

## Old Mutual AGM 2015

Chairman: Good morning, ladies and gentlemen. Welcome to the 2015 Annual General Meeting of Old Mutual plc. As you can see we're a little late. My apologies, but we do have a quorum present so I can declare the meeting open. As you know, my name is Patrick O'Sullivan, I'm Chairman of your Company. I would also like to welcome our shareholders and others who are tuning into this AGM remotely through our webcast, and hopefully you'll see all of today's proceedings.

Let me start by introducing the Directors who are here today. Alongside me on the platform and on my right are, firstly, Julian Roberts, our Group Chief Executive, whom you know extremely well, Ingrid Johnson, our Group Finance Director, and Reuel Khoza, who is the outgoing Chairman of Nedbank and is retiring from our Board today. On my left is Martin Murray, our Company Secretary, next to him, Danuta Gray, Chairman of the Remuneration Committee, Roger Marshall, Chairman of our Group Audit Committee, and Alan Gillespie, our Senior Independent Director.

In the front row, and may I ask you to stand as I call your names, are our six other non-executive Directors. Mike Arnold, who is the Chairman of the Board Risk Committee, Nonkululeko Nyembezi-Heita, Zoe Cruz, Nkosana Moyo, Adiba Ighodaro, and a new member of our board, Vassi Naidoo, who has recently become Chairman, in succession to Reuel, of our banking subsidiary, Nedbank Group. Paul Hanratty, our Chief Operating Officer, sends his apologies. He is unable to be with us this morning.

As I mentioned, Reuel is stepping down from the Old Mutual Board today, after almost ten years of distinguished and very valuable service in his dual position as Chairman of Nedbank and a key member of the Old Mutual plc Board. Reuel joined Nedbank in August 2005, becoming its Chairman in May the following year. He has been a member of the Old Mutual plc Board since January 2006. When Reuel joined Nedbank, it was in a very different bank to the one it is today. During his tenure, Nedbank has been rated as the most transformed organisation on the Johannesburg Stock Exchange. It has transformed from a bank widely seen as serving one section of the community to a bank for the whole of South African society and is building on its partnership now with Ecobank for the rest of Africa. Reuel has provided wise counsel and support to the holding Company Board and Executive management. He has been an outstanding support for me in my role as Chairman of the Group, and aside from all of this work that he's done, Reuel is a recognised writer on leadership. In wishing him every success for the next phase of his career, we hope he will continue to promote great leadership in Africa. Thank you, Reuel.

[Applause]

Then of course you will have seen our announcement about Julian's forthcoming retirement from the Board, which will take place during the fourth quarter of this year. His replacement as Group Chief Executive is Bruce Hemphill, who will be joining Old Mutual from the Standard Bank group. I would like to pay tribute to Julian for his immense



contribution to Old Mutual, not only as Group Chief Executive since 2008, but prior to that, as Chief Executive of Skandia and originally as Group Finance Director. As I'm sure you know, he has played a major part in creating the success that we as a group enjoy today and shareholders have every reason to thank him most sincerely. Julian.

[Applause]

Let me now turn to some procedural matters relating to this Annual General Meeting. The Notice of the meeting was included in a shareholder circular posted to shareholders and made available on our website in early April. The resolutions that make up the principal business of the AGM are set out on pages 6 to 8 of the circular. Voting on each resolution will be conducted by a poll. All shareholders and proxies here today should have received a poll card on your way in. If you did not receive such a card, and are entitled to vote, please ask one of the attendants to let you have a card now.

Once the votes cast on the polls have been counted and verified after today's meeting, we will report the outcome to the London and other stock exchanges where our shares are listed. We will also publish details on our website.

On your chairs is this morning's press release containing our trading update for the first quarter of 2015. Julian Roberts will make a brief presentation on this and also comment on some highlights from the past 12 months. After that presentation, I will move on to the formal part of the meeting. There will then be an opportunity for you to raise any questions you may have. I propose to take questions then on all the resolutions, as a single Q&A session. And, with that, Julian, over to you.

Julian Roberts: Thank you, Chairman. Good morning, ladies and gentlemen. This morning I'd like to give a short report on Old Mutual's performance in 2014 and in the first quarter of 2015. I'll conclude with some remarks about how we have transformed Old Mutual and how we are creating value for all our stakeholders.

First of all, 2014. 2014 was another good year for Old Mutual, with growth in all our businesses. We delivered strong financial results. Gross sales were up by 11% in constant currency, illustrating that customers continue to trust us to look after their money and that we are offering products that meet their needs. Funds under management, at £319 billion, were up by 6% in constant currency, but 9% on a reported basis due to the positive impact of a stronger US dollar. Adjusted operating profit grew by 16% in constant currency. On a reported basis, profit was flat due to the effect of rand weakness, and adjusted earnings per share were up by 13% in constant currency, but down 3% as reported. In 2014, we also took a number of important steps to transform our business in order to enhance our future prospects in our chosen markets. We invested in line with our strategy. For example, in the UK we acquired Intrinsic, one of the UK's largest financial adviser networks, and announced our intention to purchase the discretionary investment manager, Quilter Cheviot. In Africa, we completed the acquisition of a majority stake in Faulu Microfinance in Kenya, increased our stake in Old Mutual Finance, and announced our intention to purchase a majority stake in the East African insurance business, UAP Holdings. Nedbank also acquired a 20% stake in Ecobank Transnational Incorporated. We are also investing in IT systems in the UK and in Old Mutual Emerging Markets. We sold a number of businesses in Europe including those in Austria, Germany, Poland and



Liechtenstein. We also announced our intention to sell our businesses in France and Luxembourg and those transactions completed earlier this year, 2015. These disposals enable Old Mutual Wealth to increase its focus on growing its core UK and international cross-border businesses.

In 2010 we said that we intended to explore a minority listing of our US Asset Management business. The timing would be dependent on progress against our goals of growth, margin improvement and investment performance, as well as market conditions. I am delighted to say that in October last year we executed successfully an initial public offering of OM Asset Management.

Reflecting the strength of the Group's results and confidence in our future prospects, the Board has recommended a final dividend of 6.25 pence per ordinary share which, if approved today, will mean the total dividend for the year will be 8.7 pence. The final dividend will be paid at the end of this month.

I'd like to acknowledge the tremendous contribution of all the people around the Old Mutual Group who work hard and with great dedication in pursuit of our strategy. We could not have achieved such a good set of results without their efforts.

Now, I'd like to bring you up to date. This morning we published a trading update in relation to the first quarter of 2015, so let me pick out some highlights. We've made a strong start to the year, with all our businesses performing well. Gross sales were up by 18% on the first quarter of last year. I was particularly pleased to see continuing good performance from our South African businesses. The economic environment remains tough, but we are well positioned and continue to grow. We are also seeing a growing contribution from the Rest of Africa in line with our strategy, with gross sales up by 34%.

We've continued to grow Old Mutual Wealth. Gross sales on the UK platform were up by 15% and the asset management business, Old Mutual Global Investors, also performed well, with gross sales up 5% on an extremely strong comparative quarter. Both Intrinsic and Quilter Cheviot, the companies we have recently acquired, are generating good flows into our business and we're really pleased with the performance of those acquisitions. Group net client cash flow was half a billion pounds positive. In the comparative quarter, there was a half billion pound net outflow. Funds under management at the quarter end were £351.4 billion, up 10% from the beginning of the year. This is the result of positive net inflows, gains in equity markets and an overall positive impact of foreign exchange. The figure also includes £17.5 billion of funds held by Quilter Cheviot, the acquisition of which completed on 25 February this year. I am really pleased with the performance our Group has delivered this quarter and I'll be updating the market in August on our results for the first half of the year.

Now, as Patrick said, this will be my last AGM as your Chief Executive and therefore I hope you will allow me a few minutes of reflection. I am extremely proud to have been part of Old Mutual for almost 15 years, the last seven as Chief Executive. I came into this role at an extremely difficult time. Equity markets had crashed, global economies were in crisis; five days after I took over the role, Lehman Brothers went out of business, and we were on the brink of what turned out to be the deepest global recession for around 80 years. Old Mutual was exposed and many people thought we wouldn't survive. You may recall, and



you can see on this chart, that our share price was on a steep downward path. The priority of my management team, the Board and myself was to stabilise the business and fix the quite serious problems that existed. Then we had to de-risk, simplify what we'd got, our Group was far too complicated, and strengthen our capital position.

Over the last two to three years we have put that behind us, and we've been taking strategic decisions focused around growing our business. We've executed a huge amount of meaningful strategic activity. And very importantly, we've put the customer right at the core of our business strategy. At last year's AGM, I said we were clear that, ultimately, our success depends on our ability to provide customers with the products they need, the outcomes they expect, and with service levels that make them feel valued. I'm repeating that now because it is fundamentally important for our business.

We've come a long way and the results, as you see, are reflected today in our share price which over the last month, both in rand and sterling, is at virtually an all-time high.

Today, this Group is well positioned. We've got a strong balance sheet. We're in the right places in Africa. We've got the right model for the UK, and we're growing in the US. The focus now is on operational execution, making sure we deliver the returns from the investments that we've made. The result should be a stronger Group and increasing value for all our stakeholders.

Let me just finish with a reminder of our strategy. Building an African financial services champion. Building the best retail investment business in the UK. Growing our institutional asset management business in the US. And, in all our markets, becoming recognised as the financial services leader in responsible business. I am confident that, when I hand over to Bruce Hemphill, I will hand over a group in good shape, with dedicated people, highly capable management and a clear strategy which is being robustly executed.

Ladies and gentlemen, thank you for your attention. Back over to you, Chairman.

Patrick: Thank you Julian.

[Applause]

And of course we're keeping you accountable for this year's results.

(Laughter)

Now for the formal part of the meeting. Before putting the first resolution, I would like to deal with questions on any of the AGM resolutions as a single Q&A session, as I said earlier. Please raise your attendance card and wait for a roving microphone before asking your question. Then, it would be tremendous if you could let us know who you are at the same time. And now I'll hand over to you for questions.



[Pause]

Peter R: Peter Robertson. I'm a shareholder. Currency had a huge impact last year. Could you explain a bit further the currency impact this year? You're saying it's positive.

Patrick: Certainly, I'll ask Julian to respond to that question, if I may.

Julian: Yes. In the first quarter of this year the rand, and a significant part of our earnings are designated in rand, has been very stable. However, I have to say that, since the certainty of the UK general election, sterling has strengthened quite significantly against the rand and that will mean that we'll have more headwinds in the second quarter.

[Pause]

Leon B: My name is Mr Leon Bonnie, shareholder. I don't have too many aggravating questions this year because the share price seems to be doing very well.

Patrick: Thank you, Mr Bonnie.

Leon B: (Laughter) Okay. What I couldn't understand, if you're growing so well compared to your other peer group, why your projected dividend isn't more. Can you explain that to me or is your liquidity a bit on the low side?

Patrick: Well, again I'll get Julian to give you the specifics, but our policy is a progressive dividend policy, but we also retain resources at Head Office for the corporate activities that Julian has talked about. Our dividend yield is actually right in the middle of the pack in terms of our competition right now.

Julian: Yes, thank you Chairman. Our target dividend cover is, I will accept, less generous than some members of our peer group. The reason why we are in our current range of two to two and a quarter times cover, whereas some other companies are on one and a half, is we are now really in an investment phase. As you know, we've spent money in the northern hemisphere by the purchases of Intrinsic and Quilter Cheviot, but at the same time in the southern hemisphere we are expanding in Africa, and so therefore we need to make sure that we have a big enough buffer to cope with the economic situation while still growing our companies for the long term.

Leon B: Thank you. Maybe the company secretary can tell us, what is the different costs between the two registrars? I know both of them personally. (Laughter)

Martin Murray: Okay, I'm happy to deal with that. So, you'll have seen that during the course of 2014 we changed registrars, we were formerly with Computershare in both the UK and South Africa, and then, as a result of a competitive tender that took place about 18 months ago, we agreed to transition to new registrars, who call themselves the Global



Share Alliance, which comprises Equiniti in the UK, and LINK in South Africa. The new arrangements are significantly cheaper than the old ones, hence the decision taken to change, which involved a certain amount of inconvenience and a lot of planning, but I think it went smoothly in the end. Then, just to answer your specific question, the costs of the South African register have always been very materially greater than the UK, the reason for that being that the South African register has over 400,000 underlying shareholders, which reflects the residue from the demutualisation of the Group back in 1999. We started off originally with over three million shareholders, but the number has been the region of half a million or so for the last five to six years and the South African register, as you can imagine with those numbers, probably accounts for the best part of 90% of the total registration fees.

Leon B: ... pounds and pence, if you can tell me the difference between the two that would be easier, you know, ...

Martin: Most of the total registration costs are denominated in rand, so let me just do a quick calculation, so the total registration costs are of the order of £1.5 million of which, as I said, about 90% would be accounted for the South African end of things.

Leon B: So are we talking, all told £2 million?

Male: Somewhat less than that, it depends what you include, because you have the basic registration costs and then on top of that there are the costs of individual corporate actions: so, for example, there's the costs of postage for sending out dividend cheques and the like, so I think it depends on how you analyse it. I suspect the total amount would in the order of two million once you factor in the out of pocket expenses as well.

Leon B: Okay. Thank you.

Patrick: Thank you very much Mr Bonnie. Are there any further questions?

Therese Keith: Thank you. I'm Therese Keith and I'm representing ShareAction, shareholder, so my questions relate Old Mutual as a leader in responsible business, so I'd just like to ask about how you're addressing the business risk and social responsibilities of climate change. I was happy to see from the annual report the progress you're making on climate, on carbon emission reductions, so what I'd like to ask is, would the Board consider signing to the Renewable Energy 100 initiative along with other leaders in the industry? And my second question relates to Old Mutual's role as an investor. Now many large institutional investors are focusing on climate change, so I was wondering if the Board could share some of the initiatives you're taking with respect to progressive planet solutions in your investments.

Patrick: Thank you, Ms Keith. I'm sure you're aware that we are a signatory to the Principles for Responsible Investment, which is United Nations supported. We take our social investing responsibilities very seriously and you may have noticed, and she's in the room, we hired Gail Klintworth last year to help us focus as a Group even more so on this in the future. In response to the question about committing to being 100% carbon emission free, as you will



probably appreciate in South Africa today that would be a very difficult thing to do given the power outages and the need for auxiliary power etc, to keep going, but it is something that we have very much to the forefront of our mind. And Nedbank does an outstanding job in particular on the green front, but that now, under Julian's direction, is being focused on quite actively in the rest of the Group as well.

[Pause]

Patrick: Well, if there are no further questions? Yes, please.

Male: I'd like you to comment on whether you expect the pound to strengthen further against the rand. I'm going to watch cricket on South Africa at the end of the year... ..and when would you advise me to buy my currency?

(Laughter)

Patrick: I would short the England team...

(Laughter)

Patrick: but if we knew how to predict the exchange rate, then I think we probably wouldn't be in this room. You know, I think South Africa has suffered tremendously in terms of the volatility which is a function of the currency being used as a hedge against other emerging market currencies which are not as liquid and this leads to a degree of volatility that's very hard for the South African authorities to manage. Our own view is that the rand at its current levels is unlikely to see significant further depreciation against European currencies, but that's a house view as distinct from anything that we promulgate as the answer to your question.

Well, ladies and gentlemen, if that finishes with our questions, can I now move to the formal business of the Meeting? As I said earlier, we will be conducting the voting by poll. For those of you who are shareholders, please fill in your poll card for each resolution as I refer to it. Corporate representatives should enter a direction on their directions card. Brian White of Equiniti has kindly agreed to act as scrutineer for the polls. So those of you who have already sent in proxy forms and do not wish to alter your vote, need not complete a poll card at this point. In fact, it will make the count of votes simpler, if those shareholders, who have already sent in a proxy form, refrain from voting by card now. Each shareholder should complete one poll card for him or herself. If you have been appointed as a proxy, you should complete one poll card for each shareholder for whom you have been appointed. If you have any queries on filling in your card, please raise your hand and a member of our registrars, Equiniti, will be happy to help.

On your poll card or cards, please fill in your name and shareholding, or, if you are a proxy, the name and holder of the shareholder you are representing. Please clearly mark your votes "for", "against" or "vote withheld" on each resolution. Then sign and date your

completed poll card. When completed and signed, poll cards should be placed in the ballot box outside the meeting room as you leave today.

So may I move to I now propose Resolution 1, to receive and adopt the directors' report and audited financial statements of the Group for the year ended 31 December 2014. Please cast your votes on Resolution 1 by filling in your poll card.

[Pause]

I now propose Resolution 2, to declare a final dividend for the year ended 31 December 2014 of 6.25 pence per ordinary share in the capital of the Company on the register at the close of business on 24 April 2015. Please cast your votes on Resolution 2 by filling in your poll card.

[Pause]

In accordance with the UK Corporate Governance Code, the whole Board, except for Reuel Khoza, who, as I mentioned earlier, is retiring from the Board today, is standing for election or re-election. I would like to propose Resolution 3(i), to elect Paul Hanratty as a director of the Company. Please cast your votes on Resolution 3(i) by filling in your poll cards.

[Pause]

I now propose Resolution 3(ii), to elect Ingrid Johnson as a director of the Company. Please cast your votes on Resolution 3(ii) by filling in your poll cards.

[Pause]

I propose now Resolution 3(iii), to elect Vassi Naidoo as a director of the Company. Please cast your votes on Resolution 3(iii) by filling in your poll cards.

[Pause]

I propose Resolution 3(iv), to re-elect Mike Arnold as a director of the Company. Please cast your votes on Resolution 3(iv) by filling in your poll cards.

[Pause]

I now propose Resolution 3(v), to re-elect Zoe Cruz as a director of the Company. Please cast your votes on Resolution 3(v) by filling in your poll cards.



[Pause]

I propose Resolution 3(vi), to re-elect Alan Gillespie as a director of the Company. Please cast your votes on Resolution 3(vi) by filling in your poll cards.

[Pause]

I now propose Resolution 3(vii), to re-elect Danuta Gray as a director of the Company. Please cast your votes on Resolution 3(vii) by filling in your poll cards.

[Pause]

I propose Resolution 3(viii), to re-elect Adiba Ighodaro as a director of the Company. Please cast your votes on Resolution 3(viii) by filling in your poll cards.

[Pause]

I propose Resolution 3(ix), to re-elect Roger Marshall as a director of the Company. Please cast your votes on Resolution 3(ix) by filling in your poll cards.

[Pause]

I propose Resolution 3(x), to re-elect Nkosana Moyo as a director of the Company. Please cast your votes on Resolution 3(x) by filling in your poll cards.

[Pause]

I propose Resolution 3(xi), to re-elect Nonkululeko Nyembezi-Heita as a director of the Company. Please cast your votes on Resolution 3(xi) by filling in your poll cards.

[Pause]

And I would like to call on Alan Gillespie to propose Resolution 3(xii), which is to re-elect me as a director of the Company.

Alan:

I have pleasure in proposing Resolution 3(xii), to re-elect Patrick O'Sullivan as a director of the Company. Please cast your votes on Resolution 3(xii) by filling in your poll cards.

[Pause]



Patrick: Thank you, Alan. I propose Resolution 3(xiii), to re-elect Julian Roberts as a director of the Company. Please cast your votes on Resolution 3(xiii) by filling in your poll cards.

[Pause]

Moving on to Resolution 4, this is to re-appoint KPMG LLP as auditors to the Company. I call on Roger Marshall, as Chairman of our Group Audit Committee, to propose this resolution.

Roger: I have pleasure in proposing that KPMG LLP be re-appointed as auditors to the Company.

Mr D'Souza: My name is D'Souza. I'd like to ask, how long have the current auditors been auditing the books, how many years?

Patrick: Thank you Mr D'Souza. Do we have that number exactly Roger?

Roger: I think the auditors were appointed on demutualisation back in 1999, but there was actually a tender process carried out last year which is referred to in the annual report. The results of that tender process were that we decided to reappoint KPMG for probably another five years from next year.

Patrick: Thank you, Mr D'Souza. Thank you, Roger. I now put Resolution 4 to the meeting. Please cast your votes on Resolution 4 by filling in your poll cards.

[Pause]

I propose Resolution 5, to authorise the Group Audit Committee to settle the remuneration of the auditors. Please cast your votes on Resolution 5 by filling in your poll cards.

[Pause]

I propose Resolution 6, to approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the year ended 31 December 2014. Please cast your votes on Resolution 6 by filling in your poll cards.

[Pause]

I propose Resolution 7, to grant authority to allot shares in the Company. Please cast your votes on Resolution 7 by filling in your poll cards.

[Pause]



Resolutions 8 to 10 are special resolutions, which require a 75% majority of votes in favour. I propose Resolution 8 as a special resolution, to grant the Board authority to issue certain shares for cash on a non-pre-emptive basis. Please cast your votes on Resolution 8 by filling in your poll cards.

[Pause]

I propose Resolution 9 as a special resolution, to grant the Board authority to repurchase shares by market purchase on the London Stock Exchange. Please cast your votes on Resolution 9 by filling in your poll cards.

[Pause]

I propose Resolution 10 as a special resolution, to approve contingent purchase contracts relating to purchases of shares on the African stock exchanges where the Company's shares are listed. Please cast your votes on Resolution 10 by filling in your poll cards.

Ladies and gentlemen, that brings to a conclusion the business of the Annual General Meeting, so I can declare the meeting closed. Please place your completed poll cards in the ballot box outside the meeting room as you leave and we will have refreshments available next door and be available to answer any questions you may have. Thank you very much for coming to the meeting today, and again, thanks to Reuel and Julian for their service to the company. Thank you.

[Applause]

