

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 2021

Momentum Metropolitan is currently in the process of finalising its results for the 12 months ended 30 June 2021, which will be released on 8 September 2021. 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:

	F2021 (cents)	F2020 Restated* (cents)	% change
Earnings per share	28 to 31	13	+115% to +135%
Headline earnings per share	21 to 36	71	-70% to -50%
Normalised headline earnings per share	51 to 71	102	-50% to -30%

* The sale of Momentum Mozambique LDA will not proceed, as the conditions precedent could not be met by the agreed deadline. This business is no longer classified as held for sale, resulting in a restatement of the earnings per share for the Group for F2020, which increased by 0.6 cents. Headline earnings per share and normalised headline earnings per share were unaffected.

When Momentum Metropolitan reported results for the nine months to 31 March 2021, it was noted that the full-year F2021 results could be affected by the severity of the third wave of Covid-19 infections in South Africa. In line with the steep increase in national experience, our mortality claims over the course of the pandemic to date have been more severe than what was initially expected. At 30 June 2021, the Group will increase its provision against Covid-19 related mortality and disability claims experience by approximately R1.6 billion (net of tax). This is in addition to the increases in the Covid-19 provision totalling R0.7 billion (net of tax), which were reported for the six months ending 31 December 2020 and for the nine months ending 31 March 2021.

For the full year F2021, the Group has experienced net mortality losses of R2.8 billion, consisting of the increase in the Covid-19 mortality provision of R2.1 billion and net negative mortality experience variance of R0.7 billion, after allowing for positive impacts from annuity products and the release of existing Covid-19 provisions. The Group's South African life insurance businesses paid close to R11 billion in mortality claims (gross of reinsurance and tax) in F2021, compared to an average of around R6 billion p.a. over the three years preceding the pandemic.

Momentum Life was severely impacted and since the start of the pandemic until the end of July 2021, the Myriad protection product paid R1.8 billion in gross mortality claims where Covid-19 was reported as the cause of death. Momentum Life's exposure is concentrated around Gauteng, Western Cape and KwaZulu-Natal, and claims are mirroring the national experience that reported a substantial increase in claims during the second and third wave of Covid-19 infections in these provinces. The third wave is ongoing and claims continue to be

reported. Momentum Life did not experience material negative experience variance on critical illness or disability products.

Momentum Corporate experienced an increase in mortality claims at all ages, and saw more claims from members who are at higher salary levels and from members who are insured at higher multiples of salary. This resulted in the average claim sizes increasing 33% from F2020 to F2021. The average monthly claims in F2021 were nearly double the three year pre-pandemic monthly average.

During F2021, Metropolitan Life experienced approximately 20,000 more deaths than expected, representing 70% more deaths than expected. The average monthly claims in F2021 were also 70% higher than the three-year pre-pandemic monthly average.

Largely as a result of the increase in the Covid-19 provision, the Group's full year results are therefore expected to reflect a decline in headline earnings per share and normalised headline earnings per share, as outlined in the table above.

In the prior year, earnings per share were negatively impacted by an impairment of R0.5 billion on the MARC, an owner-occupied property in Sandton, as well as a R0.2 billion write-off to the goodwill of the Non-life Insurance business. As a result of the impairment and write-off of goodwill not repeating, the Group's full year results will reflect an increase in earnings per share as outlined in the table above.

Excluding the additional Covid-19 provision and net negative mortality experience variance, the Group's underlying performance during the last quarter of F2021 remained resilient with earnings in Momentum Investments, Metropolitan Life and Momentum Metropolitan Health benefiting from strong new business revenue, further supported by good growth from the Non-life Insurance business, and strong investment returns on the shareholder investment portfolio.

The Group remains well capitalised, with the regulatory solvency cover of Momentum Metropolitan Life, the Group's main life insurance entity, as well as the group solvency for Momentum Metropolitan Holdings, remaining within the target range after taking into account the additional Covid-19 provision and net negative mortality experience variance.

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 (including those related to the iSabelo employee share scheme), 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 remains unchanged, however the adjustment for treasury shares has been expanded in F2021 to include the shares related to the iSabelo employee share scheme.

The full financial and operating results for the 12 months are expected to be released on Wednesday, 8 September 2021 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/MM08092021>. In addition, the announcement will be broadcast live on Business Day TV, DSTV Channel 412.

Centurion
17 August 2021

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

Equity sponsor
Merrill Lynch South Africa (Pty) Limited
t/a BofA Securities

Debt sponsor
Rand Merchant Bank
(A division of FirstRand Bank Limited)