

## MOMENTUM METROPOLITAN HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2000/031756/06

ISIN code: ZAE000269890

JSE Share Code: MTM

A2X Share Code: MTM

NSX Share Code: MMT

("Momentum Metropolitan" or "the Group")

## MOMENTUM METROPOLITAN LIFE LIMITED

Incorporated in the Republic of South Africa

Registration number: 1904/002186/06

Company code: MMIG

## Trading statement for the 12 months ended 30 June 2020

Momentum Metropolitan is currently in the process of finalising its results for the 12 months ended 30 June 2020, which will be released on 9 September 2020. Pursuant to paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that the Group's earnings per share, headline earnings per share and diluted normalised headline earnings per share are expected to be within the ranges set out below:

	<b>F2020</b> <b>(cents)</b>	<b>F2019</b> <b>(cents)</b>	<b>% change</b>
Earnings per share	8 to 38	153	-75% to -95%
Headline earnings per share	59 to 92	168	-45% to -65%
Diluted normalised headline earnings per share	71 to 111	203	-45% to -65%

When Momentum Metropolitan reported results for the nine months to 31 March 2020, it was noted that the impact of the Covid-19 pandemic on the investment markets in South Africa had a significant impact on the Group's financial results. The partial recovery during the last quarter of investment market losses that were reported in 3Q2020, was not sufficient to offset the impact of the tough operating conditions created by the Covid-19 pandemic, including the need to raise significant additional reserves for potential Covid-19 related claims and other adverse experience. The full year results will therefore reflect a decline in diluted normalised headline earnings in the South African retail and corporate life insurance operations, as well as the Shareholder segment. The Group's earnings per share, headline earnings per share and diluted normalised headline earnings per share, are consequently expected to decline as outlined in the table above.

The Group has considered the likely impact of the Covid-19 pandemic and the related decline in economic conditions and outlook, as well as expected policyholder behaviour. It has reviewed recent claims experience, publicly available models that project infection and mortality rates of Covid-19 and observed data from relief options that clients have exercised in the preceding three months. The expected impact of these items on the applicable mortality, disability and termination assumptions used in the valuation basis of the life insurance operations of the Group have been considered, as well as the impact of claims on non-life insurance business in Guardrisk. The overall impact is expected to be a reduction in the Group's earnings, headline earnings and diluted normalised headline earnings for the year of R1.3 billion (before-tax) and R1.0 billion (after-tax).

In addition to these factors, earnings per share are expected to be further negatively impacted by an impairment on owner-occupied property of R0.5 billion, which can largely be attributed to property valuations in Sandton, as well as a R0.2 billion write-off to goodwill of the non-life insurance operations.

Diluted normalised headline earnings adjust the standard JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares, the amortisation of intangible assets arising from business combinations and BEE costs. The adjustment for the impact of treasury shares removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients). The definition of diluted normalised headline earnings remains unchanged.

The full financial and operating results for the 12 months are expected to be released on Wednesday, 9 September 2020 at approximately 7:30 via SENS, followed by a live webcast at 11:00. Pre-registration for the webcast is required, which can be accessed at <https://www.corpcam.com/MM09092020>. In addition, the announcement will be broadcast live on Business Day TV, DSTV Channel 412.

Centurion

17 August 2020

*The information in this trading statement has not been reviewed and reported on by Momentum Metropolitan's external auditors.*

Equity sponsor

Merrill Lynch SA (Pty) Ltd

Debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)