Old Mutual Limited
Incorporated in the Republic of South Africa
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("Old Mutual" or "Company" or "Group")

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OLD MUTUAL VOLUNTARY OPERATING UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND TRADING STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020.

The rapid global spread of COVID-19 has had far reaching impacts on the global economy, with many countries around the world enforcing lockdowns in varying severity. The significant declines seen in global capital markets and commodity prices, the decrease in economic activity due to lockdown restrictions and low investor and consumer confidence have created a challenging operating environment for businesses and individuals. In South Africa, the pandemic has resulted in the rand weakening against major currencies and substantial outflows from the local bond and equity markets following a further credit rating downgrade.

To manage the spread of COVID-19, governments in most countries where we operate have introduced full or partial lockdowns, restricting the movement of goods and people. Despite the start of gradual easing of lockdown restrictions, we expect a slow recovery due to the severity of global and local economic contraction suffered during the crisis. During this pandemic the safety and wellbeing of our employees, intermediaries and customers remains a top priority. The Group has experienced minimal disruption to our business operations, with the exception of our distribution processes where the disruption levels have been higher. We were able to successfully mobilise and enable the majority of our employees to work from home and this has allowed us to continue to serve our customers. Although lockdown restrictions are being eased we envisage that all those business functions able to operate effectively from home will continue to do so for the foreseeable future to minimise the number of employees physically onsite in our primary office locations of Pinelands and Sandton. The small group of employees who are working from our premises have been engaged and briefed on the strict protocols they need to follow to ensure their safety, and the safety of other employees and our customers remains a priority.

Many of our tied advisers have been unable to sell during the lockdown period due to the partial closure of the branch network and lack of access to customer's homes, worksites and branches. The majority of our branch consultants are unable to work from home and therefore the necessary closure of the majority of our branch network has slowed loan disbursements and negatively impacted funeral, savings and credit life sales. These factors have significantly impacted productivity and new business acquisition during April and May. We have implemented various intermediary initiatives during lockdown including the provision of airtime and network access to enable communication with customers, promotion of digital platforms for sales and the introduction of lower hurdles for academy advisors to earn base allowances for the duration of the lockdown. We are actively monitoring the lifting of restrictions to ensure we can return to full operating capacity as soon as restrictions are lifted.

We have continued to make progress against our strategic priorities during the first quarter, with focus on improving our customer enablement and servicing journey and digitally enabling our employees. We have implemented a number of enhancements and introduced new digital channels and functionality such as the use of USSD and WhatsApp platforms to service funeral claims and disinvestments. We added Old Mutual Insure to our Rewards programme, and new rewards partners such as Uber and Checkers are expected to assist our rewards members during this difficult period. We have been able to continue with the roll out of Old Mutual Protect to customers and onboarding of advisers, with over 1,000 advisers now using the product.

Capital position and Liquidity

The Group's liquidity management remains robust and we have cash reserves more than sufficient to cover our business requirements. We have performed a series of stress tests to assess our liquidity position under various recovery scenarios and liquidity levels remain positive under all of these.

The solvency ratio for OMLACSA for the three months ended 31 March 2020 was 211%, at the top end of our target range of 175%-210%. The decrease in our solvency ratio from the reported 216% in our FY2019 results, was largely due to a reduction in own funds driven by the significant decrease in Nedbank's share price year to date and a decrease in the related solvency capital requirement. The impact on our capital ratio of market driven decreases on the rest of the portfolio was largely mitigated by our hedging programme, which proved effective during this period of volatility. We also continue to monitor our Group solvency ratio and we remain well within our target range of 155%-175%.

Following the severe market downturn in March 2020, the monthly investment returns earned on our Absolute Growth Portfolios, our flagship smoothed bonus portfolios, fell to negative levels in excess of -15%. We exercised our right of discretion to declare a less severe negative bonus of -5% to protect benefit payments to customers. This is the first time in the history of this product that a negative bonus has been declared and we remain confident that the Bonus Smoothing Reserve will be restored over the medium term. Investment risk for our customers is being managed through the diversification of underlying portfolios within mandate, the smoothing of investment returns and the offering of explicit capital guarantees. The guarantee risk for shareholders is managed on an ongoing basis through various management actions including applying Market Value Adjustments to voluntary withdrawals, reducing bonuses, declaring negative bonuses or removing non-guaranteed account values. In addition, the Group holds an explicit Investment Guarantee Reserve and employs a hedging strategy on the assets supporting this reserve. Our smoothed bonus funds have been managed well during this period of volatility.

Financial performance for the three months ended 31 March 2020

The table below sets out certain of our key performance indicators for the three months ended 31 March 2020.

Key Performance Indicators (R millions unless otherwise indicated)	31 March 2020	31 March 2019	% change
Life APE Sales	2,461	2,893	(15%)
Net Client Cash Flow (Rbn)	0.8	(0.8)	Greater than 100%
Funds Under Management[1] (FUM) (Rbn)	979.7	1,048.5	(7%)
Loans and Advances[1]	23,039	22,684	2%
Gross Written Premiums	4,971	4,628	7%
Results From Operations (RFO)	1,227	1,835	(33%)

[1]Comparative amounts represent FY2019 balances.

Life APE sales have decreased largely due to lower recurring premiums flows experienced across the business partially offset by strong single premium sales. The decline in recurring premium life sales is driven by lower umbrella sales in Old Mutual Corporate and lower sales volumes in Mass and Foundation Cluster and Personal Finance, reflecting lower levels of customer disposable income.

Net Client Cash Flow remains positive due to strong single premium life sales and higher institutional and retail inflows in Wealth and Investments, despite increased outflows as customers seek liquidity and withdraw funds to supplement income. FUM levels have decreased largely due to a decrease in equity market levels as a result of the COVID-19 pandemic, partially offset by the positive impact of foreign denominated FUM due to the weakening rand.

We experienced stable growth in Loans and Advances compared to the prior year, with deliberate slowed disbursements to manage credit risk. Gross Written Premiums showed good growth driven by the ongoing benefits from strategic partnerships in Old Mutual Insure and strong renewal rates and new business acquisition in East Africa.

The decrease in RFO is due to lower asset based fees and negative fair value movements on unlisted equity and credit portfolios in Wealth and Investments. Lower life sales volumes not sufficient to cover fixed distribution related costs, deterioration in underwriting experience in Old Mutual Corporate and the impact of poor persistency and higher credit losses, specifically in Mass and Foundation Cluster have further contributed to the decline in profits. This was partially offset by improved underwriting experience in Old Mutual Insure compared to significant catastrophe losses in the prior year.

Trading update

Despite a gradual easing of lockdown restrictions in South Africa and in many countries where we operate, we expect the pandemic to impact our performance for the remainder of the 2020 financial year as levels of uncertainty continue to impact economic conditions and consumer confidence. The value of issued life sales in the month of April was significantly lower than in the prior year, reflecting the impact on our sales force. Issued sales in Mass and Foundation Cluster were down around 90% and almost 50% in Personal Finance, respectively. We expect sales levels to recover subsequent to lockdown and specific management actions have been put in place to accelerate sales and greater access to customers. The significant drop in issued sales will negatively impact reported Life APE sales in H1 2020, and therefore we expected this metric to be lower than prior year as the impact of lower issued sales volumes comes through.

Low levels of issued sales in April and May, whilst the distribution cost base remains largely fixed, will have a negative impact on our reported profits and Value of New Business (VNB) for H1 2020. Initiatives in the form of premium holidays, discounts and deferrals of rate increases will pose further downside pressure on revenue levels. In response, expenses are being tightly managed.

The risk of rising infection rates may adversely impact mortality experience, whilst other COVID-19 related claims such as business interruption claims could also negatively impact underwriting experience. We have seen an increase in business interruption incidents in April and May, however we expect to be able to rely on our existing reinsurance programme. The consumer will remain under significant pressure, with increased levels of unemployment expected. This is likely to reduce levels of disposable income resulting in lower sales volumes, worse persistency and higher credit losses on our loan book. Shareholder investment returns are expected to be below prior year due to year to date decline in the equity markets and negative fair value movements on certain classes of invested shareholder assets.

Taking into account these indicators of H1 2020 performance, In terms of paragraph 3.4(b) of the Listings Requirements of the JSE Limited, shareholders are advised that Headline Earnings per share (HEPS) and Earnings per share (EPS) for the six months ended 30 June 2020 are expected to be more than 20% lower than the reported HEPS and EPS for the comparable period (H1 2019 HEPS: 128.1 cents, H1 2019 EPS: 127.3 cents). We will publish a further update once there is more certainty on the probable ranges of the decrease in HEPS and EPS.

Our contribution to society

We have remained conscious of our commitment to support our customers and communities in this time of severe stress and continue to make positive contributions through various initiatives.

Key initiatives include the following:

- R4 billion worth of free life cover made available to approximately 430 000 registered healthcare workers across South Africa.
- We pledged R50 million towards relief efforts that address immediate educational needs, hygiene awareness and nutritional support and R5 million towards national initiatives that provide access to personal protective equipment for essential service workers. As part of these efforts, we have refurbished a former training centre close to our office in Pinelands which will in part be used by Lancet Laboratories for COVID-19 testing. The remainder of the facility was refurbished as an isolation and quarantine facility and handed over to the Western Cape government on 27 May 2020.

- Our business in Namibia committed N$5 million towards the provision of food supplies, the expansion of testing capacity, and the National Disaster Fund. In Kenya, we contributed KES6 million in support of government initiatives to contain the virus. In Zimbabwe, we offered ZWL$2 billion life insurance cover to health professionals on the frontline of the fight against COVID-19.
- We are providing ongoing customer relief such as premium payment holidays, premium discounts, delays in annual rate and fee reviews and grace periods for loan repayments.
- We included the Solidarity Fund as a beneficiary on our staff Payroll Giving Programme in which employees are encouraged to give generously. Our Executive Committee members agreed to forego salary increases and the company is directing these funds to the Solidarity Fund.
- Old Mutual Insure pledged R50 million in total to support SME customers and partners during this period.

Outlook

Over the past few weeks, we have performed a detailed scenario planning exercise which has focused on modelling the financial impact on key earnings, liquidity and capital measures under a range of possible economic scenarios. The outcome of these scenarios shows that, whilst we do expect to experience earnings pressure in the short term, our capital and liquidity remain at appropriate levels in all scenarios, with the Group solvency capital ratio falling marginally below our target range pre-management actions only in the most extreme scenario tested. In order to mitigate the expected pressure on earnings we have implemented a series of management actions focusing on reducing expenses in 2020. We are also working on a number of medium term initiatives to capitalise on the growth opportunities the pandemic presents, these will be communicated in due course. Whilst we expect market circumstances to place pressure on earnings in the short term we remain confident in the strength of our cash reserves and balance sheet to withstand this volatility, ensuring we will continue to be able to deliver on our promises to customers and providing a platform to accelerate growth as economic conditions improve.

The financial information in this operating update and trading statement is the responsibility of the Old Mutual Limited Board of Directors and has not been reviewed or reported on by the Group's external auditors.

Sandton

Sponsors

JSE	Merrill Lynch South Africa (Pty) Limited
Namibia	PSG Wealth Management (Namibia) (Proprietary) Limited
Zimbabwe	Imara Capital Zimbabwe plc
Malawi	Stockbrokers Malawi Limited

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Notes to Editors

About Old Mutual Limited

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key markets segments in 14 countries. Old Mutual's primary operations are in South Africa and the rest of Africa, and it has a niche business in Asia. With over 175 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and broader society on the continent.

For further information on Old Mutual, and its underlying businesses, please visit the corporate website at **www.oldmutual.com**.