

Old Mutual Limited
 Incorporated in the Republic of South Africa
 Registration number: 2017/235138/06
 ISIN: ZAE000255360
 LEI: 213800MON84ZWWPQCN47
 JSE Share Code: OMU
 LSE Share Code: OMU
 NSX Share Code: OMM
 MSE Share Code: OMU
 ZSE Share Code: OMU
 ("Old Mutual" or "Company" or "Group")

Ref 56/22

22 November 2022

OLD MUTUAL VOLUNTARY OPERATING UPDATE FOR THE PERIOD ENDED 30 SEPTEMBER 2022

OPERATIONAL UPDATE

Despite tough economic conditions, sales recovery has maintained momentum in the third quarter of 2022 across our life businesses. The difficult global macro-economic conditions have impacted the operating environment in South Africa and the other countries in which we operate. South Africa has experienced rising inflation, interest rate increases and ongoing load-shedding. In the African markets where we operate, the economic climate continues to be volatile due to escalating inflation rates and depreciating currencies. These factors have resulted in increased financial pressure on customers.

Financial performance for the period ended 30 September 2022

The table below sets out certain key performance indicators for the nine months ended 30 September 2022 (the "current period").

Key Performance Indicators (R millions unless otherwise indicated)	30 September 2022	30 September 2021	change
Life APE sales	9 498	8 136	17%
Gross flows	136 136	146 631	(7%)
Net client cash flow	(1 163)	(2 627)	56%
Funds under management ¹ (Rbn)	1 192.7	1 273.6	(6%)
Loans and advances ¹	18 931	18 907	0%
Gross written premiums	16 860	15 103	12%

¹Comparative amounts represent FY2021 balance sheet amounts

Life APE sales were up by 17% from the nine months ended 30 September 2021 (the "prior period"), which was impacted by lockdowns. Sales in the current period benefitted from strong issued sales across all channels and improved credit life sales in Mass and Foundation Cluster. Sales growth was also driven by higher group risk and annuity sales in Old Mutual Corporate as well as higher retail and corporate sales in Namibia. Our China business delivered strong savings sales from the broker channels. Personal Finance and Wealth Management delivered improved savings and funeral

sales as well as higher endowment sales and investment flows into fixed bond products for the year to date, which were partially offset by lower guaranteed annuity and non-funeral risk sales.

Gross flows declined by 7% as the prior period included new Liability Driven Investment mandates together with flows into money market and corporate cash products in Old Mutual Investments which did not repeat in the current period. Strong flows from Old Mutual Africa Regions and China as well as significant flows into new deals secured in Old Mutual Investments and Old Mutual Corporate in the third quarter contributed positively to flows. This was partially offset by lower flows in Personal Finance and Wealth Management due to lower guaranteed annuity sales and reduced demand for offshore investments.

Despite the decrease in gross flows, net client cash flow recovered from the prior period due to reduced mortality claims across the life businesses and lower client disinvestments and terminations. Funds under management were negatively impacted by market volatility due to weaker performance of local and global equity markets.

There has been no significant movement in loans and advances compared to the prior period. Mass and Foundation Cluster delivered steady sales and Old Mutual Africa Regions remain under pressure with lower disbursements due to tough economic conditions.

Strong growth in gross written premiums was supported by higher renewal rates and new business sales in Old Mutual Africa Regions, particularly in Kenya's medical business, coupled with good premium growth in the Specialty division of Old Mutual Insure.

Results from operations were above the prior period, mainly driven by improved profits in our life businesses resulting from lower COVID-19 excess deaths in the current period. Despite market volatility, Old Mutual Investments delivered higher asset-based fees due to higher average asset levels which positively impacted profits. This was partially offset by deteriorating persistency experience in Mass and Foundation Cluster and net catastrophe losses related to the KwaZulu-Natal floods as well as an increase in attritional claims in Old Mutual Insure for the year to date.

Our central costs were above the prior period due to new development costs and license application costs related to transactional capabilities and Next176 as part of our investment in growth and innovation initiatives.

Due to the ongoing impact of hyperinflation on the economy in Zimbabwe, we continue to exclude the results of the Zimbabwe business from adjusted headline earnings. The Group headline earnings for current period was lower than the prior period due to the significant decline in Zimbabwe earnings. This was largely driven by the deterioration of Zimbabwean dollar to the rand, the currency depreciated from closing exchange rate of 1 ZWL\$: 0.1369 ZAR at 30 September 2021 to closing exchange rate of 1 ZWL\$: 0.0278 ZAR for the period ended September 2022.

CAPITAL UPDATE

Capital position

The solvency ratio for Old Mutual Life Assurance Company (South Africa) Limited for the current period remained at 212%, above our target range of 175% - 210%. The combined decrease in eligible own funds and solvency capital requirement for the period ended 30 September 2022 resulted in no movement in the ratio from June 2022. We continue to monitor the Group solvency ratio which remains within our target range of 170% - 200%.

Discretionary Capital

The Group proactively manages its discretionary capital to maximise shareholder value by optimising the Group's balance sheet and allocation of capital within the Group. Discretionary capital represents the surplus assets that are available for distribution, deployment or acquisitions. The Group's discretionary capital for the current period was R3.5 billion. The discretionary capital balance at 30 September 2022 includes amounts earmarked for investments in growth and innovation initiatives including building our transactional capabilities which will enable us to responsibly build the most valuable business in our industry.

The Residual plc board has approved a dividend of GBP39 million, which is expected to be paid to the Group before the end of 2022. The dividend will increase the discretionary capital for the Group. Further detail on the allocation of discretionary capital will be provided at the full year results announcement.

STRATEGIC TRANSACTIONS

We have anchored our strategy in our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. We are pleased to announce several developments which bring us closer to delivering on this victory condition.

The Group has received **Section 13 approval** from the Prudential Authority to proceed with the application for a banking license. The establishment of an entity in the Group with a banking licence is a natural progression of our core strategy, helping us to sustain our customers' prosperity through an enhanced transactional banking capability. The Group has existing lending and transactional solutions which, in South Africa, consist of our Money Account and an unsecured lending product. These solutions are offered mainly to our Mass and Foundation Cluster customer base and the unsecured lending solution is already a strong contributor to Group profitability. The current transactional solution is delivered through a commercial arrangement with a third-party bank. While this commercial arrangement has allowed us to gain experience in transactional banking services, a divergence of aspiration requires us to reassess our future arrangement to deliver on our customer needs. The establishment of a bank within the Group will allow us to hold the primary relationship with our customers, driving greater regular interaction with them and enhancing the cross-sell opportunity across the Group. It will also enable the Group to accept retail deposits, thereby providing a cheaper source of funding.

We are building this transactional capability using the latest technology that will allow enhanced servicing and personalisation. This, together with a cloud-based technology stack, will enable us to deliver cost effective, flexible and scalable solutions to our customers.

The approved expenditure to complete the build of the transactional capability is R1.75 billion. In line with the business case, we have incurred costs of R830 million for the current period and approximately 10% of these costs were capitalised. Once relevant Prudential Authority approvals are received, the launch is targeted for the second half of 2024. The entity is expected to break-even 3 years after the launch. As the capability matures post break-even, the return is expected to be significantly above the target return of 4% in excess of the cost of equity. We are currently working on our application under Section 16 of the Banks Act for the registration of the bank.

Old Mutual Insure has concluded a transaction to acquire a 51% shareholding in Versma Administrators ("Versma") and Primak Brokerage ("Primak"), both are financial service providers operating in the Western Cape in the non-life insurance space. Versma and Primak are family-owned businesses that reached maturity in their life cycle and welcomed a large industry player to take the businesses to the next level. These transactions have already received Prudential Authority approval and will have a minimal impact on the discretionary capital balance.

OUTLOOK

Our balance sheet remains well capitalised with Group solvency ratio within our target range. We are committed to deliver on our medium-term targets, noting that the results from operations target will be difficult to achieve given the current economic climate and market volatility. We remain on track to achieve our cost savings target of R750 million, with savings of more than R700 million achieved for the period ended 30 September 2022. The value of new business margin remains within our medium-term target range of 2% to 3%.

We continue to be concerned about the impact that the current economic environment is having on policyholders' ability to maintain their policies. At year end we will reassess the remaining COVID-19 provisions, the long-term impacts of COVID-19 and increased pressure on persistency in Mass and Foundation Cluster.

We are making progress on the implementation of IFRS17 to produce an opening balance sheet. We will provide an update next year at our 2022 results announcement.

INVESTOR ENGAGEMENT

Investors are invited to participate in a conference call for a business update on 22 November 2022 at 15:00, 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: 43326

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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. The targets included in this announcement do not constitute profit forecasts and have not been reviewed or reported on by the Group's external auditors.

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Sponsors

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Zimbabwe	Imara Capital Zimbabwe plc
Malawi	Stockbrokers Malawi Limited

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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 Africa, and it has a niche business in Asia. With over 177 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities it serves as well as broader society on the continent.

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