

Quarterly Financial Information

Operating update for the nine months ended
31 March 2021



MOMENTUM METROPOLITAN HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2000/031756/06

JSE share code: MTM

A2X share code: MTM

NSX share code: MMT

ISIN code: ZAE000269890

("Momentum Metropolitan" or "the Group")

MOMENTUM METROPOLITAN LIFE LIMITED

Incorporated in the Republic of South Africa

Registration number: 1904/002186/06

Company code: MMIG

("Momentum Metropolitan Life")

Operational update for the nine months ended 31 March 2021

Momentum Metropolitan delivers a resilient result and strong new business growth

We are satisfied with Momentum Metropolitan's financial performance over the nine-month period. The Group delivered R1 774 million of normalised headline earnings over the nine months, 19% higher than the comparative period in the prior year ("prior period"). It should be noted that the prior period was negatively impacted by unrealised market-related losses observed in March 2020, which were largely reversed in the current period. Growth in operating profit¹ was 17%, with growth being delivered by Momentum Investments, Metropolitan Life, Momentum Metropolitan Health, the Non-life business unit and Momentum Metropolitan Africa. Operating profit in the current period includes net mortality losses of R1.2 billion (which consists of a R607 million additional provision raised in December 2020 and R551 million from negative mortality experience variance) in the South African life insurance businesses. Investment return for the Group improved by 29%, largely driven by the recovery in investment markets.

The Group continued to record strong growth in new business, despite the lingering impact of the lockdown restrictions and challenging economic environment. The present value of new business premiums ("PVNBP") increased to R47.0 billion, 22% higher than the prior period. This growth was driven by a strong performance from Momentum Investments across both the Momentum Wealth investment platform business as well as structured products and annuities. Metropolitan Life saw strong single premiums new business and continued growing protection new business. Although new business volumes in other business units generally remain below pre-Covid-19 levels, they continue to improve quarter-on-quarter.

¹ Operating profit represents the profits (net of tax) that are generated from our operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds.

In addition to the strong new business volume growth, the value of new business more than doubled year-on-year, increasing from R250 million to R506 million for the nine-month period. This was supported by good overall growth in new business volumes, excellent expense management across the Group and a change in the new business mix towards higher margin lines of business. This resulted in a significant improvement in the new business margin from 0.6% to 1.1%.

Group embedded value per share was R27.28 on 31 March 2021. The return on embedded value per share was an annualised 9.6% for the nine months to 31 March 2021, assisted by an improvement in investment markets and positive operating variances. The Group's capital position remains strong. Momentum Metropolitan Life's regulatory solvency cover decreased from 1.95 at 31 December 2020 to 1.81 times the Solvency Capital Requirement ("SCR") at 31 March 2021. The decrease in SCR cover was mainly attributable to a greater reduction in the yield curve at long durations, higher than expected mortality claims resulting from Covid-19 and the dividend paid over the quarter. The additional provision established for Covid-19 is also included in the regulatory valuation basis.

Consolidated Group financial performance

The Group delivered normalised headline earnings of R1 774 million for the nine months. Normalised headline earnings by business unit are shown below:

R million	3Q2021	3Q2020 Restated*	Δ%
Momentum Life	208	585	(64)%
Momentum Investments	813	308	164%
Metropolitan Life	509	386	32%
Momentum Corporate [#]	(72)	392	<(100)%
Momentum Metropolitan Health [#]	150	137	9%
Non-life Insurance	361	263	37%
Momentum Metropolitan Africa	333	41	>100%
NHE from operating business units	2 302	2 112	9%
New Initiatives	(375)	(376)	0%
Shareholders	(153)	(248)	38%
Normalised headline earnings	1 774	1 488	19%

[#] From F2021 Momentum Corporate and Momentum Metropolitan Health were reported on separately, and the prior year results were therefore restated.

* Normalised headline earnings for the South African life insurance business units for the nine months to 31 March 2020 have been restated to be consistent with the reporting in F2021. Investment return on shareholder assets were previously reported in Shareholders but is now included in business unit earnings. The Group normalised headline earnings were unaffected.

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

R million	3Q2021			3Q2020		
	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Life	136	72	208	435	150	585
Momentum Investments	831	(18)	813	297	11	308
Metropolitan Life	472	37	509	310	76	386
Momentum Corporate	(102)	30	(72)	331	61	392
Momentum Metropolitan Health	152	(2)	150	139	(2)	137
Non-life Insurance	330	31	361	236	27	263
Momentum Metropolitan Africa	157	176	333	(104)	145	41
Normalised headline earnings from operating business units	1 976	326	2 302	1 644	468	2 112
New Initiatives	(376)	1	(375)	(376)	-	(376)
Shareholders	(218)	65	(153)	(83)	(165)	(248)
Normalised headline earnings	1 382	392	1 774	1 185	303	1 488

Impact of the Covid-19 pandemic on the Group

Provision against adverse Covid-19 related experience

At 30 June 2020 Momentum Metropolitan established a provision for possible future Covid-19 related mortality claims, increases in terminations, reduced return-to-work experience on disability income claims in payment, and business interruption claims, amounting to R983 million (net of tax), with a further R398 million provision in the value of the in-force ("VIF") component of the embedded value. At 31 December 2020, the provision was increased further by R655 million (net of tax). The provision for death claims will be reviewed again at 30 June 2021 taking into consideration the latest available information on the development of the pandemic in South Africa and expected vaccine roll-out. In the Non-life Insurance business, Momentum Insurance (previously Alexander Forbes Insurance) has established a provision (at 31 March 2021) for business interruption claims, reducing the normalised headline earnings by R27 million.

The Group released a portion of the provision during the nine months, consistent with a planned release pattern which differs by product type. The mortality and disability components of the Covid-19 provision are released over two years with a larger portion of the mortality provision being released in the first year. The release pattern also considers the progression of recorded claims over time. Termination provisions related to policyholder premium relief options are released as the options expire, while the allowance for a general increase in termination in Metropolitan Life is released over three years. On 31 March 2021, the remaining Covid-19 provision (on balance sheet, excluding VIF allowance) for future negative experience stood at R667 million.

The Group continues to monitor the impact of Covid-19 on the Group's mortality and disability claims experience, as well as policyholder behaviour around lapses, surrenders, and withdrawals, and regularly assesses the sufficiency of the remaining Covid-19 provision.

The table below gives a detailed breakdown of the change in provision (net of tax) over the nine-month period ended 31 March 2021:

Impact of provision release	Normalised headline earnings					Value of in-force business	Embedded value
	Mortality	Morbidity	Non-life insurance claims	Terminations	Total	Terminations	Total
R million							
Provision at 30 June 2020 ²	751	72	38	122	983	398	1 381
Release of provision during F2021	(858)	(27)	(35)	(78)	(998)	(109)	(1 107)
Momentum Life	(258)	-	-	(50)	(308)	(109)	(417)
Metropolitan Life	(126)	-	-	(16)	(142)	-	(142)
Momentum Corporate	(453)	(27)	-	-	(480)	-	(480)
Momentum Metropolitan Africa	(21)	-	-	(12)	(33)	-	(33)
Non-life Insurance	-	-	(35)	-	(35)	-	(35)
Additional provision during F2021	607	-	53	22	682	-	682
Momentum Life	70	-	-	-	70	-	70
Metropolitan Life	84	-	-	-	84	-	84
Momentum Corporate	453	-	-	-	453	-	453
Momentum Metropolitan Africa	-	-	-	22	22	-	22
Non-life Insurance	-	-	53	-	53	-	53
Total change in provision	(251)	(27)	18	(56)	(316)	(109)	(425)
Provision at 31 March 2021²	500	45	56	66	667	289	956

Update on mortality claims experience

In South Africa, the second wave of the Covid-19 pandemic reached its peak during the third quarter of F2021. In line with the steep increase in national experience, the Group experienced very high claims in each of January, February, and March 2021. Over the quarter, the South African life insurance businesses paid R3.9 billion in mortality claims, representing nearly three times the expected level of mortality claims. In Momentum Life and Momentum Corporate, the average amount of claims over the quarter was nearly triple the three-year pre-pandemic average, while in Metropolitan Life, the average amount of claims was just more than double the three-year pre-pandemic average.

This resulted in negative mortality experience variance, net of reinsurance, in the South African life insurance businesses of R551 million (after tax) for the nine months, after allowing for positive impacts from annuity products of R203 million, and the release of the Covid-19 provisions of R837 million. Including the additional mortality provision of R607 million that was added at 31 December 2020, the total negative impact of mortality for the nine months amounted to R1 158 million.

² To reconcile the change in the provision to the impact on normalised headline earnings, the opening and closing provision, as well as changes to the provision are reported net of tax in the table above. On the Group's balance sheet, the opening and closing provision are reported on a gross of tax basis.

For the nine months ended 31 March 2021, this can be broken down as follows:

R million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Mortality experience variance	(514)	-	(344)	(733)	(1 591)
Annuity experience variance	-	19	145	39	203
Covid-19 provision release	258	-	126	453	837
Additional Covid-19 provision	(70)	-	(84)	(453)	(607)
Net mortality losses	(326)	19	(157)	(694)	(1 158)

Update on business interruption insurance

At 31 March 2021 Guardrisk Insurance held a provision for potential business interruption claims of R30 million, net of tax and reinsurance. Progress was made during the third quarter of F2021 in finalising the outstanding claims in predominantly the hospitality sector. A small number of additional claims arose following legal clarity provided by the Supreme Court of Appeal (“SCA”) in December 2020. The remaining provision is currently deemed sufficient to settle all remaining outstanding and potential claims.

As a result of the legal clarity provided by the SCA, and further consultation with our external legal advisers, Momentum Insurance has identified a gross potential exposure to business interruption claims of R38 million before tax. These claims are excluded from reinsurance treaties and consequently, a provision was established during the third quarter of F2021, which reduced the normalised headline earnings by R27 million (net of tax).

Group financial performance

The normalised headline earnings in the nine months increased by 19% to R1 774 million and include a 17% increase in operating profit to R1 382 million and a 29% increase in investment return to R392 million. All businesses continued to show excellent cost control with controllable expenses up 1% over the past year.

Operating profit benefited from a reversal of largely unrealised market-related losses that were observed in the prior period. These losses primarily impacted the life insurance businesses in South Africa and Momentum Metropolitan Africa. The impact of the positive investment variances is particularly evident in profits from our annuity products.

Underlying growth in operating profit of the South African life insurance businesses was, however, offset by net mortality losses of R1.2 billion, after allowing for changes in Covid-19 related provisions. Earnings at Momentum Investments, Metropolitan Life and Momentum Metropolitan Health benefited from an improvement in new business revenue over the nine months. Non-life insurance benefited from strong growth in MSTI and the first-time inclusion of Momentum Insurance.

Investment return improved overall by 29%. This includes a substantial improvement in the revaluation gains/losses in venture capital funds. In the prior period, at the height of the market crisis, we recognised R107 million write-down in our FinTech investments. For the current period we have recognised a gain of R57 million on the same portfolios. This was partly offset by lower investment return on the Shareholder Investment Portfolio representing the risk capital of the South African life businesses. The lower returns on this portfolio stem from lower yields on variable rate assets that represent most of the assets in the portfolio.

Consolidated Group new business performance

Key metrics	3Q2021	3Q2020	Δ%
Recurring premiums (R million)	2 754	2 654	4%
Single premiums (R million)	33 628	25 368	33%
PVNB (R million)	46 981	38 665	22%
VNB (R million)	506	250	>100%
New business margin	1.1%	0.6%	

The PVNB for the nine months was R47.0 billion, a robust 22% increase from the prior period. Momentum Investments delivered strong growth in both Momentum Wealth investment platform business as well as structured products and annuities. Metropolitan Life saw good growth in its single premium annuity new business and continued its recent growth trend in protection new business. Momentum Metropolitan Africa also saw good corporate savings new business in Lesotho and Botswana, as well as growing retail annuity and protection new business in Namibia. Although new business volumes in some business units were still below pre-Covid-19 levels, we are encouraged by the continued improvement we observe in monthly new business volumes.

The value of new business more than doubled from the prior period, from R250 million in 3Q2020 to R506 million in 3Q2021. This solid result was driven by strong new business volumes, a sustained focus on improving the quality of new business written, an improved mix towards higher margin products and excellent expense management across the Group. This resulted in a significant improvement in new business margins from 0.6% to 1.1%.

Segmental performance

Momentum Life

R million	3Q2021	3Q2020	Δ%
Operating profit	136	435	(69)%
Investment return	72	150	(52)%
Normalised headline earnings	208	585	(64)%
Recurring premiums	778	790	(2)%
Single premiums	1 550	1 587	(2)%
PVNB	5 527	5 902	(6)%
VNB	55	80	(31)%
New business margin	1.0%	1.4%	

Normalised headline earnings

Normalised headline earnings declined by 64% to R208 million which can be explained by a reduction in operating profits of 69% to R136 million, resulting from net mortality losses of R326 million (net of reinsurance, taxes, and provision movements). This includes more than R1 billion higher mortality claims relative to the prior nine-month period and was marginally offset by improved lump sum disability profits. Whilst investment variances have improved, they remain negative despite improved fees on the

traditional in-force book resulting from the market recovery impact on the 90/10 book of business. The lower investment return has been impacted by reduced returns on floating rate instruments.

New business

PVNB for Momentum Life declined by 6% to R5.5 billion. The absolute level of recurring premiums written on protection business improved, but the present value of new business volumes was negatively impacted by changes in the yield curve used to discount future premiums. The lower present value of new business volumes on long-term savings were impacted by lower recurring premium business, combined with a shift in new business mix from retirement annuity business towards discretionary savings business.

The value of new business was positively supported by lower expenses and distribution costs, but ultimately declined by 31% to R55 million, resulting in a drop in new business margin to 1.0%.

Momentum Investments

R million	3Q2021	3Q2020	Δ%
Operating profit	831	297	>100%
Investment return	(18)	11	<(100%)
Normalised headline earnings	813	308	>100%
Recurring premiums	143	106	35%
Single premiums	28 759	20 394	41%
PVNB	29 307	20 792	41%
VNB	250	97	>100%
New business margin	0.9%	0.5%	

Normalised headline earnings

Normalised headline earnings from Momentum Investments more than doubled year-on-year to R831 million as at 31 March 2021. This growth was mainly driven by strongly improved operating profits from annuities and structured products. These products were severely negatively impacted in the prior period by market-related losses linked to relative movements in the bond and swap curves during the market volatility observed in March 2020. In the current period, the operating profit from these products was further boosted by increased new business volumes, investment profits due to yield curve movements, good credit risk experience and good expense management.

The investment management businesses in South Africa and the UK saw an increase in asset-based fee income, due to the combination of strong new business inflows and lower outflows, as well as stronger local and offshore investment markets. Momentum Securities delivered pleasing growth from increased brokerage earned on trading activities.

Expenses were well managed across all businesses within Momentum Investments.

New business

PVNB for Momentum Investments increased by 41% to R29.3 billion, largely attributable to robust growth on guaranteed annuities and the Momentum Wealth investment platform new business volumes.

The offshore investment platform continued its particularly strong performance observed during 1H2021.

The value of new business improved from R97 million to R250 million, bolstered by the solid growth in new business volumes, an improved business mix towards higher margin annuities as well as good expense management. These contributed to the improvement in new business margin from 0.5% to 0.9%.

Assets under management on the Momentum Wealth investment platform increased by 15%, mainly attributable to equity market recoveries from the prior year, an increase in new business flows and lower outflows. Institutional and retail assets under management of R439 billion, increased by 25%, mainly due to the recovery of investment markets and good inflows on the retail assets. The acquisition of Seneca Investment Managers in the UK also contributed R14.2 billion to the growth in institutional assets under management.

Metropolitan Life

R million	3Q2021	3Q2020	Δ%
Operating profit	472	310	52%
Investment return	37	76	(51)%
Normalised headline earnings	509	386	32%
Recurring premiums	1 018	903	13%
Single premiums	1 026	838	22%
PVNBP	4 133	3 698	12%
VNB	190	88	>100%
New business margin	4.6%	2.4%	

Normalised headline earnings

Metropolitan Life's normalised headline earnings increased by 32% to R509 million. This includes an operating profit increase of 52% to R472 million which benefitted from a reversal in the negative investment variances in the prior period, strongly improved new business revenue, improved persistency experience and effective cost containment. Growth was somewhat hampered by a net mortality loss of R157 million (net of reinsurance, taxes, and provision movements). Management actions to improve the persistency continue to yield positive results, driving in an improvement in normalised headline earnings of R45 million year-on-year.

New business

Metropolitan Life PVNBP increased by 12% to R4.1 billion compared to the prior period. This includes continued improvement in protection new business and annuity and structured single premiums, which delivered encouraging year-on-year growth of 36% and 34% respectively, offset by lower long-term savings new business. Adviser productivity continued to improve and by March 2021, exceeded previous record levels set in December 2020. The continued productivity increase over the quarter can be ascribed to a more experienced sales force and the launch of new product offerings.

The good growth in new business volumes, the change in the new business mix towards more profitable products and good expense management contributed to VNB more than doubling to R190 million year-on-year. This represents a PVNBP margin of 4.6%, which is approaching our long-term targeted margin of 5%.

Momentum Corporate

R million	3Q2021	3Q2020	Δ%
Operating profit	(102)	331	<(100)%
Investment return	30	61	(51)%
Normalised headline earnings	(72)	392	<(100)%
Recurring premiums	511	581	(12)%
Single premiums	1 586	2 000	(21)%
PVNBP	5 898	6 552	(10)%
VNB	9	(9)	>100%
New business margin	0.2%	(0.1)%	

Normalised headline earnings

Momentum Corporate's normalised headline earnings declined to a loss of R72 million. The operating loss of R102 million was mainly due to a net mortality loss of R694 million (net of reinsurance, taxes, and provision movements). During the last quarter mortality claims increased dramatically in both number and size, recording increases of 101% and 54% respectively, relative to the average observed in F2020. Larger claim sizes are mainly a result of the higher mortality impact from Covid-19 experienced in older age groups. The negative impacts were partly offset by a positive contribution from the disability business. Expenses continued to be well-managed and reduced by 1% year-on-year.

New business

Momentum Corporate's PVNBP declined by 10% to R5.9 billion, reflecting the impact of the lockdown and the weak economic outlook on clients' willingness to make purchasing decisions. It is encouraging that PVNBP in the third quarter recovered somewhat from the 26% lower year-on-year position reported at 1H2021.

The value of new business recovered to a positive contribution of R9 million. A sustained focus on winning larger new business deals and tilting the new business mix towards higher margin products within the FundsAtWork portfolio, together with good expense management, resulted in the new business margin improving to 0.2%.

Momentum Metropolitan Health

R million	3Q2021	3Q2020	Δ%
Operating profit	152	139	9%
Investment return	(2)	(2)	0%
Normalised headline earnings	150	137	9%

Normalised headline earnings

Normalised headline earnings for Momentum Metropolitan Health improved by 9% against the prior period, to R150 million. This result was mainly driven by an increase in administration fee income, lower claims on insurance products and effective expense management.

The Health membership increase of 3% quarter-on-quarter is mainly attributable to the on-boarding of a large corporate client during the quarter. This was further supported by the ongoing growth in the public sector and low-cost products membership, a good result given increased competition for corporate and mining members and the current strained economic environment.

Non-life Insurance

R million	3Q2021	3Q2020	Δ%
Guardrisk	269	264	2%
MSTI	(6)	(42)	86%
Momentum Insurance	98	41 ³	>100%
Normalised headline earnings	361	263	37%
Operating profit	330	236	40%
Investment return	31	27	15%

Normalised headline earnings

Guardrisk's normalised headline earnings improved by 2% year-on-year to R269 million – a modest increase mainly impacted by an increase of R26 million in the provision against business interruption claims raised during the first quarter of F2021. Continuing the positive trend seen in recent quarters, revenue growth in the underwriting managers and Guardrisk Life divisions remained strong.

Guardrisk General Insurance ("GGI") continued its growth trajectory with underwriting profits increasing by 12% year-on-year, this despite the increase in the provision against business interruption claims. New business growth has slowed but persistency levels across all core divisions remain strong.

MSTI continued its upward trend with net earned premiums growing by 10% on the back of good retention and a growing client base. This positive result was further supported by prudent expense management. The claims ratio improved from 66.0% to a pleasing 62.1% year-on-year which resulted in an improvement in underwriting profits. This resulted in a normalised headline loss of R6 million for the nine months, an encouraging improvement from the prior period.

³ Momentum Insurance, formerly known as Alexander Forbes Insurance, was acquired and consolidated into Momentum Metropolitan from 1 February 2020. Comparative information therefore reflects two months only.

Momentum Insurance reported normalised headline earnings of R98 million for the nine months to 31 March 2021. The results for the current period were negatively impacted by an "incurred but not reported" claims provision of R27 million (net of tax) for business interruption cover that was raised in March 2021. The migration and integration of Momentum Insurance into the MSTI business is tracking well against the business plan.

Momentum Metropolitan Africa

R million	3Q2021	3Q2020	Δ%
Namibia	197	21	>100%
Botswana	69	28	>100%
Lesotho	170	78	>100%
Ghana	55	39	41%
Other countries	(14)	(30)	53%
Centre costs	(144)	(95)	(41)%
Normalised headline earnings	333	41	>100%
Operating profit	157	(104)	>100%
Investment return	176	145	21%
Recurring premiums	304	274	11%
Single premiums	707	549	29%
PVNB	2 116	1 721	23%
Value of new business	2	(6)	>100%
New business margin	0.1%	(0.3)%	

Normalised headline earnings

Normalised headline earnings for Momentum Metropolitan Africa increased significantly to R333 million, up from R41 million in the prior period. This growth was driven by the reversal of unrealised market related losses, reported in investment variances, that were observed in the prior period. Investment return increased by 21% to R176 million, driven by a recovery from prior period equity market lows. Momentum Metropolitan Africa has largely completed the planned exits from countries with loss-making businesses, first announced in F2017. An increase in central costs was seen, mainly driven by a number of one-off expenses, including wind-down costs in implementing the country exits, and withholding tax on funds remitted to the Group.

New business

PVNB for Momentum Metropolitan Africa increased by 23% year-on-year to R2.1 billion. This is attributable to good growth in the corporate savings business in Lesotho and corporate risk business in Botswana, while Namibia showed solid growth on retail annuity and protection business, coupled with an increase in the corporate risk business.

The value of new business increased to R2 million, mainly driven by the growth in the Lesotho corporate business and annuity sales.

New Initiatives

R million	3Q2021	3Q2020	Δ%
India (JV with Aditya Birla Capital) ⁴	(202)	(214)	6%
aYo (JV with MTN)	(98)	(80)	(23)%
Other ⁵	(75)	(82)	9%
Normalised headline earnings	(375)	(376)	0%

Aditya Birla Health Insurance (ABHI)

The operational performance of ABHI remains in line with the business plan, with losses narrowing from the prior period. Gross written premiums (“GWP”) have increased by 50% to R2.8 billion year-on-year. Although elevated due to a spike in the number and average size of Covid-19 claims, the claims ratios are tracking satisfactorily close to the business plan. ABHI’s performance benefited from its extensive end-to-end digital capabilities used to support distribution.

aYo

aYo, our joint venture with MTN, is making steady progress in Ghana and Uganda. Following its Zambia launch, aYo achieved a 10 million enrolled customer milestone. Unique customers enrolled grew 14% to 11.4 million as at 31 March 2021. The higher losses reported in the current period were largely attributable to the strengthening of the Rand and set up costs incurred for a new country rollout.

Shareholders

R million	3Q2021	3Q2020	Δ%
Operating loss	(218)	(83)	>100%
Investment return	65	(165)	<(100)%
Investment income	51	(16)	<(100)%
Fair value gains	14	(149)	<(100)%
Normalised headline earnings	(153)	(248)	38%

The Shareholders segment loss of R153 million for the nine months represents an improvement of 38% on the prior period. Operating losses increased due to higher operational costs, including initiatives to improve efficiencies across the business, which were funded centrally. This was offset by a significant improvement in investment return, to R65 million, due to an increase resulting from the revaluation of the Group’s investment in venture capital funds, supported by the recovery of the investment markets and observed valuations in funding rounds.

⁴ Results for the India joint venture are reported with a three-month lag.

⁵ “Other” includes Exponential Ventures, Momentum Money and Momentum Consult.

Outlook

The underlying operational performance of the Group continues to improve. This is evident in new business volumes, which speaks about our improved ability to meet intermediary and client needs, and in new business margins, which speaks of our delivery on efficiency initiatives and successful product and/or benefit updates. While the operating performance is trending in the right direction, it should be noted that full-year F2021 results will be highly affected by the severity of the anticipated third wave of Covid-19 infections in South Africa. A severe third wave will not only place pressure on claims experience in the final quarter of F2021, but it could also lead to a need to increase the mortality provisions to be held at year-end for any claims expected beyond 30 June 2021.

The 'Reset and Grow' strategy, which was the cornerstone of the operational turnaround evident in our results over the past three years, is now coming to its end. At the Investor Conference we launched the new 'Reinvent and Grow' strategy, which sets out our strategic plans to the end of F2024. The key elements of the strategy include:

- Significant focus on and investment in digital initiatives to generate efficiencies and to improve the ease of doing business for our clients and advisors
- Further focus and growth of existing distribution channels, complimented by development of alternative distribution opportunities
- Targeting normalised headline earnings for the Group to grow to R5 billion for F2024
- Dynamic but disciplined management of group capital, with the objective to improve the return on equity of the Group to 20% by F2024.

24 May 2021

CENTURION

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

Conference call

The executive management of Momentum Metropolitan will be hosting a conference call for shareholders, investors and analysts on 24 May 2021.

We kindly request callers to pre-register using the following link <https://www.diamondpass.net/3382455>.

A passcode and pin will be generated following registration. We advise callers to dial in 5 minutes before the conference call starts at 15:00.

Access numbers for participants dialling live from their country:

South Africa	011 535 3600 (Neotel)
	010 201 6800 (Telkom)
UK	0 333 300 1418
USA and Canada	1 508 924 4326
Other Countries	+27 11 535 3600

Recorded playback will be available for three days after the conference call.

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South Africa	010 500 4108
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Access code for recorded playback: 39496

Equity sponsor:

Merrill Lynch South Africa (Pty) Limited

Debt sponsor:

Rand Merchant Bank (a division of FirstRand Bank Limited)