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DEAR SHAREHOLDER

At MMI, like any other enterprise, our clients are core to our existence as a financial services business. During the past year MMI's management and employees focused their efforts on the implementation of our client-centric strategy. This integrated report provides you with an overview of the progress we have made to achieve MMI's client-centric vision to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.

I am particularly encouraged by our progress in the journey of creating a superior client experience. For example, MMI's two main client facing brands, Metropolitan and Momentum, were recently ranked first and second in the 2016 South African Customer Satisfaction Index. We will continue in our resolve to improve client relationships, which I believe will support the realisation of its financial aspirations.

In my previous letter to you I shared my expectation that the insurance industry of tomorrow will look meaningfully different to what we experience today. During 2016 we continued with our journey to position MMI as a strong and sustainable player in such a new world. We created Exponential Ventures and partnered with leading Fintech players to secure optionality in respect of MMI's long-term future. We also continue to invest in our core strategic growth initiatives, which will in time contribute to our sustainability.

The operating environment in most of the markets in which we operate remains tough. A number of factors impacted negatively on MMI's earnings during the year, including low underwriting profits. New business volumes were however satisfactory and our return on embedded value confirmed attractive value creation by MMI in 2016.

CORPORATE CITIZENSHIP

MMI's purpose is to enhance the lifetime Financial Wellness of people, their communities and their businesses. This purpose is not only about creating value for our clients, but also for the communities where they live and where we operate. MMI's corporate social investment is aimed at creating meaningful and lasting benefits for the communities in which we operate – empowering and assisting them to build better lives for themselves and their families. As such, we invest in projects that improve their social and financial circumstances, focusing specifically on education, health and disability.

During the past year our country faced many challenges. In my 2015 letter I referred to South Africa's fiscal and external funding vulnerabilities, which are now becoming significantly more pronounced in the light of the risk of a potential downgrade of the country's credit rating to sub-investment status. Economic growth has essentially come to a standstill

and the South African Reserve Bank predicted 0% growth for 2016 in their Monetary Policy Committee statement in July 2016. Consumer and Business confidence are at low levels, the disposable income of consumers remains under pressure in an environment where inflation is expected to increase and unemployment remains stubbornly high.

In this challenging environment South Africa is, as so often in the past, demonstrating remarkable resilience. MMI remains committed to contribute to broad-based value creation for all citizens and will continue to contribute to the collaborative efforts between government, business and labour.

MMI BOARD

During the year Leon Crouse retired from the MMI Board. I would like to thank Leon for the valuable role he played on our board. Peter Cooper was appointed to the board during the year, with Voyt Krzychylkiewicz as his alternate. Peter and Voyt both have extensive and broad experience in the financial services industry. I welcome them to the MMI Board and look forward to their valuable contributions.

PROSPECTS

We expect the operating environment to remain tough in the short to medium term. Consumers will remain under

pressure, but I believe MMI's client-centric strategy to gain an in-depth understanding of clients' unique needs and providing relevant Financial Wellness solutions is very relevant in these tough conditions. I therefore look forward to the further implementation of our solutions to enhance clients' Financial Wellness and create value for all stakeholders.

THANKS

In closing, I would like to express my gratitude to all MMI's stakeholders. To our clients, thank you for the opportunity to live our purpose and enhance your Financial Wellness. To the shareholders, we are grateful that you have trusted us with your investments, and to the MMI board, your guidance remains invaluable. To MMI's executive management and employees, I deeply value your continued commitment to achieve MMI's vision to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.



JJ NJEKE
Chairman