OLD MUTUAL | plc

Preliminary Results 2007

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Johannesburg & London

Jim Sutcliffe, Chief Executive

Good morning everybody and welcome to our presentation of Old Mutual's results for 2007. We are, of course, here in London presenting from our offices. And I have with me our Finance Director, Jonathan Nicholls. As usual we are linked by satellite to Johannesburg where Paul Hanratty, Managing Director of OMSA is hosting. We are, of course, also webcasting the event live and a copy of the presentation will be available on our website later today.

Joining me in London here, with Jonathan of course, we have Julian Roberts who looks after our European business, Scott Powers who looks after our US business, Nick Poyntz-Wright who runs the UK and for the first time we have got Steffen Gilbert who has joined us recently to head up our Asia/Pacific region. I'm glad that he has been able to join us.

I will start with a brief overview of the group's progress for the year. And then, of course, I will hand over to Jonathan to take you through the financials. At the end I will run through some conclusions and comments about the outlook for 2008. And then, of course, we will have questions - here, in Jo'burg and indeed on the telephones.

Slide: In a year of investment we delivered good growth

Now when we were here this time last year we talked about 2007 as a year of investment. It was a year when we were going to invest in the synergies that were coming out of the Skandia acquisition. We were investing in IT in Sweden, in building out our distribution systems, improving our processes and technologies.

And there has been a lot on the agenda for 2007. And I am pleased to be able to say that we did what we set out to do. We did make those investments. They will stand us in good stead as you will hear later. Of course, we then also got some market turbulence at the end of the year. But despite all of that, Old Mutual grew very fast. Our management and teams around the world successfully faced the challenges that were thrown at them. And I think what you saw particularly last year was that the strategy that we have been following and the structure of the company today gave us a huge amount of resilience and robustness in the world that we faced. Of course, we weren't satisfied with everything. It wasn't all perfect. And there are some areas of the business that I don't believe performed to their full potential. But they can and will do in the future. But overall we were able to prosper, even in the difficult markets in the second half, as you can see on the slide.

Now as you know we talk about ourselves as an asset manager, and of course to be an asset manager you have to gather assets. So the £23.4bn of net client cashflow, which is just under 10% of the opening FUM, twice the world average, is, I think, a very significant growth figure. Now some may worry about the fourth quarter. And of course there were drivers of net client cashflow that were a bit harder in the fourth quarter. Clients naturally being a little bit more nervous about markets. But the net client cashflow in the fourth quarter alone was £6.4bn. Now you can see that that's at a higher rate on average than the first three quarters of the year. So that even in those difficult conditions we were able to grow. Adding investment performance to these net cashflows gives you the FUM, up 18% to £279bn. And you will remember, we started '07 at £237bn. We said we were aiming for £300bn at the end of '08. You can see we are on, in fact ahead of, the rate to get there. EPS of course, and we pointed this out last year as well, was impacted by exchange rates and the strength of Sterling. And I think against that the growth of 12% was a very strong result. And as a result of this performance, and again turning to the bottom number on the slide in front of you, the Board has recommended a final dividend of 4.55p per share, which leads you to the total on the slide of 6.85p per share. That's a 10% increase on last year. Of course, a little bit higher, when you think about it in Rand.

Slide: And we created solid foundations for the future

Jonathan, as I say, will take us through the numbers in detail in a few minutes. But in the end, what we produced financially is a result of what we do. And I would like to highlight some of what we did, and particularly some things that I think will stand us in good stead as we go forward.

As an asset manager excellent investment performance has to be one of our strengths. And that was certainly the case again in 2007. In the United States the percentage of our funds that had returns in excess of their three year benchmark was 83%. Now those of you who have been here for some time will know that that number has been up in the 80s and 90s sometimes for about the last five years. So we have got a consistent record of good investment performance. We had a slightly bumpier ride in South Africa. We took some conservative positions a little earlier than others. But that, of course, will have been repaid at least in part in January as markets tumbled. We have added more asset management capability. And just to mention a few; the acquisition of Ashfield in the United States was completed early in the year; we moved into the boutique style of management in South Africa through the creation of OMIGSA; and we created a leading European multi-manager in the Skandia investment group run by Julian and his team.

Looking at the open architecture world, another of our strengths, we are the leading open architecture provider in Europe. But of course the world doesn't stand still. There are other people out there improving their models. And we had to do the same to retain our competitive advantage. Before we acquired Skandia, in the business we had then – Selestia - we had I think a particular strength in being able to provide services over the internet to IFAs. The Skandia system by contrast had some very good tools that allowed IFAs to manage the portfolios for their clients. We took the best features of both, outsourced the IT to South Africa and India to keep the costs down, and developed Selestia Investment Solutions, which is a new generation platform which was launched in August.

We continue to build scale in our businesses around the world. And of course that helps us on the expense front. And in particular we also started to build heavily in Asia where we have some exciting opportunities. And we have now, of course, with Steffen, created a regional office in Hong Kong. We have continued to focus on Skandia's synergies. We did invest, as we said, we are very much on track for the…in fact we said we were going to do £70m and we have now upped the target to £80m.

Crucially there were some targets that were met on time and certainly in the Nedbank case with a little bit to spare. You know four years ago there was some scepticism about our ability to deliver those Nedbank targets. But here we are today with a 21.4%

RoE in Nedbank. We hit the cost/income target despite expanding the distribution system. And we met another long term target when we received the cash that we promised from the US Life business. We have addressed areas that were causing us problems. I know a lot of people were anxious about sales in Sweden and the Nordic region. So it was great to see the sales going up strongly in the second half of the year. And indeed the strength of the US Life business in the latter part of the year was also very pleasing.

Overall our group and our businesses are on a strong footing. And our teams have worked together well to deliver these 2007 financial numbers. With that, I would like to hand over to Jonathan to take you through those financials. Jonathan.

Jonathan Nicholls, Group Finance Director

Thanks Jim, and good morning.

As usual I am going to start this morning with the group position and then move on to the regions before finishing with cash and capital. I will cover the IFRS results first and then give some details on EV.

Slide: Group financial headlines

As Jim has already said, the group made good underlying progress in what was an investment year for us. Our key revenue generating KPIs of net client cashflows and FUM both sustained positive momentum. EPS was up 12% on the prior year. This is a good result given the dilution from the additional Skandia shares, the drag of FX and the ongoing integration costs of Skandia which were £35m in 2007.

Adjusted Operating Profit was up 11% for the year. At constant exchange rates Adjusted Operating Profit would have been up by 24%. RoE improved again by 120 basis points to 13.2%.

Slide: Group P&L analysis

On this slide I want to briefly move down the Profit & Loss Account. Other Shareholder Income and Expenses at £41m principally comprises head office costs. These increase £8m as we increased our risk and actuarial resources and progressed work on Economic Capital, Solvency 2 and various other initiatives. Financing costs of £119m were down slightly, helped by the repayment of Skandia's subordinated debt in the year. Our tax rate for the year fell slightly to 26%. This reflects a lower special dividend paid by M&F in 2007 as well as lower tax rates in the UK and Germany, but partially offset by a changed profit mix in South Africa. I expect the rate for 2008 to be broadly the same.

Slide: Overall sales levels were solid

Life sales grew by a sound 12% in the year. The standout operations were Skandia UK and our Bermuda operations. Particularly pleasing as well has been a turnaround in sales in Sweden. The following comments are based off local currency numbers. Unit trust sales were flat across the group as a whole. But on a business unit basis US sales increased by 22% and ELAM was up 40%. South Africa turned around a weak first half performance with sales in the second half up 41%, leading to total sales for the year up 5%. In the UK sales were down 30% primarily due to the exceptional institutional investment business in the UK that we experienced in 2006 not being repeated.

Slide: Once again net client cash flows were strong

Net client cashflow is a key measure for us, as it not only shows our sales success but also importantly our ability to retain funds, which remains a key focus of our management teams. Analysing the net inflows by business unit, the UK, ELAM and the US all delivered excellent net inflows of over10% of opening FUM. OMSA negative cashflows were primarily affected by institutional outflows from two multi-managers as the new investment boutique model is settled down. Overall Old Mutual's net client cashflows were a very healthy 10% of opening FUM.

Slide: FUM were up 18% to £279bn

FUM grew £42bn to £279bn with £23bn of net client cashflows and £17bn contribution from market growth.

Slide: Adjusted operating profit growth was broad based

This next slide shows IFRS adjusted operating profit by region and by business segment. South African profits at Nedbank of R9.2bn and OMSA of R7bn grew strongly in local currency, up 32% and 23% respectively. In the UK profit grew 29% to £173m. And in the US asset management profits were up 25% to $324m. Note that in the chart Skandia has been included on a pro forma basis. We have also taken out the minority interests. On this basis IFRS Adjusted Operating Profit increased 12% to just above £1.3bn.

Slide: (Assets x Margins) – Expenses = Profit

This next slide provides a basis point profit comparison by business unit in 2007 against 2006. There is a further slide in your appendix which splits out revenues and costs. The numbers are from our IFRS accounts and therefore are inclusive of DAC amortisation where appropriate. In 2007 we grew margins further, earning 55.2 basis points, up from 54.9bps in '06. So progress has been made. And moving this forward is a key management objective. Once again you can see the higher margins that are earned by the capital hungry life businesses, but also the good margins earned by our asset management businesses.

Let's pick out some of the changes in the year. At a group level the net margin is slightly down year on year. But strong results from banking and the LTI revenue in 2007 as well as PLC expenses and debt being tightly managed contributed to the improved margin. The OMSA margin has declined, but ROC has improved to 24%, up from 23%. This is exactly what we are driving for in this business as we move to a less capital intensive model. US Life has been impacted by the one-off charges put through in the first half. Without these the underlying margin was 111 basis points, slightly up on the prior year. The UK margin improved, reflecting improved revenue margins and expense leverage. Finally the Nordic margin reduction reflects increased costs, for example, the impact of the Liv-Link agreement and reduced revenue margins as fees have been cut.

Slide: Europe – UK & Offshore

Moving on now to the regions starting with Europe. UK and Offshore FUM increased to £42bn reflecting strong net client cashflows of nearly £4bn. This is a good result, and was achieved despite the UK market slowdown that we and our peers experienced in Q4. Skandia Investment Solutions was launched in August and continues to set the open architecture standard in the UK savings market. The business delivered a strong adjusted operating profit performance which was up by 29%, driven largely by high levels of FUM. New business margins remained flat but the management team has been challenged with further improving expense control.

Slide: Europe - Nordic

Moving on to the Nordic region, FUM increased 9% to SEK117bn with net client cashflows at SEK2.7bn. Our management actions delivered a pleasing turnaround in sales in the second half. As previously reported the overnight removal of the tax advantages of the Swedish Kapitalpension product was a challenge for us. And of course we made changes to our commission structure to reduce up front commissions. But we have expanded the fund range and focused on sales force incentives. And this strengthened sales during the second half. Our market shares have increased and we are also seeing the sales momentum continue into 2008. All in all very encouraging. IFRS growth was solid but affected by the new Liv-Link arrangements and the repayment of some double charging of fees going back to 2001 which we identified after taking over ownership. New business margins at 13% were depressed by the new Liv-Link agreement, strengthened assumptions and lower charges. Our management team in Stockholm is focused on restoring margins to our new medium term target of high teens. We have a three year time frame to achieve this. But the one-off synergy costs will not repeat and synergy benefits are coming through. We are improving our IT systems to improve customer service and product range. And our progress on sales will improve our expense leverage.

Slide: Europe - ELAM

Now looking at Europe and Latin America where net client cashflows were €1.8bn. Life and unit trust sales for the year were excellent at 10% and 40% up on 2006 respectively. Performance in Poland was particularly good and we have a strong position there in a fast growing market. Initially however we experienced higher surrender levels and as a result, as we told you at Q3, external acquisition costs will now be amortised over a shorter time frame. New business margins continue to exceed the target range.

Slide: Our post-acquisition review of Skandia is positive

Now to touch briefly on the Skandia integration. Firstly the synergy benefit continues to move ahead and is now forecast at just above £80m. There is a slide detailing this in the appendix. The costs to achieve this are unchanged. So good news. Whilst we have launched our new platform, Selestia Investment Solutions, in a highly competitive market we are not prepared to compromise customer service, and have therefore put back the transfer of the Skandia book by a couple of months. As a result achieving the full synergies will take a little longer than originally intended, but we are delivering more and the programme will be complete by the end of the year. Looking at the acquisition overall it was a transformational deal and Skandia has outperformed our expectations. A positive performance particularly in growth in net client cashflow and VNB has been driven by better than expected performances in the UK and ELAM only diluted to some extent by the Nordic performance. We have delivered ahead of our acquisition models and we are very excited about the prospects for this business going forward.

Slide: South Africa – Life & Asset Management

Moving on to South Africa where good investment performance in OMSA in the first half of 2007 was impacted by a poorer second half. We adopted a more defensive position in our fund management earlier than our peers and expect to see the benefit of that come through in 2008. Net client cashflows were negatively affected whilst OMSA transitioned to the multi-boutique model. We have set the business a net client cashflow target of 2% of opening FUM for 2008, rising to 2.5% in the longer term. Client FUM were up 5% year on year. Sales were solid for the year with both unit trust sales and life sales on an APE basis higher than 2006. Adjusted Operating Profit at R7bn was 23% up on 2006, helped by a 69% increase in the LTIR, and was achieved after increasing the investment guarantee reserve by R879m. The LTIR reflects the strength of the JSE under the methodology which we explained to you this time last year. It is worth noting that by using our LTIR calculation we have not recognised a total of R12bn in AOP over the last three years as market outperformance is taken below the line in short term fluctuations. For 2008 the LTIR methodology will generate an additional 0.1p to 0.2p of EPS over 2007.

Slide: South Africa - Banking

Moving on now to Nedbank which has produced an excellent set of results. It has met all of its 2007 performance targets which were set in 2004. This is a first class achievement and our management team has worked hard to deliver such excellent results. We will move on from here with our new targets which we have already published. IFRS Adjusted Operating Profits rose 32% to R9.3bn and RoE increased to 21.4% from 18.6%. Net Interest Income grew 29%, mainly as a result of the growth in average interest earning banking assets. The impairments charge as a percentage of average advances increased to 0.62% in the period. As expected impairment levels in Nedbank Retail and Imperial Bank deteriorated, but are being mitigated to an extent through tighter credit policies and an early focus on collections, processes and systems. The jaws ratio continued to improve, with total revenue growth at 20.4% being above expense growth of 13.5%, resulting in a significant improvement in the efficiency ratio from 58.2% to 54.9%. Nedbank Group, Nedbank Limited, Imperial Bank, all received ratings upgrade from Moodys and Fitch during 2007, which recognises a successful turnaround of Nedbank over the past few years.

Slide: South Africa – General Insurance

Moving on to general insurance where Mutual & Federal maintained solid results in the context of a highly competitive trading environment with operating profits up 21% to R1.3bn. Gross premiums grew by 9% in the year whilst the combined ratio increased to 95.4%. As we are in a sale process please note that in our accounts we have treated M&F as discontinued.

Slide: US Life

Moving on now to look at the United States, and starting with US Life. Gross sales of $6.1bn were 58% up. Bermuda sales increased by 200%. But note that we are at an early stage in the development of this business and we are still developing our distribution footprint in the VA market. Overall FUM grew by 9% to $24bn and we would expect that to continue in the future. We have supported sales in this operation and in this context the business achieved its target of returning cash in 2007. New business margin of 21% is healthy and above target. You will also recall that in the first half we took a $60m charge in IFRS. Excluding this underlying profits were up 11%.

Slide: We confirm that we have limited exposure to current market credit issues

Clearly we have seen significant disruption in the credit markets which has increased focus on the asset portfolio supporting our US business. On this slide we have summarised our exposure to mortgage backed securities in the United States, specifically to sub-prime and monolines which is clearly very topical. We have small exposures to other sectors affected by the sub-prime concerns. We have provided detail on that in the appendix so I am not going to go through it all now. As you can see here our sub-prime exposures of $763m at the end of December are in the most highly rated tranches. The concentration is in first mortgages without rate reset risk and owner occupied rather than investor properties. Substantial original credit support remains. You will find an analysis of the sub-prime vintages and the tranches they are invested in the appendix. Whilst market value is below book value, it is worth noting that these prices are taken off market not model. We suffered no defaults in our US Life portfolio during 2007 and the overall ratings of our sub-prime portfolio remain stable despite the turmoil in the markets. Looking at our monoline exposure, 85% is indirect or wrapped whilst the rest is direct exposure in the form of investment grade unsecured corporate debt. It was encouraging that S&P affirmed the ratings of AMBAC and MBIA on Monday, albeit that the former depended upon a successful outcome of their bank negotiations. US Life wasn't fully immune to the unfavourable credit conditions however, and recorded $64m of impairment provisions during 2007. For IFRS Adjusted Operating Profit these provisions had only a marginal impact on the 2007 LTIR. Details of the accounting and how we deal with that is also given in slides in the appendix. The investment portfolios aggregate credit exposure remained within expectations and is in line with long term assumptions. But clearly we will continue to monitor this very closely in 2008 and onwards.

Slide: US Asset Management

Moving on to US Asset Management. As Jim has already outlined, investment performance continues to be excellent at our US affiliates. FUM increased 22% to $333bn, now 10% above the $300bn goal that we had set for this business. Investment performance contributed $22bn to growth. We acquired $3bn of assets at Ashfield Capital Partners and net client cashflows were exceptionally strong at $35bn, representing 13% of opening FUM. Another outstanding performance. Strong sales were achieved in Rogge, Acadian and Dwight in particular. Overall gross unit trust sales were up 22% to $3.8bn. We agreed revised equity plans at three of our affiliates, and we made the final payments which had accrued under the old schemes. And total IFRS Adjusted Operating Profits for this business increased 25% to $324m.

Slide: Asia Pacific

Moving finally to Asia Pacific, we have continued to develop and expand our Asian operations. We opened 41 new branches in India, and added over 1,500 new advisors selling our products in China. In Australia, China and India we delivered strong growth in sales and our new business margins are healthy. And we do expect that momentum to continue.

Slide: Adjusted Group Embedded Value

I am now going to go through a couple of slides on embedded value, highlighting just one or two key items. There is obviously much more detail behind this in the results statement. Adjusted Group EV is up 6% and EV per share was up by 12.2p to 173.3p. The movement in EV has largely been driven by the impact of profit flows, investment market movements and positive currency appreciation. This has been partially offset by lower market values of Nedbank and M&F and, as normal, the payment of dividends and of course the share buy-back. Note, however, that on an EV per share basis the buy-back programme has been accretive by approximately 2p per share. EV earnings per share were 17.2p for the year.

Slide: Embedded value by region

Looking at EV on a regional basis, within South Africa we increased the market consistent investment guarantee reserve by R379m in the year. Our total operating assumption changes were negative R272m which was due to strengthened persistency assumptions. However, our overall EV growth in OMSA was strong due to investment performance. I would also remind you that in 2006 we had the benefit from the revised risk margin in OMSA of R711m post tax. In total the contribution from this in 2006 for the group as a whole was 1.7p. In the US you will remember that we revised assumptions on large case single premium immediate annuity business in the mid year. And in the second half experience was broadly in line with expectations. VNB growth in the US was up 60% driven by Bermuda. In the UK VNB post tax has increased 18% to £77m. We have also recognised the impact of future lower corporation tax rates which increased EV by £32m. In Nordic the most significant changes to EV resulted from lower asset based charges. And finally in ELAM our Polish business continues to do well, making large contributions to VMB at excellent margins. The EV was boosted by a reduction in German corporation tax, although this was offset by a strengthening of persistency assumptions in Italy and Germany, and the capitalisation of divisional overhead expenses for the first time.

Before I finish on EV note that we will be adopting MCEV from the end of the year. You will remember that we were early adopters of European Embedded Value and implemented what was perceived to be best practice at that time. The world has moved on since then and like everyone else we need to make some changes to our methodology. For example, using swaps on some occasions rather than corporate bond rates. But we can't do that until the principles and guidelines from the CFO Forum stop moving. Hence we will restate our results onto MCEV at the end of this year which we believe to be consistent with the approach being adopted by our peers.

Slide: Cash generation remains strong

Moving on now to cash and capital. Total net debt within the holding companies at the end of '06 was £2.4bn. A total of £937m of operational and capital receipts were received from business units during 2007 partially offset by just over £0.5bn of operational and capital expenses. £333m was used to pay the 2006 final and 2007 interim dividends. In October we launched our share buy-back programme with the intention of buying back £350m worth of shares across the London and Johannesburg stock exchanges. The total spent in 2007 was £176m. And as of close of business last night our total spend is £282m. Total net debt at the end of the year was £2.42bn, marginally up from the opening position.

Slide: And we maintain a robust Group capital position

Our capital position is excellent, which is why we had the confidence to initiate the buy-back programme. We are keeping within the rating agency measures on gearing and interest cover, and you will be aware that during the year Moody's moved our rating outlook up from negative to stable. The group is well capitalised both in terms of economic and regulatory capital and we had an FGD surplus at the end of December of £1.7bn.

Slide: Financial Summary

So in summary, we made good progress in 2007. We are particularly pleased with our results given that they were achieved both in a year of investment and also during a period of market uncertainty as a result of the tightening of credit conditions during the second half. FUM are growing strongly, both from strong net inflows and investment performance. Our businesses are delivering strong underlying earnings growth. Their scalability and leverage potential is beginning to come through to the bottom line. We have a robust capital position, and our expanded scale and geographic reach creates a strong platform for sustainable growth. We have maintained our dividend growth at 10%. And the Board's policy on dividends remains unchanged.

Thank you very much. I will now hand you back to Jim.

Jim Sutcliffe

Thank you very much, Jonathan.

Slide: We are a resilient business with diverse opportunities

So looking forward. Of course the markets around us are changing and the future is perhaps a little less predictable than it has been for some time. But change, as we know, brings not just challenge but also opportunity. And those companies that are fundamentally strong, and I certainly believe we fall into that category, will find those opportunities and prosper. Our strategy for some years has been to create a well diversified international business. We do now compliment the high RoEs that we have got in South Africa for many years, and indeed the strong cashflow, with the fact that 60% of the assets that we manage are now in the United States. 60% of our Life sales are in Europe. And indeed, hidden slightly inside the other numbers, actually we had $3bn of gross inflows from Asia last year. So you can see the business has sources of revenue that are very well diversified. And around the world our businesses have opportunities.

In the United Kingdom and in Europe our leading position as an open architecture provider puts us in a very good position to take advantage, as anxious clients look for a flexible and transparent way to invest money away from the obscure with profit world. The resurgence of our Swedish sales in the fourth quarter of last year shows the strength of the Skandia brand in Sweden. And in Latin America, to quote but another example, there is huge opportunity in the under-penetrated markets that are there, even in these uncertain times.

In South Africa, as I have said, we continue to deliver, and indeed to target for the future, RoE in excess of 20%. And we will continue to throw off cash from a business and an economy underpinned by strong commodity prices and where we expect GDP to grow, and indeed not just us but economists generally expect GDP grow at something like 4% per annum for the next couple of years. The Budget presented by the Minister of Finance in South Africa last week continued on the path of steady financial management which we have seen over the past decade. And indeed it grasped the power shortage nettle. A black middle class has now emerged and it will continue to grow strongly over the coming months and years. More customers for us. And of course our powerful brand puts us in a very good position to provide a growing stream of products and services to all South Africans.

Our US business, again as Jonathan pointed out, produced high net client cashflow, that hallmark of growth. And the fact that we have produced consistently good investment performance means that we can expect to continue to be disproportionately successful when pension plans are looking for new managers. We have got a good spread of products in the US, both fixed interest and equity, and indeed both retail and institutional, so that we can suit the needs of our clients as they change, and as they face up to the economic realities in their lives. And our Bermuda business gives us a new and wider growth canvas to work on. Our Asian business is still small, despite the $3bn, but it is growing quickly. It is a huge growth opportunity to which we are now applying resources.

Overall the capital strength of the company has allowed us to return cash to our shareholders both through compounding 10% per annum dividend increases and through the buy-back programme. And our business, unlike some others, has been focused on cash and IFRS profits for some time. And that’s a great strength when the going gets a little tough. So we are a very resilient business. We do have that breadth of resources and breadth of opportunities. Tougher markets may slow us a little but we will still progress. There are plenty of opportunities out there.

Slide: We are clear on our priorities for 2008

You have heard us talk about what we delivered in ‘07. And we did deliver on some key objectives. The Nedbank recovery, US Life cash, revamped UK supermarket, are just some of the examples. But there are some more that we are focused on for 2008. Our strategy hasn’t changed. We are building an international savings and wealth manager. We are sticking to our simple business model. Good investment performance creates net client cashflow, builds assets under management, which generates revenue. We then have to hold the expenses down and allocate capital judiciously to produce a good RoE.

We are focused on organic growth in each of our businesses. And that, of course, means that strong investment performance will remain key. And we are committed to retaining, and in South Africa building, our multi-boutique style as the best way of delivering that. We do have the track record that we believe will enable us to outpace others. We will continue to build our distribution systems in many countries, South Africa, Latin America, around Europe, China, in the UK, everywhere. And we will make sure that our sales people stay in close contact with their clients because it is at times like these when there is uncertainty around that their advice is most needed. Of course, clients may need different products, as I have said. They may want to shift their investment focus. And we will shift. We will make those more conservative products available. Our open architecture model makes it easy for us to do this. And we have the capital strength to respond to what clients want. And we will look to take advantage of the markets to build our asset management capability by adding teams and affiliates with strong investment performance records. And we are, of course, focused on delivering the Skandia 2008 targets. We will continue to build out in Asia. We are putting focus on that. And we will be both looking to build the existing businesses as well as other countries and indeed other businesses in those same countries. And, of course, we will be rigorous in our approach to expense management, just in case the assets are …may well be … affected by market values.

So in a nutshell, Old Mutual is focused on the basics; doing the job we have set ourselves, managing our clients' assets well.

Slide: The strength and breadth of Old Mutual positions us well

Old Mutual did, I believe, deliver what it promised in 2007, steady growth in earnings, and if I may say, excellent growth in net client cashflow. Excellent growth in assets built up a very strong net client cashflow. The strategy is clear. The management team is focused on well defined priorities. 2008 may be a tough year for some, but our strategy has made us very resilient in these downturns. Our revenue is diversified. And we showed in the fourth quarter that even in difficult conditions we can grow. We have substantial businesses, as you have heard, in three continents and are building strength in a fourth. We have product offerings in a range of different asset classes, enabling us to build our client base whatever their investment wishes. And we do have powerful strengths which we invest in and build on each year. And there are few competitors that can show our consistently strong performance record. And it's that consistency that pays and, with our leading brands and open architecture products, produces net client cashflow at twice the world standard. Our focus on IFRS and cash has ensured that our capital base remains robustly healthy. And we have been able to support the good dividend increases as well as the buy-back programme.

So despite some commentators' gloom there are many opportunities. Real people are still saving for their retirements all over the United States and all over Europe. In fact I would venture to suggest they are probably saving more heavily now than they might have been a year ago. The South African economy is still growing strongly. And there are huge opportunities for companies like Old Mutual in Asia and Latin America. Of course, it is true that lower markets may reduce our income. But the strength and breadth of Old Mutual gives us an excellent foundation for 2008. We are in great shape to deliver going forward, delivering value to our shareholders. And we do look forward to the future with confidence as we pursue our goal of building a premier international savings and wealth management company.

Ladies and gentlemen, that's the end of our presentation this morning. We are now going to take questions as usual.

Questions & Answers

Greig Paterson, KBW (London)

Two questions:

- One is, you have a lot of headroom on FGD surplus in terms of excess capital but that's obviously not the main constraining factor. There must be statistics with regard to the rating agencies. I wonder if you could just talk about the most constraining statistic and whether there is headroom, i.e. we can see some further buy-back announcements.
- The second one is, there was a fleeting comment about moving from corporate rates to swap rates on the market consistent basis. I wonder if you would venture a guess as to how much that is going to knock the EV - 5%, 10%, 15% or whatever - so we can get some kind of certainty with that regard.

Jim Sutcliffe

I can assure you it won't be 5% or 10% Greig. But Jonathan, just pick up the FGD surplus and what is the constraint, is it the FGD surplus or rating agencies?

Jonathan Nicholls

Yes….and I will recover from the EV suggestion of 20%! Let me talk about the capital surplus and the impact on buy-backs. Clearly we initiated the buy-back programme. It has gone well and we are very pleased. The constraining factor as much as anything is making sure that on the whole, in terms of our outlook for the business and the debates for the rating agencies, that we are able to maintain our ratings, because we do require those ratings for certain of our product lines in certain parts of the world. Clearly though we do look at that on an ongoing basis. Just because we have got a programme running doesn't mean that we are not looking forward. And our management philosophy is that where we do have surplus capital we have no intention of retaining it unless we have got some obvious uses for that in the medium term. There is nothing obvious in the medium term. We would intend to give it back and that remains the philosophy going forward. So it is something that we are currently looking at. We do need to make sure that the business plans and the economic outlook combined with our rating agencies' relationships are managed; and a combination of all of those three things are being worked on as we speak.

Jim Sutcliffe

On the second question, we haven't calculated the numbers so I haven't got an exact answer. But I think one or two pennies per share is more realistic than the percents of 5% or 10% or 15% or whatever number you were worrying about.

Jon Hocking, Morgan Stanley (London)

I have got three questions if I may.

- On the US Life business where are we now in terms of capital budget? We saw some cash coming back [unclear]. Is that going to be a recurring feature in 2008? Are they going to have more cash to grow etc.?
- Secondly, just on the holding company cash flow statement you have given, is it possible to get some breakdown in terms of where the operational receipts are coming by business unit and some of that organic investment line? Is there some way we can link that to the basis points IFRS slide?
- And then finally, I may be misunderstanding the slide on sub-prime in the appendix, but it doesn't seem you have actually broken down what proportion of the portfolio comes from each vintage. You have broken down each vintage by rating but not the other way around.

Jim Sutcliffe

OK. Why don't I deal with the first one. The US Life capital budget. First of all, the business is capable of producing cash each year now. We will clearly make a decision year by year about whether to re-invest it in the business. What we saw last year was a big opportunity to grow the assets in the variable annuity book. And you have the seen the consequences of that. That's, we believe, high quality business and indeed it's relatively low capital business. And we will make choices year by year whether we want it to produce cash or we don't. It's certainly able to carry on doing so for the foreseeable future. But we may choose to re-invest. And we will update you year by year.

Jonathan Nicholls

On the second question, in terms of cashflow. It's a fair point. For 2008 and onwards we have now put in place a much better gathering process to ensure that, planned versus actual, we can start reporting cashflows by business unit geography, but also how we are actually utilising the cash and where it is being absorbed by type. Certainly that's the intention for this year. And assuming that we manage to pull that together - there is no reason why we shouldn't - then we will move towards further disclosure along those lines. Clearly cashflow is crucial. And as an organisation we are focused on assets times margins converting into cash as quickly as possible. So absolutely it's a prime focus for us. The other thing we will be developing over time is allocating capital in that schedule as well, so that we can get as near as damn it cash return on capital from the business units as well. Because that's also an important driver of business profitability.

In relation to sub-prime let me just give you a bit more information that isn't on the slides in terms of vintage sub-prime. 59% of the $763m is 2005 and older. About 15% is '07 and 26% is 2006. But of those in terms of ratings the vast majority is AA and above.

Blair Stewart, Merrill Lynch (London)

I have got two questions. One of them is a very general one for you, Jim. And the other one I guess would be Jonathan:

- Looking at the asset growth in the net client cashflows, 18% asset growth, 10% net client cashflows, good numbers in good market conditions. How do you think the business is set up to perform in less favourable market conditions? And would you need to accept a lower margin on those assets going forward? Because if you don't get a helping hand from markets your net client cashflow figure as a proportion of opening assets might have to be in excess of 10% to get to your £300bn.
- The second question is just on US credit. I think you have been quite clear on sub-prime and structured finance generally. But you do have a large BBB corporate credit portfolio in the US. Spreads there have been widening significantly, particularly year to date. How is that being accounted for, both in IFRS and EV accounting?

Jonathan Nicholls

In terms of the bond portfolio over the last three or four years we actually moved out from the corporate bond market into mortgage backed securities as we viewed them as being better quality credit. So, absolutely yes we are suffering mark-to-market positions on those. But in terms of the accounting, there are some slides in the back of the appendix where this is all split out for you. Under IFRS we take non-crystallised or non-realised losses straight through to equity. Impairments or realised losses are taken into the P&L and amortised over a period of time. So from that point of view it's another book that we are monitoring. We are comfortable with the credit quality. There have been no specific impairments. We have made some impairments on about five of the assets that we hold in there, where there have been actions under US GAAP or IFRS where we feel we ought to actually make an impairment. But that totals, as I said in my speech, $64m. So it is something that we are monitoring and that we are keeping a very close watch on. But I feel comfortable.

Blair Stewart, Merrill Lynch

In terms of EV accounting, Jonathan, are mark-to-market adjustments taken as an investment variance?

Jonathan Nicholls

It is taken as an investment variance below the line.

Mukesh Mittal, Group Chief Actuary

The US EV accounting is based off the statutory accounting so it's based on book value in terms of the income statement. But when it comes to the EV Balance Sheet it is based on market value.

Jim Sutcliffe

On the question of where will the net cashflow go in poorer market conditions: I think that we are pretty well placed for that because we have a wide range of product types. For those of you that have been around for a while you will remember the big shift five years ago away from fixed annuities. Maybe fixed annuities will come back. You are starting to see a positive sloping yield curve. I don't think it's at the right place just yet to make fixed annuities attractive. But there are lots of variants at a retail level. Second, there are things like the mutual fund business in the US where we are only now starting to get Morningstar ratings on the funds, which give us the opportunity to go forward. Third, we have, in Dwight for example, a big stable value product provider. So there is lots of opportunity out there. And if there is a little less money in motion it might be a little bit lower. But I am not worried going into these conditions. And that's why I was pointing out that in the fourth quarter, although you might argue that that was decisions in the third quarter, net client cashflow was £6bn. It was actually just as high as the rest of the year. So I don't think the conditions themselves get in our way. And in some ways I think it clears other people out of the way. The other thing in the US, we have had a value bias in our asset management affiliates. And again if you go back in the past and you sort of look through 2000 when growth managers were all the rage, and we were running hard I think if anything we were rather worrying that growth was going to have its turn in the sun. Maybe we will get lucky and have value have a longer turn in the sun. So I am not desperately worried about it. I think we will continue to produce net cashflow because the investment performance has been good.

David Danilovitz, Merrill Lynch (Johannesburg)

Your answer there on the US asset manager. You see particularly strong flows in the US in variable annuity and the US asset manager. I note that you implemented various equity plans at the US asset manager. Could you give us a feel at how much of future profits that could take away from shareholders. Obviously you need to make sure retention is strong.

Jim Sutcliffe

That's obviously a very important point. I think the concept though is that we make more money for shareholders rather than less by implementing equity plans, if I can put it that way. But the basic pattern, if I can perhaps address the question in that fashion, is that what we like to do is to own 70%-80% ourselves and have the management own 20%-30%. So that gives you a sense of the way we are doing it. So if you look at the ones we have set up and purchased recently - CopperRocks and Ashfields to be precise - you will see they are set up on that 20%-30% basis. There are some variations. There are some where the management interest is in the growth. There are some numbers that are higher than 30% for historic reasons. But that's the kind of average picture, that 20%-30% number that we are looking at.

David Danilovitz

Is there a potential further dilution of that earning going forward, or is the base now consistent with where we will be going forward?

Scott Powers, Chief Executive Old Mutual US

The premise that we are operating on with implementing the equity plans is really a follow on to the long term incentive programmes that were put in place when we acquired United Asset Management. So as those plans have rolled off we are rolling on new long term incentive plans. In many instances we already had them in place. So today we have roughly 12 out of the 19-20 affiliates that have equity in some way, shape or form already in place. So the managers in the business share in the long term growth of the company. They share in the value creation and they share in income through dividend distributions just as we receive them at Old Mutual. The premise here is that we are going to have more stable teams that are able to produce better long term investment results that will drive that net cashflow that Jim talked about, that will drive FUM. The impact of the plans, with the magnitude that Jim has discussed, if you look at our year over year growth which was assets are up 22%, operating income is up 25%. But if you will, note margins are flat at 27%. The impact of the new equity plans and what is going to be listed as minority interests as we go forward is roughly about a 2% impact on the margin. So that may give you some measure as to what the impact on overall profitability is. And again the margin is impacted slightly, but we are convinced that the growth rates are going to be better than our peer group and better than industry average. And we think that's a good trade.

Jim Sutcliffe

And I think it's fair to say that the bulk of the assets or the bulk of the earnings of the US asset management business are already in this format. So what is yet to come is relatively modest in fact overall.

David Danilovitz

And just on the variable annuity sales, the continued strength we have seen in quarter four, is there a continuation of roll-out of distribution? You have obviously, Jim, hinted to this in your presentation.

Scott Powers

Yes as Jonathan said this is a business that is in its formative stages. It is really offshore a bank assurance model. And we are distributing variable annuity product US-style, variable annuity product offshore through a variety of partnerships with leading banks. So our bank footprint is expanding. The number of distribution partners we have is expanding. We have very high quality relationships there and there is an appetite in that marketplace for high quality, open architecture, variable annuity-style products with some limited guarantees on a five and ten year horizon. So we think there is going to continue to be demand in that space. I think what Jonathan was referring to is that as we work off the law of larger numbers you are going to see a diminution in terms of the growth rate year over year. I don't expect that we are going to see another 200% increase in variable annuity sales as the book gets bigger. But we do think that's an attractive market. As Jim mentioned, it's relatively low capital strain, and it gives us very strong operating margins.

Jim Sutcliffe

And just to add to that, you know that the way we think about business is net client cashflow and FUM. So it's about growing the FUM book there rather than growing the premium book.

Michael Christelis, UBS (Johannesburg)

Just two questions relating to the South African businesses:

- Firstly just with what transpired over the year at OMIGSA are you still confident that the boutique style structure was the correct way to go?
- The second one is just, with the showcases you did in June, you guys presented

that you were hoping to achieve 20% real reductions in policy costs over the next couple of years. Now in the face of increased inflation and decreased GDP growth estimates in South Africa, are you still confident you can achieve those?

Paul Hanratty, MD OMSA

In terms of the boutique structure, we are very confident that it's the way to go. If you break down the negative net client cashflow that we had during the year I think we can attribute roughly half of it directly to losing a couple of key fund managers and, on the back of that, losing multi-manager mandates. And then the balance of it actually falls in some of our more traditional core equity and balanced funds which is precisely the reason that we are moving away from running those kinds of funds for customers, because there is no doubt that the swing is towards much more specialised fund management than core. So I think, put differently, if we hadn't migrated I think in the long run the position would be much more difficult for us. And I think that what we have found is that it is taking time to convince the market because we don't clearly have long track records for each of these boutiques. But I am very happy that the management has stabilised in each of them and that we are beginning to position each of those as a unique and specialised area of operation.

On the cost side, actually we exceeded all our targets that we set for ourselves in unit cost reductions in 2007. And if anything we are more bullish. I do agree with you that inflation in South Africa is actually on the rise but at the same time we are beginning, through our LEAN methodologies and process improvements, to see that there is the opportunity there to really flush out savings. So we are not intending to change our targets at all in terms of unit cost reduction.

Colin Hundermark, Credit Suisse (Johannesburg)

I just wondered if you could give us some colour on your expansion strategy in Asia Pacific; is it more the asset gathering or asset management type; and any particular regions that you have in mind.

Jim Sutcliffe

We are at the early stages of this. I think first of all the immediate goal and the easiest thing to do is to build the existing businesses. And actually we include Australia in that. We don't talk about Australia very much but we have got probably AUS$20bn under management at the moment, partly through one of Scott's affiliates, but primarily through Intech in the Skandia Australia operation. But just putting that to one side, as I say, growth in the existing businesses, we are targeting to have 150 branches in India for example by the end of this year. So that's another 50 or 60 from where we were at year end. And in China we have got a licence in a third province now, so we will have two or three more cities to open into. We only started in the two secondary cities in the Zhang Xu province in September/October last year so they are hardly off the ground. They will start to come on stream as well. So by the end of this year, we should be in eight Chinese cities. We started last year in two. So you can see that kind of growth. As far as the new businesses are concerned, I think the immediate opportunities where we see most potential - but I wouldn't like to think of this as a restriction - are in the asset management industries, where it is clear that they are nascent in China for example, and there are big opportunities with some very big pools of assets. And in India also we see the asset management industry is naturally building into our multi-boutique style. And so we will be pushing there as well. There are some other countries that we will look at. And primarily what we are thinking about is not so much the ones that are well penetrated by people who have been there for a long time, but rather the more under-developed markets. But we will update you as we go along. Steffen has only been here about five weeks so I think we are still at an early stage of deciding. But that's our thinking at the moment,

James Pearce, Cazenove (London)

A couple of things:

- First of all you have adverse experience variances in South Africa in the second half, having had favourable experiences in the first half. Can you talk, not about the specifics as to why there is that reversal, but just your attitude to assumption setting. Because we have this most times you report and once again we have got over-optimistic local assumptions being reversed at the year end. How do you plan to improve that assumption setting process so that we can rely with greater confidence on the EV numbers?
- Then secondly, I am interested in your very positive outlook comments on Skandia. Obviously those guys had a few problems in the last bear market. And even taking American Skandia out of the equation, in what way has Skandia's business model changed that makes you so sanguine about their ability to trade positively in a bear market environment?

Jim Sutcliffe

First of all, what were the issues in South Africa. I think Jonathan talked about the investment guarantee reserve. That is really simply an update in actuarial practice. There is nothing desperately exciting about it. The guarantee - if you like the real cost of the guarantee - is probably lower at the end of the year than at the beginning of the year because inflation rates are higher and returns are probably higher on the long term absolute level basis. What we did do in South Africa during the second half of last year was take some decisions in relation to the corporate business in particular where we saw margins changing in the market around us and we reflected that in both our products and indeed the assumptions that were made about margins going forward. I think that the overall experience variance for the company was -0.3p. I don't think that's very big, James, to be honest, in the total. The basic structure of our EV Operating Profit is about 9p of unwind of discount and earnings on NAB and all that; about 5p of VNB; about 6p from non-covered business; and the rest is assumption setting. So it's about 20p. And there is a little bit of risk margin recalibration in there. So I don't think the numbers are out of whack. And I certainly don't believe that the underlying basis was wrong. I also think that in the end the EV per share, which I think is a more interesting statistic than the profit number, was probably a bit ahead of people's expectations. So we do and we have introduced a new control system on this during 2007. And I am comfortable that it will be set properly going forward.

Just on Skandia, and why is Skandia different in this bear market to the last bear market. I think, first of all, you have to look at it by region. I think where we are in Sweden is considerably different to where they were - I can't absolutely speak as clearly we weren't the owners last time around. But Julian and his teams have put a lot of effort into clearing the stables. Without wanting to be too rude I think what they had done in the past wasn't always very clever. And I think we have just said "look, get all of that behind us. Now put us on a basis where the brand is clean, where everybody can go out with their heads held high and get with selling." We have done 99% of that. So I think that's why it is different. The stable is clean. As far as ELAM is concerned, I think the way in which we are running that business is also rather different from the way Skandia in the past ran it. Much more is built around a couple of hubs and that in itself will produce some stability in the systems. As far as the UK is concerned, clearly it is a business that has got its nose in the market, if I can put it that way. But I think that the open architecture model is now so much more clearly the dominant model in the market that whatever happened before isn't really a good guide to what happens this time around.

Matt Lilley, Lehmann Brothers (London)

A couple of questions:

- First on the IFRS assets times margin slide. If this is the right way to think about the business and how it makes money could you give us some indication of where you expect those margins in the individual business units to move, say over a three year view.
- And then secondly, on Nedbank. Now that it has hit its profitability targets, don't you think that this is a good time to look at selling your stake in Nedbank?

Jim Sutcliffe

Let me deal with the second one first. We have obviously been watching Nedbank closely. It has done well. I still think there is more to come out of Nedbank. To try and sell it would be dilutive. And I think that it's something that we would not be keen to proceed with in any great hurry. I think that it's good business. I think it's one that does create a good platform for operations in South Africa. So no, we are not in the business of selling Nedbank.

As far as assets times margin are concerned and targets, I am just sort of pausing gently as to whether we want to give targets.

Matt Lilley, Lehmann Brothers

Even directional range.

Jim Sutcliffe

OK, we can talk to that. Just to go through them one by one.

The OMSA Life one, first of all, there is an effect in there this year of pushing up the guarantee reserve. So the change from '06 is rather exaggerated. But what we have said over time, and I think what Jonathan referred to in his words, is that the principle of moving from Life, in other words heavy capital with guarantees margins to unit trusts, lower capital lower margin world, will mean that number probably trends down over time. But I don't think it's going to trend down from the 2007 number just because there is the IGR thing in there.

The OMSA Asset Management number you can see is fairly stable. That number is actually a combination of some true asset management, if you like, and then there is

OMSFIN in there which has some capital attached to it. So it has got some slightly higher numbers. But it's probably pretty stable I would guess.

The US Life number, I think Jonathan mentioned that putting aside what we did at the half year the number was 111. And I wouldn't see that changing. Bermuda won't change that a huge amount. It is quite a nicely priced business. But it's got slightly lower capital, so the RoE is different, but I don't think the margin would change that. But that kind of 110 kind of order of magnitude is about right.

US Asset Management; it has been stable in that area for a while. Scott already talked to the fact that we would love to have 30% margins. That has been the number we have targeted. But it doesn't change that number hugely. It might be 12 rather than 11.5.

The UK number, we have this debate internally. I will tell you, I think the number is 50! The Nordic number should go up a bit from there, but not a lot, because there is a lot of margin pressure - I think it's more about expense control than revenues going up.

The ELAM number should go up. I haven't got a number in my head. But I would have thought it should be ….say a couple of 10s…... double. I am picking a number out of the hat a bit. It's a lot higher than it is there, because it is immature and it isn't anywhere near what it can do in the long run.

The Nedbank number. We said and have said for a long time, if you think banking speak for a moment, the number is 130 after tax. And we said that four years ago. So 166, I would guess, is roughly 130 pre tax. Because these are pre-tax numbers.

Does that give you a sense of where we are going?

Jonathan Nicholls

One of the things that we have been doing as we have gone through the planning process is we have, for new business, been targeting a higher return on capital. Because we are trying to move our internal capital up. You saw the movement that we had in 2007 and we would hope that would continue. Easy to say as well, we also want to absorb inflation on expenses. Now clearly there is a leverage impact that you get through volume. But as a management target, we have had that out, and we have been challenging the management teams to do that, not just out in the business units, but here at head office as well. So there are various other targets that we do have that would drive hopefully improvements in that margin number.

Ragu Hariharan, Fox Pitt Kelton (London)

Three questions; two specific ones and one just general one on South Africa.

- On the UK business obviously you are seeing a switch, or you are saying that you will see a switch, in the collective investment schemes, given the impact of CGT, and you have a margin target which is 11%-12% and your 10% [unclear]. I was just wondering how is that going to work, considering that these pressures would work on new business this year?
- The second one on the UK was on the EV in-force profits. Roughly a third of the in-force profits are actually positive assumption changes. I was just wondering what the drivers were in terms of what is driving the assumption changes?
- The last one is on South Africa. I understand Jim what you were saying about 60% of your net client cashflows were driven by the US, but 78% of your IFRS profits are actually derived from South Africa. And I am just wondering, given the hard inflation and lower growth prospects in South Africa, how is the business positioned in your

view to drive IFRS profits this year and next year?

Jonathan Nicholls

A couple of major assumptions changes we had in the UK: Firstly we changed the corporation tax rate in the UK from 30% to 28% going forward. And we have also taken a little bit of an increase on rebates, but only a little bit. Most of the rebate performance comes through in experience year by year and is a positive.

Julian Roberts, Chief Executive Skandia

Many of you have heard from other places around the UK that it's still not clear at all what the implications are going to be for customers of the CGT changes. There is a lot of work that we have put through already to try and make that assessment. And it's difficult to tell how much of the portfolio will change. There clearly will be a degree of movement. And I think the fact that we have got the leading platform should mean that we should be a winner from this situation if customers do move their business. Because of that we are still sticking to that 11% target that we have got. It's very difficult to make a true assessment at the moment. All I would say is it's going to be a little bit tougher to get there.

Can I just go back on a previous question that James asked about is Skandia different. I think there are two things that I would add. I think first is risk-based asset allocation tools. These have improved really quite dramatically over the years and therefore customers have got a far more balanced portfolio than they would have had. So it's less just outright equities. The Swedes still have a very high equity content, but they are much quicker at switching within the portfolio tactically and then switching back again. And the second one; one of the real reasons why we formed Skandia Investment Group was that we could roll out defensive strategies very quickly across the whole of the Skandia Group. And you will have seen the *Best Ideas* or the *Strategic Best Ideas* has been a great success in the UK and we are rolling out a European version. So there are other things that we are doing that I believe will mean that we are in a much better situation than Skandia would have been in the past.

Jim Sutcliffe

Thanks Julian. That's helpful. We are obviously running out of audience here!

The third point about IFRS profits in South Africa. In June or whatever month it was last year, Paul laid out the sort of pattern. It's likely to be flat or a little flatter than we all might like in the short run before it increases as you get the switch-over from the old blocks to the new blocks. But I think, as Jonathan said, the strength of the JSE over the last while will still come through into 2008 which will help us a bit. On the banking side, I think we can still make good progress for the RoE. I think in the short term the normal range for impairments at Nedbank is something like 0.55-0.85, that kind of number. We had a 0.62 in 2007. We think we will probably be within the range but at the higher end of the range this year. So there will be some impairment drag just because there always is in this part of the cycle. So maybe slightly flatter growth this year than clearly the recovery growth that we have had in past years. But we should still see good underlying volume growth in Nedbank as well.

Jim Sutcliffe

OK Well that brings us to the end. Thank you very much everybody. If there are questions individually we will be happy to answer them. But thank you again.

END.