OLDMUTUAL

GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

DO GREAT THINGS EVERY DAY

Our 2023 interims results pack is prepared on an IFRS 17 basis, including all comparative information, unless otherwise stated. Please refer to our IFRS 17 Bridging pack, which sets out the impact on Group's key performance indicators from IFRS 4 to IFRS 17 results for June and December 2022.

Enquiries

Investor Relations:

Bonga Mriga
M: +27 67 866 6348
E: investorrelations@oldmutual.com

Communications:

Tabby Tsengiwe
M: +27 60 547 4947
E: oldmutualnews@oldmutual.com

Cautionary Statement

Notes to Editors

A webcast of the presentation for the 2023 Interim results and Q&A will be broadcast live on 27 September 2023 at 11:00 am South African time on the Investor Relations website https://www.oldmutual.com/investor-relations/. Analysts and investors who wish to participate in the call may do so using the following link or telephone numbers below:

Click here

South Africa	+27 115 353 500
UK	+443 333 001 417
Australia	+61 280 152 168
USA	+15 089 244 325
International	+27 115 353 500
Replay access code	6463633

Pre-registration to participate in the call is available at the following link:

Click here

The replay will be available until 2 October 2023.

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 China. With over 178 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 Limited and its underlying businesses, please visit the corporate website at www.oldmutual.com.

Feedback

Your feedback is important to us, and we welcome your input to enhance the quality of our reporting. For any further feedback, please contact Investor Relations.

Throughout this report, you will find succinct "did you know" stories that provide insight into how we are working to make a meaningful contribution towards our stakeholders and the continent we call home.

All images were taken in the countries in which we operate.

Cape Town, South Africa – Coordinates 33.9650° S, 18.4261° E

CONTENTS

2023 Reflections

Leading in impact

Old Mutual is the **asset owner of the year category winner**

Old Mutual ranked as the **number 1 insurance brand** and **8th strongest brand** in South Africa in 2023

Level 1
B-BBEE rating
since 2019

Leading in transformation

Leading in asset stewardship and responsible investments

659 840
resolutions voted on supporting **positive ESG outcomes**

R167 billion
of our **funds under management** invested in the **Green Economy (R146 billion: Dec 2022)**

AA rating
by **MSCI** for **Old Mutual ESG Equity Fund**

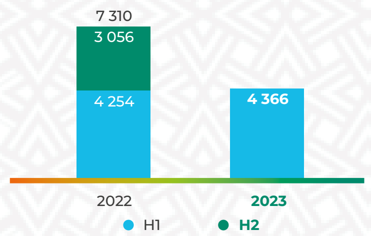
Leading employee proposition

42%
of **senior management** permanent employee positions **held by females**

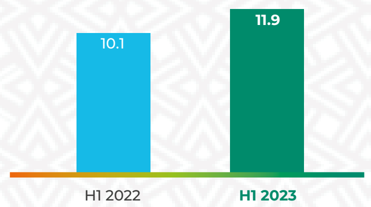
55%
of **senior management** permanent employees who **are black**

Responsibly building the most valuable business in our industry

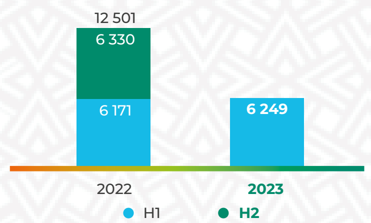
Results from operations (R million)



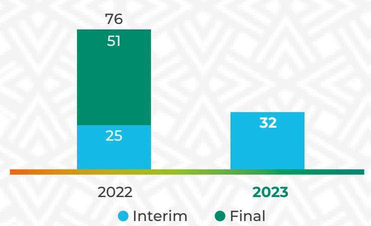
Group return on net asset value (%)



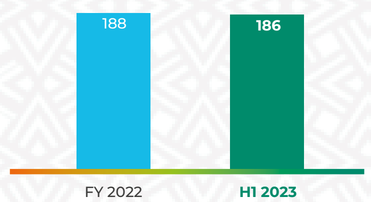
Life APE sales (R million)



Final and interim dividend per share (cents)



Group solvency ratio (%)



A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

84
global pension funds and insurers are part of the NZAOA

Over
$11 trillion
in assets under management in the NZAOA

DID YOU KNOW

As a member of the Net-Zero Asset Owner Alliance (NZAOA), Old Mutual is committed to the collective goal of ensuring high-emitting companies disclose their positive and negative environmental impacts and identify their climate-related risks and opportunities.

We committed to engaging with 80% of our financed emissions, which make up our investment portfolio's carbon footprint. Through asset managers across our local listed equity and listed fixed income portfolios, our engagement will exceed the NZAOA's target of 65% of financed emissions.

Rosh Pinah, Namibia – Coordinates 27.9619° S, 16.78340° E

A message from the Chief Executive Officer

Iain Williamson
Chief Executive Officer

The Group delivered strong operational and financial performance. This was supported by sustained sales momentum from our core businesses and good progress on our strategic initiatives as we continue building the integrated financial services business of the future.

Overview

In the first half of 2023, we performed well across most of our key performance indicators with good top line growth in our core businesses. Sales grew by 14% across our segments driven by improved productivity levels, which contributed to strong growth in value of new business. We continued to regain market share in Mass and Foundation Cluster and Personal Finance, as evidenced by external market surveys. We delivered solid growth on gross flows and gross written premiums despite the challenging macro-economic environment.

We made steady progress in delivering our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. Delivery highlights include broadening of our solution set with our health solutions proposition and continued growth in both membership and the business value of Old Mutual Rewards. Our bank build, which is central to our integrated financial services ambitions, remains on track and within budget.

In the second quarter of 2023, the Old Mutual Limited Board and the Prudential Authority approved the share buyback programme to repurchase, delist and cancel up to R1.5 billion in Old Mutual Limited shares by 31 December 2023. This ongoing process commenced in May 2023, and we have spent R1.35 billion of the allocated R1.5 billion, including fees to date.

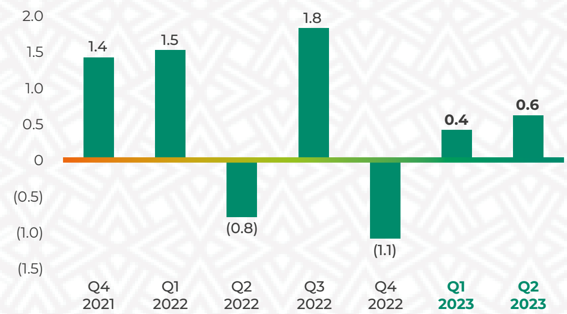
We have implemented the new insurance accounting standard, IFRS 17, and our financial results are presented on an IFRS 17 basis. This international accounting change was introduced to provide consistent principles for all aspects of accounting for insurance contracts. It changes the timing of profit recognition without directly impacting the underlying fundamentals of our business, our cash generation or our capital strength. The impact on our comparatives is included in the IFRS 17 Bridging pack which outlines the changes from IFRS 4 to IFRS 17 results for June and December 2022.

Operating environment

Global growth has been surprisingly resilient despite substantial interest rate hikes over the past 18 months. This was supported by easing supply chain constraints, the spill-over effects from China's reopening and sturdy private sector activity. The second quarter of 2023 marked a turning point for the global economy in terms of growth, inflation, and monetary policy settings. Inflation slowed during the second quarter, compared to high inflation in the first few months of 2023. Growth in China slowed in the second quarter and incremental policy easing measures were implemented to support the economy. These included interest rate cuts as well as other monetary and fiscal easing measures.

South Africa's economy rebounded in the first half of 2023 following a decline in the last quarter of 2022. Growth was recorded in the first quarter, followed by a continued recovery in the second quarter. Despite the dual impact of electricity shortages and a confidence crisis, more efficient production processes combined with significant private sector energy generation supported economic activity. Strong growth in private sector investment in energy generation projects and ongoing rebuilding of inventories also added to growth.

SA quarter-on-quarter GDP (%)



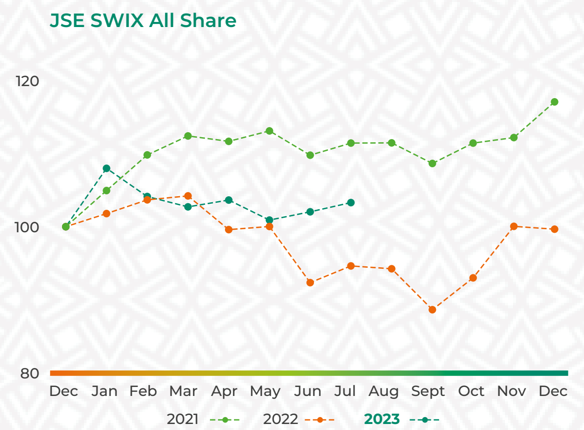
Source: Statistics South Africa, as at close of 5 September 2023

Despite this improved growth, the rand reached a record low against the US dollar due to the United States reaction to South Africa allegedly compromising its non-aligned stance concerning the Russia–Ukraine conflict. This exposed the economy to increased risk around potential sanctions and expulsion from the African Growth and Opportunity Act.

Inflation remained relatively persistent during the first quarter of 2023, averaging 7% due to continued high food prices. In June 2023, inflation eased to 5.4% from 7.1% in March due to lower fuel and food prices. This, together with elevated unemployment continues to negatively impact real income growth.

Our customers' disposable income remains under pressure which led to increased disinvestments on savings and investments as customers seek to fund their liquidity requirements.

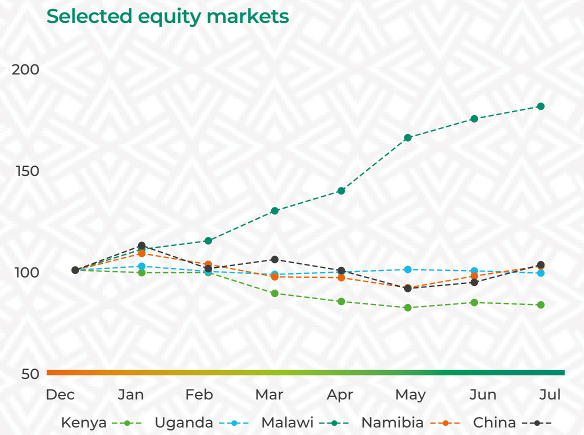
The South African equities market was marginally up relative to December 2022.



Source: Bloomberg

In our Africa regions, the operating environment was similarly challenging across all markets. The slow economic recovery post COVID-19, high inflation and borrowing costs continued to exacerbate pressure on our customers' disposable incomes. The International Monetary Fund extended Ghana's credit facility, stabilising the exchange rate and inflation. In Kenya, sovereign risk is increasing due to the government's constrained fiscal position. The Kenyan government increased taxes to raise revenues, causing civil unrest.

All selected equity indices in East Africa markets were subdued. Malawi indices significantly increased relative to December 2022 due to the rally in the local equity markets.



Source: Bloomberg

Key performance overview

Life APE sales marginally increased by 1% from the prior period. The prior period included significant savings products sales in China's broker channel which we stopped selling in anticipation of regulatory changes. Excluding China, Life APE sales grew by 14%. Sales in the current period benefited from strong risk sales in Mass and Foundation Cluster across all retail channels as well as higher corporate and retail sales in East Africa. Higher single premium guaranteed annuity sales in Personal Finance and Wealth Management contributed further to growth in sales.

Gross flows grew by 17% from the prior period mainly due to strong flows in Old Mutual Investments driven by higher inflows into money market, fixed income and alternative products as well as new business secured and higher unit trust sales in East Africa.

Net client cash outflows of R7 254 million were worse than the prior period due to large outflows in Personal Finance and Wealth Management and Old Mutual Investments. Client liquidity requirements in a tough operating environment resulted in net outflows from low margin money market funds in Old Mutual Investments and increased disinvestments in Personal Finance and Wealth Management. We are confident that our healthy pipeline will support improvements in net client cash flow. Funds under management grew by 6% to R1.3 trillion, driven by positive local equity market performance, partially offset by higher outflows.

The Group delivered an annualised return on group equity value of 10.5% which was assisted by the Life and Savings business delivering an annualised return on embedded value of 13.9%. The value of new business growth and positive risk and expense variances more than offset adverse persistency experience and additional short term persistency provisions.

We delivered strong growth in the value of new business due to strong guaranteed annuity sales and a shift towards higher margin products in Personal Finance and Wealth Management as a result of management actions implemented in 2022. This, coupled with strong risk sales and effective cost management in Mass and Foundation Cluster, contributed to the growth in value of new business. The value of new business margin significantly increased to 2.6% as a result of the sales momentum and mix. The value of new business margin remains within our medium-term target range of 2% to 3%.

Results from operations increased by 3% from the prior period, primarily driven by good operational performance. However, this was dampened by continued adverse persistency with short term persistency provisions raised in Mass and Foundation Cluster.

The Group's return on net asset value of 11.9% increased by 180 bps from the prior period due to strong growth in adjusted headline earnings driven by an increase in shareholder investment return as a result of increased interest rates and a recovery in equity markets. Core return on net asset value is a new key performance indicator that excludes the investment in new growth and innovation initiatives. Core return on net asset value increased by 230 bps from the prior period to 13.1%.

The Group solvency ratio remains robust at 186% for the half year ended 30 June 2023, within our target range of 170% to 200%. Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA's) solvency ratio remains strong at 209%, which is at the upper end of our target range of 175% to 210%. OMLACSA issued R859 million of floating rate subordinated debt to optimise the Group's weighted average cost of capital.

Our dividend policy targets an ordinary dividend cover range of 1.5x to 2.0x adjusted headline earnings. The Old Mutual Limited Board declared an interim dividend of 32 cents per share.

A message from the Chief Executive Officer

Strategic overview

Our strategy remains unchanged, anchored in our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. Our value creation framework spans two broad themes, each underpinned by a number of strategic focus areas. The first is that of growing and protecting the core. The strategic focus areas within this theme are the holistic coverage of customer needs, distribution and digital engagement and operational efficiencies. Under the theme of unlocking new growth engines, our focus areas are strategic growth markets and strategic growth businesses.

We see the concept of integrated financial services as a natural extrapolation of our victory condition as we look to ensure life-long relevance in the lives of our customers. We recently provided further clarity around our integrated financial services ambitions. Our approach builds on our existing strengths to deliver a distinctive and truly engaging experience for our customers. Partnering with our customers on their journey towards financial wellness is at the heart of our integrated ecosystem. Advice-led conversations, which span our holistic and integrated solution offering, are a key component of our approach. Our ecosystem also aims to give customers the freedom and flexibility to interact with us through the channel of their choice. These components are wrapped up in an engaging experience, where we educate, empower and encourage customers on their financial journeys.

I am proud of the progress we continue to make in the execution of our strategy. Once again, the resilience of our financial results demonstrate that the strategic choices and investments we have made are the right ones.

Growing and protecting the core

Earlier this year, Brand Finance recognised Old Mutual as one of South Africa's top 10 strongest brands. Old Mutual was the only insurer featured in the top 10, ranking 8th, up from 10th place in 2022. Old Mutual was also the number 1 ranked insurance brand in the country. These accolades bear testament to the strength and trust of our brand in the hearts and minds of customers. It also reaffirms that we are on the right trajectory to becoming our customers' first choice.

As part of the holistic coverage of customer needs, we expanded our solution set through the launch of Old Mutual Health Solutions which forms part of Old Mutual Corporate's employee benefits proposition. The new health insurance offering provides affordable access to high-quality private healthcare to employees of corporate and work-related group schemes. We recognise the importance of healthcare as a priority customer need and that the cost of comprehensive medical aid is prohibitive for many South Africans. This solution was designed to bridge this access gap by providing a range of options for lower income earners. The launch of this offering is also a great example of realising the integration benefits of our recent acquisition of Genric Insurance Company Limited (through Old Mutual Insure).

Old Mutual Protect, our flagship risk proposition, has been a key driver in the shift to advice-led, underwritten life sales in the Mass and Foundation Cluster. This has contributed to the improvement in the value of new business margin, as well as a continued increase in market share in this segment. Old Mutual Rewards membership numbers reached 2 million, up from 1.5 million as at 30 June 2022. We continue to see its impact on driving a greater share of customer wallet. On average, Rewards members have a 35% higher number of needs met than non-members, compared to 30% a year ago.

On the distribution and digital engagement front, adviser enablement and ease of doing business remains a priority focus for us. We recognise that ease of doing business is a critical driver of choice, particularly in the risk market. We implemented several enhancements to our service processes for intermediaries in the South African affluent market. The outcome of this has been an improvement in our Net Promoter Score to 70%, up from 67% at 31 December 2022. We have seen positive shifts in market share as a result, with our Personal Finance business achieving above market growth rates in the life risk market. Looking forward, we have partnered with OneConnect Financial Technology (part of the Ping An Group) to harness their leading technology expertise to digitally enable our advisers. We are currently piloting a new digital adviser platform with a small adviser group. Our ultimate goal is to further enhance the ease of doing business and improve adviser productivity.

Our MyOldMutual ecosystem allows us to drive more frequent customer interactions through guided conversations. The heart of the engagement mechanism in MyOldMutual is a needs-based goals and financial wellness platform, integrated with our rewards programme. Customers are empowered with personalised guidance at every step of their journey, with clear visibility of how they are progressing towards their goals. They are also rewarded for taking their next best step, meeting their goals, and meeting more of their needs with us. Advisers are equipped with a consolidated view of their customers' goals, allowing them to have meaningful, context-relevant conversations. We are making good traction in the development of the next version of our goals function and will be looking to pilot this with advisers in the fourth quarter of this year.

Across our Africa Regions, we rolled out our MyOldMutual app in Namibia, Rwanda and Uganda. In Zimbabwe, we launched an innovative fintech solution called O'Mari. The O'Mari platform encompasses mobile money, insurtech and health-tech services. The solution aims to meet our customers' most pressing everyday needs through a single, convenient platform. It is available through either USSD or a mobile app, giving customers the option to interact through a channel of their choice. The market response has exceeded our expectations, reaching 50 000 customers in only five weeks. We will be exploring opportunities to deploy similar solutions, in line with our customers' needs, across the rest of our markets.

I am pleased to share that we concluded the migration of our South African Life and Savings legacy IT estate to the cloud during the first quarter of the year. The initiative began in 2020, necessitating the migration of over 2000 servers, 215 applications, 1786 databases, and 508 websites. To date, the business has realised benefits such as improved performance, resilience, and disaster recovery capabilities. We also achieved a critical milestone in leveraging Application Programming Interfaces (APIs) to enable our integrated financial services ambitions. The successful deployment of our API management system marks a major milestone in our digital transformation journey, enabling us to effectively manage and leverage our digital assets for collaboration, seamless integration, innovation, enhanced customer experiences and new revenue streams.

Unlocking new growth engines

Our bank build in South Africa is a core component of our integrated financial services ecosystem. A transactional banking capability enhances our ability to have regular interactions with our customers and partner with them earlier on in their life journeys. The bank platform build is progressing at a pleasing pace. To date, we have spent R1.2 billion of the R1.75 billion expenditure approved for the build. We recently submitted our section 16 application to the Prudential Authority and are now awaiting feedback. The next steps following the granting of section 17 by the regulator are to connect to the payments system and to conduct integration testing followed by a "friends and family" launch of the bank.

We are excited to announce our strategic relationship with the Vodacom Group, delivered through NEXT176. The start of our journey sees Old Mutual transferring its mobile estate to Vodacom, and the transfer of Vodacom's standalone retirement funds into Old Mutual's SuperFund Umbrella Fund. Other areas of collaboration include the provision of finance for backup power solutions, supporting Vodacom's ESG efforts through Tweak Carbon (NEXT176's carbon accounting software venture) and insurance solutions through iWYZE.

Sustainable value creation

Sustainable value creation, to the mutual benefit of all our stakeholders, is a core part of our identity. We seek to leave a meaningful, positive impact on the environment, our employees and the broader communities in which we operate. For our South Africa-based employees, our remuneration policy established a minimum annual total guaranteed pay of R180 000 effective 1 April 2023. Our Bula Tsela Retail Scheme declared its first cash dividend of 49 cents per share, which will be paid in November 2023. The Bula Tsela deal saw 205.3 million new Old Mutual Limited shares issued to Old Mutual staff, a new Community Trust and a Retail Scheme which is owned by more than 38 000 South African individuals, small businesses and groups such as trusts and stockvels. We are incredibly proud of this milestone and being able to improve the financial wellbeing of thousands of South Africans. As one of the largest asset managers on the continent, we are able to drive material change by being a responsible and active asset manager. Old Mutual was awarded the Asset Owner of the Year in the inaugural Intellidex Africa Impact Investment Awards 2023. We are pleased to announce that both Futuregrowth and Old Mutual Investment Group are now majority black owned.

A message from the Chief Executive Officer

Outlook for H2 2023

Global economic growth is expected to slow from 2.9% in 2022 to 2.5% in 2023. The central banks measures to combat inflation in the developed world, easing policies in China and the emerging world, will aid better growth in emerging economies relative to the developed world.

South African economic growth is still very weak but has proven its resilience despite challenges. Inflation is easing back to on-target performance and interest rates have likely peaked. In July 2023, the South African Reserve Bank's Monetary Policy Committee kept rates unchanged after the cumulative 475 basis points rate increases since November 2021 given the easing of inflation.

Load shedding dampens the economic outlook, the South African Reserve Bank estimates 280 days of load shedding in 2023 (2024: 150 days, 2025: 100 days). Growth in South Africa is expected to decline from 1.9% in 2022 to 1% in 2023, reflecting power shortages and depressed confidence.

According to the Energy Council of South Africa, load shedding may cease by the end of 2024 but this will require a collaborative effort by both Eskom and the private sector. We remain fully committed to working with the Government to improve the conditions of doing business in South Africa. Through our membership of Business Leadership South Africa (BLSA), we will continue to support an inclusive, sustainable and conducive environment for business to grow the economy.

In our Africa Regions, we anticipate that the economic environment will continue to present significant challenges across our markets. Countries such as Malawi, Kenya, and Nigeria, which are in tight fiscal positions, pose material sovereign risk.

We expect sales and value of new business to remain robust for the remainder of 2023. Persistency outcomes in Mass and Foundation Cluster are likely to remain under pressure which will continue to impact our results from operations. Our management interventions to improve persistency across the value chain are yielding positive results.

Our focus on delivering against our strategic initiatives remains steadfast. Our acquisition of a strategic equity stake in the Two Mountains Group is on track to close by the end of 2023. We have received approval from the Competition Tribunal on 3 July 2023 and are awaiting approval from the Prudential Authority.

We are developing systems and processes to implement the two-pot system proposed by the National Treasury for retirement savings, a significant industry reform designed to promote the preservation of retirement savings while providing limited early access to a portion of savings. The employee benefits industry remains subject to various retirement reforms, which we will monitor and manage.

We have revised our medium-term targets following the early delivery against our operating profit target. The results from operations target for 2023 to deliver 2019 results plus 5% to 10% was met on a comparable basis to 2019 while we also exceeded our cost efficiencies target. Aligned to our focus of gaining market share, we have introduced a target to grow gross flows and gross written premiums ahead of nominal growth in the South African economy over the medium term. Gross flows and gross written premiums represent growth across Life and Savings, Asset Management and Property and Casualty through new and existing business. As we invest in the business for future growth, we are focused on optimising the return on net asset value of the core segments, targeting between cost of equity plus 2% to 4%. Our strategic targets include delivering the building blocks to enable our integrated financial services offering with a focus on scaling the goals based needs engine. Value of new business margin, net underwriting margin, dividend cover and solvency targets remain unchanged.

	KPI	Target	H1 2023 outcome	Outlook
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Solid delivery	Continue to regain market share
Efficiencies	Value of new business margin	Between 2% and 3%	2.6%	Within medium-term target range
	Net underwriting margin	Old Mutual Insure 4% to 6%	0.9%	Under pressure but within range in the medium-term
	Return on net asset value	Group: Cost of equity[1] +2%	Group: 11.9%	Improvement towards cost of equity while investing in growth engines
		Core: Cost of equity[1] +2% to 4%	Core: 13.1%	Remaining above cost of equity
Capital	Solvency	Old Mutual Limited: 170% to 200%	186%	To remain within range
		OMLACSA: 175% to 210%	209%	To remain within range
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	Within range	To be within range
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the Bank, Next176 and growth regions	In progress	Completion of Greenlight Migration enabling improved customer delivery

1. *The cost of equity for 2023 is 12.8%.*

I want to thank all my colleagues for their passion and commitment in executing our strategy and delivering a robust set of financial results in a difficult operating environment. I thank our customers for trusting us to help them navigate their financial affairs. To all our stakeholders, we appreciate your continued support and engagements. Our focus over the remainder of 2023 is to continue executing on our victory condition of being our customers' first choice and in doing so responsibly building the most valuable business in our industry.

Iain Williamson

Chief Executive Officer of Old Mutual Limited

RESULTS COMMENTARY

40%
predicted mobile data consumption annually until 2025

726 kWp
solar plant built to reduce the centre's carbon footprint

DID YOU KNOW

The Onix Accra 1 data centre in Accra, Ghana, is a flagship example of a sustainable and climate-conscious investment in digital infrastructure. Acquired through Old Mutual Investments' AIIM AIIF3 Fund, the centre is expected to be the largest operational data centre in the country, serving international and local enterprise demand.

Onix Accra 1 has its own solar PV facility on site, reducing its carbon footprint. By supporting the development of critical digital infrastructures, we encourage job creation and new growth opportunities across Africa, while achieving attractive investment returns.

Accra, Ghana – Coordinates 5.7664°N, 0.1103°W

Group highlights

GROUP FINANCIAL REVIEW

Key performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	FY 2022	Change
Results from operations	**4 366**	4 254	7 310	3%
Adjusted headline earnings	**3 160**	2 579	4 850	23%
Headline earnings[1]	**4 358**	4 749	5 855	(8%)
IFRS profit after tax attributable to equity holders of the parent[1]	**4 354**	4 831	5 232	(10%)
Group return on net asset value (%)	**11.9%**	10.1%	9.4%	180 bps
Core return on net asset value (%)	**13.1%**	10.8%	10.8%	230 bps
Group equity value[2,3]	**91 624**	87 437	89 477	2%
Discretionary capital (Rbn)[2,4]	**1.0**	—	3.5	(71%)
Group solvency ratio (%)[1,2,5]	**186%**	187%	188%	(200 bps)
Dividend cover (times)	**2.0**	2.2	1.3	(9%)

Per share measures[6]

Cents per share	H1 2023	H1 2022	FY 2022	Change
Adjusted headline earnings per share[7]	**68.8**	56.8	106.4	21%
Headline earnings per share[1]	**96.8**	104.9	129.2	(8%)
Basic earnings per share[1]	**96.7**	106.8	115.5	(9%)
Total dividend per share	**32**	25	76	28%
Interim dividend per share	**32**	25	25	28%
Final dividend per share	**—**	—	51	
Group equity value per share[2,3,8]	**1 880.6**	1 856.8	1 820.9	3%

For more information on our group financial review, see page 36-48

SEGMENT REVIEWS

Supplementary performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	FY 2022	Change
Life and Savings and Asset Management				
Gross flows	**97 717**	83 385	178 027	17%
Net client cash flow	**(7 254)**	(4 333)	(12 425)	(67%)
Funds under management (Rbn)[2,3]	**1 300.4**	1 184.5	1 231.1	6%
Life and Savings				
Life APE sales	**6 249**	6 171	12 501	1%
Value of new business[3]	**937**	708	1 400	32%
Value of new business margin (%)[3]	**2.6%**	2.2%	2.2%	40 bps
Banking and Lending				
Loans and advances[2]	**19 255**	18 481	19 009	1%
Net lending margin (%)	**10.7%**	14.2%	13.1%	(350 bps)
Property and Casualty				
Gross written premiums	**12 591**	10 895	22 344	16%
Insurance revenue	**12 245**	10 502	22 082	17%
Net underwriting margin (%)	**0.2%**	(0.7%)	1.4%	90 bps

1 These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.
2 The % change was calculated with reference to FY 2022.
3 The H1 2022 comparative amounts presented herein are on an IFRS 4 basis.
4 Discretionary capital has been externally disclosed since September 2022.
5 FY 2022 has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.
6 Per share measures can be found on page 92 of unaudited condensed IFS.
7 Adjusted headline earnings is calculated with reference to adjusted weighted average number of ordinary shares. Weighted average number of shares used in the calculation of the adjusted headline earnings per share is 4 590 million (H1 2022: 4 544 million).
8 Group equity value is calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the group equity per share is 4 872 million (FY 2022: 4 914 million).

For more information on our segment highlights, see page 50-51

Group financial review

Management of the Group's balance sheet

Shareholder capital management

Overview

The Group proactively manages its balance sheet in order to maximise long term shareholder value. This is driven by capital optimisation initiatives and efficient capital allocation, combined with sophisticated financial risk management and the strategic asset allocation of shareholder funds. This ensures that the balance sheet remains strong with capital deployment and capital optimisation supporting overall business growth.

Balance sheet strength

The Group and its subsidiaries set solvency and liquidity targets relative to the regulatory minimum requirements and risk capacity of the Group. These targets balance protection and business potential by assessing severe market impacts (i.e. "perfect storm" scenarios) while enabling investments into the business to support growth.

The Group regularly models the impact of these extreme but plausible sequence of events, that could lead to a "perfect storm" scenario on our solvency, capital and liquidity positions. These stress tests are calibrated at a 1 in 200 year stress event to ensure we remain sufficiently capitalised with appropriate liquidity.

Solvency risk management

The Group solvency position remained robust at 186% for the half year ended 30 June 2023, within the solvency target range of 170% to 200%. Capital is allocated within the Group based on subsidiary risk profiles, the requirements of relevant regulators, competitor and customer considerations, and return on capital targets. All entities' solvency positions are monitored on a regular basis to ensure they are appropriately capitalised. The largest insurer in the Group, OMLACSA's solvency position of 209% remained strong within the upper end of the solvency target range of 175% to 210%, for the half year ended 30 June 2023.

Shareholder liquidity risk management

The Group's liquidity is managed centrally which ensures that sufficient liquidity is available to withstand severe market stresses and that all subsidiaries carry sufficient liquidity to support their respective business activities. Sources of liquidity include liquid assets and contingent facilities, with the quantum of each driven by the specific liquidity risk being covered and underlying costs.

The Group and subsidiary liquidity positions remained robust and within target ranges for the half year ended 30 June 2023 and are sufficient to cover the modelled stress scenarios.

Asset liability management

Products with shareholder guarantees or guaranteed rates of return require sophisticated financial risk management approaches to ensure relevant exposures remain within the Group's risk appetite.

Financial risks (including market, liquidity, funding, and reinvestment risk) are mitigated through capital market transactions and allocation strategies which recognise that risk and funding should be managed as scarce resources.

Within OMLACSA, guaranteed products are managed centrally in line with the Group's Three Manager Model operating framework to optimise hedging costs and ensure that capital within the Group is preserved. Through the Three Manager Model, financial risks are mitigated in order to allow the deployment of funds generated through liability product origination. This deployment follows a guaranteed product investment strategy, with the bulk of the funding invested in fixed interest credit assets within the respective investment businesses, taking into consideration the duration and nature of the product liabilities.

For the rest of the Group, the financial risks resulting from the sale of guaranteed products are mitigated through the selection of appropriate matching assets usually fixed interest assets. In geographies with mature capital markets, more sophisticated hedging programs are executed to mitigate financial risk.

During the first half of the year, significant updates were made to the various hedging programmes in OMLACSA, given the implementation of IFRS 17, to ensure that the hedges remain appropriate under the new standard. These rebalances were required due to the changes in the applicable liability profiles and respective interest rate sensitivities. While some losses were incurred as a result of the risk exposure prior to completing the execution exercise, we expect a reduction in future hedging costs due to the decrease in product liquidity requirements related to the hedging programs. As at the end of June 2023, the rebalancing of portfolios was largely completed ensuring that the impact of future market movements on relevant guaranteed liabilities are within the Group's risk appetite.

Shareholder investments

The Group manages its shareholder assets in accordance with the Strategic Asset Allocation Framework. The Strategic Asset Allocation Framework prescribes a low-risk investment strategy for invested shareholder assets aimed at protecting and preserving shareholder capital. The investment strategy targets an asset allocation that maximises net of tax expected returns subject to a defined market risk budget and the Group's liquidity and solvency requirements.

In South Africa, we mainly target a combination of protected equity and interest-bearing assets including a small allocation to bonds. Post the Nedbank unbundling in November 2021, the retained Nedbank stake was recognised as part of invested shareholder assets. The remaining Nedbank holding was 0.6% at 30 June 2023, which is also fully hedged using a similar collar structure as the protected equity strategy.

The shareholder investment strategy is designed to ensure optimal, long-term investment outcomes, while managing the impact of short-term volatility on capital. Various optimisations have been implemented during the first half of the year, particularly within the fixed income and protected equity portfolios. The shareholder investment portfolio is managed in adherence to the Group's Responsible Investment policy and transitional climate action plans.

Across the Old Mutual Africa Regions, the shareholder investment strategy adheres to the Group's low-risk investment strategy aimed at protecting shareholder value. The strategy targets capital and inflation protection, subject to the market risk appetite. Each entity has a bespoke investment strategy which is influenced by the respective macro-economic and regulatory regimes. Significant progress has been made in de-risking the balance sheet in this regard and enhancing the investment outcomes for the entities in these regions. Given broader fiscal risks and the global economic backdrop, a more appropriate strategic asset allocation may be implemented in countries where there are inflationary concerns in order to better preserve capital.

Capital deployment

The Group maximises shareholder value by balancing the return of capital to shareholders and allocation of capital for growth. This is supported by the cash generated from operations and capital optimisation initiatives.

Free surplus generated

Free surplus generated represents the cash generated from our operations which comprises of capital remitted by operating subsidiaries to Group. The free surplus balance for the half year ended 30 June 2023 was R2 345 million. Our operating segments continue to generate a high proportion of cash earnings of 74%. The free surplus is net of central costs and can be deployed to ordinary dividends with the remainder contributing to the discretionary capital balance.

Dividend policy

The dividend policy targets a full year ordinary dividend cover of 1.50x to 2.00x adjusted headline earnings. When determining the appropriateness of a dividend, we consider the underlying cash generated from operations, fungibility of earnings, targeted liquidity and solvency levels, the Group's strategy, and market conditions at the time.

In light of our strong liquidity levels and well capitalised balance sheet, the Old Mutual Limited Board declared an interim dividend of 32 cents per share which amounts to a dividend cover of 2.0 times.

Discretionary capital

The Group proactively manages its discretionary capital by optimising its allocation of capital and distributing to shareholders where appropriate. Discretionary capital represents the surplus assets available for distribution, deployment and/or acquisition. The discretionary capital balance includes amounts earmarked for investments in growth and innovation initiatives including building our transactional capabilities.

In the second quarter of 2023, the Old Mutual Limited Board and the Prudential Authority approved the share buyback programme to repurchase, delist and cancel up to R1.5 billion of Old Mutual Limited shares. Execution commenced in May 2023 and will be completed by 31 December 2023.

The Group's discretionary capital balance for the six months ended 30 June 2023 was R1.0 billion, compared to R3.5 billion at 31 December 2022.

Capital allocation

The Group's strategy is supported by financial metrics and targets that drive shareholder value. These targets and metrics are embedded in all significant business decisions, including the annual business planning process and in the assessment of inorganic growth opportunities.

During the first half of the year, the largest allocations of capital were to Mass and Foundation Cluster and Personal Finance and Wealth Management to support new business and growth in the in-force book. These segments contribute the majority of Group earnings.

Group financial review

Any new opportunities are further appraised against our Group acquisition framework. This framework aligns all acquisitions with our strategy, whilst ensuring that the return generated over time will exceed the cost of equity, and will ultimately result in an increased return to investors. A gated approach on new ventures is followed, ensuring an appropriate delineation of capital allocation between our core operations and growth opportunities to balance profitability and long-term growth.

During the first half of the year, the Group successfully concluded the following strategic acquisitions:

- The acquisition of the remaining 25% ordinary equity interest in Old Mutual Finance (Namibia) (Pty) Ltd resulting in Old Mutual Finance (Namibia) becoming a wholly owned subsidiary of the Group
- The acquisition of a 100% ordinary equity interest in Genric Insurance Company Limited, a licensed non-life insurer and specialist insurer focused on bringing innovative and niche insurance solutions to the market
- The acquisition of a 40% ordinary equity interest in Marsh Zimbabwe Holdings (Private) Limited, an insurance brokerage and risk management services provider

Balance sheet efficiency

We are committed to generating long-term shareholder value by delivering sustainable, cash generative, growth at returns on capital that exceed the cost of equity. Our core businesses are expected to deliver stable and high returns in the near to long term. Our Growth Portfolio is expected to require investment in the near term with higher growth in the longer term. As the Growth Portfolio reaches scale, it will support our long-term return on capital targets.

Return on net asset value

Return on net asset value is used to assess and measure the capital efficiency of the Group. Core return on net asset value excludes the costs associated with our new growth and innovation initiatives. Our Group return on net asset value increased to 11.9% and our core return on net asset value increased to 13.1%.

Improvements to our core return on net asset value are dependent on three factors: external market factors and investment returns, the continued optimisation of our balance sheet, and the continued market share recovery of our retail segments.

Capital optimisations

The Group continues to optimise its capital structure to enhance value for shareholders. In the first half of the year, capital optimisation initiatives resulted in capital releases in excess of R500 million through improved cash flow management of working capital balances in Personal Finance and Wealth Management. Old Mutual Investments Group Limited remitted R118 million to Group by consolidating capital requirements across subsidiaries. Further capital efficiencies are expected in the second half of 2023.

Headway was made in managing the solvency drag of centrally held cash by utilising the central treasury company. This is mostly expected to support internal free cash flow generation. The Group remains committed in continuing to identify opportunities to optimise its balance sheet.

Issuance of tier 2 subordinated debt

During the first half of the year, OMLACSA issued R859 million of floating rate subordinated debt under the Old Mutual Limited Multi-Issuer Domestic Medium-Term Note programme (the debt programme) at 150 bps over three-month JIBAR. This represents a 5 bps reduction in the pricing that was achieved for the 2022 issuances.

We intend to issue subordinated debt annually to optimise the Group's weighted average cost of capital, in line with the optimal gearing ratio of 15% to 20%, subject to market conditions and investor demand remaining favourable.

Balance sheet and capital metrics

Rm (unless otherwise stated)	Notes	H1 2023	H1 2022	FY 2022	Change
Contractual service margin[1]	A	**61 278**	—	59 796	2%
Group return on net asset value (%)	B	**11.9%**	10.1%	9.4%	180 bps
Core return on net asset value (%)	B	**13.1%**	10.8%	10.8%	230 bps
Invested shareholder assets[1]	C	**22 936**	27 033	25 897	(11%)
Embedded value[1,2]	D	**67 967**	66 499	64 874	5%
Group equity value[1,2]	E	**91 624**	87 437	89 477	2%
Group solvency ratio (%)[1,3]	F	**186%**	187%	188%	(200 bps)
Discretionary capital (Rbn)[1,4]	F	**1.0**	—	3.5	(71%)
Gearing ratio[1,5] (%)	G	**16.8%**	17.2%	15.7%	110 bps
Interest cover (times)	G	**12.0**	13.6	12.4	(12%)

1 *The change was calculated with reference to FY 2022.*
2 *The H1 2022 comparative amounts presented herein are on an IFRS 4 basis.*
3 *The FY 2022 has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.*
4 *Discretionary capital has been externally disclosed since September 2022.*
5 *Gearing ratios are calculated with reference to the IFRS value of debt that supports the capital structure of the Group and closing adjusted IFRS equity.*

Adjusted IFRS equity

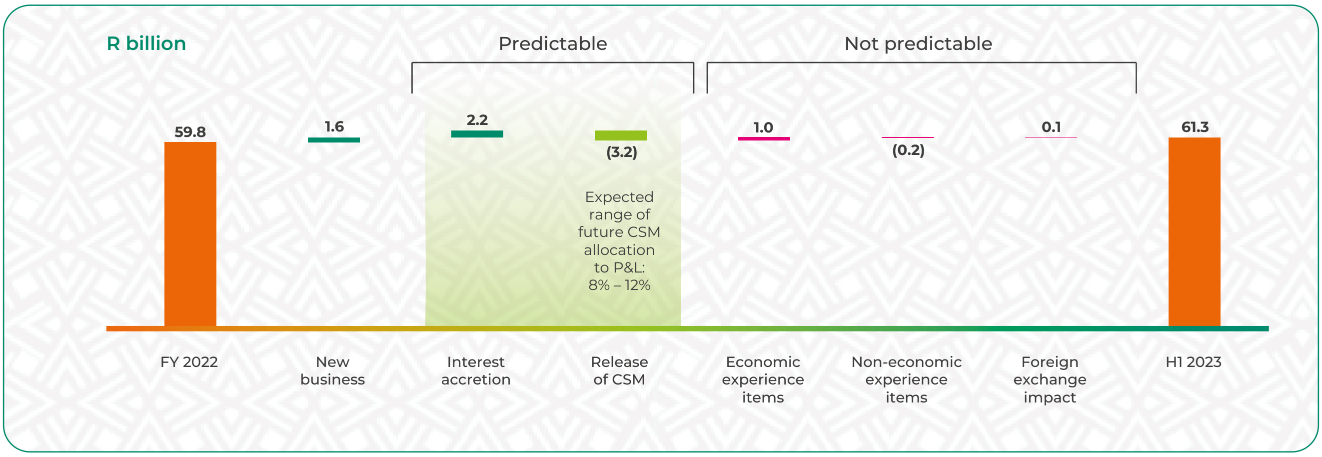
Rm	H1 2023	H1 2022	FY 2022	Change[1]
Closing adjusted IFRS equity	**53 257**	51 088	53 342	(0.2%)
Equity attributable to the holders of the parent	**58 029**	57 257	57 585	1%
Equity in respect of operations in hyperinflationary economies	**(3 190)**	(4 210)	(2 875)	(11%)
Equity in respect of non-core operations	**(1 582)**	(1 959)	(1 368)	(16%)
Closing adjusted IFRS equity by region	**53 257**	51 088	53 342	(0.2%)
South Africa	**40 129**	39 974	41 328	(3%)
Old Mutual Africa Regions	**13 128**	11 114	12 014	9%
Average adjusted IFRS equity	**53 300**	51 122	51 822	3%
South Africa	**40 729**	40 055	40 488	1%
Old Mutual Africa Regions	**12 571**	11 067	11 334	11%

1 *The % change was calculated with reference to FY 2022.*

Group financial review

A Contractual service margin

The contractual service margin is set up at the initial recognition of an insurance contract. It represents a store of future profit held on the balance sheet which, with the risk adjustment for non-financial risk, will be released into profit over the lifetime of the insurance contract. The contractual service margin is the key driver of insurance profit emergence under IFRS 17.



The contractual service margin increased by 2% from December 2022. The effect of writing new business of R1.6 billion in 2023 contributed to growth of 5.5% relative to the opening balance. Interest income is added to the contractual service margin which amounted to R2.2 billion for the period. This equates to an annualised return of 7.1% compared to 5.6% for December 2022. For our general measurement model contracts, the contractual service margin grows at the locked in interest rate, while for the variable fee approach, it grows at current interest rates.

The expected contractual service margin allocation of R3.2 billion represents the portion that was allocated into profit for the period. The annualised allocation rate was 9.8% for the first half of 2023 compared to 10.2% in December 2022, which is within our target range of 8%-12%. The allocation is driven by "coverage units", which is a driver of service delivery for each product. This release is the main contributor to our life operational profit for the first half of 2023.

The economic experience of R1.0 billion was driven by actual returns being higher than expected on policyholder funds resulting in an increase in expected asset-based fee income on most investment and smooth bonus products, both in South Africa and Old Mutual Africa Regions. The impact of experience variances and assumption changes of R0.2 billion as well as foreign exchange impacts on profitable contracts amounting to R0.1 billion are included in the build up of the closing contractual service margin of R61.3 billion at 30 June 2023.

B Group and core return on net asset value

%	H1 2023	H1 2022	FY 2022	Change
South Africa	**11.5%**	11.9%	9.9%	(40 bps)
Old Mutual Africa Regions	**13.0%**	3.4%	7.5%	960 bps
Group return on net asset value	**11.9%**	10.1%	9.4%	180 bps
Core return on net asset value	**13.1%**	10.8%	10.8%	230 bps

Group return on net asset value of 11.9% increased by 180 bps from the prior period, reflecting strong adjusted headline earnings, which grew by 23% to R3 160 million. Similarly, core return on net asset value of 13.1% which excludes the Group's investment in new growth and innovation initiatives, increased by 230 bps from the prior period.

In South Africa, return on net asset value of 11.5% decreased marginally by 40 bps from the prior period, driven by lower results from operations, which was slightly offset by improved shareholder investment returns. Closing adjusted IFRS equity was 3% lower than the 31 December 2022 position, reflecting dividends paid to shareholders of R2 415 million and the commencement of the Old Mutual Limited share buyback in May 2023.

Return on net asset value of 13.0% in Old Mutual Africa Regions significantly increased by 960 bps from the prior period due to improved operating profits and stronger shareholder investment returns. Average adjusted IFRS equity increased by 11%, reflecting higher closing adjusted IFRS equity and the impact of higher opening balances in the current period due to retained profits and capital injections. Closing adjusted IFRS equity increased by 9% in comparison to 31 December 2022 due to profit earned in the period and foreign exchange movements, particularly in Malawi, and a R127 million transfer to retained earnings related to acquiring the remaining 25% minority interest in Old Mutual Finance (Namibia) Proprietary Limited.

C Invested shareholder assets

Rm	H1 2023	H1 2022	FY 2022	Change[1]
South Africa	**13 421**	17 979	16 163	(17%)
Old Mutual Africa Regions	**9 515**	9 054	9 734	(2%)
Invested shareholder assets	**22 936**	27 033	25 897	(11%)

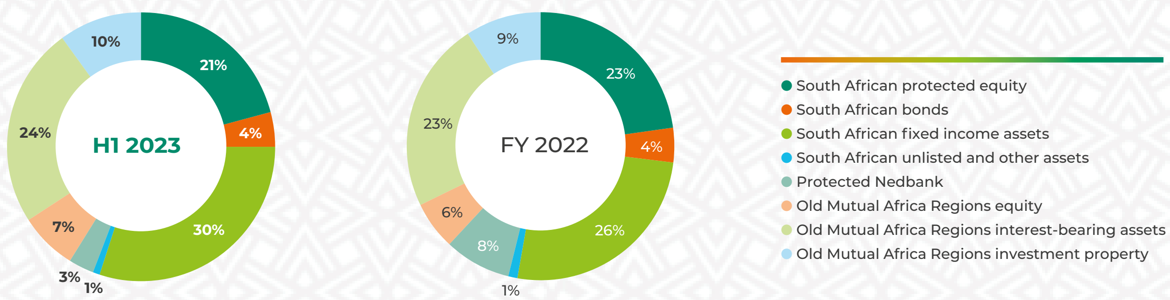
1 The % change has been calculated with reference to FY 2022.

Invested shareholder assets of R22 936 million decreased by 11% from the December 2022 asset base of R25 897 million. The invested shareholder asset base in South Africa decreased due to the funding of the share buyback and other planned allocations and acquisitions.

In Old Mutual Africa Regions, invested shareholder assets of R9 515 million decreased by 2% from R9 734 million. This marginal decrease resulted from financing the acquisition of the minority shareholding in Old Mutual Finance (Namibia) Proprietary Limited and dividend payments. This was partially offset by the increase in equity securities in Malawi.

Most countries in Old Mutual Africa Regions adopted a low-risk investment strategy in accordance with the Group's Strategic Asset Allocation Framework. This resulted in a higher allocation to fixed income assets to preserve capital efficiently, with each country having a bespoke asset allocation appropriate for its macro-economic and regulatory environment. Given broader fiscal risks and the global economic backdrop, the strategic asset allocation implemented in countries takes into consideration inflationary concerns in order to preserve capital.

Invested shareholder assets by asset class (%)



D Embedded value

Rm (unless otherwise stated)	H1 2023	FY 2022	Change
Adjusted net worth	**26 430**	25 390	4%
Value in force	**41 537**	39 484	5%
Embedded value	**67 967**	64 874	5%
Operating embedded value earnings[1]	**4 579**	2 566	78%
Return on embedded value	**13.9%**	7.3%	660 bps
Value of new business[1]	**937**	700	34%

1 The comparative amounts presented herein reference a scaled (half of) the December 2022 numbers. Value of new business at June 2022 on an IFRS4 basis was R708 million. There was no material impact of the change to IFRS 17 on value of new business.

The return on embedded value increased to 13.9% largely due to higher expected returns, profitable new business written, positive risk experience variances and experience assumption changes. Overall, the operating embedded value earnings increased to R4 579 million. Experience variances improved from the prior period, with strong mortality and expense variances partially offset by worse persistency in Mass and Foundation Cluster. Assumption changes further increased embedded value in 2023, mainly due to margin updates in Old Mutual Corporate book.

Group financial review

Value generated by new business was higher than 30 June 2022 position driven by strong sales in Mass and Foundation Cluster and a change in mix towards higher margin business across the segments. This was partially offset by the impact of the opening economic basis.

Our total embedded value increased by 5% due to the solid operating earnings as well as improved investment performance on both policyholder funds which increased expected asset-based fees and shareholder funds. This growth was after allowing for dividend outflows of R2 015 million from our Life and Savings businesses.

E Group equity value

	H1 2023			FY 2022		
Rm	IFRS NAV	Group equity value	Adjusted headline earnings	IFRS NAV	Group equity value	Adjusted headline earnings
Covered business	**30 008**	**67 967**	**2 867**	28 881	64 874	4 088
Non-covered business	**18 136**	**23 829**	**612**	17 715	22 631	1 826
Asset Management	**5 254**	**8 569**	**475**	5 481	8 301	1 023
Banking and Lending	**6 392**	**8 079**	**(12)**	6 228	7 945	549
Property and Casualty	**6 490**	**7 181**	**149**	6 006	6 385	254
Residual plc	**1 582**	**596**	**—**	1 368	412	—
Zimbabwe	**3 190**	**—**	**—**	2 875	—	—
Other including Old Mutual-CHN Energy Life Insurance Company Ltd	**5 113**	**(768)**	**(319)**	6 746	1 560	(1 064)
Total group equity	**58 029**	**91 624**	**3 160**	57 585	89 477	4 850

Group equity value of R91 624 million increased by 2% due to higher values across the covered and non-covered businesses, partially offset by a lower value of the other line of business. Covered business is included in group equity value at embedded value, which increased by 5% due to strong operating earnings and improved investment performance.

The group equity value of non-covered businesses is based on a series of directors' valuations for each material legal entity, with the remaining entities included at IFRS equity attributable to equity holders of the parent.

The increase in Asset Management group equity value of 3% was mainly due to a higher valuation of Old Mutual Wealth, which was partially offset by a slightly lower value for Old Mutual Investments. The Asset Management IFRS equity value decreased by 4% over the period, driven by dividends paid of R930 million in the period.

The group equity value of the Banking and Lending business increased by 2%, mainly due to the completion of the purchase of the 25% minority interest in Old Mutual Finance Namibia. The December 2022 value of Old Mutual Finance in South Africa and Namibia was determined with reference to the purchase price agreed for the 25% minority shareholding, whereas for June 2023 the businesses were valued using a combination of valuation techniques.

Property and Casualty group equity value increased by 12% mainly due to a higher valuation of Old Mutual Insure as well as improved valuations of the operations in East Africa. The Property and Casualty business received capital injections of R300 million in the period for the purchase of Genric Insurance Company which also supported the higher valuation.

The Residual plc contribution to group equity value is based on the realisable economic value of approximately £25 million at 30 June 2023, translated at the closing exchange rate. The increase in value of Residual plc is mostly due to foreign exchange movements.

The value of the business in Zimbabwe is reduced to zero in group equity value due to the continued impact of hyperinflation on the Zimbabwean economy, and in particular the unrealised nature of the listed investment return supporting the IFRS net asset value for this business.

The value of the other line of business has decreased to negative R768 million, reflecting dividends paid to shareholders of R2 415 million, capital injections to the non-covered business, the repurchase of shares under the Group share buyback programme and inflationary increases on capitalised central costs. This was partially offset by dividends received from the covered and asset management businesses.

F Solvency and capital

Solvency

Rm (unless otherwise stated)	Optimal target range	H1 2023	Re-presented[1] FY 2022	Reported FY 2022	Change (H1 2023 vs Re-presented FY 2022)
OMLACSA[2]					
Eligible own funds		**62 535**	59 530	59 618	5%
Solvency capital requirement		**29 964**	27 857	27 853	8%
Solvency ratio (%)[3]	175% to 210%	**209%**	214%	214%	(500 bps)
Group					
Eligible own funds[4]		**97 329**	93 149	94 271	4%
Solvency capital requirement		**52 371**	49 632	49 533	6%
Solvency ratio (%)[3]	170% to 200%	**186%**	188%	190%	(200 bps)

1 *The prior year has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.*
2 *The standard formula under the Prudential Standards is used for OMLACSA.*
3 *Due to rounding of eligible own funds and solvency capital requirement, the ratio presented could differ when recalculated.*
4 *Refer to table 3.2 in the additional disclosures for a reconciliation between IFRS net asset value to Group eligible own funds.*

The solvency ratio for OMLACSA decreased to 209% from 214% in December 2022, due to an increase in both eligible own funds and the solvency capital requirement.

The increase in eligible own funds was primarily due to positive investment experience across segments and higher market values on shareholder assets as well as the impact of positive new business written over the period. These impacts were partially offset by negative experience variances, basis changes, tax impacts and capital outflows.

The increase in the solvency capital requirement was mainly driven by the impact of the change in the nominal interest rate risk exposure, which reduced the market risk diversification benefits, following the middle manager hedge rebalancing to hedge liabilities on an IFRS 17 basis. There was also an increase in the lapse risk due to the impact of good market performance on savings products, as well as the impact of book growth on retail risk products.

The Group solvency ratio has decreased slightly to 186% from 188% in December 2022. The solvency ratio remains stable within the target range of 170%–200%. The decrease was mainly driven by the increase in OMLACSA's solvency capital requirements, combined with an increase in certain non-South African insurer's solvency capital requirements due to a concentration risk model improvement and reductions in the catastrophe reinsurance arrangements for certain entities. As at 30 June 2023, the Group was financially sound on the Prudential Standards basis and is expected to remain financially sound for the foreseeable future.

Group financial review

Free surplus generated from operations

Rm (unless otherwise stated)	H1 2023 Free surplus generated	H1 2023 Adjusted headline earnings	H1 2023 %	H1 2022 Free surplus generated	H1 2022 Adjusted headline earnings	H1 2022 %
Free surplus generated from operations	**2 345**	**3 160**	**74%**	2 998	2 579	116%

Operating segments generated gross free surplus of R2 345 million for the first half of 2023, representing 74% of adjusted headline earnings. Our operating segments continue to generate a high proportion of cash earnings, which were paid to the Group as dividends. The free surplus is net of central costs and can be deployed to dividends, working capital and transactions. Distributions contributing to free surplus generated include dividends from OMLACSA of R2 billion, Old Mutual Investments of R350 million, Old Mutual Finance of R212 million and Marriott Unit Trust Management Company of GBP0.4 million.

Discretionary capital

The Group discretionary capital balance as at 30 June 2023 decreased to R1.0 billion from the R3.5 billion reported at 31 December 2022 principally as a result of capital allocations.

Capital allocations include the Genric Insurance Company Limited acquisition of R300 million and the minority buyout of Old Mutual Finance Namibia of N$214 million in the first quarter of 2023 and the share buyback to return up to R1.5 billion to shareholders by the end of 2023. The Group provided capital support to existing businesses over the first half of the year, with the largest allocation to fund the bank build. The discretionary capital balance of R1.0 billion has been earmarked for the acquisition of an equity stake in the Two Mountains Group and continued investment in our growth and innovation initiatives.

G Gearing and interest cover

Rm (unless otherwise stated)	H1 2023	H1 2022	FY 2022	Change
Gearing[1]				
IFRS value of debt[2, 3]	**10 768**	10 580	9 942	8%
Closing adjusted IFRS equity[3]	**53 257**	51 088	53 342	(0.2%)
Gearing ratio (%)[1, 3]	**16.8%**	17.2%	15.7%	110 bps
Interest cover				
Finance costs	**455**	330	662	38%
AHE before tax and non-controlling interests and debt service costs	**5 459**	4 479	8 236	22%
Interest cover (times)	**12.0**	13.6	12.4	(12%)

1 Gearing is calculated with reference to the IFRS value of debt that supports the capital structure of the Group and closing adjusted IFRS equity.
2 Refer to table 3.3 in the additional disclosures for the reconciliation of IFRS value of debt to borrowed funds as disclosed in the IFRS balance sheet.
3 The % change was calculated with reference to FY 2022.

The gearing ratio of 16.8% increased by 110 bps from December 2022, reflecting increased levels of long-term debt that supports the capital structure of the Group, particularly in OMLACSA. OMLACSA issued R859 million of floating rate subordinated debt under the Old Mutual Limited debt programme in the first half of 2023. The gearing ratio remains in line with our optimal gearing ratio of 15% to 20%.

Interest cover of 12.0 times decreased from 13.6 times in the prior period. The impact of increased finance costs due to the higher interest rate environment and subordinated debt in OMLACSA was offset by the growth in adjusted headline earnings before tax, non-controlling interests and debt service costs.

Supplementary income statement

Rm	Notes	H1 2023	H1 2022	Change
Mass and Foundation Cluster		**727**	1 341	(46%)
Personal Finance and Wealth Management		**1 886**	1 538	23%
Old Mutual Investments		**643**	566	14%
Old Mutual Corporate		**787**	806	(2%)
Old Mutual Insure		**317**	323	(2%)
Old Mutual Africa Regions		**478**	166	>100%
Net result from group activities	A	**(472)**	(486)	3%
Results from operations		**4 366**	4 254	3%
Shareholder investment return	B	**1 055**	205	>100%
Finance costs	C	**(455)**	(330)	(38%)
Income from associate[1]		**38**	20	90%
Adjusted headline earnings before tax and non-controlling interests		**5 004**	4 149	21%
Shareholder tax[2]		**(1 591)**	(1 447)	(10%)
Non-controlling interests		**(253)**	(123)	(>100%)
Adjusted headline earnings		**3 160**	2 579	23%

1 Reflects our share of profit related to our investment in China.
2 Shareholder tax increased due to improved profits, the effective tax rate is in line with the movement in profits.

A Net result from group activities[1]

Rm	H1 2023	H1 2022	Change
Shareholder operational costs	**(532)**	(456)	(17%)
Interest and other income	**275**	128	>100%
Net treasury gain	**78**	—	100%
New growth and innovation initiatives	**(293)**	(158)	(85%)
Transactional capabilities	**(244)**	(139)	(76%)
Next176	**(49)**	(19)	(>100%)
Net result from group activities	**(472)**	(486)	3%

1 We revised the composition of the shareholder operational costs and net treasury gain. Comparatives were re-presented to reflect this change.

The loss on net result from group activities of R472 million decreased by 3% from the prior period. The increase in shareholder operational costs was primarily due to an increase in foreign exchange rate movements on dollar and pound denominated contracts, additional costs related to load shedding and an increase in project costs. The increase in interest and other income was largely driven by higher interest income earned on cash balance due to a higher interest rate environment. The favourable movement in treasury entities similarly related to higher interest rates on undeployed cash balances which resulted in a net treasury gain. The increase in new growth and innovation initiatives reflects further investments in building of our transactional capabilities and NEXT176.

B Shareholder investment return

Rm	H1 2023	H1 2022	Change
South Africa	**353**	(54)	>100%
Old Mutual Africa Regions	**702**	259	>100%
Shareholder investment return	**1 055**	205	>100%

Shareholder investment return of R1 055 million increased significantly despite a challenging investment environment. During this period, financial markets were volatile, with growth prospects in South Africa weighed down by load shedding. In addition, markets were hit hard by a sell-off of bonds, banking shares and currency in the second quarter. Despite the volatile investment environment, the shareholder investment strategy in South Africa continued to meet the primary objective of protecting and preserving shareholder capital.

Group financial review

South African interest-bearing assets earned a 3.9% return year to date representing a 0.3% outperformance of the STeFI three-month Index. The fund benefited from rising interest rates with the marginal outperformance attributable to asset selection and deploying fixed rate assets at attractive levels. The local bond portfolio returned 1.9% year to date, slightly outperforming the Government Bond Index. Local bonds were negatively impacted during the first half of 2023 as a result of political risks and consequently rising yields. Despite a recovery, risk perceptions remained higher as reflected by elevated bond yields.

The South African listed protected equity portfolio (excluding Nedbank) returned 3.4% against a benchmark of 2.1% for the period. Over the same period, the Capped SWIX 40 Index returned 4.3%. The hedging strategies on the protected equity portfolio, excluding Nedbank, are mainly executed in the form of zero cost collars of varying exposures and maturities whereby the exposure to losses is limited to 0%–15% of the investment value, whilst the underlying equities passively track the Capped SWIX 40 Index. During the first half of 2023, more frequent tranches were adopted. As the local protected equity strategy is used primarily as a capital protection mechanism, it incurs an opportunity cost to ensure this level of protection. The protected equity portfolio targets on average 50%–60% of overall market performance. Thus in the first half of 2023, given the market return of 4.3%, this translates to a targeted return of 2.1%-2.6%, with our portfolio outperforming by yielding a 3.4% return.

The Nedbank investment was similarly fully hedged using a collar structure with a protective downside floor limiting losses with an associated ceiling, that limited the upside value to between 105%–112%. As the collar structure unwinds, the proceeds were predominantly invested in fixed income. For the six months ended 30 June 2023, the Nedbank holding returned 3.8% primarily due to an increase in the Nedbank share price relative to the prior period. The remaining stake in Nedbank was 0.6% as at 30 June 2023.

Valuations of the unlisted equity portfolio increased during the first half of 2023, largely due to exchange rate movements on a subset of investments. The market value of the unlisted equity portfolio increased by 2.7% for the six months ended 30 June 2023.

The shareholder investment return in OMLACSA is offset by the impact of the asset and liability programme which amounts to a R133 million loss. This programme focuses on managing the financial risks associated with guaranteed products within OMLACSA, specifically guaranteed annuities and protection products. Traditionally the main risks managed include interest rate, currency, and reinvestment. The programme facilitates guaranteed products funding by coordinating between liability originators and segments in need of funding for their investment activities. Any mismatches between funding origination and deployment are retained centrally. On an ongoing basis, the contribution to investment return is not expected to be significant and may vary depending on hedging performance and the ability to allocate guaranteed product funding.

The performance of assets backing the contractual service margin resulted in an additional loss of R83 million against shareholder investment return. These assets were previously included in OMLACSA's invested shareholder asset base and now support the increase in the policyholder liabilities as a result of the transition to IFRS 17. The comparative amounts were re-presented to take into account the impact of transitioning to IFRS 17.

Shareholder investment returns in the Old Mutual Africa Regions of R702 million increased by more than 100%. The increase was primarily driven by increased investment returns in Malawi and Namibia. In Malawi, the rally in the local equity market accounted for higher fair value gains which are not expected to repeat. In Namibia, there were notable fair value gains on unlisted equities compared to the prior period. In general, higher interest rates across the regions also contributed to the higher investment returns.

C Finance costs

Finance costs on the long-term debt that supports the capital structure of the Group increased by 38% from the prior period to R455 million. This was largely driven by the higher interest rate environment in South Africa and increased levels of subordinated debt in OMLACSA. OMLACSA issued R859 million of floating rate subordinated debt instruments in May 2023.

Reconciliation of adjusted headline earnings to IFRS profit after tax

Rm	Notes	H1 2023	H1 2022	Change
Adjusted headline earnings		**3 160**	2 579	23%
Accounting mismatches and hedging impacts	**A**	**(823)**	49	(>100%)
Impact of restructuring		**(2)**	31	(>100%)
Operations in hyperinflationary economies	**B**	**2 029**	2 023	0.3%
Residual plc	**C**	**(6)**	67	(>100%)
Headline earnings		**4 358**	4 749	(8%)
(Impairment)/reversal of impairment of goodwill, other intangible assets and property		**(4)**	24	(>100%)
Impairment of associated undertakings		**—**	(32)	100%
Profit on disposal of subsidiaries and associated undertakings		**—**	90	(100%)
IFRS profit after tax attributable to ordinary equity holders of the parent		**4 354**	4 831	(10%)

A Accounting mismatches and hedging impacts

Accounting mismatches refers to items where current IFRS treatment do not align with the Group's economic decisions. Once-off items arising from the transition to IFRS 17 are excluded from adjusted headline earnings to ensure greater comparability going forward. During the first half of the year, significant updates were made to the various hedging programmes given the implementation of IFRS 17 to ensure that the hedges remain appropriate under IFRS 17. Included in this line are losses from hedging mismatch arising from the transition of the guaranteed product related hedging programmes. This impact is expected to significantly reduce in future reporting periods as the hedging strategies align with IFRS 17 positions.

B Operations in hyperinflationary economies

Due to hyperinflation in Zimbabwe and barriers to access capital by way of dividends, we continue excluding results from the Zimbabwe business from adjusted headline earnings.

Profits in Zimbabwe are driven by investment returns earned on the Group's shareholder portfolio and volatile currency movements. The investment returns largely relate to fair value gains earned on equities traded on the Zimbabwe Stock Exchange (ZSE) as market participants seek to invest in equities that preserve value in an inflationary environment. The ZSE generated returns of 779% during the period against inflation of 212% for the same period. We caution users of our financial results that the investment returns earned on the shareholder portfolio may reverse in future.

C Residual plc

Residual plc reported a loss of R6 million in the current period compared to a profit of R67 million in the prior period. The profits of Residual plc in the prior period were mainly driven by foreign currency movements on US dollar denominated cash balances. The cash balances decreased significantly following the dividend of R806 million paid to the Group in December 2022.

Group financial review

Interim dividend declaration

The Old Mutual Limited Board declared an interim dividend of 32 cents per ordinary share, which amounts to 50% of adjusted headline earnings. The interim dividend will be paid out of income reserves. The growth in the interim dividend from the prior period is as a result of our robust operational performance and strong capital and liquidity position. The interim dividend is in line with Old Mutual's dividend policy, which targets an ordinary dividend cover of 1.50 times to 2.00 times of adjusted headline earnings over the financial year.

Shareholders on the London, Zimbabwean, Malawian and Namibian registers will be paid in the local currency equivalents of the interim dividend.

Old Mutual's income tax number is 9267358233. The number of ordinary shares in issue in the Company's share register at the date of declaration is 4 871 553 649.

	JSE, MSE, NSX, ZSE	**LSE**
Declaration date	Wednesday, 27 September 2023	Wednesday, 27 September 2023
Finalisation announcement and exchange rates announced	Tuesday, 3 October 2023	Tuesday, 3 October 2023
Transfers suspended between registers	Tuesday, 3 October 2023	Tuesday, 3 October 2023
Last day to trade cum dividend for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 17 October 2023	N/A
Ex-dividend date for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 18 October 2023	N/A
Last day to trade cum dividend for shareholders on the UK register	N/A	Wednesday, 18 October 2023
Ex-dividend date for shareholders on the UK register	N/A	Thursday, 19 October 2023
Record date (South African Register and Malawi, Namibia and Zimbabwe branch registers)	Close of business on Friday, 20 October 2023	N/A
Record date (UK register)	N/A	Close of business on Friday, 20 October 2023
Transfers between registers restart	Opening of business on Monday, 23 October 2023	Opening of business on Monday, 23 October 2023
Final dividend payment date on the South African register and Malawi, Namibia and Zimbabwe branch registers	Monday, 23 October 2023	Friday, 17 November 2023

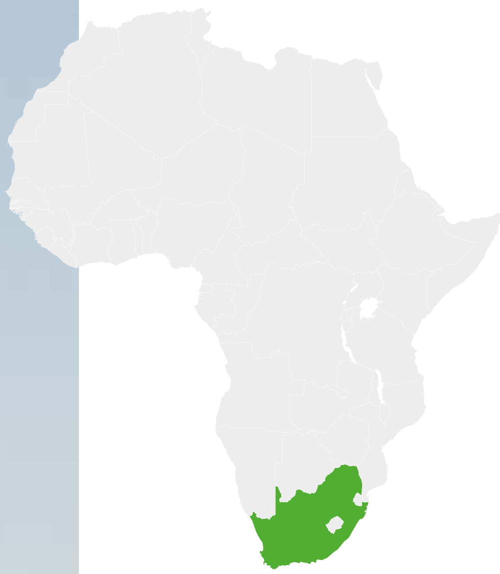
Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 18 October and Friday, 20 October, both dates inclusive. Transfers between the registers may not take place between Tuesday, 3 October and Friday, 20 October, both dates inclusive. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees Proprietary Limited will not be permitted between Tuesday, 3 October and Friday, 20 October 2023, both days inclusive.

The dividend for South African shareholders will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax of 20%. The net dividend payable to shareholders subject to withholding tax of 20% amounts to 25.60000 cents per ordinary share. Distributions made through the dividend access trust or similar arrangements established in a country will not be subject to South African withholding tax, but may be subject to withholding tax in the relevant country. We recommend that shareholders consult with their tax adviser regarding the in-country withholding tax consequences.

Shareholders that are tax residents in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-SA taxpayers should complete and submit a declaration form to the respective registrars. The declaration form can be found at:

Click here

SEGMENT REVIEWS



500 MW in renewable energy unlocked in just over six months

R2 billion committed to green energy development in just over six months

DID YOU KNOW

In a significant step on our journey to carbon neutrality by 2040, a consortium led by African Infrastructure Investment Managers (AIIM), a subsidiary of Old Mutual Investments, has reached financial close on the 89MW Castle Wind Farm, located near the town of De Aar in the Northern Cape, South Africa.

This will create energy cost savings, increased energy security and decarbonisation benefits for Sibanye-Stillwater, a multinational mining and metals processing group in the area. More importantly, this deal marks AIIM's first major step in delivering over 550 MW from our renewable project portfolio.

Northern Cape, South Africa – Coordinates 30.6766° S, 24.0131° E

An overview of our segments

Our operating segments are structured to deliver products and services to our customers according to their needs.

Mass and Foundation Cluster

Simple financial services product offering for retail customers in the low-income and lower-middle-income markets

Lines of business
- Life and Savings
- Banking and Lending

Personal Finance and Wealth Management

Holistic financial advice and long-term solutions for retail customers in the middle and high-income market, as well as high-net-worth individuals

Lines of business
- Life and Savings
- Asset Management

Old Mutual Investments

Asset management and investment solutions for retail and institutional customers

Lines of business
- Asset Management
- Banking and Lending

Old Mutual Corporate

Traditional employee benefits, including group assurance, investments and advisory solutions for enterprises and small, medium and micro-sized enterprises

Lines of business
- Life and Savings
- Banking and Lending

Old Mutual Insure

Short-term insurance services for personal, commercial and corporate customers in South Africa

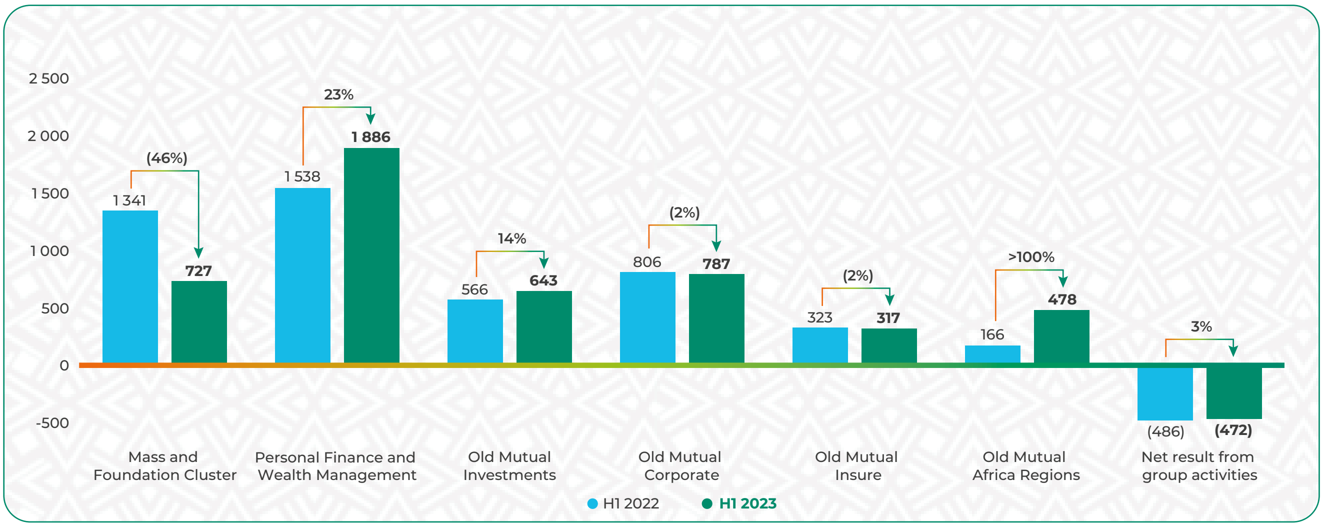
Lines of business
- Property and Casualty

Old Mutual Africa Regions

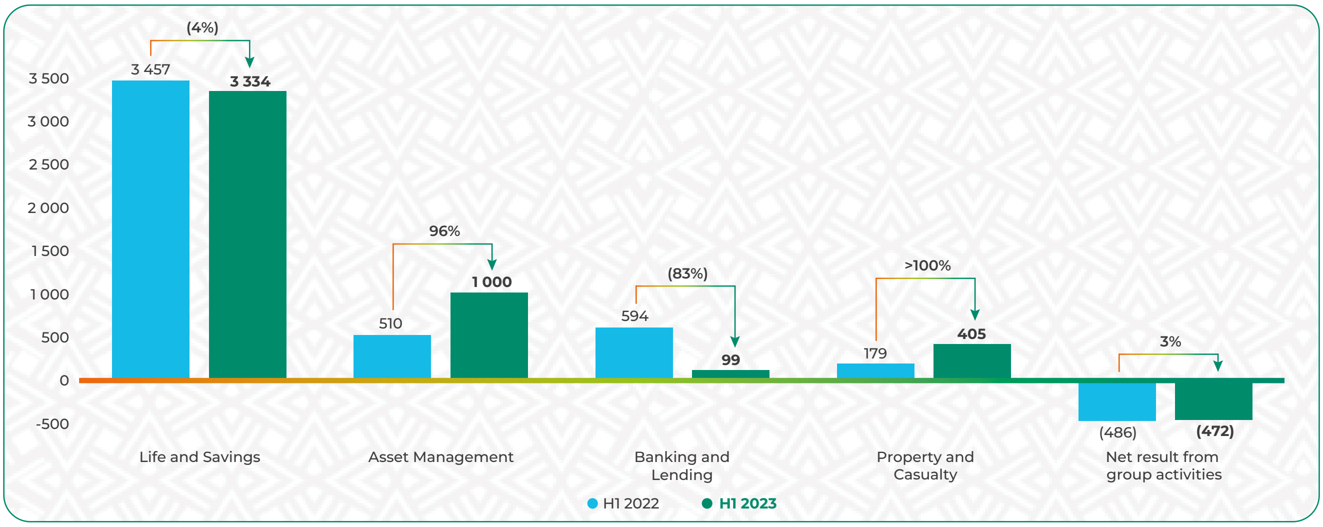
Financial services products, asset management and banking services for retail and corporate customers across 12 countries in Africa

Lines of business
- Life and Savings
- Asset Management
- Banking and Lending
- Property and Casualty

Segmental results from operations



Line of business results from operations



Supplementary performance indicators expanded from page 35.

Supplementary performance indicators by segment

H1 2023

Rm (unless otherwise stated)	Mass and Foundation Cluster[1]	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities[2]	Intra-group eliminations	Group
Life and Savings and Asset Management									
Gross flows	**6 854**	**40 312**	**17 387**	**15 078**		**16 642**	**1 444**		**97 717**
Net client cash flow	**2 907**	**(6 464)**	**(4 279)**	**(5 059)**		**4 669**	**972**		**(7 254)**
Funds under management (Rbn)	**29.8**	**624.6**	**247.7**	**269.8**		**124.4**	**11.1**	**(7.0)**	**1 300.4**
Life and Savings									
Life APE sales	**2 125**	**2 251**		**938**		**787**	**148**		**6 249**
Value of new business	**611**	**131**		**120**		**75**			**937**
Value of new business margin (%)	**8.9%**	**0.8%**		**1.6%**		**2.1%**			**2.6%**
Banking and Lending									
Loans and advances	**16 014**					**3 241**			**19 255**
Net lending margin (%)	**10.6%**					**11.3%**			**10.7%**
Property and Casualty									
Gross written premiums					**9 559**	**3 032**			**12 591**
Insurance revenue					**9 603**	**2 642**			**12 245**
Net underwriting margin (%)					**0.9%**	**(2.7%)**			**0.2%**

H1 2022

Rm (unless otherwise stated)	Mass and Foundation Cluster[1]	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities[2]	Intra-group eliminations	Group
Life and Savings and Asset Management									
Gross flows	6 250	40 079	10 185	12 623		12 431	1 817		83 385
Net client cash flow	2 659	2 033	(6 348)	(7 355)		3 193	1 485		(4 333)
Funds under management (Rbn)[4]	28.6	588.0	240.2	261.3		110.0	9.8	(6.8)	1 231.1
Life and Savings									
Life APE sales	1 806	2 001		880		665	819		6 171
Value of new business[3]	478	46		94		90			708
Value of new business margin (%)[3]	7.7%	0.3%		1.1%		2.9%			2.2%
Banking and Lending									
Loans and advances[4]	15 512					3 497			19 009
Net lending margin (%)	13.8%					15.6%			14.2%
Property and Casualty									
Gross written premiums					8 186	2 709			10 895
Insurance revenue					8 316	2 186			10 502
Net underwriting margin (%)					2.5%	(13.9%)			(0.7%)

1 Banking and Lending in Mass and Foundation Cluster reflects the operations of Old Mutual Finance.
2 Other Group activities includes our investment in China.
3 The comparative amounts presented herein are on an IFRS 4 basis.
4 The comparative amount references FY 2022.

Segment reviews

Mass and Foundation Cluster

Our customers continued to be severely constrained by the increased cost of living. Despite the challenging operating environment, we gained market share and recorded an 18% growth in sales, with strong contributions from our branch adviser, foundation market retail and intermediated channels. Our high-margin risk business continues to grow, with a strong performance in non-advice risk sales and advice-led underwritten life sales.

We made significant progress in improving new business premium collections, increasing our confirmed sales. This robust sales performance demonstrates continued growth on last year's performance as our channel diversification strategy matures.

Persistency in our life in-force book continued to weaken, requiring us to further strengthen our short-term provisions. Our value of new business margin improved to 8.9% and ended at the top of our target range of 6% to 9%.

Given our increasingly constrained customers, our lending business maintained a conservative lending approach as we continue to deliver sales growth within our risk appetite. In doing so, our book grew by 3% coupled with appropriate credit performance.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**727**	1 341	(46%)
Gross flows	**6 854**	6 250	10%
Life APE sales	**2 125**	1 806	18%
Net client cash flow	**2 907**	2 659	9%
Funds under management (Rbn)[1]	**29.8**	28.6	4%
Value of new business[2]	**611**	478	28%
Value of new business margin (%)[2]	**8.9%**	7.7%	120 bps
Old Mutual Finance			
Results from operations	**175**	406	(57%)
Loans and advances[1]	**16 014**	15 512	3%
Net lending margin (%)	**10.6%**	13.8%	(320 bps)
Credit loss ratio (%)	**7.0%**	4.6%	240 bps

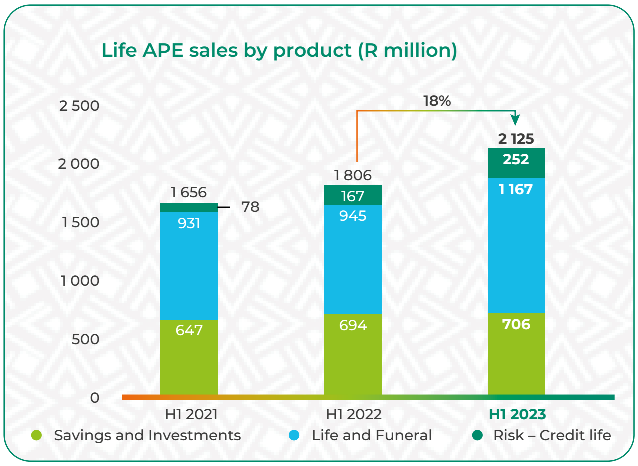
1. The comparative amount references FY 2022.
2. The comparative amounts presented herein are on an IFRS 4 basis.

Performance overview

Gross flows of R6 854 million grew by 10% due to the positive impacts of annual premium increases and the inclusion of flows from our credit life business following the increase in shareholding of Old Mutual Finance in December 2022. These were partly offset by worse persistency. Net client cash flow increased by 9% to R2 907 million, largely due to the increased gross flows, partly offset by higher surrenders as more customers access their savings for support during difficult financial times.

Life APE sales of R2 125 million increased by 18%, driven by growth of risk sales across all our retail channels. This was supported by good credit life growth, which included the impact of the increase in the ownership of Old Mutual Finance.

Loans and advances of R16 014 million were 3% above the prior period, supported by higher sales as we continue to responsibly grow the book.

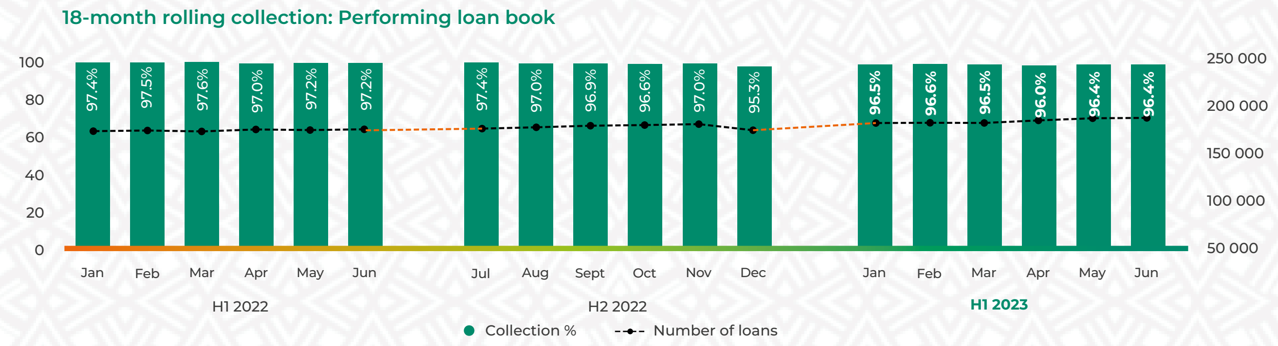


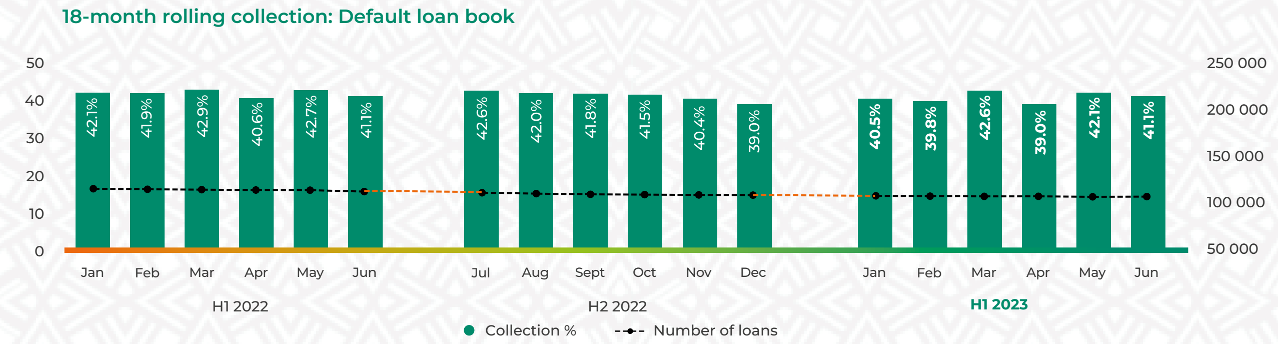
Results from operations decreased by 46% to R727 million, reflecting the challenging operating environment over the period.

Life profits were negatively impacted by worse retention experience across both risk and savings products. In light of our customers' increasing financial pressure, we have strengthened our retention provisions further. The comparative period benefited from the release of excess COVID-19 provisions. These were partly offset by an improvement in our underlying mortality claims experience, higher sales volumes, improved sales mix and good cost management.

Banking and Lending profits declined due to higher credit losses and the negative impact of the higher funding costs from the rapidly increasing interest rate environment. This led to a decrease in net lending margin of 320 bps to 10.6% and credit loss ratio of 7.0%.

The value of new business margin of 8.9% was up by 120 bps due to increased risk sales volumes, increased ownership of Old Mutual Finance and effective cost management as we continue to execute well across our value drivers.





Outlook for H2 2023

We are confident that our sales performance will remain robust for the remainder of 2023 which will continue to support strong value of new business growth. Our value of new business margin will remain within our target range of 6% - 9% despite our margin being cyclically lower in the second half of the year due to the impact of the December holidays on sales. However, the poor macro-economic environment remains a key challenge to our business' performance. Our persistency outcomes, in particular, are likely to remain under pressure for the remainder of 2023.

In light of the increased pressure on our persistency experience, we remain focused on our management interventions, which are yielding positive results. An easing of the cost-of-living pressure and higher economic growth are however also needed to support further improvements over the short to medium term.

For the remainder of 2023, we will continue to generate enhanced value from our existing customer base via cross-sell initiatives, focusing on underwritten life products – a key strategic growth area. Our acquisition of a strategic equity stake in the Two Mountains Group is on track to close by the end of 2023 and the Competition Tribunal recently approved the transaction.

We will continue to grow the lending book prudently to ensure we deliver the targeted credit experience with the appropriate profitability outcomes. We expect our credit loss ratio to remain within our longer-term target range of 6% to 8% during 2023. We expect the net lending margin to improve as the gross interest yield on the existing book increases to reflect the current interest rate environment, while funding costs have already stabilised. We expect our transactional offering to contribute positively to profits by the end of the year.

Segment reviews

Personal Finance and Wealth Management

We delivered strong profits supported by higher assets under management and administration, while the weaker rand improved revenue from offshore client portfolios and seed capital investments in Wealth Management. However, the impact of a strained economy continues to exacerbate financial pressure on our customers resulting in increased levels of disinvestments from savings and investments.

We have continued with the management actions from 2022 to drive sales activity and business mix in Personal Finance. These contributed positively to the recovery in our value of new business. We saw a transition in sales towards higher margin complex risk products. The expansion of our adviser footprint through our tailored registered financial advisers models has maintained momentum. Improvements in our leads-to-sales ratio contributed to a 16% rise in sales within our self-directed channels.

We launched Private Clients by Old Mutual Wealth to further expand our high net worth client proposition and create better integration of services for clients. We have also completed the build of a new Cash and Liquidity Solutions business, which will offer a compelling alternative to established players in the market, particularly the banking industry.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**1 886**	1 538	23%
Personal Finance	**1 401**	1 260	11%
Wealth Management	**485**	278	74%
Gross flows	**40 312**	40 079	1%
Life APE sales	**2 251**	2 001	12%
Net client cash flow	**(6 464)**	2 033	(>100%)
Value of new business[1]	**131**	46	>100%
Value of new business margin (%)[1]	**0.8%**	0.3%	50 bps
Wealth Management			
Assets under management and administration (Rbn)[2]	**358.1**	328.3	9%
Funds under management	**420.3**	390.6	8%
Intergroup assets	**(62.2)**	(62.3)	0.2%
Revenue	**1 675**	1 403	19%
Annuity	**1 589**	1 443	10%
Non-annuity	**86**	(40)	>100%
Revenue bps – annuity[3]	**93 bps**	88 bps	5 bps

1 *The comparative amounts presented herein are on an IFRS 4 basis. Under IFRS 4, certain components of retail absolute growth portfolio were recognised in Old Mutual Corporate. In line with the Group's interpretation of IFRS 17 that contracts must be valued as a whole in the segment where it was issued, all components on retail absolute growth portfolio are now recognised in Personal Finance and Wealth Management.*
2 *The comparative amount references FY 2022.*
3 *Calculated as annuity revenue divided by average assets under management and administration.*

Performance overview

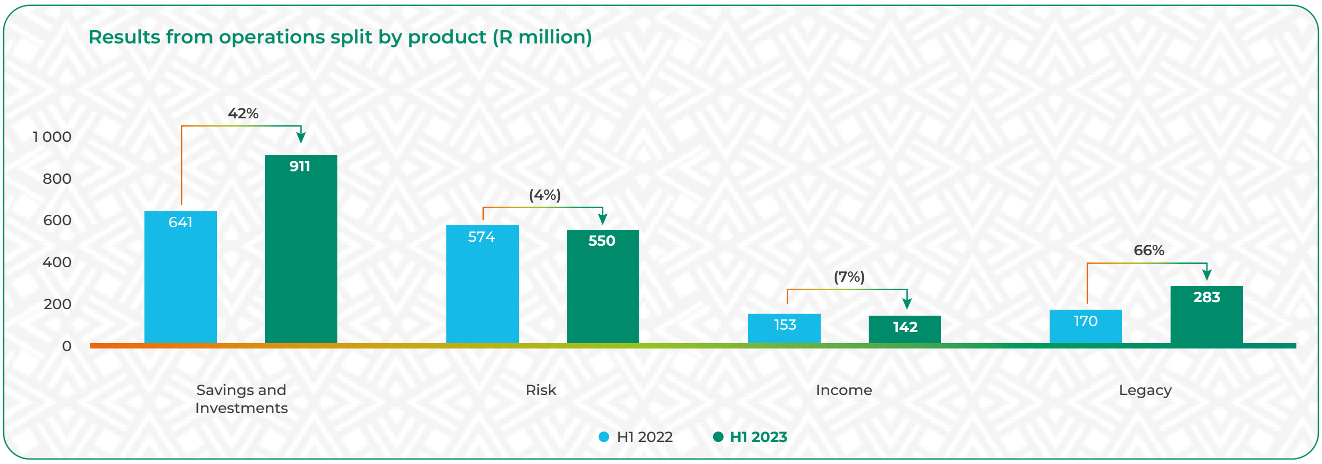
Gross flows for the segment of R40 312 million marginally increased from the prior period due to strong guaranteed annuity flows in Personal Finance, which were partially offset by the decrease in demand for offshore investments in Wealth Management as a result of a weaker rand against major currencies.

Life APE sales for the segment of R2 251 million increased by 12% from the prior period. This was driven by strong single premium sales, with a 59% increase in guaranteed annuities. Recurring premium sales were also higher, driven by better savings and underwritten risk sales in Personal Finance. This was partially offset by lower sales in the collective investment scheme and life linked funds in Wealth Management. We saw strong sales in the smooth bonus and fixed bond options as customers continued to show a preference for stable and guaranteed funds.

Net client cash flow for the segment of negative R6 464 million was worse than the positive R2 033 million reported in the prior period. In Wealth Management, liquidity requirements in a challenging operating environment resulted in outflows from a number of large clients across local and offshore platforms, coupled with lower offshore and treasury advisory inflows. In Personal Finance, increased disinvestments from savings and investments were partially offset by the strong single premium inflows.

Results from operations for the segment of R1 886 million increased by 23% from the prior period. In Wealth Management, non-annuity revenue increased due to improved market valuations of seed capital investments and a weaker rand against the US dollar exchange rate. Higher average asset levels contributed to increased annuity revenue.

Personal Finance saw stronger market performance and higher morbidity profits compared to the prior period. Our mortality experience was better for this period, however profits were lower due to the prior period benefiting from excess COVID-19 provision releases.



The segment value of new business of R131 million increased from the prior period due to strong guaranteed annuity sales, an increase in savings business and a shift in the mix towards higher margin products. The improvement in the risk benefits mix was offset by unfavourable economic impacts. The value of new business margin of 0.8% continued its recovery trajectory, which increased by 50 bps compared to prior period due to the management actions implemented that were intended to grow the contribution of margin richer products coupled with improved productivity across our advisers in all channels.

Outlook for H2 2023

We anticipate that the overall market conditions will remain challenging against the backdrop of the South African economy, with high interest rates and a weak currency that will restrict the investment market. Customers are likely to prefer a higher than usual weight of guaranteed solutions. We expect continued pressure on customers' financial positions and thus on our persistency and outflows.

Our focus will remain on maintaining sound advice for customers and further improving the ease of doing business. We will continue growing the experienced adviser base, driving sales activity and the right business mix in Personal Finance to accelerate market share growth.

In Wealth Management, we will deploy a key discretionary fund management solution that provides improved capabilities to financial advisers using our platform. We will also launch our new Cash and Liquidity Solutions business that aims to attract new asset flows.

System and process development for the implementation of the two-pot system for retirement funds are a key priority. We have taken a decision to move the launch of our new Savings and Income proposition to 2024 to ensure that it is compliant with the two-pot system.

Old Mutual Investments

The challenging market environment continues to negatively affect investment opportunities and add strain to existing investments. Despite this, we achieved double-digit growth in results from operations benefiting from our diverse capability set and asset class exposures. While short-term investment performance in Asset Management is below expectations, our three-year peer performance remains competitive, with 75% of our funds ahead of median and 81% of our mandates ahead of their benchmarks.

It has been a pleasing period regarding delivery against our strategic focus areas. We integrated the active investment teams and capabilities under the Old Mutual Investment Group Chief Investment Officer, and this was well received as it provides clearer focus on our investment proposition for clients. We made significant progress on various IT refresh projects across the business. Specialised Finance reviewed its operating, risks and control environment, with the aim of becoming best in class.

Old Mutual Investment Group won Best Sustainable African Investment Manager 2023 for the second year running at the European Global Banking and Finance awards. The investment manager also won the Capital Finance International award for Best ESG Responsible Investor (Africa) 2023 for a third consecutive year, highlighting our credentials as a leader in responsible investment.

In line with our ongoing commitment to drive transformation in asset management, we are proud to report that Futuregrowth and Old Mutual Investment Group's effective black shareholding is 56.3% and 55.0% respectively.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**643**	566	14%
Gross flows	**17 387**	10 185	71%
Net client cash flow	**(4 279)**	(6 348)	33%
Assets under management (Rbn)[1,2]	**804.8**	774.0	4%
Funds under management	**247.7**	240.2	3%
Intergroup assets	**557.1**	533.8	4%
Total revenue	**1 770**	1 541	15%
Annuity	**1 496**	1 371	9%
Non-annuity	**274**	170	61%

1 The comparative amount references FY 2022.
2 Assets under management comprise funds under management as defined for the Group, and funds managed on behalf of other entities in the Group, which are reported as funds under management of these respective segments.

Performance overview

We delivered strong results in a challenging environment. Our results benefited from exceptional non-annuity revenue and new capital being raised, which supported the solid growth in annuity revenue. Higher inflows, positive local equity markets and the change in exchange rates positively impacting offshore asset values all contributed to assets under management of R804.8 billion increasing by 4% from December 2022.

Higher annuity revenue was supported by record levels of capital raised in our Alternatives business over the past 18 months, as well as exchange rate gains on our offshore assets under management, which came through as management fees, commitment fees and catch-up fees.

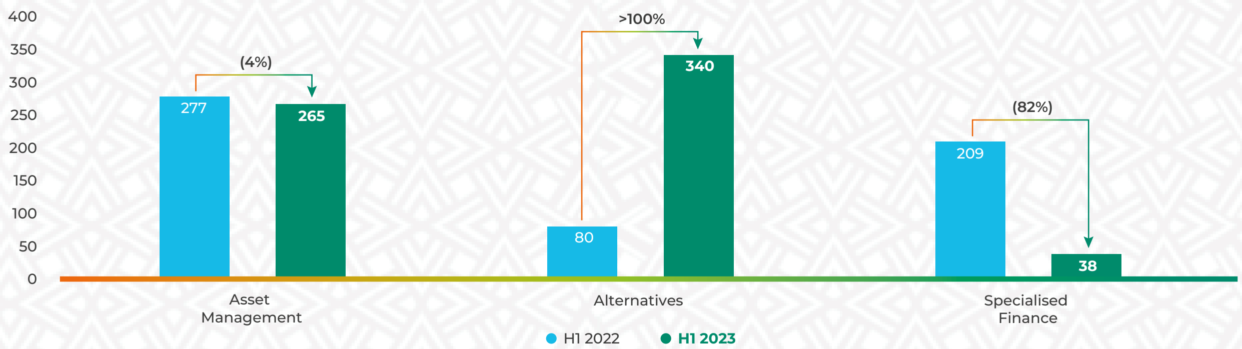
Significant non-annuity revenue continues to be a major differentiator from our peer group. This revenue is more volatile but provides significant economic value through the investment cycle. The components include carried interest, revaluation of fund co-investments, performance fees and mark-to-market impacts from changes to credit spreads and equity exposures. Non-annuity revenue grew by 61% from the prior period, mainly due to strong performance fees and investment returns in our Alternatives business, although partly offset by negative market movements on the credit portfolio and equity exposures in our Specialised Finance business.

Gross flows improved by 71% to R17 387 million due to higher inflows across the business, but most notably in our money market, fixed income and alternative products. Client liquidity requirements resulted in net outflows from low-margin money market funds and a negative net client cash flow of R4 279 million, which was an improvement of 33% from the prior period. Net client cash flow continues to be impacted by structural outflows given the ongoing strain in the South African pension fund market, as well as terminations associated with client restructures.

Segment reviews

Results from operations increased by 14% to R643 million driven by higher revenue, partially offset by increased expenses. Expenses were up as a result of the filling of vacancies, inflationary salary increases, the investment in revenue-generating initiatives and technology, and contract termination fees in our Alternatives business.

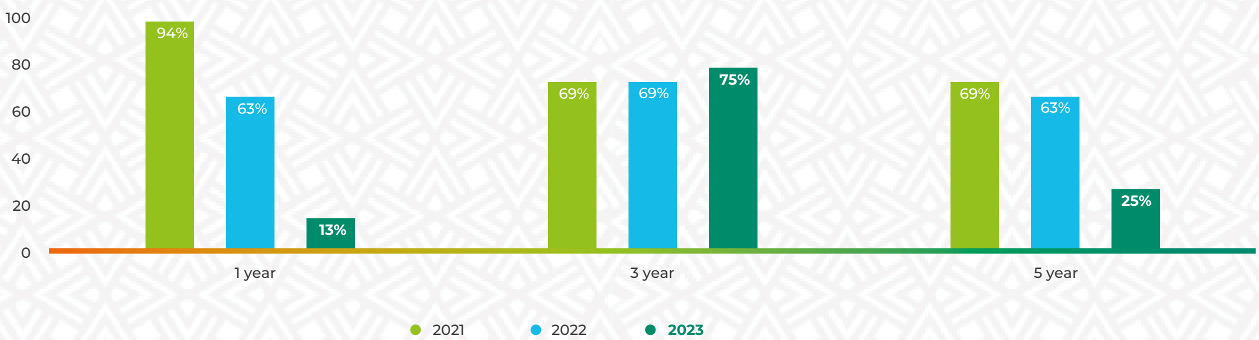
Results from operations split by business unit (R million)



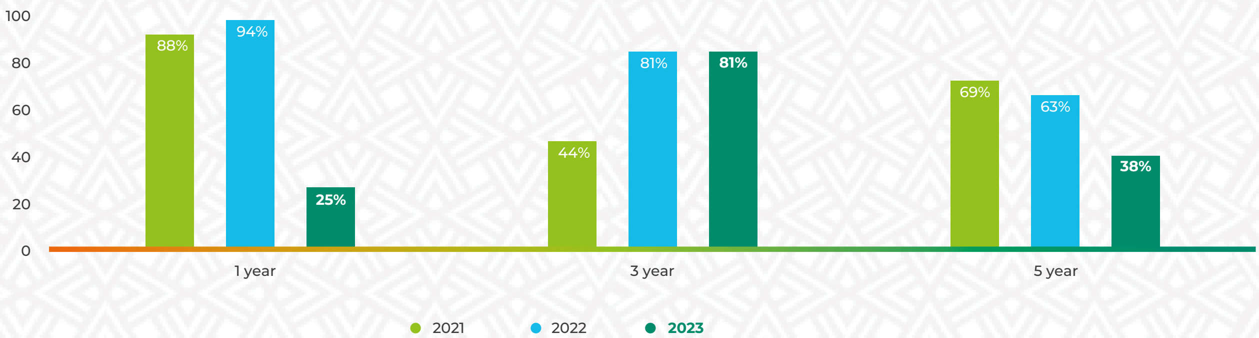
Asset Management

Results from operations were 4% down, largely due to lower non-annuity revenue from reduced performance fees. Futuregrowth experienced higher gross flows into money market and fixed income products, with good flows into Liability Driven Investments products in Old Mutual Investment Group. However, expected Liability Driven Investments benefit payments of R2.1 billion, continued client liquidity requirements, and terminations related to client restructures contributed to the negative net client cash flow of R4.3 billion.

Funds above median (%) – performance to 30 June 2023

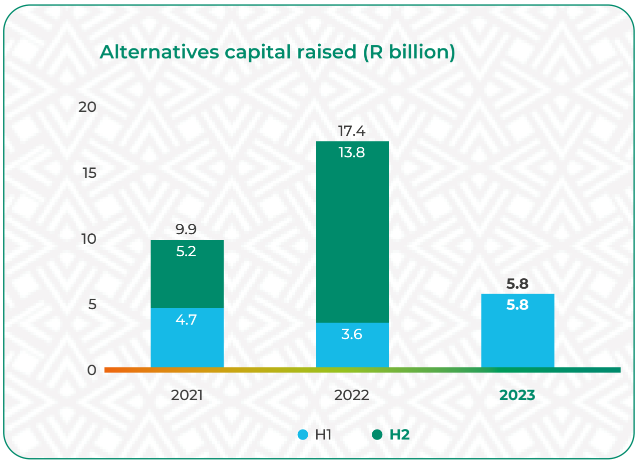


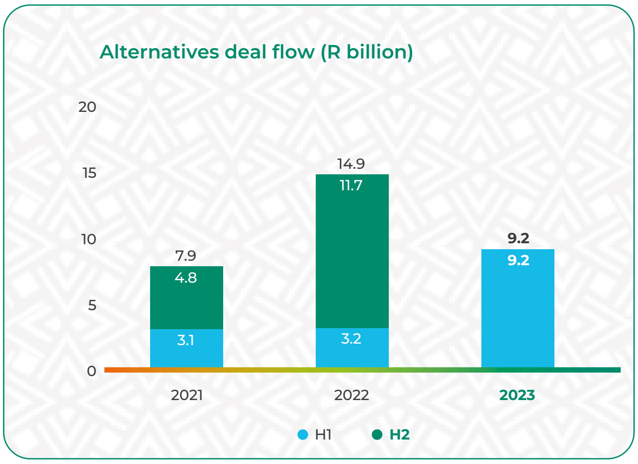
Funds above benchmark (%) – performance to 30 June 2023



Alternatives

Capital raising continued steadily into 2023, with R5.8 billion of capital raised. The positive R2.8 billion raised from third-party investors highlights the benefits of our Private Markets initiative and the strategy to compete in the third-party institutional market. Similarly, deal flow remains strong, and we concluded R9.2 billion of new deals in the period. Annuity revenue was higher due to growth in our assets under management benefiting from capital raised in recent years, exchange rate gains and increased fees as a result of higher valuations. Non-annuity revenue was significantly higher due to exceptionally strong performance fees and higher investment returns. The overall impact was an increase in results from operations of 325%.





Specialised Finance

The business delivered well against its assets and liability management mandate in a challenging credit environment. Specialised Finance continues to deliver stable hedging positions to reduce volatility for the shareholder.

Balance sheet growth from deal volume originated was offset by active risk management that successfully reduced exposures to state-owned enterprises, resulting in the balance sheet declining by 2% to R34.6 billion. Results from operations declined significantly to R38 million due to mark-to-market losses in the equity and credit portfolios and an accounting adjustment recognised on the settlement of two unlisted preference share instruments. This was partly offset by higher portfolio margins and lower expenses.

Outlook for H2 2023

Our focus on delivering against our strategic initiatives remains steadfast. We are confident that our diverse asset portfolios, integrated investment teams and our enhanced client proposition with new capabilities will help us navigate the current economic environment and drive value for our stakeholders. Although our non-annuity revenue will remain volatile, the capital being raised and deployed will continue to grow our annuity revenue in Alternatives. We will maintain our focus on stringent cost management and actions required to translate our secured-to-flow deals and high probability pipeline into net client cash flows.

Our focus remains consistent in driving the sustainable delivery of excellent investment outcomes for our clients, growing both institutional and retail market share (the latter by partnering with Wealth Management), strengthening our investment platform, recruiting top talent and driving technological enhancement throughout our businesses.

Segment reviews

Old Mutual Corporate

Our strong top-line growth for the first half of 2023 was driven by growth in new business and retention across the portfolio. Our flagship smooth bonus product range continued to perform well in a volatile market and Old Mutual Group Risk Assurance remains a leading group risk provider. Old Mutual SuperFund, the largest umbrella retirement fund in South Africa, continues to provide solutions that meet the diverse employee benefit needs of all types of employers and employees.

We launched Old Mutual Health Solutions to extend our employee benefits proposition by providing primary care, gap cover and related ancillary products. We achieved this in partnership with Genric Insurance Company, which was acquired by Old Mutual Insure in January 2023. This range makes high-quality healthcare solutions, such as appointments with private-sector medical professionals, accessible to lower-income employees who cannot afford medical aid. This provides employers an opportunity to make accessible, affordable healthcare an integral part of their employee value proposition, potentially reducing absenteeism and increasing staff retention and productivity.

Remchannel extended its solutions in reward management to include executive reward consulting services to provide complex and strategically essential reward expertise. We continue to invest in servicing the small and medium-sized enterprise market by building out SMEgo – a digital channel that provides innovative lending, operational support and market access solutions to small and medium-sized enterprises.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**787**	806	(2%)
Gross flows	**15 078**	12 623	19%
Life APE sales	**938**	880	7%
Net client cash flow	**(5 059)**	(7 355)	31%
Funds under management (Rbn)[1]	**269.8**	261.3	3%
Value of new business[2]	**120**	94	28%
Value of new business margin (%)[2]	**1.6%**	1.1%	50 bps

1 The comparative amount references FY 2022.

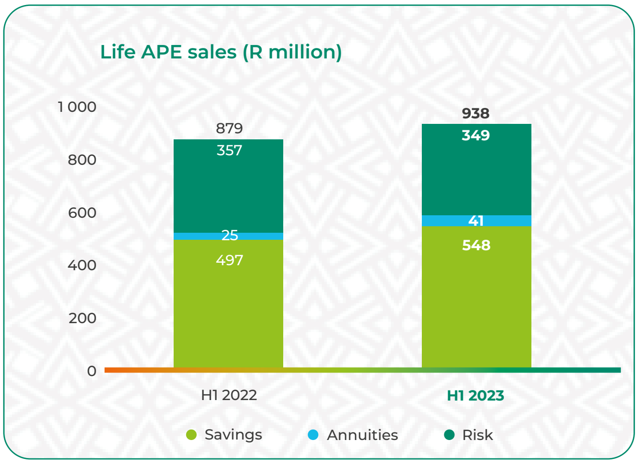
2 The comparative amounts presented herein are on an IFRS 4 basis. Under IFRS 4, certain components of retail absolute growth portfolio were recognised in Old Mutual Corporate. In line with Group interpretation of IFRS 17 that contracts must be valued as a whole in the segment where it was issued, all components of retail absolute growth portfolio are now recognised in Personal Finance and Wealth Management.

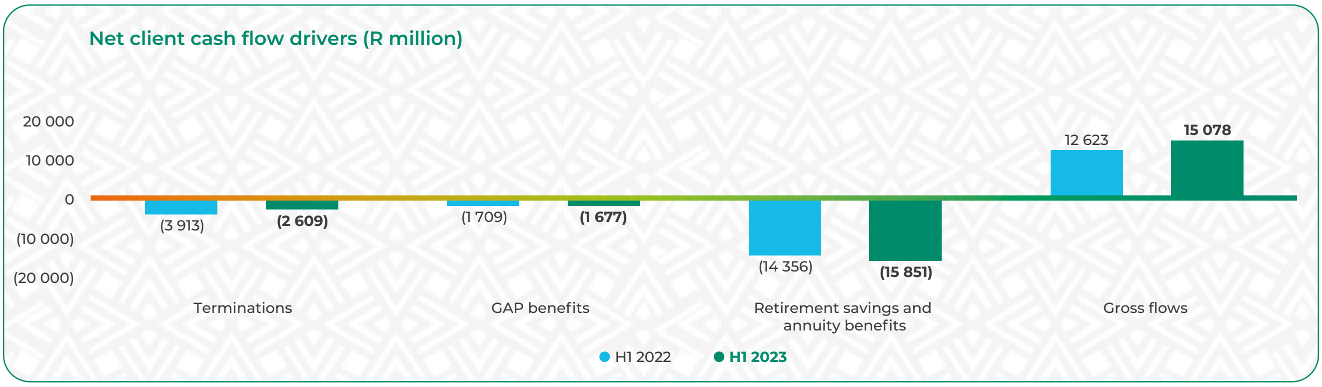
Performance overview

Gross flows increased by 19% to R15 078 million due to improved flows in Old Mutual SuperFund and good growth in recurring premium flows from Group Assurance sales.

Life APE sales increased by 7% to R938 million, driven by strong savings and satisfactory pre-retirement sales over the period. The prior period included credit life premium sales, which are now reported in the Mass and Foundation Cluster following the buyout of minority shareholders of Old Mutual Finance in December 2022.

Net client cash flow improved by 31% from the prior period, bolstered by improved gross flows and better retention, partially offset by higher pre-retirement benefits. Termination outflows improved from R3 913 million in the prior period to R2 609 million in the first half of 2023 as a result of management interventions.





Funds under management improved by 3% to R269.8 billion, driven by strong flows, improved retention and strong investment performance over the period, partly offset by negative net client cash flow. A component of the funds under management relates to our flagship smoothed bonus funds, which performed well in a volatile market environment. This reduced the impact of the market volatility experienced by customers through smoothing, while building investors' retirement savings with consistent real returns.

Results from operations of R787 million decreased by 2% from the prior period. The contractual service margin and risk adjustment recognised were consistent with the expected recognition pattern. We achieved good asset-based income due to higher average funds under management and prudent expense management. We continued to see the normalisation of mortality experience in our risk and annuity book.

The value of new business margin of 1.6% increased by 50 bps, attributable to the new business secured over the period and a favourable product mix within our annuity and risk offerings. The value of new business margin was further bolstered by a large deal secured and expense efficiencies in acquisition spend over the period.

Outlook for H2 2023

We will remain focused on generating flows from confirmed deals and continuing to building a strong pipeline into the remainder of 2023. Client retention is critical to our sustainable profitability. We are enhancing our pre and post retirement product offerings and investing in our digital and service capabilities.

The Old Mutual SuperFund emphasises its sustainability, stewardship and responsible investment practices as essential long-term value drivers. We will continue to extend the core employee benefits business by scaling our Health Solutions offerings, growing Remchannel profitability, and driving the take-up of our digital ecosystem offerings for small and medium-sized enterprises.

The two-pot system proposed by National Treasury for retirement savings is a major industry reform designed to promote the preservation of retirement savings while providing limited early access to a portion of those savings. We are working to ensure servicing and system readiness and developing communication collateral and financial wellness tools to support our members in making optimal financial decisions and achieving the best retirement outcomes. The employee benefits industry remains subject to various retirement reforms, which we will monitor and manage.

Segment reviews

Old Mutual Insure

The South African insurance market continues to experience headwinds in 2023. The first half of the year was characterised by elevated levels of weather-related events, coupled with the uncertainty of the energy crisis, rising-interest rates and higher levels of inflation.

We acquired 100% of Genric Insurance Company in January 2023, and partnered with Old Mutual Corporate to launch Old Mutual Health Solutions to optimise distribution synergies within the Group.

We recorded gross written premium growth of 17%, with a solid contribution from Retail and Specialty. Our direct channels, iWYZE and alternative channels reported 8% and 56% growth respectively, albeit off a small base. Excluding Genric, we achieved commendable gross written premium growth of 12%.

We continue to invest in our technology offerings to create greater operational efficiencies, resulting in the implementation of a new reinsurance system in the first half of the year. We continue to make progress in our future state technological enhancements to improve the customer and intermediary experience.

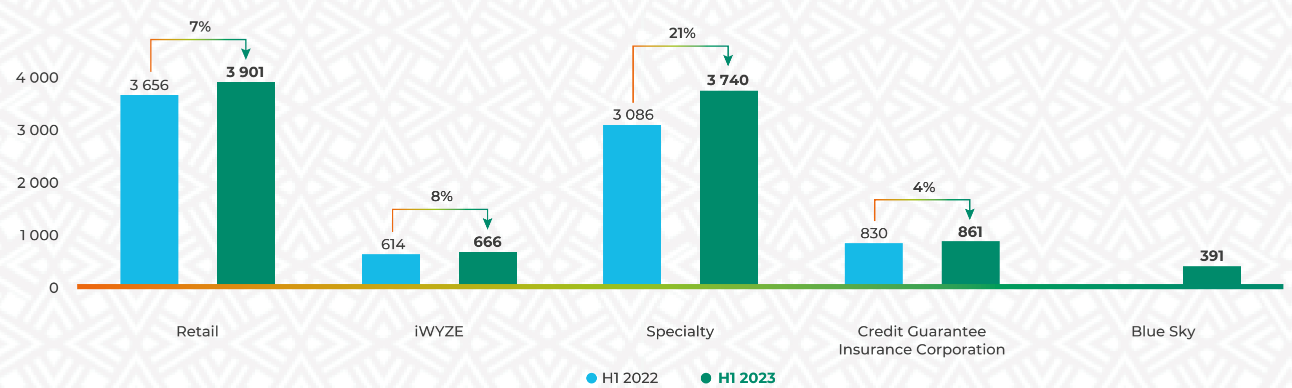
We are proud to have maintained our Level 1 B-BBEE rating since 2019 and we remain committed to operating as a responsible business.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Gross written premiums	**9 559**	8 186	17%
Insurance revenue	**9 603**	8 316	15%
Net insurance revenue	**7 987**	6 805	17%
Net underwriting result	**72**	169	(57%)
Results from operations	**317**	323	(2%)
Net underwriting margin (%)	**0.9%**	2.5%	(160 bps)
Insurance margin (%)	**4.0%**	4.7%	(70 bps)

Rm	**H1 2023**	H1 2022	Change
Retail[1]	**(64)**	137	(>100%)
iWYZE	**108**	12	>100%
Specialty[1]	**39**	35	11%
Credit Guarantee Insurance Corporation	**130**	208	(38%)
Blue Sky[2]	**70**	(43)	>100%
Insurance service result	**283**	349	(19%)
Non-attributable expenses	**(211)**	(180)	(17%)
Net underwriting result	**72**	169	(57%)
Investment return on insurance funds	**246**	130	89%
Finance income and expenses from insurance and reinsurance contracts	**(63)**	(5)	(>100%)
Other income and expenses	**62**	29	>100%
Results from operations	**317**	323	(2%)

1 Premier has moved out of Retail and is currently reported as part of Specialty, which aligns to how the portfolio is managed, resulting in a re-presentation of comparative numbers.
2 Blue Sky is the investment portfolio that includes Genric, ONE Financial Services, Primak Insurance Brokers and Versma Management Services.

Gross written premiums per line of business (R million)



Performance overview

The decrease in insurance service result was driven by higher claims costs due to inflation and increased weather-related catastrophe events. Non-attributable expenses increased largely due to the inclusion of Genric Insurance Company Limited for the first time as well as increased once off project costs. This led to a net underwriting margin of 0.9%, which is below our target range of 4% to 6%, and behind the restated net underwriting margin of 2.5% in 2022.

We delivered positive results for the period, with higher interest rates yielding strong investment returns on our money market portfolios. Other income has increased as we strategically grow our cell captive business.

Retail

Retail includes the Commercial and Personal business portfolios. The Commercial business portfolio serves small to large-sized enterprises by providing commercial insurance solutions that suit the needs of entrepreneurs and businesses. The Personal business portfolio offers a multi-product and multichannel distribution portfolio that provides individuals with cover through a wide range of products.

Retail delivered solid growth of 7% in gross written premiums, supported by increases in our Alternative and Elite channels. At a product level, Personal and Commercial lines and Agri achieved positive growth.

The increase in weather-related catastrophe events, such as the Western Cape floods, negatively affected the Retail division. Catastrophe claims incurred for the period were below the reinsurance thresholds, leading to a net insurance loss of R64 million compared to a prior period profit of R137 million.

iWYZE

The iWYZE business offers direct short-term, gap cover and business insurance.

Gross written premiums grew by 8%. Outsourced partnership arrangements continue to drive growth in direct channels. Net insurance profit increased substantially to R108 million, driven by book growth and improved claims management.

Specialty

The Specialty business portfolio focuses on the insurance of large and complex risks in niche market segments particularly, property, engineering and marine. It also offers first and third party cell captive as well as alternative risk solutions. It also includes Premier which delivers tailor-made service for higher sum insured policies. It provides technical underwriting and improved risk management to complex and unique customers.

Specialty achieved 23% growth in gross written premium, demonstrating success in our strategy to grow the cell captive business. This was offset by significant fire-related claims in Corporate property and Premier.

Insurance service results increased by 11% to R39 million for the period, and Specialty continues to see the benefit of prudent underwriting and risk selection.

Credit Guarantee Insurance Corporation

Credit Guarantee Insurance Corporation's main business is trade credit insurance in the domestic and export trade credit insurance market.

The company maintains a strong underwriting discipline and good portfolio quality despite challenging domestic and international trading conditions.

A muted gross written premium growth of 4% was attributable to a decrease in economic activity.

Net insurance profit of R130 million was down 38% on the prior period, mostly due to a large catastrophe claim that breached the excess of loss.

Blue Sky

Blue Sky is the strategic acquisitions division in which we report the results of our acquired subsidiaries. This includes Genric Insurance Company Limited, a diversified non-life insurer that focuses mainly on accident and health insurance and other niche classes of insurance and ONE Financial Services Holdings Proprietary Limited, a South African non-life insurance service provider and a cell owner within the cell captive environment. Primak Brokerage provides brokerage services in the non-life insurance space. Versma Management Services provides customisable, end-to-end business processing services that are tailored to the brokerage environment.

Genric Insurance Company Limited contributed R391 million to gross written premiums in the first half of the year and achieved a net insurance profit of R7 million.

ONE Financial Services' performance improved, achieving a positive net insurance result of R86 million from a loss of R41 million in the first half of 2022. The key driver behind the recovery was the successful remediation of the heavy commercial vehicle book, which continues to deliver good results.

Outlook for H2 2023

Although the economic outlook remains challenging, we remain confident that results will improve. We expect the recently implemented premium rate increases to address the effects of inflation on claims within the Retail division to yield positive results in the second half of the year.

We will continue focusing on delivering on key strategic projects, including realising synergies across key acquisitions made over the past 18 months and achieving ongoing capital and balance sheet optimisation initiatives.

Segment reviews

Old Mutual Africa Regions

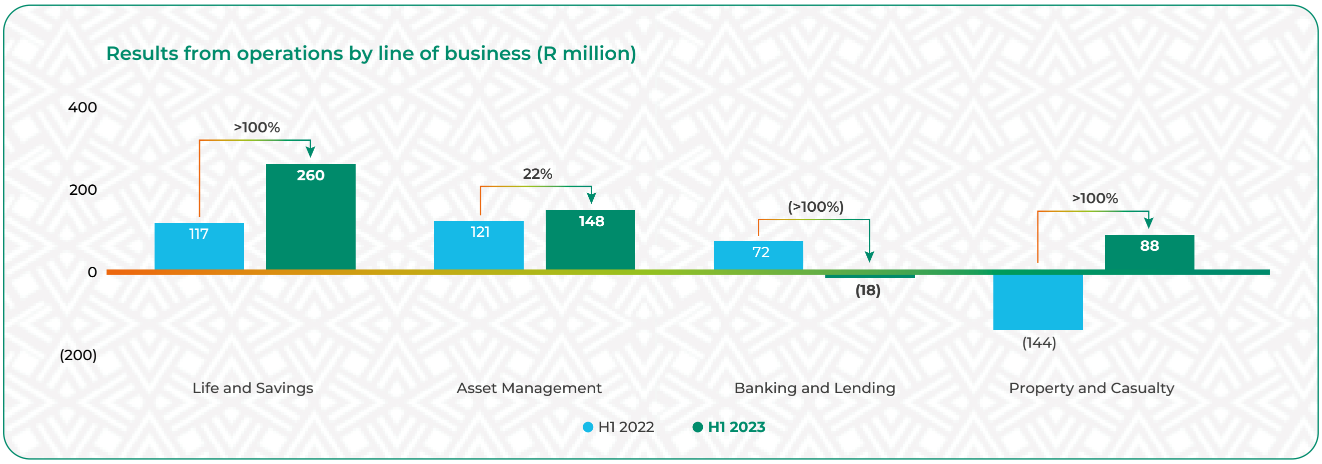
We delivered a pleasing set of results, notwithstanding the challenging operating environment that prevailed across most of our markets. The sluggish economic recovery post COVID-19, characterised by elevated inflation, interest rates and weakening rates of exchange against major currencies put increased strain on our customers disposable income.

Top-line across all lines of business, except Banking and Lending was nonetheless well ahead of the prior period. Our pivot to corporate in the life portfolio continued to gain traction with life sales higher than the comparative period. In the Property and Casualty business, we made good progress in improving underwriting results with management actions to improve claims, pricing and operational efficiencies bearing fruit.

Our operations in Zimbabwe have demonstrated resilience despite the volatile operating environment. These operations continue to be ringfenced and are excluded from the results that follow. We launched Old Mutual Digital Services in Zimbabwe, a new division that will house and drive our new age digital first solutions to our customers. The main innovative fintech solution offered in this business unit is called O'Mari. The O'Mari platform encompasses mobile money, insurtech and health-tech services. The solution aims to meet our customers' most pressing everyday needs through a single, convenient platform. We saw a strong adoption of O'Mari and we expect these scalable digital solutions to support our customer acquisition ambitions and aiming to adopt these in other markets within our portfolio.

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations[1]	**478**	166	>100%
Gross flows	**16 642**	12 431	34%
Life APE sales	**787**	665	18%
Net client cash flow	**4 669**	3 193	46%
Funds under management (Rbn)[2]	**124.4**	110.0	13%
Value of new business[3]	**75**	90	(17%)
Value of new business margin (%)[3]	**2.1%**	2.9%	(80 bps)
Loans and advances[2]	**3 241**	3 497	(7%)
Net lending margin (%)	**11.3%**	15.6%	(430 bps)
Gross written premiums	**3 032**	2 709	12%
Insurance revenue	**2 642**	2 186	21%
Net underwriting margin (%)	**(2.7%)**	(13.9%)	1 120 bps

1 Old Mutual Africa Regions results from operations include central regional expenses of R10 million (H1 2022: R69 million).
2 The comparative amount references FY 2022.
3 The comparative amounts presented herein are on an IFRS 4 basis.



Southern Africa

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**617**	416	48%
Gross flows	**7 538**	6 839	10%
Life APE sales	**433**	447	(3%)
Net client cash flow	**1 131**	950	19%
Funds under management (Rbn)[1]	**77.8**	66.4	17%
Value of new business[2]	**62**	101	(39%)
Value of new business margin (%)[2]	**2.9%**	4.2%	(130 bps)
Loans and advances[1]	**1 300**	1 281	1%
Net lending margin (%)	**21.0%**	18.1%	290 bps
Gross written premiums	**600**	536	12%
Insurance revenue	**606**	506	20%
Net underwriting margin (%)	**2.8%**	(8.8%)	1 160 bps

1. *The comparative amount references FY 2022.*
2. *The comparative amounts presented herein are on an IFRS 4 basis.*

Performance overview

Gross flows increased by 10% to R 7 538 million, mainly attributed to an increase in demand for offshore investments in Namibia and large corporate inflows in Malawi. Strong inflows resulted in net client cash flow of R1 131 million which increased by 19% despite higher withdrawals in Malawi due to the amendment of the Pensions Act, which enabled members to access their pension funds five years before retirement, coupled with higher disinvestments in Namibia resulting from client liquidity requirements.

Life APE sales decreased by 3% to R433 million due to large single premium corporate sales recorded in Namibia in the prior period which were not repeated.

Loans and advances were slightly up due to the rollout of a debit order product in Namibia. Increased credit life income from the sale of the new product, combined with lower impairment charges due to better collections, led to 290 bps improvement in the net lending margin.

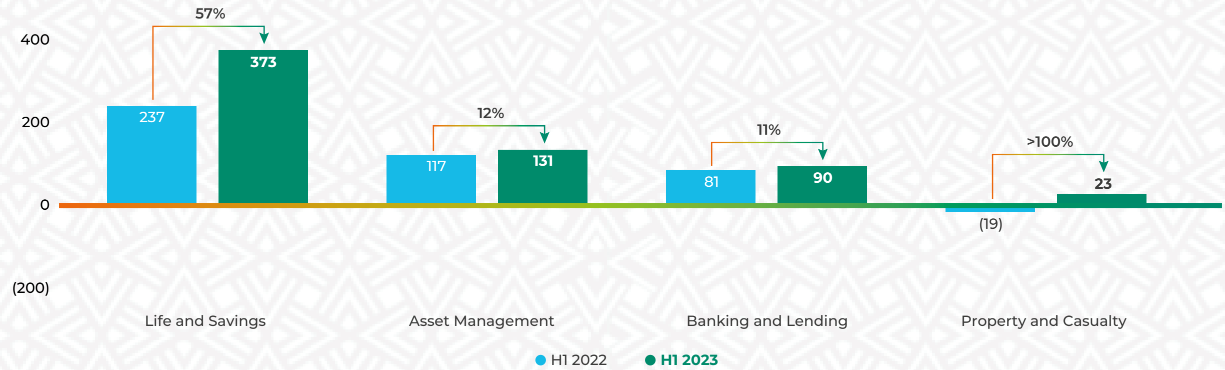
Gross written premiums increased by 12% to R600 million following high renewals of existing business and growth in new business across the corporate, personal and commercial segments. The net underwriting margin improved by 1 160 bps, driven by the top-line growth and better claims experience due to better risk selection and pricing strategies within our portfolios.

Results from operations increased by 48% to R617 million primarily driven by the Life and Savings business in Malawi and Namibia. In Malawi, the robust performance of the listed equity market led to exceptionally high returns which are not expected to repeat. Namibia recorded better claims experience and favourable economic variances.

Results from operations in the Property and Casualty business improved significantly from a loss of R19 million in the prior period to a profit of R23 million, due to enhanced underwriting disciplines. In our Banking and Lending business, results from operations increased from prior period due to higher non-interest income and lower impairment charges. Asset Management results from operations were above prior period due to increased fees earned on higher funds under management.

The value of new business margin of 2.9% decreased by 130 bps, largely due to Malawi and Namibia where the mix of business was weighted to lower margin products.

Results from operations by line of business (R million)



East Africa

Rm (unless otherwise stated)	H1 2023	H1 2022	Change
Results from operations	**(28)**	(102)	73%
Gross flows	**8 767**	5 258	67%
Life APE sales	**246**	115	>100%
Net client cash flow	**3 371**	2 075	62%
Funds under management (Rbn)[1]	**45.0**	42.0	7%
Value of new business[2]	**14**	(4)	>100%
Value of new business margin (%)[2]	**1.3%**	(0.9%)	220 bps
Loans and advances[1]	**1 941**	2 216	(12%)
Net lending margin (%)	**5.0%**	14.1%	(910 bps)
Gross written premiums	**2 282**	2 049	11%
Insurance revenue	**1 918**	1 567	22%
Net underwriting margin (%)	**(5.5%)**	(16.2%)	1 070 bps

1. *The comparative amount references FY 2022.*
2. *The comparative amounts presented herein are on an IFRS 4 basis.*

Performance overview

Gross flows of R 8 767 million increased by 67% from the prior period, primarily driven by new mandates secured in Kenya and an increase in unit trust sales in Uganda. These strong flows resulted in a 62% increase in net client cash flow.

Life APE sales grew significantly to R246 million. This was mainly driven by the growth of the retail and corporate books in Kenya following the recruitment of additional personnel and improved productivity.

Loans and advances were 12% lower due to more stringent lending criteria which led to decreased disbursements as well as continued buyoff of the good loan book by competitors. Net lending margin reduced by 910 bps due to higher impairments and lower net interest income caused by increased funding costs following an increase in prime lending rates.

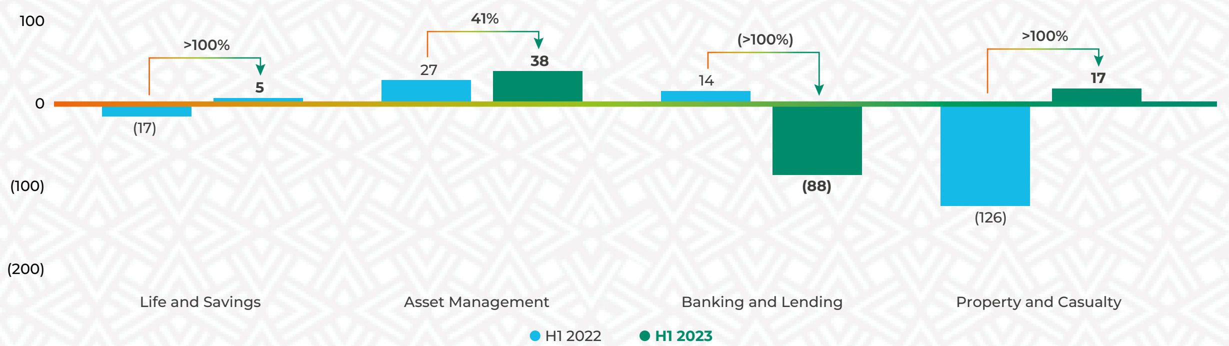
Gross written premiums increased by 11% from the prior period to R 2 282 million. This growth was primarily driven by strong sales of health insurance in Uganda and Kenya, as well as higher commercial sales in Uganda. Additionally, net underwriting margin improved by 1 070 bps due to lower net underwriting losses compared to the prior period, resulting from better claims experience in health and motor books.

The results from operations loss improved by 73% to R28 million, mainly due to better net underwriting margin from the Property and Casualty business and increased returns on insurance float. The Life and Savings results from operations improved from the prior period, largely attributable to favourable economic variances and better claims experience in the corporate business in Kenya.

Banking and Lending recorded a loss compared to a profit in the prior period. This is due to a decrease in interest income resulting from the higher cost of funding and the smaller book, decline in non-interest revenue, and increase in impairments following a decline in collections. In the Asset Management business, results from operations increased from prior period, driven by higher fees earned on strong inflows in Uganda and Kenya.

The value of new business margin increased by 220 bps to 1.3%. Kenya played a crucial role in the swing of the value of new business margin from negative to positive. The improved profitability of new business written is owed to changes in the product mix, with higher volumes of profitable business written as the business continues to pivot to corporate.

Results from operations by line of business (R million)



West Africa

Rm (unless otherwise stated)	**H1 2023**	H1 2022	Change
Results from operations	**(101)**	(79)	(28%)
Gross flows	**337**	334	1%
Life APE sales	**108**	103	5%
Net client cash flow	**167**	168	(1%)
Funds under management (Rbn)[1]	**1.6**	1.6	—
Value of new business[2]	**(1)**	(7)	86%
Value of new business margin (%)[2]	**(0.4%)**	(2.5%)	210 bps
Gross written premiums	**151**	124	22%
Insurance revenue	**118**	113	4%
Net underwriting margin (%)	**(38.0%)**	(23.5%)	(1 450 bps)

1. The comparative amount references FY 2022.
2. The comparative amounts presented herein are on an IFRS 4 basis.

Performance overview

Gross flows increased marginally to R337 million mainly due to improved life inflows in Ghana and Nigeria. However, this growth was largely offset by the 27% depreciation of the Ghanaian cedi against the South African rand. Net client cash flow were broadly in line with prior period.

Life APE sales increased by 5% to R108 million driven by higher productivity of agents operating in our markets.

Gross written premiums grew by 22% to R151 million due to the growth of new business. The net underwriting margin declined by 1 450 bps, driven by the high cost of motor spare parts, which were impacted by the depreciation of the Nigerian naira against the US dollar.

Results from operations loss worsened to R101 million primarily attributed to the Life and Savings business. In Nigeria, negative experience variances from higher corporate claims were reported and Ghana saw unfavourable economic variances stemming from adverse movements in the yield curve.

Property and Casualty results from operations improved from a loss of R15 million to a profit of R6 million. This positive outcome is attributed to better investment returns that offset the adverse impact of the depreciation of the Nigerian naira on the cost of motor spare parts.

The value of new business margin of negative 0.4% improved by 210 bps. The continued shift towards higher margin corporate business in Nigeria significantly improved the value of new business margin.

Outlook for H2 2023

We anticipate that the economic environment will continue to present significant challenges across our markets. Countries such as Malawi, Kenya and Nigeria, which are in tight fiscal positions, pose material sovereign risk.

We will continue with the implementation of the various management actions aimed at improving the underwriting result in the Property and Casualty portfolio. Concerns are heightened around the impact of the El Niño phenomenon on the claims experience as above-average rainfall is expected in East Africa during the upcoming October-November-December (OND) season. In our Banking and Lending business, the continued strengthening of credit disciplines is expected to enable the business to ramp up the level of new disbursements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

533
applications received

44%
of the top 25 were female-led start-ups

DID YOU KNOW

Innovative start-ups, entrepreneurs and small business owners across Zimbabwe have a unique opportunity to accelerate their growth by entering the exciting Value Creation Challenge (VCC). VCC is an incubation programme of the Eight2Five Innovation Hub, powered by Old Mutual.

The VCC provides business development and learning opportunities, connections, coaching and seed funding to start-ups in emerging technologies, fintech, the creative industry and sustainability. Applications open in February annually and selected entrepreneurs pitch their business ideas at various key programme stages to secure their top spot.

Harare, Zimbabwe – Coordinates 17.8216° S, 31.0492° E

CONTENTS

Condensed consolidated income statement

For the six months ended 30 June 2023

Rm	Notes	2023	2022[1]
Insurance service result			
Insurances revenue	D1	**33 270**	30 653
Insurance service expenses	F1	**(27 648)**	(27 428)
Net (expense)/income from reinsurance contracts		**(870)**	922
Total insurance service result		**4 752**	4 147
Investment result			
Net investment return (non-banking)		**84 063**	(37 336)
Net finance (expenses)/income from insurance contracts		**(55 994)**	17 662
Net finance income from reinsurance contracts		**66**	2
Change in investment contract liabilities		**(12 456)**	15 062
Change in third-party interest in consolidated funds		**(8 811)**	6 686
Total net investment result		**6 868**	2 076
Non-insurance revenue and income			
Banking interest and similar income		**2 019**	2 132
Banking trading, investment and similar income		**1 785**	544
Fee and commission income, and income from service activities	D2	**4 262**	3 545
Other income		**223**	1 360
Total non-insurance revenue and income		**8 289**	7 581
Non-insurance expenses			
Credit impairment charges		**(699)**	(452)
Finance costs		**(455)**	(330)
Banking interest payable and similar expenses		**(362)**	(371)
Other operating and administrative expenses[2]		**(10 377)**	(8 191)
Total non-insurance expenses		**(11 893)**	(9 344)
Share of gains of associated undertakings and joint ventures after tax		**262**	179
Impairment of investments in associated undertakings		**–**	(32)
Profit on disposal of subsidiaries and associated undertakings		**–**	115
Profit before tax		**8 278**	4 722
Income tax (expense)/credit		**(3 391)**	512
Profit after tax for the financial period		**4 887**	5 234
Attributable to			
Equity holders of the parent		**4 354**	4 831
Non-controlling interests			
Ordinary shares		**533**	403
Profit after tax for the financial period		**4 887**	5 234
Earnings per ordinary share			
Basic earnings per ordinary share (cents)	C1(a)	**96.7**	106.8
Diluted earnings per ordinary share (cents)	C1(b)	**92.0**	105.2

1 *These numbers have been restated, refer to Note H8.*
2 *Included in other operating and administrative expenses is finance costs of R491 million (30 June 2022: R362 million) which includes interest relating to funding that support the operations of the Group (funding within policyholder investments) of R425 million (30 June 2022: R308 million) and interest on lease liabilities of R66 million (30 June 2022: R54 million).*

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2023

Rm	2023	2022[1]
Profit after tax for the financial period	**4 887**	5 234
Other comprehensive income for the financial period		
Items that will not be reclassified to profit or loss		
Gains on property revaluations	**798**	496
Remeasurement gains on defined benefit plans	**103**	76
Fair value movements related to credit risk on borrowed funds	**(20)**	(65)
Income tax on items that will not be reclassified to profit or loss	**(51)**	(50)
	830	457
Items that may be reclassified to profit or loss		
Currency translation differences on translating foreign operations[2]	**(1 725)**	(4 035)
Income tax on items that may be reclassified to profit or loss	**–**	–
	(1 725)	(4 035)
Total comprehensive income for the financial period	**3 992**	1 656
Attributable to		
Equity holders of the parent	**3 714**	1 661
Non-controlling interests		
Ordinary shares	**278**	(5)
Total comprehensive income for the financial period	**3 992**	1 656

1 *These numbers have been restated, refer to Note H8.*
2 *This amount has no tax impact.*

Condensed consolidated supplementary income statement

For the six months ended 30 June 2023

Rm	Notes	2023	2022[1]
Mass and Foundation Cluster	B	**727**	1 341
Personal Finance and Wealth Management	B	**1 886**	1 538
Old Mutual Investments	B	**643**	566
Old Mutual Corporate	B	**787**	806
Old Mutual Insure	B	**317**	323
Old Mutual Africa Regions	B	**478**	166
Net result from group activities	B	**(472)**	(486)
Results from operations		**4 366**	4 254
Shareholder investment return		**1 055**	205
Finance costs		**(455)**	(330)
Share of gains of associated undertakings and joint ventures after tax		**38**	20
Adjusted headline earnings before tax and non-controlling interests		**5 004**	4 149
Shareholder tax		**(1 591)**	(1 447)
Non-controlling interests		**(253)**	(123)
Adjusted headline earnings after tax and non-controlling interests		**3 160**	2 579
Adjusted weighted average number of ordinary shares (millions)	C1(a)	**4 590**	4 544
Adjusted headline earnings per share (cents)[2]		**68.8**	56.8

Reconciliation of adjusted headline earnings to IFRS profit after tax[3]

Rm	Notes	2023	2022[1]
Adjusted headline earnings after tax and non-controlling interests		**3 160**	2 579
Accounting mismatches and hedging impacts	A1.5(a)	**(823)**	49
Impact of restructuring	A1.5(b)	**(2)**	31
Operations in hyperinflationary economies	A1.5(c)	**2 029**	2 023
Non-core operations	A1.5(d)	**(6)**	67
Headline earnings		**4 358**	4 749
Impairment/(reversal of impairment) of goodwill and other intangible assets and property, plant and equipment		**(4)**	24
Impairment of investments in associated undertakings		**–**	(32)
Profit on disposal of subsidiaries and associated undertakings		**–**	90
Profit after tax for the financial period attributable to equity holders of the parent		**4 354**	4 831

1 These numbers have been restated, refer to Note H8.
2 Adjusted diluted headline earnings per share added for enhanced disclosure purposes. Adjusted diluted earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts, Black Economic Empowerment trusts and the Retail and Community BEE Schemes, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year.
3 Refer to Note A1.5 for more information on the basis of preparation of adjusted headline earnings (AHE) and the adjustments applied in the determination of AHE.

Condensed consolidated statement of financial position

At 30 June 2023, 31 December 2022 and 1 January 2022

Rm	Notes	At 30 June 2023	At 31 December 2022[1]	At 1 January 2022[1]
Assets				
Goodwill and other intangible assets		**7 454**	6 934	6 234
Mandatory reserve deposits with central banks		**153**	173	195
Property, plant and equipment		**7 652**	8 259	9 155
Investment property		**46 361**	42 530	38 672
Deferred tax assets		**4 805**	4 740	4 782
Investments in associated undertakings and joint ventures		**1 228**	1 065	908
Costs of obtaining contracts		**467**	478	523
Loans and advances		**18 067**	17 615	17 617
Investments and securities[2]		**940 153**	893 453	904 581
Other investments and securities including term deposits		**915 770**	868 129	882 391
Cash and cash equivalents		**24 383**	25 324	22 190
Insurance contract assets	F1	**4 131**	3 697	2 645
Reinsurance contract assets	F1	**9 044**	8 071	9 463
Current tax receivable		**304**	415	462
Trade, other receivables and other assets		**40 486**	30 839	17 869
Derivative financial instruments		**11 626**	9 688	6 391
Cash and cash equivalents		**33 822**	37 467	32 931
Assets held for sale	H5	**1 126**	370	269
Total assets		**1 126 879**	1 065 794	1 052 697
Liabilities				
Insurance contract liabilities	F1	**614 687**	581 052	608 422
Reinsurance contract liabilities	F1	**856**	383	975
Investment contract liabilities		**214 252**	195 404	205 269
Third-party interests in consolidated funds		**109 001**	102 749	77 308
Borrowed funds	F2	**17 719**	16 713	17 506
Provisions		**2 600**	1 729	1 767
Contract liabilities		**408**	411	435
Deferred tax liabilities		**4 586**	3 370	6 520
Current tax payable		**843**	712	499
Trade, other payables and other liabilities		**81 502**	85 785	59 171
Amounts owed to bank depositors		**3 752**	4 706	5 905
Derivative financial instruments		**16 027**	12 580	8 082
Total liabilities		**1 066 233**	1 005 594	991 859
Net assets		**60 646**	60 200	60 838
Shareholders' equity				
Equity attributable to the equity holders of the parent		**58 029**	57 585	57 724
Non-controlling interests				
Ordinary shares		**2 617**	2 615	3 114
Total non-controlling interests		**2 617**	2 615	3 114
Total equity		**60 646**	60 200	60 838

1 These numbers have been restated, refer to Note H8.
2 The presentation of the statement of financial position, including the comparatives, has been amended to include additional information regarding the cash and cash equivalents component included in investments and securities. Refer to Note H6 for more information.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2023

Rm	Notes	2023	2022[1]
Cash flows from operating activities			
Profit before tax		**8 278**	4 722
Non-cash movements in profit before tax		**21 835**	19 497
Net changes in working capital		**(24 985)**	(16 423)
Taxation paid		**(2 010)**	(1 713)
Net cash inflow from operating activities[2]		**3 118**	6 083
Cash flows from investing activities			
(Acquisition)/disposal of financial investments		**(560)**	3 787
Acquisition of investment properties		**(1 258)**	(186)
Proceeds from disposal of investment properties		**119**	29
Dividends received from associated undertakings		**53**	31
Acquisition of property, plant and equipment		**(269)**	(469)
Proceeds from disposal of property, plant and equipment		**174**	103
Acquisition of intangible assets		**(430)**	(638)
Proceeds from disposal of intangible assets		**78**	–
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		**(302)**	(106)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures		**–**	201
Net (outflow)/inflow from investing activities		**(2 395)**	2 752
Cash flows from financing activities			
Dividends paid to			
Ordinary equity holders of the Company	C4	**(2 415)**	(2 333)
Non-controlling interests and preferred security interests		**(105)**	(233)
Share buyback transactions		**(360)**	–
Interest paid (excluding banking interest paid)		**(521)**	(384)
Acquisition of treasury shares – ordinary shares		**(715)**	(386)
Proceeds from disposal of treasury shares – ordinary shares		**372**	284
Acquisition from change in participation in subsidiaries		**(1 296)**	–
Lease liabilities repayments		**(66)**	(359)
Proceeds from borrowed funds		**1 730**	1 784
Repayment of borrowed funds		**(520)**	(963)
Net cash outflow from financing activities		**(3 896)**	(2 590)
Net cash (outflow)/inflow for the period		**(3 173)**	6 245
Effects of exchange rate changes on cash and cash equivalents		**(1 433)**	(915)
Cash and cash equivalents at beginning of the period		**62 964**	55 316
Cash and cash equivalents at end of the period		**58 358**	60 646
Comprising			
Mandatory reserve deposits with central banks		**153**	181
Cash and cash equivalents included in investments and securities		**24 383**	23 901
Cash and cash equivalents		**33 822**	36 564
Total		**58 358**	60 646

1 These numbers have been restated, refer to note H6.
2 Net cash inflow from operating activities include interest income of R17 449 million (2022: R10 842 million), dividend income from investments and securities of R7 323 million (2022: R7 675 million) and interest paid of R849 million (2022: R679 million).

This page has been left blank intentionally

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

Six months ended 30 June 2023 Rm	Notes	Millions Number of shares issued and fully paid	Share capital
Shareholders' equity at beginning of the period		**4 914**	**244**
Profit after tax for the financial year		–	–
Other comprehensive income for the financial period		–	–
Total comprehensive income for the financial period		–	–
Transactions with the owners of the Company			
Contributions and distributions			
Purchase of share capital during the period		**(42)**	**(2)**
Dividends for the year	C4	–	–
Share-based payment reserve movements		–	–
Transfer between reserves		–	–
Other movements in equity[2]		–	–
Total contributions and distributions		**(42)**	**(2)**
Changes in ownership and capital structure			
Acquisitions/change in participation in subsidiaries[3]		–	–
Total changes in ownership and capital structure		–	–
Total transactions with the owners of the Company		**(42)**	**(2)**
Shareholders' equity at end of the period		**4 872**	**242**

1 *In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. Refer to Notes E2 and F2 for information regarding amounts repaid.*

2 *Other movements in equity includes a movement in retained earnings of R617 million relating to own shares held by employee share trusts. These shares are treated as treasury shares in the consolidated financial statements.*

3 *Included in the NCI transfer to retained earnings is R127 million that relates to Old Mutual Africa Holdings Namibia purchasing the remaining 25% interest held by business doctors in Old Mutual Finance Namibia.*

Fair-value reserve	Property revaluation reserve	Share-based payments reserve	Liability credit reserve[1]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
–	1 616	1 122	(377)	(11 230)	66 210	57 585	2 615	60 200
–	–	–	–	–	4 354	4 354	533	4 887
–	755	–	(20)	(1 470)	95	(640)	(255)	(895)
–	755	–	(20)	(1 470)	4 449	3 714	278	3 992
–	–	–	–	–	(358)	(360)	–	(360)
–	–	–	–	–	(2 415)	(2 415)	(105)	(2 520)
–	–	145	–	–	–	145	–	145
–	(90)	(16)	–	–	164	58	(58)	–
–	–	–	–	–	(825)	(825)	6	(819)
–	(90)	129	–	–	(3 434)	(3 397)	(157)	(3 554)
–	–	–	–	–	127	127	(119)	8
–	–	–	–	–	127	127	(119)	8
–	(90)	129	–	–	(3 307)	(3 270)	(276)	(3 546)
–	2 281	1 251	(397)	(12 700)	67 352	58 029	2 617	60 646

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

Six months ended 30 June 2022[1] **Rm**	Notes	Millions Number of shares issued and fully paid	Share capital
Shareholders' equity at beginning of the period as previously reported		4 709	85
Adjustment on initial application of IFRS 17, net of tax	H8	–	–
Restated opening balance		4 709	85
Profit after tax for the financial period		–	–
Other comprehensive income for the financial period		–	–
Total comprehensive income for the financial period		–	–
Transactions with the owners of the Company			
Contributions and distributions			
Dividends for the year		–	–
Share-based payment reserve movements		–	–
Transfer between reserves		–	–
Other movements in equity[3]		–	–
Total contributions and distributions		–	–
Changes in ownership and capital structure			
Acquisitions/change in participation in subsidiaries		–	–
Total changes in ownership and capital structure		–	–
Total transactions with the owners of the Company		–	–
Shareholders' equity at end of the period		4 709	85

1 These numbers have been restated, refer to Note H8.

2 In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss.

3 Other movements in equity includes a movement in retained earnings of R213 million relating to own shares held by employee share trusts. These shares are treated as treasury shares in the consolidated financial statements.

4 The fair value reserve comprises all fair value adjustments relating to investments in debt and equity instruments of equity accounted associated undertakings that are subsequently measured at FVOCI within the financial statements of these associated undertakings.

	Fair-value reserve[4]	Property revaluation reserve	Share-based payments reserve	Liability credit reserve[2]	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total non-controlling interests	Total equity
	15	1 101	873	(335)	(7 568)	68 003	62 174	3 127	65 301
	–	(20)	–	–	(10)	(4 420)	(4 450)	(13)	(4 463)
	15	1 081	873	(335)	(7 578)	63 583	57 724	3 114	60 838
	–	–	–	–	–	4 831	4 831	403	5 234
	–	413	–	(65)	(3 573)	55	(3 170)	(408)	(3 578)
	–	413	–	(65)	(3 573)	4 886	1 661	(5)	1 656
	–	–	–	–	–	(2 333)	(2 333)	(233)	(2 566)
	–	–	(62)	–	–	123	61	–	61
	–	–	–	–	(233)	233	–	–	–
	–	–	–	–	–	144	144	(9)	135
	–	–	(62)	–	(233)	(1 833)	(2 128)	(242)	(2 370)
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	445	445
	–	–	–	–	–	–	–	445	445
	–	–	(62)	–	(233)	(1 833)	(2 128)	203	(1 925)
	15	1 494	811	(400)	(11 384)	66 636	57 257	3 312	60 569

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

A Significant accounting policies

A1 Basis of preparation

1.1 Statement of compliance

Old Mutual Limited (the Company) is a company incorporated in South Africa.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 (interim financial statements) consolidates the results of the Company and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds which are accounted for as investments at fair value through profit or loss).

The interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2023, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated supplementary income statement, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2023 and selected explanatory notes. The interim financial statements have been prepared under the supervision of CG Troskie CA(SA) (Chief Financial Officer). The directors of the Group take full responsibility for the preparation of the interim financial statements and have reviewed and approved the interim financial statements on 27 September 2023.

The interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No 71 of 2008 (Companies Act) of South Africa.

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

IFRS 17 *Insurance Contracts* is effective for annual reporting periods starting 1 January 2023 and has been adopted by the Group. The impact of IFRS 17 has been included in Note H8. Other than IFRS 17, amendments to standards effective from 1 January 2023 do not have a material effect on the Group's interim financial statements.

These interim financial statements do not include all the notes typically included in the annual financial statements and should therefore be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2022.

1.2 Going concern

As part of preparing the financial results, the Group has performed a detailed going concern assessment. This assessment has relied on the Group's 2023 to 2025 business plan and has considered the profitability and solvency projections over the plan period. The business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the cycle.

Despite the challenging local economic environment, the results of the projections indicate that the Group is expected to remain sufficiently capitalised to continue as a going concern. No material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the interim financial statements.

1.3 External review and comparative information

These interim financial statements have not been reviewed or audited by the Group's independent auditors Deloitte & Touche and Ernst & Young Inc. Comparative information for the six months ended 30 June 2022 was not reviewed or audited by the Group's independent auditors. Comparative information presented at and for the year ended 31 December 2022 within these financial statements has been correctly extracted from the Group's audited consolidated financial statements for the year ended 31 December 2022. Where comparative information has been restated due to the adoption of IFRS 17, the restated information was not reviewed or audited by the Group's independent auditors.

1.4 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

The assets and liabilities of foreign operations are translated from their respective functional currencies into the Group's presentation currency, using the period-end exchange rates and their income and expenses using the average exchange rates for the period. Cumulative translation gains and losses up to 1 January 2015, being the effective date of the Group's conversion to IFRS, were reset to zero. Other than in respect of cumulative translation gains and losses up to 1 January 2015, cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. To the extent that these gains and losses are effectively hedged, the cumulative effect of such gains and losses arising on the hedging instruments are also included in that component of shareholders' equity. Upon the disposal of subsidiaries, the cumulative amount of exchange differences post 1 January 2015, deferred in shareholders' equity, is recognised in profit or loss. The accounting for Zimbabwe as a hyperinflationary economy is excluded from this policy and is explained in Note A2 below.

The exchange rates used to translate the operating results, assets and liabilities of key foreign businesses to rand are:

	Six months ended 30 June 2023		Six months ended 30 June 2022		Year ended 31 December 2022
	Income statement (average rate)	**Statement of financial position (closing rate)**	Income statement (average rate)	Statement of financial position (closing rate)	Statement of financial position (closing rate)
Pound Sterling	**22.4665**	**23.9437**	19.9794	19.8249	20.5865
US Dollar	**18.2138**	**18.8485**	15.4116	16.2782	17.0374
Kenyan Shilling	**0.1381**	**0.1341**	0.1339	0.1381	0.1381
Zimbabwean Dollar[1]	**0.0033**	**0.0033**	0.0417	0.0417	0.0237

1 *Income statement also translated at closing rate due to hyperinflation accounting being applied.*

1.5 Basis of preparation of adjusted headline earnings

Purpose of adjusted headline earnings

Adjusted headline earnings is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. It is one of a range of measures used to assess management performance and performance-based remuneration outcomes. In addition, it is used in setting the dividend to be paid to shareholders. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Due to the long-term nature of the Group's operating businesses, management considers that adjusted headline earnings is an appropriate alternative basis by which to assess the operating results of the Group and that it enhances the comparability and understanding of the financial performance of the Group. It is calculated as headline earnings in accordance with JSE Listings Requirements and SAICA circular 01/2023 adjusted for items that are not considered reflective of the long-term economic performance of the Group. Adjusted headline earnings is presented to show separately the results from operations, which measure the operational performance of the Group from items such as investment return, finance costs and income from associated undertakings. The adjustments from headline earnings to adjusted headline earnings are explained below.

The Group Audit committee regularly reviews the determination of adjusted headline earnings and the use of adjusting items to confirm that it remains an appropriate basis against which to analyse the operating performance of the Group. The committee assesses refinements to the policy on a case-by-case basis, and seeks to minimise such changes in order to maintain consistency over time. Adjustments applied in the determination of adjusted headline earnings for the six months ended 30 June 2023 are consistent with those applied for the year ended 31 December 2022.

The adjustments applied in the determination of adjusted headline earnings are:

(a) **Accounting mismatches and hedging impacts**

Represents the elimination of items that are recognised within IFRS profit or loss that do not represent the economic outcome that arise due to an accounting mismatch or change in accounting treatment. Once-off items arising from the transition to IFRS 17 are excluded from adjusted headline earnings to ensure greater comparability with future year's figures. Hedging losses that arise from the transition of the hedging program to IFRS 17 are also included in this line item. This impact is expected to significantly reduce over time as the hedging strategy is aligned with IFRS 17. Adjusting items included within this line are reviewed and approved by the Group's Audit Committee.

(b) **Impact of restructuring**

Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. This adjustment would therefore include items such as the costs or income associated with completed acquisitions or disposals and the release of any acquisition date provisions. These items are removed from adjusted headline earnings as they are not representative of the operating activity of the Group and by their nature they are not expected to persist in the long term. In the current period, no significant impacts were recognised. In the prior period, the restructuring line includes non-recurring income related to prior acquisitions, partly offset by once-off implementation costs related to the Bula Tsela B-BBEE ownership transaction.

A Significant accounting policies continued

A1 Basis of preparation continued

1.5 Basis of preparation of adjusted headline earnings continued

(c) Operations in hyperinflationary economies

Until such time as we are able to access capital by way of dividends from the business in Zimbabwe, we will manage it on a ring-fenced basis and exclude its results from adjusted headline earnings. The lack of ability to access capital by way of dividends is exacerbated by the volatility that a hyperinflationary economy and the reporting thereof introduces. This adjustment has been applied from 1 January 2019.

(d) Non-core operations

Represents the elimination of the results of businesses or operations classified as non-core. This adjustment represents the net losses associated with the operations of the Residual plc. Residual plc is not considered part of the Group's principal operations due to the fact that it is in the process of winding down and therefore the associated costs are removed from adjusted headline earnings.

1.6 Basis of preparation of other non-IFRS measures

The Group uses adjusted headline earnings in the calculation of various other non-IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non-IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities across the world and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below. Non-IFRS measures are unaudited.

(a) Return on adjusted net asset value

Return on adjusted net asset value (expressed as a percentage), is calculated as adjusted headline earnings divided by the average of the opening and closing balances of adjusted IFRS equity. Adjusted IFRS equity is calculated as IFRS equity attributable to operating segments before adjustments related to the consolidation of funds. It excludes equity related to the Residual plc, discontinued operations and operations in hyperinflationary economies. A reconciliation is presented in Note C3.

Return on adjusted net asset value is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is assessed. The adjustments made to adjusted IFRS equity mirror those made in adjusted headline earnings to ensure consistency of the numerator and denominator in the calculation of return on adjusted net asset value.

(b) Adjusted headline earnings per share

Adjusted headline earnings per share is calculated as adjusted headline earnings divided by the adjusted weighted average number of shares. The weighted average number of shares is adjusted to reflect the Group's BEE shares as being in the hands of third parties, consistent with the treatment of the related revenue in adjusted headline earnings. Refer to Note C1 for more information.

Adjusted headline earnings per share is used alongside IFRS earnings, to assess performance of the Group. It is also used in assessing and setting the dividend to be paid to shareholders.

1.7 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these interim financial statements.

A2 Critical accounting estimates and judgements

The preparation of financial statements requires management to make assumptions and judgements, in determining estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Old Mutual Limited for the year ended 31 December 2022, except for certain judgements made and accounting matters related to Zimbabwe as described below and IFRS 17 included in note H8.

Accounting matters relating to Zimbabwe

A critical judgement for the Group is the estimation of the Zimbabwean exchange rate and valuation of assets within Zimbabwe. Other accounting matters that the Group have considered include the hyperinflation economy and IFRS profits earned in Zimbabwe.

Application of hyperinflationary accounting – Zimbabwe exchange rate

In June 2020, the RBZ implemented a formal market-based foreign exchange trading system (auction trading system), which was operational from 23 June 2020. The intention of this system was expected to bring transparency and efficiency in the trading of foreign currency in the economy. The auction trading system does not prioritise transactions of a capital nature, and therefore in our capacity as shareholders of Old Mutual Zimbabwe Limited, we do not consider the Group to effectively have access to this rate, and therefore there is a long-term lack of exchangeability.

A2 Critical accounting estimates and judgements continued

Accounting matters relating to Zimbabwe continued

Application of hyperinflationary accounting – Zimbabwe exchange rate continued

On 9 May 2022, the RBZ introduced the interbank exchange rate in the country to aid in accessibility of foreign currency. The interbank exchange rate, however, remains constrained. Market participants willing to buy USD from any bank and participate in the interbank exchange market are required to qualify (subject to approval by the RBZ) to participate in the transaction. For buyers, qualification depends on the availability of the funds in the bank as well as the purpose of the funds. Old Mutual's operations do not form part of the prioritised buyers, and as a result we do not consider the Group to effectively have access to the interbank rate.

The lack of exchangeability and the volatility in monetary policies led to the estimation of an exchange rate for translation into the Group's presentation currency.

During 2022, the estimated exchange rate was calculated using the average of four inputs: the auction rate, the Interbank rate, the global relative fuel prices and a CPI-adjusted Group exchange rate based on the relative inflationary moves between Zimbabwe and the US. During 2023, we started observing a significant divergence between the relative fuel price, CPI-adjusted rate and the auction and interbank rates. We no longer believe that the relative fuel price and CPI-adjusted rates are reflective of a rate of exchange that the Group is likely to access and therefore these two inputs have been excluded from the estimated exchange rate calculation.

For the purposes of 30 June 2023 reporting, a ZWL$ to US dollar exchange rate of 5,739.80 to 1 (December 2022: 720 to 1) has been applied.

In accordance with the provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates* the results, net assets and cash flows have been translated at the closing exchange rate.

Valuation of assets within Zimbabwe

The prevailing economic conditions within Zimbabwe, requires significant judgement when evaluating assets. The Group has exposure to property assets, unlisted and listed investments. Listed investments comprise equity shareholdings in companies listed on the Zimbabwe Stock Exchange (ZSE) and other international stock exchanges while the Group's unlisted investment portfolio primarily comprises of private equity investments. All assets have applied valuation principles as outlined within IFRS.

Zimbabwe as a hyperinflationary economy

During the period, the Group concluded that Zimbabwe continued to remain a hyperinflationary economy. The results of our operations with a functional currency of ZWL$ have been prepared in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29). Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period.

The Zimbabwe National Statistics Agency (ZIMSTATS) discontinued publication of the ZWL$ consumer price index in January 2023 and replaced this with the weighted average consumer price index (blended index), in line with Statutory Instrument 27 of 2023 (published on 3 March 2023).

This created challenges for financial reporting purposes because the weighted average consumer price index does not comply with the IAS 29 which requires the use of a general price index of the hyperinflationary currency (ZWL$) as a basis of restatement.

In order to comply with IAS 29, the Group estimated the general price index for the period February 2023 to June 2023 by adjusting the last published ZWL$ consumer price index (January 2023) based on the monthly movement of the total consumption poverty line (TCPL) published by ZIMSTATS.

The Group has estimated a ZWL$ CPI of 42 710.72 at 30 June 2023 to restate amounts.

The impact of applying IAS 29 in the current period resulted in a decrease in net asset value and profit after tax of R479 million (30 June 2022: R294 million).

IFRS profits earned within Zimbabwe

During the current period, our operations in Zimbabwe reported pre-tax IFRS profits of R2.1 billion (post-tax profits attributable to the equity holders amounted to R1.8 billion), of which R1.3 billion was driven by an increase in investment returns earned on the Group's shareholder portfolio. Most of these investment returns relate to fair value gains earned on equities traded on the ZSE. The ZSE generated returns of 779% during the period, driven by investors seeking safe-haven assets due to continued movements in CPI. We caution users of these financial statements that these returns may reverse in the future.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

A Significant accounting policies continued

A2 Critical accounting estimates and judgements continued

Accounting matters relating to Zimbabwe continued

Sensitivities

The following table illustrates the sensitivity of the condensed income statement and condensed statement of financial position to changes in the general price index as at 30 June 2023.

Condensed consolidated income statement for the six months ended 30 June 2023

Rm	As reported	+100% (CPI)
Insurance service result	(423)	(423)
Net investment result	2 109	2 113
Total non-insurance revenue and income	1 536	1 539
Total non-insurance expenses	(1 103)	(1 089)
Profit before tax	2 119	2 140
Income tax expense	(109)	(109)
Profit after tax for the financial period	2 010	2 031

Condensed consolidated statement of financial position at 30 June 2023

Rm	As reported	+100% (CPI)
Total assets	25 558	25 558
Total liabilities	(21 940)	(21 940)
Net asset value	3 618	3 618

The following table illustrates the sensitivity of profit and equity attributable to equity holders of the parent to changes in the rate used to translate the financial results and position of the Zimbabwean business. The sensitivities include a depreciation of 50% and 75% of the existing rate.

Condensed consolidated income statement for the six months ended 30 June 2023

	As reported		
Exchange rate (Rm)	ZWL$: 0,0033 ZAR	ZWL$: 0,0016 ZAR	ZWL$: 0,0008 ZAR
Insurance service result	(423)	(206)	(103)
Net investment result	2 109	1 028	514
Total non-insurance revenue and income	1 536	748	374
Total non-insurance expenses	(1 103)	(538)	(269)
Profit before tax	2 119	1 032	516
Income tax expense	(109)	(53)	(26)
Profit after tax for the financial period	2 010	979	490

Condensed consolidated statement of financial position at 30 June 2023

	As reported		
Exchange rate (Rm)	ZWL$: 0,0033 ZAR	ZWL$: 0,0016 ZAR	ZWL$: 0,0008 ZAR
Total assets	25 558	12 453	6 226
Total liabilities	(21 940)	(10 690)	(5 345)
Net assets	3 618	1 763	881

For the six months ended 30 June 2023

	As reported		
Exchange rate (Rm)	ZWL$: 0,0033 ZAR	ZWL$: 0,0016 ZAR	ZWL$: 0,0008 ZAR
Profit after tax attributable to equity holders of the parent	1 762	976	488
Equity attributable to equity holders of the parent	3 190	1 760	880

For the period ended June 2023, the ZSE recorded a gain of 779%. The return generated on the ZSE is less about company fundamentals and more about the conditions in Zimbabwe where investors are allocating greater proportions of their investable portfolios into the stock market as a 'safe haven'. For the period ended June 2023, the Zimbabwe shareholder portfolio generated a return of R1.3 billion, with R986 million of this being generated from local equities.

Sensitivities continued

The below sensitivity shows the potential impact on the investment values and profit attributable to the equity holders of the parent, should there be significant movements on the ZSE.

For the six months ended 30 June 2023

Equity risk sensitivity (Rm)	As reported	50% increase	50% decrease	75% decrease
Profit after tax attributable to equity holders of the parent	**1 762**	**2 211**	**1 314**	**1 089**
Equity attributable to equity holders of the parent	**3 190**	**3 639**	**2 741**	**2 517**
Listed equities (total for both shareholders and policyholders)	**6 210**	**9 316**	**3 105**	**1 553**

B Segment information

B1 Basis of segmentation

1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, was responsible for the assessment of performance and the allocation of resources of the continuing business operations during the year under review. The Group has identified the Chief Operating Decision Maker (CODM) to be the executive management team of Old Mutual Limited. The Group's operating segments have been identified based on the internal management reporting structure which is reflective of the nature of products and services as well as the target customer base. The managing directors of the operating segments form part of the executive team. Therefore, the CODM, being the executive team of Old Mutual Limited, is structured in a way that is reflective of the internal reporting structure.

The Group manages its business through the following operational segments, which are supported by central shareholder activities and enabling functions.

- **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings and Banking and Lending. It provides simple financial services products to customers in the low-income and lower-middle income markets. These products are divided into four categories being (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long-term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high income and high net worth individuals, that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- **Old Mutual Investments:** Operates across Asset Management through three distinct segments: (i) Listed asset management comprising three affiliate businesses being Futuregrowth, Marriott and Old Mutual Investment Group. (ii) Old Mutual Alternative Investment, an unlisted investment affiliate business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- **Old Mutual Corporate:** Operates in life and savings and primarily provides group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- **Old Mutual Insure:** Provides non-life insurance products through multiple channels: Retail, iWyze, Speciality, CGIC and strategic partners Generic and One.
- **Old Mutual Africa Regions:** Operates in life and savings, property and casualty (including health insurance), banking and lending (including micro-lending) and asset management. The segment operates in 12 countries across three regions: Southern Africa, East Africa and West Africa.
- **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return and third-party borrowings including the associated finance costs. Also included are net assets and operations of Residual plc.

1.2 Presentation and disclosure

The primary measure of the business performance of the operating segments is calculated as adjusted headline earnings before shareholder tax and non-controlling interests, excluding net investment return on shareholder assets, finance costs and income from Group associates. Included in the adjusting items and reclassifications are mainly adjustments derived from adjusted headline earnings and the Zimbabwe business to reconcile back to IFRS.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

B Segment information continued

B2 Segmental income statement

For the six months ended 30 June 2023 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
Insurance service result			
Insurance revenue	5 411	8 723	–
Insurance service expenses	(4 389)	(6 579)	–
Net income/(expenses) from reinsurance contracts	94	86	–
Policyholder tax	(54)	(1 571)	(7)
Total insurance service result	1 062	659	(7)
Investment result			
Investment return (non-banking)	1 800	30 652	1 431
Finance (expense)/income from insurance contracts	(1 877)	(21 755)	–
Finance (expense)/income from reinsurance contracts	(1)	7	–
Change in investment contract liabilities	(2)	(6 962)	(973)
Change in third-party interest in consolidated funds	–	–	–
Total net investment result	(80)	1 942	458
Non-insurance revenue and income			
Banking interest and similar income	1 458	–	–
Banking trading, investment and similar income	–	–	–
Fee and commission income, and income from service activities	259	2 813	1 790
Other income	118	155	32
Total non-insurance revenue and income	1 835	2 968	1 822
Non-insurance expenses			
Credit impairment charges	(554)	(9)	–
Finance costs	–	–	–
Banking interest payable and similar expenses	(205)	1	–
Other operating and administrative expenses	(1 331)	(3 675)	(1 630)
Total non-insurance expenses	(2 090)	(3 683)	(1 630)
Share of gains of associated undertakings and joint ventures after tax	–	–	–
Results from operations	727	1 886	643
Shareholder investment return	(460)	(40)	–
Finance costs	–	–	–
Share of gains of associated undertakings and joint ventures after tax	–	–	–
Adjusted headline earnings before tax and non-controlling interests	267	1 846	643
Shareholder tax	(135)	(491)	(169)
Non-controlling interests	–	–	(246)
Adjusted headline earnings	132	1 355	228
Accounting mismatches and hedging impacts	(51)	(295)	–
Impact of restructuring	–	–	–
Operations in hyperinflationary economies	–	–	–
Non-core operations	–	–	–
Headline earnings	81	1060	228
Adjustments			
Impairment of goodwill and other intangibles assets and property plant and equipment and other headline earnings adjustments	–	–	–
Profit after tax for the financial year attributable to equity holders of the parent	81	1060	228
Profit for the financial period attributable to non-controlling interests	3	5	246
Profit after tax for the financial year	84	1065	474

Total inter-segments transactions included total revenue and other income as follows: Mass and Foundation Cluster is net negative R1 268 million (30 June 2022: net negative R1 017 million), Personal Finance and Wealth Management is net negative R12 129 million (30 June 2022: net negative R7 039 million), Old Mutual Investments is R1 933 million (30 June 2022: R1 100 million), Old Mutual Corporate is net negative R13 622 million (30 June 2022: net negative R9 590 million), Old Mutual Insure is R13 million (30 June 2022: RNil), Old Mutual Africa Regions is net negative R3 million (30 June 2022: net negative R9 million) and Other Group Activities is R10 644 million (30 June 2022: R33 270 million). The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties. Negative amounts arise primarily as a result of negative investment returns incurred during the period.

Segmental income statements are disclosed to match the way the business is managed. This will not align to disaggregated revenue (D2) as it represents the IFRS 15 view of income.

	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter-company eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
	5 282	9 603	4 456	(319)	33 156	–	114	33 270
	(3 543)	(8 787)	(4 028)	204	(27 122)	–	(526)	(27 648)
	(385)	(533)	(257)	136	(859)	–	(11)	(870)
	(97)	–	(98)	(55)	(1 882)	–	1 882	–
	1 257	283	73	(34)	3 293	–	1 459	4 752
	19 086	365	7 352	(1 426)	59 260	9 716	15 087	84 063
	(13 976)	(136)	(5 745)	–	(43 489)	–	(12 505)	(55 994)
	7	73	(19)	–	67	–	(1)	66
	(3 532)	–	(157)	92	(11 534)	–	(922)	(12 456)
	–	–	–	–	–	(8 811)	–	(8 811)
	1 585	302	1 431	(1 334)	4 304	905	1 659	6 868
	–	–	278	–	1 736	–	283	2 019
	–	–	32	–	32	–	1 753	1 785
	364	–	368	(1 307)	4 287	(336)	311	4 262
	466	49	164	35	1 019	16	(812)	223
	830	49	842	(1 272)	7 074	(320)	1 535	8 289
	(10)	–	(52)	(3)	(628)	–	(71)	(699)
	–	–	–	–	–	–	(455)	(455)
	–	–	(94)	–	(298)	–	(64)	(362)
	(2 875)	(317)	(1 722)	2 171	(9 379)	(585)	(413)	(10 377)
	(2 885)	(317)	(1 868)	2 168	(10 305)	(585)	(1 003)	(11 893)
	–	–	–	–	–	–	262	262
	787	317	478	(472)	4 366	–	3 912	8 278
	42	56	702	755	1 055	–	(1 055)	–
	–	(22)	(37)	(396)	(455)	–	455	–
	–	–	–	38	38	–	(38)	–
	829	351	1 143	(75)	5 004	–	3 274	8 278
	(239)	(167)	(418)	28	(1 591)	–	(1 800)	(3 391)
	–	(101)	94	–	(253)	–	(280)	(533)
	590	83	819	(47)	3 160	–	1 194	4 354
	18	–	(29)	(466)	(823)	–	823	–
	–	–	–	(2)	(2)	–	2	–
	–	–	2 029	–	2 029	–	(2 029)	–
	–	–	–	(6)	(6)	–	6	–
	608	83	2 819	(521)	4 358	–	(4)	4 354
	–	–	(2)	(2)	(4)	–	4	–
	608	83	2 817	(523)	4 354	–	–	4 354
	25	102	152	–	533	–	–	533
	633	185	2 969	(523)	4 887	–	–	4 887

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

B Segment information continued

B2 Segmental income statement continued

For the six months ended 30 June 2022[1] Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
Insurance service result			
Insurance revenue	5 076	8 436	–
Insurance service expenses	(4 001)	(6 728)	–
Net income/(expenses) from reinsurance contracts	55	51	–
Policyholder tax	68	2 210	(61)
Total insurance service result	1 198	3 969	(61)
Investment result			
Investment return (non-banking)	154	(44 680)	4 532
Finance income/(expenses) from insurance contracts	965	16 364	–
Finance income/(expenses) from reinsurance contracts	14	(24)	–
Change in investment contract liabilities	(26)	13 732	(452)
Change in third-party interest in consolidated funds	–	–	–
Total net investment result	1 107	(14 608)	4 080
Non-insurance revenue and income			
Banking interest and similar income	1 320	–	–
Banking trading, investment and similar income	–	–	–
Fee and commission income, and income from service activities	220	2 290	1 447
Other income	127	(26)	107
Total non-insurance revenue and income	1 667	2 264	1 554
Non-insurance expenses			
Credit impairment charges	(337)	(28)	–
Finance costs	–	–	–
Banking interest payable and similar expenses	(168)	–	–
Other operating and administrative expenses	(2 126)	9 941	(5 007)
Total non-insurance expenses	(2 631)	9 913	(5 007)
Share of gains of associated undertakings and joint ventures after tax	–	–	–
Impairment of investments in associated undertakings	–	–	–
Profit on disposal of subsidiaries and associated undertakings	–	–	–
Results from operations	1 341	1 538	566
Shareholder investment return and reallocations	(231)	(17)	–
Finance costs	–	–	–
Share of gains of associated undertakings and joint ventures after tax	–	–	–
Adjusted headline earnings before tax and non-controlling interests	1 110	1 521	566
Shareholder tax	(460)	(455)	(162)
Non-controlling interests	(72)	(1)	(45)
Adjusted headline earnings	578	1 065	359
Accounting mismatches and hedging impacts	106	(288)	–
Impact of restructuring	65	–	–
Operations in hyperinflationary economies	–	–	–
Non-core operations	–	–	–
Headline earnings	749	777	359
Adjustments			
Reversal of impairment of goodwill and other intangibles assets and property, plant and equipment and other headline earnings adjustments	–	–	–
Impairment of associated undertakings	–	–	–
Profit on disposal of subsidiaries and associated undertakings	–	–	90
Profit after tax for the financial year attributable to equity holders of the parent	749	777	449
Profit for the financial period attributable to non-controlling interests	73	6	45
Profit after tax for the financial year	822	783	494

1 *These numbers have been restated, refer to Note H8.*

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter-company eliminations	Adjusted headline earnings	Consolidation of funds	Adjusting items and reclassifications	Total IFRS
4 922	8 316	3 880	(247)	30 383	–	270	30 653
(3 626)	(8 802)	(3 864)	138	(26 883)	–	(545)	(27 428)
(81)	835	(137)	136	859	–	63	922
(135)	–	(88)	(36)	1 958	–	(1 958)	–
1 080	349	(209)	(9)	6 317	–	(2 170)	4 147
(1 051)	149	220	2 419	(38 257)	(5 964)	6 885	(37 336)
8 275	(48)	247	(49)	25 754	–	(8 092)	17 662
2	43	(23)	–	12	–	(10)	2
2 302	–	50	101	15 707	–	(645)	15 062
–	–	–	–	–	6 686	–	6 686
9 528	144	494	2 471	3 216	722	(1 862)	2 076
–	–	319	–	1 639	–	493	2 132
–	–	35	–	35	–	509	544
219	–	479	(1 112)	3 543	(369)	371	3 545
436	–	107	773	1 524	84	(248)	1 360
655	–	940	(339)	6 741	(285)	1 125	7 581
31	–	8	–	(326)	–	(126)	(452)
–	–	–	–	–	–	(330)	(330)
–	–	(103)	–	(271)	–	(100)	(371)
(10 488)	(170)	(964)	(2 609)	(11 423)	(437)	3 669	(8 191)
(10 457)	(170)	(1 059)	(2 609)	(12 020)	(437)	3 113	(9 344)
–	–	–	–	–	–	179	179
–	–	–	–	–	–	(32)	(32)
–	–	–	–	–	–	115	115
806	323	166	(486)	4 254	–	468	4 722
38	(1)	259	157	205	–	(205)	–
–	(16)	(50)	(264)	(330)	–	330	–
–	–	–	20	20	–	(20)	–
844	306	375	(573)	4 149	–	573	4 722
(246)	(96)	(220)	192	(1 447)	–	1 959	512
–	(37)	32	–	(123)	–	(280)	(403)
598	173	187	(381)	2 579	–	2 252	4 831
(107)	–	–	338	49	–	(49)	–
–	–	–	(34)	31	–	(31)	–
–	–	1 944	79	2 023	–	(2 023)	–
–	–	–	67	67	–	(67)	–
491	173	2 131	69	4 749	–	82	4 831
–	–	–	24	24	–	(24)	–
–	–	–	(32)	(32)	–	32	–
–	–	–	–	90	–	(90)	–
491	173	2 131	61	4 831	–	–	4 831
20	37	222	–	403	–	–	403
511	210	2 353	61	5 234	–	–	5 234

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

B Segment information continued

B3 Segmental statement of financial position

At 30 June 2023 Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
Insurance contract assets (Note F1)	2 728	1 317	–
Life risk and annuities	2 728	1 317	–
Life savings	–	–	–
Property and casualty	–	–	–
Other assets	49 868	450 057	72 926
Total assets[1]	52 596	451 374	72 926
Insurance contract liabilities (Note F1)	(30 055)	(315 665)	–
Life risk and annuities	(5 685)	(48 503)	–
Life savings	(24 370)	(267 162)	–
Property and casualty	–	–	–
Investment contract liabilities	(52)	(100 315)	(62 024)
Other liabilities	(15 470)	(29 981)	(6 742)
Total liabilities	(45 577)	(445 961)	(68 766)
Net assets	7 019	5 413	4 160

At 31 December 2022[2] Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
Insurance contract assets (Note F1)	2 373	1 168	–
Life risk and annuities	2 373	1 168	–
Life savings	–	–	–
Property and casualty	–	–	–
Other assets	46 888	422 473	72 247
Total assets[1]	49 261	423 641	72 247
Insurance contract liabilities (Note F1)	(28 454)	(301 848)	–
Life risk and annuities	(5 157)	(46 711)	–
Life savings	(23 297)	(255 137)	–
Property and casualty	–	–	–
Investment contract liabilities	(46)	(85 264)	(60 463)
Other liabilities	(17 735)	(32 449)	(7 005)
Total liabilities	(46 235)	(419 561)	(67 468)
Net assets	3 026	4 080	4 779

1 Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster is RNil (31 December 2022: R1 million), Personal Finance and Wealth Management is RNil (31 December 2022: RNil), Old Mutual Investments is R17 million (31 December 2022: R17 million), Old Mutual Corporate is RNil (31 December 2022: RNil), Old Mutual Africa regions is RNil (31 December 2022: RNil), Old Mutual Insure is RNil (31 December 2022: RNil) and Other Group Activities is R1 109 million (31 December 2022: R352 million).

2 Numbers have been restated, refer to Note H8.

Old Mutual Corporate	**Old Mutual Insure**	**Old Mutual Africa Regions**	**Other Group activities and other inter-company elimination**	**Consolidation of funds**	**Total IFRS**
198	**2**	**158**	**(272)**	**–**	**4 131**
198	**–**	**158**	**(272)**	**–**	**4 129**
–	**–**	**–**	**–**	**–**	**–**
–	**2**	**–**	**–**	**–**	**2**
294 282	**18 132**	**93 032**	**12 702**	**131 748**	**1 122 748**
294 480	**18 134**	**93 190**	**12 430**	**131 748**	**1 126 879**
(201 524)	**(5 833)**	**(61 843)**	**233**	**–**	**(614 687)**
(22 100)	**–**	**(4 820)**	**288**	**–**	**(80 820)**
(179 424)	**–**	**(52 748)**	**–**	**–**	**(523 704)**
–	**(5 833)**	**(4 275)**	**(55)**	**–**	**(10 163)**
(52 075)	**–**	**(1 334)**	**1 548**	**–**	**(214 252)**
(39 508)	**(6 670)**	**(12 679)**	**5 504**	**(131 748)**	**(237 294)**
(293 107)	**(12 503)**	**(75 856)**	**7 285**	**(131 748)**	**(1 066 233)**
1 373	**5 631**	**17 334**	**19 715**	**–**	**60 646**

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and other inter-company elimination	Consolidation of funds	Total IFRS
211	4	257	(316)	–	3 697
211	–	214	(316)	–	3 650
–	–	43	–	–	43
–	4	–	–	–	4
282 497	13 779	82 554	21 408	120 251	1 062 097
282 708	13 783	82 811	21 092	120 251	1 065 794
(193 295)	(5 390)	(52 275)	210	–	(581 052)
(22 423)	–	(4 449)	274	–	(78 466)
(170 872)	–	(44 073)	–	–	(493 379)
–	(5 390)	(3 753)	(64)	–	(9 207)
(49 880)	–	(1 271)	1 520	–	(195 404)
(39 486)	(3 113)	(13 284)	4 185	(120 251)	(229 138)
(282 661)	(8 503)	(66 830)	5 915	(120 251)	(1 005 594)
47	5 280	15 981	27 007	–	60 200

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

C Other key performance information

C1 Earnings per share

Cents	Source of guidance	Notes	2023	2022[1]
Basic earnings per share	IFRS	C1(a)	**96.7**	106.8
Diluted earnings per share	IFRS	C1(b)	**92.0**	105.2
Headline earnings per share	JSE Listings Requirements SAICA Circular 01/2023	C1(c)	**96.8**	104.9
Diluted headline earnings per share	JSE Listings Requirements SAICA Circular 01/2023	C1(c)	**92.0**	103.4

1 These numbers have been restated, refer to Note H8.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the year excluding Employee Share Ownership Plan Trusts (ESOP) and Black Economic Empowerment trusts. These shares are regarded as treasury shares.

The following table summarises the calculation of the weighted average number of ordinary shares for the purposes of calculating basic earnings per share:

	2023	2022[1]
Profit for the financial period attributable to equity holders of the parent (Rm)	**4 354**	4 831
Weighted average number of ordinary shares in issue (millions)	**4 906**	4 709
Shares held in charitable foundations and trusts (millions)	**(82)**	(18)
Shares held in ESOP and similar trusts (millions)	**(234)**	(147)
Adjusted weighted average number of ordinary shares (millions)	**4 590**	4 544
Shares held in Black Economic Empowerment trusts and Retail Schemes (millions)	**(87)**	(19)
Weighted average number of ordinary shares used to calculate basic earnings per share (millions)	**4 503**	4 525
Basic earnings per ordinary share (cents)	**96.7**	106.8

1 These numbers have been restated, refer to Note H8.

(b) Diluted earnings per share

Diluted earnings per share recognises the dilutive impact of shares and options held in ESOP and similar trusts and Black Economic Empowerment trusts, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full period.

The following summarises the calculation of weighted average number of shares for the purpose of calculating diluted basic earnings per share:

	Notes	2023	2022[1]
Profit for the financial period attributable to equity holders of the parent (Rm)		**4 354**	4 831
Weighted average number of ordinary shares (millions)	C1(a)	**4 503**	4 525
Adjustments for share options held by ESOP and similar trusts (millions)		**192**	47
Adjustments for share options held in Black Economic Empowerment trusts (millions)		**40**	19
Weighted average number of ordinary shares used to calculate diluted earnings per share (millions)		**4 735**	4 591
Diluted earnings per ordinary share (cents)		**92.0**	105.2

1 These numbers have been restated, refer to Note H8.

(c) Headline earnings per share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the Johannesburg Stock Exchange (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2023 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a JSE required measure of earnings in South Africa. The following table reconciles the profit for the financial period attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

		2023		2022[1]	
	Notes	**Gross**	**Net of tax and non-controlling interest**	Gross	Net of tax and non-controlling interest
Profit attributable to ordinary equity holders			**4 354**		4 831
Adjustments:					
Impairment of investment in associated undertakings		**–**	**–**	32	32
Impairments/(reversal of impairment) of intangible assets and property, plant and equipment		**4**	**4**	(24)	(24)
Profit on disposal of subsidiaries, associated undertakings and joint ventures		**–**	**–**	(115)	(90)
Total adjustments		**4**	**4**	(107)	(82)
Headline earnings (Rm)			**4 358**		4 749
Weighted average number of ordinary shares (millions)	C1(a)		**4 503**		4 525
Diluted weighted average number of ordinary shares (millions)	C1(b)		**4 735**		4 591
Headline earnings per share (cents)			**96.8**		104.9
Diluted headline earnings per share (cents)			**92.0**		103.4

1 These numbers have been restated, refer to Note H8.

C2 Net asset value per share and tangible net asset value per share

Net asset value per share is calculated as total assets minus total liabilities divided by the total number of ordinary shares in issue at period end.

Net tangible asset value per share is calculated as total assets minus goodwill and other intangible assets minus total liabilities divided by the total number of shares in issue at the period end.

At 30 June 2023 and 31 December 2022 Rand	**2023**	2022[1]
Net asset value per share	**12.9**	12.8
Net tangible asset value per share	**11.3**	11.3

1 These numbers have been restated, refer to Note H8.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

C Other key performance information continued

C3 Return on net asset value (RoNAV)

The following table outlines the calculation of RoNAV for the six months ended 30 June 2023 and the year ended 31 December 2022, using adjusted headline earnings disclosed in the condensed consolidated supplementary income statement. The basis of preparation of Return on net asset value is described in Note A1.6.

Rm or %	2023	2022[1]
Total RoNAV (%)	11.9%	9.4%
Average adjusted IFRS equity (Rm)	53 300	51 822
Closing adjusted IFRS equity (Rm)	53 257	53 342

Reconciliation of equity attributable to the holders of the parent to closing adjusted IFRS equity

Rm	2023	2022[1]
Equity attributable to the holders of the parent	58 029	57 585
Equity in respect of operations in hyperinflationary economies	(3 190)	(2 875)
Equity in respect of non-core operations	(1 582)	(1 368)
Closing adjusted IFRS equity	53 257	53 342

1 *These numbers have been restated, refer to Note H8.*

C4 Dividends

Six months ended 30 June Rm	Ordinary dividend payment date	2023	2022[1]
2021 Final dividend paid – 51.00c per share	23 May 2022	–	2 333
2022 Final dividend paid – 51.00c per share	17 April 2023	2 415	–
Dividend payments to ordinary equity holders for the period		2 415	2 333

1 *These numbers have been restated, refer to Note H8.*

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in ESOP trusts, Black Economic Empowerment trusts and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of those countries (or, in the case of Namibia, the Namibian section of the principal register) are settled through Dividend Access Trusts established for that purpose.

An interim dividend of 32 cents (30 June 2022: 25 cents), or its equivalent in other applicable currencies, per ordinary share in the Company has been declared by the directors and will be paid on 23 October 2023 to shareholders on all registers, except for shareholders on the London Stock Exchange who will be paid on 17 November 2023.

D Consolidated income statement notes

D1 Insurance service revenue

The Group's insurance service revenue is analysed as follows:

Six months ended 30 June 2023 **Rm**	**Life risk and annuities**	**Life savings**	**Property and casualty**	**Total**
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage	**9 871**	**4 353**	**–**	**14 224**
Expected incurred claims	**6 615**	**281**	**–**	**6 896**
Expected other insurance service expenses	**1 174**	**1 383**	**–**	**2 557**
Change in risk adjustment for non-financial risk for risk expired	**468**	**94**	**–**	**562**
CSM recognised for services provided	**1 717**	**1 854**	**–**	**3 571**
Other amounts relating to changes in liabilities for remaining coverage	**(103)**	**741**	**–**	**638**
Recovery of insurance acquisition cash flows	**2 013**	**625**	**–**	**2 638**
Contracts not measured under the PAA	**11 884**	**4 978**	**–**	**16 862**
Contracts measured under the PAA	**4 066**	**–**	**12 342**	**16 408**
Total insurance revenue	**15 950**	**4 978**	**12 342**	**33 270**

Six months ended 30 June 2022 **Rm**	Life risk and annuities	Life savings	Property and casualty	Total
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage	9 995	3 897	–	13 892
Expected incurred claims	7 019	443	–	7 462
Expected other insurance service expenses	1 127	1 548	–	2 675
Change in risk adjustment for non-financial risk for risk expired	448	87	–	535
CSM recognised for services provided	1 561	1 683	–	3 244
Other amounts relating to changes in liabilities for remaining coverage	(160)	136	–	(24)
Recovery of insurance acquisition cash flows	1 870	587	–	2 457
Contracts not measured under the PAA	11 865	4 484	–	16 349
Contracts measured under the PAA	3 679	–	10 625	14 304
Total insurance revenue	15 544	4 484	10 625	30 653

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

D Consolidated income statement notes continued

D2 Revenue from contracts with customers

Revenue from contracts with customers are disaggregated by primary segment and type of revenue. The Group believes it best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers.

Six months ended 30 June 2023 Rm	**Mass and Foundation Cluster**	**Personal Finance and Wealth Management**	**Old Mutual Investments**
Revenue from contracts with customers			
Fee and commission income	**259**	**2 761**	**1 608**
Transaction and performance fees	**–**	**44**	**182**
Change in contract liabilities	**–**	**8**	**–**
Fee and commission income, and income from service activities	**259**	**2 813**	**1 790**
Non-IFRS 15 revenue			
Banking	**1 458**	**–**	**–**
Insurance	**5 411**	**8 723**	**–**
Investment return and other	**1 918**	**30 807**	**1 463**
Total revenue from other activities	**8 787**	**39 530**	**1 463**
Total revenue	**9 046**	**42 343**	**3 253**

Six months ended 30 June 2022[1] Rm	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments
Revenue from contracts with customers			
Fee and commission income	220	2 269	1 413
Transaction and performance fees	–	28	34
Change in contract liabilities	–	(7)	–
Fee and commission income, and income from service activities	220	2 290	1 447
Non-IFRS 15 revenue			
Banking	1 320	–	–
Insurance	5 072	8 436	–
Investment return and other	281	(44 706)	4 639
Total revenue from other activities	6 673	(36 270)	4 639
Total revenue	6 893	(33 980)	6 086

1 *These numbers have been restated, refer to Note H8.*

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter-company eliminations	Consolidation of funds	Total
364	**–**	**450**	**(1 125)**	**(336)**	**3 981**
–	**–**	**225**	**(182)**	**–**	**269**
–	**–**	**4**	**–**	**–**	**12**
364	**–**	**679**	**(1 307)**	**(336)**	**4 262**
–	**–**	**2 346**	**–**	**–**	**3 804**
5 282	**9 603**	**4 570**	**(319)**	**–**	**33 270**
19 552	**414**	**21 791**	**(1 391)**	**9 732**	**84 286**
24 834	**10 017**	**28 707**	**(1 710)**	**9 732**	**121 360**
25 198	**10 017**	**29 386**	**(3 017)**	**9 396**	**125 622**

Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group activities and inter-company eliminations	Consolidation of funds	Total
219	–	548	(1 081)	(369)	3 219
–	–	302	(31)	–	333
–	–	–	–	–	(7)
219	–	850	(1 112)	(369)	3 545
–	–	1 356	–	–	2 676
4 657	8 316	4 150	22	–	30 653
(615)	149	7 212	2 944	(5 880)	(35 976)
4 042	8 465	12 718	2 966	(5 880)	(2 647)
4 261	8 465	13 568	1 854	(6 249)	898

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

E Financial assets and liabilities

E1 Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The table below presents a summary of the financial assets and liabilities that are measured at fair value in the consolidated statement of financial position according to their IFRS 9 classification. The most material financial asset measured at fair value relates to investments and securities. The Group has exposure to listed and unlisted investments, with a large portion of these investments backing policyholder liabilities:

At 30 June 2023 Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	**928 458**	**528 085**	**351 016**	**49 357**
Derivative financial instruments – assets	**11 626**	**50**	**11 576**	**–**
Total financial assets measured at fair value	**940 084**	**528 135**	**362 592**	**49 357**
Financial liabilities measured at fair value				
Investment contract liabilities	**212 994**	**–**	**212 994**	**–**
Third-party interests in consolidated funds	**109 001**	**–**	**109 001**	**–**
Borrowed funds	**9 868**	**–**	**9 868**	**–**
Other liabilities	**13 911**	**–**	**13 911**	**–**
Derivative financial instruments – liabilities	**16 027**	**90**	**15 937**	**–**
Total financial liabilities measured at fair value	**361 801**	**90**	**361 711**	**–**

At 31 December 2022[1] Rm	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	883 841	469 141	372 203	42 497
Derivative financial instruments – assets	9 688	53	9 635	–
Total financial assets measured at fair value	893 529	469 194	381 838	42 497
Financial liabilities measured at fair value				
Investment contract liabilities	194 170	–	194 170	–
Third-party interests in consolidated funds	102 749	–	102 749	–
Borrowed funds	9 024	–	9 024	–
Other liabilities	10 035	–	10 035	–
Derivative financial instruments – liabilities	12 580	13	12 567	–
Total financial liabilities measured at fair value	328 558	13	328 545	–

1 *These numbers have been restated, refer to Note H8.*

Level 2 investment and securities

Level 2 assets comprise mainly of pooled investments that are not listed on an exchange but are valued using market observable prices. Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For these valuations, estimates are based on available market data and examination of historical levels. Market data includes the use of a proxy method to derive a volatility or correlation from comparable assets for which market data is more readily available.

Other assets classified as Level 2 include unlisted corporate debt, floating rate notes, money market instruments, listed debt securities that were not actively traded during the period and cash balances that are treated as short-term funds. The Level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market-related inputs. Main inputs used for Level 2 valuations include bond curves and interbank swap interest rate curves.

(b) Level 3 fair value hierarchy disclosure

The table below reconciles the opening balances of Level 3 financial assets and liabilities to closing balances at the end of the period:

Six months ended 30 June 2023 and year ended 31 December 2022[1] Rm	2023	2022
Level 3 financial assets – Investments and securities		
At beginning of the period	**42 497**	45 426
Total net fair value gains/(losses) recognised in profit or loss	**4 798**	(5 341)
Purchases	**4 102**	33 163
Sales	**(4 048)**	(23 046)
Transfers in	**1 077**	424
Transfers out	**–**	(164)
Foreign exchange and other	**931**	(7 965)
Total Level 3 financial assets at end of the period	**49 357**	42 497
Unrealised fair value gains recognised in profit or loss	**1 549**	(1 094)

1 As part of the Group's enhanced disclosure efforts, the previously disclosed 'net movement on consolidated investment funds' has been separated into the appropriate movement categories.

Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R2 217 million (31 December 2022: R4 014 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period, listed bonds to the value of R7 541 million (31 December 2022: R2 147 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. At 30 June 2023, there were no transfers of pooled investments between Level 2 to Level 1, or Level 1 to Level 2 (31 December 2022: R50 million and R1 308 million respectively).

A transfer between Level 2 and Level 3 occurs when any significant inputs used to determine fair value of the instrument become unobservable. At 30 June 2023, Level 3 assets comprised unlisted private company shares, unlisted debt securities and unlisted pooled investments mainly held by policyholder funds for which the majority of the investment risk is borne by policyholders. Pooled investments of R140 million were transferred from Level 2 to Level 3, reflecting that inputs used in the valuation techniques of these instruments became unobservable. There were no transfers from Level 2 to Level 3 of unlisted debt and equity securities at 30 June 2023 (31 December 2022: R26 million and R10 million respectively). Equity securities to the value of R45 million (31 December 2022: R220 million) and pooled investments to the value of R862 million (31 December 2022: RNil) were transferred from Level 1 to Level 3, as the markets in which these instruments trade became inactive.

During the period, no equity and debt securities were transferred from Level 3 to Level 2 (31 December 2022: R164 million).

For all reporting periods, the Group did not have any Level 3 financial liabilities.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

E Financial assets and liabilities continued

E1 Disclosure of financial assets and liabilities measured at fair value continued

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment, the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

The following table sets out information on significant unobservable inputs used in measuring financial instruments classified as Level 3.

Six months ended 30 June 2023 and year ended 31 December 2022

		Range of unobservable inputs	
Valuation technique	**Significant unobservable input**	**2023**	2022
Discounted cash flow (DCF)	**Risk adjusted discount rate:**		
	– Equity risk premium	**2.5% – 6.0%**	2.5% – 6.0%
	– Liquidity discount rate	**5.0% – 40.0%**	3.9% – 40.0%
	– Nominal risk free rate	**3.8% – 17.6%**	3.8% – 17.6%
	– Credit spreads	**1.6% – 11.8%**	1.5% – 13.1%
	– Internal rate of return	**13.0% – 30.0%**	13.0% – 30.0%
	– Preference dividend accrual rate	**7.6% – 12.5%**	5.9% – 12.5%
	– Marketability discount	**10.0% – 30.0%**	10.0% – 30.0%
Price earnings (PE) model/multiple/ embedded value	**PE ratio/multiple**	**2 – 13 times**	2 – 10 times
Sum of parts	**PE ratio and DCF**	**See PE ratio and DCF**	See PE ratio and DCF

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the interrelationship therein from those disclosed in the financial statements for the year ended 30 June 2023. For the purposes of the sensitivity analysis, the most significant unobservable input used to value Level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Rm	At 30 June 2023	At 31 December 2022			At 30 June 2023	At 31 December 2022
Types of financial instruments	Fair values		Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
Assets						
Investments and securities	**49 357**	42 497	Discounted cash flows (DCF); Market comparable companies' approach; Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk free rate Credit spreads Dividend growth rate Preference dividend accrual rate Marketability discount rate PE ratio/multiple	**Favourable: 3 495** **Unfavourable: 3 353**	Favourable: 3 487 Unfavourable: 3 275

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 30 June 2023 and 31 December 2022:

Rm	At 30 June 2023	At 31 December 2022		At 30 June 2023		At 31 December 2022	
				Sensitivities			
Types of financial instruments	Fair values		Most significant unobservable input	Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	**5 404**	5 981	Discount rate; Credit spreads	**361**	**370**	272	258
Equity securities	**28 460**	25 901	Discount rate; Price earnings ratio/multiple; Marketability discount rate	**1 644**	**1 477**	1 946	1 752
Pooled investments	**15 493**	10 615	Net asset value of underlying investments	**1 490**	**1 506**	1 269	1 265
Total	**49 357**	42 497		**3 495**	**3 353**	3 487	3 275

Fair value losses of R4 798 million (31 December 2022: R5 341 million) were recognised on Level 3 assets during the year. The loss is attributable to the approach followed in performing valuations due to the high levels of uncertainty in respect of the economic outlook and due to the function of lower comparable multiples.

E Financial assets and liabilities continued

E2 Financial instruments designated as fair value through profit or loss

Financial instruments have been classified as designated as fair value through profit and loss where the Group has satisfied the criteria as described in the accounting policies (refer to Note E1). Fair value movements on financial assets designated at fair value through profit or loss is recognised in investment return (non-banking) in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVOCI, the Group elected to designate the portfolio at fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at fair value through profit or loss and hence the assets backing the policyholder liability should also be as fair value through profit or loss.

Designation of instruments as fair value through profit or loss, is consistent with the Group's documented risk management strategy and investment mandates. The fair value of the instruments is managed and reviewed on a regular basis by the risk and investment functions of the Group. The risk of the portfolio is measured and monitored on a fair-value basis.

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as fair value through profit or loss. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below:

	Financial liabilities where the change credit risk is recognised in OCI			
Rm	Fair value	Current financial period	Cumulative	Contractual maturity amount
Borrowed funds at 30 June 2023	**9 868**	**20**	**399**	**9 742**
Borrowed funds at 31 December 2022	9 024	42	379	8 883

The fair values of other categories of financial liabilities designated as fair value through profit or loss do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at fair value through profit or loss has been determined as the difference between fair values determined using a liability curve (adjusted for credit risk) and a risk-free liability curve. This difference is cross-checked to market-related data on credit spreads, where available. The basis for not using credit default swaps to determine the change in fair value due to credit risk is the unavailability of reliable market priced instruments.

E3 Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, loans and advances, certain borrowed funds and other financial assets and financial liabilities that are measured at amortised cost. The calculation of the fair value of these financial instruments represents the Group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date.

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. The fair value of these assets approximates its carrying value, except for loans and advanced for which the fair value is set out below.

The table below shows the fair value hierarchy only for those liabilities not measured at fair value. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table:

			Fair value hierarchy		
At 30 June 2023 Rm	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Investments and securities	**11 695**	**11 240**	**–**	**7 794**	**3 446**
Financial liabilities					
Investment contract liabilities	**1 258**	**1 254**	**–**	**1 254**	**–**
Borrowed funds	**7 851**	**7 851**	**–**	**7 851**	**–**

			Fair value hierarchy		
At 31 December 2022[1] Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Investments and securities	9 612	9 374	–	6 706	2 668
Financial liabilities					
Investment contract liabilities[2]	1 234	1 238	–	1 238	–
Borrowed funds[2]	7 689	7 689	–	7 689	–

1 These numbers have been restated, refer to Note H8.
2 As part of the Group's enhanced disclosure efforts, the fair value of these line items has been included in the above table.

For trade, other receivables and other assets, cash and cash equivalents and trade, other payables and other liabilities, the carrying amount approximates fair value due to the short-term nature of these balances.

Loans and advances and amounts owed to bank depositors principally comprise variable rate financial assets and financial liabilities. The interest rates on these variable rate instruments are adjusted when the applicable benchmark interest rates change and, therefore, the carrying amount approximates fair value.

The table below displays the Group's primary valuation techniques used in determining the fair value of its financial assets and financial liabilities:

	Valuation technique	Significant inputs
Financial assets		
Investments and securities	**Discounted cash flow model**	**Yield curve**
Loans and advances	**Discounted cash flow model**	**Yield curve**
Financial liabilities		
Investment contract liabilities	**Discounted cash flow model**	**Spot curve**
Borrowed funds	**Discounted cash flow model**	**Yield curve**

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

F Analysis of financial assets and liabilities

F1 Insurance and investment contracts

F1.1 Insurance and reinsurance contracts

	At 30 June 2023		At 31 December 2022[1]	
Rm	**Assets**	**Liabilities**	Assets	Liabilities
Insurance contracts				
Total life and guaranteed savings:	**4 129**	**(604 524)**	3 693	(571 845)
Life risk and annuities	**4 129**	**(80 820)**	3 650	(78 466)
Life savings	**–**	**(523 704)**	43	(493 379)
Property and casualty	**2**	**(10 163)**	4	(9 207)
Total insurance contracts	**4 131**	**(614 687)**	3 697	(581 052)
Reinsurance contracts				
Total life and guaranteed savings:	**3 676**	**(720)**	3 490	(387)
Life risk and annuities	**3 676**	**(720)**	3 490	(372)
Life savings	**–**	**–**	–	(15)
Property and casualty	**5 368**	**(136)**	4 581	4
Total reinsurance contracts	**9 044**	**(856)**	8 071	(383)

1 *These numbers have been restated, refer to Note H8.*

F1.2 Analysis of insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance in each line of business changed during the year as a result of cash flows and amounts recognised in the income statement.

For each line of business, the Group presents a table that separately analyses movements in the liability for remaining coverage and movement in the liability for incurred claims and reconciles these movements to the line items in the income statement.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates for the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of the future cash flows from insurance and reinsurance assets represents the Group's maximum exposure to credit risk from these assets.

(i) Insurance contracts: Analysis by remaining coverage and incurred claims

Six month ended 30 June 2023 Rm	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Liabilities for incurred claims: Contracts not under PAA	Liabilities for incurred claims: Contracts under the PAA: Estimates of present value of future cash flows	Liabilities for incurred claims: Contracts under the PAA: Risk adjustment for non-financial risk	Total
Net opening balance (insurance contracts)	(544 133)	(6 623)	(8 926)	(17 125)	(548)	(577 355)
Represented by:						
Opening insurance assets	5 851	(1 768)	(378)	(7)	(1)	3 697
Opening insurance liabilities	(549 984)	(4 855)	(8 548)	(17 118)	(547)	(581 052)
Changes in profit or loss						
Insurance revenue	33 270	–	–	–	–	33 270
Contracts under the modified retrospective approach	3 999	–	–	–	–	3 999
Contracts under the fair value approach	4 983	–	–	–	–	4 983
Other contracts	24 288	–	–	–	–	24 288
Insurance service expenses	(4 813)	(852)	(9 692)	(12 221)	(70)	(27 648)
Incurred claims and other insurance service expenses	–	476	(9 575)	(11 711)	–	(20 810)
Amortisation of insurance acquisition cash flows	(4 813)	–	–	–	–	(4 813)
Losses and reversal of losses on onerous contracts	–	(1 328)	–	21	1	(1 306)
Adjustments to liabilities for incurred claims	–	–	(117)	(531)	(71)	(719)
Insurance service result	28 457	(852)	(9 692)	(12 221)	(70)	5 622
Insurance finance expense	(55 370)	(201)	(163)	(257)	(3)	(55 994)
Total changes in profit or loss	(26 913)	(1 053)	(9 855)	(12 478)	(73)	(50 372)
Investment components	40 236	–	(40 236)	–	–	–
Cash flows						
Premiums received	(60 046)	–	–	–	–	(60 046)
Insurance acquisition cash flows paid	5 386	–	–	–	–	5 386
Insurance claims paid, including investment components	–	–	47 492	11 080	–	58 572
Other expenses paid	–	–	2 918	711	–	3 629
Total cash flows (insurance contracts)	(54 660)	–	50 410	11 791	–	7 541
Foreign currency exchange differences and other	9 219	248	2	154	7	9 630
Net closing balance (insurance contracts)	(576 251)	(7 428)	(8 605)	(17 658)	(614)	(610 556)
Represented by:						
Closing insurance assets	6 903	(2 207)	(557)	(6)	(2)	4 131
Closing insurance liabilities	(583 154)	(5 221)	(8 048)	(17 652)	(612)	(614 687)
Net closing balance (insurance contracts)	(576 251)	(7 428)	(8 605)	(17 658)	(614)	(610 556)

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

F Analysis of financial assets and liabilities continued

F1 Insurance and investment contracts continued

F1.2 Analysis of insurance and reinsurance contracts continued

(i) Insurance contracts: Analysis by remaining coverage and incurred claims continued

	Liability for remaining coverage		Liabilities for incurred claims			
				Contracts under the PAA		
Year ended 31 December 2022 Rm	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Net opening balance (insurance contracts)	(574 353)	(4 838)	(8 880)	(17 143)	(563)	(605 777)
Represented by:						
Opening insurance assets	3 838	(890)	(300)	(2)	(1)	2 645
Opening insurance liabilities	(578 191)	(3 948)	(8 580)	(17 141)	(562)	(608 422)
Changes in profit or loss						
Insurance revenue	63 303	–	–	–	–	63 303
Contracts under the modified retrospective approach	7 702	–	–	–	–	7 702
Contracts under the fair value approach	10 056	–	–	–	–	10 056
Other contracts	45 545	–	–	–	–	45 545
Insurance service expenses	(8 782)	(1 313)	(19 479)	(24 454)	16	(54 012)
Incurred claims and other insurance service expenses	–	852	(19 738)	(24 932)	–	(43 818)
Amortisation of insurance acquisition cash flows	(8 782)	–	–	–	–	(8 782)
Losses and reversal of losses on onerous contracts	–	(2 165)	–	–	–	(2 165)
Adjustments to liabilities for incurred claims	–	–	259	478	16	753
Insurance service result	54 521	(1 313)	(19 479)	(24 454)	16	9 291
Insurance finance expense	(18 580)	(372)	(31)	(400)	(2)	(19 385)
Total changes in profit or loss	35 941	(1 685)	(19 510)	(24 854)	14	(10 094)
Investment components	71 408	–	(71 408)	–	–	–
Cash flows						–
Premiums received	(101 936)	–	–	–	–	(101 936)
Insurance acquisition cash flows paid	10 106	–	–	–	–	10 106
Insurance claims paid, including investment components	–	–	85 054	23 003	–	108 057
Other expenses paid	–	–	5 809	1 738	–	7 547
Total cash flows (insurance contracts)	(91 830)	–	90 863	24 741	–	23 774
Foreign currency exchange differences and other	14 701	(100)	9	131	1	14 742
Net closing balance (insurance contracts)	(544 133)	(6 623)	(8 926)	(17 125)	(548)	(577 355)
Represented by:						
Closing insurance assets	5 851	(1 768)	(378)	(7)	(1)	3 697
Closing insurance liabilities	(549 984)	(4 855)	(8 548)	(17 118)	(547)	(581 052)
Net closing balance (insurance contracts)	(544 133)	(6 623)	(8 926)	(17 125)	(548)	(577 355)

(ii) Insurance contracts: Analysis by measurement components – contracts not measured under PAA

			Contractual service margin			
Six months ended 30 June 2023 Rm	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retro-spective approach**	**Contracts under fair value approach**	**Other contracts**	**Total**
Net opening balance (insurance contracts)	**(492 492)**	**(5 516)**	**(16 186)**	**(24 591)**	**(19 044)**	**(557 829)**
	Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**			**Contractual service margin**	**Total**
Represented by:						
Opening insurance assets	6 121	(713)			(1 732)	3 676
Opening insurance liabilities	(498 613)	(4 803)			(58 089)	(561 505)
Changes in profit or loss						
Changes that relate to current services	984	584	1 401	977	1 193	5 139
CSM recognised for services provided	–	–	1 401	977	1 193	3 571
Release of risk adjustment for the risk expired	–	562	–	–	–	562
Experience adjustments	984	22	–	–	–	1 006
Changes that relate to future services	2 583	(608)	(469)	(1 237)	(1 548)	(1 279)
Contracts initially recognised in the year	1 416	(457)	–	–	(1 588)	(629)
Changes in estimates that adjust the CSM	1 776	(110)	(469)	(1 237)	40	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(609)	(41)	–	–	–	(650)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(102)	(15)	–	–	–	(117)
Insurance service result	3 465	(39)	932	(260)	(355)	3 743
Insurance finance expense	(53 679)	(31)	(685)	(408)	(754)	(55 557)
Total changes in profit or loss	(50 214)	(70)	247	(668)	(1 109)	(51 814)
Cash flows						
Premiums received	(43 736)	–	–	–	–	(43 736)
Insurance acquisition cash flows paid	3 266	–	–	–	–	3 266
Insurance claims paid, including investment components	47 746	–	–	–	–	47 746
Other expenses paid	2 916	–	–	–	–	2 916
Total cash flows (insurance contracts)	10 192	–	–	–	–	10 192
Effect of movements in exchange rates and other	9 546	2	–	(70)	(12)	9 466
Net closing balance (insurance contracts)	**(522 968)**	**(5 584)**	**(15 939)**	**(25 329)**	**(20 165)**	**(589 985)**
	Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**			**Contractual service margin**	**Total**
Represented by:						
Closing insurance assets	7 008	(834)			(2 046)	4 128
Closing insurance liabilities	(529 976)	(4 750)			(59 387)	(594 113)
Net closing balance (insurance contracts)	**(522 968)**	**(5 584)**			**(61 433)**	**(589 985)**

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

F Analysis of financial assets and liabilities continued

F1 Insurance and investment contracts continued

F1.2 Analysis of insurance and reinsurance contracts continued

(ii) Insurance contracts: Analysis by measurement components – contracts not measured under PAA continued

			Contractual service margin			
Year ended 31 December 2022 Rm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retro-spective approach	Contracts under fair value approach	Other contracts	Total
Net opening balance (insurance contracts)	(520 170)	(5 547)	(18 631)	(25 254)	(16 401)	(586 003)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Opening insurance assets	4 313	(436)			(1 236)	2 641
Opening insurance liabilities	(524 483)	(5 111)			(59 050)	(588 644)
Changes in profit or loss						
Changes that relate to current services	643	1 119	2 816	1 968	2 212	8 758
CSM recognised for services provided	–	–	2 816	1 968	2 212	6 996
Release of risk adjustment for the risk expired	–	1 077	–	–	–	1 077
Experience adjustments	643	42	–	–	–	685
Changes that relate to future services	2 957	(1 079)	451	(1 076)	(3 572)	(2 319)
Contracts initially recognised in the year	2 988	(760)	–	–	(3 226)	(998)
Changes in estimates that adjust the CSM	1 234	(263)	451	(1 076)	(346)	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1 265)	(56)	–	–	–	(1 321)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	229	43	–	–	–	272
Insurance service result	3 829	83	3 267	892	(1 360)	6 711
Insurance finance expense	(16 371)	(87)	(822)	(533)	(1 287)	(19 100)
Total changes in profit or loss	(12 542)	(4)	2 445	359	(2 647)	(12 389)
Cash flows						
Premiums received	(71 718)	–	–	–	–	(71 718)
Insurance acquisition cash flows paid	6 393	–	–	–	–	6 393
Insurance claims paid, including investment components	85 475	–	–	–	–	85 475
Other expenses paid	5 905	–	–	–	–	5 905
Total cash flows (insurance contracts)	26 055	–	–	–	–	26 055
Effect of movements in exchange rates and other	14 165	35	–	304	4	14 508
Net closing balance (insurance contracts)	(492 492)	(5 516)	(16 186)	(24 591)	(19 044)	(557 829)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Closing insurance assets	6 121	(713)			(1 732)	3 676
Closing insurance liabilities	(498 613)	(4 803)			(58 089)	(561 505)
Net closing balance (insurance contracts)	(492 492)	(5 516)			(59 821)	(557 829)

(iii) Reinsurance contracts: Analysis by remaining coverage and incurred claims

Six months ended 30 June 2023 Rm	Remaining coverage component		Incurred claims component			Total
			Contracts under the PAA			
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk-adjustment for non-financial risk	Contracts not under the PAA	
Net opening balance (reinsurance contracts)	(456)	400	6 544	219	981	7 688
Represented by:						
Opening reinsurance assets	1 026	210	6 349	207	279	8 071
Opening reinsurance liabilities	(1 482)	190	195	12	702	(383)
Changes in profit or loss						
Allocation of reinsurance premiums paid	(3 905)	–	–	–	–	(3 905)
Amounts recoverable from reinsurers	–	129	1 884	34	988	3 035
Recoveries of incurred claims and other insurance service expenses	–	–	1 116	–	963	2 079
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	129	–	–	–	129
Adjustments to assets for incurred claims	–	–	768	34	25	827
Net expenses from reinsurance contracts	(3 905)	129	1 884	34	988	(870)
Net finance income/(expense) from reinsurance contracts	40	26	30	(30)	–	66
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Total changes in profit or loss	(3 865)	155	1 914	4	988	(804)
Investment components	(22)	–	22	–	–	–
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	3 142	–	–	–	–	3 142
Amounts received	–	–	(818)	–	(1 001)	(1 819)
Total cash flows (reinsurance contracts)	3 142	–	(818)	–	(1 001)	1 323
Effect of movements in exchange rates and other	4	–	(20)	(3)	–	(19)
Net closing balance (reinsurance contracts)	(1 197)	555	7 642	220	968	8 188
Represented by:						
Closing reinsurance assets	996	325	7 140	220	363	9 044
Closing reinsurance liabilities	(2 193)	230	502	–	605	(856)
Net closing balance (reinsurance contracts)	(1 197)	555	7 642	220	968	8 188

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

F Analysis of financial assets and liabilities continued

F1 Insurance and investment contracts continued

F1.2 Analysis of insurance and reinsurance contracts continued

(iii) Reinsurance contracts: Analysis by remaining coverage and incurred claims continued

	Remaining coverage component		Incurred claims component			
			Contracts under the PAA			
Year ended 31 December 2022 Rm	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk-adjustment for non-financial risk	Contracts not under the PAA	Total
Net opening balance (reinsurance contracts)	(1 743)	489	8 299	259	1 184	8 488
Represented by:						
Opening reinsurance assets	(481)	485	8 089	255	1 115	9 463
Opening reinsurance liabilities	(1 262)	4	210	4	69	(975)
Changes in profit or loss						
Allocation of reinsurance premiums paid	(7 700)	–	–	–	–	(7 700)
Amounts recoverable from reinsurers	–	(95)	4 671	(37)	2 201	6 740
Recoveries of incurred claims and other insurance service expenses	–	–	3 038	10	2 228	5 276
Recoveries and reversals of recoveries of losses on onerous underlying contracts	–	(95)	–	–	–	(95)
Adjustments to assets for incurred claims	–	–	1 633	(47)	(27)	1 559
Net expenses from reinsurance contracts	(7 700)	(95)	4 671	(37)	2 201	(960)
Net finance income/(expense) from reinsurance contracts	(116)	30	150	2	–	66
Effect of changes in non-performance risk of reinsurers	(11)	–	–	–	37	26
Total changes in profit or loss	(7 827)	(65)	4 821	(35)	2 238	(868)
Investment components	–	–	–	–	–	–
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	9 120	–	–	–	–	9 120
Amounts received	–	–	(6 554)	–	(2 440)	(8 994)
Total cash flows (reinsurance contracts)	9 120	–	(6 554)	–	(2 440)	126
Effect of movements in exchange rates and other	(6)	(24)	(22)	(5)	(1)	(58)
Net closing balance (reinsurance contracts)	(456)	400	6 544	219	981	7 688
Represented by:						
Closing reinsurance assets	1 026	210	6 349	207	279	8 071
Closing reinsurance liabilities	(1 482)	190	195	12	702	(383)
Net closing balance (reinsurance contracts)	(456)	400	6 544	219	981	7 688

(iv) Reinsurance contracts: Analysis by measurement components – contracts not measured under PAA

Six months ended 30 June 2023 Rm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts under modified retrospective approach	Contractual service margin: Contracts under fair value approach	Contractual service margin: Other contracts	Total
Net opening balance (reinsurance contracts)	670	321	100	230	(310)	1 011
Represented by:	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**			**Contractual service margin**	**Total**
Closing reinsurance assets	506	43			524	1 073
Closing reinsurance liabilities	164	278			(504)	(62)
Changes in profit or loss						
Changes that relate to current services	30	(21)	2	(39)	70	42
CSM recognised for services received	–	–	2	(39)	70	33
Release of risk adjustment for the risk expired	–	(21)	–	–	–	(21)
Experience adjustments	30	–	–	–	–	30
Changes that relate to future services	(65)	11	11	(33)	148	72
Contracts initially recognised in the year	65	(19)	–	–	(46)	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	1	71	72
Changes in estimates that adjust the CSM	(130)	30	11	(34)	123	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	–	–	–	–	–	–
Changes that relate to past services						
Adjustment to liabilities for incurred claims	25	–	–	–	–	25
Net income or expenses from reinsurance contracts	(10)	(10)	13	(72)	218	139
Net finance income/(expense) from reinsurance contracts	(5)	(5)	(2)	31	(50)	(31)
Effect of changes in non-performance risk	–	–	–	–	–	–
Total changes in profit or loss	(15)	(15)	11	(41)	168	108
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	859	–	–	–	–	859
Amounts received	(1 185)	–	–	–	–	(1 185)
Total cash flows (reinsurance contracts)	(326)	–	–	–	–	(326)
Effect of movements in exchange rates	3	(1)	–	–	(3)	(1)
Net closing balance (reinsurance contracts)	332	305	111	189	(145)	792
Represented by:	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**			**Contractual service margin**	**Total**
Closing reinsurance assets	435	9			586	1 030
Closing reinsurance liabilities	(103)	296			(431)	(238)
Net closing balance (reinsurance contracts)	332	305			155	792

F Analysis of financial assets and liabilities continued

F1 Insurance and investment contracts continued

F1.2 Analysis of insurance and reinsurance contracts continued

(iv) Reinsurance contracts: Analysis by measurement components – contracts not measured under PAA continued

Year ended 31 December 2022 Rm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Contracts under modified retrospective approach	Contractual service margin: Contracts under fair value approach	Contractual service margin: Other contracts	Total
Net opening balance (reinsurance contracts)	1 028	432	(141)	297	(565)	1 051
Represented by:	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	
Opening reinsurance assets	1 151	426			(448)	1 129
Opening reinsurance liabilities	(123)	6			39	(78)
Changes in profit or loss						
Changes that relate to current services	509	(32)	8	(111)	105	479
CSM recognised for services received	–	–	8	(111)	105	2
Release of risk adjustment for the risk expired	–	(32)	–	–	–	(32)
Experience adjustments	509	–	–	–	–	509
Changes that relate to future services	(240)	(156)	249	(25)	267	95
Contracts initially recognised in the year	271	–	–	–	(271)	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	32	1	–	–	62	95
Changes in estimates that adjust the CSM	(543)	(157)	249	(25)	476	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	–	–	–	–	–	–
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(27)	–	–	–	–	(27)
Net income or expenses from reinsurance contracts	242	(188)	257	(136)	372	547
Net finance income/(expense) from reinsurance contracts	(70)	88	(16)	70	(117)	(45)
Effect of changes in non-performance risk	(1)	(10)	–	(1)	–	(12)
Total changes in profit or loss	171	(110)	241	(67)	255	490
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	1 877	–	–	–	–	1 877
Amounts received	(2 406)	–	–	–	–	(2 406)
Total cash flows (reinsurance contracts)	(529)	–	–	–	–	(529)
Effect of movements in exchange rates	–	(1)	–	–	–	(1)
Net closing balance (reinsurance contracts)	670	321	100	230	(310)	1 011
Represented by:	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Closing reinsurance assets	506	43			524	1 073
Closing reinsurance liabilities	164	278			(504)	(62)
Net closing balance (reinsurance contracts)	670	321			20	1 011

F1.3 Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

Six months ended 30 June 2023 Rm	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts			
Insurance acquisition cash flows	(1 519)	(1 668)	(3 187)
Claims and other insurance service expenses payable	(13 232)	(6 102)	(19 334)
Estimate of present value of cash outflows	(14 751)	(7 770)	(22 521)
Estimate of present value of cash inflows	16 593	7 344	23 937
Risk adjustment for non-financial risk	(254)	(203)	(457)
Contractual service margin	(1 588)	–	(1 588)
Losses recognised on initial recognition	–	(629)	(629)

Six months ended 30 June 2023 Rm	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contacts issued
Reinsurance contracts			
Estimate of present value of cash outflows	(311)	(22)	(333)
Estimate of present value of cash inflows	376	22	398
Risk adjustment for non-financial risk	(1)	(18)	(19)
Contractual service margin	(64)	18	(46)
Income recognised on initial recognition	–	–	–

Year ended 31 December 2022 Rm	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts			
Insurance acquisition cash flows	(2 954)	(2 921)	(5 875)
Claims and other insurance service expenses payable	(22 899)	(12 053)	(34 952)
Estimate of present value of cash outflows	(25 853)	(14 974)	(40 827)
Estimate of present value of cash inflows	29 523	14 292	43 815
Risk adjustment for non-financial risk	(444)	(316)	(760)
Contractual service margin	(3 226)	–	(3 226)
Losses recognised on initial recognition	–	(998)	(998)

Year ended 31 December 2022 Rm	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contracts issued
Reinsurance contracts			
Estimate of present value of cash outflows	(642)	(94)	(736)
Estimate of present value of cash inflows	922	85	1 007
Risk adjustment for non-financial risk	(3)	3	–
Contractual service margin	(277)	6	(271)
Income recognised on initial recognition	–	–	–

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

F Analysis of financial assets and liabilities continued

F1 Insurance and investment contracts continued

F1.4 Contractual service margin maturity analysis

The following table illustrates when the Group expects to realise the remaining CSM as revenue for contracts not measured under the PAA:

Six months ended 30 June 2023 Rm	Less than 1 year	1 to 5 years	6 to 10 years	More than 10 years	Total
Insurance contracts					
Total life	**(3 496)**	**(20 924)**	**(15 593)**	**(21 420)**	**(61 433)**
Life risk and annuities	**(1 661)**	**(9 855)**	**(7 760)**	**(12 548)**	**(31 824)**
Life savings	**(1 835)**	**(11 069)**	**(7 833)**	**(8 872)**	**(29 609)**
Property and casualty	–	–	–	–	–
Total insurance contracts	**(3 496)**	**(20 924)**	**(15 593)**	**(21 420)**	**(61 433)**
Reinsurance contracts					
Total life	**21**	**104**	**31**	**(1)**	**155**
Life risk and annuities	**21**	**104**	**31**	**(1)**	**155**
Life savings	–	–	–	–	–
Property and casualty	–	–	–	–	–
Total reinsurance contracts	**21**	**104**	**31**	**(1)**	**155**

Year ended 31 December 2022 Rm	Less than 1 year	1 to 5 years	6 to 10 years	More than 10 years	Total
Insurance contracts					
Total life	(6 443)	(19 234)	(14 442)	(19 702)	(59 821)
Life risk and annuities	(3 073)	(9 107)	(7 294)	(11 869)	(31 343)
Life savings	(3 370)	(10 127)	(7 148)	(7 833)	(28 478)
Property and casualty	–	–	–		–
Total insurance contracts	(6 443)	(19 234)	(14 442)	(19 702)	(59 821)
Reinsurance contracts					
Total life	–	11	19	(10)	20
Life risk and annuities	–	11	19	(10)	20
Life savings	–	–	–	–	–
Property and casualty	–	–	–	–	–
Total reinsurance contracts	–	11	19	(10)	20

CSM maturities are projected to the end of each financial year. Consequently, the "less than 1 year" maturity category includes CSM expected to be realised by 31 December 2023. Similarly, each subsequent maturity category includes CSM expected to be realised by 31 December of the relevant year.

F2 Borrowed funds

At 30 June 2023 Rm	Mass and Foundation Cluster	Old Mutual Africa Regions	Other Group activities	Total
Term loans	**3 950**	**3 001**	**–**	**6 951**
Revolving credit facilities	**250**	**650**	**–**	**900**
Subordinated debt securities	**–**	**–**	**9 868**	**9 868**
Total borrowed funds	**4 200**	**3 651**	**9 868**	**17 719**

At 31 December 2022 Rm	Mass and Foundation Cluster	Old Mutual Africa Regions	Other Group activities	Total
Term loans	3 950	2 839	–	6 789
Revolving credit facilities	250	650	–	900
Subordinated debt securities	–	–	9 024	9 024
Total borrowed funds	4 200	3 489	9 024	16 713

On 23 May 2023 Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R859 million floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of three-month Johannesburg Interbank Average Rate (JIBAR) plus 150 bps, payable quarterly in arrears. The maturity date of this instrument is 28 May 2028. No instruments have been redeemed in the current period.

In the prior year, on 28 October 2022 and 23 June 2022, OMLACSA issued a R500 million and R1.1 billion floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated notes are guaranteed by Old Mutual Limited and have a coupon rate of three-month JIBAR plus 155 bps, payable quarterly in arrears. The maturity date of these instruments is 27 October 2027 and 23 June 2027. Instruments totalling R977 million were redeemed by OMLACSA in 2022. In 2022 Old Mutual Insure redeemed R500 million.

Other movements in borrowed funds were as follows: R871 million (31 December 2022: R1 804 million) of term loans and revolving credit facilities were issued and R520 million (31 December 2022: R1 483 million) were redeemed.

Breaches of covenants

As at 30 June 2023, the financial covenants on two existing loans were in breach. The funding was raised to support operations in the Old Mutual Africa Regions segment.

The loans in breach totalled R128 million (US$ 6.7 million). The entities are still in negotiation with the lenders to either amend the breached covenants or to provide formal waivers. The lenders of these breached loans have the right to call the outstanding amounts at any time. At 30 June 2023, none of these breached loans have been called on.

The breaches of the covenants by the individual businesses do not impact the Group's ability to obtain additional funding.

G Non-financial assets and liabilities

G1 Fair value of the Group's properties

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been an increase in the property assets balance. This was largely attributable to additions and fair value gains in the current financial year.

The South Africa property portfolio accounts for 61.7% (31 December 2022: 65.2%) of total property assets and is predominantly exposed to the retail property sector.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

G Non-financial assets and liabilities continued

G1 Fair value of the Group's properties continued

The table below sets out information about significant unobservable inputs used at the end of the period in measuring investment and owner-occupied properties categorised at level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/industrial properties and owner-occupied properties	Valued using the internationally and locally recognised discounted cash flow (DCF) method. A minimum of five years (if required for specific leases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR) respectively. Where market rentals are used, these are based on the valuers' assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property specific data.	**South African properties** **Office** Capitalisation rates: 8.25% (Dec 2022: 8.25%) Discount rates: 12.75% (Dec 2022: 12.75%) Market rentals: R235 per m² (Dec 2022: R270 per m²) Vacancy rates: 0.0% (Dec 2022: 0.0%) **Retail** Capitalisation rates: 6.75% to 10% (Dec 2022: 6.75% to 10.0%) Discount rates: 12.75% to 15.5% (Dec 2022: 12.75% to 15.5%) Market rentals: R43.12 to R280.31 per m² (Dec 2022: R58.51 to R287.84 per m²) Vacancy rates: 0.0% to 9.84% (Dec 2022: 0.0% to 9.84%) **Industrial** Capitalisation rates: 8.5% to 11.0% (Dec 2022: 8.5% to 11.0%) Discount rates: 13.00% to 14.75% (Dec 2022: 13.25% to 15%) Market rentals: R40.65 to R73 per m² (Dec 2022: R33.71 to R77.58 per m²) Vacancy rates: 0% (Dec 2022: 0% to 6.60%) **Bulgarian properties** **Office** Capitalisation rate: 8% (Dec 2022: 7.4% to 7.6%) Discount rates: 10.9% to 11.1% (Dec 2022: 10.9% to 11.1%) Market rentals: EUR11 to EUR16 per m² (Dec 2022: EUR11 to EUR16 per m²) Vacancy rates: 2.5% to 2.75% (Dec 2022: 2.5% to 2.75%) **Romanian properties** **Office** Discount rates: 8.9% (Dec 2022: 8.9%) Market rentals: EUR15.0 per m² (Dec 2022: EUR15.0 per m²) Vacancy rates: 2.5% (Dec 2022: 2.5%) **East Africa** **Office** Capitalisation rates: 8% to 12.3% (Dec 2022: 8% to 12.3%) Discount rates: 11.75% to 15% (Dec 2022: 11.75% to 15%) Market rentals: USD8.5 to USD35 per m² (Dec 2022: USD8.5 to USD35 per m²) **Zimbabwe Properties** Capitalisation rates: 6.5% to 11% (Dec 2022: 6.3% to 9.5%) Market rentals: ZWL$18 000 to ZWL$65 000 per m² (Dec 2022: ZWL$3 500 to ZWL$7 600 per m²) Vacancy rates: 19.33% (Dec 2022: 19.7%)

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation. However, there are cases where exceptional circumstances need to be considered.	The land per m² and bulk per m² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	Land per m²: R100 to R250 (Dec 2022: R100 to R250)
Near vacant properties	Land value less the estimated cost of demolition.	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m²: R75 to R250 (Dec 2022: R75 to R250)

Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Six months ended 30 June 2023 and year ended 31 December 2022 Rm	2023	2022
An increase of 1% in discount rates would decrease the fair value by:	**(1 244)**	(1 186)
A decrease of 1% in discount rates would increase the fair value by:	**1 326**	1 266
An increase of 1% in capitalisation rates would decrease the fair value by:	**(3 581)**	(3 136)
A decrease of 1% in capitalisation rates would increase the fair value by:	**4 334**	3 626
An increase of 10% in market rentals per m² would increase the fair value by:	**3 358**	3 066
A decrease of 10% in market rentals per m² would decrease the fair value by:	**(3 436)**	(3 005)

H Other notes

H1 Related parties

The nature of the related party transactions of the Group has not changed from those described in the consolidated financial statements for the year ended 31 December 2022.

H2 Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

Tax

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the countries in which the Group operates. All interpretations by management, are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue Authorities in various countries in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

The financial statements record and evaluate tax positions in terms of IFRIC 23 *Uncertainty over Income Tax Treatments*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IAS 12 *Income Taxes*, which sets out how to account for the tax position, when there is uncertainty over income tax treatment.

H Other notes continued

H2 Contingent liabilities continued

Tax continued

Where applicable, the impact of the above standards on the respective legal entities in the Group have been considered.

The Board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

Consumer protection

The Group is committed to treating customers fairly and supporting its customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with customers and regulators to ensure that we meet this commitment, but there is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

Old Mutual Unit Trust Managers and Living Hands Umbrella Trust case

The Living Hands Umbrella Trust (the 'Trust'), formerly known as the Matco Trust were invested in Old Mutual unit trust funds, which were administered by Old Mutual Unit Trusts Managers (RF) Proprietary Limited (OMUT).

In October 2004, OMUT was instructed by its client, Matco to disinvest the unit trust holdings. After verifying the authenticity of the disinvestment instruction, OMUT processed the disinvestment and transferred the cash value of the assets held at the time into the bank account of its client, Matco Trust. After receiving the deposits into its bank account, Matco placed the funds under the control of Fidentia Asset Management Proprietary Limited (Fidentia). OMUT believes that its actions were in accordance with its contract with Matco as well as the applicable laws and regulations.

The case was brought against OMUT by the Living Hands Umbrella Trust. The court found that although OMUT had acted in accordance with the client's instructions, it should have further interrogated the instruction and informed the regulator about it prior to effecting payment.

OMUT was granted leave to appeal the court judgment ordering OMUT to pay R1.6 billion on 12 December 2022 to the Supreme Court of Appeal. No further information is disclosed as the outcome of the liability, as quantified in the judgment of 12 July 2022, is subject to appeal proceedings.

Outcome of Zimbabwean Commission Inquiry

A commission of inquiry established by the Zimbabwean Government concluded its investigation into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public.

On 12 July 2022, the Cabinet disclosed the Compensation Framework for value lost when insurance and pension values were converted from Zimbabwean dollars to United States dollars in 2009. Industry players have been invited to provide input before the final Statutory Instrument is promulgated.

Old Mutual has sought clarification and further guidance on certain provisions of the draft from the Insurance and Pensions Commission (IPEC), particularly those pertaining to the methodology and formulas to be used in determining compensation amounts. These engagements are currently underway as at the time of reporting. As such we are not currently able to establish what impact the Commission's finding will have on Old Mutual Zimbabwe.

Old Mutual Limited's intragroup guarantee of Travelers indemnification

In September 2001, Old Mutual Residual UK Limited (formerly Old Mutual plc), a wholly owned subsidiary of Old Mutual Limited, entered into an indemnity agreement with Fidelity and Guaranty Life Insurance Company (F&G), United States Fidelity and Guaranty Company, St. Paul Fire and Marine Insurance Company and Travelers Companies Inc. (the Indemnity Agreement). In terms of this Indemnity Agreement, Old Mutual Residual UK Limited agreed to indemnify Travelers Companies Inc. and certain of its group companies (the Travelers Guarantors) against any and all claims that may be brought against the Travelers Guarantors under the historic guarantees given by the Travelers Guarantors for various obligations under certain life insurance policies and annuities issued by F&G, which obligations include a guarantee issued by the Travelers Guarantors. The liability in respect of this arrangement was limited to $480 million. F&G has since signed a release agreement to agree they will not call on the guarantee in respect of these insurance policies and annuities.

In March 2018, Old Mutual Limited agreed to provide an intragroup guarantee to Old Mutual Residual UK Limited in the circumstances where Old Mutual Residual UK Limited is unable to satisfy its obligations in respect of the Indemnity Agreement.

The likelihood of any material obligations arising under the Indemnity Agreement is considered to be remote given the release agreement entered into between Old Mutual Residual UK Limited and F&G, as well as the current financial strength and regulatory capital position of F&G, a licensed US life insurer.

H3 Commitments

The Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

Six months ended 30 June 2023 and year ended 31 December 2022 Rm	2023	2022
Investment property	**495**	580
Intangible assets	**285**	167

Future potential commitments

Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

Other commitments

OMLACSA has entered into agreements where it has committed to provide capital to funds and partnerships that it has invested in. The total undrawn commitment is R18 739 million at 30 June 2023 (31 December 2022: R17 776 million).

H4 Acquisitions and disposals of businesses and other similar transactions

Acquisitions of businesses during the current reporting period

The Group, through its wholly owned subsidiary, Old Mutual Insure Limited, acquired 100% of the share capital of Genric Insurance Company Limited, a diversified short-term insurer which focuses mainly on accident and health and other niche classes of insurance, with effect from 6 January 2023, and is a business combination within the scope of IFRS 3. The acquisition forms part of the Group's growth strategy and will enable the Group to access a wider range of valued-added products and innovative offerings while realising synergistic benefits from this acquisition.

As at 30 June 2023, the purchase price allocation has not yet been finalised and provisional numbers have been included.

Acquisitions of businesses during the prior reporting period

The Group, through its wholly owned subsidiary, Old Mutual Insure Limited, acquired 51% of the share capital of ONE Financial Services Holding Proprietary Limited, a South African short-term insurance service provider, with effect from 3 January 2022, and is a business combination within the scope of IFRS 3. The acquisition forms part of the Group's growth strategy and will enable the Group to strengthen its distribution capabilities and non-insurance revenue streams by broadening the Group's base in the marketplace.

The non-controlling interest mentioned below was measured at their proportionate share of the acquiree's identifiable net assets. Goodwill of R261 million has been recognised mainly due to intangible assets that do not qualify for separate recognition.

Details of the consideration paid, assets acquired and liabilities assumed, at fair value, are as follows:

Rm	Fair value recognised on acquisition date
Consideration at date of acquisition	
Cash[1]	515
Total consideration	515
Recognised amounts of identifiable assets acquired and liabilities assumed	
Goodwill and intangible assets	234
Property, plant and equipment	125
Deferred tax liabilities	(50)
Loans and advances	13
Current tax receivable	2
Trade, other receivables and other assets	305
Cash and cash equivalents	70
Trade, other payables and other liabilities	(201)
Total identifiable net assets	498
Total non-controlling interest	(244)
Goodwill	261
Total	515

1 Per the sales purchase agreement the purchase price comprised a base amount of R515 million and earn out targets. In completing the purchase price allocation (PPA) it does not appear that the earn out targets will be achieved. As a result, no adjustments to the base amount of R515 million were made.

H Other notes continued

H4 Acquisitions and disposals of businesses and other similar transactions continued

From the date of acquisition, ONE Financial Services Holding Proprietary Limited contributed R38 million profit and R1 187 million to the Group profit after tax and total revenue respectively.

A summary of the total net cash outflow and cash and cash equivalents related to acquisition is included below:

Year ended 31 December Rm	2022
Summary of net cash outflows due to acquisitions	445

Disposals of businesses and other similar transactions during the current reporting period

The Group did not dispose of any businesses during the current reporting period.

Disposals of businesses and other similar transactions during the prior reporting period

The Group disposed of Old Mutual International Guernsey Limited on 30 November 2022. Investments and securities and investment contract liabilities of R4 592 million were disposed of. The Group incurred a loss on disposal of R108 million. Other immaterial disposals amounted to R25 million loss on disposal.

H5 Assets held for sale

The following movements in non-current assets and non-current liabilities held for sale occurred during the current reporting period:

The Group reclassified owner-occupied property originally included in property, plant and equipment to the value of R757 million into assets held for sale. The net fair value loss arising from the valuation of these properties on transfer date amounted to R5 million and was recognised in investment returns in the income statement.

The Group disposed of property, plant and equipment amounting to R1 million previously classified as assets held for sale.

The following movements in non-current assets and non-current liabilities held for sale were effected during the previous period end:

The Group disposed of an investment property (R119 million) classified as held for sale and reclassified an investment property previously classified as held for sale (R149 million) during the 2022 reporting period. The reclassification occurred due to the terms of the sales agreement not being met within the provided timelines and as a result expired. Included in 2022 is investment property held for sale of R352 million relating to the consolidation of Funds. The net fair value gain arising from the valuation of these properties on transfer date amounted to RNil and was recognised in investment returns in the income statement.

The Group further classified total assets of R17 million into assets held for sale. The assets held for sale comprise mainly of an Investment in Associate of R14 million and Other assets of R3 million relating to the restructure that will be effected in 2023.

Assets held for sale per segment have been included in Note B3.

H6 Cash flow restatement

Included in investment and securities is cash and cash equivalents held for investment purposes within the policyholder portfolio and cash held for risk management in the statement of financial position. During the previous reporting period, the Group considered the definition of cash and cash equivalents as per IAS 7 *Statement of Cash Flows*, and concluded that these cash flows should be included in the statement of cash flows as 'cash flows from investing activities' as they comprise money at call and short notice. The classification has been amended by restating each of the affected financial statement line items for the prior period. The presentation of the statement of financial position was amended accordingly to include disclosure of cash and cash equivalents within the investments and securities line. There is no impact on the statement of comprehensive income.

The extent to which this amendment has impacted the statement of cash flows as at 30 June 2022 is set out in the following table:

Rm	As previously reported 30 June 2022	IFRS 17 adjustments	Cash amendment	Restated after 30 June 2022
Cash flows from investing activities				
Disposal of financial investments	1 079	997	1 711	3 787
Net cash inflow from investing activities	44	997	1 711	2 752
Net increase in cash and cash equivalents	4 534	–	1 711	6 245
Cash and cash equivalents at beginning of the period	33 126	–	22 190	55 316
Total cash and cash equivalents at end of the period	36 745	–	23 901	60 646

H7 Events after the reporting date

In the second quarter of 2023, the Old Mutual Limited Board and the Prudential Authority approved the share buyback programme to repurchase, delist and cancel up to R1.5 billion of Old Mutual Limited shares by 31 December 2023. Execution commenced in May 2023 and is currently in progress. Post 30 June 2023, shares to the value of R861 million have been repurchased.

In the Mass and Foundation Cluster segment, the Group signed legal agreements to acquire a majority stake in Two Mountains Group that competes in the funeral services area of the value chain. We have received approval from the Competition Tribunal on 3 July 2023 and await approval from the Prudential Authority.

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 – *Events after the Reporting Period*) after the reporting date of 30 June 2023 until the date of authorisation of these unaudited condensed consolidated financial results.

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements

The Group has applied IFRS 17 *Insurance Contracts*, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these condensed consolidated interim financial statements.

The nature and effects of the key changes in the Group's accounting policies as a result of adopting IFRS 17 are summarised below.

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17)

1.1 Summary

IFRS 17 *Insurance Contracts* (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard affected the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities, disability insurance, and property and casualty insurance) as well as investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments). The most significantly impacted subsidiary was Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). However, all other Group entities with life and property and casualty insurance licences were also impacted.

South African local practice for the measurement of policyholder liabilities under IFRS 4 for long-term insurers followed' the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice 104. Under this guidance, provisions are valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence. Local practice for the measurement of property and casualty insurance policyholder liabilities follows Advisory Practice Note 401 issued by the Actuarial Society of South Africa. For territories outside of South Africa, local actuarial practices and methodologies are applied.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.1 Summary continued

IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk (together these represent the fulfilment cash flows) and a contractual service margin (CSM).

Estimates of the present value of future cash flows under IFRS 17 are calculated similarly to the local practice applied in South Africa under IFRS 4. The main difference between IFRS 4 and IFRS 17 measurement relates to how margins are calculated and released over time (i.e. compulsory and discretionary margins for prudence applied under IFRS 4, versus the risk adjustment for non-financial risk and CSM required under IFRS 17).

Contracts where components of the contract are currently separated between IFRS 4 and IFRS 9 *Financial Instruments* (IFRS 9) based on investment fund choice are no longer separated under IFRS 17. Investment contracts with smoothed bonus investment options meet the definition of an investment contract with discretionary participation features and are therefore accounted for under IFRS 17 as a whole, resulting in a reclassification from IFRS 9 to IFRS 17.

The default model is the general measurement model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the variable fee approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with- profits contracts). IFRS 17 also makes provision for a simplified approach, the premium allocation approach (PAA), mainly for short-duration contracts. The majority of these are within the property and casualty businesses.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognised immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows is based on the characteristics of the liability.

1.2 Impact of the adoption of IFRS 17

The impact of initial application of IFRS 17 on the condensed consolidated interim financial statements was a decrease of R4 463 million to the Group's total equity at 1 January 2022, net of adjustments relating to consequential amendments to other IFRS standards amounting to R1 405 million. Total equity as at 31 December 2021 under IFRS 4 was R65 301 million.

The impact on Group equity as a result of transition to IFRS 17 arises because of the different requirements of IFRS 17 compared to the accounting policies and actuarial methodologies used under IFRS 4. The differences include the removal of compulsory and discretionary margins that were required or allowed under IFRS 4 but not under IFRS 17, offset by the requirement to set up a CSM and risk adjustment under IFRS 17. The CSM and risk adjustment will be released into profit over time as service is provided and as risk expires, respectively.

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The majority of the Group impact arises from OMLACSA, and within OMLACSA mostly from Mass and Foundation Cluster. The impacts for the other Group entities are less material. The most material impact observed is for the Mass and Foundation Cluster risk portfolio where liabilities increase on transition to IFRS 17. IFRS 4 required the set-up of material lapse margins associated with expected higher levels of lapses at early durations for this portfolio – these margins were then released into profit at early durations under IFRS 4 as the high early lapse risk expired. Under IFRS 17 the CSM is released more slowly. As service is provided the measure of service provided for this portfolio is based on the sum assured for the contracts rather than the level of lapses.

This, together with a history of favourable basis changes following management and other interventions that increase the CSM under IFRS 17 rather than directly impacting profit as was the case under IFRS 4, result in an increase in liabilities which will be released over time into profit.

The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes, with no overall impact for OMLACSA or the Group, from Old Mutual Corporate to Personal Finance and Wealth Management.

As noted above, the Group has provided the restated comparative information for 2022 in these condensed consolidated interim financial statements.

Included below is the reconciliation of the consolidated statement of financial position from IFRS 4 to IFRS 17 at transition:

Rm	Notes	At 31 December 2021 As reported	IFRS 17 Transitional adjustments	At 1 January 2022 Restated
Assets				
Goodwill and other intangible assets		6 234	–	6 234
Mandatory reserve deposits with central banks		195	–	195
Property, plant and equipment		9 155	–	9 155
Investment property		38 672	–	38 672
Deferred tax assets		2 455	2 327	4 782
Investments in associated undertakings and joint ventures		908	–	908
Deferred acquisition costs		405	(405)	–
Costs of obtaining contracts		1 496	(973)	523
Loans and advances		18 722	(1 105)	17 617
Investments and securities		899 388	5 193	904 581
Other investments and securities including term deposits		877 198	5 193	882 391
Cash and cash equivalents		22 190	–	22 190
Insurance contract assets		–	2 645	2 645
Reinsurance contract assets		–	9 463	9 463
Reinsurers' share of policyholder liabilities		13 372	(13 372)	–
Current tax receivable		459	3	462
Trade, other receivables and other assets		22 802	(4 933)	17 869
Derivative financial instruments		6 391	–	6 391
Cash and cash equivalents		32 931	–	32 931
Assets held for sale		269	–	269
Total assets		1 053 854	(1 157)	1 052 697
Liabilities				
Insurance contract liabilities		166 555	441 867	608 422
Reinsurance contract liabilities		–	975	975
Investment contract liabilities		639 270	(434 001)	205 269
Third-party interests in consolidated funds		77 308	–	77 308
Borrowed funds		17 506	–	17 506
Provisions		1 767	–	1 767
Contract liabilities		1 272	(837)	435
Deferred tax liabilities		6 453	67	6 520
Current tax payable		499	–	499
Trade, other payables and other liabilities		63 934	(4 763)	59 171
Amounts owed to bank depositors		5 905	–	5 905
Derivative financial instruments		8 084	(2)	8 082
Total liabilities		988 553	3 306	991 859
Net assets		65 301	(4 463)	60 838
Shareholders' equity				
Equity attributable to the equity holders of the parent		62 174	(4 450)	57 724
Non-controlling interests				
Ordinary shares		3 127	(13)	3 114
Total non-controlling interests		3 127	(13)	3 114
Total equity		65 301	(4 463)	60 838

The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit nor does it have any impact on our non-insurance, for example asset management, businesses.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.3 Transition to IFRS 17

Selection of transition approach

The Group has adopted IFRS 17 by applying the full retrospective approach wherever practicable to do so for groups of contracts in force as at 1 January 2022, as required by IFRS 17.

The Group considers a retrospective calculation to be impracticable if historical contract data (including data on past assumptions and actual cash flows) or calculation models do not exist, cannot be obtained or approximated without applying hindsight, or cannot be obtained, built or suitably modified by applying every reasonable effort to do so. The Group applied judgement in assessing these criteria.

The Group has determined that for certain groups of contracts, such information was not available. To the extent that it is impracticable to apply the full retrospective approach, the Group applied the modified retrospective approach or the fair value approach to groups of contracts in force as at 1 January 2022.

Where information required for the modified retrospective approach was not available without undue cost or effort, or cannot be reliably estimated, the Group applied the fair value approach. The Group applied judgement in assessing these criteria.

Application of IFRS 17 at 1 January 2022, required the Group to:

- De-recognise any existing balances that would not exist had IFRS 17 been applied and recognise the IFRS 17 balances that replace these
- Recognise a net deferred tax asset based on the net impact of de-recognising such balances and the IFRS 17 balances that would replace these, in accordance with tax regulations concerning the implementation of IFRS 17 as issued for jurisdictions where the Group operates
- Recognised any resulting net difference in equity

Full retrospective approach

Under the full retrospective approach, the Group identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The full retrospective approach was used for all groups of contracts, other than where noted below.

Modified retrospective approach

The modified retrospective approach aims to achieve results that are as close as possible to the full retrospective approach using the information available for these groups of insurance contracts. These modifications and simplifications, as permitted by IFRS 17, are therefore only used to the extent that information required to apply the full retrospective approach is not available. This specifically applies to identification and classification of groups of insurance contracts, as well as determination of CSM or loss components to be recognised.

The Group has applied the modified retrospective approach for certain groups of contracts in portfolios in OMLACSA and OMLAC Nam.

The Group applied judgement to determine which modifications to use for each group of contracts. The following modifications were used (noting that this is the full list of all modifications used and that not all modifications were used for all groups of contracts applying the modified retrospective approach):

- Modifications related to the classification and grouping of contracts:
  - Information available at the transition date was used to group contracts according to profitability and determine whether an insurance contract would qualify as an insurance contract eligible for the VFA
  - Contracts issued more than one year apart were aggregated into groups, whereas the full retrospective application would have required contracts to be aggregated into groups including only contracts issued within one year of each other
- Modifications related to measurement at date of initial recognition:
  - Future cash flows at the date of initial recognition were estimated as the amount of the future projected cash flows at the transition date (or earlier date where feasible), adjusted by the actual cash flows that are known to have occurred before that date
  - The risk adjustment for non-financial risk at the date of initial recognition was estimated by adjusting the risk adjustment at transition date by the expected release of risk before the transition date (determined by reference to the release of risk for similar insurance contracts)
  - The discount rates at the date of initial recognition were determined using the prevailing yield curve as at the transition date
- Modifications related to measurement at transition date:
  - The amount of CSM recognised in profit or loss before the transition date was estimated by comparing the remaining coverage units with the coverage units provided before the transition date
  - The CSM as at the transition date was estimated using actual cash flows for VFA groups

Fair value approach

Under the fair value approach, the CSM at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 *Fair Value Measurement* to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, under the income approach), at the required rate of return. This calculation allows for a market participant's view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.

The Group has applied the fair value approach on transition for certain groups in portfolios in OMLACSA, OMAR and OMART.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition, as permitted by the standard. The Group has also used reasonable and supportable information available at the transition date in order to:

» Identify groups of insurance contracts
» Determine whether contracts are eligible for the VFA
» Identify any discretionary cash flows for insurance contracts measured under the GMM

The discount rates for the group of contracts applying the fair value approach were determined using the prevailing yield curve as at the transition date.

1.4 Accounting policies

Classification of contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features issued by the Group fall under this category.

Some investment contracts issued by the Group contain discretionary participation features (DPF), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

The Group issues insurance contracts with direct participation features that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

» The contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items
» The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items
» The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items

All other insurance contracts originated by the Group are insurance contract without direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.4 Accounting policies continued

Separation of components of insurance contracts

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

» Cash flows relating to embedded derivatives that are required to be separated
» Cash flows relating to distinct investment components
» Promises to transfer distinct goods or distinct non-insurance services
» The Group applies IFRS 17 to all remaining components of the contract

Level of aggregation of insurance contracts

The Group manages insurance contracts issued by product lines within an operating segment. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

» The beginning of the coverage period
» The date when the first payment from the policyholder is due or actually received, if there is no due date
» When the Group determines that a group of contracts becomes onerous

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognised at the date the Group becomes a party to the contract. The Group becomes party to a contract when the Group accepts the first payment, which is the date from which the Group has an obligation to provide investment-return or investment-related service.

The Group recognises a group of proportionate reinsurance contracts held from the later of:

» The beginning of the coverage period of the group of reinsurance contracts held
» The date of initial recognition of any underlying contract

If the Group recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held, then the group of proportionate reinsurance contracts held is recognised at the same time as the onerous group of underlying contracts.

The Group recognises a group of non-proportionate reinsurance contracts held (such as group-wide catastrophe stop-loss reinsurance) from the beginning of the coverage period of the group of reinsurance contracts; this is typically the first period in which premiums are paid or reinsurance recoveries are received.

Reinsurance contracts are to be recognised in full for all underlying insurance contracts expected to be issued that fall within the boundary of the reinsurance contracts held. An insurance contract is derecognised when it is:

» Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled)
» The contract is modified and certain additional criteria are met

Modification

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   (i) is not in scope of IFRS 17;
   (ii) results in different separable components;
   (iii) results in a different contract boundary; or
   (iv) belongs to a different group of contracts;
(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
(c) the original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach.

Derecognition

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

(a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group;

(b) adjusts the contractual service margin (CSM) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LFRC) of the Group) in the following manner, depending on the reason for the derecognition:

  (i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;

  (ii) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party;

  (iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received;

(c) adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LFRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to the third party, any net difference between the derecognised part of the LFRC of the original contract and the premium charged by the third party;

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LFRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Measurement

Fulfilment cash flows

The fulfilment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

(a) are based on a probability weighted mean of the full range of possible outcomes;

(b) are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and

(c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.4 Accounting policies continued

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- Claims handling, maintenance and administration costs
- Recurring commissions payable on instalment premiums receivable within the contract boundary
- Costs that the Group will incur in providing investment services
- Costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs
- Income tax and other costs specifically chargeable to the policyholders under the terms of the contracts

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

(a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

(b) both of the following criteria are satisfied:

(i) the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

(ii) the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies' maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

Cash flows outside the insurance contract's boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

The Group's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year's boundary are included in each of the reinsurance contract's measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Initial measurement – groups of contracts not measured under the PAA

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:
(a) the initial recognition of the FCF;
(b) the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and
(c) cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:
(a) the initial recognition of the FCF; and
(b) cash flows arising from the contracts in the group at that date, including consideration received for the contracts as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

For onerous contracts acquired as part of a business combination, the Group recognises the difference between the consideration paid (after excluding amounts relating to other assets/liabilities acquired) and the FCF as goodwill or as a gain on a bargain purchase. For onerous contracts acquired as part of a transfer of insurance contracts this difference is recognised as a loss in profit or loss.

The Group establishes a loss component of the liability for remaining coverage for this excess.

For reinsurance contracts acquired where the underlying contracts are onerous at the date of acquisition or transfer a loss recovery component (LRC) is set up at the date of acquisition or transfer.

The LRC will be recognised as goodwill or as a gain on a bargain purchase where the business was acquired as part of a business combination. For transfers of insurance contracts this difference is recognised as an income in profit or loss.

Subsequent measurement – Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:
(a) the LFRC, comprising:
  (i) the FCF related to future service allocated to the group at that date; and
  (ii) the CSM of the group at that date; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:
(a) the remaining coverage, comprising:
  (i) the FCF related to future service allocated to the group at that date; and
  (ii) the CSM of the group at that date; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For a group of contracts to which the premium allocation approach does not apply, the Group continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.4 Accounting policies continued

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:
(a) changes that relate to current or past service are recognised in profit or loss; and
(b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LFRC as per the policy below.

For insurance contracts measured under the GMM, the following adjustments relate to future service and thus adjust the CSM:
(a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
(b) changes in estimates of the present value of future cash flows in the LFRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
(c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period;
(d) differences between any policyholder loan expected to become repayable (plus any insurance finance income or expenses related to that expected repayment before it becomes repayable in the period) and the actual policyholder loan that becomes repayable in the period; and
(e) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a) to (d) are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the general measurement model (GMM), the following adjustments do not relate to future service and thus do not adjust the CSM:
(a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) changes in the FCF relating to the LIC; and
(c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For investment contracts with DPF that are measured under the GMM and provide the Group with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM.

For insurance contracts under the variable fee approach (VFA), the following adjustments relate to future service and thus adjust the CSM:
(a) changes in the Group's share of the fair value of the underlying items, except to the extent that the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows; and
(b) changes in the FCF that do not vary based on the returns of underlying items:
   (i) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   (ii) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
   (iii) changes in estimates of the present value of future cash flows in the LFRC, except those described in the following paragraph;
   (iv) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period;
   (v) differences between any policyholder load expected to become repayable in the period and the actual policyholder loan that becomes repayable in the period; and
   (vi) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii) to (v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:
(a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
(b) changes in the FCF that do not vary based on the returns of underlying items:
   (i) changes in the FCF relating to the LIC; and
   (ii) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

(a) the effect of any new contracts added to the group;
(b) for contracts measured under the GMM, interest accreted on the carrying amount of the CSM;
(c) changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LFRC. When the CSM is zero, changes in the FCF adjust the loss component within the LFRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM;
(d) the effect of any currency exchange differences; and
(e) the amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period end prospectively by considering:

(a) the quantity of benefits provided by contracts in the group;
(b) the expected coverage duration of contracts in the group; and
(c) the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

The Group changes the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period.

Onerous contracts – loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as a loss component of the LFRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LFRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(a) expected incurred claims and expenses for the period;
(b) changes in the risk adjustment for non-financial risk for the risk expired; and
(c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are not reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.4 Accounting policies continued

Initial and subsequent measurement – groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less, or where it reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the General Measurement Model.

On initial recognition of insurance contracts issued, the Group measures the LFRC at the amount of premiums received, less any acquisition cash flows allocated to the group of contracts adjusted for any amounts arising from the derecognition of any prepaid acquisition cash flows asset.

For groups of insurance contracts measured under the PAA that do not contain contracts with a coverage period greater than one year, the Group expenses acquisition cash flows as the costs are incurred.

On initial recognition of reinsurance contracts held, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:
(a) the LFRC; and
(b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
(a) the remaining coverage; and
(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LFRC is:
(a) increased for premiums received in the period;
(b) decreased for insurance acquisition cash flows paid in the period (if applicable);
(c) decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period;
(d) increased for accretion of interest (if applicable); and
(e) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses (if applicable).

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
(a) increased for ceding premiums paid in the period; and
(b) decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LFRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money where, at initial recognition, the entity expects the time between any premium becoming due and providing the related insurance contact services is one year or less.

If a group of contracts becomes onerous, the Group increases the carrying amount of the LFRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses.

Subsequently, the Group amortises the amount of the loss component within the LFRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

For a group of contracts to which the premium allocation approach applies the Group does not increase the liability for remaining coverage, it does so only when it recovers the premiums in cash from the intermediary.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive income (OC)I into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and expenses

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Measurement and presentation

Insurance revenue – contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below)
- Changes in the risk adjustment for non-financial risk relating to current services
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as insurance revenue and insurance service expenses at that date
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Insurance revenue – contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on death or detection of critical illness
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts
- Losses on onerous contracts and reversals of such losses
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.4 Accounting policies continued

Measurement and presentation continued

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised
- For changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

OML has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period is presented in profit or loss.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

1.5 Significant judgements and estimates

Fulfilment cash flows

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

Investment guarantees embedded in insurance contracts and investment contracts with discretionary participation features are measured using stochastic modelling techniques because the guarantee does not move symmetrically with different investment return scenarios. The Group's measurement of the investment guarantee reserves incorporates a full range of scenarios representing possible future investment return (or interest rate) environments.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts

Some term assurance and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. The Group determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Group's expectation of its exposure to risk for that year and, on renewal, the Group can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Some universal life contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Group has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the guaranteed annuity option fall within the boundary of the contract. This is because the Group does not have the practical ability to reprice the contract on maturity of the stated term.

Reinsurance contracts

Each of the Group's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Group and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Group's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Life and savings

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience.

Property and casualty

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss-reserving techniques. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.5 Significant judgements and estimates continued

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium as appropriate. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

The table below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

Risk-free reference spot yields and expense inflation	At 31 December 2022	At 31 December 2021
Risk-free (based on bond curve)		
1 year	8.0%	5.4%
5 years	9.6%	8.3%
10 years	11.9%	10.7%
20 years	13.0%	12.3%
Expense inflation (based on bond curve)		
1 year	4.0%	4.6%
5 years	5.6%	5.3%
10 years	7.1%	6.9%
20 years	8.1%	8.1%

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustment for non-financial risk is determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows.

Benefit type	Coverage unit
Lump sum pure risk benefits	Projected total sum assured in-force
Income protection benefits (where the insured event is defined as the policyholder becoming sick or disabled)	Present value of regular payments on claim inception
Income protection benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	Projected regular payment in-force
Waiver of premium benefits (payable on death or where the insured event is defined as the policyholder becoming sick or disabled)	Present value of waived premiums on claim inception
Waiver of premium benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	Projected waived premium in-force
Guaranteed and inflation-linked annuities	Insurance Service: » Projected annuity in-force (outside of the guaranteed period) Investment service: » **Option 1:** Present value of annuity payments remaining within the guaranteed period » **Option 2:** Projected annuity in-force (within the guaranteed period)
Reinsurance benefits	Projected total reinsurance sum assured in-force
Investment contracts with discretionary participation features	Underlying item (unit fund and bonus smoothing account)
Universal life contracts with direct participation features	Higher of projected total sum assured in-force (excluding accelerated benefits) and underlying item (unit fund and bonus smoothing account)
Conventional reversionary bonus contracts	Projected total sum assured in-force (including projected bonuses)

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2023

H Other notes continued

H8 Standards, amendments to standards and interpretations adopted in the 2023 unaudited condensed consolidated interim financial statements continued

1. Implementation of IFRS 17 *Insurance Contracts* (IFRS 17) continued

1.5 Significant judgements and estimates continued

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Group generally considers the selling prices for the services had they been offered on a standalone basis and adjusts the quantity of benefits for each service in proportion to those standalone selling prices. The standalone selling price for a service may be evidenced by observable prices when the Group sells that service separately to policyholders with similar characteristics.

Risk mitigation option

The Group uses derivatives and other instruments to mitigate the financial risk arising from financial guarantees in certain participating contracts in accordance with its documented risk management objective and strategy for mitigating financial risk. An economic offset exists between the insurance contracts and the risk-mitigating items, and credit risk does not dominate the economic offset.

The Group has chosen to recognise changes in the amount of its share of the fair value of the underlying items and changes in fulfilment cash flows due to changes in the effect of financial risk not arising from underlying items that are mitigated by the use of derivatives or reinsurance contracts in profit or loss and not to adjust the CSM.

Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Some participating contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

1.6 Consequential amendments to other IFRS standards and resulting accounting policy elections

The International Accounting Standards Board made amendments to several other Standards when it issued IFRS 17. The Group elected to apply the following consequential amendments on transition to IFRS 17:

1.6.1 IAS 16 *Property, Plant and Equipment*

The Group holds owner-occupied property as the underlying item for groups of insurance contracts measured under the VFA. As permitted by paragraph 29A, the Group elected to measure such properties using the fair value model in accordance with IAS 40 *Investment Property*. As such, the Group now measures owner-occupied properties at FVTPL to reduce accounting mismatches with the measurement of related contracts. In addition, the Group no longer applies shadow accounting to owner-occupied properties. Previously, revaluation gains and losses on owner-occupied property were recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset were charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. In addition, on revaluation, any accumulated depreciation at the date of the revaluation was eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount.

There is no equity impact on transition as these properties were always held at fair value.

1.6.2 IAS 32 *Financial Instruments: Presentation*

The Group holds treasury shares as the underlying items for groups of insurance contracts measured under the VFA. As permitted by paragraph 33A the Group elected, irrevocably and on an instrument-by-instrument basis, to continue to account for that instrument as equity and to account for the reacquired share as if the instrument was a financial asset measure at FVTPL in accordance with IFRS 9. Gain and losses and dividend income are no longer eliminated on consolidation and are presented in investment return (non-banking) in the condensed consolidated income statement. On transition, treasury shares to the value of R1 405 million are no longer deducted from equity and are included in investments and securities on the consolidated statement of financial position.

Previously, the cost of the Group's own equity instruments that it has reacquired (treasury shares) was deducted from equity. Gain or losses were not recognised on the purchase, sale, issue, or cancellation of treasury shares and investment returns were eliminated within the consolidated income statement.

1.6.3 IFRS 3 *Business Combinations*

Paragraph 31A requires the Group to measure a group of contracts within the scope of IFRS 17 acquired in a business combination as a liability or asset based on the contractual terms and other factors at the date of acquisition. There has been no material impact on equity for acquisitions concluded.

Notes:

ADDITIONAL DISCLOSURES

Over
9 million
young people are not formally employed, educated or trained

50
unemployed youth offered work and IT training opportunities to date

DID YOU KNOW

As part of our commitment to support pioneering initiatives that reduce youth unemployment and improve the livelihoods and prospects for young graduates, Old Mutual partnered with the CapaCiTi programme in Johannesburg to focus on growing South Africa's much needed digital and tech skills.

Old Mutual will accept 100 young, unemployed graduates as interns. They will be exposed to data analytics and full-stack development while working within our IT areas. This programme is part of Old Mutual technology's broader value proposition to develop future-oriented skills that bridge the digital divide and contribute to national economic growth.

Johannesburg, South Africa – Coordinates 26.1149° S, 28.1044° E

CONTENTS

1. Key metrics

Key performance indicators, per share measures and supplementary performance indicators expanded from page 35

1.1 Key performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	H1 2021[1]	H1 2020[1]	H1 2019[1]
Results from operations	**4 366**	4 254	2 190	1 541	4 512
Adjusted headline earnings	**3 160**	2 579	2 899	1 704	5 211
Headline earnings[2]	**4 358**	4 749	3 155	4 215	5 854
IFRS Profit/(Loss) after tax attributable to equity holders of the parent[2]	**4 354**	4 831	2 984	(5 621)	5 817
Group return on net asset value (%)	**11.9%**	10.1%	9.0%	5.2%	16.4%
Core return on net asset value (%)	**13.1%**	10.8%	—	—	—
Group equity value[1]	**91 624**	87 437	101 032	97 933	116 693
Discretionary capital (Rbn)[3]	**1.0**	—	—	—	—
Group solvency ratio (%)[2]	**186%**	187%	177%	182%	166%
Dividend cover (times)	**2.0**	2.2	2.5	—	2.5

1.2 Per share measures[4]

Cents per share	H1 2023	H1 2022	H1 2021[1]	H1 2020[1]	H1 2019[1]
Adjusted headline earnings per share[5]	**68.8**	56.8	63.4	37.3	109.1
Headline earnings per share[2]	**96.8**	104.9	71.7	96.3	128.1
Basic earnings per share[2]	**96.7**	106.8	67.8	(128.5)	127.3
Interim dividend per share	**32**	25	25	0	45
Group equity value per share[1,6]	**1 880.6**	1 856.8	2 145.5	2 079.7	2 415.5

1.3 Supplementary performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	H1 2021[1]	H1 2020[1]	H1 2019[1]
Life and Savings and Asset Management					
Gross flows	**97 717**	83 385	96 989	90 835	79 801
Net client cash flow	**(7 254)**	(4 333)	(3 414)	1 475	1 408
Funds under management[1] (Rbn)	**1 300.4**	1 184.5	1 171.2	1 057.2	1 080.9
Life and Savings					
Life APE sales	**6 249**	6 171	5 343	4 716	5 814
Value of new business[1]	**937**	708	740	125	862
Value of new business margin[1] (%)	**2.6%**	2.2%	2.3%	0.5%	2.4%
Banking and Lending					
Loans and advances	**19 255**	18 481	18 722	21 818	22 133
Net lending margin (%)	**10.7%**	14.2%	13.8%	5.1%	14.2%
Property and Casualty					
Gross written premiums	**12 591**	10 895	9 951	9 318	8 880
Insurance revenue	**12 245**	10 502	—	—	—
Net underwriting margin (%)	**0.2%**	(0.7%)	0.2%	(1.8%)	(0.5%)

1 *The comparative amounts presented herein are on an IFRS 4 basis.*
2 *These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.*
3 *Discretionary capital was externally disclosed since September 2022 at R3.5 billion.*
4 *Per share measures can be found on pg 92 of unaudited condensed IFS.*
5 *Adjusted headline earnings is calculated with reference to adjusted weighted average number of ordinary shares. Weighted average number of shares used in the calculation of the adjusted headline earnings per share is 4 590 million (H1 2022: 4 544 million).*
6 *Group equity value calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the group equity per share is 4 872 million (H1 2022: 4 709 million).*

1. Key metrics

1.4 Cumulative special distributions to shareholders

Rbn	H1 2023	FY 2022	FY 2021	FY 2020	FY 2019[1]
Opening special distributions	**59.3**	59.3	48.6	48.6	43.7
Share buyback	**1.5**	—	—	—	4.9
Nedbank unbundling	**—**	—	10.7	—	—
Closing special distributions	**60.8**	59.3	59.3	48.6	48.6

1 The opening special distributions in FY 2019 relates to the Nedbank unbundling amounting to R38.8 billion and a special dividend payment of R4.9 billion in FY 2018.

1.5 Group solvency position

	H1 2023				
Rm (unless otherwise stated)	**OMLACSA[1,2]**	**Old Mutual Insure[1]**	**Other[3]**	**Consolidation Adjustments[4]**	**Group**
Eligible own funds[5]	**62 535**	**4 627**	**44 127**	**(13 960)**	**97 329**
Solvency capital requirement	**29 964**	**3 740**	**24 385**	**(5 718)**	**52 371**
Solvency ratio (%)[6]	**209%**	**124%**	**181%**		**186%**

	FY 2022 represented[7]				
Rm (unless otherwise stated)	OMLACSA[1,2]	Old Mutual Insure[1]	Other[3]	Consolidation Adjustments[4]	Group
Eligible own funds[5]	59 530	4 321	43 474	(14 176)	93 149
Solvency capital requirement	27 857	3 424	23 774	(5 423)	49 632
Solvency ratio (%)[6]	214%	126%	183%		188%

	FY 2022				
Rm (unless otherwise stated)	OMLACSA[1,2]	Old Mutual Insure[1]	Other[3]	Consolidation Adjustments[4]	Group
Eligible own funds[5]	59 618	4 351	44 526	(14 224)	94 271
Solvency capital requirement	27 853	3 498	23 627	(5 445)	49 533
Solvency ratio (%)[6]	214%	124%	188%		190%

1 The standard formula under the Prudential Standards is used for both OMLACSA and Old Mutual Insure.
2 The OMLACSA position includes OMLACSA's holding in strategic assets.
3 This category includes the balance of the Group, including holding companies, asset managers, Old Mutual Africa Regions, China and smaller lending businesses.
4 Includes the elimination of double counting between entities e.g. the investment of a holding company in a subsidiary. These adjustments also include the impact of the accounting consolidation methodology.
5 Refer to table 3.2 for a reconciliation between IFRS net asset value to Group eligible own funds.
6 Due to rounding of eligible own funds and solvency capital requirements, the ratio presented could differ when recalculated.
7 The prior year has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.

2. Supplementary performance indicators by segments

2.1 Additional information – segment view H1 2023

Rm (unless otherwise stated)	H1 2023 Mass and Foundation Cluster[1]	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities[2]	Group
Life and Savings								
Life APE sales	2 125	2 251		938		787	148	6 249
Single premium	1	1 347		496		87	24	1 955
Savings	1	957		455		60	22	1 495
Risk	—	—		—		10	2	12
Annuities	—	390		41		17	—	448
Recurring premium	2 124	904		442		700	124	4 294
Savings	705	607		93		323	—	1 728
Risk	1 419	297		349		377	124	2 566
Banking and Lending								
Net interest income	1 008					169		1 177
Non-interest revenue	378					86		464
Loans and advances	16 014					3 241		19 255
Performing	10 103					2 826		12 929
Defaulted	5 911					415		6 326
Balance sheet impairment provision	4 599					457		5 056
Performing	758					112		870
Defaulted	3 841					345		4 186
Impairment coverage ratio	28.7%					14.1%		26.3%
Credit loss ratio (%)	7.0%					2.3%		6.2%
Property and Casualty								
Net insurance revenue					7 987	2 053		10 040
Net underwriting result					72	(56)		16
Insurance margin (%)					4.0%	4.3%		4.0%
Claims ratio (%)					57.9%	59.9%		58.3%

1 Banking and Lending in Mass and Foundation Cluster reflects the operations of Old Mutual Finance.
2 Other Group Activities includes investment in China.

2. Supplementary performance indicators by segments

2.1 Additional information – segment view H1 2022

	H1 2022								
Rm (unless otherwise stated)	Mass and Foundation Cluster[1]	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities[2]	Intra-group eliminations	Group
Life and Savings									
Life APE sales	1 806	2 001		880		665	819	—	6 171
Single premium	1	1 220		455		110	72	—	1 858
Savings	1	974		427		89	68	—	1 559
Risk	—	—		3		9	3		15
Annuities	—	246		25		12	1		284
Recurring premium	1 805	781		425		555	747		4 313
Savings	693	469		71		191	586		2 010
Risk	1 112	312		354		364	161		2 303
Banking and Lending									
Net interest income	1 038					213			1 251
Non-interest revenue	324					81			405
Loans and advances	14 778					3 703			18 481
Performing	9 123					3 197			12 320
Defaulted	5 655					506			6 161
Balance sheet impairment provision	4 354					575			4 929
Performing	612					122			734
Defaulted	3 742					453			4 195
Impairment coverage ratio	29.5%					15.5%			26.7%
Credit loss ratio (%)	4.6%					(0.3%)			3.6%
Property and Casualty									
Net insurance revenue					6 804	1 639			8 443
Net underwriting result					169	(229)			(60)
Insurance margin (%)					4.7%	(8.8%)			2.1%
Claims ratio (%)					43.2%	68.5%			48.1%

1 Banking and Lending in Mass and Foundation Cluster reflects the operations of Old Mutual Finance.
2 Other Group Activities includes investment in China.

2. Supplementary performance indicators by segments

2.1 Additional information – segment view FY 2022

Rm (unless otherwise stated)	FY 2022 Mass and Foundation Cluster[1]	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Old Mutual Insure	Old Mutual Africa Regions	Other Group Activities[2]	Group
Life and Savings								
Life APE sales	4 216	4 068		1 900		1 215	1 102	12 501
Single premium	2	2 420		1 037		223	106	3 788
Savings	2	1 883		903		177	100	3 065
Risk	—	—		3		21	4	28
Annuities	—	537		131		25	2	695
Recurring premium	4 214	1 648		863		992	996	8 713
Savings	1 349	980		179		366	692	3 566
Risk	2 865	668		684		626	304	5 147
Banking and Lending								
Net interest income	2 014					412		2 426
Non-interest revenue	685					166		851
Loans and advances	15 512					3 497		19 009
Performing	9 798					2 964		12 762
Defaulted	5 714					533		6 247
Balance sheet impairment provision	4 398					591		4 989
Performing	656					122		778
Defaulted	3 742					469		4 211
Impairment coverage ratio	28.4%					16.9%		26.2%
Credit loss ratio (%)	4.8%					0.7%		4.0%
Property and Casualty								
Net insurance revenue					14 213	3 794		18 007
Net underwriting result					602	(345)		257
Insurance margin (%)					4.8%	(2.4%)		3.3%
Claims ratio (%)					57.3%	68.5%		59.7%

1. Banking and Lending in Mass and Foundation Cluster reflects the operations of Old Mutual Finance.
2. Other Group Activities includes investment in China.

2. Supplementary performance indicators by segments

2.2 Personal Finance and Wealth Management

2.2.1 Gross flows

Rm	H1 2023	H1 2022	FY 2022	Change
Personal Finance	**15 902**	14 078	28 318	13%
Wealth Management	**25 228**	26 750	50 248	(6%)
Inter-segment elimination[1]	**(818)**	(749)	(1 436)	(9%)
Gross flows	**40 312**	40 079	77 130	1%

1 Includes a Group elimination for duplicate flows recognised where products of a particular business are sold by advisers or through a platform of another business.

2.2.2 Life APE sales

Rm	H1 2023	H1 2022	FY 2022	Change
Personal Finance	**1 553**	1 278	2 665	22%
Wealth Management	**698**	723	1 403	(3%)
Life APE sales	**2 251**	2 001	4 068	12%

2.2.3 Wealth Management: Additional sales disclosures on APE basis but not included in Life APE sales

Rm	H1 2023	H1 2022	FY 2022	Change
Retirement products	**326**	326	582	—
Offshore endowments	**206**	277	484	(26%)
Additional sales disclosures on APE basis[1]	**532**	603	1 066	(12%)

1 In order to provide a better understanding of Wealth Management's business, we have disclosed retirement annuity and preservation fund sales administered on our platform, and offshore policy based endowments. These are not included in Life APE sales.

2.2.4 Net client cash flow

Rm	H1 2023	H1 2022	FY 2022	Change
Personal Finance	**(1 115)**	(1 687)	(4 490)	34%
Wealth Management	**(4 829)**	4 159	531	(>100%)
Inter-segment elimination[1]	**(520)**	(439)	(828)	(18%)
Net client cash flow	**(6 464)**	2 033	(4 787)	(>100%)

1 Includes a Group elimination for duplicate flows recognised where products of a particular business are sold by advisers or through a platform of another business.

2. Supplementary performance indicators by segments

2.3 Old Mutual Investments

2.3.1 Results from operations

Rm	H1 2023	H1 2022	FY 2022	Change
Asset Management	**265**	277	504	(4%)
Alternatives	**340**	80	324	>100%
Specialised Finance	**38**	209	412	(82%)
Results from operations	**643**	566	1 240	14%
Operating margin (%)[1]	**36%**	37%	38%	(100 bps)

1 *Calculated as results from operations divided by total revenue for the period.*

2.3.2 Net client cash flow

Rm	H1 2023	H1 2022	FY 2022	Change
Asset Management	**(5 332)**	(6 329)	(7 990)	16%
Alternatives	**1 053**	(19)	267	>100%
Net client cash flow	**(4 279)**	(6 348)	(7 723)	33%

2.4 Revenue

Rm	H1 2023	H1 2022	FY 2022	Change
Revenue – annuity				
Asset Management	**822**	828	1 633	(1%)
Alternatives	**456**	302	704	51%
Specialised Finance	**218**	241	450	(10%)
Total annuity revenue	**1 496**	1 371	2 787	9%
Revenue bps – annuity[1]	38 bps	35 bps	35 bps	3 bps
Revenue – non-annuity				
Asset Management	**27**	44	91	(39%)
Alternatives	**379**	86	309	>100%
Specialised Finance	**(132)**	40	115	(>100%)
Total non-annuity revenue	**274**	170	515	61%

1 *Calculated as total annuity revenue divided by average assets under management.*

2.5 Assets under management

Rbn	H1 2023	H1 2022	FY 2022	Change[1]
Asset Management	**685.7**	636.1	661.9	4%
Alternatives	**101.5**	92.0	92.3	10%
Specialised Finance	**17.6**	17.2	19.8	(11%)
Assets under management[2]	**804.8**	745.3	774.0	4%

1 *The % change has been calculated with reference to FY 2022.*
2 *Assets under management comprises of funds under management as defined for the Group, as well as funds managed on behalf of other entities in the Group, which is reported as funds under management of these respective segments. Assets under administration that are managed externally are not included in assets under management.*

2.6 Assets under management by asset class

Rbn	H1 2023	% of total	H1 2022	% of total	FY 2022	% of total
Fixed Interest - Listed	**152.3**	18.9%	158.8	21.3%	153.8	19.9%
Fixed Interest - Unlisted	**70.0**	8.7%	69.8	9.4%	73.1	9.4%
Floating interest - Listed	**2.0**	0.3%	—	0.0%	—	0.0%
Equity - Listed	**152.3**	18.9%	144.9	19.4%	152.0	19.6%
Equity - Unlisted	**37.7**	4.7%	27.5	3.7%	29.9	3.9%
Multi Asset portfolios	**100.1**	12.4%	109.0	14.6%	91.1	11.8%
Offshore	**201.3**	25.0%	140.6	18.9%	182.4	23.6%
Money market and other cash instruments	**89.1**	11.1%	94.7	12.7%	91.7	11.8%
Assets under management	**804.8**	100.0%	745.3	100.0%	774.0	100.0%

3. Other disclosures and reconciliations

3.1 Sources of earnings

Rm	H1 2023 Group	FY 2022 Group
Expected profits	**3 430**	6 443
New business strain	**(714)**	(944)
Experience variances	**468**	388
Basis changes on onerous contracts	**(59)**	(393)
Economics	**209**	206
Non operating variance	**—**	65
Life and Savings results from operations	**3 334**	5 765
Asset Management results from operations	**1 000**	1 384
Banking and Lending results from operations	**99**	1 049
Property and Casualty results from operations	**405**	590
Insurance service result	**267**	736
Non-attributable expenses	**(251)**	(479)
Investment return on insurance funds	**391**	559
Other income/(expenses)	**(2)**	(226)
Net result from group activities	**(472)**	(1 478)
Results from operations	**4 366**	7 310
Shareholder investment return	**1 055**	979
Finance costs	**(455)**	(662)
Income/(loss) from associate[1]	**38**	(53)
Adjusted headline earnings before tax and non-controlling interests	**5 004**	7 574
Shareholder tax	**(1 591)**	(2 512)
Non-controlling interests	**(253)**	(212)
Adjusted headline earnings	**3 160**	4 850

1 Reflects our share of income or loss related to our investment in China.

3. Other disclosures and reconciliations

3.1 Sources of earnings

Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
	H1 2023					
Mass and Foundation Cluster	**617**		**110**			**727**
Personal Finance and Wealth Management	**1 639**	**247**				**1 886**
Old Mutual Investments		**605**	**38**			**643**
Old Mutual Corporate	**818**		**(31)**			**787**
Old Mutual Insure				**317**		**317**
Old Mutual Africa Regions	**260**	**148**	**(18)**	**88**		**478**
Net result from group activities					**(472)**	**(472)**
Results from operations	**3 334**	**1 000**	**99**	**405**	**(472)**	**4 366**
Shareholder investment returns[1]	**836**	**47**		**172**		**1 055**
Finance costs	**(418)**	**(6)**		**(53)**	**22**	**(455)**
Income from associate	**38**					**38**
Adjusted headline earnings before tax and non-controlling interests	**3 790**	**1 041**	**99**	**524**	**(450)**	**5 004**
Shareholder tax	**(935)**	**(327)**	**(140)**	**(320)**	**131**	**(1 591)**
Non-controlling interests	**12**	**(239)**	**29**	**(55)**		**(253)**
Adjusted headline earnings	**2 867**	**475**	**(12)**	**149**	**(319)**	**3 160**

1 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

Rm	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	Other	Total
	FY 2022					
Mass and Foundation Cluster	967		550			1 517
Personal Finance and Wealth Management	3 049	320				3 369
Old Mutual Investments		828	412			1 240
Old Mutual Corporate	1 446		3			1 449
Old Mutual Insure				678		678
Old Mutual Africa Regions	303	236	84	(88)		535
Net result from group activities					(1 478)	(1 478)
Results from operations	5 765	1 384	1 049	590	(1 478)	7 310
Shareholder investment returns[1]	727	117		135		979
Finance costs	(532)	(21)		(109)		(662)
Loss from associate	(53)					(53)
Adjusted headline earnings before tax and non-controlling interests	5 907	1 480	1 049	616	(1 478)	7 574
Shareholder tax	(1 769)	(397)	(378)	(382)	414	(2 512)
Non-controlling interests	(50)	(60)	(122)	20		(212)
Adjusted headline earnings	4 088	1 023	549	254	(1 064)	4 850

1 *The shareholder investment return in Asset Management includes net rental income and fair value movements on investment properties.*

3. Other disclosures and reconciliations

3.2 IFRS NAV to Group eligible own funds

Rm	H1 2023	Re-presented FY 2022[1]	FY 2022	% change vs re-presented
IFRS Equity	**58 029**	57 585	57 585	1%
Scoping adjustment[2]	**(1 796)**	(3 086)	(4 407)	42%
Goodwill and other intangibles[3]	**(7 454)**	(6 934)	(6 934)	(7%)
Own funds included in IFRS liabilities[4]	**45 280**	44 330	44 371	2%
Subordinated debt[5]	**9 868**	9 024	9 024	9%
Fungibility and eligibility adjustment[6]	**(4 009)**	(3 764)	(2 862)	(7%)
Foreseeable dividend	**(2 589)**	(4 006)	(2 506)	35%
Group eligible own funds	**97 329**	93 149	94 271	4%

1 The prior year has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.
2 Adjustment for entities included in IFRS reporting but not in scope for Group solvency reporting. Included in this line item is the valuation adjustment required for OMLACSA policyholder participations (as prescribed by the Prudential Standards) and the impact of intragroup eliminations.
3 Goodwill and other intangibles are assets that are recognised per IFRS requirements, however, they are deemed inadmissible under the Prudential Standards.
4 Prudential standards use a best estimate liability basis to measure insurance liabilities. This effectively recognises an earnings component (net of tax) within the liabilities that contributes to eligible own funds.
5 Subordinated debt includes Tier 2 issuances from OMLACSA recognised as per the Prudential Standards.
6 Fungibility adjustments include excess own funds from Zimbabwe, Nigeria, Malawi, Kenya, and China that are not available to absorb group losses. Further adjustments are made for eligibility requirements and the removal of inadmissible items.

3.3 IFRS value of debt to IFRS borrowed funds

Rm	H1 2023	H1 2022	FY 2022	Change[1]
Subordinated debt – South Africa[2]	**9 868**	9 638	9 024	9%
Term loans – Old Mutual Africa Regions	**900**	942	918	(2%)
Borrowed funds that support the Group's capital structure	**10 768**	10 580	9 942	8%
Other term loans and drawn credit facilities[3]	**6 951**	7 561	6 771	3%
Total borrowed funds	**17 719**	18 141	16 713	6%

1 The % change has been calculated with reference to FY 2022.
2 OMLACSA issued R859 million floating rate subordinated debt in the first half of 2023 and there were no redemptions.
3 These borrowings are used for operational activities.

3. Other disclosures and reconciliations

3.4 Group equity value

Rm (unless otherwise stated)	H1 2023 IFRS NAV	H1 2023 GEV[1]	H1 2023 AHE[2]	FY 2022 IFRS NAV	FY 2022 GEV	FY 2022 AHE
Covered[3]	**30 008**	**67 967**	**2 867**	28 881	64 874	4 088
Non covered	**18 136**	**23 829**	**612**	17 715	22 631	1 826
Asset Management[4]	**5 254**	**8 569**	**475**	5 481	8 301	1 023
Banking and Lending[5]	**6 392**	**8 079**	**(12)**	6 228	7 945	549
Property and Casualty[6]	**6 490**	**7 181**	**149**	6 006	6 385	254
Other including Old Mutual-CHN Energy Life Insurance Company Ltd[7]	**5 113**	**(768)**	**(319)**	6 746	1 560	(1 064)
Group equity value related to operating businesses	**53 257**	**91 028**	**3 160**	53 342	89 065	4 850
Residual plc[8]	**1 582**	**596**	**—**	1 368	412	—
Zimbabwe[9]	**3 190**	**—**	**—**	2 875	—	—
Total group equity	**58 029**	**91 624**	**3 160**	57 585	89 477	4 850
Closing number of shares (million)	**4 872**	**4 872**	**—**	4 914	4 914	—
Group equity value per share (ZAR)[10]	**11.9**	**18.8**	**—**	11.7	18.2	—
Equity related to operating segments						
Geographical split	**53 257**	**91 028**	**3 160**	53 342	89 065	4 850
South Africa	**40 129**	**76 994**	**2 341**	41 328	75 786	3 995
Old Mutual Africa Regions	**13 128**	**14 034**	**819**	12 014	13 279	855

1 Group Equity Value (GEV) represents management's view of the equity value of the Group. Material covered businesses were valued at embedded value (refer to section 4 of the additional disclosures for more details) and material non covered businesses were valued at fair value. Fair value was calculated using a combination of valuation approaches including: Discounted Cash Flow (DCF), P/E multiples and net asset value. Actual results were applied to valuation date multiples and forecast results were applied to forward multiples and DCFs. Listed peer multiples were used and adjusted for differences in size, marketability and control where relevant. The CAPM model was used to calculate discount rates for DCFs. The different valuation methods were weighted based on their relevance to the underlying businesses and the reliability of information available. Remaining businesses were included at IFRS NAV.
2 The table above excludes the earnings related to Residual plc as this business is excluded from the perimeter of adjusted headline earnings.
3 Covered business comprises business classified as Life and Savings and was valued using the embedded value methodology set out in section 4 of the additional disclosures.
4 Material entities include Old Mutual Investment Group and Old Mutual Wealth which were valued using a combination of a DCF and peer P/E multiples. Remaining entities were included at IFRS NAV. Range of multiples: P/E 10.9 – 12.7.
5 Material entities include Specialised Finance, which was valued using a DCF, and Old Mutual Finance. Old Mutual Finance was valued using a combination of a DCF, peer P/E and peer P/B multiples. Remaining entities were included at IFRS NAV.
6 Material entities include Old Mutual Insure and UAP Old Mutual, which were valued using a DCF and P/E multiple. Remaining entities were included at IFRS NAV.
7 Other includes the IFRS NAV of holding companies (including cash), present value of central costs, our investment in new growth and innovation initiatives (Transactional capabilities and NEXT176) and our joint venture in China at fair value.
8 The Residual plc contribution to group equity value is based on the realisable economic value of approximately £25 million at 30 June 2023, translated at the closing exchange rate.
9 The equity value of Zimbabwe has been reduced to nil in group equity value due to the continued impact of hyperinflation on the Zimbabwean economy and in particular the unrealised nature of the listed investment return supporting the IFRS net asset for this business.
10 Calculated as closing group equity value divided by the closing number of shares.

3. Other disclosures and reconciliations

3.5 Economic statistics

	H1 2023	H1 2022	Change	FY 2022
GBP:ZAR				
Average exchange rate (YTD)	**22.4665**	19.9794	12%	20.1673
Closing exchange rate	**23.9437**	19.8249	21%	20.5865
KES:ZAR				
Average exchange rate (YTD)	**0.1381**	0.1339	3%	0.1388
Closing exchange rate	**0.1341**	0.1381	(3%)	0.1381
USD:ZAR				
Average exchange rate (YTD)	**18.2138**	15.4116	18%	16.3700
Closing exchange rate	**18.8485**	16.2782	16%	17.0374
BWP:ZAR				
Average exchange rate (YTD)	**1.3795**	1.3068	6%	1.3226
Closing exchange rate	**1.3948**	1.3095	7%	1.3354
MWK:ZAR				
Average exchange rate (YTD)	**0.0177**	0.0181	(2%)	0.0174
Closing exchange rate	**0.0180**	0.0159	13%	0.0166
GHS:ZAR				
Average exchange rate (YTD)	**1.5572**	2.1431	(27%)	1.7982
Closing exchange rate	**1.6588**	2.0188	(18%)	1.6772
NGN:ZAR				
Average exchange rate (YTD)	**0.0375**	0.0370	1%	0.0385
Closing exchange rate	**0.0249**	0.0386	(35%)	0.0370
CNY:ZAR				
Average exchange rate (YTD)	**2.6269**	2.3767	11%	2.4295
Closing exchange rate	**2.5985**	2.4298	7%	2.4697
South African equity indices				
FTSE/JSE Africa All Share Index	**76 028**	66 223	15%	73 048
FTSE/JSE Shareholder weighted All Share Index	**14 254**	13 060	9%	13 981
Rest of Africa equity indices				
FTSE/JSE Namibia Overall Index	**1 583**	1 500	6%	1 631
Malawi All Share Index	**108 657**	49 596	>100%	62 036
Nairobi Securities Exchange Ltd All Share Index	**107**	124	(14%)	127
ZSE All Share Index	**171 409**	19 792	>100%	19 494
Global equity indices				
MSCI Emerging Markets Index (Net)	**989**	1 001	(1%)	956
Interest-bearing indices				
STeFI composite	**526**	493	7%	507

4. Embedded value

4.1 Components of embedded value

Rm	H1 2023	FY 2022
Adjusted net worth[1]	**26 430**	25 390
Value of in-force[1]	**41 537**	39 484
Embedded value	**67 967**	64 874

1 Reference the analysis of change in embedded value for a breakdown of the change in closing embedded value at June 2023.

4.2 Analysis of change in embedded value

		H1 2023			FY 2022		
Rm (unless otherwise stated)	Note	**Adjusted net worth**	**Value of in-force**	**Embedded value**	Adjusted net worth	Value of in-force	Embedded value
Opening embedded value		**25 390**	**39 484**	**64 874**	29 747	40 323	70 070
New business value	**4.3**	**(566)**	**1 503**	**937**	(795)	2 195	1 400
Expected existing business contribution		**622**	**1 911**	**2 533**	1 121	3 013	4 134
Transfers from value of in-force to adjusted net worth		**2 609**	**(2 609)**	**—**	4 642	(4 642)	—
Experience variances	**4.4**	**620**	**257**	**877**	1 072	(53)	1 019
Assumption and model changes	**4.5**	**(46)**	**278**	**232**	(299)	(1 122)	(1 421)
Operating embedded value earnings		**3 239**	**1 340**	**4 579**	5 741	(609)	5 132
Economic variances	**4.6**	**(102)**	**635**	**533**	(1 190)	(435)	(1 625)
Non-operating variances		**—**	**—**	**—**	47	605	652
Total embedded value earnings		**3 137**	**1 975**	**5 112**	4 598	(439)	4 159
Closing adjustments		**(2 097)**	**78**	**(2 019)**	(8 955)	(400)	(9 355)
Capital and dividend flows[1]		**(2 265)**	**95**	**(2 170)**	(8 492)	(400)	(8 892)
Foreign exchange variance[2]		**168**	**(17)**	**151**	(463)	—	(463)
Closing embedded value[3]		**26 430**	**41 537**	**67 967**	25 390	39 484	64 874
Return on embedded value (RoEV)% per annum[4]				**13.9%**			7.3%

1 Capital and dividend mainly reflects dividend outflow from the Life and Savings businesses.
2 The foreign exchange variance in 2023 includes currency movements on Old Mutual offshore property holdings as well as Old Mutual Africa Regions.
3 All embedded value results are after tax and non-controlling interests, unless stated otherwise.
4 Return on embedded value is calculated as the annualised operating embedded value earnings after tax divided by opening embedded value.

4.3 New business value

4.3.1 Drivers of new business profitability

%	H1 2023	H1 2022[4]
Value of new business margin at the end of comparative reporting period	**2.2%**	2.3%
Change in volume and new business expenses[1]	**0.6%**	0.1%
Change in country and product mix[2]	**0.2%**	0.3%
Change in assumptions and models[3]	**(0.3%)**	(0.5%)
Change in economic assumptions	**(0.2%)**	—
Change in tax/regulation	**0.1%**	—
Value of new business margin at the end of the reporting period	**2.6%**	2.2%

1 Sales volumes increased with improved initial expense variances in Mass and Foundation Cluster, partly offset by high growth in initial expenses in the Old Mutual Africa Regions.
2 The mix improved both in South Africa as well as Old Mutual Africa Regions. The impact was mostly driven by increased higher-margin sales in retail segments.
3 Assumption and model changes include the strengthening of the lapse basis and Old Mutual Protect model improvements in Mass and Foundation Cluster, as well as updating expected margins in the Old Mutual Corporate book.
4 The H1 2022 comparative amounts presented herein are on an IFRS 4 basis.

4. Embedded value

4.3 New business value

4.3.2 Value of new business and new business profitability

	H1 2023					
Rm (unless otherwise stated)	**Annualised recurring premiums**	**Single premiums**	**PVNBP**	**PVNBP capitalisation[1]**	**Value on new business**	**Value on new business margin**
South Africa	**3 470**	**18 437**	**31 886**	**3.9**	**862**	**2.7%**
Mass and Foundation Cluster	**2 124**	**8**	**6 860**	**3.2**	**611**	**8.9%**
Personal Finance and Wealth Management	**904**	**13 469**	**17 381**	**4.3**	**131**	**0.8%**
Personal Finance	**855**	**6 984**	**10 846**	**4.5**	**81**	**0.7%**
Wealth Management	**49**	**6 485**	**6 535**	**1.0**	**50**	**0.8%**
Old Mutual Corporate[2]	**442**	**4 960**	**7 645**	**6.1**	**120**	**1.6%**
Old Mutual Africa Regions	**700**	**868**	**3 496**	**3.8**	**75**	**2.1%**
Southern Africa	**347**	**858**	**2 127**	**3.7**	**62**	**2.9%**
East Africa	**246**	**—**	**1 095**	**4.4**	**14**	**1.3%**
West Africa	**107**	**10**	**274**	**2.5**	**(1)**	**(0.4%)**
Group	**4 170**	**19 305**	**35 382**	**3.9**	**937**	**2.6%**

1. *The PVNBP capitalisation factors are calculated as PVNBP for recurring premiums divided by annualised recurring premiums.*
2. *Under IFRS 4, sales of Old Mutual Corporate products through the retail platforms were included in Personal Finance and Wealth Management as well as Old Mutual Corporate sales, but were eliminated on consolidation. Under IFRS 17, sales only comes through the specific segment sold in. Hence, no intra-group eliminations required under IFRS 17.*

	FY 2022					
Rm (unless otherwise stated)	Annualised recurring premiums	Single premiums	PVNBP	PVNBP capitalisation[1]	Value of new business	Value of new business margin
South Africa	6 725	34 589	58 329	3.7	1 267	2.2%
Mass and Foundation Cluster	4 214	21	12 457	3.0	930	7.5%
Personal Finance and Wealth Management	1 648	24 196	31 268	4.3	190	0.6%
Personal Finance	1 552	11 130	18 106	4.5	95	0.5%
Wealth Management	96	13 066	13 162	1.0	95	0.7%
Old Mutual Corporate[2]	863	10 372	14 604	6.0	147	1.0%
Old Mutual Africa Regions	992	2 234	5 943	3.7	133	2.2%
Southern Africa	617	2 213	4 569	3.8	163	3.6%
East Africa	214	—	939	4.4	(8)	(0.9%)
West Africa	161	21	435	2.6	(22)	(5.3%)
Group	7 717	36 823	64 272	3.7	1 400	2.2%

1. *The PVNBP capitalisation factors are calculated as PVNBP for recurring premiums divided by annualised recurring premiums.*
2. *Under IFRS 4, sales of Old Mutual Corporate products through the retail platforms were included in Personal Finance and Wealth Management as well as Old Mutual Corporate sales, but were eliminated on consolidation. Under IFRS 17, sales only comes through the specific segment sold in. Hence, no intra-group eliminations required under IFRS 17.*

4. Embedded value

4.4 Experience variances

Rm	H1 2023 Embedded value	FY 2022 Embedded value
Persistency[1]	**(213)**	(521)
Risk[2]	**729**	1 359
Expenses[3]	**160**	135
Other[4]	**201**	46
Experience variances	**877**	1 019

1 *Persistency experience is slightly less negative compared to scaled December 2022. This was driven by larger premiums on Old Mutual Corporate savings business coupled with lower benefit payments over the period. These profits were offset by persistency losses driven by pressure on the Mass and Foundation Cluster business in the poor economic environment.*
2 *Risk experience shows an increase in profits at June 2023, mainly driven by good mortality experience in Group Assurance. The prior year includes the impact of COVID-19 provision releases.*
3 *Expense variance is positive compared to a scaled December 2022 position. This was mainly driven by better experience in Personal Finance due to lower channel losses in June 2023.*
4 *Positive other variance is driven by Mass and Foundation Cluster where actual premium and cover increases were higher than expected.*

4.5 Assumption and model changes

Rm	H1 2023 Embedded value	FY 2022 Embedded value
Persistency[1]	**(493)**	(1 057)
Risk[2]	**520**	(338)
Expenses[3]	**130**	(207)
Model and other changes[4]	**75**	181
Assumption and model changes	**232**	(1 421)

1 *The overall negative impact from persistency assumption changes was mainly due to an increase in the short-term retention provision by the Mass and Foundation Cluster.*
2 *The positive risk impact was mainly due to the Old Mutual Corporate margin updates on Group Risk and Disability.*
3 *The positive expense impact was mainly due to the Old Mutual Corporate fee margin updates.*
4 *Modelling and other changes includes a small improvement to the Incurred-But-Not-Reported (IBNR) model in risk business in Old Mutual Corporate as well as Old Mutual Africa Regions premium and charge projection improvements.*

4.6 Economic variances

Rm	H1 2023 Embedded value	FY 2022 Embedded value
Investment variance on in-force business[1]	**430**	(858)
Investment variance on adjusted net worth[2]	**103**	(767)
Economic variances	**533**	(1 625)

1 *Actual investment returns on policyholder funds were higher than expected, increasing expected future asset-based fee income.*
2 *The positive investment variance on adjusted net worth in 2023 largely relates to higher than expected investment return on shareholder funds in South Africa and Old Mutual Africa Regions.*

4. Embedded value

4.7 Embedded value reconciliations

4.7.1 Reconciliation of IFRS equity to embedded value

Rm	H1 2023	FY 2022
IFRS equity attributable to operating segments	**53 257**	53 342
Less IFRS equity value for non-covered business	**(23 249)**	(24 461)
IFRS equity for covered business	**30 008**	28 881
Adjustment to remove goodwill and other intangibles[1]	**(3 578)**	(3 491)
Adjusted net worth attributable to ordinary equity holders of the parent	**26 430**	25 390
Value of in-force business	**41 537**	39 484
Embedded value	**67 967**	64 874

1 Goodwill and other intangibles that are recognised per IFRS requirements, however, they are deemed inadmissible for value reporting purposes.

4.7.2 Reconciliation of adjusted headline earnings to total embedded value earnings

Rm	H1 2023	FY 2022
Adjusted headline earnings after tax and non-controlling interests	**3 160**	4 850
Less adjusted headline earnings after tax and non-controlling interest on other lines of business	**(293)**	(762)
Life and Savings adjusted headline earnings after tax and non-controlling interest[1]	**2 867**	4 088
Non-life dividends[2]	**626**	389
Other adjustments[3]	**(356)**	121
Adjusted net worth total earnings	**3 137**	4 598
Other value of in-force total earnings[4]	**1 975**	(439)
Covered business embedded value total earnings	**5 112**	4 159

1 The Life and Savings adjusted headline earnings is higher than half the December 2022 earnings.
2 Reflects the dividends from underlying investments in non-covered entities, aligning earnings with value. HY 2023 has increased from FY 2022 due to an increase in Old Mutual Wealth dividends as a result of the balance of the Old Mutual Unit Trusts dividends for 2022 only being declared and paid in 2023.
3 Adjusted net worth earnings is conceptually aligned to IFRS profit (rather than results from operations or adjusted headline earnings), other adjustments also includes any adjustments made to derive adjusted headline earnings for Life and Savings business, such as accounting mismatches.
4 Please refer to section 4.2 which contains a more detailed breakdown of the change.

5. Glossary

Defined Term	Description
Contractual service margin	A component of the carrying amount of asset or liability for a group of insurance contracts representing the unearned profit to be recognised as services are provided to policyholders.
Results from operations	The primary measure of the operating business performance of the Group's segments.
Adjusted headline earnings	The Group's primary profit metric that adjusts headline earnings, as defined by SAICA Circular 01/2023, for the impact of material transactions, non-core operations and any IFRS accounting treatments that do not fairly reflect the long-term economic performance of the business.
Headline earnings	Headline earnings is defined with reference to SAICA Circular 01/2023 'Headline Earnings'. Headline earnings represents the Group's earnings which are generated from operational, and investment activities. It excludes asset sales, remeasurements and impairments.
Group return on net asset value	Return on net asset value is used to assess and measure the capital efficiency of the Group and it is one of a range of measures by which management performance and remuneration is as assessed.
Core return on net asset value	Core return on net asset value excludes the costs associated with our new growth and innovation initiatives.
Group equity value	Group equity value is management's view of the market capitalisation of the Group.
Embedded value	Embedded value is the valuation of the Group's current in-force value of its covered business. It does not include the value of any future new business. Covered business includes, where material, any contracts that are regarded by local insurance supervisors as long-term life insurance business. It can also include other business, where material, directly related to such long-term life assurance business, where the profits are included in the IFRS long-term business profits in the primary financial statements.
Discretionary capital	Discretionary capital represents the surplus assets available for distribution, deployment and/or acquisitions.
Group solvency ratio	Group solvency ratio is defined as eligible own funds expressed as a percentage of solvency capital requirement. Eligible own funds are the sum of basic own funds and ancillary own funds approved by the Prudential Authority as meeting the prescribed criteria for such funds, adjusted in accordance with the prescribed tiering restrictions. Solvency capital requirement is the level of eligible own funds required to ensure the value of assets will exceed technical provisions and other liabilities at a 99.5% level of certainty over a one-year time horizon.
Dividend cover	Dividend cover, also commonly known as dividend coverage, is the ratio of the Group's earnings over the dividend paid to shareholders.
Gross flows	Gross flows represent all cash flows received from external customers for the period by businesses in the Group engaged in Life and Savings and Asset Management. Gross flows are recognised at the point at which funds flow into the Group.
Net client cash flow	Net client cash flow represents the difference between gross flows and cash returned to customers (e.g. claims, surrenders, maturities) during the period.

5. Glossary

Defined Term	Description
Funds under management	Funds under management represents the total market value of funds managed and administered by the Group on behalf of customers, at the point at which funds flow into the Group. It excludes assets managed and administered by the group on behalf of shareholders as these are not customer funds flowing into the Group. Funds under management is reported for the Group and all segments. Funds under management exclude zero interest loans to policyholders. Zero interest loans to policyholders represent funds which have been disinvested and consequently, no investment fees are earned on these amounts.
Life APE sales	A standardised measure of the volume of new life insurance business written by the businesses in the Group engaged in Life and Savings.
Value of new business	Value of new business is the discounted value of expected future profits arising from new life insurance business sold in the reporting period.
Value of new business margin	The value of new business margin reflects how much future profit is expected from each future life insurance premium and therefore measures the profitability of new business sold after all risks are closed out to the market at market rates.
Loans and advances	The balance of gross loans and advances for Group businesses engaged in Banking and Lending. The amounts are gross of impairments on all performing, arrears and default loans.
Impairment coverage ratio	Balance sheet impairment provision for impaired loans as a percentage of impaired loans.
Net lending margin	Net lending margin is defined as net interest income plus non-interest revenue minus credit losses, as a percentage of average loans and advances over the period.
Insurance revenue	Insurance revenue is defined as the expected premium receipts excluding investment components allocated to the period.
Net insurance revenue	Insurance revenue net of reinsurance premiums allocated to the period which a Property and Casualty insurer considers earned on the portion of the contract that has expired.
Net underwriting result	Net underwriting result reflects the profit generated through underwriting activity before investment income and capital gains or losses.
Net underwriting margin	Net underwriting margin is defined as underwriting result as a percentage of net insurance revenue.
Insurance margin	Insurance margin is the operating profit of a Property and Casualty business, expressed as a percentage of net insurance revenue.
Claims ratio	The claims ratio is the percentage of net claims incurred in relation to the net insurance revenue.

Administration

Registered name:	Old Mutual Limited
Country of incorporation:	South Africa
Registration number:	2017/235138/06
Income tax reference number:	9267358233
Equity Share code (JSE, LSE, MSE and ZSE):	OMU
Equity Share code (NSX):	OMM
Debt Share code (JSE):	OMLI
ISIN:	ZAE000255360
LEI:	213800MON84ZWWPQCN47

Registered Office
Mutualpark
Jan Smuts Drive
Pinelands
Cape Town
7405
South Africa
Telephone: +27 (0)21 509-9111

Postal Address:
PO Box 66
Cape Town
8000
South Africa

Sponsor

JSE equity sponsor:	Merrill Lynch South Africa (Proprietary) Limited t/a BofA Securities
JSE debt sponsor:	Nedbank Corporate and Investment Banking a division of Nedbank Limited
NSX:	PSG Wealth Management (Namibia) (Proprietary) Limited
ZSE:	Imara Capital Zimbabwe plc
MSE:	Stockbrokers Malawi Limited

Transfer secretaries
JSE Investor Services (Pty) Limited
Registration Number: 2000/007239/07
One Exchange Square
2 Gwen Lane
Sandown
2196
South Africa

Postal Address:
Private Bag X991174
Sandton 2146
Telephone: Local: 086 140 0110
International: +27(0)117130800

Directors

Independent non-executive
Trevor Manuel (Chairman)
Prof. Brian Armstrong
Albert Essien
Olufunke Ighodaro
Itumeleng Kgaboesele
Jaco Langner
John Lister
Dr. Sizeka Magwentshu-Rensburg (Lead Independent)
James Mwangi
Nomkhita Nqweni
Stewart van Graan

Non-executive
Thoko Mokgosi-Mwantembe

Executive
Iain Williamson (Chief Executive Officer)
Casper Troskie (Chief Financial Officer)

Group Company Secretary:
Elsabé Kirsten

Public Officer:
Nazrien Kader

Debt officer:
Martin van der Walt

OLDMUTUAL

www.oldmutual.com