



METROPOLITAN



- ▶ **Industry**
- ▶ **Financial results**
- ▶ **Strategic focus areas**
 - ▶ **Retail**
 - ▶ **Corporate**
 - ▶ **Health**
 - ▶ **International**
 - ▶ **Asset management**
- ▶ **Group strategic focus**



- ▶ **Client disposable income**
- ▶ **Global & local economic recovery prospects**
- ▶ **Impact of commission changes**
- ▶ **Key government appointments & policy direction**
 - ▶ **National health insurance ***
 - ▶ **National social security legislation ***

** no clear timelines*

Key aspects of results



Good recurring premium new business

Persistency holding up

Net inflow of funds from clients

Benefits from diversification

Capital position strengthened

Embedded value remains strong

Dividend maintained

Key numbers

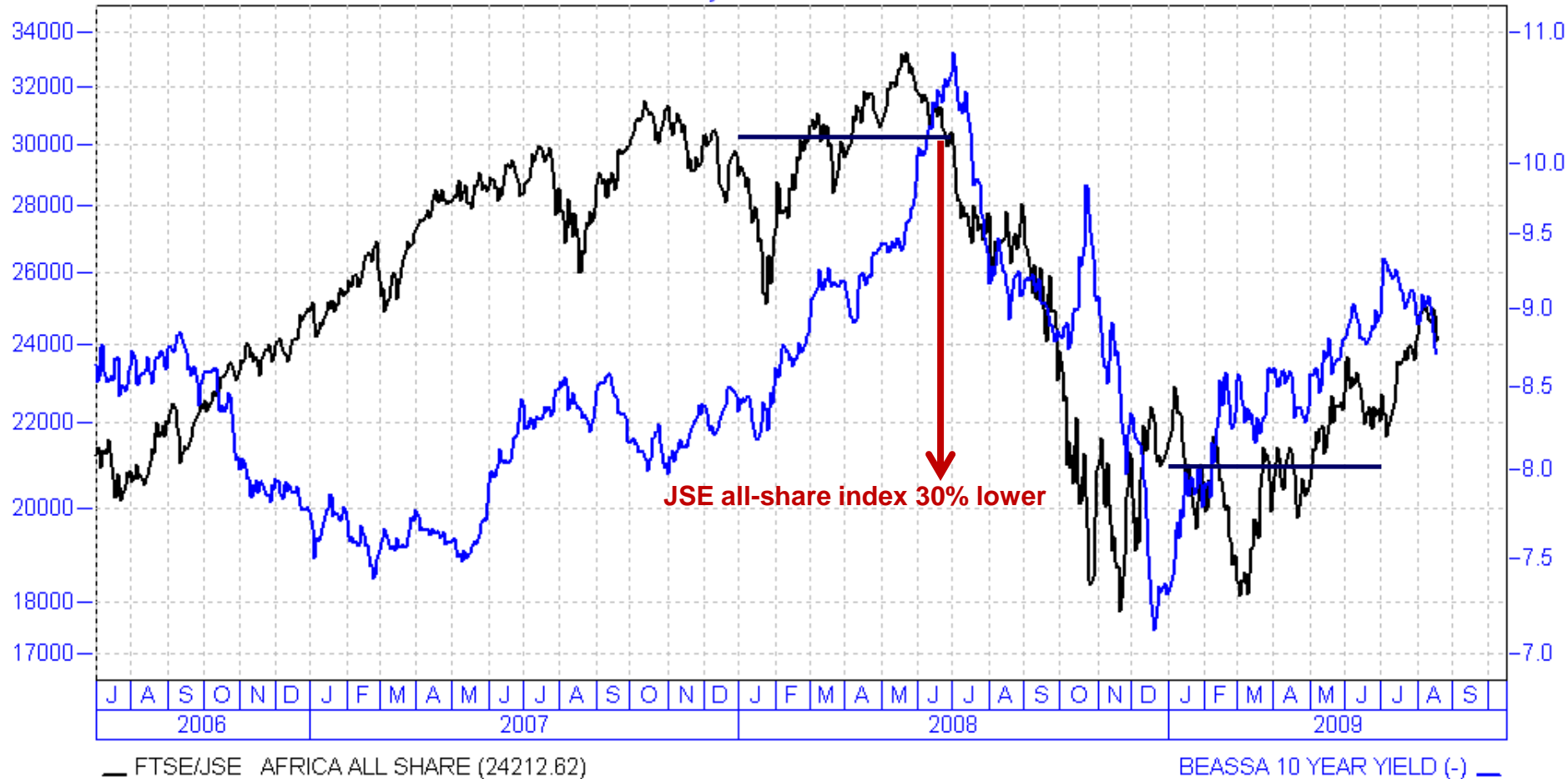


Net funds from clients	R2bn
Recurring new business	
Retail	+8%
Corporate	+28%
International	+39%
Long-term insurance expenses	+8%
Total assets under management	R98bn
Embedded value	1654 cps
Core headline earnings per share	(12%)
Diluted earnings per share	(8%)

Economic environment



FTSE/JSE AFRICA ALL SHARE, BEASSA 10 YEAR YIELD
Daily 6/30/2006-8/18/2009



Funds received from clients

on balance sheet



Net inflow

	1H07	2H07	1H08	2H08	1H09
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Retail	1 150	1 396	1 345	1 575	930
Corporate	1 035	200	(502)	(741)	(1 096)
International	121	188	153	229	277
Long-term insurance business cash flows	2 306	1 784	996	1 063	111

Funds received from clients

off balance sheet



Net inflow

	1H07	2H07	1H08	2H08	1H09
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Health	247	1 117	1 151	686	(582)
Asset administration	4 139	2 569	2 438	883	1 751
Asset management	42	180	961	(2)	640
Corporate	-	78	5	154	48
Total	4 428	3 944	4 555	1 721	1 857

Operating profit



	1H08	1H09	Change	Pre-tax
	<i>Rm</i>	<i>Rm</i>	%	%
Retail	225	192	(15)	(5)
Corporate	72	50	(31)	(25)
International	45	46	2	4
Health	43	41	(5)	26
Asset management	24	10	(58)	(56)
Shareholders	63	69	10	
Diluted core headline earnings	472	408	(14)	
Diluted core headline earnings per share (cents)	70.03	61.54	(12)	
Interim dividend per share (cents)	40.00	40.00	-	

New business – recurring premium



	1H08	1H09	Change
	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Retail	416	450	8
Corporate	86	110	28
International *	63	68	8
Total	565	628	11

** includes all operations*

New business margin



	APE		PVP	
	1H08	1H09	1H08	1H09
	%	%	%	%
Retail	4.1	4.6	0.7	1.0
Corporate	9.0	6.6	1.1	0.8
International	10.7	5.3	2.6	1.3
Total	5.5	5.1	0.9	1.0

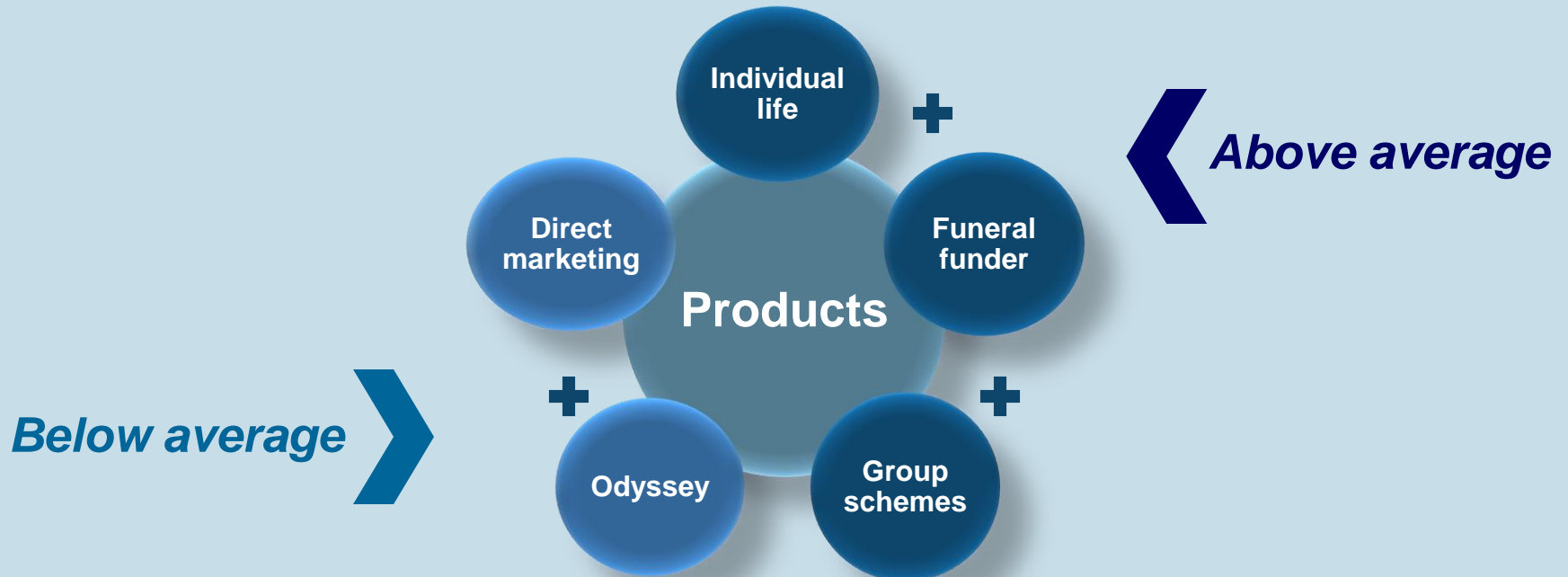
APE – average premium equivalent (new recurring premiums + 10% of single premiums)

PVP – present value of future premiums

New business margin



	APE		PVP	
	1H08	1H09	1H08	1H09
	%	%	%	%
Retail	4.1	4.6	0.7	1.0



Value of new business



	1H08	1H09	Change
	<i>Rm</i>	<i>Rm</i>	%
Retail	23	26	13
Corporate	13	10	(23)
International	6	4	(33)
Asset management	22	23	5
Health	48	41	(15)
Total	112	104	(7)

Retail PVP by line of business



	1H08	1H09	Change
	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Individual life	1 245	1 350	8
Odyssey	887	689	(22)
Direct marketing	141	129	(9)
Third party distribution	571	25	(96)
Funeral Funder	131	189	44
Group schemes	108	182	69
Credit life	56	31	(45)
Union Life	18	25	39
Total	3 157	2 620	(17)

Average premium size



	Recurring	Single
	<i>R/month</i>	<i>R'000</i>
Ordinary business	269	233
Group schemes	142	-
Funeral Funder	203	-
Direct marketing	55	-
Odyssey	556	473
FutureChoice	362	77

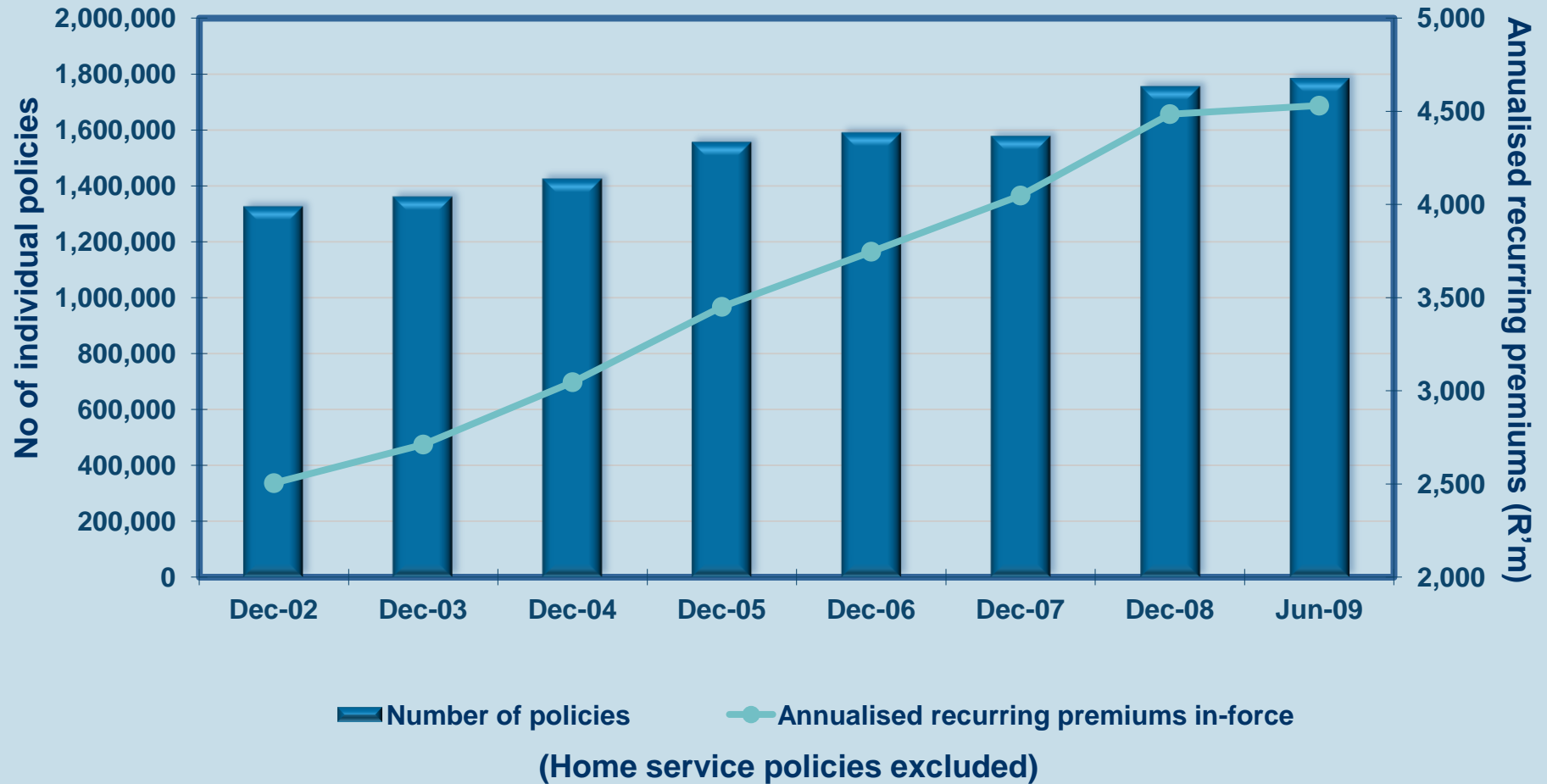
Retail new business (production)



Contribution to APE

Distribution channel	1H08	1H09
	%	%
Personal financial advisers	45	48
Brokers	29	24
Wholesale	17	24
Third party	9	2
Union Life	-	2

Size of in-force book





Metropolitan Life capital requirement

	30 Jun 2008	31 Dec 2008	30 Jun 2009
Reporting excess (Rbn)	4.6	4.2	4.6
Long-term capital requirement (economic) (Rbn)	3.8	4.1	3.9
Statutory CAR (Rbn)	1.7	2.1	1.9
Economic cap / statutory CAR	2.3	2.0	2.1
Group CAR cover	4.3	3.1	3.2

Capital management



- ▶ **Volatile markets continuing**
- ▶ **Active hedging / de-risking strategies**
- ▶ **Economic capital model enhanced**
- ▶ **Improved capital position**
- ▶ **Dividend reflects current environment**

BEE strategic partnership



- ▶ **Transaction restructured & extended for 3 years**
- ▶ **Received shareholder approval (>99%)**
- ▶ **Partnership with KTI re-inforced & remains strong**
- ▶ **Shareholding reduced to $\pm 20\%$**
- ▶ **Structure remains financially sound**

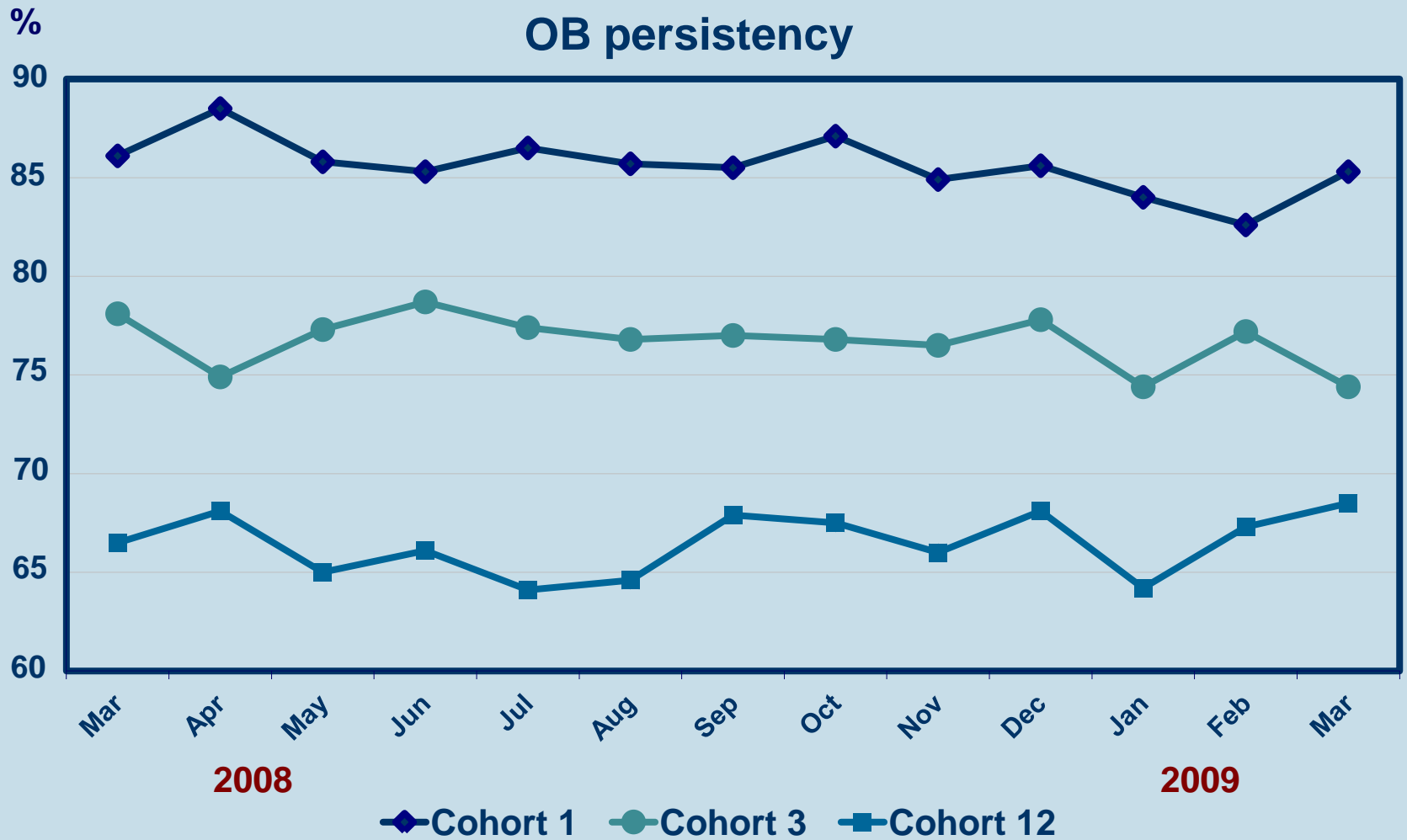


- ▶ **“A” rating in terms of FSC – score 103.65%**
- ▶ **“Level 3” contributor in terms of DTI’s codes of good practice – score 76.75 out of 100 (level 3: clients can claim 110 cents for every 100 cents spent with Metropolitan)**
- ▶ **Both scorecards verified by accredited ratings agency NERA (as at 31/12/08)**
- ▶ **Sponsored 8th annual Metropolitan Oliver Empowerment Awards (March 2009)**
- ▶ **Direct black ownership reduced from 24% to an estimated 20% - still amongst highest in financial services sector**



- ▶ **Distribution**
- ▶ **FAIS training**
- ▶ **Persistency**
- ▶ **Expense management**
- ▶ **Regulatory & other changes**
 - ▶ **Impact on systems & resources**
 - ▶ **Impact on savings levels**

Retail business





- ▶ **Growing risk & administration business**
- ▶ **Risk margins**
- ▶ **Capital requirements / funding levels**
- ▶ **Changes in business mix / focus**
- ▶ **Regulatory changes**
- ▶ **Client retention**



- ▶ **Continued growth at GEMS**
- ▶ **>2 million lives under administration**
- ▶ **Extend managed healthcare**
- ▶ **Extract value through efficiencies**
- ▶ **Regulatory changes**
- ▶ **STC expense reduced profits**



- ▶ **Bed down existing territories**
- ▶ **Changes in management**
- ▶ **Implement lessons learnt**
- ▶ **Achieve profitability in newer territories**
- ▶ **Continue to extract value from established operations**



- ▶ **Improve & sustain investment performance**
- ▶ **Continue to gain 3rd party mandates**
- ▶ **Expense ratios in current environment**
- ▶ **Equity performance improved over 6 months**
- ▶ **Profitability should recover given higher asset levels**

Group strategic focus



- ▶ **Capital & risk management**
- ▶ **Expense management in current economic environment**
- ▶ **Restore profit margins & protect cash flow**
- ▶ **Value proposition across all businesses**
- ▶ **Brand awareness**
- ▶ **Continued focus on transformation**



Visit our website
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