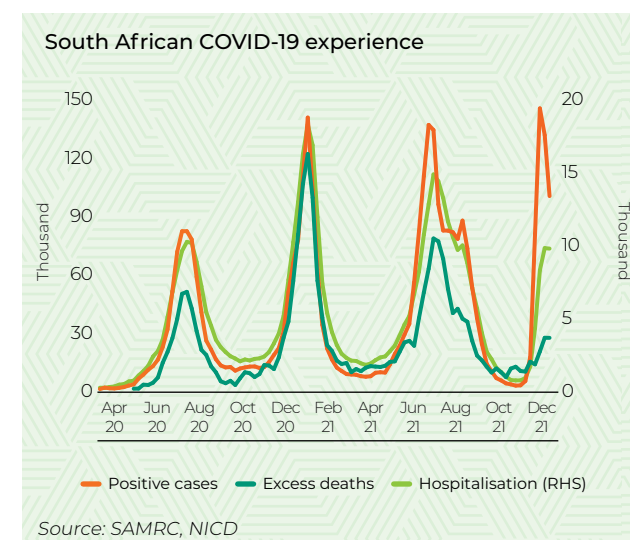
We have presented certain direct COVID-19 impacts separately within our presentation of RFO, in order to reflect the underlying results of our segments on a more comparable basis to prior years. Only items that are directly attributable to COVID-19, separately identifiable and reliably measurable have been presented in this line item. We have not made any pro-forma adjustments for impacts such as the loss of earnings due to lower sales activity resulting from lockdown restrictions.

The table below illustrates the direct impacts of COVID-19 on our alternative profit measure, RFO. Please note that RFO and RFO excluding COVID-19 impacts are non-IFRS measures. The direct COVID-19 impacts are not reviewed by the Group's auditors. Refer to the Segment Reviews from page 43 to 60 for a detailed reconciliation of COVID-19 impacts for each segment.

Rm	FY 2021			FY 2020	FY 2019
	RFO	Direct COVID-19 impacts	RFO excl direct COVID-19 impacts	RFO excl direct COVID-19 impacts	RFO excl direct COVID-19 impacts
Mass and Foundation Cluster	2,752	264	3,016	2,008	3,527
Personal Finance and Wealth Management	448	2,954	3,402	3,208	2,169
Old Mutual Investments	1,109	(193)	916	888	1,008
Old Mutual Corporate	727	791	1,518	1,340	1,816
Old Mutual Insure	543	(21)	522	309	233
Rest of Africa	(391)	924	533	401	496
Net expenses from central functions	(804)	–	(804)	(412)	(277)
Total	4,384	4,719	9,103	7,742	8,972

Direct COVID-19 impacts

Rm	FY 2021	FY 2020	Change
Net pandemic impact	4,932	4,393	12%
Pandemic impact, net of releases	5,716	4,393	30%
Management actions	(784)	–	(100%)
Business interruptions and rescue reserves	(21)	791	(>100%)
Unrealised Mark to Market	(193)	704	(>100%)
Underwriting results – Personal Lines	–	(293)	100%
Forward looking information	–	169	(100%)
Increase in operating expenses	–	315	(100%)
Total direct COVID-19 impacts	4,719	6,079	(22%)



Net pandemic impacts, net of releases

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Excess deaths before the release of COVID-19 provisions	(1,003)	(3,818)	(1,310)	(684)	(6,815)
Release of COVID-19 provisions	1,105	2,868	1,094	199	5,266
Additional COVID-19 provisions (net of management actions)	(366)	(2,004)	(575)	(438)	(3,383)
H1 2021	(251)	(1,255)	(253)	(218)	(1,977)
H2 2021	(115)	(749)	(322)	(220)	(1,406)
Net pandemic impact on RFO	(264)	(2,954)	(791)	(923)	(4,932)

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

At a Group level, provisions raised in December 2020 and June 2021 were insufficient to fully offset excess death claims during 2021. Personal Finance wave 3 excess claims experience was significantly worse than wave 2, with provisions raised insufficient to cover the excess deaths. Although Old Mutual Corporate experienced similar levels of excess claims across wave 2 and wave 3, the business had insufficient provisions to offset excess claims from wave 3 as experience was impacted by the heterogeneity of lives and pricing factoring in a lower impact of wave 3 due to positive impact of vaccinations. In Mass and Foundation Cluster, wave 3 experience was similar to wave 2 experience in 2021, and the segment

had sufficient provisions in place to fully cover excess deaths. The year ended with wave 4 reaching its peak, albeit with lower excess deaths levels compared to the previous waves. Experience in Rest of Africa had been muted until the second half of 2021. Namibia experienced its first significant wave, resulting in a material increase in excess deaths. This increase was exacerbated by the lack of oxygen in the country's health facilities during the peak of the wave.

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

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Pandemic provisions at 31 December 2020	1,024	1,979	891	68	3,962
Release of COVID-19 provisions	(1,105)	(2,868)	(1,094)	(199)	(5,266)
Additional COVID-19 provisions (gross of management actions)	434	2,650	575	509	4,168
Pandemic provisions at 31 December 2021	353	1,761	372	378	2,864
Best estimate liability and prescribed margin	353	1,518	275	378	2,524
Discretionary margin		243	97		340

Closing provisions were set taking into account the most recent experience and assumes that there will be no break-out variants that bypass immunity in the future. We assumed that each future wave would contribute less to excess mortality mainly due to continued roll out of vaccines and increased immunity acquired through past infections as the virus remains transmissible but less virulent.

Past experience for Personal Finance and Old Mutual Corporate were significantly different to that expected due

to various factors such as the heterogeneity of insured lives. R340 million of discretionary margins were established across these two segments to cater for this. These margins were set in relation to our Earnings at Risk appetite. Existing Mass and Foundation Cluster and Rest of Africa mortality related discretionary margins were deemed adequate to cater for this risk and therefore no further explicit discretionary margins have been raised in these segments.

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Risks to pandemic assumptions

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

It was assumed at a national level, vaccinations would be administered to around 60% of the population by the

end of the first half of 2022, with the remainder of the population achieving immunity through prior infection. To the extent that vaccination uptake is not achieved for age groups 40 years and older we would expect shorter term volatility in earnings and provisioning.

It was also implicitly assumed in the modelling that past infection will assist in preventing deaths in the future. To the extent that this proves not to be true and immunity from past infection wanes, there could be higher losses than modelled.

Sensitivity of the pandemic provisions

Rm	Base	Change in provisions			
		Immunity benefit		Vaccine take-up	
		-25%	+25%	-10%	+10%
Pandemic provisions	2,864	1,389	(1,215)	327	(264)

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

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

Impact of the pandemic provisions on the OMLACSA solvency ratio

Rm	Solvency ratio excluding COVID-19 provisions	COVID-19 provisions at 31 December 2021	Solvency ratio including COVID-19 provisions
COVID-19 provisions	–	2,486	2,486
Own funds	63,907	(1,436)	62,470
SCR	31,417	(333)	31,084
OMLACSA Solvency ratio	203%	(2%)	201%

OMLACSA remains strongly capitalised. The COVID-19 provisions have minimal impact on the solvency coverage, with the provisions resulting in a 2% reduction in the solvency ratio.

Business interruption and rescue reserves

During the year, Old Mutual Insure released a portion of the business interruption and rescue reserve recognised in 2020, following increased certainty around claims payable. Management remains comfortable that the remaining gross reserves are adequate to cover future claims.

Unrealised mark to market losses

We have excluded from RFO, net positive fair value investment movements of R193 million related to unlisted equity and a portfolio of credit exposures in our Specialised Finance business. The improvement in economic and equity markets performance resulted in partial unwinding of the R704 million fair value investment losses recognised in the prior year, and further improved the valuations of our unlisted portfolio.

C Shareholder investment return

Shareholder investment returns for the Group of R2,726 million increased by 69% from R1,612 million in the prior year.

In South Africa, the increase in investment returns is largely driven by a rally in the local equity market and improved valuations of the unlisted equity portfolio. Investment returns earned on South African interest-bearing assets were impacted by the lower average interest-bearing asset base. Various enhanced cash strategies were deployed which resulted in a 4.4% return, a 0.6% outperformance of the STeFI Composite index.

The investment returns earned on the South African listed hedged equity portfolio is higher than the prior year, mainly as a result of the local equity market rally. The hedged equity portfolio (ex-Nedbank) returned 9.4% for the year. In South Africa, a hedged equity strategy is utilised primarily to reduce capital losses. The hedging strategies are executed in the form of zero cost collars where the exposure to losses is limited to 5% – 15% of the investment value whilst the underlying equities track the SWIX40 total return index. During 2021, a transition to the Capped SWIX40 index commenced within the portfolio.

The valuation of the unlisted equity portfolio increased due to the improved market multiples of listed peers and the higher profitability of the underlying entities. The return on the unlisted equities portfolio was 21.2% for the year.

Post unbundling, the retained Nedbank stake was recognised as part of shareholder invested assets with associated fair value movements accounted as part of shareholder investment returns. A portion of the Nedbank investment (5.3%) has been hedged using a similar collar structure as protected equity, with a lower floor limiting losses to between 2%-5% with the hedges expiring over the next 20 months. Fair value movements on the collar structure are accounted in shareholder investment returns.

The shareholder investment portfolio in the Rest of Africa achieved a return of R795 million, an increase from R311 million recognised in the prior year. This was primarily driven by increased investment returns in Namibia, Malawi and East Africa. Namibia's investment returns increased significantly largely due to a rally in local equity markets. Malawi's investment returns were driven by growth in interest income and higher fair value gains on equity investments compared to the prior year. The increase in investment returns in East Africa was mainly due to lower fair value losses in investment properties compared to the prior year.

D Finance costs

Finance costs on the long term debt that supports the capital structure of the Group increased by 12% to R543 million. This was largely driven by fair value losses on interest rate swaps compared to the fair value gains recognised in the prior year.

In September 2021, Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued R1.5 billion in subordinated debt instruments. This is expected to increase our finance costs in 2022.

E Income from associates

Rm	FY 2021	FY 2020	Change
Nedbank	1,289	1,073	20%
Stake in Old Mutual-CHN Energy Life Insurance Company Ltd	(37)	(156)	76%
Income from associates	1,252	917	37%

Income from associates increased by 37% to R1,252 million largely due to an increase in Nedbank earnings. The increase in Nedbank earnings was primarily due to the decline in the impairment charge and strong revenue growth when compared to the low base in 2020.

Our business in China reported a 76% decrease in its losses largely due to fair value losses on financial assets recognised in the prior year that did not repeat in the current year. An increase in technology related expenses and poor claims experience partially offset the decrease in losses.

FINANCIAL REVIEW

RECONCILIATION OF AHE TO IFRS PROFIT AFTER TAX

Rm	Note	FY 2021	FY 2020	Change
Adjusted Headline Earnings		5,402	2,484	>100%
Investment return for Group equity and debt instruments in life funds ¹		(190)	785	(>100%)
Impact of restructuring	A	(1,482)	497	(>100%)
Operations in hyperinflationary economies	B	3,489	1,093	>100%
Residual plc	C	(10)	229	(>100%)
Headline earnings		7,209	5,088	42%
Impairment of goodwill, other intangible assets and property, plant and equipment	D	(552)	(1,408)	61%
Remeasurement of non-current assets held for sale and distribution		4	–	100%
Reversal of impairment/(impairment) of investments in associated undertakings	E	37	(8,777)	>100%
Loss on disposal of subsidiaries and associated undertakings		(36)	–	(100%)
IFRS Profit/(Loss) after tax for the financial period attributable to ordinary equity holders of the parent		6,662	(5,097)	>100%

¹ IFRS does not allow for the recognition of investment returns on Group debt and equity instruments held by life policyholder funds, however, these returns are recognised in the valuation of the related policyholder liabilities. This creates a mismatch in IFRS, which is eliminated in AHE. The movement is a function of the fair value movement for the period.

A Impact of restructuring

The restructuring line includes costs mostly relating to Nedbank unbundling, with R1.2 billion deferred tax raised on the total stake at 30 June 2021. For the distributed stake, the difference between the carrying value under IFRS 5 and the tax base of the investment was a taxable difference in terms of IAS 12, resulting in a tax liability of R731 million at the capital gains tax rate. This amount was reclassified from deferred tax to a current tax liability upon recognition of the held for distribution liability and was settled prior to 31 December 2021. The deferred tax balance was revised for the retained stake, amounting to R429 million at 31 December 2021.

B Operations in hyperinflationary economies

Due to the volatility that hyperinflation continues to cause on the economic outlook in Zimbabwe and barriers to access capital by way of dividends, we continue to exclude the results of the Zimbabwe business from Adjusted Headline Earnings.

The increase in Zimbabwe's profits was mostly due to an increase in investment returns earned on the group's shareholder portfolio. The increase in investment returns relates to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE) as market participants seek to invest in equities which preserve value in an inflationary environment. The ZSE generated returns of 311% for the year. We caution users of our financial results that the investment returns earned on the group's shareholder portfolio may reverse in the future. Refer to the Annual Financial Statements on the Old Mutual website for further disclosures and sensitivities.

C Residual plc

Residual plc reported R10 million losses compared to R229 million profits in the prior year. A tax refund received by Old Mutual Netherlands BV in 2020 was not repeated in the current year, resulting in a significant decrease in Residual plc profits. The losses include costs associated with the continued wind down of the remaining operations, partly offset by fee income received in the second half of the year.

D Impairments

Impairments decreased by 61% to R552 million due to a goodwill impairment in respect of our investment in Old Mutual Finance recognised in the prior year which was not repeated. Impairments recognised in the current year mainly include a write down in respect of one of our offices, 1 Mutual Place, to ensure that the value of the asset better reflects the prevailing market conditions.

E Reversal of impairments

In the prior year, we recognised an impairment of R8.8 billion in respect of our stake in Nedbank. Current year includes the reversal of impairments on the total Nedbank stake prior to the reclassification of the distributed stake as asset held for sale and distribution, and movements in the retained stake value prior to reclassification to investments and securities.

FREE SURPLUS GENERATED FROM OPERATIONS

Rm (unless otherwise stated)	FY 2021			FY 2020		
	Free Surplus Generated	AHE	%	Free Surplus Generated	AHE	%
Gross operating segments ¹	4,309	5,402	80%	1,593	1,411	113%
Capital requirements	1,840	–	–	3,107	–	–
Net operating segments Nedbank ¹	6,149	5,402	114%	4,700	1,411	333%
	–	–	–	–	1,073	–
Free Surplus Generated from Operations	6,149	5,402	114%	4,700	2,484	189%

¹ With effect from 1 November 2021, the retained stake in Nedbank was reported as part of operating segments before capital requirements.

Operating segments generated gross free surplus of R4,309 million, representing 80% of AHE. Our operating segments continued to generate a high proportion of cash earnings. However, this was partly diluted by the change in Nedbank treatment as Nedbank earnings were reported as part of free surplus from our operating segments, with no corresponding dividends flowing to Free Surplus Generated.

Lower capital requirements contributed to the increase in free surplus, albeit at significantly lower levels compared to the prior year. Capital requirements in the prior year were

largely driven by a material once-off reduction in Solvency Capital Requirements (SCR) as the Prudential Authority approved the use of the Iterative Risk Margin approach in the calculation of the solvency position of OMLACSA. In the current year, contributions to free surplus were mainly due to lower capital requirements in OMLACSA driven by the hedge implemented on the retained Nedbank stake that backs allocated capital, and lower capital requirements in Old Mutual Insure driven by the decrease in business interruption and rescue provisions compared to the prior year.

CAPITAL MANAGEMENT

The Group actively drives regular management actions to maximise return on equity for shareholders. This is achieved through various capital optimisation initiatives combined with efficient capital allocation and strategic asset allocation of shareholder capital. The Group also actively manages the returns and related capital of guaranteed products. These activities will support the accelerated recovery of the Group's RoNAV.

Liquidity and market risk management

Liquidity and market risks are assessed at an entity level with the management and mitigation strategies aligned with the respective business and its operating environment.

The Group's liquidity position remained robust and within targeted ranges throughout 2021. Liquidity levels remained sufficient to facilitate business plan execution while still ensuring sufficient protection against defined liquidity risk scenarios. Market risk was managed in line with defined appetite, utilising a variety of risk mitigation strategies.

Key initiatives over the year include the refinements in OMLACSA's guaranteed product hedging programmes to reduce residual market risk, and the refinement of the liquidity risk requirement modelling (ensuring optimal liquidity usage).

Capital optimisation

The Group continues to optimise its capital structure to create value for shareholders. We finalised the Nedbank unbundling on 8 November 2021, simplifying the Group's capital structure, providing a substantial return of capital to shareholders and allowing shareholders to participate more directly in the differentiated investment cases of Old Mutual Group and Nedbank. The retained stake in Nedbank is managed in line with the Group's financial management framework and supports the capital structure of OMLACSA. We have entered into a zero cost collar arrangement on 5.3% of the remaining stake in Nedbank. In the first half of 2021, the continued wind down of Residual plc operations released a further £25.6 million (R505.1 million) of capital.

Funding

On 23 September 2021, OMLACSA issued R1.5 billion subordinated debt under the Old Mutual Limited multi-issuer Domestic Medium Term Note (DMTN) programme at 154 bps over the 3-month JIBAR. We intend to issue subordinated debt annually to optimise the Group's weighted average cost of capital, provided that the market conditions and investor demand remain favourable.

FINANCIAL REVIEW

Capital allocation

The Group's strategy and financial management framework (the framework) drive the allocation of capital across the Group. The framework is embedded in all significant business decisions and defines the financial metrics for all capital allocation decisions that enhance shareholder value.

The Old Mutual Limited and OMLACSA solvency target ranges were reviewed following the approval by the Prudential Authority of the use of iterative risk margin and accounting consolidation method when aggregating SCR for the Group solvency calculation. Following the review, the OMLACSA range remained unchanged at 1.75x – 2.10x throughout the year. In the first half of the year, the Old Mutual Limited range changed from 1.55x – 1.75x to 1.65x to 1.95x. The range subsequently changed to 1.70x – 2.00x post the use of the accounting consolidation method at the end of 2021.

The Group measures any new opportunities strictly against an acquisition framework which ensures that any

acquisitions considered meet the Group's minimum return of cost of equity. During the year, the largest portion of capital was allocated to Mass and Foundation Cluster and Personal Finance and Wealth Management. The capital was deployed to support new business and growth in the in-force book.

Dividend policy

The dividend policy targets an ordinary dividend cover of 1.50x to 2.00x AHE over the financial year and an interim dividend of 40% of current year's interim AHE. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, fungibility of earnings, targeted liquidity and solvency levels as well as the Group's strategy. In light of our strong liquidity levels and well capitalised balance sheet, the Old Mutual Limited Board is pleased to declare a final dividend of 51 cents per share.

BALANCE SHEET METRICS

Rbn (unless otherwise stated)	Note	FY 2021	FY 2020	Change
Equity attributable to ordinary shareholders of the parent		62.2	67.0	(7%)
Operating segments ¹		55.8	48.4	15%
Non-core operations ²		2.0	2.1	(5%)
Investment in associated undertaking ³		–	15.8	(100%)
Operations in hyperinflationary economies		4.4	0.7	>100%
Closing Adjusted IFRS Equity		55.8	64.2	(13%)
Nedbank stake ³		–	15.8	(100%)
Equity attributable to operating segments		55.8	48.4	15%
South Africa		45.1	39.5	14%
Rest of Africa		10.7	8.9	20%
Average Adjusted IFRS Equity⁴		59.8	65.2	(8%)
South Africa		50.2	56.3	(11%)
Rest of Africa		9.6	8.9	8%
RoNAV	A	9.0%	3.8%	520 bps
South Africa ⁴		10.4%	4.2%	620 bps
Rest of Africa		2.1%	1.1%	100 bps
Invested shareholder assets	B	38.5	34.1	13%
South Africa		29.6	25.9	14%
Rest of Africa		8.9	8.2	9%
Gearing ratio⁵	C	15.1%	11.8%	330 bps
Interest cover (times)		15.4	8.7	77%

¹ Comprises of the net asset value of the operating segments of the Group. This net asset value forms the basis for key balance sheet metrics on which the Group is managed from a capital perspective and is the same perimeter on which AHE is presented.

² This includes the consolidation adjustments reflecting own shares held by consolidated funds.

³ In FY 2020, this represents the Group's 19.4% stake in Nedbank at fair value. Post the unbundling of the stake in Nedbank, the retained stake is no longer classified as an associated undertaking and has been included in the equity attributable to operating segments.

⁴ Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation the equity attributable to the distributed stake is recognised for the same proportion of the year that earnings were recognised in AHE.

⁵ Gearing ratios are calculated with reference to the IFRS book value of debt that supports the capital structure of the Group and Closing Adjusted IFRS Equity.

FINANCIAL REVIEW

A RoNAV

RoNAV increased by 520 bps to 9.0% from 3.8% in the prior year mainly due to the significant improvement in AHE, and partially due to lower average adjusted IFRS equity, as a result of the distribution of 12.2% of the Group's stake in Nedbank in November 2021.

RoNAV of 10.4% in South Africa increased by 620 bps, reflecting growth in AHE attributable to South Africa of R5,202 million, up from R2,389 million in the prior year, due to strong RFO growth, higher shareholder investment returns and increased associate earnings from Nedbank. The 11% decrease in average adjusted IFRS equity reflects the impact of the distribution of the Group's stake in Nedbank on closing Adjusted IFRS equity. The decrease in closing Adjusted IFRS equity was partially offset by higher profits from the South African businesses and dividends received from Residual plc.

Following the exclusion from AHE of the distributed stake of Nedbank effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that earnings were recognised in AHE.

RoNAV in Rest of Africa improved by 100 bps to 2.1%. AHE in Rest of Africa increased from R95 million in the prior year to R200 million due to higher shareholder investment returns and lower shareholder tax and finance costs. This was partially offset by RFO losses that were largely driven by poor claims experience in the Life and Savings business. Average Adjusted IFRS equity increased by 8% mainly due to capital injections and favourable foreign currency movements in Malawi and East Africa.

B Invested shareholder assets

The total invested shareholder assets of R38.5 billion increased by 13% from R34.1 billion at the end of 2020.

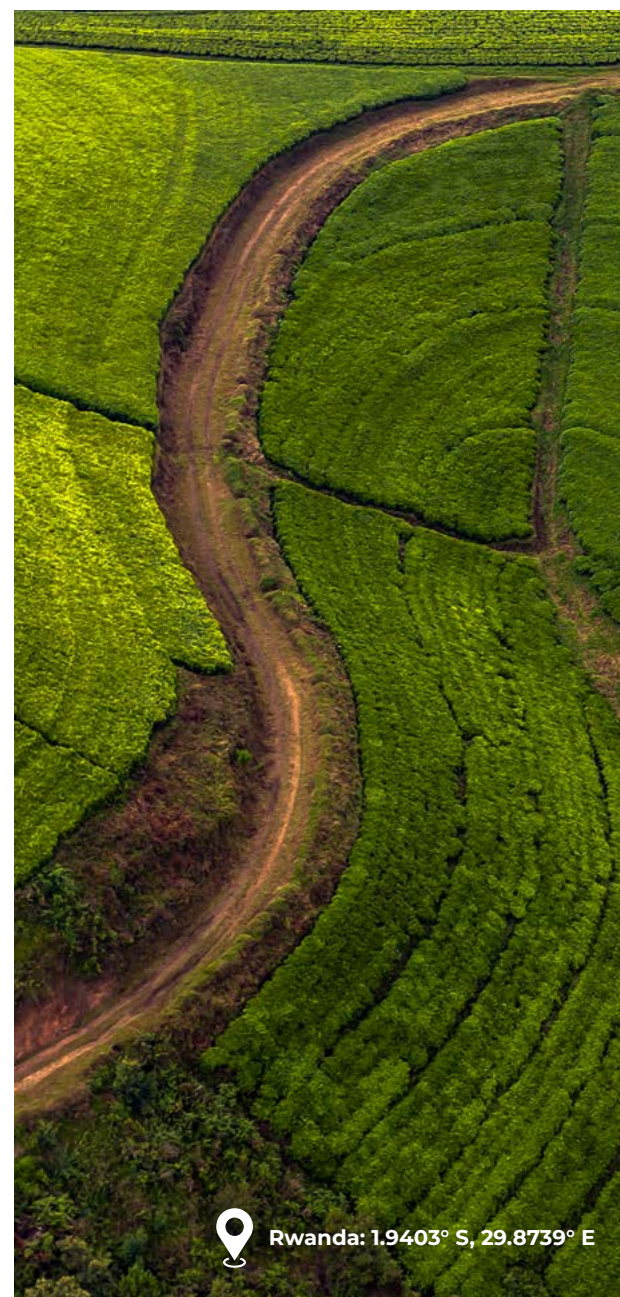
Excluding Nedbank, the asset base in South Africa marginally decreased to R23.7 billion from R25.9 billion. The inclusion of Nedbank as part of invested assets increased the invested shareholder asset base to R29.6 billion. A portion of the remaining unhedged stake in Nedbank has been sold with the intention of fully exiting the unhedged position in 2022. During the period, short-term interest-bearing assets marginally declined to fund dividend payments and the pandemic related claims recognised by the Group.

In Rest of Africa, invested shareholder assets of R8.9 billion increased by 9% from R8.2 billion at the end of 2020. The growth was driven by higher investment returns and an increase in interest bearing assets. Within Rest of Africa, the countries have adopted a low-risk investment strategy, in line with the Group's strategic asset allocation framework, resulting in a higher allocation to fixed income assets. This allocation is expected to alter the investment return profile in future reporting periods.

C Gearing

The gearing ratio of the Group is calculated with reference to closing adjusted IFRS equity. The gearing ratio increased by 330 bps to 15.1%, due to higher IFRS value of debt, following the issuance of R1.5 billion of floating rate subordinated debt instruments by OMLACSA in September 2021. Lower Adjusted IFRS equity, mainly due to the distribution of the Group's stake in Nedbank further contributed to a higher ratio.

Interest cover of 15.4 times increased by 77%, reflecting the current year improvement in AHE before tax, non-controlling interest and finance costs.



Rwanda: 1.9403° S, 29.8739° E

EMBEDDED VALUE

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Adjusted net worth (ANW)	34,982	33,813	3%
Value in force (VIF)	35,333	32,103	10%
Embedded value	70,315	65,916	7%
Operating EV earnings	903	2,179	(58%)
Return on embedded value	1.4%	3.0%	(160 bps)
Value of new business	1,266	621	>100%

The return on embedded value decreased to 1.4% largely due to the impact of excess mortality claims and lower short term interest rates which reduced the Operating EV earnings to R903 million. This was partly offset by the strong recovery in value of new business and lower negative assumption and model changes compared to the prior year. The significant increase in the value of new business was primarily due to higher sales volumes and a shift towards a more profitable mix of new business within Rest of Africa.

Embedded value increased by 7% mostly due to positive economic variances. Gains in the equity markets led to

both higher expected future asset-based fee income on investment products, as well as higher than expected shareholder investment returns.

Experience variances deteriorated from the prior year, with worse than anticipated mortality experience being partly offset by improved persistency experience. Experience assumption changes were less negative than the prior year. This is largely related to the additional short-term provisions raised to cover expected worsening of mortality experience for future waves of the pandemic being lower than those required in the prior year.

GROUP EQUITY VALUE

Rbn	FY 2021			FY 2020		
	IFRS NAV	GEV	AHE	IFRS NAV	GEV	AHE
Covered business	37.7	70.3	2.6	36.7	65.9	1.8
Non covered business	12.8	19.7	2.0	10.0	15.5	0.1
Asset Management	4.0	7.9	0.9	2.3	4.9	0.8
Banking and Lending ¹	3.5	5.5	0.9	2.6	4.6	(0.5)
Property and Casualty	5.3	6.3	0.2	5.1	6.0	(0.2)
Investment in Nedbank	–	–	1.3	15.8	15.8	1.1
Residual plc	2.1	1.1	–	2.7	1.7	–
Zimbabwe	4.4	–	–	0.7	–	–
Other	5.2	0.8	(0.5)	1.1	(1.5)	(0.5)
Total	62.2	91.9	5.4	67.0	97.4	2.5

¹ FY 2020 was re-presented to reflect the change in Specialised Finance NAV.

The 6% decrease in Group Equity Value (GEV) compared to December 2020 predominantly reflects the impact of the unbundling of 12.2% of our stake in Nedbank to shareholders in November 2021, which was partially offset by growth in value for both covered and non-covered businesses.

Covered business is included in GEV at embedded value. The non-covered businesses are valued based on a series of directors' valuations for each material legal entity.

In the current year, there were reallocations of net asset value between lines of business within the equity

attributable to operating segments in order to better align with how the business is managed.

Asset Management GEV increased by 61% largely due to reallocation of net asset value between lines of business and higher valuations of Old Mutual Investments and Old Mutual Wealth, largely reflecting increased sustainable future earnings.

Banking and Lending GEV improved by 20%, primarily due to a higher valuation of Old Mutual Finance, reflecting improved forecast profits.

FINANCIAL REVIEW

Property and Casualty GEV increased by 5%. This was driven by the valuation of UAP Old Mutual in Rest of Africa driven by higher profit forecasts, and an improvement in the valuation of Old Mutual Insure due to higher peer multiples.

Other includes the value of holding companies (including cash), the present value of central costs and our joint venture in China at fair value. The significant increase in the GEV of Other was mostly due to reallocation of net asset value between the lines of business to better align with how the business is managed.

The investment in Nedbank in December 2020 reflects the Group's 19.4% stake in Nedbank at fair value. Following the

unbundling of 12.2% of the stake in Nedbank, the retained stake is no longer classified as an associated undertaking and is included in the GEV related to covered business at fair value.

In line with the continued winding down of the remaining operations of Residual plc, the value at 31 December 2021 decreased by 35%. This is mainly due to the dividends paid to the OML holding company.

Due to the continued impact of hyperinflation on the Zimbabwean economy and in particular the unrealised nature of the listed investment return supporting the IFRS net asset value for this business, the value of Zimbabwe is reduced to zero in GEV.

SOLVENCY

Rm (unless otherwise stated)	Optimal target range	FY 2021	FY 2020 Pro-forma ¹	FY 2020 Re-presented ²	Change (FY 2021 vs Pro-forma FY 2020)
OMLACSA					
Eligible own funds		62,470	62,389	62,389	0.1%
Solvency capital requirement (SCR)		31,084	29,062	29,062	7%
Solvency ratio (%)	175% to 210%	201%	215%	215%	(1400 bps)
Group					
Eligible own funds		91,401	93,319	92,733	(2%)
Solvency capital requirement (SCR)		49,707	47,011	48,920	6%
Solvency ratio (%)	170% to 200%	184%	199%	190%	(1500 bps)

1 Prior year has been re-presented to include the use of accounting consolidation method.
2 Prior year has been re-presented to align to the Prudential Authority (PA) submission.

The solvency ratio for OMLACSA decreased to 201% from 215% in December 2020, mainly due to an increase in the solvency capital requirement (SCR).

SCR increased due to higher lapse risk driven by growth in the Old Mutual Protect product and strong market performance on smoothed bonus products. Higher equity risk from a higher prescribed equity shock and increased equity exposure contributed to increased SCR. The higher equity risk was partially offset by the hedge implemented on the remaining Nedbank stake held in OMLACSA.

The marginal increase in eligible own funds was mainly due to significant positive returns on investment products and shareholder assets as well as profitable new business sales. In September 2021, OMLACSA issued R1.5 billion of subordinated debt which counts as Tier 2 capital. The increase in eligible own funds was largely offset by poor mortality experience and additional COVID-19 provisions raised in Personal Finance, as well as an allowance for a higher foreseeable dividend.

The Group solvency ratio decreased to 184% from 199% in December 2020. The overall reduction in the solvency

ratio was mainly due to a 9% higher prescribed equity shock which increased SCR on non-regulated entities, and the decrease in own eligible funds for non-regulated entities largely due to the Nedbank unbundling. A decrease in the OMLACSA solvency ratio as well as a decrease in the solvency ratios for certain Rest of Africa insurers (including Zimbabwe) further contributed to the reduction in the Group solvency ratio.

The Group regularly models the impact of an extreme, but plausible sequence of events leading to a “Perfect Storm” economic scenario (1- in- 200 year event) on our solvency capital and liquidity positions and these stress tests have shown that we remain sufficiently capitalised with appropriate liquidity.

As at 31 December 2021, OMLACSA and Old Mutual Limited were financially sound on the Prudential Standards basis and are both expected to remain financially sound for the foreseeable future.

FINAL DIVIDEND DECLARATION

The Board of directors has approved and declared a final dividend of 51 cents per ordinary share.

The final dividend of 51 cents per share, results in a full dividend cover of 1.51 times for the 2021 year which is in line with Old Mutual Limited's dividend cover target range of 1.50 times to 2.00 times. The final dividend will be paid out of distributable reserves and is payable on 23 May 2022 to all ordinary shareholders recorded on the record date.

Shareholders on the London, Malawian, Namibian and Zimbabwean registers will be paid in the local currency equivalents of the final dividends.

Old Mutual Limited's income tax number is 9267358233. The number of ordinary shares in issue in the company's share register at the date of declaration is 4,708,553,649.

Declaration date	Tuesday, 15 March 2022
Finalisation announcement and exchange rates announced	Tuesday, 22 March 2022 by 11.00
Transfers suspended between registers	Close of business on Tuesday, 22 March 2022
Last day to trade cum dividend for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 12 April 2022
Ex-dividend date for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 13 April 2022
Last day to trade cum dividend for shareholders on the UK register	Wednesday, 13 April 2022
Ex-dividend date for shareholders on the UK register	Thursday, 14 April 2022
Record date (South African Register and Malawi, Namibia and Zimbabwe branch register)	Close of business on Tuesday, 19 April 2022
Record date (UK register)	Tuesday, 19 April 2022
Transfers between registers restart	Opening of business on Wednesday, 20 April 2022
Final dividend payment date	Monday, 23 May 2022

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 13 April and Tuesday, 19 April 2022, both dates inclusive. Transfers between the registers may not take place between Tuesday, 22 March and Tuesday, 19 April 2022, both dates inclusive. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees (Pty) Limited will not be permitted between Tuesday, 22 March and Tuesday, 19 April 2022, both dates inclusive.

For South African shareholders, the dividend will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax at a rate of 20%. The net dividend payable to shareholders subject to withholding tax at a rate of 20% amounts to 41 cents per ordinary share. Distributions made through the dividend access trust or similar arrangements established in a country will not be subject to South African withholding tax but may be subject to withholding tax in the relevant country. We recommend that you consult with your tax advisor regarding the in country withholding tax consequences.

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

[CLICK HERE](#)

OLDMUTUAL

03



Namibia: 22.9576° S, 18.4904° E

SEGMENT REVIEWS

MASS AND FOUNDATION CLUSTER

Despite the difficult economic and operating environment, we delivered a strong set of financial results with all key metrics progressing well. Our RFO increased significantly and our VNB recovered strongly from last year's low, with our VNB margin ending at the lower end of our target range of 6%–9%. Our lending business generated an exceptional credit and overall financial performance as we continued to maintain a cautious lending approach by focusing on growth in risk segments within our appetite.

We delivered these results while continuing to fulfil our commitment to our customers. We paid R3.8 billion in mortality claims and 720 000 of our customers received value back from Old Mutual Rewards. The rapid expansion of our foundation market channel has allowed us to deliver on our objective to increase financial inclusion across South Africa.

Our sales continue to improve with a resilient performance from all our distribution channels. Our tied channel continued the productivity recovery from prior year with an increased focus on higher margin risk sales and an optimised number of advisers reflecting the short to medium term demand. Our alternative channels delivered strong sales growth with a high proportion of risk sales, helping us to regain our previously lost market share while reducing our reliance on our tied channel. Our foundation market channel progressed our integrated financial services objectives by expanding our non-advice funeral proposition which is now accessible via our branch network and several of our worksites. The growth in alternative and foundation market channels is in line with our strategy of enhancing customer access by increasing our points of presence and delivering appropriate solutions to our customers through lower cost distribution channels.

The negative impact of the various COVID-19 pandemic waves resulted in approximately R1 billion excess death claims, which were largely offset by the release of the provision in place at the start of the year. We have increased the remaining provision to allow for additional excess deaths expected over the remainder of the pandemic.

PERFORMANCE HIGHLIGHTS

Gross flows of R12.9 billion have decreased by 3% largely due to the decline in the life in-force book following significantly lower sales volumes in the prior year. NCCF of R5.0 billion decreased by 23% from the prior year largely due to the significant increase in funeral claims in the first half of the year, coupled with lower gross flows.

Life APE sales of R3,475 million increased by 32% from the prior year, driven by a good recovery in risk sales as a result of the improved productivity in our adviser sales force as well as strong growth in our alternative and foundation market channels. Distribution efficiencies have continued to improve as we continue to manage the size of our adviser sales force in line with demand.

Loans and advances declined by 8% to R14,795 million as a result of the continued prudent management of the lending book over the last two years which included us tightening credit criteria to mitigate the potential impact of job losses and economic difficulties as a result of the pandemic, while growing the business in segments within our risk appetite. Reduced footfall in the branches due to the pandemic as well as the temporary closure of certain branches following the unrest in July have also contributed to the decline in loan disbursements, although the loan book did show a pleasing recovery in the fourth quarter ending the year higher than the June 2021 position of R14,472 million.

Net lending margin of 18.0% increased by 960 bps from the prior year reflecting the material once-off release of provisions from a net reduction in book size, supported by strong underlying credit experience. As a result, our credit loss ratio has also reduced by 1,030 bps to 0.9%.

RFO of R2,752 million increased significantly from prior year largely

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	2,752	1,265	>100%
Gross flows	12,870	13,240	(3%)
Life APE sales	3,475	2,634	32%
NCCF (Rbn)	5.0	6.5	(23%)
FUM (Rbn)	18.1	15.0	21%
VNB	638	41	>100%
VNB margin (%)	6.2%	0.5%	570 bps
Old Mutual Finance			
Results from Operations	1,366	392	>100%
Loans and advances	14,795	16,019	(8%)
Net lending margin (%)	18.0%	8.4%	960 bps
Credit loss ratio (%)	0.9%	11.2%	(1,030 bps)



DO GREAT THINGS EVERY DAY

SEGMENTAL REVIEWS

due to the material turnaround in the credit losses for the Banking and Lending business. In addition, prior year included the impact of significant net pandemic and expected credit loss provisions. Higher life sales volumes, good cost management and improved retention variance further supported the strong RFO results.

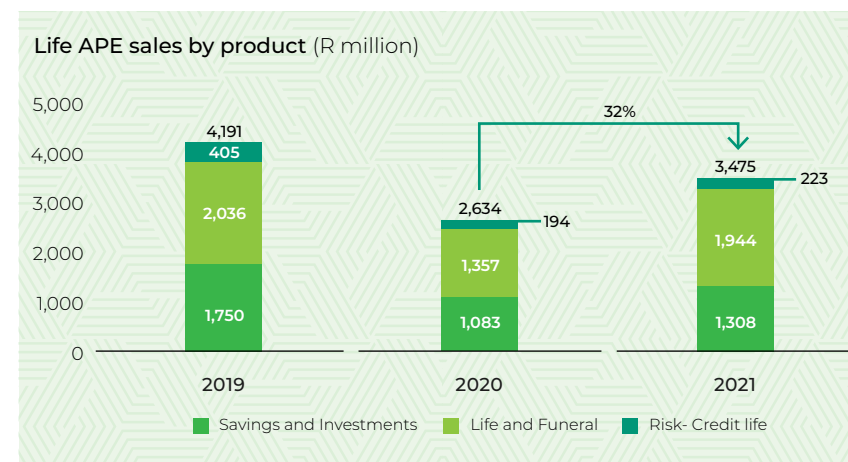
We have utilised R1,105 million of the mortality provisions in place for excess claims incurred during 2021. Although our claims experience has been in line with our expectations, we have increased the remaining provision to R353 million to allow for additional excess deaths expected over the remainder of the pandemic.

Persistency experience improved relative to prior year following the strengthening of our persistency provisions, but remained under pressure as a result of the slower economic recovery and the unrest in July 2021. The impact of the strengthening of our persistency and mortality provisions over the year has been largely offset by the release of the remaining discretionary margins held for the risk product investment strategy that was further embedded in 2021. The 2021 RFO for the Life business is therefore a good reflection of the core performance of the business over the year.

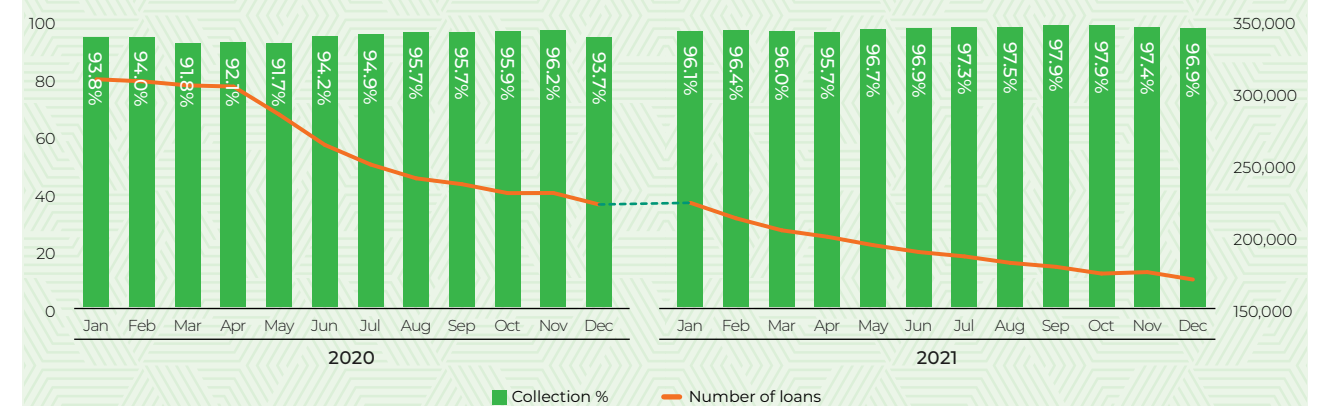
VNB of R638 million increased significantly from the low position in the prior year mainly due to the higher sales volumes. The VNB margin of 6.2%, up 570 bps from the prior year, is attributable to the significant increase in issued risk sales volumes while efficiently managing the acquisition cost base. This is a very pleasing result particularly in these tough economic conditions where customers tend to purchase lower margin products.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	2,752	1,265	>100%
Direct COVID-19 impacts	264	743	(64%)
Pandemic impact, net of releases ¹	332	1,574	(79%)
Release of discretionary reserves	(68)	(1,112)	94%
Forward looking information – ECL	–	150	(100%)
COVID-19 related expenses	–	131	(100%)
RFO excluding direct COVID-19 impacts	3,016	2,008	50%

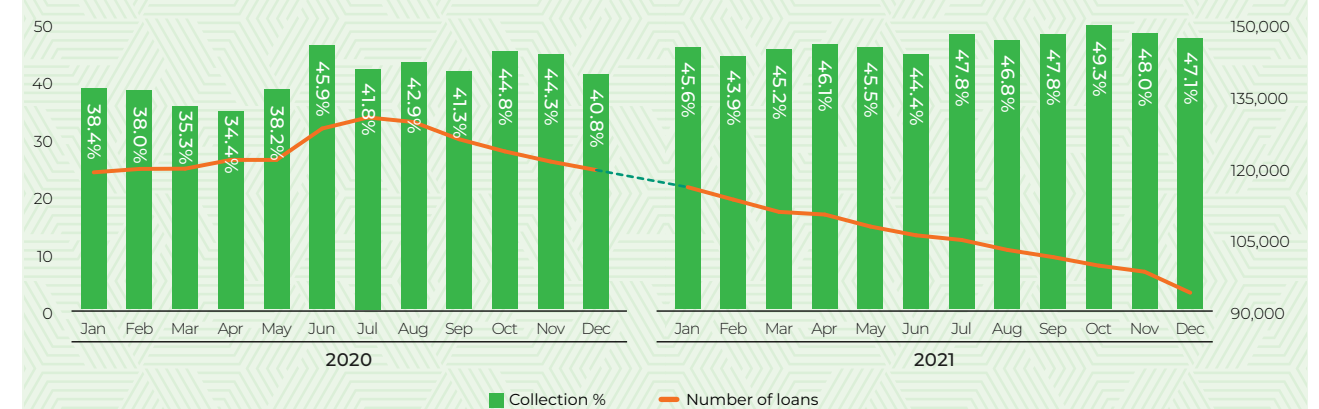
¹ Includes the impact of excess deaths and additional provisions raised at 31 December 2021.



18 month rolling collection: Performing loan book



18 month rolling collection: Default loan book



OUTLOOK FOR 2022

We believe mortality experience in respect of wave 4 peaked at the beginning of 2022 and was more muted than any previous waves. While the impacts of subsequent COVID-19 waves should continue to reduce in severity due to increased vaccination coverage and improved population immunity, elevated claims levels are expected to continue over the short term. Given the information currently available, we continue to hold appropriate provisions.

We expect the improvement in our sales to continue throughout 2022 supported by a more favourable operating environment. Continuing to focus our tied channel on selling higher margin risk products and investing in our lower cost alternative and foundation market channels will remain a priority. We will continue to position our channels to further our integrated financial services objectives with the right mix of advice and non-advice products being made available to our customers via our increasing points of presence. In doing so, we are confident that we will maintain and grow our VNB margin within our target range of 6%-9%.

We implemented a new remuneration model for our tied channel on 1 January 2022, which more closely aligns customer, shareholder and adviser outcomes. This remuneration model is designed to improve persistency, while delivering a more variable and less fixed mix of pay, further de-risking our fixed cost base.

The lending book will be grown prudently to ensure that we continue to deliver strong credit experience and the desired profitability outcomes, but we do not expect a repeat of the material once-off benefits that lifted the 2021 outcomes. We expect our Credit loss ratios and Net lending margins to move closer towards our longer term target ranges of 7%-9% and 10%-12% respectively.

We will continue to expand into the funeral services industry through strategic partnerships to leverage our partners' distribution and end-to-end value chain capabilities.

There are various cyclical factors in our Life business such as annual premium and cover increases (positive impact in the first half of the year) and the annual leave of our tied sales force (negative impact in the second half of the year) which impacts the shape of our financials over the year. This pattern is an inherent characteristic of our business, which will repeat itself in 2022.

SEGMENTAL REVIEWS

PERSONAL FINANCE AND WEALTH MANAGEMENT

Although improved from 2020, the operating environment in 2021 proved difficult for Personal Finance customers, intermediaries and the business. The impact of the second and third waves of COVID-19, as well as the civil unrest in July, adversely impacted customer confidence and sales activities of our intermediaries. Despite this, sales were above 2019 and well above prior year levels. We focused on adviser productivity levels through improving efficiency of sales processes, and growing our experienced sales force numbers.

We continue to see good traction in the take-up of new solutions, particularly Old Mutual Protect (OMP), which has supported the recovery in total recurring premium sales to 2019 levels.

In Wealth Management, recovery in market levels, economic activity and customers' capacity for investing contributed to improved results, with gross flows being the best they have been over the past six years. We have successfully completed the administration platform migration for Old Mutual Unit Trusts. This has greatly simplified the business and subsequent enhancements to the planner and customer portals have further improved their experience.

Demand for offshore solutions remained strong. Old Mutual International benefited from this and recorded NCCF growth of 36%, while further improving its operational robustness. Our investment performance remains competitive. Compared to the largest retail balanced funds, Old Mutual Multi-Managers' performance now ranks first over 1, 2, 5 and 10 years investment horizons and second over 3 and 7 years. Old Mutual Wealth Tailored Fund Portfolios are in the top 15% of ASISA peer groups over 1, 2 and 3 years.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	448	525	(15%)
Personal Finance	(127)	160	(>100%)
Wealth Management	575	365	58%
Gross flows	81,186	70,315	15%
Life APE sales	4,061	3,358	21%
NCCF (Rbn)	(1.3)	(2.9)	55%
FUM (Rbn)	618.9	538.1	15%
VNB	285	323	(12%)
VNB margin (%)	0.9%	1.2%	(30 bps)

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations¹	(127)	160	(>100%)
Direct COVID-19 impacts	2,954	2,683	10%
Pandemic impact, net of releases ²	3,600	2,615	38%
Management action - premium rate reviews	(646)	–	(100%)
COVID-19 related expenses	–	68	(100%)
RFO excluding direct COVID-19 impacts¹	2,827	2,843	(1%)

¹ This relates to Personal Finance only, there were no material COVID-19 impacts to Wealth Management's RFO.

² Includes impacts of excess deaths and additional provisions raised at 31 December 2021.

PERFORMANCE HIGHLIGHTS

Gross flows increased by 15% to R81.2 billion largely due to strong flows across Wealth Management's local and offshore platforms, buoyed by improved markets and economic activity. Gross flows in Personal Finance were 7% ahead of the prior year due to strong growth in single premium savings and annuity flows.

Life APE sales in Personal Finance increased by 17% and were up on 2019 levels due to the recovery in single and recurring premium sales, which were up 14% and 20% respectively. Risk sales grew by 27%, with OMP sales making up 69% of total risk sales. Prior year sales were impacted by the hard lockdown, which affected productivity across all channels. Savings sales have yet to recover to 2019 levels but were 14% ahead of 2020. Annuity sales were up 76% on 2019 driven by strong growth of guaranteed annuity sales. Life APE sales in Wealth Management were up by 29% due to strong living annuity and endowment sales, with significant contribution from investment flows into our competitive fixed bond product.

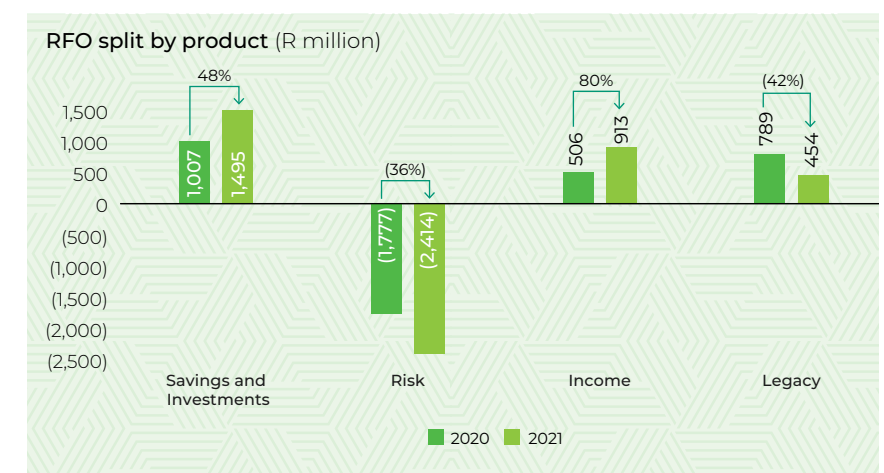
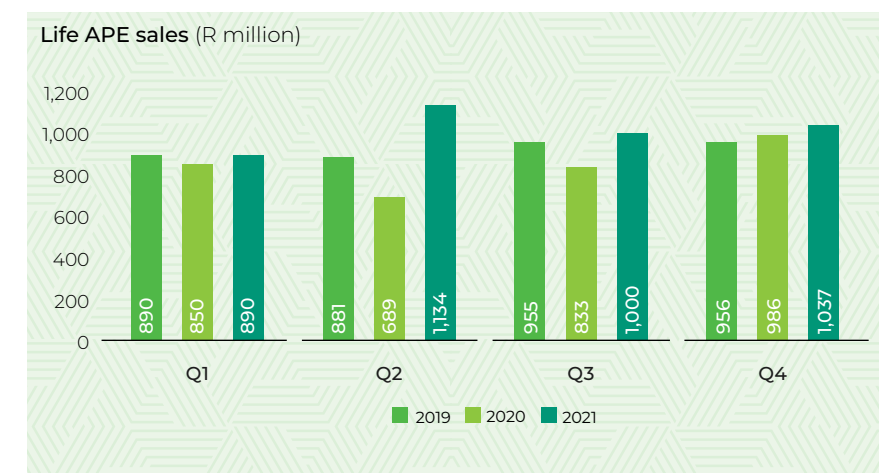
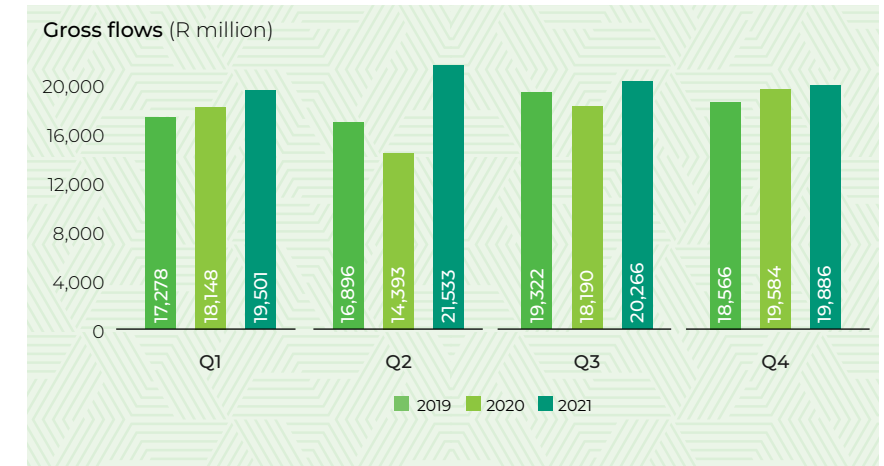
The segment's NCCF improved by R1.6 billion with strong growth in inflows in Wealth Management.

NCCF for Personal Finance worsened significantly, despite a R2 billion improvement in gross flows, as R3.9 billion more was paid out on mortality claims than in the previous year as a result of excess deaths seen during waves 2 and 3 of the pandemic. We also saw an increase in disinvestments in line with the stronger markets. The outstanding improvement of R6.2 billion in Wealth Management NCCF was driven by a recovery in inflows, partly offset by higher disinvestments from customers as a result of higher market levels. The ratio of disinvestments to assets under management and administration (AuMA) improved to its lowest level in 6 years. Wealth Management FUM was up by 16% supported by strong market performance and NCCF growth.

Personal Finance recorded a RFO loss of R127 million, down from a profit of R160 million in 2020, largely due to the net pandemic impact of R2,954 million (2020: R2,615 million). Mortality losses from excess deaths (R3,818 million) were partly offset by a R2,668 million provision release. We have increased our provisions to R1,761 million for future waves of the pandemic, offset by R646 million in management actions in response to COVID-19. Personal Finance RFO excluding Covid-19 impacts was in line with prior year despite lower net positive basis changes and one-off items than in 2020. 2021 RFO benefited from stronger markets, better morbidity experience, and continued expense management.

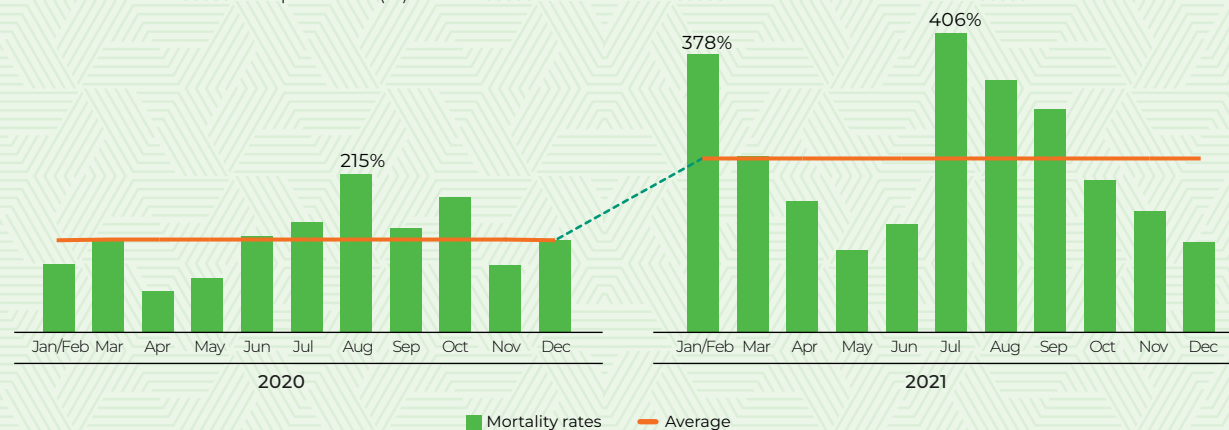
Wealth Management RFO improved by 58%. The recovery in markets and strong NCCF growth contributed positively to higher asset levels and revenues. Improved operational efficiency and asset growth in our distribution businesses further aided RFO growth.

VNB reduced by 12% compared to prior year, with a corresponding 30 bps decrease in VNB margin to 0.9%. In Personal Finance, higher growth in volumes was offset by an increase in initial expenses and distribution cost allocation to life products as well as a shift in mix towards lower margin products, reducing both the VNB and VNB margin. Wealth Management's VNB and VNB margin improved following higher new business sales and the inclusion of fixed bonds.



SEGMENTAL REVIEWS

Personal Finance: Claims experience (%)¹



¹ Calculated as actual claims over expected claims in absolute values and is gross of any COVID-19 provision releases.

OUTLOOK FOR 2022

The operating environment shows further signs of improving. Indications are that the Omicron-driven wave 4 may be less severe and hence yield better mortality experience than prior waves. We did, however, need to raise our provisions for future waves given the poor experience in waves 2 and 3 (previous provisions were set in H1 2021 before wave 3). We expect our current provisions to sufficiently cover any excess mortality claims for 2022 assuming no new and significantly more severe variant.

Apart from being impacted by COVID-19, 2021 KPIs were also impacted by one-off items like discretionary margin releases, positive morbidity experience and very strong annuity sales which we do not expect to recur in 2022.

A relaxation in COVID-19 regulations is expected to aid economic activity and improve business conditions further. As in 2021, our 2022 focus for Personal Finance is to continue to grow our distribution footprint, improve the productivity of our sales teams and deliver new solutions to our customers. We will also continue to focus on efficient sales and servicing processes.

Similarly, in Wealth Management we will continue to simplify the business and enhance our adviser and customer experience through better planning processes and tools and by strengthening our product set and proposition. With the Old Mutual Unit Trust migration complete, we are focused on building a competitive discretionary fund management capability for our local platform. This adds to the recently launched offshore model portfolio services offered in Old Mutual International.

OLD MUTUAL INVESTMENTS

Despite the numerous challenges in the external environment, 2021 was an excellent year as our various businesses continued to focus on strategic execution to drive asset and revenue growth for Old Mutual Investments.

The local operating environment remained uncertain mainly due to COVID-19, civil unrest experienced in July and local government elections that took place in November. Nonetheless, execution as measured by our key performance indicators was resilient, benefitting from historic investments and a diverse asset portfolio.

During 2021 we continued to see gains in local and global equity markets driven by the strong recovery in corporate profits as lockdown restrictions relaxed. The markets have rallied to pre-COVID-19 levels, resulting in the overall improvement in our asset-based fees.

The strong local and global equity markets, combined with positive flows in our Asset Management businesses, drove a 15% increase in assets under management. We saw improved performance in our fundamental capabilities, with top quartile performance over the past 12 months; improved retail flows and the highest NCCF in four years despite some significant client outflows to fund liquidity requirements. In our Alternatives business, R9.9 billion of capital was committed during the year to create a strong foundation for future revenue as capital is drawn down. Alternatives and Specialised Finance originated R7.9 billion and R2.5 billion in new deals, respectively, in a challenging environment, reflecting the strength of our unlisted platform.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	1,109	180	>100%
Gross flows	49,472	45,421	9%
NCCF (Rbn)	4.9	(0.1)	>100%
Assets under management (AUM) ^{1,2} (Rbn)	809.1	701.9	15%
FUM	254.6	219.6	16%
Intergroup assets	554.5	482.3	15%
Total revenue	2,957	1,766	67%
Annuity	2,608	2,296	14%
Non-annuity	349	(530)	>100%

¹ AUM comprises FUM as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as FUM of these respective segments.

² During the year, we revised our AUM reporting processes which has resulted in a restatement of previously reported AUM. This resulted in a R10.7bn increase in the Dec 2020 comparative AUM.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	1,109	180	>100%
Direct COVID-19 impacts	(193)	708	(>100%)
Unrealised Mark to Market (gains)/losses	(193)	704	(>100%)
COVID-19 related expenses	-	4	(100%)
RFO excluding direct COVID-19 impacts	916	888	3%

PERFORMANCE HIGHLIGHTS

Overall, our results benefited from higher asset levels driven by strong local and global equity markets, increased non-annuity revenue, and performance fees earned in our Asset Management business.

Our businesses continued to report strong inflows and the combination of net inflows and equity market gains saw AUM increase by 15% to R809.1 billion at the end of the year.

We delivered improved investment performance, with our multi asset portfolios benefitting from their positioning in domestic and offshore equity. Our multi asset and equity portfolios profited from excellent domestic stock picking, centred on a South African recovery and delivered top quartile performance over 12 months, improving their relative positioning over three and five years.

Gross flows of R49.5 billion were 9% ahead of the prior year, the highest inflows in five years. These were driven by new mandates secured in our Liability Driven Investment (LDI) and Indexation capabilities, and over R14 billion inflows recognised during the second half of the year in Futuregrowth. Strong inflows drove the significant growth in NCCF to R4.9 billion, an excellent improvement on recent years. This was after netting off R4.6 billion client disinvestments to fund liquidity requirements in the second half of the year.

SEGMENTAL REVIEWS

Annuity revenue recovered strongly, 14% ahead of 2020 driven by higher average asset levels and the yield enhancement on assets impacted by negative mark to market movements in the prior year. These gains were partly offset by lower fees on foreign assets given the relative strengthening of the rand in 2021.

Non-annuity revenue was positive as significant COVID-19 related mark to market losses recognised in the prior year did not repeat. Other non-annuity revenue was 1% lower than prior year, mainly due to lower performance fees in our Alternatives and Specialised Finance businesses when compared to the prior year which included final performance fees as part of the transition to the Three Manager Model framework. This was largely offset by higher performance fees earned in our Asset Management businesses as a result of improved short-term performance.

RFO increased by 516% to R1,109 million, and was 10% above 2019 levels, due to the non-recurrence of mark to market losses recognised in Specialised Finance in the prior year, coupled with improved annuity revenue. RFO, excluding direct COVID-19 impacts, increased by 3% from the prior year, largely due to higher annuity revenue partially offset by increased expenses.

Asset Management

The strong recovery in local and global equity markets and positive NCCF resulted in RFO being 26% higher than the prior year. Annuity revenue increased by 14% and non-annuity revenue by 86% due to higher performance fees. Prudent expense management remained top priority during the year. Strong flows into LDI and Indexation capabilities, coupled with improved NCCF levels in Futuregrowth contributed to the positive NCCF of R4.6 billion. Flows from our retail channels improved, with strong inflows into the Shari'ah Funds, increasing from R207 million in 2020 to R858 million, and a 34% increase in flows to our ESG Funds. Flows into our fundamental multi asset funds also improved in the second half of the year.

Alternatives

This business produced a strong set of results across its key performance metrics, with R9.9 billion new capital raised and R7.9 billion of new deals concluded during the year.

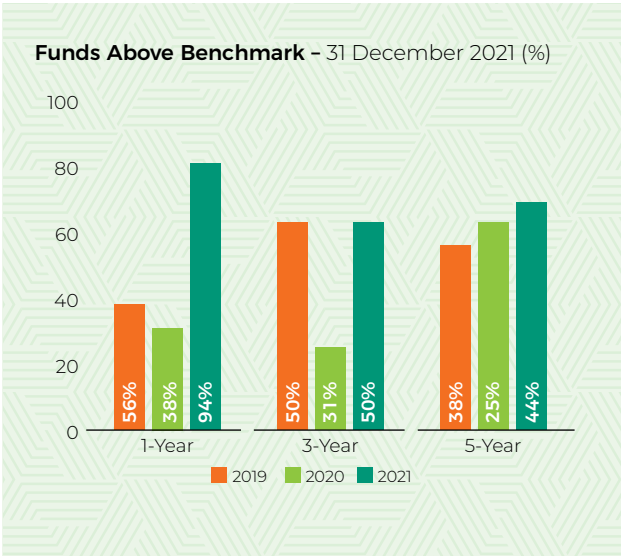
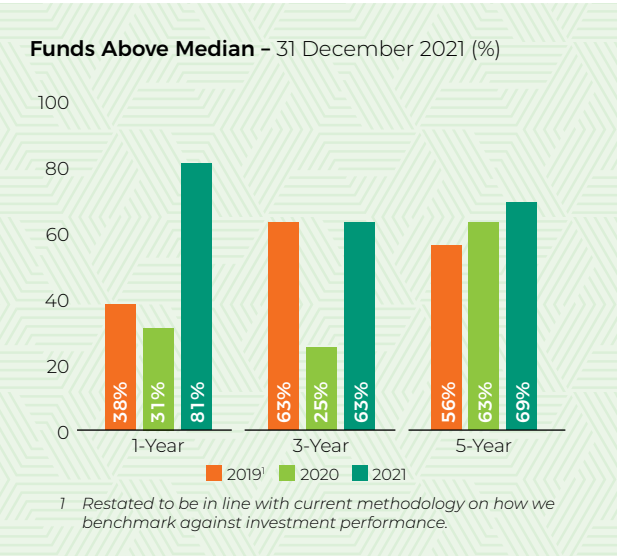
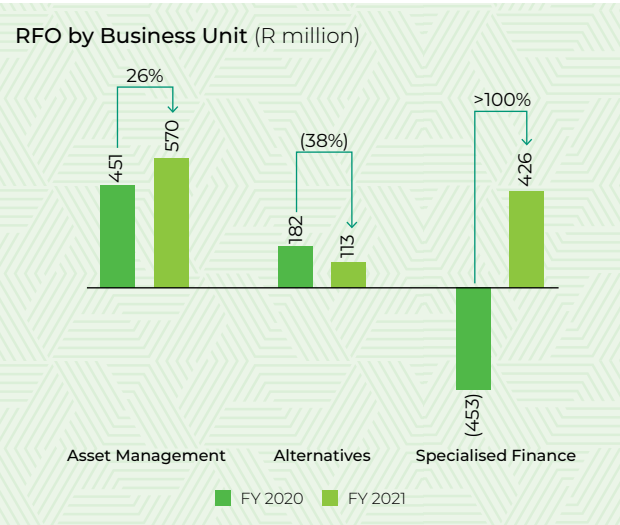
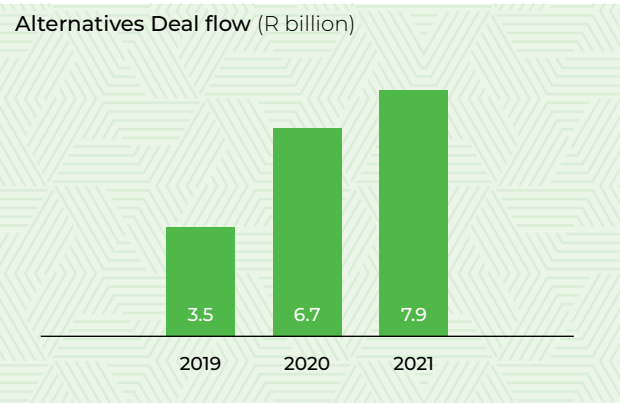
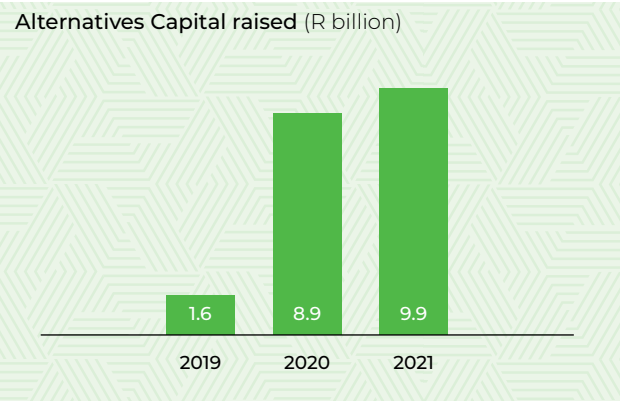
Annuity revenue was 13% higher than prior year, reflecting the impact of new capital raised over the past two years. Non-annuity revenue is marginally up as a result of fair value gains, however these were offset by lower performance fees as a result of COVID-19 impacts on the performance of some underlying funds. NCCF was a positive R347 million despite investment drawdowns and R873 million capital returned to investors after the successful realisation of assets.

Specialised Finance

The Specialised Finance business produced a strong 2021 performance despite a challenging operating environment, successfully executing on its pipeline of asset opportunities and originating R2.5 billion in unlisted deals. The business

also delivered a strong hedging performance during 2021, with more stable hedging positions and reduced volatility for the shareholder.

RFO increased significantly as COVID-19 related mark to market losses in the prior year did not repeat. Excluding COVID-19 related losses and the related current year reversal, RFO was 7% lower. This was largely due to the prior year including a final performance fee as part of the transition to the Three Manager Model framework.



OUTLOOK FOR 2022

Based on strong strategic delivery by all of our businesses in 2021, we start 2022 with cautious optimism encouraged by the prospect of a decreased impact of COVID-19. Given the underlying momentum in investment performance, client inflows, and the recovery in asset based fees, the launch of new capabilities in 2022 will further enhance our client proposition.

We are working on a number of initiatives as we look to continuously improve our platform as it is crucial we maintain a strong external focus while making continued improvements within the business. The asset management industry will continue to face pressure from clients and asset consultants to transform. We will continue to be at the forefront of the drive for transformation across our value chain, especially at the ownership level.

To drive value for our stakeholders, we will continue to focus on our five strategic pillars: delivery of excellent investment outcomes for our clients; grow retail market share through our Wealth partners; strengthening of our investment platform; recruiting top talent; and driving a technological revolution throughout our businesses.

SEGMENTAL REVIEWS

OLD MUTUAL CORPORATE

While COVID-19 impacts continued to dominate, there was definitely increased market activity and decision making by clients. Quotes activity returned to a healthy position over the year and life sales performance improved by nearly 40% in the second half of the year compared to the first half. New business tender volumes for group risk business remain high with a number of intermediaries testing the market for more favourable rates for their clients. Despite this, a small proportion of group risk business has moved between insurers.

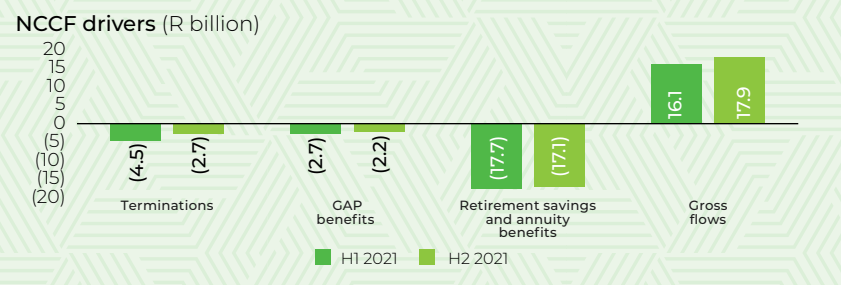
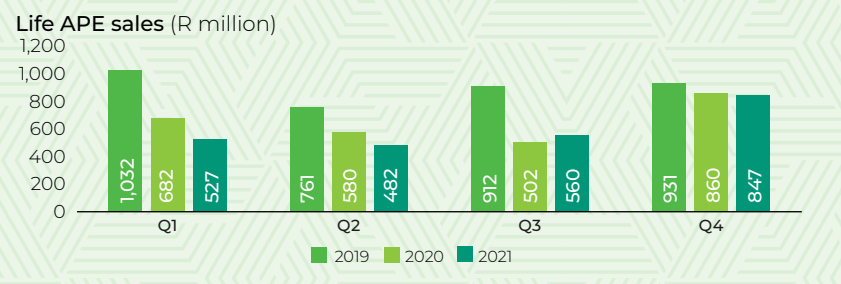
Targeted service interventions, strengthening of client relationships and dedicated attention to client and intermediary experience led to improved client and intermediary satisfaction levels. Both transactional Net Promoter and Net Effort Scores for our SuperFund Umbrella platform exceeded 70% by the end of 2021, up from around 60% at the end of 2020. Digital adoption by our retirement fund members also continues to improve and was almost 40% higher than prior year.

Our management responses to the COVID-19 pandemic continued to focus largely on improving our underwriting and pricing practices; as well as ongoing review of our reinsurance strategy. Furthermore, we have implemented a number of COVID-19 support services that we have made available to our customers; these include a COVID-19 helpline, medical case management of longer tailed claims and assistance with vaccinations.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	727	87	>100%
Gross flows	33,957	34,397	(1%)
Life APE sales	2,416	2,624	(8%)
NCCF (Rbn)	(12.9)	(8.0)	(61%)
FUM (Rbn)	304.7	271.5	12%
VNB	207	207	–
VNB margin (%)	1.0%	0.9%	10 bps

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	727	87	>100%
Direct COVID-19 impacts	791	1,253	(37%)
Pandemic impact, net of releases	791	1,236	(36%)
COVID-19 related expenses	–	17	(100%)

RFO excluding direct COVID-19 impacts	1,518	1,340	13%
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PERFORMANCE HIGHLIGHTS

Gross flows decreased by 1% to R33,957 million mainly due to lower pre-retirement single premiums. Life APE sales declined by 8% to R2,416 million as a result of lower umbrella and group risk sales; with the prior period including a number of large deals. This was partly offset by higher annuity sales that included one large deal. It was encouraging to see 17% growth in sales of smoothed bonus products on our retail platforms.

NCCF deteriorated to a negative R12.9 billion, largely driven by a few large client terminations and higher benefit outflows resulting from excess death claims from COVID-19 Waves 2 and 3. All large client terminations related to investment-only business, with no significant SuperFund client terminations. SuperFund recorded a marginally positive NCCF despite high levels of pandemic-related member level outflows.

FUM of R304.7 billion increased by 12% due to a strong performance in equity markets, partly offset by the impact of negative NCCF.

VNB of R207 million was in line with the prior period. Despite lower new business volumes, VNB margin increased by 10 bps to 1.0% due to a more favorable product mix.

RFO recovered substantially from R87 million in 2020 to R727 million in 2021. The prior year included larger net negative basis changes compared to

2021, mostly related to the strengthening of COVID-19 provisions. The 2021 RFO included R250 million net positive basis changes related to the release of discretionary margins in respect of investment guarantees and the Group Income Protection portfolio.

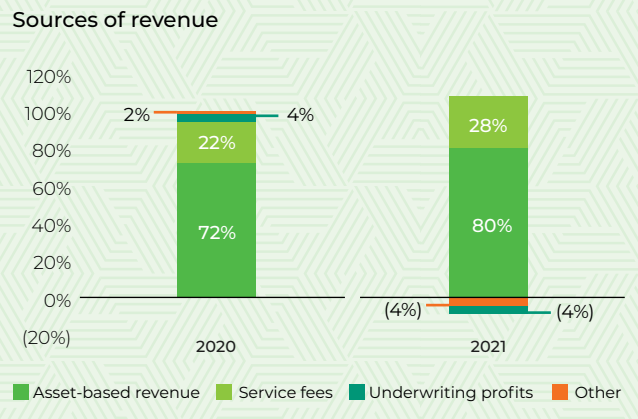
Mortality underwriting losses emerged in the Group Life Assurance portfolio as the experience of wave 3 was much worse than anticipated due to the slower than expected roll out of vaccinations, the emergence of the Delta variant, higher average claim sizes, as well as a lower proportion of claims being covered by facultative reinsurance treaties. Net of reinsurance, excess death claims of R1.5 billion were more severe than the release of R1.2 billion of the provisions set aside in December 2020 and June 2021.

However, the Group Income Protection product continued to provide good diversification and its underwriting profit of approximately R250 million benefited from price increases, improved underwriting experience and a partial release of the PHI COVID-19 provision that was set aside in December 2020 for this product.

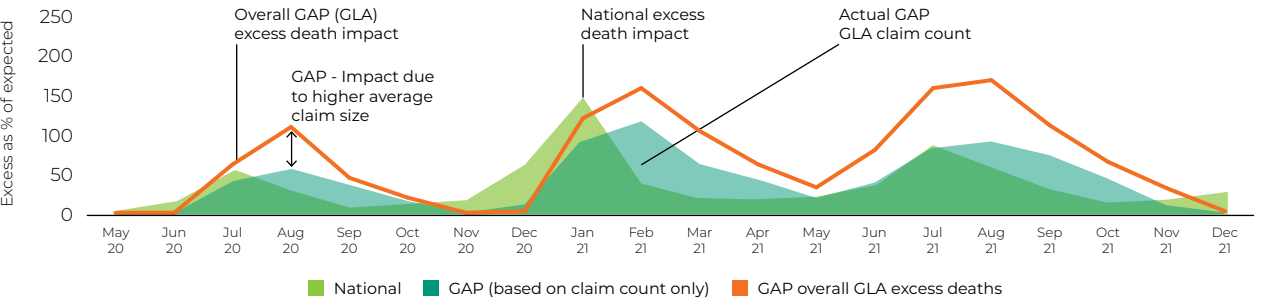
We strengthened our COVID-19 provisions at December 2021 for the impact of wave 4 and partly (until the next contract boundary date for Group Assurance contracts) wave 5 of COVID-19 by

R322 million. Total COVID-19 provisions across all our product portfolios at December 2021 amounted to R372 million.

RFO, excluding the direct impacts of COVID-19, increased by 13% to R1,518 million. Asset-based revenue was higher than prior year, benefitting from higher market levels. We expect this source of revenue to come under pressure from increased competition of investment offerings as well as a change in the mix of business from higher to lower guarantee products. These were partly offset by new business strain of R100 million. Prudent expense management contributed positively towards RFO.



Group Assurance Product (GAP) excess deaths vs national excess deaths



OUTLOOK FOR 2022

We continue to experience increased new business quote activity which will strengthen our sales pipeline even further. However, in a price-sensitive competitive environment, we expect margins to remain under pressure as clients review their investment strategies and some move to lower guarantee investment products.

There remains considerable uncertainty with respect to the actual excess mortality experience that will emerge in our Group Assurance business; this is will be impacted by possible new COVID-19 variants, the speed of roll out of vaccinations and the uncertainty around the impact of long COVID-19. We will continue to monitor experience and review our pricing, benefit features and reinsurance strategy accordingly.

The employee benefits industry remains subject to various retirement reforms. National Treasury released a number of discussion papers on emergency access to a portion of retirement savings to meet short-term financial needs together with mandatory preservation until retirement of the remainder of the member's balance in a retirement fund (the two-pot system); auto enrolment of all employed workers; the establishment of a fund for workers that are not currently covered as well as commercial umbrella fund governance. We are closely monitoring these developments and are participating in the various industry forums.

As part of the Amplify focus, we will be executing our SME strategy; our vision is to partner with businesses and grow their profitability through relevant SME propositions.

SEGMENTAL REVIEWS

OLD MUTUAL INSURE

In 2021, Old Mutual Insure achieved a substantial recovery from the impact that COVID-19 had on the business, despite a few large risk events including a fire break out at University of Cape Town, impacts of the July civil unrest and weather-related claims.

The relaxation of lockdown restrictions resulted in a gradual increase in economic activity. This had a positive impact on Credit Guarantee Insurance Corporation (CGIC) business due to a notable reduction in COVID-19 related insurance reserves and claims. The increase in economic activity also led to an increase in motor vehicle usage, giving rise to an increase in claims in our personal lines and iWYZE businesses.

Improving customer and intermediaries' experience through investment in robotics and providing differentiated product offerings remained a top priority throughout 2021. During the year, we launched Comma Insure and Stackit, specifically designed for customers who require on-demand, flexible insurance products. These products allow customers to insure specific items for set periods of time and allows for cover to be switched on and off as required via a WhatsApp bot. Our partnership with Pineapple continued to generate positive results, with strong contributions in our topline growth.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Gross written premiums	15,927	14,771	8%
Net earned premiums	9,266	9,442	(2%)
Net underwriting result	449	(357)	>100%
Results from Operations	543	(131)	>100%
Net underwriting margin (%)	4.8%	(3.8%)	860 bps
Insurance margin (%)	5.9%	(1.4%)	730 bps

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Net underwriting results	449	(357)	>100%
Direct COVID-19 impacts	(21)	440	(>100%)
Business interruptions and rescue reserves ¹	(21)	715	(>100%)
Underwriting results- Personal book	–	(293)	100%
COVID-19 related expenses	–	18	(100%)
Net underwriting results excluding direct COVID-19 impacts	428	83	>100%

¹ Release of best estimate of business interruption and rescue reserves established in 2020.

PERFORMANCE HIGHLIGHTS

Effective 1 January 2021, to better reflect the segment's underlying operations, the Retail division now comprises the Personal and Commercial lines of business (both previously reported separately) while iWYZE (our Direct line), is reported as a separate business. Comparatives have been re-presented to reflect this change.

Gross written premiums increased by 8% to R15,927 million largely due to strong premium growth across most divisions.

Net underwriting results significantly improved from a loss of R357 million in 2020 to a profit of R449 million, mainly as a result of the non-repeat of significant COVID-19 related business interruptions and rescue reserves recognised in the prior year, coupled with a positive claims experience in CGIC. This resulted in the net underwriting margin improving from a negative 3.8% to a positive 4.8%.

The business recognised an RFO profit due to underwriting profits compared to losses in the prior year, and a marginal increase in investment returns on insurance funds, attributable to the economic recovery and the rally in equity markets. This was partly offset by the increase in other expenses as a result of strategic initiatives implemented during 2021.

Retail

The Retail division recognised a marginal growth in gross written premiums. Strong sales of the Elite product, one of our solutions that provide tailored personal insurance to high net worth individuals, contributed to the growth in premiums. The reduction in underwriting losses was primarily due to a business interruption adjustment, which did not repeat in 2021. This was partially offset by negative claims experience due to an increase in economic activities as lockdown restrictions were relaxed, weather related attrition claims and a few smaller catastrophe event claims.

iWYZE

In iWYZE, gross written premiums increased by 13% to R1,141 million. This was largely due to an increase in policy volumes, which was mainly attributable to positive contributions from our strategic business partnerships. Net underwriting profit decreased by 36% to R67 million as a result of higher claims volumes caused by higher frequency in motor vehicle accidents as the relaxation of lockdown restrictions gave rise to an increase in economic activity compared to 2020.

Specialty

Gross written premiums in the Specialty division increased by 9% to R2,110 million mainly due to growth in the corporate property and engineering, and marine lines of business. Net underwriting results decreased by 94% to R5 million, primarily due to a R40 million reinsurance adjustment and an increase in COVID-19 reserves.

Credit Guarantee Insurance Corporation (CGIC)

CGIC's gross written premium increased by 19% to R1,521 million, primarily as a result of an increase in policy rates implemented in November 2020 and April 2021. Underwriting results grew

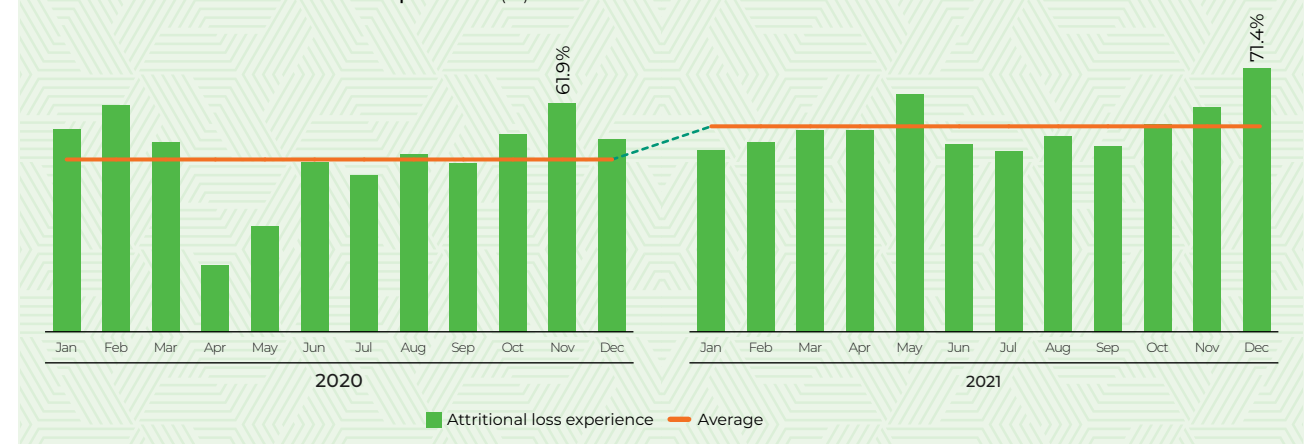
significantly to R489 million mainly due to release of reserves. The increase in economic activity, the positive claims experience, as well as ongoing remedial actions such as reduction in risk exposure contributed to the recovery in CGIC's profitability.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Retail ¹	(100)	(314)	68%
iWYZE ¹	67	105	(36%)
Specialty ¹	5	90	(94%)
CGIC ¹	489	(110)	>100%
Central expenses ^{1,2}	(12)	(128)	91%
Net underwriting result	449	(357)	>100%
Investment return on insurance funds	241	231	4%
Other income and expenses	(147)	(5)	(>100%)
Results from Operations	543	(131)	>100%

¹ Comparatives have been re-presented to reflect the change in business structure.

² Represents unallocated central expenses, largely due to the refinement of allocations across business lines.

Personal lines – Attritional loss experience (%)



OUTLOOK FOR 2022

Our focus for 2022 is to continue enhancing our customer and intermediary value proposition through the acceleration of our digital products and service offerings. Simplifying our products, processes and IT systems to unlock further cost savings across the business will remain a top priority. We will continue to rationalize our branch network, in line with our continued investment in digital capabilities.

47% of CGIC's net underwriting profits were due to a once-off release of reserves that are not likely to repeat in 2022. We remain focused on developing inorganic growth through acquisitions, partnerships and alliances that will help us improve our earnings, efficiencies and create market leading product offerings.

In January 2022, we acquired a 51% stake in One Financial Services Holdings, a financial services group that offers a wide range of niche and traditional insurance solutions and services. This transaction supports our strategic ambitions of growing our business.

SEGMENTAL REVIEWS

REST OF AFRICA

During 2021, we optimised our retail distribution force and improved relationships with our brokers to enhance overall productivity. Our efforts in this regard were rewarded by good top line performances in our insurance businesses across the portfolio. Our investments in digital capabilities continue to improve customer experience and engagement, with active digital users increasing 20% from 2020 to over 500,000 per month.

In East and West Africa, our strategic pivot to the corporate segment generated positive results, with total corporate sales from both regions significantly higher than the prior year and improvements also being seen in VNB margins as a result. Sales from Old Mutual Protect, our risk offering in Namibia continue to gain traction.

Our markets continued to be disciplined in the management of expenses which has resulted in expense savings. The control environment improvement programme in East Africa is progressing well. We completed the roll out of the programme in Kenya and continue to remediate existing inadequate controls across all the countries in the region.

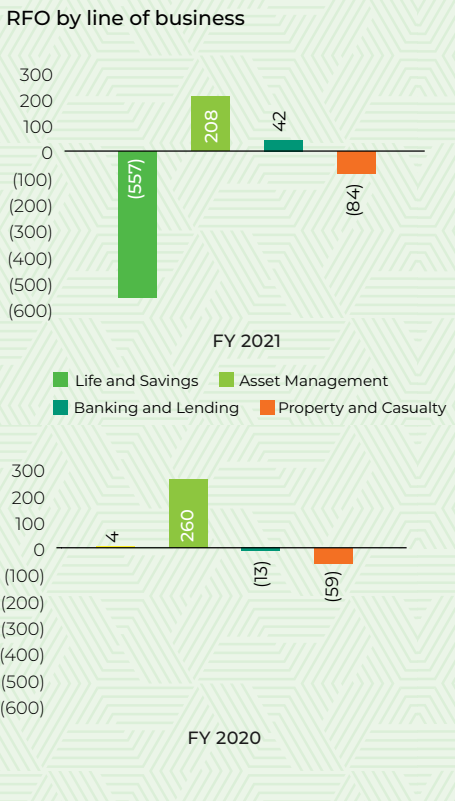
Our portfolio experienced worse COVID-19 impacts compared to 2020, with the third wave of COVID-19 resulting in an increase in infection rates and deaths across most countries. This negatively affected our businesses, resulting in poor mortality experience in the Life businesses, and higher medical claims in the Property and Casualty businesses. The impact of COVID-19 on the Life business was just under R1 billion. We have increased the level of COVID-19 provisions in anticipation of future waves, whilst implementing various management actions, including encouraging vaccine uptake within our customer base and pricing changes to mitigate for the impacts of future waves.

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations ¹	(391)	192	(>100%)
RFO excluding direct COVID-19 impacts	533	401	33%
Gross flows	19,888	26,239	(24%)
Life APE sales	1,073	956	12%
NCCF (Rbn)	1.3	10.0	(87%)
FUM (Rbn)	104.8	88.7	18%
VNB	136	50	>100%
VNB margin (%)	2.9%	1.3%	160 bps
Loans and advances	4,112	4,301	(4%)
Net lending margin (%)	11.1%	7.4%	370 bps
Gross written premiums	4,055	3,872	5%
Net underwriting margin (%)	(9.1%)	(6.3%)	(280 bps)

Rm	FY 2021	FY 2020	Change
Results from Operations	(391)	192	(>100%)
Direct COVID-19 impacts	924	209	>100%
Net pandemic impact, net of releases ²	994	80	>100%
Release of discretionary margins	(70)	–	(100%)
Business interruption reserves	–	76	(100%)
Forward looking information – ECL	–	19	(100%)
COVID-19 related expenses	–	34	(100%)
RFO excluding direct COVID-19 impacts	533	401	33%

¹ Results from Operations at a total Rest of Africa level include central regional expenses of R182 million (FY 2020: R132 million).

² Includes the impacts of excess deaths net of provision releases as well as additional provisions raised during the reporting period.



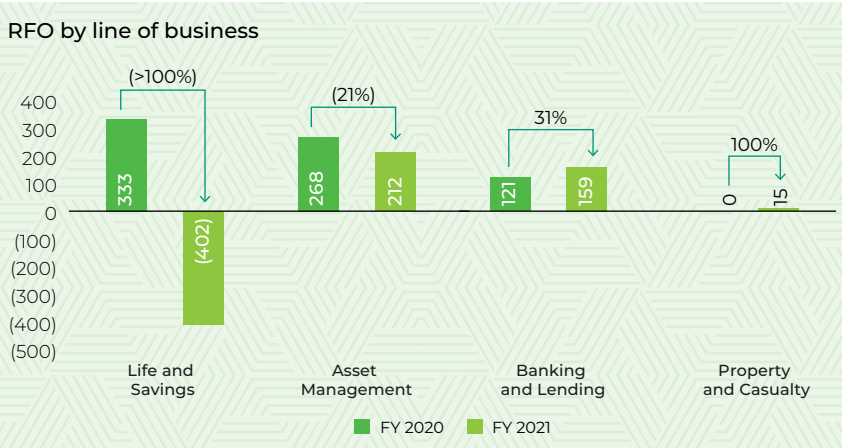
SOUTHERN AFRICA

Rm (unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	(16)	722	(>100%)
RFO excluding direct COVID-19 impacts	861	881	(2%)
Gross flows	12,691	16,595	(24%)
Life APE sales	681	692	(2%)
NCCF (Rbn)	(0.2)	5.4	(>100%)
FUM (Rbn)	64.5	56.0	15%
VNB	156	125	25%
VNB margin (%)	4.8%	4.3%	50 bps
Loans and advances	1,334	1,387	(4%)
Net lending margin (%)	16.3%	14.4%	190 bps
Gross written premiums	990	980	1%
Net underwriting margin (%)	0.4%	(1.4%)	180 bps

Rm	FY 2021	FY 2020	Change
Results from Operations	(16)	722	(>100%)
Direct COVID-19 impacts	877	159	>100%
Net pandemic impact, net of releases ¹	947	59	>100%
Release of discretionary margins	(70)	–	(100%)
Business interruption reserves	–	69	(100%)
Forward looking information – ECL	–	15	(100%)
COVID-19 related expenses	–	16	(100%)

RFO excluding direct COVID-19 impacts	861	881	(2%)
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¹ Includes the impacts of excess deaths net of provision releases as well as additional provisions raised during the reporting period.



PERFORMANCE HIGHLIGHTS

During the year, we recognised strong inflows from segregated funds in Malawi. However, this did not match the level of inflows recognised in 2020 in Namibia and eSwatini, leading to gross flows decreasing by 24% to R12,691 million. The significant decrease in NCCF was mainly as a result of lower inflows, an increase in institutional and retail outflows driven by the continued financial pressure associated with the pandemic across the region, and higher COVID-19 related claims in Namibia.

Life APE sales decreased by 2% to R681 million, mainly as a result of the rand's appreciation against the Malawian kwacha. On a constant currency basis, sales were up 4%, mainly due to higher retail sales in Malawi.

VNB grew by 25% to R156 million due to an increase in profitability of retail products in Namibia, driven by the positive impact of an expense basis change implemented in December 2020. In addition, Malawi's VNB increased due to higher group risk sales and increased sales of the higher margin with-profit annuity product launched in 2020.

In Namibia, we instituted stricter lending criteria due to concerns around the continued financial stress experienced by customers under the ongoing recessionary conditions in the country, resulting in our loans and advances decreasing by 4% to R1,334 million. Our net lending margin increased by 190 bps to 16.3%, reflecting the positive impact of stricter lending criteria, and improved collection efforts.

Gross written premiums increased by 1% to R990 million, and 15% on a constant currency basis largely due to higher sales in Botswana driven by the increase in economic activity post the easing of lockdown restrictions implemented in 2020. Net underwriting margin improved, largely due to an improved claims experience and the non-recurrence of the business interruption claims provision raised in the prior year in Namibia. This was partially offset by an increase in weather-related and motor claims in Botswana.

Southern Africa recorded an RFO loss, largely due to a R947 million net pandemic impact on our Life and Savings business. The net pandemic impact included R660 million mortality losses, mainly driven by COVID-19 related excess deaths in Namibia, eSwatini and Botswana during wave 3. These were partially offset by the release of R176 million provisions. Additional pandemic provisions of R463 million were raised

SEGMENTAL REVIEWS

in anticipation of further COVID-19 related mortality experience. RFO excluding direct COVID-19 impacts decreased by 2% to R861 million.

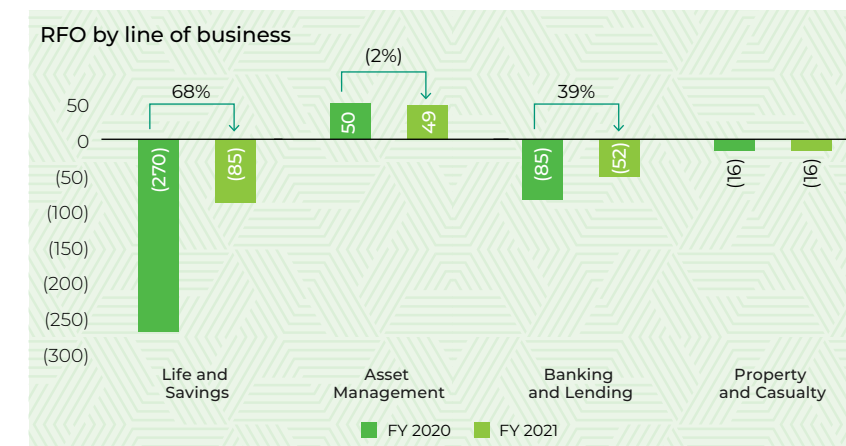
Banking and Lending RFO improved from the prior year mainly due to lower credit losses on the back of the imposition of stricter lending criteria and improved collections. The Property and Casualty business saw an improvement in profitability mainly due to an improved claims experience and the non-repeat of the business interruption provision raised in the prior year in Namibia. The lower profits in the Asset Management business were mainly due to higher expenses in Malawi driven by an increase in maintenance and restructuring costs in the property business.



Malawi: 13.2543° S, 34.3015° E

EAST AFRICA

Rm (Unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	(104)	(321)	68%
RFO excluding direct COVID-19 impacts	(68)	(279)	76%
Gross flows	6,614	9,087	(27%)
Life APE sales	201	109	84%
NCCF (Rbn)	1.2	4.3	(72%)
FUM (Rbn)	38.6	31.4	23%
VNB	(17)	(54)	69%
VNB margin (%)	(1.9%)	(13.2%)	1,130 bps
Loans and advances	2,778	2,914	(5%)
Net lending margin (%)	8.7%	4.7%	400 bps
Gross written premiums	2,873	2,769	4%
Net underwriting margin (%)	(8.1%)	(5.6%)	(250 bps)



Loans and advances were 5% lower than the prior year due to a slowdown in disbursements, driven by stricter lending criteria implemented to counteract the deteriorating credit quality of our loan book. Net lending margin improved by 400 bps to 8.7% mainly due to the decrease in credit losses driven by improved collection efforts, including the appointment of external debt collectors and focused disposal of collateral held on defaulted loans.

East Africa's RFO loss improved by 68% to R104 million, largely due to the non-recurrence of significant write-offs recognised in the prior year as a result of the balance sheet substantiation project. These write-offs had a severe impact on the Life and Savings, as well as Property and Casualty businesses.

Life and Savings RFO losses improved mostly due to higher life sales and asset-based fees earned due to the recovery of equity market levels, and write-offs recognised as part of the balance sheet substantiation project in the prior year not repeating. This was partially offset by the net pandemic impact of R36 million that included R22 million in excess deaths and a R22 million provision release. Additional pandemic provisions of R36 million were raised in anticipation of further adverse COVID-19 related mortality experience.

The RFO loss from the Banking and Lending business reduced largely due to lower credit losses. The RFO loss in our Property and Casualty business is flat on the prior year. This was largely due to lower profits driven by poor claims experience, offset by higher returns earned on insurance float assets driven by the improvement in equity markets.

PERFORMANCE HIGHLIGHTS

Gross flows decreased by 27% to R6,614 million mainly due to the non-repeat of the significant corporate inflows recognised in the prior year in our Asset Management business in Kenya. NCCF decreased by 72% to R1.2 billion, mostly driven by the lower gross flows and higher institutional outflows in Kenya and higher unit trust outflows in Uganda as corporates and retail customers sought liquidity in the challenging economic climate that prevailed during 2021.

Life APE Sales grew by 84% to R201 million, on the back of higher corporate sales in Kenya and Uganda as we on-boarded a number of large corporate schemes. Negative VNB improved due to the growth in this corporate business, which has positive margins.

Gross written premiums increased by 4% to R2,873 million due to strong new business acquisition and higher retention rates across most markets in the region. These were driven by improved customer servicing, effective cross-selling initiatives, and improved broker relationships. On a constant currency basis, gross written premiums were 19% ahead of the prior year. The net underwriting margin worsened to a negative 8.1% as a result of a poor claims experience in the medical businesses in Kenya, Uganda and Rwanda, largely attributed to high hospital visits and the increase in the average cost of claims. Additionally, the general insurance businesses in Kenya and Uganda recorded higher motor vehicle claims, mainly attributable to the increased cost of spare parts and an increase in economic activity relative to the prior year when lockdown restrictions were in place in these countries.

SEGMENTAL REVIEWS

WEST AFRICA

Rm (Unless otherwise stated)	FY 2021	FY 2020	Change
Results from Operations	(89)	(77)	(16%)
RFO excluding direct COVID-19 impact	(78)	(69)	(13%)
Gross flows	583	557	5%
Life APE sales	191	155	23%
NCCF (Rbn)	0.3	0.3	–
FUM (Rbn)	1.7	1.3	31%
VNB	(3)	(22)	86%
VNB margin (%)	(0.6%)	(3.9%)	330 bps
Gross written premiums	192	123	56%
Net underwriting margin (%)	(100.2%)	(60.3%)	3,990 bps

PERFORMANCE HIGHLIGHTS

Gross flows increased by 5% to R583 million largely due to strong new business sales in Nigeria, as well as higher corporate inflows and new schemes onboarded in the pension trust business in Ghana. NCCF was flat on the prior year as the higher inflows offset increased outflows driven by poor claims experience in Nigeria.

Life APE sales improved by 23% to R191 million mainly as a result of an increase in recurring premium sales driven by the increase in corporate and retail sales in the region. Negative VNB margin improved mostly due to a better mix of higher margin corporate business and the positive impact of basis changes that aligned assumptions to improved experience in Ghana.

Gross written premiums increased by 56% to R192 million due to higher renewal rates of existing schemes and strong new business sales, driven by improved broker relationships and brand perception.

The negative underwriting margin deteriorated mainly because of a poor claims experience, driven by the increased cost of motor vehicle parts which resulted in higher average claims paid out. The increase in the cost of imported vehicle parts was mainly driven by the negative impact of a strong US dollar against the naira.

West Africa's RFO loss worsened by 16% to R89 million largely due to poor claims experience in the Property and Casualty business, and higher mortality in the Life and Savings business, coupled with higher operating expenses that included once-off stamp duty costs incurred on capitalisation of the businesses to meet the new regulatory requirements. The Life and Savings business was adversely impacted by R11 million net pandemic impacts as the business recognised R2 million in excess deaths, partially offset by the release of R1 million in existing provisions. We have raised R10 million additional pandemic provisions in anticipation of COVID-19 related mortality claims.

REST OF AFRICA: OUTLOOK FOR 2022

Low vaccination rates suggest our markets remain vulnerable to future COVID-19 variants. We continue to promote vaccination and we have set up COVID-19 provisions to mitigate the impact in our results. We repriced various products to take into account additional COVID-19 risk.

We initiated various initiatives to improve the net underwriting margin whilst still driving growth in our Property and Casualty businesses.

We will continue to focus on improving our customer and intermediary experience. We will review and launch new innovative offerings that serve our customers' evolving needs, and build on the progress of the past two years, investing further in digital and e-commerce capabilities to support profitable topline growth and customer self-service.

NOTES

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Index to the Old Mutual Limited Reviewed Condensed Consolidated Financial Statements for the year ended 31 December 2021

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REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



DO GREAT THINGS EVERY DAY

Independent auditors' review report on condensed consolidated financial statements

To the shareholders of Old Mutual Limited

We have reviewed the condensed consolidated financial statements of Old Mutual Limited, contained in the accompanying preliminary report set out on pages 65 – 110, which comprise the condensed consolidated statement of financial position as at 31 December 2021 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended, and selected explanatory notes including the condensed consolidated supplementary income statement.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note A1 to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Old Mutual Limited for the year ended 31 December 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note A1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Per Gerdus Dixon
Chartered Accountant (SA)
Registered Auditor
Partner

15 March 2022

The Ridge
6 Marina Road
Victoria & Alfred Waterfront
Cape Town
8001

KPMG Inc

Per ZA Beseti
Chartered Accountant (SA)
Registered Auditor
Director

15 March 2022

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

Condensed consolidated income statement

For the year ended 31 December 2021

Rm	December 2021	December 2020
Revenue		
Gross insurance premium revenue	83,841	81,571
Outward reinsurance	(11,290)	(9,109)
Net earned premiums	72,551	72,462
Investment return (non-banking)	157,047	56,940
Banking interest and similar income	4,347	4,734
Banking trading, investment and similar income	433	341
Fee and commission income, and income from service activities	11,827	10,409
Other income ¹	1,609	1,647
Total revenue and other income	247,814	146,533
Expenses		
Gross claims and benefits (including change in insurance contract provisions)	(139,245)	(95,412)
Reinsurance recoveries	7,679	13,431
Net claims and benefits incurred	(131,566)	(81,981)
Change in investment contract liabilities	(54,947)	(24,003)
Credit impairment charges	(667)	(2,874)
Finance costs	(543)	(484)
Banking interest payable and similar expenses	(755)	(1,053)
Fee and commission expenses, and other acquisition costs	(10,506)	(9,803)
Change in third party interests in consolidated funds	(11,874)	3,479
Other operating and administrative expenses	(24,896)	(25,049)
Total expenses	(235,754)	(141,768)
Share of gains of associated undertakings and joint ventures after tax	1,385	592
Reversal of impairment/(impairment) of investments in associated undertakings	18	(8,629)
Loss on disposal of subsidiaries	(36)	–
Profit/(loss) before tax	13,427	(3,272)
Income tax expense	(5,964)	(2,076)
Profit/(loss) after tax for the financial year	7,463	(5,348)
Attributable to		
Equity holders of the parent	6,662	(5,097)
Non-controlling interests		
Ordinary shares	801	(251)
Profit/(loss) after tax for the financial year	7,463	(5,348)
Earnings per ordinary share		
Basic earnings/(loss) per ordinary share (cents)	151.3	(116.3)
Diluted earnings/(loss) per ordinary share (cents)²	148.9	(116.3)

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2021

Rm	December 2021	December 2020
Profit/(loss) after tax for the financial year	7,463	(5,348)
Other comprehensive income for the financial year		
Items that will not be reclassified to profit or loss		
Gains on property revaluations	817	9
Remeasurement gains on defined benefit plans	22	175
Fair value movements related to credit risk on borrowed funds	(64)	(130)
Share of other comprehensive income from associated undertakings and joint ventures	(40)	57
Shadow accounting ¹	(219)	55
Income tax on items that will not be reclassified to profit or loss	(20)	(63)
	496	103
Items that may be reclassified to profit or loss		
Currency translation differences on translating foreign operations ²	187	(635)
Exchange differences recycled to profit or loss on disposal of businesses ²	203	–
Share of other comprehensive income from associated undertakings and joint ventures ²	(75)	118
	315	(517)
Total other comprehensive income/(loss) for the financial year	811	(414)
Total comprehensive income/(loss) for the financial year	8,274	(5,762)
Attributable to		
Equity holders of the parent	7,411	(5,492)
Non-controlling interests		
Ordinary shares	863	(270)
Total comprehensive income/(loss) for the financial year	8,274	(5,762)

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

² These amounts have no tax impacts.

Condensed consolidated supplementary income statement

For the year ended 31 December 2021

Rm	Notes	December 2021	December 2020
Mass and Foundation Cluster	B1	2,752	1,265
Personal Finance and Wealth Management	B1	448	525
Old Mutual Investments	B1	1,109	180
Old Mutual Corporate	B1	727	87
Old Mutual Insure	B1	543	(131)
Rest of Africa	B1	(391)	192
Net expenses from central functions	B1	(804)	(455)
Results from Operations		4,384	1,663
Shareholder investment return		2,726	1,612
Finance costs		(543)	(484)
Share of gains of associated undertakings and joint ventures after tax		1,252	917
Adjusted Headline Earnings before tax and non-controlling interests		7,819	3,708
Shareholder tax		(2,088)	(1,188)
Non-controlling interests		(329)	(36)
Adjusted Headline Earnings after tax and non-controlling interests		5,402	2,484
Adjusted weighted average number of ordinary shares (millions)	C1(a)	4,558	4,574
Adjusted Headline Earnings per share (cents)		118.5	54.3
Adjusted diluted weighted average number of ordinary shares (millions) ¹		4,630	4,574
Adjusted Diluted Headline Earnings per share (cents)¹		116.7	54.3

¹ Adjusted Diluted Headline Earnings per share added to enhance disclosure. Adjusted Diluted earnings/(loss) per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.

Reconciliation of Adjusted Headline Earnings to IFRS profit/(loss) after tax¹

Rm	Notes	December 2021	December 2020
Adjusted Headline Earnings after tax and non-controlling interests		5,402	2,484
Investment return on group equity and debt instruments held in policyholder funds	A1.6(a)	(190)	785
Impact of restructuring	A1.6(b)	(1,482)	497
Operations in hyperinflationary economies	A1.6(c)	3,489	1,093
Non-core operations	A1.6(d)	(10)	229
Headline Earnings		7,209	5,088
Impairment of goodwill and other intangible assets and property, plant and equipment and other Headline Earnings adjustments		(559)	(1,408)
Remeasurement of non-current asset held for sale		4	–
Reversal of impairment/(impairment) of associated undertakings		37	(8,777)
Profit on disposal of property, plant and equipment		7	–
Loss on disposal of subsidiaries and associated undertakings		(36)	–
Profit/(loss) after tax for the financial year attributable to equity holders of the parent		6,662	(5,097)

¹ Refer to note A1.6 for more information on the basis of preparation of Adjusted Headline Earnings (AHE) and the adjustments applied in the determination of AHE.

Condensed consolidated statement of financial position

At 31 December 2021

Rm	At 31 December 2021	At 31 December 2020
Assets		
Goodwill and other intangible assets	6,234	5,925
Mandatory reserve deposits with central banks	195	235
Property, plant and equipment	9,155	8,952
Investment property	38,672	33,606
Deferred tax assets	2,455	2,007
Investments in associated undertakings and joint ventures	908	17,450
Deferred acquisition costs	405	362
Costs of obtaining contracts	1,496	1,528
Loans and advances	18,722	17,798
Investments and securities	899,388	772,037
Reinsurers share of policyholder liabilities	13,372	15,610
Current tax receivable	459	371
Trade, other receivables and other assets	22,802	20,317
Derivative financial instruments	6,391	10,840
Cash and cash equivalents	32,931	33,560
Assets held for sale	269	84
Total assets	1,053,854	940,682
Liabilities		
Life insurance contract liabilities	155,349	145,536
Investment contract liabilities with discretionary participating features	245,483	203,117
Investment contract liabilities	393,787	334,311
Property and Casualty liabilities	11,206	14,455
Third-party interests in consolidated funds	77,308	73,020
Borrowed funds	17,506	17,335
Provisions	1,767	1,760
Contract liabilities	1,272	662
Deferred tax liabilities	6,453	4,293
Current tax payable	499	459
Trade, other payables and other liabilities	63,934	60,213
Amounts owed to bank depositors	5,905	5,044
Derivative financial instruments	8,084	11,154
Total liabilities	988,553	871,359
Net assets	65,301	69,323
Shareholders' equity		
Equity attributable to equity holders of the parent	62,174	66,995
Non-controlling interests		
Ordinary shares	3,127	2,328
Total non-controlling interests	3,127	2,328
Total equity	65,301	69,323

Condensed consolidated statement of cash flows

For the year ended 31 December 2021

Rm	December 2021	December 2020
Cash flows from operating activities		
Profit/(loss) before tax	13,427	(3,272)
Non-cash movements and adjustments to profit before tax	9,978	29,628
Net changes in working capital	1,187	715
Taxation paid	(4,473)	(3,748)
Net cash inflow from operating activities	20,119	23,323
Cash flows from investing activities		
Acquisition of financial investments	(14,089)	(13,305)
Acquisition of investment properties	(1,077)	(367)
Proceeds from disposal of investment properties	1	26
Dividends received from associated undertakings	219	879
Acquisition of property, plant and equipment	(874)	(767)
Proceeds from disposal of property, plant and equipment	55	141
Acquisition of intangible assets	(984)	(1,279)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures	(104)	(67)
Net cash outflow from investing activities	(16,853)	(14,739)
Cash flows from financing activities		
Dividends paid to		
Ordinary equity holders of the Company	(2,686)	(3,346)
Non-controlling interests and preferred security interests	(156)	(93)
Interest paid (excluding banking interest paid)	(645)	(607)
Acquisition of treasury shares – ordinary shares	(1,047)	(509)
Proceeds from disposal of treasury shares – ordinary shares	1,142	1,761
Proceeds from change in participation in subsidiaries	64	–
Lease liabilities repayments	(528)	(460)
Proceeds from issue of subordinated and other debt	3,451	5,648
Subordinated and other debt repaid	(3,443)	(7,016)
Net cash outflow from financing activities	(3,848)	(4,622)
Net cash (outflow)/inflow	(582)	3,962
Effects of exchange rate changes on cash and cash equivalents	(87)	(782)
Cash and cash equivalents at beginning of the year	33,795	30,615
Cash and cash equivalents at end of the year	33,126	33,795
Comprising		
Mandatory reserve deposits with central banks	195	235
Cash and cash equivalents	32,931	33,560
Total	33,126	33,795

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

Condensed consolidated statement of changes in equity

For the year ended 31 December 2021

Year ended 31 December 2021 Rm	Notes	Millions										
		Number of shares issued and fully paid	Share capital	Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Liability credit reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non- controlling interests	Total equity
Shareholders' equity at beginning of the year		4,709	85	10	550	749	(271)	(7,854)	73,726	66,995	2,328	69,323
Profit after tax for the financial year		–	–	–	–	–	–	–	6,662	6,662	801	7,463
Other comprehensive income for the financial year												
Items that will not be reclassified to profit or loss												
Gains on property revaluations		–	–	–	817	–	–	–	–	817	–	817
Remeasurement gains on defined benefit plans		–	–	–	–	–	–	–	22	22	–	22
Fair value movement related to credit risk on borrowed funds		–	–	–	–	–	(64)	–	–	(64)	–	(64)
Share of other comprehensive income from associated undertakings and joint ventures		–	–	–	(35)	–	–	–	(5)	(40)	–	(40)
Shadow accounting		–	–	–	(219)	–	–	–	–	(219)	–	(219)
Income tax on items that will not be reclassified to profit or loss		–	–	–	(12)	–	–	–	(8)	(20)	–	(20)
				–	551	–	(64)	–	9	496	–	496
Items that may be reclassified to profit or loss												
Currency translation differences on translating foreign operations		–	–	–	–	–	–	125	–	125	62	187
Exchange differences reclassified to profit or loss on disposal of businesses		–	–	–	–	–	–	203	–	203	–	203
Share of other comprehensive income from associated undertakings and joint ventures		–	–	(33)	–	–	–	(42)	–	(75)	–	(75)
Income tax on items that may be reclassified subsequently to profit or loss		–	–	–	–	–	–	–	–	–	–	–
Total comprehensive (loss)/income for the financial year		–	–	(33)	551	–	(64)	286	6,671	7,411	863	8,274
Transactions with the owners of the Company												
Contributions and distributions												
Dividends for the year	C4	–	–	–	–	–	–	–	(13,342)	(13,342)	(156)	(13,498)
Share-based payment reserve movements		–	–	–	–	259	–	–	34	293	–	293
Transfer between reserves		–	–	–	–	(135)	–	–	101	(34)	34	–
Other movements in share capital		–	–	38	–	–	–	–	802	840	(6)	834
Total contributions and distributions		–	–	38	–	124	–	–	(12,405)	(12,243)	(128)	(12,371)
Changes in ownership and capital structure												
Change in participation in subsidiaries		–	–	–	–	–	–	–	11	11	64	75
Total changes in ownership and capital structure		–	–	–	–	–	–	–	11	11	64	75
Total transactions with the owners of the Company		–	–	38	–	124	–	–	(12,394)	(12,232)	(64)	(12,296)
Shareholders' equity at end of the year		4,709	85	15	1,101	873	(335)	(7,568)	68,003	62,174	3,127	65,301

Condensed consolidated statement of changes in equity

For the year ended 31 December 2021

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

A: Significant accounting policies

A1: Basis of preparation

1.1 Statement of compliance

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

The preliminary reviewed condensed consolidated financial statements for the year ended 31 December 2021 consolidate the results of the Company and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds which are accounted for as investments at fair value through profit or loss). The reviewed condensed consolidated financial statements comprise the condensed consolidated statement of financial position at 31 December 2021, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated supplementary income statement (which is not reviewed), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended 31 December 2021 and selected explanatory notes. The reviewed condensed consolidated financial statements have been prepared under the supervision of C.G. Troskie CA(SA) (Chief Financial Officer). The accounting policies and method of computation applied in the preparation of these reviewed condensed consolidated financial statements are in terms of International Financial Reporting Standards (IFRS) as issued by the IASB and are consistent with those applied in the preparation of the Group's 2020 consolidated financial statements. Amendments to standards effective from 1 January 2021 do not have a material effect on the Group's reviewed condensed consolidated financial statements.

The **condensed** consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa. The Listings Requirements require **preliminary** reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The Directors of the Group take full responsibility for the preparation of the reviewed condensed consolidated financial statements and have reviewed and approved the reviewed condensed consolidated financial statements on 15 March 2022.

The Group's independent auditors KPMG Inc. and Deloitte & Touche have reviewed these condensed consolidated financial statements and their unmodified review conclusion is presented on page 64 and is available for inspection at the registered office. The auditors' review report does not necessarily report on all of the information contained in these reviewed preliminary annual results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should refer to the auditors' review report on page 64 or they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Any reference to future financial performance has not been reviewed by or reported on by the Group's auditors.

1.2 Comparative information

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

1.3 Accounting policy elections

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

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

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

1.4 Going concern

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

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

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

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

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

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

	Year ended 31 December 2021		Year ended 31 December 2020	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	20.3372	21.5601	21.1126	20.0650
US dollar	14.7870	15.9372	16.4597	14.6836
Kenyan shilling	0.1348	0.1409	0.1552	0.1344
Zimbabwe dollar ¹	0.1099	0.1099	0.1335	0.1335

¹ Income statement also translated at closing rate due to hyperinflation accounting being applied.

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

A: Significant accounting policies

A1: Basis of preparation

1.6 Basis of preparation of Adjusted Headline Earnings

Purpose of Adjusted Headline Earnings

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

Due to the long term nature of the Group's operating businesses, management considers that AHE is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listings Requirements and SAICA circular 01/2021 adjusted for items that are not considered reflective of the long term economic performance of the Group. AHE is presented to show separately the Results from Operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to AHE are explained below.

The Group Audit committee regularly reviews the determination of AHE and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The Committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time.

The adjustments applied in the determination of AHE are:

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

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

(b) Impact of restructuring

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

(c) Operations in hyperinflationary economies

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

(d) Non-core operations

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

1.7 Basis of preparation of other non IFRS measures

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

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

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

Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that Earnings was recognised in AHE.

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

(b) AHE per share

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

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

A2: Critical accounting estimates and judgements

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

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

Covid-19 has continued to have an impact on OM and the change in estimates and judgements has been disclosed in the underlying notes. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

Critical accounting judgements

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

Critical accounting estimate	Accounting policy reference
Nedbank unbundling and dividend-in-specie	A2(a)
Accounting matters relating to Zimbabwe	A2(b)

(a) Investment in Nedbank

Accounting for the Group's stake in Nedbank at 31 December 2021

Following the unbundling of Nedbank Group Limited (Nedbank) during 2018, the Group retained a strategic shareholder interest that had been accounted for in terms of the equity accounting method and classified as an investment in an associated undertaking.

On 23 June 2021, the Group announced its intention to unbundle 12.2% of its 19.4% stake in Nedbank by way of a distribution in specie. The Group believes that the unbundling is in the best interests of shareholders and allows shareholders to participate directly in the investment cases of both businesses whilst providing a return of capital to shareholders.

Initial accounting treatment of the distributed stake and the retained stake

Based on the facts and circumstances that existed at 23 June 2021, the Directors had formally assessed and concluded that it was appropriate to classify the 12.2% stake being distributed as an asset held for sale and distribution. Due to the proximity of this date and the interim reporting date of 30 June 2021, the effective date of classification as held for sale and distribution was noted as 30 June 2021 and treated as such in the interim financial statements.

The total stake in Nedbank was assessed for impairment and a subsequent remeasurement adjustment was recognised in terms of IFRS 5 for the distributed stake. The Group had recognised a reversal of previously recognised impairments to the value of R108 million for the total stake, as well as a remeasurement loss of R47 million on the distributed stake. The resultant carrying values were R10 591 million for the distributed stake and R6 298 million for the retained stake at 30 June 2021. Accounting guidance also prescribes that upon reclassification, equity accounting is no longer applied to assets classified as held for sale and distribution.

Subsequent accounting treatment of the distributed stake

As the distributed stake had been classified as held for sale and distribution, any increases in fair value less costs to sell can be recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognised in accordance with IFRS 5 or previously in accordance with IAS 36. A remeasurement gain of R65 million has been recognised until the date of unbundling, resulting in a pre-unbundling carrying value of R10 656 million.

Furthermore, dividends of R269 million have been received on the distributed stake and recognised in the income statement.

A held for distribution liability of R10 656 million had been raised post the approval from the Prudential Authority and the South African Reserve Bank. The held for distribution liability was discharged by crediting the distributed stake, effectively derecognising the held for sale and distribution investment off the balance sheet.

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

A: Significant accounting policies

A2: Critical accounting estimates and judgements Subsequent accounting treatment of the retained stake

The retained stake continued to be classified as an investment in an associated undertaking until the date of unbundling of the distributed stake.

The equity accounted earnings of Nedbank have been extrapolated from HY 2021, resulting in additional earnings of R261 million on the retained stake for the second half of the year. This takes the equity accounted earnings on the total stake to R1 289 million for the year.

Dividends of R159 million have been received and taken against the carrying amount of the investment in an associated undertaking. The carrying amount of the investment in an associated undertaking was compared to the recoverable amount and an impairment loss of R92 million was recognised, resulting in a carrying value of R6 308 million immediately prior to reclassification.

Following the unbundling of the distributed stake on 8 November, the Group no longer has significant influence in Nedbank and the retained stake was reclassified to investments and securities at fair value through profit or loss. Previous gains taken to other comprehensive income for foreign exchange differences and fair value movements relating to the total stake, have now been reclassified through profit or loss in the income statement

Part of this investment (5.3%) has been hedged, limiting the exposure to movements in the share price of Nedbank. The market movement of the hedge has been accounted for as part of the Group's shareholder investment return, consistent with the fair value movement of the retained stake post reclassification.

The fair value of the retained stake is R5 919 million at 31 December 2021.

Tax impacts of the distributed stake and the retained stake

The general principle in IAS 12 is that deferred tax is recognised on all taxable temporary differences, with a deferred tax liability recognised on any increase in the carrying value of an investment over its tax base.

IAS 12 provides for certain exceptions on recognition of deferred tax, one of which was applied in the treatment of Nedbank. Given the intention to unbundle the distributed stake, a deferred tax liability was raised. For the distributed stake, the difference between the carrying value under IFRS 5 and the tax base of the investment was a taxable difference in terms of IAS 12, resulting in a tax liability of R731 million at the capital gains tax rate. This amount was reclassified from deferred tax to a current tax liability upon recognition of the held for distribution liability and was settled prior to 31 December 2021.

As the retained stake has been reclassified to investments and securities at fair value through profit or loss, the difference between the fair value and the tax base of the investment results in a taxable temporary difference in terms of IAS 12. Deferred tax has been recognised on this temporary difference at the capital gains tax rate amounting to R429 million at 31 December 2021.

(b) Accounting matters relating to Zimbabwe

Zimbabwe as a hyperinflationary economy

During the year, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. This decision was made after careful assessment of the relevant factors including the continued high official inflation rates.

The results of our operations with a functional currency of Zimbabwe dollar (ZWL\$) have been prepared in accordance with IAS 29 – 'Financial Reporting in Hyperinflationary Economies'. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the year in order to account for the effect of loss of purchasing power during the year. Consistent with the prior year, the Group has elected to use the Zimbabwe Consumer Price Index (CPI) of 3,977.5 at 31 December 2021 (2,474.5: 31 December 2020) to restate amounts, as CPI provides an official observable indication of the change in the price of goods and services.

The application of hyperinflation accounting has been applied consistently with the principles outlined in both the 2019 and 2020 financial statements. The impact of applying IAS 29 in the current year resulted in a decrease in net asset value and profit after tax of R94 million.

Application of hyperinflationary accounting

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

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

As the auction trading system came into operation in the previous year and the rate derived from this system did not appropriately reflect the rate for immediate delivery of foreign exchange, therefore, in the Group's judgement there is a permanent lack of exchangeability and the Group had estimated an exchange rate that more appropriately reflected observable differences between ZWL\$ and US dollar values. For the purposes of 31 December 2021 reporting, a ZWL\$ to US dollar exchange rate of 145 to 1 (110 to 1: 31 December 2020) has been applied.

The estimated exchange rate has been calculated on a similar basis to the exchange rate used in the prior year. The inputs considered in the estimate include the global relative fuel prices and the weighted average exchange rate calculated on the newly implemented formal market-based foreign exchange trading system. For the current year, management has also considered additional inputs in the determination of the estimated rate. Two further inputs into the estimated rate include the global relative maize prices between Zimbabwe and the US and a CPI adjusted group exchange rate based on the relative inflationary moves between Zimbabwe and the US.

In accordance with the provisions of IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' the results, net assets and cash flows have been translated at the closing exchange rate.

Valuation of assets within Zimbabwe

In light of the economic conditions within Zimbabwe, the valuation of assets requires significant judgement. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe Stock Exchange (ZSE) and other international stock exchanges whilst the Group's unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS.

IFRS profits earned within Zimbabwe

During the current year, our operations in Zimbabwe reported pre-tax IFRS profits of R4.1 billion, of which R3.1 billion was driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the ZSE. The ZSE generated returns of 311% during the year, driven by investors seeking safe-haven assets due to continued movements in CPI. We caution users of these financial statements that these returns may reverse in the future.

Sensitivities

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

Condensed income statement for the year ended 31 December 2021

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
Total revenues	18,513	18,606	18,746	18,979
Total expenses	(14,441)	(14,542)	(14,673)	(14,803)
Profit before tax for the financial year	4,072	4,064	4,073	4,175
Income tax expense	(138)	(139)	(141)	(226)
Profit after tax for the financial year	3,934	3,925	3,932	3,949

Condensed statement of financial position at 31 December 2021

Rm	As reported	+100% (CPI)	+250% (CPI)	+500% (CPI)
Total assets	28,141	28,146	28,153	28,165
Total (liabilities)	(23,158)	(23,159)	(23,160)	(23,162)
Net assets	4,983	4,987	4,993	5,004

The following table illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwean business. The sensitivities include a depreciation of 50% of the existing rate. In addition, the results have also been stated at the closing parallel and auction rates as at 31 December 2021.

Condensed income statement for the year ended 31 December 2021

Rm	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
Total revenues	18,513	9,257	12,783	24,703
Total expenses	(14,441)	(7,221)	(9,971)	(19,270)
Profit before tax for the financial year	4,072	2,036	2,812	5,433
Income tax expense	(138)	(69)	(95)	(184)
Profit after tax for the financial year	3,934	1,967	2,716	5,250

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

A: Significant accounting policies

A2: Critical accounting estimates and judgements

Condensed statement of financial position at 31 December 2021

	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
Rm				
Total assets	28,141	14,070	19,430	37,550
Total liabilities	(23,158)	(11,579)	(15,990)	(30,901)
Net assets	4,983	2,491	3,441	6,649

	As Reported ZWL\$:0,11 ZAR	ZWL\$:0,05 ZAR	ZWL\$:0,08 ZAR	ZWL\$:0,15 ZAR
Rm				
Profit after tax attributable to equity holders of the parent	3,513	1,756	2,425	4,687
Equity attributable to the equity holders of the parent	4,411	2,205	3,046	5,886

The below sensitivity shows the potential impact on the investment values and profit attributable to the equity holders of the parent, should there be significant movements on the ZSE.

For FY 2021, the ZSE recorded a gain of 311% (FY 2020: 1,046%). The return generated on the ZSE is less about company fundamentals and more about the conditions in Zimbabwe where investors are piling money into the stock market as a 'safe haven'. For FY 2021, the Zimbabwe shareholder portfolio generated a return of R3.1bn, with R2.9bn of this being generated from local equities.

	As reported	50% increase	50% decrease	75% decrease
Rm				
Profit after tax attributable to equity holders of the parent	3,513	5,518	1,507	504
Equity attributable to the equity holders of the parent	4,411	6,416	2,405	1,403
Listed equities (total for both shareholders and policyholders)	13,319	19,979	6,660	3,330

B: Segment information

B1: Basis of segmentation

1.1 Segment presentation

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

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

- **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long-term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- **Old Mutual Investments:** Operates across Asset Management through three distinct segments: (i) Listed asset management comprising three affiliate businesses being Futuregrowth, Marriott and Old Mutual Investment Group. (ii) Old Mutual Alternative Investment, an unlisted investment affiliate business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets..
- **Old Mutual Corporate:** Operates in Life and Savings and primarily provides group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- **Old Mutual Insure:** Provides non-life insurance products through three operational channels: (i) Retail (including direct: iWYZE), (ii) Speciality and (iii) Credit Guarantee (CGIC).
- **Rest of Africa:** Operates in Life and Savings, Property and Casualty (including health insurance), Banking and Lending (including micro-lending) and Asset Management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.
- **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc and investments in associated undertakings.

1.2 Presentation and disclosure

Results from Operations measures the operational performance of the Group and together with items such as investment return, finance costs and income from associated undertakings, the Group's profit measure, AHE is derived.

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

B: Segment information

B2: Segmental income statement

Year ended 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
Revenue											
Gross insurance premium revenue	12,762	16,657	–	27,829	15,914	9,648	(409)	82,401	–	1,440	83,841
Outward reinsurance	(39)	(1,426)	–	(1,995)	(6,649)	(1,417)	407	(11,119)	–	(171)	(11,290)
Net earned premiums	12,723	15,231	–	25,834	9,265	8,231	(2)	71,282	–	1,269	72,551
Investment return (non-banking)	4,706	56,224	8,108	52,131	96	6,582	(2,145)	125,702	13,709	17,636	157,047
Banking interest and similar income	2,796	–	–	–	–	724	–	3,520	–	827	4,347
Banking trading, investment and similar income	–	–	–	–	–	79	–	79	–	354	433
Fee and commission income, and income from service activities	435	7,384	2,721	398	1,408	1,092	(1,906)	11,532	(668)	963	11,827
Other income	246	365	122	614	4	262	(49)	1,564	92	(47)	1,609
Total revenue and other income	20,906	79,204	10,951	78,977	10,773	16,970	(4,102)	213,679	13,133	21,002	247,814
Expenses											
Net claims and benefits (including change in insurance contract provisions)	(10,574)	(31,458)	–	(66,832)	(6,158)	(12,607)	168	(127,461)	–	(11,784)	(139,245)
Reinsurance recoveries	46	3,655	–	2,605	662	765	(110)	7,623	–	56	7,679
Net claims and benefits incurred	(10,528)	(27,803)	–	(64,227)	(5,496)	(11,842)	58	(119,838)	–	(11,728)	(131,566)
Change in investment contract liabilities	(23)	(37,554)	(7,109)	(8,927)	–	(796)	322	(54,087)	–	(860)	(54,947)
Credit impairment charges	(136)	(136)	–	(91)	–	(106)	–	(469)	–	(198)	(667)
Finance costs	–	–	–	–	–	–	–	–	–	(543)	(543)
Banking interest payable and similar expenses	(428)	(1)	–	–	–	(266)	–	(695)	–	(60)	(755)
Fee and commission expenses, and other acquisition costs	(2,604)	(4,038)	(420)	(844)	(2,626)	(947)	1,559	(9,920)	(277)	(309)	(10,506)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	(11,874)	–	(11,874)
Other operating and administrative expenses	(4,225)	(7,278)	(2,297)	(3,952)	(2,108)	(3,304)	1,518	(21,646)	(982)	(2,268)	(24,896)
Policyholder tax	(210)	(1,946)	(16)	(209)	–	(100)	(159)	(2,640)	–	2,640	–
Total expenses	(18,154)	(78,756)	(9,842)	(78,250)	(10,230)	(17,361)	3,298	(209,295)	(13,133)	(13,326)	(235,754)
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	–	–	–	1,385	1,385
Impairment of investments in associated undertakings	–	–	–	–	–	–	–	–	–	18	18
Loss on disposal of subsidiaries and associates undertakings	–	–	–	–	–	–	–	–	–	(36)	(36)
Results from operations	2,752	448	1,109	727	543	(391)	(804)	4,384	–	9,043	13,427
Shareholder investment return	–	–	–	–	203	795	1,728	2,726	–	(2,726)	–
Finance costs	–	–	–	–	(29)	(90)	(424)	(543)	–	543	–
Income from associated undertakings	–	–	–	–	–	–	1,252	1,252	–	(1,252)	–
Adjusted Headline Earnings before tax and non-controlling interests	2,752	448	1,109	727	717	314	1,752	7,819	–	5,608	13,427
Shareholder tax	(862)	(87)	(292)	(204)	(255)	(148)	(240)	(2,088)	–	(3,876)	(5,964)
Non-controlling interests	(239)	(1)	(22)	–	(101)	34	–	(329)	–	(472)	(801)
Adjusted Headline Earnings	1,651	360	795	523	361	200	1,512	5,402	–	1,260	6,662
Investment return adjustment for Group equity and debt instruments held in policy holder funds	–	–	–	–	–	(93)	(97)	(190)	–	190	–
Impact of restructuring	(288)	–	–	–	–	(9)	(1,185)	(1,482)	–	1,482	–
Operations in hyperinflationary economies	–	–	–	–	–	3,489	–	3,489	–	(3,489)	–
Non-core operations	–	–	–	–	–	–	(10)	(10)	–	10	–
Headline earnings	1,363	360	795	523	361	3,587	220	7,209	–	(547)	6,662
Adjustments											
Remeasurement of non-current asset / disposal group HFS	–	–	–	–	–	–	4	4	–	(4)	–
Reversal of impairment/(impairment) of goodwill and other intangibles assets and property plant and equipment and other											
Headline Earnings adjustments	–	1	–	–	–	1	(560)	(558)	–	558	–
Profit on disposal of property, plant and equipment	–	–	–	–	–	3	4	7	–	(7)	–
Reversal of impairment of associated undertakings	–	–	1	–	–	–	36	37	–	(37)	–
Profit on disposal of subsidiaries and associated undertakings	–	–	14	–	–	–	(51)	(37)	–	37	–
Profit after tax for the financial year attributable to equity holders of the parent	1,363	361	810	523	361	3,591	(347)	6,662	–	–	6,662
Profit for the financial year attributable to non-controlling interests	243	9	22	38	101	388	–	801	–	–	801
Profit after tax for the financial year	1,606	370	832	561	462	3,979	(347)	7,463	–	–	7,463

Total Inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1,249 million (2020: R1,085 million), Personal Finance and Wealth Management is R29,483 million (2020: R11,659 million), Old Mutual Investments is R4,483 million (2020: R3,557 million), Old Mutual Corporate is R12,916 million (2020: R11,447 million), Old Mutual Insure is R1 million (2020: R1 million), Rest of Africa is R16 million (2020: R16 million) and Other Group Activities is R4,227 million (2020: R6,392 million).

Segmental income statements are disclosed to match the way the business is managed. This will not align to Disaggregated revenue (D9) as it represents the IFRS 15 view of income.

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

B: Segment information

B2: Segmental income statement

Year ended 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter- company eliminations	Adjusted Headline Earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
Revenue											
Gross insurance premium revenue	13,061	15,929	–	28,012	14,839	9,165	(103)	80,903	–	668	81,571
Outward reinsurance	(38)	(1,346)	–	(1,105)	(5,398)	(1,157)	102	(8,942)	–	(167)	(9,109)
Net earned premiums	13,023	14,583	–	26,907	9,441	8,008	(1)	71,961	–	501	72,462
Investment return (non-banking)	1,172	27,530	2,272	17,351	231	2,775	(2,553)	48,778	(1,121)	9,283	56,940
Banking interest and similar income	3,489	–	–	–	–	930	–	4,419	–	315	4,734
Banking trading, investment and similar income	–	–	–	–	–	81	–	81	–	260	341
Fee and commission income, and income from service activities	540	6,812	2,069	371	1,013	1,082	(1,917)	9,970	–	439	10,409
Other income	270	375	85	692	1	215	(72)	1,566	39	42	1,647
Total revenue and other income	18,494	49,300	4,426	45,321	10,686	13,091	(4,543)	136,775	(1,082)	10,840	146,533
Expenses											
Net claims and benefits (including change in insurance contract provisions)	(7,874)	(21,030)	–	(38,538)	(14,974)	(8,280)	154	(90,542)	–	(4,870)	(95,412)
Reinsurance recoveries	37	2,317	–	1,521	8,678	934	(93)	13,394	–	37	13,431
Net claims and benefits incurred	(7,837)	(18,713)	–	(37,017)	(6,296)	(7,346)	61	(77,148)	–	(4,833)	(81,981)
Change in investment contract liabilities	15	(17,455)	(2,307)	(2,578)	–	(234)	(74)	(22,633)	–	(1,370)	(24,003)
Credit impairment charges	(1,949)	(199)	–	(373)	–	(319)	(1)	(2,841)	–	(33)	(2,874)
Finance costs	–	–	–	–	–	–	–	–	–	(484)	(484)
Banking interest payable and similar expenses	(612)	–	–	–	–	(347)	–	(959)	–	(94)	(1,053)
Fee and commission expenses, and other acquisition costs	(2,572)	(3,747)	(444)	(745)	(2,499)	(886)	1,488	(9,405)	(241)	(157)	(9,803)
Change in third-party interest in consolidated funds	–	–	–	–	–	–	–	–	3,479	–	3,479
Other operating and administrative expenses	(4,273)	(7,202)	(1,489)	(4,882)	(2,022)	(3,656)	2,575	(20,949)	(2,156)	(1,944)	(25,049)
Policyholder tax	(1)	(1,459)	(6)	361	–	(111)	39	(1,177)	–	1,177	–
Total expenses	(17,229)	(48,775)	(4,246)	(45,234)	(10,817)	(12,899)	4,088	(135,112)	1,082	(7,738)	(141,768)
Share of gains of associated undertakings and joint ventures after tax	–	–	–	–	–	–	–	–	–	592	592
Impairment of investments in associated undertakings	–	–	–	–	–	–	–	–	–	(8,629)	(8,629)
Loss on disposal of subsidiaries and associates undertakings	–	–	–	–	–	–	–	–	–	–	–
Results from operations	1,265	525	180	87	(131)	192	(455)	1,663	–	(4,935)	(3,272)
Shareholder investment return	–	–	–	–	89	311	1,212	1,612	–	(1,612)	–
Finance costs	–	–	–	–	(35)	(118)	(331)	(484)	–	484	–
Income from associated undertakings	–	–	–	–	–	–	917	917	–	(917)	–
Adjusted Headline Earnings before tax and non-controlling interests	1,265	525	180	87	(77)	385	1,343	3,708	–	(6,980)	(3,272)
Shareholder tax	(448)	(154)	(128)	(26)	5	(311)	(126)	(1,188)	–	(888)	(2,076)
Non-controlling interests	(41)	–	(17)	–	1	21	–	(36)	–	287	251
Adjusted Headline Earnings	776	371	35	61	(71)	95	1,217	2,484	–	(7,581)	(5,097)
Investment return adjustment for Group equity and debt instruments held in policy holder funds	(33)	(85)	–	(315)	–	62	1,156	785	–	(785)	–
Impact of restructuring	210	294	–	–	–	(7)	–	497	–	(497)	–
Operations in hyperinflationary economies	–	–	–	–	–	1,093	–	1,093	–	(1,093)	–
Non-core operations	–	–	–	–	–	–	229	229	–	(229)	–
Headline earnings	953	580	35	(254)	(71)	1,243	2,602	5,088	–	(10,185)	(5,097)
Adjustments											
Impairment of goodwill and other intangibles assets and property plant and equipment and other Headline Earnings adjustments	(1,127)	–	–	–	–	–	(281)	(1,408)	–	1,408	–
Impairment of associated undertakings	–	–	(9)	–	–	–	(8,768)	(8,777)	–	8,777	–
(Loss)/profit after tax for the financial year attributable to equity holders of the parent	(174)	580	26	(254)	(71)	1,243	(6,447)	(5,097)	–	–	(5,097)
(Loss)/profit for the financial period attributable to non-controlling interests	(338)	(5)	17	(29)	(1)	105	–	(251)	–	–	(251)
(Loss)/profit after tax for the financial year	(512)	575	43	(283)	(72)	1,348	(6,447)	(5,348)	–	–	(5,348)

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

B: Segment information

B3: Segmental statement of financial position

At 31 December 2021 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
Total assets¹	36,847	412,951	68,049	318,611	16,971	88,693	29,091	82,641	1,053,854
Policyholder liabilities	(16,070)	(381,024)	(58,111)	(288,282)	–	(53,945)	2,813	–	(794,619)
Life insurance contracts liabilities	(141)	(83,787)	(3)	(62,926)	–	(9,305)	813	–	(155,349)
Investment contract liabilities with discretionary participating features	(15,845)	(16,911)	–	(176,462)	–	(36,265)	–	–	(245,483)
Investment contract liabilities	(84)	(280,326)	(58,108)	(48,894)	–	(8,375)	2,000	–	(393,787)
Property and Casualty insurance liabilities	–	–	–	–	(7,630)	(3,576)	–	–	(11,206)
Other liabilities	(17,253)	(28,200)	(5,345)	(29,769)	(5,071)	(14,424)	91	(82,757)	(182,728)
Total liabilities	(33,323)	(409,224)	(63,456)	(318,051)	(12,701)	(71,945)	2,904	(82,757)	(988,553)
Net assets	3,524	3,727	4,593	560	4,270	16,748	31,995	(116)	65,301

At 31 December 2020 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities and inter- company eliminations	Consolidation of funds	Total IFRS
Total assets	31,455	361,052	59,845	287,336	19,850	65,980	38,884	76,280	940,682
Policyholder liabilities	(13,544)	(328,673)	(50,765)	(253,143)	–	(39,106)	2,267	–	(682,964)
Life insurance contracts liabilities	(195)	(77,893)	(3)	(60,201)	–	(7,758)	514	–	(145,536)
Investment contract liabilities with discretionary participating features	(13,280)	(15,377)	–	(151,384)	–	(23,076)	–	–	(203,117)
Investment contract liabilities	(69)	(235,403)	(50,762)	(41,558)	–	(8,272)	1,753	–	(334,311)
Property and Casualty insurance liabilities	–	–	–	–	(11,202)	(3,253)	–	–	(14,455)
Other liabilities	(14,625)	(28,836)	(5,310)	(33,741)	(4,862)	(12,684)	3,022	(76,904)	(173,940)
Total liabilities	(28,169)	(357,509)	(56,075)	(286,884)	(16,064)	(55,043)	5,289	(76,904)	(871,359)
Net assets	3,286	3,543	3,770	452	3,786	10,937	44,173	(624)	69,323

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

C: Other key performance information

C1: Earnings and earnings per share

Year ended 31 December	Source of guidance	Notes	2021 cents	2020 cents
Basic earnings/(loss) per share	IFRS	C1(a)	151.3	(116.3)
Diluted earnings/(loss) per share	IFRS	C1(b)	148.9	(116.3)
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	163.8	116.1
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2021	C1(c)	161.2	116.1

(a) Basic earnings/(loss) per share

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

Year ended 31 December Rm	2021	2020
Profit/(loss) for the financial year attributable to equity holders of the parent from operations	6,662	(5,097)

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

Year ended 31 December	2021	2020
Weighted average number of ordinary shares in issue (millions)	4,709	4,709
Shares held in charitable foundations and trusts (millions)	(18)	(19)
Shares held in ESOP and similar trusts (millions)	(133)	(116)
Adjusted weighted average number of ordinary shares (millions)	4,558	4,574
Shares held in policyholder and consolidated investment funds (millions)	(139)	(179)
Shares held in Black Economic Empowerment trusts (millions)	(17)	(14)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	4,402	4,381
Basic earnings/(loss) per ordinary share (cents)	151.3	(116.3)

(b) Diluted earnings/(loss) per share

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

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

For the year ended 31 December	Notes	2021	2020
Profit/(Loss) attributable to ordinary equity holders (Rm)		6,662	(5,097)
Weighted average number of ordinary shares (millions)	C1(a)	4,402	4,381
Adjustments for share options held by ESOP and similar trusts (millions) ¹		54	–
Adjustments for shares held in Black Economic Empowerment trusts (millions) ¹		17	–
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		4,473	4,381
Diluted earnings/(loss) per ordinary share (cents)		148.9	(116.3)

¹ The impact of these trusts on weighted average number of shares were excluded in the prior year as their inclusion would have an antidilutive effect. This is only applicable in periods when a loss attributable to ordinary equity holders is recorded.

(c) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

Year ended 31 December Rm	Notes	2021		2020	
		Gross	Net of tax and non-controlling interests	Gross	Net of tax and non-controlling interests
Profit/(loss) attributable to ordinary equity holders			6,662		(5,097)
Adjustments:					
Impairments of goodwill, intangible assets and property, plant and equipment		648	559	1,796	1,395
Reversal of impairment/(impairment) of investment in associated undertakings		(18)	(37)	8,777	8,777
Remeasurement of non-current asset held for sale		(18)	(4)	–	–
(Profit)/loss on disposal of property and equipment		(7)	(7)	17	13
Loss on disposal of subsidiaries, associated undertakings and joint ventures		36	36	–	–
Total adjustments		641	547	10,590	10,185
Headline Earnings			7,209		5,088
Weighted average number of ordinary shares (millions)	C1(a)		4,402		4,381
Diluted weighted average number of ordinary shares (millions)	C1(b)		4,473		4,381
Headline Earnings per share (cents)			163.8		116.1
Diluted Headline Earnings per share (cents) ¹			161.2		116.1

¹ Diluted Headline Earnings per share has been calculated using the same weighted average number of ordinary shares used to calculate diluted loss per share, in accordance with the South African Institute of Chartered Accountants' circular 01/2021 'Headline Earnings'.

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

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

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

Year ended 31 December Rand	2021	2020
Net asset value per share	13.9	14.7
Net tangible asset value per share	12.5	13.5

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C: Other key performance information

C3: Return on Net Asset Value (RoNAV)

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

Year ended 31 December Rbn or %	2021	2020
Total RoNAV (%)	9.0%	3.8%
Average Adjusted IFRS Equity (Rbn) ¹	59.8	65.2
Closing Adjusted IFRS Equity (Rbn)	55.8	64.2

¹ Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, and the exclusion from AHE of the distributed stake effective 30 June 2021, for the purposes of the RoNAV calculation, the equity attributable to the distributed stake is recognised for the same proportion of the year that Earnings was recognised in AHE.

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

Rbn	Notes	2021	2020
Equity attributable to the holders of the parent		62.2	67.0
Equity in respect of associated undertakings ¹		–	(15.8)
Equity in respect of operations in hyperinflationary economies		(4.4)	(0.7)
Equity in respect of non-core operations		(2.1)	(2.7)
Consolidation adjustments		0.1	0.6
Equity attributable to operating segments		55.8	48.4
Equity attributable to the Group's stake in Nedbank	A2	–	15.8
Closing Adjusted IFRS equity		55.8	64.2

¹ In 2020, this represents the Group's 19.4% stake in Nedbank at fair value. Following the unbundling of 12.2% of the Group's stake in Nedbank in November 2021, the retained stake in Nedbank is no longer classified as an associated undertaking and is included in the Equity attributable to operating segments.

C4: Dividends

Year ended 31 December Rm	Ordinary dividend payment date	2021	2020
2019 Final dividend paid – 75.00c per share	4 May 2020	–	3,346
2020 Final dividend paid – 35.00c per share	24 May 2021	1,565	–
2021 Interim dividend paid – 25.00c per share	11 October 2021	1,121	–
2021 Dividend in specie (refer to note A2(a))	08 November 2021	10,656	–
Dividend payments to ordinary equity holders for the year		13,342	3,346

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

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

During the prior year, the Board deemed it appropriate to hold the interim dividend for the six months ended 30 June 2020. Dividends has since resumed.

A final dividend of 51 cents (or its equivalent in other applicable currencies) per ordinary share in the Company has been declared by the directors and will be paid on 23 May 2022 to shareholders on all registers.

D: Financial assets and liabilities

D1: Categories of financial instruments

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

At 31 December 2021 Rm	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Mandatory reserve deposits with central banks	195	–	–	195	–
Investments in associated undertakings and joint ventures	908	–	–	–	908
Reinsurers' share of policyholder liabilities	13,372	–	3,744	–	9,628
Loans and advances	18,722	–	–	18,722	–
Investments and securities	899,388	726,871	166,390	6,127	–
Trade, other receivables and other assets	22,802	–	–	10,930	11,872
Derivative financial instruments	6,391	6,391	–	–	–
Cash and cash equivalents	32,931	–	–	32,931	–
Total assets that include financial instruments	994,709	733,262	170,134	68,905	22,408
Assets held for sale	269	–	–	–	269
Total other non-financial assets	58,876	–	–	–	58,876
Total assets	1,053,854	733,262	170,134	68,905	81,553
Liabilities					
Life insurance contract liabilities	155,349	–	–	–	155,349
Investment contract liabilities with discretionary participating features	245,483	–	–	–	245,483
Investment contract liabilities	393,787	–	392,567	1,220	–
Third-party interest in consolidated funds	77,308	–	77,308	–	–
Borrowed funds	17,506	–	8,474	9,032	–
Trade, other payables and other liabilities	63,934	–	9,917	36,015	18,002
Amounts owed to bank depositors	5,905	–	–	5,905	–
Derivative financial instruments	8,084	8,084	–	–	–
Total liabilities that include financial instruments	967,356	8,084	488,266	52,172	418,834
Total other non-financial liabilities	21,197	–	–	–	21,197
Total liabilities	988,553	8,084	488,266	52,172	440,051

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D: Financial assets and liabilities

D1: Categories of financial instruments

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

D2: Disclosure of financial assets and liabilities measured at fair value

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

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

At 31 December 2021 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Reinsurers' share of policyholder liabilities	3,744	3,744	–	–
Investments and securities	893,261	441,185	406,650	45,426
Derivative financial instruments – assets	6,391	–	6,391	–
Total financial assets measured at fair value	903,396	444,929	413,041	45,426
Financial liabilities measured at fair value				
Investment contract liabilities	392,567	191,616	200,951	–
Third-party interests in consolidated funds	77,308	–	77,308	–
Borrowed funds	8,474	–	8,474	–
Other liabilities	9,917	–	9,917	–
Derivative financial instruments – liabilities	8,084	–	8,084	–
Total financial liabilities measured at fair value	496,350	191,616	304,734	–

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

D: Financial assets and liabilities

D2: Disclosure of financial assets and liabilities measured at fair value

(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	2021	2020
Level 3 financial assets – Investments and securities		
At beginning of the year	37,117	38,430
Total net fair value gains/(losses) recognised in profit or loss	875	(5,156)
Purchases	8,316	9,148
Sales	2	(2,485)
Transfers in	574	3,360
Transfers out	(172)	(41)
Net movement on consolidated investment funds ¹	(4,571)	(5,651)
Foreign exchange and other	3,285	(488)
Total Level 3 financial assets	45,426	37,117
Unrealised fair value (losses)/gains recognised in profit or loss	1,758	(3,130)

¹ Net movement on consolidated investment funds represents the impact of (i) consolidating new investment funds during the year, (ii) deconsolidating investment funds during the year 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 R9,221 million (2020: R1,452 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period listed bonds to the value of R362 million (2020: R2,870 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R452 million (2020: R132 million) were also transferred from Level 2 to Level 1 to better reflect the valuation technique used to value these investments.

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

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

Level 2 investment and securities

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

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

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

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

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

(i) Level 2 investment and securities

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

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

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

(ii) Level 3 investment and securities

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

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

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

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

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

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

Valuation technique	Significant unobservable input	Range of unobservable inputs
Discounted cash flow (DCF)	Risk adjusted discount rate:	
	– Equity risk premium	0.25% – 20.0%
	– Liquidity discount rate	5.0% – 40.0%
	– Nominal risk free rate	5.0% – 30.0%
	– Credit spreads	1.11% – 13.65%
	– Dividend growth rate	5.0% – 20.0%
	– Internal rate of return	16.0% – 40.0%
	– Preference dividend accrual rate	7.0% – 7.25%
	– Marketability discount	5.0% – 30.0%
Price earnings (PE) multiple/embedded value	PE ratio/multiple	3.0 – 15.0 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF

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For the year ended 31 December 2021

D: Financial assets and liabilities

D2: Disclosure of financial assets and liabilities measured at fair value

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

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

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

Rm	At 31 December 2021		Sensitivities	
	Fair values	Most significant unobservable input	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	18,983	Discount rate Credit spreads	1,196	1,170
Equity securities	19,244	Price earnings ratio/multiple Marketability discount rate	1,264	1,215
Pooled investments	7,199	Net asset value of underlying investments	359	358
Total	45,426		2,819	2,743

Fair value gains of R12 million (2020: Fair value losses R5,156 million) were recognised on Level 3 assets during the year. The gain is attributable to the conservative approach followed in performing the valuations due to the high levels of uncertainty in respect of the economic outlook and due to the function of lower comparable multiples. In addition, the Group has investment exposure to industries directly impacted by the lockdown, including the tourism industry.

The economic uncertainty created by COVID-19 has had an impact on valuation inputs for assets that rely on either unobservable forward looking assumptions or comparable market transactions.

D3: Financial instruments designated as fair value through profit or loss

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

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

Designation of instruments as fair value through profit or loss, is consistent with the Group's 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. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below:

Rm	Financial liabilities where the change in credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative ¹	Contractual maturity amount
Borrowed funds at 31 December 2021	8,474	64	337	8,250
Borrowed funds at 31 December 2020	7,085	130	271	6,750

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

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.

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D: Financial assets and liabilities

D4: Fair value hierarchy for assets and liabilities not measured at fair value

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

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

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

	Carrying value	Fair value			
Rm		Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowed funds at 31 December 2021	9,032	–	9,032	–	9,032
Borrowed funds at 31 December 2020	10,250	–	10,250	–	10,250

Investments and securities

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

Loans and advances

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

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

Borrowed funds

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

D9: Revenue from contracts with customers

IFRS 15 Revenue

Fee and commission income

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

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

Non-IFRS 15 Revenue

Insurance

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

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

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

Banking

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from:

- Mortgage loans;
- Bills and acceptance;
- Overdrafts;
- Term loans and others;
- Government and government-guaranteed securities;
- Other debt securities, preference shares and debentures

There are no material financial assets that are measured in other foreign currency. There are in addition, assumptions around ECL calculations. This consists of interest income derived from amortised cost which are measured using the effective interest rate technique. This includes estimates and judgements around credit risk, the risk of default and the time value of money.

Investment return (non-banking)

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.

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.

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D: Other consolidated income statement notes

D9: Revenue from contracts with customers

(a) Revenue from contracts with customers

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

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers are assessed if they contain contract assets.

Year ended 31 December 2021 Rm	Mass and Founda- tion	Personal Finance and Wealth Manage- ment	Old Mutual Invest- ments	Old Mutual Corporate	Old Mutual Insure	Rest of Africa	Other Group Activities	Consoli- dation of funds	Total
Revenue from contracts with customers									
Fee and commission income	435	7,327	2,652	398	1,419	1,328	(1,839)	(668)	11,052
Transaction and performance fees	–	69	69	–	–	727	(65)	–	800
Change in contract liabilities	–	(12)	–	–	(11)	–	–	–	(23)
Fee and commission income, and income from service activities	435	7,384	2,721	398	1,408	2,055	(1,904)	(668)	11,829
Non-IFRS 15 revenue									
Banking	2,796	–	–	–	–	1,985	–	–	4,781
Insurance	12,723	15,231	–	25,834	9,265	9,498	(2)	–	72,549
Investment return and other	4,986	56,658	8,232	53,050	419	22,590	(1,081)	13,801	158,655
Total revenue from other activities	20,505	71,889	8,232	78,884	9,684	34,073	(1,083)	13,801	235,985
Total revenue	20,940	79,273	10,953	79,282	11,092	36,128	(2,987)	13,133	247,814

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

E: Analysis of financial and insurance assets and liabilities

E1: Insurance and investment contracts

Critical accounting estimates and judgements – Insurance and investment contract liabilities

Life insurance contract liabilities

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

Pandemic reserve

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

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

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

Rm	Mass and Foundation Cluster	Personal Finance	Old Mutual Corporate	Rest of Africa	Group
Pandemic provisions at 31 December 2020	1,024	1,979	891	68	3,962
Utilisation of COVID-19 provisions	(1,105)	(2,868)	(1,094)	(199)	(5,266)
Additional COVID-19 provisions (gross of management actions)	434	2,650	575	509	4,168
Pandemic provisions at 31 December 2021	353	1,761	372	378	2,864
Best Estimate Liability incl. Prescribed margin	353	1,518	275	378	2,524
Discretionary Margin		243	97		340

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

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

Risks to pandemic assumptions

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

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

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

E: Analysis of financial and insurance assets and liabilities

E1: Insurance and investment contracts

	Change in Provision				
	Base	Immunity benefit		Vaccine take-up	
		-25%	+25%	-10%	+10%
Pandemic provision	2,864	1,389	(1,215)	327	(264)

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

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

Discretionary margins

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

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

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

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

(a) Policyholder liabilities

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

Year ended 31 December Rm	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life assurance policyholder liabilities						
Total life insurance contracts liabilities	155,349	(4,099)	151,250	145,536	(3,764)	141,772
Life insurance contracts liabilities	151,451	(3,628)	147,823	142,772	(3,475)	139,297
Outstanding claims	3,898	(471)	3,427	2,764	(289)	2,475
Investment contract liabilities						
Total investment contract liabilities	639,270	(3,759)	635,511	537,428	(3,436)	533,992
Unit-linked investment contracts and similar contracts	392,705	(3,744)	388,961	332,829	(3,422)	329,407
Other investment contracts	1,082	–	1,082	1,482	–	1,482
Investment contracts with discretionary participating features	245,483	(15)	245,468	203,117	(14)	203,103
Total life assurance policyholder liabilities	794,619	(7,858)	786,761	682,964	(7,200)	675,764
Property and casualty liabilities						
Claims incurred but not reported	2,589	(970)	1,619	2,092	(860)	1,232
Unearned premiums	3,400	(1,273)	2,127	2,969	(1,136)	1,833
Outstanding claims	5,217	(3,271)	1,946	9,394	(6,414)	2,980
Total property and casualty liabilities	11,206	(5,514)	5,692	14,455	(8,410)	6,045
Total policyholder liabilities	805,825	(13,372)	792,453	697,419	(15,610)	681,809

Of the R13,372 million (2020: R15,610 million) included in reinsurer's share of life assurance policyholder and property and casualty liabilities is an amount of R10,738 million (2020: R13,841 million) which is recoverable within 12 months from the reporting date. The remainder is recoverable more than 12 months from the reporting date.

(b) Property and Casualty contracts

COVID-19 impacts

The Group has continued to support policyholders impacted by the pandemic and the consequential lockdowns imposed by government. We reported in the prior year the uncertainties associated with the technical provisions and corresponding reinsurance recoveries that had been recorded in the consolidated accounts. Based on the exposure data on hand at that time we confirmed that the Group had raised a technical provision that it considered adequate to cover claims incurred relating to policies with the contingent business interruption infectious or contagious disease extension. Developments in the current period support the view that the reserving held by the Group is adequate, with a net release in the reserving of R21m in the year.

The quantum of claims received as well as the final values associated with their settlement resulted in R2.9bn release from the gross reserve with a corresponding reduction in the associated reinsurance asset. The the passage of time, the availability of more data has reduced the amount of uncertainty relating to the net provisions held. However, some uncertainty remains, and specific additional provisions were held at year-end based on outcomes of investigations which support the level of reserving held at the year end. The Group continued to extend its support to policyholders and its intermediaries to ensure that all valid claims were settled on a timely basis.

In addition to Contingent BI claims, the Group also had significant exposure to trade credit claims in the prior year. The net reserve for trade credit claims reduced slightly to a value of R207 million as at 31 December 2021 bringing the total reserve for the Group to R272 million. Given the lingering uncertainties in the market, assumptions around expected ultimate loss ratios for this class of business required significant focus, especially those assumptions related to the most recent underwriting years.

While the Group considers that it has provided adequately for its exposures, the claims experience and reserve results with regards business rescue/trade credit are subject to future economic developments, which are unpredictable and often cannot be accurately projected from past reporting patterns.

E: Analysis of financial and insurance assets and liabilities

E1: Insurance and investment contracts

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

Year ended 31 December Rm	2021			2020		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
Balance at the beginning of the year	9,560	(6,171)	3,389	4,027	(1,239)	2,788
Current year claims incurred	9,853	(5,274)	4,579	11,874	(6,543)	5,331
Change in previous years' claims estimates	(3,692)	3,944	252	3,107	(2,724)	383
Current year claims paid net of subrogation	(6,105)	2,693	(3,412)	(6,722)	2,498	(4,224)
Previous year claims paid net of subrogation	(3,320)	1,556	(1,764)	(2,726)	1,837	(889)
Balance at the end of the year	6,296	(3,252)	3,044	9,560	(6,171)	3,389

(d) Sensitivity analysis – life insurance contracts

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

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

	Change in assumption percentage	Increase/(decrease) in liabilities	
Year ended 31 December Rm	2021 and 2020	2021	2020
Assumption			
Increase in mortality and morbidity rates – assurance	10	7,410	6,955
Decrease in mortality rates – annuities (longevity)	(10)	1,184	1,011
Lapse rates	10	(107)	3
Expenses (maintenance)	10	1,241	1,255
Valuation discount rate	1	272	157

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 to the applicable yield curve.

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 this rate by 100bps (with a corresponding reduction in the valuation inflation rate) would have no significant impact on insurance contract liabilities or profit in 2021. There continues to be no significant impact in 2021 due to management actions taken to reduce the impact of changing interest rates on operating profit. This impact is also calculated with no change to the charges paid by policyholders.

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

E1: Borrowed funds

At 31 December 2021 Rm	Mass and Foundation Cluster	Old Mutual Insure	Rest of Africa	Other Group Activities	Total
Term loans	5,000	–	2,532	–	7,532
Revolving credit facilities	350	–	650	–	1,000
Subordinated debt securities	–	500	–	8,474	8,974
Total borrowed funds	5,350	500	3,182	8,474	17,506

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

Breaches of covenants

As at 31 December 2021, the financial covenants on 5 existing loans were in breach. The funding was raised to support operations in the Rest of Africa segment.

The loans in breach totalled R130 million (US\$ 8 million) (2020: US\$ 21 million (R310 million)). Waivers for 4 of the 5 breached loans were received prior to year end and the Group is still in negotiation with the remaining lenders, which equals a debt value of R64 million, to either amend prior to year end the breached covenants or to provide formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 31 December 2021, none of these breached loans have been called on.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding nor does it impact the going concern assumption.

F: Other notes

F1: Related parties

Other than Nedbank ceasing to be a related party (refer to A2(a)), the related party transactions of the Group has not changed from those described in the consolidated financial statements for the year ended 31 December 2021.

F2: Impairment losses recognised during the year ended 31 December 2021

Goodwill

In the second half of 2021, the goodwill held in OMREHC of R204 million was fully impaired, as reflected in the latest value in use calculations utilising the cash flow generation of respective properties. All of the remaining year end goodwill impairment reviews indicated that there is sufficient headroom to maintain these balances, with no additional impairments required to be recognised.

Property, plant and equipment

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

Impairment of associated investments

In light of COVID-19 and related decrease in the Nedbank share price during the financial year, the Group had performed an impairment review of the value of our equity accounted investment. The outcome of the impairment review resulted in the recognition of an impairment of R8,620 million in the prior year. In addition there was and impairment of R148m for the Group's share of Nedbank equity accounted impairment of their associates.

F: Other notes

F3: Contingent liabilities

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

Contingent liabilities – legal proceedings

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

Tax

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

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

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

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

Consumer protection

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

Outcome of Zimbabwean Commission Enquiry

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

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

Old Mutual Limited's intraGroup guarantee of Travelers indemnification

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

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

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

F4: Commitments

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

At 31 December Rm	2021	2020
Investment property	716	425
Intangible assets	190	228

Future potential commitments

Old Mutual Finance (Pty) Ltd put option

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

Following the listing of Old Mutual Limited on 26 June 2018, whilst Business Doctor became entitled to exercise the option to put the remaining shares to Old Mutual Limited, the option was not be exercised.

Commitments under derivative instruments

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

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

Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R12,746 million at 31 December 2021 (2020: R11,819 million).

F5 Investment property

(a) 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 gains in the current financial year.

The South Africa property portfolio accounts for 60.4% (2020: 65.34%) of total property assets and is predominantly exposed to the retail property sector. Although the lockdown restrictions have been lifted, COVID-19 is still a threat on the ability for retailers to trade, impacting current period rentals, growth assumptions applied in the property valuations as well as the period of time required to lease space. Due to the uncertainty inherent in the current economic climate, the property valuers have applied prudence with higher discount and capitalisation rate assumptions in retail resulting in lower property valuations.

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% (2020:8.5%) Discount rates: 12.75% (2020:13.5%) Market rentals: R90 to R190 per m² (2020: R100 to R175 per m²) Vacancy rates: 0.0% (2020: 7.25% to 9.75%) Retail Capitalisation rates: 6.75% to 11.0% (2020: 6.75% to 9.75%) Discount rates: 11.25% to 16.75% (2020: 11.75% to 14.5%) Market rentals: R33.66 to R2 691.26 per m² (2020: R22 to R2 222 per m²) Vacancy rates: 0.0% to 15.5% (2020: 0% to 8.5%) Industrial Capitalisation rates: 8.75% to 11.0% (2020: 8.25% to 10.5%) Discount rates: 13.25% to 15.0% (2020: 13.75% to 15.25%) Market rentals: R29.75 to R71.28 per m² (2020: R25 to R75 per m²) Vacancy rates: 0.0% to 18.3% (2020: 8.5% to 10.75%) Bulgarian Properties: Office Capitalisation rates: 7.4% to 7.6% (2020: 7.4%) Discount rates: 9.25% to 9.45% (2020: 8.10% to 10.10%) Market rentals: EUR 10.84 to EUR 15.14 per m² (2020: EUR 11.0 to EUR 12.6 per m²) Vacancy rates: 2.5% to 2.75% (2020: 2.75%) Romanian Properties: Office Capitalisation rates: 6.85% (2020: 7.25%) Discount rates: 8.35% to 8.4% (2020: 9.6% to 9.8%) Market rentals: EUR 15.0 per m² (2020: EUR 9.50 to EUR 12.71 per m²) Vacancy rates: 2.5% (2020: 2.5%) East Africa: Office Capitalisation rates: 7.92% to 8.92% (2020: 7.92% to 9.5%) Discount rates: 12.92% to 14.92% (2020: 8.75% to 16.63%) Market rentals: USD 8.56 to USD 9.51 per m² (2020: USD 15 per m²) Zimbabwe Properties Capitalisation rates: 4.55% to 8.00% (2020: 6.75% to 11.00%) Market rentals: \$104 to \$ 2,148.0 per m² (2020: \$101 to \$822 per m²) Vacancy rates: 10% (2020: 10%)

Notes to Old Mutual Limited Reviewed Condensed Consolidated Financial Statements

For the year ended 31 December 2021

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation. However there are cases where exceptional circumstances need to be considered.	The land per 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 Per m ² : R144 to R511 (2020: R262 to R2,611)
Near vacant properties	Land value less the estimated cost of demolition	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m ² : R75 to R733 (2020: R75 to R757)

(b) 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	2021	2020
An increase of 1% in discount rates would decrease the fair value by:	(1,632)	(1,532)
A decrease of 1% in discount rates would increase the fair value by:	1,810	1,666
An increase of 1% in capitalisation rates would decrease the fair value by:	(2,869)	(2,673)
A decrease of 1% in capitalisation rates would increase the fair value by:	3,781	3,294
An increase of 10% in market rentals per m ² would increase the fair value by:	2,818	2,821
A decrease of 10% in market rentals per m ² would decrease the fair value by:	(2,842)	(2,699)

An increase of 1% in vacancy would decrease the fair value by R4,738 million and a decrease of 1% in vacancy would increase the fair value by R4,850 million for the current year (this sensitivity analysis was not carried out in the prior year as it was not considered material). The assessment above depicts the potential impact on profit or (loss) as a result of the change in the parameter identified.

F6: Events after the reporting date

ONE Financial Services Holdings Propriety Limited

Old Mutual Insure, a wholly owned subsidiary of Old Mutual Limited acquired a 51% stake in ONE Financial Services Holdings Proprietary Limited ("ONE Financial Services"), a financial services group which conducts short-term insurance activities through Binder and Cell Shareholder Agreements as well as providing insurance support services, technology and underwriting management agency activities, for an initial purchase consideration of circa R500 million. An earn – out purchase consideration is also payable, subject to certain performance targets being met. As the initial accounting for this acquisition was not completed at the time that the financial statements were authorised for issue, details of the values of assets and liabilities assumed have not been provided.

Unrest in Eastern Europe

Old Mutual has interests in commercial properties in Bucharest, Romania and Sofia, Bulgaria to the value of ZAR 6.3 billion as at 31 December 2021. On 24 February 2022 Russian armed forces invaded Ukraine and since then there has been war in Ukraine. Ukraine's neighbour to the South is Romania and Bulgaria is south of Romania. Neither Romania nor Bulgaria are involved in the conflict, other than indirectly through refugees potentially looking to Romania for refuge. Both are members of the North Atlantic Treaty Organisation which through Article 5 (an attack on one is an attack on all) gives them significant protection. We do not believe that any of the properties are impacted by the set of sanctions set out by many world countries as there are no Russian companies who tenant the buildings. We continue to monitor the situation.

Tax Rate Change

In terms of IAS 12, both current and deferred tax assets and liabilities are to be measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in tax rates should be regarded as substantively enacted from the time that they are announced in terms of the Minister of Finance's Budget Statement. When changes in the tax rates are inextricably linked to other changes in the tax laws, they should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the President.

Effective from the commencement of the OML Group's 2023 year of assessment, the South African corporate income tax rate will be reduced to 27 per cent. This is inextricably linked to the base broadening measures related to limiting the use of assessed losses and interest deduction limitation rules. The base broadening measures were legislated in terms of the Taxation Laws Amendment Act 20 of 2021 and come into operation on the date on which the rate of tax is reduced, after announcement by the Minister of Finance in the annual National Budget. The announcement of the reduction in tax rate by the Minister of Finance in the annual National Budget took place on 23 February 2022. It follows that the tax rate change together with the above mentioned base broadening measures are considered to be substantively enacted on this date.

This is considered to be a non-adjusting event for purposes of IAS 10 on the basis that the rate change was substantially enacted after the end of the 31 December 2021 reporting period. The reduction of the rate of tax will for current tax purposes only have an effect for the 2023 year end. From a deferred tax perspective, due to the timing of the announcement and complexity involved, a reasonable estimate of the effect of the rate change on deferred tax assets and liabilities could not be made at the time of preparation of this annual report. Additional disclosure in this regard will only be considered further for the 31 December 2022 year end.

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.