

Old Mutual's Distribution excellence within the distribution landscape

24 March 2011



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Executive General Manager

Retail Affluent

Personal Financial Advice
and Private Wealth
Management



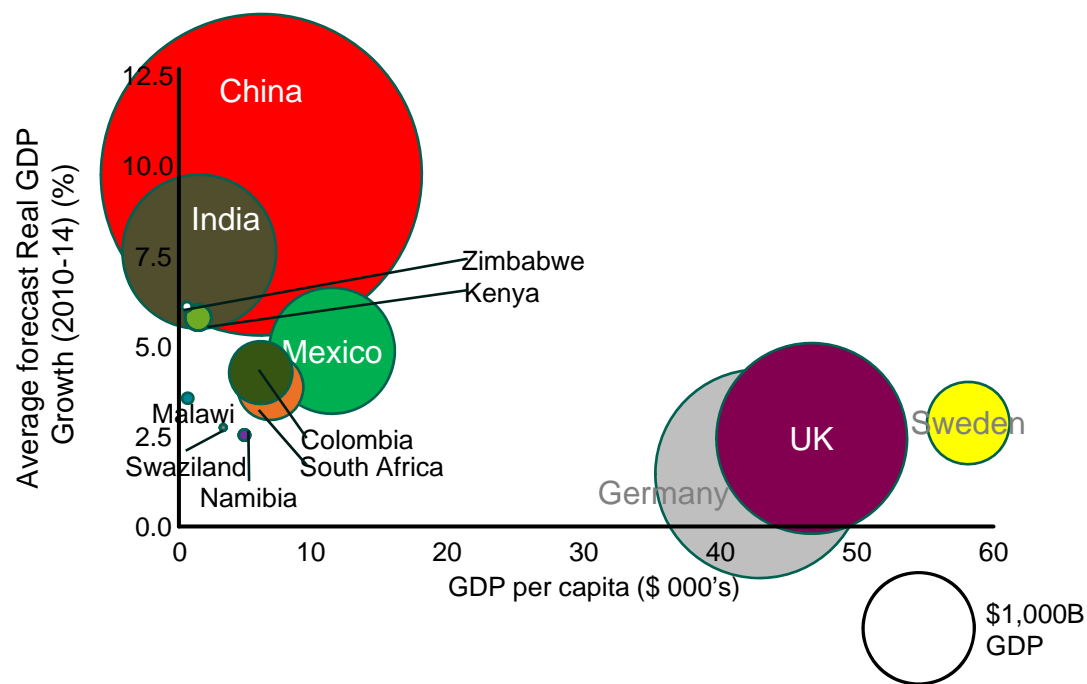
Agenda

- The environment shaping distribution
- Distribution models
- Drivers of distribution efficiencies
- Old Mutual Emerging Markets

GDP per capita forecast to continue improving

GDP, real GDP growth and GDP per capita compared across Emerging Market Countries for 2014

- Mexico, South Africa, Colombia close to USD10,000p.a in 2014 from USD5,000-7,500p.a in 2009
- Other target markets are attractive given customer segmentation and Old Mutual footprint



Source: IMF Website; World Bank Website; United Nations Human Development Report

Note: Forecasts are from 2009 onwards, these forecasts are internal IMF forecasts

Some features of emerging markets affecting distribution

Financial drivers

- Rising real GDP per capita
- “Unequal” distribution of wealth
- Money transmission mechanisms - bank/retailer or mobile
- Low state welfare provision per capita
- Low public spending on healthcare, pensions and unemployment

Non-financial drivers

- Population growth
- Political stability
- Respect for legal title and enforcement of debts
- Supportive educational levels
- Improving demographics
- Life expectancy
- Financial services regulation



Summary: Regulatory themes

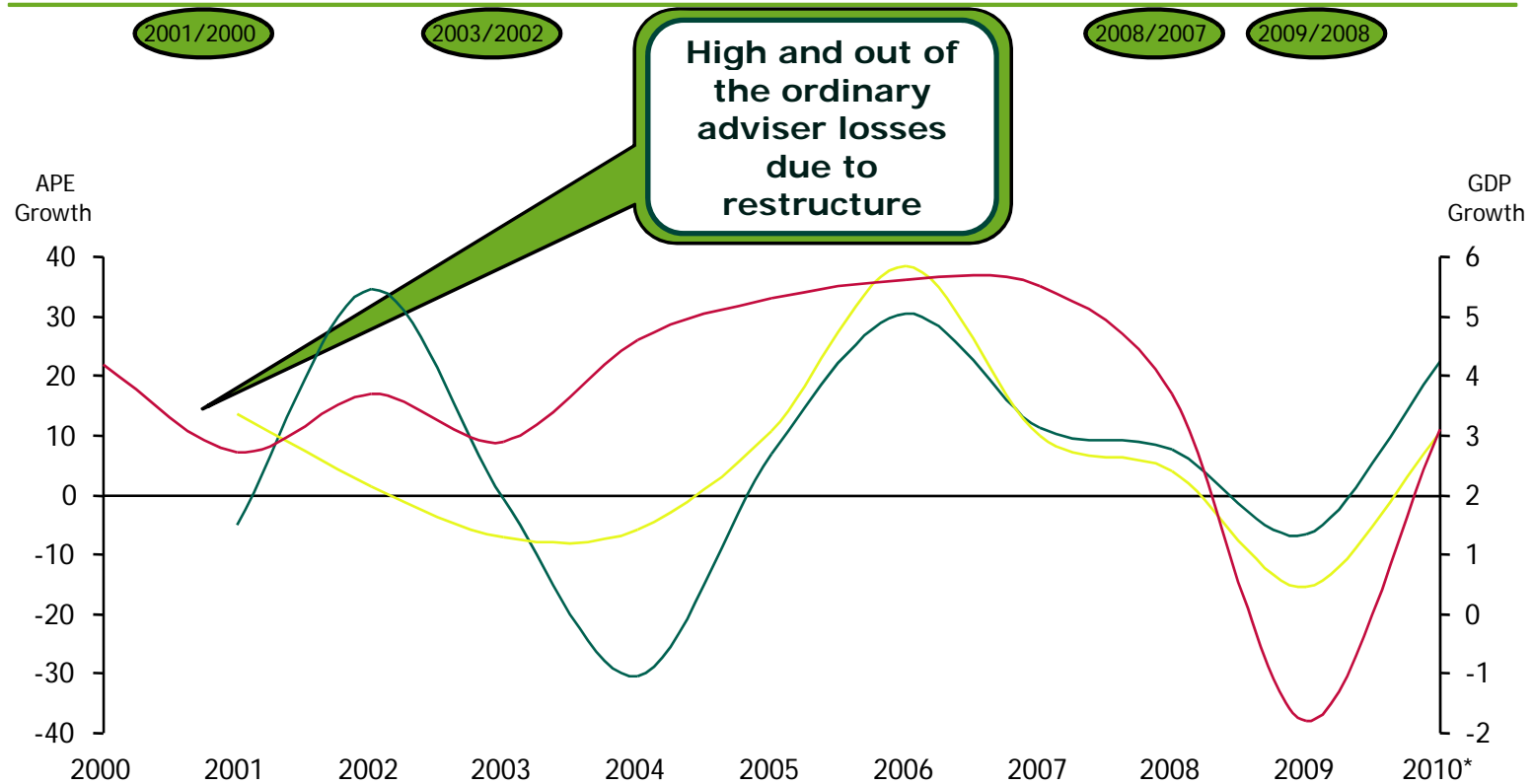
Country	Solvency	Consumer protection	Advice	Pension Fund Reform	Pricing regulation	Comm. Regulation
South Africa	✓	✓	✓	✓	✓	✓
Namibia	✓	✓	✓	✓	✓	✓
Zimbabwe	✓					
Kenya	✓					✓
Malawi	✓			✓		
Colombia	✓	✓	✓	✓	✓	✓
Mexico	✓	✓	✓		✓	✓
China	✓	✓	✓		✓	✓
India	✓	✓	✓	✓	✓	✓



Investing in PFA: Protecting sales during economic downturn

APE per channel growth
%, 2000 -2010

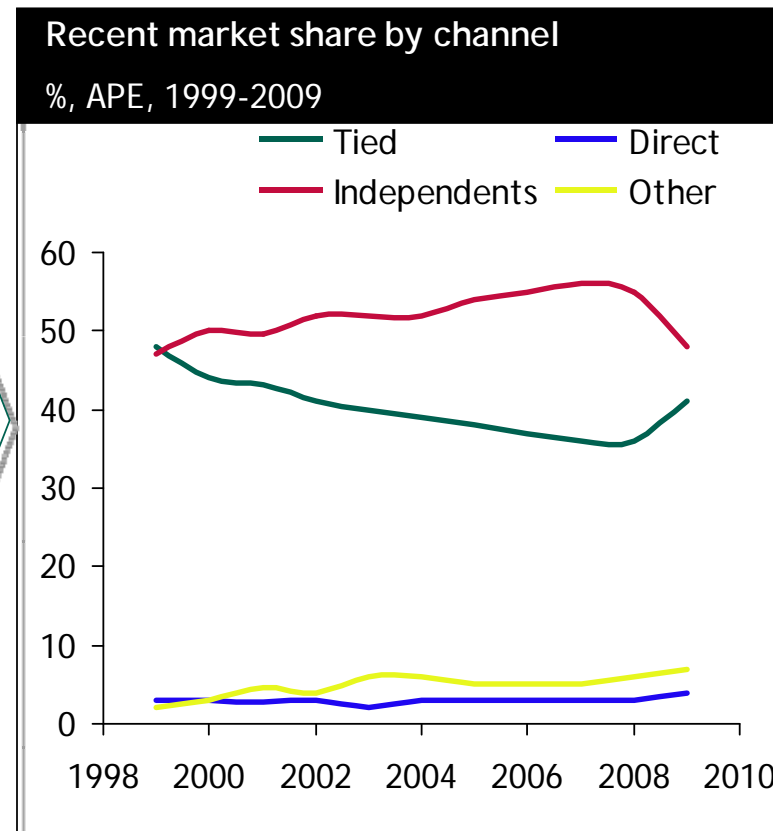
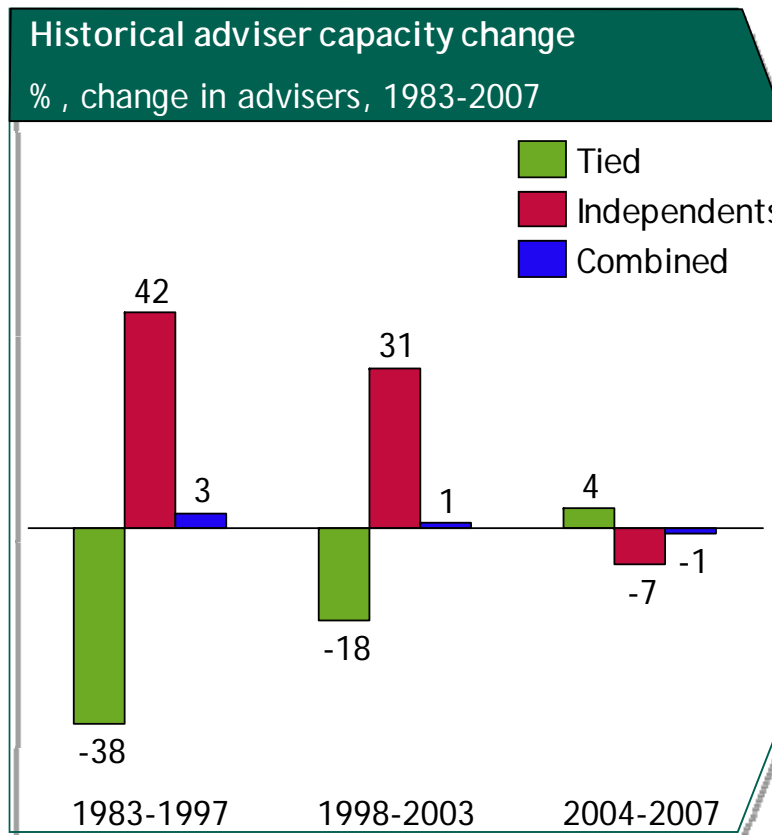
— GDP Growth
— Personal Financial Advice
— Broker Distribution



* Based on June -year-to-year numbers

Over the last 3 years where South Africa has experienced a decrease in GDP growth, PFA showed greater resilience in sales growth than BD...

Investing in PFA: Global resurgence to Tied Distribution



Source: LIMRA/McKinsey & Company, US Market, Analysis

International markets also show that despite the reduction in market share attributable to tied distribution since 1983, we've seen an resurgence in adviser numbers and market share in the last 5 years

Summary: Distribution channels by country

Country	Tied Agency ¹	Independent Financial Advisers ²	Bank Distribution	Direct Distribution	Corporate Advisers
South Africa	✓	✓	✓	✓	✓
Namibia	✓	✓	✓	✓	✓
Zimbabwe	✓		✓		✓
Kenya	✓				✓
Malawi	✓				✓
Colombia	✓	✓		✓	✓
Mexico	✓				✓
China		✓	✓	✓	
India	✓		✓		

1. Tied Agency means directly employed advisers or directly contracted advisers

2. IFA includes Traditional Insurance Brokers

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South Africa		✓	✓	✓	✓
Namibia		✓	✓	✓	✓
Zimbabwe			✓		✓
Kenya					✓
Malaysia					✓
Colombia		✓		✓	✓
Mexico					✓
China		✓	✓	✓	
India			✓		

Old Mutual dominates and operates in multiple Tied Distribution models

1. PFA
2. AFD
3. PWM
4. Emerald
5. OM Activate
6. Corporate
7. Worksites
8. Retail Mass
9. General Practice

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2. IFA includes Traditional Insurance Brokers

Summary: Distribution growth by channels in selected major country

Country	Tied Agency ¹	Tied Agency ¹	Bank Distribution	Bank Distribution	Independent Financial Advisers ²	Independent Financial Advisers ²
	2010	Trend	2010	Trend	2010	Trend
South Africa	5,900	Moderate growth	2,300	Moderate growth	9,800	Flat
Namibia	300	Moderate growth	50	Moderate growth	180	Flat
Central and East Africa	830	Moderate growth	0	Create presence	n/a	n/a
West Africa	n/a	n/a	0	Moderate growth	n/a	n/a
Colombia	360	Strong growth	n/a	n/a	30	Moderate growth
Mexico	320	Strong growth	n/a	n/a	0	Create presence
China	0	Create presence	730	Strong growth	2,350	Strong growth
India	36,700	Reshape	700	Strong growth	200	Moderate growth

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Distribution effectiveness

Footprint

- Client segmentation
- Number of agents
- Distribution channel splits/geographic splits

Policies

- Policy count
- Average policy size
- Cases per channel

Activity

- Policies/Lives per week
- APE per channel
- APE per agent

Persistency

- New business persistency measure
- In force persistency measure

Efficiency

- Total expenses divided by APE split by channel
- Total fixed distribution expense/APE split by channel
- Total commission expense/APE split by channel
- Average age of channel. (Maturity, stage in lifecycle)



Summary: Core competencies and synergies

South Africa

- Broad multi-channel distribution
- Success in LEAN application
- Distribution management skills

Mexico

- Agency and Corporate distribution
- Wealth management
- Leverage Columbia's investments' capability
- Product innovation

India

- Agency, Bancassurance and partner distributors
- Traditional UL life model
- Respected, well branded JV partner

Namibia

- Broad multi-channel distribution
- Leverage OMSA
- Hub for Africa

Multi-channel models

- Agency worksite marketing model
- Bancassurance
- Local market partners/expertise

China

- Established Bancassurance distribution
- Skandia wealth management model
- Well respected non-financial services JV partner

Rest of Africa

- Learning how to leverage Namibia/OMSA
- Local skills and knowledge
- Established businesses

Colombia

- Corporate distribution
- Well respected brand in the private pension space
- Established mature business
- Large sales force
- Wealth Management

Old Mutual Group

- Life risk product development
- Wealth management platforms
- Multi-manager and boutique asset management



CONCLUDING REMARKS

