

# NEWS RELEASE

Ref 276/14

5 November 2014

## Old Mutual plc Interim Management Statement

### Operational performance for the 3 months ending 30 September 2014

Funds under management (FUM) up 5% to £307.6 billion from core operations (vs FY 2013)

- OM Wealth £82.2 billion of FUM; Platform £29.5 billion
- OM Asset Management £131.8 billion, up 10% vs FY 2013

Gross sales of £6.2 billion (Q3 2013: £6.5 billion)

- South Africa (in local currency): Mass Foundation up 11%; Corporate up 12%; Retail Affluent broadly flat
- Old Mutual Wealth: Platform up 6%; flows into Old Mutual Global Investors from Platform of £470 million (Q3 2013: £163 million)

Net Client Cash Flows (NCCF) at £0.6 billion (Q3 2013: £2.6 billion)

- Old Mutual Wealth: £0.8 billion (Q3 2013: £0.6 billion)
- OM Asset Management: £1.9 billion (Q3 2013: £0.6 billion)
- Institutional outflows in Institutional Asset Management's non-US boutique and Old Mutual Investment Group

Good banking performance reflective of early action taken in anticipation of challenging macro-economic environment

### Strategic developments

- IPO of OM Asset Management raised £317 million of gross proceeds (including pre-IPO dividend)
- Sales completed of European businesses in Germany and Austria for £172 million
- Acquisition of Quilter Cheviot for £585 million
- Nedbank subscribed for 20% stake in Ecobank Transnational Incorporated (ETI) for £304 million

### Julian Roberts, Group Chief Executive, commented:

*"We have made good progress on our strategic agenda to transform the Group and improve its sustainable growth profile. We have completed the IPO of OM Asset Management, Nedbank has subscribed for a 20% stake in ETI and we have agreed to acquire Quilter Cheviot. These are highly significant milestones in our future development."*

*"We have delivered a resilient performance in our South African businesses despite slower growth in the economy. We are starting to see signs of improved performance in Property & Casualty. Nedbank's good performance reflects its early action taken in anticipation of the challenging macro-economic environment."*

*"Old Mutual Wealth had another strong quarter, with a greater proportion of assets flowing through the Platform into Old Mutual Global Investors. OM Asset Management generated good quality net client cash flow in the quarter."*

*"While economic activity remains subdued in South Africa, with consumers remaining under pressure, the Government's medium term budget policy statement is positive for the economy as a whole. Growth remains robust elsewhere in Africa. The UK retail financial services market is large and developing fast. Old Mutual Wealth's vertically integrated business means it is well positioned to deliver profitable growth. We have quality businesses and we continue our focus on delivering continued strong performance."*

# Interim Management Statement

## Group highlights for the three months ended 30 September 2014

<b>Group gross sales (£m)</b>							
	<b>Q3 2014</b>	Q3 2013	% change				
Emerging Markets	<b>2,400</b>	2,766	(13%)				
Old Mutual Wealth	<b>3,791</b>	3,740	1%				
<b>Group gross sales</b>	<b>6,191</b>	6,506	(5%)				
<b>Emerging Markets gross sales (Rm)</b>							
	<b>Q3 2014</b>	Q3 2013	% change				
Retail Affluent	<b>14,049</b>	14,239	(1%)				
Mass Foundation	<b>2,243</b>	2,014	11%				
Corporate	<b>6,258</b>	5,587	12%				
OMIG	<b>8,547</b>	10,295	(17%)				
<b>Total South Africa</b>	<b>31,097</b>	32,135	(3%)				
Rest of Africa	<b>3,537</b>	3,082	15%				
Asia & Latin America	<b>8,518</b>	7,582	12%				
<b>Total Emerging Markets</b>	<b>43,152</b>	42,799	1%				
<b>Old Mutual Wealth gross sales (£m)</b>							
	<b>Q3 2014</b>	Q3 2013	% change				
<b>Invest &amp; Grow markets</b>							
UK Platform	<b>1,286</b>	1,214	6%				
UK Other	<b>197</b>	155	27%				
International	<b>433</b>	427	1%				
Old Mutual Global Investors	<b>1,990</b>	1,986	-				
<b>Total Invest &amp; Grow</b>	<b>3,906</b>	3,782	3%				
<b>Manage for Value markets</b>							
Europe - open book	<b>396</b>	198	100%				
Heritage business	<b>158</b>	199	(21%)				
<b>Total Manage for Value</b>	<b>554</b>	397	40%				
Elimination of intra-Group sales	<b>(669)</b>	(439)	(52%)				
<b>Total Old Mutual Wealth</b>	<b>3,791</b>	3,740	1%				
<b>Gross flows and funds under management (£bn) <sup>1</sup></b>							
	<b>FUM</b>	<b>Gross</b>	<b>Gross</b>	<b>Net flows</b>	<b>Market and</b>	<b>FUM</b>	<b>Net flows as</b>
	<b>1-Jul-14</b>	<b>inflows</b>	<b>outflows</b>		<b>other</b>	<b>30-Sep-14</b>	<b>% of</b>
					<b>movements</b>		<b>opening</b>
							<b>FUM <sup>2</sup></b>
Emerging Markets	<b>48.2</b>	2.4	(2.4)	-	0.3	<b>48.5</b>	-
Nedbank	<b>12.3</b>	3.3	(3.5)	<b>(0.2)</b>	(0.1)	<b>12.0</b>	(7%)
Old Mutual Wealth							
Invest and Grow markets	<b>66.5</b>	3.9	(3.2)	<b>0.7</b>	1.8	<b>69.0</b>	4%
Manage for Value markets	<b>21.6</b>	0.6	(0.5)	<b>0.1</b>	(0.5)	<b>21.2</b>	2%
Eliminations	<b>(7.8)</b>	(0.7)	0.7	-	(0.2)	<b>(8.0)</b>	-
Institutional Asset Management							
OM Asset Management	<b>125.7</b>	5.3	(3.4)	<b>1.9</b>	4.2	<b>131.8</b>	6%
Non-US based boutique	<b>34.0</b>	0.4	(2.3)	<b>(1.9)</b>	1.0	<b>33.1</b>	(22%)
<b>Core operations</b>	<b>300.5</b>	15.2	(14.6)	<b>0.6</b>	6.5	<b>307.6</b>	1%

<sup>1</sup> Refer to appendix for detailed footnotes

<sup>2</sup> Annualised and calculated as a percentage of FUM at 31 December 2013

# Interim Management Statement

## Macro-Overview

Markets were more stable in Q3, but since the end of September, equity markets and macro-economic conditions have shown greater volatility. During the nine months to 30 September 2014, the JSE All Share and Russell 1000 Value grew by 7% and 6% respectively, while the FTSE 100 decreased by 2%. Sterling appreciated against the rand by 22% compared to the nine months to 30 September 2013 and by 8% against the US dollar.

Our businesses had anticipated conditions in South Africa and prepared accordingly, and have performed well in this quarter. The rand has been more stable during the quarter but the current account deficit has not yet recovered. Recent fuel price falls provide some welcome relief to inflation pressures and the discretionary spending power of lower income workers. Sub-Saharan African growth continues to be strong.

In the UK and US, economic conditions are more robust and the dynamics of the financial services markets favour our low capital intensive business models.

## Emerging Markets

Emerging Markets has delivered a good performance for the quarter despite weaker economic conditions in our largest market of South Africa. FUM reached R887.8 billion, marginally up in Q3 and up 6% from the start of the year primarily due to positive market movements. NCCF was a R0.2 billion outflow, down R4.8 billion from the comparative quarter, following large one-off inflows in Q3 2013 and a R3.4 billion low-margin outflow from Old Mutual Investment Group from one client mandate which has refined its investment allocation.

Gross sales for the quarter at R43.2 billion were up slightly on the comparative quarter at R42.8 billion. In South Africa, gross sales in Mass Foundation grew by 11% due to the newly launched and innovative *2-in-ONE* savings product and the effect of consolidating Old Mutual Finance (OMF). In Retail Affluent, gross sales were broadly flat against a strong comparative, with the Wealth offering continuing to attract new customers and FUM on its Platform reaching R6.5 billion, up from R3.1 billion at the half year. Persistency across our retail businesses in South Africa remained stable following the introduction of a number of initiatives and collections in OMF continue to be strong. Corporate achieved an increase in gross sales of 12% as it benefited from strong flows into Symmetry, but non-covered sales were down against the comparative quarter when Corporate secured a large one-off mandate. Overall Emerging Markets APE sales were up 30% to R2.7 billion on Q3 2013, with strong contributions from retail and corporate South Africa.

Gross sales in Rest of Africa were up 15%, primarily due to higher unit trust sales in Namibia and Zimbabwe. Sales in our other African countries were down, largely reflecting a large mandate secured in Kenya in the comparative period. Our Asian and Latin American businesses saw an increase in gross sales of 12% due to strong asset management flows in Colombia, as well as the positive impact of foreign exchange translation.

The transaction to increase our shareholding in OMF from 50% to 75% has completed and the business has been consolidated from 1 September.

Property & Casualty has continued to see better underwriting results due to lower claims and price remediation, particularly in its South African divisions. After a difficult start to the year, results from Credit Guarantee Insurance Corporation have also shown signs of improvement. Underwriting performance benefited from targeted management actions in respect of the loss making portfolios. There have been no material catastrophe losses in the period.

## Nedbank

Nedbank Group's performance in the nine months to 30 September continues to reflect the early actions taken in anticipation of a challenging macro-economic environment. Net interest income grew by 8.4%, the credit loss ratio improved to 77bps (H1 2014: 83bps) while non-interest revenue increased by 2.4% (H1 2014: - 0.6%).

Its NCCF in the quarter was weaker in the money market and core income funds.

The full text of Nedbank's Q3 trading update, released on 27 October 2014 and also announced by Old Mutual on the same day, can be accessed on Nedbank's website at: <http://www.nedbankgroup.co.za/quarterlytradingupdates.asp>

In October 2014, Nedbank announced that it had exercised its rights to subscribe for 20% of ETI for a cash consideration of £304 million (R5.6 billion) which would lead to a consequential pro-forma increase in headline earnings per share for the six months ended 30 June 2014. Together, ETI and Nedbank Group will be the largest banking network in Africa, comprising more than 2,000 branches and offices in 39 countries.

## Old Mutual Wealth

Old Mutual Wealth has continued its strong performance in 2014 with FUM up 5% since the start of the year at £82.2 billion following another good quarter of net flows into the UK Platform and OMGI plus the addition of 50% of Cirilium.

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NCCF was £0.8 billion in the quarter, up 33% on Q3 2013, and gross sales of £3.8 billion were at the same level as in Q3 2013.

Industry sales have been weak in the quarter, with September recording the lowest net retail sales since January 2013. However Old Mutual Wealth's gross sales of £1.3 billion into the UK Platform were the strongest quarter of the year to date. The introduction of raised ISA allowances in July took effect and higher sales of Collective Retirement Accounts were recorded due to the increased awareness of draw-down products. The resulting NCCF of £0.5 billion was 25% higher than the comparative period, leading to FUM on the Platform of £29.5 billion.

OMGI gross sales were flat at £2.0 billion, with the comparative quarter in 2013 boosted by the launch of the UK Alpha Fund. NCCF was £0.3 billion, flat on Q3 2013, with gross sales into OMGI products from all OM Wealth channels increasing to £669 million (Q3 2013: £439 million). There were outflows in the Strategic Bond Fund following underperformance. *WealthSelect* continues to gain traction, and as at 31 October 2014 attracted nearly £500 million of new investments since its launch. The remaining 50% of the Cirilium funds will be recognised as part of OMGI's FUM in Q4 and are expected to add an additional £1.0 billion of FUM. We are strengthening our capabilities in Old Mutual Global Investors through hiring new Asian equity, pan-European small company and fixed income absolute return asset management teams.

The Intrinsic integration is proceeding as planned and 6% of September's flows into the Platform were sourced via Intrinsic advisers, up from 3% for July. On 17 October, we announced the acquisition of Quilter Cheviot, a leading UK-based discretionary investment manager. The highly complementary acquisition will accelerate our strategy of achieving a vertically integrated wealth management business. On 1 October we completed the disposal of the German and Austrian businesses, this will reduce year end FUM by £4 billion and the profits from these businesses will cease to be consolidated from the end of Q3 2014.

### Institutional Asset Management (IAM)

OM Asset Management showed positive NCCF in the quarter of \$3.1 billion with improved annualised revenue impact. FUM at \$213.8 billion was up \$15.0 billion, or 8%, on the year end. OM Asset Management reported Economic Net Income after tax for Q3 2014 of \$38 million (Q3 2013: \$32 million), with investment performance on a revenue weighted basis consistent with the comparable period.

The full text of OMAM's Q3 earnings announcement, released on 5 November 2014, can be accessed via the Old Mutual corporate website – [www.oldmutual.com](http://www.oldmutual.com).

On 9 October 2014, we announced the IPO of 22,000,000 OMAM shares at \$14 a share. As a result of the exercise of the option granted to them in connection with the IPO, the underwriters purchased an additional 2,231,375 OMAM shares at \$14 per share, less the underwriting discount. As a consequence, Old Mutual plc now owns 94,555,859 shares, or 78.8%, of the issued share capital of OMAM. The gross proceeds for the Group from the IPO process, including the pre-IPO dividend, totalled £317 million.

As expected, total NCCF for IAM was affected by continuing low margin outflows from the non-US based boutique, where the management transition continues.

### Cash and liquidity

At 30 September 2014, the Group holding company had liquidity headroom of £1.3 billion including £0.5 billion of liquid assets. Available liquid assets have remained at the same level as at 31 December 2013 (£0.5 billion) as a result of cash inflows from the business units being used for the acquisition of Intrinsic, corporate expenses and payment of debt interest. After 30 September 2014, the balance of proceeds from the sale of the German and Austrian businesses, and net proceeds from the IPO of OM Asset Management, including the pre-IPO dividend, have been received. In August 2014, the Group refinanced its £800 million revolving credit facility, which is included in the headroom figure. The facility has a term of five years and may be extended further at the first and second anniversaries, subject to lender's approval.

### Financial Groups Directive (FGD)

The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive, was £1.7 billion at 30 September 2014 (31 December 2013: £2.1 billion; 30 June 2014: £1.9 billion as submitted to the PRA) and represents a statutory cover ratio of 154%. The decrease since June 2014 is due to the acquisition of Intrinsic and the declaration of the 2014 interim dividend. Each of the Group's subsidiaries remains well capitalised. The FGD surplus of the holding company reflects the Group's prudent approach to capital management and takes into account that the Company's callable 2015 debt instruments currently qualify as capital. There remain considerable regulatory uncertainties over Solvency II and Solvency Assessment and Management.

# Interim Management Statement

## Capital and Risk Management

Bermuda continues to run off satisfactorily and since the end of September 2014, its regulatory capital requirement has been reduced, adding £0.1 billion of FGD surplus in Q4.

## Material events and transactions

Since the 2014 Interim results on 7 August 2014, the Group announced that its subsidiary Nedbank had subscribed for 20% of ETI for £304 million; the IPO of OM Asset Management, realising gross proceeds of £317 million; the acquisition by Old Mutual Wealth of Quilter Cheviot for £585 million; and the completion of the sale of the German and Austrian businesses for £172 million.

## Outlook

While economic activity remains subdued in South Africa, with consumers remaining under pressure, the Government's medium term budget policy statement is positive for the economy as a whole. Growth remains robust elsewhere in Africa. The UK retail financial services market is large and developing fast. Old Mutual Wealth's vertically integrated business means it is well positioned to deliver profitable growth. We have quality businesses and we continue our focus on delivering continued strong performance and maintaining a profitable and responsible Group.

# Interim Management Statement

## Enquiries

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### Notes to this announcement

- All figures refer to core continuing operations. Core continuing operations exclude the results of the Bermuda business, which is classified as non-core.
- Constant currency figures are calculated by translating local currency prior period figures at the prevailing exchange rates for the period under review.
- Life assurance APE sales are calculated as the sum of (annualised) new regular premiums and 10% of the new single premiums written in an annual reporting period.

### Cautionary statement

This announcement contains forward-looking statements relating to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond Old Mutual plc's control, including, among other things, global, UK and South African domestic, economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties, future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and regulations in territories where Old Mutual plc or its affiliates operate.

As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in its forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.

### Sterling exchange rates

		Q3 2014*	Q3 2013*	Appreciation / (depreciation) of local currency	FY 2013	Appreciation / (depreciation) of local currency
Rand	Average Rate	17.89	14.65	(22%)	15.10	(18%)
	Closing Rate	18.32	16.26	(13%)	17.43	(5%)
USD	Average Rate	1.67	1.55	(8%)	1.57	(6%)
	Closing Rate	1.62	1.62	-	1.66	2%

\* Average rate is for the nine months to 30 September

### Notes to editors

This Interim Management Statement has been prepared in accordance with section 4.3 of the Disclosure and Transparency Rules (DTR) and covers the period 1 July 2014 to 5 November 2014. A Financial Disclosure Supplement relating to the Company's results can be found on our website. This contains key financial data for the three months ended 30 September 2014.

Management will host a conference call for investors and analysts at 09.00am GMT (10.00am CET and 11:00am South African time) on 5 November 2014.

Investors and analysts who wish to participate in the conference call should dial the following numbers quoting conference pin code 57135081#:

UK/International +44 20 3139 4830  
US +1 718 873 9077  
South Africa +27 21 672 4008

A replay facility will be available until midnight on 19 November 2014 on the following number, quoting pin code 651531#:

UK/International +44 20 3426 2807

Copies of this Interim Management Statement, together with biographical details of the executive directors of Old Mutual plc, are available in electronic format to download from the Company's website at [www.oldmutual.com](http://www.oldmutual.com).

# Interim Management Statement – Appendix

## Emerging Markets data tables for the three months ended 30 September 2014

### Gross sales and funds under management (Rbn) <sup>1</sup>

	FUM 1-Jul-14	Gross sales <sup>2</sup>	Redemptions	Net flows	Market and other movements <sup>3</sup>	FUM 30-Sep-14
Retail Affluent <sup>4,5</sup>	114.2	14.1	(12.5)	1.6	3.3	119.1
Mass Foundation <sup>6</sup>	-	2.2	(1.0)	1.2	(1.2)	-
Corporate <sup>4</sup>	58.2	6.3	(8.0)	(1.7)	1.2	57.7
OMIG <sup>6</sup>	509.5	8.5	(11.1)	(2.6)	2.9	509.8
Property & Casualty <sup>7,8</sup>	2.2	-	-	-	-	2.2
<b>Total South Africa</b>	<b>684.1</b>	<b>31.1</b>	<b>(32.6)</b>	<b>(1.5)</b>	<b>6.2</b>	<b>688.8</b>
Rest of Africa <sup>5,8</sup>	57.6	3.6	(3.2)	0.4	3.3	61.3
Asia & Latin America	134.8	8.5	(7.6)	0.9	2.0	137.7
<b>Total Emerging Markets</b>	<b>876.5</b>	<b>43.2</b>	<b>(43.4)</b>	<b>(0.2)</b>	<b>11.5</b>	<b>887.8</b>

	FUM 1-Jul-13	Gross sales <sup>2</sup>	Redemptions	Net flows	Market and other movements <sup>3</sup>	FUM 30-Sep-13
Retail Affluent <sup>4</sup>	87.5	14.2	(12.5)	1.7	6.9	96.1
Mass Foundation <sup>6</sup>	-	2.0	(0.9)	1.1	(1.1)	-
Corporate <sup>4</sup>	46.1	5.6	(5.9)	(0.3)	3.3	49.1
OMIG <sup>6</sup>	469.0	10.3	(7.1)	3.2	16.7	488.9
Property & Casualty <sup>7,8</sup>	2.8	-	-	-	0.1	2.9
<b>Total South Africa</b>	<b>605.4</b>	<b>32.1</b>	<b>(26.4)</b>	<b>5.7</b>	<b>25.9</b>	<b>637.0</b>
Rest of Africa <sup>8</sup>	47.2	3.1	(2.4)	0.7	1.7	49.6
Asia & Latin America	115.0	7.6	(9.4)	(1.8)	3.2	116.4
<b>Total Emerging Markets</b>	<b>767.6</b>	<b>42.8</b>	<b>(38.2)</b>	<b>4.6</b>	<b>30.8</b>	<b>803.0</b>

<sup>1</sup> FUM shown on an end manager basis

<sup>2</sup> Gross sales are cash inflows for the period and thus include prior period regular premium flows

<sup>3</sup> Includes the foreign exchange impact of translating FUM managed outside of South Africa

<sup>4</sup> From 1 January 2014, Acsis and Symmetry institutional businesses are reported within Corporate, whereas previously these had been reported in the Retail Affluent cluster. Comparatives have been restated (Q3 2013: R2.4 billion gross sales, R1.0 billion NCCF and R47.7 billion FUM)

<sup>5</sup> Gross sales for Retail Affluent is R14,049 million and gross sales for Rest of Africa is R3,537 million. Difference due to rounding.

<sup>6</sup> Mass Foundation gross sales are recorded by segment but all FUM is managed by OMIG

<sup>7</sup> Opening FUM at 1 July 2013 restated to include Property & Casualty FUM of R2.8 billion

<sup>8</sup> From 1 January 2014, Property & Casualty FUM has been allocated by geographic location (reclassification of Property & Casualty Africa FUM included in 'Market and other movements'). Comparatives have not been restated

## Interim Management Statement – Appendix

### Covered sales - APE (Rm)

By cluster:	Single premium APE			Regular premium APE			Total APE		
	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change
Retail Affluent <sup>1</sup>	399	345	16%	365	395	(8%)	764	740	3%
Mass Foundation <sup>2</sup>	1	-	-	861	711	21%	862	711	21%
Corporate <sup>1</sup>	263	99	166%	237	91	160%	500	190	163%
<b>Total South Africa</b>	<b>663</b>	<b>444</b>	<b>49%</b>	<b>1,463</b>	<b>1,197</b>	<b>22%</b>	<b>2,126</b>	<b>1,641</b>	<b>30%</b>
Rest of Africa <sup>3</sup>	45	60	(25%)	174	159	9%	219	219	-
Asia & Latin America <sup>4</sup>	118	84	40%	211	112	88%	329	196	68%
<b>Total Emerging Markets</b>	<b>826</b>	<b>588</b>	<b>40%</b>	<b>1,848</b>	<b>1,468</b>	<b>26%</b>	<b>2,674</b>	<b>2,056</b>	<b>30%</b>

By product:	Single premium APE			Regular premium APE			Total APE		
	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change
Savings	772	512	51%	1,025	729	41%	1,797	1,241	45%
Protection <sup>2</sup>	-	-	-	823	739	11%	823	739	11%
Annuity	54	76	(29%)	-	-	-	54	76	(29%)
<b>Total Emerging Markets</b>	<b>826</b>	<b>588</b>	<b>40%</b>	<b>1,848</b>	<b>1,468</b>	<b>26%</b>	<b>2,674</b>	<b>2,056</b>	<b>30%</b>

<sup>1</sup> From H1 2014, Symmetry institutional business is reported within Corporate, whereas previously this had been reported in the Retail Affluent cluster. Comparatives have been restated (Q3 2013: R33 million single premium APE)

<sup>2</sup> OMF credit life sales are included within Mass Foundation protection sales (R67 million in Q3 2014 and R56 million in Q3 2013)

<sup>3</sup> For FY 2013, Rest of Africa life APE sales are reported net of minority interest whereas previously these were reported gross of minority interest with the full impact for FY 2013 being booked in Q4 2013. From 1 January 2014 Rest of Africa also excludes renewal sales (FY 2013: R55 million). Comparatives have not been restated. Rest of Africa life APE sales (net of minority interest and excluding renewals) would have been R187 million in Q3 2013

<sup>4</sup> Asia & Latin America represents Mexico and a proportional share of India and China. India corporate business sales are only reported from 1 January 2014 (Q3 2014: R47 million). Comparatives have not been restated

### Non-covered sales (Rm)

	Unit trust sales			Other non-covered sales			Total non-covered sales		
	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change	Q3 2014	Q3 2013	% change
South Africa <sup>1 2</sup>	9,906	8,112	22%	12,409	15,318	(19%)	22,315	23,430	(5%)
Rest of Africa	1,458	1,324	10%	769	552	39%	2,227	1,876	19%
Asia & Latin America <sup>3 4</sup>	6,886	6,386	8%	-	-	-	6,886	6,386	8%
<b>Total Emerging Markets</b>	<b>18,250</b>	<b>15,822</b>	<b>15%</b>	<b>13,178</b>	<b>15,870</b>	<b>(17%)</b>	<b>31,428</b>	<b>31,692</b>	<b>(1%)</b>

<sup>1</sup> Within South African Retail Affluent, Old Mutual Investment Services recognises Linked Investment Service Provider (LISP) sales on which it earns fees irrespective of where the underlying funds are managed. Where these funds are managed by Old Mutual Unit Trusts (OMUT), OMUT also recognises a sale. These intra-segment sales for Q3 2014 amount to R6.1 billion (Q3 2013: R3.1 billion)

<sup>2</sup> Old Mutual International life sales amounting to R1.4 billion are 94% above prior year and are not included in the OMEM non-life sales as these sales are reported in Old Mutual Wealth

<sup>3</sup> AIVA sales amounting to R0.7 billion are 52% above prior year and are not included in the OMEM non-life sales as these sales are reported in Old Mutual Wealth

<sup>4</sup> Represents Colombia and Mexico



## Interim Management Statement – Appendix

### Old Mutual Wealth data tables for the three months ended 30 September 2014

#### Gross sales and funds under management (£bn)

	FUM 1-Jul-14	Gross sales	Redemptions	Net flows	Market and other movements	FUM 30-Sep-14
<b>Invest &amp; Grow markets</b>						
UK Platform <sup>1</sup>	28.8	1.3	(0.8)	0.5	0.2	29.5
UK Other <sup>2</sup>	5.6	0.2	(0.3)	(0.1)	0.3	5.8
International	15.1	0.4	(0.4)	-	0.2	15.3
Old Mutual Global Investors <sup>3 4 5</sup>	17.0	2.0	(1.7)	0.3	1.1	18.4
<b>Total Invest &amp; Grow</b>	<b>66.5</b>	<b>3.9</b>	<b>(3.2)</b>	<b>0.7</b>	<b>1.8</b>	<b>69.0</b>
<b>Manage for Value markets</b>						
Europe - open book <sup>6</sup>	6.4	0.4	(0.2)	0.2	(0.2)	6.4
Heritage business <sup>7</sup>	15.2	0.2	(0.3)	(0.1)	(0.3)	14.8
<b>Total Manage for Value</b>	<b>21.6</b>	<b>0.6</b>	<b>(0.5)</b>	<b>0.1</b>	<b>(0.5)</b>	<b>21.2</b>
Elimination of intra-Group assets <sup>4 8</sup>	(7.8)	(0.7)	0.7	-	(0.2)	(8.0)
<b>Total Old Mutual Wealth</b>	<b>80.3</b>	<b>3.8</b>	<b>(3.0)</b>	<b>0.8</b>	<b>1.1</b>	<b>82.2</b>

	FUM 1-Jul-13	Gross sales	Redemptions	Net flows	Market and other movements	FUM 30-Sep-13
<b>Invest &amp; Grow markets</b>						
UK Platform <sup>1</sup>	25.0	1.2	(0.8)	0.4	0.8	26.2
UK Other <sup>2</sup>	5.2	0.2	(0.3)	(0.1)	0.2	5.3
International	14.7	0.4	(0.4)	-	-	14.7
Old Mutual Global Investors <sup>3 4 5</sup>	14.8	2.0	(1.7)	0.3	0.1	15.2
<b>Total Invest &amp; Grow</b>	<b>59.7</b>	<b>3.8</b>	<b>(3.2)</b>	<b>0.6</b>	<b>1.1</b>	<b>61.4</b>
<b>Manage for Value markets</b>						
Europe - open book <sup>6</sup>	6.4	0.2	(0.2)	-	-	6.4
Heritage business <sup>7</sup>	15.6	0.2	(0.3)	(0.1)	(0.1)	15.4
<b>Total Manage for Value</b>	<b>22.0</b>	<b>0.4</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>21.8</b>
Elimination of intra-Group assets <sup>4 8 9</sup>	(6.5)	(0.5)	0.6	0.1	(0.8)	(7.2)
<b>Total Old Mutual Wealth</b>	<b>75.2</b>	<b>3.7</b>	<b>(3.1)</b>	<b>0.6</b>	<b>0.2</b>	<b>76.0</b>

<sup>1</sup> UK Platform FUM excludes intra-Group assets from our International business of £1.5 billion at 30 September 2014 (30 September 2013: £1.5 billion)

<sup>2</sup> Includes Protection, Series 6 pensions and UK Institutional business

<sup>3</sup> OMGI redemptions include Nordic sale-related net outflow of £2 million in Q3 2014 (Q3 2013: £79 million)

<sup>4</sup> OMGI and intra-Group eliminations include gross inflows from the Heritage business of £69 million (Q3 2013: £105 million)

<sup>5</sup> OMGI FUM includes £0.1 billion of shareholder assets (Q3 2013: £0.1 billion) and £0.9 billion of assets from the Cirilium fund range, currently managed by Intrinsic Cirilium Investment Company. The Cirilium funds also increased net inflows by £0.1 billion (Q3 2013: nil)

<sup>6</sup> Includes business written in France and Italy. Q3 2013 includes business written in Poland (sold 30 May 2014)

<sup>7</sup> Includes UK Heritage and Europe Heritage (Germany, Austria, Switzerland and Liechtenstein)

<sup>8</sup> Assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

<sup>9</sup> Elimination adjustment for gross sales is £439 million. Difference due to rounding.

## Interim Management Statement – Appendix

### Bermuda

#### Bermuda surrender development

The development of the Bermuda policyholder account values (\$m) is shown below:

	30-Sep-14	31-Dec-13	% change
Account Value: GMAB	863	1,031	(16%)
Account Value: Non-GMAB	329	407	(19%)
Total Account Value	1,192	1,438	(17%)

#### Bermuda reserve development

The movement in guarantee reserves over the last nine months (\$m) is shown below. Note that all fifth anniversary payments were completed by the end of August 2013:

	30-Sep-14	31-Dec-13	% change
Guarantee reserves: UGO GMAB <sup>1</sup>	60	79	(24%)
Guarantee reserves: CGO GMAB <sup>2</sup>	5	5	-
Total	65	84	(23%)

<sup>1</sup> Universal Guaranteed Option (UGO) Guaranteed Minimum Accumulation Benefit (GMAB)

<sup>2</sup> Capital Guaranteed Option (CGO) Guaranteed Minimum Accumulation Benefit (GMAB)

#### Bermuda Policy Numbers

The number of active policies is as follows:

	30-Sep-14	31-Dec-13	% change
UGO GMAB policies <sup>1</sup>	8,862	9,940	(11%)
Other policies	2,236	2,895	(23%)
Total	11,098	12,835	(14%)

<sup>1</sup> Universal Guaranteed Option (UGO) Guaranteed Minimum Accumulation Benefit (GMAB)

# Interim Management Statement – Appendix

## Group highlights for the nine months ended 30 September 2014

<b>Group gross sales (£m)</b>	<b>Q3 YTD 2014</b>	Q3 YTD 2013	% change				
Emerging Markets	7,204	8,121	(11%)				
Old Mutual Wealth	11,520	10,481	10%				
<b>Total gross sales</b>	<b>18,724</b>	18,602	1%				
<b>Emerging Markets gross sales (Rm)</b>	<b>Q3 YTD 2014</b>	Q3 YTD 2013	% change				
Retail Affluent	43,591	38,666	13%				
Mass Foundation	6,413	5,710	12%				
Corporate	18,507	17,765	4%				
OMIG	23,098	24,085	(4%)				
<b>Total South Africa</b>	<b>91,609</b>	86,226	6%				
Rest of Africa	10,075	8,542	18%				
Asia & Latin America	27,227	24,217	12%				
<b>Total Emerging Markets</b>	<b>128,911</b>	118,985	8%				
<b>Old Mutual Wealth gross sales (£m)</b>	<b>Q3 YTD 2014</b>	Q3 YTD 2013	% change				
<b>Invest &amp; Grow markets</b>							
UK Platform	3,809	3,491	9%				
UK Other	542	591	(8%)				
International	1,325	1,358	(2%)				
Old Mutual Global Investors	6,528	5,496	19%				
<b>Total Invest &amp; Grow</b>	<b>12,204</b>	10,936	12%				
<b>Manage for Value markets</b>							
Europe - open book	1,105	1,003	10%				
Heritage business	509	570	(11%)				
<b>Total Manage for Value</b>	<b>1,614</b>	1,573	3%				
Elimination of intra-Group sales	(2,298)	(2,028)	(13%)				
<b>Total Old Mutual Wealth</b>	<b>11,520</b>	10,481	10%				
<b>Gross flows and funds under management (£bn) <sup>1</sup></b>							
	<b>FUM 1-Jan-14</b>	<b>Gross inflows</b>	<b>Gross outflows</b>	<b>Net flows</b>	<b>Market and other movements</b>	<b>FUM 30-Sep-14</b>	<b>Net flows as % of opening FUM <sup>2</sup></b>
Emerging Markets	48.3	7.2	(6.7)	0.5	(0.3)	48.5	1%
Nedbank	11.7	9.6	(9.2)	0.4	(0.1)	12.0	5%
Old Mutual Wealth							
Invest and Grow markets	63.9	12.2	(9.4)	2.8	2.3	69.0	6%
Manage for Value markets	22.0	1.6	(1.9)	(0.3)	(0.5)	21.2	(2%)
Eliminations	(7.4)	(2.3)	1.8	(0.5)	(0.1)	(8.0)	-
Institutional Asset Management							
OM Asset Management	120.0	13.7	(10.3)	3.4	8.4	131.8	4%
Non-US based boutique	35.3	1.9	(6.0)	(4.1)	1.9	33.1	(15%)
<b>Core operations</b>	<b>293.8</b>	<b>43.9</b>	<b>(41.7)</b>	<b>2.2</b>	<b>11.6</b>	<b>307.6</b>	<b>1%</b>

<sup>1</sup> Refer to page 12 and 13 of the appendix for detailed footnotes

<sup>2</sup> Annualised and calculated as a percentage of FUM at 31 December 2013

## Interim Management Statement – Appendix

### Emerging Markets data tables for the nine months ended 30 September 2014

#### Gross sales and funds under management (Rbn) <sup>1</sup>

	FUM 1-Jan-14	Gross sales <sup>2</sup>	Redemptions	Net flows	Market and other movements <sup>3</sup>	FUM 30-Sep-14
Retail Affluent <sup>4</sup>	99.8	43.6	(39.0)	4.6	14.7	119.1
Mass Foundation <sup>5</sup>	-	6.4	(2.9)	3.5	(3.5)	-
Corporate <sup>4</sup>	51.9	18.5	(20.9)	(2.4)	8.2	57.7
OMIG <sup>5</sup>	506.9	23.1	(25.5)	(2.4)	5.3	509.8
Property & Casualty <sup>6 7</sup>	2.9	-	-	-	(0.7)	2.2
<b>Total South Africa</b>	<b>661.5</b>	<b>91.6</b>	<b>(88.3)</b>	<b>3.3</b>	<b>24.0</b>	<b>688.8</b>
Rest of Africa <sup>7</sup>	53.9	10.1	(8.8)	1.3	6.1	61.3
Asia & Latin America	125.4	27.2	(22.8)	4.4	7.9	137.7
<b>Total Emerging Markets</b>	<b>840.8</b>	<b>128.9</b>	<b>(119.9)</b>	<b>9.0</b>	<b>38.0</b>	<b>887.8</b>

	FUM 1-Jan-13	Gross sales <sup>2</sup>	Redemptions	Net flows	Market and other movements <sup>3</sup>	FUM 30-Sep-13
Retail Affluent <sup>4</sup>	76.6	38.7	(35.2)	3.5	16.0	96.1
Mass Foundation <sup>5</sup>	-	5.7	(2.6)	3.1	(3.1)	-
Corporate <sup>4</sup>	45.9	17.8	(18.7)	(0.9)	4.1	49.1
OMIG <sup>5</sup>	463.3	24.0	(19.3)	4.7	20.9	488.9
Property & Casualty <sup>6 7</sup>	2.8	-	-	-	0.1	2.9
<b>Total South Africa</b>	<b>588.6</b>	<b>86.2</b>	<b>(75.8)</b>	<b>10.4</b>	<b>38.0</b>	<b>637.0</b>
Rest of Africa <sup>7</sup>	38.4	8.6	(6.5)	2.1	9.1	49.6
Asia & Latin America	100.4	24.2	(21.0)	3.2	12.8	116.4
<b>Total Emerging Markets</b>	<b>727.4</b>	<b>119.0</b>	<b>(103.3)</b>	<b>15.7</b>	<b>59.9</b>	<b>803.0</b>

<sup>1</sup> FUM shown on an end manager basis

<sup>2</sup> Gross sales are cash inflows for the period and thus include prior period regular premium flows

<sup>3</sup> Includes the foreign exchange impact of translating FUM managed outside of South Africa

<sup>4</sup> From 1 January 2014, Acxis and Symmetry institutional businesses are reported within Corporate, whereas previously these had been reported in the Retail Affluent cluster. Comparatives have been restated (Q3 YTD 2013: R4.6 billion Gross sales, R0.6 billion NCCF and R47.7 billion FUM)

<sup>5</sup> Mass Foundation gross sales are recorded by segment but all FUM is managed by OMIG

<sup>6</sup> Opening FUM at 1 January 2014 restated to include Property & Casualty FUM of R2.9 billion (1 January 2013: R2.8 billion)

<sup>7</sup> From 1 January 2014, Property & Casualty FUM has been allocated by geographic location (R0.7 billion reclassification of Property & Casualty Africa FUM included in 'Market and other movements'). Comparatives have not been restated

## Interim Management Statement – Appendix

### Old Mutual Wealth data tables for the nine months ended 30 September 2014

#### Gross sales and funds under management (£bn)

	FUM 1-Jan-14	Gross sales	Redemptions	Net flows	Market and other movements	FUM 30-Sep-14
<b>Invest &amp; Grow markets</b>						
UK Platform <sup>1</sup>	27.3	3.8	(2.4)	1.4	0.8	29.5
UK Other <sup>2</sup>	5.6	0.5	(0.6)	(0.1)	0.3	5.8
International	15.0	1.4	(1.3)	0.1	0.2	15.3
Old Mutual Global Investors <sup>3 4 5</sup>	16.0	6.5	(5.1)	1.4	1.0	18.4
<b>Total Invest &amp; Grow</b>	<b>63.9</b>	<b>12.2</b>	<b>(9.4)</b>	<b>2.8</b>	<b>2.3</b>	<b>69.0</b>
<b>Manage for Value markets</b>						
Europe - open book <sup>6</sup>	6.6	1.1	(0.7)	0.4	(0.6)	6.4
Heritage business <sup>7</sup>	15.4	0.5	(1.2)	(0.7)	0.1	14.8
<b>Total Manage for Value</b>	<b>22.0</b>	<b>1.6</b>	<b>(1.9)</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>21.2</b>
Elimination of intra-Group assets <sup>4 8</sup>	(7.4)	(2.3)	1.8	(0.5)	(0.1)	(8.0)
<b>Total Old Mutual Wealth</b>	<b>78.5</b>	<b>11.5</b>	<b>(9.5)</b>	<b>2.0</b>	<b>1.7</b>	<b>82.2</b>

	FUM 1-Jan-13	Gross sales	Redemptions	Net flows	Market and other movements	FUM 30-Sep-13
<b>Invest &amp; Grow markets</b>						
UK Platform <sup>1</sup>	22.6	3.5	(1.8)	1.7	1.9	26.2
UK Other <sup>2</sup>	4.7	0.6	(0.7)	(0.1)	0.7	5.3
International	13.9	1.3	(1.0)	0.3	0.5	14.7
Old Mutual Global Investors <sup>3 4 5</sup>	13.8	5.5	(5.0)	0.5	0.9	15.2
<b>Total Invest &amp; Grow</b>	<b>55.0</b>	<b>10.9</b>	<b>(8.5)</b>	<b>2.4</b>	<b>4.0</b>	<b>61.4</b>
<b>Manage for Value markets</b>						
Europe - open book <sup>6</sup>	5.9	1.0	(0.6)	0.4	0.1	6.4
Heritage business <sup>7</sup>	14.3	0.6	(1.4)	(0.8)	1.9	15.4
<b>Total Manage for Value</b>	<b>20.2</b>	<b>1.6</b>	<b>(2.0)</b>	<b>(0.4)</b>	<b>2.0</b>	<b>21.8</b>
Elimination of intra-Group assets <sup>4 8</sup>	(6.0)	(2.0)	1.4	(0.6)	(0.6)	(7.2)
<b>Total Old Mutual Wealth</b>	<b>69.2</b>	<b>10.5</b>	<b>(9.1)</b>	<b>1.4</b>	<b>5.4</b>	<b>76.0</b>

<sup>1</sup> UK Platform FUM excludes intra-Group assets from our International business of £1.5 billion at 30 September 2014 (30 September 2013: £1.5 billion)

<sup>2</sup> Includes Protection, Series 6 pensions and UK Institutional business

<sup>3</sup> OMGI redemptions include Nordic sale-related net outflow of £156 million in Q3 2014 (Q3 2013: £861 million)

<sup>4</sup> OMGI and intra-Group eliminations include gross inflows from the Heritage business of £391 million (Q3 2013: £1,103 million)

<sup>5</sup> OMGI FUM includes £0.1 billion of shareholder assets (Q3 2013: £0.1 billion) and £0.9 billion of assets from the Cirilium fund range, currently managed by Intrinsic Cirilium Investment Company. The Cirilium funds also increased net inflows by £0.1 billion (Q3 2013: nil)

<sup>6</sup> Includes business written in France, Italy and Poland (Poland sold on 30 May 2014)

<sup>7</sup> Includes UK Heritage and Europe Heritage (Germany, Austria, Switzerland and Liechtenstein)

<sup>8</sup> Assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

## Interim Management Statement – Appendix

### Nedbank data table for the nine months ended 30 September 2014

#### Nedbank key performance indicators <sup>1</sup>

	Q3 YTD 2014	Q3 YTD 2013	% change
Net interest income (Rm)	17,043	15,725	8%
Non-interest revenue (Rm)	14,509	14,166	2%
Net interest margin	3.53%	3.58%	(0.05%)
Credit loss ratio	0.77%	1.15%	(0.38%)
Total advances (Rbn) <sup>2</sup>	609	579	7%
Common-equity tier 1 capital ratio <sup>3</sup>	11.9%	12.1%	(0.2%)

<sup>1</sup> As reported by Nedbank

<sup>2</sup> Comparative is as at 31 December 2013. Percentage change is on an annualised basis

<sup>3</sup> Comparative is as at 30 June 2014. Ratios include unappropriated profits. The Basel III regulatory minima are being phased in between 2013 and 2019, and exclude Pillar 2B add-ons