



MMI HOLDINGS

ADVANCING MMI'S STRATEGY

Financial results 2017



momentum



METROPOLITAN

GUARDRISK



multiply

————— Momentum, Metropolitan, Guardrisk and Multiply form part of MMI Holdings Group, an authorised financial services provider. —————



Financial Results

For 12 months ended 30 June 2017

Summary of key metrics

MMI's diluted core headline earnings of R3 208m (200 cents per share) were effectively flat year-on-year. The largest positive driver of earnings was mortality experience which was R176m stronger in F2017, mainly as a result of much improved mortality profits in our Corporate & Public Sector (C&PS) segment. Core earnings were also aided by our decision to exit certain countries to improve focus on remaining operations. The largest headwind to earnings was the R179m reduction in discretionary margin releases relative to the prior year. F2017 also represents the first full year of start-up losses incurred in respect of our India health insurance joint venture (JV) and aYo, the MTN JV.

Diluted headline earnings were R1 336m lower than diluted core headline earnings in F2017. R577m of the difference relates to amortisation of acquisition related intangibles. Another R458m of the difference arises from changes to actuarial assumptions and as a result of investment variances. Investment returns for the year were significantly lower than those assumed in the actuarial basis. Material actuarial assumption changes include a reduction in lapse assumptions on level premium risk policies and on joint life risk policies. Furthermore, R249m of the difference between core and headline earnings is attributable to non-recurring items. R175m of the R249m arises from our decision to reduce our footprint in Africa and the UK.

Our dividend policy references core headline earnings and targets a coverage range of 1.5x to 1.7x over time. We have declared a 92 cent per share final dividend which results in a full year dividend of 157 cents per share in respect of F2017. This equates to a 1.3x dividend cover.

New business volumes are down 6% year-on-year to R41.6bn when measured on the present value of new business premiums (PVNBP) basis. Volumes were up on prior year for Metropolitan Retail (+5%) and for International (+3%). Momentum Retail is the largest business in the group and accounts for more than half of the new business volumes. PVNBP for Momentum Retail was down 3% for the year; mainly due to weaker sales of guaranteed endowments. C&PS volumes were down 16% versus F2016 due to weak inflows on investment products.

New business margins declined from 1.6% to 1.3%. Volume growth was modest across all four segments and as such we have seen new business margins under pressure across all of the segments. Overall value of new business (VNB) has declined by 23% to R547m. We believe that the main driver of margin improvement in the future will be to improve the productivity and scale of our various sales channels.

Group embedded value is slightly down over the year to R42.5bn (June 2016 was R43.0bn). This equates to embedded value per share of R26.51 on 30 June 2017. The return on embedded value (ROEV) for the year was 4.7%. ROEV on covered business was 8.3% during the period (12.6% excluding investment variances, interest rate changes, and forex movements). The ROEV on non-covered business was, however, disappointing at -10.4%. The biggest contributors to the weak non-covered ROEV were reduced valuations of our International operations and our SA asset management operations.

Operating experience variation on the embedded value (EV) basis was modestly positive in F2017. Mortality and morbidity variances added R140m to positive variances (vs R161m in prior year). Credit experience also remains supportive and our credit risk variance was R117m in F2017 versus R70m in F2016.

Key metrics	F2017	F2016	Δ (%)
Diluted core headline earnings per share (cents)	200.0	199.9	0
Diluted headline earnings per share (cents)	117.7	132.2	(11)
Dividend per share (cents)	157.0	157.0	0
New business volumes (PVNBP, Rm)	41 595	44 090	(6)
Value of new business (Rm)	547	712	(23)
New business margin (%)	1.3	1.6	(0.3)
Embedded value (Rm)	42 523	42 989	(1)
Return on Embedded Value (%)	4.7	12.8	(8.1)

Analysis of group earnings

Diluted core headline earnings for the period were R3 208m which represents marginal growth on the comparative period. The main positive contributor to core earnings growth was C&PS where mortality profits improved significantly in the latter part of the financial year. Earnings from the Shareholder Capital segment are also up on the back of increasing investment income (in line with growth in investible assets).

Momentum Retail

Momentum Retail's earnings declined by 15% to R1 271m. Earnings from covered operations (life insurance) are down 9% to R 1 467m whereas losses from non-covered operations increased to R196m.

The main reason for the reduced life insurance earnings is discretionary margin releases that were R179m lower in F2017. While we expect the level of discretionary margin releases to steadily decline over time, the decline in F2017 was exceptional due to a combination of certain discretionary margins being fully depleted by the end of F2016 and due to the interaction between investment returns and the release profile of the discretionary margins.

Experience variances were also weaker year-on-year (approximately R100m lower on an IFRS basis) although mortality and morbidity variance remained strong. New business strain was significantly lower than in the prior period due to lower sales of products with high initial reserving strain (ie lower guaranteed endowment sales).

Losses from non-covered operations reported within Momentum Retail increased from R111m to R196m. Profits on our Momentum Wealth platform declined due to higher investment in platform functionality and modest growth in assets under management. The improved operating performance in our short-term insurance operation is also somewhat hidden by the more conservative treatment of deferred tax assets in the current period.

Metropolitan Retail

Metropolitan Retail's earnings declined by 6% to R660m. Earnings declined due to weakening persistency, higher new business strain, and increased spending on new initiatives.

Mortality and morbidity experience remains strong. Persistency experience was negative overall in F2017. We are taking management action to improve collection rates and have seen positive results in recent months.

Corporate and Public Sector

C&PS earnings increased by 23% to R835m with improved underwriting experience, excluding disability experience, explaining more than R150m of the year-on-year increase. Unfortunately disability experience remains problematic and our experience variation deteriorated slightly during the past year. We continue to put through substantial price increases on disability risks and expect underwriting results to improve over time.

Our property business, ERIS, contributed R99m (+46%) to core headline earnings and Guardrisk made another solid contribution of R200m (+40%). Health contributed R136m to C&PS in F2017.

International

Losses from International increased during the period to R166m. F2017 is the first year where India and aYo are included in the numbers for the full twelve months. These two entities incurred R90m higher start-up losses in F2017 than in F2016. The scaling back in Africa also had a positive impact on F2017 core headline earnings.

Shareholder Capital

Investment income is up slightly for the period to R668m (net of tax). The level central costs that are not allocated to operating segments is sharply down. This is consistent with the large basis change we made at the end of F2016.

Core headline earnings (Rm)	F2017	F2016	Δ (%)
Momentum Retail	1 271	1 493	(15)
Metropolitan Retail	660	700	(6)
Corporate & Public Sector	835	680	23
International	(166)	(156)	(6)
Operating profit	2 600	2 717	(4)
Shareholder Capital	608	489	24
Diluted core headline earnings	3 208	3 206	0

New business commentary

New business volumes are down 6% to R41.6bn for the year when measured as PVNBP. Volume growth was dragged down by 16% decline in sales from the C&PS segment. The largest contributor to new business is Momentum Retail where volumes ended down 3% for the year. New business margin declined from 1.6% of premiums to 1.3%. Lower volumes resulted in negative operational gearing relative to distribution expenses.

Momentum Retail

Momentum Retail's sales were 3% lower over the year. Single premium new business was under pressure due to limited balance sheet capacity constraining guaranteed endowment sales. Life annuities was the one single premium product area that experienced decent growth over the year. Our core risk offering, Myriad, had similar sales volumes in F2017 as in F2016. Our recurring premium savings volumes picked up in F2017 aided by good demand for retirement annuities.

New business margins are down slightly from 1.1% of premiums to 1.0%. The margin has been negatively affected by the operational gearing between the 3% decline in new business volumes and the distribution channel overheads.

Metropolitan Retail

Metropolitan grew recurring premium volumes by 12% in line with the increase in the agent headcount. Metropolitan Retail's agent headcount increased by 12% during the year. Risk sales were up 15% while recurring premium savings business was up 7% year-on-year. Single premium new business was down 12% following the change to de minimis rules allowing pension pots below R247,500 to be cashed out at retirement. While being a small component of new business, it is worthwhile noting that single premium new business excluding annuities was up 20% for Metropolitan Retail.

Value of new business is down 7% to R178m. This represents a new business margin of 3.4% on premiums. The new business margin has declined due to three primary causes; changes to how group schemes business is structured, higher effective acquisition costs due to a high proportion of new agents in the sales force, and lower-than-expected persistency from the telesales channel.

Corporate and Public Sector

C&PS new business was down 16% for the year. New business volumes were materially lower in group risk business where the competitive market pricing is putting conversion rates under pressure. On-balance sheet investment flows were also weak during the year. Recurring premium savings business was aided by ongoing demand for our FundsAtWork umbrella fund solution.

New business margins declined from 1.5% of premiums to 0.6% of premiums. The decline mainly reflects the negative interaction between the lower volumes and relatively high fixed distribution costs. The assumed future risk margins have also been moderated in light of current market dynamics.

International

International new business was up 3% year-on-year. The strongest growth was achieved in Namibia where growth was 9%. Botswana was the only large market where sales were somewhat disappointing and declined by 6%. Overall new business margin for International was 2.9% of premiums (unchanged year-on-year).

Present Value of New Business Premiums (Rm)	F2017	F2016	Δ (%)
Momentum Retail	22 774	23 468	(3)
Metropolitan Retail	5 164	4 936	5
Corporate & Public Sector	11 121	13 232	(16)
International	2 536	2 454	3
MMI total PVNBP	41 595	44 090	(6)

Embedded value

Our embedded value was R26.51 per share on 30 June 2017. Together with the dividend paid during the period (R1.57 per share) this represents an ROEV of 4.7% over the year. ROEV excluding investment variances, forex movements, and economic assumption changes was 8.3%.

Our covered business continues to produce steady EV growth despite the tough operating environment and generated ROEV of 8.3% (excluding market items this equates to 12.6%). Our non-covered operations, which include many of our International operations earmarked for exit, had a difficult year and generated ROEV of -10.4%.

Experience variation

Our overall experience variation (including development expenses) for the period was negative R49m. Persistency variance was negative R198m across the group. We are seeing higher terminations in the group risk space in light of the highly competitive pricing observed across that market segment. We have also seen persistency deteriorate in the lower-income market segments. Persistency in higher-income market segments remains in line with expectations.

Risk variances remain strong in aggregate despite ongoing weakness in the group disability space. Overall mortality and disability variance was positive R140m with retail operations generating nearly R300m of positive variances on this front.

Expense management continues to be well implemented across MMI and our expense variance was R50m before allowing for specific development expenses (R67m). Our credit risk variance of R117m is well up on that achieved in the prior year.

Assumption changes

The current period included a number of relatively large assumption changes. Many of the changes are offsetting and as such the net impact on embedded value is a positive R403m.

Adjustment of mortality and disability assumptions to reflect recent experience has an overall positive impact of R139m on EV. However, this includes a significant positive adjustment in Momentum Retail (R410m) offset by a large negative adjustment in C&PS on the group disability business.

The overall change to persistency assumptions is negative R26m in F2017, but the impact in adjusted net worth (and thus capital) was substantial (>R700m decline). This reflects an assumption of lower lapses on level premium and joint life policies which require us to hold a larger reserve for these policies on our balance sheet. This is, however, countered by offsetting benefits of longer persistency in the value of in-force (VIF) component of the EV calculation.

During the year we have also moved our valuation approach from using a single point in the yield curve to using the full term structure when valuing prospective liabilities. This has had an overall positive impact on EV at 30 June 2017.

Non-covered EV earnings

Non-covered EV earnings were negative R835m for the period. The valuation of our International operations, increased allowance for Multiply expenses, and reduction in the carry value of our domestic asset management subsidiaries explains the vast majority of the reduction in EV. Non-covered operations with positive ROEV contributions included Guardrisk, Eris, and our various health operations.

Embedded value profits	EV total	ANW	Net VIF
New business	547	(1 495)	2 042
Unwind of RDR	2 865	0	2 865
Expected profit	0	4 091	(4 091)
Experience variance	(49)	140	(189)
Operating assumptions	403	(628)	1 031
Investment return on ANW	652	652	0
Investment variance	(1 354)	(144)	(1 210)
Economic assumption changes	(164)	(1)	(163)
FX translation effect	(36)	(24)	(12)
EV profit on non-covered	(835)	(835)	0
EV profit	2 029	1 756	273

Capital, dividend, and outlook

Our capital position remains satisfactory and we had a capital buffer of R3.7bn on 30 June 2017 on the current statutory basis. Our available capital resources at the end of the period stood at R19.9bn, where as we are currently utilising R13.7bn of capital in our existing businesses.

Outside of the existing operations we have also set aside R1.5bn for the next dividend payment and R1.0bn to fund strategic initiatives.

Rbn	June 2017	June 2016
NAV as per EV statement	16.3	16.9
Qualifying debt capital	3.6	3.6
Less: NAV in strategic subsidiaries	(3.6)	(3.5)
Less: Required capital	(10.1)	(9.7)
Capital buffer before deployment	6.2	7.3
Deployed for dividend payable	(1.5)	(1.5)
Deployed for strategic initiatives	(1.0)	(2.2)
Capital buffer	3.7	3.6

The capital buffer increased by roughly R100m over the period. The primary reasons for the increase is that we no longer hold R1bn for uncommitted initiatives in light of our increased focus on our core initiatives and on existing initiatives. This benefit is offset by the low level of retained earnings and by an increase in required capital. Required capital has increased mainly due to low investment market returns increasing the stress arising in the investment resilience test component of the CAR calculation. Change in our yield curve sensitivity and increase in credit risk capital requirement also played a part in the increase to required capital.

Movement in capital buffer	Rbn
Capital buffer on 30 June 2016	3.6
Profit from covered business	2.6
Profit from non-covered business	(0.7)
Dividends and new capital	(2.4)
Increase in required capital	(0.6)
Change in strategic commitments	1.2
Capital buffer	3.7

Investors should note that actual capital investments during the period do not affect the capital buffer as they are usually fully provided for in the 'deployed for strategic initiatives' item. For information we can point out that we invested around R900m during the year:

- Approximately R400m was invested into shareholder backed property developments
- Approximately R200m was invested into venture capital investments via Exponential
- Approximately R100m was invested into our International operations

- Approximately R100m was invested into Momentum Short-term Insurance
- Approximately R100m was invested into various smaller investments.

These injections were offset by proceeds from sales of property assets (c. R500m) and sale of a subsidiary (c. R100m).

Dividends

Our dividend policy is to maintain a dividend cover between 1.5 and 1.7 times core headline earnings, but with provision to go below the lower range to maintain stable dividends if there is a temporary decline in earnings. This is subject to our capital position making the dividend payment feasible.

We remain adequately capitalised and have thus declared a final dividend of 92 cents per share. This results in a dividend cover of 1.3x for F2017. We plan to return to our targeted dividend cover range in due course.

Strategy update

We remain committed to our client-centric strategy that is purposefully focused on providing for our clients' needs in order to enhance their lifetime Financial Wellness. At the same time we continue to refine the actions and decisions to optimise delivery on our strategy aspirations. Investors should be aware that:

- The business is increasingly focused on execution, with strategy now well ingrained in the various business areas;
- We have announced our plan to exit a number of African countries to improve focus on remaining operations.
- We continue to invest in our Multiply programme and see it as a key component of our client engagement strategy;
- We continue to invest in our distribution channels and the recent launch of our insurance products in selected African Bank branches is one manifestation of this focus.



Summary of financial information

Audited results for the 12 months ended 30 June 2017

MMI HOLDINGS GROUP

DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited summarised results of MMI Holdings financial services group for the year ended 30 June 2017. The preparation of the group's results was supervised by the group chief financial officer, Risto Ketola (FIA, FASSA, CFA).

Corporate events

During the current year, the FSB approved the transfer of the FNB Life book of business from MMI Group Ltd to FirstRand Life Assurance Ltd. MMI Group Ltd recognised a profit of R73 million relating to the sale which was effective from 1 October 2016.

During June 2017, MMI Holdings and African Bank announced a partnership that will allow each other exclusive rights to sell their products to the combined client base. The value sharing partnership comprises lending and insurance business ventures.

Basis of preparation of financial information

These summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; the JSE Listings Requirements and the South African Companies Act, 71 of 2008. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the previous years except as described below. Critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2017, including changes in estimates that are an integral part of the insurance business. The group is exposed to financial and insurance risks, details of which are also provided in the group's integrated report.

New and revised standards effective for the period ended 30 June 2017 and relevant to the group

- The following amendments to standards and interpretations became effective for the first time in the current period and had no impact on the group's earnings or net asset value: Amendments to IFRS 10 Consolidated financial statements, IAS 28 Investments in associates and joint ventures, IFRS 11 Joint arrangements, IAS 1 Presentation of financial statements, IAS 16 Property, plant and equipment, IAS 38 Intangible assets and IAS 27 Separate financial statements.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

Segmental report

To align segmental reporting to change in management responsibilities, we have made numerous movements across the five segments. The changes can be categorised into two main themes: (1) transfer of smaller operations previously shown as part of the Shareholder Capital segment into the client-facing segment where management responsibility actually rests and (2) transfer of UK operations previously residing in Momentum Retail or in Shareholder Capital to the International segment. The group has also refined the manner in which costs related to our Rewards programme are allocated. This has resulted in Momentum Retail carrying more of these costs than under the previous allocation methodology. The new segmental reporting had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow.

MMI HOLDINGS GROUP

Segmental report (continued)

The client-centric reporting view reflects the following segments:

Momentum Retail: Momentum Retail offers a wide range of financial solutions to middle and affluent market segments. Our product range spans all major insurance lines (life, disability, health, motor, property, and all-risks) and a wide range of savings and investment products. We differentiate our business through the quality of our advice channels and our commitment to high levels of client engagement to encourage our clients to make choices that optimise their financial and physical wellness. Our most popular product solutions are retirement savings and life insurance. Momentum Retail is closely associated with Multiply, our client engagement programme. Clients who have Multiply active on their policies enjoy premium discounts, partner rewards and access to personal financial management tools.

Metropolitan Retail: Metropolitan Retail is a long-established life insurance provider in the lower- and middle-income segments. Metropolitan Retail's most popular products include funeral plans, savings policies, underwritten life cover policies, and annuities. Our funeral plans are low sum insured whole life policies designed to pay for funeral costs. To extend our distribution channels and expand our solutions basket, Metropolitan recently partnered with African Bank to offer insurance and lending products to the existing Metropolitan client base.

Corporate and Public Sector: Corporate and Public Sector provides insurance, administration and investment services to employee groups in the private and public sectors. The business is one of the largest underwriters of death and disability insurance in the corporate market. We also have a strong market share in umbrella funds (multi-employer retirement schemes) and annuity solutions.

International: MMI International operates in the rest of Africa, India and the United Kingdom. We offer a wide range of solutions in these areas, with a focus on life, health and short-term insurance products. In Africa, life insurance is offered in nine countries and health insurance offered in seven as well as in India. Our Multiply wellness programme is only active in India at present, where it complements the health insurance offering.

Shareholder Capital: The Shareholder Capital segment reflects investment income on capital held to support operations, earnings from start-up ventures not yet allocated to other segments, and some costs not allocated to operating segments (eg certain holding company expenses).

The product houses support the segments to deliver best of breed product solutions that segments can distribute to clients. There are five of these centres of excellence supporting the segments, namely: Investments and savings, Life Insurance, Health, Short-term Insurance and Client Engagement Solutions. Each of the centres of excellence design solutions that meet unique Financial Wellness needs of clients as identified by our segment business.

Embedded value information

In addition to the segmental reporting changes, the methodology for classifying business as covered or non-covered has been reviewed and the following changes have been implemented:

- Guardrisk Life business has been reclassified as non-covered as the business being written is mainly fee income in nature rather than underwriting exposure.
- An entity will only be classified as covered business once it has reached sufficient operational scale to support all operational expenses attributable to that entity.

As a result, with effect from 1 July 2015, Guardrisk Life Ltd and a number of International life and health entities were transferred to non-covered business. The prior year has been restated to reflect these transfers to non-covered business.

MMI HOLDINGS GROUP

Corporate governance

The board has satisfied itself that appropriate principles of corporate governance (King IV) were applied, where possible, throughout the year under review.

Changes to the directorate, secretary and directors' shareholding

On 21 July 2016, Voyt Krzychylkiewicz was appointed as an alternative director to Peter Cooper. On 1 October 2016, Professor Stephen Jurisich was appointed to the board. On 22 November 2016, Johan Burger retired from the board and as deputy chairman. On 1 December 2016, Louis von Zeuner was elected as deputy chairman of the board.

All transactions in listed shares of the company involving directors were disclosed on SENS.

Changes to the group executive committee

Change in roles

Mary Vilakazi	Deputy CEO and Group Finance Director
Khanyi Nzukuma	CEO Momentum Retail and acting CEO Metropolitan Retail
Thinus Alsworth-Elvey	CEO Corporate and Public Sector, UK and Momentum Investments
Herman Schoeman	CEO MMI Short-term Insurance Centre of Excellence (previously CEO Corporate and Public Sector)

<i>Appointments/resignations</i>	<i>Role</i>	<i>Appointments</i>	<i>Resignations</i>
Innocent Dutiro	CEO International	1 July 2016	
Linda Mthenjane	Group executive of human capital	10 October 2016	
Vuyo Lee	Group executive officer of brand		28 February 2017
Danie Botes	Chief Operating Officer		13 June 2017
Etienne de Waal	CEO Momentum Retail		13 June 2017
Risto Ketola	Group Chief Financial Officer	22 June 2017	
Ashlene van der Colff	Group Head of Operations	22 June 2017	

Contingent liabilities and capital commitments

The group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The group had no material capital commitments at 30 June 2017 that were not in the ordinary course of business other than those disclosed in the 2017 integrated report.

Events after year-end

No material events occurred between the reporting date and the date of approval of these results.

Final dividend declaration

Ordinary shares

- On 5 September 2017, a gross final dividend of 92 cents per ordinary share was declared by the board, resulting in a total dividend of 157 cents per share.

Final dividend declaration (continued)

Ordinary shares (continued)

- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the company at the close of business on Friday, 29 September 2017, and will be paid on Monday, 2 October 2017.
- The dividend will be subject to local dividend withholding tax at a rate of 20% (as announced in the 2017 Budget) unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 73.60 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 26 September 2017.
- The shares will trade ex dividend from the start of business on Wednesday, 27 September 2017.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 27 September 2017 and Friday, 29 September 2017, both days inclusive.
- The number of ordinary shares at the declaration date was 1 575 371 221.
- MMI's income tax number is 975 2050 147.

Preference shares

- Dividends of R19.0 million (2016: R20.1 million) (132 cents per share p.a.) were declared on the unlisted A3 MMI Holdings Ltd preference shares as determined by the company's Memorandum of Incorporation.

Integrated information

The integrated report for 2017 will be posted to shareholders before 30 September 2017.

Directors' responsibility

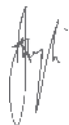
The preparation of these results, and the correct extraction thereof from the group's audited 2017 annual financial statements, are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The full summarised IAS 34 compliant results (including paragraph 16A(j)) are available on MMI's website and at MMI's registered offices upon request. A printed version of the full financial statements and the SENS announcement may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

External audit

These summarised results have not been audited, but have been extracted from the group's 2017 annual financial statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report, together with the group's audited 2017 annual financial statements, are available for inspection at the company's registered office. In addition, the summarised group embedded value information has been extracted from the 2017 group embedded value report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of MMI, and the review report is available for inspection at the company's registered office.

MMI HOLDINGS GROUP

Signed on behalf of the board



JJ Njeke

Chairman



Nicolaas Kruger

Group chief executive officer

Centurion

5 September 2017

DIRECTORS: MJN Njeke (chairman), LL von Zeuner (deputy chairman), NAS Kruger (group chief executive officer), M Vilakazi (deputy chief executive and group finance director), P Cooper, F Jakoet, Prof SC Jurisich, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, W Krzychylkiewicz (alternate to P Cooper)

GROUP COMPANY SECRETARY: Maliga Chetty

WEBSITE: www.mmiholdings.com

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SPONSOR – SOUTH AFRICA: Merrill Lynch South Africa (Pty) Ltd SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: PricewaterhouseCoopers Inc

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE CODE: MMI NSX CODE: MIM ISIN NO: ZAE000149902

SENS ISSUE: 6 September 2017

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2017 Rm	30.06.2016 Rm
ASSETS		
Intangible assets	11 260	12 433
Owner-occupied properties	4 105	3 112
Property and equipment	389	432
Investment properties	7 340	7 422
Investments in associates and joint ventures	595	680
Employee benefit assets	410	445
Financial assets designated at fair value through income	369 205	373 630
Investments in associates designated at fair value through income	15 039	10 499
Derivative financial assets	2 439	1 977
Available-for-sale financial assets	18	125
Held-to-maturity financial assets	397	122
Loans and receivables	7 293	7 615
Reinsurance contract assets	4 495	5 092
Deferred income tax	249	279
Properties under development	111	187
Insurance and other receivables	4 621	4 497
Current income tax assets	581	537
Non-current assets held for sale	-	470
Cash and cash equivalents	27 353	29 148
Total assets	455 900	458 702
EQUITY		
Equity attributable to owners of the parent	22 956	24 109
Non-controlling interests	292	290
Total equity	23 248	24 399
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts	106 581	107 115
Short-term insurance contracts	7 661	6 978
Investment contracts	257 772	257 985
– with discretionary participation features (DPF)	24 338	25 195
– designated at fair value through income	233 434	232 790
Financial liabilities designated at fair value through income	37 331	38 374
Derivative financial liabilities	1 827	2 097
Financial liabilities at amortised cost	1 229	1 058
Reinsurance contract liabilities	1 368	973
Deferred income tax	3 198	3 812
Employee benefit obligations	1 334	1 452
Other payables	14 128	14 384
Provisions	57	43
Current income tax liabilities	166	32
Total liabilities	432 652	434 303
Total equity and liabilities	455 900	458 702

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Net insurance premiums	28 191	28 971
Fee income ⁽¹⁾	7 411	7 679
Investment income	18 958	17 522
Net realised and fair value gains	183	11 824
Net income	54 743	65 996
Net insurance benefits and claims	24 441	26 609
Change in actuarial liabilities and related reinsurance	(2 267)	(674)
Change in long-term insurance contract liabilities	(1 437)	354
Change in short-term insurance contract liabilities	(86)	(71)
Change in investment contracts with DPF liabilities	(855)	(940)
Change in reinsurance assets	(278)	(331)
Change in reinsurance liabilities	389	314
Fair value adjustments on investment contract liabilities	6 650	16 205
Fair value adjustments on collective investment scheme liabilities	688	(153)
Depreciation, amortisation and impairment expenses	1 665	1 408
Employee benefit expenses	5 249	5 341
Sales remuneration	5 283	5 304
Other expenses	7 367	6 695
Expenses	49 076	60 735
Results of operations	5 667	5 261
Share of (loss)/profit of associates and joint ventures	(126)	18
Finance costs ⁽²⁾	(1 023)	(937)
Profit before tax	4 518	4 342
Income tax expense	(2 937)	(2 164)
Earnings for year	1 581	2 178
Attributable to:		
Owners of the parent	1 536	2 142
Non-controlling interests	45	36
	1 581	2 178
Basic earnings per ordinary share (cents)	98.4	137.6
Diluted earnings per ordinary share (cents)	98.1	135.9

1. Fee income consists of the following:
 - Investment contracts: R2 477 million (30.06.2016: R2 471 million)
 - Trust and fiduciary services: R1 608 million (30.06.2016: R1 892 million)
 - Health administration: R1 764 million (30.06.2016: R1 945 million)
 - Other fee income: R1 562 million (30.06.2016: R1 371 million)
2. Finance costs consist of the following:
 - Preference shares issued by MMI: R113 million (30.06.2016: R110 million)
 - Subordinated debt: R351 million (30.06.2016: R341 million)
 - Cost of carry positions: R408 million (30.06.2016: R346 million)
 - Other: R151 million (30.06.2016: R140 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Earnings for year	1 581	2 178
Other comprehensive (loss)/income, net of tax	(103)	83
Items that may subsequently be reclassified to income	(224)	(24)
Exchange differences on translating foreign operations	(218)	(27)
Available-for-sale financial assets	(4)	3
Share of other comprehensive loss of associates	(2)	-
Items that will not be reclassified to income	121	107
Land and building revaluation	142	124
Remeasurements of post-employee benefit funds	11	(1)
Income tax relating to items that will not be reclassified	(32)	(16)
Total comprehensive income for year	1 478	2 261
Total comprehensive income attributable to:		
Owners of the parent	1 434	2 193
Non-controlling interests	44	68
	1 478	2 261

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Earnings	1 536	2 142	1 536	2 142
Finance costs – convertible preference shares			39	41
Dilutory effect of subsidiaries ⁽¹⁾			(14)	(23)
Diluted earnings			1 561	2 160
Intangible assets and other impairments ⁽²⁾	417	158	417	158
Tax on intangible assets and other impairments	(61)	(10)	(61)	(10)
Release of foreign currency translation reserve	-	(92)	-	(92)
Gain on sale of business/subsidiary	(94)	(115)	(94)	(115)
Tax on gain on sale of business/subsidiary	21	-	21	-
Impairment of owner-occupied property below cost	28	-	28	-
Headline earnings ⁽³⁾	1 847	2 083	1 872	2 101
Net realised and fair value losses/(gains) on excess	94	(112)	94	(112)
Basis and other changes and investment variances	458	517	458	517
Adjustments for MMI shares held by policyholder funds	(42)	(98)	(42)	(73)
Amortisation of intangible assets relating to business combinations	577	618	577	618
Non-recurring items ⁽⁴⁾	249	155	249	155
Core headline earnings ⁽⁵⁾	3 183	3 163	3 208	3 206

- In the current year, the MMI Holdings Namibian group, Metropolitan Kenya and Cannon are consolidated at 96% in the results. In the prior year, Metropolitan Health was also consolidated at 100%. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. For Metropolitan Health, this is no longer the case as all the shares in Metropolitan Health Corporate (Pty) Ltd which were held by Kagiso Tiso Holdings (Pty) Ltd have been purchased by the group in June 2017.
- The current year includes impairments relating to:
 - Goodwill, customer relations and internally developed software (R213 million) in the International segment that are recognised on acquisition of subsidiaries as the companies are making losses. A risk discount rate of 18.2% (2016: 19.0%) has been used in the impairment calculation.
 - Internally developed software in International (R88 million) and Metropolitan Retail (R76 million) whereby certain components will no longer be used and/or the costs to maintain the system exceed the economic benefits. A risk discount rate of 11.6% has been used in the impairment calculation.

The prior year includes the impairment of Cannon goodwill, software in International and Health and Hello Doctor goodwill.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- Non-recurring items include costs relating mainly to the restructuring of the group. The current year also includes the core earnings/loss relating to companies in countries that the group has or will be exiting in the near future.
- Core headline earnings comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on financial assets and liabilities, investment variances and basis and other changes that can be volatile, certain non-recurring items, as well as the amortisation of intangible assets relating to business combinations.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	12 mths to 30.06.2017	12 mths to 30.06.2016
Basic		
Core headline earnings	203.9	203.1
Headline earnings	118.3	133.8
Earnings	98.4	137.6
Weighted average number of shares (million)	1 561	1 557
Diluted		
Core headline earnings	200.0	199.9
Weighted average number of shares (million) ⁽¹⁾	1 604	1 604
Headline earnings	117.7	132.2
Earnings	98.1	135.9
Weighted average number of shares (million) ⁽²⁾	1 591	1 589

1. For diluted core headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.
2. For diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

DIVIDENDS	2017	2016
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	65	65
Final – September	92	92
Total	157	157

MMI Holdings Ltd convertible redeemable preference shares (issued to Kagiso Tiso Holdings (Pty) Ltd (KTH))

The A3 MMI Holdings Ltd preference shares are redeemable in December 2017 (after extending it under the same terms by six months in the current year) at a redemption value of R9.18 per share unless converted into MMI Holdings Ltd ordinary shares on a one-for-one basis prior to that date. On 3 October 2016 and 3 April 2017, 1 million preference shares were converted into ordinary shares, on each date. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September).

Significant related party transactions

R369 million of the ordinary dividends declared by MMI Holdings Ltd in September 2016 (R362 million of the ordinary dividends declared in September 2015) and R261 million of the ordinary dividends declared in March 2017 (R261 million of the ordinary dividends declared in March 2016) were attributable to RMI Holdings Ltd. Dividends of R39.5 million (2016: R41.9 million) were paid to KTH on the A3 MMI Holdings Ltd preference shares in the current year. Dividends of R8 million (2016: R5 million) were paid to KTH on the MHC A ordinary shares.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Changes in share capital		
Balance at beginning and end	9	9
Changes in share premium		
Balance at beginning	13 847	13 795
Conversion of preference shares	14	17
(Increase)/decrease in treasury shares held on behalf of contract holders	(124)	35
Balance at end	13 737	13 847
Changes in other reserves		
Balance at beginning	1 955	1 866
Total comprehensive (loss)/income	(102)	51
Employee share schemes – value of services provided	(26)	-
BEE cost	4	4
Change in non-distributable reserves	(3)	2
Transfer (to)/from retained earnings	(40)	32
Balance at end ⁽¹⁾	1 788	1 955
Changes in retained earnings		
Balance at beginning	8 298	8 877
Total comprehensive income	1 536	2 142
Dividend paid	(2 456)	(2 475)
Transactions with non-controlling interests	4	(214)
Transfer from/(to) other reserves	40	(32)
Balance at end	7 422	8 298
Equity attributable to owners of the parent	22 956	24 109
Changes in non-controlling interests		
Balance at beginning	290	501
Total comprehensive income	44	68
Dividend paid	(53)	(60)
Transactions with owners	11	(219)
Balance at end	292	290
Total equity	23 248	24 399

1. Other reserves consist of the following:

- Land and building revaluation reserve: R807 million (30.06.2016: R742 million)
- Foreign currency translation reserve: -R98 million (30.06.2016: R122 million)
- Revaluation of available-for-sale investments: R7 million (30.06.2016: R11 million)
- Non-distributable reserve: R54 million (30.06.2016: R50 million)
- Employee benefit revaluation reserve: R88 million (30.06.2016: R77 million)
- Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (30.06.2016: R940 million)
- Equity-settled share-based payment arrangements: -R10 million (30.06.2016: R13 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Net cash inflow from operating activities	586	8 842
Net cash outflow from investing activities	(288)	(1 051)
Net cash outflow from financing activities	(2 093)	(4 817)
Net cash flow	(1 795)	2 974
Cash resources and funds on deposit at beginning	29 148	26 174
Cash resources and funds on deposit at end	27 353	29 148

NON-CONTROLLING INTERESTS	30.06.2017 %	30.06.2016 %
Cannon Assurance	33.7	33.7
Eris Property Group	23.7	23.7
Metropolitan Health Ghana	0.9	0.9
Metropolitan Health Group	-	17.6
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Swaziland	33.0	33.0
Metropolitan Tanzania	33.0	33.0
Metropolitan Health Zambia	35.0	35.0
MMI Holdings Namibia	9.9	10.3
Momentum Mozambique	33.0	33.0
Momentum Swaziland	33.0	33.0

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

BUSINESS COMBINATIONS – JUNE 2017

There were no significant business combinations for the 12 months ended June 2017. Goodwill and customer relationships to the value of R11 million each were recognised due to a small acquisition.

BUSINESS COMBINATIONS – JUNE 2016

There were no significant business combinations for the 12 months ended June 2016.

RECONCILIATION OF GOODWILL	30.06.2017 Rm	30.06.2016 Rm
Balance at beginning	1 237	1 333
Business combinations	11	-
Impairment charges ⁽¹⁾	(100)	(104)
Exchange differences	(20)	8
Balance at end	1 128	1 237

1. Goodwill relating to the Cannon (International segment) and Momentum Financial Technology (International segment) acquisitions were impaired by R62 million (30.06.2016: R41 million) and R38 million (30.06.2016: Rnil) respectively during the current year due to these companies making losses. Goodwill of R63 million relating to Hello Doctor (International and Corporate and Public Sector segments) was also impaired in the prior year.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

12 mths to 30.06.2017	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	Shareholder Capital	Segmental total	Reconciling items (1)	IFRS total		
Revenue										
Net insurance premiums	24 740	6 898	27 167	4 130	-	62 935	(34 744)	28 191		
Recurring premiums	9 663	5 877	16 951	3 476	-	35 967	(9 291)	26 676		
Single premiums	15 077	1 021	10 216	654	-	26 968	(25 453)	1 515		
Fee income	3 496	146	4 270	835	73	8 820	(1 409)	7 411		
Fee income	3 011	143	3 708	794	2	7 658	(247)	7 411		
Intergroup fee income	485	3	562	41	71	1 162	(1 162)	-		
Expenses										
Net payments to contract holders										
External payments	25 360	5 321	25 574	2 624	-	58 879	(34 438)	24 441		
Other expenses	5 994	2 448	5 681	2 419	201	16 743	2 821	19 564		
Sales remuneration	2 184	1 029	1 462	615	-	5 290	(7)	5 283		
Administration expenses	2 631	1 280	3 125	1 346	589	8 971	121	9 092		
Amortisation due to business combinations and impairments	-	73	31	88	37	229	977	1 206		
Cell captive business	-	-	186	-	-	186	1 800	1 986		
Direct property expenses	-	-	-	-	-	-	443	443		
Asset management and other fee expenses	379	60	309	84	10	842	649	1 491		
Holding company expenses	-	-	-	-	63	63	-	63		
Intergroup expenses	800	6	568	286	(498)	1 162	(1 162)	-		
Diluted core headline earnings	1 271	660	835	(166)	608	3 208	-	3 208		
Operating profit/(loss)	1 861	926	969	(102)	(48)	3 606	-	3 606		
Tax on operating profit	(631)	(267)	(270)	(87)	(12)	(1 267)	-	(1 267)		
Investment income	57	2	187	27	822	1 095	-	1 095		
Tax on investment income	(16)	(1)	(51)	(4)	(154)	(226)	-	(226)		
Covered	1 467	685	387	203	648	3 390	-	3 390		
Non-covered	(196)	(25)	448	(369)	(40)	(182)	-	(182)		
	1 271	660	835	(166)	608	3 208	-	3 208		
Actuarial liabilities	195 283	32 417	131 420	12 894	-	372 014	-	372 014		

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R263 million); direct property and asset management fees for all entities, except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2016	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	Shareholder Capital	Segmental total	Reconciling items (1)	IFRS total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue								
Net insurance premiums	25 634	6 816	26 608	4 054	-	63 112	(34 141)	28 971
Recurring premiums	9 278	5 558	15 170	3 322	-	33 328	(8 720)	24 608
Single premiums	16 356	1 258	11 438	732	-	29 784	(25 421)	4 363
Fee income	3 555	209	4 940	773	96	9 573	(1 894)	7 679
Intergroup fee income	2 992	179	4 203	664	19	8 057	(378)	7 679
Expenses								
Net payments to contract holders	563	30	737	109	77	1 516	(1 516)	-
External payments	24 846	6 037	30 568	2 513	-	63 964	(37 355)	26 609
Other expenses	5 907	2 293	6 309	2 348	121	16 978	1 770	18 748
Sales remuneration	2 154	967	1 537	653	-	5 311	(7)	5 304
Administration expenses	2 804	1 158	3 385	1 391	256	8 994	443	9 437
Amortisation due to business combinations and impairments	-	-	12	-	72	84	823	907
Cell captive business	-	-	203	-	-	203	1 178	1 381
Direct property expenses	-	-	-	-	-	-	317	317
Asset management and other fee expenses	248	103	437	26	2	816	532	1 348
Holding company expenses	-	-	-	-	54	54	-	54
Intergroup expenses	701	65	735	278	(263)	1 516	(1 516)	-
Diluted core headline earnings								
Operating profit/(loss)	1 493	700	680	(156)	489	3 206	-	3 206
Tax on operating profit	2 066	972	841	(151)	(158)	3 570	-	3 570
Investment income	(629)	(272)	(242)	(26)	(17)	(1 186)	-	(1 186)
Tax on investment income	72	-	111	25	850	1 058	-	1 058
	(16)	-	(30)	(4)	(186)	(236)	-	(236)
Covered	1 604	723	279	185	616	3 407	-	3 407
Non-covered	(111)	(23)	401	(341)	(127)	(201)	-	(201)
	1 493	700	680	(156)	489	3 206	-	3 206
Actuarial liabilities	202 368	32 942	124 330	12 438	-	372 078	-	372 078

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R190 million); direct property and asset management fees for all entities, except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS	Change %	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
Momentum Retail	(15)	1 271	1 493
Metropolitan Retail	(6)	660	700
Corporate and Public Sector	23	835	680
International	(6)	(166)	(156)
Operating segments	(4)	2 600	2 717
Shareholder Capital	24	608	489
Total diluted core headline earnings	-	3 208	3 206

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Total Rm
12 mths to 30.06.2017						
Covered						
Operating profit	1 467	685	387	203	37	2 779
Investment income	-	-	-	-	611	611
Total	1 467	685	387	203	648	3 390
Non-covered						
Investment and savings	61	-	119	82	-	262
Life insurance	-	-	-	(111)	-	(111)
Health	(29)	-	136	(82)	-	25
Short-term insurance	(162)	(7)	200	(80)	-	(49)
Client engagement	(66)	(18)	(25)	(24)	12	(121)
Unallocated expenses	-	-	-	-	(60)	(60)
Other operations	-	-	18	(154)	8	(128)
Total	(196)	(25)	448	(369)	(40)	(182)
Core earnings	1 271	660	835	(166)	608	3 208
Restated						
12 mths to 30.06.2016 ⁽¹⁾						
Covered						
Operating profit/(loss)	1 604	723	275	185	(43)	2 744
Investment income	-	-	4	-	659	663
Total	1 604	723	279	185	616	3 407
Non-covered						
Investment and savings	136	-	108	(19)	-	225
Life insurance	-	-	-	(84)	-	(84)
Health	(43)	-	157	(68)	-	46
Short-term insurance	(151)	(6)	143	(54)	-	(68)
Client engagement	(53)	(17)	(22)	(23)	17	(98)
Unallocated expenses	-	-	-	-	(102)	(102)
Other operations	-	-	15	(93)	(42)	(120)
Total	(111)	(23)	401	(341)	(127)	(201)
Core earnings	1 493	700	680	(156)	489	3 206

1. Refer to segmental report paragraph in the Directors' statement for more information on the restatements.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

INVESTMENTS AND SAVINGS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
12 mths to 30.06.2017				
Revenue	1 118	865	490	2 473
Fee income	710	379	373	1 462
Performance fees	3	13	-	16
Intergroup fees	344	340	13	697
Investment income	61	121	1	183
Fair value gains	-	12	103	115
Expenses and finance costs	(1 014)	(689)	(405)	(2 108)
Fair value adjustments on investment contracts	-	-	(103)	(103)
Other expenses	(1 005)	(640)	(302)	(1 947)
Finance costs	(9)	(49)	-	(58)
Share of profit of associates	-	1	-	1
Profit before tax	104	177	85	366
Income tax expense	(43)	(32)	(3)	(78)
Non-controlling interest	-	(26)	-	(26)
Core earnings	61	119	82	262
Operating profit before tax	61	90	84	235
Tax on operating profit	(30)	(11)	(3)	(44)
Investment income	43	55	1	99
Tax on investment income	(13)	(15)	-	(28)
Diluted core headline earnings	61	119	82	262
Restated				
12 mths to 30.06.2016				
Revenue	1 161	746	362	2 269
Fee income	771	329	379	1 479
Performance fees	12	-	-	12
Intergroup fees	325	333	15	673
Investment income	53	45	12	110
Fair value gains/(losses)	-	39	(44)	(5)
Expenses and finance costs	(970)	(595)	(397)	(1 962)
Fair value adjustments on investment contracts	-	-	41	41
Other expenses	(962)	(560)	(423)	(1 945)
Finance costs	(8)	(35)	(15)	(58)
Share of profit of associates	-	13	-	13
Profit/(Loss) before tax	191	164	(35)	320
Income tax expense	(55)	(38)	16	(77)
Non-controlling interest	-	(18)	-	(18)
Core earnings	136	108	(19)	225
Operating profit/(loss) before tax	146	134	(29)	251
Tax on operating profit	(48)	(32)	14	(66)
Investment income	46	8	(2)	52
Tax on investment income	(8)	(2)	(2)	(12)
Diluted core headline earnings	136	108	(19)	225

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
12 mths to 30.06.2017				
Revenue	560	2 049	468	3 077
Net insurance premiums	209	390	259	858
Fee income	340	1 419	191	1 950
Investment income	11	27	18	56
Intergroup fees	-	213	-	213
Expenses and finance costs	(603)	(1 856)	(384)	(2 843)
Net payments to contract holders	(151)	(279)	(168)	(598)
Other expenses	(450)	(1 576)	(216)	(2 242)
Finance costs	(2)	(1)	-	(3)
Share of loss of associates	-	-	(105)	(105)
(Loss)/Profit before tax	(43)	193	(21)	129
Income tax expense	14	(57)	(36)	(79)
Non-controlling interest	-	-	(25)	(25)
Earnings attributable to ordinary shareholders	(29)	136	(82)	25
Operating (loss)/profit before tax	(53)	167	(72)	42
Tax on operating profit	17	(49)	(24)	(56)
Investment income	10	26	15	51
Tax on investment income	(3)	(8)	(1)	(12)
Diluted core headline earnings	(29)	136	(82)	25
Closed schemes	-	106	66	172
Open scheme	(23)	(6)	(148)	(177)
Other	(6)	36	-	30
	(29)	136	(82)	25
	Principal members	Principal members	Lives	
Closed schemes	-	834 061	404 756	
Open schemes	108 244	50 380	207 882	
	108 244	884 441	612 638	

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS

	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
Restated				
12 mths to 30.06.2016				
Revenue	433	2 089	823	3 345
Net insurance premiums	176	390	623	1 189
Fee income	249	1 640	192	2 081
Investment income	8	27	8	43
Intergroup fees	-	32	-	32
Expenses and finance costs	(493)	(1 862)	(844)	(3 199)
Net payments to contract holders	(133)	(294)	(476)	(903)
Other expenses	(358)	(1 568)	(368)	(2 294)
Finance costs	(2)	-	-	(2)
(Loss)/Profit before tax	(60)	227	(21)	146
Income tax expense	17	(61)	(30)	(74)
Non-controlling interest	-	-	(17)	(17)
Earnings attributable to ordinary shareholders	(43)	166	(68)	55
Dilutory effect of subsidiaries	-	(9)	-	(9)
Diluted core headline earnings	(43)	157	(68)	46
Operating (loss)/profit before tax	(66)	191	(65)	60
Tax on operating profit	19	(55)	(18)	(54)
Investment income	6	27	16	49
Tax on investment income	(2)	(6)	(1)	(9)
Diluted core headline earnings	(43)	157	(68)	46
Closed schemes	-	113	(68)	45
Open scheme	(43)	9	-	(34)
Other	-	35	-	35
	(43)	157	(68)	46

	Principal members	Principal members	Lives
Closed schemes	-	830 548	459 688
Open schemes	95 888	47 574	-
	95 888	878 122	459 688

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
12 mths to 30.06.2017					
Net insurance premiums	616	-	-	148	764
Fee income	13	3	566	17	599
Management fees	-	-	435	-	435
Investment fees	-	-	73	-	73
Underwriting fees	-	-	58	-	58
Other fee income	13	3	-	17	33
Investment income	30	-	93	12	135
Fair value losses	-	-	-	(9)	(9)
Total income	659	3	659	168	1 489
Expenses and finance costs	(784)	(9)	(379)	(241)	(1 413)
Net payments to contract holders	(449)	-	-	(133)	(582)
Change in actuarial liabilities	-	-	-	7	7
Other expenses	(335)	(9)	(367)	(115)	(826)
Finance costs	-	-	(12)	-	(12)
(Loss)/Profit before tax	(125)	(6)	280	(73)	76
Income tax expense	(37)	(1)	(80)	(9)	(127)
Non-controlling interest	-	-	-	2	2
Earnings attributable to ordinary shareholders	(162)	(7)	200	(80)	(49)
Operating (loss)/profit before tax	(130)	(6)	187	(71)	(20)
Tax on operating profit	(34)	(1)	(54)	(9)	(98)
Investment income	3	-	93	-	96
Tax on investment income	(1)	-	(26)	-	(27)
Diluted core headline earnings	(162)	(7)	200	(80)	(49)
Momentum Short-term Insurance	(83)	-	-	-	(83)
MMI Short-term Insurance Administration	(79)	(7)	-	(25)	(111)
Guardrisk Group	-	-	200	-	200
Cannon Short-term	-	-	-	(55)	(55)
	(162)	(7)	200	(80)	(49)

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
Restated					
12 mths to 30.06.2016					
Net insurance premiums	570	-	-	208	778
Fee income	21	-	463	15	499
Management fees	-	-	405	-	405
Investment fees	-	-	62	-	62
Underwriting fees	-	-	(6)	-	(6)
Other fee income	21	-	2	15	38
Investment income	25	-	64	21	110
Fair value losses	-	-	-	(4)	(4)
Total income	616	-	527	240	1 383
Expenses and finance costs	(793)	(8)	(334)	(305)	(1 440)
Net payments to contract holders	(467)	-	-	(126)	(593)
Change in actuarial liabilities	-	-	-	(26)	(26)
Other expenses	(326)	(8)	(323)	(153)	(810)
Finance costs	-	-	(11)	-	(11)
(Loss)/Profit before tax	(177)	(8)	193	(65)	(57)
Income tax expense	26	2	(50)	8	(14)
Non-controlling interest	-	-	-	3	3
Earnings attributable to ordinary shareholders	(151)	(6)	143	(54)	(68)
Operating (loss)/profit before tax	(195)	(8)	130	(65)	(138)
Tax on operating profit	31	2	(33)	8	8
Investment income	18	-	64	3	85
Tax on investment income	(5)	-	(18)	-	(23)
Diluted core headline earnings	(151)	(6)	143	(54)	(68)
Momentum Short-term Insurance	(124)	-	-	-	(124)
MMI Short-term Insurance Administration	(27)	(6)	-	(9)	(42)
Guardrisk Group	-	-	143	-	143
Swaziland	-	-	-	(2)	(2)
Tanzania	-	-	-	1	1
Cannon Short-term	-	-	-	(44)	(44)
	(151)	(6)	143	(54)	(68)

MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	30.06.2017 Rm	30.06.2016 Rm
Group excess per reporting basis	22 956	24 109
Net assets – other businesses	(2 849)	(2 939)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 946)	(3 471)
Excess – long-term insurance business, net of non-controlling interests ⁽¹⁾	17 161	17 699
Disregarded assets ⁽²⁾	(847)	(983)
Difference between statutory and published valuation methods	(942)	(582)
Write-down of subsidiaries and associates for statutory purposes	(1 328)	(1 246)
Unsecured subordinated debt	3 602	3 557
Consolidation adjustments	(33)	(53)
Statutory excess – long-term insurance business	17 613	18 392
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 577	6 238
Ratio of long-term insurance business excess to CAR (times)	2.7	2.9
Discretionary margins	12 407	12 702

1. The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group, including life insurance companies in Africa. In respect of Guardrisk, only MMI's promoter exposure to the South African long-term insurance business, Guardrisk Life Ltd, is included. It excludes the short-term insurance businesses of Guardrisk, Momentum Short-term Insurance and Cannon (Kenya), as well as the other non-life insurance entities, including African health operations. The figures are after non-controlling interests but excludes certain items which are eliminated on consolidation.
2. Disregarded assets are those as defined in the South African Long-term Insurance Act, 52 of 1998, and are only applicable to South African long-term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators. It includes Sage intangible assets of R464 million (30.06.2016: R491 million).
3. The CAR is an aggregation of the separate CAR's, with no assumption of diversification benefits. MMI elected to adopt the revised actuarial guidance note SAP 104 (version 9) which was published in August 2017 but permitted adoption for reporting dates on or after 30 June 2017.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	30.06.2017 Rm	Restated 30.06.2016 Rm
Covered business		
Reporting excess – long-term insurance business	17 161	17 699
Reclassification to non-covered business	(2 206)	(1 897)
	14 955	15 802
Disregarded assets ⁽¹⁾	(504)	(531)
Difference between statutory and published valuation methods	(942)	(575)
Dilutory effect of subsidiaries ⁽²⁾	(53)	(51)
Consolidation adjustments ⁽³⁾	(21)	(40)
Value of MMI Group Ltd preference shares issued	(500)	(500)
Diluted adjusted net worth – covered business	12 935	14 105
Net value of in-force business	21 130	20 862
Diluted embedded value – covered business	34 065	34 967
Non-covered business		
Net assets – non-covered business within life insurance companies	2 206	1 897
Net assets – non-covered business outside life insurance companies	2 849	2 939
Consolidation adjustments and transfers to covered business ⁽³⁾	(2 415)	(2 776)
Adjustments for dilution ⁽⁴⁾	720	690
Diluted adjusted net worth – non-covered business	3 360	2 750
Write-up to directors' value	5 098	5 272
Non-covered business	6 344	6 379
Holding company expenses ⁽⁵⁾	(671)	(557)
International holding company expenses ⁽⁵⁾	(575)	(550)
Diluted embedded value – non-covered business	8 458	8 022
Diluted adjusted net worth	16 295	16 855
Net value of in-force business	21 130	20 862
Write-up to directors' value	5 098	5 272
Diluted embedded value	42 523	42 989
Required capital – covered business (adjusted for qualifying debt) ⁽⁶⁾	6 449	6 098
Surplus capital – covered business	6 486	8 007
Diluted embedded value per share (cents)	2 651	2 680
Diluted adjusted net worth per share (cents)	1 016	1 051
Diluted number of shares in issue (million) ⁽⁷⁾	1 604	1 604

- Disregarded assets include Sage intangible assets of R464 million (30.06.2016: R491 million), goodwill and various other items.
- For accounting purposes, MMI Holdings Namibia, Metropolitan Kenya and Cannon have been consolidated at 96% in the statement of financial position (in the prior year, Metropolitan Health was consolidated at 100%). For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated.
- Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 3): R106 million (30.06.2016: R123 million)
 - Treasury shares held on behalf of contract holders: R353 million (30.06.2016: R292 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R261 million (30.06.2016: R275 million)
- The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- The required capital for covered business amounts to R10 051 million (restated 30.06.2016: R9 655 million) and is adjusted for qualifying debt of R3 602 million (30.06.2016: R3 557 million).
- The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	30.06.2017 Rm	Restated 30.06.2016 Rm
Momentum Retail	11 379	10 936
Gross value of in-force business	12 865	12 274
Less cost of required capital	(1 486)	(1 338)
Metropolitan Retail	3 758	3 692
Gross value of in-force business	4 396	4 376
Less cost of required capital	(638)	(684)
Corporate and Public Sector ⁽¹⁾	3 846	4 223
Gross value of in-force business	4 743	4 988
Less cost of required capital	(897)	(765)
International ⁽²⁾	2 147	2 011
Gross value of in-force business	2 403	2 226
Less cost of required capital	(256)	(215)
Net value of in-force business	21 130	20 862

1. Prior year has been restated to exclude Guardrisk Life Ltd from the Corporate and Public Sector.
2. Prior year has been restated to exclude International life and health entities not yet at operating scale.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth Rm	Net value of in-force Rm	30.06.2017 Rm	Restated 30.06.2016 Rm
Covered business				
Momentum Retail	4 337	11 379	15 716	15 388
Metropolitan Retail	2 249	3 758	6 007	6 200
Corporate and Public Sector	2 563	3 846	6 409	6 535
International ⁽¹⁾	1 766	2 147	3 913	3 768
Shareholder Capital	2 020	-	2 020	3 076
Total covered business	12 935	21 130	34 065	34 967
Non-covered business				
Momentum Retail	979	1 128	2 107	2 271
Investment and savings	596	806	1 402	1 776
Health	6	373	379	128
Short-term insurance	377	137	514	380
Client engagement	-	(188)	(188)	(13)
Metropolitan Retail	-	(78)	(78)	(84)
Client engagement	-	(78)	(78)	(84)
Corporate and Public Sector	1 652	4 095	5 747	5 018
Investment and savings	304	1 066	1 370	1 255
Health	399	1 116	1 515	1 278
Short-term insurance ⁽²⁾	949	1 904	2 853	2 570
Client engagement	-	9	9	(85)
International ⁽¹⁾	(215)	275	60	822
Investment and savings ⁽³⁾	190	522	712	877
Life insurance	319	(40)	279	418
Health	366	434	800	725
Short-term insurance	113	26	139	249
Client engagement	-	(92)	(92)	-
Other (shared services) ⁽⁴⁾	(1 203)	(575)	(1 778)	(1 447)
Shareholder Capital	944	(322)	622	(5)
Short-term insurance	101	-	101	147
Client engagement	368	-	368	179
Other (head office expenses) ⁽⁴⁾	475	(322)	153	(331)
Total non-covered business	3 360	5 098	8 458	8 022
Total embedded value	16 295	26 228	42 523	42 989
Diluted net asset value – non-covered business	(3 360)			
Adjustments to covered business – net asset value	4 226			
Reporting excess – long-term insurance business	17 161			

- On 1 July 2015, African life and health entities not yet at operating scale were transferred to non-covered business (30.06.2016: adjusted net worth of R466 million and value of in-force of R146 million). The prior year has been restated to reflect the transfer.
- On 1 July 2015, Guardrisk Life Ltd was transferred to non-covered business (30.06.2016: adjusted net worth of R169 million and value of in-force of R660 million). The prior year has been restated to reflect the transfer.
- This includes MMI non-covered subsidiaries domiciled in the United Kingdom and related territories.
- The International shared services impact reflects the allowance for support services to the International life assurance and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	30.06.2017 Rm	Covered methodology Rm	Appraisal value Rm	Restated 30.06.2016 Rm
Non-covered business						
Momentum Retail	955	1 152	2 107	630	1 641	2 271
Investment and savings	576	826	1 402	502	1 274	1 776
Health	379	-	379	128	-	128
Short-term insurance	-	514	514	-	380	380
Client engagement	-	(188)	(188)	-	(13)	(13)
Metropolitan Retail	-	(78)	(78)	-	(84)	(84)
Client engagement	-	(78)	(78)	-	(84)	(84)
Corporate and Public Sector	4 388	1 359	5 747	3 868	1 150	5 018
Investment and savings	-	1 370	1 370	-	1 255	1 255
Health	1 535	(20)	1 515	1 298	(20)	1 278
Short-term insurance	2 853	-	2 853	2 570	-	2 570
Client engagement	-	9	9	-	(85)	(85)
International	1 143	(1 083)	60	1 130	(308)	822
Investment and savings	458	254	712	504	373	877
Life insurance	242	37	279	291	127	418
Health	417	383	800	323	402	725
Short-term insurance	26	113	139	12	237	249
Client engagement	-	(92)	(92)	-	-	-
Other (shared services)	-	(1 778)	(1 778)	-	(1 447)	(1 447)
Shareholder Capital	-	622	622	-	(5)	(5)
Short-term insurance	-	101	101	-	147	147
Client engagement	-	368	368	-	179	179
Other (head office expenses)	-	153	153	-	(331)	(331)
Total non-covered business	6 486	1 972	8 458	5 628	2 394	8 022

- Covered methodology refers to APN107 (embedded value methodology) and the risk discount rate of covered business. The Health businesses, Momentum Wealth and Guardrisk are valued using embedded value methodology.
- For Health business, explicit assumptions are made around large scheme terminations. The key assumption is the long-term profit as a percentage of revenue.
- Discounted cash flow models for Investment and savings, as well as Short-term insurance business, include assumptions around future new business. To reflect the additional uncertainty introduced, the risk discount rates for these businesses are approximately 2.8% and 1.8% higher than covered business risk discount rates.
- For Eris, we approximate discounted cash flows using a Price/Earnings multiple.
- The International shared services impact reflects the allowance for support services to the International life and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business			12 mths to	Restated
		Adjusted net worth (ANW)	Gross value of in-force (VIF)	Cost of CAR	30.06.2017	12 mths to
		Rm	Rm	Rm	Total EV Rm	30.06.2016
Profit from new business		(1 495)	2 343	(205)	643	805
Embedded value from new business	A	(1 495)	2 247	(205)	547	712
Expected return to end of period	B	-	96	-	96	93
Profit from existing business		3 603	(486)	6	3 123	1 703
Expected return – unwinding of RDR	B	-	2 675	(348)	2 327	2 260
Release from the cost of required capital	C	-	-	442	442	450
Expected (or actual) net of tax profit transfer to net worth	D	4 091	(4 091)	-	-	-
Operating experience variances	E	207	(177)	(12)	18	73
Development expenses	F	(67)	-	-	(67)	(99)
Operating assumption changes	G	(628)	1 107	(76)	403	(981)
Embedded value profit from operations		2 108	1 857	(199)	3 766	2 508
Investment return on adjusted net worth	H	652	-	-	652	823
Investment variances	I	(144)	(1 116)	(94)	(1 354)	(126)
Economic assumption changes	J	(1)	(177)	14	(164)	(124)
Exchange rate movements	K	(24)	(16)	4	(36)	53
Embedded value profit – covered business		2 591	548	(275)	2 864	3 134
Transfer of business to non-covered business	L	(675)	-	-	(675)	(1 333)
Changes in share capital	M	(20)	(5)	-	(25)	4
Dividend paid		(3 066)	-	-	(3 066)	(2 838)
Change in embedded value – covered business		(1 170)	543	(275)	(902)	(1 033)
Non-covered business						
Change in directors' valuation and other items					(696)	1 080
Change in holding company expenses					(139)	961
Embedded value (loss)/profit – non-covered business					(835)	2 041
Changes in share capital	M				25	(4)
Dividend paid					610	363
Finance costs – preference shares					(39)	(41)
Transfer of business from covered business	L				675	1 333
Change in embedded value – non-covered business					436	3 692
Total change in group embedded value					(466)	2 659
Total embedded value profit					2 029	5 175
Return on embedded value (%) - internal rate of return					4.7%	12.8%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN ADJUSTED NET WORTH	Covered business					Shareholder Capital Rm	Total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	International Rm		
12 mths to 30.06.2017							
Embedded value from new business	(827)	(201)	(213)	(254)	-	-	(1 495)
Expected (or actual) net of tax profit transfer to net worth	2 257	810	604	420	-	-	4 091
Operating experience variances	86	22	8	47	44	-	207
Development expenses	(36)	-	(31)	-	-	-	(67)
Operating assumption changes	(503)	50	(122)	(53)	-	-	(628)
Embedded value profit from operations	977	681	246	160	44	-	2 108
Investment return on adjusted net worth	269	157	145	63	18	-	652
Investment variances	(178)	5	21	13	(5)	-	(144)
Economic assumption changes	(3)	-	-	2	-	-	(1)
Exchange rate movements	-	-	-	(24)	-	-	(24)
Embedded value profit – covered business	1 065	843	412	214	57	-	2 591

ANALYSIS OF CHANGES IN GROSS VALUE OF IN-FORCE	Covered business				International Rm	Total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm		
12 mths to 30.06.2017						
Embedded value from new business	1 141	431	326	349	-	2 247
Expected return – unwinding of RDR	1 411	529	579	252	-	2 771
Expected (or actual) net of tax profit transfer to net worth	(2 257)	(810)	(604)	(420)	-	(4 091)
Operating experience variances	(50)	(2)	(143)	18	-	(177)
Operating assumption changes	1 090	134	(173)	56	-	1 107
Embedded value profit/(loss) from operations	1 335	282	(15)	255	-	1 857
Investment variances	(701)	(251)	(130)	(34)	-	(1 116)
Economic assumption changes	(44)	(11)	(99)	(23)	-	(177)
Exchange rate movements	-	-	-	(16)	-	(16)
Embedded value profit/(loss) – covered business	590	20	(244)	182	-	548

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN COST OF CAR	Covered business				Total Rm
	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	
	Rm	Rm	Rm	Rm	
12 mths to 30.06.2017					
Embedded value from new business	(86)	(52)	(45)	(22)	(205)
Expected return – unwinding of RDR	(156)	(78)	(89)	(25)	(348)
Release from the cost of required capital	210	127	105	-	442
Operating experience variances	-	-	(12)	-	(12)
Operating assumption changes	(50)	-	-	(26)	(76)
Embedded value loss from operations	(82)	(3)	(41)	(73)	(199)
Investment variances	(53)	53	(94)	-	(94)
Economic assumption changes	(7)	(3)	(4)	28	14
Exchange rate movements	-	-	-	4	4
Embedded value (loss)/profit – covered business	(142)	47	(139)	(41)	(275)

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Covered business					Total Rm
	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	Shareholder Capital	
	Rm	Rm	Rm	Rm	Rm	
12 mths to 30.06.2017						
Embedded value from new business	228	178	68	73	-	547
Expected return – unwinding of RDR	1 255	451	490	227	-	2 423
Release from the cost of required capital	210	127	105	-	-	442
Operating experience variances	36	20	(147)	65	44	18
Development expenses	(36)	-	(31)	-	-	(67)
Operating assumption changes	537	184	(295)	(23)	-	403
Embedded value profit from operations	2 230	960	190	342	44	3 766
Investment return on adjusted net worth	269	157	145	63	18	652
Investment variances	(932)	(193)	(203)	(21)	(5)	(1 354)
Economic assumption changes	(54)	(14)	(103)	7	-	(164)
Exchange rate movements	-	-	-	(36)	-	(36)
Embedded value profit – covered business	1 513	910	29	355	57	2 864

Restated

12 mths to 30.06.2016						
Embedded value from new business	251	191	199	71	-	712
Expected return – unwinding of RDR	1 201	406	513	231	2	2 353
Release from the cost of required capital	222	129	99	-	-	450
Operating experience variances	341	123	(364)	59	(86)	73
Development expenses	(57)	(42)	-	-	-	(99)
Operating assumption changes	(140)	82	(729)	(147)	(47)	(981)
Embedded value profit/(loss) from operations	1 818	889	(282)	214	(131)	2 508
Investment return on adjusted net worth	269	155	115	100	184	823
Investment variances	(91)	41	(88)	12	-	(126)
Economic assumption changes	(87)	(85)	98	(50)	-	(124)
Exchange rate movements	-	-	-	53	-	53
Embedded value profit/(loss) – covered business	1 909	1 000	(157)	329	53	3 134

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^(3,4)	Momentum Retail ⁽⁵⁾ Rm	Metropolitan Retail Rm	Corporate and Public Sector ⁽¹⁾ Rm	International ⁽²⁾ Rm	Total Rm
12 mths to 30.06.2017					
Value of new business	228	178	68	73	547
Gross	314	230	113	95	752
Less cost of required capital	(86)	(52)	(45)	(22)	(205)
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Single premiums	16 489	1 105	3 886	385	21 865
New business premiums (APE)	2 784	1 331	1 140	478	5 733
New business premiums (PVP)	22 774	5 164	11 121	2 536	41 595
Profitability of new business as a percentage of APE	8.2	13.4	6.0	15.3	9.5
Profitability of new business as a percentage of PVP	1.0	3.4	0.6	2.9	1.3
Restated					
12 mths to 30.06.2016					
Value of new business	251	191	199	71	712
Gross	314	244	244	83	885
Less cost of required capital	(63)	(53)	(45)	(12)	(173)
New business premiums	18 713	2 343	6 019	841	27 916
Recurring premiums	1 103	1 087	895	400	3 485
Single premiums	17 610	1 256	5 124	441	24 431
New business premiums (APE)	2 864	1 213	1 407	444	5 928
New business premiums (PVP)	23 468	4 936	13 232	2 454	44 090
Profitability of new business as a percentage of APE	8.8	15.7	14.1	16.0	12.0
Profitability of new business as a percentage of PVP	1.1	3.9	1.5	2.9	1.6

- Value of new business has been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
- Value of new business has been restated to exclude the African entities not yet at operating scale that was transferred to non-covered business.
- Value of new business and new business premiums are net of non-controlling interests.
- The value of new business has been calculated on closing assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at the reporting date have been used.
- For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail ⁽³⁾ Rm	Metropolitan Retail ⁽²⁾ Rm	Corporate and Public Sector ⁽¹⁾ Rm	International ⁽²⁾ Rm	Total Rm
12 mths to 30.06.2017					
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Risk	532	811	306	-	1 649
Savings/Investments	603	409	442	-	1 454
Annuities	-	-	3	-	3
International	-	-	-	439	439
Single premiums	16 489	1 105	3 886	385	21 865
Savings/Investments	15 455	374	2 917	-	18 746
Annuities	1 034	731	969	-	2 734
International	-	-	-	385	385
New business premiums (APE)	2 784	1 331	1 140	478	5 733
Risk	532	811	306	-	1 649
Savings/Investments	2 149	447	734	-	3 330
Annuities	103	73	100	-	276
International	-	-	-	478	478
Restated					
12 mths to 30.06.2016					
New business premiums	18 713	2 343	6 019	841	27 916
Recurring premiums	1 103	1 087	895	400	3 485
Risk	534	703	417	-	1 654
Savings/Investments	569	384	477	-	1 430
Annuities	-	-	1	-	1
International	-	-	-	400	400
Single premiums	17 610	1 256	5 124	441	24 431
Savings/Investments	16 631	312	3 959	-	20 902
Annuities	979	944	1 165	-	3 088
International	-	-	-	441	441
New business premiums (APE)	2 864	1 213	1 407	444	5 928
Risk	534	704	417	-	1 655
Savings/Investments	2 232	415	873	-	3 520
Annuities	98	94	117	-	309
International	-	-	-	444	444

1. Value of new business has been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
2. Value of new business has been restated to exclude the African entities not yet at operating scale that was transferred to non-covered business.
3. For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
Total lump sum inflows	26 968	29 784
Inflows not included in value of new business	(6 518)	(6 853)
Term extensions on maturing policies	345	342
Retirement annuity proceeds invested in living annuities	1 107	1 008
Non-controlling interests and other adjustments	(37)	150
Single premiums included in value of new business	21 865	24 431

PRINCIPAL ASSUMPTIONS (South Africa) ^(1,4)	30.06.2017 %	30.06.2016 %
Pre-tax investment return		
Equities	12.9	12.7
Properties	10.4	10.2
Government stock	9.4	9.2
Other fixed-interest stocks	9.9	9.7
Cash	8.4	8.2
Risk-free return ⁽²⁾	9.4	9.2
Risk discount rate (RDR)	11.7	11.4
Investment return (before tax) – balanced portfolio ⁽²⁾	11.6	11.4
Renewal expense inflation rate ⁽³⁾	6.8	7.4

1. The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.
2. Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
3. An inflation rate of 6.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An additional 1% expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off.
4. The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the statutory valuation method.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	12 mths to 30.06.2017			Restated 12 mths to 30.06.2016
		ANW Rm	Net VIF Rm	EV Rm	EV Rm
Momentum Retail		86	(50)	36	341
Mortality and morbidity	1	156	9	165	235
Terminations, premium cessations and policy alterations	2	(111)	169	58	65
Expense variance		40	-	40	(24)
Credit risk variance		39	-	39	20
Other	3	(38)	(228)	(266)	45
Metropolitan Retail		22	(2)	20	123
Mortality and morbidity	1	78	5	83	88
Terminations, premium cessations and policy alterations	4	(61)	(8)	(69)	10
Expense variance		(23)	-	(23)	(9)
Credit risk variance		21	-	21	10
Other		7	1	8	24
Corporate and Public Sector		8	(143)	(135)	(321)
Mortality and morbidity	5	(152)	-	(152)	(235)
Terminations	6	20	(211)	(191)	(113)
Expense variance		36	-	36	(122)
Credit risk variance		57	-	57	40
FNB Life – share of profits		-	-	-	37
Other	7	47	68	115	72
International		47	18	65	59
Mortality and morbidity	1	35	9	44	73
Terminations, premium cessations and policy alterations		3	1	4	(22)
Expense variance		(3)	-	(3)	5
Other		12	8	20	3
Shareholder Capital		44	-	44	(86)
Opportunity cost of required capital		-	(12)	(12)	(43)
Total operating experience variances		207	(189)	18	73

Notes

- Overall, mortality and morbidity experience for the 12 months were better compared to what was allowed for in the valuation basis.
- Better than expected experience, especially on voluntary premium increases.
- Includes one off impact arising from improved modelling of rider benefits as well as increased premium discounts.
- Unfavourable experience on mainly risk products written by new intermediaries.
- Worse than expected income disability underwriting experience.
- Higher than expected terminations on risk business.
- Includes a release of discretionary liabilities held in respect of data and systems no longer deemed necessary following completion of investigations.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	12 mths to 30.06.2017			Restated 12 mths to 30.06.2016
		ANW Rm	Net VIF Rm	EV Rm	EV Rm
Momentum Retail		(503)	1 090	587	(71)
Mortality and morbidity assumptions	1	296	114	410	18
Termination assumptions	2	(680)	620	(60)	24
Renewal expense assumptions		(1)	(55)	(56)	164
Holding company expenses		-	-	-	(325)
Modelling, methodology and other changes	3	(118)	411	293	48
Metropolitan Retail		50	134	184	82
Mortality and morbidity assumptions		(12)	(3)	(15)	271
Termination assumptions		5	(20)	(15)	(30)
Renewal expense assumptions		(59)	4	(55)	(46)
Holding company expenses		-	-	-	(345)
Modelling, methodology and other changes	3	116	153	269	232
Corporate and Public Sector		(122)	(173)	(295)	(733)
Mortality and morbidity assumptions	4	(138)	(220)	(358)	(35)
Termination assumptions	5	-	105	105	7
Renewal expense assumptions		43	(89)	(46)	(260)
Holding company expenses		-	-	-	(225)
Modelling, methodology and other changes		(27)	31	4	(220)
International		(53)	56	3	(147)
Mortality and morbidity assumptions	1	19	83	102	52
Termination assumptions	2	(63)	7	(56)	(25)
Renewal expense assumptions		4	15	19	(21)
Modelling, methodology and other changes		(13)	(49)	(62)	(153)
Shareholder Capital		-	-	-	(47)
Methodology change: cost of required capital		-	(76)	(76)	(65)
Total operating assumption changes		(628)	1 031	403	(981)

Notes

1. Allowance for better than assumed mortality and morbidity experience on risk business.
2. Strengthening of the long-term persistency assumptions.
3. Various modelling and methodology changes including the adoption of the yield curve for valuation purposes and changes in the allowance for future premium reviews on Momentum Retail risk products.
4. Allowance for lower future profitability on income disability business.
5. Allowance made for improved persistency experience, mainly on FundsAtWork.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
Investment income	620	614
Capital appreciation and other	68	242
Preference share dividends paid and change in fair value of preference shares	(36)	(33)
Investment return on adjusted net worth	652	823

I. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

J. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

L. TRANSFER OF BUSINESS TO NON-COVERED BUSINESS

This transfer represents the alignment of the net assets and value of in-force of subsidiaries between covered and non-covered business.

M. CHANGES IN SHARE CAPITAL

Changes in share capital include the recapitalisation of some of the International subsidiaries.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES – 30.06.2017	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm	Net value Rm	Gross value Rm	Cost of CAR ⁽³⁾ Rm
Base value	12 935	21 130	24 407	(3 277)	547	752	(205)
1% increase in risk discount rate		19 262	22 943	(3 681)	405	627	(222)
% change		(9)	(6)	12	(26)	(17)	8
1% reduction in risk discount rate		23 198	26 041	(2 843)	708	893	(185)
% change		10	7	(13)	29	19	(10)
10% decrease in future expenses		22 497	25 774	(3 277)	666	871	(205)
% change ⁽¹⁾		6	6	-	22	16	-
10% decrease in lapse, paid-up and surrender rates		21 800	25 077	(3 277)	705	927	(222)
% change		3	3	-	29	23	8
5% decrease in mortality and morbidity for assurance business		23 036	26 343	(3 307)	686	891	(205)
% change		9	8	1	25	18	-
5% decrease in mortality for annuity business		20 777	24 027	(3 250)	535	740	(205)
% change		(2)	(2)	(1)	(2)	(2)	-
1% reduction in gross investment return, inflation rate and risk discount rate	12 935	21 858	25 063	(3 205)	634	839	(205)
% change ⁽²⁾	-	3	3	(2)	16	12	-
1% reduction in inflation rate		21 912	25 189	(3 277)	622	827	(205)
% change		4	3	-	14	10	-
10% fall in market value of equities and properties	12 618	20 091	23 306	(3 215)			
% change	(2)	(5)	(5)	(2)			
10% reduction in premium indexation take-up rate		20 694	23 971	(3 277)	507	712	(205)
% change		(2)	(2)	-	(7)	(5)	-
10% decrease in non-commission related acquisition expenses					658	863	(205)
% change					20	15	-
1% increase in equity/property risk premium		21 978	25 255	(3 277)	587	792	(205)
% change		4	3	-	7	5	-

1. No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
2. Bonus rates are assumed to change commensurately.
3. The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ⁽¹⁾	30.06.2017 Rm	Restated 30.06.2016 ⁽²⁾ Rm
Managed and/or administered by Investments		
Financial assets	406 175	442 582
Momentum Manager of Managers	90 220	83 703
Momentum Investment Consultants	10 073	10 327
Momentum Collective Investments	72 667	62 201
Metropolitan Collective Investments	19 860	39 847
Momentum Asset Management ⁽³⁾	151 241	184 389
Momentum Global Investments	55 724	55 228
Momentum Alternative Investments	6 390	6 887
Properties – Eris Property Group	21 307	27 346
On-balance sheet	8 778	8 534
Off-balance sheet	12 529	18 812
Momentum Wealth linked product assets under administration	151 203	153 730
On-balance sheet	97 082	96 858
Off-balance sheet	54 121	56 872
Managed internally or by other managers within MMI (on-balance sheet)	67 399	64 597
Managed by external managers (on-balance sheet)	15 144	16 605
Properties managed internally or by other managers within MMI or externally	2 778	2 657
Corporate and Public Sector – segregated assets	-	216
Corporate and Public Sector – cell captives on-balance sheet	15 508	17 834
Total assets managed and/or administered	679 514	725 567
Managed and/or administered by Investments		
On-balance sheet	227 255	225 396
Off-balance sheet	178 920	217 186
	406 175	442 582

- Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
- Momentum Manager of Managers restatement: Recent operating model changes in the Investment business has resulted in the consolidation of asset administration agreements between entities resulting in a decrease in assets under administration with no impact on earnings.
- In the prior year, MMI performed certain administrative functions for Aluwani Capital Partners (Aluwani) on an arms-length basis. This resulted in R36 billion being included in Momentum Asset Management which was managed by Aluwani. These assets were transferred to Aluwani in the current year.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
12 mths to 30.06.2017					
Momentum Retail	15 077	9 663	24 740	(25 360)	(620)
Metropolitan Retail	1 021	5 877	6 898	(5 321)	1 577
Corporate and Public Sector	10 216	16 951	27 167	(25 574)	1 593
International	654	3 476	4 130	(2 624)	1 506
Long-term insurance business fund flows	<u>26 968</u>	<u>35 967</u>	<u>62 935</u>	<u>(58 879)</u>	<u>4 056</u>
Off-balance sheet fund flows					
Managed and/or administered by Investments ⁽²⁾			64 548	(101 884)	(37 336)
Properties – Eris Property Group			2 067	(8 350)	(6 283)
Momentum Wealth linked product assets under administration			7 368	(10 081)	(2 713)
Corporate and Public Sector – segregated assets			-	(216)	(216)
Total net funds received from clients			<u>136 918</u>	<u>(179 410)</u>	<u>(42 492)</u>
Restated					
12 mths to 30.06.2016					
Momentum Retail	16 356	9 278	25 634	(24 846)	788
Metropolitan Retail	1 258	5 558	6 816	(6 037)	779
Corporate and Public Sector	11 438	15 170	26 608	(30 568)	(3 960)
International	732	3 322	4 054	(2 513)	1 541
Long-term insurance business fund flows	<u>29 784</u>	<u>33 328</u>	<u>63 112</u>	<u>(63 964)</u>	<u>(852)</u>
Off-balance sheet fund flows					
Managed and/or administered by Investments			84 243	(80 887)	3 356
Properties – Eris Property Group			2 972	(2 227)	745
Momentum Wealth linked product assets under administration			10 450	(10 837)	(387)
Corporate and Public Sector – segregated assets			16	-	16
Total net funds received from clients			<u>160 793</u>	<u>(157 915)</u>	<u>2 878</u>

1. Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
2. The Aluwani assets were transferred to Aluwani in the current year.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2017		Restated 30.06.2016	
	Rm	%	Rm	%
Equity securities	441	1.9	372	1.5
Preference shares	1 325	5.8	1 457	6.0
Collective investment schemes	330	1.4	264	1.1
Debt securities	6 762	29.5	5 767	23.9
Properties	3 630	15.8	3 436	14.3
Owner-occupied properties	2 374	10.3	1 662	6.9
Investment properties	1 256	5.5	1 774	7.4
Cash and cash equivalents and funds on deposit	6 003	26.2	8 488	35.2
Intangible assets	7 144	31.1	8 035	33.3
Other net assets	1 537	6.7	414	1.7
	27 172	118.4	28 233	117.1
Redeemable preference shares	(261)	(1.1)	(275)	(1.1)
Subordinated redeemable debt	(3 602)	(15.7)	(3 557)	(14.8)
Treasury shares	(353)	(1.5)	(292)	(1.2)
Shareholder excess per reporting basis	22 956	100.0	24 109	100.0

NUMBER OF EMPLOYEES	30.06.2017		Restated 30.06.2016	
Indoor staff			9 199	10 077
Segments				
Momentum Retail			1 233	1 360
Metropolitan Retail			923	1 215
Corporate and Public Sector			987	1 021
International			1 215	1 295
Centres of Excellence				
Investments and Savings Solutions			520	511
Legacy Solutions			224	211
Life Insurance Solutions			473	487
Health Solutions			2 333	2 591
Short-term Insurance Solutions			283	283
Multiply			128	149
Group services divisions			880	954
Field staff			8 031	7 483
Momentum Retail			1 130	1 111
Metropolitan Retail			5 395	4 804
International			1 506	1 568
Total			17 230	17 560

1. The prior year has been restated to align to the group's client centric model.



Investor presentation

6 September 2017



ADVANCING MMI'S STRATEGY

Results for the year ended 30 June 2017



Momentum, Metropolitan, Guardrisk and Multiply form part of MMI Holdings Group, an authorized financial services provider.

Agenda

1 Key financial metrics

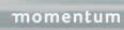
2 MMI strategy

3 Strategic delivery

4 Business performance

5 Capital management

6 Focus on execution



Key financial metrics

Weaker new business volumes, stable earnings

Financial aspirations

Growth in earnings

Growth in value of new business

Return on embedded value

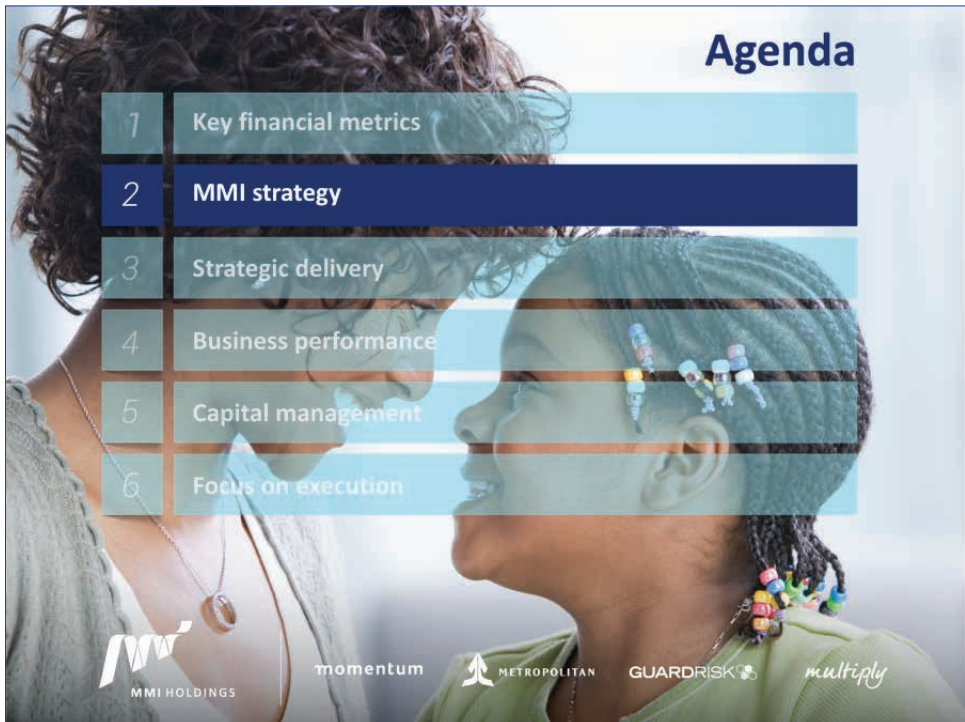
Key financial metrics

	June 2017 Actual	June 2016 Actual	% change	
	<i>Rm</i>	<i>Rm</i>		
Diluted core headline earnings	3 208	3 206	-	↔
Ordinary dividend per share (cents)	157	157	-	↔
New business PVP	41 595	44 090	(6)	↓
Value of new business	547	712	(23)	↓
Return on embedded value (%)	4.7	12.8	(8.1)	↓



Agenda

- 1 Key financial metrics
- 2 **MMI strategy**
- 3 Strategic delivery
- 4 Business performance
- 5 Capital management
- 6 Focus on execution



momentum



GUARDRISK

multiply

MMI Strategy

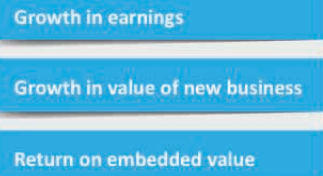
PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Financial aspirations



Client aspirations



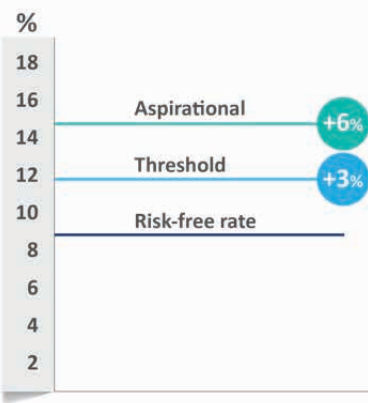
Enablers



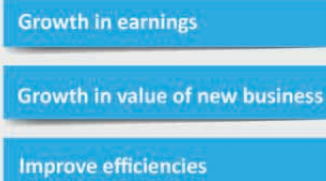
Financial aspirations

Maximise shareholder value

Return on embedded value



Supported by



Agenda

- 1 Key financial metrics
- 2 MMI strategy
- 3 Strategic delivery
- 4 Business performance
- 5 Capital management
- 6 Focus on execution



Strategic focus areas: Client centricity

PURPOSE:
To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas

- Client centricity
- Growth
- Excellence

Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

The purpose of our Financial Wellness offering



m multiply

Creating value for our clients



Active Dayz users **ACTIVE DAYZ™**

- Burned enough calories to power 100 households for a year
- Took enough steps for 70 000 trips from Jhb to Cape Town

Multiply clients are rated **20% safer**

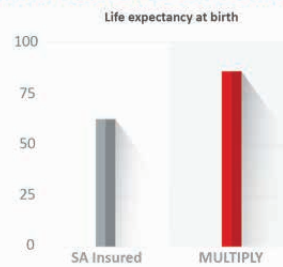


Multiply creates enough money for life's journey

- Multiply clients saved more than **R600 million** last year
- Private Club households save R50 000 per year



Multiply clients live 18 years longer



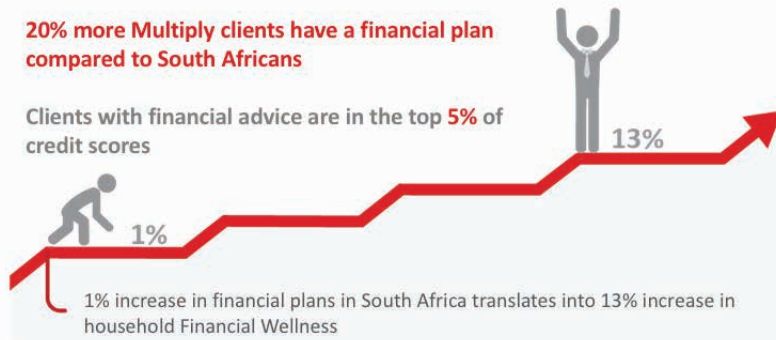
Multiply clients cover their needs more comprehensively with at least one more benefit

m multiply

Creating value for advisers

20% more Multiply clients have a financial plan compared to South Africans

Clients with financial advice are in the top 5% of credit scores



2x Even after discounts, Multiply clients have twice the cover

50% Advisers with Multiply have clients that engage more with their wellness by up to 50%

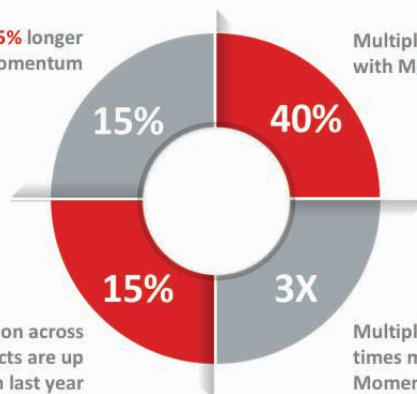
Financial wellness stats based on Momentum/UNISA 2016 Financial Wellness study



Creating value for shareholders

Multiply clients stay **15%** longer with Momentum

Multiply clients claim **40%** less with Momentum



Multiply penetration across Momentum products are up **15%** from last year

Multiply clients have up to three times more benefits with Momentum

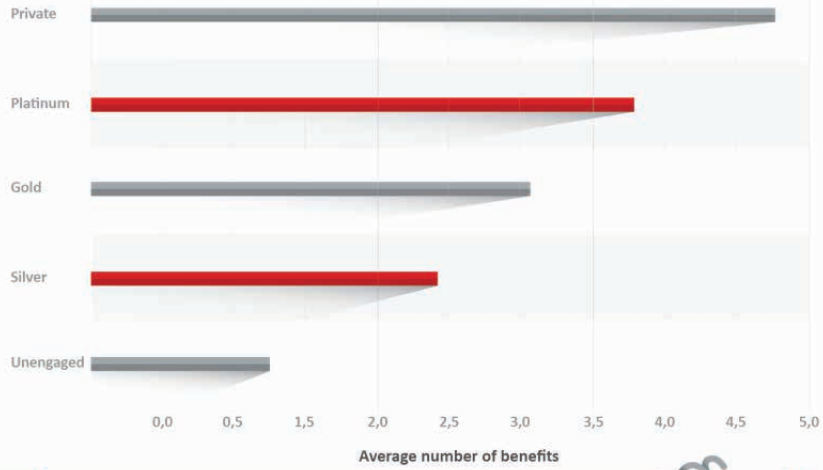
Multiply penetration on new business is up to **60%** in some product lines

Statistics based on Myriad, Momentum Health and Momentum Short-term Insurance



Increased benefit holding of Multiply clients

Benefits by status

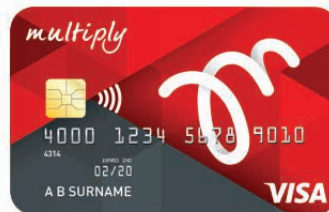


Developments to enhance value



Bigger, better
Multiply Online Shop
COMING SOON

Multiply Online Shop
Giving clients more bang for their buck



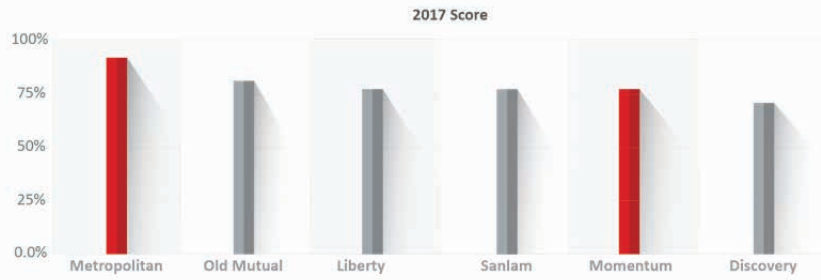
Multiply Visa® Card
HealthSaver integration – instant access to your Momentum HealthSaver account
* More integration to follow



Client satisfaction

South African Customer Satisfaction Index survey

- Metropolitan took 1st place for the second consecutive year with a score of 82.6
- Metropolitan showed consistent improvement in service quality, customer loyalty and complaints management
- Momentum was 5th with a score of 77.5



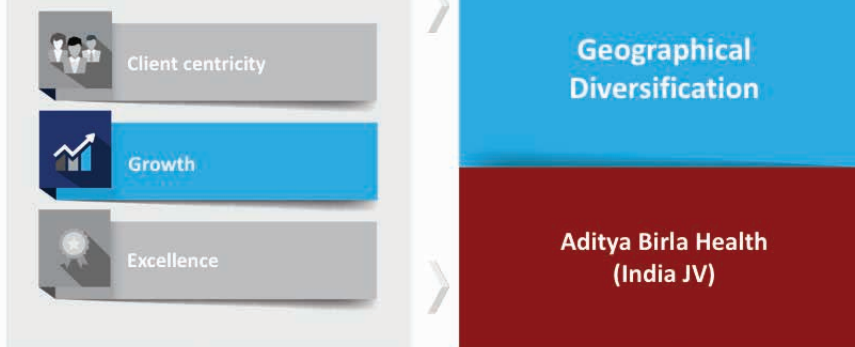
multiply

Strategic focus areas: Growth

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Enablers

Flexible and modular systems | Innovation | Culture | Data analytics

Growth focus area

Geographic diversification: ABHI and ABW (India)



Partner strength

- Well-respected brand in India
- 3rd largest private sector conglomerate in India
- Aditya Birla Capital –listed on the BSE and the NSE on 1 September 2017

Segments

Group

Retail

Wellness



Distribution

- Multi-channel approach
 - Bancassurance
 - Agents
 - Direct online & tele-assisted
 - Corporate Brokerages



Product offering

- Retail and group health indemnity and fixed benefits
- Embedded Wellness – market go live August 2017



Growth focus area

Geographic diversification: ABHI and ABW (India)



Wellness

- Free access to fitness centres
- Earn Multiply points on wearable devices
- Healthy Heart scores & Active Dayz™
- Partner brands: Uber, Amazon, Samsung, Fitbit, Garmin, Big Basket (Groceries), ABOF (Fashion), travel, movies, etc.



Mobile App

- Access to health and activity records
- Doctor appointment scheduling functionality
- Increase in App downloads in last months



Growth focus area

Geographic diversification: ABHI and ABW (India)



Progress at 31 March 2017

- 200 000 + lives
- 2 000 + agents
- R100 m + in gross written premium
- Well established provider network
- 1 500 + network hospitals
- 4 Bancassurance partners signed
- Good progress with digital adoption



Future plans

- Increase sales and distribution capacities
- Create more brand awareness
- Embed Wellness agenda further
- Increase digital adoption
- Capital injections still required from both partners



6 Industry awards

- “Product Innovator and Rising Star of the Year” – Insurance India Summit 2017
- “New Insurance Product of the Year” – Global Health Insurance Awards
- “Best Health Insurance Co” – Times Network National award for National Excellence
- “Innovation of the Year” – ASSOCHAM India
- “Digital Insurance Innovation of the Year” - World Quality Congress
- “Emerging Brand” – CMO Asia Singapore



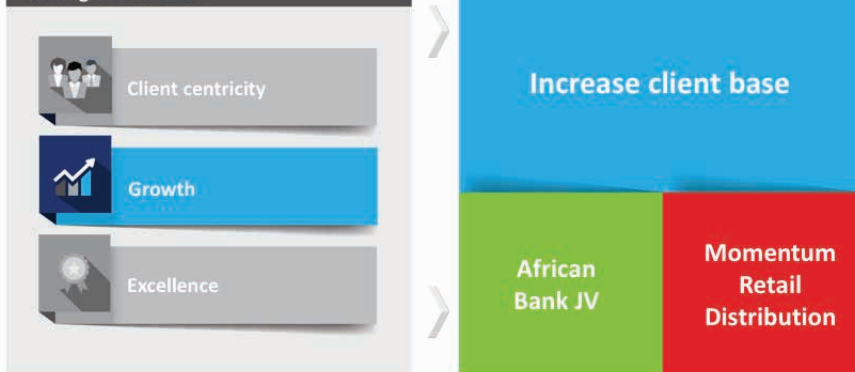
ADITYA BIRLA GROUP

Strategic focus areas: Growth

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Growth focus area

Increasing client base: The African Bank Joint Venture

A mutually beneficial relationship on three fronts:



Insurance:
Expanded distribution network

Lending and Banking:
Expanded solution set

- Insurance venture – fully functional since July 2017
- Lending – will be fully functional during H12018
- Financial Wellness extended into both ventures
- African Bank will act as sponsoring bank to transactional capabilities over time

 African Bank

Growth focus area

Increasing client base: The African Bank Joint Venture

Insurance – “Metropolitan @ African Bank”

- Good progress with roll-out
- 98 agents in 48 branches in 3 provinces
- All 48 branches are dual branded
- Annual Premium Income in excess of R1million reached
- Productivity exceeding expectations



 African Bank

Growth focus area

Increasing client base: The African Bank Joint Venture

Financial prospects and considerations



Insurance

- Limited capital injections required
- Material effort to recruit and train agents for African Bank branches
- Expect to have inforce premiums in excess of R1bn in 5 years' time



Lending

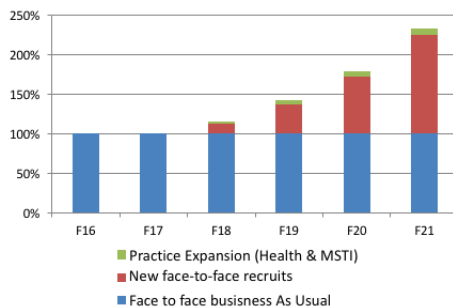
- MMI budgeting for up to R2bn of capital injections
- Expect to build a loan book in excess of R10bn in the next five years



Growth focus area

Increasing client base: Momentum Retail sales force expansion

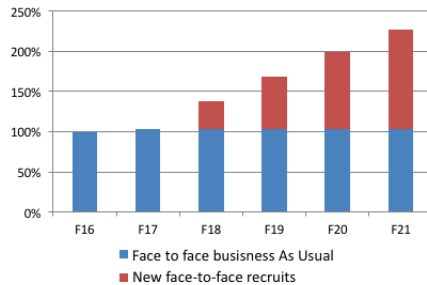
Momentum Financial Planning



F2016 = 650 advisers F2021 = 1 575 advisers

The focus is to increase new face-to-face active advisers resulting in the base increasing by 150%

Momentum Consult



F2016 = 130 advisers F2021 = 260 advisers

A focus to significantly increase the recruitment of face-to-face advisers by 100% in F21



Strategic focus areas: Growth

PURPOSE:

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Strategic focus areas



Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Growth focus area

Increasing value of existing clients: Funds at Work – MMI's umbrella fund



Strategic focus areas: Excellence

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Client centricity



Geographical diversification



Excellence

Optimisation project

Centres of Excellence

Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Excellence strategic focus area

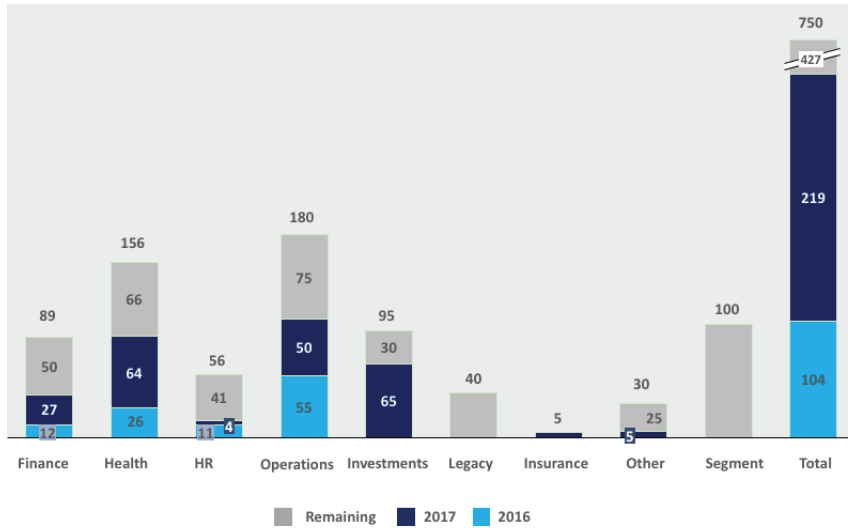
Optimisation project

- Operating model enables optimisation
- Accumulative savings target of R750 million by F2019
- R104 million of the target achieved in F2016
- R219 million of the target achieved in F2017
- R323 million of target realised to date

Excellence strategic focus area

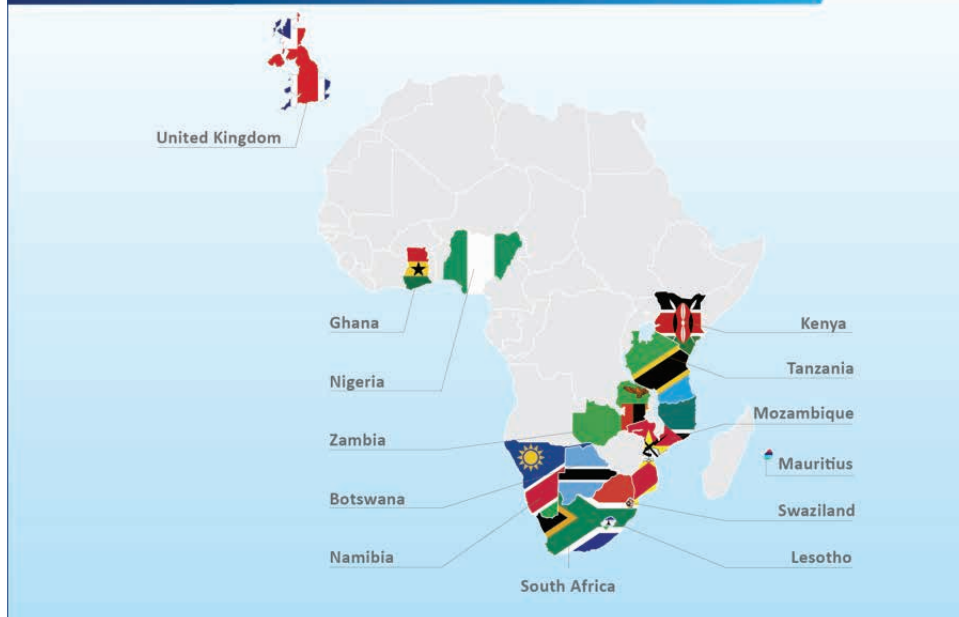
Good early progress: Achieved R323m of R750m target

R million



Excellence strategic focus area

Portfolio optimisation

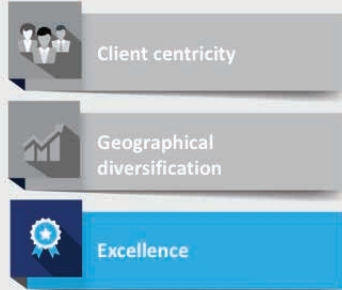


Strategic focus areas: Excellence

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Optimisation project

Centres of Excellence

Enablers

Flexible and modular systems

Innovation

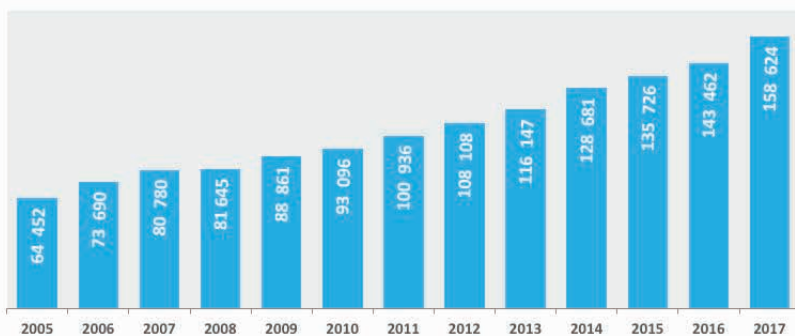
Culture

Data analytics

Excellence strategic focus area

Momentum Health: Open scheme growth

Open scheme membership growth

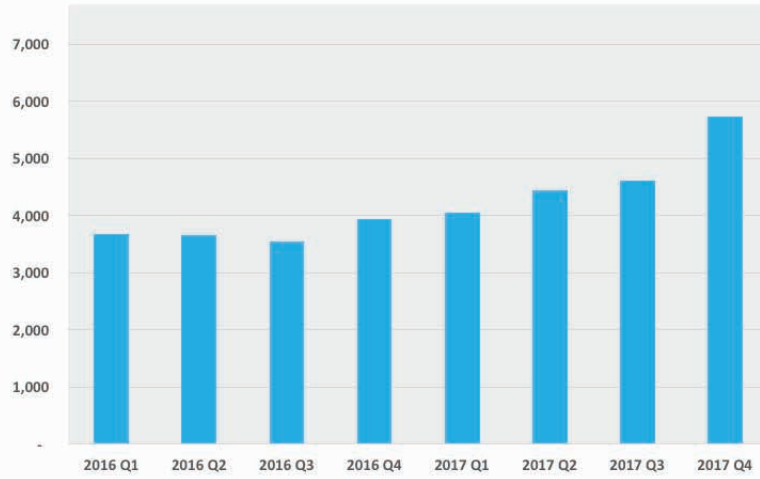


- Market leading growth
- Rated in top 2 health value propositions by consumers and advisers
- Took first place in “Product Supplier of the Year” – Healthcare category at the Financial Intermediaries Association Awards (June 2017).

Excellence strategic focus area

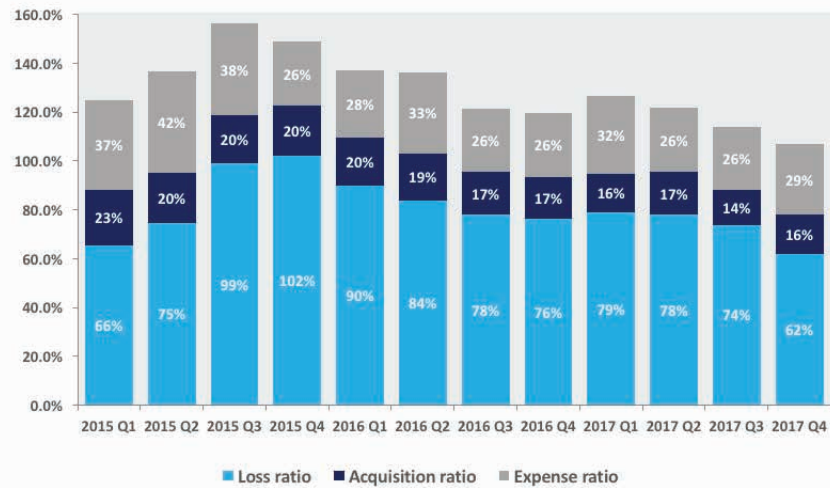
Short-term Insurance: Sales volumes increasing

New Policies



Excellence strategic focus area

Short-term Insurance: Key ratios improving

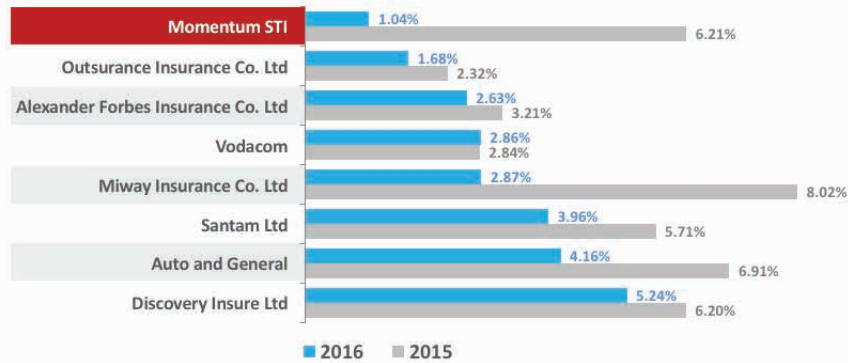


Excellence strategic focus area

Short-term Insurance: Lowest overturn rate of any insurer in the SA industry

- Only 3.41 complaints out of every 1 000 claims submitted
- Overturn rate: 4.29% significantly below the industry average of 27%

Complaints overturned per 10 000 claims



Excellence strategic focus area

Investments: Outcome-based Investing

Momentum MoM Enhanced Factor portfolio range returns as at 30 June 2017

Portfolio	Three years	Four years	Five years	Six years	Seven years
Momentum MoM Enhanced Factor 7 CPI +7%	7.3%	11.6%	14.0%	14.0%	14.5%
Momentum MoM Enhanced Factor 6 CPI +6%	7.3%	11.1%	13.1%	13.1%	13.5%
Momentum MoM Enhanced Factor 5 CPI +5%	7.4%	9.9%	11.0%	11.3%	11.9%
Momentum MoM Enhanced Factor 4 CPI +4%	7.0%	9.2%	9.8%	10.0%	10.5%
Momentum MoM Enhanced Factor 3 CPI +3%	6.6%	8.5%	8.7%	9.2%	9.1%
	8.4%	8.7%	8.7%	8.7%	8.5%

Strategic focus areas: Enablers

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Financial aspirations

Growth in earnings

Growth in value of new business

Return on embedded value

Client aspirations

"My Financial Wellness partner"

Enablers

Flexible and modular systems Innovation Culture Data analytics

Enablers

Innovation: LifeQ Health and Wellness – the LifeQ solution



- LifeQ and MMI in close partnership for the last year
- Pilot of 1 000 people to test and validate the value of a wearable based solution
- Positive outcome and commercial launch planned for early 2018

Initial underwriting

Dynamic and personalised underwriting

LifeQ



Effective client engagement

Disease prediction and prevention

Enablers

Innovation: Workplace living services

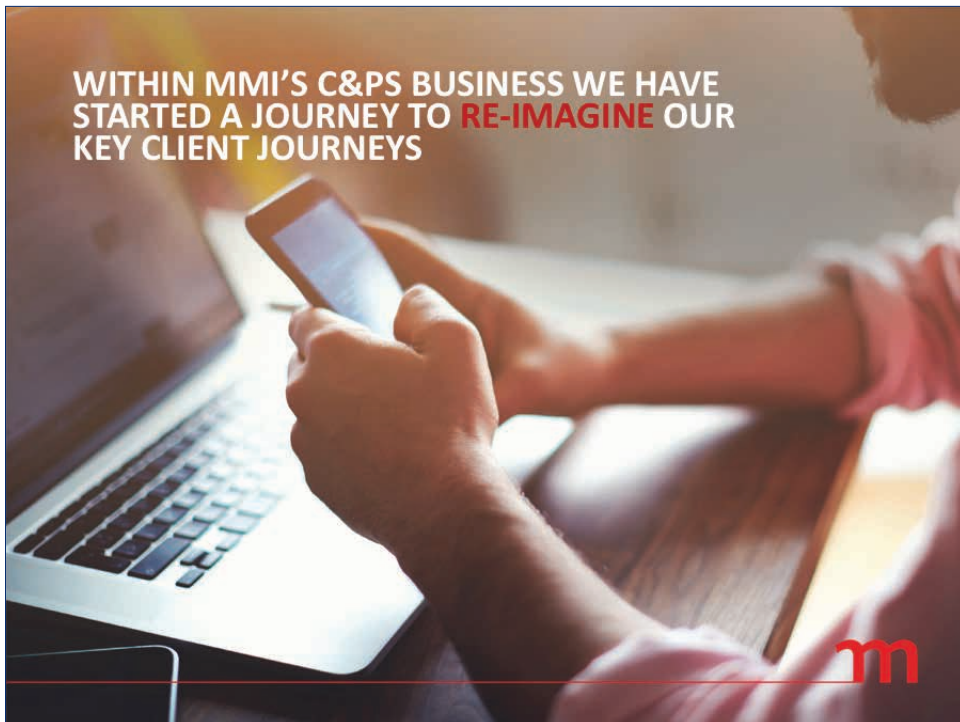
THE SMART EXIT SERVICE HAS RECEIVED INDUSTRY
RECOGNITION FOR ITS INNOVATION AND BRILLIANT
CUSTOMER EXPERIENCE



LOERIES
DURBAN



WITHIN MMI'S C&PS BUSINESS WE HAVE
STARTED A JOURNEY TO RE-IMAGINE OUR
KEY CLIENT JOURNEYS



WE FOLLOWED AN INNOVATIVE APPROACH TO DELIVER THE SOLUTION

Discover Describe Design Develop Release



Architect and integrate



WE RECOGNISED THAT OUR CURRENT EXPERIENCE NEEDED TO IMPROVE

Tedious manual process

Uninformed decision making

Lacking the right information

No holistic view

Complex language

WE HAVE DELIVERED WHAT WE BELIEVE IS A CLIENT-CENTRIC SERVICE



The right information

Thought provoking questions

Simple language

At the right time

Interactive scenario analysis

Powerful visuals



OUR GOAL WITH THE NEXT JOURNEYS – MEMBER RETIREMENTS & THEN ONBOARDING – IS NOT TO MATCH WHAT WE DID WITH SMART EXIT, BUT TO TAKE IT TO THE NEXT LEVEL

“We don’t get a chance to do that many things, and every one should be really excellent. Because this is our life. Life is brief, and then you die, you know? And we’ve all chosen to do this with our lives. So it better be damn good. It better be worth it.”

– Steve Jobs



Agenda

- 1 Key financial metrics
- 2 MMI strategy
- 3 Strategic delivery
- 4 Business performance**
- 5 Capital management
- 6 Focus on execution



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Business performance: Financial aspirations

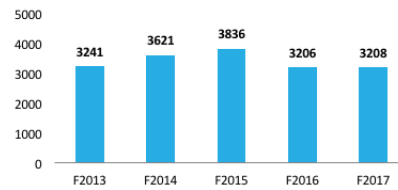
Financial aspirations

Growth in earnings

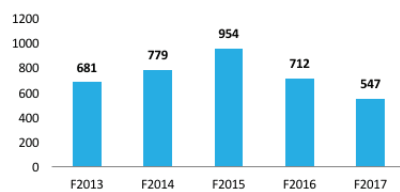
Growth in value of new business

Return on embedded value

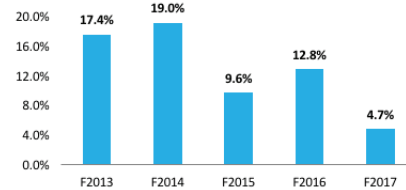
R'm Core earnings



R'm Value of new business



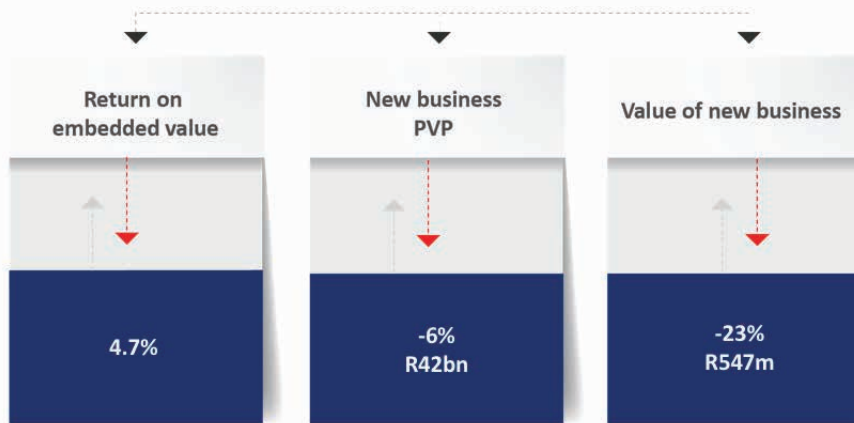
R'm Return on embedded value



Business performance:

F2017 Financial aspirations

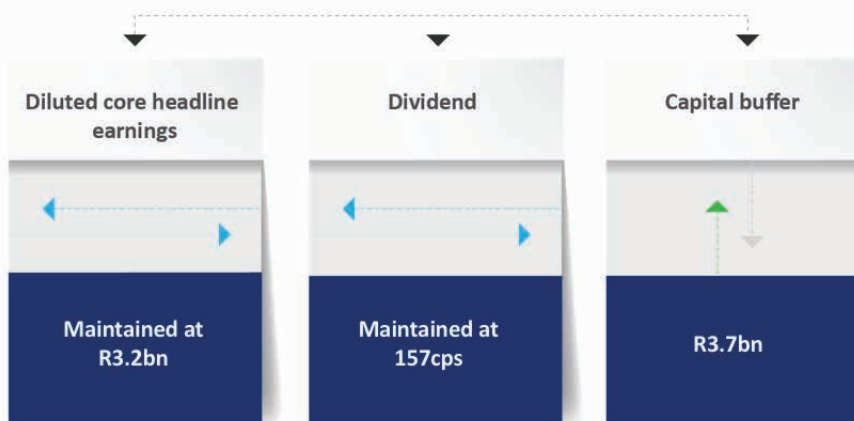
Financial aspirations



Business performance:

Financial aspirations

Financial aspirations



Financial aspirations:
Growth in earnings

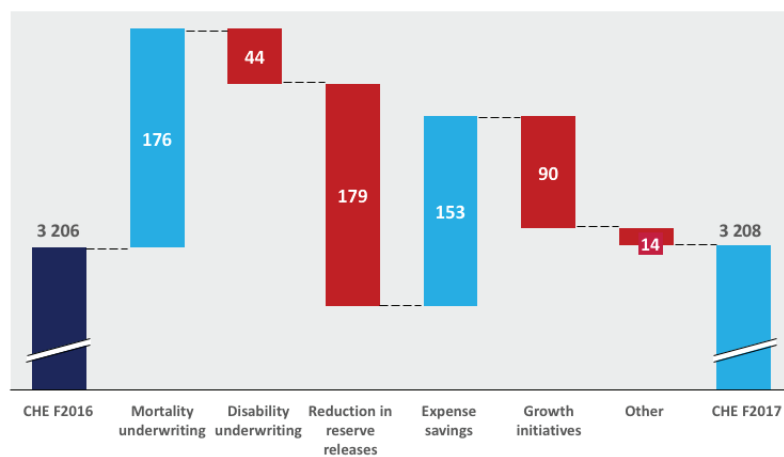
Diluted core headline earnings per segment

	June 2017	June 2016	1 year change
	<i>Rm</i>	<i>Rm</i>	%
Momentum Retail	1 271	1 493	(15)
Metropolitan Retail	660	700	(6)
Corporate and Public Sector	835	680	23
International	(166)	(156)	(6)
Segment results	2 600	2 717	(4)
Shareholder capital	608	489	24
Total	3 208	3 206	-

Financial aspirations:
Growth in earnings

Significant factors impacting core headline earnings (CHE)

R'm



Financial aspirations:

Growth in earnings: Momentum Retail down 15%

Momentum Retail core headline earnings key factors:

- More conservative reserving on certain benefits, Investo loyalty bonuses and Myriad booster benefit
- F2016 margin releases not recurring in F2017
- Persistency and alteration experience was positive
- Reduction in losses for the Health and Short-term Insurance business

Financial aspirations:

Growth in earnings: Metropolitan Retail down 6%

Metropolitan Retail core headline earnings key factors:

- Lapse experience on new business weakened over the year
- High number of new intermediaries with lower collection ratios
- Strong annuity profits and positive mortality and credit risk variances offset negatives

Financial aspirations:

Growth in earnings: Corporate and Public Sector 23%

Corporate and Public sector core headline earnings key factors:

- Improved mortality underwriting profits
- Still offset by losses on disability business
- Minimal expense growth
- The Health administration business performed better than expected
- Good performance by Guardrisk

Financial aspirations:

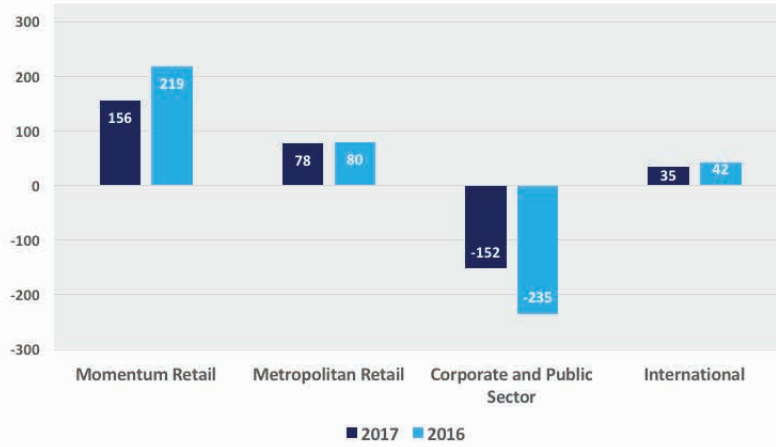
Growth in earnings: International down 6%

International core headline earnings key factors:

- Earnings slightly up in developed southern African countries
- Losses in the smaller life insurance operations and short-term insurance businesses
- Investments in new initiatives (India and aYo included for the full year)
- Increased centre expenses incurred to support in-country activities

Financial aspirations:
Mortality and morbidity experience variance

R'm

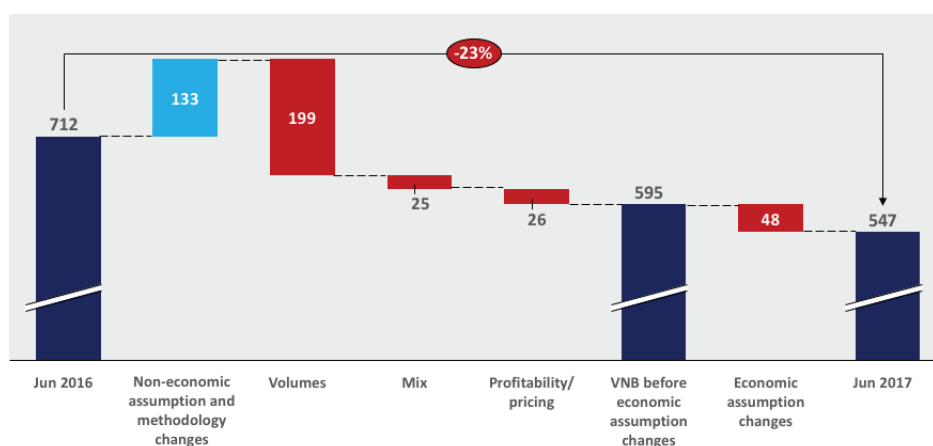


Financial aspirations:
Growth in value of new business

New business per segment

	June 2017	June 2016	Change
	<i>Rm</i>	<i>Rm</i>	%
Momentum Retail	22 774	23 468	(3)
Metropolitan Retail	5 164	4 936	5
Corporate and Public Sector	11 121	13 232	(16)
International	2 536	2 454	3
Total PVP	41 595	44 090	(6)
Total APE	5 733	5 928	(3)

Financial aspirations: Growth in value of new business



Financial aspirations: Growth in value of new business

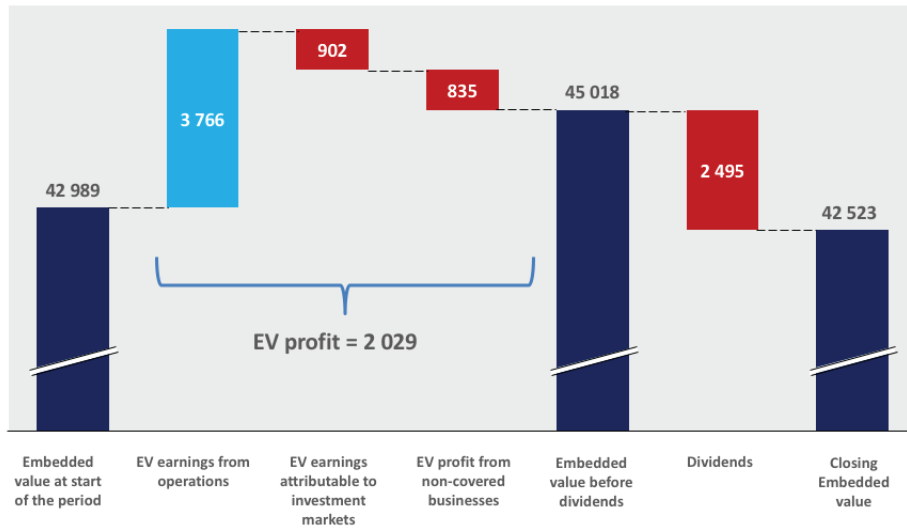
Value of new business per segment

	June 2017	June 2016	Change
	<i>Rm</i>	<i>Rm</i>	%
Momentum Retail	228	251	(9)
Metropolitan Retail	178	191	(7)
Corporate and Public Sector	68	199	(66)
International	73	71	3
Total	547	712	(23)
New business margin (PVP)	1.3%	1.6%	(0.3)

Return on embedded value:

EV analysis

R'm



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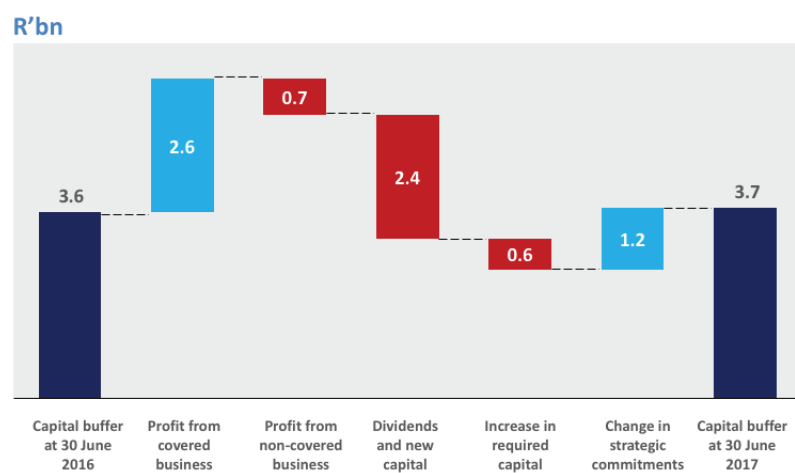
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Capital management: Economic capital

R'bn	June 2017	June 2016
Net asset value as per embedded value statement	16.3	16.9
Qualifying debt	3.6	3.6
Less: net asset value of strategic subsidiaries	(3.6)	(3.5)
Less: required capital	(10.1)	(9.7)
Capital before deployment	6.2	7.3
Deployed	(2.5)	(3.7)
Dividend payable	(1.5)	(1.5)
Strategic initiatives	(1.0)	(2.2)
Capital buffer after deployment	3.7	3.6

Capital management: Change in the capital buffer



Capital management:

Dividend

Factors considered

- Stable dividend growth over the long term
- Allowance for volatile investment markets, capital requirements and changes in legislation
- Earnings generation capacity and forecasts
- External factors
- Current dividend cover of 1.3x

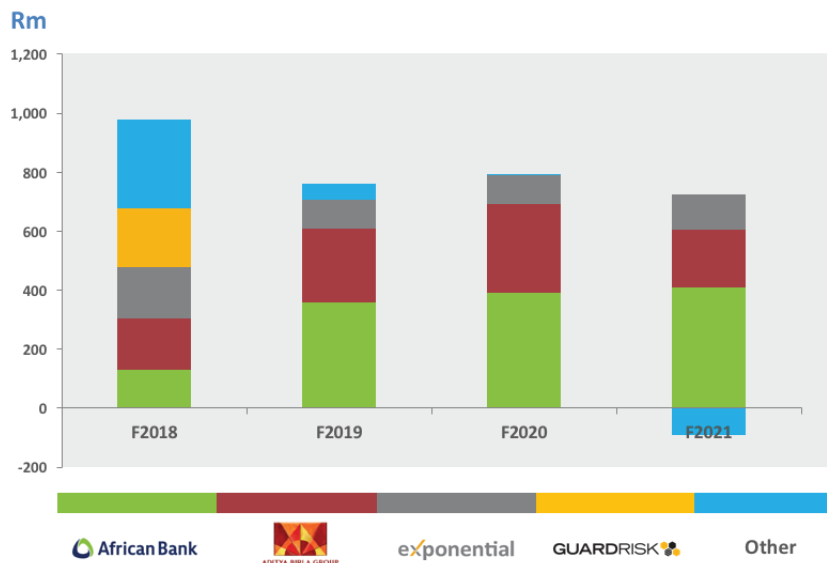
Separate dividend policy from capital management

Dividend per share (cents)

	2017	2016	Change
Interim ordinary dividend	65	65	0%
Final ordinary dividend	92	92	0%
Total ordinary dividend	157	157	0%

Capital management:

Planned capital deployment



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- 6 **Focus on execution**



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Focus on execution:



Client centricity

- Data analytics
- Client obsession



Growth

- Channel growth
- Geographic diversification
 - Aditya Birla
- African Bank



Excellence

- Capital optimisation
- Life Insurance
- Short-term Insurance
- Investment management
- Expense management

Focus on execution:
MMI Executive committee



Nicolaas Kruger
Group chief executive officer



Mary Vilakazi
Deputy chief executive officer
and group finance director



Khanyil Nzukuma
Chief executive Momentum Retail
and acting CE Metropolitan Retail



Innocent Dutirol
Chief executive International



Thinus Alsworth-Elvey
Chief executive Corporate
and Public Sector, UK and
Momentum Investments



Zureida Ebrahim
Chief executive Client
Engagement Solutions



Herman Schoeman
Chief executive Short-term
Insurance and Guardrisk Group



Jan Lubbe
Chief risk officer



Risto Ketola
Group chief financial officer



Linda Mthenjane
Group executive Human
Capital and Transformation



Ashlene van der Colff
Group head of operations



