



INTERIM RESULTS – HY 2017 ANALYST PRESENTATION & STRATEGY UPDATE

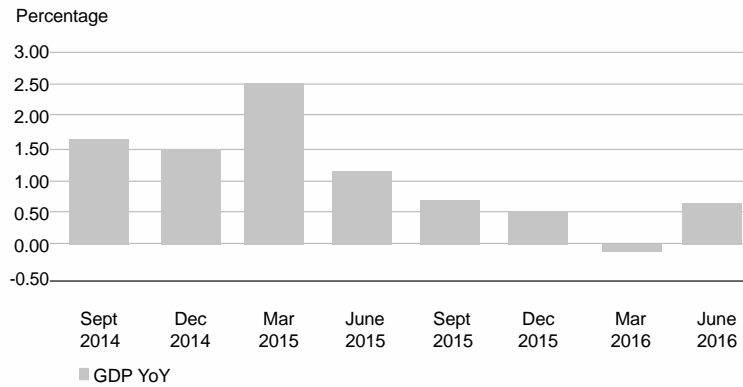
Period to 30 September 2016



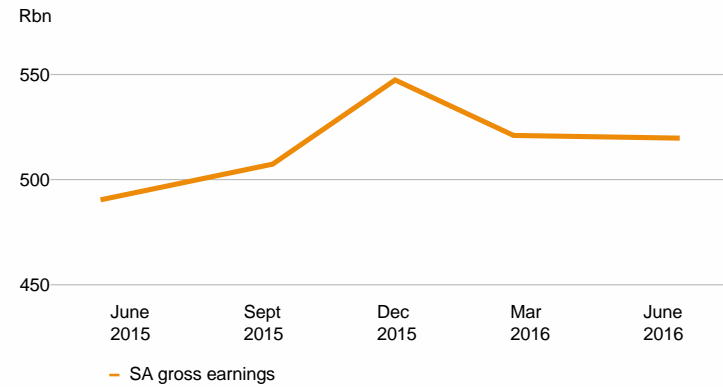
OVERVIEW | Complex operating environment



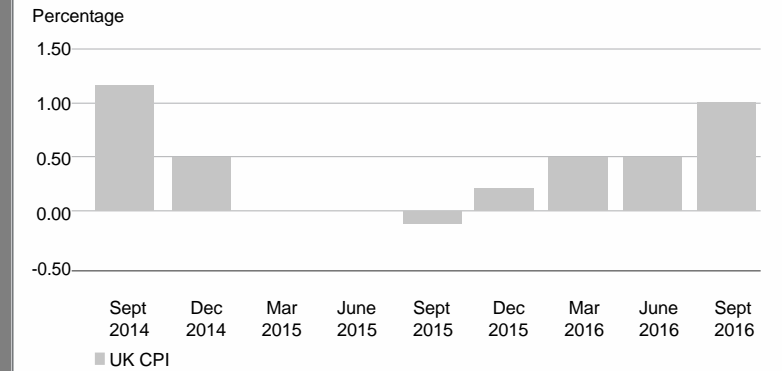
LOW SA GROWTH ENVIRONMENT



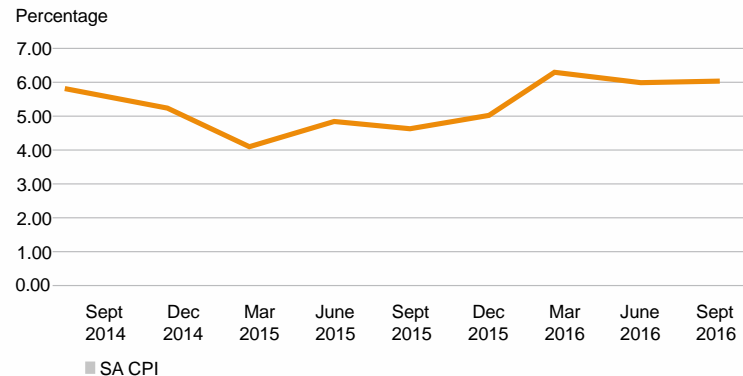
SA LABOUR MARKET CONTRACTION



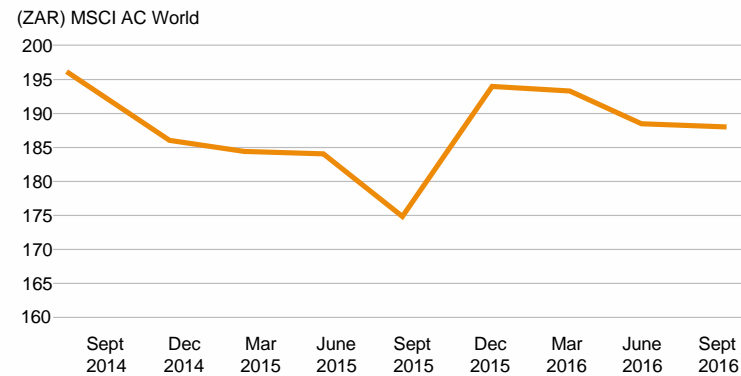
LOW UK INFLATIONARY ENVIRONMENT



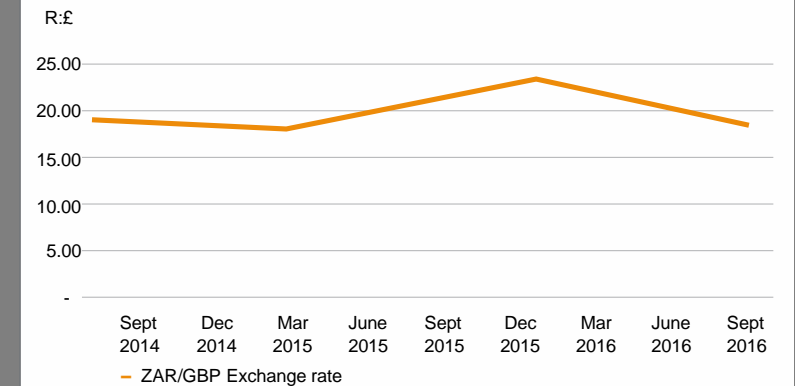
SA INFLATIONARY ENVIRONMENT



GLOBAL EQUITY VOLATILITY



GBP CURRENCY FLUCTUATION



Operating income

from continuing operations

R2 695 million

This is a **5%** growth when compared to the six months ended 30 September 2015

Profit from operations

before non-trading and capital items

R574 million

This is a **4%** improvement when compared to the six months ended 30 September 2015

Profit for the period

R416 million

This is a **4%** improvement when compared to the six months of ended 30 September 2015

Normalised profit for the period

R464 million

This is an **11%** improvement when compared to normalised profit after tax for the six months ended 30 September 2015

Headline earnings per share

27 cents per share

This is a **4%** increase when compared to the six months ended 30 September 2015

Normalised HEPS

30.8 cents per share

This is a **13%** increase when compared to normalised HEPS for the six months ended 30 September 2015

Interim Dividend declared

17 cents per share

This is a **13%** increase when compared to the six months ended 30 September 2015

Average AuA and AuM

of investment solutions increased to **R342 billion**

This is a **5%** growth when compared to the six months ended 30 September 2015

OVERVIEW | IFRS income statement

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Rm	IFRS Sep 2016	Variance	IFRS Sep 2015
Operating income net of direct expenses	2 695	5%	2 563
Operating expenses	(2 121)	5%	(2 011)
Operating profit before non-trading and capital items	574	4%	552
Non-trading and capital items	(62)	(17%)	(75)
Operating profit	512	7%	477
Net investment income	37	517%	6
<i>Policyholder investment income</i>	20	(41%)	34
Reported profit arising from accounting for policyholder investments as treasury shares	2	(95%)	44
Share of profits of associates	3	50%	2
Profit before taxation	574	2%	563
Taxation – corporate	(138)	8%	(128)
<i>Policyholder taxation</i>	(20)	(41%)	(34)
Profit from continuing operations	416	4%	401
Profit from discontinued operations	-		3
Profit for the period	416	3%	404
Non-controlling interest	67		67
Attributable profit for the period	349	4%	337

OVERVIEW | Normalised income statement

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Rm	Normal Sep 2016	Variance	Normal Sep 2015
Operating income net of direct expenses	2 695	5%	2 563
Operating expenses	(2 106)	6%	(1 996)
Operating profit before non-trading and capital items	589	4%	567
Non-trading and capital items	(7)	75%	(4)
Operating profit	582	3%	563
Net investment income	37	517%	6
<i>Policyholder investment income</i>	-	-	-
Reported profit arising from accounting for policyholder investments as treasury shares	-	-	-
Share of profits of associates	3	50%	2
Profit before taxation	622	9%	571
Taxation – corporate	(158)	4%	(152)
<i>Policyholder taxation</i>	-		-
Profit from continuing operations	464	11%	419
Non controlling interest	64		65
Attributable profit for the period	400	13%	354

OVERVIEW | Earnings per share (cents)

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Rm	Sep 2016	Variance	Sep 2015
Weighted average number of shares in issue (m)	1 279	-	1 282
Headline earnings per share (cents)	27.0	4%	26.0
Basic earnings per share (cents)	27.3	4%	26.3
Normalised headline earnings per share (cents) from continued operations *	30.8	13%	27.3

* Calculated on normalised number of shares of 1 299 for the current year and prior year (which adjusts for shares held by policyholders that are treated as treasury shares).

The diluted earnings per share are not materially different from the earnings per share.

OVERVIEW | Group segmental performance

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Rm	Operating income (Rm)			Operating profit (Rm)		
	Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
Institutional Clients	983	3%	955	225	2%	220
- Financial Services	642	4%	619	80	8%	74
- Investment Solutions	329	-	329	143	(2%)	146
- AF Insurance	12	71%	7	2	> 100%	-
Retail Clients	630	6%	596	224	12%	200
- Financial Services	328	7%	306	125	16%	108
- Investment Solutions	79	7%	74	40	21%	33
- AF Insurance	223	3%	216	59	0%	59
Emerging Markets	165	2%	161	26	(19%)	32
Total Africa	1 778	4%	1 712	475	5%	452
International	917	8%	851	131	3%	127
Accounting for property leases	-	-	-	(15)	0%	(15)
Accounting for share scheme costs	-	-	-	(17)	42%	(12)
Total Group	2 695	5%	2 563	574	4%	552

OVERVIEW | Africa expense analysis

Rm	Operating expenses (Rm)			Operating margin	
	Sep 2016	%	Sep 2016	Sep 2016	Sep 2015
Institutional Clients	758	3%	735	22.9%	23.0%
- Financial Services	562	3%	545	12.5%	7.6%
- Investment Solutions	186	2%	183	43.5%	44.4%
- AF Insurance	10	43%	7	16.7%	-
Retail Clients	406	3%	396	35.6%	33.6%
- Financial Services	203	3%	198	38.1%	35.3%
- Investment Solutions	39	(5%)	41	50.6%	44.6%
- AF Insurance	164	4%	157	26.5%	27.3%
Emerging Markets	139	8%	129	15.8%	19.9%
Total Africa	1 303	3%	1 260	26.7%	26.3%

The following items constitute **83%** of operating expenses for Africa:

- Employees (62%)
- IT (9%)
- Premises (9%)
- Insurance (3%)

OVERVIEW | Balance sheet (excluding policyholder and insurance-related balances)

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Rm	Sep 2016	Mar 2016
Assets including developed software	467	494
Intangible assets (largely arising from PE transaction)	4 508	4 677
Financial assets and associates	375	377
Deferred tax	156	157
Current assets and assets held for sale	962	1 063
Cash and cash equivalents	2 717	2 531
Total Assets	9 185	9 299
Borrowings	(807)	(705)
Long-term liabilities	(1 053)	(1 186)
Current liabilities and liabilities held for sale	(1 052)	(1 096)
Equity	6 273	6 312
LTM Return on average Equity (normalised)	14.0	13.6
LTM Return on average Capital Employed (normalised)	19.4	19.4
LTM Normalised Return on Tangible Net Asset Value	53.3	57.9
LTM Dividend yield (Sep: 18c interim plus 22c final / 6.45 share price): (Mar: 22c final plus 15c interim dividend / 6.70 share price)	6.2%	5.5%

Detailed adjustments for policyholder and insurance-related balances are reflected in Annexure II

OVERVIEW | Regulatory capital

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Rm	SAM Standard Formulae (Sep-16)			SAM Standard Formulae (Mar-16)			% Change in Regulatory Surplus
	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	
Group Corporate (incl. revolving credit)	(321)	27	(348)	(492)	17	(510)	32%
SA Financial Services	634	412	222	812	445	368	(40%)
Investment Solutions	586	409	177	477	357	120	48%
AF Insurance	233	137	96	214	118	96	(0%)
Emerging Markets	158	60	98	178	62	116	(16%)
International (Rm)	288	26	262	256	30	226	16%
Total Group	1 578	1 071	507	1 445	1 029	416	22%
Declared dividend	(228)		(228)	(295)		(295)	
Total Group (net of dividend)	1 350	1 071	279	1 150	1 029	121	

- The group remains highly cash generative and as a result the regulatory surplus as at 30 September 2016 provides sufficient headroom for the payment of a dividend of **17 cents per share**.

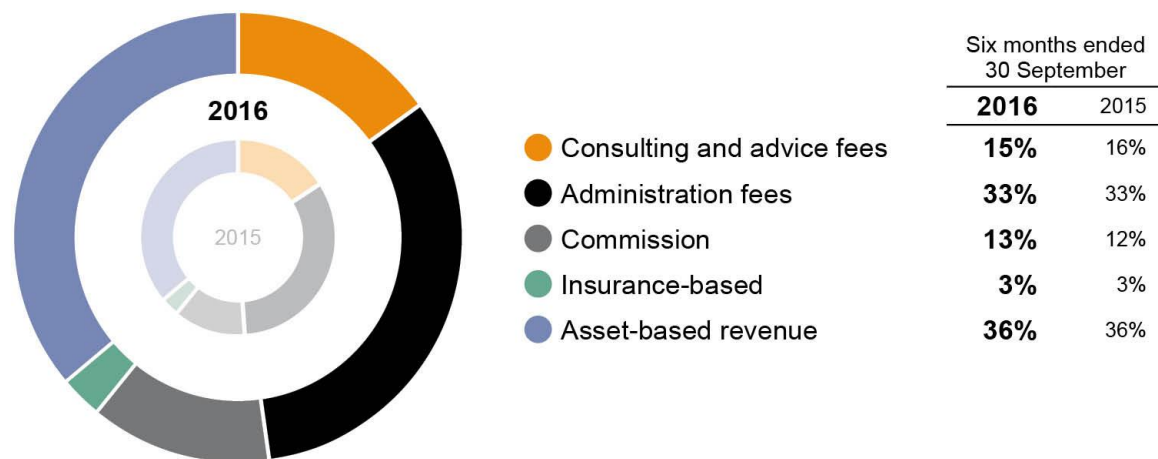


OPERATIONAL PERFORMANCE REVIEW
PER BUSINESS UNIT

INSTITUTIONAL CLIENTS | Disciplined execution in challenging environment

Institutional Clients	Operating income (Rm)			Operating profit (Rm)		
	Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
Financial Services	642	4%	619	80	8%	74
Investment Solutions	329	-%	329	143	(2%)	146
AF Insurance	12	71%	7	2	>100%	-
Total	983	3%	955	225	2%	220

Institutional revenue by type



122 new client wins

muted by low-growth environment and worsening of the AF Life Group Risk underwriting result

Total active member

records decreased by 4% due to termination of single client (43 516 members)

Umbrella fund membership

grew by 5%

Participating employers

grew by 10%

AF Life API

increased by 11% (R406m) although underwriting profits decreased by 14%

Umbrella fund AuM

increased by 11% to R66.8bn, where AuM market growth was 2%

Client retention

remains high at 98.8%

Successful launch of **In-fund Solutions** in the Umbrella Fund

Total AuA and AuM

remained flat at R282bn

Average AuM

grew **4.3%** year on year to R232bn

Gross new business

wins of **R4.8bn**
(R1.1bn ahead of Sep 2015)

Rationalise the SFLX

license and released **R43m** in value

Global investing review

and continued exploring for synergies within the Mercer partnership

Continued consolidating

the AFAC and R&PD teams as part of Investment Clustering

67% of assets

performed ahead of benchmarks (weighted average by assets)

Investment performance

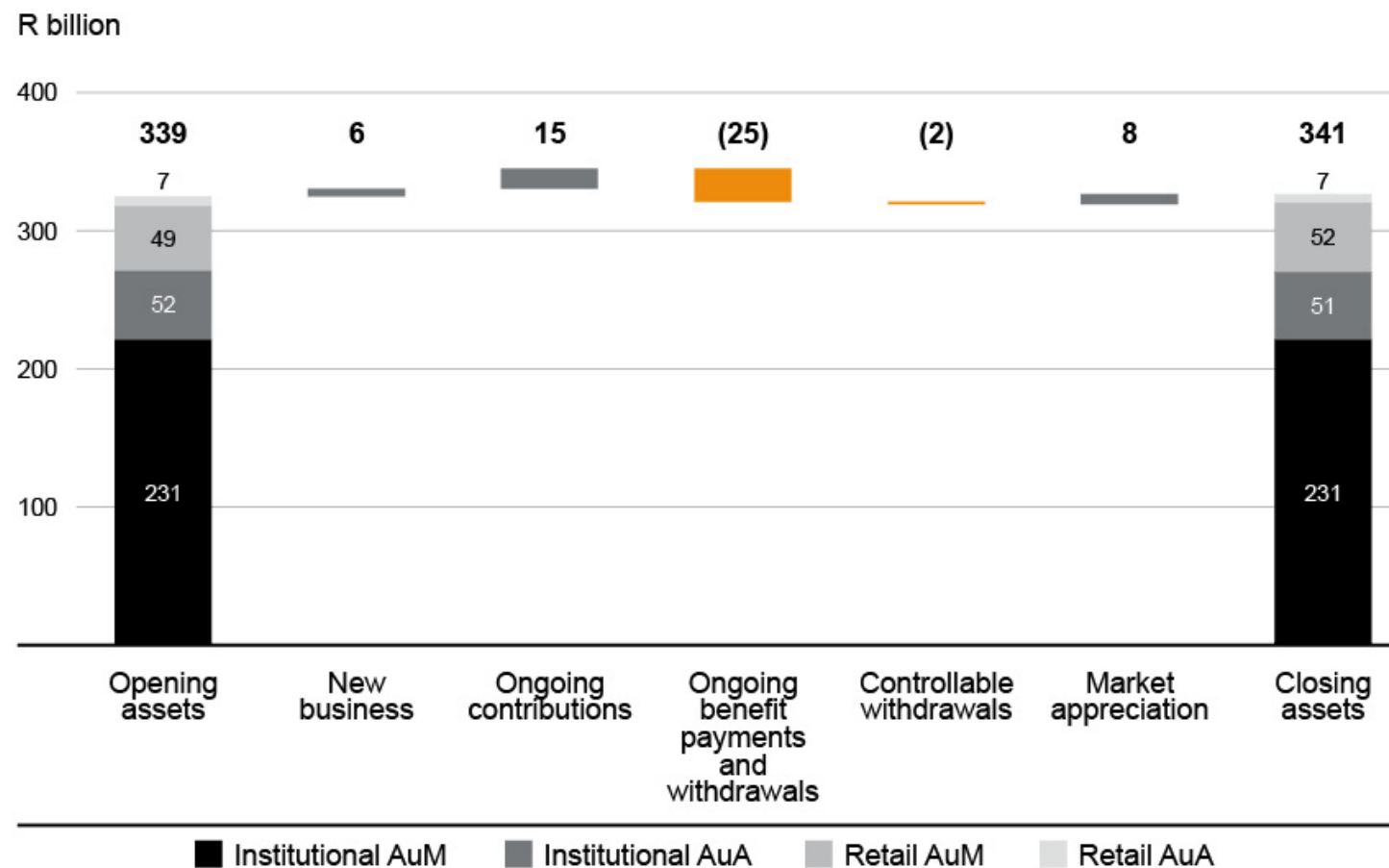
Performer: 10.2% vs benchmark **8.5%** (**27%** of AuA/AuM) (**R92 bn**)

Pure Equity: 8.0% vs benchmark **9.0%** (**8%** of AuA/AuM) (**R28 bn**)

Banker: 8.7% vs benchmark **6.5%** (**5%** AuA/AuM) (**R18 bn**)

Pure Fixed Interest: 9.3% vs benchmark **7.6%** (**1%** AuA/AuM) (**R4.5 bn**)

Institutional and Retail

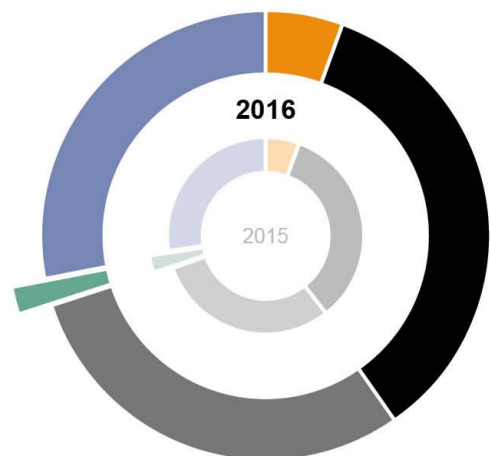


- Good new business inflows of R6 billion across Institutional and Retail clients
- Uncontrollable net cash flows (ongoing contribution less ongoing benefit payments and withdrawals) amount to R10 billion
- Market appreciation of 2.4% with significant volatility

RETAIL CLIENTS | Building retail momentum

Retail Clients	Operating income (Rm)			Operating profit (Rm)		
	Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
Financial Services	328	7%	306	125	16%	108
Investment Solutions	79	7%	74	40	21%	33
AF Insurance	223	3%	216	59	-	59
Total	630	6%	596	224	12%	200

Revenue by type



- Consulting and advice fees
- Administration fees
- Commission
- Insurance-based
- Asset-based revenue

Six months ended 30 September	
2016	2015
6%	6%
36%	36%
31%	32%
(2%)	(3%)
29%	29%

RETAIL CLIENTS | Key business highlights

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Assets under advice grew 2% to R63.5bn and **assets under administration** grew 1% to R52.7bn

Investment Solutions retail assets under management increased 5% to R59.1bn

Decrease in % of **assets preserved** on exit and retirement to 45% but increase in **capture rate** to 35%

Short-term insurance GWP grew by 11% (industry growth: 7%) although the loss ratio increased to 74%

AF Life retail policyholders increased by 35%

Long-term insurance GWP grew 21% although profit was muted because of continued investment

Best broker in SA by the super rich (New World Wealth)

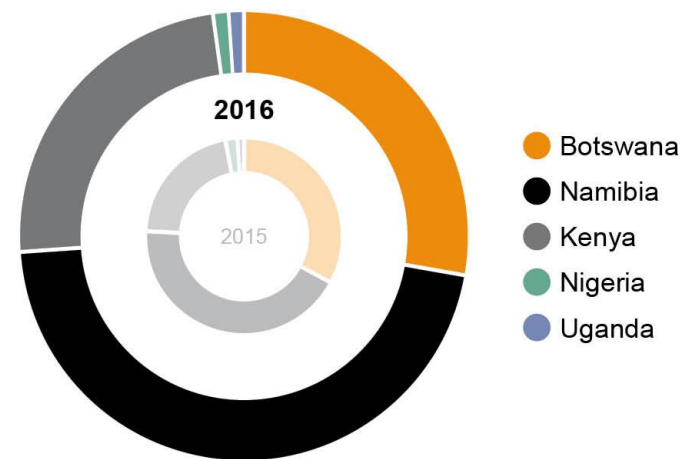
AF Insurance rated 2nd best for service by the short-term ombudsman

EMERGING MARKETS | Optimising footprint for growth

Operating income (Rm)			Operating profit (Rm)		
Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
165	2%	161	26	(19%)	32

- Retail growth continuing with a 39% increase in Retail clients for the comparable period.
- The insurance lines are demonstrating resilience with an increase of 21% in policies sold.
- Margin declined to **16%** (2015: 19%) from the loss of a major client BPOPF in Botswana and an increase in claims ratio in AFI Namibia.
- March 2016 year-on-year growth is:
 - **13%** increase in AuM to **R3.6bn** in a tough environment
 - **8%** increase in members under administration (normalised for loss of BPOPF)
 - **21%** growth in AFI policies in Namibia

Operating income



Six months ended 30 September	
2016	2015
28%	33%
46%	43%
24%	21%
1%	2%
1%	1%

Assets under management at Investment Solutions Namibia grew by **13%** to R3.6bn

Retail clients grew by **39%** to total 7 779
Revenue from retail operations comprises 15% of total revenue

Number of short-term insurance policyholders grew by **21%** to over 16 700 policies

41 new business wins (corporate clients) with an annualised revenue of R4m

Short-term insurance GWP grew **10%** in an industry of increased competition.

Revenue grew **3%**, but on a **normalised** basis (excl Botswana) **grew 11%**. Tough economic conditions impacted by drought, lower car sales, higher claims ratio and low GDP. growth

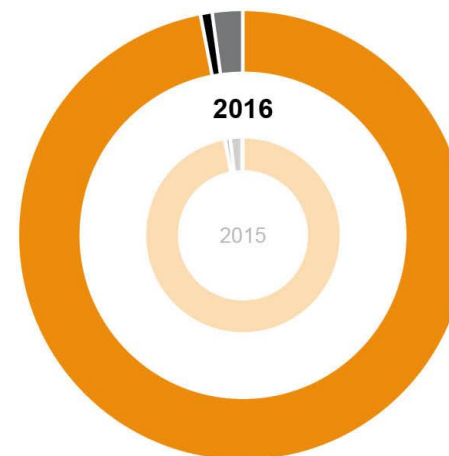
No of members under admin reduced because of client loss in Botswana – **now total over 257 000**

INTERNATIONAL | Continued robust delivery

Operating income (m)			Operating profit (m)		
Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
46	5%	44	6.6	3%	6.4
917	8%	851	131	3%	127

- Continuing new business success and financial discipline resulting in good growth in operating income in GBP
- Comprises mainly LCP consulting and actuarial business (60% partnership stake). Based mainly in London, with smaller businesses in Ireland, Netherlands and Channel Islands
- The average exchange rate for the periods under review remained largely unchanged and had a minimal effect on the operating profit.

Operating income



- UK and Ireland
- Netherlands
- Channel Islands

Six months ended
30 September

2016	2015
97%	97%
1%	1%
2%	2%

ZAR/GBP exchange rates

	Sep 2016	%	Sep 2015
Average	19.8	2%	19.5
Closing	17.9	(15%)	21.1

FACTORS POSITIVELY AFFECTING RESULTS

1. Encouraging new business flows across the group:
 - R4.8bn - Investment Solutions (Institutional)
 - R3.5bn – Wealth management
 - 17,000 new members in Ops and Admin
 - AFI gross written premium up 11% to R806 million
2. Re-establishing positive operating leverage in South African operations (increasing trading margin from 27.0% to 27.8%) through disciplined cost containment. Cost increases of:
 - Institutional 3%
 - Retail 3%
 - South African operations 3%
3. Development and execution across new value proposition continues:
 - In-fund Solutions
 - Financial well-being
 - Benefit fund administration

FACTORS NEGATIVELY AFFECTING RESULTS

1. Complex and challenging economic environment
2. Margins remain under pressure although aggressively managing impact
3. Loss of clients in Emerging Markets and Institutional Financial Services (previously signaled)
4. Claims experience in short and long-term businesses



STRATEGY AND OUTLOOK

ALEXANDER FORBES AT A GLANCE



Focus

Life insurance, pensions, consulting & asset management for **1.2 million customers** across **10 countries**



History

Our roots date back to 1931.
Proud and rich legacy



Employees

4 045 employees
(30 September 2016)



Earnings

Normalised profit for the period
R464 million
(2016 YTD)



AuA

Assets under Administration are
R462 billion
(30 September 2016)



Paid out

in claims and benefits:
R785 million in claims
R24.1 billion in benefit payments
(2016 YTD)

5 PILLAR STRATEGY | Building a Pan-African Financial Services Leader

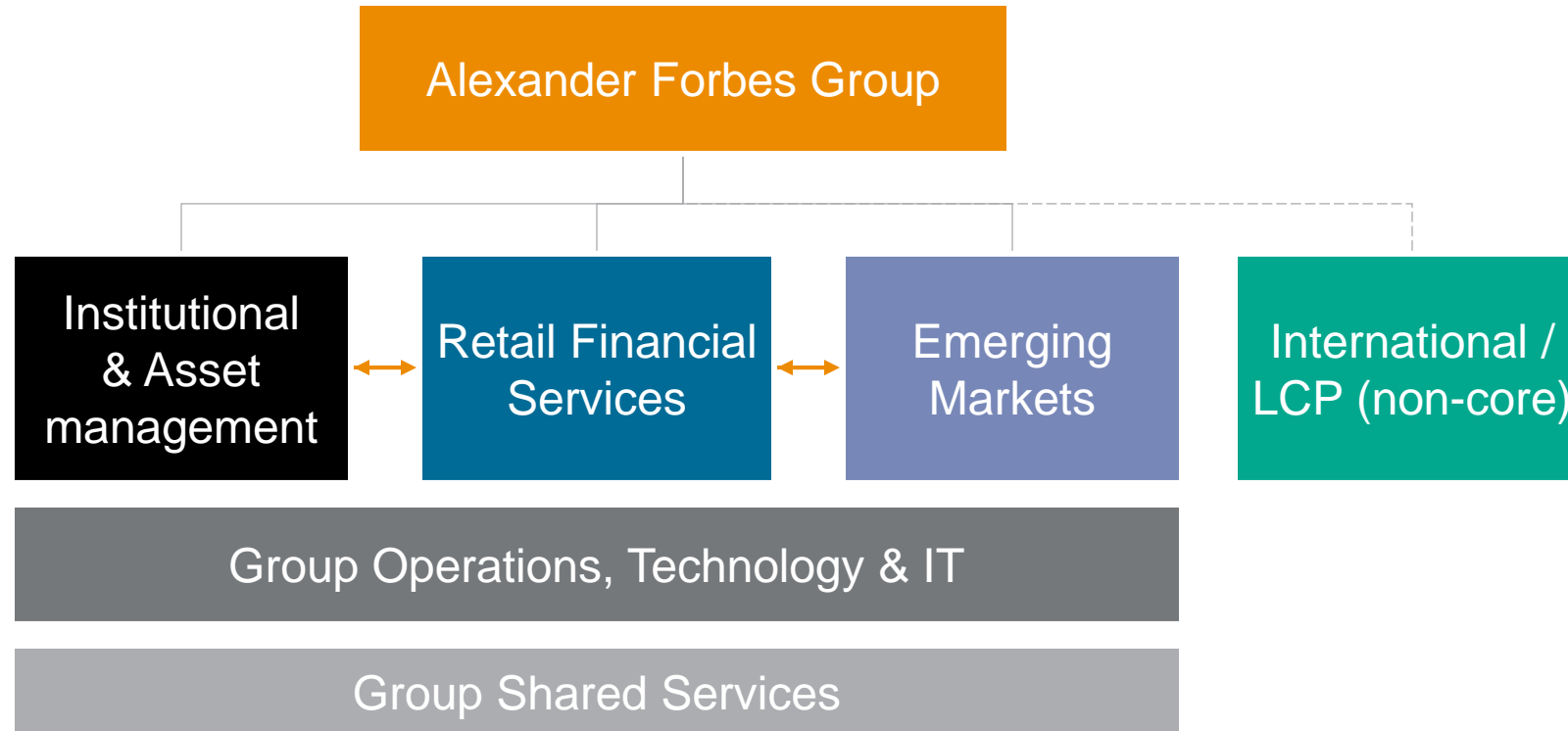
A strategy focused on **BUILDING** a **GLOBALLY DISTINCTIVE PAN-AFRICAN** financial services **LEADER** across five core pillars

“Securing our clients’ financial well-being by providing peace of mind”



STRUCTURE | Create a simpler, more focused organisational structure

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Revised Group Structure

- **Three core** verticals supporting a “vertically integrated” customer proposition with increased collaboration
- **Two core** group functions to promote better efficiency, standardisation and cost optimisation
- **Non-core** International/LCP unit – managing for value

CLEARER GROUP VALUE PROPOSITION

Helping our clients achieve a lifetime of financial well-being and security

From employer relationship...

...through guidance and advice...

...to trusted provider of retail solutions ...

WORKING LIFE

Situation

Developing career and starting a family

Primary Relationships

Pension administration, consulting and protection

AF's focus

Grow scale in administration and selectively offer retirement, consulting and protection solutions

WEALTH ACCUMULATION

Situation

Increasingly focusing on accumulation and retirement

Primary Relationships

Wealth and asset management advice

AF's focus

Increase customer engagement and provide leading capability and solutions

AT AND AFTER RETIREMENT

Situation

Retirees looking for income and wealth transfer

Primary Relationships

Advice

AF's focus

Offer holistic advice and solutions to manage, transfer and preserve wealth

WE HAVE SIGNIFICANT OPPORTUNITIES TO IMPROVE

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STRENGTHS

- Very diverse and balanced portfolio of businesses including market leaders
- Powerful and well recognised brand
- Highly cash generative
- Strong capital base
- Strong employee skills

OPPORTUNITIES

- Reduce group expense base
- Simplify group structure
- Improve accountability throughout the organization
- Bring more focus to the business – client oriented outcomes
- Better positioned retail presence
- Growth in emerging markets

STRATEGIC PRIORITIES MOVING FORWARD | Disciplined execution of strategy

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Focus on the customer with a clear brand strategy and customer value proposition



Grow Retail and Emerging Market business lines, leveraging Institutional platform, plus open market



Address margin compression across Institutional clients business lines



Modernisation to a common IT platform across the Group, including increasing digital capabilities



Execute expense savings and operational efficiency programmes



Maintain solid capital position, and strong cash generation while returning capital to shareholders

ADDRESSING KEY INVESTOR CONCERNS

1

**Addressing
margin
compression in
Institutional**

2

Expense levels

3

**Generating
top-line growth
across the Group**

Managing in a “new normal” environment with expectation of sustained low economic growth, tough market conditions and increased customer choice, creating sustained pressure on margins

	FOCUS AREAS
FINANCIAL SERVICES	1 Enhance value proposition to improve client retention and “stickiness”
	2 Execute on identified revenue-enhancing initiatives
	3 Ongoing cost discipline, while investing for growth
	4 IT modernisation to drive structural process efficiency
	5 Completion of assessment toward outsourcing of non-value add functions

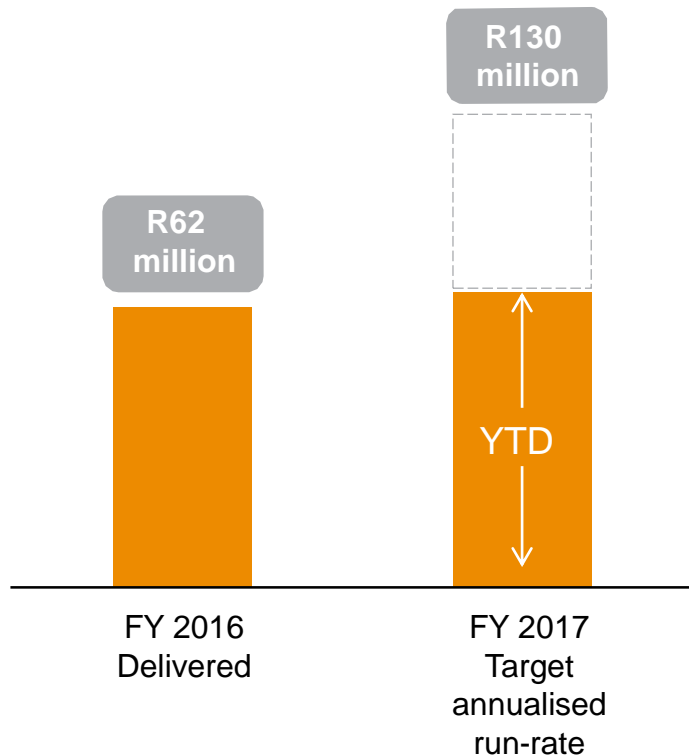
	FOCUS AREAS
INVESTMENT SOLUTIONS	1 Improve investment performance to ensure asset stickiness
	2 Greater focus on driving higher margin retail flows
	3 Develop full range of alternative investments to diversify earnings profile
	4 Ongoing cost discipline in response to weaker revenue outlook
	5 Derive greater value from partnership with Mercer

2. EXPENSE LEVELS | Actions being taken to deliver expense efficiencies

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Expense savings vs target

(in R million)



Group-wide initiatives:

- Operating expense saving initiatives
 - Reducing consulting related costs
 - Improving procurement across organization
 - De-layering organisational structures
- Efficiency expense initiatives
 - Simplifying products
 - Reducing complexity and streamlining processes
 - Aligning reporting structure within business units
- Structural expense saving initiatives
 - Rationalise location strategy
 - Continuing to reduce number of legacy systems
 - Exploring outsourcing of non-core back-office functions

Expense savings are calculated on targeted cost account lines referenced from the prior year, including CPI increases

3. DRIVING TOP LINE GROWTH | Institutional Clients

	GROWTH AREA	STRATEGIC PRIORITIES
FINANCIAL SERVICES	1. Increased revenue focus through innovation and retention	<ul style="list-style-type: none"> ▪ Enhancing client value through end-to-end umbrella pricing strategies and in-fund solutions
	2. External distribution channels and new markets	<ul style="list-style-type: none"> ▪ Growing IFA support for AF Access and AF Life ▪ Solutions for SMEs (umbrella and Group RAs) ▪ Beneficiary Fund Administration Services ▪ Delivering on an integrated public sector strategy
	3. Operational efficiency	<ul style="list-style-type: none"> ▪ Operational efficiency gains in operations and administration
	4. Employees	<ul style="list-style-type: none"> ▪ Relentless drive to attract and retain talented employees ▪ Enhance employee engagement
INVESTMENT SOLUTIONS	1. Solutions for large clients and non-retirement funds	<ul style="list-style-type: none"> ▪ Rebuild and reposition advisory business
	2. Lower cost investment options	<ul style="list-style-type: none"> ▪ Buying smarter and product development
	3. Global investment solutions	<ul style="list-style-type: none"> ▪ Derive greater value from partnership with Mercer ▪ Better use of life and unit trust licenses
	4. Alternative investments	<ul style="list-style-type: none"> ▪ Develop full range of alternative investments ▪ Capitalise on changes in hedge fund legislation

3. DRIVING TOP LINE GROWTH | Retail Clients

	GROWTH AREA	STRATEGIC PRIORITIES
RETAIL FINANCIAL SERVICES	1. Focus on financial well-being of existing institutional member base	<ul style="list-style-type: none">▪ Re-design financial well-being solution and associated infrastructure to be scalable▪ Roll-out of “financial well-being days” across key clients▪ Build an integrated distribution channel to provide holistic financial advice
	2. Enhancing customer value proposition and product development	<ul style="list-style-type: none">▪ Strengthened value proposition with launch of new solutions across AF Life, Wealth & Investments▪ Investment in digital capabilities to improve customer experience
	3. Open market customer acquisition	<ul style="list-style-type: none">▪ Launch of marketing campaigns to build Retail Financial Services brand recognition

3. DRIVING TOP LINE GROWTH | Emerging Markets

	GROWTH AREA	STRATEGIC PRIORITIES
EMERGING MARKETS	1. Growth of institutional clients	<ul style="list-style-type: none">Continuation of “switching strategy” to drive growth
	2. Growing retail clients	<ul style="list-style-type: none">Accelerate standalone to umbrella conversion across the platform
	3. Explore joint ventures and inorganic growth opportunities	<ul style="list-style-type: none">Leverage Mercer global relationship to deliver and win new client opportunities in select growth markets

PROGRESS ON GROUP FINANCIAL PLANNING FRAMEWORK

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Capital return, cash generation and expense savings on track

NEW COMMITMENT	2020 AMBITION	HALF-YEAR 2017 RESULTS
Sales growth	CAGR of 8-10%	>5%
Reduce operating expenses	R250 – 300 million	R75 million
RoE (normalised earnings on IFRS equity)	+ 15%	14%
Dividend cover ratio	1.5 times	1.5 times



Focus on the customer with a clear brand strategy and customer value proposition



Grow Retail and Emerging Market business lines, leveraging Institutional platform, plus open market



Address margin compression across Institutional & Asset Management business lines



Execute expense savings programmes



Maintain solid capital position and strong cash generation while returning capital to shareholders

KEY GROUP MESSAGES | Well positioned to deliver profitable growth through the cycle

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GROUP INVESTMENT CASE

- Market leader in retirements/employee benefits and multi-manager institutional businesses
- Significant upside potential from broadening retail presence
- Predictable, recurring revenue stream (superior platform to leverage)
- High cash generation
- Capital “lite” balance sheet
- Strong dividend yield

PRIORITIES GOING FORWARD

- Broaden relationships with customers throughout their financial lifecycles, including digital
- Shift from group holding company to integrated operating company to deliver operational efficiencies
- Expand in retail, asset management and administration through guidance & advice
- Optimise cost and expense base
- Achieve a return on equity in excess of 15%
- Increase capital return to shareholders through growing dividends

ANALYST AND INVESTOR CONFERENCE | To be hosted in H1 2018

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- Please mark in your calendar
- Invitation to follow soon



Interim results presentation for the six months ended 30 September 2016

ANNEXURE I

Long-term trend analysis – Key Performance Indicators

LONG TERM TREND ANALYSIS | KPIs – INSTITUTIONAL CLIENTS

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	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
Operating income (Rm) *	1 485	1 623	1 804	1 961	1 948	983
Institutional Financial Services						
Number of Umbrella corporate clients	792	848	1 031	1 144	1 320	1 361
Umbrella Fund Assets under Management (Rbn)	34.7	45.6	57.2	60.1	65.3	66.8
Number of standalone retirement funds	338	343	331	328	316	319
Standalone retirement funds AuA (Rbn)	219	230	275	315	347	348
Number of active member records ('000)	855	902	997	1 018	1 029	993
Number of healthcare corporate clients	482	484	513	523	541	550
Life Insurance GWP (Rm)	407	394	417	320	397	406

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

Interim results presentation for the six months ended 30 September 2016

LONG TERM TREND ANALYSIS | KPIs - INSTITUTIONAL CLIENTS (Continued)

41

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
Institutional Investment Solutions						
Investment Solutions Assets under Administration and Management (Rbn) *	161	200	240	273	282	282
Blended net margin (bps)	30.3	29.2	27.5	26.5	23.2	23.0
Number of clients	2 078	2 014	2 108	2 147	2 168	2 123
Net client cash flows	0.3	10.9	11.9	5.7	(3.6)	(6.1)

* AuM has been adjusted for reallocations of product lines between clusters in prior years for comparability

LONG TERM TREND ANALYSIS | KPIs - INSTITUTIONAL CLIENTS (Continued)

42

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
Public Sector						
Revenue	136	151	184	207	217	109
Public sector tender participation	<20%	53%	74%	90%	92%	91%
Public sector new clients	-	15	42	38	31	16
Business Insurance						
Number of policies	-	540	1 072	1 322	1 664	1 749
Gross written premium	-	7	26	43	67	44
Claims ratio	-	92%	75%	68%	62%	86%
Risk Retention	-	10%	10%	10%	10%	10%

LONG TERM TREND ANALYSIS | KPIs - RETAIL CLIENTS

43

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
Operating income (Rm) *	764	856	963	1 103	1 196	630
Retail Financial Services						
Number of FPC clients ('000)	36.0	38.4	41.0	42.8	46.3	46.9
Assets under advice FPC (Rbn)	32.7	40.3	48.5	56.9	62.2	63.5
Assets under administration AFICA (Rbn) *	26.6	32.5	37.9	48.5	52.2	52.7
GWP long term (Rm)	13.6	15.2	16.8	18.8	21.8	12.7
Investment solutions						
Assets under Management *	32	38	45	47	49	52

* Numbers presented for prior year reporting years have been restated for reallocations of product lines between clusters made in the current year to ensure comparability

LONG TERM TREND ANALYSIS | KPIs - RETAIL CLIENTS (Continued)

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
AF Insurance						
<i>Motor & household</i>						
Gross written premium (Rm)	896	1 028	1 165	1 264	1 399	744
Active policies	69 000	73 074	75 197	76 812	79 395	82 933
Claims ratio	73%	78%	81%	71%	76%	74%
Risk retention	12.5%	15%	25%	25%	25%	25%
<i>Accident & Health</i>						
Gross written premium (Rm)	31	31	33	33	36	17
Claims ratio	29%	33%	30%	19%	16%	19%
Risk retention	100%	100%	100%	100%	100%	100%

LONG TERM TREND ANALYSIS | KPIs - EMERGING MARKETS

45

	Revenue Rm (comparative 30 September 2015)	Trading profit *	Headcount	Ownership
Namibia	74 (68)	20 (17)	159 (148)	75% (75%)
Botswana	46 (53)	11 (22)	95 (113)	67% (67%)
Kenya	40 (34)	11 (10)	88 (85)	40% (60%)
Nigeria	2 (3)	(2) (-)	13 (12)	100% (100%)
Uganda	2 (2)	(2) (-1)	9 (11)	51% (51%)

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
Number of members under administration	257 253	322 128	351 796	381 592	385 679	257 879
Number of policies AFI Namibia	5 886	7 474	9 149	11 594	15 602	16 733
IS Namibia AuM (Rbn)	1.8	2.3	2.6	3.3	3.5	3.6

* Before corporate cost allocations

ANNEXURE II

Additional Financial Information

INCOME STATEMENT | Operating profit

47

Rm	Sep 2016	%	Sep 2015
Fee and commission income	2 933	5%	2 792
Net income from insurance operations	283	10%	258
Direct expenses attributable to fee and commission income	(521)	7%	(487)
Operating income net of direct expenses	2 695	5%	2 563
Operating expenses	(2 121)	5%	(2 011)
Profit from continuing operations before non trading and capital items	574	4%	552
<i>Trading margin</i>	21.3%	(1%)	21.5%

INCOME STATEMENT | Profit from operations

Rm	Sep 2016	%	Sep 2015
Operating income net of direct expenses	2 695	5%	2 563
Operating expenses	(2 121)	5%	(2 011)
Operating profit before non-trading and capital items	574	4%	552
Non-trading and capital items	(62)	(17%)	(75)
Operating profit	512	7%	477
Net investment income	37	517%	6
<i>Policyholder investment income</i>	20	(41%)	34
Reported profit arising from accounting for policyholder investments as treasury shares	2	(95%)	44
Share of profits of associates	3	50%	2
Profit before taxation	574	2%	563
Taxation – corporate	(138)	7%	(128)
<i>Policyholder taxation</i>	(20)	(41%)	(34)
Profit from continuing operations	416	4%	401
Discontinued operations	-	-%	3
Profit for the year	416	3%	404

INCOME STATEMENT | Items to consider when analysing results

49

Rm	Sep 2016	%	Sep 2015
Reported profit from continuing operations	416	4%	401
ONCE OFF ITEMS AND ITEMS DISTORTING COMPARABILITY			
Listing transaction costs / capital restructure costs as disclosed in PLS	-		-
Results of cell captive insurance entity	(6)	(186%)	7
ACCOUNTING ADJUSTMENTS			
Accounting for long-term lease contracts – under IFRS	15	-	15
Amortisation of intangible assets arising from business combination in terms of IFRS	61	(3%)	63
Tax payable on policyholder investment returns recorded in interest income under IFRS	(20)	(41%)	(34)
Reported profit arising from accounting for policyholder investments as treasury shares under IFRS	(2)	(95%)	(44)
RESULTING TAX ADJUSTMENTS			
Policyholder tax treatment	20	(41%)	34
Tax effect of the above adjustments	(20)	(13%)	(23)
Normalised profit from continuing operations	464	11%	419

INCOME STATEMENT | Normalised (showing adjustments)

50

Rm	IFRS Sep 2016	Adj.	Normal Sep 2015
Operating income net of direct expenses	2 695	-	2 695
Operating expenses	(2 121)	15	(2 106)
Operating profit before non-trading and capital items	574	15	589
Non-trading and capital items	(62)	55	(7)
Operating profit	512	70	582
Net investment income	37	-	37
<i>Policyholder investment income</i>	20	(20)	-
Reported profit arising from accounting for policyholder investments as treasury shares	2	(2)	-
Share of profits of associates	3	-	3
Profit before taxation	574	48	622
Taxation – corporate	(138)	(20)	(158)
<i>Policyholder taxation</i>	(20)	20	-
Profit from continuing operations	416	48	464
Discontinued operations	-	-	-
Profit for the period	416	48	464

INCOME STATEMENT | Operating expenses

51

Rm	Sep 2016	%	Sep 2015
Africa expenses:			
Employee costs	824	-	822
Premises (excluding IFRS adj.)	122	9%	112
IT costs	124	16%	107
Professional fees	54	17%	46
Insurance costs	35	-	35
Sub total	1 159	3%	1 122
% of total Africa costs	89%		89%
Other costs	144	4%	138
Total Africa operating expenses	1 303	3%	1 260
International expenses	786	9%	724
Accounting for share scheme costs	17	42%	12
Accounting for IFRS lease adjustment	15	-	15
Total operating expenses	2 121	5%	2 011

INCOME STATEMENT | Non-trading and capital items

52

Rm	Sep 2016	%	Sep 2015
Profit from operations before non-trading items	574	4%	552
Professional indemnity insurance cell captive results	6	(175%)	(8)
Amortisation of intangible assets arising from business combination	(61)	(3%)	(63)
Costs relating to BEE share scheme	-	-	(4)
Other non-trading items	(7)	>100%	-
Total non-trading and capital items	(62)	(17%)	(75)
Operating profit	512	7%	477

HEADLINE EARNINGS

Rm	Sep 2016	%	Sep 2015
Profit for the year	416	3%	404
Attributable to:			
Non controlling interests	(67)	-	(67)
Profit for the year attributable to ordinary shareholders	349	4%	337
Less headline adjusting items:			
Add back capital gains included	(4)	33%	(3)
Headline earnings	345	3%	334

EARNINGS PER SHARE

	Sep 2016	%	Sep 2015
Weighted average number of shares in issue (m)	1 279	-	1 282
Headline earnings per share (cents)	27.0	4%	26.0
Basic earnings per share (cents)	27.3	4%	26.3
Normalised earnings per share (cents)	31.0	12%	27.7
Actual shares in issue (not weighted average)	1 341 426 953	-	1 341 426 953
Policyholder shares in IS treated as treasury shares	(19 683 277)	7%	(18 472 951)
Treasury shares due to consolidation of staff scheme	(42 423 433)	-	(42 423 433)
Shares in terms of IFRS	1 279 320 243	-	1 280 530 569

CASH FLOW

Rm	Sep 2016	%	Sep 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from normal operations	626	22%	513
Non-trading cash flows	(7)	> 100%	-
Cash flow from operations per cash flow statement	619	21%	513
Net finance costs (excluding policyholder income)	39	> 100%	3
Taxation payments (excluding policyholder taxes and discontinued operations)*	(222)	15%	(193)
Dividends paid	(289)	85%	(156)
Cash flows from discontinued operations	14	(22%)	18
Cash flows from operations excluding policyholder cash flows	161	(13%)	185
Movement in insurance and policyholder working capital balances	(415)	(277%)	235
Taxation payments – policyholder tax*	(20)	(41%)	(34)
Cash flows from policyholder investment and insurance contracts	2 482	(56%)	5 620
Cash flows from operating activities	2 208	(63%)	6 006
Cash flows from investing activities	(1)	(99%)	(74)
Cash flows from financing activities	(22)	(96%)	(501)
Net cash flows	2 185	(60%)	5 431

* Taxation payments are combined on the group statement of cash flows

CASH POSITION

Rm	Sep 2016	Mar 2016
Cash and cash equivalents per statement of financial position	4 466	4 877
Cash held on behalf of policyholders	(1 686)	(2 214)
Cash held for regulatory capital, liquidity and solvency requirements by regulated entities	(997)	(809)
Cash held in cell captive insurance facilities	(375)	(405)
Cash held in restricted entities	(267)	(409)
Available cash	1 141	1 040
Net current liabilities	(476)	(487)
Available cash resources	665	553

The available cash resources should be seen in the context of the proposed new regulatory capital requirements which becomes effective 1 July 2017. The group is required to report on the consolidated position based on current capital requirements, which reflects a theoretical surplus of R551 million (after taking into account the R665 million) at 30 September 2016.

BALANCE SHEET | Excluding policyholder balances

57

Rm	Sep 2016 (Actual)	Adj. linked investment policyholders.	Adj. insurance related balances.	Sep 2016 (Corporate)
Assets under management	279 051	(279 051)		-
Property, equipment and computer software	467			467
Goodwill & intangible assets	4 508			4 508
Financial assets and associates	501	(126)		375
Deferred tax asset	156			156
Insurance receivables	1 067		(1 067)	-
Trade and other receivables	962			962
Cash & cash equivalents	4 466	(63)	(1 686)	2 717
Total assets	291 178	(279 240)	(2 753)	9 185
Liabilities under management	(279 174)	279 174		-
Borrowings	(807)			(807)
Employee benefits	(174)			(174)
Deferred tax liabilities	(287)	117		(170)
Finance & operating lease liabilities	(338)			(338)
Provisions and deferred income	(371)			(371)
Insurance payables	(2 753)		2 753	-
Trade and other payables	(1 316)	264		(1 052)
Total liabilities	(285 220)	279 555	2 753	(2 912)
Total equity	5 958	315	-	6 273

RETURN ON EQUITY

Rm	12 months to Sep 2016 Normalised	12 months to Mar 2016 Normalised
Average equity (excluding policyholder treasury shares)*	6 120	5 904
Average tangible net asset value (excluding intangible assets and the related deferred tax)	1 603	1 391
Profit for the period from continuing operations	996	950
- Less attributable to non controlling interest	(142)	(145)
Profit from continuing operations attributable to ordinary shareholders	854	805
LTM return on equity	14.0%	13.6%
LTM return on tangible net asset value	53.3%	57.9%

* The 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

EBITDA

Rm	Actual Sep 2016	Normalised Sep 2016	%	Normalised Sep 2015
Profit before tax	574	622	8%	563
Add back depreciation and amortisation	91 *	30	20%	51
Add interest cost of long-term borrowing	35	35	(5%)	33
EBITDA (incl. interest received on capital)	700	687	6%	647

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

SEGMENTAL | Statutory entity segmental view

60

Rm	Operating income (Rm)			Operating profit (Rm)		
	Sep 2016	%	Sep 2015	Sep 2016	%	Sep 2015
SA Financial Services	984	5%	940	205	13%	178
Investment Solutions	394	2%	388	183	(1%)	184
AF Insurance	235	5%	223	61	3%	59
AfriNet	165	2%	161	26	(19%)	31
Total Africa	1 778	4%	1 712	475	5%	452
International – GBPm	46.4	5%	43.5	6.6	3%	6.4
International – ZARm	917	8%	851	131	4%	127
Total Continuing operations	2 695	5%	2 563	606	5%	579
- IFRS Lease adjustment	-	-	-	(15)	-	(15)
- Share scheme cost	-	-	-	(17)	42%	(12)
Total Group	2 695	5%	2 563	574	4%	552

OVERVIEW | Operating environment

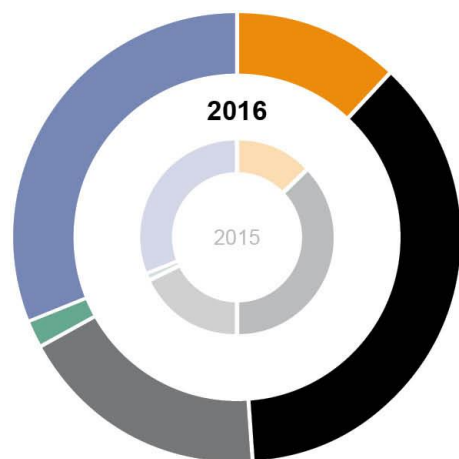
61

The group is highly dependent on the macro economic drivers, particularly in the Institutional Clients segment of the group

MEASURE		STATISTIC	
SA Inflation	CPI % change y/y	+ 6.1%	September 2016
SA Economic expansion	GDP % change h/h	+ 0.5%	2016 H1 (StatsSA)
SA Earnings	Gross earnings	0.0%	(523.311million Mar '16 , 523.343 million Jun '16)
SA Labour market	Formal private sector employment	- 0.7%	(9.285 million Mar '16, 9.218 million Jun '16)
SA Equity Markets	JSE All Share Index (total return incl. dividends)	+ 0.9%	6 months to September 2016
	JSE Shareholder Weighted Index (SWIX) (total return incl. dividends)	+ 1.6%	6 months to September 2016
SA Bonds	BESA All Bond Index (ALBI)	+ 8.0%	6 months to September 2016
SA Cash	Short Term Fixed Interest Composite Index (STeFI)	+ 3.7%	6 months to September 2016
Global Equity	MSCI AC World (ZAR)	- 0.5%	6 months to September 2016
Exchange rate	GBP / ZAR	- 1.0%	19.6 Sep '15 to 19.8 Sep '16 (internal weighted average)
UK Inflation	CPI % change y/y	+ 1.0%	September 2016
UK Economic expansion	GDP % change y/y	+ 2.3%	June 2016

- A large proportion of group revenue is either directly asset-based or referenced to assets under management or administration and in these areas subdued equity markets and bond markets have a significant impact on apparent margin.
- Operating income by type as at 30 September 2016 (Retail and Institutional, Africa only):

Operating income by type (Africa only)



- Consulting and advice fees
- Administration fees
- Commission
- Insurance-based
- Asset-based revenue

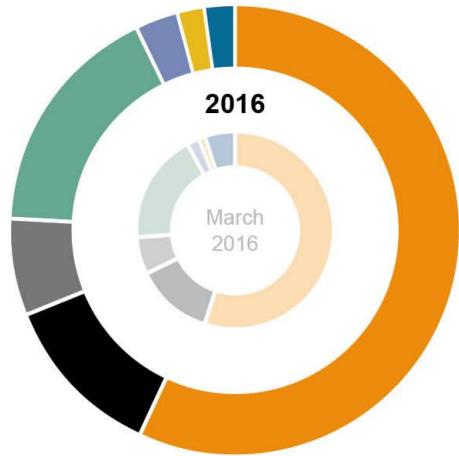
Six months ended 30 September	
2016	2015
12%	13%
37%	37%
18%	18%
2%	1%
31%	31%

31% of our revenue is asset based and exposed to market dynamics.

This component of revenue fluctuates not only with markets but also trends related to asset classes, product mix shifts and default choices.

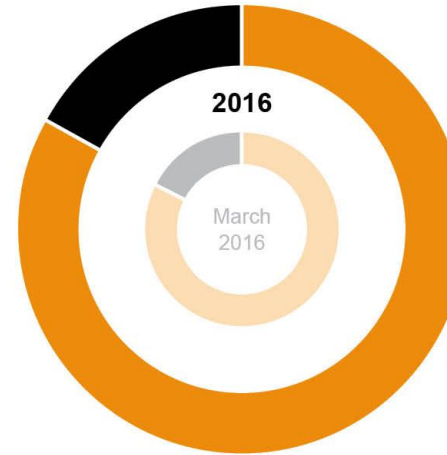
INVESTMENT SOLUTIONS | AuA and AuM

Institutional composition of assets



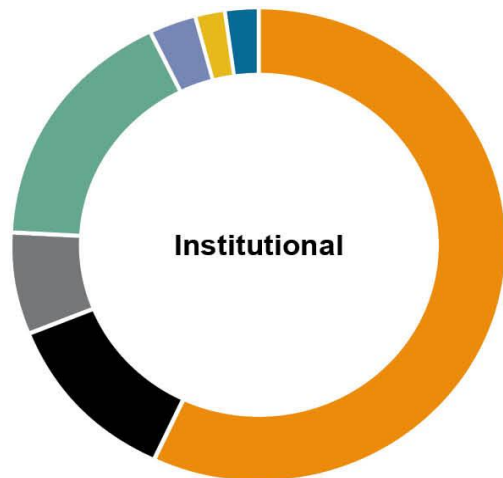
- Local equities
- Local bonds
- Local cash
- International equities
- International bonds
- International cash
- Other

	September 2016	March 2016
Local equities	57%	55%
Local bonds	12%	13%
Local cash	7%	6%
International equities	17%	18%
International bonds	3%	2%
International cash	2%	1%
Other	2%	5%



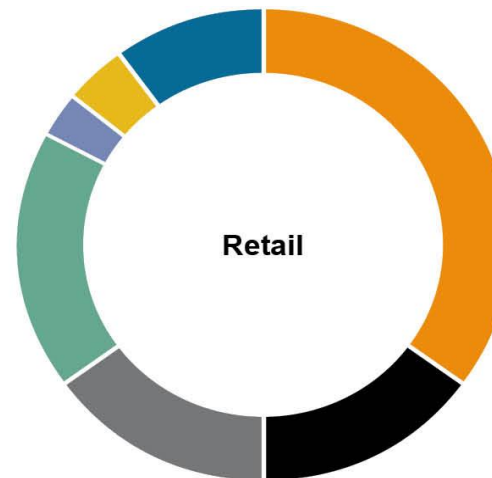
- AuM Management
- AuM Administration

	September 2016	March 2016
AuM Management	83.2%	82.5%
AuM Administration	16.8%	17.5%



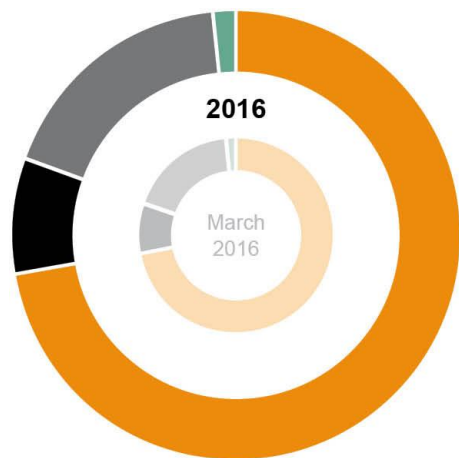
- Local equities
- Local bonds
- Local cash
- International equities
- International bonds
- International cash
- Other

	Institutional	Retail
Local equities	57%	35%
Local bonds	12%	15%
Local cash	7%	15%
International equities	17%	18%
International bonds	3%	3%
International cash	2%	4%
Other	2%	10%



INVESTMENT SOLUTIONS | AuA and AuM

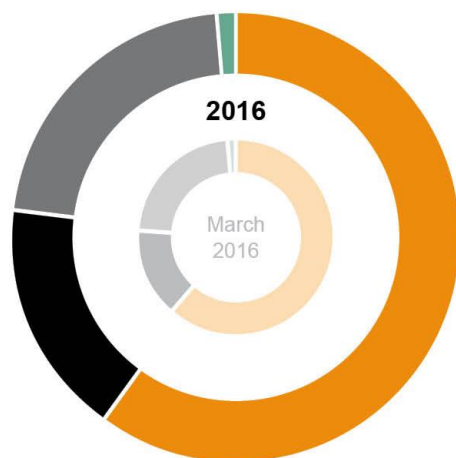
Institutional



- Product
- Platform on balance sheet
- Platform off balance sheet
- Hedge

	September 2016	March 2016
Product	72.4%	72.2%
Platform on balance sheet	8.2%	8.3%
Platform off balance sheet	17.8%	18.0%
Hedge	1.6%	1.5%

Total Investment Solutions



- Institutional
- Retail
- Platform
- Hedge

	September 2016	March 2016
Institutional	60.0%	61.4%
Retail	17.1%	14.9%
Platform	21.6%	22.4%
Hedge	1.3%	1.3%

ANNEXURE III

Regulatory environment

REGULATORY CHANGES | High level summary

EXPECTED CHANGE	UPDATE
<p>Retirement reform – possible tax changes in 2018</p>	<ul style="list-style-type: none"> • 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 • Discretionary retail opportunity where high-earning individuals do cap contributions, although we expect most will contribute to funds
<p>Retirement reform – pre retirement</p> <ul style="list-style-type: none"> • Default investment strategies • Default preservation strategies (promote preservation and portability when members change jobs) 	<ul style="list-style-type: none"> • Second draft of the default regulations paper is still awaited • Commenced rollout of revamped default ranges in 2016, with further evolution • Launched in-fund preservation in umbrella funds • 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
<p>Retirement reform – post retirement</p> <ul style="list-style-type: none"> • Default annuity strategy 	<ul style="list-style-type: none"> • Second draft of the default regulations paper is still awaited • Launched in-fund living annuity solutions to create volume through retention in umbrella funds; retail arrangements to innovate to remain relevant • Retirement benefits counsellor services
<p>Retail Distribution Review</p>	<ul style="list-style-type: none"> • It is aligned to our Retail strategy where we are focusing on growing the number of retail clients by providing appropriate solutions

EXPECTED CHANGE

Tax changes result in:

Harmonised annuitisation regime: It was signed into law that on retirement 1/3 cash and 2/3 must go towards an annuity product. This was due in March 2015, and then postponed to March 2016. In February 2016 National Treasury backtracked under pressure from labour and have postponed the annuitisation requirement for provident fund members to 1 March 2018, subject to consultations being finalised by 1 August 2017.

The outcome may be that pension and provident funds share an annuitisation regime, or that the design changes for provident funds. This will unfold in the consultation process.

IMPACT ON AF

- The uniform tax incentive regime implemented on 1 March 2016 could lead to an overall increase in assets under advice, administration and management to AF as higher than previously allowed deductible contributions to pension, provident and retirement annuity funds came into effect. AF actively and directly involved in discussions with National Treasury and represented by industry body in NEDLAC
- Consolidation of clients (within multicarrier clients and move from standalone to umbrella funds) may be slower than expected as pension to provident fund transfers are still taxable, at least until 2018
- A higher proportion of compulsory saving in respect of provident funds upon retirement could lead to an increase in flows to AF
- Discretionary retail opportunity where high earning individuals do cap contributions, although we expect most will contribute to funds

EXPECTED CHANGE	IMPACT ON AF (AF RESPONDED IN DETAIL TO NATIONAL TREASURY (“NT”))
<p>Default investment strategies for DC benefits – second draft version awaited</p> <p>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 contributions in a different portfolio. Passive (index-tracking) or enhanced passive strategies must be considered for listed investments.</p>	<ul style="list-style-type: none"> • AF pioneered customised DC defaults (LifeStage) many years ago • Commenced rollout 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
<p>Default strategy to promote “preservation and portability” when members change jobs – second draft version awaited</p> <p>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.</p>	<ul style="list-style-type: none"> • AF provides thought leadership and stats on preservation in order to boost preservation • Provided employers/funds with tools to show impact • Implemented “seamless” and umbrella fund in-fund 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.

EXPECTED CHANGE

Default annuity strategy – second draft version awaited

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)
- Launched umbrella fund in-fund living annuity
- 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	IMPACT ON AF
<p>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.</p> <p>The FSB is progressing with the implementation of Phase 1, which will be slightly slower than first expected. The FSB have indicated that an RDR status update will be published before the end of 2016, with consultation on regulatory instruments to start before year end. Phase 2 and 3 detail to be included in update.</p>	<ul style="list-style-type: none">• 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• It is also aligned to our Retail strategy where we are focusing on growing the number of retail clients by providing appropriate solutions• Focused team that is considering the impact of amended proposals
<p>Performance fees: National Treasury has specifically highlighted performance fees as an area for attention in its retirement reform papers</p>	<ul style="list-style-type: none">• Investment Solutions was one of the first local unit trust management companies to remove all performance fees from its unit trust funds