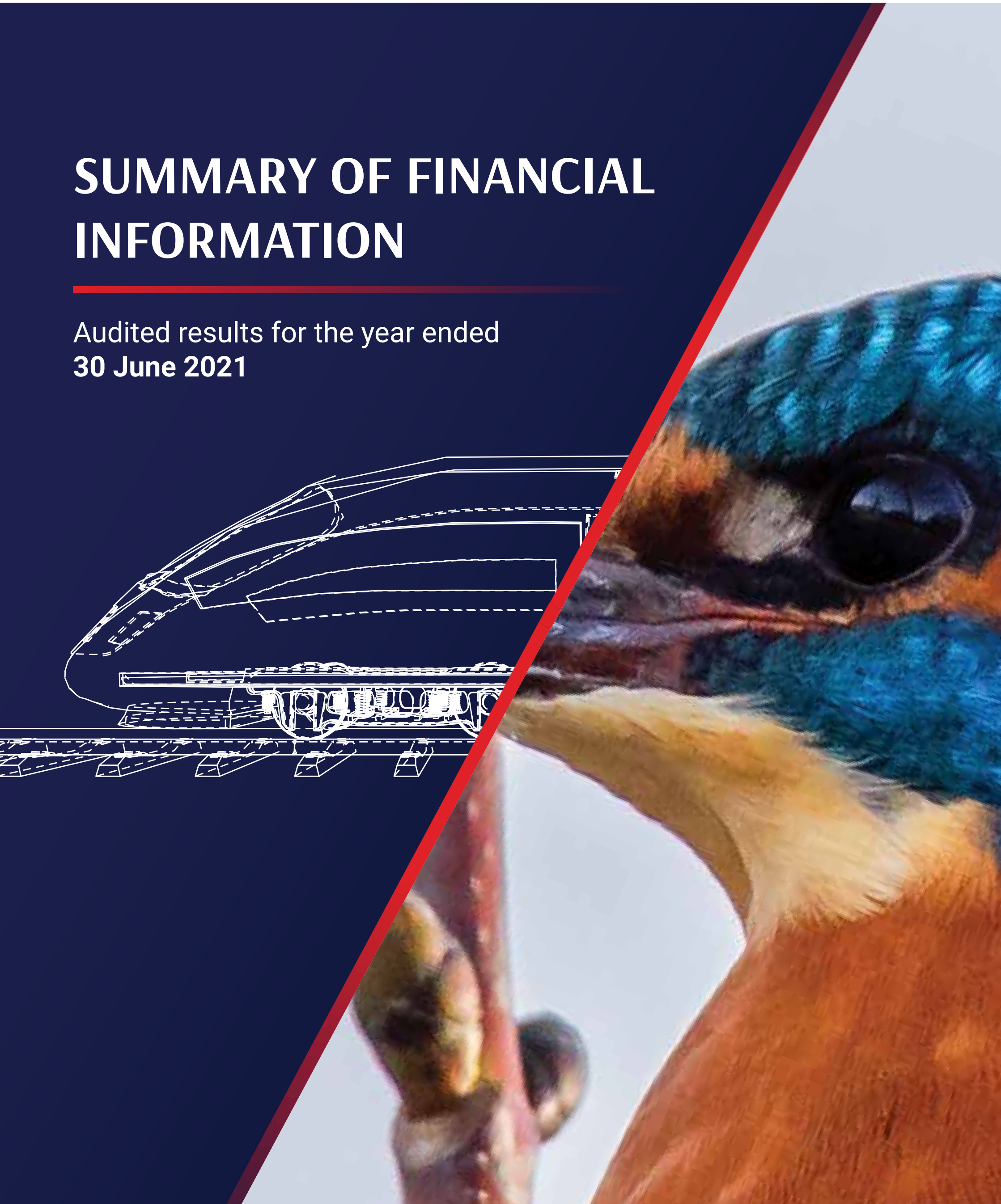
SUMMARY OF FINANCIAL INFORMATION

Audited results for the year ended
30 June 2021



MOMENTUM METROPOLITAN HOLDINGS LIMITED

SUMMARY OF FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

CONTENTS

HOW WE CREATE VALUE

HOW OUR BUSINESS WORKS

Momentum Metropolitan is one of South Africa's largest diversified financial services companies with listings on the JSE, A2X Financial Markets and Namibia Stock Exchange.

Our business is about protection (life and non-life), investments and long-term savings and we conduct it through Momentum, Metropolitan, Guardrisk and Eris Properties brands.

Outside South Africa, we operate in six African countries through Momentum Metropolitan Africa, which includes Botswana, Ghana, Kenya, Lesotho, Mozambique and Namibia. Momentum Investments has operations in the United Kingdom and Guernsey. The Group has a health insurance joint venture in India and Guardrisk has businesses in Gibraltar and Mauritius. aYo, in which the Group owns a 25% holding, operates in Côte d'Ivoire, Ghana, Uganda and Zambia.

Our solutions

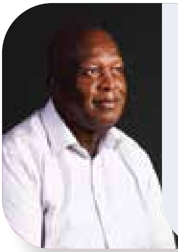
Life insurance	Non-life insurance	Asset and property management, investments and savings
Employee benefits, including administration and consulting	Healthcare administration and health risk management	Non-life and life cell captives

4.9% Return on Equity (ROE)	**16 483** Employees (of which 6 601 are distribution staff)	Total claims paid **R21.6** billion on underwritten insurance products
4 million In-force policies	**2 263** Supporting independent financial advisers (IFAs)	**R836** billion Assets under management and administration

What differentiates us

- Our synergistic portfolio of value-creating businesses is strategically aligned and managed for sustainability
- We execute through empowered end-to-end businesses
- In recognition of the value of advice, we have built strong adviser brand equity and relationships
- We meet a wide range of client needs through a comprehensive but flexible product set
- Through Multiply we offer client engagement and rewards that encourage healthier and safer lifestyles
- We are a responsible business with a long-term perspective, committed to contributing positively to the communities where we operate and dedicated to combating climate change and its impacts and contributing to a just transition to a low carbon economy

CHAIRMAN'S REVIEW



We maintained focus, completed the resetting of the business and changed gears by developing plans enabling us to reinvent our business for growth.

Sello Moloko
Chairman

The year under review can be described as the most unprecedented in the modern insurance era. The macroeconomic environment, which was already facing significant headwinds before the ratings agencies downgrades in 2020, was badly affected by the Covid-19 pandemic and its associated disruptions. This has, of course, impacted both our retail and institutional clients. While the Group has been impacted by the slowdown in economic activity and a substantial increase in Covid-19-related claims, particularly in our life insurance businesses, our business units have still found ways to be productive, serve our clients and deliver credible operating results. Despite the adverse impact of Covid-19, which has been both direct and fundamental, we were able to maintain the resilience our business units demonstrated in F2020.

The Board was actively engaged in guiding the Group's strategic response to Covid-19. We applied our minds to addressing its impact on the sustainability of the business including our capital management strategy, the significant changes to our reserving approach, our employees' working environment, and how we incentivise our workforce to maintain high levels of productivity.

This was all happening at a time when the Group was going through its own process of resetting for future growth. Despite the many challenges encountered, we maintained focus, completed the resetting of the business and changed gears by developing plans enabling us to reinvent our business for growth in uncertain and changing times.

Our management team continues to do outstanding work with regard to the safety of our employees, our clients and the communities in which we operate. The team continues to maintain excellent communication with our employees (who are mainly working remotely) and our clients, and continues to address the challenges our employees are facing as a result of Covid-19. I believe the ability of our people to continue to be productive and effective and their fast adjustment to the new way of doing things can be attributed to the salubrious culture that has been fostered in the business.

Sustainability and ESG

The sustainability of the Group and its ability to create value remains a key focus of the Board, which includes our performance in terms of ESG. The Board recognises that ESG is a critical component of our value creation and that it requires careful attention in terms of how we weave it into our business planning. While the Group has already made substantial progress in this regard, our management team is focusing on how best to further integrate ESG into our Group strategy and the strategies of our individual business units.

Our commitment to meeting our responsibilities regarding the environment was reinforced this year when we became a formal supporter of the TCFD (see page 153 of the Integrated Report). Our efforts to meet our commitments as a responsible corporate citizen, which includes being a signatory to the UN Principles of Responsible Investment (UNPRI), are detailed on pages 148 and 149 of the Integrated Report.

It has been challenging in the current economic environment to make progress in ensuring more young South Africans are employed through our focus on youth employability. Our efforts in the year ahead will include supporting black female entrepreneurs in the agricultural value chain, and through incubating innovation among young people in the socially inclusive green economy and growing climate-aware young leaders, we will be preparing young people for roles in the changing world of work.

Our investments in start-ups in insurtech and fintech are creating an enabling environment for smart young people to come up with solutions which could, in future, emerge as innovative big businesses.

Board and executive succession

This is my first year as Chairman of the Group. The Board is in a period of transition during which some Board members have come to the end of their tenure. Our approach to selecting new members of our Board has been deliberate and strategic from a skills, gender and racial diversity perspective. We have a skills matrix in place that considers gender and race issues. However, to ensure we appoint people to the Board who can add value and make a difference, it is driven from a skills perspective. This drive has seen the introduction in 2021 of two new directors with considerable financial services skills and experience, Nigel Dunkley and Seelan Gobalsamy. Over the past three years we have also bolstered the Board's technology and insurance skills.

Succession planning is critical for the Group, both from a Board and executive perspective. In the past 15 months the Nominations Committee has looked in depth at our leadership team, and gained a good understanding of our talent base with a view to developing a succession plan. Because this is such a critical issue, the Board will be holding a detailed discussion dedicated to executive succession before the end of 2021.

Governance

By practising good corporate governance through the application of the King IV Code, we ensure the Board provides ethical, effective and responsible leadership and strategic decision-making that balances short, medium and long-term outcomes. It also acts with integrity and provides robust risk and performance management, and monitors the embedding of an ethical culture and a response to our role as a responsible corporate citizen that goes well beyond compliance. During the year under review the Board approved a new Group conflict of interest policy for directors as part of its efforts to continually improve corporate governance in the Group.

Our transformation journey

Our transformation agenda remains on course, which includes our role in structures such as Business Leadership South Africa (BLSA) and Business Unity South Africa (BUSA). We continue to work hard to ensure that we improve the demographics of our senior leadership team; however, we continue to focus on authentically transforming our workforce. From a Board perspective we have made good progress with transformation. An area where we can continue to contribute to the transformation of South Africa is through the ongoing transformation of our product range.

Thanks

On behalf of the Board, I wish to thank Hillie Meyer and his executive team for their dedication and resilience in the most unprecedented of commercial eras. In addition to bedding down the Reset and Grow strategy, they did outstanding work in ensuring employee safety and productivity. I would also like to thank all the employees of Momentum Metropolitan for the Group's achievements in this tough operating environment. It would be remiss of me not to thank our clients for their continued support.

I also thank my predecessor, JJ Njeke, for leaving behind a sound governance legacy. I would also like to welcome our two new Board members, Nigel Dunkley and Seelan Gobalsamy, and to thank all our Board members for their valuable contribution, energy and commitment during the year under review.

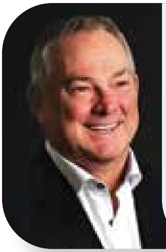
Going forward

During the year ahead the Group's business units will be implementing their Reinvent and Grow strategies, which they shared at our 2021 Investor Conference.

My view is that we are likely to be grappling with the impact of Covid-19 until around 2023. It is my belief that, in future, we will look back and realise that the Covid-19 pandemic created an inflection point for South Africa. We need to start thinking about how we can turn this crisis into an opportunity, and how we can use it to retool, achieve digital acceleration across the Group and use gaps that exist in the market to preserve and grow value.

Sello Moloko
Chairman

GROUP CEO'S STRATEGIC REVIEW



The turnaround of the business, as well as the improvement in fundamentals and the competitive position of our businesses, places us in a strong position to deliver attractive earnings growth when South Africa's economy starts to recover.

Hillie Meyer
Chief Executive Officer

The virus that changed everything

It was almost two years ago that we first felt the impact of Covid-19. Unfortunately, we continue to be subjected to its devastating impact – as a country, as a company and as individuals. The relatively fast development of vaccines, which right from the start was identified as the most important weapon against the pandemic, could not prevent South Africa from experiencing a severe third wave. After a slow start, our vaccination programme has recently made good progress, which should assist in limiting the impact of a fourth wave.

We are very proud of how Momentum Metropolitan coped with the pandemic and contributed to South Africa's fight against it in the following ways:

- Most importantly, we honoured our promises to our clients and paid record claims during the past year, of which a large proportion went to the beneficiaries of insured lives who had succumbed to Covid-19.
- In the early stages of the pandemic, as part of a broad range of measures, we provided relief to clients who experienced financial difficulties
- We contributed to the Solidarity Fund
- We participated in numerous industry and national forums, through which government and the private sector combined forces to plan and implement initiatives to combat the impact of Covid-19
- From the outset we have taken every precaution to keep our employees and clients safe both through remote working, and digital engagement and sanitising of our premises
- Early into the pandemic we established testing sites, and when vaccines became available, we moved swiftly to establish four large vaccination centres, in the main metropolitan centres. By the end of August 2021, our centres had performed more than 175 000 vaccinations
- We funded research into vaccine rollout modelling, at the request of B4SA. The aim of the study was to optimise vaccine demand and capacity matching in different areas throughout the country, and it identified challenges related to public sector delivery, as well as a potential over-capacity in metropolitan areas

As a company, we demonstrated resilience, adapting and successfully dealing with the challenging conditions introduced by lockdowns, including the impact of isolation, illness and loss on our employees. We could not; however, escape the inevitable impact of the pandemic and at the time of writing this review, we have lost 37 of our employees to Covid-19-related deaths. Understandably, losing colleagues, family members or friends had an emotional impact on our employees. We were able to assist our employees with wellness and coaching programmes dealing with grief, burnout, depression and financial challenges. By registering as a worksite vaccination centre we were able to advance the vaccination of our employees in South Africa.

In the year ahead our focus will increasingly shift to addressing the longer-term implications of the pandemic. Covid-19 will impact pricing, underwriting and reserving. While it will take a number of years to fully grasp the long-term implications and impact of the pandemic, we will in the coming year start to address some of the implications.

COMPLETION OF THE TURNAROUND WE ANNOUNCED IN 2018

Momentum Metropolitan announced our Reset and Grow strategy in September 2018. It comprised a range of specific objectives to be implemented over the three-year period ending 30 June 2021. The main focus of the turnaround plan was on fixing the basics, addressing our cost base, and our market share by re-establishing an external focus and increasing and improving our distribution footprint. It set as a goal the achievement of R3.6 billion to R4.0 billion in NHE for the Group in the 2021 financial year.

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

- The swift implementation of our **federated operating model in July 2018** contributed to the empowerment of our business units, which in turn significantly contributed to improved accountability and implementation. This laid the foundation for improvements in many service aspects, and also helped to quickly establish an external focus
- We **targeted footprint growth in our Momentum retail businesses**. Momentum Consult substantially achieved its footprint growth targets by growing from 221 advisers in 2018 to 282 advisers in 2021, while the Momentum Life agency force increased its adviser base from 805 in 2018 to 818 in 2021. The restructuring of the agency force, as well as the impact of Covid-19, resulted in us falling short of our growth ambition (for the three-year period) by about 220 advisers
- Our **Momentum retail broker channel**, Momentum Distribution Services, increased the number of supporting independent advisers (measured by using a minimum level of new business support) from 1 812 in 2018 to 2 263 in 2021, a commendable improvement of 25% amid the impact of Covid-19. In the year ending 30 June 2021, Momentum Distribution Services delivered its best sales performance since 2010 and new business annual premium equivalent (APE) for F2021 increased by 49% year-on-year
- In **Metropolitan Life**, the agency force was completely transformed by replacing underperforming management and advisers, improving the training and vesting of new advisers, as well as significantly enhancing activity management. It was necessary to first reduce the size of the agency force from around 4 000 in 2017 to 3 041 in 2020, before growing it again to 3 548 by 30 June 2021. The combination of these initiatives improved both productivity (from 1.8 policies per adviser per week in 2018, to 3.42 policies per adviser per week in 2021) and the retention of advisers (from an adviser retention rate of 35% in 2018 to 61% in 2021) without a deterioration in quality as measured by the policy retention rate
- The **improvement in our retail sales channels** contributed to an improvement in the Group's market share across product lines
- We have **restored financial discipline** throughout the Group, which has translated into effective cost management and an environment where beating budgets became the norm. The average annual increase in controllable expenses (adjusted for acquisitions to make it comparable) during the Reset and Grow strategy three-year time horizon amounted to 1%, compared to an average inflation rate of around 4% over the same period

| **CHIEF EXECUTIVE OFFICER'S REVIEW** CONTINUED

- Meaningful steps were taken to **champion our main consumer brands**, namely Momentum and Metropolitan, which included changing the name of our holding company – from **MMI Holdings** to **Momentum Metropolitan Holdings**. Good progress has also been made in improving the brand positioning of these brands. The recent SAcsi (South African Client Satisfaction Index) results for life insurance clients confirmed the progress we have made, with Metropolitan Life 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 line with our objective to continue **increasing the contribution to earnings from Non-life Insurance**, we deliberately grew organically and through selective acquisitions. Continued growth in Guardrisk and a large acquisition to scale Momentum Insure increased the relevance of our Non-life Insurance businesses which contributed R544 million to NHE by June 2021, outperforming the original objective of R507 million
- The **impact of New Initiatives** on our F2021 earnings was larger than originally planned, mainly due to higher than expected losses in the India Health joint venture. The higher losses were consistent with a decision to fast-track growth in this joint venture by accelerating distribution through bank channels. We have reduced our exposure to New Initiatives by withdrawing from less attractive ventures. The remaining initiatives in the corporate portfolio, namely the India Health Joint Venture with Aditya Birla and our transactional banking initiative remain fully aligned to our strategy and have shown solid traction against plans
- The successful rationalisation of our Africa footprint and concerted turnaround efforts made it possible for the Momentum Metropolitan Africa business, which was previously loss making to contribute NHE of R256 million by June 2021

The severe impact, both directly and indirectly, of Covid-19 on all aspects of our business, unfortunately prevented us from achieving our NHE target for 2021. The result of R1 007 million falls far short of the target range of R3.6 billion to R4 billion. However, the turnaround of the business, as well as the improvement in fundamentals and the competitive position of our businesses, places us in a strong position to deliver attractive earnings growth when South Africa's economy starts to recover.

I am firmly of the view that the Reset and Grow turnaround strategy was a resounding success. The Group is in a significantly healthier position than was the case three years ago and we have built a foundation and capabilities that improved our competitive position and put us in a strong position from which we can continue to grow. Our success can to a large extent be ascribed to:

- The **deliberate alignment of the Group** around the Reset and Grow strategy, which became a living rallying force that permeated the entire organisation
- The **swift implementation, in 2018, of restructuring** the Group to comprise empowered end-to-end business units. All businesses had clear objectives across their full value chains, immediately ensuring accountability and simultaneously creating an entrepreneurial mindset and competitive spirit. The focus was on implementation and results, and on enabling leaders with the authority and responsibility to deliver what was required
- **Financial discipline becoming ingrained**, which further vested accountability. The monitoring of performance was democratised by communicating it honestly, both internally and externally. Performance measurement was more closely aligned to our focus on financial discipline, prioritising earnings growth and return on capital as key metrics
- The **purposeful guidance** from our Board, and the positive response from our employees and our partners to our efforts to turn the business around

Having successfully completed our Reset and Grow turnaround strategy, we can now look forward to the next three years. The commitment of our employees and their willingness to go the extra mile have been instrumental in our achievement of the Reset and Grow strategy and we look forward to embarking on the journey with our employees and other stakeholders to reinvent the Group over the next three years.

STRATEGIC REVIEW COMPLETED IN 2021

During the past year, the Group has undergone a comprehensive review of its strategy, as we were approaching the close-out of our three-year turnaround strategy. This review included honest introspection, as well as careful analysis of future trends that would impact our business.

We followed a corporate portfolio approach during the strategic planning process. In terms of this approach, we believe the best way to deliver our strategy is through a federation of empowered business units. The Group's portfolio strategy is therefore to build a synergistic portfolio of high-performing financial services businesses that are strategically aligned, value creating and managed for sustainability. We aim to generate superior shareholder returns through a focus on:

- product and service leadership
- distribution partnerships that recognise the value of advice
- optimal application of digital opportunities

Following this strategic direction, the leadership teams of our empowered business units took responsibility for the development of their own strategies and for setting their own strategic plans and objectives. From a Group point of view, our business units are expected to meet minimum performance benchmarks and create synergies by leveraging key assets across the Group.

Three strategic pillars have been identified to guide business units on the contribution the Group expects them to make to the Momentum Metropolitan corporate portfolio:

- **Strategic alignment:** Business units should contribute to Group competitiveness by being, or aspiring to be, one of the Top 3 in their chosen segment. This means they should demonstrate product leadership and be obsessed with client experience and the ease of doing business. Brand, distribution and client assets across the corporate portfolio, as well as the Group's balance sheet, should be leveraged appropriately to enhance business unit competitiveness
- **Value creation:** In order to qualify as contributing constituents of the Group's corporate portfolio, business units must show real earnings growth and contribute positively to achieving Group return on equity targets. Superior risk selection, pricing accuracy and setting clear performance targets and milestones are critical in this regard. The Group in turn has a responsibility to optimally allocate and manage capital. While good performance will be rewarded, underperforming businesses will be addressed or eliminated
- **Sustainability:** Momentum Metropolitan's corporate portfolio will be more sustainable if it comprises a balanced and diversified portfolio of businesses with a healthy pipeline of new initiatives. All business units that form part of the Group should be proudly South African, authentically transformed, foster a culture of ownership and accountability, and contribute to a strong employee brand. Business units are further required to enhance the sustainability of the corporate portfolio by managing their businesses according to an appropriate risk appetite, by encouraging digital transformation, and through excellent governance and ethical business practices.

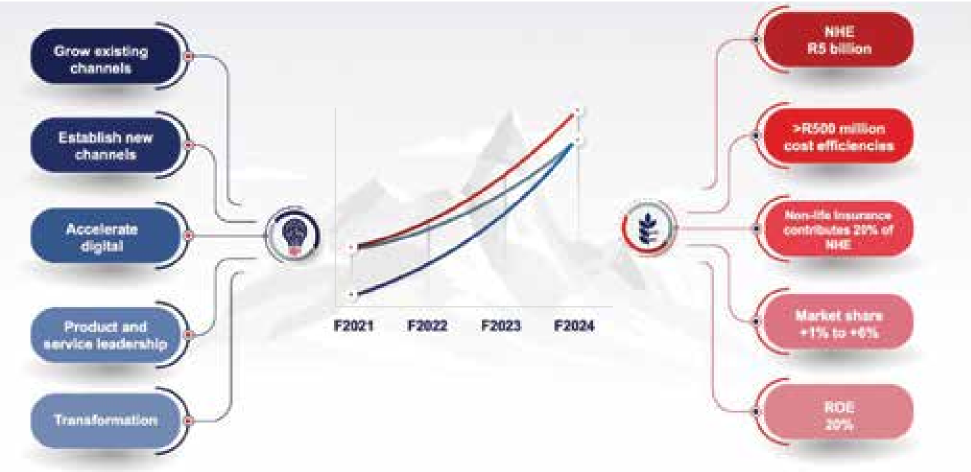
The strategic review preceding the design of our Reinvent and Grow strategy analysed key trends, most of which have been driven by technology advances. Interrelated technologies such as advanced analytics, machine learning, wearables, mobile health, Internet of Things (IoT), robotic process automation (RPA) and many more, have introduced trends around digital marketing and distribution, sales force enablement, client engagement and experience, risk selection, pricing sophistication and on-demand insurance. Digital advances have also driven consumer trends, resulting in changing client needs, preferences and expectations. Some of the more traditional trends have remained in place, for example the fact that advice will remain a differentiator in our industry and the importance of transformation in the South African context.

We are also positioning ourselves for longer-term implications from climate change. The prevailing Covid-19 pandemic, and its longer-term impact on many fronts, including way of work, benefit and product design, and accelerated technology adoption, also featured in our trends analysis work. However, we specifically guarded against the "recency effect" that Covid-19 might have on our long-term plans, mitigating against the risk that a recent event could weigh disproportionally on strategic thinking about potential future events.

REINVENT AND GROW

At Momentum Metropolitan, we are preparing ourselves for a better future – encapsulated by our new strategy, which we termed our Reinvent and Grow strategy. It covers the three years from 1 July 2021 to 30 June 2024. Through this strategy, we plan to fundamentally change the way in which we do business. If Reset and Grow was about doing the same things but doing them better, then Reinvent and Grow is about doing things differently and doing different things.

The Reinvent and Grow strategy is anchored in five pillars, and the objectives are defined in five categories summarised below:



The foundational pillars of our Reinvent and Grow strategy comprise:

- **Growing existing channels:** Our existing distribution channels will remain core assets for the Group. We plan to continue growing the footprint of the existing channels, but an important part of this objective is to digitally enable our existing channels. Digital enablement will comprise efficiency gains and work to significantly improve the ease of doing business for advisers, all of which will contribute to increasing market shares
- **Establishing new channels:** New generations of clients expect to engage with us in new and different ways, often more directly and using digital solutions. We plan to establish new channels to meet this client need
- **Accelerating digital:** The Covid-19 pandemic has very clearly demonstrated the need for digital acceleration. Across the Group, digital transformation has been prioritised and will be targeted at key parts of business units' value chains to significantly improve competitiveness
- **Product and service leadership:** Reinvention of products and services is critical to achieve our leadership objective. All our business units will embark on reinvention initiatives in this regard, improving product design to better meet clients' needs and actively using new technologies to build capabilities, create competitive advantages and increase our prominence in the market
- **Transformation:** The Reinvent and Grow strategy has specifically identified authentic transformation as our guiding light for this strategic objective. Multiple initiatives across the Group will be pursued to ensure we become an inclusive organisation that is authentically transformed, achieving this transformation in conjunction with the reinvention of our Group

As tangible, measurable objectives, we have set the following five targets:

- **NHE of R5 billion:** The Group's NHE target of R5 billion in F2024 has been derived from a bottom-up basis, locking in the earnings contributions that business units believe their respective Reinvent and Grow strategies will make
- **>R500 million cost efficiencies:** We will rely on a continuation of the financial discipline of the Reset and Grow strategy. Although the main objective of various digitisation initiatives across the Group is not to cut costs, these initiatives will also secure efficiency improvements and introduce cost savings in excess of R500 million
- **Non-life Insurance contributes 20% of NHE:** The shift towards a higher contribution from the Group's Non-life Insurance businesses has already exceeded expectations for the Reset and Grow strategy, and will continue to be driven as part of the new strategy
- **Market share growth:** Our different businesses have set market share growth targets between 1% to 6% each, depending on the market dynamics of the different product lines and market segments. This growth in market share is necessary to support our other growth objectives, given our expectation of low growth in the South African economy
- **ROE of 20%:** Through a combination of strategic plans to grow earnings and optimise the Group's capital base, we have set an ROE target of 20% for F2024, which will be a meaningful improvement on historic levels of around 15%

The strategy and all our strategic objectives continue to rely on the federal and entrepreneurial operating model that served us well in the Reset and Grow turnaround strategy. The Group's empowered and accountable business units will remain responsible for their full value chains, while they are expected to perform in line with the requirements of the Momentum Metropolitan corporate portfolio, as well as meet their strategic targets, in order to create value for our stakeholders.

We have launched the Reinvent and Grow strategy to the external market and to the Group's employees. The new strategy has been positively received and has helped to energise employees amid the Covid-19 pandemic that continues to weigh heavily on them. There is an excitement around reinventing the organisation with a new strategy, in pursuit of improving our competitive position in a dynamic and sustainable way, for a future beyond the turnaround of the Group, and beyond Covid-19.

CONCLUSION

We are committed to our ESG objectives and continue to contribute to the UN SDGs. When thinking of our responsibilities towards the environment and society, we always approach the challenge from a perspective that is grounded in "creating more" rather than "giving back". As we did when we designed the Reinvent and Grow strategy, it is important not to lose sight of the fact that we want our businesses to prosper when we formulate ESG requirements. We believe business has an important role to play, and therefore are in favour of an environment and legislation in which businesses can continue to grow in a responsible way that supports equity, inclusivity and sustainability.

We are embarking on an ambitious Reinvent and Grow strategy during a time of unprecedented uncertainty and trauma, which is taking its toll on the morale of all people. We are not insensitive to the challenge that lies ahead and will be sensitive to our employees' capacity to cope with all they are experiencing and facing daily.

South Africa's economic challenges remain significant and the uncertain short-term and medium-term outcomes have been exacerbated by Covid-19. The strategic objectives we have set for the next three years should therefore be viewed as indicating intent. Our success will, of course, depend on how South Africa navigates its way out of the Covid-19 pandemic and turns the country's economy around, and our own ability to successfully implement the Reinvent and Grow strategy.

In spite of many uncertainties and the challenges we still have to overcome around Covid-19, I remain confident about the Group's readiness to embark on our new strategy, and about our ability to deliver on our plans, for the following reasons:

- The Reinvent and Grow strategy is grounded in reality. We are not blind to our weak areas, or where we need to do some heavy lifting. Our plans are pragmatic
- We are not relying on a single big idea. Our federal operating model and many empowered business units provide us with diversification benefits and optionality. There are a number of small bets, rather than one big one
- There is alignment in the Group's corporate portfolio and the different businesses are all pulling in the same direction. Our teams are settled and for many of our plans we are not starting from scratch. A lot of groundwork has already been done over the past few years
- We are building on the successes of the past three years. Success breeds success. The impact of a positive culture can never be under-estimated

THANKS

Our employees have experienced exceptionally difficult circumstances over the past year, yet persevered and demonstrated commendable commitment to the Group. For this I am truly thankful. My thanks also go to the executive teams throughout the Group for living up to challenges never before experienced and providing the requisite leadership. Thank you to our Board for its continued support and guidance, and to our distribution partners and clients for their ongoing support.

Hillie Meyer
Chief Executive Officer

GROUP FINANCE DIRECTOR'S REVIEW

OUR KEY METRICS

	Basic			Diluted		
	F2021	Restated F2020	Δ%	F2021	Restated F2020	Δ%
Earnings (R million)[1]	451	188	>100%	451	188	>100%
Headline earnings (R million)	445	1 036	(57%)	445	1 036	(57%)
Normalised headline earnings (R million)[2]				1 007	1 521	(34%)
Operating profit (R million)[3]				73	1 001	(93%)
Investment return (R million)				934	520	80%
Earnings per share (cents)	31.3	12.9	>100%	31.3	12.9	>100%
Headline earnings per share (cents)	30.9	71.3	(57%)	30.9	71.3	(57%)
Normalised headline earnings per share (cents)[2]				67.1	101.5	(34%)
Interim dividend per share – March (cents)				25	40	(38%)
Final dividend per share – September (cents)				15	–	100%
Total dividend per share (cents)				40	40	0%
Present value of new business premiums				65 898	50 447	31%
Value of new business				725	280	>100%
Value of new business margin				1.1%	0.6%	
Diluted embedded value per share (R)				27.08	25.70	5%
Return on embedded value				7.3%	(3.7%)	
Return on equity[4]				4.9%	7.4%	

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 adjusts 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.

R million	F2021	Restated[1] F2020	Δ%
Total assets	552 784	505 702	9%
Total liabilities	(530 861)	(482 699)	(10%)
Total equity	**21 923**	**23 003**	**(5%)**

[1] Refer to note 12 of the summarised audited annual financial statements for more information on the restatements.

OVERVIEW

During F2021 Momentum Metropolitan was impacted by all three waves of the Covid-19 pandemic, which had a material negative impact on the Group's earnings. As a predominantly South African life insurance group, the abnormally high number of deaths experienced during the year and the need for additional provisions against adverse mortality experience for an extended period, led to a decline in our normalised headline earnings of 34% to R1 007 million. 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.

Despite the adverse impact of Covid-19, our businesses less directly exposed to mortality risk continued to perform well. New business was excellent across all the Group's retail investments and life insurance businesses, as well as in the Africa portfolio. Momentum Investments and Metropolitan Life both experienced record years. This was supported by a renewed external focus, accelerated 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.

F2021 was the final year of our Reset and Grow strategy, announced in 2018. The Group is in a significantly healthier position and has built a foundation and capabilities that have improved its competitive position and created a strong foundation from which it can continue to grow. The Group set itself a target to achieve normalised headline earnings of R3.6 billion to 4.0 billion by F2021. Unfortunately, this could not be achieved during the pandemic. Excluding the impact of Covid-19 on mortality, disability, termination and business interruption experience, as well as investment variances impacted by yield curve movements, the Group's underlying normalised headline earnings was R3.5 billion.

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Group earnings performance

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

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 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.

A significant level of uncertainty remains over long-term impacts that Covid-19 may have on the Group. Most notably, 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.

Investment returns increased by 80% to R934 million and were supported by the recovery of investment 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.

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

	F2021			Restated[6] 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%)**

[6] 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.

For more details on the Group's earnings performance, including a detailed analysis of the impact of Covid-19 on the Group and segmental information on the performance of the Group's businesses, refer to the Group's full results announcement and Audited Annual Financial Statements for the 12 months ended 30 June 2021, available on the Group's website at momentummetropolitan.co.za/en/investor-relations/financial-results, as well as the productive capital sections on pages 72 to 103 of the Integrated Report.

CONSOLIDATED NEW BUSINESS PERFORMANCE

Key metrics	F2021	F2020	Δ%
Recurring premiums (Rm)	3 783	3 417	11%
Single premiums (Rm)	47 497	33 189	43%
PVNBP (Rm)	65 898	50 447	31%
Value of new business (Rm)	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 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 protection new business throughout the year. Momentum Life saw an increase in both protection 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%.

RETURN ON EQUITY

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 negative mortality experience, which significantly affected our life insurance operations, is evident in the relatively low ROE achieved by the Group.

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 in *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 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) was included for the first time.

ROEV increased from -3.7% in F2020 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.

SOLVENCY AND CAPITAL MANAGEMENT

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.

Regulatory solo solvency position of the Group's insurance entities

The solo Solvency Capital Requirement (SCR) for the Group's insurance entities was 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 31 December 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 at 30 June 2020 to 1.73 times SCR at 30 June 2021. This decline was predominantly as a result of 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. 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. 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 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 intragroup arrangements. 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 will increase to 1.6 times SCR 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.

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 to 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.

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 to Shareholders relates to the completion of the MARC, a partially owner-occupied property in Sandton, and renovation of the Group's head office in Centurion.

OTHER AREAS OF FOCUS

Implementation of IFRS 17 – *Insurance Contracts*

IFRS 17 – *insurance contracts* will be effective for the Group from 1 July 2023. The implementation of the standard requires significant effort in the financial reporting systems and processes to enable the preparation of financial statements that are compliant with the standard.

During F2021 the Group progressed well and areas of significant uncertainty have been addressed. The Group progressed with the development of the chart of accounts, identification of transition methods, the calculation of the risk adjustment, fair values of groups of insurance contracts, the treatment of insurance cell captives, identification of fulfilment cash flows and treatment of cash-back benefits.

The Group currently anticipates that some compulsory and discretionary margins might be released into equity on transition to IFRS 17. Preliminary assessments indicate that post the implementation of IFRS 17, the Group will experience lower new business strain on profits during the first year of business being written.

Update on iSabelo employee share ownership scheme

In F2020 we announced a proposal to establish a broad-based employee share ownership plan (ESOP), which would acquire 3% of the Group's ordinary share capital. At the Group's AGM in November 2020, shareholders voted overwhelmingly in favour of the ESOP. The iSabelo ESOP was implemented in April 2021 and over 12 000 of our South African employees became shareholders in Momentum Metropolitan. iSabelo is an embodiment of the Group's entrepreneurial culture and will further empower and motivate employees as we aspire to achieve the targeted outcomes of the Reinvent and Grow strategy.

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, reflecting 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 has already shifted focus to executing the Reinvent and Grow strategy that was launched at our Investor Conference in May 2021. By focusing on investment in digital initiatives to generate efficiency and improve client experience, as well as strengthening and diversifying our distribution capabilities, we aim to achieve normalised headline earnings of between R4.6 billion to R5.0 billion and ROE of 18% to 20% by F2024. These are ambitious targets in the current economic climate, exacerbated by uncertainty about how long Covid-19 will have a material impact on our results. 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.

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 continually 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.

Risto Ketola
Group Finance Director

The information in this report by the Group Finance Director, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Financial figures in this report have been correctly extracted from the audited annual financial statements for the 12 months ended 30 June 2021. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement and annual financial statements which are accessible from the Group's website at momentummetropolitan.co.za/en/investor-relations/financial-results.

| DIRECTORS' STATEMENT

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

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 classified 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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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.

NOTE 2 CONTINUED

Segmental report continued

12 mths to 30.06.2021	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
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)	–

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.

	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 Rm	Total Rm
Normalised headline earnings	2.1	(859)	1 095	435	(552)	213	544	256	(358)	233	1 007	–	1 007
Operating (loss)/profit[1]		(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[2]		(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 Operating (loss)/profit is normalised headline earnings gross of tax less investment return.

2 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 CONTINUED

Segmental report 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	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)	–

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 footnote 1.
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.

	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 Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items Rm	Total Rm
Normalised headline earnings[2, 3]	2.1	578	340	393	177	156	405	317	(509)	(336)	1 521	–	1 521
Operating profit/(loss)[4]		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[5]		(271)	(272)	(412)	(470)	–	–	(135)	–	–	(1 560)	–	(1 560)
Actuarial liabilities[6]		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 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.
3 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.
4 Operating profit/(loss) is normalised headline earnings gross of tax less investment return.
5 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.
6 Refer to note 12 for more information on the restatements other than footnotes 1, 2 and 3.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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

	Notes	Total revenue in scope of IFRS 15					
		Contract administration Rm	Trust and fiduciary services Rm	Health administration 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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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.

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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 recognised 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.

| NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

NOTE 11.1 CONTINUED

Financial instruments fair value hierarchy continued

Financial assets continued

	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

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.

NOTE 11.2 CONTINUED

Reconciliation of the fair value of level 3 financial assets continued

	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**
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**
Fixed assets	**387**	**4**	**–**	**–**
Financial assets at amortised cost	**9 743**	**51**	**–**	**–**
Financial assets at FVPL	**426 887**	**–**	**–**	**–**
Assets relating to disposal groups held for sale	**229**	**(75)**	**–**	**–**
Cash and cash equivalents	**31 747**	**76**	**(227)**	**–**
Equity attributable to owners of the parent	**(22 537)**	**(56)**	**–**	**–**
Investment contracts – designated at FVPL	**(261 854)**	**–**	**227**	**–**
Financial liabilities at FVPL	**(45 946)**	**–**	**–**	**–**
Other payables	**(19 979)**	**(30)**	**–**	**–**
Liabilities relating to disposal groups held for sale	**(151)**	**30**	**–**	**–**
as at 01.07.2019				
Fixed assets	387	3	–	–
Financial assets at amortised cost	17 073	45	–	–
Financial assets at FVPL	421 302	–	–	–
Assets relating to disposal groups held for sale	989	(70)	–	–
Cash and cash equivalents	27 061	68	(227)	–
Equity attributable to owners of the parent	(23 001)	(46)	–	–
Investment contracts – designated at FVPL	(250 037)	–	227	–
Financial liabilities at FVPL	(42 806)	–	–	–
Other payables	(24 976)	(31)	–	–
Liabilities relating to disposal groups held for sale	(747)	31	–	–

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.

	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
	–	**–**	**–**	**–**	**–**	**–**	**–**	**391**
	–	**–**	**–**	**–**	**(1 550)**	**–**	**–**	**8 244**
	–	**–**	**–**	**(520)**	**1 550**	**–**	**–**	**427 917**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**154**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**31 596**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**(22 593)**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**(261 627)**
	–	**–**	**–**	**(84)**	**(1 615)**	**–**	**–**	**(47 645)**
	–	**–**	**–**	**604**	**1 615**	**–**	**–**	**(17 790)**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**(121)**
	–	–	–	–	–	–	–	390
	–	–	–	–	(6 852)	–	–	10 266
	–	–	–	1	6 852	–	–	428 155
	–	–	–	–	–	–	–	919
	–	–	–	–	–	(773)	–	26 129
	–	–	–	–	–	–	–	(23 047)
	–	–	–	–	–	–	–	(249 810)
	–	–	–	(1)	(5 964)	–	–	(48 771)
	–	–	–	–	5 964	773	–	(18 270)
	–	–	–	–	–	–	–	(716)

NOTES TO THE SUMMARISED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

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
Net insurance premiums	33 281	–	–	(196)
Fee income	8 418	–	–	196
Net realised and unrealised fair value (losses)/gains	(12 711)	–	–	–
Change in actuarial liabilities and related reinsurance				
Change in reinsurance liabilities	(357)	–	–	–
Fair value adjustments on investment contract liabilities	(6 442)	–	–	–
Depreciation, amortisation and impairment expenses	(2 125)	10	–	–
Other expenses	(6 856)	–	–	–
Earnings for the year	286	10	–	–
Attributable to:				
Owners of the parent	178	10	–	–
Non-controlling interests	108	–	–	–
	286	10	–	–
Basic earnings per ordinary share (cents)	12.3	0.6	–	–
Diluted earnings per ordinary share (cents)	12.3	0.6	–	–
Statement of cash flows for the 12 mths to 30.06.2020				
Cash utilised in operations	(11 846)	3	–	–
Cash resources and funds on deposit at beginning	27 325	–	(227)	–
Cash resources and funds on deposit at end	31 845	3	(227)	–

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.

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
–	–	–	–	–	–	(513)	32 572
180	(191)	(30)	–	–	–	–	8 573
–	–	6	–	–	–	–	(12 705)
–	–	–	–	–	–	513	156
(180)	–	–	–	–	–	–	(6 622)
–	–	–	–	–	–	–	(2 115)
–	191	24	–	–	–	–	(6 641)
–	–	–	–	–	–	–	296
–	–	–	–	–	–	–	188
–	–	–	–	–	–	–	108
–	–	–	–	–	–	–	296
–	–	–	–	–	–	–	12.9
–	–	–	–	–	–	–	12.9
–	–	–	–	–	773	–	(11 070)
–	–	–	–	–	(773)	–	26 325
–	–	–	–	–	–	–	31 621

EMBEDDED VALUE INFORMATION

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 INFORMATION CONTINUED

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

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.

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 30.06.2020						
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

Operating experience variances	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		**(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).

| EMBEDDED VALUE INFORMATION CONTINUED

Covered business: sensitivities – 30.06.2021	Adjusted net worth Rm	In-force business Net value Rm	In-force business Gross value Rm	In-force business Cost of required capital[3] Rm	New business written Net value Rm	New business written Gross value Rm	New business written 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.

EMBEDDED VALUE INFORMATION CONTINUED

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.

ADDITIONAL INFORMATION

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 liability 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 liabilities	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.

ADDITIONAL INFORMATION CONTINUED

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.

STOCK EXCHANGE PERFORMANCE

	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.

REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Report by the Social, Ethics and Transformation Committee (SETC) to be presented at the 20th (twentieth) Annual General Meeting of the Shareholders to be held on 25 November 2021.

INTRODUCTION

The SETC's mandate, received from Momentum Metropolitan Holdings Limited (MMH or the Group's) Board of Directors, is to fulfil the following monitoring and oversight roles:

- Transformation, focusing on broad-based black economic empowerment (B-BBEE) under the Financial Sector Code (FSC) and Employment Equity legislations
- Compliance with relevant social, ethics and legal requirements, as well as best practice codes to promote an ethical culture within the Group
- Diversity and inclusion
- Environmental sustainability
- Corporate social investment
- Good corporate citizenship.

KEY ACTIVITIES OF THE COMMITTEE

Transformation and people practices

The Momentum Metropolitan Group continues its steadfast commitment to transformation. Hence, transformation goals are integrated into its business and governance structures. The Group's progress on transformation is monitored by the SETC. The SETC believes that transformation is integral to achieving the Momentum Metropolitan Group's vision of being the preferred lifetime financial wellness partner with a reputation for innovation and trustworthiness. B-BBEE underpins the Group's strategic objective to enhance financial wellness, promote access to financial services and improve financial literacy in a country that continues to grapple with inequality.

Latest B-BBEE verification

Momentum Metropolitan Holdings was the first major insurance group to attain a Level 1 B-BBEE rating under the Amended Financial Sector Codes (FSC) in 2019 and has strengthened its Level 1 rating as part of its 2021 scorecard with a total score of 115.18 (up from 110.96 issued in 2020).

The Group is proud of its third consecutive year Level 1 rating, and in view of its efforts to maintain this positioning it continues to focus on a holistic approach to the transformation plan, including Management Control, Skills Development, and Access to Financial Services elements of the B-BBEE scorecard.

A Transformation Steering Committee, represented by business and pillar champions, and led by the Group Transformation Function, is now well established and is proactively managing BEE and providing assurance to MMH Exco.

MMH's Amended FSC Scorecard

Element	Total points available	Actual Score (including bonus points)
Equity Ownership	23 + 5 bonus	27
Management Control	20	10.83
Skills Development	20 + 3 bonus	15.17
Enterprise and Supplier Development	10 + 4 bonus	14
Preferential Procurement	15 + 4 bonus	19
Empowerment Financing	15	13.61
Socio Economic Development	5 + 3 bonus	8
Access to Financial Services	12	8.25
Total Score	**120 + 19 bonus**	**115.86**

Equity ownership

We appreciate that the Group's empowerment shareholding is largely influenced by Mandated Investments. In this regard, we have seen a positive increase in our equity ownership points to 27 up from 24.82 – ranking us second among our competitors.

MMH's long term empowerment shareholding structure has also been bolstered by implementation of a 3% ESOP in April 2021, as part of its long-term ambition to be authentically transformed.

Employment equity

MMH believes that a diverse workforce will yield better results; thus, diversity has been adopted as one of the key strategic priorities for the Group, which continues to focus on the retention of African employees at senior management level.

Momentum Metropolitan's current five-year EE Plan has been developed to coincide with the Group's financial year, to run from July 2020 until June 2025. A bottom-up target-setting process was followed by Group businesses, which also assessed barriers to employment equity. A top-down review by the Executive Committee ensured concerted efforts towards transformation, in particular at senior and middle management levels. This approached ensures each business takes full accountability of its targets and plans to support those.

When compared to the economically active population (EAP), MMH has a fair amount of work to do in diversifying its workforce; hence, a number of interventions are in place in this regard, with collaboration between our Human Capital and Transformation areas. Group leadership continues to focus on efforts to improve the status quo. In the last financial year, we seen positive progress with Senior and Middle Management recording increases of 6% and 4% respectively for employees in Black category (African, Coloured, Indian) – this despite challenging growth prospects in the economy.

Skills Development

MMH's commitment to developing its people includes the Group's investment of:

- Over R236 million spent towards developing our black employees.
- R143 million spend towards female employees.
- R3 million investment in youth development through bursaries
- Over 841 unemployed learnership opportunities created
- 155 learners offered permanent employment at the end of the learnership/internships programme

Preferential Procurement

During the year under review, MMH continued its procurement strategy of supporting transformed businesses, resulting to an improved score on this element. The procurement team is committed to proactively identify opportunities for preferential procurement throughout the value chain. The view is to maintain/improve the status quo and continue to go beyond compliance by supporting and developing small businesses, to enable them to graduate onto our supply chain and be able to access other markets. The table below highlights our efforts in going beyond compliance.

Measure	Target (%)	Achieved %	Under/Over
Recognised BEE SPEND	75%	78%	Over target
Qualifying Small Enterprise (QSE)	14%	14%	On target
Exempt Micro Enterprise	8%	8%	On target
Black Ownership	20%	33%	Over target
Black Women Ownership	9%	20%	Over target
Designated Groups	2%	4%	Over target
Intermediaries	5%	47%	Over target

Our supply chain policies, procedures and processes ensure fair procurement practices and adherence to our ethical standards.

During Covid-19 we have ensured that all businesses, especially small business, are paid promptly.

Our future initiatives are focusing on:

- enterprise and supply development programmes to transform our brokers by adding new black brokers
- more spend with suppliers from the designated groups, especially the youth and disabled.

Enterprise and supplier development (ESD) and empowerment financing

MMH recognises that entrepreneurship is a key driver of economic and socioeconomic improvement. Hence, our enterprise and supplier development strategy promotes impactful development of small and medium-sized enterprises. The Momentum Metropolitan ESD Trust is committed to improving the ability of qualifying entrepreneurs to access markets, skills and funding, and to develop their businesses in a way that fosters inclusive growth.

We have been actively involved in the implementation of our intermediary development programmes. Intermediaries are an essential part of the value chain of MMH and as the industry transitions from being product-focused to advice-led, we need to look at equipping our intermediaries with the necessary skills to make their value proposition more client-centric.

The focus of our enterprise development (ED) programme has been the green economy. We have onboarded four black women-owned businesses in the green economy who will be exposed to an intensive 18-month development programme.

Our investment in the ASISA ESD Fund and other ED initiatives, has helped achieve the following:

- 961 Black SMEs developed
- 35% average growth in revenue
- Over 2 000 new jobs created
- Over 4 500 jobs supported
- R220 million in procurement to supported SMEs
- 96 100 hours in business development support.

Corporate social investment (CSI)

The CSI function remains committed to carrying out its mandate of youth employment (YE), consumer financial education (CFE), staff volunteer programme (SVP) and monitoring and evaluation (M&E).

We have social impact marketing initiatives at advanced stages, such as Metropolitan GetUp in partnership with YES, Metropolitan Blue Towns and Momentum Insure in partnership with UNICEF. The CSI team will craft a framework for these internal partnerships to assist the business units in developing a theory of change for their impact marketing programmes.

Our youth employment programmes are still being carried out through our partners in the NPO sector and in compliance with all Covid-19 regulations. For F2021 our partners managed to recruit a total of 1 057 young people into their programmes, completed training for 283, completed workplace experience for 155, and placed 74 in full time employment (of which 60 are young women).

Our partners are committed in the fight against Covid-19, with Ubuntu, a Gqeberha-based organisation centre being used as a vaccination site, and all others playing their part in flattening the curve during the adjusted Level 4 lockdown restrictions.

Since November 2020 to the first week in June 2021, our Metro KickStarz WhatsApp programme (a condensed version of the face-to-face programme) successfully reached 6 799 participants nationally. For F2021, our CFE online programmes reached a total of 18 228 young people, with 10 395 completing the programmes, giving us a good completion rate of 57%.

Momentum Metropolitan Foundation hosted Day 1 of the Trialogue Business in Society Virtual Conference 2021. The focus for the day was on purpose-driven organisations gaining momentum. Group CEO, Hillie Meyer, spoke about ethical and empathic leadership, while Dan Moyane, the Chairman of the MM Foundation, facilitated a panel discussion about the journey from compliance to purpose, and Saray Khumalo (Foundation Board Member) and Charlene Lackay presented case studies on volunteering through a global pandemic.

CSI is in partnership with Primestars through the Step Up 2 A Start up programme. The programme aims to inspire and educate schoolgoing learners about the fundamentals of entrepreneurship and the exciting opportunities that exist therein. The programmes focus on career guidance, financial literacy, maths and science and entrepreneurship.

The CSI function is proud to play a part in the government's roll-out of Covid-19 vaccinations to the people of South Africa in partnership with the Momentum Health team. When Momentum Health needed extra hands to help manage the five Momentum Metropolitan vaccination sites in Durban, Cape Town, Sandton, Centurion and Gqeberha, many of our employees volunteered to help ensure a smooth and pleasant experience for people getting their vaccinations.

Employee registrations have been on the rise on the ForGood platform which is our internal staff volunteer platform.

Ethical conduct

The centralised Group Forensic Services (GFS) team is mandated by the SETC to collaborate with various stakeholders, including human capital, industrial relations and business units, to develop our ethics strategy and to implement related policies and control processes. This is to ensure that any risk and/or potential risk of unethical conduct by employees that could bring harm to the business, is not only prevented, but where it occurs, is effectively managed in line with Momentum Metropolitan standards and within the ambit of relevant legislation.

The SETC monitors and evaluates detailed quarterly reports provided by GFS on employee conduct.

The SETC has taken cognisance of the continuous ethics and compliance training and awareness programme that was implemented during the year.

The SETC has also approved the well-embedded MM Code of Ethics and Standards of Conduct Policy that was set for its yearly review. This policy based on the MM Values proposition sets the principles for all employees of how the Group conducts it affairs and sets the tone and guidance for expected employee behaviour. The policy is well-supported by various guidance notes and further policies that specify specific requirements for employee behaviour and conduct.

The SETC is of the opinion that the measured rate of unethical behaviour against the total employment figure reflects that the general behaviour of employees is acceptable in terms of the standards and values that are set by the Group.

The SETC is also comfortable that the Executive Management and Board of MMH are taking their responsibility for safeguarding the various group entities, clients, and shareholders from the risk of commercial crime, corruption, and unethical and inappropriate behaviour by our employees, seriously.

In this regard adequate support are provided to structures such as GFS, Human Capital and Industrial Relations departments to maintain risk mitigation processes and, where applicable, management is willing to allow for the transparent debate on funding for adequate resources and infrastructure enhancements.

REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CONTINUED

Environmental sustainability

Momentum Metropolitan actively subscribes to the recommendations set out under the King IV Report on Corporate Governance™ for South Africa, 2016; the United Nations Principles for Responsible Investing (PRI); and the Code for Responsible Investing in South Africa. The Group's responsible investment policies have been expanded to include all subsidiaries within Momentum Metropolitan, have been approved at MMH Exco, and are now uploaded on our websites. The Group also published its first Responsible Investing Stewardship Report (https://urlshortner.org/RuAl5) We also contributed to a PRI global research paper in partnership with UNEP Finance Initiative and UN Global Compact on understanding beneficiaries' sustainability preferences.

The Group strives to comply with relevant legislation relating to environment, social and governance (ESG) enactments. The various sustainability policies relating to this are available on the Momentum Metropolitan website.

During the year under review, the Group has considered global developments in climate change. Momentum Metropolitan Holdings signed the *"Statement of Investor Commitment to Support a Just Transition on Climate Change"*. This is an international statement of investor commitment to support the just transition to a low carbon economy. This initiative complements the Momentum Metropolitan climate change investment policy and climate change positioning statement that were both published in 2019. The Group also became a formal supporter of the Task Force on Climate-Related Financial Disclosures (TCFD). To demonstrate active support, we have already advocated with 43 investment managers to disclose their climate change investment policies.

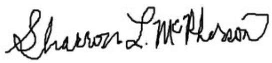
Furthermore, we have finalised our Sustainability Framework which articulates our commitment to sustainability, and constituted a Sustainability Forum with representatives from across the business to realise our sustainability objectives.

Momentum Metropolitan has been listed on the Johannesburg Stock Exchange (JSE) Socially Responsible Investment Index since 2010 and is listed on the current FTSE/JSE Responsible Investment Index and FTSE4Good Index. The Group calculates its carbon footprint annually and participates in the CDP (formerly the Carbon Disclosure Project) process. The Group has met its carbon emissions reduction target two years ahead of schedule, and will introduce an updated longer-term target. Over the years, Momentum Metropolitan has implemented several energy efficiency initiatives which have contributed to us achieving our carbon emissions reduction target, and we will continue to implement interventions which will contribute to us achieving our newly-set carbon emissions reduction target. Detailed information regarding this is available on our website.

The SETC considers quarterly reports on Momentum Metropolitan's sustainability activities.

CONCLUSION

The Committee is satisfied that it has fulfilled its mandate as prescribed by the regulations to the Companies Act and as laid out in its terms of reference. There are no instances of material non-compliance to disclose in those respects.



Sharron McPherson
Chairman: Momentum Metropolitan Social, Ethics and Transformation Committee

05 August 2021

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF MEETING

Notice is hereby given that the 20th (twentieth) annual general meeting (AGM) of Momentum Metropolitan Holdings will be held on Thursday, 25 November 2021 at 08:30 (SA time), solely by way of electronic participation.

This notice is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in the Company, please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Electronic participation and identification

In light of the Covid-19 pandemic and the uncertainty surrounding any limitations that may be placed on public gatherings when the Company's AGM is due to take place on 25th November 2021, the Company has determined it prudent and appropriate to conduct the AGM by way of electronic participation, in accordance with the provisions of the Companies Act, the Listings Requirements of the Johannesburg Stock Exchange Limited (the "JSE Listings Requirements"), and the Company's Memorandum of incorporation ("MOI").

The electronic meeting facilities will permit all participants to be able to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Voting via the electronic facility will be the only method available to shareholders to vote their shares at the AGM.

The Company has secured the services of The Meeting Specialist (Pty) Limited ("TMS") to remotely host the AGM on an interactive platform. Any shareholder (or a representative or proxy for a shareholder) who wishes to electronically participate in and/or vote at the AGM are required to complete the Electronic Participation Application Form attached hereto and email same to TMS at proxy@tmsmeetings.co.za or contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 08:30 (SA time) on Tuesday, 23 November 2021.

TMS will assist shareholders (or a representative or proxy for a shareholder) with the requirements for electronic participation in, and/or voting at the AGM. In correspondence with the Company and its transfer secretaries (JSE Investor Services Pty Ltd), TMS is further obliged to validate shareholders' entitlement to participate in and/or vote at the AGM, before providing them with the necessary means to access the AGM and/or the associated voting platform.

Shareholders are strongly encouraged to submit their proxies beforehand, even if they intend attending the AGM, to ensure that their votes are counted in the event of any delays or disruptions to the shareholder's network connectivity and/or loss of network connectivity by such shareholder during any part of the AGM.

In accordance with the provisions of section 63(1) of the Companies Act, all attendees and participants at the AGM will be required to provide reasonably satisfactory identification (such as a valid passport or South African identity document, smart-card, or driver's licence).

Any shareholder of the Company that is a legal entity must authorise a person to act as its representative at the AGM through a letter of representation. This process may be facilitated by the Company's transfer secretaries (JSE Investor Services Pty Ltd).

Proxy forms

It is requested that proxy forms must be lodged with the transfer secretaries (JSE Investor Services Pty Ltd). Completed proxy forms must be sent by email to meetfax@jseinvestorservices.co.za or posted to JSE Investor Services Pty Ltd, 13th Floor 19 Ameshoff Street, Braamfontein, 2001, to reach them 48 hours before the AGM, **by no later than 08:30 (SA time) on Tuesday, 23 November 2021.**

Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to the proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the AGM.

REPORTS AVAILABLE ONLINE

The following documents are available online at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results:

- The 2021 Integrated Report
- 2021 Notice of AGM (this/the "Notice"). This Notice is distributed to all registered holders of the Company's shares (as at the relevant record date)
- The complete set of annual financial statements
- The Remuneration Policy and Implementation Plan
- The Social, Ethics and Transformation Committee report for the financial year ended 30 June 2021, as required in terms of Regulation 43 of the Companies Act Regulations, 2011

RECORD DATES

Record date to receive the notice: Thursday, 23 September 2021
Last date to trade to be eligible to attend and vote at the AGM: Tuesday, 16 November 2021
Record date to be eligible to vote: Friday, 19 November 2021
Last date of lodging of proxy forms: Tuesday, 23 November 2021 at 08:30

PROXIES AND VOTING

Voting on all resolutions will take place by ballot. Every shareholder of the Company present in person or represented by proxy shall have one vote for every share in the Company held by such shareholder.

If you are a registered shareholder as at the record date:

- You are entitled to attend the AGM in person and vote at the AGM
- Alternatively, you may appoint a proxy to attend, participate and vote at the AGM, on your behalf. Any appointment of a proxy:
  - may be effected by using the attached form of proxy
  - must be delivered in accordance with the instructions contained in the attached form of proxy, failing which it will not be effective.

  A proxy need not be a shareholder of the Company.

If you hold dematerialised shares, through a CSDP or broker, other than dematerialised shareholders with "own name" registration as at the record date:

- and wish to attend the AGM, you must inform your CSDP or broker of your intention to attend and obtain the necessary letter of representation in order to attend the AGM
- and do not wish to attend the AGM but would like your vote to be recorded at the AGM, you should provide your CSDP or broker with your voting instructions. This must be done in the manner and time stipulated in the mandate between you and the CSDP or broker concerned
- you must **not** complete the attached proxy form.

Included in this notice are the following:

- The resolutions to be proposed at the AGM, together with explanatory notes. There are also guidance notes if you wish to attend the AGM or to vote by proxy
- A proxy form for completion, signature and submission to the transfer secretaries of the Company by shareholders holding the Company's ordinary shares in certificated form or recorded in sub-registered electronic form in own name.

PURPOSE OF MEETING

The purpose of this AGM is to:

- present the audited annual financial statements of the Company and its subsidiaries (the Group) for the year ended 30 June 2021 (including the directors' report and the Group audit and actuarial committee reports) in accordance with section 30(3)(d) and section 61(8)(a) of the Companies Act
- consider and, if deemed fit, pass, with or without modification, the resolutions set out below
- consider any other matters raised by shareholders.

1. Ordinary Resolution number 1

Election of directors appointed to the Board during the year

"Resolved that the following directors, who were appointed to the Board subsequent to the 2020 AGM, and are eligible for election, be and are hereby elected as directors of the Company, each by way of a separate vote:

1.1 Mr Nigel John Dunkley, as an independent non-executive director

1.2 Mr Thanaseelan Gobalsamy, as an independent non-executive director"

Brief biographies of each director are available on page 98 of this Notice

Explanatory note:

The Board has arrangements in place for the periodic, staggered rotation of non-executive directors to introduce, over time, directors with new skills, insights and perspectives as well as to ensure appropriate diversity of gender and race on the Board. This Board initiative is ongoing, and seeks to balance the introduction of new directors while retaining valuable knowledge and experience of the business, and also maintaining continuity.

In accordance with the provisions of the Company's MOI, a director appointed by the Board is obliged to retire at the first AGM after their appointment. The above directors therefore retire at this AGM and are eligible for election by shareholders.

Based on the recommendations of the Nominations Committee regarding the composition of the Board, the Board is recommending the election of the directors listed above.

2. Ordinary Resolution number 2

Directors retiring by rotation in terms of the Company's MOI and in compliance with the JSE Listings Requirements.

2.1 "Resolved that Mr Matthews Sello Moloko, who retires by rotation in accordance with the MOI of the Company and is eligible for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

2.2 "Resolved that Ms Linda de Beer, who retires by rotation in accordance with the MOI of the Company and is eligible for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

2.3 "Resolved that Ms Sharron Laverne McPherson, who retires by rotation in accordance with the MOI of the Company and is eligible for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

Brief biographies of the three directors available for re-election are available on page 98 of this Notice.

Explanatory note:
The MOI of the Company and the JSE Listings Requirements require that one third of all directors shall retire at every AGM and that, if eligible, such directors may be re-elected by shareholders.

Ms Fatima Daniels and Mr Frans Truter, having reached nine-year tenure, retire from the Board, with effect from the conclusion of this AGM.

3. Ordinary Resolution number 3

Re-appointment of independent auditors
"Resolved as an ordinary resolution that the Company hereby approves the re-appointment of Ernst & Young Inc. as the independent auditors of the Company, with Ms Cornea de Villiers as the designated audit partner, for the ensuing financial year or until the next AGM, whichever is the later date."

Explanatory note:
In terms of section 90(1) of the Companies Act, the auditor of a Company must be appointed at the AGM each year. To be re-appointed, the auditor must satisfy the requirements of section 22.15(h) of the JSE Listings Requirements. The Audit Committee has reviewed the required information in compliance with the JSE Listings Requirements and the provisions of the Companies Act and in order to assess the suitability as required in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements, and has recommended the re-appointment of Ernst & Young Inc. as auditors of the Company, with Ms Cornea de Villiers as the designated audit partner for the ensuing year.

4. Ordinary Resolution number 4

Election of members of the Audit Committee
"Resolved that the following independent non-executive directors of the Company be and are hereby appointed with immediate effect to serve as members of the Audit Committee, each by way of separate vote:

4.1 To re-appoint Ms Linda de Beer as member of the Audit Committee;

4.2 To re-appoint Mr Nigel John Dunkley as member of the Audit Committee*;

4.3 To re-appoint Mr Thanaseelan Gobalsamy as member of the Audit Committee*."

* Subject to their appointment as directors in terms of Ordinary Resolution Numbers 1.1 and 1.2 respectively

Brief biographies of each director are available on page 98 of this Notice

Explanatory note:
In terms of section 94(2) of the Companies Act, the Company is required to elect an audit committee comprising at least three members, each of whom must satisfy the requirements set out in section 94(4) of the Companies Act.

5. Ordinary Resolution number 5

Authority to implement resolutions
"Resolved that any director of the Company or the Group Company Secretary be and is hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement all resolutions passed at the AGM at which this Ordinary Resolution number 5 is considered."

Explanatory note:
The directors of the Company or the Group Company Secretary are authorised in terms of this resolution to implement the Resolutions adopted at this AGM, and to take all such actions as may be necessary for this purpose.

6. Non-binding advisory vote 1

Remuneration policy as set out in the remuneration report of the Company

"Resolved that, by way of a non-binding advisory vote, the shareholders endorse the remuneration policies of the Company as set out in the remuneration report, available online at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results"

Explanatory note:

The King IV Report on Corporate Governance ("King IV") recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policies adopted.

This resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

7. Non-binding advisory vote 2

Implementation report as set out in the remuneration report of the Company

"Resolved that, by way of a non-binding advisory vote, the shareholders endorse the implementation report as set out in the remuneration report of the Company, available online at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results"

Explanatory note:

In terms of principle 14 of King IV, the Company's implementation report should be tabled to the shareholders to endorse the non-binding advisory vote in the same manner as an ordinary resolution at the AGM. This enables shareholders to express their views on the implementation report adopted. Failure to endorse the non-binding advisory vote will not have any legal consequences for existing arrangements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's implementation report.

The minimum percentage of voting rights required for the advisory votes to be endorsed is 50% plus 1 (fifty percent plus one) of the voting rights exercised by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights.

In the event that at least 25% (twenty-five percent) of the voting rights exercised on the advisory votes are against either the remuneration policy or the implementation report or both, the Board will then commit to implementing the consultation process set out in the remuneration policy read together with King IV and the JSE Listings Requirements.

8. Special Resolution Number 1

General authority to repurchase shares

"Resolved that the Board of directors of the Company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions as the Board of directors of the Company may from time to time determine, provided that:

- the general repurchase of ordinary shares in the aggregate in any one financial year by the Company does not exceed 5% (five percent) of the Company's issued ordinary share capital as at the beginning of the financial year
- the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited)
- authorisation thereto has been given by the Company's MOI
- this general authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution
- general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the JSE should be consulted for a ruling if the applicant's securities have not traded in such five-day business day period)

- at any point in time, a Company may only appoint one agent to effect any repurchases on the Company's behalf
- a resolution has been passed by the Board of directors confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group
- any such general repurchase will be subject to the applicable provisions of the Companies Act
- any such general repurchases are subject to exchange control regulations and approval at that point in time
- the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten percent) in aggregate of the number of issued shares in the Company at the relevant times
- the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period
- when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made in accordance with paragraph 11.27 of the JSE Listings Requirements."

Explanatory note:
The purpose of this resolution is to provide a general approval and authority in terms of Section 48 of the Companies Act and paragraph 5.72 of the JSE Listings Requirements for the Company and/or a subsidiary of the Company to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company, subject to the limitations set out in the notes to this resolution.

The directors of the Company currently have no specific intention to act in terms of the authority to be granted by the passing of this resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect any repurchases as contemplated in this resolution.

The directors undertake that, after considering the effect of the general repurchase of shares as contemplated in Special Resolution number 1, they will not undertake any such general repurchase of shares unless:

- the Company and the Group will be able to repay their debts as they become due in the ordinary course of business for a period of 12 months following the date of such repurchase;
- the Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months following the date of the repurchase.

Disclosure in terms of section 11.26 of the JSE Listings Requirements

- **Major shareholders:** Can be found on the Company's website https://www.momentummetropolitan.co.za/en/about/shareholder-structure
- **Share capital:** Information relating to the share capital of the Company can be found on pages 37 and 107 of the annual financial statements.

- **Material changes:** There has been no material change in the financial or trading position of the Company and its subsidiaries subsequent to the publication of the Company's audited financial statements for the year ended 30 June 2021 and the date of this Notice.
- **Directors' responsibility statement:** The directors, whose names are set out in the integrated report (which is available at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results, collectively and individually, accept full responsibility for the accuracy of the information pertaining to all the resolutions set out in this Notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all information required by law and the JSE Listings Requirements.

9. Special Resolution Number 2

General authority to provide financial assistance to subsidiaries and other related and inter-related entities in terms of sections 44 and 45 of the Companies Act

"Resolved that the directors of the Company may, to the extent required by the Companies Act, and subject to compliance with the requirements of the Company's MOI and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company or any of its subsidiaries, and/or to any shareholder of such subsidiary or related or inter-related company or entity, all as contemplated in section 44 and/or section 45 of the Companies Act, for such amounts and on such terms and conditions as the directors of the Company may determine."

Explanatory note:

This resolution is to authorise the provision by the Company of financial assistance to subsidiaries and other related and inter-related entities, specifically and only for the purpose of facilitating the Group's normal commercial and financing activities within and among Group companies.

This Special Resolution number 2 deliberately excludes from its scope any reference to "any person" (as provided for in section 44 of the Companies Act) and also excludes from its ambit "directors and officers" (as provided for in section 45 of the Companies Act).

In the absence of Special Resolution number 2 the Company would be unable to undertake its normal day-to-day business and financing operations within the Group.

This Special Resolution number 2 is required:

- in terms of section 44 of the Companies Act, to authorise the directors of the Company to permit the Company to provide financial assistance to the entities reflected in the text of the Special Resolution for the purpose of, or in connection with, the subscription for any securities or options issued or to be issued by the Company or any company related or inter-related to the Company, or for the purchase of any securities of the Company or a company related or inter-related to the Company; and
- in terms of section 45 of the Companies Act, to grant the directors of the Company a general authority to authorise the Company to grant direct or indirect financial assistance, including in the form of loans or the guaranteeing of their debts to (among others) the category of persons set out in the text of the resolution, subject to the Board not authorising any financial assistance to any such persons unless it is satisfied that:
  - considering all reasonably foreseeable financial circumstances of the Company at that time, the Company will, immediately after providing such financial assistance, satisfy the solvency and liquidity test stipulated in the Companies Act;
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
  - any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied.

10. Special Resolution Number 3

Non-executive directors' remuneration

"Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to pay the fees, as set out below, to its non-executive directors for their services as directors with effect from 1 January 2022 for a period of twelve months, plus any value-added tax (VAT) applicable."

		Current fees	Proposed fees
10.1	Chairman of the Board (adjusted as an all-inclusive fee)	1 927 000	2 166 500
10.2	Non-executive director	478 200	496 000
10.3	Actuarial Committee Chairman	332 200	415 000
10.4	Actuarial Committee Member	199 000	210 000
10.5	Audit Committee Chairman	399 400	440 000
10.6	Audit Committee Member	199 000	210 000
10.7	Fair Practices Committee Chairman	266 200	280 000
10.8	Fair Practices Committee Member	165 500	170 000
10.9	Investments Committee Chairman	266 200	280 000
10.10	Investments Committee Member	165 500	170 000
10.11	Nominations Committee Chairman	Part of Board Chair fee	
10.12	Nominations Committee Member	109 500	122 000
10.13	Remuneration Committee Chairman	332 200	345 000
10.14	Remuneration Committee Member	165 500	170 000
10.15	Risk, Capital and Compliance Committee Chairman	399 400	415 000
10.16	Risk, Capital and Compliance Committee Member	199 000	210 000
10.17	Social, Ethics and Transformation Committee Chairman	266 200	280 000
10.18	Social, Ethics and Transformation Committee Member	165 500	170 000
10.19	Ad hoc fee per hour	4 660	4 850
10.20	Permanent invitee – the fee will be the membership fee of the committee that the invitee sits on		

The above amounts exclude VAT

Explanatory note:

This resolution is to authorise the Company to pay fees (including any applicable VAT thereon) to its non-executive directors for their services as directors effective 1 January 2022 for a period of twelve months.

The proposed 2022 fees take into consideration a benchmarking review that the Group conducted of its non-executive directors' fees relative to a comparator group consisting of peer and other financial services entities.

The Board has resolved, on the recommendation of the Remuneration Committee, to propose for approval Special Resolution number 3, authorising the payment of fees to the non-executive directors of the Company for their services as directors, in accordance with the existing all-inclusive fee model, together with the payment of any applicable VAT, as stipulated in the scale of fees above.

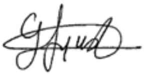
MAJORITY REQUIRED FOR THE ADOPTION OF RESOLUTIONS

Unless otherwise indicated, in order for the Ordinary Resolutions to be adopted, the support of a simple majority (that is, 50% plus one share) of the total number of voting rights exercised on the resolutions is required unless a higher requirement has been prescribed in terms of the JSE Listings Requirements.

The **Non-binding Resolutions** are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to the existing arrangements. Should 25% or more of the votes exercised on these non-binding resolutions be cast against either or both of these non-binding resolutions, the Board undertakes to engage with identified dissenting shareholders as to the reasons therefore and take appropriate action (as determined at the discretion of the Board) to reasonably address issues raised as envisaged in King IV and the JSE Listings Requirements.

In order for the **Special Resolutions** to be adopted, the support of at least 75% of the total number of voting rights exercised on the resolutions is required.

Votes recorded as abstentions are not taken into account for the purposes of determining the final percentage of votes cast in favour of the resolutions.



By order of the Board

Group Company Secretary

ANNEXURE 1 – DIRECTORS' PROFILES

Profiles of directors to be elected to the Board or Audit Committee

Nigel Dunkley

BCompt Hons, CA(SA), Advanced Taxation Certificate, AMP (Oxford)

Nigel has extensive and varied experience in the insurance industry, which includes 22 years spent in various executive positions within the Momentum Group between 1991 and 2013. In 2014 he moved to London to own and manage a hotel golf and leisure business, whilst acting as a non-executive director of Momentum Metropolitan interests in the UK, Guernsey, Gibraltar and South Africa. Nigel, who is currently resident in the United Kingdom, has experience as both an executive and non-executive board member and board chair.

Thanaseelan (Seelan) Gobalsamy

BCom (Accountancy and Law), Postgraduate Diploma in Accounting, Advanced Taxation Certificate, CA(SA), AMP (Harvard)

Seelan is currently the group chief executive officer of Omnia Holdings Limited, having previously held CEO positions at STANLIB Asset Management, Liberty Holdings Emerging Markets, Liberty Corporate and Old Mutual Corporate. Seelan has extensive international experience gained across multiple geographies and sectors in complex emerging and developed markets and has a proven track record of redefining the strategic direction of companies, turning around businesses and delivering sustainable growth.

Sello Moloko

BSc Hons, PGCE (Leicester), AMP (Wharton)

Sello is the executive chair and co-founder of Thesele Group, a diversified investment holding company. He has more than 29 years' business experience in diverse sectors. He is the independent non-executive chair of Telkom and also serves as non-executive director of DG Capital and Prudential Investment Managers. He was previously chair of the Alexander Forbes Group (executive) and General Reinsurance Africa, and CEO of Old Mutual Asset Managers.

Linda de Beer

CA(SA), MCom (Tax), Chartered Director

Linda is a professional director who currently also serves on the boards of Aspen Ltd, Tongaat Hulett Ltd and Shoprite Holdings Ltd. In addition, she chairs the Public Interest Oversight Board, based in Spain, which oversees the setting of international standards for accountants and auditors and serves on the Board of Trustees of the International Valuations Standards Council in London. Her background is in technical accounting, corporate governance, JSE Listings requirements and international standard setting. She is also an honorary professor (professor in practice) at the University of Johannesburg.

Sharron McPherson

BA (Economics), Doctor of Jurisprudence

Dr McPherson is co-founder and executive director of The Centre for Disruptive Technologies, which leverages an impressive Africa-wide and global network of experts in disruptive technologies to advise government and businesses on digital transformation strategies. In addition, she is an Adjunct Senior Lecturer - Project Finance at the University of Cape Town's Graduate School of Business. Dr McPherson is also a co-founder and shareholder of an investment consortium, Women in Infrastructure, Development and Energy (WINDE). WINDE is one of the largest and most impactful women's infrastructure investment consortiums in Africa.

FORM OF PROXY

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

This proxy form relates to the 20th (twentieth) annual general meeting (the meeting) to be held on Thursday, 25 November 2021 at 08:30 (SA time), solely by way of electronic participation.

The proxy is for use by certificated and dematerialised shareholders whose shares are registered in their own names by the record date, Friday, 19 November 2021. All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and attendance at the meeting.

Please print clearly when using this form and see the instructions and notes at the end of this form for an explanation of the use of this proxy form and the rights of the shareholder and the proxy.

I/We (full names) ____

of (address) ____

Contact details: (mobile) ____________________ (work) ____________________(email) ____________________

Being a shareholder of the Company and being the registered owner/s of __________ ordinary shares in the Company

Hereby appoint ____

Or failing him/her, the chairman of the meeting, to attend and participate in the meeting and to speak for me/us on my/our behalf and to vote or abstain from voting on my/our behalf at the AGM of the Company and/or any adjournment or postponement thereof.

FORM OF PROXY CONTINUED

My proxy shall vote as below (indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion).

Ordinary resolutions		For	Against	Abstain
1.1	To elect Mr Nigel John Dunkley as an independent non-executive director			
1.2	To elect Mr Thanaseelan Gobalsamy as an independent non-executive director			
2.1	To re-elect Mr Matthews Sello Moloko as an independent non-executive director			
2.2	To re-elect Ms Linda de Beer as an independent non-executive director			
2.3	To re-elect Ms Sharron Laverne McPherson as an independent non-executive director			
3.	To re-appoint Ernst & Young Inc as the independent auditors of the Company, with Ms Cornea de Villiers as the designated auditor for the ensuing year			
4.1	To re-appoint Ms Linda de Beer to serve as a member of the Audit Committee			
4.2	To re-appoint Mr Nigel John Dunkley to serve as a member of the Audit Committee			
4.3	To re-appoint Mr Thanaseelan Gobalsamy to serve as a member of the Audit Committee			
5.	Authorisation for a director or Group Company Secretary of the Company to implement resolutions			
Non-binding advisory resolutions				
6.	Non-binding advisory vote on the remuneration policy of the Company			
7.	Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company			

Special resolutions		For	Against	Abstain
8.	General authority to repurchase shares			
9.	General authority to provide financial assistance to subsidiaries and other related and inter-related entities in terms of sections 44 and 45 of the Companies Act			
10.	Approval of Non-executive directors' fees for the 2022 financial year			
10.1	Chairman of the Board			
10.2	Non-executive Director			
10.3	Actuarial Committee Chairman			
10.4	Actuarial Committee Member			
10.5	Audit Committee Chairman			
10.6	Audit Committee Member			
10.7	Fair Practices Committee Chairman			
10.8	Fair Practices Committee Member			
10.9	Investments Committee Chairman			
10.10	Investments Committee Member			
10.11	Nominations Committee Chairman			
10.12	Nominations Committee Member			
10.13	Remuneration Committee Chairman			
10.14	Remuneration Committee Member			
10.15	Risk, Capital and Compliance Committee Chairman			
10.16	Risk, Capital and Compliance Committee Member			
10.17	Social, Ethics and Transformation Committee Chairman			
10.18	Social, Ethics and Transformation Committee Member			
10.19	Ad hoc fee per hour			
10.20	Permanent invitee – the fee will be the membership fee of the committee that the invitee sits on			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. Unless otherwise directed, the proxy will vote as he/she thinks fit.

However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares which you desire to vote.

Signed at ______________________________ on ______________________________ 2021

Signature ______________________________

Please read the notes to the proxy as set out overleaf.

NOTES TO THE PROXY FORM

Summary of the rights of a shareholder to be represented by proxy in terms of Section 58 of the Companies Act, read with the Company's memorandum of incorporation

1. At any time, a shareholder may appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to:
   - participate in, and speak and vote at a shareholders' meeting on behalf of the shareholder, or
   - give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60 of the Companies Act.
2. A shareholder of the Company may not appoint two or more persons concurrently as proxies.
3. A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; the appointment is revocable unless the proxy appointment expressly states otherwise; and if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder.
5. A registered shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the AGM. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
6. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
8. The completed proxy forms must be lodged with JSE Investor Services Pty Ltd by email to meetfax@jseinvestorservices.co.za or posted to JSE Investor Services Pty Ltd 13th Floor 19 Ameshoff Street Braamfontein 2001, to reach them 48 hours before the AGM, that is by Tuesday, 23 November 2021 at 08:30 (SA time). Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to the proxy form prior to the proxy exercising a shareholder's right at the meeting, unless previously recorded or waived by the chairman of the AGM.
9. The proxy form must be dated and signed. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
10. The proxy appointment in terms of the proxy form shall remain valid only until the end of the AGM held on Thursday, 25 November 2021 or at any adjournment thereof.

ELECTRONIC PARTICIPATION FORM

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

Electronic participation in the Momentum Metropolitan Holdings Limited annual general meeting to be held on Thursday, 25 November 2021 at 08:30 (SA time)

The Company has secured the services of The Meeting Specialist (Pty) Limited ("TMS") to remotely host the AGM on an interactive platform.

Shareholders (or a representative or proxy of a shareholder) who wish to electronically participate in and/or vote at the AGM ("**Participants**") must apply to do so by emailing the form below ("**the application**") to TMS at proxy@tmsmeetings.co.za **by no later than 08:30 (SA time) on Tuesday, 23 November 2021.**

Shareholders who hold dematerialised shares, through a CSDP or broker, other than dematerialised shareholders with "own name" registration as at the record date:

- and wish to attend the AGM, must inform their CSDP or broker of their intention to attend and obtain the necessary letter of representation in order to attend the AGM;
- and do not wish to attend the AGM but would like their vote to be recorded at the AGM, should provide their CSDP or broker with their voting instructions. This must be done in the manner and time stipulated in the mandate between them and their CSDP or broker.

Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.

Each shareholder, who has complied with the requirements below, will be contacted between 23 and 25 November 2021 via email/cell phone with a unique link to allow them to participate in the electronic AGM.

The participant's unique access credentials will be forwarded to the email/mobile telephone provided by them, on the Application Form below.

The cost of the participant's data usage, which is necessary to join the AGM, will be at his/her own expense.

The cut-off time, for administrative purposes, to participate in the meeting will be **12:00 noon (SA time) on Wednesday, 24 November 2021.**

Application form

Name and surname of shareholder ____

Name and surname of shareholder representative *(if applicable)* ______________________________

ID number of shareholder or representative ____

Email address ____

Mobile/cell number ____

Telephone number ____

Name of CSDP or Broker *(if shares are held in dematerialised format)* ______________________

SCA number/Broker account number or _____________________________________

Own name account number ____

Number of shares ____

Signed at ______________________________ on ______________________________ 2021

Signature ____

ADMINISTRATION

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
Email: info@jseinvestorservices.co.za

TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Pty) Ltd
(registration number 93/713)
4 Robert Mugabe Avenue, Windhoek.
PO Box 2301, Windhoek
Telephone: +264 61 22 7647
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

GREYMATTERFINCH # 15731