

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

Ref 15/22
 26 May 2022

OLD MUTUAL VOLUNTARY OPERATING UPDATE FOR THE PERIOD ENDED 31 MARCH 2022

In South Africa we continue to see good recovery in sales, with Life APE sales 19% ahead of the prior year. This was driven primarily by strong risk sales in Mass and Foundation Cluster, and improved savings and funeral sales in Personal Finance and Wealth Management, with risk and annuity product sales remaining under pressure due to the prevailing economic conditions. COVID-19 impacts were better than our expectations, with existing provisions more than sufficient given the experience in the first quarter of 2022. We continue to monitor experience for the second quarter across our markets.

Financial performance for the period ended 31 March 2022

The table below sets out certain key performance indicators for the period ended 31 March 2022 ("the quarter")

Key Performance Indicators (R millions unless otherwise indicated)	31 March 2022	31 March 2021	change
Life APE Sales	2,890	2,429	19%
Value of New Business (VNB) ¹	464	304	53%
VNB Margin ¹	2.8%	2.1%	70bps
Gross Flows	40,197	44,263	(9%)
Net Client Cash Flow (NCCF) (Rbn)	(5.0)	(4.2)	(19%)
Funds Under Management ² (FUM) (Rbn)	1,229.6	1,273.6	(3%)
Loans and Advances ²	18,496	18,907	(2%)
Gross Written Premiums	5,465	5,073	8%

¹ Represents an estimate for the period

²Comparative amounts represent FY2021 balance sheet amounts.

Sales momentum has continued into the first quarter of 2022, compared to the same period in the prior year ("the prior period"), which was impacted by lockdowns. Current year sales benefited from strong risk sales in Mass and Foundation Cluster as productivity levels maintained a growth trajectory from

the prior year. In Personal Finance and Wealth Management, savings and funeral sales improved while risk and annuity sales declined relative to the prior year. Group risk sales in Old Mutual Corporate were 79% up against the prior year due to substantial deals secured in the quarter, however, single premium pre-retirement sales declined from the prior year. Rest of Africa Life sales were up 62% on the prior period primarily stemming from improved corporate volumes in Namibia, Malawi and East Africa as our strategy to pivot to corporate business gains traction. In China sales growth of 77% was achieved largely through the successful promotion of savings products in the broker channels.

VNB improved by 53% due to strong growth in issued sales in Mass and Foundation Cluster and higher corporate business in Rest of Africa. VNB in Personal Finance worsened due to a methodology change at the end of 2021 and a shift in the sales mix. VNB margin of 2.8% remains at the upper end of our target.

Gross Flows decreased by 9% driven by lower asset management flows in Old Mutual Investments. This was largely due to the non-repeat of large new mandates that occurred in the prior year. Old Mutual Corporate saw a decline in single and recurring premium flows, primarily due to Superfund client liquidations and lower volumes. These were partially offset by higher flows in the asset management business in Namibia and in the life business in East Africa.

NCCF of negative R5.0 billion was impacted by the decline in gross flows. This was partially offset by lower client terminations and reduced mortality claims across the life businesses. FUM was negatively impacted by market movements and the strong Rand which reduced the value of funds managed offshore.

The decline in Loans and Advances was driven by lower disbursements in the Rest of Africa with Mass and Foundation Cluster being flat compared to the prior period. The Rest of Africa banking and lending performance remains under pressure due to the tougher economic climate and increased competition in the various markets.

Gross Written Premiums grew by 8% from the prior year driven largely by higher renewal rates and business acquisitions in the corporate and retail channels in Kenya and Uganda. This was supported by higher premiums in the retail division of Old Mutual Insure.

Results from Operations for the quarter were marginally ahead of the prior year, mainly due to improved mortality profits in Personal Finance. In the first quarter of 2021, we recorded significant excess deaths in Personal Finance which were largely offset by provision releases. The improved mortality profits resulting from materially lower excess deaths in Personal Finance in the current year were partially offset by lower underwriting results in Old Mutual Insure and Old Mutual Corporate as well as an increase in central expenses due to our investment in digitalisation and innovation initiatives.

COVID-19 update

In our South African life businesses, provisions were raised at 31 December 2021 based on our own claims experience and the South African Medical Research Council's (SAMRC) excess mortality data, as well as an assumption on vaccination hesitancy.

The impacts of wave 4 were well within provisions raised and no further provisions have been raised. We released the lower of actual experience and planned provision releases in the quarter. We continue to closely monitor our mortality claims experience as future waves and their impacts remain uncertain. The adequacy of existing provisions will be assessed at 30 June 2022.

Capital position and liquidity

The solvency ratio for Old Mutual Life Assurance Company (South Africa) Limited for the quarter was 200% - at the upper end of our target range of 175% - 210%. The marginal decrease in our solvency ratio from the 203%, as reported to the Prudential Authority for 31 December 2021, was largely due to the redemption of subordinated debt in the first quarter of 2022. The Group remains well capitalised within our target range of 170% - 200%.

Emerging factors during the second quarter of 2022

Old Mutual Insure ("OMI") remains committed to supporting customers affected by the devastating floods experienced in KwaZulu-Natal in April and to helping them to speedily restore their affected assets. To date we have received over 2,200 claims related to this catastrophe.

There are several reinsurance agreements in place which are expected to reduce our portion of the gross claims with an estimated net impact on the OMI financials of between R100-R150m. OMI remains well capitalised, and all valid claims received on our policies will be settled.

OMI will continue to play our part to serve our customers during this difficult time. We are currently reviewing our claims pattern for the recent second wave of floods in KwaZulu-Natal in May and we will provide further updates in due course.

The global economy remains under significant pressure with rising inflation and interest rates, and continued risk and uncertainty around the Russia and Ukraine conflict dampening consumer sentiment.

Whilst the full impact is yet to play out, we expect pressure on our customers because of higher inflation and interest rates which have continued to increase in the second quarter of 2022. We continue to monitor the impact of these factors and the declining market levels on our business. We have a resilient business, with a well-capitalised balance sheet and strong liquidity, giving us the platform upon which to remain a certain friend in uncertain times.

Investor engagement

Investors are invited to participate in a conference call to address matters related to this voluntary operating update on 26 May 2022 at 17:15pm, SAST. Investors and media may register on the following link: <https://www.oldmutual.com/investor-relations>.

Please note that registered participants will receive their dial in number upon registration. We advise callers to dial in at least five minutes before the conference call starts.

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

Access numbers for recorded playback:

Access code for recorded playback: 86906

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

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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 177 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities they 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.