Q1 INTERIM MANAGEMENT STATEMENT 2012
TRANSCRIPT

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10 May 2012

OPERATOR: Good morning ladies and gentlemen and welcome to the Old Mutual Group Q1 IMS 2012 Analysts' Conference Call. Throughout the call all participants will be in listen only mode and afterwards there will be a question and answer session. Just to remind you, this conference call is being recorded. Today I am pleased to present Julian Roberts. Please begin your meeting, sir.

JULIAN ROBERTS: Thank you very much indeed. Good morning everybody. Welcome to our conference call for Old Mutual's Quarter 1 IMS. Thank you for joining promptly. It's a busy day for us today; as you'll know, it's AGM day as well. As usual, Philip Broadley is here sitting next to me in London.

As is customary for our IMS, we are reporting on sales and funds; not margins, profitability or MCEV. Just two months ago at our 2011 preliminary results presentation, we talked about the continued growth in our business segments in Emerging Markets and Europe. First quarter performance this year was good. Most importantly, we continued to demonstrate our ability to secure positive Net Client Cash Flows and grow Funds under Management.

Performance in Emerging Markets was strong but, in European markets, consumer confidence continues to be affected by political, regulatory and market turmoil. Accordingly, the first quarter, traditionally a very strong one, was slow compared with the comparative period; although, pleasingly, our performance was well ahead of the fourth quarter of last year.

Looking at the market background, the FTSE 100 and JSE All Share Indices traded in the relatively narrow range during the first quarter and both ended the period round 4% up on the start of the year. US markets were up more strongly with the S&P 500 up 12% in the quarter.

In terms of currency, the Rand strengthened a little against Sterling over the period but was, on average, 9% weaker than Q1 2011. Compared with the US Dollar and the Euro the value of Sterling was a little changed over the quarter.

That sets the background; so against that background we are pleased with our results for the first quarter. Overall, Net Client Cash Flows were a positive £3.7 billion. That compares with the outflow of £2.8 billion in the comparative period last year. Funds under management were up 6% at £284 billion.

So let's go through the detail underneath starting, as usual, with Long Term Savings. In Emerging Markets, Life APE sales were up 10% on the comparative period. South African Regular Premium sales were up in all markets, most substantially in the Mass Foundation Cluster where regular premiums were up 17%, driven by both improved productivity and a higher number of intermediaries. Across Emerging Markets as a whole, Regular Premium sales were almost evenly split between savings and risk and protection, with the latter up 34%. Single premium sales were down 21% year-on-year, but in the South African Retail Affluent market were actually up on Q4 2011.

We also saw excellent growth from our African operations. Sales in Latin America and Asia grew strongly due to increased corporate scheme business, sales in Mexico and growth in telemarketing activity in China.

Non-covered sales in the South African Retail Affluent market were up by 23% and we experienced good money market flows and offshore sales in Columbia.

Net Client Cash Flows in Emerging Markets were a positive R4.2 billion; OMIGSA contributed R2.3 billion of that, with good inflows also experienced in Latin America.

No withdrawals were made by the Public Investment Corporation in South Africa in the period.

Given a mixture of variable institutional flows and smoother retail flows, it is too early to draw a conclusion on trends for the year and, in addition, our restructuring of the mix of boutiques to boost performance will take some time to come through into client cash flows.

Funds under Management grew by 3% over the quarter with market movements contributing around R14 billion of that increase.

So let's move away from Emerging Markets to Wealth Management. This now includes the business that we previously reported as Retail Europe. Life APE sales were up 13% on the fourth quarter, albeit were down 21% year-on-year. In the International offshore and Continental European markets, life sales were broadly flat on the fourth quarter. They're down on a strong comparative period. Offshore sales were affected in particular by the uncertainty arising from the HMRC's potential changes to the QROPS legislation in Guernsey.

In the UK, the Platform continued to attract inflows with £1.1 billion of Gross Sales in the period. Total Funds under Management on the Platform now exceed our targeted £20 billion. While sales were down on the comparative period the total Single Premium pension sales in the UK were up 32% on Q4 of 2011.

Non-covered sales by Wealth Management were down 4%. Lower Mutual Fund and Unit Trust sales on the UK Platform were partially offset by a substantial increase in UK institutional business in legacy as well as a small increase in international sales through Skandia Investment Group.

Across Wealth Management, we've launched a number of new products which we expect to perform strongly when investor sentiment begins to recover.

You will, I am sure, have seen our recent announcement that we're combining Old Mutual Asset Managers UK and Skandia Investment Group into a single business. This will give us a business with the scale which will enable it to attract and retain talented investment managers, further develop the product range and investment solutions, and be a stronger partner for advisers and customers in the post-RDR world. The combined business has considerable asset management expertise covering equities, fixed interest, alternatives and multi-manager, and will be the investment engine behind Wealth Management growth.

Net Client Cash Flow for Wealth Management was positive across all major markets and half a billion Pounds positive overall. Together with the effect of market movements, this increased Funds under Management by 8% in the period.

If I now turn to the businesses outside Long Term Savings; at the full year we talked about the early signs of a turnaround in performance at US Asset Management, and this improvement has continued. Investment performance appears to continue to be on the upward trend and this is starting to be reflected in slowing outflows as well as higher inflows.

Net Client Cash Flow for Continuing Operations was US$4.2 billion positive.

Nedbank had another excellent quarter, delivering an 11% increase in Net Interest Income, 15% increase in Non-Interest Revenue and a further improvement in the Credit Loss Ratio. The bank's share price is up 18% in the year-to-date and we see increasing commentary supporting our view that its operating performance demonstrates the success of management in improving the business and building a sustainable growth path for operating earnings and dividends for the Group.

Finally, despite a highly competitive trading environment, Mutual & Federal increased Gross Written Premiums by 7%.

So moving on from trading performance, we've continued to make strategic progress and a few of the more significant developments so far this year include: during the first quarter we completed the sale of Nordic, in April we effected our seven for eight share consolidation and next month, as you know, we pay £1 billion to shareholders through our declared special dividend. Post the transaction, pro forma MCEV per share as at the year-end rose from 194.1 pence to 207.8 pence.

Since the quarter-end, we've completed the sale of Old Mutual Capital to Touchstone Advisers and we expect our sale of Dwight Asset Management to complete this quarter. In February, you will recall we announced that we intend to acquire the Nigerian life assurance company, Oceanic Life, as part of our strategy to expand our footprint in Africa, and that process is going smoothly. In Europe, we've brought together our Continental European activities into a single business within Wealth Management which will enable us to target selected retail affluent markets more efficiently. So it's been a busy year so far for us.

In summary, overall Q1 was another good quarter for the group with performance trends very much in line with those discussed at the year-end and continued progress on strategy. Macro economic conditions continue to be tough for all companies in our sector, particularly in the Eurozone where the prolonged turmoil has undermined consumer confidence in retail investment markets. Nevertheless we have achieved a resilient performance in the UK and Europe whilst the Group results show the benefit of our significant exposure to growing Emerging Markets and the recovery in the United States.

At this point I'll hand back to the operator and Philip and I are, of course, happy to take your questions.

OPERATOR: Thank you. Ladies and gentlemen, if you do wish to ask a question please press zero one on your telephone keypad and if you wish to withdraw your question you may do so by pressing zero two to cancel. There will be a brief pause while questions are being registered. Our first question comes from the line of Blair Stewart from Bank of America. Please go ahead with your question. Your line is now open.

BLAIR STEWART: Thanks very much. Good morning everyone. Two or three questions I think. Firstly on Wealth Management, you seem to have bucked the trend that we've seen at other companies that have seen outflows in the first quarter. What is it that's different about your business that's allowed you to sustain positive inflows? Second question is related to the Emerging Markets businesses; some quite different dynamics between the various segments in South Africa. I wonder if you could talk about that. Also differences between the products lines, as well, in South Africa with savings down and protection up etc. Could you just add a bit of colour to that? Thirdly, on the US Asset Management inflows I noticed the three main affiliates saw the biggest change in Assets under Management. Just talk through what might be regarded as exceptional within that. Thanks very much.

JULIAN ROBERTS: That will keep us going for the next 20 minutes! Morning to you. Look, I think the first comment I'd make on Wealth Management - we've made it before - our system works. It is very reliable. IFAs like it. Although we have, and I think the industry has, seen a general reduction in business seen by many IFAs, we seem to be getting a higher proportion of new business coming through our Platform. Really I do believe it's because we've given consistency in the way the Platform has performed and the type of products that we make available to people. I think we've done pretty well on there. In addition our – if you like to call them – series six pension on the legacy platform has also been a product that people have liked to buy.

Clearly many of the big firms have had very significant withdrawals – as we have been talking about happening over the last couple of years – largely in their with-profits book. We don't suffer from that. I think some companies have also had a last hurrah from the IFAs on commission and sold some of that type of business.

I think its consistency. We've got a good number of IFAs, the Platform is secure and they know that there is a good choice in products.

BLAIR STEWART: Just on that, Julian, before we move on. What proportion of your business in the UK would you describe as RDR compliant?

JULIAN ROBERTS: I would turn round and say the vast majority of it. Over the last year or so we have reduced the amount of business that was non-RDR compliant, so the vast majority.

PHILIP BROADLEY: Any remaining top ups going into unit linked pensions are RDR compliant.

JULIAN ROBERTS: If I then go through the Emerging Market business, I think we've carried on the trend that really you saw last year. Our Mass Foundation Cluster carries on with significant growth. You know I have said that we expect this business to produce growth of around 15%. I know for the last couple of years it's been significantly higher than that, so we're at 17%. The trends are exactly the same. I think we are well positioned in that business. We have a high prominence in the Government employee section and that area is strong and is going and they've got good wage rises.

On Retail Affluent, again following the trend last year, we're selling a lot of protection products and a lot of recurring premium products. We continue, after the tax changes, to reduce our fixed bond sales and, we believe, the margins that we've been making on that product are not sustainable. We are surprised that competitors in the market are selling as much of a similar product as they are. Having said that, we have made some changes to that product and therefore we'll wait to see what impact that has. The corporate business is fairly lumpy. In OMIGSA as well we've seen good inflows, particularly in the Dibanisa boutique, which is the tracker boutique.

Overall in South Africa I really do think it's carrying on the trend from last year and, pleasingly, carrying on the trend from last year our African businesses, as I said, are growing and our Emerging Market businesses generally – Africa, India, China and Latin America – are now becoming an increasing proportion of Emerging Markets Funds under Management.

Finally the US Asset Management inflows; again I hope it's no surprise - it's not a surprise to me - investment performance improved significantly at the end of last year. What we have been saying is there have been various cohorts of business that we have been losing, have had poor performance. Those assets have largely gone and therefore the good performance in many of the affiliates is now shining through. Probably half of the Net Client Cash Flow comes through one boutique so there was a very large piece that comes in through there.

As you said, Blair, our larger boutiques - in fact most of our boutiques - have moved into positive net cash flow territory. So, it's only the first quarter but I am most pleased that the investment performance is good and after many periods of outflows I'm pleased that we've gone into positive territory again.

BLAIR STEWART: That's great. Thanks very much.

OPERATOR: Our next question comes from the line of Larissa Van Deventer from Deutsche Securities. Please go ahead with your question. Your line is now open.

LARISSA VAN DEVENTER: Thank you. Good morning. In the back of your press release you have a table that indicates the Bermuda reserves and a rather healthy improvement over the December numbers. Three quick questions around that please. The first one; the movement in the reserve and the movement in the top up seem to go in tandem – is that incidental or is that something we can assume going forward? The second one; the UGO reserve: can we assume that any improvement there would translate directly into the FGD surplus? The third one; on surrenders, when do you expect the majority of the contracts to come up for renewal and have you seen any trends that are indicative or is it too early to comment please?

JULIAN ROBERTS: They all sound like Philip questions to me! Morning, Larissa.

LARISSA VAN DEVENTER: Hi, Philip.

PHILIP BROADLEY: Good morning. If you try to make it as simple as possible, the reserve contains two elements; a reserve in respect of the fifth anniversary top up and then a value for the tenth anniversary payment. They do correlate closely, the fifth anniversary being the larger part of the whole. They're not quite in lock step but certainly one is the function of the other.

In terms of the UGO reserve, it gives you a good indication of the trend in the FGD reserve but again, I'm afraid it's not a direct linkage because the UGO reserve - which is calculated on our economic capital model - is not going to be exactly the same as the FGD number which arises out of statutory reserves. But again, the fact that the total reserve has declined by over US$200 million in the quarter gives you an indication as to why we comment on the fact that our FGD surplus has improved because of statutory profit that would have been earned in Bermuda over the quarter.

Surrenders started back in January. You asked when the majority occur. The peak period is the fourth quarter this year and into the first quarter next so I guess we'll actually be over 50% at some point towards the end of this year. So far only 2% of the contracts have reached their fifth anniversary date so, although we have seen a significant surrender rate – i.e. people have taken their fifth anniversary payment and exited – I think with only 2% of contracts having reached that date, it's too early to draw any conclusions. I think we'll be better able to help people with a statistically significant view at the time of the half year.

LARISSA VAN DEVENTER: OK. Thank you very much.

OPERATOR: Our next question comes from the line of Risto Ketola from Standard Bank. Please go ahead with your question. Your line is now open.

We don't appear to have any audio from Risto Ketola so we'll go to Brian Mushonga from Credit Suisse. Please go ahead with your question. Your line is now open.

BRIAN MUSHONGA: Morning. You mentioned that, as part of the dividend payment process, the group settled its intercompany loan with the South African holding company. Could you clarify that in a little bit more detail, maybe give some figures and give pointers as to whether the settlement of this loan will have a bearing on ordinary dividend payments going forward? The second question relates to APE sales in the rest of Africa. Those are up 122% versus last year. Is this a sustainable level, do you think, over the next few years? If not, what could you guide us to?

PHILIP BROADLEY: Let me take the loan question first. It was the loan of US$850 million that's been repaid and from that, a dividend to eligible recipients in South Africa will be paid by OMSA. In terms of implications for ordinary dividend policy going forwards, no, I don't think there are any specifically as a result of the repayment of that loan.

My concerns are, and always have been really, external factors. We have already set out what the interim dividend will be - or what we expect it to be set formulaically as one third of last year's declarations. So we won't really be reviewing the dividend policy formally until March next year.

In the meantime I have commented before that I regard the situation in Europe as unstable, I continue to regard it as unstable and I think markets could be extremely volatile between now and then and so the level of FGD capital that we're holding has been set to ensure that we can withstand anything that volatile equity markets might throw at us over the course of the next nine months or so.

JULIAN ROBERTS: If you look at the rest of Africa, there's a health warning. If you remember last year at the year-end, we said we were bringing into the results some of the African countries that we hadn't previously put in, so that does distort the Q1 growth so that the underlying growth is not the 122% that you see in there. I would love that to be the fact but we still have had substantial growth in the sales coming through and we are optimistic that we will get good growth out of Africa moving forward.

BRIAN MUSHONGA: Thank you.

OPERATOR: Our next question comes from the line of Risto Ketola from Standard Bank. Please go ahead with your question. Your line is now open.

RISTO KETOLA: Good morning. I hope this time it's working.

JULIAN ROBERTS: We can hear you Risto. Morning.

RISTO KETOLA: OK. Morning. Just two quick ones. You mentioned something about tax issues and Guernsey. Obviously I'm not on top of these things so some commentary on what that is and what the impact on Skandia International is? Then the second question is India; your business in India is actually quite successful by private sector standards. Can you give us an indication of what the sales volumes are and what the profitability is like - not exact numbers but just some guidance because I think this business is totally ignored by most of us?

JULIAN ROBERTS: The first thing is there is an element of the sales of the international business, not too significant but an element of them, where people who have got a pension in the UK under QROPS when they have emigrated are able to take that pension offshore. We provide the solution that allows that to happen. The tax authorities have decided to suspend the main haven where people move them, which is Guernsey, and have said that they're suspending that licence so most companies like ourselves who do that are now looking for somewhere else, and I think it's likely to be somewhere like Malta that that business is moved towards. We think what is likely to happen is it's going to take several months for the business to be set up. Hopefully it will just be a deferment of business but we don't know. That will have a small impact on our International sales during the year while that needs to be sorted out.

RISTO KETOLA: OK. Perfect. That makes sense.

PHILIP BROADLEY: As far as India is concerned, along with China, it's a joint venture, the sales don't fall into APE but the business in India had a good first quarter, recognising that Q1 is, if I recall correctly, the last quarter of the Indian tax year. So sales were up 20% in local currency terms. They're a little bit under R500 million in total, and that's a combination of regular premium and group pension business.

RISTO KETOLA: OK. Can you confirm that the business is profitable?

PHILIP BROADLEY: Yes, it makes a small profit.

RISTO KETOLA: OK. Great. Thank you.

OPERATOR: Our next question comes from the line of Gordon Aitken from RBC. Please go ahead with your question. Your line is now open.

GORDON AITKEN: Morning. Three questions please. Firstly on the UK Platform; you talked before about the Platform breaking even in the first quarter. Please confirm whether this happened. Secondly on the Mass Foundation Cluster; you mentioned a productivity improvement there which is driving some of the growth. Last year you put a lot of advisers through exams. Can you update us on the proportion of advisers which are now through the exams and also what percentage of their time they typically spend on their exams before they've passed? Finally, on the Rand; the stock price has always been very, very correlated with the Rand. That's going to be even more the case now the Nordic business has been sold. What's your view with regards to hedging some of that exposure?

JULIAN ROBERTS: OK. The first thing is I'm not going to talk about profitability because we're talking about sales, but we stand by the comment that we have always made that £20 billion is the significant Assets under Management to get profitability.

The second one; the Mass Foundation Cluster exams – making good progress on exams. We again haven't been quoting numbers but the majority of our people are now through those exams. What we have also done is to combat the fact that there are still quite a lot of people who've got to go through; we have also increased the number of sales people that we've got. Again, things are well under control and we don't think it has significantly affected our sales at all.

PHILIP BROADLEY: So far as hedging is concerned we have, for quite a long period of time, hedged forward the Sterling part of our dividend bill, as opposed to the Rand part of our dividend bill and, as a result of various of the transactions that we've undertaken in connection with the Nordic sale, we have at the moment also partially hedged the FGD surplus that emerges out of South Africa, so that reduces the sensitivity of the FGD result from depreciation of the Rand.

Long term, I really have to take the view that, with the nature of the business as it is, those shareholders who receive their dividend in Sterling do so as part of their own portfolios and will make their own determination of what they want to hedge and what they don't. So, I don't expect the overall policy to change - i.e. we will lock into Sterling dividends for about a year forward but not do anything further in respect of either earnings or balance sheet.

GORDON AITKEN: Thank you.

OPERATOR: Our next question comes from the line of Greig Paterson from KBW. Please go ahead with your question. Your line is now open.

GREIG PATERSON: Morning everyone. Three questions; one is I noted you said you locked in the cost of the Sterling dividend a year forwards. You would have had to make a decision on the scrip dividend. I wonder if you could tell us what the decision is on the scrip dividend going forward? The second thing is I wonder if you could just give us an update on how the first two months of the second quarter have been in terms of US Asset Management? The third question is in terms of hedging Bermuda; it did surprise me that - not consensus though, it appears - there was a statutory profit in Bermuda. I wonder if you could talk about the nature of the guaranteed reserve versus the assets backing it? If I'm not mistaken I thought you implemented a put programme so I was wondering was it because there was a timing difference – the option programme came in later during the quarter – so going forward we should expect much lower volatility there? I'm just trying to understand is there an accounting mismatch or...

PHILIP BROADLEY: If I take that one first. You'll recall that we implemented the full hedge in early March so the accounting profit that arose in Bermuda was a result of the unhedged portion of equity market rises in January and February, so that's what gives rise to the statutory accounting profit.

I'll also deal with the scrip dividend --

GREIG PATERSON: Are you saying that when you implement the hedge, you hedge against the nature of the statutory liability as opposed to, let's say, an economic model?

PHILIP BROADLEY: No.

GREIG PATERSON: Which one of the two?

PHILIP BROADLEY: When we implemented the hedge - again go back and read the preliminary results announcement I think it's pretty clear that the purpose of that hedging activity was to minimise, or to put a maximum amount around, the cash cost of fifth anniversary top ups. Everything else is a second order effect to which I am pretty much indifferent.

GREIG PATERSON: All right - and you haven't hedged the ten year strikes have you?

PHILIP BROADLEY: We have continued with a dynamic hedge programme which partially hedges the tenth anniversary amounts. So, we're about one third hedged, roughly, in terms of the equity element and currency elements of the tenth year payments which start in 2017.

So far as scrip dividend is concerned I think your logic made an assumption which isn't actually valid. I don't have to decide whether to make a scrip dividend election or not. I haven't. Neither has the Board. We may therefore be over-hedged but we have not made a decision about the scrip dividend.

JULIAN ROBERTS: You asked how April has gone in USAM. The trend that started in the fourth quarter of last year continues. I'd say the positive trend...

GREIG PATERSON: All right. Cool. You don't have the May numbers; I assume it's just April?

JULIAN ROBERTS: I'm not going to give any further brief on how we're doing since the first quarter but there are no surprises.

GREIG PATERSON: I thought the scrip dividend was a proxy to capital raise and reduce the cost of your divvy so would you not have anticipated that in the hedge?

PHILIP BROADLEY: No.

GREIG PATERSON: I'll take it offline. I don't understand the point but anyway, we'll chat afterwards.

OPERATOR: Our next question comes from the line of Toby Langley from Barclays. Please go ahead with your question. Your line is now open.

TOBY LANGLEY: Good morning everybody it's Toby Langley from Barclays. I've got a question on the US Asset Management business. Philip, I think you said at the year-end that you had downgraded your expectation of growth for that business and that was what drove the impairment of goodwill on this unit; yet you appear to have been monitoring fairly successful flows in the first quarter. I'm just wondering if the read-through there is that this result you delivered today is, in your eyes, not sustainable given that action with regard to the goodwill? Then, separately, one of your peers in the UK space has been really quite bearish in its comments around the IFA channel and its expecting a lot of disruption with regards to preparation for RDR and perhaps, to a lesser extent, also enrolment. You may have covered this point already but can you give us a reminder of your view on how you feel the IFA channel is readying itself for the second half of this year?

PHILIP BROADLEY: Let me deal with the US Asset Management. I did spend quite a lot of time at the results presentation seeking to separate the issue of how one applied the accounting standards for goodwill to actually the prospects for the business, and the two things are different.

The accounting standard for goodwill requires us to look at the expected trend in cash flows from the business over a long period of time. That accounting has always been done on the basis of an expectation for US growth rate, and from the GDP growth rate, an expected growth rate in the Funds under Management for the industry as a whole. That is somewhat disconnected, frankly, from the short term prospects for the affiliates as individual businesses.

I was careful to make the point in March that that's what we did from an accounting point of view and I think I joked that, from the point when we made the decision to make that impairment, it seemed to be the signal for economic growth to pick up in the US! There is a disconnect and there is no read to be made that, by making a goodwill adjustment in March, we think our performance in the first quarter isn't sustainable. The two things really are quite different.

I've said many times before I think the accounting standard on goodwill is pretty much useless and I attach no real significance to the carrying value that arises from its application in this business or any business.

TOBY LANGLEY: OK. That's very clear.

JULIAN ROBERTS: On the IFA channel, I think there are a number of things going on at the moment. What we have seen - and I alluded to it earlier - is there are a number of IFAs whose sales have gone down quite significantly because the customers are not buying products. I think there are other people in the market who have been more affected by that than we have. I don't actually think that's anything to do with RDR and RDR-readiness; that is just the state of the European economy.

When it comes to RDR and specific readiness the majority of IFA firms that we deal with and I talk to have moved away from commission on to fees and are perfectly ready for that. They have certain people who have passed the exams and not everybody working for an IFA firm has to pass the exam. I think many of them are perfectly ready for that.

I think the piece that some IFA firms haven't worked out yet is whether they are effectively going to lose the "I" and whether they are going to be fully independent and therefore really, they will have to spend a lot of time and money being able to show to the FSA that they have huge knowledge in order to be classed as independent. We think a lot of them will go down the restricted route and therefore that is far less onerous.

So, yes, there is a lot going on in that space but I think a lot is quite understandable. As I say, the firms that I speak to are getting ready without too many issues moving forward.

TOBY LANGLEY: Thanks very much.

OPERATOR: Just to remind all participants that if you wish to ask a question please press zero one on your telephone keypad now and press zero two to cancel. There'll be a further pause while questions are being registered. Our next question comes from the line of Marcus Rivaldi from Morgan Stanley. Please go ahead. Your line is now open.

MARCUS RIVALDI: Good morning. Clearly come early June and you've paid your special dividend, you guided very clearly that that is when you'd be moving on to thinking about the debt reduction programme and completing that. In regards to that, are you minded to move quite quickly to remove that excess interest expense on that debt and improve your fixed charge cover? Or, the comments you've been making about Eurozone; does that really more colour your view that you'd rather hold on to all that excess capital for as long as possible? Thank you.

PHILIP BROADLEY: Some time between June and December we need to repay £900 million, roughly, of debt in order to meet our specific target. Beyond that I have no further guidance to offer or opinions to express.

MARCUS RIVALDI: OK. Thank you very much.

OPERATOR: There are no further questions from the telephone, sir. I'll return the conference to you.

JULIAN ROBERTS: OK. Thanks very much everybody for your questions as normal. I think you can see from the statement that it's steady progress continuing what's happened in the fourth quarter. As I said before I think we've performed well given the state of Europe and, pleasingly, the trend in US Asset Management, the continuing trend in South Africa and elsewhere in the Emerging Markets continues.

So thanks very much for your time. Look forward to talking to you again soon.

OPERATOR: Ladies and gentlemen this now concludes our conference call. Thank you for attending. You may now disconnect your lines.