

Financial results announcement

Operating update and summarised audited annual
financial statements for the year ended **30 June 2020**





OPERATING UPDATE

for the year ended 30 June 2020

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

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

OPERATIONAL UPDATE FOR THE 12 MONTHS ENDED 30 JUNE 2020

Summary of key metrics

Key metrics	F2020	F2019	Δ%
Earnings per share (cents)	12.3	153.1	(92)%
Headline earnings per share (cents)	71.3	168.0	(58)%
Normalised headline earnings per share (cents)	101.5	202.5	(50)%
Normalised headline earnings (R million)	1 521	3 074	(51)%
New business volumes (PVNBP, R million)	50 447	55 783	(10)%
Value of new business (R million)	280	541	(48)%
New business margin	0.6%	1.0%	
Diluted embedded value per share (Rand)	25.70	27.48	(6)%
Return on embedded value	(3.7)%	8.0%	
Return on embedded value per share	(3.8)%	9.4%	
Dividend per share (cents)	40	70	(43)%
Diluted number of shares in issue (million)	1 499	1 499	-
Diluted weighted average number of shares (million)	1 499	1 518	(1)%

¹ Normalised headline earnings adjust the standard 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, the amortisation of intangible assets arising from business combinations and B-BBEE costs. The adjustment for the impact of treasury shares removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients). The definition of normalised headline earnings remains unchanged.

Momentum Metropolitan looks beyond Covid-19

Momentum Metropolitan remained on track to deliver on its Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion by F2021, until the Covid-19 pandemic started to impact South Africa in early March 2020. It is pleasing that the initial focus and success on the Reset objectives enabled us to start making progress on the Grow objectives. The Reset and Grow strategy was the right strategy at the right time, as it certainly put us in a better position to handle the impact of the pandemic, and it contributed to good operational results in F2020, despite the Covid-19 related turmoil in the second half of the financial year.

The first Covid-19 case in South Africa was reported on the day that we released an excellent set of interim financial results for F2020. The pandemic quickly started spreading and brought many challenges to our operating environment. Our clients,

employees, and other stakeholders were not only impacted from a health perspective, but also financially by the severe volatility in investment markets, as well as in their daily movements due to government restrictions that were implemented in the various levels of lockdown. These effects are continuing, and it will take the country years to fully recover economically.

In line with our external environment, Momentum Metropolitan was and continues to be impacted by the expected worsening in claims experience, lower new business volumes, increased risk of policy lapses or withdrawals, lower investment returns, and additional expenses related to operational and risk management initiatives to effectively deal with the crisis.

The Covid-19 pandemic therefore significantly impacted our results for F2020. The Group delivered normalised headline earnings of R1 521 million for the 12 months, which includes a loss of R251 million for the second half of the year. This loss was largely due to

additional provisions that were raised, with a net negative impact of R983 million for potential Covid-19 related adverse claims experience and policyholder lapses and withdrawals. Furthermore, the partial recovery of investment markets during the last quarter did not fully offset the impact of severe market related losses reported in the third quarter of the year. The net market losses included in normalised headline earnings for the year was R975 million.

Excluding the impact of these two items, earnings from operational activities of R3 479 million (after-tax) demonstrate a continuation of our pre-Covid-19 momentum and robustness of our underlying results. Momentum Investments continued its growth trajectory and saw good new business and investment flows throughout the year. In Metropolitan Life, the sustained operational focus to improve the quality of business resulted in improved new business margins despite lockdown-related costs in its agency force. The Non-life Insurance operations continued to deliver good growth, further

supported by the acquisition and integration of Momentum Insurance (formerly Alexander Forbes Insurance). The businesses in other African countries contributed with positive earnings growth year-on-year on the back of satisfactory operating performance, despite the impact of the additional provisions related to Covid-19.

We maintained our stringent focus on efficiency initiatives and the controllable administration expenses increased by 2%, well below inflation. Increases in expenses to accelerate developments of our digital capabilities and servicing platforms, as well as cost to enable working from home, were offset by tight control on headcount and a reduction in items such as travel and entertainment – this partially due to the lockdown restrictions.

The Group's headline earnings per share declined by 58% to 71.3 cents. In addition to the impacts outlined above in the discussion on normalised headline earnings, it was further impacted by the impact of treasury shares – this is an accounting mismatch that is peculiar to financial institutions that invest in their own securities on behalf of clients.

Earnings per share declined by 92% to 12.3 cents and was impacted by an impairment on an owner-occupied property of R550 million, as well as a R244 million write-off of goodwill and other intangible assets on the non-life insurance operations.

New business volumes, as measured by the present value of new business premiums ("PVNBP"), and value of new business declined by 10% and 48% to R50.5 billion and R280 million, respectively. Excluding the impact of a R5 billion with-profit annuity transaction included in the prior year, the PVNBP remained flat year-on-year. This is a commendable achievement, considering the impact of the national lockdown and the slowdown in economic activity during the fourth quarter. The value of new business was negatively impacted by additional costs incurred in the distribution channels to support staff and business partners during the lockdown phase.

The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings. Considering that the Group recorded negative normalised headline earnings in the second half of the year, not declaring final ordinary dividend is in line with the Group's dividend policy. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

The Group remains well capitalised with a strong balance sheet. The regulatory solvency position of Momentum Metropolitan Life, the Group's main life insurance entity, decreased from 2.08 times the Solvency Capital Requirement ("SCR") at 30 June 2019 to 1.85 times SCR at 30 June 2020. The decline in the solvency position is due to the impact of the pandemic, including the falls in investment markets and additional provisions for Covid-19 related claims and policyholder behaviour, as well as the recent acquisition of Momentum Insurance.

The return on embedded value ("ROEV") declined from 8.0% in F2019 to -3.7% in F2020, driven by the adverse investment market movements affecting the covered business, as well as the creation of additional provisions against the impact of the pandemic. These adverse investment market movements are largely related to negative equity returns and increasing bond yields at longer durations.

The Group's financial results demonstrate its resilience, considering solvency remains strong and normalised headline earnings continued to be positive in a year when the financial markets experienced events expected to occur once in 20 years to once in 50 years, and operational turmoil had to be managed during the final quarter. We believe our entrepreneurial culture and federated operating model are key reasons why we were able to adapt quickly to the circumstances. Most pleasingly, we were able to effectively respond to the needs and concerns of our clients and our employees during this period of uncertainty.

Financial relief to clients during the Covid-19 pandemic

The Covid-19 pandemic is a health crisis with severe economic implications caused by significant disruption to individual and business activities. Our key priority during the initial stages of the pandemic was to continue serving our clients. We adapted swiftly to the remote working demands and maintained good levels of service to clients.

The Group also played a significant role in helping the wider community, contributing towards Covid-19 awareness and education. We also actively supported government's efforts to reduce the infection rate.

The Group furthermore offered financial relief and support to clients:

- In Momentum Life, the Myriad protection product range added a feature to allow clients to temporarily pause their premiums and cover, without any impact on cover following the pause period. Nearly 3% of our clients elected this option until the end of June 2020,

helping these clients save R13 million on premiums. More than two-thirds of these clients have since reactivated their monthly premiums. The Investo savings product improved the flexibility of its contribution holiday feature, while alteration fees were also lowered. The enhancements to the contribution holiday option were exercised by 16% of Investo clients, providing financial relief to these clients to the value of R147 million.

- In Metropolitan Life, the funeral product range allows policyholders to skip up to four monthly premiums before cover lapses. The option was used by 8% of our clients on the new dignified funeral product, which was launched in May 2018, delivering financial relief to the value of R13 million up to the end of June 2020. The uptake of the premium skip option by clients in the closed funeral product range was a smaller proportion of the book because for a large part of this product range premiums are being collected via salary deductions. Across all product lines, where the premiums could not be collected due to employers being closed during the lockdown period, clients' policies will be kept in force until September 2020, providing relief of R1.5 million per month.
- Momentum Corporate supports clients through group retirement fund contribution payment relief options and group insurance clients have been granted a two-month grace period in which to pay premiums. Up to 3% of group insurance clients elected to take up the two-month grace period by the end of July whereas 26% of FundsAtWork investment clients, measured by annual premium income, opted to take retirement contribution holidays.
- Momentum Health enables members to pay their medical aid premiums from their HealthSaver accounts. Three-month contribution and benefit holidays are also allowed, and a digital solution is being rolled out to several medical schemes to assess symptoms of members recovering from Covid-19. Momentum Health Solutions also launched a Covid-19 Hello Doctor tele-service to all South Africans – for free. This 24/7 medical doctor-on-call service provides access to more than 140 doctors on standby to call clients back if they need assistance. Across all the schemes administered, Momentum Metropolitan's health business has paid for over 340,000 Covid-19 tests, to the value of R270 million until the end of August 2020.
- Our short-term insurance companies (Momentum Short-term Insurance

(“MSTI”) and Momentum Insurance) implemented client support measures such as premium refunds, premium and cover pause options, excess waivers, downscaled cover options, easing of renewal terms and accelerated access to no-claims bonuses to ease the financial burden. Combined, these measures provided R43 million in financial relief for clients in May and June 2020.

Progress with our Reset and Grow strategy

For the first half of the year, Momentum Metropolitan delivered solid operational performance and continued to build significant momentum on the Reset and Grow strategy. We are continually working on our foundation of sustainable growth under the Reset and Grow strategy, even during the prevailing period of uncertainty. Good strides have been made within the following strategic focus areas:

- **Continued delivery on product innovation:** in Momentum Life, Myriad developed an innovative contactless health screening application in partnership with Kimi, our health tracking solution, to streamline the underwriting process. The initiative is well positioned for the post-Covid-19 environment. The Investo savings product launched a loyalty bonus promotion on a suite of discretionary products from March 2020. Momentum Financial Planning launched a new online onboarding process for clients to interact and engage with advisers. Metropolitan Life launched a new initiative aimed at the digitally minded consumer called “Metropolitan GetUp”. The Metropolitan GetUp initiative has started showing signs of promise.
- **Retaining a robust capital position:** we regularly assess our solvency levels to ensure our position remains strong, even under extreme economic scenarios. It is evident, given how the Group weathered the recent investment market volatility, that the resilience of our balance sheet is a strength.
- **High quality service and productive distribution channels:** to ensure we remain in step with our clients, our face-to-face advisers and service centres remained engaged with our clients through the lockdown period and maintained good levels of operational service. Productivity levels held up well after the move to work-from-home, and as a result there was minimal disruption on the Group’s operations.
- **Greater focus on business continuity and driving efficiency gains:** the Group has continued to focus on driving efficiencies through disciplined expense

management. This is a common theme across all our businesses.

- **Deploying capital on growth assets:** the plans to scale our non-life operations have been moved forward with the acquisition of Momentum Insurance in January 2020. The Group will now focus on integrating Momentum Insurance with MSTI. The promise of our investment in India is evident by its sustained business growth, which is expected to continue going forward.
- **Looking after our people:** the Group quickly adapted to the changes in our operating environment with a number of wellness and engagement initiatives launched within our Human Capital community to keep our people engaged, connected and supported as we settled down into working remotely.

Retirement of JJ Njeke and appointment of Sello Moloko as Chairman of the Momentum Metropolitan Board

JJ Njeke, the Chairman of the Momentum Metropolitan Board will retire at the annual general meeting on 26 November 2020. JJ has been providing guidance and direction to the business since 2011 when the Group was formed through the merger of the Momentum Group and Metropolitan Holdings. Before the merger, he was Chairman of the Metropolitan Holdings Board. The Group would like to sincerely thank JJ for his wisdom and valuable counsel, and for successfully leading the board in this chapter of the Group’s history.

The Group is pleased to announce that Sello Moloko will assume the role of Chairman of the Board at the annual general meeting to be held on 26 November 2020. Sello joined the Board on 1 March 2019 and is currently the Lead Independent Director. Sello has a wealth of business experience and was previously Chief Executive Officer of Old Mutual Asset Managers and Chairman of the Alexander Forbes Group, General Reinsurance Africa, and Sibanye-Stillwater. He is currently the Executive Chairman and co-founder of the Thesele Group, a black-owned investment holding company.

Broadening our ownership

As the first major insurance group to attain a Level 1 B-BBEE rating under the revised Financial Sector Code, Momentum Metropolitan continues to demonstrate leadership in the industry with regards to economic transformation in accordance with our purpose to enable businesses and people, from all walks of life, to achieve their financial goals and life aspirations. The Group achieves this through its comprehensive product suite targeted at a diverse client base as well as

a focus on value creation for shareholders, clients, employees, and all other stakeholders.

Momentum Metropolitan has formulated a proposal to establish a broad-based employee share ownership scheme (the “Proposed Transaction”), through which permanent South African staff will acquire 44.9 million ordinary shares, constituting 3% of the Group’s ordinary share capital. The Proposed Transaction is subject to certain suspensive conditions, including approval from existing shareholders. The rules of the scheme will ensure that black participation in the scheme exceeds 85% at all times, ensuring that it will achieve broad-based black socio-economic transformation.

Strategic rationale

Momentum Metropolitan is committed to social and economic inclusivity. We consider the alignment of the interests of various stakeholders as the most effective way of achieving meaningful value creation for all stakeholders. The scheme, inspired by our entrepreneurial DNA, establishes collective responsibility for our business’s future. It was guided by an ambition to further transform the business and to increasingly cement our Level 1 B-BBEE rating.

By implementing the Proposed Transaction, we will:

- Further improve black ownership of the Group since 78% of our eligible employees are black;
- Instil an entrepreneurial culture of ownership amongst our people. Our employees play a critical role in making Momentum Metropolitan a great place to work. A motivated and skilled workforce, together with efficient and value-creating solutions, services, and operations, offers value to our clients and shareholders; and
- Strengthen our competitive position and enhance the long-term sustainability of our Group’s operations.

Proposed transaction structure

The share ownership scheme is structured as a trust which benefits all the permanent South African based employees of the Group. The trust will acquire 3% of the Group’s ordinary shares. The purpose of the trust is to create a self-sufficient, sustainable scheme for employees by providing them with the ability to participate in the capital growth of Momentum Metropolitan’s shares. The scheme is designed to ensure sustainable broad-based transformation and there is no capital contribution that will be required from employees to participate in the scheme.

Secondary listing on A2X Markets ("A2X")

Momentum Metropolitan's equity securities started trading on A2X with effect from 5 August 2020. The Group's primary listing on the Johannesburg Stock Exchange ("JSE") will be unaffected by the secondary listing on A2X. The Group's ordinary shares can now be traded on the JSE and A2X in South Africa and the Namibian Stock Exchange in Namibia. As a major participant in South African financial markets, Momentum Metropolitan believes that healthy competition is to everyone's benefit and supporting multiple local exchanges aids to increase competitiveness in this space.

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Normalised headline earnings

The Group's normalised headline earnings by business unit are shown below:

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	247	236	(35)	(32)	416	883	(53)%
Momentum Investments	152	118	3	30	303	512	(41)%
Metropolitan Life	155	194	(39)	(8)	302	610	(50)%
Momentum Corporate and Health	139	196	133	(208)	260	601	(57)%
Non-life Insurance	83	60	120	142	405	164	>100%
Momentum Metropolitan Africa	128	80	(167)	276	317	262	21%
Normalised headline earnings from operating business units	904	884	15	200	2 003	3 032	(34)%
New Initiatives	(134)	(106)	(136)	(133)	(509)	(492)	(3)%
Shareholders	112	112	(163)	(34)	27	534	(95)%
Normalised headline earnings	882	890	(284)	33	1 521	3 074	(51)%

The Group delivered normalised headline earnings of R1 521 million for 12 months, which includes a loss of R251 million for the second half of the year.

Uncertainty remains on the progression of Covid-19 related claims experience and future persistency experience. The Group has thus reviewed its mortality, disability and termination assumptions used in the valuation basis of the life insurance operations of the Group, as well as the

potential claims impact on non-life insurance business. Consequently, the group has created additional provisions of R983 million (net of tax) in the fourth quarter to absorb the possible future impact of Covid-19.

Although small positive normalised headline earnings of R33 million were reported for the fourth quarter despite setting up the Covid-19 provision, it represents a modest recovery from the third quarter's loss, which was attributable to the decline in the investment

markets during March 2020. Despite the recovery in the equity market during the fourth quarter, the unrealised asset-liability management losses stemming from relative movements in the bond and swap curves used to value annuities and guaranteed endowments, persisted into the fourth quarter. The total market losses for the year reduced the normalised headline earnings by R975 million.

The table below shows the impact of the F2020 normalised headline earnings split between the provisions for Covid-19 related claims and persistency, as well as financial market related variances/ losses by business units.

R million	F2019	F2020			Normalised headline earnings
	Normalised headline earnings	Earnings from operations	Provisions for Covid-19	Market impact	
Momentum Life	883	812	(366)	(30)	416
Momentum Investments	512	590	-	(287)	303
Metropolitan Life	610	757	(180)	(275)	302
Momentum Corporate	601	709	(347)	(102)	260
Non-life Insurance	164	443	(38)	-	405
Momentum Metropolitan Africa	262	475	(52)	(106)	317
Normalised headline earnings from operating business units	3 032	3 786	(983)	(800)	2 003
New Initiatives	(492)	(509)	-	-	(509)
Shareholders	534	202	-	(175)	27
Normalised headline earnings	3 074	3 479	(983)	(975)	1 521

Earnings from operations is not a key performance indicator of the Group and is not a derivative from line items in the income statement prepared on an IFRS basis. It is calculated in order to explain how the Group's normalised headline earnings over the second half of the financial year were affected by the Covid-19 pandemic and the resultant investment market related impacts. It is calculated as normalised headline earnings, less the additional provisions for the impact of the Covid-19 pandemic, less the market impact. The market impact for F2020 includes the investment variances on the life insurance business. In Shareholders the market impact includes the quarterly excess investment return from a normal quarter in F2020, fair value gains and losses and economic assumption changes.

The Group does not intend to continue to report earnings from operations beyond the Covid-19 pandemic and its related investment market volatility.

Provisions for Covid-19

The Group has considered the possible impact of the Covid-19 pandemic and the related decline in economic conditions and outlook, as well as on expected policyholder behaviour around lapses, surrenders, and withdrawals. It has reviewed recent claims experience, publicly available models that project infection and mortality rates of Covid-19 and has also observed the outcomes from premium relief options that clients have exercised in the last three months of the financial year. The modelling

suggests that the bulk of the impact of Covid-19 will be observed in the F2021 and F2022 financial years.

The expected impact of these items has led to changes in the applicable mortality, disability, and termination assumptions for F2021 and F2022 that are used in the valuation basis of the life insurance operations of the Group. The impact of claims on non-life insurance business in Guardrisk has also been considered.

The overall impact is a reduction in the Group's normalised headline earnings for the year of R983 million. There is an additional impact on the value of in-force business of R398 million, which resulted in a total reduction in embedded value of R1 381 million.

The impacts by business unit are shown in the table below:

Impact of provisions for Covid-19 on: R million	Normalised headline earnings					Total	Value of in-force business	Embedded value
	Mortality	Morbidity	Non-life insurance claims	Terminations	Terminations		Total	
Momentum Life	316	-	-	50	366	114	480	
Metropolitan Life	108	-	-	72	180	-	180	
Momentum Corporate	275	72	-	-	347	284	631	
Momentum Metropolitan Africa	52	-	-	-	52	-	52	
Non-life Insurance	-	-	38	-	38	-	38	
Total	751	72	38	122	983	398	1 381	

The assumptions applied in the establishment of the Covid-19 provisions were determined taking various modelled scenarios into account. The specific circumstances that affect the clients of each business unit were considered in the modelling and the resultant assumptions may thus differ somewhat between business units. As trends in Covid-19 related claims experience and policyholder behaviour continue to evolve, the Group will continue to evaluate and assess the assumptions used in the valuation basis.

The valuation basis was determined as follows for each factor:

Mortality

As at 30 June 2020, South Africa reported 151 290 confirmed Covid-19 cases and recorded 2 657 deaths. By 7 September, confirmed cases in South Africa has increased to 639 362 and recorded 15 004 deaths. Excess deaths are significantly higher than the confirmed Covid-19 number of deaths.

As a result of the increase in excess deaths, the Group anticipates a rise in mortality claims in the near term, linked to the spread of Covid-19. The mortality provision

was determined by referencing several international studies on attack rates, infection and case fatality rates and applying these assumed age-based infection and fatality rates to the sums at risk of the various books of business. The infection and mortality rates were further adjusted to allow for the assumed differences in experiences of the different socio-economic classes as well as actual claims experience up to the end of July 2020. The final modelling assumed ultimate attack rates ranging from 40% to 60% of the population.

Momentum Life and Momentum Corporate have allowed for similar infection rates. The lower income retail client segment is expected to be more vulnerable to infections and to have more limited ability to isolate and shelter. The mortality and infection rates in Metropolitan Life are therefore expected to be significantly higher than the modelled experience in Momentum Life and Momentum Corporate. Reinsurance recoveries have been allowed for in line with conditions of the relevant agreements.

Momentum Metropolitan Africa included a R52 million allowance for adverse experience .

Longevity

The Group anticipates that increased mortality of annuitants as well as income protection claimants will result in a higher than expected release of reserves held for these benefits. However, no offsetting credit has been taken for this in the Covid-19 provision.

Morbidity

The Group expects an increase in income protection claimants that are unable to return to work due to the economic environment. In Momentum Corporate, a 20% reduction in return-to-work rates for a 24-month period was allowed for.

Terminations

In March 2020, the Group offered various relief measures in the form of premium holidays, premium rebates, premium pause options, and grace periods for premium payment to ease financial pressure for clients. Given the hardship caused by the economic crisis, the Group expects that some of the clients who elected to make use of these relief options are at risk of terminating their policies in the near term. For these policies, Momentum Life and Momentum Corporate

have considered actual policyholder behaviour over the last three months and have assumed that 50% of policyholders who exercised premium holidays and pause options would terminate their policies immediately upon expiry of the grace period.

Metropolitan Life already offered a premium skip facility before the pandemic and the valuation assumptions therefore already had an allowance for policies in a 'premium skip' state. No additional allowance was therefore made. Metropolitan Life's earnings are more exposed to terminations on its funeral book than what is the case for Momentum Life on its protection business, and a termination provision equal to 10% of negative rand reserves has been allowed for to reflect the potential short-term deterioration in lapses on Metropolitan Life's funeral book due to the economic outlook.

Retrenchment risk

Momentum Metropolitan Life has limited exposure to retrenchment risk as it has generally been averse to this risk type in the past. Consequently, no explicit liability was deemed necessary.

Guardrisk does have exposure to retrenchment risk in several of its cells, but these cells are still sufficiently profitable and well capitalised to avoid the need to hold any additional shareholder provisions related to these cells. The reserving in the cells has been strengthened in anticipation of increased retrenchment risk.

Non-life insurance claims

Guardrisk has made an adjustment to its outstanding claims reserves for a potential increase in claims related to business interruption cover that is offered as an extension on some of its policies. The outbreak of the Covid-19 pandemic has sparked public debate between policyholders,

insurers, reinsurers, and regulators on the interpretation of policy wordings that offer business interruption cover, and specifically in relation to any extensions for infectious or contagious diseases.

Although a legal process is still ongoing, Guardrisk is providing relief to policyholders in the hospitality industry by offering a settlement in terms of the policy to affected policyholders. The settlement offer triggers cover under quota share and non-proportional (excess-of-loss) reinsurance agreements. It is estimated that the total gross claims against business interruption cover underwritten by Guardrisk are approximately R600 million. After taking reinsurance recoveries into account, a net of tax provision of R38 million has been created.

Expenses

Across the Group, an amount of R71 million (before tax) has been expensed in the current year, related to support and financial relief provided to our various distribution forces, to help weather the impact of reduced income during the hard lockdown period when financial advice was not deemed an essential service by government regulations.

The Group has also incurred R26 million in operational expenses which is directly attributable to the Covid-19 pandemic. The expenses include data and technology-related costs and other remote working enablement costs, as well costs related to the structural changes needed to ensure social distancing between workstations for essential office-based staff, hand sanitiser and deep-cleaning of offices.

These costs were fully expensed through operational expenses in F2020 and are not reported as part of the provision for Covid-19. The lockdown restrictions have also delivered expense savings, for example on travel and entertainment, offsetting some

of the impact of the Covid-19 related costs. Development and implementation costs that were incurred from accelerated projects to for example improve digital engagement tools, are not deemed to be directly related to the pandemic.

Earnings per share

The Group's earnings per share declined by 92% to 12.3 cents.

In addition to the impacts described for normalised headline earnings, the earnings per share were further negatively impacted by an impairment on an owner-occupied property of R550 million as well as a R244 million write-off to goodwill and other intangible assets of the non-life insurance operations.

The Johannesburg-based businesses of the Group is currently moving into a newly developed owner-occupied property situated in Sandton. The Group will occupy most of the available office space. The value of the property was previously recorded at the cost of development as it was still under construction. As at 30 June 2020 the property was valued by a professional valuer which resulted in an impairment of R550 million. The impairment can largely be attributed to the decline in market rental rates for office property in Sandton in recent years, as well as the weak property market outlook because of the pandemic. The valuation also took the expected vacancy period into account.

Due to the economic decline as a result of the Covid-19 pandemic, the projected cash flows for MSTI have deteriorated, resulting in the need to write off R244 million of goodwill and other intangible assets that were allocated to MSTI. The recently acquired Momentum Insurance is currently anticipated to perform in line with the business plan and there is no need to write off intangible assets allocated to Momentum Insurance.

New business performance

Key metrics	F2020	F2019	Δ%
Recurring premiums (R million)	3 417	3 952	(14)%
Single premiums (R million)	33 189	34 183	(3)%
PVNB (R million)	50 447	55 783	(10)%
Value of new business (R million)	280	541	(48)%
New business margin	0.6%	1.0%	

The PVNB for the 12 months was R50.5 billion, a decline of 10% from the prior year. Excluding the impact of the R5 billion single premium with-profit annuity transaction that was recorded in Momentum Corporate in the prior year, the PVNB remained flat, despite the lower retail sales volumes observed in the second half of the year and the impact thereof.

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

R million	1Q	2Q	3Q	4Q	F2020	F2019	Δ%
Momentum Life	2 013	2 045	1 844	1 170	7 072	8 266	(14)%
Momentum Investments	6 679	7 087	7 026	6 020	26 812	23 145	16%
Metropolitan Life	1 292	1 234	1 172	1 003	4 701	4 897	(4)%
Momentum Corporate	2 442	2 369	1 741	2 654	9 206	16 977	(46)%
Momentum Metropolitan Africa	552	521	648	935	2 656	2 498	6%
Total PVNBP	12 978	13 256	12 431	11 782	50 447	55 783	(10)%

As a result of the lockdown restrictions during the fourth quarter, the new business volumes in most business units were severely impacted. On the positive side, large single premium transactions for which negotiations began before Covid-19 were completed in Momentum Corporate in South Africa, as well as in the employee benefits businesses in Namibia and Botswana. New business volumes in Momentum Investments held up well, with strong flows on especially the offshore investment platform. In the fourth

quarter, Metropolitan Life new business volumes reduced by approximately 20% compared to the average of the first three quarters and were supported against further decline by the adoption of digital technology and smart tools in the sales fulfilment process. Momentum Life was most severely adversely impacted, partially because the business writes a significant amount of new business where medical underwriting is necessary.

The value of new business declined by 48% from the prior year. In addition to the lower new business volumes, changes in the new business mix towards long-term savings also contributed to this result. The negative effect was partly offset by disciplined expense management across the Group. Overall, the new business margin declined to 0.6%.

Embedded value

Embedded value earnings (R million)	F2020	F2019	Δ%
Embedded value at the start of the year	41 193	39 601	
Embedded value earnings from operations (covered business)	3 408	3 083	11%
Covid-19 provisions	(1 335)	-	<0%
Embedded value earnings attributable to investment markets	(2 945)	291	<0%
Impact from exceptional items ²	(19)	870	<0%
Embedded value profit from non-covered businesses	(646)	(1 076)	40%
Change in embedded value before capital flows	(1 537)	3 168	<0%
Capital flows	(1 132)	(1 576)	28%
Embedded value at the end of the year	38 524	41 193	(6)%
Return on embedded value ("ROEV")	(3.7)%	8.0%	
ROEV on covered business	(2.7)%	12.7%	
ROEV on non-covered business	(8.4)%	(17.5)%	
ROEV per share	(3.8)%	9.4%	

² The exceptional item of R870 million reported in F2019 arose from the adoption of a new required capital methodology, which coincided with the implementation of a new regulatory framework for solvency. In F2020 the exceptional item of -R19 million relates to the impact of implementing International Financial Reporting Standard 16 - Leases

The embedded value results highlight the exposure to investment markets from the covered business. Movement in investment market related items resulted in a R2.9 billion reduction in embedded value earnings relative to the prior year.

The total reduction in the covered business embedded value for the additional Covid-19 provisions on the covered business was R1.3 billion. Excluding these, the embedded value earnings from covered business operations increased by 11% from R3.0 billion to R3.4 billion. Non-Covid-19 related basis changes and experience variances were broadly

neutral in aggregate. Expense variances contributed positively, continuing the recent trend of tight expense management across the Group. The expense inflation assumption in the first three years of the projection period has been reduced from 6% to 5%.

The risk experience variance remained positive, despite being significantly lower than the prior year. Metropolitan Life had particularly pleasing risk experience over the year. The risk products in Momentum Life contributed positively to the alterations experience via take-up of premium increases for older ages. The lapse experience on

Metropolitan Life's funeral product line saw a significant improvement from the prior year. More accurate modelling of future expected credit spreads on Momentum Investment products contributed positively. The allowance for terminations where policyholders have taken retirement contribution holidays on Momentum Corporate's FundsAtWork investment product, resulted in a negative persistency variance.

Implicit allowances for Covid-19 have also been incorporated in the non-covered valuations.

SEGMENTAL PERFORMANCE

MOMENTUM LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	416	883	(53)%
Recurring premium new business	928	1 031	(10)%
Single premium new business	2 064	2 016	2%
PVNBP	7 072	8 266	(14)%
Value of new business	22	101	(78)%
New business margin	0.3%	1.2%	

Normalised headline earnings

Normalised headline earnings declined by 53% to R416 million. The decline is mainly driven by changes in the demographic assumptions for the expected impact of Covid-19 related claims and policyholder behaviour, as well as significantly lower underwriting experience profits than in the prior year.

The negative investment variances that were observed in the third quarter from traditional products as well as lower fees and investment returns from equity-linked asset portfolios, reversed during the fourth quarter, resulting in a small positive investment

variance for the year. The impact of improved persistency experience profit on the protection business was offset by the impact of the Premium Pause client relief option.

Good expense management, as well as lower losses from Momentum Multiply, contributed positively to normalised headline earnings.

New business

Momentum Life's PVNBP declined by 14% year-on-year to R7.1 billion. The fourth quarter was particularly challenging due to the nationwide lockdown which limited the ability of the distribution force to continue sales activities, resulting in new business volumes

that were 46% lower than the fourth quarter in the prior year. New business volumes on long-term savings business were less impacted than protection business sales. There was an observed shift towards retirement annuity policies within long-term savings new business mix.

Value of new business declined by 78% from R101 million to R22 million, resulting in a new business margin of 0.3%. This can be explained by the operational gearing impact during the fourth quarter from lower new business volumes on protection and long-term savings products, while the predominantly fixed expense base declined by less.

MOMENTUM INVESTMENTS

R million	F2020	F2019	Δ%
Normalised headline earnings	303	512	(41)%
Recurring premium new business	121	186	(35)%
Single premium new business	26 345	22 434	17%
PVNBP	26 812	23 145	16%
Value of new business	134	82	63%
New business margin	0.5%	0.4%	

Normalised headline earnings

Normalised headline earnings declined by 41% to R303 million, largely as a result of unrealised losses stemming from relative movements in the bond and swap curves used to value annuities and guaranteed endowments. This effect was reported in the third quarter and the impact persisted into the fourth quarter with further widening of the spread.

The impact of weak investment markets on asset-based fee income and progress with the re-price of the in-force book both led to a decline in the normalised headline

earnings from the Momentum Wealth investment platform, despite continued good new business volumes and lower outflows throughout the year, favourable foreign exchange movements, and prudent expense management.

Whilst investment market conditions remained volatile, the local and offshore non-covered investment management operations delivered growth in normalised headline earnings. This was, however, more than offset by lower normalised headline earnings from the property management business, which suffered from the current economic conditions, in line with the real estate sector.

New business

PVNBP for Momentum Investments improved by 16% to R26.8 billion relative to the prior year, mainly from strong new business volumes on the Momentum Wealth investment platform and guaranteed annuities. Although new business flows slowed in the fourth quarter, it remained strong in absolute terms.

The value of new business furthermore benefitted from below inflationary growth on expenses and a reduction in the present value of the cost of capital. The new business margin improved to 0.5%.

Assets under management

R billion	F2020	F2019	Δ%
On-balance sheet Momentum Wealth	110	105	5%
Off-balance sheet Momentum Wealth	59	56	5%
Non-covered business (investment management)	419	424	(1)%
Assets under management	588	585	1%

Assets under management on the Momentum Wealth investment platform business increased by 5%. This was mainly attributable to significant net inflows on the offshore platform, aided by favourable foreign exchange movements.

Assets under management of the non-covered investment management business ended the year marginally lower than the prior year. These assets were adversely impacted by the fall in investment markets. As the markets rebounded during the fourth quarter, assets recovered materially from the levels reported in March 2020.

METROPOLITAN LIFE

R million	F2020	F2019	Δ%
Normalised headline earnings	302	610	(50)%
Recurring premium new business	1 156	1 196	(3)%
Single premium new business	1 100	1 185	(7)%
PVNBP	4 701	4 897	(4)%
Value of new business	110	89	24%
New business margin	2.3%	1.8%	

Normalised headline earnings

Metropolitan Life's earnings declined by 50% to R302 million relative to the prior year, driven by the impact of the adverse investment market conditions since March 2020, changes in the demographic assumptions for the expected impact of Covid-19 related claims and policyholder behaviour, as well as the cost to support the tied advisers during the nationwide lockdown in the fourth quarter.

The negative impact of the investment market movements that was observed in the third quarter, continued into the fourth quarter and was mainly caused by unrealised losses stemming from relative movements in the bond and swap curves used to value annuities. Furthermore, the increase to investment guarantee reserves held in

respect of smoothed bonus portfolios that was required in the third quarter, was not fully reversed by the partial recovery of the investment markets in the fourth quarter.

Excluding these items, the earnings from operational activities increased from the prior year and was supported by a sustained operational focus to improve the quality of business and to prudently manage controllable expenses. The persistency on funeral products was in line with the valuation basis and continued strong underwriting profits further supported the normalised headline earnings.

New business

Metropolitan Life PVNBP declined by 4% to R4.7 billion compared to the prior year. The tied agency force was on average 7% smaller

than in the prior period, however productivity per agent continued to improve, following deliberate actions to rationalise and upskill the agency force. New business volumes in the fourth quarter remained resilient, despite the nationwide lockdown. The adoption of digital technology and smart tools in the sales fulfilment process supported the advisers' ability to continue writing new business during this period.

The value of new business of R110 million showed a pleasing improvement as a result of the continued shift towards new business for which premiums are collected via salary deductions, and an improved business mix within the funeral product range. The new business margin increased to 2.3% despite the pressure caused on volume growth by the lockdown in the fourth quarter.

MOMENTUM CORPORATE AND HEALTH

R million	F2020	F2019	Δ%
Momentum Corporate	104	435	(76)%
Momentum Metropolitan's health business	156	166	(6)%
Total normalised headline earnings	260	601	(57)%
Recurring premium new business ³	796	1 149	(31)%
Single premium new business ³	2 979	7 933	(62)%
PVNBP4	9 206	16 977	(46)%
Value of new business ³	(4)	265	<0%
New business margin	0.0%	1.6%	

³ Momentum Metropolitan's health business is classified as non-covered business and therefore, excluded from new business premiums, PVNBP, value of new business and new business margin.

Normalised headline earnings

Momentum Corporate and Health's normalised headline earnings declined by 57% year-on-year to R260 million. The normalised headline earnings of the traditional employee benefits business declined by 76% to R104 million. This was driven mainly by the negative impacts of the market movements which resulted in an increase in the investment guarantee reserving requirements on the smoothed bonus savings business, as well as changes

in the demographic assumptions for the expected impact of Covid-19 on claims, and disability income policyholder experience. These impacts were partly offset by strong underwriting results from the group insurance business, in which the disability business performed particularly well. Earnings from income disability products were the strongest in five years, reflecting that corrective actions implemented over the last few years are paying off. Proactive expense management kept cost increases below inflation. Momentum Metropolitan's health business

contributed normalised headline earnings of R156 million for the year, a decline of 6% from the prior period. Despite the challenges caused by the nationwide lockdown in the last quarter, the health business experienced membership growth in the public sector and low-cost products during the current year. This result was also supported by continued expense discipline. Membership growth remained subdued in the retail, corporate and mining segments. This is reflective of the worsening of economic conditions placing pressure on employment numbers.

New business

Momentum Corporate's PVNBP of R9.2 billion reduced by 46% compared to the prior year. The prior year included the impact of the R5 billion single premium with-profit annuity transaction.

The value of new business of -R4 million showed some recovery from the levels reported in the interim and third quarter results. However, the lower new business volumes and change in new business mix within the FundsAtWork investments portfolio continued to dampen the value of new business and led to what is in effect a nil new business margin.

NON-LIFE INSURANCE

This segment includes Guardrisk, offering cell captive as well as other non-life insurance products; MSTI and Momentum Insurance, offering mostly personal lines insurance products. The acquisition of Momentum Insurance from Alexander Forbes Group Holdings Limited ("AFGH") was completed in January 2020 and the normalised headline earnings were consolidated into the Group's results from 1 February 2020. Momentum Insurance offers short-term insurance to the middle and affluent client segments, providing personal, commercial, accidental and health insurance products.

Normalised headline earnings

R million	F2020	F2019	Δ%
Guardrisk	335	207	62%
MSTI	(18)	(43)	58%
Momentum Insurance	88	- ⁴	>100%
Normalised headline earnings	405	164	>100%

⁴ Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects nil values.

Non-life Insurance delivered exceptional growth on normalised headline earnings year-on-year, with strong underlying operational growth from Guardrisk, which was further supported by the first-time inclusion of the normalised headline earnings of Momentum Insurance.

Guardrisk's double digit growth is mainly attributed to strong new business revenue growth in Guardrisk Life and in mining rehabilitation business. This result was

further aided by good persistency of the existing client base within the cell captive and underwriting managers' divisions. A slowdown in growth was observed in the last quarter, as the retail sector was impacted by the tough operating environment, which was exacerbated by the lockdown restrictions introduced in March 2020. Under current economic conditions, and having reviewed specific facilities, it was deemed appropriate to raise a provision of R101 million (net of tax) in the current year for cells in deficit.

Underwriting profits in Guardrisk General Insurance ("GGI") increased by 43% year-on-year. This was due to the continued take up of the underwriting product offering. Guardrisk has also raised a gross provision of around R600 million to provide relief and support to qualifying policyholders with defined business interruption cover. After reinsurance recoveries and tax, the net provision was R38 million.

R million	F2020	F2019	Δ%
Gross earned premium	2 592	1 889	37%
Net earned premium	1 530	1 160	32%
Claims incurred	(789)	(592)	(33)%
Other insurance income	91	108	(16)%
Underwriting expenses	(590)	(507)	(16)%
GGI underwriting profit⁵	242	169	43%

⁵ The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited. The Guardrisk group of companies also engage in further underwriting activities and this amount is therefore a subtotal of the underwriting fees that are disclosed in the Non-life Insurance segmental income statement in the Momentum Metropolitan Group Audited Annual Financial Statements and the Summarised Audited Annual Financial Statements for the 12 months ended 30 June 2020.

Expenses were well contained across all lines of business within Guardrisk. Investment in technology and the front-line underwriting infrastructure was made to advance the digital enablement of the business.

MSTI key ratios	F2020	F2019	Δ%
Net earned premium (R million)	966	870	11%
Claims ratio	59.7%	63.7%	4%

MSTI's losses narrowed by 58% to R18 million during the current year. Premium growth continued a positive trend and cost ratios remained stable. The lockdown and economic slowdown during the fourth quarter negatively impacted gross written premiums on the commercial and personal lines of business. MSTI provided premium relief to support its policyholders and to compensate for reduced claims during the last quarter. The cancellation ratio improved slightly over the last quarter.

The claims ratio improved by 4% year-on-year to 60%. Despite the large weather and fire-related claims that led to a reported claims ratio of 66% for the first nine months of the current year, the claims ratio benefitted during the fourth quarter from the reduced motor claims during lockdown.

Momentum Insurance key ratios	F2020	F2019 ⁶	Δ%
Net earned premiums (R million)	411	442	(7)%
Claims ratio	53.6%	62.1%	8.5%

⁶ Net earned premiums is a derivative from the gross written premium that was previously disclosed in the financial results of AFGH, while the claims ratio was reported in the AFGH financial statements.

Momentum Insurance reported normalised headline earnings of R88 million for the five months to 30 June 2020.

On a 12-month basis, Momentum Insurance achieved growth in underwriting results of 6% year-on-year. This was mainly driven by favourable claims ratios in personal and commercial lines of business, and well-managed cost ratios.

Net earned premiums were impacted by the lockdown period during the fourth quarter as well as client relief of 15% of premiums offered to policyholders on motor policies, amounting to R27 million. The cost of the premium relief is expected to be largely offset by lower claims activity. The migration and integration of Momentum Insurance into the MSTI business is tracking well against the business plan and client retention and the distribution channel productivity is being monitored closely.

MOMENTUM METROPOLITAN AFRICA

R million	F2020	F2019	Δ%
Namibia	195	201	(3)%
Botswana	50	59	(15)%
Lesotho	159	89	79%
Ghana	51	40	28%
Kenya	(12)	24	<(100)%
Other countries	5	(45)	>100%
Centre costs	(131)	(106)	(24)%
Normalised headline earnings	317	262	21%
Recurring premium new business	416	390	7%
Single premium new business	701	615	14%
PVNBP	2 656	2 498	6%
Value of new business	18	4	>100%
New business margin	0.7%	0.2%	

Normalised headline earnings

Normalised headline earnings increased by 21% to R317 million. This can be attributed to the improved performance in continuing operations, which was supported by a recovery of the investment markets in the fourth quarter, as well as steady progress on the countries earmarked for sale.

The Namibian economy remained under pressure and the life and health operations reported normalised headline earnings in line with the prior year. The short-term insurance business was negatively affected by higher motor claims.

The contribution from Botswana's life operations declined predominantly due to lower investment returns from persistent weak investment markets in the second half of the year. This was partly offset by

double digit growth from the health business following good membership growth.

Lesotho benefitted from a one-off tax liability adjustment of R72 million in the first half of the year. Excluding this one-off item, normalised headline earnings were in line with the prior year.

To date the operations in Mauritius, eSwatini and Nigeria were exited, resulting in a further uplift to normalised headline earnings during the year.

New business

PVNBP for Africa was R2.7 billion, up by 6% from the prior period. The major contributors to this positive result were 5% PVNBP growth in Namibia, which saw good retail annuity sales throughout the year and a large employee benefits transaction in the fourth

quarter, as well as 25% PVNBP growth in Botswana from continued retail smoothed bonus sales volumes and a strong fourth quarter from the corporate business.

The value of new business improved to R18 million for the 12 months, with both Botswana and Lesotho tripling their contribution through an improved mix of business and well contained costs. In Namibia, value of new business was lower, and remains negative, due to a shift in the mix of business towards savings products in both retail and corporate businesses.

The good growth in value of new business led to an improvement in the new business margins from 0.2% in the prior year to 0.7%. This is a pleasing improvement from the negative new business margin that was reported at 3Q2020.

NEW INITIATIVES

Included under this segment are Aditya Birla Health Insurance ("ABHI") (a joint investment with Aditya Birla Capital in their health insurance business in India), aYo (a mobile insurance joint venture with MTN in selected African countries), Multiply Money (a bundled transactional and savings solution), the operating expenses of Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insurtech start-ups), and Momentum Consult (a standalone financial planning business operating under its own FSP license).

R million	F2020	F2019	Δ%
Aditya Birla Health Insurance ⁷	(290)	(287)	(1)%
aYo	(108)	(89)	(21)%
Other ⁸	(111)	(116)	4%
Normalised headline earnings	(509)	(492)	(3)%

⁷ Results for the India investment are reported with a three-month lag.

⁸ "Other" includes Exponential Ventures, Momentum Money and Momentum Consult.

Aditya Birla Health Insurance

The operational performance of ABHI remained in line with the business plan, highlighted by gross written premiums ("GWP") having almost doubled since F2019. The number of in-force lives increased significantly to 8.3 million as at 31 March 2020, up from 2.3 million as at 31 March 2019, with retail clients contributing 72% of GWP. ABHI has expanded its distribution capacity, having enhanced and broadened its customised approach to meet the unique needs of its banking partners. The bancassurance channel now contributes 64% to retail GWP.

ABHI has one of the largest health provider networks in India which includes a tie up with over 6,500 hospitals, across more than 2,000 cities. Notwithstanding positive trends in the key financial metrics, including the combined ratio, the depreciation of the South African Rand against the Indian Rupee contributed to the slightly higher year-on-year loss. ABHI management remain confident of still achieving break even within the planned seven years from commencement of the business.

ABHI continues to experience strong growth in new business despite the impact of the Covid-19 pandemic and government

lockdown during the peak sales period towards the end of March 2020. While the business has so far remained resilient during the pandemic, it may be impacted going forward. While sales are usually conducted face-to-face, ABHI provided 40 000 training interventions from April to June 2020 in order to equip its agents, employees, and distributors to sell digitally.

aYo

aYo, our joint venture with MTN, has grown its customer base substantially over the past year. Operations in Zambia were launched in February 2020 adding to the established businesses in Ghana and Uganda. Cumulative customer enrolments within the three countries increased from 4.0 million on 30 June 2019 to 8.6 million at 30 June 2020. The claims ratios across the aYo product range in the two established markets were satisfactory, but the businesses have not yet built up enough scale to fully fund its overhead costs as well as the IT and systems support cost base which is carried by Momentum Metropolitan.

Following a strategic review, we have arrived at an optimised funding model and made the decision to reduce our shareholding from 50% to 25% with MTN's shareholding increasing to 75%. A non-binding term sheet which details

the terms on which the shareholders of aYo propose to effect the change of shareholding has been signed. The transaction is subject to the final agreed terms of the legally binding definitive transaction agreements, which are currently being negotiated and settled between the parties. The agreements will be subject to certain conditions precedent, including any required regulatory approvals.

Other

The largest other new initiative is Multiply Money which bundles a low-cost transactional facility with a savings wallet that offers competitive interest rates, without restrictive requirements such as a minimum balance and lock-in period. The rewards from Momentum Multiply are paid into the savings wallet and clients can top up their savings with their own money. Clients can use their money by transferring their money into their payment wallet and making payments with a Multiply Money Card at any VISA accepted merchant in South Africa. The Multiply Money offering aims to be an attractive facility into which to receive insurance claim payments and rewards payments. Up to 30 June 2020, 140 827 clients have signed up for the offering of which 42% have received at least one Momentum Multiply reward payment into their savings wallets.

SHAREHOLDERS

This segment represents the investment return earned on shareholder capital of the Group's South African operations, plus investment return on venture capital fund investments, less the head office costs not allocated to other businesses. Investment returns relating to offshore capital (Africa and India) and Non-life Insurance (Guardrisk, MSTI and Momentum Insurance) are reported as part of earnings within the relevant segments.

R million	F2020	F2019	Δ%
Operating loss	(310)	(163)	(90)%
Investment income	341	494	(31)%
Fair value gains/ (losses)	(4)	203	<(100)%
Normalised headline earnings	27	534	(95)%

The normalised headline earnings from this segment was 95% lower than the prior year. This result was mainly attributable to the impact of the adverse investment markets resulting in lower investment returns on shareholder assets and lower investment returns on our venture capital funds. Finance cost was higher than the prior year due to the early refinancing in December 2019 of R750 million subordinated debt, which was redeemed when it became callable in June 2020.

SOLVENCY AND CAPITAL MANAGEMENT

Regulatory solvency position

The regulatory solvency positions as at 30 June 2020 and 31 December 2019 of Momentum Metropolitan Life, Guardrisk Insurance Company Limited ("Guardrisk Insurance") and Guardrisk Life Limited ("Guardrisk Life"), MSTI and Momentum Insurance (reported for the first time in the 30 June 2020 table) are shown in the tables below. The solvency positions are presented prior to allowance for foreseeable dividends.

30 June 2020 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI	Momentum Insurance ⁹
Eligible own funds (pre dividend)	29 067	2 843	3 492	506	445
Solvency Capital Requirement ("SCR")	15 737	2 570	3 076	253	144
SCR cover (times)	1.85	1.11	1.14	2.00	3.09

31 December 2019 R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI
Eligible own funds (pre dividend)	34 463	2 919	3 042	474
Solvency Capital Requirement	15 674	2 521	2 696	250
SCR cover (times)	2.20	1.16	1.13	1.89

⁹ Momentum Insurance was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects nil values.

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.7 to 2.1 times the SCR. This makes allowance for the capital required to support the covered business against a range of severe but plausible scenarios as well as the wider strategic deployments of the Group. Momentum Metropolitan Life acts as the capital centre of the Group, and as such is capitalised in excess of the requirements of the covered business.

The regulatory solvency position of Momentum Metropolitan Life declined from 2.20 times SCR at 31 December 2019 to 1.85 times SCR at 30 June 2020, which remains within the target range.

The decline was predominantly due to the impact of Covid-19 on the investment markets, coupled with capital deployed to acquire Momentum Insurance. The additional provisions established for Covid-19 are also included in the regulatory valuation basis. Furthermore, the solvency position of Momentum Metropolitan Life was temporarily elevated at 31 December 2019 by the early

refinancing of R750 million of subordinated debt, which became callable in June 2020 and has now been redeemed.

The SCR cover for Guardrisk Insurance of 1.11 times the SCR remains above the risk appetite threshold of 1.05 times SCR. The decrease in SCR cover is due to an increase in the SCR for credit and concentration risk because of weakening counterparty credit ratings. In addition, IBNR reserves on Consumer Credit Insurance cell clients were increased to make provision for an expected increase in retrenchment and loss of income claims due to Covid-19 and the lockdown.

The SCR cover for Guardrisk Life increased marginally to 1.14 times SCR at 30 June 2020, and remains above the risk appetite threshold of 1.05 times SCR.

The regulatory solvency position of cell captive insurers will be weighted towards 1.0 times the SCR because own funds in excess of the SCR of individual cells must be disregarded.

MSTI's SCR cover increased to 2.00 times at 30 June 2020 because of favourable claims experience during the lockdown. The SCR for Momentum Insurance is reported for the first time.

Momentum Metropolitan's group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements. At 30 June 2020, Momentum Metropolitan Holdings had group SCR cover of 1.6 times SCR. Momentum Metropolitan Holdings targets a SCR cover range of 1.45 to 1.75 times SCR, which has been set to reflect the target solvency levels and operational requirements of the underlying entities, while ensuring appropriate resilience of the group solvency position. The group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers.

Sensitivity analysis of regulatory solvency

The table below provides sensitivity analysis of the solvency position of Momentum Metropolitan Life.

R billion	Eligible own funds	SCR	SCR Cover (times)
Base position	29.1	15.7	1.85
30% fall in the market value of equities	26.4	17.8	1.48
250bps decrease in nominal interest rates	31.4	16.5	1.91
250bps increase in nominal interest rates	27.1	15.2	1.78

The sensitivity analysis demonstrates that the solvency position of Momentum Metropolitan Life remains resilient. This is despite elevated sensitivity of the balance sheet to market movements currently, due to the impact of the decline in financial markets on the funding levels of business where policyholders participate in a share of experience profits.

After a fall of 30% in the market value of equities, the SCR cover still remains strong at close to 1.5 times SCR.

Dividends

The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline

The following strategic investments were made during the year:

Areas of capital deployment	R million
Momentum Investments	32
Momentum Corporate	15
Non-life Insurance	2 088
Momentum Metropolitan Africa	52
New Initiatives	521
Shareholders	6
Total	2 714

OUTLOOK

We are satisfied with Momentum Metropolitan's resilient performance during the Covid-19 pandemic, and we are optimistic about our ability to effectively manage the demands of a post-Covid-19 environment. However, the uncertainty about the path of the pandemic and the expected long-term negative impact on the economy will probably lead to weaker investment returns and lower new business and persistency levels in the medium term.

The impact of Covid-19 on South Africa's fragile public finances has been devastating, with debt levels expected to rise materially. We will continue to focus on matters under our control and are determined to emerge from the current difficult situation in an improved relative position – in terms of

earnings on an annual basis. As a result of the negative normalised headline earnings during the second half of the year, a final ordinary dividend has not been declared in respect of the 12 months ended 30 June 2020. We remain comfortable with our dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover.

Capital deployment

Momentum Metropolitan allocates capital to support value creation within the businesses. Capital allocation targets appropriate return

market share, operational excellence, and use of evolving technology.

As a result of the Covid-19 pandemic we will most likely not achieve the Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion in F2021. Given the uncertainty of the current situation, it will be speculative to provide firm guidance on our financial results over the next year, however, we will be disappointed if the Group does not materially improve on the current year's results.

Despite the trying environment, many of the "Grow" initiatives within the Reset and Grow strategy are still relevant. We continue to work on delivering on these initiatives that largely revolve around sales and service, product improvements, advancement of digital capabilities, and greater cost efficiencies. Even before the start of the Covid-19

on capital requirements while operating under the Group's risk appetite framework and governance processes, whilst focussing on effective implementation and execution.

During the year R2.1 billion of capital was deployed to fund the acquisition of Momentum Insurance in the Non-life Insurance business unit, while R0.5 billion was deployed to fund our share of losses from our healthcare joint venture in India.

pandemic, we had initiated a process to assess and redefine our strategic goals beyond F2021. The changing environment brought about by Covid-19 has been incorporated into this planning work. We will continue to build on our strengths and successes to date.

8 September 2020
CENTURION

Equity sponsor: Merrill Lynch SA (Pty) Ltd
Debt sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

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



**Summarised audited annual
financial statements**

for the year ended 30 June 2020

MOMENTUM METROPOLITAN GROUP

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 2020. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

Corporate events

Acquisitions

On 31 January 2020, following the fulfilment of all conditions precedent to the transaction that was announced on 25 July 2019, MMH, through its wholly-owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd (MMSI), acquired 100% of the shares in Alexander Forbes Insurance Company Ltd, Alexander Forbes Direct (Pty) Ltd and Alexander Forbes Administration Services (Pty) Ltd for R2.04 billion in cash. These three companies together form Alexander Forbes Insurance (AFI). AFI has since been renamed to Momentum Insurance. The strategic acquisition is in line with the Group's overall Reset and Grow strategy and specifically aims to fast track growth of the non-life insurance interests of the Group.

Held for sale

As part of our plan to exit a number of African countries, we classified entities in three of these African countries, as held for sale in the prior year. Two of the three countries have since been exited. Entities in two additional countries have been classified as held for sale in the current year. The remaining entities that the Group plans to exit do not yet meet all the International Financial Reporting Standards (IFRS) criteria to be classified as held for sale.

Listed debt

On 10 December 2019, Momentum Metropolitan Life Ltd listed two new subordinated debt instruments to the combined value of R750 million on the JSE Ltd. The proceeds of the issuance were used to refinance the subordinated debt instrument, MMIG03, which became callable on 1 June 2020.

A2X listing

MMH was approved for a secondary listing on A2X Markets (A2X) and trading commenced on 5 August 2020. The listings of MMH on the JSE in South Africa and the NSX in Namibia are not affected. The Group's issued share capital will be unaffected by its secondary listing on A2X. The A2X listing offers lower costs for investors to transact and it compliments our primary listing on the JSE.

Basis of preparation of financial information

These summarised consolidated financial statements have been prepared in accordance with the following:

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

The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the previous years except as described below and for specific restatements being listed in the restatements note. Critical judgements and accounting estimates are disclosed in detail in the Group's Annual Financial Statements (AFS) for the year ended 30 June 2020, 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 2020 and relevant to the Group

The following new and amended standards and interpretations became effective for the first time in the current year and had no impact on the Group's earnings or net asset value: IFRIC 23 Uncertainty over income tax treatments, amendments to IFRS 9 Financial instruments, IAS 28 Investments in associates and joint ventures, and IAS 19 Employee benefits. IFRS 16 Leases also became effective for the first time in the current year. The effect of this is described below.

MOMENTUM METROPOLITAN GROUP

- *IFRS 16 Leases*

IFRS 16 replaces IAS 17 Leases, as well as the following interpretations: IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Lessees will no longer classify leases as operating or finance leases. Instead, a lessee will recognise a right-of-use asset and a corresponding liability at the inception of most leases. Lessor accounting has remained mainly unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Group has implemented IFRS 16 on 1 July 2019, retrospectively without restating comparative figures. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to retained earnings at the beginning of the current year.

Leases of a short-term nature as well as low-value assets (eg month-to-month property leases, low-value printers, and other miscellaneous leases) will continue to be accounted for on a straight-line basis. Refer to the adoption of new standards note for more information on the impact of IFRS 16.

The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the Group's earnings.

Solvency assessment and going concern

The Covid-19 pandemic and the resultant uncertain economic environment and financial market volatility caused by it, has created uncertainty in the operating environment of the Group. The Board and its committees received regular reports on the operational, financial, solvency and liquidity related impacts on the Group. An in-depth analysis of these impacts was presented to and discussed by the Board in May 2020. The Board was presented with an action plan and proposed allowance for the Covid-19 pandemic in the F2020 valuation basis. The Board, through its committees, is satisfied of the Group's solvency and its ability to continue as a going concern. Refer to the Critical estimates and judgements note in the Group's AFS as well as the Integrated Report and Operational update (available on the Group's website) for more details.

Corporate governance

The Board has satisfied itself that the Group has applied the principles of corporate governance (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 2019, the Interim Group Company Secretary, CorpStat Governance Services (Pty) Ltd was replaced by Gcobisa Tyusha who was appointed as Group Company Secretary. On 26 November 2019, Prof Niel Krige retired from the Board having reached retirement age and Jabu Moleketi stepped down from the Board on the same date. On 1 December 2019, David Park was appointed to the Board. On 30 June 2020, Kgaugelo Legoabe-Kgomari resigned from the Board. Subsequent to year-end, Paballo Makosholo was appointed to the Board on 1 July 2020.

All transactions in listed shares of the Company involving directors and prescribed officers were disclosed on SENS.

Changes to the group executive committee

Appointments	Role	Date
Hannes Viljoen	CEO: Momentum Metropolitan's health business	1 September 2019
Dumo Mbethe	CEO: Momentum Corporate	16 September 2019
Resignations	Role	Date
Ashlene van der Colff	Chief Operating Officer	10 November 2019

Contingent liabilities and capital commitments

The Group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The Group is not aware of capital commitments at 30 June 2020 that were not in the ordinary course of business other than what is disclosed in the AFS.

MOMENTUM METROPOLITAN GROUP

Events after the reporting period

The Covid-19 pandemic has brought many challenges to the Group's operating environment. The Group will continue to monitor the progression of the pandemic and its impact on the Group.

Momentum Metropolitan considers the alignment of the interests of various stakeholders as the most effective way of achieving meaningful value creation for all stakeholders. We are proposing to establish a broad-based employee share ownership scheme, which will acquire 3% of the Group's ordinary share capital. The share ownership scheme proposal is subject to approval from existing shareholders.

The initial administrative penalty awarded to MET Collective Investments (RF) (Pty) Ltd by the Financial Sector Conduct Authority (FSCA) has been reduced to R20 million on appeal.

Following a strategic review, we have made the decision to reduce our shareholding in aYo from 50% to 25%.

Although all efforts were made to finalise the sale of Momentum Mozambique LDA, a condition outside the Group's control could not be met by the agreed deadline (which was subsequent to the Group's year-end). The sale and purchase agreement has therefore expired and the sale will not proceed. The Group remains committed to exit the entity.

Refer to note 33 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

- The Group's dividend policy is to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings. As a result of the negative normalised headline earnings during the second half of the year, a final ordinary dividend has not been declared in respect of the 12 months ended 30 June 2020. The Group remains comfortable with its dividend policy and expect that ordinary dividends will be resumed in line with the dividend policy as the normalised headline earnings recover. An interim dividend of 40 cents per share was declared in March 2020. In the prior year, interim ordinary dividends of 35 cents per share were declared in March 2019 and a final ordinary dividend of 35 cents per share was declared in September 2019 by the Board.

Preference shares

- Dividends of R18.5 million (2019: 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.

Share buy-back programme

- The Group concluded a share buy-back programme on 29 November 2018. A total of 106 million shares (R2 billion excluding transaction costs) have been bought back. 27 million of these shares (R487 million) are held by a subsidiary of the Group.

The Board of directors' responsibility

The preparation of these results, and the correct extraction thereof from the Group's audited 2020 AFS, 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 gcbisa.tyusha@mmltd.co.za.

External audit

These summarised consolidated financial statements have not been audited, but have been extracted from the Group's 2020 AFS, which have been audited by Ernst & Young Inc. and their unqualified audit report, together with the Group's audited 2020 AFS, 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 2020 Embedded Value Report, 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 by appointment whilst observing the necessary Covid-19 restrictions, at the Company's registered office.

Signed on behalf of the Board

JJ Njeke
Chairman

Hillie Meyer
Group Chief Executive

Centurion
8 September 2020

MOMENTUM METROPOLITAN GROUP

DIRECTORS: MJN Njeke (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, Prof SC Jurisich, P Makosholo, Dr SL McPherson, MS Moloko, V Nkonyeni, DJ Park, KC Shubane, FJC Truter, JC van Reenen

GROUP COMPANY SECRETARY: Gcobisa Tyusha

WEBSITE: www.momentummetropolitan.co.za

TRANSFER SECRETARIES – SOUTH AFRICA: Link Market Services SA (Pty) Ltd (registration number 2000/007239/07) 13th Floor, 19 Ameshoff Street, Braamfontein 2001. PO Box 4844, Johannesburg 2000 Telephone: +27 11 713 0800 E-mail: info@linkmarketservices.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 E-mail: info@nsx.com.na

SPONSOR – SOUTH AFRICA: Merrill Lynch South Africa (Pty) Ltd SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: Ernst & Young Inc.

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE CODE: MTM A2X CODE: MTM NSX CODE: MMT ISIN CODE: ZAE000269890

Momentum Metropolitan Life Ltd (Incorporated in the Republic of South Africa) REGISTRATION NUMBER: 1904/002186/06 Company code: MMIG

SENS ISSUE: 9 September 2020

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2020 Rm	Restated 30.06.2019 ¹ Rm	Restated 01.07.2018 ¹ Rm
ASSETS			
Intangible assets	10 339	9 633	10 484
Owner-occupied properties	3 598	3 698	2 999
Property and equipment	387	381	323
Investment properties	9 042	9 034	9 479
Properties under development	118	192	136
Investments in associates and joint ventures	905	792	636
Employee benefit assets	652	469	436
Financial assets at fair value through profit and loss	426 887	421 302	409 662
Financial assets at amortised cost	9 743	17 073	5 999
Reinsurance contract assets	6 142	5 912	4 989
Deferred income tax	862	599	290
Insurance and other receivables	5 371	5 286	4 983
Current income tax assets	371	184	283
Assets relating to disposal groups held for sale	229	989	-
Cash and cash equivalents	31 747	27 061	25 801
Total assets	506 393	502 605	476 500
EQUITY			
Equity attributable to owners of the parent	22 537	23 020	22 288
Non-controlling interests	410	526	462
Total equity	22 947	23 546	22 750
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	114 554	120 266	114 639
Non-life insurance contracts	11 287	9 603	8 728
Investment contracts	280 174	270 610	266 945
– with discretionary participation features (DPF)	18 320	20 573	20 906
– designated at fair value through profit and loss	261 854	250 037	246 039
Financial liabilities at fair value through profit and loss	45 946	42 806	39 667
Financial liabilities at amortised cost	4 610	3 007	3 437
Reinsurance contract liabilities	2 277	1 912	1 685
Deferred income tax	2 926	3 222	2 868
Employee benefit obligations	1 228	1 339	1 153
Other payables	19 979	24 976	14 303
Provisions	76	112	73
Current income tax liabilities	238	459	252
Liabilities relating to disposal groups held for sale	151	747	-
Total liabilities	483 446	479 059	453 750
Total equity and liabilities	506 393	502 605	476 500

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

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2020 Rm	Restated 12 mths to 30.06.2019 ¹ Rm
Net insurance premiums	33 281	36 798
Fee income ²	8 418	8 332
Investment income	22 442	22 088
Net realised and unrealised fair value (losses)/gains	(12 711)	1 570
Net income	51 430	68 788
Net insurance benefits and claims	27 000	26 953
Change in actuarial liabilities and related reinsurance	(9 524)	5 330
Change in long-term insurance contract liabilities	(7 501)	5 522
Change in non-life insurance contract liabilities	(28)	110
Change in investment contracts with DPF liabilities	(2 187)	(171)
Change in reinsurance assets	(165)	(377)
Change in reinsurance liabilities	357	246
Fair value adjustments on investment contract liabilities	6 442	9 144
Fair value adjustments on collective investment scheme liabilities	1 613	(428)
Depreciation, amortisation and impairment expenses	2 125	1 343
Employee benefit expenses	6 354	6 168
Sales remuneration	6 634	6 079
Other expenses	6 856	7 430
Expenses	47 500	62 019
Results of operations	3 930	6 769
Share of loss of associates and joint ventures	(282)	(269)
Finance costs ³	(1 085)	(1 021)
Profit before tax	2 563	5 479
Income tax expense	(2 277)	(3 069)
Earnings for year	286	2 410
Attributable to:		
Owners of the parent	178	2 255
Non-controlling interests	108	155
	286	2 410
Basic earnings per ordinary share (cents)	12.3	153.1
Diluted earnings per ordinary share (cents)	12.3	151.6
¹ Refer to the restatements note for more information on the restatements.		
² Fee income consists of the following:		
Contract administration	2 933	2 637
Health administration	2 028	1 931
Trust and fiduciary services	1 326	1 417
Cell captive commission	1 190	1 379
Other fee income	941	968
	8 418	8 332
³ Finance costs consist of the following:		
Subordinated debt	440	418
Cost of carry positions	288	286
Other finance costs	227	211
Redeemable preference shares	130	106
	1 085	1 021

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Earnings for year	286	2 410
Other comprehensive income/(loss), net of tax ¹	665	(57)
Items that may subsequently be reclassified to income	411	28
Exchange differences on translating foreign operations ²	375	17
Share of other comprehensive income of associates	36	11
Items that will not be reclassified to income	254	(85)
Own credit gains on financial liabilities designated at fair value through profit and loss	69	-
Land and building revaluation	31	(146)
Remeasurements of post-employee benefit funds	163	1
Income tax relating to items that will not be reclassified	(9)	60
Total comprehensive income for year	951	2 353
Total comprehensive income attributable to:		
Owners of the parent	836	2 198
Non-controlling interests	115	155
951	2 353	

¹ Included within other comprehensive income is R13 million (30.06.2019: R6 million) relating to disposal groups held for sale at the end of the respective period.

² In the current year, R43 million represents 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. In the prior year, R1 million represented the FCTR reversal on the sale of Mauritius Life, that gave rise to a loss of the same extent in the income statement.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Changes in share capital		
Balance at beginning and end	9	9
Changes in share premium		
Balance at beginning	13 331	13 758
(Increase)/Decrease in treasury shares held on behalf of contract holders	(170)	60
Increase in treasury shares held by subsidiary for shareholders	-	(487)
Balance at end	13 161	13 331
Changes in other reserves		
Balance at beginning	1 721	1 767
Total comprehensive income/(loss)	589	(57)
Share schemes – value of services provided	-	24
Change in non-distributable reserves	(19)	9
Transfer to retained earnings	(34)	(22)
Balance at end ¹	2 257	1 721
Changes in retained earnings		
Balance at beginning	7 959	6 794
IFRS opening adjustment ²	(19)	(40)
Adjusted opening balance	7 940	6 754
Total comprehensive income	247	2 255
Dividend paid	(1 092)	(509)
Shares repurchased	-	(544)
Transactions with non-controlling interests	(19)	(19)
Transfer from other reserves	34	22
Balance at end	7 110	7 959
Equity attributable to owners of the parent	22 537	23 020
Changes in non-controlling interests		
Balance at beginning	526	462
Total comprehensive income	115	155
Dividend paid	(178)	(90)
Transactions with owners	(33)	(1)
Sale of subsidiary	(20)	-
Balance at end	410	526
Total equity	22 947	23 546
¹ Other reserves consist of the following:		
Land and building revaluation reserve	619	619
Foreign currency translation reserve	337	(67)
Non-distributable reserve	68	76
Employee benefit revaluation reserve	263	100
Fair value adjustment for preference shares issued by MMH	940	940
Equity-settled share-based payment arrangements	30	53
	2 257	1 721

² The adjusted opening balance relates to the implementation and adoption of IFRS 16 in the current financial year, and the implementation and adoption of IFRS 9 in the prior financial year.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 30.06.2020 Rm	Restated 12 mths to 30.06.2019 ¹ Rm
Cash flow from operating activities		
Cash utilised in operations	(11 846)	(14 996)
Interest and dividends received	21 114	20 588
Income tax paid	(3 370)	(2 664)
Interest paid	(1 013)	(1 000)
Net cash inflow from operating activities	4 885	1 928
Cash flow from investing activities		
Net investments in subsidiaries	(1 324)	-
Net investments in associates and joint ventures	(379)	(463)
Net loan repayments by related parties	21	73
Net purchases of owner-occupied properties	(204)	(58)
Net purchases of property and equipment	(185)	(255)
Net purchases of computer software	(59)	(71)
Dividends from associates	12	49
Net cash outflow from investing activities	(2 118)	(725)
Cash flow from financing activities		
Net advances of borrowings	1 990	1 900
Dividends paid to equity holders	(1 092)	(509)
Dividends paid to non-controlling interest shareholders	(178)	(90)
Net purchases of treasury shares held on behalf of contract holders	(170)	63
Net purchases of treasury shares held by subsidiary for shareholders	-	(487)
Transactions with non-controlling interest shareholders	(52)	(10)
Other equity transactions	-	(2)
Shares repurchased	-	(544)
Net cash inflow from financing activities	498	321
Net cash flow	3 265	1 524
Cash resources and funds on deposit at beginning	27 325	25 801
Foreign currency translation	1 255	-
Cash resources and funds on deposit at end	31 845	27 325
Made up as follows:		
Cash and cash equivalents	31 747	27 061
Assets relating to disposal groups held for sale	98	264
	31 845	27 325

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Life:** Momentum Life includes protection, savings and life insurance products focused on the middle and affluent client segments.
- **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 focusses on the lower and middle income retail market segment, with a range of protection and savings products.
- **Momentum Corporate:** Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products and includes Momentum Metropolitan's health business.
- **Momentum Metropolitan Africa:** This segment includes our African operations.
- **Non-life Insurance:** Non-life Insurance comprises the retail general insurance offering, Momentum Short-term Insurance, Momentum Insurance, and the cell captive insurer, Guardrisk.
- **New Initiatives:** This includes India, aYo, Multiply Money, Lending, Exponential Ventures and Momentum Consult.
- **Shareholders:** The Shareholders segment reflects investment income on capital held to support South African operations and some 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 standard 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, the amortisation of intangible assets arising from business combinations and B-BBEE costs. It includes basis changes and investment variances. For insurance operating segments (excluding Momentum Metropolitan Africa), normalised headline earnings also exclude the effect of investment income on shareholder assets, as this income is managed on a group basis and is therefore included in the Shareholders segment.

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.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2020	12 mths to 30.06.2019	12 mths to 30.06.2020	12 mths to 30.06.2019
	Rm	Rm	Rm	Rm
Earnings	178	2 255	178	2 255
Finance costs – convertible preference shares ¹			-	37
Dilutory effect of subsidiaries ²			-	(17)
Diluted earnings			178	2 275
Loss on step-up of joint venture	8	-	8	-
Intangible asset impairments ³	349	77	349	77
Tax on intangible asset impairments	(34)	(15)	(34)	(15)
Impairment of fixed assets	-	22	-	22
Gain on sale of subsidiary ⁴	(118)	(6)	(118)	(6)
Impairments relating to held for sale entities	52	87	52	87
FCTR reversal on sale of foreign subsidiary ⁴	43	1	43	1
Impairment of owner-occupied property below cost ⁵	568	66	568	66
Tax on impairment of owner-occupied property below cost	(10)	(13)	(10)	(13)
Headline earnings ⁶	1 036	2 474	1 036	2 494
Adjustments for MMH shares held by policyholder funds			(18)	35
Amortisation of intangible assets relating to business combinations			466	522
B-BBEE cost			-	23
Finance costs – convertible preference shares ¹			37	-
Normalised headline earnings ⁷			1 521	3 074

¹ The finance costs relating to the KTH preference shares are anti-dilutive in the current year and it will accordingly only be taken into account in the calculation of normalised headline earnings.

² For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. The dilutive put option in respect of the Momentum Metropolitan Namibia group was settled, resulting in the adjustment no longer being required and the shareholding in the Momentum Metropolitan Namibia group being reduced to 0.7%.

³ The June 2020 impairments relate 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 Corporate (Momentum Metropolitan's health business) 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.

The prior year included impairments relating to:

- Customer relationships in Momentum Metropolitan Africa due to a decline in the directors' valuation.
- Goodwill and customer relationships in Momentum Corporate (Momentum Metropolitan's health business) due to a decline in directors' valuation.

⁴ The current year relates 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. The prior year relates to the sale of Mauritius Life in the Momentum Metropolitan Africa segment.

⁵ The impairment in the current year mainly relates to the impairment of the Marc, Tower 2. The value of the property was previously recorded at 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.

⁶ Headline earnings consist of operating profit, investment income, net realised and unrealised fair value gains, 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.

⁷ Normalised headline earnings adjust for gains and losses relating to MMH shares held by policyholder funds, the amortisation of intangible assets relating to business combinations as well as B-BBEE costs. It includes basis changes and investment variances of negative R1 560 million (Restated 30.06.2019: negative R54 million). The Group has aligned the definition of investment variances between embedded value and published reporting in light of the alignment between the liability basis used. The Group believes this consistency will enhance the readers understanding of the supplementary information disclosed. June 2019 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 cont.

EARNINGS PER SHARE (cents) attributable to owners of the parent	12 mths to 30.06.2020	12 mths to 30.06.2019
Basic		
Headline earnings	71.3	168.0
Earnings	12.3	153.1
Weighted average number of shares (million) ¹	1 452	1 473
Basic number of shares in issue (million)	1 448	1 457
Diluted ²		
Normalised headline earnings	101.5	202.5
Weighted average number of shares (million) ³	1 499	1 518
Diluted number of shares in issue (million)	1 499	1 499
Headline earnings	71.3	166.2
Earnings	12.3	151.6
Weighted average number of shares (million) ¹	1 452	1 501

¹ For basic and diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

² On a diluted basis, the KTH preference shares are anti-dilutive in the current year. For diluted headline earnings and earnings, these preference shares have therefore been 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 in prior years.

³ For normalised headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

	Momentum Life Rm		Momentum Investments Rm		Metropolitan Life Rm		Momentum Corporate Rm		Non-life Insurance Rm		Momentum Africa ¹ Rm		New Initiatives Rm		Shareholders Rm		Segmental total Rm		Reconciling items ² Rm		IFRS total Rm		
NOTE 1 cont.																							
12 mths to 30.06.2020																							
Revenue																							
Net insurance premiums	9 466	24 067	7 085	16 197	13 527	4 698	-	-	-	75 040	(41 759)	33 281	1.4										
Recurring premiums	8 896	734	6 025	13 182	9 745	3 926	-	-	42 508	(12 994)	29 514	1.4											
Single premiums	570	23 333	1 060	3 015	3 782	772	-	-	32 532	(28 765)	3 767	1.4											
Fee income	1 316	3 288	116	3 056	1 398	314	29	49	9 566	(1 148)	8 418	1.3, 1.4											
Fee income	1 272	2 732	116	2 987	1 398	314	25	-	8 844	(426)	8 418	1.3, 1.4											
Intergroup fee income	44	556	-	69	-	-	4	49	722	(722)	-	1.3, 1.4											
Expenses																							
Net payments to contract holders	9 093	22 658	5 435	15 685	4 984	2 518	-	-	60 373	(33 373)	27 000	1.1											
External payments	3 368	3 025	2 540	3 481	4 106	1 861	254	748	19 383	2 586	21 969	1.1											
Other expenses ³	1 277	829	1 075	130	2 611	703	9	-	6 634	-	6 634	1.1											
Sales remuneration	1 754	1 722	1 419	2 765	1 368	922	240	1 224	11 414	2 371	13 785	1.1											
Administration expenses	218	360	-	8	-	3	-	24	613	937	1 550	1.1											
Asset management, direct property and other fee expenses	119	114	46	578	127	233	5	(500)	722	(722)	-	1.1											
Intergroup expenses	416	303	302	260	405	317	(509)	27	1 521	-	1 521	1.1											
Normalised headline earnings	591	403	422	340	337	111	(522)	125	1 557	-	1 557	1.1											
Tax on operating profit/(loss) ⁴	(191)	(104)	(120)	(94)	(95)	(25)	7	(185)	(807)	-	(807)	1.1											
Tax on operating profit/(loss)	22	14	-	25	225	233	7	404	930	-	930	1.1											
Investment income	(6)	(3)	-	(7)	(63)	17	-	(63)	(125)	-	(125)	1.1											
Tax on investment income	-	(11)	-	(5)	1	(26)	(1)	11	(31)	-	(31)	1.1											
Fair value (losses)/gains	-	4	-	1	-	7	-	(15)	(3)	-	(3)	1.1											
Tax on fair value (losses)/gains	469	172	302	145	-	353	-	187	1 598	-	1 598	1.2											
Covered	(53)	131	-	145	405	(36)	(509)	(160)	(77)	-	(77)	1.2											
Non-covered	416	303	302	260	405	317	(509)	27	1 521	-	1 521	1.2											
Basis changes and investment variances⁵	(271)	(272)	(412)	(470)	-	(135)	-	-	(1 560)	-	(1 560)	1.1											
Actuarial liabilities	69 850	165 471	33 800	94 022	29 226	13 646	-	-	406 015	-	406 015	1.1											

¹ 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 R567 million, external payments R335 million and administration expenses R272 million.

² 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 collective investment schemes and other minor adjustments to expenses and fee income.

³ 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.

⁴ Operating profit is normalised headline earnings less tax; investment income and fair value gains.

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.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Africa ¹ Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling Items ² Rm	IFRS total Rm	Notes
NOTE 1 cont.												
Restated												
12 mths to 30.06.2019 ³												
Revenue												
Net insurance premiums	9 213	21 039	7 052	20 991	10 165	4 692	-	-	73 152	(36 354)	36 798	1.4
Recurring premiums	8 795	534	5 931	12 601	8 081	4 139	-	-	40 081	(14 340)	25 741	
Single premiums	418	20 505	1 121	8 390	2 084	553	-	-	33 071	(22 014)	11 057	
Fee income	1 160	3 345	121	2 842	1 528	293	44	77	9 410	(1 078)	8 332	1.3, 1.4
Fee income	1 126	2 802	121	2 809	1 527	293	42	-	8 720	(388)	8 332	
Intergroup fee income	34	543	-	33	1	-	2	77	690	(690)	-	
Expenses												
Net payments to contract holders	9 726	26 759	5 804	15 763	4 893	2 802	-	-	65 747	(38 794)	26 953	
External payments	3 555	3 094	2 488	3 348	3 127	1 813	248	290	17 963	3 057	21 020	
Other expenses ⁴	1 346	816	984	124	2 191	618	-	-	6 079	-	6 079	
Sales remuneration	1 712	1 755	1 463	2 758	838	989	235	730	10 480	2 759	13 239	
Administration expenses	340	335	-	8	-	3	-	28	714	988	1 702	
Asset management, direct property and other fee expenses	157	188	41	458	98	203	13	(468)	690	(690)	-	
Intergroup expenses	-	-	-	-	-	-	-	-	-	-	-	
Normalised headline earnings												
Operating profit/(loss) ⁵	883	512	610	601	164	262	(492)	534	3 074	-	3 074	1.1
Tax on operating profit/(loss)	1 224	591	850	813	44	102	(489)	(119)	3 016	-	3 016	
Investment income	(359)	(119)	(240)	(235)	(25)	(53)	(14)	(44)	(1 089)	-	(1 089)	
Tax on investment income	25	38	-	32	201	246	13	608	1 163	-	1 163	
Fair value gains/(losses)	(7)	(10)	-	(8)	(56)	(18)	(2)	(114)	(215)	-	(215)	
Tax on fair value gains/(losses)	-	16	-	(1)	-	(9)	-	258	264	-	264	
Covered	967	355	610	475	-	304	-	507	3 218	-	3 218	1.2
Non-covered	(84)	157	-	126	164	(42)	(492)	27	(144)	-	(144)	1.2
Basis changes and investment variances ^{6, 7}	883	512	610	601	164	262	(492)	534	3 074	-	3 074	
Actuarial liabilities	(99)	(41)	4	22	-	60	-	-	(54)	-	(54)	
	73 825	159 236	35 655	96 220	22 392	13 151	-	-	400 479	-	400 479	

¹ 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 R774 million; external payments R506 million and administration expenses R362 million.

² The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R471 million) and asset management fees for all entities (R499 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 970 million); the amortisation of intangible assets relating to business combinations (R751 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

³ Refer to the restatements note for more information on the restatements.

⁴ 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.

⁵ Operating profit is normalised headline earnings less tax, investment income and fair value gains.

⁶ 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.

⁷ The Group has aligned the definition of investment variances between embedded and published reporting in light of the alignment between the liability basis used. The Group believes this consistency will enhance the readers understanding of the supplementary information disclosed. June 2019 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.1

CHANGE IN NORMALISED HEADLINE EARNINGS

	Change %	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm	Notes
Momentum Life	(53)	416	883	
Momentum Investments	(41)	303	512	
Metropolitan Life	(50)	302	610	
Momentum Corporate	(57)	260	601	
Non-life Insurance	147	405	164	
Momentum Metropolitan Africa	21	317	262	
Normalised headline earnings from operating segments	(34)	2 003	3 032	
New Initiatives	(3)	(509)	(492)	
Shareholders	(95)	27	534	
Total normalised headline earnings	(51)	1 521	3 074	1

NOTE 1.2

SEGMENTAL ANALYSIS

Covered definitions

Protection: This includes all life insurance business, generally open to new business. Momentum Life includes the Myriad protection business; Metropolitan Life includes all funeral business and Momentum Corporate includes all risk business.

Long-term savings: This includes all recurring and single premium savings business, generally open to new business.

Annuities and structured products: This includes all guaranteed investment and life annuities as well as guaranteed structured products in Momentum Investments.

Traditional: Includes all older generation products (universal life, conventional with and with-out profit).

Other: Includes all Momentum Metropolitan African covered business, miscellaneous reserves and unallocated sources of revenue and expenses.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

	Momentum Life Investments		Momentum Metropolitan Life		Momentum Corporate		Momentum Non-life Insurance		Momentum Metropolitan Africa		Momentum New Initiatives		Momentum Shareholders		Total	Notes
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm		
NOTE 1.2 cont.																
SEGMENTAL ANALYSIS																
12 mths to 30.06.2020																
Covered																
Protection	338	-	260	(34)	-	-	-	-	-	-	-	-	-	-	564	
Long-term savings	142	97	153	(24)	-	-	-	-	-	-	-	-	-	-	368	
Annuities and structured products	-	74	(124)	180	-	-	-	-	-	-	-	-	-	-	130	
Traditional	(1)	-	57	-	-	-	-	-	-	-	-	-	-	-	56	
Other	(10)	1	(44)	(7)	-	-	-	-	183	-	-	-	(117)	6		
Investment income	-	-	-	-	-	-	-	-	170	-	-	-	304	474		
Total	469	172	302	115	-	-	-	-	353	-	-	-	187	1 598		1
Non-covered																
Investment and savings	-	131	-	-	-	-	-	-	-	10	-	-	-	-	131	1.2.1
Life insurance	-	-	-	-	-	-	-	-	-	69	-	-	-	-	10	
Health	-	-	-	156	-	-	-	-	-	-	-	-	-	-	225	1.2.2
Momentum Multiply	(46)	-	-	-	-	-	-	-	-	-	-	-	-	(46)		
Non-life insurance	-	-	-	-	-	-	-	70	16	-	-	-	-	-	86	1.2.3
Cell captives	-	-	-	-	-	-	335	-	-	-	-	-	-	-	335	1.2.3
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(143)	(143)		
New Initiatives India	-	-	-	-	-	-	-	-	-	-	(290)	-	-	(290)		1.2.4
New Initiatives aYo	-	-	-	-	-	-	-	-	-	-	(108)	-	-	(108)		
Other	(7)	-	-	(11)	-	-	-	-	(131)	-	(111)	-	(17)	(277)		
Total	(53)	131	-	145	405	-	405	-	(36)	(509)	(509)	-	(160)	(77)		1
Normalised headline earnings	416	303	302	260	405	317	(509)	27	1 521							

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2 cont. SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm	Notes
Restated										
12 mths to 30.06.2019 ¹										
Covered										
Protection	492	-	305	112	-	-	-	-	909	
Long-term savings	194	112	236	267	-	-	-	-	809	
Annuities and structured products	-	242	149	67	-	-	-	-	458	
Traditional	279	-	(77)	-	-	-	-	-	202	
Other	2	1	(3)	29	-	186	-	(39)	176	
Investment income	-	-	-	-	-	118	-	546	664	
Total	967	355	610	475	-	304	-	507	3 218	1
Non-covered										
Investment and savings	-	157	-	-	-	-	-	-	157	1.2.1
Life insurance	-	-	-	-	-	(43)	-	-	(43)	
Health	-	-	-	166	-	75	-	-	241	1.2.2
Momentum Multiply	(82)	-	-	-	-	-	-	-	(82)	
Non-life insurance	-	-	-	-	(43)	27	-	-	(16)	1.2.3
Cell captives	-	-	-	-	207	-	-	-	207	1.2.3
Unallocated expenses	-	-	-	-	-	-	-	(117)	(117)	
New Initiatives India	-	-	-	-	-	-	(287)	-	(287)	1.2.4
New Initiatives aYo	-	-	-	-	-	-	(89)	-	(89)	
Other	(2)	-	-	(40)	-	(101)	(116)	144	(115)	
Total	(84)	157	-	126	164	(42)	(492)	27	(144)	1
Normalised headline earnings	883	512	610	601	164	262	(492)	534	3 074	

¹ The Group 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 2019 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.1 MOMENTUM INVESTMENTS - NON-COVERED BUSINESS	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm	Notes
Revenue	1 657	1 713	
Fee income	1 614	1 630	
Performance fees	1	5	
Investment income	47	69	
Fair value (losses)/gains	(5)	9	
Expenses and finance costs	(1 466)	(1 523)	
Other expenses	(1 424)	(1 476)	
Finance costs	(42)	(47)	
Share of profit of associates	3	-	
Profit before tax	194	190	
Income tax expense	(64)	(20)	
Non-controlling interest	1	(13)	
Normalised headline earnings	131	157	
Operating profit before tax	186	151	
Tax on operating profit	(57)	(10)	
Investment income	10	23	
Tax on investment income	(3)	(6)	
Fair value losses	(6)	(1)	
Tax on fair value losses	1	-	
Normalised headline earnings	131	157	1.2
Assets under management at year-end	436 283	446 804	

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.2 HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
12 mths to 30.06.2020				
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	1.2
Operating profit before tax	190	72	262	
Tax on operating profit	(46)	(34)	(80)	
Investment income	23	30	53	
Tax on investment income	(7)	-	(7)	
Fair value (losses)/gains	(5)	1	(4)	
Tax on fair value (losses)/gains	1	-	1	
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 Corporate principal members	1 108 442			
Momentum Metropolitan Africa lives		427 531		

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.2 cont. HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
Restated 12 mths to 30.06.2019 ¹				
Revenue	2 769	828	3 597	
Net insurance premiums	785	598	1 383	
Fee income	1 939	202	2 141	
Investment income	40	28	68	
Intergroup fees	5	-	5	
Expenses and finance costs	(2 450)	(671)	(3 121)	
Net payments to contract holders	(555)	(394)	(949)	
Other expenses	(1 892)	(277)	(2 169)	
Finance costs	(3)	-	(3)	
Profit before tax	319	157	476	
Income tax expense	(79)	(46)	(125)	
Non-controlling interest	(74)	(36)	(110)	
Normalised headline earnings	166	75	241	1.2
Operating profit before tax	195	84	279	
Tax on operating profit	(51)	(32)	(83)	
Investment income	31	33	64	
Tax on investment income	(8)	-	(8)	
Fair value losses	(1)	(10)	(11)	
Normalised headline earnings	166	75	241	
Closed schemes	36	75	111	
Open scheme	71	-	71	
Other	59	-	59	
	166	75	241	
	Principal members	Lives		
Momentum Corporate principal members	1 090 634			
Momentum Metropolitan Africa lives		430 222		

¹ The restatement relates to the reclassification of intercompany fee income of R40 million to intercompany expense recoveries.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.3 NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
12 mths to 30.06.2020					
Net insurance premiums	1 320	-	218	1 538	
Fee income	8	774	34	816	
Management fees	-	407	-	407	
Investment fees	-	111	-	111	
Underwriting fees	-	247	-	247	
Other fee income	8	9	34	51	
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 ¹	(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	1.2
Operating profit/(loss) before tax	49	292	(20)	321	
Tax on operating profit/(loss)	(26)	(73)	(1)	(100)	
Investment income	62	163	34	259	
Tax on investment income	(15)	(46)	-	(61)	
Fair value (losses)/gains	-	(1)	3	2	
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 acquisition costs relating to the cell captive business are included in underwriting fees.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.3 cont. NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
12 mths to 30.06.2019					
Net insurance premiums	868	-	189	1 057	
Fee income	2	578	38	618	
Management fees	-	296	-	296	
Investment fees	-	94	-	94	
Underwriting fees	-	179	-	179	
Other fee income	2	9	38	49	
Investment income	64	168	48	280	
Total income	934	746	275	1 955	
Expenses and finance costs	(972)	(462)	(253)	(1 687)	
Net payments to contract holders	(554)	-	(96)	(650)	
Change in actuarial liabilities	-	-	(10)	(10)	
Acquisition costs ¹	(121)	-	(37)	(158)	
Other expenses	(297)	(447)	(110)	(854)	
Finance costs	-	(15)	-	(15)	
(Loss)/Profit before tax	(38)	284	22	268	
Income tax expense	(5)	(77)	9	(73)	
Non-controlling interest	-	-	(4)	(4)	
Normalised headline earnings	(43)	207	27	191	1.2
Operating (loss)/profit before tax	(87)	133	(27)	19	
Tax on operating (loss)/profit	9	(34)	9	(16)	
Investment income	49	152	27	228	
Tax on investment income	(14)	(44)	-	(58)	
Fair value gains	-	-	18	18	
Normalised headline earnings	(43)	207	27	191	
Momentum Short-term Insurance (including Admin)	(43)	-	-	(43)	
Guardrisk Group	-	207	-	207	
Swaziland	-	-	1	1	
Tanzania	-	-	1	1	
Momentum Short-term Insurance (Namibia)	-	-	7	7	
Cannon Short-term	-	-	18	18	
	(43)	207	27	191	

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.4 INDIA - NON-COVERED BUSINESS ¹	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm	Notes
Gross written premiums	1 900	996	
Net earned premiums	1 275	698	
Fee income	19	18	
Net incurred claims	(625)	(409)	
Total management expenses	(1 205)	(784)	
Net commission expenses	(101)	(95)	
Underwriting loss	(637)	(572)	
Investment income	91	37	
Operating loss	(546)	(535)	
Investment income on excess	15	16	
Loss before and after tax	(531)	(519)	
MMH share of results (49%)	(260)	(254)	
Group support costs	(30)	(33)	
Normalised headline earnings	(290)	(287)	1.2
Number of lives	8 348 644	2 314 566	

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.3

SEGMENT IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

Total revenue in scope of IFRS 15

	Contract admini- stration	Trust and fiduciary services	Health admini- stration	Cell captive comm- ission	Other fee income	Total fee income	Notes
12 mths to 30.06.2020							
Momentum Life	886	11	-	-	375	1 272	
Momentum Investments	1 370	1 258	-	-	104	2 732	
Metropolitan Life	54	-	-	-	62	116	
Momentum Corporate	436	463	2 018	-	70	2 987	
Non-life Insurance	154	-	-	1 190	54	1 398	
Momentum Metropolitan Africa	33	25	10	-	246	314	
New Initiatives	-	-	-	-	25	25	
Segmental total	2 933	1 757	2 028	1 190	936	8 844	
Reconciling items	-	(431)	-	-	5	(426)	
IFRS total	2 933	1 326	2 028	1 190	941	8 418	1
Restated							
12 mths to 30.06.2019 ¹							
Momentum Life	675	13	-	-	438	1 126	
Momentum Investments	1 390	1 336	-	-	76	2 802	
Metropolitan Life	46	-	-	-	75	121	
Momentum Corporate	396	437	1 919	-	57	2 809	
Non-life Insurance	108	-	-	1 379	40	1 527	
Momentum Metropolitan Africa	22	15	12	-	244	293	
New Initiatives	-	8	-	-	34	42	
Segmental total	2 637	1 809	1 931	1 379	964	8 720	
Reconciling items	-	(392)	-	-	4	(388)	
IFRS total	2 637	1 417	1 931	1 379	968	8 332	1

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.4

SEGMENT REVENUE PER GEOGRAPHICAL BASIS

	SA Rm	Non-SA Rm	Total revenue Rm	Notes
12 mths to 30.06.2020				
Momentum Life	10 738	-	10 738	
Momentum Investments	26 202	597	26 799	
Metropolitan Life	7 201	-	7 201	
Momentum Corporate	19 184	-	19 184	
Non-life Insurance	13 522	1 403	14 925	
Momentum Metropolitan Africa	-	5 012	5 012	
New Initiatives	25	-	25	
Segmental total	76 872	7 012	83 884	
Reconciling items	(40 238)	(1 947)	(42 185)	
IFRS total	36 634	5 065	41 699	1
12 mths to 30.06.2019				
Momentum Life	10 339	-	10 339	
Momentum Investments	23 269	572	23 841	
Metropolitan Life	7 173	-	7 173	
Momentum Corporate	23 800	-	23 800	
Non-life Insurance	10 200	1 492	11 692	
Momentum Metropolitan Africa	-	4 985	4 985	
New Initiatives	42	-	42	
Segmental total	74 823	7 049	81 872	
Reconciling items	(34 931)	(1 808)	(36 739)	
IFRS total	39 892	5 241	45 133	1

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

NOTE 2

NON-CONTROLLING INTERESTS (legal percentages)	30.06.2020 %	30.06.2019 %
Cannon Assurance	33.7	33.7
Eris Property Group	23.5	23.5
Metropolitan Health Ghana	15.0	0.9
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Tanzania	33.0	33.0
Metropolitan Health Zambia	-	0.8
Momentum Metropolitan Namibia	0.7	9.9
Momentum Mozambique	33.0	33.0
Metropolitan Health Corporate	49.0	49.0
Momentum Short-term Insurance (Namibia)	30.0	30.0
Entities sold during year		
Metropolitan Swaziland	-	33.0
Momentum Swaziland	-	33.0

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

NOTE 3

BUSINESS COMBINATIONS – JUNE 2020

Alexander Forbes Short-term Insurance

On 31 January 2020, MMH, through its wholly-owned subsidiary, MMSI, 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.

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

30.06.2020	Rm
Purchase consideration in total	2 038
Fair value of net assets	
Intangible assets	380
Tangible assets	18
Financial instrument assets	8
Insurance and other receivables	289
Cash and cash equivalents	611
Other assets	11
Insurance contract liabilities	(358)
Financial instrument liabilities	(16)
Other liabilities	(297)
Net identifiable assets acquired	646
Goodwill recognised	1 392
Purchase consideration in cash	2 038
Revenue	384
Earnings	88

The transaction resulted in R1.39 billion goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes.

BUSINESS COMBINATIONS – JUNE 2019

There were no significant business combinations for the 12 months ended June 2019.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

NOTE 4	30.06.2020	30.06.2019
RECONCILIATION OF GOODWILL	Rm	Rm
Cost	2 764	1 377
Accumulated impairment	(476)	(272)
Balance at end	2 288	1 105
Balance at beginning	1 105	1 124
Business combinations ¹	1 392	-
Impairment charges ²	(209)	(19)
Balance at end	2 288	1 105

¹ This relates to the acquisition of Momentum Insurance.

² Goodwill relating to Momentum Short-term Insurance (Non-life Insurance segment) was impaired in the current year due to a lower recoverable amount. In the prior year, goodwill relating to the Providence health business (Momentum Corporate segment) was impaired due to a decline in the directors' valuation.

NOTE 5 **SIGNIFICANT RELATED PARTY TRANSACTIONS**

R140 million of the ordinary dividends declared by MMH in September 2019 and R160 million of the ordinary dividends declared in March 2020 (R140 million of the ordinary dividends declared in March 2019) were attributable to RMI.

NOTE 6	30.06.2020	30.06.2019
DISPOSAL OF SUBSIDIARY RECONCILIATION	Rm	Rm
Assets/(liabilities) disposed of:		
Financial assets at fair value through profit and loss	744	-
Other assets	94	256
Cash and cash equivalents	177	
Long-term insurance contracts	(219)	(238)
Investment contracts with DPF	(244)	-
Investment contracts designated at fair value through profit and loss	(227)	-
Other liabilities	(133)	(24)
Net assets sold	192	(6)
Non-controlling interests disposed of	(20)	-
Profit on sale of subsidiary	118	6
Cash flow from sale of subsidiary	290	-

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

NOTE 7

DIVIDENDS

	2020	2019
Ordinary listed Momentum Metropolitan Holdings Ltd shares (cents per share)		
Interim - March	40	35
Final - September	-	35
Total	40	70

Share buy-back programme

A total of 106 million shares (R2 billion excluding transaction costs) were bought back as part of the share buy-back programme which was completed on 29 November 2018. The consideration paid had been adjusted for in retained earnings except for the 27 million shares (R487 million) held by a subsidiary of the Group which had been adjusted for in share premium.

Momentum Metropolitan Holdings Ltd convertible redeemable preference shares (issued to KTH)

The A3 Momentum Metropolitan Holdings Ltd preference shares are redeemable in December 2020 (after extending it under the same terms by 18 months in the June 2019 period) at a redemption value of R9.18 per share unless converted into Momentum Metropolitan Holdings Ltd ordinary shares on a one-for-one basis prior to that date. 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). Momentum Metropolitan Holdings Ltd 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 Momentum Metropolitan Holdings Ltd preference share dividends - KTH	2020	2019
	Rm	Rm
Interim - March	19	19
Final - September	19	19
Total	38	38

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	30.06.2020 Rm	30.06.2019 Rm
Covered business		
Equity attributable to owners of the parent	22 537	23 020
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 739)	(2 748)
Net assets - non-covered business within life insurance companies	(4 073)	(5 011)
Net assets - non-covered business outside life insurance companies	(4 797)	(2 914)
Dilutory effect of subsidiaries ¹	-	(89)
Value of Momentum Metropolitan Life Ltd preference shares issued	-	(500)
Diluted adjusted net worth – covered business	10 928	11 758
Net value of in-force business	19 601	21 776
Diluted embedded value – covered business	30 529	33 534
Non-covered business		
Net assets - non-covered business within life insurance companies	4 073	5 011
Net assets - non-covered business outside life insurance companies	4 797	2 914
Consolidation adjustments ²	(2 429)	(1 032)
Adjustments for dilution ³	650	639
Diluted adjusted net worth – non-covered business	7 091	7 532
Write-up to directors' value	904	127
Non-covered business	3 425	2 370
Holding company expenses ⁴	(1 398)	(1 413)
International holding company expenses ⁴	(1 123)	(830)
Diluted embedded value – non-covered business	7 995	7 659
Diluted adjusted net worth	18 019	19 290
Net value of in-force business	19 601	21 776
Write-up to directors' value	904	127
Diluted embedded value	38 524	41 193
Required capital – covered business (adjusted for qualifying debt) ⁵	3 995	2 874
Free surplus – covered business	6 933	8 884
Diluted embedded value per share (cents)	2 570	2 748
Diluted adjusted net worth per share (cents)	1 202	1 287
Diluted number of shares in issue (million) ⁶	1 499	1 499

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

¹ In the prior period Momentum Metropolitan Holdings Namibia Ltd has been consolidated at 96% in the statement of financial position. For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated. The dilutive put option in respect of the Momentum Metropolitan Namibia group was settled, resulting in the adjustment no longer being required and the shareholding in the Momentum Metropolitan Namibia group being reduced to 0.7%.

² Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.

³ Adjustments for dilution are made up as follows:

- Dilutive effect of subsidiaries (note 1): Rnil million (30.06.2019: R125 million)
- Treasury shares held on behalf of contract holders: R396 million (30.06.2019: R260 million)
- Liability – Momentum Metropolitan Holdings Ltd convertible preference shares issued to KTH: R254 million (30.06.2019: R254 million)

⁴ 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.

⁵ The required capital for in-force covered business amounts to R8 427 million (30.06.2019: R7 305 million) and is adjusted for qualifying debt of R4 432 million (30.06.2019: R4 431 million).

⁶ 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.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS

	30.06.2020 Rm	30.06.2019 Rm
Momentum Life	8 424	9 530
Gross value of in-force business	9 297	10 383
Less cost of required capital	(873)	(853)
Momentum Investments ¹	1 587	1 455
Gross value of in-force business	1 805	1 789
Less cost of required capital	(218)	(334)
Metropolitan Life	4 098	4 620
Gross value of in-force business	4 474	4 822
Less cost of required capital	(376)	(202)
Momentum Corporate	3 150	4 059
Gross value of in-force business	4 225	5 053
Less cost of required capital	(1 075)	(994)
Momentum Metropolitan Africa	2 342	2 112
Gross value of in-force business	2 684	2 413
Less cost of required capital	(342)	(301)
Net value of in-force business	19 601	21 776

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R286 million (30.06.2019: R194 million).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth ³ Rm	Net value of in-force Rm	30.06.2020 Rm	30.06.2019 Rm
Covered business				
Momentum Life	1 659	8 424	10 083	11 136
Momentum Investments ¹	1 026	1 587	2 613	2 659
Metropolitan Life	1 567	4 098	5 665	5 368
Momentum Corporate	3 379	3 150	6 529	6 988
Momentum Metropolitan Africa	2 549	2 342	4 891	4 553
Shareholders	748	-	748	2 830
Other	(3 684)	-	(3 684)	(1 601)
Assets backing qualifying debt	4 432	-	4 432	4 431
Total covered business	10 928	19 601	30 529	33 534
	Adjusted net worth³ Rm	Write-up to directors' value Rm	30.06.2020 Rm	30.06.2019 Rm
Non-covered business				
Momentum Life	349	(864)	(515)	(558)
Momentum Multiply	339	(864)	(525)	(574)
Other	10	-	10	16
Momentum Investments	1 149	490	1 639	2 078
Investment and savings	909	531	1 440	1 839
Other	240	(41)	199	239
Momentum Corporate	422	479	901	1 187
Health	387	479	866	1 144
Other	35	-	35	43
Non-life Insurance	3 430	2 498	5 928	4 153
Non-life insurance	1 316	1 076	2 392	428
Cell captives	2 114	1 422	3 536	3 725
Momentum Metropolitan Africa	826	(1 030)	(204)	268
Life insurance	232	(210)	22	223
Health	253	296	549	593
Non-life insurance	111	(45)	66	50
Other	230	52	282	232
International holding company expenses ²	-	(1 123)	(1 123)	(830)
New Initiatives	733	729	1 462	1 014
New initiatives India	588	566	1 154	801
New initiatives aYo	57	163	220	143
Other	88	-	88	70
Shareholders	182	(1 398)	(1 216)	(483)
Other	182	-	182	930
Holding company expenses ²	-	(1 398)	(1 398)	(1 413)
Total non-covered business	7 091	904	7 995	7 659
Total embedded value	18 019	20 505	38 524	41 193

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R527 million (30.06.2019: R485 million) and value of in-force of R286 million (30.06.2019: R194 million).

² 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.

³ Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

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 30.06.2020 Total EV Rm	12 mths to 30.06.2019 Total EV Rm
Profit from new business		(927)	1 441	(186)	328	611
Embedded value from new business	A	(927)	1 393	(186)	280	541
Expected return to end of period	B	-	48	-	48	70
Profit from existing business		2 861	(1 429)	313	1 745	2 472
Expected return – unwinding of RDR	B	-	2 450	(284)	2 166	2 189
Release from the cost of required capital	C	-	-	477	477	340
Expected (or actual) net of tax profit transfer to net worth	D	3 426	(3 426)	-	-	-
Operating experience variances	E	220	(280)	(14)	(74)	417
Development expenses	F	(43)	-	-	(43)	(32)
Operating assumption changes	G	(742)	(173)	134	(781)	(442)
Embedded value profit/(loss) from operations		1 934	12	127	2 073	3 083
Investment return on adjusted net worth	H	257	-	-	257	464
Investment variances	I	(745)	(1 607)	(168)	(2 520)	(451)
Economic assumption changes	J	(73)	(552)	(134)	(759)	270
Exchange rate movements	K	50	37	(10)	77	8
Exceptional items	L	(19)	-	-	(19)	870
Embedded value profit/(loss) - covered business		1 404	(2 110)	(185)	(891)	4 244
Transfer of business to non-covered business	M	(48)	-	-	(48)	-
Other capital transfers	N	867	135	(15)	987	(2 589)
Dividend (paid)/received		(3 053)	-	-	(3 053)	(1 587)
Change in embedded value - covered business		(830)	(1 975)	(200)	(3 005)	68
Non-covered business						
Change in directors' valuation and other items					(368)	(646)
Change in holding company expenses					(278)	(430)
Embedded value profit/(loss) - non-covered business					(646)	(1 076)
Transfer of business from covered business	M				48	-
Other capital transfers	N				(987)	2 589
Dividend received/(paid)					1 961	1 079
Shares repurchased					-	(1 031)
Finance costs – preference shares					(40)	(37)
Change in embedded value - non-covered business					336	1 524
Total change in group embedded value					(2 669)	1 592
Total embedded value profit/(loss)					(1 537)	3 168
Return on embedded value (%) - internal rate of return					-3.7%	8.0%
Return on embedded value excluding Exceptional items (%) - internal rate of return					-3.7%	5.8%

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

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 30.06.2020						
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
12 mths to 30.06.2019						
Value of new business	101	82	89	265	4	541
Gross	192	101	138	349	24	804
Less cost of required capital	(91)	(19)	(49)	(84)	(20)	(263)
New business premiums	3 047	22 620	2 381	9 082	1 005	38 135
Recurring premiums	1 031	186	1 196	1 149	390	3 952
Protection	511	-	757	427	128	1 823
Long-term savings	520	184	436	551	262	1 953
Annuities and structured products	-	2	3	171	-	176
Single premiums	2 016	22 434	1 185	7 933	615	34 183
Protection	-	-	-	4	172	176
Long-term savings	2 016	19 197	488	7 513	212	29 426
Annuities and structured products	-	3 237	697	416	231	4 581
New business premiums (APE)	1 233	2 430	1 315	1 942	451	7 371
Protection	511	-	757	427	145	1 840
Long-term savings	722	2 104	485	1 302	283	4 896
Annuities and structured products	-	326	73	213	23	635
New business premiums (PVP)	8 266	23 145	4 897	16 977	2 498	55 783
Profitability of new business as a percentage of APE	8.2	3.4	6.8	13.6	0.9	7.3
Profitability of new business as a percentage of PVP	1.2	0.4	1.8	1.6	0.2	1.0

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

- 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 31 December 2019 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 R43 million (30.06.2019: R24 million).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Total lump sum inflows	32 532	33 071
Inflows not included in value of new business	(9 640)	(7 303)
Wealth off-balance sheet business	8 803	6 703
Term extensions on maturing policies	276	444
Automatically Continued Policies	1 233	1 303
Non-controlling interests and other adjustments	(15)	(35)
Single premiums included in value of new business	33 189	34 183

PRINCIPAL ASSUMPTIONS (South Africa) ^{1, 2}	30.06.2020 %	30.06.2019 %
Pre-tax investment return		
Equities	14.0	12.8
Properties	11.5	10.3
Government stock	10.5	9.3
Other fixed-interest stocks	11.0	9.8
Cash	9.5	8.3
Risk-free return ³	10.5	9.3
Risk discount rate (RDR) ⁴	12.9	11.5
Investment return (before tax) - balanced portfolio ³	12.7	11.5
Renewal expense inflation rate ⁵	5.7	5.8

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. As part of the annual review the assumptions with regards the beta assumption used to derive the cost of equity has been increased to 90% (30.06.2019: 85%). The assumptions with regards the equity risk premium as well as relative weighting between debt and equity funding has remained unchanged.

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 5.7% 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.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	ANW Rm	Gross VIF Rm	Cost of required capital Rm	12 mths to	12 mths to
					30.06.2020	30.06.2019
					EV Rm	EV Rm
Momentum Life		(174)	(34)	-	(208)	323
Mortality and morbidity	1	(49)	26	-	(23)	152
Terminations, premium cessations and policy alterations	2	(47)	(47)	-	(94)	22
Expense variance	3	60	-	-	60	5
Other	4	(138)	(13)	-	(151)	144
Momentum Investments		215	(14)	(23)	178	30
Mortality and morbidity	5	23	(2)	-	21	(3)
Terminations, premium cessations and policy alterations	6	20	17	-	37	(2)
Expense variance	3	48	-	-	48	(17)
Credit risk variance		43	-	-	43	29
Other	7	81	(29)	(23)	29	23
Metropolitan Life		79	29	-	108	42
Mortality and morbidity	5	115	13	-	128	89
Terminations, premium cessations and policy alterations	8	(38)	20	-	(18)	(106)
Expense variance	9	(25)	-	-	(25)	14
Credit risk variance		32	-	-	32	25
Other		(5)	(4)	-	(9)	20
Momentum Corporate		158	(255)	9	(88)	83
Mortality and morbidity	10	(22)	-	-	(22)	69
Terminations, premium cessations and policy alterations	11	(13)	(252)	-	(265)	5
Expense variance	3	35	-	-	35	(4)
Credit risk variance		11	-	-	11	10
Other	12	147	(3)	9	153	3
Momentum Metropolitan Africa		52	(6)	-	46	22
Mortality and morbidity	5	90	8	-	98	66
Terminations, premium cessations and policy alterations		(25)	(8)	-	(33)	(70)
Expense variance		(3)	-	-	(3)	22
Other		(10)	(6)	-	(16)	4
Shareholders		(110)	-	-	(110)	(83)
Total operating experience variances		220	(280)	(14)	(74)	417

Notes

- Mortality and morbidity experience for the 12 months were worse compared to what was allowed for in the valuation basis.
- Negative termination experience was offset to some extent by positive alteration experience due to better than expected take-up of premium increases.
- Good expense management.
- Mainly relating to Multiply including the extension of the date to reach the target Multiply grid and discount distribution and larger than expected premium discounts.
- Mortality and morbidity experience for the 12 months were better compared to what was allowed for in the valuation basis.
- Surrender profits, premium reviews and better than expected premium increases.
- Final settlement on the surrender of a large corporate annuity, the release of contingency reserves that are no longer required and the delayed implementation of pricing changes.
- Persistency losses mainly on the recurring savings book.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

9. Additional costs undergone to cushion the sales force against the impact of Covid-19 offset to some extent with good expense management.
10. Negative disability experience partly offset by mortality profits.
11. Allowance of premium contribution holidays on FundsAtWork due to Covid-19 partially offset with good termination experience for Risk business.
12. Mainly due to higher admin fee loadings on risk products.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	ANW Rm	Gross VIF Rm	Cost of required capital Rm	12 mths to	12 mths to
					30.06.2020	30.06.2019
					EV Rm	EV Rm
Momentum Life		(241)	(186)	21	(406)	(14)
Mortality and morbidity assumptions	1	(201)	9	-	(192)	223
Termination assumptions	1, 2	(113)	(207)	-	(320)	(128)
Renewal expense assumptions	3	101	(10)	-	91	1
Modelling, methodology and other changes	4	(28)	22	21	15	(110)
Momentum Investments		15	43	113	171	(107)
Mortality and morbidity assumptions		-	-	-	-	-
Termination assumptions		(1)	-	-	(1)	(35)
Renewal expense assumptions	3	14	34	-	48	-
Modelling, methodology and other changes	5	2	9	113	124	(72)
Metropolitan Life		(137)	8	-	(129)	(34)
Mortality and morbidity assumptions	1	(108)	10	-	(98)	-
Termination assumptions	1	(73)	2	-	(71)	(79)
Renewal expense assumptions	3	26	(20)	-	6	(14)
Modelling, methodology and other changes	6	18	16	-	34	59
Momentum Corporate		(368)	(181)	-	(549)	(611)
Mortality and morbidity assumptions	1	(289)	2	-	(287)	(240)
Termination assumptions	2	(70)	(35)	-	(105)	(3)
Renewal expense assumptions		5	12	-	17	(236)
Modelling, methodology and other changes	7	(14)	(160)	-	(174)	(132)
Momentum Metropolitan Africa		(11)	143	-	132	324
Mortality and morbidity assumptions	1, 8	13	29	-	42	16
Termination assumptions		(18)	(12)	-	(30)	13
Renewal expense assumptions	9	(35)	79	-	44	(50)
Modelling, methodology and other changes	10	29	47	-	76	345
Total operating assumption changes		(742)	(173)	134	(781)	(442)

Notes

1. Mainly the set-up of Covid-19 provisions.
2. Strengthening of the basis in line with experience observed in certain product lines.
3. Adjusted the future expense inflation assumption.
4. Various marginal modelling and methodology changes.
5. The cost of capital calculation was adjusted to more accurately reflect future credit spreads.
6. Modelling and methodology changes implemented relate to improving the analysis of earnings attribution.
7. Updating of IBNR reserves and changes to the FundsAtWork VIF model.
8. Mortality basis changes in Namibia to align assumptions closer with experience.
9. Mainly due to a change in expense allocations.
10. Various modelling and methodology changes, including the release of reserves.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Investment income	500	670
Capital appreciation and other ¹	(209)	(172)
Preference share dividends paid	(34)	(34)
Investment return on adjusted net worth	257	464

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

Current period item relates to the implementation and adoption of IFRS 16 in the current financial year. Prior period item relates to the adoption of the new regulatory framework for South African insurers, where the Group's covered businesses elected to adopt the IFRS liabilities as reference for determining the value of in-force business for embedded value purposes. This has resulted in a reallocation of value between the adjusted net worth and value of in-force due to the liability difference between the previous statutory and IFRS liabilities. For purposes of determining the cost of required capital, the capital resources supporting future profits are set equal to the total assets restricted on a regulatory basis in so far as this exceeds IFRS liabilities. This calculation is performed across the projection term and thus may change over time. The total assets restricted on a regulatory basis is the sum of technical provisions, the solvency capital requirement as well as an appropriate resilience buffer.

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).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES - 30.06.2020	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital ³ Rm	Net value Rm	Gross value Rm	Cost of required capital ³ Rm
Base value	10 928	19 601	22 485	(2 884)	280	466	(186)
1% increase in risk discount rate % change		17 970 (8)	21 254 (5)	(3 284) 14	190 (32)	396 (15)	(206) 11
1% reduction in risk discount rate % change		21 395 9	23 847 6	(2 452) (15)	416 49	580 24	(164) (12)
10% decrease in future expenses % change ¹		21 300 9	24 090 7	(2 790) (3)	441 58	620 33	(179) (4)
10% decrease in lapse, paid-up and surrender rates % change		20 170 3	23 143 3	(2 973) 3	443 58	627 35	(184) (1)
5% decrease in mortality and morbidity for assurance business % change		22 001 12	24 864 11	(2 863) (1)	446 59	632 36	(186) -
5% decrease in mortality for annuity business % change		19 300 (2)	22 171 (1)	(2 871) -	281 -	469 1	(188) 1
1% reduction in gross investment return, inflation rate and risk discount rate % change ²	10 928 -	20 275 3	23 165 3	(2 890) -	350 25	544 17	(194) 4
1% reduction in inflation rate % change		20 564 5	23 310 4	(2 746) (5)	374 34	559 20	(185) (1)
10% fall in market value of equities and properties % change ²	10 648 (3)	18 710 (5)	21 478 (4)	(2 768) (4)			
10% reduction in premium indexation take-up rate % change		19 152 (2)	22 000 (2)	(2 848) (1)	252 (10)	441 (5)	(189) 2
10% decrease in non-commission- related acquisition expenses % change					388 39	574 23	(186) -
1% increase in equity/property risk premium % change		20 012 2	22 943 2	(2 931) 2	323 15	512 10	(189) 2

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.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

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 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Momentum Life					
Embedded value from new business	(284)	387	(81)	22	101
Expected return – unwinding of RDR	-	964	(79)	885	875
Release from the cost of required capital	-	-	205	205	96
Expected (or actual) net of tax profit transfer to net worth	1 217	(1 217)	-	-	-
Operating experience variances	(174)	(34)	-	(208)	323
Development expenses	(13)	-	-	(13)	(19)
Operating assumption changes	(241)	(186)	21	(406)	(14)
Embedded value profit/(loss) from operations	505	(86)	66	485	1 362
Investment return on adjusted net worth	77	-	-	77	87
Investment variances	8	(533)	(83)	(608)	(384)
Economic assumption changes	(38)	(480)	(2)	(520)	241
Exceptional items	-	-	-	-	618
Embedded value profit/(loss) - covered business	552	(1 099)	(19)	(566)	1 924
Momentum Investments					
Embedded value from new business	(123)	266	(9)	134	82
Expected return – unwinding of RDR	-	162	(31)	131	169
Release from the cost of required capital	-	-	54	54	43
Expected (or actual) net of tax profit transfer to net worth	360	(360)	-	-	-
Operating experience variances	215	(14)	(23)	178	30
Development expenses	(9)	-	-	(9)	(6)
Operating assumption changes	15	43	113	171	(107)
Embedded value profit/(loss) from operations	458	97	104	659	211
Investment return on adjusted net worth	81	-	-	81	49
Investment variances	(287)	(68)	11	(344)	(151)
Economic assumption changes	-	1	-	1	(27)
Exceptional items	-	-	-	-	(181)
Embedded value profit/(loss) - covered business	252	30	115	397	(99)
Metropolitan Life					
Embedded value from new business	(226)	370	(34)	110	89
Expected return – unwinding of RDR	-	462	(19)	443	438
Release from the cost of required capital	-	-	53	53	60
Expected (or actual) net of tax profit transfer to net worth	877	(877)	-	-	-
Operating experience variances	79	29	-	108	42
Development expenses	(5)	-	-	(5)	(4)
Operating assumption changes	(137)	8	-	(129)	(34)
Embedded value profit/(loss) from operations	588	(8)	-	580	591
Investment return on adjusted net worth	36	-	-	36	54
Investment variances	(275)	(470)	-	(745)	35
Economic assumption changes	-	129	(174)	(45)	217
Exceptional items	-	-	-	-	387
Embedded value profit/(loss) - covered business	349	(349)	(174)	(174)	1 284

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

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 30.06.2020 Rm	12 mths to 30.06.2019 Rm
Momentum Corporate					
Embedded value from new business	(150)	188	(42)	(4)	265
Expected return – unwinding of RDR	-	604	(117)	487	533
Release from the cost of required capital	-	-	165	165	141
Expected (or actual) net of tax profit transfer to net worth	595	(595)	-	-	-
Operating experience variances	158	(255)	9	(88)	83
Development expenses	(16)	-	-	(16)	(3)
Operating assumption changes	(368)	(181)	-	(549)	(611)
Embedded value profit/(loss) from operations	219	(239)	15	(5)	408
Investment return on adjusted net worth	141	-	-	141	132
Investment variances	(102)	(406)	(96)	(604)	41
Economic assumption changes	-	(181)	-	(181)	(211)
Exceptional items	-	-	-	-	46
Embedded value profit/(loss) - covered business	258	(826)	(81)	(649)	416
Momentum Metropolitan Africa					
Embedded value from new business	(144)	182	(20)	18	4
Expected return – unwinding of RDR	-	306	(38)	268	244
Expected (or actual) net of tax profit transfer to net worth	377	(377)	-	-	-
Operating experience variances	52	(6)	-	46	22
Operating assumption changes	(11)	143	-	132	324
Embedded value profit/(loss) from operations	274	248	(58)	464	594
Investment return on adjusted net worth	121	-	-	121	114
Investment variances	(89)	(130)	-	(219)	8
Economic assumption changes	(35)	(21)	42	(14)	50
Exchange rate movements	50	37	(10)	77	8
Embedded value profit/(loss) - covered business	321	134	(26)	429	774
Shareholders					
Operating experience variances	(110)	-	-	(110)	(83)
Embedded value profit/(loss) from operations	(110)	-	-	(110)	(83)
Investment return on adjusted net worth	(199)	-	-	(199)	28
Exceptional items	(19)	-	-	(19)	-
Embedded value (loss)/profit - covered business	(328)	-	-	(328)	(55)

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

RESTATEMENTS

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

Statement of financial position as at 30.06.2019	Before re- statement Rm	Declutter- ing ¹ Rm	Held for sale ² Rm	CIS conso- lidation ³ Rm	IFRS 4 ⁴ Rm	Property ⁵ Rm	After re- statement Rm
Intangible assets	9 665	-	-	-	(32)	-	9 633
Owner-occupied properties	4 629	-	-	-	-	(931)	3 698
Investment properties	8 103	-	-	-	-	931	9 034
Financial assets at fair value through profit and loss	401 093	20 763	(111)	(443)	-	-	421 302
Investments in associates at fair value through profit and loss	18 314	(18 314)	-	-	-	-	-
Derivative financial assets at fair value through profit and loss	2 449	(2 449)	-	-	-	-	-
Financial assets at amortised cost	17 106	-	(6)	-	(27)	-	17 073
Insurance and other receivables	5 259	-	-	-	27	-	5 286
Assets relating to disposal groups held for sale	608	-	381	-	-	-	989
Cash and cash equivalents	27 147	-	(264)	178	-	-	27 061
Insurance contract liabilities							
Long-term insurance contracts	(116 180)	-	126	-	(4 212)	-	(120 266)
Investment contracts							
- with DPF	(23 800)	-	-	-	3 227	-	(20 573)
- designated at fair value through profit and loss	(251 053)	-	-	-	1 016	-	(250 037)
Financial liabilities at fair value through profit and loss	(40 753)	(2 318)	-	265	-	-	(42 806)
Derivative financial liabilities at fair value through profit and loss	(2 318)	2 318	-	-	-	-	-
Other payables	(25 064)	-	87	-	1	-	(24 976)
Liabilities relating to disposal groups held for sale	(534)	-	(213)	-	-	-	(747)
as at 01.07.2018							
Intangible assets	10 515	-	-	-	(31)	-	10 484
Owner-occupied properties	3 864	-	-	-	-	(865)	2 999
Investment properties	8 614	-	-	-	-	865	9 479
Financial assets at fair value through profit and loss	395 146	14 293	-	223	-	-	409 662
Investments in associates at fair value through profit and loss	11 383	(11 383)	-	-	-	-	-
Derivative financial assets at fair value through profit and loss	2 910	(2 910)	-	-	-	-	-
Financial assets at amortised cost	6 020	-	-	-	(21)	-	5 999
Insurance and other receivables	4 962	-	-	-	21	-	4 983
Cash and cash equivalents	25 812	-	-	(11)	-	-	25 801
Insurance contract liabilities							
Long-term insurance contracts	(109 203)	-	-	-	(5 436)	-	(114 639)
Investment contracts							
- with DPF	(24 550)	-	-	-	3 644	-	(20 906)
- designated at fair value through profit and loss	(247 861)	-	-	-	1 822	-	(246 039)
Financial liabilities at fair value through profit and loss	(37 200)	(2 255)	-	(212)	-	-	(39 667)
Derivative financial liabilities at fair value through profit and loss	(2 255)	2 255	-	-	-	-	-
Other payables	(14 304)	-	-	-	1	-	(14 303)

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

Income statement for the 12 mths to 30.06.2019	Before re- statement Rm	Declutter- ing ¹ Rm	Held for sale ² Rm	CIS conso- lidation ³ Rm	IFRS 4 ⁴ Rm	Property ⁵ Rm	After re- statement Rm
Net insurance premiums	36 618	-	-	-	180	-	36 798
Fee income	8 449	-	-	-	(117)	-	8 332
Investment income	22 137	-	-	(49)	-	-	22 088
Net realised and unrealised fair value gains	1 439	-	-	131	-	-	1 570
Net insurance benefits and claims Change in actuarial liabilities and related reinsurance	(26 582)	-	-	-	(371)	-	(26 953)
Change in long-term insurance contract liabilities	(6 282)	-	-	-	760	-	(5 522)
Change in investment contracts with DPF liabilities	588	-	-	-	(417)	-	171
Fair value adjustments on investment contract liabilities	(9 107)	-	-	-	(37)	-	(9 144)
Fair value adjustments on collective investment scheme liabilities	492	-	-	(64)	-	-	428
Sales remuneration	(6 078)	-	-	-	(1)	-	(6 079)
Other expenses	(7 415)	-	-	(18)	3	-	(7 430)
Earnings for year	2 410	-	-	-	-	-	2 410
Statement of cash flows for the year ended 30 June 2019							
Cash utilities in operations	(15 185)	-	-	189	-	-	(14 996)
Cash resources and funds on deposit at beginning	25 812	-	-	(11)	-	-	25 801
Cash resources and funds on deposit at end	27 147	-	-	178	-	-	27 325

¹ Investments in associates at fair value through profit and loss and Derivative financial assets at fair value through profit and loss are now included within Financial assets at fair value through profit and loss. Derivative financial liabilities at fair value through profit and loss are now included within Financial liabilities at fair value through profit and loss. These assets and liabilities are all recognised at fair value and are not managed differently from one another, and therefore this change assists in decluttering of the financial statements. 30 June 2019 and 1 July 2018 have been restated accordingly.

² At 30 June 2019, the current assets and liabilities of the entities classified as held for sale were not reclassified to the disposal groups held for sale line items on the statement of financial position. 30 June 2019 has been restated accordingly.

³ A reassessment of control over collective investment schemes under IFRS 10 resulted in additional funds that are managed by asset managers owned by the Group being consolidated and all funds that are managed by external asset managers being unconsolidated. In Addition, at 30 June 2019, the cross-holding in collective investment schemes was understated by R1.3 billion. 30 June 2019 and 1 July 2018 have been restated accordingly.

⁴ Products in Momentum Life that provide a guarantee to return premiums on death were not previously included in the assessment of insurance risk and were incorrectly accounted for as Investment contracts designated at fair value through profit and loss as well as Investment contracts with discretionary participation features (DPF). Reclassifying these products as insurance products is the driver for the increase in Insurance contract liabilities. A second, separate correction was that Investment contracts with DPF (including those recognised within Metropolitan Life) have been re-assessed so that only those with significant discretion are included in this classification. This only affected the balance between Investment contracts with and without DPF, both which ultimately reflect increases due to the first effect. A third, separate correction relates to some of the 3rd party cells in Guardrisk Life Ltd which have investment contract risk which were previously disclosed as part of Long-term insurance contract liabilities due to the 3rd party nature of these contracts. These liabilities have been reallocated to Investment contracts designated at fair value through profit and loss to be consistent with the Group policies relating to the classification of these type of contracts. 30 June 2019 and 1 July 2018 have been restated accordingly.

⁵ The Group reclassified a portion of the property on 102 Rivonia Road from Owner-occupied properties to Investment properties as this assessment had not previously been performed for each portion of the building that could be sold separately or leased out separately under a finance lease. 30 June 2019 and 1 July 2018 have been restated accordingly.

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ¹	30.06.2020 Rm	Restated ² 30.06.2019 Rm
Managed and/or administered by Investments		
Financial assets	418 560	423 774
Momentum Manager of Managers	69 999	70 885
Momentum Investment Consultants	7 971	6 226
Momentum Collective Investments	83 767	85 344
Momentum Asset Management	154 980	169 265
Momentum Global Investments	62 143	57 250
Momentum Alternative Investments	7 027	7 152
Momentum Securities	32 673	27 652
Properties - Eris Property Group	17 723	23 030
On-balance sheet	7 883	8 242
Off-balance sheet	9 840	14 788
Momentum Wealth linked product assets under administration	169 551	160 806
On-balance sheet	110 132	104 753
Off-balance sheet	59 419	56 053
Managed internally or by other managers within the Group (on-balance sheet)	94 348	82 952
Managed by external managers (on-balance sheet)	14 459	16 051
Properties managed internally or by other managers within the Group or externally	4 604	4 682
Momentum Corporate - cell captives on-balance sheet	23 078	18 013
Total assets managed and/or administered	742 323	729 308
Managed and/or administered by Investments		
On-balance sheet	208 095	230 229
Off-balance sheet	210 465	193 545
	418 560	423 774
Admin and brokerage assets	100 402	113 154
Other assets	318 158	310 620
	418 560	423 774

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

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

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 30.06.2020					
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	3 015	13 182	16 197	(15 685)	512
Non-life Insurance	3 782	9 745	13 527	(4 984)	8 543
Momentum Metropolitan Africa	772	3 926	4 698	(2 518)	2 180
Long-term insurance business fund flows	32 532	42 508	75 040	(60 373)	14 667
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			177 773	(166 526)	11 247
12 mths to 30.06.2019					
Momentum Life	418	8 795	9 213	(9 725)	(512)
Momentum Investments	20 505	534	21 039	(26 759)	(5 720)
Metropolitan Life	1 121	5 931	7 052	(5 804)	1 248
Momentum Corporate	8 390	12 601	20 991	(15 763)	5 228
Non-life Insurance	2 084	8 081	10 165	(4 893)	5 272
Momentum Metropolitan Africa	553	4 139	4 692	(2 802)	1 890
Long-term insurance business fund flows	33 071	40 081	73 152	(65 746)	7 406
Off-balance sheet fund flows					
Managed and/or administered by Investments			69 711	(74 739)	(5 028)
Properties - Eris Property Group			3 570	(2 295)	1 275
Momentum Wealth linked product assets under administration			6 589	(8 632)	(2 043)
Total net funds received from clients			153 022	(151 412)	1 610

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.

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS

	30.06.2020 Rm	%	30.06.2019 Rm	%
Equity securities	462	2.0	356	1.4
Preference shares	825	3.7	1 223	5.3
Collective investment schemes	1 036	4.6	872	3.8
Debt securities	6 366	28.2	6 892	29.9
Properties	3 843	17.1	3 854	16.7
Owner-occupied properties	1 766	7.9	3 146	13.7
Investment properties	2 077	9.2	708	3.1
Cash and cash equivalents and funds on deposit	7 402	32.8	7 882	34.2
Intangible assets	6 055	26.9	5 977	26.0
Other net assets	1 630	7.2	909	3.9
	27 619	122.5	27 965	121.5
Redeemable preference shares	(254)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	(4 431)	(19.6)	(4 431)	(19.2)
Treasury shares held on behalf of contract holders	(397)	(1.8)	(260)	(1.1)
Shareholder excess per reporting basis	22 537	100.0	23 020	100.0

NUMBER OF EMPLOYEES

	30.06.2020	30.06.2019
Indoor staff	9 915	9 566
SA	8 829	8 275
International	1 086	1 291
Field staff	6 352	6 208
Momentum Life & Investments	1 127	1 052
Metropolitan Life	3 865	3 561
International	1 360	1 595
Total	16 267	15 774

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ADOPTION OF NEW STANDARDS IFRS 16 TRANSITIONAL ADJUSTMENTS

The Group has applied IFRS 16 retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated.

Prior to the adoption of IFRS 16, the majority of leases were accounted for as operating leases. Lease payments made were recognised in the income statement on a straight-line basis over the term of the lease. On adoption of IFRS 16, the Group recognised lease liabilities of R361 million in relation to the leases measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 July 2019. The lease liability is included within Financial liabilities at amortised cost on the statement of financial position.

Right-of-use assets of R339 million was recognised at 1 July 2019. The cost of the right-of-use assets were measured retrospectively based on the lease liability measured at lease commencement date, using the discount rate based on the lessee's incremental borrowing rate at 1 July 2019. R313 million is disclosed as part of Owner-occupied properties, R20 million is disclosed as part of Investment properties and R6 million is disclosed as part of Property and equipment on the statement of financial position. The right-of-use assets disclosed as part of Investment properties have been measured at fair value on 1 July 2019. The difference between the lease liability and right-of-use asset was recognised as an adjustment to retained earnings. There was also a R3 million increase in deferred tax.

Practical expedients used as allowed under IFRS 16:

- IFRS 16 has been applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.
- The Group has not reassessed existing contracts as to whether they contain a lease as defined under IFRS 16.
- Leases ending within 12 months of the transition date will continue to be accounted for under IAS 17.

Depreciation on the right-of-use asset and finance costs on the finance lease liability is recognised in the income statement, instead of the operating lease expense as per IAS 17.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

CATEGORY IN TERMS OF IFRS 9	At fair value through profit and loss										
	Mandatorily Designated ¹		Total fair value		Amortised cost		Not in scope of IFRS 9		Total		
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
30.06.2020											
Unit-linked investments	159 953	-	159 953	-	-	-	-	-	-	159 953	-
Debt securities	40 473	104 080	144 553	479	-	-	-	-	-	145 032	-
Equity securities ²	91 498	-	91 498	-	-	-	-	-	-	91 498	-
Funds on deposit and other money market instruments	11 851	15 734	27 585	161	-	-	-	-	-	27 746	-
Derivative financial instruments	3 298	-	3 298	-	-	-	-	-	-	3 298	-
Financial assets at amortised cost	-	-	-	9 103	-	-	-	-	-	9 103	-
Insurance and other receivables (excluding accelerated rental and prepayments)	-	-	-	-	-	-	-	4 783	-	4 783	-
Cash and cash equivalents	-	-	-	-	-	31 747	-	-	-	31 747	-
Total financial assets	307 073	119 814	426 887	41 490	-	4 783	-	4 783	-	473 160	-
Investment contracts with DPF	-	-	-	-	-	-	-	-	-	-	18 320
Investment contracts designated at fair value through income	-	261 854	261 854	-	-	-	-	-	-	261 854	-
Derivative financial instruments	5 463	-	5 463	-	-	-	-	-	-	5 463	-
Collective investment scheme liabilities	-	28 467	28 467	-	-	-	-	-	-	28 467	-
Subordinated call notes	-	4 431	4 431	-	-	-	-	-	-	4 431	-
Carry positions	-	7 444	7 444	-	-	-	-	-	-	7 444	-
Financial liabilities at amortised cost	-	-	-	4 292	-	-	-	318	-	4 610	-
Other payables (excluding premiums in advance and deferred revenue liability)	-	-	-	-	-	12 651	-	5 615	-	18 266	-
Other borrowings	115	26	141	-	-	-	-	-	-	141	-
Total financial liabilities	5 578	302 222	307 800	16 943	-	24 253	-	348 996	-	-	-

¹ Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at fair value through profit and loss. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at fair value through profit and loss 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 fair value through profit and loss at inception.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9

	Fair value through profit and loss					
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm	Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
Restated						
30.06.2019³						
Unit-linked investments	164 905	-	164 905	-	-	164 905
Debt securities	32 804	94 858	127 662	387	-	128 049
Equity securities ²	97 686	-	97 686	-	-	97 686
Funds on deposit and other money market instruments	13 168	15 432	28 600	78	-	28 678
Derivative financial instruments	2 449	-	2 449	-	-	2 449
Financial assets at amortised cost	-	-	-	16 608	-	16 608
Insurance and other receivables (excluding accelerated rental and prepayments)	-	-	-	-	4 991	4 991
Cash and cash equivalents	-	-	-	27 061	-	27 061
Total financial assets	311 012	110 290	421 302	44 134	4 991	470 427
Investment contracts with DPF	-	-	-	-	20 573	20 573
Investment contracts designated at fair value through profit and loss	-	250 037	250 037	-	-	250 037
Collective investment scheme liabilities	-	29 331	29 331	-	-	29 331
Subordinated call notes	-	4 431	4 431	-	-	4 431
Carry positions	-	6 613	6 613	-	-	6 613
Derivative financial liabilities	2 318	-	2 318	-	-	2 318
Other borrowings	108	5	113	-	-	113
Financial liabilities at amortised cost	-	-	-	3 007	-	3 007
Other payables (excluding premiums in advance and deferred revenue liability)	-	-	-	17 412	5 987	23 399
Total financial liabilities	2 426	290 417	292 843	20 419	26 560	339 822

¹ Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at fair value through profit and loss. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at fair value through profit and loss 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 fair value through profit and loss at inception.

³ Refer to the restatements note for more information on the restatements.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

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
30.06.2020				
Securities at fair value through profit and loss	285 068	137 817	4 002	426 887
Unit-linked investments				
Collective investment schemes ¹				
Local unlisted or listed quoted	101 356	648	-	102 004
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 ²	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	55	3 134	3	3 192
Unlisted	-	3 927	553	4 480
Other debt instruments				
Local listed	208	38 848	22	39 078
Foreign listed	314	2 707	-	3 021
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
Derivative financial instruments - Held for trading	190	3 108	-	3 298
	285 068	137 817	4 002	426 887

¹ Collective investment schemes are classified as level 1 when there is an active market of transactions between investors and collective investment schemes based on a published price.

² R745 million level 2 local unlisted or listed quoted other unit-linked instruments were reclassified to level 2 local unlisted unquoted other unit-linked instrument in the current year as through further interrogation it was deemed more appropriate.

³ There were no significant transfers in and out of level 1 and 2 respectively in the current year.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Restated				
30.06.2019¹				
Securities at fair value through profit and loss	289 411	128 048	3 843	421 302
Unit-linked investments				
Collective investment schemes ²				
Local unlisted or listed quoted	101 792	586	-	102 378
Foreign unlisted or listed quoted	49 513	123	79	49 715
Foreign unlisted unquoted	-	914	477	1 391
Other unit-linked investments				
Local unlisted or listed quoted ³	2 051	1 428	3	3 482
Local unlisted unquoted	-	6 234	1 523	7 757
Foreign unlisted unquoted	6	-	40	46
Foreign unlisted or listed quoted	-	-	136	136
Debt securities				
Stock and loans to government and other public bodies				
Local listed	37 598	11 820	-	49 418
Foreign listed	1 559	2 726	2	4 287
Unlisted	-	4 237	538	4 775
Other debt instruments				
Local listed	-	34 883	3	34 886
Foreign listed	165	2 396	60	2 621
Unlisted	-	31 062	613	31 675
Equity securities				
Local listed	75 153	2	1	75 156
Foreign listed	21 564	643	186	22 393
Unlisted	-	3	134	137
Funds on deposit and other money market instruments	-	28 552	48	28 600
Derivative financial instruments - Held for trading	10	2 439	-	2 449
	289 411	128 048	3 843	421 302

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

² Collective investment schemes are classified as level 1 when there is an active market of transactions between investors and collective investment schemes based on a published price.

³ R1.3 billion local unlisted or listed quoted other unit-linked instruments were transferred from level 2 to level 1 in the prior year as through further interrogation it was deemed more appropriate to disclose as level 1.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
30.06.2020				
Investment contracts designated at fair value through profit and loss	-	261 828	26	261 854
Financial liabilities at fair value through profit and loss	26 019	19 795	132	45 946
Collective investment scheme liabilities	26 019	2 426	22	28 467
Subordinated call notes	-	4 431	-	4 431
Carry positions	-	7 444	-	7 444
Derivative financial instruments - held for trading	-	5 463	-	5 463
Other borrowings	-	31	110	141
	26 019	281 623	158	307 800
Restated				
30.06.2019 ¹				
Investment contracts designated at fair value through profit and loss	-	250 008	29	250 037
Financial liabilities at fair value through profit and loss	29 268	13 367	171	42 806
Collective investment scheme liabilities	29 268	-	63	29 331
Subordinated call notes	-	4 431	-	4 431
Carry positions	-	6 613	-	6 613
Derivative financial instruments - held for trading	-	2 318	-	2 318
Other borrowings	-	5	108	113
	29 268	263 375	200	292 843

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

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

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS	At fair value through profit and loss				Total Rm
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Funds on deposit and other money market instruments Rm	
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 from 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)	69	(2)	(369)
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 ¹	29	89	99	-	217
Transfers out to Level 2 ²	-	(60)	(93)	(41)	(194)
Closing balance	2 667	1 034	296	5	4 002
Restated					
12 mths to 30.06.2019 ³					
Opening balance	1 731	1 808	238	-	3 777
Transfer to assets relating to disposal groups held for sale	(44)	-	-	-	(44)
Total (losses)/gains in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	123	(11)	(32)	-	80
Unrealised (losses)/gains	(130)	48	91	-	9
Accrued interest in investment income in the income statement	-	49	-	-	49
Purchases	2 951	554	94	40	3 639
Sales	(2 590)	(765)	(158)	(20)	(3 533)
Settlements	-	(536)	-	-	(536)
Transfers into level 3 ¹	302	76	205	28	611
Transfers out to Level 1 ⁴	(85)	-	(1)	-	(86)
Transfers out to Level 2 ²	-	(7)	(116)	-	(123)
Closing balance	2 258	1 216	321	48	3 843

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 relates 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 Refer to the restatements note for more information on the restatements.

⁴ Transfers out to level 1 relates mainly to a reassessment performed on assets and it was deemed more appropriate to disclose as level 1.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

Sensitivity of significant level 3 financial instrument assets measured at fair value to changes in key assumptions:

	At fair value through profit and loss	
	Unit-linked investments Rm	Debt securities Rm
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
Restated		
30.06.2019 ¹		
Carrying amount	2 258	1 216
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	226	(6)
Effect of decrease in assumption	(226)	8

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

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

RECONCILIATION OF THE FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES	At fair value through profit and loss			Total Rm
	Investment contracts designated at fair value through profit and loss Rm	Collective investment scheme liabilities Rm	Other borrowings Rm	
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
12 mths to 30.06.2019				
Opening balance	25	86	110	221
Total losses/(gains) in net realised and unrealised fair value gains in the income statement				
Realised gains	-	(6)	-	(6)
Unrealised losses	3	2	15	20
Issues	-	19	-	19
Sales	-	(26)	-	(26)
Settlements	-	(12)	(17)	(29)
Contract holder movements				
Investment return	1	-	-	1
Closing balance	29	63	108	200

Sensitivity: Increasing/decreasing the net asset value of the underlying entity by 10% would decrease/increase the carrying amount of level 3 other borrowings liabilities by R4 million and R4 million (2019: R4 million and R4 million), respectively.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

VALUATION TECHNIQUES USED IN DETERMINING THE FAIR VALUE OF LEVEL 2 FINANCIAL ASSETS AND LIABILITIES

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.

Instrument	Valuation basis	Main assumptions
Equities and similar securities - Listed, local and foreign	DCF, earnings multiple, quoted 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, real bond curve
- Listed, foreign	DCF, benchmarked against similar instrument with the same issuer	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
- Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Other debt securities		
- Listed, local	Published price quotations, DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
- Listed, foreign	Published price quotations, DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
- Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Funds on deposit and other money market instruments		
- Listed	DCF, issue price (amortised cost)	Money market curve
- Unlisted	DCF	Money market curve, credit spread
Unit-linked investments	External valuations	Net asset value (assets and liabilities are carried at fair value)
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 positions (Liability)	DCF	Nominal bond curve, repo rates

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

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

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

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Securities at fair value through profit and loss				
Equity securities				
- Foreign listed	Market pricing from publicly available data	Adjustments for low liquidity or inactivity	Liquidity discount: 0% to 30%	Adjustments would result in lower fair value
- Unlisted	DCF	Risk adjusted discount rate	Equity risk premium: 4% to 8% Liquidity discount rate: 5% to 30% Nominal risk free: 6% to 10%	Higher discount rates would reduce fair value
	P/E ratio approach	P/E ratio or multiple	2.0 to 14.4 times	Higher multiple would result in higher fair value
	Sum of the parts	P/E ratios and discount rates	Equity risk premium: 4% to 8% Liquidity discount rate: 5% to 30% Nominal risk free: 6% to 10%	Higher multiple would result in higher fair value, higher discount rates would reduce fair value
Debt securities				
Stock and loans to government and other public bodies				
- Unlisted	DCF	Nominal interest rate	8.00% to 11.00% (2019: 8.00% to 11.00%)	The higher the nominal interest rate, the lower the fair value of the assets
Other debt instruments				
- Unlisted	DCF	Nominal interest rate	8.28% to 9.85% (2019: 8.26% to 10.69%); 5.41% to 11.41% (2019: 8.43% to 11.55%)	The higher the nominal interest rate, the lower the fair value of the assets
	Mark to model	Adjustments to market-related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
	Net asset value	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Funds on deposit and other money market instruments				
	Deposit rates or DCF (market-related yields)	Market input (based on quotes received from market participants and valuation agents)	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the higher the fair value

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

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

	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Financial assets (continued)				
Securities at fair value through profit and loss (continued)				
Unit-linked investments				
Collective investment schemes				
- Foreign unlisted or listed quoted	Quoted unit price multiplied by number of units held	Based on underlying assets/liabilities credit spread, liquidity spread, discount rate, currency rate, consumer price index	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
- Foreign unlisted unquoted	Unit price of underlying assets/liabilities multiplied by number of units held	Based on underlying assets/liabilities credit spread, liquidity spread, discount rate, currency rate, consumer price index	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
Other unit-linked investments				
- Local unlisted unquoted	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
- Foreign unlisted or listed quoted	Adjusted net asset value method	Distributions or net cash flows since last valuation. Management applies judgement if an adjustment is required due to an inactive market	Could vary significantly due to range of holdings and the different risks associated with the investee	The fair value varies on distributions/net cash flows and period since last valuation
- Foreign unlisted unquoted	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

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

	Valuation technique(s)		Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Financial liabilities					
Investment contracts designated at fair value through profit and loss	Asset and liability matching method	Asset value	Unit price		The asset value increase will increase the fair value of the liability
Financial liabilities at fair value through profit and loss					
Collective investment scheme liabilities	Adjusted net asset value method	Price per unit	Could vary significantly due to range of holdings		The higher the price per unit, the higher the fair value
Other borrowings	DCF	Adjustments to discount rate	Dependent on credit risk and other risk factors		The lower the rate, the higher the fair value

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

MOMENTUM METROPOLITAN GROUP - STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	30.06.2020	30.06.2019
12 months		
Value of listed shares traded (rand million)	13 442	12 461
Volume of listed shares traded (million)	722	716
Shares traded (% of average listed shares in issue)	50	49
Trade prices		
Highest (cents per share)	2 278	1 987
Lowest (cents per share)	1 326	1 500
Last sale of period (cents per share)	1 761	1 897
Percentage (%) change during year	(7)	7
Percentage (%) change – life insurance sector (J857)	(31)	8
Percentage (%) change – top 40 index (J200)	(4)	1
30 June		
Price/normalised headline earnings (segmental) ratio	17.3	9.3
Dividend yield % (dividend on listed shares)	2.3	3.7
Dividend yield % – top 40 index (J200)	3.5	3.1
Total shares issued (million)		
Ordinary shares listed on JSE	1 498	1 498
Treasury shares held by subsidiary for shareholders	(27)	(27)
Treasury shares held on behalf of contract holders	(23)	(14)
Basic number of shares in issue	1 448	1 457
Convertible redeemable preference shares ¹	-	28
Diluted number of shares in issue	1 448	1 485
Convertible redeemable preference shares ¹	28	-
Treasury shares held on behalf of contract holders	23	14
Diluted number of shares in issue for normalised headline earnings purposes ²	1 499	1 499
Market capitalisation at end (Rbn) ³	26	28

¹ On a diluted basis, the KTH preference shares are anti-dilutive in the current year. For diluted headline earnings and earnings, these preference shares have therefore been 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 in prior years.

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.

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




Investor presentation

Financial results for the year ended 30 June 2020




Part 01	Hillie Meyer Group CEO
	Update on Reset and Grow
Part 02	Risto Ketola Group FD
	Financial results



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Overview and Update on Reset and Grow

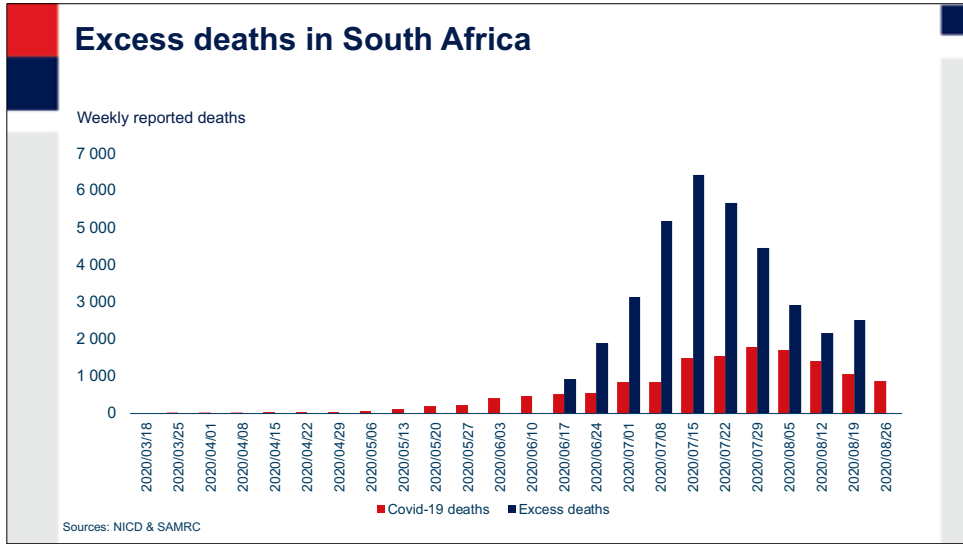
- 1 Covid-19
- 2 Highlights
- 3 Reset and Grow

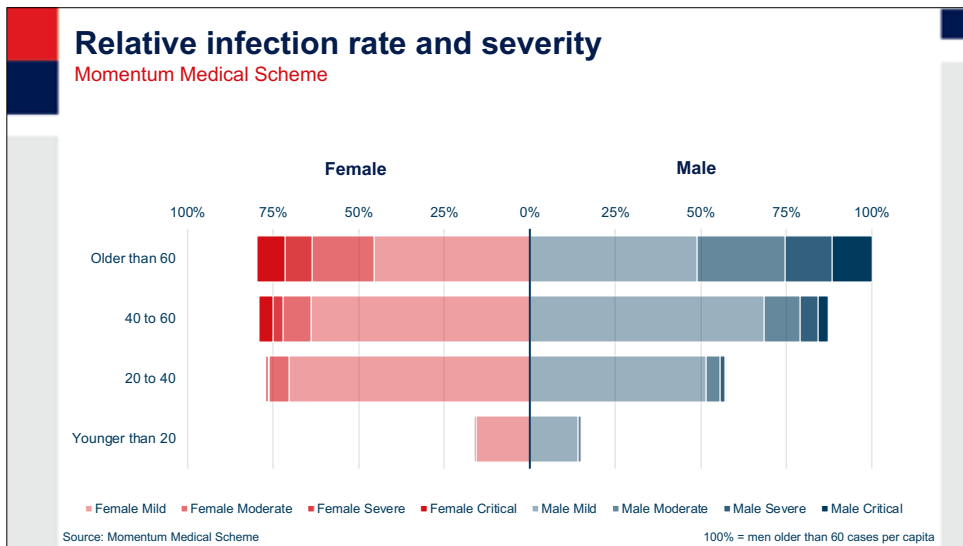


Covid-19

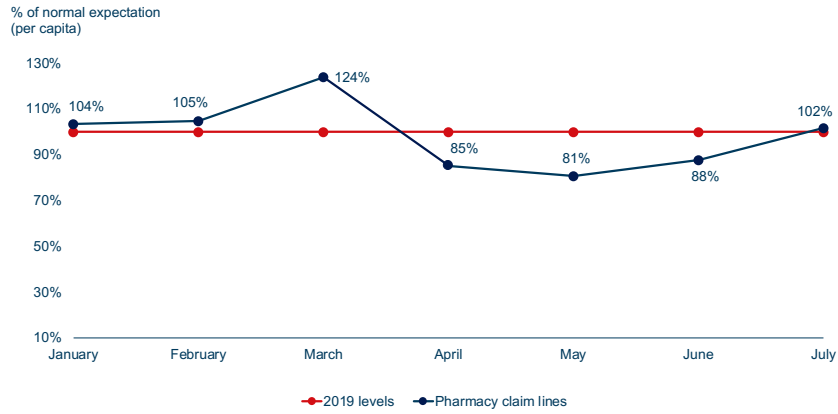
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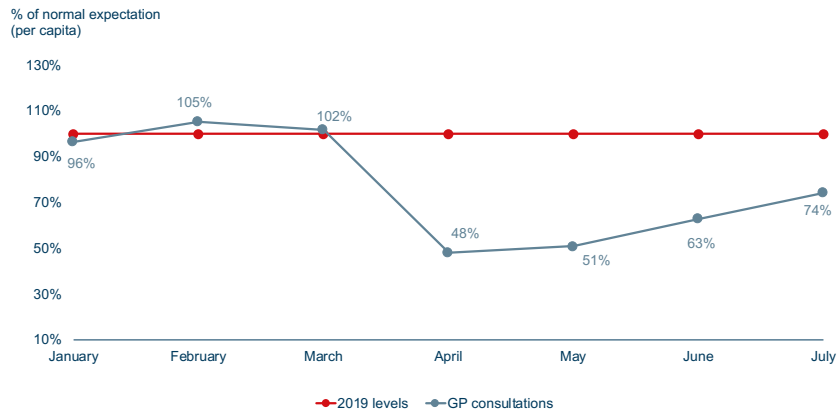


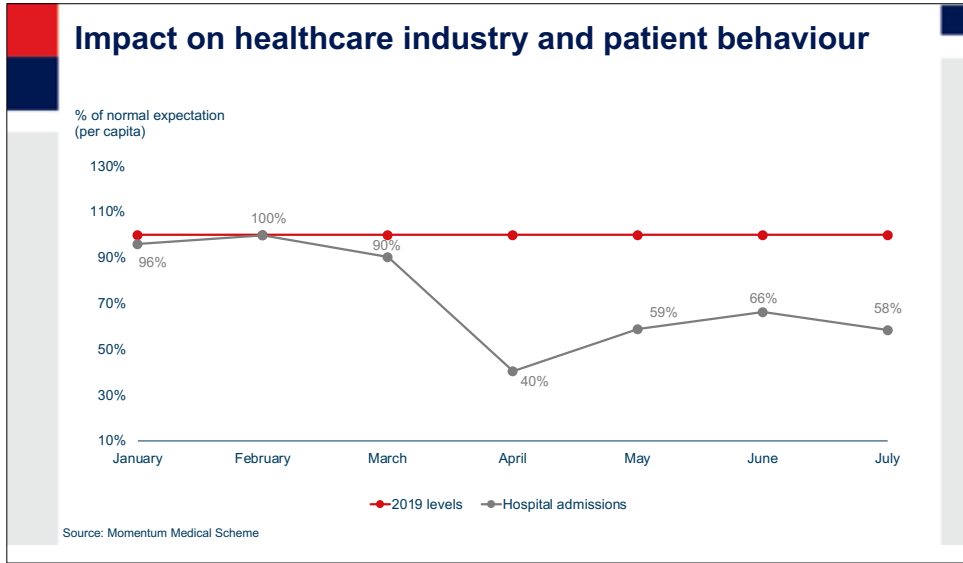


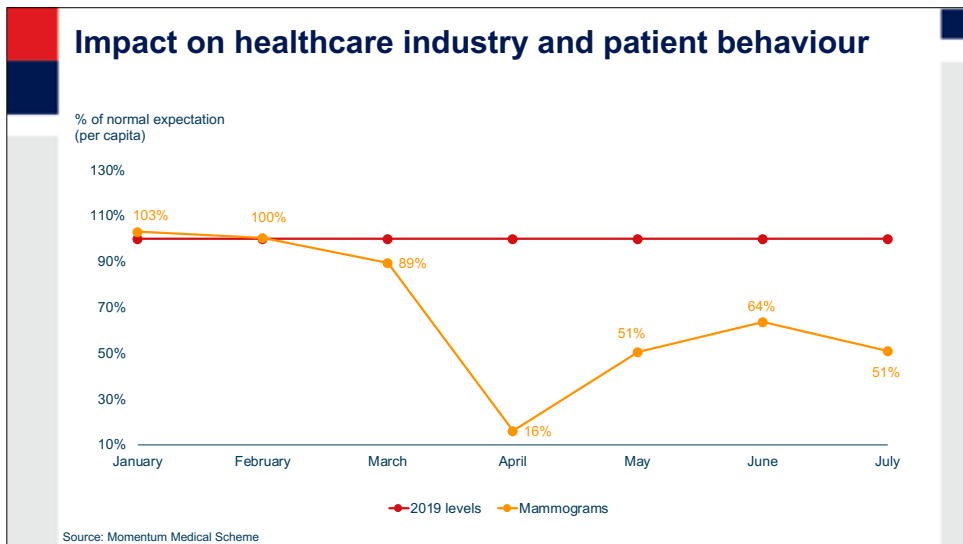
Impact on healthcare industry and patient behaviour



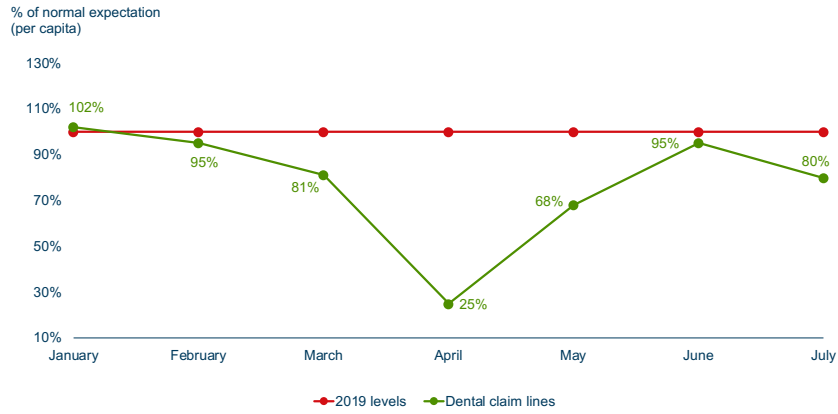
Impact on healthcare industry and patient behaviour







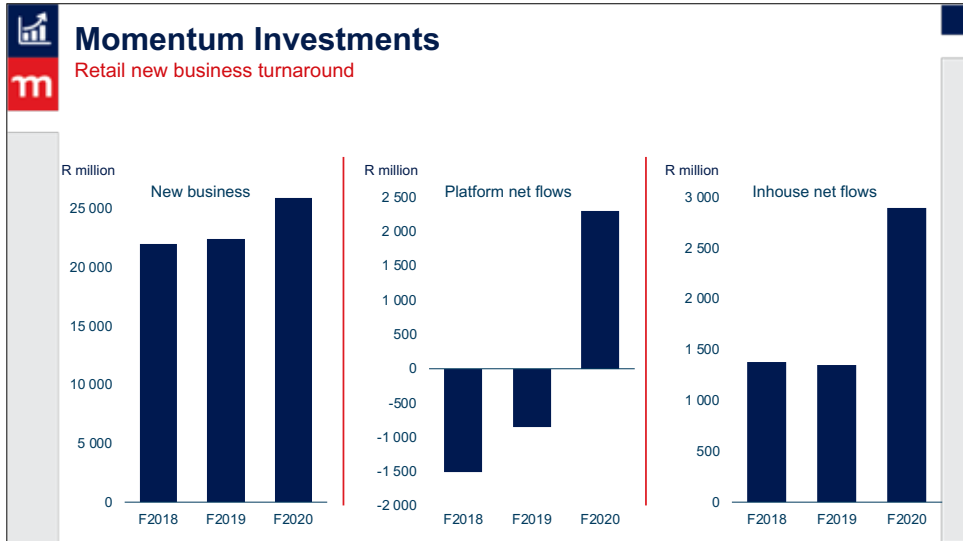
Impact on healthcare industry and patient behaviour

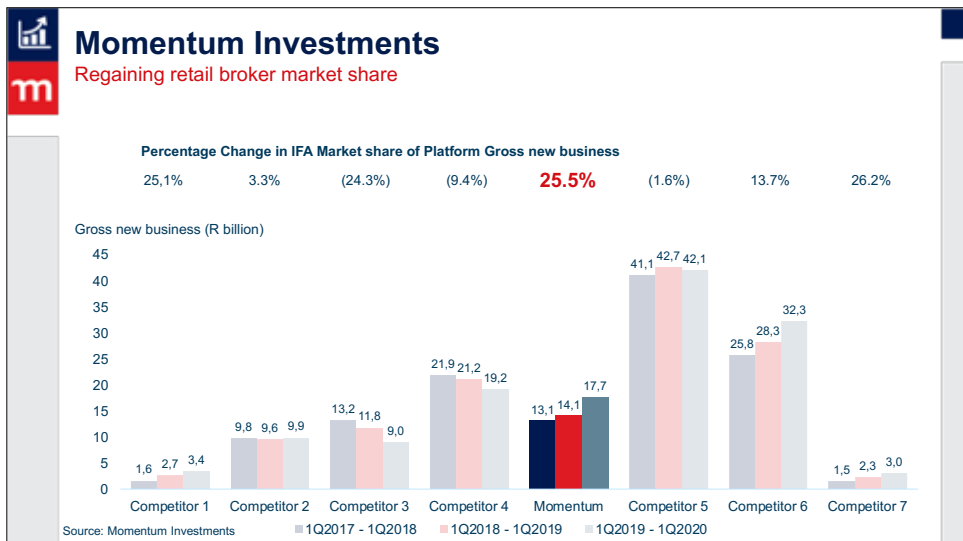


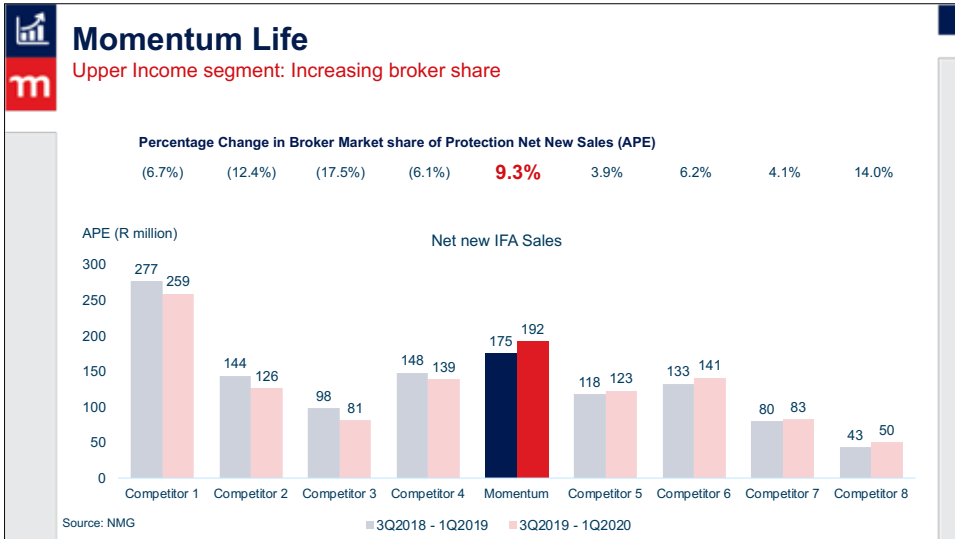
Highlights

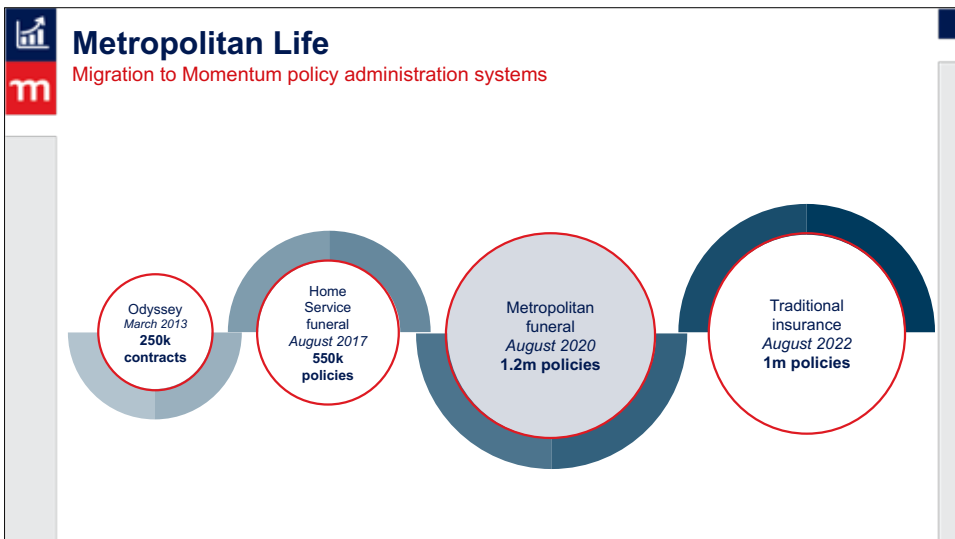
02

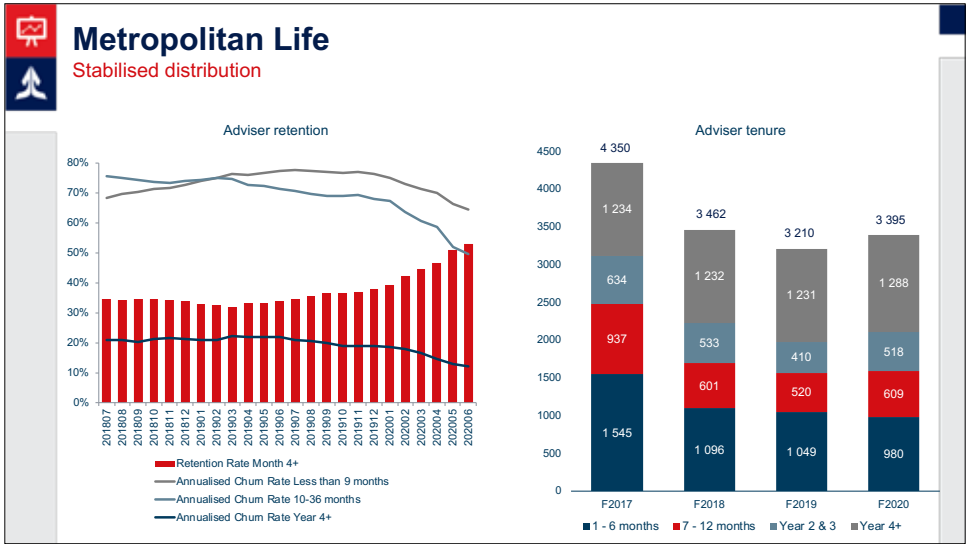


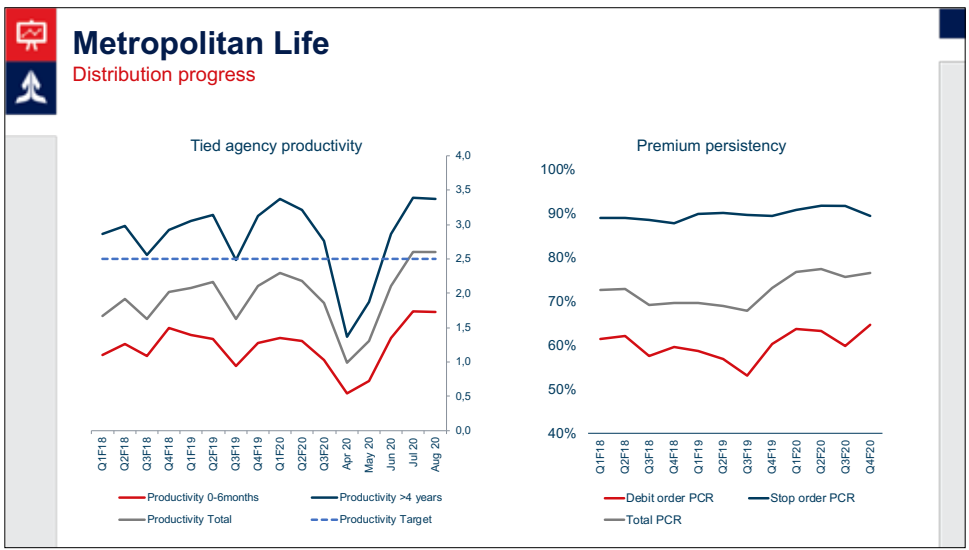


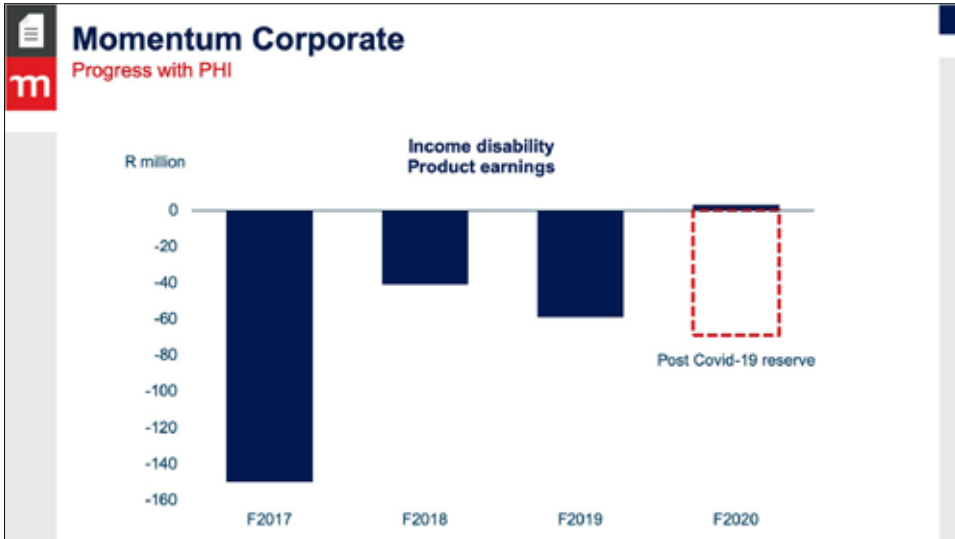












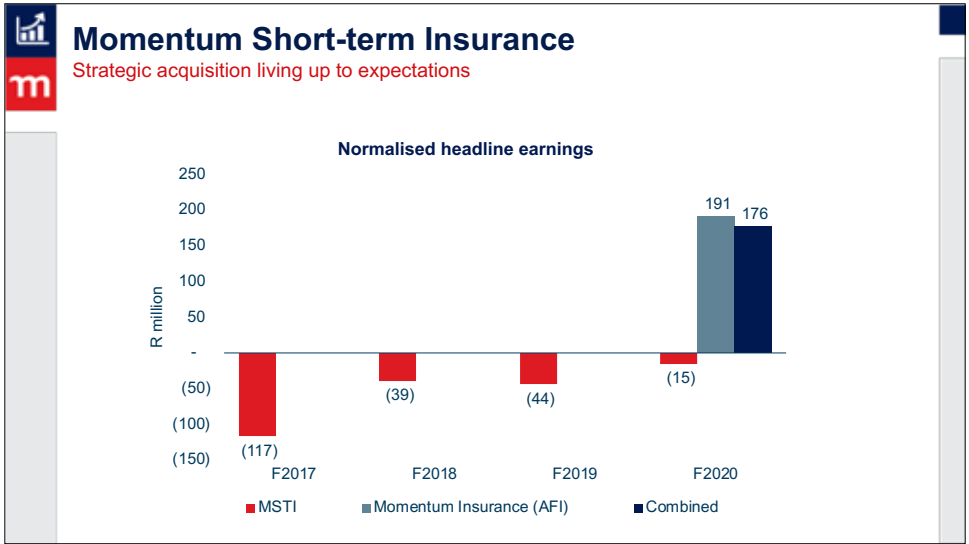
Momentum Health
Beginning to win large schemes again

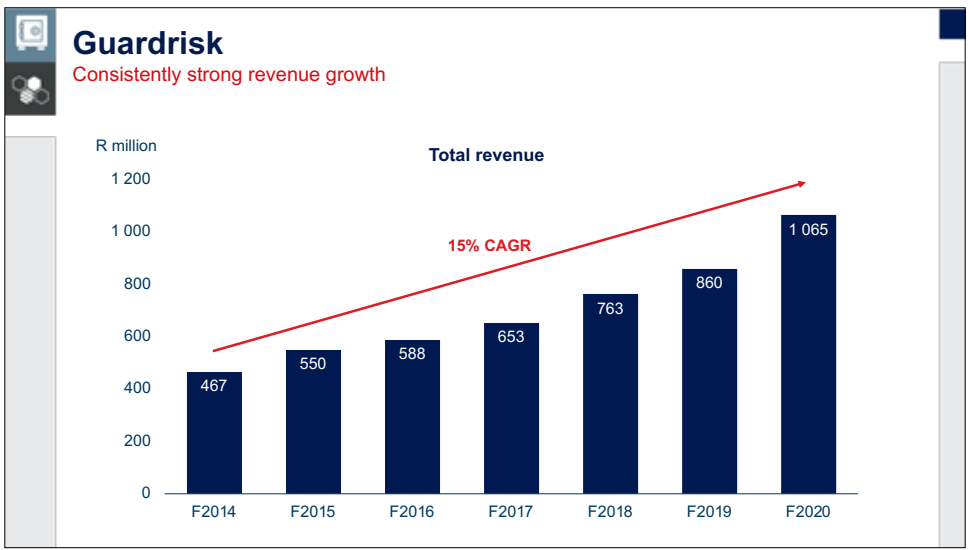
Open Scheme

- 1st large employer group in 8 years - **1 500 members**

Restricted Schemes

- 1st new appointment in 12 years - **30 000 members**





Employee Share Ownership Programme



B-BBEE ESOP

- 3% of Momentum Metropolitan Holdings ordinary shares
- All current and future South African-based permanent employees
- 85% black shareholding



Improves black ownership credentials



Subject to shareholder approval

Reset & Grow

03



Reset and Grow

RESET



Fix the basics



Address cost base

GROW



Distribution



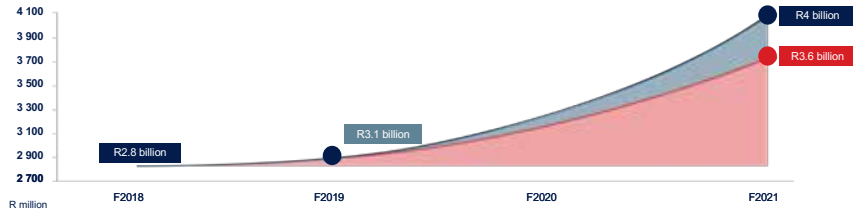
Products



Service



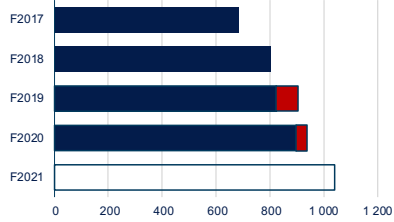
Marketing



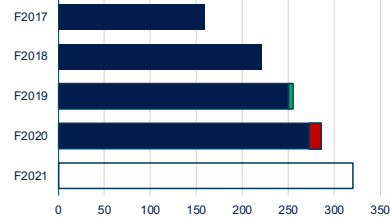


Momentum Life and Momentum Investments

Momentum agents footprint growth



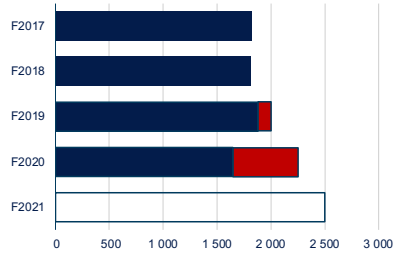
Momentum Consult footprint growth





Momentum Life and Momentum Investments

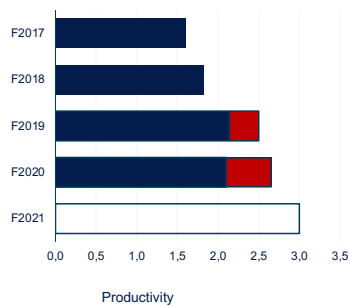
Grow productive brokers



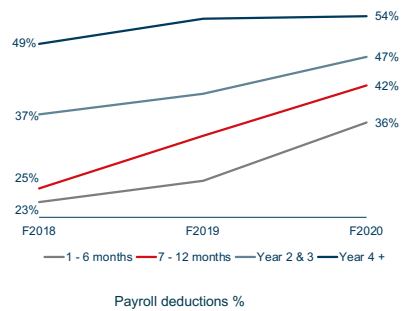


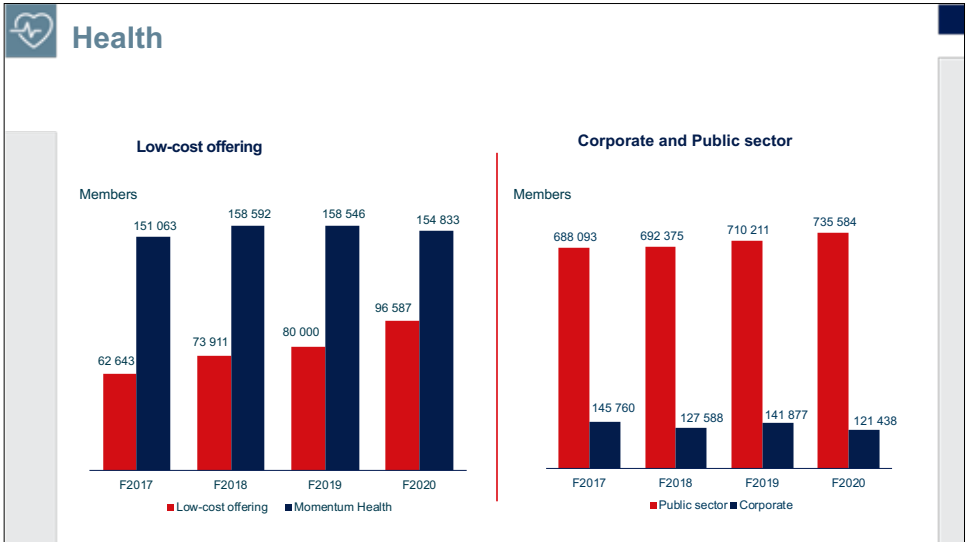
Metropolitan Life

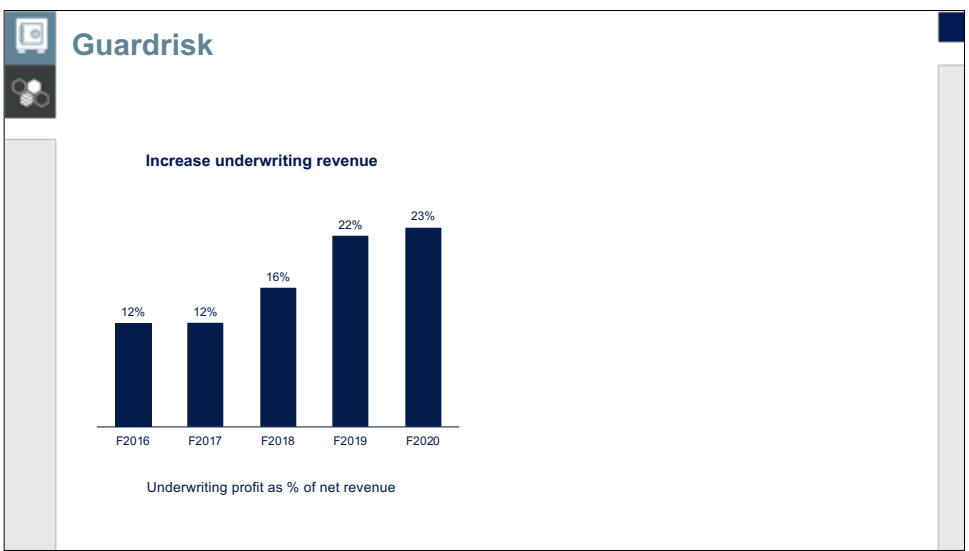
Adviser productivity

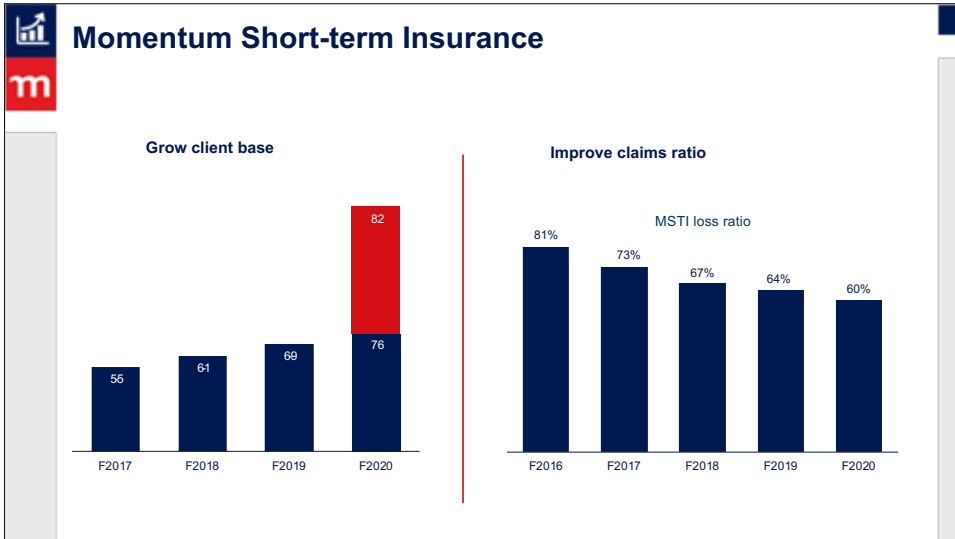


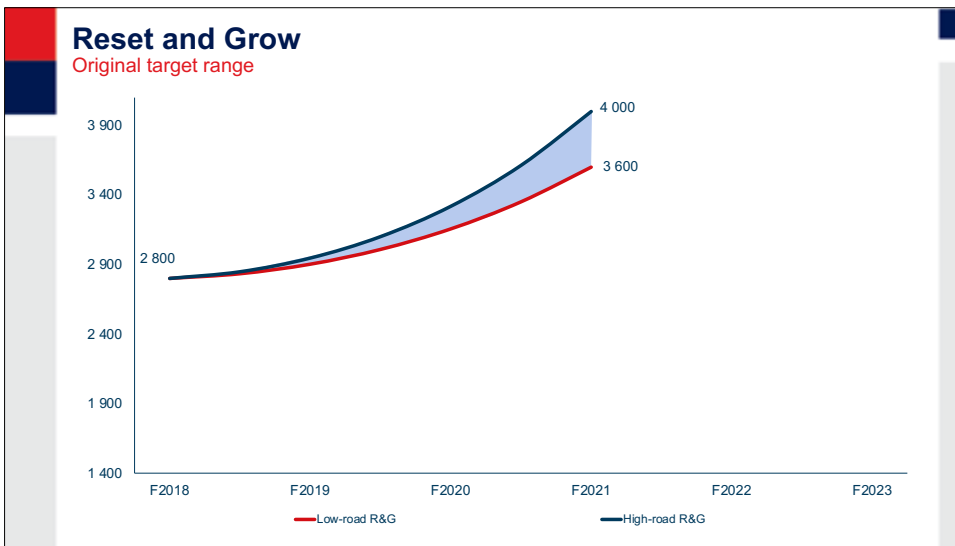
Sales and service efficiencies

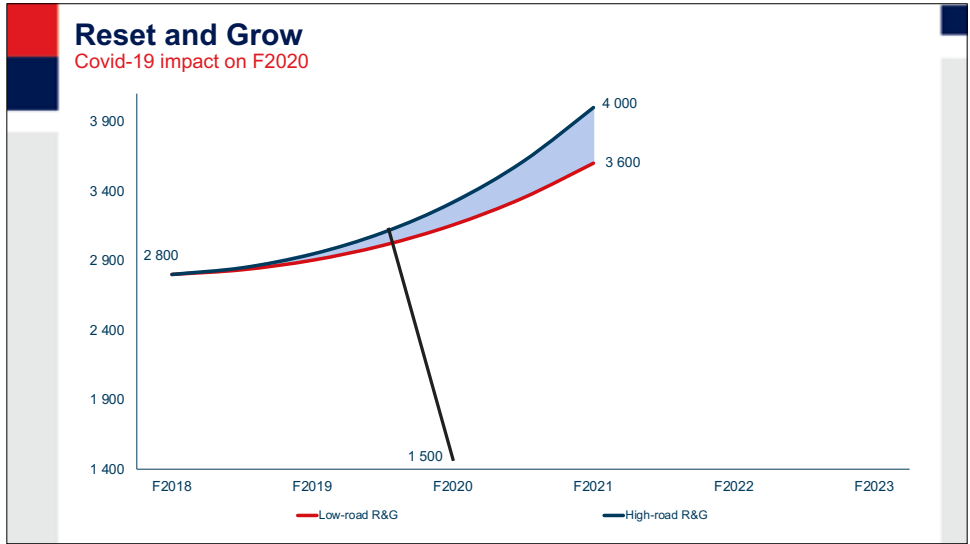


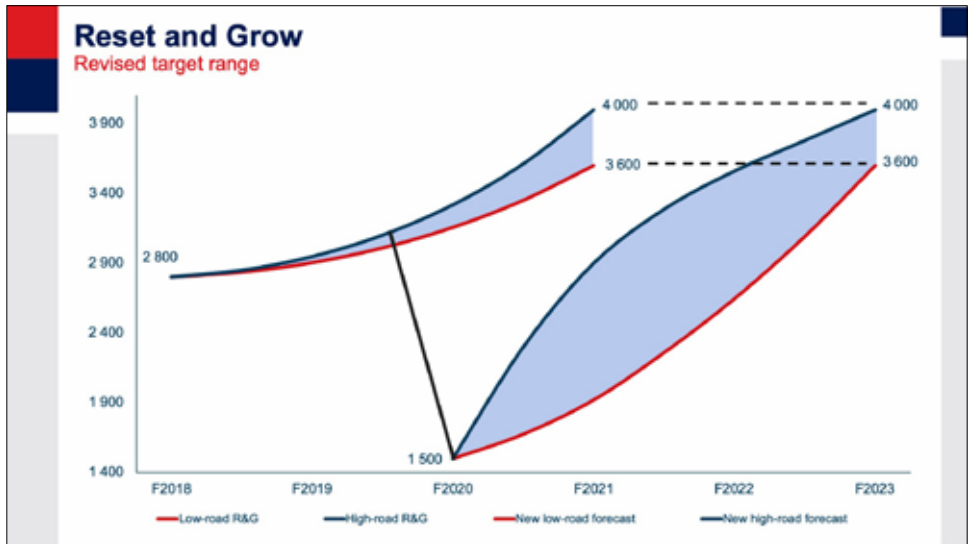












Preserving value for stakeholders



Clients



R500 million relief



Advisers



R70 million support



Employees



Safe working conditions



Shareholders



Resilient balance sheet



Earnings impact within appetite



Solid long-term prospects

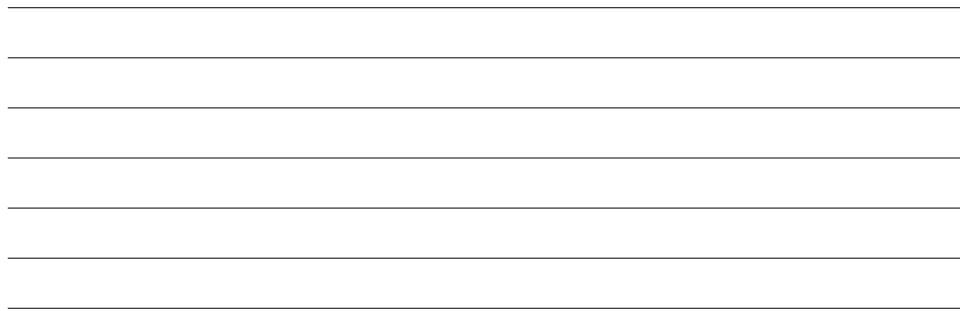
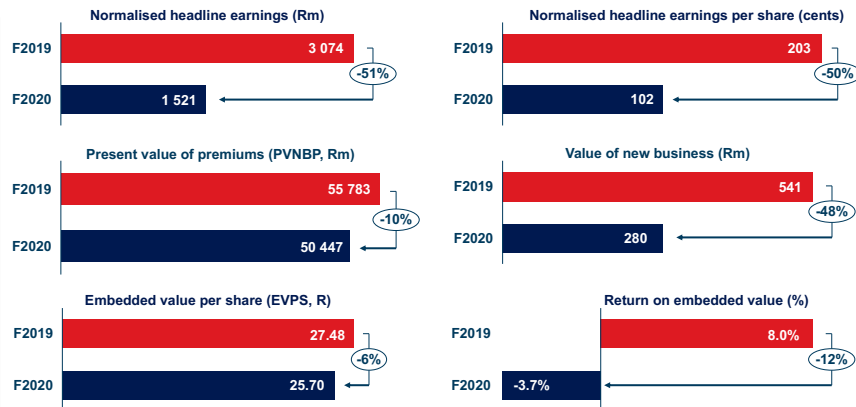


**Financial results for
the year ended
30 June 2020**

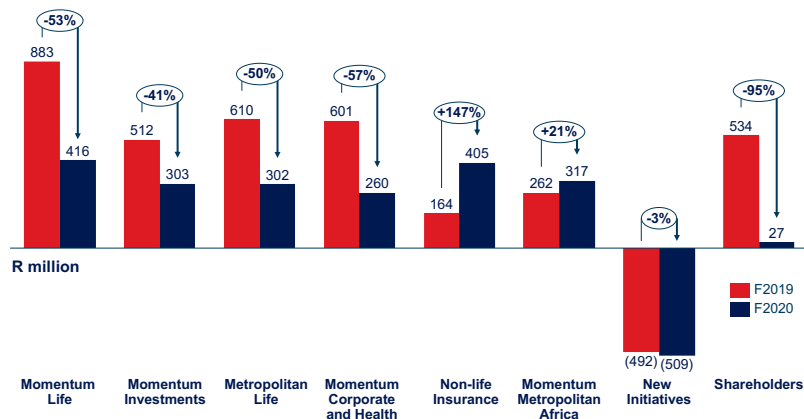
04



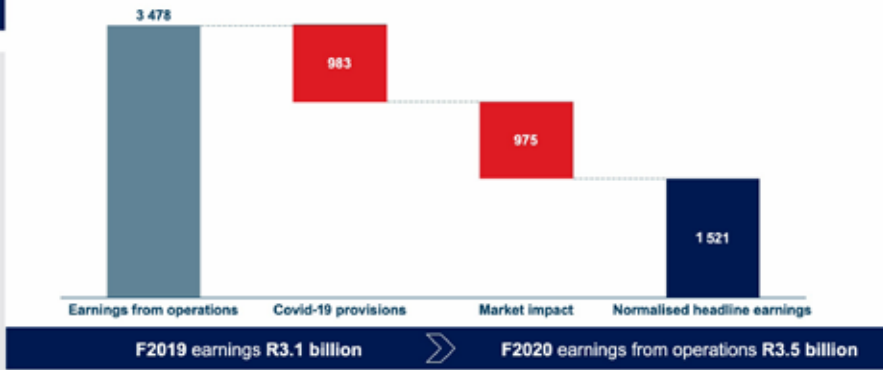
Key financial measures



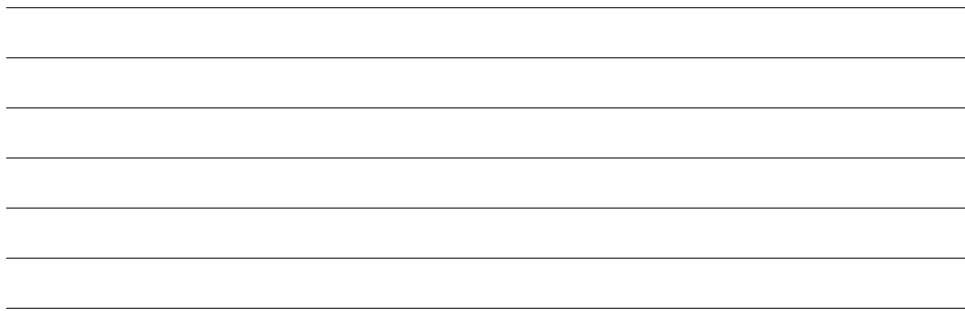
Normalised headline earnings by business unit



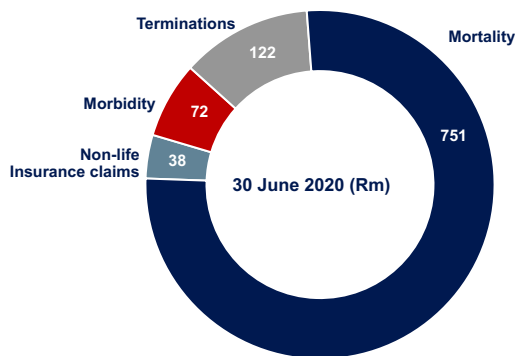
Impact of Covid-19 on our normalised headline earnings



- Market impact includes the investment variances on the life insurance businesses; and excess investment returns, fair value adjustments and economic assumption changes on the shareholder portfolio.
- 3Q20 market impact reported at R1.2 billion; ended year at R1.0 billion.



Impact of Covid-19 on our normalised headline earnings



Our Covid-19 provisions reduced earnings by **R1 billion**

Assumptions based on best estimate basis

Largest impact expected in F2021 and F2022

Low exposure to terminations due to product design in retail risk business

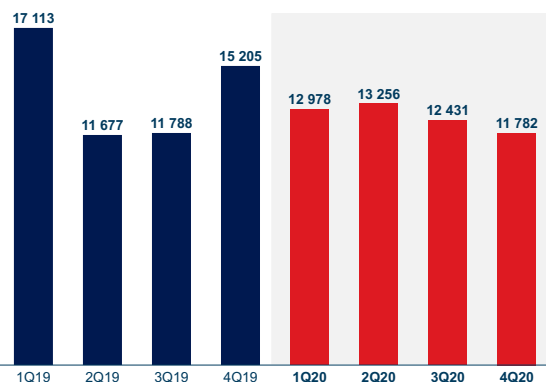
Group results

05



Sales declined by 10% year-on-year

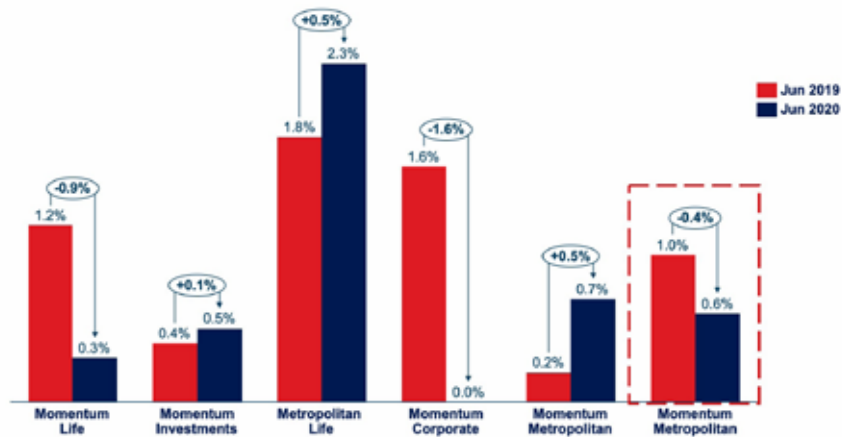
Present value of premiums (PVNBP, Rm)



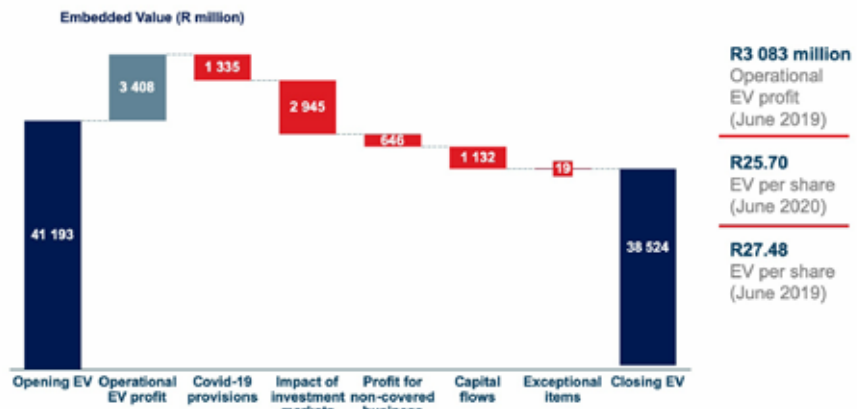
Year-on-year movements

- Momentum Life **-14%**
- Momentum Investments **+16%**
- Metropolitan Life **-4%**
- Momentum Corporate **-46%**
- Africa **+6%**

New business margin was 0.6% for F2020



Embedded value per share declined to R25.70



Capital cover ratio weathers Covid-19

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre-dividend)	29 067
Solvency Capital Requirement (SCR)	15 737
SCR cover (times)	1.85
SCR cover (times) - 30 June 2019	2.08

Capital cover target range is **1.7 to 2.1 times** the SCR

Capital management — dividend decreased by 43%



Dividend policy is to pay out 33% to 50% of normalised headline earnings

Loss for 2H20 implies zero dividend under dividend policy

Final dividend decision reflects also desire to preserve capital and liquidity

Projected balance sheet work confirms that 2.0 to 3.0 times dividend cover is still optimal for MMH

Other current topical matters

06

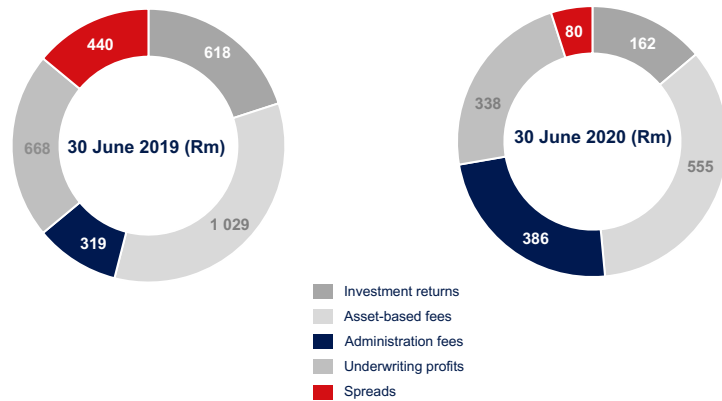


Other current topical matters

- 1** Understanding resilience of our earnings
- 2** Impact of investment markets
- 3** Metropolitan Life Covid-19 trends
- 4** Sales over the last six months



Resilience — diversified sources of earnings



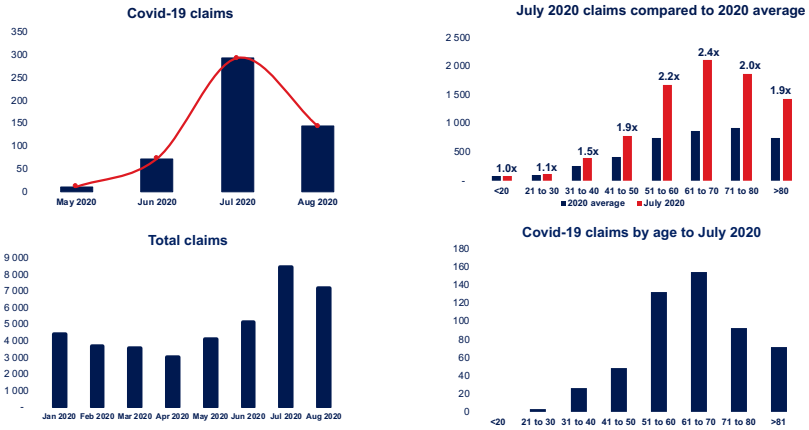
Impact of investment markets

Analysis of investment variances (R million)

By product type	1Q20	2Q20	3Q20	4Q20	F2020
Protection	5	5	23	(7)	26
Long-term savings	12	-	(234)	83	(139)
Annuities and structured products	14	1	(323)	(226)	(534)
Traditional	(17)	7	(337)	338	(9)
Other	(6)	33	(189)	92	(70)
Total investment variances	8	46	(1 060)	280	(726)

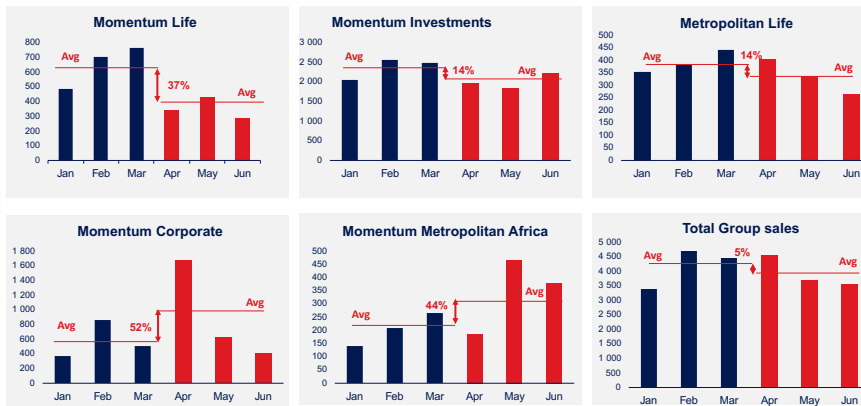
Equity markets recovered in 4Q20, but fixed income market dislocation became more prominent

Metropolitan Life Covid-19 trends



Sales trends over the last six months

New business volumes (PVNBP, Rm)



In closing

07




In closing

- 1** We want to share our appreciation to all the frontline healthcare staff and emergency workers who have worked tirelessly to minimise the mortality and morbidity impact of the pandemic.
- 2** This was a very demanding period for our clients and we are grateful for the excellent persistency during this difficult time when money is tight.
- 3** Thank you to our staff for your continued perseverance and grit as we focus on delivering on our promises in these extraordinary times.
- 4** Finally, we also want to look ahead with a sense of optimism. South Africa is a country with massive potential and hopefully this health crisis will become the catalyst for tangible changes in economic policy that will unlock this growth potential.

Appendix

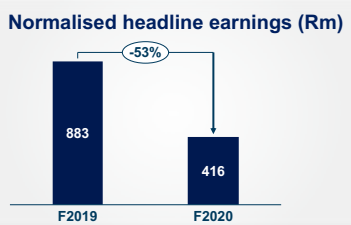
08





Momentum Life

Normalised headline earnings (Rm)



Year	Normalised headline earnings (Rm)
F2019	883
F2020	416

Earnings update

- Persistency levels on protection business improved
- Lower fees driven by modest investment returns
- Lower losses on Momentum Multiply

Covid-19 provision and investment markets

R30	Market impact
R316	Mortality
R50	Terminations

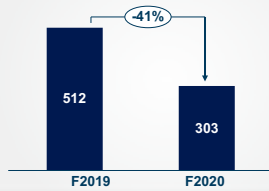
Operational highlights

- Sales were adversely impacted during 4Q20
- Service levels held up through the lockdown
- Significant product enhancements to Myriad range



Momentum Investments

Normalised headline earnings (Rm)



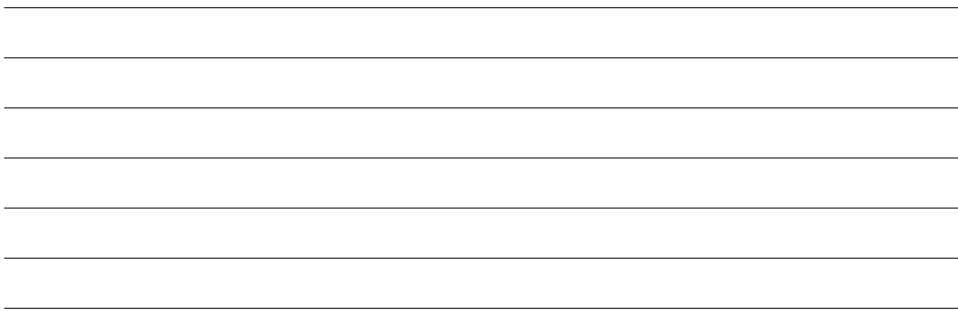
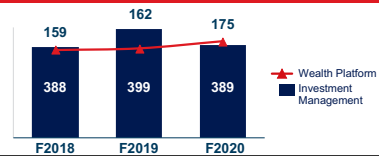
Earnings update

- Change in yield curves impacted earnings negatively
- Improved uptake of Momentum funds on platforms
- Improved support in IFA market

Investment markets

R287 MILLION Market impact

Assets under management



Metropolitan Life

Normalised headline earnings (Rm)



Earnings update

- Funeral lapse experience improved year-on-year
- Negative impact of investment markets on smoothed bonus and annuities
- Prudently managed controllable expenses

Covid-19 provision and investment markets

R275 MILLION Market impact

R108 MILLION Mortality

R72 MILLION Terminations

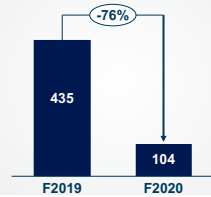
Operational highlights

- Agent productivity levels decent despite lockdown
- New collection tools valuable
- Increased adoption at digital tools by advisers



Momentum Corporate

Normalised headline earnings (Rm)



Earnings update

- Strong underwriting results before Covid-19 provision
- Secured good new business in 4Q20
- Below inflationary expense growth

Covid-19 provision and investment markets

R102 MILLION Market impact

R275 MILLION Mortality

R72 MILLION Morbidity

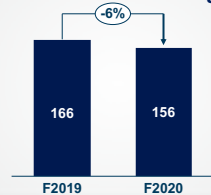
Operational highlights

- Response to retailisation initiatives shows early signs of promise
- FundsAtWork remains leading umbrella fund offering in the market



Momentum Metropolitan Health

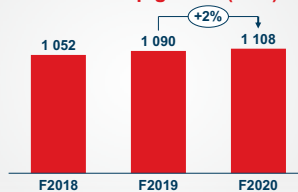
Normalised headline earnings (Rm)



Earnings update

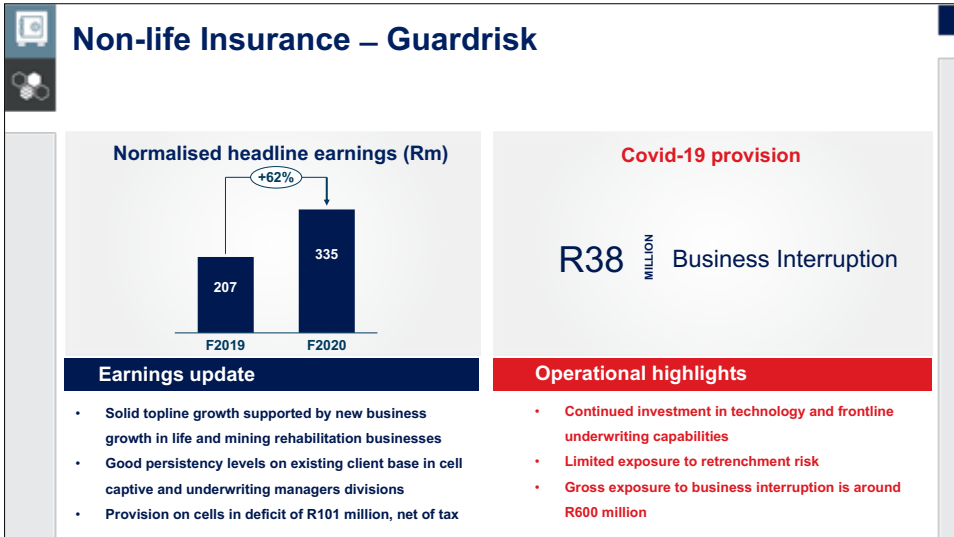
- Good growth on fee income under tough operating conditions
- Below inflationary expense growth
- Good membership growth in Health's public sector and low-cost products

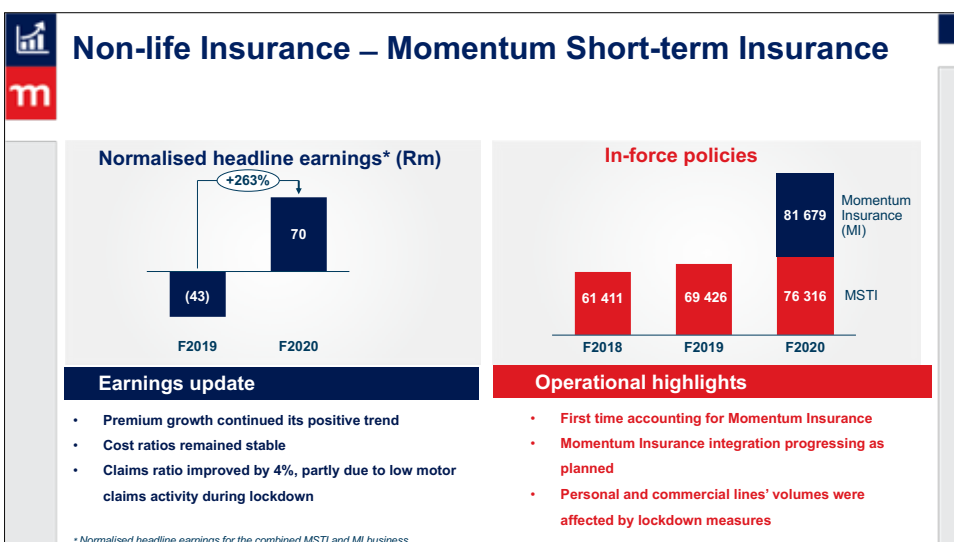
Membership growth ('000)



Operational highlights

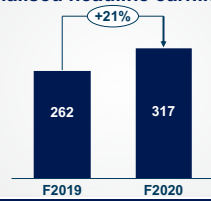
- Improved digital capabilities
- Service levels remain steady during lockdown
- Health business at the forefront, paying for over 340,000 Covid-19 tests





Momentum Metropolitan Africa

Normalised headline earnings (Rm)



Earnings update

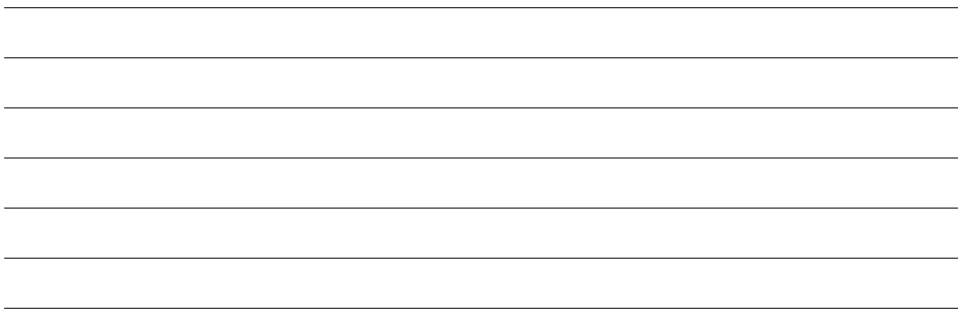
- Namibia's life insurance and health profits in line with prior year
- Lesotho benefited from one-off tax gain in 1H20
- Short-term insurance results weaker in Namibia and Kenya

Covid-19 provision and investment markets

R106 MILLION Market impact
R52 MILLION Mortality

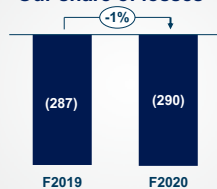
Operational highlights

- Good membership growth in Botswana's health business
- eSwatini and Nigeria were successfully sold
- Improvement visible in systems and controls



New Initiatives – India

Our share of losses* (Rm)



Direct support costs (Rm)



Driving value through scale



6 500+ Hospital Networks



8.3 million Lives insured



72% of premiums are retail



76 ABHI branches

**The results have been reported with a three month lag*

www.momentummetropolitan.co.za

momentum

momentum
multiply

 METROPOLITAN

GUARDRISK 

ERIS 