momentum

METROPOLITAN

2020

Summary of financial information

for the six months ended
31 December 2019

Operating update

for the six months ended **31 December 2019**

Summary of key metrics

Key metrics	1H2020	1H2019	Δ%
Basic earnings per share (cents)	104.3	83.2	25%
Basic headline earnings per share (cents)	100.7	90.9	11%
Diluted normalised headline earnings per share (cents) [1]	118.2	105.3	12%
Diluted normalised headline earnings (R million) [1]	1 772	1 618	10%
New business volumes (PVNBP [2], R million)	26 234	28 790	(9)%
Value of new business (R million)	160	335	(52)%
Value of new business margin	0.6%	1.2%	
Diluted embedded value (EV) per share (rand)	28.56	26.60	7%
Return on EV (annualised)	10.7%	6.8%	
Return on EV per share (annualised)	10.6%	9.4%	
Ordinary dividend per share (cents)	40	35	14%
Diluted number of shares in issue (million)	1 499	1 499	-
Diluted weighted average number of shares (million)	1 499	1 536	(2)%

Momentum Metropolitan Holdings Limited ("Momentum Metropolitan" or "the Group") has reached the half-way mark in its three-year Reset and Grow turnaround strategy. The Group has delivered pleasing operational results over the six months ended 31 December 2019, amidst a challenging economic environment in South Africa.

Normalised headline earnings of R1.8 billion increased by 10% year-on-year. On a per share basis, normalised headline earnings increased by 12%, reflecting the impact of the R2 billion share buy-back programme that was completed in November 2018. These results support our continued commitment to grow our normalised headline earnings to between R3.6 billion and R4.0 billion by F2021.

The growth in normalised headline earnings was supported by resilient performance in our core South African life insurance businesses. Life insurance normalised headline earnings growth was underpinned by disciplined expense management and steady underwriting results. The Health operations performed well and in Non-life Insurance, Guardrisk contributed strongly to overall growth in normalised headline earnings, partly offset by a decline in Momentum Short-term Insurance ("MSTI"). In the Africa business unit, higher normalised headline earnings in Lesotho and Botswana offset a decline in the contribution from Namibia. The sale of loss making operations in Africa also led to an improvement in normalised headline earnings.

The Group declared an ordinary dividend of 40 cents per ordinary share for the six months ended 31 December 2019, which represents a dividend cover of 3.0 times. This is at the upper limit of our target range of 2.0 to 3.0 times normalised headline earnings.

[1] Normalised headline earnings is our primary earnings metric. 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. The first adjustment removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients). The definition of normalised headline earnings remained unchanged.

[2] PVNBP is defined as the present value of new business premiums.

Momentum Metropolitan Life Limited, the Group's main life insurance entity, strengthened its regulatory solvency position from 2.1 times the Solvency Capital Requirement (SCR) at 30 June 2019 to 2.2 times SCR at 31 December 2019. This is above the upper end of the target range of 1.7 to 2.1 times the SCR. Given the acquisition of Alexander Forbes Insurance ("AFI") in January 2020 and the redemption of a R750 million bond in June 2020, we expect the SCR cover to move back towards the upper end of our target range by 30 June 2020.

New business volumes (PVNBP) and value of new business declined by 9% and 52% respectively, which is explained by lower new business volumes in Momentum Corporate. The South African retail operations delivered PVNBP and value of new business growth of 13% and 24% respectively.

Momentum Metropolitan has successfully executed on most of our plans for the "Reset" phase of our Reset and Grow strategy. We are now increasingly turning our focus to the "Growth" objectives.

In pursuit of the Reset and Grow strategy, great strides were made in a number of important aspects:

- **Embedding a culture of financial discipline:** the Group has demonstrated a commitment to disciplined financial management, by carefully managing the discretionary and overhead expense levels – efficiency improvements are a common theme across the various South African operations. We are satisfied that this has not compromised our commitment to growth initiatives.
- **Scaling our short-term business:** on 31 January 2020, we concluded the acquisition of AFI, which offers a complementary value proposition to our suite of short-term products and client segments. It also significantly improves the scale economies of the business.
- **Delivering innovative products and improving client service**: over the last few months we have implemented product innovations like the Enhanced Growth Option, a collaborative effort between Momentum Investments and Guardrisk, as well as product enhancements in the Myriad range of protection products. We have also made meaningful improvements in service levels.
- **Retail investment new business**: Momentum Investments saw strong new business volumes growth, driven by exceptional Momentum Wealth investment platform inflows, particularly on the offshore platform. Life annuity products continued to generate good new business volumes.
- **Increased support from independent financial advisers ("IFAS"):** new business volumes from IFAs across Momentum-branded retail protection, savings and investment products increased by 17% year-on-year.
- **Maintaining a strong balance sheet:** our capital deployment plan takes into account the need to solidify and strengthen the Group's financial position. Through the share buy-back that was completed in 2018 and a prudent dividend policy, as well as judicious investment in initiatives and technology, the financial position and sustainability of the Group has been strengthened. This is evidenced by the strong SCR ratios for all the licensed entities. We plan to maintain strong capital ratios for the foreseeable future.
- **New Initiatives performing in line with expectations:** over the six months our share of losses on new initiatives has reduced, with the India joint venture losses bottoming out.
- **Broad-Based Black Economic Empowerment (B-BBEE) Level 1 status**: we are proud to have retained our Level 1 B-BBEE status, which was confirmed in February 2020. We have observed improvements in the Management Control and Preferential Procurement dimensions by focusing on continuous improvement in our transformation outcomes. This was slightly offset by a small reduction in the Equity Ownership dimension.

Consolidated Group financial performance

Normalised headline earnings

R million	1H2020	1H2019	∆%
Momentum Life	483	462	5%
Momentum Investments	270	261	3%
Metropolitan Retail	349	333	5%
Momentum Corporate and Health	335	319	5%
Non-life Insurance	143	135	6%
Momentum Metropolitan Africa	208	94	>100%
Normalised headline earnings from operating segments	**1 788**	**1 604**	**11%**
New Initiatives	(240)	(248)	3%
Shareholders	224	262	(15)%
Normalised headline earnings	**1 772**	**1 618**	**10%**

The Group delivered resilient operating results for 1H2020. Normalised headline earnings growth was positive across all business units, supported by disciplined expense management and satisfactory underwriting results. Momentum Metropolitan's share of losses on new initiatives has contracted marginally, with the India joint venture losses bottoming out. This was partly offset by lower fair value gains in the Shareholders segment.

Value of new business

R million	1H2020	1H2019	Δ%
Momentum Life	55	44	25%
Momentum Investments	56	43	30%
Metropolitan Retail	69	58	19%
Momentum Corporate	(12)	198	<(100)%
Momentum Metropolitan Africa	(8)	(8)	-
Value of new business [3]	**160**	**335**	**(52)%**

The value of new business declined by 52%; this is explained by a reduction in Momentum Corporate of more than 100%. The prior period included the impact of a R5 billion with-profit annuity transaction, while the current period saw a shift of sales towards lower margin products within Momentum Corporate.

[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.

In contrast, the value of new business improved in all the South African retail operations, delivering 24% growth overall. Momentum Investments achieved the largest increase in value of new business due to strong inflows onto the Momentum Wealth investment platform, as well as good sales of structured products and life annuities. Momentum Life benefitted from well contained expenses, while Metropolitan Retail's growth was supported by higher adviser productivity and a higher proportion of policies with premiums collected via payroll deduction.

The value of new business of Momentum Metropolitan Africa remained flat; volumes were also only 1% up on the prior period. The value of new business is positive for Lesotho and Botswana, but muted new business volumes in Namibia resulted in negative value of new business for that country.

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

Embedded value

Embedded value earnings (R million)	1H2020	1H2019	F2019
Embedded value at the start of the period	**41 193**	**39 601**	**39 601**
EV earnings from operations (covered business)	1 887	1 921	3 083
EV earnings attributable to investment markets	176	(848)	291
Impact from exceptional items [4]	(57)	870	870
EV profit from non-covered businesses	149	(613)	(1 076)
Change in embedded value before capital flows	**2 155**	**1 330**	**3 168**
Capital flows	(540)	(1 051)	(1 576)
Embedded value at the end of the period	**42 808**	**39 880**	**41 193**
Return on embedded value ("ROEV")	10.7%	6.8%	8.0%
ROEV on covered business	12.3%	11.9%	12.7%
ROEV on non-covered business	3.9%	(19.0%)	(17.5%)
ROEV per share	**10.6%**	**9.4%**	**9.4%**

The ROEV per share of 10.6% includes a positive contribution of 12.3% on the covered business, while the non-covered business delivered a 3.9% return.

Embedded value earnings from covered business operations remain robust despite weaker experience from protection products. Stronger expense variances are attributed to spending generally being slower than planned at this point in the financial year.

Investment returns from shareholder funds returned to more normal levels following the negative owner-occupied property impact reflected in the prior period. Significantly smaller negative investment variances reflect the impact of equity and fixed interest market movements.

Non-covered businesses contributed positively to ROEV, an improvement from the recent negative contributions from these businesses.

[4] The exceptional item of R870 million reported in 1H2019 and F2019 arose from the adoption of a new required capital methodology, which coincided with the implementation of a new regulatory framework for solvency. In 1H2020 the exceptional item of -R57 million relates to the impact of implementing "International Financial Reporting Standard 16 – Leases".

Segmental performance

Momentum Life

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

R million	1H2020	1H2019	Δ%
Normalised headline earnings	483	462	5%
New business volumes (PVNBP)	4 058	4 104	(1)%
Value of new business	55	44	25%
New business margin	1.4%	1.1%	

Normalised headline earnings

Momentum Life's earnings improved by 5% to R483 million compared to the prior period. The growth resulted from better than expected levels of voluntary premium increases on the existing book, improved investment variance from traditional products, slightly better persistency experience and good expense management. This was partly offset by lower underwriting experience profits. Smaller losses in Momentum Multiply also positively impacted normalised headline earnings.

New business

PVNBP was down by 1% on the prior period, which includes a 1% increase in protection product sales, offset by a 3% decline in lower long-term savings new business. The protection new business volumes were boosted by a 10% increase from the IFA channel, offset by a reduction observed in the tied agency channel. The long-term savings business could not repeat the strong sales in the prior period that followed the launch of a new retirement annuity product in 1H2019.

The value of new business increased by 25% to R55 million, mainly as a result of reduced distribution costs and well contained management expenses. This resulted in a new business margin of 1.4%, up from 1.1% in the prior period.

Momentum Investments

Momentum Investments represents Momentum Wealth's local and offshore linked investment services platforms, local and offshore investment management operations, property management (Eris), retail life annuities and guaranteed investments.

R million	1H2020	1H2019	Δ%
Normalised headline earnings	270	261	3%
New business volumes (PVNBP)	13 766	11 312	22%
Value of new business	56	43	30%
New business margin	0.4%	0.4%	-

Normalised headline earnings

Momentum Investments delivered 3% normalised headline earnings growth year-on-year. This result was aided by an improvement in credit experience and by positive mortality experience in the life annuity book.

Earnings from the UK operations improved mainly due to revenue growth in Investment Consulting fees and favourable foreign exchange movements.

The non-covered investment management businesses were negatively impacted by slow markets and experienced a difficult start to the year, particularly in the property management and securities trading businesses.

New business and assets under management

PVNBP of Momentum Investments covered business increased by 22%, with value of new business improving by 30% to R56 million relative to the prior period. This was driven by exceptional growth in new business on the Momentum Wealth investment platform, particularly on the offshore platform. This is a particularly pleasing result as industry reports are indicative of a contracting market. Life annuity products continued to generate good new business volumes.

In addition to the strong volume growth, the value of new business was further enhanced by expenses increasing at below inflationary levels. The new business margin remained constant at 0.4%.

Double digit growth in assets under management was underpinned by good new business growth across most product ranges, boosted by a significant improvement in net flows, as well as improved market performance relative to the prior period.

Assets under management are shown below:

R million	1H2020	1H2019	Δ%
On-balance sheet Momentum Wealth	109 434	98 243	11%
Off-balance sheet Momentum Wealth	59 977	53 725	`12%
Non-covered business (investment management)	435 988	392 802	11%
Assets under management	**605 399**	**544 770**	**11%**

Metropolitan Retail

Metropolitan Retail focuses on the lower to middle income retail market in SA. Its offerings include protection, savings and annuity products. Distribution is mainly through Metropolitan's own tied agency force.

R million	1H2020	1H2019	Δ%
Normalised headline earnings	349	333	5%
PVNBP	2 526	2 523	-
Value of new business	69	58	19%
New business margin	2.7%	2.3%	

Normalised headline earnings

Metropolitan Retail's normalised headline earnings improved to R349 million, up 5% on the prior period. The improved position was supported by a sustained operational focus to improve the quality of business and to contain expenses. Direct operational expenses reduced by 4% year-on-year.

As part of the "Reset" phase, a considerate effort was made to improve process efficiencies and clean up data records. This resulted in a one-off improvement in mortality experience and a one-off negative impact in persistency experience in the 1H2020 results. Overall, after adjusting for items of a one-off nature in both periods, the year-on-year improvement in normalised headline earnings growth remain at 5%. Underwriting profits remained strong, and persistency experience trends, ignoring the one-off item referred to above, are closely aligned to the valuation basis.

New business

Metropolitan Retail PVNBP was flat year-on-year, despite the tied agency force being approximately 15% smaller than in the prior period. In the tied agency channel, productivity per agent continued to improve, following deliberate actions implemented to rationalise and upskill the agency force.

The value of new business of R69 million showed a marked improvement as a result of the continued shift towards business where the premiums are collected via payroll deductions, and improved mix within the funeral product range. This led to the new business margin increasing to 2.7%.

Momentum Corporate and Health

Momentum Corporate and Health incorporates traditional employee benefits business (offering group risk, annuities and pension savings solutions and consulting services) and Momentum Metropolitan's health operations in South Africa.

R million	1H2020	1H2019	Δ%
Momentum Corporate	255	257	(1)%
Momentum Metropolitan's health business	80	62	29%
Normalised headline earnings	**335**	**319**	**5%**
PVNBP [5]	4 811	9 784	(51)%
Value of new business [5]	(12)	198	<(100)%
New business margin [5]	(0.2)%	2.0%	

Normalised headline earnings

Momentum Corporate and Health's normalised headline earnings increased by 5% year-on-year to R335 million.

Momentum Corporate's traditional employee benefits business experienced a marginal decline of 1% in normalised headline earnings. This result was mainly due to muted mortality experience, particularly in the last quarter, which was partly offset by improved disability experience, higher administration fee income from the FundsAtWork umbrella fund and below inflation expense growth.

[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.

Momentum Metropolitan's health business experienced strong earnings growth, supported by ongoing expense discipline and growth in membership. Membership in the public sector and low cost products grew by 2% and 9% respectively since the start of the financial year. Membership growth remains subdued in both retail and corporate segments, reflective of the pressure on employment numbers.

New business

Momentum Corporate's PVNBP reduced by 51% to R4.8 billion due to the R5 billion single premium with-profit annuity transaction that was recorded in the prior period, not being repeated.

The value of new business deteriorated to -R12 million in the first half of the year. This was driven by the lower new business volumes and a change in new business mix towards lower margin products, both within FundsAtWork and the group risk portfolio. The lumpy nature of new business flows in this market does give cause to volatility in the value of new business.

The resulting new business margin was -0.2%.

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	1H2020	1H2019	Δ%
Guardrisk	165	143	15%
MSTI	(22)	(8)	<(100)%
Normalised headline earnings	**143**	**135**	**6%**

Normalised headline earnings

Guardrisk delivered a sound operating result, with earnings up by 15% from the prior period. Noteworthy revenue growth was delivered by the mining rehabilitation and the life divisions. New linked investment products sold on the Guardrisk license were well received in the market. Guardrisk also continued growing its underwritten product offering, resulting in 18% growth in underwriting profits earned by Guardrisk General Insurance ("GGI").

R million	1H2020	1H2019	Δ%
Gross earned premium	1 262	857	47%
Net earned premium	749	589	27%
Claims incurred	(386)	(279)	(38%)
Other insurance income	15	59	(75%)
Underwriting expenses	(274)	(281)	2%
GGI underwriting profit [6]	**104**	**88**	**18%**

[6] The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited. This amount differ from the underwriting fees that are disclosed in the Non-life Insurance segmental income statement in the Momentum Metropolitan Group Condensed Financial Statements for the six months ending 31 December 2019, which show the underwriting fees for the Guardrisk Group of companies. This will include the total underwriting fees of GGI and Guardrisk Life Limited.

MSTI's loss widened from R8 million in the prior period to R22 million for the six months. The claims ratio deteriorated from 61% in the prior period to 64%, mainly due to increased weather related claims following winter floods in the Western Cape as well as flooding in the central provinces in early summer. Investment in infrastructure development and digital technology to enhance the client offering and experience also contributed to the lower operating results.

MSTI key ratios	1H2020	1H2019	Δ%
Net earned premium (R million)	481	416	16%
Claims ratio	64.3	61.1	

Net earned premium growth continued its positive trend, improving by 16% from the prior period. Although still a relatively small contributor, commercial product lines delivered pleasing new business volume growth of 22% year-on-year.

The acquisition of the AFI business was concluded on 31 January 2020. The successful migration and integration of this business into MSTI will be a key focus area for the next 18 to 24 months. We will phase the integration to carefully consider the interest of clients, business partners and employees, while maintaining the sales focus of both businesses. The desired end state is a single, fully integrated business operating under one insurance license.

Momentum Metropolitan Africa

This segment represents Momentum Metropolitan's African operations outside of South Africa.

R million	1H2020	1H2019	Δ%
Namibia	72	110	(35)%
Botswana	41	(5)	>100%
Lesotho	141	33	>100%
Ghana	22	26	(15)%
Kenya	(11)	13	<(100)%
Other countries [7]	(1)	(46)	98%
Centre costs	(56)	(37)	(51)%
Normalised headline earnings	**208**	**94**	**>100%**
New business volumes (PVNBP)	1 073	1 067	1%
Value of new business	(8)	(8)	-
New business margin	(0.7)%	(0.7)%	

Normalised headline earnings

Normalised headline earnings of R208 million were more than double the prior period. This result was supported significantly by the life businesses operating in SADC countries.

In Lesotho, normalised headline earnings benefitted from a one-off tax liability adjustment following recent judicial confirmation of the historic exempt treatment of most insurance products. Excluding this

[7] Included in "Other countries" are countries that were disposed of during the six month period ended 31 December 2019 as well as countries that are planned to be exited.

item, normalised headline earnings in Lesotho were still more than double the prior period, supported by profits from annuity and voluntary group products.

Botswana's improvement against the prior period was mainly due to good credit life results and improved investment experience.

In contrast, normalised headline earnings in Namibia declined by 35% year-on-year due to higher claims on protection products; the non-repeat of certain reinsurance income in the prior period; and higher motor claims in its short-term insurance business.

The year-on-year deterioration in centre costs include higher interest charges in the current period, as well as a one-off positive accounting impact in the prior period, related to the strategy to exit loss-making countries. The benefits of this strategy to exit loss-making countries can be seen as the prior period losses in Mauritius and Nigeria did not recur in the current period, following the sale of the businesses. The sale of the Eswatini business, announced in February 2019, was concluded in December 2019.

New business

PVNBP of R1 073 million for this segment has improved marginally relative to the prior period. Namibia posted an 8% increase in overall PVNBP, which includes a 77% increase in annuity sales, offset by disappointing employee benefits sales. In Botswana, higher retail smoothed bonus sales volumes was the main driver of a 3% increase. In Lesotho, sales volumes on single premium business continued its growth trend, however, this was more than offset by poor corporate sales.

The value of new business remained flat year-on-year, with improvements in Botswana and Lesotho being offset by a declining value of new business in Namibia. Namibia's value of new business was impacted by more competitive product pricing and the impact of expense assumption changes effected in June 2019.

New business margin remained constant at -0.7%.

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), the operating expenses of Exponential Ventures (local and offshore venture capital funds with a focus on fintech and insuretech start-ups), as well as local start-up operations.

R million	1H2020	1H2019	Δ%
India (JV with Aditya Birla Capital) [8]	(150)	(150)	-
aYo (JV with MTN)	(48)	(36)	(33)%
Other [9]	(42)	(62)	32%
Normalised headline earnings	**(240)**	**(248)**	**3%**

Aditya Birla Health Insurance

The operational performance of ABHI remains in line with the business plan, with losses flat on the prior period and expected to start contracting going forward. Gross written premiums (GWP) have increased by 88% since the prior period, with claims ratios tracking satisfactorily close to the business

[8] Results for the India joint venture are reported with a three months lag.

[9] "Other" includes Exponential Ventures, Momentum Money, Momentum Consult and MMH Lending (in the prior year).

plan. Expenses increased by 19% to support business growth. We continue to invest in distribution channels, primarily in the bancassurance environment.

The in-force lives increased significantly to 5.2 million as at 30 September 2019, up from 1.2 million as at 30 September 2018. This growth was bolstered by an expanding product range, including low cost solutions at lower margins. ABHI continues to focus on retail business channel expansion and productivity, as well as diversifying its group business.

aYo

aYo, our joint venture with MTN, is making steady progress in Ghana and Uganda. aYo achieved the 5 million enrolled customer milestone in October 2019 and progressed to 6 million customer enrolments at 31 December 2019. The losses reported in the current period are higher due to an increase in support costs, comprising of investment in cloud-based IT infrastructure and in support of pre-launch activities in new countries.

Other

The largest other new initiative is Momentum Money, a bundled solution consisting of a low-cost transactional facility with a savings account that offers competitive interest rates. This offering is an attractive and convenient facility into which to receive Multiply rewards payments or direct client deposits. At 31 December 2019, accounts have been opened for 134 597 clients, of which 40% currently have a positive account balance.

Shareholders

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

R million	1H2020	1H2019	Δ%
Operating loss	(47)	(36)	(31)%
Tax on operating profit	(31)	(42)	26%
Investment income (net of tax)	256	231	11%
Fair value gains (net of tax)	46	109	(58)%
Normalised headline earnings	**224**	**262**	**(15)%**

Normalised headline earnings

Normalised headline earnings from this portfolio reduced by 15% year-on-year to R224 million. This was largely driven by lower fair value gains on the underlying investments in our venture capital funds, and was partly offset by higher investment income which grew by 11% to R256 million. This growth trend in investment income is not expected to continue into 2H2020, due to a reduction in investable assets from funding the AFI acquisition in January 2020.

Solvency and Capital Management

Regulatory solvency position

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

Shown in the preceding table are the regulatory solvency positions as at 31 December 2019 of Momentum Metropolitan Life Limited ("Momentum Metropolitan Life"), Momentum Short-term Insurance Company Limited ("MSTI"), Guardrisk Insurance Company Limited ("Guardrisk Insurance") and Guardrisk Life Limited ("Guardrisk Life"). The solvency positions are presented prior to allowance for foreseeable dividends.

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

The regulatory solvency position of Momentum Metropolitan Life strengthened from 2.08 times SCR at 30 June 2019 to 2.20 times SCR at 31 December 2019, which is above the upper end of the target range. Approximately half of the improvement is driven by the early refinancing in December 2019 of R750 million of subordinated debt, which will become callable in June 2020. By 30 June 2020, the SCR cover ratio is expected to return to the upper end of the target range following the acquisition of AFI and the redemption of subordinated debt that becomes callable in June 2020.

MSTI has adopted a target range for regulatory solvency cover of 1.4 to 1.6 times the SCR. MSTI 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. The regulatory solvency position of the cell captive insurers will be weighted towards 1.0 times the SCR because own funds in excess of the SCR of individual cells must be disregarded. 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.

The Prudential Authority has indicated that they plan to designate Momentum Metropolitan Holdings Limited as an insurance group, and has commenced the process to do so. Until the group 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.

Momentum Metropolitan's group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements. At 31 December 2019, Momentum Metropolitan had group SCR cover of 1.8 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 Group (and associated cell captives) are removed, the SCR cover of Momentum Metropolitan increases to 2.0 times SCR.

Dividends

Momentum Metropolitan has a target dividend cover range of between 2.0 to 3.0 times normalised headline earnings. This dividend cover range has been set with a desire to maintain steady solvency ratios in the medium term under the current regulatory framework.

Momentum Metropolitan is declaring an interim ordinary dividend of 40 cents per ordinary share in respect of the six months ended 31 December 2019. This represents a 14% increase on the prior period's interim ordinary dividend.

The dividend cover of 3.0 times remains at the upper limit of our target range and strikes an acceptable balance between an acceptable return to shareholders while allowing the business to maintain stable liquidity levels and navigate the uncertainties created by the current difficult operating environment.

Capital deployment

Momentum Metropolitan allocates capital across its corporate portfolio to support optimal value creation in the Group. This is underpinned by appropriate links to the Group's risk appetite framework and governance processes whilst focussing on effective implementation and execution. Strong governance around approval of the capital deployment plan, capital calls and performance monitoring of deployed capital is now established practice in the Group. 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 six months:

Area of capital deployment	R million
Capital support for subsidiaries	10
ABHI	249
Exponential, United Kingdom and Africa operations	185
Buy-out of minority shareholders in Namibia	226
Other	20
Total	690

Credit rating

In November 2019, Moody's affirmed the Insurer Financial Strength ratings of Momentum Metropolitan Life, Guardrisk Insurance, Guardrisk Life and Guardrisk International Limited PCC ("Guardrisk International"), but changed the outlook from stable to negative. This change in the outlook followed the change in the South African sovereign credit rating outlook.

In December 2019, Moody's issued updated research reports which affirmed the credit ratings for the entities listed above. The table below shows the relevant Momentum Metropolitan entity credit ratings.

Entity	Type	National scale	Global scale
Momentum Metropolitan Life	Insurer Financial Strength	Aaa.za	Baa2
Guardrisk Insurance	Insurer Financial Strength	Aaa.za	Baa3
Guardrisk Life	Insurer Financial Strength	Aaa.za	Baa3
Guardrisk International	Insurer Financial Strength	n/a	Baa3

We continue to monitor any developments regarding Moody's rating of the SA sovereign as this will impact our credit rating.

Outlook

Looking ahead, Momentum Metropolitan will continue to focus on the Reset and Grow strategy, a roadmap that has served us very well up to now. We will continue to invest carefully in new revenue generating opportunities and in improved ways of work, while maintaining a clear focus on running the core South African life insurance operations optimally.

We are pleased with the positive set of results for 1H2020, however we caution against annualising these results. Consumers are under strain from the continued slow growth in disposable income and uncertain economic environment. This could have a moderating impact on the Group's operational performance in the second half of F2020.

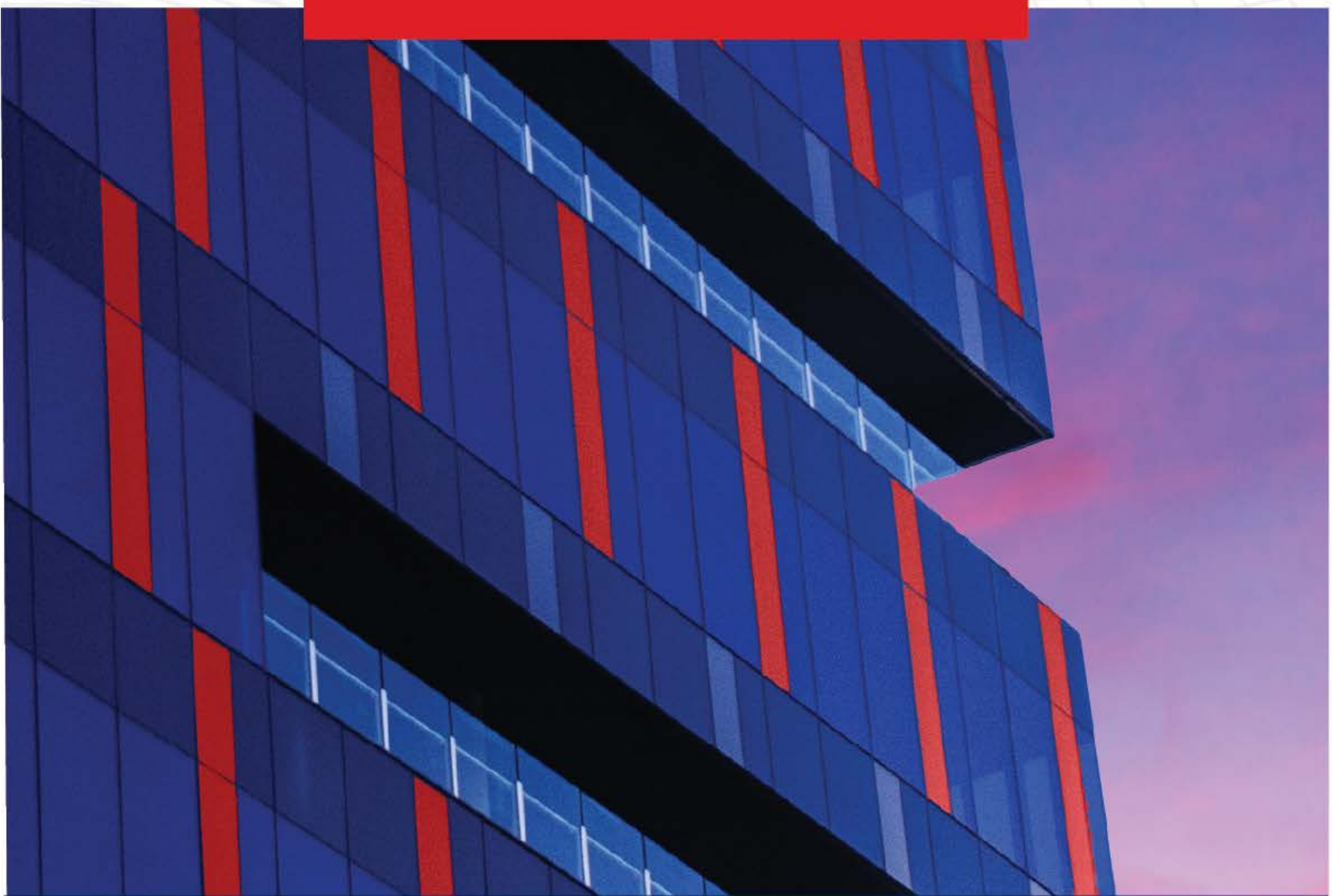
Beyond F2020, we remain cautiously optimistic that we will successfully deliver our Reset and Grow target of normalised headline earnings between R3.6 billion to R4.0 billion in F2021.

4 March 2020
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.

Momentum Metropolitan Group Condensed financial statements

Unaudited interim results for the six months ended 31 December 2019



DIRECTORS' STATEMENT

The directors take pleasure in presenting the unaudited condensed interim results of Momentum Metropolitan financial services group (the Group) for the period ended 31 December 2019. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA).

Corporate events

Held for sale

As part of our plan to exit a number of African countries, we classified entities in three of these African countries, as held for sale in the prior period. Two of the three entities have been sold in the current period. The other 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 December 2019. The instruments are unsecured subordinated callable notes.

Basis of preparation of financial information

These condensed consolidated interim financial statements have been prepared in accordance with 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 period ended 31 December 2019 and relevant to the Group

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

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

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

  Leases of a short-term nature as well as low-value assets (eg month-to-month property leases, low-value printers, and other miscellaneous leases) will continue to be accounted for on a straight-line basis. Refer to the adoption of new standards note for more information on the impact of IFRS 16.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the Group's earnings.

Corporate governance

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

Changes to the directorate, secretary and directors' shareholding

On 1 July 2019, the Interim Group Company Secretary, CorpStat Governance Services (Pty) Ltd was replaced by Gcobisa Tyusha who was appointed as Group Company Secretary. On 26 November 2019, Prof Niel Krige retired from the Board having reached retirement age and Jabu Moleketi stepped down from the Board on the same date. On 1 December 2019, David Park was appointed to the Board. On 2 January 2020, Frans Truter stepped down as Chairman of the Audit Committee. On the same date, Linda de Beer was appointed as Chairman of the Audit Committee.

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

Changes to the group executive committee

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

Contingent liabilities and capital commitments

The Group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The Group is not aware of capital commitments at 31 December 2019 that were not in the ordinary course of business.

Events after the reporting period

On 31 January 2020, Momentum Metropolitan Holdings Ltd, through its wholly-owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd, acquired 100% of the shares in Alexander Forbes Insurance Company Ltd, Alexander Forbes Direct (Pty) Ltd and Alexander Forbes Administration Services (Pty) Ltd for R2.04 billion in cash. These three companies together form Alexander Forbes Short-term Insurance (AFI). 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. Due to the timing of the transaction a purchase price allocation has not yet been finalised.

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

Interim dividend declaration

Ordinary shares

- On 4 March 2020, a gross interim ordinary dividend of 40 cents per ordinary share was declared by the Board.
- 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 March 2020, and will be paid on Monday, 30 March 2020.
- 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 32 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 24 March 2020.
- The shares will trade ex dividend from the start of business on Wednesday, 25 March 2020.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 25 March 2020 and Friday, 27 March 2020, 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.

Preference shares

- Dividends of R18.5 million (31.12.2018: R18.5 million; 30.06.2019: 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 of these shares (R487 million) are held by a subsidiary of the Group.

Directors' responsibility

The preparation of these results are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The condensed interim results have not been reviewed or audited by the external auditors. The full condensed 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 SENS announcement may be requested from the office of the Group Company Secretary, Gcobisa Tyusha, tel: +27 12 673 1931 or gcobisa.tyusha@mmltd.co.za.

Signed on behalf of the Board

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

Centurion
4 March 2020

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, KS Legoabe-Kgomari, Dr SL McPherson, MS Moloko, V Nkonyeni, DJ Park, KC Shubane, FJC Truter, JC van Reenen

GROUP COMPANY SECRETARY: Gcobisa Tyusha

WEBSITE: www.momentummetropolitan.co.za

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

TRANSFER SECRETARIES – NAMIBIA: Transfer Secretaries (Pty) Ltd (registration number 93/713) 4 Robert Mugabe Avenue, Windhoek. PO Box 2301, Windhoek Telephone: +264 61 22 7647 E-mail: info@nsx.com.na

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

AUDITORS: Ernst & Young Inc.

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE CODE: MTM 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: 5 March 2020

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2019 Rm	Restated 31.12.2018 [1] Rm	Restated 30.06.2019 [1] Rm
ASSETS			
Intangible assets	**9 344**	10 133	9 665
Owner-occupied properties	**4 999**	3 594	4 629
Property and equipment	**390**	411	381
Investment properties	**8 370**	8 930	8 103
Properties under development	**219**	388	192
Investments in associates and joint ventures	**901**	636	792
Employee benefit assets	**486**	451	469
Financial assets at fair value through income	**438 940**	394 946	421 745
Financial assets at amortised cost	**9 956**	5 099	17 100
Reinsurance contract assets	**5 773**	5 027	5 912
Deferred income tax	**843**	286	599
Insurance and other receivables	**5 698**	5 416	5 259
Current income tax assets	**170**	307	184
Assets relating to disposal groups held for sale	**60**	653	989
Cash and cash equivalents	**25 380**	26 045	26 883
Total assets	**511 529**	462 322	502 902
EQUITY			
Equity attributable to owners of the parent	**23 916**	22 400	23 020
Non-controlling interests	**449**	493	526
Total equity	**24 365**	22 893	23 546
LIABILITIES			
Insurance contract liabilities			
Long-term insurance contracts	**115 617**	110 819	116 054
Non-life insurance contracts	**9 940**	8 583	9 603
Investment contracts	**284 947**	259 831	274 853
– with discretionary participation features (DPF)	**23 215**	23 100	23 800
– designated at fair value through income	**261 732**	236 731	251 053
Financial liabilities at fair value through income	**47 352**	37 278	43 071
Financial liabilities at amortised cost	**3 572**	2 925	3 007
Reinsurance contract liabilities	**1 996**	1 734	1 912
Deferred income tax	**3 107**	2 994	3 222
Employee benefit obligations	**1 015**	957	1 339
Other payables	**19 260**	13 622	24 977
Provisions	**121**	79	112
Current income tax liabilities	**220**	155	459
Liabilities relating to disposal groups held for sale	**17**	452	747
Total liabilities	**487 164**	439 429	479 356
Total equity and liabilities	**511 529**	462 322	502 902

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

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Net insurance premiums	**15 949**	20 411	36 618
Fee income [1]	**4 315**	4 274	8 449
Investment income	**10 992**	10 656	22 137
Net realised and unrealised fair value gains/(losses)	**4 011**	(16 635)	1 439
Net income	**35 267**	18 706	68 643
Net insurance benefits and claims	**13 040**	13 134	26 582
Change in actuarial liabilities and related reinsurance	**(1 854)**	(49)	5 673
Change in long-term insurance contract liabilities	**(1 317)**	1 380	6 282
Change in non-life insurance contract liabilities	**8**	32	110
Change in investment contracts with DPF liabilities	**(513)**	(1 449)	(588)
Change in reinsurance assets	**(115)**	(79)	(377)
Change in reinsurance liabilities	**83**	67	246
Fair value adjustments on investment contract liabilities	**8 224**	(6 228)	9 107
Fair value adjustments on collective investment scheme liabilities	**1 283**	(2 141)	(492)
Depreciation, amortisation and impairment expenses	**570**	687	1 343
Employee benefit expenses	**3 187**	2 992	6 168
Sales remuneration	**3 411**	3 155	6 078
Other expenses	**3 608**	3 791	7 415
Expenses	**31 469**	15 341	61 874
Results of operations	**3 798**	3 365	6 769
Share of loss of associates and joint ventures	**(142)**	(135)	(269)
Finance costs [2]	**(530)**	(508)	(1 021)
Profit before tax	**3 126**	2 722	5 479
Income tax expense	**(1 553)**	(1 398)	(3 069)
Earnings for the period	**1 573**	1 324	2 410
Attributable to:			
Owners of the parent	**1 518**	1 241	2 255
Non-controlling interests	**55**	83	155
	1 573	1 324	2 410
Basic earnings per ordinary share (cents)	**104.3**	83.2	153.1
Diluted earnings per ordinary share (cents)	**103.6**	82.2	151.6

[1] Fee income consists of the following:			
Contract administration	**1 564**	1 437	2 754
Trust and fiduciary services	**708**	800	1 417
Health administration	**1 012**	943	1 931
Cell captive commission	**558**	614	1 380
Other fee income	**473**	480	967
	4 315	4 274	8 449
[2] Finance costs consist of the following:			
Preference shares issued by Momentum Metropolitan Holdings Ltd	**54**	53	106
Subordinated debt	**213**	210	418
Cost of carry positions	**149**	135	286
Other finance costs	**114**	110	211
	530	508	1 021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Earnings for the period	**1 573**	1 324	2 410
Other comprehensive income/(loss), net of tax [1]	**79**	(90)	(57)
Items that may subsequently be reclassified to income	**64**	44	28
Exchange differences on translating foreign operations [2]	**56**	60	17
Share of other comprehensive income/(loss) of associates	**8**	(16)	11
Items that will not be reclassified to income	**15**	(134)	(85)
Land and building revaluation	**14**	(174)	(146)
Remeasurements of post-employee benefit funds	**3**	(9)	1
Income tax relating to items that will not be reclassified	**(2)**	49	60
Total comprehensive income for the period	**1 652**	1 234	2 353
Total comprehensive income attributable to:			
Owners of the parent	**1 597**	1 149	2 198
Non-controlling interests	**55**	85	155
	1 652	1 234	2 353

[1] Included within other comprehensive income is R1 million (31.12.2018: R9 million; 30.06.2019: R6 million) relating to disposal groups held for sale at the end of the respective period.

[2] In the current period, R43 million represents the FCTR reversal on the sale of UBA Metropolitan Life Insurance Ltd (Nigeria), Metropolitan Life Swaziland Ltd and Financial Partners Ltd, giving rise to a loss of the same extent in the income statement. In the June 2019 period, R1 million represented the FCTR reversal on the sale of Mauritius Life, that gave rise to a loss of the same extent in the income statement.

MOMENTUM METROPOLITAN GROUP - IFRS FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Changes in share capital			
Balance at beginning and end	**9**	9	9
Changes in share premium			
Balance at beginning	**13 331**	13 758	13 758
(Increase)/Decrease in treasury shares held on behalf of contract holders	**(124)**	9	60
Increase in treasury shares held by subsidiary for shareholders	**-**	(487)	(487)
Balance at end	**13 207**	13 280	13 331
Changes in other reserves			
Balance at beginning	**1 721**	1 767	1 767
Total comprehensive income/(loss)	**79**	(92)	(57)
Share schemes – value of services provided	**-**	-	24
Change in non-distributable reserves	**(16)**	(6)	9
Transfer to retained earnings	**(15)**	(7)	(22)
Balance at end [1]	**1 769**	1 662	1 721
Changes in retained earnings			
Balance at beginning	**7 959**	6 794	6 794
IFRS opening adjustment [2]	**(19)**	(40)	(40)
Restated opening balance	**7 940**	6 754	6 754
Total comprehensive income	**1 518**	1 241	2 255
Dividend paid	**(510)**	-	(509)
Shares repurchased	**-**	(544)	(544)
Transactions with non-controlling interests	**(32)**	(9)	(19)
Transfer from other reserves	**15**	7	22
Balance at end	**8 931**	7 449	7 959
Equity attributable to owners of the parent	**23 916**	22 400	23 020
Changes in non-controlling interests			
Balance at beginning	**526**	462	462
Total comprehensive income	**55**	85	155
Dividend paid	**(56)**	(55)	(90)
Transactions with owners	**(76)**	1	(1)
Balance at end	**449**	493	526
Total equity	**24 365**	22 893	23 546
[1] Other reserves consist of the following:			
Land and building revaluation reserve	**624**	564	619
Foreign currency translation reserve	**(3)**	(33)	(67)
Non-distributable reserve	**60**	67	76
Employee benefit revaluation reserve	**103**	93	100
Fair value adjustment for preference shares issued by Momentum Metropolitan Holdings Ltd	**940**	940	940
Equity-settled share-based payment arrangements	**45**	31	53
	1 769	1 662	1 721

[2] The opening retained earnings adjustment relates to the implementation and adoption of IFRS 16 in the current financial year, and the implementation and adoption of IFRS 9 in the prior financial year.

MOMENTUM METROPOLITAN GROUP -
IFRS FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Cash flow from operating activities			
Cash utilised in operations	**(7 797)**	(6 418)	(15 185)
Interest and dividends received	**10 391**	9 951	20 588
Income tax paid	**(2 138)**	(1 346)	(2 664)
Interest paid	**(503)**	(485)	(1 000)
Net cash (outflow)/inflow from operating activities	**(47)**	1 702	1 739
Cash flow from investing activities			
Net disposal of subsidiaries	**280**	-	-
Net cash disposed of in subsidiary	**(177)**	-	-
Net investments in associates and joint ventures	**(257)**	(174)	(463)
Net loan repayments by related parties	**60**	46	73
Net purchases of owner-occupied properties	**(84)**	(25)	(58)
Net purchases of property and equipment	**(101)**	(182)	(255)
Net purchases of intangible assets	**(29)**	(46)	(71)
Dividends from associates	**4**	23	49
Net cash outflow from investing activities	**(304)**	(358)	(725)
Cash flow from financing activities			
Net advances of borrowings	**(1 320)**	147	1 900
Dividends paid to equity holders	**(510)**	-	(509)
Dividends paid to non-controlling interest shareholders	**(56)**	(55)	(90)
(Increase)/Decrease of treasury shares held on behalf of contract holders	**(124)**	9	62
Increase of treasury shares held by subsidiary for shareholders	**-**	(487)	(487)
Transactions with minority shareholders	**(108)**	(8)	(9)
Other equity transactions	**3**	(2)	(2)
Net issue of subordinated call notes	**750**	-	-
Shares repurchased	**-**	(544)	(544)
Net cash (outflow)/inflow from financing activities	**(1 365)**	(940)	321
Net cash flow	**(1 716)**	404	1 335
Cash resources and funds on deposit at beginning	**27 147**	25 812	25 812
Cash resources and funds on deposit at end	**25 431**	26 216	27 147
Made up as follows:			
Cash and cash equivalents	**25 380**	26 045	26 883
Assets relating to disposal groups held for sale	**51**	171	264
	25 431	26 216	27 147

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Life:** Momentum Life includes protection, savings and life insurance products focused on the middle and affluent client segments.
- **Momentum Investments:** Momentum Investments consists of the Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties.
- **Metropolitan 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, Momentum Money, Lending, Exponential Ventures and Momentum Consult.
- **Shareholders:** The Shareholders segment reflects investment income on capital held to support South African operations and some costs not allocated to operating segments (eg certain holding company expenses).

The executive committee of the Group assesses the performance of the operating segments based on diluted normalised headline earnings. This measurement basis 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. For insurance operating segments (excluding Momentum Metropolitan Africa), diluted normalised headline earnings also exclude the effect of investment income on shareholder assets, as this income is managed on a group basis and is therefore included in the Shareholders segment.

A reconciliation of earnings to diluted normalised headline earnings is provided in note 1.

Refer to the embedded value report for in depth detail on covered business.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 **RECONCILIATION OF HEADLINE EARNINGS** attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2019	6 mths to 31.12.2018	12 mths to 30.06.2019	6 mths to 31.12.2019	6 mths to 31.12.2018	12 mths to 30.06.2019
	Rm	Rm	Rm	Rm	Rm	Rm
Earnings	**1 518**	1 241	2 255	**1 518**	1 241	2 255
Finance costs – convertible preference shares				**19**	19	37
Dilutory effect of subsidiaries [1]				**-**	(10)	(17)
Diluted earnings				**1 537**	1 250	2 275
Loss on step-up of associate	**8**	-	-	**8**	-	-
Intangible asset impairments [2]	**-**	24	77	**-**	24	77
Tax on intangible asset impairments	**-**	(7)	(15)	**-**	(7)	(15)
Impairment of fixed assets	**-**	-	22	**-**	-	22
Gain on sale of subsidiary [3]	**(118)**	-	(6)	**(118)**	-	(6)
Impairments relating to held for sale entities	**3**	51	87	**3**	51	87
FCTR reversal on sale of foreign subsidiary [3]	**43**	-	1	**43**	-	1
Impairment of owner-occupied property below cost	**16**	60	66	**16**	60	66
Tax on impairment of owner-occupied property below cost	**(5)**	(13)	(13)	**(5)**	(13)	(13)
Headline earnings [4]	**1 465**	1 356	2 474	**1 484**	1 365	2 494
Adjustments for Momentum Metropolitan shares held by policyholder funds	**57**	(7)	35	**57**	(7)	35
Amortisation of intangible assets relating to business combinations	**231**	260	522	**231**	260	522
BEE cost	**-**	-	23	**-**	-	23
Normalised headline earnings [5]	**1 753**	1 609	3 054	**1 772**	1 618	3 074

1 For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. The minority holding for the Momentum Metropolitan Namibia group changed to 0.7% in the current period and therefore no longer has a dilutive impact.

2 The December 2018 period impairments relate to customer relationships in Momentum Metropolitan Africa due to a decline in the directors' valuation.
The June 2019 period impairments relate 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 the directors' valuation.

3 Current period relates to the sale of UBA Metropolitan Life Insurance Ltd (Nigeria) and Metropolitan Life Swaziland Ltd in the Momentum Metropolitan Africa segment and Financial Partners Ltd in the Momentum Investments segment. The June 2019 period relates to the sale of Mauritius Life in the Momentum Metropolitan Africa segment.

4 Headline earnings consist of operating profit, investment income, net realised and unrealised 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 R10 million (31.12.2018: negative R13 million; 30.06.2019: negative R170 million).

NOTE 1 cont. **EARNINGS PER SHARE** (cents) attributable to owners of the parent	6 mths to 31.12.2019	6 mths to 31.12.2018	12 mths to 30.06.2019
Basic			
Normalised headline earnings	**120.5**	107.8	207.3
Headline earnings	**100.7**	90.9	168.0
Earnings	**104.3**	83.2	153.1
Weighted average number of shares (million)	**1 455**	1 492	1 473
Basic number of shares in issue (million)	**1 451**	1 455	1 457
Diluted			
Normalised headline earnings	**118.2**	105.3	202.5
Weighted average number of shares (million) [1]	**1 499**	1 536	1 518
Diluted number of shares in issue (million)	**1 499**	1 499	1 499
Headline earnings	**100.1**	89.8	166.2
Earnings	**103.6**	82.2	151.6
Weighted average number of shares (million) [2]	**1 483**	1 520	1 501

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.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 cont.	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa [1] Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items [2] Rm	IFRS total Rm	Notes
6 mths to 31.12.2019												
Revenue												
Net insurance premiums	4 714	12 625	3 671	8 193	6 849	2 350	-	-	38 402	(22 453)	15 949	1.4
Recurring premiums	4 431	334	3 144	6 618	4 044	1 970	-	-	20 541	(6 630)	13 911	
Single premiums	283	12 291	527	1 575	2 805	380	-	-	17 861	(15 823)	2 038	
Fee income	711	1 654	74	1 487	687	151	20	18	4 802	(487)	4 315	
Fee income	690	1 377	74	1 473	687	151	19	-	4 471	(156)	4 315	1.3, 1.4
Intergroup fee income	21	277	-	14	-	-	1	18	331	(331)	-	
Expenses												
Net payments to contract holders												
External payments	5 009	12 310	2 866	7 740	2 143	1 372	-	-	31 440	(18 400)	13 040	
Other expenses [3]	1 812	1 520	1 315	1 682	1 781	954	98	43	9 205	1 571	10 776	
Sales remuneration	699	415	570	58	1 282	382	5	-	3 411	-	3 411	
Administration expenses	922	874	722	1 357	436	458	91	294	5 154	1 314	6 468	
Asset management, direct property and other fee expenses	123	171	-	4	-	2	-	9	309	588	897	
Intergroup expenses	68	60	23	263	63	112	2	(260)	331	(331)	-	
Diluted normalised headline earnings	483	270	349	335	143	208	(240)	224	1 772	-	1 772	1.1
Operating profit/(loss) [4]	674	382	486	445	104	59	(245)	(47)	1 858	-	1 858	
Tax on operating profit/(loss)	(201)	(112)	(137)	(125)	(25)	11	1	(31)	(619)	-	(619)	
Investment income	13	7	-	16	84	116	3	335	574	-	574	
Tax on investment income	(3)	(2)	-	(1)	(23)	17	-	(79)	(91)	-	(91)	
Fair value (losses)/gains	-	(7)	-	1	4	3	1	63	65	-	65	
Tax on fair value (losses)/gains	-	2	-	(1)	(1)	2	-	(17)	(15)	-	(15)	
Covered	509	237	349	257	-	239	-	280	1 871	-	1 871	1.2
Non-covered	(26)	33	-	78	143	(31)	(240)	(56)	(99)	-	(99)	1.2
	483	270	349	335	143	208	(240)	224	1 772	-	1 772	
Basis changes and investment variances [5]	(3)	9	(13)	-	-	(3)	-	-	(10)	-	(10)	
Actuarial liabilities	73 146	163 540	35 477	98 825	26 101	13 415	-	-	410 504	-	410 504	

[1] The 'Momentum Metropolitan Africa' column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period: Net insurance premiums R328 million; external payments R196 million and administration expenses R144 million.

[2] The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R247 million) and asset management fees for all entities (R341 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 (R983 million); the amortisation of intangibles relating to business combinations (R312 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

[3] Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

[4] Operating profit is diluted normalised headline earnings less tax, investment income and fair value gains.

[5] Included in diluted normalised headline earnings and is net of tax.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 cont.	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa [1] Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items [2] Rm	IFRS total Rm	Notes
6 mths to 31.12.2018												
Revenue												
Net insurance premiums	4 447	10 257	3 575	12 074	4 759	2 353	-	-	**37 465**	(17 054)	**20 411**	1.4
Recurring premiums	4 313	221	3 072	6 042	4 333	2 006	-	-	**19 987**	(6 549)	**13 438**	
Single premiums	134	10 036	503	6 032	426	347	-	-	**17 478**	(10 505)	**6 973**	
Fee income	661	1 693	73	1 418	669	155	25	54	**4 748**	(474)	**4 274**	
Fee income	644	1 426	73	1 390	669	155	24	7	**4 388**	(114)	**4 274**	1.3, 1.4
Intergroup fee income	17	267	-	28	-	-	1	47	**360**	(360)	**-**	
Expenses												
Net payments to contract holders												
External payments	4 756	14 677	2 876	7 361	2 527	1 512	-	-	**33 709**	(20 575)	**13 134**	
Other expenses [3]	1 775	1 576	1 289	1 611	1 567	913	130	161	**9 022**	1 603	**10 625**	
Sales remuneration	678	433	536	55	1 110	343	-	-	**3 155**	-	**3 155**	
Administration expenses	836	879	736	1 315	408	477	113	375	**5 139**	1 386	**6 525**	
Asset management, direct property and other fee expenses	175	169	-	5	-	1	1	17	**368**	577	**945**	
Intergroup expenses	86	95	17	236	49	92	16	(231)	**360**	(360)	**-**	
Diluted normalised headline earnings	462	261	333	319	135	94	(248)	262	**1 618**	-	**1 618**	1.1
Operating profit/(loss) [4]	630	326	464	433	108	37	(256)	(36)	**1 706**	-	**1 706**	
Tax on operating profit/(loss)	(176)	(79)	(131)	(125)	(36)	(23)	-	(42)	**(612)**	-	**(612)**	
Investment income	11	22	-	16	91	115	10	280	**545**	-	**545**	
Tax on investment income	(3)	(6)	-	(4)	(26)	(10)	(2)	(49)	**(100)**	-	**(100)**	
Fair value (losses)/gains	-	(1)	-	(1)	(2)	(25)	-	125	**96**	-	**96**	
Tax on fair value (losses)/gains	-	(1)	-	-	-	-	-	(16)	**(17)**	-	**(17)**	
Covered	496	190	333	275	-	116	-	232	**1 642**	-	**1 642**	1.2
Non-covered	(34)	71	-	44	135	(22)	(248)	30	**(24)**	-	**(24)**	1.2
	462	261	333	319	135	94	(248)	262	**1 618**	-	**1 618**	
Basis changes and investment variances [5]	10	8	4	-	-	(35)	-	-	**(13)**	-	**(13)**	
Actuarial liabilities	71 158	151 278	34 161	89 773	20 088	12 775	-	-	**379 233**	-	**379 233**	

[1] The ‘Momentum Metropolitan Africa’ column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period: Net insurance premiums R391 million; external payments R274 million and administration expenses R169 million.

[2] The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R260 million) and asset management fees for all entities (R317 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R1 004 million); the amortisation of intangibles relating to business combinations (R368 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

[3] Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

[4] Operating profit is diluted normalised headline earnings less tax, investment income and fair value gains.

[5] Included in diluted normalised headline earnings and is net of tax.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1 cont.	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa [1] Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items [2] Rm	IFRS total Rm	Notes
Restated												
12 mths to 30.06.2019												
Revenue												
Net insurance premiums	9 213	21 039	7 052	20 991	10 165	4 692	-	-	**73 152**	(36 534)	**36 618**	1.4
Recurring premiums	8 795	534	5 931	12 601	8 081	4 139	-	-	**40 081**	(14 458)	**25 623**	
Single premiums	418	20 505	1 121	8 390	2 084	553	-	-	**33 071**	(22 076)	**10 995**	
Fee income	1 235	3 375	133	2 842	1 528	293	44	77	**9 527**	(1 078)	**8 449**	
Fee income	1 201	2 832	133	2 809	1 527	293	42	-	**8 837**	(388)	**8 449**	1.3, 1.4
Intergroup fee income	34	543	-	33	1	-	2	77	**690**	(690)	**-**	
Expenses												
Net payments to contract holders												
External payments	9 725	26 759	5 804	15 763	4 893	2 802	-	-	**65 746**	(39 164)	**26 582**	
Other expenses [3]	3 554	3 094	2 488	3 348	3 127	1 813	248	290	**17 962**	3 042	**21 004**	
Sales remuneration	1 345	816	984	124	2 191	618	-	-	**6 078**	-	**6 078**	
Administration expenses	1 712	1 755	1 463	2 758	838	989	235	730	**10 480**	2 762	**13 242**	
Asset management, direct property and other fee expenses	340	335	-	8	-	3	-	28	**714**	970	**1 684**	
Intergroup expenses	157	188	41	458	98	203	13	(468)	**690**	(690)	**-**	
Diluted normalised headline earnings	883	512	610	601	164	262	(492)	534	**3 074**	-	**3 074**	1.1
Operating profit/(loss) [4]	1 224	591	850	813	44	102	(489)	(119)	**3 016**	-	**3 016**	
Tax on operating profit/(loss)	(359)	(119)	(240)	(235)	(25)	(53)	(14)	(44)	**(1 089)**	-	**(1 089)**	
Investment income	25	38	-	32	201	246	13	608	**1 163**	-	**1 163**	
Tax on investment income	(7)	(10)	-	(8)	(56)	(18)	(2)	(114)	**(215)**	-	**(215)**	
Fair value gains/(losses)	-	16	-	(1)	-	(9)	-	258	**264**	-	**264**	
Tax on fair value gains/(losses)	-	(4)	-	-	-	(6)	-	(55)	**(65)**	-	**(65)**	
Covered	967	355	610	475	-	304	-	507	**3 218**	-	**3 218**	1.2
Non-covered	(84)	157	-	126	164	(42)	(492)	27	**(144)**	-	**(144)**	1.2
	883	512	610	601	164	262	(492)	534	**3 074**	-	**3 074**	
Basis changes and investment variances [5]	(123)	(16)	6	(26)	-	(11)	-	-	**(170)**	-	**(170)**	
Actuarial liabilities [6]	73 816	159 255	35 676	96 220	22 392	13 151	-	-	**400 510**	-	**400 510**	

[1] The 'Momentum Metropolitan Africa' column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period: Net insurance premiums R774 million; external payments R506 million and administration expenses R362 million.

[2] The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R471 million) and asset management fees for all entities (R499 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R1 970 million); the amortisation of intangibles relating to business combinations (R751 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

[3] Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

[4] Operating profit is diluted normalised headline earnings less tax, investment income and fair value gains.

[5] Included in diluted normalised headline earnings and is net of tax.

[6] The current liabilities of the entities classified as held for sale were not reclassified to the disposal groups held for sale line item on the statement of financial position. June 2019 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.1 CHANGE IN DILUTED NORMALISED HEADLINE EARNINGS	Change %	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm	Notes
Momentum Life	**5**	**483**	462	883	
Momentum Investments	**3**	**270**	261	512	
Metropolitan Retail	**5**	**349**	333	610	
Momentum Corporate	**5**	**335**	319	601	
Non-life Insurance	**6**	**143**	135	164	
Momentum Metropolitan Africa	**121**	**208**	94	262	
Diluted normalised headline earnings from operating segments	**11**	**1 788**	1 604	3 032	
New Initiatives	**3**	**(240)**	(248)	(492)	
Shareholders	**(15)**	**224**	262	534	
Total diluted normalised headline earnings	**10**	**1 772**	1 618	3 074	1

NOTE 1.2
SEGMENTAL ANALYSIS

Covered definitions

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

NOTE 1.2 cont. SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm	Notes
6 mths to 31.12.2019										
Covered										
Protection	256	-	165	80	-	-	-	-	501	
Long-term savings	71	52	98	113	-	-	-	-	334	
Annuities and structured products	-	187	65	65	-	-	-	-	317	
Traditional	96	-	22	-	-	-	-	-	118	
Other	86	(2)	(1)	(1)	-	144	-	(53)	173	
Investment income	-	-	-	-	-	95	-	333	428	
Total	509	237	349	257	-	239	-	280	1 871	1
Non-covered										
Investment and savings	-	33	-	-	-	-	-	-	33	1.2.1
Life insurance	-	-	-	-	-	6	-	-	6	
Health	-	-	-	80	-	17	-	-	97	1.2.2
Momentum Multiply	(22)	-	-	-	-	-	-	-	(22)	
Non-life insurance	-	-	-	-	(22)	2	-	-	(20)	1.2.3
Cell captives	-	-	-	-	165	-	-	-	165	1.2.3
Unallocated expenses	-	-	-	-	-	-	-	(41)	(41)	
New Initiatives India	-	-	-	-	-	-	(150)	-	(150)	1.2.4
New Initiatives aYo	-	-	-	-	-	-	(48)	-	(48)	
Other	(4)	-	-	(2)	-	(56)	(42)	(15)	(119)	
Total	(26)	33	-	78	143	(31)	(240)	(56)	(99)	1
Diluted normalised headline earnings	483	270	349	335	143	208	(240)	224	1 772	

NOTE 1.2 cont. SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders[1] Rm	Total Rm	Notes
Restated 6 mths to 31.12.2018										
Covered										
Protection	221	-	149	74	-	-	-	-	444	
Long-term savings	110	66	108	125	-	-	-	-	409	
Annuities and structured products	-	124	64	55	-	-	-	-	243	
Traditional	80	-	13	-	-	-	-	-	93	
Other	85	-	(1)	21	-	78	-	(16)	167	
Investment income	-	-	-	-	-	38	-	248	286	
Total	496	190	333	275	-	116	-	232	1 642	1
Non-covered										
Investment and savings	-	71	-	-	-	-	-	-	71	1.2.1
Life insurance	-	-	-	-	-	(36)	-	-	(36)	
Health	-	-	-	62	-	35	-	-	97	1.2.2
Momentum Multiply	(34)	-	-	-	-	-	-	-	(34)	
Non-life insurance	-	-	-	-	(8)	19	-	-	11	1.2.3
Cell captives	-	-	-	-	143	-	-	-	143	1.2.3
Unallocated expenses	-	-	-	-	-	-	-	(60)	(60)	
New Initiatives India	-	-	-	-	-	-	(150)	-	(150)	1.2.4
New Initiatives aYo	-	-	-	-	-	-	(36)	-	(36)	
Other	-	-	-	(18)	-	(40)	(62)	90	(30)	
Total	(34)	71	-	44	135	(22)	(248)	30	(24)	1
Diluted normalised headline earnings	462	261	333	319	135	94	(248)	262	1 618	

[1] Fair value gains which was previously included in other covered business of R28 million has been reallocated within the Shareholders segment to investment income. June 2019 has correctly accounted for this.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2 cont. SEGMENTAL ANALYSIS	Momentum Life Rm	Momentum Investments Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm	Notes
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	1
Non-covered										
Investment and savings	-	157	-	-	-	-	-	-	157	1.2.1
Life insurance	-	-	-	-	-	(43)	-	-	(43)	
Health	-	-	-	166	-	75	-	-	241	1.2.2
Momentum Multiply	(82)	-	-	-	-	-	-	-	(82)	
Non-life insurance	-	-	-	-	(43)	27	-	-	(16)	1.2.3
Cell captives	-	-	-	-	207	-	-	-	207	1.2.3
Unallocated expenses	-	-	-	-	-	-	-	(117)	(117)	
New Initiatives India	-	-	-	-	-	-	(287)	-	(287)	1.2.4
New Initiatives aYo	-	-	-	-	-	-	(89)	-	(89)	
Other	(2)	-	-	(40)	-	(101)	(116)	144	(115)	
Total	(84)	157	-	126	164	(42)	(492)	27	(144)	1
Diluted normalised headline earnings	883	512	610	601	164	262	(492)	534	3 074	

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.1 MOMENTUM INVESTMENTS - NON-COVERED BUSINESS	6 mths to 31.12.2019 Rm	Restated 6 mths to 31.12.2018 [1] Rm	12 mths to 30.06.2019 Rm	Notes
Revenue	**823**	854	1 713	
Fee income	**796**	821	1 630	
Performance fees	**-**	3	5	
Investment income	**24**	36	69	
Fair value gains/(losses)	**3**	(6)	9	
Expenses and finance costs	**(767)**	(759)	(1 523)	
Other expenses	**(747)**	(736)	(1 476)	
Finance costs	**(20)**	(23)	(47)	
Share of profit of associates	**4**	2	-	
Profit before tax	**60**	97	190	
Income tax expense	**(25)**	(21)	(20)	
Non-controlling interest	**(2)**	(5)	(13)	
Diluted normalised headline earnings	**33**	71	157	
Operating profit before tax	**46**	84	151	
Tax on operating profit	**(22)**	(17)	(10)	
Investment income	**6**	13	23	
Tax on investment income	**(2)**	(4)	(6)	
Fair value gains/(losses)	**5**	(6)	(1)	
Tax on fair value gains/(losses)	**-**	1	-	
Diluted normalised headline earnings	**33**	71	157	1.2
Assets under management at period end	**459 445**	414 879	446 804	

[1] December 2018 was restated to remove the duplication of netting off of intercompany fee income and expenses within the Momentum Investments segment of R112 million. Assets under management was also restated by R54 billion to correctly exclude Wealth off-balance sheet assets as it is covered. June 2019 has correctly accounted for these.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.2 HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
6 mths to 31.12.2019				
Revenue	1 466	398	1 864	
Net insurance premiums	431	277	708	
Fee income	1 013	105	1 118	
Investment income	21	16	37	
Intergroup fees	1	-	1	
Expenses and finance costs	(1 290)	(348)	(1 638)	
Net payments to contract holders	(300)	(201)	(501)	
Change in actuarial liabilities	(4)	-	(4)	
Other expenses	(983)	(147)	(1 130)	
Finance costs	(3)	-	(3)	
Profit before tax	176	50	226	
Income tax expense	(45)	(21)	(66)	
Non-controlling interest	(51)	(12)	(63)	
Diluted normalised headline earnings	80	17	97	1.2
Operating profit before tax	94	16	110	
Tax on operating profit	(26)	(12)	(38)	
Investment income	14	14	28	
Tax on investment income	(1)	-	(1)	
Fair value losses	(1)	(1)	(2)	
Diluted normalised headline earnings	80	17	97	
Closed schemes	41	17	58	
Open scheme	20	-	20	
Other	19	-	19	
	80	17	97	

	Principal members	Lives
Momentum Corporate principal members	1 107 857	
Momentum Metropolitan Africa lives		427 803

NOTE 1.2.2 cont. HEALTH - NON-COVERED BUSINESS	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
Restated **6 mths to 31.12.2018** [1]				
Revenue	1 345	460	1 805	
Net insurance premiums	383	339	722	
Fee income	941	102	1 043	
Investment income	20	19	39	
Intergroup fees	1	-	1	
Expenses and finance costs	(1 205)	(387)	(1 592)	
Net payments to contract holders	(266)	(234)	(500)	
Change in actuarial liabilities	(4)	-	(4)	
Other expenses	(933)	(153)	(1 086)	
Finance costs	(2)	-	(2)	
Profit before tax	140	73	213	
Income tax expense	(35)	(22)	(57)	
Non-controlling interest	(43)	(16)	(59)	
Diluted normalised headline earnings	62	35	97	1.2
Operating profit before tax	71	37	108	
Tax on operating profit	(19)	(16)	(35)	
Investment income	15	19	34	
Tax on investment income	(4)	-	(4)	
Fair value losses	(1)	(5)	(6)	
Diluted normalised headline earnings	62	35	97	
Closed schemes	13	35	48	
Open scheme	30	-	30	
Other	19	-	19	
	62	35	97	

	Principal members	Lives
Momentum Corporate principal members	1 070 974	
Africa lives		416 186

[1] The restatement relates to the reclassification of intercompany fee income of R11 million to intercompany expense recoveries. The Momentum Corporate principal members has also been restated by 77 221 to correctly include Health4Me.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

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

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.3 NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
6 mths to 31.12.2019					
Net insurance premiums	481	-	101	582	
Fee income	-	388	17	405	
Management fees	-	233	-	233	
Investment fees	-	47	-	47	
Underwriting fees	-	105	-	105	
Other fee income	-	3	17	20	
Investment income	34	72	14	120	
Total income	515	460	132	1 107	
Expenses and finance costs	(541)	(242)	(127)	(910)	
Net payments to contract holders	(310)	-	(67)	(377)	
Change in actuarial liabilities	-	-	11	11	
Acquisition costs [1]	(50)	-	(20)	(70)	
Other expenses	(181)	(230)	(51)	(462)	
Finance costs	-	(12)	-	(12)	
(Loss)/Profit before tax	(26)	218	5	197	
Income tax expense	4	(53)	(2)	(51)	
Non-controlling interest	-	-	(1)	(1)	
Diluted normalised headline earnings	(22)	165	2	145	1.2
Operating (loss)/profit before tax	(51)	158	(8)	99	
Tax on operating (loss)/profit	11	(35)	(2)	(26)	
Investment income	25	59	14	98	
Tax on investment income	(7)	(17)	-	(24)	
Fair value losses	-	-	(2)	(2)	
Diluted normalised headline earnings	(22)	165	2	145	
Momentum Short-term Insurance (including Admin)	(22)	-	-	(22)	
Guardrisk Group	-	165	-	165	
Swaziland	-	-	4	4	
Momentum Short-term Insurance (Namibia)	-	-	(1)	(1)	
Cannon Short-term	-	-	(1)	(1)	
	(22)	165	2	145	

[1] The acquisition costs relating to the cell captive business are included in underwriting fees.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.3 cont. NON-LIFE INSURANCE	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm	Notes
6 mths to 31.12.2018					
Net insurance premiums	416	-	89	505	
Fee income	2	350	21	373	
Management fees	-	217	-	217	
Investment fees	-	41	-	41	
Underwriting fees	-	92	-	92	
Other fee income	2	-	21	23	
Investment income	29	75	13	117	
Total income	447	425	123	995	
Expenses and finance costs	(448)	(228)	(105)	(781)	
Net payments to contract holders	(255)	-	(42)	(297)	
Change in actuarial liabilities	-	-	9	9	
Acquisition costs [1]	(52)	-	(21)	(73)	
Other expenses	(141)	(221)	(51)	(413)	
Finance costs	-	(7)	-	(7)	
(Loss)/Profit before tax	(1)	197	18	214	
Income tax expense	(7)	(54)	5	(56)	
Non-controlling interest	-	-	(4)	(4)	
Diluted normalised headline earnings	(8)	143	19	154	1.2
Operating (loss)/profit before tax	(23)	129	1	107	
Tax on operating (loss)/profit	(1)	(35)	5	(31)	
Investment income	22	69	14	105	
Tax on investment income	(6)	(19)	-	(25)	
Fair value losses	-	(1)	(1)	(2)	
Diluted normalised headline earnings	(8)	143	19	154	
Momentum Short-term Insurance (including Admin)	(8)	-	-	(8)	
Guardrisk Group	-	143	-	143	
Swaziland	-	-	2	2	
Tanzania	-	-	(1)	(1)	
Momentum Short-term Insurance (Namibia)	-	-	7	7	
Cannon Short-term	-	-	11	11	
	(8)	143	19	154	

[1] The acquisition costs relating to the cell captive business are included in underwriting fees.

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.2.4 INDIA - NON-COVERED BUSINESS [1]	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm	Notes
Gross written premiums	**662**	353	996	
Net earned premiums	**439**	257	698	
Fee income	**8**	7	18	
Net incurred claims	**(295)**	(162)	(409)	
Total management expenses	**(442)**	(368)	(784)	
Net commission expenses	**(37)**	(33)	(95)	
Underwriting loss	**(327)**	(299)	(572)	
Investment income	**33**	15	37	
Operating loss	**(294)**	(284)	(535)	
Investment income on excess	**15**	7	16	
Loss before and after tax	**(279)**	(277)	(519)	
Momentum Metropolitan share of results (49%)	**(137)**	(136)	(254)	
Momentum Metropolitan support costs	**(13)**	(14)	(33)	
Diluted normalised headline earnings	**(150)**	(150)	(287)	1.2
Number of lives	**5 183 852**	1 195 610	2 314 566	

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

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.3 SEGMENT IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS	Total revenue in scope of IFRS 15						
	Contract administration Rm	Trust and fiduciary services Rm	Health administration Rm	Cell captive commission Rm	Other fee income Rm	Total fee income Rm	Notes
6 mths to 31.12.2019							
Momentum Life	**485**	**5**	**-**	**-**	**200**	**690**	
Momentum Investments	**719**	**624**	**-**	**-**	**34**	**1 377**	
Metropolitan Retail	**41**	**-**	**-**	**-**	**33**	**74**	
Momentum Corporate	**209**	**226**	**1 004**	**-**	**34**	**1 473**	
Non-life Insurance	**94**	**-**	**-**	**558**	**35**	**687**	
Momentum Metropolitan Africa	**16**	**9**	**8**	**-**	**118**	**151**	
New Initiatives	**-**	**-**	**-**	**-**	**19**	**19**	
Segmental total	**1 564**	**864**	**1 012**	**558**	**473**	**4 471**	
Reconciling items	**-**	**(156)**	**-**	**-**	**-**	**(156)**	
IFRS total	**1 564**	**708**	**1 012**	**558**	**473**	**4 315**	1
6 mths to 31.12.2018							
Momentum Life	424	6	-	-	214	644	
Momentum Investments	704	675	-	-	47	1 426	
Metropolitan Retail	34	-	-	-	39	73	
Momentum Corporate	216	219	936	-	19	1 390	
Non-life Insurance	34	-	-	614	21	669	
Momentum Metropolitan Africa	25	7	7	-	116	155	
New Initiatives	-	-	-	-	24	24	
Shareholders	-	7	-	-	-	7	
Segmental total	1 437	914	943	614	480	4 388	
Reconciling items	-	(114)	-	-	-	(114)	
IFRS total	1 437	800	943	614	480	4 274	1
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	-	-	1 380	39	1 527	
Momentum Metropolitan Africa	22	15	12	-	244	293	
New Initiatives	-	8	-	-	34	42	
Segmental total	2 754	1 809	1 931	1 380	963	8 837	
Reconciling items	-	(392)	-	-	4	(388)	
IFRS total	2 754	1 417	1 931	1 380	967	8 449	1

MOMENTUM METROPOLITAN GROUP - SEGMENTAL INFORMATION

NOTE 1.4 SEGMENT REVENUE PER GEOGRAPHICAL BASIS	SA Rm	Non-SA Rm	Total revenue Rm	Notes
6 mths to 31.12.2019				
Momentum Life	**5 404**	**-**	**5 404**	
Momentum Investments	**13 745**	**257**	**14 002**	
Metropolitan Retail	**3 745**	**-**	**3 745**	
Momentum Corporate	**9 666**	**-**	**9 666**	
Non-life Insurance	**6 832**	**704**	**7 536**	
Momentum Metropolitan Africa	**-**	**2 501**	**2 501**	
New Initiatives	**19**	**-**	**19**	
Segmental total	**39 411**	**3 462**	**42 873**	
Reconciling items	**(21 626)**	**(983)**	**(22 609)**	
IFRS total	**17 785**	**2 479**	**20 264**	1
6 mths to 31.12.2018				
Momentum Life	5 091	-	5 091	
Momentum Investments	11 389	294	11 683	
Metropolitan Retail	3 648	-	3 648	
Momentum Corporate	13 464	-	13 464	
Non-life Insurance	4 595	833	5 428	
Momentum Metropolitan Africa	-	2 508	2 508	
New Initiatives	24	-	24	
Shareholders	7	-	7	
Segmental total	38 218	3 635	41 853	
Reconciling items	(16 278)	(890)	(17 168)	
IFRS total	21 940	2 745	24 685	1
12 mths to 30.06.2019				
Momentum Life	10 414	-	10 414	
Momentum Investments	23 299	572	23 871	
Metropolitan Retail	7 185	-	7 185	
Momentum Corporate	23 800	-	23 800	
Non-life Insurance	10 200	1 492	11 692	
Momentum Metropolitan Africa	-	4 985	4 985	
New Initiatives	42	-	42	
Segmental total	74 940	7 049	81 989	
Reconciling items	(35 114)	(1 808)	(36 922)	
IFRS total	39 826	5 241	45 067	1

NOTE 2
NON-CONTROLLING INTERESTS (legal percentages)

	31.12.2019 %	31.12.2018 %	30.06.2019 %
Cannon Assurance	**33.7**	33.7	33.7
Eris Property Group	**23.5**	23.9	23.5
Metropolitan Health Ghana	**0.9**	0.9	0.9
Metropolitan Health Namibia Administrators	**49.0**	49.0	49.0
Metropolitan Kenya	**33.7**	33.7	33.7
Metropolitan Swaziland	**-**	33.0	33.0
Metropolitan Tanzania	**33.0**	33.0	33.0
Metropolitan Health Zambia	**0.8**	35.0	0.8
Momentum Metropolitan Namibia	**0.7**	9.9	9.9
Momentum Mozambique	**33.0**	33.0	33.0
Momentum Swaziland	**-**	33.0	33.0
Metropolitan Health Corporate	**49.0**	49.0	49.0
Momentum Short-term Insurance (Namibia)	**30.0**	30.0	30.0

NOTE 3
BUSINESS COMBINATIONS – DECEMBER 2019

There were no significant business combinations for the 6 months ended December 2019.

BUSINESS COMBINATIONS – DECEMBER 2018

There were no significant business combinations for the 6 months ended December 2018.

BUSINESS COMBINATIONS – JUNE 2019

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

NOTE 4
RECONCILIATION OF GOODWILL

	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 Rm
Balance at beginning	**1 105**	1 124	1 124
Impairment charges [1]	**-**	-	(19)
Balance at end	**1 105**	1 124	1 105

[1] Goodwill relating to the Providence health business (Momentum Corporate segment) was impaired in the June 2019 period due to a decline in the directors' valuation.

NOTE 5
DISPOSAL OF SUBSIDIARY RECON

	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 Rm
Assets/(liabilities) disposed of:			
Financial assets at fair value through income	**744**	-	-
Other assets	**271**	-	256
Long-term insurance contracts	**(219)**	-	(238)
Investment contracts with DPF	**(244)**	-	-
Investment contracts designated at fair value through income	**(227)**	-	-
Other liabilities	**(133)**	-	(24)
Net assets sold	**192**	-	(6)
Non-controlling interests disposed of	**(20)**	-	-
Profit on sale of subsidiary	**118**	-	6
Cash flow from sale of subsidiary	**290**	-	-

NOTE 6
DIVIDENDS

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

Share buy-back programme

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

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

The A3 Momentum Metropolitan Holdings Ltd preference shares are redeemable in December 2020 (after extending it under the same terms by 18 months in the June 2019 period) at a redemption value of R9.18 per share unless converted into Momentum Metropolitan Holdings Ltd ordinary shares on a one-for-one basis prior to that date. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September). During the June 2019 period, 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 was recognised.

A3 Momentum Metropolitan Holdings Ltd preference share dividends - KTH	2020 Rm	2019 Rm
Interim - March	**19**	19
Final - September	**-**	19
Total	**19**	38

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	31.12.2019 Rm	Restated [7] 31.12.2018 Rm	30.06.2019 Rm
Covered business			
Equity attributable to owners of the parent	**23 916**	22 400	23 020
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	**(2 545)**	(3 022)	(2 748)
Net assets - non-covered business within life insurance companies	**(5 173)**	(2 593)	(5 011)
Net assets - non-covered business outside life insurance companies	**(2 988)**	(3 026)	(2 914)
Dilutory effect of subsidiaries [1]	**-**	(81)	(89)
Value of Momentum Metropolitan Life Ltd preference shares issued	**(500)**	(500)	(500)
Diluted adjusted net worth – covered business	**12 710**	13 178	11 758
Net value of in-force business	**22 170**	21 140	21 776
Diluted embedded value – covered business	**34 880**	34 318	33 534
Non-covered business			
Net assets - non-covered business within life insurance companies	**5 173**	2 593	5 011
Net assets - non-covered business outside life insurance companies	**2 988**	3 026	2 914
Consolidation adjustments [2]	**(1 140)**	(1 090)	(1 032)
Adjustments for dilution [3]	**689**	648	639
Diluted adjusted net worth – non-covered business	**7 710**	5 177	7 532
Write-up to directors' value	**218**	385	127
Non-covered business	**2 448**	2 201	2 370
Holding company expenses [4]	**(1 412)**	(1 232)	(1 413)
International holding company expenses [4]	**(818)**	(584)	(830)
Diluted embedded value – non-covered business	**7 928**	5 562	7 659
Diluted adjusted net worth	**20 420**	18 355	19 290
Net value of in-force business	**22 170**	21 140	21 776
Write-up to directors' value	**218**	385	127
Diluted embedded value	**42 808**	39 880	41 193
Required capital – covered business (adjusted for qualifying debt) [5]	**2 579**	2 707	2 874
Free surplus – covered business	**10 131**	10 471	8 884
Diluted embedded value per share (cents)	**2 856**	2 660	2 748
Diluted adjusted net worth per share (cents)	**1 362**	1 224	1 287
Diluted number of shares in issue (million) [6]	**1 499**	1 499	1 499

[1] For accounting purposes, Momentum Metropolitan Holdings Namibia Limited has been consolidated at 96% in the statement of financial position. For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated. The minority holding changed to 1% in the current period with no dilutive impact.

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

[3] Adjustments for dilution are made up as follows:

• Dilutory effect of subsidiaries (note 1): Rnil million (31.12.2018: R117 million; 30.06.2019: R125 million)

• Treasury shares held on behalf of contract holders: R435 million (31.12.2018: R277 million; 30.06.2019: R260 million)

• Liability – Momentum Metropolitan Holdings Ltd convertible preference shares issued to KTH: R254 million (31.12.2018: R254 million; 30.06.2019: R254 million)

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

[5] The required capital for in-force covered business amounts to R7 004 million (31.12.2018: R7 098 million; 30.06.2019: R7 305 million) and is adjusted for qualifying debt of R4 425 million (the total qualifying debt amounts to R5 185m when including R760m of subordinated debt to be redeemed in June 2020; 31.12.2018: R4 391 million; 30.06.2019: R4 431 million).

[6] The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

[7] The adjusted net worth for operating non-covered businesses are no longer adjusted for goodwill and customer relationship intangibles. No change to the directors' value of these businesses.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 Rm
Momentum Life	**9 628**	8 973	9 530
Gross value of in-force business	**10 465**	9 848	10 383
Less cost of required capital	**(837)**	(875)	(853)
Momentum Investments	**1 453**	1 654	1 455
Gross value of in-force business	**1 788**	1 844	1 789
Less cost of required capital	**(335)**	(190)	(334)
Metropolitan Retail	**4 536**	4 295	4 620
Gross value of in-force business	**4 710**	4 589	4 822
Less cost of required capital	**(174)**	(294)	(202)
Momentum Corporate	4285	4508	4059
Gross value of in-force business	**5 116**	5 435	5 053
Less cost of required capital	**(831)**	(927)	(994)
Momentum Metropolitan Africa	**2 268**	1 710	2 112
Gross value of in-force business	**2 588**	2 058	2 413
Less cost of required capital	**(320)**	(348)	(301)
Net value of in-force business	**22 170**	21 140	21 776

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth [3] Rm	Net value of in-force Rm	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 [3] Rm
Covered business					
Momentum Life	1 766	9 628	**11 394**	10 348	11 136
Momentum Investments [1]	1 280	1 453	**2 733**	2 688	2 659
Metropolitan Retail	870	4 536	**5 406**	5 511	5 368
Momentum Corporate	2 335	4 285	**6 620**	7 274	6 988
Momentum Metropolitan Africa	2 477	2 268	**4 745**	3 877	4 553
Shareholders	3 982	-	**3 982**	4 620	2 830
Other	(1 203)	-	**(1 203)**	229	(1 601)
Assets backing qualifying debt	5 185	-	**5 185**	4 391	4 431
Total covered business	12 710	22 170	**34 880**	34 318	33 534

	Adjusted net worth [3] Rm	Write-up to directors' value Rm	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 [3] Rm
Non-covered business					
Momentum Life	504	(1 018)	**(514)**	(611)	(558)
Momentum Multiply	489	(1 018)	**(529)**	(561)	(574)
Other	15	-	**15**	(50)	16
Momentum Investments	1 040	963	**2 003**	1 928	2 078
Investment and savings	802	949	**1 751**	1 659	1 839
Other	238	14	**252**	269	239
Momentum Corporate	685	371	**1 056**	1 603	1 187
Health	646	371	**1 017**	1 643	1 144
Other	39	-	**39**	(40)	43
Non-life Insurance	2 791	1 518	**4 309**	3 883	4 153
Non-life insurance	785	(320)	**465**	580	428
Cell captives	2 006	1 838	**3 844**	3 303	3 725
Momentum Metropolitan Africa	776	(668)	**108**	(689)	268
Life insurance	178	(193)	**(15)**	97	223
Health	257	320	**577**	364	593
Non-life insurance	90	(32)	**58**	78	50
Other	251	55	**306**	(644)	232
International holding company expenses [2]	-	(818)	**(818)**	(584)	(830)
New Initiatives	761	464	**1 225**	775	1 014
New initiatives India	617	438	**1 055**	621	801
New initiatives aYo	74	26	**100**	102	143
Other	70	-	**70**	52	70
Shareholders	1 153	(1 412)	**(259)**	(1 327)	(483)
Other	1 153	-	**1 153**	(95)	930
Holding company expenses [2]	-	(1 412)	**(1 412)**	(1 232)	(1 413)
Total non-covered business	7 710	218	**7 928**	5 562	7 659
Total embedded value	20 420	22 388	**42 808**	39 880	41 193

[1] Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R491 million (31.12.2018: R436 million; 30.06.2019: R485 million) and value of in-force of R219 million (31.12.2018: R171 million; 30.06.2019: R194 million).

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

[3] 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	Notes	Covered business: Adjusted net worth (ANW) Rm	Covered business: Gross value of in-force (VIF) Rm	Covered business: Cost of required capital Rm	6 mths to 31.12.2019 Total EV Rm	6 mths to 31.12.2018 Total EV Rm	12 mths to 30.06.2019 Total EV Rm
Profit from new business		(509)	795	(111)	**175**	359	611
Embedded value from new business	A	(509)	780	(111)	**160**	335	541
Expected return to end of period	B	-	15	-	**15**	24	70
Profit from existing business		1 871	(415)	256	**1 712**	1 562	2 472
Expected return – unwinding of RDR	B	-	1 227	(138)	**1 089**	1 058	2 189
Release from the cost of required capital	C	-	-	234	**234**	196	340
Expected (or actual) net of tax profit transfer to net worth	D	1 693	(1 693)	-	**-**	-	-
Operating experience variances	E	199	51	160	**410**	323	417
Development expenses	F	(21)	-	-	**(21)**	(15)	(32)
Operating assumption changes	G	-	-	-	**-**	-	(442)
Embedded value profit/(loss) from operations		1 362	380	145	**1 887**	1 921	3 083
Investment return on adjusted net worth	H	399	-	-	**399**	43	464
Investment variances	I	31	(367)	-	**(336)**	(902)	(451)
Economic assumption changes	J	-	61	56	**117**	(3)	270
Exchange rate movements	K	(3)	(2)	1	**(4)**	14	8
Exceptional items	L	(57)	-	-	**(57)**	870	870
Embedded value profit/(loss) - covered business		1 732	72	202	**2 006**	1 943	4 244
Transfer of business to non-covered business	M	(48)	-	-	**(48)**	-	-
Other capital transfers	N	(52)	135	(15)	**68**	(346)	(2 589)
Dividend (paid)/received		(680)	-	-	**(680)**	(745)	(1 587)
Change in embedded value - covered business		952	207	187	**1 346**	852	68
Non-covered business							
Change in directors' valuation and other items					**136**	(610)	(646)
Change in holding company expenses					**13**	(3)	(430)
Embedded value profit/(loss) - non-covered business					**149**	(613)	(1 076)
Transfer of business from covered business	M				**48**	-	-
Other capital transfers	N				**(68)**	346	2 589
Dividend received/(paid)					**159**	744	1 079
Shares repurchased					**-**	(1 031)	(1 031)
Finance costs – preference shares					**(19)**	(19)	(37)
Change in embedded value - non-covered business					**269**	(573)	1 524
Total change in group embedded value					**1 615**	279	1 592
Total embedded value profit/(loss)					**2 155**	1 330	3 168
Return on embedded value (%) - internal rate of return					**10.7%**	6.8%	8.0%
Return on embedded value excluding Exceptional items (%) - internal rate of return					**11.0%**	2.3%	5.8%

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS [1, 2]	Momentum Life Rm	Momentum Investments [3] Rm	Metropolitan Retail Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2019						
Value of new business	55	56	69	(12)	(8)	**160**
Gross	100	67	93	10	1	**271**
Less cost of required capital	(45)	(11)	(24)	(22)	(9)	**(111)**
New business premiums	1 546	13 562	1 167	1 856	502	**18 633**
Recurring premiums	534	69	620	407	172	**1 802**
Protection	258	-	376	164	48	**846**
Long-term savings	276	67	242	243	124	**952**
Annuities and structured products	-	2	2	-	-	**4**
Single premiums	1 012	13 493	547	1 449	330	**16 831**
Protection	-	-	-	-	67	**67**
Long-term savings	1 012	12 284	228	1 428	110	**15 062**
Annuities and structured products	-	1 209	319	21	153	**1 702**
New business premiums (APE)	635	1 418	675	552	205	**3 485**
Protection	258	-	376	164	55	**853**
Long-term savings	377	1 295	265	386	135	**2 458**
Annuities and structured products	-	123	34	2	15	**174**
New business premiums (PVP)	4 058	13 766	2 526	4 811	1 073	**26 234**
Profitability of new business as a percentage of APE	8.7	3.9	10.2	(2.2)	(3.9)	**4.6**
Profitability of new business as a percentage of PVP	1.4	0.4	2.7	(0.2)	(0.7)	**0.6**
6 mths to 31.12.2018						
Value of new business	44	43	58	198	(8)	**335**
Gross	92	50	83	250	1	**476**
Less cost of required capital	(48)	(7)	(25)	(52)	(9)	**(141)**
New business premiums	1 493	11 007	1 187	6 377	473	**20 537**
Recurring premiums	509	109	653	493	176	**1 940**
Protection	256	-	427	299	47	**1 029**
Long-term savings	253	108	224	194	129	**908**
Annuities and structured products	-	1	2	-	-	**3**
Single premiums	984	10 898	534	5 884	297	**18 597**
Protection	-	-	-	-	105	**105**
Long-term savings	984	9 290	217	5 869	80	**16 440**
Annuities and structured products	-	1 608	317	15	112	**2 052**
New business premiums (APE)	607	1 199	707	1 082	206	**3 801**
Protection	256	-	427	299	58	**1 040**
Long-term savings	351	1 037	246	781	137	**2 552**
Annuities and structured products	-	162	34	2	11	**209**
New business premiums (PVP)	4 104	11 312	2 523	9 784	1 067	**28 790**
Profitability of new business as a percentage of APE	7.2	3.6	8.2	18.3	(3.9)	**8.8**
Profitability of new business as a percentage of PVP	1.1	0.4	2.3	2.0	(0.7)	**1.2**

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS [1, 2]	Momentum Life Rm	Momentum Investments [3] Rm	Metropolitan 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**

[1] Value of new business and new business premiums are net of non-controlling interests.

[2] The group typically does not include any basis changes for interim reporting, i.e. the value of new business has been calculated on opening demographic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at 31 December 2019 have been assumed to be representative of the economic assumptions at point of sale. The group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

[3] Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R19 million (31.12.2018: R12 million; 30.06.2019: R24 million).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Total lump sum inflows	**17 861**	17 564	33 071
Inflows not included in value of new business	**(6 319)**	(3 174)	(7 303)
Wealth off-balance sheet business	**4 559**	3 318	6 703
Term extensions on maturing policies	**612**	725	444
Automatically Continued Policies	**137**	178	1 303
Non-controlling interests and other adjustments	**(19)**	(14)	(35)
Single premiums included in value of new business	**16 831**	18 597	34 183

PRINCIPAL ASSUMPTIONS (South Africa) [1, 2]	31.12.2019 %	31.12.2018 %	30.06.2019 %
Pre-tax investment return			
Equities	**13.1**	13.2	12.8
Properties	**10.6**	10.7	10.3
Government stock	**9.6**	9.7	9.3
Other fixed-interest stocks	**10.1**	10.2	9.8
Cash	**8.6**	8.7	8.3
Risk-free return [3]	**9.6**	9.7	9.3
Risk discount rate (RDR)	**11.8**	12.0	11.5
Investment return (before tax) - balanced portfolio [3]	**11.8**	11.9	11.5
Renewal expense inflation rate [4]	**5.7**	6.5	5.8

[1] The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

[2] The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

[3] Risk-free returns are taken from an appropriate market related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.

[4] 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 5.7% above represents the 10-year point of the yield curves.

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the IFRS basis.

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	ANW Rm	Gross VIF Rm	Cost of required capital Rm	6 mths to 31.12.2019 EV Rm	6 mths to 31.12.2018 EV Rm	12 mths to 30.06.2019 EV Rm
Momentum Life		72	(18)	-	**54**	73	323
Mortality and morbidity	1	(8)	21	-	**13**	101	152
Terminations, premium cessations and policy alterations	2	18	(33)	-	**(15)**	(50)	22
Expense variance	3	31	-	-	**31**	3	5
Other		31	(6)	-	**25**	19	144
Momentum Investments		134	2	-	**136**	33	30
Mortality and morbidity	4	24	(3)	-	**21**	3	(3)
Terminations, premium cessations and policy alterations		12	8	-	**20**	(12)	(2)
Expense variance	3	25	-	-	**25**	(5)	(17)
Credit risk variance		31	-	-	**31**	22	29
Other	5	42	(3)	-	**39**	25	23
Metropolitan Retail		46	(6)	-	**40**	58	42
Mortality and morbidity	4	50	5	-	**55**	38	89
Terminations, premium cessations and policy alterations	6	(32)	6	-	**(26)**	(5)	(106)
Expense variance	3	8	-	-	**8**	(5)	14
Credit risk variance		18	-	-	**18**	16	25
Other		2	(17)	-	**(15)**	14	20
Momentum Corporate		13	59	160	**232**	147	83
Mortality and morbidity	7	(59)	1	-	**(58)**	32	69
Terminations, premium cessations and policy alterations	8	(3)	57	-	**54**	72	5
Expense variance	3	22	-	-	**22**	11	(4)
Credit risk variance		7	-	-	**7**	6	10
Other	9	46	1	160	**207**	26	3
Momentum Metropolitan Africa		10	14	-	**24**	26	22
Mortality and morbidity	4	31	3	-	**34**	27	66
Terminations, premium cessations and policy alterations		(10)	5	-	**(5)**	(23)	(70)
Expense variance		(9)	-	-	**(9)**	14	22
Other		(2)	6	-	**4**	8	4
Shareholders		(76)	-	-	**(76)**	(14)	(83)
Total operating experience variances		199	51	160	**410**	323	417

Notes

1. Mortality losses due to higher claims offset by morbidity profits.
2. Negative termination experience was offset to some extent by positive alteration experience due to better than expected take-up of premium increases.
3. Good expense management.
4. Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
5. Mainly due to the delayed implementation of pricing changes.
6. Continued lapse losses.
7. Negative disability experience partly offset by mortality profits and insurance admin increases.
8. Improved persistency across the book.
9. Positive cost of required capital variance relates to a reduction in the operational risk capital.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	ANW	Gross VIF	Cost of required capital	6 mths to 31.12.2019 EV	6 mths to 31.12.2018 EV	12 mths to 30.06.2019 EV
		Rm	Rm	Rm	Rm	Rm	Rm
Momentum Life		-	-	-	-	-	(14)
Mortality and morbidity assumptions		-	-	-	-	-	223
Termination assumptions		-	-	-	-	-	(128)
Renewal expense assumptions		-	-	-	-	-	1
Modelling, methodology and other changes		-	-	-	-	-	(110)
Momentum Investments		-	-	-	-	-	(107)
Mortality and morbidity assumptions		-	-	-	-	-	-
Termination assumptions		-	-	-	-	-	(35)
Renewal expense assumptions		-	-	-	-	-	-
Modelling, methodology and other changes		-	-	-	-	-	(72)
Metropolitan Retail		-	-	-	-	-	(34)
Mortality and morbidity assumptions		-	-	-	-	-	-
Termination assumptions		-	-	-	-	-	(79)
Renewal expense assumptions		-	-	-	-	-	(14)
Modelling, methodology and other changes		-	-	-	-	-	59
Momentum Corporate		-	-	-	-	-	(611)
Mortality and morbidity assumptions		-	-	-	-	-	(240)
Termination assumptions		-	-	-	-	-	(3)
Renewal expense assumptions		-	-	-	-	-	(236)
Modelling, methodology and other changes		-	-	-	-	-	(132)
Momentum Metropolitan Africa		-	-	-	-	-	324
Mortality and morbidity assumptions		-	-	-	-	-	16
Termination assumptions		-	-	-	-	-	13
Renewal expense assumptions		-	-	-	-	-	(50)
Modelling, methodology and other changes		-	-	-	-	-	345
Total operating assumption changes		-	-	-	-	-	(442)

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Investment income	**395**	305	670
Capital appreciation and other [1]	**21**	(245)	(172)
Preference share dividends paid and change in fair value of preference shares	**(17)**	(17)	(34)
Investment return on adjusted net worth	**399**	43	464

[1] This includes the revaluation of owner-occupied properties.

I. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

J. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

L. EXCEPTIONAL ITEMS

Current period item relates to the implementation and adoption of IFRS 16 in the current financial year.

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

M. TRANSFER OF BUSINESS FROM/TO NON-COVERED BUSINESS

Transfer of business between covered and non-covered business.

N. OTHER CAPITAL TRANSFERS

Capital transfers include the alignment of the net asset value of subsidiaries between covered and non-covered business and the recapitalisation of some International subsidiaries. In addition, the change in the treatment of intercompany loans to align with capital management practices has been analysed as capital transfers (this represents the bulk of the number).

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES - 31.12.2019		Adjusted net worth Rm	In-force business Net value Rm	Gross value Rm	Cost of required capital [3] Rm	New business written Net value Rm	Gross value Rm	Cost of required capital [3] Rm
Base value		**12 710**	**22 170**	**24 667**	**(2 497)**	**160**	**271**	**(111)**
1%	increase in risk discount rate		20 381	23 253	(2 872)	97	221	(124)
	% change		(8)	(6)	15	(39)	(18)	12
1%	reduction in risk discount rate		24 172	26 267	(2 095)	231	328	(97)
	% change		9	6	(16)	44	21	(13)
10%	decrease in future expenses		23 900	26 294	(2 394)	252	362	(110)
	% change [1]		8	7	(4)	58	34	(1)
10%	decrease in lapse, paid-up and surrender rates		22 803	25 326	(2 523)	235	349	(114)
	% change		3	3	1	47	29	3
5%	decrease in mortality and morbidity for assurance business		24 618	27 074	(2 456)	243	354	(111)
	% change		11	10	(2)	52	31	-
5%	decrease in mortality for annuity business		21 835	24 295	(2 460)	154	264	(110)
	% change		(2)	(2)	(1)	(4)	(3)	(1)
1%	reduction in gross investment return, inflation rate and risk discount rate	12 710	22 859	25 452	(2 593)	191	306	(115)
	% change [2]	-	3	3	4	19	13	4
1%	reduction in inflation rate		23 175	25 496	(2 321)	208	315	(107)
	% change		5	3	(7)	30	16	(4)
10%	fall in market value of equities and properties	12 395	21 380	23 708	(2 328)			
	% change [2]	(2)	(4)	(4)	(7)			
10%	reduction in premium indexation take-up rate		21 665	24 145	(2 480)	134	246	(112)
	% change		(2)	(2)	(1)	(16)	(9)	1
10%	decrease in non-commission-related acquisition expenses					216	327	(111)
	% change [4]					35	21	-
1%	increase in equity/property risk premium		22 807	25 344	(2 537)	174	286	(112)
	% change		3	3	2	9	6	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.

[4] The embedded value of new business sensitivity has been updated reflecting a correction to the amount identified as non-commission acquisition expenses.

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Momentum Life						
Embedded value from new business	(140)	240	(45)	**55**	44	101
Expected return – unwinding of RDR	-	484	(40)	**444**	427	875
Release from the cost of required capital	-	-	102	**102**	48	96
Expected (or actual) net of tax profit transfer to net worth	591	(591)	-	**-**	-	-
Operating experience variances	72	(18)	-	**54**	73	323
Development expenses	(8)	-	-	**(8)**	(8)	(19)
Operating assumption changes	-	-	-	**-**	-	(14)
Embedded value profit/(loss) from operations	515	115	17	**647**	584	1 362
Investment return on adjusted net worth	39	-	-	**39**	47	87
Investment variances	(3)	(124)	-	**(127)**	(359)	(384)
Economic assumption changes	-	76	(1)	**75**	44	241
Exceptional items	-	-	-	**-**	537	618
Embedded value profit/(loss) - covered business	551	67	16	**634**	853	1 924
Momentum Investments						
Embedded value from new business	(71)	138	(11)	**56**	43	82
Expected return – unwinding of RDR	-	80	(14)	**66**	93	169
Release from the cost of required capital	-	-	23	**23**	22	43
Expected (or actual) net of tax profit transfer to net worth	177	(177)	-	**-**	-	-
Operating experience variances	134	2	-	**136**	33	30
Development expenses	(4)	-	-	**(4)**	(3)	(6)
Operating assumption changes	-	-	-	**-**	-	(107)
Embedded value profit/(loss) from operations	236	43	(2)	**277**	188	211
Investment return on adjusted net worth	18	-	-	**18**	34	49
Investment variances	11	(46)	-	**(35)**	(220)	(151)
Economic assumption changes	-	18	-	**18**	9	(27)
Exceptional items	-	-	-	**-**	(83)	(181)
Embedded value profit/(loss) - covered business	265	15	(2)	**278**	(72)	(99)
Metropolitan Retail						
Embedded value from new business	(125)	218	(24)	**69**	58	89
Expected return – unwinding of RDR	-	227	(9)	**218**	189	438
Release from the cost of required capital	-	-	27	**27**	55	60
Expected (or actual) net of tax profit transfer to net worth	442	(442)	-	**-**	-	-
Operating experience variances	46	(6)	-	**40**	58	42
Development expenses	-	-	-	**-**	(3)	(4)
Operating assumption changes	-	-	-	**-**	-	(34)
Embedded value profit/(loss) from operations	363	(3)	(6)	**354**	357	591
Investment return on adjusted net worth	19	-	-	**19**	55	54
Investment variances	(10)	(129)	-	**(139)**	(148)	35
Economic assumption changes	-	20	34	**54**	36	217
Exceptional items	-	-	-	**-**	379	387
Embedded value profit/(loss) - covered business	372	(112)	28	**288**	679	1 284

MOMENTUM METROPOLITAN GROUP - EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2019 Rm	6 mths to 31.12.2018 Rm	12 mths to 30.06.2019 Rm
Momentum Corporate						
Embedded value from new business	(71)	81	(22)	**(12)**	198	265
Expected return – unwinding of RDR	-	298	(57)	**241**	258	533
Release from the cost of required capital	-	-	82	**82**	71	141
Expected (or actual) net of tax profit transfer to net worth	294	(294)	-	**-**	-	-
Operating experience variances	13	59	160	**232**	147	83
Development expenses	(9)	-	-	**(9)**	(1)	(3)
Operating assumption changes	-	-	-	**-**	-	(611)
Embedded value profit/(loss) from operations	227	144	163	**534**	673	408
Investment return on adjusted net worth	71	-	-	**71**	64	132
Investment variances	29	(35)	-	**(6)**	(102)	41
Economic assumption changes	-	(45)	-	**(45)**	(76)	(211)
Exceptional items	-	-	-	**-**	37	46
Embedded value profit/(loss) - covered business	327	64	163	**554**	596	416
Momentum Metropolitan Africa						
Embedded value from new business	(102)	103	(9)	**(8)**	(8)	4
Expected return – unwinding of RDR	-	153	(18)	**135**	115	244
Expected (or actual) net of tax profit transfer to net worth	189	(189)	-	**-**	-	-
Operating experience variances	10	14	-	**24**	26	22
Operating assumption changes	-	-	-	**-**	-	324
Embedded value profit/(loss) from operations	97	81	(27)	**151**	133	594
Investment return on adjusted net worth	62	-	-	**62**	38	114
Investment variances	4	(33)	-	**(29)**	(73)	8
Economic assumption changes	-	(8)	23	**15**	(16)	50
Exchange rate movements	(3)	(2)	1	**(4)**	14	8
Exceptional items	(2)	-	-	**(2)**	-	-
Embedded value profit/(loss) - covered business	158	38	(3)	**193**	96	774
Shareholders						
Operating experience variances	(76)	-	-	**(76)**	(14)	(83)
Embedded value profit/(loss) from operations	(76)	-	-	**(76)**	(14)	(83)
Investment return on adjusted net worth	190	-	-	**190**	(195)	28
Exceptional items	(55)	-	-	**(55)**	-	-
Embedded value (loss)/profit - covered business	59	-	-	**59**	(209)	(55)

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED [1]	31.12.2019 Rm	31.12.2018 Rm	30.06.2019 Rm
Managed and/or administered by Investments			
Financial assets	**435 988**	392 802	423 774
Momentum Manager of Managers	**72 922**	78 138	70 885
Momentum Investment Consultants	**7 173**	5 294	6 226
Momentum Collective Investments	**88 755**	80 058	85 344
Metropolitan Collective Investments	**-**	122	-
Momentum Asset Management	**166 298**	146 816	169 265
Momentum Global Investments	**57 886**	54 334	57 250
Momentum Alternative Investments	**7 316**	6 319	7 152
Momentum Securities	**35 638**	21 721	27 652
Properties - Eris Property Group	**23 457**	22 077	23 030
On-balance sheet	**8 237**	8 674	8 242
Off-balance sheet	**15 220**	13 403	14 788
Momentum Wealth linked product assets under administration	**169 411**	151 968	161 036
On-balance sheet	**109 434**	98 243	104 983
Off-balance sheet	**59 977**	53 725	56 053
Managed internally or by other managers within Momentum Metropolitan (on-balance sheet)	**86 568**	78 712	82 952
Managed by external managers (on-balance sheet)	**16 141**	18 318	16 794
Properties managed internally or by other managers within Momentum Metropolitan or externally	**5 351**	4 238	4 682
Momentum Corporate - cell captives on-balance sheet	**21 428**	16 834	18 013
Total assets managed and/or administered	**758 344**	684 949	730 281
Managed and/or administered by Investments			
On-balance sheet	**223 447**	216 746	230 229
Off-balance sheet	**212 541**	176 056	193 545
	435 988	392 802	423 774
Admin and brokerage assets	**112 219**	103 402	113 154
Other assets	**323 769**	289 400	310 620
	435 988	392 802	423 774

[1] Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

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
6 mths to 31.12.2019					
Momentum Life	**283**	**4 431**	**4 714**	**(5 009)**	**(295)**
Momentum Investments	**12 291**	**334**	**12 625**	**(12 310)**	**315**
Metropolitan Retail	**527**	**3 144**	**3 671**	**(2 866)**	**805**
Momentum Corporate	**1 575**	**6 618**	**8 193**	**(7 740)**	**453**
Non-life Insurance	**2 805**	**4 044**	**6 849**	**(2 143)**	**4 706**
Momentum Metropolitan Africa	**380**	**1 970**	**2 350**	**(1 372)**	**978**
Long-term insurance business fund flows	**17 861**	**20 541**	**38 402**	**(31 440)**	**6 962**
Off-balance sheet fund flows					
Managed and/or administered by Investments			**45 528**	**(38 612)**	**6 916**
Properties - Eris Property Group			**438**	**(6)**	**432**
Momentum Wealth linked product assets under administration			**4 426**	**(4 988)**	**(562)**
Total net funds received from clients			**88 794**	**(75 046)**	**13 748**
6 mths to 31.12.2018					
Momentum Life	134	4 313	4 447	(4 756)	(309)
Momentum Investments	10 036	221	10 257	(14 677)	(4 420)
Metropolitan Retail	503	3 072	3 575	(2 876)	699
Momentum Corporate	6 032	6 042	12 074	(7 361)	4 713
Non-life Insurance	426	4 333	4 759	(2 527)	2 232
Momentum Metropolitan Africa	347	2 006	2 353	(1 512)	841
Long-term insurance business fund flows	17 478	19 987	37 465	(33 709)	3 756
Off-balance sheet fund flows					
Managed and/or administered by Investments			38 233	(44 772)	(6 539)
Properties - Eris Property Group			334	(444)	(110)
Momentum Wealth linked product assets under administration			3 325	(4 314)	(989)
Total net funds received from clients			79 357	(83 239)	(3 882)
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

[1] Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

MOMENTUM METROPOLITAN GROUP - ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2019 Rm	%	31.12.2018 Rm	%	30.06.2019 Rm	%
Equity securities	**524**	**2.1**	374	1.7	356	1.4
Preference shares	**1 092**	**4.6**	1 400	6.3	1 223	5.3
Collective investment schemes	**937**	**3.9**	606	2.7	872	3.8
Debt securities	**7 361**	**30.8**	6 658	29.7	6 892	29.9
Properties	**4 115**	**17.2**	3 260	14.6	3 854	16.7
Owner-occupied properties	**3 084**	**12.9**	2 152	9.6	3 146	13.7
Investment properties	**1 031**	**4.3**	1 108	4.9	708	3.1
Cash and cash equivalents and funds on deposit	**8 305**	**34.7**	7 189	32.1	7 882	34.2
Intangible assets	**5 596**	**23.4**	6 338	28.3	5 977	26.0
Other net assets	**1 859**	**7.8**	1 497	6.7	909	3.9
	29 789	**124.6**	27 322	122.0	27 965	121.5
Redeemable preference shares	**(254)**	**(1.1)**	(254)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	**(5 184)**	**(21.7)**	(4 391)	(19.6)	(4 431)	(19.2)
Treasury shares held on behalf of contract holders	**(435)**	**(1.8)**	(277)	(1.2)	(260)	(1.1)
Shareholder excess per reporting basis	**23 916**	**100.0**	22 400	100.0	23 020	100.0

NUMBER OF EMPLOYEES	31.12.2019	31.12.2018	30.06.2019
Indoor staff	**9 584**	9 419	9 566
SA	**8 329**	8 138	8 275
International	**1 255**	1 281	1 291
Field staff	**6 287**	6 722	6 208
Momentum Life & Investments	**1 102**	1 110	1 052
Metropolitan Retail	**3 864**	4 092	3 561
International	**1 321**	1 520	1 595
Total	**15 871**	16 141	15 774

ADOPTION OF NEW STANDARDS

IFRS 16 TRANSITIONAL ADJUSTMENTS

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

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

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

Practical expedients used as allowed under IFRS 16:

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

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

RESTATEMENTS

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

31.12.2018	Before restatement Rm	Decluttering [1] Rm	IFRS 9 [2] Rm	Held for sale [3] Rm	After restatement Rm
Financial assets at fair value through income	373 686	21 260	-	-	394 946
Investments in associates at fair value through income	18 893	(18 893)	-	-	-
Derivative financial assets at fair value through income	2 367	(2 367)	-	-	-
Financial assets at amortised cost	3 795	-	1 304	-	5 099
Insurance and other receivables	6 720	-	(1 304)	-	5 416
Assets relating to disposal groups held for sale	482	-	-	171	653
Cash and cash equivalents	26 216	-	-	(171)	26 045
Financial liabilities at fair value through income	(36 118)	(2 177)	1 017	-	(37 278)
Derivative financial liabilities at fair value through income	(2 177)	2 177	-	-	-
Financial liabilities at amortised cost	(1 908)	-	(1 017)	-	(2 925)
30.06.2019					
Financial assets at fair value through income	401 093	20 763	-	(111)	421 745
Investments in associates at fair value through income	18 314	(18 314)	-	-	-
Derivative financial assets at fair value through income	2 449	(2 449)	-	-	-
Financial assets at amortised cost	17 106	-	-	(6)	17 100
Assets relating to disposal groups held for sale	608	-	-	381	989
Cash and cash equivalents	27 147	-	-	(264)	26 883
Long-term insurance contracts	(116 180)	-	-	126	(116 054)
Financial liabilities at fair value through income	(40 753)	(2 318)	-	-	(43 071)
Derivative financial liabilities at fair value through income	(2 318)	2 318	-	-	-
Other payables	(25 064)	-	-	87	(24 977)
Liabilities relating to disposal groups held for sale	(534)	-	-	(213)	(747)

[1] Investments in associates at fair value through income and Derivative financial assets at fair value through income are now included within Financial assets at fair value through income. Derivative financial liabilities at fair value through income are now included within Financial liabilities at fair value through income. These assets/liabilities are all at fair value and are not managed differently from one another, and therefore this change assists in decluttering of the financial statements. Comparatives have been restated accordingly.

[2] Upon transition of IFRS 9, policy loans of R1.3 billion was incorrectly reclassified from Financials assets at amortised cost to Insurance and other receivables in the December 2018 period. This was correctly presented in June 2019 as part of Financials assets at amortised cost. Cumulative redeemable preference shares of R1 billion issued by Momentum Metropolitan Strategic Investments (Pty) Ltd (MMSI) to FirstRand Bank Ltd was incorrectly classified as designated at fair value through income at 31 December 2018. This has been changed to reflect the correct classification at amortised cost. Refer to the Financial Instruments section for more details. This was correctly presented in June 2019 as part of amortised cost. December 2018 has been restated accordingly.

[3] In the prior periods, the current assets and liabilities of the entities classified as held for sale were not reclassified to the disposal groups held for sale line item on the statement of financial position. December 2018 and June 2019 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9	Fair value through income					
	Mandatorily Rm	Designated [1] Rm	Total fair value Rm	Amortised cost [2] Rm	Other measurement basis [2] Rm	Total Rm
31.12.2019						
Equity securities [3]	100 651	-	100 651	-	-	100 651
Debt securities	40 337	98 942	139 279	410	-	139 689
Funds on deposit and other money market instruments	12 470	14 141	26 611	77	-	26 688
Unit-linked investments	170 226	-	170 226	-	-	170 226
Derivative financial instruments	2 173	-	2 173	-	-	2 173
Financial assets at amortised cost	-	-	-	9 469	-	9 469
Insurance and other receivables (excluding accelerated rental and prepayments)	-	-	-	-	5 095	5 095
Cash and cash equivalents	-	-	-	25 380	-	25 380
Total financial assets	325 857	113 083	438 940	35 336	5 095	479 371
Investment contracts with DPF	-	-	-	-	23 215	23 215
Investment contracts designated at fair value through income	-	261 732	261 732	-	-	261 732
Derivative financial instruments	2 422	-	2 422	-	-	2 422
Collective investment scheme liabilities	-	34 459	34 459	-	-	34 459
Subordinated call notes	-	5 184	5 184	-	-	5 184
Carry positions	-	5 181	5 181	-	-	5 181
Borrowings [4]	-	-	-	3 215	357	3 572
Other payables (excluding premiums in advance and deferred revenue liability)	-	-	-	12 118	5 494	17 612
Other liabilities	96	10	106	-	-	106
Total financial liabilities	2 518	306 566	309 084	15 333	29 066	353 483

[1] 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 periods were immaterial.

[2] 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 R45 billion.

[3] Equity securities are classified as fair value through income at inception.

[4] The amount included in the other measurement basis category relates to the IFRS 16 finance lease liabilities.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9	Fair value through income				Other	
	Mandatorily Rm	Designated [1] Rm	Total fair value Rm	Amortised cost [2] Rm	measurement basis [2] Rm	Total Rm
Restated 31.12.2018						
Equity securities [3]	92 145	-	92 145	-	-	92 145
Debt securities	30 382	89 496	119 878	308	-	120 186
Funds on deposit and other money market instruments	10 030	14 269	24 299	142	-	24 441
Unit-linked investments [4]	156 257	-	156 257	-	-	156 257
Derivative financial instruments	2 367	-	2 367	-	-	2 367
Financial assets at amortised cost [5]	-	-	-	4 649	-	4 649
Insurance and other receivables (excluding accelerated rental and prepayments) [5]	-	-	-	-	4 877	4 877
Cash and cash equivalents [6]	-	-	-	26 045	-	26 045
Total financial assets	291 181	103 765	394 946	31 144	4 877	430 967
Investment contracts with DPF	-	-	-	-	23 100	23 100
Investment contracts designated at fair value through income	-	236 731	236 731	-	-	236 731
Derivative financial instruments	2 177	-	2 177	-	-	2 177
Collective investment scheme liabilities [7]	-	25 644	25 644	-	-	25 644
Subordinated call notes	-	4 391	4 391	-	-	4 391
Carry positions	-	4 947	4 947	-	-	4 947
Borrowings [8]	-	-	-	2 925	-	2 925
Other payables (excluding premiums in advance and deferred revenue liability)	-	-	-	6 491	5 585	12 076
Other liabilities	114	5	119	-	-	119
Total financial liabilities	2 291	271 718	274 009	9 416	28 685	312 110

[1] 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.

[2] 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 R38 billion.

[3] Equity securities are classified as fair value through income at inception.

[4] Investments in associates at fair value through income is now included within Unit-linked investments. These assets are all at fair value and are not managed differently from one another, and therefore this change assists in decluttering of the financial statements. Comparatives of R19 billion have been restated accordingly.

[5] Upon transition of IFRS 9, policy loans of R1.3 billion was incorrectly reclassified from Financials assets at amortised cost to Insurance and other receivables in the December 2018 period. This was correctly presented in June 2019 as part of Financials assets at amortised cost. December 2018 has been restated accordingly.

[6] The current assets of the entities classified as held for sale were not reclassified to the disposal groups held for sale line item on the statement of financial position. December 2018 has been restated accordingly.

[7] Management reassessed the Collective investment scheme liabilities in June 2019 and deemed it more appropriate to disclose it as designated and not mandatorily at fair value through income based on how these liabilities are managed. December 2018 has therefore been restated.

[8] Cumulative redeemable preference shares of R1 billion issued by MMSI to FirstRand Bank Ltd was incorrectly classified as designated at fair value through income at 31 December 2018. It was subsequently determined that this liability was not held for trading, eliminating or significantly reducing an accounting mismatch that would otherwise arise from measuring this liability or recognising the gains and losses on a different basis or managed on a fair value basis and therefore did not qualify for fair value measurement. This has been changed to reflect the correct classification at amortised cost. This was correctly presented in June 2019 as part of amortised cost. December 2018 has been restated accordingly.

MOMENTUM METROPOLITAN GROUP - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9	Fair value through income Mandatorily Rm	Designated [1] Rm	Total fair value Rm	Amortised cost [2] Rm	Other measurement basis [2] Rm	Total Rm
Restated 30.06.2019						
Equity securities [3]	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 [4]	13 053	15 543	28 596	78	-	28 674
Unit-linked investments [5]	165 235	-	165 235	-	-	165 235
Derivative financial instruments	2 449	-	2 449	-	-	2 449
Financial assets at amortised cost	-	-	-	16 635	-	16 635
Insurance and other receivables (excluding accelerated rental and prepayments)	-	-	-	-	4 722	4 722
Cash and cash equivalents [4]	-	-	-	26 883	-	26 883
Total financial assets	311 344	110 401	421 745	43 983	4 722	470 450
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) [4]	-	-	-	17 617	5 783	23 400
Other liabilities	108	5	113	-	-	113
Total financial liabilities	2 426	291 698	294 124	20 624	29 583	344 331

[1] 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.

[2] 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 R51 billion.

[3] Equity securities are classified as fair value through income at inception.

[4] The current assets and liabilities of the entities classified as held for sale were not reclassified to the disposal groups held for sale line item on the statement of financial position. June 2019 has been restated accordingly.

[5] Investments in associates at fair value through income is now included within Unit-linked investments. These assets are all at fair value and are not managed differently from one another, and therefore this change assists in decluttering of the financial statements. Comparatives of R18 billion have been restated accordingly.

MOMENTUM METROPOLITAN GROUP - STOCK EXCHANGE PERFORMANCE

STOCK EXCHANGE PERFORMANCE	31.12.2019	30.06.2019	31.12.2018	30.06.2018
6 month period				
Value of listed shares traded (rand million)	**7 357**	5 490	6 971	9 236
Volume of listed shares traded (million)	**381**	313	404	433
Shares traded (% of average listed shares in issue) [1]	**53**	43	55	57
Trade prices				
Highest (cents per share)	**2 278**	1 987	1 895	2 424
Lowest (cents per share)	**1 524**	1 500	1 578	1 673
Last sale of period (cents per share)	**2 184**	1 897	1 713	1 767
Annualised percentage (%) change during period	**33**	23	(6)	(29)
Annualised percentage (%) change – life insurance sector (J857)	**(8)**	(6)	25	(22)
Annualised percentage (%) change – top 40 index (J200)	**(5)**	25	(18)	(4)
31 December/30 June				
Price/diluted normalised headline earnings (segmental) ratio	**9.3**	9.3	8.1	14.0
Dividend yield % (dividend on listed shares) [1]	**1.8**	3.7	2.0	-
Dividend yield % – top 40 index (J200) [1]	**3.4**	3.1	3.3	2.8
Total shares issued (million)				
Ordinary shares listed on JSE	**1 498**	1 498	1 498	1 529
Treasury shares held by subsidiary for shareholders	**(27)**	(27)	(27)	-
Treasury shares held on behalf of contract holders	**(20)**	(14)	(16)	(17)
Basic number of shares in issue	**1 451**	1 457	1 455	1 512
Treasury shares held on behalf of contract holders	**20**	14	16	17
Convertible redeemable preference shares	**28**	28	28	28
Diluted number of shares in issue [2]	**1 499**	1 499	1 499	1 557
Market capitalisation at end (Rbn) [3]	**33**	28	26	28

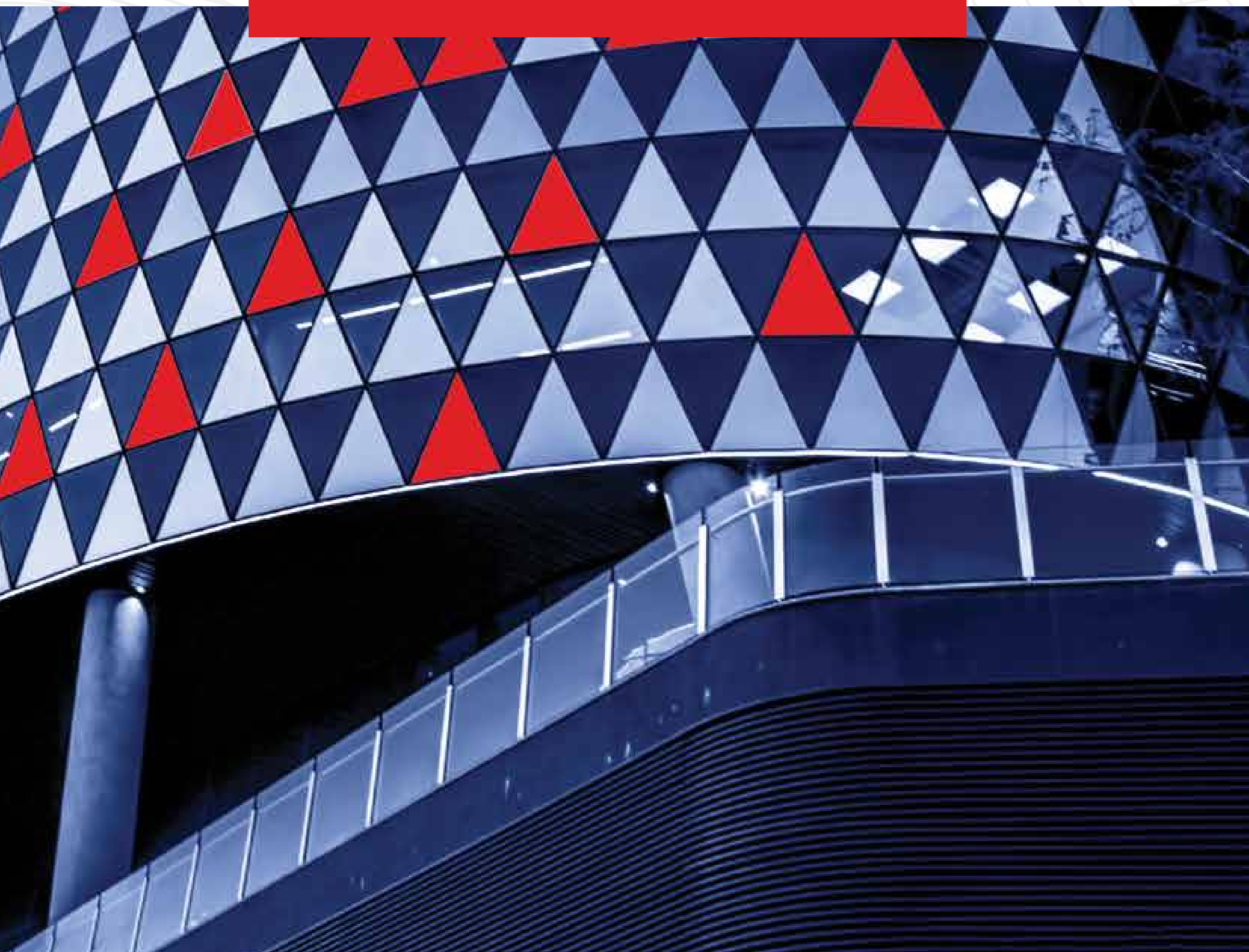
[1] Percentages have been annualised.

[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.

Interim results presentation

05 March 2020




momentum
METROPOLITAN
2020
Focus pays off for
Momentum Metropolitan
Results for the six months ended
31 December 2019


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

2019 2020 2021

Reset and Grow

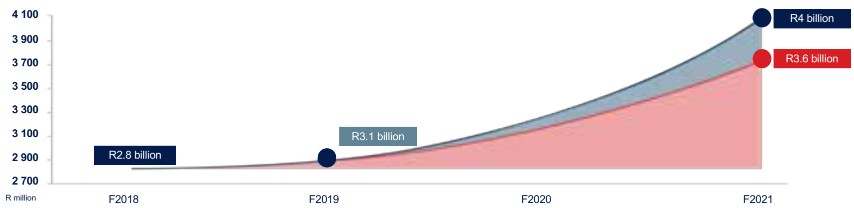
Update on Reset and Grow

RESET

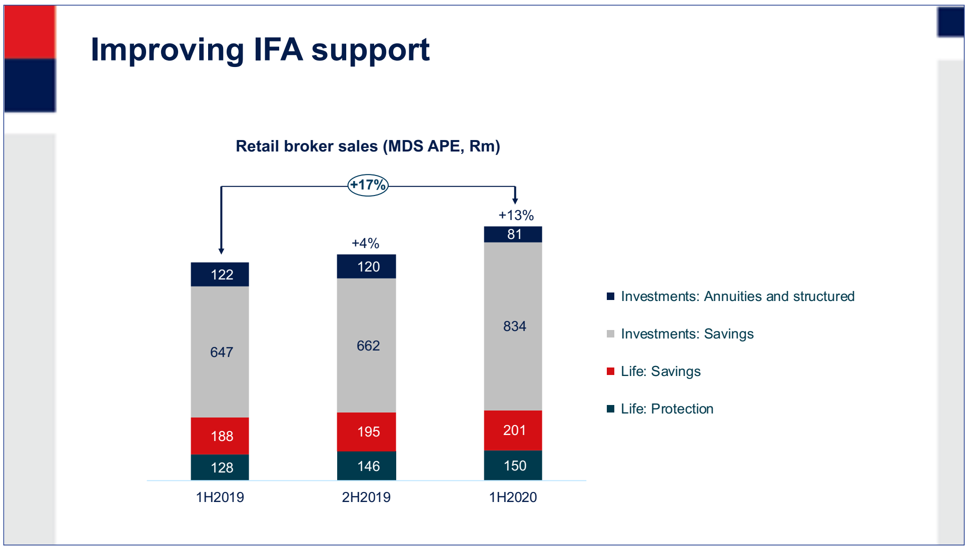
- Fix the basics
- Address cost base

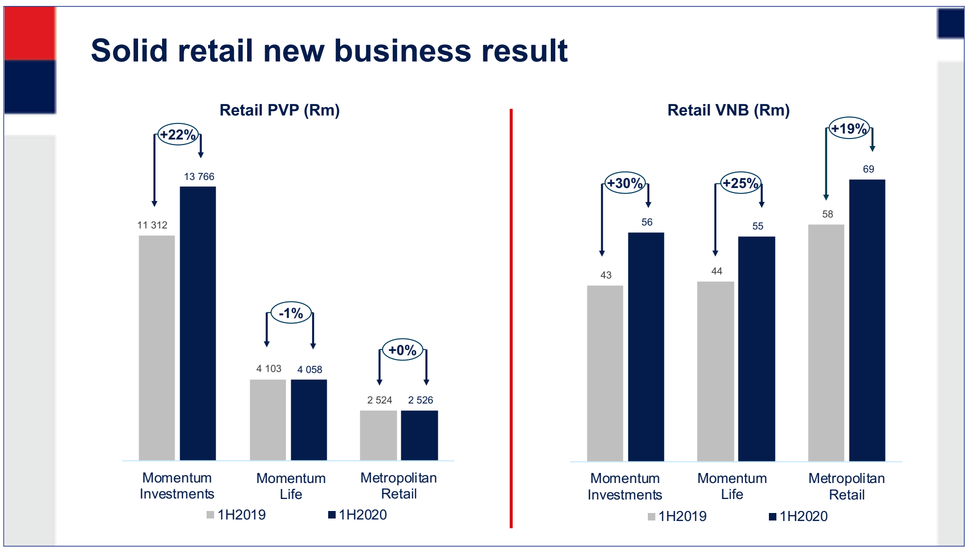
GROW

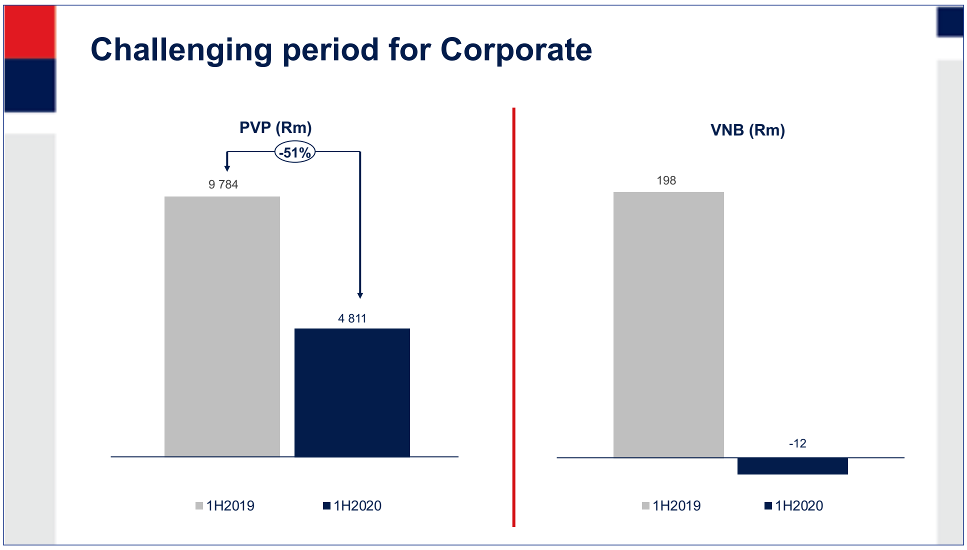
- Distribution
- Service
- Products
- Marketing

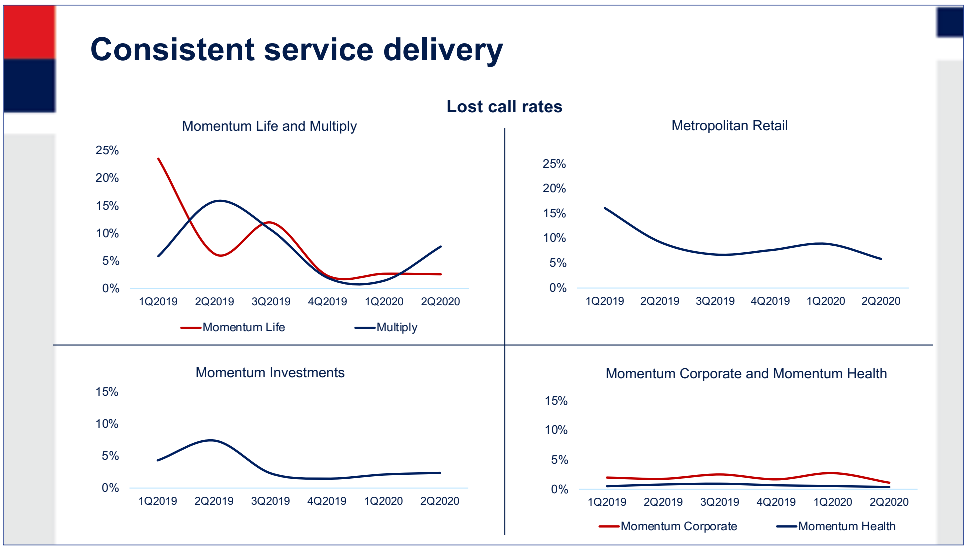


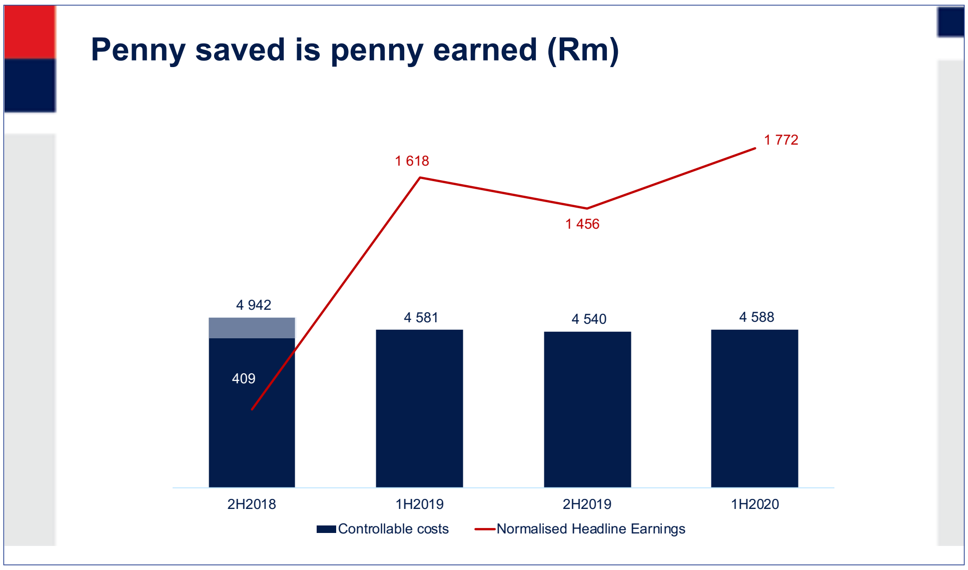
No progress · Limited progress · Meaningful progress · Completed

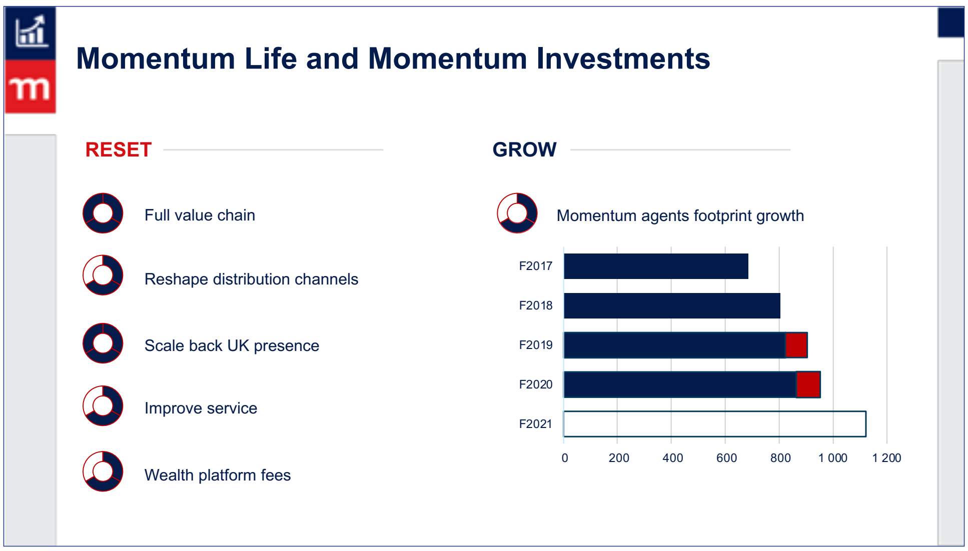

Improving IFA support
Retail broker sales (MDS APE, Rm)
+17%
+4%
+13%
122
647
188
128
120
662
195
146
81
834
201
150
1H2019
2H2019
1H2020
Investments: Annuities and structured
Investments: Savings
Life: Savings
Life: Protection

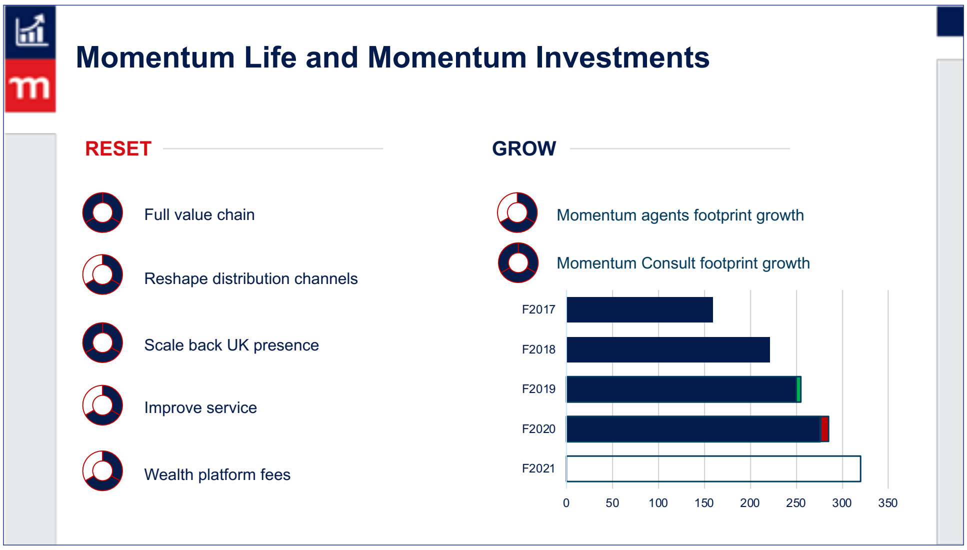

Solid retail new business result
Retail PVP (Rm)
+22%
11 312
13 766
-1%
4 103
4 058
+0%
2 524
2 526
Momentum Investments
Momentum Life
Metropolitan Retail
1H2019
1H2020
Retail VNB (Rm)
+30%
43
56
+25%
44
55
+19%
58
69
Momentum Investments
Momentum Life
Metropolitan Retail
1H2019
1H2020

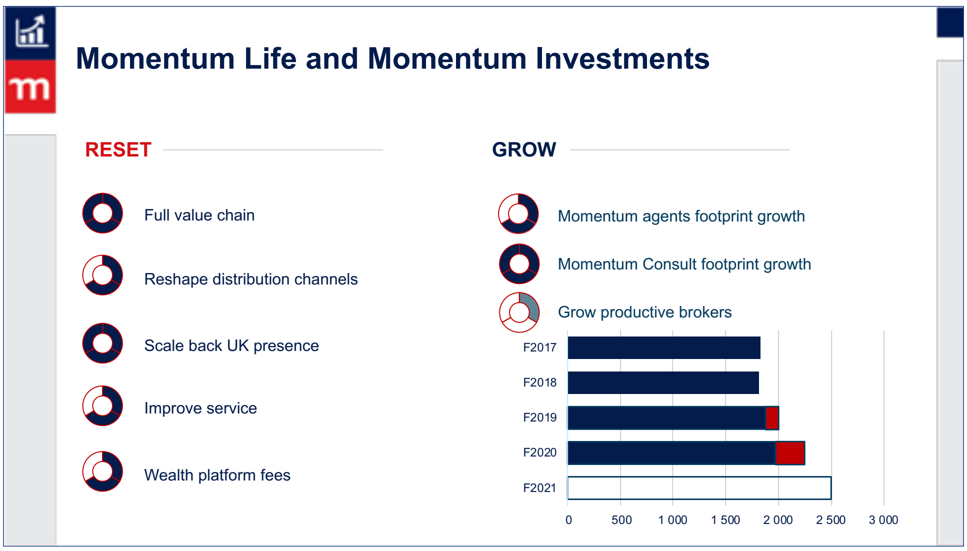

Challenging period for Corporate
PVP (Rm)
-51%
9 784
4 811
1H2019
1H2020
VNB (Rm)
198
-12
1H2019
1H2020

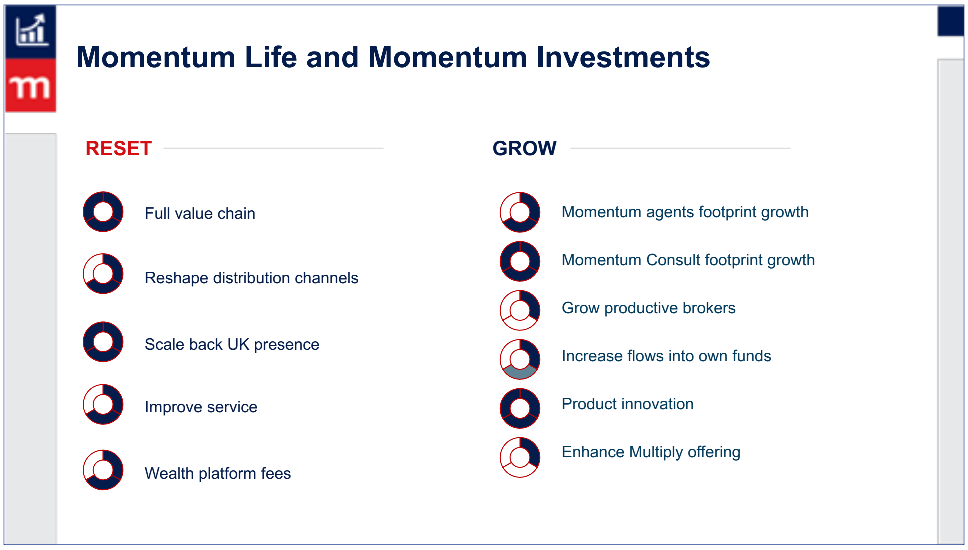

Consistent service delivery
Lost call rates
Momentum Life and Multiply
25%
20%
15%
10%
5%
0%
1Q2019 2Q2019 3Q2019 4Q2019 1Q2020 2Q2020
Momentum Life
Multiply
Metropolitan Retail
Momentum Investments
Momentum Corporate and Momentum Health
Momentum Corporate
Momentum Health

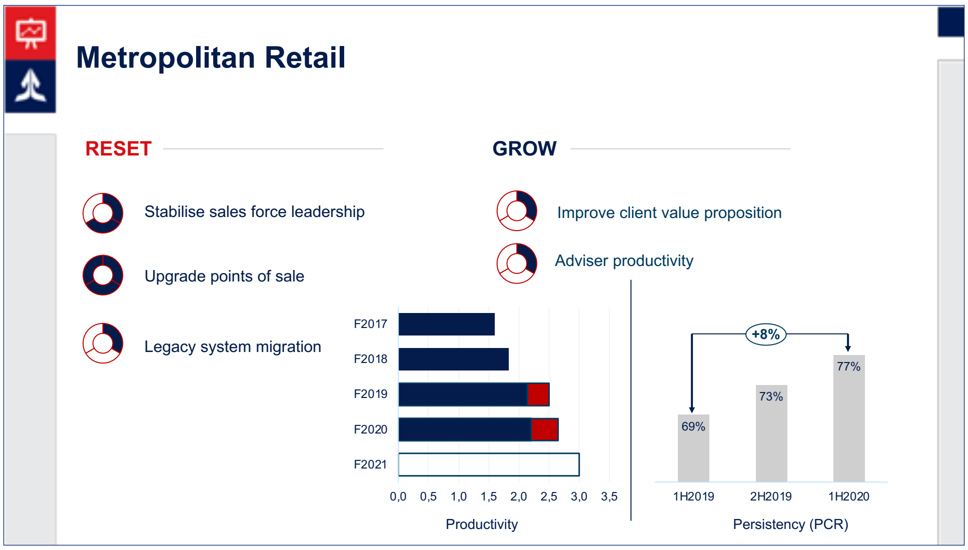

Penny saved is penny earned (Rm)
1 618
1 456
1 772
4 942
409
4 581
4 540
4 588
2H2018
1H2019
2H2019
1H2020
Controllable costs
Normalised Headline Earnings


Momentum Life and Momentum Investments
RESET
Full value chain
Reshape distribution channels
Scale back UK presence
Improve service
Wealth platform fees
GROW
Momentum agents footprint growth
F2017
F2018
F2019
F2020
F2021
0
200
400
600
800
1 000
1 200


Momentum Life and Momentum Investments
RESET
Full value chain
Reshape distribution channels
Scale back UK presence
Improve service
Wealth platform fees
GROW
Momentum agents footprint growth
Momentum Consult footprint growth
F2017
F2018
F2019
F2020
F2021
0
50
100
150
200
250
300
350


Momentum Life and Momentum Investments
RESET
Full value chain
Reshape distribution channels
Scale back UK presence
Improve service
Wealth platform fees
GROW
Momentum agents footprint growth
Momentum Consult footprint growth
Grow productive brokers
F2017
F2018
F2019
F2020
F2021
0
500
1 000
1 500
2 000
2 500
3 000


Momentum Life and Momentum Investments
RESET
Full value chain
Reshape distribution channels
Scale back UK presence
Improve service
Wealth platform fees
GROW
Momentum agents footprint growth
Momentum Consult footprint growth
Grow productive brokers
Increase flows into own funds
Product innovation
Enhance Multiply offering


Metropolitan Retail
RESET
Stabilise sales force leadership
Upgrade points of sale
Legacy system migration
GROW
Improve client value proposition
Adviser productivity
F2017
F2018
F2019
F2020
F2021
0,0
0,5
1,0
1,5
2,0
2,5
3,0
3,5
Productivity
+8%
69%
73%
77%
1H2019
2H2019
1H2020
Persistency (PCR)

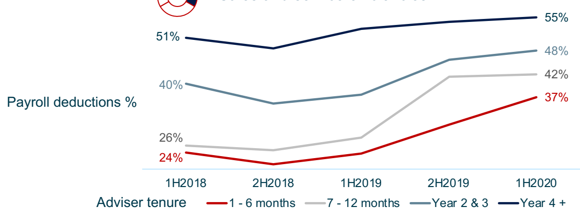
Metropolitan Retail

RESET

- Stabilise sales force leadership
- Upgrade points of sale
- Legacy system migration

GROW

- Improve client value proposition
- Adviser productivity
- Sales and service efficiencies



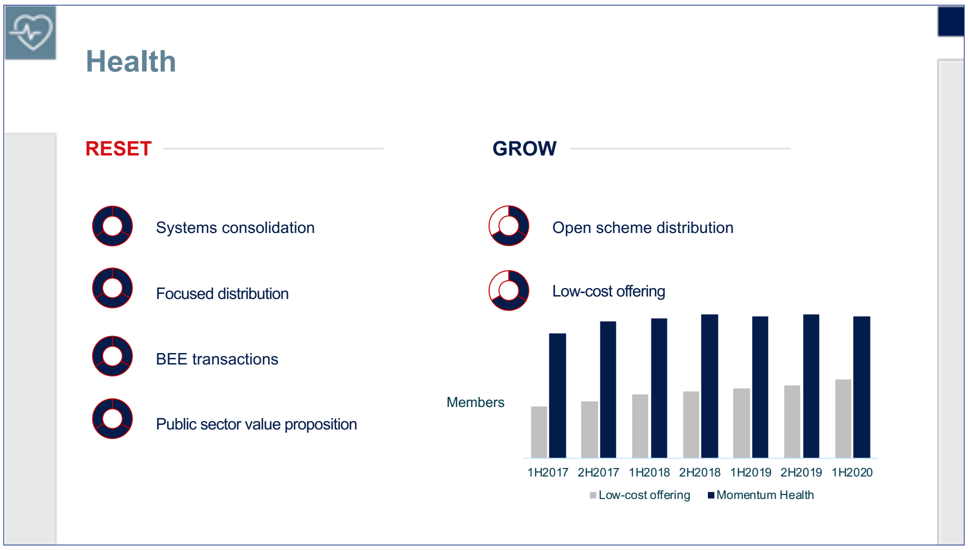
Momentum Corporate

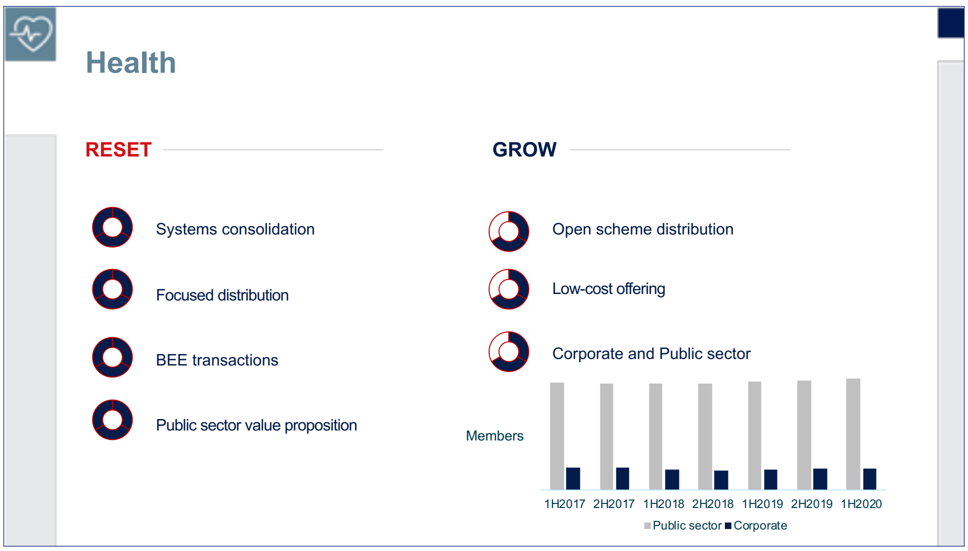
RESET

- Full value chain
- Improve underwriting experience
- Strengthen leadership team
- Rebuild distribution

GROW

- Diversify distribution channels
- Increase underwriting margins
- Organised Labour and Public Sector
- Retailisation


Health
RESET
Systems consolidation
Focused distribution
BEE transactions
Public sector value proposition
GROW
Open scheme distribution
Low-cost offering
Members
1H2017 2H2017 1H2018 2H2018 1H2019 2H2019 1H2020
Low-cost offering
Momentum Health


Health
RESET
Systems consolidation
Focused distribution
BEE transactions
Public sector value proposition
GROW
Open scheme distribution
Low-cost offering
Corporate and Public sector
Members
1H2017 2H2017 1H2018 2H2018 1H2019 2H2019 1H2020
Public sector
Corporate

Africa

RESET

- In-country governance and control
- Exit selected countries
- Strengthen leadership teams
- Finalise operating model

GROW

- Strengthen distribution
- Improve product mix and margins
- aYo roll-out (MTN JV)

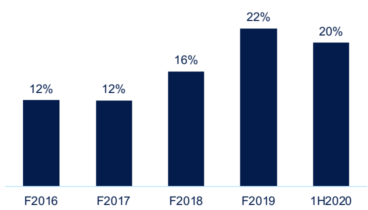
Guardrisk

RESET

- Reprice loss-making schemes

GROW

- Increase underwriting revenue



Underwriting profit as % of net revenue

Guardrisk

RESET

- Reprice loss-making schemes

GROW

- Increase underwriting revenue
- Bolt-on transactions
- Linked investment products
- Open architecture insurance platform

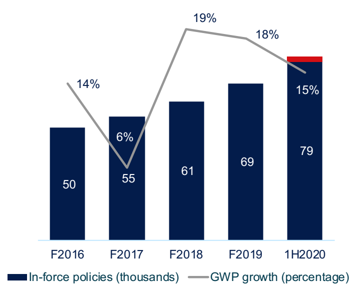
Momentum Short-term Insurance

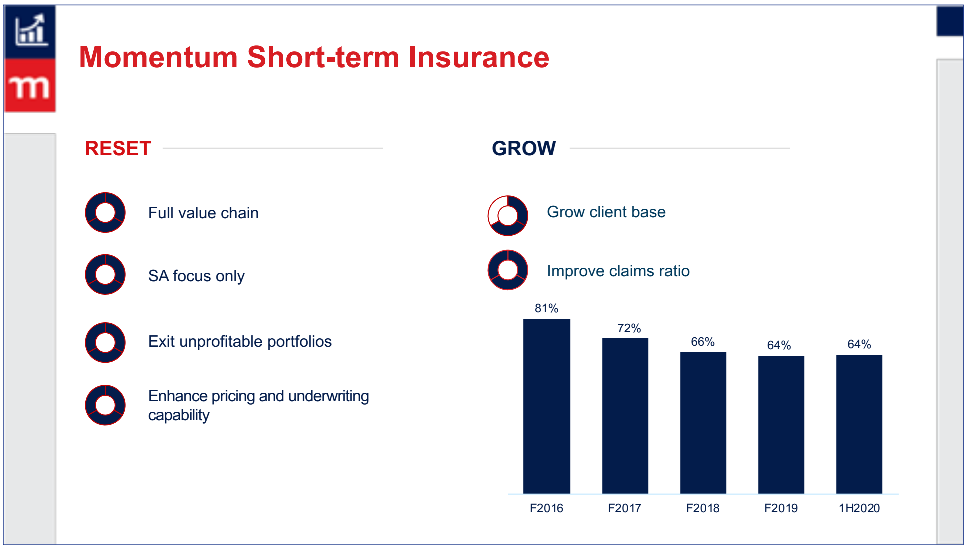
RESET

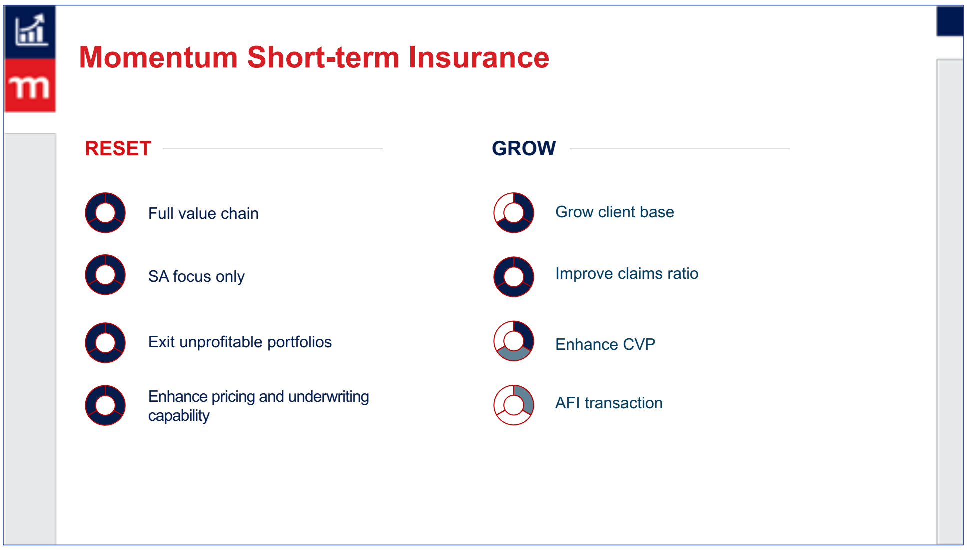
- Full value chain
- SA focus only
- Exit unprofitable portfolios
- Enhance pricing and underwriting capability

GROW

- Grow client base




Momentum Short-term Insurance
RESET
Full value chain
SA focus only
Exit unprofitable portfolios
Enhance pricing and underwriting capability
GROW
Grow client base
Improve claims ratio
81%
72%
66%
64%
64%
F2016
F2017
F2018
F2019
1H2020


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

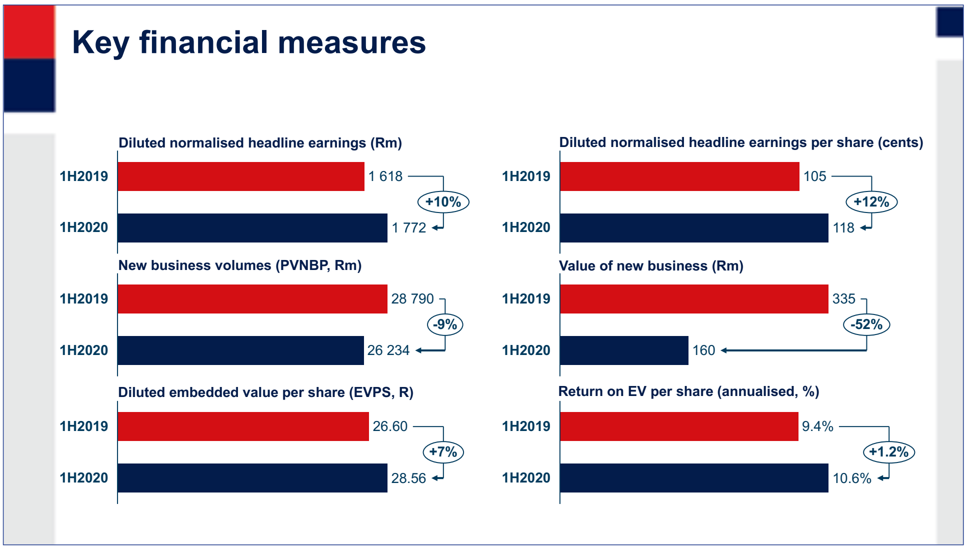
Group-wide

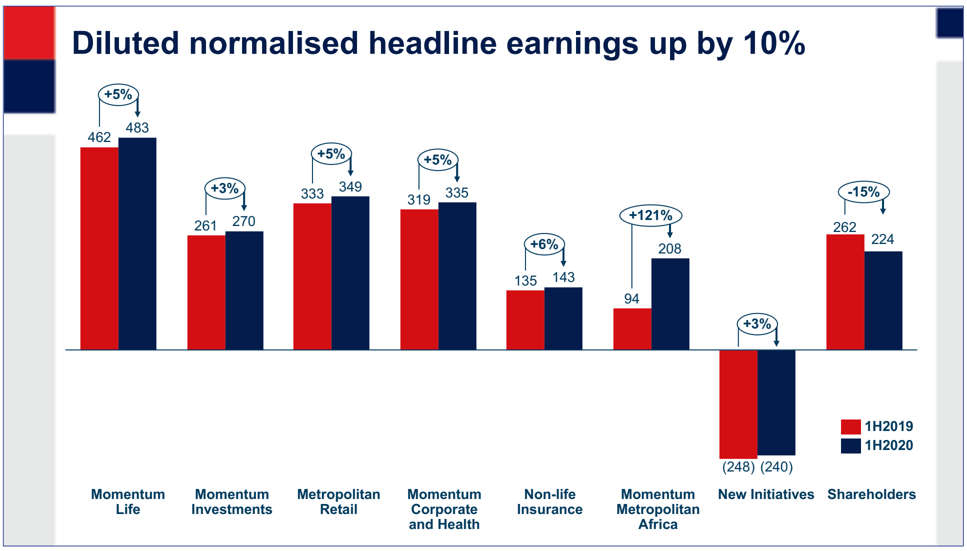
RESET

- Operating model
- Strengthen senior leadership
- Sandton office
- Cost management

GROW

- Align rewards to performance
- Improve diversity
- Brand positioning
- Unite staff behind a common purpose


Key financial measures
Diluted normalised headline earnings (Rm)
1H2019 1 618
1H2020 1 772
+10%
Diluted normalised headline earnings per share (cents)
1H2019 105
1H2020 118
+12%
New business volumes (PVNBP, Rm)
1H2019 28 790
1H2020 26 234
-9%
Value of new business (Rm)
1H2019 335
1H2020 160
-52%
Diluted embedded value per share (EVPS, R)
1H2019 26.60
1H2020 28.56
+7%
Return on EV per share (annualised, %)
1H2019 9.4%
1H2020 10.6%
+1.2%


Diluted normalised headline earnings up by 10%
Momentum Life 462 483 +5%
Momentum Investments 261 270 +3%
Metropolitan Retail 333 349 +5%
Momentum Corporate and Health 319 335 +5%
Non-life Insurance 135 143 +6%
Momentum Metropolitan Africa 94 208 +121%
New Initiatives (248) (240) +3%
Shareholders 262 224 -15%
1H2019
1H2020

Review of Reset and Grow financial targets

02

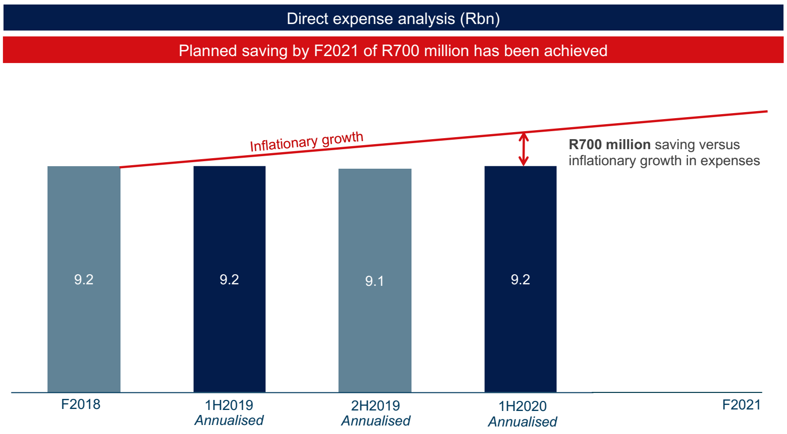
Review on Reset and Grow financial targets

Efficiency improvements
We promised a R700 million expense saving by F2021

Grow Non-life Insurance
We plan to make R500 million diluted normalised headline earnings by F2021

Well-managed spending on New Initiatives
We promised roughly R100 million reduction in losses over 3 years to F2021

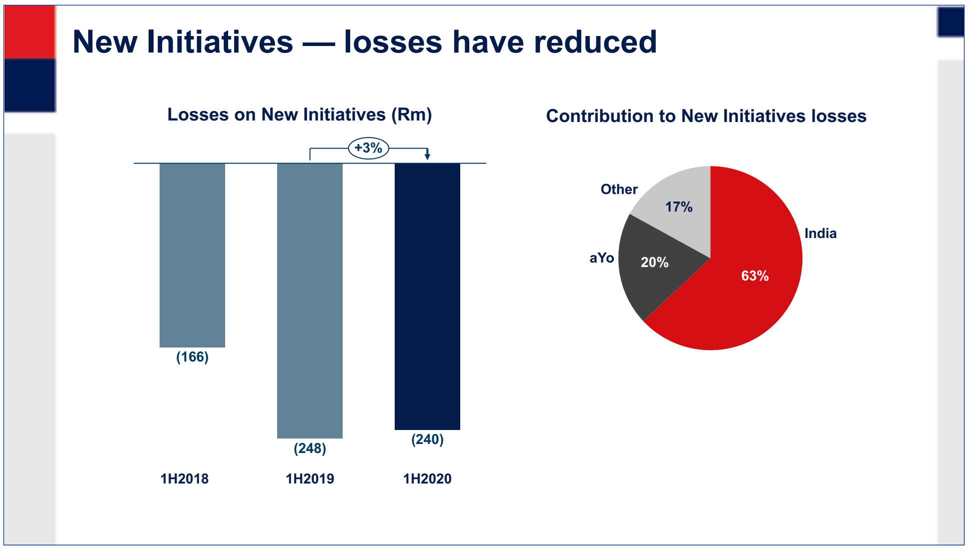
Already delivered R700 million in savings



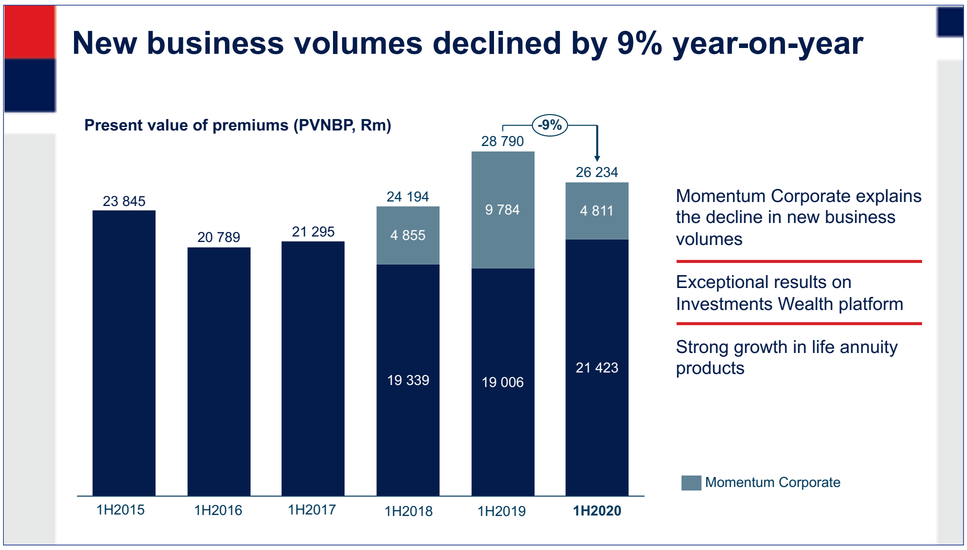
On track to R500 million in earnings from Non-life Insurance

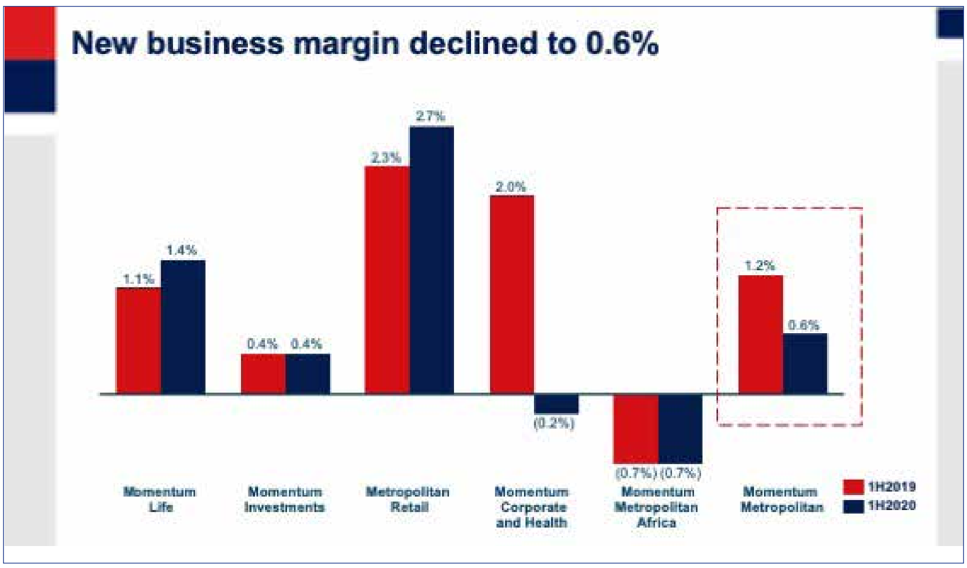
6 months to December 2019 Rm	Momentum Short-term Insurance	Guardrisk	Total	Alexander Forbes Insurance[1]
Gross written premium	488	1 262[2]	**1 750**	±900
Underwriting profit	(60)	104	**44**	
Diluted normalised headline earnings	(22)	165	**143**	
Annualised Reset and Grow target	100	400	**500**	

[1] Acquisition of Alexander Forbes Insurance effective 31 January 2020
[2] Premiums and underwriting profit for Guardrisk General Insurance

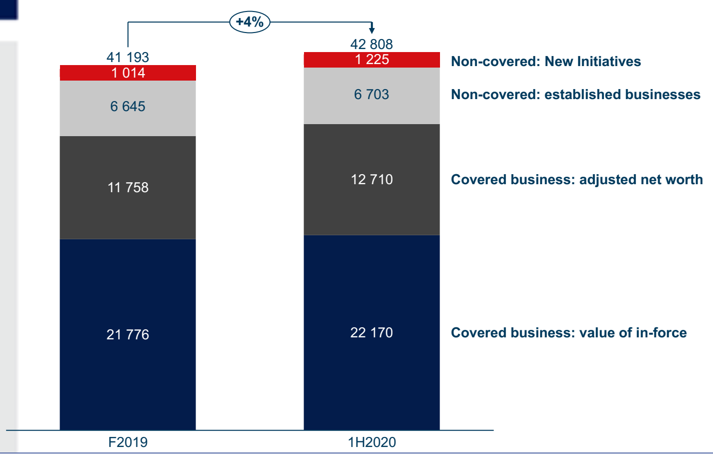

New Initiatives — losses have reduced
Losses on New Initiatives (Rm)
+3%
(166)
(248)
(240)
1H2018
1H2019
1H2020
Contribution to New Initiatives losses
Other
17%
aYo
20%
India
63%


Group financial results
03


New business volumes declined by 9% year-on-year
Present value of premiums (PVNBP, Rm)
-9%
23 845
20 789
21 295
24 194
4 855
19 339
28 790
9 784
19 006
26 234
4 811
21 423
1H2015
1H2016
1H2017
1H2018
1H2019
1H2020
Momentum Corporate explains the decline in new business volumes
Exceptional results on Investments Wealth platform
Strong growth in life annuity products
Momentum Corporate


New business margin declined to 0.6%
1.1%
1.4%
0.4%
0.4%
2.3%
2.7%
2.0%
(0.2%)
(0.7%)
(0.7%)
1.2%
0.6%
Momentum Life
Momentum Investments
Metropolitan Retail
Momentum Corporate and Health
Momentum Metropolitan Africa
Momentum Metropolitan
1H2019
1H2020

Embedded value per share up to R28.56



ROEV per share (Dec 2019)
10.6%

R28.56
EV per share (Dec 2019)

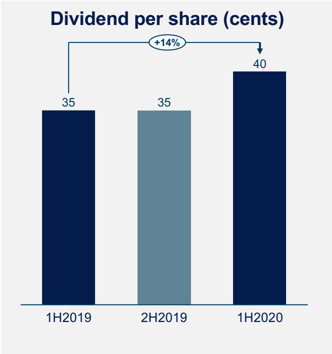
R27.48
EV per share (Jun 2019)

Capital coverage ratio strong

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre-dividend)	34 463
Solvency Capital Requirement (SCR)	15 674
SCR cover (times)	**2.20**
SCR cover (times) - 30 June 2019	2.08

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

Dividend increased to 40 cps



- Interim dividend increased by **14%** year-on-year
- Dividend cover supports steady solvency ratios in medium term
- Dividend cover target range remains at **2.0** to **3.0 times** diluted normalised headline earnings

Dividend cover is **3.0 times**, at the upper end of target range

Other current topical matters

04

Other current topical matters

1 IFRS 17 project update

2 Understanding resilience of our earnings

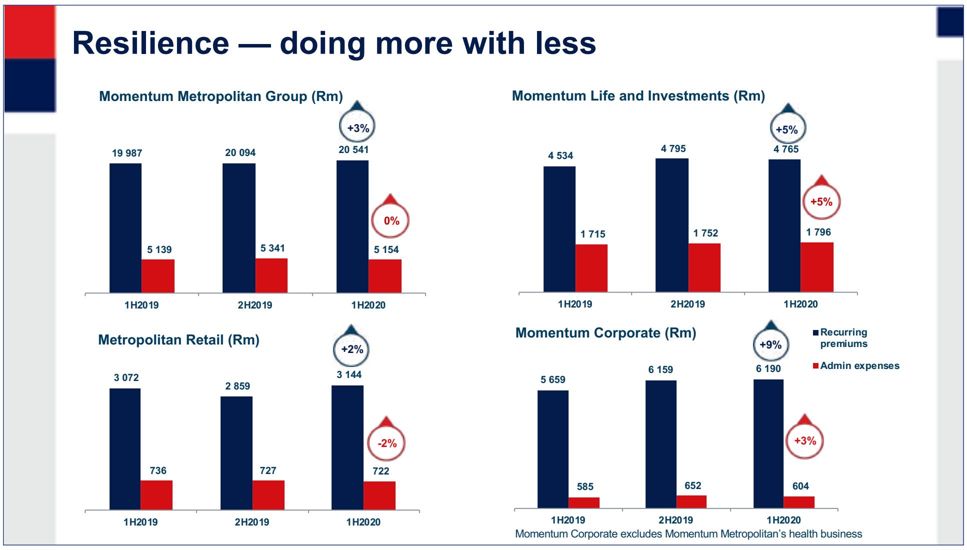
3 India

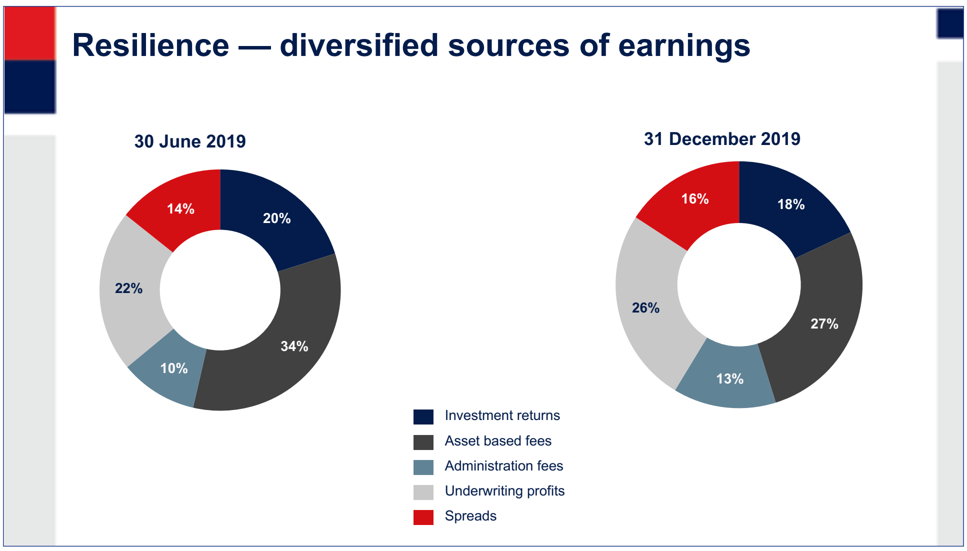
IFRS 17 project update

1 Incremental approach is containing costs – but more internal resources getting tied up in the project

2 Some key assumptions are settling – financial impact assessments somewhat delayed

3 Accelerated involvement from our auditors – assessing design decisions and standard interpretations


Resilience — doing more with less
Momentum Metropolitan Group (Rm)
+3%
19 987
20 094
20 541
0%
5 139
5 341
5 154
1H2019
2H2019
1H2020
Momentum Life and Investments (Rm)
+5%
4 534
4 795
4 765
+5%
1 715
1 752
1 796
1H2019
2H2019
1H2020
Metropolitan Retail (Rm)
+2%
3 072
2 859
3 144
-2%
736
727
722
1H2019
2H2019
1H2020
Momentum Corporate (Rm)
+9%
Recurring premiums
Admin expenses
5 659
6 159
6 190
+3%
585
652
604
1H2019
2H2019
1H2020
Momentum Corporate excludes Momentum Metropolitan's health business


Resilience — diversified sources of earnings
30 June 2019
14%
20%
22%
34%
10%
31 December 2019
16%
18%
26%
27%
13%
Investment returns
Asset based fees
Administration fees
Underwriting profits
Spreads

India JV — we have built a large business in 4 years

One of the largest third party distribution capabilities in India

- 10 Bank tie-ups including HDFC Bank and Axis Bank
- More than 10 000 bank branches through Banca channel
- Focus on new age digital partners

	Dec 2018	Dec 2019
Cities	650+	1 200+
Agents	18 100+	22 500+
Sales force	1 400+	2 100+

Driving value through scale

5 700+ Hospital Networks

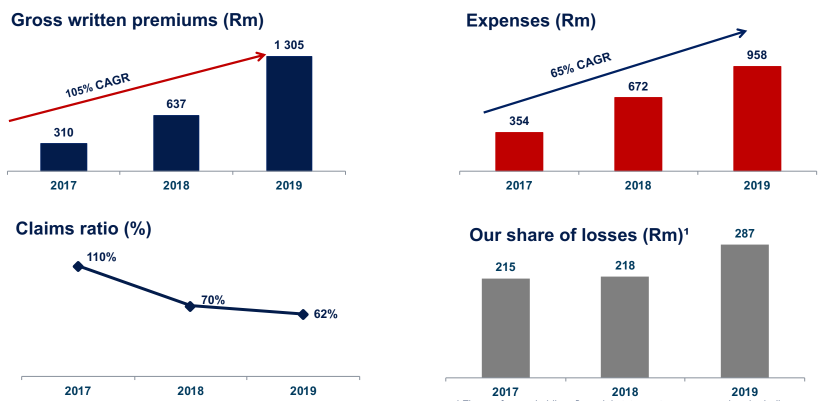
5.2 million+ Lives insured

47% Started health journey

72 ABHI branches

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

India JV financials are tracking plans



All figures are rolling 12 months up to December each year

[1] Figures from subsidiary financial statements are prepared under India GAAP standards. These amounts include costs incurred outside of the Joint Venture.

In closing

05

In closing

1 Halfway into Reset and Grow; underlying profitability has taken a step forward – despite external environment

2 Relative to inflation, we have reduced our expense base by R700 million, adding around R500 million to earnings

3 At the same time we continue to accelerate delivery – we are doing more with less

4 This is only possible due to the commitment and delivery by our staff

5 We believe that we will continue to be a relative winner within the industry.


Q&A
06