OLD MUTUAL LIMITED SHOWCASE
TRANSCRIPT

1 November 2017

Bruce Hemphill: A very warm welcome to the showcase for Old Mutual Ltd, here in Nedbank's main auditorium. I'm delighted to see so many of you here today. And a special welcome in particular to those of you who've flown in from overseas. Today's event is a live webcast, and replays will be available on our website. The presentations are also up on the website, and we'll publish the various transcripts at a later date.

When we announced the managed separation, I told you that we would in time deliver four strong businesses so that each business can be owned by those investors most interested in it, and importantly, are most able to value and support it.

I arrived at Old Mutual exactly two years ago to run a global financial services business. And I never thought I would be standing here two years later talking about a managed separation process. But I'm now more convinced than ever that it is the right thing to do. And although this process does throw up and will continue to throw up surprises, I'm very pleased with the progress that we've made. We have substantially sold down our stake in OMAM, and that business is now independent.

We have reshaped the board and the management team of the UK wealth business and sharpened its strategy, and that management team will present to the market in two weeks' time on 15th November. I'm very excited about the growth potential of the business; we have an opportunity to consolidate the advice market and to deliver increased returns with increasing operating leverage. And I think shareholders will get an asset that is really well positioned in a fast growing market.

Today is a very significant day for us because we are now close to completing the major separation steps, and this is the first time that we will talk to you about the future of Old Mutual Ltd, or OML as we call it. And this is of special significance because this is the home of Old Mutual, and OML will be the company that carries forward the Old Mutual brand. And here, we've also made significant changes. There is a new CEO and CFO, and we reconstituted the board as you would have seen from the announcement that we made on Monday. And this new board and management team have identified and are tackling the issues in the business head on, and you will hear about this later.

I want to point out that what you will receive next year as OML is not the final product of the managed separation. As you know, OML owns a controlling stake in Nedbank, and will continue to maintain this stake for several months after listing next year to allow the share register to settle before distributing most of the shares. And we've announced today that OML's remaining strategic minority holding post the unbundling will be 19.9%.

I've said it many times before: Nedbank is a great asset for shareholders to own, and OML will maintain this minority stake as a foundation for the continued strategic relationship between the two entities. The distribution of most of the Nedbank shares then completes the managed separation, and you will then own three independent, strong and well positioned businesses.

Now in the next few hours you'll hear from the newly appointed CEO designate of OML, Peter Moyo, and his team. And because Nedbank will be a significant part of OML at the point of separation, Mike Brown and Raisibe Morathi the CEO and CFO of Nedbank respectively, will also present to you today.

And you'll also hear from each of the business segment heads, and hopefully those of you that attended the breakfast this morning had a chance to chat to the management team. If not, you'll have another opportunity to do so straight after the event at the drinks reception outside this auditorium, but obviously do feel free to ask any questions during the breaks as well. And we'll also have Q&A sessions throughout the day. And we hope to finish around 16.30. But that is dependent on the complexity of the questions that you ask.

Now before handing over to Rob Leith who is our director of managed separation – he will update you on the process – I'd like to share with you some of my views.

The Old Mutual and Nedbank businesses are well positioned in South Africa and, like the Wealth business in the UK, these are great businesses for shareholders to own. On the wider African continent, they're geared to benefit from demographic tailwinds and long-term growth drivers. For instance, the rates of insurance and banking penetration remain low, particularly in east and west Africa. And the populations are large and growing rapidly and the young middle class is becoming increasingly urbanised. This results in a growing demand for financial services, so these businesses have a real opportunity to grow long term value as these markets develop.

It's really important that the leadership teams deliver step changes in the performance of these franchises, and I think the steps that they have already taken demonstrate that they can and will do so. I'm a firm believer that once management is freed from the shackles of the conglomerate structure, they become more dynamic, they become more disciplined as a result of direct market scrutiny and, more often than not, this results in better operational performance. And I believe this will build shareholder value and secure the future of these businesses.

The South African business within OML is a consistent generator of cash and high returns on equity. Outside of South Africa there are mature businesses in the SADC region and platforms for growth in east and west Africa. Old Mutual is a great business with a fantastic brand, a very large African customer base, an infrastructure that the management team will use more efficiently and more effectively to deliver increasing amounts of cash to shareholders.

I know from experience that Peter is tough on costs and is focused on maximizing value. When he was one of my non execs in a previous life, he was on my back about this issue all the time. And I think his early actions prove this and you will hear more about how he has reshaped his ExCo, hired a CFO with public market experience, and set out his key battle grounds. He's really getting into the meat of the business. He's a roll up your sleeves kind of guy. By nature he's not a showman, but knuckles down and gets things done. And that is why we brought him in to lead this business. And I firmly believe that Peter and his team will demonstrate the quality and strength of the Old Mutual franchise, and its ability to deliver solid growth and returns for shareholders.

Turning to Nedbank, it's an extremely well run and well capitalised business with good risk adjusted returns. A really strong core banking franchise, and the ability to grow in its home market here in South Africa, in SADC through its Nedbank businesses, and in West Africa through its 20% stake in Ecobank. The business will benefit from a bigger free float, from the freedom to operate completely independently, which will be provided by managed separation. Mike and Raisibe already have the pleasure of you guys looking over their shoulders, with their 46% free float in the shares. They have already announced plans for delivery of pre tax benefits of 1 billion rand by 2019 from target operating model changes, and their target for the cost income ratio is 50% to 53%. They also continue to work with Ecobank in delivering an ROE above their cost of capital.

At the interims we highlighted that the economic outlook for South Africa was improving, and following the medium term budget policy statement last week, it's clear that there are still challenges in the economy and it is crucial that both businesses respond decisively to the lowering of their revenue growth path with significant action on costs, so as to deliver good earnings growth.

As you will have seen in the past few weeks, we have made good progress in our managed separation strategy through the execution of various corporate finance transactions. I'm very pleased that we completed the Kotak sale, and are in the process of further reducing PLC debt.

We are still in the process of attaining the various regulatory approvals, and while all indications are positive, it's the one part of the process that we don't control.

So in summary we are pleased with the progress we have made on managed separation and we believe we remain on track to materially complete this process by the end of next year. Old Mutual and Nedbank are both high quality businesses and despite the challenging environment in South Africa I'm confident that they will deliver good cash returns and deliver value for shareholders over the long term. Ill now hand over to Rob.

Rob Leith: Thank you Bruce. A very good morning to you all. To provide some context for the presentations you'll hear today, I want to give you a reminder of the managed separation process, an update on the progress we've made to date, and the next steps.

I intend to be as brief as possible. The real focus of today is not a detailed managed separation update, but is intended to give you the opportunity to familiarise yourselves with the quality and potential of the Old Mutual and Nedbank businesses.

Many of you will recognise this slide which we've used consistently to present the managed separation process, and which represents our base case view of the transactions we intend to execute to deliver our strategy. This base case remains unchanged. It's important to bear in mind that the managed separation is designed primarily to deliver the underlying assets to shareholders who want to own these assets, rather than to realise these assets. The ultimate nature and timing of the transactions remain dependent on the readiness of the businesses to be independent, and the various regulatory consent processes we just touched on, and on any alternatives that could yet emerge.

Starting at the top, the OMAM business is already independent, and once the second tranche of the sale to HNA completes, representing just under 15% of the shares in OMAM, we will hold approximately 5% of the shares and no longer be represented on the board. This is scheduled to happen before the end of the year again, provided all required regulatory approvals come through. The remaining stake can be seen as a liquid asset available for realisation.

We're on course to list both Old Mutual Wealth and the new South African holding company Old Mutual Ltd at the earliest opportunity in 2018 following the announcement of our 2017 results. Old Mutual Wealth will be demerged to PLC shareholders with a possibility of an IPO element, while Old Mutual Ltd will hold the existing Old Mutual emerging market businesses, as you know, the Nedbank stake, as well as any remaining PLC assets and liabilities.

We then anticipate a distribution of approximately 34% of Nedbank by Old Mutual Ltd, to its then shareholders, whilst retaining a 19.9% strategic stake. As Bruce has already mentioned, this will be the final step in the managed separation process, and will take place once the Old Mutual Ltd. share register has settled post listing.

We have met our stated objective of a material reduction in PLC debt, and have made good progress in winding down the activities of the London head office in the more than 50% reduction in staff to date. We expect the head office to effectively close post the listing of Old Mutual Ltd next year.

So where do we stand today?

We believe we're making excellent progress and the businesses are getting into shape for independence. As Bruce touched on, we've reshaped the boards, management teams and operating models. We've redefined strategies and business unit perimeters.

At the PLC, we've realised non-core assets, and are comfortable that we have sufficient financial resources to complete the strategy. Our overall guidance on costs remains unchanged.

The previously announced sale of our Indian business completed on 13th October, the PLC receiving net proceeds of £138 million.

On 25th October we launched cash tender offers on our two remaining tier 2 debt securities, and are aiming to spend approximately £560 million across the two securities using available liquidity. Expected settlement dates of all transactions is 24th November.

We are focused too on ensuring that at the point of separation Old Mutual Wealth and Old Mutual Ltd have balance sheets which meet their regulatory capital requirements, provide capacity for future growth, and can generate appropriate returns. It will take further time to give effect to this and we therefore continue to be conservative with cash.

The process of engaging with our various regulators and other stakeholders is ongoing and we continue to have a good and constructive dialogue with all of them.

From the start, we said that we needed to balance value, time, cost and risk, and the interests of these diverse stakeholders. And that's exactly what we're doing. We're driving the managed separation process hard because the longer it takes to change the current structure the more it will cost and the longer it will take for shareholders to reap the benefits of the strategy.

This slide shows the structure that we envisage for Old Mutual Ltd which, it is planned, will have its primary listing on the Johannesburg stock exchange, and secondary listings in London, Namibia, Zimbabwe and Malawi. The structure on the left-hand side of the slide reflects the position immediately after listing, and on the right-hand side shows the structure post the subsequent Nedbank unbundling. We'll be hearing today from the management teams of each of the segments on that slide. Finally, the residual PLC entity will become a subsidiary of Old Mutual Ltd, and will comprise the remaining assets, debt and any other actual or contingent liabilities.

So what are the next steps? Firstly, to continue to engage with the regulatory and other stakeholders in order to obtain the necessary approval. We expect to publish listing documentation for both Old Mutual Ltd and Old Mutual Wealth as soon as practicable after announcing our full year 2017 results, currently scheduled for March next year. Along with the listing documentation, a shareholder circular will be published detailing the transaction timetable and the shareholder meeting required. We are on track, as we said, to materially complete the process by the end of 2018 followed, as I said earlier, by the unbundling of Nedbank.

To wrap up, as we stated at the outset of the managed separation process, we are in essence aiming to achieve two things for our shareholders. In the first instance, we aim to release the value trapped in the structure. Both by winding down the PLC head office which will deliver approximately £95 million in run rate operational cost savings, and by unlocking the conglomerate discount which we believe has been in the region of 10% to 20% of market value.

Secondly, we aim to create additional value, by driving enhanced performance from individual businesses, by closing the valuation gap with our peers, and by ensuring that each business is owned by those shareholders who are best placed to value and support that business.

Thank you for listening to me. I will now hand over to Peter Moyo, the CEO designate of Old Mutual Ltd. Peter?

Peter Moyo: Thanks, Rob. Good morning. I am Peter Moyo, Chief Executive of Old Mutual Emerging Markets and CEO designate of Old Mutual Limited.

I have recently come back to the group having previously joined in 1997 two years before demutualization and listing in London. I am excited about leading the business at this exciting time as it returns to its rightful home – Africa.

Our business is currently reported as OMEM within plc, and as you have heard from Rob, this will form the new holding company, Old Mutual limited, post the unbundling of Nedbank. Post the unbundling, our business will have a strategic holding of 19.9% of Nedbank as a foundation of the continued relationship between the two entities.

Our Group has very clear opportunities ahead of it.

We are well positioned in South Africa the biggest financial services market in Africa and we have exposure to successful businesses in the SADC region and we are exposed to the fast-growing economies of East Africa. We are approaching our entry into West Africa with discipline and caution.

The group is very cash generative and will continue to be so. We have the opportunity to be cost leaders, and we will be disciplined about the allocation of capital. We have businesses that are clear leaders in their segments and we are gearing ourselves to do better in those businesses where we have fallen behind. For example we are building on the turnaround of our Property and Casualty business in South Africa.

We have some very exciting opportunities ahead. We are well positioned in substantial growth markets where many of our competitors aspire to be. We have a benchmark brand that resonates with trust and integrity, something which is especially valuable in emerging markets. I am particularly proud of the crucial role that Old Mutual plays as a champion of financial inclusion and the responsible investment of customer funds.

We provide a full spectrum of offerings in financial services with the scale and capabilities to further grow market share, especially if we adapt these offerings to build our sub-Saharan Africa franchises which are the future growth markets.

Old Mutual's investment case is underpinned by robust cash generation from our South African and SADC businesses, which have consistently generated good returns, based on our leading position in most of the segments in which we operate.

So, we are already a strong business well positioned for growth, but I believe we have substantial opportunities to drive further growth through operational leverage. We will work hard to boost sustainable RoEs across the board through our 8 areas of focus in what we call our key battlegrounds. They will form the core operational priorities over the near and medium term, and I will talk more about these later on.

We remain focused on refining our plans and management actions to deliver on shareholder value.

We manage R1.2 trillion of client assets and made R12.7 billion of AOP last year – South Africa makes R11 billion of this.

The markets we are in, present great opportunities, but Africa is not a homogeneous market. We have 5.5 million customers outside of South Africa out of a total of 11.6 million. Each market is very different, for example: money transmission in Kenya is by mobile means more than anywhere else; and regulation of bancassurance is different between Ghana and neighbouring Nigeria.

We believe we have the appropriate product offering, market positions and flexibility to make the most of these opportunities.

Let me highlight two examples where we have been very successful:

In Zimbabwe, despite the troubled macro-economic background we have achieved a market-leading position.

In Namibia, we have leveraged the product design of our South African business and replicated the success of the Old Mutual Finance and mass market segment branch network.

So, whilst we need to be very flexible in the way we run these businesses at a local level, our experiences in Zimbabwe and Namibia show that we have the flexibility and the expertise to be successful across the full suite of financial services. As you will hear from Iain and Richard later on, we insist on high quality risk management and basic business efficiency, to help us decide how we allocate capital and get the right risk adjusted returns in a disciplined manner.

We are in the right regions and can add value to shareholders by selling more to our existing customers and expanding in our core competencies, for example, low admin costs per policy at Mass & Foundation Cluster, as well as underwriting and pricing skill.

Our intention is both to grow our customer base and to deepen our relationships with them. We can do more with, and for our 11 million customers. We must understand their needs better in order to deliver appropriate and meaningful solutions for them. In this way, we can improve our share of their financial services spend.

We delivered reasonable profit growth for the first half of 2017, despite the challenging macro-economic conditions and regulatory headwinds in many of the markets within which we operate.

Consumers are under strain, and growing the top-line has been challenging. Still, we see some supportive dynamics for the future.

The chart on the left shows where we derive our revenues at the moment. In South Africa - the large dark green bubble - we have a strong position in the largest and most resilient financial services market in Africa.

South Africa is a relatively highly penetrated market and currently a lower GDP growth rate, so we will ensure continued earnings growth through cost efficiencies and re-energising under-performing businesses through turnaround initiatives which are underway.

In East Africa by contrast - starting GDP is lower but GDP growth rates are very high. The prospects for sales growth and long term profit growth are therefore good.

If you look at the chart on the right, population growth outside South Africa is relatively high. In East Africa, traditional financial services penetration is low but expected to increase as technology enables leapfrogging in economic development. This is a really exciting opportunity to deliver critical and enabling financial services to the population. It is a sweet spot of moderate to high GDP and population growth rates with a low penetration rate in financial services that is about to rise rapidly. The long term growth opportunity is clear. We believe technology will accelerate higher penetration in the financial services market. This provides us great opportunities for innovation, and efficiency, into the future.

There are similar dynamics in West Africa, where anticipated GDP growth rates are closely tied to commodity prices and are more moderate than in East Africa.. Still, it is positive growth combined with low penetration rates of financial services and so another good opportunity for us. The key difference from East Africa is in terms of timescales.

Each region provides different opportunities set over different time periods and we need to approach each of these with local know-how and skills; together with best practice controls and governance.

Having established that we are adopting a customer centric approach and that we have great growth opportunities that lie ahead, let me now talk about what we do to meet customer needs.

We have a range of solutions and service offerings across the geographies in which we operate - this is particularly the case in South Africa.

Our Mass and Foundation Cluster targets individuals earning between R1000 to R20 000 per month. It offers funeral and simple savings products together with unsecured lending. Whilst historically we have operated through tied advisors, we now also operate in the 300 odd Old Mutual branch network you see across South Africa. We have by far the largest market share in the industry, at 50% plus compared to our quoted peers.

Personal Finance offers more complex life, savings and protection products aimed at individuals, typically earning up to R80 000 per month. Here our market share is in the mid-teens. We are now running Personal Finance on its own, having previously reported it within the Retail Affluent segment.

Both Mass & Foundation and Personal Finance clusters have established positions in South Africa and contribute approximately 50% of current OMEM earnings.

The new Wealth & Investments Cluster is made up of Old Mutual Wealth, which was previously reported under Retail Affluent, and Old Mutual Investment Group (OMIG). This cluster has a retail, advice-led wealth business targeting those earning above R80,000 per month. It has a substantial market share, especially in the platform business, and it also offers investment strategies to clients as well as investing shareholder funds. It provides access to our bespoke investment solutions across listed and unlisted assets, including private equity, specialised credit and responsible investing. This had R695 billion of funds under management at the end of 2016.

Moving away from the Retail businesses, Corporate offers employee benefits and group risk services and is a leader in the SA corporate segment, servicing both a blue-chip and SME client base.

Old Mutual Insure, formerly Mutual and Federal, is our short-term insurance business offering consumer and corporate Property & Casualty solutions through both broker and direct channels. Old Mutual Insure historically has been a strong contributor of earnings to the Group, but it has faced challenges in the recent years. Its market share is now around 11% but we have a plan to turn this business around, which Raimund will talk more about later today.

Our Rest of Africa business led by Jonas, offers all of the above products outside South Africa and enjoys a leading market position in some of the exciting growth markets I spoke about.

I see significant opportunity for growth in better collaboration across our business. We have great products across the customer segments and we are shifting our focus to ensure we provide tailored solutions to customers and build long-term relationships, rather than just pushing product.

You will hear from the team on how we plan to drive revenue opportunities and increase the profitability at an individual customer level. The key is that you cannot look at each country and market in the same way - you need to be sensitive to local nuances and market conditions.

For example: in Kenya funeral insurance is harder to sell because of the local culture and also because banks are more focused on selling savings products. In contrast, in Ghana, funeral products are sold widely through bank distribution.

So, flexibility and innovation is key at both the product level and the forms of distribution through which they are delivered. A truly multi-channel, multi-product offering is the key to future success.

We need to focus our efforts on innovation, particularly using technology. One of the areas we are looking into within our retail business is low cost money transmission. We also need to focus our efforts at effectively cross-selling across the group by leveraging our relationships in the corporate and institutional space. An example of where this outside of South Africa is our participation in infrastructure financing in Nigeria where our P&C offering should form part of the proposition.

We have the largest distribution footprint in South Africa, which has grown 5% since 2014. Importantly we are adapting and developing this to best position our business. The growth of face-to-face engagement with our customers in our branches is hugely significant to the success of both Mass and Foundation and Personal Finance businesses. Our network of 300 branches is hard to replicate and so it is a significant competitive advantage. In these branches, we can really engage with our customers and understand better how to meet their needs. This is a significant opportunity for our Personal Finance business particularly in the growing Black middle income space.

Our worksite marketing has been key to our great market position, especially in our Mass and Foundation business. We have access to over 45,000 worksites which have grown by 60% over the last three years. We also see scope for driving success in other parts of our retail businesses - particularly in underpenetrated geographies within SA for example in Gauteng. Karabo will cover this as well shortly.

We think that new technology brings opportunities as well as risks. Our customers are becoming more digitally savvy – and this is not just a millennial thing. Often older clients are focused on wanting some of their engagement with us electronically and this is across the product suite. Importantly they don't see themselves as wealth or personal finance clients- they don't care. So, we have to be able to adapt, change and migrate.

We have seen some real successes here such as tax-free savings, our short-term offering - iWyze, life direct and funeral offerings. Sales for these products have been through our digital channels. What is encouraging is that these products are with new customers to the group as well as our existing customers. Our challenge is optimising the balance between the new and old channels to ensure we are in step with the way our customers want to buy their financial services, but also to ensure we stay ahead of the competition.

All of this is being done from a position of strength. We have grown our assets under management and maintained high RoEs. Our earnings growth has been good in nominal terms but not in line with the volume of our customer growth. While South Africa has done well on both metrics, customer growth outside of South Africa has been considerably faster than profit growth.

We have to work hard to improve our customer data analytics to better understand our customers. Our competitors such as banks have more frequent customer contact and thus the ability to better understand customer behaviour. To gather insights, we must be tracking and measuring the solutions our customers seek and what sort of additional needs they may have. We can then introduce or modify our solutions and services at the right time, and using the right cost efficient distribution model.

Some of you will have seen this slide at the interims presentation in August. It is one of the most important in my presentation. it sets out my priorities over the medium term, which can be categorised into three broad areas:

Number one, consolidate our position. I have mentioned already that we are the market leader- in both the Mass and Foundation space and Corporate segments. Personal finance is well positioned and established in South Africa. To better defend and grow that segment we have collapsed the Retail Affluent segment and we are now running Personal Finance on its own.

Number two, turnaround of underperforming businesses. This will mainly focus on the Wealth and Investments cluster, Old Mutual Insure and certain markets outside of SA. However, it is worth mentioning we are already seeing early signs of success.

And Number three, improve our capabilities. We are focusing on improving our value proposition, which includes managing talent better, refreshing our technology and delivering on cost efficiencies while we execute on the first two categories.

We believe that this will lead to improved financial performance across the businesses. The key metrics that we will use to measure our success are Return on Equity and operating profit. But, we will talk more about these in the run up to listing.

I am very confident that my new management team can deliver on our priorities.

We have reduced layers of bureaucracy and sharpened the operational focus of the leadership team. For the first time in a long time the leaders of our customer facing business are part of the executive team.

We have then positioned the enabling governance structures to create value through efficiency and change. It is all about focus and ensuring that we as a team are all empowered to effectively implement our chosen client centred approach. Mike Ilsley, our finance director, is not here today due to personal reasons. He is actually off ill, and I expect he should be back in the next couple of weeks. Iain Williamson, our COO, will present the financial section later. And as some of you know, Iain is our previous CFO, so he understands the section very well.

Over the last couple of months, we have been working on strengthening our governance structures.

You can see how we have repositioned our board by bringing together good industry and functional experience and a broad range of skills. This includes: asset management capabilities; global insurance expertise; actuarial skills, as well as industry experience across the East African regions.

We have also brought in good marketing and digital understanding and added a strong understanding of responsible business.

We have further simplified governance structures by combining the Old Mutual Group Holdings and the Old Mutual Life Assurance Company SA board and supplemented this with the appropriate blend of existing knowledge and new skills.

So, to sum up,

We aim to be the premium African financial services in sub-Saharan Africa. We are very optimistic about this business and our future as an independently listed business. Our team is tasked with delivering the listing, driving the required change in the business whilst not losing sight of business as usual. We're all very excited about this.

Right now, we are well positioned in the right markets and are cash generative…but we can do much more to extract more value from our franchises, allocate capital better and deliver sustainable profitable growth for shareholders. We have a clear strategy and a good management team, supported by a refreshed Board.

The outlook is good and I am excited by the substantial opportunities to drive operating leverage through cost leadership.

I look forward to the Question session later in the day.

I will now hand over to Mike and Raisibe.

Mike Brown: Thank you Peter, and good morning ladies and gentlemen. For those of you who don't know me, I'm Mike Brown, I'm the Chief Executive of the Nedbank Group, and I have been in this position since 2010. So thanks for the opportunity to share with you today what we believe makes Nedbank to be an attractive investment, as well as highlighting our positioning within the Old Mutual Group, especially for those of you who may not be that familiar with the bank.

Hopefully by the end of this presentation I would like to leave you with three key messages about Nedbank: firstly, that we have strong and competitive banking franchises; secondly, that we have clear opportunities for growth and improved financial metrics and thirdly, that Nedbank is an attractive investment with strong governance, risk management and good risk adjusted returns, as you heard Bruce say in his opening slides.

So on the agenda today I'm going to start by covering Nedbank's relationship with Old Mutual and the positioning of our franchise in the market, followed by detailing the strategic focus areas that underpin our future growth aspirations and create value for shareholders. I'll then hand over to Raisibe Morathi, our CFO, to share with you the pathway to meeting the financial targets that we have set ourselves before coming back at the end to have a few closing remarks.

So the Nedbank Group is one of the large banks in South Africa and the metrics on this slide show the scale and mix of our business from multiple perspectives, be that market capitalisation, distribution and geographical footprint, client numbers, total assets, advances, deposits, employees, or assets under management. Compared to our large South African peers, we are more of a wholesale bank with just over 60% of our advances or loans being wholesale in nature but we have also seen good growth on the retail side of our business and currently retail advances are growing slightly ahead of wholesale advances.

We are also largely a domestic South African bank, with more than 90% of our advances or loans here in the local market. But in the rest of Africa we have made strategic investments both in technology and in banks, and have plans in place that should enable our rest of Africa income stream to grow faster than our South African income stream over time. More about that later.

We are currently 54% owned by Old Mutual in South Africa, and in a few slides I will expand on the impact of the Old Mutual managed separation on Nedbank but before looking ahead, I would like to reflect a little on our journey to date and in particular our track record of delivering value to shareholders. This is a slide that should be familiar to people who follow Nedbank as I share it with investors at every results period and it shows the progress of what I believe to be the three key drivers of value creation in a bank. Starting on the left hand side, over the past five years, we have grown our net asset value per share at a compound growth rate of just above 7%. Net asset value growth is important as, under IFRS, many profit items now fall outside of either headline earnings or fall into something called ‘other comprehensive income’. In the centre graph, we focus on delivering a return on equity greater than the cost of equity and since 2013, we have consistently increased our return on equity from what we call our own managed operations to 18.9%, well ahead of our cost of equity. Note here also the impact on our total return on equity of our 20% share of ETI, or Ecobank’s first quarter losses in both 2015 and 2016.

Importantly, on the right hand side, growth in earnings, together with strong capital and liquidity positions, has enabled us to deliver a growing dividend stream to shareholders, compounded at nearly 12% since 2013. So when you compare the average nominal GDP growth over this period of around 7%, the combined value that we’ve created through greater net asset value and growth in dividends has been in excess of 19% per annum.

Given the importance of Nedbank in the managed separation process and vice versa, I would like to reflect on the value inherent in the Nedbank and Old Mutual strategic relationship. As previously announced, Old Mutual will unbundle a large proportion of its current controlling stake in Nedbank at an appropriate time after the listing of OML and retain only a strategic minority investment. Today OML announced the size of this investment, being that it will retain a 19.9% strategic minority in Nedbank to underpin the ongoing collaboration and value creation between our businesses. As a consequence, the improved Nedbank free float is likely to attract additional index and new shareholders to the bank.

We continue to work closely with our Old Mutual colleagues on the ground here in South Africa and in Africa and we remind investors that in the insurance product set, like most other South African banks, we manufacture and distribute what we call simple bank assurance products. So here I think credit, life, funeral cover, homeowner cover, etc. and then we work alongside our colleagues at Old Mutual as a preferred product provider on more complex underwritten insurance products that we do not manufacture ourselves. Here think about underwritten life.

Old Mutual is also Nedbank’s largest transactional banking client, highlighting that the strategic relationship is important and value accretive to both Nedbank and OML. In addition to insurance matters, the management teams of Nedbank and Old Mutual have worked very well together over the last few years to deepen our collaborative efforts and we remain on track to deliver in excess of the billion rand synergy target that we committed to by the end of this year.

Synergies and cost savings within the broader group will remain top of mind; these are all on an arms length basis and should in no way be impacted by the managed separation.

Looking at Nedbank’s position in the industry, it’s useful to start by stressing the importance in size of South African banks on the African continent; as expected the South African banks are dominant on the continent. Nedbank is the fourth largest bank in Africa, with approximately a 19% market share of advances. Our alliance partner, Ecobank, or ETI, in whom we own 20%, also features meaningfully on these rankings.

Nedbank Group is a strong, diversified and growing financial services provider. We provide universal banking solutions across all client segments and are organised around four main client facing clusters, with Corporate & Investment Banking, or CIB and Retail & Business Banking, or RBB, being the major contributors to our earnings. In our Wealth business, we provide solutions to high net worth individuals, we operate our insurance businesses as well as our best of breed asset management businesses. The Rest of Africa is currently a small contributor and it is made up of our own operations in the SADC environment and our 20% shareholding in ETI but these do provide exciting future growth opportunities as Sub Saharan African economies grow ahead of South Africa and ETI, or Ecobank, returns to profitability.

In the following slides I'm going to expand a little on the strength, positioning and differentiation of each of the clusters that I've just referred to. Our CIB cluster is a traditional core strength of the group and we hold leadership positions in a number of key markets. CIB has consistently delivered good returns on equity of around 20% and solid headline earnings growth and also has the lowest efficiency ratio in the peer group. We have market leadership positions in commercial property and renewable energy finance, as well as strong capabilities in key investment banking markets such as infrastructure and resources. These are valuable in the South African markets but are also leveraged into the rest of Africa. Our partner network, which is shown on the right hand side of the slide, enables access to deal flow in Africa and selected global markets.

So, for example, our primary markets collaboration agreement with Deutsche Bank, which was announced a few weeks ago, will give our CIB business access to equity and debt distribution in global markets which we previously could not access fully and together with ETI and QNB we have, on the African continent, a powerful origination, structuring and funding alliance. We also have a formal banking alliance with the Bank of China. Lastly, the integration of the Corporate & Investment Bank in 2015 continues to provide upside opportunities as we deepen client penetration and drive cross sell in these businesses. The enlarged franchise has also proven to be an attractive destination for top talent.

Our RBB cluster continues to be a growth engine in the group and has driven the increases that we have seen in return on equity. As the fourth largest South African retail bank, we have market strength in deposit taking, vehicle finance and card acquiring to name a few. After deliberately de risking our retail lending book over the past few years, in contemplation of a difficult economic cycle, we are now growing our advances book slightly ahead of the market. As a result of these actions, we expect that the high quality of our advances portfolio should result in relative credit loss outperformance going forward and Raisibe will touch on this in her presentation.

We've also been growing our total client base strongly over the past few years and together with cross sell, these have both enabled solid non interest revenue growth. The greatest opportunity for RBB going forward will be from the benefits of digitisation, which will not only continue to underpin improved client experiences and transactional revenue growth but also an improving efficiency ratio; I'll expand on this a little later.

Our Wealth cluster is a high quality, high ROE business and includes three key areas. In our private wealth business, we have an integrated domestic and international model underpinned by a rich heritage dating back to 1934, a strong client base and market leading digital innovations. Our best of breed asset management business is also a leader in the market, ranked top three in South Africa for performance for our clients and first for offshore over multiple years, supporting strong growth in net client cash flows and assets under management. Lastly, we have a growing insurance business that operates closely alongside our RBB franchise, with the opportunity for deeper penetration of the Nedbank client base and new product innovation.

Finally, in our Rest of Africa cluster we have been investing to create scale and unlock future growth. Strategically, we look to own and manage banks in SADC and East Africa and in Central and West Africa we have an alliance approach. In our own SADC operations we have been investing in technology and digital and we have currently rolled out a new core banking platform in four of the six countries that we operate in.

Banco Unico also has particularly strong and exciting growth prospects. In Central and West Africa, where we have an alliance with ETI, we are able to offer our wholesale clients access to the largest banking footprint in Africa and to date 84 of our wholesale clients are doing their transactional banking with ETI in geographies where Nedbank does not have a presence. An opportunity we are actively focusing on is working with ETI and QNB to increase the African deal flow, in a model which combines ETI's on the ground origination force with the structuring and funding capabilities of both Nedbank and QNB. Once high levels of deal flow return to the African continent, we think that model will prove successful to access and execute on deals that we would not otherwise have been able to do.

I hope that background will have given you a good sense of our positioning in the market, our strengths and our differentiators. Looking forward, we have identified a number of key strategic focus areas that will underpin growth and create value for our clients and shareholders.

Underpinning everything that we do is our purpose statement: to use our financial expertise to do good. Outside in the atrium on your way in, you will have seen examples of our financial expertise in action, where we showcased some of our exciting delivered innovations but also doing good through our award winning sustainability and corporate responsibility initiative. Our vision is to be the most admired financial services provider in Africa and has two key underlying components. Firstly, we want to be admired by all of our stakeholders, which drives strategic actions for staff, clients, shareholders, regulators and communities. Secondly, the vision gives direction as to where we want to operate, in Africa: Africa is our home and we do not believe that we have competitive advantage to compete against global and developed market banks in their home territories. Underpinning our drive for value creation and growth are five strategic focus areas that you see at the bottom of this slide. That's innovation that delivers market leading client experiences underpinned by the other four.

In the following slides I'm going to highlight the progress we have made in these areas and give a sense of what investors can expect going forwards. Our desire is to become a more digital, a more competitive and a more agile bank. To enable this, in 2010 we embarked on what we termed a managed evolution approach to transform and digitise our core IT systems over time and we are progressing well on this journey. This is a core underpin to delivering innovative market leading client experiences while ensuring that we remain at the forefront of cyber resilience. We have studied many banks across the world and concluded that this was both the most cost effective and efficient approach to core systems replacement. In this approach we collect the best system applications for their purpose and connect them using service orientated architecture as we do not believe that one vendor can provide world class solutions across all products and applications. As part of this journey, we continue to rationalise, standardise and simplify our large IT systems, as you can see on the right hand side of the slide. In addition to the foundations of the managed evolution, we have launched a digital fast lane capability to accelerate the launch of new products and in the next two slides I will highlight some of our market leading innovations that have been delivered through this capability.

A key area of focus on our innovation journey is the ongoing delivery and enhancement of our digital offering. Our new Nedbank Private Wealth app has received recognition at the MTN Business App of the Year Awards, where it was awarded third place in the best enterprise solution category out of more than 600 entries. This follows on from the app being ranked sixth of 34 apps globally in the Mobile Apps for Wealth Management 2017 survey and tomorrow we will launch the new Nedbank Mobile Money app to our retail customers.

From a digital channel perspective, our end to end home loan online application process is unique in the market. You can get a bond size indication in three minutes and a quote in around three hours. More than 11% of all our home loan applications are currently originated digitally, at a much cheaper origination cost to Nedbank, enabling us to share these savings with our clients. Lastly, on this slide, we continue to innovate in our distribution outlet with the launch of our first fully self service digital branch in October at the Sandton Gautrain station.

Our innovation also adds value to our customers; a few examples here include – sorry I think we've got the wrong slide up there – a few examples here include Market Edge – thank you – where we leverage big data and advanced analytics to add value to our acquiring clients, enabling them to make better business decisions. This product has also won multiple awards and the US business school MIT wrote a case study on it last year which you can have a look at online. With the entry of new competitors in mind, we are also enhancing our loyalty and rewards programme, which will be relaunched during 2018. Currently unique in market is our shop card that enables our one million Greenback loyalty clients to redeem their benefits just like you would use a normal card.

Lastly, we are also extending innovation into rural communities with what we call "the "Solar Turtle" branch concept that leverages digital and renewable energy solutions to bring cost effective banking to the under banked, while supporting community upliftment.

We also use innovation to improve our own internal capabilities. In CIB we've developed a client intelligence platform to assist CIB management and relationship managers to identify and drive cross-sale opportunities, and get real-time insights into client and business profitability on an iPad, with client data pulled seamlessly together from more than 30 internal and external sources. We've adopted robotics to unlock process efficiencies, reduce errors and risks, and to-date we've implemented more than 50 software robots. And lastly, as mentioned in our managed evolution strategy, we continue to make progress on core system replacements with some examples shown on the screen of where we have replaced legacy systems with new world class systems.

Turning to our second strategic focus area of growing our transactional banking franchise faster than the market. This is important for us as traditionally Nedbank has had a very strong balance sheet franchise with a lower level of market share in our transactional franchises, something we want to correct.

In CIB we have won major transactional accounts over the past few years, as you can see on the slide. In addition to these two weeks ago we won the competitive tender for the City of Cape Town transactional banking account. In CIB we've gained net new primary customers every year since 2013 and this growth provides a valuable underpin to ongoing non-interest revenue growth.

In our retail business, growing our transactional banking franchise is also a major focus. Over the past five years we have succeeded in consistently growing our client base despite increasing competition and new entrants. Looking forward, market research suggests that the number of total bank customers in South Africa will continue to grow to somewhere round about 28 million by 2020, and we expect to increase our share of this. Of our 7.5 million retail clients, 6.1 million have a transactional product with Nedbank. Of these, 27% have some other products. This means there is still significant opportunity for cross-sell. On our strict definition of main-banked customers and you'll know every bank seems to have a different definition of main-banked customers, we have 2.7 million clients that do their regular or main banking with us. We believe that our market-leading client innovations will continue to support client growth. External surveys and data from transactions conducted on our own card acquiring devices show that Nedbank has approximately 10-12% market share of main-banked clients. This is up from 9% in 2013 and we have set ourselves an aggressive target to increase our main-banked market share to more than 15% by 2019, more in line with our retail advances market share.

So while growing revenue is a key focus we are also simultaneously focused on extracting efficiency. Over the past few years we have invested significantly in our franchise to support long-term growth. But through ongoing efficiencies we've been able to maintain expense growth in line with our peers. Some of the investments that we have made over the past five years are shown on the right-hand side of this slide and include investments in our distribution channels, progressing and completing key foundation projects as part of a managed evolution, investment into digital and core systems and investments into regulatory compliance.

We're also evolving our physical distribution to become more technology- and digitally-focused whilst focusing on optimising the size of our footprints. Our number of physical points of presence is similar to that of our peers and we have reduced overlap in some geographic areas where previous standalone outlets such as personal loan kiosks have been integrated into our branch network.

Our new format branch-of-the-future outlets are also sources of cost savings as we reduce floor space with a targeted saving of more than 30,000 m2 by 2020 in addition to optimising processes that require less human intervention. Evidence of the digital impact on our business leading to improved client service and additional revenue opportunities and reduced cost to serve are illustrated on the graphs on this slide. We have recently proactively enabled 5.7 million clients to be able to do their banking on our digital channels. And we're now focusing on increasing active use as we enhance functionality and ease of use. Benefits of increasing self-service devices are illustrated in the increasing volumes of cash currently being handled by intelligent or self-service depositors. Pleasingly we are also seeing a good take-up across digital devices as clients move more towards the more efficient digital channels, we optimise our back-office processes and unlock cost savings.

Our fourth focused area centres on managing scarce resources such as capital, long-dated liquidity and cost to optimise the economic outcomes, thereby increasing economic profits, being the excess of return on capital above cost of capital. Internally we also refer to this as portfolio tilt. In the prior slides I illustrated our primary focus on growing our transactional revenues and this has supported market share gains in key deposit categories as shown on the right-hand side of this slide. At the same time we have tilted our portfolio to grow selectively in key advances categories. Having de-risked our home loan and personal loan books we are now growing these more in line with the markets, while growing vehicle finance where we have a competitive advantage with our relationship with Imperial and Card, which is closely linked to transactional client growth. Corporate credit growth has slowed given the external environment, but our pipelines remain solid.

Turning to the rest of Africa, it's important to understand that Nedbank has a two-pronged strategy to growth in the rest of Africa. Firstly, as I've said earlier, in SADC and East Africa countries with closer integration to South Africa, we want to own, manage and control banks. We now have a presence in six countries after acquiring a controlling stake in Banco Unico that operates in Mozambique. Secondly, in Central and West Africa, countries further away from South Africa where we do not have competitive advantage as Nedbank, we have an alliance with Ecobank.

In SADC we have invested significantly over the past few years to increase our presence through additional branches and ATMs and we have also installed, as I said earlier, our new core banking solution in four countries, which has enabled the rollout of digital and mobile shortly thereafter. As a result, clients have grown by 15% compound and digital activations are up by more than 50% off a low base.

In Central and West Africa our strategic alliance with Ecobank provides our clients with access to markets they do not have a presence in, particularly in Central and West Africa where ETI has a top-three position in 14 countries. Our alliance is underpinned by a commercial relationship where we are actively working to unlock cross border transactions and build a deal pipeline by leveraging our individual strength. Ecobank has been through a challenging period over the past two years following depressed oil prices, the devaluation of the Naira and the recession in Nigeria. Pleasingly while risks remain it does appear that the worst is now behind them and they note that their latest H1 2017 results were audited. And this should give investors comfort that the risk of another fourth quarter loss has reduced. We're working very closely with ETI management and Board to improve returns and the market value of ETI. And their share price is up around 65% year-to-date, albeit in thinly traded markets.

We've also increased our representation on the ETI Board with Mfundo Nkuhlu, our Chief Operating Officer, newly appointed as the Chair of the ETI Risk Committee, now being complemented by Brian Kennedy, the Managing Executive of our CIB business, who has joined both the Audit and Remuneration Committees at ETI. So after a difficult start I believe our investment in ETI will be a meaningful contributor to growth for Nedbank over the next few years.

Key to delivering our strategy is a Group-wide programme People 2020, which is aimed at transforming and aligning our leadership, culture and talent to our strategic objectives. We remain at the front edge of change management and have embraced new ways of working. In particular in the IT space where we are increasingly operating as tribes and squads to increase agile delivery. I will now hand over to Raisibe Morathi to take you through our key financial drivers and provide some insights on the pathway to meeting our medium to long-term financial targets.

Raisibe Morathi: Thank you Mike, and good morning all. We have a strong franchise with a clear pathway to meeting our medium to long-term targets but before we look into the future it is important to reflect on how Nedbank is currently positioned to operate in a challenging economic and volatile political environment.

As a reference point, it is useful to reflect that the big four, the big South African banks including Nedbank came through the global financial crisis in 2008 and 2009 without making losses or relying on bail outs from taxpayers, with earnings peak to trough falling 28% for Nedbank before we returned on a strong growth path since 2010.

In comparison to the build-up of the global financial crisis over the last few years we have been significantly more prudent in our lending growth as seen in the top-right graph. And now we have an endowment benefit of 1.4 billion rand for a 1% change in interest rates over a 12-month period.

Taking a lens on our positioning relative to the competitive crisis during 2008 and 2009 we now have 86% more clients who now deliver 46% of our revenue from more sticky sources in NIR. And our defaulted advances are significantly lower, our capital levels are much higher. We have a longer funding tenor and have much higher levels of impairment coverage. And all of these are indicators of a much stronger franchise in the balance sheet today compared to back then in 2008.

Moving on now to the environment over the next three years. We currently expect economic conditions to improve off a low base. The volatile and uncertain domestic and political environment will continue to negatively impact confidence in the short-term. However, our current base case does not assume a local sovereign currency downgrade. GDP growth in South Africa is forecast by our economic unit, increased from 0.8% in 2017 to just over 2% by 2020. This is still well below our country's potential.

However, growth in sub-Saharan Africa is likely to be more robust, above 3% and it will create opportunities for South African corporates. Inflation is forecast to stay below the top end of the SARB target range of between 3% and 6% supporting a shallower interest rate cycle. As a result, credit growth across the industry is expected to increase off a low base.

Turning to the key drivers supporting our medium to long term targets, we plan to increase our ROE towards our MLT of COE plus 5% supported by earnings growth. Revenue growth and our ongoing cost focus are expected to improve our efficiency ratio towards 53%. Capital ratios are expected to remain strong at the top end of target ranges and our dividend cover within range. Underpinning this is an expectation of improved advances growth and an expanding margin, particularly in 2019 and 2020. Our credit loss ratio is expected to increase off a low base but remain firmly in our target range of 60-100 bps. We expect to grow NIR faster than expenses and we also expect to see a normalisation of associate income from ETI as a strong boost to earnings growth, particularly in 2018 after their losses in both 2016 and 2017.

Based on our current macro-economic forecasts, we expect our margin to increase slightly in 2017 and then stay flat or be slightly down in 2018 before increasing in 2019 and 2020 as interest rates rise. As noted earlier, credit growth is expected to increase off a low base, in both the wholesale and retail sectors. Changes in our NIM will primarily be driven by the interest rate cycle and its impact on endowment. Secondary drivers would be improved asset pricing and passing higher Basel related liquidity costs to clients. We currently comply with SARB regulatory requirements on liquidity ratios, meaning that costs related to these are now largely in the base.

Our credit loss ratio is expected to normalise off a low base but remains at the lower end of our target of 60bps to 100bps, impacted by our wholesale mix bias and a slow cyclical upturn in our retail portfolio given the very selective advances origination and a quality book, as highlighted by Mike earlier. In 2018 we expect the adoption of IFRS9 to result in higher portfolio provisions for Nedbank and for the industry. However, this is not expected to have a material impact on our credit loss ratio or on the regulatory capital.

These graphs illustrate the quality of our retail book. Although quite detailed I would like to draw your attention to the relative positioning of the green lines. These graphs are from independent data and show evidence of how Nedbank, on average, has originated retail credit across multiple products at a lower risk profile than the industry on average over the last few years.

This is supportive of our assertions on the quality of our advances book and low credit loss ratios. In home loans on the left - more of our business is sourced from lower risk clients and lower risk geographies. Vehicle finance on the top right has one of the lowest arrear levels in the industry given our focus through our Imperial Holdings relationship on lower value vehicles that keep their value better than new vehicles. In personal loans on the bottom right we have been focussing on growing our business in the lowest risk buckets relative to our peers.

Turning to NIR, the outcome of our transactional banking strategy that Mike spoke about earlier is evident in NIR growth over time. The growth is specifically evident in commission and fees, notwithstanding regulatory pressure such as reduced interchange fees and our decision to keep bank fees flat in 2014, with some reductions in business banking. Trading income continued a growth trend which benefitted from the integration of CIB and improved client flows. In 2017 insurance income is impacted by weather related claims and therefore shows a declining trend over the period, but should return to growth over the cycle. Looking forward we will continue to focus on increasing our NIR to expenses ratio towards 85%, by growing NIR ahead of expenses.

In RBB we expect to benefit from growing our client base and in particular those clients we classify as main banked clients ie those who have higher activities in their transactional accounts. Historically, along with improved cross sell, these clients enabled us to grow the high quality annuity income in fee and commissions - faster than overall NIR.

In CIB we have seen similar trends as in RBB benefitting from new client gains as well as increased cross-sell. And as a strong lending bank with good client relationships we will continue to focus an increasing our NIR to advances ratio as we leverage our balance sheet to generate more revenue and cross-sell. And there are a number of initiatives where we are looking at continuing to boost our NIR, in particular in our commercial property portfolio.

In an increasingly tougher economic environment we are more vigilant on cost optimisation initiatives. As shown on the graph, we consider two of our business clusters critical for us to improve our efficiency ratio, and these are RBB and the rest of Africa. Improvement in these two clusters will assist the Group to move to our 50-53% medium to long-term target for efficiency ratio. And to align management behind this we have added cost savings targets in our long term incentive schemes as we look to unlock synergies through our Target Operating Model programme that I will highlight in a couple of slides.

Looking at the key levers to manage costs, we are focussing on both variable and fixed expense optimisation opportunities. Our variable expense base provides a short term buffer against immediate revenue pressure, but we are also focusing on optimising our fixed expense base through various initiatives with the refinement of our target operating model. These include digitisation, optimising our integrated channels, cost savings from managed evolution on our IT systems, the adoption of robotics and artificial intelligence and as well as a continued focus on an efficient shared services model in areas such as procurement and property.

Most of these initiatives are linked to the investments we are making in the RBB digital journey and include optimisation of credit processes, middle office including sales and service, the use of more digital channels as well as accelerating self-service and video banking platforms. The use of robotics in shared services will also realise cost efficiencies.

Turning to associate income this slide highlights our associate income from ETI on a quarterly basis since 2015, showing the impact of ETI's historic losses on Nedbank's results. Nedbank reports ETI one quarter in arrear, therefore the R745m associate loss in 2017 reflects Nedbank's estimated full year 2017 contribution from ETI. These include audited results for ETI in its H1 2017. ETI is making good progress in an improving environment and has medium to long term targets in place. Although these targets are a stretch from the current position, in the event that they are progressively achieved, ETI will be a strong contributor to Nedbank's expected growth in earnings, particularly in 2018.

As Mike said, ETI's market value has increased 65% year to date, in line with the rebound in the Nigerian banks' share prices in 2017 on the back of signs of early improvement in their economy. As a result the market value of our 20% share in ETI as well as our share of their NAV are now both ahead of our carrying value of ETI. Ade Ayeyemi, CEO of ETI said last week as they announced their 9 month results for 2017: "Our results reflected the benefits of diversification and the progress made in executing our strategy to positioning the company for long-term growth. Actions we took around reducing costs have shown positive results and were evident in improvements to the cost-to-income ratio for the group, and particularly for Nigeria". As Nedbank, we take some comfort from the actions taken in ETI's turnaround and remain cautiously optimistic of the long term prospects of this strategic investment.

Lastly, our capital position is strong with CET 1 at 12.3% - well above the 7.25% SARB minimum requirement and near the top end of our Board approved target range of 10,5% to 12,5%. As reflected earlier, we do not anticipate the IFRS 9 day 1 impact to be material to our CET 1 ratio. Consequently, our ability to generate organic capital has supported our ability to pay an attractive and growing dividend and we maintain our view of paying dividends based on an estimated 50% payout ratio annually.

Thank you and I hand over back to Mike to conclude.

Mike Brown: Great, thanks Raisibe, and I'm going to conclude now with three slides. One on the managed separation, one on governance and sustainability and the final slide reflecting again on the three key messages that I started the presentation with.

So on the process of managed separation as it impacts Nedbank, you'd have heard Rob talk about the first two main bullet points on this slide this morning, which covers the listing of OML and the subsequent distribution by OML of a significant proportion of its shareholding in Nedbank towards the end of the managed separation process. Today OML announced that the strategic minority stake that they will retain in Nedbank, to underpin our ongoing commercial relationship that I spoke about earlier, has been agreed at 19.9%. It's clearly important for Nedbank that after the listing of OML that the shareholder base of OML has time to season so that flow-back in the unbundling is minimised and shareholders of OML are in effect shareholders-in-waiting for the Nedbank distribution. And when this happens they should have no economic reasons to sell their shares.

Aside from the corporate finance aspects of the managed separation, importantly for Nedbank it is business as usual, as there is no impact on our strategy, operations, staff, clients, technology, or indeed the ongoing collaboration which is an important part of the Old Mutual equity story.

Good governance and being a good corporate citizen underpins our strategic journey. For those of you who have engaged with our board members during our annual governance roadshows you will know that we take governance really seriously at Nedbank. We have an experienced and highly-rated executive team and our bench strength and succession planning has been evident in the past few years. We believe that our board is highly-regarded, with majority independent, transformed and increasingly expanding with female representation. On the right-hand side are a few credentials and awards that we have won in this regard both internationally and locally.

So in summary, although South Africa currently faces political uncertainties and our current forecasts show a muted outlook for economic growth, I hope that we have highlighted that Nedbank has strong foundations underpinned by competitive domestic franchises and compelling growth prospects. We have exciting strategic growth drivers and I am especially excited about the progress we have made on technology and new digital innovations. And the benefit these will have in growing our share of transactional banking and in being more efficient. The rest of Africa provides strong earnings growth opportunities to us, particularly in 2018 as our share of ETI's profits should normalise after the difficult 2016 period and 2017 period. You've heard Raisibe talk to the key drivers and roadmap to enable us to meet our medium to long-term targets and the focus we have on reducing our cost income ratio to the 50-53% range and increasing our return on equity close to the cost of equity plus 5% which in current metrics should be around 18%.

At the same time, we retain our strong capital and liquidity positions to support both client growth and dividend growth. Lastly, we believe that if we can deliver on our plans and achieve the target that we have set ourselves our valuation metrics suggest that Nedbank is a very attractive investment proposition, both before and after the managed separation process.

I thank you, and we're now going to have some time for questions and answers.

Peter Moyo: If you want to ask a question, there's a roving mic.

Speaker: Thank you Mr Moyo. My question should really be directed to Mr Hemphill because I'm referring to one of his slides, on page five. There is a suggestion that the managed separation itself would be responsible for reducing the cost to income ratio at Nedbank. If that is the case, I don't see why that should be. I would suggest that reducing cost to income ratio within Nedbank is purely Nedbank's business and has absolutely nothing to do with the managed separation. But since the Nedbank – Mr Brown is sitting there, perhaps you could take responsibility for that answer?

Bruce Hemphill: I'll answer the question, seeing as it was directed at me. I think you're absolutely correct. The Nedbank management team is responsible for that target and for achieving the target and it has absolutely nothing to do with the managed separation.

Mike Brown: And I agree.

Andy Sinclair: Thanks, and good morning. It's Andy Sinclair B of A Merrill Lynch. You've clearly made cost efficiency your focus. How do you put your cost base into context, and what do you think the main obstacles are for improving cost efficiency? Perhaps if you take the questions one at a time?

So the second is, with your focus on improving ROE, where can we expect your main areas for capital deployment to be? And third one is somewhat linked to that. Expansion into the rest of Africa with recent acquisitions has been mixed to be generous. Can you give us an idea of how you're looking to grow in East and West Africa? Will that be organic or it could be further acquisitions?

Peter Moyo: Let me start off with the rest of Africa. I did say that you've got to look at our position in South Africa, SADC and East Africa and west Africa. Already in East Africa we are running businesses which we are beginning to turnaround. It's not been at the level that we wanted. But there are clear management actions that have been taken and the issues around property management, in the short term book, remediation exercises around our short term business, success in the healthcare business. I did say we are very cautious in entering West Africa, as Jonas will talk about. We will talk about the capital-light structures strategy as we have to be very cautious. We are demanding from the businesses very good returns on capital in the second half, and we have actually been very clear that they have to deliver the desired returns within our planning period and we are monitoring those businesses very tightly. In terms of the improvements on our returns – was that the second question?

Andy Sinclair: Yes. With the focus on ROE, what would your main area be for capital deployment? With the focus on improving ROE.

Peter Moyo: Well, we've got to start off by saying that quite a lot of our capital is already deployed, and is actually linked into our existing businesses, and those businesses are delivering very, very good returns with the exception of some of our businesses outside of South Africa. But as we allocate more capital to those businesses, in any business, when they do require capital, we are insistent that they deliver above our particular hurdles and we monitor that on an ongoing basis and the measure of return on capital is going to be a core measure for all of our businesses. And this is actually one of the reasons why today we talk about each of those businesses and they clearly understand this – and on the question of cost, we are not yet at the point of talking about quantum. But suffice to say we do believe there is a level of cost that we can take out of the business and rebase our business. We have a clear desire to be cost leaders as far as a lot of measures on cost are concerned.

Greg Wood: Good morning. Greg Wood from Melville Douglas. I have two questions. So obviously in the SADC region, you probably have a very strong brand as Old Mutual and what's that brand like when you move it up into sort of East and West Africa? And when you move into those areas, would you rather partner with a local very strong brand or would you kind of move it onto the Old Mutual brand? One question. And then secondly, once you set up as a stand-alone, how would you look at dividend policy?

Peter Moyo: Let me start off with the dividend policy. I did say that we're going to share that as we get closer to listing. We are working on it and we do have preliminary views but as we get closer to listing we will be in a position to talk about our dividend policy. In terms of our brand, yes, we have a very, very strong positioning in the SADC region. In East Africa, we have Old Mutual, we have UAP, and we have Faulu on the lending side. This is the number two brand. UAP has a reasonably good position but we are consolidating that into Old Mutual. In West Africa, our position is not as strong as we want. I think we are north [south] of number five. We have not really thought about how we consolidate our brands right across the board. Some of the brands that are strong, we will carry on using those brands, like where we are very strong in Zimbabwe – the CABS brands stands alone from Old Mutual. So we look at how each of those brands are positioned in those different countries.

Harry Botha: Hi Harry Botha here from Avior Capital Markets. Just a quick question, I guess. I guess for both you and potentially Raisibe or Mike. From Nedbank's perspective, how much new business that you write in Wealth or bancassurance goes to Old Mutual? And maybe from Old Mutual's perspective, how much of your new business comes through the Nedbank channel?

Peter Moyo: I don't have the exact numbers but we can provide those later. Suffice to say that NFP or Nedbank Financial Planners is actually a very, very important writer of our business for our Greenlight product. Karabo, if you do have the numbers maybe in your presentation you can talk about it, but it is actually significant and it is also important to say that for the commercial arrangement that we have entered into with Nedbank is actually a much better commercial arrangement for both parties.

Mike Brown: Perhaps if I can just answer from a Nedbank perspective, we don't disclose that exact dataset but if you just looked at all of the flows that go through our financial planning business, and I said to you earlier that there are certain products that Nedbank manufactures and distributes ourselves and then we partner with Old Mutual with other products and we partner with other third-party financial services providers as well, but roughly half of the flows, maybe slightly more than half of the flows, would be Nedbank's own products going through the flows and of the balance, the majority is Old Mutual.

Jacques Conradie: Hi, I'm Jacques Conradie here from Peregrine Capital. Just a question for Mike on your medium-term targets. So for both the earnings growth and efficiency are targets you've had for quite a long period of time and I think the economic situation has played out probably quite a bit worse than one would have foreseen at the time these targets were set. I mean, even over the next two or three years, if we're in a 1% or 1.5% GDP growth environment, do you think these targets are still appropriate? Have you considered potentially reviewing them?

Mike Brown: Yeah, so certainly we do reflect on them from time to time and, you know, certainly if you look at the earnings growth targets as one – for example, you will see the slide that Raisibe put up showed you, that we have compounded earnings growth since 2010 by 15% per annum. Now, clearly more recently there have been some headwinds to earnings growth for Nedbank, both from a macroeconomic slowdown that you've seen across the industry, but we've also had our own headwinds in the form of the losses from ETI and both of us in our presentations pointed out that, should ETI return to some form of profitability – which is what we expect, knowing that risks remain – we will get a tailwind to earnings growth from ETI, particularly in 2018. So the targets that we do set ourselves are medium- to long-term targets. We don't expect to hit them every single year, but over a long period of time we would still expect to hit them, given our current macroeconomic forecast, which as Raisibe said, don't incorporate a sovereign downgrade.

Speaker: Thank you, Mr Moyo. Mr Moyo, I'm referring the 19.9%, a percentage that's to be retained by Old Mutual after the unbundling of the majority holding. The news release states that it was agreed with Nedbank on settlement of this figure. I'd like to know what the rationale was and the thinking behind arriving at the specific number.

Peter Moyo: Firstly, at the time plc announced managed separation, it did talk about the unbundling of Nedbank. There is no magic to it. Suffice to say that we are not going to be a majority shareholder and it's significant, its small enough but still of a size that makes it quite important to us, but there's really no science to the number. The number is actually a number that both parties are comfortable with.

Mike Christelis: Hi. Sorry. My question is from UBS. Mike, just a question for you, just around the distribution strategy with regards to insurance products going forward particularly under RDR and I – you know, if you're writing 50% of your complex products for Old Mutual, do you not think that's potentially a bit of an issue when it comes to being, you know whatever the FSB decides to call it but non-tied, so to speak? I mean, how do you justify such a high proportion? Can we expect, therefore, perhaps less new business going towards Old Mutual going forward?

Mike Brown: So certainly RDR, as you know, is still clearly evolving. So we're not quite sure where that's going to end up, so our commercial relationships will continue to evolve as RDR goes. And perhaps if misinterpreted me I didn't say 50% of our complex products. I took the entire portfolio of products that are sold through our financial planners, which would include investment products and insurance products.

Mike Christelis: So there is no plan to make them tied to Old Mutual?

Mike Brown: Currently we do not have that piece of the plan finalised in any way that's correct.

Peter Moyo: We've actually been clear that we will abide by the regulations, in fact we have said we need to understand the impact of RDR.

I thank you for your questions. We will take a short break and resume 11.30. Thank you.

Peter Moyo: Welcome back. We are now going to hear from our three South African retail businesses, being our mass and foundation cluster, our personal finance business, and our wealth and investment cluster. So Clarence Nethengwe, Karabo Morule and Dave Macready will be talking to you. And to those on the webcast If you want to ask questions, please type your questions in. Thank you. Over to Clarence.

Clarence Nethengwe: Yes, good morning. My name is Clarence Nethengwe. I am the Managing Director of the mass and foundation cluster, where I have worked for eight years. I am a trained lawyer by profession. Earlier this morning, Peter said we create shareholder value by meeting customer needs. The Mass & Foundation business is a business that is built on meeting customer needs. We are a leading provider of financial services in the mass market segment, which has seen significant growth in the last ten years. This is a sizeable market of approximately 18 million formally and informally employed people earning between 1,000 and 20,000 rand per month. Customers in this segment seek simplicity, convenience and value for money, and they usually buy their financial services using regular premium instalments. Competition comes from fellow insurers, banks as well as retail orientated enterprises such as telcos and consumer goods providers.

South African demographics are starkly different from western markets. The income disparity from our apartheid legacy has, if anything, become more acute. GDP per capita has stalled in recent years, but is still among the highest in the African continent, even at the bottom end of the income level. As you know, mortality has fallen dramatically, through improved healthcare, particularly as a result of the successful rollout of HIV anti retrovirals. Approximately 40% of our customers are state employees and we insist that all our customers must receive either salaries or wages. This is key to us retaining the relationships with our customers.

State expenditure as well as state employment have risen considerably although in recent times, pay rises for the public sector have fallen back to closely track the level of inflation. Employment growth has slowed in the last few years, as government finances come under serious pressure.

We have responded to those challenges, and particularly the challenging macroeconomic conditions by doing three things. Firstly, by redesigning products to allow premium flexibility, which helps with customer retention. Secondly, by highlighting the Old Mutual brand and its strengths and the relevance of our solutions to key financial needs of our customers. Lastly, by driving efficiency in our business.

We have 3.2 million customers who hold a range of products that we provide such as risk cover, which consists of funeral insurance and life cover, savings, group funeral cover, and lending as well as transactional offerings.

Funeral products and providing for funeral cover for your family has got significant cultural importance in the African society. Our products are distributed through multiple distribution channels including a strong tied adviser force – the largest and the most productive in the industry. And I will take about at a later stage. The bedrock of our distribution is the worksite model, where we have built strong relationships. And we are particularly stronger in the public sector.

Turning to our market position, our share of APE written by SA listed insurers is 58%. Definitely we are a market leader, but we are a market leader who is positioned for change, and we have leading positions in risk as well as in savings solutions, measured by the number of policies across the industry.

We have made this progress in the savings market, which whilst lower in margin, is crucial to the future development of our business. We have increased product flexibility for savings products to improve customer retention and I mentioned that a little bit earlier.

We have built our unsecured lending business to defend our core position in the long-term insurance space. And we are pleased with our current market share in that space from a starting position in 2009 in the highly competitive environment. Here we are largely competing against the big five well-established banks.

Through the lending business, we have created a large network of over 300 branches which provide a sales and service channel for multiple Old Mutual products.

Market conditions though are rapidly changing from a regulatory, competitive as well as a technological perspective and we have taken action to transform our distribution channels to be future fit for the environment that is unfolding. Five key management actions were taken, including:

We are digitising the business in order to improve customer experience to meet competitive challenges and balancing face to face infrastructure with new digital platforms that attract younger customers.

We have strengthened our tied agency value proposition to attract current independent intermediaries.

We are ramping up our digital capabilities to create a 'clicks and mortar' ecosystem within our business.

We are strengthening our value chain to ensure it compliance with 'Treating Customers Fairly' principles at all touch points, from product design to after sales service. We are also improving the efficiency of the sales and administrative processes to maintain our low admin costs.

Turning to the Adviser force that I spoke about, we have the largest Adviser force with superior productivity in the industry. In the short to medium term, we will continue to benefit from our more than 4000 strong adviser force that has provided a competitive advantage through high productivity relative to peers. All our advisers are tied to Old Mutual and they are very carefully managed. Even, for example, by floor within a hospital unit!

We have a strong worksite advantage with a presence in more than 45,000 worksites – Peter mentioned that earlier on. And we have a leading position in the public sector. Productivity has improved over 10% compound from 5.4 policies per week per adviser in 2014 to 6.5 policies per week per adviser in 2016 driven by four critical things:, not by a stroke of luck.

The first one is technology – such as electronic new business submission that reduced time between customer engagement and issuing the policy from four days in June of 2012 to 2.6 days in June of 2017.

It has improved through strong performance management. It has improved through our drive to increase our presence in the private sector, which has more employees than the public sector. And we are using the same tried and tested techniques we developed in penetrating the public sector successfully.

It is improving through the advantage that the branch network that I spoke about give us, such as increased footfall as well as customer intimacy. And the growth of our branch network presents a big opportunity for us. Growing our branch adviser force is an advantage because they have doubled productivity of the field advisers, they have got a bigger average case size and better persistency. And the branch network helps us to create a world-class sales to service customer experience for our customers.

You can see in the chart behind me that our branch advisers continue to contribute and their contribution is to an increasing proportion of MFC sales, growing to 30% in the first half of 2017 from 26% in 2015. Ladies and gentlemen, many of our competitors have tried to replicate our successful tied adviser model and have failed numerous times due to the failure to understand the different elements of the model that makes it successful, including the trust credit that is created in the communities in that we operate in.

And another thing, we do see a swing towards other distribution channels, such as digital, contributing more significantly. Because we are developing digital capabilities within our business.

Turning to our lending business. Old Mutual Finance continues to have a strategic role to play in our business. It provides us with a chance to improve customer intimacy and experience.

We do this through accessibility, and being a one-stop shop for a broad range of primary financial services through our integrated branch offering. Let me give you some information. Over 3 million customers visited our branches in 2016, an average of 260,000 per month. We are using technology such as intelligent queuing system to efficiently help our customers.

The average service duration time is about 10 minutes per customer, with an average queuing time in 2016 and above target Net Promoter score of 61%. That is great for an insurer. We continue to create a seamless customer experience across the clicks and mortar eco-system that I spoke about. This gives us the ability to balance between the digital platforms and physical infrastructure.

The lending business faced challenges - regulatory changes and caps on interest rates we believe have had a positive impact from a customer perspective and we welcomed those changes. These changes could enhance our prospects in the market. We have experienced a slowdown in the growth of our lending book as a result of management actions we have taken which included reducing our risk appetite, in light of interest rates caps as well as the challenging environment.

We expect the branch rollout to continue at the rate of around 30 per annum, targeting low income and increasingly middle and higher income customers with half of the new branches located in these areas. This creates an opportunity to introduce clients to other Old Mutual products and services. Nevertheless, ladies and gentlemen, for MFC the branch channel is highly successful.

Turning to our performance over the last three years. Over the last three years the business has delivered solid profits, sustaining compound 8% growth in a tough environment. We contribute in excess of 24% of Old Mutual Emerging Markets pre-tax adjusted operating profit in 2016. Profit growth is driven mainly by consistent new business, strong expense management and excellent collection of premiums in the in-force book. Lending profits have weathered the regulatory storm that hit us in 2016, and with effective management controls, we should see an improvement in the growth of the loan book.

Margins continued to be resilient. Risk margins, by the way, reflect a single pricing model rather than tailored underwriting in our space. We have a high conversion of profits into cash that is consistent. And this is so given the nature of protection products that we distribute.

Savings products like I said to you earlier on, are lower in margin but they are crucial for long-term relationships with customers.

Turning to how we will defend our position in the market well into the future. In order to defend our market leadership position, we are strengthening our customer value proposition across the insurance and the lending businesses. We are launching new products. We are envisage participating fully in the entire funeral value chain instead of only providing underwriting solutions. We will continue to expand our lending product suite and our transactional account called Money Account, and we will enhance its functionality. By the way, our transactional capability is increasing at the rate of 30,000 per month, with very limited product marketing.

Just imagine if we switch on that marketing capability. We are enhancing our distribution capability to ensure we increase take up of our new and enhanced products. We are using technology to improve the effectiveness and efficiency of our distribution channels through leveraging data analytics and predictive modelling to leverage off our 3.2 million customer base which we regard as a gold mine.

We are building and deploying digital capabilities to target the youth market with bespoke online solutions that are relevant for the digital savvy market. Interestingly, by the way, we have launched together with our sister business Personal Finance, and Karabo will tell you more about it, two online products. The Tax Free Savings Account as well as online funeral. The customer take up has been very exciting and we expect that to grow into the future. Lastly, in terms of how we defend our position, we want to scale our Foundation market business through partnerships with funeral parlours as well as administrators. These parlours and administrators are the largest in a market of 11 million people.

The key message that I want you to take up is that we are large business that is highly profitable and we will sustain our growth. I want you to remember the following - We are embedded into the social fabric of the communities in which we operate, and are a respected brand in those communities. We do so because we recruit through the networks that we have established in these communities. Word of mouth recommendations by influential members of those communities or key stakeholders is central to our recruitment strategy.

By the way, we seek men and women who have a passion for making a positive difference in the communities that they live in or work in. We are a market leader in the mass & foundation segment with a unique and highly efficient sales platform.

We have simple and accessible solutions delivered by a highly productive adviser force. We are leveraging data analytics to facilitate cross-sell to our 3.2 million customer base and acquire new customers. The combination of branches, digital platforms and face-to-face channels create a seamless customer experience at all touch points, and thereby giving us an advantage over our competitors because they don't have all these three things at the same time.

We have multiple growth opportunities to drive our top-line and maintain margins. The strategic initiatives that I have mentioned earlier will enable us to continue to grow our customer base, deliver solid results and maintain margins despite the low economic environment in South Africa.

We are proud and humbled by the trust we have built with our customers, and are confident that we shall protect it with everything we have through responding to their needs and being relevant at all times.

In conclusion, I want to tell you a short story that I hope will help you understand the purpose of this business and why customers are attracted to it. This is a story that can be told by thousands if not millions of South Africans about how Old Mutual has impacted their lives. I believe that many more people on the African continent will have similar stories to tell in years to come about the impact of Old Mutual. In the early 80s, a young mother who earned 540 per month as an administrative clerk in a hospital received advice from an adviser from this business to invest a few rand into an education or a savings policy for her son. In 1988 the son passed matric, or grade 12 in today's terms and wanted to go to university to study further. He didn't have a bursary. His mother could not afford the fees from her meagre salary. Someone said to her, if she could afford to raise the 3000 rand registration fees, she could send her son to university and he would stand the chance to be offered a government scheme for children from disadvantaged backgrounds.

She remembered the Old Mutual savings policy she took many years back. She was able to raise the 3000. The son registered to study law at a then top university in South Africa. That university is in Johannesburg. He got the scheme and was able to graduate with a master's degree in law years later. The advice of the Old Mutual adviser changed the lives of many in that family. Today, that young man who got a start in life through that Old Mutual savings product has just spoken to you as the Managing Director of the same business that gave him a chance to be something. I was that young man. Old Mutual certainly enabled a positive future for me, and as a leader of this business, I am privileged to do the same thing for generations to come.

I thank you for listening to my story and I will now hand over to my colleague, Karabo.

Karabo Morule: Thank you, Clarence, and good morning, everyone. My name is Karabo Morule, and I am the Managing Director for Personal Finance. I qualified as an actuary in 2006 and actually Peter has insisted that I mention that I was the second black South African woman to qualify as an actuary. I have worked at Old Mutual for just over seven years, with the fortune of having worked in Retail Affluent, in Old Mutual Corporates and in roles which gave me insight into the Mass and Foundation cluster during that time.

Prior to that, I worked at JP Morgan for just under five years, with three of those being at JP Morgan's London Offices.

I will cover the data points you will really want to put in your models, like the products we sell, our margins, and cover the distribution channels that we have. But the Personal Finance story and strategy is really about a customer focus and how we deliver solutions for and with our customers to create value for the group.

Personal Finance provides holistic financial advice and long-term savings investment, income and risk-protection solutions.

Our target market is the middle income market which we define as individuals who earn between 20,000 and 80,000 rand per month.

For 2016, 28% of our profits and 54% of our life APE came from savings and investment business, including life wrapped investment contracts, retirement annuities, discretionary savings and our tax-free savings account.

Conventional or guaranteed, and living annuities contributed 17% to our life APE, and 16% to our profits.

Our protection business contributed 29% to our life APE and 36% to our profits. Our protection business products include life, disability and severe illness cover as well as final expenses cover.

Our proposition also covers wills and trusts as part of estate planning. The contribution of our legacy book to our profits has been reducing year on year, and this means we have to be ever agile in managing our cost efficiencies given the lower margins in our new generation products.

In the last few years, our estimates of the Personal Financial profit pools relative to our competitors has increased, going from 21% in 2014 to 23% in 2016, and our share in the life APE market has been pretty steady at 14% over the same period. I say estimate because we don't seem to have exact like-for-like business structures.

For example, some of our competitors reflect credit life in their equivalent affluent market business units, whereas we write that business through Old Mutual Finance so it would appear in the Mass & Foundation Cluster financials.

We predominantly distribute our products through face-to-face distribution as our customer research tells us that 76% of our target market mainly have a preference for this method of engagement.

Let me move on to give you a sense of the market dynamics.

The South African market has high insurance penetration levels. Our middle income group historically represents the most mature part of the market, and is above most developed market peers.

The market in terms of customer numbers has been growing at 8% per annum and stood at 3.5 million customers at the end of 2016, as can be seen from the chart on the top right. Our market penetration of this market sits at 35%.

Our Retirement Monitor results indicate that 49% of the South African middle income market agrees that they are constantly worried about not having enough money, and 21% struggle to make ends meet in most months.

The macroeconomic environment and our generally poor savings culture have the potential to present a few challenges.

This means that the growth in the customer numbers in the PF target market can be difficult to translate into volume growth, high sales growth or an increase in share of wallet.

As one can see from the first few bars in the chart on the bottom right, middle market customers are showing increasing spend of their income on savings and insurance and medical aid but also a much higher spend on debt servicing.

I spoke about a preference for face-to-face advice. Face-to-face advice reinforces trust in a brand, and puts truth to the saying, 'a certain friend in uncertain times', which is often attributed as a sentiment describing Old Mutual.

However, younger customers show a growing preference for digital sales and service, in line with growing mobile penetration and internet access.

We believe that face-to-face engagement at the right time ensures that the financial planning advice is acted upon, but there will be parts of our customer engagement where we can use technology to suit the customer needs better and be more efficient.

The underlying dynamics driving the customer growth in this specific market is the Black Middle Income or BMI customer demographic.

The chart on the top-right indicates that this is growing three times faster than the rest of the market, if you're quick to do the calculations.

And the chart on the bottom-right show how the middle market increased spend to Insurance and Medical Aid from 9% to 10%, but that the BMI market increased spend to the same categories from 8% to 11%. So, we estimate that the BMI market's APE has been growing at a much higher rate than the general market.

We have delivered on our focus on our BMI customer as can be seen by the increased penetration rates from 17% in 2015 to 21% in 2016, as can be seen at the chart on the top-right.

We have identified an opportunity to keep up this fast rate of growth of the sub-segment by targeting customers who were previously in the low-income group with the Personal Finance customer propositions. As you know, the Mass & Foundation cluster has a strong position and great relationships in this space.

We believe that financial advice and financial education are key to achieving higher share of wallet, which is in line with how we can grow the South African economy by achieving a higher savings rate. We have propositions to deliver on this.

Furthermore, there is opportunity in debt consolidation products and credit life in the interim, while encouraging more savings.

Our multi-channel offering across the board range of financial services solutions positions us well to succeed.

Customer experience is really important to our customer-centric strategy and Old Mutual featured second in the South African Customer Satisfaction Index in the life insurance category. This bodes well from our middle income positioning as the direct peers for Personal Finance were behind Old Mutual.

Our transactional net promoter score, which is a measure of customer advocacy, is at 55%, which is higher than general ratings for financial services which are only really analysed for the US.

Rewards programmes are now an additional feature of the market, being increasingly used as a tool for attracting new business and for effective cross-sell at a lower cost of acquisition than traditional mechanisms. We are actively exploring this.

Personal Finance uses a number of distribution channels to access customers. In terms of our face-to-face channels, we have a tied agency force of employed financial advisors, independent financial advisors (IFAs) and we operate the franchise channel, where franchise principals run their own advice businesses using our FSP license. We have one of the largest tied forces in the country.

This blend of channels positions us well for the implications of the Retail Distribution Review (RDR), which we think could go in a number of ways and, in particular, if like in the UK, independent advisors shift to franchise tied and semi-tied models.

In terms of our direct offering, our direct financial advice channel is a tele-advice business which provides full advice, single need selling and para planners. We have a digital channel, which complements existing products, and also a direct channel, providing life cover only through iWyze - the Life business generated through iWyze is written on the OMLACSA license and booked to the PF financials. The opportunity presented by iWyze Life, which was launched in March of this year, enables us to tap into the direct insurance market.

We believe strongly in that this provides growth prospects for us in a market which we have not necessarily been able to access, so it is additive to our traditional channels. It also presents an opportunity for our traditional face-to-face channels because the customers with direct products need more expert advice as their needs and financial portfolios change over their life stages.

But being efficient in distribution is not just about the numbers. It is about having the right numbers with the right productivity in the right location using the right tools.

The chart on the top-right shows how 40% of our [target] middle-income customers are based in Gauteng, where we currently have 26% of our tied agency force. We have 32% of our middle-income customers from Gauteng. The number of middle income customers we have in this province relative to our target market translates into a 24% customer penetration in this province. So, we have an opportunity to grow our business by tilting our recruitment of new advisors towards Gauteng.

To gain more access to our customers and achieve further distribution efficiency, we have started to place Personal Finance advisors in Old Mutual Finance branches in August 2016. Our experience is that those advisors achieve 50% higher productivity, measured by activity in terms of issued policies per month, than our established financial advisors who operate in the field. We seek to improve our overall productivity by placing those who are new in the industry in these branches and they have low productivity than our established financial advisors.

As Clarence mentioned, many of the new Old Mutual Finance branches will be opened in the Personal Finance target market areas. This means that we can use existing Group capacity to boost efficiency and shorten the payback period of making greater inroads into our target market.

As a large investor in growing our tied agency forces, we need to improve our retention of new advisors and have put in place an Academy Recruitment and Selection Centre of Excellence to improve advisor selection, retention and productivity.

Our distribution mix is a strength and provides increased opportunities to increase customer penetration in our target market, but also to improve productivity and efficiencies often through technological enhancements. Our digital channel has enabled us to target a younger demographic and the growth nodes for us in our market, namely Gauteng customers.

The acquisition cost per policy in the digital space is expected to be lower than our traditional channels and our Digital business has better persistency than in the face-to-face channels.

The chart in the bottom-right highlights the four digital products which contribute to our financials with the annualised value of new business premium flows is at R80 million across some 8,800 digital customers at the end of June 2017. We expect this to grow rapidly.

The push is further supported by digital initiatives such as 22seven.co.za, our personal financial management tool which can help with budgeting, thus laying a foundation for sound financial planning. And moneyversity.co.za allows customers to access financial education online, which can assist with market development.

We have seen active engagement by customers with these tools and intend to evermore actively market them. For our younger customer segment, we complement our proposition with two additional digitally available products, namely online stock broking capability and a retirement annuity provided by Old Mutual Wealth and Old Mutual Unit Trusts respectively, with Old Mutual Unit Trusts falling into the Wealth & Investment cluster.

Taking good advantage of the Mass & Foundation cluster and Corporate platforms presents a growth opportunity for Personal Finance.

In terms of the Mass & Foundation cluster, we can leverage the customer migration opportunities presented as incomes of customers in MFC increase into the Personal Finance target market.

MFC is very strong in the public-sector space and as Peter mentioned earlier, has made good use of the worksite model for this target market.

Average public-sector incomes exceed those of the private sector and fall into our target market income definition. So, by collaborating in terms of access to public sector worksites supported by our financial education initiatives, we see customer opportunities. Given the level of indebtedness in our target market, we use Old Mutual Finance to provide transactional products to our target market, namely debt consolidation as well as the innovative Money Account.

In terms of Corporate, you'll hear from Clement later about how we have the largest umbrella fund in the country and we can leverage the relationships Corporate has to provide financial advice at worksites.

This offers customers the opportunity to complement the benefits provided as part of their employee benefits with tailored products which suit their individual needs and aspirations. As part of the service to Corporate clients, we can deploy advisors in a much-targeted manner for the average profile of the employees at the worksite, improving customer experience and unlocking efficiencies.

Clients of Corporate have access to the Financial Wellbeing Programme which, again, lays a great foundation for us to provide advice. We have found the way the financial programme has been rolled out, customer take-up of the opportunity to preserve their savings on resignation or retirement is higher, which is really good for their retirements saving outcomes.

Personal Finance has been able to generate R394 million in APE from 2013 to 2016 inclusive from customers in Old Mutual Corporate sponsored retirement funds. This figure represents the cross-sell of retail products to Corporate members. In addition to this, we have supported our single premium APE from the retention of benefits being paid out through the preservation or annuitisation of benefits when any customer exits the funds.

Our business already distributes for several other Old Mutual Emerging Markets businesses. The largest of these is for Wealth & Investment cluster. 50% of the APE generated by Personal Finance distribution channels is for Old Mutual Wealth, having been included with Personal Finance as Retail Affluent and we have delivered funds into OMIG and Old Mutual multi-managers, which forms part of Wealth, but to a less extent than OMIG.

For Old Mutual Corporate, we add value by distributing the SuperFund. Also, funds gathered through retirement annuities and income products have been invested into the Old Mutual Corporate smooth bonus product.

For Old Mutual Insure, we generated R680 million in gross in premium in 2016, with the slide outlining the breakdown across personal lines, commercial lines and iWyze, the last via referrals. The Personal Finance share of the total Old Mutual Insure book currently stands at around 10% as at H1 2017.

For Mass & Foundation cluster, we generated value by adding an online version of their funeral product to our digital distribution platform and Personal Finance has additionally extended the debt consolidation loan offering to our customers, which was initiated in June last year.

While the number of loans taken up was small, customers on average have saved R1,470 per month in debt servicing costs. So, we are right at the frontline of Peter's mission, as articulated through the eight battlegrounds. Our biggest task is to get our technology to support this objective and we are investing heavily to do this.

Personal Finance has achieved robust pre-tax operating profit growth above real GDP since 2014. But H1 2017 has been muted relative to H1 2016. This was driven by market levels and lower sales contribution. We have a legacy book which is a significant contributor to our profits. This accounts for some 20% of our 2016 pre-tax AOP. It has been a drag on our profit growth, but we are reaching the point where that impact will be reduced, going forward.

These higher margin legacy products are in run-off and have contributed to our negative NCCF relative to our revenue generation product.

Overall, we have a strong cash-generative business. Gross sales in 2016 were affected by competitive pressures in terms of our annuity rates and lower single-premium annuity sales. The lower single-premium annuity sales were driven by the de minimis changes. This is the legislation which determines how much of one's accumulated retirement savings in a pension fund that one can take as cash.

We continue to see a trend towards more savings in Risk business – in particular, from IFAs as they switch to fee and to a lesser extent, as and when commission products in line with anticipated RDR legislation. We have also seen the impact of competitive discounting strategies affecting the sales of large cases in the Risk space.

VNB in 2016 was lower than the prior year and impacted by lower single premium sales as previously mentioned. In addition, lower margins on our risk protection business were a result of changes to the economic basis and new tax treatments. Having had margins of about 2% historically, margins are under pressure from distribution channel expenses, which tend to be relatively fixed in the shorter term. Peer group margins likely include credit life profits from affiliate unsecured lending operations.

The previous slide which indicates the contribution to the broader Old Mutual Emerging Markets group indicated the large contribution we make to the Wealth part of the

Wealth & Investment cluster. This and the general swing towards non-life business and the savings and investments space means that the VNB margin doesn't provide the whole picture on the Personal Finance profitability.

We are reviewing the methodology of allocation of our initial expenses, given that our financials are split and no longer reported as Retail Affluent. As is normal, we would expect any methodology changes to come through at the year-end, but our early expectations are that it would result in a more stable pro forma margin for H1 2017 compared to full year 2014.

Over the first six months of this year relative to the prior comparable period, we have done really well to manage and retain business on a customer cash flow basis. Our NCCF trends reflect the large legacy books, so a high outflow. Our new generation book of business doesn't have fixed maturity dates, making retention more challenging. And so here, we have done really well.

Just so – to finalise with the key messages, this is a strong business with significant growth potential. While sales have been muted over the last 18 months, this came after a period of strong growth in market share up to 2015. We see good growth prospects because we are deploying our customer focus and technical expertise to address the growth areas in this market that we have identified.

Our strengths include:

We have a substantial position in terms of the number of customers, with 35% market penetration in the PF middle income target market.

We have access to strong product propositions across the Group, which enable us to provide advice and offer holistic propositions covering a wide range of financial services needs.

We have a leading distribution reach across a mix of distribution channels in line with customer preferences.

Our focus on customer experience with good customer advocacy and customer satisfaction results.

We offer a range of financial education and financial wellness tools to help encourage customers to save and invest with us and protect their financial wellbeing.

And we are one of the largest contributors to the profits of the Old Mutual Emerging Markets business and have strong cash generation.

Our big opportunities include:

Opportunity in the BMI customer demographic for us to improve our share of wallet through customized offerings.

Opportunity in leveraging MFC's strengths to access the public sector through a worksite model and capturing customer migration to transition Mass & Foundation cluster customers into the Personal Finance propositions as their incomes increase.

Using Corporate's umbrella fund scale and relationships in the employee benefit space to deliver advice using a worksite model and making use of preservation and annuitisation opportunities to deepen customer relationships.

Accelerating the use of digital to a greater extent to unlock efficiencies in customer acquisition and the deployment of financial education.

And lastly, developing rewards to drive new business and cross-sell at a lower customer acquisition cost.

I am confident that we can drive these initiatives and move the business forward.

Thank you. And now, over to you, Dave.

David Macready: Well, thank you very much, Karabo, and a very good afternoon to you all. My name is David Macready and it's my pleasure to introduce the Wealth & Investment cluster to you today. As background, I'm a chartered accountant. I have got extensive experience in building and growing wealth management and asset management businesses both locally and internationally.

Now, a new cluster was brought together in July of this year and it comprises of the Old Mutual Wealth business as well as OMIG, which is Old Mutual Investment Group, which comprises our listed Asset Management business and listed Alternatives business and finally, our specialized Finance & Proprietary business called OMSFIN.

So, we now have all the required building blocks to be truly competitive within one single cluster and we believe we are now ripe to grow our market share and overall profit contribution to Old Mutual.

So, let me start by providing a high-level context to the industry dynamics as a backdrop to understanding our current position and therefore that of our strategy, going forward. Firstly, the retail market is growing at almost double that of the institutional market and this growth is driven and dominated by Independent Financial Advisors. Now, Old Mutual's traditional focus in asset management has been predominantly in the institutional space and in retail, largely through the Old Mutual tied distribution.

Now, the growth in retail is further aided by the impact of retirement reform on the institutional market, which is actually driving standalone funds into umbrella funds chosen by members. Given our very strong positioning, Old Mutual Corporate, which you'll hear about this afternoon, is a distinct opportunity between ourselves to leverage this for future strategic advantage.

From an asset class perspective, flows of funds have been predominantly into the multi-asset or asset allocation area, particularly in retail. And hence, it's essential to ensure we have performance in this area to compete. There's an increasing trend in the move towards passive and smart beta as well as growing demand for global exposure, given our South African context.

We're starting to see an increase in allocation demand from local pension funds and institutions into unlisted assets such as private equity, infrastructure and renewables. And this is further facilitated by the increasing need for Africa to resolve its deficit, particularly in infrastructure spend through public-private partnerships, which we believe will continue to drive the growth in alternatives across the continent.

Whilst traditional asset managers still continue to dominate, we're starting to see the emergence of smaller managers gaining traction, whether it's the specialized boutiques on the one end as well as black owned managers. And we see the consolidation in the Independent Financial Advisor market and their dominance in retail flows to continue. And lastly, we see increased margin pressure in line with the global trend towards low-cost passive investment strategies and competitive pricing in retail platform administration.

So against this backdrop, how are we currently positioned? Well, we are already a significant player in the industry. But most importantly, we've got unique differentiator capabilities in the expected future growth areas as well as the opportunity to reposition our strategy in the retail space. The industry in South Africa is approximately 4.4 trillion rand of assets and you can see now that retail is almost the same size as the institutional market.

Now, we are one of the largest private investment managers with funds under management of circa of 700 billion rand. We currently manage 10% of the overall retail market assets. We administer 15% of all platform assets and we have an overall institutional market share of 6%. But we have distinct leading positions in the industry in the following areas.

We're the leading passive manager in South Africa, with an excess of 80 billion rand under management. We are the market leaders in innovative fixed income and credit. We also are the largest private alternative investment equity manager in Africa, with 54 billion rand under management. And we recognize leaders in terms of Responsible Investment and ESG, all-important cornerstones for the future.

Now, the Wealth & Investment cluster is not a mono-line. And it operates through four distinct different businesses and I'm actually going to go through each in turn. That is, Old Mutual Wealth, Old Mutual Investment Group, Old Mutual Alternatives and OMSFIN.

Let's start off with Old Mutual Wealth. The Old Mutual Wealth business provides a vertically-integrated advice platform and investment offering to affluent and high-net-worth clients – those are individuals – to the Old Mutual tied distribution network as well as to the Independent Financial Advisor market. As an Old Mutual Wealth customer, you enjoy our service offering through a variety of touchpoints, including our world-class goal-orientated advice process and support, which incorporates estate planning as well as trusts and all are regularly reviewed through face-to-face feedback and online reporting.

The financial plans are implemented across a variety of asset classes with access to a range of diversified investment solutions either via a multi-managed, single-managed, life-wrapped or direct exposures in terms of private clients' stockbroking portfolios. In this end of the market, insurance solutions in the wealth space primarily provide cash flow planning either by protecting income or meeting short-term – or protecting businesses or meeting short-term estate liabilities. And our customers have the ability to gear and leverage existing investments as and when required.

An Old Mutual Wealth accredited advisor or independent strategic partner or practitioner embeds this vertically-integrated, seamless offering of advice platform and finance within their practice or alternatively, chooses all or parts to tailor the individual proposition to their clients. So, this business is thus very well-placed for industry consolidation, as I mentioned earlier. And critically, it's got the ability to capture assets with scale and generating margin right across the entire value chain.

Key priorities for growth here are to future-fit our international platform, refocus in getting that market share in the independent IFA market and grow Old Mutual's affluent to high-net-worth market share, which is currently nascent and therefore represents a significant opportunity.

Moving now to OMIG. So, this is our listed Asset Management business and operates through eight independent boutiques. These boutiques cover fundamental equity, asset allocation or multi-asset class, fixed income, global, passive and bespoke solutions as well as liability-driven investments. Notably within this business, we have market-leading positions in terms of our fixed income boutique Futuregrowth as well as passive and LDI.

We see three significant opportunities for growth in the listed space. Firstly, pre-managed separation, our global assets were managed internationally by other affiliates across the Old Mutual Group or by third parties. Now for the last 18 months, we've been fast-tracking our global capability to manage these assets internally. Secondly, we are well-placed to lead in the move to passive, particularly given that we are already at scale and that we have the advantage in distribution.

And lastly, we're refocusing our efforts in improving the distribution of our retail unit trust and investment funds into this growing IFA market. Now, these build on our existing strengths of our retail tied salesforce and Personal Finance as well as Old Mutual Corporate in the post-retirement SuperFund platform space.

Turning now to Old Mutual Specialized Finance. Our Specialized Finance capability manages and supports the origination of assets back to both our life guarantee products as well as our CPI products, as well as being the Group's core alpha capability for proprietary funds and investing. Now, this business has got a strong track record across multiple asset classes, particularly in credit origination and mezzanine financing.

Also, it has an impressive track record in terms of credit impairment and has the ability to source high-quality transactions as well as the ability to generate superior risk-adjusted returns for the Group. We see opportunity to further leverage this capability across both on and off-balance sheet financing using the liquidity opportunities and advantage we have which basically arises, given our long-dated liability profile of being an insurance company.

Let me finally move and chat about alternatives. Now, being part of a life company has given us a unique advantage in growing an alternative investment business, which comprises infrastructure and renewable funds, impact funds such as housing and education, and private equity both local and international. Today, we're the largest private manager of alternative assets in Africa and have the unique opportunity across the continent, given our ability to leverage our balance sheet, our track record and scale as well as to optimize the benefit from that increased allocation to these asset classes that I mentioned earlier.

So, let me add a little bit of colour to the manner in which we, as Old Mutual, invest in opportunities of tomorrow. As I mentioned, we are the largest private investor in renewable energy, transport, infrastructure and impact funds in Africa. And whilst this may sound very philanthropic, our track record shows that we provide a class of asset and diversification which enhances our overall risk-adjusted returns for all our clients.

And there are some really powerful success stories here, some examples of which I will share briefly but very proudly share with you today. Take renewables. We are a significant equity investor and have been in all the rounds of renewable public-private partnerships, one of the original of which was the Cookhouse Wind Farm. And for those of you that don't know, that's situated between Adelaide and Somerset East. Now, picture this. Just imagine. 66 wind turbines, each of them standing 80 metres high and generating enough energy and electricity for more than three-quarters of a million South Africans. And indirectly through our investment in that area, we supported the development of more than 35 schools within the local communities.

Let's talk about student accommodation. In our development impact funds, we manage an excess of R12 billion across a range of funds that provide investors with commercially acceptable returns whilst addressing the gaps in social infrastructure, affordable housing and quality education. Our housing fund, for example, has provided close to 10,000 student beds in inner cities like Johannesburg to alleviate the shortage of student accommodation. You know, that's 10,000 future leaders who can move our economy forward in the future.

Toll roads. We all know that transport infrastructure is important. And in fact, it's essential to get an economy moving. Our private equity involvement in funding the Bakwena Platinum N1N4 toll road has created over 800 permanent jobs in the surrounding area.

In agri, within our suite of agricultural funds we have actually invested in large-scale commercial megafarms across Africa. To date, these farms employ over 4,800 workers, who are provided with housing, access to prepaid healthcare, and the provision of adult training and education, important skills.

So there's a common strand to all of these stories for Old Mutual. Firstly, and most importantly, there's a great investment thesis. Secondly, we're providing sustainable and enhanced returns to all of our clients. And thirdly, we're significantly uplifting the communities in which we operate.

Let us now move to strategy. And our strategy here is focused on where we believe we hold current advantages, as where we want to acknowledge where we want to leverage into areas and other future opportunities.

So what is our strategy? Well, firstly, we have got to capitalise on this inherent focus and skill that we have within the boutique model. We are three years into our journey to build a reputation of being world-class asset managers with unique talents in the traditional spaces of equity, asset allocation, and fixed income. Secondly, and quite importantly, we want to lead in the differentiated future fit capabilities, namely liability-driven investments, passive, smart beta, infrastructure and renewables. And these are all market-leading capabilities that we have developed and are at scale.

We've got a big thrust to focus back into the retail market, and particularly in terms of independent financial advisors, and to maximise the leverage of our current distribution we have in personal finance, as the largest tied agency in South Africa. We see substantial opportunities to grow the Old Mutual Wealth business. So, we've got all the building blocks to strongly increase our market share in the affluent and high-net-worth space. We believe we can build Africa's alternative mega-manager. Given our current scale, track record and balance sheet, we are uniquely positioned to deal with and achieve this right across the continent. We are accelerating our global capabilities; we are fast-tracking our ability to migrate these international assets, thereby growing our margin and scale in the process. And we see further opportunities to use our balance sheet and our asset liability profile to leverage our capabilities across these credit assets.

And lastly, we build on the opportunity to leverage, in terms of our group scale and distribution capability, both in our corporate area and in our client network.

I'd like to highlight three aspects within our key performance indicators. Firstly, funds under management have shown steady growth, particularly in the third party asset base, which is most important. And this growth has actually been sustained, albeit slightly muted by declining legacy life books. As is apparent, the franchise has potential to generate significant NCCF, as is shown in 2015, which we believe will be further enhanced by a refocus into the IFA markets.

Whilst pre-tax AOP appeared flat, the quality of earnings however has altered dramatically over the period. Most importantly, there has been a strong increase of circa 10% in annuity-based income, which together with a decrease in cost to income ratio enables this business to grow significantly.

There has been a corresponding reduced dependency on non-annuity income. In our space, that is performance fees, preferred returns, mark to markets and origination fees. Now, part of this drop can be explained in terms of the industry with structural reforms away from performance fees, particularly in the listed space. But the very nature of the income, particularly in Alternatives and OMSFIN businesses, resulting in irregular and varied non-annuity income profiles.

In alternatives, for instance, this is largely driven by the majority of the long-term fund cycles, particularly in private equity, infrastructure and renewables; and the result of preferred returns and performance fees. Whilst in OMSFIN, the non-annuity revenue is dependent on the origination of deal flows and mark to market returns. Now, the significance of these drivers can be seen in the high non-annuity drivers we experienced in 2014.

Lastly, the Wealth and Investment Cluster, by nature of its revenue and capital light requirements, drives high economic profit contribution and ROE for the Group.

Now, investment performance is key to any wealth or asset management business. Our investment performance continues to improve, particularly in the retail space, and notably in the multi-asset, fixed income and global emerging markets. Investment performance is no longer regarded as the limiting factor. What remains key here is changing perceptions; perceptions regarding the long-term sustainability of our investment performance and track record going forward.

So, in conclusion, what I'd like to leave you with are the following key messages.

We've got a strong track record across both listed and unlisted asset classes. We boast significant advantage, scale, position and experience in those future-fit investment management arenas of the future. We are attracting new and strong talent into key areas of our business, such as global equity. Our quality of earnings has improved, and we believe that the business has the opportunity to scale further, both from increasing revenue as well as margins. We've got a clear strategy, as I've spoken to you about, and we are an award-winning leader in terms of responsible investment. Most of all, we're backed by a trusted brand, a significant balance sheet and key distribution strength from the rest of the group.

I thank you very much, and I'm now going to hand over to Peter for the Q&A.

Peter Moyo: Thanks Dave.

Larissa V Deventer: Hi, Larissa van Deventer from Deutsche. I have a question for Karabo please. Karabo, just to clarify, in the presentation you mentioned, if I heard it correctly, that 20% of your FY16 AOP came from the back book, or from a long tail. Of which AOP? If that is correct, I have three questions: of which AOP, how long before the tail runs out, and what are your plans to fill the gap?

Karabo Morule: So it was the pre-tax AOP and that was before the application of the long-term investment return. Hopefully that explains. I'm not too sure what, you know –

Larissa V Deventer: What is that, of the entire emerging market profit numbers?

Karabo Morule: No, so it's of the personal finance. So we actually have been tracking at, even though it wasn't reported as – so, the PF numbers, actually the PF numbers – it's not the RAF number, so .

Larissa V Deventer: So we can't quantify from public data how much that is?

Karabo Morule: I think in terms – yeah, no.

Larissa V Deventer: Okay. And then, how long before it runs out and what are your plans to fill the gap?

Karabo Morule: Yeah, so I'm not too sure in terms of kind of the tail of the business. I guess we do have a sense of the fact that – you know, the terms of most the contracts. So I wouldn't have that answer for you exactly but maybe we can follow up and give you that response

Larissa V Deventer: And plans to fill it?

Karabo Morule: So, the key thing is the focus on the new generation products – we'll launch some new products over the next while, and the key focus is on what we can do to manage the efficiencies and make sure they actually – we'll continue with the profitable growth, but really focussing on how we can create new products; in particular, tailored products for these new markets and opportunities from the customer base perspective. So it really is about, like I mentioned, the growth in the BMI, also the professional market, so there's a combination of managing our efficiency, and in line with the broader focus on cost efficient leadership, but also what can we do in terms of generating new products which are tailored for particular growth segments in our markets.

Andy Sinclair: Thanks, it's Andy Sinclair from B of A Merrill Lynch. One question for each of our presenters, if I may?

Firstly, Clarence, can you give us a breakdown of your profits for your business segment between risk and savings as you did with the breakdown in terms of the customers, between risk and saving? Secondly, Karabo, and I apologise for my Scottish pronunciation, really excellent, thorough presentation. Peter and you both talked about getting closer to clients. I just wondered, do you see that as possible with the existing product base? Is that just sort of using more digital? Or do you think you need to evolve the product base, the product mix as well? And third, Dave, I'd assume that most of the earnings from your business segment are fee-based. I just wondered if you could give me an idea of how much, if any, is coming from spread or underwriting earnings within the business segment. Thanks.

Clarence Nethengwe: I don't have it off the top of my head, but the bulk of the profits comes from the risk products that we have, because like I said, our savings product margins are very low, with the bulk of the profits coming from risk. And the other balance comes from our lending business.

Karabo Morule: In terms of getting closer to our customers, I think, a number of things. So yes, digital is important for those younger customers. When we look at our life stage segmentation that is where we have our lowest penetration, so that's important for us. Another source is generating more frequent touch points with our customers, so that's a big focus area, and we're looking at that in a number of ways. One is just making sure that it's where the customer has for example an intermediary and they can contact with them on a frequent basis. Two, even if the customer doesn't have, for example, an ongoing servicing intermediary that we can actually get closer to them as well. And it is also about these tele propositions, that we think there are some gaps in the market in terms of what we could be providing to the market. But linked to that is also a key focus on financial education and advice. So advice is at the core of what we want to focus on, and this has come out quite strongly in our customer research. So I think it is a combination of those number of things.

Clarence Nethengwe: Can I also just add that the investment in our technology which enables us to start understanding our customers better and to start looking at the number of solutions that our customers have from Old Mutual. I think now it's sitting at about 1.3 products per customer, so once we have better data, and we want to dig deeper into our customers and push that number higher.

Dave Macready: And then lastly, we do earn some of our earnings from spread, if you look at our disclosures, we do separately disclose a breakdown of some of our credit balances, as well as some of the breakdown of income within OMSFIN itself which actually shows, essentially, shows the portfolio income and spread.

Andy Sinclair: With the majority being fee based?

Dave Macready: Yes.

Speaker: Thank you, Mr Moyo. I'm addressing this to Mr Macready first. Mr Macready, you advised that retail flows are dominated by IFAs to the extent of circa 80%. Further that, this dominance is set to continue, have you seen the strength of your brand name and your various competitors, how come this situation is going to continue? Why is it not possible for Old Mutual, if no-one else, to make inroads in the retail market?

Dave Macready: I think that's a question that's both shared by ourselves and Karabo. We certainly want to make very large inroads into that market, and I guess we can do it in three ways. One is through our own distribution, our tied distribution, as well as our distribution in terms of wealth, to Old Mutual clients; but also very much within personal finance and in the wealth business, we are actually focussed on supporting and effectively gaining growth and flows from other independent advisors. So independent advisors look towards Old Mutual to actually provide products and investment solutions. So the growth in that market is also important to us. Without doubt the investment portion, of flows in the retail space has very much been dominated by IFAs. We do see that will continue, although the way that we position our business, we certainly hope to compete in that space.

Speaker: May I address a question to Mr Nethengwe please - it has to do with the slide, unsecured lending. Figures are given for 411 million in half 2016 and reduced to 350 million in half 2017. But there's an intriguing note relating to the write-offs. It mentions, the note, that there were write-offs in 2017 but no mention about the write-offs in 2016. Why is that?

Iain Williamson: It's not that there were not your normal credit losses in 2016 vs 2017. But at the end of first half 2017 we changed our methodology for calculating credit impairments in order to start to proactively move towards the new IFRS 9 impairment standards that will come into play at the beginning of 2018, so the methodology change that resulted in the impairment write off.

Jacques Conradie: Hi, Jacques Conradie from Peregrine Capital. So, just a question for Karabo and Clarence. It's been quite interesting that in the last year or two, several of the big SA banks have made their intention more clear to go into insurance. Especially, FirstRand said they want to build a big insurance business, and I think Capitec for one probably has to assume they will go into the market eventually as well. So maybe just your thoughts on them as new competitors and how you want to prepare your business for this.

Clarence Nethengwe: Yeah, I think Capitec has come out to say they want to start distributing funeral products within the bank. So, we are quite prepared because we distribute funeral products through our Old Mutual Finance branches, and doing so online. And our tied adviser force is quite competitive in terms of taking the solutions to the customers. My view is that insurance in South Africa is sold, not necessarily bought. So, Capitec, really has to up its game in terms of trying to engage with customers to sell these product to them, and that is very interesting for us. But we do have plans to counter this.

Karabo Morule: it is something to really keep a focus on and really understanding the relationships that we have with our customers and appreciating that the banks see their customers more frequently and it is about seeing what we can do to deepen the relationship that we have with our customers and being more relevant in their lives. And so, there's a key focus on getting that customer insight, the customer research and the more frequent engagement with them, and showing the value that we're adding to their lives is quite important in response to that.

Yeah, I think there is a strong focus on investment in technology, and also I would mention that the rewards is actually a big component of what we focus on in our market and making sure we focus on those two and are actively pursuing that. So, the focus on the technology and the new product propositions and how that is supported, and around digital and the data analytics supporting us understanding a better sense of who our customers are and what banks they are with, I think that will stand us in good stead in that regard.

Mike Christelis: Hi, it's Mike Christelis from UBS. Just I guess a follow-on question from Jacques, can you talk specifically, Clarence, in your exposure to Capitec clients, if you do have a sense of what sort of percentage of your debit orders are coming from Capitec, firstly? And then, secondly, in both your businesses for H1, certainly it looks on a relative basis compared to your peers, you've lost market share. Now, that's come off a particular high, I think, for both businesses as well, by my measures. So, my question is, is that reflective of your competitors recovering, and therefore, you know, this is a new base from what you think is stable, or do you think you can regain back to the sort of level you were at last year, in terms of market share?

Clarence Nethengwe: We should be able to recover, I saw your report and I was talking about it yesterday and expected you to raise the very same question. So, it was what I believe a minor blip and the results, the reason why that happened was around headcount, we had some challenges because we had a high attrition rate. But we have fixed that problem. Secondly in terms of how we are responding to the likes of Capitec, we believe that customers are looking for integrated financial solutions, they are not looking for an insurer that just provides funeral insurance and then move on to Capitec to get lending. But they need a one stop shop. So, if you look at our competitors they are also providing an integrated financial solution. And that is what we have been doing over the past three years, building an integrated financial services business. But that also requires investment in technology in order to, you know, to understand your customer needs as well as frequent engagement with the customers. So we believe that going into the future we should be able to claw back that 4% that you said we lost in H12017. I'm looking forward to reading your report in March of next year because I believe you will be saying good things about Old Mutual then.

Karabo Morule: Michael I think something else to keep in mind in our market we have seen a lot of discounting strategies, and I think the key focus that we've also been cognisant of is what can you do to ensure you are getting quality business in and not just chasing a sale for the sake of a sale; but also two, and we have seen a history of this in the past where some competitors would do that, price very heavily from a discounting perspective and then ratchet up their prices at a later stage. And then we think, in terms of the sustainability of our customers and making sure that that relationship is deep, we want to make sure that we're providing the pricing that we feel is the right pricing, managing in terms of what they can do around their cover, if they have an affordability issue, and actually really making sure that we're building the relationship with the customer for the long term, rather than trying to leverage and profit from it in a shorter-term basis, so…

Johny Lambridis: Hi, sorry. Johny Lambridis from Prudential. Just following up also on Mike's question and Peregrines - just on the entry of banks. You know, if you chat to the banks, I guess their key takeaway is that we can see the clients' money going off into sort of debit orders. In that digital space, who actually owns that data? If the bank knows I'm paying Old Mutual a premium, is that their data to use, and so wouldn't you look to sort of bypass that by setting up other payment systems to get around that?

Clarence Nethengwe: I mentioned that we have a transactional capability that we have in Old Mutual Finance. We have set ourselves some lofty targets in terms of displacing our competitors in terms of their transactional offerings to our customers, and we believe that if we can do that successfully, we should be able to turn the tide in terms of what they are doing to our customer base. We are currently distributing over 30,000 per month in that transactional account, and the bulk of the people that are taking them are our current customers who are displacing our competitor banks, and we believe strongly that going into the future we should be able to see how the customer behaves in terms of how they are using their money and from there we should be able to tailor solutions that meet their needs.

Karabo Morule: I guess linked to that, that's what we're doing in the product development and Old Mutual finance space, with MFC, we're co-creating a proposition that will fit the middle-income customer needs , where we can actually leverage the money account as well, to start getting insights in terms of how we can serve our customers better, and this is actually getting a sense of what they're spending their money on.

Peter Moyo: We'll now take a 45-minute break for lunch, but before we do so, we've got a very short video for you to watch.

Peter Moyo: Welcome back. We will now hear from Clement Chinaka, Raimund Snyders, that will complete the South African piece. And then we have Jonas Mushosho, the Head of our Rest of Africa business. And David will be talking about LatAm & Asia. David just told me that he is not going to speak in Spanish. Over to you, Clement.

Clement Chinaka: Thank you and good afternoon to you all. I'm Clement Chinaka, the Managing Director of Old Mutual Corporate. I am an actuary and have had 26 years of experience in a variety of roles across the Old Mutual Group. I worked in the Zimbabwe life business for 12 years of the 26 and I am just two months shy of my third anniversary in my current role. Thank you very much for this opportunity to share with you a little about Old Mutual Corporate. I will share the success and growth of our business in recent years, which have cemented Old Mutual Corporate's position as the market leader among service providers in the institutional retirement fund market.

Allow me to start off by describing the business.

Essentially, Old Mutual Corporate provides a diverse range of services to employer sponsored retirement funds in South Africa. As at the end of 2016, we serve around 5,300 employers from a diverse range of industries across the public and private sectors of South Africa. This adds to approximately 1.6 million customers across our full product set, of which, about 800,000 customers' plans are directly administered by us.

Our services can be categorized into three main segments.

Firstly, on the investment side, we are a significant provider of a range of pre-retirement plans. From smoothed bonus investments to multi-managed linked and structured passive investments where the total of 152 billion rand in Funds under management at the end of December 2016. We sponsor the Old Mutual Superfund commercial umbrella which had over 400,000 active members and 96 billion rand in assets under administration at the end of June 2017. In addition, we administer three industry umbrella funds. For South Africans needing a reliable post-retirement income, we offer a range of trusted annuities. We have 53 million rand's worth of annuity liabilities, including a book of 42 billion rand of higher margin with profit annuities. The rest include inflation linked, guaranteed escalation and level annuities. Our inflation linked annuities are the fastest growing part of the book.

On the risk side, we insure group life and disability benefits with a book generating 4.1 billion rand in annual gross written premiums, in addition to about 950 million rand of annual premiums in our cell captive business, called Old Mutual Alternative Risk Transfer or OMART. We also have an in-house consulting business called Old Mutual Corporate Consultants. These professionals deliver sought-after services and guidance to our clients across the main areas of benefits consulting, investment consulting, and risk consulting. The consultants play a crucial role in building deep relationships with our customers. All in all, there are around 950 employees across Old Mutual who service the Corporate Segment and we have a dedicated presence in the major cities of the country. We have broad distribution capability and deliver our offering directly to clients using our direct sales force, through independent intermediaries of all sizes and through our retail distribution channels.

As proof of how well the business is performing, we have further cemented our position as one of the country's most successful institutional retirement fund market players in recent years. Old Mutual Corporate achieved a pre-tax operating profit of 1.4 billion rand in the 2016 financial year. That was 41% of the profit pool generated by the top five listed participants in our market in that year. Our nearest competitor in this regard held only a 20% share of that pool. Over the past three years, we have delivered consistent growth in market share of new business sales - from 31% in 2014 to 50% in 2016. This excellent growth has be demonstrated in both risk and investment sales. Importantly, this was achieved at good margins, such that in 2016 we wrote 69% of the value of new business generated in the market.

Our market is highly competitive with a number of established traditional participants and steady growth in new participants, as increasing numbers of consulting houses and asset managers move towards becoming full service houses. We are very confident that we are well positioned to remain a leader in this market thanks to our proven experience and our many competitive advantages, which include an extensive breadth of offering delivered and supported by highly experienced technical staff; unrivalled intellectual capital and proven competence – particularly in the most profitable products like smoothed bonus and annuities; our enviable reputation as a trustworthy business, with a solid brand; and our very strong relationships that ensure we retain our existing customers and consistently attract new ones.

Our industry is facing some challenges, but Old Mutual Corporate is very well positioned in the markets that we serve. Please allow me to explain.

South Africa's private sector, employer-sponsored, retirement fund market had 1.8 trillion rand in assets at the end of 2016. Old Mutual Corporate holds a 12% share of this massive market. Unfortunately, this sector has not experienced much growth in real terms in recent years. In fact, according to the FSB data released in May 2017, assets under management in the sector have only risen by 4% per annum between 2015 and 2017. Significant amount of assets have been out in benefits by the retirement fund industry mainly as a result of job losses across the economy. These benefit payments have not been fully offset by new contributions and new entrants into the industry.

The slow aggregate growth picture above hides an exciting growth opportunity that is developing in the market. The increasing burden of running a standalone retirement fund in a tighter operating environment has prompted increasing numbers of employers to convert their standalone funds to umbrella fund arrangements – as evidenced by the excellent growth of umbrella fund assets by 18% per annum over the past two years, compared to the standalone fund assets that grew by 2% per annum only over the same period.

As leaders in our industry, Old Mutual Corporate saw this situation developing and we invested into positioning our business to win in this evolving space. And that investment is certainly suddenly paying off.

At the end of 2016 we held a 27% market share of the 353 billion rand commercial umbrella market and our Superfund is the largest commercial umbrella fund in South Africa.

We are a leading provider of group risk insurance. We have a 29% share of the 17.6 billion rand annual premium group risk market in South Africa. Currently, this group risk market is facing challenging underwriting experience, especially around income replacement benefits on disability. We are at the beginning of a rate hardening cycle, and that brings with it significant retention risk for businesses operating in this space. However, we enjoy strong relationships with our clients and we have a reputation for great service – both of which maximise our ability to retain our customers during this challenging period.

Retirement fund reform is a key regulatory theme in our industry. The main aim of reform is to address low coverage and historically poor retirement outcomes caused by, among other things, low preservation rates, low annuitisation and relatively high costs in the industry. Key challenges for the sector are pressure on margins and, the risk of crowding out of the private sector retirement fund market, if a high benefit and high contribution rate compulsory National Social Security Fund is established. On the positive side, the reform could usher in significant opportunities for the industry, if any of, auto enrolment, default preservation and compulsory annuitisation are introduced.

Some non-traditional players, such as pure asset managers, now see umbrella arrangements as a key asset gathering vehicle in the face of these regulatory reforms. This has caused a rising tendency for these businesses to enter the market with niche offerings.

As a result, there is a proliferation of umbrella funds - with over 200 open umbrella funds now, and still counting. This will present opportunities for further consolidation as the industry structure settles and uneconomical funds withdraw. We will keep a close eye on this situation to leverage our strong balance sheet to exploit any growth opportunities this may present.

Now that I have painted a picture of where Old Mutual Corporate sits in our market for you, it is probably a good time for me to briefly outline the significant role we play, and value we add, within the Old Mutual Emerging Markets Group.

With our large customer base, Old Mutual Corporate is a key contributor to the strong position that Old Mutual Emerging Markets has as a financial services champion in the South African market.

Old Mutual Corporate is a highly profitable business and has a high conversion rate of profits into cash. These profits primarily come from asset based fees and spread income from the investment side of the business, and, underwriting result and return on reserves from the risk business.

In recent years, we have been realising capital, as evidenced in this slide. You see that capital is reduced, as a percentage of liability from 6.1% in 2012 to 3.9% in 2016. This shift has been a direct consequence of shifting our product mix to less capital intensive products, coupled with the improvements we have made in our capital methodology. An example of this, we see the growth in lower guarantee options in our smoothed bonus offerings.

We expect future business to continue to have lower capital requirements than the older back book. As a result, we anticipate that our fee cash generation will continue to be higher than profits until such time that this dynamic changes.

Old Mutual Corporate is a key bulk acquirer of individual customers for the wider group. Through our ongoing retailsation efforts, we are successfully driving the process of converting the members of our retirement funds into customers of Old Mutual in their individual capacities. We have seen pleasing progress in this regard. We retained benefits payments in other Old Mutual offerings to the tune of 2.9 billion rand in 2016 compared to only 1.7 billion rand in 2012.

Cross sell of retail products to our member base led to the retail segments acquiring 26,000 new customers in 2016. This generated 345 million rand in new business annual premium equivalent. In June 2017, the overlap between corporate and retail customers reached 192,000. Of this, the overlap with our active umbrella membership base is around 130,000.

Then, Old Mutual Corporate is also a significant asset gatherer for Old Mutual Investment Group (OMGI), with the total Old Mutual Corporate Funds under management by OMGI standing at 180 billion rand at the end of 2016. And there is scope to achieve even more in this space, as we grow our share of the industry assets.

Against that backdrop, allow me briefly to take you through Old Mutual Corporate's key financials.

As indicated earlier, the bulk of our profits are generated from asset-based fees and the group risk book. The slide shows development of these two key profit drivers. Our funds under management grew by about 6% per annum over the last three years while risk premiums grew by 9% per annum over the same period.

Our operating profit has grown by about 4% per annum over the last three years. This has been a somewhat volatile period, with a solid 16% operating profit growth in 2015 following the successful delivery of our Future Fit efficiency programme. This programme drove efficiency in the retirement fund administrative space by closing standalone administration service, simplifying our IT real estate and driving the conversion from standalone to umbrella schemes.

Then, in 2016, our operating profit was lower. This was mainly due to poor underwriting results seen in the group risk business, which I touched on earlier. The actions we took to respond to that are beginning to show some impact. We saw some improvement in the risk underwriting result, leading to the 20% growth of profits between the first half of 2016 and the first half of 2017.

The value of new business has steadily increased over the years due to higher new business volumes and shifts in product mix to more profitable smoothed bonus. 2016's results were an outlier to the upside, given specific one-off deals.

Looking forward, we have a clear strategy to defend the value and position of our franchise and drive its sustainable growth. This strategy comprises four focus areas.

Focus area one is to maintain our current leadership position in the face of increasing competition. This will be delivered by:

Continuing to win in terms of standalone fund to umbrella conversions. We have converted our own standalone schemes into umbrellas and now we have the opportunity to win over schemes from their current administrators. This will be the key focus of our sales force going forward.

We will diversify our investment offering to complement the successful smoothed bonus offering, as well as focus on capturing more of the retirement benefits coming from Defined Contribution schemes into our annuity solutions.

We will focus on improving profitability in the group assurance book while ensuring that we maintain market share through the hardening cycle.

We will continue to improve our proposition to intermediaries.

And we will maintain our drive to retailise our customer base to generate more value for the group.

Focus area two is to drive a step change in customer and intermediary experience.

A key focus under this area is enhancing our digital capability as a business to improve efficiency and to deliver exceptional member and intermediary experiences.

Focus area three is to innovate for growth.

To achieve sustainable growth in our dynamic retirement fund industry, we will invest in creating a portfolio of new profit generating propositions for employers.

We will also leverage data analytics to offer tailored advice to members and employers to help improve the retirement outcomes for those members.

And we will investigate ways to operate profitably in the very small employer space, as well as in those parts of the private sector market which are currently not being addressed. This market offers sustainable growth opportunities for the future.

And focus area four is to drive the necessary changes in culture and develop our people to ensure we have the necessary bench strength and the right capabilities to deliver profitable growth.

In closing, ladies and gentlemen, let me summarise the key aspects of what I believe is a compelling Old Mutual corporate story.

Our business is successful and is a market leader that is supported by a comprehensive, value-adding offering, broad distribution reach, strong relationships and a reputable and trusted brand.

We have a solid reputation for excellence and unrivalled competence in the most profitable product sets of smoothed bonus portfolios and annuities.

Our Old Mutual Superfund is very well positioned to capture the growth in the umbrella market.

Our business has proven its ability to generate free cash to the group, and remains consistently strong in doing so.

We deliver further value to Old Mutual Group by driving the cross-selling of other products into the Old Mutual Corporate customer base.

I trust that from all that I have said, you can see the outstanding value that this business will continue to add to Old Mutual and, more importantly, to our 1.6 million customers.

Thank you for your kind attention, and I will now hand over to Raimund.

Raimund Snyders: Thank you very much, Clement. Good afternoon, my name is Raimund Snyders. I have been the MD for Old Mutual Insure for the past four and a half years and I have been with the Old Mutual group for over 27 years in a variety of positions. Peter alluded to it in June 2017 the Mutual & Federal brand became Old Mutual Insure. If you look at the heritage of the group's insurance brand, it stretches back 186 years to 1831, with Mutual & Federal was formed in 1970 as a merger of the Old Mutual Group and the Royal Insurance Group SA's insurance operations. This rebrand signals that Old Mutual Insure is central to the Old Mutual customer brand proposition and the growth strategy of the group across Africa. Looking at the SA P&C market, it is a very sophisticated market and a developed market in the context of international markets, underwriting margins are good compared to international norms and competition, whilst intense, is largely between local players and SA. The international players participate predominately in the reinsurance market. All players in the market face considerable competition and claims volatility are inherent given the economic, weather and the terrain conditions in South Africa. The market is relatively short tail in nature. Motor and property insurance comprises approximately 80% of the 118 billion rand of gross premiums written in South Africa at the end of 2016.

If we look at regulation, similarly quite sophisticated, it is a highly regarded and regulated environment. The retail distribution review has potential to really disrupt the market. The effects that we expect on the intermediate market can be profound and will challenge the business models of brokers who rely on administration and insurer outsourcing fees in addition to the legislative caps on broker commissions. In recent years, we've seen an increase in the volatility of P&C claims in the market, especially large commercial fires and storms.

The main driver of this is the impact of climate change, with the economic environment a contributing] factor. It can be expected that institutions are under continued pressure to maintain and grow their margins, with insurance and risk management spend under pressure as a result.

In the Western Cape and Knysna, there was an unprecedented fire and storm catastrophe in June this year. The industry loss is estimated at 3 billion rand gross of which Old Mutual Insure is carrying approximately 25%. That is by virtue of two large claims that increased our participation above our market share position.

Economic loss is, of course, much higher if we include plantations, nature reserves and other uninsured properties and it is not possible to really quantify it at this stage. Let me give you a flavour of just the extent to which this ravaged the community.

As you can see, amidst the tragedy and devastation, a wonderful opportunity also to just drive home the value of what you do as insurers not only financial but also non-financial. We have registered around a 1,700 households claims, 340 customers had suffered a total loss. An event of this magnitude obviously highlights the value of insurance. Not only as we provide financial and other support to customers and affected communities, but also just consider the dire impact of underinsurance or self-insurance has on customers. In itself, it creates future opportunities as customers increasingly realize the importance of insuring their assets adequately. We are expecting the increase catastrophe level claims experience, both in South Africa and globally, to lead to a hardening of reinsurance rates, which in turn will lead to increases in insurance premiums for motor and property.

An increased segment of the market has a preference to deal direct with the insurers through call centres and the internet – iWyze, our direct business is seeing double digit growth as a result. A large segment of the market though still prefers to deal with intermediaries with advice, administration and claims support offered by qualified experienced advisers and brokers.

Growth in the market is ever challenging. Broker competition is quite intense, you can imagine in the market that grows in line with GDP. But much value we can still see is possible through the use of technology and industrialized efficient processes to support brokers as they service their customers.

So having scale and diversity are keys to remaining competitive and profitable in the SA market environment.

Our presence through 39 branches make us locally relevant to a wide customer base throughout the country. We serve three segments of customer groupings approximately equal in size. Our retail segment we have a fast growing direct channel through iWyze and now has nearly 90,000 customers. That company is the larger and more mature traditional intermediated business with just under 200,000 customers. The graph on the top right, you will note the progress that was made in iWyze, with the business now trading profitably on a monthly basis.

Note also the half year underwriting profits of iWyze sitting at roughly half of that of the intermediated personal lines business.

The personal lines business had a much higher exposure to the June catastrophe compared to iWyze and that skews this comparison somewhat.

The ability to adjust pricing as changing risk profiles dictate and continual product refresh are reflected in the profitability improvements that we have seen in both these retail business units. It is also worth noting the bottom right hand graph showing a slower growth in gross written premium in the traditional business. I'll come back to that in a little bit later. The largest part of our asset class is motor insurance, considered that there's no mandatory car insurance in South Africa, unlike the scenario of many of the East and West Africa countries. So own insurances against third parties is very necessary in our market. We see accident rates quite high compared to western markets, again, just look at the stock of vehicles on the road and the infrastructure. In this market, data analytics and machine learning technologies will transform how you manage risk and who wins in this market. Key to winning in the motor insurance market however, is sharp risk selection through personalised underwriting pricing and best in class claims practices to contain the cost of claim.

Turning to the commercial business, we focus on small and medium size enterprises that include the agri and crop industries to both of them large and substantial industries in South Africa. We do our business through intermediaries predominantly and this tradition has been the flagship unit for Old Mutual Insure. On the corporate specialty side, we deal with more complex risk, higher in margin, but lower transactional volumes. This carries with it higher levels of volatility. We source this business through specialist domestic and international brokers, who require specialists to deal in this market.

Let me give you some details on the turnaround Peter mentioned on the turnaround of Old Mutual Insure

The turnaround rests on three pillars in the main, first of all the restoration of the quality of the traditional personal lines and commercial books, diversifying the margin contribution by growing the contribution of the iWyze business and expanding the speciality business; and then lastly leveraging the strength of the Old Mutual brand, footprint and its customer base.

We successfully turned our Personal Lines book to profitability, and that in a period where claims costs and experience were under severe pressure and competition from direct players continued to escalate.

Our personal lines book has started to deliver margins within our target range after an extensive remediation exercise. Despite the impact of price increases and cancellation of poor risks, we still managed to grow our Gross Written Premium.

Reflecting on the past, we made two mistakes in managing our Commercial Lines book.

The first was not sufficiently recognizing the erosion of underwriting skills that following changes in both management and inconsistent shareholder focus on the Old Mutual Insure business. This led to the deteriorating quality of the book and increased loss ratios.

We have dealt decisively with this over the past year. We have appointed some 50 competent full-time employees and 14 experienced career professionals, to review our larger policies and re-underwrite top risks. This involves re-pricing, changing the deductibles or excesses, conducting risk surveys on all the large risks and then cancelling policies. We have conducted over 7,500 reviews to date. We are on track to review 40% of targeted policies by the end of this year, with the remainder of smaller policies to be reviewed towards the end of 2018.

We have also better segmented our risks, such as now, all risks in excess of 250 million rand are being transferred out of the commercial portfolio to the Corporate and Specialty portfolio where we have the complex risk underwriting skills.

The second area was on the claims side. We have seen claims leakage as a result of insufficient skills, outdated processes and poor supplier management.

Brokers directed the direction of spend. For example, on motor vehicle repair, they decided which panel shops to use and based on their preferences and choices, criteria and relationships. Old Mutual Insure is now in control of the direction of spend. We base it on client convenience, past cost efficiencies, service levels and BEE supplier preference.

We managed to appoint the top claims executive in the market for Old Mutual Insure and he has built a strong team around him. We are no longer price-takers on claims procurement. We set the boundaries of acceptable cost and service and are managing the outliers in accordance.

As an example, our average cost per claim for motor insurance reduced by 5% year on year that despite the high underlying inflation in spares, paint and labour.

We expect the 200 million rand saving will be achieved as a result of this work already in 2017.

We have introduced new technology to support our brokers in servicing their customers and have simplified quoting and claims servicing.

We have long been a significant, well-regarded player in the corporate property market that includes mining and engineering, .we have got highly experienced skills sets in place – well-recognised. We have made new hires to support and guide Old Mutual Insure's expansion into additional Speciality lines.

Through our shareholding in CGIC, we have a dominant position as a trade credit insurer. We managed to take out the minority shareholders in this business and introduce

Atradius, a top 2 global player in Trade Credit insurance, as a 25% strategic shareholder.

This is a strong vote of confidence in the future of this business.

Atradius brings international footprint, global best practice expertise and know-how on products as well as current underwriting information on more than 200 million companies.

This holds great potential for working with Old Mutual operations north of the Limpopo.

We have also redesigned our insurance buying philosophy. Up until now, we've had a single programme that combines both our commercial lines and corporate businesses. This will be split from 2018 January, with a portfolio approach to commercial lines and the larger risks will be dealt with under a separate treaty in the corporate business. This will reduce the volatility on our overall reinsurance result and it will provide greater certainty around the reinsurance commission income that we earn on our corporate property book.

We can create additional shareholder value by positioning Old Mutual Insure as a central part of the advice and product set to the Old Mutual customer base, including for example, what Karabo referred to, the 1.9 million customers in the personal finance business of Old Mutual.

Our commercial relationship with Nedbank bank is strong, Mike Brown referred to it. Our bancassurance channels has considerable potential still to be unlocked.

Old Mutual Insure also serves as the centre of best practice supporting the growth and remediation efforts of the P&C business of the group across Africa. Jonas will elaborate on this a little bit further.

If you look at our financial results, our target underwriting margin range is 4-6% and that's what we believe is appropriate for a diversified insurer such as us, and this is before we take investment results on insurance funds into account. We have made good progress towards this, as you can see from the graph on the top left, our improvement from an underwriting loss in 2013 turned around to a modest profit in 2014 and then improved strongly into 2015. If you compare that to 2016 again, that was a poor year for Old Mutual Insure. We experienced a significant number of large commercial fires and mining losses recorded in the corporate property book. In addition, Credit Guarantee experiences some large claims in the steel sector, related to the rapid macro-economic deterioration in West Africa.

In our main market in SA, near-recessionary economic conditions translated into an increased level of attritional losses.

So 2015 was a standout year, with no large shocks or CATs impacting the bottom line of the business.

So this makes the comparison of 2016 versus 2015 underwriting results somewhat misleading.

So if we turn to 2017, despite the Western Cape/Knysna CAT and the tough economic climate, i.e. a year very similar to 2016 from a large claims perspective, Old Mutual Insure has recorded an underwriting profit margin of 2.3%. And this confirms that the quantity of the book has improved and that the business is back on track and heading towards the 4-6% range.

If you strip the impact of the Western Cape out, net claims after reinsurance, plus reinstatement premiums payable on our reinsurance programme, the pro forma underwriting margin as you can see from the graph top left is some 6.1%.

It is not really fair to make that comparison simply because we have seen for the past five odd years that catastrophe events is something to be expected in a large P&C book such as ours. Yet the steady improvement in the quality of the book since 2014 is pleasing and is as a result of intentional management action. This bears testament to the improving health of our underlying business.

Premium growth as you can see from the graph on the right-hand side hat is modest. And that is as a result of the focus on the quality of the book, restoring the quality of the book as opposed to focusing on where we can grow. The upside potential of the turnaround is to increase the contribution of Old Mutual Insure to the total profits generated by Old Mutual.

So in summary, Old Mutual Insure remains a well-respected and valued insurance provider, we serve retail, commercial, corporate customers. We have been known to do this for many, many years. Our key focus remains though, the restoration of the profitability of the core business portfolios and in addition to grow both the top line and bottom line contribution of the business through the expansion of iWyze and specialist business lines.

Our positioning of the business as a key part of the group's proposition to customers can present a competitive advantage in a market that has not seen strong growth in recent years.

We need to build a track record of consistent delivery with strong cash flow in an industry which is fundamentally volatile.

The experience of the team in place, the progress achieved to date, evidenced in results improvements will all contribute to our future success.

I thank you and I am happy to hand over to Jonas.

Jonas Mushosho: Thank Raimund. Good afternoon. My name is Jonas Mushosho. I majored in accounting and I joined Old Mutual in April 1990. I have served the group in a number of capacities over the years and as you heard from Peter, I oversee Old Mutual operations in African countries excluding South Africa. Before I talk about the Old Mutual Rest of Africa business, it is important for me to illustrate the long-term opportunity that we see in Africa and why we are investing in these markets.

We believe that the Rest of Africa for us continues to be one of the most exciting financial services growth markets. While the Old Mutual business in South Africa is successful, the South African market is largely developed, but we believe that the Rest of Africa offers us good, long-term growth opportunities.

As Peter highlighted earlier, there are a number of macro factors that support the African opportunity for financial services. These include:

High GDP growth rates in the countries in which we are present, for example, well over 6% in East Africa and over 5% in both Ghana and Malawi.

Large populations in our East and West African countries. These populations are approximately four and five times the size of the Southern African countries in which we operate respectively.

Low levels of insurance penetration ranging between 0.3% and 2.8% in East and West Africa, compared to 17% in South Africa.

We have an exciting footprint outside of South Africa and are now focused on ensuring that our business in each country is well-operated and well-positioned for profitable growth and expense reduction.

We will show you that over the years, we have developed the skills and capabilities to be successful in these markets. Clearly, we have paid some school fees in the form of impairments, but we believe we have a base from which we can further grow.

Africa is a long term play underpinned by attractive economic growth expectations and favourable demographics and this is why we believe we will soon see increased returns from these investments.

We operate in 12 countries that are broken down into three regions: namely, SADC, East Africa and West Africa (let's change the slide). We have 4.9 million customers across the continent. In the SADC region, the business has leading market positions and is very profitable.

As you can see on the slide, we occupy the number one or two position by revenue in the countries that we have been in for a long time, namely Zimbabwe, Malawi and Namibia.

In SADC, we aim to defend our leading market positions while exploiting new opportunities that avail themselves. The key opportunities that we are seeing in SADC are:

Firstly, exploiting the growth of the informal sector and the promotion of financial inclusion by governments.

To do this we have set up Micro Finance Institutions under the Old Mutual Finance name in both Zimbabwe and Namibia.

It is estimated that over 70% of the sub-Saharan population operate within the informal economy contributing between 30% GDP in South Africa to over 50% of GDP in Nigeria and Tanzania.

Secondly, the infrastructure gap in most countries allows our asset management businesses to form partnerships for infrastructure development which will also feed into our general insurance businesses.

You heard Peter and Raimund make this point earlier about us working across the corporate and institutional space.

Over the last few years we have sought to build on the mature SADC footprint and grow our exposure to the much more populous and higher growth regions of East and West Africa.

While we have been in East Africa for a long time, our operations there were sub-scale and predominantly in the life and asset management businesses.

We acquired Faulu, an unsecured lending business in 2014. In 2015 we acquired UAP, largely a General Insurance business. These acquisitions increased our scale by 1.5 million customers and provided us with exposure to five countries, anchored by Kenya and Uganda.

It also added new business lines in P&C, micro-finance and health.

In 2013, our acquisitions in West Africa gave us exposure to Ghana through Provident Life and to Nigeria through Oceanic Life and Oceanic General.

Our operations across Rest of Africa now span Life Insurance, General Insurance and Asset Management, with some exposure to banking, micro-lending and other financial services.

In respect of competition, we view competition across four categories.

Number one, traditional South African players, especially in SADC. These include MMI, Sanlam and Liberty.

Number two, large regional players such as Jubilee and Britam in East Africa.

Number three, international players such as AXA and Prudential who have made investments into the region

And lastly disruptors and non-traditional players, which are generally tech-based and often in partnership with mobile network operators.

Many customers in Africa require more accessible products and solutions such as digital distribution of funeral products mobile phone based payment platforms, and mobile savings for life events such as unforeseen health expenses.

To ensure we meet the customer's needs, we have formed a number of partnerships with mobile network operators and Fintech companies to offer products such as:

M-TIBA – a mobile health savings product offered in partnership with Carepay and Safaricom in East Africa.

Likandhela – a free funeral cover product offered in partnership with MTN in Swaziland, and

Textacash mobile money transfer solution, offered by CABS, our wholly owned subsidiary in Zimbabwe, in partnership with Multipay.

While we firmly believe that the African continent provides a significant opportunity, we also acknowledge that the macro and geopolitical environment can present some challenges. Our business in Zimbabwe demonstrates management's ability to successfully navigate businesses in difficult operating environments.

We are therefore confident in our ability to navigate the challenges that the environment may throw at us. As you can see in the graph on the slide, we have grown operating profit by an average of 28% every year since 2011.

This is despite sanctions, prolonged economic deterioration and having just come out of hyperinflation in 2009. This is also against the backdrop of significant forex constraints impacting the business environment, high government debt and challenging government policy. Other changes to the operating environment include the significant informalisation of the economy.

In response to this shift, we have started a micro-finance business in Zimbabwe and are making changes to the property portfolio so that it is more suited for small to medium enterprises.

Currently, Zimbabwe is facing a number of crises. We have developed three scenarios to help us better understand the triggers and outcomes of the unfolding economic challenges in Zimbabwe, and also developed plans for each scenario to protect the business, its revenue base, and our customers. Our management in Zimbabwe will continue to navigate the complex environment, and we will leverage their experience as best practice for managing the difficult operating environments in the Rest of Africa business.

Let me give an update on the progress on East Africa turnaround.

As you heard earlier from Peter, the East Africa region presents the most attractive opportunity for Old Mutual. It gives us exposure to countries with a population of 107 million people and forecast economic growth of around 6.8% over the next three years. Insurance penetration is also low ranging from between 0.7% to 2.8%. When we acquired UAP, the business depended on rapid topline growth to secure inflow of funds for investment and generated its returns from investment outperformance rather than underwriting performance.

A slow-down in capital markets in Kenya resulted in poor market performance which hindered the realization of expected investment income. The East Africa Management team identified key actions to correct the underperformance of the business relative to the investment case. We are now starting to see the positive impact of these actions, for example:

Loss ratios have been a critical focus across the East African insurance businesses. The most notable improvement in loss ratio is in the Health business. This was achieved by exiting large unprofitable accounts and being selective of business written. The result has been a positive impact on claims ratios with uplift in underwriting margin. On acquisition, there were three stalled property developments that we managed to complete by the end of 2016.

During 2017 we have focused on occupancy of the buildings with some level of success given the property markets and macro environment in the countries.

As you can see from the pictures, these buildings are iconic in terms of their physical presence in these prominent East African capitals. However, we believe there is still room for improvement though a number of things:

One – Leveraging skills and operating models in South Africa and other African countries to optimise the performance and continue to turn around the general insurance business.

As you saw in Raimund's presentation, Old Mutual Insure is going through a turnaround. We will leverage the skills, expertise and lessons learnt in Old Mutual Insure to continue our own turnaround of the East African businesses.

Number two – Following the successful restructure of the office and field staff at the beginning of this year that reduced headcount significantly, we will continue to drive down costs through automation, procurement cost reduction, implementing shared services and a review of the branch footprint.

Three - Managing the mix of business in a general insurance business. For example, reducing our exposure to personal motor insurance, which is currently 54% of P&C business.

Four - On the property side, which is very significant in our portfolio, we need to increase property occupancy, restructure the financing, and review the portfolio to identify any potential assets for sale.

Fifthly - On the banking side, we will use the expertise that we have in banking from Zimbabwe and banking skills available to us through the OMEM banking cluster to grow the micro-finance business in Kenya.

We will cross sell products through a dedicated banassurance model. Our digital strategy is important given East Africa is more exposed to digital and mobile based financial services. This allows us to create solutions that enable us to communicate with the customer, distribute products digitally, service our customers, and n enhance data collection.

Turning to West Africa. This is a region where we seek to gain scale in our operations but compared to East Africa, this is much longer term.

Similar to East Africa, there is a large, underserved population of 218 million people in the countries that we operate in. However, there are considerable macro-economic challenges in Nigeria. Key opportunities lie in the General Insurance business because of market acceptance of the product. Regulation on compulsory insurance cover, for example, workers' compensation, and group life assurance in Ghana, present good opportunities for corporate life business.

We focus on distribution partnerships which we believe provide us with exposure in a capital-efficient way. We remain open to investing in inorganic growth opportunities to grow scale especially in the general insurance business. However, subject to meeting the required investment returns.

To date, we have relationships with Ecobank, Royal Bank and Pan African Savings and Loans. The Ecobank relationship has been working well in Ghana, but was impacted by regulation in Nigeria.

Regulation is now more favourable in Nigeria and we have sought approval from the regulator for our bancassurance agreements which will give us access to 1.4 million potential customers in up to 512 branches across Nigeria.

Financials - the operating profit for the Rest of Africa grew 17% on a compounded basis over the period 2014 to 2016 driven by strong performance in Namibia, Zimbabwe and Malawi.

Namibia profits were driven by good life business performance in both the retail and corporate risk business.

The profit growth in Namibia extended into 2016 from better claims experience in the short-term business.

In Zimbabwe profits were driven by low claims experience and higher retentions in the short-term business, as well as growth in the higher margin consumer loan books in CABS.

In H1 2017, Zimbabwe's operating profit increased due to improved group and retail risk.

Capital charges and fees generated in the asset management business also benefitted from the market appreciation on the Zimbabwe Stock Exchange.

Malawi profits benefited from higher profits from associates namely FDH Bank and the property company MPICO.

In H1 2017, the retirement reform introduced in Malawi has led to the business acquiring a significant number of new mandates. Our business was well prepared for the opportunity and is well ahead of competition in the corporate segment.

Overall the good performance was partially offset by the first-time consolidation of operating losses in both 2015 and 2016 from UAP.

H1 2017 has however seen significant improvement.

This is due to better contribution from the East Africa business arising from the turnaround of the health business in Kenya and the significantly lower distribution costs in the life business following a restructure of the retail distribution channel.

The financials indicate a positive trajectory for the Africa businesses. When considering our strategy of diversifying our profit base away from SADC, progress was made in both East and West Africa from 2015 to 2016, even though the total contribution is still small.

I want to conclude by talking about where the opportunities lie and the key takeouts from the presentation.

We have been present on the African continent for more than a hundred years. We understand the market and we have built the right capabilities in respect of people, processes and systems to drive future growth.

SADC is our marquee business, having generated 16% year-on-year growth since 2011. Our focus is on defending our leading market positions in this region.

We have capabilities and experience to deal with the challenging macro and geopolitical environments given our track record of success in Zimbabwe.

Our growth opportunities come from markets of East and West Africa that are expected to have GDP growth rates above those of South Africa and SADC, and who have large, young populations who are currently underserved.

We have demonstrated good progress on the turnaround in East Africa with a positive profit trend emerging.

Lastly, we are excited about our distribution partnerships in West Africa, which provide us with capital-light exposure to the market. We will take advantage of inorganic growth opportunities as they arise.

I thank you and I'll now hand you over to David Buenfil.

David Buenfil: Thank you Jonas and thank you very much. The questions will be answered in Spanish but not the presentation. Okay, hello and thank you everyone for your time and for allowing me to present a little bit about what we're doing in Latin America as well as China. My name is David Buenfil. I am the managing director for these regions. As you know the Latin American region and the markets in which we participate are quite attractive markets in terms of their demographics as well as their future trends.

Colombia is the fourth largest economy by GDP in the region, it has had a solid growth of real GDP over the last several years. And we expect continued growth going forward. The population is quite similar to the population of South Africa and so is its GDP.

Mexico is a much larger economy, that is close to $1 trillion in size and it's the second largest economy with a population of more than 120 million people.

The GDP growth has been quite steady. And in both Colombia and Mexico and throughout the entire region itself, we expect some continued stability both economically and politically.

Some of the trends that we're seeing in these markets are very favourable to us. Customers that typically hold their assets in bank deposits are going much more into long-term savings and investment products, with asset managers and mutual funds offering specialised boutique funds, as well as wrappers that combine insurance with savings.

We're also seeing a strong appetite not just from the retail investors, but also from institutions looking for real estate and infrastructure alternative assets. In particular we will see later that in Colombia we now offer an infrastructure fund that was launched jointly with Old Mutual Alternative Investments in South Africa. We also see an opportunity together with AIVA and AIVA, you know, is a regional product distributor that focuses on high net worth customers.

It also focuses on international products, but we also see a big opportunity today in that space. This is because private banks globally have raised the bar for customer accounts, so some of the customers that have less than a million dollars in their accounts have been pretty much forgotten by these private banks.

We believe we've a great offering for that upper-affluent segments that can enable advisory through this platform of AIVA.

As I mentioned before, insurance-wrapped investments are really gaining popularity as a way to manage effective tax benefits as well as growing assets and planning for transfer of wealth.

Beneficiaries can take advantage of some tax benefits that are readily available for insurance companies throughout the region. In addition, we see defined contribution taking a much bigger position in the corporate pensions market such as we heard today, that is also taking place in South Africa.

In Mexico we have a very strong corporate pension business and we believe this is going to be growing steadily as we move forward.

And finally, there's a big push by some of the governments to allow some amnesties in terms of bringing back money from wealthy investors. And we believe that in partnership with AIVA this is going to be a great opportunity for us to recapture some of those flows from overseas as they come back into these countries.

Old Mutual has had a very long standing presence in Latin America which starts with the history of Skandia.

As you might know Skandia, while based in Sweden, had a global presence. They had been in Colombia since 1953. When Old Mutual acquired it in 2006, it also took over those operations in the region.

AIVA has a bit of a different story. It started independently in 1994 as virtually an exclusive distributor to what was then Royal Skandia or basically the offshore arm of Skandia in the UK. And when Old Mutual acquired them in 2012, we used that platform to help us grow in the onshore space given their excellent experience with distributors.

It was only in 2014 that we rebranded from Skandia to Old Mutual and then later last year we actually acquired the remaining shares of the founders of AIVA to have a fully-owned presence in that business.

Our history in Mexico is quite new actually. 2002 was the first time we launched retail products even though we had been there for some time. And our offering is actually gaining scale and we're very happy with the results.

So let's take a look at how our business are split. We basically have Mexico with two regulated entities, a life company and a mutual fund company. And we can also see Colombia that has four regulated entities – Mandatory and voluntary pension which we call our pension company. We also have life insurance, asset management or trust business and additionally, a stock broker. And then AIVA itself, even though it is regulated by the central bank as an investment advisor, it is best described as a distribution platform for independent financial advisers throughout the region.

When we look at our assets under management they are close to $11 billion in the region. Colombia holds most of those assets because of its history as a pension and asset management company.

And in terms of customers most of our 500,000 plus customers would come from Mexico given that we're very strong in the corporate pension space, while in Colombia our niche focus on the wealthy segments gives us access to the country's wealthiest customers, another reason why we're also seeing a stronger AuM growth there.

As you can see from these next slides, in LatAm we are a niche player. Our focus is very specific and targeted, and we make sure that we concentrate on the attractive customer segments that will bring us higher revenues for the long term. In Colombia we've today the highest assets under management per customer in the pension industry, where our average voluntary pension account is close to $20,000. This is several times that of our strongest competitors.

We focus also on the relationships we have with multinationals and consider that we have an outstanding opportunity to work with these customers to process what we also call retailisation, basically converting corporate pension participants into retail customers.

There are only two international companies that have been in Colombia for over 50 years and those are Citibank and Old Mutual through its Skandia heritage. In terms of distribution, we are one of the only companies that has an independent tied distribution channel as opposed to the employee salesforces which are the norm from this bank dominated model in the region.

So all the competitors you see here are primarily banking groups. So we pride ourselves on being an independent entity for asset management as well as for pensions. If we take a look at Mexico as I mentioned before the corporate private pension plans are key to provide a sufficient pension to replace salaries in retirement.

It is complementary to the mandatory system in which we do not participate today in Mexico.

Our model for managing corporate pension schemes is similar to South Africa and I think we'll see continued growth there.

Today we've about 33% market share in these defined contribution plans in terms of a number of multinational companies that participate. Obviously, assets under management are not as big as other DB plans. They have been for a long time in place. However, the assets under management on DC plans are growing much faster than any other pension space. The first institution that offers unit linked products in Mexico was Skandia. And we were actually pioneered this setting up the regulation on how to combine mutual funds or investments outside of the balance sheet of an insurance company.

You can see from the growth in APE at over 26% that the customer receptivity of those products is very favourable. And I believe we're going to see that as sustainable growth into the future.

As far as AIVA is concerned, as well as their focus on international business they have supported our onshore activities. So today they are helping us build distribution in Mexico and in Colombia, also using their unique platform that supports growth and efficiency. On the offshore AUMs we're also seeing some good growth from AIVA with the international AUMs growing at over 30%.

When looking at some of our main KPIs we see a consistent growth story in funds under management, net client cash flow and operating profit, as well as having also constantly improving our VNB and moving in the right direction on our VNB margins as we build scale in Mexico. It is worth noting that in 2014 numbers for VNB did not reflect the assumption changes that were incorporated later on. And that is why it looks a little bit odd on 2014 but thereafter it is consistent. While still very small, our region contributed 3.7% of the Old Mutual Emerging Markets profits in the reported currency. There's been some devaluation in our currencies to the Rand.

Let's shift continents now and talk about what we have today in China. As I am certain you know, the Chinese economy offers a very large market for insurance. It is today the third largest life insurance market globally with over $250 billion in life premiums for 2016 and with growth rates that top 20% per year. The population is so large and the fact that a lot of people have been urbanised in the last few years, this has really prepared this market for exponential growth. This is not too much of a dissimilar story that we heard from Jonas on sub-Saharan Africa.

The way the market operates is that there are two types of companies which are domestic or foreign JVs, which is basically our category. And in both cases licenses are very difficult to come about. Foreign JVs are capped at 50% foreign ownership and take a long time to establish new branches. The domestic players have today about 95% of the market. So JV's are only a small percentage of the market. We believe however that this is going to improve over time and we're seeing the regulator already trying to emphasise further attractiveness for foreign players in the market.

Our business in itself as you might recall is a 50/50 joint venture with Guodian Group.

Guodian is a state-owned enterprise that generates energy, and we are basically ten years into this JV. Being this is an asset that Old Mutual also acquired when it bought Skandia. Our focus is primarily in the affluent and high net worth segments. We were in the past concentrated primarily on investment products through different universal life and unit-linked products sold via banks. However, given the changes in the regulation our focus is trending much more into risk products.

The regulatory systems are applying higher capital requirements on companies that mainly focus on investments. With this mind, we're adjusting to those requirements and are embarking on a transformation of our business with a much stronger focus on risk products.

We are improving our distribution footprint which has been in the past primarily focused on banks. But now we are exploring options with brokers and internet channels. Today we have relationships with the strongest banks but as I said those banks have been primarily focused on investment products. So we're now pushing distributors for a shift towards adopting risk products. One important part of our JV is that we are one of the few JVs that has a nice regional footprint with over 12 branches. And I think that's very attractive to the different distribution relationships that we're forging right now.

In addition, we've a very strong focus on telemarketing with some of our banking partners and other players in the market. And this is one of the highest productivities in the whole industry by telemarketing efforts.

Also, as you can see we have chosen steady growth. But at the same time given the transformation that we are embarking this year we will likely see a slowdown before we come back to the higher growth rates in terms of APE.

As a means to conclude the presentation, I would like to leave you with the key message that in Latin America the business is on a good path to building a great franchise. We are self-funded, reinvesting the same profits that we generate in Colombia to redeploy them throughout the region and we believe this is going to be a great scalable passage for the future.

We're in markets that are very solid in terms of macro and demographic fundamentals. And we believe this will continue into the future. And the fact that we're exposed primarily into the affluent and high net worth customer gives us a very resilient income flow as well as NCCF.

The approach that we have in Latin America is very unique with the support from AIVA jointly, we have a network of over 4,500 distributors throughout Latin America.

Our business in Colombia is very strong. It delivers some solid profits and as Mexico hits scale we will see the business improving over time.

We are a very large voluntary pension provider in Colombia, building a solid wealth franchise. But there's also a very good opportunity to become an institutional asset management player in the alternatives space. We believe the institutional market for infrastructure equity funds is going to be very, very attractive.

Whilst in Mexico we are small, we are very strong in our niche. That niche will gain scale and allow us to capitalise on opportunities that will also lead into higher margin retail affluent products and also this being supported by AIVA.

In China, it is a very large market. And the potential there is huge. As we support our company into diversifying the solutions channels improving the transformation of products and investments to protection, I am certain we'll see a great improvement in that business as well.

Thank you very much for your time. I hope this was useful to you and I will be around if you've any questions. Thanks a lot and over to Peter.

Peter Moyo: Thanks David. And we'll take questions.

Mike Christelis: Hi, two questions if I can. Raimund, just for you firstly. Your target underwriting margin of 4 to 6% is a bit lower than your biggest competitive peer. It almost feels like you're aspiring to be in second place. Can you maybe talk a little bit about why you think that they've got an advantage from an underwriting margin perspective over you, and whether or not that gap can be closed? And then for Jonas, just in Nigeria I mean we've heard from these showcases before how important it is to be a top three player. From your slide you showing 17 or 18 in life - I mean is there a requirement for you to do an acquisition there to get to scale or what is the rationale for still being in Nigeria. Thanks.

Raimund Snyders: Thanks Michael. Yeah, I think the first point to make is that it is very much a function of the composition of the book. Our book is predominantly motor and property still. So the extent to which we diversify our book and once we've achieved that then we'll be comfortable to also look at could we adjust our underwriting margins. But what we're saying now is let's operate within the 4% to 6%. That's in fact the biggest market player compared to where we were a few years ago and then they moved it to a 5% to 8%. It took them 15 years to get to this point. And that's 15 years of diversification - they've got a much larger specialty book and three times the size of our direct business. That's where the higher margins come from. If you compare motor and property our margins are much more comparable.

Jonas Mushosho: Thanks Michael – you are absolutely right in saying you need scale in Nigeria. In the presentation I did mention that West Africa is a region where we're seeking to grow scale. But compared to what we're doing in East Africa, I think that is a much longer play. What we've done now is we've laid the foundation for our business. And we currently are focussing on growing through partnerships with banks but bancassurance in Nigeria has been affected by regulation. We've now applied to the regulators regarding a change in the regulation.

So we think that we will have organic growth in the coming few years. It's an opportunity for acquisitions as Peter I mentioned earlier in the presentation. But we need to be very cautious, we will not overlook it, but it must meet our hurdle rates. So Nigeria is a place where we need to be very careful – our focus has been making sure we have solid foundations so that over the long term we can grow.

Stephen Meintjies: Good afternoon, it's Stephen Meintjes at Momentum Securities. There are two questions. Could you just expand a little bit on the branding in Rest of Africa? Is it all Old Mutual like is there some other names, entities in use? And then also on LatAm and Asia, could you just explain the thinking behind dropping India and maintaining the two Latin American countries with – is this now quite a permanent state of affairs could there be further changes to that part of the portfolio?

Jonas Mushosho: So beginning with the question on the branding, yeah in the rest of Africa – in the SADC region where we have been for the long time. We largely operate under the Old Mutual brand which is well known and have strong market position that we're certainly seen that in a place like Zimbabwe where we've a very strong brand like our banking subsidiary CABS that we can run, and run separately. In East Africa we currently have three brands Old Mutual, UAP and Faulu. Faulu is a very strong brand in micro finance area and is well respected in the market and we'll keep that brand.

In respect of after our acquisition of UAP – this brand is quite large and pervasive in the East Africa region and we have decided to go with UAP-Old Mutual. But in the long term as we contemplate this acquisition we'll change the Old Mutual brand. In West Africa we currently operate under the Old Mutual brand but is still quite an unknown brand. But as the business grows the brand will also get settled in that area.

David Buenfil: Regarding India that was an asset held by PLC. And primarily managed by us and we were only a 26% holder in that joint venture. And basically, our corporate decision was made by PLC to materialise on that investment. And the rest of Latin America portfolio, I don't know if you want to comment, Peter?

Peter Moyo: On the rest of Latin America we have very good businesses there. A lot of questions have been asked about our perimeter. At this point in time those businesses are part and parcel of our operations. If we get an exciting offer that is going to add to shareholder value, we'll be stupid not to look at it.

Andy Sinclair: Hi it's Andy Sinclair BofA Merrill Lynch again. Firstly, a question for Clement. On slide 106 you give a good breakdown of the funds under management and premiums for investments, annuities Group risk and consulting. I just wondered if you could also give us an idea of the profit breakdown of thee 4 different lines. And also, just following up on the questions for Asia and LatAm, we've got an idea of what could happen from the Group perspective as to the ownership of those; and with the focus on sub Saharan Africa. Has that had any effect on the operational running of those businesses?

Clement Chinaka: Okay, thank you. On the corporate side we have those various businesses but we do not disclose the profit contribution for those businesses. However I can tell you that the largest part is from the assets, followed by risk and then consulting. But we don't disclose the split.

Peter Moyo: If you listened to what Clement said, when you get into the umbrella space, essentially, you are actually buying a whole suite of services and we want to be a customer business so we have to start measuring. In that umbrella space they are buying everything.

David Buenfil: So regarding your question on the performance on the Latin American business, so certainly some uncertainty around it. But the results are very solid. We actually as you saw from the numbers performing better than last year and that includes about a 10% FX impact. So I think last year was one of our best years and we're continuing that trend.

Speaker: I have a question from the webcast for both Clarence and for Jonas. Will there be an opportunity to export the mass foundation model to SADC markets where Old Mutual has a presence?

Jonas Mushosho: Thank you for that question. I think if you look at the SADC region where we have operated for a long time. We have demonstrated that we're able to be successful given our leading market position. We're operating good business not only in SADC, but in the rest of Africa by leveraging the skills that we held and the experiences that we had in South Africa. So while we need to respond to local nuances, we will still borrow to the extent possible what is happening in South Africa. But currently we think that the way we're running the SADC portfolio is adequate, but we will continue to operate to see how we can leverage what is happening in South Africa particularly in the retail market space because it represents the opportunity in the rest of Africa.

Speaker: Warwick Bam from Avior Capital Markets. I've got one for Clement and one for Raimund. Clement, when you look at the corporate business. Can you give us a picture of the split between defined benefit and defined contribution fund? And your market share in the underlying business? And then Raimund for the insure business you spoke about technology and how you need to keep pace with technology to stay relevant. How far are you in that project? What specific initiatives are you looking at? How big is the CapEx over the next few years?

Clement Chinaka: Okay in terms of the split of the funds, the majority of our funds are all defined contribution. We don't actually have a lot of funds that we administer. Most of the funds are now participating in our super fund. So you can look at that as the biggest part of it is actually the defined contribution. We have a few skills in the defined benefit umbrella but it's a very small part of the business.

Yeah, just talking about what's happening on the annuity side. Annuities – we have some skill. But most of those have now converted into individual policies.

Raimund Snyders: On the technology side, we have made quite a bit of progress from a market perspective. The broker market rates our online app that they use to manage their customer base on and this is branded My Old Mutual Insure. And that is operating in the personal line space leading into the commercial space at the end of the year. We use robotics in some of the mundane operational areas of the business. We really have just a toe in the water there. We have a fully digital online product nobody touches hand – no hand touching in travel insurance, paying claims etc is done digitally.

And we use artificial intelligence, machine learning in our pricing model. And that is in the personal lines – in the retail businesses specifically. And all of it is I have to say in bits and bits and it's not deep and profoundly changing the way that we operate the business. And then as you can hear, it's not insure tech. It's using fintech to help the existing core business outside of the travel insurance products. And actually we spent roughly 1% of the net earned premiums to allocate to tech investments.

Peter Moyo: Well it looks like there are no further questions. Thank you for your questions. We'll now take a 15 minute tea break.

Peter Moyo: Welcome back and we're now on the last stretch. We're now going to hear from Iain Williamson & Richard Treagus. Over to you, Iain.

Iain Williamson: Thanks Peter. Still a few people coming in, I'll give you a minute…. Are you all in? Okay, thanks Peter. And good afternoon everyone. For those of you who don't know me, I am Iain Williamson the Chief Operating Officer of the OMEM Group. I am actuary by training, and I've been in the group for 24 years in a variety of roles. And I am delighted to be part of the team responsible for bringing Old Mutual back to its primary home in Johannesburg.

The executive team is working to prepare our business for listing with two key focuses from a finance perspective.

Firstly, to simplify the presentation of our business and make it understandable to our stakeholders, and secondly to give the business clear metrics that are relevant to how we maximise ROE and add value to over shareholders. You have heard Peter talk quite a lot about the need for change in the business and finance has key enabling role in leading this forward.

Over the past three and a half years to June 2017 there has been moderate earnings growth for shareholders from this business from the R11 billion in 2014 to R12.7 billion in 2016. The economic cycle obviously impacts the short term trends and the tough macroeconomic environment in many of our markets is evident in the lack of earnings progression in H1 17 compared to H1 2016.

Nevertheless, historically the South African life business has grown at around 10% per annum and this is a reasonable proxy for the group's prospects given the relative size of the South African business to the whole of OMEM.

Crucially our free surplus generation has been between 70 to 80% of earnings over this period and we expect to maintain this level going forward. This will be an important underpin for us in taking our dividend policy going forward as a separately listed company.

Let's then look at the profit contribution by business unit to understand what is going on at the business unit level. The two big retail businesses in South Africa have been Mass & Foundation Cluster and Personal Finance, constitute approximately half of the earnings and profits and have shown reasonable growth in challenging markets over the past few years.

So under the bonnet, we have two powerful and sustainable growth engines that generate significant cash. The Personal Finance back book is substantial and strongly cash generative. While new business margins in that business are lower than those on the legacy business, the business is also less capital intensive than it used to be.

The key to earnings progression will be distribution efficiencies, and targeting new growth markets such as the growing black middle income customer and increasing our focus on the high population density Gauteng region, and augmenting this by online servicing and product sales.

As Clarence explained earlier the Mass & Foundation Cluster has an extremely strong market position, and has great scope for adding distribution through affinity groups and through working with the Corporate segment to penetrate the end customer base.

Obviously, this opportunity for growth needs to be balanced with responsible and disciplined credit lending criteria.

Our corporate business is dominant in its market, having been the first mover in exiting standalone scheme administration and building scale in the umbrella scheme market. This franchise delivers good reliable returns on capital and is also highly cash generative.

Property & Casualty has been volatile in the period with positive green shoots starting to emerge from our recovery programme. However, we continue to believe that there is clear opportunity for a further significant turnaround in the profitability of this business. It is too very strongly cash generative by nature.

There is also opportunity for improved profitability from our Wealth & Investments business through the cycle, although there is inherent volatility from its unlisted private equity and infrastructure investments. These have longer-term profit and cash profiles but have delivered extremely good returns for us.

And finally, the business in the Rest of Africa currently generates lower returns than we would like, but is growing rapidly as we selectively expand our business.

The earnings we saw above are derived from three main sources, namely underwriting, both life and short-term, asset based fees and spread income from our lending and banking businesses. The underlying drivers of these sources are insurance reserves, funds under management, and banking and lending advances, and on this slide you can see how they have grown in the past three and a half years.

The major source of our life underwriting earnings is from our Personal Finance business with the addition of credit life and funeral policy earnings from our Mass & Foundation cluster.

The challenge for the asset management and platform fee business is to generate positive net asset flows to support the underlying market growth, and to combat continued margin pressure.

We are working on our ability to segment the business according to the underwriting fee and spread sources of income but this is complicated as customer offerings are often commingled into one product, for example the unsecured loan commingled together with the credit life offerings in a single product.

Ultimately the really important questions that we need to satisfy ourselves on are, one are we making the right margin for the insurance risks we are underwrite?

Secondly, are we making the right fees on the assets we are managing and administering. And thirdly are we being paid enough for the credit risks that we're taking on.

We have to be very clear about how this all drives the shareholder value creation and how we measure this.

So going forward our key measure of shareholder value creation will be return on equity, which we firmly believe is the best way to measure performance for this multi-geography, multi-channel and multi-product business.

We will use it to allocate capital and we will align unit and group metrics to this. The businesses will drive returns and remit surplus equity to the group. The return metric will be based on IFRS headline earnings as described by the JSE, adjusted for mismatches in the measurement of assets and liabilities reported through the life company's balance sheet.

Critically, there will no longer be any smoothing adjustments for long-term investment returns. Business units will be responsible for the operating earnings excluding the investment return on shareholder capital and corporate tax and minorities. They will also be accountable to generate cash from the earnings in the period.

So let's now look at our track record on returns. South Africa has delivered high returns on capital and ROE for the period and over many years, but the new markets in the Rest of Africa and Latin America have delivered much lower ROEs albeit with higher long-term growth prospects.

As can be seen from the slides we have shifted allocation of capital but not generated a material improvement in returns in those markets, whereas South Africa has consistently delivered ongoing good return on equity. The challenge then is to drive up the return on equity outside of South Africa in the medium-term through a capital light approach and driving business improvement and profitability. In the short-term this is particularly so for the East African region.

Now let's break down the return, or the R, into its constituent parts before then looking at the management of the E, or the equity.

This is a simplified view of our P&L and is subject to oddities in the accounting treatment of insurance, which makes it difficult to make meaningful conclusions from the IFRS reported revenue of any insurance business.

The business unit presentations have attempted to bridge this gap, and I will focus here on the cost drivers on the return. When unpicking the costs, it is important to differentiate which costs we are looking at.

The key to managing the R is clearly to grow the income line across our businesses. However, you can see by the quantum of our claims and benefit outflows that managing retention and leakage of our legacy books and ensuring underwriting discipline will also support the return. All the while of course we must look at your admin cost base in benchmark it against peers. We've controlled core administration expense tightly over the last few years but as Peter said in his opening, we recognise we have more work to do in driving efficiency across our business. And we will seek to drive our cost to income ratio down further over time.

Managing the business like this to generate long-term value requires financial discipline when allocating scarce resources and especially in allocating capital. Allocating capital is key as it underpins both current and new business returns as well the sustainability of the business.

Good capital management should result in our free surplus being centrally managed where we can reallocate it to growth opportunities, pay dividends or retain buffers sufficient for our current view as a risks we face and business requirements.

Historically we've paid out approximately 50% of our free surplus in dividends to shareholders. The capital management framework informs minimum level of capital that business units need to hold, given the risks they are taking to support their initiatives. Incentivising businesses on return on equity will then mean they will, firstly not hold significantly more capital in the BU than the minimum level required. Secondly ensure that any new initiatives deliver appropriate returns on the allocated capital.

And thirdly, they will push to generate cash earnings that they can distribute to the group.

Optimising return on equity requires robust risk management and assurance that its underpinned by a capital holding that meets regulatory requirements, supports our internal risk appetite, and provides assurance to policyholders on the long-term protection of their benefits. So let's hear from Richard about this.

Richard, over to you.

Richard Treagus: Thank you, Iain. And good afternoon everyone. My name is Richard Treagus. I am the Chief Risk Officer for Old Mutual Emerging Markets. I am the fourth actuary that that you will have heard from today. I've been in the group for 28 years. Our Chairman Trevor Manuel refers to people like Iain and myself as lifers. I've mainly worked in the product area but for the last two years, I have been the COO for OMEM.

Effective risk management is a critical element of any financial services company and we are stepping up our capabilities in this regard. We use a disciplined approach for strategic decision making and capital allocation that balances returns, growth potential and our appetite for different kinds of risk.

This is achieved through a consistent process across the group to communicate, understand and assess the types and levels of risk the business is willing to accept. Our risk and return culture is embedded in the business and used actively in decision making. So we will direct capital to those parts of the business where we believe we can get the best risk adjusted returns in the long term and where the growth prospects meet our aspirations.

The risk management framework is relatively mature in the South African insurance business, so our focus has been to extend this discipline to the rest of the group and to our new ventures. As we expand our operations in relatively new areas such as lending, we have also made moves to strengthen the risk management team by building internal centres of excellence for market, liquidity and credit risk oversight.

The right-hand side of this slide shows that we expect our investment in risk management to deliver tangible results. Firstly, we are very protective of our brand and reputation, but the benefits also manifest in better decision making and improved capital allocation, ultimately leading to enhanced group ROE.

On this slide, we set out where we want to allocate capital and where we seek to withdraw it.

The factors on the right show that we target risks which are in line with our business strategy and where we believe we have a competitive advantage due to our intellectual property, capabilities or benefits of diversification and are hence able to earn superior returns.

The table summarises our level of preferences for different types of risk and provides a guide to how we plan to grow the business in the future.

We have a high appetite for Life and P&C insurance risk as well as for market risk related to earnings arising from asset-based fees.

We have moderate appetite for asset liability management and credit risk but we are happy to take on these risks up to set limits. We are more selective about risks that are not key to business strategy or where returns on a risk adjusted basis are expected to be lower.

We avoid low appetite risk such as catastrophe risk, and this ensured that Raimund's Old Mutual Insure business dealt with the Knysna fires and recent floods, as you saw, without incurring large shareholder losses.

And finally, we have zero tolerance for any risk that could damage the reputation of the whole group.

In terms of capital management, you will know that the regulatory environment is expected to change next year with the introduction of the new SAM regime.

We are well advanced with SAM which is due for implementation in the middle of next year. The calculation is risk-based and is applied to a market consistent economic balance sheet which is quite different to the current statutory evaluation method. The Solvency capital requirement is determined as the impact on own funds from shocks that are expected to occur once every 200 years.

The SAM framework was modelled on Solvency II in the European Union and much of the work was dovetailed with what we already been reporting for Solvency II.

Solvency reporting is required for insurance companies on a solo basis and for financial services groups and this diagram shows how the Old Mutual Group Solvency includes multiple types of entities including life insurance, general insurance, banking and asset management.

It's worth noting that the shareholding in Nedbank will be included on a Basel III basis for the group, but as an equity in the OMLACSA solo return.

We are already using SAM as a primary measure of capital within the group. And we have set a target that will enable us to survive a very severe downside scenario and still be comfortably above the solvency capital requirement.

Bringing this together, our approach to risk and capital management achieves a strong and a resilient group.

The pie chart shows the profile of our earnings at risk which demonstrates that our earnings are well diversified. This provides a measure of resilience to the profits and associated dividends to shareholders.

Our brand promise means that our policyholders expect us to be able to withstand severe downside scenarios including further sovereign debt downgrades.

A lot of work has been done to establish the optimal balance sheet for the group and we are satisfied that we have a high level of solvency resilience by still being able to achieve a healthy ROE.

We expect to be within our target capital range for both OMLACSA and the group when SAM comes into force.

The points on the bottom right of the slide summarise some of the other factors that achieve financial resilience.

So in summary, we have a disciplined approach to capital management and risk management, clarity on the risks that we want to take and high resilience to earnings and capital risk. Now back to Iain.

Iain Williamson: Okay so to conclude on the financial section, going forward we will be focused on return on equity and sustainable long-term earnings growth from our businesses. Business unit behaviour will now be driven by ROE. This will drive remuneration down to the lowest possible level and it will drive risk allocation and capital management.

With the pre-listing documentation next year, we will update you on the following.

Firstly, the capital management policy the going forward OML listed company, both pre and post the proposed Nedbank unbundling. We will give you an update on the key alternative profit measures to measure the true operating profit contribution from our business units. And most importantly, we'll update you on our proposed ROE and efficiency metrics.

And I'm now going to hand this back to Peter who will coordinate the final Q&A session.

Peter Moyo: I think we will now take questions.

Speaker: I have a webcast question. What is the Old Mutual strategy for mature markets such as Namibia? There seems to be a stronger focus on east and west growth rather than the rest of Africa.

Peter Moyo: If we created an impression that the focus is only on east Africa, then we've missed something. I did say that over and above our priorities, we will continue doing what we have been doing and Jonas did talk about how our SADC region has performed. So, Namibia is part of our SADC region. Our SADC region has, outside of South Africa has performed very, very well, in fact very good, very good performance coming out of Zimbabwe, coming out of Namibia, coming out of Malawi, so we are putting a spotlight on east Africa, because there is a lot of work that has to be done in that area, so we are not just, we are not forgetting about Namibia.

Jonas Mushosho: Your answer is appropriate Peter, but I just want to clarify a couple of things in respect of the strategy. First, we want to defend our leading position in all SADC including Namibia and then secondly, we exploit opportunities for growth that we are seeing within the SADC region.

Andy Sinclair: Thank you very much, it's AndySinclair from Merrill Lynch again. Three questions again from me. Firstly, you mentioned that you're using SAM already to model risk in the group, can you give us an update on where you feel available capital is and possibly the quality of capital more importantly within OMEM or is that something that we'll have to what until next year to get? Secondly, on a similar subject, taking us right back to slide 9, very early in the day, you indicated that residual PLC debt will be pushed down to Old Mutual Limited, can you give us an update and thoughts on leverage within Old Mutual Limited and where you would like that to sit. And third and finally, can you give us an update on the portion of earnings which you think are that can be remitted as cash for Old Mutual? Thank you.

Richard Treagus: So we have decided not to show specific numbers in relation to SAM at the moment – there's plenty of time for that, but as I said in my talk, we believe that we will have a strong solvency position on the SAM basis, both quantitively and from a quality of capital perspective as well.

Iain Williamson: So on your other questions, regarding the ideal gearing for the group, that's something we will update you on when we get to the pre listing statement as part of the broader capital management policy next year and from a cash remittance perspective, I think I'd given you an indication from what I said, I think the only item which is still something that we're having a closer look at is the fungibility of cash out of the Zimbabwe business and what implications that may have or how we think about that. But again we'll update you in full in the pre listing statement.

Mike Christelis: Hi, Mike Christelis - I have to ask one question at least. I suspect your answer is going to be the same, but you speak about a target range? Have you disclosed that range before at all and would you still be comfortably in that range if you were to unbundle the 19.9% that you're planning to hold in Nedbank?

Richard Treagus: Michael, we haven't disclosed either the range for OMLACSA or for the group, but we have worked out what we think the range should be and we are looking forward to the position after the demerger, based on that. We'll get there in due course.

Mike Christelis: Is the range a key reason for why you want to keep Nedbank.

Richard Treagus: No.

Warwick Bam: Warwick Bam from Avior - just to comment on Zimbabwe and your forecast there, I mean are you very conservative about removing capital from that business and what are the risks from a capital management point of view if you aren't able to remove that cash

Iain Williamson: So obviously, as Jonas described earlier, we have an incredibly strong business in Zimbabwe which has a good track record of having navigated tough times before, but we are going into an environment at the moment where things are likely to be particularly difficult for a while, we've seen the stock market rise to very high levels in the last, basically during September this year, to the point where PE multiples in the market the last time I looked, was on 60, which is clearly unsustainable and that's in reaction to concerns around the use of multiple currencies that are effectively operating in the market. So that does pose risks for us in terms of how we think about the short term carrying value of the business and the remitibility of earnings, so we are actively looking at what steps we can take to mitigate that.

Peter Moyo: A few things. Firstly from our point of view, it's our ability to repatriate earnings from Zimbabwe into South Africa – it's essentially an issue of liquidity. Up until now, our business has been doing very, very well. We are in a unique situation that Zimbabwe finds itself in and from a capital management point of view, we are really thinking about that. We've got to hold literally on as much as we have from a regulatory point of view and then manage our capital, and we have to start thinking about what would we do with our earnings in Zimbabwe, maybe look at acquiring assets . From my point, this is something that we have been talking about. It is a challenging situation, but it's getting better and it's something that is quite important in our risk management and our capital management.

Johny Lambridis: Sorry, two questions from me. It's Johny again, from Prudential. Given that ROE is going to be a core measure, just your thoughts around how you're going to view that, including or excluding goodwill and if I can tie that in with another question, just your thoughts on your cost of equity, so I was having a conversation with Peter outside earlier, about the questions I thought I shouldn't ask in case I might not be invited back, but some of your capital allocation decisions in Africa are often focused too much on how big a market is, how many people is in that market, as opposed to things like a property rights, the ability to repatriate profits. So your thoughts on cost of equity and how you will scale for those risks with UAP acquisition for example I don't think will cover its cost of equity for quite a while. Thank you.

Iain Williamson: So we do have currently have a framework that both look at a group hurdles, costs of equity if you like, as well as the regional breakdown of those into various markets and that methodology takes into account the inherent risks that we perceive in particular markets as well as currency risk associated with different markets to South Africa and effectively we set hurdle rates to generate real economic value against that cost of equity framework, so that's broadly the way it is laid out at the moment.

Peter Moyo: And Johny in terms of allocating capital to those businesses. It is important for us to make sure that we support business at a granular level and deliver appropriate returns so the rest of Africa at a unit level, we need to make sure that we deliver the right level returns - we are monitoring that, all the business unit heads know that they have to deliver those numbers within our planning period

Johny Lambridis: Who's responsible for the goodwill though if there are further acquisitions – the one criticism of the plc was that the goodwill was at the centre. So is ROE before or after goodwill?

Iain Williamson: We look at return on investment.

Peter Moyo: One has to accept that when there is a write down of goodwill you are essentially saying that you have bought a bad asset and you have got to be held accountable for it and you have to be measured at a business unit level, so when we go into acquisitions, we have got to have the conviction that we will be able to deliver the right sort of returns, so it becomes important that even those write downs, if they do happen they will get measured at the business unit level, it's not something that we are going to ignore, it is something that we are focused on.

Peter Moyo: I take it there are no more, no more questions?

So well done for getting through all of today. Just a few closing remarks. You've heard from Rob and Bruce and how managed separation is going, the proposed timeline and the value it is designed to release by liberating our businesses.

I then ran through my strategic objectives and action plan set in our eight battlegrounds.

Then you heard from Mike Brown Raisibe that firstly, Nedbank has strong and has competitive franchises, secondly that it has clear opportunities for growth and improved financial metrics and finally that it is an attractive investment with strong governance and risk management and good risk adjusted returns.

Then we heard from each of the business unit CEOs and then a financial review, which set out, very clearly, what we have to do in terms of managing the allocation of capital in this business and focusing on cost and then telling you what to expect in terms of metrics going to be published in our listing documents next year.

So really that actually gets us to the end of the day.

In summary, we have strong businesses with great market positions. We generate good and sustainable levels of cash, we are positioned for long-term sustainable growth and more importantly, we have substantial business improvement and cost efficiency opportunities.

We are determined to create value by meeting customer needs better and we are very excited about the next stage of the journey for this premium African financial services group.

Thank you for those who joined us on the webcast and over the phones and those who are here today in this auditorium and the big thank you to all the presenters.

It was a considerable number of people who worked behind the scenes to make today happen. I look forward to seeing you at our results presentation in March.

Thank you very much.