

REPORT OF THE AUDIT COMMITTEE

This report is provided by Momentum Metropolitan's Audit Committee (the Committee) for the financial year ended 30 June 2019

The Committee has discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act 71 of 2008, as amended, and the JSE Listings Requirements and best practices in corporate governance, set out in King IV™.

The Committee's terms of reference, which can be found on the Momentum Metropolitan Holdings website, are aligned with the above legislation, regulations and practices.

The Committee comprises of three independent non-executive directors. The Chair of the Committee is not the Chair of the Board of Momentum Metropolitan Holdings Ltd (the Company).

Linda de Beer has been appointed as a member to the Audit Committee during the year and will take over as Chair as soon as practically possible. Lisa Chieme, who is a non-executive director of the Company, is a permanent invitee. Both these additions will enhance the knowledge, skills and experience of the Committee. To ensure that the Committee continues discharging its duties and for the purposes of continuity and the benefit of their experience, the Board will recommend the long-serving members, Frans Truter and Fatima Daniels, for reappointment at the annual general meeting. Louis van Zeuner resigned and Syd Muller retired as directors and Committee members during the year.

A brief profile of each of the members can be viewed on pages 18 to 22 of this Integrated Report and the Group's website. The Committee met on six occasions during the year and most members were present at each of these scheduled meetings as reflected on pages 19 to 23 of this Integrated Report.

Key members of management attend meetings of the Committee by invitation. During the year closed sessions were also held for Committee members only, as well as with internal audit, external audit, finance and management.

Key items of focus for the year were the Group's preparation for the introduction of International Financial Reporting Standards (IFRS) 17 in 2021 and the appointment of new external auditors in line with the JSE Listings Requirements.

EXTERNAL AUDIT QUALITY AND INDEPENDENCE

PricewaterhouseCoopers (PwC), together with Andrew Taylor, as the designated auditor,

satisfactorily fulfilled their responsibilities as the external auditors and designated auditor, respectively, during the financial year.

In accordance with Section 94(8) of the Companies Act, the Committee was satisfied with the independence and objectivity of PwC in carrying out their duties as external auditors. All the non-audit services (disclosed on page 122, note 25 to the Annual Financial Statements) provided by the external auditors were approved by the Committee, in accordance with the policy for the provision of non-audit services. Requisite assurance was sought and provided by the external auditor that the internal audit governance processes within the audit firm support and demonstrate its claim of independence. External audit fees are disclosed on page 122 within note 25 to the Annual Financial Statements (AFS).

The Committee assessed and is satisfied with the suitability of PwC and the designated auditor, Andrew Taylor, following inspection of the required reports, in line with the JSE Listings Requirements. The Committee considered the matter of mandatory audit firm rotation. Based on a number of considerations relevant to the Group the Committee agreed to rotate the audit firm earlier than the required date.

On the recommendation of the Committee and following an extensive selection process, the Board approved the appointment of new external auditors for the 2020 financial year. PwC will retire as the auditors of Momentum Metropolitan on conclusion of its external audit responsibilities for the year ended 30 June 2019, which is expected to be at the conclusion of the Company's annual general meeting to be held on 26 November 2019. Shareholders will be informed who the new external auditors are once all regulatory approvals have been obtained. The change of external audit firm will be tabled for approval at the Company's next annual general meeting.

The Committee records its appreciation to PwC, and particularly the partners and employees who have been part of the Momentum Metropolitan Group audit teams, for their service and dedication over many years.

THE COMMITTEE'S RESPONSE TO KEY AUDIT MATTERS (KAMS) REPORTED BY THE EXTERNAL AUDITORS

Key audit matters (KAMs) are matters that, in the external auditor's professional judgement, were of most significance in the audit of the AFS for

the current financial year. PwC has reported the valuation of insurance contract liabilities as the KAM for the Group and impairment of investment in subsidiaries as the KAM for the Company in the current year (refer to the independent auditor's report in the AFS). The Committee considers these matters by ensuring sufficient controls exist to prepare accurate financial information.

VALUATION OF INSURANCE CONTRACT LIABILITIES

The valuation of insurance liabilities is a critical focus area for the Committee. The Committee reviews the key assumptions used and reasons for basis changes and other adjustments to understand the impact it would have on the calculations. The Momentum Metropolitan Actuarial Committee (the Actuarial Committee) is relied on to interrogate the calculations and feedback from the Chair of that committee is received at the Audit Committee meetings. The Committee applied its mind to this KAM and is comfortable that it has been adequately addressed and disclosed.

IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

This KAM relates to the separate AFS of the Company. The Committee has reviewed the directors' valuations of subsidiaries in the current year and also received feedback from the Actuarial Committee on the appropriateness of the valuations. The Committee is comfortable with the impairment tests performed and that this has been adequately addressed and disclosed.

INTERNAL AUDIT

Otsile Sehularo, Chief Audit Executive (CAE) oversees the Group Internal Audit (GIA) and the internal audit co-sourced relationship with KPMG. The Committee annually assesses the performance of the CAE and GIA and remains satisfied that the co-sourced GIA model with KPMG results in the appropriate independence of GIA; access to subject matter assurance expertise; and the authority to fulfill its duties as per its mandate, which is outlined in the GIA charter. The charter and the risk-based GIA plan are reviewed annually and approved by the Committee. Progress in terms of the GIA plan is monitored by the Committee.

INTERNAL FINANCIAL CONTROLS (IFC)

The Committee has carried out its responsibilities with the support of the combined assurance forums that represent the various operating structures

within the Group. The Combined Assurance Forums report to the Committee every quarter. Through the Combined Assurance Forums, the Committee was able to assess that the review of the design, implementation and effectiveness of the Group's combined internal financial controls was performed in all material segments of the business. The Committee is comfortable that the internal financial controls are adequate to support the integrity of the preparation and presentation of the AFS.

GROUP FINANCE DIRECTOR AND FINANCE FUNCTION

The Committee considered and satisfied itself that Risto Ketola has the appropriate expertise and experience to fulfil the role of Group Finance Director; that the finance function is adequately resourced; and the finance team has established appropriate financial reporting procedures, which are operating effectively.

INTEGRATED REPORT AND AFS

The Committee reviewed the Group's Integrated Report and AFS for the year ended 30 June 2019 and submits that management presented an appropriate view of the Group's position and performance. The Committee considers that the Group accounting policies and AFS comply, in all material respects, with IFRS.

GOING CONCERN

The Committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the Company and has made a recommendation to the Board in accordance with this assessment. The Board's statement on the going concern status appears on page 1 of the AFS.

Additional details in relation to the Committee can be found on pages 30 and 32 of this Integrated Report.



FRANS TRUTER

Chairman: Audit Committee
03 September 2019

SHAREHOLDER ANALYSIS

SHAREHOLDER	Number of share-holders	% of issued share capital	Shares held (million)
Non-public			
Directors	9	0.1	2
Kagiso Tiso Holdings (Pty) Ltd	2	7.6	114
RMI Holdings Ltd	1	26.8	401
Government Employees Pension Fund	5	8.5	128
Public			
Private investors	16 772	3.1	46
Pension funds	172	4.6	69
Collective investment schemes and mutual funds	1 286	47.2	707
Banks and insurance companies	124	2.1	32
Total	18 371	100.0	1 499

An estimated 365 million shares (2018: 399 million shares) representing 24.4% (2018: 25.6%) of total shares are held by foreign investors.

SIZE OF SHAREHOLDING	Number of share-holders	% of total share-holders	Shares held (million)	% of issued share capital
1 - 5 000	15 893	86.6	12	0.8
5 001 - 10 000	842	4.6	6	0.4
10 001 - 50 000	869	4.7	19	1.3
50 001 - 100 000	228	1.2	16	1.1
100 001 - 1 000 000	407	2.2	138	9.2
1 000 001 and more	132	0.7	1 307	87.2
Total	18 371	100.0	1 499	100.0

BENEFICIAL OWNERS	Shares held (million)	% of issued share capital
RMI Holdings Ltd	401	26.8
Government Employees Pension Fund	128	8.5
Off The Shelf Investments 108 (Pty) Ltd	81	5.4
Total	610	40.7

Pursuant to the provisions of section 56(7)(b) of the Companies Act, 71 of 2008 beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2019, are disclosed.

CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end: 30 June each year

Interim period end: 31 December each year

COMPANY REGISTERED OFFICE

Momentum Metropolitan Holdings Limited
(formerly MMI Holdings Limited)
Incorporated in the Republic of South Africa
Registration number: 2000/031756/06
268 West Avenue
Centurion, 0157

JSE share code: MTM

NSX share code: MMT

ISIN code: ZAE000269890

("Momentum Metropolitan" or "the Group")

Momentum Metropolitan Life Limited
(formerly MMI Group Limited)
Incorporated in the Republic of South Africa
Registration number: 1904/002186/06
Company code: MMIG

COMPANY SECRETARY

Gcobisa Tyusha
Email: Gcobisa.Tyusha@momentummetropolitan.co.za
Telephone: 012 673 1931

INVESTOR RELATIONS

investorrelations@momentummetropolitan.co.za

AUDITORS

PricewaterhouseCoopers Incorporated
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
Private Bag X36, Sunninghill 2157

TRANSFER SECRETARIES

South Africa

Link Market Services SA Proprietary Limited
13th Floor
19 Ameshoff Street
Braamfontein, 2001
P O Box 4844, Johannesburg 2000

Namibia

Transfer Secretaries Proprietary Limited
4 Robert Mugabe Avenue
Burg Street Entrance
Windhoek, Namibia

SPONSORS

Merrill Lynch South Africa Proprietary Limited
1 Sandton Drive
Sandhurst
Johannesburg, 2196

DEBT SPONSOR

Rand Merchant Bank
1 Merchant Place
Rivonia Road
Sandton
Johannesburg, 2000

NAMIBIA SPONSOR

Simonis Storm Securities Proprietary Limited
4 Koch Street
Klein Windhoek
Namibia