



ETIENNE DE WAAL
Chief executive:
Momentum Retail

MOMENTUM RETAIL

Momentum Retail provides innovative Financial Wellness solutions to the middle, upper and high net worth segments. This is underpinned by appropriate financial planning and advice.

CONTRIBUTION TO GROUP

Core earnings: R1 600m (50%)
Value of new business: R290m (34%)



MOMENTUM RETAIL MODEL

We intimately understand our client needs and expectations

We conduct client research and gain insights through a state-of-the-art consumer behaviour laboratory, coupled with direct feedback from our clients on their experience.

Momentum Retail builds suitable client value propositions to address client needs

- Risk Protection
- Wealth creation
- Savings and Investment
- Short-term insurance
- Multiply

An omni-channel approach, where clients interact through their channel of choice

- 657 Tied financial planners
- 8 000+ Independent financial advisors
- 131 Momentum Consult Franchises
- 78 Digital agents

Momentum Retail aspires to achieve the following client goals

- Financially well clients.
- Superior customer experience.
- Regular client engagement through Multiply.



PROFIT DRIVERS

1 Mix of business

- We continue to grow our market share in the risk category through our market-leading Myriad product.
- In the current tough economic environment, we have seen a shift from recurring savings solutions, however experienced pleasing growth with single premium investments, particularly guaranteed products.

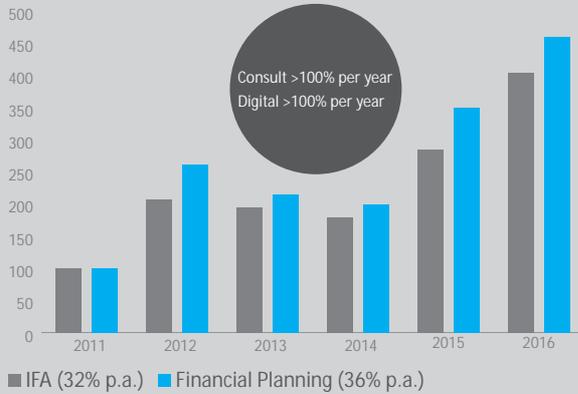
2 Multiply take-up

- Multiply, as our client engagement platform, has enjoyed greater traction, encouraging clients to engage in activities that enhance their Financial Wellness. Advisors have contributed to increased sales to new clients at new business stage.
- Clients who engage with Multiply have significantly higher lifetime client value, longer tenure, and cross-product holding than the average Momentum Retail client.

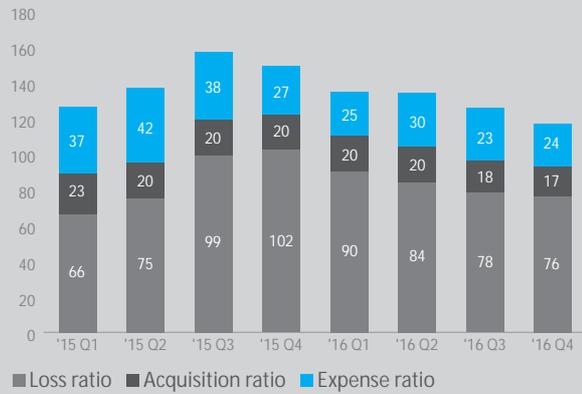
3 Effective underwriting, pricing and claims management

- We are comfortable that underwriting, pricing and claims management are effective as we have seen our underwriting results normalising from a downward trend. Our health morbidity profits remain healthy.
- Our short-term insurance claims ratio has improved materially since April, with enhanced access to data and continued refinements in pricing models.

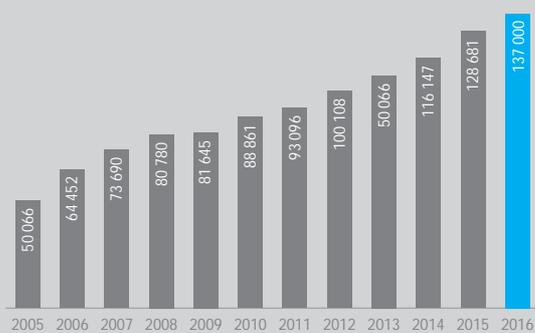
Growth in Multiply sales



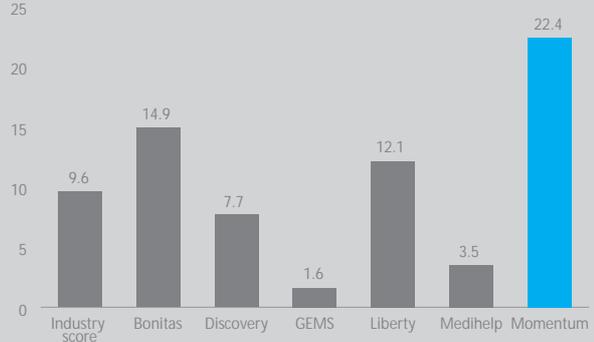
Short-term insurance: Key ratios improving (%)



Momentum Health membership growth



Net promoter score (%)



STRATEGIC INITIATIVES

1 Effectively penetrate the South African Middle Market

2 Build a diversified distribution capability

3 Strengthen wealth management solutions and capabilities

4 Align the client and financial advisor interaction to our client-centric strategy

- Momentum Retail, together with Metropolitan Retail, is in the process of leveraging existing value proposition development and channel capabilities to serve the middle-income market. Momentum Retail's digital channel has proven to be successful accessing the more affluent sub-segment of this market.
- Our distribution capabilities – independent financial advisors, tied agents and Momentum Consult franchise owners – are showing good growth, with increasing support seen from our independent channels.
- Call centres are growing their sales contribution, delivering 50% of Personal Lines short-term insurance new business and 25% of individual health new business.
- In line with international trends, new capabilities will be developed to enable consumers to access information, advice and purchase and receive service on our solutions through mobile and web-based channels.
- Our outcomes-based investment strategy has created an opportunity to develop bespoke investment solutions for clients. This will support increased flows through our tied agency and independent investment advisors. As seen with growth in our guaranteed investment products, we aim to improve support for all our in-house investment solutions.
- Appointed a head of Client and Advisor Interactions and have seen good progress being made in developing the new interaction model for clients and advisors that will ensure consistent and excellent experience across product lines.



KHANYI NZUKUMA
Chief executive:
Metropolitan Retail

METROPOLITAN RETAIL

Metropolitan Retail focuses on the South African emerging and middle market. The segment aims to improve the Financial Wellness of its clients through empowerment and education.

CONTRIBUTION TO GROUP

Core earnings:
R667m (21%)

Value of new business:
R191m (22%)



METROPOLITAN RETAIL MODEL

We have been recognised as a market leader in this segment

Metropolitan has a strong and trusted brand in the emerging and middle markets. The business has a large distribution and service footprint.

Our aim is to address client life goals through cost-effective and simple solutions

-  Funeral insurance
-  Savings
-  Retirement provision
-  Income-generation

The preferred advice and service channels remain face-to-face driven

-  **4 804**
Employed financial advisors
-  **340**
Tele-channel advisors

Metropolitan Retail serves multiple stakeholders and their goals

- Enabling clients to plan and achieve their life goals.
- Advisors to have a meaningful, purpose-driven and progressive career.
- Deliver shareholder value through translating the levers of VNB into channel performance measures.



PROFIT DRIVERS

1 Profitable lines of business

2 Agent productivity

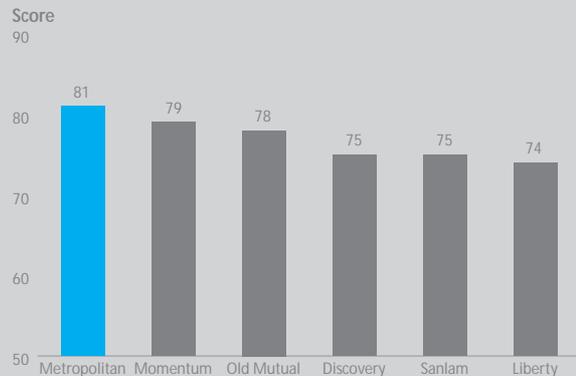
3 Effective operations management

- Our funeral products continue to be well-received and supported by the market.
- Our clients exhibit an increased interest in discretionary and retirement savings, followed by innovative single premium solutions for income needs.
- Over the past 18 months, Metropolitan Retail has embarked on a bold initiative to completely redesign the channel model to align to the client-centric model.
- A 70% improvement was seen in agent productivity with the last quarter of the financial year achieving 27% growth compared to the 2015 fourth quarter.
- Excellent expense management enables Metropolitan Retail to sustainably provide affordable solutions to clients.
- Key measures show improvement in our premium collection rate, indicating our good experience in managing our persistency risk well.
- Through our paperless process and life event management services, we provide a seamless and compassionate claims experience to our clients.

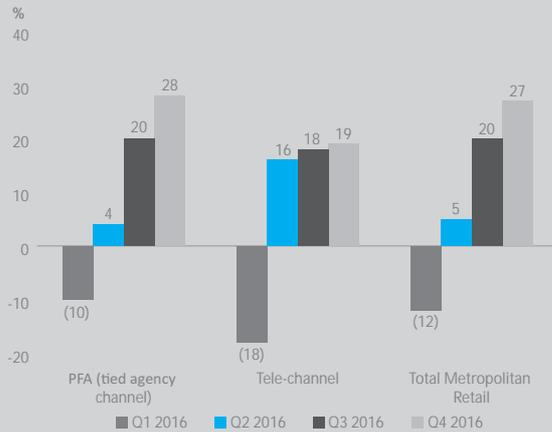
We have bolstered our agency workforce since the change in our remuneration model, with increased productivity.



Our commitment to client centricity is bearing fruit, with Metropolitan being recognised for its client experience.



Quarterly % growth in APE F2016 v F2015



Metropolitan's philosophy is seeing people not policies

What we measured	What we measure now
Policies	People and networks
Premium income	Affordability
Lapses	Obstacles to financial wellness
Cost per transaction	Client experience per transaction



STRATEGIC INITIATIVES

1 New generation client value proposition

2 Channel optimisation

3 Migration from Legacy products

- A new advice methodology has been rolled out that leverages our new channel operating model and ensures advisors engage their clients regularly on updating their financial plan.
- We have plans to provide our client base with access to a wellness and rewards solution, through Multiply Starter.
- Since the redesign of the channel remuneration model, advisor productivity improved by 80% and sales grew by more than 20% since January 2016.
- A similar performance-based remuneration model is being implemented in the call centre to drive productivity.
- Our next focus is on supplementing our engagement solutions through mobile and cellular technologies, thus leveraging on human and digital points of contact in an omni-channel architecture.
- Migration to new generation systems for our products progressed well. In the last half of 2017, we will launch a new generation version for our new products and some of our core products.
- Clients will have the option of selecting whether they require advice or buy on their own through self-help on this omni-channel platform.
- The migration initiative has direct financial benefit for MMI's expense optimisation project target.



HERMAN SCHOEMAN
Chief executive: Corporate and Public Sector and Guardrisk

CORPORATE AND PUBLIC SECTOR

The Corporate and Public Sector segment combines client insights and product and solutions capabilities to design holistic client value propositions for its institutional clients.

CONTRIBUTION TO GROUP

Core earnings: R617m (19%)

Value of new business: R298m (35%)



CORPORATE AND PUBLIC SECTOR MODEL

We segment our institutional clients using multi-dimensional metrics

- Medium to large corporates
- Affinity groups
- Labour unions
- Public Sector institutions

Comprehensive offerings include best practice advice, integrated products and solutions

- Retirement (umbrella and free-standing fund administration)
- Investment and annuity
- Life and short-term insurance
- Alternative asset risk transfer arrangements (eg cell captives)
- Medical scheme benefits and closed scheme administration
- Health and wellness to employers and employees
- Corporate Income Statement and Balance Sheet enhancement

Our growth story is in our Guardrisk business, and we aim to grow our other channels

- Intermediaries
- Affinity (Guardrisk)
- Digital portals (employers, trustees, members, etc)
- Direct engagement including key account management and strategic alliances

We measure our success based on how we impact our clients' Financial Wellness in three areas

- Growing their profitability.
- Protecting their asset base.
- Enhancing their sustainability.

To evaluate our success, we build tools to quantify our performance in improving client Financial Wellness.



PROFIT DRIVERS

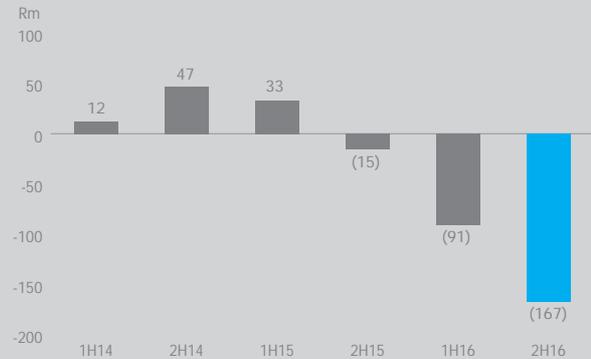
- 1 Affinity business**
- 2 Effective underwriting pricing and claims management**
- 3 Diversified health business**

- Our affinity capabilities have resulted in new business growing at 96% over the prior year for the segment.
- Capitec, Bayport and Homechoice are all clients of MMI and we believe there are further opportunities in this part of the market.
- Guardrisk, our vehicle for affinity, has generated attractive returns for shareholders.
- Our group life and disability products have shown a high correlation to economic conditions.
- The segment's core headline earnings – down 28% compared to the prior year – were affected significantly by a negative group disability underwriting experience.
- To address this loss, we have reviewed premium rates at renewal for loss-making schemes, to bring premiums to a fair level.
- We also continue to upskill assessors and drive improvements in our claims processes.
- Our intent to diversify the health business is working well, with good traction in Wellness and Occupational Health.
- MMI's low cost value proposition is the fastest growing and has the highest market share.
- We are repositioning the health administration business closed schemes to improve profitability of the business.

MMI acquired the Guardrisk business in 2014 and has experienced steady growth in embedded value.



Our Corporate and Public Sector mortality and morbidity experience follows similar patterns to the industry for 2016.



We deliver our client value proposition through four primary brands



MMI also trades in the health sector using product brands that are well-recognised in the healthcare industry



STRATEGIC INITIATIVES

1 Segmented intermediary model

2 Enhance our client value propositions to drive long-term relationships with clients

3 Deliver a consistent and excellent client experience

- We have segmented intermediaries across the broad range of licenses to ensure optimal service levels.
- Through the key account management team, we will deepen industry and sector insights about the institutions that we serve, so we focus on the strategic effect on the Financial Wellness of the organisations and their employees.
- We have implemented a dedicated broker engagement programme.
- We have developed a number of new customer value propositions for the segments we serve, informed by enhanced insights into client needs.
- Multiply, our client engagement solution, has been effectively embedded into our client base.
- A new digital solution called Workplace Living Services has been piloted to provide interactive services to employees thereby improving the client experience.
- The segment recently launched the Unisa / MMI Holdings Consumer Financial Wellness Index, one of a series of indices/tools we are developing to give clients a better understanding of the drivers of corporate Financial Wellness and productivity.
- We have refined our operating structure and aligned our capabilities to improve execution.
- We commenced with a project to achieve a single client view in order to enhance the client experience.



INNOCENT DUTIURO
Chief executive: International
– Africa and India

INTERNATIONAL

MMI's International business operates in the rest of Africa, India and the United Kingdom. Our global expansion strategy is centred around identifying unmet client needs in certain segments of targeted countries.

CONTRIBUTION TO GROUP

Core earnings:
R28m (1%)

Value of new business:
R71m (8%)



INTERNATIONAL MODEL

MMI operates in 15 countries outside South Africa, accounting for 4% of new business sales

South Region:

Namibia, Botswana, Mozambique, Lesotho and Swaziland

East Region:

Tanzania, Zambia, Kenya and Malawi

West Region:

Nigeria and Ghana

Other:

India and United Kingdom

The segment aims to execute MMI's global expansion strategy through multiple offerings



Risk, savings and investment solutions



Retirement Fund administration



Short-term insurance



Asset Management



Health insurance and administration



Multiply engagement solutions (in India only)

Each country warrants a different distribution model and operating structure



Tied agents in Kenya and Namibia to drive Retail Life business.



Large brokerages supporting MMI in driving sales on a Pan-African basis.



Alternative distribution such as the mobile based insurance joint venture with MTN.



Financial technology platforms in our UK business – such as MoneyHub – which enables relevant and superior financial advice to independent advisors.



PROFIT DRIVERS

1 Stable earnings through our diversification approach

2 New business growth volumes

3 Performance driven regional structure

4 Client retention and claims containment

- The performance of the International business was disappointing with economic factors playing a role in the earnings decline.
- Earnings reduced in Namibia due to new business strain increasing, and we have seen similar trends in the Southern regions except for Botswana.
- Overall the international segment achieved new business growth volumes of 19%, with healthy sales volume growth seen in the life insurance and health insurance businesses in the Southern African Development Community region (SADC).
- Greater capacity and autonomy has been provided to the regional executives in the regions in which we operate.
- We have bolstered our senior executive team in our operating entities in Africa and India to create strategic and operational capacity aligned to our client-centric goals.
- Growth in numbers in health membership was pleasing despite increased competition in some key markets. The negative macro-economic environment has challenged the business' ability to retain existing clients and there has been an increase in claims.

We will be leveraging joint assets with MTN, relying on MTN's digital platform, market knowledge and distribution capabilities, coupled with MMI's product innovation, licences and insurance systems. The joint venture is called aYo.

Leveraging joint assets



STRATEGIC INITIATIVES

- 1** Successfully implement the Indian joint venture
- 2** Scale the East and West African operations through organic growth and selective acquisitions
- 3** Drive regional hub autonomy and foster collaboration

- MMI has made good progress in complying with regulatory requirements and executing the health insurance joint venture with Aditya Birla.
- We aim to combine Aditya Birla's strong brand, distribution and local knowledge with MMI's experience in incentivised Financial Wellness which will position us favourably in the Indian health insurance market.
- A new management team has been recruited to strengthen the talent pool in Kenya and Ghana, creating greater capacity and autonomy within the regions we operate.
- Segmentation work has been completed in Kenya and Nigeria and recommendations incorporated in key strategic initiatives for each country.
- Regional growth forums across southern, eastern and western Africa have been implemented, and countries collaborate across borders on product development, strategy development and solution design.
- A number of significant appointments were made in the operating entities in Africa and Asia. This was done to create strategic and operational capacity much closer to the client in line with the group's objective of being client centric.