



MMI HOLDINGS

# ADVANCING MMI'S STRATEGY

Financial results 2017



**momentum**



METROPOLITAN

**GUARDRISK**

*multiply*

————— Momentum, Metropolitan, Guardrisk and Multiply form part of MMI Holdings Group, an authorised financial services provider. —————



# Financial Results

For 12 months ended 30 June 2017

## Summary of key metrics

MMI's diluted core headline earnings of R3 208m (200 cents per share) were effectively flat year-on-year. The largest positive driver of earnings was mortality experience which was R176m stronger in F2017, mainly as a result of much improved mortality profits in our Corporate & Public Sector (C&PS) segment. Core earnings were also aided by our decision to exit certain countries to improve focus on remaining operations. The largest headwind to earnings was the R179m reduction in discretionary margin releases relative to the prior year. F2017 also represents the first full year of start-up losses incurred in respect of our India health insurance joint venture (JV) and aYo, the MTN JV.

Diluted headline earnings were R1 336m lower than diluted core headline earnings in F2017. R577m of the difference relates to amortisation of acquisition related intangibles. Another R458m of the difference arises from changes to actuarial assumptions and as a result of investment variances. Investment returns for the year were significantly lower than those assumed in the actuarial basis. Material actuarial assumption changes include a reduction in lapse assumptions on level premium risk policies and on joint life risk policies. Furthermore, R249m of the difference between core and headline earnings is attributable to non-recurring items. R175m of the R249m arises from our decision to reduce our footprint in Africa and the UK.

Our dividend policy references core headline earnings and targets a coverage range of 1.5x to 1.7x over time. We have declared a 92 cent per share final dividend which results in a full year dividend of 157 cents per share in respect of F2017. This equates to a 1.3x dividend cover.

New business volumes are down 6% year-on-year to R41.6bn when measured on the present value of new business premiums (PVNBP) basis. Volumes were up on prior year for Metropolitan Retail (+5%) and for International (+3%). Momentum Retail is the largest business in the group and accounts for more than half of the new business volumes. PVNBP for Momentum Retail was down 3% for the year; mainly due to weaker sales of guaranteed endowments. C&PS volumes were down 16% versus F2016 due to weak inflows on investment products.

New business margins declined from 1.6% to 1.3%. Volume growth was modest across all four segments and as such we have seen new business margins under pressure across all of the segments. Overall value of new business (VNB) has declined by 23% to R547m. We believe that the main driver of margin improvement in the future will be to improve the productivity and scale of our various sales channels.

Group embedded value is slightly down over the year to R42.5bn (June 2016 was R43.0bn). This equates to embedded value per share of R26.51 on 30 June 2017. The return on embedded value (ROEV) for the year was 4.7%. ROEV on covered business was 8.3% during the period (12.6% excluding investment variances, interest rate changes, and forex movements). The ROEV on non-covered business was, however, disappointing at -10.4%. The biggest contributors to the weak non-covered ROEV were reduced valuations of our International operations and our SA asset management operations.

Operating experience variation on the embedded value (EV) basis was modestly positive in F2017. Mortality and morbidity variances added R140m to positive variances (vs R161m in prior year). Credit experience also remains supportive and our credit risk variance was R117m in F2017 versus R70m in F2016.

Key metrics	F2017	F2016	Δ (%)
Diluted core headline earnings per share (cents)	200.0	199.9	0
Diluted headline earnings per share (cents)	117.7	132.2	(11)
Dividend per share (cents)	157.0	157.0	0
New business volumes (PVNBP, Rm)	41 595	44 090	(6)
Value of new business (Rm)	547	712	(23)
New business margin (%)	1.3	1.6	(0.3)
Embedded value (Rm)	42 523	42 989	(1)
Return on Embedded Value (%)	4.7	12.8	(8.1)

## Analysis of group earnings

Diluted core headline earnings for the period were R3 208m which represents marginal growth on the comparative period. The main positive contributor to core earnings growth was C&PS where mortality profits improved significantly in the latter part of the financial year. Earnings from the Shareholder Capital segment are also up on the back of increasing investment income (in line with growth in investible assets).

### Momentum Retail

Momentum Retail's earnings declined by 15% to R1 271m. Earnings from covered operations (life insurance) are down 9% to R 1 467m whereas losses from non-covered operations increased to R196m.

The main reason for the reduced life insurance earnings is discretionary margin releases that were R179m lower in F2017. While we expect the level of discretionary margin releases to steadily decline over time, the decline in F2017 was exceptional due to a combination of certain discretionary margins being fully depleted by the end of F2016 and due to the interaction between investment returns and the release profile of the discretionary margins.

Experience variances were also weaker year-on-year (approximately R100m lower on an IFRS basis) although mortality and morbidity variance remained strong. New business strain was significantly lower than in the prior period due to lower sales of products with high initial reserving strain (ie lower guaranteed endowment sales).

Losses from non-covered operations reported within Momentum Retail increased from R111m to R196m. Profits on our Momentum Wealth platform declined due to higher investment in platform functionality and modest growth in assets under management. The improved operating performance in our short-term insurance operation is also somewhat hidden by the more conservative treatment of deferred tax assets in the current period.

### Metropolitan Retail

Metropolitan Retail's earnings declined by 6% to R660m. Earnings declined due to weakening persistency, higher new business strain, and increased spending on new initiatives.

Mortality and morbidity experience remains strong. Persistency experience was negative overall in F2017. We are taking management action to improve collection rates and have seen positive results in recent months.

### Corporate and Public Sector

C&PS earnings increased by 23% to R835m with improved underwriting experience, excluding disability experience, explaining more than R150m of the year-on-year increase. Unfortunately disability experience remains problematic and our experience variation deteriorated slightly during the past year. We continue to put through substantial price increases on disability risks and expect underwriting results to improve over time.

Our property business, ERIS, contributed R99m (+46%) to core headline earnings and Guardrisk made another solid contribution of R200m (+40%). Health contributed R136m to C&PS in F2017.

### International

Losses from International increased during the period to R166m. F2017 is the first year where India and aYo are included in the numbers for the full twelve months. These two entities incurred R90m higher start-up losses in F2017 than in F2016. The scaling back in Africa also had a positive impact on F2017 core headline earnings.

### Shareholder Capital

Investment income is up slightly for the period to R668m (net of tax). The level central costs that are not allocated to operating segments is sharply down. This is consistent with the large basis change we made at the end of F2016.

Core headline earnings (Rm)	F2017	F2016	Δ (%)
Momentum Retail	1 271	1 493	(15)
Metropolitan Retail	660	700	(6)
Corporate & Public Sector	835	680	23
International	(166)	(156)	(6)
<b>Operating profit</b>	<b>2 600</b>	<b>2 717</b>	<b>(4)</b>
Shareholder Capital	608	489	24
<b>Diluted core headline earnings</b>	<b>3 208</b>	<b>3 206</b>	<b>0</b>

## New business commentary

New business volumes are down 6% to R41.6bn for the year when measured as PVNBP. Volume growth was dragged down by 16% decline in sales from the C&PS segment. The largest contributor to new business is Momentum Retail where volumes ended down 3% for the year. New business margin declined from 1.6% of premiums to 1.3%. Lower volumes resulted in negative operational gearing relative to distribution expenses.

### Momentum Retail

Momentum Retail's sales were 3% lower over the year. Single premium new business was under pressure due to limited balance sheet capacity constraining guaranteed endowment sales. Life annuities was the one single premium product area that experienced decent growth over the year. Our core risk offering, Myriad, had similar sales volumes in F2017 as in F2016. Our recurring premium savings volumes picked up in F2017 aided by good demand for retirement annuities.

New business margins are down slightly from 1.1% of premiums to 1.0%. The margin has been negatively affected by the operational gearing between the 3% decline in new business volumes and the distribution channel overheads.

### Metropolitan Retail

Metropolitan grew recurring premium volumes by 12% in line with the increase in the agent headcount. Metropolitan Retail's agent headcount increased by 12% during the year. Risk sales were up 15% while recurring premium savings business was up 7% year-on-year. Single premium new business was down 12% following the change to de minimis rules allowing pension pots below R247,500 to be cashed out at retirement. While being a small component of new business, it is worthwhile noting that single premium new business excluding annuities was up 20% for Metropolitan Retail.

Value of new business is down 7% to R178m. This represents a new business margin of 3.4% on premiums. The new business margin has declined due to three primary causes; changes to how group schemes business is structured, higher effective acquisition costs due to a high proportion of new agents in the sales force, and lower-than-expected persistency from the telesales channel.

New business profits have increased by 38% over the period. This margin expansion from 2.8% of premiums to 3.5% of premiums was achieved despite an additional allowance being made for early duration lapses in our VNB basis. The margin improvement reflects benefits of operational gearing from rising volumes, lower interest rates, shift in mix towards risk business, and the reduction in sales of unprofitable smaller life annuities.

### Corporate and Public Sector

C&PS new business was down 16% for the year. New business volumes were materially lower in group risk business where the competitive market pricing is putting conversion rates under pressure. On-balance sheet investment flows were also weak during the year. Recurring premium savings business was aided by ongoing demand for our FundsAtWork umbrella fund solution.

New business margins declined from 1.5% of premiums to 0.6% of premiums. The decline mainly reflects the negative interaction between the lower volumes and relatively high fixed distribution costs. The assumed future risk margins have also been moderated in light of current market dynamics.

### International

International new business was up 3% year-on-year. The strongest growth was achieved in Namibia where growth was 9%. Botswana was the only large market where sales were somewhat disappointing and declined by 6%. Overall new business margin for International was 2.9% of premiums (unchanged year-on-year).

Present Value of New Business Premiums (Rm)	F2017	F2016	Δ (%)
Momentum Retail	22 774	23 468	(3)
Metropolitan Retail	5 164	4 936	5
Corporate & Public Sector	11 121	13 232	(16)
International	2 536	2 454	3
<b>MMI total PVNBP</b>	<b>41 595</b>	<b>44 090</b>	<b>(6)</b>

## Embedded value

Our embedded value was R26.51 per share on 30 June 2017. Together with the dividend paid during the period (R1.57 per share) this represents an ROEV of 4.7% over the year. ROEV excluding investment variances, forex movements, and economic assumption changes was 8.3%.

Our covered business continues to produce steady EV growth despite the tough operating environment and generated ROEV of 8.3% (excluding market items this equates to 12.6%). Our non-covered operations, which include many of our International operations earmarked for exit, had a difficult year and generated ROEV of -10.4%.

### Experience variation

Our overall experience variation (including development expenses) for the period was negative R49m. Persistency variance was negative R198m across the group. We are seeing higher terminations in the group risk space in light of the highly competitive pricing observed across that market segment. We have also seen persistency deteriorate in the lower-income market segments. Persistency in higher-income market segments remains in line with expectations.

Risk variances remain strong in aggregate despite ongoing weakness in the group disability space. Overall mortality and disability variance was positive R140m with retail operations generating nearly R300m of positive variances on this front.

Expense management continues to be well implemented across MMI and our expense variance was R50m before allowing for specific development expenses (R67m). Our credit risk variance of R117m is well up on that achieved in the prior year.

### Assumption changes

The current period included a number of relatively large assumption changes. Many of the changes are offsetting and as such the net impact on embedded value is a positive R403m.

Adjustment of mortality and disability assumptions to reflect recent experience has an overall positive impact of R139m on EV. However, this includes a significant positive adjustment in Momentum Retail (R410m) offset by a large negative adjustment in C&PS on the group disability business.

The overall change to persistency assumptions is negative R26m in F2017, but the impact in adjusted net worth (and thus capital) was substantial (>R700m decline). This reflects an assumption of lower lapses on level premium and joint life policies which require us to hold a larger reserve for these policies on our balance sheet. This is, however, countered by offsetting benefits of longer persistency in the value of in-force (VIF) component of the EV calculation.

During the year we have also moved our valuation approach from using a single point in the yield curve to using the full term structure when valuing prospective liabilities. This has had an overall positive impact on EV at 30 June 2017.

### Non-covered EV earnings

Non-covered EV earnings were negative R835m for the period. The valuation of our International operations, increased allowance for Multiply expenses, and reduction in the carry value of our domestic asset management subsidiaries explains the vast majority of the reduction in EV. Non-covered operations with positive ROEV contributions included Guardrisk, Eris, and our various health operations.

Embedded value profits	EV total	ANW	Net VIF
New business	547	(1 495)	2 042
Unwind of RDR	2 865	0	2 865
Expected profit	0	4 091	(4 091)
Experience variance	(49)	140	(189)
Operating assumptions	403	(628)	1 031
Investment return on ANW	652	652	0
Investment variance	(1 354)	(144)	(1 210)
Economic assumption changes	(164)	(1)	(163)
FX translation effect	(36)	(24)	(12)
EV profit on non-covered	(835)	(835)	0
<b>EV profit</b>	<b>2 029</b>	<b>1 756</b>	<b>273</b>

## Capital, dividend, and outlook

Our capital position remains satisfactory and we had a capital buffer of R3.7bn on 30 June 2017 on the current statutory basis. Our available capital resources at the end of the period stood at R19.9bn, where as we are currently utilising R13.7bn of capital in our existing businesses. Outside of the existing operations we have also set aside R1.5bn for the next dividend payment and R1.0bn to fund strategic initiatives.

Dividend per share (cents)		
NAV as per EV statement	16.3	16.9
Qualifying debt capital	3.6	3.6
Less: NAV in strategic subsidiaries	(3.6)	(3.5)
Less: Required capital	(10.1)	(9.7)
<b>Capital buffer before deployment</b>	<b>6.2</b>	<b>7.3</b>
Deployed for dividend payable	(1.5)	(1.5)
Deployed for strategic initiatives	(1.0)	(2.2)
<b>Capital buffer</b>	<b>3.7</b>	<b>3.6</b>

The capital buffer increased by roughly R100m over the period. The primary reasons for the increase is that we no longer hold R1bn for uncommitted initiatives in light of our increased focus on our core initiatives and on existing initiatives. This benefit is offset by the low level of retained earnings and by an increase in required capital. Required capital has increased mainly due to low investment market returns increasing the stress arising in the investment resilience test component of the CAR calculation. Change in our yield curve sensitivity and increase in credit risk capital requirement also played a part in the increase to required capital.

Dividend per share (cents)	
Capital buffer on 30 June 2016	3.6
Profit from covered business	2.6
Profit from non-covered business	(0.7)
Dividends and new capital	(2.4)
Increase in required capital	(0.6)
Change in strategic commitments	1.2
<b>Capital buffer</b>	<b>3.7</b>

Investors should note that actual capital investments during the period do not affect the capital buffer as they are usually fully provided for in the 'deployed for strategic initiatives' item. For information we can point out that we invested around R900m during the year:

- Approximately R400m was invested into shareholder backed property developments
- Approximately R200m was invested into venture capital investments via Exponential
- Approximately R100m was invested into our International operations
- Approximately R100m was invested into Momentum Short-term Insurance

- Approximately R100m was invested into various smaller investments.

These injections were offset by proceeds from sales of property assets (c. R500m) and sale of a subsidiary (c. R100m).

### Dividends

Our dividend policy is to maintain a dividend cover between 1.5 and 1.7 times core headline earnings, but with provision to go below the lower range to maintain stable dividends if there is a temporary decline in earnings. This is subject to our capital position making the dividend payment feasible.

We remain adequately capitalised and have thus declared a final dividend of 92 cents per share. This results in a dividend cover of 1.3x for F2017. We plan to return to our targeted dividend cover range in due course.

### Strategy update

We remain committed to our client-centric strategy that is purposefully focused on providing for our clients' needs in order to enhance their lifetime Financial Wellness. At the same time we continue to refine the actions and decisions to optimise delivery on our strategy aspirations. Investors should be aware that:

- The business is increasingly focused on execution, with strategy now well ingrained in the various business areas;
- We have announced our plan to exit a number of African countries to improve focus on remaining operations.
- We continue to invest in our Multiply programme and see it as a key component of our client engagement strategy;
- We continue to invest in our distribution channels and the recent launch of our insurance products in selected African Bank branches is one manifestation of this focus.



# Summary of financial information

Audited results for the 12 months ended 30 June 2017



# MMI HOLDINGS GROUP

## DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited summarised results of MMI Holdings financial services group for the year ended 30 June 2017. The preparation of the group's results was supervised by the group chief financial officer, Risto Ketola (FIA, FASSA, CFA).

## Corporate events

During the current year, the FSB approved the transfer of the FNB Life book of business from MMI Group Ltd to FirstRand Life Assurance Ltd. MMI Group Ltd recognised a profit of R73 million relating to the sale which was effective from 1 October 2016.

During June 2017, MMI Holdings and African Bank announced a partnership that will allow each other exclusive rights to sell their products to the combined client base. The value sharing partnership comprises lending and insurance business ventures.

## Basis of preparation of financial information

These summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; the JSE Listings Requirements and the South African Companies Act, 71 of 2008. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the previous years except as described below. Critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2017, including changes in estimates that are an integral part of the insurance business. The group is exposed to financial and insurance risks, details of which are also provided in the group's integrated report.

## New and revised standards effective for the period ended 30 June 2017 and relevant to the group

- The following amendments to standards and interpretations became effective for the first time in the current period and had no impact on the group's earnings or net asset value: Amendments to IFRS 10 Consolidated financial statements, IAS 28 Investments in associates and joint ventures, IFRS 11 Joint arrangements, IAS 1 Presentation of financial statements, IAS 16 Property, plant and equipment, IAS 38 Intangible assets and IAS 27 Separate financial statements.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

## Segmental report

To align segmental reporting to change in management responsibilities, we have made numerous movements across the five segments. The changes can be categorised into two main themes: (1) transfer of smaller operations previously shown as part of the Shareholder Capital segment into the client-facing segment where management responsibility actually rests and (2) transfer of UK operations previously residing in Momentum Retail or in Shareholder Capital to the International segment. The group has also refined the manner in which costs related to our Rewards programme are allocated. This has resulted in Momentum Retail carrying more of these costs than under the previous allocation methodology. The new segmental reporting had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow.

# MMI HOLDINGS GROUP

## Segmental report (continued)

The client-centric reporting view reflects the following segments:

**Momentum Retail:** Momentum Retail offers a wide range of financial solutions to middle and affluent market segments. Our product range spans all major insurance lines (life, disability, health, motor, property, and all-risks) and a wide range of savings and investment products. We differentiate our business through the quality of our advice channels and our commitment to high levels of client engagement to encourage our clients to make choices that optimise their financial and physical wellness. Our most popular product solutions are retirement savings and life insurance. Momentum Retail is closely associated with Multiply, our client engagement programme. Clients who have Multiply active on their policies enjoy premium discounts, partner rewards and access to personal financial management tools.

**Metropolitan Retail:** Metropolitan Retail is a long-established life insurance provider in the lower- and middle-income segments. Metropolitan Retail's most popular products include funeral plans, savings policies, underwritten life cover policies, and annuities. Our funeral plans are low sum insured whole life policies designed to pay for funeral costs. To extend our distribution channels and expand our solutions basket, Metropolitan recently partnered with African Bank to offer insurance and lending products to the existing Metropolitan client base.

**Corporate and Public Sector:** Corporate and Public Sector provides insurance, administration and investment services to employee groups in the private and public sectors. The business is one of the largest underwriters of death and disability insurance in the corporate market. We also have a strong market share in umbrella funds (multi-employer retirement schemes) and annuity solutions.

**International:** MMI International operates in the rest of Africa, India and the United Kingdom. We offer a wide range of solutions in these areas, with a focus on life, health and short-term insurance products. In Africa, life insurance is offered in nine countries and health insurance offered in seven as well as in India. Our Multiply wellness programme is only active in India at present, where it complements the health insurance offering.

**Shareholder Capital:** The Shareholder Capital segment reflects investment income on capital held to support operations, earnings from start-up ventures not yet allocated to other segments, and some costs not allocated to operating segments (eg certain holding company expenses).

The product houses support the segments to deliver best of breed product solutions that segments can distribute to clients. There are five of these centres of excellence supporting the segments, namely: Investments and savings, Life Insurance, Health, Short-term Insurance and Client Engagement Solutions. Each of the centres of excellence design solutions that meet unique Financial Wellness needs of clients as identified by our segment business.

## Embedded value information

In addition to the segmental reporting changes, the methodology for classifying business as covered or non-covered has been reviewed and the following changes have been implemented:

- Guardrisk Life business has been reclassified as non-covered as the business being written is mainly fee income in nature rather than underwriting exposure.
- An entity will only be classified as covered business once it has reached sufficient operational scale to support all operational expenses attributable to that entity.

As a result, with effect from 1 July 2015, Guardrisk Life Ltd and a number of International life and health entities were transferred to non-covered business. The prior year has been restated to reflect these transfers to non-covered business.

# MMI HOLDINGS GROUP

## Corporate governance

The board has satisfied itself that appropriate principles of corporate governance (King IV) were applied, where possible, throughout the year under review.

## Changes to the directorate, secretary and directors' shareholding

On 21 July 2016, Voyt Krzychylkiewicz was appointed as an alternative director to Peter Cooper. On 1 October 2016, Professor Stephen Jurisich was appointed to the board. On 22 November 2016, Johan Burger retired from the board and as deputy chairman. On 1 December 2016, Louis von Zeuner was elected as deputy chairman of the board.

All transactions in listed shares of the company involving directors were disclosed on SENS.

## Changes to the group executive committee

### Change in roles

Mary Vilakazi	Deputy CEO and Group Finance Director
Khanyi Nzukuma	CEO Momentum Retail and acting CEO Metropolitan Retail
Thinus Alsworth-Elvey	CEO Corporate and Public Sector, UK and Momentum Investments
Herman Schoeman	CEO MMI Short-term Insurance Centre of Excellence (previously CEO Corporate and Public Sector)

<i>Appointments/resignations</i>	<i>Role</i>	<i>Appointments</i>	<i>Resignations</i>
Innocent Dutiro	CEO International	1 July 2016	
Linda Mthenjane	Group executive of human capital	10 October 2016	
Vuyo Lee	Group executive officer of brand		28 February 2017
Danie Botes	Chief Operating Officer		13 June 2017
Etienne de Waal	CEO Momentum Retail		13 June 2017
Risto Ketola	Group Chief Financial Officer	22 June 2017	
Ashlene van der Colff	Group Head of Operations	22 June 2017	

## Contingent liabilities and capital commitments

The group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The group had no material capital commitments at 30 June 2017 that were not in the ordinary course of business other than those disclosed in the 2017 integrated report.

## Events after year-end

No material events occurred between the reporting date and the date of approval of these results.

## Final dividend declaration

### Ordinary shares

- On 5 September 2017, a gross final dividend of 92 cents per ordinary share was declared by the board, resulting in a total dividend of 157 cents per share.

## Final dividend declaration (continued)

### *Ordinary shares (continued)*

- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the company at the close of business on Friday, 29 September 2017, and will be paid on Monday, 2 October 2017.
- The dividend will be subject to local dividend withholding tax at a rate of 20% (as announced in the 2017 Budget) unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 73.60 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 26 September 2017.
- The shares will trade ex dividend from the start of business on Wednesday, 27 September 2017.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 27 September 2017 and Friday, 29 September 2017, both days inclusive.
- The number of ordinary shares at the declaration date was 1 575 371 221.
- MMI's income tax number is 975 2050 147.

### *Preference shares*

- Dividends of R19.0 million (2016: R20.1 million) (132 cents per share p.a.) were declared on the unlisted A3 MMI Holdings Ltd preference shares as determined by the company's Memorandum of Incorporation.

## Integrated information

The integrated report for 2017 will be posted to shareholders before 30 September 2017.

## Directors' responsibility

The preparation of these results, and the correct extraction thereof from the group's audited 2017 annual financial statements, are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The full summarised IAS 34 compliant results (including paragraph 16A(j)) are available on MMI's website and at MMI's registered offices upon request. A printed version of the full financial statements and the SENS announcement may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

## External audit

These summarised results have not been audited, but have been extracted from the group's 2017 annual financial statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report, together with the group's audited 2017 annual financial statements, are available for inspection at the company's registered office. In addition, the summarised group embedded value information has been extracted from the 2017 group embedded value report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of MMI, and the review report is available for inspection at the company's registered office.

## MMI HOLDINGS GROUP

Signed on behalf of the board



**JJ Njeke**

*Chairman*



**Nicolaas Kruger**

*Group chief executive officer*

Centurion

5 September 2017

DIRECTORS: MJN Njeke (chairman), LL von Zeuner (deputy chairman), NAS Kruger (group chief executive officer), M Vilakazi (deputy chief executive and group finance director), P Cooper, F Jakoet, Prof SC Jurisich, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, W Krzychylkiewicz (alternate to P Cooper)

GROUP COMPANY SECRETARY: Maliga Chetty

WEBSITE: [www.mmiholdings.com](http://www.mmiholdings.com)

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SPONSOR – SOUTH AFRICA: Merrill Lynch South Africa (Pty) Ltd SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: PricewaterhouseCoopers Inc

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE CODE: MMI NSX CODE: MIM ISIN NO: ZAE000149902

SENS ISSUE: 6 September 2017

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2017 Rm	30.06.2016 Rm
<b>ASSETS</b>		
Intangible assets	11 260	12 433
Owner-occupied properties	4 105	3 112
Property and equipment	389	432
Investment properties	7 340	7 422
Investments in associates and joint ventures	595	680
Employee benefit assets	410	445
Financial assets designated at fair value through income	369 205	373 630
Investments in associates designated at fair value through income	15 039	10 499
Derivative financial assets	2 439	1 977
Available-for-sale financial assets	18	125
Held-to-maturity financial assets	397	122
Loans and receivables	7 293	7 615
Reinsurance contract assets	4 495	5 092
Deferred income tax	249	279
Properties under development	111	187
Insurance and other receivables	4 621	4 497
Current income tax assets	581	537
Non-current assets held for sale	-	470
Cash and cash equivalents	27 353	29 148
<b>Total assets</b>	<b>455 900</b>	<b>458 702</b>
<b>EQUITY</b>		
Equity attributable to owners of the parent	22 956	24 109
Non-controlling interests	292	290
<b>Total equity</b>	<b>23 248</b>	<b>24 399</b>
<b>LIABILITIES</b>		
Insurance contract liabilities		
Long-term insurance contracts	106 581	107 115
Short-term insurance contracts	7 661	6 978
Investment contracts	257 772	257 985
– with discretionary participation features (DPF)	24 338	25 195
– designated at fair value through income	233 434	232 790
Financial liabilities designated at fair value through income	37 331	38 374
Derivative financial liabilities	1 827	2 097
Financial liabilities at amortised cost	1 229	1 058
Reinsurance contract liabilities	1 368	973
Deferred income tax	3 198	3 812
Employee benefit obligations	1 334	1 452
Other payables	14 128	14 384
Provisions	57	43
Current income tax liabilities	166	32
<b>Total liabilities</b>	<b>432 652</b>	<b>434 303</b>
<b>Total equity and liabilities</b>	<b>455 900</b>	<b>458 702</b>

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Net insurance premiums	28 191	28 971
Fee income <sup>(1)</sup>	7 411	7 679
Investment income	18 958	17 522
Net realised and fair value gains	183	11 824
<b>Net income</b>	<b>54 743</b>	<b>65 996</b>
Net insurance benefits and claims	24 441	26 609
Change in actuarial liabilities and related reinsurance	(2 267)	(674)
Change in long-term insurance contract liabilities	(1 437)	354
Change in short-term insurance contract liabilities	(86)	(71)
Change in investment contracts with DPF liabilities	(855)	(940)
Change in reinsurance assets	(278)	(331)
Change in reinsurance liabilities	389	314
Fair value adjustments on investment contract liabilities	6 650	16 205
Fair value adjustments on collective investment scheme liabilities	688	(153)
Depreciation, amortisation and impairment expenses	1 665	1 408
Employee benefit expenses	5 249	5 341
Sales remuneration	5 283	5 304
Other expenses	7 367	6 695
<b>Expenses</b>	<b>49 076</b>	<b>60 735</b>
<b>Results of operations</b>	<b>5 667</b>	<b>5 261</b>
Share of (loss)/profit of associates and joint ventures	(126)	18
Finance costs <sup>(2)</sup>	(1 023)	(937)
<b>Profit before tax</b>	<b>4 518</b>	<b>4 342</b>
Income tax expense	(2 937)	(2 164)
<b>Earnings for year</b>	<b>1 581</b>	<b>2 178</b>
<b>Attributable to:</b>		
Owners of the parent	1 536	2 142
Non-controlling interests	45	36
	<b>1 581</b>	<b>2 178</b>
Basic earnings per ordinary share (cents)	98.4	137.6
Diluted earnings per ordinary share (cents)	98.1	135.9

1. Fee income consists of the following:
  - Investment contracts: R2 477 million (30.06.2016: R2 471 million)
  - Trust and fiduciary services: R1 608 million (30.06.2016: R1 892 million)
  - Health administration: R1 764 million (30.06.2016: R1 945 million)
  - Other fee income: R1 562 million (30.06.2016: R1 371 million)
2. Finance costs consist of the following:
  - Preference shares issued by MMI: R113 million (30.06.2016: R110 million)
  - Subordinated debt: R351 million (30.06.2016: R341 million)
  - Cost of carry positions: R408 million (30.06.2016: R346 million)
  - Other: R151 million (30.06.2016: R140 million)

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Earnings for year	1 581	2 178
Other comprehensive (loss)/income, net of tax	(103)	83
Items that may subsequently be reclassified to income	(224)	(24)
Exchange differences on translating foreign operations	(218)	(27)
Available-for-sale financial assets	(4)	3
Share of other comprehensive loss of associates	(2)	-
Items that will not be reclassified to income	121	107
Land and building revaluation	142	124
Remeasurements of post-employee benefit funds	11	(1)
Income tax relating to items that will not be reclassified	(32)	(16)
<b>Total comprehensive income for year</b>	<b>1 478</b>	<b>2 261</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	1 434	2 193
Non-controlling interests	44	68
	<b>1 478</b>	<b>2 261</b>



## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
<b>Earnings</b>	<b>1 536</b>	2 142	<b>1 536</b>	2 142
Finance costs – convertible preference shares			<b>39</b>	41
Dilutory effect of subsidiaries <sup>(1)</sup>			<b>(14)</b>	(23)
<b>Diluted earnings</b>			<b>1 561</b>	2 160
Intangible assets and other impairments <sup>(2)</sup>	<b>417</b>	158	<b>417</b>	158
Tax on intangible assets and other impairments	<b>(61)</b>	(10)	<b>(61)</b>	(10)
Release of foreign currency translation reserve	-	(92)	-	(92)
Gain on sale of business/subsidiary	<b>(94)</b>	(115)	<b>(94)</b>	(115)
Tax on gain on sale of business/subsidiary	<b>21</b>	-	<b>21</b>	-
Impairment of owner-occupied property below cost	<b>28</b>	-	<b>28</b>	-
<b>Headline earnings</b> <sup>(3)</sup>	<b>1 847</b>	2 083	<b>1 872</b>	2 101
Net realised and fair value losses/(gains) on excess	<b>94</b>	(112)	<b>94</b>	(112)
Basis and other changes and investment variances	<b>458</b>	517	<b>458</b>	517
Adjustments for MMI shares held by policyholder funds	<b>(42)</b>	(98)	<b>(42)</b>	(73)
Amortisation of intangible assets relating to business combinations	<b>577</b>	618	<b>577</b>	618
Non-recurring items <sup>(4)</sup>	<b>249</b>	155	<b>249</b>	155
<b>Core headline earnings</b> <sup>(5)</sup>	<b>3 183</b>	3 163	<b>3 208</b>	3 206

- In the current year, the MMI Holdings Namibian group, Metropolitan Kenya and Cannon are consolidated at 96% in the results. In the prior year, Metropolitan Health was also consolidated at 100%. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. For Metropolitan Health, this is no longer the case as all the shares in Metropolitan Health Corporate (Pty) Ltd which were held by Kagiso Tiso Holdings (Pty) Ltd have been purchased by the group in June 2017.
- The current year includes impairments relating to:
  - Goodwill, customer relations and internally developed software (R213 million) in the International segment that are recognised on acquisition of subsidiaries as the companies are making losses. A risk discount rate of 18.2% (2016: 19.0%) has been used in the impairment calculation.
  - Internally developed software in International (R88 million) and Metropolitan Retail (R76 million) whereby certain components will no longer be used and/or the costs to maintain the system exceed the economic benefits. A risk discount rate of 11.6% has been used in the impairment calculation.

The prior year includes the impairment of Cannon goodwill, software in International and Health and Hello Doctor goodwill.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- Non-recurring items include costs relating mainly to the restructuring of the group. The current year also includes the core earnings/loss relating to companies in countries that the group has or will be exiting in the near future.
- Core headline earnings comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on financial assets and liabilities, investment variances and basis and other changes that can be volatile, certain non-recurring items, as well as the amortisation of intangible assets relating to business combinations.

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

<b>EARNINGS PER SHARE</b> (cents) attributable to owners of the parent	<b>12 mths to 30.06.2017</b>	12 mths to 30.06.2016
<b>Basic</b>		
Core headline earnings	<b>203.9</b>	203.1
Headline earnings	<b>118.3</b>	133.8
Earnings	<b>98.4</b>	137.6
Weighted average number of shares (million)	<b>1 561</b>	1 557
<b>Diluted</b>		
Core headline earnings	<b>200.0</b>	199.9
Weighted average number of shares (million) <sup>(1)</sup>	<b>1 604</b>	1 604
Headline earnings	<b>117.7</b>	132.2
Earnings	<b>98.1</b>	135.9
Weighted average number of shares (million) <sup>(2)</sup>	<b>1 591</b>	1 589

1. For diluted core headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.
2. For diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

<b>DIVIDENDS</b>	<b>2017</b>	2016
<b>Ordinary listed MMI Holdings Ltd shares</b> (cents per share)		
Interim – March	<b>65</b>	<b>65</b>
Final – September	<b>92</b>	<b>92</b>
Total	<b>157</b>	<b>157</b>

### MMI Holdings Ltd convertible redeemable preference shares (issued to Kagiso Tiso Holdings (Pty) Ltd (KTH))

The A3 MMI Holdings Ltd preference shares are redeemable in December 2017 (after extending it under the same terms by six months in the current year) at a redemption value of R9.18 per share unless converted into MMI Holdings Ltd ordinary shares on a one-for-one basis prior to that date. On 3 October 2016 and 3 April 2017, 1 million preference shares were converted into ordinary shares, on each date. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September).

### Significant related party transactions

R369 million of the ordinary dividends declared by MMI Holdings Ltd in September 2016 (R362 million of the ordinary dividends declared in September 2015) and R261 million of the ordinary dividends declared in March 2017 (R261 million of the ordinary dividends declared in March 2016) were attributable to RMI Holdings Ltd. Dividends of R39.5 million (2016: R41.9 million) were paid to KTH on the A3 MMI Holdings Ltd preference shares in the current year. Dividends of R8 million (2016: R5 million) were paid to KTH on the MHC A ordinary shares.

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
<b>Changes in share capital</b>		
Balance at beginning and end	9	9
<b>Changes in share premium</b>		
Balance at beginning	13 847	13 795
Conversion of preference shares	14	17
(Increase)/decrease in treasury shares held on behalf of contract holders	(124)	35
Balance at end	13 737	13 847
<b>Changes in other reserves</b>		
Balance at beginning	1 955	1 866
Total comprehensive (loss)/income	(102)	51
Employee share schemes – value of services provided	(26)	-
BEE cost	4	4
Change in non-distributable reserves	(3)	2
Transfer (to)/from retained earnings	(40)	32
Balance at end <sup>(1)</sup>	1 788	1 955
<b>Changes in retained earnings</b>		
Balance at beginning	8 298	8 877
Total comprehensive income	1 536	2 142
Dividend paid	(2 456)	(2 475)
Transactions with non-controlling interests	4	(214)
Transfer from/(to) other reserves	40	(32)
Balance at end	7 422	8 298
<b>Equity attributable to owners of the parent</b>	<b>22 956</b>	<b>24 109</b>
<b>Changes in non-controlling interests</b>		
Balance at beginning	290	501
Total comprehensive income	44	68
Dividend paid	(53)	(60)
Transactions with owners	11	(219)
Balance at end	292	290
<b>Total equity</b>	<b>23 248</b>	<b>24 399</b>

1. Other reserves consist of the following:

- Land and building revaluation reserve: R807 million (30.06.2016: R742 million)
- Foreign currency translation reserve: -R98 million (30.06.2016: R122 million)
- Revaluation of available-for-sale investments: R7 million (30.06.2016: R11 million)
- Non-distributable reserve: R54 million (30.06.2016: R50 million)
- Employee benefit revaluation reserve: R88 million (30.06.2016: R77 million)
- Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (30.06.2016: R940 million)
- Equity-settled share-based payment arrangements: -R10 million (30.06.2016: R13 million)

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 30.06.2017 Rm	12 mths to 30.06.2016 Rm
Net cash inflow from operating activities	586	8 842
Net cash outflow from investing activities	(288)	(1 051)
Net cash outflow from financing activities	(2 093)	(4 817)
<b>Net cash flow</b>	<b>(1 795)</b>	2 974
Cash resources and funds on deposit at beginning	29 148	26 174
<b>Cash resources and funds on deposit at end</b>	<b>27 353</b>	29 148

NON-CONTROLLING INTERESTS	30.06.2017 %	30.06.2016 %
Cannon Assurance	33.7	33.7
Eris Property Group	23.7	23.7
Metropolitan Health Ghana	0.9	0.9
Metropolitan Health Group	-	17.6
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Swaziland	33.0	33.0
Metropolitan Tanzania	33.0	33.0
Metropolitan Health Zambia	35.0	35.0
MMI Holdings Namibia	9.9	10.3
Momentum Mozambique	33.0	33.0
Momentum Swaziland	33.0	33.0

## MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

### BUSINESS COMBINATIONS – JUNE 2017

There were no significant business combinations for the 12 months ended June 2017. Goodwill and customer relationships to the value of R11 million each were recognised due to a small acquisition.

### BUSINESS COMBINATIONS – JUNE 2016

There were no significant business combinations for the 12 months ended June 2016.

RECONCILIATION OF GOODWILL	30.06.2017 Rm	30.06.2016 Rm
Balance at beginning	1 237	1 333
Business combinations	11	-
Impairment charges <sup>(1)</sup>	(100)	(104)
Exchange differences	(20)	8
<b>Balance at end</b>	<b>1 128</b>	<b>1 237</b>

1. Goodwill relating to the Cannon (International segment) and Momentum Financial Technology (International segment) acquisitions were impaired by R62 million (30.06.2016: R41 million) and R38 million (30.06.2016: Rnil) respectively during the current year due to these companies making losses. Goodwill of R63 million relating to Hello Doctor (International and Corporate and Public Sector segments) was also impaired in the prior year.

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

12 mths to 30.06.2017	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling items (1) Rm	IFRS total Rm
<b>Revenue</b>								
Net insurance premiums	24 740	6 898	27 167	4 130	-	62 935	(34 744)	28 191
Recurring premiums	9 663	5 877	16 951	3 476	-	35 967	(9 291)	26 676
Single premiums	15 077	1 021	10 216	654	-	26 968	(25 453)	1 515
Fee income	3 496	146	4 270	835	73	8 820	(1 409)	7 411
Fee income	3 011	143	3 708	794	2	7 658	(247)	7 411
Intergroup fee income	485	3	562	41	71	1 162	(1 162)	-
<b>Expenses</b>								
Net payments to contract holders								
External payments	25 360	5 321	25 574	2 624	-	58 879	(34 438)	24 441
Other expenses	5 994	2 448	5 681	2 419	201	16 743	2 821	19 564
Sales remuneration	2 184	1 029	1 462	615	-	5 290	(7)	5 283
Administration expenses	2 631	1 280	3 125	1 346	589	8 971	121	9 092
Amortisation due to business combinations and impairments	-	73	31	88	37	229	977	1 206
Cell captive business	-	-	186	-	-	186	1 800	1 986
Direct property expenses	-	-	-	-	-	-	443	443
Asset management and other fee expenses	379	60	309	84	10	842	649	1 491
Holding company expenses	-	-	-	-	63	63	-	63
Intergroup expenses	800	6	568	286	(498)	1 162	(1 162)	-
<b>Diluted core headline earnings</b>								
Operating profit/(loss)	1 271	660	835	(166)	608	3 208	-	3 208
Tax on operating profit	1 861	926	969	(102)	(48)	3 606	-	3 606
Investment income	(631)	(267)	(270)	(87)	(12)	(1 267)	-	(1 267)
Tax on investment income	57	2	187	27	822	1 095	-	1 095
	(16)	(1)	(51)	(4)	(154)	(226)	-	(226)
Covered	1 467	685	387	203	648	3 390	-	3 390
Non-covered	(196)	(25)	448	(369)	(40)	(182)	-	(182)
	1 271	660	835	(166)	608	3 208	-	3 208
Actuarial liabilities	195 283	32 417	131 420	12 894	-	372 014	-	372 014

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R263 million); direct property and asset management fees for all entities, except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

Restated 12 mths to 30.06.2016	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	Shareholder Capital	Segmental total	Reconciling items (1)	IFRS total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Revenue</b>								
Net insurance premiums	25 634	6 816	26 608	4 054	-	63 112	(34 141)	28 971
Recurring premiums	9 278	5 558	15 170	3 322	-	33 328	(8 720)	24 608
Single premiums	16 356	1 258	11 438	732	-	29 784	(25 421)	4 363
Fee income	3 555	209	4 940	773	96	9 573	(1 894)	7 679
Intergroup fee income	2 992	179	4 203	664	19	8 057	(378)	7 679
<b>Expenses</b>								
Net payments to contract holders	563	30	737	109	77	1 516	(1 516)	-
External payments	24 846	6 037	30 568	2 513	-	63 964	(37 355)	26 609
Other expenses	5 907	2 293	6 309	2 348	121	16 978	1 770	18 748
Sales remuneration	2 154	967	1 537	653	-	5 311	(7)	5 304
Administration expenses	2 804	1 158	3 385	1 391	256	8 994	443	9 437
Amortisation due to business combinations and impairments	-	-	12	-	72	84	823	907
Cell captive business	-	-	203	-	-	203	1 178	1 381
Direct property expenses	-	-	-	-	-	-	317	317
Asset management and other fee expenses	248	103	437	26	2	816	532	1 348
Holding company expenses	-	-	-	-	54	54	-	54
Intergroup expenses	701	65	735	278	(263)	1 516	(1 516)	-
<b>Diluted core headline earnings</b>								
Operating profit/(loss)	1 493	700	680	(156)	489	3 206	-	3 206
Tax on operating profit	2 066	972	841	(151)	(158)	3 570	-	3 570
Investment income	(629)	(272)	(242)	(26)	(17)	(1 186)	-	(1 186)
Tax on investment income	72	-	111	25	850	1 058	-	1 058
	(16)	-	(30)	(4)	(186)	(236)	-	(236)
Covered	1 604	723	279	185	616	3 407	-	3 407
Non-covered	(111)	(23)	401	(341)	(127)	(201)	-	(201)
	1 493	700	680	(156)	489	3 206	-	3 206
Actuarial liabilities	202 368	32 942	124 330	12 438	-	372 078	-	372 078

1. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; non-recurring items included in administration expenses (R190 million); direct property and asset management fees for all entities, except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS	Change %	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
Momentum Retail	(15)	1 271	1 493
Metropolitan Retail	(6)	660	700
Corporate and Public Sector	23	835	680
International	(6)	(166)	(156)
<b>Operating segments</b>	<b>(4)</b>	<b>2 600</b>	<b>2 717</b>
Shareholder Capital	24	608	489
<b>Total diluted core headline earnings</b>	<b>-</b>	<b>3 208</b>	<b>3 206</b>

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Shareholder Capital Rm	Total Rm
<b>12 mths to 30.06.2017</b>						
<b>Covered</b>						
Operating profit	1 467	685	387	203	37	2 779
Investment income	-	-	-	-	611	611
<b>Total</b>	<b>1 467</b>	<b>685</b>	<b>387</b>	<b>203</b>	<b>648</b>	<b>3 390</b>
<b>Non-covered</b>						
Investment and savings	61	-	119	82	-	262
Life insurance	-	-	-	(111)	-	(111)
Health	(29)	-	136	(82)	-	25
Short-term insurance	(162)	(7)	200	(80)	-	(49)
Client engagement	(66)	(18)	(25)	(24)	12	(121)
Unallocated expenses	-	-	-	-	(60)	(60)
Other operations	-	-	18	(154)	8	(128)
<b>Total</b>	<b>(196)</b>	<b>(25)</b>	<b>448</b>	<b>(369)</b>	<b>(40)</b>	<b>(182)</b>
<b>Core earnings</b>	<b>1 271</b>	<b>660</b>	<b>835</b>	<b>(166)</b>	<b>608</b>	<b>3 208</b>
<b>Restated</b>						
<b>12 mths to 30.06.2016 <sup>(1)</sup></b>						
<b>Covered</b>						
Operating profit/(loss)	1 604	723	275	185	(43)	2 744
Investment income	-	-	4	-	659	663
<b>Total</b>	<b>1 604</b>	<b>723</b>	<b>279</b>	<b>185</b>	<b>616</b>	<b>3 407</b>
<b>Non-covered</b>						
Investment and savings	136	-	108	(19)	-	225
Life insurance	-	-	-	(84)	-	(84)
Health	(43)	-	157	(68)	-	46
Short-term insurance	(151)	(6)	143	(54)	-	(68)
Client engagement	(53)	(17)	(22)	(23)	17	(98)
Unallocated expenses	-	-	-	-	(102)	(102)
Other operations	-	-	15	(93)	(42)	(120)
<b>Total</b>	<b>(111)</b>	<b>(23)</b>	<b>401</b>	<b>(341)</b>	<b>(127)</b>	<b>(201)</b>
<b>Core earnings</b>	<b>1 493</b>	<b>700</b>	<b>680</b>	<b>(156)</b>	<b>489</b>	<b>3 206</b>

1. Refer to segmental report paragraph in the Directors' statement for more information on the restatements.



## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

INVESTMENTS AND SAVINGS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
<b>12 mths to 30.06.2017</b>				
<b>Revenue</b>	1 118	865	490	2 473
Fee income	710	379	373	1 462
Performance fees	3	13	-	16
Intergroup fees	344	340	13	697
Investment income	61	121	1	183
Fair value gains	-	12	103	115
<b>Expenses and finance costs</b>	(1 014)	(689)	(405)	(2 108)
Fair value adjustments on investment contracts	-	-	(103)	(103)
Other expenses	(1 005)	(640)	(302)	(1 947)
Finance costs	(9)	(49)	-	(58)
Share of profit of associates	-	1	-	1
<b>Profit before tax</b>	104	177	85	366
Income tax expense	(43)	(32)	(3)	(78)
Non-controlling interest	-	(26)	-	(26)
<b>Core earnings</b>	61	119	82	262
Operating profit before tax	61	90	84	235
Tax on operating profit	(30)	(11)	(3)	(44)
Investment income	43	55	1	99
Tax on investment income	(13)	(15)	-	(28)
<b>Diluted core headline earnings</b>	61	119	82	262
<b>Restated</b>				
<b>12 mths to 30.06.2016</b>				
<b>Revenue</b>	1 161	746	362	2 269
Fee income	771	329	379	1 479
Performance fees	12	-	-	12
Intergroup fees	325	333	15	673
Investment income	53	45	12	110
Fair value gains/(losses)	-	39	(44)	(5)
<b>Expenses and finance costs</b>	(970)	(595)	(397)	(1 962)
Fair value adjustments on investment contracts	-	-	41	41
Other expenses	(962)	(560)	(423)	(1 945)
Finance costs	(8)	(35)	(15)	(58)
Share of profit of associates	-	13	-	13
<b>Profit/(Loss) before tax</b>	191	164	(35)	320
Income tax expense	(55)	(38)	16	(77)
Non-controlling interest	-	(18)	-	(18)
<b>Core earnings</b>	136	108	(19)	225
Operating profit/(loss) before tax	146	134	(29)	251
Tax on operating profit	(48)	(32)	14	(66)
Investment income	46	8	(2)	52
Tax on investment income	(8)	(2)	(2)	(12)
<b>Diluted core headline earnings</b>	136	108	(19)	225

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
<b>12 mths to 30.06.2017</b>				
<b>Revenue</b>	560	2 049	468	<b>3 077</b>
Net insurance premiums	209	390	259	<b>858</b>
Fee income	340	1 419	191	<b>1 950</b>
Investment income	11	27	18	<b>56</b>
Intergroup fees	-	213	-	<b>213</b>
<b>Expenses and finance costs</b>	(603)	(1 856)	(384)	<b>(2 843)</b>
Net payments to contract holders	(151)	(279)	(168)	<b>(598)</b>
Other expenses	(450)	(1 576)	(216)	<b>(2 242)</b>
Finance costs	(2)	(1)	-	<b>(3)</b>
Share of loss of associates	-	-	(105)	<b>(105)</b>
<b>(Loss)/Profit before tax</b>	(43)	193	(21)	<b>129</b>
Income tax expense	14	(57)	(36)	<b>(79)</b>
Non-controlling interest	-	-	(25)	<b>(25)</b>
<b>Earnings attributable to ordinary shareholders</b>	(29)	136	(82)	<b>25</b>
Operating (loss)/profit before tax	(53)	167	(72)	<b>42</b>
Tax on operating profit	17	(49)	(24)	<b>(56)</b>
Investment income	10	26	15	<b>51</b>
Tax on investment income	(3)	(8)	(1)	<b>(12)</b>
<b>Diluted core headline earnings</b>	(29)	136	(82)	<b>25</b>
<b>Closed schemes</b>	-	106	66	<b>172</b>
<b>Open scheme</b>	(23)	(6)	(148)	<b>(177)</b>
<b>Other</b>	(6)	36	-	<b>30</b>
	(29)	136	(82)	<b>25</b>
	<b>Principal members</b>	<b>Principal members</b>	<b>Lives</b>	
Closed schemes	-	834 061	404 756	
Open schemes	108 244	50 380	207 882	
	108 244	884 441	612 638	

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

### HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS

	Momentum Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
<b>Restated</b>				
<b>12 mths to 30.06.2016</b>				
<b>Revenue</b>	433	2 089	823	<b>3 345</b>
Net insurance premiums	176	390	623	<b>1 189</b>
Fee income	249	1 640	192	<b>2 081</b>
Investment income	8	27	8	<b>43</b>
Intergroup fees	-	32	-	<b>32</b>
<b>Expenses and finance costs</b>	(493)	(1 862)	(844)	<b>(3 199)</b>
Net payments to contract holders	(133)	(294)	(476)	<b>(903)</b>
Other expenses	(358)	(1 568)	(368)	<b>(2 294)</b>
Finance costs	(2)	-	-	<b>(2)</b>
<b>(Loss)/Profit before tax</b>	(60)	227	(21)	<b>146</b>
Income tax expense	17	(61)	(30)	<b>(74)</b>
Non-controlling interest	-	-	(17)	<b>(17)</b>
<b>Earnings attributable to ordinary shareholders</b>	(43)	166	(68)	<b>55</b>
Dilutory effect of subsidiaries	-	(9)	-	<b>(9)</b>
<b>Diluted core headline earnings</b>	(43)	157	(68)	<b>46</b>
Operating (loss)/profit before tax	(66)	191	(65)	<b>60</b>
Tax on operating profit	19	(55)	(18)	<b>(54)</b>
Investment income	6	27	16	<b>49</b>
Tax on investment income	(2)	(6)	(1)	<b>(9)</b>
<b>Diluted core headline earnings</b>	(43)	157	(68)	<b>46</b>
<b>Closed schemes</b>	-	113	(68)	<b>45</b>
<b>Open scheme</b>	(43)	9	-	<b>(34)</b>
<b>Other</b>	-	35	-	<b>35</b>
	(43)	157	(68)	<b>46</b>

	Principal members	Principal members	Lives
Closed schemes	-	830 548	459 688
Open schemes	95 888	47 574	-
	95 888	878 122	459 688

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
<b>12 mths to 30.06.2017</b>					
Net insurance premiums	616	-	-	148	764
Fee income	13	3	566	17	599
Management fees	-	-	435	-	435
Investment fees	-	-	73	-	73
Underwriting fees	-	-	58	-	58
Other fee income	13	3	-	17	33
Investment income	30	-	93	12	135
Fair value losses	-	-	-	(9)	(9)
<b>Total income</b>	659	3	659	168	1 489
<b>Expenses and finance costs</b>	(784)	(9)	(379)	(241)	(1 413)
Net payments to contract holders	(449)	-	-	(133)	(582)
Change in actuarial liabilities	-	-	-	7	7
Other expenses	(335)	(9)	(367)	(115)	(826)
Finance costs	-	-	(12)	-	(12)
<b>(Loss)/Profit before tax</b>	(125)	(6)	280	(73)	76
Income tax expense	(37)	(1)	(80)	(9)	(127)
Non-controlling interest	-	-	-	2	2
<b>Earnings attributable to ordinary shareholders</b>	(162)	(7)	200	(80)	(49)
Operating (loss)/profit before tax	(130)	(6)	187	(71)	(20)
Tax on operating profit	(34)	(1)	(54)	(9)	(98)
Investment income	3	-	93	-	96
Tax on investment income	(1)	-	(26)	-	(27)
<b>Diluted core headline earnings</b>	(162)	(7)	200	(80)	(49)
Momentum Short-term Insurance	(83)	-	-	-	(83)
MMI Short-term Insurance Administration	(79)	(7)	-	(25)	(111)
Guardrisk Group	-	-	200	-	200
Cannon Short-term	-	-	-	(55)	(55)
	(162)	(7)	200	(80)	(49)

## MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm	Total Rm
<b>Restated</b>					
<b>12 mths to 30.06.2016</b>					
Net insurance premiums	570	-	-	208	778
Fee income	21	-	463	15	499
Management fees	-	-	405	-	405
Investment fees	-	-	62	-	62
Underwriting fees	-	-	(6)	-	(6)
Other fee income	21	-	2	15	38
Investment income	25	-	64	21	110
Fair value losses	-	-	-	(4)	(4)
<b>Total income</b>	616	-	527	240	1 383
<b>Expenses and finance costs</b>	(793)	(8)	(334)	(305)	(1 440)
Net payments to contract holders	(467)	-	-	(126)	(593)
Change in actuarial liabilities	-	-	-	(26)	(26)
Other expenses	(326)	(8)	(323)	(153)	(810)
Finance costs	-	-	(11)	-	(11)
<b>(Loss)/Profit before tax</b>	(177)	(8)	193	(65)	(57)
Income tax expense	26	2	(50)	8	(14)
Non-controlling interest	-	-	-	3	3
<b>Earnings attributable to ordinary shareholders</b>	(151)	(6)	143	(54)	(68)
Operating (loss)/profit before tax	(195)	(8)	130	(65)	(138)
Tax on operating profit	31	2	(33)	8	8
Investment income	18	-	64	3	85
Tax on investment income	(5)	-	(18)	-	(23)
<b>Diluted core headline earnings</b>	(151)	(6)	143	(54)	(68)
Momentum Short-term Insurance	(124)	-	-	-	(124)
MMI Short-term Insurance Administration	(27)	(6)	-	(9)	(42)
Guardrisk Group	-	-	143	-	143
Swaziland	-	-	-	(2)	(2)
Tanzania	-	-	-	1	1
Cannon Short-term	-	-	-	(44)	(44)
	(151)	(6)	143	(54)	(68)

## MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	30.06.2017 Rm	30.06.2016 Rm
<b>Group excess per reporting basis</b>	<b>22 956</b>	24 109
Net assets – other businesses	<b>(2 849)</b>	(2 939)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	<b>(2 946)</b>	(3 471)
<b>Excess – long-term insurance business, net of non-controlling interests <sup>(1)</sup></b>	<b>17 161</b>	17 699
Disregarded assets <sup>(2)</sup>	<b>(847)</b>	(983)
Difference between statutory and published valuation methods	<b>(942)</b>	(582)
Write-down of subsidiaries and associates for statutory purposes	<b>(1 328)</b>	(1 246)
Unsecured subordinated debt	<b>3 602</b>	3 557
Consolidation adjustments	<b>(33)</b>	(53)
<b>Statutory excess – long-term insurance business</b>	<b>17 613</b>	18 392
Capital adequacy requirement (CAR) (Rm) <sup>(3)</sup>	<b>6 577</b>	6 238
Ratio of long-term insurance business excess to CAR (times)	<b>2.7</b>	2.9
Discretionary margins	<b>12 407</b>	12 702

1. The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group, including life insurance companies in Africa. In respect of Guardrisk, only MMI's promoter exposure to the South African long-term insurance business, Guardrisk Life Ltd, is included. It excludes the short-term insurance businesses of Guardrisk, Momentum Short-term Insurance and Cannon (Kenya), as well as the other non-life insurance entities, including African health operations. The figures are after non-controlling interests but excludes certain items which are eliminated on consolidation.
2. Disregarded assets are those as defined in the South African Long-term Insurance Act, 52 of 1998, and are only applicable to South African long-term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators. It includes Sage intangible assets of R464 million (30.06.2016: R491 million).
3. The CAR is an aggregation of the separate CAR's, with no assumption of diversification benefits. MMI elected to adopt the revised actuarial guidance note SAP 104 (version 9) which was published in August 2017 but permitted adoption for reporting dates on or after 30 June 2017.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	30.06.2017 Rm	Restated 30.06.2016 Rm
<b>Covered business</b>		
Reporting excess – long-term insurance business	17 161	17 699
Reclassification to non-covered business	<b>(2 206)</b>	(1 897)
	<b>14 955</b>	15 802
Disregarded assets <sup>(1)</sup>	<b>(504)</b>	(531)
Difference between statutory and published valuation methods	<b>(942)</b>	(575)
Dilutory effect of subsidiaries <sup>(2)</sup>	<b>(53)</b>	(51)
Consolidation adjustments <sup>(3)</sup>	<b>(21)</b>	(40)
Value of MMI Group Ltd preference shares issued	<b>(500)</b>	(500)
<b>Diluted adjusted net worth – covered business</b>	<b>12 935</b>	14 105
<b>Net value of in-force business</b>	<b>21 130</b>	20 862
<b>Diluted embedded value – covered business</b>	<b>34 065</b>	34 967
<b>Non-covered business</b>		
Net assets – non-covered business within life insurance companies	<b>2 206</b>	1 897
Net assets – non-covered business outside life insurance companies	<b>2 849</b>	2 939
Consolidation adjustments and transfers to covered business <sup>(3)</sup>	<b>(2 415)</b>	(2 776)
Adjustments for dilution <sup>(4)</sup>	<b>720</b>	690
<b>Diluted adjusted net worth – non-covered business</b>	<b>3 360</b>	2 750
<b>Write-up to directors' value</b>	<b>5 098</b>	5 272
Non-covered business	<b>6 344</b>	6 379
Holding company expenses <sup>(5)</sup>	<b>(671)</b>	(557)
International holding company expenses <sup>(5)</sup>	<b>(575)</b>	(550)
<b>Diluted embedded value – non-covered business</b>	<b>8 458</b>	8 022
Diluted adjusted net worth	<b>16 295</b>	16 855
Net value of in-force business	<b>21 130</b>	20 862
Write-up to directors' value	<b>5 098</b>	5 272
<b>Diluted embedded value</b>	<b>42 523</b>	42 989
Required capital – covered business (adjusted for qualifying debt) <sup>(6)</sup>	<b>6 449</b>	6 098
Surplus capital – covered business	<b>6 486</b>	8 007
Diluted embedded value per share (cents)	<b>2 651</b>	2 680
Diluted adjusted net worth per share (cents)	<b>1 016</b>	1 051
Diluted number of shares in issue (million) <sup>(7)</sup>	<b>1 604</b>	1 604

- Disregarded assets include Sage intangible assets of R464 million (30.06.2016: R491 million), goodwill and various other items.
- For accounting purposes, MMI Holdings Namibia, Metropolitan Kenya and Cannon have been consolidated at 96% in the statement of financial position (in the prior year, Metropolitan Health was consolidated at 100%). For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated.
- Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- Adjustments for dilution are made up as follows:
  - Dilutory effect of subsidiaries (note 3): R106 million (30.06.2016: R123 million)
  - Treasury shares held on behalf of contract holders: R353 million (30.06.2016: R292 million)
  - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R261 million (30.06.2016: R275 million)
- The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- The required capital for covered business amounts to R10 051 million (restated 30.06.2016: R9 655 million) and is adjusted for qualifying debt of R3 602 million (30.06.2016: R3 557 million).
- The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	30.06.2017 Rm	Restated 30.06.2016 Rm
Momentum Retail	11 379	10 936
Gross value of in-force business	12 865	12 274
Less cost of required capital	(1 486)	(1 338)
Metropolitan Retail	3 758	3 692
Gross value of in-force business	4 396	4 376
Less cost of required capital	(638)	(684)
Corporate and Public Sector <sup>(1)</sup>	3 846	4 223
Gross value of in-force business	4 743	4 988
Less cost of required capital	(897)	(765)
International <sup>(2)</sup>	2 147	2 011
Gross value of in-force business	2 403	2 226
Less cost of required capital	(256)	(215)
<b>Net value of in-force business</b>	<b>21 130</b>	<b>20 862</b>

1. Prior year has been restated to exclude Guardrisk Life Ltd from the Corporate and Public Sector.
2. Prior year has been restated to exclude International life and health entities not yet at operating scale.



## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth Rm	Net value of in-force Rm	30.06.2017 Rm	Restated 30.06.2016 Rm
<b>Covered business</b>				
Momentum Retail	4 337	11 379	15 716	15 388
Metropolitan Retail	2 249	3 758	6 007	6 200
Corporate and Public Sector	2 563	3 846	6 409	6 535
International <sup>(1)</sup>	1 766	2 147	3 913	3 768
Shareholder Capital	2 020	-	2 020	3 076
<b>Total covered business</b>	<b>12 935</b>	<b>21 130</b>	<b>34 065</b>	<b>34 967</b>
<b>Non-covered business</b>				
Momentum Retail	979	1 128	2 107	2 271
Investment and savings	596	806	1 402	1 776
Health	6	373	379	128
Short-term insurance	377	137	514	380
Client engagement	-	(188)	(188)	(13)
Metropolitan Retail	-	(78)	(78)	(84)
Client engagement	-	(78)	(78)	(84)
Corporate and Public Sector	1 652	4 095	5 747	5 018
Investment and savings	304	1 066	1 370	1 255
Health	399	1 116	1 515	1 278
Short-term insurance <sup>(2)</sup>	949	1 904	2 853	2 570
Client engagement	-	9	9	(85)
International <sup>(1)</sup>	(215)	275	60	822
Investment and savings <sup>(3)</sup>	190	522	712	877
Life insurance	319	(40)	279	418
Health	366	434	800	725
Short-term insurance	113	26	139	249
Client engagement	-	(92)	(92)	-
Other (shared services) <sup>(4)</sup>	(1 203)	(575)	(1 778)	(1 447)
Shareholder Capital	944	(322)	622	(5)
Short-term insurance	101	-	101	147
Client engagement	368	-	368	179
Other (head office expenses) <sup>(4)</sup>	475	(322)	153	(331)
<b>Total non-covered business</b>	<b>3 360</b>	<b>5 098</b>	<b>8 458</b>	<b>8 022</b>
<b>Total embedded value</b>	<b>16 295</b>	<b>26 228</b>	<b>42 523</b>	<b>42 989</b>
Diluted net asset value – non-covered business	(3 360)			
Adjustments to covered business – net asset value	4 226			
<b>Reporting excess – long-term insurance business</b>	<b>17 161</b>			

- On 1 July 2015, African life and health entities not yet at operating scale were transferred to non-covered business (30.06.2016: adjusted net worth of R466 million and value of in-force of R146 million). The prior year has been restated to reflect the transfer.
- On 1 July 2015, Guardrisk Life Ltd was transferred to non-covered business (30.06.2016: adjusted net worth of R169 million and value of in-force of R660 million). The prior year has been restated to reflect the transfer.
- This includes MMI non-covered subsidiaries domiciled in the United Kingdom and related territories.
- The International shared services impact reflects the allowance for support services to the International life assurance and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	30.06.2017 Rm	Covered methodology Rm	Appraisal value Rm	Restated 30.06.2016 Rm
<b>Non-covered business</b>						
Momentum Retail	955	1 152	2 107	630	1 641	2 271
Investment and savings	576	826	1 402	502	1 274	1 776
Health	379	-	379	128	-	128
Short-term insurance	-	514	514	-	380	380
Client engagement	-	(188)	(188)	-	(13)	(13)
Metropolitan Retail	-	(78)	(78)	-	(84)	(84)
Client engagement	-	(78)	(78)	-	(84)	(84)
Corporate and Public Sector	4 388	1 359	5 747	3 868	1 150	5 018
Investment and savings	-	1 370	1 370	-	1 255	1 255
Health	1 535	(20)	1 515	1 298	(20)	1 278
Short-term insurance	2 853	-	2 853	2 570	-	2 570
Client engagement	-	9	9	-	(85)	(85)
International	1 143	(1 083)	60	1 130	(308)	822
Investment and savings	458	254	712	504	373	877
Life insurance	242	37	279	291	127	418
Health	417	383	800	323	402	725
Short-term insurance	26	113	139	12	237	249
Client engagement	-	(92)	(92)	-	-	-
Other (shared services)	-	(1 778)	(1 778)	-	(1 447)	(1 447)
Shareholder Capital	-	622	622	-	(5)	(5)
Short-term insurance	-	101	101	-	147	147
Client engagement	-	368	368	-	179	179
Other (head office expenses)	-	153	153	-	(331)	(331)
<b>Total non-covered business</b>	<b>6 486</b>	<b>1 972</b>	<b>8 458</b>	<b>5 628</b>	<b>2 394</b>	<b>8 022</b>

- Covered methodology refers to APN107 (embedded value methodology) and the risk discount rate of covered business. The Health businesses, Momentum Wealth and Guardrisk are valued using embedded value methodology.
- For Health business, explicit assumptions are made around large scheme terminations. The key assumption is the long-term profit as a percentage of revenue.
- Discounted cash flow models for Investment and savings, as well as Short-term insurance business, include assumptions around future new business. To reflect the additional uncertainty introduced, the risk discount rates for these businesses are approximately 2.8% and 1.8% higher than covered business risk discount rates.
- For Eris, we approximate discounted cash flows using a Price/Earnings multiple.
- The International shared services impact reflects the allowance for support services to the International life and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business			12 mths to	Restated
		Adjusted net worth (ANW)	Gross value of in-force (VIF)	Cost of CAR	30.06.2017	12 mths to
		Rm	Rm	Rm	Total EV Rm	30.06.2016
Profit from new business		(1 495)	2 343	(205)	643	805
Embedded value from new business	A	(1 495)	2 247	(205)	547	712
Expected return to end of period	B	-	96	-	96	93
Profit from existing business		3 603	(486)	6	3 123	1 703
Expected return – unwinding of RDR	B	-	2 675	(348)	2 327	2 260
Release from the cost of required capital	C	-	-	442	442	450
Expected (or actual) net of tax profit transfer to net worth	D	4 091	(4 091)	-	-	-
Operating experience variances	E	207	(177)	(12)	18	73
Development expenses	F	(67)	-	-	(67)	(99)
Operating assumption changes	G	(628)	1 107	(76)	403	(981)
<b>Embedded value profit from operations</b>		2 108	1 857	(199)	3 766	2 508
Investment return on adjusted net worth	H	652	-	-	652	823
Investment variances	I	(144)	(1 116)	(94)	(1 354)	(126)
Economic assumption changes	J	(1)	(177)	14	(164)	(124)
Exchange rate movements	K	(24)	(16)	4	(36)	53
<b>Embedded value profit – covered business</b>		2 591	548	(275)	2 864	3 134
Transfer of business to non-covered business	L	(675)	-	-	(675)	(1 333)
Changes in share capital	M	(20)	(5)	-	(25)	4
Dividend paid		(3 066)	-	-	(3 066)	(2 838)
<b>Change in embedded value – covered business</b>		(1 170)	543	(275)	(902)	(1 033)
<b>Non-covered business</b>						
Change in directors' valuation and other items					(696)	1 080
Change in holding company expenses					(139)	961
<b>Embedded value (loss)/profit – non-covered business</b>					(835)	2 041
Changes in share capital	M				25	(4)
Dividend paid					610	363
Finance costs – preference shares					(39)	(41)
Transfer of business from covered business	L				675	1 333
<b>Change in embedded value – non-covered business</b>					436	3 692
<b>Total change in group embedded value</b>					(466)	2 659
<b>Total embedded value profit</b>					2 029	5 175
Return on embedded value (%) - internal rate of return					4.7%	12.8%

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN ADJUSTED NET WORTH	Covered business					Shareholder Capital Rm	Total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm	International Rm			
<b>12 mths to 30.06.2017</b>							
Embedded value from new business	(827)	(201)	(213)	(254)	-		(1 495)
Expected (or actual) net of tax profit transfer to net worth	2 257	810	604	420	-		4 091
Operating experience variances	86	22	8	47	44		207
Development expenses	(36)	-	(31)	-	-		(67)
Operating assumption changes	(503)	50	(122)	(53)	-		(628)
<b>Embedded value profit from operations</b>	<b>977</b>	<b>681</b>	<b>246</b>	<b>160</b>	<b>44</b>		<b>2 108</b>
Investment return on adjusted net worth	269	157	145	63	18		652
Investment variances	(178)	5	21	13	(5)		(144)
Economic assumption changes	(3)	-	-	2	-		(1)
Exchange rate movements	-	-	-	(24)	-		(24)
<b>Embedded value profit – covered business</b>	<b>1 065</b>	<b>843</b>	<b>412</b>	<b>214</b>	<b>57</b>		<b>2 591</b>

ANALYSIS OF CHANGES IN GROSS VALUE OF IN-FORCE	Covered business				International Rm	Total Rm
	Momentum Retail Rm	Metropolitan Retail Rm	Corporate and Public Sector Rm			
<b>12 mths to 30.06.2017</b>						
Embedded value from new business	1 141	431	326		349	2 247
Expected return – unwinding of RDR	1 411	529	579		252	2 771
Expected (or actual) net of tax profit transfer to net worth	(2 257)	(810)	(604)		(420)	(4 091)
Operating experience variances	(50)	(2)	(143)		18	(177)
Operating assumption changes	1 090	134	(173)		56	1 107
<b>Embedded value profit/(loss) from operations</b>	<b>1 335</b>	<b>282</b>	<b>(15)</b>		<b>255</b>	<b>1 857</b>
Investment variances	(701)	(251)	(130)		(34)	(1 116)
Economic assumption changes	(44)	(11)	(99)		(23)	(177)
Exchange rate movements	-	-	-		(16)	(16)
<b>Embedded value profit/(loss) – covered business</b>	<b>590</b>	<b>20</b>	<b>(244)</b>		<b>182</b>	<b>548</b>

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN COST OF CAR	Covered business				Total Rm
	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	
	Rm	Rm	Rm	Rm	
<b>12 mths to 30.06.2017</b>					
Embedded value from new business	(86)	(52)	(45)	(22)	(205)
Expected return – unwinding of RDR	(156)	(78)	(89)	(25)	(348)
Release from the cost of required capital	210	127	105	-	442
Operating experience variances	-	-	(12)	-	(12)
Operating assumption changes	(50)	-	-	(26)	(76)
<b>Embedded value loss from operations</b>	(82)	(3)	(41)	(73)	(199)
Investment variances	(53)	53	(94)	-	(94)
Economic assumption changes	(7)	(3)	(4)	28	14
Exchange rate movements	-	-	-	4	4
<b>Embedded value (loss)/profit – covered business</b>	(142)	47	(139)	(41)	(275)

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Covered business					Total Rm
	Momentum Retail	Metropolitan Retail	Corporate and Public Sector	International	Shareholder Capital	
	Rm	Rm	Rm	Rm	Rm	
<b>12 mths to 30.06.2017</b>						
Embedded value from new business	228	178	68	73	-	547
Expected return – unwinding of RDR	1 255	451	490	227	-	2 423
Release from the cost of required capital	210	127	105	-	-	442
Operating experience variances	36	20	(147)	65	44	18
Development expenses	(36)	-	(31)	-	-	(67)
Operating assumption changes	537	184	(295)	(23)	-	403
<b>Embedded value profit from operations</b>	2 230	960	190	342	44	3 766
Investment return on adjusted net worth	269	157	145	63	18	652
Investment variances	(932)	(193)	(203)	(21)	(5)	(1 354)
Economic assumption changes	(54)	(14)	(103)	7	-	(164)
Exchange rate movements	-	-	-	(36)	-	(36)
<b>Embedded value profit – covered business</b>	1 513	910	29	355	57	2 864

### Restated

<b>12 mths to 30.06.2016</b>						
Embedded value from new business	251	191	199	71	-	712
Expected return – unwinding of RDR	1 201	406	513	231	2	2 353
Release from the cost of required capital	222	129	99	-	-	450
Operating experience variances	341	123	(364)	59	(86)	73
Development expenses	(57)	(42)	-	-	-	(99)
Operating assumption changes	(140)	82	(729)	(147)	(47)	(981)
<b>Embedded value profit/(loss) from operations</b>	1 818	889	(282)	214	(131)	2 508
Investment return on adjusted net worth	269	155	115	100	184	823
Investment variances	(91)	41	(88)	12	-	(126)
Economic assumption changes	(87)	(85)	98	(50)	-	(124)
Exchange rate movements	-	-	-	53	-	53
<b>Embedded value profit/(loss) – covered business</b>	1 909	1 000	(157)	329	53	3 134

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

### A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS <sup>(3,4)</sup>	Momentum Retail <sup>(5)</sup> Rm	Metropolitan Retail Rm	Corporate and Public Sector <sup>(1)</sup> Rm	International <sup>(2)</sup> Rm	Total Rm
<b>12 mths to 30.06.2017</b>					
Value of new business	228	178	68	73	547
Gross	314	230	113	95	752
Less cost of required capital	(86)	(52)	(45)	(22)	(205)
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Single premiums	16 489	1 105	3 886	385	21 865
New business premiums (APE)	2 784	1 331	1 140	478	5 733
New business premiums (PVP)	22 774	5 164	11 121	2 536	41 595
Profitability of new business as a percentage of APE	8.2	13.4	6.0	15.3	9.5
Profitability of new business as a percentage of PVP	1.0	3.4	0.6	2.9	1.3
<b>Restated</b>					
<b>12 mths to 30.06.2016</b>					
Value of new business	251	191	199	71	712
Gross	314	244	244	83	885
Less cost of required capital	(63)	(53)	(45)	(12)	(173)
New business premiums	18 713	2 343	6 019	841	27 916
Recurring premiums	1 103	1 087	895	400	3 485
Single premiums	17 610	1 256	5 124	441	24 431
New business premiums (APE)	2 864	1 213	1 407	444	5 928
New business premiums (PVP)	23 468	4 936	13 232	2 454	44 090
Profitability of new business as a percentage of APE	8.8	15.7	14.1	16.0	12.0
Profitability of new business as a percentage of PVP	1.1	3.9	1.5	2.9	1.6

- Value of new business has been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
- Value of new business has been restated to exclude the African entities not yet at operating scale that was transferred to non-covered business.
- Value of new business and new business premiums are net of non-controlling interests.
- The value of new business has been calculated on closing assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at the reporting date have been used.
- For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail <sup>(3)</sup> Rm	Metropolitan Retail <sup>(2)</sup> Rm	Corporate and Public Sector <sup>(1)</sup> Rm	International <sup>(2)</sup> Rm	Total Rm
<b>12 mths to 30.06.2017</b>					
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Risk	532	811	306	-	1 649
Savings/Investments	603	409	442	-	1 454
Annuities	-	-	3	-	3
International	-	-	-	439	439
Single premiums	16 489	1 105	3 886	385	21 865
Savings/Investments	15 455	374	2 917	-	18 746
Annuities	1 034	731	969	-	2 734
International	-	-	-	385	385
New business premiums (APE)	2 784	1 331	1 140	478	5 733
Risk	532	811	306	-	1 649
Savings/Investments	2 149	447	734	-	3 330
Annuities	103	73	100	-	276
International	-	-	-	478	478
<b>Restated</b>					
<b>12 mths to 30.06.2016</b>					
New business premiums	18 713	2 343	6 019	841	27 916
Recurring premiums	1 103	1 087	895	400	3 485
Risk	534	703	417	-	1 654
Savings/Investments	569	384	477	-	1 430
Annuities	-	-	1	-	1
International	-	-	-	400	400
Single premiums	17 610	1 256	5 124	441	24 431
Savings/Investments	16 631	312	3 959	-	20 902
Annuities	979	944	1 165	-	3 088
International	-	-	-	441	441
New business premiums (APE)	2 864	1 213	1 407	444	5 928
Risk	534	704	417	-	1 655
Savings/Investments	2 232	415	873	-	3 520
Annuities	98	94	117	-	309
International	-	-	-	444	444

1. Value of new business has been restated to exclude Guardrisk Life Ltd that was transferred to non-covered business.
2. Value of new business has been restated to exclude the African entities not yet at operating scale that was transferred to non-covered business.
3. For Momentum Retail, the definition of new business has been amended to exclude negative alterations after the commission clawback period. This change aligns with the definition used internally by Momentum Sales.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
<b>Total lump sum inflows</b>	<b>26 968</b>	29 784
Inflows not included in value of new business	<b>(6 518)</b>	(6 853)
Term extensions on maturing policies	<b>345</b>	342
Retirement annuity proceeds invested in living annuities	<b>1 107</b>	1 008
Non-controlling interests and other adjustments	<b>(37)</b>	150
<b>Single premiums included in value of new business</b>	<b>21 865</b>	24 431

PRINCIPAL ASSUMPTIONS (South Africa) <sup>(1,4)</sup>	30.06.2017 %	30.06.2016 %
Pre-tax investment return		
Equities	<b>12.9</b>	12.7
Properties	<b>10.4</b>	10.2
Government stock	<b>9.4</b>	9.2
Other fixed-interest stocks	<b>9.9</b>	9.7
Cash	<b>8.4</b>	8.2
Risk-free return <sup>(2)</sup>	<b>9.4</b>	9.2
Risk discount rate (RDR)	<b>11.7</b>	11.4
Investment return (before tax) – balanced portfolio <sup>(2)</sup>	<b>11.6</b>	11.4
Renewal expense inflation rate <sup>(3)</sup>	<b>6.8</b>	7.4

1. The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.
2. Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
3. An inflation rate of 6.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An additional 1% expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off.
4. The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

### B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

### C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

### D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the statutory valuation method.



## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

### E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	12 mths to 30.06.2017			Restated 12 mths to 30.06.2016
		ANW Rm	Net VIF Rm	EV Rm	EV Rm
<b>Momentum Retail</b>		86	(50)	36	341
Mortality and morbidity	1	156	9	165	235
Terminations, premium cessations and policy alterations	2	(111)	169	58	65
Expense variance		40	-	40	(24)
Credit risk variance		39	-	39	20
Other	3	(38)	(228)	(266)	45
<b>Metropolitan Retail</b>		22	(2)	20	123
Mortality and morbidity	1	78	5	83	88
Terminations, premium cessations and policy alterations	4	(61)	(8)	(69)	10
Expense variance		(23)	-	(23)	(9)
Credit risk variance		21	-	21	10
Other		7	1	8	24
<b>Corporate and Public Sector</b>		8	(143)	(135)	(321)
Mortality and morbidity	5	(152)	-	(152)	(235)
Terminations	6	20	(211)	(191)	(113)
Expense variance		36	-	36	(122)
Credit risk variance		57	-	57	40
FNB Life – share of profits		-	-	-	37
Other	7	47	68	115	72
<b>International</b>		47	18	65	59
Mortality and morbidity	1	35	9	44	73
Terminations, premium cessations and policy alterations		3	1	4	(22)
Expense variance		(3)	-	(3)	5
Other		12	8	20	3
<b>Shareholder Capital</b>		44	-	44	(86)
<b>Opportunity cost of required capital</b>		-	(12)	(12)	(43)
<b>Total operating experience variances</b>		207	(189)	18	73

#### Notes

- Overall, mortality and morbidity experience for the 12 months were better compared to what was allowed for in the valuation basis.
- Better than expected experience, especially on voluntary premium increases.
- Includes one off impact arising from improved modelling of rider benefits as well as increased premium discounts.
- Unfavourable experience on mainly risk products written by new intermediaries.
- Worse than expected income disability underwriting experience.
- Higher than expected terminations on risk business.
- Includes a release of discretionary liabilities held in respect of data and systems no longer deemed necessary following completion of investigations.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

### F. DEVELOPMENT EXPENSES

Business development expenses within segments.

### G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	12 mths to 30.06.2017			Restated 12 mths to 30.06.2016
		ANW Rm	Net VIF Rm	EV Rm	EV Rm
<b>Momentum Retail</b>		(503)	1 090	587	(71)
Mortality and morbidity assumptions	1	296	114	410	18
Termination assumptions	2	(680)	620	(60)	24
Renewal expense assumptions		(1)	(55)	(56)	164
Holding company expenses		-	-	-	(325)
Modelling, methodology and other changes	3	(118)	411	293	48
<b>Metropolitan Retail</b>		50	134	184	82
Mortality and morbidity assumptions		(12)	(3)	(15)	271
Termination assumptions		5	(20)	(15)	(30)
Renewal expense assumptions		(59)	4	(55)	(46)
Holding company expenses		-	-	-	(345)
Modelling, methodology and other changes	3	116	153	269	232
<b>Corporate and Public Sector</b>		(122)	(173)	(295)	(733)
Mortality and morbidity assumptions	4	(138)	(220)	(358)	(35)
Termination assumptions	5	-	105	105	7
Renewal expense assumptions		43	(89)	(46)	(260)
Holding company expenses		-	-	-	(225)
Modelling, methodology and other changes		(27)	31	4	(220)
<b>International</b>		(53)	56	3	(147)
Mortality and morbidity assumptions	1	19	83	102	52
Termination assumptions	2	(63)	7	(56)	(25)
Renewal expense assumptions		4	15	19	(21)
Modelling, methodology and other changes		(13)	(49)	(62)	(153)
<b>Shareholder Capital</b>		-	-	-	(47)
<b>Methodology change: cost of required capital</b>		-	(76)	(76)	(65)
<b>Total operating assumption changes</b>		(628)	1 031	403	(981)

#### Notes

1. Allowance for better than assumed mortality and morbidity experience on risk business.
2. Strengthening of the long-term persistency assumptions.
3. Various modelling and methodology changes including the adoption of the yield curve for valuation purposes and changes in the allowance for future premium reviews on Momentum Retail risk products.
4. Allowance for lower future profitability on income disability business.
5. Allowance made for improved persistency experience, mainly on FundsAtWork.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

### H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2017 Rm	Restated 12 mths to 30.06.2016 Rm
Investment income	620	614
Capital appreciation and other	68	242
Preference share dividends paid and change in fair value of preference shares	(36)	(33)
<b>Investment return on adjusted net worth</b>	<b>652</b>	<b>823</b>

### I. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

### J. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

### K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

### L. TRANSFER OF BUSINESS TO NON-COVERED BUSINESS

This transfer represents the alignment of the net assets and value of in-force of subsidiaries between covered and non-covered business.

### M. CHANGES IN SHARE CAPITAL

Changes in share capital include the recapitalisation of some of the International subsidiaries.

## MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES – 30.06.2017	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of CAR <sup>(3)</sup> Rm	Net value Rm	Gross value Rm	Cost of CAR <sup>(3)</sup> Rm
<b>Base value</b>	<b>12 935</b>	<b>21 130</b>	<b>24 407</b>	<b>(3 277)</b>	<b>547</b>	<b>752</b>	<b>(205)</b>
1% increase in risk discount rate		19 262	22 943	(3 681)	405	627	(222)
% change		(9)	(6)	12	(26)	(17)	8
1% reduction in risk discount rate		23 198	26 041	(2 843)	708	893	(185)
% change		10	7	(13)	29	19	(10)
10% decrease in future expenses		22 497	25 774	(3 277)	666	871	(205)
% change <sup>(1)</sup>		6	6	-	22	16	-
10% decrease in lapse, paid-up and surrender rates		21 800	25 077	(3 277)	705	927	(222)
% change		3	3	-	29	23	8
5% decrease in mortality and morbidity for assurance business		23 036	26 343	(3 307)	686	891	(205)
% change		9	8	1	25	18	-
5% decrease in mortality for annuity business		20 777	24 027	(3 250)	535	740	(205)
% change		(2)	(2)	(1)	(2)	(2)	-
1% reduction in gross investment return, inflation rate and risk discount rate	12 935	21 858	25 063	(3 205)	634	839	(205)
% change <sup>(2)</sup>	-	3	3	(2)	16	12	-
1% reduction in inflation rate		21 912	25 189	(3 277)	622	827	(205)
% change		4	3	-	14	10	-
10% fall in market value of equities and properties	12 618	20 091	23 306	(3 215)			
% change	(2)	(5)	(5)	(2)			
10% reduction in premium indexation take-up rate		20 694	23 971	(3 277)	507	712	(205)
% change		(2)	(2)	-	(7)	(5)	-
10% decrease in non-commission related acquisition expenses					658	863	(205)
% change					20	15	-
1% increase in equity/property risk premium		21 978	25 255	(3 277)	587	792	(205)
% change		4	3	-	7	5	-

1. No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
2. Bonus rates are assumed to change commensurately.
3. The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

## MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED <sup>(1)</sup>	30.06.2017 Rm	Restated 30.06.2016 <sup>(2)</sup> Rm
Managed and/or administered by Investments		
Financial assets	<b>406 175</b>	442 582
Momentum Manager of Managers	<b>90 220</b>	83 703
Momentum Investment Consultants	<b>10 073</b>	10 327
Momentum Collective Investments	<b>72 667</b>	62 201
Metropolitan Collective Investments	<b>19 860</b>	39 847
Momentum Asset Management <sup>(3)</sup>	<b>151 241</b>	184 389
Momentum Global Investments	<b>55 724</b>	55 228
Momentum Alternative Investments	<b>6 390</b>	6 887
Properties – Eris Property Group	<b>21 307</b>	27 346
On-balance sheet	<b>8 778</b>	8 534
Off-balance sheet	<b>12 529</b>	18 812
Momentum Wealth linked product assets under administration	<b>151 203</b>	153 730
On-balance sheet	<b>97 082</b>	96 858
Off-balance sheet	<b>54 121</b>	56 872
Managed internally or by other managers within MMI (on-balance sheet)	<b>67 399</b>	64 597
Managed by external managers (on-balance sheet)	<b>15 144</b>	16 605
Properties managed internally or by other managers within MMI or externally	<b>2 778</b>	2 657
Corporate and Public Sector – segregated assets	-	216
Corporate and Public Sector – cell captives on-balance sheet	<b>15 508</b>	17 834
<b>Total assets managed and/or administered</b>	<b>679 514</b>	725 567
<b>Managed and/or administered by Investments</b>		
On-balance sheet	<b>227 255</b>	225 396
Off-balance sheet	<b>178 920</b>	217 186
	<b>406 175</b>	442 582

- Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
- Momentum Manager of Managers restatement: Recent operating model changes in the Investment business has resulted in the consolidation of asset administration agreements between entities resulting in a decrease in assets under administration with no impact on earnings.
- In the prior year, MMI performed certain administrative functions for Aluwani Capital Partners (Aluwani) on an arms-length basis. This resulted in R36 billion being included in Momentum Asset Management which was managed by Aluwani. These assets were transferred to Aluwani in the current year.

## MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS <sup>(1)</sup>	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
<b>12 mths to 30.06.2017</b>					
Momentum Retail	15 077	9 663	24 740	(25 360)	(620)
Metropolitan Retail	1 021	5 877	6 898	(5 321)	1 577
Corporate and Public Sector	10 216	16 951	27 167	(25 574)	1 593
International	654	3 476	4 130	(2 624)	1 506
<b>Long-term insurance business fund flows</b>	<u>26 968</u>	<u>35 967</u>	<u>62 935</u>	<u>(58 879)</u>	<u>4 056</u>
<b>Off-balance sheet fund flows</b>					
Managed and/or administered by Investments <sup>(2)</sup>			64 548	(101 884)	(37 336)
Properties – Eris Property Group			2 067	(8 350)	(6 283)
Momentum Wealth linked product assets under administration			7 368	(10 081)	(2 713)
Corporate and Public Sector – segregated assets			-	(216)	(216)
<b>Total net funds received from clients</b>			<u>136 918</u>	<u>(179 410)</u>	<u>(42 492)</u>
<b>Restated</b>					
<b>12 mths to 30.06.2016</b>					
Momentum Retail	16 356	9 278	25 634	(24 846)	788
Metropolitan Retail	1 258	5 558	6 816	(6 037)	779
Corporate and Public Sector	11 438	15 170	26 608	(30 568)	(3 960)
International	732	3 322	4 054	(2 513)	1 541
<b>Long-term insurance business fund flows</b>	<u>29 784</u>	<u>33 328</u>	<u>63 112</u>	<u>(63 964)</u>	<u>(852)</u>
<b>Off-balance sheet fund flows</b>					
Managed and/or administered by Investments			84 243	(80 887)	3 356
Properties – Eris Property Group			2 972	(2 227)	745
Momentum Wealth linked product assets under administration			10 450	(10 837)	(387)
Corporate and Public Sector – segregated assets			16	-	16
<b>Total net funds received from clients</b>			<u>160 793</u>	<u>(157 915)</u>	<u>2 878</u>

1. Assets managed and/or administered are included where an entity earns a fee on the assets. Non-financial assets (except properties) have been excluded.
2. The Aluwani assets were transferred to Aluwani in the current year.

## MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2017		Restated 30.06.2016	
	Rm	%	Rm	%
Equity securities	441	1.9	372	1.5
Preference shares	1 325	5.8	1 457	6.0
Collective investment schemes	330	1.4	264	1.1
Debt securities	6 762	29.5	5 767	23.9
Properties	3 630	15.8	3 436	14.3
Owner-occupied properties	2 374	10.3	1 662	6.9
Investment properties	1 256	5.5	1 774	7.4
Cash and cash equivalents and funds on deposit	6 003	26.2	8 488	35.2
Intangible assets	7 144	31.1	8 035	33.3
Other net assets	1 537	6.7	414	1.7
	<b>27 172</b>	<b>118.4</b>	<b>28 233</b>	<b>117.1</b>
Redeemable preference shares	(261)	(1.1)	(275)	(1.1)
Subordinated redeemable debt	(3 602)	(15.7)	(3 557)	(14.8)
Treasury shares	(353)	(1.5)	(292)	(1.2)
<b>Shareholder excess per reporting basis</b>	<b>22 956</b>	<b>100.0</b>	<b>24 109</b>	<b>100.0</b>

NUMBER OF EMPLOYEES	30.06.2017	Restated 30.06.2016
	Indoor staff	9 199
Segments		
Momentum Retail	1 233	1 360
Metropolitan Retail	923	1 215
Corporate and Public Sector	987	1 021
International	1 215	1 295
Centres of Excellence		
Investments and Savings Solutions	520	511
Legacy Solutions	224	211
Life Insurance Solutions	473	487
Health Solutions	2 333	2 591
Short-term Insurance Solutions	283	283
Multiply	128	149
Group services divisions	880	954
Field staff	8 031	7 483
Momentum Retail	1 130	1 111
Metropolitan Retail	5 395	4 804
International	1 506	1 568
<b>Total</b>	<b>17 230</b>	<b>17 560</b>

1. The prior year has been restated to align to the group's client centric model.

