



RESULTS PRESENTATION

for the half year ended 30 September 2015



Continued growth in operating income and profit

Operating income from continued operations - 5 year CAGR of **14%** to September 2015

Operating profit before non trading and capital items - 5 year CAGR of **8%**

Last 6 months trading **9%** growth in operating income

Predictable and highly recurring operating income

Excellent client retention – in the **high 90's**

Institutional

62% Fee and commission income from consulting and administration

35% from investment activities

3% only from insurance activities

Retail

61% Fee and commission income from consulting and administration

32% from investment activities

7% only from insurance activities

Market leader in core business

#1 employee benefits consultant and retirement fund administrator in sub-Saharan Africa

Diamond Award for **Top National Fund Administrator for the 9th consecutive year**

Leading healthcare specialist consultant in South Africa - **BHF Titanium Award for Best Healthcare Advisory Service**

#1 Umbrella Fund and standalone provider measured by assets

#1 Multimanager in sub-Saharan Africa

Highly cash generative

High cash conversion ratio

Collection of cash largely under our control – minimal working capital strain

Investment in retail and other growth strategies mainly through the income statement:

- front end capacity (people) and
- IT systems (amortised over relatively short period)

Capital

Group Solvency Capital Requirement of just under

R1bn

Annualised return on TNAV

57.6%

Operating income from Insurance activities

- Retail **7%**
- Institutional **3%**

Low insurance risk retention – AF Insurance Motor & Household

75% reinsured, Group Life in excess of **80%** reinsured

Dividend

Due to capital lite and highly cash generative nature of the business a Dividend policy of 1.5x to 2x cover

Balancing transition to new SAM regulatory capital framework with balance sheet efficiency through dividend policy

Declared an interim dividend of **R 201m** - **1.7x** cover ratio (**15c** per share)

1.8x cover ratio on normalised attributable PAT

ALEXANDER FORBES STRATEGIC INTENT 2016–2020

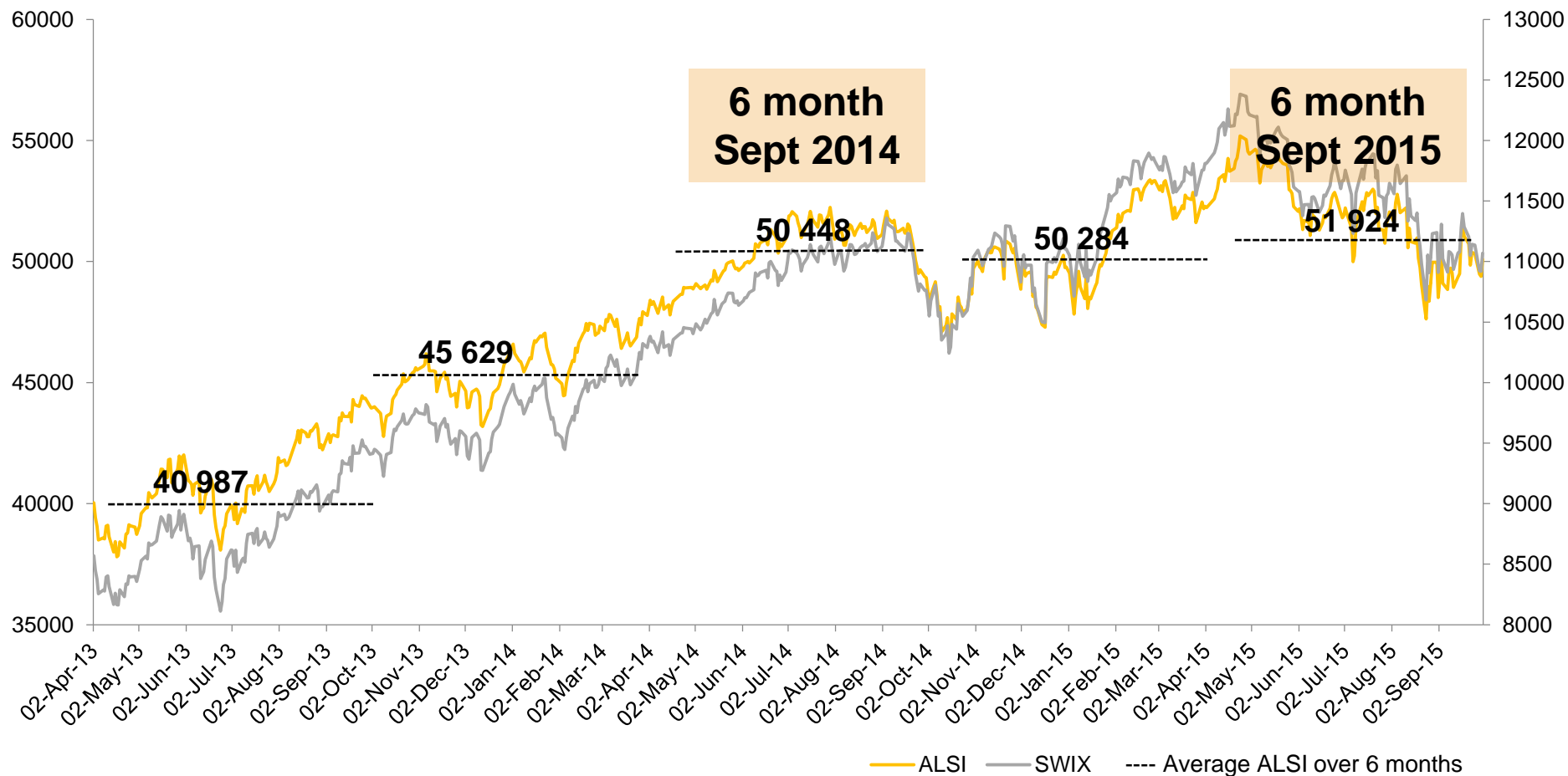
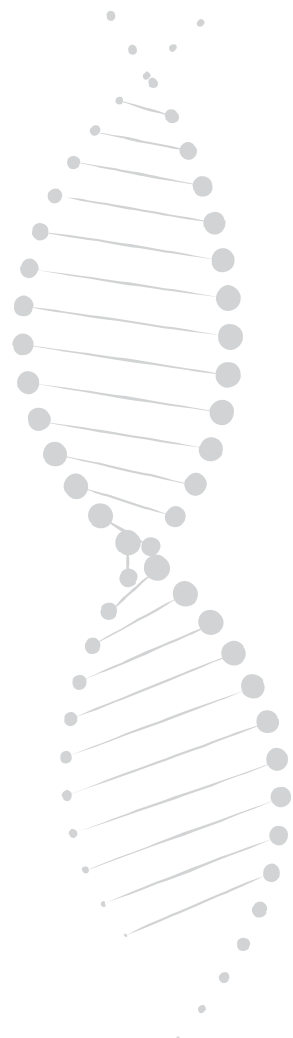


OPERATING ENVIRONMENT | Macro economic drivers & Market performance

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	MEASURE		STATISTIC
SA Inflation	CPI % change y/y	+ 4.6%	September 2015
SA Economic expansion	GDP % change y/y	+ 1.2%	June 2015
SA Wage inflation	Gross earnings	+ 7.3%	(447 264 million Jun '14 , 479 937 million Jun'15)
SA Labour market	Number of employees in South Africa	- 1.8%	(9,105 million June '14, 8,945 million June'15)
SA Equity Markets	JSE All Share Index (total return incl. dividend)	-2.32%	6 months to 30 September 2015
	JSE Shareholder weighted Index (SWIX) (total return incl. dividends)	-4.34%	6 months to 30 September 2015
SA Bonds	BESA All Bond Index (ALBI)	-0.31%	6 months to 30 September 2015
SA Cash	Short Term Fixed Interest Composite Index (STEFI)	3.18%	6 months to 30 September 2015
Global Equity	MSCI AC world	3.69%	6 months to 30 September 2015
Exchange rate	GBP / ZAR	- 16%	(21.26 30 Sept 2015, 18.28 30 Sept 2014)
UK Inflation	CPI% change y/y	0.0%	August 2015
UK Economic expansion	GDP% Q2 2015	0.7%	July 2015
	Y/Y	2.6%	

OPERATING ENVIRONMENT | SA equity market performance



Operating income

from continuing operations was

R 2 563 million

This is a

9% growth

when compared to the previous period

Impacted by

Macro environment – muted GDP growth and job losses

Volatile market performance

Depreciating rand against sterling

Profit from operations

before non trading items

R 552 million

This is a

2% growth

when compared to the previous period

Impacted by

Investments and rebasing of cost

R 66 million

Excluding them would have resulted in a

4% growth in Africa expenses and

11% growth

in profit from operations

HEPS 26c (increase 126%)

EPS 26.3c (increase 177%)

Normalised profit after tax

R423 million

This is a

7% growth

when compared to normalised profit after tax for the comparable period

(accounting normalisation only, therefore not adjusted for investments and rebasing of cost)

Investment through the income statement

R 21 million

in capacity building and piloting of well-being days

26 additional sales consultants in AFI

9 additional Well-being consultants in FPC

25 additional employees in Africa outside SA

Established dedicated innovation capacity to compliment already established R&D

Rebasing of cost

R45 million

Rebasing of cost

R30 million in long term incentive plan compared to R8m in prior period – previously largely ownership based (2nd tranche allocated during this half)

Premises cost above inflation due to annual escalation above inflation and move of Investment Solutions of R9 million

Regulatory cost increases – R6m POPI

IFRS lease adjustment R15m (R20m prior year)

Impact on Operating profit

Operating Income R2 563m

Less Operating expense R2 011m

Operating profit R552 (2% growth)

Plus Investments (IS) R21m (6% operating profit)

Plus Long term incentive rebasing R30m (R8m in prior year) (10% operating profit)

Plus rebasing of cost premises and regulatory cost (POPI) R15m (13% operating profit)

Plus IFRS Lease accounting R15m (R20m prior year)

Operating Profit 11% growth



FINANCIAL RESULTS (NOT AUDITED)



INCOME STATEMENT | Operating profit

Rm	30 Sept 2015	Variance	30 Sept 2014
Operating income net of direct expenses	2 563	9%	2 341
Operating expenses	(2 011)	12%	(1 800)
Operating profit before non-trading and capital items	552	2%	541
Operating margin	21.5%		23.1%

- The above results are impacted by:
 - The accounting for the new share-based long-term management incentive , totalling **R30m**. In the prior year these incentives were largely ownership based and only impacted the result for two months by **R8m**. This rebases the costs which has a 1.2% impact on the trading margin of the group for the six months to September 2015
 - Other cost rebasing include premises above inflation of **R9m** and increase in compliance cost of **R6m** (POPI)
 - We also continue to invest in the Retail strategy as we see the growth opportunity unfold, in the last six month we invested various areas – see operating expense analysis (refer slide 64-67), totaling **R21m**
 - IFRS lease accounting which increases the accounting cost for long term leases in the first half of the lease period by **R15m** in the current period (Sept 2014 **R20m**)

INCOME STATEMENT | Profit from operations

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Rm	30 Sept 2015	Variance	30 Sept 2014
Operating income net of direct expenses	2 563	9%	2 341
Operating expenses	(2 011)	12%	(1 800)
Operating profit before non-trading and capital items	552	2%	541
Non-trading and capital items	(75)	(72%)	(270)
Operating profit	477	76%	271
Net investment income / (finance costs)	6		(21)
<i>Policyholder investment income</i>	34	(74%)	129
Reported profit arising from accounting for policyholder investments as treasury shares	44	214%	14
Share of profits of associates	2	100%	1
Profit before taxation	563	41%	394
Taxation – corporate	(129)	63%	(79)
<i>Policyholder taxation</i>	(34)	(74%)	(129)
Profit from continuing operations	401	116%	186
Discontinued operations	3		(19)
Profit for the period	404	142%	167

INCOME STATEMENT | Items to consider when analysing results

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Rm	30 Sept 2015	Variance	30 Sept 2014
Reported profit from continuing operations	401	116%	186
ONCE OFF ITEMS AND ITEMS DISTORTING COMPARABILITY			
Listing transaction costs / capital restructure costs as disclosed in PLS	4		205
Results of cell captive insurance entity	8		(2)
ACCOUNTING ADJUSTMENTS			
Accounting for long term lease contracts – under IFRS	15		20
Amortisation of intangible assets arising from business combination in terms of IFRS	63		67
Tax payable on policyholder investment returns recorded in interest income under IFRS	(34)		(129)
Reported loss arising from accounting for policyholder investments as treasury shares under IFRS	(44)		(14)
RESULTING TAX ADJUSTMENTS			
Policyholder tax treatment	34		129
Tax effect of the above adjustments**	(24)		(68)
Normalised profit from continuing operations <i>(not adjusted for investment and rebasing of cost)</i>	423	7%	394

** refer detailed slide in annexure V

HEADLINE EARNINGS

Rm	30 Sept 2015	Variance	30 Sept 2014
Profit for the period (slide 12)	404	142%	167
Attributable to:			
Non-controlling interests	(67)		(53)
Profit for the period attributable to ordinary shareholders	337	196%	114
Less headline adjusting items:			
Add back capital (profits) / losses *	(3)		24
Headline earnings	334	142%	138

* The capital losses include goodwill written off for disposed subsidiaries, profits and losses on disposal / discontinuance of subsidiaries

EARNINGS PER SHARE (cents)

Rm	30 Sept 2015	Variance	30 Sept 2014
Weighted average number of shares (m)	1 282	7%	1 198
Headline earnings per share (cents)	26.0	126%	11.5
Basic earnings per share (cents)	26.3	177%	9.5
Normalised headline earnings per share (cents) from continued operations *	27.7	3.1%	26.9

* Calculated on normalised number of shares of 1 283 for the current year and 1 269 million shares for the prior year (which adjusts for shares held by policyholders which are treated as treasury shares and in the prior year adjusts for treasury shares held prior to the listing).

The diluted earnings per share is not materially different from the earnings per share

TRADITIONAL SEGMENTAL OVERVIEW | Operating income and profit

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Rm	Operating income (Rm)			Operating profit (Rm)		
	30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
SA Financial Services	940	4%	900	175	(8%)	190
Investment Solutions	388	0%	388	180	(8%)	195
AF Insurance	223	12%	200	55	4%	53
AfriNet	161	17%	138	31	24%	25
Total Africa	1 712	5%	1 626	441	(5%)	463
International (GBPm)	43.5	9%	39.9	6.4	16%	5.5
International (Rm)	851	19%	715	126	29%	98
Total (before IFRS lease)	2 563	9%	2 341	567	1%	561
IFRS lease adjustment				(15)	(25%)	(20)
Total	2 563	9%	2 341	552	2%	541

TRADITIONAL SEGMENTAL OVERVIEW | Operating expenses

Rm	Operating expenses (Rm)		
	30 Sept 2015	Variance	30 Sept 2014
SA Financial Services	765	8%	710
Investment Solutions	208	8%	193
AF Insurance	168	14%	147
AfriNet	130	15%	113
Total Africa	1 271	9%	1 163
International (GBPm)	37.1	8%	34.4
International (Rm)	725	18%	617
Total (before IFRS lease)	1 996	12%	1 780
IFRS lease adjustment	15	-25%	20
Total	2 011	12%	1 800

Operating expenses are further analysed under strategic segmental analysis.

SUMMARISED BALANCE SHEET | Excluding policyholder balances

Rm	Sep 15	Mar 15
Assets including developed software	469	415
Intangible assets (largely arising from PE transaction)	4 729	4 663
Financial assets and associates	279	239
Deferred tax	159	149
Current assets and assets held for sale	1 136	960
Cash and cash equivalents	2 162	2 496
Total Assets	8 934	8 922
Borrowings	(622)	(1 000)
Long term liabilities	(1 122)	(1 031)
Current liabilities and liabilities held for sale	(1 175)	(1 183)
Equity	6 015	5 708
Annualised Return on average Equity (normalised)	12.4%	13.8%
Annualised Return on average Capital Employed (normalised)	16.6%	17.9%
Annualised Normalised Return on Tangible Net Asset Value	57.6%	92.1%
Share Appreciation from IPO to reporting date	2.0%	37.3%
Dividend yield (15c proposed dividend half year end + 12c/ 7.65 share price at half year end)/(12c dividend / 10.30 share price at year end)	3.5%	1.2%

REGULATORY CAPITAL | Theoretical position based on current discussion documents

Rm	SAM Standard Formulae Sept 2015	SAM Standard Formulae Mar 2015*	% Change
Own funds	1 229	1 003	22.5%
Solvency Capital Requirement ("SCR")	954	956	-
Theoretical consolidated regulatory position	275	47	>100%

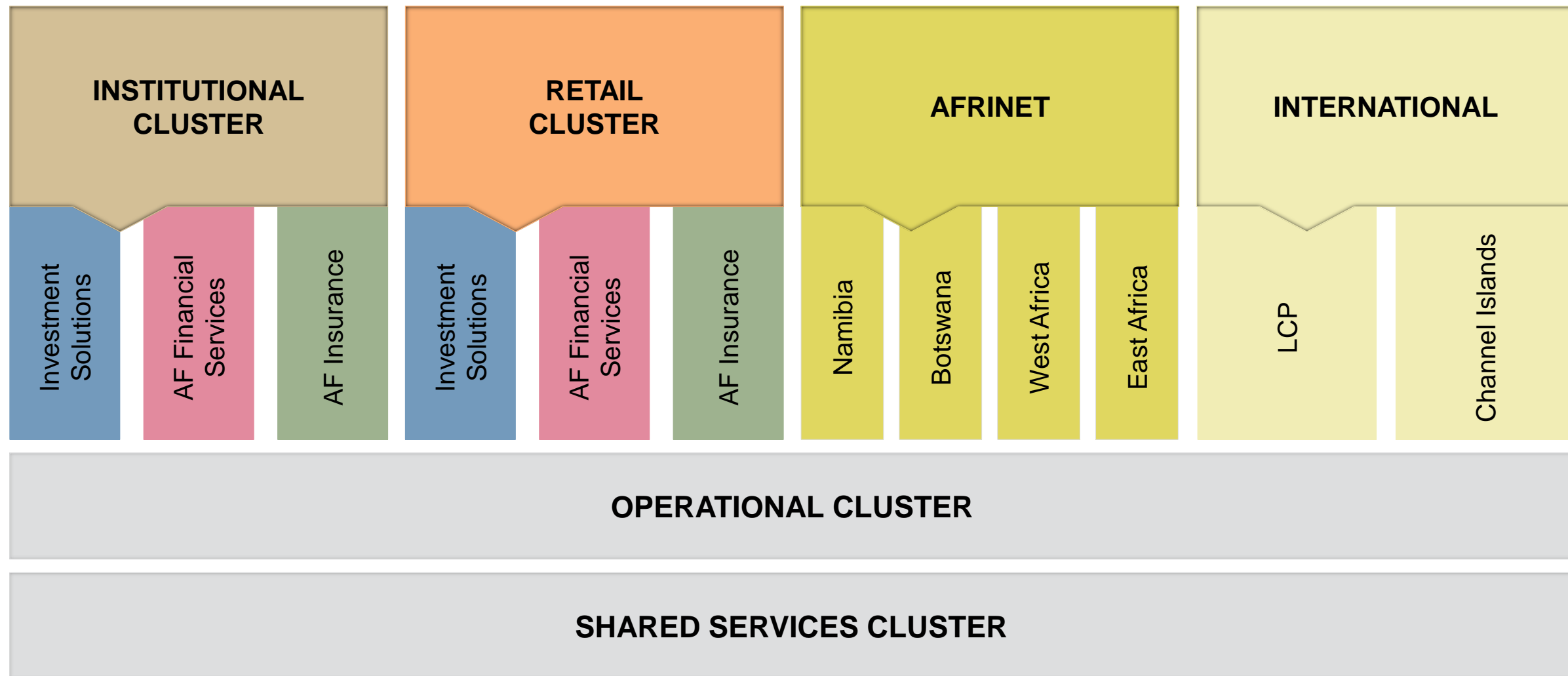
* Restated due to changes in calculation methodology released by the regulator.

- The solvency is shown based on anticipated SAM regulations using standard formulae.
- The improvement in own funds largely relates to attributable earnings net of dividends paid.
- The above analysis uses standard formulae and does not take into account the internal model of Investment Solutions. The application for the approval of this internal model requires the use of risk management processes over a period of time and can only be approved after the formal implementation of SAM.
- There is also some remaining uncertainty with regards to the technical specifications and potential changes to be implemented by the FSB as well as the cover ratio the regulator may require above the SCR.
- Our understanding is that the implementation date has again been moved out to 1 January 2017 to co-inside with the implementation of Financial Sector Regulation Bill.



OPERATIONAL PERFORMANCE REVIEW

STRATEGIC INTENT | Operating structure to support strategic focus

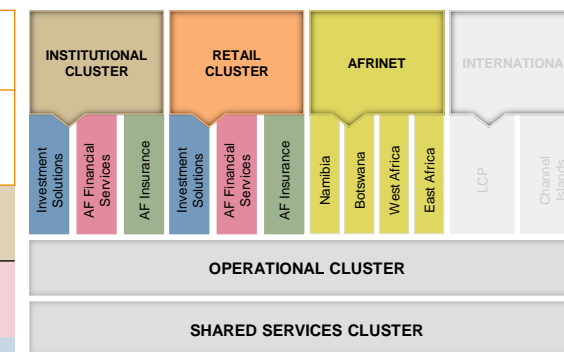


SEGMENTAL OVERVIEW | Traditional view

Rm	Operating income (Rm)			Operating profit (Rm)		
	30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
SA Financial Services	940	4%	900	175	(8%)	190
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IFRS lease adjustment				(15)	(25%)	(20)
Total	2 563	9%	2 341	552	2%	541

SEGMENTAL OVERVIEW | Strategic view (Africa only)

Rm	Operating income (Rm)			Operating profit (Rm)		
	30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
INSTITUTIONAL CLUSTER	980	2%	961	238	(10%)	264
- Financial Services	650	3%	629	81	(13%)	93
- Investment Solutions	323	(2%)	329	157	(9%)	172
- AF Insurance	7	133%	3	-	>100%	(1)
RETAIL CLUSTER	571	8%	527	172	(1%)	174
- Financial Services	290	7%	271	94	(3%)	97
- Investment Solutions	65	10%	59	23	0%	23
- AF Insurance	216	10%	197	54	2%	54
AFRINET	161	17%	138	31	24%	25
Total Africa	1 712	5%	1 626	441	(5%)	463



Please note that the strategic segmental view includes cost allocations based on best estimates that has not been subject to audit.

Negative job creation

Number of employees in formal sector declined by **160 000** year on year to June 2015

AF Admin **lost 8 452** members due to retrenchments, but made it up with new members, closing **up 2%** from March 2015

Ongoing benefit payments outstripped contributions – net outflow of **R7.1bn** in Investment Solutions between March 2014 and September 2015

Market performance

Average ALSI for the 6 months to September 2014 at 50 448, increased only marginally by 1.7% to 51 924

Investment Solutions AUA and AUM **increased 6%** over the same period.

Significant market volatility resulting in product switching (active specialized mandate portfolios to passive balanced portfolios) and lower blended margin.

Investment

Investment in front end capacity

26 additional sales consultants in AFI

9 additional Well-being consultants in Financial Planning and Consultants (“FPC”)

Well-being day

R7m was invested (people capacity and project management) in the development of Well-being days – piloted at Alexander Forbes and 1 other client, with a roll out plan to other institutional clients.

Conversion rates

Preservation rates, and preservation under our advice (FPC) largely unchanged at just below 50% and 33% respectively.

Flows from FPC to AF products increased from **85% to 88%** - following investment in the AF Product platform and repricing in the prior year.

Flows from AF Product to Investment Solutions improved from **86% to 89%** due to improved co-operation and service levels.



INSTITUTIONAL

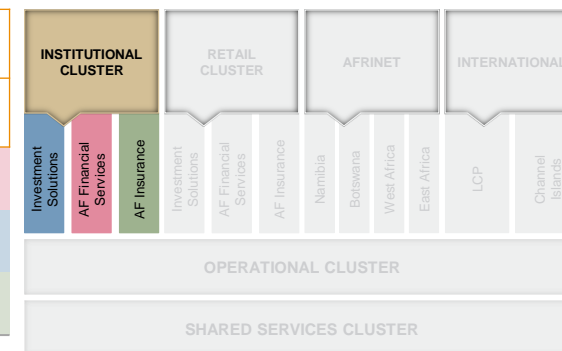
Detailed operational review



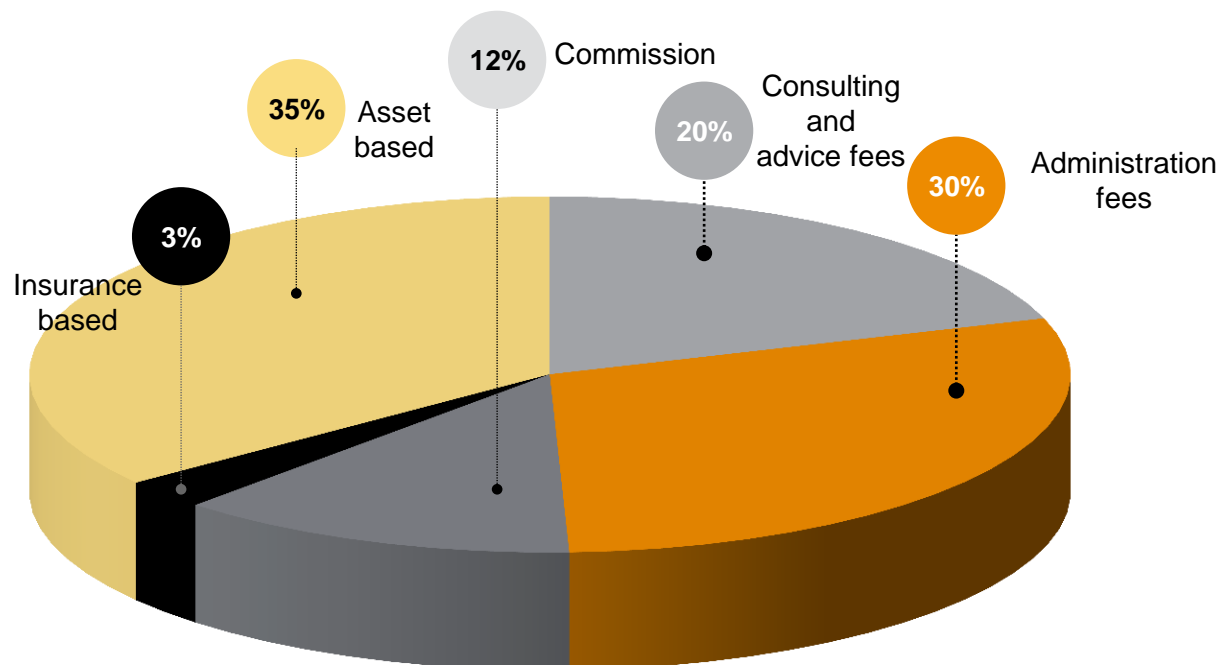
INSTITUTIONAL CLUSTER	MACRO DRIVERS OF GROWTH	KEY PERFORMANCE METRICS
Investment Solutions	Equity market: SWIX Bond market: ALBI Cash: STeFI Global equity markets: AC World	Assets under Management & Administration (platform) Portfolio performance Net margin & new business
AF Financial Services	Economic expansion: GDP Inflation: CPI Labour market: wage inflation & employment	Members under Administration and consulted to in AF Health Assets under Administration (Umbrella and standalone funds) Support of retail strategy, New Business Group Risk: Gross written premium, Underwriting result

INSTITUTIONAL CLUSTER	MARKET POSITION & COMPETITORS	INDUSTRY MATTERS
Investment Solutions	Largest multi manager in SA OMIGSA, Coronation, Allan Gray and other asset managers Up and coming multi managers - Sygnia	Active vs. Passive investment Pressure on investment fees and changes to fee structures'
AF Financial Services	Largest retirement fund administrator by AUM Other: Old Mutual, Sanlam, Liberty and Momentum Best pension fund administrator for the 9 th year in a row – PMR diamond award Third in the company reputational index	Retirement Reform: Retirement defaults and in-fund solutions Taxation Laws Amendment Bill (“TLAB”)

	Operating income (Rm)			Operating profit (Rm)		
	30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
AFFS	650	3%	629	81	(13%)	93
IS	323	(2%)	329	157	(9%)	172
AFI	7	133%	3	-	>100%	(1)
Total	980	2%	961	238	(10%)	264



OPERATING INCOME BY TYPE (INSTITUTIONAL)





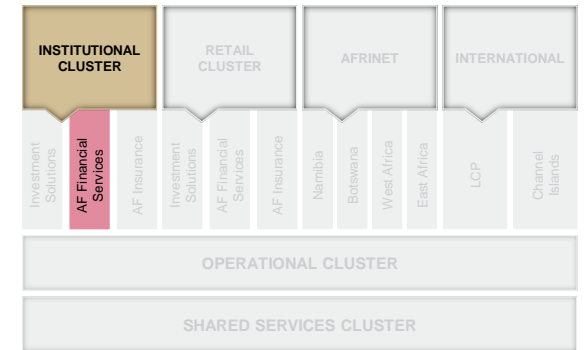
KEY PERFORMANCE INDICATORS

- Members under administration
- Umbrella fund assets under administration
- Client retention and new clients (market share)



PERFORMANCE

- The institutional business continued to show growth in operating income of **2%** amid challenging economic environment with **145** new Institutional client wins during the year. Client retention remained high across all Institutional clients. New business growth is **15%** (year on year on annualised basis).
- The number of active member records administered within the Institutional business increased with **27 147** new members, while **11 196** members left due to retrenchments and loss of appointments, the net movement is therefore **15 951** members (up from 1 018 044 to 1 033 995), a **1.6%** growth on the opening balance as at 31 March 2015 in an environment of net job losses.
- Our flagship umbrella retirement fund, the Alexander Forbes Retirement Fund (AFRF), remains one of the largest of its kind in the market measured by assets. The umbrella fund assets are up **10%** year on year to **R66.8bn** at 30 September 2015.
- The number of active member records administered by our Institutional umbrella funds increased by **16%** on the comparable number in the prior year to close at **293 765** members at 30 September 2015 with the number of participating employer clients in these umbrella funds increasing by **12%** year on year to **1 234**.





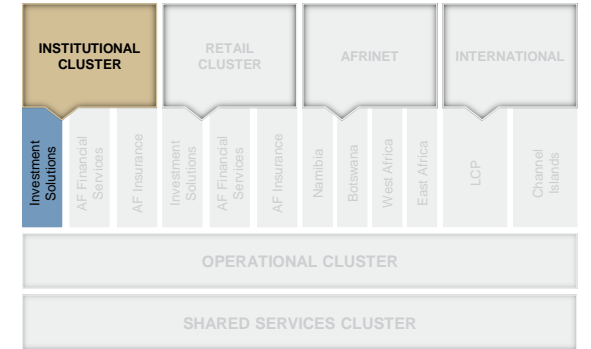
KEY PERFORMANCE INDICATORS

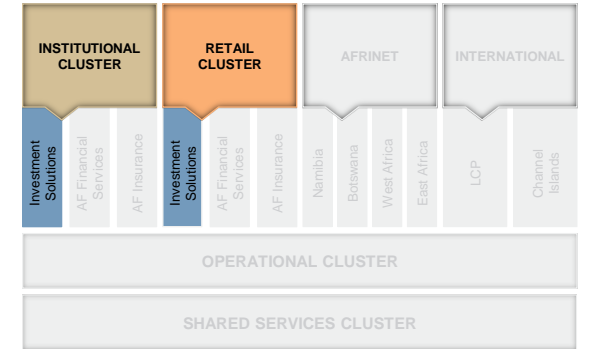
- Assets Under Management and Assets Under Administration (“(AUM) and (AUA)”)
- Margin
- Investment performance



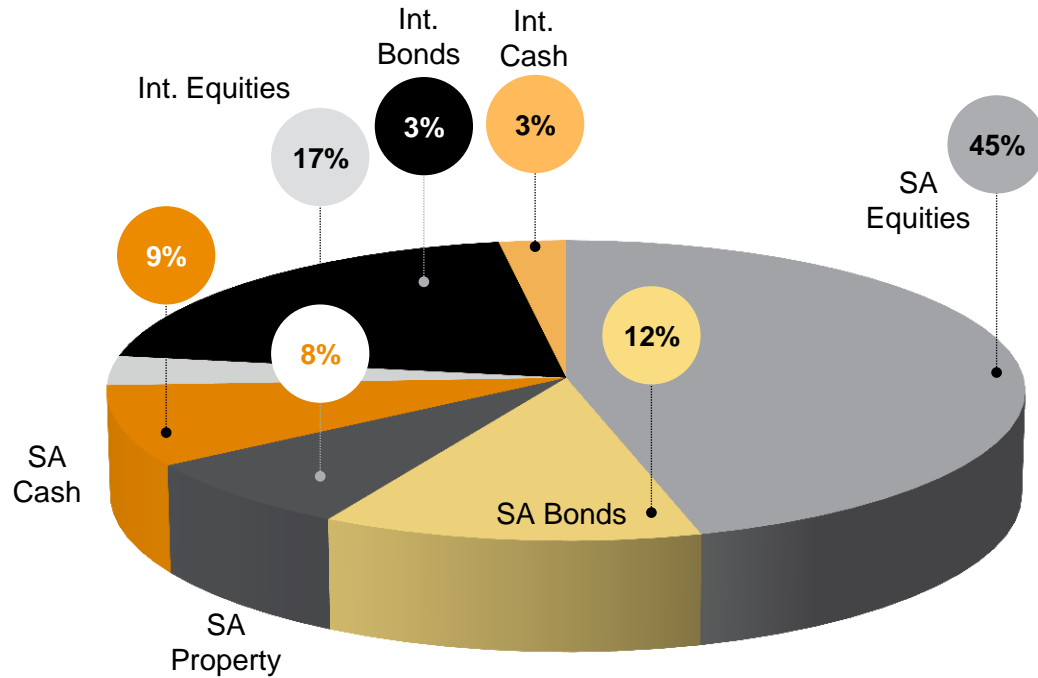
PERFORMANCE

- Total AUA and AUM at **R318.5m** 30 September 2015 up **6.2%** from 30 September 2014 (R300m), down 1% from March 2015.
- New business wins **R4.9bn** (Product R3.8bn and Platform R1.1bn, **1.5%** of opening assets).
- Blended gross margin at **24bps** for the period
- Equity markets remained flat over the period
- Ongoing benefit payments (“Uncontrollable outflows”) outstripped ongoing contributions over the period by **R7.1bn** largely due to retrenchment programmes in our client base
- We enjoyed respectable investment performance for the period with **72%** of the funds ahead of benchmark
- Flagship portfolio Performer 8.30% vs. benchmark 6.76% (**R92.5bn** of total AUM)

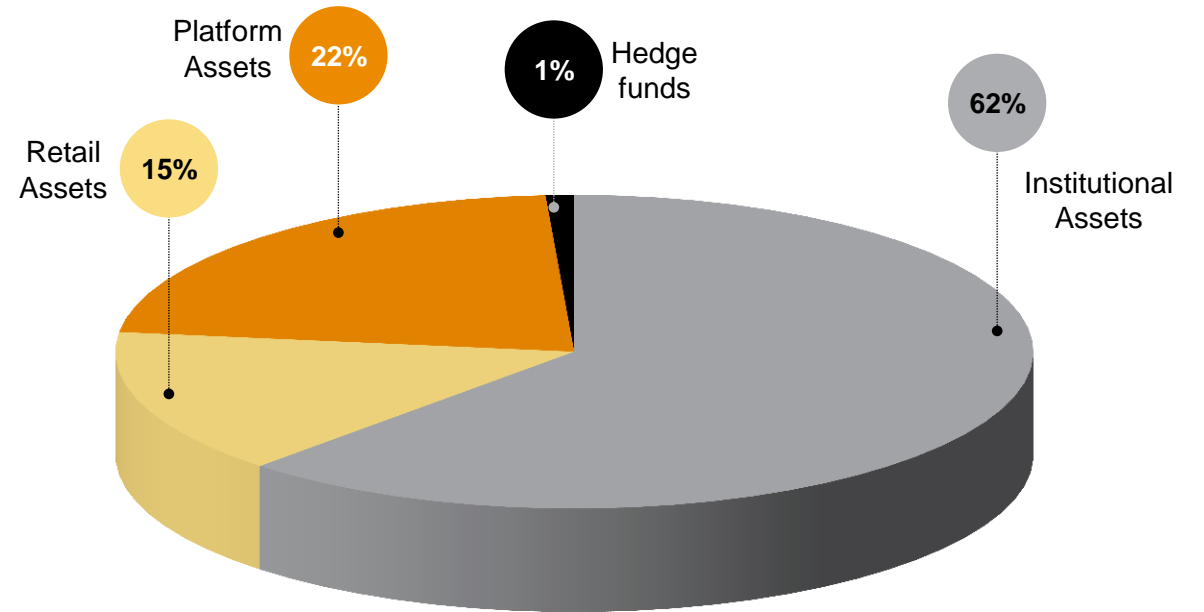




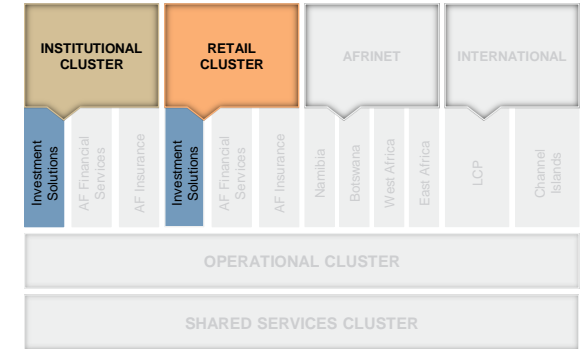
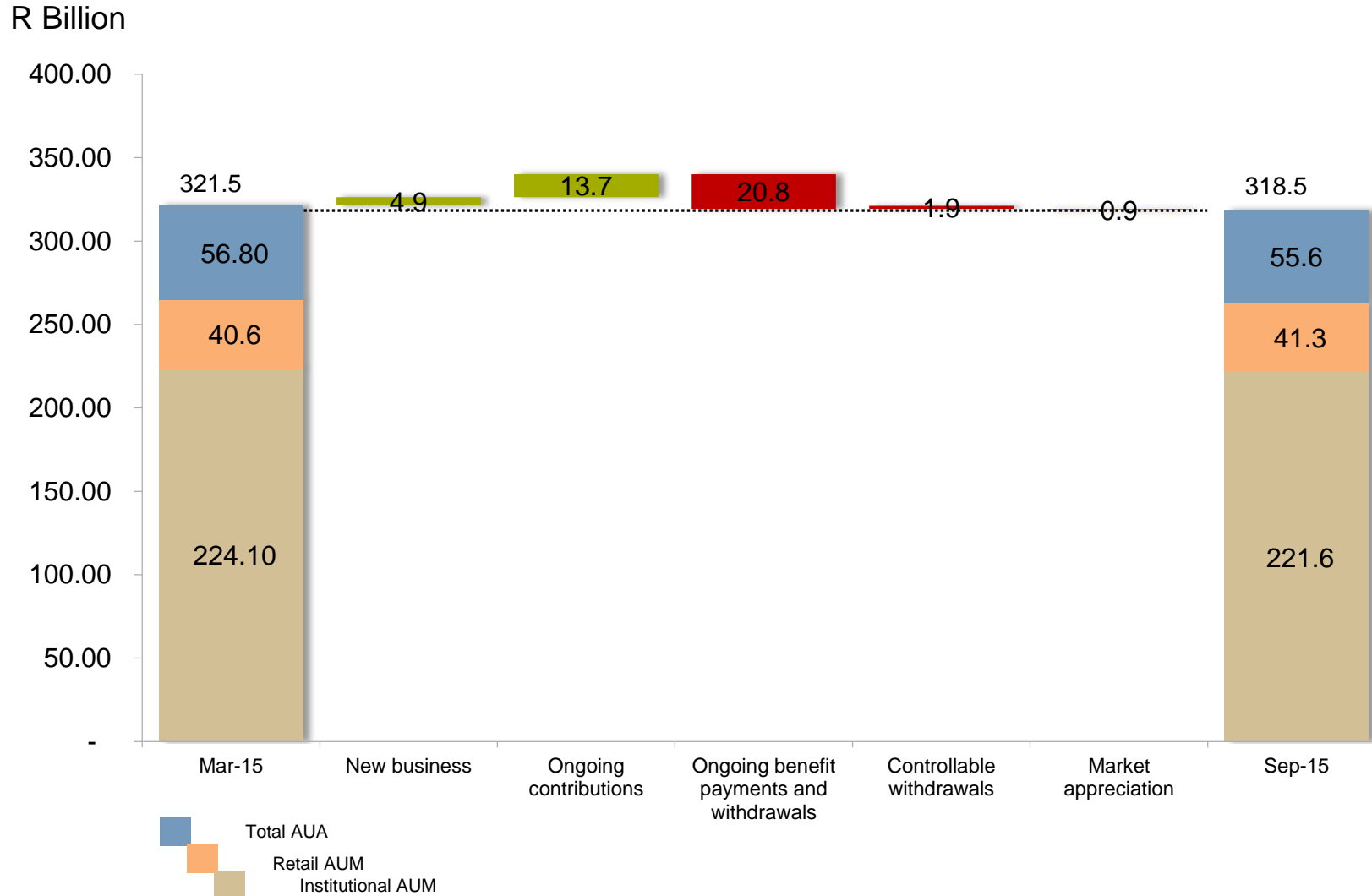
COMPOSITION OF ASSETS



ASSET TYPE

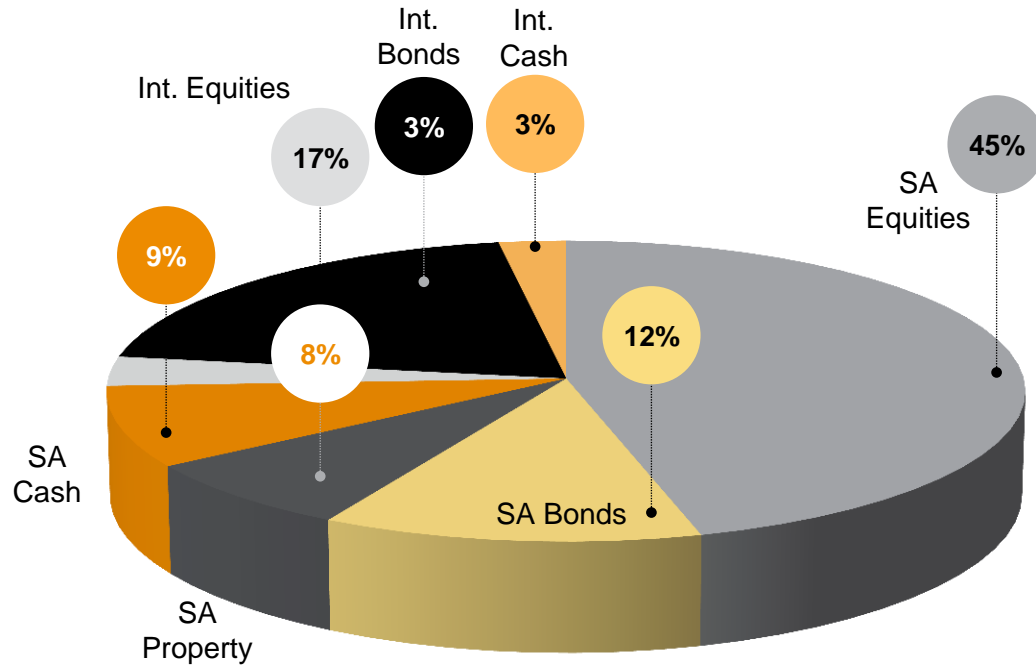


INVESTMENT SOLUTIONS | AUA and AUM

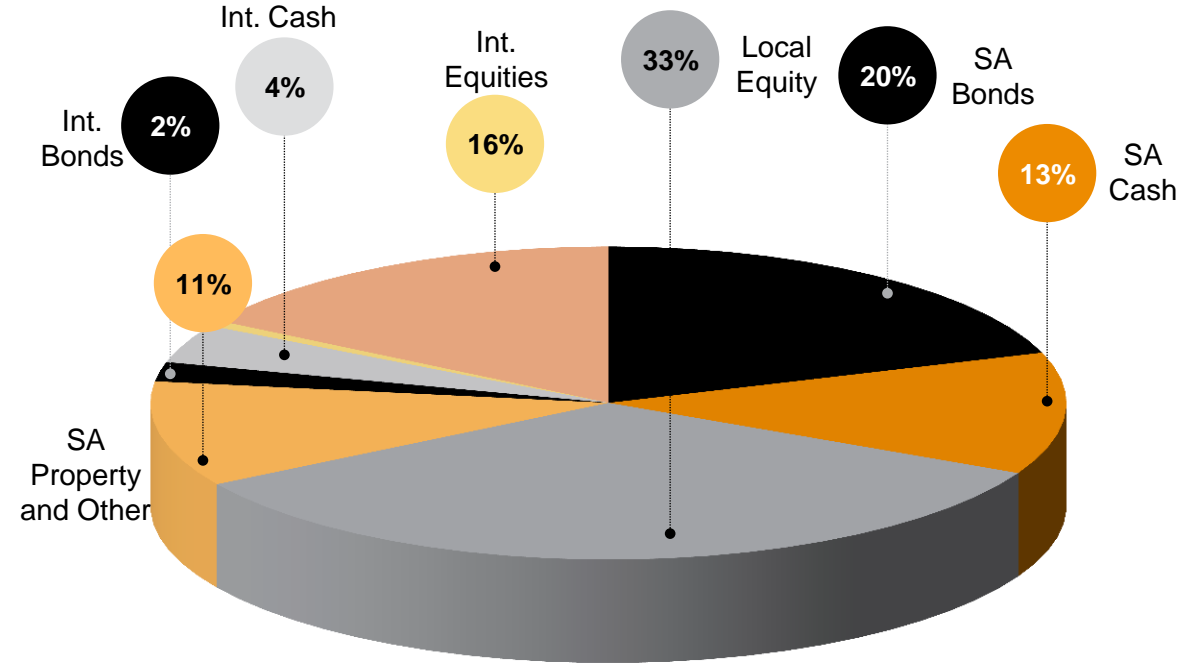


MARKET SENSITIVITY | Composition of assets

INVESTMENT SOLUTIONS COMPOSITION OF ASSETS



SA FINANCIAL SERVICES COMPOSITION OF ASSETS



The approximate annual effect on net operating income if you assume a 10% decrease in SA equity markets at the beginning of a year with no subsequent increases in equity markets for that year and with all other asset classes remaining equal would be **R36m in Investment Solutions and R10m in Financial Services**

- The composition of assets is driven by client choice
- Equity market movements may result in correlated movements in other asset classes

- R57.5 billion assets under advisement
 - of which
- R43.6 billion is under administration
 - of which
- R34.8 (80%) is invested through Investment Solutions



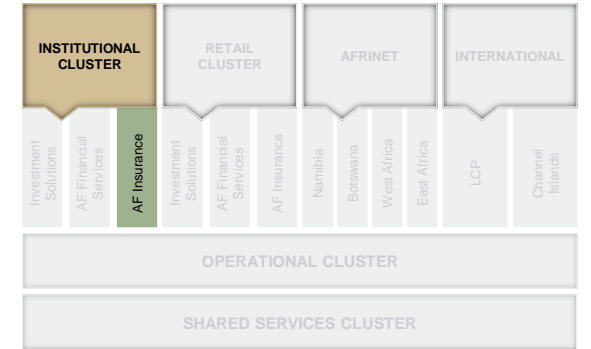
KEY PERFORMANCE INDICATORS

- Gross Written Premium
- Underwriting result



PERFORMANCE

- Business insurance division grows GWP by **49%** off low base to **R28.4m**
- Underwriting result normalising as critical mass is reached.
- AF Life Annualised Group Life and Disability Premium Income was **R365m**, an increase of **22%**





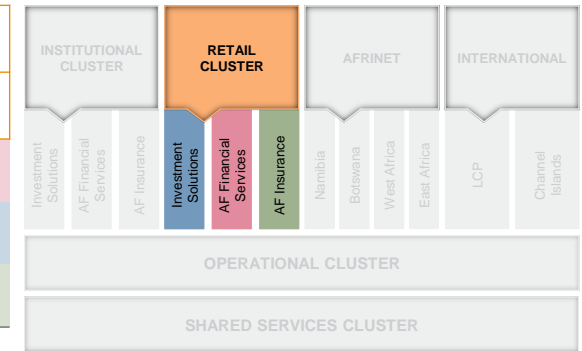
RETAIL

Detailed operational review

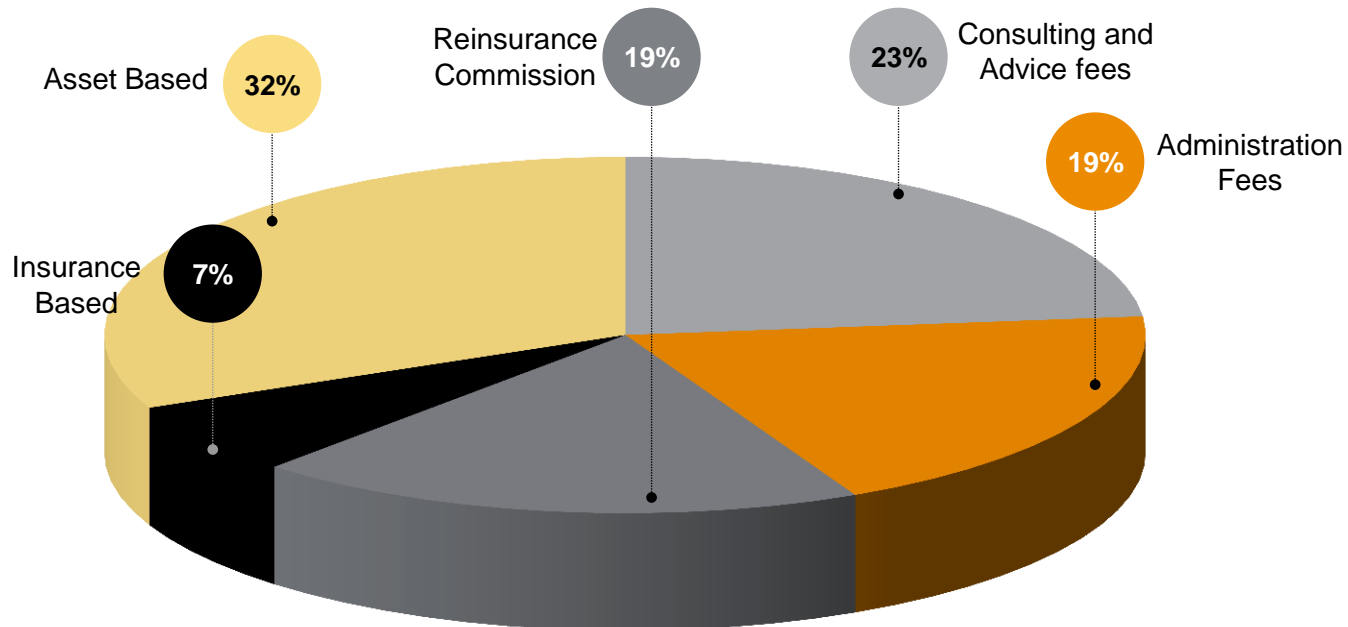
RETAIL CLUSTER	MACRO DRIVERS OF GROWTH	KEY PERFORMANCE METRICS
Investment Solutions	Equity market: SWIX Bond market: ALBI Cash: STeFI Global equity markets: AC World	Assets under Management & Administration (platform) Portfolio performance Net margin & new business
AF Financial Services	Economic expansion: GDP Inflation: CPI Labour market: employment & affordability Markets	Number of clients and policyholders Retail Assets under Advice, Administration and Management Preservation rates
AF Insurance	Economic expansion: GDP Inflation: CPI Exchange rate: USD/ZAR	Gross written premium Underwriting results Churn rates Risk management

RETAIL CLUSTER	MARKET POSITION & COMPETITORS	INDUSTRY MATTERS
Investment Solutions	Largest multi manager in SA OMIGSA, Coronation, Alan Gray and other asset managers Up and coming multi managers - Sygnia	Active vs. Passive investment Pressure on investment fees and changes to fee structures'
AF Financial Services	Competition: Cash, IFA's, other platforms, other investments	Retirement reform Retail distribution review
AF Insurance	Santam, Mutual & Federal etc. Direct insurers – Outsurance, Discovery Insure, MiWay	Direct vs. intermediated Loss ratios (weather patterns, rand weakness), churn rates, repudiation

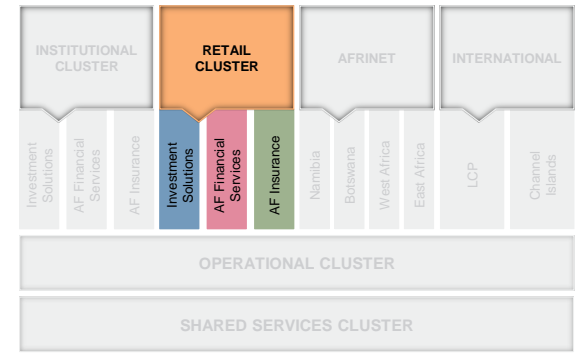
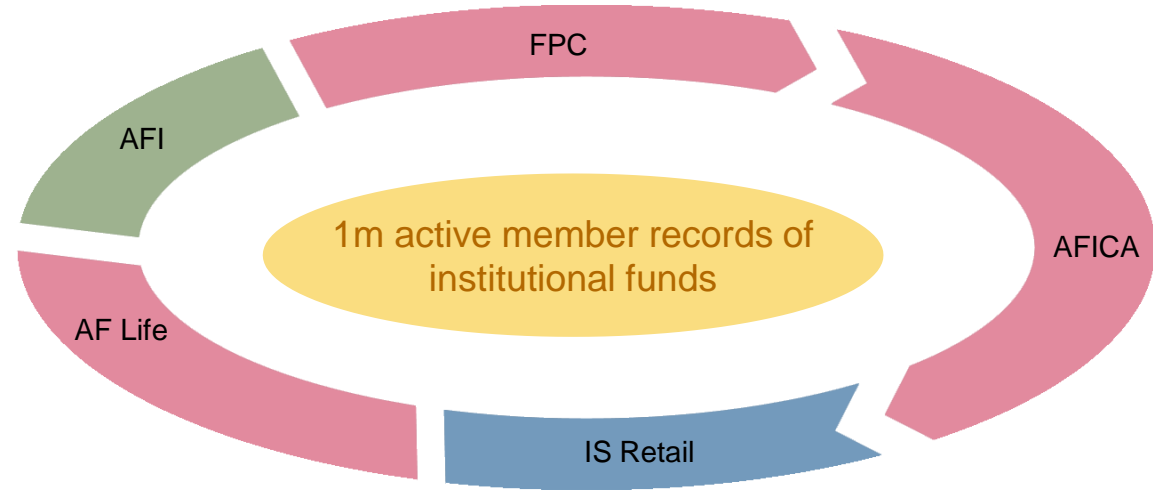
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AFI	216	10%	197	55	2%	54
Total	571	8%	527	169	(1%)	174



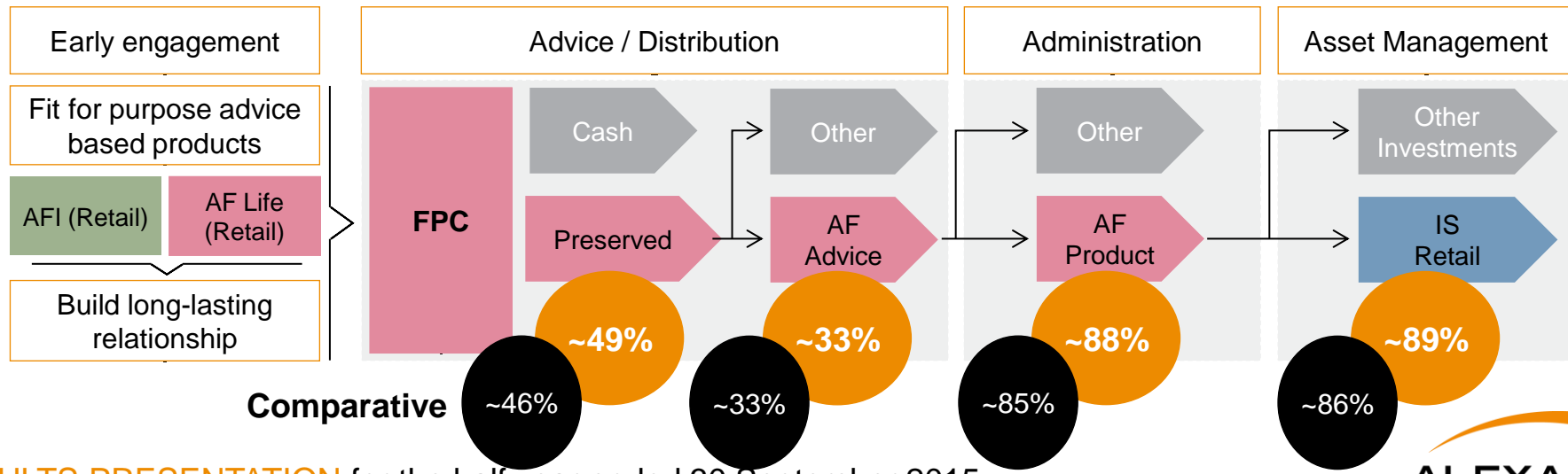
OPERATING INCOME BY TYPE (RETAIL)



RETAIL SUCCESS RATES: PRESERVATION STRATEGY



- Trusted advisor status with employers – work site education
- Focused on early engagement
- Product hooks driving preservation and improved capture rates





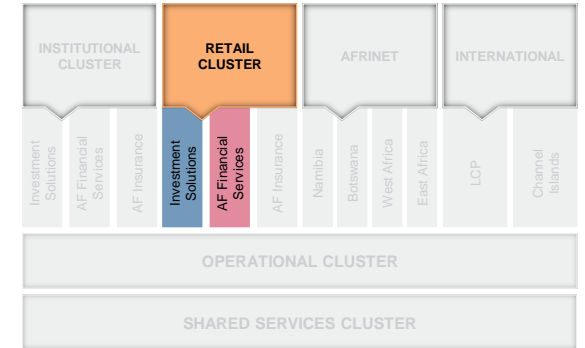
KEY PERFORMANCE INDICATORS

- Number of clients and policyholders
- Retail assets under advice
- Retail assets under administration
- Retail assets under management

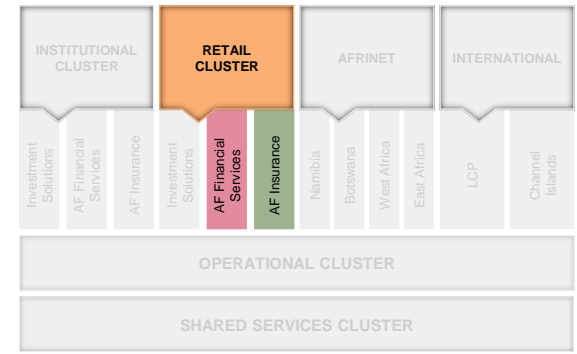


PERFORMANCE

- **45 544** (**42 513** September 2014) FPC retail clients **80 604** (**73 977** September 2014) AFI motor & household policyholders and **2 474** (**1 699** September 2014) life insurance policy holders through AF Life, **3717** clients with multiple products.
- Assets under advisement have grown **8.7% to R57.5bn** (year on year)
- Assets under administration have grown **7.8% to R48.8bn** (year on year)
- Asset under management Investment Solutions Retail up **10.5% to R41.3bn** (year on year)
- Our Independent Partners (IFA) strategy in Investment Solutions has delivered **R62.8 million in new business assets**
- The growth in profit from operations was muted by a conscious decision to invest in the growth strategies, specifically in the Retail part of our business where we strengthened our capabilities within the AF Life business and growth of our distribution capabilities to enable our Financial Well-Being program within our institutional funds.



Rm	30 Sept 2015	Variance	30 Sept 2014
Short term gross written premium (motor & household)	698	9%	638
Short term insurance loss ratio	74%	1.6%	72.4%
Long term gross written premium	10.4	11%	9.4



KEY PERFORMANCE INDICATORS

- Gross written premium (“GWP”)
- Underwriting result
- Churn

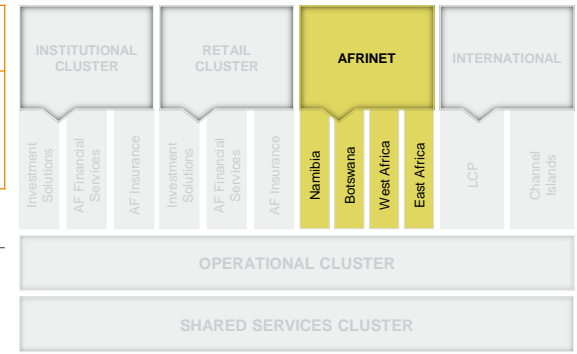


PERFORMANCE

- New policies with annualised premium income of **R187m**
- Continued growth in GWP – **9%** in highly competitive market and where the industry has grown by **7%**
- Motor & household loss ratio of **74%**
- Churn reduced from **21.8% to 18.6%**
- Record new business **R218m** annualised, up 50% year on year
- GWP Long Term Insurance up **11% to R10.4m**

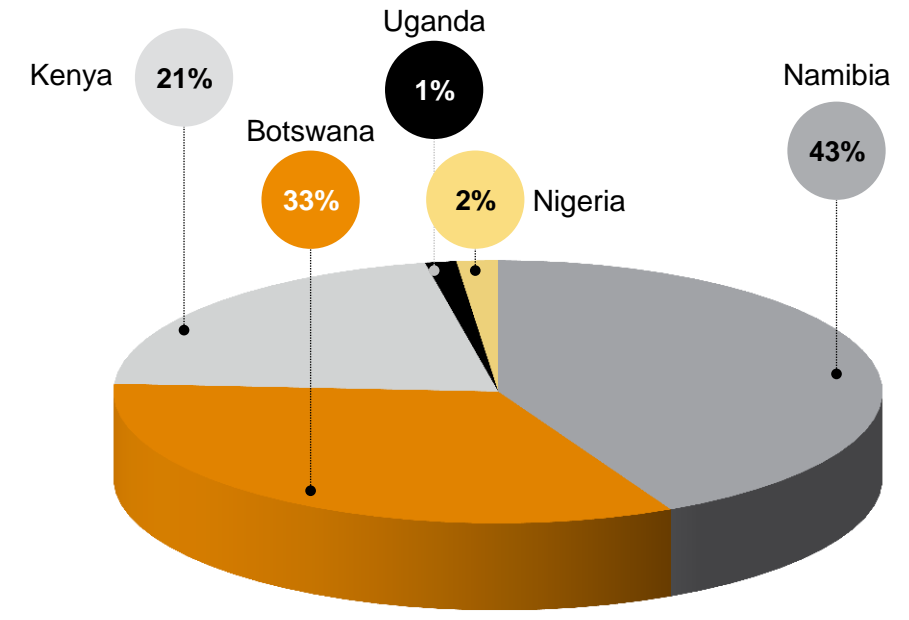
AFRINET | (Africa excl. South Africa)

Operating income (Rm)			Operating profit (Rm)		
30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
161	17%	138	31	24%	25



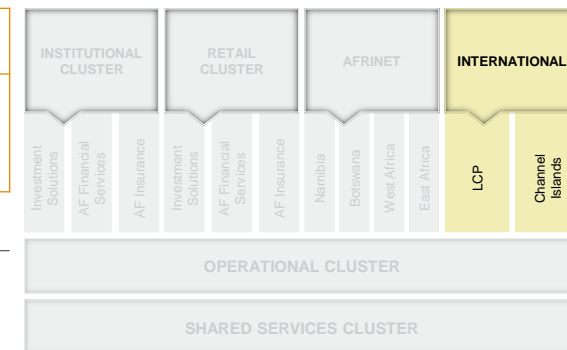
- From September 2014 y/y
 - 12% increase in assets under management
 - 1% growth in members
 - 28% growth in AFI policies in Namibia
- East and Southern Africa demonstrated good performance
- Positive traction with the retail pilots in Namibia, Botswana and Kenya now generating sufficient profits to be standalone profit centres
- The group continues to focus on markets where social reform is conducive to private sector pension operations in sub-Saharan Africa
- There have been media reports with regards to AF's appointment as administrator to Botswana Public Officer Pension Fund ("BPOF"). AF has not received formal notification of termination of appointment. It contributes approximately 20%-25% of the operating income in Botswana.

OPERATING INCOME



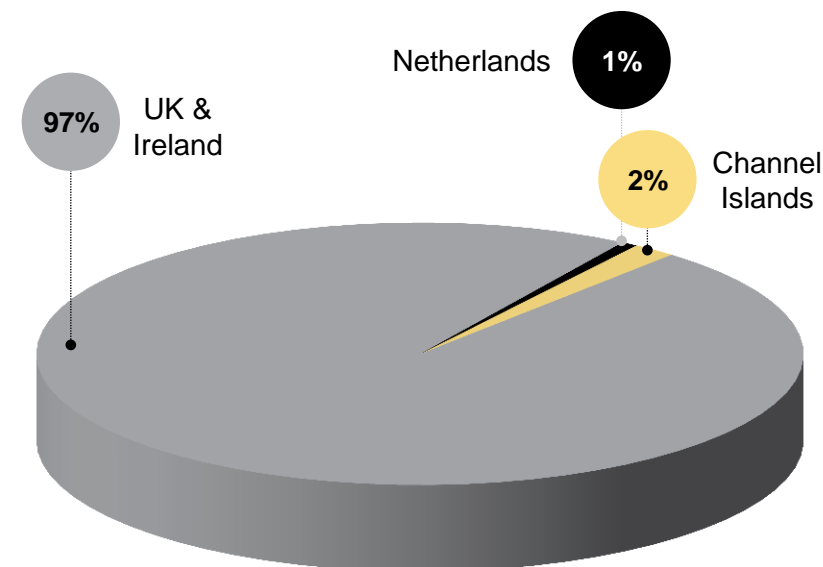
INTERNATIONAL

Operating income (£m)			Operating profit (£m)		
30 Sept 2015	Variance	30 Sept 2014	30 Sept 2015	Variance	30 Sept 2014
43.5	9%	39.9	6.4	16.4%	5.5



- Pleasing revenue led growth in operating income in GBP currency
- Continued high client retention
- Comprises mainly LCP consulting and actuarial business (60% partnership stake). Based mainly in London, with smaller businesses in Ireland, Netherlands and Channel Islands
- Weakening rand results in **29%** growth in Rand terms (profit **R126**)

OPERATING INCOME





OUTLOOK

ALEXANDER FORBES STRATEGIC INTENT 2016–2020



Thank you



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INTERIM RESULTS PRESENTATION for the half year ended 30 September 2015



ANNEXURE I

Regulatory Changes

Regulatory Capital – Financial Sector Regulation Bill

Expected Change

Implementation of Solvency and Assessment Management (“SAM”) in terms of the Financial Sector Regulation Bill.

- Consolidated Supervision
- Risk based approach
- Our understanding is that the implementation date has again been moved out to 1 January 2017 to co-inside with the implementation of Twin Peaks.

Impact on AF

- Investment Solutions has applied for an “Internal Model” – internal risk based capital model - to align the regulatory capital requirement with the economic capital requirement (which may result in a reduction to the current capital requirement). There is some uncertainty as to the timing and quantum of capital that the Regulator will approve. A discussion document has been released detailing changes to the measurement of operational risk for linked insurance providers, which could impact the internal model.
- The Group currently holds a small excess above the aggregated capital requirements as calculated in terms of the current draft legislation. There is some uncertainty with regards to the margin the regulator may require above the aggregated capital requirement.

Expected Change

Tax changes results in a consolidation of products by:

Alignment of tax incentives: Pension, Provident and RA's are the current retirement saving products in the market. This will change to a "retirement fund". All member contributions will be tax deductible at 27.5% of higher of remuneration or taxable salary (capped at R350 000 p.a.). This means better tax deductibility (with the exception of high income earners) and the consumer can save more for retirement.

Harmonised annuitisation regime: On retirement 1/3 cash and 2/3 must go towards a annuity product

Change was due March 2015, now March 2016. However several proposals by National Treasury are now in Parliament on how to implement which could result in any of a delay to 2017, a phased approach commencing 2016 or full implementation in 2016.

Impact on AF

- AF actively involved in discussions with National Treasury
- Consolidation of clients (multicarrier clients and move from standalone to umbrella funds)
- Could lead to an overall increase in assets under advice, administration and management to AF:
 - Pension fund was capped at effective 27.5% of pensionable
 - Provident fund previously capped at 20% of pensionable and
 - RA's previously capped at 15% of non-pensionable earnings
- A higher proportion of compulsory saving in respect of provident funds upon retirement could lead to an increase in flows to AF
- AF has been actively communicating impending changes to manage member expectations – AF has not experienced mass withdrawals as reported in press for other schemes

Retirement reform: defaults pre-retirement

Expected Change

Default investment strategies for DC benefits

Funds providing defined contribution (DC) benefits will be required to provide in their Rules for a default investment portfolio in which members' DC accumulated retirement savings must be invested, unless the member instructs the Fund to invest his or her fund in a different portfolio. Passive (index-tracking) or enhanced passive strategies must be considered for listed investments.

Default strategy to promote “preservation and portability” when members change jobs

The regulation aims to encourage preservation in that the rules of all retirement funds must now include a provision allowing for deferred or so-called “paid-up” members. Paid-up members are those who have left employment and ceased to contribute to the Fund, but who choose to leave their benefits preserved in the Fund, or who do so by default.

Impact on AF (AF responded in detail to National Treasury (“NT”))

- AF pioneered customised DC defaults (LifeStage)
 - Planned launch of revamped default ranges in 2016, with further evolution
 - AF launched passive LifeStage ranges as we expect to see a sharper focus on overall costs
 - Removed many performance fees
 - Communication requirements more onerous in line with TCF
-
- AF provides thought leadership and stats on preservation in order to boost preservation
 - Provided employers/funds with tools to show impact
 - Implemented “seamless” preservation strategies
 - May see increased AUM and/or longer membership periods in institutional area, pressure for retail preservation vehicles
 - AF focus on financial capability and well-being of members targeted at keeping members invested.

Retirement reform: defaults post-retirement

Expected Change

Default annuity strategy

Regulation 39 requires that all funds must have a Rule providing for a default pension at retirement. This regulation is most relevant to DC Funds as in the case of a defined benefit fund the form of the default pension would be defined in the Fund rules.

Impact on AF (AF responded in detail to NT)

- AF advocated for strategy, not single annuity (Research paper)
- AF developed a post-retirement framework for DC funds in 2014 in preparation for default annuities
- Product team working to fully populate the framework with appropriate solutions based on regulations (living annuity and life)
- Expect some in-fund solutions to create volume; retail arrangements to innovate to remain relevant
- Retirement benefits counsellor services

Retail Distribution Review (“RDR”)

Expected Change

Retail Distribution Review is designed to remove product bias and provide transparency to the consumer on exactly what products they are buying, relationships between parties involved and the cost involved today and into the future. It is designed to educate the consumer on financial products, services and fees in order to eliminate bad practices, increase healthy competition and increase transparency. It is also aimed at widening access of financial advice to consumers in a cost effective manner.

The FSB has published its intended course of action for implementation of Phase 1. Responses due 1 February 2016.

Performance fees: National Treasury has specifically highlighted performance fees as an area for attention in its retirement reform papers

Impact on AF

- AF contributes to the discussion and has representation on various industry forums and we have formally responded to the RDR proposals by the FSB
- AF was one of the first financial services companies to have a fee for advice model as opposed to operating purely on commission
- AF has the Higher Purpose and SERVE embedded in its DNA, so embracing RDR is a natural fit
- It is also aligned to our Retail strategy where we are focusing on growing the number of retail clients by providing appropriate solutions
- Focussed team considering impact of amended proposals
- Investment Solutions was one of the first local unit trust management companies to remove all performance fees from its unit trust funds



ANNEXURE II

People Matters



EMPLOYEE STATISTICS | 30 September 2015

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- We employ **4 205** people globally (September 2014 **4 041**)
- Number of qualified Actuaries **180** International, **42** Africa incl. SA
- SA number of FPC consultants **62** (2014 **62**), number of SA Financial Well Being consultants **19** (2014 **10**)
- Number of AFI consultants **206** (September 2014 **180**)
- Number of Health care consultants **111** (September 2014 **110**)
- Number of administrators and finance staff in AFRF **176** (2014 **167**), AFICA **100** (2014 **95**) and AFAS **728** (2014 **681**)



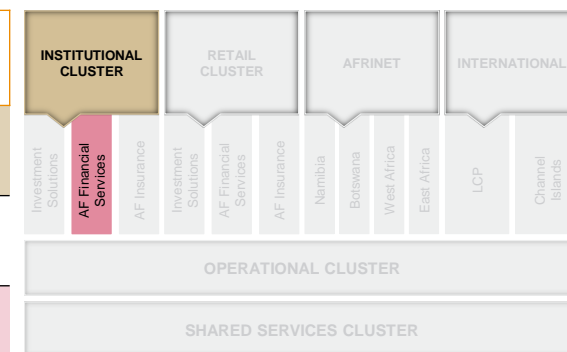
ANNEXURE III

Long term trend analysis – Key Performance Indicators



LONG TERM TREND ANALYSIS | KPI's

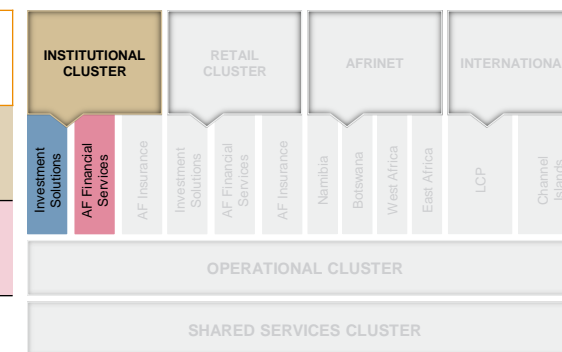
	31 March 2012	31 March 2013	31 March 2014	31 March 2015	30 Sept 2015
INSTITUTIONAL					
Operating income Rm *	1 493	1 632	1 819	2 004	980
AF FINANCIAL SERVICES					
Number of Umbrella Corporate clients	792	848	1 031	1 144	1 234
Umbrella Fund Assets Under Management (Rbn)	34.7	45.6	57.2	66.8	66.8
Number of standalone retirement funds	338	343	331	328	324
Standalone retirement funds AUA (Rbn)	219.1	230	274.9	314.8	343.6
Number of active member records '000	855	902	997	1 018	1 034
Number of healthcare corporate clients	482	484	513	523	530
Life Insurance GWP (Rm)	407	394	417	374	178



* Numbers presented for prior year reporting years have been restated for discontinued operations and reallocations made in the current year to ensure comparability

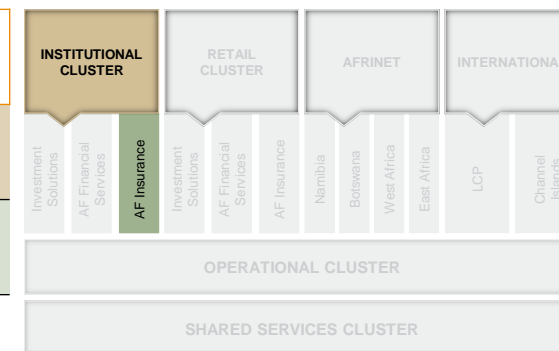
LONG TERM TREND ANALYSIS | KPI's

	31 March 2012	31 March 2013	31 March 2014	31 March 2015	30 Sept 2015
INSTITUTIONAL					
PUBLIC SECTOR					
Operating income (Rm)	136	151	184	207	110
Public Sector tender participation	<20%	53%	74%	90%	86%
Public Sector New Clients	-	15	42	38	23
INVESTMENT SOLUTIONS					
Assets Under Administration and Management (Rbn)	193	238	285	322	318.5
Blended net margin (bps)	30.3	29.2	27.5	27.0	23.8
Number of clients	2 078	2 014	2 108	2 147	2 136
Net Client Cash Flows (Rbn)	0.3	10.9	11.9	5.7	(4.1)



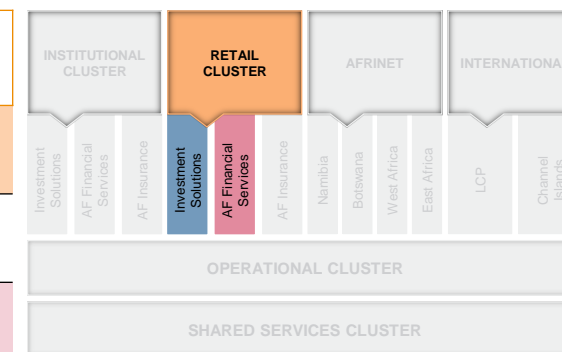
LONG TERM TREND ANALYSIS | KPI's

	31 March 2012	31 March 2013	31 March 2014	31 March 2015	30 Sept 2015
INSTITUTIONAL					
BUSINESS INSURANCE					
Number of policies	-	540	1 072	1 322	1 601
Gross Written Premium	-	7	26	43	29
Claims Ratio	-	92%	75%	68%	61%
Risk Retention	-	10%	10%	10%	10%



LONG TERM TREND ANALYSIS | KPI's

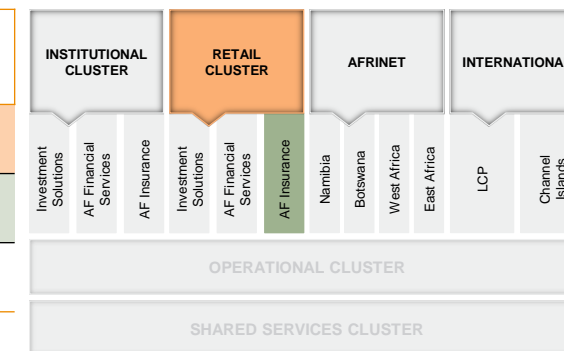
	31 March 2012	31 March 2013	31 March 2014	31 March 2015	30 Sept 2105
RETAIL					
Operating income Rm *	756	847	948	1 061	571
AF FINANCIAL SERVICES					
Number of FPC clients '000	36.0	38.4	41.0	44.1	45.5
Assets under advice FPC (Rbn)	32.7	40.3	48.5	56.9	57.5
Assets under administration AFICA (and under FPC advice)* (Rbn)	26.6	32.5	37.9	43.3	43.6
GWP AF Life Retail (Rm)	13.6	15.2	16.8	18.8	10.4
INVESTMENT SOLUTIONS					
Assets Under Management & Administration* (Rbn)	29.7	34.9	40.9	46.8	47.7



* Also includes assets where Investment Administration is provided

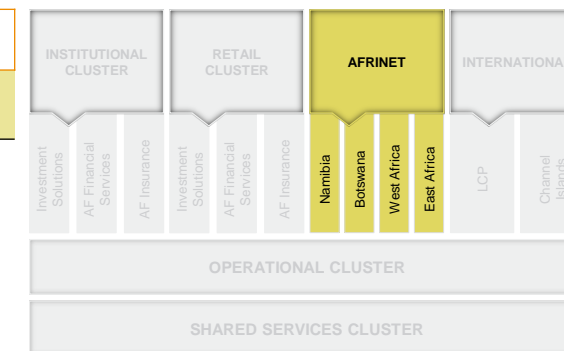
LONG TERM TREND ANALYSIS | KPI's

	31 March 2012	31 March 2013	31 March 2014	31 March 2015	30 Sept 2015
RETAIL					
AF INSURANCE					
MOTOR & HOUSEHOLD					
Gross Written Premium (Rm)	896	1 028	1 165	1 264	698
Active Policies	69 000	73 074	75 197	76 812	80 604
Claims Ratio	73%	78%	81%	71%	74%
Risk Retention	12.5%	15%	25%	25%	25%
ACCIDENT & HEALTH					
Gross Written Premium (Rm)	31	31	33	33	18
Claims Ratio	29%	33%	30%	19%	18%
Risk Retention	100%	100%	100%	100%	100%



LONG TERM TREND ANALYSIS | KPI's

30 September 2015 (Rm)	Operating income	Operating profit*	Headcount	Ownership
AFRINET				
Namibia	68	17	148	75%
Botswana	53	22	113	67%
Kenya	34	10	85	60%
Nigeria	3	-	12	100%
Uganda	2	(1)	11	51%
	31 March 2013	31 March 2014	31 March 2015	30 Sept 2015
Number of members under Administration	322 128	351 796	381 592	396 696
Number of policies AFI Namibia	7 474	9 149	11 594	13 849
IS Namibia AUM Rm	2.3	2.6	3.3	3.1



* Before corporate cost allocations



ANNEXURE IV

Additional Financial Information



INCOME STATEMENT | Operating profit

Rm	30 Sept 2015	Variance	30 Sept 2014
Fee and commission income	2 792	9%	2 565
Net income from insurance operations	258	11%	233
Direct expenses attributable to fee and commission income	(487)	7%	(457)
Operating income net of direct expenses	2 563	9%	2 341
Operating expenses	(2 011)	12%	(1 800)
Profit from continuing operations before non-trading and capital items	552	2%	541
Operating margin	21.5%		23.1%

INCOME STATEMENT | Operating expenses

Identifiable investment and rebasing of cost

64

Rm	30 Sept 2015	Variance	30 Sept 2014
Africa Operating expenses (including IFRS lease)	1 286	9%	1 183
CAPACITY BUILDING AND INVESTMENTS			
AF Insurance: 34 headcount increase of which 26 are sales consultants	5		-
FPC: 9 additional Well-being consultants	3		-
Afrinet: 25 new employees	10		-
Well-being day Project Management	3		-
REBASING OF COST			
Long Term Incentive Plan – IFRS cost (previously ownership based structure)	30		8
Premises cost above inflation (annual increases above inflation and IS move)	9		-
Regulatory cost increases (POPI)	6		-
IFRS Lease adjustment	15		20
Adjusted Africa operating expenses (excluding IFRS lease adjustment)	1 205	4%	1 155
International operating expenses	725	18%	617
Operating expenses, <i>adjusted for investment and rebasing of cost</i>	1 930	9%	1 772

INCOME STATEMENT | Operating expenses by type

Rm	% of total expenses in Africa	30 Sept 2015	Variance	30 Sept 2014
Employee costs	62%	804	6.9%	752
New LTIP cost	2%	30	275.0%	8
Premises (excl. IFRS adj.)	8%	108	13.7%	95
IT Costs	7%	96	7.9%	89
Professional fees	4%	49	19.5%	41
Insurance costs	3%	35	(20.5%)	44
Regulatory cost	2%	22	120.0%	10
Other costs	10%	127	2.4%	124
IFRS lease	1%	15	(25.0%)	20
Africa cost	100%	1 286	8.4%	1 183
International cost		725	17.5%	617
Total operating expenses		2 011	11.7%	1 800

INCOME STATEMENT | Operating expenses

Identifiable investment and rebasing of cost

Rm	30 Sept 2015	Adjustment	30 Sept 2015 adjusted	Variance	30 Sept 2014 adjusted
Employee costs	804	(18)	786	4.5%	752
New LTIP cost	30	(30)	-	-	-
Premises (excl. IFRS adj.)	108	(9)	99	4.2%	95
IT Costs	96		96	7.9%	89
Professional fees	49	(3)	46	12.2%	41
Insurance costs	35		35	(20.5%)	44
Regulatory cost	22	(6)	16	60%	10
Other costs	127		127	1.6%	125
IFRS lease	15	(15)	-	-	-
Africa cost	1 286	(81)	1 205	4.2%	1 156
International cost	725		725	17.6%	616
Total operating expenses	2 011		1 930	8.9%	1 772

INCOME STATEMENT | Operating profit, adjusted for investment and rebasing of cost

Rm	30 Sept 2015	Variance	30 Sept 2014
Operating income net of direct expenses	2 563	9.5%	2 341
Operating expenses, <i>adjusted for investment and rebasing of cost</i>	(1 930)	8.9%	(1 772)
Operating profit before non-trading and capital items	633	11.2%	569
Operating margin	24.7%		24.3%

INCOME STATEMENT | Non trading terms

Rm	30 Sept 2015	Variance	30 Sept 2014
Profit from operations before non-trading and capital items <i>(before adjustment for investment and rebasing of cost)</i>	552	2%	541
Professional indemnity insurance cell captive results	(8)		2
Amortisation of intangible assets arising from business combination	(63)		(67)
Corporate transaction, listing and historic incentive costs*	(4)		(205)
Total non-trading and capital items	(75)		(270)
Operating profit	477	76%	271

* The current year corporate transaction relates to the Employee Share Option Plan (ESOP), details of the prior year costs were provided in the Annual Report.

INCOME STATEMENT | Financing, tax and discontinued ops

Rm	30 Sept 2015	Variance	30 Sept 2014
Operating profit	477	76%	271
Investment income – corporate	45		51
<i>Policyholder investment income (refer taxation)</i>	34		129
Finance costs	(39)		(72)
Reported loss arising from accounting for policyholder investments as treasury shares	44		14
Share of profits of associates	2		1
Profit before tax	563	43%	394
Taxation – corporate	(128)		(79)
<i>Policyholder taxation (refer investment income)</i>	(34)		(129)
Profit from continuing operations	401	116%	186
Discontinued operations	3		(19)
Profit for the year	404	142%	167

HEADLINE EARNINGS

Rm	30 Sept 2015	Variance	30 Sept 2014
Profit for the period	404	142%	167
Attributable to:			
Non-controlling interests	(67)		(53)
Profit for the period attributable to ordinary shareholders	337	196%	114
Less headline adjusting items:			
Add back capital (profits) / losses *	(3)		24
Headline earnings	334	142%	138

* The capital losses include goodwill written off for disposed subsidiaries, profits and losses on disposal / discontinuance of subsidiaries

EARNINGS PER SHARE (cents)

Rm	30 Sept 2015	Variance	30 Sept 2014
Weighted average number of shares (m)	1 282	7%	1 198
Headline earnings per share (cents)	26.0	126%	11.5
Basic earnings per share (cents)	26.3	177%	9.5
Normalised headline earnings per share (cents) from continued operations *	27.7	3.1%	26.9

* Calculated on normalised number of shares of 1 283 for the current year and 1 269 million shares for the prior year (which adjusts for shares held by policyholders which are treated as treasury shares and in the prior year adjusts for treasury shares held prior to the listing).

The diluted earnings per share is not materially different from the earnings per share

CASH FLOW

Rm	30 Sept 2015	Variance	30 Sept 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from normal operations	685	7%	638
Non-trading cash flows	-		(144)
Cash flow from operations per cash flow statement	685	39%	494
Net investment income /(finance costs) (excl. policyholder income)	3		(23)
Taxation payments (excl. policyholder taxes, settlement and discontinued operations)	(227)		(214)
Tax settlement	-		(60)
Dividends paid	(156)		-
Movement in working capital balances	(172)		(213)
Cash flows from discontinued operations	18		(55)
Cash flows from core operations	151		(71)
Movement in insurance and policyholder - working capital balances	235		103
Cash flows from policyholder investment and insurance contracts	5 620		3 229
Cash flows from operating activities	6 006	84%	3 261
Cash flows from investing activities	(74)		(38)
Cash flows from financing activities	(501)		(5)
Net cash flows	5 431	69%	3 218

BALANCE SHEET | Excluding policyholder balances (detailed analysis: summarised on slide 17)

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Rm	Sept – 15	Adjustments		Sept – 15
	Actual	Linked investment policies	Insurance related balances	Corporate
Assets under management	258 602	(258 602)		-
Property, equipment and comuter software	469			469
Goodwill & Intangible assets	4 728			4 729
Financial assets & associates	417	(138)		279
Deferred tax asset	159			159
Insurance receivables	920		(920)	-
Trade and other receivables	959			959
Cash & cash equivalents	4 242	(149)	(1 931)	2 162
Assets classified as held for sale	177			177
Total assets	270 673	(258 889)	(2 851)	8 934
Liabilities under management	(258 726)	258 726		-
Borrowings	(622)			(622)
Employee benefits	(185)			(185)
Deferred tax liabilities	(269)	69		(200)
Finance & operating Lease Liabilities	(338)			(338)
Provisions & deferred income	(399)			(399)
Insurance payables	(2 851)		2 851	-
Trade and other payables	(1 332)	218		(1 114)
Liabilities associated with assets held for sale	(61)			(61)
Total liabilities	(264 783)	259 013	2 851	(2 919)
Equity	(5 891)	(124)	-	(6 015)

CASH POSITION

Rm	30 Sept 2015	30 Sept 2014
Cash and cash equivalents	4 242	3 930
Cash held on behalf of policyholders	(2 084)	(1 757)
Cash held for regulatory capital, liquidity and solvency requirements by regulated entities	(858)	(777)
Cash held in cell captive insurance facilities	(398)	(361)
Cash held in restricted entities	(187)	(161)
Available cash	715	874
Net current liabilities	(332)	(393)
Available cash resources	383	481

The available cash resources should be seen in the context of the proposed regulatory capital requirements, the group is required to report on the consolidated position based on current capital requirements which reflects a theoretical surplus of R275 million (after taking into account the R858 million) at 30 September 2015.

RETURN ON EQUITY

Rm	6 Months Sept 15 Normalised	6 months Sept 14 Normalised
Weighted average equity	5 726	5 311
Profit for the period from continuing operations	423	394
- Less attributable to non controlling interest	(66)	(54)
Profit from continuing operations attributable to ordinary shareholders	357	340
Return on equity for the six months ended 30 September	6.2%	6.4%
Annualised return on equity	12.4%	12.8%

- The weighted average equity is before deduction of treasury shares as these are held for the benefit of policyholders and other third parties who will benefit from the returns.
- The weighted average equity above includes intangible assets of R4.8 billion which largely arose on the 2007 acquisition by the private equity consortium.
- Non controlling interest is stated excluding discontinued operations.

NORMALISED PAT | September 2015 detailed analysis (summarised on slide 12)

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Rm	Sept 15	Once off items and items distorting comparability		Accounting adjustments				Sept 15
	Actual	ESOP Transaction cost	Insurance cell	Lease	Amort of intangibles	Treasury shares	Policy- holder tax	Normalised
Operating income net of direct expenses	2 563							2 563
Operating expenses	(2 011)			15				(1 996)
Operating profit before non-trading and capital items	522			15				567
Non-trading and capital items	(75)	4	8		63			-
Operating profit	477	4	8	15	63			567
Net investment income	40						(34)	6
Reported loss arising from accounting for policyholder investments as treasury shares	44					(44)		-
Share of profits of associates	2							2
Profit before tax	563	4	8	15	63	(44)	(34)	575
Taxation – corporate	(128)		(2)	(4)	(18)		34	(152)
<i>Policyholder taxation</i>	(34)							-
Profit from continuing operations	401	4	6	11	45	(44)	-	423

EBITDA

Rm	Actual 30 Sept 2015	Normalised 30 Sept 2015	%	Normalised 30 Sept 2014
Profit before tax	563	575	6.2%	541
Add back depreciation and amortisation	114	51		40
Add interest cost of long term borrowing	33	33		57
EBITDA (incl. interest received on capital)	710	659	3.3%	638

* Actual depreciation & amortisation includes the amortisation of intangible assets arising from business combinations