

OLDMUTUAL

2021

CAPITAL MARKETS DAY *a truly* mutual event

Capital Management



Our Capital Journey

Rectify

- Linking strategy to value
- Financial management framework
- Three manager model

Simplify

- Three manager model impact
- Capital and liquidity optimisation
- Capital releases

Amplify

- Debt to equity target
- Capital ratio targets
- Capital allocation

An aerial night photograph of a city, showing illuminated roads and buildings. A large, semi-transparent green hexagon is overlaid on the image, centered horizontally and vertically. The word "Rectify" is written in white, bold, sans-serif font across the middle of the hexagon.

Rectify

The Outcomes

Delivering shareholder value

Maximising after
tax returns

Long term sustainable
return on net asset value

The What

Value drivers

Revenue
Growth

Operating
Margin

Capital
Efficiencies

Competitive
Strengths

Execution
& Delivery

Maintaining confidence

Financial management framework

Regulatory/Internal Minimum
(Risk Capacity)



Upper bound

Lower bound

Optimal Range

Impact of Perfect Storm

Regulatory Minimum + Buffer

100%

Rectify

Simplify

Amplify

Three Manager Model

**Centralises financial risk-
and funding management**

**Liability
Managers**

**Asset
Managers**

**Middle
Manager**



The background of the image is a low-angle shot of several modern skyscrapers with glass facades. The buildings are arranged in a way that creates a strong sense of perspective, with lines converging towards the top of the frame. A large, semi-transparent green geometric shape, resembling a stylized arrow or a series of overlapping planes, is superimposed over the buildings. The word "Simplify" is written in a clean, white, sans-serif font across the center of the image, positioned over the green overlay.

Simplify

Drive Shareholder Value: Three Manager Model

~R3.3bn ALM
related reserve
releases

**Successful
navigation** of 2020
market impact of
Covid

Rectify

Simplify

Amplify

Drive Shareholder Value: Three Manager Model

Effective hedging
with **reduced costs**

Future fit ability to
manage **IFRS17**
changes

Rectify

Simplify

Amplify

How we delivered

We **optimised the balance sheet** to drive improved returns to shareholders.

Capital Structure

R4bn debt

Clean up of non-core assets

R8bn plc

R4bn Latam

R1.5bn restructuring

Aligned regulatory treatment to risk

Iterative risk margin, >20% uplift

R2.6bn participations

Rectify

Simplify

Amplify

How we delivered

Nedbank
unbundling

R38.8 bn

Special
distributions
Special dividend

R4.9 bn

Share buybacks

R4.9 bn

Ordinary
distributions

R12.8bn

Rectify

Simplify

Amplify

How we delivered

Nedbank
unbundled

R38.8 bn

We have **returned R61 bn of capital**
to shareholders since listing in 2018

Special
distributions

Special dividend

R4.9 bn

Share buybacks

R4.9 bn

Ordinary
distributions

R12.8 bn

Rectify

Simplify

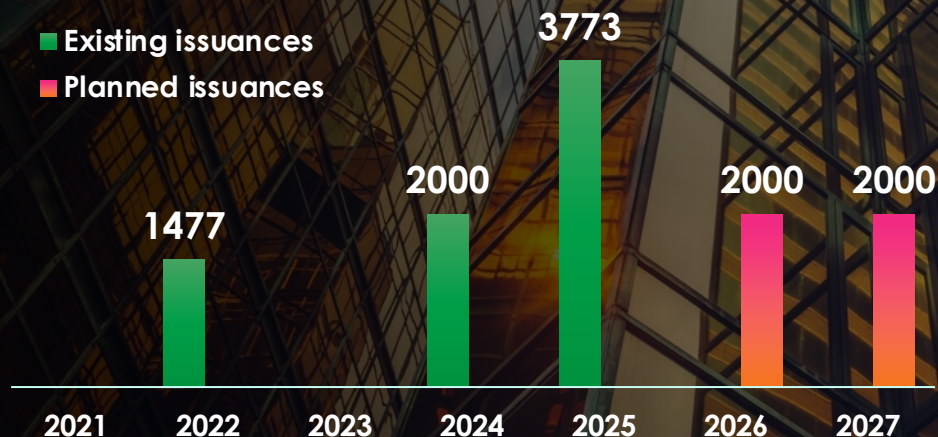
Amplify



Amplify

Drive shareholder value: Optimising capital structure

Old Mutual Debt Maturity Profile (Rm)



Regular debt issuances to create a smooth maturity profile

Rectify

Simplify

Amplify

Financial Leverage Ratio
of 11.8% in 2020

Optimal Financial Leverage
Ratio: **15% – 20%**

Looking forward: Optimal ranges for resilience

	H1 2018	FY 2020
OML Group		
Solvency ratio	164%	190%
Target	155% - 175%	165% - 195%
OMLACSA		
Solvency ratio	227%	215%
Target	>200%	175% - 210%

OMLACSA:
175% - 210%
(unchanged)

OML:
165% - 195%

OML:
170% - 200%
(with Accounting
Consolidation)

Rectify

Simplify

Amplify

1. FY2020 solvency position has been re-presented to align to the final submission to the Prudential Authority.

Improved capital allocation

Existing Capital Allocated

PF&W	20% – 25%
MFC	25% – 30%
CS	5% – 10%
Invest	5% – 10%
OMI	5% – 10%
RoA	10% – 15%

Diversification
reduces
required
capital

RFO Contribution

15% – 20%
30% - 35%
15% - 20%
15% - 20%
0 – 5%
5% - 10%

Cash
generation:
70% - 80%

Improved capital allocation

New Capital Allocation competitiveness and growth

Capital will be deployed to:

- Core business
- Transactional and lending capabilities
- Broker roll up in life and short term
- Simplifying the business
- Selected markets in Rest of Africa
- Driving innovation

**All initiatives
need to generate
returns in excess of the
cost of Equity else
capital will be
returned to
shareholders**

Rectify

Simplify

Amplify



**Focus on
driving value**

**Optimised
balance
sheet and
capital
structures**

**Disciplined
capital
allocation**

Impact of R10.4bn*

Nedbank unbundling

*Based on 23 June 2021
closing price R168 per share

Discussions to expand strategic relationship were not practical given competition and client ownership hurdles

**Capital position
optimised and remains
appropriate to support
our growth ambitions
and dividend policy**

- Proforma impact on the OML solvency ratio – negative 3%; remains in upper end of range
- Remaining Nedbank stake in OMLACSA part of capital and will be managed in line with the Financial Management Framework
- CGT costs (payable by OML) estimated at R650m at share price of R168
- Unbundled stake treated as held for sale at 30 June 2021