

# Quarterly Financial Information

Operating update for the three months ended  
**30 September 2020**



## MOMENTUM METROPOLITAN HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2000/031756/06

JSE share code: MTM

A2X share code: MTM

NSX share code: MMT

ISIN code: ZAE000269890

("Momentum Metropolitan" or "the Group")

## MOMENTUM METROPOLITAN LIFE LIMITED

Incorporated in the Republic of South Africa

Registration number: 1904/002186/06

Company code: MMIG

("Momentum Metropolitan Life")

# Operational update for the three months ended 30 September 2020

## Momentum Metropolitan performs well despite Covid-19 challenges

Momentum Metropolitan delivered a solid performance during the first quarter of its new financial year, partly because it efficiently attuned itself to the changes in the needs and behaviour patterns required as a result of Covid-19, and partly because the economic impact of Covid-19 has not fully materialised yet.

Momentum Metropolitan has made very good progress over the last two years in delivering the objectives set out in our Reset and Grow strategy. We continue to focus on building a sustainable business that will provide value to our stakeholders over the long-term. Since the start of the F2021 financial year we have:

- Made good progress with the integration of Momentum Insurance (previously Alexander Forbes Insurance) and Momentum Short-term Insurance ("MSTI");
- Achieved a significant milestone in the migration of data and product administration functions from the legacy Metropolitan funeral policy administration system onto the Momentum traditional policy administration system;
- Continued to see exceptional growth in Momentum Investments new business;
- Metropolitan Life also continued on its recent growth trajectory on protection new business;
- Announced the acquisition of Seneca Investment Managers Limited (subject to conditions precedent), strengthening and scaling our international multi-asset investment management capability;
- Concluded the sale of our operations in Zambia, continuing the rationalisation of our Africa portfolio.

We are pleased with Momentum Metropolitan's financial performance over the quarter. The Group delivered R1 042 million of normalised headline earnings<sup>1</sup> for the quarter, 18% higher than the comparative period in the prior year ("prior period"). This result includes growth in operating profit<sup>2</sup> of 61%, with growth being delivered by all our South African retail life insurance businesses, Momentum Metropolitan's health business, the Non-life business unit and Momentum Metropolitan Africa. This was offset by a 45% decline in investment

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<sup>1</sup> Normalised headline earnings adjusts the standard JSE definition of headline earnings for the dilutive impact of finance cost 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 B-BBEE 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 normalised headline earnings remained unchanged.

<sup>2</sup> Operating profit represents the profits (net of tax) that are generated from our operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds.

return on shareholder assets, largely driven by lower interest rates on money market and other variable rate instruments, as well as a lower investable shareholder asset base from which the acquisition of Momentum Insurance was funded. Considering recent volatility related to Covid-19 and continued market uncertainty, one should be cautious not to annualise these quarterly results.

Our earnings per share increased by 19%, while headline earnings per share increased by 26%.

Amidst the lingering impact of the lockdown and challenging economic environment, the Group increased present value of new business premiums ("PVNBP") to R13.4 billion, 3% higher than the prior period. This growth was driven by a strong performance from Momentum Investments across both the Momentum Wealth investment platform business as well as structured products and annuities. Momentum Metropolitan Africa also saw strong single premiums new business. Although new business volumes in other business units were generally still below pre-Covid-19 levels, it has improved since the last quarter of F2020.

The Group's value of new business increased by 6% to R106 million, with strong improvements from Momentum Investments, boosted by their strong new business, and Metropolitan Life, which benefitted from a shift in its new business mix towards protection products.

Group embedded value per share was R26.12 on 30 September 2020. The Group's capital position remains strong and Momentum Metropolitan Life had a regulatory solvency cover of 1.85 times the Solvency Capital Requirement at the quarter end.

## Consolidated Group financial performance

The Group delivered normalised headline earnings of R1 042 million during the quarter. Normalised headline earnings by business unit are shown below:

R million	1Q2021	1Q2020 Restated*	Δ%
Momentum Life	315	318	(1)%
Momentum Investments	247	160	54%
Metropolitan Life	204	194	5%
Momentum Corporate <sup>#</sup>	96	119	(19)%
Momentum Metropolitan Health <sup>#</sup>	53	52	2%
Non-life Insurance	147	83	77%
Momentum Metropolitan Africa	165	128	29%
<b>NHE from operating business units</b>	<b>1 227</b>	<b>1 054</b>	<b>16%</b>
New Initiatives	(109)	(134)	19%
Shareholders	(76)	(38)	(100)%
<b>Normalised headline earnings</b>	<b>1 042</b>	<b>882</b>	<b>18%</b>

<sup>#</sup> From F2021 Momentum Corporate and Momentum Metropolitan's health business will be reported on separately. These business units are operating independently from each other and this reporting change will enable the Group to provide improved reporting and commentary on both business units.

\* Normalised headline earnings for the South African life insurance business units for the first quarter of F2020 have been restated to include investment return on shareholder assets that were previously reported in Shareholders. The Group normalised headline earnings were unaffected. The restatement is explained in the following section.

## Allocation of investment return on shareholder funds

The Group intends to establish return on equity ("ROE") as one of its key performance metrics from F2021. The ROE will be monitored at Group and business unit level. It is a step towards driving efficiency and optimisation of capital consumption across our various operating business units. We intend to disclose the Group ROE externally with the full-year results for F2021.

To support ROE reporting, investment return on excess assets of the South African life insurance business, which was previously reported in Shareholders, has been allocated directly to the operating business units, in proportion to the Solvency Capital Requirement of the covered operations in each business unit. The prior period's normalised headline earnings for each of these business units and Shareholders have therefore been restated. Momentum Metropolitan Africa is unaffected as the investment return on excess assets held in each of the countries, were already reported on in the business unit.

The following table outlines the build-up of normalised headline earnings per business unit:

R million	1Q2021			1Q2020		
	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Life	284	31	315	242	76	318
Momentum Investments	255	(8)	247	146	14	160
Metropolitan Life	187	17	204	154	40	194
Momentum Corporate	85	11	96	87	32	119
Momentum Metropolitan Health	56	(3)	53	45	7	52
Non-life Insurance	115	32	147	41	42	83
Momentum Metropolitan Africa	82	83	165	19	109	128
<b>Normalised headline earnings from operating business units</b>	<b>1 064</b>	<b>163</b>	<b>1 227</b>	<b>734</b>	<b>320</b>	<b>1 054</b>
New Initiatives	(110)	1	(109)	(135)	1	(134)
Shareholders	(108)	32	(76)	(75)	37	(38)
<b>Normalised headline earnings</b>	<b>846</b>	<b>196</b>	<b>1 042</b>	<b>524</b>	<b>358</b>	<b>882</b>

## Impact of the Covid-19 pandemic on the Group

Due to the significant uncertainty around the future progression of the Covid-19 pandemic at the end of F2020, Momentum Metropolitan established additional reserves at 30 June 2020 for possible future Covid-19 related mortality claims, increases in terminations (particularly contracts where policyholder relief options had been exercised), reduced return to work experience on disability income claims in payment, and business interruption claims. The total additional provisions amounted to R983 million (net of tax). This impact was recognised in the F2020 normalised headline earnings, while a further R398 million provision was established in the value of in-force component of the embedded value.

By 30 September 2020 South Africa had reported 674 339 confirmed Covid-19 cases (compared to 151 290 at 30 June 2020) and recorded 16 734 deaths (compared to 2 657 at 30 June 2020). Although this is a significant increase over the quarter, new reported infections and deaths peaked towards the end of July 2020. Reported death claims for the Group have largely mirrored the reported South African deaths in terms of timing and appear to be returning to pre-Covid-19 levels.

The mortality and disability components of the Covid-19 provisions are released over two years with a larger portion of the mortality provision being released in the first year. Termination provisions related to policyholder options are released as the options expire, while the allowance for a general increase in termination in Metropolitan Life is released over three years.

In Guardrisk, an additional reserve for business interruption claims in the hospitality sector was established on 30 June 2020. During the first quarter of F2021 a further provision of R26 million (net of tax) was made for potential additional expenses related to renewal of reinsurance cover for Covid-19 related business interruption claims.

During this quarter, the provision of R983 million was reduced by R174 million, leaving R809 million to be released in future. The table below gives a detailed breakdown of the change in provisions (net of tax) during quarter one of F2021:

Impact of provision release	Normalised headline earnings					Value of in-force business	Embedded value
	Mortality	Morbidity	Non-life insurance claims	Terminations	Total	Terminations	Total
R million							
Provision as at 30 June 2020	751	72	38	122	983	398	1 381
<b>Change in provision</b>							
Momentum Life	(50)	-	-	(36)	(86)	(81)	(167)
Metropolitan Life	(27)	-	-	(4)	(31)	-	(31)
Momentum Corporate	(69)	(9)	-	-	(78)	-	(78)
Momentum Metropolitan Africa	(4)	-	-	-	(4)	-	(4)
Non-life Insurance	-	-	26	-	26	-	26
<b>Total change in provision</b>	<b>(150)</b>	<b>(9)</b>	<b>26</b>	<b>(40)</b>	<b>(173)</b>	<b>(81)</b>	<b>(254)</b>
<b>Provision as at 30 September 2020</b>	<b>601</b>	<b>63</b>	<b>64</b>	<b>82</b>	<b>810</b>	<b>317</b>	<b>1 127</b>

## Group financial performance

The normalised headline earnings in the quarter increased by 18% to R1 042 million, and include a 61% increase in operating profit, partly offset by a decline in investment return of 45%.

Operating profit increased by double digits in all South African retail life insurance businesses, Momentum Metropolitan's health business, the Non-life business unit and our Africa portfolio. Operating profit in Momentum Corporate declined by 2%. Non-life insurance benefitted from strong growth in MSTI and the first-time inclusion of Momentum Insurance. Africa was boosted by a recovery in the performance of the countries where we will remain.

Investment return declined, negatively affected by reduction in yields available on shorter dated variable rate assets, as well as a lower investable shareholder asset base from which the acquisition of Momentum Insurance was funded.



## Consolidated Group new business performance

Key metrics	1Q2021	1Q2020	Δ%
Recurring premiums (R million)	755	899	(16)%
Single premiums (R million)	10 073	8 392	20%
PVNB (R million)	13 425	12 978	3%
VNB (R million)	106	100	6%
New business margin	0.8%	0.8%	

The Group's PVNB improved by 3% to R13.4 billion for the first quarter of F2021. Momentum Investments delivered strong growth in both Momentum Wealth investment platform business as well as structured products and annuities. Metropolitan Life continued its recent growth trend in protection new business. Momentum Metropolitan Africa also saw good single premium new business. Momentum Life's protection business and Momentum Corporate's group risk business were both heavily impacted by the reduced economic activity, and the impact on the PVNB metric was exacerbated by yield curve movements. Although new business volumes in other business units were generally still below pre-Covid-19 levels, we are encouraged by the continued improvement we observe in monthly new business volumes, particularly in retail protection products.

The value of new business increased by 6% amidst difficult operating conditions. The value of new business in the South African retail operations grew by 34%, driven by strong growth in Momentum Investments from the local and offshore Momentum Wealth platform and solid growth from structured products and annuities. Metropolitan Life also contributed to the increase in VNB with strong growth from protection products and a concerted drive to improve the quality of new business written.

## Segmental performance

### Momentum Life

R million	1Q2021	1Q2020	Δ%
Operating profit	284	242	17%
Investment return	31	76	(59)%
<b>Normalised headline earnings</b>	<b>315</b>	<b>318*</b>	<b>(1)%</b>
Recurring premiums	247	269	(8)%
Single premiums	490	488	-
PVNB	1 722	2 013	(14)%
VNB	12	26	(54)%
New business margin	0.7%	1.3%	

\* Normalised headline earnings for quarter one of F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group normalised headline earnings were unaffected.

## Normalised headline earnings

Normalised headline earnings declined marginally by 1% to R315 million, compared to the prior period. This can be explained by lower investment return on shareholder assets allocated to Momentum Life, as well as a small net negative impact from mortality experience, after allowing for the release of R50 million (net of tax) of the Covid-19 provision. This was offset by improved morbidity experience from lower critical illness claims, improved persistency (net of the release of some of the Covid-19 provision), as well as contained operating expenditure. The investment variance on the traditional and long-term savings products was also better than in the prior period.

## New business

PVNB for Momentum Life declined by 14% to R1.7 billion, which includes a 20% decline in PVNB on protection business and a 9% decline in long-term savings new business. Protection new business levels are 10% down on the prior period, while yield curve movements contributed to a further decline in PVNB. Protection new business levels improved significantly, doubling this quarter, compared to the last quarter of F2020, which included the impact of Level 4 and 5 lockdown. New business volumes on long-term savings business, though less impacted than protection business sales, saw a shift in business mix away from retirement annuities towards endowments. Long-term savings new business also increased by 40% from the last quarter of F2020.

VNB declined by 54% from R26 million to R12 million, resulting in a new business margin of 0.7%. This can be explained by lower PVNB on protection and long-term savings products, relative to the predominantly fixed expense base. This was partly offset by a reduction in distribution costs.

## Momentum Investments

R million	1Q2021	1Q2020	Δ%
Operating profit	255	146	75%
Investment return	(8)	14	<(100%)
<b>Normalised headline earnings</b>	<b>247</b>	<b>160*</b>	<b>54%</b>
Recurring premiums	40	29	38%
Single premiums	8 495	6 568	29%
PVNB	8 698	6 679	30%
VNB	64	30	>100%
New business margin	0.7%	0.4%	

\* Normalised headline earnings for the first quarter of F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group normalised headline earnings were unaffected.

## Normalised headline earnings

Normalised headline earnings from Momentum Investments improved by 54% to R247 million compared to the prior period. This strong growth was driven by earnings from annuities and structured products, which were boosted by improved margins on new business, the impact of yield curve movements and better credit risk profits. Asset-based fee income on the Momentum Wealth investment platform was bolstered by the solid recent new business growth, which also saw positive net flows onto Momentum Wealth's local and offshore platforms during the quarter. Expenses were well managed across the business.

## New business

PVNB for Momentum Investments increased by 30% to R8.7 billion. Single premium sales achieved strong growth on the local and offshore Momentum Wealth investment platform as well as on annuities. The value of new business improved from R30 million to R64 million mainly due to solid growth in new business volumes and an improved business mix, coupled with good expense management. These contributed to the improvement in new business margin to 0.7%.

## Assets under management

Assets under management increased by 3%, which include a 9% increase in the assets under management by the Momentum Wealth investment platform business, and flat assets from investment management businesses. This should be seen in the context of -1% year-on-year return on the JSE All Share index over the same period.

## Metropolitan Life

R million	1Q2021	1Q2020	Δ%
Operating profit	187	154	21%
Investment return	17	40	(58)%
<b>Normalised headline earnings</b>	<b>204</b>	<b>194*</b>	<b>5%</b>
Recurring premiums	301	312	(4)%
Single premiums	246	286	(14)%
PVNB	1 100	1 292	(15)%
VNB	51	39	31%
New business margin	4.6%	3.0%	

\* Normalised headline earnings for quarter one of F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group normalised headline earnings were unaffected.

## Normalised headline earnings

Metropolitan Life's normalised headline earnings increased by 5% to R204 million. Excluding the investment return on shareholder assets that was allocated to Metropolitan Life, operating profit growth of 21% year-on-year was supported by a sustained operational focus on improved quality of business, a change in the business mix towards more protection products and containment of expenses, which were flat year-on-year.

A significant increase in death claims, including those from Covid-19, led to a net negative mortality experience, which includes the release of R27 million (net of tax) of the Covid-19 provision. The management actions on the funeral book continue to yield persistency experience aligned to expectations, resulting in an improvement in normalised headline earnings of R21 million year-on-year.

The amount of premiums collected via the new premium collection initiative from Metropolitan Life, which enables clients to pay premiums more flexibly, has continued to increase. Metropolitan GetUp, an initiative from Metropolitan Life aimed at the digitally minded consumer, is continuing to exhibit steady growth and increasing levels of client engagement.



## New business

Metropolitan Life PVNBP declined by 15% to R1.1 billion compared to the prior period. This includes flat protection PVNBP and lower long-term savings and annuities new business. The average adviser productivity has continued to improve over the quarter and was better than the pre-Covid-19 level observed in the first half of F2020. Adviser retention also continued its positive trajectory during this quarter. This can be attributed partly to the digital enablement of the sales force, coupled with a strengthening of channel management team.

Metropolitan Life achieved growth on VNB of 31%, despite the decline in PVNBP of 15%. The improved VNB can mainly be attributed to the change in the new business mix towards more protection products, good expense management and lower distribution costs year-on-year. This led to an improvement in the new business margin to 4.6%.

## Momentum Corporate

R million	1Q2021	1Q2020	Δ%
Operating profit	85	87	(2)%
Investment return	11	32	(66)%
<b>Normalised headline earnings</b>	<b>96</b>	<b>119*</b>	<b>(19)%</b>
Recurring premiums	81	197	(59)%
Single premiums	619	893	(31)%
PVNBP	1 230	2 442	(50)%
VNB	(14)	0	<(100)%
New business margin	(1.1)%	0.0%	

\* Normalised headline earnings for the first quarter in F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group normalised headline earnings were unaffected.

## Normalised headline earnings

Momentum Corporate's normalised headline earnings declined by 19% to R96 million. Excluding the investment return on shareholder assets that was allocated to Momentum Corporate, normalised headline earnings declined by 2%. This was driven by significantly weaker mortality experience from the group insurance business, which saw a large increase in deaths relative to the prior period. The net mortality experience was negative, after taking account of a release of R69 million (net of tax) of the Covid-19 provision. This was offset by a significant improvement in the disability experience, with both income and lump-sum disability products delivering positive results, even before the release of R9 million (net of tax) of the Covid-19 provision. Expenses were contained at below inflation.

## New business

Momentum Corporate's PVNBP declined by 50% to R1.2 billion, reflecting the impact of lockdown and of slow economic activity on the Corporate client segment. Although quote activity during the quarter was largely in line with the prior period, most prospective clients appear to be delaying their final decision. Recurring premium new business on group risk and FundsAtWork products were affected more negatively than single premium business.

New business flows in this client segment tend to be lumpy, which means that the value of new business can fluctuate significantly from quarter to quarter. The lower new business volumes relative to a predominantly fixed distribution expense base resulted in value of new business of -R14 million in this quarter, which translated to new business margin of -1.1%.

## Momentum Metropolitan's health business

R million	1Q2021	1Q2020	Δ%
Operating profit	56	45	24%
Investment return	(3)	7	<(100)%
<b>Normalised headline earnings</b>	<b>53</b>	<b>52</b>	<b>2%</b>

### Normalised headline earnings

Normalised headline earnings for Momentum Metropolitan's health business improved by 2% against the prior period, to R53 million, mainly due to an improvement in administration fee income and good expense management, as well as lower claims on insurance products owing to deferral of elective and non-emergency care by members.

Health membership increased by 1% year-on-year, a good result taking into account the lack of growth from international student membership that was brought about by the closure of international borders in South Africa and the current strained economic environment.

## Non-life Insurance

R million	1Q2021	1Q2020	Δ%
Guardrisk	85	88	(3)%
MSTI	24	(5)	>100%
Momentum Insurance	38	- <sup>3</sup>	>100%
<b>Normalised headline earnings</b>	<b>147</b>	<b>83</b>	<b>77%</b>

### Normalised headline earnings

Guardrisk's earnings declined by 3% to R85 million. A further Covid-19 related provision of R26 million (net of tax) was raised for potential additional expenses related to renewal of reinsurance cover for business interruption cover. With a number of legal cases concerning business interruption on appeal, and having settled the majority of business interruption claims over the past three months, we do not deem it necessary to increase our current provisions against business interruption claims at this stage.

Underwriting results improved by 52%, despite the increase in Covid-19 related provisions. Revenue growth remained strong, supported by noteworthy new business growth in Guardrisk Life and the Volume & Affinity division. This result was further aided by good persistency of the existing client base within the cell captive and underwriting managers' divisions.

<sup>3</sup> Momentum Insurance, formerly known as Alexander Forbes Insurance, was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects nil values.

At MSTI, net earned premiums grew by 8%, continuing the positive trend observed over recent quarters. Normalised headline earnings increased to R24 million, aided by a substantial improvement in underwriting results and well managed expenses. The claims ratio for the quarter improved against the prior period from 61.9% to 50.5%. The improvement in the claims ratio was driven by continued lower claims under lockdown, as well as the dry winter months.

Momentum Insurance reported normalised headline earnings of R38 million for the three months to 30 September 2020. The year-on-year underwriting results improved by 7%, driven mainly by a reduction in the claims ratio to 51.4% (from 53.7%). The migration and integration of Momentum Insurance into the MSTI business is tracking well against the business plan.

## Momentum Metropolitan Africa

R million	1Q2021	1Q2020	Δ%
Operating profit	82	19	>100%
Investment returns	83	109	(24)%
<b>Normalised headline earnings</b>	<b>165</b>	<b>128</b>	<b>29%</b>
Recurring premiums	86	92	(7)%
Single premiums	223	157	42%
PVNBP	675	552	22%
VNB	(7)	5	<(100)%
New business margin	(1.0)%	0.9%	

### Normalised headline earnings

Normalised headline earnings increased by 29% to R165 million, which was driven by the recovery of the investment markets across the region. The underlying operational results in the countries where we will remain were satisfactory, with Namibia delivering strong growth, albeit from a low base.

### New business

PVNBP for Momentum Metropolitan Africa increased by 22% to R675 million year-on-year. We saw good growth in corporate savings business in Lesotho, while Namibia showed solid growth on retail annuity sales and protection business. The first quarter was challenging in Botswana, as the ability of the distribution force to generate new business sales at the pre-lockdown levels was limited.

The value of new business declined to -R7 million for the quarter, which was mainly driven by Botswana and Namibia, which both saw a change in new business mix away from protection products towards savings products. This was partially offset by the positive value of new business attained in Lesotho due to good new business volumes and a higher proportion protection business. Overall, the new business margin was -1.0%.

## New Initiatives

R million	1Q2021	1Q2020	Δ%
India (JV with Aditya Birla Capital) <sup>4</sup>	(72)	(75)	4%
aYo (JV with MTN)	(13)	(32)	59%
Other <sup>5</sup>	(24)	(27)	11%
<b>Normalised headline earnings</b>	<b>(109)</b>	<b>(134)</b>	<b>19%</b>

The India joint venture, in partnership with Aditya Birla, continues to deliver results in line with our expectations. As at 30 June 2020, we have signed up over 8.9 million lives and the ratio of retail to corporate business continues to improve. The operational loss improved year-on-year, however a currency loss of R15 million due to the deterioration of the South African rand relative to the Indian rupee, resulted in total losses being only R3 million lower than the prior period.

aYo, our joint venture with MTN, reached 10 million enrolments in October 2020 with over 50% active. The share of start-up losses has declined following the strategic decision to reduce our shareholding from 50% to 25%, with MTN's shareholding increasing to 75%. The change in shareholding is still subject to certain conditions precedent.

## Shareholders

R million	1Q2021	1Q2020	Δ%
Operating loss	(108)	(75)	(44)%
Investment return	32	37	(14)%
Investment income	5	5	0%
Fair value gains	27	32	(16)%
<b>Normalised headline earnings</b>	<b>(76)</b>	<b>(38)*</b>	<b>&lt;(100)%</b>

\* Normalised headline earnings for quarter one of F2020 have been restated as investment return on shareholder assets that was previously reported in Shareholders have now been allocated to the business units. The Group normalised headline earnings were unaffected.

The normalised headline earnings from the Shareholder segment declined compared to the prior period, mainly due to an increase in tax expenses. Unallocated head office expenses remained largely flat year-on-year.

Lower investment return earned on shareholder assets were driven by lower interest rates on cash and short-term instruments, following the onset of the Covid-19 pandemic. Furthermore, the acquisition of Momentum Insurance was funded from existing shareholder cash resources, resulting in a lower asset base on which investment return was earned. From F2021 investment return in Shareholders reflects only the portion of the investment return on shareholder assets that is not allocated to the life insurance business units in proportion to their Solvency Capital Requirement.

<sup>4</sup> Results for the India joint venture are reported with a three-month lag.

<sup>5</sup> "Other" includes Exponential Ventures, Momentum Money and Momentum Consult.

## Outlook

Momentum Metropolitan delivered pleasing operational and financial performance during the first quarter of F2021 and we are satisfied with the continued progress that we have made in each of the business units towards our Reset and Grow strategic objectives.

The Covid-19 pandemic is unfortunately not over yet, and its future progression remains uncertain. The impact of Covid-19 and the challenging economic conditions globally and in South Africa will continue to be felt in our business for some time. Given the general decline in infections and deaths that were observed in recent months in South Africa, we support the further opening of the economy to all sectors, which was announced by the President on 11 November 2020. However, we remain vigilant in safeguarding and supporting our clients and employees that are affected by Covid-19.

We take heart from the new business trends across our retail business units that started to emerge during the quarter, and we believe that we continue to improve our competitive position, particularly in the low-income protection market. The Group is in a good position to achieve further sustainable growth once the crisis has abated, with robust levels of capital and liquidity.

Given the continued uncertainty brought about by the Covid-19 pandemic, it is too early to give firm guidance on our full-year earnings. It is highly unlikely that the current level of earnings can be maintained over the remaining three quarters. We have progressed well on strategic planning for the period beyond F2021 and expect to launch our updated strategy to the market in the first half of 2021. Our employees remain instrumental to our continued success, and their contribution to the Group's resilience over the past nine months of the Covid-19 crisis cannot be overstated.

24 November 2020

CENTURION

*The information in this commentary, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors.*

## Conference call

The executive management of Momentum Metropolitan will be hosting a conference call for shareholders, investors and analysts on 24 November 2020.

We kindly request callers to pre-register using the following link [www.diamondpass.net/2577062](http://www.diamondpass.net/2577062).

A passcode and pin will be generated following registration. We advise callers to dial in 5 minutes before the conference call starts at 13:00.

Access numbers for participants dialling live from their country:

South Africa	011 535 3500 (Neotel)
	010 201 6700 (Telkom)
UK	0 333 300 1417
USA and Canada	1 508 924 4325
Other Countries	+27 11 535 3500

Recorded playback will be available for three days after the conference call.

Access Numbers for Recorded Playback:

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USA and Canada	1 412 317 0088
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