



REFLECTIONS ON FY2016 RESULTS

SEPTEMBER 2016



RMI is an investment holding company
with an investment team of experienced, alternative thinking,
financial services specialists
who actively partner smart and industry-changing management teams
by being a shareholder of influence

OPTIMISE



Dynamically enhance our existing portfolio by actively engaging in strategic dialogue with our management partners

DIVERSIFY



Invest in and build traditional financial services assets



Expand geographic footprint independently and/or through the existing portfolio

MODERNISE



Identify, partner and grow the next generation of financial services businesses

RMI portfolio snapshot



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Reflections on FY2016



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Portfolio company FY2016 results summaries



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RMI portfolio snapshot



|  | |
|--|--|
| % holding | Market cap R64bn, \$4.5bn |
| 84% |  Implied value R40bn |
| 25% |  Market cap R82bn |
| 25% |  Market cap R37bn |
| 76% |  Sale process underway^(a) |
| c. 95% |  |
| 100% |  |
| 25.1% |  |

(a) RMB-SI disposal to Santam announced on 23 August 2016. Sale price not disclosed
 Source: Company reports, Datastream, Reuters
 Market data as at 6 September 2016

RMI: FY2016 results summary



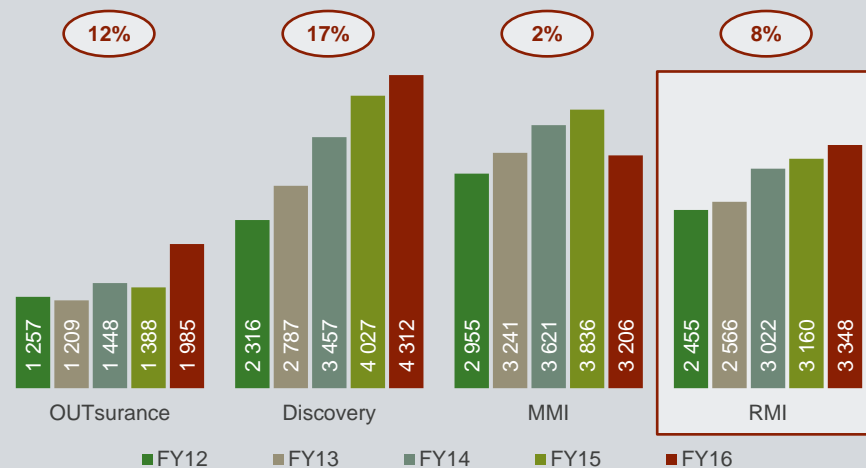
| R'm | Jun-15 | Jun-16 | % chg |
|--|--------------|--------------|-----------|
| Normalised earnings | | | |
| OUTsurance | 1 388 | 1 985 | 43% |
| Discovery | 4 027 | 4 312 | 7% |
| MMI | 3 836 | 3 206 | (16%) |
| RMB-SI (excl. Truffle) | 81 | 8 | (90%) |
| Other ^(a) | 1 | (11) | >(100%) |
| Group normalised earnings | | | |
| OUTsurance | 1 166 | 1 664 | 43% |
| Discovery | 1 012 | 1 079 | 7% |
| MMI | 956 | 805 | (16%) |
| Other ^(a) | 1 | (11) | >(100%) |
| Funding and holding company costs | (38) | (195) | >(100%) |
| Normalised earnings from continuing operations | 3 097 | 3 342 | 8% |
| RMB-SI (excl. Truffle) | 63 | 6 | (90%) |
| Group normalised earnings incl. discontinued operations | 3 160 | 3 348 | 6% |
| Earnings and dividends | | | |
| | cents | cents | |
| Normalised earnings per share from continuing operations | 208.4 | 225.0 | 8% |
| Normalised earnings per share incl. discontinued operations | 212.7 | 225.3 | 6% |
| Headline earnings per share | 219.8 | 198.0 | (10%) |
| Basic earnings per share | 222.0 | 200.9 | (10%) |
| Ordinary dividend per share | 116.0 | 118.0 | 2% |
| Dividend cover based on normalised earnings (x) | 1.8 | 1.9 | - |

(a) 'Other' includes RMI IM, Truffle and Merchant Capital

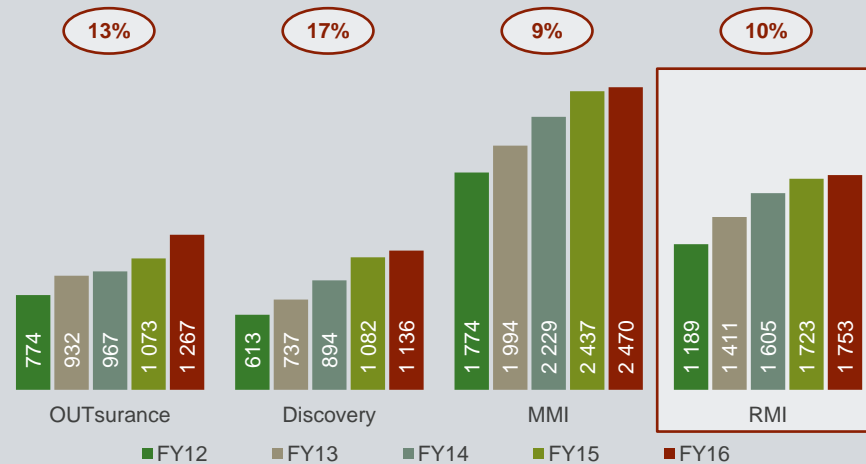
(b) Excludes special dividends

Source: Company reports

EARNINGS HISTORY (R'm)

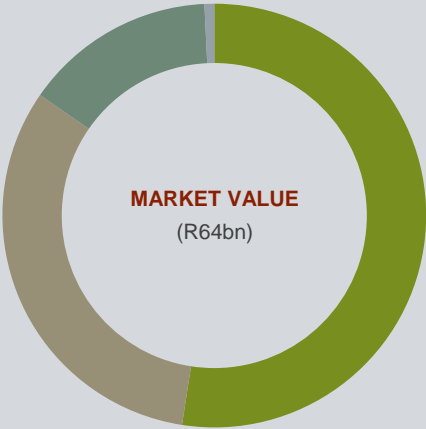


DIVIDENDS HISTORY^(b) (R'm)



○ 4 year CAGR

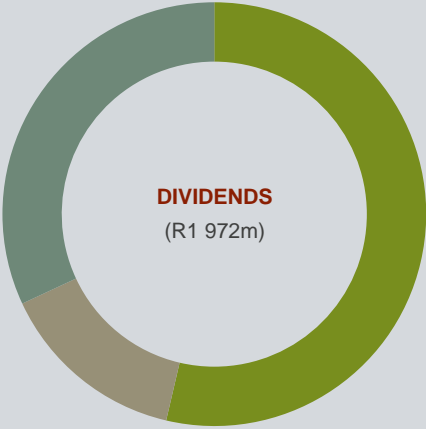
Relative contribution analysis



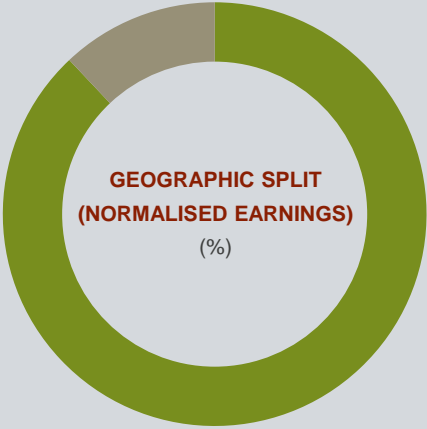
| | |
|--------------|-----|
| ■ OUTsurance | 52% |
| ■ Discovery | 32% |
| ■ MMI | 15% |
| ■ RMB-SI | 1% |



| | |
|--------------|-----|
| ■ OUTsurance | 47% |
| ■ Discovery | 30% |
| ■ MMI | 23% |
| ■ RMB-SI | NM |



| | |
|--------------|-----|
| ■ OUTsurance | 54% |
| ■ Discovery | 14% |
| ■ MMI | 32% |
| ■ RMB-SI | NM |



| | |
|-----------------|-----|
| ■ Local | 88% |
| ■ International | 12% |

NM: Not meaningful
 Financial data as at 30 June 2016. Market data as at 6 September 2016
 Source: Company reports, Datastream, Reuters

Market performance (1 July 2015 – 30 June 2016)



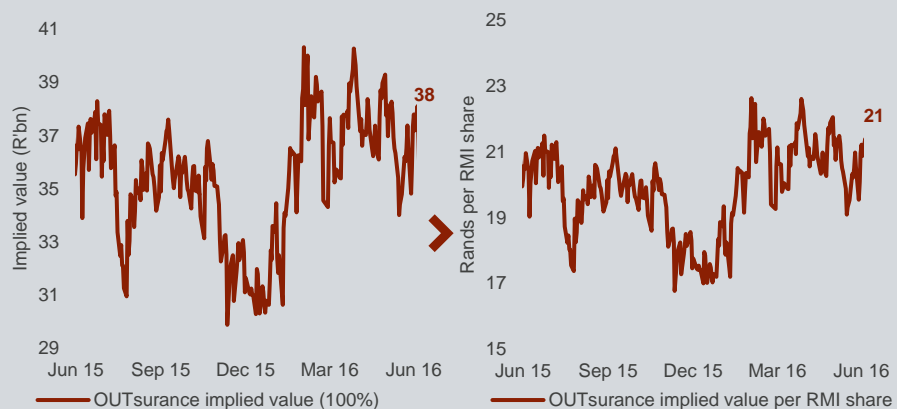
1 RMI



| | |
|---------------------------|---------------|
| Share price | R41.2 |
| Market cap | R61.2bn |
| 12M high/low | 45.3/ 34.7 |
| PE (x) (trailing/forward) | 20.2/ 15.0 |
| DY (%) | 2.8 |

— RMI
— FTSE/JSE Life Insurance
— FTSE/JSE Non-Life Insurance

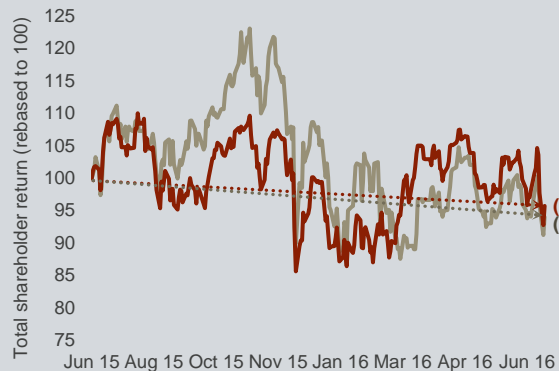
2 OUTSURANCE



Implied value: c. R38bn

PE (trailing): 28x
PE (forward): 19x

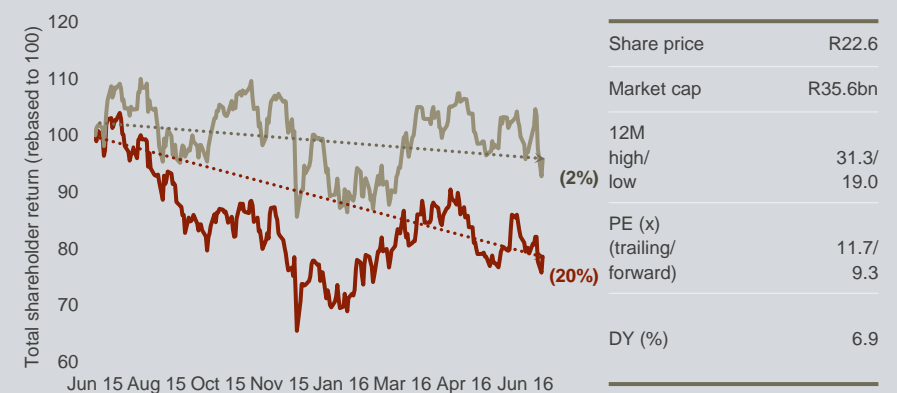
3 DISCOVERY



| | |
|---------------------------|-----------------|
| Share price | R122.5 |
| Market cap | R79.3bn |
| 12M high/low | 154.7/ 110.0 |
| PE (x) (trailing/forward) | 20.5/ 15.1 |
| DY (%) | 1.4 |

— Discovery
— FTSE/JSE Life Insurance

4 MMI



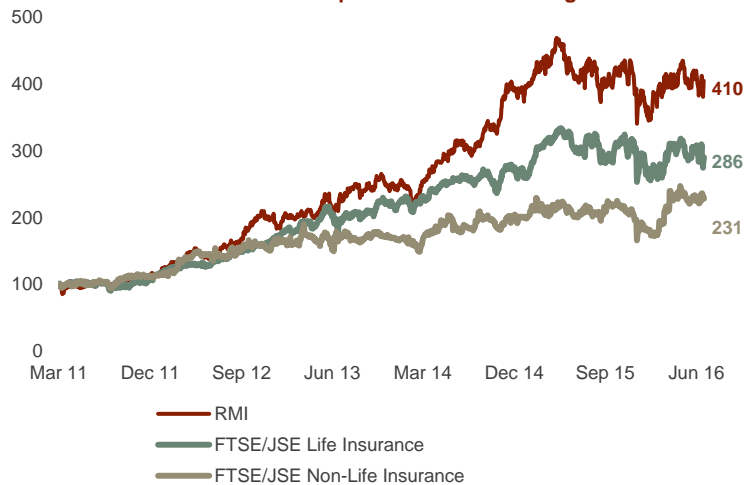
| | |
|---------------------------|---------------|
| Share price | R22.6 |
| Market cap | R35.6bn |
| 12M high/low | 31.3/ 19.0 |
| PE (x) (trailing/forward) | 11.7/ 9.3 |
| DY (%) | 6.9 |

— MMI
— FTSE/JSE Life Insurance

Market performance since unbundling (March 2011 – June 2016)



Total return CAGR of 30% per annum since listing



Share price up 245% since listing

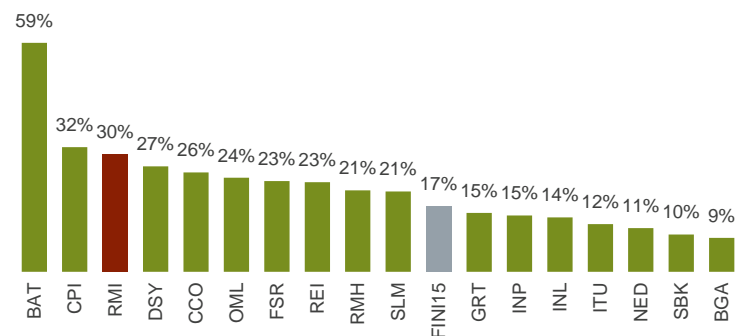
| | |
|-----------|---------|
| 1 month | (0.62%) |
| 3 months | 2.42% |
| 6 months | 6.93% |
| 12 months | 4.85% |
| YTD | 11.60% |

Performance data as at 6 September 2016

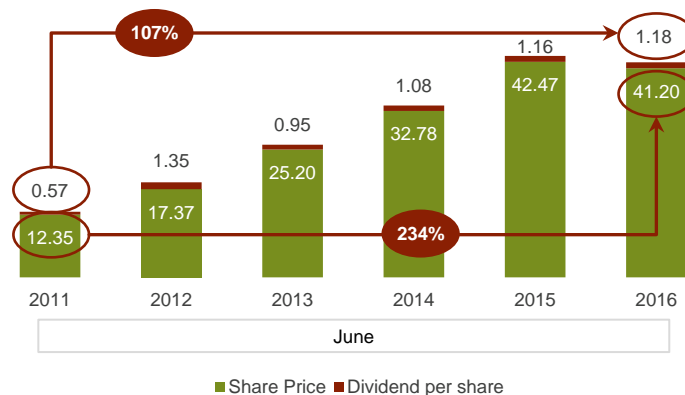


Shareholder return comparison vs. FINI 15 since listing

Total shareholder return CAGR (March 2011-June 2016)

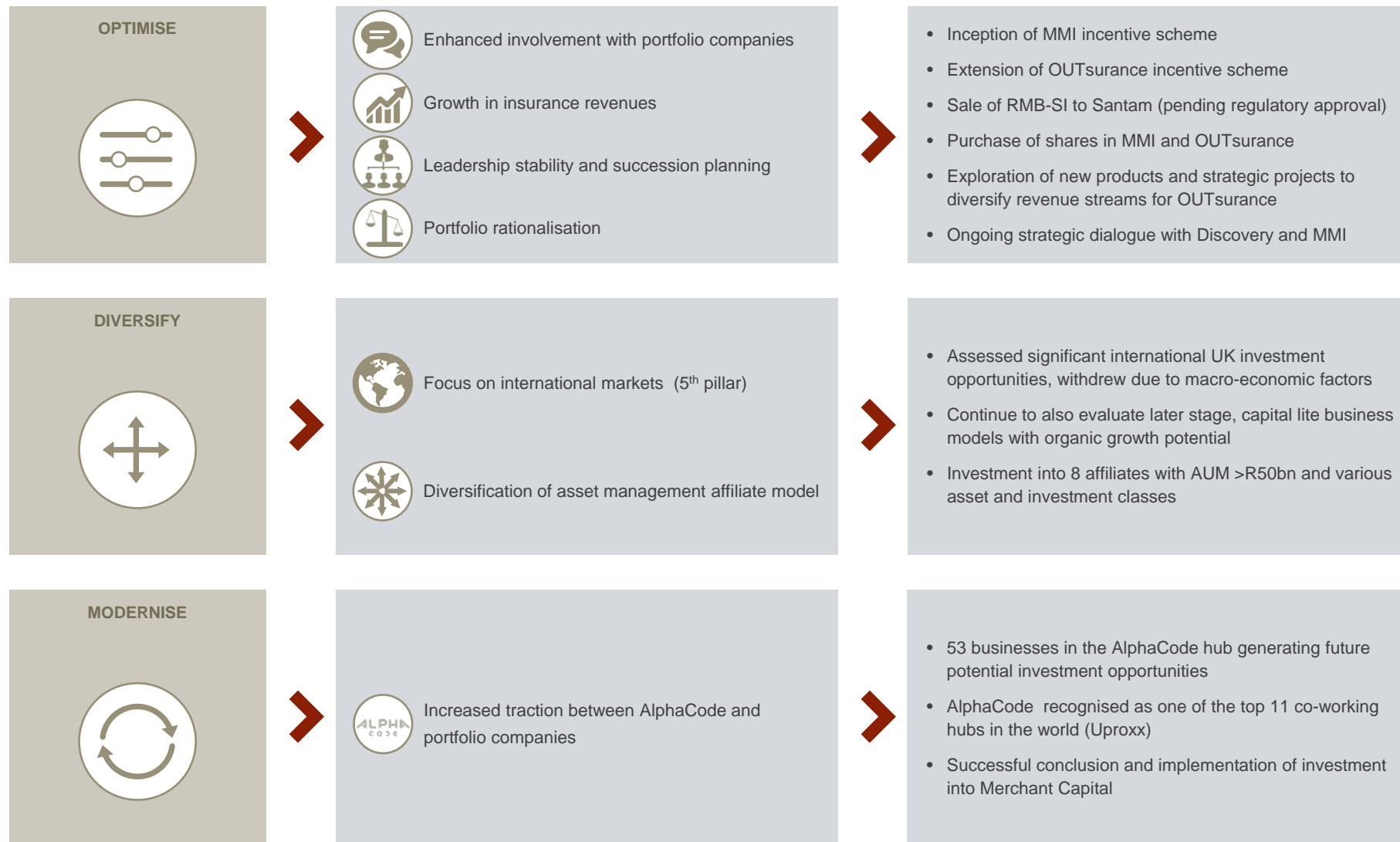


RMI share price and dividend growth



Reflections on FY2016





EXPANSION OF TEAM



Outcome

- Appointment of three mid-level investment executives and one finance executive
- Team complement:
 - › 7 investment executives
 - › 6 finance and administration executives
 - › 63% female and 56% PDI

Reflections

- Specialist and impactful resources
- Relationships established with investee companies
- Market presence

INVESTMENT PROCESS AND METHODOLOGY



Outcome

- Investment mandate further refined and approved
- Investment process has been formalised

Reflections

- As the investment team continues to explore opportunities in the market, this has necessitated minor amendments to the investment mandate to focus efforts
- Investment process continues to be refined given recent appointments and will continually be tightened

GOVERNANCE



Outcome

- All RMI sub-committees are King III compliant

Reflections

- Appropriate representation for RMI in investee companies and relevant committees being implemented
- Herman Bosman appointed to OUTsurance board (in addition to Discovery)
- Voyt Krzychylkiewicz appointed as alternate to Peter Cooper on the MMI Board
- Lisa Chiume appointed to Discovery Health, Life and Vitality Boards
- Herman Bosman and Voyt Krzychylkiewicz appointed to RMI IM and Merchant Capital boards

ALPHACODE



Outcome

- AlphaCode continues to grow and has been recognised as one of the top 11 co-working hubs globally (Uprox)
- Established a BBBEE Centre of Excellence to support high impact black entrepreneurs through free office space, enterprise development and mentorship
- Support the broader entrepreneurial ecosystem through key partnerships
- Actively engages its members to facilitate meaningful conversations between members, portfolio companies and the RMI investment team

Reflections

- Understanding of what AlphaCode should be and the needs it is trying to meet became clearer as engagement with the community and entrepreneurs continued
- Key focus is to identify, partner and grow extraordinary next generation financial services entrepreneurs to i) build an investment portfolio; and ii) create value for RMI and its portfolio companies by facilitating innovation and next generation thinking

CAPITAL STRUCTURE



Outcome

- An additional class of preference shares was created and approved at the annual general meeting in November 2015 to give effect to RMI's R15 billion Domestic Medium-Term Note and Preference Share Programme
- RMI has created an optimal capital structure framework
- RMI has evaluated the impact of potential future investments on its dividend flows

Reflections

- Identified debt programme as the solution for:
 - › Raising investment grade debt in capital markets with relative ease
 - › Shortening of the debt raising process when funds are required
- Funding of all future investments will be evaluated against the optimal capital structure framework

SHAREHOLDER ENGAGEMENT



Outcome

- Change in shareholding
- **Top buyers:** Allan Gray, PIC, BlackRock Investment Managers, Old Mutual Investment Group, State Street Global Advisors and Northern Trust Global Investments

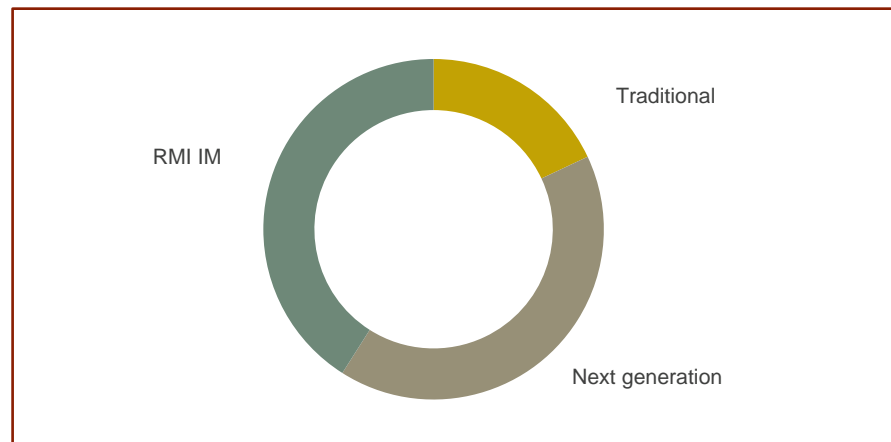
Reflections

- More than 100 investors seen in the last 12 months

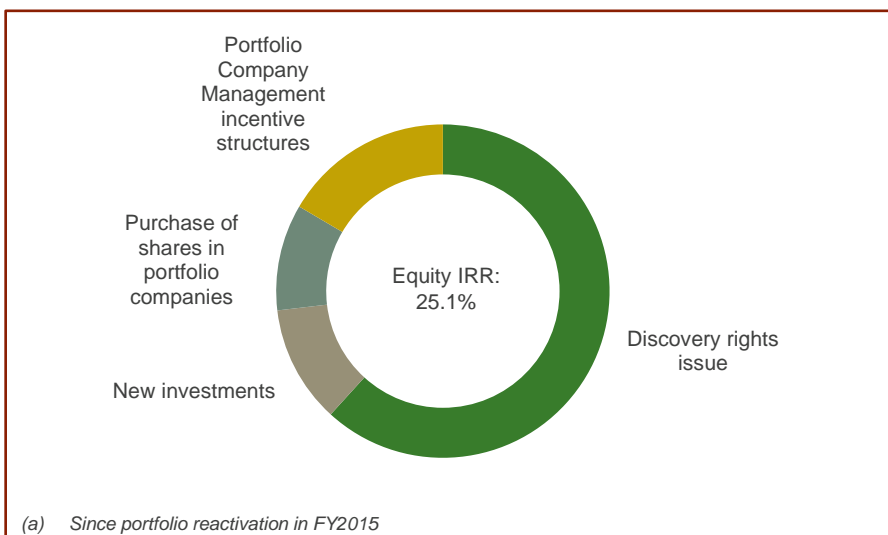
SUMMARY OF FY2016 INVESTMENT ACTIVITY

- During FY2016, the RMI and RMI IM investment teams assessed 170 investment opportunities
 - › Nine deals completed (including Merchant Capital and 8 asset management affiliates)
 - › Divestment of RMB-SI
 - › 30 investment ideas currently “work in progress”
 - › Close to finalisation of a new AlphaCode portfolio investment

SPLIT OF OPPORTUNITIES ASSESSED



R2.2bn IN NEW INVESTMENTS / PORTFOLIO OPTIMISATIONS^(a)



KEY THEMES EMERGING

Traditional

- › Digitally savvy and engaged consumer
- › Data driven business models with dynamic analytical and underwriting underpins
- › Capital light with high ROE dynamics
- › Organic growth potential and potential to export both in terms of product and geography
- › Favourable regulatory and macro-economic backdrop (Brexit as an opportunity?)

Next generation

- › SME segment a continued focus
- › Digital banking
- › Advanced data analytics
- › Regulatory tech and cyber security

RMI IM

- › Focus on independent boutique asset managers who take genuine active risk
- › Continued search for pockets of uncorrelated alpha to meet client needs for uncorrelated returns and yield

Portfolio company FY2016 results summaries



| R'm | Jun-15 | Jun-16 | % chg |
|-------------------------------------|--------------|--------------|--------------|
| OUTsurance | 1 443 | 1 570 | 8.8% |
| Youi Group | (110) | 347 | >100% |
| OUTsurance Life | 38 | 60 | 59.7% |
| OUTsurance Namibia (49%) | 15 | 15 | - |
| Central (incl. consolidation adj.) | (5) | 19 | >100% |
| Non-controlling interest | 7 | (26) | >(100%) |
| Headline earnings | 1 388 | 1 985 | 43.0% |
| Key financial ratios | | | |
| Headline ROE | 30.9% | 38.4% | - |
| Headline earnings per share (cents) | 39.9 | 57.0 | 42.9% |
| Diluted headline earnings per share | 39.2 | 54.7 | 39.5% |
| Dividend declared per share | 30.5 | 36.0 | 18.0% |
| Key performance metrics | | | |
| Gross written premiums | 12 469 | 14 754 | 18.3% |
| Net earned premiums | 11 148 | 13 427 | 20.4% |
| Underwriting result | 1 605 | 2 401 | 49.6% |
| Profit before tax | 1 971 | 2 913 | 47.8% |
| Claims ratio (%) | 55.5% | 54.4% | - |
| Cost-to-income ratio (%) | 28.2% | 26.2% | - |
| Combined ratio (%) | 86.3% | 82.7% | - |

COMMENTS

- 18% top-line growth and 43% increase in headline earnings. Youi grew earnings by >100%, driven by a substantial decrease in the cost-to-income ratio. Results compared favourably with the prior year which was impacted by numerous large weather related catastrophes
- In South Africa, OUTsurance grew earnings by 8.8%, due to solid premium growth coupled with an improvement in the cost-to-income ratio. Personal lines business maintained market share and strong profitability in a worsening economic environment. Commercial business delivered strong performance from more favourable claims experience
- Youi recorded premium growth of 32% and benefitted from good weather conditions compared to 2015. Enhanced scale, coupled with cost containment and the realisation of operational efficiencies, resulted in a substantial decrease in the cost-to-income ratio
- Youi became OUTsurance's largest segment, with over 1.1 million customers

| Personal lines key ratios | South Africa | Australia |
|-------------------------------------|--------------|-----------|
| Claims ratio | 52.3% | 58.9% |
| Cost-to-income ratio | 17.5% | 30.9% |
| Combined ratio^(a) | 69.8% | 89.8% |

OUTLOOK

- **Australasia**
 - › Good growth potential over medium term – Australia's short-term insurance market ~4x size of SA short-term insurance market while NZ's market ~70% size of SA market
 - › Focus on growth and profitability of Australia business
 - › Review of coastal areas identified as exposed to storm surge continues
- **South Africa**
 - › Expansion of commercial insurance sales footprint
 - › New complementary products being explored to diversify revenue streams
- **Impact of technology**
 - › Launch of telematics solution in September 2016
 - › Car sharing and self-driving cars

| R'm | Jun-15 | Jun-16 | % chg |
|--|--------------|----------------------|---------------|
| Discovery Health | 2 031 | 2 265 | 11.5% |
| Discovery Life | 2 968 | 3 373 | 13.7% |
| Discovery Invest | 460 | 563 | 22.4% |
| Discovery Vitality | 42 | 44 | 4.8% |
| VitalityHealth | 223 | 186 | (17.9%) |
| VitalityLife | 542 | 678 | 25.1% |
| Development and other | (477) | (702) ^(a) | 46.9% |
| Normalised profit from operations | 5 789 | 6 407 | 10.6% |
| Earnings | | | |
| Normalised headline earnings (cps) | 672.2 | 676.3 | 0.6% |
| Normalised diluted HEPS (cps) | 663.0 | 671.1 | 1.2% |
| Dividends | | | |
| Ordinary dividend per share (cps) | 174.5 | 175.4 | 0.6% |
| Dividend yield (%) | 1.38% | 1.43% | - |
| Diluted embedded value per share | 83.1 | 82.4 | (0.8%) |
| ROEV (%) | 12.4% | 2.6% | - |
| P/EV (x) | 1.5x | 1.5x | - |

(a) Includes R121m additional share of DiscoveryCard profits
Source: Company reports

COMMENTS

- New business increased 22% to R16.2 billion (excluding R4.2 for Bankmed in FY 2015); normalised profit from operations increased 11% to R6.4 billion; profit from existing businesses increased 15% to R7.2 billion
- Solid performance by existing businesses, with new business up 20% to R13.3 billion, and operating profit up 15% to R7.2 billion. An acceleration of Group performance was witnessed in the second half of FY2016
- Substantial spend on new initiatives up 73% to R823 million (funded by debt and a rights issue)
 - › Discovery Insure, intent to enter banking and Discovery Partner Markets investments
 - › Dampening effect on short-term profits, expected to be profit enhancing in the medium-term
- Robust performance in spite of a volatile economic environment – in South Africa (a depreciating currency (ZAR to USD); rising interest rates; and economic assumption changes) and in the UK (both currency sensitivity (ZAR to GBP) and a record-low interest rate environment)
 - › Headline earnings and solvency levels remained robust; environment predominantly impacting EV growth (+2% to R53 billion)
- The Vitality Shared-Value Insurance model is now present in 14 markets, with Generali going live during the past six months and the announcement of Sumitomo Life Japan partnership

OUTLOOK

- Discovery is currently adequately capitalised to fund its growth ambitions and has buffers to withstand potential adverse experience, while safeguarding future earnings and maintaining acceptable levels of debt
- Discovery foresees continued strong performance from existing businesses going forward; and spend on new initiatives to reduce over time, absent of the intent to enter banking

Existing portfolio:



| R'm | Jun-15 | Jun-16 | % chg |
|--|--------------|--------------|------------------------|
| Momentum Retail | 1 756 | 1 600 | (8.9%) |
| Metropolitan Retail | 604 | 667 | 10.4% |
| Corporate and Public Sector | 861 | 617 | (28.3%) |
| International | 152 | 28 | (81.6%) |
| Operating divisions core earnings | 3 373 | 2 913 | (13.6%) |
| Shareholder Capital | 463 | 294 | (36.5%) |
| Core Headline Earnings | 3 836 | 3 206 | (16.4%) |
| EPS | | | |
| Diluted core EPS (cps) | 239.2 | 199.9 | (16.4%) |
| Dividends | | | |
| Ordinary dividend per share (cps) | 155 | 157 | 1% |
| Dividend yield (%) | 5.1% | 6.9% | - |
| Embedded value | | | |
| Present value of new premiums (Rm) | 50 396 | 68 164 | 35.3% |
| Value of New Business (Rm) | 954 | 850 | (10.9%) ^(a) |
| Value of new business margin (%) | 1.9% | 1.2% | 0.7% |
| Embedded value per share (cps) | 2 514 | 2 680 | 6.6% |
| ROEV (%) | 9.6% | 12.8% | 3.2% |
| P/EV (x) | 1.2x | 0.8x | - |

(a) Impacted by rates and changes in cost allocation. On a consistent basis, VNB grew 13%
Source: Company reports

COMMENTS

- A strong embedded value of R43.0 billion (2 680 cents per share) was recorded, reflecting a 13% return on embedded value or R5.2 billion embedded value earnings for shareholders
- New business volumes on the present value of premiums basis increased 35% on the prior year, with strong growth in both the Corporate and Public Sector and the International segments
 - › The turnaround in productivity of Metropolitan Retail's distribution channels has also continued, delivering recurring premium growth of 31% in the last quarter of the year
- Value of new business of R850 million was 11% lower than the strong previous year. It should be noted, however, that the value would have been 13% higher than the 2015 total had the discount rate and expense allocation basis remained unchanged
- Good expense management once again contributed positively to value creation. MMI is targeting a reduction in annual expenses of R750 million by financial year 2019
 - › During 2016 total expense savings of R104 million were achieved, slightly ahead of the planned savings
- Diluted core headline earnings decreased by 16% to R3.2 billion, mainly driven by lower underwriting profits across the group and subdued investment markets

OUTLOOK

- A strong capital buffer of R4 billion was recorded, after allowing for economic capital requirements, strategic growth initiatives and the final dividend
 - › Taking into account the focus on growth, changing regulations including SAM and the difficult economic outlook, the group is satisfied that its present capital level is appropriate
- Taking into account the economic outlook, the group has increased the focus on efficiencies, whilst continuing to pursue top-line growth. MMI continues to invest in growth initiatives with the aim of enhancing shareholder value over the longer term
- Growth in new business volumes and profits will, however, be impacted by many factors in the South African economy, including employment levels and disposable income

COMPANY OVERVIEW AND UPDATE

RMI IM identify, partner and grow world-class asset managers

We invest minority equity stakes in our affiliates alongside their investment teams and support their growth as an engaged but non-interfering shareholder

1. Affiliates

RMI IM expanded its affiliate portfolio to now include 8 managers managing in excess of R50bn across a wide range of asset classes, investment styles and client base

2. Established Royal Investment Managers (Royal)

RMI IM, together with Royal Bafokeng Holdings established Royal in Q1 2016. Royal will deploy the affiliate model with a focus on acquiring asset management entities that require an empowerment partner with a strong knowledge of the asset management sector

3. Team established and a distribution model in place

RMI IM's distribution and operations team are in place with a mandate to partner and grow our affiliates. MMI is our distribution partner, enabling our affiliates to access a broader client base by both size and geography, primarily in the retail market

RMI IM AFFILIATES



Coreshares is a smart beta and passive ETF and index fund manager where a 25% stake was acquired in Q4 2015



Northstar Asset Management is an active equity and multi-asset manager where a 30% stake was acquired in Q4 2015



Perpetua Investment Managers, a value equity and multi-asset manager where an option to acquire a 25% equity stake was concluded in Q4 2015



RMI Specialist Managers, currently a fixed income, credit and money market active manager which launched in April 2016



Polar Star Management, a commodity arbitrage hedge fund, where a 25% equity stake was acquired in Q3 2016



Sentio Capital Management, an absolute return and active equity manager, where a 30% equity stake will be acquired over 3 years



Tantalum Capital, a multi-strategy hedge fund and absolute return focused active asset manager where a 25% stake will be acquired over 3 years



Truffle Capital, an active equity and multi-asset manager, where a 20.3% equity stake will be acquired from RMB Structured Insurance in Q4 2016

ROYAL AFFILIATES



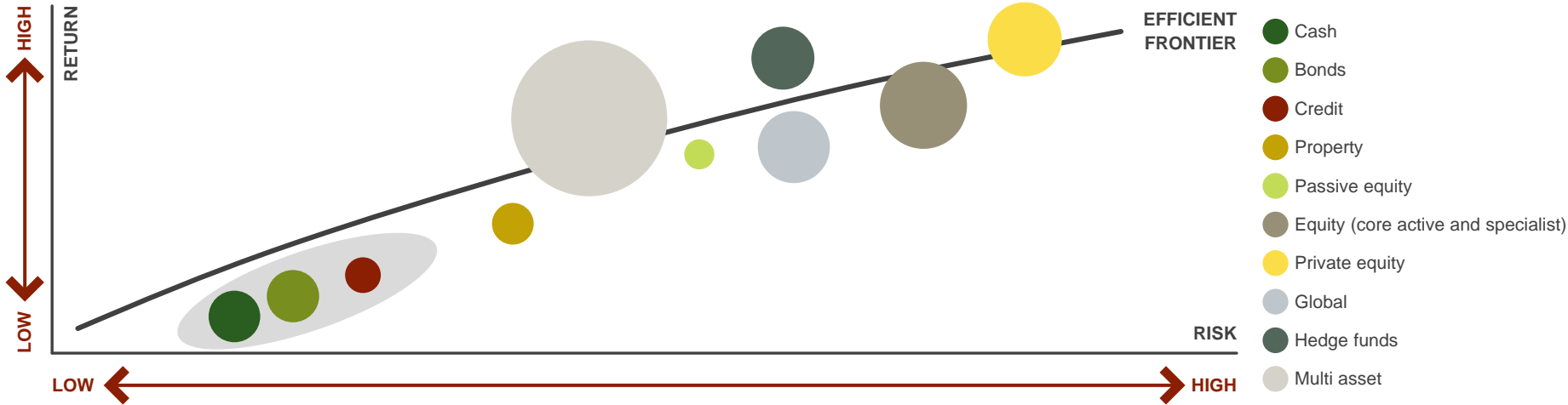
During Q3 2016, Royal Investment Managers successfully signed Heads of Agreement to acquire a 25% equity stake in Sesfikile Capital, an active listed property manager with assets under management of R16bn

● Passive

● Alternative

● Active

HOW THE AFFILIATES FIT TOGETHER*



| ASSET CLASS | RMI IM | | | | | | | | ROYAL |
|--|-------------|-----------|----------|-----------|-------------------------|--------|------------------|---------|-------------------|
| | CORESHARES™ | NORTHSTAR | Perpetua | POLARSTAR | RMI SPECIALIST MANAGERS | SENTIO | TANTALUM CAPITAL | Truffle | SESPIKILE CAPITAL |
| SA equity | ● | ● | ● | | | ● | | ● | |
| SA cash | | | | | ● | | | | |
| SA bonds | | ● | | | ● | | ● | | |
| SA credit | | | | | ● | | | | |
| SA multi asset | ● | ● | ● | | | ● | ● | ● | |
| SA listed property | ● | | | | | | | | ● |
| Global | | | | | | | | | |
| Hedge funds | | | | ● | | ● | ● | | |
| Other alternatives (e.g. private equity) | | | | | | | | | |

● Affiliate has capability ● Passive ● Alternative ● Active

* Note: Size of bubble represents estimated revenue pool in each category

COMPANY DESCRIPTION

- Merchant Capital was founded in 2012 in response to the lack of funding options available to SMEs
- Merchant Capital provides qualifying merchants with an upfront cash-advance in exchange for an agreed percentage of their future credit/debit card turnover which is collected through their point of sale devices
- There is a strong management team led by CEO Dov Girnun, CFO Daniel Moritz and CMO Ryan Cohen who have extensive credit experience and entrepreneurial backgrounds

REVIEW OF FY2016

- Very strong year-on-year revenue and asset growth
- Merchant Capital continues to augment its core cash advance product through direct/channel sales initiatives. Opened offices in 5 major cities to better service regional customers plus executing on strategic partnerships to assist with scale
- Further refinement of operating and financial model, including the appointment of an experienced CTO and marketing head
- Launched a number of new products and partnerships, in particular, expanding the innovative “pay-as-you-trade” philosophy to offer SMEs enhanced financial products

OUTLOOK

- Short-term strategy to solidify the SA core business and operating platform
 - › Investment ongoing into improved technology to facilitate scaling business
 - › Ongoing work regarding distribution and pricing strategies as well as further refinement of credit models
- Merchant Capital will continue to explore new products and partnerships to further differentiate the product offering and grow the client base
- International opportunities in early stages of assessment