



STRATEGIC REPORT 2014

ENABLING POSITIVE FUTURES

INVESTMENT | SAVINGS | INSURANCE | BANKING

 **OLDMUTUAL**

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Find out more about Old Mutual



Corporate website
www.oldmutual.com

Annual Report
www.oldmutual.com/reportingcentre

Responsible Business Report
www.oldmutual.com/reportingcentre

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How are we integrating responsible business throughout the Strategic Report?

This year, our Strategic Report does not have a standalone responsible business section. Our work on responsible business can be found throughout the report, from our KPIs to our Business Unit reviews. This reflects our Group Strategy, with responsible business the fourth pillar.

For more information

Online:  www.oldmutual.com

WELCOME TO OUR **STRATEGIC REPORT 2014**

Our story

Old Mutual began in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

Today, 170 years on, we build on this heritage of trust and accountability by meeting a broad range of our retail and commercial customers' financial services needs at each stage of their lives.

We take a long view, aiming ultimately to enable a positive future for all our stakeholders.

Our vision

To be our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals

Our mission

To enable a positive future for all our stakeholders: our customers, employees, communities, environment and shareholders

Our values

Accountability, Integrity, Respect, Pushing Beyond Boundaries

Our strategy

Creating enterprise value through growing in markets of greatest opportunity and where we have a strong competitive positioning, while becoming recognised as the financial services leader in responsible business

GROUP AT A GLANCE

Our Group operates in over 30 countries.

Group

Highlights

- Strong operating performance in all operations
- Successful product innovation and roll-out in South Africa and the UK
- IPO of OM Asset Management on the New York Stock Exchange, providing financial flexibility to grow
- Significant capital commitments in Africa and in the UK:
 - Ecobank Transnational Inc – 20% ownership for £305 million, providing banking access across 36 African countries
 - Old Mutual Finance – acquired further 25% stake for £63 million, a major distribution channel for the mass foundation market
 - Quilter Cheviot, a UK discretionary investment manager for up to £585 million.

Position

Leading investment, savings, insurance and banking group.

Financial highlights

	2014	+/-%
AOP (pre-tax and NCI)	£1,605m	–
(+16% in constant currency)		

FUM

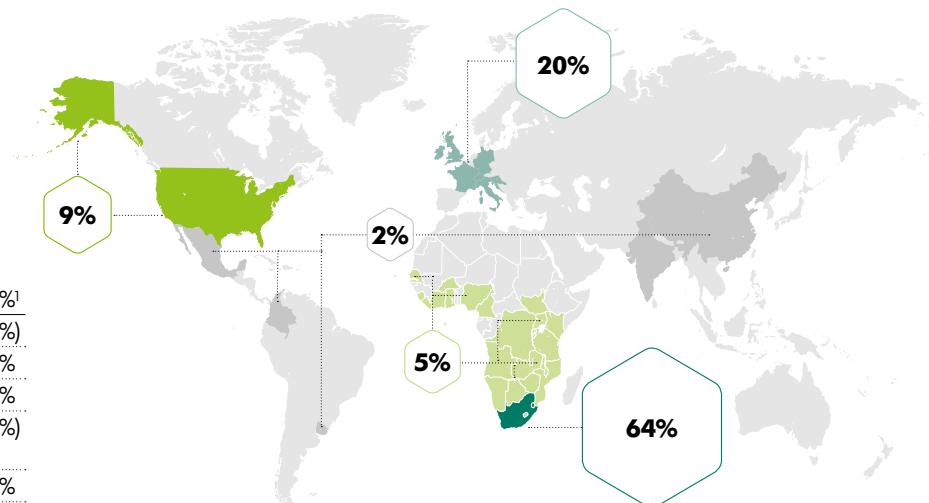
£319.4bn	+9%
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 www.oldmutual.com

Group AOP by geography

(post-tax and NCI)

	2014	+/-%
■ South Africa	628	(4%)
■ UK, Europe & cross-border	195	3%
■ United States	94	16%
■ Africa (excluding South Africa)	48	(14%)
■ Other markets	21	11%



Customer numbers



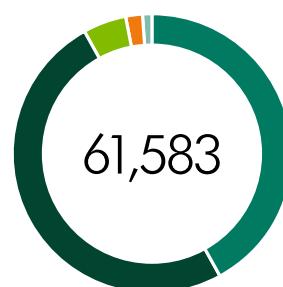
- Old Mutual Emerging Markets **55%**
- Nedbank **40%**
- Old Mutual Wealth **5%**
- Institutional Asset Management³

AOP by business unit (pre-tax and NCI)



- Old Mutual Emerging Markets **38%**
- Nedbank **48%**
- Old Mutual Wealth **14%**
- Institutional Asset Management **8%**
- Interest and central costs **(8%)**

Employees by business unit



- Old Mutual Emerging Markets **42%**
- Nedbank **50%**
- Old Mutual Wealth **5%**
- Institutional Asset Management **2%**
- Other **1%**

We operate under the following four business divisions.

Old Mutual Emerging Markets

We provide

Innovative long-term savings, protection, investment and lending solutions.

Position

No.1 in total life sales in South Africa

Financial highlights	2014	+/-%
AOP	£617m	+23%
FUM	£50.3bn	+8%

Highlights

- Grew the South African Wealth offering significantly, adding new products and services.
- Acquired majority share in Old Mutual Finance to accelerate distribution in core Mass Foundation market.
- Launch of 2-IN-ONE, a new savings product allowing clients to save for their long term goals while providing flexible access to funds.
- Winner of the Deloitte Best Company to Work for Survey in 2014 (large company category).

 www.oldmutual.co.za

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Nedbank

We provide

A wide range of wholesale and retail banking services and a growing insurance, asset management and wealth offering.

Position

2014 South African Bank of the Year (The Banker, a member of the FT Company)

Financial highlights	2014	+/-%
AOP	£770m	+14%
FUM	£12.6bn	+11%

Highlights

- Invested in Africa through acquisition of stake in Banco Único in Mozambique and the exercise of right to subscribe for 20% shareholding in Ecobank Transnational Inc, further strengthening our strategic alliance in Africa.
- Announced creation of an integrated corporate and investment bank to enable better client service and unlock additional revenue growth.
- Our early action to reduce our home and personal loan portfolios has resulted in significantly improved impairments in 2014.
- We have advanced R1.2 billion to affordable housing developments across South Africa and R113 million to enterprise development.

 www.nedbank.co.za

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Old Mutual Wealth

We provide

Integrated wealth management products, services and advice, combining asset management as well as saving and investment solutions to affluent and high net worth clients in the UK, Europe and selected international markets.

Position

2014 Global Group of the Year – Old Mutual Global Investors (Investment Week Fund Manager of the Year)

Financial highlights ⁴	2014	+/-%
AOP	£199m	+11%
FUM	£82.5bn	+12%

Highlights

- Accelerated strategy to build the UK's leading vertically-integrated retail investment business through the acquisition of Intrinsic, the UK's largest distribution network, and Quilter Cheviot, a strong discretionary investment management business.
- Strengthened Old Mutual Global Investors through the hire of UK equity, Asian equity, pan-European small company and fixed income absolute return asset management capabilities.
- Completed sale of non-core European businesses in Poland, Austria, Germany, Liechtenstein, France and Luxembourg.

 www.oldmutualwealth.co.uk

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Institutional Asset Management

We provide

A diverse range of investment strategies and products, operating as OM Asset Management in the United States, and delivered via a multi-boutique model to institutional investors around the world.

Position

Leading Institutional Asset Manager

Financial highlights	2014	+/-%
AOP	£131m	+24%
FUM	£174.0bn	+5%

Highlights

- Successful partial IPO of Old Mutual Asset Management in the United States.
- Strong sales into non-US equity and alternatives during the year, improving asset mix and margin.
- The Global Distribution initiative generated \$6 billion of assets (funded in 2014). Global Distribution is an important channel to generate future positive cash flows.

 www.omam.com

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¹ Reported currency movement against prior year

² Local currency movement against prior year

³ Institutional clients

⁴ Old Mutual Wealth financial highlights exclude European businesses sold during 2014

CHAIRMAN'S MESSAGE

TO SHAREHOLDERS



"I am pleased to report on the steady transformation of the Old Mutual Group. Our vision is to be our customers' most trusted partner in financial services, taking firm steps as a responsible business leader in each of our markets, while being clear in our strategic choices."

Patrick O'Sullivan
Chairman

Overview of the year

The Group delivered excellent underlying results despite volatile market conditions and further currency depreciation in our major market. We also made significant progress towards our strategic targets. Among the year's highlights were the launch of OM Asset Management plc, our US institutional asset manager, on the New York Stock Exchange and Nedbank's acquisition of a 20% stake in Ecobank Transnational Inc., with its wide footprint of businesses in Nigeria and other sub-Saharan African countries. Old Mutual Wealth acquired independent financial adviser group Intrinsic Financial Services and agreed the acquisition of UK wealth adviser Quilter Cheviot, and we disposed of several Skandia legacy businesses in continental Europe. These are all important steps towards our vision of securing strong, value-adding and differentiated positions in the chosen markets in which we have competitive advantage and the opportunity to thrive.

Our adjusted operating earnings per share were 17.9 pence, 3% lower than in 2013 – but up by 13% on a constant currency basis. In South Africa, the rand's average exchange rate against sterling fell by 18% over the year, reducing our reported earnings in sterling.

The strengthening of the Group balance sheet over the past few years provides us with an appropriate foundation on which to transition during 2015 to the Solvency II regime, effective from January 2016.

Elevating good governance

The Board embraces good governance as a driver of culture and outperformance in the long term. I welcome the focus that our businesses are placing on treating customers fairly, ethical values, strong capital and risk management. People in our businesses also appreciate this, as evidenced by our culture survey results and our 'top employer' ratings in many markets.

Board developments

The main Board changes during 2014 have been in executive roles: Ingrid Johnson succeeded Philip Broadley as Group Finance Director and Paul Hanratty joined as Chief Operating Officer. Reuel Khoza will be retiring as a non-executive director at our AGM in May 2015, and also stepping down as Chairman of Nedbank. We are very grateful for his contribution to the Board and to Nedbank over the past nine years. His understanding of our markets and his own

"As a responsible business with a view to the long term, we focus on areas where we can make a material impact and create meaningful change."

finely developed leadership ideas have been of great benefit to the Group. He will be replaced on the Old Mutual Board by Vassi Naidoo, his successor as Nedbank Chairman.

Diversity is one of our strengths, and we were pleased to be recognised recently for having one of the FTSE 100's most improved Board gender profiles, with female membership now at 38%.

Responsible business

We recognise that we have a responsibility and opportunity to give customers easier access to appropriate financial services products that deliver real value, financial security and peace of mind. As a responsible business with a view to the long term, we focus on areas where we can make a material impact and create meaningful change. In this way we deliver better service to our customers, support the communities in which we operate, and play an important role in helping to create a regenerative economic cycle. We need to upgrade our efforts in this area continually,

and I am delighted that Gail Klintworth has joined our senior executive management team as Group Customer Director. Her previous experience with Unilever will ensure that Old Mutual takes major strides with its social responsibilities in the years ahead. Our Responsible Business Report gives further details of our targets and progress in this area.

Conclusion

As shareholders will appreciate, the Old Mutual Group has been radically restructured over the past several years. When our recent acquisitions are integrated, it will be evident that we have created significant medium-term growth opportunities. Our challenge now is to deliver. As always, we are entirely dependent on our employees to win in the markets we serve. On behalf of my Board colleagues, I thank them for everything they do and look forward to delivering on our commitments.

Patrick O'Sullivan
Chairman



Gail Klintworth
Group Customer Director

We are clear about the role we play in society, and our responsibility to help drive positive change. Our purpose is to enable our customers to thrive by helping them achieve their lifetime financial goals, while we invest their funds to secure a positive future for them, their families, their communities and the world at large.

Old Mutual's focus on responsible business is nearly 170 years old. It is now being refreshed through many positive initiatives across our five pillars of being responsible to customers, employees, communities, the environment and in our investments. But we have more to do. We will be raising our ambitions, especially in making a difference through our unique contribution of enabling financial wellbeing and driving responsible investment. We look forward to partnering with our many stakeholders on this journey.

CHIEF EXECUTIVE'S REVIEW

This year has seen further progress in the transformation of Old Mutual.



"This has been a good year for Old Mutual with strong underlying financial performance, significant strategic developments and continued operational delivery."

Julian Roberts
Group Chief Executive

A strong financial performance

This has been a good year for Old Mutual with strong underlying financial performance, significant strategic developments and continued operational delivery. Net client cash flows (NCCF) for the Group, excluding our non-US affiliate, were £11.2 billion. Gross sales of £26.3 billion were up 11% in constant currency, with funds under management (FUM) up 6% to £319.4 billion also in constant currency. Profits grew strongly in the year up 16% in constant currency to £1.6 billion, flat in reported currency. Group return on equity (RoE) at 13.3% was within our target range of 12-15%.

Equity markets performed strongly in South Africa and the United States with the JSE All Share up 18% on average and the Russell 1000 Value up 16% on average in the year. Equity market performance was more muted in the UK, with the average level of the FTSE 100 up 3%. We saw a further weakening of the rand with the average rate declining by 18% against sterling in the period while the closing year-end rand exchange rate declined only 3%. This has had a negative impact on our sterling reported results.

In mixed macro-economic conditions

Macro-economic conditions in South Africa remained relatively weak with GDP growing by 1.5%, mainly due to labour disputes in the mining and manufacturing sectors. Power shortages are expected to continue in 2015

Group highlights

£11.2 bn

Net client cash flows (NCCF) for the Group excluding our non-US affiliate

£26.3 bn

Gross sales of £26.3 bn were up 11% in constant currency

16%+

Profits grew strongly in the year, up 16% in constant currency

13.3%

Group return on equity (RoE) at 13.3% was within our target range of 12-15%

with the consequence that GDP is forecasted to grow moderately by 2.1%. However, a prolonged period of low oil prices could benefit the South African consumer as a significant proportion of disposable income at the lower end of the socio-economic scale is spent on transport and food costs, both of which should reduce. Sub-Saharan Africa continued to experience strong growth of 4.8%, with growth predicted to increase marginally in the region to 4.9% in 2015.

In the UK, the economy grew by 2.6% in 2014, the fastest since 2007, and similar levels of growth are expected in 2015. Inflation fell during the year and unemployment continued to fall. The US experienced GDP growth of 2.4% which is forecast to accelerate to 3.6% in 2015.

Strategic overview

Strategic delivery in our chosen markets

This year has seen further progress in the transformation of Old Mutual. We have reshaped the business and in time this should lead to a different earnings profile for the Group. We have a simple, focused strategy based on growing in our chosen markets where we have significant competitive advantage: building an African financial services champion; building the leading retail investment business in the UK, and growing our multi-boutique asset management business in the US.

The final substantive part of our streamlining, simplification and de-risking programme, embarked on in 2010, was completed with the minority Initial Public Offering (IPO) of OM Asset Management (OMAM) on the New York Stock Exchange on 9 October 2014. We also disposed of a number of non-core European businesses in the year: the Skandia businesses in Austria, Germany, Poland and Liechtenstein, with France and Luxembourg sold on 2 February 2015.

We have invested in the Group via acquisitions and operational improvements to maintain and enhance our performance. Significant investments include: Quilter Cheviot for up to £585 million in February 2015, including £42 million in new equity, to provide Old Mutual Wealth with a high quality discretionary investment management capability, which was financed via the disposal of non-core European assets and from the proceeds of OMAM's IPO; in Africa, we announced our intention to acquire a majority stake in UAP Holdings (UAP), an East African insurance

business for £162 million; we purchased an additional 25% of Old Mutual Finance for £63 million; and Nedbank bought a 20% stake in Ecobank Transnational Incorporated (ETI) for £305 million. Operationally, we are investing in new platform technology in the UK which will transform our customers' experience, boost product capability and lower our cost base from 2017 onwards.

Our focus now is on integrating the acquisitions, delivering operational improvements and creating value from these investments. Following the completion of the UAP transaction in 2015, we will have deployed R3.6 billion of the R5 billion we identified to fund acquisitions. We are investing in Africa for the medium-to long-term and, while quality insurance assets in Africa have become increasingly scarce, we have maintained a disciplined approach to acquisitions, only deploying capital in line with our allocation criteria. Additionally, we ensure that any business we acquire has a strong cultural fit with Old Mutual.

We are building an African financial services champion

At the heart of our strategy to build an African financial services champion is our strong southern African franchise. We are making good progress in aligning Old Mutual, Nedbank and Mutual & Federal (M&F) to become the leading financial services group in southern Africa. We are seeing more cross-selling between our businesses, with, for example, our South African Retail Affluent and Mass Foundation businesses selling more iWYZE products. We have previously stated that we were targeting pre-tax AOP revenue, cost and capital synergies of R1 billion by the end of 2017 and we are making good progress having identified more than 50% of the synergies. We are making a significant investment in our technology in South Africa and the rest of Africa to improve the experience for customers and intermediaries, to provide simpler and more efficient back office processes, support growth in the rest of Africa and integrate platforms across our life, property & casualty and banking businesses. We have addressed areas which we needed improving: for example, new product launches have contributed to an increase in single premium sales in our Retail Affluent business by 29%; Old Mutual Investment Group (OMIG) continues to deliver good investment performance in our key equity funds, including Old Mutual Investors Fund and the Old Mutual Active Quant Fund, and is showing improving performance in our key multi asset class fund, the Old Mutual Balanced Fund; and at M&F

we are continuing to see the benefits of price remediation and claims savings initiatives proving particularly successful.

The regulatory environment in South Africa is expected to undergo significant transformation in the medium term as changes such as the proposed Retail Distribution Review (RDR), Solvency Assessment and Management, Pensions Reform, Treating Customers Fairly and Twin Peaks regulatory reform are implemented. We continue to engage constructively with the various regulatory authorities in this regard.

Our offering in East Africa, where we are looking to buy controlling stakes in financial services businesses with both retail and wholesale capabilities, was significantly strengthened when we agreed to buy a majority stake of 60.7% in UAP Holdings, subject to various regulatory approvals. UAP has a strong position in East and Central Africa and a product offering that is highly complementary to our existing businesses. It is a sizeable business and one that provides a platform for us to expand in the fast growing East African region. In Kenya, UAP has the third largest property & casualty (P&C) market share; the second largest health insurance business; a substantial property investment portfolio and a fast growing life assurance business, which, when combined with our existing Kenyan life business, will be the fourth largest in the country. It has well established and diverse distribution networks. In Uganda, it has the second largest P&C and health insurance businesses, and the third largest life business. It also has small P&C businesses in Rwanda, Tanzania and South Sudan, and an insurance brokerage in the Democratic Republic of Congo.

We expect the acquisition to complete in the first half of 2015, and following completion we will look to combine our Kenyan businesses to have one integrated financial services provider. Our focus initially will be on revenue generating initiatives. For example, we see excellent opportunities to offer P&C products utilising UAP expertise to Faulu's large retail client base, which is broadly similar to our Mass Foundation Cluster (MFC) in South Africa. In West Africa our life and P&C businesses have been growing organically and will look to grow further via partnerships and distribution deals. We have also rolled out new products in Nigeria, leveraging our South African expertise and tailored to local needs and culture, including a retail risk product and savings product. In Ghana, we launched a

CHIEF EXECUTIVE'S REVIEW

continued

"This year has seen further progress in the transformation of Old Mutual. We have reshaped the business and in time this should lead to a different earnings profile for the Group."

funeral policy in June and a credit life product sold via the Ecobank branches in July. We have also added a further 226 advisers in Ghana, bringing the total to 327.

Nedbank exercised its right to subscribe for a 20% stake in ETI for a sum of £305 million. The transaction strengthens the already strong strategic alliance between the two banks, which was established in 2008, to provide their respective clients a seamless one bank experience across 39 countries and comprising more than 2,000 branches. Nedbank has appointed a Director to the Board of ETI and a programme of collaboration has been put in place to realise synergies and drive cross-border collaboration between the two organisations.

Building the UK's best retail investment business

Two years ago, we made the decision to build a modern, capital-light, advice-led vertically-integrated business based on our core UK operation. We wanted leading customer offerings in each layer of the wealth management value chain: advice and distribution; platform wraps; wealth solutions; and asset management. We took this decision due to the fundamental shift in UK retail financial services.

Over the past several years, a number of factors have combined to cause a shift from traditional life assurance to a new more customer-focused, capital-light model. These include structural factors such as the introduction of significant new regulatory frameworks, for example Solvency II, RDR and, more recently, the liberalisation of the UK pensions regime. The introduction of quantitative easing and the resulting sustained period of low interest rates has been significant as the long-term liability for guarantee products has been harder to match, leading to these products disappearing and investment risk being pushed back on to customers.

These factors have had several consequences. New regulatory regimes have led to the development of capital-efficient products as old style products are proving too capital intensive. Pricing transparency has caused margin compression, and hence the need for businesses to participate in more of the value chain. Following the introduction of new rules on the provision of financial advice, the high street banks, historically providers of this service have largely taken the decision to exit and therefore financial adviser networks have become more popular – particularly given the significant changes in retirement provisions.

RDR is encouraging financial advisers to switch from independent to restricted advice, so the need for investment providers to have their own distribution network is becoming increasingly important. Additionally, financial advisers are focusing on providing financial planning and pensions advice and outsourcing investment management to discretionary investment managers.

Customer demands have also forced changes on the sector. Products need to be designed to meet specific outcomes that customers desire in their retirement – retirements that are becoming increasingly long as longevity increases. Customers now expect their financial services provider to be digitally accessible necessitating significant investment in IT overhauls.

These changes to the industry provide a compelling opportunity for businesses which have the right customer offering, which we believe must include advice given changing regulations and the complexity of the current landscape.

In asset management, we have scaled up Old Mutual Global Investors (OMGI) by hiring expertise in certain asset classes, with the consequence of FUM reaching £21.0 billion at the end of 2014, up from £12.6 billion when OMGI was created in August 2012. During the year we added capabilities in Asian Equities, Fixed Income Absolute Return and European Equities. We will continue to add capabilities selectively. Additionally, our purchase of Quilter Cheviot provides Old Mutual with a leading position in discretionary investment management, with 165 investment managers directly managing customers' money through a bespoke advisory service.

We have introduced a number of wealth solutions that can help our customers in the accumulation phase of their life, as well as in the decumulation phase. Managed portfolio services (MPS), which allow financial advisers to outsource the investment management function, are proving particularly popular. For example, WealthSelect, which provides financial advisers with access to the most comprehensive range of portfolio management solutions in the market, with a free to the client MPS, has attracted around £700 million of net new money in 2014.

We already have one of the leading wrap platforms with £30.8 billion of FUM and a wide selection of products available. Last year, we took the decision to transform our platform into one of the most flexible in the market, with

added functionality and product offering, through an outsourcing agreement with IFDS. The transformation will take time, cost and effort but is critical to the success of the business.

On 1 July 2014 we bought Intrinsic, one of the UK's largest financial adviser networks with over 3,000 advisers. The business is now integrated in the Old Mutual Wealth model and we are well placed to capitalise on the RDR-driven trend towards restricted advisers and financial planners. The UK Platform, personal protection products and elements of OMGI's fund range have been added to Intrinsic's product panel for its 930 restricted advisers, up from 699 at the end of 2013.

Quilter Cheviot also increases our distribution reach, through financial advisers, professional service firms and direct sales teams.

We believe that the liberalisation of the UK pensions market will result in an increase in the demand for advice as those approaching retirement explore their options. When the liberalised pension's regime comes into force from 6 April 2015, Old Mutual Wealth will be able to offer a full suite of flexible options.

Through our Collective Retirement Account (CRA) we already offer both capped and flexible drawdown as well as investment solutions for decumulation, and from April we will offer all CRA customers flexible access to their pensions savings.

We are pleased with the significant progress that Old Mutual Wealth is making in its transition to a vertically integrated business and we are seeing evidence that the model is working: more money is flowing into the Platform from our adviser network and more money is flowing from the Platform into OMGI. We have set a target for the existing Old Mutual Wealth businesses to achieve £270 million of AOP by the end of 2015, not including Quilter Cheviot, and we are confident that we will achieve this.

Continuing to grow and improve OM Asset Management

In 2010, we said that we were exploring a minority IPO of our US asset management business, with the timing determined by our progress against our goals of growth, improved margins and investment performance, as well as by the conditions of the equity markets.

OMAM has gone through a significant transformation since that period to ensure it met our criteria for listing. We brought in a new management team to oversee the transformation of the business. We took the decision to focus on long-term, institutionally driven, active asset management to generate alpha for our clients, and we disposed of those affiliates that were loss-making or did not generate the returns we expect. We decided to build a global distribution capability and in 2014, this team raised \$5.5 billion in total assets funded in OMAM affiliates, and non-US based clients now account for 20% of FUM.

On 9 October 2014, we announced the IPO of 22,000,000 OMAM shares at \$14 a share. The underwriters also exercised an overall allotment option on 2,231,375 OMAM shares. 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.

The purpose of the IPO was to enhance OMAM's financial and operating flexibility to deploy capital to continue to grow, develop further its multi-boutique asset management business and provide the Group with enhanced financial flexibility. We will remain a supportive shareholder in this process.

Business review

The following business commentary refers to the locally reported currency.

Old Mutual Emerging Markets

Old Mutual Emerging Markets had a very strong year with AOP up 23% to R11.0 billion. Gross sales were up 12% to R185 billion, although NCCF was down 14% to R21.3 billion due to a number of large institutional outflows. FUM was up 8% to R905 billion.

In South Africa, gross sales were up 14% driven primarily by product innovation. In our Retail Affluent business, Annual Premium Equivalent (APE) sales were 9% up on the previous year, as single premium sales saw growth of 29%, bolstered by strong XtraMAX sales. Regular premium sales were down 6% as the tough economic environment led to lower XtraMAX savings and Greenlight sales. However non-covered sales were up 16% due to higher unit trust sales and strong flows into Wealth. Old Mutual Wealth's growth continued with net inflows of R8.9 billion in the year.

APE sales in MFC were up 11% on the prior year, with a particularly strong performance in the second half, due to the very successful launch of the 2-IN-ONE savings product and improved adviser productivity. We launched 2-IN-ONE in August 2014 in response to the specific need of our customers to access a portion of their savings in a way that would not attract surrender charges, as well as being an affordable alternative to short term loans. Since launch, sales have totalled R630 million. The MFC business has continued to grow, with 255,000 net new customers added in 2014 and now has more than 2.8 million customers, with an adviser force of 4,142.

As a result of health care intervention in South Africa, we have seen a significant improvement in the life expectancy of people living with HIV. While this is an issue that affects the whole of society, we have taken the decision to release some of the reserves we had previously set aside due to mortality rates, and will be using a proportion of these provisions to increase the level of cover for our existing MFC customers. Additionally, given the improved mortality experience in South Africa, we will now be able to offer customers products which are more affordable and provide better value.

Gross sales in Corporate were up 46% to R36.8 billion, with profits up 7% to R1.3 billion. Corporate achieved strong recurring premium growth in the year up 105%, mainly due to strong Superfund and group assurance sales. Corporate has made excellent progress with transforming the administration business following the launch of the new Superfund umbrella.

OMIG delivered modest 2% profit growth, mainly due to increased completion fees following several successful deployments in the Alternatives Boutiques, although offset by lower OMSFIN profits. Low-margin institutional outflows from listed asset management boutiques led to an outflow of R4.6 billion against R5.7 billion of net inflows in the prior year.

CHIEF EXECUTIVE'S REVIEW

continued

Old Mutual Finance (OMF) grew loans by 20% over the prior year to R9.9 billion. Its collections ratio was 91.2% and together with loan growth led to credit loss ratios reducing to 12.4% from 14%. Sales through the OMF branch footprint now account for more than a quarter of MFC life APE sales.

P&C in South Africa continued to show progress in its turnaround with an underwriting margin of 0.9%, against (5.6)% last year, and an underwriting profit of R81 million compared to an underwriting loss of R469 million following price remediation and improved claims management. Gross written premium of R10.8 billion, up 2%, reflects the active management of the quality of the book, albeit at a cost in terms of market share. The claims ratio of 69.5% is significantly better than the prior year of 76.3%. We are exploring direct insurance opportunities that the recent acquisition in Kenya presents. In this regard we have entered into an agreement with three industry experts to consider the strategic direction, innovation and centres of excellence that would be necessary to facilitate the successful implementation of this initiative.

Profits in Rest of Africa were up 5% as we invested in distribution, IT, brand building and improved our governance infrastructure. On a like-for-like basis, APE sales were up 17% on the previous year as a result of increased adviser numbers in Kenya and the inclusion of Ghana for the first time. Non-covered sales were up 16% due to strong unit trust flows in Zimbabwe and large sales to the National Social Security Fund in Kenya.

Asia and Latin America profits grew by 39% due to a strong performance by Colombia, improved results in China, significant growth in AIVA and favourable exchange rate movements.

Nedbank

Nedbank produced a strong set of results, with headline earnings up 14% to R9.9 billion, driven by good net interest income growth and a lower credit loss ratio, despite strengthening central provisioning and increasing coverage levels. Net interest income (NII) grew by 8% due to an increase in average interest-earning banking assets. Non-interest revenue (NIR) was up 5%, with an improved second half performance. Impairments were down 19% and the credit loss ratio continued to improve with all clusters now within or below their target levels.

The combined clusters have developed competitive client value propositions and strong market positioning as reflected in headline earnings growth of 19.3% and an increased ROE of 19.7% (2013: 18.7%) against a higher average total capital allocated at R51.4 billion (2013: R45.5 billion).

Nedbank Capital grew headline earnings by 23.3%, with this strong performance driven by good NII growth and improvements in impairments. Lower NIR growth reflects the high 2013 base in trading income related to renewable-energy transactions. Pre-provisioning operating profit growth was 12.0%. Headline earnings growth of 15.8% in Nedbank Corporate was underpinned by strong NII and NIR growth. The increase in NII was supported by commercial mortgage and corporate lending activities and endowment benefits. The growth in NIR was from core transactional income and private-equity investments. Low levels of impairments continue to reflect good risk management across the portfolio.

Nedbank Business Banking's strong increase of 17.8% in headline earnings and improving ROE follow the normalisation of impairments from a large single-client default in 2013 and solid NII growth from increased product volumes and higher endowment earnings. Lower NIR reflects the impact of maintaining transactional fees at 2013 levels as well as the proactive reduction of transactional banking fees in alignment with market practices. Pre-provisioning operating profit was up 5.8%. Headline earnings in Nedbank Retail grew 15.7% and benefited from an improvement in impairments in personal loans and home loans. NIR was influenced by the strategic decision to slow down personal loans and maintain transactional fees at 2013 levels. Consequently, pre-provisioning operating profit decreased by 4.1%.

Nedbank Wealth's headline earnings growth of 15.8% was off a high 2013 base. This was largely due to record earnings growth in Wealth Management and continued momentum in Asset Management, partially offset by relatively slower growth from Insurance. The performance in Insurance resulted from lower levels of sales of traditional insurance products, including homeowner's cover and personal-loan-related insurance products. The Rest of Africa Division, previously included in the Centre, reported earnings of R357 million (2013: R173 million), showing strong growth, including associate

income from ETI as estimated by Nedbank on a prudent basis effective from the fourth quarter, as ETI reports later than Nedbank. The division also reported stronger performance from all five of its regional subsidiaries.

Old Mutual Wealth

Old Mutual Wealth produced a good performance with profits up 5% to £227 million, from £217 million in 2013, with strong performance from OMGI and the UK Platform offset by the reduction in AOP from the divested European businesses and lower profits in our International business.

Excluding the divested European businesses, profits were up 11%. Gross sales were up 11% on the prior year at £16.0 billion, with NCCF of £3.7 billion 61% higher than 2013, which led to an increase in FUM to £82.5 billion.

In the UK, NCCF at OMGI of £2.5 billion was significantly higher than in the prior year (2013: £0.7 billion) with strong performance across most funds. The Global Equity Absolute Return fund was our top selling fund with net flows of £1.4 billion, and the UK Alpha fund attracted more than £0.8 billion of net flows. Our adviser network Intrinsic contributed £179 million of NCCF from July through to December via Cirilium. OMGI's FUM at the end of the year was £21.0 billion, up 31%, including £2.0 billion of FUM from Cirilium. Gross flows into OMGI from the UK Platform were £1.8 billion in the year (2013: £0.8 billion), OMGI now manages 12% of the FUM on the Platform, up from 8.5% in 2013. OMGI's success was recognised at the 2014 Investment Week Fund Manager of the Year Awards where it was awarded Global Group of the Year.

The UK Platform saw gross sales of £5.1 billion (2013: £4.7 billion) although NCCF was lower than the prior year at £2.0 billion due to increased re-registrations and one IFA moving £153 million to their own discretionary fund management solution. FUM on the Platform now stands at £30.8 billion, up 13% since the start of the year, which, along with flat costs led to an operating profit of £19 million (2013: £13 million).

Platform sales through Intrinsic restricted advisers totalled £178 million, with £68 million of NCCF. Sales are on an upward trend, with £43 million in December against an average of £27 million per month in the period since acquisition. This represented 10% of Platform sales in December, with more than 50% going into the CRA.

International's profits were disappointing at £37 million, down 24% on the previous year, due to foreign exchange movements restricting profits and other one-off costs. Gross sales were £1.8 billion, 4% lower than the prior year, with sales in the UK and South Africa higher than in the previous year but with lower sales in all other regions. All regions, except the UK, contributed to positive NCCF of £0.3 billion and FUM of £15.6 billion.

The transaction to acquire Quilter Cheviot completed on 25 February 2015 and we can now start progressing with the integration of the business into Old Mutual Wealth. Quilter Cheviot performed in line with our expectations, with NCCF of £1.1 billion leading to FUM of £16.7 billion.

We also completed the rebrand from Skandia to Old Mutual Wealth in September 2014. The initial response to the rebrand has been highly promising with consumer awareness of Old Mutual Wealth at 30% and at 98% amongst the financial adviser network.

Institutional Asset Management

OMAM

OMAM had a very good year with profits up 32% to \$211 million (2013: \$160 million) due to increases in management fees and some performance fees. AOP margin increased to 40% before affiliate key employee distributions. NCCF was very strong at \$9.5 billion, with gross inflows of \$32.0 billion driven by global equities, emerging markets equities, international equities, US dividend focus equities, US mid cap value equities and real estate assets.

Our Global Distribution initiative performed well, raising \$5.5 billion in total assets funded in OMAM affiliates, as we continue to expand our non-US client base, which currently account for 20% of FUM.

Non-US affiliate

Underperformance in 2013 and some senior personnel turnover resulted in net outflows during the year of £6.3 billion. FUM now stands at £32.3 billion. Investment performance in 2014 has improved meaningfully relative to 2013, with 81% of portfolios beating their benchmarks on an asset weighted basis compared to 26% in 2013. The longer term track records also remain strong across the product line for three year, five year and longer periods. The business has now completed a re-organisation to provide stable management and investment teams going forward and future succession. It is confident that it now has the right platform, products and performance going forward, although a risk remains for further outflows due to the delayed impact of the legacy issues on certain client mandates.

For more information on our businesses, see

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○ A focus on financial wellbeing and responsible investment

We have committed a strategic priority to be recognised as a leader in responsible business in each of the markets in which we operate, and we have appointed Gail Klintworth as Group Customer Director to run this process. We have many excellent examples of our progress as a responsible business, across the five pillars of being responsible to our customers, communities, employees, the environment and in our investments, built on a strong foundation of ethics and good governance. We are now seeking to raise our ambition in the two areas where we believe we can have the most significant impact: financial wellbeing and responsible investing and we will be working with our partners, including the Cambridge Institute for Sustainability Leadership, to drive impactful action through each of our business units.

CHIEF EXECUTIVE'S REVIEW

continued

"Our focus now is on integrating the acquisitions, delivering operational improvements and creating value from these investments."

Black economic empowerment

Old Mutual, through Old Mutual South Africa (OMSA) and M&F, announced its Broad-Based Black Economic Empowerment (BBBEE) transaction in 2005. This was aligned with and implemented in collaboration with Nedbank (see announcement by Nedbank on 23 February 2015). All the resultant schemes had the objective of creating sustainable value and mutual benefits for the business and a broad base of diverse partners and beneficiaries, including strategic Black Business Partners (BBPs), clients and community interest groups affiliated with Old Mutual. The schemes were also expanded to include employees at all levels within Old Mutual.

The OMSA BBBEE (except for employee schemes) transaction unwinds on 1 May 2015, with the various schemes settling any remaining debt due to Old Mutual under the BBBEE transaction. It is envisaged that the remaining Old Mutual plc shares in the employee schemes will continue to be used to attract and retain talented Black management into Old Mutual, while the dividends received on the remaining Old Mutual plc shares in the client and community schemes will continue to be distributed to beneficiaries. The BBPs will take delivery of the remaining Old Mutual plc shares in their schemes after 1 May 2015.

Discussions are ongoing between Old Mutual, Nedbank and the BBPs on areas for future collaboration.

Further details will be communicated post expiry of the Old Mutual BBBEE transaction.

Dividend

The Board has considered the position in respect of the final dividend for 2014 and is recommending the payment of a final dividend for 2014 of 6.25p per Ordinary Share (or its equivalent in other applicable currencies). Based on this recommendation the full-year Ordinary dividend would be 8.7p, a 7% increase on the prior year. No scrip dividend alternative will be available in relation to this dividend.

The Board reaffirms its policy of intending to pursue a progressive dividend policy consistent with our strategy, having regard to overall capital requirements, liquidity and profitability, and targeting a dividend cover in the range of 2.0 to 2.25 times AOP earnings in future. Interim dividends will routinely be set at 30% of the prior year's full ordinary dividend.

Board changes

We were pleased to welcome Ingrid Johnson and Paul Hanratty to the Board as Executive Directors. Ingrid Johnson was appointed Group Finance Director on 1 July 2014, succeeding Philip Broadley who stepped down from the Board on 31 August 2014. Paul Hanratty was appointed Chief Operating Officer and joined the Board on 1 July 2014. We are also pleased to announce that on 1 May 2015 Vassi Naidoo will join our Board as a non-executive director as well as the boards of our banking subsidiaries, Nedbank Group Limited and Nedbank Limited, as their prospective new Chairman. He will succeed Dr Reuel Khoza who has now served nearly nine years on the Old Mutual Board and will not be seeking re-election at this year's Annual General Meeting.

Outlook

In our main market of South Africa, economic conditions are likely to remain challenging in the short term particularly as the continuing power shortages are expected to constrain growth. However, a prolonged period of low oil prices will keep inflation down which is positive for the consumer. Our businesses in South Africa are in good shape and we are confident about their resilience in 2015, despite these headwinds.

In the UK, we are well positioned to benefit from investment from customers looking to take advantage of the new pension withdrawal rules that come into effect in April. We expect demand for advice to increase as a consequence of these changes.

In the US, our focus will remain on pursuing growth initiatives, including further penetration of non-US markets and through partnerships with scale asset management boutiques and building its business following the successful IPO.

We have invested significantly in our chosen markets to grow profits over the long term while maintaining appropriate levels of capital and leverage. Our focus for 2015 is on integrating the acquisitions, delivering operational improvements and creating value from these investments.

OUR VISION, MISSION, STRATEGY AND VALUES

Our vision

To be our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals

Our mission

To enable a positive future for all our stakeholders: our customers, employees, communities, environment and shareholders

Key long-term trends influencing our strategy

- Digitalisation, mobile technology and increasing transparency are transforming wholesale and retail markets across banking, investment, life and P&C products
- In emerging markets, rapidly rising numbers of entrepreneurs and aspiring middle market consumers are stimulating an increased need for financial services products
- In developed markets, demographics and regulatory reform are driving growth in retirement demand with individuals needing to take more responsibility for retirement savings
- Global and local impact of youth unemployment, social inequality and environmental challenges are contributing to increasing volatility
- Mass urbanisation and rapidly expanding mega cities are posing significant infrastructure challenges, but also concentration opportunities for financial services providers.

Our strategy

Creating enterprise value by growing in markets of greatest opportunity and where we have a strong competitive positioning, while becoming recognised as the financial services leader in responsible business

Our strategic priorities in our chosen markets



In Africa

Build a financial services champion

In Southern Africa, through continued organic growth and collaboration in broad financial services markets

In the Rest of Africa, by creating leadership positions in wholesale and retail financial services through inorganic and organic expansion and by building value in delivering financial services via key long-term partnerships



In the UK

Build the leading retail investment business

By vertically integrating advice, platforms, wealth solutions and asset management and offering these best-in-class wealth solutions in our markets beyond the UK



In the US

Grow our multi-boutique institutional asset management business

Through organic growth, inorganic opportunities and expanding distribution



Across our markets

Become recognised as the financial services leader in responsible business

By increasing our impact in enabling financial wellbeing and responsible investment

Our values

Accountability, Integrity, Respect, Pushing Beyond Boundaries

IN AFRICA

Build a financial services champion.



Our positioning in Africa

We have a strong foundation in South Africa, operate in eight of the 15 Southern African Development Community (SADC) countries, have a 170-year heritage and a trusted brand, and are recognised as a leader in community development. We have deep management capability, capital available for expansion and established expertise in serving and growing developing markets. Our strong positioning in southern Africa makes an ideal base for expansion into sub-Saharan Africa's growth markets – notably Kenya, Ghana and Nigeria – and for building an African financial services champion.

Building a financial services champion

In South Africa, we will maintain our leading positions and continue to grow our investment, savings, insurance and banking businesses – while delivering collaboration synergies among our businesses, particularly in South Africa. The robust growth in the mass and middle-income retail markets will continue to support strong growth in our insurance and banking businesses.

In the Rest of Africa, we will expand through acquisition and through partnerships as well as by organic growth and investment in new technologies.

In East Africa and SADC, we intend to expand the number of countries in which we offer banking services: Nedbank's recent acquisition of a 36% stake in Banco Único in Mozambique, and our recent acquisition of micro-lender Faulu in Kenya are a start to this

programme. The majority stake we have agreed to secure in the flagship Kenyan insurer, UAP, combined with the existing Old Mutual businesses in Kenya, gives us the scale and product breadth to capitalise on the significant insurance growth expected in the region, particularly considering current low penetration rates. The UAP acquisition accelerates our entry in markets such as Uganda, Tanzania and Democratic Republic of Congo.

In West & Central Africa we will grow banking through our partnership with Ecobank. This relationship was cemented by Nedbank's 2014 acquisition of a 20% stake in the business. Ecobank has the largest banking network across Africa, comprising more than 2,000 branches, providing a highly attractive platform for selling our insurance and P&C products. In Ghana and Nigeria, we will grow our insurance businesses through bancassurance and our own distribution, while exploring opportunities in other countries.

Africa

Projected population 2016 **1.2bn**

Projected mobile phone penetration 2016 **~79%**

Our African footprint



Becoming the number one insurance business

By 2020 we aim to be the number one or two business in our established and core growth markets in Africa, achieving an ROE within the range of 20-25%.

Recent banking and insurance acquisitions

36%

stake in Banco Único in Mozambique, with a pathway to control

20%

stake in Ecobank

60.7%

intended stake in UAP



Steady product expansion

For our insurance business, we have set aside R5 billion for expansion in Africa and so far committed R3.6 billion. In the next three years our priorities for insurance are to maintain leadership in our well-established SADC markets (South Africa, Namibia, Botswana, Zimbabwe, Malawi and Swaziland), deepen the bancassurance relationship with Ecobank and build significant scale in our core growth markets – Ghana, Nigeria and Kenya – both organically and inorganically. A key element in this is our recently announced intention to increase our stake in UAP to 60.7% for US\$253 million. This acquisition positions us within the top four life insurers and top three general and health insurers in Kenya overall. It also establishes our presence in four additional East and Central African countries including Uganda, Tanzania, Rwanda and Democratic Republic of Congo.

We see particular opportunities to write specialty business in P&C insurance on a pan-African basis and are currently

developing plans to pursue this. In our current markets there are opportunities for cross-selling across the Group as well as opportunities to leverage our relationships with intermediaries and corporates to follow our South African corporate clients as they expand their African operations.

For banking expansion in Africa, we are following a two-pronged strategy over the next three to five years to give our customers access to a wide sub-Saharan banking capability.

Firstly, in West and Central Africa, we will deepen the Ecobank alliance, exporting capabilities and increasing collaboration in priority countries across our own and Ecobank's footprint. We will also explore further strategic alliances to access key economic corridors in Africa.

Secondly, in the SADC and East Africa regions, we will expand our existing banking footprint of wholly-owned or controlled banking businesses beyond the current five countries that we operate in through selective opportunities.

From little things bigger things can grow

If a business is too small to interest a mainstream lender, how can it raise the funding it needs to grow? That's the challenge Faulu, our Kenyan microfinance business, exists to overcome. Carolyne Chelegat, a typical customer, is a market trader selling peanuts. Faulu gave her six weeks' business training, then a series of affordable micro-loans. These enabled her to increase her stocks and buy machines to make peanut flour – and now, peanut butter.

Customers love the new products and business is good, enabling her to provide for her family and her community.

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Faulu adviser: Agnes Wambugu (left)

Customer: Carolyne Chelegat, Business woman (right)

"Faulu has really boosted my business. Now I'm self-reliant."

Carolyne Chelegat, Kenya



In South Africa

Grow, improve and align our investment, savings, insurance and banking businesses.

Positioned for growth

In South Africa one of our major opportunities remains the continued rapid growth in the retail mass market, which we will access leveraging both Old Mutual's longstanding leading position in this market and Nedbank's progressive digital capabilities. In addition, Nedbank and OMSA will both be driving growth in the affluent market segments to increase their combined domestic market share.

Earnings in South Africa (2014)



- Life & savings 31%
- Banking & lending 59%
- Property & casualty 2%
- Asset management 8%

Sustained performance and growth

In South Africa we will continue to drive organic growth and collaboration in broad financial services. Despite challenging market conditions, our insurance and banking businesses in South Africa are performing well and delivering strong earnings growth. The businesses are well positioned in their market segments and have robust strategies for delivering value to shareholders, while also creating long-term value for all our stakeholders.

Our insurance businesses aim to continue growing in the fast-expanding foundation, mass and middle-income markets, developing their leading wealth management proposition for the affluent market, growing public-sector distribution and using our corporate client bases to acquire new retail customers.

In addition, our domestic P&C business, Mutual & Federal, will continue its business transformation, most notably improving claims efficiency and reducing operating expenses, improving underwriting in personal lines and offering its products to the extensive South African client bases of the wider Group.

Our banking businesses will grow their transactional banking franchise across all customer segments, drive growth through client-centred innovation, optimise, simplify and rationalise their operations to improve efficiency, manage their loan book and client base to maximise economic profit, and increase collaboration with other Group operations.

Accelerated momentum in collaboration

Our businesses are making good progress towards delivering their additional R1 billion pre-tax target of identified collaboration opportunities: a portion of senior managers' long-term incentive rewards in all three businesses is linked to delivery of this. In line with the requirements of the new Twin Peaks regulations, we also plan to establish a new governance structure during 2015 for our South African businesses, which will further support collaboration.

Leading in technology

A win-win for our customers

Nedbank's leading digital and mobile technologies are a competitive advantage enabling more customer-centric and cost-effective ways to serve customers within South Africa, but also in key growth markets elsewhere in Africa, where digital access to financial services is becoming an increasingly popular channel. According to the 2014 findings of the Savings & Investment Monitor ~56% of Kenyan consumers and ~51% of

Nigerian consumers would consider buying a financial product online, compared to South Africa where 20% of consumers would make a financial services purchase on the internet, depending on the type of product.

In other emerging markets

Continue to build our franchises and partnerships.

Building on sound foundations

Latin America

In our Latin American businesses we have historically focused on products without a life insurance wrapper – pensions, unit trusts and institutional asset management solutions. Going forward, we see good prospects for life insurance, as per-capita GDP steadily improves.

In Colombia we are the second largest provider of voluntary pensions, with 60 years' experience and a market share of 30%. We will continue to build our Colombian wealth and asset management capabilities.

In Mexico, we are one of the main players in managing defined contribution pensions. We will expand our onshore distribution through our Uruguay-based business, AIVA, which gives us strong distribution of offshore wealth products in many countries across the region. We are also leveraging AIVA's franchises to distribute onshore life and savings products in Mexico. We continue to expand our retail mass business in Mexico cautiously, applying our South African experience in this market.

Asia

In Asia, we operate with joint venture partners in both India and China, where we have life insurance licences for protection, savings and investment across various customer segments. We are also seeking institutional investment mandates.

In China, Old Mutual Guodian Life Insurance, our 50:50 partnership with the respected state-owned Guodian Group, is improving its performance with new forms of distribution and access, including telesales and online. We continue to explore the best strategic options for our joint venture to expand distribution, improve profitability and use our capital more efficiently.

In India, we continue to build our 26:74 joint venture with Kotak Mahindra Bank, which has developed into a sustainably profitable operation.

While recent regulation of India's insurance distribution has slowed sales growth, the business has adapted well and is competitively poised for growth. We welcome proposed regulatory changes that will allow greater flexibility around the ownership structure of our joint venture.



Expanded banking footprint in India

At the end of 2014, Kotak announced plans to merge with ING Vysya to create a pan-India banking network with 1,214 branches. The two banks offer a widened geographic footprint across which we hope to extend our life insurance operations.



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Enabling financial wellbeing in Colombia

As part of our Latin American rebranding from Skandia to Old Mutual, we distributed over 10,000 financial planning games and 2,500 financial education guides, with the aim to improve financial wellbeing across Colombia. These games were designed to be played by families together, and were sent to employees, retail customers and advisers.

Focusing on life events and the financial challenges that can come with these, the game aims to provide a light-hearted way to explain the importance of savings, investment and protection at different life stages.

IN THE UK

Build the leading retail investment business.



Integrating our newly acquired capabilities.

Transforming Old Mutual Wealth

Our strategy is to build the UK's leading vertically-integrated retail investment business with advice, investment platforms, wealth solutions and asset management propositions that are each outstanding in their fields and which, when combined as an integrated proposition, deliver superior outcomes for customers and shareholders alike. We are doing this by combining the existing capabilities of Old Mutual Wealth and Old Mutual Global Investors with the recently-acquired advice capabilities of Intrinsic and the leading discretionary investment management skills of Quilter Cheviot.

In line with our strategy, we have transformed our Wealth earnings profile by selling non-core European assets in Poland, Germany, Austria, France, Luxembourg and Liechtenstein for a combined £245m during 2014, and by reinvesting the proceeds in Intrinsic and Quilter Cheviot. We are focusing our business on key UK and International cross-border markets, upgrading our technology platform and building our vertically-integrated model.

Specifically, the strategic priorities for the next three years are: building an integrated business with a unifying culture and a trusted brand; becoming recognised as a leading responsible business; transforming our platforms; building an outstanding asset management capability; broadening our proposition and diversifying distribution.

Integration across all four elements of the value chain



Key acquisitions

A full set of building blocks

Acquiring Intrinsic, one of the UK's largest distribution networks with more than 3,000 financial advisers, has enabled us to capitalise on the Retail Distribution Review-driven shift to restricted advice.

We have strengthened our capabilities in Old Mutual Global Investors by hiring UK equity, Asian equity, pan-European small company and fixed income absolute return asset management capabilities. We also acquired Cirilium as part of the Intrinsic transaction.

We acquired Quilter Cheviot to provide us with a discretionary investment management capability, which has completed the full set of building blocks for an integrated wealth management business.

Increasing in-house flows

We aim to increase in-house flows significantly between these businesses



Positioned to win

Our retail investment business in the UK is growing rapidly, we are particularly well positioned following recent regulatory changes and pension reforms and we remain on track to deliver the £270m profit goal from our existing businesses in 2015.

IN THE US

Grow our multi-boutique institutional asset management business.



Further developing our US asset management business.

2014 IPO enables strong growth

Our Old Mutual Asset Management business (OMAM) serves institutional investors worldwide. It offers a diverse range of actively managed strategies and products through seven core affiliates. This multi-boutique model combines the investment talent, entrepreneurialism, focus and creativity of leading asset management boutiques with the expertise and capital of a larger firm. This allows our affiliates to focus on delivering superior investment performance, innovative offerings, and excellent client service.

OMAM has a four-part growth strategy: delivering core affiliate growth through strong investment performance and positive net client cash flows; investing in collaborative organic growth of existing affiliates through product

diversification; expanding global distribution to drive new flows; and establishing new affiliate partnerships through merger and acquisition activity.

The successful partial IPO of OMAM in October 2014 enhances OMAM's financial and operating flexibility to deploy capital to continue to grow and to further develop its multi-boutique asset management business. It also provides the Group with enhanced financial flexibility.

Old Mutual will continue to be a supportive shareholder of OMAM, recognising that its current 78% shareholding in OMAM may be further diluted as a result of OMAM's strategy of growth by acquisition.

We will continue to support the fixed income specialist boutique, Rogge, which was excluded from the IPO, as it completes its management transition and the transformation of its business.

Our Institutional Asset Management business

Our Institutional Asset Management business (IAM) consists of OMAM, which completed its IPO on the NYSE in 2014, and Rogge, a UK-based fixed income manager. The IPO of OMAM was an important strategic action for Old Mutual as it unlocks value for the Group.

Benefits of a shared centre

Affiliates of OMAM benefit from a powerful global distribution model offering potential for substantially increased net client cash flows. It gives affiliates access to marketplaces that they would find difficult to reach on their own.

Improving wildlife

Campbell Global, an OMAM affiliate, has partnered with the US Fish and Wildlife Service and Texas Parks and Wildlife Department to enhance 1,500 acres of pine forests and associated habitat. The project is part of a plan to improve wildlife habitat and conserve forests across Texas, including partnerships with The Longleaf Alliance, The Nature Conservancy and the National Wild

Turkey Federation. Campbell Global is also working with partners on the West Coast of the US on environmental enhancement projects, including landscape restoration with the Redwood Forest Foundation.

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ACROSS OUR MARKETS

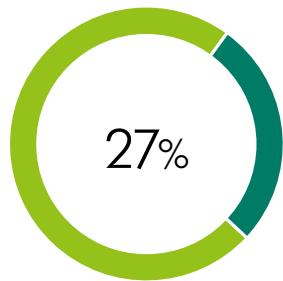
Become recognised as the financial services leader in responsible business.



Lead in responsible business across all our markets.

Gender diversity

Executive composition



Board composition



Building on our values

Since our inception 170 years ago, our reason for existing has been to help our customers achieve their lifetime financial goals, whilst investing their funds in ways to enable a positive future for all our stakeholders: our customers, employees, communities, environment and shareholders. We do this by operating a responsible and sustainable business and re-investing the funds we accumulate into the development of local economies. By serving our retail customers, financing and funding enterprise of all sizes, private and public, providing capital and facilities and paying due tax we enable economies to create long-term prosperity, and so create a virtuous circle that uplifts our communities, now and for generations to come.

Our long-standing values of accountability, integrity, respect, and pushing beyond boundaries guide how we do business every day and are woven into our culture.

Accountability is in our DNA

Over the past years accountability has consistently featured in our annual culture survey results as our leadership's top personal value, top current value and most desired organisational value.

Culture survey results

Accountability ranking	Personal value	Current values	Desired values
Old Mutual Leadership Group	#1	#1	#1

This sense of accountability is the foundation from which we aim to become recognised as the financial services leader in responsible business.

Leading in responsible business

In South Africa, we have a history of being recognised as a leader in community development and responsible business and we aim to be known this way across all our markets. Our approach to achieving this is two-fold, firstly through ensuring good governance across our Group to safeguard us and our stakeholders, and secondly through making a positive difference to society by acting responsibly to our customers, employees, communities, environment and in our investments.

With regards to being responsible to our employees, we have significantly improved gender diversity to 38% at Board and 27% at Executive level.

In being responsible to our communities, we adhere to human rights requirements, as far as directly applicable to the way we run our businesses, and go beyond these by proactively developing our communities.

Going forward, our ambition is to make a significant difference in each of our markets, focusing our efforts in the areas where we can have most impact: enabling financial wellbeing and driving responsible investment.



Creating new homes for Harare

The well-performing Housing Fund, started in 2011, aims to create 15,000 low-cost housing units in five years. Its first initiative is the Budiriro Housing Project, launched by a three-way agreement between the City of Harare, Old Mutual and its wholly-owned banking subsidiary, CABS.

This \$62 million project shows how the private sector can partner with local and central government to address some of society's most basic needs. We focused on housing for people on low incomes as they are the worst affected by Zimbabwe's huge housebuilding backlog. The first batch of houses were handed over in September 2014.

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Our approach to leading in responsible business

Ensuring good governance by

- Always treating customers fairly
- Adhering to strong ethical values and by leveraging the power of diversity
- Ensuring strong capital and risk management capabilities.

1

Making a positive difference to society through our five pillars of responsible business

2



Responsible to our customers

- Investment and Savings Monitors
- Smartmax, 2in1, iWyze, MyFinancial Fitness, OnTheMoney, TCF
- Numerous Trust awards



Responsible investment

- Ideas Managed Fund – **R5.8bn**
- FutureGrowth – **R6bn**
- 15 Equatorial Principle Deals – **\$965m**
- Targeted Infrastructure – **R18bn since 2009**
- Nedbank Green Bond
- Old Mutual Agricultural Investment Fund – target **\$500m**



Responsible to our employees

- Top Employer Status
- Strong diversity and BEE scores



Responsible to our communities

- South Africa Schools Investment fund
- Masizizane youth SME loans
- Strong employee volunteering



Responsible environmental management

- CO₂ targets for Employees/Property
- Nedbank Green Affinity Banking

Increasing our impact through a focus on

3

Enabling the financial wellbeing of our customers

We define financial wellbeing as:

Being and feeling financially secure, able to provide for yourself and your family, now and in the future.

At Old Mutual we focus on enabling financial wellbeing through improving access to financial services and financial education.

Driving responsible investment in each of our markets

We define responsible investment as:

A cross cutting approach to investment that integrates the consideration of material environmental, social and governance factors into investment and ownership practices.

DELIVERING ON OUR STRATEGY

We have made significant progress in 2014 and for the period 2015-2017 will continue to deliver on our key strategic priorities.

Priorities for 2014

1 In South Africa

Align OMSA, Nedbank and Mutual & Federal to become the leading and most trusted financial services group

Progress during 2014

- Good progress towards delivering the target of R1 billion of pre-tax synergies through identified collaboration opportunities

- Nedbank progressed tilting of its portfolio, avoided credit losses through pro-active management of lending activity and took a leadership position in renewable energy loans
- OMEM increased its 50% ownership with the purchase of a further 25% of Old Mutual Finance, launched and rolled out its Wealth proportion to the higher affluent part of the market and its 2-IN-ONE product for the mass foundation market, reinvigorated its retail affluent product suite and moved pension customers under more cost-effective corporate umbrella funds. It reorganised its asset management business, Old Mutual Investment Group (OMIG) improved its investment performance, and successfully integrated Mutual & Federal's P&C business into OMEM.

2 In Africa

Build an African financial services champion, while continuing to grow in other emerging markets

- Nedbank acquired an initial 36% stake in Banco Único in Mozambique, with a pathway to control

- Nedbank acquired 20% stake in Ecobank with Board representation
- OMEM announced its intended acquisition of 60.7% stake in UAP and completed integration of the Life and Property & Casualty businesses of Oceanic in Nigeria, Provident Life Assurance in Ghana and Faulu Microfinance Bank Limited in Kenya
- OMEM increased distribution through Bancassurance partnerships such as Ecobank in Ghana and Nigeria, through additional modern channels such as mobile phones in Kenya, is in the process of building a tied distribution capability in Nigeria and launched extensive brand-building campaigns in Kenya and Nigeria.

3 Old Mutual Wealth

Transform to build the best retail investment business in the UK

- Acquired Intrinsic to capitalise on RDR-driven shift to restricted advice

- Acquired Quilter Cheviot for £585m to capture flows into discretionary investment

- Management and to add core capability
- Strengthened asset management skills to increase own share of assets under management, building UK equity, Asian equity, pan-European small company and fixed income absolute return product capabilities, and acquired Cirilium as part of Intrinsic transaction

- Transformed earnings profile by selling non-core European assets of Poland, Germany, Austria, France, Luxembourg and Liechtenstein for a combined £245m

- Continued to build IT capability

- Successfully completed the rebrand of all Skandia businesses to Old Mutual Wealth and Old Mutual International.

4 US Asset Management

Continue to improve and grow our multi-boutique asset management business

- Successful IPO of OMAM on NYSE

- Successful international distribution platform for affiliates

- Achieved solid margins relative to peers and strong levels of net new money flows across core affiliates

- Continued active prospecting for new affiliate partnerships

- Collaborated with OMIG in the Middle East and with Nedbank in Africa

- Continued to attract, develop and retain key talent.

5 Responsible business

In each of our markets, become the recognised financial services leader in responsible business

- Appointed Group Customer Director & Responsible Business Lead at Group Exco level

- Reviewed responsible business activities across the Group to agree key focus areas and metrics for Old Mutual leading as a responsible business

- Signed Partnering Against Corruption Initiative (PACI) anti-corruption pledge

- Strategic partnership established with the Cambridge Institute for Sustainability Leadership

- Improved leadership gender diversity (38% Board, 27% Executive female representation).

Priorities for 2015-2017



In Africa

Build a financial services champion



In the UK

Build the leading retail investment business



In the US

Grow our multi-boutique institutional asset management business



Across our markets

Become recognised as the financial services leader in responsible business

Key management actions for 2015-2017

In South Africa

- Increase collaboration – progress towards synergy target of R1bn
- Grow Mass Foundation, Middle Income and Wealth Insurance markets, and improve profitability in Corporate
- Deliver consistent investment performance at OMIG
- Continue M&F transformation to restore profitability and market share
- Grow transactional banking franchise; drive client-centred innovation; optimise, simplify and rationalise the business; and tilt the portfolio to maximise economic profit.

In the Rest of Africa

- Increase collaboration across insurance, banking and asset management businesses.
- Insurance activities: integrate UAP and Old Mutual Kenya to create leading Kenyan business; build on entry positions in other markets in East Africa; build existing businesses in West Africa and explore inorganic opportunities to build scale in these markets; and build towards target of 10 million customers in the Rest of Africa by 2020
- Banking activities: deepen the Ecobank alliance, incorporate Banco Único into one bank operating model, and target two to three acquisitions in priority countries in SADC and East Africa.

In other Emerging Markets

- Continue to invest and grow selectively in Latin America and Asia
- Expand franchises in Colombia and Mexico
- Continue to build joint venture with Kotak Mahindra in India
- Continue to partner with Guodian Group in China.

- Build one integrated business with a unifying culture and a trusted parent brand
- Successfully transform platform administration through delivery of IT project
- Build an outstanding asset management capability to drive increasing internal share of assets under management
- Expand product proposition, particularly for at-retirement products
- Diversify distribution through digital, Quilter Cheviot and Intrinsic
- Continue to deliver operational efficiency.

- Generate core affiliate growth through strong investment performance and positive net client cash flows
- Invest in collaborative organic growth of existing affiliates
- Increase global distribution flows and prospecting for affiliates
- Establish new affiliate partnerships
- Continue to deliver operational efficiency.

- Integrate being a responsible business into the core strategies of each of our businesses
- Focus on enabling financial wellbeing and responsible investing in every market, and set appropriate targets.

BUSINESS MODEL

Our responsible approach to business generates value for all our stakeholders.

We are focused on becoming our **customers'** most trusted partner...

Customers' needs

We focus on our customers' long-term needs. Customers need to protect themselves and their families against critical life events and to provide for future education, healthcare and retirement needs, particularly against a backdrop of reduced government and employer capacity to provide these services.

Customer relationships

Our brand's strong reputation reflects our experience in the markets in which we operate, strong customer and adviser relationships and our focus on gathering feedback. This feedback allows us to improve our products and services and design new products to better meet the needs of our customers.

17.5m

Customers across our markets

Sales direct/
intermediaries/
digital

Payments claims
and interest

Highlights

+59%

Increase in customers in Rest of Africa

£4.9bn

Net client cash flow



Our customers and our markets are influenced by several key **trends**:

Fast expanding foundation and mass segments leading to middle-income market growth in South Africa

Strong growth opportunities on the African continent, where financial services penetration is low

Changing regulatory environment driving product innovation and vertical integration

Focus on **responsible business**, particularly financial wellbeing and responsible investment

...by providing a range of **products** that help them to achieve their lifetime financial goals.

Investments and savings

We provide appropriate and tax-efficient investment products that help our customers accumulate assets to safeguard their futures.

Fees (funds under management x margin)

£319bn

Funds under management

£10.8bn

Risk reserves

£36.2bn

Deposits

Insurance

Our protection business provides life assurance and general insurance products that offer financial security against single or multiple risks including death, disability and property & casualty risks.

Underwriting income and investment gains (premiums and investment income – claims)



Banking

Our banking services include retail and wholesale lending, deposit taking, transactional banking and savings/ current accounts.

Interest (average banking assets x net interest margin)

We use our **expertise and innovation** to meet the needs of our customers...

Skills and expertise

We are committed to developing our employees' skills and expertise. We actively foster customer-centric culture that allows us to better meet our customers' needs.

Financial strength

We have strong capital cover in our core businesses and at Group level. Our financial strength gives customers confidence to save, invest and protect themselves with us.

£1,605m¹
Adjusted operating profit

Highlights

£1.0bn
Cash held

£2.0bn
Capital strength
(EU Financial Groups Directive)



...enabling us to generate **value** for all our stakeholders.

Relationships

We deliver value in its wider sense. Our operations generate employment, investment and tax revenues around the world. We support the communities in which we operate and work with partners to build skills and jobs. We actively engage with governments and regulators to help shape the future operating environment.

Reinvestment into our business

- In Africa acquire and partner to grow life, P&C, asset management and banking operations
- In the UK integrate our platform, advice, wealth management solutions and asset management businesses
- In the US grow our multi-boutique asset management business.

13.3%
Return on equity

Highlights

£411m
Returns to shareholders

£78m²
Returns to bondholders

£1,309m³
Taxes to governments



Reinvestment
into our business for future growth £845m⁴

Employee development
and reward over £1,860m

Investment
in our communities of £17m⁵



- Pre-tax and NCI
- Interest repaid on our debt during period
- Taxes paid and collected
- Includes capital investment and new business strain on covered business
- Donations made through our foundations and other community investment projects (excludes employee donations through workplace fundraising)

OUR MARKETS

An overview of the dynamics driving our key markets: retail and wholesale in sub-Saharan Africa, UK retail investment, and US wholesale institutional investment.

Key long-term trends impacting our strategy

- Digitalisation, mobile technology and increasing transparency are transforming wholesale and retail markets across banking, investment, life and P&C products
- In emerging markets, rapidly rising numbers of entrepreneurs and aspiring middle market consumers are stimulating an increased need for financial services products
- In developed markets, demographics and regulatory reform are driving growth in retirement demand with individuals needing to take more responsibility for retirement savings
- Global and local impact of youth unemployment, social inequality and environmental challenges are contributing to increasing volatility
- Mass urbanisation and rapidly expanding mega cities are posing significant infrastructure challenges, but also concentration opportunities for financial services providers.

Our business and strategy reflect demographic and regulatory trends in our largest markets. Populations are growing in all our markets – and mostly, living longer. However, age distribution varies significantly, so we match our products and distribution to local demand dynamics.

Living standards and expectations have also risen. In the more developed markets people will spend longer in retirement, so need higher pension savings to fund their desired standard of living and healthcare. In emerging markets, economic empowerment and urbanisation are driving demand for a broad range of flexible protection, savings and investment products.

Dramatic increases in entrepreneurial activity and trade liberalisation are taking place within and between our emerging markets. This is stimulating international interest in participating in these markets. As a consequence we expect a rapid rise in demand for wholesale financial services and products.

Regulation and digitisation present both threats and opportunities for us. Generally, regulation drives more transparent product pricing, with more explicit consideration of what products and services deliver for customers. Technology is providing new and cheaper ways to access and transmit money and information to service both wholesale and retail customers, and to increase financial inclusion. Existing sources of economic profit pools are challenged by these developments, but by reorganising and reprogramming business models and structures we can develop new sources of profitable growth and access to new and emerging markets. Changes in our business models will now be continuous and radical and our Group's interactions with stakeholders will also need to adapt.

Overall, we can see all these themes as opportunities – as long as we are dynamic and agile while maintaining control over our risks. We are well positioned in our markets, continue to offer and develop the products that customers need, and are building effective distribution channels.

Africa

In a global economic context, Africa is currently modest, but in natural resources and opportunities, it offers great potential.

Emerging economies have outstripped developed economies' GDP growth for some years. GDP per capita in both South and sub-Saharan Africa more than doubled between 2003 and 2013, and annual GDP

growth in sub-Saharan Africa exceeded 4% in seven of those 10 years². The IMF has forecast that sub-Saharan Africa's GDP will reach US\$2.3 trillion by 2020. We aim to attract a proportion of that discretionary income into savings. Our work on financial wellbeing and literacy in the region supports the development of this new market.

As emerging markets develop, average incomes rise and demand for financial services evolves from simple funding and transactional products to more sophisticated protection and savings. Our strategy is to shape our offering to fit the wider macro marketplace and improve access to our products and services. However, current GDP levels trail those of Europe, the US and developed Asian markets and the proportion of GDP spent on financial services is relatively low.

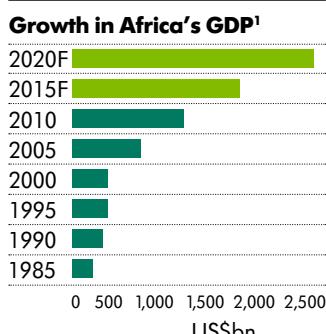
Like Asia, Africa is becoming increasingly urbanised. McKinsey has forecast that by 2020 more than half of African households will have discretionary income, up from 85 million households to almost 130 million. Our African operations are generally based in countries where urban populations have high or fast-growing per-capita incomes.

Across the continent, large groups of younger consumers are reaching working age. This should drive growing demand for financial services and rising GDP per capita. The shift has been evident in South Africa for some time, profoundly changing both consumption patterns and service delivery to retail consumers. Given more stable regulatory and economic conditions and improved infrastructure, large numbers of enduring commercial enterprises are emerging – driving demand for local and cross-border financial services.

Africa's considerable natural resources are mostly untapped, including some 60% of the world's uncultivated arable land. The US Geological Survey estimates that Africa will expand its production of 15 important metals by 78% between 2010 and 2017. The application of technology should accelerate sustainable social and economic development, giving Africa the opportunity to realise its full potential by improving efficiency, enabling citizens, and creating jobs and opportunities.

² World Bank Development indicators

Sub-Saharan Africa's GDP to reach US\$2.3 trillion by 2020



Source: IMF Regional Economic Outlook 2012

¹ Includes South Africa

South Africa

At present South Africa faces continued relatively slow growth, fiscal and current account deficits, electricity constraints and socio-political challenges. Economic growth was weak in 2014, but in 2015 to 2017 is set to improve to between 2.5% and 3.0%. Unemployment averaged over 25% between 2000 and 2014. Real incomes at the lowest levels of society have benefited from increased social grants and above-inflation public sector wage growth, but there is still significant disparity between upper and lower income levels.

These effects, coupled with high debts and servicing costs, continue to put pressure on consumers' disposable incomes – squeezing their savings rates, ability to service their debt, and propensity to buy and retain insurance and other financial services products.

¹ South African National Budget

However, South African corporations generally remain well capitalised, with low gearing and loan demand. Credit servicing ratios are strong and credit losses are at historically low levels.

The healthy corporate sector contrasts with stretched government finances and personal income inequality, indicating long-term structural issues. These are being addressed through the National Development Plan. Major infrastructure projects now in progress are aimed at boosting economic growth.

The rand fell significantly against international benchmarks in 2013, stabilising in late 2014. This reflected the relatively weak economic outlook – and also, in the US, moves to reduce monetary stimulus and raise domestic interest rates, which reduced appetite for emerging market currencies. The rand is deeply liquid, so generally reacts ahead of other emerging market currencies. This has amplified inflation in the South African economy, but falls in imported fuel costs reduced the pressure in early 2015.

⌚ Saving for the future

The 2-IN-ONE savings plan allows customers to save for their long-term goals (like paying for their children's education) while having the flexibility to access some of the funds in the short term if they need it.

The need for this product was reinforced by the findings from the latest Old Mutual Savings and Investment Monitor, which indicated that consumers are experiencing immense financial pressure and that their savings have become a lot more short-term focused.

This is exactly where the 2-IN-ONE savings plan comes into its own.

 www.oldmutual.com/rb-inpractice

Senior adviser: Liziwe Zondi (left)

Customer: Benjamin Peter Nyanyatsi (right)

"The plan allows me to access money should I need it, without tapping into or penalising my long-term savings."

Sherry-Ann Abrahams, South Africa



OUR MARKETS

continued

"For 2015, it is about execution. Good execution of the integration of the businesses we have bought. Good execution to carry on improving and growing our UK business. I think we are very well positioned in the markets that we are in."

Julian Roberts
Group Chief Executive

Asia

Asian growth remains strong relative to the rest of the world but has slowed in absolute terms, mainly as Chinese reported growth has eased.

Government financial conditions are generally sound, with low levels of international debt.

In the major economies of India and China, consumer power is beginning to shift the regulatory and economic trends towards retail products and services. Greater freedom of expression, spurred by technological developments, is also driving more scrutiny of industry activity and its long-term environmental impacts.

Financial services provision continues to be dominated by banks, with insurance companies often using distribution agreements. Regional asset management markets are increasingly important, creating collective savings pools, and regulation is supporting this.

Asian cultures still tend to support self-provision for health care, education and retirement. While financial services penetration is rising, large populations bases such as those in Indonesia remain under-serviced.

Latin America

Latin American economic activity declined in 2014, largely due to falling raw material prices and financial strain from high government debt. Brazil is by far the region's largest economy, accounting for nearly half the continent's GDP. But per-capita GDP is similar in several other countries, and 30% higher in Chile and Uruguay – so the opportunities for financial services extend well beyond Brazil.

While bank distribution is important in most countries, technological developments such as mobile phones offer alternative channels.

In most cases, market share is highly concentrated among the top five players.

Product sets are broad in asset management and life assurance, with pensions, mutual funds as well as traditional life protection being offered. Banking products include term deposits, saving accounts and varied forms of retail and corporate loans.

10,000 clicks to make a soccer field

We like to help people achieve their goals

– sometimes quite literally. In Cazucá, one of the most deprived parts of Colombia's capital, Bogotá, many children lack basic schooling and easily fall prey to drugs and gang culture. Local charity Tiempo de Juego (Game Time) offers sports coaching as a healthier alternative. In support, we offered to build them a soccer field – if the community backed us by giving us 10,000 clicks on a specially created website. The story went viral, we easily passed our 10,000-clicks goal, many locals became volunteer helpers – and the kids got their soccer field.



www.oldmutual.com/rb-inpractice

UK

The UK is now recovering strongly from a significant loss of economic output after the global financial crisis. Government finances remain heavily stretched, following the largely government-funded recapitalisation of the banking sector and a significant fall in tax revenues.

Equity and debt markets have recovered from their lows but have not shown significant long-term growth over 2009 levels.

The UK has undergone considerable reforms of both the wholesale and retail financial services sectors. These have covered both conduct of business and regulation of capital levels required in the industry.

The investable asset pool in the UK is some £4.4 trillion, of which about £3.3 trillion is relevant for the life and wealth industry. This is expected to reach around £5 trillion by 2020.

Significant changes announced in pensions regulation are likely to boost demand for asset management and drawdown products for the decumulation stage of retirement provision.

Demographic developments are adding to the growth in demand for retirement income as large numbers of people reach the immediate pre- and post-retirement phases of their lives. Low interest rates, constrained by government economic policy, have cut the incomes of many relying on annuity pensions or interest on savings. This is increasing the attraction and development of new savings products – for example there is strong interest in the potential returns offered by equity income and higher-yielding assets.

US

Despite heightened volatility in public securities markets, US equities markets continued to recover in 2014 – the S&P 500 rose 11% – contributing to overall growth in US corporate profits.

Non-US developed and emerging markets were challenged: the MSCI EAFE index declined 7% over the year and the MSCI Emerging Markets index declined 5%.

Key factors were the US Federal Reserve's tapering of quantitative easing (QE) and currency weakness resulting from the strength of the US dollar.

Strong equity performance and continued low interest rates impacted bond markets as investors shifted asset allocations in favour of equities. Non-US developed markets may face further challenges in 2015 if US interest rates rise as QE tapering ends.

Generating superior investment returns

OMAM's unique aligned partnership model provides the stability and foundation for strong affiliate growth as it offers affiliates key economic incentives such as equity ownership and profit sharing, along with operational autonomy, within a partnership structure that promotes and supports affiliate growth. OMAM shareholders and affiliate employees' economic interests are aligned to support long-term profit.

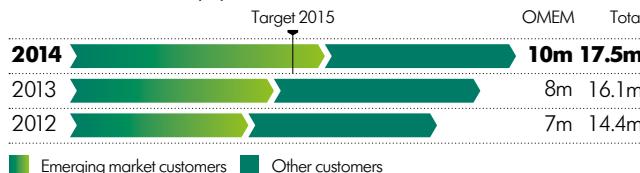
KEY PERFORMANCE INDICATORS (KPIs)

Financial and non-financial KPIs that we use to monitor the performance of our business.

Non-financial KPIs

Our customers

Customer numbers (m)



Description

Customer numbers are an indication of the scale of our business. A growth indicates that we have an attractive proposition for new customers, and are meeting the needs of our existing customers.

Net promoter score (NPS)*

	NPS*
OMEM	52%
Nedbank	75%
Old Mutual Wealth	32.8%

*NPS is a measure of customer advocacy – it is not measured for IAM

Responsible investment

Investment capabilities applying our RI Standard



Description

This figure shows the percentage of business units that have reported full compliance to the application of the Group Responsible Investment (RI) Standard through our bi-annual Letter of Representation. Our RI Standard drives the integration of ESG factors into our business.

Target

Our target is 100% integration of ESG factors into our investment decisions by 2017.

70%

of proxy votes cast in listed equity investments

Our employees

Cultural entropy (%)



Description

Cultural entropy measures the amount of negative or limiting values that exist within an organisation which results in unproductive work (the lower the score the healthier the culture).

Target

We aim to have cultural entropy of between 9 and 13% across all our business units, which we define as a healthy working culture.

75.2%

of our employees recommend Old Mutual as a place to work

Environmental management

Carbon emissions (tonnes of CO₂e)

	Base		Target
	2010	2014	2020
Per employee in our employee occupied properties	4.17	3.60	3.336
Per m ² in our property portfolio	0.21	0.20	0.168

Description

Our carbon emissions cover our Scope 1 and 2 emissions in our employee-occupied locations and Old Mutual investment property. Scope 1 are direct emissions from sources that are owned or controlled by the Group. Scope 2 emissions are indirect emissions resulting from the use of power (such as electricity) purchased by the Group.

Target

Based on our 2010 figures, we aim to reduce our carbon emissions by 20% by 2020 in both our employee-occupied sites and investment property portfolio.

Our Group carbon intensity for 2014 was 1.7 tonnes CO₂e/£m FUM (2013: 3.0).

Our communities

Community investment (% of pre-tax AOP)



Description

The value of Old Mutual's community investment made through our Foundations and other community projects (excluding employee donations through workplace fundraising and in-kind donations).

Target

Our target is to donate 1% of our pre-tax AOP to charitable organisations.

18%

of our employees volunteer during working hours

Governance

Inclusion in indices related to operating as a responsible business

	Base	Target		
	2012	2013	2014	2015
FTSE4Good	Yes	Yes	Yes	Yes
JSE SRI Index	Yes	Yes	Yes	Yes

Description

We invest time and effort to put in place appropriate processes, policies and governance structures to ensure we meet and aim to exceed internationally recognised responsible business practices.

Target

Our target is to maintain our listing on the FTSE4Good and JSE SRI Index.

Financial KPIs

Adjusted Operating Earnings per Share (p)

Performance



Relevance

Adjusted Operating Earnings per Share (EPS) is an indicator of our profitability that measures how much we earn for the average number of ordinary shares in issue during the period. The trend in the movement of EPS demonstrates our rate of growth.

Performance against targets

Sustainable growth in earnings per share through continued revenue growth and operational efficiency.
Long-term incentive (LTI): 5% to 10% compound annual growth between 2015-2017 (17.5% weighting for sterling profit growth and 17.5% weighting for rand profit growth).

Return on Equity (%)

Performance



Relevance

Return on Equity is an indicator of our profitability and capital efficiency in using the resources provided by our shareholders.

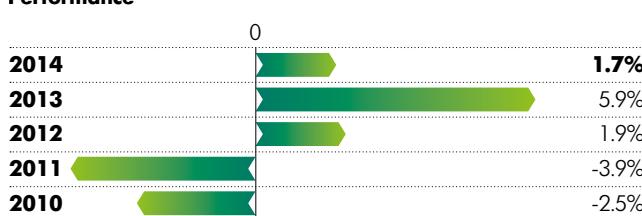
Performance against targets

We will continue to drive profitability throughout our businesses and make the best possible use of the capital invested.

Long-term incentive (LTI): 12% to 15% Return on Equity (35% weighting).

Net client cash flow/opening funds under management (%)

Performance



Relevance

Net client cash flow/opening funds under management measures our success in attracting new business and retaining existing customers, and provides a good indication of investor confidence in our ability to manage their funds effectively.

Performance against targets

Grow funds under management through positive net cash flows (cash inflows e.g. premiums, deposits and investments greater than cash outflows e.g. paying out claims, annuities and redemptions).

Capital strength (£bn)

Performance



Relevance

Capital strength measured under the EU Financial Groups Directive.

Performance against targets

Retain regulatory capital at its current level, whilst complying with local statutory requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has remained resilient and the risk management focus is now on execution given a number of recent strategic changes.

Our principal risks have been determined by assessing the possible effects on our reputation, our stakeholders, our earnings, capital and liquidity, and the future sustainability of our business. They are summarised in the table below. These risks are largely strategic in nature. They are closely monitored and overseen by Group management and are reported to the Board on a regular basis.

During the year the Group underwent a number of strategic changes. The pace and scale of these changes mean that strategic

execution risk is now our key principal risk. As in previous years, economic conditions in South Africa, the changing location of credit risk across the Group and the level of currency translation risk remain principal risks impacting Old Mutual. The risk of changing customer needs and regulatory change remains important for Old Mutual and its peers.

Our business is also affected by a number of risks inherent to the products we offer, such as exposure to market levels, interest rates and insurance liability risk. These drive a significant

proportion of our capital requirements and earnings volatility exposure. Given the nature of our product offering, market risk is material, as we are exposed to the impact of market movements on asset-based fees – which are generated from client-selected investments. More information on our risk and capital management and risk profile is contained in the 'Risk and capital management' section of the full annual report and accounts. Additional risk information is disclosed in the consolidated financial statements, note E, in the full annual report and accounts.

1. Strategic execution risk and pace of change across the Old Mutual Group

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
<p>Currently, and for the foreseeable future, there is a high degree of execution risk associated with the pace and scale of change across the Group. Most notably:</p> <ul style="list-style-type: none">■ Nedbank and Old Mutual Emerging Markets are simultaneously expanding into key African growth markets. At the same time they are increasing collaboration across the South African investment, savings, insurance and banking businesses. In addition, significant investment is planned in updating and enhancing technology within these businesses■ Old Mutual Wealth is focusing on the integration of recent acquisitions, growing its asset management capability and implementing its outsourcing of technology and administration to IFDS■ OM Asset Management plans to expand and grow a multi-boutique asset management business through acquisitions of additional affiliates■ Across the Group we aim to become recognised as the financial services leader in responsible business across our markets. This will require operational, performance and management changes throughout the business.	<p>As part of delivering our growth strategy, we announced and completed various acquisitions and partnerships in 2014.</p> <p>Old Mutual Emerging Markets acquired stakes in a number of businesses across Africa during 2014. Work will continue on integrating these businesses. Acquisitions are planned to continue, with the intended acquisition of the majority holding in UAP expected to complete during 2015.</p> <p>In 2014 Nedbank finalised the acquisition of a 36% shareholding in Banco Único in Mozambique and exercised its option to take a 20% share in Ecobank. Further strategic partnerships and acquisitions will be pursued.</p> <p>The Old Mutual Wealth strategy seeks to transform the business into a simpler, vertically integrated business with updated IT systems. While the level of operational risk in Old Mutual Wealth is within risk appetite, it remains high in the short-term, reflecting the execution of the outsourcing arrangement with IFDS and the acquisitions of Intrinsic and Quilter Cheviot.</p> <p>The partial IPO of the OM Asset Management business was completed in 2014. OM Asset Management set out its growth agenda in the IPO. It will identify and seize opportunities as they arise, in line with the key risks outlined at the time of its listing. The additional litigation and regulatory risks introduced by listing are managed through our ongoing risk management processes.</p>	<p>Strong governance structures exist, combining Group executives, local executive leadership and non-executive directors with the requisite blend of skills and experience to challenge key strategic initiatives effectively.</p> <p>Within the business units, oversight committees exist at both executive and Board levels to oversee strategic IT and outsourcing projects.</p> <p>For key projects across the Group, there is centralised oversight at Group level over and above the business unit oversight.</p> <p>The impact of these changes on the risk profile of the business is managed dynamically through Group risk governance and monitoring processes.</p> <p>We mitigate the increased operational risk by maintaining our focus on the control environment and prompt escalation.</p>

2. Uncertain economic conditions in South Africa

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
A significant portion of our earnings comes from our South African businesses.	The global economic outlook remains uncertain. The South African economy is integrated in the global economy but is also impacted by domestic factors.	We monitor multiple external economic factors and incorporate them into stress and scenario testing to understand our earnings and capital resilience to severe macro-economic events.
In our insurance and investment businesses, our earnings are at risk if our customers are unable to keep up premiums, cancel existing policies or withdraw their savings earlier than anticipated. Additionally, our future profits will be at risk if customers do not buy insurance policies from us or invest their savings with us at the levels we anticipate.	During 2014 South Africa's economic growth forecasts were revised downwards after protracted labour disputes and power shortages. These also prompted a sovereign credit downgrade by rating agencies.	We offer solutions to help clients in tougher times, and focus on understanding individual customers' financial positions at the point of sale. For example, the 2-IN-ONE savings product for the mass foundation market launched in 2014. See the case study in the 'Our markets' section on page 27.
Low interest rates may also negatively impact endowment income in our banking businesses.	If sovereign credit was further downgraded, the impact on the Group's business outside South Africa would be limited. Within South Africa the impact would be reflected in consequential changes in underlying economic and market-related factors, such as the level of interest rates, foreign exchange rates and international capital flows.	Our businesses manage premium collections and credit payments, while monitoring for early indicators of financial distress.
All our businesses are exposed to increased expense growth from high levels of inflation.	Subdued global demand and persistent infrastructure constraints are expected to limit growth in the South African economy. This will continue to weigh on household disposable income in the medium term. However, a prolonged period of low oil prices, leading to lower transport and food costs, could help support disposable income and spending.	We manage our cost base judiciously, while investing sustainably for the future.
A weak economic environment impacts credit risk in our investment, insurance and banking businesses. (Credit risk is discussed further below.)		The Group's plan to grow the sources of earnings outside South Africa, in the medium-term, is expected to diversify its exposure to this risk.
We have exposure to South African sovereign debt and parastatals, but only within the South African businesses, in line with market and regulatory expectations.		

3. Credit risk and location of credit risk across the Group (continued overleaf)

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
One of our largest risks to Group earnings is our exposure to banking credit risk from lending and other financing activities through our ownership of Nedbank, and to a lesser extent our exposure within Old Mutual Emerging Markets. Credit risk exposure within Old Mutual Emerging Markets is growing as a proportion of this division's own risk exposure.	Credit risk across the Group increased during 2014 due to the acquisition of Faulu and an increase in Old Mutual Emerging Markets' stake in Old Mutual Finance from 50% to 75%. Although Nedbank's 20% ownership of Ecobank is accounted for as an equity share, this indirectly increases our credit risk.	We monitor credit loss ratios on an ongoing basis and they are broadly within target range. In addition, we review the quality of credit portfolios to ensure credit impairment provisions are adequate.
Despite tight controls and processes, banking profits remain sensitive to relatively small movements in credit loss ratios.	Our credit risk remains within appetite. However, the high levels of personal indebtedness and pressure on consumers in South Africa remain a challenge, as do other macro-economic factors outside our control, such as commodity prices.	For unsecured lending, Nedbank and Old Mutual Finance continue to focus on quality of business through regular adjustment of affordability and credit scorecards and risk-based product metrics (loan term, size and interest rates), based on changing market conditions.
Our exposure to Nedbank is primarily risk to earnings, as Nedbank's capital and liquidity requirements are both met from its own available resources.	Our lending credit exposure is concentrated in secured lending through Nedbank.	Stress testing is carried out at both Nedbank and Old Mutual Emerging Markets to understand exposure to credit events. Our portfolio tilt strategy in our banking loan exposures is designed to provide more robust long term returns with lower volatility for deteriorating credit experience.

PRINCIPAL RISKS AND UNCERTAINTIES

continued

3. Credit risk and location of credit risk across the Group continued

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
<p>Within Old Mutual Emerging Markets, banking credit risk is expected to increase due to planned growth. Banking credit risk arises in:</p> <ul style="list-style-type: none"> ■ Our unsecured lending business, Old Mutual Finance ■ Faulu, a Kenyan consumer finance business acquired in 2014 ■ A building society in Zimbabwe known as CABS. <p>Investment credit risk arises in:</p> <ul style="list-style-type: none"> ■ Old Mutual Specialised Finance ■ The South African life business, predominantly through the management of assets backing annuity products. <p>There is also credit risk exposure within Mutual & Federal through holdings in the credit guarantee insurer, CGIC.</p> <p>Credit risk outside Nedbank and Old Mutual Emerging Markets is relatively limited.</p>	<p>Unsecured lending exposure is small in comparison to the total lending book. Within Old Mutual Finance we have experienced controlled growth in unsecured lending from a low base, applying stringent affordability requirements and strict credit criteria. Within Nedbank, unsecured lending growth is expected to remain slow.</p> <p>We are planning to further grow our lending businesses in Faulu, CABS, Old Mutual Finance and Old Mutual Specialised Finance, and this will be underpinned by strong credit risk management together with risk oversight and governance.</p>	<p>Large concentrations are monitored at Group level. These relate primarily to investment credit, as there is little concentration or aggregation of individual credit exposures outside Nedbank and Old Mutual Emerging Markets.</p>

4. Currency translation risk and location of capital

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
<p>At Group level our earnings, dividend and regulatory surplus capital are expressed in sterling but the majority of the Group's earnings and its surplus capital are denominated in South African rand.</p> <p>The translation of our rand earnings will be affected by movements in exchange rates.</p> <p>From a capital perspective, our capital is held where our risks are located and the risk would only be realised if we were to require a transfer of surplus capital between regions during periods of stress.</p> <p>Our philosophy is to maintain strongly capitalised subsidiaries reflecting local regulatory capital requirements. Our principal balance sheet businesses in South Africa (including their own subsidiaries) are appropriately capitalised for the international standards of Basel III and expected Solvency II equivalent regimes.</p>	<p>In 2014, the rand depreciated from R17.43 to R18.00 against the pound, following a 27% depreciation during 2013. This reflects the relative weakness of South Africa's economic outlook and also, in part, a reduction in US appetite for emerging market currencies.</p> <p>We see macro-economic factors that point to possible further rand weakness in the medium term. These include the current account deficit and the possibility of capital outflows from South Africa as some external investors may sell their holdings of South African government bonds should global interest rates rise.</p> <p>We are preparing to comply with Solvency II and SAM regulatory requirements, which will be effective from January 2016. The rules have yet to be finalised. We expect greater clarity to emerge during 2015.</p>	<p>We hold our capital resources (including the Group's issued debt) to meet capital requirements in matched currencies and service interest on debt with matching earnings.</p> <p>The balance of cash flows earned in rand and other currencies is closely monitored and the dividend policy, through its link to earnings, in part addresses this risk.</p> <p>We use forward currency contracts to hedge expected rand cash flows needed to make dividend payments in sterling.</p> <p>Regular stress and scenario testing supports understanding and monitoring of the resilience of the Group's capital and capacity to pay dividends in the event of significant currency movements or restrictions (however remote) on the flow of funds from South Africa.</p> <p>The Group's plan to broaden the source of earnings in currencies other than the rand is expected to provide more diversified earnings by currency, although this is a longer-term mitigant.</p>

5. Changing shape of the industry due to changing customer needs and regulations, particularly consumer-focused regulations

How it impacts Old Mutual	2014 and beyond	Risk mitigation and management actions
<p>Attracting new and retaining existing customers is key to the delivery of our strategy. New and evolving consumer-focused regulation, non-traditional distribution methods, new technologies, changing demographics and changing customer needs and preferences are altering the distribution and competitive landscape across our geographies. This may place business plans and our growth strategy at risk if our business model is not flexible enough to let us adapt quickly and effectively to the changing landscape.</p> <p>Within Old Mutual Wealth our acquisition of Intrinsic increases the risks associated with providing advice to customers, such as litigation and regulatory intervention.</p> <p>Specific consumer-focused regulation impacting Old Mutual includes:</p> <ul style="list-style-type: none"> ■ In the UK, the ongoing impacts of the Retail Distribution Review (RDR) and new pension withdrawal rules effective from April 2015 ■ In South Africa, Treating Customers Fairly, Retirement Fund Reform and a review of adviser remuneration models similar to the UK's RDR. In addition, the planned move to Twin Peaks regulation. <p>Furthermore, increasing regulatory requirements impact the cost and complexity of doing business.</p> <p>Consumers' use and preference for digital technology is increasing. Maintaining adequate cyber security, with appropriate protection for client assets and data, is also a key risk for Old Mutual's retail businesses given the external threat environment and increasing reliance on technology.</p>	<p>Our customers' needs are evolving. Consumers want to be more in control of their finances. As digital technology advances, they increasingly rely on and prefer technological tools for a variety of tasks.</p> <p>Despite this, the need for individual attention remains. Consumers seek quality as well as original offerings that meet their personal needs, and it is important that service remains convenient in terms of both time and effort.</p> <p>Regulators in many jurisdictions continue to focus on the fair treatment of customers and both principles and appropriate regulation in this area are evolving. In particular, there is increased focus on product design, advice, and the product life cycle after the sales process.</p> <p>Products and practices which might in the past have been considered normal might no longer be acceptable. There will be a need to adapt and evolve new products and operations – while remaining mindful that the long-term nature of the business means legacy products will take time to run off.</p>	<p>Strategic initiatives across the Group are streamlining our business so we can adapt more easily to changing customer needs and regulations. They include implementation of IT solutions that allow us to deploy new products and system changes more quickly, making use of outsourcing partners where IT is not our core competitive proposition.</p> <p>In addition, our brand promise and commitment to operating as a responsible business, with a strong customer focus and culture, position us well to respond to consumer-focused regulation.</p> <p>Where similar regulatory themes are developing, we transfer knowledge from different geographies across the Group to anticipate and implement new regulations.</p> <p>We proactively prepare for anticipated regulatory changes and engage with regulators to avoid or mitigate unexpected adverse impacts.</p> <p>A group-wide Information Security Steering Committee considers cyber security, with particular focus on education, awareness, monitoring and understanding of the threat environment.</p> <p>Our ACT NOW! Leadership Behaviours, which are formally measured as part of our performance management system, include a metric for 'putting the customer first'. We measure our culture around treatment of customers annually through our group-wide culture survey.</p>

OLD MUTUAL EMERGING MARKETS BUSINESS REVIEW



"Solid operational delivery and strategic progress in Africa."

Ralph Mupita
Chief Executive Officer
Old Mutual Emerging Markets

+23%

AOP (pre-tax)

+59%

Customers in Rest of Africa

Business review

Old Mutual Emerging Markets operates in 14 countries across Africa, Latin America and Asia. We provide individuals, corporates and institutions with long-term savings, protection, lending, investment solutions and general insurance in these geographies and through these business segments:

South Africa

Retail Affluent offers a wide range of wealth creation and protection products as well as asset management products to middle-income and high-net worth customers.

Mass Foundation offers a selection of savings and protection products in the lower income and foundation market, as well as lending products through Old Mutual Finance (OMF).

Corporate segment caters for the needs of institutional and corporate investors and employers through retirement and group risk products.

Old Mutual Investment Group (OMIG) is a multi-boutique asset management and investment business that offers clients access to a full array of investment offerings, styles and asset classes. Its priority is to deliver performance through focus.

Mutual & Federal (M&F), our property & casualty business, offers an extensive range of insurance products and solutions to meet personal, commercial and corporate needs. It also provides cover for the agricultural, engineering and marine sectors.

Rest of Africa

Outside South Africa, we operate in Namibia, Zimbabwe, Malawi, Kenya, Swaziland, Botswana, Nigeria and Ghana, where we offer various corporate and retail solutions in life and savings, property and casualty, asset management and banking. Our products are supported by sound financial advice, efficient service and value for money for our customers.

In East Africa, we have agreed to acquire a 60.7% stake in UAP Holdings (UAP), subject to various regulatory approvals. UAP has a strong position in East and Central Africa and a product offering that is highly complementary to our existing businesses.

Asia and Latin America

In Colombia we operate in the affluent market, providing mandatory and voluntary pensions, investment and saving solutions, offshore investment products and institutional asset management.

In Mexico we offer the corporate market voluntary private pension plans and we provide the retail market long-term savings and risk products, customer solutions and advice.

Alva is our Uruguay-based distribution platform spanning the Latin American region. It provides services to a network of independent financial advisers, wealth managers and other institutions.

Old Mutual-Guodian is a 50/50 joint venture in China with Guodian, one of the country's largest power producers. It provides long-term savings solutions through a tied adviser force and a telesales company. Customers include Guodian employees and affluent bank customers.

Old Mutual Kotak Mahindra is our 26% owned joint venture in India with Kotak Mahindra Bank, providing life insurance, retirement pensions, savings and investments.

Competitive environment

In South Africa, we rank first among our peers (measured as total life sales), with over 25% market share as at June 2014 and has been growing steadily over the past five years.

In the rest of Africa, competition continues to grow as companies seek to establish dominant positions across the continent. Our primary competitors in sub-Saharan Africa are a combination of our large South African insurance peers and large local firms, with limited competition from the large international insurers. We continue to defend our dominant market positions in the Southern

"Improving data connectivity and affordability is a major priority for the financial services players... to interact with and serve their customers better."

African Development Community (SADC) region, while our businesses in the key growth hubs of East and West Africa are developing rapidly from a relatively small base.

In Mexico we have a strong corporate business, with 4% of the corporate pension market. In Colombia we have circa. 29% of the voluntary unit trust market. In India, Kotak Life Insurance ranks 9th out of 23 life companies and in China our joint venture with Guodian ranks 9th out of 24.

Market trends

The South African regulatory environment is undergoing significant transformation in the medium term as changes such as the proposed Retail Distribution Review (RDR), Solvency Assessment and Management (SAM), Retirement Fund Reform, Treating Customers Fairly and the Twin Peaks regulatory reform are implemented. We continue to engage constructively with the various regulatory authorities in this regard. There has been a recent shift in the rise of non-traditional competitors as a result of the regulatory changes that allow for such non-traditional players to participate in the insurance industry resulting in our competitors expanding into the rest of Africa.

In the affluent market, there has been a rapid rise in the black middle income class in South Africa, driven by economic growth, government income redistribution programmes and empowerment initiatives. Gauteng has the highest number of high income and high net worth customers in the country, as well as the largest share of the growing black middle class.

As a result of health care intervention in South Africa, there has been a significant improvement in the life expectancy of people living with HIV. While this is an issue that affects the whole of society, Old Mutual has taken the decision to release some of the reserves previously set aside due to mortality rates, and will be using a proportion of these provisions to increase the level of cover for existing mass foundation customers. Additionally, given the improved mortality experience in South Africa, we will now be able to offer customers products which are more affordable and provide better value.

In the rest of Africa, markets are characterised by a youthful demographic. The number of middle class households is on the rise and this is expected to drive consumer spending and fuel demand for financial services products. Despite the growing prosperity, a large proportion of the market still falls into the

lower income strata and this is where we see the importance of technology in improving accessibility. Similar to South Africa, there has been a steady development of regulations across emerging markets in the rest of Africa.

Colombia and Mexico markets are undergoing a number of reforms. For Colombia, the tax reform is aimed at increasing its tax base to cover fiscal deficit by preventing tax evasion and increasing corporate tax rate. For Mexico, tax reform is primarily focused on providing tax benefits for private pension plans and personal deductions for individual pension plans.

Through its pension fund reforms, Colombia plans to set up a new compulsory state-run pension fund to operate alongside those of private insurers. In Mexico, ongoing financial reforms are aimed at strengthening existing financial laws and the regulator's ability to enforce these laws. This includes structural changes to the banking and securities commission. Implementation of Solvency II by Mexican insurers is ongoing and is expected to boost confidence in the insurance sector.

In India, despite the parliamentary committee's recommendation to raise the foreign investment limit to 49%, the government failed to pass the Insurance Bill via the normal route. Consequently the government opted to pass the FDI limit via an ordinance which was approved by cabinet in December 2014. This is positive for our business as it will allow us to move from the current 26% ownership levels to 49% in the near term.

The China Insurance Regulatory Commission released an updated draft on 2nd generation solvency reforms. The draft shows that China Risk Oriented Solvency System (C-ROSS) will be implemented timeously in 2015. Currently, the results from the C-ROSS impact study are wide ranging but it is clear that it will increase regulatory compliance and risk assessment requirements on insurers. Insurers will need to adjust their business structures in line with capital requirements.

As technology evolves, smartphones and mobile devices are becoming increasingly affordable. Improving data connectivity and affordability is a major priority for the financial services players who are introducing technology-enabled applications and tools to interact with and serve their customers better. Key to technology transformation and improving the customer experience is the transition from old business line-specific platforms and IT to an integrated capability in line with growing customer-centric demands.

OLD MUTUAL

EMERGING MARKETS

BUSINESS REVIEW continued

Performance

Pre-tax AOP increased by 28% (23% including long-term investment return to R11.0 billion) benefiting from impact of higher asset based fees, life underwriting profits (including favourable mortality experience), the consolidation of OMF and the turnaround from an underwriting loss to profit at Mutual & Federal (M&F).

NCCF declined by R3.4 billion to R21.3 billion mainly due to relatively low-margin institutional client outflows in a number of OMIG listed asset management boutiques. Corporate was successful in securing large single premium flows and delivered a net positive NCCF of R8.6 billion.

FUM increased by 8% to R905 billion driven by positive cash flows, strong market performance and investment returns of the international assets enhanced by a stronger US dollar.

Gross sales increased by 12% to R185 billion. In South Africa, Retail Affluent, Mass Foundation and Corporate business grew sales 10%, 12% and 46% respectively reflecting, good sales performance. OMIG sales declined by 4% mainly due to several large mandates secured in 2013. New Markets (Asia and Latin America) grew sales by 6% underpinned by improved productivity and the weaker rand.

Strategic direction

Our strategic intent remains focused on building an African financial services champion. At the heart of this strategy is the strengthening of our Southern African franchise, strategic acquisitions in East Africa and organic growth in West Africa through alliances and partnerships. In South Africa we continue to develop our growth markets and we are making good progress in aligning Old Mutual,

Nedbank and Mutual & Federal (M&F) as we drive group collaboration. Across all our businesses, we are simplifying our IT platforms to support our strategy of serving customers via omni-channel, including digital.

In South Africa, our key strategic themes include: deploying an integrated proposition for our mass market customers, capturing niche middle-income and affluent growth segments, improving profitability and growing our umbrella offering in the Corporate business, delivering consistent long-term investment performance in OMIG, and growing M&F's competitiveness through multi-channel distribution and Group collaboration.

In Rest of Africa, the macro-economic environment remains attractive with positive demographic trends and sub-Saharan Africa's aggregate annual GDP growth expected to exceed 5%. We have now committed R3.6 billion of our R5 billion allocation and will continue pursuing our strategy to become the African financial services champion.

Regionally, our focus areas include:

- SADC – defend our leading market shares through new products and channels and by expanding our offering to reach key market segments
- East Africa – complete and integrate our recent acquisition of UAP, subject to regulatory approvals, and fully leverage and commercialise Faulu to accelerate organic growth
- West Africa – continue to build value from our Ecobank partnership and investigating additional inorganic opportunities.

In Asia, we continue to grow our joint ventures with Kotak Mahindra and Guodian. In Latin America, we continue to build on our strong

Supporting economic transformation in South Africa

We believe we have a responsibility to support the communities in which we operate and we continue to invest significantly in infrastructure and local projects that will achieve sustainable change in the lives of our stakeholders in these communities.

- Volunteerism is core to our culture with well over 1,000 employees volunteering for various community projects
- Old Mutual Education Flagship Project made an impact on teaching and learning in 134 schools to the benefit of 4,100 educators and 105,000 learners
- Since inception, Masisizane Fund has disbursed R152 million to small and medium enterprises (SME) with an additional R36 million disbursed for wholesale funding through micro finance institutions
- Our Housing Fund, Schools Fund, IDEAS Renewables Energy Fund and Agri Fund have collectively invested over R1.1 billion
- Old Mutual and Nedbank jointly pledged \$1 million towards the African Union-Private Sector Ebola fund
- Our current BEE deal with our Black Business Partners expires in May 2015. Old Mutual Emerging Markets and Nedbank (together 'OMEM and Nedbank consortium'), Brimstone Investment Corporation Limited, Women's Investment Portfolio Holdings Limited and Izingwe Financial Investments (Proprietary) Limited have initiated discussions on the nature of their future relationships, including on-going commercial relationships and potential co-investment in BEE operating businesses
- Old Mutual South Africa has achieved Level 2 BBBEE status for the fourth consecutive year.

Many of these initiatives are aligned to South Africa's National Development Plan and are aimed at positive sustainable outcomes to be shared by a broad base of communities.

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Highlights (including P&C)

	Rm		
	2014	2013	Change
AOP (pre-tax) ¹	11 033	8 969	23%
Covered sales (APE)	9 706	8 442	15%
NCCF (Rbn)	21.3	24.7	(14%)
FUM (Rbn) ²	904.9	840.8	8%
Gross sales (Rbn)	185.0	165.0	12%
Pre-tax FUM operating margin ³	126bps	114bps	12bps
IFRS profit after tax attributable to equity holders of the parent (£m)	395	339	17%

¹ From January 2014, all P&C business has been reported as part of Old Mutual Emerging Markets. Comparatives have been restated

² Comparative information for FUM has been restated to include Property & Casualty FUM of R2.9 billion

³ Pre-tax operating margin is calculated as pre-tax AOP divided by average FUM and has been restated to include Property & Casualty

businesses in Colombia and Mexico, in particular growing the retail mass and corporate businesses in Mexico by expanding our onshore distribution through AIVA.

Risk

Our risk strategy is integrally linked with our business strategy, with risk mitigating actions designed to improve the prospects of achieving our goals.

In pursuing growth across Africa, we take on both execution risk in concluding acquisitions and then integration risk. Our M&A processes are designed to ensure that we understand the risks in the businesses we target. Learnings from the due diligence inform the business integration programmes post-acquisition. Specialists in the various aspects of integration provide expertise to ensure a sound and complete transition.

The regulatory landscape is changing across many of the jurisdictions in which we operate. Some changes have far-reaching implications for us, but also provide new opportunities. Responding positively is vital to achieving competitive advantage and reducing risk.

A central part of our strategy is to build integrated financial services businesses in our key markets. To support this we plan to grow our lending businesses in Kenya (Faulu), Zimbabwe (CABS) and South Africa (Old Mutual Finance and Old Mutual Specialised Finance). The growth in credit risk exposure will be mitigated by strong risk management as the first line of defence and tight oversight and governance as the second line. Our strategy includes specified credit risk exposure limits.

A subdued South African economy and high customer indebtedness levels present challenges to growing our business in South Africa. However these effects will not be felt uniformly across the market, and we will be smart in identifying sectors where we can grow our customer base. In line with responsible business practice, we will also work with customers who overstretch themselves, to help with their debt rehabilitation where possible.

We closely monitor the extent to which energy supply constraints could impact business operations in South Africa and are putting appropriate plans in place to mitigate this risk.

Given our significant asset-based fee income, we are exposed to market risk and a market correction may cause earnings volatility. Where we have liabilities with guarantees, our Balance Sheet Management team actively manages the associated market risks.

Outlook

Emerging markets continue to operate in a challenging economic and socio-political environment. The energy constraints in South Africa remain a concern and are likely to dampen growth prospects in 2015. However, lower oil prices are expected to result in a sharp decline in inflation and therefore higher disposable income for consumers, particularly those in the retail mass segment. GDP in South Africa is expected to rise 2.1% in 2015.

In sub-Saharan Africa, growth is expected to remain at similar levels as 2014. However, the growth outlook has deteriorated in Nigeria as lower oil revenue could slow down the economy and force the government to cut expenditure. In Ghana, real GDP growth will be strong over the coming years, fluctuating between 6% and 8%. Forthcoming IMF support will underpin investor confidence and rising oil and gas output will provide a significant boost to the economy.

Growth prospects for Colombia and Mexico remain fairly positive, but downside risks to the 2015 outlook persist if low oil prices are prolonged – the slump could reduce the attractiveness of opportunities for energy investment and oil revenues. The Chinese government is expected to continue its economic reform this year, which implies weaker but more balanced economic growth.

We are on track to meet our objective of 10 million customers in the Rest of Africa by 2020 and we continue to aim for an overall RoE target of between 20% to 25%.

Improved life expectancy

HIV/AIDS is considered one of the most prevalent causes of deaths in South Africa. However, due to the increased use of anti-retroviral treatment, people who are HIV positive are now living longer and the insurance industry (including Old Mutual) is paying fewer death claims, particularly in the low income market.

The improvement in mortality experience of Old Mutual South Africa (OMSA), has led to the following:

1. Launching an innovative new funeral product range that requires no medical underwriting and provides customers with excellent value for money. Key features of the new products are:
 - Lower premiums for customers: eg a typical 33 year old will pay 20% less in premiums under the new funeral range
 - Higher cover levels
 - More regular cash-backs whilst maintaining profitability to the shareholder.
2. Enabling existing customers to benefit from the improvement in long term mortality experience: eg for the 2014 cover reviews, **322 916** low income market customers received increases of up to **17%** of their sums assured.

OMSA has recognised the significant improvement in the life expectancy of their customers as a result of health care intervention in South Africa, and has responded by developing products that are more affordable, more competitive and attractive, without compromising the interests of the shareholder.



"Strong headline earnings growth of 14% and good progress with our five strategic focus areas."

Mike Brown
Chief Executive Officer
Nedbank

+14%

Headline Earnings

+8%

Net Interest Income

Business review

Structure and services

Nedbank is positioned as a bank for all, servicing multiple market segments. It provides a wide range of wholesale and retail banking services and a growing insurance, asset management and wealth management offering through three main business clusters: Nedbank Retail & Business Banking, Nedbank Corporate & Investment Bank and Nedbank Wealth.

Nedbank Group is listed on the Johannesburg and Namibian Stock Exchanges, with a market capitalisation of over R120 billion at the end of 2014. Old Mutual is the majority shareholder, with a 54% stake at 31 December 2014.

Geographic presence

Headquartered in Sandton, Johannesburg, the banking group has a regional branch network of over 1,050 staffed outlets across South Africa, banking subsidiaries in six African countries – Namibia, Lesotho, Malawi, Swaziland and Zimbabwe – and an initial shareholding of 36.4% in Banco Único in Mozambique. In addition, Nedbank has representative offices in Kenya and Angola and a presence in key financial centres including London, the Isle of Man, Guernsey, Toronto and Dubai.

Since 2008 we have had a strategic alliance with Ecobank Transnational International (ETI), a banking group based in Togo, West Africa. This enables us to service our customers in 39 countries across Africa. During 2014 we became a 20% shareholder in ETI.

Competitive position and competitors

South Africa has a strong, four-pillar banking industry: Standard Bank holds 25% of total advances, First Rand 22%, Barclays Africa 21% and Nedbank 19%.

Nedbank Group is the fourth largest South African bank measured on market capitalisation, total assets and headline earnings. We are a top-two corporate bank and a market leader in commercial property finance. Our repositioned retail bank has gained 2.7 million customers over the past few years to 6.9 million. And through our pan-African banking alliance with ETI, we give our customers access to Africa's largest banking network.

We hold leadership positions in sustainability, transformation and community development; and our Fair Share 2030 strategy will ensure we continue making a difference in the communities we operate.

	Rm		
	2014	2013	Change
Highlights			
AOP (pre-tax)	13,757	12,026	14%
Headline earnings	9,880	8,670	14%
Net interest income	22,961	21,220	8%
Non-interest revenue	20,312	19,361	5%
Net interest margin	3.52%	3.57%	
Credit loss ratio	0.79%	1.06%	
Return on Equity	15.8%	15.6%	
Common equity Tier 1 ratio ¹	11.6%	12.5%	
IFRS profit after tax attributable to equity holders of the parent (£m)	315	327	(4%)

¹ Calculated by Nedbank on a Basel III basis including unappropriated profits

"Nedbank's favourable financial results for 2014 are underpinned by a strong balance sheet."

Performance

In 2014 Nedbank produced strong headline earnings growth of 14% to R9,880 million (2013: R8,670 million). Growth was driven by increased net interest income, improvements in impairments, and growth in non-interest revenue, particularly in H2. Headline earnings included associate income from our shareholding in ETI for Q4.

Return on average ordinary shareholders' equity (ROE) increased to 15.8% (2013: 15.6%) and ROE excluding goodwill was 17.2% (2013: 17.2%), supported by a higher return on assets of 1.27% (2013: 1.23%).

Our balance sheet is well positioned. Our Basel III common-equity tier 1 ratio of 11.6% (2013: 12.5%) after acquiring approximately 20% of ETI is above the mid-point of our Basel III 2019 internal target range. Funding and liquidity levels remain sound, with year-end statutory liquid assets and cash reserves increasing 19% to R82.6 billion (2013: R69.7 billion).

Strategic direction

We made good progress with our five key strategic focus areas:

Client-centred innovation: We continue to introduce innovative products such as Send-iMali™, the MyFinancialLife™ retirement calculator, our Greenbacks Rewards Programme SHOP Card and, for wholesale clients, our world-class Plug and Transact™ token and Market Edge, a merchant analytics tool. To date we have converted 171 outlets to the Branch of the Future format and we plan to convert 75% of outlets by 2017. Digital channels are increasingly important – in 2014, digitally enabled clients increased by 48% while the value of Nedbank App Suite transactions increased 66% to R58 billion. Our ability to add functionality without clients having to reinstall the Nedbank AppSuite™ helped to make Nedbank a finalist once again for the MTN 'Best Android Consumer App' award in 2014. Our banking solutions also won us the 2014 'African Banker Award for Innovation'. The introduction of our new transactional switch in 2014 will further enhance our electronic transactional capabilities in the future.

Growing our transactional banking franchise: Our strategic decision to build our franchise and client relationships by freezing transactional fees at 2013 levels and reducing selected fees in some businesses delivered rapid results: client attrition metrics improved, cross-sell

increased and client gains continued in both total and main banked categories. In Brand Finance South Africa's Top 50 Most Valuable Brands Survey, our brand value increased 15% to R12.6 billion in 2014 and Nedbank was rated the country's third most valuable bank brand.

Optimise and invest: Across Nedbank we have launched various cost and efficiency optimisation initiatives. Through our 'rationalise, standardise and simplify' IT strategy we are cutting our core systems from 250 to 60; we decommissioned 18 in 2014, bringing the total so far to 74. On 1 January 2015 our replacement SAP enterprise resource planning system went live for finance and procurement – on time, on budget and within scope; human resources will follow later in the year. In addition, we are working on a range of alliances and synergies with other Old Mutual Group businesses in South Africa and have made substantial progress towards the 2017 Group target of R1bn for collaborative initiatives. We expect less than 30% of this to accrue to Nedbank.

Strategic portfolio tilt: The benefits from our early action to reduce our home loan and personal-loan portfolios have been clear in our 2014 results. We continue to prioritise growing activities that generate economic profit, such as transactional deposits, transactional banking and investment in the rest of Africa. This shift of emphasis over the past four years has enabled the group to maintain a sound balance sheet and reduce impairments while delivering dividend growth ahead of Headline Earnings per Share growth.

Pan-African banking network: During 2014 we concluded the acquisition of an initial 36.4% shareholding of Banco Único in Mozambique, with a pathway to control in 2016. In our Rest of Africa subsidiaries we made good progress in implementing a standardised operating model, and plan to introduce our Flexcube IT system in Namibia in 2015. This has strengthened Nedbank's franchise and client proposition in the Southern African Development Community and East Africa. In West and Central Africa our alliance with ETI continues to deliver value, and in October 2014 we exercised our rights to subscribe for a 20% shareholding in ETI for US\$493.4 million.

Risk

Nedbank's favourable financial results for 2014 are underpinned by a strong balance sheet across all the core dimensions of capital adequacy, liquidity and funding; credit asset quality aided by the strategic portfolio tilt strategy and appropriately conservative provisioning; excellence in risk and balance sheet management; an enabling but prudent risk appetite framework; and a seamless implementation of Basel III.

During 2014 Nedbank underwent a number of strategic structural changes. Together with volatile macro-economic conditions, level of credit risk, changing consumer needs and the impact of regulation, this will bring a high level of execution risk. Execution risk will be given heightened focus in a refresh of our best practice Enterprise-wide Risk Management Framework (ERMF), which underpins risk management. The ERMF sets out our risk appetite, comprehensive stress and scenario testing, and we have a robust and strategic risk plan for the future.

Credit and liquidity risk remain a key focus and our strategic portfolio tilt strategy over the last four years has enabled us to maintain a sound balance sheet and reduce impairments.

Our African strategy and recent further investments in ETI and Banco Único make risk management in our African investments and operations a key focus area. Our pan-African risk strategy allows us to address our risk appetite holistically and contains extensive initiatives to support risk frameworks and programmes and enhance governance and risk management in these investments.

We are well positioned to elevate risk management to become a competitive differentiator.

Outlook

The South African economy is forecast to improve modestly off a low base, although growth will be constrained by disruptions to power supply and weaker growth anticipated in key export markets, particularly in the eurozone and China.

GDP growth is currently forecast at 2.5% for 2015 as the economy recovers from the effects of strike action and exports are boosted by a weaker rand. Risk to this appears to be on the downside. The sharp drop in global fuel prices has improved the inflation outlook, and interest rates are expected to remain unchanged at current levels until late in the year. The softer interest rate outlook and lower borrowing costs should support consumer credit demand and limit credit defaults in 2015, notwithstanding the weak job market and still high consumer debt levels.

Retail banking conditions are therefore likely to improve modestly, but growth in wholesale banking may moderate from current levels as fixed-investment plans and credit demand will be limited by the severity and extent of infrastructure constraints, rising production costs, soft global demand and low international commodity prices.



Fair Share 2030 – building a better society

To be a thriving bank in the long term, we need to operate in a thriving society. Fair Share 2030 is Nedbank's strategy to get money working for the future we all want. It provides an annual flow of funding – starting with a target of R6 billion in 2015 – to support new products, services, and projects that promise to deliver progress towards defined social and environmental goals.

We want this lending to enable outcomes that would otherwise not have happened – so that we actively contribute to closing the gap to the future we want, rather than merely reclassifying existing business.

A Proof of Concept phase conducted in 2014 generated important insights that have informed our business planning and will prove invaluable as we scale up through 2015 and beyond. In particular, we now understand better how new products and services can be developed and new partnerships created to drive intentional non-financial impacts while still generating a decent financial return.



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OLD MUTUAL WEALTH

BUSINESS REVIEW



"Strong delivery while significantly transforming our business."

Paul Feeney
Chief Executive Officer
Old Mutual Wealth

+61%
Net Client Cash Flows

+11%
AOP pre tax, excluding
divested European business

Business review

Structure

Old Mutual Wealth is one of the UK's largest investment and asset management businesses. We provide advice-led investment solutions to customers in the UK and a number of international cross-border markets – including the Far East, Middle East, Europe, Latin America and South Africa – through our International cross-border business. We also operate in Italy and have a life book closed to new business in Switzerland.

In the past year we have transformed the business. We acquired the Intrinsic adviser network in July 2014 and Quilter Cheviot, a discretionary fund manager, in February 2015. We also sold six of our European businesses in 2014 and early 2015, simplifying our operations to focus on a select number of core growth markets while reducing our operational and regulatory risk exposure.

Products and services

- UK:** We are a leading provider of platform-based retail investments, offering innovative solutions for wealth building and management. We serve a largely affluent customer base through multi-channel distribution
- Old Mutual Global Investors (OMGI):** A leading UK-based investment manager, with highly rated, experienced portfolio managers and a strong long-term track record. We distribute products through

wholesale channels and other Group businesses, and are committed to providing responsible investment options that meet our customers' needs

- International cross-border:** Focusing on high-net worth and affluent local customers and expatriates in key markets across the world, our innovative, advice-led product range serves their needs from a number of international jurisdictions
- Intrinsic:** The UK's largest distribution network with over 3,000 financial advisers, offering expert individual advice to help our customers secure their financial future
- Quilter Cheviot:** One of the UK's leading discretionary investment managers, we build and actively manage investment portfolios tailored to the individual needs of an affluent and high net-worth client base
- Italy:** Offers saving and investment solutions for affluent and high net-worth customers, distributed through private banking partners.

Competitive environment

We operate in a dynamic and evolving industry where we compete with traditional insurers, asset managers and advice propositions. Key competitors include Hargreaves Lansdown, Standard Life and St James's Place. We have a market-leading retail platform in the UK and our prominence in asset management earned us top-10 rankings for UK net retail sales in the 2014 Pridham reports.

Among numerous awards in 2014, OMGI won 'Global Group of the Year' at the 2014 Investment Week Fund Manager of the Year Awards and our International business received accolades for 'Best New Product in Asia' for the Silk Life Plan and 'Best Online Proposition in Europe and UK Offshore' for Wealth Interactive.

Market trends

Investment markets in the UK and Europe were volatile across 2014 and the prospects for global economic recovery remain uncertain. The popularity of risk-adjusted absolute return asset classes has increased as investors look for alternative investment options to earn positive returns. Equity asset classes remain more attractive than bond markets as interest rates remain low. In equity markets we have experienced strong flows as well as strong returns.

OLD MUTUAL WEALTH

BUSINESS REVIEW continued

In the UK, our major market, we benefited from the increase in ISA allowance in 2014 and are well positioned to take advantage of the new pension withdrawal rules outlined in the 2014 Budget, effective from April 2015. The increased flexibility and changes in the charging basis of the UK platform market have resulted in higher levels of registration and re-registration of non-insurance wrapped business for us and the industry as a whole.

The Retail Distribution Review (RDR) requires all platform customers to be migrated onto transparent charging structures no later than April 2016; we have committed to migrating all customers by December 2015.

Performance

Old Mutual Wealth AOP increased by 5% to £227 million (2013: £217 million). This reflected strong growth in our asset management and UK Platform businesses, partially offset by the reduction in AOP from the divestment of some of our European businesses. On a like-for-like basis, AOP increased by 11%.

NCCF of £3.7 billion was up by 61% (2013: £2.3 billion), with strong sales in OMGI, UK Platform and Italy. Retention in our closed book of business also improved.

FUM rose by 5% to £82.5 billion, due to good fund performance and strong NCCF, despite volatile market conditions. Excluding divested operations, FUM grew by 12%.

Gross sales increased by 11% to £16.0 billion (2013: £14.4 billion), with strong performances by OMGI and the UK Platform.

Strategic direction

Our strategy is to create the UK's leading vertically-integrated retail investment business in the UK, enabling positive futures for our customers and with a focus on responsible investment. We will achieve this by offering advice, investment platforms, wealth solutions and asset and investment management propositions that are each outstanding in their fields and which when combined as an integrated proposition, deliver superior outcomes for customers and shareholders alike. We are doing this by combining our UK

and International platforms with the existing capabilities of OMGI and the recently-acquired advice capabilities in Intrinsic and the leading discretionary investment management skills of Quilter Cheviot.

The priorities for Old Mutual Wealth over the next three years are to:

- Continue to build an **integrated business** with a strong core culture and a trusted brand. We will focus on the underlying strengths of each of our businesses to ensure we fully capitalise on the benefits of integration, and build a central culture whilst preserving our individual business identities
- Become recognised as a **responsible business**, including offering innovative products and funds with responsible investment features
- Successfully **transform our platforms** to be more profitable, flexible and competitive through successful implementation of our outsourcing agreement with IFDS and the delivery of Wealth Interactive
- Continue to build an **outstanding asset and investment management** capability to meet our customers' investment needs by bringing in new talent and integrating new investment capabilities into our product plan
- Expand our **product proposition** through an enhanced protection product suite, an improved retirement offering to capitalise on the UK Budget changes and International solutions that meet customer needs across many jurisdictions
- Diversify our **distribution** to reach a greater share of the market – capitalising on the new customer channels gained through the Intrinsic and Quilter Cheviot acquisitions, supported with a digital proposition online.

Risk

One of the key risks facing Old Mutual Wealth is increased execution risk relating to the acquisition and integration of Intrinsic and Quilter Cheviot and the implementation of the outsourcing arrangement with IFDS. Execution risk arises as a result of our strategy to become the leading retail investment business. We accept this risk within reasonable limits to further our strategic aims. We mitigate this risk by:

- Ensuring that strong governance structures and oversight of the integration of Intrinsic and Quilter Cheviot and the implementation of the IT outsourcing programme is in place
- Implementing Group risk governance and monitoring processes via specific check points and aligned escalation procedure within acquired companies
- Maintaining our focus on the control environment and prompt escalation to mitigate operational risk arising
- Ensuring customer service remains a priority by monitoring performance against agreed service standards and against measures of customer and adviser satisfaction.

The environment in which we operate is changing in relation to our customers' needs and the growth of conduct regulation. Our strategy has been designed to meet these changing consumer needs and to react to changing regulations. We proactively prepare for anticipated regulatory changes and engage with regulators to ensure we are aligned and responsive to those changes.

Market risk is inherent to our business. Global market volatility and economic uncertainty may negatively impact fund-based revenues. We seek to manage and mitigate this risk through a comprehensive range of internally

Highlights	2014	2013	Change
AOP (pre-tax)	227	217	5%
NCCF (£bn)	3.7	2.3	61%
FUM (£bn)	82.5	78.5	5%
Gross sales	15,992	14,434	11%
Platform FUM invested in OMGI (£bn)	3.7	2.3	61%
Pre-tax revenue operating margin ¹	36%	36%	–
IFRS profit after tax attributable to equity holders of the parent ²	(37)	38	(197%)

¹ Pre-tax operating margin is calculated as pre-tax AOP divided by net revenue

² A full reconciliation of IFRS profit to AOP can be found on page 61 of the annual report and accounts. The main adjusting items include restructuring costs associated with our outsourcing arrangement with IFDS, one-off losses from the disposal of our non-core subsidiaries in Poland, Austria, Germany and Liechtenstein, as well as the amortisation and impairment of goodwill and acquired intangibles

"...we continue to target £270 million of pre-tax AOP for 2015 excluding earnings from Quilter Cheviot."

managed investment solutions, which are designed to cater for a wide range of economic conditions.

Outlook

We made significant progress in transforming our business in 2014. Given stable markets, we continue to target £270 million of pre-tax AOP for 2015 excluding earnings from Quilter Cheviot.

Following our acquisition of Quilter Cheviot we will enhance our range of investment services tailored to the growing affluent and high-net worth customer segments and offer further opportunities for our existing customer base.

The addition of our UK Platform products to the Intrinsic restricted advice panel has already generated good growth over 2014 and we anticipate this will continue in 2015. We expect sales of our protection products through Intrinsic to gain traction next year and further grow our business. We launched our Practice Buy-Out initiative in early 2015, which will encourage retention while growing our adviser network, and will assess opportunities to further scale our model as they arise.

In OMGI, the recent addition of new teams and fund managers reflects continuing action to broaden our product range. We plan further development of our asset management

capabilities, in particular through our offshore distribution strategy and the inclusion of Cirilium.

WealthSelect is demonstrating popularity and performance as an investment solution and we expect that momentum to continue into 2015.

In the UK Platform we have removed our pension drawdown fee and minimum platform charge to ensure we are competitive and well-positioned to attract new investment from customers looking to take advantage of the new pension withdrawal rules that come into effect in April 2015.

With Wealth Interactive now implemented in our International business, we can deliver flexible and user-friendly products on an efficient platform, while adapting to the challenging regulatory environments in which we operate. We expect our Silk Life Plan to boost sales volumes in our Asian markets. In Hong Kong we launched the Wealth Management Plan on 1 January 2015 to comply with new regulation in the region. And in Florida we obtained an offshore insurance exemption in 2014 which we expect to increase local sales to non-resident foreign nationals.

Our earning profile will continue to shift to our new modern source of profits and away from our heritage businesses. We believe we have the right business model to drive substantial growth, earnings and value.

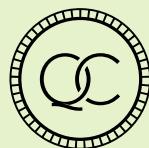
🔍 Sustainable investments for sustainable returns

At Quilter Cheviot, we noticed investors were realising that financing companies which provide the products, services and technologies to deliver a cleaner and more efficient economy can deliver strong investment performance. In response we launched our sustainability investment strategy, the Climate Assets Fund, in March 2010.

The Climate Assets Fund seeks to achieve long-term capital appreciation and income through multi-asset allocation – investing in global equities along with fixed interest and other alternative investments such as green infrastructure funds. The investment focus is on companies offering solutions to the emerging global challenges of delivering 'more with less' for a rapidly growing population with a finite supply

of resources in a carbon constrained environment. Current investment examples include companies involved in railway transportation, energy efficient solutions, water infrastructure, recycling packaging, and organic and natural food.

It was named Best New Entrant in the Climate Change 2010 Awards and, more recently, was shortlisted for a performance award at the Professional Adviser Awards 2015.



www.oldmutual.com/rb-inpractice

INSTITUTIONAL ASSET MANAGEMENT

BUSINESS REVIEW

Old Mutual's Institutional Asset Management business consists of US-based affiliates (OM Asset Management) and a non-US affiliate.



OM Asset Management (OMAM)

"A successful IPO, strong net client cash flows of \$9.5 billion and AOP up by 32%, as business momentum continues."

Peter Bain

Chief Executive Officer
OM Asset Management

Business review

We are an institutionally driven active investment management business, working through a diversified multi-boutique framework that seeks to generate consistent and sustainable returns for clients around the globe. We provide strategic capabilities to our affiliates, helping them to become their clients' trusted partner by delivering superior investment performance, innovative offerings, and focused service.

We offer a broad range of investment strategies through seven affiliated investment firms:

- Acadian Asset Management LLC
- Barrow, Hanley, Mewhinney & Strauss, LLC
- Campbell Global, LLC
- Copper Rock Capital Partners LLC
- Heitman LLC
- Investment Counselors of Maryland, LLC
- Thompson, Siegel & Walmsley LLC.

+32%

AOP pre-tax

40%

Operating margin before
affiliate key employee distributions

Market trends

Current institutional search activity favours specialised strategies in asset classes such as global equity, US equity and alternatives (including real estate and timber). Investors remain focused on products with potential for meaningful outperformance (alpha generation), as well as strategies to diversify their investment portfolios.

Performance

OMAM generated strong 2014 results in volatile equity markets, including increased profits and FUM growth.

IFRS AOP of \$211 million was up 32% (2013: \$160 million) – due largely to increases in management fees resulting from higher average FUM and increased performance fees.

OMAM FUM grew 11% to \$220.8 billion (31 December 2013: \$198.8 billion) with \$12.9 billion of market appreciation contributing 6.5% growth and \$9.5 billion of positive net client cash flows contributing 4.8% growth.

The OMAM Global Distribution initiative raised \$5.5 billion in total assets funded in 2014 as we continued to work with our affiliates to expand their non-US client base in key markets and jurisdictions around the world.

Highlights: Old Mutual Asset Management ¹	2014	2013	Change
AOP (pre-tax)	211	160	32%
Operating margin, before affiliate key employee distributions	40%	35%	
Operating margin, after affiliate key employee distributions	33%	30%	
Net client cash flows (\$bn)	9.5	10.1	(6%)
Funds under management (\$bn)	220.8	198.8	11%
IFRS profit after tax attributable to equity holders of the parent (£m) ²	77	54	43%

¹ 2013 comparatives include Echo Point, which was discontinued in Q4 2013

² Institutional Asset Management reported, includes non-US affiliate

Strategic direction

OMAM's successful partial IPO in October 2014 enhances our growth potential by providing broader financing options to support the execution of our business strategy and provides a strong platform for new partnerships.

We will continue to focus on the core elements of our growth strategy:

- Delivering core affiliate growth through strong investment performance and positive net client cash flows. Our affiliates are recognised leaders in their respective investment disciplines, and their superior long-term investment performance continues to attract new business from around the globe.
- Investing in collaborative organic growth of existing affiliates through product diversification. We work closely with our affiliates to identify investment strategies that build on their existing capabilities, while enabling them to diversify their businesses, product offerings and client bases. We are currently working with several affiliates to expand their product offerings to include multi-asset class and liability-driven investment strategies, as well as global and non-US equity products.
- Expanding global distribution to drive new flows. Our global distribution platform now services international marketplaces through experienced professionals, each of whom brings extensive investment and sales and marketing experience.
- Establishing new affiliate partnerships through investments in additional affiliates. Since our IPO, we have been very active in identifying and developing relationships with a wide range of high-quality investment management boutiques. We will continue to cultivate relationships with firms that seek an engaged and supportive partner to help them grow and enhance their business for the long term.

Risk

Market risk is inherent to our business. Global market volatility and economic uncertainty may negatively impact asset-based management fee revenues. This risk is mitigated by the quality and diversity of the investment products offered by our seven affiliates. The new regulatory requirements following our public listing are an important area of focus for us and we are actively engaged where needed to mitigate this risk and proactively monitor the various jurisdictions in which we operate for any relevant regulatory changes. As part of our strategy to grow the business we aim to selectively pursue partnerships with additional boutique asset management firms. Execution of these growth opportunities creates change risk and requires significant resource commitment. These risks are mitigated through extensive due diligence prior to executing a

transaction, including ensuring that target firms have track records of operating as successful, standalone enterprises as well as demonstrating a strong cultural fit and shared strategic vision with us.

Outlook

Our business continues to pursue growth initiatives, including developing capabilities in multi-asset class, liability-driven investment and global/non-US equities and further penetration of non-US markets through our Global Distribution initiative. We also continue to seek partnerships with at-scale asset management boutiques with strong investment and executive talent and a vision to enhance and expand their business.

OMAM announced its inaugural quarterly dividend of \$0.08 per share based on a 25% payout on 2014 economic net income of \$1.26 per share.

Enhanced financial flexibility

Following its successful IPO, OMAM has been trading on the New York Stock Exchange since October 2014. The IPO will enhance OMAM's financial and operating flexibility to deploy capital to continue to grow, develop further its multi-boutique asset management business and provide the Group with enhanced financial flexibility.

The IPO included 22 million OMAM shares at \$14 a share. The underwriters also exercised an overallotment option on a further 2.2 million OMAM shares, reducing Old Mutual plc's shareholding to 78.8%.

The gross proceeds for the Group from the IPO process totalled £317 million, including the pre-IPO dividend.

Rogge Global Partners

Rogge Global Partners is a global fixed-income specialist providing sophisticated strategies to institutional investors.

Underperformance in 2013 and some senior personnel turnover resulted in net outflows of £6.3 billion in 2014. FUM now stands at £32.3 billion. Investment performance improved meaningfully in 2014, with 80% of portfolios beating their benchmarks on an asset-weighted basis compared to 26% in 2013. The longer-term track records also remain strong across the product line for three-year, five-year and longer periods.

The business has now completed a re-organisation to provide stable management and investment teams going forward and future succession. It is confident that it now has the right platform, products and performance going forward, although a risk remains for further outflows due to the delayed impact of the legacy issues on certain client mandates.



FINANCIAL DISCLOSURE **SUPPLEMENT**

Five-year analysis of key shareholder metrics covering profit, cash, capital and value.

Earnings					
Adjusted Operating Profit (AOP) <small>reflects the underlying performance of the business. It is intended to exclude any distortions from one-off items, market volatility and accounting treatments that are not reflective of Old Mutual's performance.</small>	AOP core operations (£m)				
	2014	2013	2012	2011	2010 ³
	Old Mutual Emerging Markets	617	594	648	659
	Nedbank	770	797	825	755
	Old Mutual Wealth	227	217	195	223
	Institutional Asset Management	131	111	91	67
Long-Term Investment Return <small>(LTIR) represents that rate of return that is expected to be earned on assets in the long term. This eliminates short- and medium-term effects of market volatility.</small>	1,745	1,719	1,759	1,704	1,563
Finance costs	(78)	(92)	(130)	(128)	(128)
LTIR on excess assets	24	43	54	37	31
Net interest payable to non-core operations	(5)	(11)	(18)	(23)	(39)
Other net expenses	(81)	(47)	(53)	(75)	(56)
AOP	1,605	1,612	1,612	1,515	1,371
EPS (pence)	17.9	18.4	17.5	18.0 ²	16.3 ²
AOP (ZARm) ¹	28,683	24,335	20,976	17,641	15,505
EPS (cents)	319.9	277.8	227.7	209.5 ²	184.8 ²
Dividends declared					
Excess assets – The value of assets that exceed the required assets to be held for regulatory purposes.	2014	2013	2012	2011	2010
	915				
	Special				
	Full year				
	Interim				
	293	279	238	178	145
115	98	79	76	54	
Total (£m)	408	377	1,232	254	199
Dividend per share (pence)	8.70	8.10	25.00	5.00	4.00
Dividend per share (cents) ¹	155.48	122.28	325.30	58.22	45.24
Holding Company cash					
plc opening balance	2014	2013	2012	2011	2010
	545	472	441	438	414
	464	544	470	748	476
	504	114	2,174	(57)	–
	1,513	1,130	3,085	1,129	890
	–	(176)	(1,073)	(339)	(110)
Net debt (repaid)/raised	1,513	954	2,012	790	780
Interest paid	(64)	(78)	(142)	(155)	(138)
Group head office expenses ⁴	(55)	(54)	(54)	(57)	(60)
Other operational flows ⁴	20	58	(117)	(25)	(36)
Ordinary cash dividends	(411)	(335)	(268)	(112)	(108)
Special dividend	–	–	(959)	–	–
plc closing balance (£m)	1,003	545	472	441	438

Note: Cash is as per plc holding company and does not include any free cash held in subsidiaries. Allocations between lines have been restated where necessary to ensure a like-for-like comparison.

¹ Sterling AOP, EPS and dividend per share are converted into ZAR multiplying the reported AOP, EPS and dividend per share by the average ZAR-GBP rate of each year.

² Restated to reflect the share consolidation

² Restated to reflect the share consolidation
³ Excludes Nordic, which was discontinued

Group costs reflect the income statement charge.

Group costs reflect the income statement charge. Any subsequent recharges or recoveries from BOS are included in Other operational flows. Comparatives have been restated to reflect this.

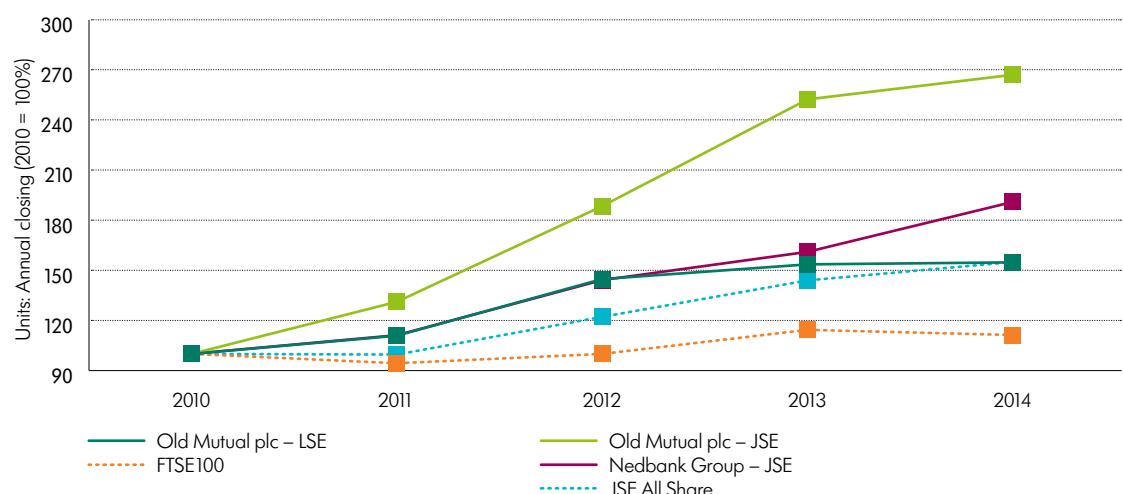
Comparatives have been rescaled to reflect this.

Total shareholder return is an annualised percentage that is calculated by adding the appreciation in the share price and the total dividends paid to the shareholders.

Total shareholder return (rebased)



Share price indices (rebased)



Measure of the Group's ability to meet its interest payments by calculating number of times a company could make interest payments on its debt using pre-tax earnings excluding African profits.

Balance sheet and financing

	2014	2013	2012	2011	2010 ¹
Net assets (£m)	9,545	9,037	9,773	9,147	9,736
Net debt (£m)	467	746	1,000	2,002	2,436
Total interest cover	16.8x	14.4x	8.8x	7.7x ¹	8.1x
Hard interest cover	5.0x	4.2x	1.9x	1.7x ¹	2.6x
Net asset value per share	140.3	137.7	145.8	140.2 ¹	151.0

Measure of the Group's ability to meet its interest payments by calculating number of times a company could make interest payments on its debt using pre-tax earnings excluding African profits.

Regulatory capital

	2014	2013	2012	2011	2010
Old Mutual plc	FGD	163%	169% ²	159% ²	154% ²
OMLAC(SA)	FSV	3.1x	3.3x	4.0x	4.0x
Old Mutual Wealth	Solvency I	2.6x	2.6x ²	2.3x ²	2.0x ²
Nedbank (Total capital ratio)	Basel III/II.5/II	14.6%	15.7%	15.1%	14.6%

Note: Nedbank's capital requirements: 2013 and 2012 – Basel III; 2011 – Basel II.5; 2010 and 2009 – Basel II.

¹ Excludes Nordic, which was discontinued in 2010

² As reported to the Prudential Regulatory Authority (PRA), previously Financial Services Authority (FSA)

GROUP EXECUTIVE COMMITTEE

The Group Executive Committee comprises the Group Chief Executive, the Chief Operating Officer, the Group Finance Director and eight other members of senior executive management of the Group.

1. Julian Roberts (57)

Group Chief Executive

Also Chairman of NYSE-listed OM Asset Management plc and a non-executive director of Nedbank Group Limited, Nedbank Limited and Old Mutual Emerging Markets.

Julian Roberts has been Group Chief Executive of Old Mutual plc since 2008. He joined the Group in August 2000 as Group Finance Director, moving on to become CEO of Skandia following its purchase by Old Mutual in 2006. He was previously Finance Director of Sun Life & Provincial Holdings plc (part of the AXA Group) and, prior to that, Director and CEO of Aon UK Holdings Limited.

2. Paul Hanratty (53)

Chief Operating Officer and Chairman, Old Mutual Emerging Markets

Also a non-executive director of Old Mutual Wealth Management Limited

Paul Hanratty has been Chief Operating Officer since July 2014 (having previously been Group Operating Officer from March 2013) and Chairman of Old Mutual South Africa (OMSA) since September 2009. He joined OMSA in 1984. He is a Fellow of the Institute of Actuaries and has held a number of roles at Old Mutual, including Head of Product Development, General Manager Finance and Actuarial, Head of the Retail business of OMSA, and CEO of Long-Term Savings. He joined the Board of OMSA's life business in 2003 and became Managing Director of OMSA in 2006.

3. Ingrid Johnson (48)

Group Finance Director

Also a non-executive director of Old Mutual Wealth Management Limited

Ingrid Johnson has been Group Finance Director since July 2014. Prior to taking on this role, she had 20 years' broad-based financial services experience with Nedbank Group in both line and financial roles. She was appointed to the Nedbank Group Executive Committee in 2008. Her most recent responsibility there, in addition to being a Prescribed Officer, was as Group Managing Executive: Retail and Business Banking. She assumed this role in August 2009, taking responsibility for the turnaround of the Retail Banking cluster and managing the integration of Imperial Bank, in addition to retaining her role of leading the commercial cluster, Business Banking, which she had held since 2005.

4. Peter Bain (56)

President and Chief Executive Officer, OM Asset Management plc

Peter Bain is President and Chief Executive Officer of OM Asset Management plc, the 78.8%-owned US-based institutional asset management business of Old Mutual plc. He has more than two decades of experience leading and advising firms in the investment management industry. Previously he was a Senior Executive Vice President at Legg Mason, Inc., where he held leadership positions from 2000 to 2009. Most recently he served as Head of Affiliate Management and Corporate Strategy there, with responsibility for overseeing the firm's investment managers. Prior to that, he was Chief Administrative Officer, responsible for the firm's overall administration and operations.

5. Mike Brown (48)

Chief Executive, Nedbank Group

Mike Brown has been Chief Executive of Nedbank Group Limited since March 2010. He was previously the Chief Financial Officer of Nedbank Group and of Nedbank Limited from November 2004. Prior to that, he headed Property Finance at Nedbank and before that he was an executive director of BoE Limited.

6. Paul Feeney (51)

Chief Executive, Old Mutual Wealth

Paul Feeney has been Chief Executive of Old Mutual Wealth, a leading UK wealth and investment management group, since July 2012. He joined Old Mutual in January 2012 as CEO of Asset Management within the Long-Term Savings Division before moving into his present position. Prior to joining Old Mutual, he was Executive Director and Global Head of Distribution for BNY Mellon Asset Management and, before that, Group Managing Director of Gartmore Investment Management and CEO of Natwest Private Banking.

7. Ian Gladman (50)

Group Strategy Director

Ian Gladman has been Group Strategy Director since January 2012. He had previously worked at UBS Investment Bank for 16 years, most recently as Co-Head of Financial Institutions, EMEA, covering a wide range of UK and European insurance companies, banks and asset managers. He was previously Head of Corporate Finance, South Africa for UBS from 1998 to 2001, during which time he led the local UBS team advising Old Mutual on its demutualisation and original listing. He also advised Nedbank on a number of assignments and BoE on its acquisition by Nedbank. Prior to joining UBS, he worked at Goldman Sachs and at JP Morgan.

8. Sue Kean (52)

Chief Risk Officer

Sue Kean has been Chief Risk Officer since January 2011, having joined Old Mutual in July 2010 as Head of Governance and Regulatory Compliance. She has over 25 years' experience in insurance and financial services. She previously worked at Friends Provident and Aviva in a variety of risk and regulatory roles. She also spent time at the Financial Services Authority, and held positions in relation to Solvency II on industry bodies such as the Chief Risk Officer Forum and the European insurance trade body, the Comité Européen des Assurances (CEA).

9. Gail Clintworth (51)

Group Customer Director

Gail Clintworth has been Group Customer Director since August 2014. She had previously worked for Unilever for 28 years, most recently as their Chief Sustainability Officer from 2012 to 2014. She was appointed Executive Vice President Global Savoury Category, a €5 billion business with a presence in 150 countries, in 2010. Between 2007 and 2010, she was CEO of Unilever South Africa, responsible for a turnover of €1.2 billion. In 2004, she was appointed Chairman of Unilever Home and Personal Care, based in South Africa, with full executive responsibility for operations there, in which capacity she also led a cross-functional board team and was a member of the Africa-Middle East regional board.

10. Ralph Mupita (42)

CEO, Old Mutual Emerging Markets

Ralph Mupita has been CEO of OMEM since February 2012, after joining Old Mutual in 2001. His previous roles in Old Mutual include Managing Director of Old Mutual Unit Trusts and OMSA's Strategy Director. In 2008, he was appointed Managing Director of OMSA's Retail Affluent division and in April 2011 he became CEO of Old Mutual Life and Savings. He is a director of OMEM, OMLACSA, Old Mutual Africa Holdings and OMIG, and serves on various external boards such as the Association for Savings & Investments SA, Business Leadership South Africa, and the University of Cape Town (Graduate School of Business) advisory board.

11. Don Schneider (57)

Group Human Resources Director

Don Schneider has been Group HR Director since May 2009. He was previously Senior Vice President and Head of Human Resources for the Global Wealth Management Division of Merrill Lynch. Prior to that, he headed HR for their Global Markets and Investment Banking Division. He originally joined Merrill Lynch in 1997 as Head of International Human Resources, based in London, where he was responsible for all HR activities outside the US. Prior to that, he worked for Morgan Stanley for 13 years and held a variety of senior HR roles in both New York and London.

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BOARD OF DIRECTORS

1. Patrick O'Sullivan (65) (Irish)

M.Sc. (Econ), B.B.S., F.C.A. (Ireland)

Chairman of the Board since January 2010.

Also chairs the Nomination Committee

Vice Chairman of Zurich Financial Services from 2007 to 2009, where he had specific responsibility for its international businesses including those in South Africa. Prior to that, he had been CFO of the ZFS Group and CEO, General Insurance and Banking, of its UKISA division. He has also held positions at Bank of America, Goldman Sachs, Financial Guaranty Insurance Company (a subsidiary of GE Capital), Barclays/BZW and Eagle Star Insurance Company.

Chairman of the UK Government Shareholder Executive, Deputy Governor of the Bank of Ireland and Chairman of Equity Syndicate Management at Lloyd's.

2. Julian Roberts (57) (British)

B.A., F.C.A., M.C.T.

Group Chief Executive

Please see Group Executive Committee on pages 50-51 of this Report for further information.

3. Paul Hanratty (53) (Zimbabwean/Irish)

B.Bus.Sc., F.I.A.

Chief Operating Officer

Please see Group Executive Committee on pages 50-51 of this Report for further information.

4. Ingrid Johnson (48) (South African)

C.A. (SA), A.M.P. (Harvard)

Group Finance Director

Please see Group Executive Committee on pages 50-51 of this Report for further information.

5. Mike Arnold (67) (British)

B.Sc., F.I.A.

Independent non-executive director since September 2009. Chairman of the Board Risk Committee and a member of the Group Audit Committee

Principal Consulting Actuary and Head of Life practice at the consulting actuarial firm Milliman from 2002 to 2009. Prior to that, he had been the senior partner at the practice from 1995. He is a past Member of Council and Vice Chairman of the Institute of Actuaries, past Chairman of the International Association of Consulting Actuaries and past member of the Board of Actuarial Standards.

Non-executive director of Financial Information Technology Limited and of Scottish Equitable Policyholders Trust Limited.

6. Zoe Cruz (60) (US)

B.A, M.B.A.

Independent non-executive director since January 2014. Also a member of the Board Risk and Remuneration Committees

Co-President for Institutional Securities and Wealth Management at Morgan Stanley from 2005 to 2007, where she was responsible for running major revenue-generating businesses, including overseeing their securities risk management and information technology. From 2009 to 2012, she was involved in founding and running her own investment management firm, Voras Capital Management. Prior to becoming Co-President of Morgan Stanley, she had been its Global Head of Fixed Income, Commodities and Foreign Exchange from 2001 until 2005. She joined the company in 1982 and was the third founding member of the foreign exchange group.

Founder and CEO of EOZ Global.

7. Alan Gillespie (64) (British)

CBE, B.A. Hons, M.A., Ph.D.

Senior Independent Director since May 2011, having joined the Board as an independent non-executive director in November 2010. Also a member of the Nomination and Remuneration Committees

Partner at Goldman Sachs from 1990, with responsibility for corporate finance and mergers and acquisitions in the UK and Ireland. He jointly led the firm's financial services practice in Europe and in 1996 established Goldman Sachs' presence in South Africa. After retiring from Goldman Sachs in 1999, he became Chief Executive of the Commonwealth Development Corporation in the UK. From 2001 to 2008, he was Chairman of Ulster Bank, a subsidiary of Royal Bank of Scotland plc.

Senior Independent Director of United Business Media plc and Chairman of the Economic & Social Research Council.

8. Danuta Gray (56) (British)

B.Sc., M.B.A.

Independent non-executive director since March 2013. Also Chairman of the Remuneration Committee and a member of the Nomination Committee

Chairman of Telefónica O2 in Ireland until December 2012, having previously been its Chief Executive from 2001 to 2010. Prior to that, she was a Senior Vice President for BT Europe in Germany, where she gained experience in sales, marketing, customer service and technology and in leading and changing large businesses. She previously served for seven years on the board of Irish Life and Permanent plc and was also a director of Business in the Community.

Non-executive director of Aldermore Group plc, Aldermore Bank plc, Michael Page International Plc and Paddy Power PLC.

9. Adiba Ighodaro (51) (British)

LL.B., ACCA

Independent non-executive director since January 2014. Also a member of the Group Audit Committee

Joined the Commonwealth Development Corporation (CDC) in 1991, first in London, and later in Lagos, with a remit to establish CDC's Nigerian business. In 1995, her focus moved to the Caribbean as a Senior Investment Executive and Investment Manager, helping to obtain investment for and dispose of some of CDC's interests in Africa and the Caribbean. Later she became CDC's Country Manager for Nigeria. She also became Head of West Africa, with responsibility for building the investment business of its Actis unit across the region. Actis was spun out of CDC in 2004, resulting in her role changing primarily to raising investment funding including for Actis's \$3 billion Global Emerging Markets Fund and \$1.2 billion Infrastructure Fund.

Partner, Investor Development, at Actis LLP.

10. Reuel Khoza (65) (South African)

Eng. D., M.A., LLD. (h.c.)

Non-executive director of the Company since January 2006 and Chairman of Nedbank Group since May 2006. Also a member of the Board Risk and Nomination Committees

His previous appointments include Chairmanship of Eskom Holdings Limited and non-executive directorships of Glaxo Wellcome SA, IBM SA, Vodacom, the JSE, JCI, Standard Bank Group and Liberty Life.

Chairman of AKA Capital (Pty) Limited. Non-executive director of Corobrik (Pty) Limited, Nampak Limited and Protea Hospitality Holdings Limited. Fellow and President of the Institute of Directors of South Africa.

11. Roger Marshall (66) (British)

B.Sc. (Econ.), F.C.A.

Independent non-executive director of the Company and Chairman of the Group Audit Committee since August 2010. Also a member of the Board Risk and Remuneration Committees

Former audit partner in PricewaterhouseCoopers, where he led the audit of a number of major groups, including Zurich Financial Services and Lloyds TSB.

Chairman of the Accounting Council, a Director of the Financial Reporting Council and a non-executive director of Genworth Financial's European insurance companies.

12. Nkosana Moyo (63) (Zimbabwean)

Ph.D., M.B.A.

Independent non-executive director since September 2013. Also a member of the Group Audit and Remuneration Committees

Founder of the Mandela Institute for Development Studies ('MINDS'). Vice President and Chief Operating Officer of the African Development Bank from 2009 to 2011. From 2004 to 2009, Managing Partner, based in London, of Actis Capital LLP with responsibility for its African businesses. Associate Director of the International Finance Corporation of the World Bank from 2001 to 2004. Managing Director of Standard Chartered Bank (Zimbabwe) from 1990 to 1995, and later African Regional Head for Corporate Banking of Standard Chartered Bank.

Executive Chairman of MINDS. Member of the boards of the Investment Climate Facility (ICF) and of the Africa Leadership Institute.

13. Nonkululeko Nyembezi-Heita (54) (South African)

B.Sc., M.Sc., M.B.A.

Independent non-executive director of the Company since March 2012. Also a member of the Board Risk and Nomination Committees

Non-executive director of Old Mutual Life Assurance Company (South Africa) Limited from 2010 to 2012, a position she relinquished upon taking up her role at Old Mutual plc. Former Chief Officer of Mergers & Acquisitions for the Vodacom Group and Chief Executive Officer of Alliance Capital. Chief Executive Officer of ArcelorMittal South Africa from 2008 until January 2014.

Chief Executive Officer of Ichor Coal N.V. and non-executive Chairman of JSE Limited.

**Vassi Naidoo (59) (South African)**

C.A. (SA)

Appointment as a non-executive director of the Company and as successor to Reuel Khoza as Chairman of Nedbank Group announced in January 2015, to take effect in May 2015

Vice Chairman of Deloitte UK from 2009 to 2014. CEO of Deloitte Southern Africa from 1998 to 2006. Member of the Institute of Chartered Accountants in England and Wales and honorary life member of the South African Institute of Chartered Accountants.

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CORPORATE GOVERNANCE

HIGHLIGHTS



"Old Mutual continues to view good corporate governance as a vital ingredient in operating a successful business."

Patrick O'Sullivan

Chairman

The Corporate Governance report in the full annual report and accounts (which is available on our website) describes, among other things, the Company's compliance with the UK Corporate Governance Code 2012, explains how the Board and its main standing committees have operated during the past year, and describes how effective stewardship is exercised over the Group's activities in the interests of shareholders and other stakeholders. I recommend its contents to shareholders.

Board

Since last year's report, we have recruited two new executive directors to the Board: Ingrid Johnson, who replaced Philip Broadley as Group Finance Director, and Paul Hanratty, who joined the Board as Chief Operating Officer. Both of these appointments took effect in July 2014 and were in line with our continuing objective of having a Board with the diversity of skills, experience, gender and geographical background appropriate to the Group's current and developing business profile.

We have also announced the appointment of Vassi Naidoo as a new non-executive director. He will join the Board on 1 May 2015, ahead of replacing Reuel Khoza as Chairman of Nedbank Group Limited and Nedbank Limited on 11 May 2015.

During 2014, the Board again devoted a significant amount of time to discussing future strategic opportunities for the Group in the UK, Africa and elsewhere. Board meetings were held in Nairobi in January and in Cape Town in December. Areas of particular Board focus this year included Old Mutual Wealth's progress in creating a leading UK retail

investment business through its acquisitions of Intrinsic Financial Services, various asset management teams and Quilter Cheviot (the last of which completed in February 2015); the IPO of our US institutional asset management business on the New York Stock Exchange in October; Nedbank's exercise of its subscription rights to acquire 20% of Ecobank Transnational Inc.; Old Mutual Emerging Markets' continuing search for new opportunities in the Rest of Africa; and disposals of a number of Skandia's legacy businesses in continental Europe, including those in Poland, Germany and Austria.

During 2014, in line with one of the action points emerging from last year's Board effectiveness review, each of the non-executive directors was tasked to become more closely acquainted with one of the Group's main businesses and encouraged to attend its board and management meetings and briefings in order to improve insight and understanding at Board level. This has already begun to demonstrate its value and we plan to continue it into the future.

A fuller account of the Board's activities is included in the full annual report and accounts.

Annual General Meeting (AGM)

Our AGM will be held in London on 14 May 2015. As usual, it will be webcast via our website and there will be an opportunity for shareholders to submit questions beforehand to be dealt with at the meeting. Our shareholder circular relating to the AGM includes further details.

Old Mutual continues to view good corporate governance as a vital ingredient in operating a successful business, while also providing assurance to shareholders, customers and regulators that the Group's businesses are properly managed and controlled.

Patrick O'Sullivan

Chairman

Board focus during 2014

- Major acquisitions and disposals
- Future strategic positioning and development
- Group Finance Director succession
- Board training on aspects of Solvency II
- Monitoring of Group culture and investors' views of the Company.

DIRECTORS' REMUNERATION AT A GLANCE



Danuta Gray

Chairman of the Remuneration Committee

Report from the Chairman of the Remuneration Committee

On behalf of the Remuneration Committee (referred to in the rest of this report as the committee), I am pleased to present these highlights from the Directors' Remuneration Report for 2014. The full report is available on the Company's website.

Plan outcomes in 2014

It is fundamental to our core remuneration principles that executive pay is aligned to Company performance, enterprise value and shareholder experience through stretching performance targets. The Group's continued strong performance over the last one and three years resulted in a short-term incentive (STI) outcome of 79.1% of the maximum for our Group Chief Executive, while the 2012 long-term incentive (LTI) plan vested at 69.2%.

These incentive outcomes were lower than in previous years, reflecting the fact that shareholder returns, although strong, were lower in 2014. This demonstrates our robust approach to linking pay to performance based on stretching targets and alignment with shareholders.

As always, the committee was mindful to ensure overall pay was appropriate for the performance of the Company and in relation to its operational peers. It was satisfied this was the case for 2014 and will continue to monitor pay closely against appropriate performance and market benchmarks in the future.

Key areas of focus during the year

Ingrid Johnson and Paul Hanratty were appointed to the Board on 1 July 2014 on remuneration packages in line with our recently approved Directors' Remuneration Policy (DRP). Ingrid Johnson transferred from Nedbank in Johannesburg, demonstrating the wealth of executive talent across the Group and, in accordance with the DRP, the Company covered the cost of certain items related to her relocation as detailed in this report.

In line with the majority of UK-listed companies, we intend to comply with the updated UK Corporate Governance Code provisions on malus and claw back for new awards in respect of performance from 1 January 2015 onwards.

The committee reviewed the LTI structure, but, given that a full review of remuneration is to be undertaken during 2015, concluded that the structure for awards in 2015 should remain largely unchanged. The only modifications are a slight increase in the weighting of financial metrics from 60% to 70% and a review of strategic objectives to ensure that they remain aligned to the business priorities over the next three years.

During 2014, the committee oversaw the establishment of an LTI plan for senior executives at OMEM and Nedbank in order to drive collaboration between the businesses. It also oversaw the establishment of a new remuneration philosophy and structure for the executives of OMAM following its partial IPO.

New adviser to the committee

After a robust selection process, the committee appointed PricewaterhouseCoopers (PwC) to replace Alan Judes from October 2014.

Looking forward to 2015

2015 is going to be another busy year for the committee. We have begun a project to ensure our remuneration structures, governance and oversight processes and risk management linkage to outcomes are fit for the purpose of Solvency II.

Although our DRP is only entering its second year, the committee plans to undertake a thorough review of it during 2015. The shape and focus of the Group has been evolving rapidly, and we are also required to ensure that we are fully prepared for the implementation of Solvency II from 1 January 2016, which includes some remuneration provisions. With a number of new committee members, and my own appointment as Chairman, the committee believes that this is the right time for such a review.

I hope that you find this report helpful and a clear indication of the committee's intention to ensure that remuneration appropriately aligns executive pay to long-term sustainable performance and shareholder returns.

Danuta Gray

Chairman of the Remuneration Committee

DIRECTORS' REMUNERATION

AT A GLANCE

Performance against targets in 2014

Outcomes for STI – 2014 performance year

The STI accruing to the executive directors in respect of performance during 2014 is shown below:

Executive director	RoE		EPS in constant currency		Personal Objectives		Weighted Outcome		
	Metric Weight	% Metric Achieved	Metric Weight	% Metric Achieved	Metric Weight	% Metric Achieved	% of Maximum	% of Base pay	£000
Julian Roberts (Group Chief Executive)	37.5%	77.8%	37.5%	70.3%	25.0%	94.0%	79.1%	118.6%	1,079
Paul Hanratty ¹ (Chief Operating Officer)	30.0%	77.8%	30.0%	70.3%	40.0%	92.0%	81.3%	121.9%	384
Ingrid Johnson ¹ (Group Finance Director)	30.0%	77.8%	30.0%	70.3%	40.0%	85.0%	78.5%	117.7%	353
Former executive director									
Philip Broadley ² (former Group Finance Director)	25.0%	77.8%	25.0%	70.3%	50.0%	91.0%	82.6%	123.8%	499

¹ Paul Hanratty and Ingrid Johnson joined the Board on 1 July 2014. Figures represent the short-term incentive earned from that date

² Philip Broadley left the Group on 31 August 2014. His figure represents the short-term incentive earned up to that date

Outcomes for LTI awards granted in 2012

Aggregate post-tax AOP (£) (in constant currency) – % achieved	69.2%
Aggregate post-tax AOP (£) in constant currency – % of maximum award (A)	60.1%
TSR multiplier – % achieved (B)	115.0%
Vesting – % of maximum award (A x B)	69.2%

Single total figures of remuneration for 2014

Executive director	Base pay £000	Taxable benefits £000	STI £000	LTI £000	Pension- related benefits £000	Items in the nature of remuneration £000	Total £000
Julian Roberts	910	89	1,079	1,804	318	12	4,212
Paul Hanratty ¹	315	–	384	833	101	13	1,646
Ingrid Johnson ¹	300	1,284	353	190	105	2	2,234
Former executive director							
Philip Broadley ²	403	29	499	–	141	5	1,077

¹ Paul Hanratty and Ingrid Johnson joined the Board on 1 July 2014. Figures represent the remuneration paid for the period from that date

² Philip Broadley left the Group on 31 August 2014. Figures represent the remuneration paid for the period up to that date

Element	Explanation
Taxable benefits	These amounts represent the gross value of benefits that are paid for by the Company and are chargeable to UK income tax. They cover such items as spouse's travel, use of a car and driver and, for Ingrid Johnson, relocation costs. In order for Ingrid Johnson to take up the role of Group Finance Director, she was required to relocate from South Africa to the UK. In accordance with the approved Directors' Remuneration Policy, the Company paid for certain costs of relocating, such as relocation agents' costs, moving costs, transport of household items, temporary housing and transaction costs, and indirect costs of purchasing a house in London. The total value of the costs covered was £709,338. The Company accounted for the tax due on these costs directly, resulting in a gross cost of £1,272,793. It is this value that is included in the single total figure.
STI	STI awarded in relation to performance in the year, including 50% that is deferred for three years in the form of a share incentive award. Vesting of the share incentive award is not subject to the achievement of performance targets, but requires the director to remain in employment with the Group during the vesting period. Malus applies to the shares held under award prior to vesting.
LTI	LTI values have been calculated using the average share price over the final quarter of 2014 (188.3p) and, for the 50% of the options granted in 2012 that will vest in April 2015, will be restated in the 2015 Directors' Remuneration Report. Malus applies to the shares held under option prior to vesting. In respect of Ingrid Johnson, the LTI figure represents the value of her Nedbank awards which are due to vest in 2015, calculated using the average Nedbank share price over the final quarter of 2014 (R232.85), converted to sterling at a rate of R17.8712 to £1.

Element	Explanation
Pension-related benefits	This represents the benefit allowance of 35% of base pay less any amounts sacrificed for the purchase of other benefits.
Items in the nature of remuneration	This includes non-taxable benefits, including those paid for through the sacrifice of pension-related benefits, which are not considered to be significant in value. In respect of Julian Roberts, it also includes the value of the discount applied to his tax-advantaged share option granted under the Old Mutual plc 2008 Sharesave Plan in 2014.

Single total figures of remuneration for non-executive directors (audited)

Non-executive directors do not participate in any of the Company's incentive arrangements, nor do they receive any benefits, other than those described in footnote 1 to the table below.

	Fees 2014 £000	Taxable benefits ¹ 2014 £000	Total 2014 £000
Non-executive director			
Patrick O'Sullivan	370	17	387
Mike Arnold	97	—	97
Zoe Cruz	77	—	77
Alan Gillespie	94	—	94
Danuta Gray	88	—	88
Adiba Ighodaro ²	67	—	67
Reuel Khoza ³	315	—	315
Roger Marshall	107	—	107
Nkosana Moyo	77	—	77
Nonkululeko Nyembezi-Heita	72	—	72
Former non-executive director			
Bongani Nqwababa (resigned January 2014)	1	—	1

¹ Neither the Chairman nor any of the other non-executive directors received any pension-related benefits, short- or long-term incentives or any other items in the nature of remuneration. The amounts included in the Taxable benefits column relate to the provision of travel to and from the office in London for the Chairman.

² Fees payable to Adiba Ighodaro were paid to Actis LLP rather than to her personally

³ Includes fees of £243,000 in respect of Nedbank Group Limited

Implementation of policy in 2015

Element	Summary description	Maximum as % of base pay	Change in 2015
Base pay	Linked to agreed market benchmarks – normal annual increases are kept in line with employees of the executive's home country	Not applicable	No change – increase between 2.2% and 2.5%
Fixed			
Benefits including pension-related benefits	Fixed allowance equal to 35% of base pay for pension and other elective benefits. Core insurance and other agreed benefits are also provided	Not applicable	No change
Variable			
STI	Financial (Earnings per Share (EPS) in constant currency and Return on Equity (RoE)) plus personal scorecard measures. 50% deferred into a share incentive award for a period of three years	150%	The malus provision for the deferred element of the STI has been updated and malus and claw back has been introduced to the cash element of STI.
LTI	Financial (EPS growth in pence, EPS growth in cents and RoE), strategic measures plus a TSR multiplier (50% FTSE 100 Index and 50% JSE ALSI). 50% vests after three years and 50% after four years	250%	The weighting of financial metrics versus strategic objectives has been changed to 70% versus 30%, the malus provision has been updated and claw back has been introduced.

SHAREHOLDER INFORMATION

Listings and shares in issue

The Company's shares are listed on the London, Malawi, Namibian and Zimbabwe Stock Exchanges and on the JSE Limited (JSE). The primary listing, which is known as a premium listing, is on the London Stock Exchange and the other listings are all secondary listings. The Company's secondary listing on the Stockholm Stock Exchange ended in September 2007, but the Company's shares may still be traded on the Xternal list of the Nordic Exchange in Stockholm.

The ISIN number of the Company's ordinary shares of 11½p each is GB00B77J0862 and the SEDOL is B77J086.

The 11½p nominal value of the Company's shares reflects the seven-for-eight share consolidation that took place in April 2012. If your shareholding is certificated and you have not yet surrendered your old certificate for shares of 10p each for replacement by a certificate representing your consolidated shareholding, please contact our share registrars, whose details are set out later in this section.

The high and low closing prices of the Company's shares during 2014 and 2013 on the two main markets on which they are listed were as follows:

	High	2014 Low	High	2013 Low
London Stock Exchange	209.4p	169.5p	221.6p	170.8p
JSE	R37.10	R30.00	R33.89	R24.49

At 31 December 2014, the Company had approximately 470,000 underlying shareholders. Many of our retail shareholders hold their shares through Company-sponsored nominee arrangements, as described in the footnote to the second table below.

In more detail, the geographical analysis and shareholder profile of the Company's share register at 31 December 2014 were as follows:

Register	Total shares	% of whole	Number of holders
UK	2,062,335,185	42.03	10,367
South Africa	2,772,451,849	56.50	27,831
Zimbabwe	54,734,804	1.12	29,179
Namibia	12,484,143	0.25	515
Malawi	4,614,238	0.10	4,521
Total	4,906,620,219	100	72,413

Source: Equiniti/Link Market Services

Size of holding	Total shares	% of whole	Number of holders
1-1,000	19,530,617	0.40	62,572
1,001-10,000	21,635,333	0.44	8,213
10,001-100,000	31,091,763	0.63	1,031
100,001-250,000	30,555,361	0.62	196
250,001+	4,803,807,145	97.91	401
Total	4,906,620,219	100	72,413

Source: Equiniti/Link Market Services

Note
The registered shareholdings on the South African branch register included PLC Nominees (Pty) Limited, which held a total of 2,752,729,732 shares, including 260,745,806 shares held for the Company's sponsored nominee, Old Mutual (South Africa) Nominees (Pty) Limited, for the benefit of 386,762 underlying beneficial owners. The registered shareholdings on the Zimbabwe branch register included Old Mutual Zimbabwe Nominees (Pvt) Limited, which held a total of 678,313 shares as nominee for 3,466 underlying beneficial owners. The registered shareholdings on the Namibian section of the principal register included Old Mutual (Namibia) Nominees (Pty) Limited, which held a total of 5,766,202 shares as nominee for 6,702 underlying beneficial owners. The registered shareholdings on the Malawi branch register included Old Mutual (Blantyre) Nominees Limited, which held a total of 55,179 shares as nominee for 136 underlying beneficial owners.

Registrars

The Company's share register is administered by the Global Share Alliance in conjunction with local representatives in various jurisdictions. The Global Share Alliance replaced the Company's previous share registrars, Computershare Investor Services, with respect to the UK and South African registers, from 1 September 2014. The following are the relevant contact details:

UK

Equiniti Limited
Aspect House, Spencer Road, Lancing
West Sussex BN99 6DA
Tel no: 0871 384 2878 (if calling from the UK)
Tel no: +44 121 415 0833 (from overseas)
Website for shareholder information and queries: www.shareview.co.uk

South Africa

Link Market Services South Africa (Pty) Ltd
13th Floor Rennie House, 19 Ameshoff Street
Braamfontein, Johannesburg 2001
PO Box 10462, Johannesburg, 2000
Tel no: +27 (0)86 140 0110
Email: oldmutualenquiries@linkmarketservices.co.za

Malawi

National Bank of Malawi
Legal Department
Cnr Victoria Avenue & Henderson Street
Blantyre
(PO Box 1438, Blantyre, Malawi)
email: nbminvestment@natbankmw.com
Tel: +265 182 0622/0054

Namibia

Transfer Secretaries (Pty) Limited
4 Robert Mugabe Avenue, Windhoek
(PO Box 2401, Windhoek)
Tel: +264 (0)61 227647
Fax: +264 (0)61 248531
email: ts@nsx.com.na

Zimbabwe

Corpserve Registrars (Pvt) Ltd
2nd Floor, ZB Centre
Cnr 1st Street and K. Nkrumah Avenue
Harare
(PO Box 2208, Harare, Zimbabwe)
Tel: +263 (0)4 751559/61
Fax: +263 (0)4 752629
email: enquiries@corpserve.co.zw

Dealings in the Company's shares on the JSE

All transactions in the Company's shares on the JSE are required to be settled electronically through Strate, and share certificates are no longer good for delivery in respect of such transactions. Shareholders who have any enquiries about the effect of Strate on their holdings in the Company should contact Link Market Services in Johannesburg on +27 (0)86 140 0110.

Dealings in the Company's shares on the Zimbabwe Stock Exchange

With effect from 2 March 2015, all transactions in the Company's shares on the Zimbabwe Stock Exchange will be required to be settled in dematerialised form, and share certificates will no longer be good for delivery in respect of such transactions. The Company will shortly be sending a circular to its registered shareholders on the Zimbabwe branch register explaining the consequences of this and inviting them to dematerialise their certificated shareholdings through an Issuer-Sponsored Nominee Programme. Shareholders on the Zimbabwe

branch register who have any enquiries about dematerialising their holdings in the Company should refer to this circular (which is also available on the Company's website) or, in case of doubt, contact Corpserve Registrars on +263 (0)4 751559/61.

Electronic communications and electronic proxy appointment

The Company wrote to shareholders on its South African branch register and on the principal and Namibian sections of its UK register in November 2012 to inform them that it was moving to e-comms as the default form of communication, in line with provisions in the UK Companies Act 2006 and the Company's Articles of Association. Shareholders who wished to continue to receive physical copies of shareholder communications, rather than accessing these from the Company's website, were required to notify the Company's registrars of their election to do so by 4 January 2013. A similar process was followed, with different applicable dates, for new shareholders who bought shares between November 2012 and 15 August 2014. Such mailings will now take place for new shareholders annually.

A further exercise to extend these arrangements to shareholders on the Malawi branch register took place during 2014. For the time being, these arrangements have not been extended to apply to shareholders on the Zimbabwe branch register, but the Company plans to keep the possibility of doing so under review.

If you are currently still receiving documents by post, but would like to receive notification of future communications from the Company by email, please log on to our website, www.oldmutual.com, select 'Investor Relations', then 'Shareholder Centre', then click on 'Shareholder investor centre' and follow the instructions to log into the Investor Centre. In order to register, you will need your Shareholder Reference Number, which can be found on the payment advice notice or tax voucher accompanying your last dividend payment or notification. Before you register, you will be asked to agree to the Terms and Conditions for Electronic Communications with Shareholders. It is important that you read these Terms and Conditions carefully, as they set out the basis on which electronic communications will be sent to you. Any election to receive documents electronically will generally remain in force until you contact the Company's Registrars (via the applicable online address set out earlier in this section of the Report or otherwise) to terminate or change such election.

Electronic proxy appointment is available for this year's Annual General Meeting. This enables proxy votes to be submitted electronically, as an alternative to filling out and posting a form of proxy. Further details are set out on the form of proxy, which can be accessed in the AGM section of the Shareholder Information part of our website.

Final dividend for the year ended 31 December 2014 and timetable for payment

The Board is recommending a final dividend (the 'Final Dividend') for the year ended 31 December 2014 of 6.25p per share, which will be paid on 29 May 2015, subject to being approved by shareholders at the Company's 2015 Annual General Meeting. Shareholders on the South African, Zimbabwe and Malawi branch registers and the Namibian section of the principal register will be paid their local currency cash equivalents of the Final Dividend under dividend access trust or similar arrangements established in each country. Shareholders who hold their shares through Euroclear Sweden AB, the Swedish nominee, will be paid the cash equivalent of the Final Dividend in Swedish kronor. Local currency cash equivalents of the Final Dividend for all five territories will be determined by the Company using exchange rates prevailing at the close of business on 9 April 2015 and will be announced by the Company on 10 April 2015.

A scrip dividend alternative is not being made available in relation to the Final Dividend and it will be settled wholly in cash.

SHAREHOLDER INFORMATION

continued

The full timetable for the Final Dividend is set out below.

Currency conversion date	Thursday, 9 April 2015
Exchange rates announced	Friday, 10 April 2015
Last day to trade cum dividend for shareholders on the branch registers in South Africa, Malawi and Zimbabwe and on the Namibian section of the principal register	Friday, 17 April 2015
Ex-dividend date for shareholders on the branch registers in South Africa, Malawi and Zimbabwe and on the Namibian section of the principal register	Monday, 20 April 2015
Transfers suspended between registers	opening of business on Monday, 20 April 2015
Last day to trade cum dividend for shareholders on the UK register	Wednesday, 22 April 2015
Ex-dividend date for shareholders on the UK register	Thursday, 23 April 2015
Record date (all locations)	close of business on Friday, 24 April 2015
Transfers between registers recommence	opening of business on Monday, 27 April 2015 or (for South Africa) Tuesday, 28 April 2015
Annual General Meeting	Thursday, 14 May 2015
Final Dividend Payment Date	Friday, 29 May 2015

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between 20 and 24 April 2015, both dates inclusive, and transfers between the registers may not take place during that period.

Financial calendar for the rest of 2015

The Company's financial calendar for the rest of 2015 is as follows:

Annual General Meeting and First Quarter Interim Management Statement	14 May 2015
Interim results	6 August 2015
Interim dividend payment date	30 October 2015
Third Quarter Interim Management Statement	4 November 2015
Final results for 2015	March 2016

Forward-looking statements

This report contains certain forward-looking statements with respect to Old Mutual plc's and its subsidiaries' plans and expectations relating to their financial condition, performance and results. By their nature, 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, UK domestic and general 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 or of 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 subsidiaries operate.

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

Acknowledgements

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Registered Office:

5th Floor
Millennium Bridge House
2 Lambeth Hill
London EC4V 4GG

www.oldmutual.com