OLD MUTUAL EMERGING MARKETS

Capital Markets Day

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11 October 2016

INVESTMENT | SAVINGS | INSURANCE | BANKING

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AGENDA

OMEM OVERVIEW: PAST AND THE PRESENT

PREPARING OMEM FOR A STAND-ALONE AND LISTED FUTURE

STRATEGY TO CREATE VALUE

SUMMARY AND CONCLUSION

Q&A

OLD MUTUAL EMERGING MARKETS AT A GLANCE AS AT DECEMBER 2015

South Africa[1]

Customer #	6.0m
FuM	R773.7bn
AOP	R10.4bn
Share of profits	84%

Rest of Africa

Customer #	4.1m
FuM	R72.1bn
AOP	R1.4bn
Share of profits	12%

Asia JVs

Customer #[2]	14.3m
FuM	R23.7bn
AOP	R0.2bn
Share of profits	1%

Latin America

Customer #	0.5m
FuM	R120.4bn
AOP	R0.3bn
Share of profits	3%

FUM
R989.9bn

NCCF
R34.3bn

IFRS AOP[3]
R12.0bn

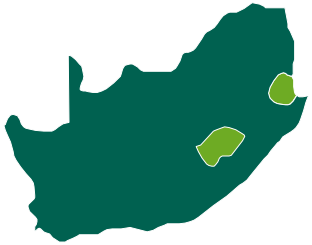
Adjusted NAV
R74.3bn

Employees[4]
c. 36k

1. Includes retail and corporate customers.
2. Asia customers includes 14.2m of customers in India (13.1m group life customers and 1.1m retail customers), where we have a 26% shareholding
3. AOP is reported pre-tax and minorities. AOP by region excludes debt costs of R296m.
4. Total includes the number of employees in the Asia JVs

WE HAVE LEADING MARKET POSITIONS IN THE MAJORITY OF OUR CORE MARKETS, WITH AN ESTABLISHED PRESENCE WHERE WE ARE LOOKING TO GROW

South Africa



Life & Savings

Retail Affluent (#3)	20%
Retail Mass (#1)	58%
Corporate (#1)	40%

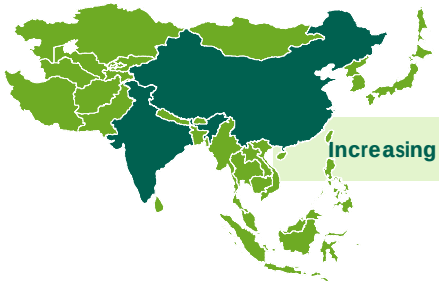
Other

Retail Asset Mgmt[1] (#3)	12%
Institutional Asset Mgmt[2] (#1)	16%
M&F[3] (#2)	13%

Rest of Africa

- Market entry in West Africa
- Growing presence in East Africa
- Market leader in Southern Africa

Asia JVs



- Increasing market share in India[4] (#6)

Latin America

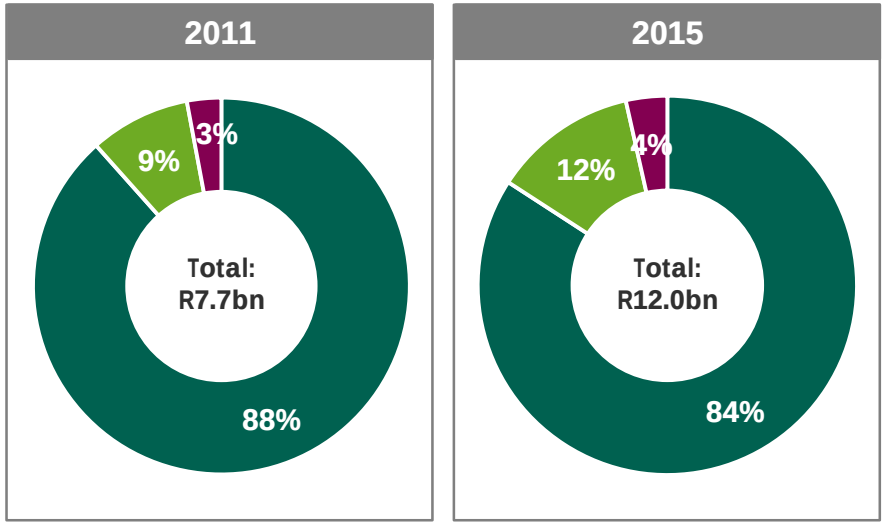
- Strong Colombian voluntary pension market share (#2)

Notes: Market share position as at December 2015.
Market share % of premiums (or AUM) as at December 2015 (Market share changes indicated over a 5 year period. For the Life industry, data is based on "Big 5" players)

1. Asset Management market share of AUM, includes OMUT, Symmetry, Marriott and ACSIS.
2. Asset Management market share of AUM, as at December 2014. Includes life assets.
3. KPMG insurance industry report, as at December 2015
4. India market share position as at March 2016

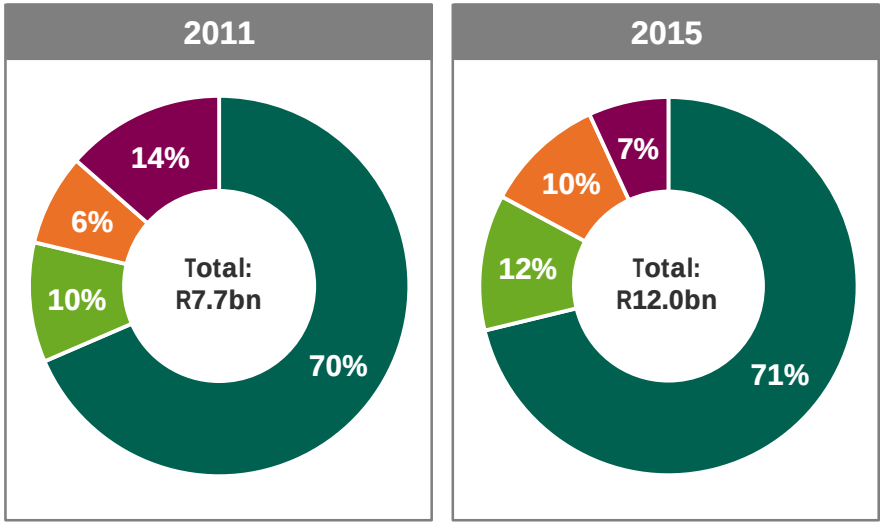
WELL DIVERSIFIED LINES OF BUSINESS AND AN INCREASING CONTRIBUTION FROM REST OF AFRICA OPERATIONS

PROFIT BY REGION



South Africa | Rest of Africa | Latin America & Asia

PROFIT BY LINE OF BUSINESS

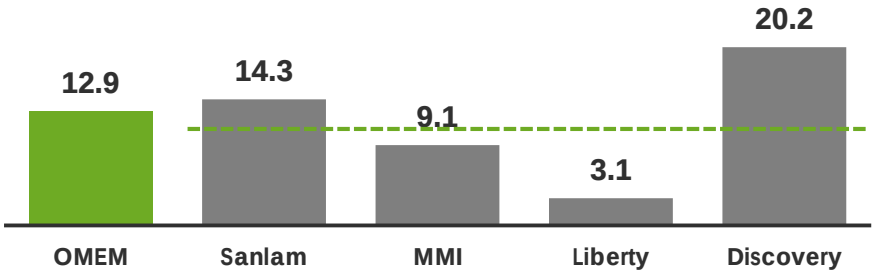


Life and Savings | Property & Casualty
Asset Management | Banking & Lending

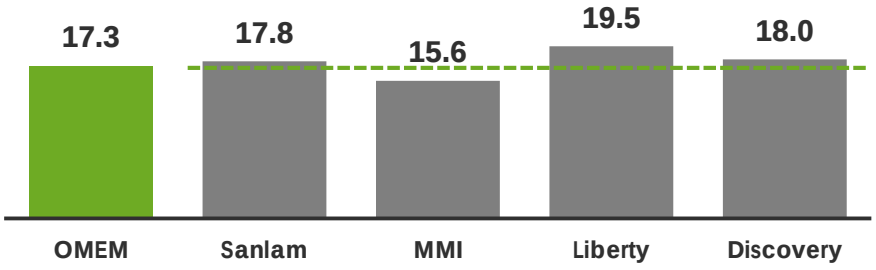
Note: AOP is reported pre-tax and minorities

STRONG FINANCIAL DELIVERY COMPARES FAVOURABLY TO OUR SA PEER GROUP

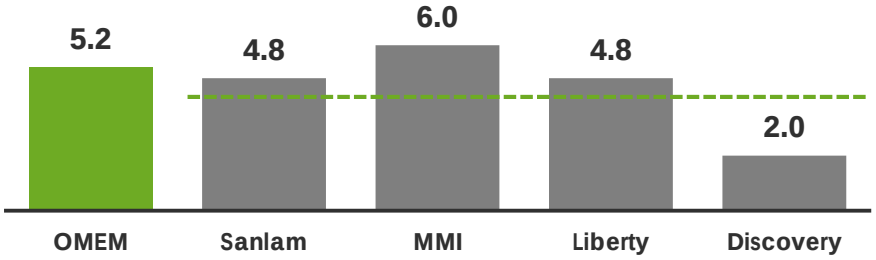
OMEM Earnings[1] growth (3 year CAGR %)



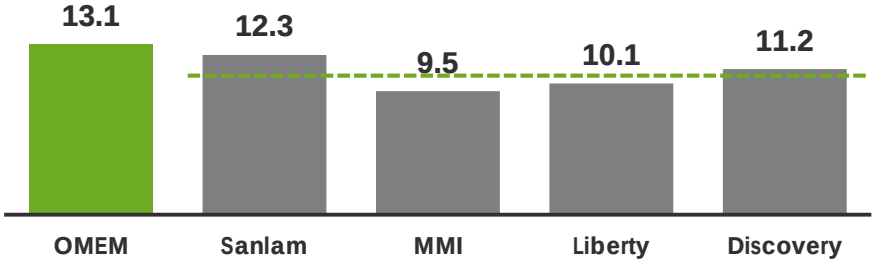
OMEM Return on Equity[1] (%)



OMEM Dividends paid / Group Embedded Value[2] (%)



OMEM Return on Embedded Value[3] (%)



Note: Unless otherwise stated, all data is for last financial year
1. Earnings growth based on Net Profit and Return on Equity = Net Profit / IFRS NAV for comparability with peers
2. OMEM dividends remitted to the Group / Opening Adjusted NAV
3. Return on Embedded Value for OMEM includes covered business only

PREPARING OMEM AS A STAND-ALONE ENTITY IS A KEY PRIORITY FOR THE BUSINESS LOOKING FORWARD

BUSINESS UNIT PERFORMANCE	• Accentuate the power of the SA business and turn-around under-performing BU's • Drive cost efficiencies within the business
STRATEGIC REVIEW OF PORTFOLIO	• Delivering an optimal portfolio of high return, cash generating businesses with strong growth potential
CAPITAL	• Maintaining a market competitive capital position to sustain growth
ENTERPRISE RISK MANAGEMENT	• Further strengthen our risk management framework ahead of listing
TARGET OPERATING MODEL	• Review of our operating model to drive efficiencies and alignment to the portfolio and governance model
BOARD AND EXECUTIVE MANAGEMENT	• Assessing management & board readiness for a future listed environment

Focus on capital allocation and value creation

STRATEGY TO CREATE VALUE

1. **Build leading value propositions** for retail and institutional customers, offering life, asset management, property & casualty and banking solutions

2. **Leverage distribution, product, IT and process capabilities** in SA to other markets to **capture growth** segments efficiently while **de-risking operations**

3. **Build strategic alliances and partnerships** to complement our capabilities and drive value creation

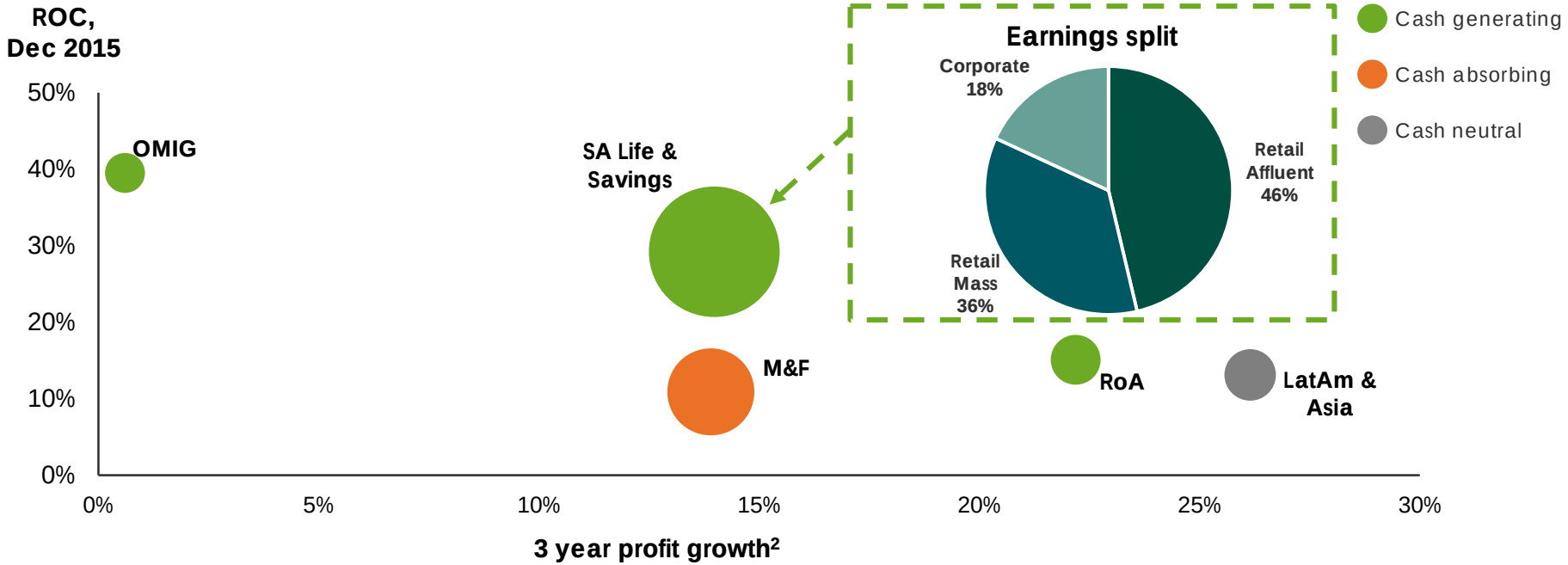
4. Robust **governance**, **risk management** and **disciplined capital allocation**

5. Proactively **manage challenges**

Our customer-centric culture and belief that we play an essential role in making the world a better place, are key underpins to how we execute on our strategy and win.

GREAT OPPORTUNITY FOR FURTHER VALUE CREATION BY IMPROVING PERFORMANCE OF SELECT BUSINESSES AND ENHANCING GROWTH

Capital allocated to BU's, against ROC and profit growth



1. Bubbles indicate relative sizes of capital allocated per business
2. Pre-tax AOP, 2012-2015

A STRONG SOUTH AFRICAN BASE IS THE FOUNDATION FOR OUR GROWTH MOVING FORWARD

Leading SA Retail & Corporate market share

+

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

+

Integral Property & Casualty business

+

Preferred partnership through our stake in Nedbank

OLDMUTUAL

Highly trusted brand

High cash returns and strong capital generation
Maximising ROE / ROEV

ACCENTUATING THE POWER OF THE SOUTH AFRICAN BUSINESS BY CAPITALISING ON OUR COMPETITIVE ADVANTAGES

No1 Brand in SA

Sunday Times TOPBRANDS 2016

No 1 reputation in SA financial services

Tcri Top Companies Reputation Index

1 Further growth in **Mass Foundation** Segment

- Integrated Financial Services strategy
- Largest tied-agency force

2 Opportunity in the **Black Middle Income** Segment

- Leverage strength in Mass and cost effective multi-channel distribution
- Deliver solutions to both sides of the customer's balance sheet

3 Capitalise on scale in **Corporate** Segment

- Bulk pensions
- Umbrella
- Retailisation

4 Leverage **Alternative Asset** Capability in OMIG

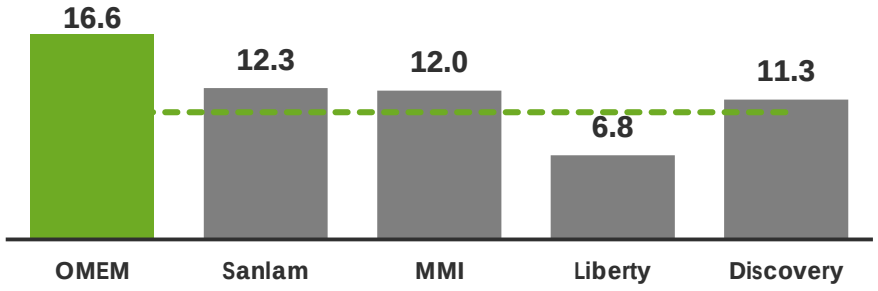
- Structural growth opportunities in SA, East and West Africa
- Infrastructure development, renewable energy and agriculture

5 Increasing Customer Reach with Product Innovation

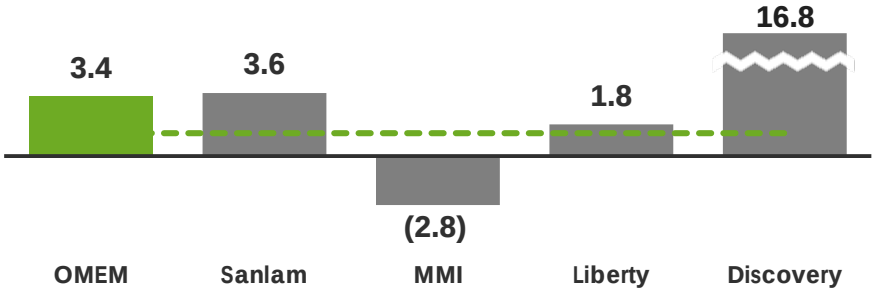
- Continued product innovation
- IT investment supports speed to market & customer experience

COMPETITIVE ADVANTAGES DRIVE STRONG TOP LINE AND VALUE GROWTH IN SA

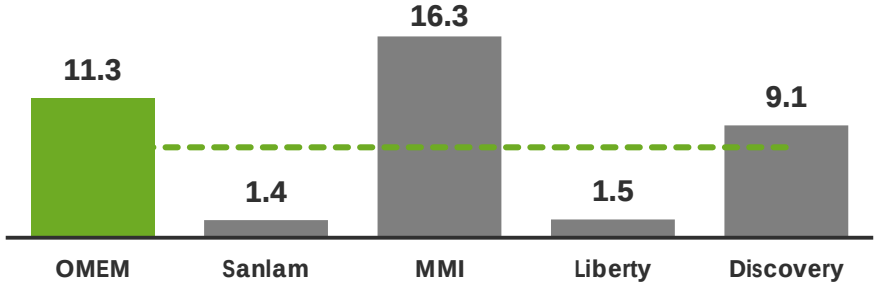
Growth in SA APE[1] sales (3 year CAGR %)



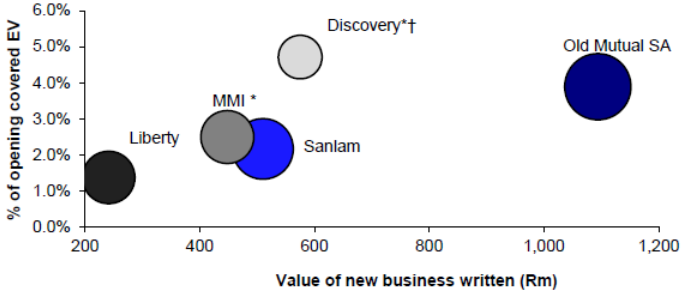
SA Net flows as % of opening Funds Under Management[2]



Growth in SA Value of New Business (3 year CAGR %)



SA Insurer VNB relative to its covered EV[3]



1. APE = annual premium equivalent
2. Last financial year
3. Source: Company data, UBS estimates, note: *June year ends, half years estimated as the difference between full year and interims; bubble size = EV; † Discovery comparatives all exclude SA Health

Note: Peer averages are calculated on a weighted average basis

ACROSS THE OMEM BUSINESS WE ARE FOCUSING ON KEY AREAS TO DELIVER ENHANCED VALUE

1 M&F

Deliver underwriting result within 4-6% range
Improve ROE to 15% - 20% range

Fix
- Commercial remediation
- Manage claims and costs

Build
- Direct
- Corporate and specialist
- Re-insurance

2 OMIG

Improve investment performance & grow flows

- Improve multi-asset class investment performance
- Strengthen wealth offering and distribution to drive flows
- Product expansion

3 REST OF AFRICA

Build out our East and West Africa franchises
Lift RoEs to above 20%

East Africa
- Complete mergers delivering operational efficiencies
- Optimize property portfolio
- Drive integrated financial services strategy

West Africa
- Capital-light growth
- Leverage ETI footprint

4 COST EFFICIENCIES

- Leverage scale advantage to deliver cost efficiencies
- IT investment to support future-fit cost base
- Target operating model
- Digital

STRATEGICALLY WELL POSITIONED IN KEY MARKETS OUTSIDE OF SA, WHERE WE SEE GOOD LONG TERM STRUCTURAL GROWTH OPPORTUNITIES

MARKET POTENTIAL

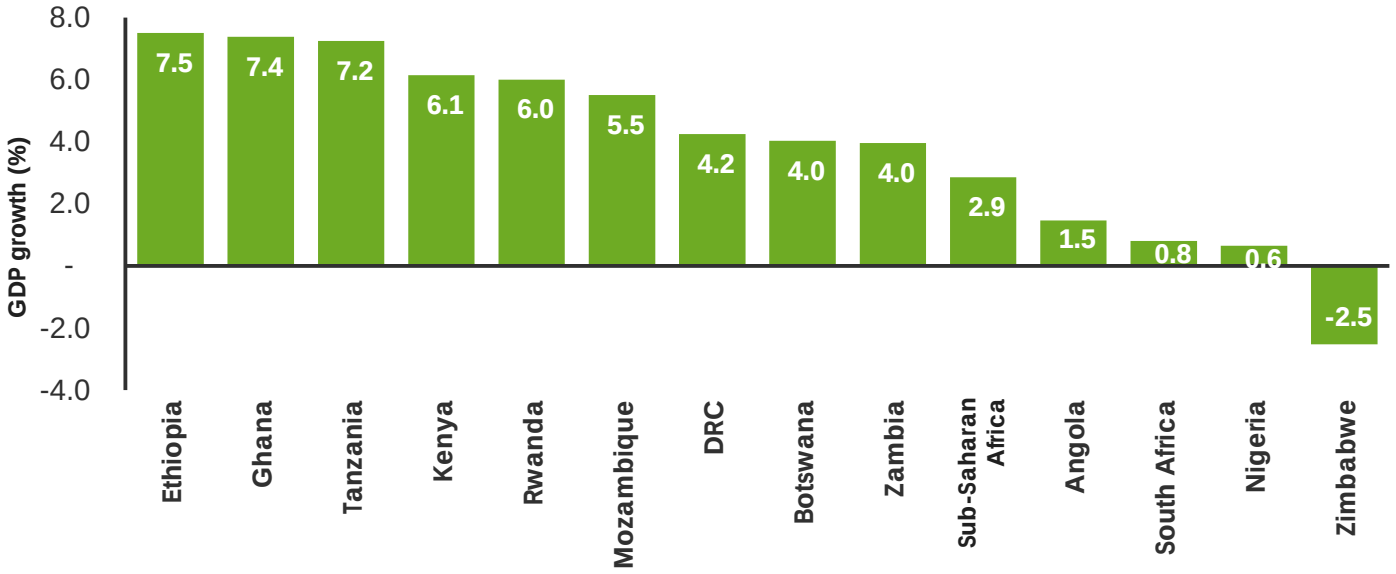
MACRO-ECONOMIC POTENTIAL

URBANISATION

DEMOGRAPHICS

REGULATION

GDP growth in Africa (2017)



1. Source: International Monetary Fund World Economic Outlook - October 2016

STRATEGIC PORTFOLIO REVIEW: FOCUS ON MARKETS, CUSTOMER SEGMENTS AND PRODUCT LINES

Key competitive advantages

- Navigating social, political, economic and regulatory developments in our markets
- Strong and highly trusted brand
- Distribution skills

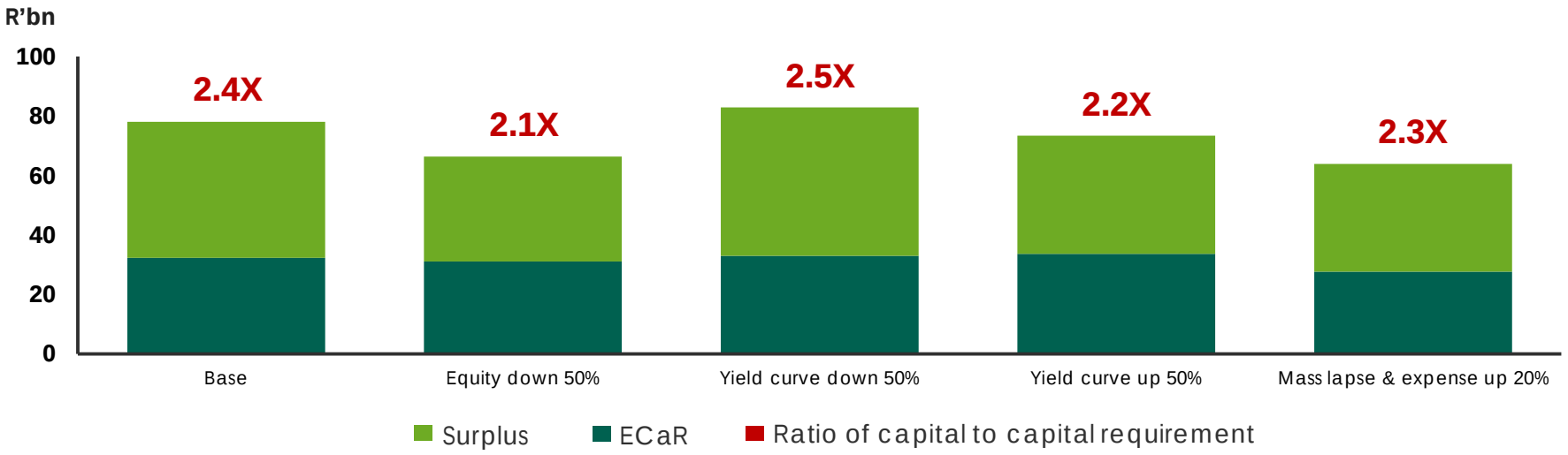
Optimal portfolio

- High returns
- Cash generating business
- Strong structural growth prospects

Our roots and heritage are in Africa and we believe we can build an African financial services champion in the medium term

WE HAVE A WELL CAPITALISED AND RESILIENT BALANCE SHEET THAT SUPPORTS OUR GROWTH

OMEM ECaR basis



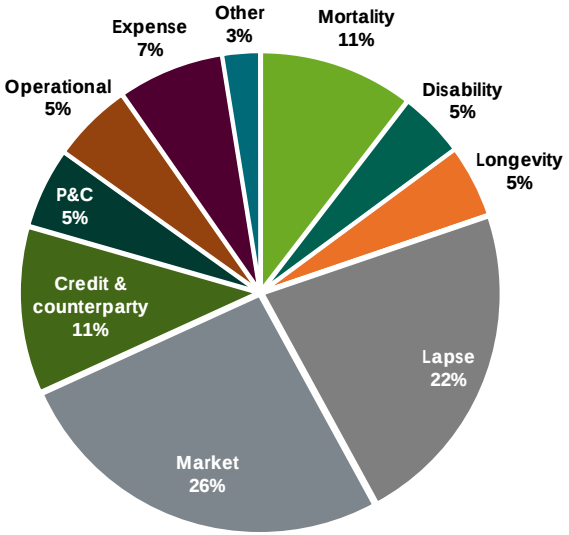
REVERSE STRESS TEST RESILIENCE

Our balance sheet is **sufficiently capitalized** to withstand a combined shock taking us down to 1x ECaR arising from (1) 65% fall in equities, (2) 30% increase in equity & interest volatility, (3) 15% increase in mortality, (4) 700 bps increase in yields, (5) 65% in lapse rates and (6) 50% increase in expenses

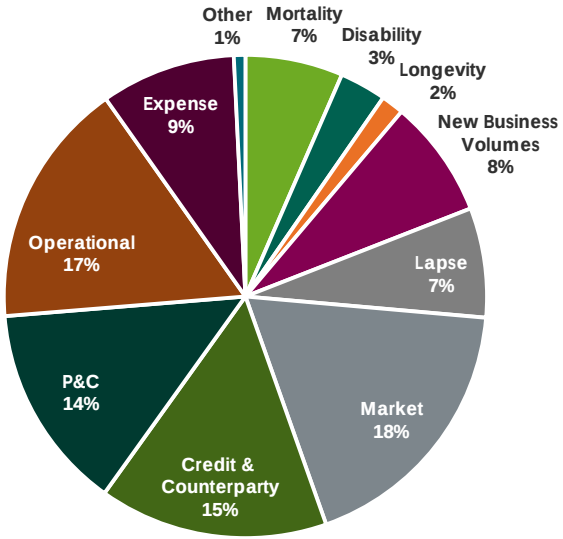
Note: Figures provided as at December 2015

RISK MANAGEMENT FRAMEWORK STRENGTHENED FURTHER AHEAD OF LISTING: OPTIMISING THE RISK-RETURN TRADE-OFFS FROM OUR GROWTH ASPIRATIONS

Economic Capital at Risk: R88bn



Earnings at Risk: R9bn



OMEM CREDIT AND COUNTERPARTY RISK EXPOSURE

2012	
ECaR: 4%	EaR: 8%

2015	
ECaR: 11%	EaR: 15%

Note: Figures provided as at December 2015

FOCUS ON VALUE CREATION: GROWTH IN FREE SURPLUS, RETURNS AND DIVIDENDS UNDERPINNED BY DISCIPLINED CAPITAL ALLOCATION

Free Surplus in OMEM[1]

- South Africa 85%
- LatAm & Asia 5%
- Rest of Africa 10%

Capital allocated in OMEM p.a

- South Africa 25%
- LatAm & Asia 5%
- Rest of Africa 20%

Contribution funding Group Dividend[2]

- 50%

OMEM ROC: 23%

- South Africa 25% ✓
- LatAm & Asia 12% ✗
- Rest of Africa 22% ✓✗

OMEM RoEV: 11.4%

- South Africa 11%
- LatAm & Asia[3] -15%
- Rest of Africa 16%

Note: Figures provided 3 year average (2012 – 2015)
1. Free surplus includes covered & non-covered profits (including M&F)
2. Contribution to group dividend excludes Nedbank dividend received
3. RoEV for Latin America and Asia excludes India

SUMMARY AND CONCLUSION

1. Well capitalised with strong financial record
2. SA is the core, market leading franchise
3. Positioned to be an African financial services champion in the medium term
4. Business readiness for stand-alone, listed future
5. Scope for operational improvements
6. Driving enhanced returns and value creation

UNIQUELY POSITIONED FOR GROWTH AND CASH

Q&A