

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 2021

Having passed the one-year mark since the onset of the COVID-19 pandemic, global and local economies showed signs of economic recovery in the first quarter of 2021 as lockdown restrictions were eased, coupled with the emerging benefits of vaccine rollouts. South African equity markets outperformed most other emerging and developed markets, recording strong gains for the quarter. Economic growth in the countries in which we operate in Rest of Africa remains muted and dependent on successful vaccine rollout strategies. Continued stimulus measures and the scale of vaccine rollouts in many countries globally bodes well for a fuller economic recovery in the second half of 2021. The pace of economic recovery in South Africa could be delayed given slower than anticipated vaccination and emerging signs of a potential third wave of infections.

Our employees and intermediaries remain resilient and motivated while adapting to new ways of working. Intermediaries are servicing customers while taking necessary precautions in branches and worksites. Some of our employees continue to work from home with critical employees being on site in office locations as we embark on a managed process towards a hybrid model of working. The Group will partner with government and other relevant stakeholders to assist in the vaccine rollout, leveraging our Responsible Business programmes.

There has been a positive recovery in productivity levels in our South African retail segments, Mass and Foundation Cluster and Personal Finance with strong momentum in issued life sales levels in March, which has continued into April. Improved adviser productivity and the increased use of direct channels have supported sales growth although sales levels have not yet recovered to 2019 levels. Ongoing management actions to support intermediaries to sell remotely have contributed to the recovery in productivity levels. We continue to make significant progress in building a digital capability that enables enhanced engagement as well as sales and servicing to customers and intermediaries while

ensuring a seamless transition from physical to digital interaction. In the first quarter we introduced new service features and products through WhatsApp and USSD platforms to help customers do even more from the comfort of their homes, including managing their Old Mutual Rewards. We continue to prioritise the optimisation of data analytics and robotics in particular to offer a personalised customer experience that will improve the longevity of customer relationships. Through the continuous delivery of data-driven insights we support intermediaries to proactively service and assist our customers to achieve their financial goals.

Capital position and liquidity

The solvency ratio for OMLACSA for the three months ended 31 March 2021 was 207%, at the upper end of our target range of 175% - 210%. The decrease in our solvency ratio from the 215%¹, as reported to the Prudential Authority, was largely due to an increase in capital requirements to support risk sales and higher market risk capital requirements due to improved market levels and a higher equity shock prescribed by the Regulator. The Group also remains well capitalised and our solvency and liquidity positions remain strong, supported by robust hedging programmes. We continue to monitor our Group solvency ratio and this remains strong relative to our target range of 155% - 175%.

¹The increase in the OMLACSA solvency ratio of 215% as submitted to the Prudential Authority compared to the 206% as disclosed in the FY2020 results is mainly due to updates to participation values and the impact of reported COVID-19 provisions which reduced the solvency capital requirement.

Financial performance for the three months ended 31 March 2021

The table below sets out certain key performance indicators for the three months ended 31 March 2021.

Key Performance Indicators (R millions unless otherwise indicated)	31 March 2021	31 March 2020	% change
Results from Operations	1,814	1,227	48%
Life APE Sales	2,429	2,461	(1%)
VNB	304	290	5%
Gross Flows	44,263	50,568	(12%)
Net Client Cash Flow (Rbn)	(4.2)	0.8	(>100%)
Funds Under Management ¹ (FUM) (Rbn)	1,146.9	1,104.6	4%
Loans and Advances ¹	19,425	20,320	(4%)
Gross Written Premiums	5,073	4,971	2%

¹Comparative amounts represent FY2020 balance sheet amounts.

Profitability for the year to date improved as a result of strong performance in local equity markets which drove higher asset based fees due to an increase of 6% in average FUM, closing FUM at the end of the first quarter being 23% above March 2020 levels. The higher closing FUM balance provides a strong asset base on which to earn higher fees in the second quarter. Improved credit experience due to a deliberate focus on tightening of credit criteria and more selective offers to customers in Old Mutual Finance in South Africa, the non-repeat of the negative mark to market losses in Old Mutual Investments in the prior year and a positive claims experience not related to COVID-19 in our Credit Guarantee Insurance Corporation business positively impacted profits. Expenses were managed well in the first quarter and we remain on track to deliver our cost-savings target of R750 million at the end of 2022.

Life APE sales were marginally behind the prior year despite good momentum in productivity levels as observed in issued sales which will be reflected as reported life sales in the second quarter. Lower single premium pre-retirement and annuity sales in Old Mutual Corporate were the main drivers of the decrease in Life APE sales. While we saw an improvement in umbrella quote activity relative to the levels at the end of 2020, corporate sales are typically lumpy in nature and lower single premium sales were recorded in the first quarter compared to Q4 2020. The decrease in Life APE sales in Rest of Africa was mainly due to lower credit life sales in Namibia, coupled with a deterioration in corporate sales because of the economic environment. Life APE sales decreased marginally in Mass and Foundation Cluster driven by lower credit life sales following continued actions to manage our credit exposure in Old Mutual Finance and lower issued risk sales in Q4 2020. This was partially offset by higher risk sales of Old Mutual Protect. Personal Finance delivered significant growth in single-premium annuity sales and strong growth in risk sales, partially offset by lower recurring savings sales. Higher risk sales were recorded in China during the first quarter. VNB recovered well from 2020 levels due to a better mix of business sold in the first quarter, with a VNB margin of 2.1% for the quarter being well within our medium-term target range of 1.5% - 3% as communicated in our FY2020 results. The negative impact of very low levels of issued sales in the second quarter of 2020 and the pressure on customers' disposable income at the height of the pandemic adversely affected VNB in 2020.

Gross flows decreased when compared to the same period in the prior year. The non-repeat of significant inflows into our Asset Management businesses in East Africa resulted in a decline of more than 50% from the prior year. Lower inflows in Futuregrowth, partially offset by strong inflows in Marriott and our Liability Driven Investment (LDI) capability resulted in a decrease in Gross flows in Old Mutual Investments. A significant decrease in single premium flows in Old Mutual Corporate was experienced, the result of the non-repeat of large single premium pre-retirement savings flows in the prior year. These decreases were partially

offset by strong flows in Old Mutual International and on the retail platform of our Wealth Management business, with strong momentum experienced towards the end of the quarter.

Negative NCCF stemmed from the decrease in Gross Flows and significant volumes of mortality claims in our South African life businesses. These claims were largely in line with expected claims levels assumed in the December 2020 pandemic reserve, set up for the anticipated impacts of COVID-19 in 2021. FUM increased largely due to strong equity markets, despite negative NCCF.

The decrease in Loans and Advances from the prior year was mainly driven by lower footfall in retail branches in South Africa which has not yet fully recovered to pre-COVID levels, and the further tightening of credit criteria in Old Mutual Finance as we manage our risk appetite in the current environment. Growth in Loans and Advances in Rest of Africa showed marginal growth, largely due to the relaxation of lockdown restrictions in East Africa and the ongoing recession in Namibia driving an increase in government payroll-linked disbursements. Gross Written Premiums showed good growth, the result of good customer retention and pleasing acquisition rates in East Africa and Nigeria as well as ongoing benefits from various strategic partnerships in Old Mutual Insure.

Operating update

The second wave of the pandemic led to an increase in excess death claims with approximately R2.7 billion of COVID-19 related mortality claims recorded in the first quarter. However, persistency was stronger than expected when provisions were assessed at 31 December 2020. A portion of the December 2020 pandemic reserve of approximately R4 billion was released to partially offset the excess death experience to date. Taking into account the release of the provision, there is approximately R1.3 billion of the pandemic reserve remaining for mortality risk related to COVID-19. We continue to closely monitor our claims experience as future waves and their impacts remain uncertain. We have actively engaged with brokers and consultants in our Property and Casualty business regarding business interruption and rescue claims processes and we continue to pay claims as documentation is received. We paid R281 million of gross claims in the first quarter.

The unrealised mark to market losses related to unlisted equity and a portfolio of credit exposures in our Specialised Finance business that arose in 2020 remain largely unchanged and we expect these mark to market losses to unwind when further economic recovery occurs. We are actively engaging with counterparties to assess the ongoing pressure on their business operations and the impact of these on our profits.

Outlook

We continue to focus on initiatives to improve productivity levels to increase sales and to service and support our customers. Higher FUM at the end of the quarter compared to the prior year provides a strong asset base on which to earn fees in the second quarter. Customer retention has been better than expected although policy lapses in future months remain dependent on the pace of economic recovery. Uncertainty over the vaccine rollout and potential third and subsequent waves could place pressure on earnings in the short term. However, we remain confident that the strength of our balance sheet and liquidity will enable us to withstand this volatility, deliver on our promises to customers and provide a platform to accelerate growth as opportunities arise.

The financial information in this voluntary operating update 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. Following the SENS announcement we released on 3 May 2021 advising shareholders of the appointment of Ernst & Young Incorporated as joint auditor for the 2022 financial year, the Group has received approval from the Prudential Authority.

Investor engagement

We will be hosting a Capital Markets Day on Thursday, 24 June 2021 from 13:00 - 17:00 CAT. The agenda will focus on the Group's strategy, capital position relative to targets and other relevant business updates. Investors and Media are invited to attend and register on the following link:

<http://www.overendstudio.co.za/events/OldMutual/2021/CapitalMarketsDay/rsvp.php>

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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 market 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 176 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and the broader society on the continent.

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