EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Rian le Roux: Old Mutual Investment Group Economist

INSURANCE | INVESTMENT | SAVINGS | BANKING

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GLOBAL NOMINAL GDP

SA IS SMALL IN THE WORLD, BUT STILL BIG IN AFRICA

	GDP, $trn		GDP, $bn	Population, m
World	74	**South Africa**	**352**	51
Developed	45	**Nigeria**	**298**	174
Developing	29	Egypt	243	82
		Angola	97	18
USA	16.7	Kenya	45	44
Eurozone	12.7	Ghana	47	26
China	9.2	Tanzania	33	49
Japan	5.0	Uganda	23	38
Brazil	2.2	Zambia	23	15
Russia	2.1	Botswana	18	2
India	1.9	Mozambique	15	26
Middle East	2.6	Namibia	12	3
Africa	**2.0**	Mauritius	12	1
Mexico	1.1	Seychelles	1	0.2

Source: Global Insight, all data for 2013

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SOUTH AFRICA: CONSIDERABLE PROGRESS ON MANY FRONTS SINCE 1994

	1994/6	Today
GDP	$136bn	$335bn
Inflation	14% 1980 - '94	6%
Tax receipts	R106bn	R840bn
Government debt as % of GDP	48%	36%
Employment	9.0m*	14m
Forex reserves	$2½bn	$50bn
Living Standard Measure 5 – 10 Number of people in middle – higher income groups	13.8m 2001	23.5m
Social grants	2½m	16m
Household electricity*	58%*	95%
Household water*	61%*	73%
Household sanitation*	50%*	63%
* % of population		
* 1996		

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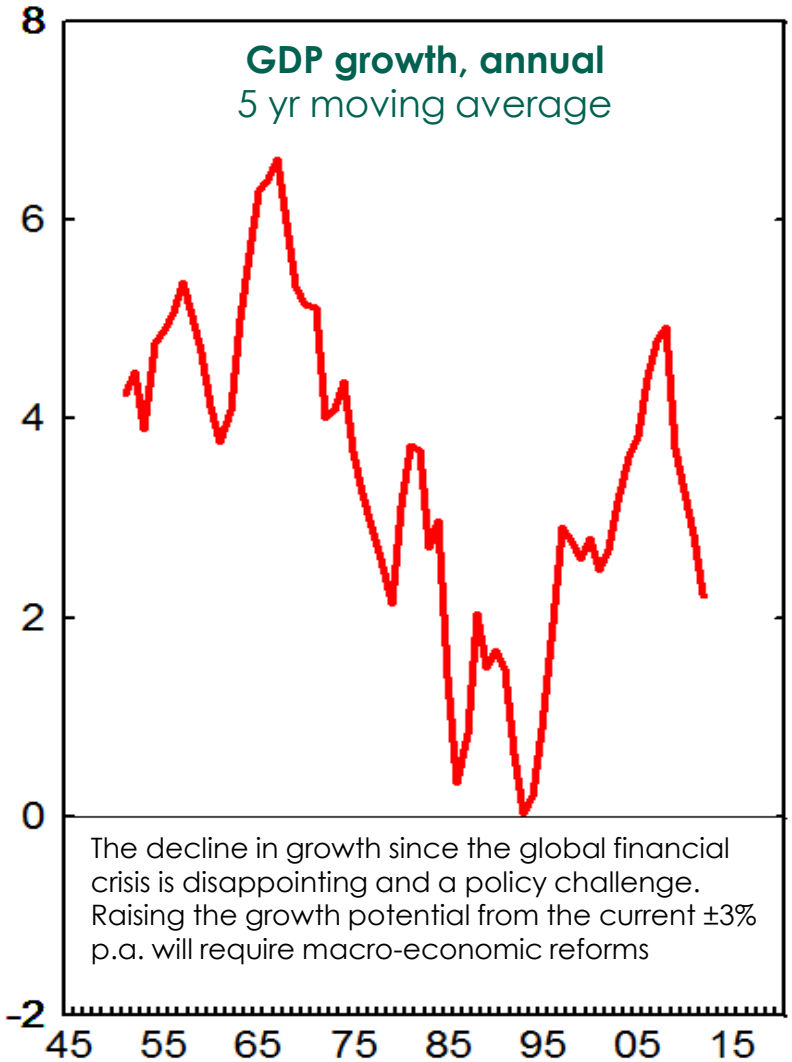
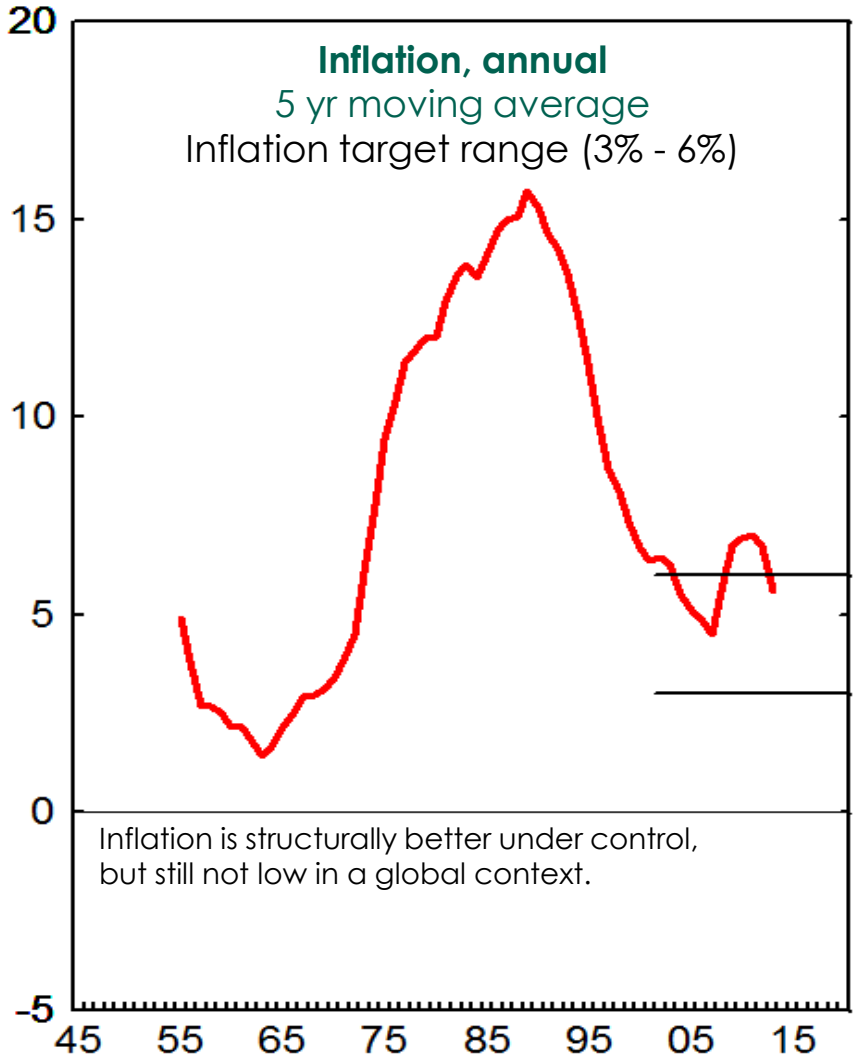
Sources: Old Mutual Investment Group, SA Reserve Bank, StatsSA, Goldman Sachs

HOWEVER, SA'S MACRO ECONOMIC PERFORMANCE HAS BEEN DISAPPOINTING…





SA HAS MANY STRENGTHS, SO THE GROWTH POTENTIAL *SHOULD* BE HIGH

- Politically stable democracy with entrenched rights and a free media
- Macro policy is conservative
- Independent central bank
- No looming fiscal crisis, tax compliance high
- Strong financial sector
- Generally healthy corporate sector
- Deep capital markets, foreign exchange freedom, flexible exchange rate
- Good infrastructure, backlogs being addressed
- Huge mineral wealth & tourism potential
- Young population
- Strong and growing trade & investment links with Africa & Asia

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WORLD ECONOMIC FORUM: GLOBAL COMPETITIVENESS INDEX 2013/2014 SURVEY

SA's overall ranking:
53 out of 148 countries

BRICS rankings compared	
China:	29
South Africa:	53
Brazil:	56
India:	60
Russia:	64

SA's ranking out of 148 countries

Auditing standards	1	Favouritism in official decisions	120
Securities exchange regulation	1	Burden of Govt. regulation	116
Legal rights	1	Primary education quality	133
Efficacy of corp boards	1	Life expectancy (HIV & TB)	136
Soundness of Banks	3	Pay & productivity	142
Financial services availability	2	Business costs of crime	141
Minority shareholder protection	1	Higher education quality	146
Competition policy	8		
Strength of Investor protection	10	Flexibility of wage setting	144
Air transport quality	11	Hiring & firing practices	147
Legal system: challenging	13	Quality maths, science education	148
Legal system: settling disputes	12	Labour/employer co-operation	148

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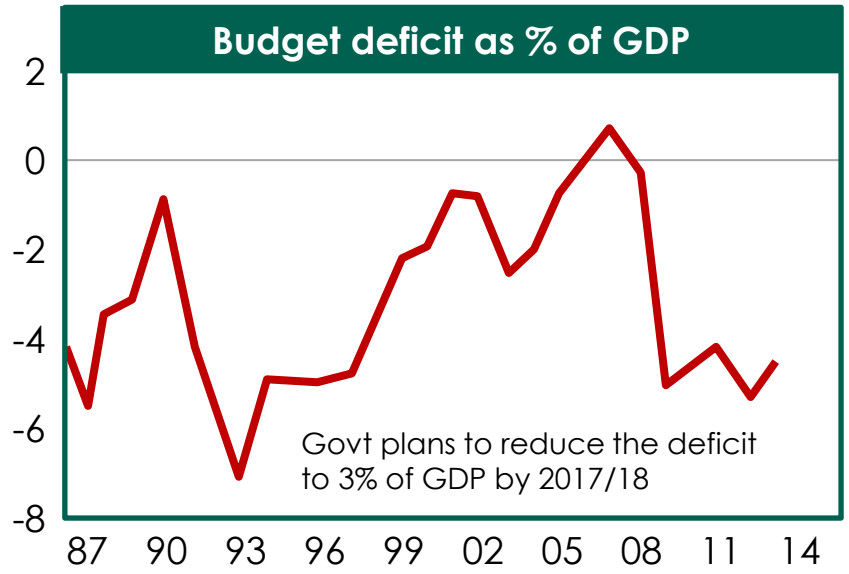
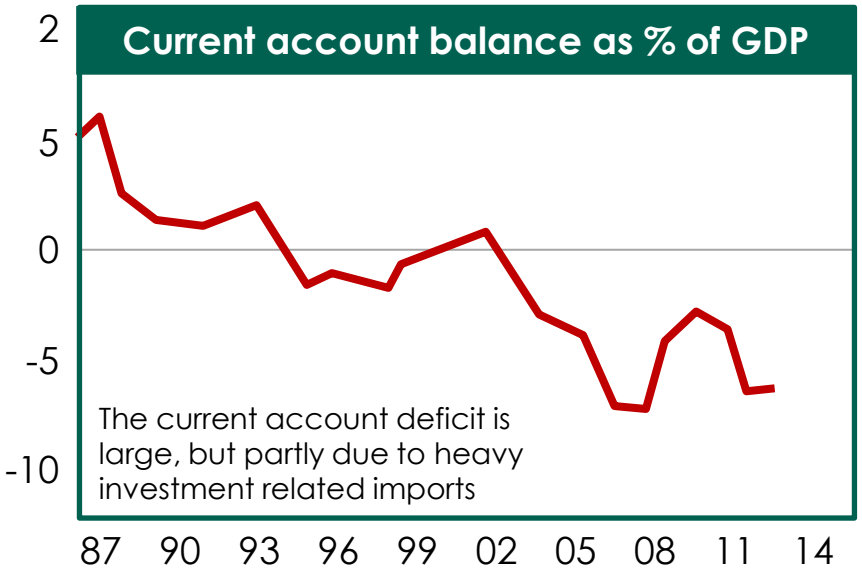
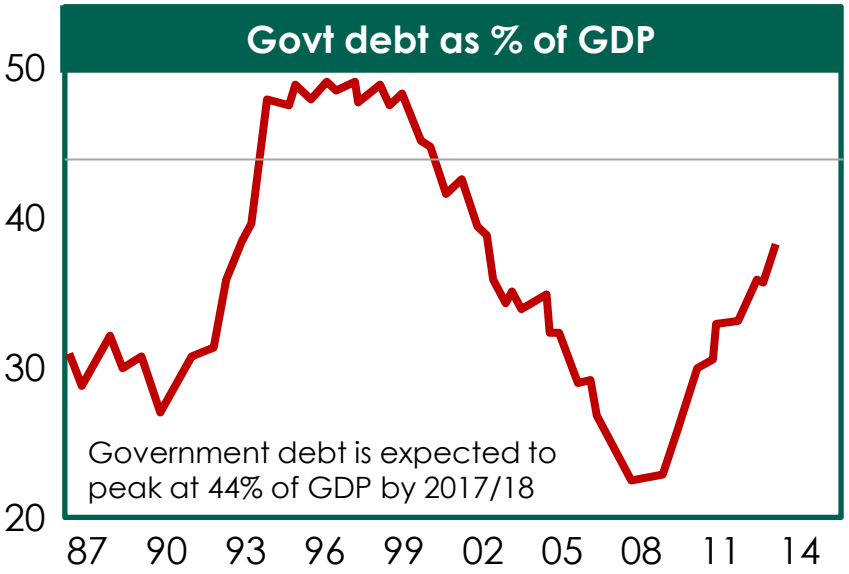
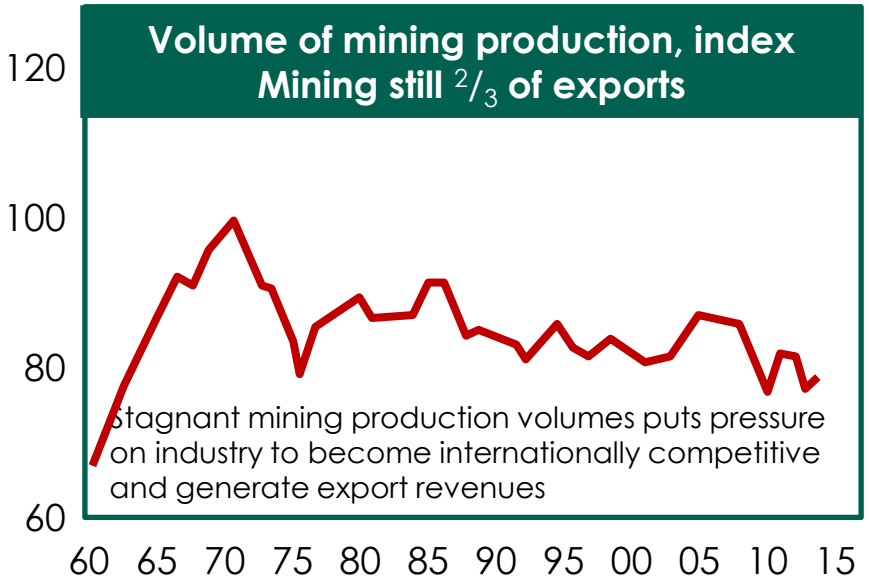
SA'S STICKY DEFICITS A KEY MEDIUM TERM CONCERN

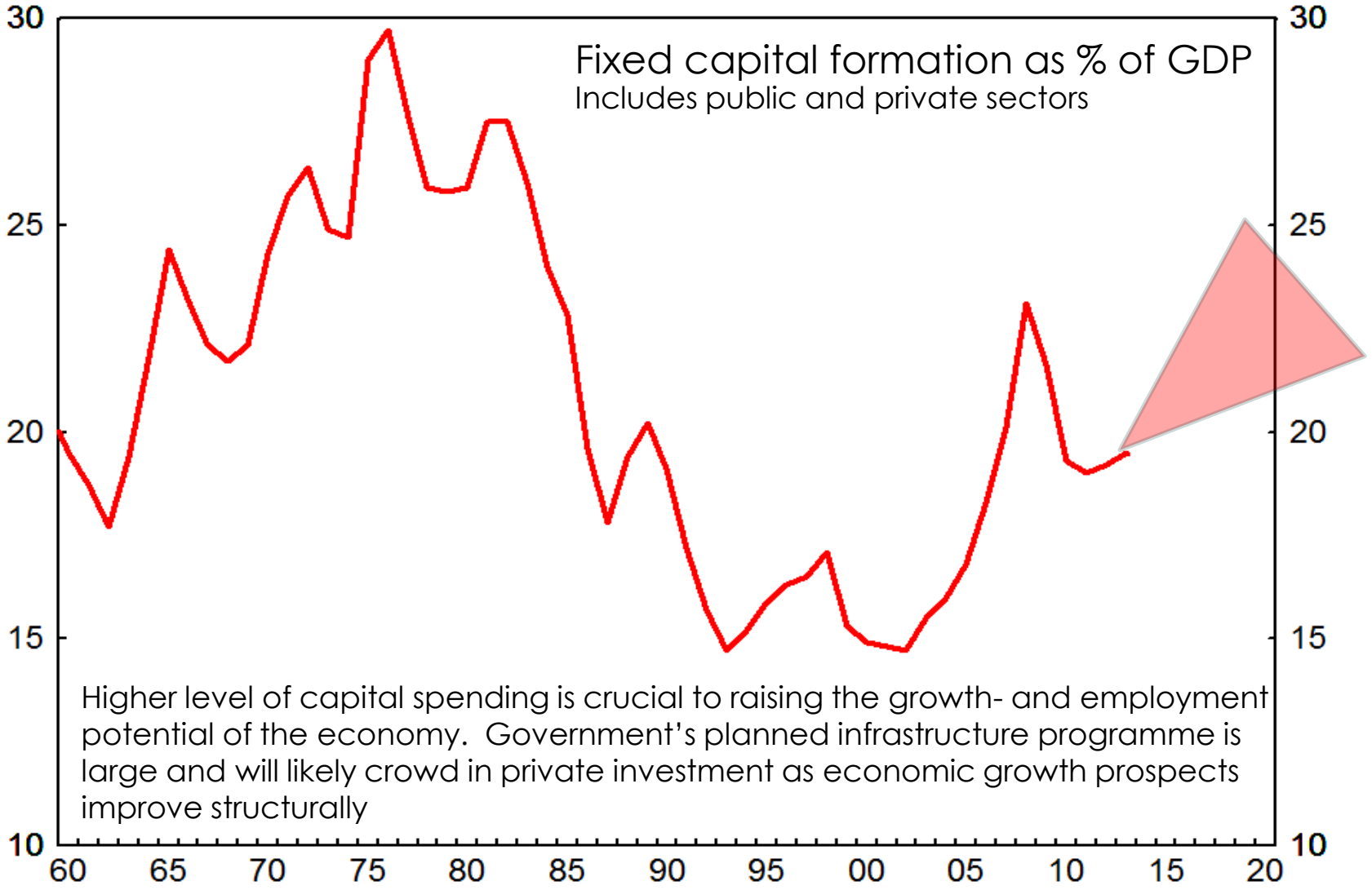






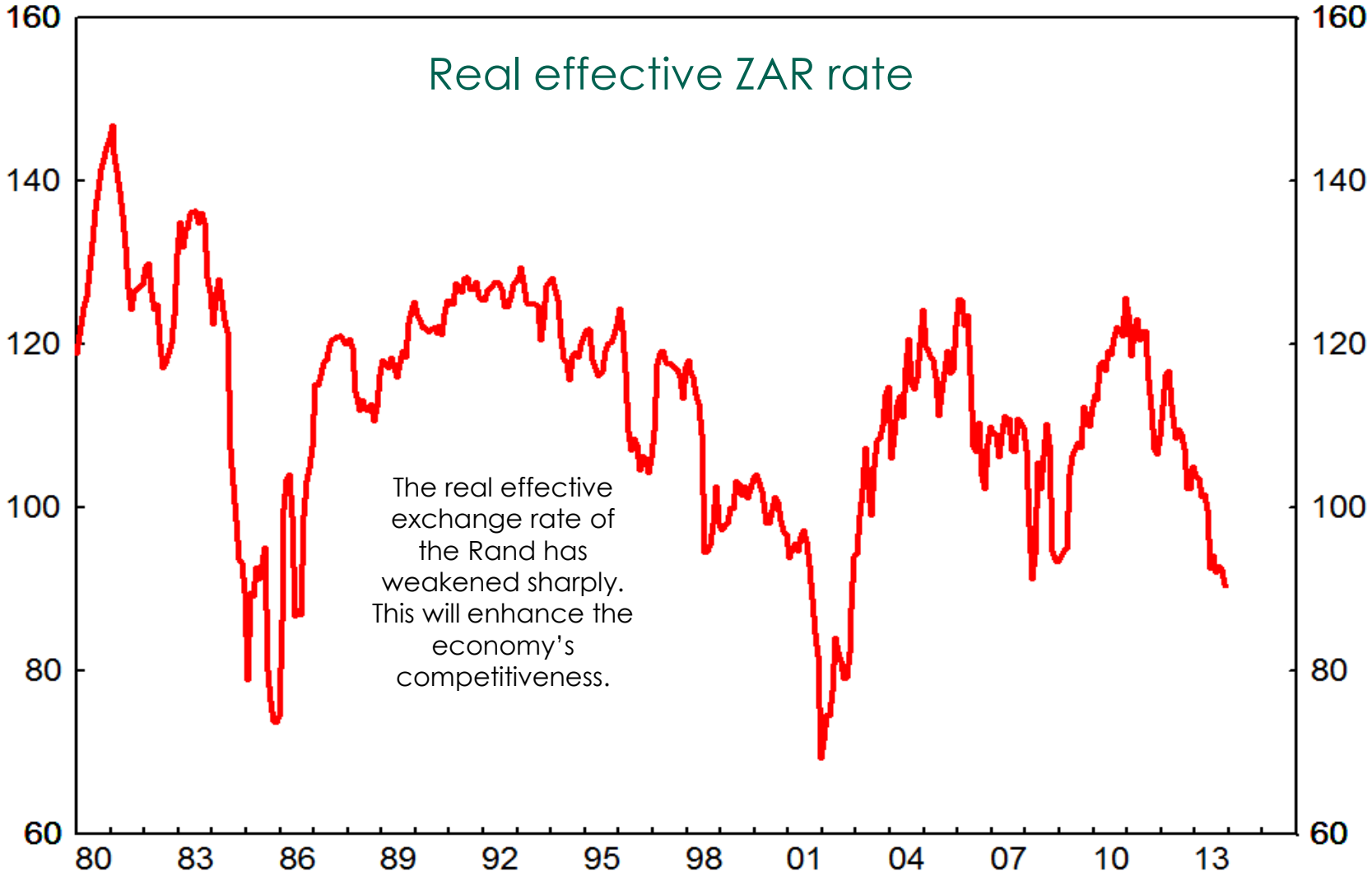


INVESTMENT RESUMING UPTREND AFTER POST-CRISIS SLUMP…



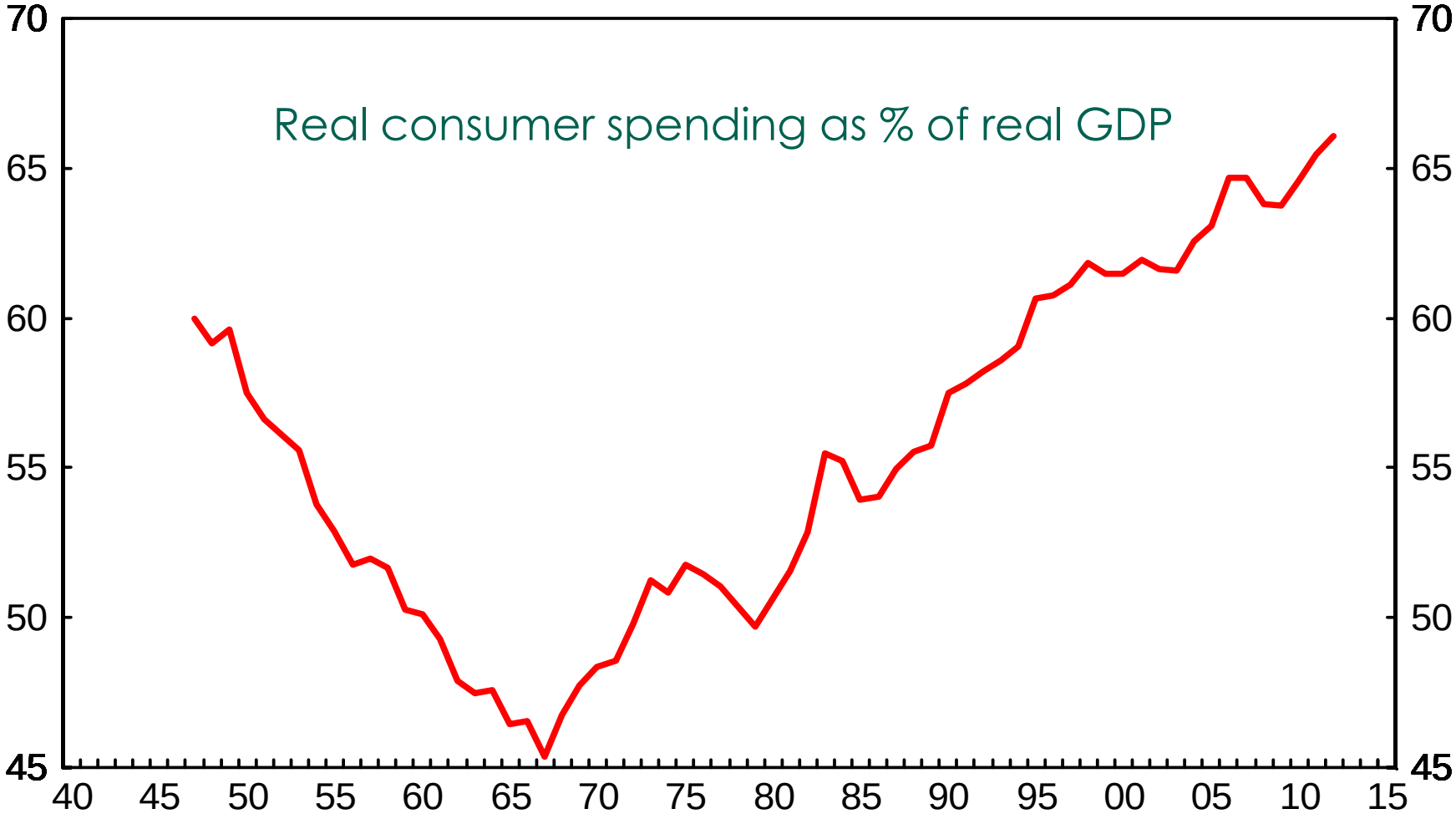
Higher level of capital spending is crucial to raising the growth- and employment potential of the economy. Government's planned infrastructure programme is large and will likely crowd in private investment as economic growth prospects improve structurally

…AND THE WEAK RAND PROVIDES AN ADVANTAGE…



Source: JP Morgan

THE SA ECONOMY IS CONSUMPTION DRIVEN



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OUTLOOK: SHORT TERM HEADWINDS, UNLOCKING POTENTIAL OVER THE MEDIUM TERM

- Short term headwinds
  - Fed's upcoming asset purchase tapering
  - Ensuring fiscal & current account consolidation continues

- Still, the next few years will see a cyclical growth recovery…
  - Firmer global growth, more competitive ZAR, infrastructure programme

- …and the planned NDP implementation can help unlock a higher growth potential

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MAKE THINGS HAPPEN

NEDBANK GROUP

EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Dennis Dykes: Nedbank economist

South Africa and sub-Saharan Africa: context and potential

INSURANCE | INVESTMENT | SAVINGS | BANKING

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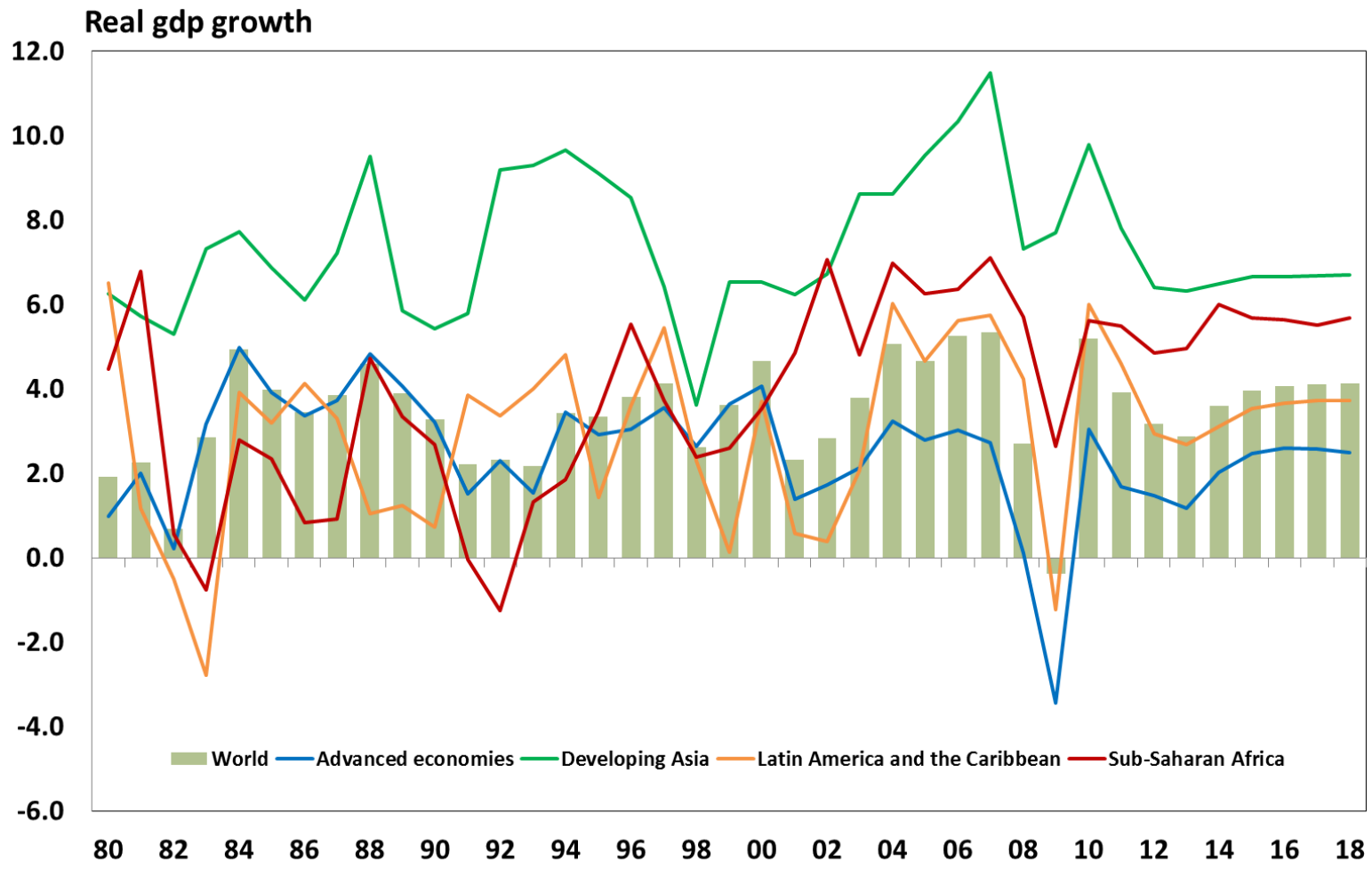
RECENT PERFORMANCE AND PROSPECTS FOR AFRICA LOOK BETTER THAN IN EARLIER DECADES



WHY THE REGION IS DOING WELL

MAKE THINGS HAPPEN NEDBANK

- Greatly reduced external debt burdens imply better sovereign ratings, lower cost of capital and increased availability of capital
- Linked with this has been better policies and improved transparency
- Higher commodity prices and lower manufactured goods prices have boosted the region's terms of trade (ratio of export to import prices)
- Commodity potential has increased Chinese interest and investment in the region and is also acting as a catalyst for other foreign investment
- Growth has become more diversified – financial services, transport, construction and tourism, with considerable potential in other areas such as agriculture
- Broader growth has led to a growing middle class
- Longer term, there is a demographic dividend

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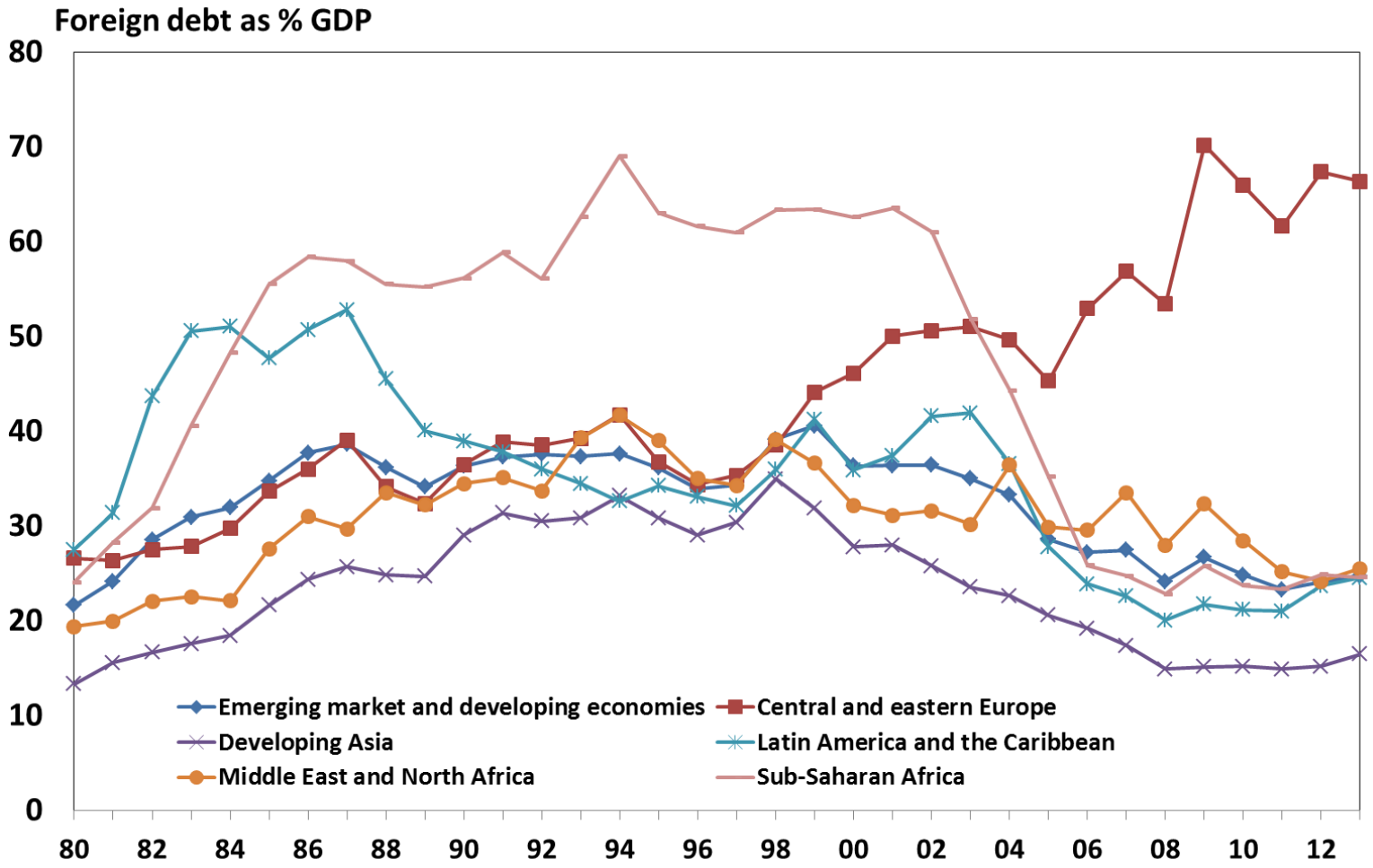
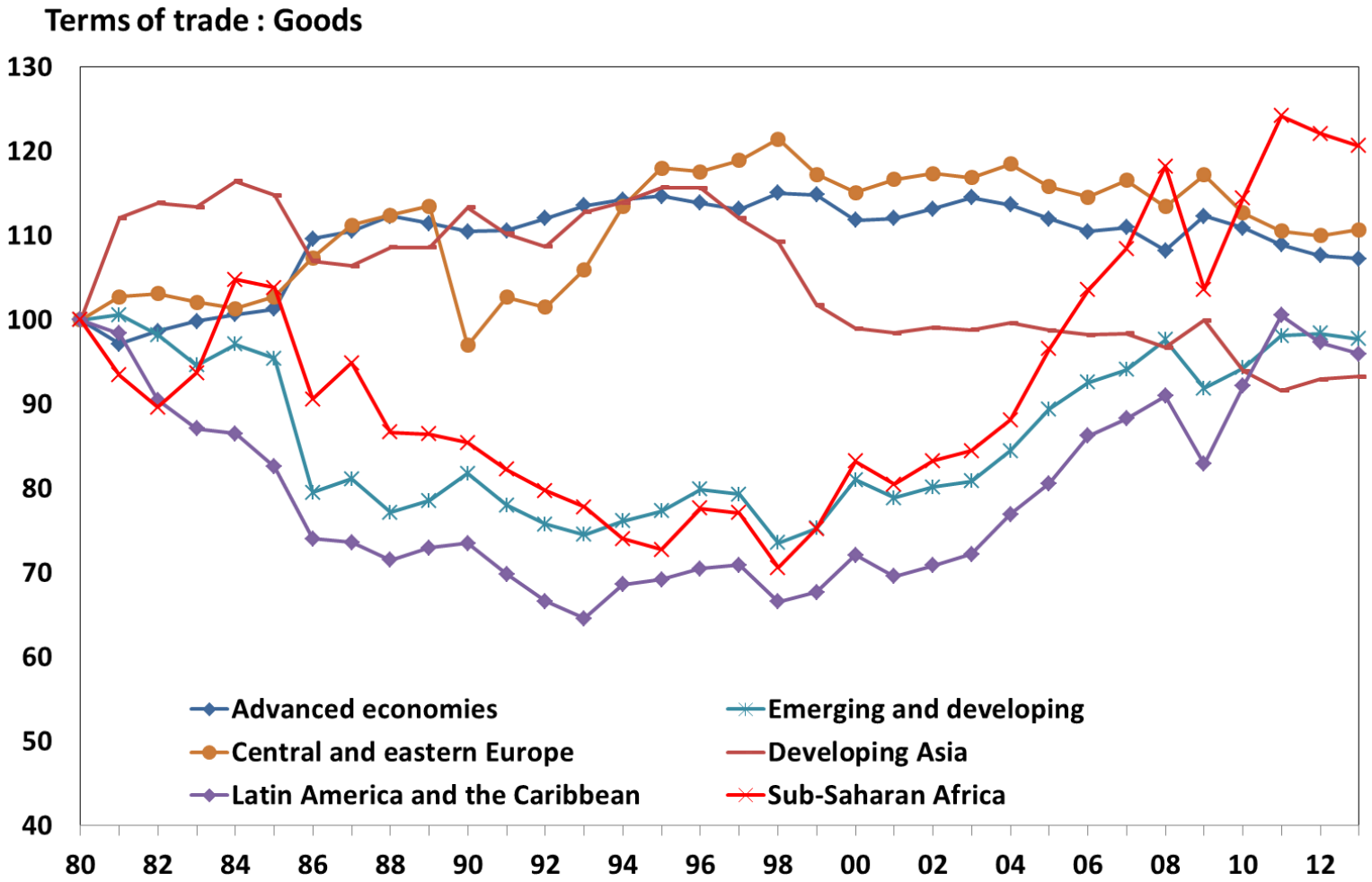
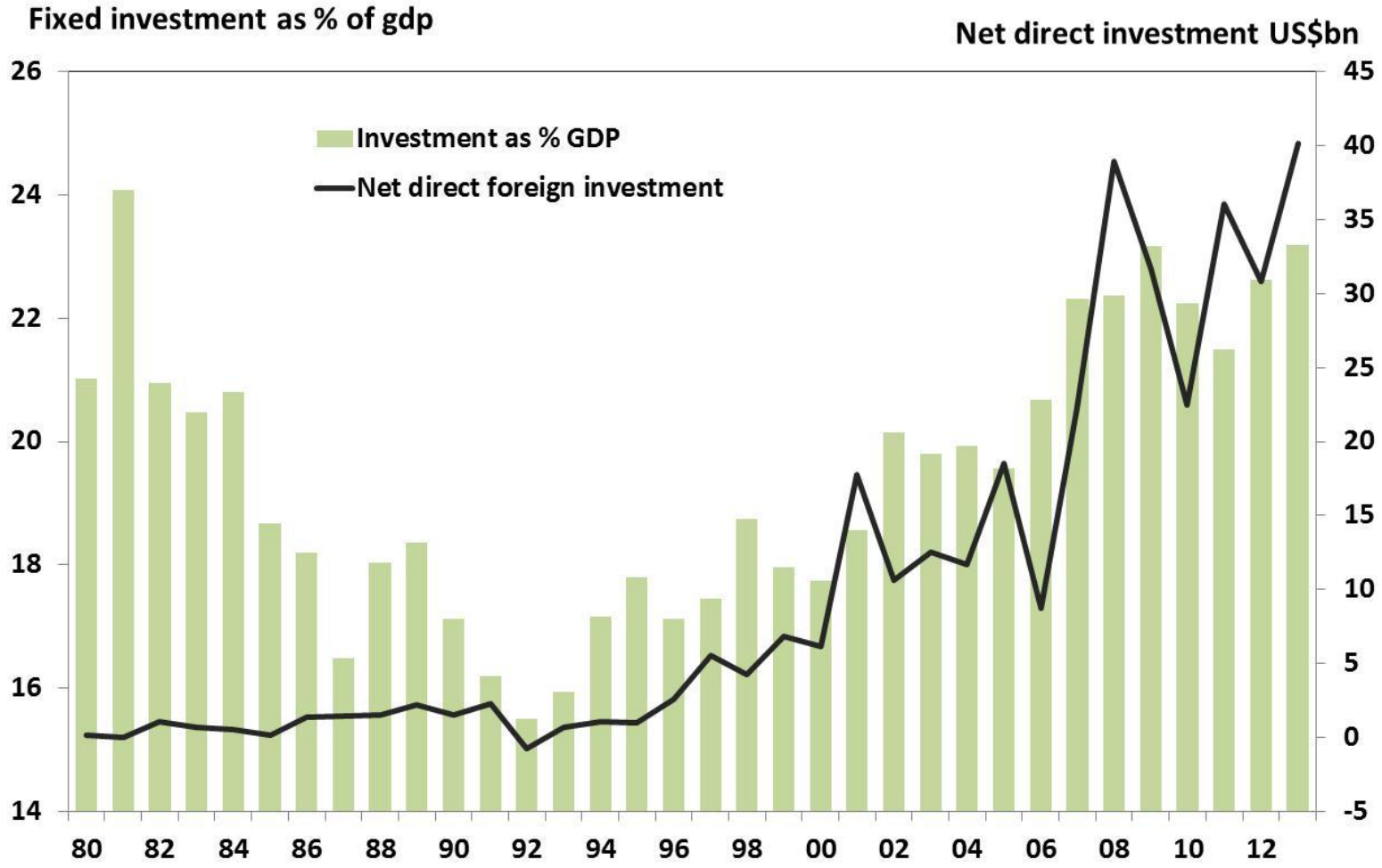
FOREIGN DEBT IS MORE IN LINE WITH PEERS, GREATLY IMPROVING ACCESS TO FINANCE



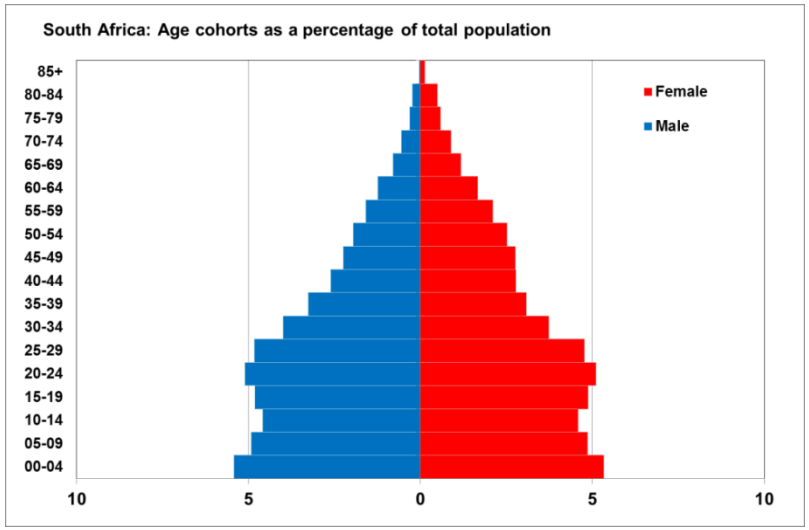
AFRICA HAS BENEFITTED MOST AS A REGION FROM IMPROVING TERMS OF TRADE

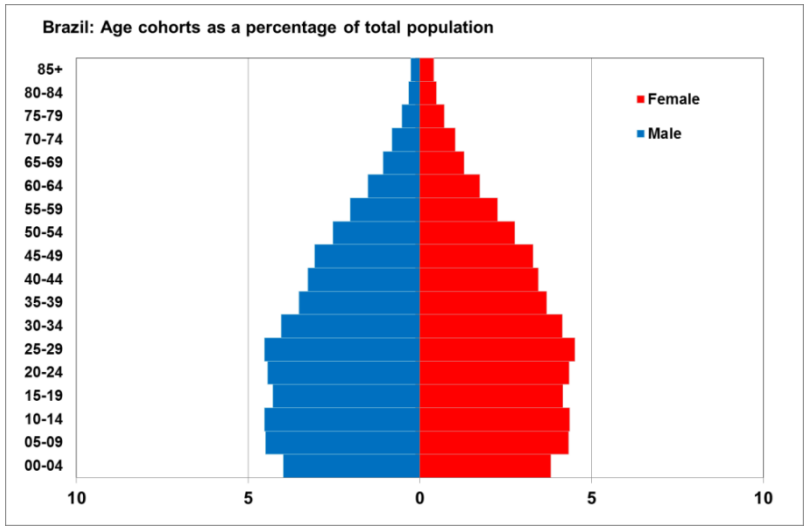


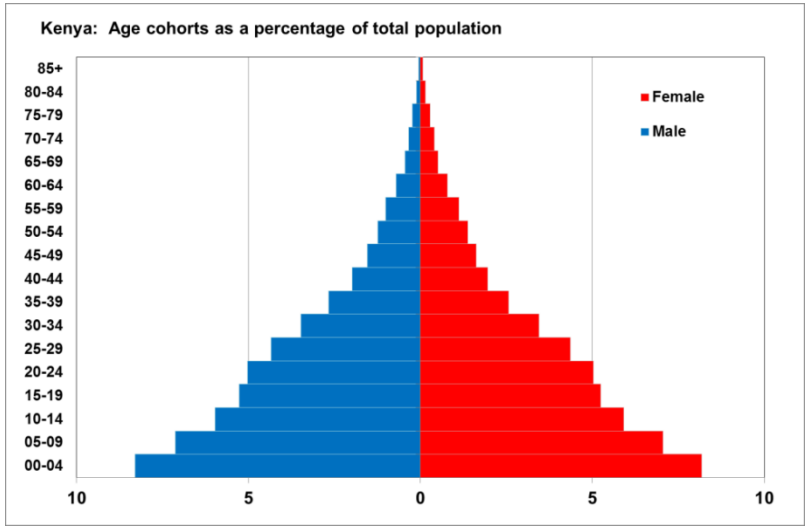
AS A RESULT INVESTMENT HAS RISEN SIGNIFICANTLY

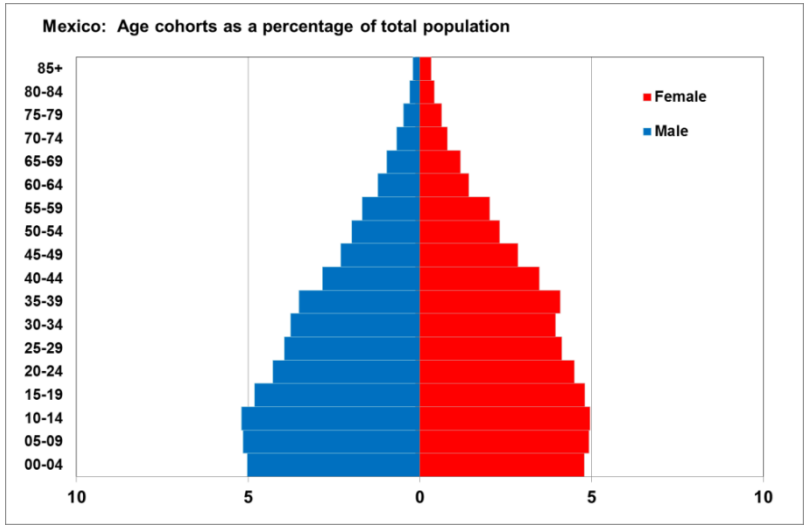


AFRICAN DEMOGRAPHICS GENERALLY LOOK MORE POSITIVE THAN PEERS ELSEWHERE

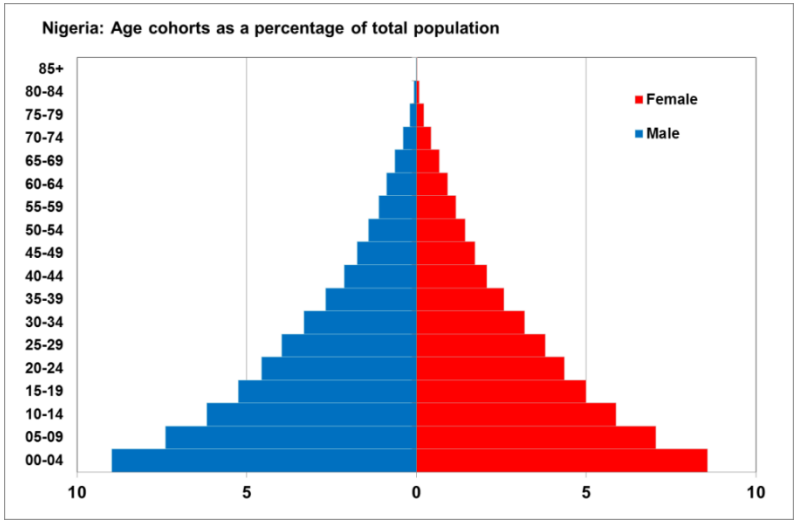


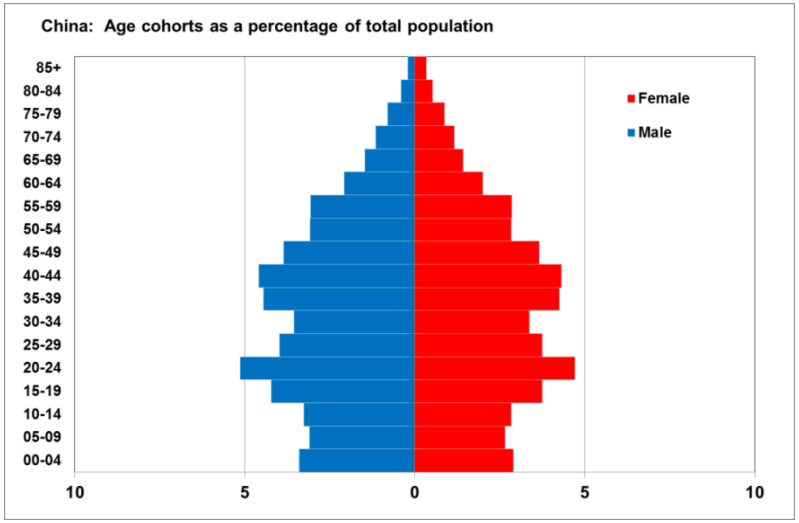


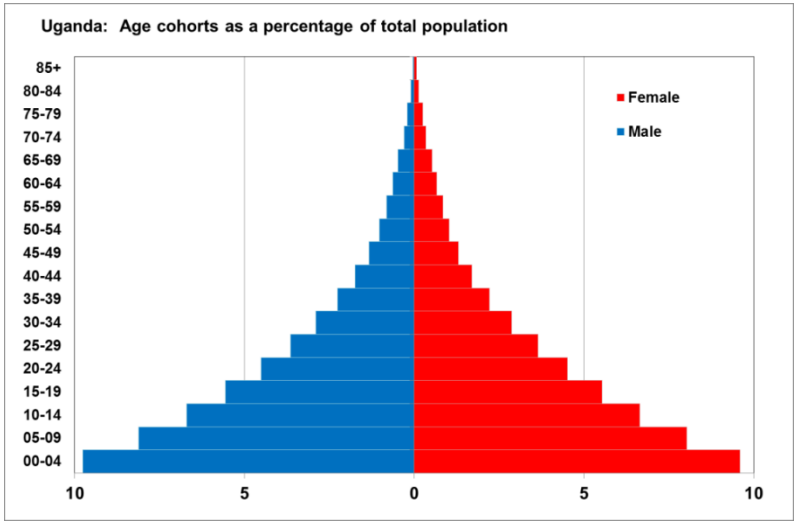


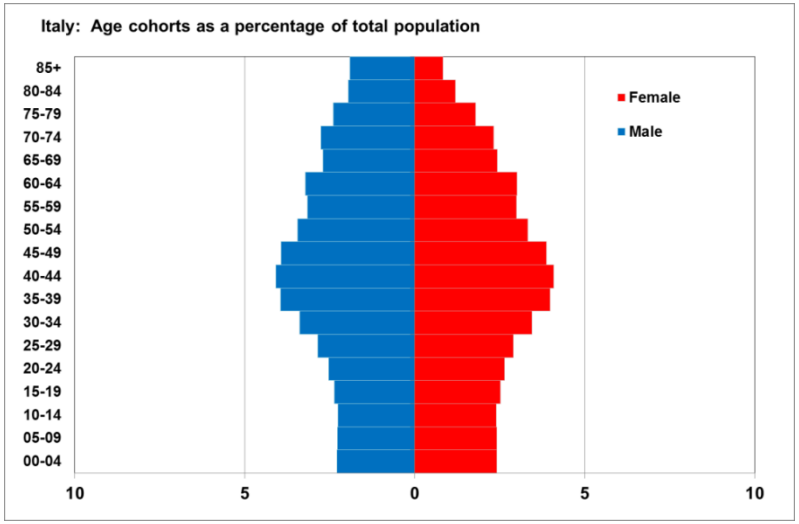


AND SIGNIFICANTLY BETTER THAN IN DEVELOPED ECONOMIES AND THE SPECIAL CASE OF CHINA

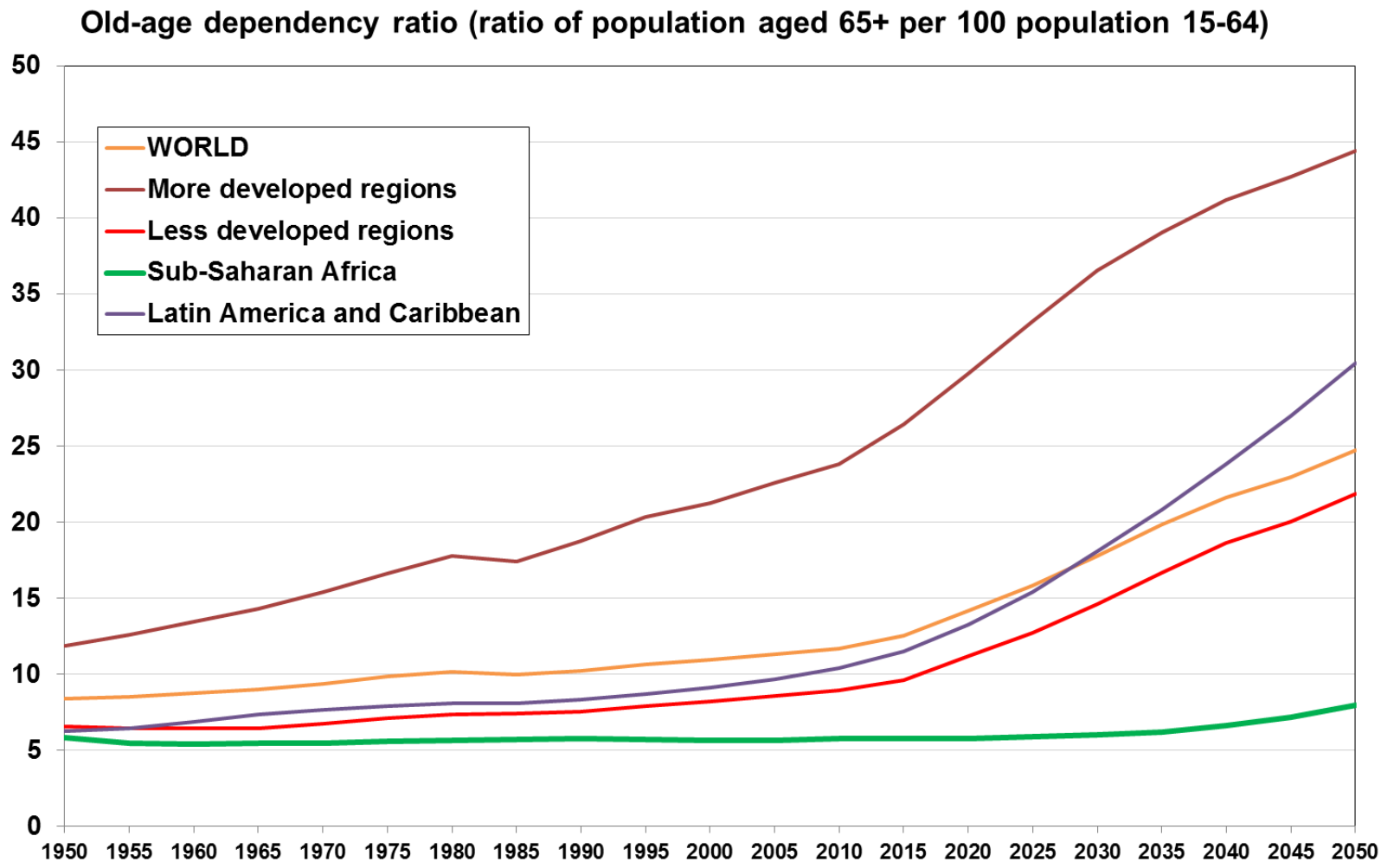




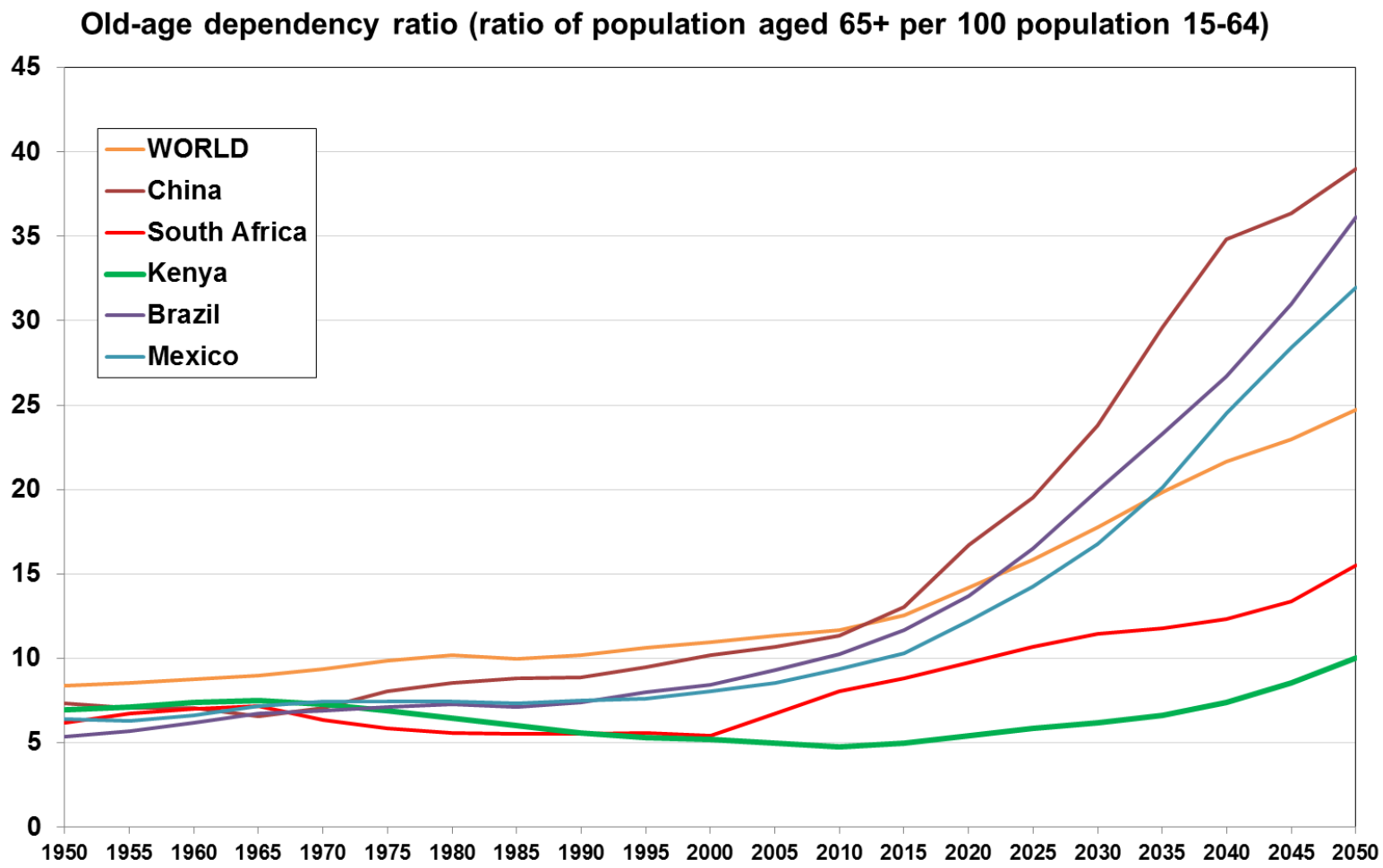




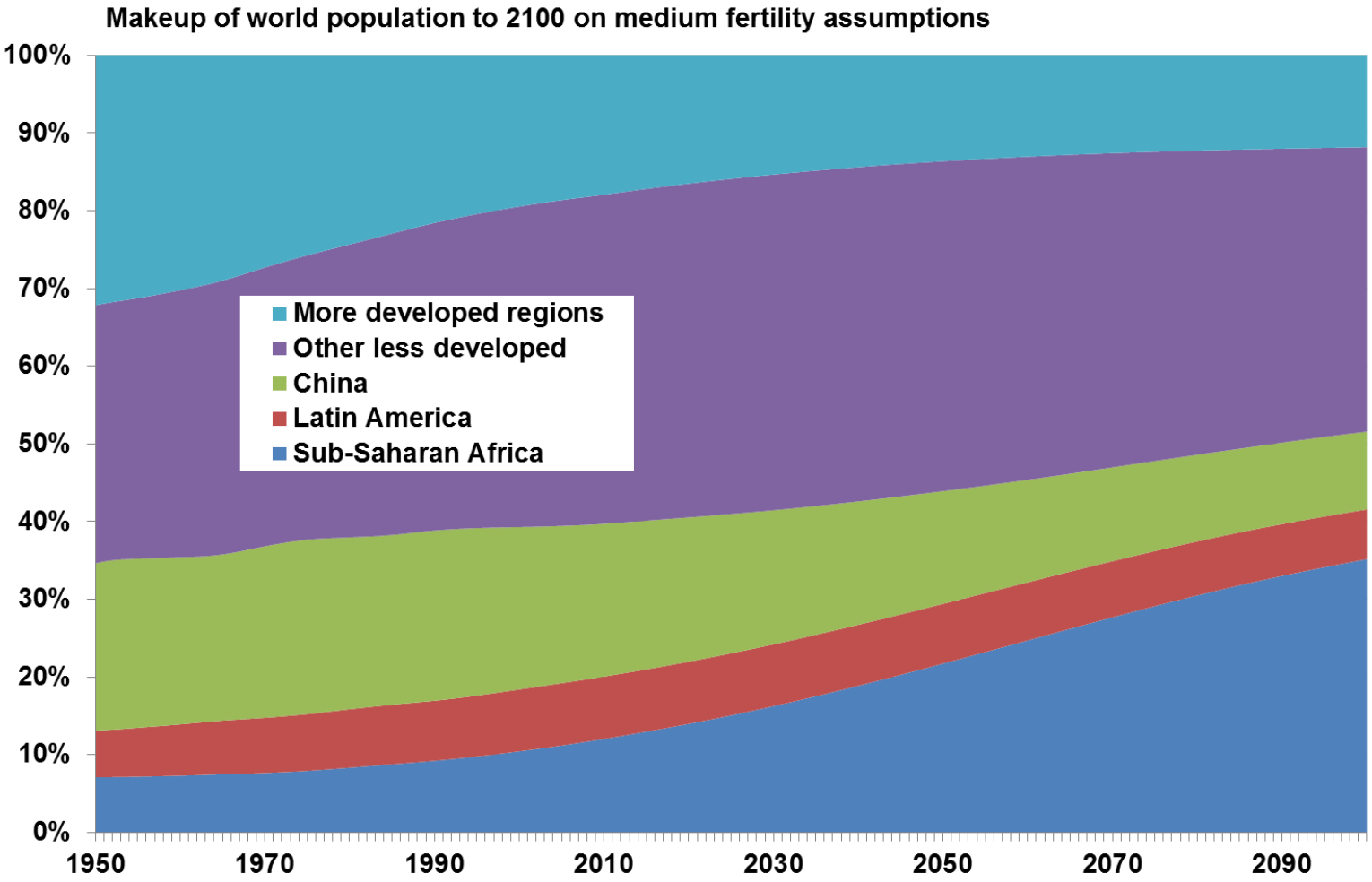
DEPENDENCY RATIOS IN AFRICA WILL THEREFORE REMAIN VERY LOW



SIGNIFICANT DIFFERENCES IN THE DEVELOPING WORLD



THIS WILL MAKE AFRICA'S POPULATION SIZE SIGNIFICANT IN COMING DECADES



HOWEVER, THERE ARE STILL OBSTACLES

MAKE THINGS HAPPEN NEDBANK

- Infrastructure is still very underdeveloped and not geared to intraregional trade
  - Energy and transport infrastructure is a significant constraint
  - There are few development corridors within and between countries
  - African share of total African trade = 11%, Latin America = 21%, Asia = 38%, Western Europe = 60%
- There is little in the way of regional cooperation
  - Plethora of trade agreements but barriers are still high

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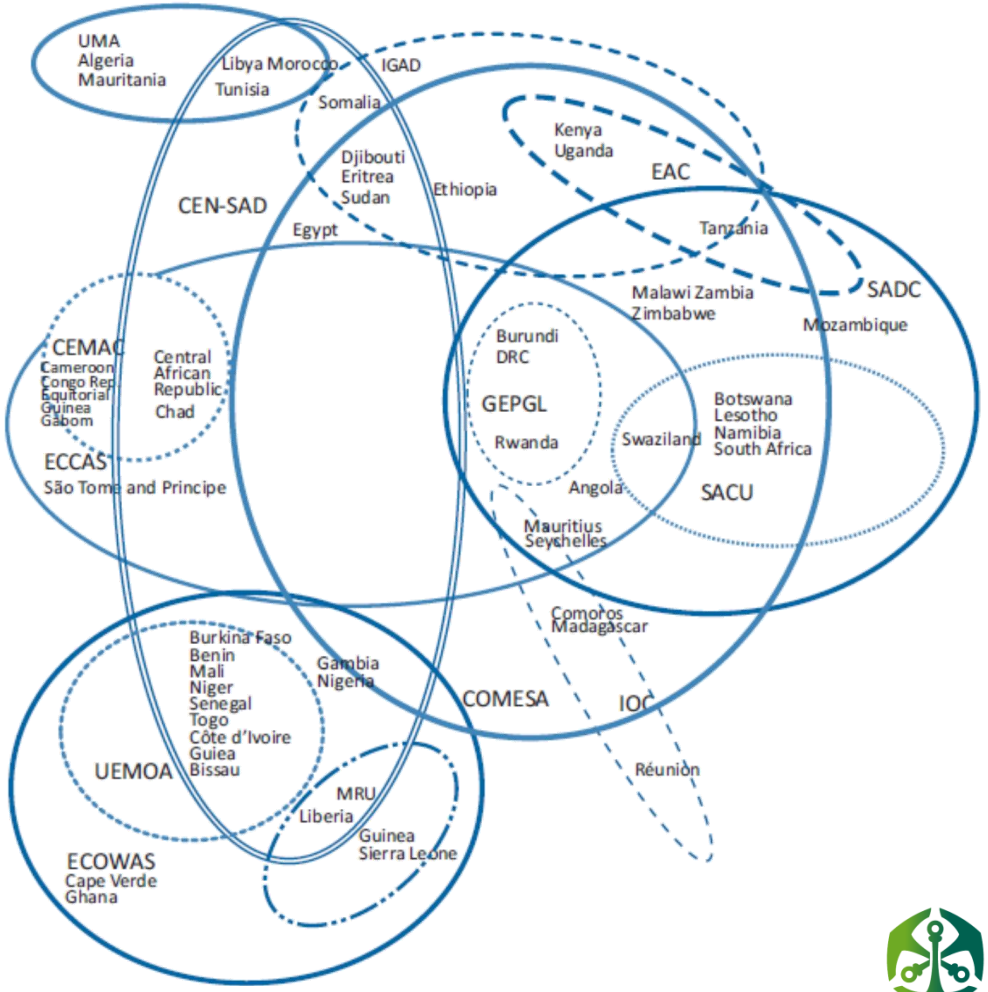
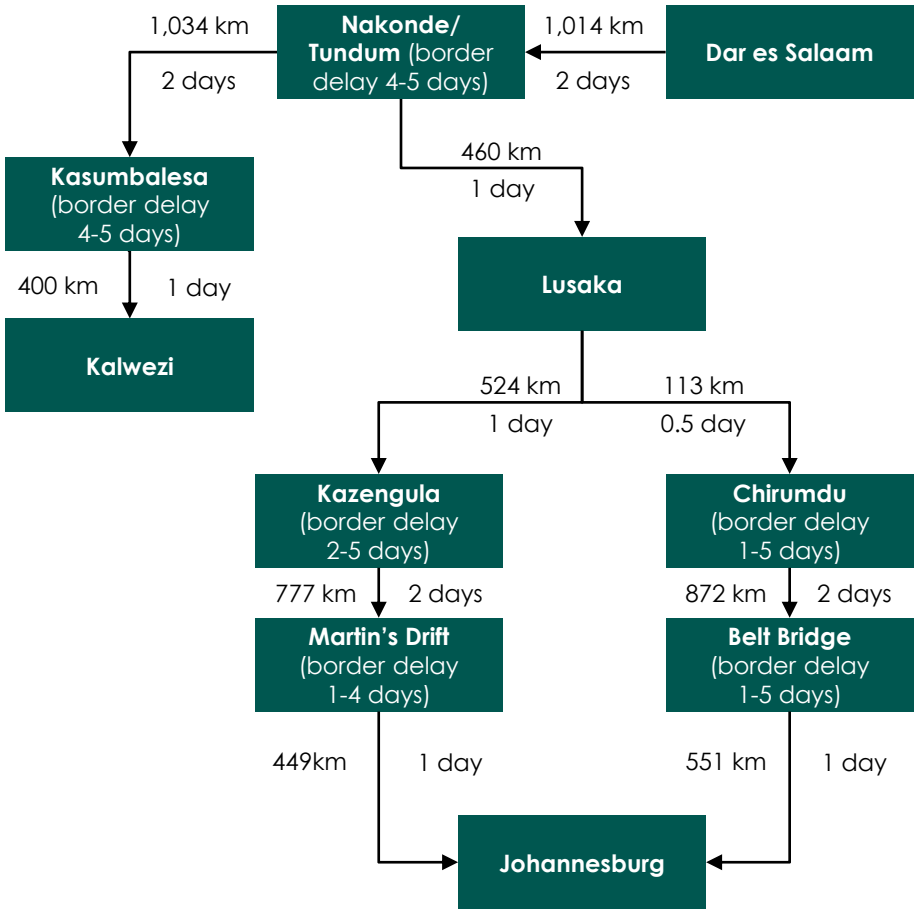
INTRA-REGIONAL TRADE IS STILL HAMPERED BY BUREAUCRACY CORRUPTION AND INFRASTRUCTURE, BUT THERE ARE PLANS TO ADDRESS THESE

Regional trade agreements



Source: Economic Commission for Africa

MOVES AFOOT TO CREATE OR RESUSCITATE A NORTH-SOUTH CORRIDOR ALONG THE EAST COAST



Source: TradeMark Southern Africa, North Africa south corridor Pilot Aid for transport Aid for transport programme: Surface Transport. Johannesburg: TradMark Southern Africa. 2012. p.17

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  - African share of total African trade = 11%, Latin America = 21%, Asia = 38%, Western Europe = 60%
- There is little in the way of regional cooperation
  - Plethora of trade agreements but barriers are still high
- Lack of skills impede competitiveness
- Health problems hurt performance
- Organisational capacity is lacking
  - Ability to conceive, plan and execute projects is a problem
- Politics and policy remain deterrents in many countries
  - Corruption levels are still high and patronage a problem
  - Policy predictability is lacking
- Limited scale

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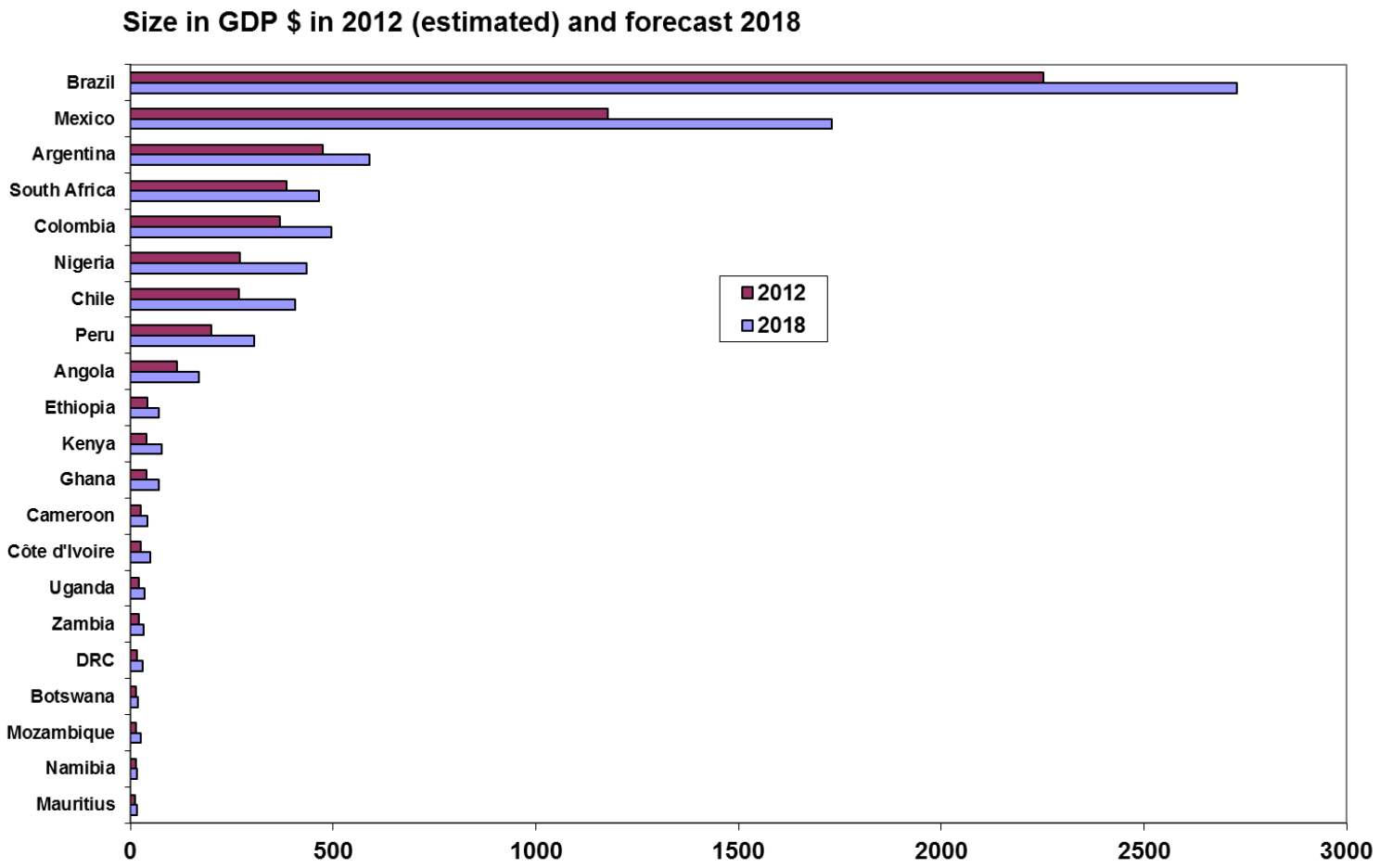
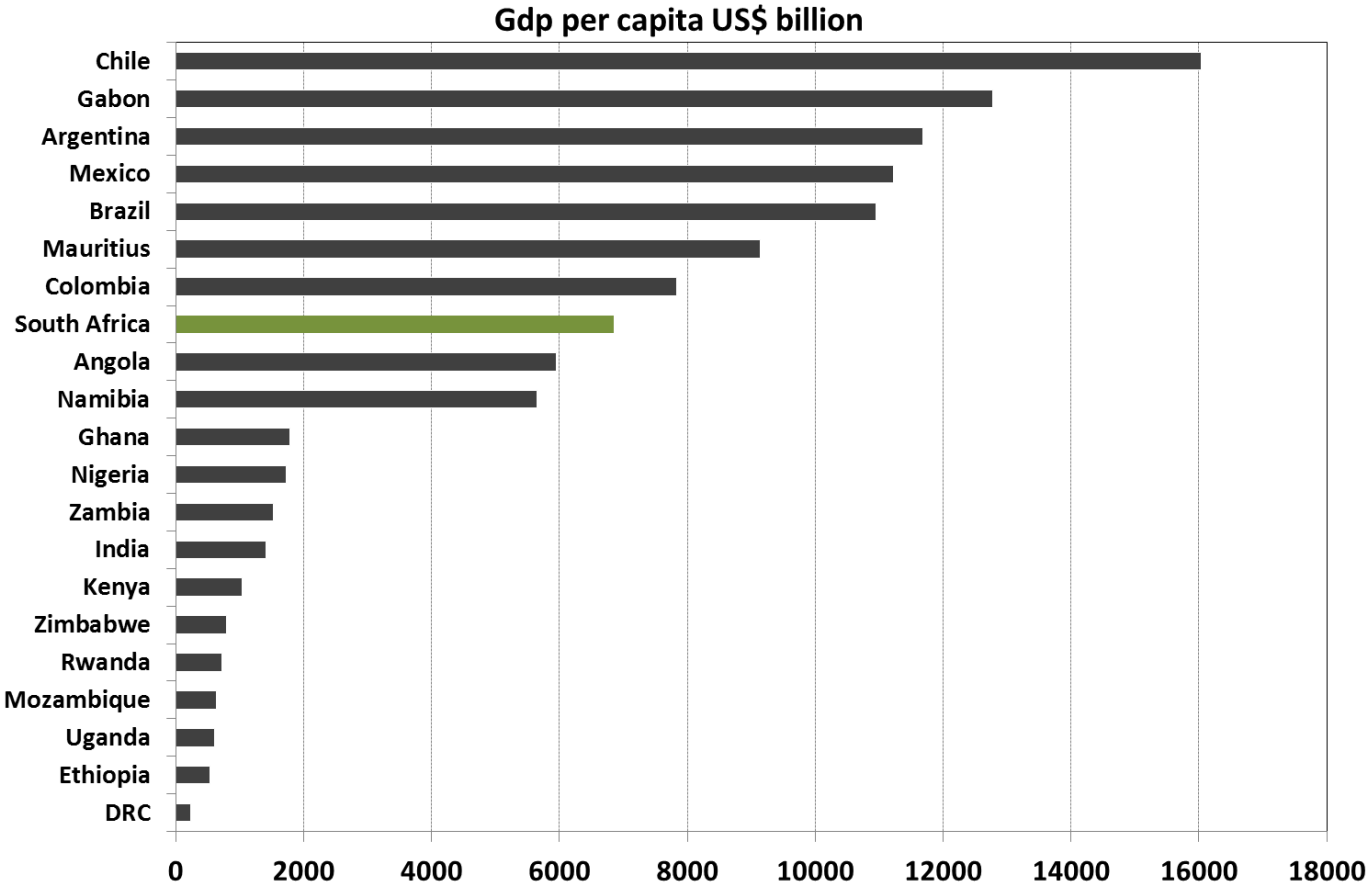
SOUTH AFRICA IS DOMINANT IN THE REGION, BUT BECOMING LESS SO AND IS ITSELF SMALLER THAN LATIN AMERICAN PEERS



PER CAPITA INCOMES MOSTLY COME IN BELOW SOUTH AMERICAN PEERS, WITH CONSIDERABLE INCOME INEQUALITY

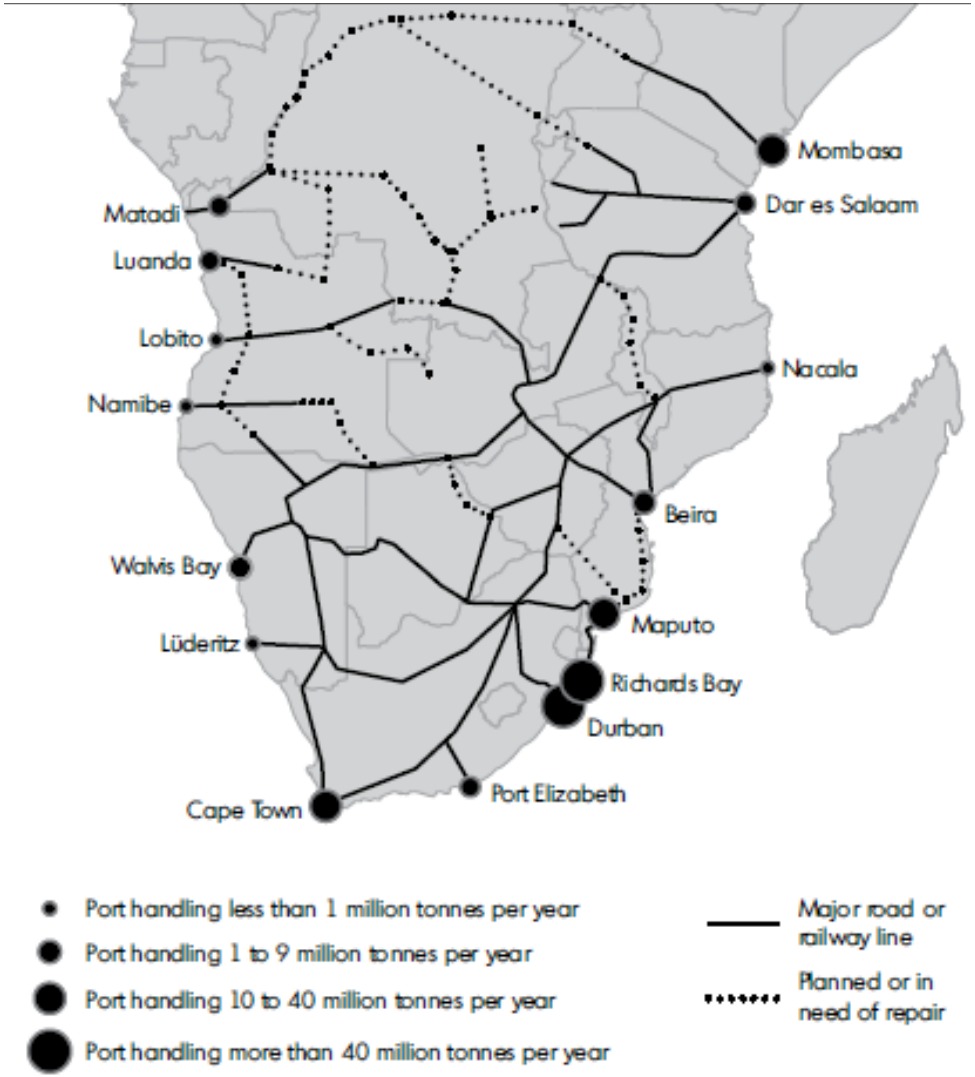


SUB-SAHARAN AFRICA: THE ROLE OF SOUTH AFRICA IN THE REGION

South Africa still forms a natural bridge into the rest of Africa

- Economic advantage
  - Geography and history
  - Infrastructure advantages
  - Ease of doing business for multinational regional headquarters – legal, logistical, amenities

KEY PORTS IN SOUTH AFRICA



Port	Container port traffic (TEUs)	Total port traffic (Tonnes)	Operating capacity (%)
Beria	100,000	3,000,000	50
Cape Town	740,000	13,700,000	90
Dar es Salaam	250,000	7,400,000	100
Durban	2,000,000	45,000,000	100
Lobito	30,000	300,000	30
Lucanda	90,000	2,100,000	100
Lüderitz	1,000	200,000	80
Maputo	100,000	10,000,000	60
Matadi	40,000	1,600,000	60
Mombassa	500,000	16,000,000	100
Nacala	45,000	700,000	100
Namibe	0	700,000	20
Port Elizabeth	370,000	8,100,000	70
Richards Bay	0	80,000,000	80
Walvis Bay	100,00	3,000,000	60

Source: The Economic Gateway to Africa? Geography, Strategy and South Africa's Regional Economic Relations: Peter Draper and Sören Scholvin.

SOUTH AFRICA DOES VERY WELL IN CERTAIN RESPECTS IN INTERNATIONAL SURVEYS

Top Quintile	2013	2008	Change
Strength of auditing and reporting standards	1	4	-3
Efficacy of corporate boards	1	8	-7
Regulation of securities exchanges	1	5	-4
Legal rights index*	1	52	-51
Protection of minority shareholders' interests	2	13	-11
Availability of financial services	2		
Soundness of banks	2	15	-13
Financing through local equity market	3	4	-1
Effectiveness of anti-monoploly policy	6	13	-7
Strength of investor protection*	10		
Reliance on professional management	13	16	-3
Quality of air transport infrastructure	15	25	-10
Quality of management schools	15	25	-10
Efficiency of legal framework in challenging regulations	16		
Efficiency of legal framework in setting disputes	17	20	-3
Intellectual property protection	20	23	-3
Affordability of financial services	22		
Available airline seat kilometres*	24	21	3
Domestic market size index*	24	22	2
Property rights	26	20	6
Extent of staff training	26	15	11
Control of international distribution	26	37	-11
Judicial independence	27	30	-3
Business costs of terrorism	29	36	-7
Number of procedures required to start a business*	29	44	-15
Extent of marketing	29	15	14
Ease of access to loans	30	31	-1

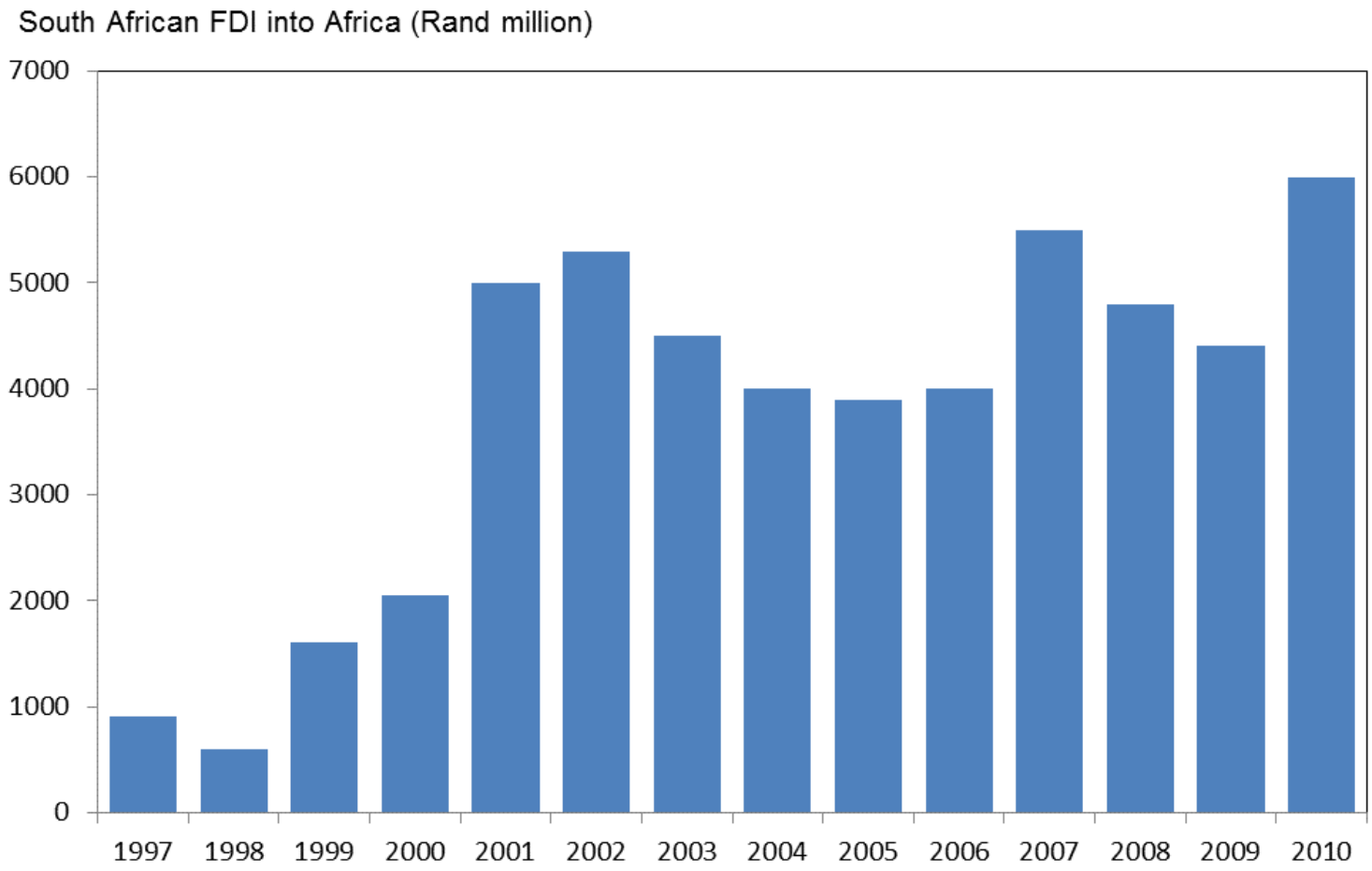
**From non-WEF sources
Source:WEF Global competitiveness report 2012-13

SUB-SAHARAN AFRICA: THE ROLE OF SOUTH AFRICA IN THE REGION

South Africa still forms a natural bridge into the rest of Africa

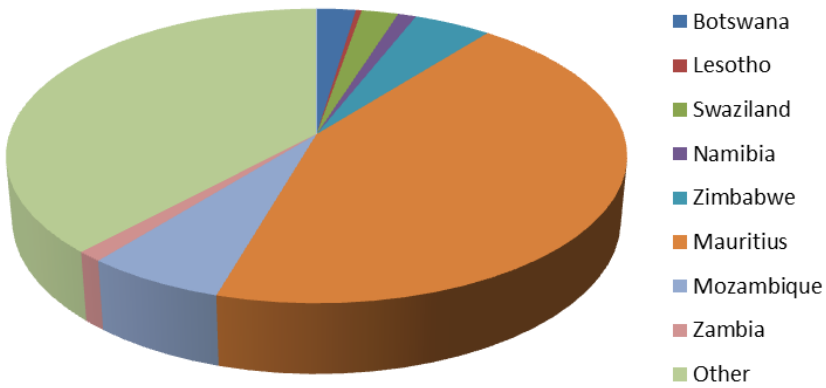
- Economic advantage
  - Geography and history
  - Infrastructure advantages
  - Ease of doing business for multinationals – legal, logistical, amenities
  - Economic size and clout
  - SA companies increasingly see opportunity in Africa and are expanding their presence

SOUTH AFRICAN INVESTMENT INTO SUB-SAHARAN AFRICA HAS BEEN STRONG

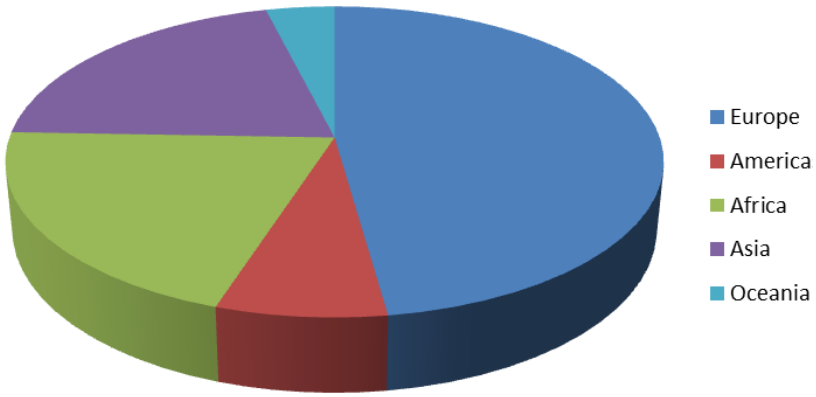


AND FDI TO NON-SADC COUNTRIES IS GROWING IN A RANGE OF SECTORS

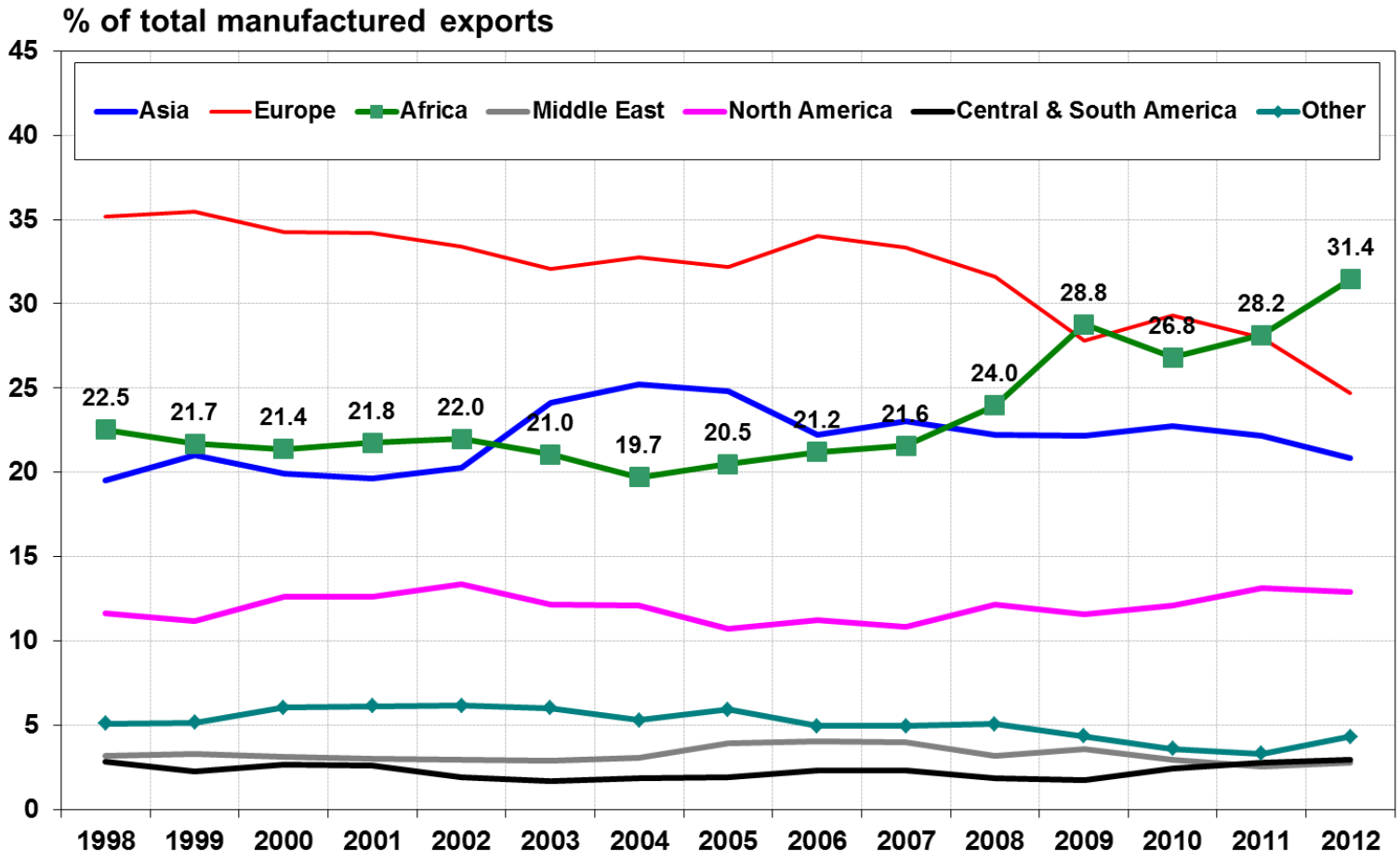
South African foreign direct investment into Africa: R121.8 billion



South African foreign direct investment total: R593 billion



THERE ARE ALSO RELATIVELY STRONG TRADE TIES, WHICH HAVE GROWN



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- Geography and history
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  - Economic size and clout
  - SA companies increasingly see opportunity in Africa and are expanding their presence
- Political influence
  - IMF, World Bank, UN
  - G20, BRICS
- Giving effect
  - New Partnership for Africa (NEPAD)
  - Tripartite Free Trade Agreement (T-FTA) (Cape to Cairo), monetary union etc
  - African Union
- However, this role is becoming more contested, which is not a bad thing

FINANCIAL SERVICE POTENTIAL: SOME INDICATORS

	Domestic credit to private sector as a % of GDP	Access to finance (% of firms identifying this as a major constraint)	Bank capital to assets ratio (%)	Non performing loans to gross loans	Return on equity (before tax)	Cost to income	Private credit bureau coverage (% of adults)
Angola	23.5	38.5	n/a	2.4	22.7	48.0	0.0
Botswana	32.0	25.5	n/a	3.5	46.9	47.5	60.7
Brazil	68.4	55.5	10.4	4.6	13.8	57.2	63.4
Chile	73.3	17.6	6.9	2.4	14.8	29.7	5.9
Colombia	48.9	41.4	14.8	3.0	21.4	63.9	83.8
Kenya	36.6	41.8	13.2	4.4	30.5	53.3	4.7
Mexico	27.7	29.6	10.1	2.2	11.7	64.4	100.0
Mozambique	25.3	50.1	9.0	2.6	29.7	57.8	0.0
South Africa	76.7	15.5	7.3	4.6	21.3	57.4	55.6
Tanzania	17.9	40.6	n/a	7.5	19.6	n/a	0.0
Uganda	16.3	47.8	14.6	2.2	37.1	52.6	4.1
Zambia	14.8	20.1	n/a	11.1	31.7	n/a	12.0

SOME CONCLUDING THOUGHTS

MAKE THINGS HAPPEN NEDBANK

- Africa has considerable potential and circumstances are now favouring a step change – better, more market-based, policies; improved access to credit; a renewed drive toward regional integration; and more favourable global circumstances
- However, considerable work on regional integration, improved governance and the removal or reduction of a rent-seeking culture needs to be done
- Financial inclusion is improving, with the main drivers being technology, economic growth and broader economic participation

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Pan-African
INVESTMENT & RESEARCH SERVICES

South Africa 2013:
A Political Economy Perspective

Old Mutual Showcase Conference

Cape Town

04 December 2013

Dr Iraj Abedian

Pan-African Investment & Research Services (Pty) Ltd.

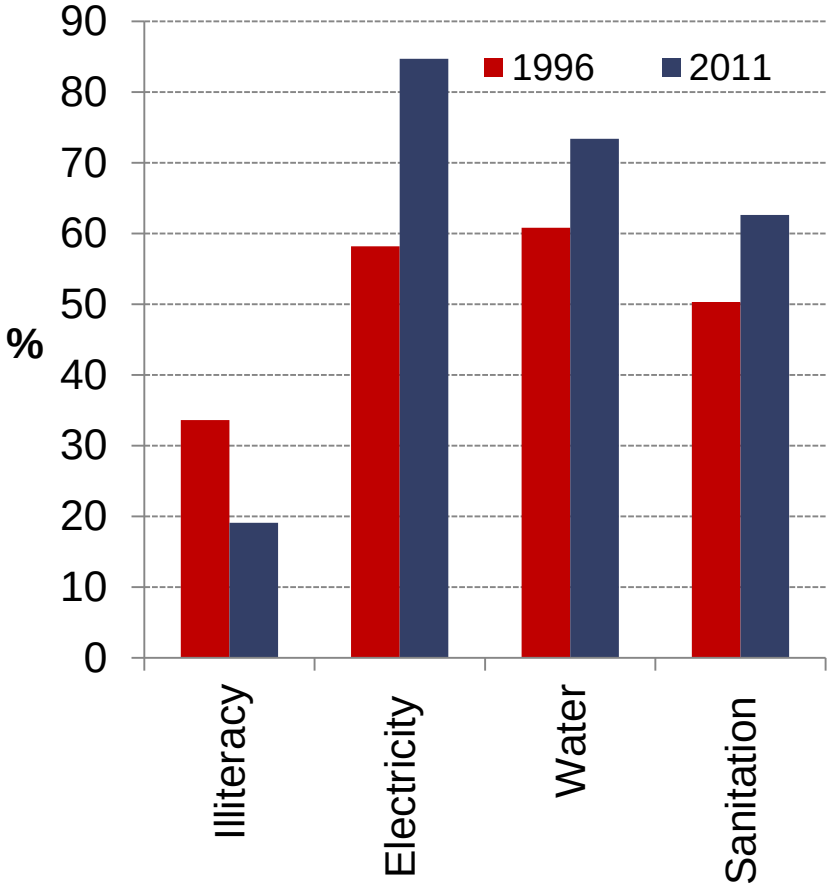
Outline

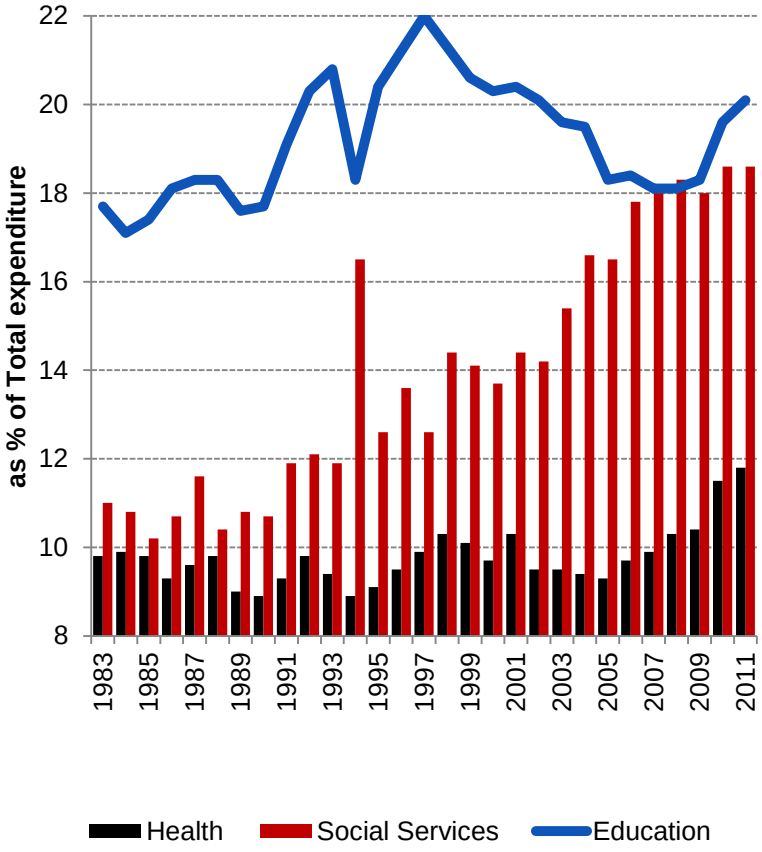
1. Introduction: Stylised Facts since 1994
2. South Africa's Political Economy Environment
3. South Africa and Africa's Emergent Dynamics
4. Concluding remarks

Pan-African
INVESTMENT & RESEARCH SERVICES

South Africa's Stylised Political Economy Facts

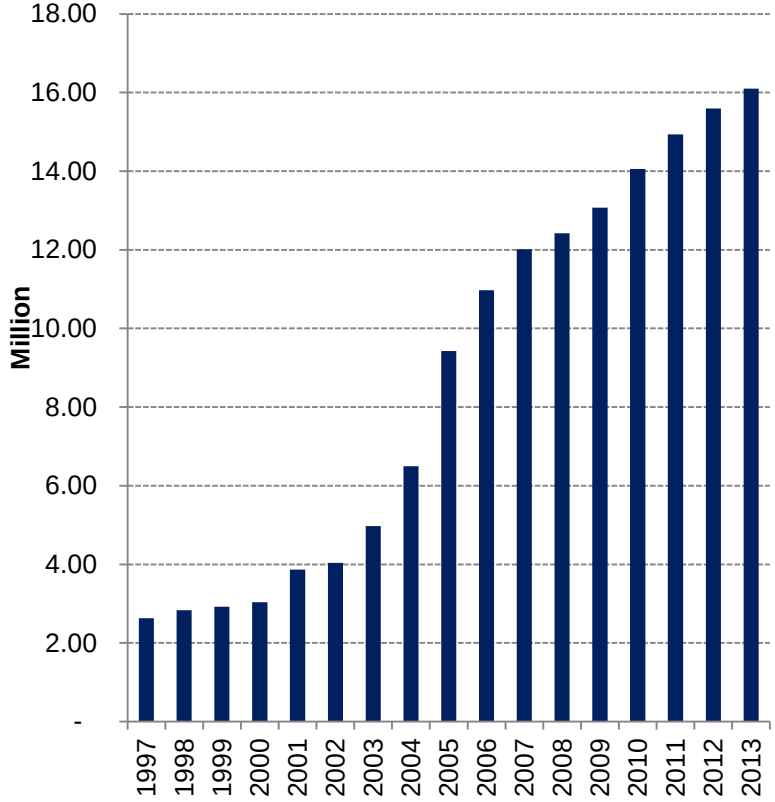
Focus on Social Redress Since 1994



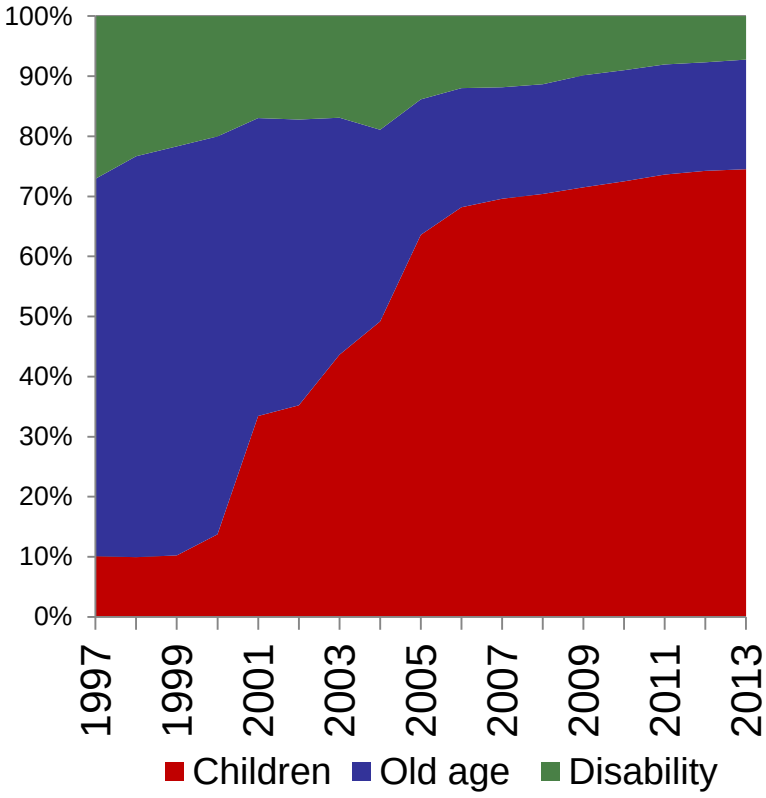


Social Welfare:
Key Focus of Poverty Alleviation

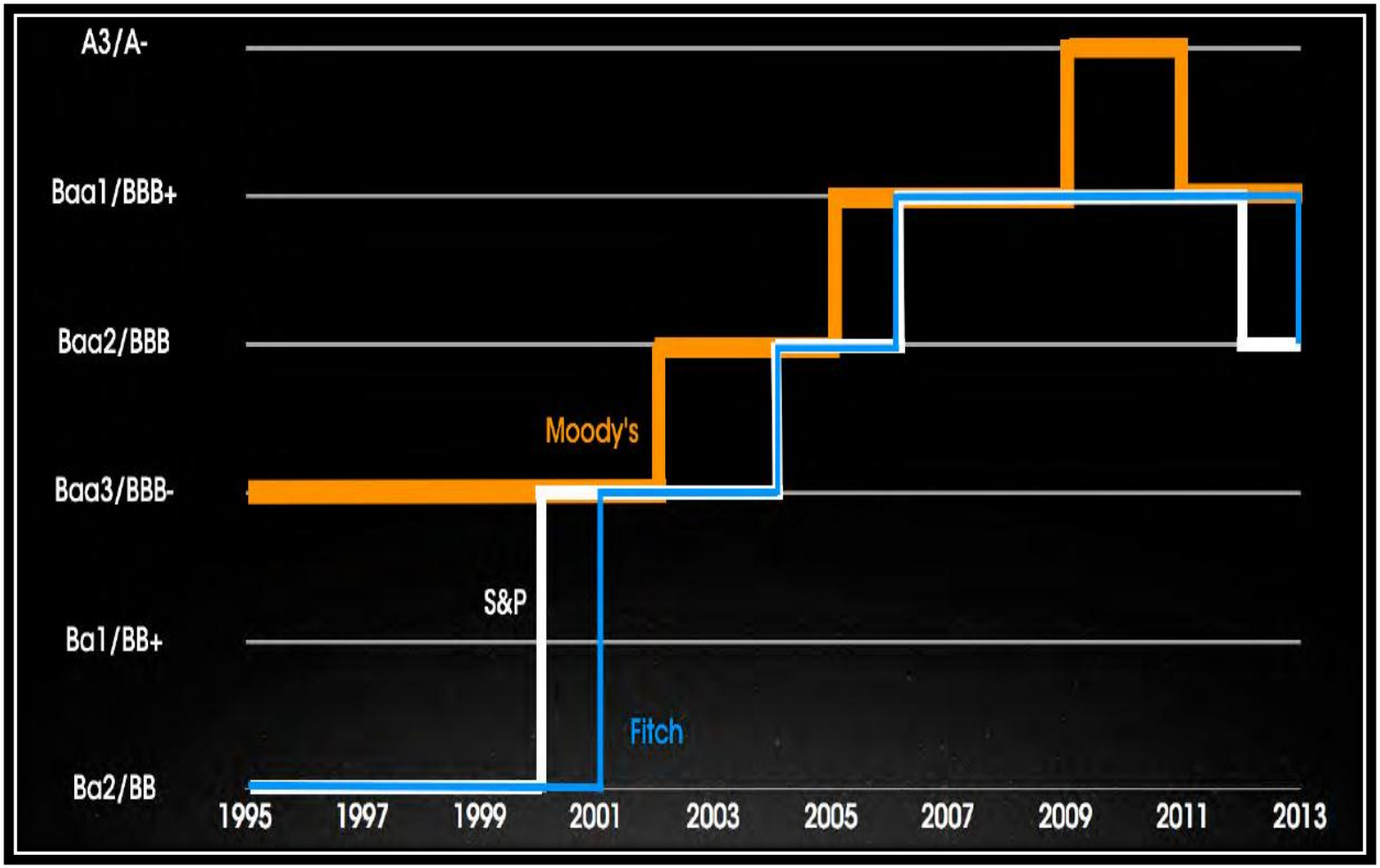
Beneficiaries



Composition

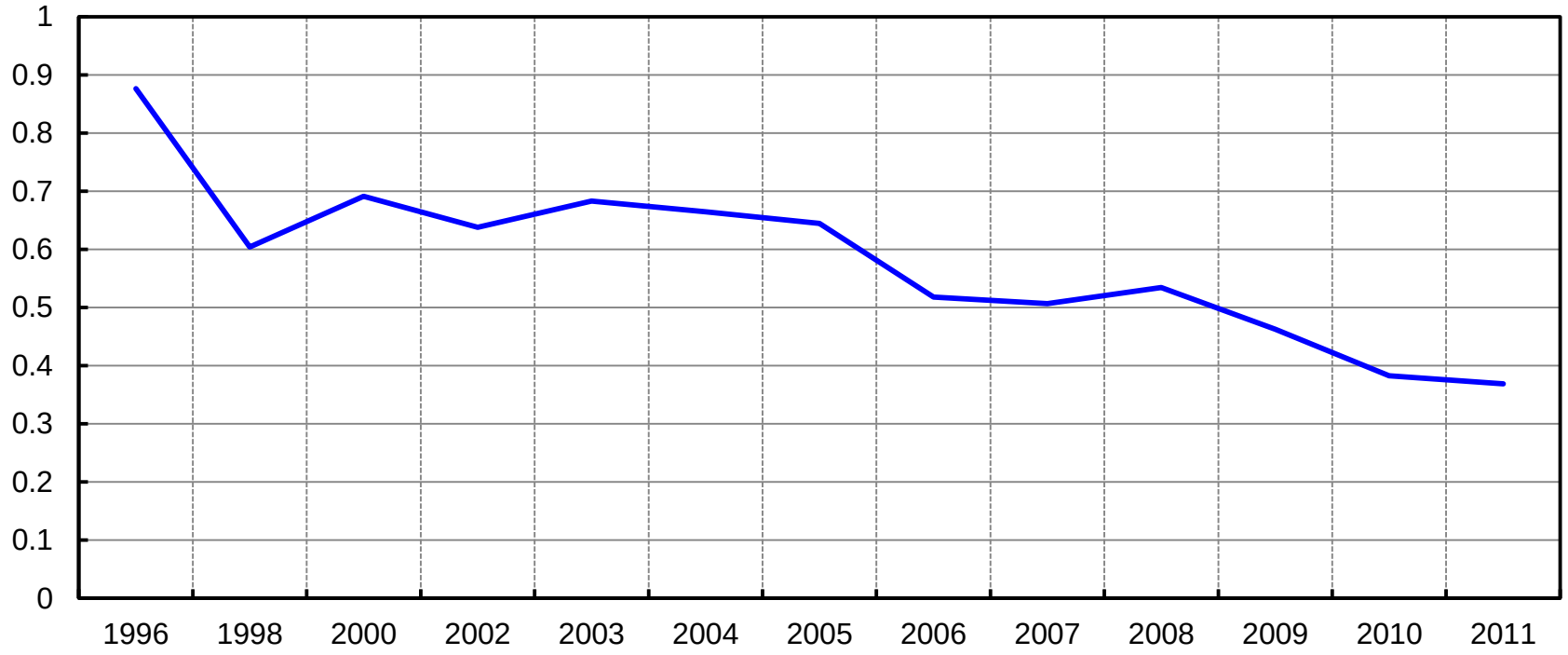


SA credit rating: Rapid Progress since 1999, but under strain post -2009



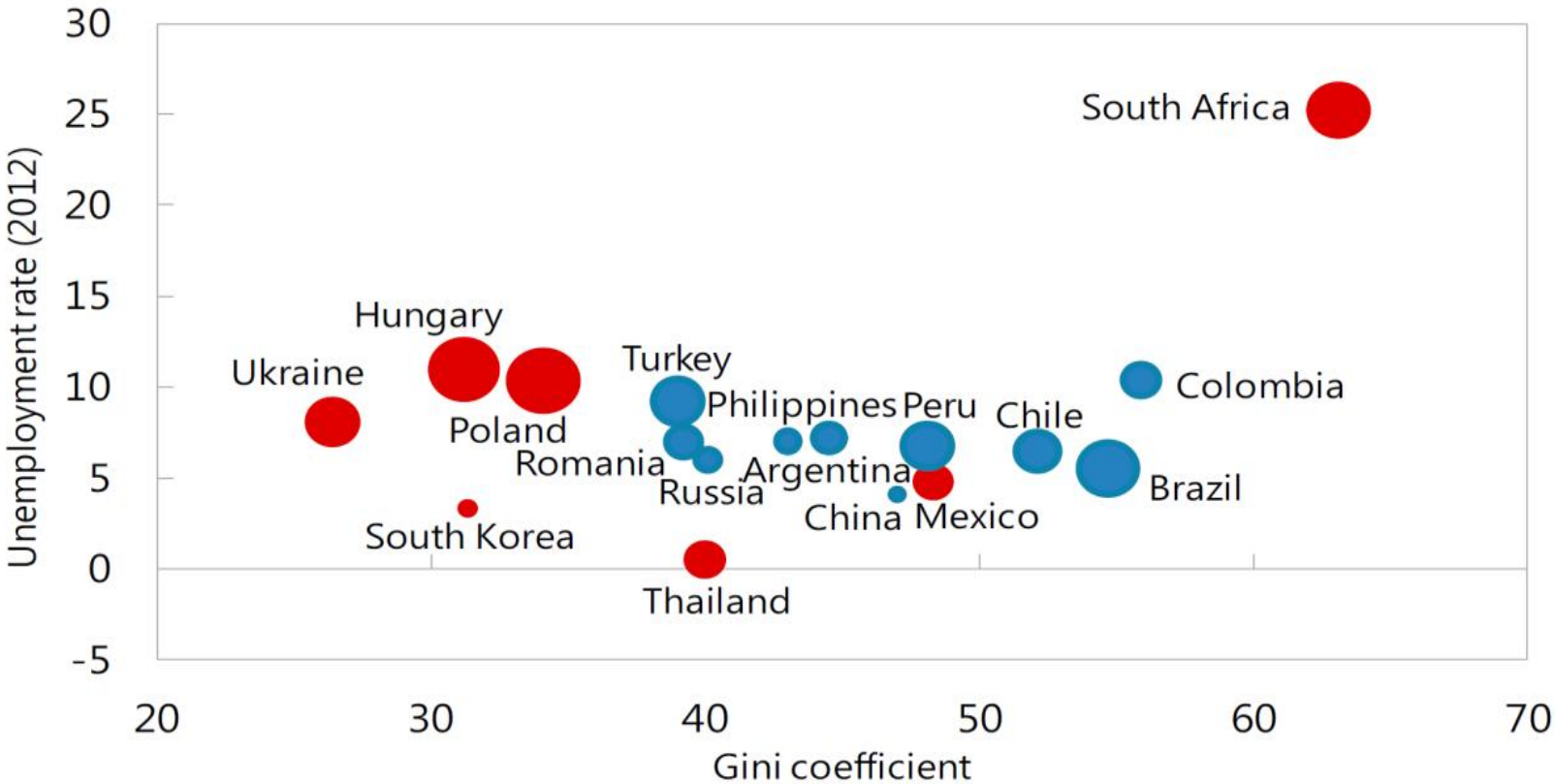
Source: Bloomberg and Standard Bank

Public Sector Efficiency Falling: SA's Governance Effectiveness Index



Source: World Bank (2013)

South Africa's Triple Evils: Unemployment, Inequality & Poverty



Sources: WEO; and World Bank World Development Indicators.
1/ Blue represents a decrease and red an increase in unemployment between 2008 and 2012.
The size of the bubble illustrates the magnitude of the change in unemployment.

Source: WEF

SA’s political economy environment

SA Constitutional Democracy Dynamics

1. Constitutional Democracy is a noisy, evolutionary and relatively unstable environment!
2. In an EM environment, a constitutional democracy is rare and remains work in progress. Nearly all aspects of governance need to be tested with first a legal and constitutional precedence!
3. SA social activist culture adds spice to the process too.
4. Within nearly 20 years, SA has done much to evolve and protect its constitutional democratic order despite the clash of competing forces.
5. Meanwhile global and technological factors have added to the domestic and historic challenges.

SA Labour Unions in Turmoil (I)

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1. **COSATU's internal atrophy and external grind:**
   a) Union memberships in the private sector has fallen sharply; the march of technology is unstoppable!
   b) Rising public sector employees unionisation is a recipe for inter-alliance political clashes.....and possible race to the bottom!
   c) From within, the primary purpose of the labour unions is being revisited, it is bound to be revised.
   d) The rise of the splinter unions is set COSATU on a slide to irrelevance.
   e) For now, COSATU is increasingly the voice of the middle-class, at odds with the poor and the unemployed!

SA Labour Unions in Turmoil (II)

Pan-African
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2. SA's ANC Alliance Politics has run its course, because:

a) The rise of black middle class has created tension with unions.

b) The failure to create jobs is seen as a result of the alliance politics.

c) The loss of investor confidence leads to economic growth decline- it is not sustainable. Its fiscal impact on the state's ability to underpin stability is considerable.

d) "Extractive practices" by the alliance leaders have created a glaring wedge with the working class labour force & society at large.

e) The rising growth rates in the region places additional pressure on the domestic political alliance.

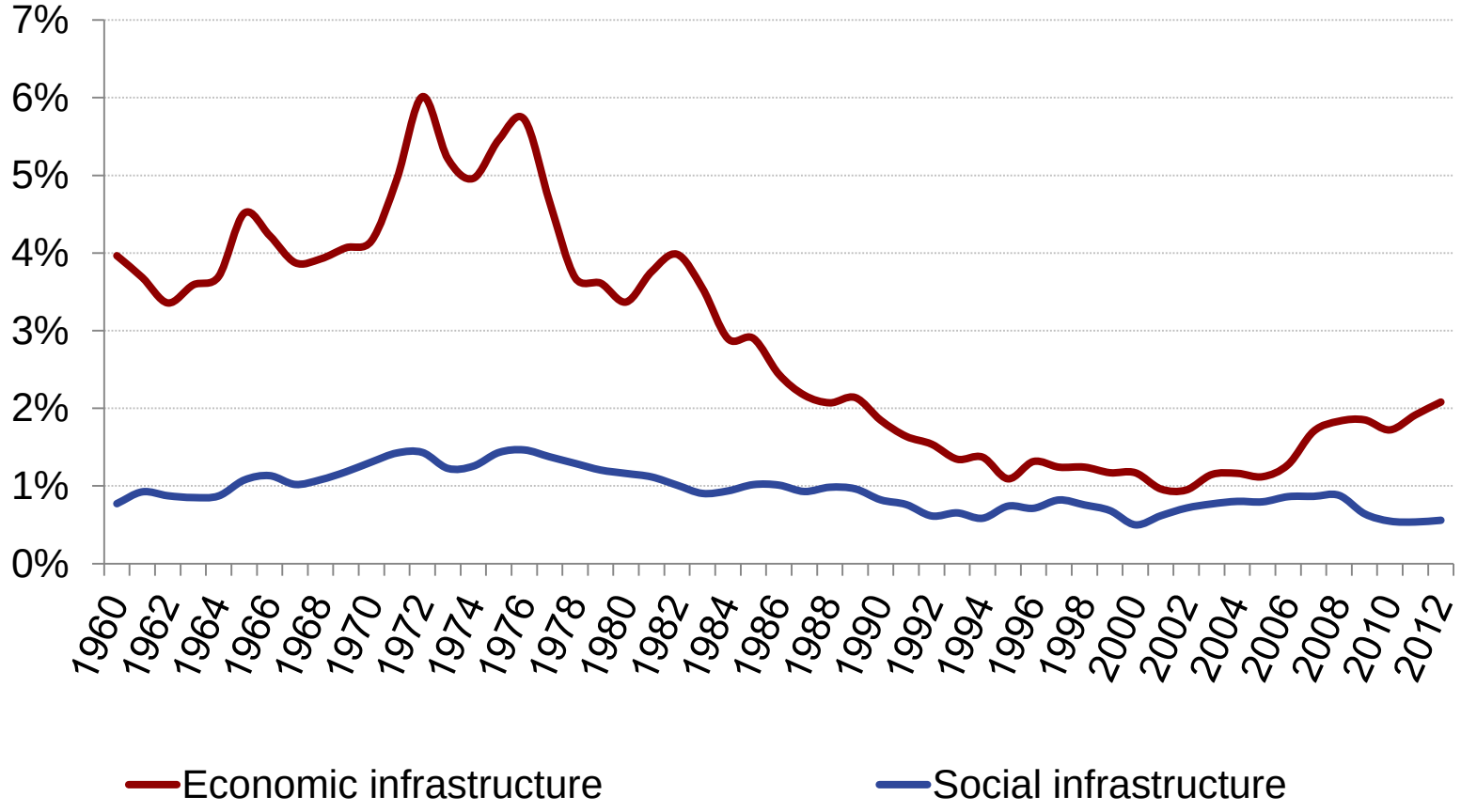
f) Growing violence in industrial relations is politically damaging.

NDP and SA Policy Contestations

1. Policy uncertainties prevail *post*-Mangaung (Dec. 2012)
2. Policy contestation, associated with the SA constitutional democracy, has become the defining feature of "new SA since 1995".
3. Meanwhile, the economy has exhausted its capital base, its socio-economic infrastructure is run down, the rate of capital formation is woefully too low!

Low infrastructure investment levels

Infrastructure investment as % of GDP, South Africa, 1960-2012



Source: SARB & PAIRS.

NDP and SA Policy Contestations

Pan-African
INVESTMENT & RESEARCH SERVICES

1. Policy uncertainties prevail *post*-Mangaung (Dec. 2012)
2. Policy contestation has become the defining feature of "new SA since 1995".
3. Meanwhile, the economy has exhausted its capital base, its socio-economic infrastructure is run down, the rate of capital formation is woefully too low!
4. Social capital also has declined.
5. The NDP is an attempt to rebuild the socio-economic base for growth and development.
6. Its ideological bend is market economy, its approach is "supply based", and its timeline is medium to long term. All these are at odds with the ANC Alliance partners, Cosatu and SACP!
7. For SA's coalition government, NDP is hard to implement, even when adopted!

SA political Economy Scorecard

1. South Africa's credit rating is on a negative outlook.
2. Corruption in both government and business is damaging "brand South Africa".
3. The performance of some key institutions (the Auditor General's and Public Protector's offices) in the face of poor showing in most government departments earns SA much credit.
4. Open discourse on critical issues of governance is vital and positive for medium to long term success.
5. There is a real **short term** trade off between the pace of democratic maturation and the rate of GDP growth!
6. SA economy, however, remains resourceful, and likely to overcome obstacles in the medium term.

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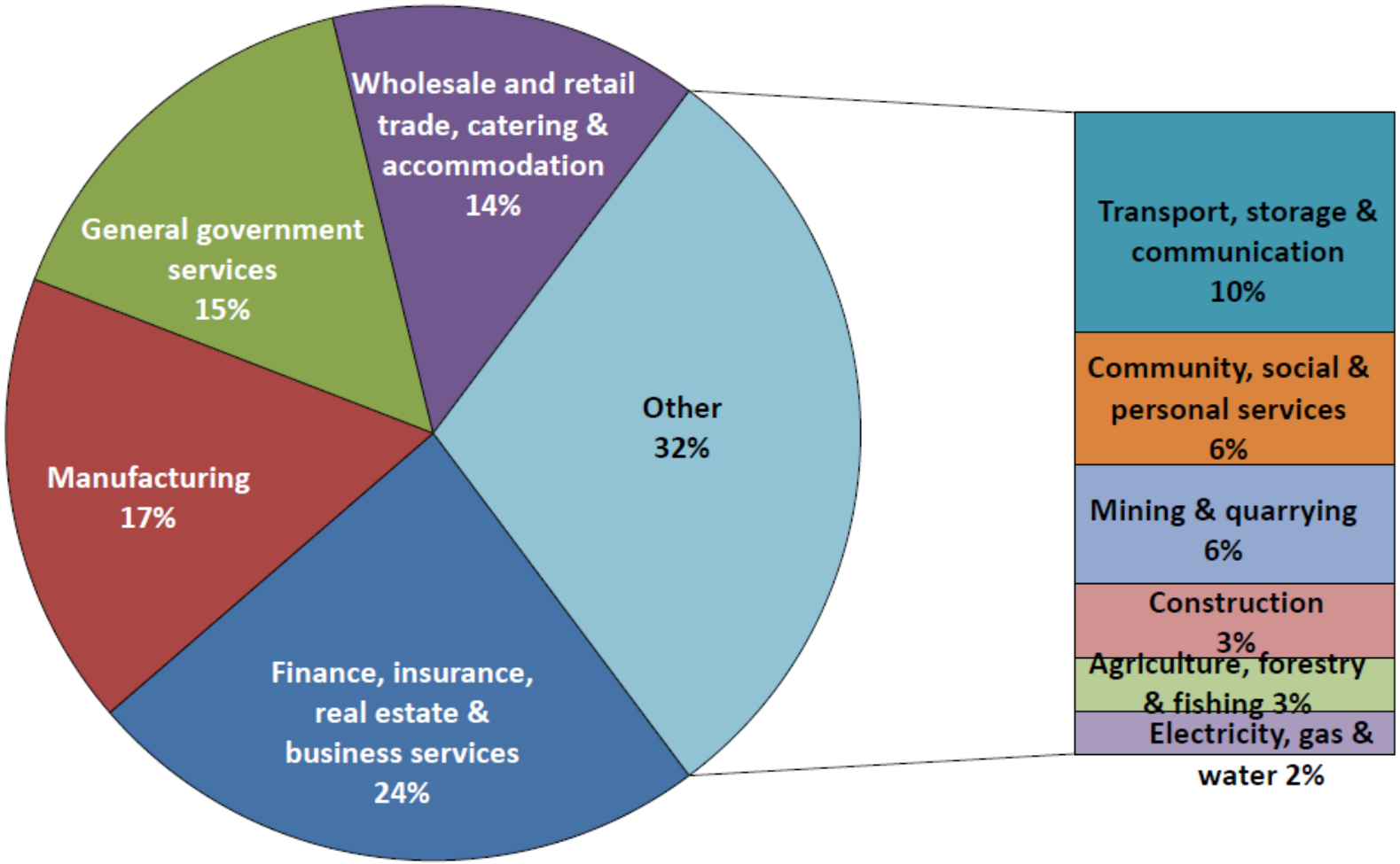
South Africa

and

Africa's Emergent Dynamics

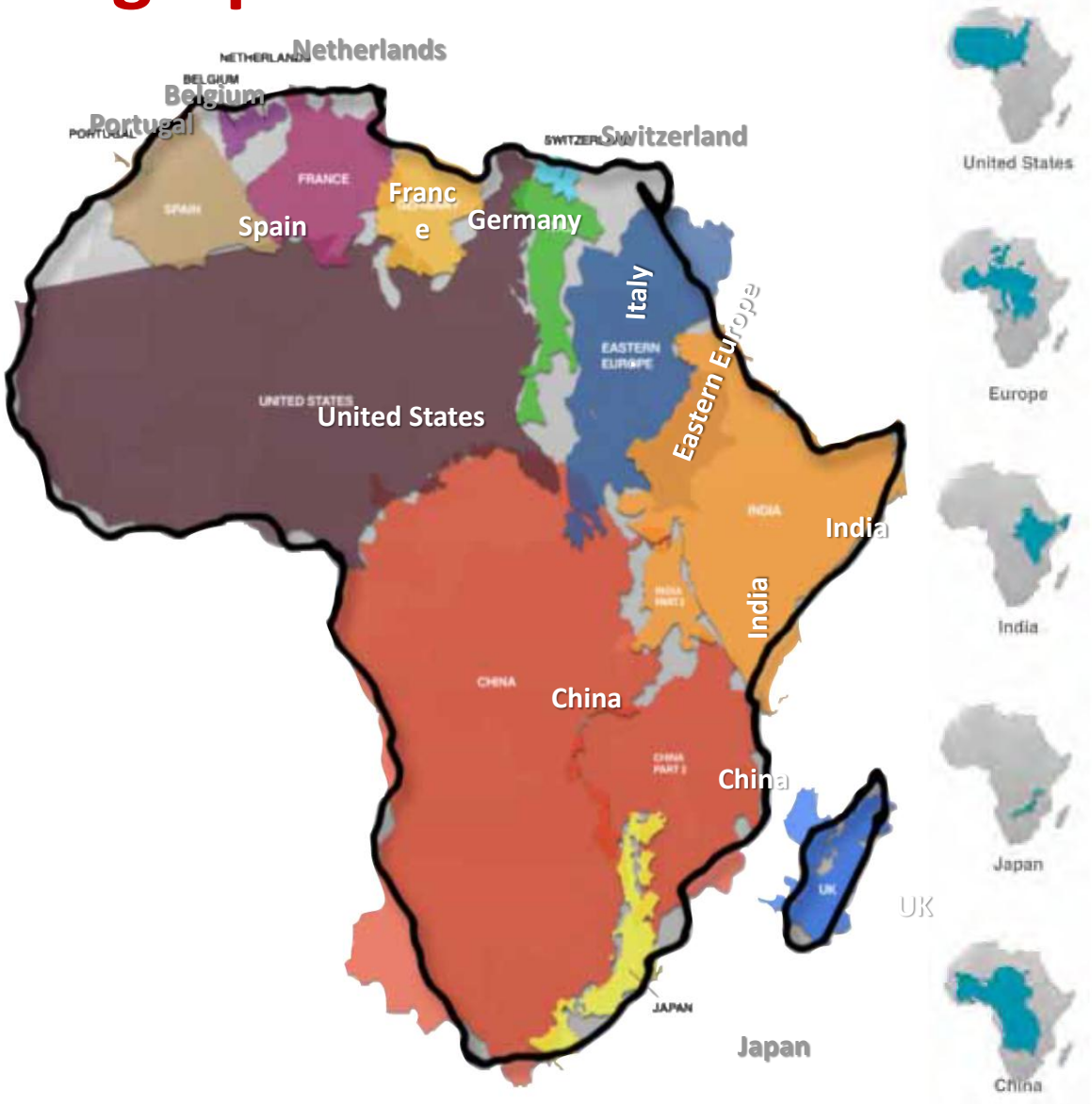
SA GDP Enjoys a diversified base (2012)



Source: StatsSA

Africa's Geographic Size in Context

Country	Area x 1,000km2
US	9.629
China	9.573
India	3.287
Mexico	1.964
Peru	1.285
France	633
Spain	506
Papua New Guinea	462
Sweden	441
Japan	378
Germany	357
Norway	324
Italy	301
New Zealand	270
United Kingdom	243
Nepal	147
Bangladesh	144
Greece	132
Total	**30.102**
Africa	**30.221**
Just for reference: the surface of the MOON	37.930



Source: Kai Krause, Public Domain/Creative Commons.

Concluding remarks

Concluding remarks

Pan-African
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1. SA democracy has achieved much in its short life, and it is maturing against considerable domestic and global forces.

2. Structural impediments, misaligned macro policies, lack of urgency in implementation, inadequate skill base in the public sector, are restraining SA's performance.

3. SA diversified GDP base and its institutional resilience help smooth the short term obstacles.

4. Ironically, the country has immense growth and developmental potential, and the regional environment for unlocking SA's economic potential has never been better!

Thank you for your attention

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Paul Hanratty, Group COO

INSURANCE | INVESTMENT | SAVINGS | BANKING

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This presentation may contain certain forward-looking statements with respect to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual plc's control including amongst other things, international and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual plc and its affiliates operate. As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward looking statements. Old Mutual plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

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AGENDA

Old Mutual Group in Emerging Markets

The African opportunity for financial services

Relative positioning in financial services sectors

Our Strategy – Collaboration in SA

Key Priorities & Vision

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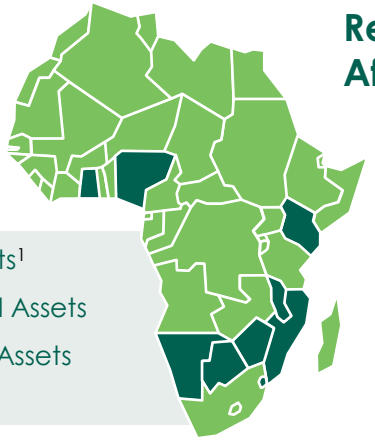
OLD MUTUAL IS A POWERFUL EMERGING MARKETS FINANCIAL SERVICES GROUP

South Africa

Profits[1]	R17.2bn
Total Assets	R1,184bn
Net Assets	R129.7bn
FuM	R729.9bn

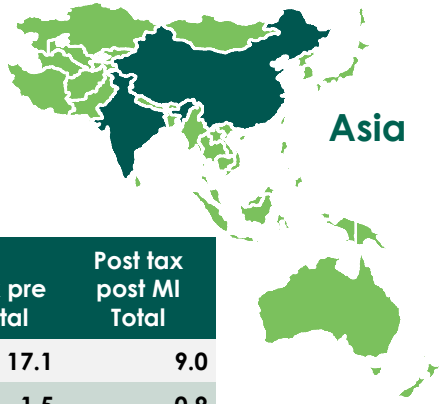


Rest of Africa

Profits[1]	R1.4bn
Total Assets	R45.9bn
Net Assets	R5.3bn
FuM	R38.3bn

LatAm & Asia / Rest of World

Profits[1]	R0.6bn
Total Assets	R55.2bn
Net Assets	R6.9bn
FuM	R118.2bn



Asia

2012 Profits (Rbn)	Life & Savings	Banking	Asset Mgmt	P&C	Pre tax pre MI Total	Post tax post MI Total
South Africa	5.9	9.5	1.3	0.4	**17.1**	**9.0**
Rest of Africa	0.6	0.7	0.1	0.1	**1.5**	**0.9**
LatAm & Asia / RoW	(0.2)	0.4	0.4	-	**0.6**	**0.3**
Total Profits	**6.3**	**10.6**	**1.8**	**0.5**	**19.2**	**10.2**
Profits (OM share of Nedbank)	**6.3**	**5.7**	**1.6**	**0.5**	**14.1**	

1. Adjusted Operating Profit, pre tax, pre MI
Numbers as at FY 2012 (restated)

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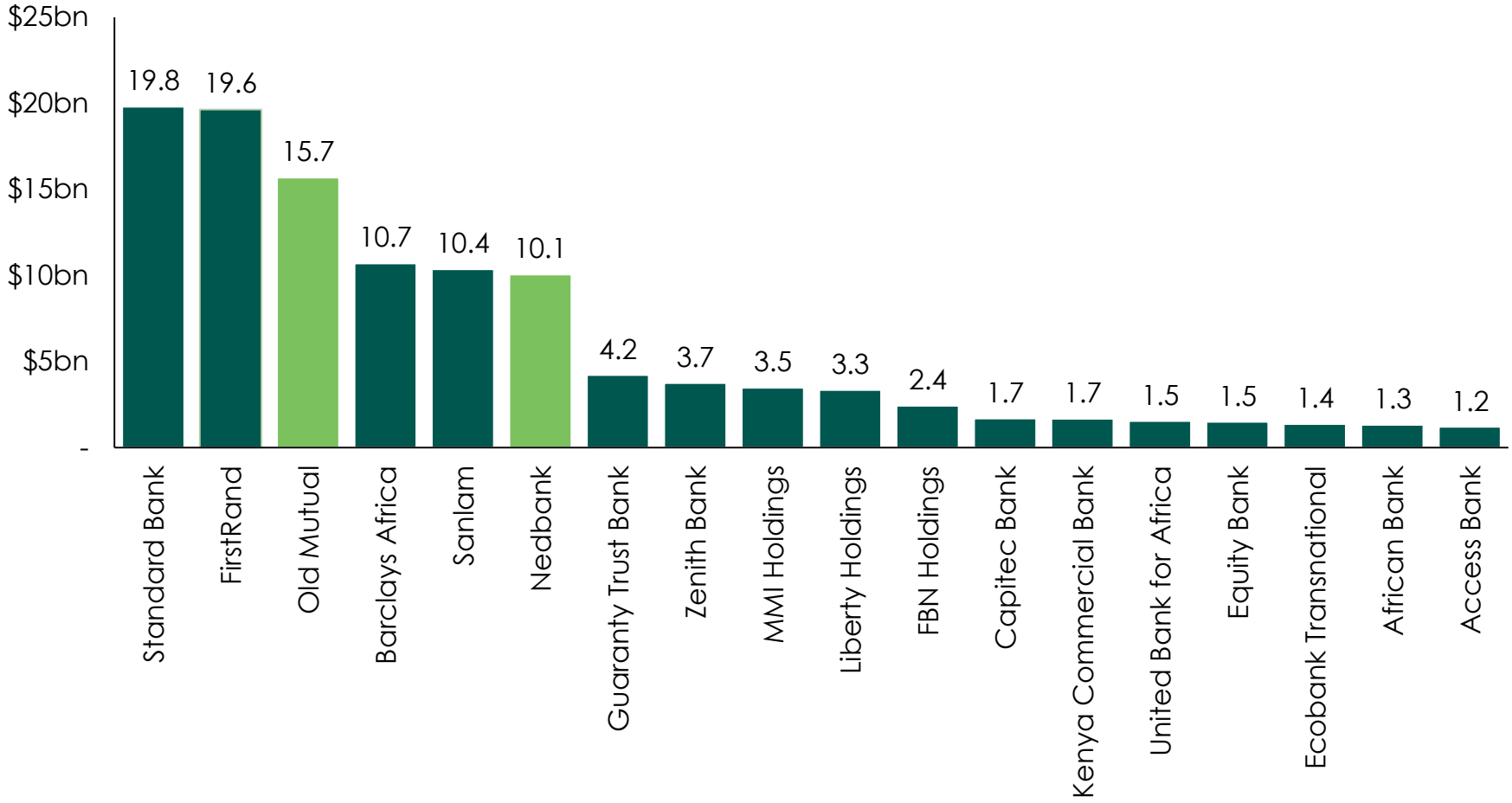
AFRICAN FINANCIAL SERVICES

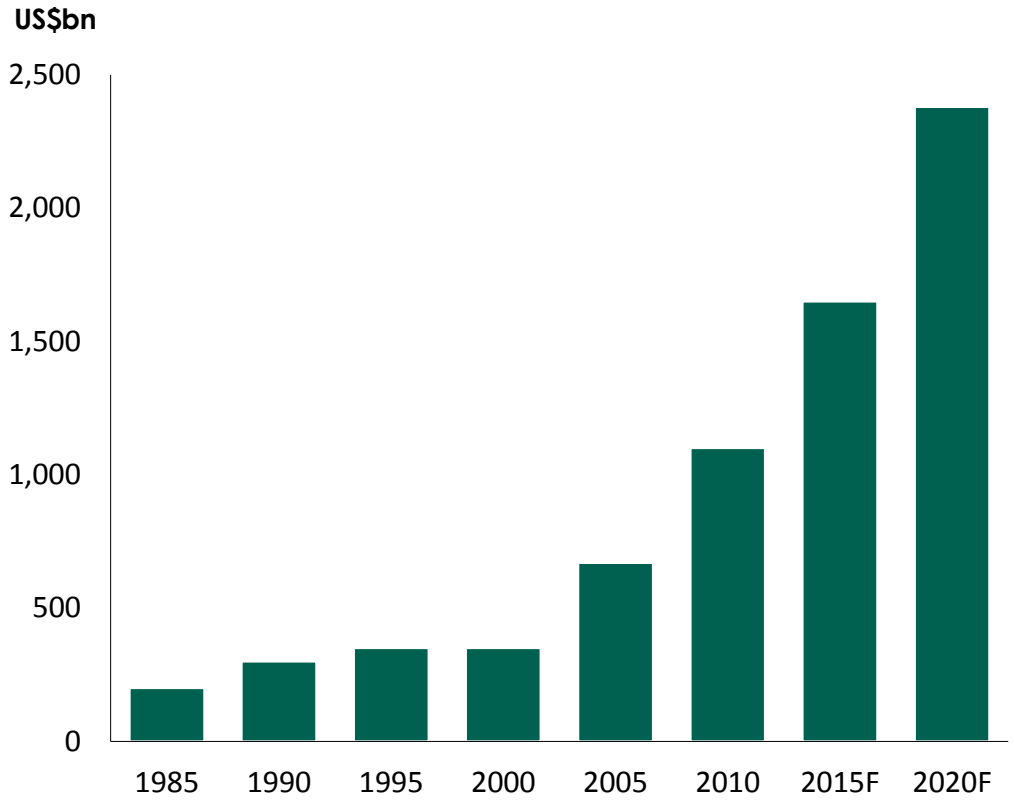
Market Capitalisations



Note: Market Data as at 1 November 2013
Source: Factset

SUB-SAHARAN AFRICA'S GDP TO REACH US$2.3 TRILLION BY 2020

Growth in Africa's GDP[1]



- Supercycle characteristics
- Sustained diversified growth
- The 7% Club – doubling size every ten years
- A new 'energy hotspot'

Source: IMF Regional Economic Outlook 2012;
1. Includes South Africa

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AFRICAN BANKS ARE HIGHLY PROFITABLE

	Net Interest Margin	-	Cost of Risk	+	Non Interest Income	-	Cost to Income	=	RoA	➔	RoE
African Banks	8-13%		1-2%		c.33%		40-50%		4-5%		c.20 - 30%
SA Banks	4-6%		1-2%		c.50%		50-55%		1.2-1.5%		15-20%
Developed World Banks Average	c.4%		c.0.6%		c.44%		c.55%		c.0.8%		c.11%

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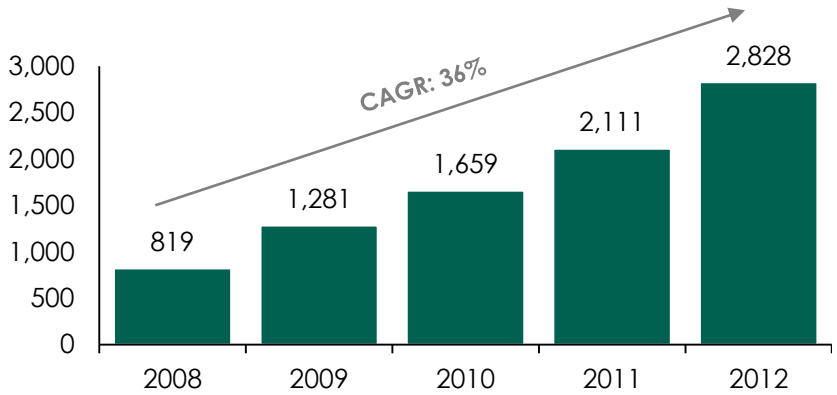
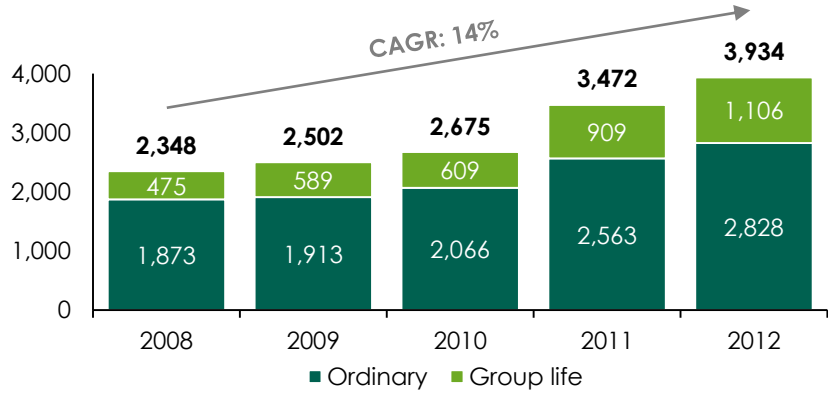
GOOD GROWTH AND MARGINS IN INSURANCE

Example of growth and margin for British American in Kenya

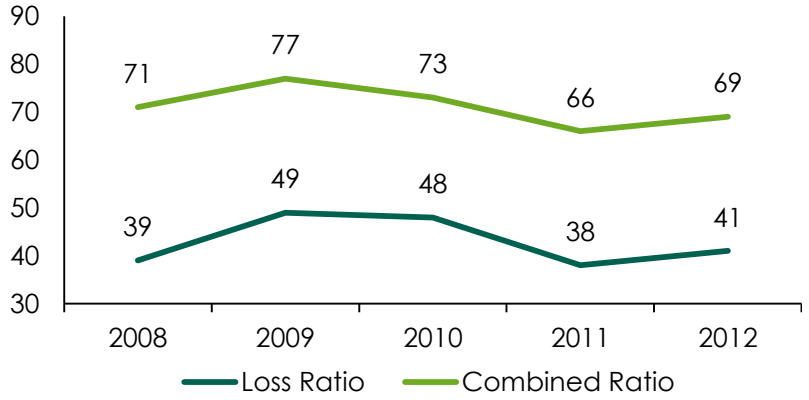
P&C premium growth[1] (KESm)



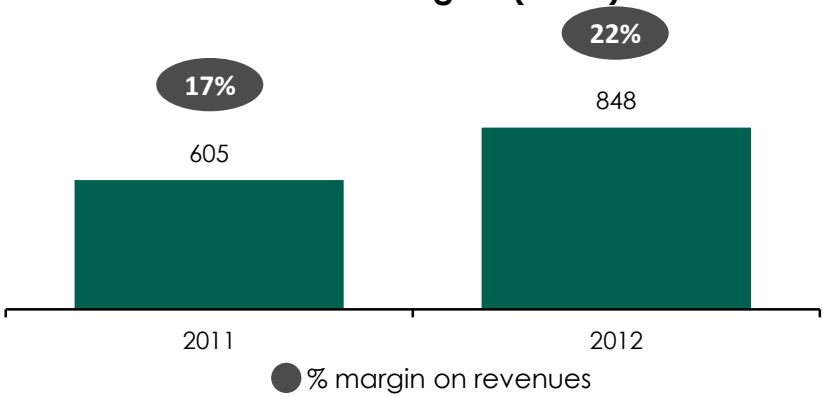
Life premium growth[1] (KESm)



Loss Ratio and Combined Ratio[2]



Life PBT Margins[3] (KESm)



Source:
1 – Britam Insurance AR 2012
2 – Britam Investor presentation 2012
3 - Britam Invest Co 2012 AR - 2012 KES 848m; 2011 KES 605m = Life Insurance business Profit Before Tax. Margins estimated: PBT / Life premium

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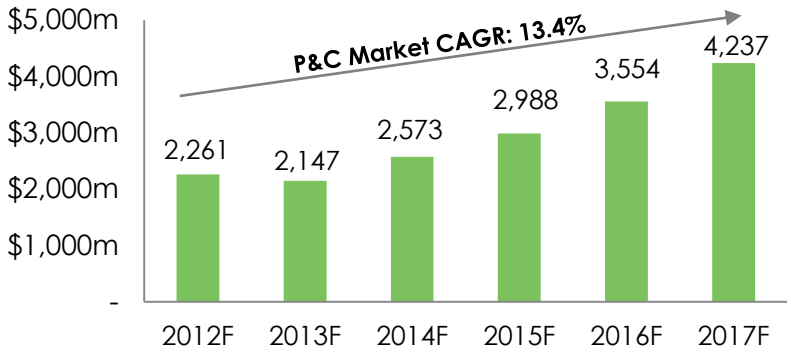
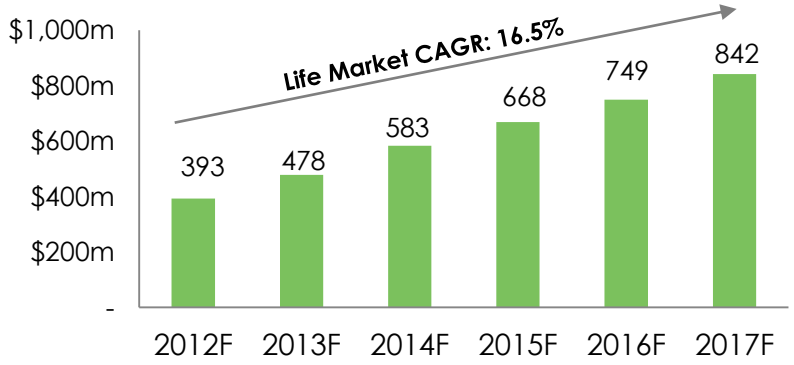
GOOD GROWTH AND MARGINS IN INSURANCE (2)

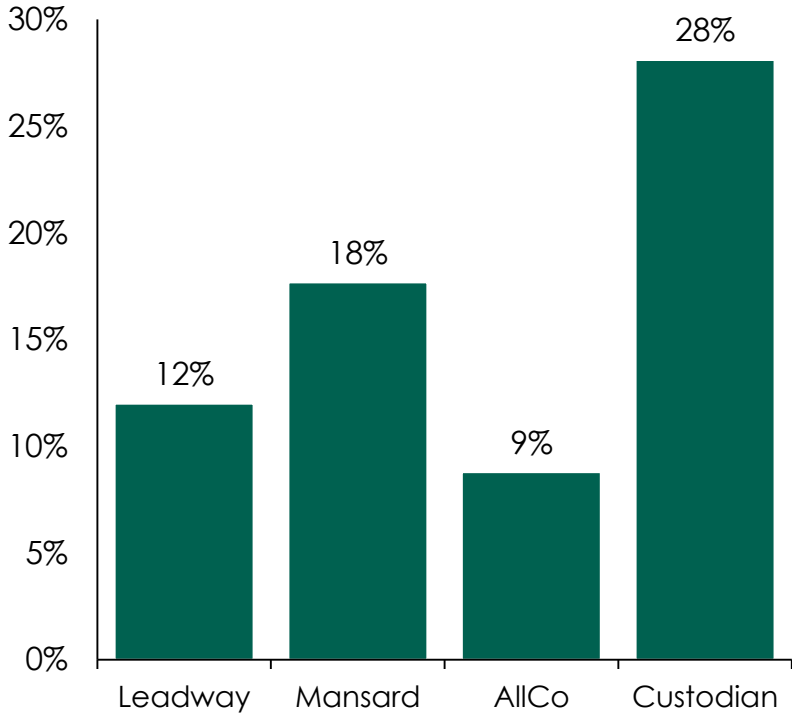
Nigerian Insurance

Premium Growth[1]





2011 Pre-Tax Margins[2]



Source:
1 – Timetric data
2 – Annual Reports – PBT / Total Income

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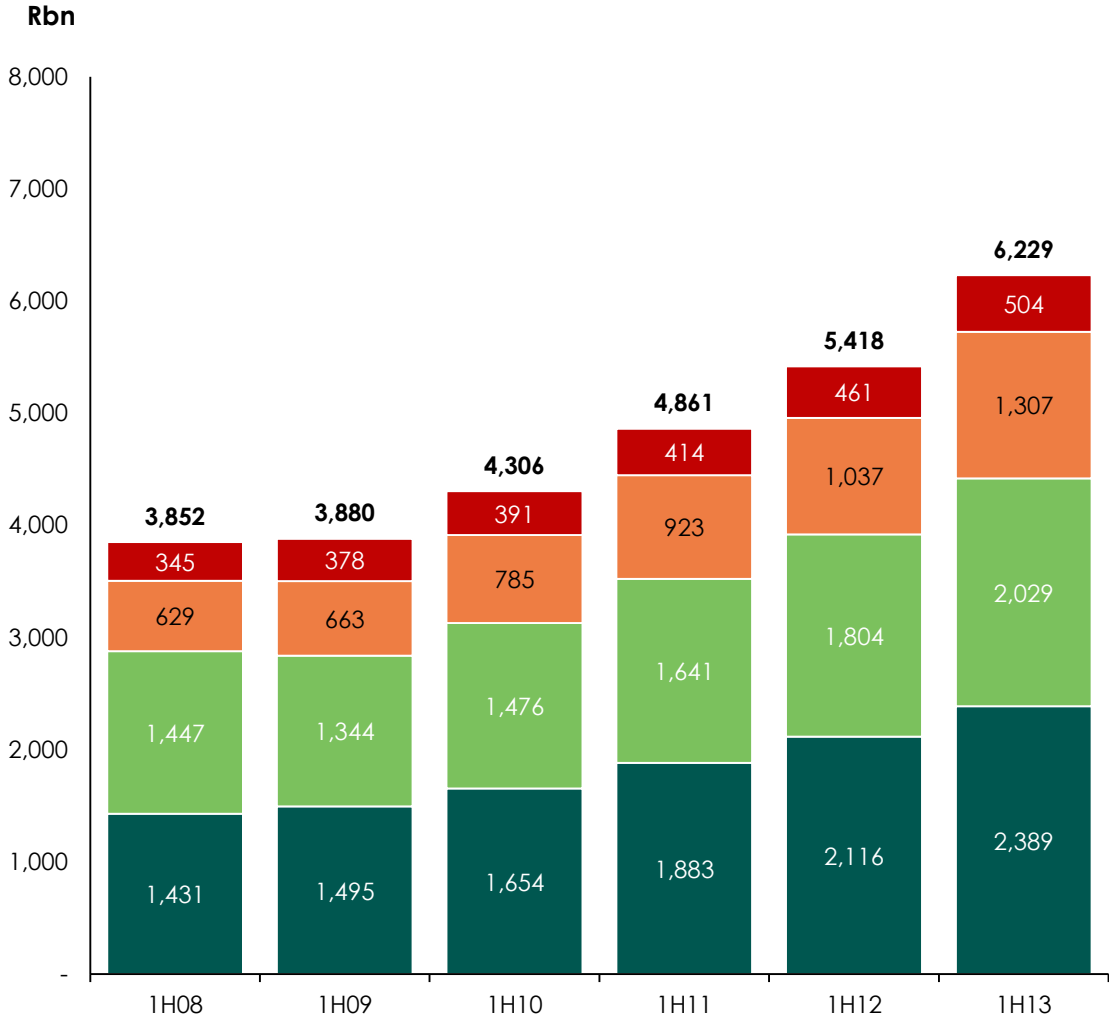
SOUTH AFRICAN SAVINGS POOLS



5 Year CAGR (%)	
Bank Deposits	+8%
Unit Trust Assets	+16%
Long Term Insurance Assets	+7%
Private Pension Funds, PIC, equities and bonds held by banks	+11%
Total Assets	**+10%**

Total

- Bank Deposits
- Unit Trust Assets
- Long Term Insurance Assets
- Private Pension Funds, PIC, equities and bonds held by banks

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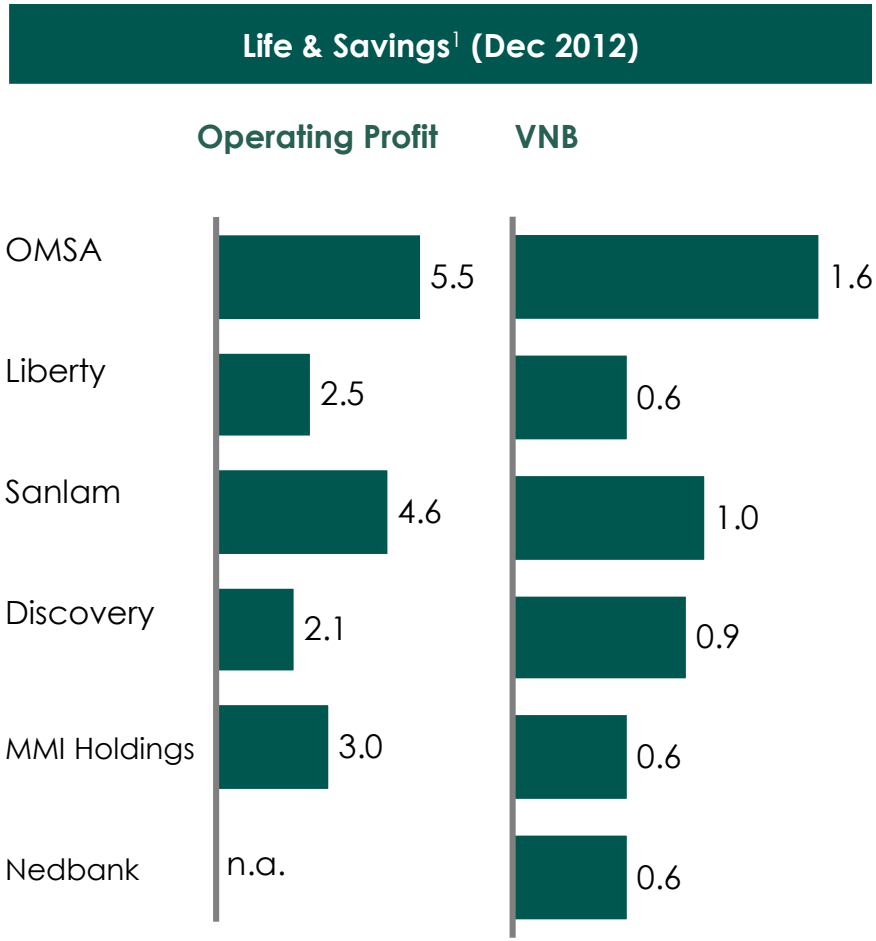
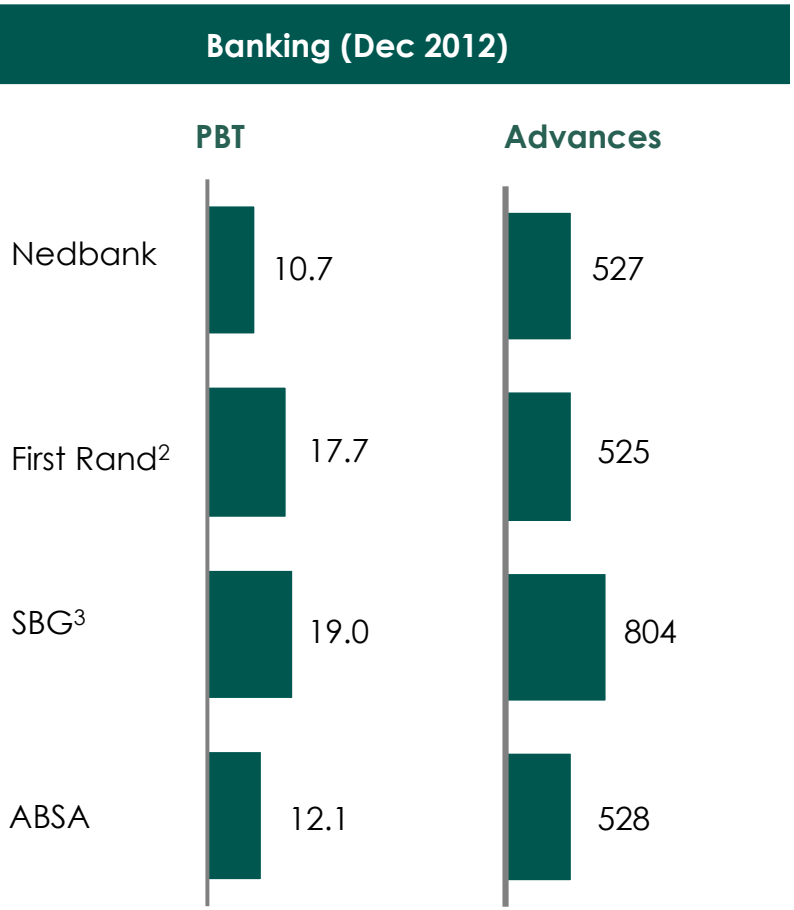
Source: South African Reserve Bank (SARB), Old Mutual South Africa (OMSA)
Growth shown is nominal

SOUTH AFRICAN COMPETITION

R bn





1. SA element only for peers
2. Including share of associates
3. Banking only

Source: Company Financials, RMB Morgan Stanley Research

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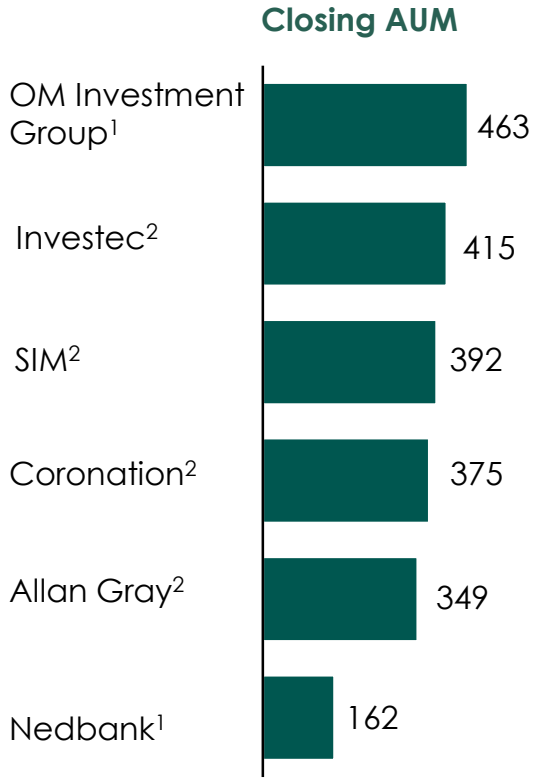
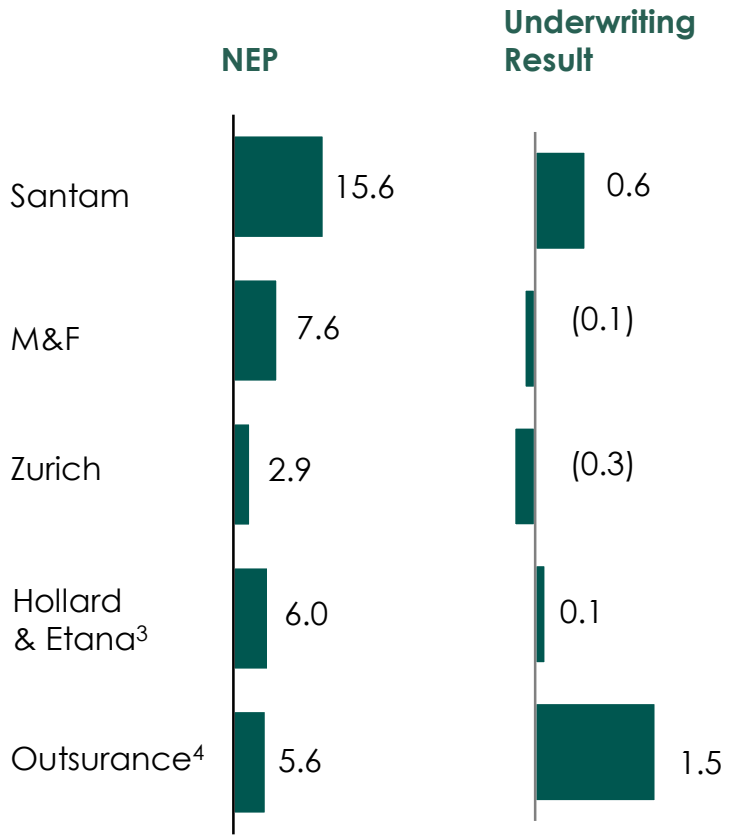
SOUTH AFRICAN COMPETITION (2)

R bn

Asset Management (Dec 2012)



Property & Casualty (Dec 2012)



1. End manager basis
2. As per Alexander Forbes Asset Under Management survey 2012
3. As at June 2012
4. As at June 2013

Source: Company financials, Alexander Forbes Survey 2012

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OUR STRATEGY - THE POWER OF COLLABORATION IN SA

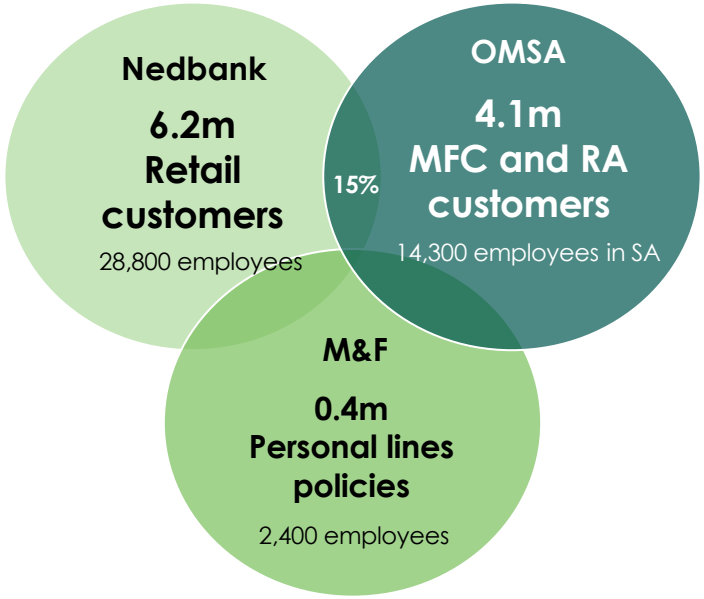
Becoming the leading and most trusted Financial Services Group in South Africa through maximising our combined impact

Over 10 Million Retail Customers

Sharing our strengths

Powerful combined distribution engine

Centres of excellence



45,500 employees

Our opportunities

Increased cross-selling

Efficiency improvements

Building Africa's most respected and trusted Financial Services Group

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KEY PRIORITIES FOR EMERGING MARKETS

Africa

Africa's time is now
The Group has a strong base in sub-Saharan Africa

To become an African Champion through a co-ordinated banking and insurance strategy

South Africa

Strengthen our businesses in South Africa by doing more to exploit our combined strengths in light of increasing competition

Unlock further value through cross-selling, co-operation, cost efficiencies and effective loyalty programmes, supported by centres of excellence

Group

Improve returns and manage risk

We will improve returns to shareholders and meet expectations of stakeholders, by seeking greater business collaboration across all our Emerging Markets businesses

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EXPANSION IN AFRICA: PROGRESS IN 2013

Nigeria

Acquired a majority stake in **Oceanic Life**: gaining new customers under Old Mutual brand

Acquired a majority stake in Ecobank's property & casualty business

Ghana

Acquired a majority stake in **Provident Life Assurance Company**

Life & investment products

Customer base mostly retail mass

Kenya

Acquiring[1] a majority stake in **Faulu**

Extensive retail distribution network

Customer base has similar demographic to Mass Foundation market in SA

Mozambique

Nedbank acquiring[1] an initial 36.4% stake in **Banco Unico**

Innovative banking product, including mobile banking applications

R925m (incl Nedbank) total spent; R700m of OMEM's R5bn allocation

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1. Subject to regulatory approval

Our Vision

To become our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals

Strategy 2014-2016

Drive strategic growth, through leveraging the strength of our people and through accelerating collaboration between our businesses:

Our focus is to expand in South Africa, Africa and other selected emerging markets; and to improve and grow Old Mutual Wealth and US Asset Management.

Our Big Five Priorities

1. Deliver on our customer promise
2. Drive profitable growth in our core businesses
3. Accelerate collaboration across the Group
4. Build a culture of excellence
5. Continue to simplify our structure to unlock value

Our Customer Promise

- Most accessible face-to-face and digital
- Solutions most certain to deliver on customer promises
- Best financial education and advice
- Most supportive of the communities we serve

How we behave

- **Aim High** and take your team with you
- **Customer First** – they are the reason we're here
- **Treat the business** like it is your own
- **Need to listen carefully** and talk honestly
- **Own your decisions** – decide and deliver
- **Win together** – help others succeed

Our Values

- Integrity
- Respect
- Accountability
- Pushing Beyond Boundaries

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Ralph Mupita: Chief Executive Officer: Old Mutual Emerging Markets

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

Our leadership team

Emerging Markets business at a glance

Cash generation and profit potential of our businesses 2012 vs 2020

The case for the rest of Africa and our strategy to create value

2015 targets

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A STRONG LEADERSHIP TEAM – 316 YEARS OF FINANCIAL SERVICES EXPERIENCE

Paul Hanratty
Group COO
(29 years)

Ralph Mupita
Old Mutual Emerging Markets CEO
(13 years)

Rose Keanly
MD: Services Technology and Admin & IT
(32 years)

Johannes Gawaxab
MD: Old Mutual Africa
(15 years)

David Buenfil
MD: Latin America & Asia
(13 years)

Marshall Rapiya
CEO: Old Mutual South Africa
(34 years)

Anisha Archary
HR Director
(4 years)

Katie Murray
Finance Director
(23 years)

Raymond Berelowitz
Director: Customer Solutions
(17 years)

David Marshall
Strategy Director
(21 years)

Diane Radley
CEO: Old Mutual Investment Group
(24 years)

Bongani Madikiza
MD: Corporate
(16 years)

Crispin Sonn
MD: Mass Foundation Cluster
(16 years)

Iain Williamson
MD: Retail Affluent
(20 years)

Gary Palser
Director: Risk and Actuarial
(33 years)

Abu Addae
Head: Balance Sheet Management
(6 years)

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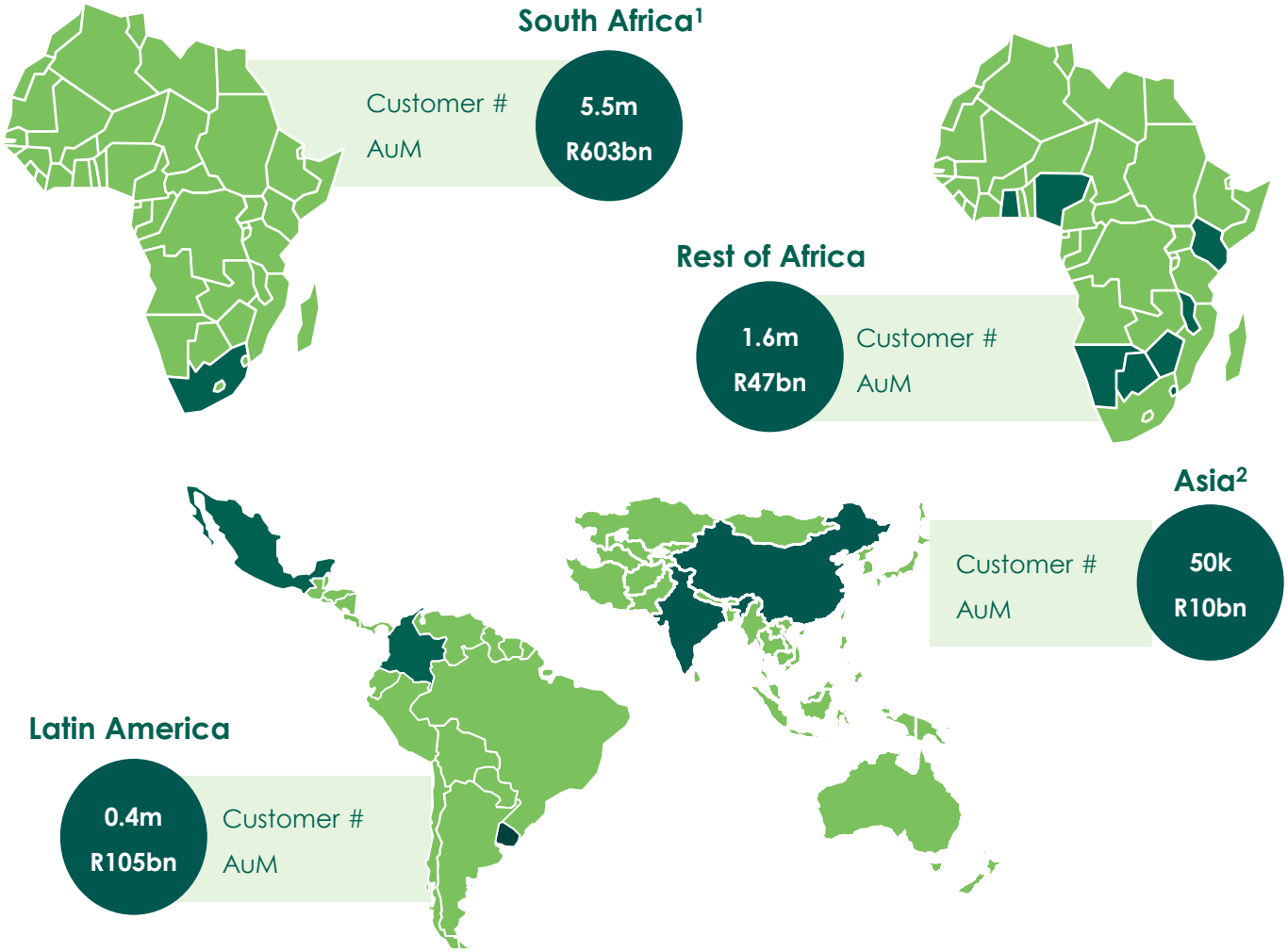
EMERGING MARKETS BUSINESS AT A GLANCE



AUM
R765bn

NCCF
R11.6bn

IFRS AOP
R3.8bn

Customers
7.5m

Employees
c. 27k

Sales force
c. 10k

Source: Old Mutual plc interim results. Figures at 30 June 2013
1. Includes retail and corporate customers
2. Excludes India which has 1.1m retail customers and 3.1m corporate members

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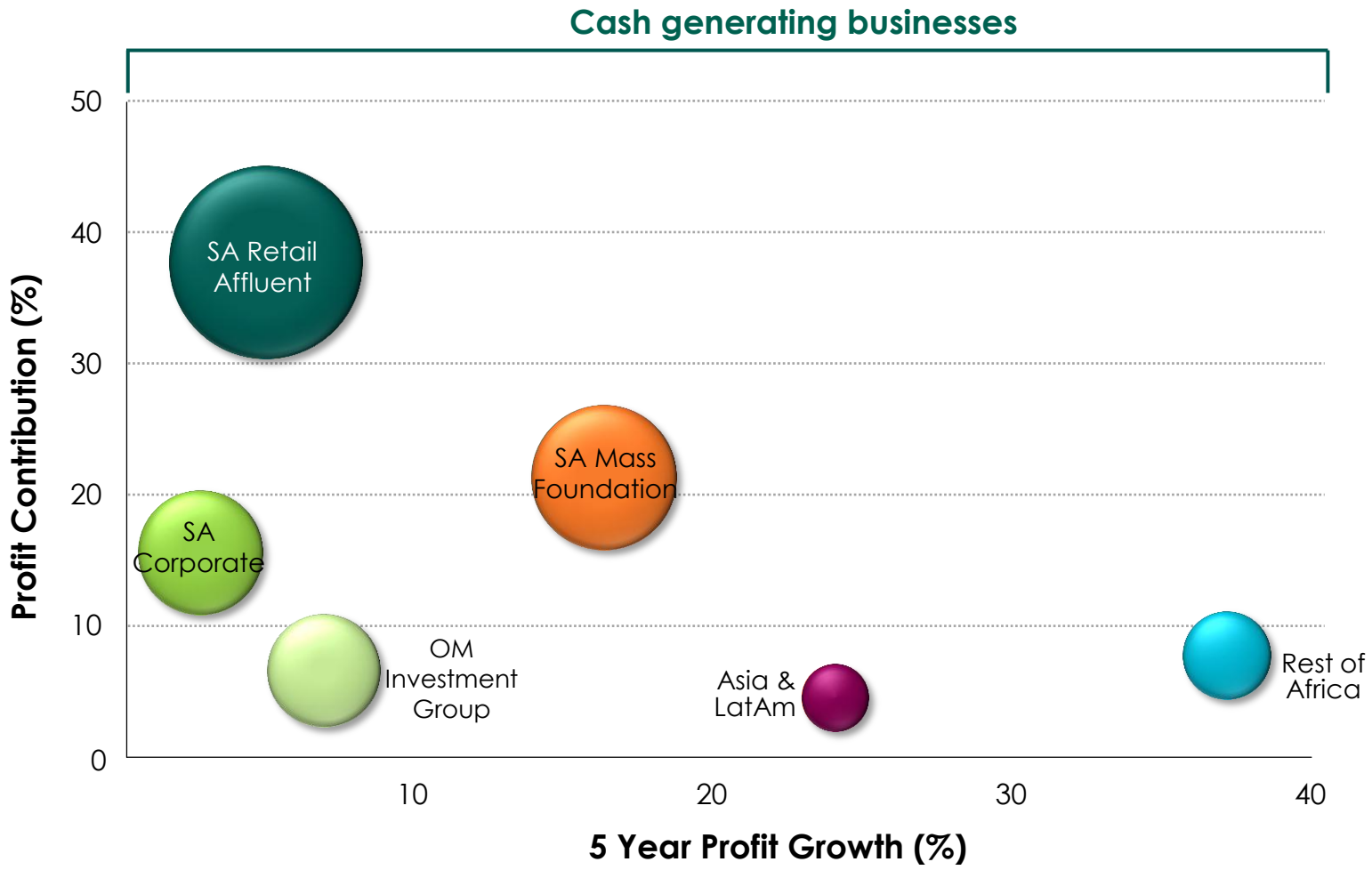
2012 VIEW OF EMERGING MARKETS BUSINESSES



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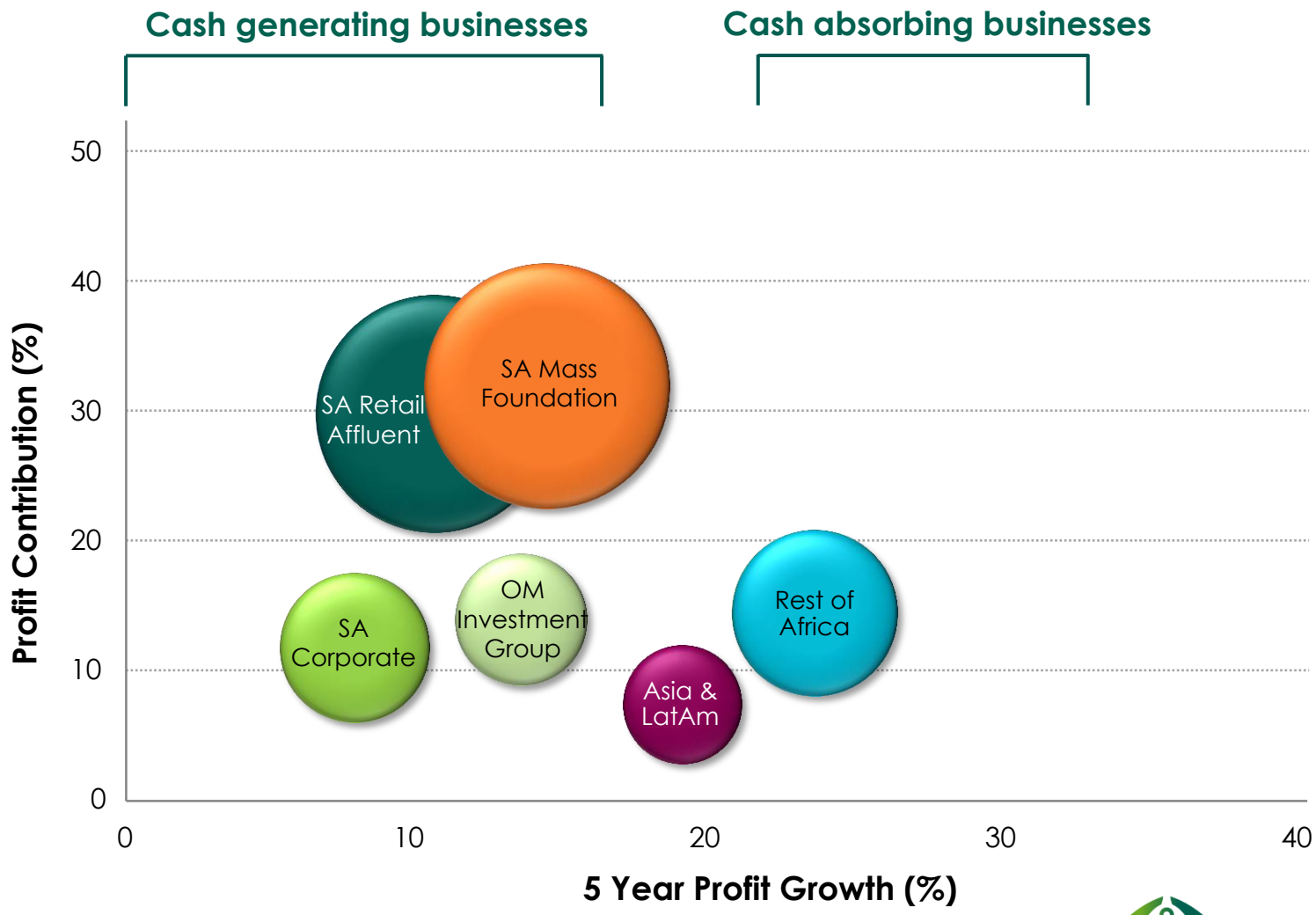
2020 VIEW OF EMERGING MARKETS BUSINESSES



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OUR GROWTH IN EMERGING MARKETS WILL BE DRIVEN BY A STRONG SA BASE

Leading SA Retail & Corporate market share **R2.3bn VNB[1]**

+

Largest institutional asset management business in SA with leading alternative asset capability

+

Integral Property & Casualty business

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increasing collaboration with Nedbank

MAKE THINGS HAPPEN

NEDBANK GROUP

High cash returns and strong capital generation

ROE > 20%

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1. Includes Nedbank VNB of R503m

AND EXPLOITING OUR COMPETITIVE ADVANTAGES

Brand strength

- Strong South African heritage
- International brand
- Highly trusted

Market understanding

- Understand economic, demographic & market trends
- Understand circumstances, needs & business models needed to serve mass and middle income customers
- Understand, anticipate and help to shape regulatory developments

Distribution skills

- Skilled at building and managing tied agency forces
- Build bancassurance relationships
- Use new generation distribution methods – mobile and digital

Cost leverage

- Scale advantage facilitates low unit-cost service
- Low admin cost per policy

Financial strength

- Strong balance sheet
- Growth can be funded by existing local cash and profit generation

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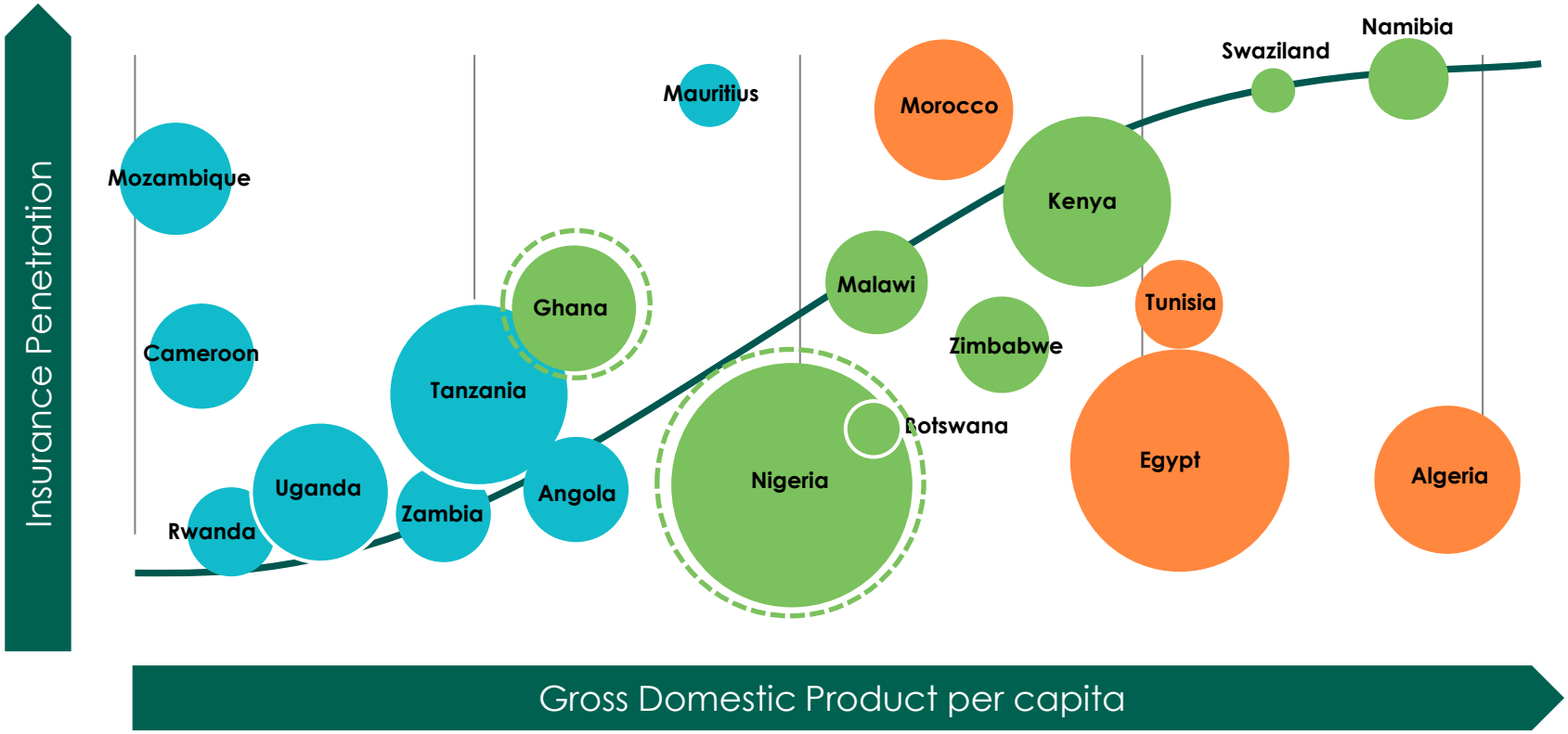
INSURANCE MARKETS IN THE REST OF AFRICA ARE NASCENT AND UNDER-PENETRATED



Represents population size

New Entry in 2013

Note: Based on Life and P&C insurance GWP

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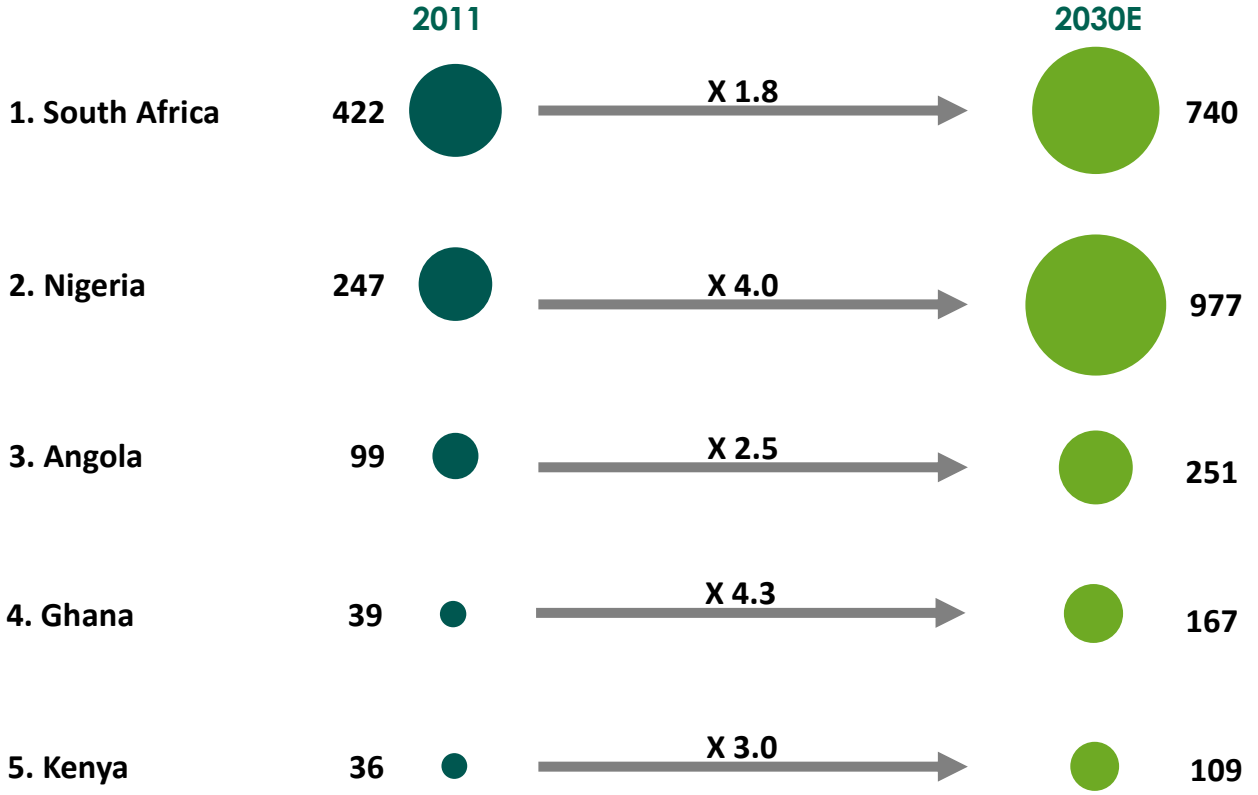
AFRICAN ECONOMIES ARE SET TO GROW SIGNIFICANTLY

Size of African economies – today vs future US$bn
Results of growth simulation based on current GDP trends



Source: IMF WEO, April 2012 Standard Chartered Research

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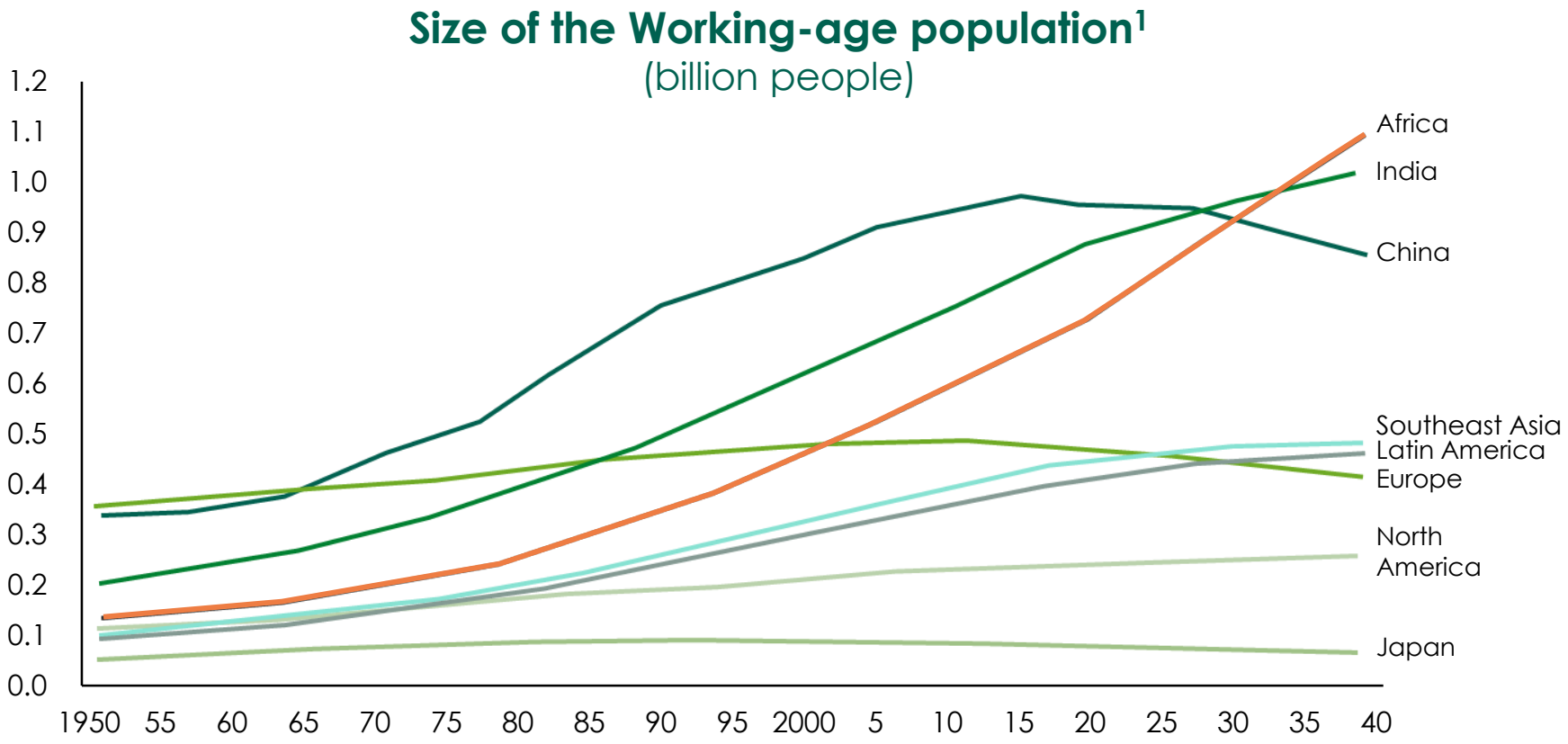
THERE IS A GROWING DEMOGRAPHIC DIVIDEND IN SUB SAHARAN AFRICA



1. Population ages 15-64
Source: United Nations World Population Prospect; McKinsey Global Institute

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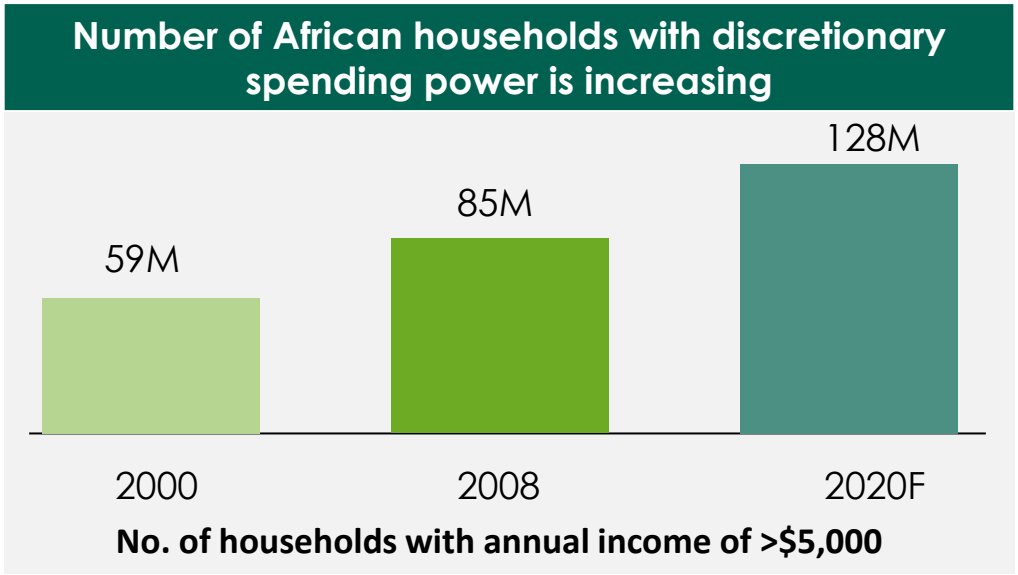
UNDER-PINNED BY THE RISE OF THE AFRICAN CONSUMER



- + 856 million consumers in sub-Saharan Africa (SSA) growing to1.3 billion consumers by 2030
- Consumer expenditure in SSA expected to reach nearly $1 trillion by 2020
- Poverty expected to fall to 20% by 2020
- 2050, c60 % of people in SSA will live in cities, compared with 40 % in 2010. This means 800m more people will live in urban environments
- By 2014, more than 600 million people will own a mobile phone giving Africa one of the world's highest mobile usage rates

Source: Lions on the move: The progress and potential of African economies (McKinsey & Company, June 2010); Building a strategy for Africa (Genesis Analytics); IMF World Economic Outlook; Accenture: Rise of the African Consumer

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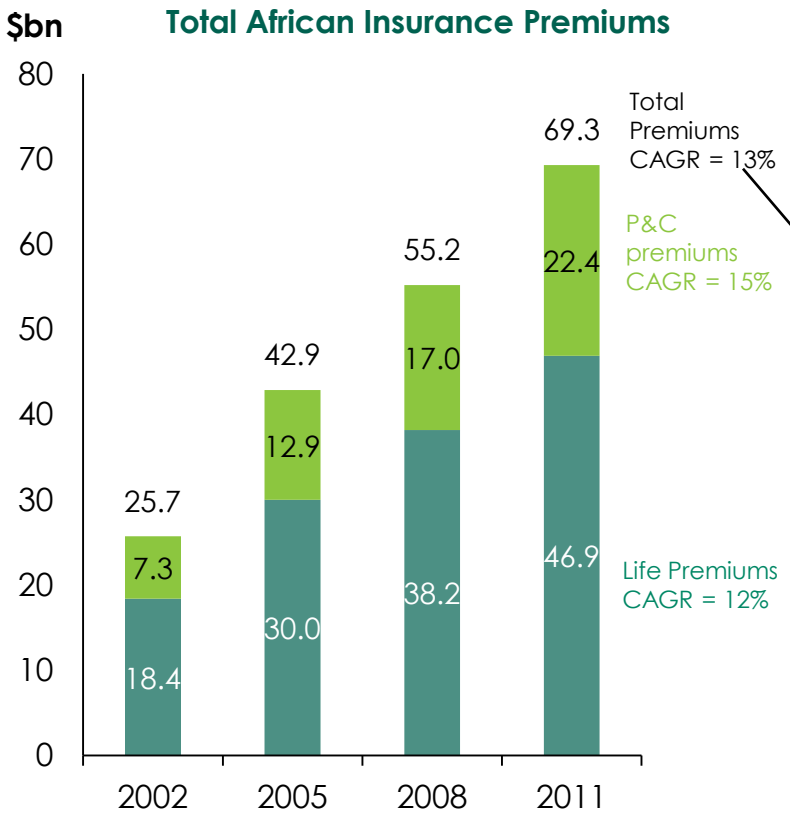
INSURANCE GROWTH WILL FOLLOW…

At current growth rates, African insurance premiums are forecast to grow from $70bn in 2011 to $200bn in 2020



Growth Scenarios: Total African Insurance Premiums ($bn)

CAGR	2020	2030	2040
8%	133	274	564
10%	163	424	1,099
13%	200	650	2,109
15%	244	986	3,990
18%	296	1,484	7,444

Equal to the

- 2011 GWP of Japan
- 2011 GWP of UK + Germany + Russia

Equal to the

- 2011 GWP of US + UK + France + Germany

Total African Insurance Premiums as a % of Total Global Premiums = 1.6%

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Source: Oliver Wyman

WE ARE BEST POSITIONED TO TAKE ADVANTAGE OF THE OPPORTUNITY IN THE REST OF AFRICA

Company	Geographic reach	APE margin %, 2012	Operating Profit Rm, 2012
OLDMUTUAL		40.3	857
Sanlam		31.1	841
LIBERTY		26.1	69
MMI HOLDINGS		15.8	133

Source: Company annual reports; Old Mutual Africa strategy documents

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STRATEGY TO CREATE VALUE AND BUILD A LEADING FRANCHISE IN AFRICA

1. Have a regional approach
   - Defend and grow our leading position in Southern Africa
   - East and West Africa as growth nodes of the future
2. Leverage product expertise, IT and processes to improve speed to market, create economies of scale, and de-risk operations
3. Strategic alliances and partnerships
4. Acquisitions to accelerate growth in selected regions
5. Good governance, risk management and disciplined capital allocation
6. Proactively managing challenges

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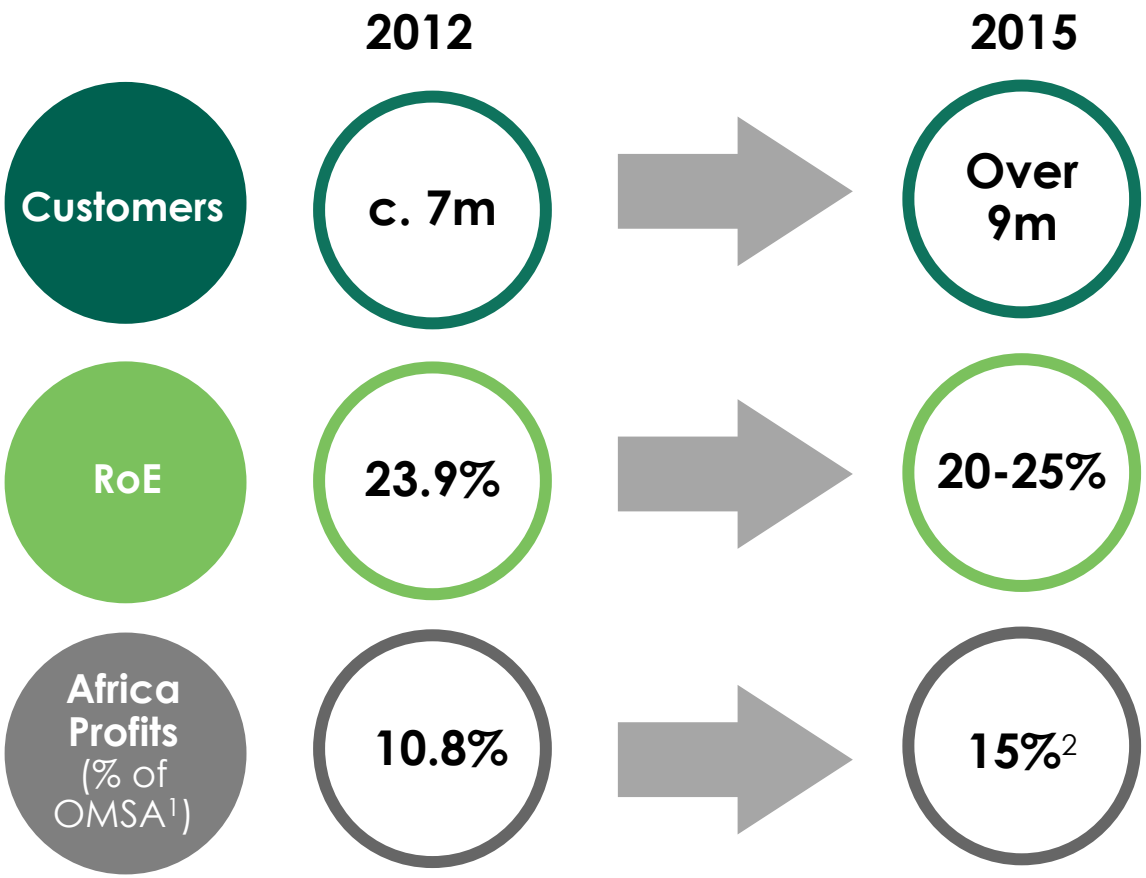
2012 TO 2015 TARGETS



1. Calculation is pre-tax and post-minorities and includes LTIR.
2. Target includes potential acquisitions and P&C earnings in Africa.

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MAKE THINGS HAPPEN

NEDBANK GROUP

EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Graham Dempster: Nedbank COO

Nedbank Group positioning & strategic focus areas

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

MAKE THINGS HAPPEN

NEDBANK GROUP

Overview of the SA banking industry

Nedbank Group overview and strategic focus areas

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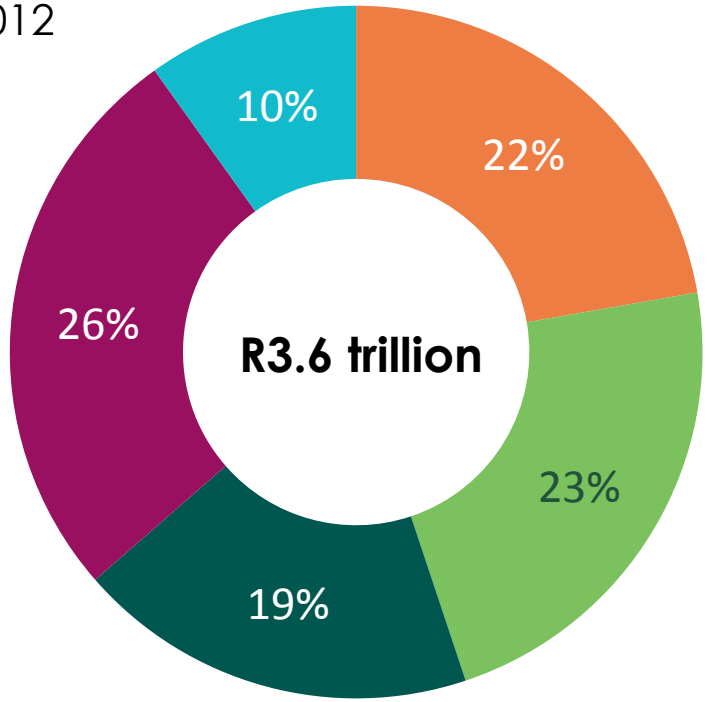
TOTAL SA INDUSTRY ASSETS/ADVANCES

MAKE THINGS HAPPEN

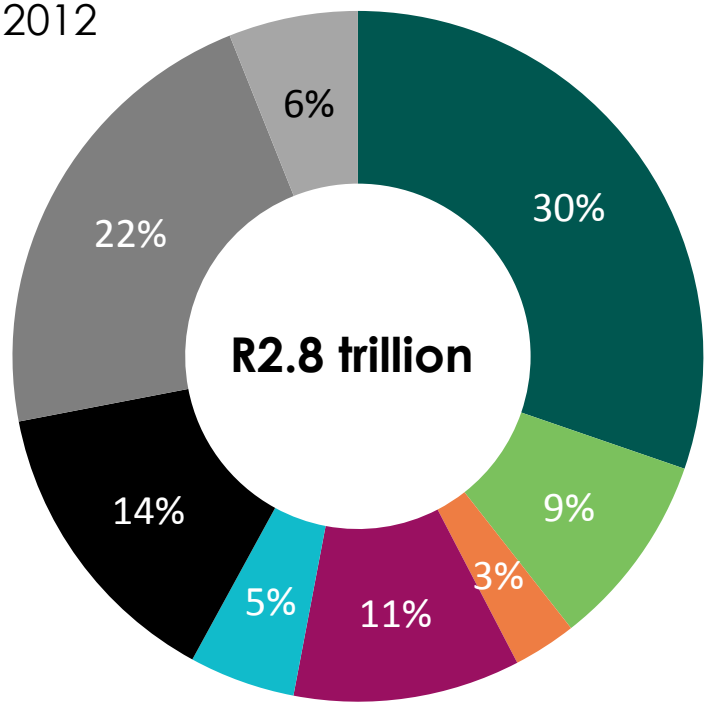
NEDBANK GROUP

Total assets (%)
2012



- Absa
- Firstrand
- Nedbank
- Standard Bank
- Other

Loans & advances (%)
2012



- Homeloans
- Commercial mortgages
- Credit cards
- Lease & instalments
- Overdrafts
- Term loans
- Other
- Personal loans

Source: SARB
Other loans: Loans granted/deposits placed under resale agreements, Redeemable preference shares, Factoring accounts , Trade bills

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SA INDUSTRY DEPOSITS DIVERSIFIED AMONGST BANKS & VARIOUS PROVIDERS

MAKE THINGS HAPPEN

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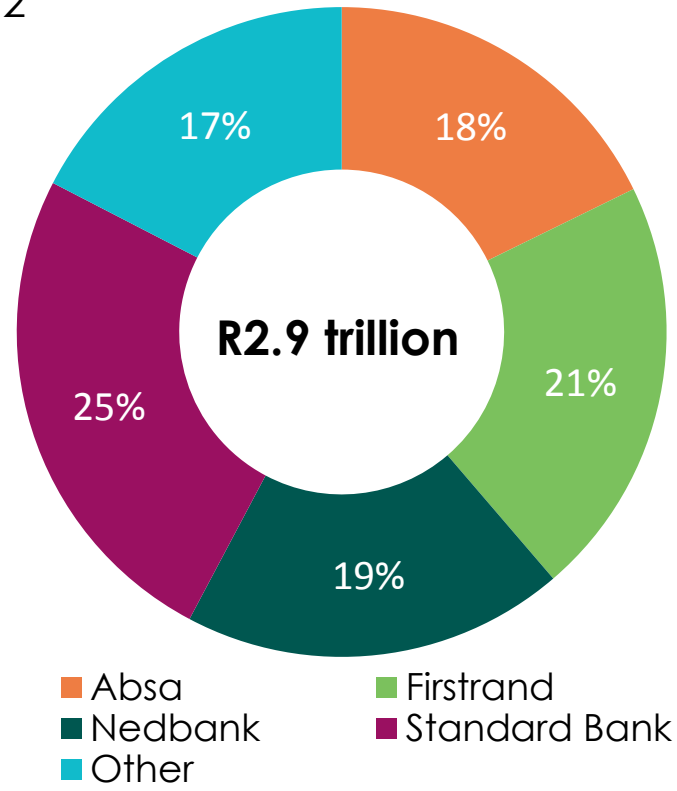
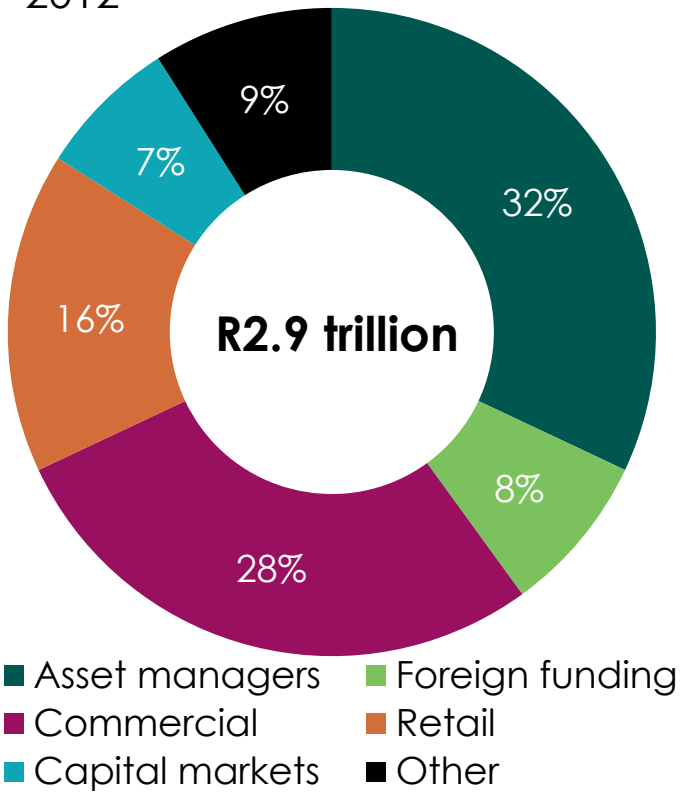
Total deposits (%)
2012



Composition of deposits (%)
2012



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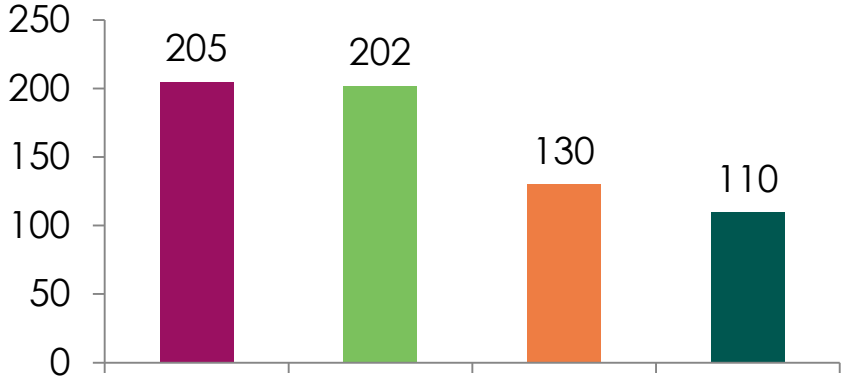
THE BIG 4 BANKS

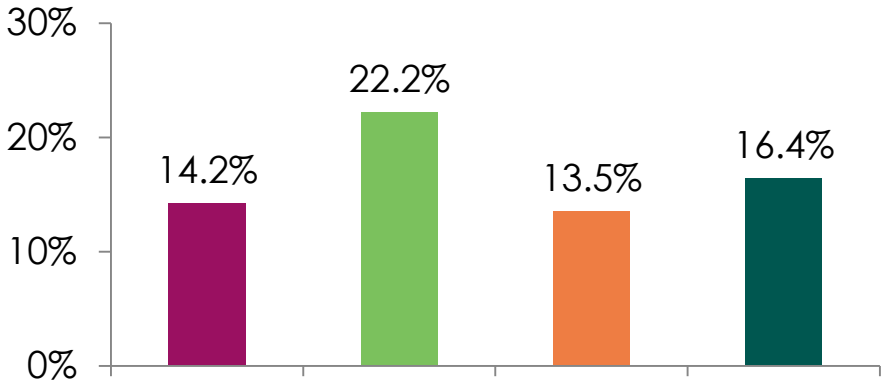
MAKE THINGS HAPPEN

NEDBANK GROUP

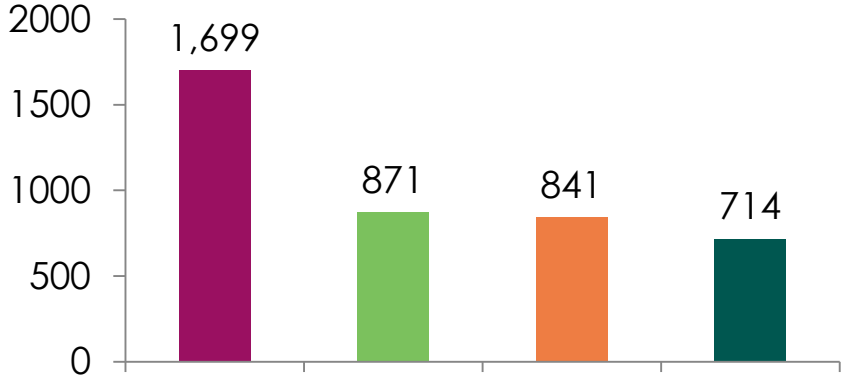
Market capitalisation (Rbn)



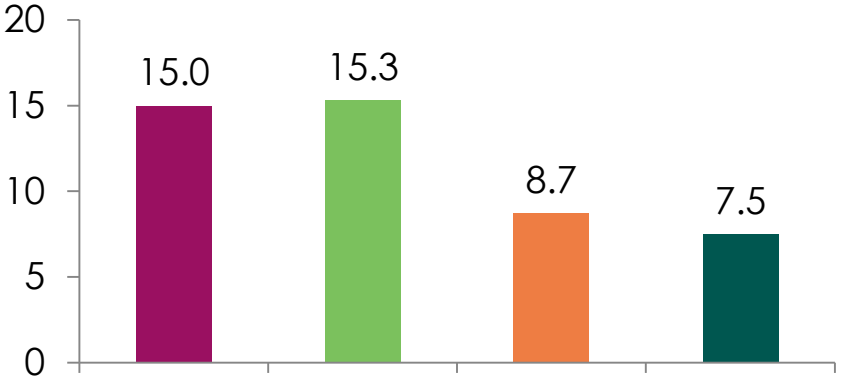
Return on equity[1] (%)



Total assets (Rbn)



Headline earnings[2] (Rbn)



Standard Bank | FirstRand | BGA (Absa) | Nedbank Group

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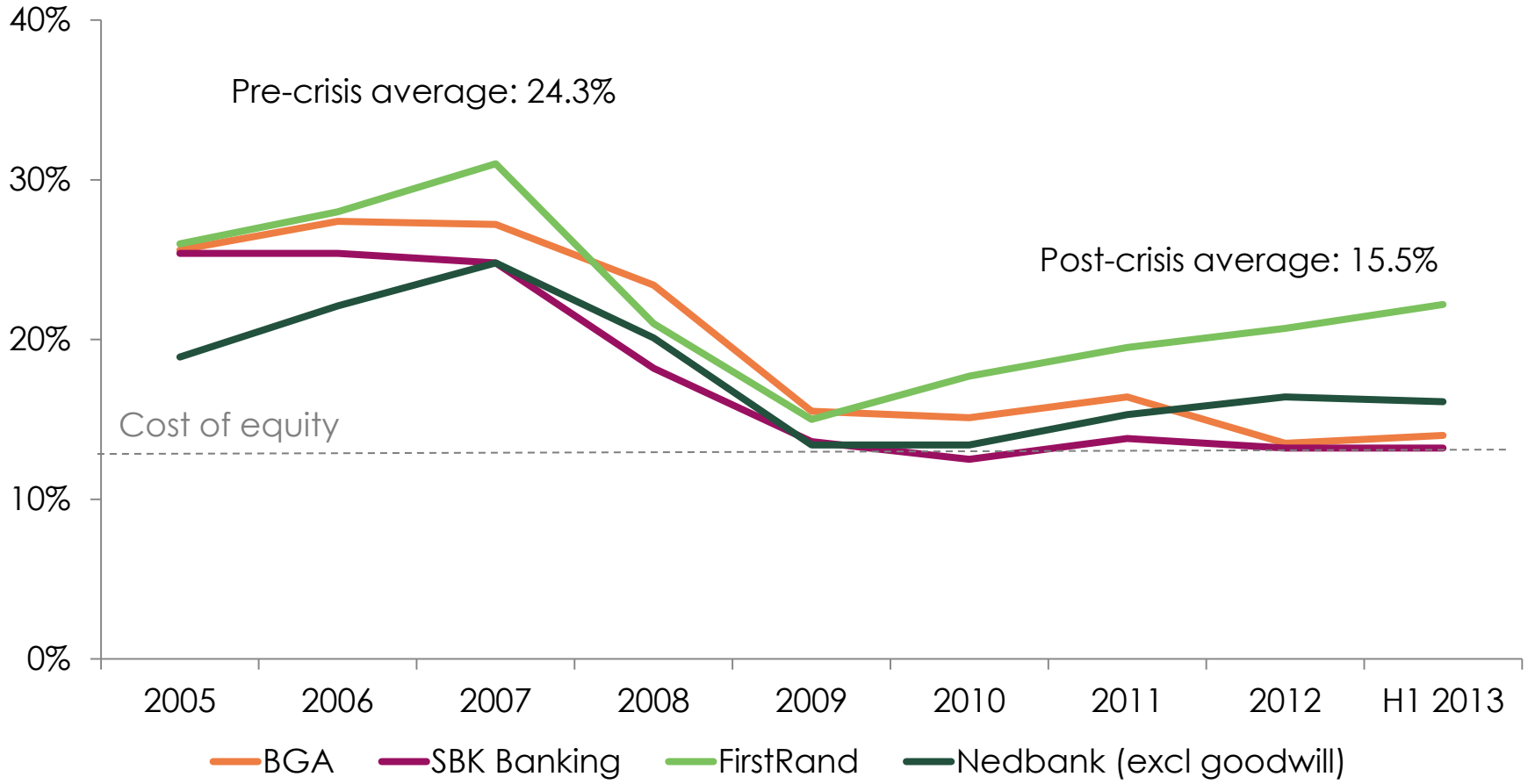
1. Nedbank ROE excl goodwill
2. As at 30 Dec 2012, FR at 30 June 2013, All other info based on latest public information

SA BANKS GENERATE SOUND RETURNS THROUGH CYCLES

MAKE THINGS HAPPEN

NEDBANK GROUP

Return on equity (%)



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SA BANKS HIGHLY RATED AND WELL REGULATED

MAKE THINGS HAPPEN

NEDBANK GROUP

WEF Global Competitiveness Report	'13/14 rank
Strength of auditing & reporting standards	1
Efficacy of corporate boards	1
Regulation of securities exchanges	1
Availability of financial services	**2**
Soundness of banks	**3**

Well regulated industry

- Basel III implemented January 2013
  - Well capitalised *(Basel III minimum - 9.5% plus pillar 2b)*
  - Sound funding & liquidity ratios
- National Credit Act implemented June 2007 – legislated responsible credit extension
- Exchange controls – "closed loop" domestic funding market
- Regulator proactively engages with banks

Source: World Economic Forum, The Global Competitiveness Report 2012-2013, 2013–2014
NCA – National Credit Act

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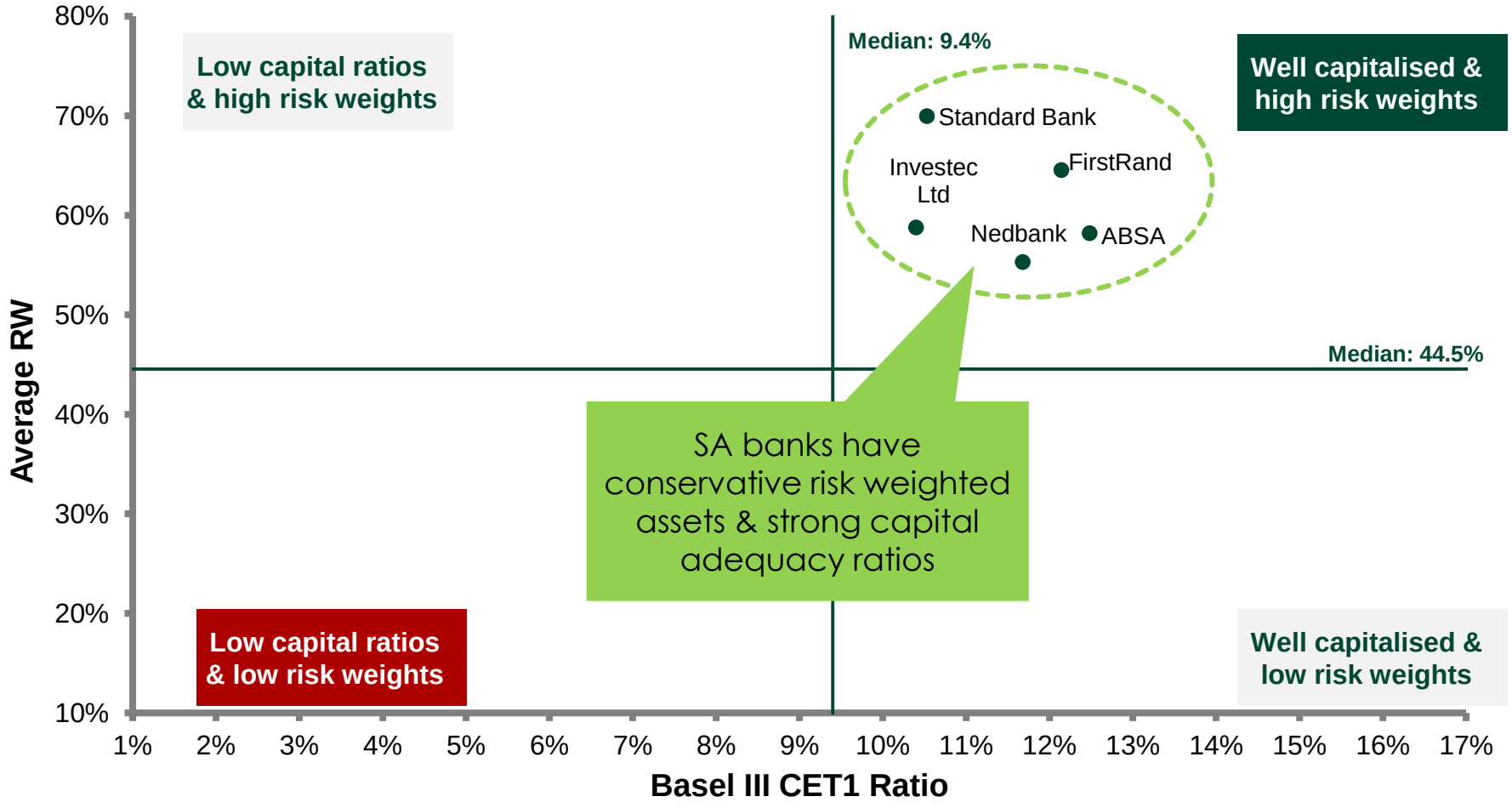
SA BANKS' STRONG CAPITAL POSITION

MAKE THINGS HAPPEN

NEDBANK GROUP

Average risk weight vs Basel III CET1 ratio (%, as at 31 Dec 2012)



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Source: Goldman Sachs from company reports
Note: Average risk weight = Total risk weighted assets/total assets excluding derivatives & insurance assets

NEDBANK GROUP OVERVIEW

MAKE THINGS HAPPEN

NEDBANK GROUP

- Listed on the JSE – 52% held by OM Plc – R110bn market cap
- Strong capital levels, sound liquidity and balance sheet provisioning levels
- Strong wholesale bank, with momentum in retail businesses
- Strengths in corporate banking, renewable energy, commercial property finance, business banking, card acquiring & vehicle finance, asset management, mobile banking
- Together with Ecobank our alliance partner, we offer our clients access to the largest geographic footprint in Africa: 37 countries
- Leader in transformation, corporate social responsibility & environmental affairs (the green bank)

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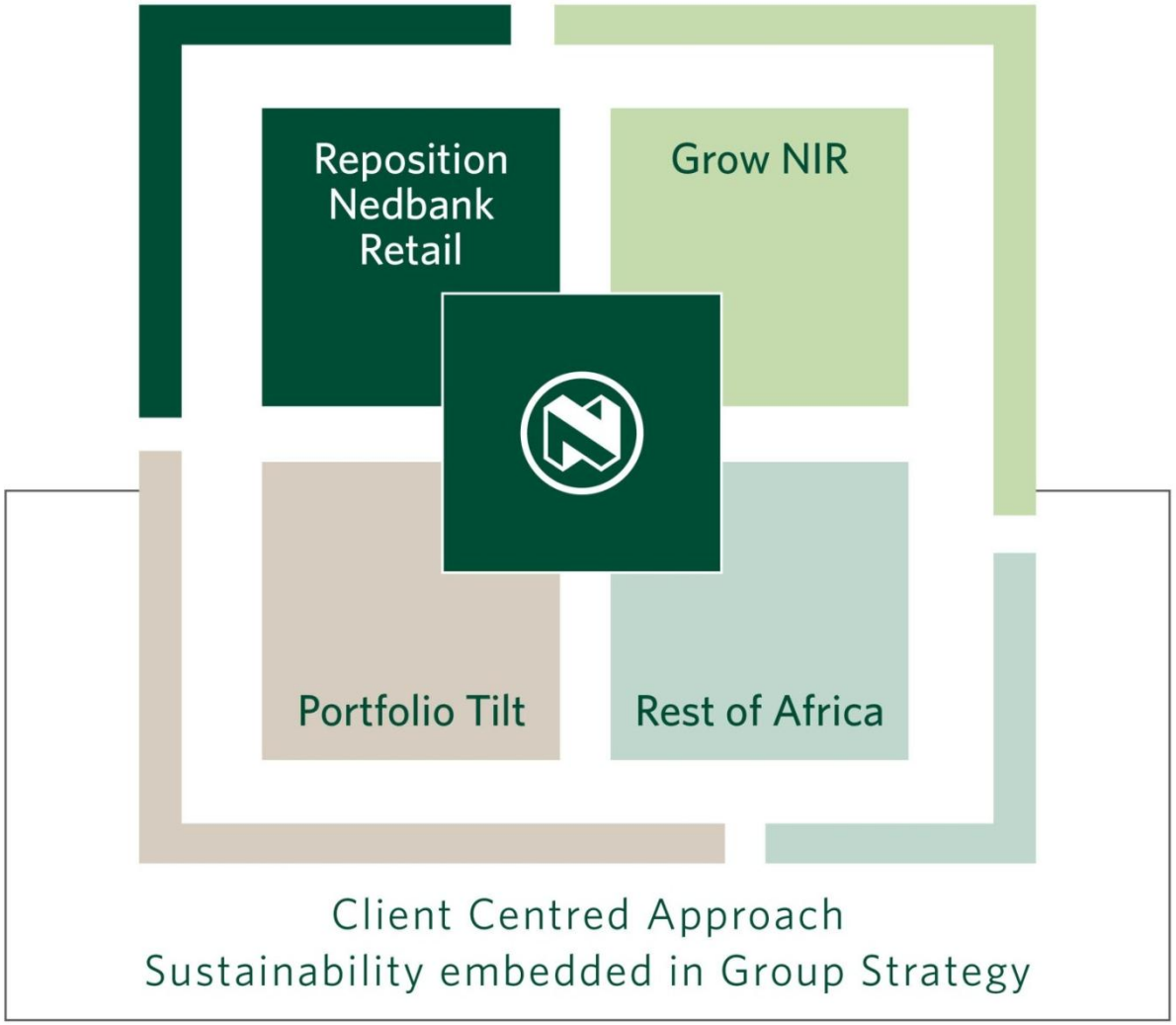
OUR STRATEGIC FOCUS AREAS

MAKE THINGS HAPPEN

NEDBANK GROUP



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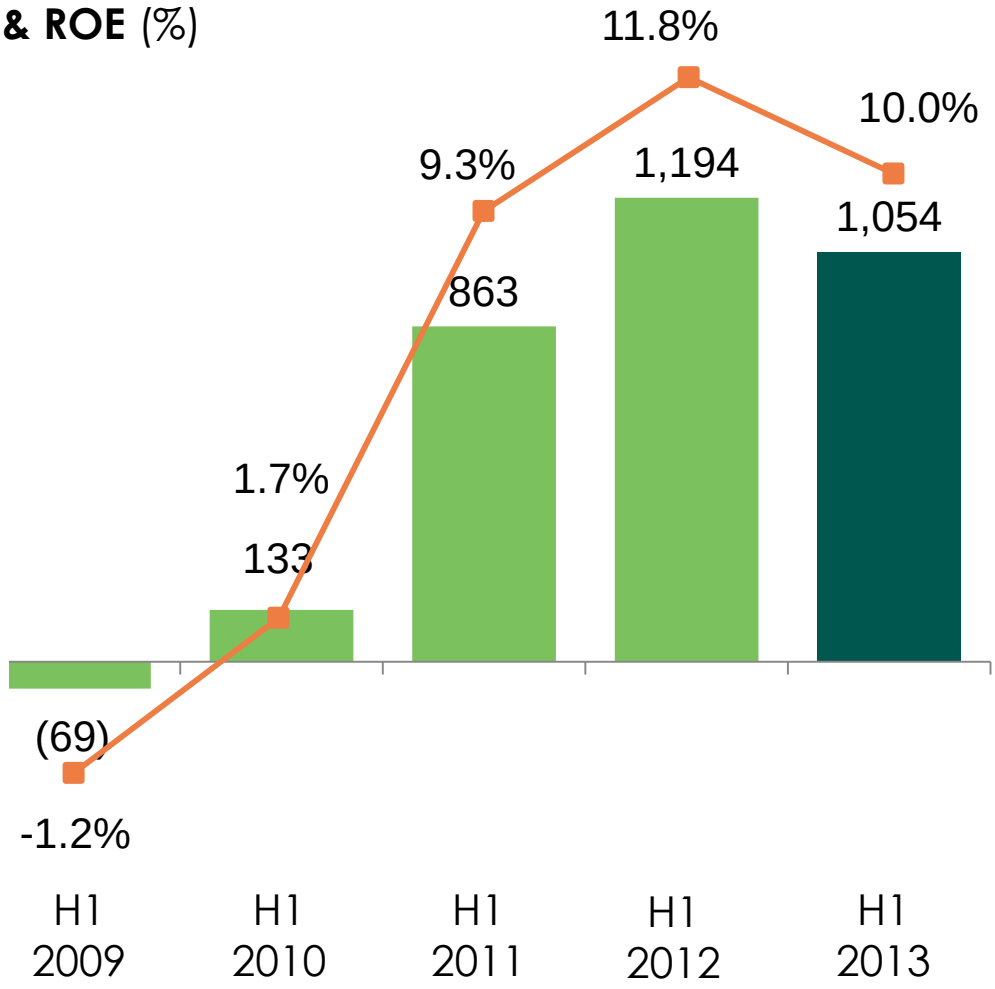
REPOSITION NEDBANK RETAIL – BUILDING A SUSTAINABLE BUSINESS

MAKE THINGS HAPPEN

NEDBANK GROUP

Headline earnings (Rm)
& ROE (%)



2011 restated for enhancements to economic capital allocation methodologies in 2012

Sustainably delivering on the 2010 strategy commitments

- **Grow the client franchise** - gaining clients, with more cross-sell, less attrition, across more micro-markets
- **Optimise to invest** – investing in integrated channels strategy, leveraging digital & area collaboration plans
- **Invest in people** & organisational effectiveness
- **Accelerate client-centred innovation and usage** especially in digital, deposits & payments
- **Effective risk management** - selective origination, strong provisions & collections

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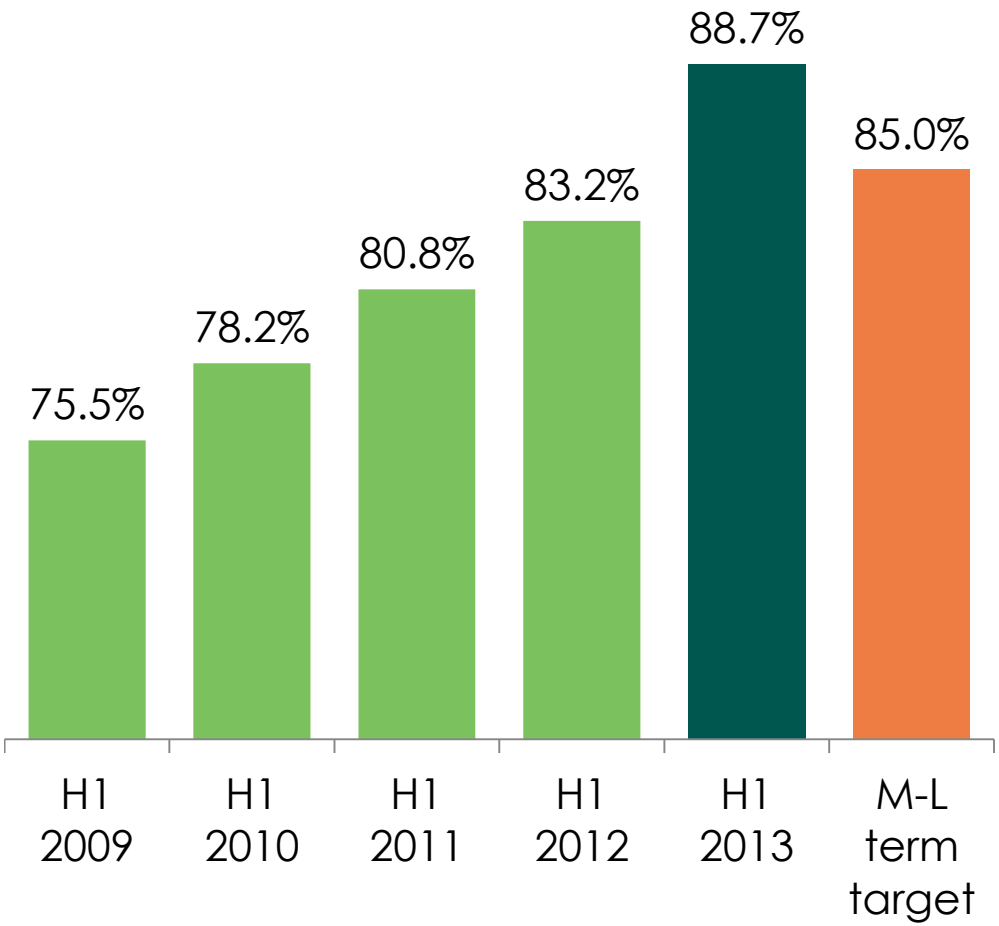
GROW NIR – CONTINUED PROGRESS

MAKE THINGS HAPPEN

NEDBANK GROUP

NIR-to-expense ratio (%)



Key drivers

- Focus on transactional income growth across all clusters
- Client growth >10% p.a.
- Growth in clients with 2+ products >12% p.a.
- Significant increase in innovation output

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REST OF AFRICA: A CLIENT-CENTRED, CAPITAL EFFICIENT & RISK MITIGATED LONGER-TERM APPROACH

MAKE THINGS HAPPEN

NEDBANK GROUP

'One bank' experience for clients across 37 countries & >2000 staffed outlets

- Standardised operating model & IT system approach
- Agreement for initial 36% interest in Banco Unico, with rights to increase to >50%
- Rights to acquire up to 20% equity stake in ETI (Nov '13 – Nov '14)
- Ecobank building its franchise

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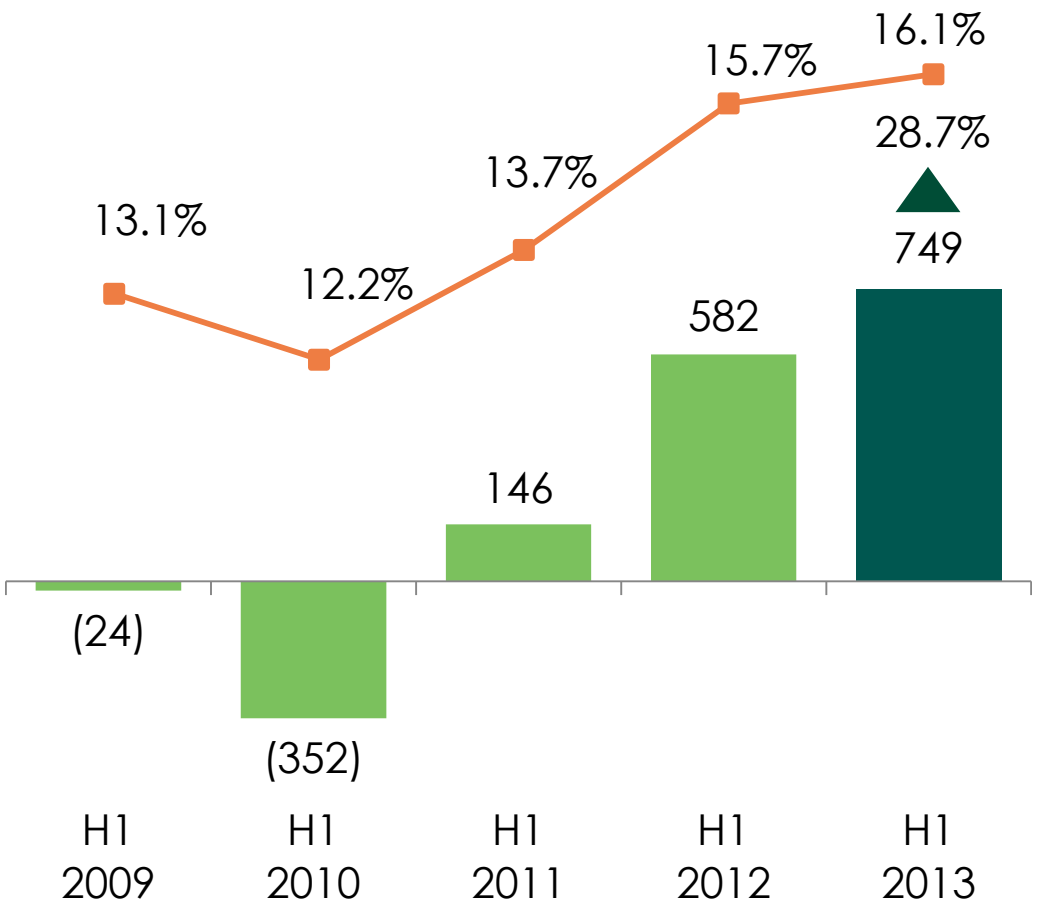
PORTFOLIO TILT – ENHANCING RETURNS IN A BASEL III WORLD

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Group economic profit (Rm) **& ROE (excl goodwill)** (%)



Key drivers

- Judicious use of scarce resources
- Prepare strategically for Basel III

  Grow faster:

  - Transactional banking, deposits, wealth, asset management, insurance, investment banking

  Selective growth:

  - Home loans, unsecured lending

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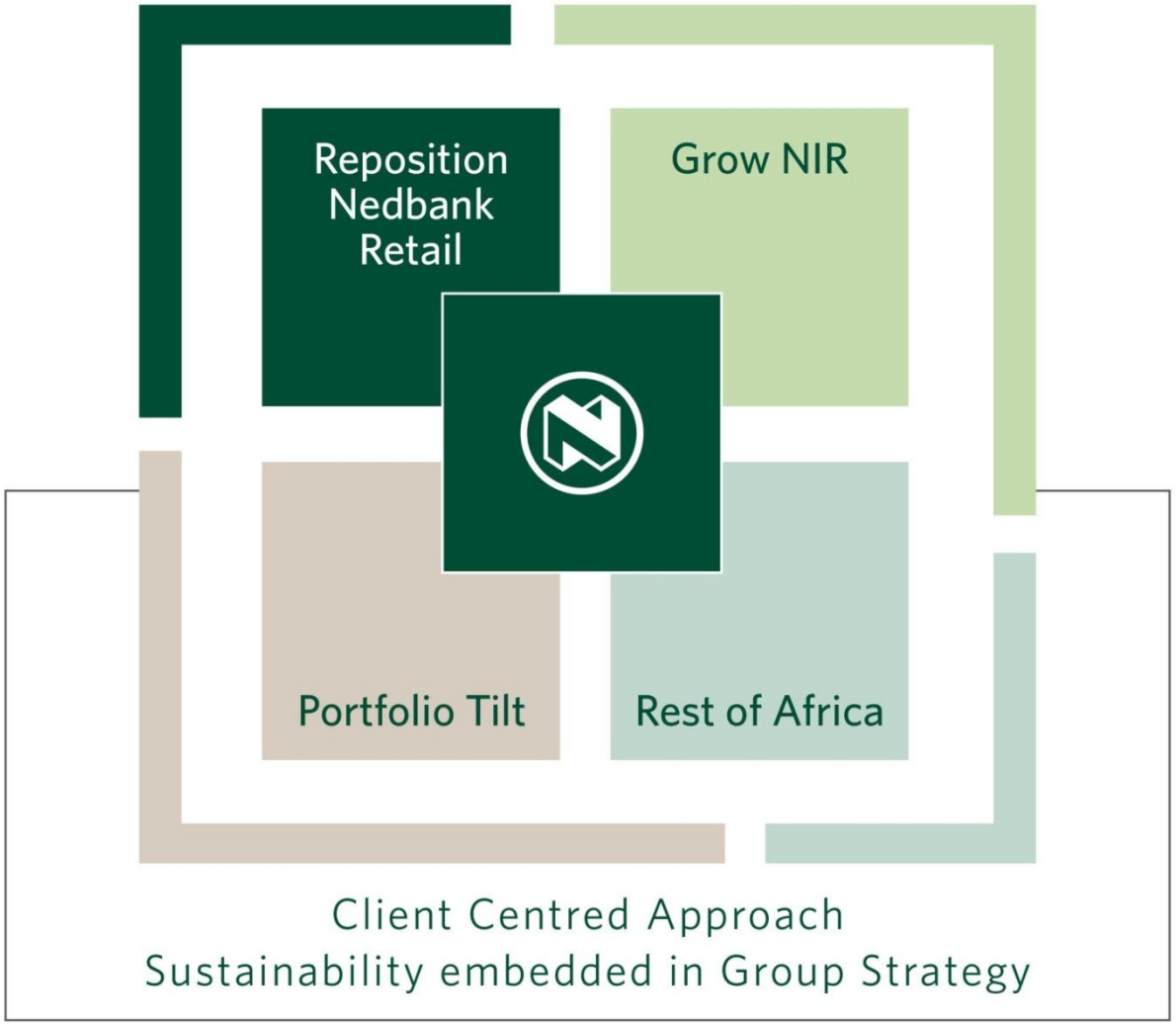
OUR STRATEGIC FOCUS AREAS

MAKE THINGS HAPPEN

NEDBANK GROUP



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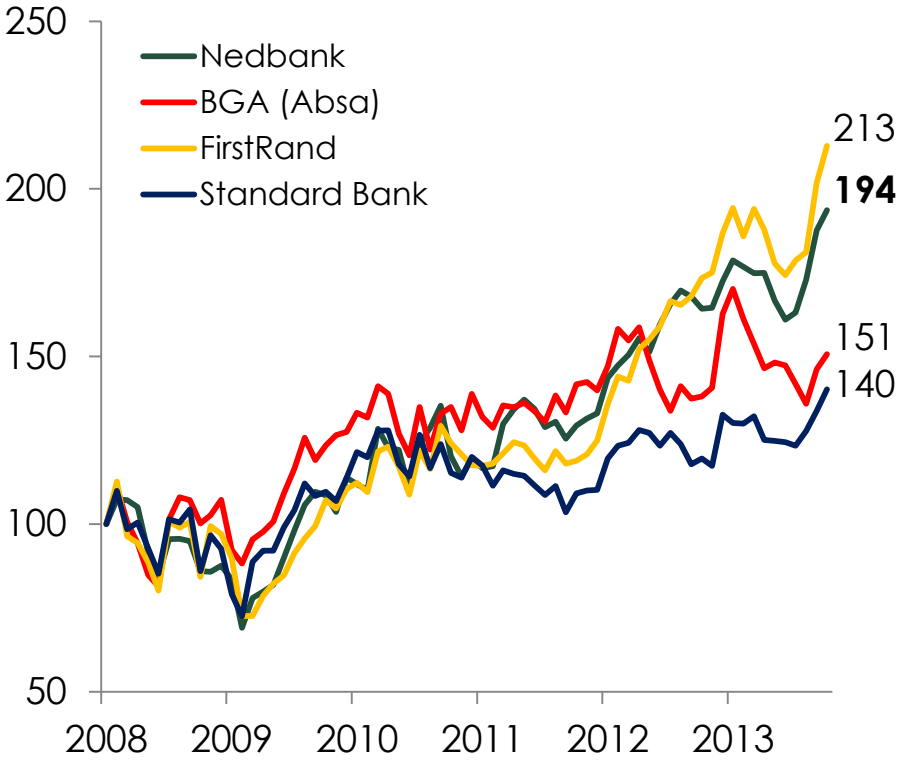
SHARE PRICE PERFORMANCE REFLECTS THE PROGRESS MADE

MAKE THINGS HAPPEN

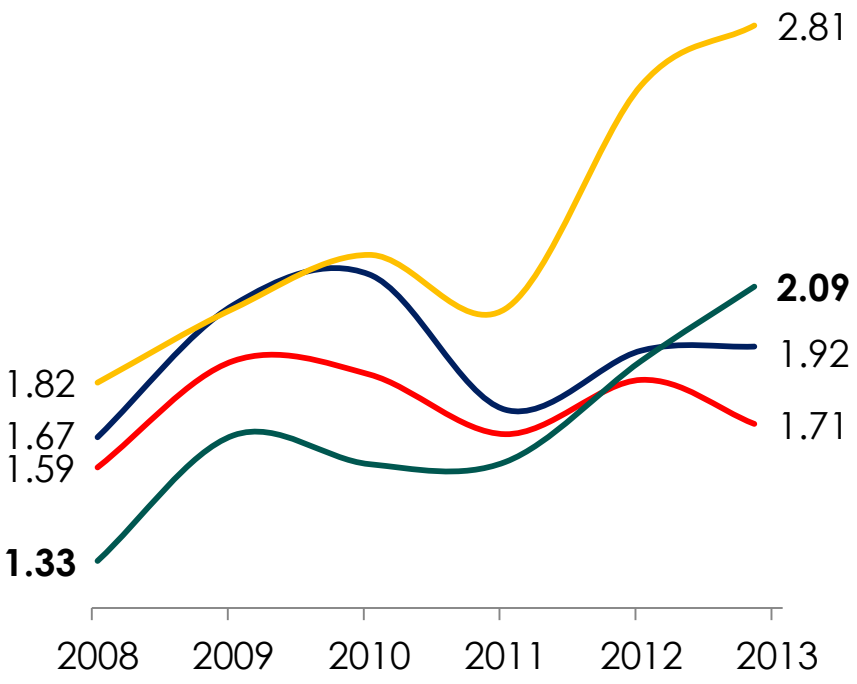
NEDBANK GROUP

- Strong relative share price performance (2nd best)
- From #4 to #2 in price to tangible book valuation

5 year relative share price performance



Price to tangible NAV



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COLLABORATION WITH OLD MUTUAL

MAKE THINGS HAPPEN

NEDBANK GROUP

Wholesale

- Transactional banker to M&F and Old Mutual
- Custodian of OMLACSA assets
- Co-investor in Africa Investment fund (co-managed by OM)
- Joint funding of various transactions

Wealth

- Collaborating across asset management, insurance & wealth
- Some of Nedbank's AUM written via OM's Fairbairn Capital platform
- Nedbank Best of Breed growth fund managed by OM
- Writing & distribution of OM life & non-life products
- New business premiums by Nedbank NFP to OM up strongly

Other

- Imbizo – community financial services initiative
- IT procurement benefits from scale
- OM manages Nedbank Pension, Provident and Medical aid funds
- OM the insurer of Nedbank Group life scheme
- Collaboration on various CSI projects

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FOCUS FOR THE NEXT 3 YEARS

MAKE THINGS HAPPEN

NEDBANK GROUP

- Client-centred innovation
- Grow transactional banking franchise
- Strategic portfolio tilt
- Optimise to invest
- Establish a Pan-African banking network
- Step change in sustainably building the franchise & the brand

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INSURANCE | INVESTMENT | SAVINGS | BANKING

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MAKE THINGS HAPPEN

NEDBANK GROUP

EMERGING MARKETS, NEDBANK, P&C SHOWCASE

4 December 2013

Ingrid Johnson: Nedbank Group Managing Executive Retail & Business Banking

Repositioning Nedbank Retail

INSURANCE | INVESTMENT | SAVINGS | BANKING

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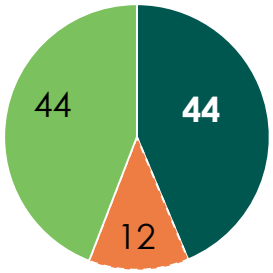
RETAIL & BUSINESS BANKING CONTRIBUTIONS TO NEDBANK GROUP

Retail and Business Banking as a share of Nedbank Group
H1 2013, %

Retail | Business Banking | Rest of Nedbank

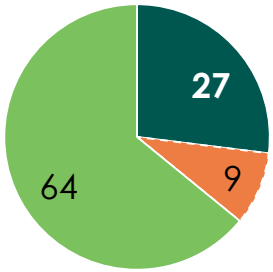
Operating Income[1]

100% = R16,519m (Group)



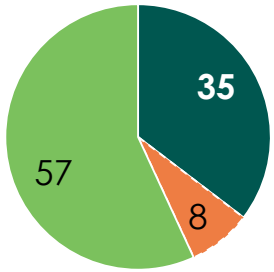
Headline Earnings

100% = R3,914m (Group)



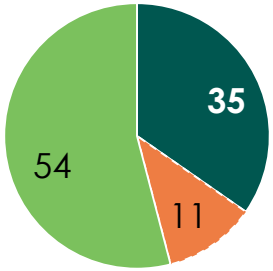
Capital[2]

100% = R59,817m (Group)



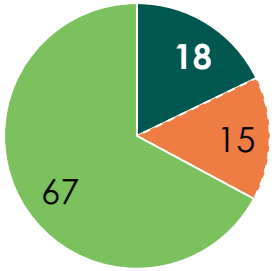
Total Advances

100% = R557,349m (Group)



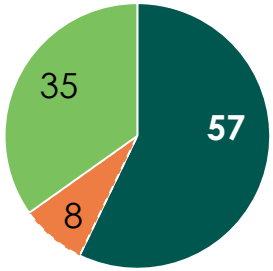
Deposits

100% = R578,807m (Group)



Employees

100% = 28,889 (Group)



1. Operating income – NII plus NIR less impairments
2. Cluster allocation as a percentage of ECAP to Total Group Equity

AGENDA

Repositioning Nedbank Retail

Context & strategic intent

Progress on three fundamental strategic imperatives

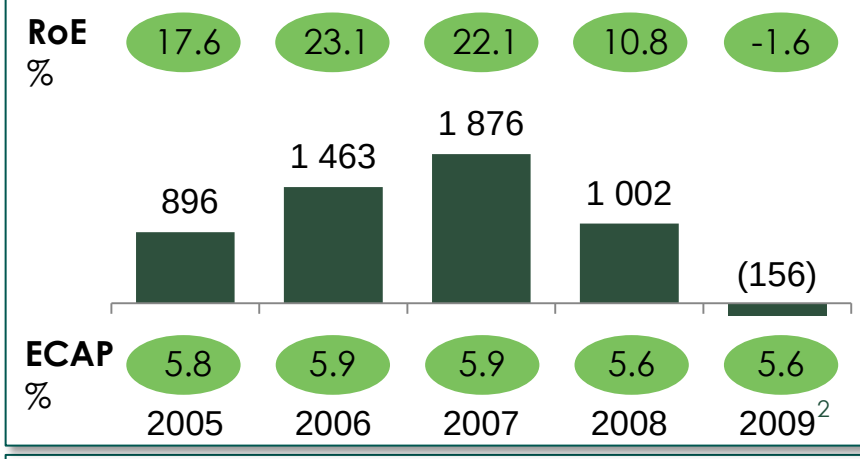
Future trends and prospects

CHALLENGES IN RETAIL NECESSITATED A FUNDAMENTAL STRATEGIC REVIEW IN 2009

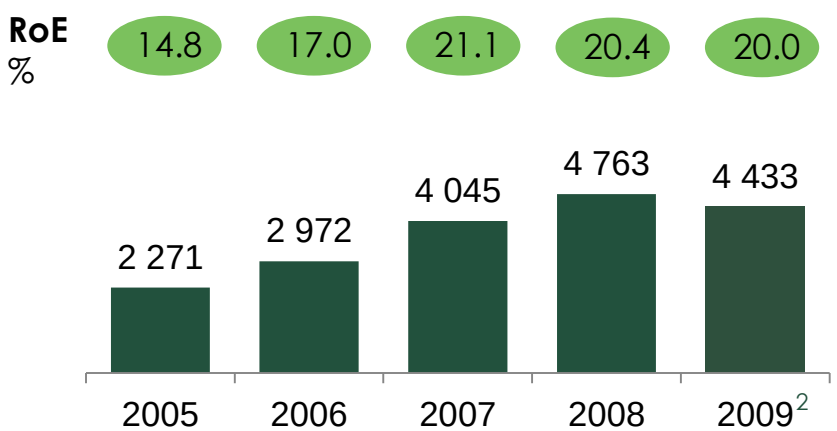
MAKE THINGS HAPPEN

NEDBANK

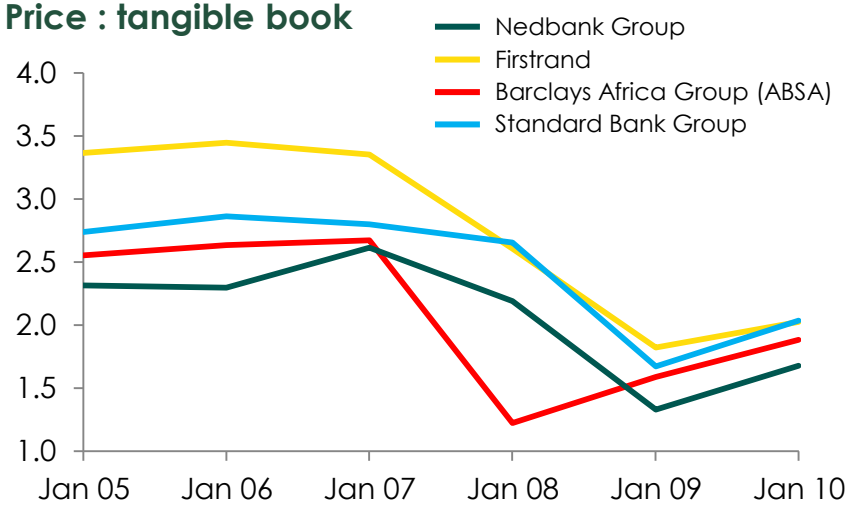
Retail Banking[1] **- headline earnings,** Rm



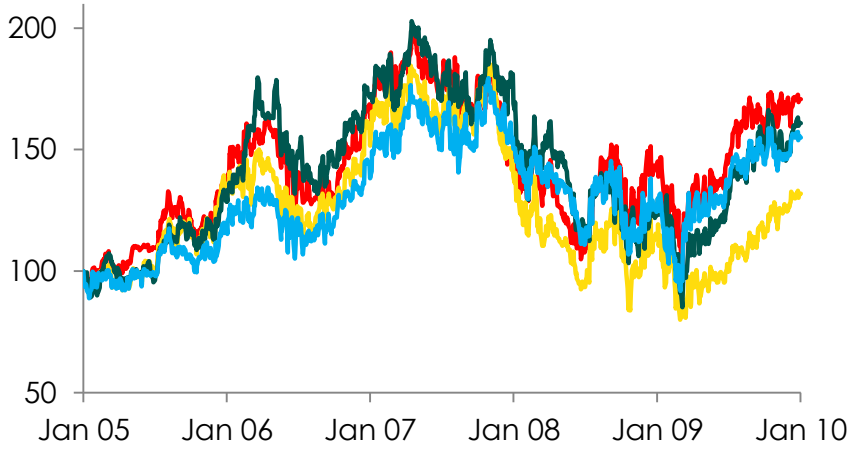
Rest of Nedbank - headline earnings, Rm



Price : tangible book



Share price relative



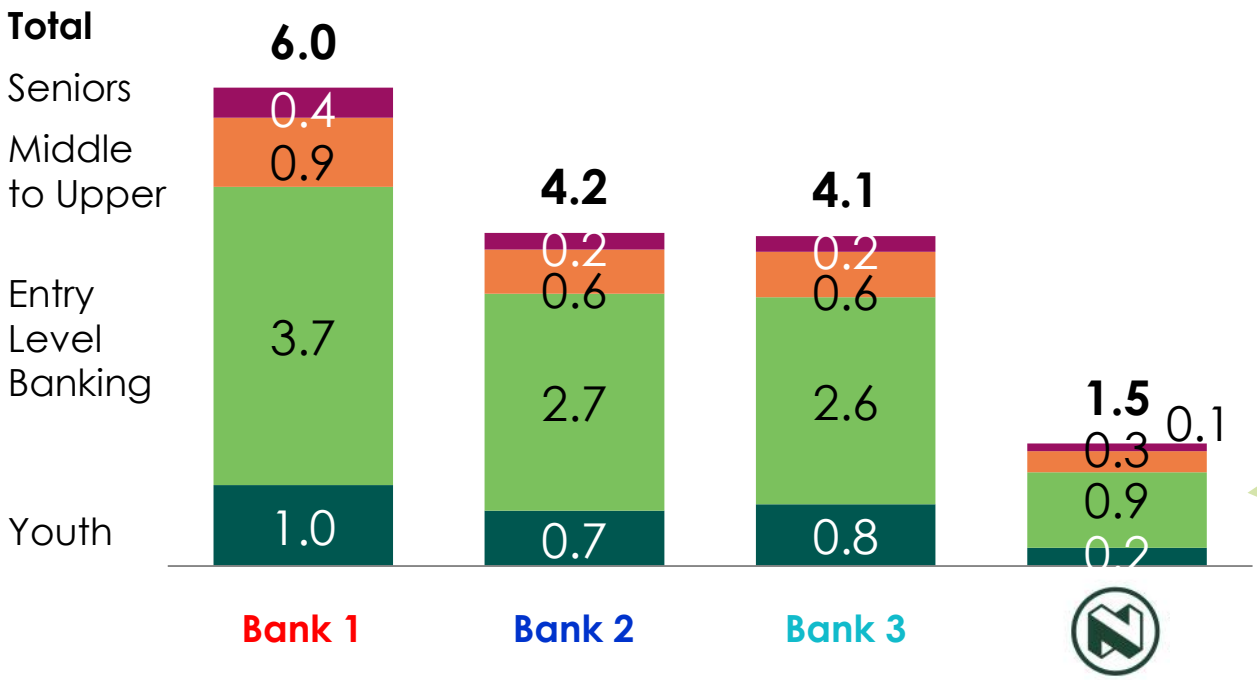
[1] Wealth related income is included in Retail
[2] 2009 subsequently restated for changes to allocated capital and exclusion of Wealth from Retail numbers
Note: Core Tier 1 equity 2007: 7.2%, 2009: 9.9% or Prime interest rate 2005: 10.6%, 2008: 15.1%
Source: Dec 2012 HSBC conference with small refinements

NEDBANK RETAIL WAS LAGGING FAR BEHIND PEERS IN CLIENT NUMBERS

MAKE THINGS HAPPEN

NEDBANK

Main banked client base by income segment
million, as at Dec 2009



	Bank 1	Bank 2	Bank 3	
Total clients[1]	11.7	9.0	6.7	4.2
% Main banked	51	47	61	37

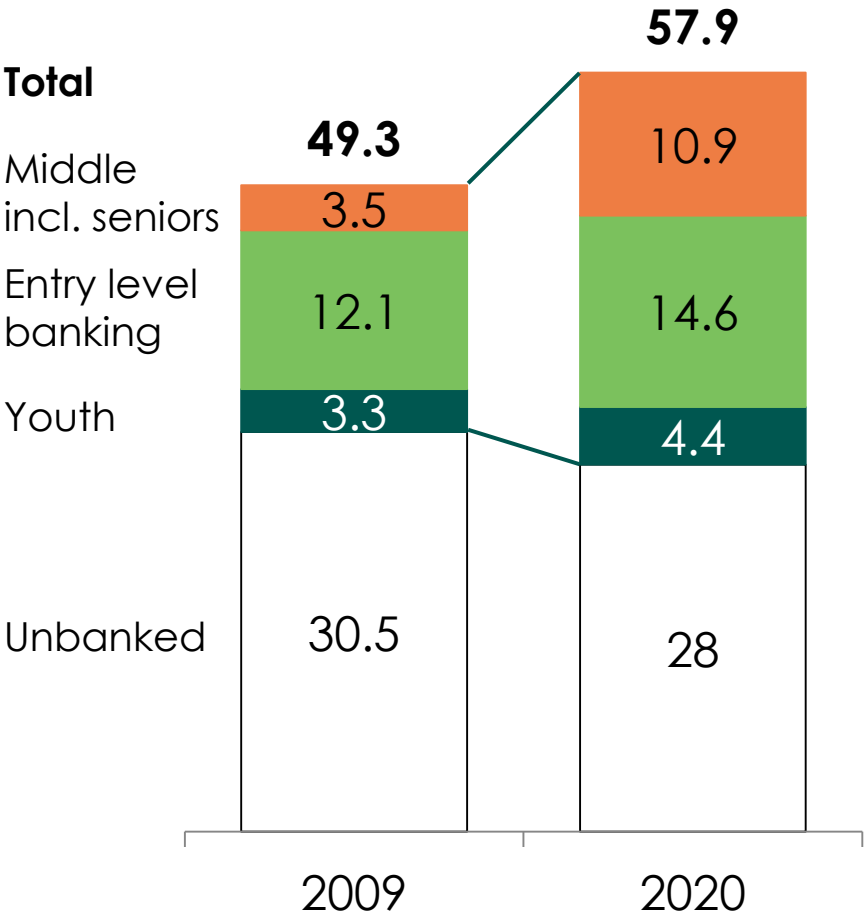
Consequence of strategic choices in 90s

- Low transactional banking emphasis
- Positioned as elitist

[1] Cannot add the client numbers to get the market as clients are multi-banked
Source: AMPS data and Retail analytics

RISING DEMOGRAPHICS HIGHLIGHTED NEED TO BE A BANK FOR ALL IN SOUTH AFRICA

SA Population by banking segment
millions



Imperatives as a bank for all

- Invest in growing Youth & Entry Level Banking
- Restore strength in Middle to Upper, including seniors
- Grow entrepreneurs & small businesses
- Develop low cost solution for the unbanked

Note: Affluent: > R550,000; Middle: R100,000 to 550,000; Entry level: < R100,000; Youth: Youth aged 16-24

Source: AMPS; Nedbank analysis

CHARTING A NEW PATH TO SUSTAINABLE PROFITABLE GROWTH FOR NEDBANK RETAIL

STRATEGIC INTENT

Delivering a choice of distinctive **client-centred** banking experiences that build many deep, enduring relationships with Nedbank

Delivering growth and sustainable shareholder returns through effective allocation of scarce resources

Source: 2010 Retail Strategy Board presentation

3 FUNDAMENTAL IMPERATIVES TO SUSTAINABLY TURN AROUND RETAIL

MAKE THINGS HAPPEN

NEDBANK

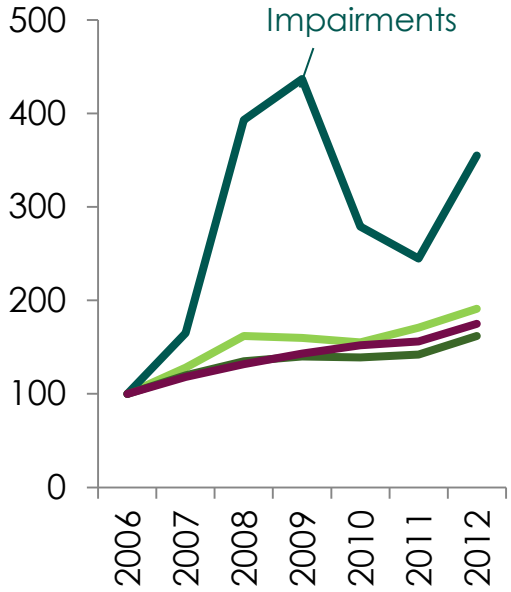
Rebuilding the client franchise as a bank for all

Developing client value propositions better than any alternative

Related economics

Embedding effective risk management & culture

Protecting against downside risk and extreme impairment volatility



Evolving the organisation to be more client centred and integrated

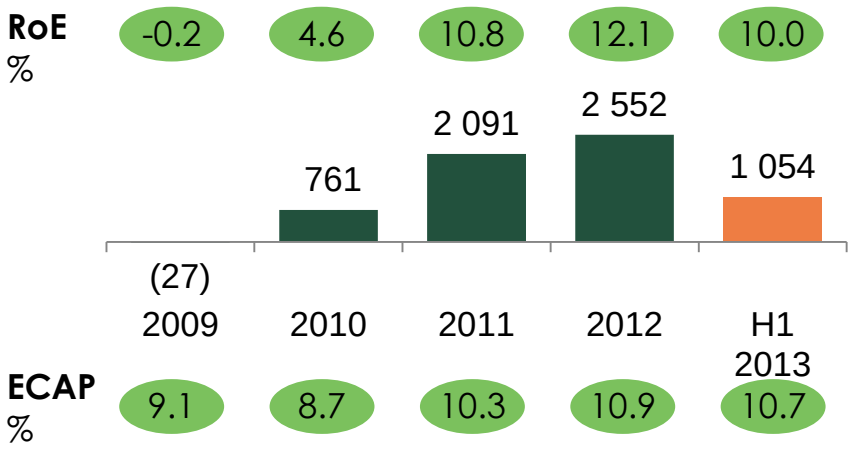
Leading second order change for accelerated organisational alignment

DELIVERING SUSTAINABLE RETAIL RETURNS IN A TOUGH CYCLE

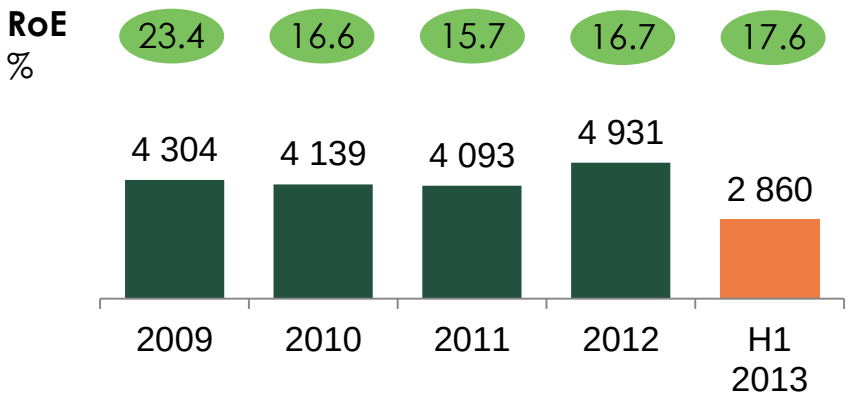
MAKE THINGS HAPPEN

NEDBANK

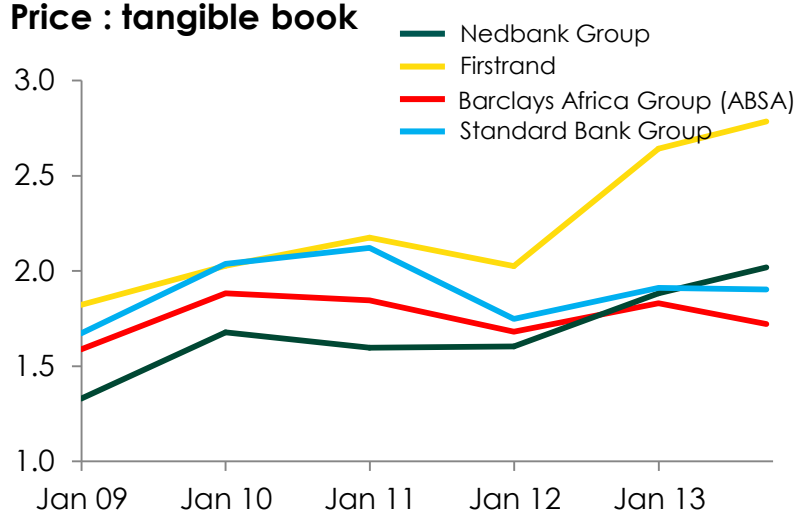
Retail Banking[1] - headline earnings, Rm



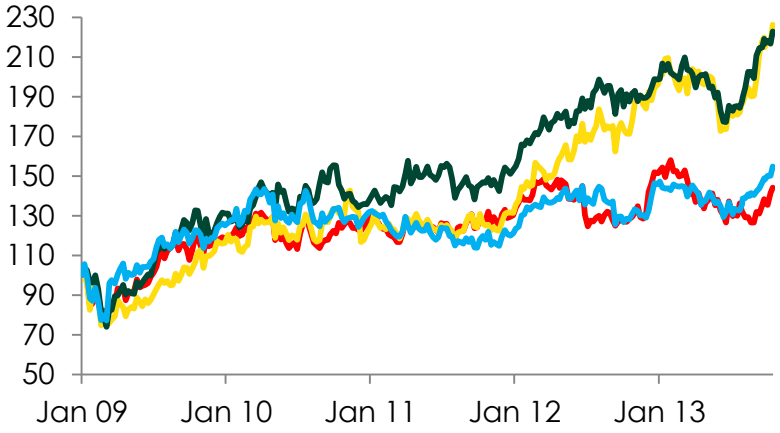
Rest of Nedbank - headline earnings, Rm



Price : tangible book



Share price relative



[1] Wealth related income in rest of Nedbank
Common equity Tier 1 2009: 9.9%, 2012: 11.4%. Note: Prime interest rate 2009: 11.9%, 2012: 8.8%;. Source: Dec 2012 HSBC conference with refinements

3 FUNDAMENTAL IMPERATIVES TO SUSTAINABLY TURN AROUND RETAIL

MAKE THINGS HAPPEN

NEDBANK

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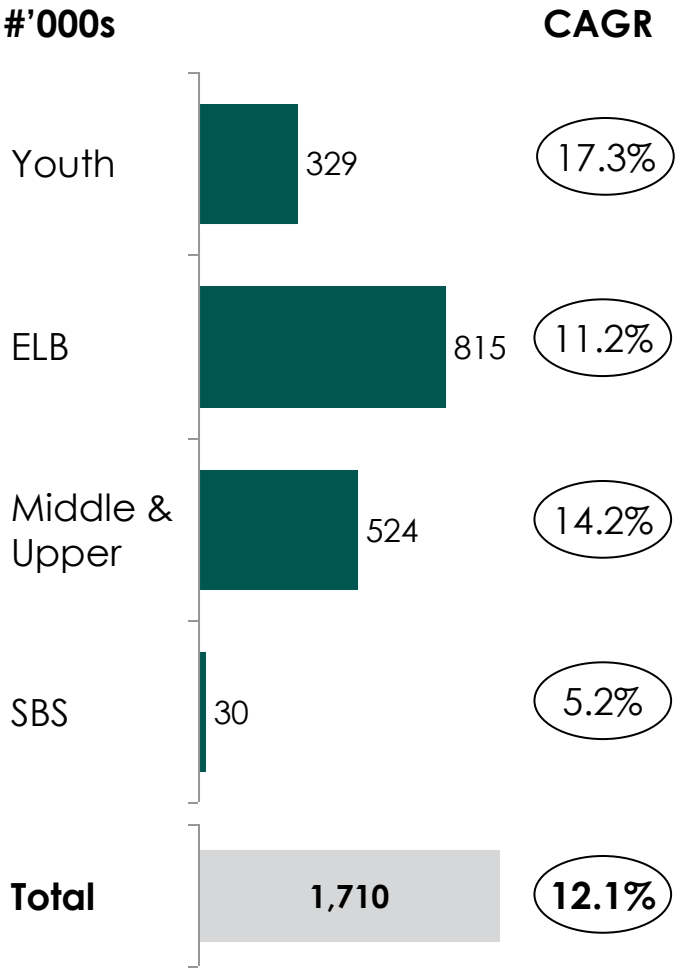
CLIENT GROWTH FROM ALL SEGMENTS LEADING TO STRONG NIR CAGR OF 15.7%

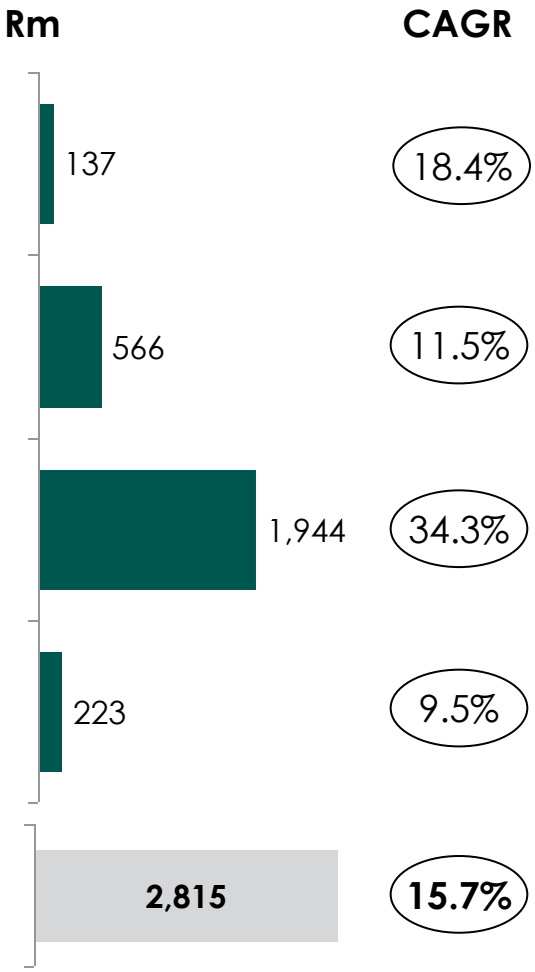
MAKE THINGS HAPPEN

NEDBANK

Net New Client Growth 2009 to 2012



Cumulative NIR growth 2009 to 2012



- Avg. of ~150,000 clients migrated annually from ELB & Youth to Middle
- Avg NIR earned from these clients has increased by ~30%
- Actively addressing attrition

Note: NIR includes product and non-product NIR

DISTINCTIVE VALUE PROPOSITIONS FOR ALL SEGMENTS – RESONATING WITH TARGET MARKETS

MAKE THINGS HAPPEN NEDBANK

YOUTH

ENTRY LEVEL BANKING

MIDDLE

SENIORS

UPPER INCL PROFESSIONAL

SMALL BUSINESS

LEVERAGING STRONG BUSINESS RELATIONSHIPS TO CAPTURE HOLISTIC BANKING OPPORTUNITY

MAKE THINGS HAPPEN

NEDBANK

Evolving Business Banking & RRB[1] service model…

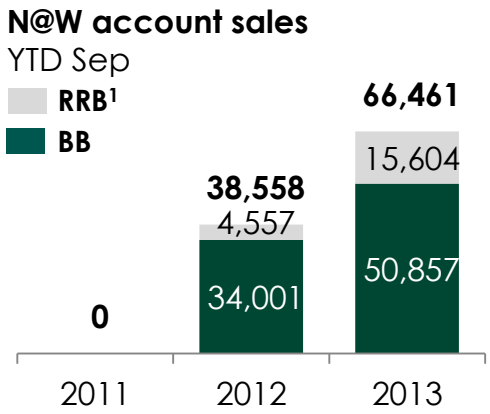
evolved to capture the virtuous circle opportunity around the business owner & employees

…to accelerate banking of company employees and cross-sell

Client growth through Nedbank @Work

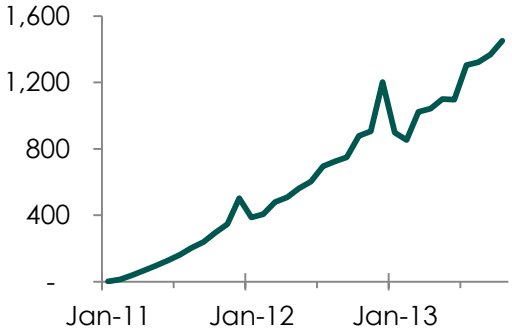
NEDBANK @WORK

Banking & financial education at your work place



Cross-sell of card products

Turnover through card acquiring devices sold to BB clients since 2011, Rm



1 Retail Relationship Banking servicing businesses with turnover <R10m

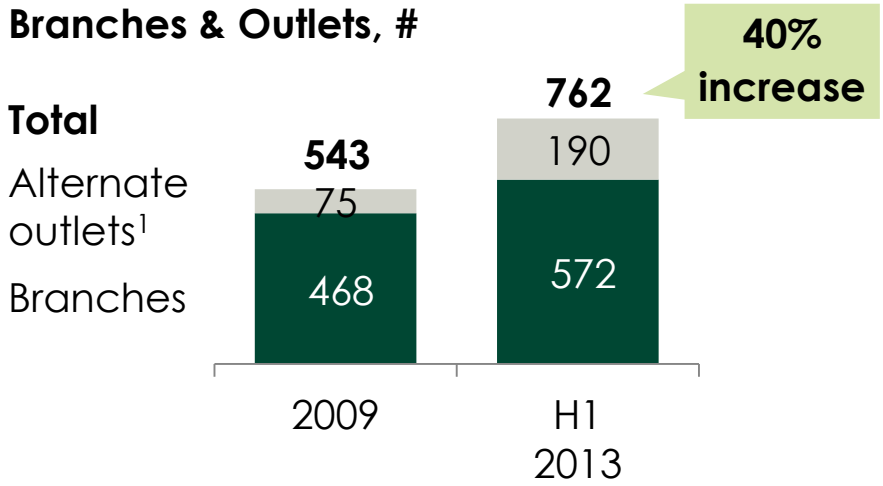
MAKING NEDBANK MORE ACCESSIBLE

MAKE THINGS HAPPEN

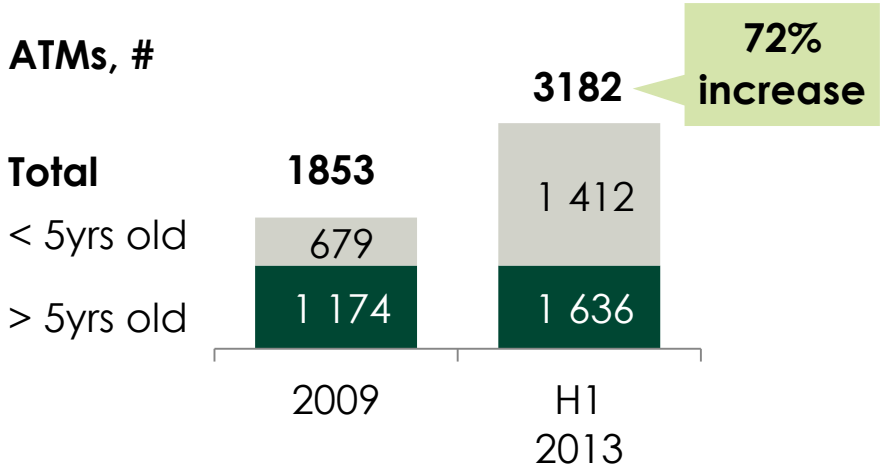
NEDBANK

Over R1.3bn investment in distribution since 2009

Branches & Outlets, #

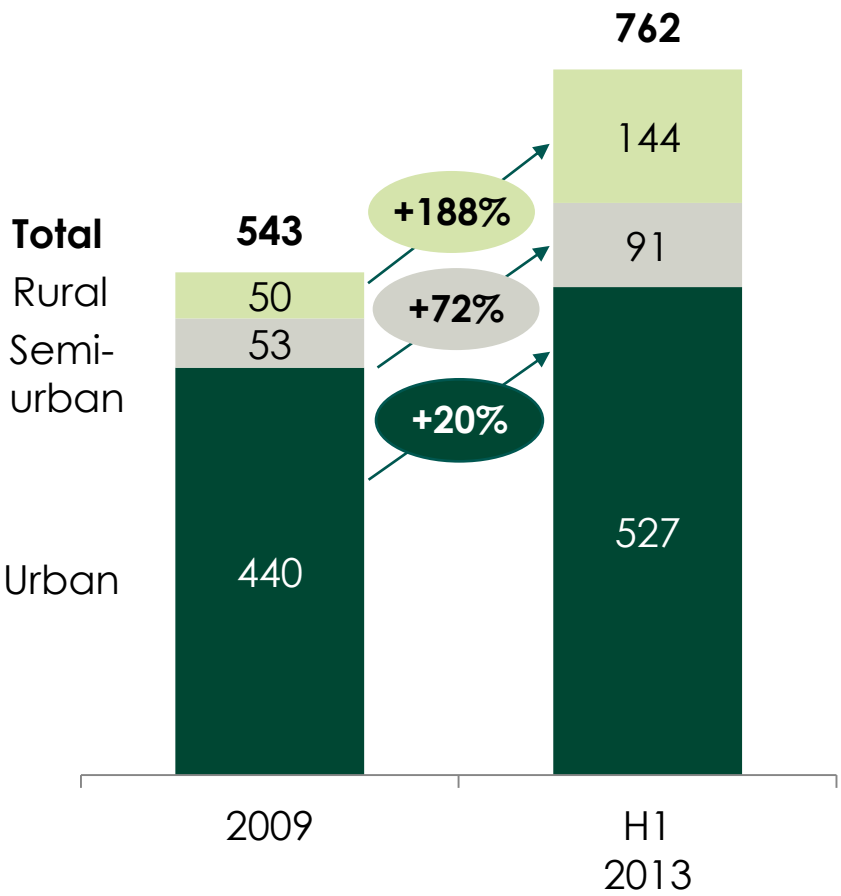


ATMs, #



Footprint optimised in line with micro-market opportunity - 128% growth in non-urban

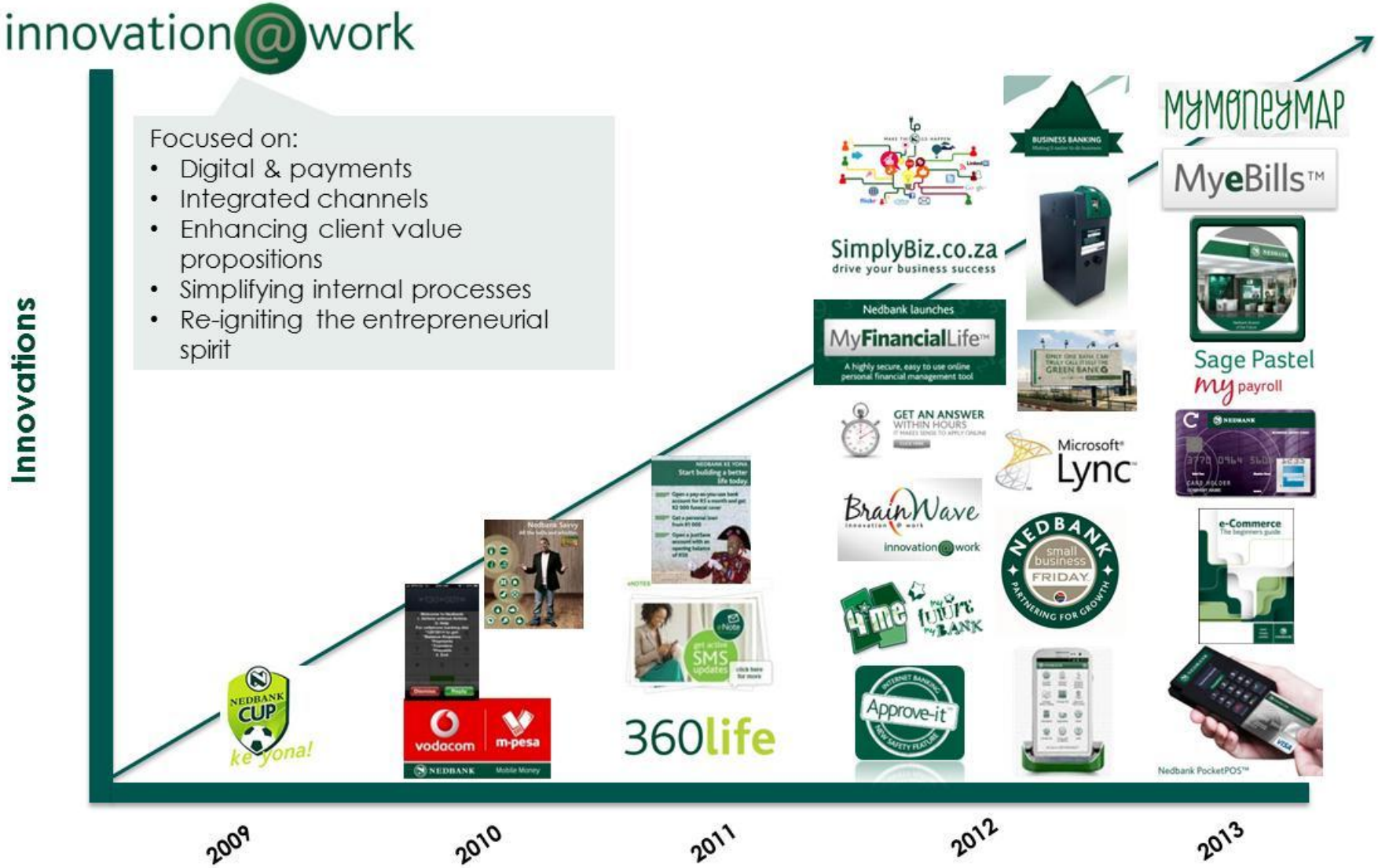
Branches & Outlets, #



1 Excludes Personal Loans kiosks (2009:250, 2012: 313 & H1 2013: 279). Growth is from 2009 year end levels.

Source: 2012 results presentation with small refinements

RATE OF CLIENT CENTRED INNOVATION IS ACCELERATING



COMMERCIALISATION & MARKET PENETRATION OF INNOVATIVE SOLUTIONS ACCELERATING

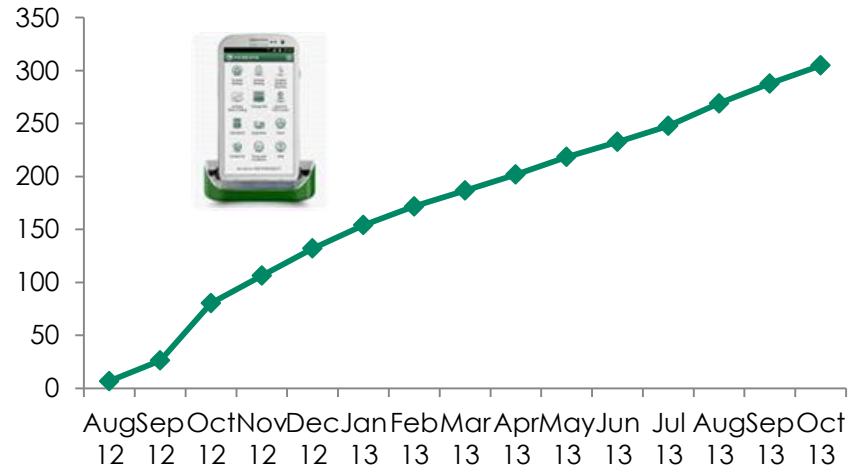
MAKE THINGS HAPPEN

NEDBANK

PocketPOS transaction volumes

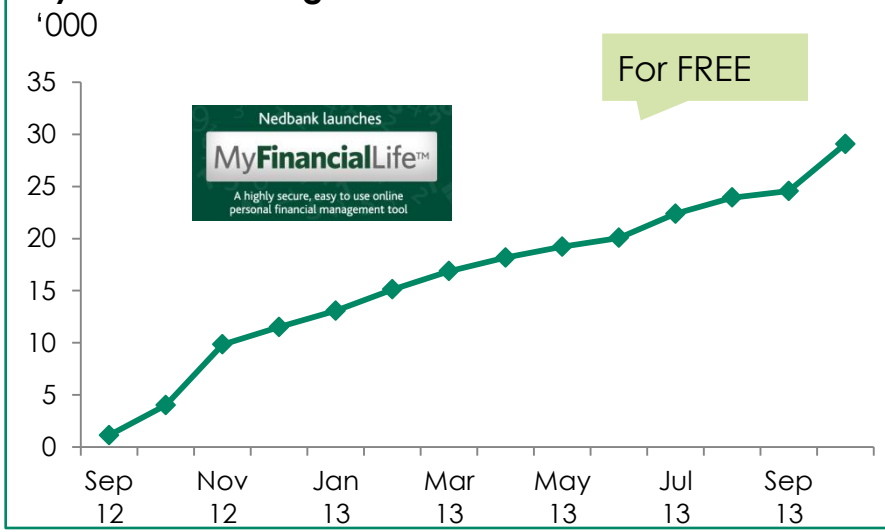
App suite downloads

'000



MyFinancialLife registrations

'000



Secure Approve-it transactions

mill

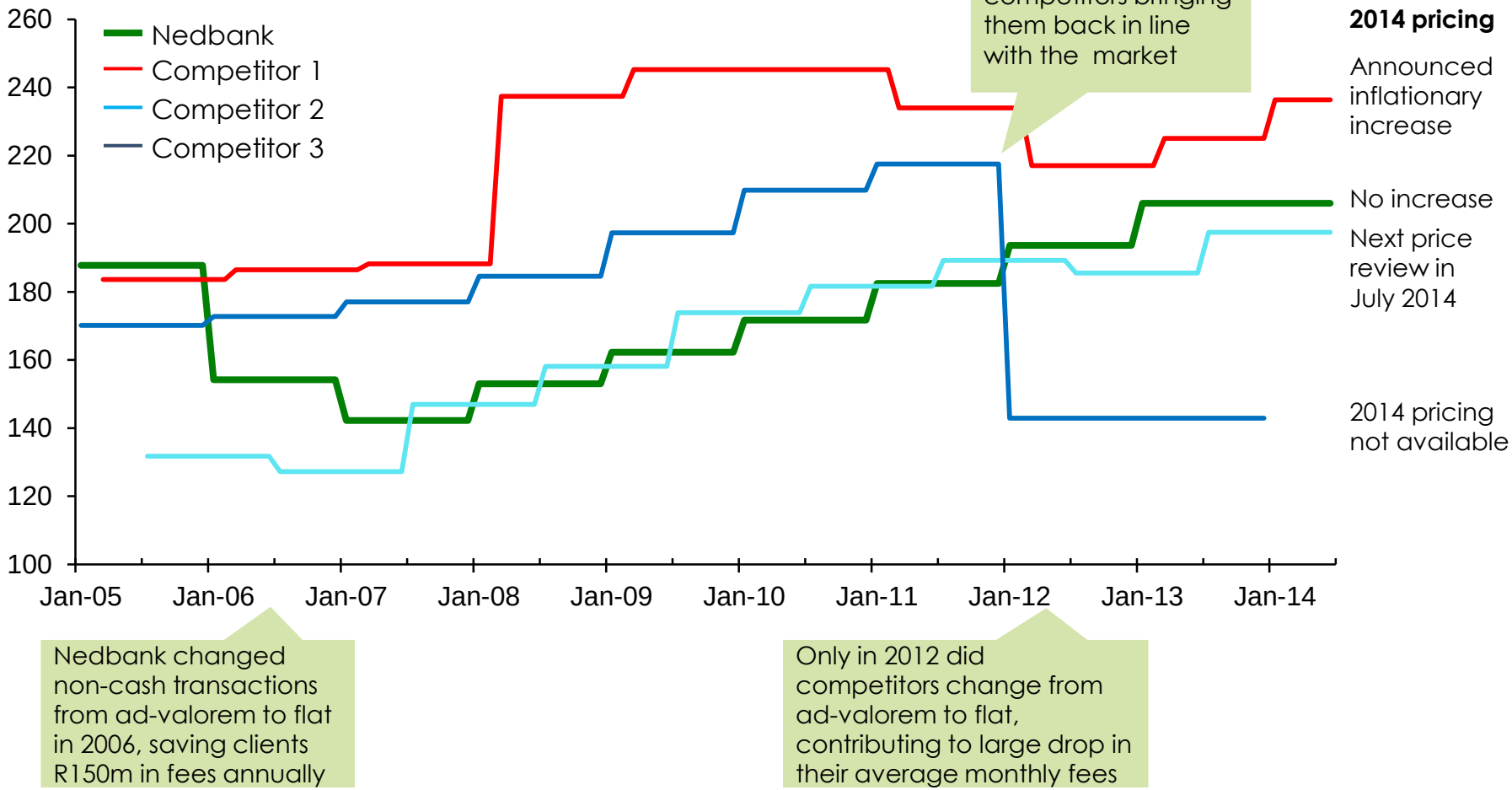
ENSURING PRICING IS SIMPLE, AFFORDABLE AND COMPETITIVE IN LINE WITH CLIENTS NEEDS

MAKE THINGS HAPPEN

NEDBANK

Comparable average monthly banking charges

R per month



Pay-As-You-Use Current Account (including monthly maintenance fees and internet banking subscription)

BRAND INCREASINGLY RESONATING WITH OUR CLIENTS

MAKE THINGS HAPPEN

NEDBANK

Rank 2013	Brand	Industry Group	Brand value 2013	
			Rm	YoY
1	MTN	Telecomms	43,066	**-1%**
2	Vodacom	Telecomms	19,396	**4%**
3	SASOL	Chemicals	18,372	**8%**
4	Standard Bank	Banks	14,200	**-21%**
5	ABSA	Banks	12,411	**-17%**
6	Nedbank	Banks	10,920	**20%**
7	Woolworths	Retail	10,778	**25%**
8	First National Bank	Banks	9,487	**6%**
9	Shoprite	Retail-Food / Supermarkets	9,286	**4%**
10	Mediclinic	Healthcare-Services	8,061	**36%**

Q3 2013 – SA best Liked ads	
1	Vodacom - Baby
2	Nedbank - Eugene Want or need it
3	Capitec Bank - Paperless Banking
4	Nedbank - Eugene Online Banking
5	Wimpy - Puppet

- 1st time ever, Nedbank has 2 ads ranked top five
- Only 3rd time in 29 years to have ad in top 5

Source: BrandFinance South Africa's 50 Most Valuable Brands survey; Millward Brown Q3 Best Liked ads

3 FUNDAMENTAL IMPERATIVES TO SUSTAINABLY TURN AROUND RETAIL

MAKE THINGS HAPPEN

NEDBANK

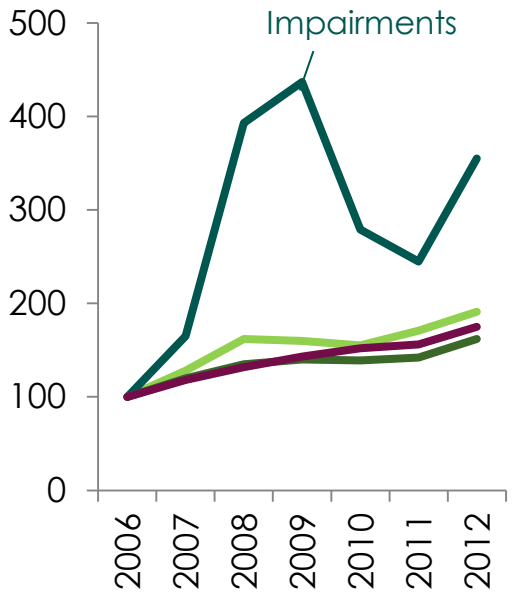
Rebuilding the client franchise as a bank for all

Developing client value propositions better than any alternative

Related economics

Embedding effective risk management & culture

Protecting against downside risk and extreme impairment volatility

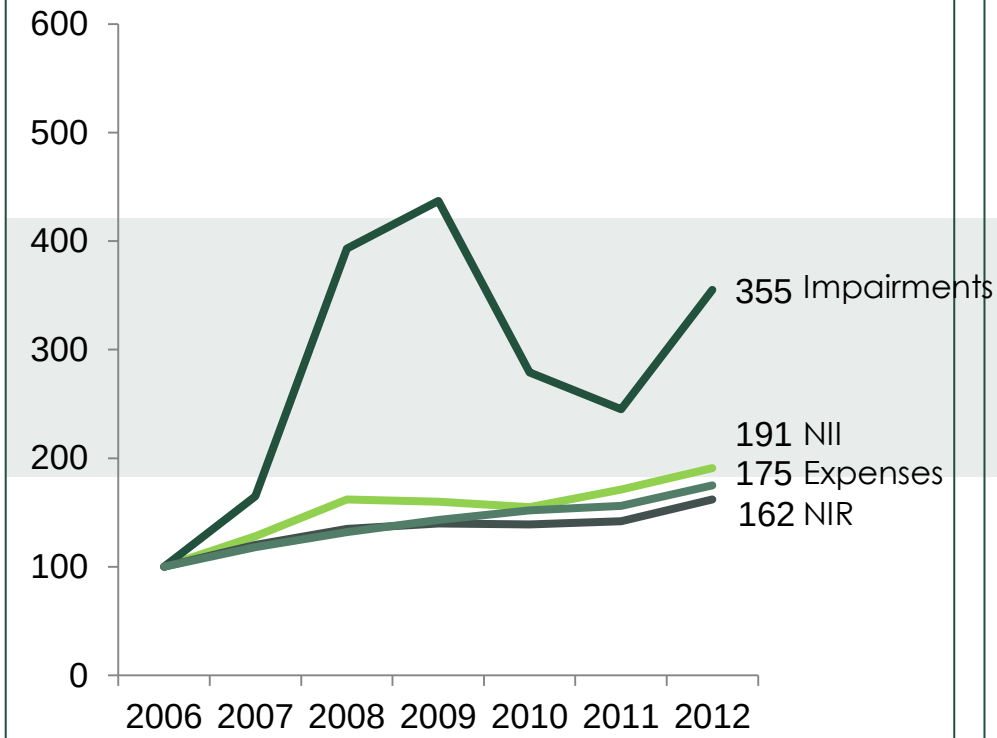


Evolving the organisation to be more client centred and integrated

Leading second order change for accelerated organisational alignment

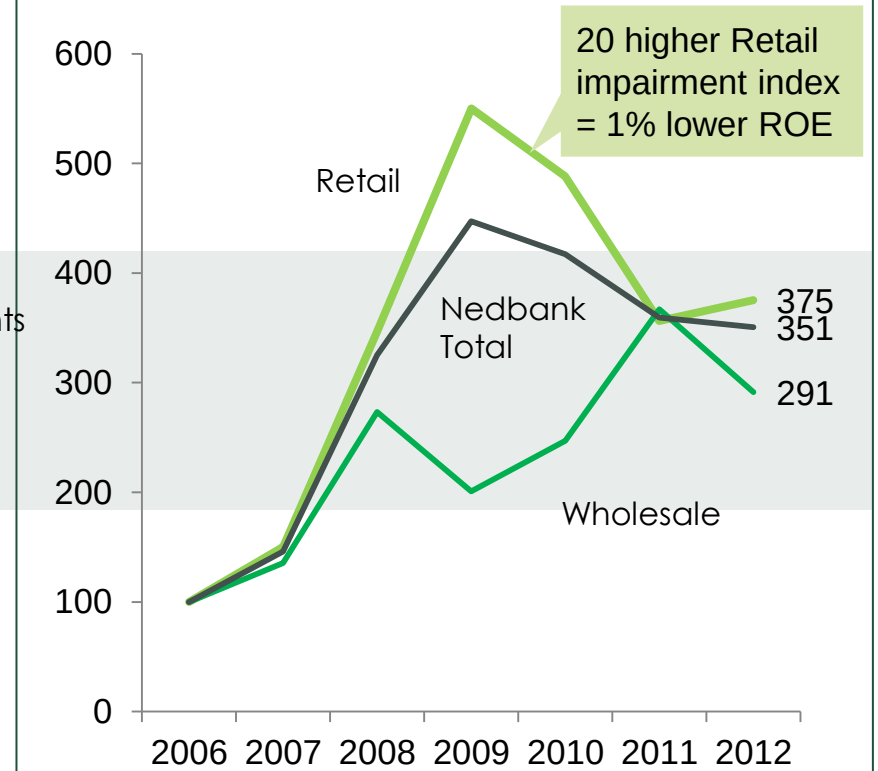
IMPAIRMENTS MOST VOLATILE DRIVER OF INDUSTRY RETURNS, RETAIL LAGGING PEERS

SA banks (excl Nedbank) income statement lines
Indexed to 2006 (pre-crisis)



Industry Bank ROE%	2006	2007	2008	2009	2010	2011	2012
	26.7	25.8	19.2	14.9	14.6	16.3	16.0

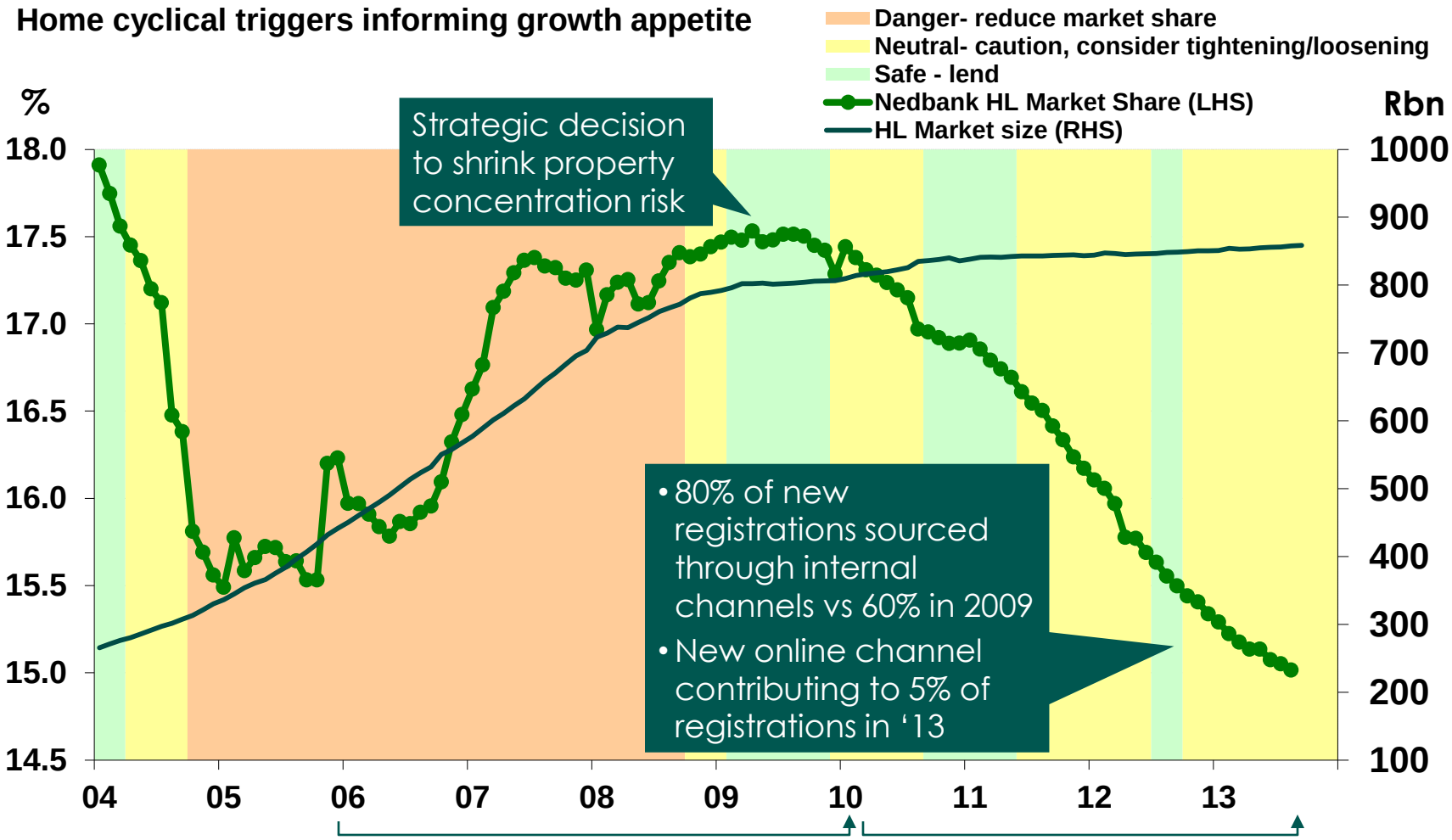
Nedbank impairment lines
indexed to 2006 (pre-crisis)



Retail ROE%	2006	2007	2008	2009	2010	2011	2012
	24.3	22.1	10.8	-0.2	4.6	10.8	12.1

SELECTIVE ORIGINATION TO IMPROVE RISK QUALITY OF HOME LOAN PORTFOLIO

Home cyclical triggers informing growth appetite

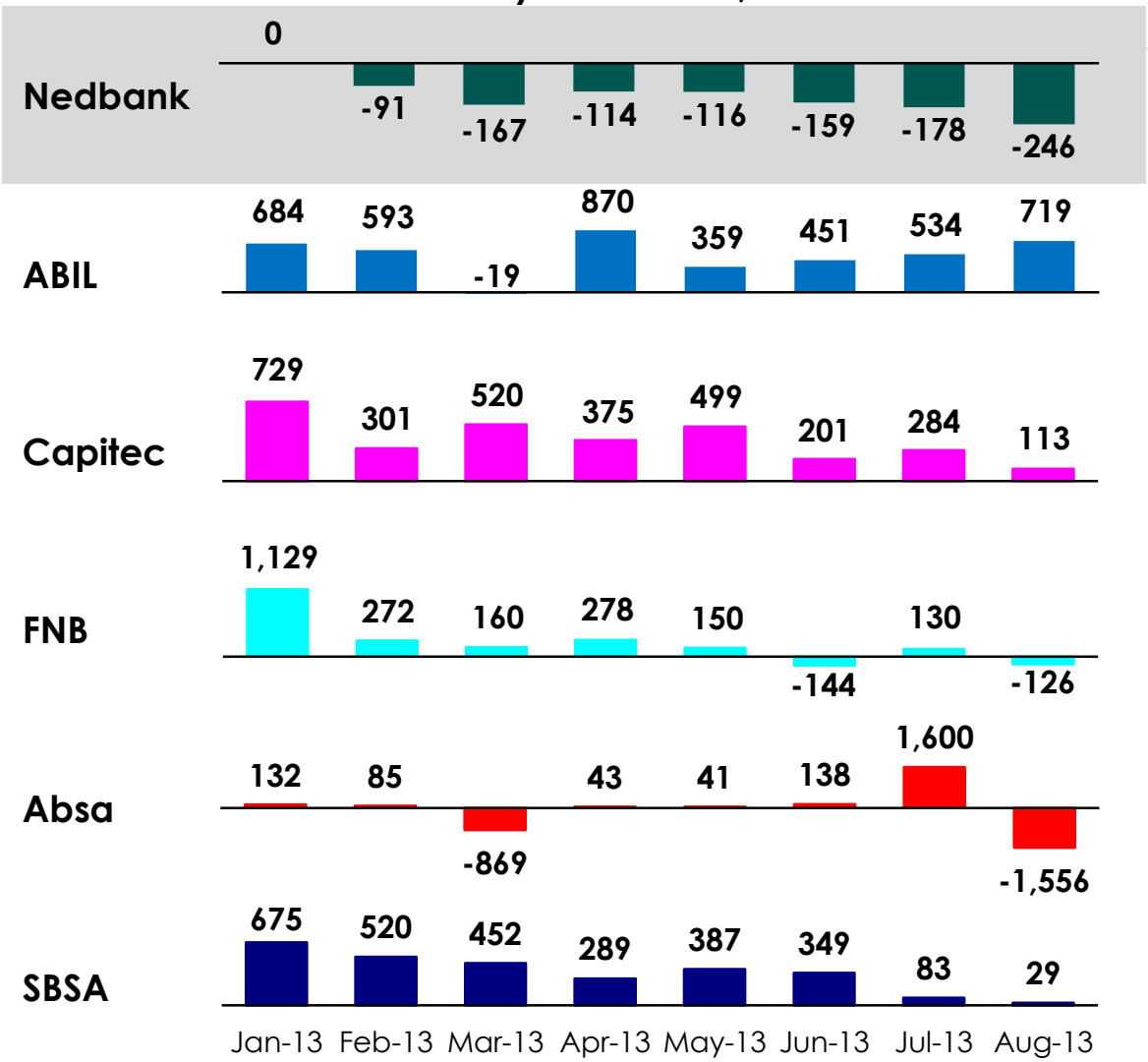


HL advances growth (CAGR)			
	Nedbank	19.1%	-0.8%
	Rest of market	16.5%	3.8%

GIVEN INDUSTRY CONCERNS, PROACTIVELY SLOWED GROWTH IN PERSONAL LOANS

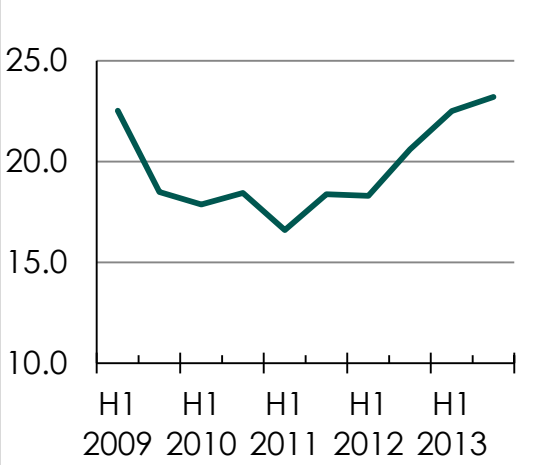
MAKE THINGS HAPPEN NEDBANK

Personal loans book monthly movement, Rm



Market growth 17.4% [1]
vs
Nedbank growth -1.2% [1]

Nedbank PL book - Average GOI margin, %



1 12-months growth to Aug 2013

3 FUNDAMENTAL IMPERATIVES TO SUSTAINABLY TURN AROUND RETAIL

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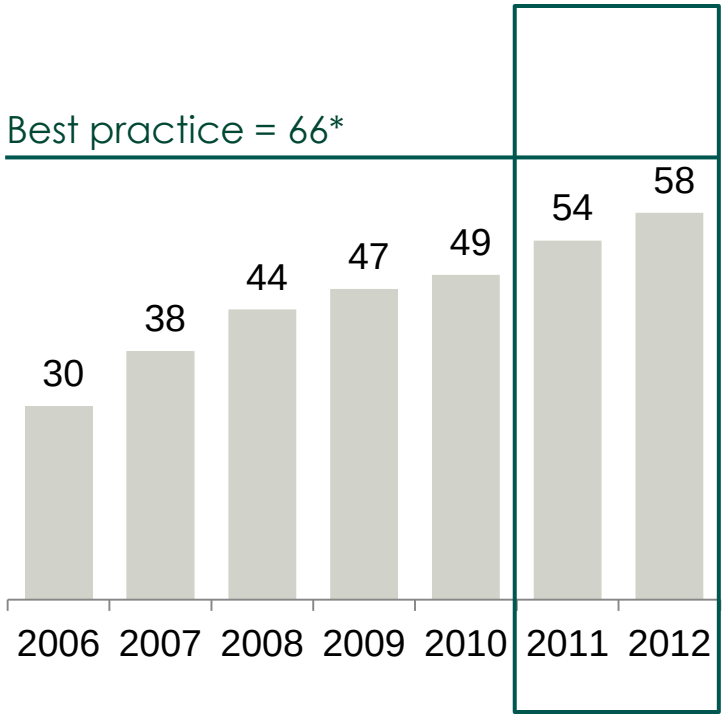
RETAIL CMAT RESULTS REFLECT SIGNIFICANT SHIFTS IN CUSTOMER MGT CAPABILITIES FROM 2010

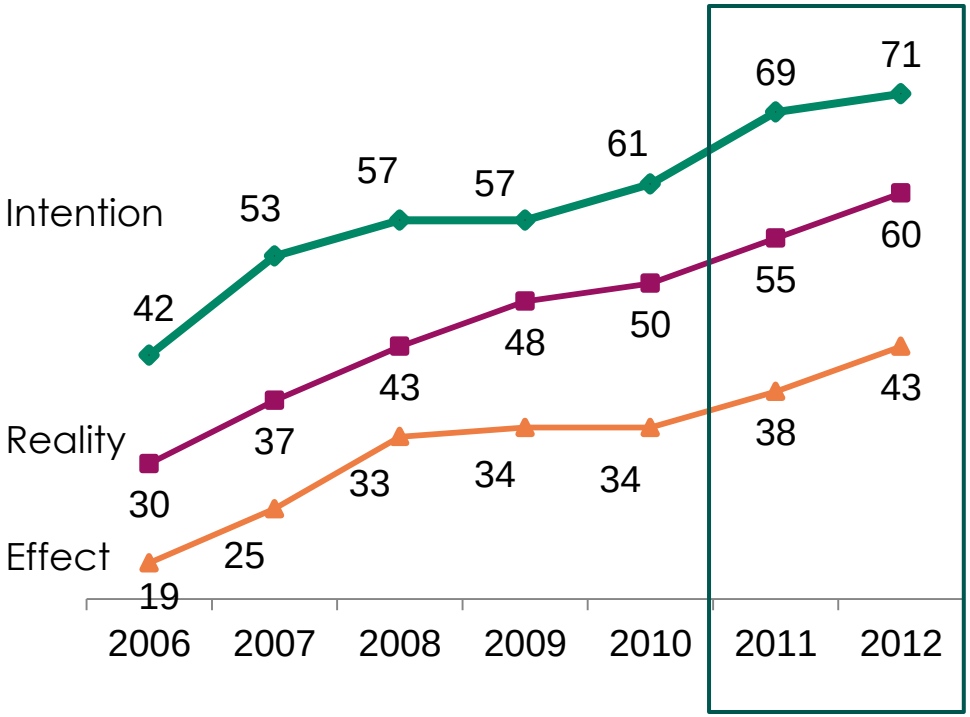
MAKE THINGS HAPPEN

NEDBANK

Overall CMAT scores



Intention, Reality and Effect scores



"…this real 'shifting up a gear' shows the power of a clear, stable strategy, focussed execution & effective socialisation, resulting in a genuine widespread 'will to succeed'. Retail now has truly world class intentions."

Peter Lavers, REAP Consulting

*Retail Banking Best practice benchmark (a composite of best scores in sections = realistically achievable stretch target)
Source: CMAT Assessments, REAP Consulting

DISTINCTIVE POSITIONING TO 'WIN THE GAME', LEVERAGING KEY TRENDS

MAKE THINGS HAPPEN

NEDBANK

Trends		Sources of distinctiveness
Consumer preference for choice, simplicity, increased transparency and lower cost banking		A **choice of distinctive client centred banking experiences**, delighting in moments of truth
Rising demographics and 6% p.a. small business growth represent tomorrow's valued, aspirational clients		A rigorous approach to capturing **virtuous circle of household & business**
Technological innovation (e.g. digital channels) offering opportunity for lower cost distribution and process simplicity		**Integrated channels strategy** leveraging digital, high potential micro-markets & optimising cost
Higher cost of capital and liquidity from Basel regulations put risk management and liabilities at a premium		**Robust risk management** for quality asset portfolios & **Deposit innovation** sustaining historical strength
Collaborative cultures increasingly recognised as central to organisations effectiveness and innovation		**Collaborative people culture** with a client-centred, relationship-oriented DNA

Source: 2012 Investor Day Presentation; United Nations; IFC; Financial Inclusion Expert Group; World bank – doing business; team analysis

COMMITTED TO BUILDING QUALITY BUSINESSES

MAKE THINGS HAPPEN

NEDBANK

Distinctive strategies

Uniquely positioned for macro economy & trends

A skilled leadership team with a track record of delivery

Insight led strategic choices for competitive distinctiveness

Commitment to building high quality businesses for sustainable performance

Diligence in execution of imperatives

Grow the client franchise as a bank for all

Collaborate and innovate for growth

Manage risk effectively

INSURANCE | INVESTMENT | SAVINGS | BANKING

OLDMUTUAL

WHO ARE OUR CUSTOMERS

4 December 2013

Marshall Rapiya, OMSA CEO

INSURANCE | INVESTMENT | SAVINGS | BANKING

OLDMUTUAL

AGENDA

OMSA: South Africa's market leader

Features of the South African insurance market

Customer segmentation and customer heroes

Customer insights and segment penetration

Product: Demand dynamics triggered need for innovation

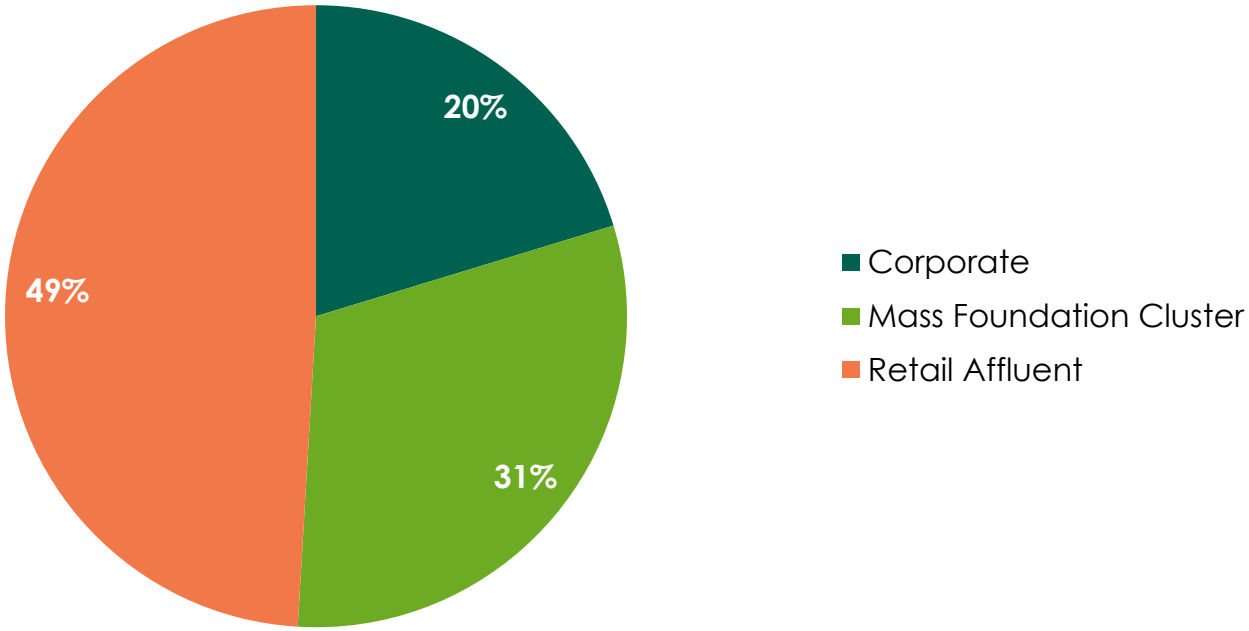
Internal synergies to drive customer acquisition and operational efficiency

OLDMUTUAL

OMSA: SOUTH AFRICA'S MARKET LEADER

#1 market share leader by **Total Life APE** (Dec'11- Jun'13)

OMSA segment pre-tax AOP – FY 2012



19% AOP increase to **R5.5bn** for **FY 2012**[1]

Staff count of **c16k**, policy count of **8.1m** & customer count of **5.5m**[2]

1. This view excludes LTIR and central expenses
2. Includes retail and corporate clients

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FEATURES OF SOUTH AFRICAN INSURANCE MARKET

Retail customers		
	2003	**2013**
Black as % of Affluent	31%	36%
Mass as % of total retail	27%	52%

Split of policies in force (number of contracts)		
Product	**2003**	**2013**
Savings[1]	3.8m	3.5m
Protection[2]	3.9m	4.3m
Other[3]	0.3m	0.7m

Protection policies (number of contracts)		
Product	**2003**	**2013**
Funeral	1.6m	2.8m
Life	2.1m	1.0m
Risk	0.2m	0.5m

1. Savings: Retirement and Investment Products
2. Protection: Risk, Funeral, Health and Life products
3. Other: Annuity Income products and Old Mutual Finance lending products

- Customer profile has slowly changed from an affluent and white market bias
- Savings market growing in importance
  - Goal seeking – mass market
  - Retirement/education – all markets
- Steady demand for protection products
  - Funeral cover – largely mass market
  - Life & income protection (term, retrenchment) – largely affluent

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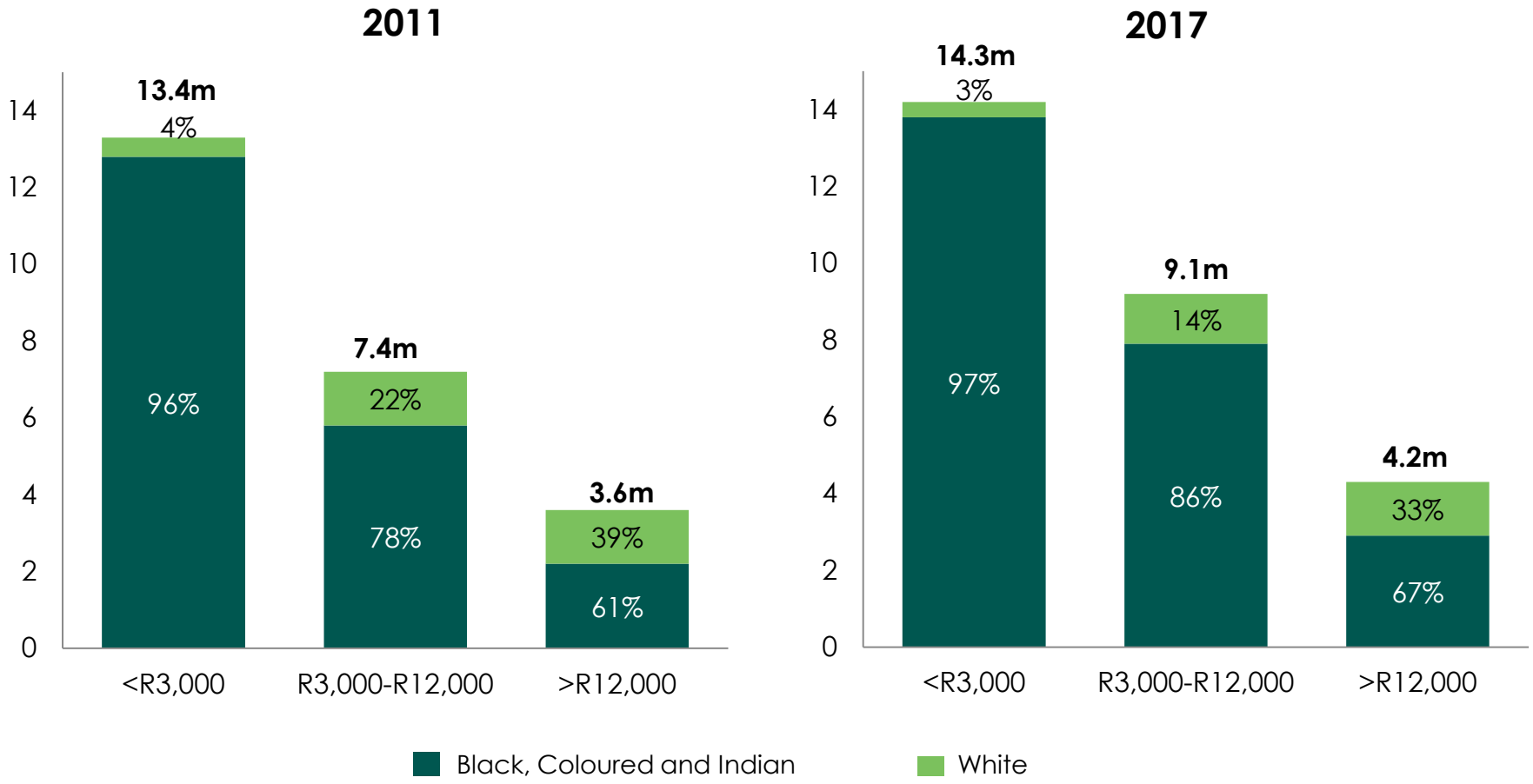
POPULATION TRENDS SUPPORT MASS AND AFFLUENT GROWTH[1]



1. Source: Deutsche Bank, ASSA, AMPS (All Media Product Survey).

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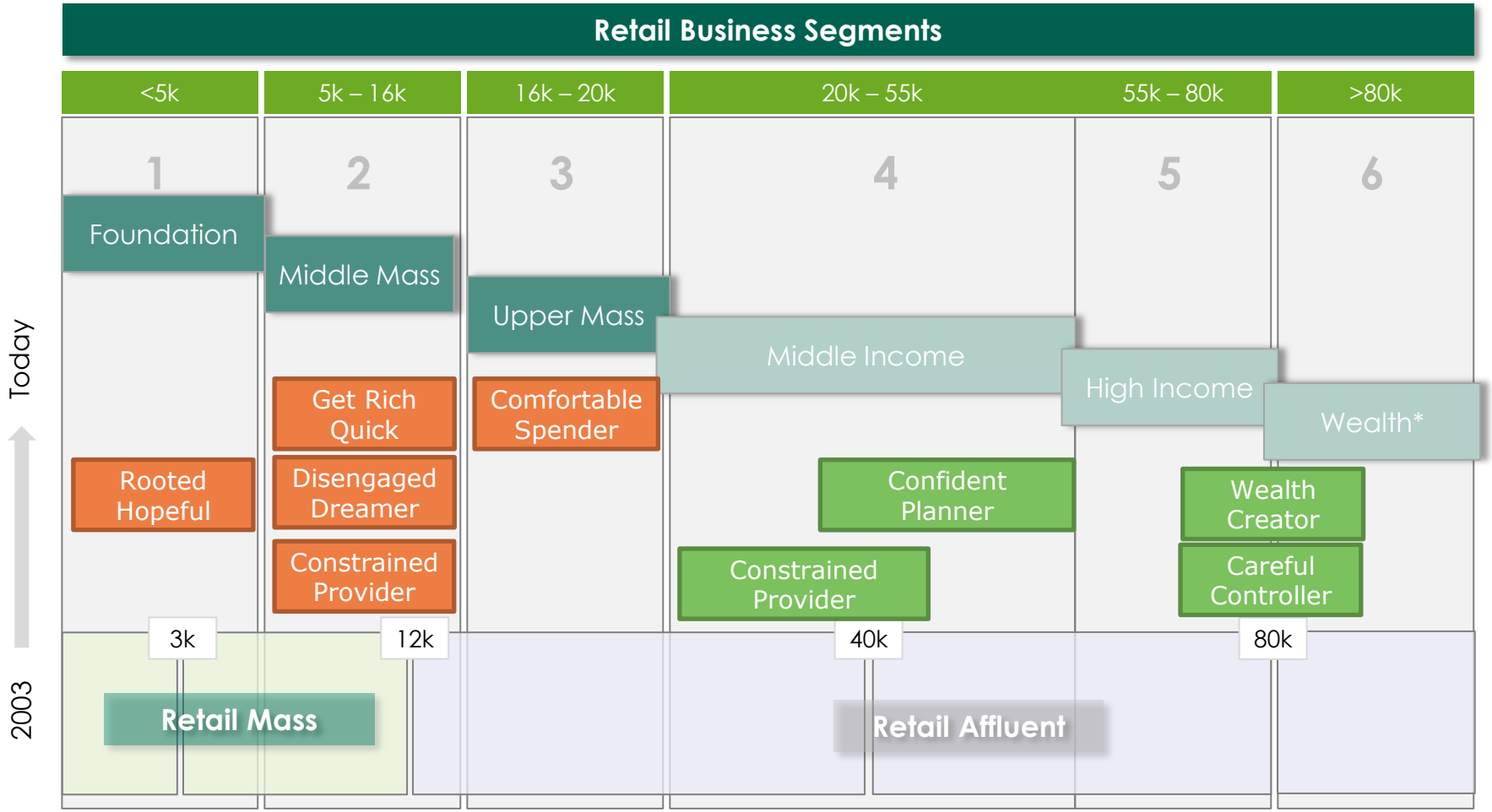
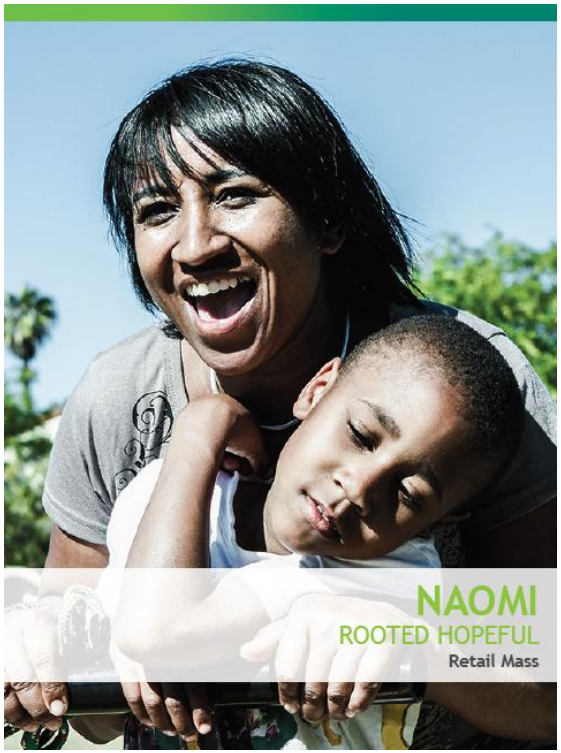
OMSA RETAIL SEGMENTATION

Changing demographics has led to changes in our segmentation model



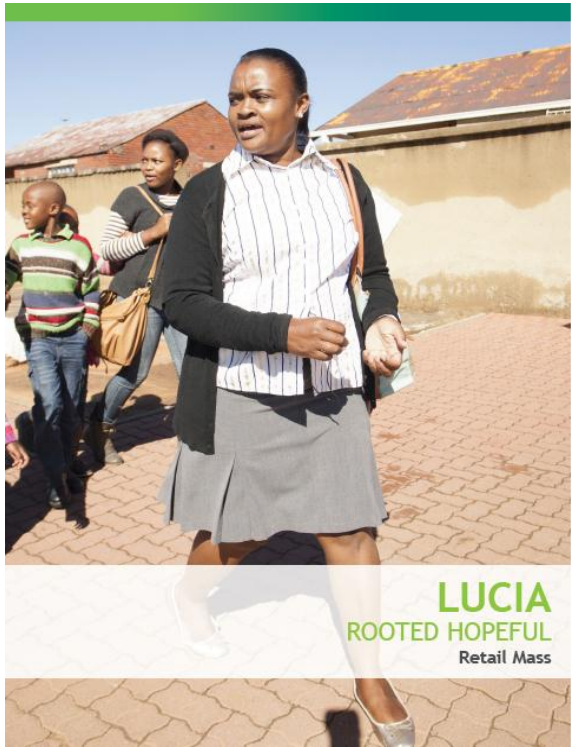
* Better defined by investible assets rather than income

CUSTOMER HEROES – FOUNDATION/MASS



NAOMI
ROOTED HOPEFUL
Retail Mass

AVERAGE AGE: **37**
AVERAGE INCOME: **R6 500** PER MONTH
METROPOLITAN WORKING



LUCIA
ROOTED HOPEFUL
Retail Mass

AVERAGE AGE: **37**
AVERAGE INCOME: **R5 000 - R8 000** PER MONTH
METROPOLITAN WORKING

TOTAL NUMBER IN SOUTH AFRICA

1 984 567

Retail Mass

AVERAGE AGE: 36
AVERAGE INCOME: R16 500 PER MONTH
METROPOLITAN WORKING

TOTAL NUMBER IN SOUTH AFRICA

1 535 308

Retail Mass: **1 455 348** Retail Affluent: **79 960**

FLOYD
GET RICH QUICK
Retail Mass

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CUSTOMER HEROES – MASS/AFFLUENT

AVERAGE AGE: 28
AVERAGE INCOME: R12 000 PER MONTH
METROPOLITAN WORKING

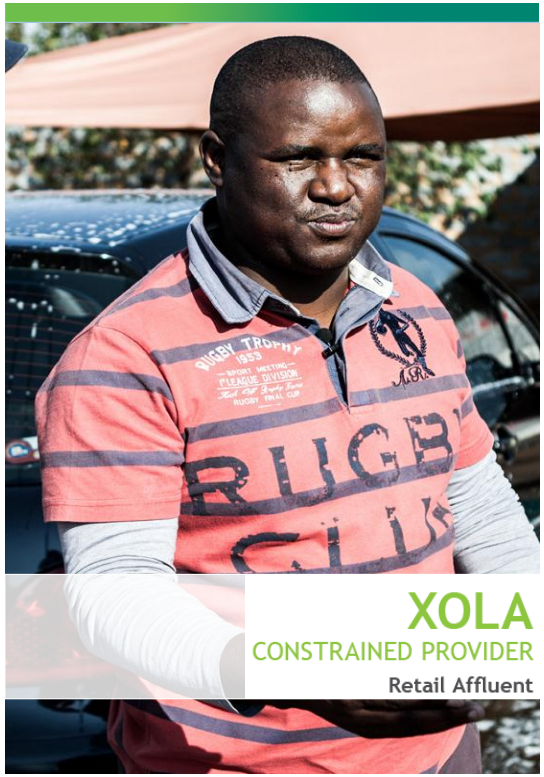
TOTAL NUMBER IN SOUTH AFRICA

1 429 177

Retail Mass: **1 389 197** Retail Affluent: **39 980**

BONGA
DISENGAGED DREAMER
Retail Mass

VIVI
CONSTRAINED PROVIDER
Retail Mass



XOLA
CONSTRAINED PROVIDER
Retail Affluent

AVERAGE AGE: 34
AVERAGE INCOME: R16 000 PER MONTH
METROPOLITAN WORKING

AVERAGE AGE: 36
AVERAGE INCOME: R25 000 PER MONTH
METROPOLITAN WORKING

TOTAL NUMBER IN SOUTH AFRICA

809 559

Retail Mass: **463 065** Retail Affluent: **346 494**

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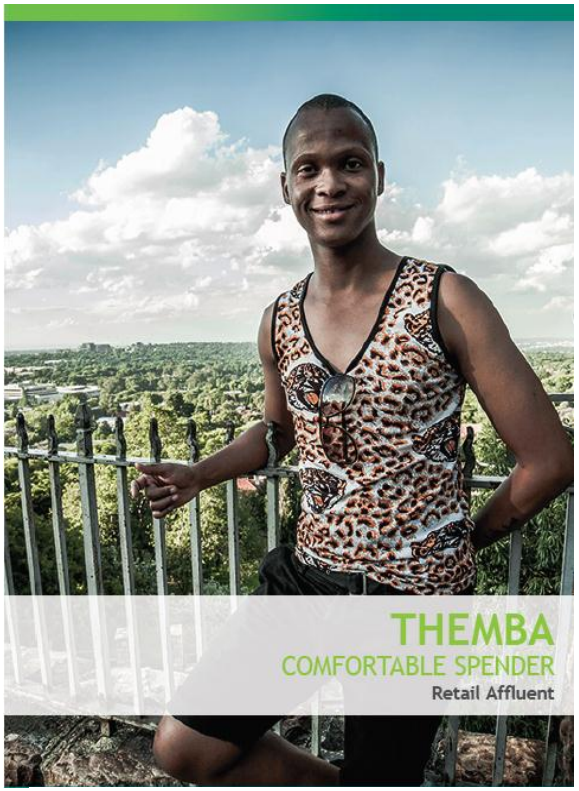
CUSTOMER HEROES – COMFORTABLE SPENDERS

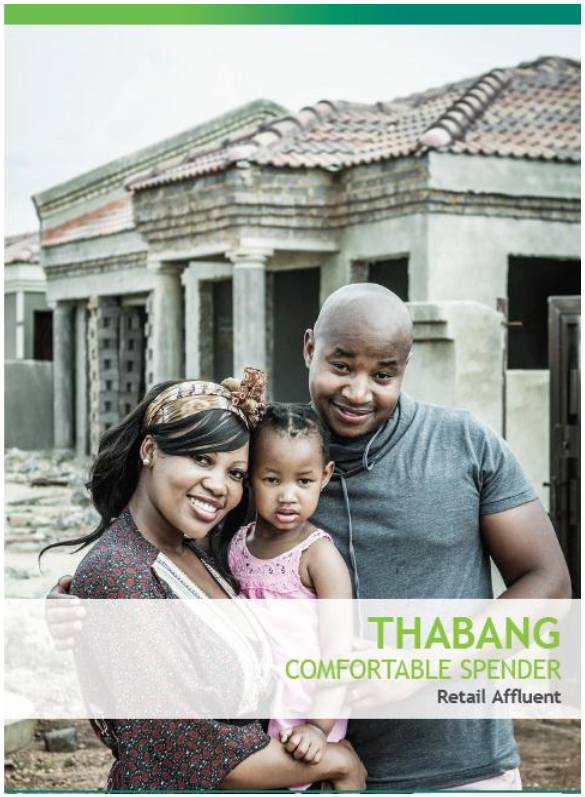


AVERAGE AGE: 30
AVERAGE INCOME: R25 000 - R35 000

TOTAL NUMBER IN SOUTH AFRICA

1 073 687

Retail Mass: **793 827** Retail Affluent: **279 860**



AVERAGE AGE: 33
AVERAGE INCOME: R30 000 PER MONTH

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CUSTOMER HEROES – CONFIDENT PLANNERS

AVERAGE AGE: 43
AVERAGE INCOME: R35 000 PER MONTH

TOTAL NUMBER IN SOUTH AFRICA

1 115 592

Retail Mass: **529 218** Retail Affluent: **586 373**

AVERAGE AGE: 43
AVERAGE INCOME: R25 000 PER MONTH

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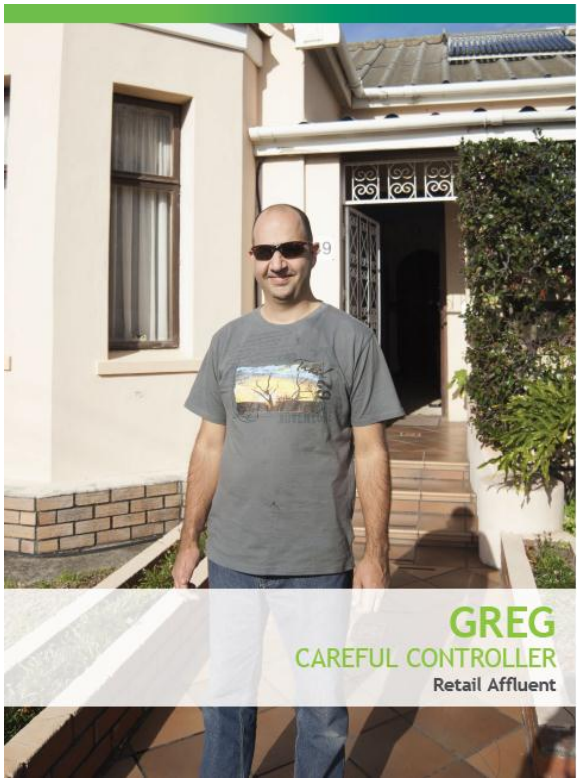
CUSTOMER HEROES - AFFLUENT

MOIPONE
OPTIMISTIC STARTER
Retail Affluent

AVERAGE AGE: **30**
AVERAGE INCOME: **R21 000** PER MONTH
METROPOLITAN WORKING

AVERAGE AGE: **40**
AVERAGE INCOME: **R32 000** PER MONTH
METROPOLITAN WORKING

TOTAL NUMBER IN SOUTH AFRICA
263 469
Retail Affluent



GREG
CAREFUL CONTROLLER
Retail Affluent

NEIL
OVER-EXTENDED PROVIDER
Retail Affluent

AVERAGE AGE: 35
AVERAGE INCOME: R43 000 PER MONTH

TOTAL NUMBER IN SOUTH AFRICA
130 517
Retail Affluent

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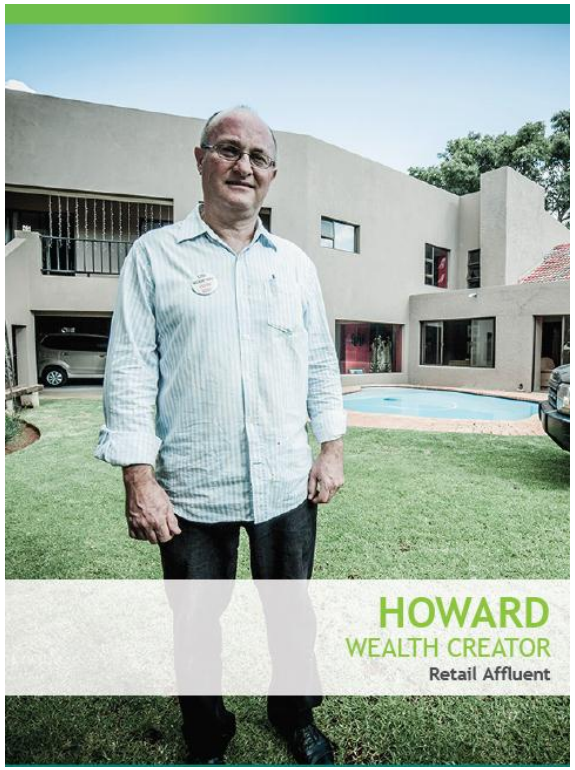
CUSTOMER HEROES - AFFLUENT

AVERAGE AGE: 56
AVERAGE INCOME: R55 000 PER MONTH

TOTAL NUMBER IN SOUTH AFRICA
157 709
Retail Affluent



AVERAGE AGE: 78
INCOME: PENSION

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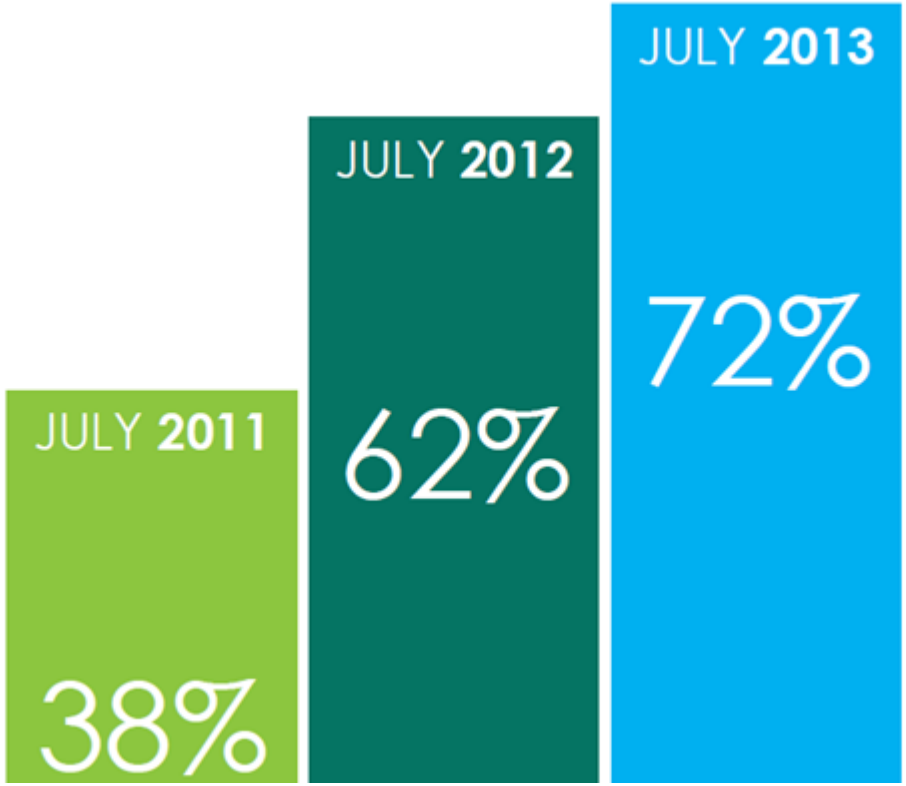
HOW ARE PEOPLE COPING

Higher income households are cutting down on luxuries



Middle and lower income households are requiring more intensive budgeting and planning of their finances

*Percentages shown reflect the proportion of customers who are engaging in some form of cutting down or expense control

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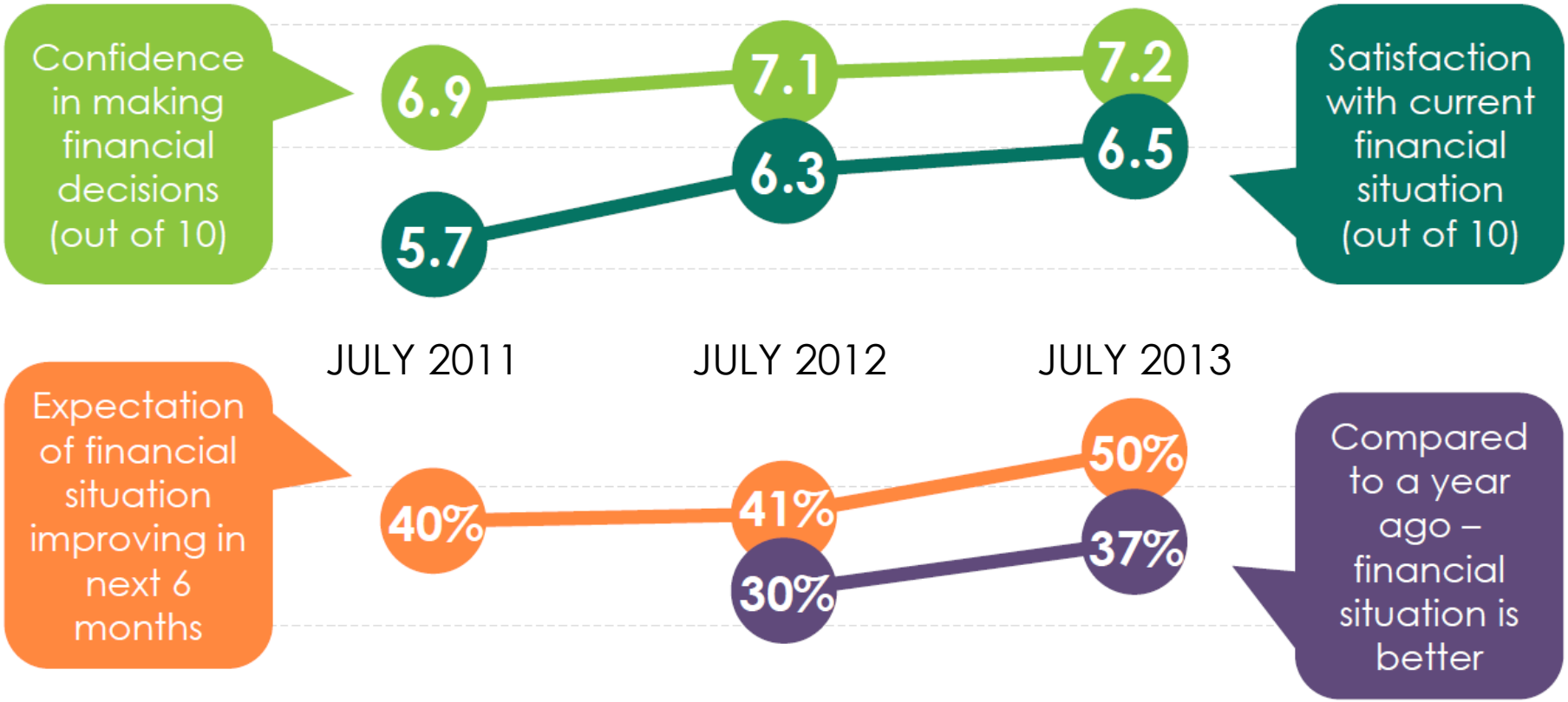
MORE POSITIVE MINDSET ABOUT FINANCES



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WHAT ARE CONSUMERS SAVING FOR?

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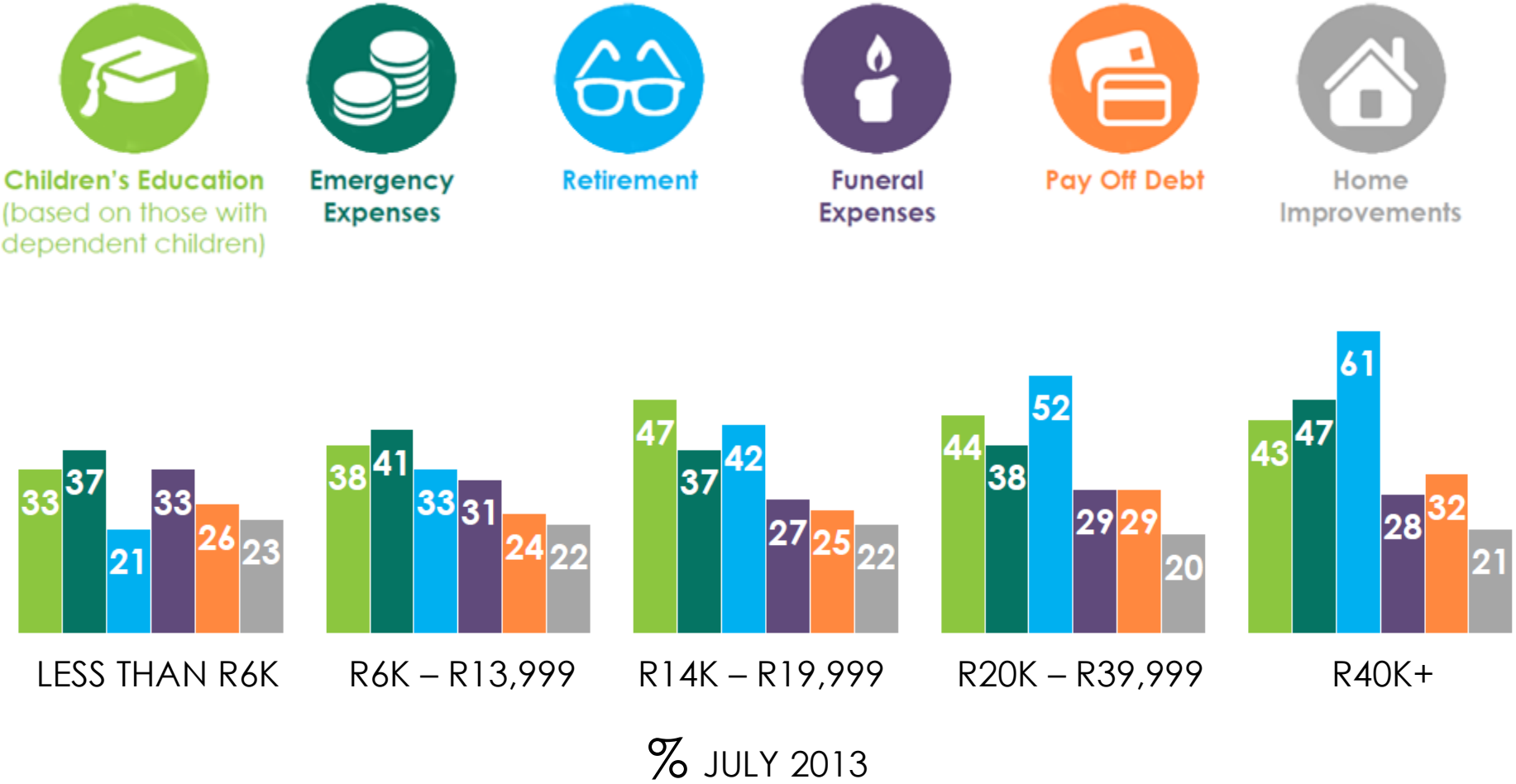
WHAT ARE CONSUMERS SAVING FOR? (BY INCOME)



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RETAIL CUSTOMER SEGMENT PENETRATION

		OM customer penetration of segment[1]	OM customer numbers	OM share of wallet
0.2m individuals	**Wealth market** >R80k p.m./ investible assets >R5m	c.26%	0.05m	
2m individuals	**Middle income market** R20k – R80k p.m.	c.32%[2]	0.6m	
5.9m individuals	**Mass market** R5k - R20k p.m.	c.39%	2.3m	
9m individuals	**Foundation market** < R5k p.m.	c.13%	1.1m	

1. Defined as the percentage of individuals over 18 years old in each segment who are OM clients, and is not indicative of size of wallet capture by OM
2. Current penetration level reflects mainly white customers

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PRODUCT – DEMAND DYNAMICS TRIGGER NEED FOR INNOVATION

Protection		Needs/demands
Funeral cover	→	Index to inflation
Flexibility on risk	→	Flexibility on payment terms
Product ladder	→	Conversion/mobility
Affordable life cover	→	Option for low income groups

Savings		Needs/demands
Economic uncertainty	→	'Guarantees'
Low nominal yield	→	Seeking higher return products
Discipline, inclusion and savings culture	→	Financial education

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INTERNAL SYNERGIES TO DRIVE CUSTOMER ACQUISITION AND OPERATIONAL EFFICIENCY

Public sector

Retailisation

Customer engagement and digital

Distribution and servicing infrastructure

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

Paul Hanratty, Group COO

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OUR STRATEGY – DEVELOPING OUR BANKING AND INSURANCE BUSINESSES IN THE REST OF AFRICA

Africa is booming and the financial services opportunity is big

- High economic growth rates underpinned by a range of structural growth drivers
- Large, concentrated revenue pools with strong growth prospects
- High margins in banking and insurance with low penetration
- Local fragmentation and few international players

We have a long-standing presence in Africa with some key positions

- **OMEM** – Longstanding presence in Africa - Namibia and Zimbabwe, Malawi, Swaziland, Kenya, Nigeria and most recently Ghana through Provident Life
- **Nedbank** – Expanding foothold in Africa : Lesotho, Malawi, Namibia, Swaziland and Zimbabwe, plus representative offices in Angola and Kenya
- **Property & Casualty** – Namibia, Zimbabwe and Botswana and recent acquisition of the Oceanic short-term insurance businesses in Nigeria

Working together will be key to success

- Bank distribution will be a key growth driver so it makes sense for the businesses to collaborate in Africa
- Nedbank and OMEM will be partnering to develop our presence in East and West Africa primarily through acquisitions and JVs
- Zimbabwe experience has highlighted the benefits of working together in Africa on an integrated basis; opportunity to replicate where appropriate over time in other markets

Jointly building the framework to become Africa's Financial Services Champion

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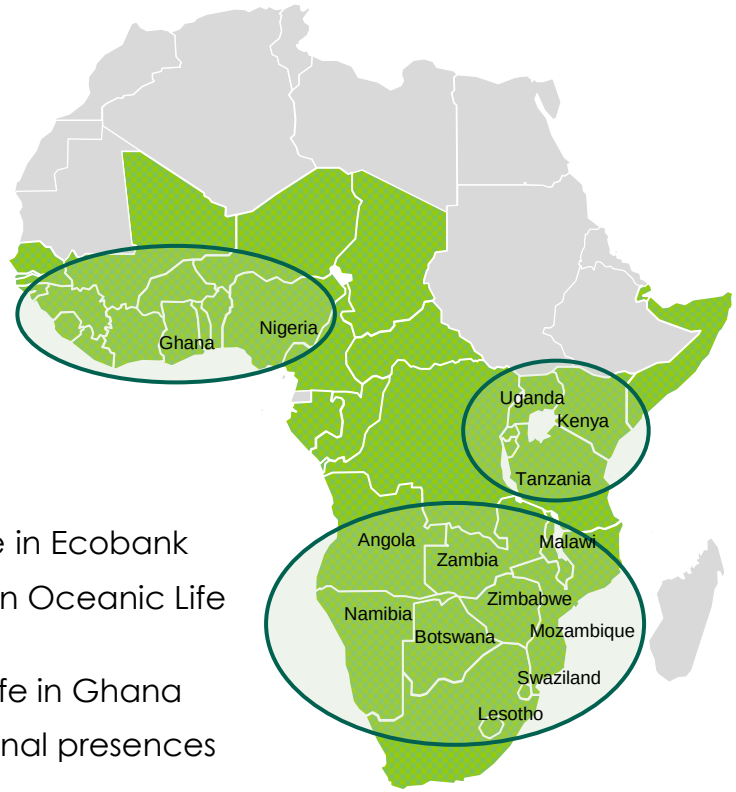
OUR AMBITION IN AFRICA

Our ambition is to build an African Financial Services Champion
"Africa is on our doorstep and in our DNA"

Jointly building the framework



In West Africa

- Option for 20% stake in Ecobank
- Build on 70% stakes in Oceanic Life and P&C in Nigeria
- Build on Provident Life in Ghana
- Develop other regional presences

In East Africa

- Seek partnerships to drive bancassurance
- Build leading insurance and asset manager in Kenya
- Develop regional presence

In SADC

- Build #1 FS businesses in Zimbabwe, Namibia and Malawi
- Develop banking and insurance positions in Mozambique, Botswana, Lesotho and Swaziland
- Entry options for Angola

Combined Footprint of Nedbank, Old Mutual, Ecobank and East African financial services companies

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JOHANNES !GAWAXAB: OMA CEO

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WHAT ARE THE DRIVERS OF EMERGING MARKET GROWTH

Positive economic context

- Long-run real GDP growth, outstripping "advanced" economies
- Growth supported by government actions, a growing internal market and continued global demand for natural resources
- Increasing urbanisation
- Improving regional integration

Positive demographic trends

- Large & growing population
- Expanding labour force
- Rising incomes: rapid increase in the economically active population
- Growing middle-class entering the formal economy
- Fast-growing consumer markets

Positive insurance market trends

- Insurance penetration low in most countries other than SA
- Low levels of welfare provision, including pensions
- Little international competition
- Ability to save is increasing
- Financial education & awareness will help drive the decision to save

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AGENDA

Africa quiz

Our business in Africa today

Our approach to Africa and growth

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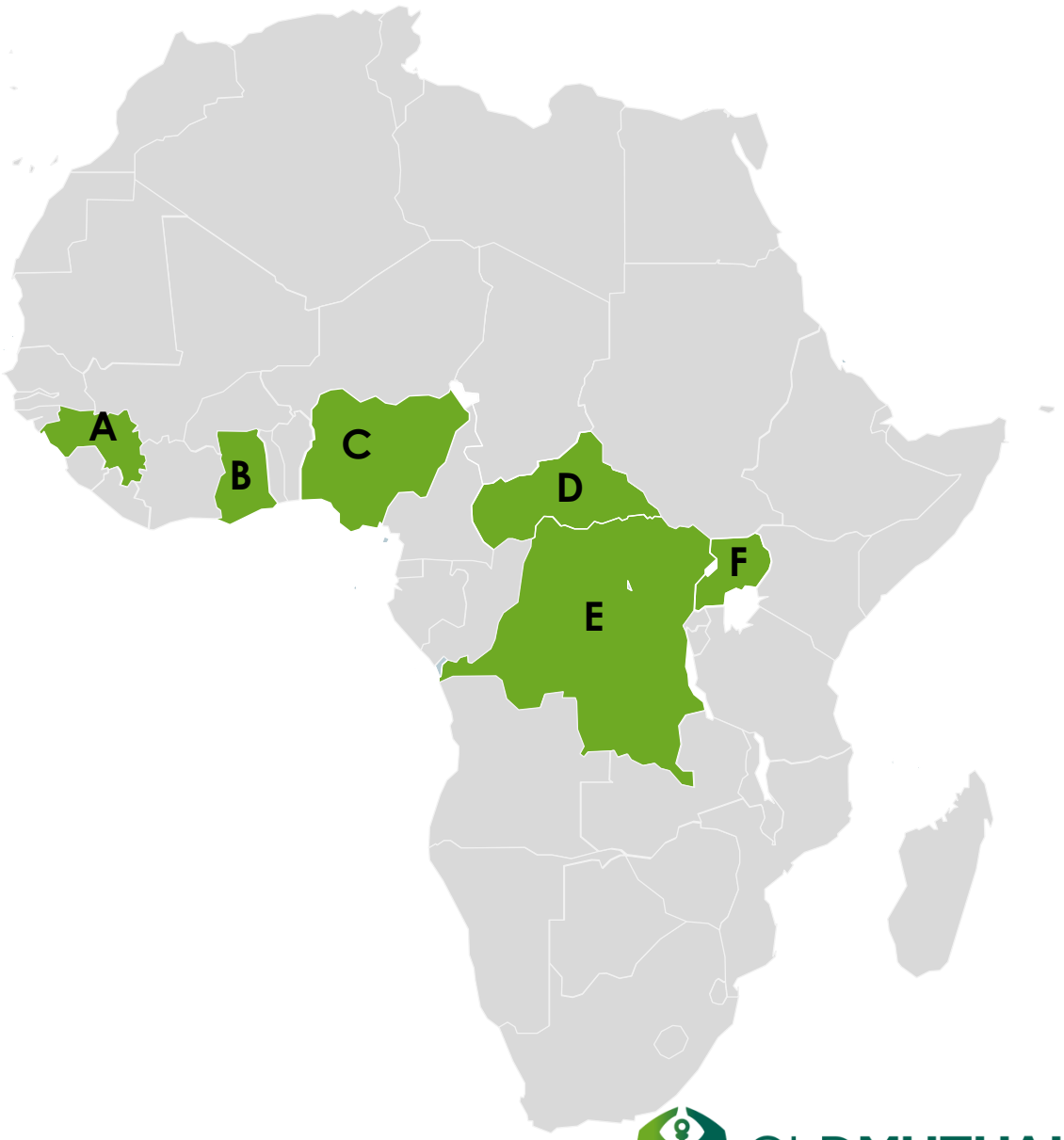
QUIZ 1

Without using your iPhones, name the countries marked A, B, C, D, E, F



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QUIZ 2

Match the GDP figures to the right country

Africa's top 7 GDPs (US$ 'm)

408,237

243,986

104,332

64,053

39,200

33,621

30,247

Angola

Kenya

Ghana

Ethiopia

South Africa

Sudan

Nigeria

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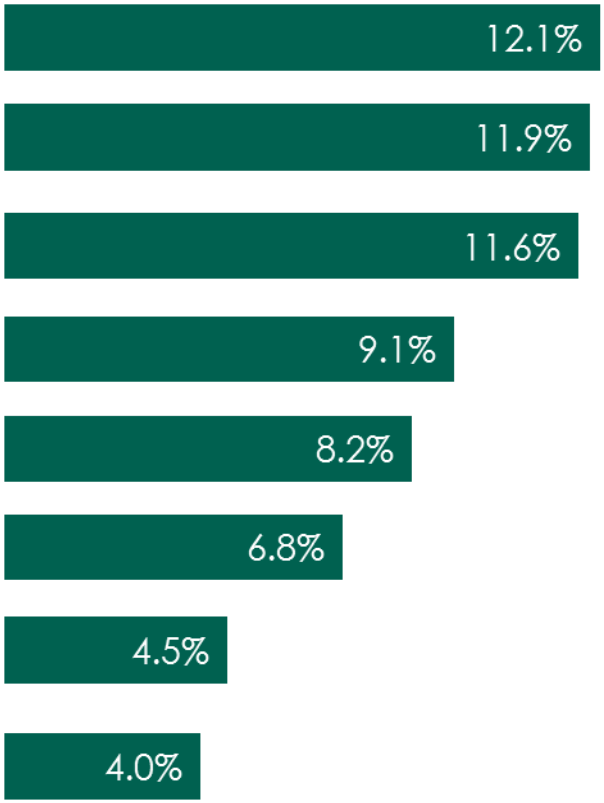
QUIZ 3

Where is the growth?

South Africa	**Ghana**
Mozambique	**Nigeria**
Namibia	**Zimbabwe**
Kenya	**Angola**

Forecast GDP CAGR, 2011-2017



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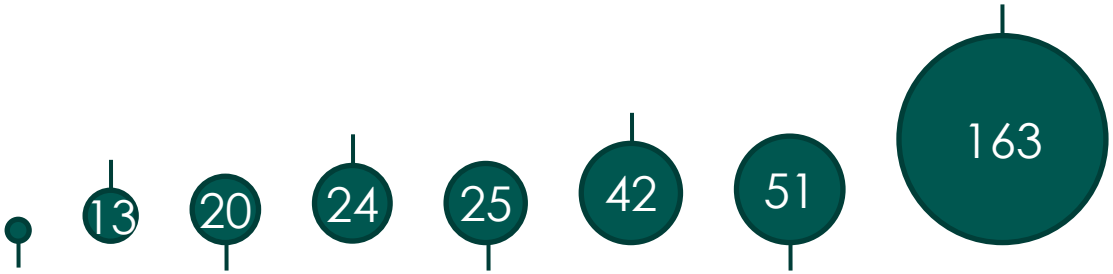
QUIZ 4

Who has the biggest population in millions?

South Africa	**Ghana**
Mozambique	**Nigeria**
Namibia	**Zimbabwe**
Kenya	**Angola**



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OLD MUTUAL IS WELL POSITIONED RELATIVE TO PEERS IN REST OF AFRICA

Company	Geographic reach	APE margin %, 2012	Operating Profit Rm, 2012
OLDMUTUAL		40.3	857
Sanlam		31.1	841
LIBERTY		26.1	69
MMI HOLDINGS		15.8	133

Source: Company annual reports; Old Mutual Africa strategy documents

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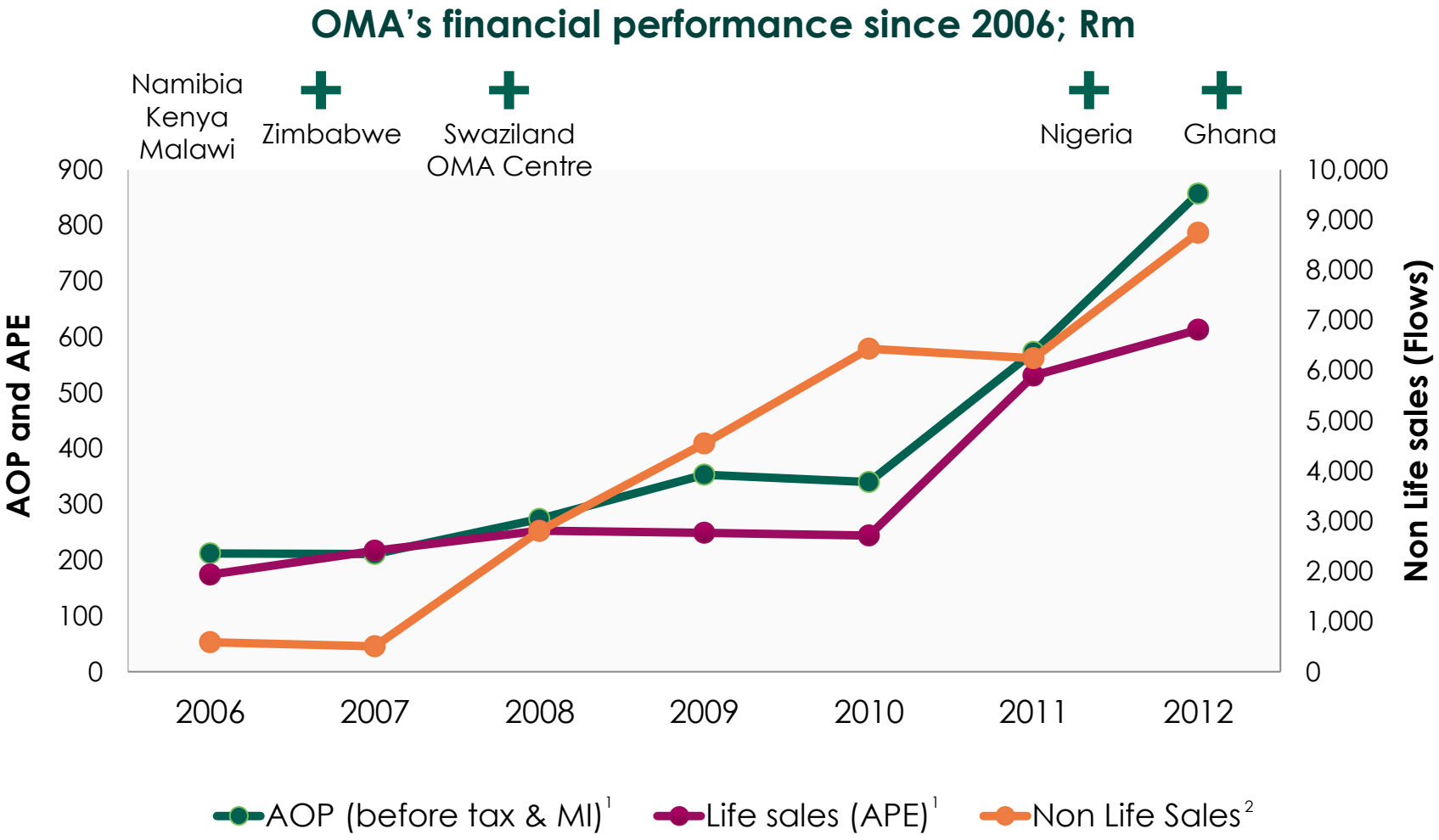
WHERE WE HAVE COME FROM



1. From 2011, included Namibia Zimbabwe, Kenya, Malawi and Swaziland. Prior periods include Namibia only.
2. 2006 – 2009 includes Namibian unit trusts only

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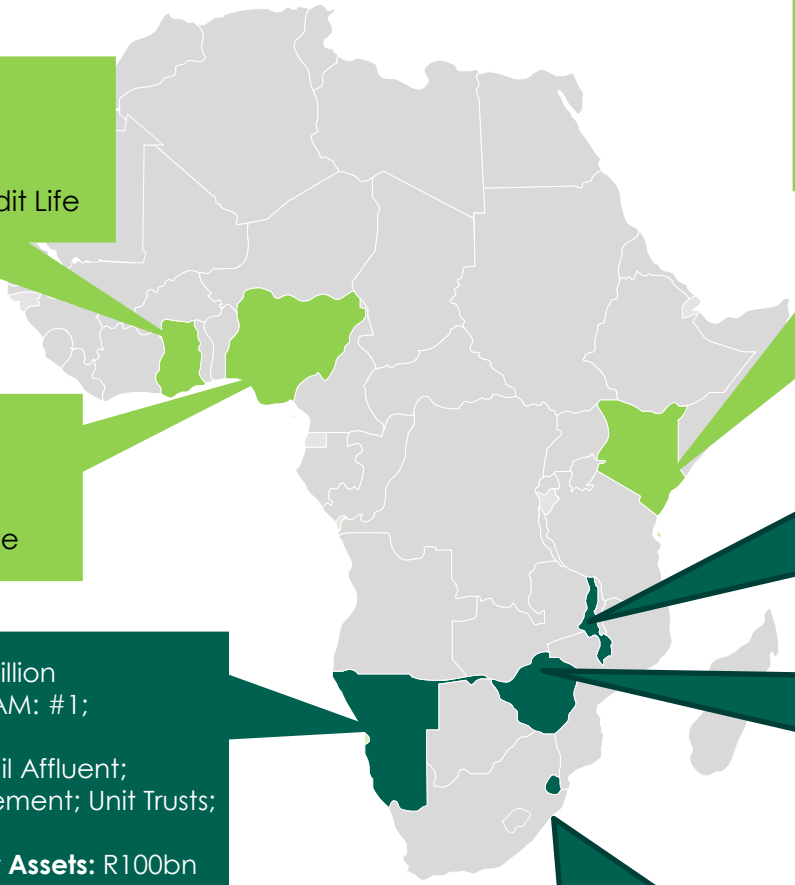
OUR LIFE AND ASSET MANAGEMENT BUSINESSES IN AFRICA TODAY[1]



Ghana: Pop: 25 million
Market position: Life #5
Customers: 40,000
Clusters: Group Life and Credit Life

Kenya: Pop: 42 million
Market position: Life: #8; AM: #1;
Customers: 97,300
Clusters: Retail Mass; Unit Trusts; Corporate; Asset Management
FUM: R8.1bn; **Total Industry Assets:** R25bn

Nigeria : Pop: 165 million
Market position: Life #25
Customers: 200,000
Clusters: Group Life and Credit Life

Malawi: Pop: 16 million
Market position: Life: #1; AM: #1;
Customers : 83,500
Clusters: Retail Affluent; Corporate; Unit Trusts; Asset Management
FUM: R1.5bn; **Total Industry Assets:** R4bn

Namibia: Pop: 2.1 million
Market position: Life: #1; AM: #1;
Customers: 259,000
Clusters: Retail Mass; Retail Affluent; Corporate; Asset Management; Unit Trusts; Lending
FUM: R27bn; **Total Industry Assets:** R100bn

Zimbabwe: Pop: 12 million
Market position: Life: #1; AM: #1;
customers: 862,000
Clusters: Corporate; Asset Management; Unit Trusts; Retail Affluent; Lending
FUM: R11.4bn; **Total Industry Assets:** R16bn

Swaziland : Pop: **1.3** million
Market position: Life: #1
Customers; 22,800
Clusters: Retail Mass; Corporate; Unit Trusts
FUM: R0.4bn; **Total Industry Assets:** R14bn

[1]FUM Start Manager Q3 2013, customer numbers as at end 2012

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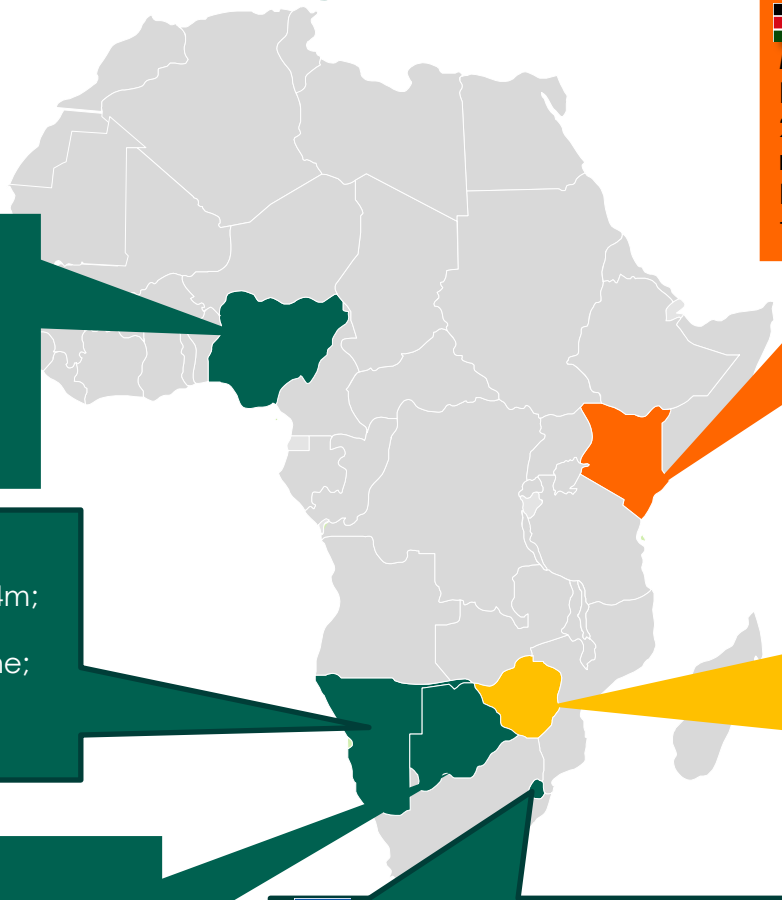
OUR OTHER FINANCIAL SERVICES BUSINESSES IN AFRICA



KENYA
Market position: Faulu Kenya has 27 banking branches, 400,000 customers, 26 marketing outlets and 52 deep rooted satellite offices countrywide
Products: offers loans, savings and transactional products

NIGERIA
Market position: #25; GWP: R83m;
Classes: Personal Lines; Commercial; Aviation; Marine; Engineering; Oil and Gas; Bonds.
Total Industry GWP: R10bn

ZIMBABWE
Market position: #2; GWP: R197m
Classes: Personal Lines; Commercial; Marine; Engineering; Accident; Fire
Total Industry Gross Premium: R1.8bn
Banking Market position: A leading bank with 65 branches countrywide
Products: offers traditional banking, savings and transactional products

NAMIBIA
Market position: #2; GWP: R454m;
Classes: Personal Lines; Commercial; Agriculture; Marine; Engineering; Risk Finance.
Total Industry GWP: R2.2bn

BOTSWANA
Market position: #4; GWP: R134m;
Classes: Personal Lines; Commercial; Agriculture; Marine; Engineering; Risk Finance.
Total Industry GWP: R1bn

SWAZILAND
Swazi Royal Insurance Corporation (21% shareholding)
Market position: #1; GWP: R122m
Classes: Personal Lines; Commercial; Marine; Engineering; Accident; Fire
Total Industry Gross Premium: R338m

KEY
- Property & Casualty
- Lending
- Property & Casualty and Banking

GWP as at September 2013

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AGENDA

Africa quiz

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Our approach to Africa and growth

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OUR VISION FOR TOMORROW IS TO BE #1 OR #2

Our vision for Africa to 2020

- To be the **#1 or #2 Long-Term Savings and Insurance** business in established and core growth markets, with strong franchises in other West Africa, East Africa and SADC countries

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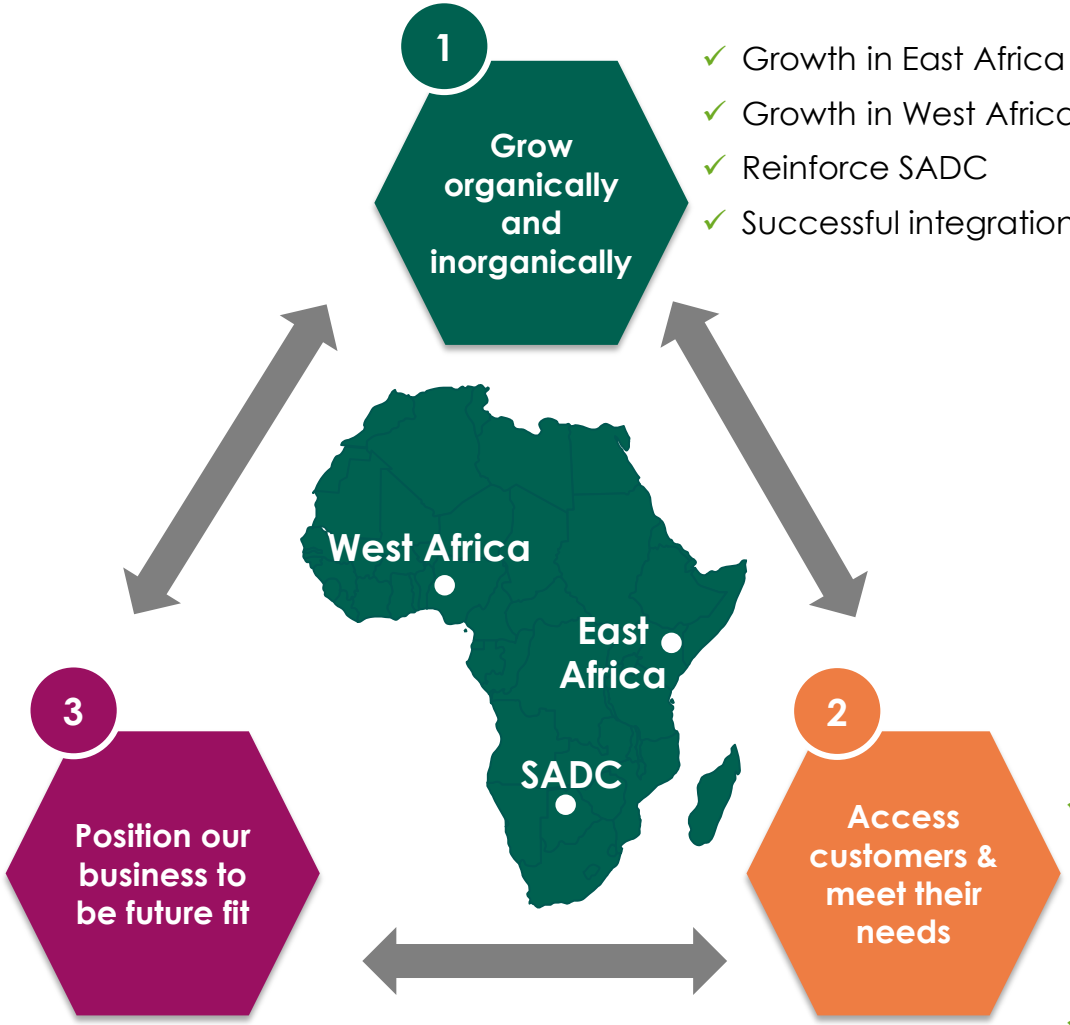
OMA'S STRATEGY AND STRATEGIC PRIORITIES



- ✓ Growth in East Africa
- ✓ Growth in West Africa
- ✓ Reinforce SADC
- ✓ Successful integration of acquisitions

- ✓ Build distribution
  - ✓ Tied force
  - ✓ Bank partnerships
  - ✓ Digital
- ✓ Build Brand in East and West Africa
- ✓ Access informal sector
- ✓ Understand and meet customer needs

- ✓ Build business-in-a-box and regional capacity
- ✓ IT structure & strategy
- ✓ Talent management & culture
- ✓ Investment in our foundation

OUR INVESTMENT CRITERIA

Strategic Fit

Does the investment build on our aim to be top 3 in our markets?

Financial Assessment

Is the financial investment attractive for Old Mutual – ROE, timeframe, risk?

Operational Assessment

What are the key non-financial metrics we need to consider – reputation, law, regulation?

Cultural Fit

Is there a strong cultural fit between the target and Old Mutual?

Must be green

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EXPANSION IN AFRICA: PROGRESS IN 2013

Nigeria
Acquired a majority stake in **Oceanic Life**: gaining new customers under Old Mutual brand
Acquired a majority stake in Ecobank's property & casualty business

Ghana
Acquired a majority stake in **Provident Life Assurance Company**
Life & investment products
Customer base mostly retail mass

Kenya
Acquiring[1] a majority stake in **Faulu**
Extensive retail distribution network
Customer base has similar demographic to Mass Foundation market in SA

Mozambique
Nedbank acquiring[1] an initial 36.4% stake in **Banco Unico**
Innovative banking product, including mobile banking applications

R925m (incl Nedbank) total spent; R700m of OMEM's R5bn allocation

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1. Subject to regulatory approval

5 THINGS WE WILL DO TO WIN

Invest in **talent** and teams

Complement our distribution channels with **partnerships** and **innovative distribution** channels to enable us to jump the curve

Focus on the **customer** and secure access to the **informal sector**

Build the Old Mutual **brand** in particularly East and West Africa

Demonstrate long-term **commitment** to the continent (there will always be headwinds)

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Tava Madzinga: OMA COO

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AGENDA

Operational support for African roll out

Defining customer needs in Africa

Mobile as a key enabler

The Old Mutual brand

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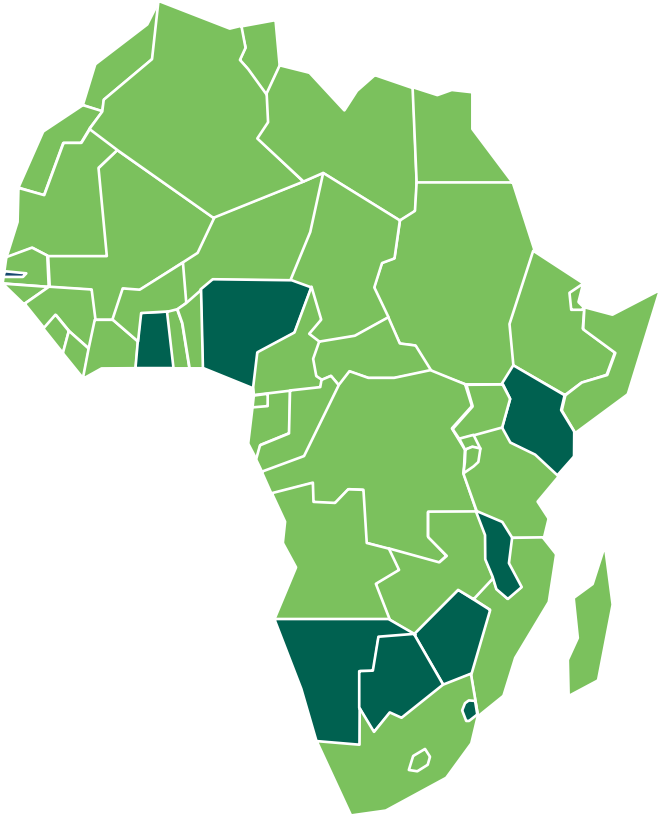
OPERATIONAL SUPPORT FOR AFRICAN ROLL OUT

Four key focus areas:

1. Understand your customers' needs
   - Adapt to local market nuances
   - The informal market
2. Delivery of business in a box and regional capacity
3. Digital/mobile as an enabler
4. Build brand awareness



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CUSTOMERS' NEEDS IN AFRICA

	Retail	Corporate
Best financial education and advice	• Financial guidance from a trusted company	• Industry knowledge/thought leadership
Most accessible face-to-face and digital	• Convenient servicing at worksites • Easy access to bricks and mortar • Ability to transact on mobile	• Credible and sustainable brand
Solutions most certain to deliver their promises	• Savings – flexible contributions and liquidity • Access to loans • P&C including crop and livestock	• Employee protection • One stop shop • Securing loan books
Most supportive of the communities we serve	• Active in communities	• Partnerships with companies that demonstrate relevance in communities

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PRODUCTS AND DISTRIBUTION

1

Product:	Life	Lending	P&C	Asset management
SADC	✓	✓	✓	✓
West Africa	✓		✓	
East Africa	✓	✓		✓

2

Distribution

Access customers & meet their needs

Our distribution strategy focuses on 3 pillars across Africa:

- Developing and building up traditional tied agency force
- Building our Bancassurance partnerships
- Developing a Pan African digital proposition

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BUSINESS-IN-A-BOX

- The way we operate and do business
- Standard set of products, processes and IT systems
- Deployable when entering a new country / expanding our value proposition in existing countries
- Enabling speed to market, reduced risk and scale benefits
- While leveraging the rest of our emerging markets' capabilities

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MOBILE IS A KEY STRATEGIC ENABLER IN WEST AND EAST AFRICA

	Internet Penetration	Mobile Penetration	Smartphone Penetration
KENYA	28%	67%	7%
GHANA	14%	85%	4th in Africa following Nigeria, SA and Kenya
NIGERIA	28%	59%	41%

Internet and mobile penetration as at 2011. Smartphone penetration per Samsung Africa at 2012

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A MOBILE CAPABILITY ENABLES A MICRO INSURANCE BUSINESS MODEL

Largely Automated

Handle Large Volumes

Low Cost Medium

MOBILE
CAPABILITY

Small premiums

Simple products

Paperless servicing

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THE OLD MUTUAL BRAND IN AFRICA

Africa Brand Objectives

1. To be a **leading financial services brand** in our chosen markets in Africa

2. Create **awareness and trust**
   - Develop brand plan that supports growth of customer acquisition
   - Develop brand migration strategy that will maximise the value of our new acquisitions
   - Develop a distinctive brand "big idea" that can be executed over the next 3 to 5 years

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KEY FOCUS AREAS

Understanding our customers' needs

Business in a box

Digital/mobile capability

Building the brand

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5 December 2013

Mark Weston, P&C Africa

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AGENDA

Property & Casualty: the size of the prize

Where we make our money today

Potential in Nigeria

Plans for the future

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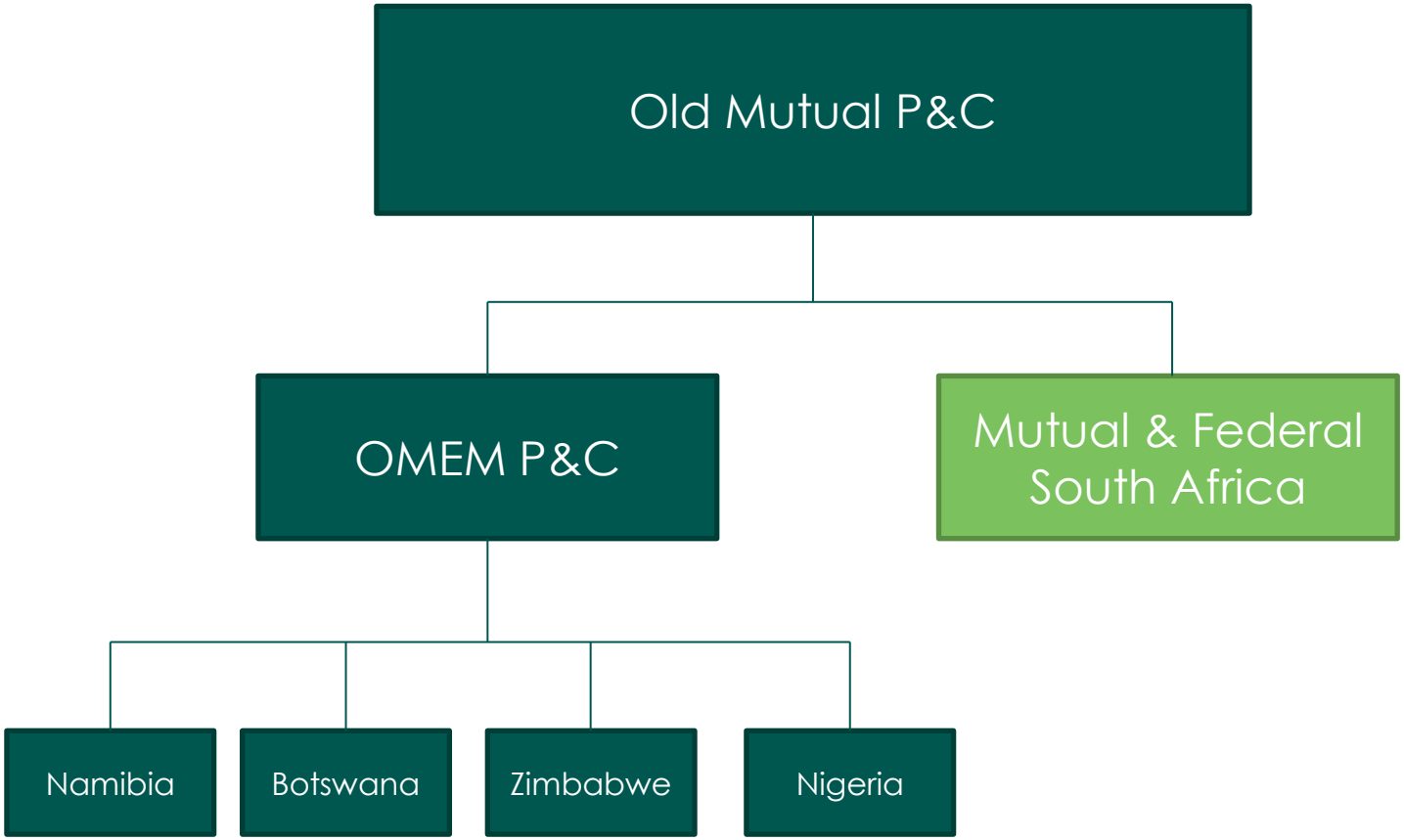
PROPERTY & CASUALTY STRUCTURE



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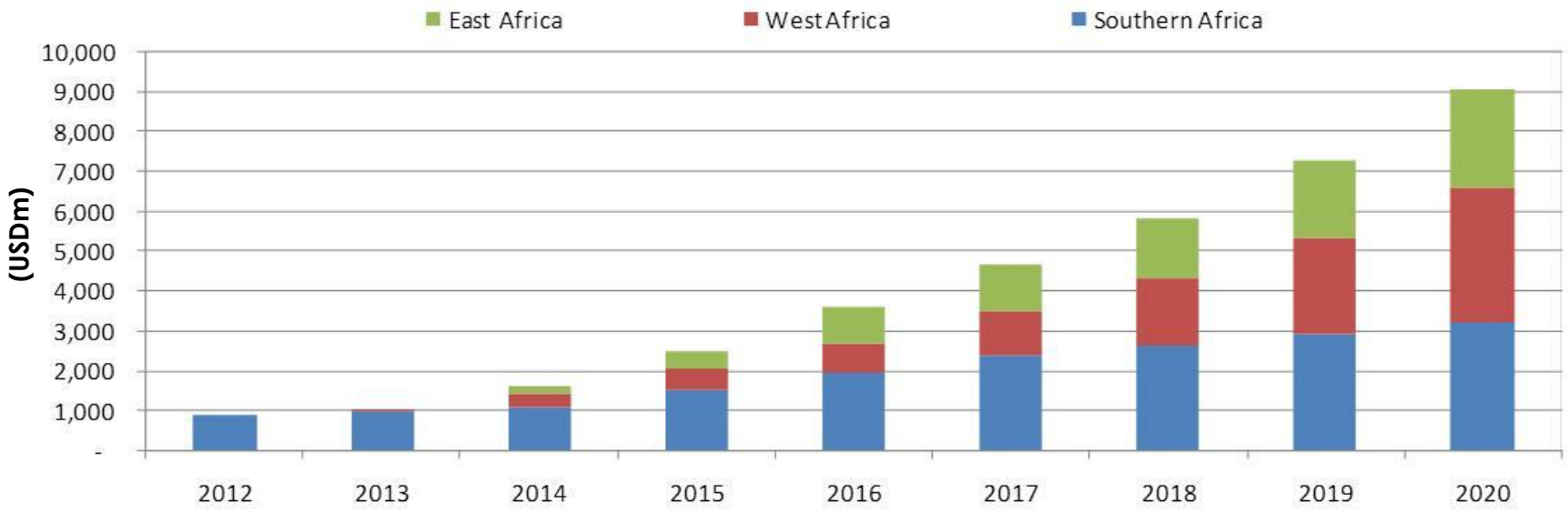
THE SIZE OF THE PRIZE – INDICATIVE GROSS PREMIUM

- Gross premium growth will be faster in West and East African markets
- Significant market potential influenced by:
  - strong GDP growth
  - larger population sizes
  - low levels of market penetration
  - higher rate of infrastructure development
- For Old Mutual, this means buying existing businesses in country



Source: M&F Strategic Planning , August 2013

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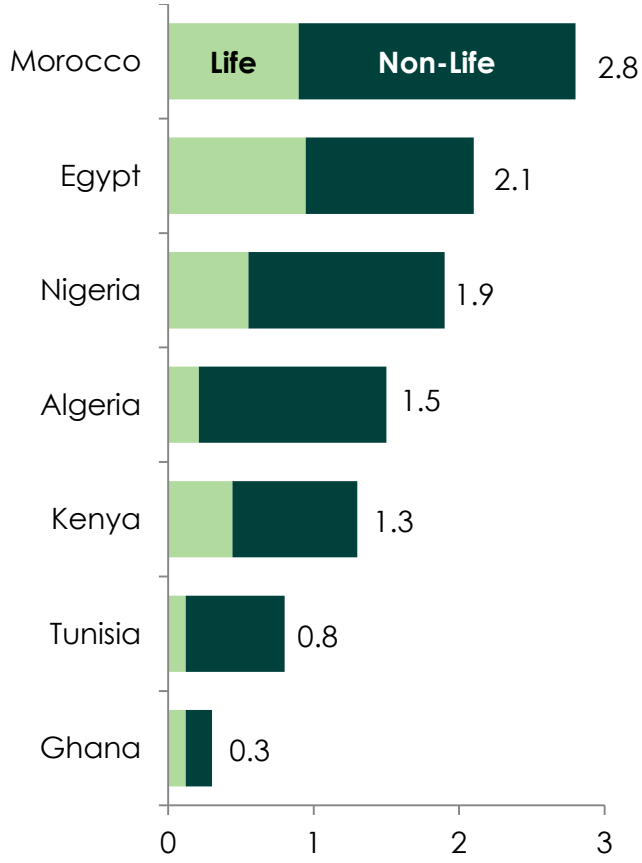
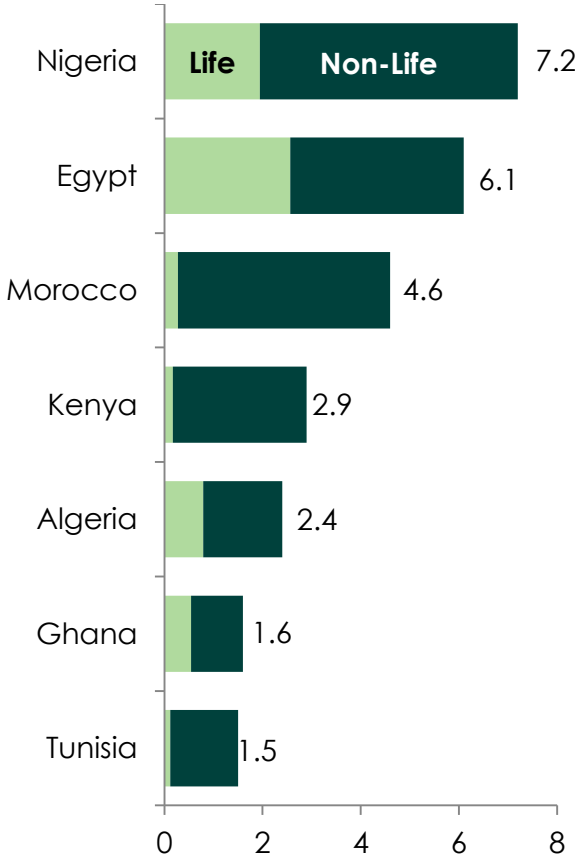
P&C IS POTENTIALLY A BIGGER PROSPECT THAN LIFE

African insurance premium pools – Life and Property & Casualty (USD'bn)





Current GWP (2012)	P&C / Total	Forecast GWP (2020)	P&C / Total	CAGR '12-'20
Morocco	68%	Nigeria	73%	18.5%
Egypt	55%	Egypt	58%	15.0%
Nigeria	71%	Morocco	94%	10.8%
Algeria	86%	Kenya	94%	15.6%
Kenya	66%	Algeria	67%	2.79%
Tunisia	85%	Ghana	66%	24.8%
Ghana	60%	Tunisia	92%	9.9%

Source: Business Monitor International, Group Strategy analysis
Currency in USD (=10.00 ZAR)

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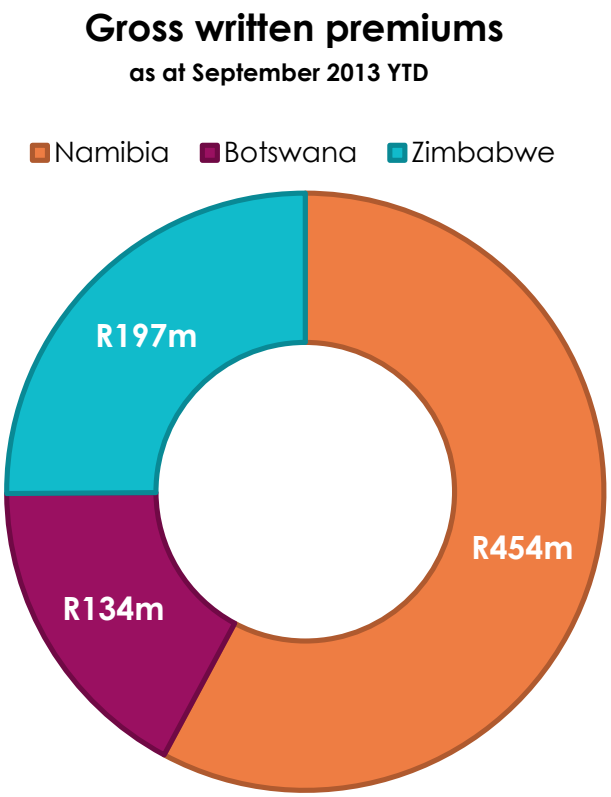
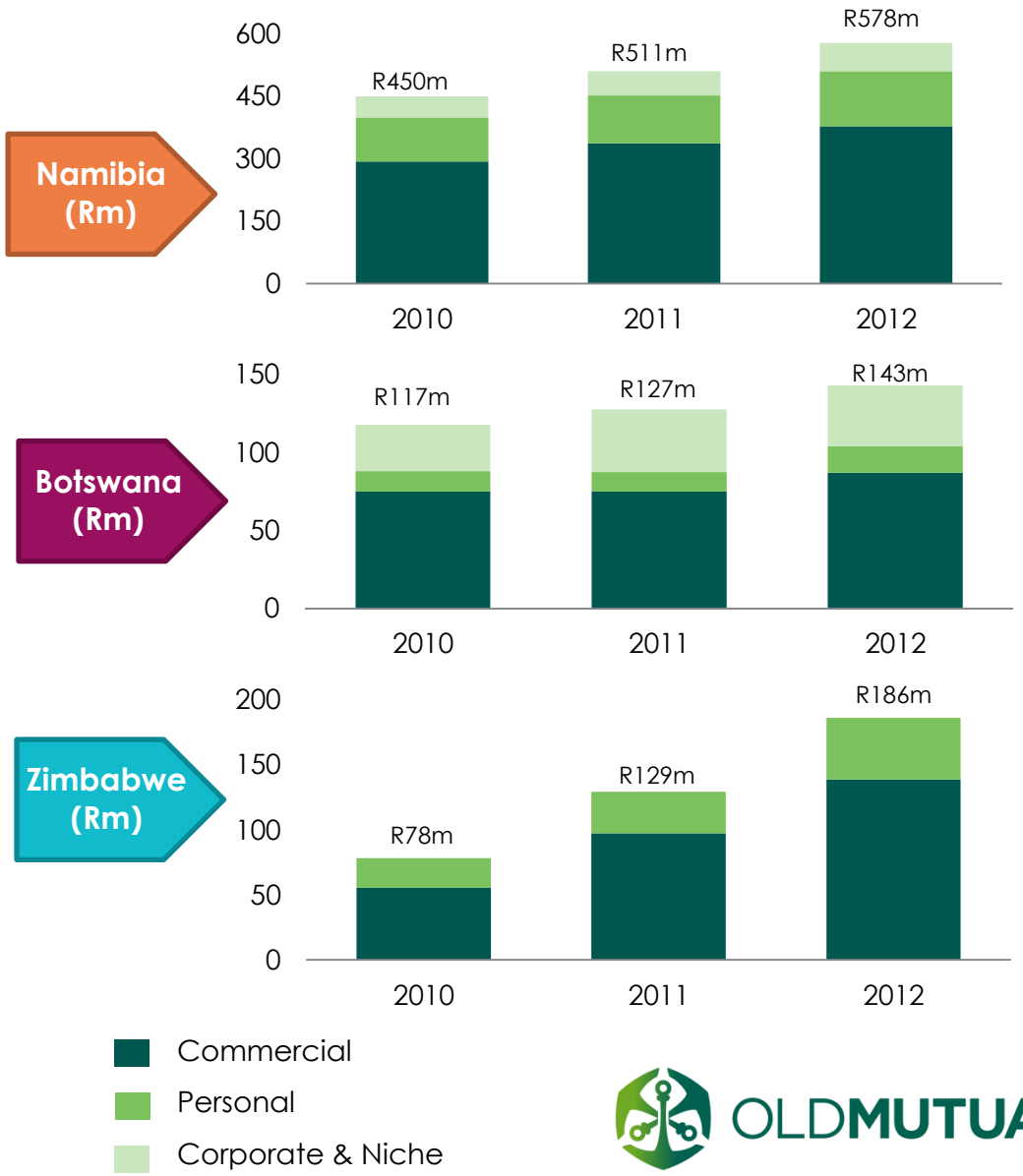
WHERE WE EARN OUR PREMIUMS TODAY…





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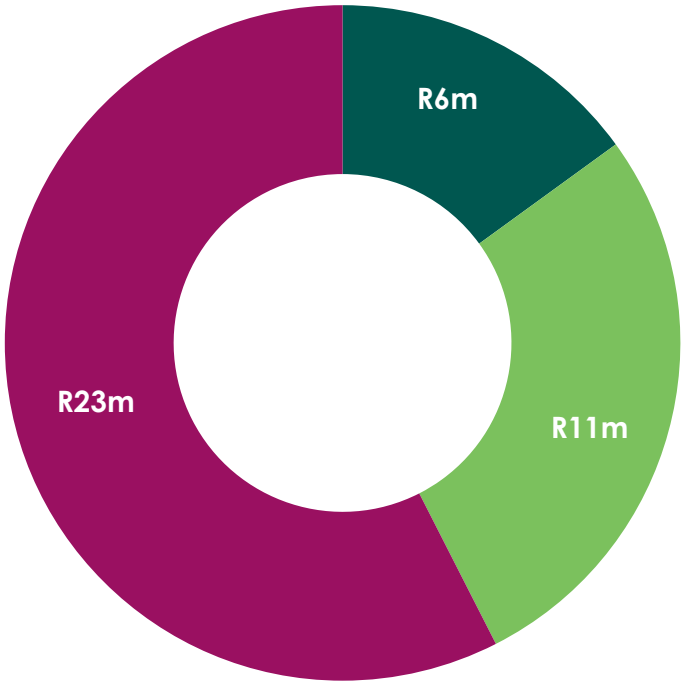
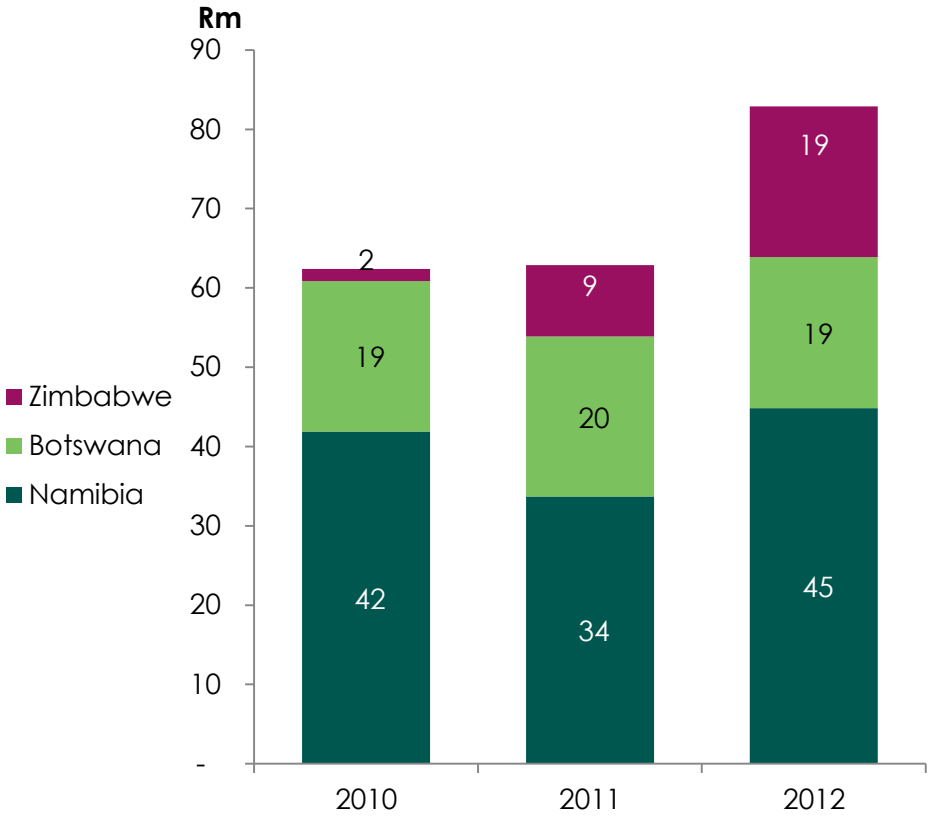
WHERE WE MAKE OUR MONEY TODAY…

Underwriting profits

as at September 2013 YTD





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NIGERIA IS OUR KEY MARKET FOR GROWTH TO 2020

2020

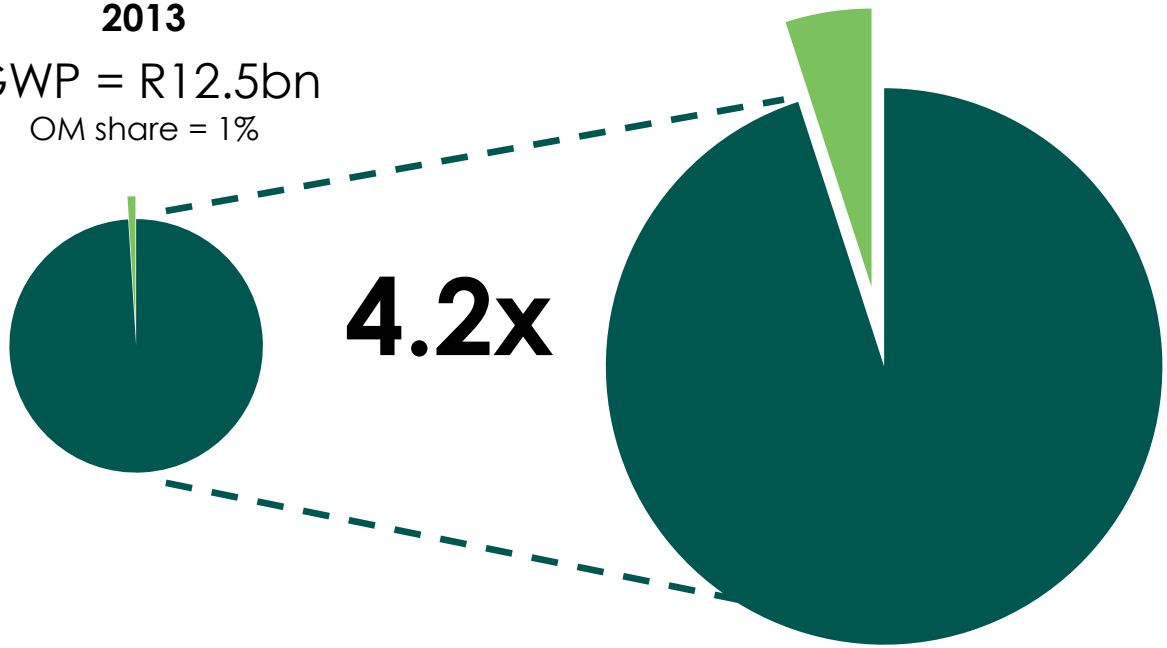
GWP = R52.6bn

OM share = 5%

2013

GWP = R12.5bn

OM share = 1%



- Leverage existing relationships with international brokers
- Target existing South African clients who have Nigerian operations
- Roll out our systems, processes and risk management into the Nigerian operation
- Implement our operating model and high standards of governance and service

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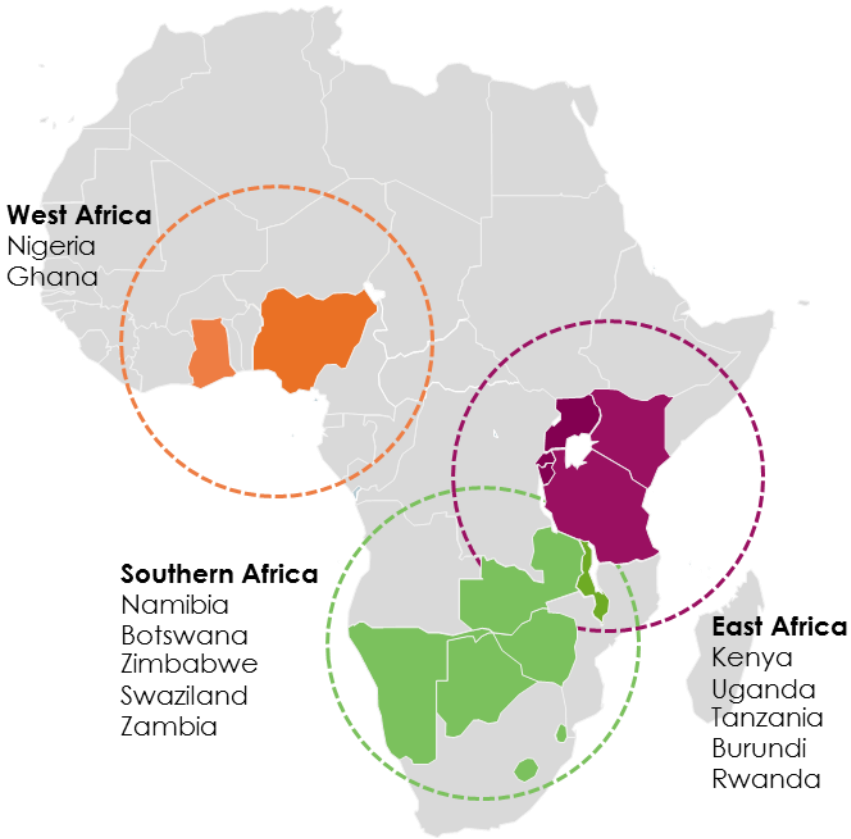
OUR PLANS FOR THE FUTURE…



West Africa

Successfully establish our new business in **Nigeria** and explore the prospects to use this as a spring board for further expansion into the region, namely **Ghana**

East Africa

Investigate and engage opportunities to enter the region through **Kenya** and complement the Group's efforts to build scale and capacity in the region

Southern Africa

Explore opportunities to generate more value for the Group in countries such as **Botswana, Swaziland** and **Zambia** and consider entry into Mozambique and Angola at a later stage

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OPPORTUNITIES WE ARE EXCITED ABOUT…

Sectors & segments

1. Make **capital-light entries** via Corporate and Commercial
2. Leverage our corporate relationships to **follow our South African clients** as they expand into the continent
3. Export **technical expertise and specialised industry knowledge**, and couple with local needs
4. Capitalise on the demand for **Agri** insurance

Distribution channels

1. Leverage the **Old Mutual brand,** and our **key broker** and **corporate relationships**
2. Actively pursue and capture **Bancassurance** opportunities as a Group
3. Establish **collaborative partnerships** within the Group

MAKE THINGS HAPPEN

NEDBANK GROUP

EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

GRAHAM DEMPSTER: NEDBANK COO

Nedbank Group Rest of Africa strategy

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

MAKE THINGS HAPPEN

NEDBANK

Profile of banking in Africa

Nedbank Group strategy for Rest of Africa

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MAKE THINGS HAPPEN

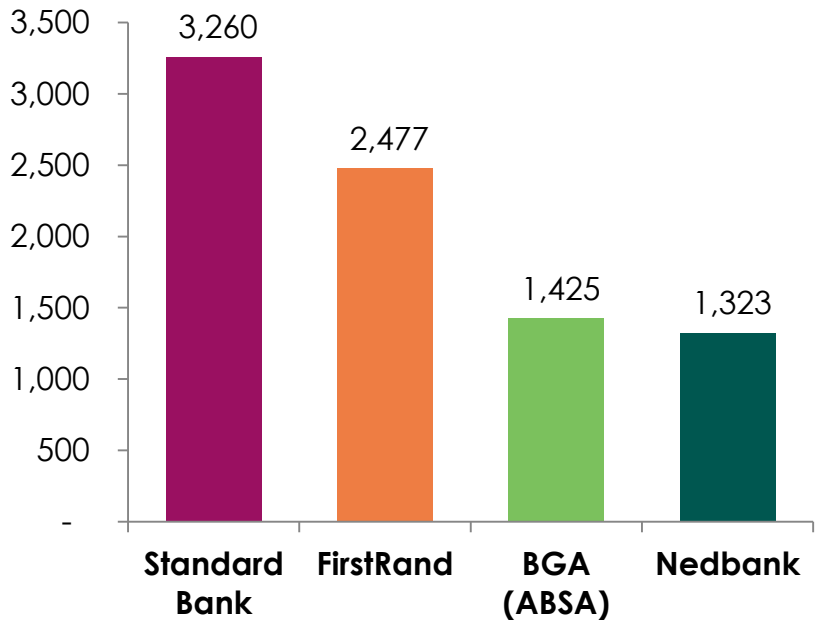
NEDBANK GROUP

Building the African Banking Champion

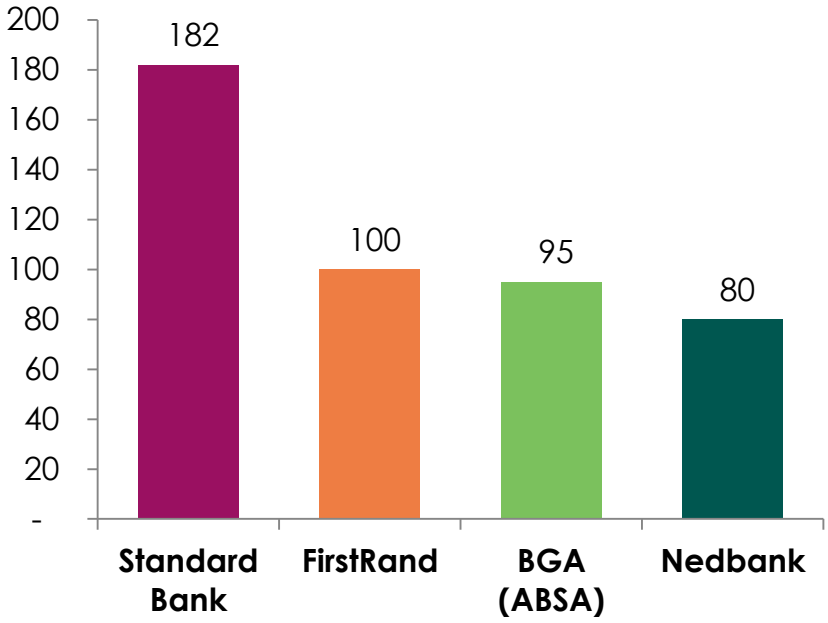
PROFILE OF BANKING IN SUB SAHARAN AFRICA

South African Banks

Pre-Tax Profits (US$m)



Total Assets (US$bn)



Source: The Banker Top 1000 World Banks, 2012

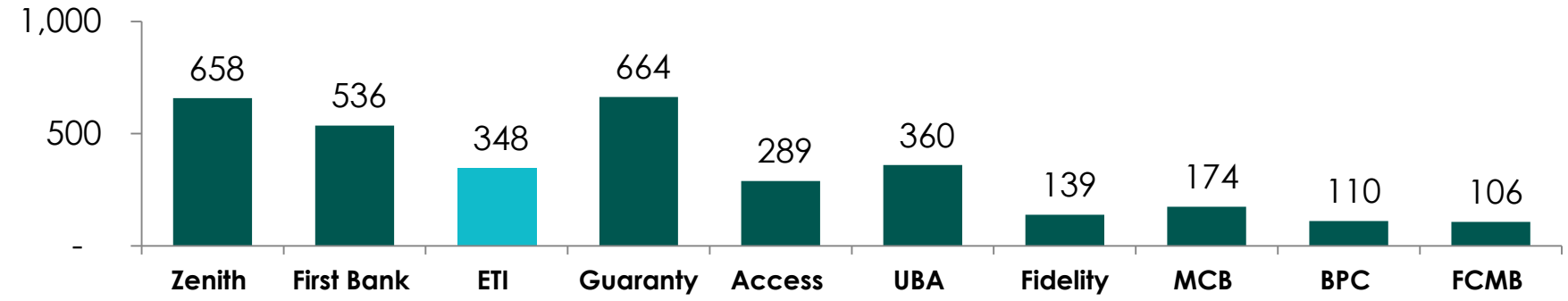
PROFILE OF BANKING IN SUB SAHARAN AFRICA (2)

MAKE THINGS HAPPEN

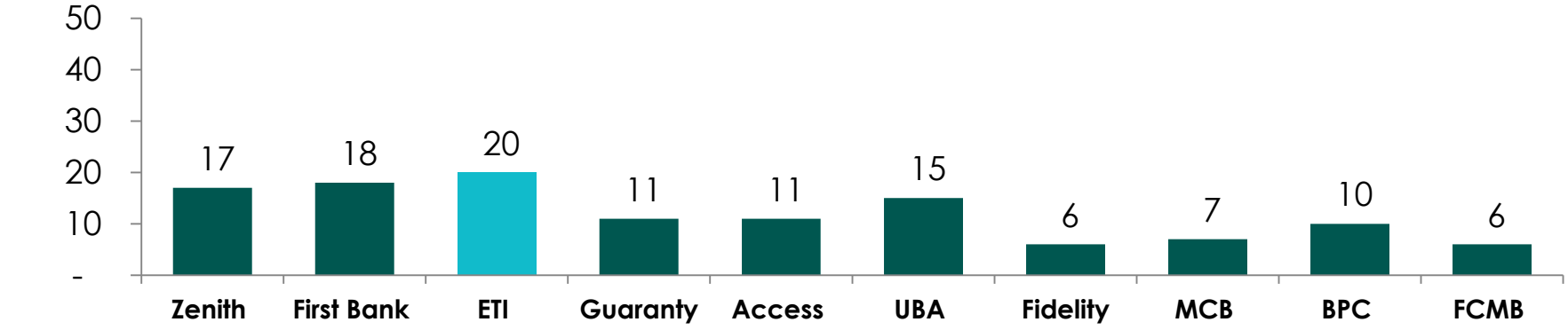
NEDBANK

Top 10 Sub Saharan Africa Banks (Excl SA)

Pre-Tax Profits (US$m)



Total Assets (US$bn)



OLDMUTUAL

Source: The Banker Top 1000 World Banks, 2012

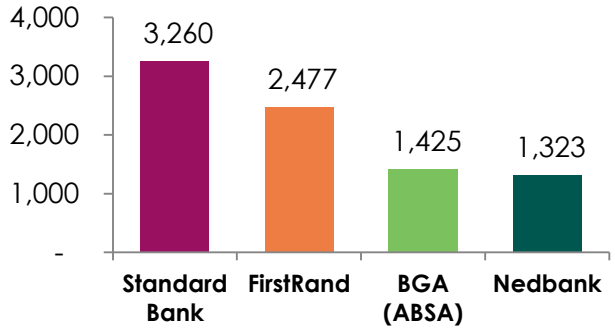
PROFILE OF BANKING IN SUB SAHARAN AFRICA (3)

MAKE THINGS HAPPEN

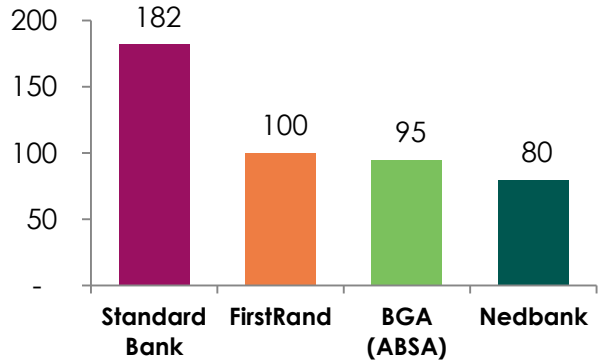
NEDBANK

South African Banks

Pre-Tax Profits (US$m)



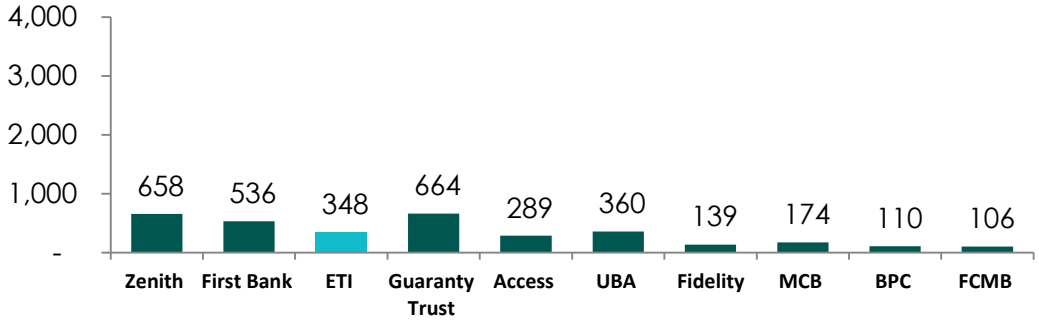
Total Assets (US$bn)



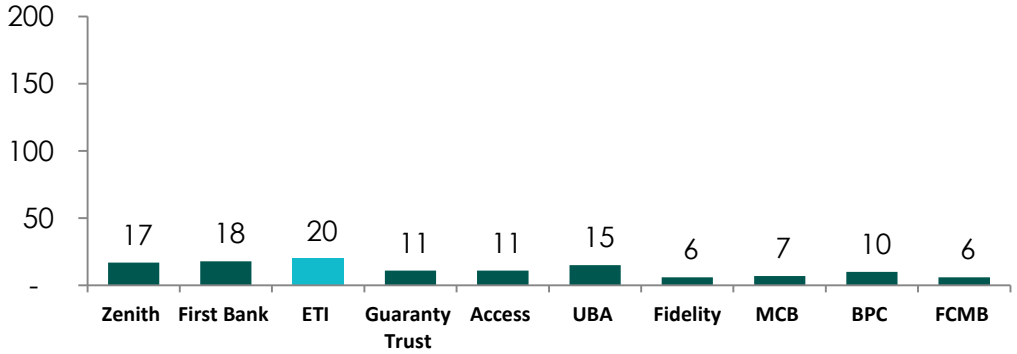
Footprint (No. Countries)	Standard Bank	FirstRand	BGA (ABSA)	Nedbank
	18	8	12	6/37

Top 10 Sub Saharan Africa Banks (Excl SA)

Pre-Tax Profits (US$m)



Total Assets (US$bn)



Footprint (No. Countries)	Zenith	First Bank	ETI	Guaranty Trust	Access	UBA	Fidelity	MCB	BPC	FCMB
	5	1	35	6	9	20	1	5	1	1

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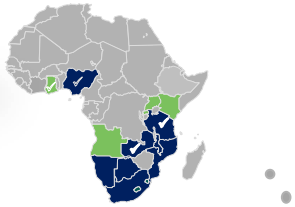
Source: The Banker Top 1000 World Banks, 2012

PROFILE OF BANKING IN AFRICA

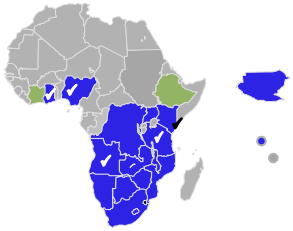
MAKE THINGS HAPPEN NEDBANK

South African Banks' Footprint

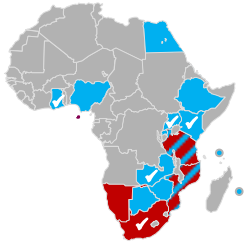
FIRSTRAND



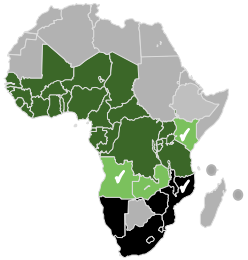
Standard Bank



ABSA BARCLAYS



MAKE THINGS HAPPEN NEDBANK



International Banks' Footprint

Standard Chartered

citigroup

SOCIETE GENERALE

HSBC

Pan-African and Regional Banks' Footprint

Ecobank (ETI)

Ecobank The Pan African Bank

West Africa - UBA

UBA United Bank for Africa

West Africa – Access Bank

access

East Africa - KCB

KCB Making the Difference

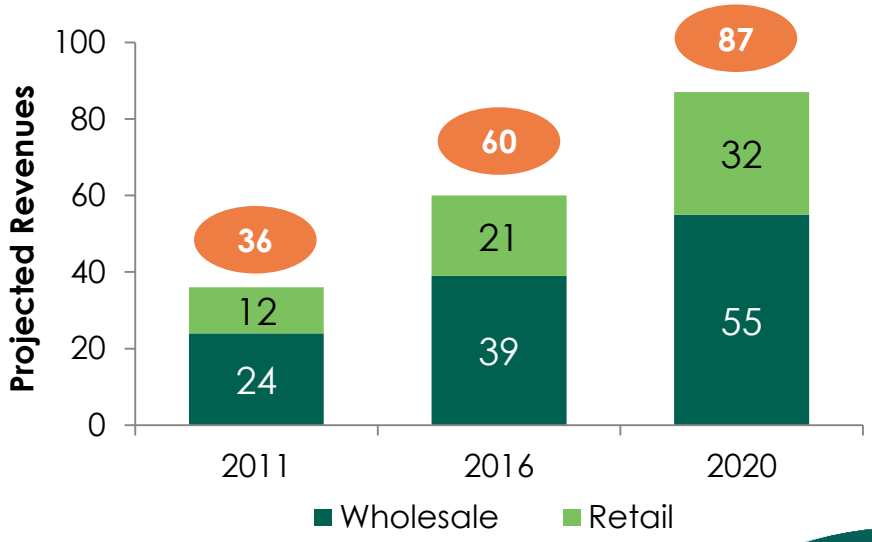
Source: Press clippings, annual reports, team analysis

Existing footprints | Foothold markets[1] | Planned | Ecobank

SUB-SAHARAN AFRICA BANKING REVENUE GROWTH

At current growth rates, SSA revenues are forecast to grow from **$36bn** in 2011 to **$87bn** in 2020

Total SSA Banking Revenue Pools (SSA excl. SA) (US$bn)



Growth Scenarios: Total SSA Banking Revenue Pools (US$bn)

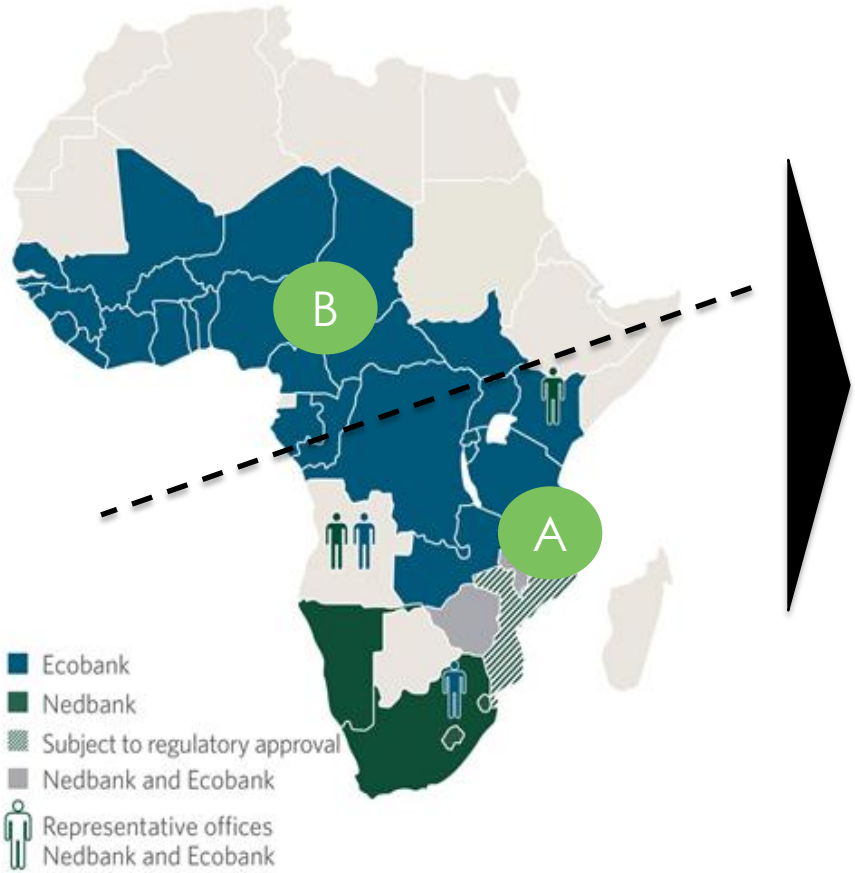
CAGR	2020	2030
8%	73	158
10%	87	223
15%	128	520

McKinsey Global Banking Pools implied compound annual growth rate

Source: McKinsey Global Banking Pools

NEDBANK GROUP STRATEGY FOR REST OF AFRICA

A client-centred, capital efficient and risk mitigated longer-term approach



B

Alliance approach

(principally West & Central Africa)

A

Nedbank Universal Banks

(selected SADC & East African markets)

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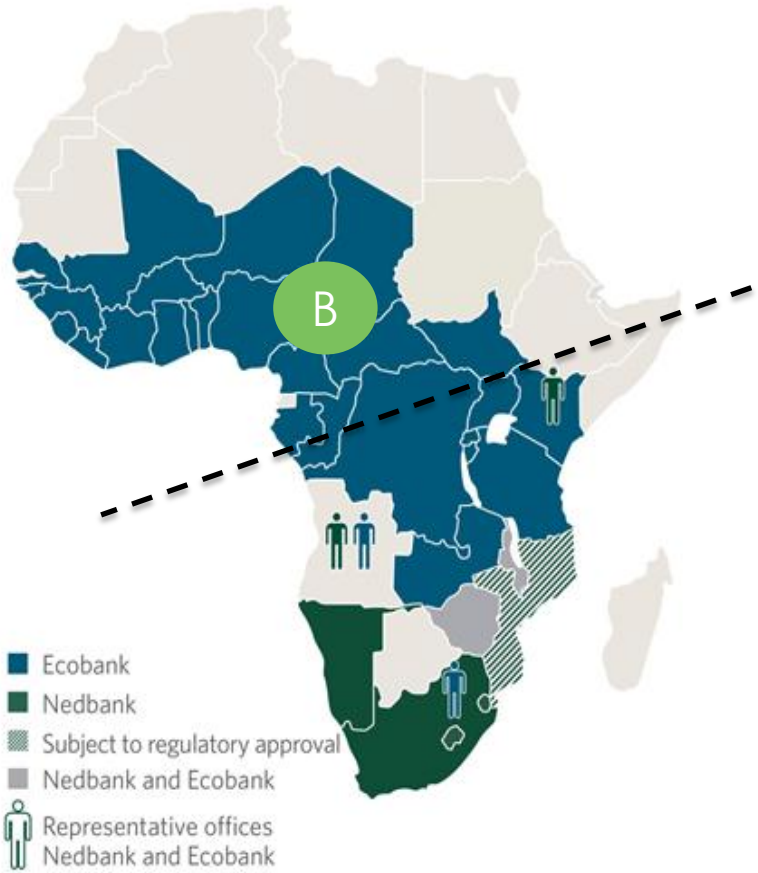
THE AFRICAN CHAMPION BANKING NETWORK

MAKE THINGS HAPPEN

NEDBANK

'One Bank' client experience



- Ecobank Nedbank alliance
  - Established in 2008
  - Significant operational traction through the Alliance Committee
  - Growth in the number of Nedbank wholesale clients transacting with Ecobank
  - Deepened the alliance in 2011 through US$285m term loan
  - Rights to acquire up to 20% equity stake in ETI (Nov '13 – Nov '14)
- Ecobank building its franchise
  - Top ten bank in Africa per The Banker magazine based on capital
  - Earnings up 74% to US$217m for 9 month to 30 Sept 2013, ROE >15%

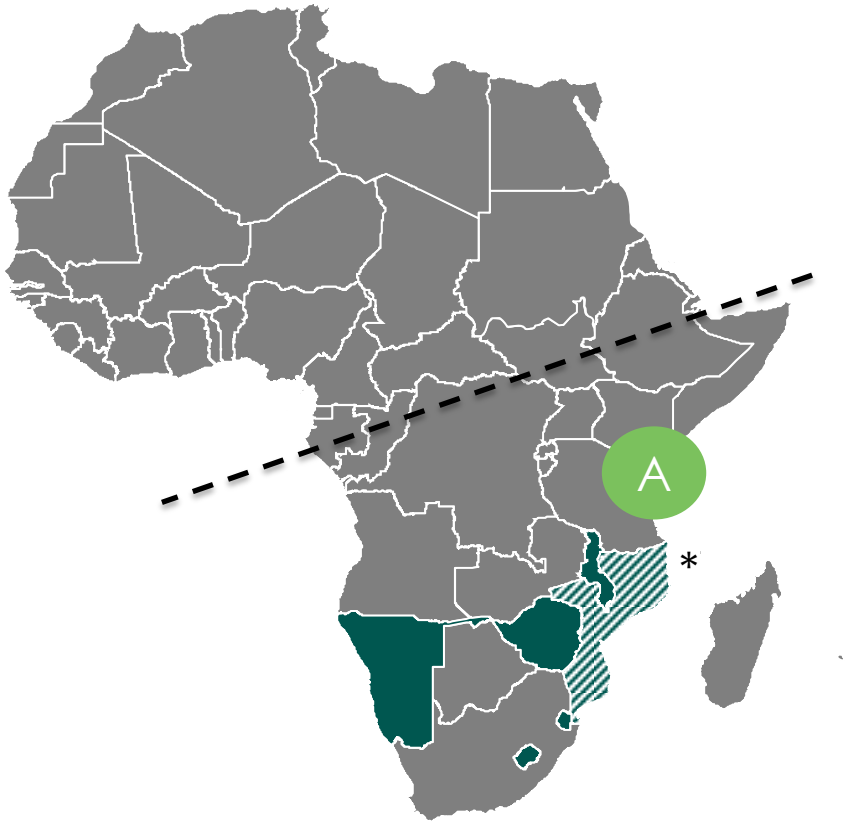
The largest Pan African Banking network: 37 countries & > 2,000 staffed outlets

GROW THE NEDBANK FRANCHISE IN SADC & EAST AFRICA

MAKE THINGS HAPPEN

NEDBANK GROUP

- Standardised business operating model
- Entry into Mozambique
  - Fast growing GDP (11% p.a. over last 5 years)
  - SA Corporates & SMEs very active
  - Ideal country to create a model universal bank
  - Agreement for initial 36% interest in Banco Unico & pathway to control*
  - Amorim a strong partner & experienced management team



* Subject to regulatory approval

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DIFFERENTIATED POSITIONING IN REST OF AFRICA

MAKE THINGS HAPPEN

NEDBANK

Partnership based

Local knowledge

'One bank' client experience

Capital efficient to create shareholder value

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INSURANCE | INVESTMENT | SAVINGS | BANKING

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

Crispin Sonn, OMSA Mass Foundation

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

Our history and our target market

Financial characteristics and market share

Products, customers & distribution

Focus on retention

OMF and iWyze

Challenges, successes and future growth levers

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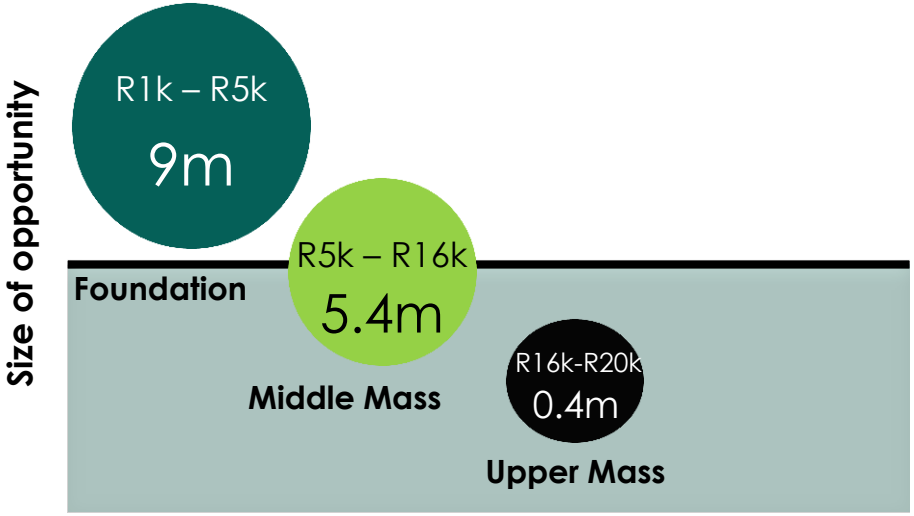
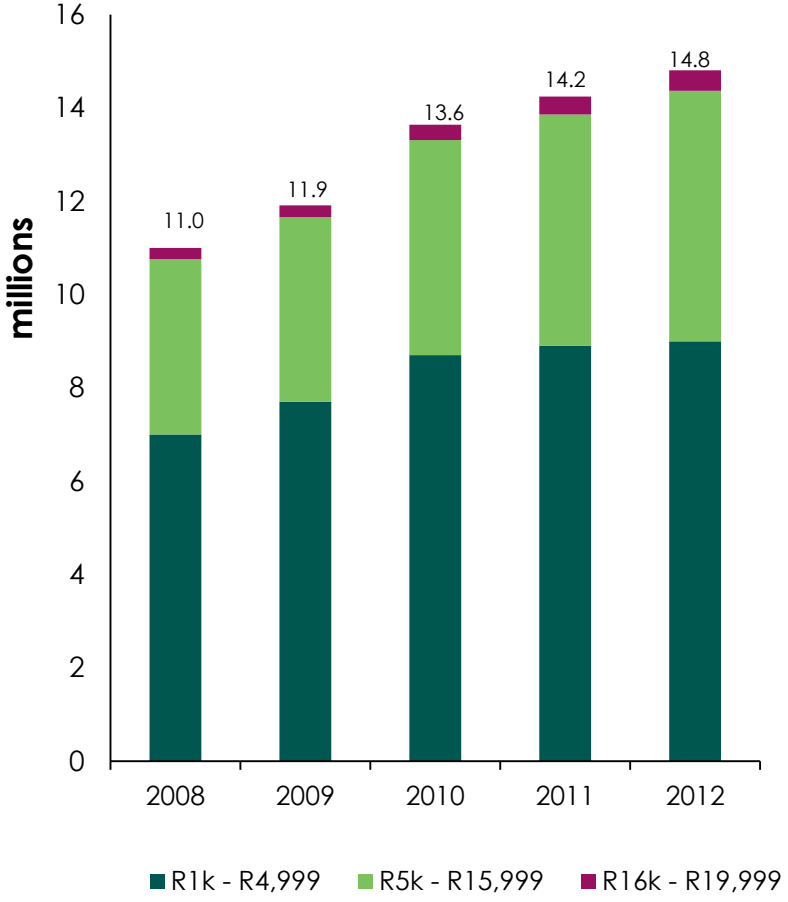
MFC – OUR KEY MARKETS

Market size



Market size progression over time



Key market trends

- There are 36.9 million adults over the age of 16 years in SA
- 28.9 million[1] are formally served by financial services

1. Source : Amps 2012 (age 18-64 years)

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MFC – A GROWTH BUSINESS

	2008	2009	2010	2011	2012	CAGR	2013 H1
Customers[1]	1.4m	1.5m	1.5m	1.8m	2m	9%	2.5m
Life APE (Rm)[2]	1,312	1,454	1,572	2,020	2,443	16%	1,359
VNB (Rm)[2]	278	414	396	704	989	37%	568
NCCF (Rm)	2,005	2,366	2,752	3,317	3,768	17%	2,022
In force cost per policy	11.44	11.61	11.95	12.67	13.20	4%	12.93
New business cost per policy	203	191	207	262	251	5%	217

1. The basis of defining customers was modified at the start of 2013 to allow for the inclusion of paid-up customers where there is a recent active relationship (c300 000). Since 2011, MFC customer numbers have included unique iWYZE & OMF customers (with overlaps eliminated).
2. Since 2012 Life APE and VNB has included credit life sales in OMF.

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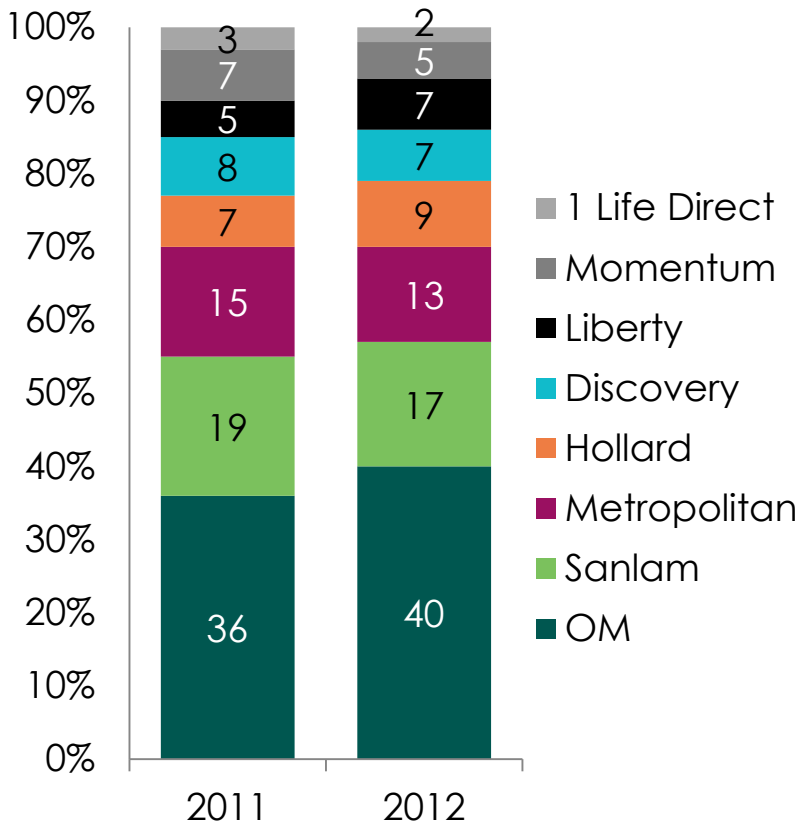
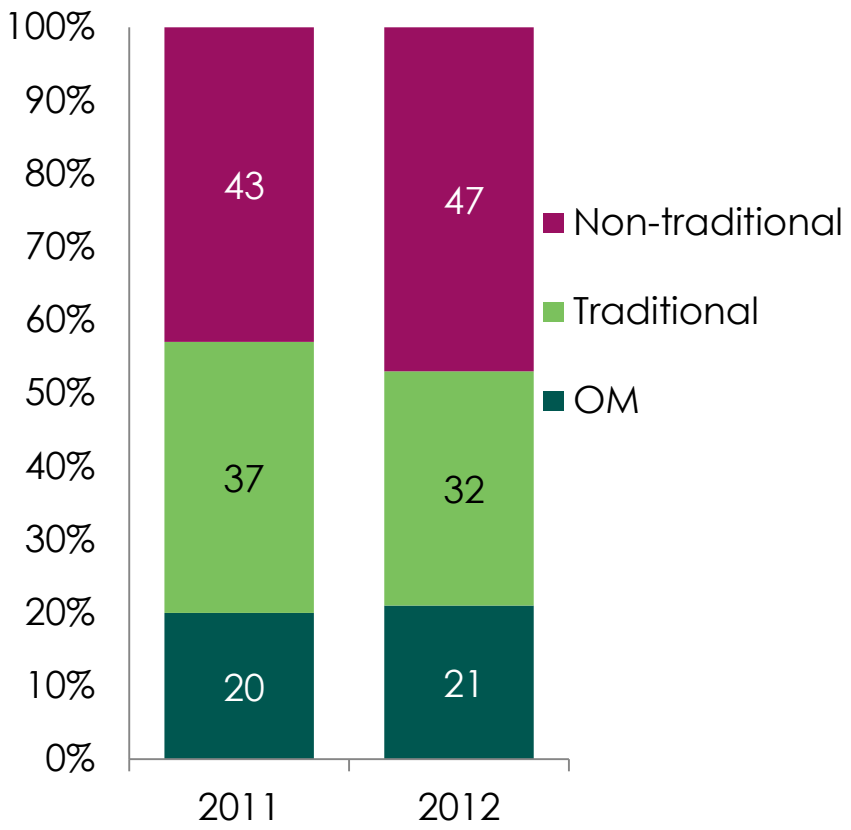
MFC HAS A LEADING POSITION IN THE MASS MARKET

OM vs. traditional competitors only



OM vs. both traditional and non-traditional[1] competitors



*Market share for income bracket R5,000 – R19,999

Source: Amps 2012;

1. Non–traditional includes retailers, funeral parlours, cell phone companies etc.

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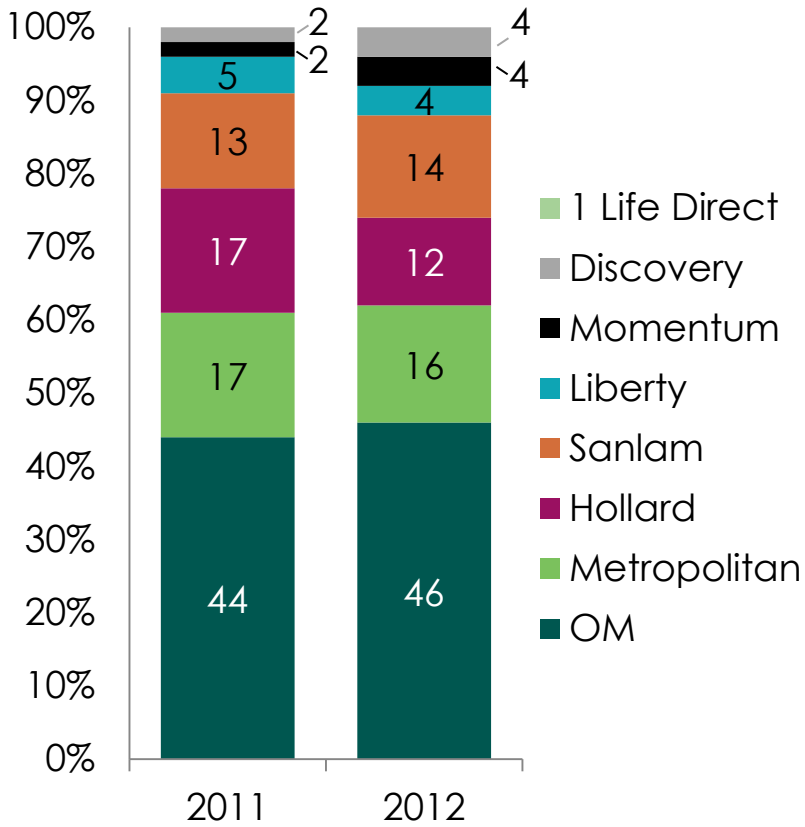
MFC HAS A LEADING POSITION IN THE FOUNDATION MARKET

OM vs. traditional competitors only



OM vs. both traditional and non-traditional[1] competitors

*Market share for income bracket less than R5,000

Source: Amps 2012;

1. Non–traditional includes retailers, funeral parlours, cell phone companies etc.

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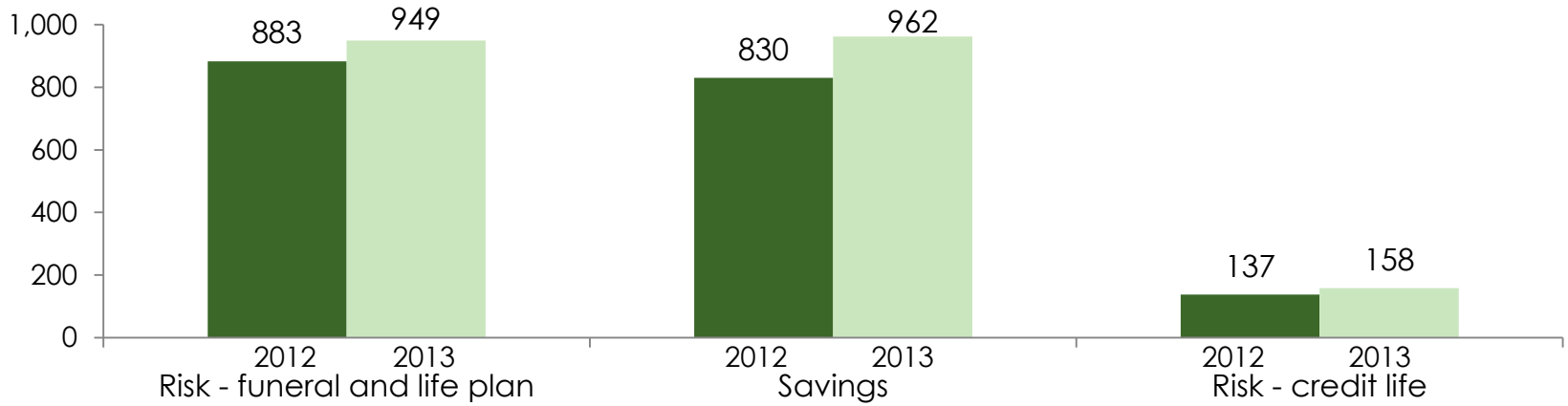
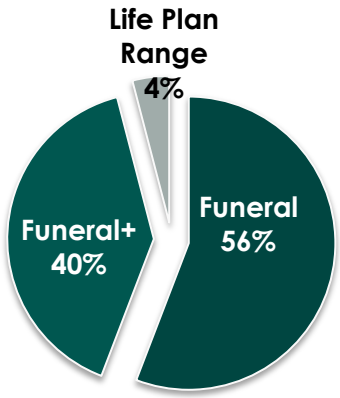
FUNERAL AND RISK PRODUCTS FORM A SUBSTANTIAL PART OF MFC SALES

Split of APE Sales (Q3 YTD)



Composition of Risk sales
(as at Q3 YTD)



Funeral Customer Value Proposition

Recognising the **cultural importance** of a dignified funeral

Different levels of cover as well as Parent cover within a limited cover ceiling

Funerals and burials can involve **high costs.** Without a funeral policy, savings/debt may have to be used to cover these costs

Sources : New Business Report (Jan-June 2013), Sales report, RMM September 2013

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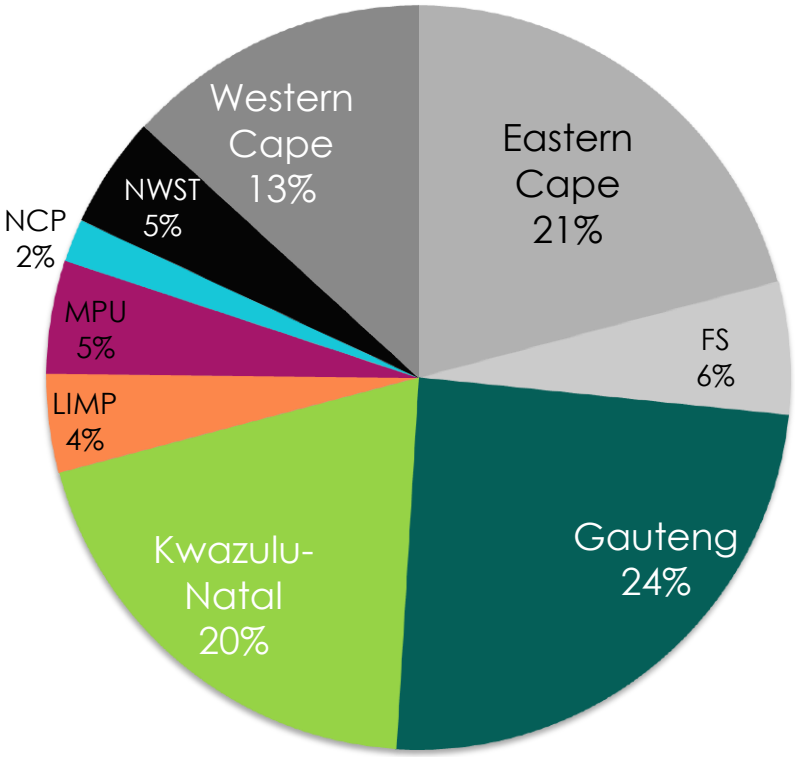
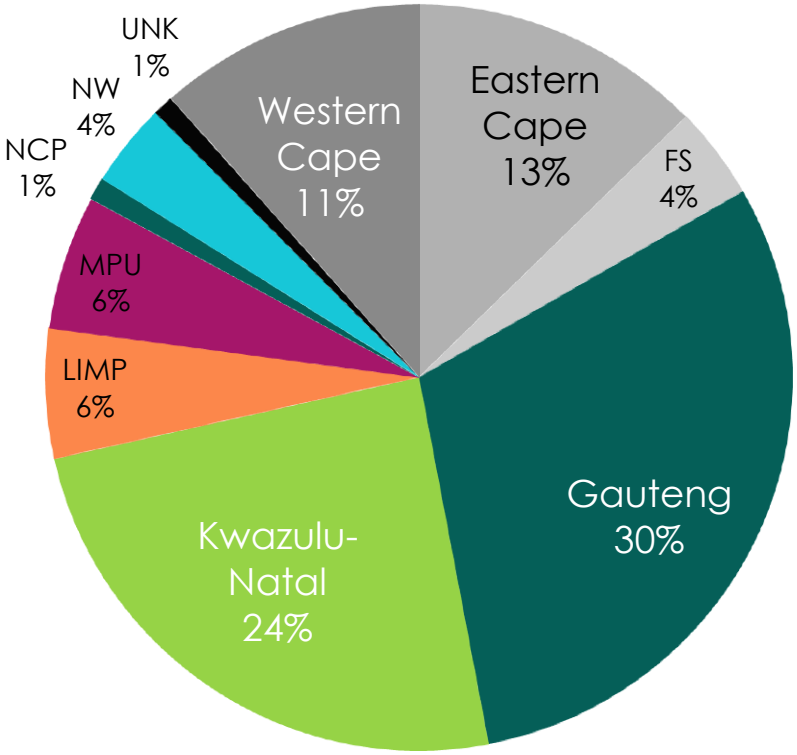
GAUTENG, KZN, EASTERN AND WESTERN CAPE CONTRIBUTE THE LARGEST SALES

Risk Sales by Region



Savings Sales by Region



Sources : New Business Report (Jan-June 2013), Sales report, RMM September 2013

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CUSTOMER HEROES

<R5K (Foundation)	R5k – R16k (Middle Mass)	R16k – R 20k (Upper Mass)

Noami: Rooted Hopeful

Vivi: Constrained Provider

Speak my language and take time to understand my life beyond financial services

Floyd: Get Rich Quick

Bonga: Disengaged Dreamer

Give me the highest return no matter what the risk

Give me the safest options

Thabang: Comfortabl e Spender

Andrea: Confident Planner

I want the best options: even if they are expensive

I want products that consistently outperform financial markets

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THE TIED AGENCY FORCE IS THE CORE OF THE BUSINESS MODEL

Controlled marketing model, with high productivity and sales volumes

+6 lives / week & +12 in branch

Access to groups of customers via scheme agreements in the public and private sector

Individual **advisers recruited from communities** they serve

Salaried remuneration structure enables **strict performance contracting and management**

Regular bonuses/i**ncentives** based on quantity and quality of business written

In-branch adviser growth has boosted **productivity**

Trained more than 254,000 people in **financial education and literacy** over the years

Adviser average premium per benefit per week	
Savings benefits	R224
Risk (protection) benefits	R110
Adviser average premium per policy	R209

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OLD MUTUAL FINANCE – A KEY COMPETITIVE ADVANTAGE

- Over 221 in-branch advisors in OMF branches
- Represents 5% of adviser force

Expanded Distribution

2.4 times more productive

- The average in-house adviser is 2.4 times more productive than the average field adviser
- Average premium is also +/-14% higher in the branch compared to the field

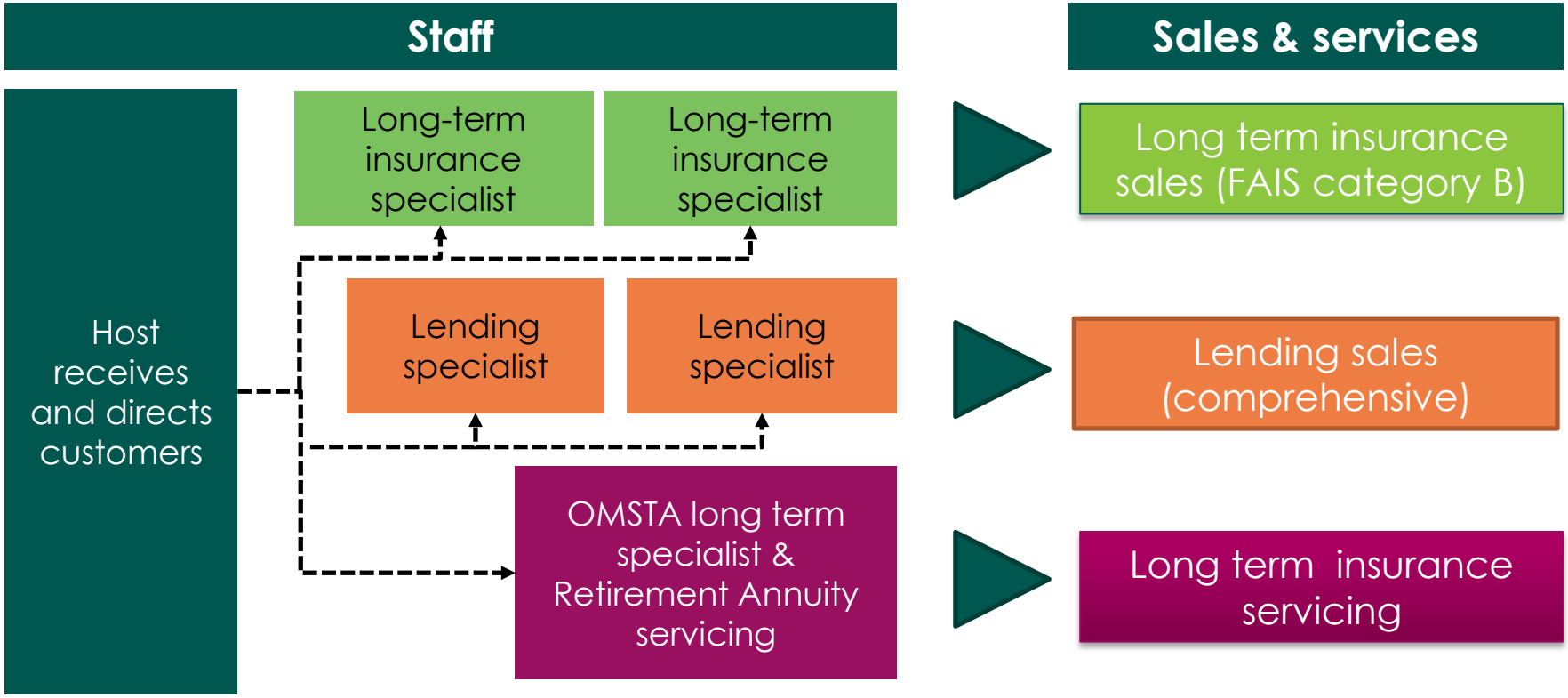
- 14% of life sales will come from OMF branches in 2013
- in-house advisors + credit life
- expect to grow to over 20% in future years

14% of life sales from OMF branches, and increasing

Improved Customer Stickiness

- Providing customers an integrated financial services offering and products that better meet their needs will result in improved stickiness / persistency
- Recent analysis also shows that customers with an OMF relationship have better life product persistency

INTEGRATED BRANCH MODEL



All resources offer:
Basic servicing (lending and investment)
Long term insurance product (basic + FAIS category A under supervision)
Lending sales (basic)

All staff report to FAIS-accredited branch manager other than OMSTA specialist, who reports to an external manager

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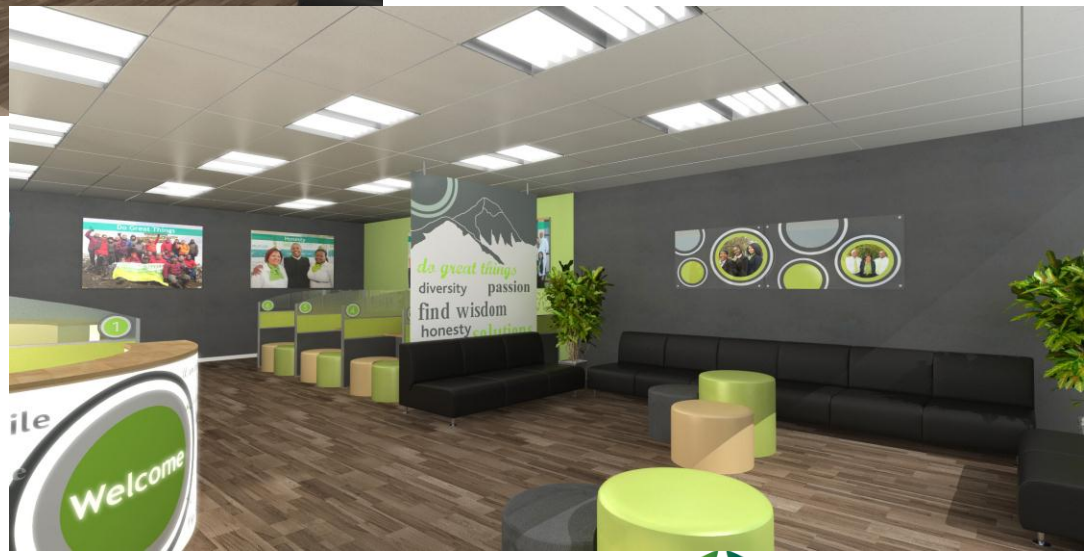
OMF'S FRESH AND APPEALING BRANCH LAYOUT



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THE ROLE OF iWYZE

Broaden product choice to better meet needs

Drive client acquisition

Enhance client retention

Enable improved cross-sell opportunities

Penetrate a previously untapped market segment from a short-term insurance perspective

- Grew to 50,000 customers within 3 years
- Established iWYZE brand as one of the top direct brands in our market segment
- Established exceptionally low client acquisition cost

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OLD MUTUAL FINANCE AND iWYZE SPECIFIC PLANS

OMF

- Expanding reach through branches, direct distribution and digital channels
- Maintain **stable collection rates** and **credit loss ratios**
- Current market share c. 5% at R7.9bn book size, aim to grow moderately
- **Consolidate** customer debt with My Money Plan

iWYZE

- **New client acquisition** by above-the-line marketing, as well as acquisition of existing OM clients
- Plan to increase automation (efficiency) and digital servicing capability via OM
- Retain customers through broader offering and **more needs met**

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CHALLENGES AND SUCCESSES

Successes

- Good adviser growth
- Regulatory exam risk mitigated
- Public sector penetration continued
- New product advances to help customers save and help with persistency
- Profit margin maintained
- Good customer growth numbers

Challenges

- High levels of indebtedness and unemployment
- Intense competition from non-traditional competitors
- Payroll deduction challenging in private sector

Long term growth drivers continue

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GOING FORWARD….MASS FOUNDATION CLUSTER MUST…..

Integrate the components of our business better by:

- Utilising our lending branches better
- Broadening product offering to enhance our LTS business
- Drive better cross sell
- Integrate sales and post sales service better
- Leverage digital capability

Focus more on quality of business by:

- Remaining true to our model of local market planning
- Driving adviser worksite deployment stronger in public & private sector
- Growing adviser force at 8 to 10% pa
- Strengthen our new business take-on process to balance volume and quality better

Deliver enhanced customer value proposition and segmentation model

- Focus on income and attitudes of customers
- Greater product flexibility e.g. 2-in-1 product for savings
- Broaden product offering beyond insurance while staying true to our core of long term insurance and saving
- Be more advice-led than we are

Collaborate more effectively with the rest of the group to:

- Access corporate clients
- Leverage worksites better
- Design more innovative and effective products
- Attain greater economic efficiency

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5 December 2013

Iain Williamson: OMSA Retail Affluent

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AGENDA

Our business philosophy

Market share and target market

Focus on advisor quality

Customer centric approach

Old Mutual Wealth

Business snapshot and Future outlook

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OUR BUSINESS PHILOSOPHY

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OUR MARKET SHARE PERFORMANCE

Market share

Recurring Premium	→	1st – no. of policies[1] 2nd – annual premiums[1]
Single Premium Life	↓	Non-life wrapper continues to be popular
Single Premium Life & Non-life	↑	Strong shift to Non-life

1. Per Swiss Re 2012 survey. The companies that participated in the survey were Old Mutual (Retail Affluent), Altrisk, Discovery Life, Liberty Life, Momentum Myriad, PPS and Sanlam.

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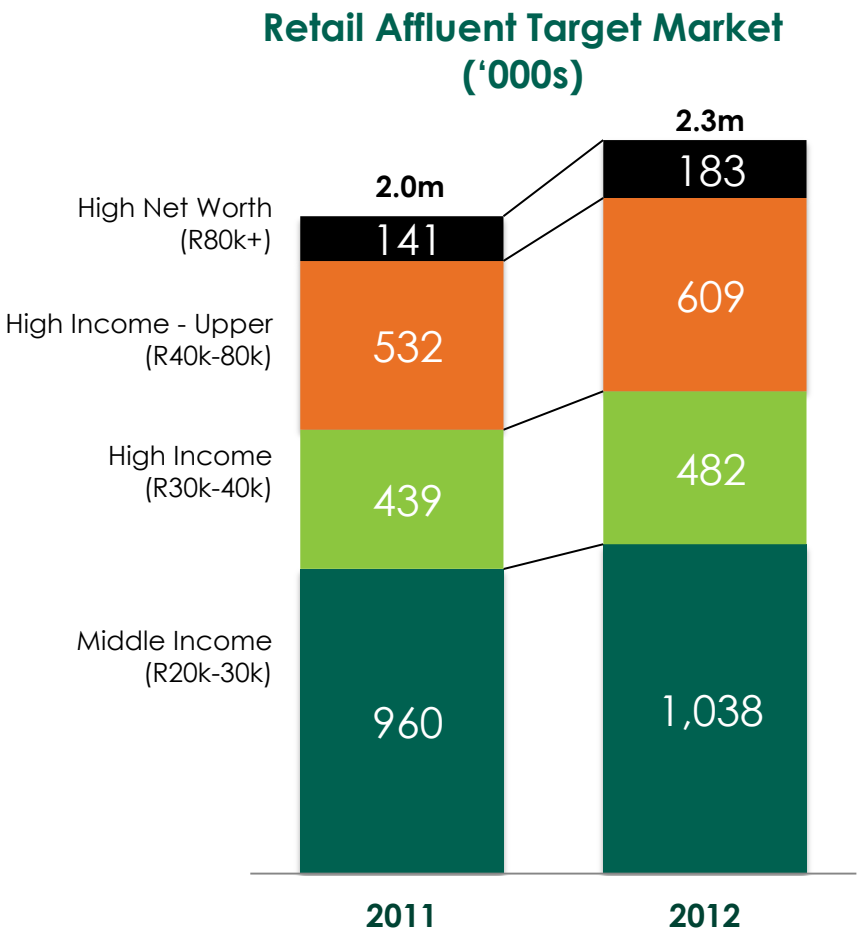
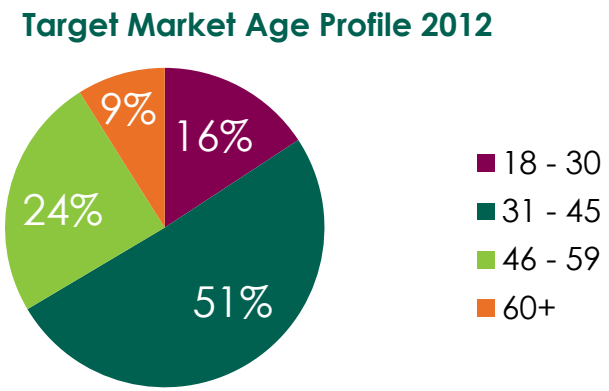
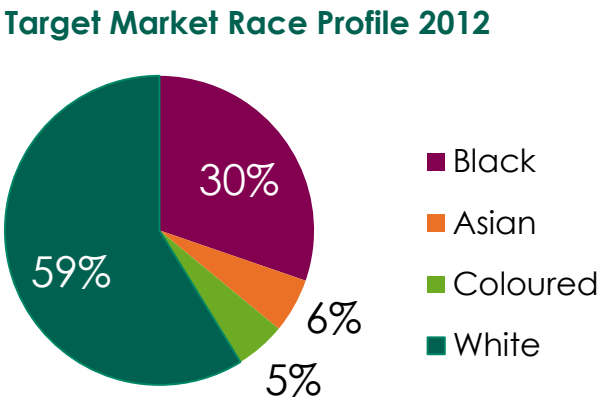
RETAIL AFFLUENT TARGET MARKET







- Over 50% of our target market is under the age of 30

Source: Bureau of Market Research (BMR) Population dataset (2011 and 2012)

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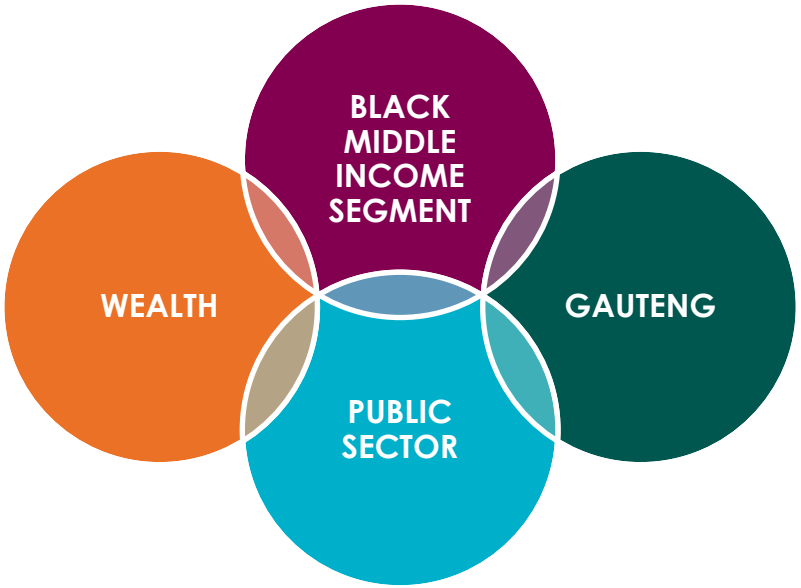
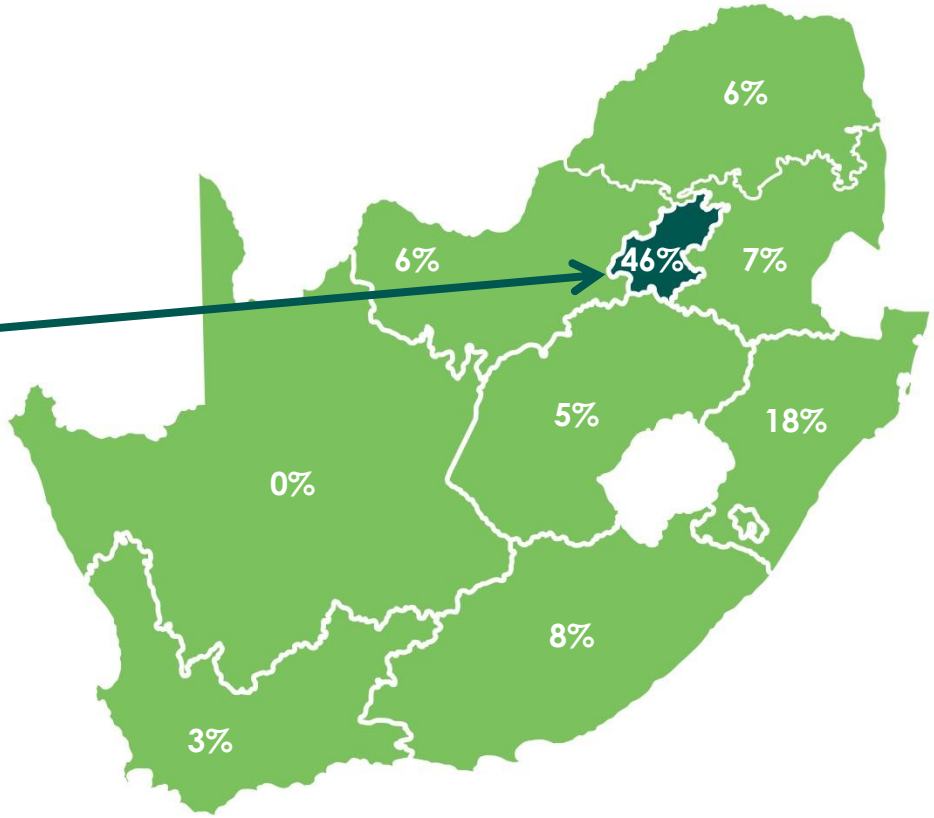
RETAIL AFFLUENT OPPORTUNITIES FOR GROWTH





Map shows distribution of Black Middle class

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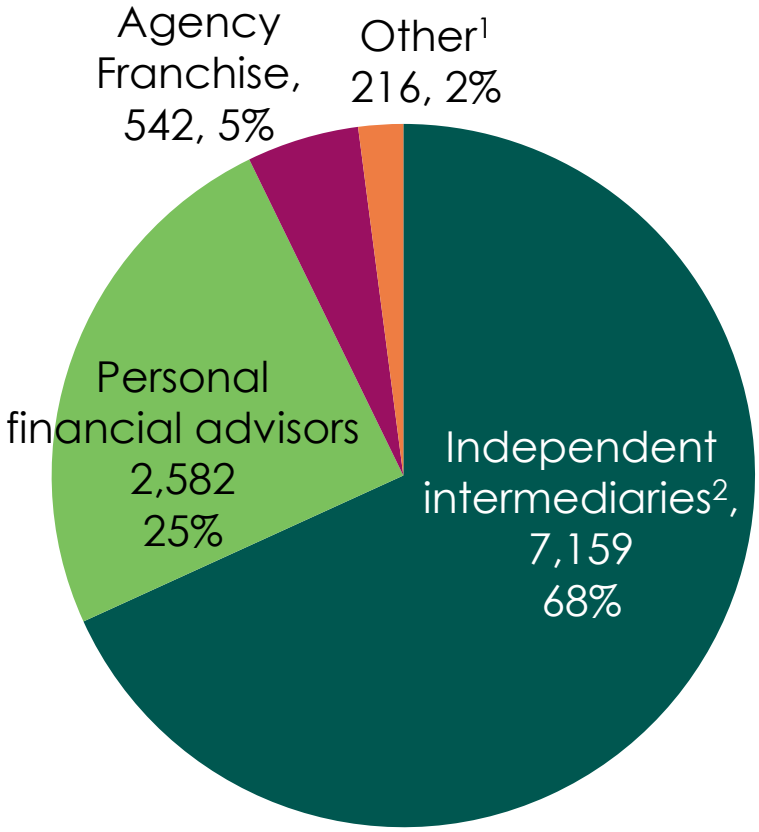
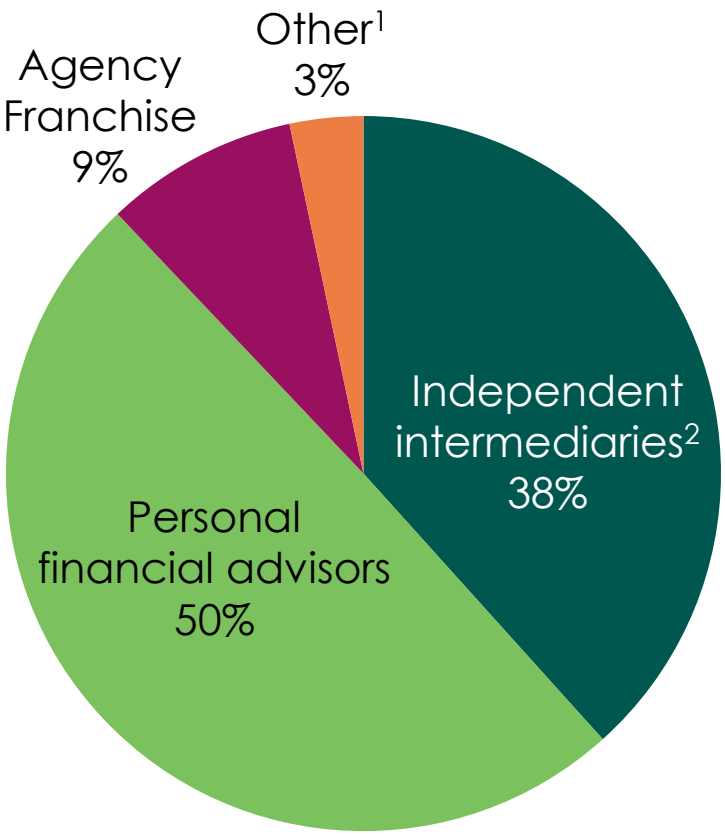
FOCUS ON THE QUALITY OF ADVISORS

Distribution footprint – June 2013



Contribution to APE – H1 2013



1. Other includes Emerald, PWM consultants and OM Activate
2. Independent intermediaries includes Bancassurance, Masthead and acsis, as well as SERVCO, broker franchises and mandated agents

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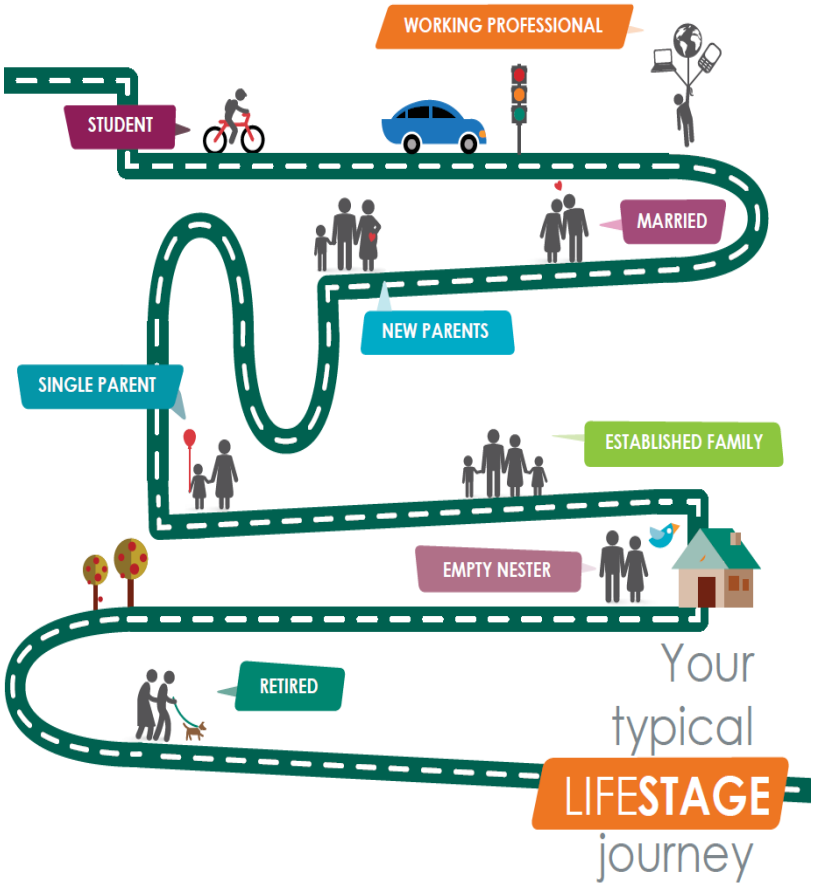
OUR CUSTOMER CENTRIC APPROACH IS A KEY DIFFERENTIATOR

Enter	For who	Key ingredient	How do you want it	Vision for our clients/customers
Our customers • Retail • Wealth • Public Sector • Gauteng	STUDENT WORKING PROFESSIONAL MARRIED NEW PARENTS SINGLE PARENT ESTABLISHED FAMILY EMPTY NESTER RETIRED		'Soft' Hand holding	Deliver on promises
			Make it easy, Do it for me	Meaningful relationships
			Crisp & knowledgeable	Convenient personal service
				Security and peace of mind
			Professional & Expert	Part of the decision-making process

ONGOING **INTERACTION**

CUSTOMER LED INNOVATION

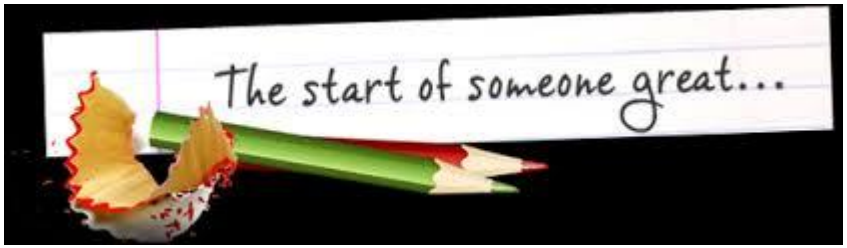
Greenlight: Tailored to all lifestages



|3|

XtraMax

SmartMax



OLDMUTUAL WEALTH

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WE DELIVER ON OUR PROMISES

Simply put ...
R2.8 billion means

- 78% LIFE COVER claims
- 10% DISABILITY COVER claims
- 12% ILLNESS & PHYSICAL IMPAIRMENT COVER claims
- <1% RETRENCHMENT COVER claims

11
Million Rand
paid on average each working day

During 2012 we paid **98%** of all claims received

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OLD MUTUAL WEALTH OVERVIEW

FAIRBAIRN CAPITAL

OLD MUTUAL UNIT TRUSTS

OLD MUTUAL INTERNATIONAL

ACSIS

OLDMUTUAL WEALTH

SYm | mETRY

R277.6bn AUM as at June 2013

OLD MUTUAL ACTUARIES AND CONSULTANTS

CELESTIS

+ STOCKBROKING

+ STRUCTURED LENDING

+ FIDUCIARY SERVICES

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OVERVIEW OF THE VALUE PROPOSITION

Our market is focused on a product-based approach

WE'RE SHIFTING TOWARDS A HOLISTIC ADVICE-LED APPROACH

ADVICE PHILOSOPHY (WHAT)

- LIFESTYLE
- RETURN
- ASSET ALLOCATION
- RISK

↓

TOOLS (WITH)

↓

IMPLEMENTATION & INVESTMENT MANAGEMENT (HOW)

↓

SPECIALIST SUPPORT (WHO)

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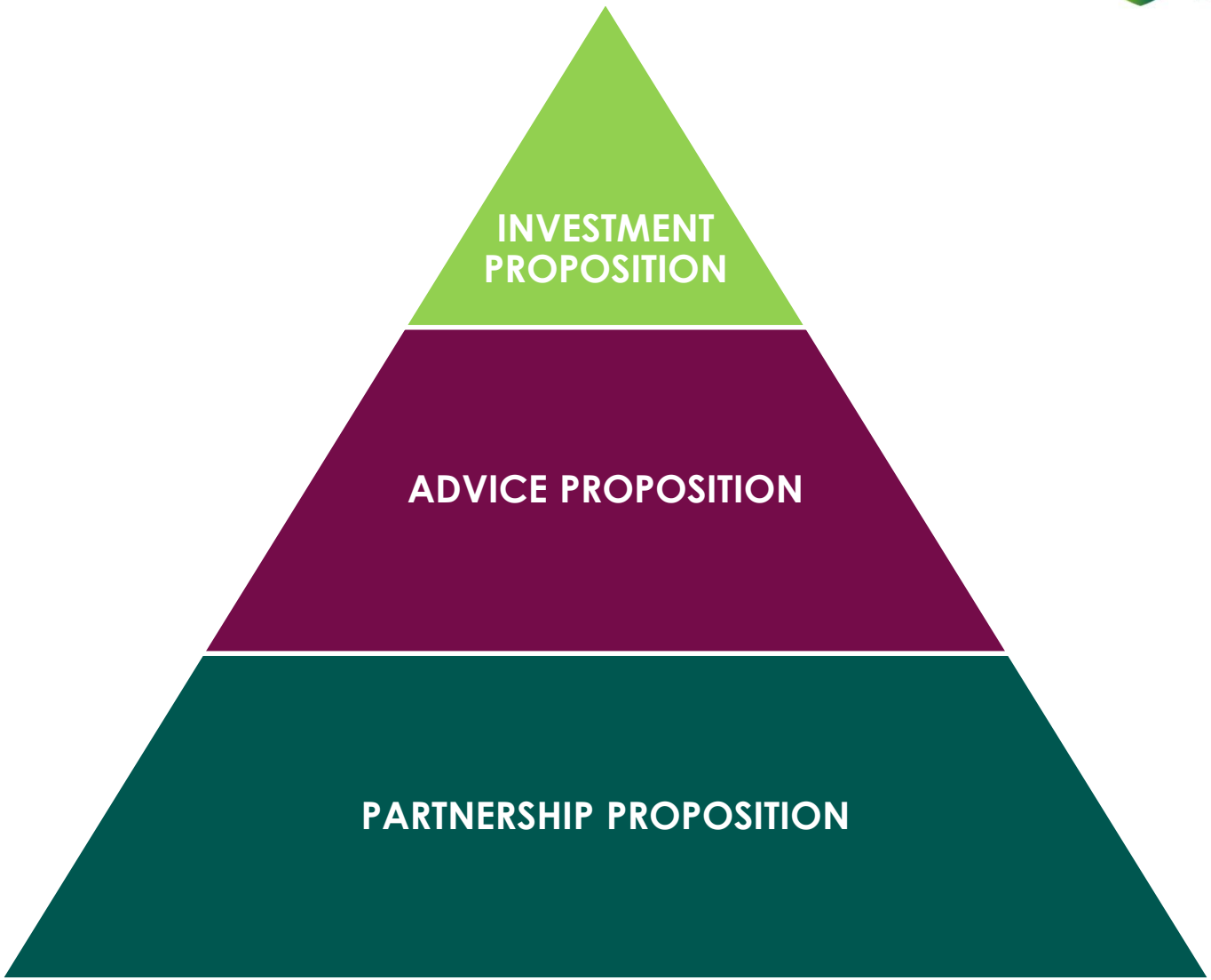
PLANNER PROPOSITION



SNAPSHOT OF RETAIL AFFLUENT BUSINESS

Key Operating Statistics				
	2008	**2012**	**CAGR**	**H1 2013**
AUM	R199.0bn	R312.9bn	12%	R329.4bn
Non-covered sales	R11,198m	R38,453m	36%	R20,877m
APE[1]	R2,643m	R2,485m	-2%	1,242m
NFP sales	R307m	R361m	4%	R257m
VNB[1]	R301m	R380m	6%	R198m
Profit (pre-tax)	R1,898m	R2,725m	9%	R1,528m
In force cost per policy	R13.63	R16.21	4%	R16.87
New business cost per policy	R1,052	R1,349	6%	R1,428m

- Encouraging signs of growth, despite low historic rates
- Margins increasing as a result of better business mix

1. Numbers exclude Nedgroup Life

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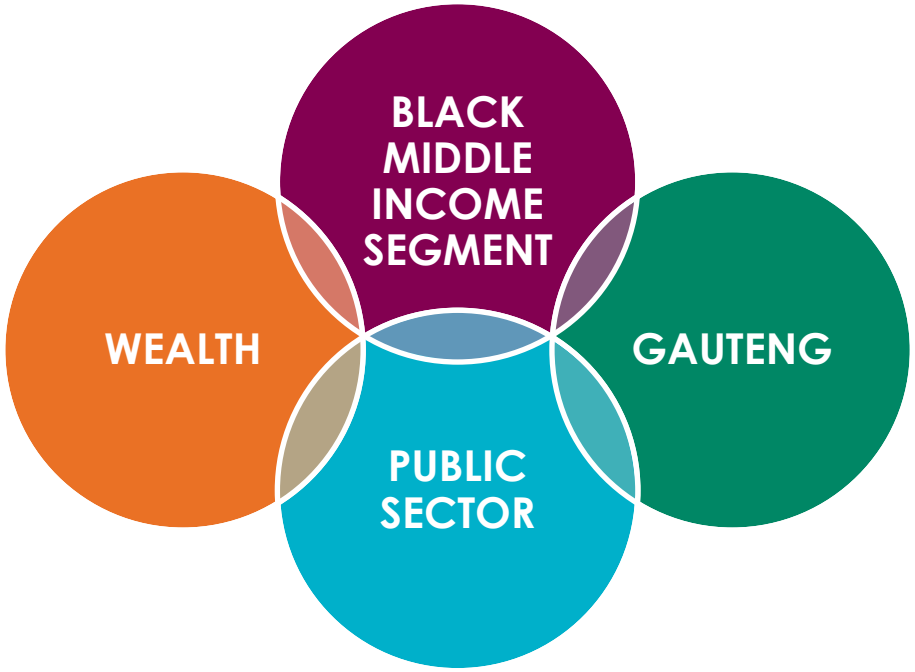
FUTURE OUTLOOK

- Near-term pressure on consumers
- Trend towards transparency and away from covered business
- Structural demand for protection and savings products continues
- Retail affluent market is growing in specific segments



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Bongani Madikiza: OMSA Corporate

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AGENDA

Retirement fund market and target segments

Business snapshot and national context

Opportunities with Nedbank and M&F

Key focus areas

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SA RETIREMENT FUND MARKET – GROWTH IN UMBRELLAS

Employees	**9.7 million people employed in the formal sector** • 13.7 million employed in South Africa	
Members	**± 6m retirement fund members** • Officially 12m+ member records	
Assets	**Total retirement market ± R2.7 trillion** • 13% compounded annual growth rate 2002-2012 • Government Employees Pension Fund (GEPF) with more than R1trillion in assets	
Arrangement	**Stand-alone funds** • Privately administered funds • 39% of total assets • 8% growth since 2010	**Umbrella funds** • Multiple participating employers aggregated into a single fund • 14% of total assets • 49% growth since 2010

Sources: Quarterly Labour Force Survey, Quarter 2, 2013; Quarterly Employment Statistics, June 2013; Towers Watson Global Pension Assets Study 2013; Financial Services Board; National Treasury

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CORPORATE'S TARGET SEGMENTS

	Large Corporates / Institutional	SMME
Definition	• Funds with > 1,000 members and/or assets > R250m	• From 5 members
No. of funds	• 400 funds	• ±12,800 funds
Assets	• Total Assets ± R530bn excl. GEPF • Average assets per	• Total Assets ± R590bn • Average assets per member of R86k
Characteristics	• Influence of consultants who play gatekeeper roles • Regulatory trends likely to drive industry consolidation and accelerate preference for umbrellas	• Approx. 600,000 small businesses registered for tax, mostly in 3 key metropolitan areas – Gauteng 40%; WC 19%; KZN 14% • Limited penetration of this market, but expected to grow strongly following retirement fund reforms
Strategy	• Attract high asset stand-alones to umbrella	• Leverage retail distribution to capture SMME market

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SNAPSHOT OF CORPORATE BUSINESS

Key operating statistics

	2008	2012	H1 2013
AUM (R'bn)	111	138	144
Risk premiums (R'm)	1,818	2,965	1,448
Admin members (000's)	725	857	880
APE (R'm)	861	1,138	677
PROFIT (R'm)	1,213	1,126	563
ROC	25%	19%	16.7%
Annual cash outflow-annuities benefits (R'bn)	3.5	4.1	2.0

Dynamics of the business

- Key driver of profit
  - With profit assets under management – high margin, high capital
- Operating model changing to reduce costs to members
- 'Natural' drawdown cash profile: annuities

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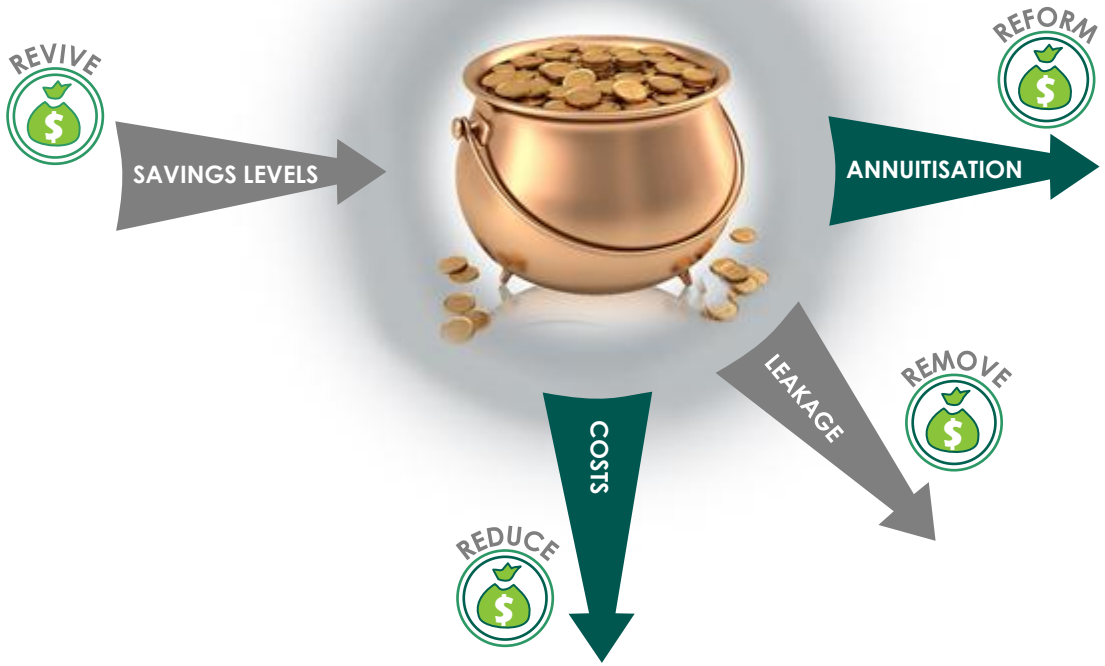
NATIONAL CONTEXT - RETIREMENT FUND REFORM



Improve retirement savings by becoming a trusted partner to our members

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OPPORTUNITIES WITH NEDBANK AND M&F

	Nedbank	Mutual & Federal
Distribution	• Develop alternative distribution channel via Business Banking and Nedbank Financial Planners • Easy Benefit Plan currently on Nedbank's small business portal	• Leverage distribution channels and client relationships
Products	• Potential to provide white-labelled products to Nedbank	• Offer each others' products to respective client bases
Access to platform	• Potential placement of Nedbank's investment offerings and services on our umbrella platform • Inclusion of Nedgroup Beneficiary Fund as an offering on Corporate's SuperFund umbrella	

Win together as one team!

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KEY FOCUS AREAS FOR CORPORATE

- Implement end-to-end servicing and consulting capability
- Drive umbrella growth

- Improve member data and engagement infrastructure
- Increase member access to education and advice
- Manage the culture change required of Corporate
- Implement TCF initiatives

- Transform admin
- Technologically enable end-to-end servicing

- Drive retention, cross-sell and upsell

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Diane Radley, Old Mutual Investment Group CEO

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AGENDA

Building Africa's leading asset manager

Focus on investment performance

Distribution

Trends in SA fund management and key focus areas

OMSFIN

Asset management in the rest of Africa

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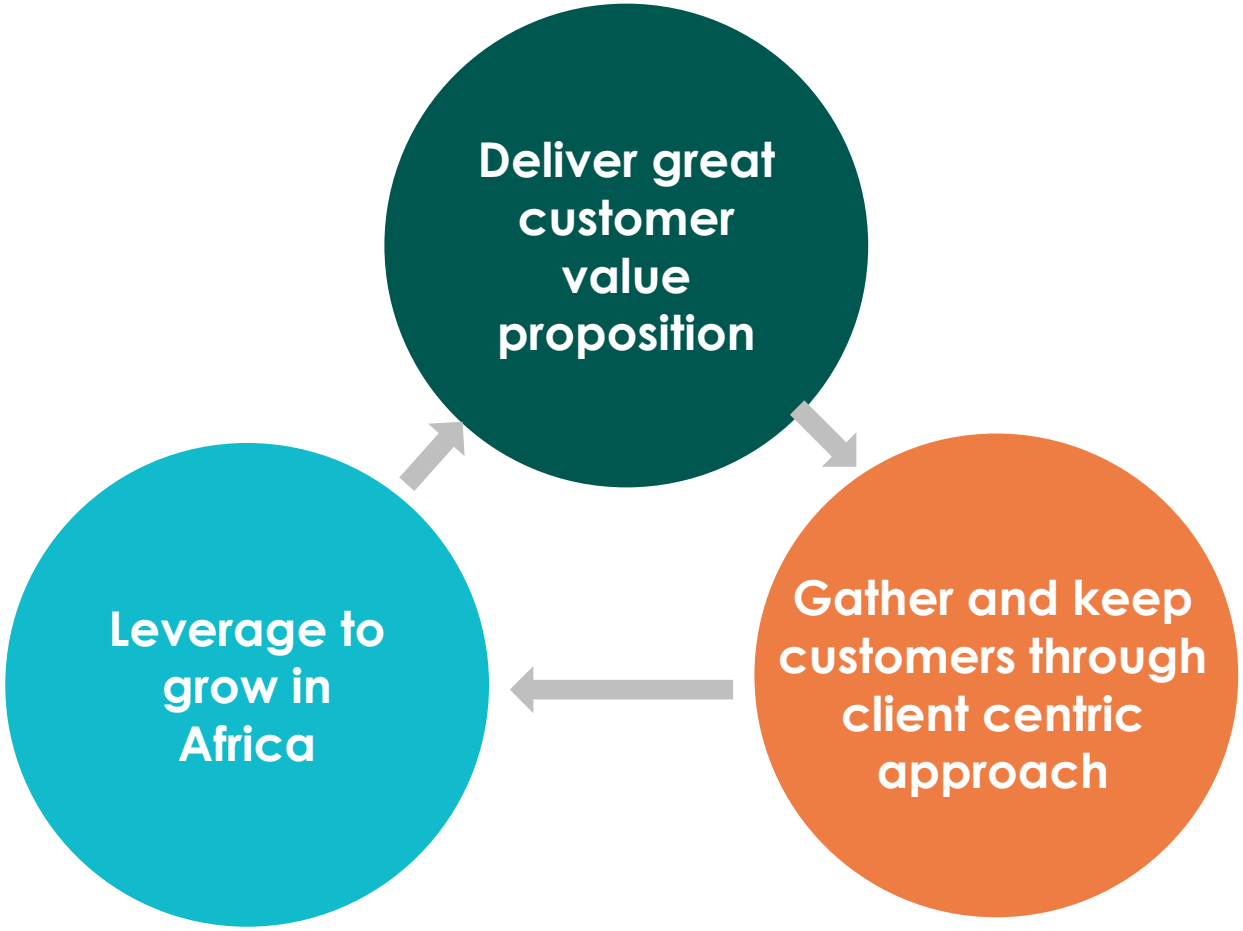
BUILDING AFRICA'S LEADING ASSET MANAGER



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BOUTIQUE CAPABILITIES

MULTI ASSET CLASS SOLUTIONS (62bn)

- MACROSOLUTIONS R39bn
- QUANTITATIVE INVESTMENTS
- ABSOLUTE RETURN

R23bn

FIXED INTEREST (148bn)

- FUTUREGROWTH R132bn
- MARRIOTT R16bn

PROPERTY

- OLD MUTUAL PROPERTY R28bn

EQUITY (76bn)

- ELECTUS R30bn
- OLD MUTUAL EQUITIES R46bn

Focused on performance

- Specialist investment teams (boutiques)
- Investing alongside our customers

Enabling us:

- To consistently deliver on our customer promise

ALTERNATIVE INVESTMENTS

- ALTERNATIVE INVESTMENTS R34bn

LIABILITY DRIVEN INVESTMENTS

- LIABILITY DRIVEN INVESTMENTS R20bn

SPECIALISED FINANCE

- SPECIALISED FINANCE R54bn

INDEX TRACKING

- GLOBAL INDEX TRACKERS R54bn

Numbers are at September 2013
Total FUM of R476bn

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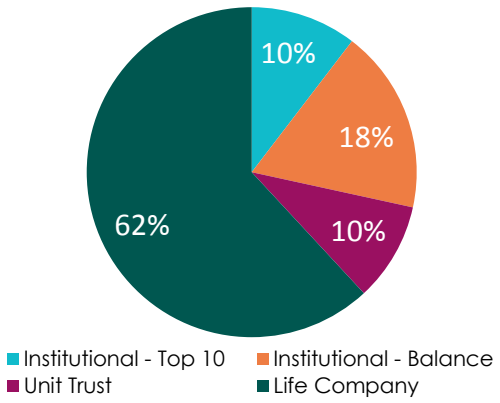
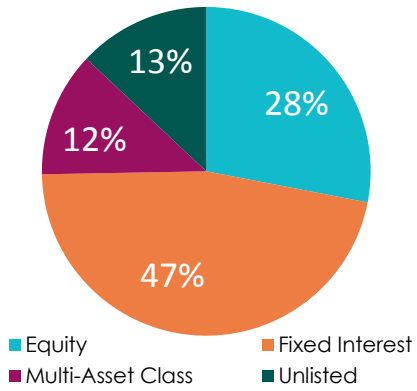
FUM COMPOSITION AND FINANCIALS

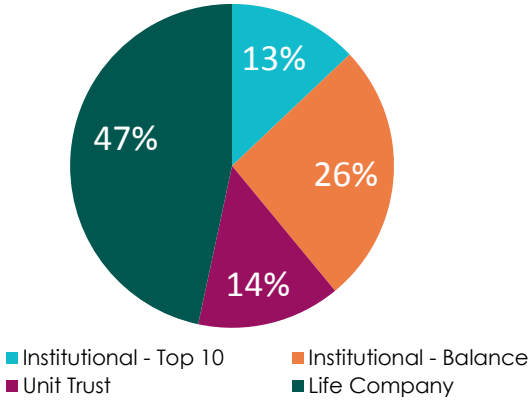
Composition of FUM - H1 2013



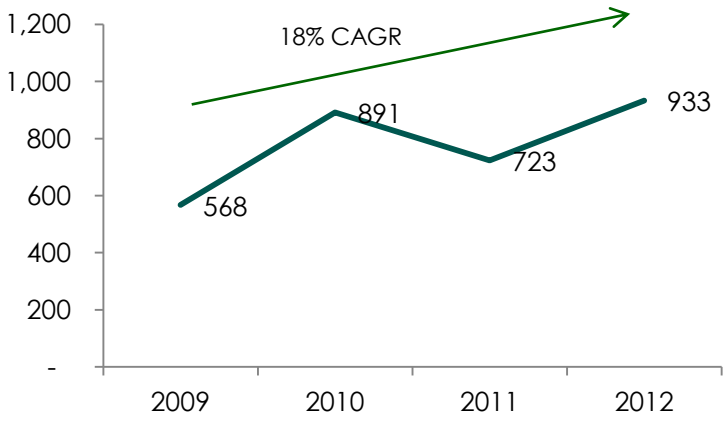
Composition of FUM - H1 2013[1]



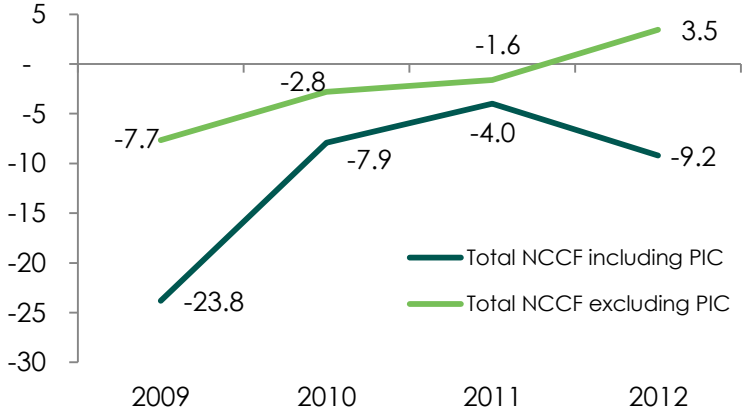
Composition of Revenue - H1 2013



Profit before tax[2]



NCCF[2]



1. Fixed Interest includes unlisted investments and Multi-Asset Class includes both Fixed Interest and Equity investments, however each are shown separately based on boutique capabilities.
2. Excludes OMUT and Symmetry. Reported numbers for 2010 and 2011 included Symmetry which had outflows of -R0.4bn in 2010 and -R1.3bn.

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FOCUS ON INVESTMENT PERFORMANCE

Positioning over rolling 3 year periods to		Sep 2013	Dec 2012	Dec 2011
Relative to benchmarks				
% of Funds ahead of benchmarks	All Funds	77%	69%	64%
	Equity Funds	47%	27%	17%
Relative to inflation plus targets				
% of funds ahead of inflation plus targets	All Funds	56%	66%	57%
Relative to peers				
% funds 1st quartile	All Funds	17%	16%	19%
	Equity Funds	16%	11%	17%
% funds ahead of peer median	All Funds	45%	35%	44%
	Equity Funds	32%	21%	44%
% funds 4th quartile	All Funds	27%	30%	27%
	Equity Funds	21%	53%	17%
Asset allocation				
MacroSolutions – compounded value added	OMLACSA Smoothed Bonus products [1]	2.2%	0.2%	0.9%

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1. Absolute Growth, the largest smoothed bonus portfolio used as a proxy. Returns have not been annualised.

DISTRIBUTION

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TRENDS IN SA FUND MANAGEMENT

Legislation changes and retirement reform proposals driving:

- Move away from specialist toward multi-asset class mandates (Reg 28 compliant)
- Growing interest in passive and expectation of increased flows in future
- Move of smaller pension funds into umbrellas
- Growth in savings pools in Africa as retirement reforms drive retirement saving
- More focus on Institutional fees driven by retirement fund proposals will increase interest in tracker strategies
- Increased focus on responsible investing

We are well positioned to compete in a fee pressure environment given:

- Scale of business – our cost structure for vanilla business is very competitive
- Our retail business is "future fit" – the Wealth platform is all clean class based
- Current low reliance on performance fees

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KEY FOCUS AREAS

Institutional Market		Retail Market
• Traditional Institutional market shrinking in real terms • Move to umbrella funds and investing via Unit Trusts likely to continue	**Investment Market conditions**	• Growing strongly and expected to continue
• Negative NCCF and market share decline largely due to GEPF and annuity driven outflows • YTD 2013 positive NCCF (excl Life)	**NCCF**	• YTD positive NCCF but lagging existing market share. Retail flows into fixed income and multi-asset classes where performance is good
• Better targeting to match capabilities with best opportunities • Allocate further capital to OMSFIN and drive alternatives offerings • Delivery to plan will result in market share growth	**Future drivers of NCCF**	• Focus on investment performance • Building strong investment brand • Successful collaboration with OMEM Wealth

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OMSFIN - ORIENTATION

OMSFIN is

- A principal investment business built organically over the last decade
- An alternatives investment manager for group portfolios

OMSFIN market positioning

- Risk capital provider to the South African capital markets
- Highly regarded business and capability in core markets
- Key capital market interface for OMEM

OMSFIN's shareholder and group value proposition

- To deliver above average risk adjusted returns for a pre-determined level of risk → EVA
- The core hedging operation for OMEM shareholder guarantees
- Core alpha engine for OMEM's shareholder guaranteed business

OMSFIN has proven and conservative risk management protocols

- Very conservative market risk appetite
- Investment management, ALM and hedging capabilities proven through very volatile market periods
- Limited default experience since inception

Intention is to increase the OMSFIN balance sheet from R14bn to R20bn over the next 3-4 years

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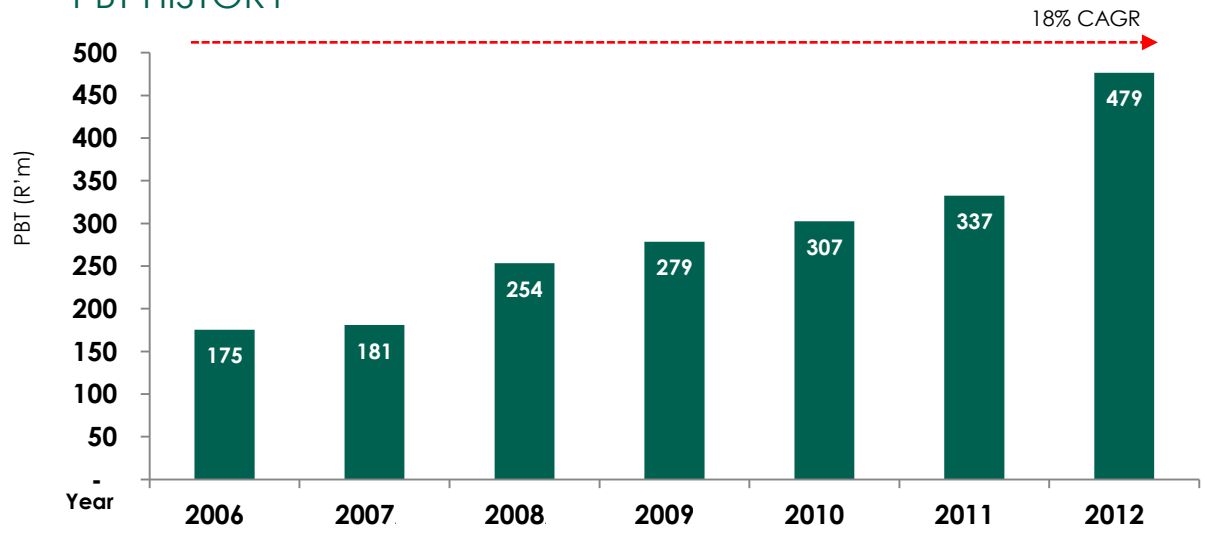
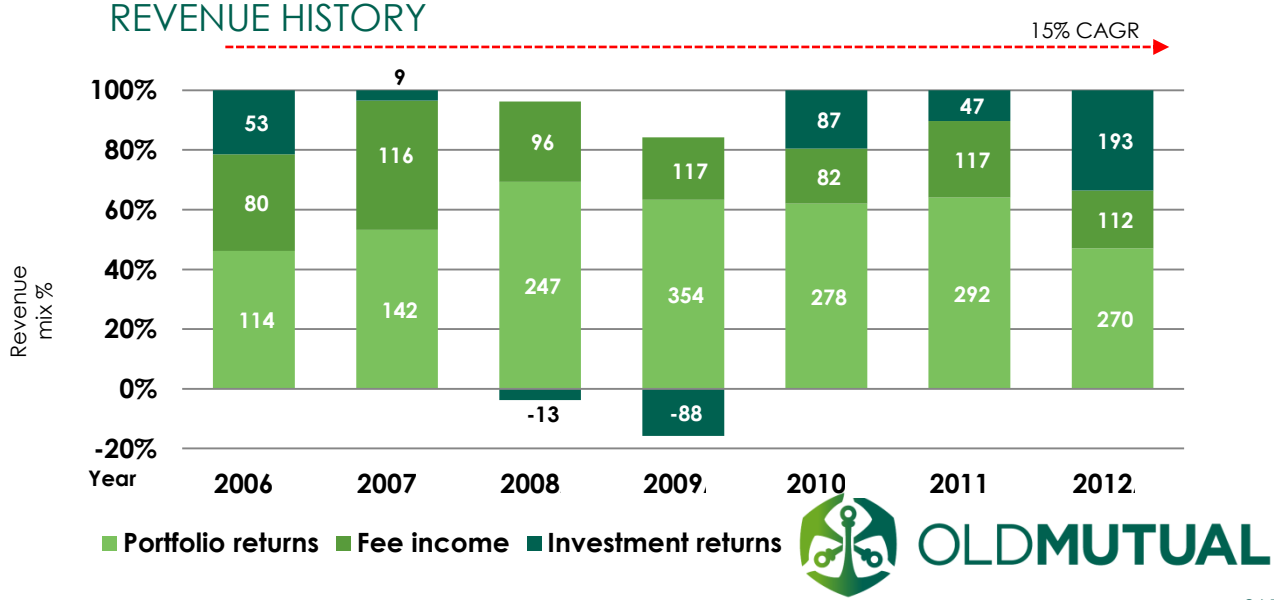
OMSFIN: PERFORMANCE HISTORY

- OMSFIN delivered R317m of profit before tax (H1 2013). Current level of shareholder capital in the business R950m
- In addition, OMSFIN has consistently delivered substantial value add (hedging result and alpha) on the shareholder guaranteed portfolios managed
- Return on capital averaging 34% for the period 2006-2012
- Sustainable long-term ROC's in the region of 22-26%
- Total funds under management on principal and agency basis circa R77bn at the end of 2012

PBT HISTORY



REVENUE HISTORY



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IN COUNTRY ASSET MANAGEMENT OPERATIONS ACROSS THE REST OF AFRICA

AFRICA IS ONE OF THE KEY BUILDING BLOCKS OF OUR STRATEGY

Building a dominant Pan African capability

- Building a track record & profile of existing listed equity product
- Partner with OMA to build in-country propositions

Leverage the assets of the Life Company to grow African opportunities in alternative asset capabilities

- Launch planned Alternatives /unlisted funds
- AIIM joint venture with Macquarie **R9.6bn** of assets invested in Africa - continue to deploy funds into infrastructure
- Grow and Invest OMSFIN Balance Sheet

- Set up Pan African Property & Debt Funds
- Africa Private Equity Fund of Funds
- Africa Housing Fund
- Africa Agri--funds

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Raimund Snyders: Property & Casualty CEO

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AGENDA

Overview of our business

Strategy, targets and key management actions

Summary

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OUR HISTORY

1831

South African Fire & Life Assurance Company founded

1970

Merged with Old Mutual's SA Mutual Fire & General Insurance

1972

Name changed to Mutual & Federal

1981

Brand refreshed

2010

Old Mutual acquires 100% of M&F

2010

iWYZE launched

2011

Brand refreshed

OUR GEOGRAPHICAL PRESENCE

GWP 2012

South Africa	R9.0b
Namibia	R578m
Botswana	R143m
Zimbabwe	R186m
Swaziland	Associate
Nigeria[1]	R56m

1. Our acquisition of Oceanic's Nigerian Property & Casualty business from Ecobank is now complete

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SEGMENTAL OVERVIEW

We write predominantly short tail business across a wide range of risk categories.

	Personal	Commercial	Corporate & Niche	Rest of Africa	CGIC[1]
Intermediated	✓	✓	✓	✓	✓
Direct	✓				
Key Products	• Motor • Household	• Property • Motor • Agriculture	• Property • Marine • Engineering	• Personal • Commercial • Corporate	• Credit guarantee
2012 GWP (R'bn)	2.9	3.5	1.8	0.9	0.8
Contribution to GWP (2012)	29%	36%	18%	9%	8%

1. 52.52% owned

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KEY STRENGTHS

- Strong brand and 182 year history
- Extensive broker network and loyal broker relationships
- Solid commercial and corporate businesses
- Very good, well-regarded skills, especially in commercial and corporate
- Largely migrated off the mainframe onto a new web-based platform, ahead of many key competitors

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FINANCIAL RESULTS OVERVIEW

Rm	2008	2009	2010	2011	2012	H1 2013
International solvency ratio[1]	49.0%	55.9%	73.2%	66.4%	64.0%	**56.3%**
IFRS adjusted operating profit[2]	1,169	918	1,162	1,039	475	**135**
Return on equity	29.0%	21.2%	19.0%	14.9%	7.1%	**4.1%**
Gross written premiums	9,159	8,456	8,442	8,865	9,706	**5,442**
Claims ratio	67.1%	68.7%	63.8%	65.2%	72.4%	**73.9%**
Underwriting result	299	140	519	354	(132)	**(118)**

1. Ratio of net assets to net premiums
2. In 2012 and H1 2013, AOP includes 100% of underwriting losses incurred by iWyze

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St Francis Bay Fire
11th November 2012

Hail in Gauteng –
20th October, 27th November 2012

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Flooding in the Western Cape
15th November 2013

Hail in Gauteng
28th November 2013

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REASONS FOR UNDERPERFORMANCE

- Late entry into direct distribution and consequent loss of market share as broker share of market declines
- Expense efficiencies impacted by
  - loss of market share
  - migration to web-based platform and regulatory uncertainty
- Overall market has experienced high incidence of claims and rising cost per claim
  - Our claims costs have been further impacted by processing claims off an out-dated system

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KEY MANAGEMENT ACTIONS

Improve claims effectiveness, efficiency and fraud management

- Directing of claims spend
- Improved salvage and recovery processes
- Implementation of fraud analytics

Claims ratio improvement

Expense ratio improvement

Take advantage of new IT system to improve efficiencies

- Lower maintenance costs from 2015 as we turn off the old system
- Improvement in claims processing efficiency
- Platform for African expansion

Claims ratio improvement

Expense ratio improvement

Improve SA market share by cross-selling to SA Group client base

Market share gain (traditional and direct)

Note: The client numbers shown above refer to Retail clients only.

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KEY MANAGEMENT ACTIONS (2)

Improve capital utilisation within the business	• Manage capital more effectively in line with regulatory requirements and Group objectives	ROE improvement
Expand in Rest of Africa through selective mergers & acquisitions	• Achieve scale by following our South African corporate customers and corporate brokers • Align with OMEM and Nedbank partnerships and strategy including infrastructure build	Significant players in coordination with rest of group
Mitigate risks during change programme	• Support and nurture staff • Seek talent and skills from within wider Group	Future-proofing the business

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TARGETS

2010-2013[1]	Targets for 2016 onwards
• Average ROE of 11.3% • Top 3 in the South African market with approximately 10% market share • Operations in 4 countries in the Rest of Africa (2 sub-scale operations) • Average underwriting margin of 2.4% (combined ratio of 97.6%)	• ROE of 15-20% through the cycle • Sustainable Top 2 position in the South African market • Significant P&C operations in the Rest of Africa in major markets, supporting the Group's African expansion • Underwriting margin of 4-6% through the cycle (combined ratio of 94-96%)

1. The averages shown for the period 2010-2013 include full year figures for 2010-2012, and first half figures for 2013.

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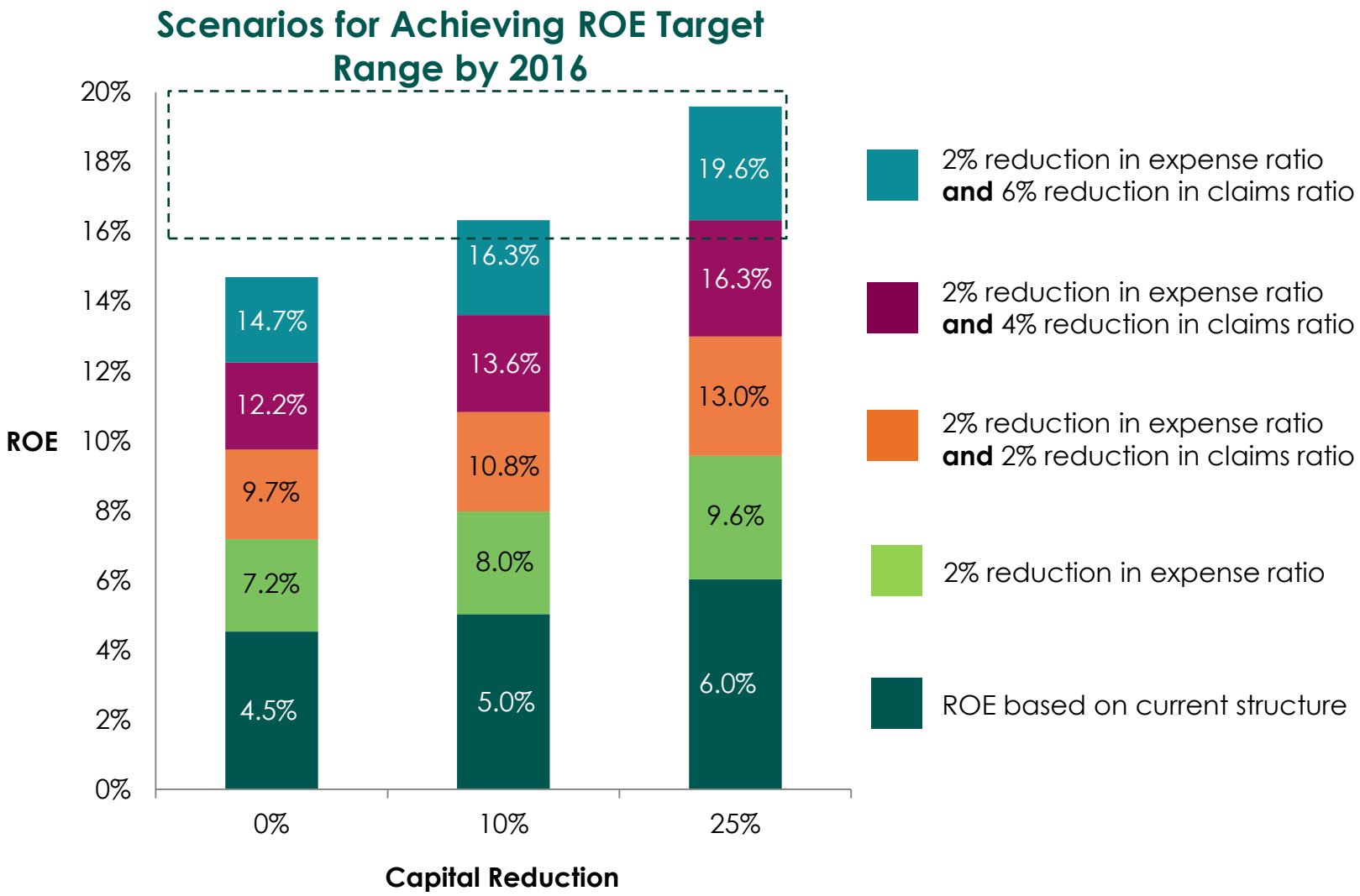
LEVERS FOR ACHIEVING ROE TARGET RANGE



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OUR PLAN

We will unlock value by driving operational efficiency and supporting the group's African expansion. We will achieve this by completing the following phases:

Phase 1: 2014–2015

Restore profitability and returns for shareholders

Phase 2: 2015–2016

Create a platform for growth in South Africa and the Rest of Africa using the Group

Phase 3: 2017+

Drive growth off a profitable base

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INSURANCE | INVESTMENT | SAVINGS | BANKING

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

David Buenfil: CEO Latin America & Asia

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

Old Mutual in Latin America & Asia

Financial contribution to OMEM

Features of markets and our businesses

Strategic priorities

Leveraging OMEM capabilities

Summary

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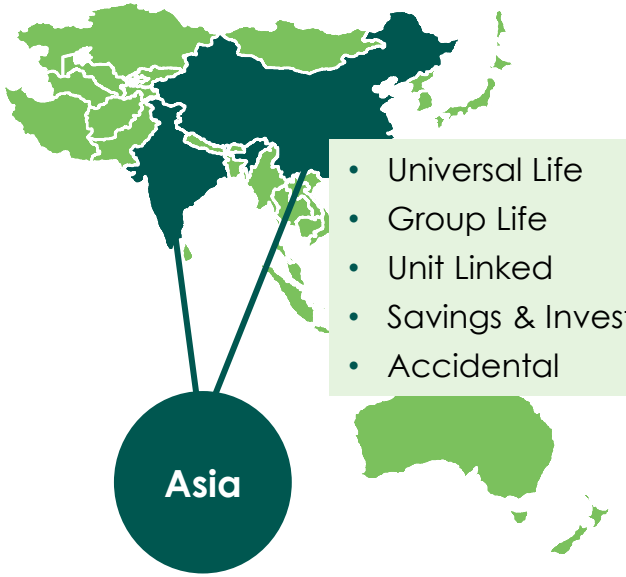
OLD MUTUAL IN LATIN AMERICA AND ASIA

- Mandatory & Voluntary Pensions
- Unit Linked Savings
- Protection in RMM
- Institutional Asset Management
- International product distribution



- Universal Life
- Group Life
- Unit Linked
- Savings & Investments
- Accidental

Customers:	385,000
Advisors:	1,500
NCCF[1]:	R14.7bn
FUM[1]:	R93bn
APE[1]:	R129m

Customers[3]:	4,290,000
Advisors:	31,800
NCCF[1]:	R1.1bn
FUM[1]:	R8bn
APE[2]:	R490m

1. Our proportionate share of FUM and NCCF as at 31 December 2012
2. Our share of Asian APE for Q3 2013 YTD. Asian sales have been disclosed as covered rather than non-covered from Q1 2013 onwards
3. Includes retail and corporate clients in India and China

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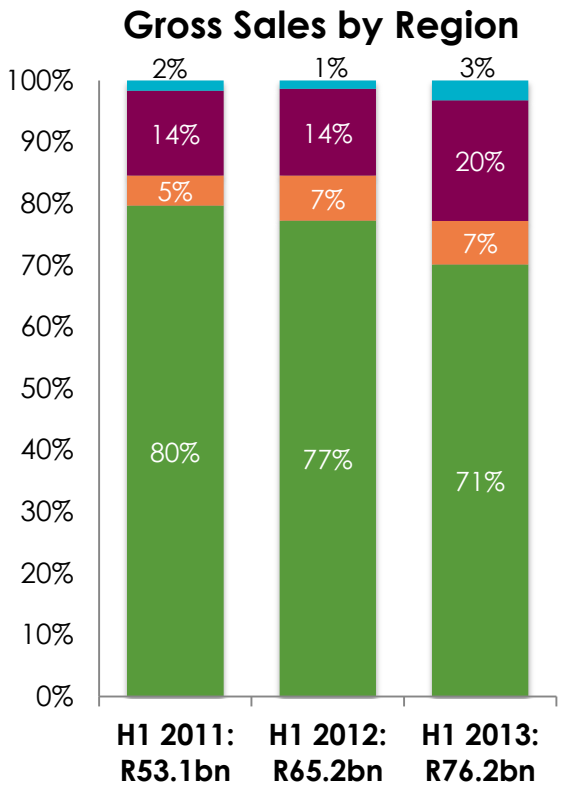
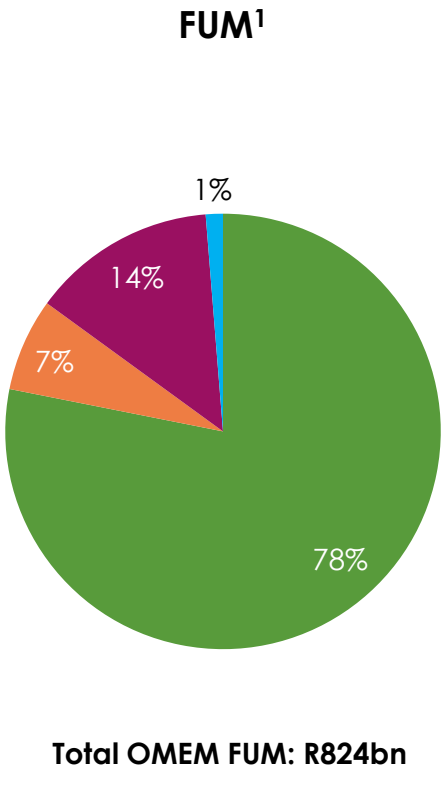
FINANCIAL CONTRIBUTION TO OMEM





Asia | Latin America | Rest of Africa | South Africa

1. FUM stated on a start manager basis as at 30 June 2013

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FEATURES OF OUR MARKETS IN ASIA AND LATIN AMERICA

Financial drivers

- Rising real GDP per capita
- Rising middle class
- "Unequal" distribution of wealth
- Markets dominated by banking models
- Low state welfare provision
- Low spending on healthcare, pensions and unemployment
- Strong need for financial education, and inclusion

Non-financial drivers

- Stable macro-economic fundamentals
- Political stability
- Respect for legal title and enforcement of debts
- Supportive educational levels
- Improving demographics
- Life expectancy
- Financial services regulation

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OUR BUSINESS IN INDIA

India:
GDP 2012: $1,842bn
GDP growth 2012: 3.2%
Population: 1.2bn

- Partner is Kotak Mahindra Bank – listed with market cap of +/- $9bn
- Old Mutual holds 26% in the JV, established in September 2000
- Kotak Life Insurance ranked 8th of 23 Life JVs
- Full range of Traditional and Unit Linked products as well as Group protection and savings products
- Tied, Bancassurance and Alternate distribution channels
- Over 1.1m Mass-Affluent customers and over 3m Group members
- Awarded most respected JV life insurer by Business World magazine

Source: The World Bank, 2012, GDP at current international US$

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OUR BUSINESS IN CHINA

China:
GDP: $8,227bn
GDP growth 2012: 7.8%
Population: 1.35bn

- Partner is Guodian Group, a state-owned enterprise
- Old Mutual has a 50% stake in the JV, established in January 2004
- OM Guodian's JV ranks 5th out of 26 Life JVs
- Primarily bank distribution – national distribution agreements with ICBC and Bank of China
- Universal Life, Unit Linked and Traditional products
- Customers: total of over 40,000 Affluent/HNW customers
- Domestic players remain market leaders with 95% of the $160bn market

Source: The World Bank, 2012, GDP at current international US$

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ASIA STRATEGIC PRIORITIES

India JV

- Continue to improve retention despite difficult market dynamics
- Improve distribution economics & address key tied agency challenges
- Lean operating model

China JV

- Drive profitable growth
- Diversify our distribution using more banks, telemarketing and group sales

Old Mutual in Asia

- Support Old Mutual Investment Group in their asset management opportunities (i.e property fund in in India)
- Support the offshore and asset management initiatives

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LATIN AMERICA POTENTIAL

Colombia:
2012 GDP : $370bn
GDP growth 2012: 3.9%
Inflation 2012: 3.2%
Population: 47.7m

Mexico:
2012 GDP : $1,178bn
GDP growth 2012: 3.9%
Inflation 2012: 4.1%
Population: 120.8m

- Wholly-owned subsidiaries in both markets
- Life insurance penetration under 1%
- Long tradition in Colombia – since 1953
- Reputation for innovation and advice
- Strong competition from large banking groups
- Attractive margins

Source: CIA fact book, GDP and population stats as at June 2011

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PRODUCT, SKILLS AND DISTRIBUTION IN LATAM

Mexico

- Innovative products for a fast growing retail market
- Rapid launch into the Retail Mass Market with support from OMEM
- Assets under administration of over $2bn
- Great potential for AIVA to develop local distribution
- Over 41,000 retail customers, and 200,000 corporate participants

Colombia

- Reputation for fund management - $8bn in Funds under Management
- Well trained Financial Advisors known for outstanding customer focus
- Asset Management, Insurance, Stock Broker, and Pensions companies
- High potential to become a main player in the wealth space
- Over 150,000 Pre-affluent, and Affluent customers

AIVA (Regional)

- Deep understanding of Wealth Management needs in Latin America
- Network of 500 IFAs, positioned as best in the industry
- Excellent product know-how to support the distribution
- Innovative technology to enable better relationships (Pro Admin)
- Over 30,000 customers across the region

OLDMUTUAL

LATIN AMERICA STRATEGIC PRIORITIES

Colombia

- Expand our wealth management business
- Grow our REIT business
- Grow distribution and skills

Mexico

- Develop and grow the Mass Market business
- Grow distribution in Retail Affluent
- Additional domestic RA sales via AIVA

Rest of Latin America

- Become the leader in international market solutions for clients

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LEVERAGING OMEM CAPABILITIES

People

- Leveraging expertise and knowledge of a single management team in LatAm
- Sent experienced people from SA to launch RMM in Mexico

Products

- Smoothed Bonus Investment Option in Mexico and Colombia
- Retail Mass "parents protection product" in Mexico

Asset management

- Running unified asset management across the region
- Leveraging Old Mutual Investment Group experience in real estate funds

Skills and expertise

- IT Platform, business model and human capital for RMM in LatAm
- Tied Distribution in India
- Product development and risk management for China

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SUMMARY

- Building franchises with good foundations
- JV relationships strong
- AIVA delivering distribution power across LatAm
- Leveraging Group know-how and linkages
- Focusing on profitable business segments
- Leveraging our strongly profitable countries to invest in high growth ones
- 15% of OMEM's Funds under Management

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

PAUL HANRATTY: GROUP COO

INSURANCE | INVESTMENT | SAVINGS | BANKING

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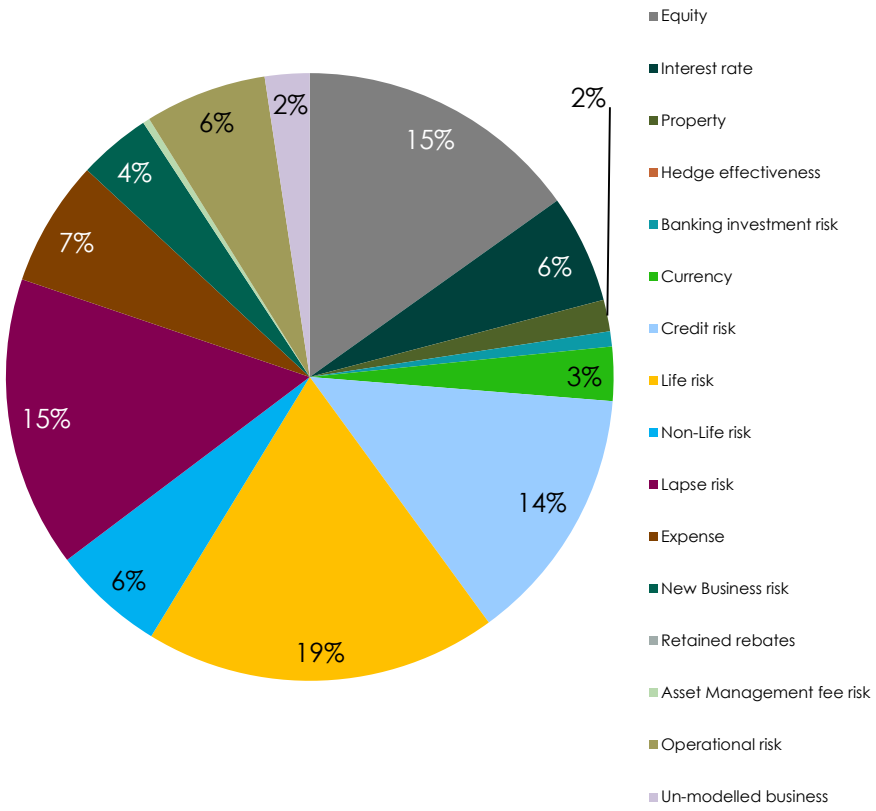
COMPLEMENTARY PORTFOLIO OF EMERGING MARKETS BUSINESSES, WELL POSITIONED VERSUS PEERS

2012 operating earnings (Rm, pre-tax, post NCI)[1]

Standalone Economic Capital at Risk at December 2012

Emerging Markets, Nedbank, P&C



1. Operating earnings exclude OMEM central costs and LTIR (OMEM and M&F)

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EMERGING MARKETS, NEDBANK, P&C – 3 YEAR VIEW

	FY 2010	FY 2011	FY 2012	H1 2013	2010-2012 CAGR %
Profits[1] (Rbn)	14.1	16.5	19.2	9.7	17%
Assets under management (Rbn)	696.0	747.7	886.4	944.4	13%
Return on Equity					
OMEM	24.9%	24.2%	23.9%	23.7%	
Nedbank	13.4%	15.3%	16.4%	16.1%	
P&C	19.0%	14.9%	7.1%	4.1%	

1. Adjusted Operating Profit, pre tax, pre MI

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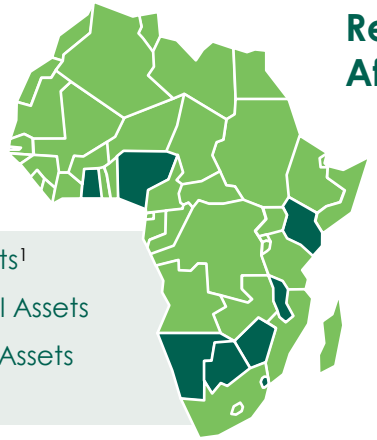
OLD MUTUAL IS A POWERFUL EMERGING MARKETS FINANCIAL SERVICES GROUP

South Africa

Profits[1]	R17.2bn
Total Assets	R1 184bn
Net Assets	R129.7bn
FuM	R729.9bn

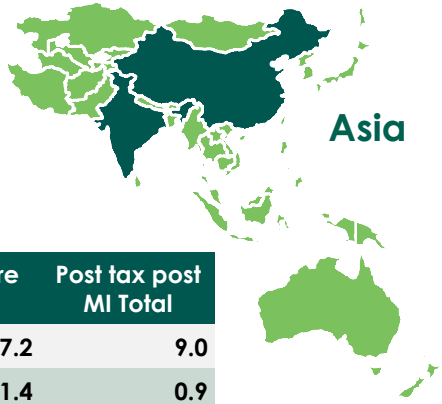
LatAm & Asia / Rest of World

Profits[1]	R0.6bn
Total Assets	R55.2bn
Net Assets	R6.9bn
FuM	R118.2bn



Rest of Africa

Profits[1]	R1.4bn
Total Assets	R45.9bn
Net Assets	R5.3bn
FuM	R38.3bn



Asia

2012 Profits (Rbn)	Life & Savings	Banking	Asset Management	P&C	Pre tax pre MI Total	Post tax post MI Total
South Africa	5.9	9.5	1.3	0.4	**17.2**	**9.0**
Rest of Africa	0.6	0.7	0.1	0.1	**1.4**	**0.9**
LatAm & Asia / RoW	(0.2)	0.4	0.4	-	**0.6**	**0.3**
Total Profits	**6.3**	**10.6**	**1.8**	**0.5**	**19.2**	**10.1**
Profits (OM share of Nedbank)	**6.3**	**5.7**	**1.6**	**0.5**	**14.1**	

1. Adjusted Operating Profit, pre tax, pre MI
Numbers as at FY 2012 (restated)

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

Katie Murray: OMEM CFO

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

OMEM overview

Key profit factors

PVNBP margin

Capital

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OLD MUTUAL EMERGING MARKETS – TRACK RECORD OF STRONG RESULTS

Rm	FY 2009	FY 2010	FY 2011	FY 2012		H1 2013
Operating Profit	4,221	4,878	5,333	6,342	50% increase	3,332
LTIR	1,658	1,221	1,308	1,613		783
Property and casualty[1]	918	1,162	1,039	475	Improvement required	135
Total	6,797	7,261	7,680	8,430		4,250
Return on Equity – OMEM	26.0%	24.9%	24.2%	25.0%	Strong performer	23.7%
Return on Equity – P&C	21.2%	19.0%	14.9%	7.1%	Improvement required	4.1%
NCCF (bn)	(20.5)	0.2	5.1	16.2	Improving trend	11.1
FUM (bn)[4]	518.4	585.7	626.3	724.6	40% increase	764.8
Dividends paid (Rbn)[2]	4.3	1.8	3.0	10.1		1.9
Ordinary	4.3	1.8	3.0	3.3		1.9
Special	-	-	-	6.8[3]		-

Economic indicators	FY 2009	FY 2010	FY 2011	FY 2012		H1 2013
JSE All Share Index	27,666	32,119	31,986	39,250	42% increase	39,578
JSE SWIX	5,735	6,744	6,800	8,480	48% increase	8,544

1. Mutual & Federal have been incorporated into these results; iWyze is fully included in P&C from 2012
2. Dividends paid includes the payment to local shareholders and the cash payment to Group for non SA shareholders
3. Financed following repayment of intercompany debt by Group
4. End manager basis

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OLD MUTUAL EMERGING MARKETS SOURCES OF VALUE CREATION – 2012

	Profits[1]	VNB	Capital allocation	RoC
Old Mutual South Africa	R5,554m	R1,590m	R17.8bn	28%
Old Mutual Investment Group	R933m	n/a	R1.9bn	40%
Rest of Africa	R650m	R139m	R1.8bn	35%
Property & Casualty	R475m	n/a	R4.6bn	7%
Latin America & Asia	R218m	R33m	R1.6bn	4%

1. Profits exclude LTIR and central costs.

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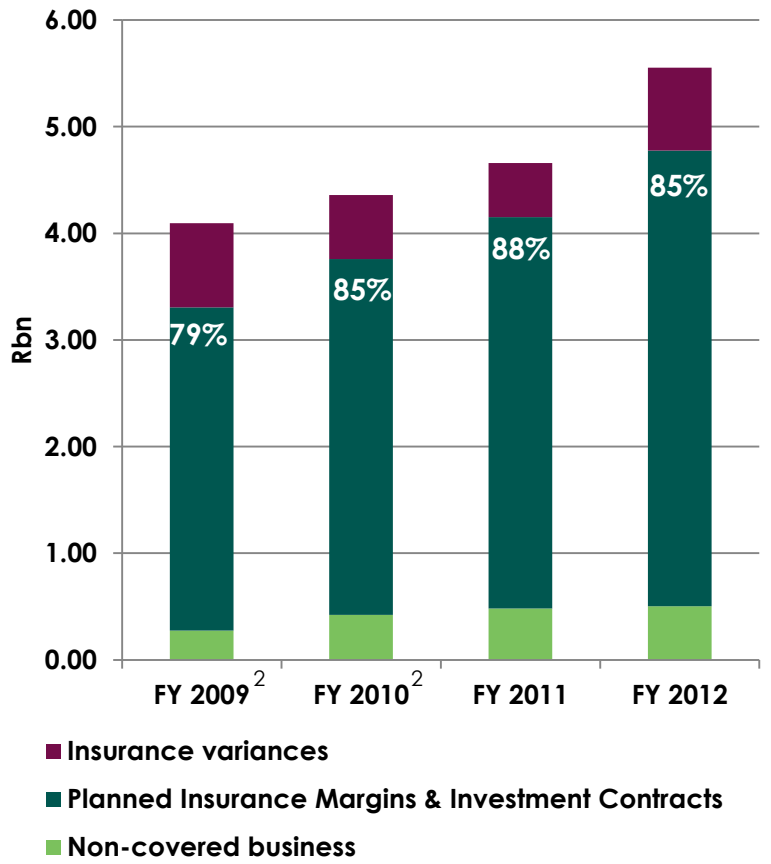
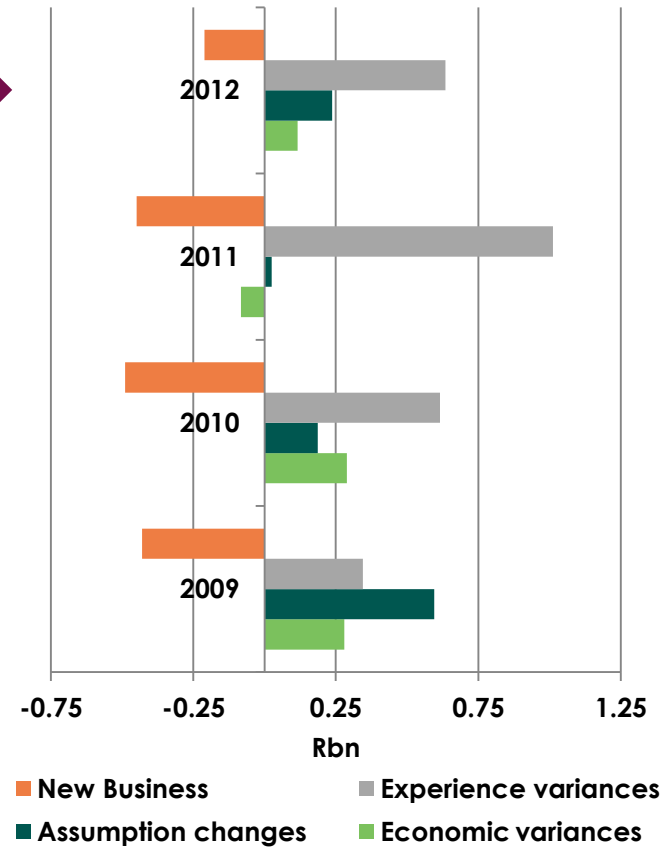
PREDICTABLE OPERATING PROFIT

Old Mutual South Africa

OMSA Life and Savings[1] Profit Growth



Insurance Variances



1. Excludes LTIR and Central Expenses
2. Profits have been restated to show comparable Life and Savings view.

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OLD MUTUAL INVESTMENT GROUP – DIVERSE EARNINGS BASE

Old Mutual Investment Group

Rm	FY 2009[1]	FY 2010[1]	FY 2011[1]	FY 2012	CAGR	H1 2013
OM Specialised Finance	284	307	337	479	19%	317
Rest of OM Investment Group	284	584	387	454	17%	160
Profit before tax	**568**	**891**	**723**	**933**	**18%**	**477**
Net client cash flows (Rbn)	(23.8)	(8.3)	(5.3)	(9.2)	n/a	1.5
FUM – end manager (Rbn)	441.0	474.3	430.3	463.3	2%	469.0
Average allocated capital (Rbn)	1.6	1.6	1.9	1.9	6%	1.6
Return on capital	27%	36%	33%	40%		41%

1. Profits restated for OMUT & Symmetry reported as part of Retail Affluent from 2012 onwards.

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REST OF AFRICA – A GROWING BUSINESS WITH STRONG RETURNS

Rest of Africa

Rm	FY 2010	FY 2011	FY 2012	CAGR	H1 2013
Old Mutual Africa	248	449	650	61.9%	330
P&C Africa	89	84	95	3.3%	35
Central costs	-	(44)	(89)	n/a	(82)
LTIR	92	168	296	79.4%	184
Total profit[1]	**429**	**657**	**952**	**49.0%**	**467**
As a % of OMSA	7.7%	10.6%	12.2%		12.2%
Net client cash flows (Rbn)	1.4	1.1	3.5	58.1%	1.4
FUM (Rbn)	8.0	28.5	38.3	118.8%	47.2
Average allocated capital (Rbn)[2]	1.5	1.6	1.8	9.5%	2.3
Return on capital[2]	21%	30%	35%		24%

1. P&C Africa profits have been incorporated into these results and these have not previously been disclosed as shown above
2. Excludes P&C Africa

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REST OF AFRICA – PROFIT BY COUNTRY

Rest of Africa

Profits (Rm)	FY2012	H1 2013
Namibia	391	184
Zimbabwe	329	201
Botswana	43	13
Malawi	74	15
Kenya	(32)	(23)
Swaziland	(12)	(3)
Nigeria	(48)	(22)
Central costs	(89)	(82)
LTIR	296	184
Total	**952**	**467**

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LATIN AMERICA & ASIA – GOOD PROGRESS

Latin America & Asia

	Profit						FUM (Rbn)	NCCF (Rbn)
Rm	FY 2010	FY 2011	FY 2012	CAGR	H1 2013	Main Driver	FY 2012	FY 2012
Colombia	265	271	387	21%	188	Attracting new money mainly Corporate savings products	76.9	12.5
Mexico	(33)	(36)	(58)	n/a	(40)	Investment in growth e.g. mass market; product offering; distribution	16.1	2.3
AIVA	-	-	-	-	9		-	-
China	(42)	(50)	(61)	n/a	(44)	50% share of JV	3.2	0.7
India	24	67	61	59%	57	26% share of JV	4.3	0.4
Profit	**224**	**252**	**329**	**24%**	**170**	**Total**	**100.5**	**15.8**
Central costs	(41)	(28)	(111)	n/a	-			
Total	**172**	**224**	**218**	**13%**	**170**			
Return on Equity	20%	16%	4%		10%			

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PROPERTY & CASUALTY

Property & Casualty

Rm	FY 2009	FY 2010	FY 2011	FY 2012	CAGR	H1 2013
South Africa						
Underwriting result	119	458	299	-197	-218%	-140
LTIR	756	611	596	578	-9%	225
Adjusted operating profit[2]	**875**	**1,069**	**895**	**381**	**-24%**	**85**
Rest of Africa[1,2]						
Underwriting result	21	61	55	65	46%	22
LTIR	35	28	29	30	-5%	13
Adjusted operating profit[2]	**56**	**89**	**84**	**95**	**19%**	**35**
Other income/expenses	(13)	4	60	(1)	n/a	15
Combined AOP[2]	**918**	**1,162**	**1,039**	**475**	**-20%**	**135**
Return on Equity	21.2%	19.0%	14.9%	7.1%		4.1%

1. RoA reflects all business done in Namibia and Botswana
2. Pre-tax profit

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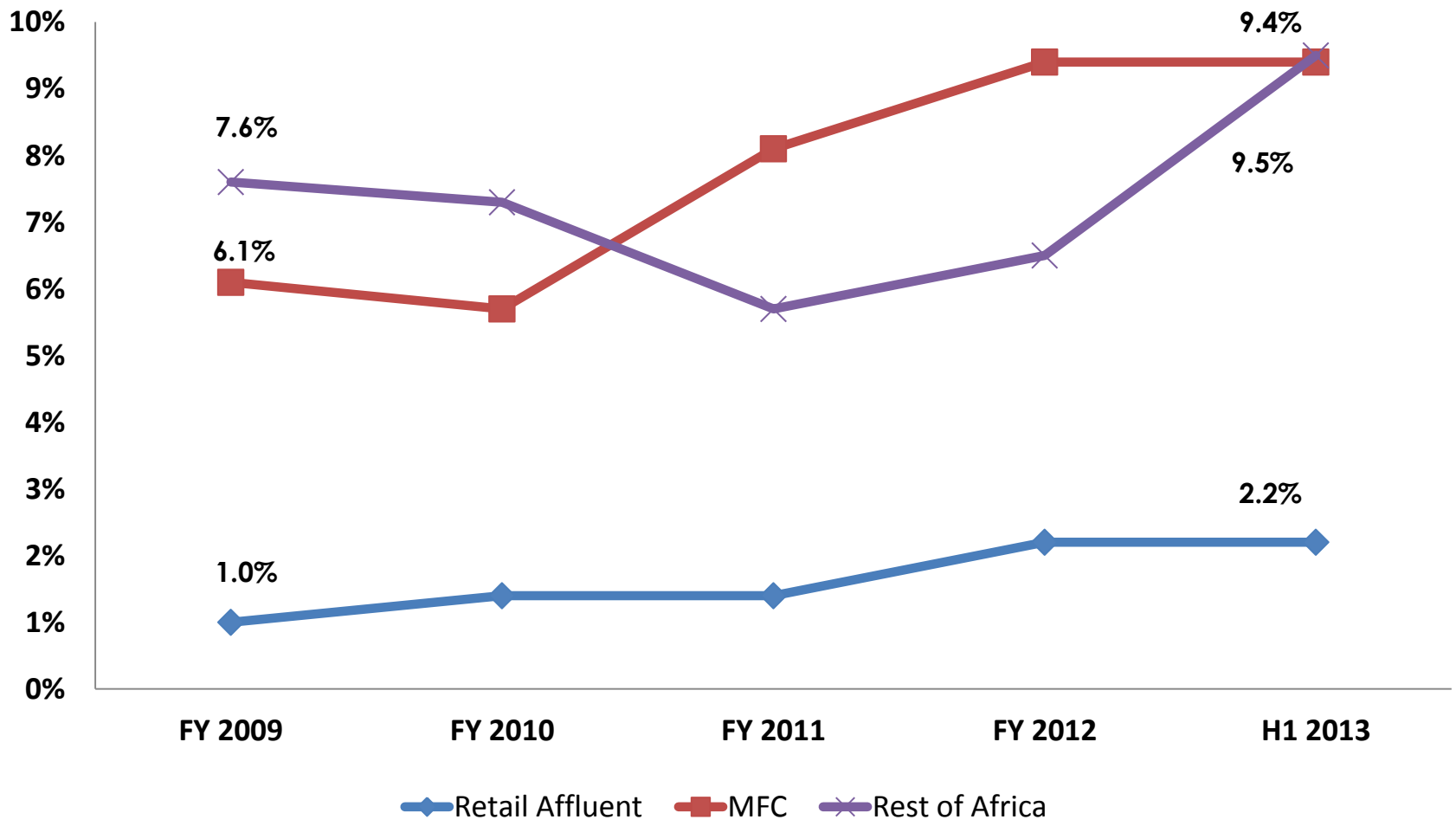
PVNBP MARGIN

Emerging Markets



Average competitor in SA = 2.7%; In Rest of Africa = 6.3%

Rest of Africa margin is Namibia only.

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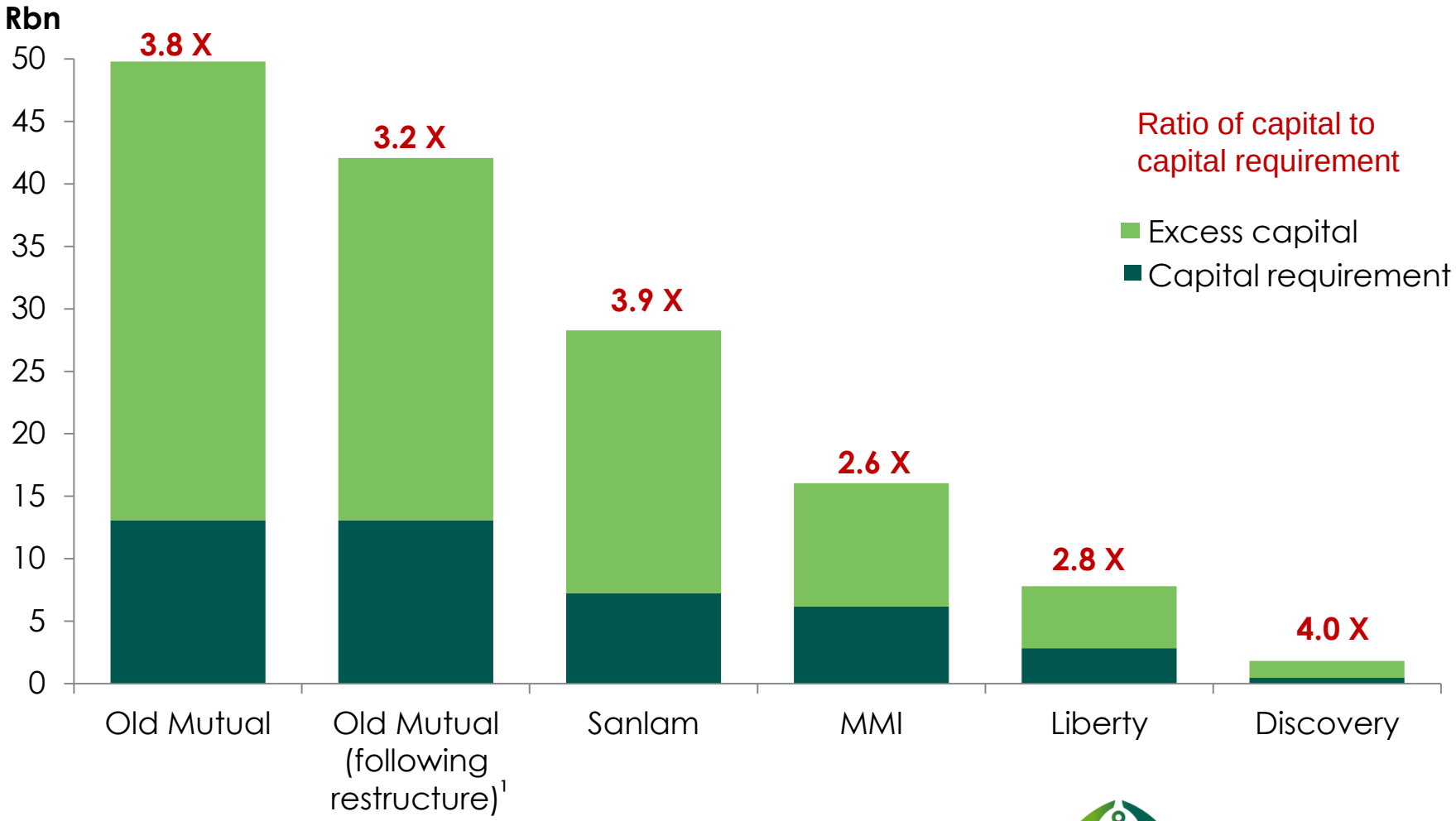
CAPITAL

REGULATORY CAPITAL POSITION FOR DIFFERENT SA INSURERS AS AT 30 JUNE 2013



1. As part of our preparation for SAM we have restructured our emerging markets group, with fewer group companies now being owned by OMLACSA, but rather being owned higher up in the group structure.

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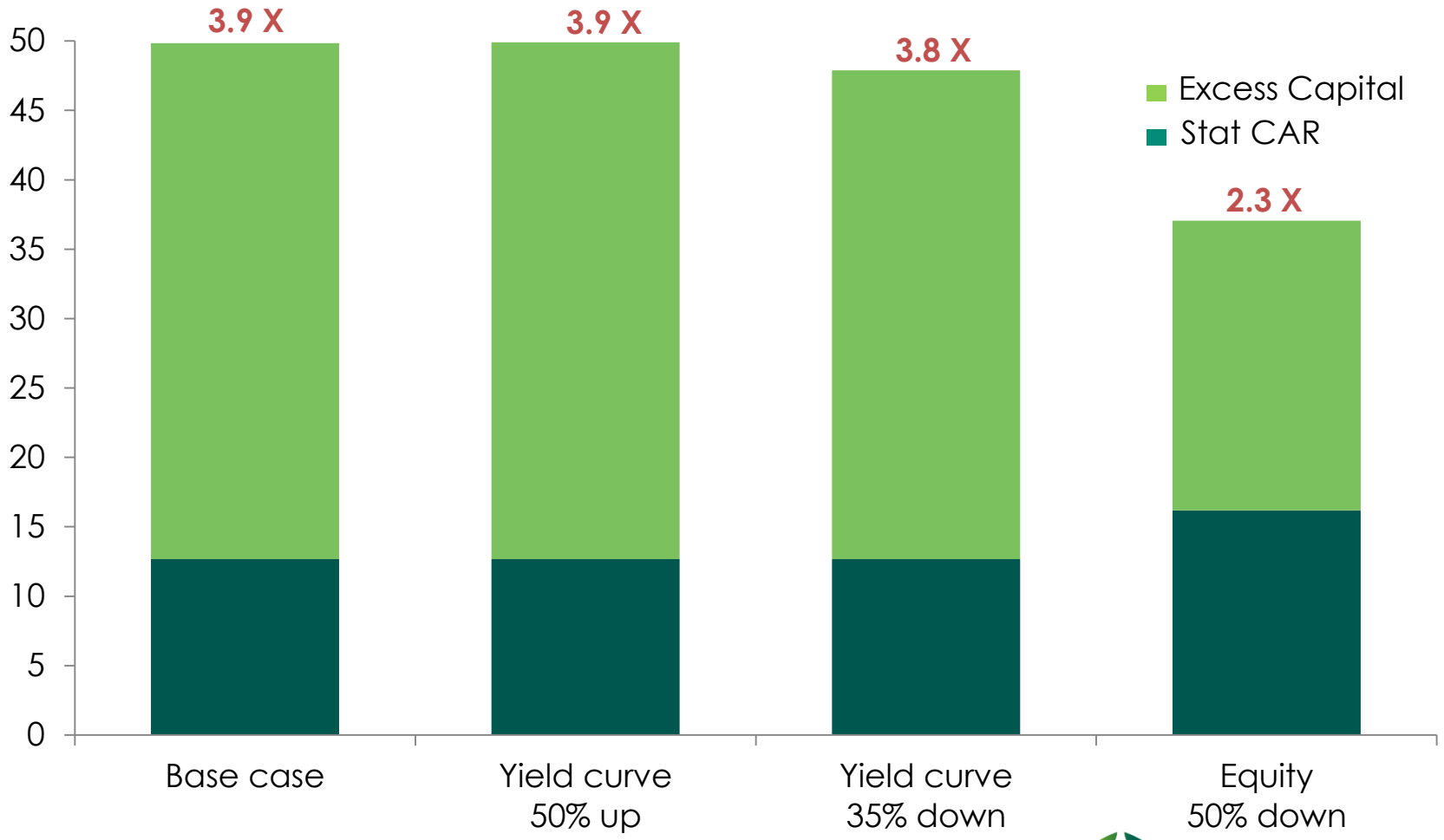
OLD MUTUAL FSB STRESS TESTS AS AT 31 DECEMBER 2012



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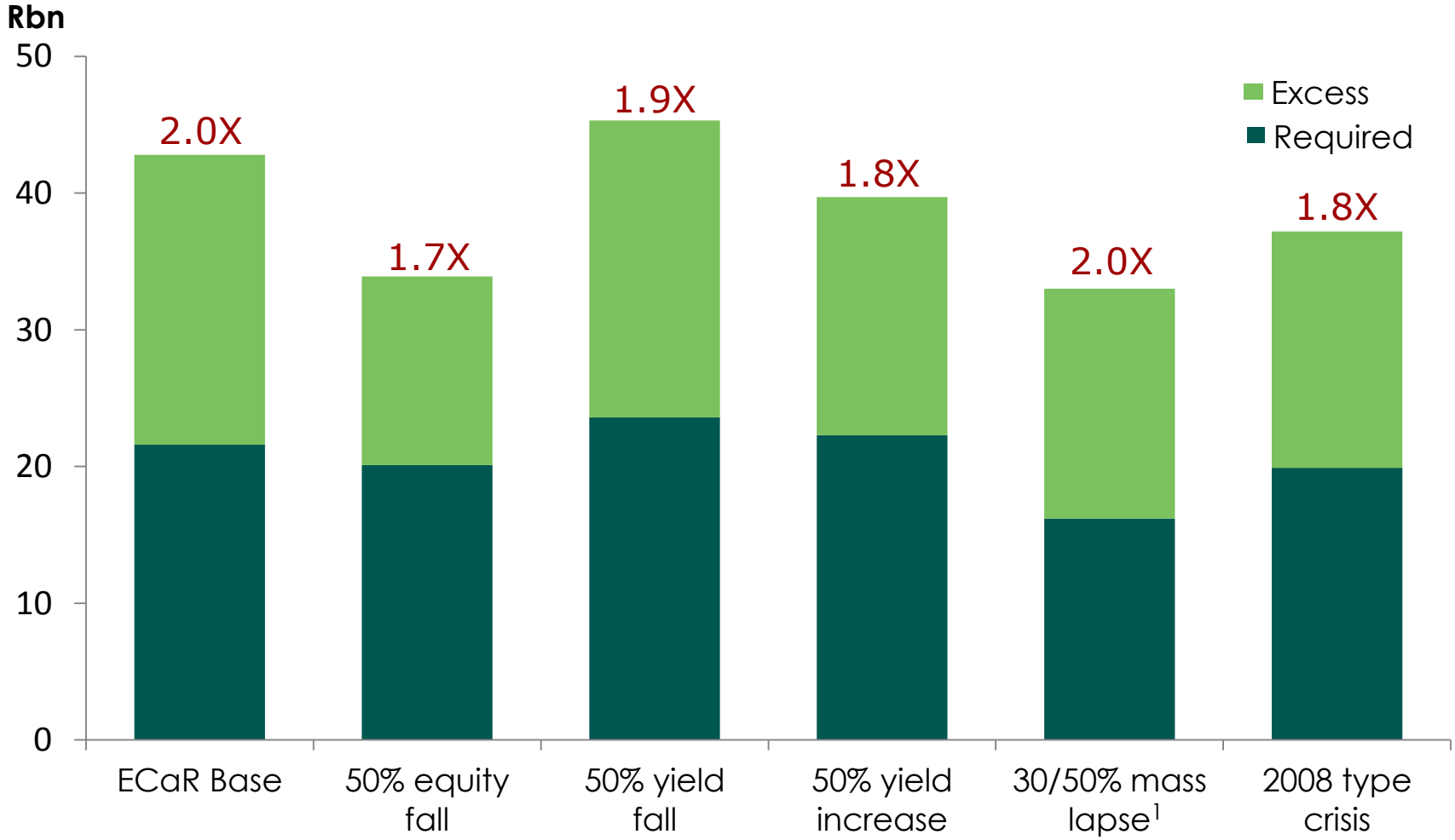
OLD MUTUAL INTERNAL MODEL ECAR SCENARIOS AS AT 31 DECEMBER 2012



1. Mass lapse scenario is defined as 30% of Retail and 50% of Corporate business lapsing immediately. The solvency ratio under the mass lapse scenario remains the same because, while the loss of a significant proportion of business will reduce capital, it will also reduce required capital to a similar extent.

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OMEM FREE SURPLUS GENERATION (COVERED BUSINESS ONLY)

Emerging Markets

Rbn	2009	2010	2011	2012
Expected Free Surplus[1]	**4.0**	**4.1**	**4.3**	**5.1**
Less New Business	-1.8	-1.8	-2.2	-2.1
Baseline Operating Free Surplus generated	**2.2**	**2.3**	**2.1**	**3.0**
Plus other Free Surplus variances	1.7	1.0	0.2	0.8
Free Surplus Generated: Covered business	**3.9**	**3.3**	**2.3**	**3.8**

1. From opening book of business at start of year

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DRIVING LONG-RUN ROE GROWTH THROUGH OPTIMAL CAPITAL ALLOCATION

Emerging Markets

Free Surplus in OMEM

- South Africa 97%
- LatAm & Asia 2%
- Rest of Africa 1%

Capital allocated in OMEM

- South Africa 10%
- LatAm & Asia 10%
- Rest Of Africa 30%

ROE Target Range 20-25%

- ✓
- ✗
- ✓ / ✗

Dividend to Shareholders

- 50%

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MAKE THINGS HAPPEN

NEDBANK GROUP

EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

RAISIBE MORATHI, NEDBANK CFO

Nedbank Group Financial overview

INSURANCE | INVESTMENT | SAVINGS | BANKING

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AGENDA

MAKE THINGS HAPPEN

NEDBANK GROUP

Historical trends

Growth drivers

Segmental performance

Balance sheet positioning

Looking forward

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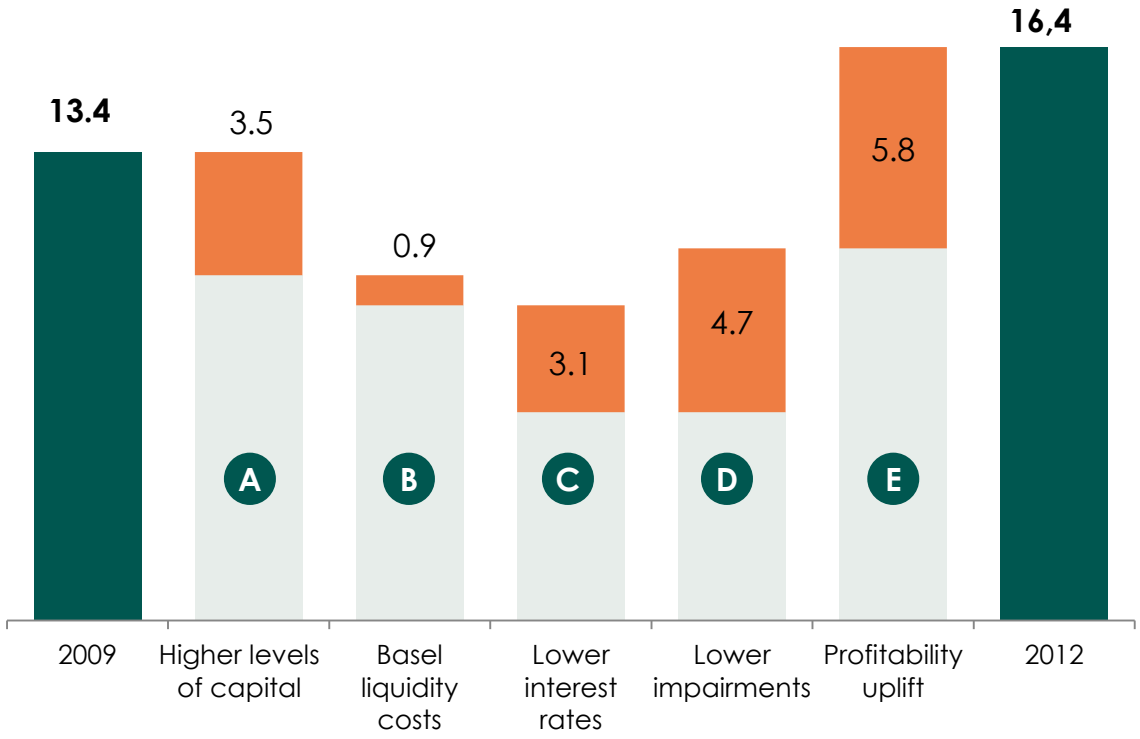
SOLID PERFORMANCE DESPITE EXTERNAL HEADWINDS

MAKE THINGS HAPPEN

NEDBANK GROUP

ROE excl goodwill (%)



- **A** Capital levels increased more than 30% on the back of retained earnings & Basel capital requirements
- **B** Additional liquidity costs from lengthening funding profile & building surplus liquid asset buffers
- **C** Interest rates at 40-year lows (lost endowment)
- **D** Lower levels of impairments (adjusted for mix)
- **E** ROE uplift from Nedbank strategic initiatives such as NIR growth

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SOLID PERFORMANCE THROUGH THE GLOBAL CREDIT CRISIS

MAKE THINGS HAPPEN

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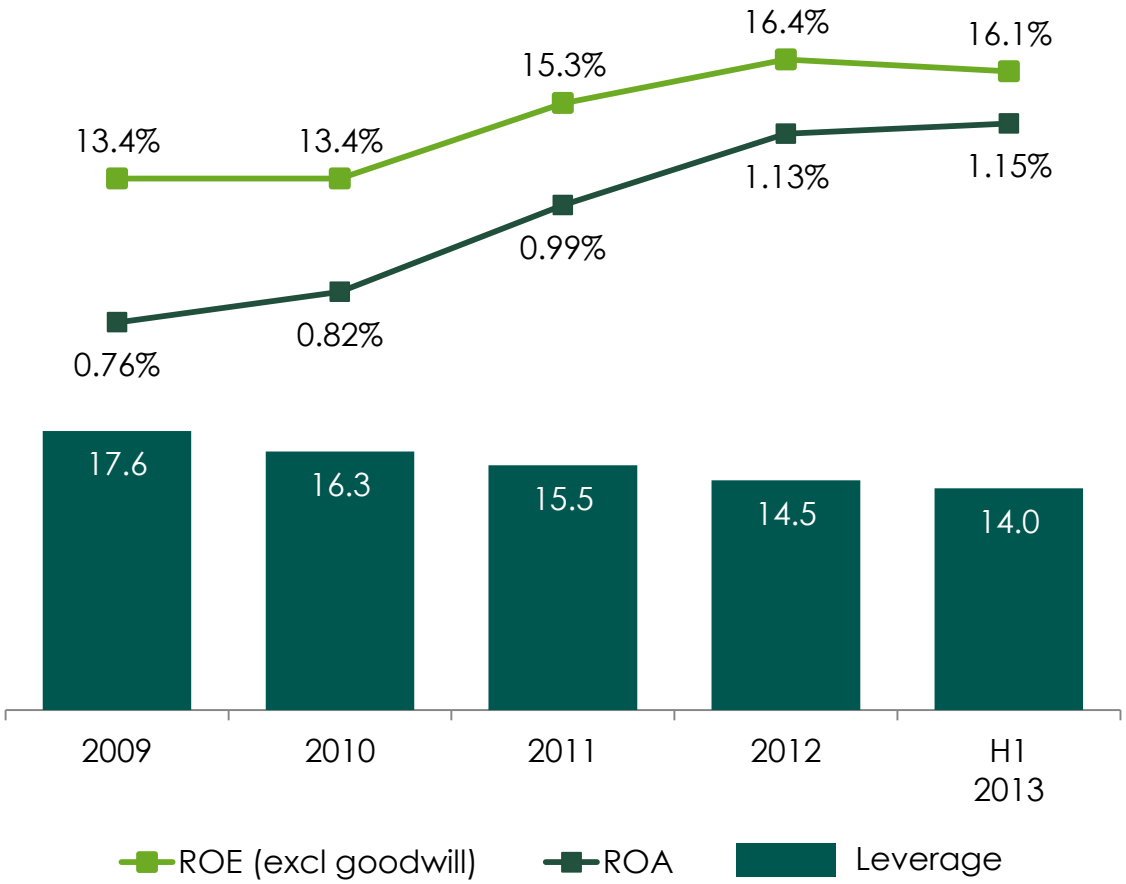
ROA (%), **ROE** (%) and **Leverage** (times)



- Strong ROA recovery, despite lower interest rates (endowment) & retail impairment pressure
- Enabled higher ROEs

despite

- Higher capital requirements under Basel III

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POSITIVE TRENDS CONTINUED

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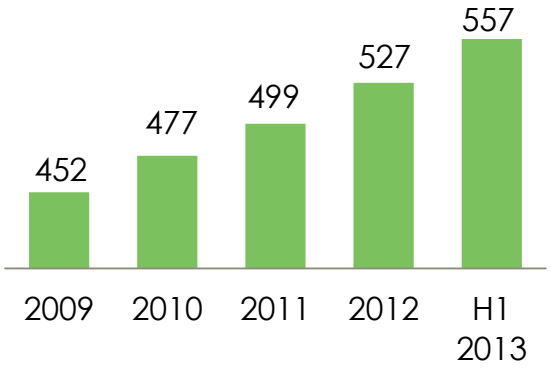
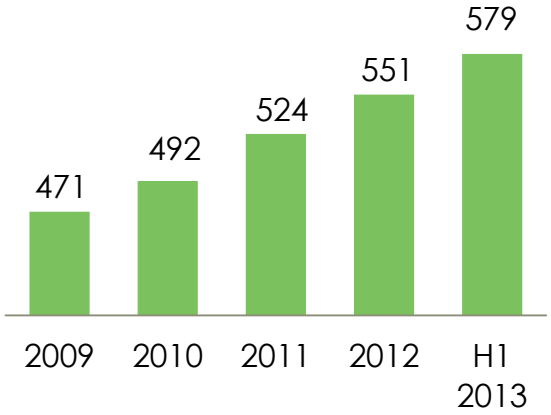
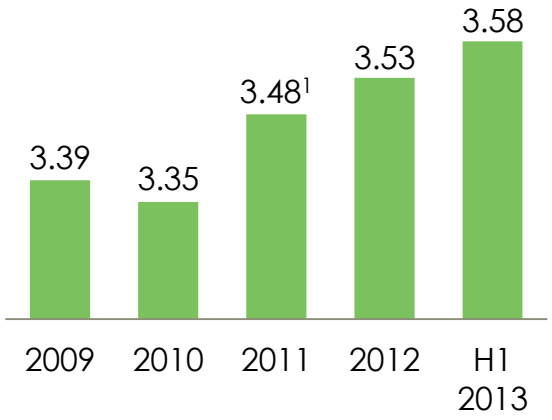
Advances (Rbn): **4,8% CAGR**



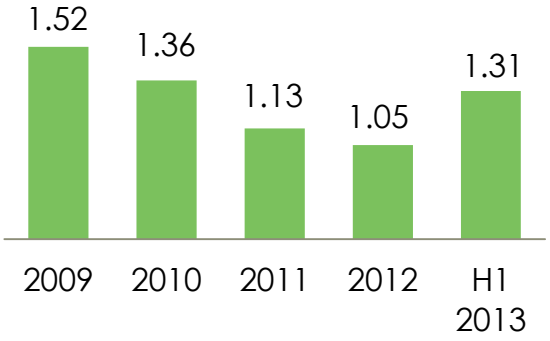
Deposits (Rbn): **4,7% CAGR**



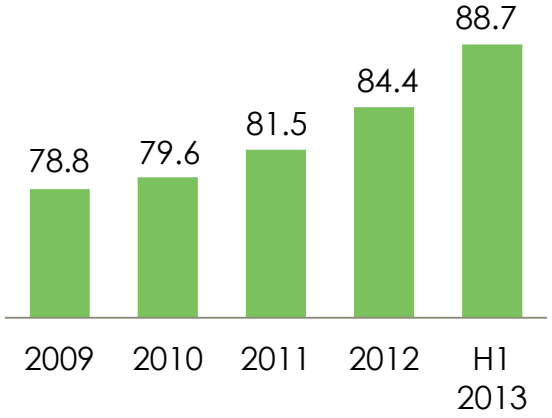
NIM (%): **+19 bps**



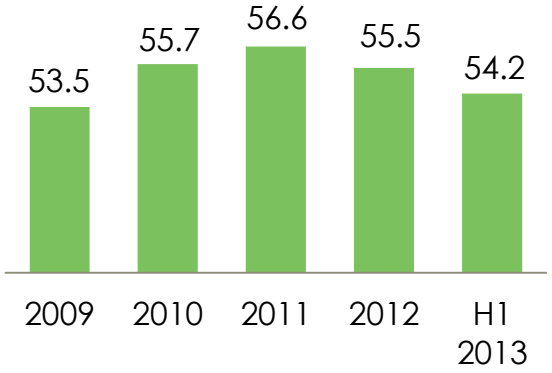
CLR (%): **-21 bps**



NIR : expenses (%): **+990bps**



Efficiency ratio (%): **+70bps**



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1. Restated to include acceptances

HEADLINE EARNINGS GROWTH DRIVERS

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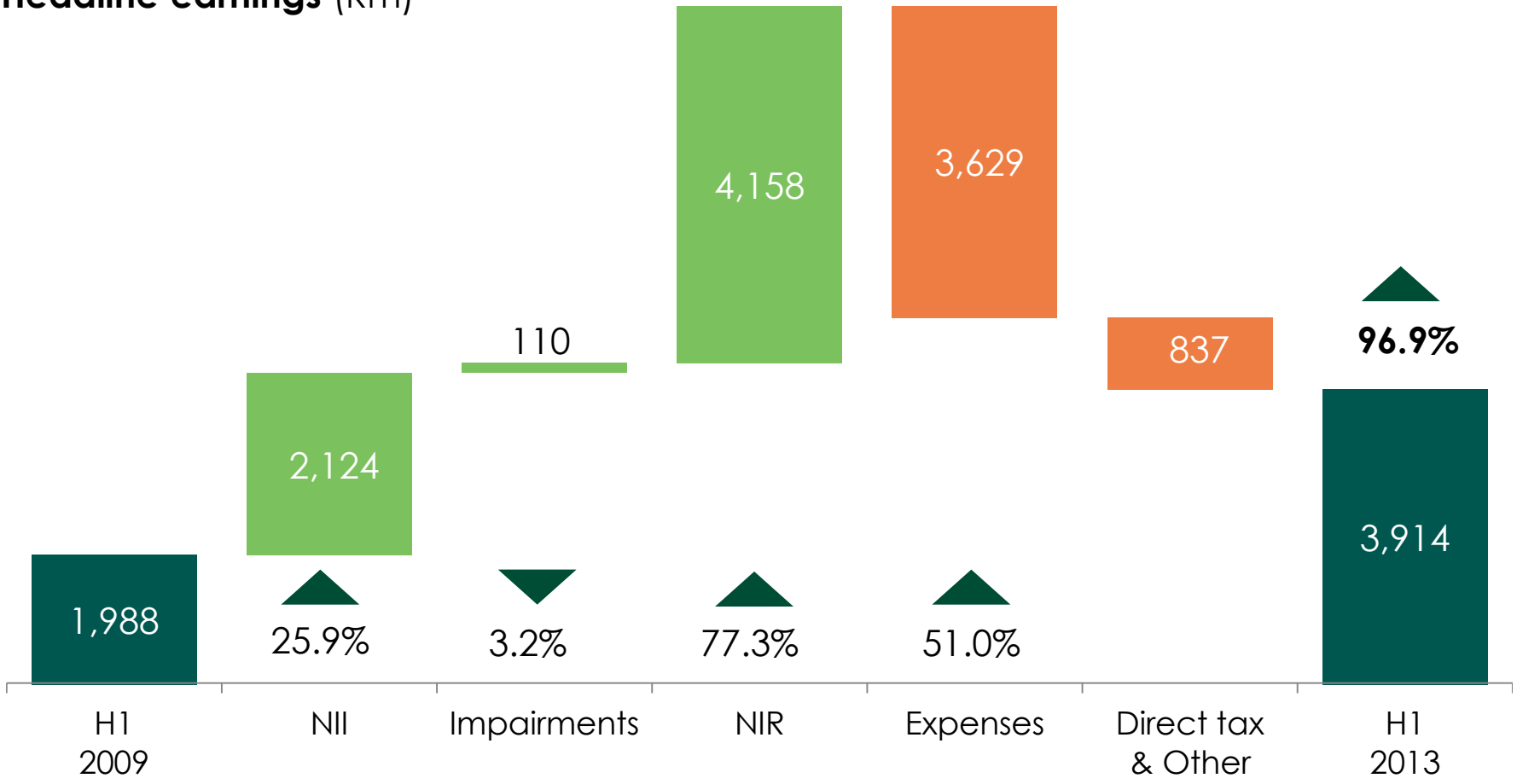
Headline earnings (Rm)



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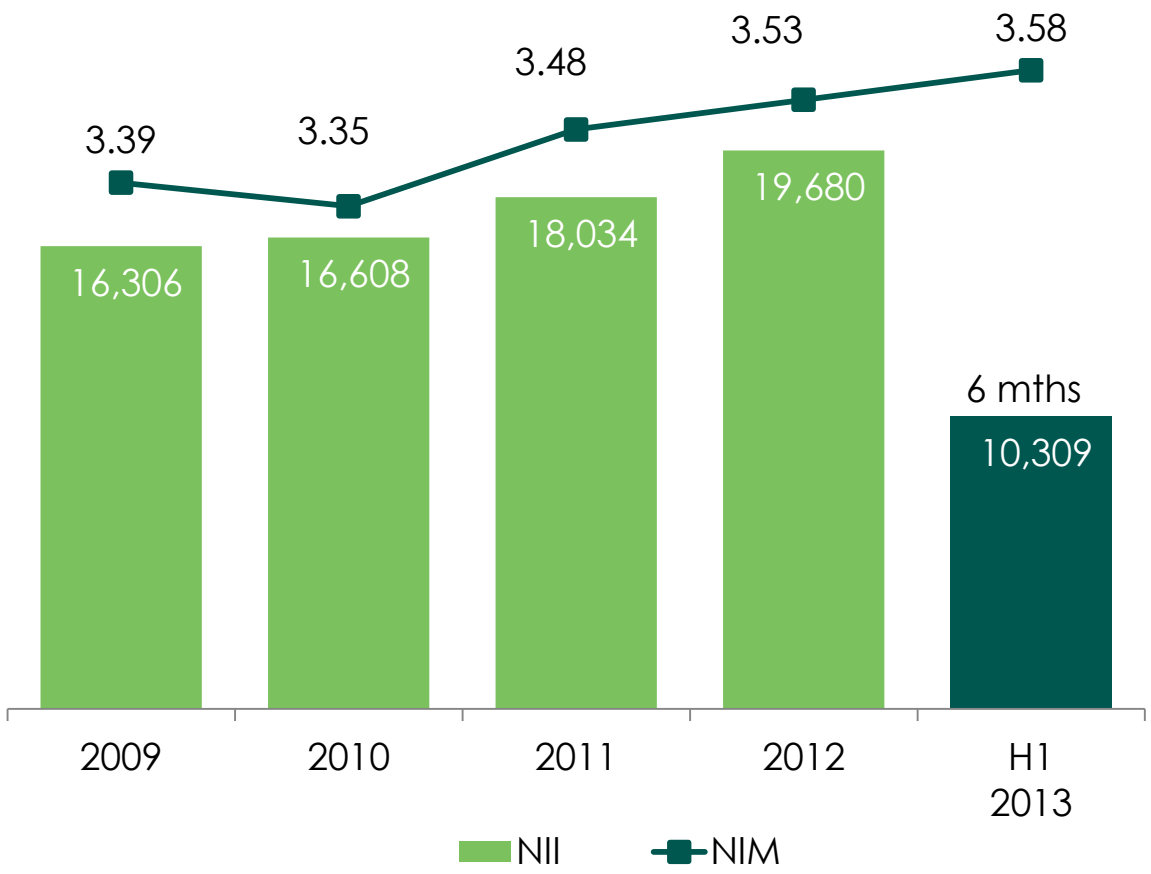
NET INTEREST MARGIN – SOLID RECOVERY

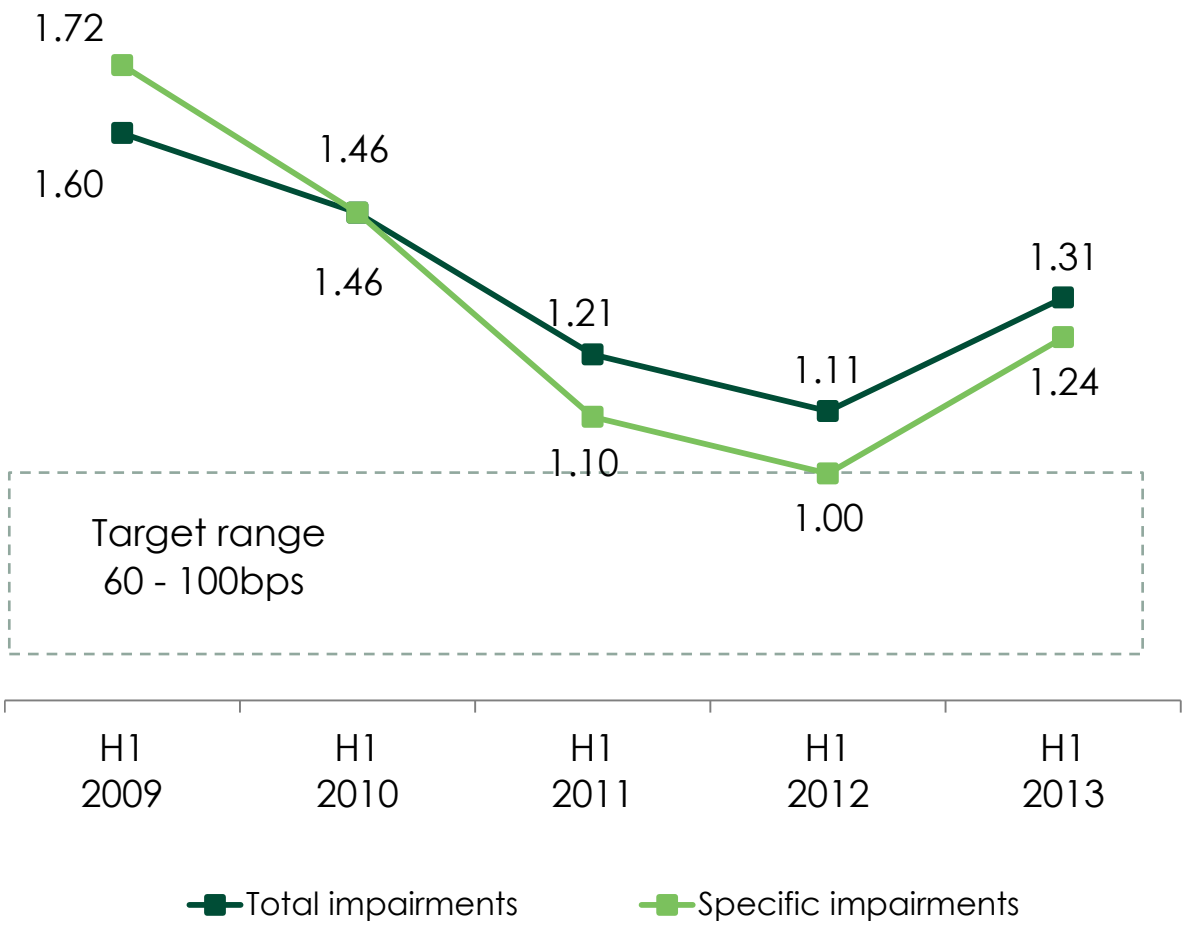
NII (Rm) and **NIM**(%)



- Regulatory pressures eg Basel III liquidity requirements
- Endowment income (interest rate changes)
- Change in asset mix
- Loan & deposit pricing dynamics
- Level of competition

CREDIT LOSS RATIO – HIGHLY CYCLICAL

CLR (%)



- Change in asset mix
- Provisioning methodology assumptions & changes
- Level of balance sheet provisioning
- Client indebtedness & collateral values
- Post write off recoveries

PRUDENT PROVISIONING & EARLY ACTION

MAKE THINGS HAPPEN

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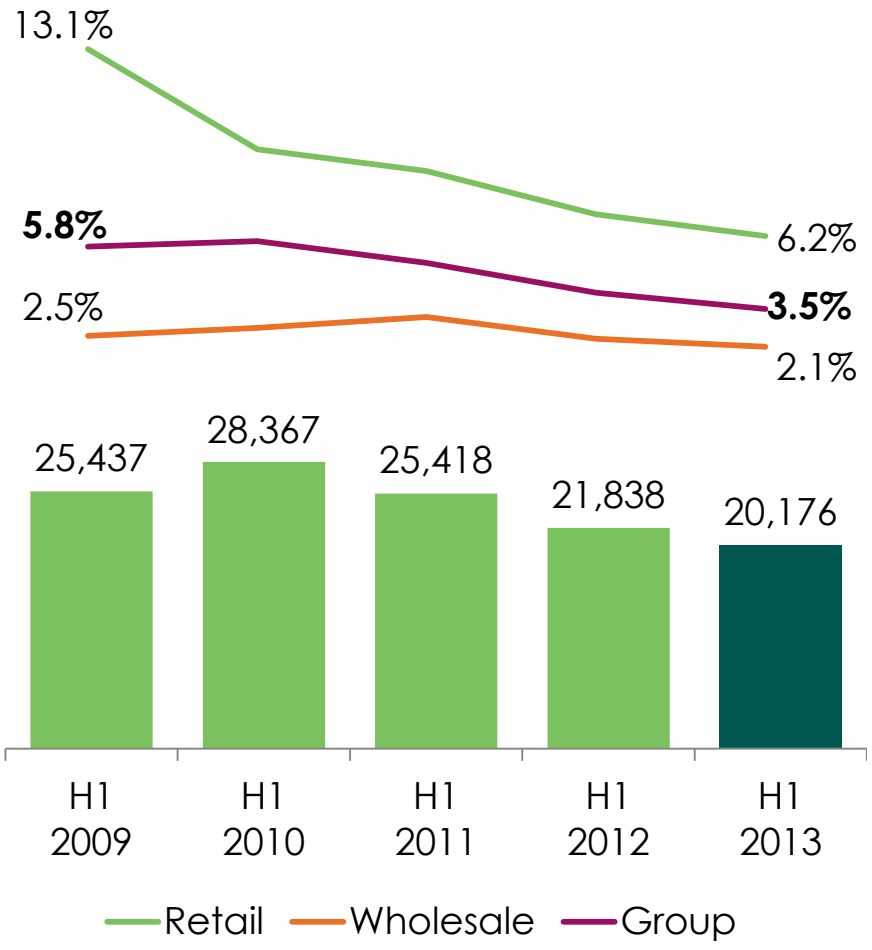
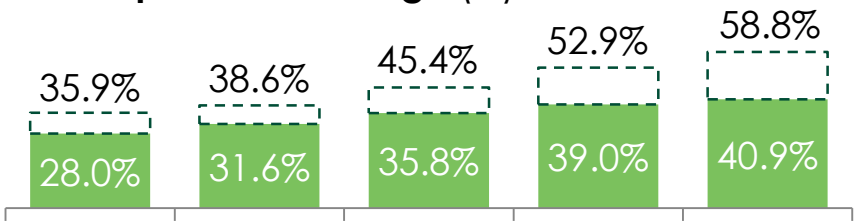
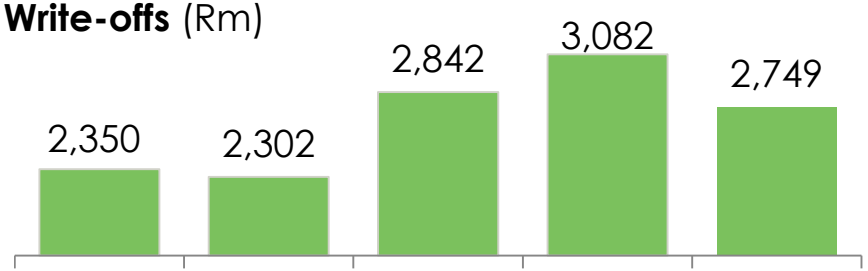
Defaulted advances (Rm, annualised)
Defaulted advances as % of book (%)



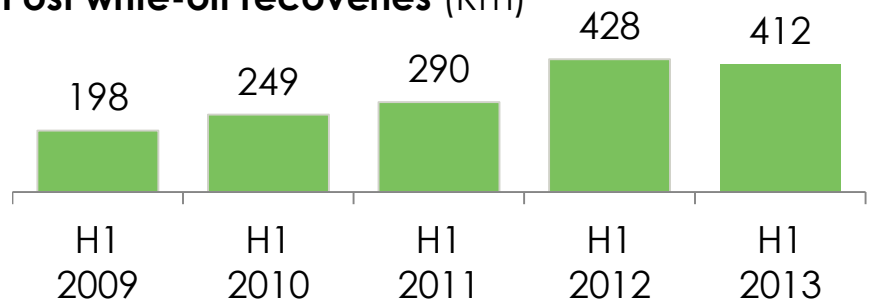
Total & specific coverage (%)



Write-offs (Rm)



Post write-off recoveries (Rm)



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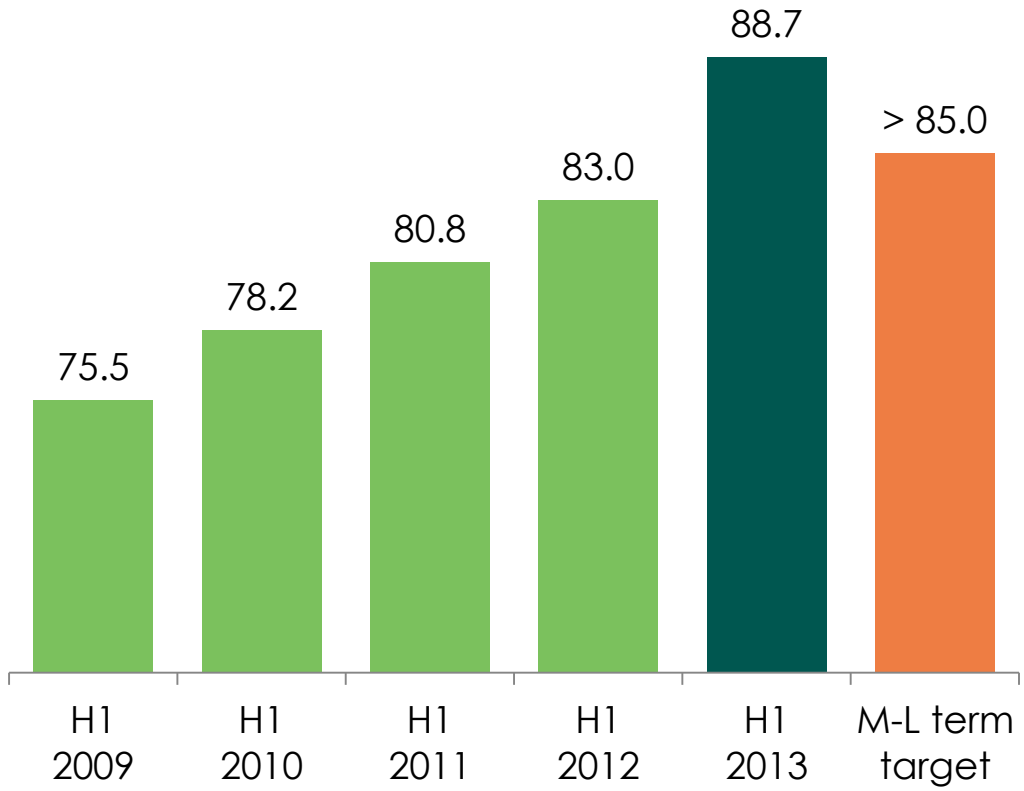
NIR GROWTH & EXPENSE MANAGEMENT KEY DIFFERENTIATORS

MAKE THINGS HAPPEN

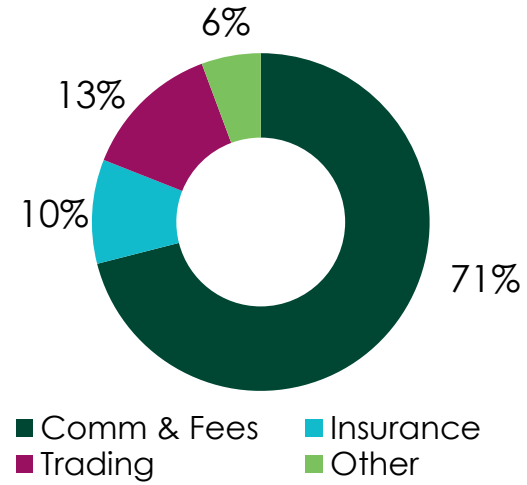
NEDBANK GROUP

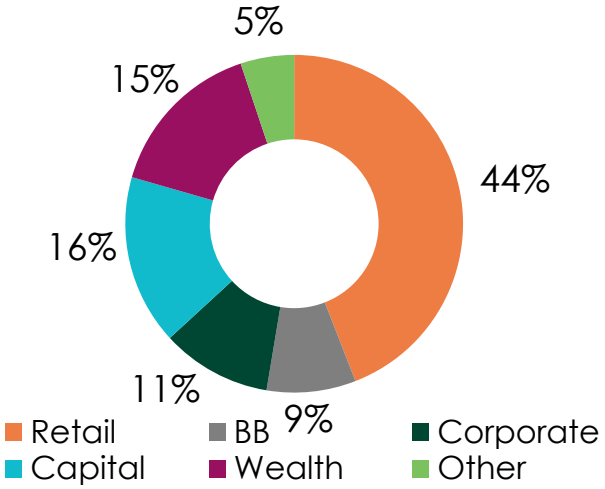
NIR-to-expense ratio (%)



NIR growth:	8.5%	14.5%	15.9%	15.8%	15.4%

Contribution



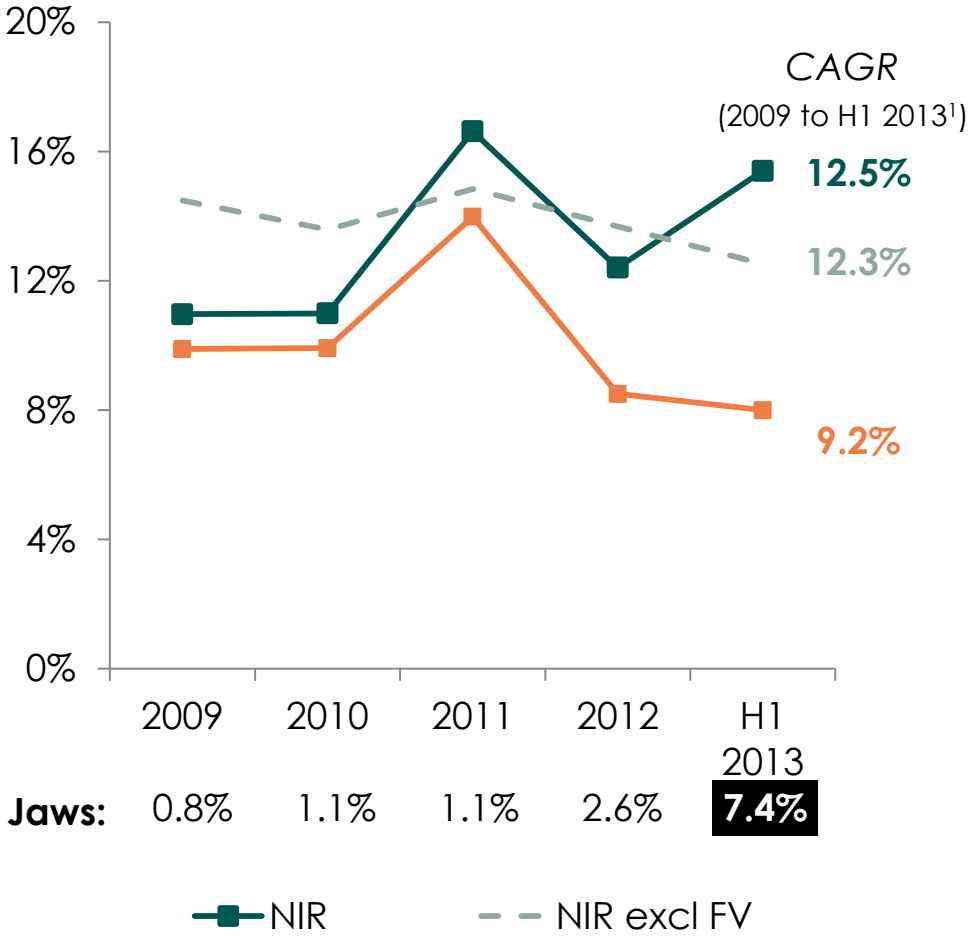


NIR GROWTH & EXPENSE MANAGEMENT KEY DIFFERENTIATORS

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank NIR & expenses growth (%)



- NIR growth has increased at a faster rate than expense growth

despite

- Investing for growth

enabling

- Positive jaws to widen, over a sustained period – a key differentiator for Nedbank

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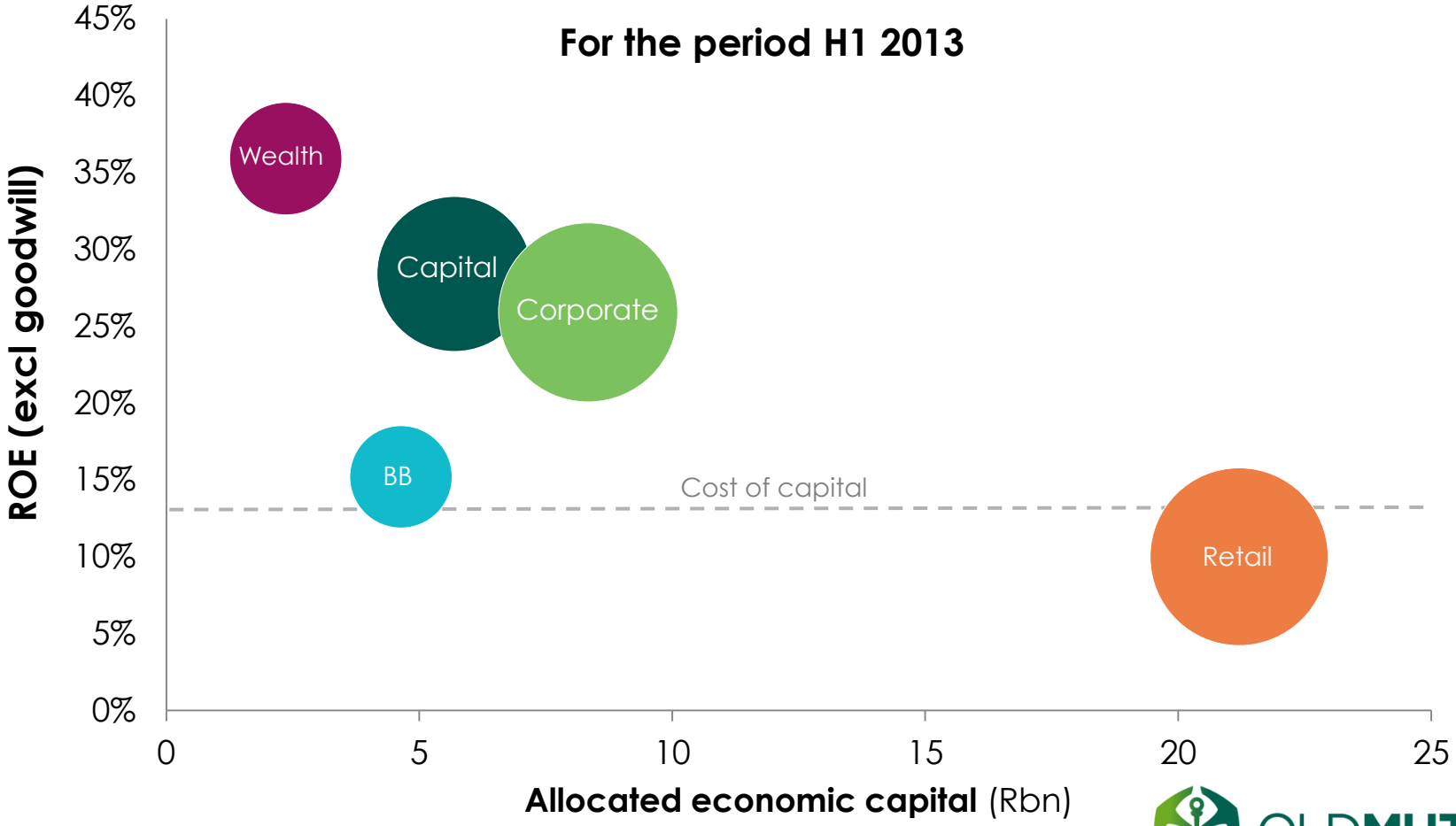
1. H1 2013 annualised on 2009 FYE

STRONG WHOLESALE & HIGH ROE HIGH GROWTH WEALTH BUSINESSES, WHILE REPOSITIONING RETAIL

MAKE THINGS HAPPEN

NEDBANK GROUP



Relative size of headline earnings

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SOLID ADVANCES GROWTH – PORTFOLIO TILT

MAKE THINGS HAPPEN

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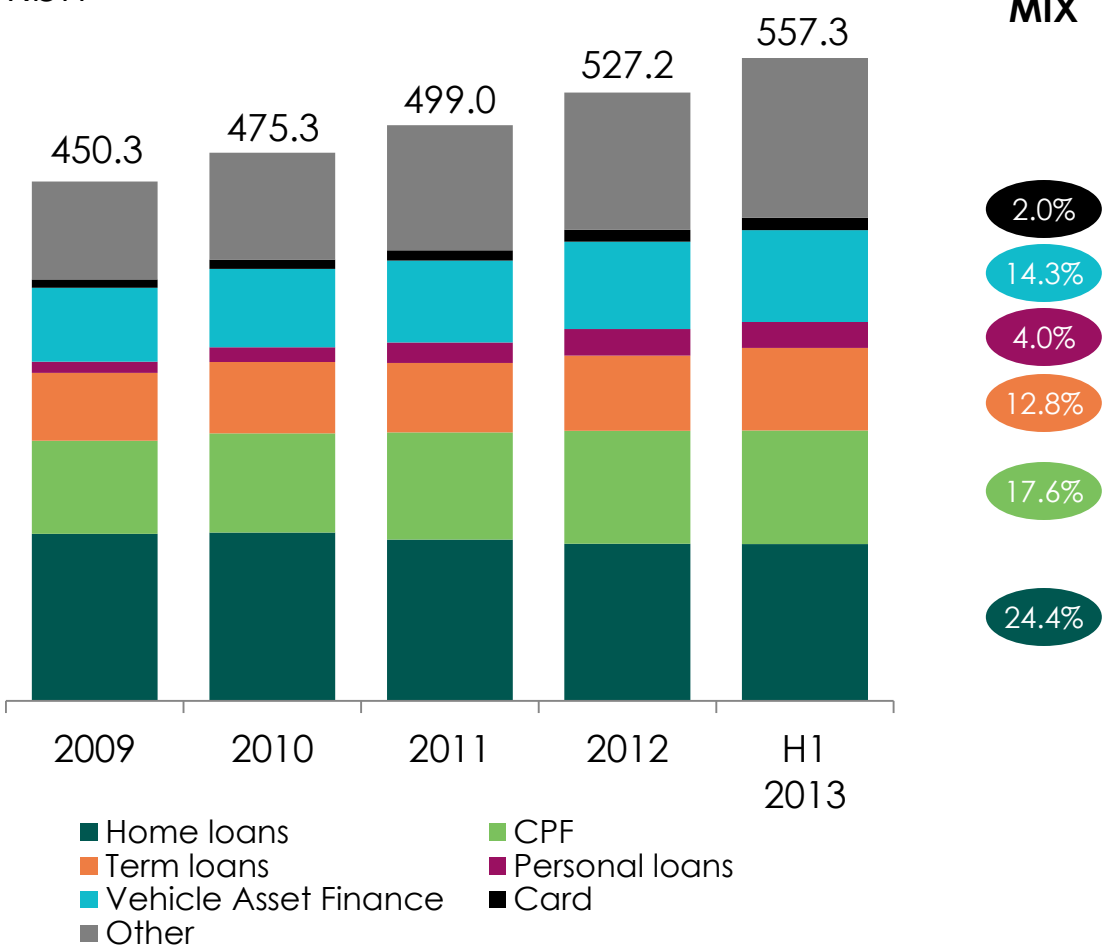
Advances growth
Rbn



- Good opportunities in card, vehicle Finance
- Strong positioning in commercial property finance & wholesale lending (term loans)
- Slowed down personal loan growth given market risk
- Poor home loan economics & downside risk drives focus on own originated loans

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DEPOSITS A KEY FOCUS AREA

MAKE THINGS HAPPEN

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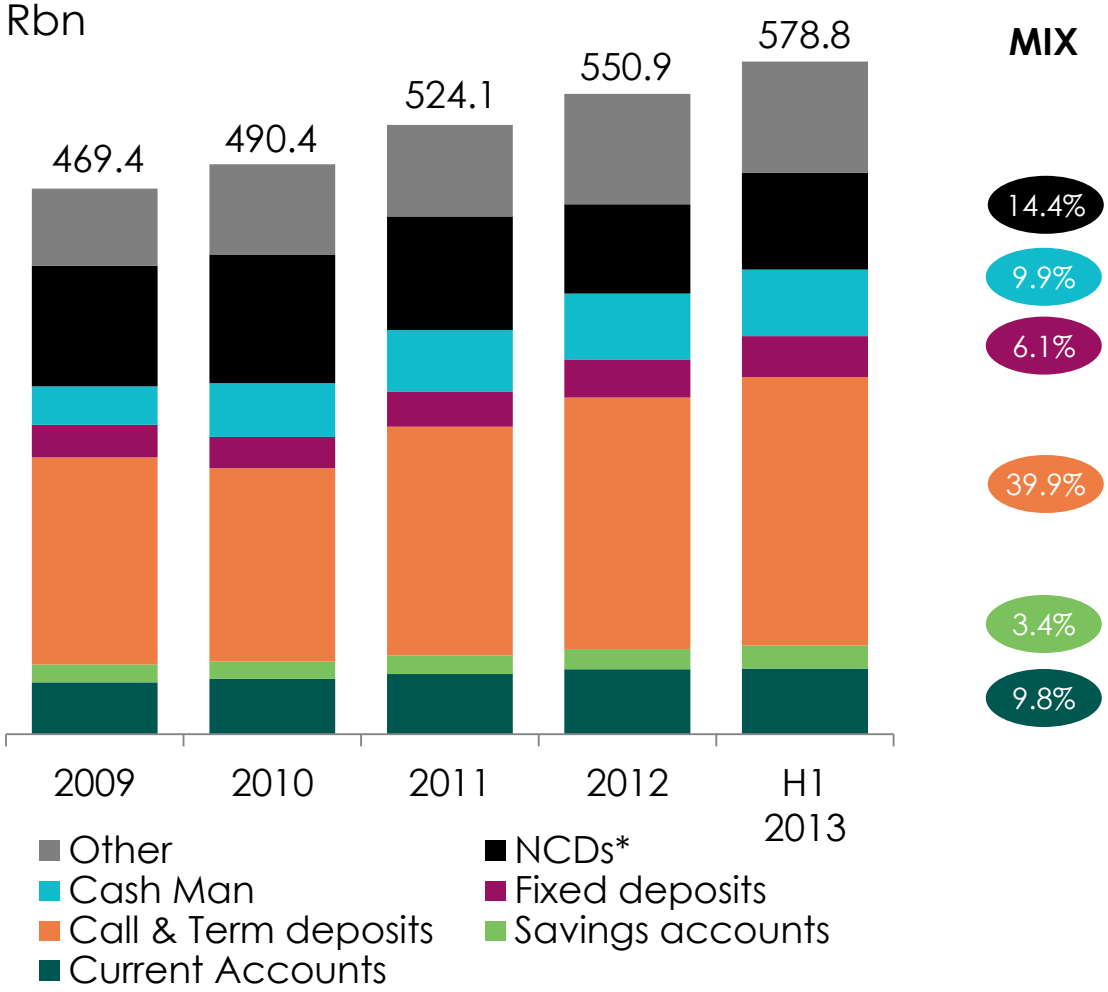
Deposit growth
Rbn



MIX

14.4%
9.9%
6.1%
39.9%
3.4%
9.8%

- Less reliance on expensive NCDs
- Success from cash management solutions
- Strong positioning in call & term
- Focus on growing CASA balances off primary banking client gains
- Low reliance of foreign funding

*NCDs: Negotiable Certificate of Deposits

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STRONG BASEL III POSITION

MAKE THINGS HAPPEN

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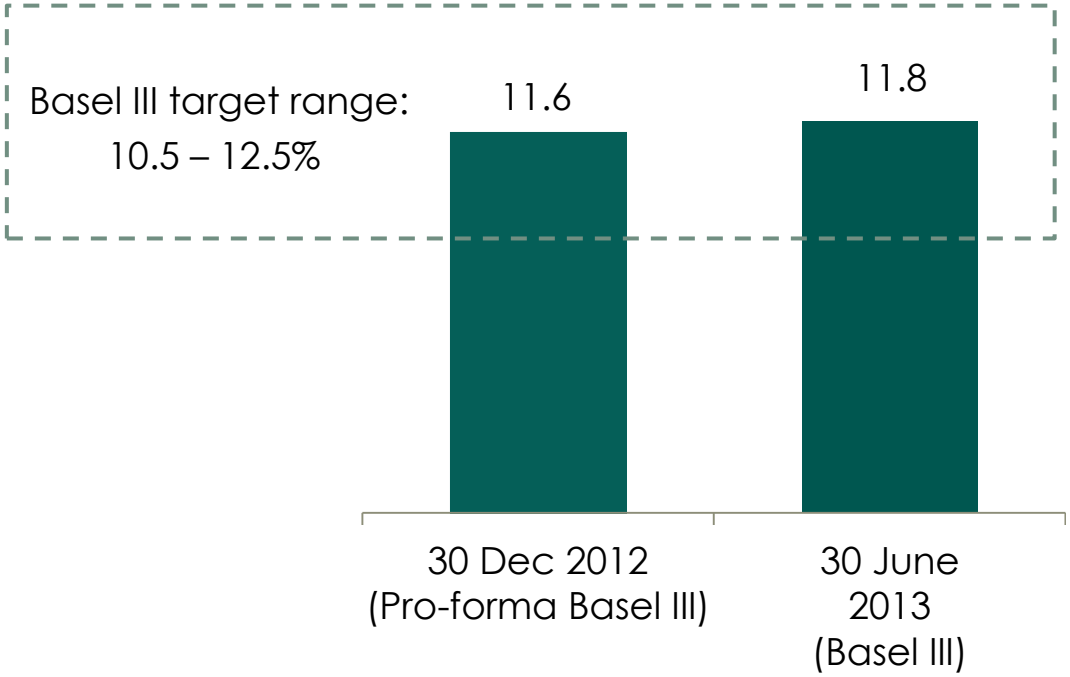
Capital:

Common equity tier 1 ratio (%)



LCR: Phased in from 2015 ✓

- Pro-forma ratio: compliant

NSFR: Only 2018

- Anticipate pragmatic approach

Funding: ✓

- Ave. LT funding ratio: 28.0%
- Surplus liquidity buffer R25bn
- Successful placement of LT funding

Leverage: ✓

- Pro-forma leverage ratio 16.3x (incl commitments) vs. SARB max (25.0) & BIII max (33.3x)

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HEALTHY CAPITAL POSITION AND LOWER DIVIDEND COVER

MAKE THINGS HAPPEN

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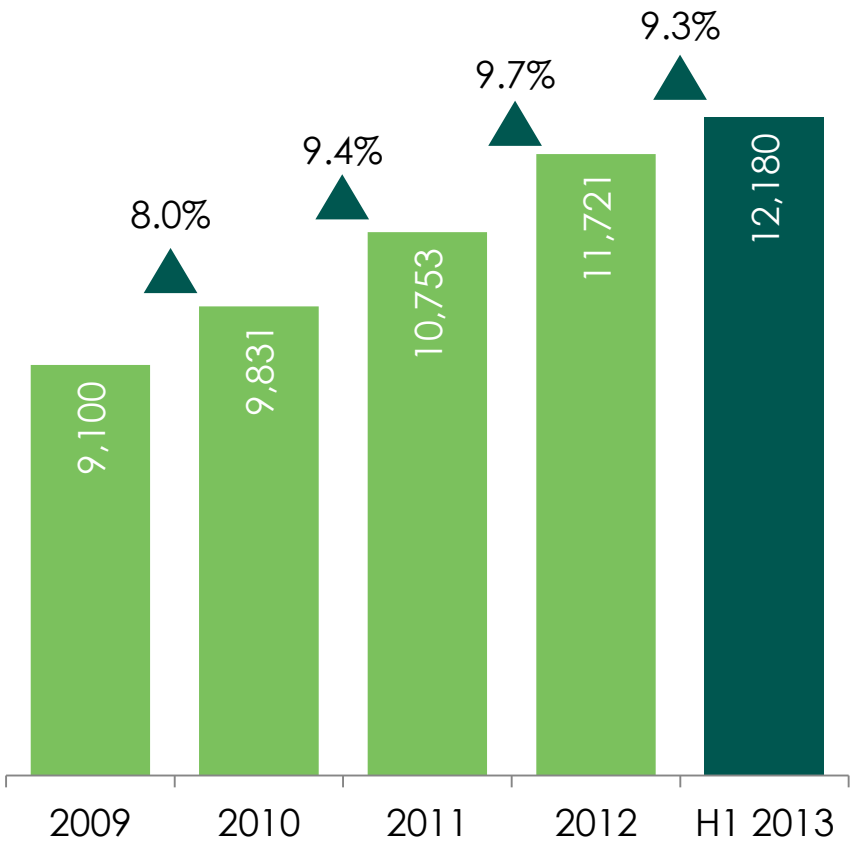
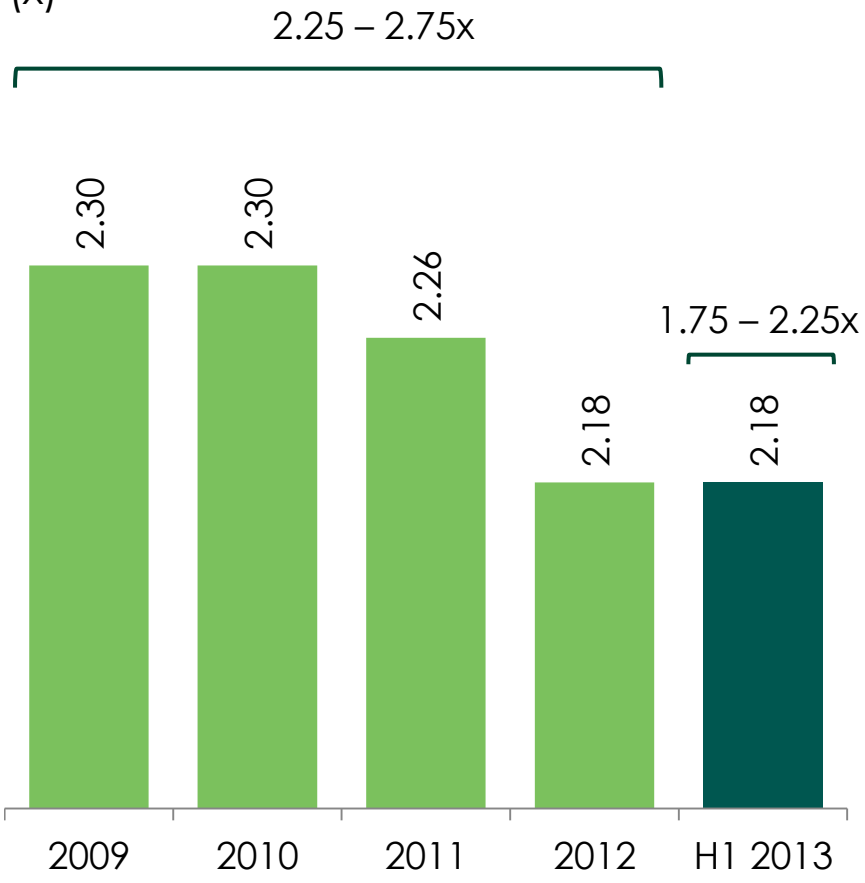
Nedbank NAV per share & growth
(Rbn, %)



Dividend cover ratio
(x)



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KEY PERFORMANCE INDICATORS

MAKE THINGS HAPPEN

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	Jun 2013	Dec 2012
ROE (excl goodwill)	16.1%	16.4%
Diluted HEPS growth	12.6%	19.0%
Dividend per share growth	14.7%	24.3%
Credit loss ratio	1.31%	1.05%
NIR : expense ratio	88.7%	84.4%
Efficiency ratio	54.2%	55.6%
Common equity tier 1 CAR	11.8%	11.6%[1]

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1. CAR for Dec 2012 on proforma Basel III basis, June 2013 on Basel III basis

LOOKING FORWARD: 2013 GUIDANCE

MAKE THINGS HAPPEN

NEDBANK GROUP

2013 SA GDP growth:
2,0%

Interest rates:
Increase in late 2014

Inflation:
Upper-end of SARB range

NII

Advances growth at mid-to-upper single digits

Margin to remain at levels similar to 2012

CLR

Improve from the June 2013 level, but remain above the top end of the through-the-cycle target range (60 – 100bps)

NIR

Low double digit growth (excluding fair-value adjustments)

Expenses

Mid-to-upper single digit growth

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NEDBANK GROUP'S INVESTMENT CASE

MAKE THINGS HAPPEN

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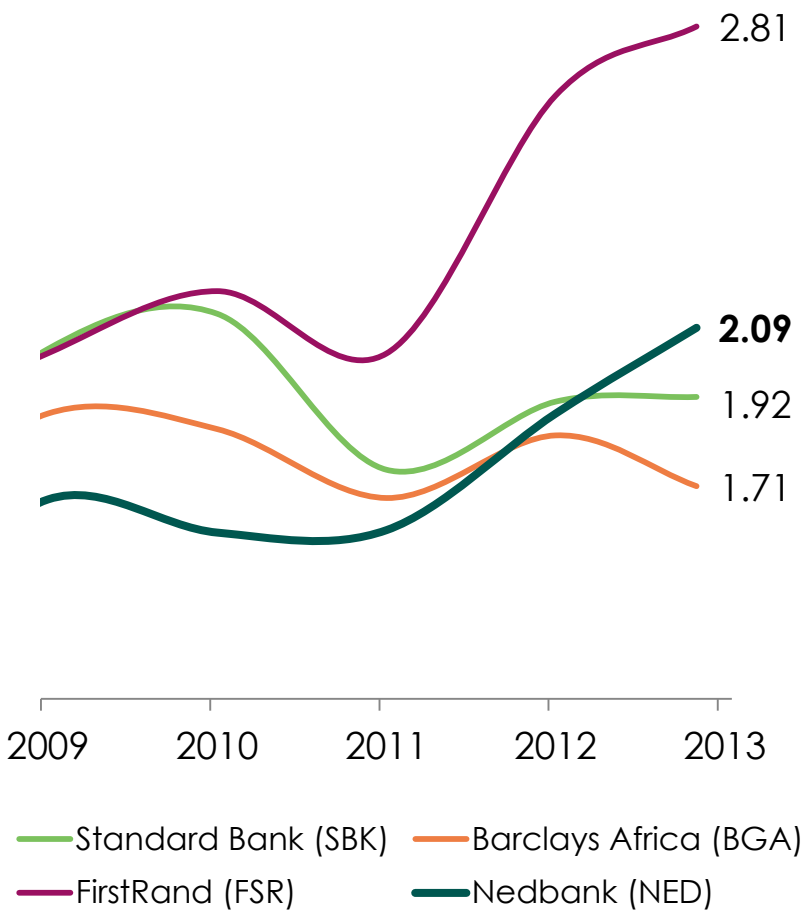
Price to tangible NAV



- **Competitive franchises** & diversified portfolio
- **Attractive growth strategy** (incl NIR growth, Retail positioning, Wealth potential)
- **Longer-term risk mitigated strategy in Rest of Africa**, with unmatched Pan-African geographic footprint
- **Strong balance sheet** – well positioned for the future, and lower dividend cover
- **Stable, experienced management team** & differentiated values based culture

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

5 December 2013

PAUL HANRATTY: GROUP COO

INSURANCE | INVESTMENT | SAVINGS | BANKING

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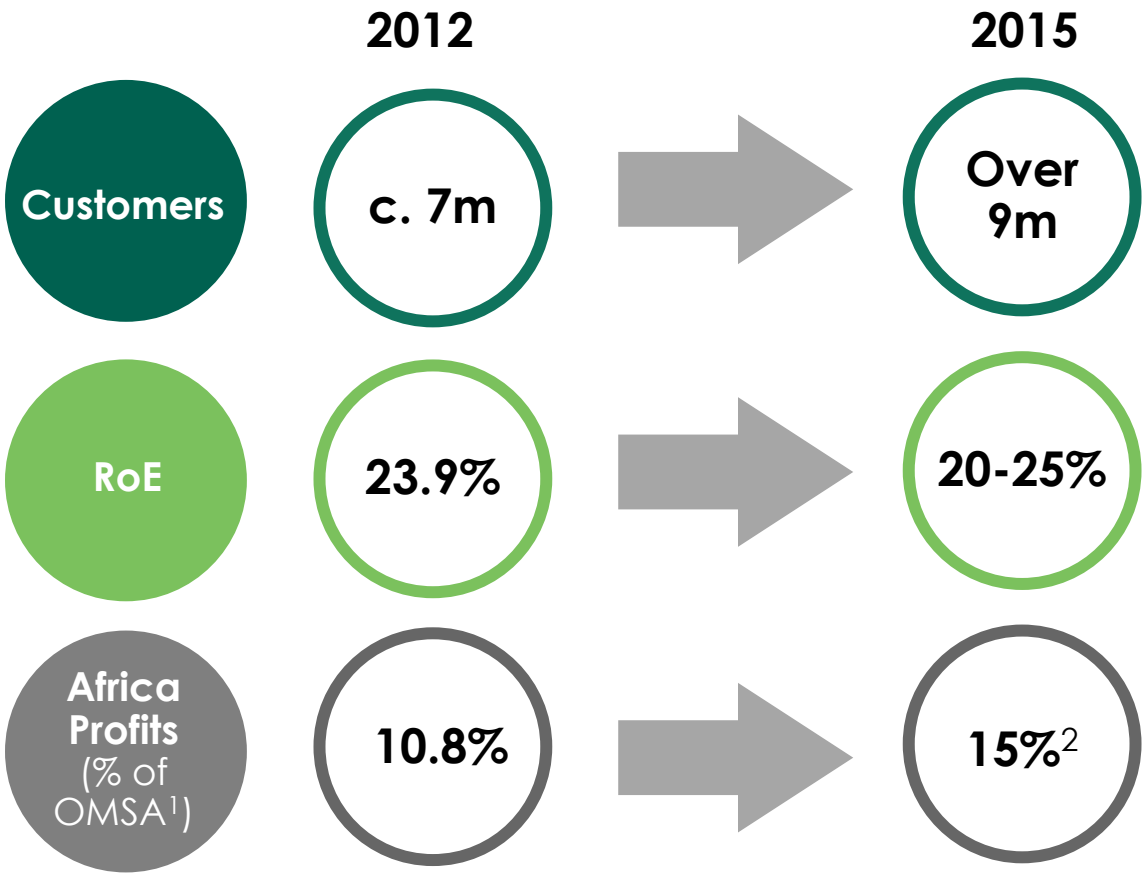
OMEM 2015 TARGETS



1. Calculation is pre-tax and post-minorities and includes LTIR.
2. Target includes potential acquisitions and P&C earnings in Africa.

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NEDBANK TARGETS

MAKE THINGS HAPPEN | NEDBANK GROUP

Metric	2012		Medium-to-long-term target	2013 outlook vs 2012
ROE (excl goodwill)	16,4%	×	5% above COE	Improving, remaining below target
Diluted HEPS growth	19,0%	✓	≥ CPI + GDP growth + 5%	Meet target
Credit loss ratio	1,05%	×	0,60% - 1,00%	Below June 2013, but above target
NIR: expenses	84,4%	×	> 85%	Meet target
Efficiency ratio	55,6%	×	< 50%	Improving, remaining above target
Core Tier 1 CAR Tier 1 CAR Total CAR	B III 11,6% 13,1% 15,1%	✓	**Basel III basis:** 10,5% - 12,5% 11,5% - 13,0% 14,0% - 15,0%	Strengthening
Economic capital	✓	✓	Internal Capital Adequacy Assessment Process (ICAAP): A debt rating (including 10% capital buffer)	
Dividend cover	2,18x	✓	1,75 to 2,25 times	

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P&C TARGETS FOR 2016 ONWARDS

- ROE of 15-20% through the cycle
- Sustainable Top 2 position in the South African market
- Significant P&C operations in the Rest of Africa in major markets, supporting the Group's African expansion
- Underwriting margin of 4-6% through the cycle (combined ratio of 94-96%)

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SHOWCASE CONCLUSION

Africa

- Focus of significant future allocated capital
- Long term investment horizon
- Rewards substantial
- Clear targets set

Key Stakeholders

- Need to adapt SA model to local customer needs
- Support of local stakeholders and regulatory systems key
- International mobility of staff, technology and controls vital

Cohesive approach across Group

- Opportunity to deliver better by being cohesive
- Management teams already closely co-operating
- Collective strengths support Africa rollout

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EMERGING MARKETS, NEDBANK, P&C SHOWCASE

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