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Capital management

Risto Ketola

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Regulatory solvency

Cash generation

Why regulatory solvency matters

Regulatory licence to operate

↓

Policyholder protection

↓

Strategic flexibility

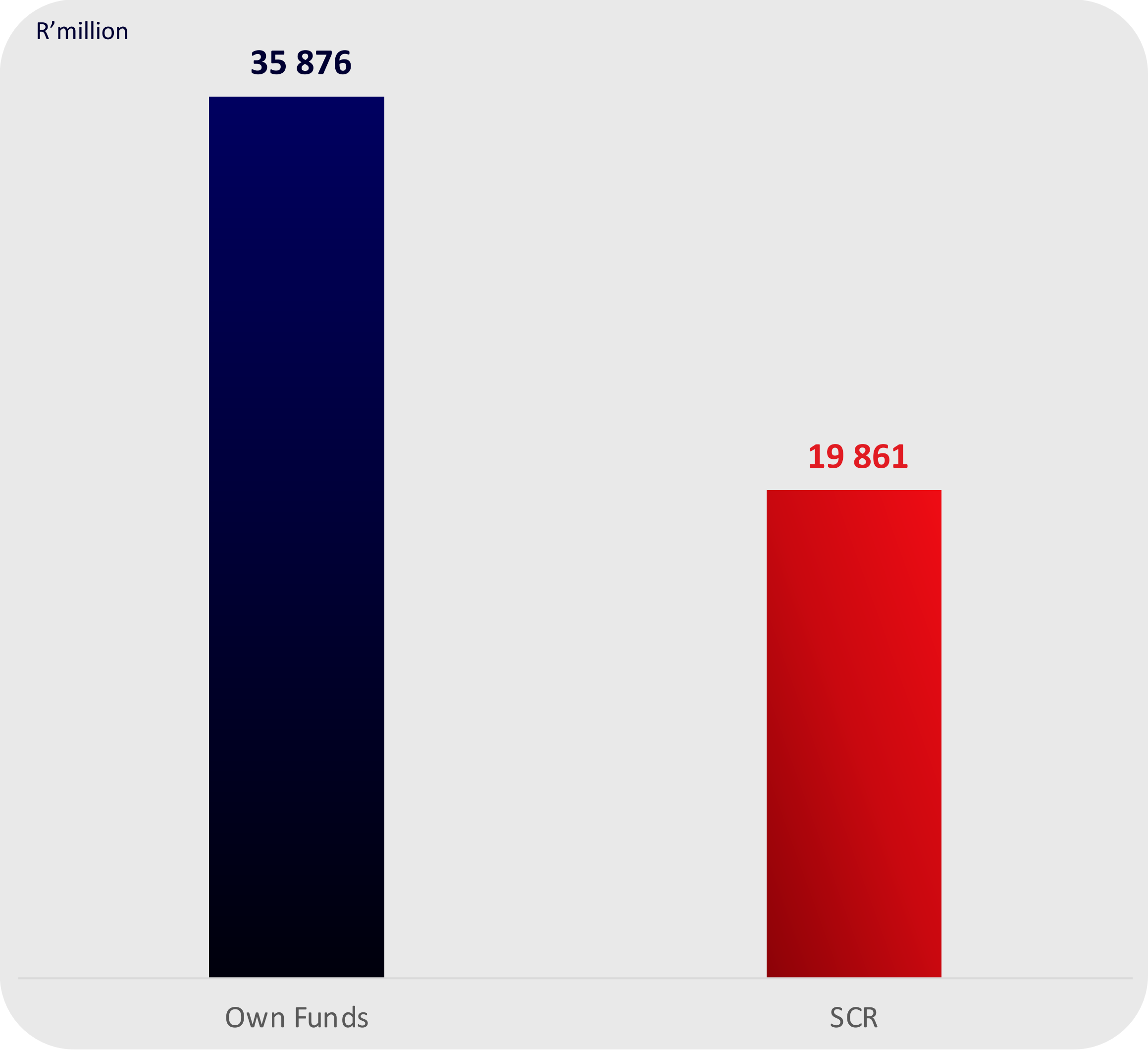
↓

Shareholder distributions

- **Regulatory licence to operate:** Solvency is the minimum condition required to continue writing business and meeting regulatory expectations
- **Policyholder protection:** Solvency ensures the insurer has sufficient capital to meet policyholder promises, even under severe stress
- **Strategic flexibility:** Strong solvency gives management room to fund growth, absorb volatility, support subsidiaries and pursue acquisitions
- **Shareholder distributions:** Solvency determines the Group's capacity to pay dividends and execute buybacks. Strong earnings only translate into distributions if sufficient surplus capital remains

MML solvency as at March 2026

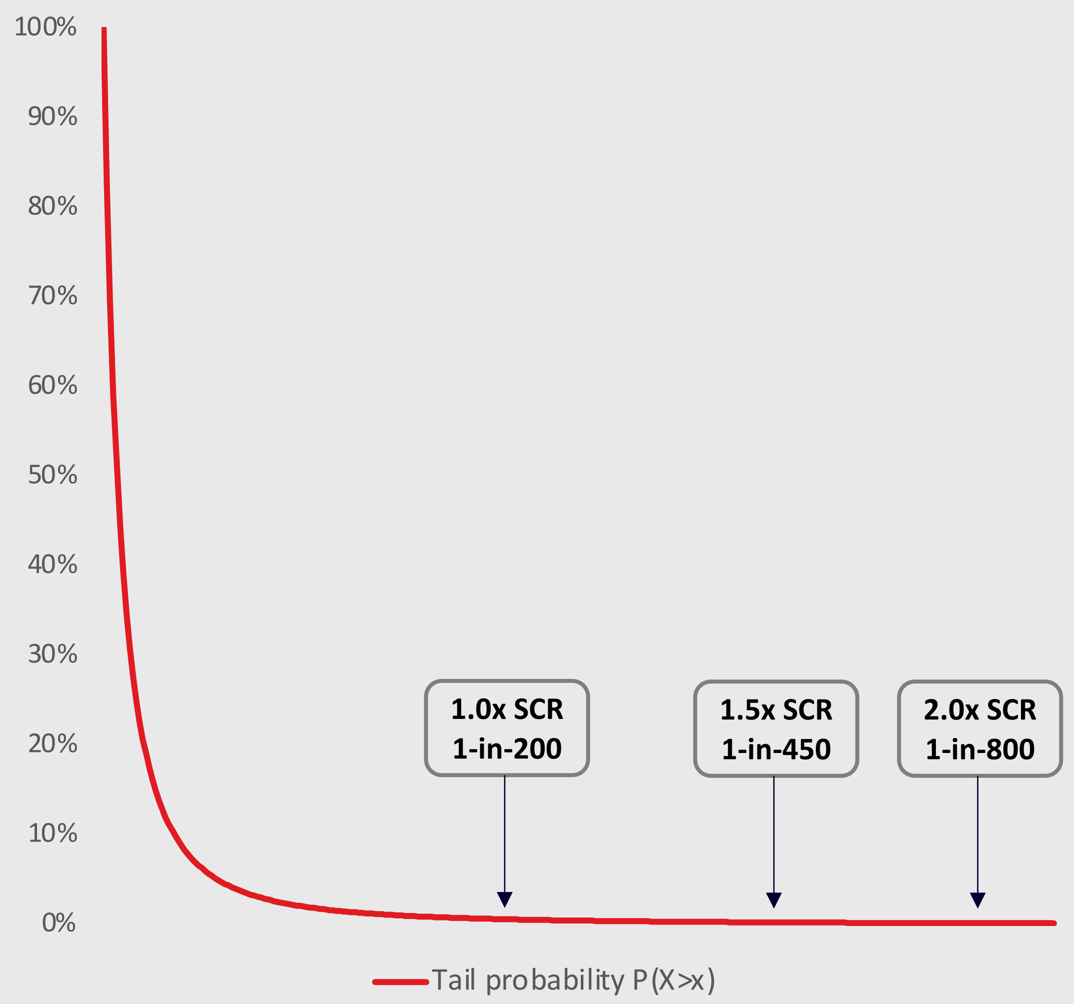
MML solvency



- MML's SCR cover ratio improved from **1.64** at December 2025 to **1.81** at March 2026, before foreseeable dividends
- The improvement in the cover ratio was mainly driven by strong earnings for the period and the rise in the nominal yield curve from December 2025 to March 2026, which improved Own Funds and reduced SCR
- **Own Funds:** Own Funds is the regulator's view of our NAV. It represent the excess of assets over liabilities (BEL + RM)
- **SCR:** The SCR is the capital required to withstand a severe stress event, calibrated broadly to a 1-in-200 year level
- **SCR cover ratio:** The SCR cover ratio shows how many times available Own Funds cover the SCR

Capital buffers and tail protection

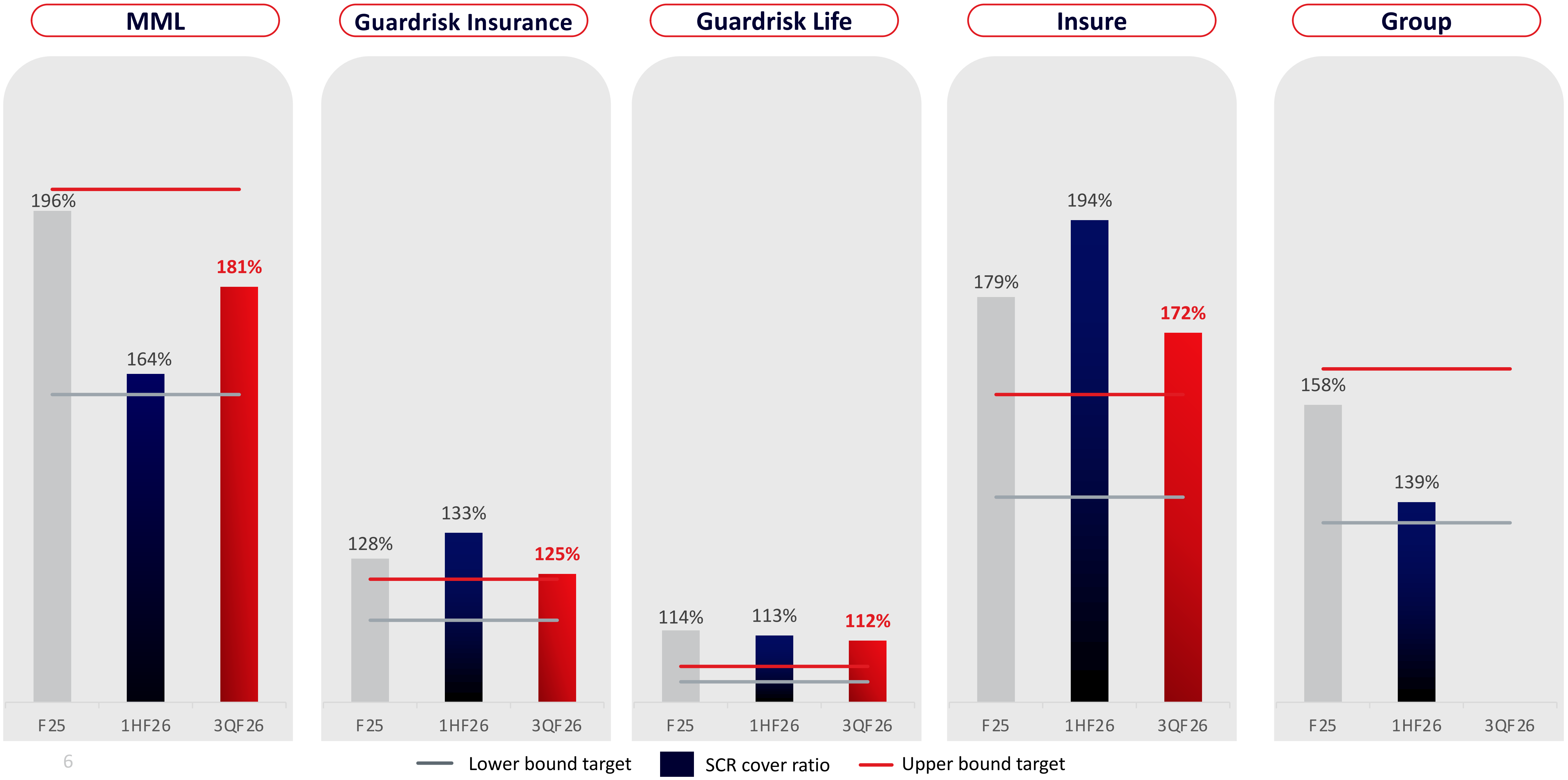
Fitting a Pareto distribution to solvency



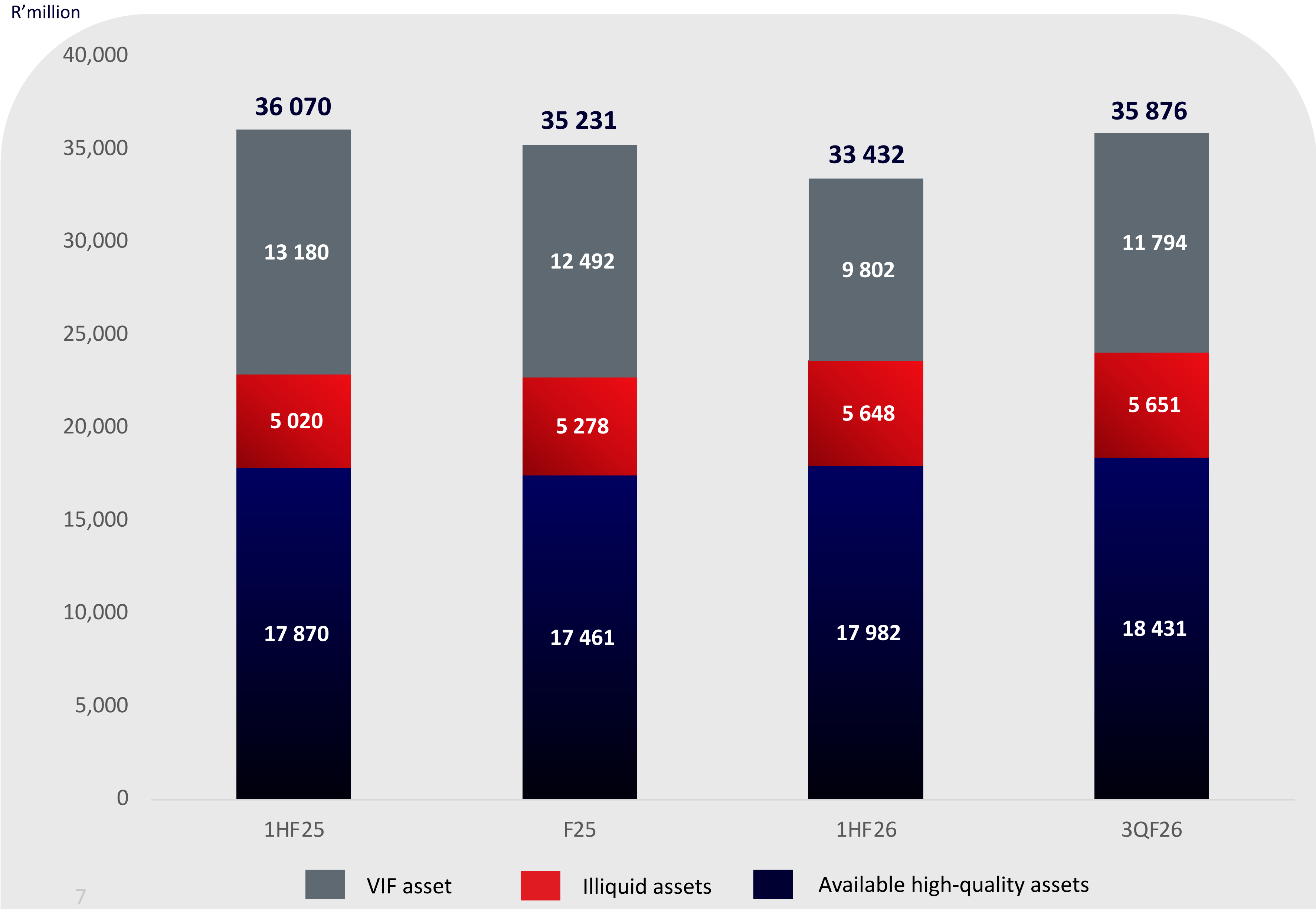
- The SCR is calibrated to a severe 1-in-200 year event
- A cover ratio above 1.0x means the business holds capital above that severe stress level
- This additional buffer protects against uncertainty and volatility, while creating capacity for actions such as dividends, buybacks or the ability to invest for growth
- The Pareto distribution is shown as a simple illustration of tail risk where small increases in capital cover can represent meaningfully deeper protection against rare events
- Under a simple Pareto example:
  - 1.0x cover ≈ 1-in-200 year event
  - 1.5x cover ≈ 1-in-450 year event
  - 2.0x cover ≈ 1-in-800 year event

Illustrative only: not an official SAM recalibration

Momentum solvency



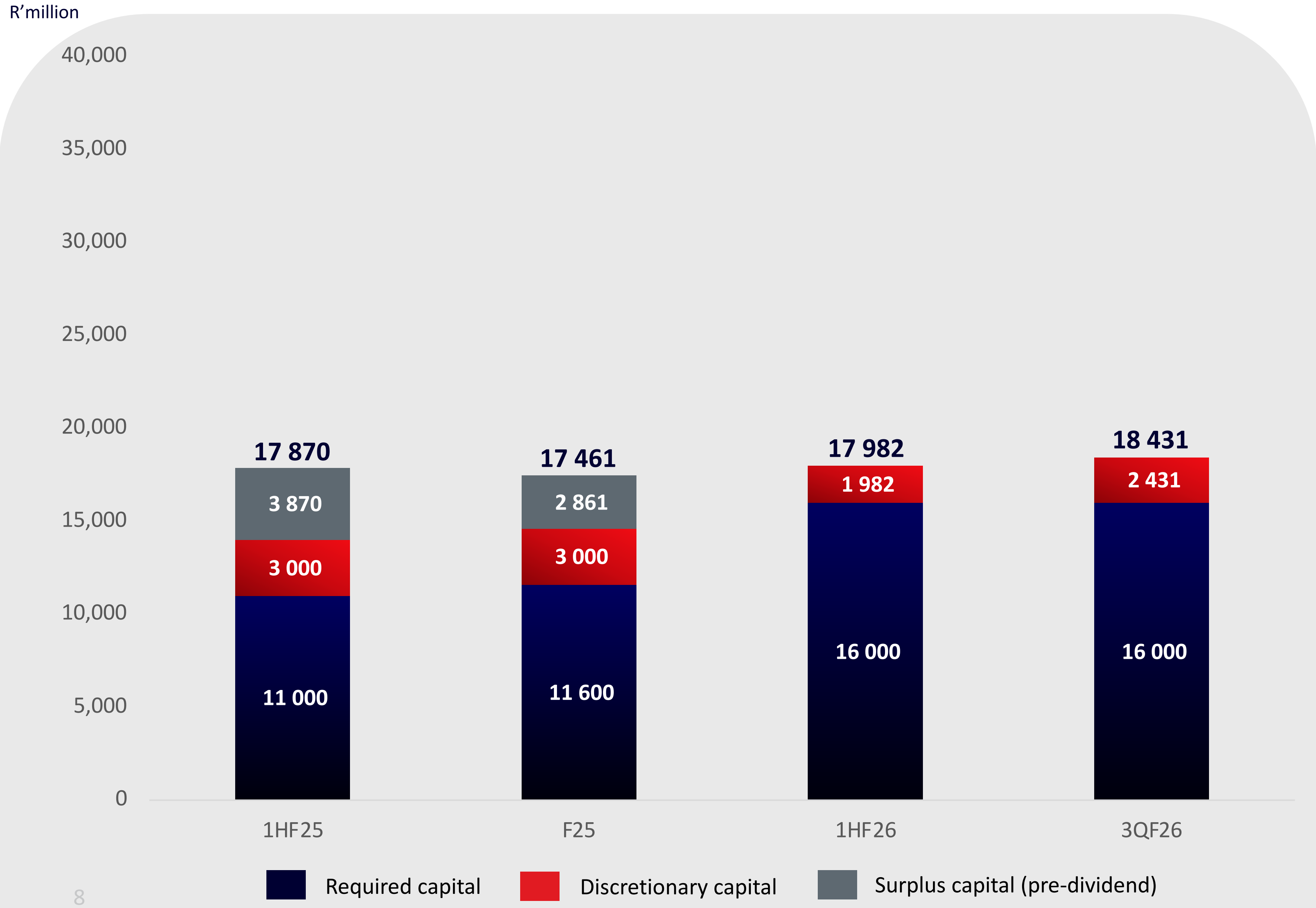
Internal view of MML Own Funds



Majority of Own Funds kept in available high-quality assets

- MML's Own Funds are not all immediately available in cash
- A portion is backed by high-quality liquid assets
- Internal preference to cover approximately 1.0x SCR with high-quality assets
- A portion is represented by illiquid assets, such as subsidiaries
- A portion reflects future value in the in-force ("VIF") book, which is economically valuable but sensitive to discount rates

High-quality assets



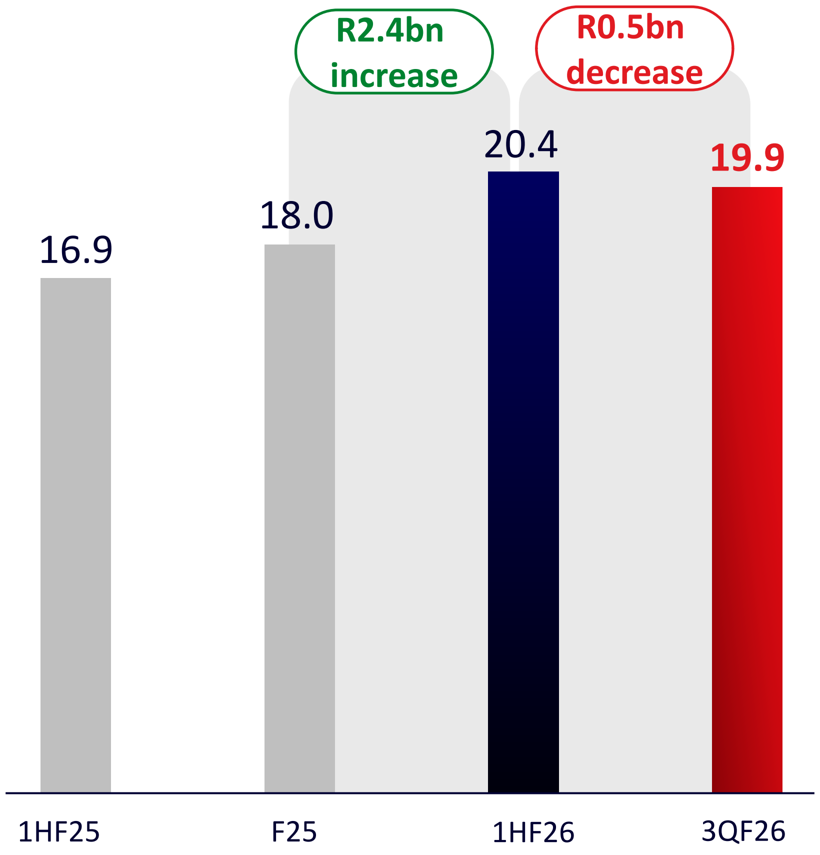
Strong policyholder protection buffer

- High-quality assets are a vital part of the solvency Own Funds position
- They can support required capital, dividends, buybacks and capital deployment initiatives
- Part of this high quality assets is used to protect policy-holders by supporting the required capital and target buffer (discretionary capital)
- The true management buffer, deployable assets, is therefore the excess after required and discretionary capital needs

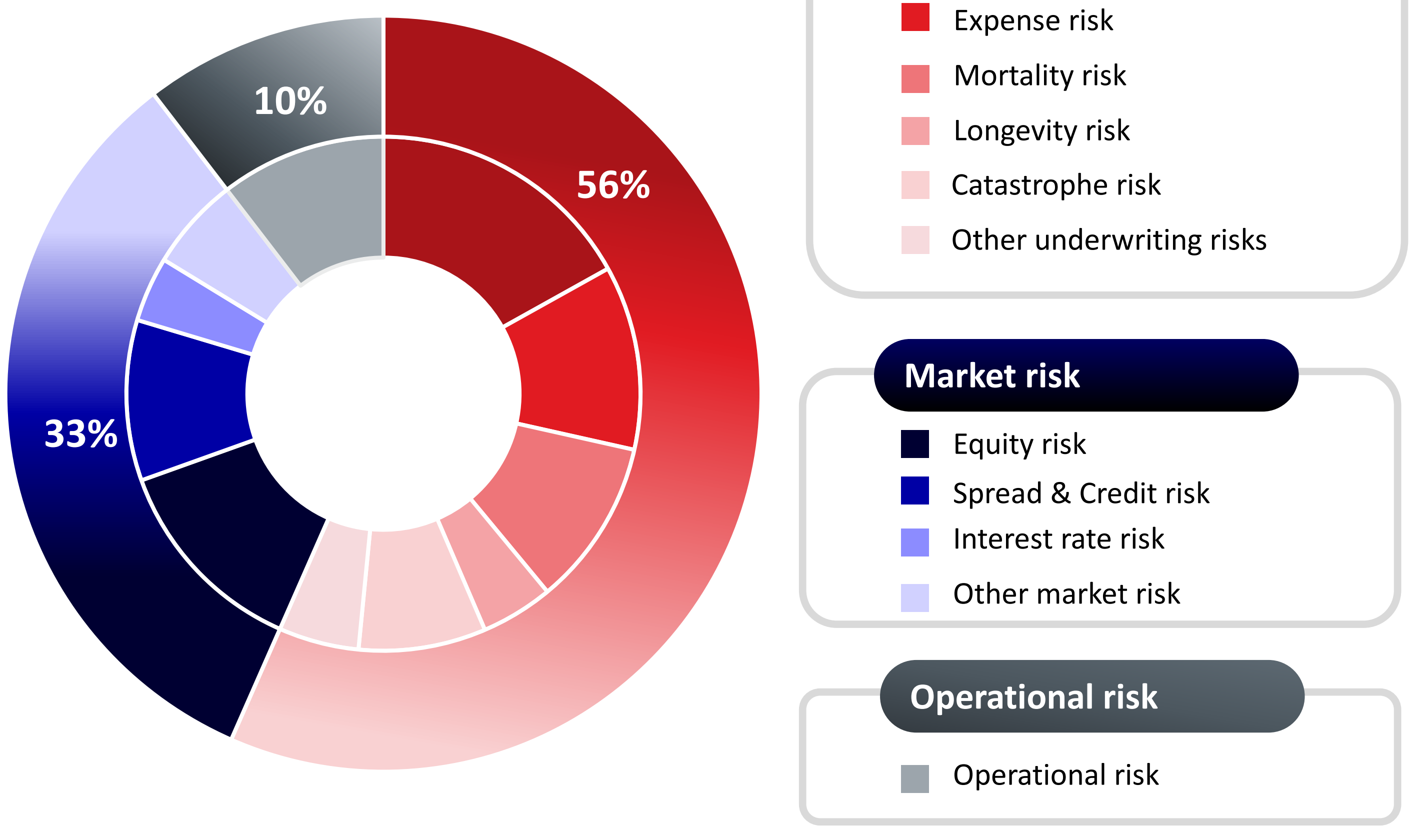
MML SCR composition

R'billion

SCR history

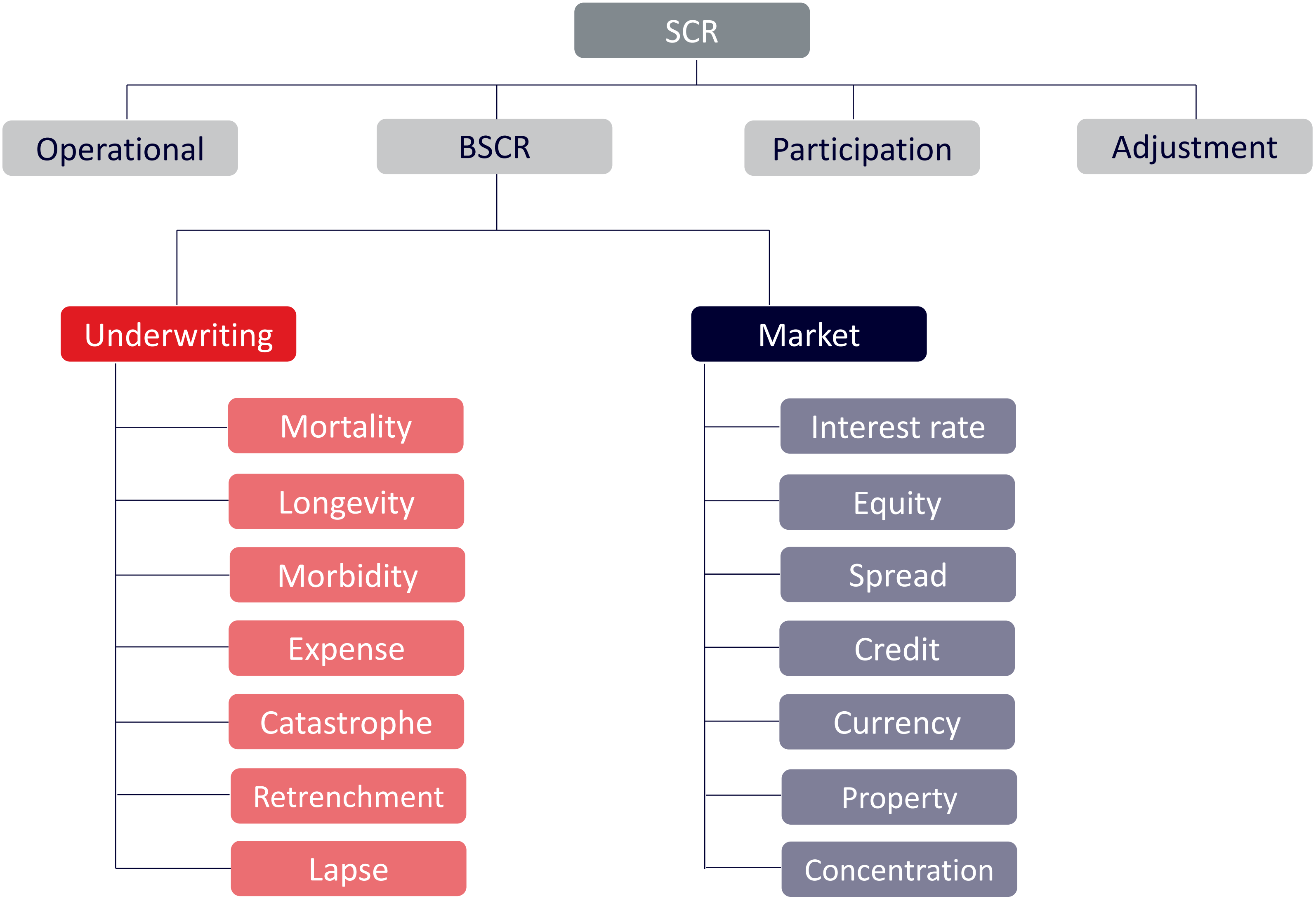


Composition of SCR



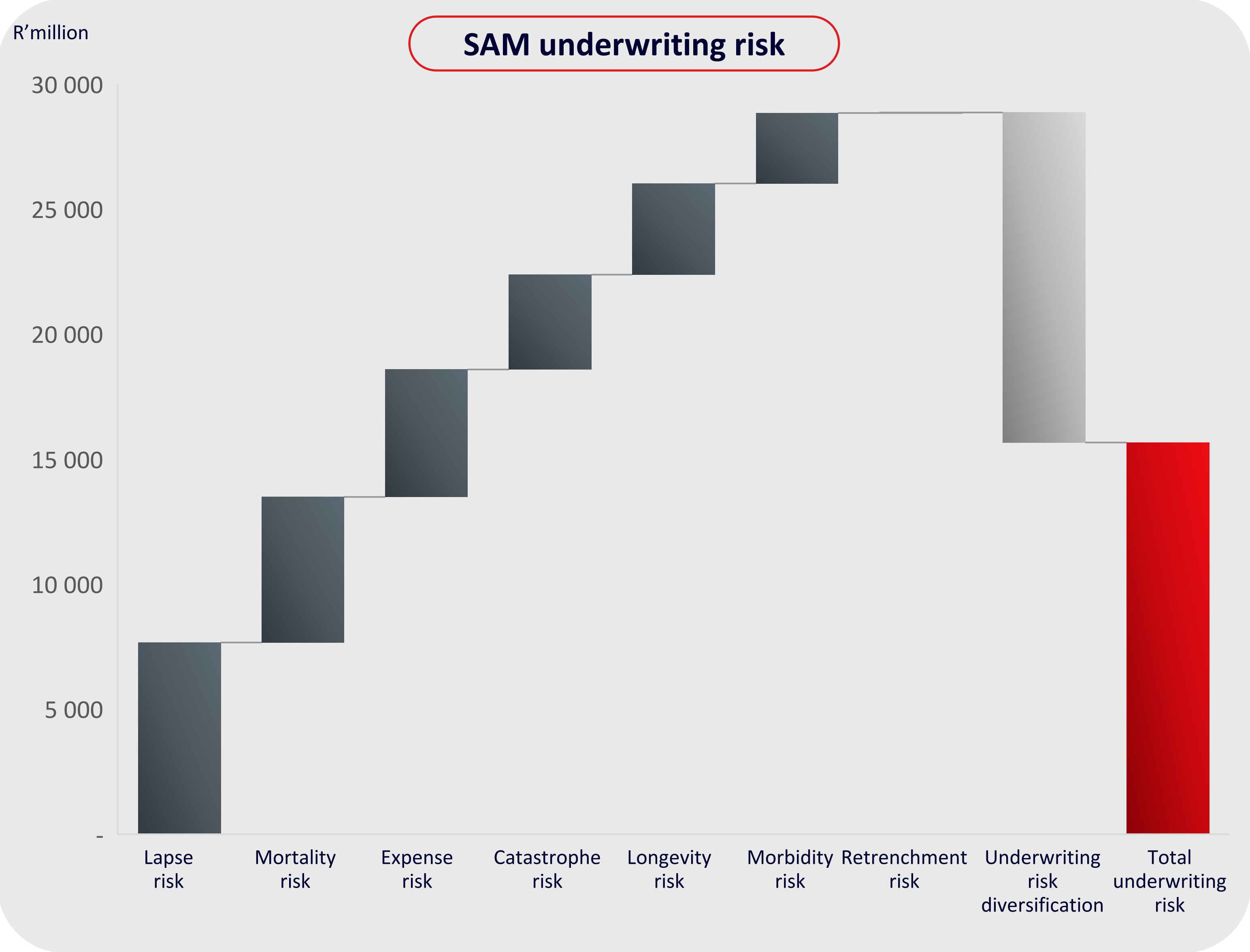
Percentages based on BSCR and operational risk

SCR overview



- **Operational risk** captures losses from failed systems, processes, people or external events
- **Basic SCR (BSCR)** captures the main financial and insurance risks. In a life business, this primarily consists of market and underwriting risks
- **Participation risk** captures losses from the insurer's participations, including subsidiaries or insurance-related investments
- **Adjustment** captures loss-absorbing offsets that reduce the gross SCR, mainly where losses are partly absorbed through taxes

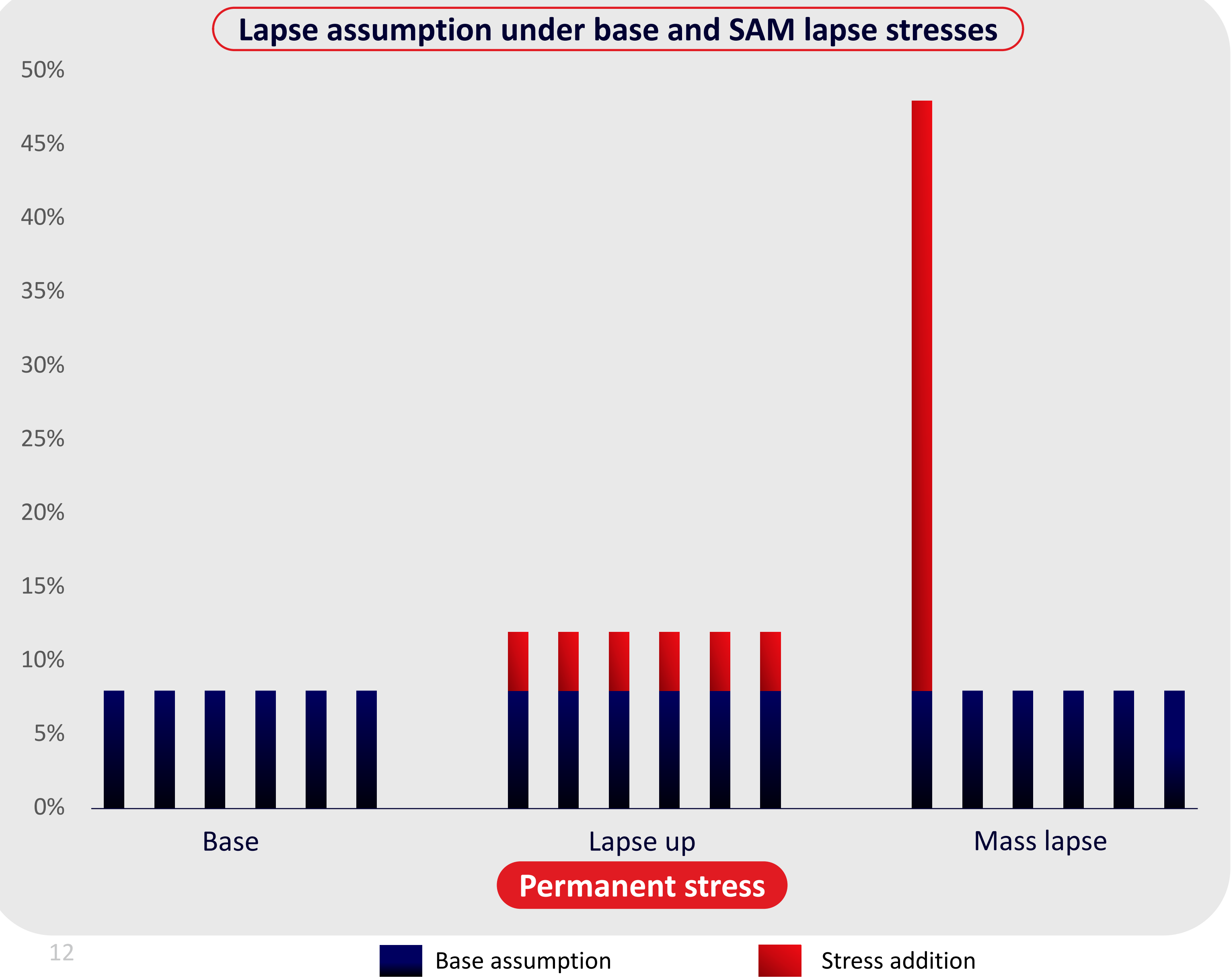
Underwriting risk



Underwriting risk is the risk that insurance experience is worse than expected

- Underwriting risk captures the risk that policyholder behaviour and claims experience differ from expectations
- Key risks include lapse, mortality, longevity, morbidity, expense, retrenchment and catastrophe risk
- Each risk component is stressed separately and then aggregated using correlations
- These risks affect both current experience and the value of future profits in the in-force book
- For a life insurer, underwriting risk is often a major driver of the SCR because the business is built on long-term assumptions

Underwriting risk: Lapse risk

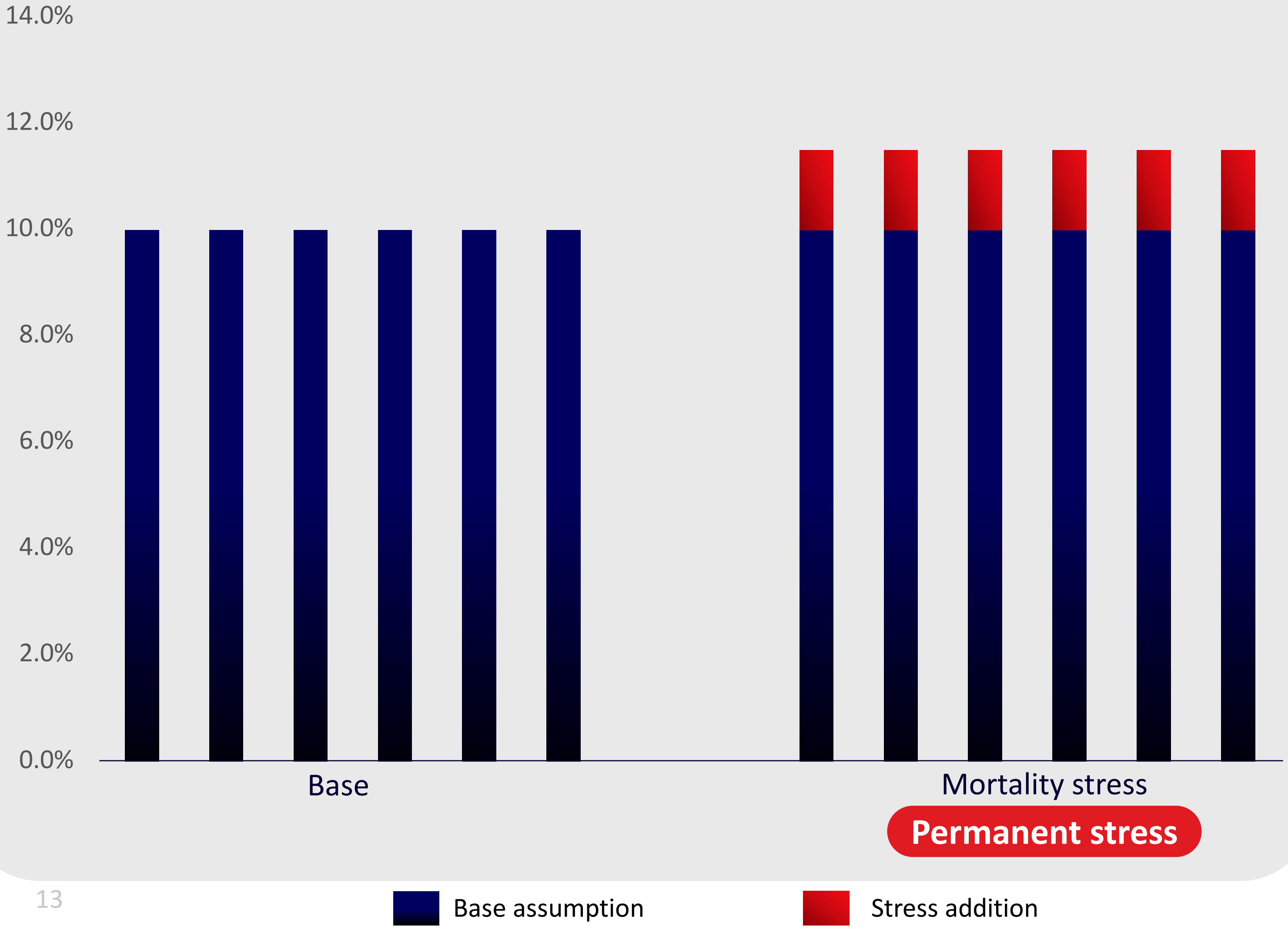


Lapse risk captures the impact of policyholders leaving differently from expected

- The SCR tests lapse-up, lapse-down and mass-lapse scenarios, assessed within homogeneous groups to limit offsets between lapse-up and lapse-down impacts:
  - Lapse-up: 1.5x base lapse rates
  - Lapse-down: 0.5x base lapse rates
  - Mass lapse: Instantaneous one-off lapse of 40% retail and 70% corporate business
- The direction depends on the product:
  - Higher lapses can reduce future profits on profitable business
  - Lower lapses can be adverse for loss-making or guarantee-heavy business
- This risk is material where Own Funds rely on future profits from the in-force book

Underwriting risk: Mortality risk

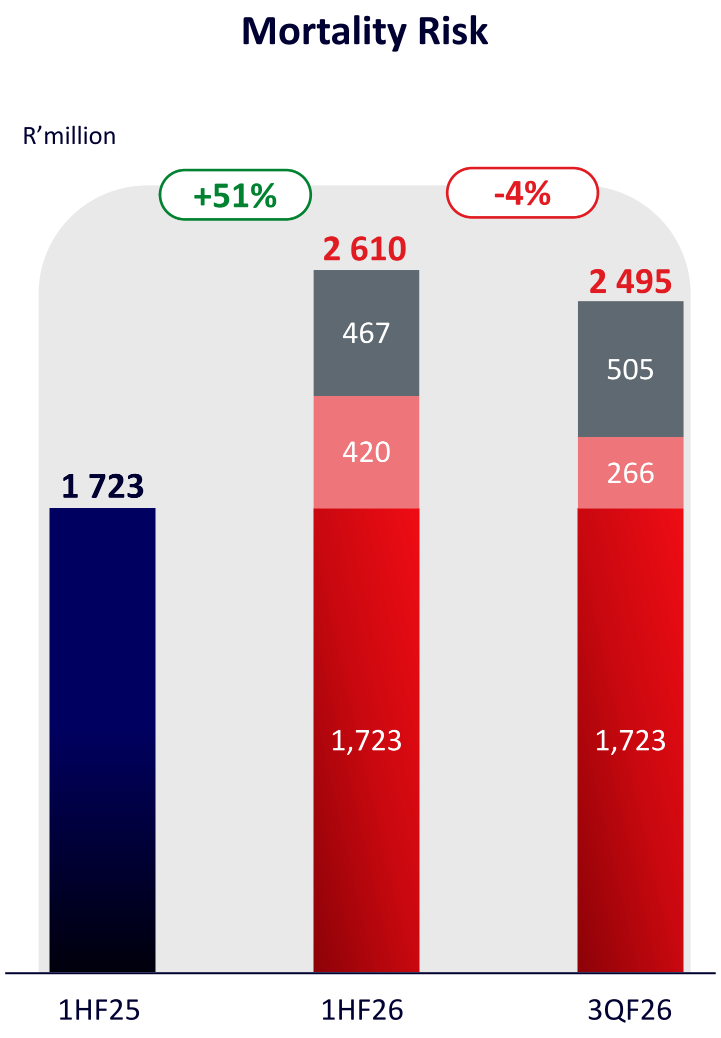
Mortality assumption under base and SAM mortality stress

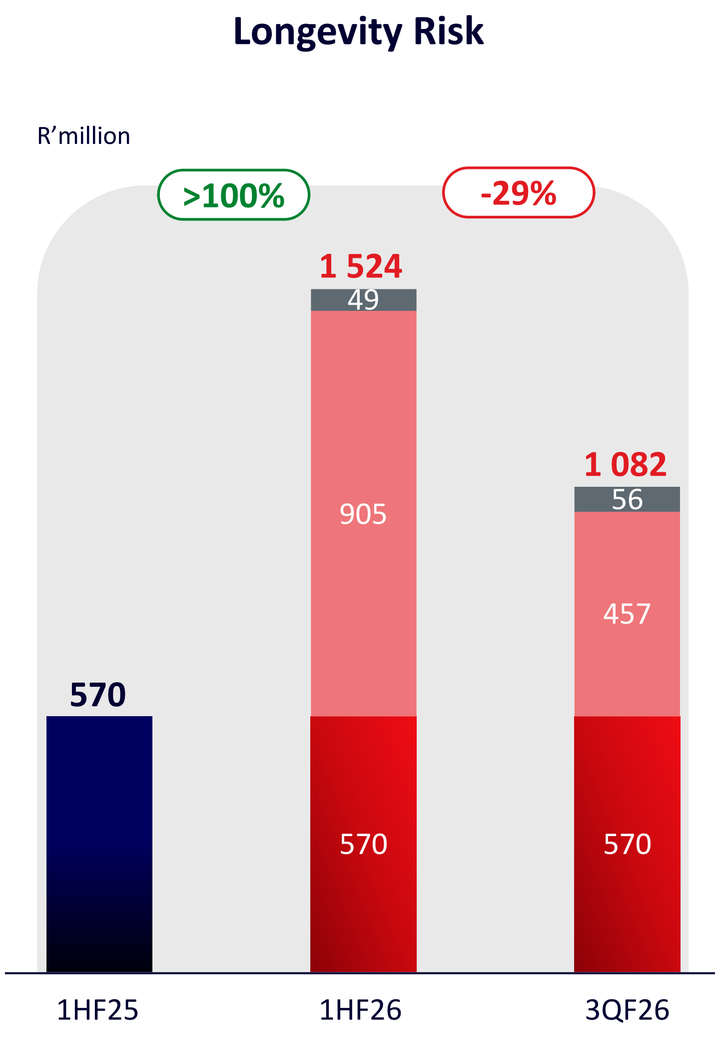


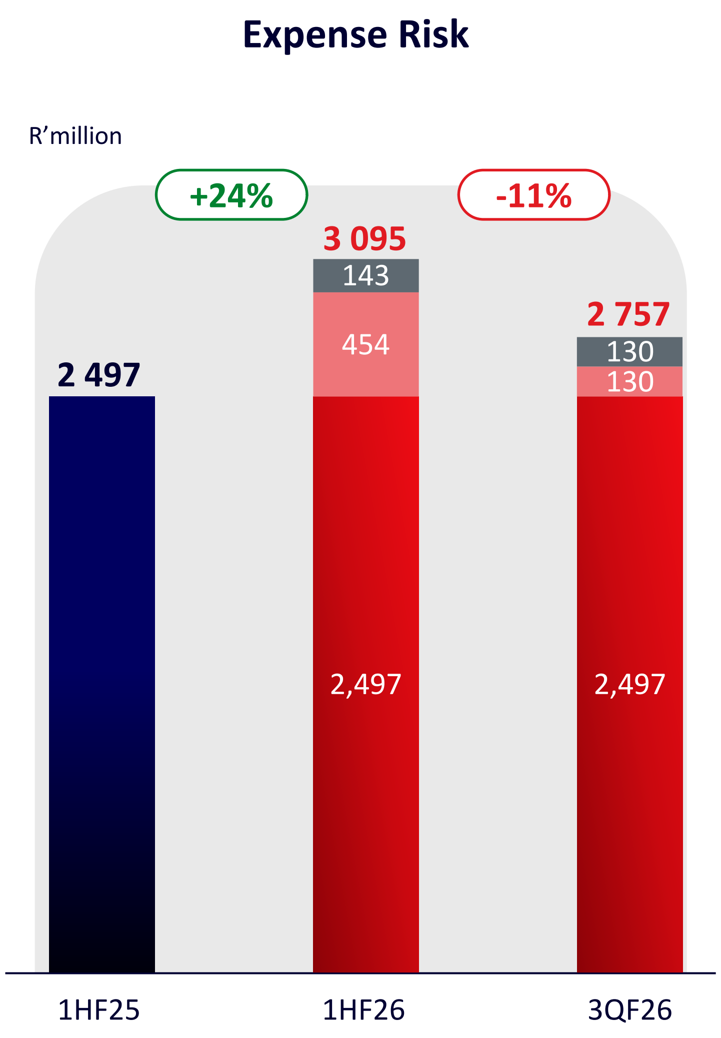
Mortality risk captures the impact of more deaths than expected

- Under SAM, the mortality stress results in the base mortality rates permanently increased by factor of 1.15
- It is most relevant for protection products where the insurer pays claims on death
- A mortality stress increases expected claims and reduces Own Funds
- The impact depends on sum assured, age profile, underwriting quality, reinsurance and diversification
- Mortality risk is managed through pricing, underwriting, claims management, reinsurance and portfolio monitoring

Recent movements in SCR components

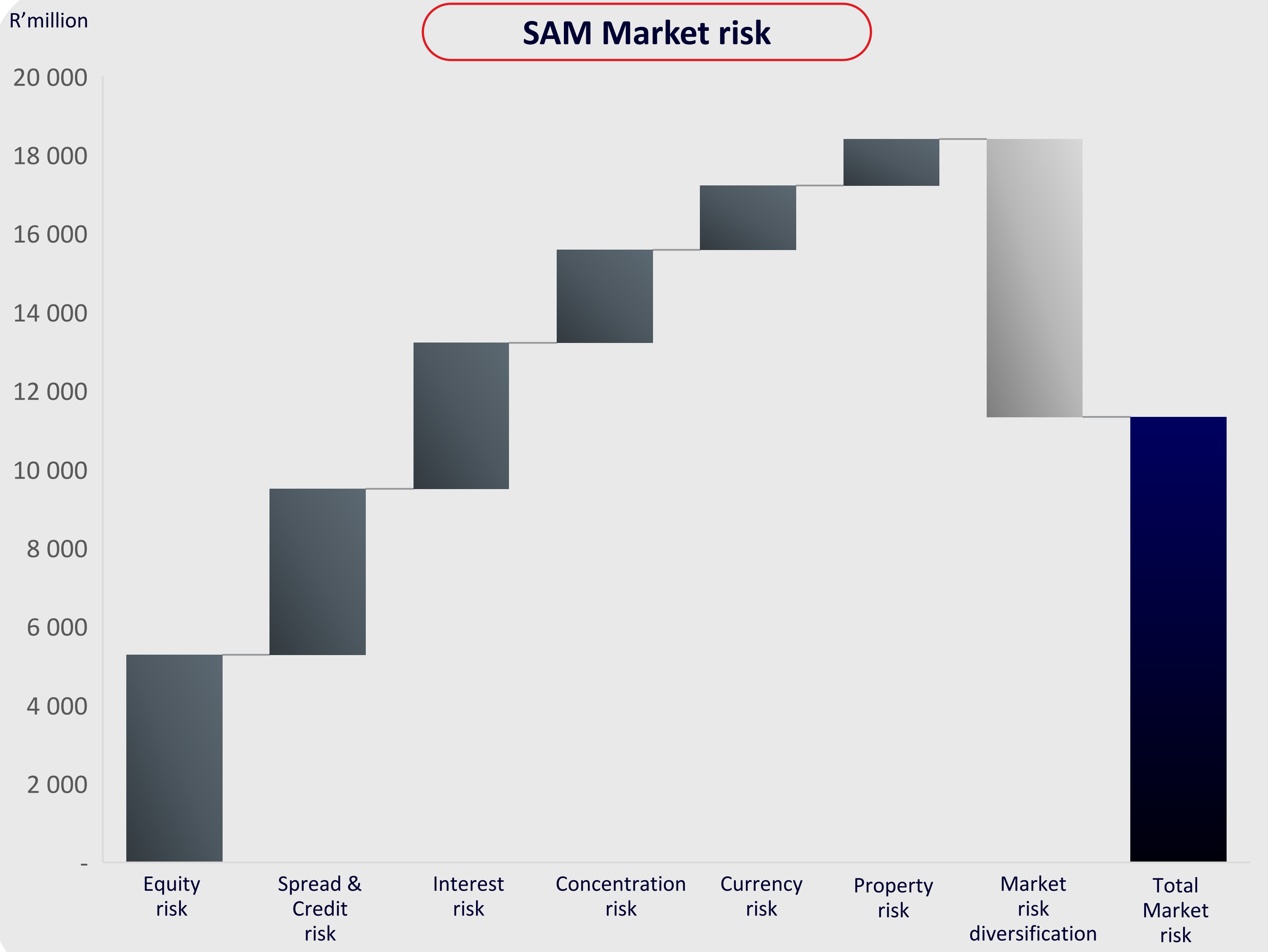






December 2024 closing SCR
December 2024 closing SCR
Yield curve impact
Experience impact

Market risk



Market risk is the risk that financial market movements reduce Own Funds

- Market risk captures the impact of movements in financial variables such as equity markets, credit spreads, interest rates, property values and exchange rates
- For a life insurer, market risk affects both sides of the balance sheet: the value of assets and the value of liabilities
- Each market-risk component is stressed separately and then aggregated using prescribed correlations, rather than simply adding the standalone charges together
- Market risk is managed through asset allocation, ALM, duration matching, hedging and investment limits

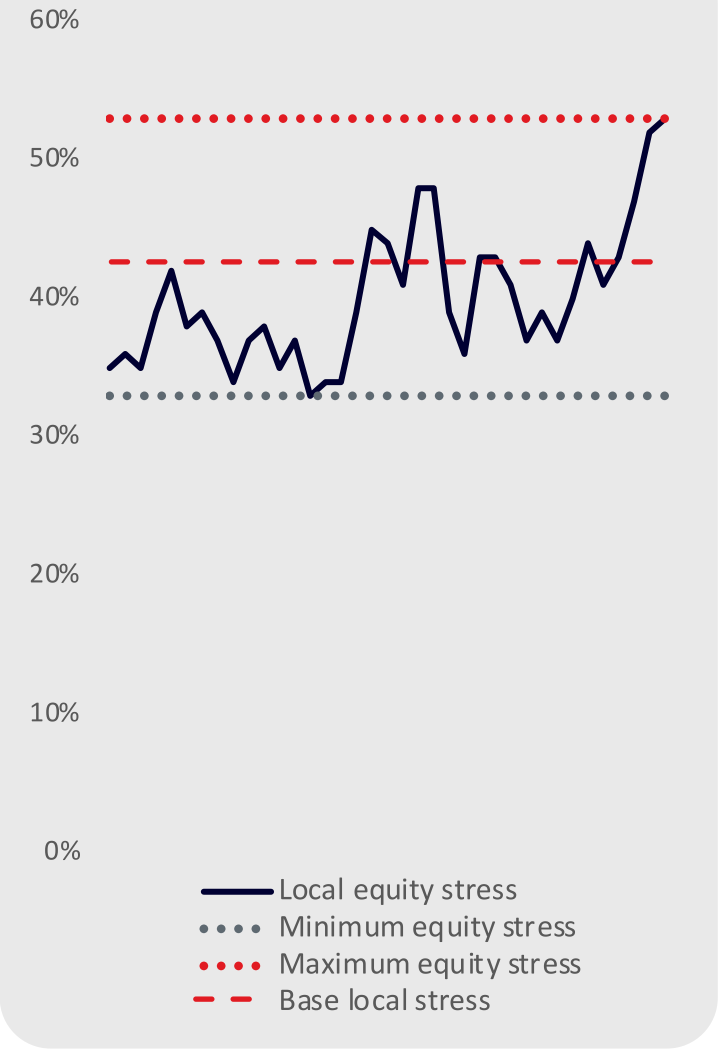
Market risk: Equity risk

Global equity stress

Range: 29% - 49%

Local equity stress

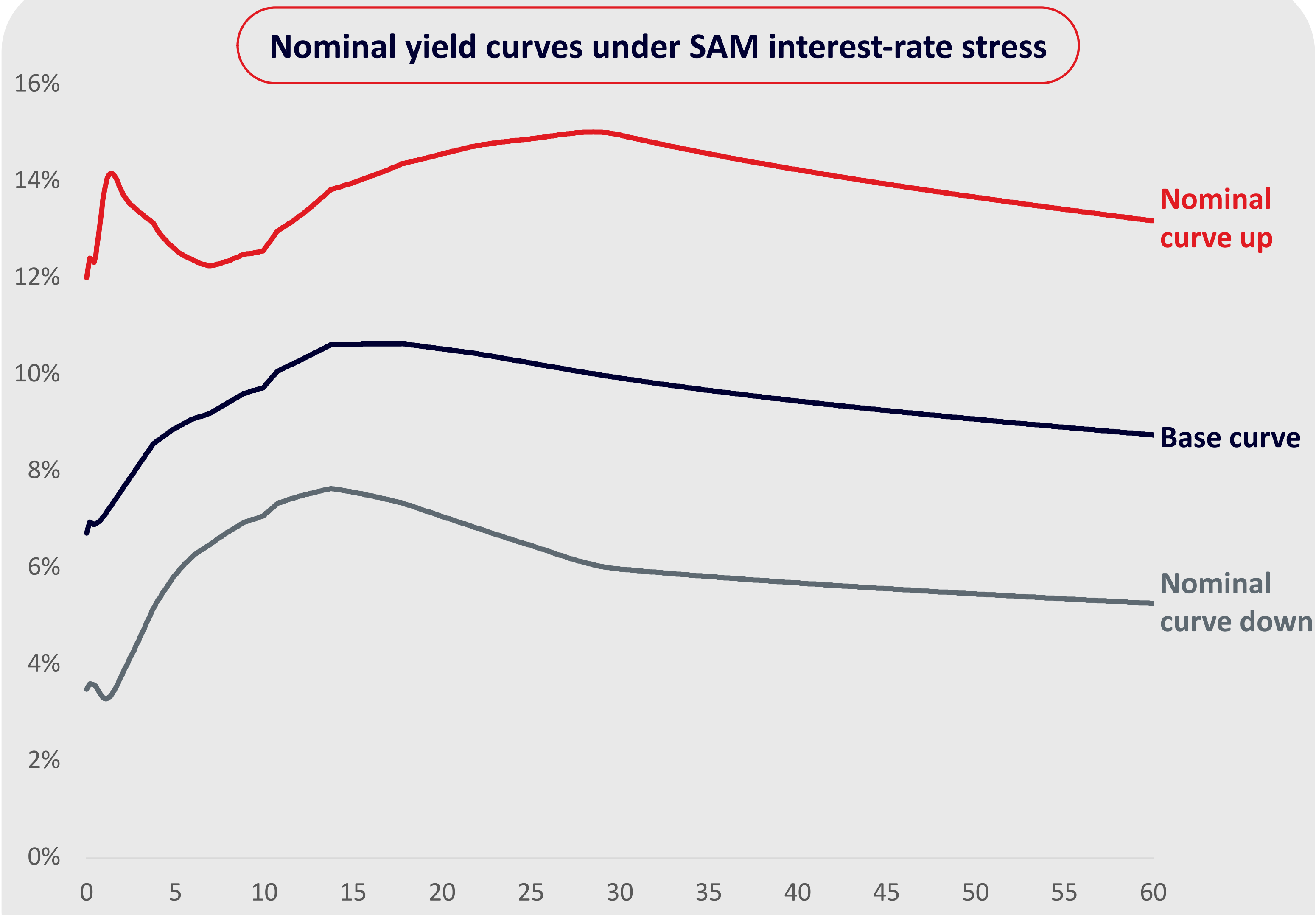
Range: 33% - 53%



Equity risk captures the loss that would arise from a sharp fall in equity markets

- Equity exposure can sit in shareholder assets and policyholder funds
- A fall in equity markets reduces asset values and can reduce Own Funds
- The base stress is adjusted by a symmetric adjustment (±10%)
- The symmetric adjustment increases or reduces the overall stress depending on recent equity-market performance. Strong markets can result in a higher stress, while weak markets can result in a lower stress
- The actual equity stress moves within the prescribed range as the symmetric adjustment changes

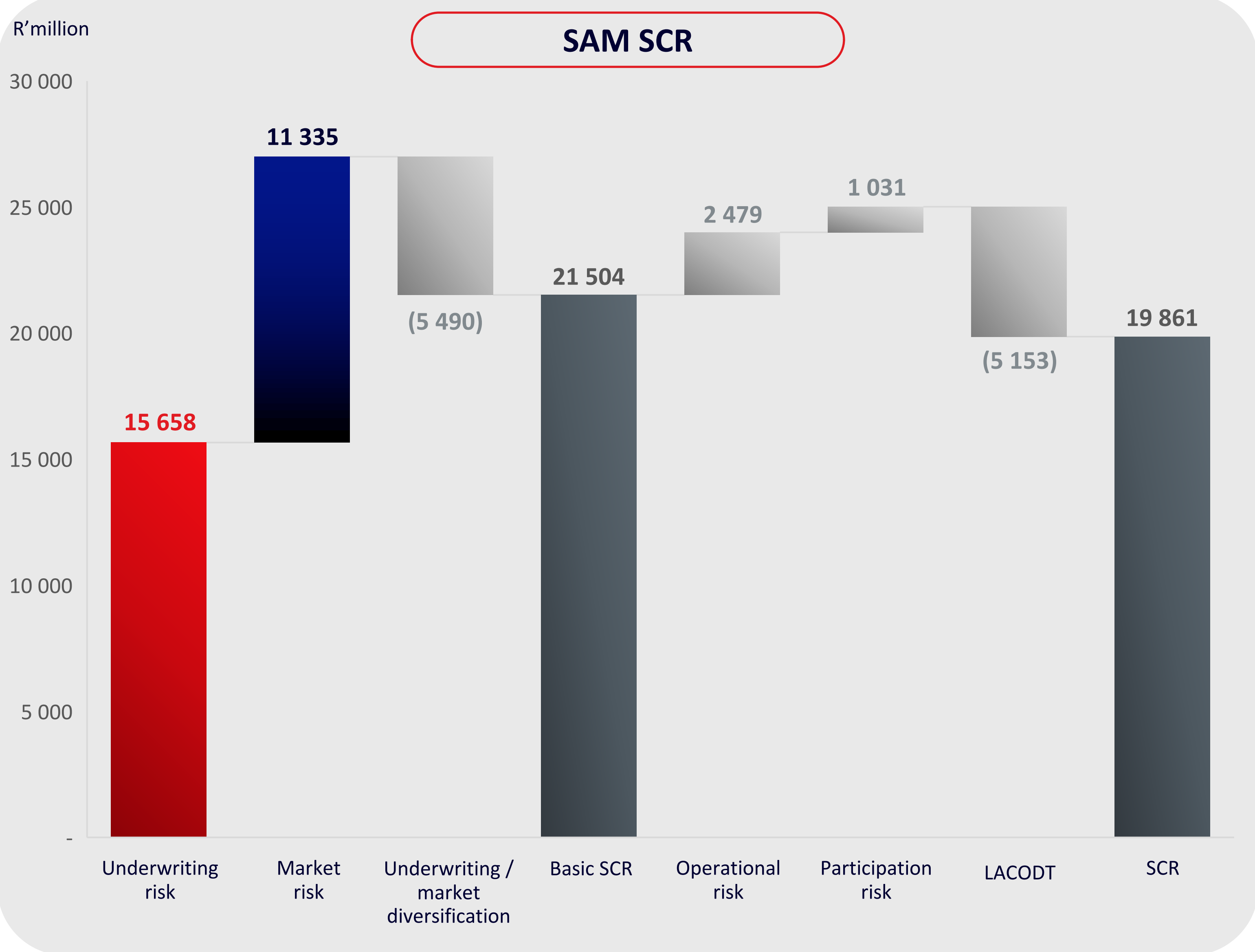
Market risk: Interest-rate risk



Interest-rate risk measures how yield-curve movements affect assets & liabilities

- The SCR tests both upward and downward yield-curve shocks. The scenario that is most severe depends on the asset-liability profile of the business
- Nominal and real yield curves are stressed separately under the interest-rate risk module
- The stress affects both assets and liabilities, but the biggest impact is often on long-duration insurance liabilities
- Yield curve changes beyond the last observable bond is impractical to hedge
- Lower yields generally increase the present value of liabilities, reducing Own Funds and increase the risk margin

Bringing the SCR components together



Underwriting risk is the key driver of SCR

- Underwriting risk is the largest driver, reflecting the life insurance nature of the business
- Market risk is also material, mainly through equity, credit/spread and yield-curve exposure
- Operational risk is added separately, covering failures in processes, people, systems or external events
- Deferred tax loss absorption further reduces the final SCR, where stressed losses are expected to generate tax relief
- The final SCR is built from the diversified BSCR, plus operational and participation risk, less loss-absorbing tax adjustments

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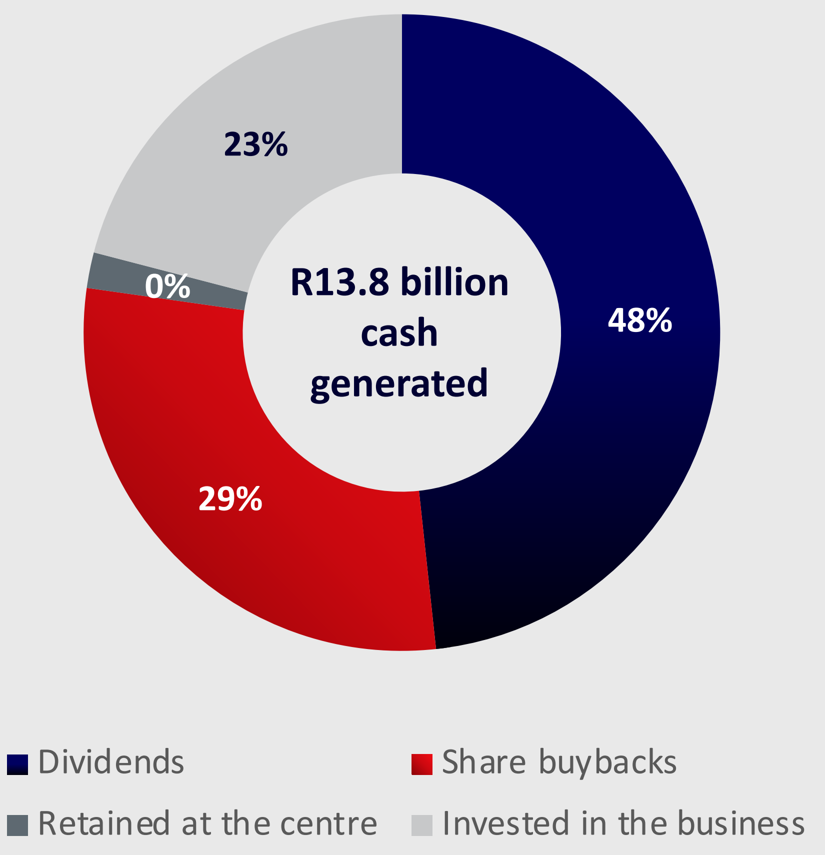
Regulatory solvency

Cash generation

Cash generation

R'million	2023*	2024*	2025*	Cumulative*
SA Life businesses	3 601	2 990	2 106	8 697
Momentum Africa	671	42	690	1 403
Guardrisk	311	386	576	1 273
Momentum Investments	281	263	344	888
Momentum Insure	-	315	505	820
Momentum Health	218	179	209	606
Other	19	104	5	128
Dividend inflow to Momentum Group	**5 101**	**4 279**	**4 435**	**13 815**
Momentum Africa	(214)	(230)	(255)	(699)
India	-	(409)	(237)	(646)
M&A	(78)	(198)	(217)	(493)
Momentum Insure	(380)	-	-	(380)
Momentum Money	(297)	-	-	(297)
Momentum Multiply	(143)	-	-	(143)
Other	(51)	22	(23)	(52)
Preference shares	(529)	(130)	(118)	(777)
Cash generated to Momentum Group	**3 409**	**3 334**	**3 585**	**10 328**
Ordinary dividend	(1 903)	(2 102)	(2 666)	(6 671)
Net of dividend payment	**1 506**	**1 232**	**919**	**3 657**
Approved buyback	(1 000)	(2 000)	(1 000)	(4 000)
Net of buyback and dividend	**506**	**(768)**	**(81)**	**(343)**

Last 3 years' cash generation and utilisation



*These periods refer to calendar years and not financial years

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Thank you

The information in this presentation, including the financial information on which the outlook is based and any non-IFRS financial measures (which are presented for additional information purposes only), is the responsibility of the directors of Momentum Group and has not been reviewed and reported on by Momentum Group's external auditors.