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FINANCIAL RESULTS ANNOUNCEMENT

Operating update and summarised audited annual financial statements for the year ended 30 June 2021

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OPERATING UPDATE

For the year ended 30 June 2021

MOMENTUM METROPOLITAN HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number: 2000/031756/06
JSE share code: MTM
A2X share code: MTM
NSX share code: MMT
ISIN code: ZAE000269890
(Momentum Metropolitan or the Group)

MOMENTUM METROPOLITAN LIFE LIMITED
Incorporated in the Republic of South Africa
Registration number: 1904/002186/06
Company code: MMIG
(Momentum Metropolitan Life)

OPERATIONAL UPDATE FOR THE 12 MONTHS ENDED 30 JUNE 2021

Summary of key metrics

Key metrics	F2021	Restated F2020[1]	Δ%
Earnings per share (cents)	31.3	12.9	>100%
Headline earnings per share (cents)	30.9	71.3	(57)%
Normalised headline earnings per share (cents)[2]	67.1	101.5	(34)%
Normalised headline earnings (R million)	1 007	1 521	(34)%
Operating profit (R million)[3]	73	1 001	(93)%
Investment return (R million)	934	520	80%
New business volumes (PVNBP, R million)	65 898	50 447	31%
Value of new business (R million)	725	280	>100%
New business margin	1.1%	0.6%	
Diluted embedded value per share (Rand)	27.08	25.70	5%
Return on embedded value	7.3%	(3.7)%	
Return on equity[4]	4.9%	7.5%	
Dividend per share (cents)	40	40	0%

[1] The Momentum Mozambique LDA business is no longer classified as held for sale, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. The result is a restatement of the earnings per share for the Group for F2020, which increased by 0.6 cents. Headline earnings per share and normalised headline earnings per share were unaffected.

[2] Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations, B-BBEE costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares. A reconciliation of earnings, headline earnings and normalised headline earnings is provided in the Summarised audited annual financial statements for the year ended 30 June 2021.

[3] Operating profit represents the profits (net of tax) that are generated from the Group's operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds. Comparatives are reported for the first time.

[4] Return on equity expresses normalised headline earnings as a percentage of net asset value, adjusted for the items outlined in footnote 3, as well as the adjusting items to determine headline earnings. Comparatives are reported for the first time.

MOMENTUM METROPOLITAN RESULTS SHOW RECORD SALES AND HIGHEST EVER DEATH CLAIMS

Resilient balance sheet to support Covid-19 impacts

Our operating context in F2021

The financial year ended 30 June 2021 (F2021) was a difficult year, due to Covid-19 and its financial as well as social impact on our clients and employees. We extend our sincere condolences to our clients and our employees who have suffered due to Covid-19, in particular where lives were lost.

Given Momentum Metropolitan's strong presence in life insurance, the abnormally high number of deaths experienced during this year, and the need for additional provisions against adverse mortality experience for an extended period, had a significant negative impact on our results.

We are very pleased that, despite the adverse impact of Covid-19, many of our businesses continued to perform very well. A highlight was the excellent new business performance in our investments and life insurance retail businesses, where both Momentum Investments and Metropolitan Life experienced record years.

Our South African life insurance businesses paid R10.7 billion in mortality claims (gross of reinsurance and tax) during F2021, compared to an average of R5.6 billion per annum over the three years preceding the pandemic.

New business was excellent across all the Group's retail investments and life insurance businesses as well as in the Africa portfolio. This was supported by a renewed external focus, accelerated by digital enablement in all the distribution forces, an improvement in the experience and productivity of our tied-advisers, and a growing number of supporting independent financial advisers. Although Momentum Corporate's new business declined year-on-year, it is encouraging that the new business in the second half of the year showed a strong improvement on the prior year.

A significant level of uncertainty remains over long-term impacts that Covid-19 may have on the Group. Most notably, our future mortality experience remains highly uncertain and is sensitive to the pace at which the vaccination programme is rolled out. Although the pace of vaccinations has increased over recent months, we believe that to curb the negative impact of the pandemic, the pace must be accelerated. The Group is supporting the national vaccine rollout by operating five mass vaccination sites, and by the end of August these sites have administered 175 000 vaccines.

Overview of financial results

Momentum Metropolitan's financial results in F2021 were significantly impacted by the prolonged negative impact that Covid-19 had on mortality claims experience, including the expected future impact that will emerge in the next financial year. This led to a decline in normalised headline earnings of 34% to R1 007 million for the 12 months ending 30 June 2021.

The year-on-year decline of 93% in operating profit from R1 001 million to R73 million was largely attributable to the negative impacts related to Covid-19 in the current year, as well as anticipated future impacts from the third and possible fourth wave of the pandemic that is expected to emerge in the next financial year ending 30 June 2022. In F2021 the Group increased its additional Covid-19 provision by R2 239 million (net of tax), of which R2 129 million related to mortality. In the current year a negative mortality variance of R702 million was experienced, contributing to the Group's total mortality losses for the year ended 30 June 2021 of R2 831 million.

Investment returns increased by 80% to R934 million and were supported by the recovery of investments markets, fair value gains from the revaluation of the Group's investment in venture capital funds, and the recovery of previously written-off loans. This was partly offset by lower investment returns on the shareholder investment portfolio within the South African life business due to short-dated interest rates being around 250 basis points lower than in the prior year.

Excluding the impact of Covid-19 on mortality (described above), disability, termination and business interruption experience, as well as investment variances impacted by yield curve movements, the Group's underlying normalised headline earnings were R3 543 million, reflecting a resilient performance from Momentum Investments, Metropolitan Life, Momentum Metropolitan Health and the Non-life Insurance business, supported by strong investment returns in the Shareholders segment.

The Group's normalised headline earnings per share declined by 34% to 67.1 cents, while headline earnings per share declined by 57% to 30.9 cents. Earnings per share of 31.3 cents more than doubled due to a prior year impairment on the MARC, a partially owner-occupied property in Sandton, of R550 million, as well as a R244 million write-off of goodwill and other intangible assets on the Non-life Insurance operations that were not repeated in the current year.

The Group's present value of new business premiums (PVNBP) increased to R65.9 billion, a strong 31% improvement from the prior year. This growth was driven by excellent performance from Momentum Investments on the Momentum Wealth investment platform business. Metropolitan Life continued to deliver exceptional growth in Protecting new business throughout the year. Momentum Life saw an increase in both protecting and savings new business volumes. Momentum Metropolitan Africa also saw pleasing new business volume growth.

Value of new business growth to R725 million was outstanding and was driven by strong new business volumes, excellent expense management across the Group, a sustained focus on improving the quality of new business written, and an improved mix towards higher margin products. This resulted in a significant improvement in new business margins from 0.6% to 1.1%.

The Group remains well capitalised with a strong balance sheet. The regulatory solvency positions of all the Group's entities remain within the target ranges. For Momentum Metropolitan Life, the Group's main life insurance entity, the Solvency Capital Requirement (SCR) decreased from 1.85 times as at 30 June 2020 to 1.73 times SCR as at 30 June 2021. Momentum Metropolitan Holdings had a group SCR cover of 1.5 times SCR, down from 1.6 times as at 30 June 2020.

The Group declared a final ordinary dividend of 15 cents per ordinary share. Together with the interim ordinary dividend of 25 cents per ordinary share that was declared in March 2021, the total dividend for for F2021 of 40 cents per ordinary share is flat on the prior year, and represents a dividend cover of 1.7 times.

Return on equity (ROE) has been established as a key performance metric for the Group. For F2021 the Group's ROE was 4.9%. The impact of the net negative mortality experience, which significantly affected our life insurance operations, is evident in the relatively low ROE achieved by the Group.

The return on embedded value (ROEV) increased from -3.7% in the prior year to 7.3% in F2021, supported by a substantial improvement in investment markets and partially offset by additional provisions against the impact of the pandemic.

Completion of our Reset and Grow strategy

When Momentum Metropolitan announced its Reset and Grow strategy in September 2018, the focus was on fixing the basics, addressing our cost base, re-establishing an external focus, and increasing and improving our distribution presence. It included an objective to address and regain market share and set as a goal for the Group to achieve R3.6 billion to R4.0 billion of normalised headline earnings in the 2021 financial year.

Having reached the end of the three-year period, this is an opportune time to reflect on the Group's performance relative to the Reset and Grow objectives:

- **Targeted normalised headline earnings of R3.6 billion to R4 billion by F2021:** The severe impact, both directly and indirectly of Covid-19 on all aspects of our business, unfortunately prevented us from achieving our normalised headline earnings target for F2021. The result of R1 billion is well below the target range of R3.6 billion to R4 billion. Excluding the impact of Covid-19, additional provisions and mortality experience variance, as well as investment variances impacted by yield curve movements, the Group's underlying normalised headline earnings were R3.5 billion.
- **Empowered business units:** The swift implementation of our decentralised operating model in July 2018 contributed to the creation of a portfolio of empowered businesses, which in turn significantly contributed to improved accountability and implementation. This laid the foundation for improvements in many operational aspects, and helped to quickly establish an external focus.
- **Momentum retail distribution channels footprint growth:** From F2018 to F2021, Momentum Consult grew from 221 to 282 advisers and Momentum Life agents increased from 805 to 818 advisers. For Momentum branded products, supporting independent financial advisers grew from 1 812 to 2 263 in F2021.
- **Transformation of the Metropolitan Life tied-agency distribution force:** The tied-agency distribution force in Metropolitan Life was transformed by exiting underperforming managers and advisers, improved training and vesting of new advisers, as well as significantly enhanced activity management. The combination of these initiatives improved the productivity from 1.8 policies per adviser per week in F2018 to 3.4 policies per adviser per week in F2021.
- **Effective cost management:** We have restored financial discipline throughout the organisation, translating into effective cost management and over the three-year period we realised cost savings of R900 million (after tax).
- **Championed main consumer brands Momentum and Metropolitan:** We have elevated the prominence of and championed our main consumer brands through a multitude of initiatives, including changing the name of our Group from MMI Holdings to Momentum Metropolitan Holdings. Good progress has also been made to improve the brand positioning of the Momentum and Metropolitan brands.

The recent SAcsi (South African Client Satisfaction Index) results for life insurance clients confirmed the progress we have made, with Metropolitan Life remaining in the top position with a score of 83.4, and Momentum improving its score from 74.7 points three years ago to 79.5 in the latest survey.

- **Non-life Insurance business earnings growth:** In line with the objective to continue increasing the contribution of Non-life Insurance to normalised headline earnings, we deliberately grew this line of business both organically and through acquisitions. The Non-life Insurance businesses contributed R544 million to normalised headline earnings in F2021, outperforming the original objective of R300 million.
- **Investment in New Initiatives:** The impact of New Initiatives on our F2021 earnings was larger than the R100 million loss targeted. This was mainly due to higher-than-expected losses in Aditya Birla Health Insurance (ABHI). We have reduced our exposure to New Initiatives by withdrawing from certain partnerships that did not track initial business plans. The remaining initiatives are fully aligned to our strategic goals and have shown solid traction against plans.
- **Rationalisation of our Africa portfolio:** The successful rationalisation of our Africa footprint and concerted turn-around efforts made it possible for the Momentum Metropolitan Africa business, which was previously loss-making, to contribute normalised headline earnings of R256 million by June 2021.

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Group financial performance

The normalised headline earnings of the Group declined by 34% to R1 007 million, and include a decline of 93% in operating profit, offset by an increase in investment return of 80%.

The following table outlines the contribution from operating profit and investment return to normalised headline earnings per business unit:

	F2021			Restated[5] F2020			Δ%		
R million	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Life	(991)	132	(859)	400	178	578	<(100)%	(26)%	<(100)%
Momentum Investments	1 103	(8)	1 095	313	27	340	>100%	<(100)%	>100%
Metropolitan Life	367	68	435	302	91	393	22%	(25)%	11%
Momentum Corporate	(607)	55	(552)	104	73	177	<(100)%	(25)%	<(100)%
Momentum Metropolitan Health	214	(1)	213	158	(2)	156	35%	50%	37%
Non-life Insurance	508	36	544	348	57	405	46%	(37)%	34%
Momentum Metropolitan Africa	62	194	256	70	247	317	(11)%	(21)%	(19)%
Normalised headline earnings from operating business units	**656**	**476**	**1 132**	**1 695**	**671**	**2 366**	**(61)%**	**(29)%**	**(52)%**
New Initiatives	(360)	2	(358)	(511)	2	(509)	30%	0%	30%
Shareholders	(223)	456	233	(183)	(153)	(336)	(22)%	>100%	>100%
Normalised headline earnings	**73**	**934**	**1 007**	**1 001**	**520**	**1 521**	**(93)%**	**80%**	**(34)%**

[5] Normalised headline earnings for the South African life insurance business units for the year ended 30 June 2020 have been restated to be consistent with the reporting in F2021. Investment return on shareholder assets were previously reported in Shareholders but is now included in business unit earnings. The Group normalised headline earnings were unaffected.

Operating profit

Operating profit declined by 93% to R73 million during the financial year, largely due to the increase in the additional Covid-19 provision of R2 239 million (net of tax) of which R2 128 million related to mortality. The increase in the Covid-19 provision mainly reflects the expected impacts from the third and possible fourth wave of the pandemic that is expected to emerge in the next year to 30 June 2022. In F2021 negative mortality experience variance was R702 million (after allowing for positive impacts from annuity products and the release of the existing Covid-19 provisions). The Group's total mortality losses for for the financial year ended 30 June 2021 amounted to R2 831 million during. Momentum Life and Momentum Corporate were most severely impacted and reported operating losses for F2021.

Business units less directly exposed to Covid-19 (Momentum Investments, Momentum Metropolitan Health, and Non-life Insurance) showed strong operating profit growth during the year. Metropolitan Life and Momentum Metropolitan Africa both produced solid operating profit for the period despite significant Covid-19 related excess claims.

Investment return

Investment returns improved by 80% from R520 million to R934 million.

In the South African life insurance businesses, investment return declined by R122 million, the majority of which was due to the average JIBAR and prime interest rates declining by approximately 250 basis points over the year. The R21 million decline in investment return for Non-life Insurance was in line with lower interest rates.

The significant growth in the Shareholders investment return was due to the fair value gains from the revaluation of the Group's investment in venture capital funds, the recovery of a previously written-off loan to a business that the Group sold in F2018, and the recovery in investment markets.

IMPACT OF THE COVID-19 PANDEMIC ON THE GROUP

Provision against adverse Covid-19 related experience

On 30 June 2020 the Group established a provision for possible future Covid-19 related mortality claims, increases in terminations, reduced return-to-work experience on disability income claims in payment, and business interruption claims, amounting to R983 million (net of tax).

On 31 December 2020, the provision was increased further by R655 million (net of tax), and Momentum Insure established a provision of R27 million (net of tax) related to business interruption claims on 31 March 2021.

On 30 June 2021, the Group increased its provision against Covid-19 related mortality and disability claims experience by a further R1 558 million (net of tax) mainly due to the prolonged impact that Covid-19 is expected to have in F2022. This brings the full year increase in the Covid-19 provision to R2 239 million.

The Group utilised R1 193 million of the provision during F2021, and thus on 30 June 2021, the remaining Covid-19 provision for future negative experience is R2 029 million.

The table below gives a detailed breakdown of the change in provision (net of tax) over the year ended 30 June 2021:

Impact of provision release	Normalised headline earnings					Value of in-force business	Embedded value
R million	Mortality	Morbidity	Non-life insurance claims	Terminations	Total	Terminations	Total
Provision at 30 June 2020[6]	751	72	38	122	983	398	1 381
Release of provision during F2021	(1 026)	(36)	(37)	(94)	(1 193)	(398)	(1 591)
Momentum Life	(297)	-	-	(49)	(346)	(114)	(460)
Metropolitan Life	(145)	-	-	(24)	(169)	-	(169)
Momentum Corporate	(532)	(36)	-	-	(568)	(284)	(852)
Momentum Metropolitan Africa	(52)	-	-	(21)	(73)	-	(73)
Non-life Insurance	-	-	(37)	-	(37)	-	(37)
Additional provision during F2021	2 195	35	53	22	2 305	-	2 305
Momentum Life	712	35	-	-	747	-	747
Metropolitan Life	386	-	-	-	386	-	386
Momentum Corporate	1 026	-	-	-	1 026	-	1 026
Momentum Metropolitan Africa	71	-	-	22	93	-	93
Non-life Insurance	-	-	53	-	53	-	53
Reduction in annuity and income disability claims in payment technical reserves	(66)	-	-	-	(66)	-	(66)
Total change in provision	1 103	(1)	16	(72)	1 046	(398)	648
Provision at 30 June 2021	1 854	71	54	50	2 029	-	2 029

[6] To reconcile the change in the provision to the impact on normalised headline earnings, the opening and closing provision, as well as changes to the provision are reported net of tax in the table above. On the Group's balance sheet, the opening and closing provision are reported on a gross of tax basis.

Update on mortality claims experience in the South African life insurance businesses

In South Africa, the second wave of the Covid-19 pandemic reached its peak during the third quarter of F2021, while the third wave is still ongoing on the reporting date. In line with the steep increase in national experience, the Group's mortality experience was worse than initially expected. During F2021, the Group's South African life insurance businesses paid R10.7 billion in mortality claims (gross of reinsurance and tax), compared to an average of R5.6 billion p.a. over the three years preceding the pandemic. The impact of the second and third waves of the pandemic can be seen in the gross mortality claims over the second half of F2021 being 55% higher than the mortality claims in the first half of the year, which were already elevated because of the first wave. The trend of high mortality claims continued into July and August 2021; the impact of this will be reported on during F2022.

On a consolidated basis, the Group's South African life insurance businesses experienced aggregate mortality losses of R2 823 million during F2021. This consists of net negative mortality experience variance of R2 030 million (net of reinsurance and tax) on protection business, longevity profits from annuity products of R291 million, and the net increase of R1 084 million in Covid-19 provisions (including the reduced annuity and income disability technical reserves) during F2021.

For the 12 months ended 30 June 2021, this can be broken down as follows:

R million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Mortality experience variance	(673)	(29)	(396)	(932)	(2 030)
Annuity experience variance	-	85	159	47	291
Covid-19 provision release	297	-	145	532	974
Reduced annuity and income disability technical reserves	-	20	10	36	66
Additional Covid-19 provision	(712)	-	(386)	(1 026)	(2 124)
Net mortality losses	(1 088)	76	(468)	(1 343)	(2 823)

Update on business interruption insurance
Since the start of the pandemic, Guardrisk Insurance has settled over 80% of the eligible business interruption claims, predominantly in the hospitality sector. Up to 30 June 2021, 516 claims have been finalised with payments amounting to R409 million. After taking reinsurance and tax into account, the net cost of settled claims was R37 million.

A further 96 claims with an estimated gross value of R245 million remain outstanding. Many of these claims have indemnity periods of 18 months or longer, which have not run their course yet. The remaining provision at 30 June 2021 of R27 million (net of reinsurance and tax), is currently deemed sufficient to settle remaining outstanding and potential claims.

Momentum Insurance has identified a gross potential exposure to business interruption claims of R27 million (net of tax). These claims are excluded from reinsurance treaties and consequently, a provision was established at 31 March 2021.

Update on Covid-19 impacts outside of South Africa
While Momentum Metropolitan Africa had not experienced significant increases in claims because of Covid-19 during the first half of F2021, a marked increase was observed in Group Life products across Botswana, Lesotho and Namibia during the second half of F2021. Mortality claims across the three countries were 60% higher in the second half compared to the first half of F2021.

India suffered from a significant surge in new Covid-19 cases between April 2021 and June 2021 which resulted in Covid-19 claims increasing substantially for the three months of April 2021 to June 2021 in our health insurance joint venture (ABHI). Due to the ABHI results being consolidated three months in arrears, the Group will report on this experience in the first quarter of F2022. Our share of the excess claims during the quarter was approximately R60 million.

CONSOLIDATED NEW BUSINESS PERFORMANCE

Key metrics	F2021	F2020	Δ%
Recurring premiums (R million)	3 783	3 417	11%
Single premiums (R million)	47 497	33 189	43%
PVNBP (R million)	65 898	50 447	31%
Value of new business (R million)	725	280	>100%
New business margin	1.1%	0.6%	

The table below shows the PVNBP by business unit for each quarter of F2020:

R million	1Q	2Q	3Q	4Q	F2021	F2020	Δ%
Momentum Life	1 722	1 887	1 918	1 952	7 479	7 072	6%
Momentum Investments	8 698	10 048	10 561	12 164	41 471	26 812	55%
Metropolitan Life	1 100	1 451	1 582	1 752	5 885	4 701	25%
Momentum Corporate	1 230	2 352	2 316	2 322	8 220	9 206	(11)%
Momentum Metropolitan Africa	675	829	612	727	2 843	2 656	7%
Total PVNBP	**13 425**	**16 567**	**16 989**	**18 917**	**65 898**	**50 447**	**31%**

The PVNBP for the 12 months was R65.9 billion, an improvement of 31% from the prior year. Momentum Investments delivered solid growth in both structured products and annuities as well as Momentum Wealth investment platform business. Metropolitan Life delivered good growth in annuity, structured single premiums and protection new business, most notably in the higher margin funeral product range.

Momentum Metropolitan Africa also saw pleasing new business volume growth, driven by corporate savings new business in Lesotho and Botswana, together with strong sales on retail annuity and protection business as well as corporate risk business in Namibia.

Value of new business growth to R725 million was exceptional and was driven by strong new business volumes, excellent expense management across the Group, a sustained focus on improving the quality of new business written, and an improved mix towards higher margin products. This resulted in a significant improvement in new business margins from 0.6% to 1.1%.

EMBEDDED VALUE

Embedded value earnings (R million)	F2021	F2020	Δ%
Embedded value at the start of the year	38 524	41 193	
Change in embedded value before capital flows	2 819	(1 537)	>100%
Embedded value earnings from operations (covered business)	(445)	2 073	<(100)%
Embedded value earnings attributable to investment markets	1 598	(2 945)	>100%
Impact from change *IFRS 16 - Leases*	-	(19)	>100%
Embedded value profit from non-covered businesses	1 666	(646)	>100%
Capital flows	(15)	(1 132)	>100%
Embedded value at the end of the year	**41 328**	**38 524**	**9%**
Return on embedded value (ROEV)	7.3%	(3.7)%	
ROEV on covered business	3.8%	(2.7)%	
ROEV on non-covered business	20.8%	(8.4)%	
ROEV per share	**6.3%**	**(3.8)%**	

The growth in the Group's embedded value results for the 12 months ended 30 June 2021 was strongly supported by a recovery of the investment markets, while embedded value earnings from operations reflect the impact of Covid-19, most evident in negative mortality experience variance of R547 million, and operating assumption changes, consisting mainly of the increase in the additional Covid-19 provisions of R2.1 billion. Positive expense variances were observed across all South African covered businesses, reflecting the trend in relatively low expense growth over the recent years, contributing R248 million to embedded value profit.

Embedded value profit from non-covered business was largely generated from stronger earnings growth in Momentum Investments, on the back of improved investment market conditions leading to higher assets under management; Non-life Insurance, where Guardrisk continues to deliver good earnings growth, as well as synergies realised from the integration of Momentum Insurance into Momentum Insure; and the impact of fair value gains related to the Group's venture capital investments. In Momentum Metropolitan Health, the embedded value of low cost products (Health4Me) were included for the first time.

SEGMENTAL PERFORMANCE

Momentum Life

R million	F2021	Restated[7] F2020	Δ%
Operating profit	(991)	400	<(100)%
Investment return	132	178	(26)%
Normalised headline earnings	**(859)**	**578**	**<(100)%**
Recurring premium new business	1 059	928	14%
Single premium new business	2 090	2 064	1%
PVNBP	7 479	7 072	6%
Value of new business	72	22	>100%
New business margin	1.0%	0.3%	

[7] Normalised headline earnings for F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group's normalised headline earnings are not affected.

Normalised headline earnings
Momentum Life normalised headline earnings declined from a profit of R578 million in the prior year to a loss of R859 million, which is mainly be attributable to an operating loss of R991 million. Net mortality losses of R1 088 million include a net increase of R415 million in Covid-19 provisions and negative mortality experience variance of R673 million.

Investment variances declined by R523 million year-on-year and was negatively affected by the impact of a change in the shape and level (decline) of the yield curve, which was more pronounced at longer durations, specifically negatively impacting the protection business. Investment variances on the savings and traditional business improved year-on-year in line with the market recovery.

Disability and persistency experience variance improved on a year-on-year basis, partially offsetting the mortality losses and negative investment variance.

Multiply losses that were not recovered from supporting businesses, narrowed from R61 million in the prior year to R40 million. This was mainly due to a lower usage of benefits by members during the lockdown restrictions, as well as lower overhead expenses.

New business
Momentum Life's PVNBP improved by 6% year-on-year to R7.4 billion, with new business volumes on both protection and savings business improving. The fourth quarter had a strong recovery when compared to the prior period, which was severely impacted by lockdown restrictions at the time.

Value of new business increased more than three-fold from R22 million in F2020 to R72 million in F2021, resulting in a new business margin of 1.0%. This improvement was mainly driven by higher new business volumes and lower distribution costs compared to the prior period.

Momentum Investments

R million	F2021	Restated[8] F2020	Δ%
Operating profit	1 103	313	>100%
Investment return	(8)	27	<(100)%
Normalised headline earnings	**1 095**	**340**	**>100%**
Recurring premium new business	207	121	71%
Single premium new business	40 666	26 345	54%
PVNBP	41 471	26 812	55%
Value of new business	392	134	>100%
New business margin	0.9%	0.5%	

[8] Normalised headline earnings for F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group's normalised headline earnings are not affected.

Normalised headline earnings

Normalised headline earnings increased three-fold from R340 million to R1 095 million. This improvement was largely because of significantly improved operating profits from annuities and structured products, for which market-related impacts from relative movements in the bond and swap curves turned around from a loss in the prior year to a profit in F2021. The operating profit from these products was further boosted by increased new business volumes, good credit risk experience, longevity profits, and good expense discipline.

The appreciation of the Rand had a negative impact on value of offshore assets and fees. This was the main contributor to a decline in the normalised headline earnings from the Momentum Wealth investment platform.

The investment management businesses in South Africa and the United Kingdom (UK) saw an increase in asset-based fee income due to the combination of strong market recovery and positive net client cashflows. Earnings from investment management were up year-on-year.

New business

PVNBP for Momentum Investments improved to R41.5 billion, up by 55% relative to the prior year, driven by strong new business volumes on guaranteed annuities (which more than doubled) and the Momentum Wealth investment platform. The offshore investment platform continued the particularly strong performance observed in the first half of the year.

The value of new business increased significantly from R134 million to R392 million, benefiting from the increase in new business volumes, a change in new business mix towards higher margin annuities and excellent expense management. The new business margin improved from 0.5% to 0.9%.

Assets under management and administration

R billion	F2020	F2020	Δ%
On-balance sheet Momentum Wealth	125	110	14%
Off-balance sheet Momentum Wealth	69	59	17%
Non-covered business (investment management)	477	419	14%
Assets under management and administration	**671**	**588**	**14%**

Assets under management on the Momentum Wealth investment platform business increased by 17%, which was supported a recovery in investment markets, strong growth in new business inflows, and lower outflows.

On non-covered investment management business, assets under management increased by 14% and was largely due to the recovery of investment markets and good inflows.

The acquisition of Seneca Investment Managers in the UK also contributed R14.3 billion to the growth in institutional assets under management.

Metropolitan Life

R million	F2021	Restated[9] F2020	Δ%
Operating profit	367	302	22%
Investment return	68	91	(25)%
Normalised headline earnings	**435**	**393**	**11%**
Recurring premium new business	1 409	1 156	22%
Single premium new business	1 483	1 100	35%
PVNBP	5 885	4 701	25%
Value of new business	253	110	>100%
New business margin	4.3%	2.3%	

[9] Normalised headline earnings for F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group's normalised headline earnings are not affected.

Normalised headline earnings
Metropolitan Life's normalised headline earnings improved by 11% to R435 million. Operating profit growth of 22% to R367 million, was largely supported by the recovery in investment markets, strong new business growth, a change in new business mix to more profitable products, improved persistency experience, and effective expense management. Growth was partly reduced by net negative mortality losses of R468 million, consisting of the negative impact of R376 million from the increase in the year of the additional Covid-19 provision, as well as negative mortality experience variance of R396 million on protection and traditional business, positive longevity experience variance of R159 million from annuity products, and the release of existing Covid-19 provisions of R145 million.

New business
Metropolitan Life PVNBP increased by 25% to R5.9 billion compared to the prior year. This includes growth in excess of 45% on protection and annuity new business that deliver higher margins. Adviser productivity continued to benefit from a more experienced sales force, digital enablement and adoption, and the launch of new client solutions. Adviser productivity exceeded pre-pandemic levels.

The value of new business of R253 million showed a marked improvement because of the significant growth in higher margin protection, annuity and structured single premium new business and good expense management. This led to the new business margin of 4.3% approaching our long-term targeted margin of 5%.

Momentum Corporate

R million	F2021	Restated[10] F2020	Δ%
Operating profit	(607)	104	<(100)%
Investment returns	55	73	(25)%
Total normalised headline earnings	**(552)**	**177**	**<(100)%**
Recurring premium new business	694	796	(13)%
Single premium new business	2 314	2 979	(22)%
PVNBP	8 220	9 206	(11)%
Value of new business	11	(4)	>100%
New business margin	0.1%	0.0%	

[10] Normalised headline earnings for F2020 have been restated to include investment return on shareholder assets that was previously reported in Shareholders. The Group's normalised headline earnings are not affected.

Normalised headline earnings
Momentum Corporate's normalised headline earnings declined to a loss of R552 million. The operating loss of R607 million includes net mortality losses of R1 343 million, consisting of the negative impact of R990 million from the additional Covid-19 provision created in F2021, as well as negative mortality experience variance of R932 million, against which existing Covid-19 provisions of R532 million were released.

The operating profit was positively impacted by normalised headline earnings from disability products that continued to improve year-on-year, benefiting from a significant improvement in the disability experience variance, aided by the re-pricing programme that took place over the last three years, and mortality variance on income disability claims in payment.

Expenses continued to be well-managed and reduced by 4% from the prior year.

New business
Momentum Corporate's PVNBP of R8.2 billion reduced by 11% compared to the prior year largely because of the impact of the slowdown in economic activity on clients' willingness to make purchase decisions.

The value of new business recovered to R11 million and was supported by the continued focus on winning larger new business deals and tilting the new business mix towards higher margin products within the FundsAtWork portfolio as well as good expense management. The new business margin was 0.1% for the year.

Momentum Metropolitan Health

R million	F2021	F2020	Δ%
Operating profit	214	158	35%
Investment returns	(1)	(2)	50%
Normalised headline earnings	**213**	**156**	**37%**

Normalised headline earnings
Momentum Metropolitan Health's normalised headline earnings of R214 million were 35% higher than the prior year. This result was mainly driven by an increase in administration fee income, continued growth in the low cost product (Health4Me), growth in public sector membership, lower claims on insurance products, and prudent expense management.

Membership
Membership grew by 5% year-on-year, which was mainly attributable to the continued growth of the public sector and low-cost product membership, as well as the on-boarding of a large corporate client. Organic membership growth in the corporate and mining segments remained subdued, reflective of constrained economic conditions and increased competition in these segments.

Non-life Insurance

This segment includes Guardrisk, which offers cell captive and other non-life insurance products; as well as Momentum Insure, which offers mostly personal lines insurance products.

Momentum Insure was launched on 1 July 2021, following the license consolidation and finalisation of the integration of the previous Momentum Short-term Insurance (MSTI) and Momentum Insurance (previously Alexander Forbes Insurance) businesses. From F2022, results will be reported for Momentum Insure as a single business.

Normalised headline earnings

R million	F2021	F2020	Δ%
Guardrisk	377	335	13%
Momentum Insure	167	70	>100%
MSTI	2	(18)	>100%
Momentum Insurance	165	88	88%
Normalised headline earnings	**544**	**405**	**34%**
Operating profit	508	348	46%
Investment return	36	57	(37)%

Non-life Insurance delivered a 34% year-on-year growth to R544 million on normalised headline earnings. This includes an operating profit improvement of 46% from the prior year due to good underlying operational growth from Guardrisk, a swing to positive earnings in MSTI, and the full year inclusion of Momentum Insurance (for which only five months were consolidated in the prior year). Operating profit growth was partly offset by lower investment return, in line with lower interest rates.

Guardrisk
Guardrisk's normalised headline earnings improved by 13% to R377 million. This increase was supported by strong growth in underwriting profits, despite an increase in the Covid-19 related business interruption (BI) provision in the first quarter of F2021. Organic growth on revenue streams in both the underwriting managers and Guardrisk Life divisions also contributed positively. Guardrisk benefited from its diversification in terms of industry and product type exposure across the cells, offsetting the impact that Covid-19 had in some of its areas. Persistency levels across all core divisions remain strong.

Underwriting profits in Guardrisk General Insurance increased by 16% year-on-year, despite the increase in provision against business interruption claims during the first quarter of F2021 (net of tax impact of R26 million).

R million	F2021	F2020	Δ%
Gross earned premium	2 947	2 592	14%
Net earned premium	1 555	1 530	2%
Claims incurred	(765)	(789)	3%
Underwriting expenses	(510)	(499)	(2)%
GGI underwriting profit[11]	**280**	**242**	**16%**

[11] The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited. This amount differs from the underwriting fees that are disclosed in the Non-life Insurance segmental income statement in the Summarised Financial Statements for the year ended 30 June 2021.

Momentum Insure (previously MSTI)

Key ratios	F2021	F2020	Δ%
Net earned premium (R million)	1 074	966	11%
Claims ratio	59.2%	59.7%	

From 1 July 2021 MSTI has been renamed to Momentum Insure, and Momentum Insurance has been fully integrated into its structures from that date. This operating update reports below on historical performance of the previous MSTI business.

Normalised headline earnings increased to R2 million profit from a loss of R18 million in the prior year. This was supported by net earned premiums growing by 11% through strong new business growth and good client retention. This positive result was further supported by prudent expense management.

The claims ratio of 59.2% improved marginally from the prior year, a pleasing result given that the prior year's claims ratio benefitted from reduced motor claims during level 5 lockdown in the fourth quarter. Although the mobility of clients due to lockdown regulations was lower during some periods in the year, we saw a continued shift towards pre-lockdown mobility levels.

Momentum Insurance

Key ratios	F2021	F2020[12]	Δ%
Net earned premium (R million)	421	411	2%
Claims ratio	69.0%	53.6%	

[12] Comparatives reported in this table represent results for the 12 months ended 30 June 2020. This include the results for the seven months ended January 2020 that were previously reported in the financial results of Alexander Forbes Group Holdings.

Momentum Insurance reported normalised headline earnings that increased to R165 million, which compares to normalised headline earnings of R88 million for five months to 30 June 2020. The result was supported by the realisation of synergies following the integration of MSTI and Momentum Insurance, but was partially offset by the negative impact of a R27 million (net of tax) Covid-19 provision for business interruption cover that was raised in March 2021. As at report date, the claims that were received are still being assessed.

Our primary focus during F2021 was on the successful integration of MSTI and Momentum Insurance into one business. On 1 July 2021, we successfully launched the integrated business under the Momentum Insure brand. Our focus over the next financial year will be on migrating all existing Momentum Insurance clients onto the Momentum Insure systems and digital platforms.

Momentum Metropolitan Africa

R million	F2021	F2020	Δ%
Namibia	125	195	(36)%
Botswana	49	50	(2)%
Lesotho	172	159	8%
Ghana	68	51	33%
Other countries	9	(7)	>100%
Centre costs	(167)	(131)	(27)%
Normalised headline earnings	**256**	**317**	**(19)%**
Operating profit	62	70	(11)%
Investment return	194	247	(21)%
Recurring premium new business	414	416	0%
Single premium new business	944	701	35%
PVNBP	2 843	2 656	7%
Value of new business	(3)	18	>100%
New business margin	(0.1)%	0.7%	

Normalised headline earnings
Normalised headline earnings declined by 19% to R256 million, with operating profit and investment return declining by 11% and 21% respectively. Operating profit was negatively impacted by operating assumption changes and an increase of R93 million (net of tax) in Covid-19 reserves. This followed a sharp increase in mortality claims in the second half of F2021 in both Namibia and Botswana. Investment variances improved following the reversal of the unrealised market-related losses observed in the prior year.

The decline in normalised headline earnings in Namibia was driven by an increase in mortality claims during the second half of F2021, negative operating assumption changes, and an increase in the Covid-19 provision.

Botswana's decline was largely due to mortality losses in the corporate business, high claims experience in the health business, and a lower contribution from credit life business.

In Lesotho, the prior year included the impact of a R72 million one-off tax liability adjustment. In the life insurance business, the current year include a one-off positive impact of R65 million from a profit share arrangement on voluntary group scheme funeral products that has been renegotiated, partly offset by weaker mortality claims experience in the second half of the year, as well as an increase in the Covid-19 provision for termination experience in the first half of F2021. The health insurance division delivered solid growth.

Ghana's improvement was largely driven by positive underwriting results in the credit life business and favourable claims experience in health business. This was partially offset by the negative impact of operating assumption changes.

The increase in central costs includes several one-off expenses, including wind-down costs in implementing the country exits and withholding tax on dividends paid to the Group.

Momentum Metropolitan concluded the sale of its Zambian businesses in December 2020 and the sales of the businesses in Tanzania were concluded in January 2021. In addition to the countries previously announced, the Group has decided to exit the business in Kenya and is investigating the most effective option to do so.

New business
PVNBP for Momentum Metropolitan Africa improved by 7% to R2 843 million. This is attributable to strong corporate business growth in Lesotho and Botswana, while Namibia showed solid growth on retail annuity and protection business, coupled with an increase in the corporate risk business.

The value of new business was negative, largely due to lower new business volumes and a shift towards lower margin corporate and annuity products in Botswana. This was partially offset by good new business volumes in Namibia. The decline in the value of new business of Momentum Metropolitan Africa led to a decline in the new business margin from 0.7% in the prior period to -0.1% in F2021.

New Initiatives

R million	F2021	F2020	Δ%
Aditya Birla Health Insurance[13]	(230)	(290)	21%
aYo	(17)	(108)	84%
Other[14]	(111)	(111)	0%
Normalised headline earnings	(358)	(509)	(30)%

[13] Results for the India investment are reported with a three-month lag.

[14] "Other" includes Exponential Ventures, Multiply Money and Momentum Consult.

New Initiatives includes ABHI (a health insurance joint venture with Aditya Birla Capital in India), aYo (a minority holding in a mobile insurance business in selected African countries), Multiply Money (a bundled transactional banking and savings solution), the operating expenses of Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insurtech start-ups), as well as other local start-up operations.

Aditya Birla Health Insurance
The operational performance of ABHI remained in line with the business plan, with losses narrowing by 21% from the prior year. This is supported by gross written premiums (GWP) having increased by 43% to R2.7 billion, with strong growth in both retail and group business. ABHI has expanded its distribution capacity and has built one of the largest third-party distribution capacities in the market with its nine bancassurance partners giving ABHI access to over 14 000 branches. Its agency force across its own 140 branches has increased to 42 800.

Although elevated due to a spike in the number and average size of Covid-19 claims, the claims ratios for the 12 months to 31 March 2021 were tracking satisfactorily close to the business plan. Note that the results for 1 April 2021 to 30 June 2021 show further increases in claims ratios due to Covid-19. This period will be included as part of our first quarter results in F2022.

ABHI continues to focus on offering extensive end-to-end digital service, supporting channel growth, as well as diversifying its business. The business has maintained its growth trajectory and is performing in accordance with the business case and business plan except for the Covid-19 related claims.

aYo
aYo, our joint venture with MTN, made steady progress in Ghana, Uganda and Zambia. Operations in Cote d'Ivoire commenced during August 2021.

Following a strategic review of the Group's aYo joint venture with MTN during 2020, Momentum Metropolitan and MTN have agreed that Momentum Metropolitan will reduce its shareholding in aYo from 50% to 25%, effective 30 June 2021. This transaction has substantially been completed and the effect is reflected in the F2021 results.

Furthermore, an agreement was reached for a transaction in which Momentum Metropolitan sells its remaining 25% stake in aYo to MTN. Subsequent to the end of the financial year, this transaction was finalised in September 2021.

Other
The largest other new initiative is Multiply Money (previously Money Management). This initiative bundles a low-cost transactional facility with a savings account that offers competitive interest rates, without restrictive requirements such as minimum balances and lock-in periods. The rewards from Momentum Multiply and voluntary deposits made by clients can be deposited into the savings account.

Shareholders

This segment represents the investment return on venture capital fund investments, proportion of investment returns from Momentum Metropolitan Life, less the head office costs not allocated to other businesses. From F2021, investment return on South African shareholder assets of MML is allocated to the life insurance business units in proportion to their SCR, with only a small balance being reported in the Shareholders segment.

The Shareholders segment normalised headline earnings of R233 million represent a significant improvement on the prior year.

Operating losses widened by 22% due to higher operational costs, including initiatives to improve efficiencies across the business, which were funded centrally.

This was offset by a significant improvement in investment return from a loss of R153 million in F2020 to positive earnings of R456 million in F2021. This was supported by an increase from the revaluation of the Group's investment in venture capital funds, the recovery of a previously written-off loan to a business that the Group sold in F2018, and the recovery in investment markets.

R million	F2021	Restated[15] F2020	Δ%
Operating loss	(223)	(183)	(22)%
Investment return	456	(153)	>100%
Investment income	14	(38)	>100%
Fair value gains / (losses)	442	(115)	>100%
Normalised headline earnings	**233**	**(336)**	**>100%**

[15] Normalised headline earnings for F2020 have been restated as investment return on shareholder assets that was previously reported in Shareholders have now been allocated to business units. The Group's normalised headline earnings are unaffected.

SOLVENCY AND CAPITAL MANAGEMENT

Regulatory solo solvency position of the Group's insurance entities

The solo SCR for the Group's insurance entities were as follows:

Regulatory solvency position as at 30 June 2021 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	Momentum Insure	Momentum Insurance
Eligible own funds (pre dividend)	28 030	2 781	3 789	538	470
SCR	16 169	2 460	3 333	309	279
SCR cover (times)	**1.73**	**1.13**	**1.14**	**1.74**	**1.69**

Regulatory solvency position as at 30 June 2020 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI	Momentum Insurance
Eligible own funds (pre dividend)	29 067	2 633	3 526	506	437
SCR	15 737	2 339	3 105	254	143
SCR cover (times)	**1.85**	**1.13**	**1.14**	**1.99**	**3.06**

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR. This was reduced during F2021 from the previous target range of 1.7 to 2.1 times the SCR. A recently completed review of the solvency management framework concluded that the Group and Momentum Metropolitan Life can operate on capital targets slightly lower than previously assumed while remaining resilient to a range of severe shock scenarios.

The regulatory solvency position of Momentum Metropolitan Life declined from 1.85 times SCR as at 30 June 2020 to 1.73 times SCR as at 30 June 2021. This decline was predominantly due to high mortality claims due to the Covid-19 pandemic and the additional Covid-19 provisions that were established over the year. In addition, the SCR cover of Momentum Metropolitan Life reduced due to the transfer of MSTI to Momentum Metropolitan Strategic Investments in order to facilitate the integration of MSTI and Momentum Insurance to form Momentum Insure.

The SCR cover for Guardrisk Insurance of 1.13 times the SCR has remained stable, as has the SCR cover for Guardrisk Life of 1.14 times the SCR. In both cases, the solvency position remains above their respective risk appetite thresholds of 1.05 times SCR. The regulatory solvency position of cell captive insurers is weighted towards 1.0 times the SCR because the own funds in excess of the SCR of individual cells must be disregarded. As at 30 June 2021, excess own funds of R1.9 billion were disregarded for Guardrisk Insurance, and excess own funds of R2.5 billion were disregarded for Guardrisk Life.

On 1 July 2021, MSTI was renamed to Momentum Insure and Momentum Insurance was integrated into the new entity. As at 30 June 2021, the SCR cover for the previous MSTI decreased to 1.74 times, reflecting an increase in the SCR due to allowance for the sale of all Momentum Insurance new business on the Momentum Insure licence from 1 July 2021. The SCR cover of the previous Momentum Insurance decreased due to dividends paid and changes made to reinsurance arrangements as part of the integration process, offset in part by profits recognised over the period. While the forecast sale of new business on the Momentum Insure licence from 1 July 2021 reduced the Momentum Insurance SCR, this was offset by the impact of changes to the reinsurance arrangements on the in-force business. Going forward, only the SCR cover of the combined Momentum Insure will be reported.

Regulatory group solvency position for Momentum Metropolitan Holdings

During F2021 Momentum Metropolitan Holdings was designated as an insurance group by the Prudential Authority. Approval for the licensing of MMH as the controlling company of the insurance group was received in August 2021. As such, the solvency position of MMH as at 30 June 2021 has been reported in line with the provisions of the Comprehensive Parallel Run.

The group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements. As at 30 June 2021, Momentum Metropolitan Holdings had group SCR cover of 1.5 times SCR, down from 1.6 times SCR at the prior year. The change in group SCR cover primarily reflects the decline in the Momentum Metropolitan Life solvency position. The group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers, and would increase to 1.6 times SCR as at 30 June 2021 when Guardrisk is excluded from the result. In line with the change to the capital targets of Momentum Metropolitan Life, the group target range was lowered from 1.45 to 1.75 times SCR to 1.4 to 1.7 times SCR in F2021. The group target range is set to reflect the target solvency levels and operational requirements of the underlying entities, while ensuring appropriate resilience of the group solvency position.

Capital deployment

Momentum Metropolitan allocates capital to support value creation within the businesses. This is underpinned by the appropriate return on capital targets linked to the Group hurdle rate framework and Group Strategy.

During F2021 capital was deployed to Momentum Investments to fund the acquisition of Seneca Investment Managers in the UK, as well as for capital support of subsidiaries. In New Initiatives, capital was mainly deployed to ABHI, our health insurance joint venture in India, as well as committed investments into our venture capital investment funds. The deployment in Shareholders relate to the completion of the MARC, a partially owner-occupied property in Sandton, and renovation of the Group's head office in Centurion.

The following strategic investments were made during the year:

Areas of capital deployment	R million
Momentum Investments	240
Momentum Metropolitan Health	50
Non-life Insurance	41
Momentum Metropolitan Africa	178
New Initiatives	502
Shareholders	234
Total	**1 245**

Dividends

Momentum Metropolitan declared a final ordinary dividend of 15 cents per ordinary share in F2021. Together with the interim ordinary dividend of 25 cents per ordinary share that was declared in March 2021, the total dividend for the 12 months ended 30 June 2021 is 40 cents per ordinary share and represents a dividend cover of 1.7 times normalised headline earnings. The payout is slightly below the target dividend cover range of 2.0x – 3.0x normalised headline earnings and represents a distribution to shareholders as a result of special remittances from entities in Momentum Metropolitan Africa, following a review of the capital held in these businesses.

The total ordinary dividend for the year is 40 cents per share, which is flat relative to the ordinary dividend declared in F2020.

OUTLOOK

We are positive about the underlying operational performance of the Group. This is evident in new business volumes, which speak to our improved ability to meet intermediary and client needs, and in new business margins, which speak to our delivery on efficiency initiatives and successful product and/or benefit updates. We believe that we continue to improve market share in most market segments.

The Reset and Grow strategy, which was the cornerstone of the operational turnaround evident in our results over the past three years, has now come to an end. The Group is in a significantly healthier position and has built a foundation and capabilities that improved its competitive position and created a strong foundation from where it can continue to grow.

We launched our Reinvent and Grow strategy for the next three years at our Investor Conference in May 2021. South Africa's economic challenges remain very significant and the uncertain short-term and medium-term outcomes have been exacerbated by Covid-19. Uncertainty about the likely impact of the vaccine rollout programme and the extent of future Covid-19 waves on future mortality experience remains.

The strategic objectives we have set for the next three years should therefore be viewed as indicating intent. Our success to implement the Reinvent and Grow strategy will to some degree depend on how South Africa navigates its way through the Covid-19 pandemic and manages to turn the country's economy around.

The key elements of Reinvent and Grow strategy include:

- Significant focus on an investment in digital initiatives to generate efficiencies and to improve the ease of doing business for our clients and advisers
- Further focus and growth of existing distribution channels, complimented by the development of alternative distribution opportunities
- Targeting normalised headline earnings for the Group of between R4.6 billion to R5.0 billion by the financial year ending
- 30 June 2024 (F2024)
- Dynamic and disciplined management of group capital, with the objective to improve the return on equity of the Group to 18% to 20% by F2024.

Considering the uncertainty in our operating environment, it would be inappropriate to provide firm guidance on our near-term earnings expectations. We continue to estimate, however, that in the absence of extraneous shocks, the underlying level of normalised headline earnings for the Group is around R800 million to R900 million per quarter.

We are navigating through this challenging period with a strong solvency position and with sufficient liquidity to withstand impacts from the continuously evolving environment. We will continue to selectively invest in our core operations to take advantage of the opportunities for growth brought about by the current crisis. We thank our employees for their resilience, perseverance and commitment to the Group, and our advisers and clients for their loyalty and support during the last year.

6 September 2021
CENTURION

The information in this commentary, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors.

SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2021

MOMENTUM METROPOLITAN
Summarised Audited Annual Financial Statements for the year ended 30 June 2021

CONTENTS

The Board is pleased to present the summarised audited results of Momentum Metropolitan Holdings Ltd (MMH or the Company) and its subsidiaries (collectively Momentum Metropolitan or the Group) for the year ended 30 June 2021. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

Corporate events

Acquisitions

On 20 November 2020, the Group established Amandla Renewable Energy Fund (Pty) Ltd (the Fund) with TBI Investment Managers to facilitate investments in the renewable energy sector. The Group has a 50% shareholding of the ordinary shares within the Fund. It was determined that the Group exercises control over the Fund and the associated special purpose vehicle, Amandla Ilanga (RF) (Pty) Ltd. Upon the establishment of the Fund, the Group contributed R100 in ordinary share capital.

On 30 November 2020, the Group, through its wholly owned subsidiary, Momentum Global Investment Management Ltd (MGIM), acquired 100% of the shares in Seneca Investment Managers Ltd (Seneca) for £8.22 million in cash and £5 million contingent consideration.

On 9 December 2020, the Group, through its 70% owned subsidiary, Momentum Short-term Insurance (Namibia) Ltd, acquired 100% in Alexander Forbes Insurance Company Namibia Ltd (AFIN) for N$40 million in cash and N$10 million contingent consideration. AFIN has since been renamed to Momentum Insurance (Namibia). The initial accounting for the AFIN acquisition has been provisionally determined at reporting date. At the date of finalisation of the summarised audited results, the necessary valuations of certain assets had not been finalised and are therefore presented as preliminary.

On 1 June 2021, the Group, through its wholly owned subsidiary, Guardrisk Group (Pty) Ltd, acquired 100% of the shares in Inniu Underwriting Services (Pty) Ltd (Inniu) for R41 million in cash and R19 million contingent consideration.

These acquisitions provide an opportunity for growth, which is the Group's current focus.

Disposals and dilution

On 9 December 2020, MMH, through its subsidiary, Momentum Metropolitan Namibia Ltd, sold a 2% stake in Methealth Namibia Administrators (Pty) Ltd (MHNA) for N$4.5 million. As a result, the classification of MHNA has changed from an investment in subsidiary to an investment in associate.

MMH through its wholly owned subsidiary, Momentum Metropolitan Life Ltd (MML) owned 100% (100 Class A shares) of the issued capital of South African Student Accommodation Impact Investments (Pty) Ltd (SASAII). On 30 June 2021, SASAII issued a further 400 Class A shares, 50 were purchased by MML and the other 350 were purchased by Eskom Pension and Provident Fund, a non-related party to the Group. As a result of this issuance, the classification of SASAII has changed from an investment in subsidiary to an investment in associate.

On 30 June 2021, the Group reduced its shareholding in aYo Holdings Ltd (aYo) from 50% to 25%. As a result, the classification of aYo has changed from an investment in joint venture to an investment in associate.

Held for sale

As part of our plan to exit a number of African countries, the Group classified entities in three of these African countries, as held for sale at 30 June 2020. Two of the three countries have since been exited. The Momentum Mozambique LDA business is no longer classified as held for sale, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. The prior year has been restated accordingly. Refer to note 12 for more details.

Following a strategic review, the Group has made the decision to dispose of its remaining 25% shareholding in aYo. The investment, as well as the related intellectual property that will be sold as part of the disposal, has therefore been classified as held for sale.

Sales agreements have been entered into for the sale of three properties. These properties have therefore been classified as held for sale.

Listed debt

On 15 February 2021, MML listed two new subordinated debt instruments to the combined value of R750 million on the Johannesburg Stock Exchange (JSE) Ltd. The proceeds of the issuance was used to refinance the subordinated debt instrument, MMIG02, which became callable on 17 March 2021.

iSabelo – Employee share ownership programme

As announced in the Summarised Audited Annual Financial Statements (AFS) for the year ended 30 June 2020, the Group proposed to establish a broad-based employee share ownership scheme which was subject to obtaining approval from existing shareholders. All necessary approval has since been received. The scheme has been set up and units been granted during the current year.

Basis of preparation of financial information

These summarised audited results have been prepared in accordance with the following:

- International Accounting Standard (IAS) 34 – Interim financial reporting;
- South African Institute of Chartered Accountants Financial Reporting Guides (as issued by the Accounting Practices Committee);
- Financial Pronouncements (as issued by the Financial Reporting Standards Council);
- JSE Listings Requirements; and
- South African Companies Act, 71 of 2008, as amended.

The accounting policies applied in the preparation of these summarised audited results are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the previous years except as described below and for specific restatements being listed in note 12. Critical judgements and accounting estimates are disclosed in detail in the Group's AFS for the year ended 30 June 2021, including changes in estimates that are an integral part of the insurance business. The Group is exposed to financial and insurance risks, details of which are also provided in the Group's Integrated Report and AFS.

New and revised standards effective for the year ended 30 June 2021 and relevant to the Group

The following new and amended standards became effective for the first time in the current year and had no impact on the Group's earnings or net asset value (NAV):

- International Accounting Standards Board revision of the Conceptual Framework for Financial Reporting;
- IFRS 3 (Amendments);
- IFRS 9, IAS 39 and IFRS 7 (Amendments);
- IAS 1 and IAS 8 (Amendments); and
- IFRS 16 (Amendments).

Solvency assessment and going concern

During the current year, South Africa experienced a severe impact from Covid-19, with three waves of Covid-19 infections and deaths impacting Momentum Metropolitan. At report date the third wave is still ongoing. In line with the steep increase in national experience, the Group's mortality experience was worse than initially expected and the Group's South African life insurance businesses paid R10.7 billion in mortality claims (gross of reinsurance and tax) during F2021, compared to an average of R5.6 billion p.a. over the three years preceding the pandemic. On 30 June 2020 the Group established a provision for possible future Covid-19-related mortality claims, increases in terminations, reduced return-to-work experience on disability income claims in payment, and business interruption claims, amounting to R983 million (net of tax). During the current year, the Group increased its additional provision against Covid-19-related mortality and disability claims experience by a further R2.2 billion (net of tax). The Group utilised R1.2 billion of the provision during F2021, and thus on 30 June 2021, the remaining Covid-19 provision for future negative experience is R2.0 billion. A significant level of uncertainty remains over long-term impacts that Covid-19 may have on the Group. Most notably, the Group's future mortality experience remains highly uncertain and is sensitive to the pace at which the vaccination programme is rolled out. However, the Group remains profitable, with robust levels of capital and liquidity and a strong regulatory solvency position. The Board, through the Audit Committee and Actuarial Committee, has received reports and updates on the operational and financial performance. The Board is satisfied of the Group's solvency, taking into account its ability to withstand impacts from the continuously evolving environment, and its ability to continue as a going concern.

Corporate governance

The Board has satisfied itself that the Group has applied the principles of corporate governance as detailed in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™)* throughout the year under review. Refer to the Integrated Report and the King IV™ Application Summary available on the Group's website for details of the governance framework and assessment of its application throughout the year.

Changes to the directorate, secretary and directors' shareholding

On 1 July 2020, Paballo Makosholo was appointed to the Board. On 26 November 2020, JJ Njeke retired as Chairman of the Board as well as from the Board. On the same date Sello Moloko was appointed as Chairman of the Board. Also on the same date, Khehla Shubane and Johan van Reenen retired from the Board. On 1 June 2021, Nigel Dunkley and Thanaseelan Gobalsamy were appointed to the Board.

All transactions in listed shares of the Company involving directors and prescribed officers were disclosed on the Stock Exchange News Service (SENS).

Changes to the Group Executive Committee

Resignations	Role	Date
Zureida Ebrahim	CEO: Client engagement solutions	31 October 2021

Contingent liabilities and capital commitments

The Group is party to legal proceedings and appropriate provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Group is not aware of capital commitments at 30 June 2021 that were not in the ordinary course of business other than what is disclosed in the AFS.

Events after the reporting period

The Covid-19 pandemic continues to impact the Group's operating environment beyond the reporting date. At the time of publishing this report the third wave in South Africa is still ongoing. The Group will continue to monitor the progression of the pandemic and its impact on the Group and will consider these on significant estimates and judgements going forward.

During July 2021 political unrest that resulted in widespread rioting and looting broke out in Gauteng and KwaZulu-Natal which affected some of the Group's branches.

During September 2021 both aYo as well as the related intellectual property, which were classified as held for sale at 30 June 2021, has been sold.

Refer to note 34 in the Group's AFS for more details relating to these events. No other material events occurred between the reporting date and the date of approval of these results.

Final dividend declaration

Ordinary shares

- On 6 September 2021, a gross final ordinary dividend of 15 cents per ordinary share was declared by the Board, resulting in a total dividend of 40 cents per share.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 1 October 2021, and will be paid on Monday, 4 October 2021.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 12 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 28 September 2021.
- The shares will trade ex dividend from the start of business on Wednesday, 29 September 2021.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 29 September 2021 and Friday, 1 October 2021, both days inclusive.
- The number of ordinary shares at the declaration date was 1 497 475 356.
- MMH's income tax number is 975 2050 147.

Preference shares

- Dividends of R18.5 million (2020: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 MMH preference shares as determined by the Company's Memorandum of Incorporation.

The Board of directors' responsibility

The preparation of these results, and the correct extraction thereof from the Group's audited AFS for the year ended 30 June 2021, are the responsibility of the Board of directors. A printed version of the full AFS and the SENS announcement may be requested from the office of the Group Company Secretary, Gcobisa Tyusha, tel: +27 12 673 1931 or gcobisa.tyusha@mmltd.co.za.

External audit

These summarised results have not been audited, but have been extracted from the Group's AFS for the year ended 30 June 2021, which have been audited by Ernst & Young Inc. and their unqualified audit report, together with the Group's audited AFS for the year ended 30 June 2021, are available for inspection at the Company's registered office and on Momentum Metropolitan's website. In addition, the summarised Group embedded value information has been extracted from the Group's Embedded Value Report for the year ended 30 June 2021, which has been reviewed by Ernst & Young Inc. in accordance with the embedded value basis of the Group, and the review report is available for inspection at the Company's registered office. Appointments must be made for inspections at the Company's registered office, whilst observing the necessary Covid-19 restrictions.

Signed on behalf of the Board

Sello Moloko
Chairman

Hillie Meyer
Group Chief Executive

Centurion
6 September 2021

Directors

MS Moloko (Chairman), HP Meyer (Group Chief Executive), JC Cilliers (Marais) (Deputy Chief Executive), RS Ketola (Group Finance Director), LM Chiume, P Cooper, F Daniels (Jakoet), L de Beer, NJ Dunkley, T Gobalsamy, Prof SC Jurisich, P Makosholo, Dr SL McPherson, V Nkonyeni, DJ Park, FJC Truter

Group Company Secretary

Gcobisa Tyusha

Website

www.momentummetropolitan.co.za

Transfer secretaries – South Africa

JSE Investor Services (Pty) Ltd
(registration number 2000/007239/07)
13th Floor, 19 Ameshoff Street, Braamfontein 2001.
PO Box 4844, Johannesburg 2000
Telephone: +27 11 713 0800
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Transfer secretaries – Namibia

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Email: info@nsx.com.na

Sponsor – South Africa:

Merrill Lynch South Africa (Pty) Ltd t/a BoFA Securities

Sponsor – Namibia

Simonis Storm Securities (Pty) Ltd

Auditors

Ernst & Young Inc.

Registered office

268 West Avenue, Centurion 0157

Registration number

2000/031756/06

JSE code

MTM

A2X code

MTM

NSX code

MMT

ISIN code

ZAE000269890

Momentum Metropolitan Life Ltd

(Incorporated in the Republic of South Africa)

Registration number

1904/002186/06

Company code

MMIG

SENS issue

8 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30.06.2021 Rm	Restated 30.06.2020[1] Rm	Restated 01.07.2019[1] Rm
Assets				
Intangible assets		**9 888**	10 339	9 633
Owner-occupied properties		**3 033**	3 598	4 011
Fixed assets		**404**	391	390
Investment properties		**8 938**	9 042	9 054
Properties under development		**163**	118	192
Investments in associates and joint ventures		**1 156**	905	792
Employee benefit assets		**697**	652	469
Financial assets at fair value through profit and loss (FVPL)	11	**466 280**	427 917	428 155
Financial assets at amortised cost	11	**9 598**	8 244	10 266
Reinsurance contract assets		**6 717**	6 142	5 912
Deferred income tax		**756**	862	599
Insurance and other receivables		**6 406**	5 371	5 286
Current income tax assets		**456**	371	184
Assets relating to disposal groups held for sale		**171**	154	919
Cash and cash equivalents	11	**38 121**	31 596	26 129
Total assets		**552 784**	505 702	501 991
Equity				
Equity attributable to owners of the parent		**21 575**	22 593	23 047
Non-controlling interests		**348**	410	526
Total equity		**21 923**	23 003	23 573
Liabilities				
Insurance contract liabilities				
Long-term insurance contracts	2	**128 889**	114 554	120 266
Non-life insurance contracts	2	**13 349**	11 287	9 603
Investment contracts	2	**311 785**	279 947	270 383
– with discretionary participation features (DPF)	11	**19 222**	18 320	20 573
– designated at FVPL	11	**292 563**	261 627	249 810
Financial liabilities at FVPL	11	**47 420**	47 645	48 771
Financial liabilities at amortised cost	11	**4 164**	4 610	3 368
Reinsurance contract liabilities		**2 347**	2 277	1 912
Deferred income tax		**2 722**	2 926	3 219
Employee benefit obligations		**1 148**	1 228	1 339
Other payables		**18 829**	17 790	18 270
Provisions		**38**	76	112
Current income tax liabilities		**170**	238	459
Liabilities relating to disposal groups held for sale		**–**	121	716
Total liabilities		**530 861**	482 699	478 418
Total equity and liabilities		**552 784**	505 702	501 991

[1] Refer to note 12 for more information on the restatements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2021

	Notes	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Net insurance premiums	2	**36 832**	32 572
Fee income	2, 2.3	**8 911**	8 573
Investment income		**21 102**	22 442
Net realised and unrealised fair value gains/(losses)		**40 233**	(12 705)
Net income		**107 078**	50 882
Net insurance benefits and claims	2	**31 141**	27 000
Change in actuarial liabilities and related reinsurance		**12 770**	(10 037)
Change in long-term insurance contract liabilities		**12 808**	(7 501)
Change in non-life insurance contract liabilities		**(77)**	(28)
Change in investment contracts with DPF liabilities		**763**	(2 187)
Change in reinsurance assets		**(140)**	(165)
Change in reinsurance liabilities		**(584)**	(156)
Fair value adjustments on investment contract liabilities		**34 188**	6 622
Fair value adjustments on collective investment scheme (CIS) liabilities		**2 816**	1 613
Depreciation, amortisation and impairment expenses	2	**1 273**	2 115
Employee benefit expenses	2	**6 511**	6 354
Sales remuneration	2	**6 989**	6 634
Other expenses	2	**7 402**	6 641
Expenses		**103 090**	46 942
Results of operations		**3 988**	3 940
Share of loss of associates and joint ventures		**(237)**	(282)
Finance costs	6	**(909)**	(1 085)
Profit before tax		**2 842**	2 573
Income tax expense		**(2 298)**	(2 277)
Earnings for the year		**544**	296
Attributable to:			
Owners of the parent		**451**	188
Non-controlling interests		**93**	108
		544	296
Basic earnings per ordinary share (cents)		**31.3**	12.9
Diluted earnings per ordinary share (cents)		**31.3**	12.9

[1] Refer to note 12 for more information on the restatements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Earnings for the year	**544**	296
Other comprehensive (loss)/income, net of tax[2]	**(738)**	665
Items that may subsequently be reclassified to income	**(469)**	411
Exchange differences on translating foreign operations[3,4]	**(381)**	375
Share of other comprehensive (loss)/income of associates	**(88)**	36
Items that will not be reclassified to income	**(269)**	254
Own credit (losses)/gains on financial liabilities designated at FVPL	**(90)**	69
Land and building revaluation	**22**	31
Remeasurements of post-employee benefit funds	**(179)**	163
Income tax relating to items that will not be reclassified	**(22)**	(9)
Total comprehensive (loss)/income for the year	**(194)**	961
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(275)**	846
Non-controlling interests	**81**	115
	(194)	961

1 Refer to note 12 for more information on the restatements.

2 Included within other comprehensive income is nil (Restated 30.06.2020: positive R9 million) relating to disposal groups held for sale at the end of the respective period.

3 Negative R17 million represents the foreign currency translation reserve (FCTR) reversal on the sale of Metropolitan Life Zambia Ltd, Metropolitan Health Zambia Ltd, Metropolitan Tanzania Life Assurance Company Ltd and Metropolitan Tanzania Insurance Company Ltd, giving rise to an income of the same extent in the income statement. In the prior year, positive R43 million represented the FCTR reversal on the sale of UBA Metropolitan Life Insurance Ltd (Nigeria) and Financial Partners Ltd, giving rise to a loss of the same extent in the income statement. These entities were classifed as held for sale in the prior year.

4 The movement is primarily caused by the year-on-year strengthening of the ZAR against the GBP, BWP, GHS, KES and USD. In the prior year, the ZAR weakened against these currencies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Notes	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Changes in share capital			
Balance at beginning and end		**9**	9
Changes in share premium			
Balance at beginning		**13 161**	13 331
Net increase in treasury shares held on behalf of contract holders		**(142)**	(170)
Increase in treasury shares held by subsidiary for employees		**(291)**	–
Balance at end		**12 728**	13 161
Changes in other reserves			
Balance at beginning		**2 315**	1 721
Change in accounting policy[2]		**–**	39
Restated opening balance		**2 315**	1 760
Total comprehensive (loss)/income		**(636)**	589
Equity-settled share-based payments		**46**	–
Change in non-distributable reserves		**–**	(19)
Transfer to retained earnings		**(256)**	(15)
Balance at end	9	**1 469**	2 315
Changes in retained earnings			
Balance at beginning		**7 108**	7 959
Opening adjustment[3]		**–**	(19)
Held for sale restatement		**–**	46
Change in accounting policy[2]		**–**	(39)
Restated opening balance		**7 108**	7 947
Total comprehensive income		**361**	257
Dividend declared		**(365)**	(1 092)
Transactions with non-controlling interests		**9**	(19)
Transfer from other reserves		**256**	15
Balance at end		**7 369**	7 108
Equity attributable to owners of the parent		**21 575**	22 593
Changes in non-controlling interests			
Balance at beginning		**410**	526
Total comprehensive income		**81**	115
Dividend paid		**(109)**	(178)
Transactions with owners		**7**	(33)
Sale of subsidiary		**(41)**	(20)
Balance at end		**348**	410
Total equity		**21 923**	23 003

1 Refer to note 12 for more information on the restatements.

2 During the current year, the Group's accounting policy related to owner-occupied properties was changed. The previous policy stated that any difference between the depreciation charge on the revalued amount of owner-occupied property and the amount which would have been charged under historic cost, would be transferred between the revaluation reserve and retained earnings annually as the property is utilised. The new accounting policy requires that the entire revaluation reserve balance only be transferred to retained earnings upon disposal of the owner-occupied property or when the property is no longer classified as owner-occupied. With this change the financial statements will provide more relevant and reliable information, as it reduces the number of transactions for this reserve recognised through the statement of changes in equity. The change in accounting policy resulted in a transfer of R58 million from retained earnings to the land and buildings revaluation reserve, of which R19 million relates to the 2020 financial year and R39 million relates to the financial periods prior to 2020.

3 This relates to the implementation and adoption of IFRS 16 in the prior financial year.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Cash flow from operating activities		
Cash utilised in operations	**(6 998)**	(11 070)
Interest and dividends received	**19 683**	21 114
Income tax paid	**(2 588)**	(3 370)
Interest paid	**(897)**	(1 013)
Net cash inflow from operating activities	**9 200**	5 661
Cash flow from investing activities		
Net investments in subsidiaries	**(293)**	(1 324)
Net investments in associates and joint ventures	**(457)**	(379)
Net loan (advances)/repayments by related parties	**(29)**	21
Net purchases of owner-occupied properties	**(222)**	(204)
Net purchases of fixed assets	**(222)**	(185)
Net purchases of computer software	**(72)**	(59)
Dividends from associates	**16**	12
Net cash outflow from investing activities	**(1 279)**	(2 118)
Cash flow from financing activities		
Proceeds from borrowings	**8 716**	8 737
Repayment of borrowings	**(8 140)**	(6 747)
Dividends paid to equity holders	**(365)**	(1 092)
Dividends paid to non-controlling interest shareholders	**(109)**	(178)
Net purchases of treasury shares held on behalf of contract holders	**(142)**	(170)
Net purchases of treasury shares held by subsidiary for employees	**(291)**	–
Transactions with non-controlling interest shareholders	**21**	(52)
Net cash (outflow)/inflow from financing activities	**(310)**	498
Net cash flow	**7 611**	4 041
Cash resources and funds on deposit at beginning	**31 621**	26 325
Foreign currency translation	**(1 111)**	1 255
Cash resources and funds on deposit at end	**38 121**	31 621
Made up as follows:		
Cash and cash equivalents	**38 121**	31 596
Assets relating to disposal groups held for sale	**–**	25
	38 121	31 621

[1] Refer to note 12 for more information on the restatements.

NOTE 1

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings 12 mths to 30.06.2021 Rm	Basic earnings Restated 12 mths to 30.06.2020[1] Rm	Diluted earnings 12 mths to 30.06.2021 Rm	Diluted earnings Restated 12 mths to 30.06.2020[1] Rm
Earnings – equity holders of the Group	**451**	188	**451**	188
Finance costs – convertible preference shares[2]			**–**	–
Diluted earnings			**451**	188
Adjustments within equity-accounted earnings	**28**	–	**28**	–
Loss on dilution of joint venture	**5**	–	**5**	–
Loss on step-up of joint venture	**–**	8	**–**	8
Intangible asset impairments[3]	**117**	349	**117**	349
Tax on intangible asset impairments	**(40)**	(34)	**(40)**	(34)
Gain on sale of subsidiary[4]	**(150)**	(118)	**(150)**	(118)
Impairments relating to held for sale entities	**–**	42	**–**	42
FCTR reversal on sale of foreign subsidiary	**(17)**	43	**(17)**	43
Investment in associates impairments[5]	**38**	–	**38**	–
Impairment of owner-occupied property below cost[6]	**116**	568	**116**	568
Tax on impairment of owner-occupied property below cost	**(103)**	(10)	**(103)**	(10)
Headline earnings[7]	**445**	1 036	**445**	1 036
Broad-based black economic empowerment (B-BBEE) costs			**25**	–
Adjustments for iSabelo			**40**	–
Adjustments for MMH shares held by policyholder funds			**54**	(18)
Amortisation of intangible assets relating to business combinations			**406**	466
Finance costs – convertible preference shares[2]			**37**	37
Normalised headline earnings[8,9]			**1 007**	1 521

1 Refer to note 12 for more information on the restatements.

2 The finance costs relating to the Kagiso Tiso Holdings (Pty) Ltd (KTH) preference shares are anti-dilutive in both the current and prior year and it accordingly is only taken into account in the calculation of normalised headline earnings.

3 The current year impairments relate mainly to:
– Value of in-force business acquired in Shareholders due to a decrease in the asset values that back these liabilities.
– The reversal of impairments relating to computer software in Momentum Metropolitan Africa due to a higher recoverable amount.
The prior year impairments related mainly to:
– Goodwill, customer relationships, brands, and broker network in Non-life Insurance due to a lower recoverable amount.
– Computer software in Shareholders, Momentum Life, and Momentum Metropolitan Health due to the software no longer being in use.
– Value of in-force business acquired in Shareholders due to a decrease in the asset values that back these liabilities.

4 The current year relates mainly to the sale of the controlling interest in MHNA as well as the sale of Metropolitan Life Zambia Ltd, Metropolitan Health Zambia Ltd, Metropolitan Tanzania Life Assurance Company Ltd and Metropolitan Tanzania Insurance Company Ltd in the Momentum Metropolitan Africa segment. The prior year related to the sale of UBA Metropolitan Life Insurance Ltd (Nigeria) and Metropolitan Life Swaziland Ltd in the Momentum Metropolitan Africa segment and Financial Partners Ltd in the Momentum Investments segment.

5 The current year relates to the impairment of RMI Investment Managers Affiliates 2 (Pty) Ltd due to a decline in value of this associate.

6 The impairment in the current and prior year mainly relates to the impairment of the Marc, Tower 2. The value of the property, prior to June 2020, was the cost of development as it was still under construction. The impairment can largely be attributed to the decline in market rental rates for office property in Sandton in recent years, as well as considering the weak property market outlook as a result of the Covid-19 pandemic.

7 Headline earnings consist of operating profit, investment return, investment variances and basis and other changes. The long-term insurance industry exemption which allows that net realised and unrealised fair value gains on investment properties not being excluded from headline earnings has been applied.

8 Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations and B-BBEE costs. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the MMH treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings.

9 Refer to note 2 for an analysis of normalised headline earnings per segment.

NOTE 1 CONTINUED

EARNINGS PER SHARE (cents) attributable to owners of the parent	**12 mths to 30.06.2021**	**Restated 12 mths to 30.06.2020[1]**
Basic		
Earnings	**31.3**	12.9
Headline earnings	**30.9**	71.3
Weighted average number of shares (million)[2]	**1 439**	1 452
Basic number of shares in issue (million)	**1 423**	1 448
Diluted[3]		
Normalised headline earnings	**67.1**	101.5
Weighted average number of shares (million)[4]	**1 500**	1 499
Diluted number of shares in issue (million)	**1 526**	1 499
Earnings	**31.3**	12.9
Headline earnings	**30.9**	71.3
Weighted average number of shares (million)[2]	**1 439**	1 452

1 Refer to note 12 for more information on the restatements.

2 For basic and diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders as well as those held by a subsidiary on behalf of employees are deemed to be cancelled.

3 On a diluted basis, the KTH preference shares are anti-dilutive in both the current and prior year. For diluted earnings and headline earnings, these preference shares are therefore ignored in accordance with IAS 33. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares were treated when dilutive.

4 For normalised headline earnings per share, treasury shares held on behalf of contract holders as well as those held by a subsidiary on behalf of employees are deemed to be issued.

NOTE 2

SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Life:** Momentum Life includes protection and savings products focused on the middle and affluent client segments, as well as Multiply, a wellness focused client engagement platform.
- **Momentum Investments:** Momentum Investments consists of the Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties.
- **Metropolitan Life:** Metropolitan Life focuses on the lower and middle income retail market segment, with a range of protection, savings and annuity products.
- **Momentum Corporate:** Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products.
- **Momentum Metropolitan Health:** Provides healthcare solutions to individuals, corporates and the public sector within a range of structures and products.
- **Non-life Insurance:** Non-life Insurance comprises the retail general insurance offering, Momentum Short-term Insurance and Momentum Insurance; and the cell captive insurer, Guardrisk.
- **Momentum Metropolitan Africa:** This segment includes the Group's operations within other African countries. This includes life insurance, non-life insurance, health insurance and administration and asset management. Botswana, Lesotho and Namibia contributes most materially to the results of this segment.
- **New Initiatives:** This includes India, aYo, Multiply Money, Exponential Ventures and Momentum Consult.
- **Shareholders:** The Shareholders segment represents the investment return on venture capital fund investments, a proportion of the investment returns from MML, less the head office costs not allocated to operating segments (eg certain holding company expenses).

The Executive Committee of the Group assesses the performance of the operating segments based on normalised headline earnings. Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations and B-BBEE costs. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the MMH treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings.

A reconciliation of earnings to normalised headline earnings is provided in note 1.

Refer to the embedded value report for in depth detail on covered business.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

NOTE 2 CONTINUED

SEGMENTAL REPORT CONTINUED

	Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items[1] Rm	Total Rm
12 mths to 30.06.2021													
Revenue													
Net insurance premiums	2.4	9 516	32 361	7 657	14 864	932	11 509	4 839	–	–	81 678	(44 846)	36 832
Recurring premiums		8 976	766	6 233	12 346	931	9 654	3 867	–	–	42 773	(13 241)	29 532
Single premiums		540	31 595	1 424	2 518	1	1 855	972	–	–	38 905	(31 605)	7 300
Fee income		1 226	3 427	106	1 011	2 123	1 993	224	90	112	10 312	(1 401)	8 911
Fee income	2.3, 2.4	1 182	2 785	106	1 010	2 120	1 995	224	69	–	9 491	(580)	8 911
Intergroup fee income		44	642	–	1	3	(2)	–	21	112	821	(821)	–
Expenses													
Net payments to contract holders													
External payments		10 718	29 551	6 564	18 102	633	6 843	2 701	–	–	75 112	(43 971)	31 141
Other expenses[2]		3 451	3 072	2 808	1 497	2 014	4 248	1 536	239	506	19 371	2 804	22 175
Sales remuneration		1 357	858	1 265	88	45	2 686	658	32	–	6 989	–	6 989
Administration expenses		1 917	1 704	1 489	1 184	1 625	1 362	656	174	1 100	11 211	2 650	13 861
Asset management, direct property and other fee expenses		67	258	–	–	6	–	2	4	14	351	974	1 325
Intergroup expenses		110	252	54	225	338	200	220	29	(608)	820	(820)	–
Normalised headline earnings	2.1	(859)	1 095	435	(552)	213	544	256	(358)	233	1 007	–	1 007
Operating (loss)/profit[3]		(1 346)	1 490	513	(827)	282	699	122	(360)	(219)	354	–	354
Tax on operating (loss)/profit		355	(387)	(146)	220	(68)	(191)	(60)	–	(4)	(281)	–	(281)
Investment return		151	(14)	79	64	(1)	50	248	2	597	1 176	–	1 176
Tax on investment return		(19)	6	(11)	(9)	–	(14)	(54)	–	(141)	(242)	–	(242)
Covered	2.2	(822)	885	433	(547)	–	–	225	–	90	264	–	264
Non-covered	2.2	(37)	210	2	(5)	213	544	31	(358)	143	743	–	743
		(859)	1 095	435	(552)	213	544	256	(358)	233	1 007	–	1 007
Basis changes and investment variances[4]		(1 486)	327	(278)	(774)	–	–	(26)	–	31	(2 206)	–	(2 206)
Actuarial liabilities		76 738	185 447	36 608	106 351	35	33 047	15 797	–	–	454 023	–	454 023

1 The "Reconciling items" column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R468 million) and asset management fees for all entities (R506 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R2 044 million); the amortisation of intangible assets relating to business combinations (R558 million); expenses relating to consolidated CISs and other minor adjustments to expenses and fee income.

2 Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

3 Operating (loss)/profit is normalised headline earnings gross of tax less investment return.

4 Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

	Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health[1] Rm	Non-life Insurance Rm	Momentum Metropolitan Africa[2] Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items[3] Rm	Total Rm
Restated 12 mths to 30.06.2020[4]													
Revenue													
Net insurance premiums	2.4	9 466	24 067	7 085	15 340	857	12 818	4 698	–	–	74 331	(41 759)	32 572
Recurring premiums		8 896	734	6 025	12 327	855	9 036	3 926	–	–	41 799	(13 220)	28 579
Single premiums		570	23 333	1 060	3 013	2	3 782	772	–	–	32 532	(28 539)	3 993
Fee income		1 290	3 303	116	952	2 038	1 594	314	29	41	9 677	(1 104)	8 573
Fee income	2.3, 2.4	1 246	2 717	116	951	2 036	1 594	314	25	–	8 999	(426)	8 573
Intergroup fee income		44	586	–	1	2	–	–	4	41	678	(678)	–
Expenses													
Net payments to contract holders													
External payments		9 093	22 658	5 435	15 278	407	4 984	2 518	–	–	60 373	(33 373)	27 000
Other expenses[5]		3 223	2 985	2 540	1 503	1 912	4 106	1 851	254	740	19 114	2 630	21 744
Sales remuneration		1 277	829	1 075	90	40	2 611	703	9	–	6 634	–	6 634
Administration expenses		1 754	1 722	1 419	1 235	1 530	1 368	912	240	1 224	11 404	2 371	13 775
Asset management, direct property and other fee expenses		73	290	–	–	8	–	3	–	24	398	937	1 335
Intergroup expenses		119	144	46	178	334	127	233	5	(508)	678	(678)	–
Normalised headline earnings[6, 7]	2.1	578	340	393	177	156	405	317	(509)	(336)	1 521	–	1 521
Operating profit/(loss)[8]		590	420	422	152	210	494	88	(518)	25	1 883	–	1 883
Tax on operating profit/(loss)		(190)	(107)	(120)	(48)	(52)	(146)	(18)	7	(208)	(882)	–	(882)
Investment return		199	33	100	80	(2)	69	229	2	(136)	574	–	574
Tax on investment return		(21)	(6)	(9)	(7)	–	(12)	18	–	(17)	(54)	–	(54)
Covered	2.2	631	209	393	188	–	–	353	–	(176)	1 598	–	1 598
Non-covered	2.2	(53)	131	–	(11)	156	405	(36)	(509)	(160)	(77)	–	(77)
		578	340	393	177	156	405	317	(509)	(336)	1 521	–	1 521
Basis changes and investment variances[9]		(271)	(272)	(412)	(470)	–	–	(135)	–	–	(1 560)	–	(1 560)
Actuarial liabilities		69 917	165 404	33 800	93 765	30	29 226	13 646	–	–	405 788	–	405 788

1 Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

2 The "Momentum Metropolitan Africa" column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period: Net insurance premiums R276 million; external payments R177 million and administration expenses R179 million.

3 The "Reconciling items" column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R478 million) and asset management fees for all entities (R459 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R1 678 million); the amortisation of intangible assets relating to business combinations (R662 million); expenses relating to consolidated CISs and other minor adjustments to expenses and fee income.

4 Refer to note 12 for more information on the restatements other than footnotes 1, 6 and 7.

5 Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

6 The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

7 In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. June 2020 has been restated accordingly.

8 Operating profit/(loss) is normalised headline earnings gross of tax less investment return.

9 Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

NOTE 2.1

CHANGE IN NORMALISED HEADLINE EARNINGS

	Notes	Change %	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Momentum Life		<(100)	(859)	578
Momentum Investments		>100	1 095	340
Metropolitan Life		11	435	393
Momentum Corporate		<(100)	(552)	177
Momentum Metropolitan Health[2]		37	213	156
Non-life Insurance		34	544	405
Momentum Metropolitan Africa		(19)	256	317
Normalised headline earnings from operating segments		(52)	1 132	2 366
New Initiatives		30	(358)	(509)
Shareholders		>100	233	(336)
Total normalised headline earnings	2	(34)	1 007	1 521

1 In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. June 2020 has been restated accordingly.

2 Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

NOTE 2.2

SEGMENTAL ANALYSIS

	Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Share-holders Rm	Total Rm
12 mths to 30.06.2021											
Covered											
Protection		(1 110)	–	72	(997)	–	–	(2)	–	–	(2 037)
Long-term savings		236	107	(3)	257	–	–	114	–	–	711
Annuities and structured products		–	779	234	175	–	–	26	–	–	1 214
Traditional		(216)	–	78	–	–	–	6	–	–	(132)
Other[1]		146	18	(16)	(36)	–	–	3	–	58	173
Investment return		122	(19)	68	54	–	–	78	–	32	335
Total	2	(822)	885	433	(547)	–	–	225	–	90	264
Non-covered											
Investment and savings	2.2.1	–	199	–	–	–	–	–	–	–	199
Life insurance		–	–	–	–	–	–	(4)	–	–	(4)
Health	2.2.2	–	–	–	–	214	–	82	–	–	296
Momentum Multiply		(40)	–	–	–	–	–	–	–	–	(40)
Non-life insurance	2.2.3	–	–	–	–	–	133	(27)	–	–	106
Cell captives	2.2.3	–	–	–	–	–	375	–	–	–	375
Holding company expenses		–	–	–	–	–	–	(108)	–	(193)	(301)
New initiatives India	2.2.4	–	–	–	–	–	–	–	(230)	–	(230)
New initiatives aYo		–	–	–	–	–	–	–	(17)	–	(17)
Other[2]		(7)	–	2	(6)	–	–	(28)	(113)	(88)	(240)
Investment return		10	11	–	1	(1)	36	116	2	424	599
Total	2	(37)	210	2	(5)	213	544	31	(358)	143	743
Normalised headline earnings		(859)	1 095	435	(552)	213	544	256	(358)	233	1 007

1 Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.
2 Included in Other is mainly Multiply Money as well as earnings that are not policyholder related.

NOTE 2.2 CONTINUED

SEGMENTAL ANALYSIS CONTINUED

	Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health[1] Rm	Non-life Insurance Rm	Momentum Metropolitan Africa[2] Rm	New Initiatives Rm	Share-holders Rm	Total Rm
Restated											
12 mths to 30.06.2020[3, 4]											
Covered											
Protection		338	–	260	(34)	–	–	75	–	–	639
Long-term savings		142	102	153	(24)	–	–	4	–	–	377
Annuities and structured products		–	75	(124)	180	–	–	33	–	–	164
Traditional		(2)	–	57	–	–	–	26	–	–	81
Other[5]		(10)	1	(44)	(7)	–	–	45	–	(66)	(81)
Investment return		163	31	91	73	–	–	170	–	(110)	418
Total	2	631	209	393	188	–	–	353	–	(176)	1 598
Non-covered											
Investment and savings	2.2.1	–	135	–	–	–	–	–	–	–	135
Life insurance		–	–	–	–	–	–	(19)	–	–	(19)
Health	2.2.2	–	–	–	–	158	–	50	–	–	208
Momentum Multiply		(61)	–	–	–	–	–	–	–	–	(61)
Non-life insurance	2.2.3	–	–	–	–	–	20	(17)	–	–	3
Cell captives	2.2.3	–	–	–	–	–	328	–	–	–	328
Holding company expenses		–	–	–	–	–	–	(114)	–	(143)	(257)
New initiatives India	2.2.4	–	–	–	–	–	–	–	(290)	–	(290)
New initiatives aYo		–	–	–	–	–	–	–	(108)	–	(108)
Other[6]		(7)	–	–	(11)	–	–	(13)	(113)	26	(118)
Investment return		15	(4)	–	–	(2)	57	77	2	(43)	102
Total	2	(53)	131	–	(11)	156	405	(36)	(509)	(160)	(77)
Normalised headline earnings		578	340	393	177	156	405	317	(509)	(336)	1 521

1 Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

2 Momentum Metropolitan Africa has paired the releases of distinct discretionary margins with the most relevant product to more accurately reflect the net impact of the releases with the performance of the products. June 2020 has been restated accordingly.

3 The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

4 In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. June 2020 has been restated accordingly.

5 Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

6 Included in Other is mainly Multiply Money as well as earnings that are not policyholder related.

NOTE 2.2.1

MOMENTUM INVESTMENTS – NON-COVERED BUSINESS

	Notes	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1,2] Rm
Revenue		**1 701**	1 687
Fee income		**1 647**	1 644
Performance fees		**–**	1
Investment income		**32**	47
Fair value gains/(losses)		**22**	(5)
Expenses and finance costs		**(1 431)**	(1 496)
Other expenses		**(1 401)**	(1 454)
Finance costs		**(30)**	(42)
Share of profit of associates		**17**	3
Profit before tax		**287**	194
Income tax expense		**(73)**	(64)
Non-controlling interest		**(4)**	1
Normalised headline earnings		**210**	131
Operating profit before tax	2.2	**271**	194
Tax on operating profit	2.2	**(72)**	(59)
Investment return		**12**	(5)
Tax on investment return		**(1)**	1
Normalised headline earnings		**210**	131
Assets under management at year-end		**493 002**	436 283

1 The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

2 Refer to note 12 for more information on the restatements other than footnote 1.

NOTE 2.2.2

HEALTH – NON-COVERED BUSINESS

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2021				
Revenue		3 087	634	3 721
Net insurance premiums		932	518	1 450
Fee income		2 121	82	2 203
Investment income		12	34	46
Intergroup fees		22	–	22
Expenses and finance costs		(2 698)	(477)	(3 175)
Net payments to contract holders		(633)	(314)	(947)
Change in actuarial liabilities		(7)	(2)	(9)
Other expenses		(2 055)	(160)	(2 215)
Finance costs		(3)	(1)	(4)
Share of profit of associates		13	15	28
Profit before tax		402	172	574
Income tax expense		(104)	(44)	(148)
Non-controlling interest		(85)	(22)	(107)
Normalised headline earnings		213	106	319
Operating profit before tax	2.2	282	117	399
Tax on operating profit	2.2	(68)	(35)	(103)
Investment return		(1)	24	23
Normalised headline earnings		213	106	319
Closed schemes		49	106	155
Open scheme		75	–	75
Other		89	–	89
		213	106	319

	Principal members	Lives
Momentum Metropolitan Health principal members	1 164 241	
Momentum Metropolitan Africa lives		432 663

NOTE 2.2.2 CONTINUED

HEALTH – NON-COVERED BUSINESS CONTINUED

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
12 mths to 30.06.2020[1]				
Revenue		2 930	834	3 764
Net insurance premiums		857	585	1 442
Fee income		2 036	213	2 249
Investment income		35	36	71
Intergroup fees		2	–	2
Expenses and finance costs		(2 616)	(682)	(3 298)
Net payments to contract holders		(602)	(389)	(991)
Change in actuarial liabilities		(8)	–	(8)
Other expenses		(2 000)	(290)	(2 290)
Finance costs		(6)	(3)	(9)
Share of profit of associates		4	–	4
Profit before tax		318	152	470
Income tax expense		(79)	(51)	(130)
Non-controlling interest		(83)	(32)	(115)
Normalised headline earnings		156	69	225
Operating profit before tax	2.2	210	80	290
Tax on operating profit	2.2	(52)	(30)	(82)
Investment return		(3)	24	21
Tax on investment return		1	(5)	(4)
Normalised headline earnings		156	69	225
Closed schemes		73	69	142
Open scheme		60	–	60
Other		23	–	23
		156	69	225

	Principal members	Lives
Momentum Metropolitan Health principal members	1 108 442	
Momentum Metropolitan Africa lives		427 531

[1] The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

NOTE 2.2.3

NON-LIFE INSURANCE

	Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2021					
Net insurance premiums		1 495	–	271	1 766
Fee income		537	952	67	1 556
Management fees		–	590	–	590
Investment fees		–	79	–	79
Underwriting fees		–	276	–	276
Other fee income		537	7	67	611
Investment income		69	145	59	273
Total income		2 101	1 097	397	3 595
Expenses and finance costs		(1 861)	(587)	(369)	(2 817)
Net payments to contract holders		(926)	–	(139)	(1 065)
Change in actuarial liabilities		–	–	(26)	(26)
Acquisition costs[1]		(157)	–	(52)	(209)
Other expenses		(778)	(572)	(152)	(1 502)
Finance costs		–	(15)	–	(15)
Profit before tax		240	510	28	778
Income tax expense		(74)	(132)	(1)	(207)
Non-controlling interest		–	–	(2)	(2)
Normalised headline earnings		166	378	25	569
Operating profit/(loss) before tax	2.2	193	506	(26)	673
Tax on operating profit/(loss)	2.2	(60)	(131)	(1)	(192)
Investment return		46	3	52	101
Tax on investment return		(13)	–	–	(13)
Normalised headline earnings		166	378	25	569
Momentum Short-term Insurance (including Admin)		2	–	–	2
Momentum Insurance		164	–	–	164
Guardrisk Group		–	378	–	378
Momentum Insurance (Namibia)		–	–	1	1
Tanzania		–	–	–	–
Momentum Short-term Insurance (Namibia)		–	–	1	1
Cannon Short-term		–	–	23	23
		166	378	25	569

[1] The acquisition costs relating to the cell captive business are included in underwriting fees..

NOTE 2.2.3 CONTINUED

NON-LIFE INSURANCE CONTINUED

	Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated					
12 mths to 30.06.2020[1, 2]					
Net insurance premiums		1 124	–	218	1 342
Fee income		204	774	34	1 012
Management fees		–	407	–	407
Investment fees		–	111	–	111
Underwriting fees		–	247	–	247
Other fee income		204	9	34	247
Investment income		86	179	40	305
Total income		1 414	953	292	2 659
Expenses and finance costs		(1 304)	(500)	(273)	(2 077)
Net payments to contract holders		(660)	–	(114)	(774)
Acquisition costs[3]		(137)	–	(42)	(179)
Other expenses		(507)	(481)	(117)	(1 105)
Finance costs		–	(19)	–	(19)
Profit before tax		110	453	19	582
Income tax expense		(40)	(118)	(1)	(159)
Non-controlling interest		–	–	(2)	(2)
Normalised headline earnings		70	335	16	421
Operating profit/(loss) before tax	2.2	47	446	(17)	476
Tax on operating profit/(loss)	2.2	(27)	(118)	–	(145)
Investment return		63	6	33	102
Tax on investment return		(13)	1	–	(12)
Normalised headline earnings		70	335	16	421
Momentum Short-term Insurance (including Admin)		(18)	–	–	(18)
Momentum Insurance		88	–	–	88
Guardrisk Group		–	335	–	335
Swaziland		–	–	2	2
Tanzania		–	–	4	4
Momentum Short-term Insurance (Namibia)		–	–	–	–
Cannon Short-term		–	–	10	10
		70	335	16	421

1 The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

2 Refer to note 12 for more information on the restatements other than footnote 1.

3 The acquisition costs relating to the cell captive business are included in underwriting fees.

NOTE 2.2.4

INDIA – NON-COVERED BUSINESS[1]

	Notes	12 mths to 30.06.2021 Rm	12 mths to 30.06.2020 Rm
Gross written premiums		**2 710**	1 900
Net earned premiums		**1 765**	1 275
Fee income		**26**	19
Net incurred claims		**(883)**	(625)
Total management expenses		**(1 393)**	(1 205)
Net commission expenses		**(103)**	(101)
Underwriting loss		**(588)**	(637)
Investment income		**130**	91
Operating loss		**(458)**	(546)
Investment income on excess		**46**	15
Loss before and after tax		**(412)**	(531)
MMH share of results (49%)		**(202)**	(260)
Group support costs		**(28)**	(30)
Normalised headline earnings	2.2	**(230)**	(290)
Number of lives		**13 414 469**	8 348 644

[1] The India results have been reported with a three month lag.

NOTE 2.3

SEGMENT IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

		Total revenue in scope of IFRS 15					
	Notes	Contract admini-stration Rm	Trust and fiduciary services Rm	Health admini-stration Rm	Cell captive commission Rm	Other fee income Rm	Total fee income Rm
12 mths to 30.06.2021							
Momentum Life		**963**	**19**	**–**	**–**	**200**	**1 182**
Momentum Investments		**1 459**	**1 162**	**–**	**–**	**164**	**2 785**
Metropolitan Life		**36**	**–**	**–**	**–**	**70**	**106**
Momentum Corporate		**537**	**421**	**–**	**–**	**52**	**1 010**
Momentum Metropolitan Health		**1**	**–**	**2 102**	**–**	**17**	**2 120**
Non-life Insurance		**96**	**–**	**–**	**1 320**	**579**	**1 995**
Momentum Metropolitan Africa		**24**	**22**	**5**	**3**	**170**	**224**
New Initiatives		**–**	**–**	**–**	**–**	**69**	**69**
Segmental total		**3 116**	**1 624**	**2 107**	**1 323**	**1 321**	**9 491**
Reconciling items		**–**	**(583)**	**–**	**–**	**3**	**(580)**
Total	2	**3 116**	**1 041**	**2 107**	**1 323**	**1 324**	**8 911**
Restated							
12 mths to 30.06.2020[1, 2]							
Momentum Life		1 005	11	–	–	230	1 246
Momentum Investments		1 431	1 182	–	–	104	2 717
Metropolitan Life		54	–	–	–	62	116
Momentum Corporate		433	463	–	–	55	951
Momentum Metropolitan Health		3	–	2 018	–	15	2 036
Non-life Insurance		154	–	–	1 190	250	1 594
Momentum Metropolitan Africa		33	25	10	–	246	314
New Initiatives		–	–	–	–	25	25
Segmental total		3 113	1 681	2 028	1 190	987	8 999
Reconciling items		–	(431)	–	–	5	(426)
Total	2	3 113	1 250	2 028	1 190	992	8 573

[1] Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

[2] Refer to note 12 for more information on the restatements other than footnote 1.

NOTE 2.4

SEGMENT REVENUE PER GEOGRAPHICAL BASIS

	Notes	SA Rm	Non-SA Rm	Total revenue Rm
12 mths to 30.06.2021				
Momentum Life		**10 698**	**–**	**10 698**
Momentum Investments		**34 426**	**720**	**35 146**
Metropolitan Life		**7 763**	**–**	**7 763**
Momentum Corporate		**15 874**	**–**	**15 874**
Momentum Metropolitan Health		**3 052**	**–**	**3 052**
Non-life Insurance		**11 873**	**1 631**	**13 504**
Momentum Metropolitan Africa		**–**	**5 063**	**5 063**
New Initiatives		**62**	**7**	**69**
Segmental total		**83 748**	**7 421**	**91 169**
Reconciling items		**(43 071)**	**(2 355)**	**(45 426)**
Total	2	**40 677**	**5 066**	**45 743**
Restated				
12 mths to 30.06.2020[1, 2]				
Momentum Life		10 712	–	10 712
Momentum Investments		26 187	597	26 784
Metropolitan Life		7 201	–	7 201
Momentum Corporate		16 291	–	16 291
Momentum Metropolitan Health		2 893	–	2 893
Non-life Insurance		13 009	1 403	14 412
Momentum Metropolitan Africa		–	5 012	5 012
New Initiatives		25	–	25
Segmental total		76 318	7 012	83 330
Reconciling items		(40 238)	(1 947)	(42 185)
Total	2	36 080	5 065	41 145

1 Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

2 Refer to note 12 for more information on the restatements other than footnote 1.

NOTE 3

NON-CONTROLLING INTERESTS (legal percentages)

	30.06.2021 %	30.06.2020 %
Cannon Assurance	**33.7**	33.7
Eris Property Group	**23.1**	23.5
Metropolitan Health Ghana	**15.0**	15.0
Metropolitan Kenya	**33.7**	33.7
Momentum Metropolitan Namibia	**0.8**	0.7
Momentum Mozambique	**33.0**	33.0
Metropolitan Health Corporate	**49.0**	49.0
Momentum Short-term Insurance (Namibia)	**30.0**	30.0
Momentum Insurance (Namibia)	**30.0**	–
Entities sold during year		
Methealth Namibia Administrators[1]	**–**	49.0
Metropolitan Tanzania	**–**	33.0

[1] The Group's effective interest in this entity declined from 51% to 49%, as a result of the 2% stake sold in the current year.

NOTE 4

BUSINESS COMBINATIONS

JUNE 2021

Seneca

On 30 November 2020, the Group, through its wholly owned subsidiary, MGIM, acquired 100% of the shares in Seneca for £8.22 million in cash and £5 million contingent consideration. The contingent consideration is dependent on certain targets being met. If no targets are met, the payment will be nil and if the targets are met, a maximum payment of £5 million will be made.

On 9 December 2020, the Group, through its 70% owned subsidiary, Momentum Short-term Insurance (Namibia) Ltd, acquired 100% in AFIN for N$40 million in cash and N$10 million contingent consideration. AFIN has since been renamed to Momentum Insurance (Namibia). The initial accounting for the AFIN acquisition has been provisionally determined at reporting date. At the date of finalisation of the summarised audited results, the necessary valuations of certain assets had not been finalised and are therefore presented as preliminary.

On 1 June 2021, the Group, through its wholly owned subsidiary, Guardrisk Group (Pty) Ltd, acquired 100% of the shares in Inniu for R41 million in cash and R19 million contingent consideration.

The acquisitions provide an opportunity for growth, which is the Group's current focus.

JUNE 2020

Alexander Forbes Short-term Insurance

On 31 January 2020, MMH, through its wholly owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd, acquired the Alexander Forbes Short-term Insurance (AFI) business for R2.04 billion in cash. AFI has since been renamed to Momentum Insurance.

The assets purchased include:

- 100% of the shares in Alexander Forbes Administration Services (Pty) Ltd, Alexander Forbes Direct (Pty) Ltd and Alexander Forbes Insurance Company Ltd;
- the information technology software which supports AFI; and
- the trademarks specific to AFI.

The strategic acquisition is in line with Momentum Metropolitan's overall Reset and Grow strategy and specifically aims to fast track growth of the non-life insurance interests of the Group.

NOTE 4 CONTINUED

BUSINESS COMBINATIONS CONTINUED

The purchase price consideration, the net assets acquired and any relevant goodwill relating to the above transactions are as follows:

	Seneca Rm	Other Rm	30.06.2021 Rm	30.06.2020 Rm
Purchase consideration in total	283	110	393	2 038
Fair value of net assets				
Intangible assets	138	–	138	380
Tangible assets	1	15	16	18
Financial instrument assets	10	595	605	8
Insurance and other receivables	–	67	67	289
Cash and cash equivalents[1]	26	17	43	611
Other assets	–	–	–	11
Insurance contract liabilities	–	(626)	(626)	(358)
Financial instrument liabilities	–	–	–	(16)
Other liabilities	(31)	(12)	(43)	(297)
Net identifiable assets acquired	144	56	200	646
Goodwill recognised	139	54	193	1 392
Contingent liability payments	(107)	(29)	(136)	–
Purchase consideration in cash[1]	176	81	257	2 038
Revenue since acquisition	26	78	104	384
Earnings since acquisition	4	2	6	88

1 Net cash outflow of R214 million relating to the purchase of subsidiaries is made up of negative R257 million relating to the purchase consideration in cash and positive R43 million relating to cash and cash equivalents recognized as part of the net assets acquired.

The above acquisitions resulted in a total of R1.59 billion goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes. If the acquisitions were made on 1 July 2020, additional revenue of R58 million and loss after tax of R5 million would have been recognised.

NOTE 5

RECONCILIATION OF GOODWILL

	30.06.2021 Rm	30.06.2020 Rm
Cost	2 957	2 764
Accumulated impairment	(476)	(476)
Balance at end	2 481	2 288
Balance at beginning	2 288	1 105
Business combinations[1]	193	1 392
Impairment charges[2]	–	(209)
Balance at end	2 481	2 288

1 The current year relates mainly to the acquisition of Seneca. The prior year related to the acquisition of AFI.

2 Goodwill relating to Momentum Short-term Insurance (Non-life Insurance segment) was impaired in the prior year due to a lower recoverable amount.

NOTE 6

FINANCE COSTS

	30.06.2021 Rm	30.06.2020 Rm
Subordinated debt	353	440
Cost of carry positions	198	288
Other finance costs	225	227
Redeemable preference shares	133	130
Total	909	1 085

NOTE 7

SIGNIFICANT RELATED PARTY TRANSACTIONS

R140 million of the ordinary dividends declared by MMH in September 2019 and R100 million of the ordinary dividends declared in March 2021 (R160 million of the ordinary dividends declared in March 2020) were attributable to RMI. Another R60 million will be provided for during the 2022 financial year (as part of the dividends declared in September 2021).

NOTE 8

DISPOSAL OF SUBSIDIARY RECONCILIATION

	30.06.2021 Rm	30.06.2020 Rm
Assets/(liabilities) disposed of:		
Financial assets at FVPL	**10**	744
Financial assets at amortised cost	**98**	–
Investment properties	**178**	–
Cash and cash equivalents	**84**	177
Other assets	**75**	94
Long-term insurance contracts	**(30)**	(219)
Investment contracts with DPF	**–**	(244)
Financial contracts designated at FVPL	**–**	(227)
Financial liabilities at amortised cost	**(175)**	–
Other liabilities	**(122)**	(133)
Net assets sold	**118**	192
Non-controlling interests disposed of	**(41)**	(20)
Investment in associate recognised	**(184)**	–
Loan to associate	**(38)**	–
Profit on sale of subsidiary	**150**	118
Cash flow from sale of subsidiary	**5**	290

In the current year, the Group disposed of its entire holding in Metropolitan Life Zambia Ltd, Metropolitan Health Zambia Ltd, Metropolitan Tanzania Life Assurance Company Ltd, Metropolitan Tanzania Insurance Company Ltd and a portion of its holding in MHNA and SASAII. MHNA and SASAII are now classified as investments in associates as the Group has significant influence over these investments.

In the prior year, the Group disposed of its entire holding in Financial Partners Ltd, UBA Metropolitan Life Insurance Ltd (Nigeria), and Metropolitan Life Swaziland Ltd.

NOTE 9

OTHER RESERVES

	30.06.2021 Rm	Restated 30.06.2020[1] Rm
Land and building revaluation reserve	**409**	677
FCTR	**(106)**	337
Non-distributable reserve	**66**	68
Employee benefit revaluation reserve	**84**	263
Fair value adjustment for preference shares issued by MMH	**940**	940
Equity-settled share-based payment arrangements	**76**	30
Total	**1 469**	2 315

[1] During the current year, the Group's accounting policy related to owner-occupied properties was changed. The previous policy stated that any difference between the depreciation charge on the revalued amount of owner-occupied property and the amount which would have been charged under historic cost, would be transferred between the revaluation reserve and retained earnings annually as the property is utilised. The new accounting policy requires that the entire revaluation reserve balance only be transferred to retained earnings upon disposal of the owner-occupied property or when the property is no longer classified as owner-occupied. With this change the financial statements will provide more relevant and reliable information, as it reduces the number of transactions for this reserve recognised through the statement of changes in equity. The change in accounting policy resulted in a transfer of R58 million from retained earnings to the land and buildings revaluation reserve, of which R19 million relates to the 2020 financial year and R39 million relates to the financial periods prior to 2020.

NOTE 10

DIVIDENDS

	2021	2020
Ordinary listed MMH shares (cents per share)		
Interim – March	**25**	40
Final – September	**15**	–
Total	**40**	40

MMH convertible redeemable preference shares (issued to KTH)

The A3 MMH preference shares were redeemable at 31 December 2020 at a redemption value of R9.18 per share unless converted into MMH ordinary shares on a one-for-one basis prior to that date. The preference shares were not redeemed on 31 December 2020 and an extension was entered into on 1 January 2021 for a further 18 months. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September). MMH subscribed for a cumulative, redeemable preference share in Off The Shelf Investments 108 (Pty) Ltd (a subsidiary of KTH) which is linked to the A3 preference shares acquired in 2011. The dividends on the Off The Shelf Investments preference share aligns the A3 preference share dividend to the ordinary dividends.

A3 MMH preference share dividends – KTH	2021 Rm	2020 Rm
Interim – March	**19**	19
Final – September	**19**	19
Total	**38**	38

NOTE 11

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9

	FVPL					
	Mandatorily Rm	Designated[1] Rm	Total fair value Rm	Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
30.06.2021						
Unit-linked investments	178 147	–	178 147	–	–	178 147
Debt securities	44 027	112 450	156 477	512	–	156 989
Equity securities[2]	103 987	–	103 987	–	–	103 987
Carry positions	–	2 232	2 232	–	–	2 232
Funds on deposit and other money market instruments	10 591	12 700	23 291	311	–	23 602
Derivative financial assets	2 146	–	2 146	–	–	2 146
Financial assets at amortised cost	–	–	–	8 775	–	8 775
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	5 779	5 779
Cash and cash equivalents	–	–	–	38 121	–	38 121
Total financial assets	338 898	127 382	466 280	47 719	5 779	519 778
Investment contracts with DPF	–	–	–	–	19 222	19 222
Investment contracts designated at FVPL	–	292 563	292 563	–	–	292 563
CIS liabilities	–	29 372	29 372	–	–	29 372
Subordinated call notes	–	4 429	4 429	–	–	4 429
Carry positions	–	9 657	9 657	–	–	9 657
Preference shares	–	357	357	–	–	357
Derivative financial liabilities	3 374	–	3 374	–	–	3 374
Other borrowings	231	–	231	–	–	231
Financial liabilities at amortised cost	–	–	–	3 944	220	4 164
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	10 229	6 872	17 101
Total financial liabilities	3 605	336 378	339 983	14 173	26 314	380 470

1 Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at FVPL. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at FVPL that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark rate. The impact of the changes in credit risk for the current and prior year was immaterial.

2 Equity securities are classified as FVPL at inception.

NOTE 11 CONTINUED

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9 CONTINUED

	FVPL					
	Mandatorily Rm	Designated[1] Rm	Total fair value Rm	Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
Restated 30.06.2020[2]						
Unit-linked investments	159 953	–	159 953	–	–	159 953
Debt securities	39 868	104 080	143 948	479	–	144 427
Equity securities[3]	91 498	–	91 498	–	–	91 498
Carry positions	–	1 550	1 550	–	–	1 550
Funds on deposit and other money market instruments	11 851	15 734	27 585	162	–	27 747
Derivative financial assets	3 383	–	3 383	–	–	3 383
Financial assets at amortised cost	–	–	–	7 603	–	7 603
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	4 783	4 783
Cash and cash equivalents	–	–	–	31 596	–	31 596
Total financial assets	306 553	121 364	427 917	39 840	4 783	472 540
Investment contracts with DPF	–	–	–	–	18 320	18 320
Investment contracts designated at FVPL	–	261 627	261 627	–	–	261 627
CIS liabilities	–	28 467	28 467	–	–	28 467
Subordinated call notes	–	4 431	4 431	–	–	4 431
Carry positions	–	9 059	9 059	–	–	9 059
Preference shares	–	25	25	–	–	25
Derivative financial liabilities	5 547	–	5 547	–	–	5 547
Other borrowings	115	1	116	–	–	116
Financial liabilities at amortised cost	–	–	–	4 292	318	4 610
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	10 432	5 645	16 077
Total financial liabilities	5 662	303 610	309 272	14 724	24 283	348 279

1 Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at FVPL. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at FVPL that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark rate.

2 Refer to note 12 for more information on the restatements.

3 Equity securities are classified as FVPL at inception.

NOTE 11.1

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY

The different valuation method levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (ie, prices) or indirectly (ie, derived from prices)
- **Level 3:** Input for the asset or liability that is not based on observable market data (unobservable input)

FINANCIAL ASSETS

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
30.06.2021				
Securities at FVPL	331 011	130 102	5 167	466 280
Unit-linked investments				
CISs[1]				
Local unlisted or listed quoted	111 750	902	–	112 652
Local unlisted unquoted	–	17	–	17
Foreign unlisted or listed quoted	49 114	159	58	49 331
Foreign unlisted unquoted	–	2 093	263	2 356
Other unit-linked investments				
Local unlisted or listed quoted	3 330	19	–	3 349
Local unlisted unquoted	–	7 542	2 460	10 002
Foreign unlisted or listed quoted	180	–	54	234
Foreign unlisted unquoted	–	16	190	206
Debt securities				
Stock and loans to government and other public bodies				
Local listed	61 608	11 111	820	73 539
Foreign listed	1 775	3 220	2	4 997
Unlisted	–	3 578	519	4 097
Other debt instruments				
Local listed	–	40 195	9	40 204
Foreign listed	–	2 484	64	2 548
Unlisted	–	30 781	311	31 092
Equity securities				
Local listed	68 478	3	1	68 482
Foreign listed	34 738	517	128	35 383
Unlisted	–	17	105	122
Funds on deposit and other money market instruments	–	23 286	5	23 291
Carry positions	–	2 232	–	2 232
Derivative financial assets – held for trading	38	1 930	178	2 146
	331 011	130 102	5 167	466 280

[1] CISs are classified as level 1 when there is an active market of transactions between investors and CISs based on a published price.

There were no significant transfers in and out of level 1 and 2 respectively for the current year.

NOTE 11.1 CONTINUED

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED

FINANCIAL ASSETS

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Restated				
30.06.2020[1]				
Securities at FVPL	284 860	139 055	4 002	427 917
Unit-linked investments				
CISs[2]				
Local unlisted or listed quoted[3]	101 356	633	–	101 989
Local unlisted unquoted[3]	–	15	–	15
Foreign unlisted or listed quoted	43 832	208	231	44 271
Foreign unlisted unquoted	–	1 179	425	1 604
Other unit-linked investments				
Local unlisted or listed quoted	1 892	63	–	1 955
Local unlisted unquoted	–	8 010	1 766	9 776
Foreign unlisted or listed quoted	20	8	29	57
Foreign unlisted unquoted	–	70	216	286
Debt securities				
Stock and loans to government and other public bodies				
Local listed	46 575	12 596	–	59 171
Foreign listed[4]	369	3 134	3	3 506
Unlisted	–	3 927	553	4 480
Other debt instruments				
Local listed[5]	–	38 451	22	38 473
Foreign listed[4]	–	2 707	–	2 707
Unlisted	–	35 155	456	35 611
Equity securities				
Local listed	59 000	4	1	59 005
Foreign listed	31 626	568	172	32 366
Unlisted	–	4	123	127
Funds on deposit and other money market instruments	–	27 580	5	27 585
Carry positions	–	1 550	–	1 550
Derivative financial assets – held for trading	190	3 193	–	3 383
	284 860	139 055	4 002	427 917

[1] Refer to note 12 for more information on the restatements other than footnotes 3, 4 and 5.

[2] CSIs are classified as level 1 when there is an active market of transactions between investors and CISs based on a published price.

[3] R15 million level 2 local unlisted or listed quoted CISs were reclassified to level 2 local unlisted unquoted CISs as through further interrogation it was deemed more appropriate.

[4] Upon further investigation it was deemed more appropriate that level 1 foreign listed other debt instruments should instead be classified as level 1 foreign listed stock and loans to government and other public bodies.

[5] Upon further investigation it was deemed more appropriate that local listed other debt instruments of R208 million included in level 1 should instead be included in level 2.

There were no significant transfers in and out of level 1 and 2 respectively in the prior year.

NOTE 11.1 CONTINUED

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED

FINANCIAL LIABILITIES

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
30.06.2021				
Investment contracts designated at FVPL	**–**	**292 540**	**23**	**292 563**
Financial liabilities at FVPL	**29 355**	**17 533**	**532**	**47 420**
CIS liabilities	**29 354**	**–**	**18**	**29 372**
Subordinated call notes	**–**	**4 429**	**–**	**4 429**
Carry positions	**–**	**9 657**	**–**	**9 657**
Preference shares	**–**	**44**	**313**	**357**
Derivative financial liabilities – held for trading	**1**	**3 373**	**–**	**3 374**
Other borrowings	**–**	**30**	**201**	**231**
	29 355	**310 073**	**555**	**339 983**
Restated				
30.06.2020[1]				
Investment contracts designated at FVPL	–	261 601	26	261 627
Financial liabilities at FVPL	28 445	19 068	132	47 645
CIS liabilities[2]	28 445	–	22	28 467
Subordinated call notes	–	4 431	–	4 431
Carry positions	–	9 059	–	9 059
Preference shares	–	25	–	25
Derivative financial liabilities – held for trading	–	5 547	–	5 547
Other borrowings	–	6	110	116
	28 445	280 669	158	309 272

1 Refer to note 12 for more information on the restatements other than footnote 2.

2 Upon further investigation it was deemed more appropriate that CIS liabilities of R2 426 million included in level 2 should instead be included in level 1.

There were no significant transfers between level 1 and level 2 liabilities for both the current and prior year.

NOTE 11.2

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS

	At FVPL					
	Unit-linked investments Rm	**Debt securities Rm**	**Equity securities Rm**	**Funds on deposit and other money market instruments Rm**	**Derivative financial assets Rm**	**Total Rm**
12 mths to 30.06.2021						
Opening balance	**2 667**	**1 034**	**296**	**5**	**–**	**4 002**
Transfer to assets relating to disposal groups held for sale	**(10)**	**–**	**–**	**–**	**–**	**(10)**
Transfer from other asset classes	**–**	**–**	**–**	**–**	**4**	**4**
Total gains/(losses) in net realised and unrealised fair value gains in the income statement						
Realised (losses)/gains	**(35)**	**6**	**(6)**	**–**	**–**	**(35)**
Unrealised gains/(losses)	**109**	**(192)**	**(74)**	**–**	**181**	**24**
Foreign exchange adjustments	**(4)**	**–**	**(19)**	**–**	**(7)**	**(30)**
Accrued interest in investment income in the income statement	**–**	**38**	**–**	**–**	**–**	**38**
Purchases	**626**	**1 130**	**42**	**–**	**–**	**1 798**
Sales	**(343)**	**(862)**	**(1)**	**–**	**–**	**(1 206)**
Settlements	**(10)**	**(254)**	**–**	**–**	**–**	**(264)**
Transfers into level 3 from level 1[1]	**–**	**–**	**1**	**–**	**–**	**1**
Transfers into level 3 from level 2[1]	**25**	**825**	**33**	**–**	**–**	**883**
Transfers out to level 2[2]	**–**	**–**	**(38)**	**–**	**–**	**(38)**
Closing balance	**3 025**	**1 725**	**234**	**5**	**178**	**5 167**
Restated						
12 mths to 30.06.2020						
Opening balance	2 258	1 216	321	48	–	3 843
Transfer to assets relating to disposal groups held for sale	(7)	–	–	–	–	(7)
Transfer to other asset classes	–	(21)	–	–	–	(21)
Total gains/(losses) in net realised and unrealised fair value gains in the income statement						
Realised gains/(losses)	3 044	60	(63)	–	–	3 041
Unrealised (losses)/gains	(401)	(35)	50	(2)	–	(388)
Foreign exchange adjustments[3]	–	–	19	–	–	19
Accrued interest in investment income in the income statement	–	4	–	–	–	4
Purchases	4 489	681	7	–	–	5 177
Sales	(6 745)	(863)	(44)	–	–	(7 652)
Settlements	–	(37)	–	–	–	(37)
Transfers into level 3 from level 1[1]	–	19	30	–	–	49
Transfers into level 3 from level 2[1]	29	70	69	–	–	168
Transfers out to level 2[2]	–	(60)	(93)	(41)	–	(194)
Closing balance	2 667	1 034	296	5	–	4 002

[1] Transfers into level 3 equity securities and unit-linked investments relates mainly to assets with stale prices in the current and prior year. Debt securities of R759 million were transferred from level 2 to level 3 in the current year as a result of fair value adjustments processed due to recoverability and credit risk. The remaining debt securities which were transferred in the current year relates to instruments with stale prices. In the prior year, debt securities transferred related mainly to a change in observability of inputs.

[2] Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale.

[3] Foreign exchange adjustments related to the consolidation of foreign subsidiaries were incorrectly included within the unrealised (losses)/gains line item. June 2020 has been restated accordingly.

Transfers in and out of level 3 are deemed to have occurred at inception of reporting period at fair value.

NOTE 11.2 CONTINUED

SENSITIVITY OF SIGNIFICANT LEVEL 3 FINANCIAL ASSETS MEASURED AT FAIR VALUE TO CHANGES IN KEY ASSUMPTIONS:

	At FVPL	
	Unit-linked investments Rm	**Debt securities Rm**
30.06.2021		
Carrying amount	**3 025**	**1 725**
Assumption change	**10% increase/ (decrease) in unit price**	**1% increase/ (decrease) in discount rates**
Effect of increase in assumption	**303**	**41**
Effect of decrease in assumption	**(303)**	**(52)**
30.06.2020		
Carrying amount	2 667	1 034
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	267	466
Effect of decrease in assumption	(267)	498

NOTE 11.3

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES

	At FVPL				
	Investment contracts designated at FVPL Rm	**CIS liabilities Rm**	**Preference shares Rm**	**Other borrowings Rm**	**Total Rm**
12 mths to 30.06.2021					
Opening balance	**26**	**22**	**–**	**110**	**158**
Total (gains)/losses in net realised and unrealised fair value gains in the income statement					
Unrealised (gains)/losses	**(3)**	**(7)**	**6**	**(8)**	**(12)**
Issues	**–**	**3**	**323**	**104**	**430**
Settlements	**–**	**–**	**(16)**	**–**	**(16)**
Exchange differences	**–**	**–**	**–**	**(5)**	**(5)**
Closing balance	**23**	**18**	**313**	**201**	**555**
12 mths to 30.06.2020					
Opening balance	29	63	–	108	200
Total losses/(gains) in net realised and unrealised fair value gains in the income statement					
Realised losses/(gains)	1	(4)	–	(5)	(8)
Unrealised (gains)/losses	–	(16)	–	22	6
Total gains in other comprehensive income	–	(5)	–	(3)	(8)
Sales	–	(4)	–	–	(4)
Settlements	–	(12)	–	(5)	(17)
Contract holder movements					
Benefits paid	(5)	–	–	(7)	(12)
Investment return	1	–	–	–	1
Closing balance	26	22	–	110	158

Sensitivity: Increasing/decreasing the NAV of the underlying entity by 10% would decrease/increase the carrying amount of level 3 other borrowings by nil and nil (30.06.2020: R4 million and R4 million), respectively. Increasing/decreasing the assets under management (AUM) growth rate by 10% would decrease/increase the carrying amount of the contingent consideration, included in other borrowings, in level 3 by R1 million and nil (30.06.2020: nil) respectively.

NOTE 12

RESTATEMENTS

The following restatements were made to the consolidated statement of financial position, income statement and statement of cash flows for the following periods:

Statement of financial position as at 30.06.2020	Before restatement Rm	Held for sale[1] Rm	Investment contract correction[2] Rm	Reinsurance commission[3] Rm	Contract administration fees[4] Rm	IFRS 15[5] Rm	Fees correction[6] Rm	Interest rate swaps[7] Rm	Unsettled trades[8] Rm	Cash reallocation[9] Rm	Financial reinsurance contracts[10] Rm	After restatement Rm
Fixed assets	**387**	**4**	–	–	–	–	–	–	–	–	–	**391**
Financial assets at amortised cost	**9 743**	**51**	–	–	–	–	–	–	**(1 550)**	–	–	**8 244**
Financial assets at FVPL	**426 887**	–	–	–	–	–	–	**(520)**	**1 550**	–	–	**427 917**
Assets relating to disposal groups held for sale	**229**	**(75)**	–	–	–	–	–	–	–	–	–	**154**
Cash and cash equivalents	**31 747**	**76**	**(227)**	–	–	–	–	–	–	–	–	**31 596**
Equity attributable to owners of the parent	**(22 537)**	**(56)**	–	–	–	–	–	–	–	–	–	**(22 593)**
Investment contracts – designated at FVPL	**(261 854)**	–	**227**	–	–	–	–	–	–	–	–	**(261 627)**
Financial liabilities at FVPL	**(45 946)**	–	–	–	–	–	–	**(84)**	**(1 615)**	–	–	**(47 645)**
Other payables	**(19 979)**	**(30)**	–	–	–	–	–	**604**	**1 615**	–	–	**(17 790)**
Liabilities relating to disposal groups held for sale	**(151)**	**30**	–	–	–	–	–	–	–	–	–	**(121)**
as at 01.07.2019												
Fixed assets	387	3	–	–	–	–	–	–	–	–	–	390
Financial assets at amortised cost	17 073	45	–	–	–	–	–	–	(6 852)	–	–	10 266
Financial assets at FVPL	421 302	–	–	–	–	–	–	1	6 852	–	–	428 155
Assets relating to disposal groups held for sale	989	(70)	–	–	–	–	–	–	–	–	–	919
Cash and cash equivalents	27 061	68	(227)	–	–	–	–	–	–	(773)	–	26 129
Equity attributable to owners of the parent	(23 001)	(46)	–	–	–	–	–	–	–	–	–	(23 047)
Investment contracts – designated at FVPL	(250 037)	–	227	–	–	–	–	–	–	–	–	(249 810)
Financial liabilities at FVPL	(42 806)	–	–	–	–	–	–	(1)	(5 964)	–	–	(48 771)
Other payables	(24 976)	(31)	–	–	–	–	–	–	5 964	773	–	(18 270)
Liabilities relating to disposal groups held for sale	(747)	31	–	–	–	–	–	–	–	–	–	(716)

1 The Momentum Mozambique LDA business is no longer classified as held for sale, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. The impact of this has resulted in the statement of financial position, income statement and statement of cash flows being restated as if the entity was never classified as held for sale in accordance with the requirements of IFRS 5. 30 June 2020 and 1 July 2019 have been restated accordingly.

2 During F2019, assets in a pure linked investment contract portfolio were transferred between administration platforms. Due to an administrative error, a portion of the transferred assets' cash was double counted and resulted in an increase in investment contract liabilities. There was no earnings impact and only the gross assets and gross liabilities were overstated on the statement of financial position. 30 June 2020 and 1 July 2019 have been restated accordingly.

3 Amounts received relating to non-life insurance reinsurance commission received by Momentum Insurance were incorrectly netted off against reinsurance premiums paid. 30 June 2020 has been restated accordingly.

4 The method of calculating the fees earned on term-certain annuities, guaranteed endowments and APN110 liabilities has changed in the current year to take mismatches between the asset and liability values to the fair value adjustments on contract holder liabilities line instead. 30 June 2020 has been restated accordingly.

5 A reassessment of the principles with regards to agent/principal was done on certain fees. It was determined that the Group was acting as an agent instead of a principal. 30 June 2020 has been restated accordingly.

6 There was a fees correction with regards to the incorrect classification between performance fees, management fees and net realised and unrealised fair gains/(losses). 30 June 2020 has been restated accordingly.

7 The receivable and payable position of derivative financial assets and liabilities and interest rate swaps were not netted off on a per instrument basis in prior periods. Each interest rate swap position has subsequently been restated to correctly net off resulting in a reallocation between debt securities and unsettled trades to derivative financial assets and liabilities. 30 June 2020 and 1 July 2019 have been restated accordingly.

8 Carry position assets and liabilities were inappropriately reported as unsettled trade assets and liabilities. This resulted in reclassifications between financial assets and liabilities measured at amortised cost to financial assets and liabilities measured at FVPL. 30 June 2020 and 1 July 2019 have been restated accordingly.

9 Cash and cash equivalents were incorrectly classified as other payables – unsettled trades. The balance has been correctly reclassified as cash and cash equivalents. 1 July 2019 has been restated accordingly.

10 Reclassification correction of insurance premiums ceded to reinsurers and change in insurance liabilities in relation to the financial reinsurance contracts in Guardrisk Life and Momentum Ability. 30 June 2020 has been restated accordingly.

NOTE 12

RESTATEMENTS CONTINUED

Income statement for the 12 mths to 30.06.2020	Before restatement Rm	Held for sale[1] Rm	Investment contract correction[2] Rm	Reinsurance commission[3] Rm	Contract administration fees[4] Rm	IFRS 15[5] Rm	Fees correction[6] Rm	Interest rate swaps[7] Rm	Unsettled trades[8] Rm	Cash reallocation[9] Rm	Financial reinsurance contracts[10] Rm	After restatement Rm
Net insurance premiums	33 281	–	–	(196)	–	–	–	–	–	–	(513)	32 572
Fee income	8 418	–	–	196	180	(191)	(30)	–	–	–	–	8 573
Net realised and unrealised fair value (losses)/gains	(12 711)	–	–	–	–	–	6	–	–	–	–	(12 705)
Change in actuarial liabilities and related reinsurance												
Change in reinsurance liabilities	(357)	–	–	–	–	–	–	–	–	–	513	156
Fair value adjustments on investment contract liabilities	(6 442)	–	–	–	(180)	–	–	–	–	–	–	(6 622)
Depreciation, amortisation and impairment expenses	(2 125)	10	–	–	–	–	–	–	–	–	–	(2 115)
Other expenses	(6 856)	–	–	–	–	191	24	–	–	–	–	(6 641)
Earnings for the year	286	10	–	–	–	–	–	–	–	–	–	296
Attributable to:												
Owners of the parent	178	10	–	–	–	–	–	–	–	–	–	188
Non-controlling interests	108	–	–	–	–	–	–	–	–	–	–	108
	286	10	–	–	–	–	–	–	–	–	–	296
Basic earnings per ordinary share (cents)	12.3	0.6	–	–	–	–	–	–	–	–	–	12.9
Diluted earnings per ordinary share (cents)	12.3	0.6	–	–	–	–	–	–	–	–	–	12.9
Statement of cash flows for the 12 mths to 30.06.2020												
Cash utilised in operations	(11 846)	3	–	–	–	–	–	–	–	773	–	(11 070)
Cash resources and funds on deposit at beginning	27 325	–	(227)	–	–	–	–	–	–	(773)	–	26 325
Cash resources and funds on deposit at end	31 845	3	(227)	–	–	–	–	–	–	–	–	31 621

1 The Momentum Mozambique LDA business is no longer classified as held for sale, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. The impact of this has resulted in the statement of financial position, income statement and statement of cash flows being restated as if the entity was never classified as held for sale in accordance with the requirements of IFRS 5. 30 June 2020 and 1 July 2019 have been restated accordingly.

2 During F2019, assets in a pure linked investment contract portfolio were transferred between administration platforms. Due to an administrative error, a portion of the transferred assets' cash was double counted and resulted in an increase in investment contract liabilities. There was no earnings impact and only the gross assets and gross liabilities were overstated on the statement of financial position. 30 June 2020 and 1 July 2019 have been restated accordingly.

3 Amounts received relating to non-life insurance reinsurance commission received by Momentum Insurance were incorrectly netted off against reinsurance premiums paid. 30 June 2020 has been restated accordingly.

4 The method of calculating the fees earned on term-certain annuities, guaranteed endowments and APN110 liabilities has changed in the current year to take mismatches between the asset and liability values to the fair value adjustments on contract holder liabilities line instead. 30 June 2020 has been restated accordingly.

5 A reassessment of the principles with regards to agent/principal was done on certain fees. It was determined that the Group was acting as an agent instead of a principal. 30 June 2020 has been restated accordingly.

6 There was a fees correction with regards to the incorrect classification between performance fees, management fees and net realised and unrealised fair gains/(losses). 30 June 2020 has been restated accordingly.

7 The receivable and payable position of derivative financial assets and liabilities and interest rate swaps were not netted off on a per instrument basis in prior periods. Each interest rate swap position has subsequently been restated to correctly net off resulting in a reallocation between debt securities and unsettled trades to derivative financial assets and liabilities. 30 June 2020 and 1 July 2019 have been restated accordingly.

8 Carry position assets and liabilities were inappropriately reported as unsettled trade assets and liabilities. This resulted in reclassifications between financial assets and liabilities measured at amortised cost to financial assets and liabilities measured at FVPL. 30 June 2020 and 1 July 2019 have been restated accordingly.

9 Cash and cash equivalents were incorrectly classified as other payables – unsettled trades. The balance has been correctly reclassified as cash and cash equivalents. 1 July 2019 has been restated accordingly.

10 Reclassification correction of insurance premiums ceded to reinsurers and change in reinsurance liabilities in relation to the financial reinsurance contracts in Guardrisk Life and Momentum Ability. 30 June 2020 has been restated accordingly.

Embedded value results	30.06.2021 Rm	30.06.2020 Rm
Covered business		
Equity attributable to owners of the parent	**21 575**	22 537
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	**(2 014)**	(2 739)
Net assets – non-covered business within life insurance companies	**(3 982)**	(4 073)
Net assets – non-covered business outside life insurance companies	**(6 387)**	(4 797)
Diluted adjusted net worth – covered business	**9 192**	10 928
Net value of in-force business	**20 706**	19 601
Diluted embedded value – covered business	**29 898**	30 529
Non-covered business		
Net assets – non-covered business within life insurance companies	**3 982**	4 073
Net assets – non-covered business outside life insurance companies	**6 387**	4 797
Consolidation adjustments[1]	**(2 550)**	(2 429)
Adjustments for dilution[2]	**1 510**	650
Diluted adjusted net worth – non-covered business	**9 329**	7 091
Write-up to directors' value	**2 101**	904
Non-covered business	**5 475**	3 425
Holding company expenses[3]	**(2 204)**	(1 398)
International holding company expenses[3]	**(1 170)**	(1 123)
Diluted embedded value – non-covered business	**11 430**	7 995
Diluted adjusted net worth	**18 521**	18 019
Net value of in-force business	**20 706**	19 601
Write-up to directors' value	**2 101**	904
Diluted embedded value	**41 328**	38 524
Required capital – covered business (adjusted for qualifying debt)[4]	**6 451**	3 995
Free surplus – covered business	**2 741**	6 933
Diluted embedded value per share (cents)	**2 708**	2 570
Diluted adjusted net worth per share (cents)	**1 214**	1 202
Diluted number of shares in issue (million)[5]	**1 526**	1 499

1 Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.

2 Adjustments for dilution are made up as follows:
- Treasury shares held on behalf of contract holders: R587 million (30.06.2020: R396 million);
- Liabilities related to iSabelo transaction: R678 million (30.06.2020: Rnil million); and
- Liability – MMH convertible preference shares issued to KTH: R245 million (30.06.2020: R254 million).

3 The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.

4 The required capital for in-force covered business amounts to R10 881 million (30.06.2020: R8 427 million) and is adjusted for qualifying debt of R4 430 million (30.06.2020: R4 432 million). This reflects changes made to the required capital framework as well as the mix of assets allocated to back required capital. Although the changes have increased the amount of required capital, they have also increased the assumed investment return on the assets backing the required capital, which has limited the impact on the cost of required capital.

5 The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as those held by a subsidiary related to the iSabelo transaction.

Analysis of net value of in-force business	30.06.2021 Rm	30.06.2020 Rm
Momentum Life	**9 501**	8 424
Gross value of in-force business	**10 330**	9 297
Less cost of required capital	**(829)**	(873)
Momentum Investments[1]	**1 389**	1 587
Gross value of in-force business	**1 707**	1 805
Less cost of required capital	**(318)**	(218)
Metropolitan Life	**4 190**	4 098
Gross value of in-force business	**4 593**	4 474
Less cost of required capital	**(403)**	(376)
Momentum Corporate	**3 136**	3 150
Gross value of in-force business	**4 092**	4 225
Less cost of required capital	**(956)**	(1 075)
Momentum Metropolitan Africa	**2 490**	2 342
Gross value of in-force business	**2 856**	2 684
Less cost of required capital	**(366)**	(342)
Net value of in-force business	**20 706**	19 601

1 Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R51 million (30.06.2020: R286 million).

Embedded value detail	Adjusted net worth[2] Rm	Net value of in-force Rm	30.06.2021 Rm	30.06.2020 Rm
Covered business				
Momentum Life	3 500	9 501	**13 001**	10 083
Momentum Investments[1]	1 323	1 389	**2 712**	2 613
Metropolitan Life	1 800	4 190	**5 990**	5 665
Momentum Corporate	3 452	3 136	**6 588**	6 529
Momentum Metropolitan Africa	1 906	2 490	**4 396**	4 891
Shareholders	(2 789)	–	**(2 789)**	748
Other	(7 219)	–	**(7 219)**	(3 684)
Assets backing qualifying debt	4 430	–	**4 430**	4 432
Total covered business	9 192	20 706	**29 898**	30 529

1 Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R532 million (30.06.2020: R527 million) and value of in-force of R51 million (30.06.2020: R286 million).

2 Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

Embedded value detail continued	**Adjusted net worth[4] Rm**	**Write-up to directors' value Rm**	**30.06.2021 Rm**	**30.06.2020 Rm**
Non-covered business				
Momentum Life	287	(850)	**(563)**	(515)
Momentum Multiply	284	(850)	**(566)**	(525)
Other	3	–	**3**	10
Momentum Investments	1 189	1 370	**2 559**	1 639
Investment and savings[1]	1 009	1 325	**2 334**	1 440
Other	180	45	**225**	199
Metropolitan Life	7	–	**7**	–
Other	7	–	**7**	–
Momentum Corporate	80	–	**80**	35
Other	80	–	**80**	35
Momentum Metropolitan Health	472	762	**1 234**	866
Health[2]	472	762	**1 234**	866
Non-life Insurance	3 703	3 073	**6 776**	5 928
Non-life insurance	1 363	1 303	**2 666**	2 392
Cell captives	2 340	1 770	**4 110**	3 536
Momentum Metropolitan Africa	773	(1 122)	**(349)**	(204)
Life insurance	229	(182)	**47**	22
Health	365	176	**541**	549
Non-life insurance	75	(2)	**73**	66
Other	104	56	**160**	282
International holding company expenses[3]	–	(1 170)	**(1 170)**	(1 123)
New Initiatives	804	1 072	**1 876**	1 462
New initiatives India	690	857	**1 547**	1 154
New initiatives aYo	5	215	**220**	220
Other	109	–	**109**	88
Shareholders	2 014	(2 204)	**(190)**	(1 216)
Other	2 014	–	**2 014**	182
Holding company expenses[3]	–	(2 204)	**(2 204)**	(1 398)
Total non-covered business	9 329	2 101	**11 430**	7 995
Total embedded value	18 521	22 807	**41 328**	38 524

1 The directors' value increased, mostly on the back of a strong recovery in assets under management with a beneficial impact on the revenue outlook as well as the acquisition of Seneca and new fee agreements with the covered Momentum Corporate business.

2 Included is the first-time introduction of a directors' value on the Health4Me business, a medical insurance product underwritten by Momentum Metropolitan Life Limited and administered by Momentum Metropolitan Health.

3 The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses. The holding company expenses reflect the present value of projected recurring head office expenses.

4 Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

Analysis of changes in Group embedded value	Notes	Covered business Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	12 mths to 30.06.2021 Total EV Rm	12 mths to 30.06.2020 Total EV Rm
Profit from new business		(729)	1 722	(210)	**783**	328
Embedded value from new business	A	(729)	1 664	(210)	**725**	280
Expected return to end of period	B	–	58	–	**58**	48
Profit from existing business		514	(2 126)	284	**(1 328)**	1 745
Expected return – unwinding of RDR	B	–	1 771	(276)	**1 495**	2 166
Release from the cost of required capital	C	–	–	570	**570**	477
Expected (or actual) net of tax profit transfer to net worth	D	3 169	(3 169)	–	**–**	–
Operating experience variances	E	(222)	(306)	–	**(528)**	(74)
Development expenses	F	(37)	–	–	**(37)**	(43)
Operating assumption changes	G	(2 396)	(422)	(10)	**(2 828)**	(781)
Embedded value (loss)/profit from operations		(215)	(404)	74	**(545)**	2 073
Investment return on adjusted net worth	H	124	–	–	**124**	257
Investment variances	I	239	935	(44)	**1 130**	(2 520)
Economic assumption changes	J	(48)	612	(29)	**535**	(759)
Exchange rate movements	K	(52)	(50)	11	**(91)**	77
Exceptional items	L	–	–	–	**–**	(19)
Embedded value profit/(loss) – covered business		48	1 093	12	**1 153**	(891)
Transfer of business to non-covered business	M	(10)	–	–	**(10)**	(48)
Other capital transfers	N	118	–	–	**118**	987
Dividend paid		(1 892)	–	–	**(1 892)**	(3 053)
Change in embedded value – covered business		(1 736)	1 093	12	**(631)**	(3 005)
Non-covered business						
Change in directors' valuation and other items					**2 519**	(368)
Change in holding company expenses					**(853)**	(278)
Embedded value profit/(loss) – non-covered business					**1 666**	(646)
Transfer of business from covered business	M				**10**	48
Other capital transfers	N				**(118)**	(987)
Dividend received					**1 527**	1 961
Allowance for shareholder flows related to iSabelo transaction					**387**	–
Finance costs – preference shares					**(37)**	(40)
Change in embedded value – non-covered business					**3 435**	336
Total change in Group embedded value					**2 804**	(2 669)
Total embedded value profit/(loss)					**2 819**	(1 537)
Return on embedded value (%) – internal rate of return					**7.3%**	(3.7%)
Return on embedded value excluding Exceptional items (%) – internal rate of return					**7.3%**	(3.7%)

A. Value of new business

Value of new business[1, 2]	Momentum Life Rm	Momentum Investments[3] Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2021						
Value of new business	**72**	**392**	**253**	**11**	**(3)**	**725**
Gross	**146**	**414**	**320**	**34**	**21**	**935**
Less cost of required capital	**(74)**	**(22)**	**(67)**	**(23)**	**(24)**	**(210)**
New business premiums	**3 149**	**40 873**	**2 892**	**3 008**	**1 358**	**51 280**
Recurring premiums	**1 059**	**207**	**1 409**	**694**	**414**	**3 783**
Protection	**503**	**–**	**1 015**	**170**	**153**	**1 841**
Long-term savings	**556**	**190**	**388**	**522**	**261**	**1 917**
Annuities and structured products	**–**	**17**	**6**	**2**	**–**	**25**
Single premiums	**2 090**	**40 666**	**1 483**	**2 314**	**944**	**47 497**
Protection	**–**	**–**	**–**	**35**	**108**	**143**
Long-term savings	**2 090**	**35 647**	**509**	**2 242**	**261**	**40 749**
Annuities and structured products	**–**	**5 019**	**974**	**37**	**575**	**6 605**
New business premiums (APE)	**1 268**	**4 274**	**1 557**	**926**	**509**	**8 534**
Protection	**503**	**–**	**1 015**	**174**	**164**	**1 856**
Long-term savings	**765**	**3 755**	**439**	**746**	**287**	**5 992**
Annuities and structured products	**–**	**519**	**103**	**6**	**58**	**686**
New business premiums (PVP)	**7 479**	**41 471**	**5 885**	**8 220**	**2 843**	**65 898**
Profitability of new business as a percentage of APE	**5.7**	**9.2**	**16.2**	**1.2**	**(0.6)**	**8.5**
Profitability of new business as a percentage of PVP	**1.0**	**0.9**	**4.3**	**0.1**	**(0.1)**	**1.1**
12 mths to 30.06.2020						
Value of new business	22	134	110	(4)	18	280
Gross	103	143	144	38	38	466
Less cost of required capital	(81)	(9)	(34)	(42)	(20)	(186)
New business premiums	2 992	26 466	2 256	3 775	1 117	36 606
Recurring premiums	928	121	1 156	796	416	3 417
Protection	430	–	713	347	128	1 618
Long-term savings	498	115	439	446	288	1 786
Annuities and structured products	–	6	4	3	–	13
Single premiums	2 064	26 345	1 100	2 979	701	33 189
Protection	–	–	–	108	129	237
Long-term savings	2 064	23 850	454	2 832	214	29 414
Annuities and structured products	–	2 495	646	39	358	3 538
New business premiums (APE)	1 134	2 756	1 266	1 094	486	6 736
Protection	430	–	713	358	141	1 642
Long-term savings	704	2 500	484	729	309	4 726
Annuities and structured products	–	256	69	7	36	368
New business premiums (PVP)	7 072	26 812	4 701	9 206	2 656	50 447
Profitability of new business as a percentage of APE	1.9	4.9	8.7	(0.4)	3.7	4.2
Profitability of new business as a percentage of PVP	0.3	0.5	2.3	(0.0)	0.7	0.6

1 Value of new business and new business premiums are net of non-controlling interests.

2 The value of new business has been calculated using point of sale demographic and economic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at the reporting date have been assumed to be representative of the economic assumptions at point of sale. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

3 Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R75 million (30.06.2020: R43 million).

A. **Value of new business** continued

Reconciliation of lump sum inflows	12 mths to 30.06.2021 Rm	12 mths to 30.06.2020 Rm
Total lump sum inflows	**38 905**	32 532
Inflows not included in value of new business	**(6 618)**	(9 640)
Wealth off-balance sheet business	**13 637**	8 803
Term extensions on maturing policies	**321**	276
Automatically Continued Policies	**1 255**	1 233
Non-controlling interests and other adjustments	**(3)**	(15)
Single premiums included in value of new business	**47 497**	33 189

Principal assumptions (South Africa)[1, 2]	30.06.2021 %	30.06.2020 %
Pre-tax investment return		
Equities	**13.9**	14.0
Properties	**11.4**	11.5
Government stock	**10.4**	10.5
Other fixed-interest stocks	**10.9**	11.0
Cash	**9.4**	9.5
Risk-free return[3]	**10.4**	10.5
Risk discount rate (RDR)[4]	**12.8**	12.9
Investment return (before tax) – balanced portfolio[3]	**12.6**	12.7
Renewal expense inflation rate[5]	**6.5**	5.7

1 The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

2 The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

3 Risk-free returns are taken from an appropriate market related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.

4 The risk discount rate applied for covered business in South Africa is derived based on a weighted average cost of capital approach. The assumptions with regards the beta used to derive the cost of equity, the equity risk premium and the relative weighting between debt and equity funding are reviewed annually and has remained unchanged from that assumed at 30 June 2020.

5 For the retail businesses an inflation rate of 5.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. The 6.5% above represents the 10-year point of the yield curves.

B. Expected return

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

C. Release from the cost of required capital

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

D. Expected (or actual) net of tax profit transfer to net worth

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the IFRS basis.

E. Operating experience variances

		12 mths to 30.06.2021				12 mths to 30.06.2020
Operating experience variances	Notes	**ANW Rm**	**Gross VIF Rm**	**Cost of required capital Rm**	**EV Rm**	**EV Rm**
Momentum Life		**(299)**	**140**	**–**	**(159)**	(208)
Mortality and morbidity	1, 2	(315)	(1)	–	(316)	(23)
Terminations, premium cessations and policy alterations	3	64	164	–	228	(94)
Expense variance		82	–	–	82	60
Other	4	(130)	(23)	–	(153)	(151)
Momentum Investments		**251**	**(73)**	**–**	**178**	178
Mortality and morbidity	5	85	(4)	–	81	21
Terminations, premium cessations and policy alterations	6	3	(71)	–	(68)	37
Expense variance		84	–	–	84	48
Credit risk variance		29	–	–	29	43
Other	7	50	2	–	52	29
Metropolitan Life		**(4)**	**7**	**–**	**3**	108
Mortality and morbidity	1	(77)	(30)	–	(107)	128
Terminations, premium cessations and policy alterations	8	–	40	–	40	(18)
Expense variance		18	–	–	18	(25)
Credit risk variance		34	–	–	34	32
Other		21	(3)	–	18	(9)
Momentum Corporate		**(212)**	**(340)**	**–**	**(552)**	(88)
Mortality and morbidity	1, 2	(263)	(3)	–	(266)	(22)
Terminations, premium cessations and policy alterations	9	(13)	(285)	–	(298)	(265)
Expense variance		64	–	–	64	35
Credit risk variance		(6)	–	–	(6)	11
Other	10	6	(52)	–	(46)	153
Momentum Metropolitan Africa		**1**	**(40)**	**–**	**(39)**	46
Mortality and morbidity	11	57	4	–	61	98
Terminations, premium cessations and policy alterations	12	(56)	(44)	–	(100)	(33)
Expense variance		(11)	–	–	(11)	(3)
Other		11	–	–	11	(16)
Shareholders		**41**	**–**	**–**	**41**	(110)
Total operating experience variances		**(222)**	**(306)**	**–**	**(528)**	(74)

Notes

1. The mortality and morbidity variance has been impacted by additional deaths during the Covid-19 pandemic. This was offset to some extent by a release from the Covid-19 provisions.
2. Includes some offset from improved morbidity experience.
3. Persistency experience was negatively impacted by the pandemic (through premium holidays offered) but overall observed better than expected persistency. This includes the release of Covid-19 provisions. Net alterations experience, in particular with regards voluntary premium growth, also contributed positively.
4. The premium variance due to Multiply discounts contributed negatively for the 12 months. The variance would be impacted by new discounts offered, net changes on policies with current discounts, extension of the transition guarantee as well as changes in Activity Levels (a rating factor on the Multiply Grid).
5. The annuity book of business experienced higher than expected mortality due to the Covid-19 pandemic.
6. Reprice of contracts, fee changes and drawdowns on living annuities.
7. Mostly profits arising from the delayed implementation of pricing changes.
8. The improvement in reported experience is primarily as a result of improved accounting processes and significant new business volumes written, supported by better advisor retention and flexible premium payment options introduced by the business. Included in this is a release from the Covid-19 provisions.
9. Negative experience variance due to the shrinking book, mainly because of some large client terminations as well as employee workforce reducing on the FundsAtWork book.
10. Impact due to new fee agreements with the non-covered Momentum Investments business that manages the assets.
11. Mortality and morbidity experience for the 12 months were lower compared to what was allowed for in the valuation basis. Also includes a release of Covid-19 provisions.
12. ANW impact is mainly due to the premium debt write-off in Lesotho due to the pandemic and adverse lapse experience in Lesotho and Botswana. VIF impact is mainly due to adverse experience in Namibia.

F. Development expenses

Business development expenses within segments.

G. Operating assumption changes

Operating assumption changes	Notes	12 mths to 30.06.2021 ANW Rm	Gross VIF Rm	Cost of required capital Rm	EV Rm	12 mths to 30.06.2020 EV Rm
Momentum Life		(969)	34	19	(916)	(406)
Mortality and morbidity assumptions	1, 2	(872)	(4)	–	(876)	(192)
Termination assumptions	3	(296)	51	–	(245)	(320)
Renewal expense assumptions	4	98	90	–	188	91
Modelling, methodology and other changes	5	101	(103)	19	17	15
Momentum Investments		–	(229)	(19)	(248)	171
Mortality and morbidity assumptions	1	20	–	–	20	–
Termination assumptions		–	39	–	39	(1)
Renewal expense assumptions	6	(19)	(319)	–	(338)	48
Modelling, methodology and other changes		(1)	51	(19)	31	124
Metropolitan Life		(344)	(64)	(45)	(453)	(129)
Mortality and morbidity assumptions	1	(382)	(5)	–	(387)	(98)
Termination assumptions		–	–	–	–	(71)
Renewal expense assumptions	4	60	(21)	–	39	6
Modelling, methodology and other changes	7	(22)	(38)	(45)	(105)	34
Momentum Corporate		(980)	(240)	35	(1 185)	(549)
Mortality and morbidity assumptions	1	(1 001)	(175)	–	(1 176)	(287)
Termination assumptions	8	–	(130)	–	(130)	(105)
Renewal expense assumptions	4	(35)	213	–	178	17
Modelling, methodology and other changes	9	56	(148)	35	(57)	(174)
Momentum Metropolitan Africa		(103)	77	–	(26)	132
Mortality and morbidity assumptions	1, 10	(58)	(20)	–	(78)	42
Termination assumptions	11	(39)	27	–	(12)	(30)
Renewal expense assumptions	12	(60)	10	–	(50)	44
Modelling, methodology and other changes	13	54	60	–	114	76
Total operating assumption changes		(2 396)	(422)	(10)	(2 828)	(781)

Notes

1. Set up of additional Covid-19 provisions.
2. The mortality basis for the Traditional business was strengthened as well as the assumed mortality rates at older ages for the Protection business.
3. The termination rates for Protection business was reduced at longer durations.
4. Given good expense management, the expenses basis was weakened.
5. A number of outstanding projects was concluded ahead of the IFRS 17 implementation resulting in modelling refinements and releases of some out-of-model reserves. The net impact of these was neutral on the embedded value basis.
6. The Wealth renewal expense assumption was increased due to a reallocation of expenses.
7. Includes the work completed during the Legacy Funeral book migration to the PDS administration system as well as the impact on cost of capital from adopting the revised methodology for allocating the required capital to segments.
8. Updated termination assumptions of FundsAtWork and LC Investments.
9. ANW impact is largely due to opening methodology changes on CPI Annuities and Group Risk. VIF impact mainly due to the updated salary inflation assumption.
10. The VIF impact is due to the revision of profit margins.
11. Mainly due to the update of lapse rates in Namibia on the Swabou business.
12. Mainly driven by the increase in budgeted expenses. This was partially offset by an update on the policy charges on savings business.
13. Mainly driven by the release of profit share reserves in Lesotho and a tax correction.

H. Investment return on adjusted net worth

Investment return on adjusted net worth	12 mths to 30.06.2021 Rm	12 mths to 30.06.2020 Rm
Investment income	**420**	500
Capital appreciation and other[1]	**(296)**	(209)
Preference share dividends paid	**–**	(34)
Investment return on adjusted net worth	**124**	257

[1] This includes the revaluation of owner-occupied properties.

I. Investment variances

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

J. Economic assumption changes

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. Exchange rate movements

The impact of foreign currency movements on international covered businesses.

L. Exceptional items

Prior period item relates to the implementation and adoption of IFRS 16 in the previous financial year.

M. Transfer of business from/to non-covered business

Transfer of business between covered and non-covered business.

N. Other capital transfers

Capital transfers include the alignment of the net asset value of subsidiaries between covered and non-covered business and the recapitalisation of some international subsidiaries. In addition, the change in the treatment of intercompany loans to align with capital management practices has been analysed as capital transfers (this represents the bulk of the number).

Covered business: sensitivities – 30.06.2021	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital[3] Rm	Net value Rm	Gross value Rm	Cost of required capital[3] Rm
Base value	**9 192**	**20 706**	**23 578**	**(2 872)**	**725**	**935**	**(210)**
1% increase in risk discount rate		19 010	22 277	(3 267)	606	841	(235)
% change		(8)	(6)	14	(16)	(10)	12
1% reduction in risk discount rate		22 590	25 027	(2 437)	864	1 048	(184)
% change		9	6	(15)	19	12	(12)
10% decrease in future expenses		22 460	25 331	(2 871)	878	1 088	(210)
% change[1]		8	7	–	21	16	–
10% decrease in lapse, paid-up and surrender rates		21 230	24 101	(2 871)	900	1 110	(210)
% change		3	2	–	24	19	–
5% decrease in mortality and morbidity for assurance business		23 254	26 125	(2 871)	870	1 080	(210)
% change		12	11	–	20	16	–
5% decrease in mortality for annuity business		20 326	23 197	(2 871)	702	912	(210)
% change		(2)	(2)	–	(3)	(2)	–
1% reduction in gross investment return, inflation rate and risk discount rate	9 192	21 387	24 258	(2 871)	798	1 008	(210)
% change[2]	–	3	3	–	10	8	–
1% reduction in inflation rate		21 620	24 491	(2 871)	804	1 014	(210)
% change		4	4	–	11	8	–
10% fall in market value of equities and properties	9 113	19 726	22 597	(2 871)			
% change[2]	(1)	(5)	(4)	–			
10% reduction in premium indexation take-up rate		20 202	23 073	(2 871)	685	895	(210)
% change		(2)	(2)	–	(6)	(4)	–
10% decrease in non-commission-related acquisition expenses					850	1 060	(210)
% change					17	13	–
1% increase in equity/property risk premium		21 188	24 059	(2 871)	763	973	(210)
% change		2	2	–	5	4	–

1 No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.

2 Bonus rates are assumed to change commensurately.

3 The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	**Adjusted net worth (ANW) Rm**	**Gross value of in-force (VIF) Rm**	**Cost of required capital Rm**	**12 mths to 30.06.2021 Rm**	**Restated 12 mths to 30.06.2020[1] Rm**
Momentum Life					
Embedded value from new business	(248)	394	(74)	72	22
Expected return – unwinding of RDR	–	579	(56)	523	885
Release from the cost of required capital	–	–	271	271	205
Expected (or actual) net of tax profit transfer to net worth	1 103	(1 103)	–	–	–
Operating experience variances	(299)	140	–	(159)	(208)
Development expenses	(9)	–	–	(9)	(13)
Operating assumption changes	(969)	34	19	(916)	(406)
Embedded value (loss)/profit from operations	(422)	44	160	(218)	485
Investment return on adjusted net worth	106	–	–	106	164
Investment variances	(516)	255	(31)	(292)	(608)
Economic assumption changes	–	729	(73)	656	(520)
Embedded value (loss)/profit – covered business	(832)	1 028	56	252	(479)
Momentum Investments					
Embedded value from new business	(20)	434	(22)	392	134
Expected return – unwinding of RDR	–	112	(14)	98	131
Release from the cost of required capital	–	–	54	54	54
Expected (or actual) net of tax profit transfer to net worth	356	(356)	–	–	–
Operating experience variances	251	(73)	–	178	178
Development expenses	(6)	–	–	(6)	(9)
Operating assumption changes	–	(229)	(19)	(248)	171
Embedded value profit/(loss) from operations	581	(112)	(1)	468	659
Investment return on adjusted net worth	(49)	–	–	(49)	80
Investment variances	327	244	(84)	487	(344)
Economic assumption changes	–	(223)	(16)	(239)	1
Embedded value profit/(loss) – covered business	859	(91)	(101)	667	396
Metropolitan Life					
Embedded value from new business	(130)	450	(67)	253	110
Expected return – unwinding of RDR	–	297	(24)	273	443
Release from the cost of required capital	–	–	77	77	53
Expected (or actual) net of tax profit transfer to net worth	794	(794)	–	–	–
Operating experience variances	(4)	7	–	3	108
Development expenses	(9)	–	–	(9)	(5)
Operating assumption changes	(344)	(64)	(45)	(453)	(129)
Embedded value profit/(loss) from operations	307	(104)	(59)	144	580
Investment return on adjusted net worth	59	–	–	59	90
Investment variances	66	267	(8)	325	(745)
Economic assumption changes	–	(44)	29	(15)	(45)
Embedded value profit/(loss) – covered business	432	119	(38)	513	(120)

[1] Investment return on ANW was reallocated between segments to align external and internal reporting.

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE CONTINUED	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	12 mths to 30.06.2021 Rm	Restated 12 mths to 30.06.2020[1] Rm
Momentum Corporate					
Embedded value from new business	(135)	169	(23)	11	(4)
Expected return – unwinding of RDR	–	560	(140)	420	487
Release from the cost of required capital	–	–	168	168	165
Expected (or actual) net of tax profit transfer to net worth	535	(535)	–	–	–
Operating experience variances	(212)	(340)	–	(552)	(88)
Development expenses	(13)	–	–	(13)	(16)
Operating assumption changes	(980)	(240)	35	(1 185)	(549)
Embedded value (loss)/profit from operations	(805)	(386)	40	(1 151)	(5)
Investment return on adjusted net worth	48	–	–	48	72
Investment variances	207	134	79	420	(604)
Economic assumption changes	(1)	118	–	117	(181)
Embedded value (loss)/profit – covered business	(551)	(134)	119	(566)	(718)
Momentum Metropolitan Africa					
Embedded value from new business	(196)	217	(24)	(3)	18
Expected return – unwinding of RDR	–	281	(42)	239	268
Expected (or actual) net of tax profit transfer to net worth	381	(381)	–	–	–
Operating experience variances	1	(40)	–	(39)	46
Operating assumption changes	(103)	77	–	(26)	132
Embedded value profit/(loss) from operations	83	154	(66)	171	464
Investment return on adjusted net worth	118	–	–	118	121
Investment variances	124	35	–	159	(219)
Economic assumption changes	(47)	32	31	16	(14)
Exchange rate movements	(52)	(50)	11	(91)	77
Embedded value profit/(loss) – covered business	226	171	(24)	373	429
Shareholders					
Operating experience variances	41	–	–	41	(110)
Embedded value profit/(loss) from operations	41	–	–	41	(110)
Investment return on adjusted net worth	(158)	–	–	(158)	(270)
Investment variances	31	–	–	31	–
Exceptional items	–	–	–	–	(19)
Embedded value loss – covered business	(86)	–	–	(86)	(399)

1 Investment return on ANW was reallocated between segments to align external and internal reporting.

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED[1]

	30.06.2021 Rm	30.06.2020 Rm
Managed and/or administered by Investments		
Financial assets	**477 414**	418 560
Momentum Manager of Managers	**90 087**	69 999
Momentum Investment Consultants	**10 922**	7 971
Momentum Collective Investments	**92 454**	83 767
Momentum Asset Management	**165 627**	154 980
Momentum Global Investments	**77 071**	62 143
Momentum Alternative Investments	**7 682**	7 027
Momentum Securities	**33 571**	32 673
Properties – Eris Property Group	**15 588**	17 723
On-balance sheet	**7 901**	7 883
Off-balance sheet	**7 687**	9 840
Momentum Wealth linked product assets under administration	**194 460**	169 551
On-balance sheet	**125 018**	110 132
Off-balance sheet	**69 442**	59 419
Managed internally or by other managers within the Group (on-balance sheet)	**96 994**	94 348
Managed by external managers (on-balance sheet)	**16 472**	14 459
Properties managed internally or by other managers within the Group or externally	**4 037**	4 604
Non-life Insurance – cell captives on-balance sheet	**30 680**	23 078
Total assets managed and/or administered	**835 645**	742 323
Managed and/or administered by Investments		
On-balance sheet	**232 170**	208 095
Off-balance sheet	**245 244**	210 465
	477 414	418 560
Admin and brokerage assets	**135 882**	100 402
Other assets	**341 532**	318 158
	477 414	418 560

1 Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

NET FUNDS RECEIVED FROM CLIENTS[1]	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
12 mths to 30.06.2021					
Momentum Life	**540**	**8 976**	**9 516**	**(10 718)**	**(1 202)**
Momentum Investments	**31 595**	**766**	**32 361**	**(29 551)**	**2 810**
Metropolitan Life	**1 424**	**6 233**	**7 657**	**(6 564)**	**1 093**
Momentum Corporate	**2 518**	**12 346**	**14 864**	**(18 102)**	**(3 238)**
Momentum Metropolitan Health	**1**	**931**	**932**	**(633)**	**299**
Non-life Insurance	**1 855**	**9 654**	**11 509**	**(6 843)**	**4 666**
Momentum Metropolitan Africa	**972**	**3 867**	**4 839**	**(2 701)**	**2 138**
Long-term insurance business fund flows	**38 905**	**42 773**	**81 678**	**(75 112)**	**6 566**
Off-balance sheet fund flows					
Managed and/or administered by Investments			**90 706**	**(85 073)**	**5 633**
Properties – Eris Property Group			**763**	**(2 917)**	**(2 154)**
Momentum Wealth linked product assets under administration			**12 853**	**(9 823)**	**3 030**
Total net funds received from clients			**186 000**	**(172 925)**	**13 075**
Restated					
12 mths to 30.06.2020[2,3]					
Momentum Life	570	8 896	9 466	(9 093)	373
Momentum Investments	23 333	734	24 067	(22 658)	1 409
Metropolitan Life	1 060	6 025	7 085	(5 435)	1 650
Momentum Corporate	3 013	12 327	15 340	(15 278)	62
Momentum Metropolitan Health	2	855	857	(407)	450
Non-life Insurance	3 782	9 036	12 818	(4 984)	7 834
Momentum Metropolitan Africa	772	3 926	4 698	(2 518)	2 180
Long-term insurance business fund flows	32 532	41 799	74 331	(60 373)	13 958
Off-balance sheet fund flows					
Managed and/or administered by Investments			94 430	(91 642)	2 788
Properties – Eris Property Group			432	(5 380)	(4 948)
Momentum Wealth linked product assets under administration			7 871	(9 131)	(1 260)
Total net funds received from clients			177 064	(166 526)	10 538

1 Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

2 Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

3 Refer to note 12 for more information on the restatements other than footnote 2.

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS

	30.06.2021 Rm	%	Restated 30.06.2020[1] Rm	%
Equity securities	1 659	7.7	462	2.0
Preference shares	859	4.0	825	3.7
CISs	1 059	4.9	1 036	4.6
Debt securities	7 030	32.6	6 366	28.2
Properties	3 761	17.4	3 843	17.0
Owner-occupied properties	2 454	11.4	1 766	7.8
Investment properties	1 307	6.1	2 077	9.2
Cash and cash equivalents and funds on deposit	5 172	24.0	7 457	33.0
Intangible assets	5 168	24.0	6 055	26.8
Other net assets	3 004	13.9	1 631	7.2
	27 712	128.4	27 675	122.5
Redeemable preference shares	(245)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	(4 429)	(20.5)	(4 431)	(19.6)
Treasury shares held on behalf of employees	(876)	(4.1)	–	–
Treasury shares held on behalf of contract holders	(587)	(2.7)	(397)	(1.8)
Shareholder excess per reporting basis	**21 575**	**100.0**	**22 593**	**100.0**

[1] Refer to note 12 for more information on the restatements.

NUMBER OF EMPLOYEES

	30.06.2021	30.06.2020
Indoor staff	9 882	9 915
SA	8 841	8 829
International	1 041	1 086
Field staff	6 601	6 352
Momentum Life & Investments	1 105	1 127
Metropolitan Life	4 208	3 865
International	1 288	1 360
Total	**16 483**	16 267

VALUATION TECHNIQUES

Group's valuation processes

The Group's in-house valuation experts perform the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held at least bi-annually, in line with the Group's bi-annual reporting dates.

Critical accounting estimates and judgements

For venture capital fund investments that are classified as unit-linked investments, the Group applies the International Private Equity and Venture Capital (IPEV) valuation guidelines, which have been prepared with the goal that the derived fair value measurements are compliant with IFRS. The IPEV guidelines allow for adjustments post the valuation date for uncertainty related to time elapsing between the measurement dates of the fund manager and the investor, changes in market dynamics or other economic conditions, and facts or circumstances that may impact the valuation of start-up businesses. Management applies judgement if an adjustment is needed for any of these reasons.

The following are the methods and assumptions for determining the fair value when a valuation technique is used in respect of instruments classified as level 2.

Instrument	Valuation basis	Main assumptions
Equities and similar securities		
– Listed, local and foreign	Discounted cash flow (DCF), earnings multiple, published prices	Cost of capital, earnings multiple, consumer price index, budgets, cash flow forecasts
Stock and loans to other public bodies		
– Listed, local	Published yield of benchmark bond	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve
	Published price quotation	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve
– Listed, foreign	Published price quotation	Nominal bond curve, credit spread
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Other debt securities		
– Listed, local	Published prices, DCF	Nominal bond curve, real bond curve, swap curve, consumer price index, credit spread, currency rates
– Listed, foreign	Published prices, DCF	Nominal bond curve, credit spread and currency rates
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, currency rates
	DCF, Black-scholes model	Yield curves, discount rates, volatilities
Funds on deposit and other money market instruments		
– Listed	DCF	Money market curve
	Published prices	Money market curve, credit spread
	Published yield of benchmark bond	Money market curve, credit spread
– Unlisted	DCF	Money market curve, nominal bond curve, swap curve, credit spread, inflation curve
Unit-linked investments	Adjusted NAV or NAV	Underlying asset and liabilty values
Derivative assets and liabilities	Black-scholes model (European options), binomial tree (American/Bermudan options), DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, volatility, forward equity, currency rates
Subordinated call notes (Liability)	Published yield quotations	Nominal bond curve, real bond curve
Carry position assets and liabilties	DCF	Nominal bond curve, repo rates
Investment contracts designated at FVPL	Asset and liability matching method	Asset value

There were no significant changes in the valuation methods applied since the prior year.

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Securities at FVPL				
Equity securities				
– Foreign listed	Published prices	Adjustments for low liquidity or inactivity	Liquidity discount: 0% to 30%	Adjustments would result in lower fair value
– Unlisted	NAV	Underlying property valuations impacted by capitalisation rates, vacancy rates and potential capitalisation of project costs	Could vary significantly based on the value of the underlying properties[1]	The higher the capitalisation rate the lower the value of the property and the fair value. The higher the vacancy rate the lower the value of the property and the fair value[1]
	Adjusted NAV or NAV	Price per unit	Could vary significantly based on the assets and liabilities held by the investee[1]	The higher the NAV, the greater the fair value[1]
Debt securities				
Stock and loans to government and other public bodies				
– Unlisted	DCF	Discount rate	8.00% to 11.00% (30.06.2020: 8.00% to 11.00%)	The higher the discount rate, the lower the fair value of the assets
– Listed	Published prices	Adjustments for recoverability and credit risk determined by collection rates of performing and non-performing loans.	Multiple unobservable inputs[1]	Adjustments would result in lower fair value
Other debt instruments				
– Unlisted	DCF, Black-scholes model	Discount rate, volatilities, yield curve	Multiple unobservable inputs[1]	Could vary significantly based on multiple inputs[1]
	DCF	Discount rate	8.32% to 9.69% (30.06.2020: 8.28% to 9.85%); 5.00% to 11.19% (30.06.2020: 5.41% to 11.41%); 7.75% to 12.58%; 15.03%	The higher the discount rate, the lower the fair value of the assets
	Last quoted price multiplied by number of units held	Price per unit	78c (30.06.2020: 78c)	The higher the price per unit, the higher the fair value
Unit-linked investments				
CISs				
– Foreign unlisted unquoted	Unit price of underlying assets/ liabilities multiplied by number of units held	Price per unit	Could vary significantly based on the assets and liabilities held by the investee[1]	The higher the NAV, the greater the fair value[1]

[1] Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Securities at FVPL continued				
Other unit-linked investments				
– Local unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings[1]	The higher the price per unit, the higher the fair value[1]
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings[1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
– Foreign unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings[1]	The higher the price per unit, the higher the fair value[1]
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings[1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Derivative financial assets	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of inputs [1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Financial liabilities				
Financial liabilities at FVPL				
Other borrowings	DCF	AUM growth rate	2.75% to 3.25% (30.06.2020: not applicable)	The higher the rate, the higher the fair value
Preference shares	DCF	Discount rate	12.22% (30.06.2020: not applicable)	The higher the discount rate, the lower the fair value of the liability

[1] Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

There were no significant changes in the valuation methods applied since the prior year.

	30.06.2021	30.06.2020
12 months		
Value of listed shares traded (rand million)	**18 628**	13 442
Volume of listed shares traded (million)	**1 156**	722
Shares traded (% of average listed shares in issue)	**81**	50
Trade prices		
Highest (cents per share)	**2 098**	2 278
Lowest (cents per share)	**1 282**	1 326
Last sale of period (cents per share)	**1 950**	1 761
Percentage (%) change during year	**11**	(7)
Percentage (%) change – life insurance sector (J857)	**9**	(31)
Percentage (%) change – top 40 index (J200)	**20**	(4)
30 June		
Price/normalised headline earnings (segmental) ratio	**29.1**	17.3
Dividend yield % (dividend on listed shares)	**2.1**	2.3
Dividend yield % – top 40 index (J200)	**2.4**	3.5
Total shares issued (million)		
Ordinary shares listed on JSE	**1 498**	1 498
Treasury shares held on behalf of shareholders	**–**	(27)
Treasury shares held on behalf of employees	**(45)**	–
Treasury shares held on behalf of contract holders	**(30)**	(23)
Basic number of shares in issue	**1 423**	1 448
Convertible redeemable preference shares[1]	**–**	–
Diluted number of shares in issue	**1 423**	1 448
Convertible redeemable preference shares[1]	**28**	28
Treasury shares held on behalf of contract holders	**30**	23
Treasury shares held on behalf of employees	**45**	–
Diluted number of shares in issue for normalised headline earnings purposes[2]	**1 526**	1 499
Market capitalisation at end (Rbn)[3]	**30**	26

1 On a diluted basis, the KTH preference shares are anti-dilutive in both the current and prior year. For diluted earnings and headline earnings, these preference shares are therefore ignored in accordance with IAS 33. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares were treated when dilutive.

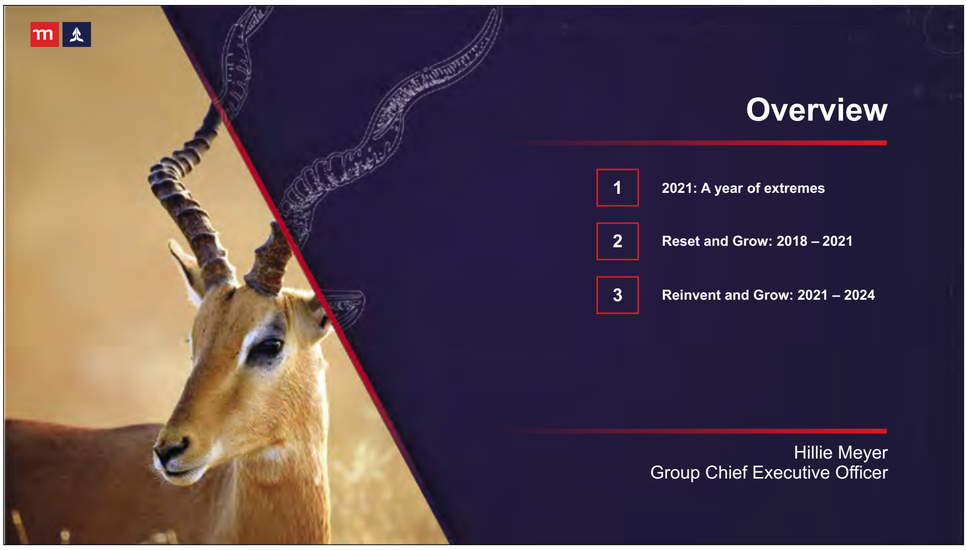
2 The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as the treasury shares held on behalf of employees.

3 The market capitalisation is calculated on the fully diluted number of shares in issue.

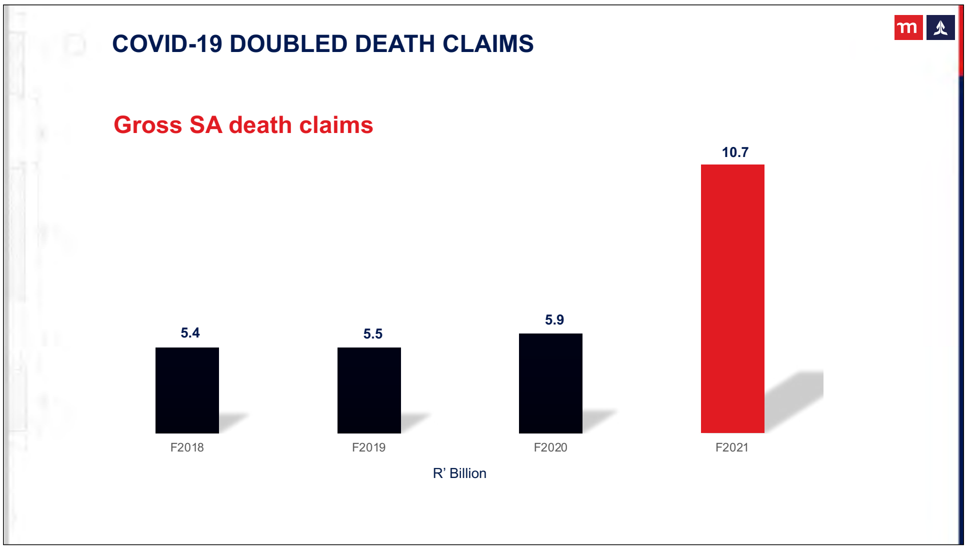
INVESTOR PRESENTATION

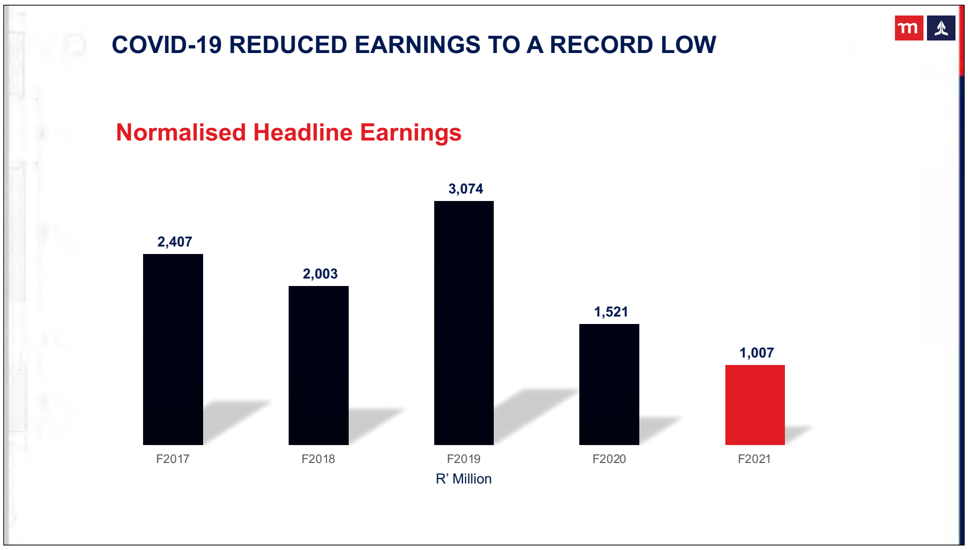
For the year ended 30 June 2021


momentum
METROPOLITAN
A year of extremes: Record sales and highest ever death claims
Profit declines 34% but dividend maintained
2021
momentum
multiply
METROPOLITAN
GUARDRISK
Eris

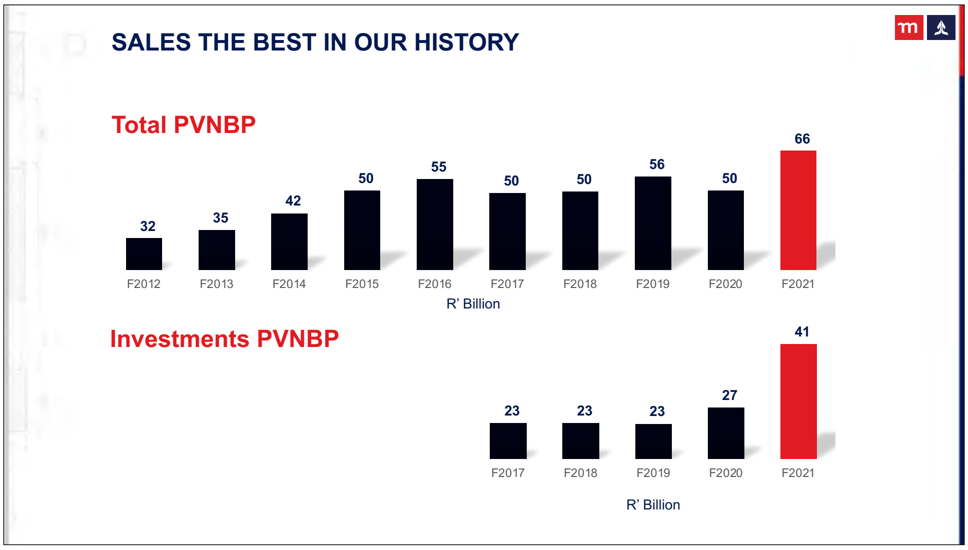

Overview
1 2021: A year of extremes
2 Reset and Grow: 2018 – 2021
3 Reinvent and Grow: 2021 – 2024
Hillie Meyer
Group Chief Executive Officer


2021
A year of extremes

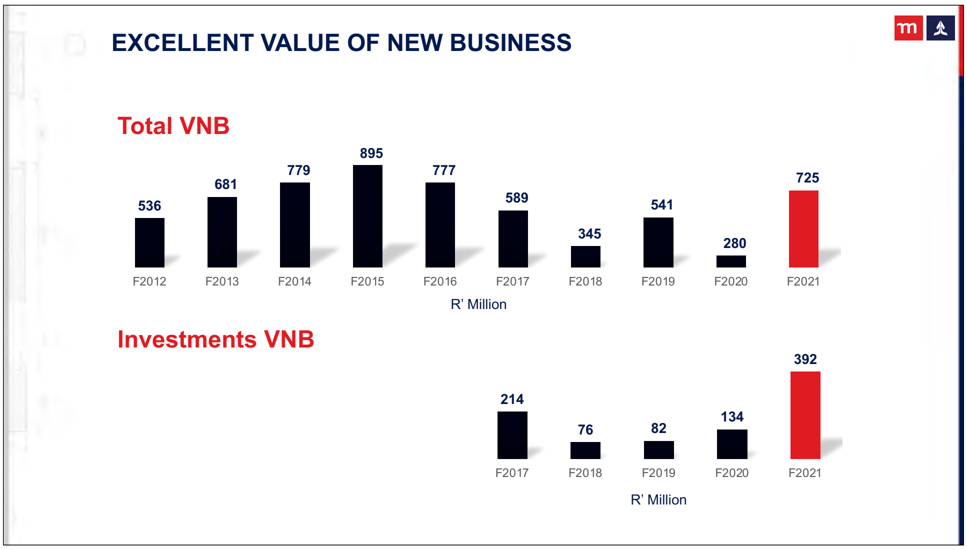

COVID-19 DOUBLED DEATH CLAIMS
Gross SA death claims
5.4
5.5
5.9
10.7
F2018
F2019
F2020
F2021
R' Billion

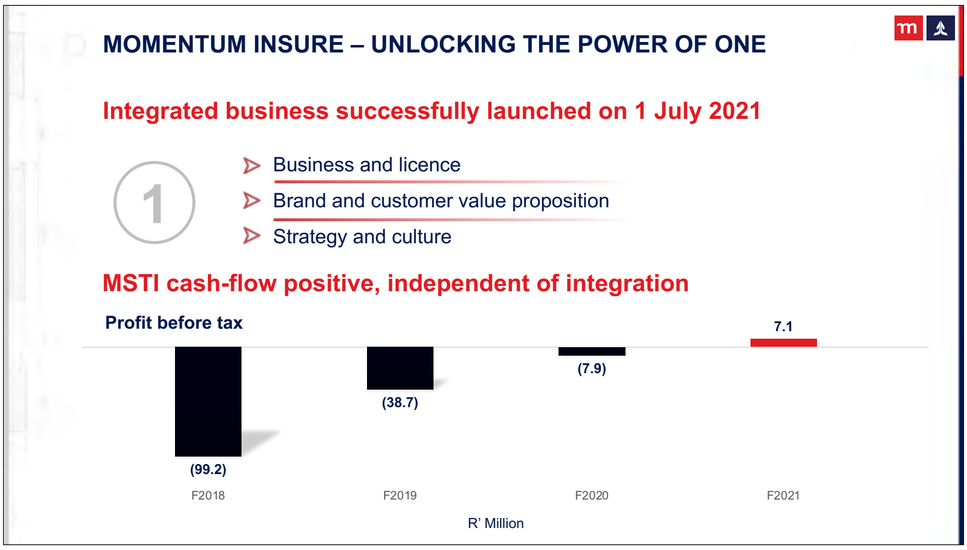


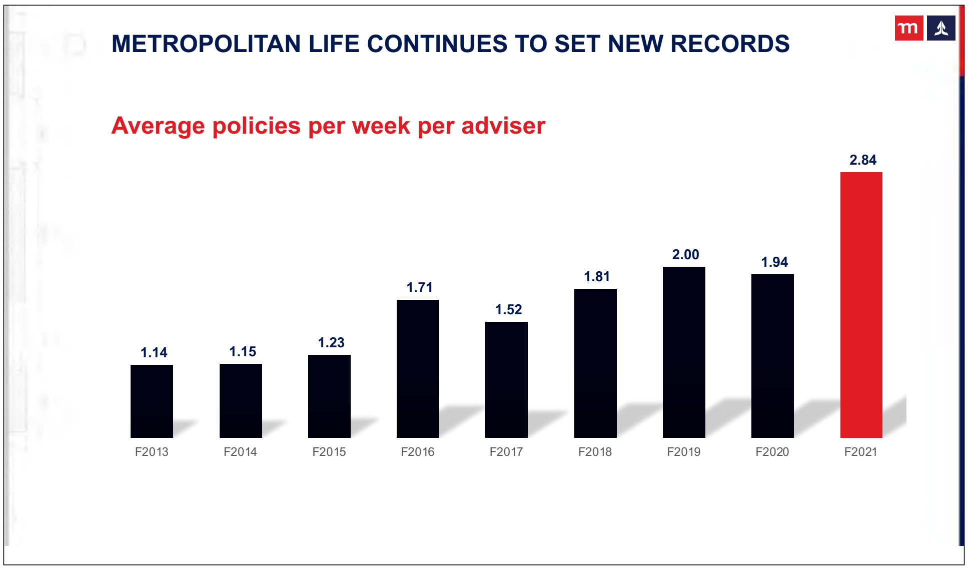
COVID-19 REDUCED EARNINGS TO A RECORD LOW
Normalised Headline Earnings
2,407
2,003
3,074
1,521
1,007
F2017
F2018
F2019
F2020
F2021
R' Million

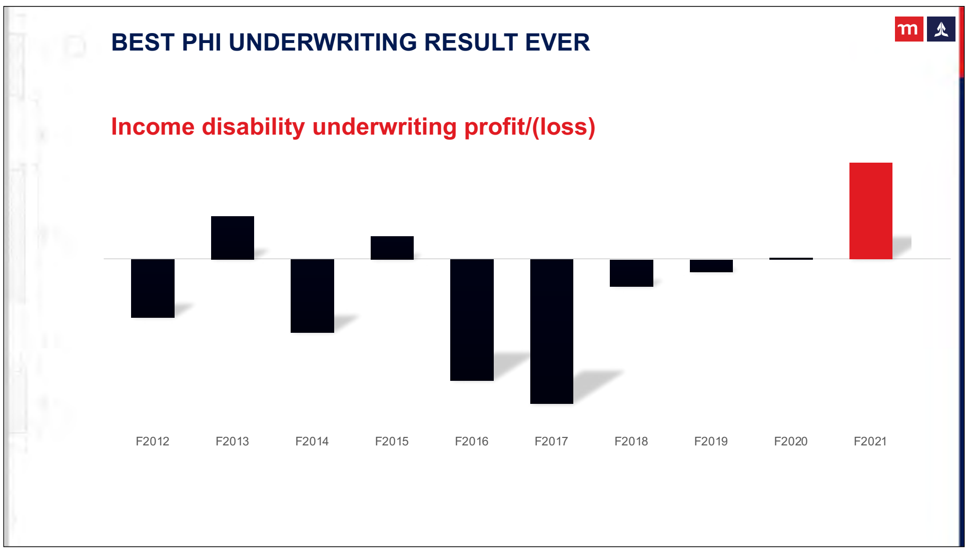


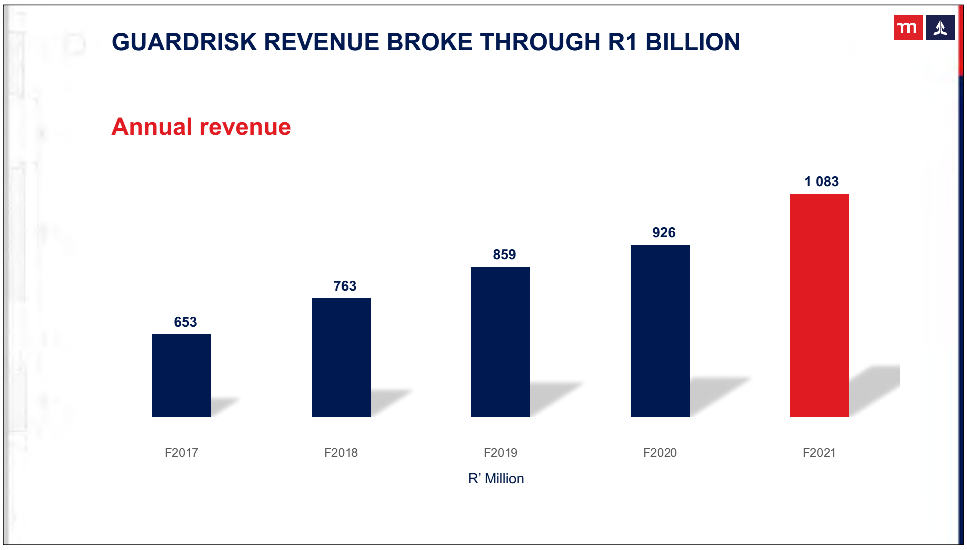
SALES THE BEST IN OUR HISTORY
Total PVNBP
32
35
42
50
55
50
50
56
50
66
F2012
F2013
F2014
F2015
F2016
F2017
F2018
F2019
F2020
F2021
R' Billion
Investments PVNBP
23
23
23
27
41
F2017
F2018
F2019
F2020
F2021
R' Billion

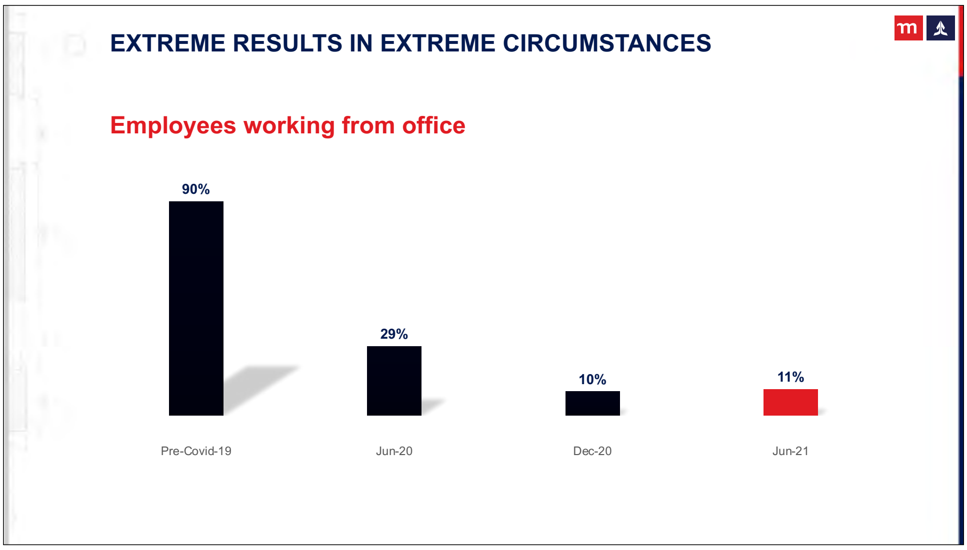

EXCELLENT VALUE OF NEW BUSINESS
Total VNB
536
681
779
895
777
589
345
541
280
725
F2012
F2013
F2014
F2015
F2016
F2017
F2018
F2019
F2020
F2021
R' Million
Investments VNB
214
76
82
134
392
F2017
F2018
F2019
F2020
F2021
R' Million


MOMENTUM INSURE – UNLOCKING THE POWER OF ONE
Integrated business successfully launched on 1 July 2021
1
Business and licence
Brand and customer value proposition
Strategy and culture
MSTI cash-flow positive, independent of integration
Profit before tax
(99.2)
(38.7)
(7.9)
7.1
F2018
F2019
F2020
F2021
R' Million

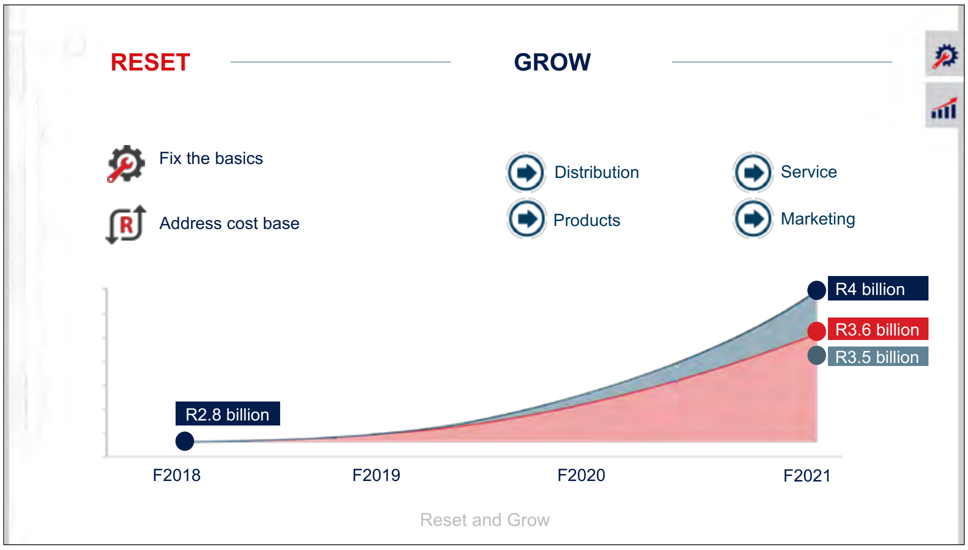

METROPOLITAN LIFE CONTINUES TO SET NEW RECORDS
Average policies per week per adviser
1.14
1.15
1.23
1.71
1.52
1.81
2.00
1.94
2.84
F2013
F2014
F2015
F2016
F2017
F2018
F2019
F2020
F2021


BEST PHI UNDERWRITING RESULT EVER
Income disability underwriting profit/(loss)
F2012
F2013
F2014
F2015
F2016
F2017
F2018
F2019
F2020
F2021


GUARDRISK REVENUE BROKE THROUGH R1 BILLION
Annual revenue
653
763
859
926
1 083
F2017
F2018
F2019
F2020
F2021
R' Million


EXTREME RESULTS IN EXTREME CIRCUMSTANCES
Employees working from office
90%
29%
10%
11%
Pre-Covid-19
Jun-20
Dec-20
Jun-21


Reset and Grow
2018 – 2021

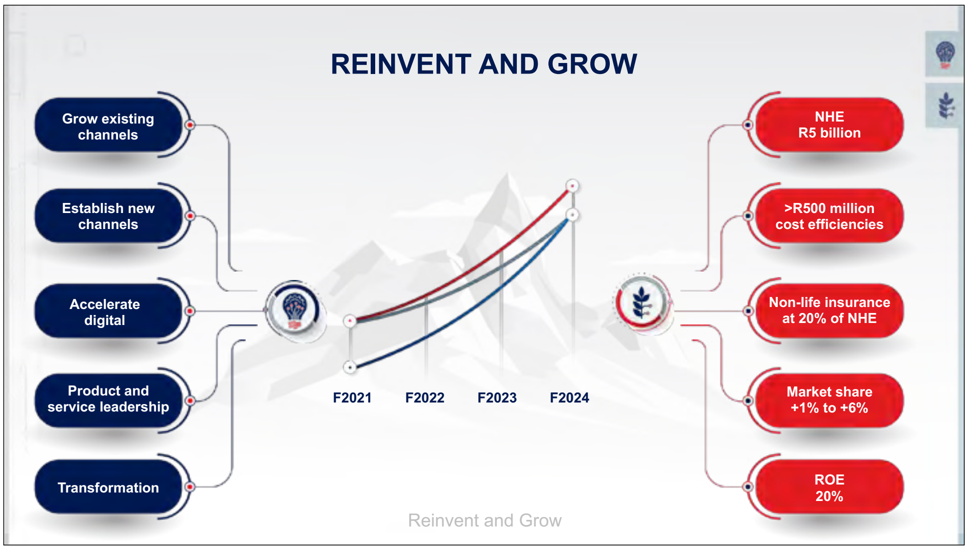

RESET
GROW
Fix the basics
Address cost base
Distribution
Products
Service
Marketing
R4 billion
R3.6 billion
R3.5 billion
R2.8 billion
F2018
F2019
F2020
F2021
Reset and Grow

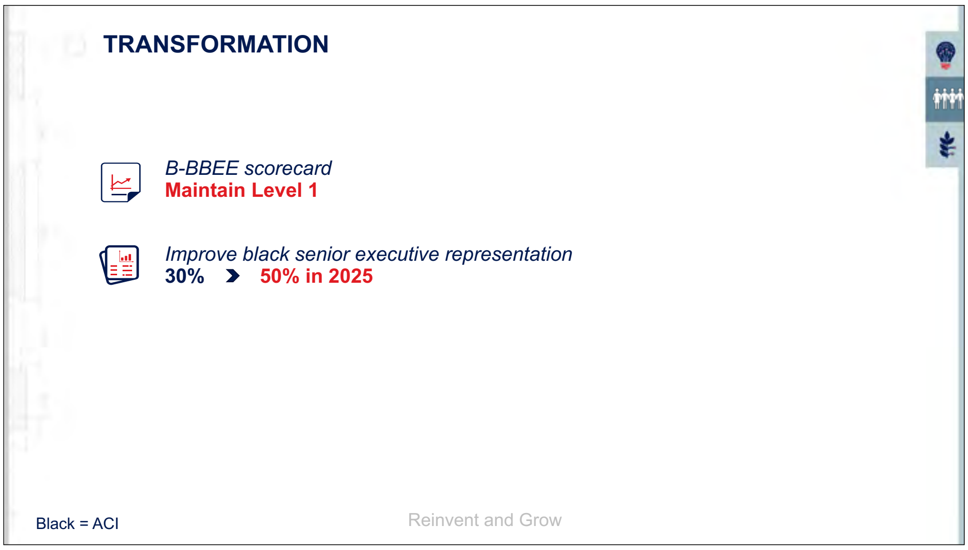
CORPORATE PORTFOLIO APPROACH

We expect our portfolio of empowered businesses to deliver superior performance

- **Being best in class** – product and/or service leaders, leveraging individual and Group strengths and being highly competitive
- **Creating value** – through real earnings growth and contributing to the Group ROE target
- **Ensuring sustainability** – through Group diversification, new initiatives, digital transformation and sound governance

Reinvent and Grow


REINVENT AND GROW
Grow existing channels
Establish new channels
Accelerate digital
Product and service leadership
Transformation
F2021
F2022
F2023
F2024
NHE R5 billion
>R500 million cost efficiencies
Non-life insurance at 20% of NHE
Market share +1% to +6%
ROE 20%
Reinvent and Grow


TRANSFORMATION
B-BBEE scorecard
Maintain Level 1
Improve black senior executive representation
30%
50% in 2025
Black = ACI
Reinvent and Grow

MOMENTUM METROPOLITAN AFRICA

Grow sales (PVNBP)
R2,8 bn ❯ R4 bn

Increase NHE
R250 m ❯ R500 m

Improve VNB
-R3 m ❯ R35 m

Reinvent and Grow

MOMENTUM LIFE

Myriad

Grow IFA market share
16% ❯ 20%

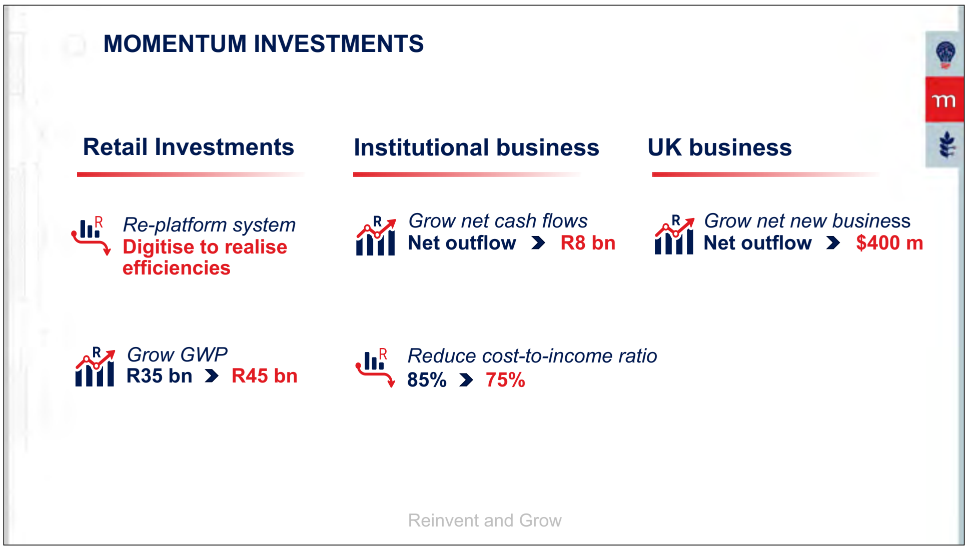
Increase new business margin
2,8% ❯ 5%

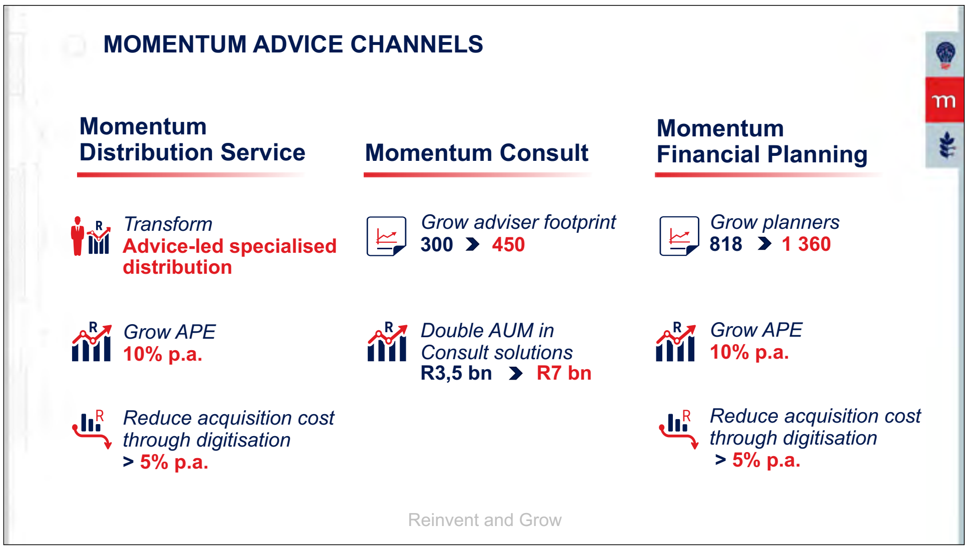
Investo

Grow retirement annuity market share
15% ❯ 17%

Digitise to realise efficiencies
Reduce cost base by 20%

Reinvent and Grow


MOMENTUM INVESTMENTS
Retail Investments
Re-platform system
Digitise to realise efficiencies
Grow GWP
R35 bn R45 bn
Institutional business
Grow net cash flows
Net outflow R8 bn
Reduce cost-to-income ratio
85% 75%
UK business
Grow net new business
Net outflow $400 m
Reinvent and Grow


MOMENTUM ADVICE CHANNELS
Momentum Distribution Service
Transform
Advice-led specialised distribution
Grow APE
10% p.a.
Reduce acquisition cost through digitisation
> 5% p.a.
Momentum Consult
Grow adviser footprint
300 450
Double AUM in Consult solutions
R3,5 bn R7 bn
Momentum Financial Planning
Grow planners
818 1 360
Grow APE
10% p.a.
Reduce acquisition cost through digitisation
> 5% p.a.
Reinvent and Grow

MOMENTUM CORPORATE

FundsAtWork

Increase AUM
R60 bn ➤ R80 bn

Increase digital member engagement
50% ➤ 80%

Other

Reduce cost-to-income ratio
78% ➤ 70%

Improve group insurance margin
Negative ➤ 5%

Reinvent and Grow

MOMENTUM METROPOLITAN HEALTH

Grow membership

Open schemes
260 000 ➤ 360 000

Public sector
750 000 ➤ 850 000

Corporate schemes
35 000 ➤ 40 000

Digitisation to realise efficiencies
Reduce cost base by R150 m

Reinvent and Grow

METROPOLITAN LIFE

Increase gross new business APE
R2 bn ➤ R3 bn

Policy migration and automation
Annual savings of R90 m

Digitisation to realise efficiencies
Reduce acquisition cost per policy by 10%

Increase Metropolitan GetUp contribution
5% of new business

Reinvent and Grow

GUARDRISK

Guardrisk Group

Double 2018 NHE
R510 m

Increase UW profits
26% ➤ 33% of revenue

Establish **micro-insurance** initiative

Guardrisk Non-life (including GGI)

Grow net revenue
R800 m ➤ R1,1 bn

Guardrisk Life

Increase net revenue
R250 m ➤ R300 m

Reinvent and Grow

MOMENTUM INSURE

Complete AFI integration by mid 2022
Cumulative savings of R160 m p.a. by 2024

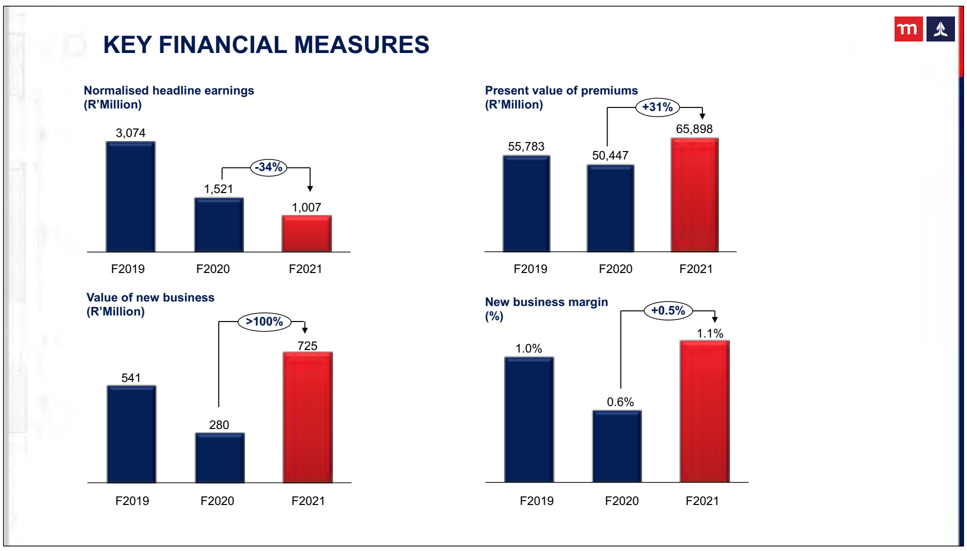
Grow GWP
8% p.a.

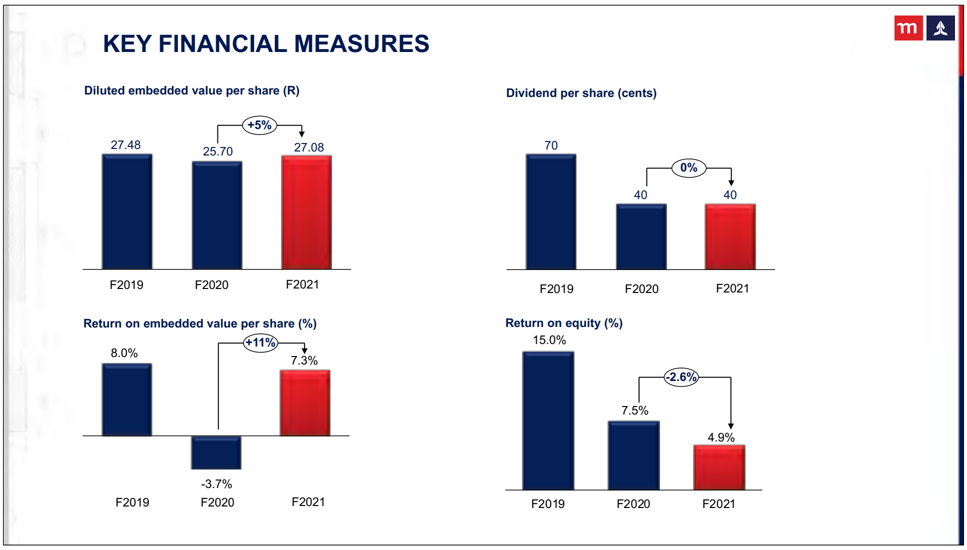
Double NHE
R330 m

Distinctive client value proposition
Anchored in "Safety"

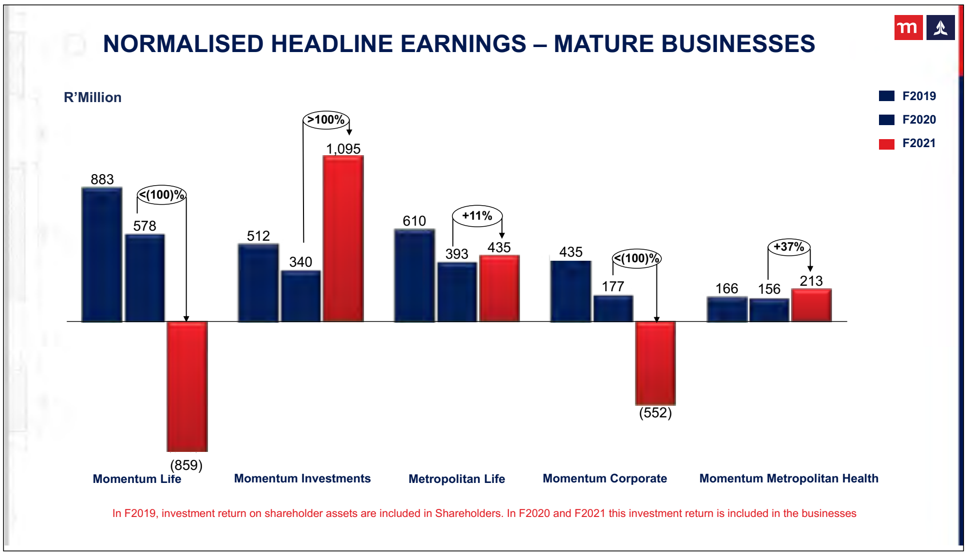
Reinvent and Grow


multiply
MONEY
4000 12
4314
CARDHOLD
Financial results for the year ended
30 June 2021

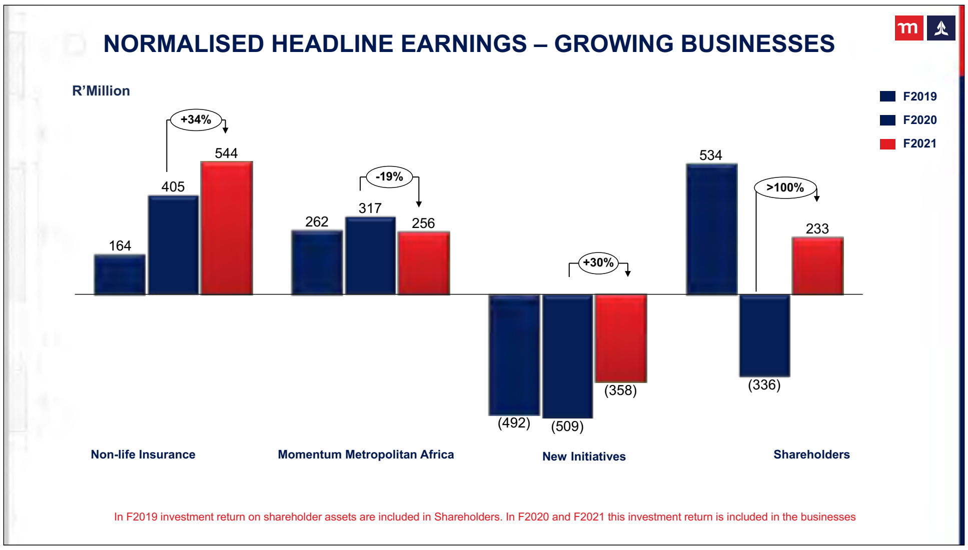

KEY FINANCIAL MEASURES
Normalised headline earnings
(R'Million)
3,074
1,521
-34%
1,007
F2019
F2020
F2021
Present value of premiums
(R'Million)
+31%
55,783
50,447
65,898
F2019
F2020
F2021
Value of new business
(R'Million)
>100%
541
280
725
F2019
F2020
F2021
New business margin
(%)
+0.5%
1.0%
0.6%
1.1%
F2019
F2020
F2021

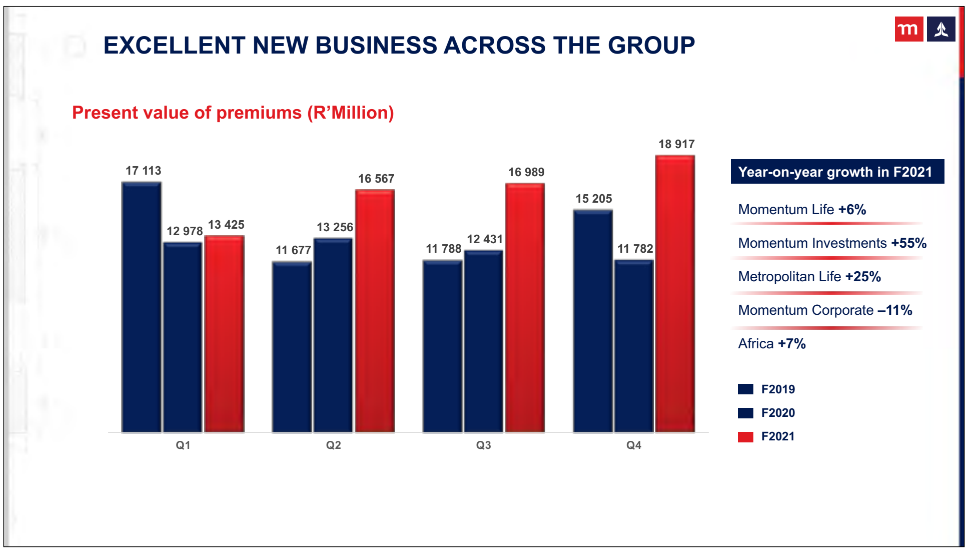


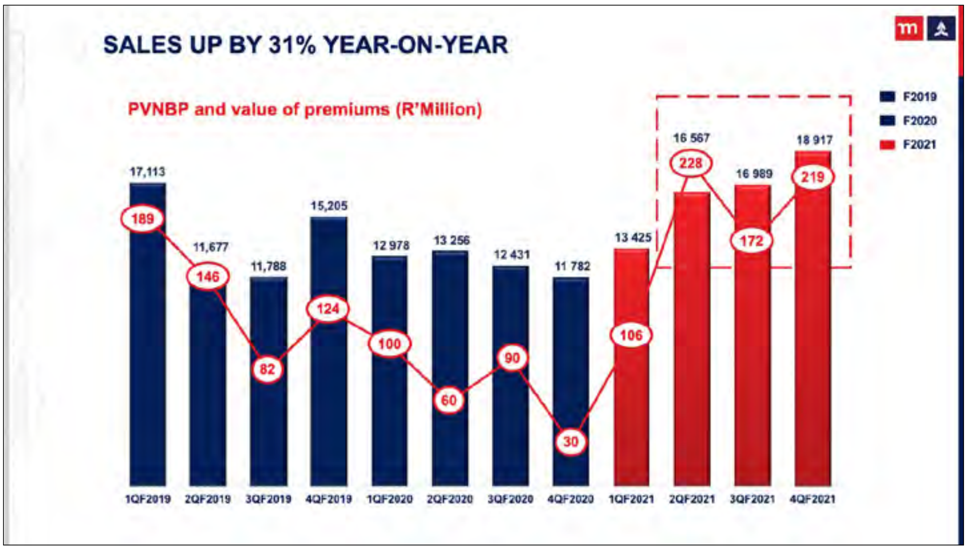
KEY FINANCIAL MEASURES
Diluted embedded value per share (R)
27.48
25.70
+5%
27.08
F2019
F2020
F2021
Dividend per share (cents)
70
40
0%
40
F2019
F2020
F2021
Return on embedded value per share (%)
8.0%
+11%
7.3%
-3.7%
F2019
F2020
F2021
Return on equity (%)
15.0%
7.5%
-2.6%
4.9%
F2019
F2020
F2021

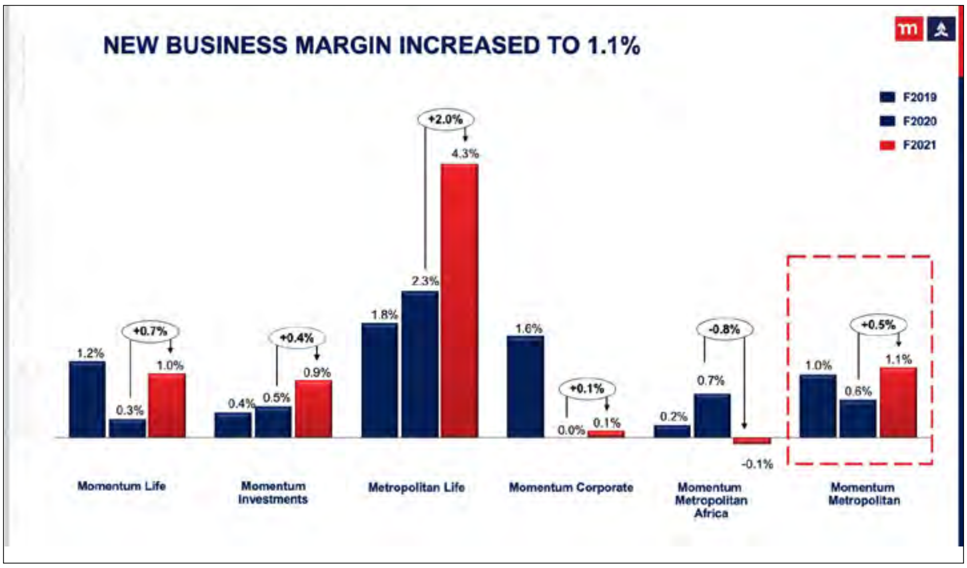


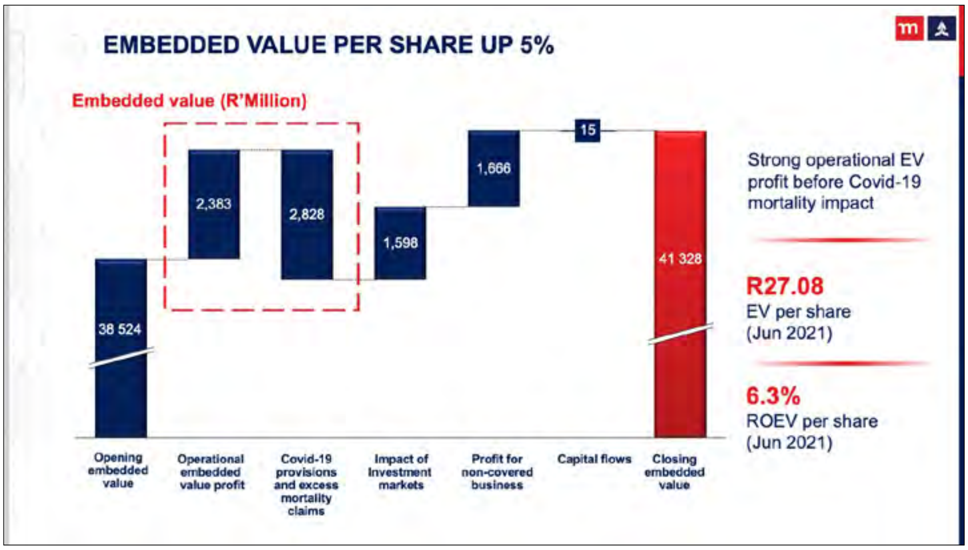
NORMALISED HEADLINE EARNINGS – MATURE BUSINESSES
R'Million
F2019
F2020
F2021
883
578
<(100)%
(859)
512
340
>100%
1,095
610
393
+11%
435
435
177
<(100)%
(552)
166
156
+37%
213
Momentum Life
Momentum Investments
Metropolitan Life
Momentum Corporate
Momentum Metropolitan Health
In F2019, investment return on shareholder assets are included in Shareholders. In F2020 and F2021 this investment return is included in the businesses

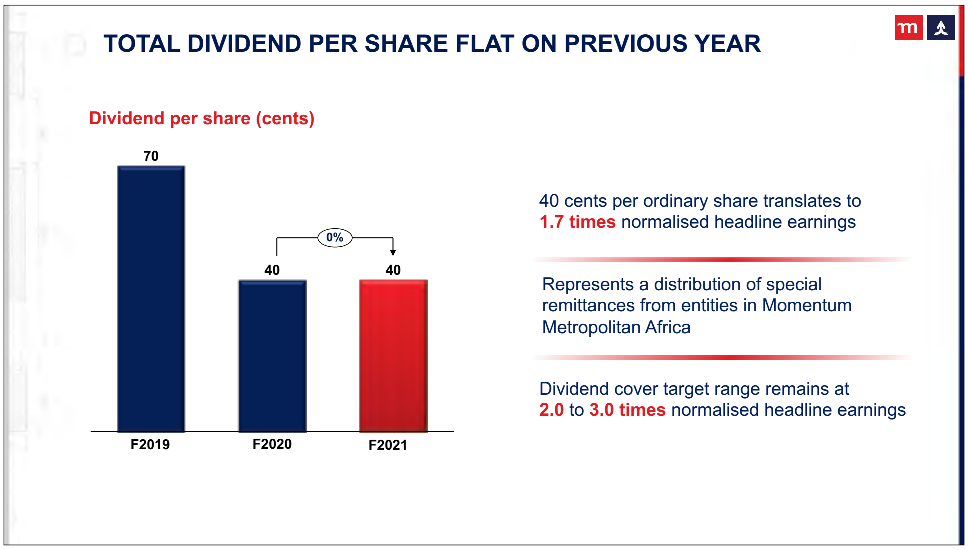

NORMALISED HEADLINE EARNINGS – GROWING BUSINESSES
R'Million
F2019
F2020
F2021
+34%
164
405
544
-19%
262
317
256
+30%
(492)
(509)
(358)
534
>100%
(336)
233
Non-life Insurance
Momentum Metropolitan Africa
New Initiatives
Shareholders
In F2019 investment return on shareholder assets are included in Shareholders. In F2020 and F2021 this investment return is included in the businesses

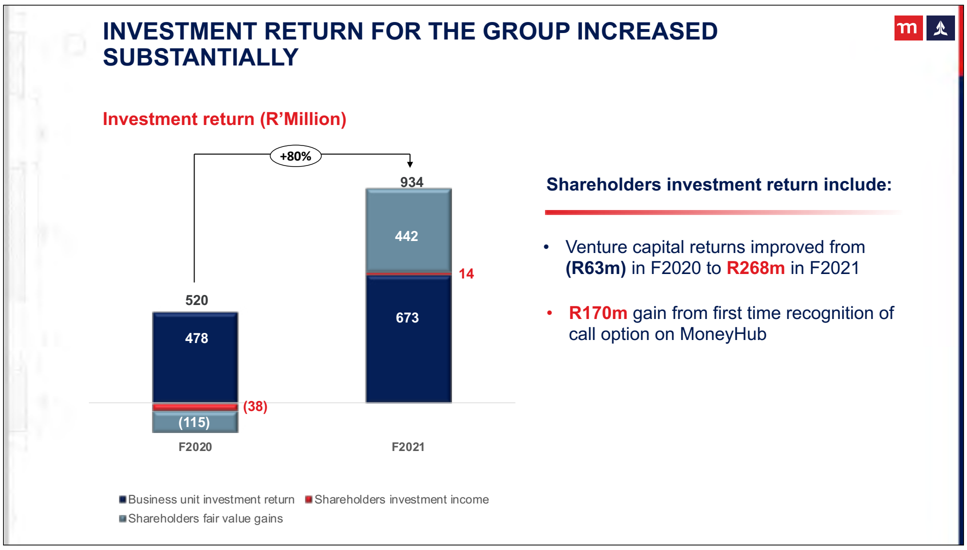

EXCELLENT NEW BUSINESS ACROSS THE GROUP
Present value of premiums (R'Million)
17 113
12 978
13 425
11 677
13 256
16 567
11 788
12 431
16 989
15 205
11 782
18 917
Q1
Q2
Q3
Q4
Year-on-year growth in F2021
Momentum Life +6%
Momentum Investments +55%
Metropolitan Life +25%
Momentum Corporate –11%
Africa +7%
F2019
F2020
F2021


SALES UP BY 31% YEAR-ON-YEAR
PVNBP and value of premiums (R'Million)
F2019
F2020
F2021
17,113
189
11,677
146
11,788
82
15,205
124
12 978
100
13 256
60
12 431
90
11 782
30
13 425
106
16 567
228
16 989
172
18 917
219
1QF2019
2QF2019
3QF2019
4QF2019
1QF2020
2QF2020
3QF2020
4QF2020
1QF2021
2QF2021
3QF2021
4QF2021


NEW BUSINESS MARGIN INCREASED TO 1.1%
F2019
F2020
F2021
1.2%
0.3%
+0.7%
1.0%
0.4%
0.5%
+0.4%
0.9%
1.8%
2.3%
+2.0%
4.3%
1.6%
0.0%
+0.1%
0.1%
0.2%
0.7%
-0.8%
-0.1%
1.0%
0.6%
+0.5%
1.1%
Momentum Life
Momentum Investments
Metropolitan Life
Momentum Corporate
Momentum Metropolitan Africa
Momentum Metropolitan


EMBEDDED VALUE PER SHARE UP 5%
Embedded value (R'Million)
38 524
2,383
2,828
1,598
1,666
15
41 328
Opening embedded value
Operational embedded value profit
Covid-19 provisions and excess mortality claims
Impact of Investment markets
Profit for non-covered business
Capital flows
Closing embedded value
Strong operational EV profit before Covid-19 mortality impact
R27.08
EV per share (Jun 2021)
6.3%
ROEV per share (Jun 2021)


TOTAL DIVIDEND PER SHARE FLAT ON PREVIOUS YEAR
Dividend per share (cents)
70
40
0%
40
F2019
F2020
F2021
40 cents per ordinary share translates to 1.7 times normalised headline earnings
Represents a distribution of special remittances from entities in Momentum Metropolitan Africa
Dividend cover target range remains at 2.0 to 3.0 times normalised headline earnings


INVESTMENT RETURN FOR THE GROUP INCREASED SUBSTANTIALLY
Investment return (R'Million)
+80%
520
478
(38)
(115)
934
442
14
673
F2020
F2021
Business unit investment return
Shareholders investment income
Shareholders fair value gains
Shareholders investment return include:
• Venture capital returns improved from (R63m) in F2020 to R268m in F2021
• R170m gain from first time recognition of call option on MoneyHub


Impact of Covid-19 on earnings

NEGATIVE MORTALITY VARIANCE FOR THE YEAR

Mortality experience variance

R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Excess mortality – Protection	(673)	(29)	(396)	(932)	(2 030)
Excess mortality – Annuities	-	85	159	47	291
Excess mortality variance	**(673)**	**56**	**(237)**	**(885)**	**(1 739)**
Excess gross death claims	**+101%**	**-**	**+81%**	**+84%**	**+91%**

MORTALITY LOSS INCLUSIVE OF ADDITIONAL PROVISIONS

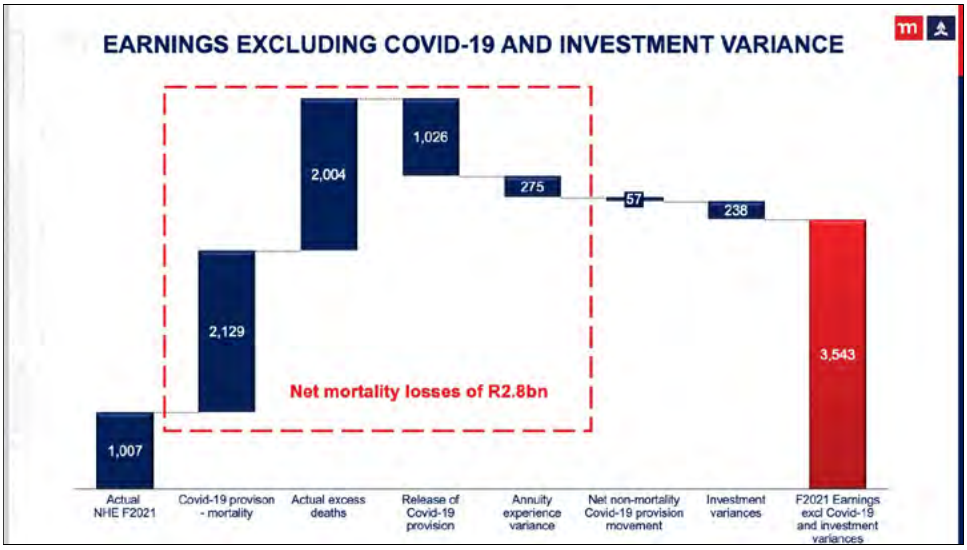
Mortality experience variance

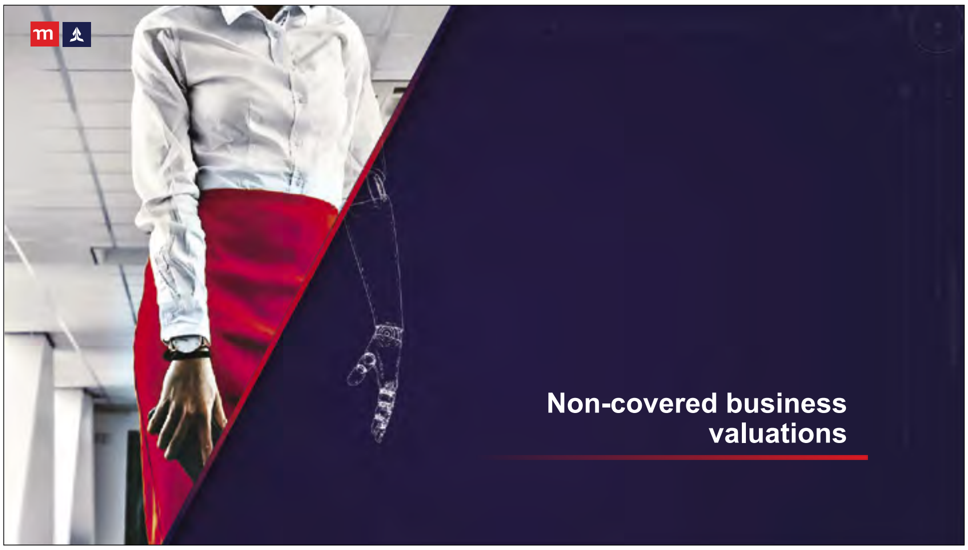
R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Excess mortality – Protection	(673)	(29)	(396)	(932)	(2 030)
Excess mortality – Annuities	-	85	159	47	291
Excess mortality	**(673)**	**56**	**(237)**	**(885)**	**(1 739)**
Additional Covid-19 provisions	(712)	20	(376)	(990)	(2 058)
Covid-19 provisions utilised	296	-	146	532	974
NHE impact	**(1 089)**	**76**	**(467)**	**(1 343)**	**(2 823)**
Covid-19 provisions as % of F2021 experience	**109%**	**-**	**85%**	**79%**	

NHE STRONG IN THE ABSENCE OF EXCESS CLAIMS AND PROVISIONS

Mortality experience variance

R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Excess mortality – Protection	(673)	(29)	(396)	(932)	(2 030)
Excess mortality – Annuities	-	85	159	47	291
Excess mortality	**(673)**	**56**	**(237)**	**(885)**	**(1 739)**
Additional Covid-19 provisions	(712)	20	(376)	(990)	(2 058)
Covid-19 provisions utilised	296	-	146	532	974
NHE impact	**(1 089)**	**76**	**(467)**	**(1 343)**	**(2 823)**
NHE reported – SA Life insurance	(859)	1 095	435	(552)	119
NHE reported – other	-	-	-	-	888
Adjusted NHE	**230**	**1 019**	**902**	**791**	**3 830**





RECOVERY OF NON-COVERED BUSINESS VALUATIONS

R'Million	F2019	F2020	F2021	% change F2021 on F2020	% change F2021 on F2019
Established business	7 958	8 872	10 914	23%	37%
New Initiatives	1 014	1 462	1 876	28%	85%
Head Office items	(1 313)	(2 339)	(1 360)	-42%	4%
Total non-covered business	7 659	7 995	11 430	43%	49%

NON-COVERED BUSINESS VALUATIONS DELIVER REASONABLE PE RATIOS

R'Million	Valuation	F2021 NHE	Implied PE
Established business	10 914	996	11
New Initiatives	1 876	228	(7)
Head Office items	(1 360)	35	(39)
Total non-covered business	11 430	743	15

Momentum Investments profitability has recovered with improved markets

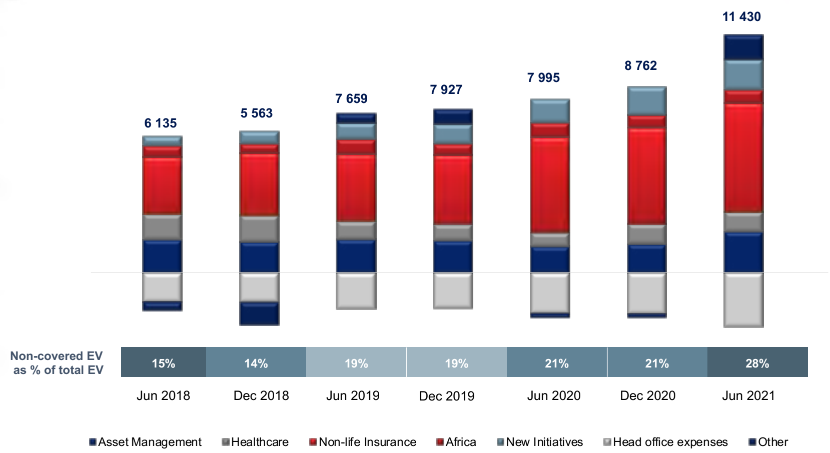
Guardrisk continue to grow strongly

Momentum Insure now at scale

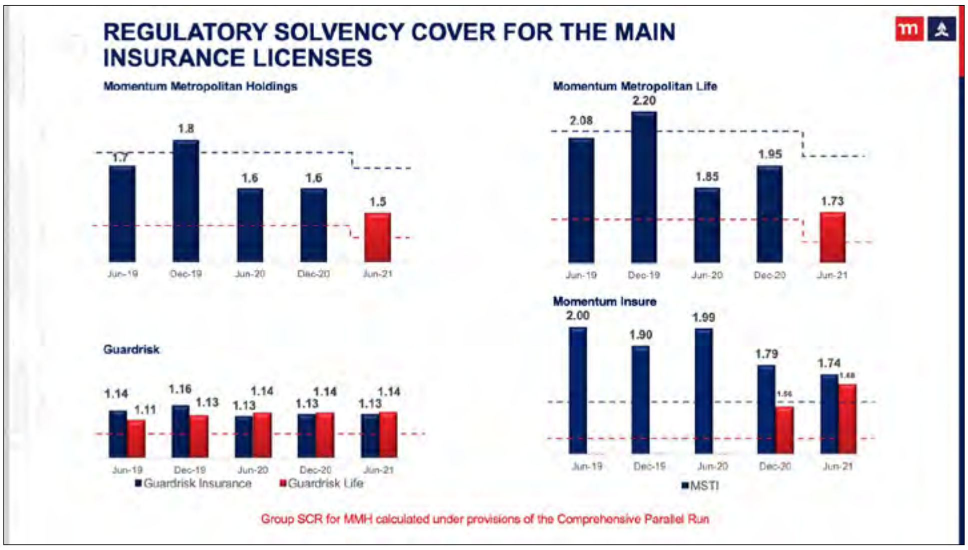
Profitability from Africa health insurance particularly strong

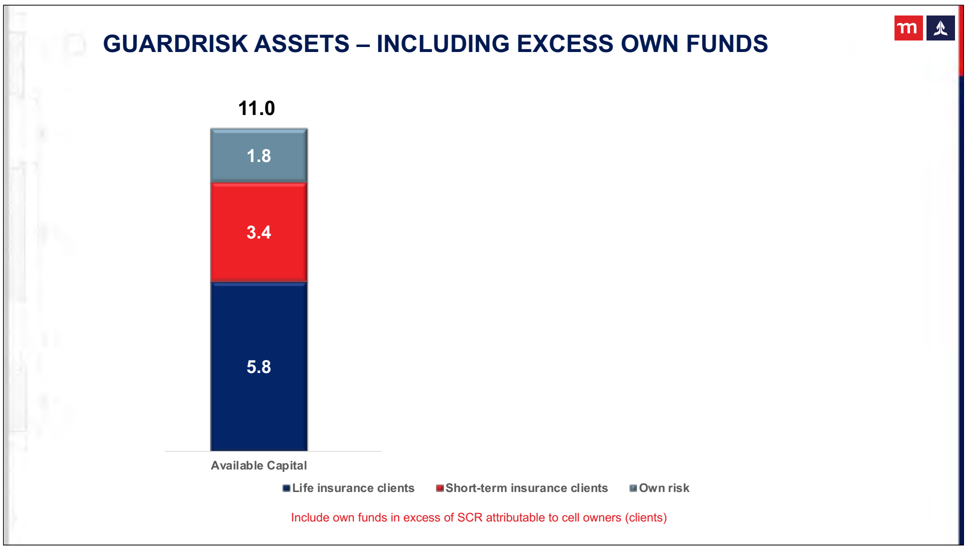
India investment continue, but losses narrowing despite Covid-19 impacts

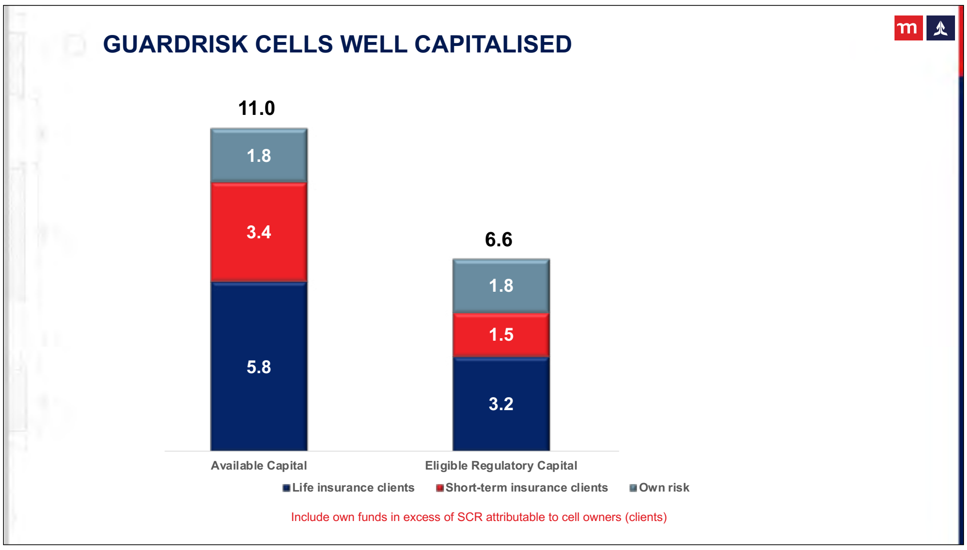
NON-COVERED BUSINESS AS % OF EMBEDDED VALUE

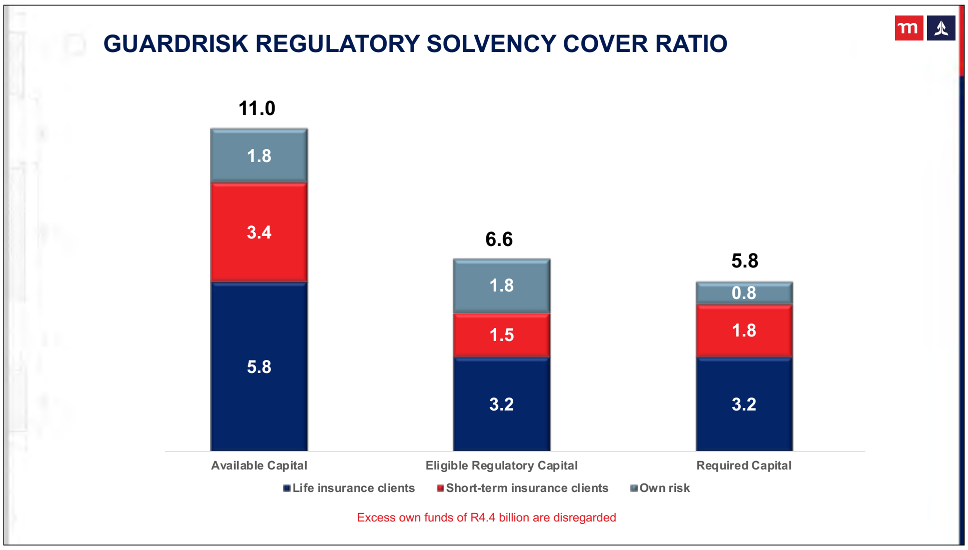


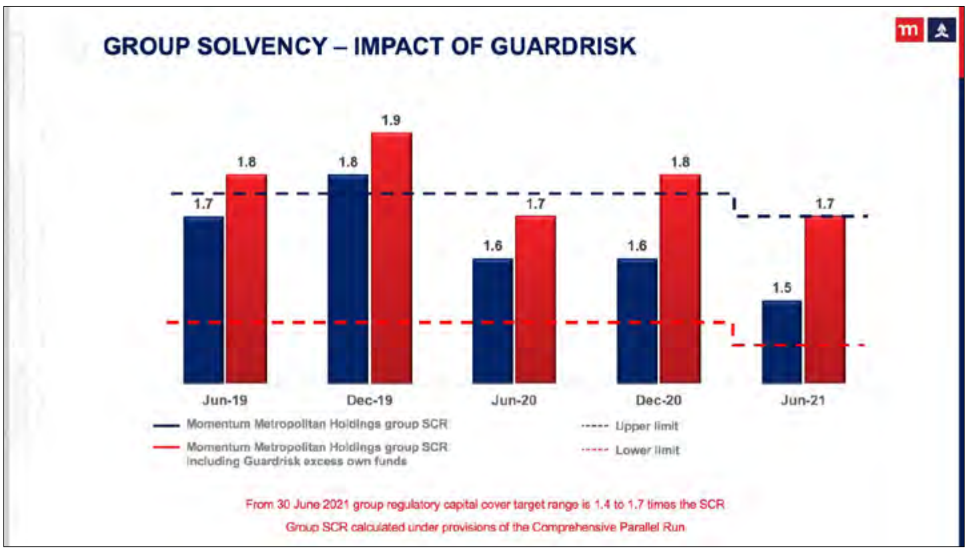

Guardrisk and Group capital


REGULATORY SOLVENCY COVER FOR THE MAIN INSURANCE LICENSES
Momentum Metropolitan Holdings
1.7
1.8
1.6
1.6
1.5
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Momentum Metropolitan Life
2.08
2.20
1.85
1.95
1.73
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Guardrisk
1.14
1.11
1.16
1.13
1.13
1.14
1.13
1.14
1.13
1.14
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Guardrisk Insurance
Guardrisk Life
Momentum Insure
2.00
1.90
1.99
1.79
1.74
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
MSTI
Group SCR for MMH calculated under provisions of the Comprehensive Parallel Run


GUARDRISK ASSETS – INCLUDING EXCESS OWN FUNDS
11.0
1.8
3.4
5.8
Available Capital
Life insurance clients
Short-term insurance clients
Own risk
Include own funds in excess of SCR attributable to cell owners (clients)


GUARDRISK CELLS WELL CAPITALISED
11.0
1.8
3.4
5.8
6.6
1.8
1.5
3.2
Available Capital
Eligible Regulatory Capital
Life insurance clients
Short-term insurance clients
Own risk
Include own funds in excess of SCR attributable to cell owners (clients)


GUARDRISK REGULATORY SOLVENCY COVER RATIO
11.0
1.8
3.4
5.8
6.6
1.8
1.5
3.2
5.8
0.8
1.8
3.2
Available Capital
Eligible Regulatory Capital
Required Capital
Life insurance clients
Short-term insurance clients
Own risk
Excess own funds of R4.4 billion are disregarded


GROUP SOLVENCY – IMPACT OF GUARDRISK
1.7
1.8
1.8
1.9
1.6
1.7
1.6
1.8
1.5
1.7
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Momentum Metropolitan Holdings group SCR
Momentum Metropolitan Holdings group SCR including Guardrisk excess own funds
Upper limit
Lower limit
From 30 June 2021 group regulatory capital cover target range is 1.4 to 1.7 times the SCR
Group SCR calculated under provisions of the Comprehensive Parallel Run

IN CONCLUSION

1. This has been an incredibly demanding year and our resilience has been tested
2. Operational delivery and quality of strategic planning remained high despite the environment
3. The business is in better shape than a few years ago – especially in respect of its distribution capabilities
4. We believe we are winning the relative game and will reap the benefits when the environment improves
5. A huge thank you to our staff and business partners for their commitment and effort over the past year

NON-COVERED BUSINESS VALUATIONS RECOVERED IN F2021

Non-covered subsidiaries	F2019	F2020	F2021	% change F2021 on F2020	% change F2021 on F2019
Established Businesses	**7 958**	**8 872**	**10 914**	**23%**	**37%**
Momentum Investments	2 078	1 639	2 559		
Momentum Metropolitan Health	1 144	866	1 234		
Guardrisk	3 725	3 536	4 110		
Momentum Insure	428	2 392	2 666		
Momentum Metropolitan Africa	1 098	919	821		
Multiply	(574)	(525)	(566)		
Other	59	45	90		
New Initiatives	**1 014**	**1 462**	**1 876**	**28%**	**85%**
India	801	1 154	1 547		
Other	213	308	329		
Head office	**(1 313)**	**(2 339)**	**(1 360)**	**-42%**	**4%**
HO expenses (SA)	930	182	2 014		
HO expenses (other Africa)	(1 413)	(1 398)	(2 204)		
SA holding company	(830)	(1 123)	(1 170)		
Total non-covered	**7 659**	**7 995**	**11 430**	**43%**	**49%**

NON-COVERED BUSINESS VALUATIONS DELIVER REASONABLE PE RATIOS

Non-covered subsidiaries	Valuation	F2021 NHE	Implied PE
Established Businesses	**10 914**	**996**	**11**
Momentum Investments	2 559	210	12
Momentum Metropolitan Health	1 234	213	6
Guardrisk	4 110	379	11
Momentum Insure	2 666	165	16
Momentum Metropolitan Africa	821	139	6
Multiply	(566)	(107)	5
Other	90	(3)	(30)
New Initiatives	**1 876**	**(288)**	**(7)**
India	1 547	(230)	(7)
Other	329	(58)	(6)
Head office	**(1 360)**	**35**	**(39)**
SA holding company	2 014	336	6
Head office expenses (SA)	(2 204)	(193)	11
Head office expenses (Africa)	(1 170)	(108)	11
Total non-covered	**11 430**	**743**	**15**

Momentum Investments profitability has recovered with improved markets

Guardrisk continue to grow strongly

Momentum Insure now at scale

Profitability from Africa health insurance particularly strong

India investment continue, but losses narrowing despite Covid-19 impacts

Notes

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momentum multiply

METROPOLITAN

GUARDRISK

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