

Quarterly Financial Information

Operating update for the three
months ended
30 September 2021



MOMENTUM METROPOLITAN HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2000/031756/06

JSE share code: MTM

A2X share code: MTM

NSX share code: MMT

ISIN code: ZAE000269890

(Momentum Metropolitan or the Group)

MOMENTUM METROPOLITAN LIFE LIMITED

Incorporated in the Republic of South Africa

Registration number: 1904/002186/06

Company code: MMIG

(Momentum Metropolitan Life)

Operational update for the three months ended 30 September 2021

Summary of key metrics

Key metrics	1Q2022	Restated 1Q2021 ¹	Δ%
Earnings per share (cents)	50.6	60.3	(16)%
Headline earnings per share (cents)	38.6	65.2	(41)%
Normalised headline earnings per share (cents) ²	47.4	69.5	(32)%
Normalised headline earnings (R million)	711	1 042	(32)%
Operating profit (R million) ³	338	915	(63)%
Investment return (R million)	373	127	>100%
New business volumes (PVNBP, R million)	17 247	13 425	28%
Value of new business (R million)	157	106	48%
New business margin	0.9%	0.8%	
Diluted embedded value per share (Rand)	27.42	26.12	5%
Return on embedded value	7.3%	6.8%	
Return on equity ⁴	15%	22%	

¹ The Momentum Mozambique LDA business was no longer classified as held for sale at 30 September 2020, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. When the entity no longer met the IFRS 5 requirements to be classified as held for sale, the cumulative IFRS 5 impairment recognised in previous reporting periods was reversed to the income statement instead of being restated for. 30 September 2020 has been restated accordingly. This was correctly accounted for in the 30 December 2020 reporting period.

² Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations, B-BBEE costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares.

³ Operating profit represents the profits (net of tax) that are generated from the Group's operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds. Comparatives are reported for the first time.

⁴ Return on equity expresses normalised headline earnings as a percentage of net asset value, adjusted for the items outlined in footnote 3, as well as the adjusting items to determine headline earnings. Comparatives are reported for the first time.

Strong new business performance continues

The Group continued to record strong growth in new business, despite the challenging economic environment. The present value of new business premiums (PVNBP) increased to R17.2 billion, 28% higher than the prior period. This growth was driven by an excellent performance from Momentum Metropolitan Africa, Momentum Investments, Metropolitan Life and Metropolitan Corporate.

The Group's value of new business increased by 48% to R157 million, reflecting the strong new business volumes, an improved mix towards higher margin products, and good expense management. This resulted in new business margins of 0.9%, up from 0.8% in the comparative period.

The Group delivered R711 million of normalised headline earnings for the quarter, 32% lower than the comparative period in F2021. This is a satisfactory result given the significant impact of Covid-19 related mortality losses included in this quarterly result.

The 63% decline in operating profit from R915 million to R338 million was largely attributable to net mortality losses of R327 million (net of reinsurance and tax), after taking into account the release of R1 billion of existing Covid-19 provisions. Operating profit in Momentum Investments, Metropolitan Life, and Momentum Corporate was further impacted by negative investment variances which include the impact of changes in the real yield curve due to the increase in expected inflation, and the impact of higher implied volatilities on equities on the quantum of investment guarantee reserves held. Momentum Corporate and the Non-life Insurance business unit showed solid operational growth. Investment returns almost tripled and were supported by the recovery of investment markets and fair value gains from the revaluation of the Group's investment in venture capital funds.

When we exclude the net mortality losses and fair value gains that are by nature unpredictable, the Group delivered a result within our guided range of underlying quarterly normalised headline earnings of R800 million to R900 million.

Group embedded value per share was R27.42 on 30 September 2021. The return on embedded value per share was an annualised 7.3% for the three months to 30 September 2021, assisted by an improvement in investment markets and positive operating variances. Expense variances continued to be strongly positive across the group.

Return on equity (ROE) has been established as one of the key performance metrics for the Group. While the net negative mortality experience which significantly affected our life insurance operations, hurt performance during the quarter, the Group benefited from the diversification in its earnings base and achieved an annualised ROE of 15% for the first quarter of F2022. We continue to work towards achieving a ROE of 18 to 20% by F2024 as part of our Reinvent and Grow initiatives.

The Group remains well capitalised with a strong balance sheet. The regulatory solvency positions of all the Group's entities remain within the target ranges. For Momentum Metropolitan Life, the Group's main life insurance entity, the Solvency Capital Requirement (SCR) coverage increased from 1.73 times as at 30 June 2021 to 1.78 times SCR as at 30 September 2021. This is broadly in the middle of our 1.6 to 2.0 times target range for SCR cover. This improvement over the quarter is mainly attributable to good investment performance, strengthened funding levels of discretionary participation business and a reduction in the prescribed equity stresses, offset in part by higher-than-expected mortality claims for Momentum Life.

Consolidated Group financial performance

The normalised headline earnings of the Group declined by 32% to R711 million, and include a decline of 63% in operating profit, offset by investment return almost tripling.

R million	1Q2022			Restated ⁵ 1Q2021			Δ%		
	Operating (loss)/profit	Investment return	Normalised headline earnings	Operating profit/(loss)	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Life	(3)	25	22	284	31	315	<(100)%	(19)%	(93)%
Momentum Investments	173	22	195	262	(15)	247	(34)%	>100%	(21)%
Metropolitan Life	63	12	75	187	17	204	(66)%	(29)%	(63)%
Momentum Corporate	134	22	156	85	11	96	58%	100%	63%
Momentum Metropolitan Health	46	2	48	56	(3)	53	(18)%	>100%	(9)%
Non-life Insurance	181	67	248	141	6	147	28%	>100%	69%
Momentum Metropolitan Africa	(83)	50	(33)	69	96	165	<(100)%	(48)%	<(100)%
Normalised headline earnings from operating business units	511	200	711	1 084	143	1 227	(53)%	40%	(42)%
New Initiatives	(159)	1	(158)	(110)	1	(109)	(45)%	0%	(45)%
Shareholders	(14)	172	158	(60)	(16)	(76)	77%	>100%	>100%
Normalised headline earnings	338	373	711	914	128	1 042	(63)%	>100%	(32)%

⁵ Normalised headline earnings for the first quarter of F2021 have been restated to reflect minor updates to the classification of the line items between operating profit and investment return. Normalised headline earnings were not impacted.

Operating profit

Operating profit declined by 63% year-on-year to R338 million, largely due to net mortality losses of R327 million (net of reinsurance and tax) in the life insurance businesses. Momentum Life and Momentum Metropolitan Africa were most severely impacted by Covid-19 related claims during the quarter and reported operating losses for the quarter. In addition, operating profit in Momentum Investments, Metropolitan Life, and Momentum Corporate was negatively affected by negative investment variances, resulting from yield curve movements due to the increase in market implied inflation and the impact of higher equity volatility assumptions on investment guarantee reserves. Momentum Corporate benefitted from strong improvement in morbidity profits. Non-life insurance benefited from excellent underlying operational growth from Guardrisk.

Investment return

Investment return improved from R127 million to R373 million year-on-year. This includes the impact from a recovery in investment markets as well as the recognition of the net asset value of a cell recently taken over by Guardrisk. In the Shareholders segment, investment return increased significantly due to fair value gains from the revaluation of the Group's investment in venture capital funds.

Impact of the Covid-19 pandemic on the Group

At the start of the reporting period, the third wave of the Covid-19 pandemic in South Africa was in full force reaching its peak during the reporting period in August 2021. In anticipation of the expected elevated claims during F2022, the Group increased its provision against Covid-19 related experience at 30 June 2021. Due to short contract boundaries, full year provisions were not established for some business lines (notably Corporate). The total provisions available at the start of this quarter amounted to R2 029 million (net of tax). During this quarter, the provision was reduced by R1 013 million, leaving R1 016 million to be released, the majority of which is expected to be released over the course of F2022.

The change in the specific Covid-19 provision (net of tax) is shown in the table below:

Impact of provision release	Normalised headline earnings				Total
	Mortality	Morbidity	Non-life insurance claims	Terminations	
R million					
Provision at 30 June 2021	1 854	71	54	50	2 029
Release of provision	(962)	(18)	(27)	(6)	(1 013)
Momentum Life	(459)	(9)	-	-	(468)
Momentum Investments	13				
Metropolitan Life	(87)	-	-	(6)	(93)
Momentum Corporate	(390)	(9)	-	-	(399)
Momentum Metropolitan Africa	(39)	-	-	-	(39)
Non-life Insurance	-	-	(27)	-	(27)
Provision at 30 September 2021	892	53	27	44	1 016

Mortality experience

The Group's mortality experience during the quarter varied, with Metropolitan Life and Momentum Corporate seeing claims below the initial expectation, while Momentum Life and Momentum Metropolitan Africa experienced significantly higher than expected claims. Releases of the existing Covid-19 provisions could only partially offset the claims experience in these businesses. In Momentum Life, the total claim amount was double the comparative period, which was already elevated during the first wave of the pandemic to more than double the pre-pandemic average. The Group's South African life insurance businesses paid R4.6 billion in mortality claims (gross of reinsurance and tax) during the quarter. This compares to a full year average of R5.6 billion of mortality claims before the pandemic. The number of death claims in Botswana and Namibia over the quarter were more than double the 12-month average for F2021.

Against this significantly higher mortality claims experience, the Group released R975 million of existing Covid-19 provisions (net of reinsurance and tax). Net mortality losses for the quarter, after taking positive longevity experience of R154 million into account, amounted to R327 million, driven by losses in Momentum Life (R241 million) and Momentum Metropolitan Africa (R81 million), as outlined in the table below.

R million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Momentum Metropolitan Africa	Total
Mortality experience variance	(700)	(22)	(130)	(462)	(129)	(1 443)
Annuity experience variance	-	59	44	42	9	154
Change in annuity technical reserves	-	(13)	-	-	-	(13)
Covid-19 provision release	459	-	87	390	39	975
Net mortality losses	(241)	24	1	(30)	(81)	(327)

Business interruption insurance

During the quarter, Guardrisk Insurance released a part of the existing Covid-19 provision against additional expenses stemming from the renewal of reinsurance related to business interruption cover. Most claims have been settled and paid by 30 September 2021, only 69 claims were outstanding with an estimated gross value of R227 million. Many of these claims have indemnity periods of 18 months or longer and have not yet run their course.

Up to 30 September 2021, Momentum Insure had finalised 16 claims with payments amounting to R3 million made. A further 37 claims with an estimated gross value of R37 million remain outstanding, many of which have indemnity periods which have not yet run their course. The remaining provision is sufficient to absorb the impact of the outstanding claims.

Aditya Birla Health Insurance (ABHI)

India suffered from a significant surge in new Covid-19 cases between April 2021 and June 2021 which resulted in Covid-19 claims in our health insurance joint venture (ABHI) increasing substantially for this period. Our share of the excess claims during the quarter led to a decline in normalised headline earnings of approximately R60 million. By the end of 30 September 2021, claims reduced to a third of the claims seen between April 2021 and June 2021 and are expected to normalise to pre-pandemic levels in the third quarter of F2022.

Consolidated Group new business performance

Key metrics	1Q2022	1Q2021	Δ%
Recurring premiums (R million)	953	755	26%
Single premiums (R million)	13 116	10 073	30%
PVNBP (R million)	17 247	13 425	28%
VNB (R million)	157	106	48%
New business margin	0.9%	0.8%	

The Group's PVNBP improved by 28% to R17.2 billion for the first quarter of F2022, with all businesses delivering growth. At Momentum Life, lower protection new business was offset by good growth in long-term savings new business. Momentum Investments delivered strong growth in both annuities and Momentum Wealth. Metropolitan Life continued its recent strong growth trend in protection new business, which increased by 57%. Momentum Corporate saw strong growth in recurring premium new business on group risk and FundsAtWork products, and good growth also in single premium new business. Momentum Metropolitan Africa secured significant corporate savings business in Lesotho and Namibia.

The value of new business increase of 48% to R157 million was driven by the strong new business volumes, an improved mix towards higher margin products, and good expense management across the Group. This was however offset by a change in reinsurance modelling. The Group's new business margin was 0.9%.

Segmental performance

Momentum Life

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Operating (loss)/profit	(3)	284	<(100)%
Investment return	25	31	(19)%
Normalised headline earnings	22	315	(93)%
Recurring premiums	247	247	0%
Single premiums	523	490	7%
PVNBP	1 736	1 722	1%
VNB	-	12	<(100)%
New business margin	0.0%	0.7%	

Normalised headline earnings

Momentum Life's normalised headline earnings declined from R315 million to R22 million. The decline in operating profit from R284 million to an operating loss of R3 million is largely attributable to net mortality losses of R241 million (net of reinsurance and tax). The total mortality claims amount was four times higher than in the comparative prior period. No additional Covid-19 provisions were raised at this stage, this will however be reassessed as part of the half-year valuation.

New business

At R1.7 billion, PVNBP for Momentum Life increased marginally, with new business volumes growing in long-term savings business, while protection new business volumes were lower.

VNB declined to zero, resulting in a new business margin of 0.0%. This can be explained by the shift in the business mix towards more long-term savings business, and marginal PVNBP growth.

Momentum Investments

R million		1Q2022	Restated 1Q2021 ⁵	Δ%
Operating profit		173	262	(34)%
Investment return		22	(15)	>100%
Normalised headline earnings		195	247	(21)%
Recurring premiums		49	40	23%
Single premiums		10 858	8 495	28%
PVNBP		11 059	8 698	27%
VNB		91	64	42%
New business margin		0.8%	0.7%	

Normalised headline earnings

Normalised headline earnings from Momentum Investments declined by 21% to R195 million compared to the prior period. This includes a 34% decline in operating profit to R173 million, which was mainly driven by a decline in earnings from annuities and structured products following lower credit spreads and the negative impact of yield curve movements. Operating profit in Momentum Wealth's investment platform business was negatively impacted by ongoing implementation expenses of replacing their legacy platform with a new platform. The investment management businesses in South Africa and the UK saw an increase in asset-based fee income, with AUM growth aided by positive net inflows.

New business

PVNBP for Momentum Investments increased by 27% to R11.1 billion. This was aided by strong growth in single premium sales achieved from guaranteed annuities, which grew by 47% and the Momentum Wealth investment platform which delivered 25% growth. The VNB improved from R64 million to R91 million mainly due to the growth in new business volumes, an improved business mix towards higher margin annuities, and good expense management. These contributed to the improvement in the new business margin to 0.8%.

Assets under management

Assets under management on the Momentum Wealth investment platform increased by 18%, aided by positive net inflows. Institutional and retail assets under management increased by 21% and 12% respectively, again mainly due to good inflows. The acquisition of Seneca Investment Managers in the UK also contributed R15.5 billion to the growth in institutional assets under management.

Metropolitan Life

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Operating profit	63	187	(66)%
Investment return	12	17	(29)%
Normalised headline earnings	75	204	(63)%
Recurring premiums	420	301	40%
Single premiums	417	246	70%
PVNB	1 730	1 100	57%
VNB	79	51	55%
New business margin	4.6%	4.6%	

Normalised headline earnings

Metropolitan Life's normalised headline earnings declined by 63% to R75 million. Excluding the investment return on shareholder assets that were allocated to Metropolitan Life, the operating profit decline of 66% to R63 million was mainly driven by negative investment variances of R57 million following changes in the real yield curve, which affects the expected inflation used in the actuarial valuation, as well as the impact of the equity volatilities on the investment guarantee reserve. Operating profit was further negatively impacted by a R56 million one-off negative persistency experience, primarily related to the correction of system issues experienced from the system migration in the first quarter of F2021. Mortality experience was better than expected in the Covid-19 reserve modelling and a zero variance was recorded for the quarter, after the release of R87 million of the Covid-19 provision.

New business

As observed in recent quarters, we saw a continuation of new business growth and a change in new business mix to more profitable products. Metropolitan Life PVNB increased by 57% compared to the prior period to R1.7 billion. This includes continued improvement in protection new business and annuity and structured single premiums, which delivered encouraging year-on-year growth of 58% and 89% respectively. It must, however, be noted that prior period levels were subdued due to stricter lockdown conditions.

Owing to a more experienced sales force, digital enablement and adoption, as well as the launch of new client solutions, the average adviser productivity has continued to improve over the quarter and exceeded the pre-pandemic levels.

Metropolitan Life achieved growth on VNB of 55% to R79 million, which is mainly attributable to strong new business volumes and the change in the new business mix towards more protection, annuity and structured products. This led to the new business margin of 4.6% which is approaching our long-term targeted margin of 5.0%.

Momentum Corporate

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Operating profit	134	85	58%
Investment return	22	11	100%

Normalised headline earnings	156	96	63%
Recurring premiums	118	81	46%
Single premiums	678	619	10%
PVNB	1 520	1 230	24%
VNB	(12)	(14)	14%
New business margin	(0.8)%	(1.1)%	

Normalised headline earnings

Momentum Corporate's normalised headline earnings increased by 63% to R156 million. The operating profit grew by 58% to R134 million, supported by strong earnings growth in the disability business, with both income and lump-sum disability products delivering positive results, aided by the re-pricing programme that has taken place over the last three years and better return-to-work experience. Net mortality variance, after the release of R390 million (net of tax) of the Covid-19 provision, was a loss of R30 million. The result was also reduced by negative investment variances of R37 million which was caused by yield curve movements as well as market movements increasing the cost of the guarantees on the smooth bonus book. Expenses continued to be well-contained.

New business

Momentum Corporate's PVNB increased by 24% to R1.5 billion. This result was supported by strong growth of 46% in recurring premium volumes on group risk and FundsAtWork products during the quarter, as well as a 10% increase in single premium volumes. The VNB of -R12 million was a 14% improvement on the prior period and was aided by increased new business volumes, writing insurance business at improved margins, and good expense management, slightly offset by new business mix being weighted toward smaller schemes with higher per policy costs. This translated to a new business margin of -0.8%.

Momentum Metropolitan Health

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Operating profit	46	56	(18)%
Investment return	2	(3)	>100%
Normalised headline earnings	48	53	(9)%

Normalised headline earnings

Normalised headline earnings for Momentum Metropolitan Health declined by 9% against the prior period, to R48 million. The increase in fee income from continued growth in the low-cost product (Health4Me) and public sector membership was offset by the normalisation of claims paid on insurance products, as well as an increase in expenses from Covid-19 vaccination sites and the on-boarding of large clients. An increase in the share of profits attributable to minority shareholders further impacted normalised headline earnings negatively.

Membership

Membership increased by 6% year-on-year, mainly due to continued growth in public sector and low-cost product membership, as well as the on-boarding of a large corporate client in January 2021. Organic membership growth in the corporate and mining segments remains tightly linked to general economic growth.

Non-life Insurance

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Guardrisk	188	85	>100%
Momentum Insure	60	62	(3)%
Normalised headline earnings	248	147	69%
Operating profit	181	141	28%
Investment return	67	6	>100%

Normalised headline earnings

Non-life Insurance delivered a 69% year-on-year growth in normalised headline earnings to R248 million. This includes an operating profit improvement of 28% from the prior period due to good underlying operational growth from Guardrisk. Investment returns on shareholder assets increased sharply due to the recognition of the net asset value of a cell recently acquired at discount to NAV.

Guardrisk

Guardrisk's normalised headline earnings more than doubled year-on-year to R188 million. Operating profit improved, supported by growth in management fees in the mining rehabilitation and life divisions, and growth of 55% in underwriting profits. Investment return benefited from the recognition of the value of a cell that was recently taken over at a discount to its net asset value, increasing normalised headline earnings by R57 million. Guardrisk benefited from its diversification in terms of industry and product type exposure across the cells, offsetting the impact that Covid-19 had in some of its areas.

R million	1Q2022	Restated 1Q2021	Δ%
Gross earned premium	964	888	14%
Net earned premium	346	369	(6)%
Claims incurred	(128)	(176)	(27)%
Underwriting expenses	(105)	(120)	(13)%
GGI underwriting profit	113	73	55%

Momentum Insure

From 1 July 2021, results are reported for Momentum Insure as a single business, following the license consolidation and completion of the first phase of the integration of the two previous businesses.

Momentum Insure reported normalised headline earnings of R60 million, largely in line with the prior period. New business was behind the prior period; however, persistency remained good, resulting in an overall increase in gross written premiums. The claims ratio for the quarter of 58% was better than expected due to relatively drier inland weather conditions. However, it declined from 51% in the prior period, which benefitted from lower motor claims under stricter lockdown conditions.

Momentum Metropolitan Africa

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Namibia	(12)	62	<(100)%
Botswana	(22)	25	<(100)%
Lesotho	37	98	(62)%
Ghana	16	13	23%
Other countries	(23)	(11)	<(100)%
Centre costs	(29)	(22)	(32)%
Normalised headline earnings	(33)	165	<(100)%
Operating (loss)/profit	(83)	69	<(100)%
Investment return	50	96	(48)%
Recurring premium new business	119	86	38%
Single premium new business	640	223	>100%
PVNBP	1 202	675	78%
VNB	(1)	(7)	86%
New business margin	(0.1)%	(1.0)%	

Normalised headline earnings

Normalised headline earnings declined to a loss of R33 million, which was driven by net mortality losses of R81 million (net of reinsurance and tax) following a sharp increase in mortality claims in both Namibia and Botswana during the first quarter of F2022 as well as a decline in investment variance due to yield curve movements in Namibia and an increase in the investment guarantee reserve in Lesotho and Namibia.

New business

PVNBP for Momentum Metropolitan Africa increased by 78% to R1.2 billion year-on-year. This was supported by significant corporate savings business secured in Lesotho and Namibia.

The VNB improved from -R7 million to -R1 million year-on-year, which was mainly driven by good new business volumes including increasing sales of profitable risk business in Namibia. This was offset by a change in new business mix away from protection products towards savings products in Lesotho. Overall, the new business margin was -0.1%.

New Initiatives

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
India (JV with Aditya Birla Capital) ⁶	(130)	(72)	(81)%
aYo (JV with MTN)	(2)	(13)	85%
Other ⁷	(26)	(24)	(8)%
Normalised headline earnings	(158)	(109)	(45)%

Aditya Birla Health Insurance

Gross written premiums (GWP) increased by 31% to R733 million, with strong growth in both retail and group business. The operational performance of ABHI was negatively impacted by the spike in number and average size of Covid-19 related claims from 1 April 2021 to 30 June 2021⁶, of which Momentum Metropolitan's share amounted to approximately R60 million. The claims ratio, excluding Covid-19, tracked satisfactorily close to the business plan.

ABHI continues to build scale while maintaining a focus on expense management. The business has maintained its growth trajectory and, except for the Covid-19 related claims, is performing in accordance with the business case and business plan.

aYo

The share of losses has declined following the strategic decision to sell our remaining stake in aYo to MTN. The disposal transaction was finalised in September 2021.

Shareholders

R million	1Q2022	Restated 1Q2021 ⁵	Δ%
Operating loss	(14)	(60)	77%
Investment return	172	(16)	>100%
Investment income	(3)	4	<(100)%
Fair value gains	175	(20)	>100%
Normalised headline earnings	158	(76)	>100%

The Shareholders segment's normalised headline earnings of R158 million represent a significant improvement on the prior period. The 77% improvement in operating losses was largely driven by the restructuring of lease arrangements and a reduction in incentive costs.

The operating loss was offset by the significant improvement in investment return from a loss of R16 million in the prior period to R172 million in the current period. This was supported by significant fair value gains from the revaluation of the Group's investment in venture capital funds and the recovery in investment markets.

⁶ Results for the India investment are reported with a three-month lag.

⁷ "Other" includes certain costs relating mainly to Exponential Ventures, as well as Multiply Money and Momentum Consult

Outlook

As evidenced by the continued growth in our new business volumes and improvement in our competitive position of most market segments, the underlying operational performance of the Group continues to improve.

Looking ahead, we remain cautious about the pace of economic recovery across our operating regions, as disposable income will remain under pressure because of depressed economic activity. Uncertainty about the timing and magnitude of the expected fourth wave of Covid-19 and the pace of the vaccine rollout programme remains.

While earnings could remain volatile, we continue to estimate that in the absence of extraneous shocks, the underlying level of normalised headline earnings for the Group is around R800 million to R900 million per quarter. We also believe that the Reinvent & Grow financial targets for F2024 (normalised headline earnings of R4.6bn to R5.0bn and ROE of 18% to 20%) remain realistic, despite the modest macroeconomic backdrop.

We remain focused on delivering on the Reinvent and Grow strategy objectives.

We are navigating through this challenging period with strong solvency and liquidity positions. This financial strength enables the business units to focus on delivering on strategic objectives that are under their control and not be constrained by any external shocks that might arise in due course. This means that we are building an organisation that is increasingly able to meet the needs of its clients and other stakeholders – and in due course, when the external environment improves, this should be reflected in the financial performance of the group.

23 November 2021
CENTURION

The information in this commentary, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors.

Conference call

The executive management of Momentum Metropolitan will be hosting a conference call for shareholders, investors and analysts on 23 November 2021.

We kindly request callers to pre-register using the following link www.diamondpass.net/4402268.

A passcode and pin will be generated following registration. We advise callers to dial in 5 minutes before the conference call starts at 11:00.

Access numbers for participants dialling live from their country:

South Africa	011 535 3600 (Neotel)
	010 201 6800 (Telkom)
UK	0 333 300 1418
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The recorded playback will be available for three days after the conference call.

Access Numbers for Recorded Playback:

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