

Summary of financial information

Audited results for the 12 months ended
30 June 2019



Financial Results

For the year ended 30 June 2019

Summary of key metrics

Key metrics	F2019	F2018	Δ%
Diluted normalised headline earnings (R million) ¹	3 074	2 003	53%
Diluted normalised headline earnings per share (cents) ¹	202.5	125.5	61%
New business volumes (PVNBP, R million) ²	55 783	50 002	12%
Value of new business (R million) ²	541	345	57%
New business margin ²	1.0%	0.7%	
Diluted embedded value (EV) per share (Rand)	27.48	25.43	8%
Return on EV	8.0%	(1.1)%	
Return on EV per share	9.4%	(0.6)%	
Dividend per share (cents)	70	-	100%
Diluted number of shares in issue (million)	1 499	1 557	(4)%
Diluted weighted average number of shares (million)	1 518	1 596	(5)%

We are pleased to report steady progress with the three-year Reset and Grow strategy announced a year ago. Momentum Metropolitan Holdings Limited (“Momentum Metropolitan” or “Group”) delivered diluted normalised headline earnings of R3.1 billion for the year ended 30 June 2019. This represents an increase of 53% on the prior year. On a per share basis, our diluted normalised headline earnings increased by 61%, reflecting the impact of the share buy-back programme that we completed in November 2018.

The financial results from the comparative year were impacted by large negative operating basis changes and investment variances across the South African retail businesses and the rest of Africa. Excluding the impact of operating basis changes and investment variances in both years, normalised headline earnings improved by 21% year-on-year.

The solid results for F2019 were underpinned by resilient operational performance in most of our businesses, supported by efficiency improvements and good underwriting results across the Group. The positive impacts were partly offset by a provision at Guardrisk and higher losses from New Initiatives, albeit in line with business plans.

We reinstated dividends on ordinary shares in March 2019, following the successful completion of a R2 billion share buy-back programme in November 2018. We declared an ordinary dividend of 70 cents per ordinary share for the full year 2019, which includes a final ordinary dividend of 35 cents per ordinary share.

Momentum Metropolitan Life Limited, the Group’s main life insurance entity, maintained its strong solvency cover on the regulatory basis of 2.08 times the Solvency Capital Requirement (SCR), which is close to the upper end of our target range of 1.7 to 2.1 times the SCR.

¹ Normalised headline earnings are our new primary earnings metric, introduced for F2019 reporting. It adjusts the standard JSE definition of headline earnings for the impact of treasury shares, the amortisation of intangible assets arising from business combinations and BEE costs. Momentum Metropolitan is of the opinion that these adjustments present a more realistic picture of the underlying performance of the Group and remove distortions that might arise from elimination of treasury shares (potential distortions that are peculiar to financial institutions that invest in own securities on behalf of clients). The definition of normalised headline earnings remained unchanged over F2019. The prior year comparatives have been restated.

² Momentum Wealth has been reclassified as covered business, with prior year comparatives restated.

Embedding the Reset and Grow strategy in our new, simplified operating model remains a crucial priority for the Group. Investment in distribution capabilities, refocusing our client experience, and enhancing our comprehensive suite of product solutions within the Group's portfolio of empowered end-to-end businesses have been key drivers in our new business performance. Present value of new business premiums increased by 12%, while the value of new business improved by 57% on the prior year, benefitting mainly from strong new business flows in Momentum Corporate.

Salient developments over the reporting period include the following:

- **Brand revitalisation:** A critical component of the Reset and Grow strategy is the revitalisation of the Momentum and Metropolitan brands. We have changed our name to Momentum Metropolitan Holdings, after eight years as MMI Holdings. The new name facilitates more effective exposure for the two main consumer brands. The name change received resounding support by 99.96% of voting shareholders, representing 79.69% of eligible shares.
- **Level 1 B-BBEE:** In January 2019, Momentum Metropolitan became the first major insurance group to attain a Level 1 B-BBEE contributor status under the revised Financial Services Charter. We view economic transformation as an integral part of our purpose of enabling businesses and people from all walks of life to achieve their financial goals and aspirations. Kagiso Tiso Holdings remains our key strategic empowerment shareholder. In addition, Momentum Metropolitan remains committed to all elements of the B-BBEE legislation, focusing on impact beyond compliance.
- **Progress on our Africa exit strategy:** Momentum Metropolitan announced in 2017 that we would be reviewing our presence in some African markets. Significant progress has been made and during the past year we had concluded transactions to exit Swaziland and Mauritius. The Group is in an advanced stage of discussions to exit three more countries.
- **Proposed AFI acquisition:** On 25 July 2019 we announced our intention to acquire the Alexander Forbes Insurance ("AFI") business. This transaction is subject to regulatory approvals. A strategic acquisition of this nature and quality is a rare opportunity and adds significant scale to Momentum Short-term Insurance ("MSTI"). The combined business will command a meaningful market share in the personal lines short-term insurance market and will benefit from the integration of administration systems as well as other operational efficiencies.
- **Strengthening our executive leadership:** In order to see the successful turnaround of the Group through, and to ensure continued and consistent focus on the Reset and Grow strategy, the Board announced a two-year extension of Hillie Meyer's tenure as Group Chief Executive until June 2023. The Momentum Metropolitan executive leadership team has been further strengthened by the appointment of two new business unit Chief Executives in August 2019. Dumo Mbethe has been appointed to lead the Momentum Corporate business, while Hannes Viljoen heads up Momentum Metropolitan's health business.

Consolidated Group financial performance

Normalised headline earnings

R million	F2019	F2018	Δ%
Momentum Life	883	472	87%
Momentum Investments	512	227	>100%
Metropolitan Retail	610	201	>100%
Momentum Corporate	601	909	(34)%
Non-life Insurance	164	204	(20)%
Momentum Metropolitan Africa	262	147	78%
Earnings from operating segments	3 032	2 160	40%
New Initiatives	(492)	(377)	(31)%
Shareholders	534	220	>100%
Normalised headline earnings	3 074	2 003	53%

The increase of 53% in normalised headline earnings should be judged in the context of large negative operating basis changes and investment variances for the prior year.

Excluding the impact of operating basis changes and investment variances, operational performance improved by 21%. The segmental split is shown in the following table:

R million	F2019	F2018	Δ%
Momentum Life	963	747	29%
Momentum Investments	553	513	8%
Metropolitan Retail	658	615	7%
Momentum Corporate	580	566	2%
Momentum Metropolitan Africa	276	183	51%
Other (Non-life Insurance, New Initiatives and Shareholders)	206	47	>100%
Normalised headline earnings, excluding operating basis changes and investment variances	3 236	2 671	21%

The solid performance resulted from our group-wide emphasis on expense management, with the controllable cost base remaining flat; better underwriting and credit experience in the covered business; as well as fair value gains in the Shareholder Segment. Furthermore, Non-life Insurance underwriting results improved strongly in both Guardrisk and MSTI. However, the reported result for the Non-life Insurance business declined due to a provision raised in Guardrisk. Losses on New Initiatives widened, in line with business plans.

More detail on the sources of earnings is discussed in the segmental performance section which follows.

New business

R million	F2019	Restated F2018	Δ%
Momentum Life	101	66	53%
Momentum Investments	82	76	8%
Metropolitan Retail	89	84	6%
Momentum Corporate	265	124	>100%
Momentum Metropolitan Africa	4	(5)	>100%
Value of new business ³	541	345	57%

Value of new business improved in all businesses and mostly followed higher sales of selected product sets in each business, most notably Momentum Corporate which recorded good flows in both single premium annuity and investment products as well as recurring premium insurance products. Momentum Life further benefitted from updated product pricing, while Metropolitan Retail's growth was supported by increased adviser productivity and a higher proportion of policies with premiums collected via salary deduction. The recovery in Momentum Metropolitan Africa is attributable to improved sales in Namibia and Lesotho in the second half of the year.

More detail on the sources of new business is discussed in the segmental performance section which follows.

Embedded Value

Embedded value earnings (R million)	F2019	Restated F2018	Δ%
Embedded value at the start of the year	39 601	42 523	
EV earnings from operations (covered business)	3 083	1 535	>100%
EV earnings attributable to investment markets	291	662	(56)%
Impact from change in required capital methodology	870	-	100%
EV profit from non-covered businesses	(1 076)	(2 666)	60%
Change in embedded value before capital flows	3 168	(469)	>100%
Capital flows	(1 576)	(2 453)	36%
Embedded value at the end of the year	41 193	39 601	4%
Return on embedded value ("ROEV")	8.0%	(1.1)%	
ROEV on covered business	12.7%	6.3%	
ROEV on non-covered business	(17.5)%	(35.6)%	
ROEV per share	9.4%	(0.6)%	

The ROEV of 8.0% consists of a positive ROEV of 12.7% on the covered business, which was partly offset by a 17.5% strain on the non-covered operations.

³ Value of new business is calculated on covered business only, which excludes businesses like Momentum Metropolitan's health business, MSTI, Guardrisk and asset management businesses.

The improvement in the F2019 ROEV on covered business from the prior year resulted from the contribution of strong positive operating experience variances, mainly mortality experience across the Group, as well as a nil expense variance, a marked improvement from the large negative impact in the prior year. In Metropolitan Retail persistency experience remained negative, although this showed an improvement on the prior year. Significantly lower operating assumption changes and the improved value of new business have also contributed to the overall improvement in the ROEV.

Negative investment variances have adversely impacted our ROEV and should be viewed in the context of weak equity returns since 1 July 2018. The largest impact of negative investment variances was observed in Momentum Life and Momentum Investments, reflecting the large underlying asset bases. The modest investment return on adjusted net worth was adversely impacted by a decline in the property valuations, including the carrying value of owner-occupied properties.

Embedded value also benefited by an amount of R870 million, arising from the adoption of a new required capital methodology, which coincided with the implementation of the new regulatory framework for solvency. Cost of capital relief is observed in the retail businesses as a result of the differing risk measures applied under the new regulatory framework for solvency, compared to the previous statutory Capital Adequacy Requirement (“CAR”) approach.

The return on non-covered operations was negative 17.5%. The increased provision for future costs in Momentum Multiply, reported at 1H2019 and refinements to inter-divisional charges adversely affected the valuation of our non-covered businesses. In addition, a slower than expected decrease of expenses related to Momentum Metropolitan Africa resulted in a larger provision for head office costs.

Segmental performance

Momentum Life

Focussed on the middle and affluent retail client segments, Momentum Life provides protection and savings products, and also services traditional products (closed book).

R million	F2019	F2018	Δ%
Normalised headline earnings	883	472	87%
New business volumes (PVNBP)	8 266	8 089	2%
Value of new business	101	66	53%
New business margin	1.2%	0.8%	

Normalised headline earnings

Normalised headline earnings increased by 87% to R883 million. The prior year was impacted by significantly larger negative operating basis changes and investment variances compared to the current year, which led to a net positive change of R195m year-on-year. Excluding this impact, growth of 29% was very pleasing. The key drivers of growth included better than expected voluntary premium increases on protection business (Myriad) and an improvement in mortality experience. This was partly offset by somewhat weaker disability experience, slightly lower persistency experience and an increased investment in the distribution capabilities. Losses from Momentum Multiply, which are not funded from the positive behavioural impact of Momentum Multiply, were also sharply lower.

New business

PVNBP increased by 2% year-on-year. This was driven by a 7% increase in long-term savings products. A new retirement annuity product launched during the year resulted in much improved sales volumes. PVNBP on protection business (Myriad) declined by 2%.

Value of new business increased by 53%, supported by the updated product pricing and well-managed expenses.

Momentum Investments

Momentum Investments represents Momentum Wealth local and offshore business, local and offshore investment management operations, property management (Eris), retail annuities and guaranteed investments.

R million	F2019	F2018	Δ%
Normalised headline earnings	512	227	>100%
New business volumes (PVNBP) ⁴	23 145	23 267	(1)%
Value of new business ⁴	82	76	8%
New business margin	0.4%	0.3%	

Normalised headline earnings and assets under management

Normalised headline earnings increased by 126%, largely as a result of a negative operating basis change on the covered business in the prior year. Excluding this impact, normalised headline earnings were 8% higher, which is a pleasing result for an investment business given current economic uncertainty. Guaranteed investment products remained attractive and the strong new business volumes contributed to the growth, further supported by credit portfolio management activity on the annuity book. Normalised headline earnings from the UK operations have improved, mainly on the back of growth in third-party Investment Consulting fees. However, earnings from Momentum Wealth and investment management, particularly in the property management and stockbroking businesses, were lower due to depressed market conditions and some outflows during the year under review.

R billion	F2019	F2018	Δ%
On-balance sheet Momentum Wealth	105	104	1%
Off-balance sheet Momentum Wealth	56	57	(2)%
Non-covered business (investment management)	424	419	1%
Assets under management	585	580	1%

New business

New business flows from covered business declined marginally by 1% relative to the prior year. The higher new business volumes on structured products and annuities contributed positively to value of new business. The value of new business benefitted from lower initial costs and higher profit margins on structured products, which resulted in a small increase in the new business margin to 0.4%.

Metropolitan Retail

Metropolitan Retail focuses on the lower to middle income retail market in SA. Its offerings include protection, savings and annuity products.

R million	F2019	F2018	Δ%
Normalised headline earnings	610	201	>100%
PVNBP	4 897	5 091	(4)%
Value of new business	89	84	6%
New business margin	1.8%	1.6%	

⁴ All Momentum Wealth products are now reported as covered business (previously only on-balance sheet contracts), and prior year values of new business and PVNBP were restated accordingly.

Normalised headline earnings

Metropolitan Retail grew its normalised headline earnings by 203%, mainly as a result of the large negative impact of operating basis changes and investment variances in the prior year. Excluding operating basis changes and investment variances, Metropolitan Retail's normalised headline earnings increased by 7%. This is an encouraging recovery from the 9% decline reported at 1H2019. The improved position was supported by the impact of better persistency experience and positive credit risk variance on the annuity book. Expenses were in line with inflation despite substantial investment in the branch infrastructure.

New business

Despite a planned decline in the number of advisers in the tied agency, sales remained largely flat due to improved productivity. PVNBP declined by 4% largely as a result of lower funeral product sales in the tele-channel and large one-off single premiums in the prior year. The productivity improvements, coupled with an increase in the proportion of new business for which premiums are collected via salary deductions, is a positive lead indicator for future persistency. The productivity improvements also contributed to the 6% growth in the value of new business.

Momentum Corporate and Health

Momentum Corporate and Health incorporates traditional employee benefits business, offering group risk, annuities and pension savings solutions, and consulting services through Momentum Consultants and Actuaries; as well as Momentum Metropolitan's health business in South Africa.

R million	F2019	F2018	Δ%
Momentum Corporate	435	714	(39)%
Momentum Metropolitan's health business	166	195	(15)%
Total normalised headline earnings	601	909	(34)%
PVNBP ⁵	16 977	11 218	51%
Value of new business ⁵	265	124	>100%
New business margin ⁵	1.6%	1.1%	

Normalised headline earnings

Momentum Corporate and Health's normalised headline earnings declined by 34% year-on-year to R601 million.

The normalised headline earnings of the traditional employee benefits business declined by 39% year-on-year, however, this is distorted by the material impact of positive operating basis changes in the prior year. Excluding operating basis changes, normalised headline earnings grew by 12%. This result was supported by materially improved mortality experience on the group life book, which was partly offset by slightly weaker lump sum disability experience. The business's controllable expense growth was contained well below inflation.

Normalised headline earnings for Momentum Metropolitan's health business, before earnings attributable to minorities are deducted, were up 8% on the prior year. After accounting for the full year dilution impact in F2019 of our minority shareholders, normalised headline earnings declined by 15%. The strong underlying operational performance was supported by good expense management and operational efficiencies, as well as increased membership. Membership in the public and mining sectors experienced steady growth, with low cost products gaining members within targeted employer groups.

⁵ Momentum Metropolitan's health business is classified as non-covered business and therefore excluded from PVNBP, value of new business and new business margin.

New business

The significant increase in PVNBP and value of new business was driven by the multi-billion rand with-profit annuity transaction reported in 1H2019, as well as strong growth in recurring premium inflows for group insurance and a number of large annuity deals secured in the fourth quarter. The shift towards higher quality business is reflected in the improvement to 1.6% of the new business margin.

Non-life Insurance

This segment includes Guardrisk, offering cell captive as well as other non-life insurance products, and MSTI, offering mostly personal lines insurance products.

R million	F2019	F2018	Δ%
MSTI	(43)	(56)	23%
Guardrisk	207	260	(20)%
Normalised headline earnings	164	204	(20)%

Normalised headline earnings

Guardrisk produced positive underlying operational growth (15% for the year). Normalised headline earnings, however, was negatively impacted and declined by 20% year-on-year due to a provision of R97 million (net of tax) that was raised. This resulted from a more prudent approach to the treatment of cells in deficit. A fundamental principle of cell captive insurance is that cell owners are required to capitalise cells if they are in deficit. Under current economic conditions, and having reviewed specific facilities, it was deemed appropriate to apply a probability of default to cells in deficit.

Guardrisk delivered sound new business growth and maintained good persistency of its existing client base. There was good growth in its corporate and large commercial niche businesses for which Guardrisk is the direct underwriter, following the formal launch of this growth initiative in March 2019. This growth contributed to a very pleasing increase in underwriting profits, as did recent acquisitions that have now been fully integrated into the business.

MSTI's losses narrowed by 23% from the prior year. Core insurance operations at MSTI were profitable, driven by a strong improvement in underwriting results as well as improving cost ratios resulting from continued growth in the client base. The overall MSTI result, which includes the administration business, remains negative as a result of a lack of scale.

MSTI key ratios

MSTI	F2019	F2018	Δ%
Net earned premium (R million)	870	737	18%
Claims ratio	63.7%	65.9%	

MSTI's net earned premiums rose by 18% on prior year, which is largely attributable to a growing client base. The claims ratio improved to a very pleasing 63.7% despite two severe weather related events in the fourth quarter.

Momentum Metropolitan Africa

Previously called MMI International, this segment now only represents Momentum Metropolitan's African operations (outside South Africa).

R million	F2019	F2018	Δ%
Namibia	201	171	18%
Botswana	59	53	11%
Lesotho	89	79	13%
Ghana	40	39	3%
Kenya	24	(19)	>100%
Other countries – ongoing	(2)	19	<(100)%
Other countries – planned exits	(43)	(33)	(30)%
Centre costs	(106)	(162)	35%
Total normalised headline earnings	262	147	78%
New business volumes (PVNBP)	2 498	2 337	7%
Value of new business	4	(5)	>100%
New business margin	0.2%	(0.2)%	

Normalised headline earnings

Normalised headline earnings increased by 78% with most countries contributing to the improvement. When the impact of basis changes and investment variances is excluded, operational performance improved by 51%. The improvement in the Namibia life insurance business was supported by better demographic experience variances and product repricing. Life insurance growth from Botswana and Lesotho also contributed to the overall improvement. The health businesses in the segment, as well as the non-life business in Kenya achieved notably improved claims experience through improved risk selection, expense management and premium growth.

Losses incurred in countries earmarked for exit were somewhat higher than the prior year, but were offset by a significant reduction in support costs.

New business

PVNBP increased by 7% compared to the prior year following a strong recovery in Namibia and Lesotho in the second half of the year. At 1H2019, Momentum Metropolitan Africa reported 22% lower PVNBP.

The value of new business turned positive during the second half of the year. However, the value of new business remains disappointingly low in the challenging environment that prevails across the countries in which we operate. Improving new business profitability is a key focus area for management in Momentum Metropolitan Africa.

New Initiatives

Included under this segment are Aditya Birla Health Insurance (“ABHI”) (a health insurance joint venture with Aditya Birla Capital in India) and aYo (a mobile insurance joint venture with MTN in selected African countries), Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insurtech start-ups), as well as local start-up operations.

R million	F2019	F2018	Δ%
India (JV with Aditya Birla Capital) ⁶	(287)	(218)	(32)%
aYo (JV with MTN)	(89)	(58)	(53)%
Other ⁷	(116)	(101)	(15)%
Normalised headline earnings	(492)	(377)	(31)%

Aditya Birla Health Insurance

The operational performance of ABHI remained in line with the business plan, highlighted by gross written premiums (GWP) having more than doubled since F2018. The in-force lives increased significantly to 2.3 million as at 31 March 2019, up from 1.0 million at 31 March 2018, with retail clients contributing 64% of GWP.

ABHI has expanded its distribution capacity, having enhanced and broadened its customised approach to meet the unique needs of its banking partners, resulting in bancassurance contributing 53% to total retail GWP. ABHI has one of the largest provider networks in India which includes a tie up with over 5,800 hospitals, across over 800 cities.

The depreciation of the South African Rand against the Indian Rupee contributed to the loss.

aYo

aYo, our joint venture with MTN, has grown its customer base substantially over the past year. Cumulative customer enrolments within Ghana and Uganda increased from 1.2 million on 30 June 2018 to 4.0 million at 30 June 2019. The claims ratios across the aYo product range in these two markets were satisfactory, but the business has not yet built up sufficient scale to fund overhead costs; these mainly being IT and systems support.

Other

The largest other new initiative is Multiply Money (previously referred to as Money Management), our initiative to retain client funds within the Group. Multiply Money bundles a low-cost transactional facility with a savings account that offers competitive interest rates, without restrictive requirements such as minimum balances and lock-in periods. The initiative is currently linked to Momentum Multiply, but will in due course become available to any Momentum client and eventually to the open market.

The Multiply Money offering aims to be an attractive facility into which to receive insurance claim payments and rewards payments. Up to 30 June 2019, 123 760 clients have signed up for the offering and 56 940 clients have received at least one reward payment into their Multiply Money wallets. In addition, 21 835 Multiply Visa cards have been issued.

⁶ Results for the India joint venture are reported with a three months lag.

⁷ “Other” includes Exponential Ventures, Multiply Money and Momentum Consult.

Shareholders

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

R million	F2019	Restated F2018	Δ%
Operating profit	(119)	(117)	(2)%
Tax on operating profit	(44)	(58)	24%
Investment income (net of tax)	494	497	(1)%
Fair value gains (net of tax)	203	(102)	>100%
Normalised headline earnings	534	220	>100%

Normalised headline earnings

Normalised headline earnings contribution from this portfolio increased by 143% on the prior year to R534 million. Fair value gains on underlying investments in our Exponential Ventures funds contributed significantly to this result. Investment income on the rest of the shareholder portfolio was also up year-on-year, although this was slightly offset by higher finance costs on subordinated debt.

Solvency and Capital Management

Regulatory solvency position (R million)	Momentum Metropolitan Life	Momentum Short-term Insurance	Guardrisk Insurance	Guardrisk Life
Eligible own funds (pre dividend)	32 948	487	3 034	2 906
Solvency Capital Requirement (SCR)	15 869	246	2 386	2 570
SCR cover (times)	2.08	1.98	1.27	1.13

Regulatory solvency position

The new regulatory framework for the South African insurance industry became effective on 1 July 2018, upon the implementation of the South African Insurance Act, 18 of 2017. The regulatory solvency positions of Momentum Metropolitan Life Limited, Guardrisk Insurance Company Limited, Guardrisk Life Limited and Momentum Short-term Insurance Company Limited, prior to allowance for foreseeable dividends, are shown in the preceding table.

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.

MSTI has adopted a target range for regulatory solvency cover of 1.4 to 1.6 times the SCR. Momentum Short-term Insurance is currently capitalised in excess of its target range in order to support its new business growth targets on a forward-looking basis.

The lower SCR cover of Guardrisk Insurance and Guardrisk Life primarily reflects the treatment of own funds of cell captive insurers under the new regulatory framework, which requires the own funds of individual cells to be operationally ring-fenced when assessing the regulatory solvency position. The own funds of individual cells are consequently restricted to the amount necessary to cover their individual SCR, and any own funds of individual cells in excess of the SCR must be disregarded. This

results in the regulatory solvency position of the cell captive insurers being weighted towards 1.0 times the SCR. Under the Group's risk appetite framework, Guardrisk Insurance and Guardrisk Life seek to maintain SCR cover above 1.05 times SCR on the regulatory basis.

Momentum Metropolitan Holdings Limited may be designated as an insurance group by the Prudential Authority. Until the Group's designation process is complete, the solvency position of the Group is reported in line with the provisions of the Comprehensive Parallel Run. Certain methodologies that have been applied in the solvency assessments are subject to approval from the Prudential Authority, and will be addressed as part of the group designation process.

The Momentum Metropolitan's group solvency position is determined by aggregating the results under the regulatory framework of all the underlying entities, after elimination of intra-group arrangements. At 30 June 2019, Momentum Metropolitan had group SCR cover of 1.7 times SCR. The Group 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. If the Guardrisk entities (and associated cell captives) are removed, the SCR cover of the Group would increase to 1.8 times SCR.

Dividends

Following the completion of the R2 billion share buy-back programme in November 2018, Momentum Metropolitan indicated that our future capital distribution will be set at a level consistent with our capital deployment plan and a desire to maintain steady solvency ratios under the new regulatory framework. We target a dividend cover range of between 2.0 to 3.0 times normalised headline earnings.

Momentum Metropolitan declared a final ordinary dividend of 35 cents per ordinary share, resulting in an ordinary dividend of 70 cents per ordinary share for the full year. The dividend cover for the full year of 2.9 times is thus at the upper end of our target range.

Capital deployment

Momentum Metropolitan allocates capital to support its corporate strategy of value creation within the businesses. This is underpinned by appropriate links to the Group's risk appetite framework and governance processes whilst focussing on effective implementation and execution. The governance around approval of the capital deployment plan, capital calls and performance monitoring of deployed capital has been strengthened during the year with the establishment of the Board Investment subcommittee and the Capital and Investment committee which is a subcommittee of the Group's Executive Committee. Pro-active performance measurement ensures that capital is allocated to initiatives that deliver the best risk adjusted returns and continuously drive the execution of the Group's strategic goals.

The following strategic investments were made during the year:

Area of capital deployment	R million
Capital support for subsidiaries	924
Exponential, UK & Africa operations	365
Aditya Birla Joint Venture	331
Momentum Short-term Insurance	225
Other M&A transactions	65
Total	1 910

Credit rating

On 18 November 2018, Moody's affirmed ratings for Momentum Metropolitan Life Limited as set out in the table below, while the Guardrisk ratings were affirmed on 16 November 2018.

Entity	Type	National scale	Global scale	Outlook
Momentum Metropolitan Life Limited	Insurer Financial Strength	Aaa.za	Baa2	Stable
Momentum Metropolitan Life Limited	Issuer rating	Aaa.za	Baa3	Stable
Subordinated debt	N/a	Aa2.za	Ba1	Stable
Guardrisk ⁸	Insurer Financial Strength	Aaa.za	Baa3	Stable

After the F2019 year-end, on 25 July 2019 the Group announced its intention to acquire AFI, Alexander Forbes' short term insurance business. Moody's drafted an issuer research note affirming Momentum Metropolitan Group's credit ratings and credit rating outlook after the proposed AFI transaction.

Outlook

The significant increase in the Group's normalised headline earnings of 53% builds on a weak result in the prior year, which was impacted by negative operating basis changes and investment variances at the time. However, if these operating basis changes and investment variances are excluded, the pleasing 21% improvement in normalised headline earnings is testament to the positive impact of our Reset and Grow strategy.

The operating environment is expected to remain challenging into F2020, placing pressure on our ability to continue growing revenue. It is imperative for the Group, and for our retail businesses in particular, to increase new business market share in order to compensate for the natural decline in client numbers resulting from retirements, claims and withdrawals. Our investment return and asset-based fee income are furthermore dependent on investment market growth, for which the outlook is currently muted.

The Group focus on expense management has delivered good results and we will continue to drive sound financial discipline. However, cost reductions on its own have its limitations. We shall in the coming years rely more heavily on revenue growth. This will be challenging in the current environment, and single-digit earnings growth for F2020 might be a fair result. We remain committed to delivering on our three-year Reset and Grow targets, but if the current pedestrian economic outlook persists, we are more likely to achieve the lower end of our target range of R3.6 billion to R4.0 billion by F2021.

While the current environment inhibits fast growth, we are pleased with the underlying improvements visible in the Group, such as improved efficiency ratios, increased commerciality in decision-making, improved service metrics, modest growth in distribution footprint, and strengthening of the balance sheet. Most importantly, we are seeing greater levels of engagement and energy across employees of the Group. This positions us well to capitalise when the external environment improves in due course.

3 September 2019
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. Some financial figures have been extracted from the audited annual financial statements.

⁸ Guardrisk includes Guardrisk Insurance Company Ltd, Guardrisk Life Insurance Company Ltd and Guardrisk International Ltd PCC.



Summary of financial information

Audited results for the year ended 30 June 2019

MOMENTUM METROPOLITAN GROUP

DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited summarised results of Momentum Metropolitan financial services group (the Group) for the year ended 30 June 2019. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA).

Corporate events

Name change

The holding company changed its name from MMI Holdings Ltd to Momentum Metropolitan Holdings Ltd (the Company). Resolutions were approved and adopted by the Company in terms of section 60(2) of the Companies Act. The special resolution for the name change has been accepted and placed on file by the Companies and Intellectual Property Commission.

Held for sale

As part of our plan to exit a number of African countries, we have classified entities in three of these African countries, which we plan on exiting in the next 12 months, as held for sale. The remaining entities that the Group plans to exit do not yet meet all the International Financial Reporting Standards (IFRS) criteria to classify as held for sale.

Listed debt

Momentum Metropolitan Life Ltd listed new instruments to the total value of R750 million on the JSE Ltd in March 2019. The instruments are unsecured subordinated callable notes.

Basis of preparation of financial information

These summarised consolidated financial statements have been prepared in accordance with IFRS; International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and 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. Critical judgements and accounting estimates are disclosed in detail in the Group's financial statements for the year ended 30 June 2019, 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 Annual Financial Statements.

New and revised standards effective for the year ended 30 June 2019 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 22 Foreign currency transactions and advance consideration, amendments to IFRS 2 Share-based payments, IFRS 4 Insurance contracts, and IAS 40 Investment property. IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers also became effective for the first time in the current year. The effects of these are described below.
- IFRS 15 Revenue from contracts with customers
IFRS 15 is effective from periods beginning on or after 1 January 2018. The Group has implemented IFRS 15 on 1 July 2018, retrospectively without restating comparative figures.
IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.
The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the client. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.
The Group has assessed the impact of the adoption of IFRS 15 to determine the impact on the opening balance and concluded that there was no significant impact for the Group. The opening retained earnings as at 1 July 2018 has therefore not been adjusted for any change in revenue recognition.
- IFRS 9 Financial instruments
The Group has implemented IFRS 9 retrospectively without restating comparative figures. Opening retained earnings as at 1 July 2018 has been adjusted for any differences in the carrying amounts of financial instruments.

MOMENTUM METROPOLITAN GROUP

New and revised standards effective for the year ended 30 June 2019 and relevant to the Group (continued)

- IFRS 9 Financial instruments (continued)

The standard introduces an approach to the classification of financial instruments that is based on contractual cash flows characteristics and models through which financial instruments are managed (business model). The standard amends the previous requirements in three main areas: (a) classification and measurement of financial assets, (b) impairment of financial assets, mainly by introducing a forward-looking expected credit loss (ECL) impairment model and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortised cost
- Fair value through other comprehensive income
- Fair value through income

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

No significant changes were introduced for the classification and measurement of financial liabilities, except for financial liabilities that are designated at fair value where entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The standard has introduced a new ECL impairment model that will require more timely recognition of ECLs than under IAS 39. An impairment loss must now be recognised prior to a loss event occurring. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The Group has not applied hedge accounting to the current or prior year.

Impact on adoption of IFRS 9

Prior to the implementation of IFRS 9, the Group designated a significant majority of its financial assets at fair value through income in terms of IAS 39. The application of the classification criteria resulted in the majority of the financial assets being classified mandatorily at fair value through income. In the life companies certain policyholder assets were designated at fair value through income due to accounting mismatch. All equity securities remain at fair value through income and assets previously disclosed as held-to-maturity will continue to be carried at amortised cost.

With majority of the Group's financial assets measurement remaining at fair value through income these assets are not subjected to the new impairment model. The significant impacts from changes in the measurement basis of impairment provisions are limited to the Group's assets that were previously classified as held-to-maturity and loans and receivables which are now classified and carried at amortised cost. The impact of applying the ECL model resulted in a decrease in equity of R40 million on 1 July 2018 which primarily relates to loans and receivables.

The Group reclassified cumulative redeemable preference shares from designated at fair value through income to amortised cost as the fair value measurement criteria were not met.

For the Group's financial liabilities that are designated at fair value through income, there were no significant changes in its own credit risk to recognise in other comprehensive income.

The application of IFRS 9 impairment methodology had an insignificant impact on the Group's equity accounted associates and joint ventures.

All insurance and reinsurance receivables are recognised in terms of IFRS 4 and are therefore outside the scope of IFRS 9.

The effects of the adoption of IFRS 9 on the statement of financial position as at 1 July 2018 are shown in the financial instruments section.

- 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.

MOMENTUM METROPOLITAN GROUP

Segmental report

A simplified operating model was announced in June 2018, effective 1 July 2018. The product Centre of Excellence structure was dissolved and a number of empowered end-to-end value chain business units were created, supported by shared distribution channels and group support functions.

The segmental report has been aligned to the new operating business unit structures. The prior year has been restated to provide meaningful comparison for these new segments.

The Group's reporting view now 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 Retail: Metropolitan Retail 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, and the cell captive insurer, Guardrisk.

New Initiatives: This includes India, aYo, Money Management, Lending, Exponential Ventures and Momentum Consult.

Shareholders: The Shareholders segment reflects investment income on capital held to support local operations and some costs not allocated to operating segments (eg certain holding company expenses).

Embedded Value information

New regulatory framework:

The new regulatory framework, as defined in the South African Insurance Act, 18 of 2017, became effective on 1 July 2018. This meant that the previous Statutory Valuation Method (SVM) was no longer recognised as a valid basis for regulatory liabilities. 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.

Momentum Metropolitan Life Ltd's required capital is derived as the total restricted assets less the IFRS liabilities as per the new required capital methodology. Restricted assets were defined in terms of the new regulatory balance sheet as the assets allocated to support the policyholder liabilities and internal capital requirements.

Wealth business:

With changes in the operating model of the Group, a decision was taken to group businesses into segments which are managed together. The Group has also simplified the valuations between covered and non-covered business (eg expense allocations, etc) and, as a result, now report the off-balance sheet businesses of Momentum Wealth together with the on-balance sheet businesses as part of Momentum Investments covered business.

Corporate governance

The Board has satisfied itself that appropriate principles of corporate governance (King IV™) were applied throughout the year under review.

MOMENTUM METROPOLITAN GROUP

Changes to the directorate, secretary and directors' shareholding

On 30 September 2018, the Group's Company Secretary, Maliga Chetty, resigned. On the same date, Leon Basson was appointed as Acting Group Company Secretary. On 26 November 2018, Sydney Muller retired from the Board having reached retirement age. On 28 February 2019, Louis von Zeuner resigned from the Board. On 1 March 2019, Lisa Chiume, Linda de Beer, Dr Sharron McPherson and Sello Moloko were appointed to the Board. Also on that date, CorpStat Governance Services (Pty) Ltd was appointed as Interim Group Company Secretary. Leon Basson relinquished his role as Acting Group Company Secretary on that date, to resume his other duties in the Group. On 14 June 2019, Kgaugelo Legoabe-Kgomari was appointed to the Board. 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.

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

Changes to the group executive committee

Resignations	Role	Date
Andrew le Roux	Chief Business Transformation Officer	31 August 2018
Linda Mthenjane	Human Capital Executive	30 November 2018
Thinus Alsworth-Elvey	CEO: Momentum Corporate	31 March 2019

Appointments	Role	Date
Hannes Viljoen	CEO: Momentum Metropolitan's health business	1 September 2019
Dumo Mbethe	CEO: Momentum Corporate	16 September 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 2019 that were not in the ordinary course of business other than what is disclosed in the Annual Financial Statements.

Events after the reporting period

Momentum Metropolitan Holdings Ltd, through its wholly-owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd, has entered into an agreement to acquire the entire Alexander Forbes Short-term Insurance (AFI) business from Alexander Forbes Ltd for R1.94 billion. 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. A purchase price allocation has not yet been performed as the proposed transaction is still subject to regulatory approval.

Net asset value and profits attributable to the business as at 31 March 2019: AFI reported a profit after taxation for the year ended 31 March 2019 of R135 million. The net asset value of AFI as at 31 March 2019 was R322 million.

No other material events occurred between the reporting date and the date of approval of these results.

Final dividend declaration

Ordinary shares

- On 3 September 2019, a gross final dividend of 35 cents per ordinary share was declared by the Board, resulting in a total of 70 cents per share.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 27 September 2019, and will be paid on Monday, 30 September 2019.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 28 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Monday, 23 September 2019.
- The shares will trade ex dividend from the start of business on Wednesday, 25 September 2019.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 25 September 2019 and Friday, 27 September 2019, both days inclusive.
- The number of ordinary shares at the declaration date was 1 497 475 356.
- Momentum Metropolitan Holdings Ltd's income tax number is 975 2050 147.

MOMENTUM METROPOLITAN GROUP

Preference shares

- Dividends of R18.5 million (2018: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 Momentum Metropolitan Holdings Ltd preference shares as determined by the Company's Memorandum of Incorporation.

Share buy-back programme

- The Group concluded its 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 shares (R487 million) are held by a subsidiary of the Group.

Integrated information

The Integrated Report for 2019 will be posted to shareholders on or about 27 September 2019, and can be viewed online together with the Annual Financial Statements on 6 September 2019 at www.momentummetropolitan.co.za, following the results announcement.

Directors' responsibility

The preparation of these results, and the correct extraction thereof from the Group's audited 2019 Annual Financial Statements, are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The full summarised IAS 34 compliant results (including paragraph 16A(j)) are available on Momentum Metropolitan's website and at Momentum Metropolitan's registered offices upon request. A printed version of the full financial statements 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@momentummetropolitan.co.za.

External audit

These summarised results have not been audited, but have been extracted from the Group's 2019 Annual Financial Statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report, together with the Group's audited 2019 Annual Financial Statements, 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 2019 Embedded Value Report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of the Group, and the review report is available for inspection at the Company's registered office.

Signed on behalf of the Board

JJ Njeke *Chairman*
Hillie Meyer *Group Chief Executive*

Centurion
3 September 2019

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, Prof JD Krige, KS Legoabe-Kgomari, Dr SL McPherson, PJ Moleketi, MS Moloko, V Nkonyeni, 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: PricewaterhouseCoopers Inc.

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE 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: 4 September 2019

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2019	30.06.2018
	Rm	Rm
ASSETS		
Intangible assets	9 665	10 515
Owner-occupied properties	4 629	3 864
Property and equipment	381	323
Investment properties	8 103	8 614
Properties under development	192	136
Investments in associates and joint ventures	792	636
Employee benefit assets	469	436
Financial assets at fair value through income ¹	401 093	395 146
Investments in associates at fair value through income ¹	18 314	11 383
Derivative financial assets at fair value through income	2 449	2 910
Held-to-maturity financial assets	-	437
Loans and receivables	-	5 629
Financial assets at amortised cost	17 106	-
Reinsurance contract assets	5 912	4 989
Deferred income tax	599	290
Insurance and other receivables	5 259	4 962
Current income tax assets	184	283
Non-current assets held for sale	608	-
Cash and cash equivalents	27 147	25 812
Total assets	502 902	476 365
EQUITY		
Equity attributable to owners of the parent	23 020	22 328
Non-controlling interests	526	462
Total equity	23 546	22 790
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts	116 180	109 203
Non-life insurance contracts	9 603	8 728
Investment contracts	274 853	272 411
– with discretionary participation features (DPF)	23 800	24 550
– designated at fair value through income	251 053	247 861
Financial liabilities at fair value through income ¹	40 753	38 217
Derivative financial liabilities at fair value through income	2 318	2 255
Financial liabilities at amortised cost	3 007	2 420
Reinsurance contract liabilities	1 912	1 685
Deferred income tax	3 222	2 874
Employee benefit obligations	1 339	1 153
Other payables	25 064	14 304
Provisions	112	73
Current income tax liabilities	459	252
Non-current liabilities held for sale	534	-
Total liabilities	479 356	453 575
Total equity and liabilities	502 902	476 365

¹ For the prior year, this line item was classified as designated at fair value through income in terms of IAS 39 and has not been restated.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2019 Rm	12 mths to 30.06.2018 Rm
Net insurance premiums	36 618	29 893
Fee income ¹	8 449	7 536
Investment income	22 137	20 084
Net realised and fair value gains	1 439	17 786
Net income	68 643	75 299
Net insurance benefits and claims	26 582	27 232
Change in actuarial liabilities and related reinsurance	5 673	1 794
Change in long-term insurance contract liabilities	6 282	1 612
Change in non-life insurance contract liabilities	110	(71)
Change in investment contracts with DPF liabilities	(588)	285
Change in reinsurance assets	(377)	(322)
Change in reinsurance liabilities	246	290
Fair value adjustments on investment contract liabilities	9 107	17 555
Fair value adjustments on collective investment scheme liabilities	(492)	2 738
Depreciation, amortisation and impairment expenses	1 343	1 226
Employee benefit expenses	6 168	5 457
Sales remuneration	6 078	5 796
Other expenses	7 415	7 779
Expenses	61 874	69 577
Results of operations	6 769	5 722
Share of loss of associates and joint ventures	(269)	(213)
Finance costs ²	(1 021)	(1 048)
Profit before tax	5 479	4 461
Income tax expense	(3 069)	(3 039)
Earnings for year	2 410	1 422
Attributable to:		
Owners of the parent	2 255	1 369
Non-controlling interests	155	53
	2 410	1 422
Basic earnings per ordinary share (cents)	153.1	88.2
Diluted earnings per ordinary share (cents)	151.6	88.1
¹ Fee income consists of the following:		
Investment contracts	2 754	2 384
Trust and fiduciary services	1 417	1 506
Health administration	1 931	1 780
Other fee income	2 347	1 866
	8 449	7 536
² Finance costs consist of the following:		
Preference shares issued by Momentum Metropolitan Holdings Ltd	106	110
Subordinated debt	418	397
Cost of carry positions	286	363
Other finance costs	211	178
	1 021	1 048

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2019 Rm	12 mths to 30.06.2018 Rm
Earnings for year	2 410	1 422
Other comprehensive (loss)/income, net of tax ¹	(57)	138
Items that may subsequently be reclassified to income	28	(6)
Exchange differences on translating foreign operations	17	9
Available-for-sale financial assets	-	(7)
Share of other comprehensive income/(loss) of associates	11	(8)
Items that will not be reclassified to income	(85)	144
Land and building revaluation	(146)	131
Remeasurements of post-employee benefit funds	1	14
Income tax relating to items that will not be reclassified	60	(1)
Total comprehensive income for year	2 353	1 560
Total comprehensive income attributable to:		
Owners of the parent	2 198	1 507
Non-controlling interests	155	53
	2 353	1 560

¹ Included within other comprehensive income is R6 million (2018: nil) relating to non-current assets classified as held for sale.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2019	12 mths to 30.06.2018	12 mths to 30.06.2019	12 mths to 30.06.2018
	Rm	Rm	Rm	Rm
Earnings	2 255	1 369	2 255	1 369
Finance costs – convertible preference shares			37	40
Dilutory effect of subsidiaries ¹			(17)	(16)
Diluted earnings			2 275	1 393
Realised gains on available-for-sale financial assets	-	(13)	-	(13)
Tax on realised gains on available-for-sale financial assets	-	2	-	2
Intangible asset impairments ²	77	97	77	97
Tax on intangible asset impairments	(15)	(16)	(15)	(16)
Impairment of fixed assets	22	-	22	-
(Gain)/loss on sale of subsidiary ³	(6)	18	(6)	18
Impairments relating to held for sale entities	87	-	87	-
FCTR reversal on sale of foreign subsidiary ³	1	(13)	1	(13)
Impairment of owner-occupied property below cost	66	-	66	-
Tax on impairment of owner-occupied property below cost	(13)	-	(13)	-
Headline earnings ⁴	2 474	1 444	2 494	1 468
Adjustments for Momentum Metropolitan shares held by policyholder funds	35	(32)	35	(32)
Amortisation of intangible assets relating to business combinations	522	543	522	543
BEE cost	23	24	23	24
Normalised headline earnings ⁵	3 054	1 979	3 074	2 003

¹ The Momentum Metropolitan Namibia group, Metropolitan Kenya and Cannon are consolidated at 96% in earnings. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated.

² The current year includes 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.

The prior year impairments relate mainly to software in Metropolitan Retail as certain components are no longer used and goodwill in Momentum Investments (previously International under the old operating model) due to a decline in the directors' valuation relating to a restructure of the UK businesses.

³ Current year relates to the sale of Mauritius Life in the Momentum Metropolitan Africa segment. Prior year relates to the sale of Momentum Financial Technology in the Momentum Investments segment.

⁴ Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.

⁵ Normalised headline earnings excludes adjustments for Momentum Metropolitan shares held by policyholder funds, the amortisation of intangible assets relating to business combinations as well as BEE costs. It includes basis changes and investment variances of negative R170 million (2018: negative R651 million).

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	12 mths to 30.06.2019	12 mths to 30.06.2018
Basic		
Normalised headline earnings	207.3	127.5
Headline earnings	168.0	93.0
Earnings	153.1	88.2
Weighted average number of shares (million)	1 473	1 552
Basic number of shares in issue (million)	1 457	1 512
Diluted		
Normalised headline earnings	202.5	125.5
Weighted average number of shares (million) ¹	1 518	1 596
Headline earnings	166.2	92.9
Earnings	151.6	88.1
Weighted average number of shares (million) ²	1 501	1 580

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

² For diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

DIVIDENDS	2019	2018
Ordinary listed Momentum Metropolitan Holdings Ltd shares (cents per share)		
Interim - March	35	-
Final - September	35	-
Total	70	-

Share buy-back programme

A total of 106 million shares (R2 billion excluding transaction costs) have been bought back as part of the share buy-back programme which was completed on 29 November 2018. The consideration paid has been adjusted for in retained earnings except for the 27 million shares (R487 million) held by a subsidiary of the Group which has 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 current year) 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). During the current year, 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. As a result of this, an IFRS 2 – Share-based payment BEE expense of R23 million has been recognised.

A3 Momentum Metropolitan Holdings Ltd preference share dividends - KTH	2019 Rm	2018 Rm
Interim - March	19	19
Final - September	19	19
Total	38	38

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2019 Rm	12 mths to 30.06.2018 Rm
Changes in share capital		
Balance at beginning and end	9	9
Changes in share premium		
Balance at beginning	13 758	13 737
Conversion of preference shares	-	7
Decrease in treasury shares held on behalf of contract holders	60	14
Increase in treasury shares held by subsidiary for shareholders	(487)	-
Balance at end	13 331	13 758
Changes in other reserves		
Balance at beginning	1 767	1 788
Total comprehensive (loss)/income	(57)	138
Share schemes – value of services provided	24	43
Change in non-distributable reserves	9	(6)
Transfer to retained earnings	(22)	(196)
Balance at end ¹	1 721	1 767
Changes in retained earnings		
Balance at beginning	6 794	7 422
IFRS 9 opening adjustment	(40)	-
Restated opening balance	6 754	7 422
Total comprehensive income	2 255	1 369
Dividend paid	(509)	(1 442)
Shares repurchased	(544)	(974)
Transactions with non-controlling interests	(19)	223
Transfer from other reserves	22	196
Balance at end	7 959	6 794
Equity attributable to owners of the parent	23 020	22 328
Changes in non-controlling interests		
Balance at beginning	462	292
Total comprehensive income	155	53
Dividend paid	(90)	(32)
Transactions with owners	(1)	133
Business combinations	-	16
Balance at end	526	462
Total equity	23 546	22 790
¹ Other reserves consist of the following:		
Land and building revaluation reserve	619	732
Foreign currency translation reserve	(67)	(97)
Non-distributable reserve	76	57
Employee benefit revaluation reserve	100	102
Fair value adjustment for preference shares issued by Momentum Metropolitan Holdings Ltd	940	940
Equity-settled share-based payment arrangements	53	33
	1 721	1 767

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 30.06.2019 Rm	12 mths to 30.06.2018 Rm
Cash flow from operating activities		
Cash utilised in operations	(15 185)	(12 313)
Interest and dividends received	20 588	18 936
Income tax paid	(2 664)	(3 053)
Interest paid	(1 000)	(920)
Net cash inflow from operating activities	1 739	2 650
Cash flow from investing activities		
Net acquisition of subsidiaries	-	(98)
Net investments in associates and joint ventures	(463)	(264)
Net loan repayments by related parties	73	11
Net purchases of owner-occupied properties	(58)	(47)
Net purchases of property and equipment	(255)	(117)
Net purchases of intangible assets	(71)	(81)
Dividends from associates	49	2
Net cash outflow from investing activities	(725)	(594)
Cash flow from financing activities		
Net advances/(repayments) of borrowings	1 900	(2 275)
Dividends paid to equity holders	(509)	(1 442)
Dividends paid to non-controlling interest shareholders	(90)	(32)
Decrease of treasury shares held on behalf of contract holders	62	14
Increase of treasury shares held by subsidiary for shareholders	(487)	-
Transactions with minority shareholders	(9)	356
Other equity transactions	(2)	6
Net issue of subordinated call notes	-	750
Shares repurchased	(544)	(974)
Net cash inflow/(outflow) from financing activities	321	(3 597)
Net cash flow	1 335	(1 541)
Cash resources and funds on deposit at beginning	25 812	27 353
Cash resources and funds on deposit at end	27 147	25 812

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

NON-CONTROLLING INTERESTS	30.06.2019 %	30.06.2018 %
Cannon Assurance	33.7	33.7
Eris Property Group	23.5	23.9
Metropolitan Health Ghana	0.9	0.9
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Swaziland	33.0	33.0
Metropolitan Tanzania	33.0	33.0
Metropolitan Health Zambia	35.0	35.0
Momentum Metropolitan Namibia	9.9	9.9
Momentum Mozambique	33.0	33.0
Momentum Swaziland	33.0	33.0
Metropolitan Health Corporate	49.0	49.0
Momentum Short-term Insurance (Namibia)	30.0	30.0

BUSINESS COMBINATIONS – JUNE 2019

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

BUSINESS COMBINATIONS – JUNE 2018

There were no significant business combinations for the 12 months ended June 2018. Intangibles relating to goodwill (R27 million), customer relationships relating to non-life business (R84 million) and health (R23 million), broker network (R71 million), and computer software (R5 million) were recognised due to small acquisitions.

RECONCILIATION OF GOODWILL	30.06.2019 Rm	30.06.2018 Rm
Balance at beginning	1 124	1 128
Business combinations ¹	-	27
Impairment charges ²	(19)	(31)
Balance at end	1 105	1 124

¹ An acquisition was made in the Guardrisk group for R90 million in the prior year. This resulted in the recognition of R27 million goodwill. The entity's business is that of underwriting managers.

² Goodwill relating to the Providence health business (Momentum Corporate segment) was impaired in the current year due to a decline in the directors' valuation. In the prior year, goodwill relating to the Financial Partners (Momentum Investments segment) acquisition was impaired due to a decline in the directors' valuation relating to a restructure of the UK businesses.

Significant related party transactions

R369 million of the ordinary dividends declared by Momentum Metropolitan Holdings Ltd in September 2017 and R140 million of the ordinary dividends declared in March 2019 were attributed to RMI Holdings Ltd.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2018 ¹	Momentum		Momentum		Metropolitan		Momentum		Non-life		Momentum		New		Segmental		Reconciling		IFRS		
	Life	Investments	Retail	Corporate	Insurance	Africa ²	Initiatives	Shareholders	total	total	items ³	total	total	total	total	total	total	total	total	total	
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
Revenue	8 938	20 894	7 368	15 244	8 609	4 251	-	-	65 304	(35 411)	29 893	-	-	65 304	(35 411)	29 893	-	-	65 304	(35 411)	29 893
Net insurance premiums	8 587	403	6 064	11 588	8 002	3 751	-	-	38 395	(13 204)	25 191	-	-	38 395	(13 204)	25 191	-	-	38 395	(13 204)	25 191
Recurring premiums	351	20 491	1 304	3 656	607	500	-	-	26 909	(22 207)	4 702	-	-	26 909	(22 207)	4 702	-	-	26 909	(22 207)	4 702
Single premiums	967	3 383	139	2 619	1 009	289	43	85	8 534	(998)	7 536	-	-	8 534	(998)	7 536	-	-	8 534	(998)	7 536
Fee income	948	2 863	139	2 590	1 008	289	42	-	7 879	(343)	7 536	-	-	7 879	(343)	7 536	-	-	7 879	(343)	7 536
Intergroup fee income	19	520	-	29	1	-	1	85	655	(655)	-	-	-	655	(655)	-	-	-	655	(655)	-
Expenses																					
Net payments to contract holders	9 494	24 337	5 660	16 329	4 915	2 686	-	-	63 421	(36 189)	27 232	-	-	63 421	(36 189)	27 232	-	-	63 421	(36 189)	27 232
External payments	3 527	3 026	2 518	3 076	2 848	1 742	209	223	17 169	3 089	20 258	-	-	17 169	3 089	20 258	-	-	17 169	3 089	20 258
Other expenses	1 348	725	1 060	102	1 946	615	-	-	5 796	-	5 796	-	-	5 796	-	5 796	-	-	5 796	-	5 796
Sales remuneration	1 802	1 683	1 400	2 538	808	900	170	634	9 935	2 849	12 784	-	-	9 935	2 849	12 784	-	-	9 935	2 849	12 784
Administration expenses	363	384	-	-	-	3	6	27	783	895	1 678	-	-	783	895	1 678	-	-	783	895	1 678
Asset management, direct property and other fee expenses	14	234	58	436	94	224	33	(438)	655	(655)	-	-	-	655	(655)	-	-	655	(655)	-	
Intergroup expenses																					
Diluted normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003	-	2 003	-	-	2 003	-	2 003	-	-	2 003	-	2 003
Operating profit/(loss)	716	248	281	1 247	134	33	(380)	(117)	2 162	-	2 162	-	-	2 162	-	2 162	-	-	2 162	-	2 162
Tax on operating profit/(loss)	(257)	(70)	(80)	(356)	(23)	(40)	-	(58)	(884)	-	(884)	-	-	(884)	-	(884)	-	-	(884)	-	(884)
Investment income	18	56	-	33	137	169	3	638	1 054	-	1 054	-	-	1 054	-	1 054	-	-	1 054	-	1 054
Tax on investment income	(5)	(14)	-	(9)	(39)	(27)	-	(141)	(235)	-	(235)	-	-	(235)	-	(235)	-	-	(235)	-	(235)
Fair value gains/(losses)	-	11	-	(8)	(6)	11	-	(97)	(89)	-	(89)	-	-	(89)	-	(89)	-	-	(89)	-	(89)
Tax on fair value gains/(losses)	-	(4)	-	2	1	1	-	(5)	(5)	-	(5)	-	-	(5)	-	(5)	-	-	(5)	-	(5)
Covered	628	84	201	731	-	271	-	358	2 273	-	2 273	-	-	2 273	-	2 273	-	-	2 273	-	2 273
Non-covered	(156)	143	-	178	204	(124)	(377)	(138)	(270)	-	(270)	-	-	(270)	-	(270)	-	-	(270)	-	(270)
	472	227	201	909	204	147	(377)	220	2 003	-	2 003	-	-	2 003	-	2 003	-	-	2 003	-	2 003
Basis changes and investment variances ⁴	(276)	(250)	(410)	333	-	(48)	-	-	(651)	-	(651)	-	-	(651)	-	(651)	-	-	(651)	-	(651)
Actuarial liabilities	75 173	159 355	34 903	88 160	19 742	13 009	-	-	390 342	-	390 342	-	-	390 342	-	390 342	-	-	390 342	-	390 342

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

² The Momentum Metropolitan Africa column includes amounts received/incurred by companies the Group has decided to exit: Net insurance premiums R882 million; external payments R481 million and administration expenses R103 million.

³ The Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R460 million) and asset management fees for all entities (R436 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R2 092 million); the amortisation of intangibles relating to business combinations (R715 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

⁴ Included in diluted normalised headline earnings and its net of tax.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

CHANGE IN DILUTED NORMALISED HEADLINE EARNINGS	Change %	12 mths to 30.06.2019 Rm	Restated 12 mths to 30.06.2018 ¹ Rm
Momentum Life	87	883	472
Momentum Investments	126	512	227
Metropolitan Retail	203	610	201
Momentum Corporate	(34)	601	909
Non-life Insurance	(20)	164	204
Momentum Metropolitan Africa	78	262	147
New Initiatives	(31)	(492)	(377)
Operating segments	42	2 540	1 783
Shareholders	143	534	220
Total diluted normalised headline earnings	53	3 074	2 003

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

SEGMENTAL ANALYSIS

Definitions

Protection: This includes all life insurance business, generally open to new business. Momentum Life includes the Myriad business; Metropolitan Retail 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

SEGMENTAL ANALYSIS	Momentum										Total Rm
	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm			
12 mths to 30.06.2019											
Covered											
Protection	487	-	305	112	-	-	-	-	-	-	904
Long-term savings	190	113	236	267	-	-	-	-	-	-	806
Annuities and structured products	-	261	149	67	-	-	-	-	-	-	477
Traditional	199	-	(77)	-	-	-	-	-	-	-	122
Other	91	(19)	(3)	29	-	186	-	-	(39)	-	245
Investment income	-	-	-	-	-	118	-	-	-	546	664
Total	967	355	610	475	-	304	-	-	507	3 218	
Non-covered											
Investment and savings	-	157	-	-	-	-	-	-	-	-	157
Life insurance	-	-	-	-	-	(43)	-	-	-	-	(43)
Health	-	-	-	166	-	75	-	-	-	-	241
Momentum Multiply	(82)	-	-	-	-	-	-	-	-	-	(82)
Non-life insurance	-	-	-	-	(43)	27	-	-	-	-	(16)
Cell captives	-	-	-	-	207	-	-	-	-	-	207
Unallocated expenses	-	-	-	-	-	-	-	-	(117)	-	(117)
New Initiatives India	-	-	-	-	-	-	-	(287)	-	-	(287)
New Initiatives aYo	-	-	-	-	-	-	-	(89)	-	-	(89)
Other	(2)	-	-	(40)	-	(101)	-	(116)	144	-	(115)
Total	(84)	157	-	126	164	(42)	-	(492)	27	(144)	
Diluted normalised headline earnings	883	512	610	601	164	262	-	(492)	534	3 074	

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

SEGMENTAL ANALYSIS	Momentum	Momentum	Metropolitan	Momentum	Non-life	Momentum	New	Shareholders	Total
	Life	Investments	Retail	Corporate	Insurance	Africa	Initiatives	Rm	Rm
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Restated									
12 mths to 30.06.2018 ¹									
Covered									
Protection	(13)	-	150	293	-	-	-	-	430
Long-term savings	135	109	(118)	196	-	-	-	-	322
Annuities and structured products	-	(25)	75	212	-	-	-	-	262
Traditional	357	-	108	-	-	-	-	-	465
Other	149	-	(14)	30	-	200	-	(83)	282
Investment income	-	-	-	-	-	71	-	441	512
Total	628	84	201	731	-	271	-	358	2 273
Non-covered									
Investment and savings	-	143	-	-	-	-	-	-	143
Life insurance	-	-	-	-	-	(32)	-	-	(32)
Health	-	-	-	195	-	49	-	-	244
Momentum Multiply	(152)	-	-	-	-	-	-	-	(152)
Non-life insurance	-	-	-	-	(56)	10	-	-	(46)
Cell captives	-	-	-	-	260	-	-	-	260
Unallocated expenses	-	-	-	-	-	-	-	(97)	(97)
New Initiatives India	-	-	-	-	-	-	(218)	-	(218)
New Initiatives aYo	-	-	-	-	-	-	(58)	-	(58)
Other	(4)	-	-	(17)	-	(151)	(101)	(41)	(314)
Total	(156)	143	-	178	204	(124)	(377)	(138)	(270)
Diluted normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

MOMENTUM INVESTMENTS - NON-COVERED BUSINESS	12 mths to 30.06.2019 Rm	Restated 12 mths to 30.06.2018 ¹ Rm
Revenue	1 713	1 800
Fee income	1 630	1 661
Performance fees	5	1
Investment income	69	108
Fair value gains	9	30
Expenses and finance costs	(1 523)	(1 555)
Other expenses	(1 476)	(1 496)
Finance costs	(47)	(59)
Share of profit of associates	-	5
Profit before tax	190	250
Income tax expense	(20)	(81)
Non-controlling interest	(13)	(26)
Diluted normalised headline earnings	157	143
Operating profit before tax	151	155
Tax on operating profit	(10)	(58)
Investment income	23	47
Tax on investment income	(6)	(12)
Fair value (losses)/gains	(1)	14
Tax on fair value (losses)/gains	-	(3)
Diluted normalised headline earnings	157	143
Assets under management at year end	446 804	440 399

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2019			
Revenue	2 809	828	3 637
Net insurance premiums	785	598	1 383
Fee income	1 939	202	2 141
Investment income	40	28	68
Intergroup fees	45	-	45
Expenses and finance costs	(2 490)	(671)	(3 161)
Net payments to contract holders	(555)	(394)	(949)
Other expenses	(1 932)	(277)	(2 209)
Finance costs	(3)	-	(3)
Profit before tax	319	157	476
Income tax expense	(79)	(46)	(125)
Non-controlling interest	(74)	(36)	(110)
Diluted normalised headline earnings	166	75	241
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)
Diluted 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	

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated			
12 mths to 30.06.2018 ¹			
Revenue	2 586	774	3 360
Net insurance premiums	694	558	1 252
Fee income	1 831	186	2 017
Investment income	30	30	60
Intergroup fees	31	-	31
Expenses and finance costs	(2 272)	(655)	(2 927)
Net payments to contract holders	(509)	(394)	(903)
Other expenses	(1 760)	(261)	(2 021)
Finance costs	(3)	-	(3)
Profit before tax	314	119	433
Income tax expense	(85)	(37)	(122)
Non-controlling interests	(34)	(33)	(67)
Diluted normalised headline earnings	195	49	244
Operating profit before tax	249	47	296
Tax on operating profit	(72)	(23)	(95)
Investment income	32	28	60
Tax on investment income	(9)	-	(9)
Fair value losses	(7)	(3)	(10)
Tax on fair value losses	2	-	2
Diluted normalised headline earnings	195	49	244
Closed schemes	102	49	151
Open scheme	37	-	37
Other	56	-	56
	195	49	244
	Principal members	Lives	
Momentum Corporate principal members	1 052 466		
Momentum Metropolitan Africa lives		440 981	

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
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)
Diluted normalised headline earnings	(43)	207	27	191
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
Diluted 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

¹ The acquisition costs relating to the cell captive business are included in underwriting profit.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
12 mths to 30.06.2018 ¹				
Net insurance premiums	731	-	164	895
Fee income	6	656	31	693
Management fees	-	456	-	456
Investment fees	-	73	-	73
Underwriting fees	-	125	-	125
Other fee income	6	2	31	39
Investment income	41	117	16	174
Total income	778	773	211	1 762
Expenses and finance costs	(867)	(420)	(201)	(1 488)
Net payments to contract holders	(486)	-	(88)	(574)
Change in actuarial liabilities	-	-	11	11
Acquisition costs ²	(113)	-	(34)	(147)
Other expenses	(268)	(409)	(90)	(767)
Finance costs	-	(11)	-	(11)
(Loss)/Profit before tax	(89)	353	10	274
Income tax expense	33	(93)	1	(59)
Non-controlling interest	-	-	(1)	(1)
Diluted normalised headline earnings	(56)	260	10	214
Operating (loss)/profit before tax	(109)	236	(5)	122
Tax on operating (loss)/profit	39	(60)	1	(20)
Investment income	20	118	17	155
Tax on investment income	(6)	(32)	-	(38)
Fair value losses	-	(3)	(3)	(6)
Tax on fair value losses	-	1	-	1
Diluted normalised headline earnings	(56)	260	10	214
Momentum Short-term Insurance (including Admin)	(56)	-	-	(56)
Guardrisk Group	-	260	-	260
Swaziland	-	-	2	2
Tanzania	-	-	3	3
Momentum Short-term Insurance (Namibia)	-	-	(3)	(3)
Cannon Short-term	-	-	8	8
	(56)	260	10	214

¹ The table has been restated based on a new operating model adopted by the Group. The Group has also adopted diluted normalised headline earnings as its primary earnings measure and not diluted core headline earnings as previously disclosed. Refer to Appendix A for reconciliations of diluted core headline earnings under the old model to diluted normalised headline earnings under the new model.

² The acquisition costs relating to the cell captive business are included in underwriting profit.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

INDIA - NON-COVERED BUSINESS ¹	12 mths to 30.06.2019	12 mths to 30.06.2018
	Rm	Rm
Gross written premiums	996	483
Net earned premiums	698	307
Fee income	18	4
Net incurred claims	(409)	(268)
Total management expenses	(784)	(425)
Net commission expenses	(95)	(37)
Underwriting loss	(572)	(419)
Investment income	37	20
Operating loss	(535)	(399)
Investment income on excess	16	15
Loss before and after tax	(519)	(384)
Momentum Metropolitan share of results (49%)	(254)	(188)
Momentum Metropolitan support costs	(33)	(30)
Diluted normalised headline earnings	(287)	(218)
Number of lives	2 314 566	1 012 693

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

SEGMENT IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS ¹	Total revenue in scope of IFRS 15				
	Contract admini- stration Rm	Trust and fiduciary services Rm	Health admini- stration Rm	Other fee income Rm	Total fee income Rm
12 mths to 30.06.2019					
Momentum Life	750	13	-	438	1 201
Momentum Investments	1 420	1 336	-	76	2 832
Metropolitan Retail	58	-	-	75	133
Momentum Corporate	396	437	1 919	57	2 809
Non-life Insurance	108	-	-	1 419	1 527
Momentum Metropolitan Africa	22	15	12	244	293
New Initiatives	-	8	-	34	42
Segmental total	2 754	1 809	1 931	2 343	8 837
Reconciling items	-	(392)	-	4	(388)
IFRS total	2 754	1 417	1 931	2 347	8 449

¹ Comparative information not required in terms of IFRS 15.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	30.06.2019 Rm	Restated 30.06.2018 Rm
Covered business		
Equity attributable to owners of the parent	23 020	22 328
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 748)	(3 170)
Difference between statutory and published valuation methods ¹	-	(1 574)
Net assets - non-covered business within life insurance companies	(5 011)	(2 269)
Net assets - non-covered business outside life insurance companies	(2 914)	(3 430)
Dilutory effect of subsidiaries ²	(89)	(52)
Value of Momentum Metropolitan Life Ltd preference shares issued	(500)	(500)
Diluted adjusted net worth – covered business	11 758	11 333
Net value of in-force business	21 776	22 133
Diluted embedded value – covered business	33 534	33 466
Non-covered business		
Net assets - non-covered business within life insurance companies	5 011	2 269
Net assets - non-covered business outside life insurance companies	2 914	3 430
Consolidation adjustments ³	(1 032)	(1 291)
Adjustments for dilution ⁴	639	660
Diluted adjusted net worth – non-covered business	7 532	5 068
Write-up to directors' value	127	1 067
Non-covered business	2 370	2 880
Holding company expenses ⁵	(1 413)	(1 232)
International holding company expenses ⁵	(830)	(581)
Diluted embedded value – non-covered business	7 659	6 135
Diluted adjusted net worth	19 290	16 401
Net value of in-force business	21 776	22 133
Write-up to directors' value	127	1 067
Diluted embedded value	41 193	39 601
Required capital – covered business (adjusted for qualifying debt) ⁶	2 874	5 699
Free surplus – covered business	8 884	5 634
Diluted embedded value per share (cents)	2 748	2 543
Diluted adjusted net worth per share (cents)	1 287	1 053
Diluted number of shares in issue (million) ⁷	1 499	1 557

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

- ¹ The new regulatory framework, as defined in the South African Insurance Act, 18 of 2017, became effective on 1 July 2018. This meant that the previous Statutory Valuation Method was no longer recognised as a valid basis for regulatory liabilities. 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. The difference between the statutory and published valuation method is no longer applicable to the embedded value statement from 1 July 2018, but remain applicable to prior reporting periods.
- ² For accounting purposes, Momentum Metropolitan Holdings Namibia Limited, Metropolitan Kenya and Cannon have 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.
- ³ Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- ⁴ Adjustments for dilution are made up as follows:
- Dilutory effect of subsidiaries (note 2): R125 million (30.06.2018: R114 million)
 - Treasury shares held on behalf of contract holders: R260 million (30.06.2018: R292 million)
 - Liability – Momentum Metropolitan Holdings Ltd convertible preference shares issued to KTH: R254 million (30.06.2018: R254 million)
- ⁵ 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.
- ⁶ The required capital for in-force covered business amounts to R7 305 million (30.06.2018: R10 073 million) and is adjusted for qualifying debt of R4 431 million (30.06.2018: R4 374 million). With the new required capital methodology, that coincided with the implementation of the new regulatory framework as of 1 July 2018, Momentum Metropolitan Life Ltd has adopted a target range for solvency cover of 1.7 to 2.1 times the SCR. This makes allowance for the capital required to support the covered business as well as the wider strategic deployments of the group. The required capital allocated to the South African in-force covered business represents the IFRS shareholder assets required to provide resilience against a range of severe but plausible scenarios, based on stress testing of the new regulatory balance sheet. For the international covered business, required capital is determined as a multiple of the statutory capital adequacy requirements.
- ⁷ 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 ¹	30.06.2019 Rm	Restated 30.06.2018 Rm
Momentum Life	9 530	9 834
Gross value of in-force business	10 383	11 182
Less cost of required capital	(853)	(1 348)
Momentum Investments ²	1 455	1 948
Gross value of in-force business	1 789	2 111
Less cost of required capital	(334)	(163)
Metropolitan Retail	4 620	4 023
Gross value of in-force business	4 822	4 659
Less cost of required capital	(202)	(636)
Momentum Corporate	4 059	4 250
Gross value of in-force business	5 053	5 183
Less cost of required capital	(994)	(933)
Momentum Metropolitan Africa	2 112	2 078
Gross value of in-force business	2 413	2 366
Less cost of required capital	(301)	(288)
Net value of in-force business	21 776	22 133

¹ With the adoption of the new regulatory framework for South African insurers, 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. For purposes of determining the cost of required capital, total restricted assets were defined in terms of the new regulatory balance sheet by referencing the regulatory technical provisions and SCR. Required capital is derived as the total restricted assets less the IFRS liabilities.

² Prior period has been restated to include Wealth business in the Momentum Investments segment.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth ⁴ Rm	Net value of in-force Rm	30.06.2019 Rm	Restated 30.06.2018 Rm
Covered business				
Momentum Life	1 606	9 530	11 136	13 480
Momentum Investments ^{1,2}	1 204	1 455	2 659	2 888
Metropolitan Retail	748	4 620	5 368	6 175
Momentum Corporate	2 929	4 059	6 988	6 730
Momentum Metropolitan Africa	2 441	2 112	4 553	3 833
Shareholders	2 830	-	2 830	360
Other	(1 601)	-	(1 601)	(4 014)
Qualifying debt	4 431	-	4 431	4 374
Total covered business	11 758	21 776	33 534	33 466
	Adjusted net worth ⁴ Rm	Write-up to directors' value Rm	30.06.2019 Rm	Restated 30.06.2018 Rm
Non-covered business				
Momentum Life	487	(1 045)	(558)	(426)
Multiply	471	(1 045)	(574)	(376)
Other	16	-	16	(50)
Momentum Investments	1 068	1 010	2 078	1 744
Investment and savings ¹	839	1 000	1 839	1 726
Other	229	10	239	18
Momentum Corporate	698	489	1 187	1 572
Health	655	489	1 144	1 595
Other	43	-	43	(23)
Non-life Insurance	2 853	1 300	4 153	3 553
Non-life insurance	810	(382)	428	470
Cell captives	2 043	1 682	3 725	3 083
Momentum Metropolitan Africa	884	(616)	268	(530)
Life insurance	348	(125)	223	204
Health	252	341	593	358
Non-life insurance	100	(50)	50	102
Other	184	48	232	(613)
International holding company expenses ³	-	(830)	(830)	(581)
New Initiatives	612	402	1 014	577
New initiatives India	458	343	801	453
New initiatives aYo	84	59	143	77
Other	70	-	70	47
Shareholders	930	(1 413)	(483)	(355)
Other	930	-	930	877
Holding company expenses ³	-	(1 413)	(1 413)	(1 232)
Total non-covered business	7 532	127	7 659	6 135
Total embedded value	19 290	21 903	41 193	39 601

¹ Prior period has been restated to reflect the transfer of Wealth to covered business.

² Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R485 million (30.06.2018: R582 million) and value of in-force of R194 million (30.06.2018: R229 million).

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

⁴ The treatment of intercompany loans has been changed to align with capital management practices, i.e. loans need to be carried by the units that utilise the funding.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE		Covered business				Restated
		Adjusted net worth (ANW) Rm	Gross value of in- force (VIF) Rm	Cost of required capital Rm	12 mths to 30.06.2019 Total EV Rm	12 mths to 30.06.2018 Total EV Rm
Notes						
Profit from new business		(1 086)	1 960	(263)	611	433
	Embedded value from new business	(1 086)	1 890	(263)	541	345
	Expected return to end of period	-	70	-	70	88
Profit from existing business		3 557	(1 162)	77	2 472	1 102
	Expected return – unwinding of RDR	-	2 470	(281)	2 189	2 198
	Release from the cost of required capital	-	-	340	340	452
	Expected (or actual) net of tax profit transfer to net worth	3 384	(3 384)	-	-	-
	Operating experience variances	386	31	-	417	(181)
	Development expenses	(32)	-	-	(32)	(51)
	Operating assumption changes	(181)	(279)	18	(442)	(1 316)
Embedded value profit/(loss) from operations		2 471	798	(186)	3 083	1 535
	Investment return on adjusted net worth	464	-	-	464	695
	Investment variances	50	(540)	39	(451)	(82)
	Economic assumption changes	77	106	87	270	28
	Exchange rate movements	5	4	(1)	8	21
	Impact of change in required capital methodology	1 534	(1 409)	745	870	-
Embedded value profit/(loss) - covered business		4 601	(1 041)	684	4 244	2 197
	Transfer of business to non-covered business	-	-	-	-	(59)
	Other capital transfers	(2 589)	-	-	(2 589)	(455)
	Dividend (paid)/received	(1 587)	-	-	(1 587)	(3 194)
Change in embedded value - covered business		425	(1 041)	684	68	(1 511)
Non-covered business						
	Change in directors' valuation and other items				(646)	(1 750)
	Change in holding company expenses				(430)	(916)
Embedded value profit/(loss) - non-covered business					(1 076)	(2 666)
	Transfer of business from covered business	M			-	59
	Other capital transfers	N			2 589	455
	Dividend received/(paid)				1 079	1 752
	Shares repurchased				(1 031)	(974)
	Finance costs – preference shares				(37)	(37)
Change in embedded value - non-covered business					1 524	(1 411)
Total change in group embedded value					1 592	(2 922)
Total embedded value profit/(loss)					3 168	(469)
Return on embedded value (%) - internal rate of return					8.0%	-1.1%
Return on embedded value excluding Impact of change in required capital methodology (%) - internal rate of return					5.8%	-1.1%

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^{1, 2}	Momentum Life Rm	Momentum Investments ^{3, 4} Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
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
Restated						
12 mths to 30.06.2018						
Value of new business	66	76	84	124	(5)	345
Gross	120	105	134	160	15	534
Less cost of required capital	(54)	(29)	(50)	(36)	(20)	(189)
New business premiums	2 963	22 650	2 618	4 319	861	33 411
Recurring premiums	995	206	1 249	806	429	3 685
Protection	517	-	816	271	114	1 718
Long-term savings	478	205	429	533	315	1 960
Annuities and structured products	-	1	4	2	-	7
Single premiums	1 968	22 444	1 369	3 513	432	29 726
Protection	-	-	-	10	244	254
Long-term savings	1 968	19 955	631	3 482	152	26 188
Annuities and structured products	-	2 489	738	21	36	3 284
New business premiums (APE)	1 192	2 451	1 386	1 157	472	6 658
Protection	517	-	816	272	138	1 743
Long-term savings	675	2 201	492	881	330	4 579
Annuities and structured products	-	250	78	4	4	336
New business premiums (PVP)	8 089	23 267	5 091	11 218	2 337	50 002
Profitability of new business as a percentage of APE	5.5	3.1	6.1	10.7	(1.1)	5.2
Profitability of new business as a percentage of PVP	0.8	0.3	1.6	1.1	(0.2)	0.7

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 2018 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 Prior period has been restated to include Wealth that was transferred to covered business.
- ⁴ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R24 million (30.06.2018: R39 million).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2019 Rm	Restated 12 mths to 30.06.2018 Rm
Total lump sum inflows	33 071	26 909
Inflows not included in value of new business	(7 303)	(6 612)
Wealth off-balance sheet business	6 703	7 700
Term extensions on maturing policies	444	438
Automatically Continued Policies	1 303	1 318
Non-controlling interests and other adjustments	(35)	(27)
Single premiums included in value of new business	34 183	29 726

PRINCIPAL ASSUMPTIONS (South Africa) ^{1, 2}	30.06.2019 %	30.06.2018 %
Pre-tax investment return		
Equities	12.8	13.0
Properties	10.3	10.5
Government stock	9.3	9.5
Other fixed-interest stocks	9.8	10.0
Cash	8.3	8.5
Risk-free return ³	9.3	9.5
Risk discount rate (RDR)	11.5	11.8
Investment return (before tax) - balanced portfolio ³	11.5	11.7
Renewal expense inflation rate ⁴	5.8	6.5

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 For the retail businesses an inflation rate of 6.0% 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. For Momentum Corporate a fixed real return of 2.4% is projected. The 5.8% 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 30.06.2019 EV Rm	Restated 12 mths to 30.06.2018 EV Rm
Momentum Life		215	108	-	323	78
Mortality and morbidity	1	124	28	-	152	157
Terminations, premium cessations and policy alterations	2	102	(80)	-	22	(33)
Expense variance	3	5	-	-	5	(15)
Other	4	(16)	160	-	144	(31)
Momentum Investments		63	(33)	-	30	(96)
Mortality and morbidity		(3)	-	-	(3)	24
Terminations, premium cessations and policy alterations		15	(17)	-	(2)	(29)
Expense variance	3	(17)	-	-	(17)	(158)
Credit risk variance		29	-	-	29	31
Other		39	(16)	-	23	36
Metropolitan Retail		27	15	-	42	(33)
Mortality and morbidity	1	83	6	-	89	98
Terminations, premium cessations and policy alterations	5	(91)	(15)	-	(106)	(141)
Expense variance	3	14	-	-	14	(18)
Credit risk variance		25	-	-	25	17
Other		(4)	24	-	20	11
Momentum Corporate		76	7	-	83	(34)
Mortality and morbidity	1	69	-	-	69	11
Terminations, premium cessations and policy alterations		(2)	7	-	5	(59)
Expense variance		(4)	-	-	(4)	51
Credit risk variance		10	-	-	10	48
Other		3	-	-	3	(85)
Momentum Metropolitan Africa		88	(66)	-	22	10
Mortality and morbidity	1	62	4	-	66	52
Terminations, premium cessations and policy alterations	6	(13)	(57)	-	(70)	(39)
Expense variance		22	-	-	22	(4)
Other		17	(13)	-	4	1
Shareholders		(83)	-	-	(83)	(106)
Total operating experience variances		386	31	-	417	(181)

Notes

- Overall, mortality and morbidity experience for the 12 months were better compared to what was allowed for in the valuation basis.
- Positive alteration experience due to better than expected take-up of premium increases were offset to some extent by negative termination experience.
- Function of the expense basis changes applied in the previous financial year.
- Mainly due to the impact of pricing changes implemented and larger than expected premium discounts.
- Continued lapse losses and selective benefit lapsing.
- Includes the impact of the loss of a large corporate scheme.

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	Restated
					30.06.2019	12 mths to 30.06.2018
					EV Rm	EV Rm
Momentum Life		(122)	15	93	(14)	(137)
Mortality and morbidity assumptions	1	207	16	-	223	(10)
Termination assumptions	2	(112)	(16)	-	(128)	(182)
Renewal expense assumptions		-	1	-	1	(256)
Modelling, methodology and other changes	3	(217)	14	93	(110)	311
Momentum Investments		-	(84)	(23)	(107)	(1 270)
Mortality and morbidity assumptions		-	-	-	-	5
Termination assumptions	4	(1)	(34)	-	(35)	(75)
Renewal expense assumptions		-	-	-	-	(775)
Modelling, methodology and other changes	5	1	(50)	(23)	(72)	(425)
Metropolitan Retail		(55)	7	14	(34)	(273)
Mortality and morbidity assumptions		-	-	-	-	3
Termination assumptions	6	(9)	(70)	-	(79)	(55)
Renewal expense assumptions		(16)	2	-	(14)	(216)
Modelling, methodology and other changes	7	(30)	75	14	59	(5)
Momentum Corporate		(25)	(499)	(87)	(611)	614
Mortality and morbidity assumptions	8	(27)	(213)	-	(240)	(143)
Termination assumptions		(3)	-	-	(3)	9
Renewal expense assumptions	9	(16)	(220)	-	(236)	526
Modelling, methodology and other changes	9	21	(66)	(87)	(132)	222
Momentum Metropolitan Africa		21	282	21	324	(250)
Mortality and morbidity assumptions		13	3	-	16	49
Termination assumptions	10	(36)	49	-	13	(2)
Renewal expense assumptions	11	(20)	(30)	-	(50)	(87)
Modelling, methodology and other changes	12	64	260	21	345	(210)
Total operating assumption changes		(181)	(279)	18	(442)	(1 316)

Notes

- Changes made to basis for mainly protection business, in line with recent experience.
- Strengthening of basis in line with recent experience investigations.
- Allowance for the risks relating to the Multiply transition guarantee as well as the introduction of an outstanding claims provision.
- Strengthening of basis in line with recent experience on single premium savings business.
- Mainly relates to the impact of the updated estimate of effective policyholder tax rate.
- Changes made to assumed future premium increase take-up rates.
- Includes the harmonisation of the credit spread methodology as well as the impact of model rationalisation.
- Strengthening of morbidity assumptions.
- Allowance for unit costs in line with budgeted renewal expenses, including a reallocation to longer duration FundsAtWork business, also impacting cost of required capital.
- Termination assumptions have been adjusted in line with experience.
- Mainly due to expected business volumes and change in expense allocations.
- Various modelling and methodology changes, including the implementation of the reduced tax assumption in Lesotho.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2019 Rm	Restated 12 mths to 30.06.2018 Rm
Investment income	670	559
Capital appreciation and other ¹	(172)	171
Preference share dividends paid and change in fair value of preference shares	(34)	(35)
Investment return on adjusted net worth	464	695

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. IMPACT OF CHANGE IN REQUIRED CAPITAL METHODOLOGY

With the adoption of the new regulatory framework for South African insurers, 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 - 30.06.2019	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital³ Rm	Net value Rm	Gross value Rm	Cost of required capital³ Rm
Base value	11 758	21 776	24 460	(2 684)	541	804	(263)
1% increase in risk discount rate % change		19 904 (9)	22 962 (6)	(3 058) 14	402 (26)	685 (15)	(283) 8
1% reduction in risk discount rate % change		23 871 10	26 147 7	(2 276) (15)	699 29	941 17	(242) (8)
10% decrease in future expenses % change ¹		23 578 8	26 194 7	(2 616) (3)	722 33	977 22	(255) (3)
10% decrease in lapse, paid-up and surrender rates % change		22 456 3	25 132 3	(2 676) -	681 26	959 19	(278) 6
5% decrease in mortality and morbidity for assurance business % change		24 254 11	26 887 10	(2 633) (2)	708 31	971 21	(263) -
5% decrease in mortality for annuity business % change		21 349 (2)	24 075 (2)	(2 726) 2	509 (6)	796 (1)	(287) 9
1% reduction in gross investment return, inflation rate and risk discount rate % change ²	11 758 -	22 152 2	25 167 3	(3 015) 12	604 12	886 10	(282) 7
1% reduction in inflation rate % change		22 831 5	25 352 4	(2 521) (6)	637 18	891 11	(254) (3)
10% fall in market value of equities and properties % change	11 436 (3)	20 941 (4)	23 549 (4)	(2 608) (3)			
10% reduction in premium indexation take-up rate % change		21 297 (2)	23 949 (2)	(2 652) (1)	493 (9)	755 (6)	(262) -
10% decrease in non-commission- related acquisition expenses % change					600 11	863 7	(263) -
1% increase in equity/property risk premium % change		22 428 3	25 149 3	(2 721) 1	570 5	835 4	(265) 1

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 - ADDITIONAL 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 30.06.2019 Rm	Restated 12 mths to 30.06.2018 Rm
Momentum Life					
Embedded value from new business	(291)	483	(91)	101	66
Expected return – unwinding of RDR	-	967	(92)	875	897
Release from the cost of required capital	-	-	96	96	198
Expected (or actual) net of tax profit transfer to net	1 167	(1 167)	-	-	-
Operating experience variances	215	108	-	323	78
Development expenses	(19)	-	-	(19)	(17)
Operating assumption changes	(122)	15	93	(14)	(137)
Embedded value profit/(loss) from operations	950	406	6	1 362	1 085
Investment return on adjusted net worth	87	-	-	87	203
Investment variances	(3)	(369)	(12)	(384)	(132)
Economic assumption changes	26	208	7	241	24
Impact of change in required capital methodology	1 167	(1 045)	496	618	-
Embedded value profit/(loss) - covered business	2 227	(800)	497	1 924	1 180
Momentum Investments					
Embedded value from new business	(170)	271	(19)	82	76
Expected return – unwinding of RDR	-	191	(22)	169	270
Release from the cost of required capital	-	-	43	43	26
Expected (or actual) net of tax profit transfer to net	489	(489)	-	-	-
Operating experience variances	63	(33)	-	30	(96)
Development expenses	(6)	-	-	(6)	(3)
Operating assumption changes	-	(84)	(23)	(107)	(1 270)
Embedded value profit/(loss) from operations	376	(144)	(21)	211	(997)
Investment return on adjusted net worth	49	-	-	49	84
Investment variances	(41)	(128)	18	(151)	7
Economic assumption changes	-	(22)	(5)	(27)	8
Impact of change in required capital methodology	11	(27)	(165)	(181)	-
Embedded value profit/(loss) - covered business	395	(321)	(173)	(99)	(898)
Metropolitan Retail					
Embedded value from new business	(261)	399	(49)	89	84
Expected return – unwinding of RDR	-	462	(24)	438	372
Release from the cost of required capital	-	-	60	60	102
Expected (or actual) net of tax profit transfer to net	851	(851)	-	-	-
Operating experience variances	27	15	-	42	(33)
Development expenses	(4)	-	-	(4)	(24)
Operating assumption changes	(55)	7	14	(34)	(273)
Embedded value profit from operations	558	32	1	591	228
Investment return on adjusted net worth	54	-	-	54	115
Investment variances	7	28	-	35	135
Economic assumption changes	52	119	46	217	76
Impact of change in required capital methodology	16	(16)	387	387	-
Embedded value profit - covered business	687	163	434	1 284	554

MOMENTUM METROPOLITAN GROUP - ADDITIONAL 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 30.06.2019 Rm	Restated 12 mths to 30.06.2018 Rm
Momentum Corporate					
Embedded value from new business	(157)	506	(84)	265	124
Expected return – unwinding of RDR	-	643	(110)	533	474
Release from the cost of required capital	-	-	141	141	126
Expected (or actual) net of tax profit transfer to net	538	(538)	-	-	-
Operating experience variances	76	7	-	83	(34)
Development expenses	(3)	-	-	(3)	(7)
Operating assumption changes	(25)	(499)	(87)	(611)	614
Embedded value profit/(loss) from operations	429	119	(140)	408	1 297
Investment return on adjusted net worth	132	-	-	132	127
Investment variances	47	(39)	33	41	(57)
Economic assumption changes	-	(211)	-	(211)	(103)
Impact of change in required capital methodology	-	-	46	46	-
Embedded value profit/(loss) - covered business	608	(131)	(61)	416	1 264
Momentum Metropolitan Africa					
Embedded value from new business	(207)	231	(20)	4	(5)
Expected return – unwinding of RDR	-	277	(33)	244	273
Expected (or actual) net of tax profit transfer to net	339	(339)	-	-	-
Operating experience variances	88	(66)	-	22	10
Operating assumption changes	21	282	21	324	(250)
Embedded value profit/(loss) from operations	241	385	(32)	594	28
Investment return on adjusted net worth	114	-	-	114	112
Investment variances	40	(32)	-	8	(35)
Economic assumption changes	(1)	12	39	50	23
Exchange rate movements	5	4	(1)	8	21
Impact of change in required capital methodology	340	(321)	(19)	-	-
Embedded value profit/(loss) - covered business	739	48	(13)	774	149
Shareholders					
Operating experience variances	(83)	-	-	(83)	(106)
Embedded value loss from operations	(83)	-	-	(83)	(106)
Investment return on adjusted net worth	28	-	-	28	54
Embedded value (loss)/profit - covered business	(55)	-	-	(55)	(52)

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ¹	30.06.2019 Rm	30.06.2018 Rm
Managed and/or administered by Investments		
Financial assets	423 774	418 540
Momentum Manager of Managers	70 885	88 943
Momentum Investment Consultants	6 226	5 850
Momentum Collective Investments	85 344	82 157
Metropolitan Collective Investments	-	120
Momentum Asset Management	169 265	152 247
Momentum Global Investments	57 250	60 476
Momentum Alternative Investments	7 152	6 278
Momentum Securities	27 652	22 469
Properties - Eris Property Group	23 030	21 859
On-balance sheet	8 242	8 346
Off-balance sheet	14 788	13 513
Momentum Wealth linked product assets under administration	161 036	160 839
On-balance sheet	104 983	104 327
Off-balance sheet	56 053	56 512
Managed internally or by other managers within Momentum Metropolitan (on-balance sheet)	82 952	71 097
Managed by external managers (on-balance sheet)	16 794	16 543
Properties managed internally or by other managers within Momentum Metropolitan or externally	4 682	4 268
Momentum Corporate - cell captives on-balance sheet	18 013	16 575
Total assets managed and/or administered	730 281	709 721
Managed and/or administered by Investments		
On-balance sheet	230 229	231 035
Off-balance sheet	193 545	187 505
	423 774	418 540

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

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 30.06.2019					
Momentum Life	418	8 795	9 213	(9 725)	(512)
Momentum Investments	20 505	534	21 039	(26 759)	(5 720)
Metropolitan Retail	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
Restated					
12 mths to 30.06.2018 ²					
Momentum Life	351	8 587	8 938	(9 494)	(556)
Momentum Investments	20 491	403	20 894	(24 337)	(3 443)
Metropolitan Retail	1 304	6 064	7 368	(5 660)	1 708
Momentum Corporate	3 656	11 588	15 244	(16 329)	(1 085)
Non-life Insurance	607	8 002	8 609	(4 915)	3 694
Momentum Metropolitan Africa	500	3 751	4 251	(2 686)	1 565
Long-term insurance business fund flows	26 909	38 395	65 304	(63 421)	1 883
Off-balance sheet fund flows					
Managed and/or administered by Investments			70 861	(81 246)	(10 385)
Properties - Eris Property Group			1 819	(835)	984
Momentum Wealth linked product assets under administration			7 545	(9 280)	(1 735)
Total net funds received from clients			145 529	(154 782)	(9 253)

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 The table has been restated based on a new operating model adopted by the Group.

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2019		30.06.2018	
	Rm	%	Rm	%
Equity securities	356	1.4	411	1.9
Preference shares	1 223	5.3	1 456	6.5
Collective investment schemes	872	3.8	367	1.6
Debt securities	6 892	29.9	6 833	30.6
Properties	3 854	16.7	3 479	15.6
Owner-occupied properties	3 146	13.7	2 426	10.9
Investment properties	708	3.1	1 053	4.7
Cash and cash equivalents and funds on deposit	7 882	34.2	5 927	26.5
Intangible assets	5 977	26.0	6 653	29.8
Other net assets	909	3.9	2 122	9.5
	27 965	121.5	27 248	122.0
Redeemable preference shares	(254)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	(4 431)	(19.2)	(4 374)	(19.6)
Treasury shares held on behalf of contract holders	(260)	(1.1)	(292)	(1.3)
Shareholder excess per reporting basis	23 020	100.0	22 328	100.0

NUMBER OF EMPLOYEES	30.06.2019	30.06.2018
Indoor staff	9 566	9 350
SA	8 275	8 099
International	1 291	1 251
Field staff	6 208	7 585
Momentum Life & Investments	1 052	1 038
Metropolitan Retail	3 561	4 535
International	1 595	2 012
Total	15 774	16 935

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9 ¹	Fair value through income			Total fair value		Amortised cost ³		Other measurement basis ³		Total
	Mandatorily Designated ²	Designated ²	Other	Rm	Rm	Rm	Rm	Rm	Rm	
30.06.2019										
Equity securities ⁴	97 785	-	-	97 785	-	-	-	-	97 785	
Debt securities	32 822	94 858	-	127 680	387	-	-	-	128 067	
Funds on deposit and other money market instruments	13 164	15 543	-	28 707	78	-	-	-	28 785	
Unit-linked investments	146 921	-	-	146 921	-	-	-	-	146 921	
Investments in associates at fair value through income	18 314	-	-	18 314	-	-	-	-	18 314	
Derivative financial instruments	2 449	-	-	2 449	-	-	-	-	2 449	
Financial assets at amortised cost (excluding prepayments)	-	-	-	-	-	16 399	-	-	16 399	
Insurance and other receivables (excluding accelerated rental)	-	-	-	-	-	-	-	4 964	4 964	
Cash and cash equivalents	-	-	-	-	-	27 147	-	-	27 147	
Total financial assets	311 455	110 401	421 856	44 011	4 964	27 147	4 964	470 831		
Investment contracts with DPF	-	-	-	-	-	-	-	23 800	23 800	
Investment contracts designated at fair value through income	-	251 053	-	251 053	-	-	-	-	251 053	
Derivative financial instruments	2 318	-	-	2 318	-	-	-	-	2 318	
Collective investment scheme liabilities	-	29 596	-	29 596	-	-	-	-	29 596	
Subordinated call notes	-	4 431	-	4 431	-	-	-	-	4 431	
Carry positions	-	6 613	-	6 613	-	-	-	-	6 613	
Borrowings	-	-	-	-	-	3 007	-	-	3 007	
Other payables (excluding premiums in advance and deferred revenue liability)	-	-	-	-	-	17 658	-	5 829	23 487	
Other liabilities	108	5	-	113	-	-	-	-	113	
Total financial liabilities	2 426	291 698	294 124	20 665	29 629	344 418				

¹ Comparative information not required in terms of IFRS 9.

² Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at fair value through income. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at fair value through income 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.

³ The carrying amount of financial assets not at fair value through income approximates fair value. The fair value of financial liabilities not at fair value through income amounts to R50 588 million.

⁴ Equity securities are classified as fair value through income at inception.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL ASSETS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IAS 39

	30.06.2018 Rm
Financial assets designated at fair value through income	409 439
Securities designated at fair value through income	395 146
Investments in associates designated at fair value through income	11 383
Derivative financial instruments	2 910
Financial assets carried at amortised cost	36 392
Held-to-maturity	437
Loans and receivables	5 433
Insurance and other receivables	4 710
Cash and cash equivalents	25 812
Total financial assets	445 831

The carrying amount of financial assets carried at amortised cost approximates fair value.

FINANCIAL LIABILITIES SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IAS 39

	30.06.2018 Rm
Investment contracts with DPF ¹	24 550
Financial liabilities designated at fair value through income	288 333
Investment contracts designated at fair value through income	247 861
Liabilities designated at fair value through income	38 217
Derivative financial instruments	2 255
Financial liabilities carried at amortised cost	15 242
Financial liabilities ²	2 420
Other payables ²	12 822
Total financial liabilities	328 125

¹ The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which has been used as an approximation for the fair value of this financial liability as the fair value cannot be measured reliably. There is no intention to dispose of these financial instruments.

² The fair value of financial liabilities at amortised cost was R2 680 million as at 30.06.2018 and the carrying amount of other payables approximated fair value due to their short-term nature.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

ADOPTION OF NEW STANDARDS IFRS 9 TRANSITIONAL ADJUSTMENTS	30.06.2018 as per IAS 39 Rm	IFRS 9 class- ification Rm	IFRS 9 ECL adjustment Rm	01.07.2018 as per IFRS 9 Rm
Statement of financial position				
ASSETS				
Investments in associates and joint ventures	636	-	-	636
Financial assets <i>designated</i> at fair value through income	395 146	(395 146)	-	-
Financial assets at fair value through income - designated	-	95 416	-	95 416
Financial assets at fair value through income - mandatorily	-	299 730	-	299 730
Investments in associates <i>designated</i> at fair value through income	11 383	(11 383)	-	-
Investments in associates at fair value through income - mandatorily	-	11 383	-	11 383
Derivative financial assets	2 910	-	-	2 910
Held-to-maturity financial assets	437	(437)	-	-
Loans and receivables	5 629	(5 629)	-	-
Financial assets at amortised cost	-	6 066	(46)	6 020
Cash and cash equivalents	25 812	-	-	25 812
Other assets	34 412	-	-	34 412
Total assets	476 365	-	(46)	476 319
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	22 328	-	(40)	22 288
Non-controlling interests	462	-	-	462
Total equity	22 790	-	(40)	22 750
Financial liabilities <i>designated</i> at fair value through income	38 217	(38 217)	-	-
Financial liabilities at fair value through income - designated	-	37 090	-	37 090
Financial liabilities at fair value through income - mandatorily	-	110	-	110
Financial liabilities at amortised cost ¹	2 420	1 017	-	3 437
Derivative financial liabilities	2 255	-	-	2 255
Other liabilities ²	410 683	-	(6)	410 677
Total liabilities	453 575	-	(6)	453 569
Total equity and liabilities	476 365	-	(46)	476 319

¹ Balance was not reclassified in interim results as the management of the liability was subsequently clarified.

² The liability ECL adjustment relates to tax on the impairment provision increase.

MOMENTUM METROPOLITAN GROUP - STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	30.06.2019	30.06.2018
12 months		
Value of listed shares traded (rand million)	12 461	17 396
Volume of listed shares traded (million)	716	853
Shares traded (% of average listed shares in issue)	49	56
Trade prices		
Highest (cents per share)	1 987	2 424
Lowest (cents per share)	1 500	1 673
Last sale of year (cents per share)	1 897	1 767
Percentage (%) change during year	7	(13)
Percentage (%) change – life insurance sector (J857)	8	10
Percentage (%) change – top 40 index (J200)	1	13
30 June		
Price/diluted normalised headline earnings (segmental) ratio ¹	9.3	14.0
Dividend yield % (dividend on listed shares)	3.7	-
Dividend yield % – top 40 index (J200)	3.1	2.8
Total shares issued (million)		
Ordinary shares listed on JSE	1 498	1 529
Treasury shares held by subsidiary for shareholders	(27)	-
Treasury shares held on behalf of contract holders	(14)	(17)
Basic number of shares in issue	1 457	1 512
Treasury shares held on behalf of contract holders	14	17
Convertible redeemable preference shares	28	28
Diluted number of shares in issue ²	1 499	1 557
Market capitalisation at end (Rbn) ³	28	28

¹ Comparatives have been restated for diluted normalised headline earnings.

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.

MOMENTUM METROPOLITAN GROUP - APPENDIX A

CHANGES TO PRIMARY EARNINGS METRIC AND SEGMENTAL REPORTING

As communicated at the last annual results announcement, Momentum Metropolitan has changed its primary earnings metric from diluted core headline earnings to diluted normalised headline earnings, in order to align closer to earnings metrics used by the South African insurance industry. Furthermore, following a revision to its internal operating structure, Momentum Metropolitan has changed its reporting segments, to align to its current operating model.

These changes have been applied to the year ended 30 June 2018. For illustrative purposes, this disclosure supplement provides segmental earnings for the comparative year 30 June 2018 and because of their nature, they do not fairly present Momentum Metropolitan's financial position, changes in equity, results of operations or cash flows. This supplementary financial information is the responsibility of the directors of Momentum Metropolitan.

Primary earnings metric

Momentum Metropolitan has changed its primary earnings metric from diluted core headline earnings to diluted normalised headline earnings. Compared to core headline earnings, normalised headline earnings has fewer adjustments to the definition of headline earnings and is more comparable to primary earnings metrics used by the South African insurance industry.

Normalised headline earnings include the impact of investment variances, actuarial basis changes and other non-recurring items that were previously not reported as part of core headline earnings. However, normalised headline earnings still adjust the standard definition of headline earnings for treasury shares and for the amortisation of intangible assets from business combinations. The Group is of the opinion that these adjustments present a more realistic picture of underlying performance and remove distortions that might arise from elimination of treasury shares (potential distortions that are peculiar to financial institutions that invest in their own securities on behalf of clients).

New reporting segments

To more meaningfully report on earnings and growth, the Group has aligned its reporting segments to its revised internal operating structure.

The historic segment of Momentum Retail has been split into Momentum Life and Momentum Investments. Momentum Life includes protection, savings and traditional products focused on the middle and affluent client segments. Momentum Investments consists of Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties. All Momentum Wealth products are now reported as covered business, and prior year value of new business and present value of new business premiums have been restated accordingly.

There are no material changes to the Metropolitan Retail reporting segment. Metropolitan Retail focusses on the lower to mid-income retail market segment, with a range of protection and savings products.

Momentum Corporate offers group risk, annuities, pensions savings and umbrella funds (FundsAtWork) and includes Momentum Metropolitan's health business.

Non-life Insurance is a new reporting segment, comprising the retail general insurance offering, Momentum Short-term Insurance (MSTI) and the cell captive insurer, Guardrisk.

The former International segment has been split: Momentum Metropolitan Africa (excluding South Africa) will be shown separately, with India and aYo now reported under New Initiatives, alongside Transactional Banking and other smaller initiatives.

The Shareholders segment reflects investment income on capital held to support local operations and some costs not allocated to operating segments (eg certain holding company expenses).

MOMENTUM METROPOLITAN GROUP - APPENDIX A

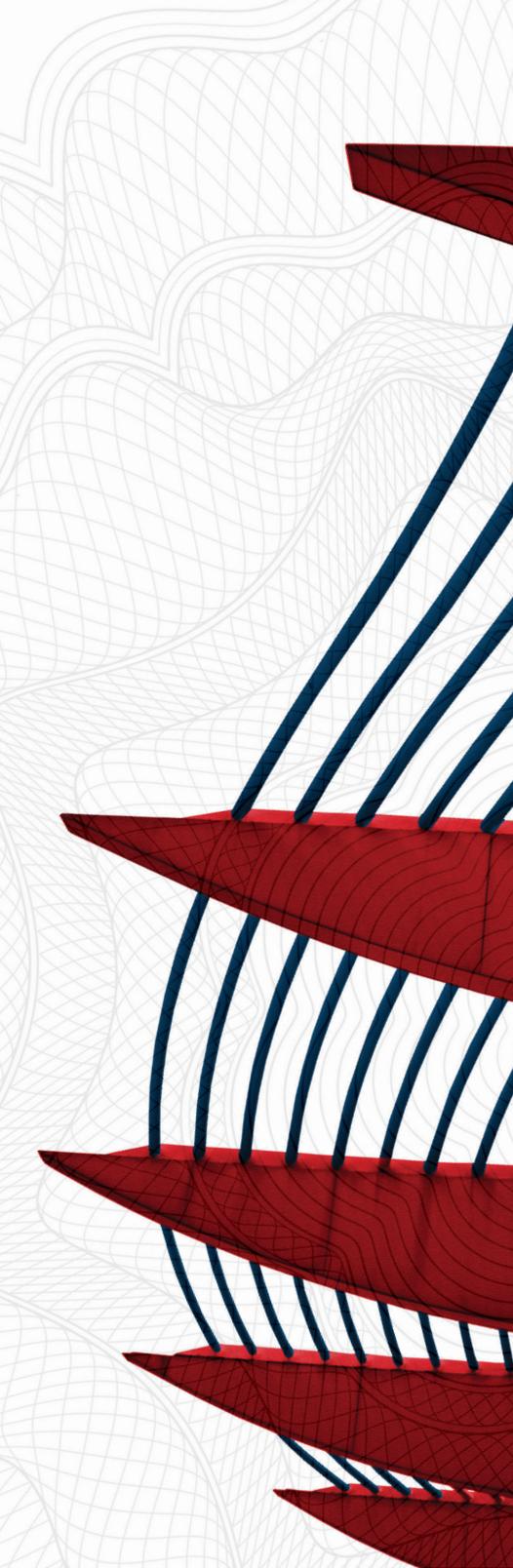
Earnings for the 12 months ending 30 June 2018 - New primary earnings metric with old segment reporting

SEGMENTAL ANALYSIS	Momentum Retail Rm		Metropolitan Retail Rm		Momentum Corporate Rm		International Rm		Shareholder Capital Rm		Total Rm	
Published												
12 mths to 30.06.2018												
Covered												
Operating profit	1 096		611		425		191		(8)		2 315	
Investment income	-		-		-		-		546		546	
Total	1 096		611		425		191		538		2 861	
Non-covered												
Investment and savings	1		-		91		99		-		191	
Life insurance	-		-		-		(69)		-		(69)	
Health	19		-		151		(156)		-		14	
Non-life insurance	(56)		-		260		(3)		-		201	
Client engagement	(140)		(29)		(8)		(19)		9		(187)	
Unallocated expenses	-		-		-		-		(104)		(104)	
Other operations	-		(12)		(16)		(91)		21		(98)	
Total	(176)		(41)		478		(239)		(74)		(52)	
Diluted core headline earnings	920		570		903		(48)		464		2 809	
Reconciliation to normalised headline earnings												
Fair value gains/(losses)	7		-		6		14		(67)		(40)	
Basis changes and investment variances	(526)		(410)		333		(48)		-		(651)	
Non-recurring items	-		-		-		(100)		(15)		(115)	
Total reconciling items	(519)		(410)		339		(134)		(82)		(806)	
Diluted normalised headline earnings	401		160		1 242		(182)		382		2 003	
Restated												
12 mths to 30.06.2018												
Covered												
Operating profit	571		201		758		200		(46)		1 684	
Investment income	-		-		-		-		553		553	
Total	571		201		758		200		507		2 237	
Non-covered												
Investment and savings	9		-		100		78		-		187	
Life insurance	-		-		-		(90)		-		(90)	
Health	19		-		149		(169)		-		(1)	
Non-life insurance	(56)		-		260		10		-		214	
Client engagement	(142)		(29)		(8)		(19)		9		(189)	
Unallocated expenses	-		-		-		(5)		(116)		(121)	
Net investment income	-		-		-		-		(4)		(4)	
Other operations	-		(12)		(17)		(187)		(14)		(230)	
Total	(170)		(41)		484		(382)		(125)		(234)	
Diluted normalised headline earnings	401		160		1 242		(182)		382		2 003	

MOMENTUM METROPOLITAN GROUP - APPENDIX A

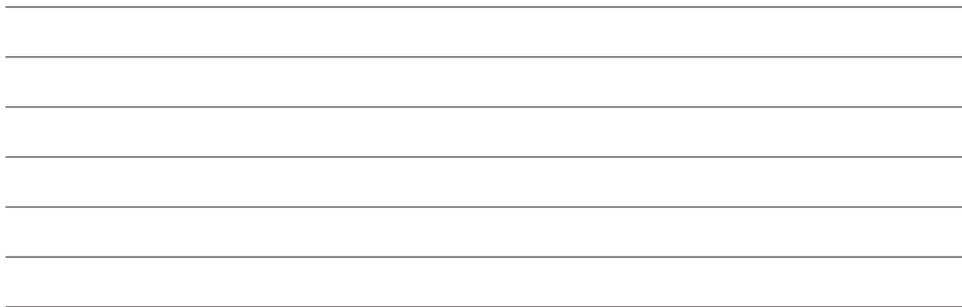
Earnings for the 12 months ending 30 June 2018 - New primary earnings metric with new segment reporting

SEGMENTAL ANALYSIS	Momentum Life Rm		Momentum Investments Rm		Metropolitan Retail Rm		Momentum Corporate Rm		Non-life Insurance Rm		Momentum Africa Rm		New Initiatives Rm		Shareholders Rm		Total Rm	
Diluted normalised headline earnings - old model	401				160		1 242					(182)			382		2 003	
Items to restate into new segments																		
Split of annuities from Momentum Retail to Momentum Investments	4	(4)			-		-											
Move of investment business to Momentum Investments	(9)	187			-		(100)				(78)							
Health business allocated to Momentum Corporate only	(19)	-			-		19				-							
Non-life business, including Guardrisk, disclosed as new segment	56	-			-		(260)		204		-							
Split out New Initiatives into separate segment	68	-			12		-		-		278		(377)		19			
Momentum Multiply (excluding money management) moved to Momentum Life	(47)	-			29		8		-		19		-		(9)			
Wealth on-balance sheet moved to Momentum Investments	(52)	52			-		-		-		-		-		-			
African life insurance investment income reallocated from Shareholders	-	-			-		-		-		110		-		(110)			
Tax reallocation from Momentum Retail to Shareholders and other	70	(8)			-		-		-		-		-		(62)			
Total	472	227	201	909	204	147	(377)	220	2 003									
Covered																		
Protection	(13)	-	150	293	-	-	-	-	-	-	-	-	-	-	-	-	430	
Long-term savings	135	109	(118)	196	-	-	-	-	-	-	-	-	-	-	-	-	322	
Annuities and structured products	-	(25)	75	212	-	-	-	-	-	-	-	-	-	-	-	-	262	
Traditional	357	-	108	-	-	-	-	-	-	-	-	-	-	-	-	-	465	
Other	149	-	(14)	30	-	-	-	-	-	-	200	-	-	-	(83)	-	282	
Investment income	-	-	-	-	-	-	-	-	-	-	71	-	-	-	441	-	512	
Total	628	84	201	731	-	271	-	358	2 273									
Non-covered																		
Investment and savings	-	143	-	-	-	-	-	-	-	-	(32)	-	-	-	-	-	143	
Life insurance	-	-	-	-	-	-	-	-	-	-	49	-	-	-	-	-	(32)	
Health	-	-	-	195	-	-	-	-	-	-	-	-	-	-	-	-	244	
Momentum Multiply	(152)	-	-	-	-	-	-	-	(56)	-	10	-	-	-	-	-	(152)	
Non-life insurance	-	-	-	-	-	-	-	-	260	-	-	-	-	-	-	-	(46)	
Cell captives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260	
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(97)	-	(97)	
New Initiatives India	-	-	-	-	-	-	-	-	-	-	-	-	(218)	-	-	-	(218)	
New Initiatives aYo	-	-	-	-	-	-	-	-	-	-	-	-	(58)	-	-	-	(58)	
Other	(4)	-	-	(17)	-	-	-	-	-	-	(151)	-	(101)	-	(41)	-	(314)	
Total	(156)	143	-	178	204	(124)	(377)	(138)	(270)									
Diluted normalised headline earnings	472	227	201	909	204	147	(377)	220	2 003									



Investor presentation

4 September 2019



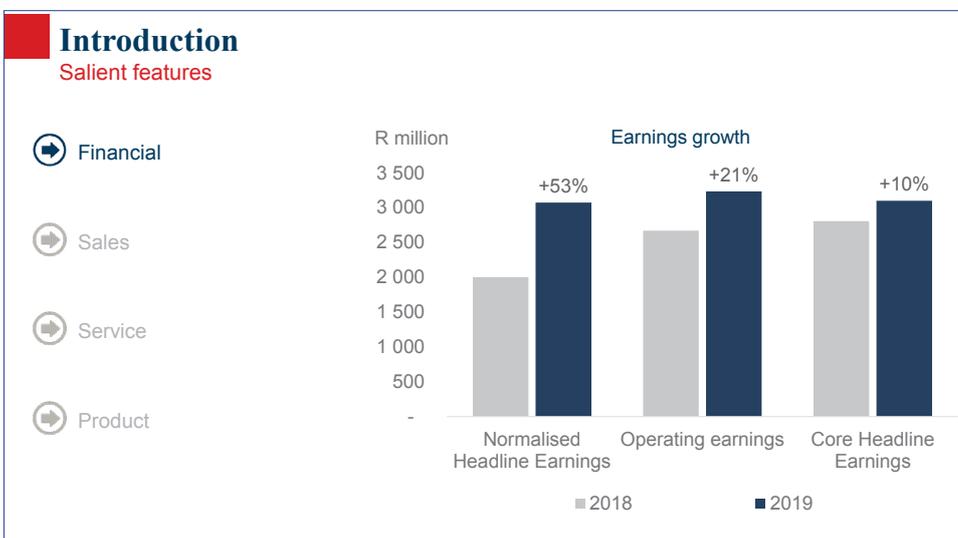
Agenda	
Part 1 Introduction	Hillie Meyer Group CEO
Part 2 Reset and Grow update	Hillie Meyer Group CEO
Part 3 Financial results	Risto Ketola Group FD
Part 4 Q&A	Dan Moyane



Introduction
Staff engagement and commitment




#CountUsIn



Introduction

Salient features

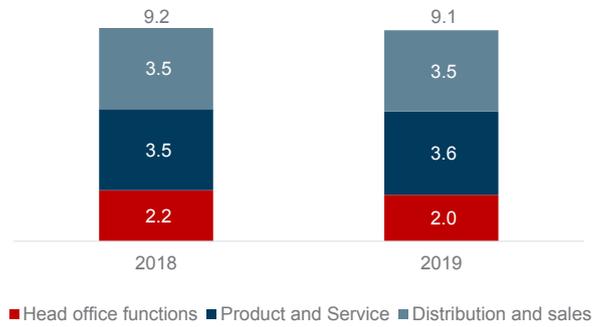
Financial

Sales

Service

Product

Financial discipline: Controllable costs (R billion)



Introduction

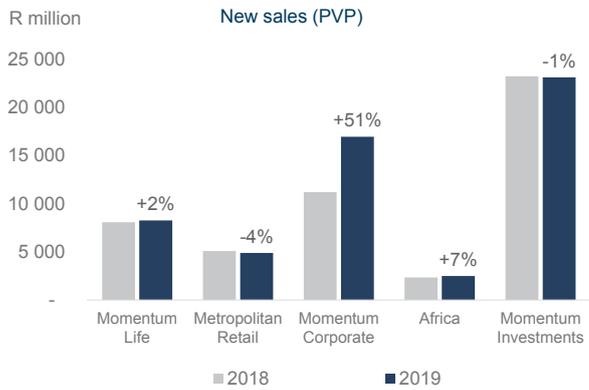
Salient features

Financial

Sales

Service

Product



Introduction

Salient features

Financial

Sales

Service

Product



Introduction

Salient features

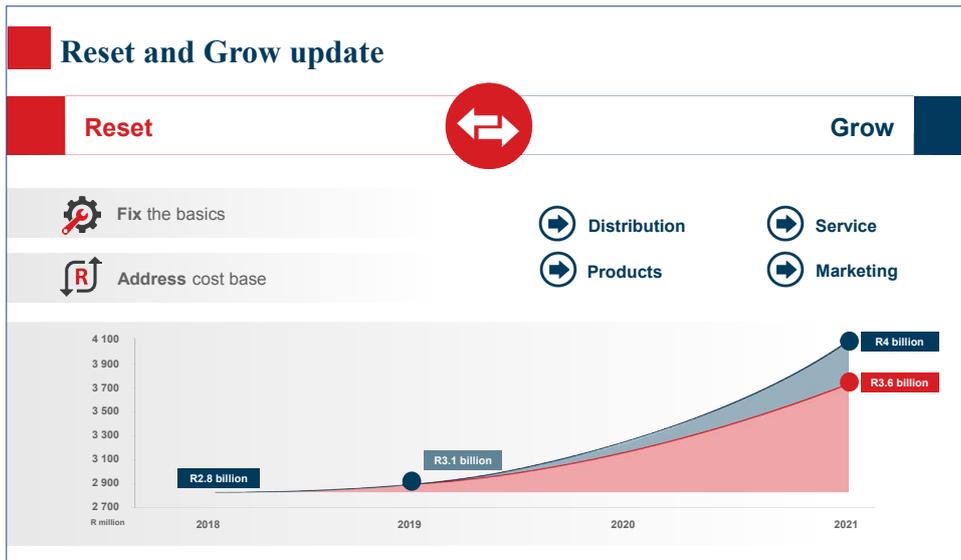
Financial

Sales

Service

Product

Strong retail mortality profits	Good short-term insurance underwriting results	Positive group risk experience
Positive credit experience	Improved experience in Africa	Better persistence experience in Metropolitan Retail





Metropolitan Retail 

Reset  **Grow**

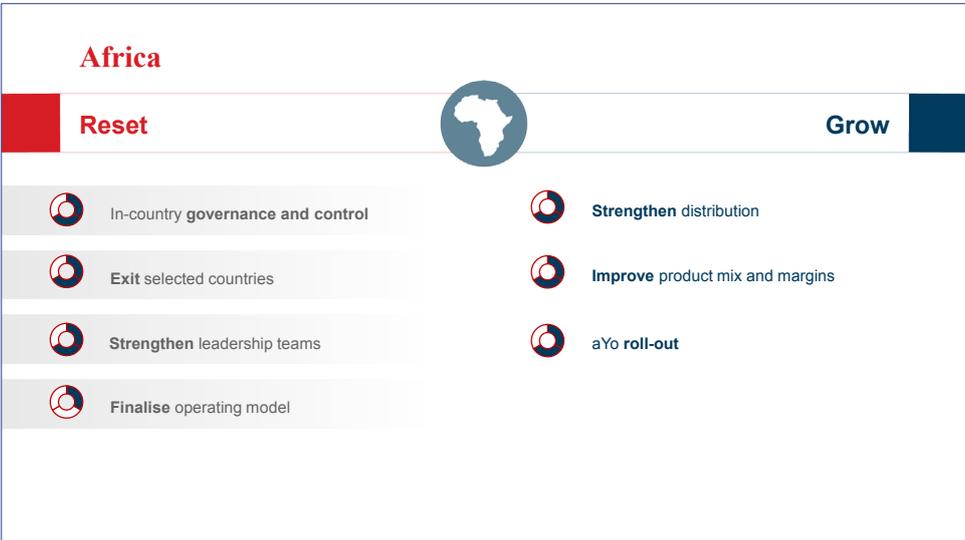
-  **Stabilise sales force leadership**
-  **Upgrade points of sale**
-  **Legacy system migration**
-  **Sales and service efficiencies**
-  **Adviser productivity**
-  **Improve client value proposition**

Momentum Corporate 

Reset  **Grow**

-  **Full value chain**
-  **Improve underwriting experience**
-  **Strengthen leadership team**
-  **Rebuild distribution**
-  **Diversify distribution channels**
-  **Increase underwriting margins**
-  **Organised Labour and Public Sector**
-  **Retailisation**





Guardrisk 

Reset  **Grow**

- Reprice loss-making schemes
- Increase underwriting revenue
- Bolt-on transactions
- Linked investment products
- Open architecture insurance platform

Momentum Short-term Insurance 

Reset  **Grow**

- Full value chain
- SA focus only
- Exit unprofitable portfolios
- Enhance pricing and underwriting capability
- Grow client base
- Improve claims ratio
- Enhance CVP
- AFI transaction

Momentum Short-term Insurance
AFI transaction



Strategic rationale

1. IMPROVING SCALE	2. SPECIALISED TIED DISTRIBUTION	3. EXPANDED CVP	4. ENHANCED GROWTH
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Momentum Short-term Insurance
AFI transaction

Targeted end-state

		
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Group-wide

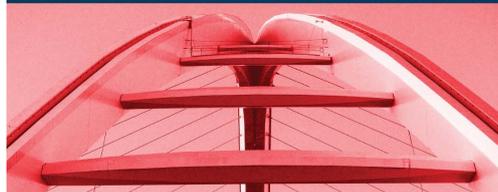
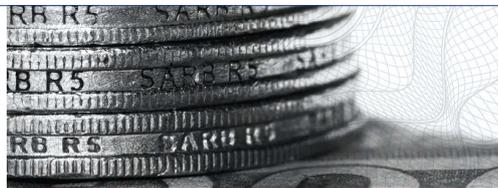
Reset

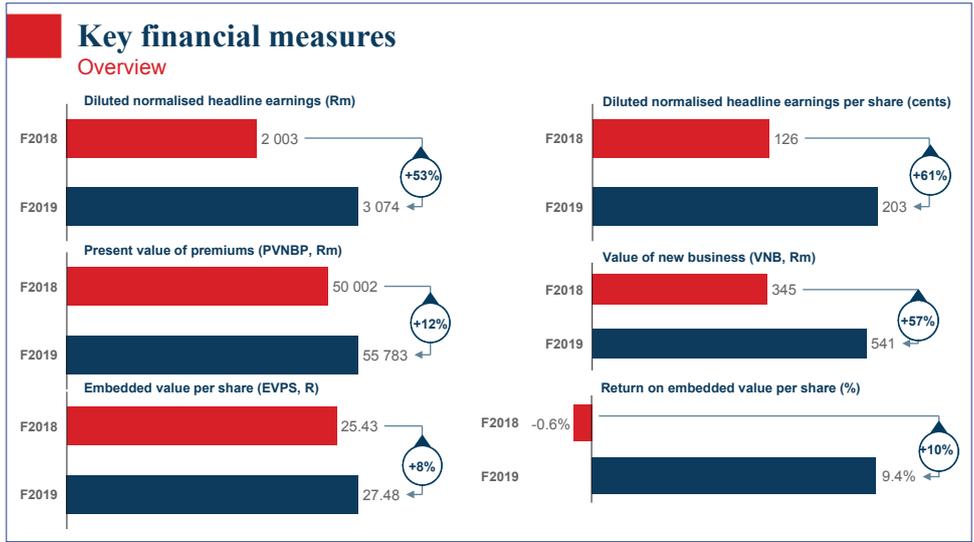


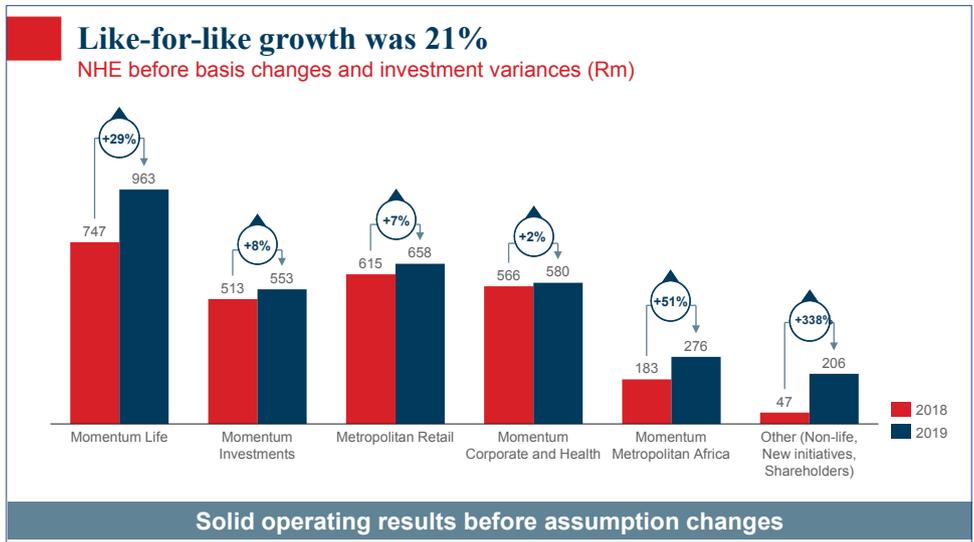
Grow

- Operating model
- Strengthen senior leadership
- Sandton office
- Cost management
- Align rewards to performance
- Improve diversity
- Brand positioning
- Unite staff behind a common purpose

Financial results for twelve months to 30 June 2019







Review of Reset and Grow financial targets



Reset and Grow – what did we say on financial drivers?

Normalised headline earnings view

Normalised headline earnings	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	883	472	87	➔ Efficiency improvements
Momentum Investments	512	227	>100	
Metropolitan Retail	610	201	>100	➔ Grow non-life insurance
Momentum Corporate	601	909	(34)	
Non-life Insurance	164	204	(20)	➔ Well managed spending on new initiatives
Momentum Metropolitan Africa	262	147	78	
Earnings from operating segments	3 032	2 160	40	
New Initiatives	(492)	(377)	(31)	
Shareholders	534	220	>100	
Normalised headline earnings	3 074	2 003	53	

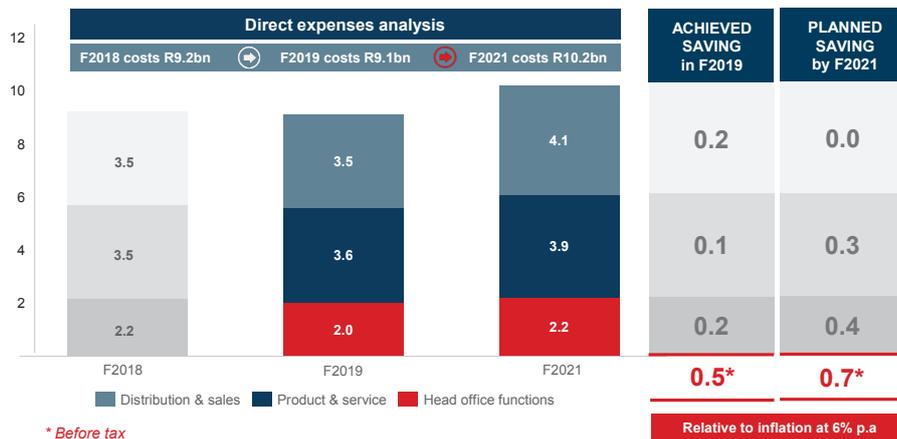
Review on Reset and Grow

Efficiency improvements

Normalised headline earnings	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	883	472	87	⚡ Efficiency improvements - We promised a R700m saving
Momentum Investments	512	227	>100	
Metropolitan Retail	610	201	>100	
Momentum Corporate	601	909	(34)	
Earnings from mature businesses	2 606	1 809	44	
Non-life Insurance		204	(20)	➡ Grow non-life insurance
Momentum Metropolitan Africa		147	78	
Earnings from operating segments		2 160	40	
New Initiatives		(377)	(31)	➡ Well managed spending on new initiatives
Shareholders		220	>100	
Normalised headline earnings		2 003	53	

Review of controllable costs

Review on Reset and Grow financial targets



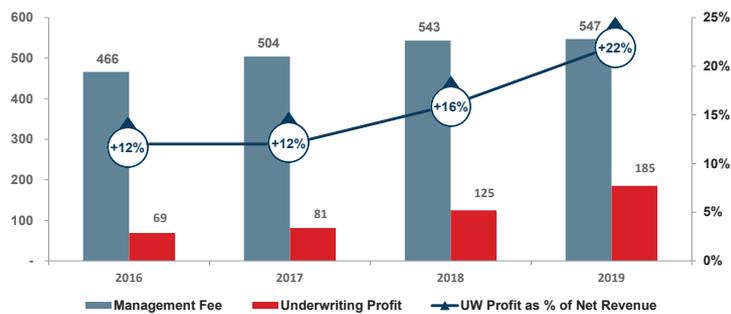
Review on Reset and Grow

Grow non-life insurance aggressively

Normalised headline earnings	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	883	472	87	
Momentum Investments	512	227	>100	➡ Efficiency improvements
Metropolitan Retail	610	201	>100	
Momentum Corporate	601	909	(34)	
Non-life Insurance	164	204	(20)	➡ Grow non-life insurance - Plan to make R500m by F2021
Momentum Metropolitan Africa	202	147	78	
Earnings from operating segments	3 032	2 160	40	
New Initiatives	(492)	(377)	(31)	➡ Well managed spending on new initiatives
Shareholders	534	220	>100	
Normalised headline earnings	3 074	2 003	53	

Guardrisk is on track for its F2021 contribution

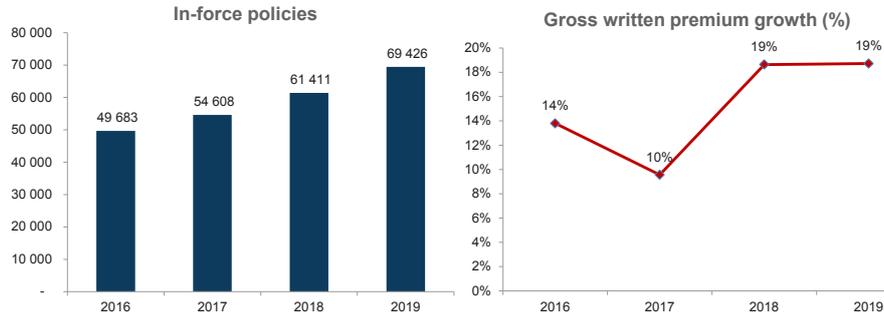
Review on Reset and Grow (Rm)



Guardrisk is the clear #1 player in cell captive industry

Momentum Short-term Insurance also on track

Review on Reset and Grow



Strong premium growth in MSTI

Additional investment into the non-life growth strategy

Alexander Forbes Insurance acquisition



Review on Reset and Grow

Well managed spending on new initiatives

Normalised headline earnings	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	683	472	87	
Momentum Investments	512	227	>100	⊖ Cost management
Metropolitan Retail	610	201	>100	
Momentum Corporate	601	909	(34)	
Non-life Insurance	164	204	(20)	⊖ Growth non-life insurance
Momentum Metropolitan Africa	262	147	78	
Earnings from operating segments	3 032	2 160	40	
New Initiatives	(492)	(377)	(31)	⊕ Well managed spending on new initiatives - target R300m loss in F2021
Shareholders	534	220	>100	
Normalised headline earnings	3 074	2 003	53	

India health JV remains in line with business plan

Review on Reset and Grow financial targets



3.8 million in-force lives*

Retail lives contribute **64%** to gross written premium

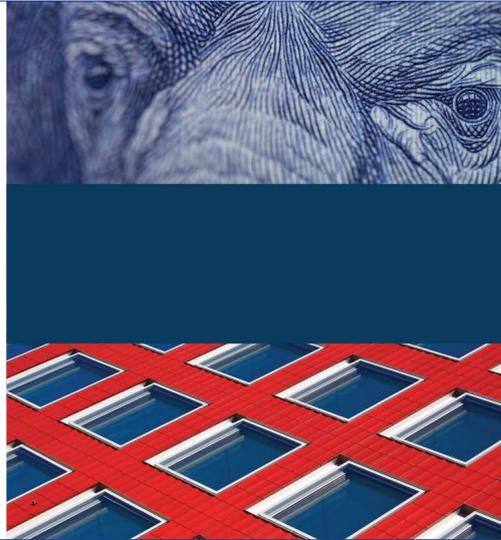
Claims ratios improving as per plan

Weaker rand has had a small negative impact on our P&L share

* Published lives as at 1Q20

Strong growth led by retail

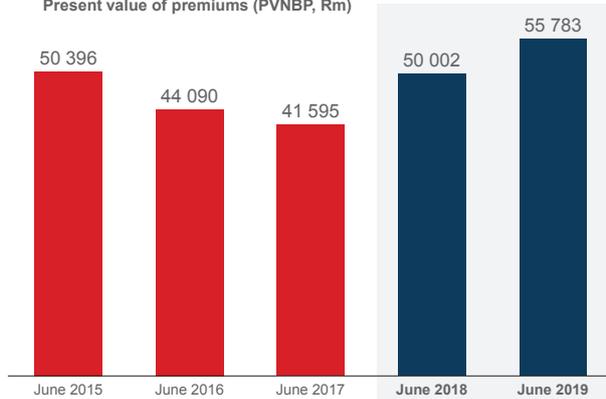
Group financial results



Sales up 12% year-on-year

Key financial measures

Present value of premiums (PVNBP, Rm)

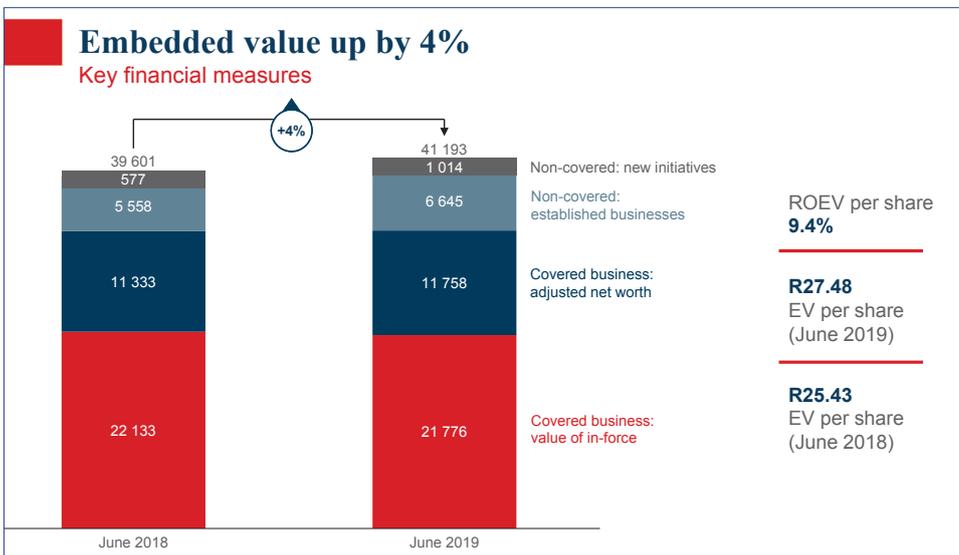
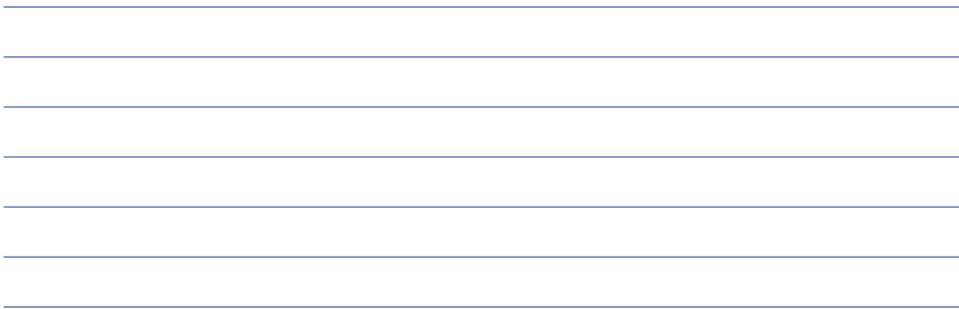
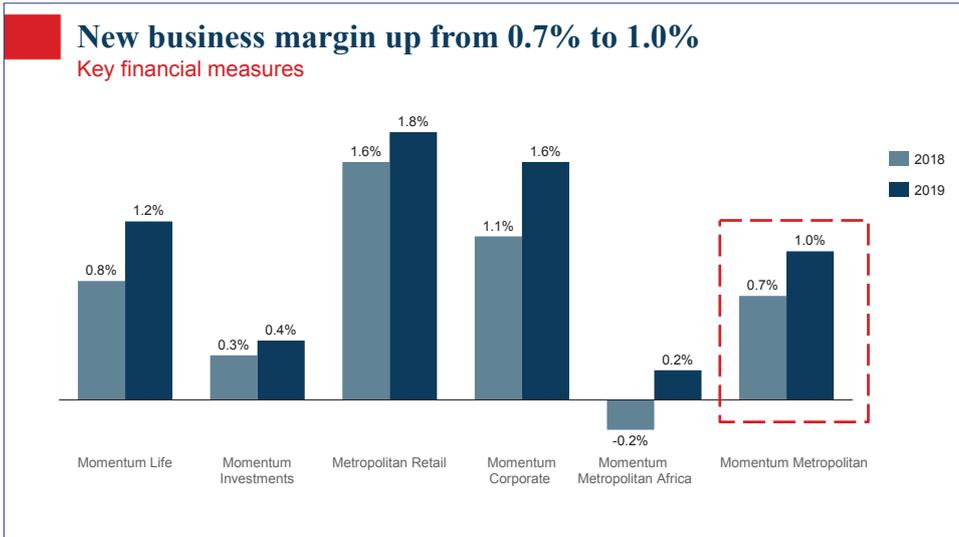


Sales volumes up by **12%**

Momentum Corporate had a great year winning numerous large deals

Solid retirement annuity sales from Momentum Life

Strong recovery in Momentum Metropolitan Africa during 2H19



Capital cover ratio at the upper end of target range

Capital management

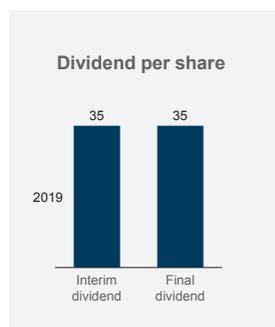
Capital cover ratio remains within the target range for regulatory solvency cover of 1.7 to 2.1 times the SCR

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre dividend)	32 948
Solvency Capital Requirement (SCR)	15 869
SCR cover (times)	2.08
SCR cover (times) - 30 June 2018	1.93

Dividend reset to 70 cents per ordinary share

Capital management

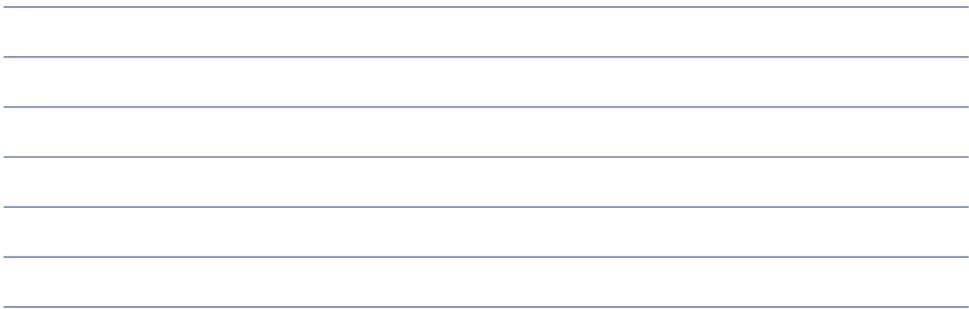
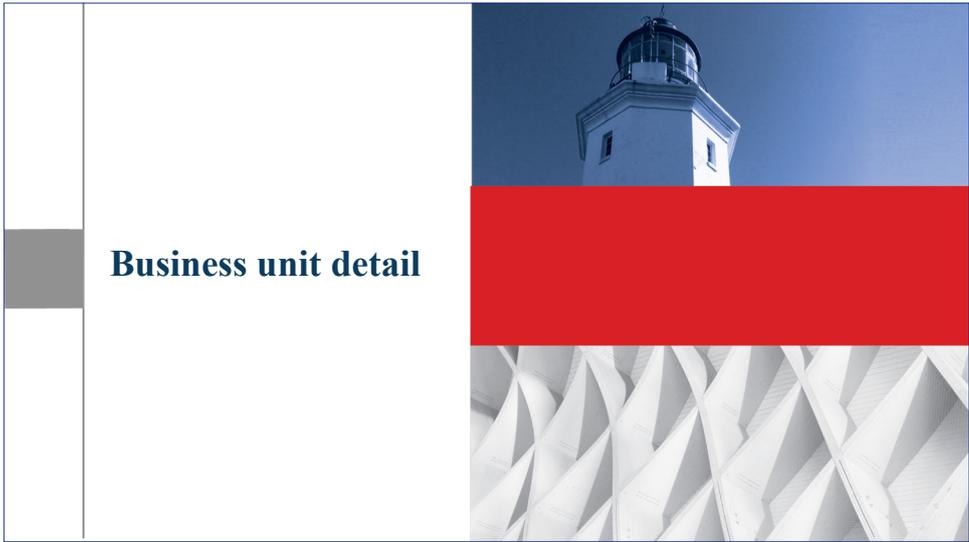
Dividend reinstated within dividend policy i.e. within a dividend cover range of 2.0x – 3.0x



Dividend cover is 2.9 times for the year – towards upper end of target range

Dividend reflects ongoing desire to build up liquidity and capital coverage

Dividend policy takes into account the capital requirements around India and Alexander Forbes Insurance



Momentum Life +87% to R883m
 Business unit detail

Strong underwriting experience	Updated pricing on Myriad policies
Prudent allowance on Momentum Multiply discounts	Good Investo retirement annuity sales



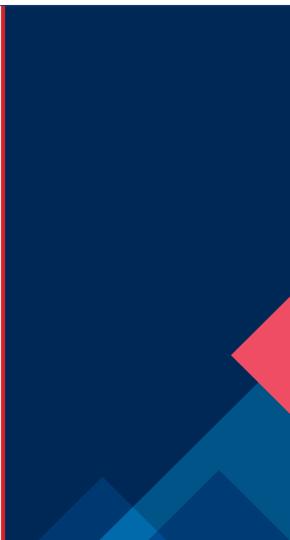
Momentum Investments +126% to R512m
 Business unit detail

Strong sales of guaranteed products & annuities	Good growth in UK asset management and investment consulting
Disciplined cost Management	Assets under management R585 billion at 30 June 2019



Metropolitan Retail +203% to R610m
 Business unit detail

Higher proportion of business is via salary deduction	Better persistency experience on funeral policies
Improving productivity per advisor	Good expense management



Momentum Corporate -39% to R435m

Business unit detail

Prior year

included substantial reserve releases

Good

underwriting results, particularly on mortality

Strong

new business in annuities & group risk

Progress

in building Momentum Consultants & Actuaries



MM's health business -15% to R166m

Business unit detail

Profitability
up 5% before minorities share

Public sector membership
up 3%

Good
expense management

Value proposition
gaining broad acceptance



Non-life Insurance -20% to R164m

Business unit detail

MSTI pre-tax losses **reduced** to R38 million (F2018: R89 million)

Good claims ratio at 64% (F2018: 66%)

Underlying earnings **up 15%** at Guardrisk

More prudent accounting of cells in deficit resulted in declining earnings



MM Africa +78% to R262m

Business unit detail

Normalised headline earnings	Jun 2019 Rm	Jun 2018 Rm	Change %
Namibia	201	171	18
Lesotho	89	79	13
Botswana	59	53	11
Ghana	40	39	3
Kenya	24	(19)	>100
Other countries – ongoing	(3)	19	<(100)
Other countries – planned exits	(42)	(33)	(27)
Centre costs	(106)	(162)	35
Normalised headline earnings	262	147	78



Continued operations contributed positively to results

New initiatives losses -31% to R492m

Business unit detail

Normalised headline earnings	Jun 2019	Jun 2018	Change
	Rm	Rm	%
India (JV with ABC)	(287)	(218)	(32)
aYo (JV with MTN)	(89)	(58)	(53)
Other	(116)	(101)	(15)
Normalised headline earnings	(492)	(377)	(31)

India health JV **building** substantial distribution and operational capacity

aYo enrolled **4.0 million** customers as at 30 June 2019

57 000 clients received at least one reward payment into Multiply Money wallet

Shareholders +143% to R534m

Business unit detail

<p>Gains on Exponential Ventures VC investments</p>	<p>Good investment returns on “traditional” shareholder portfolio</p>
<p>Additional investment into yield-enhancing credit assets</p>	<p>Positive earnings impact from share scheme hedge</p>





Other current topical matters

- 1** | IFRS 17 project update
- 2** | Improving capital and cash generation
- 3** | Diversified sources of earnings



IFRS 17 progress

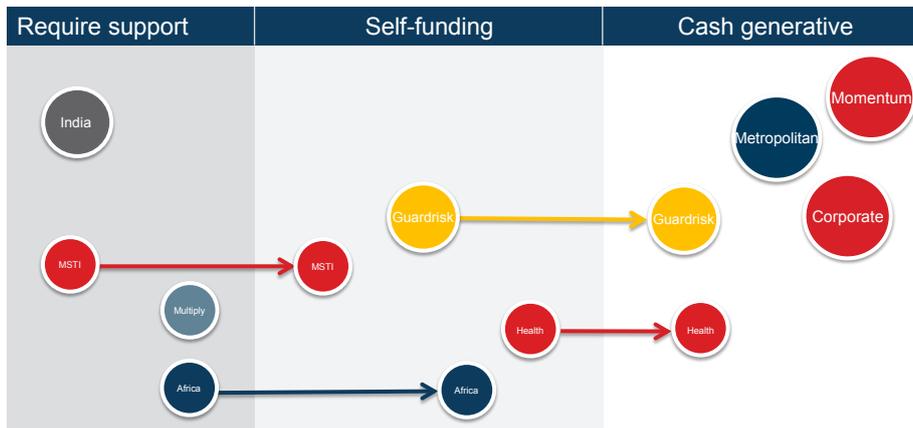
Other current topical matters

- 1 | Comfortable with project progress to date
- 2 | Uncertainty reducing – engaging advisors & industry forums
- 3 | Have first results view on key products
- 4 | Project costs remain well controlled
- 5 | Continue using largely internal resources



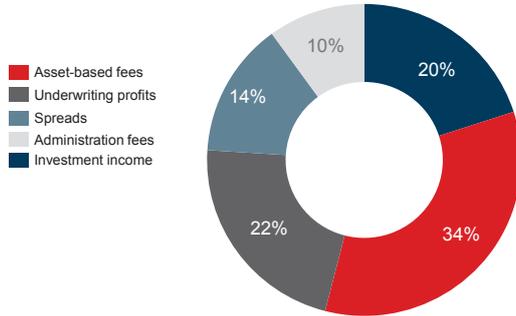
Cash generation and capital support AFI acquisition

Other current topical matters



Group has diverse sources of earnings

Earnings sub-divided by primary driver



Asset based fees (market related) constitutes a third of group earnings

Underwriting profits account for around a quarter of earnings – plan to grow over time

Spread income is on annuities and guaranteed products – suits our long-term focus

Administration only accounts for 10% of profits; thin margins despite our strong market position

Our investment income tends to be quite predictable due to focus on interest bearing assets

In closing



In closing

- 1** | Coming towards the end of Reset phase – excellent progress and impact visible in earnings
- 2** | Focus shifting to Grow phase – key item to deliver on is improvement in distribution channel metrics
- 3** | Our staff have really taken to the Reset & Grow strategy and have delivered against stiff targets and demands – THANK YOU



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