



2020

**Momentum Metropolitan
Debt Investor Roadshow**

3 – 7 December 2020



momentum

momentum
multiply

METROPOLITAN

GUARDRISK

ERIS

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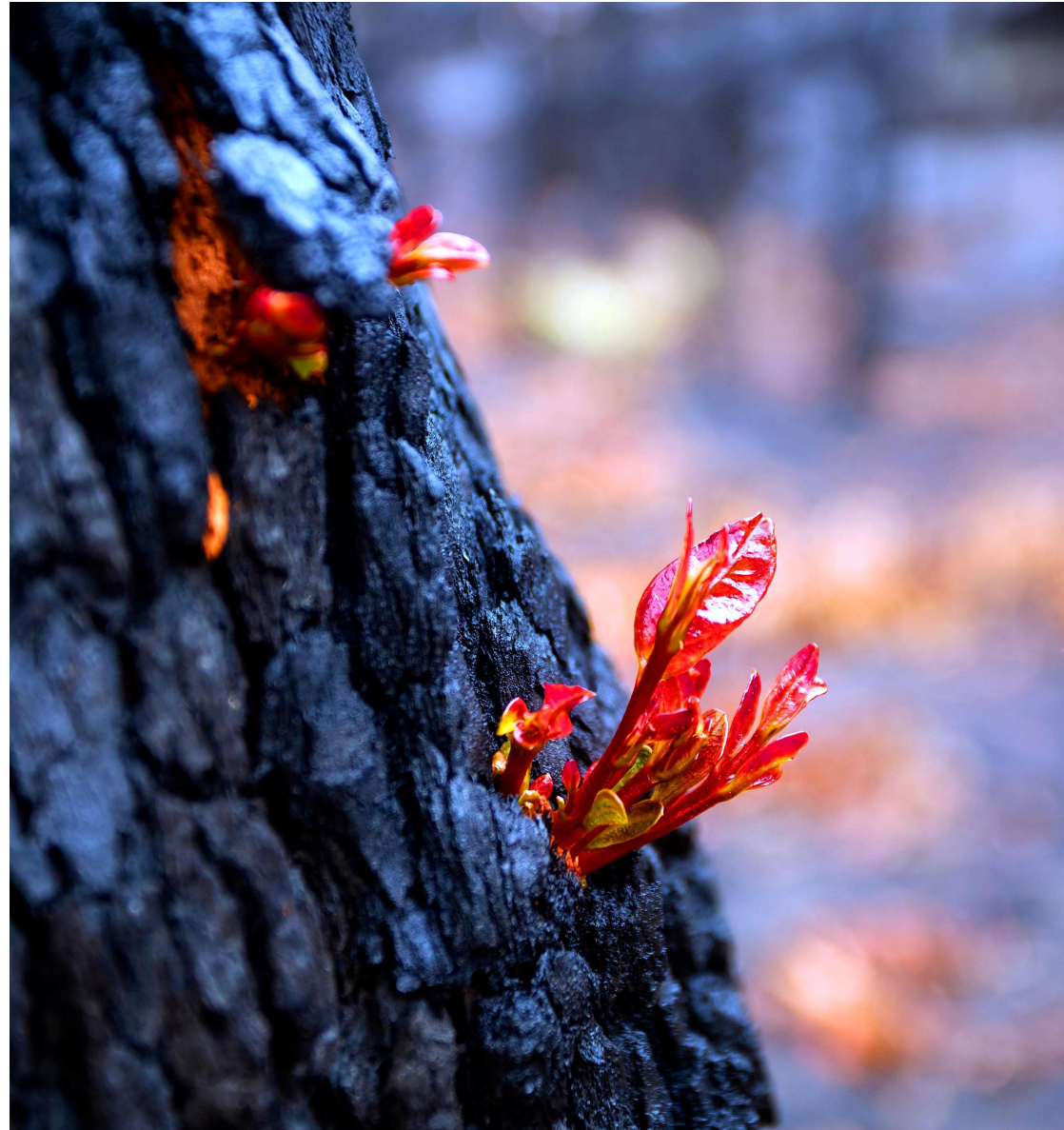
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Financial results

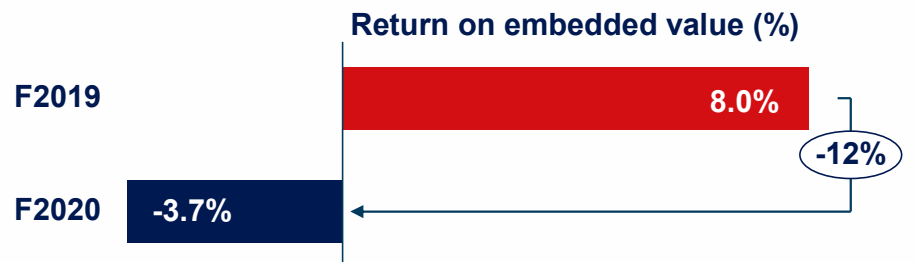
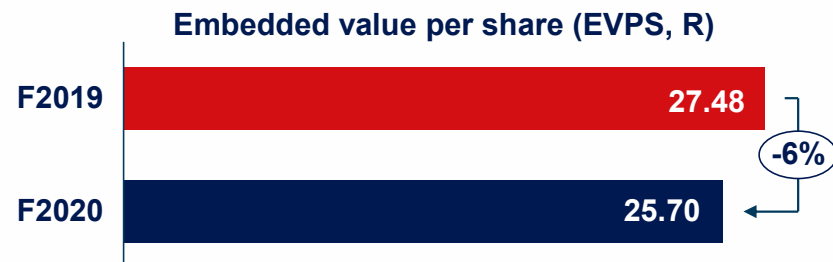
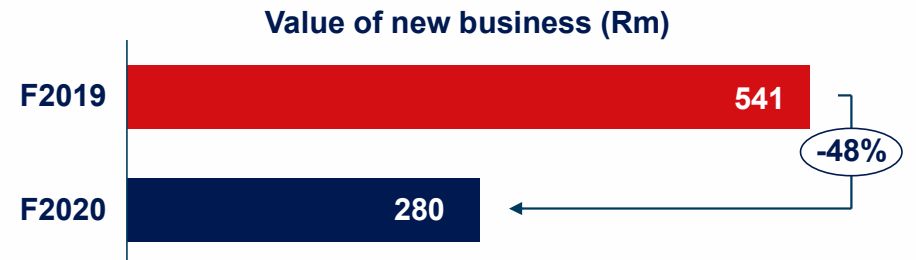
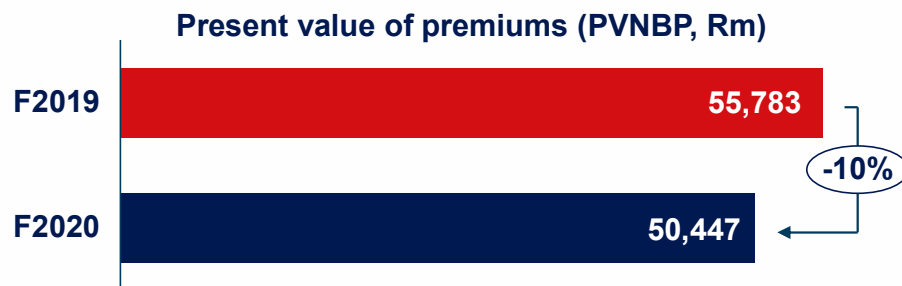
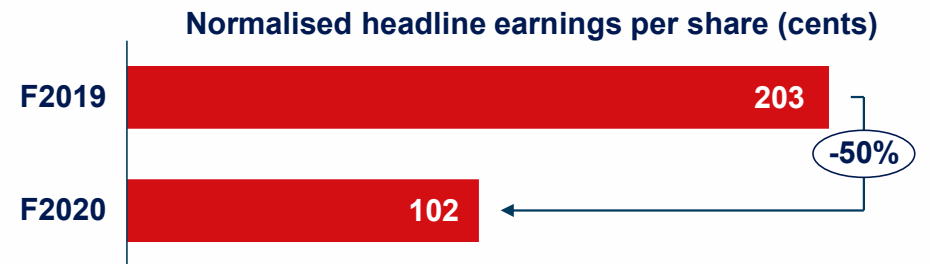
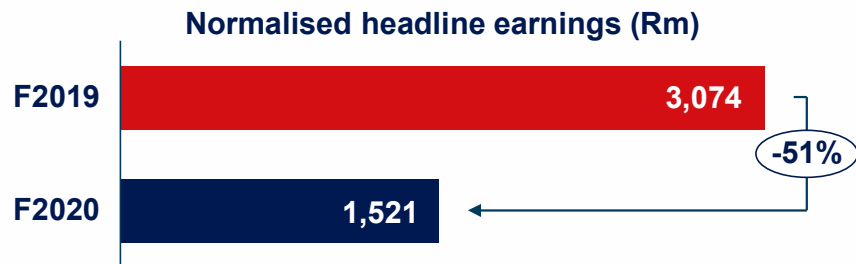
Q1



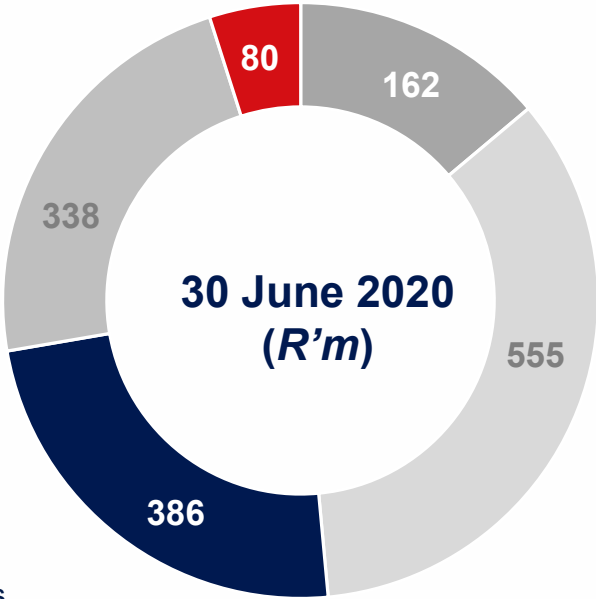
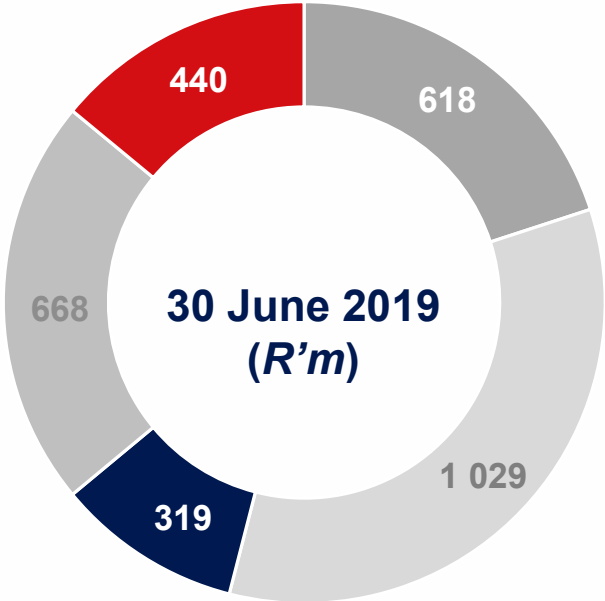
Full year F2020



Key financial measures – 30 June 2020



Resilience — diversified sources of earnings



- Investment returns
- Asset-based fees
- Administration fees
- Underwriting profits
- Spreads

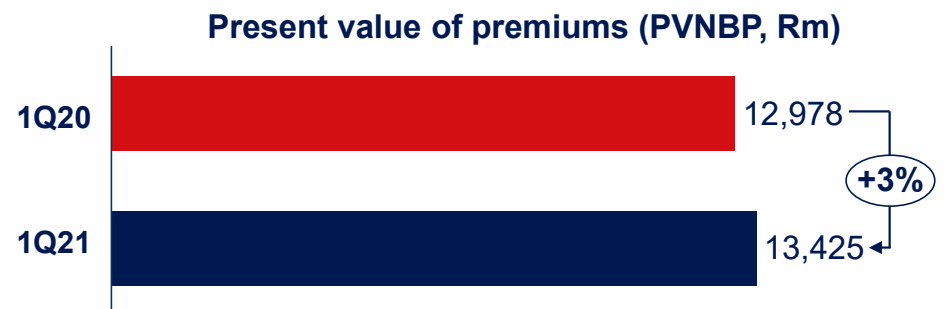
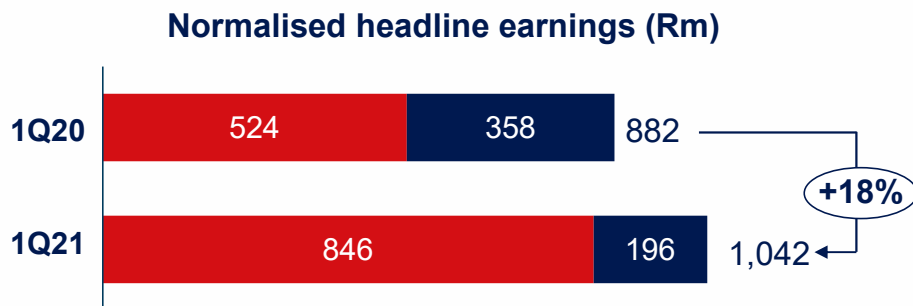


Quarter 1 F2021



Key financial measures

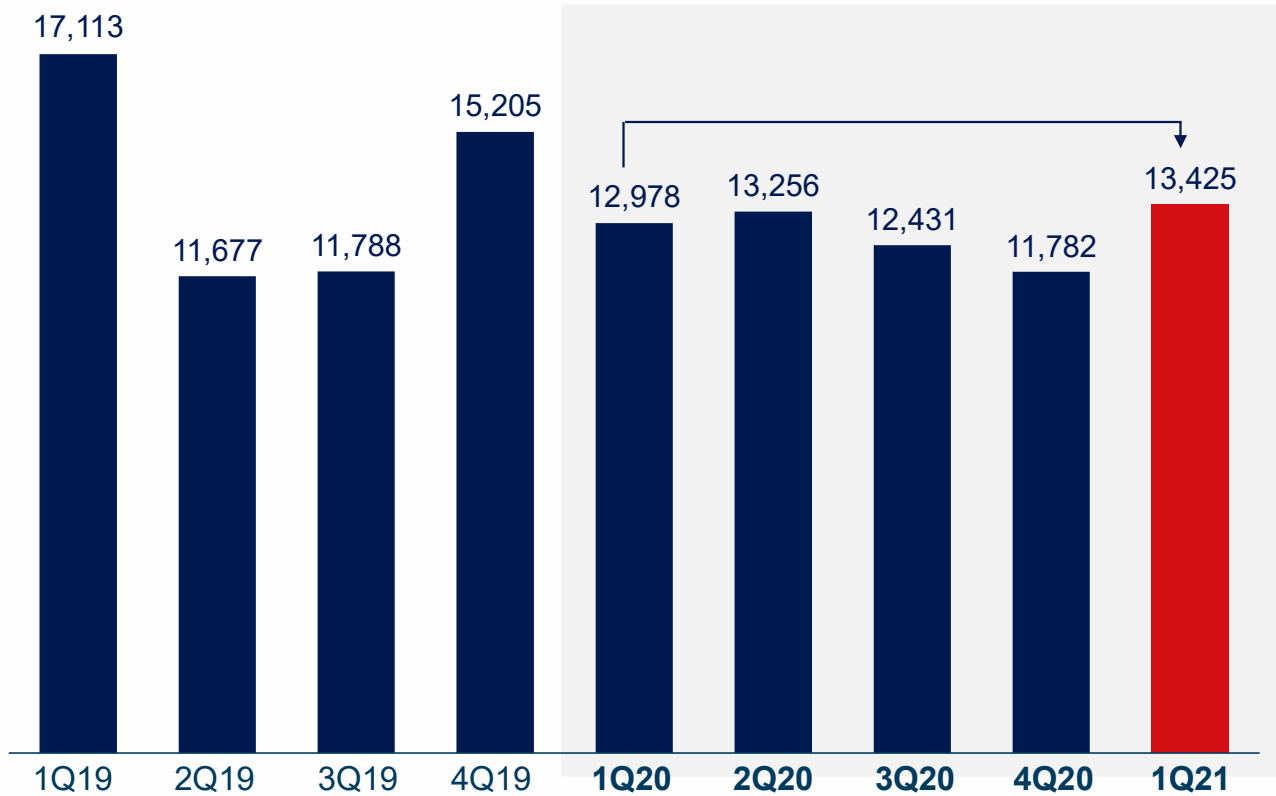
For the three months ended 30 September 2020



■ Operating profit
■ Investment return

Sales increased by 3% year-on-year

Present value of premiums (PVNBP, R'm)



Year-on-year movements

Momentum Life **-14%**

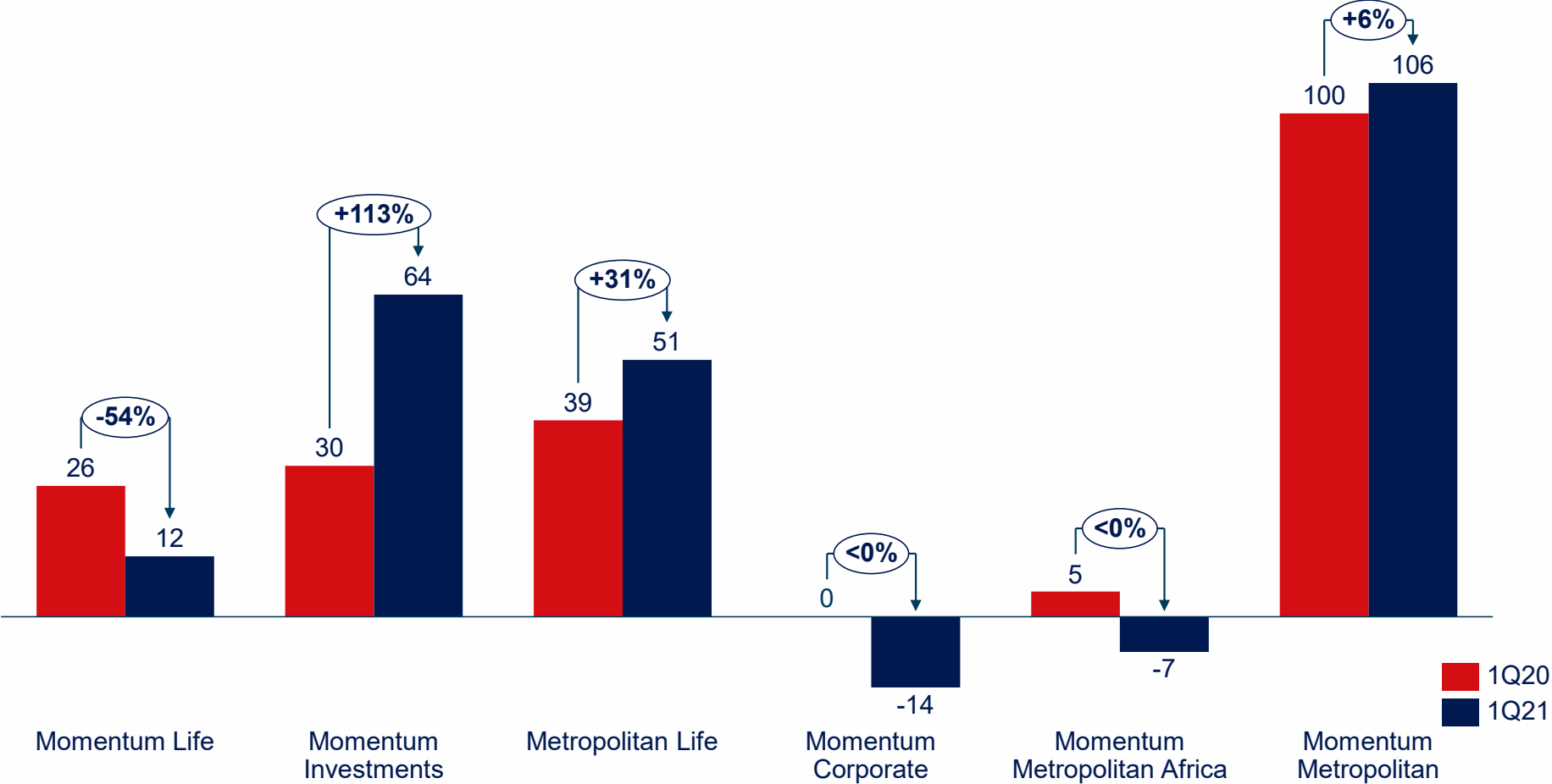
Momentum Investments **+30%**

Metropolitan Life **-15%**

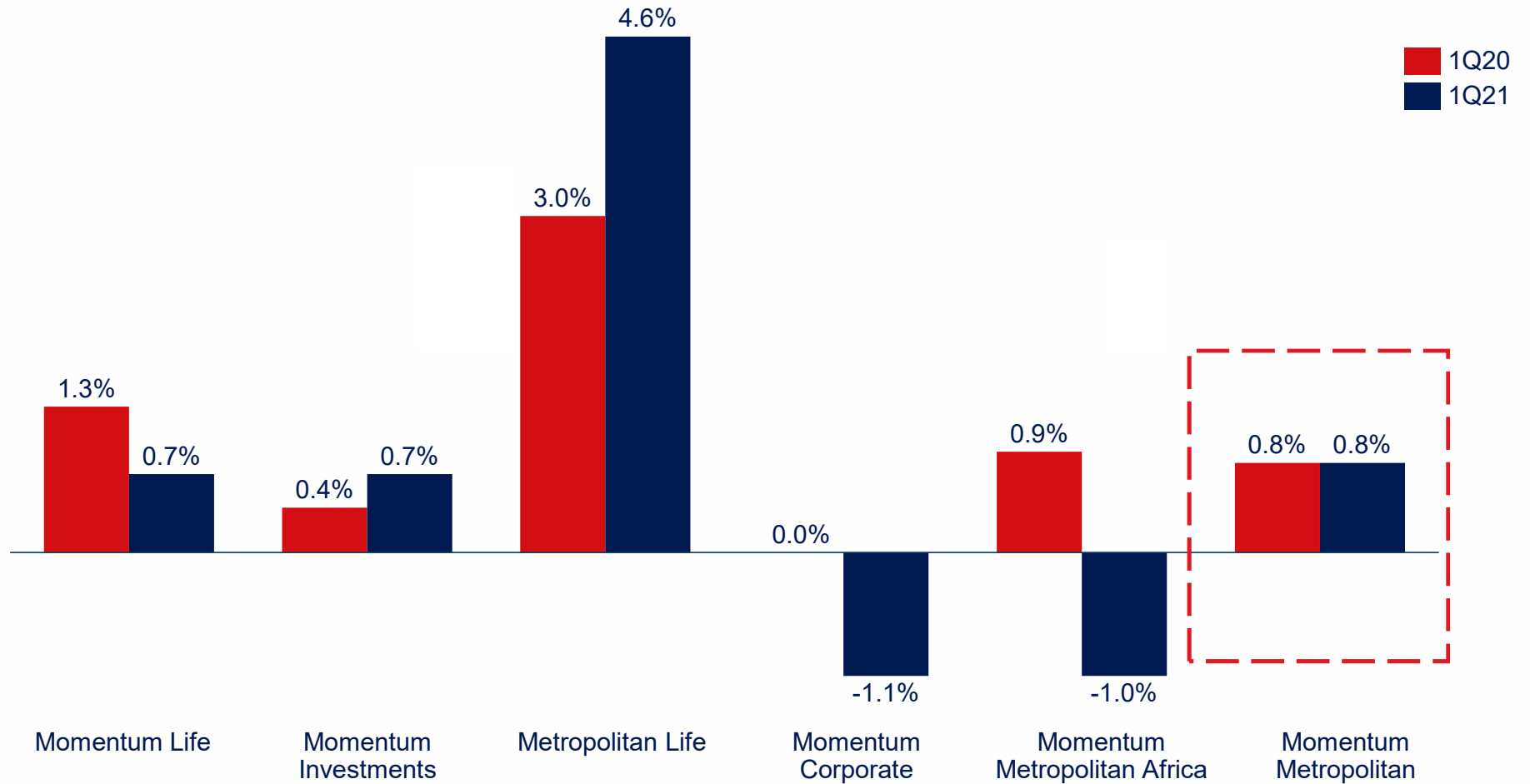
Momentum Corporate **-50%**

Africa **+22%**

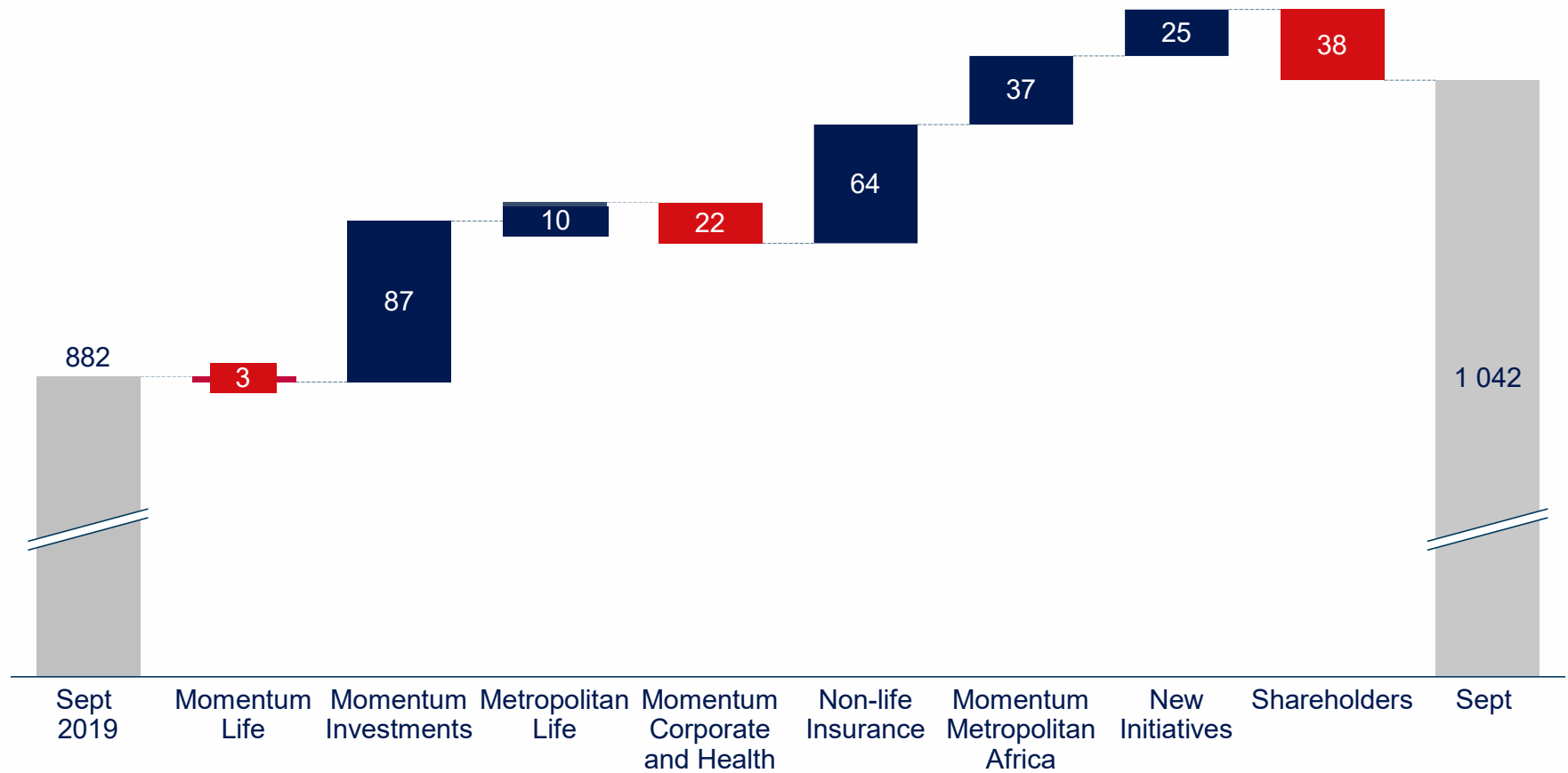
Value of new business is 6% above prior year



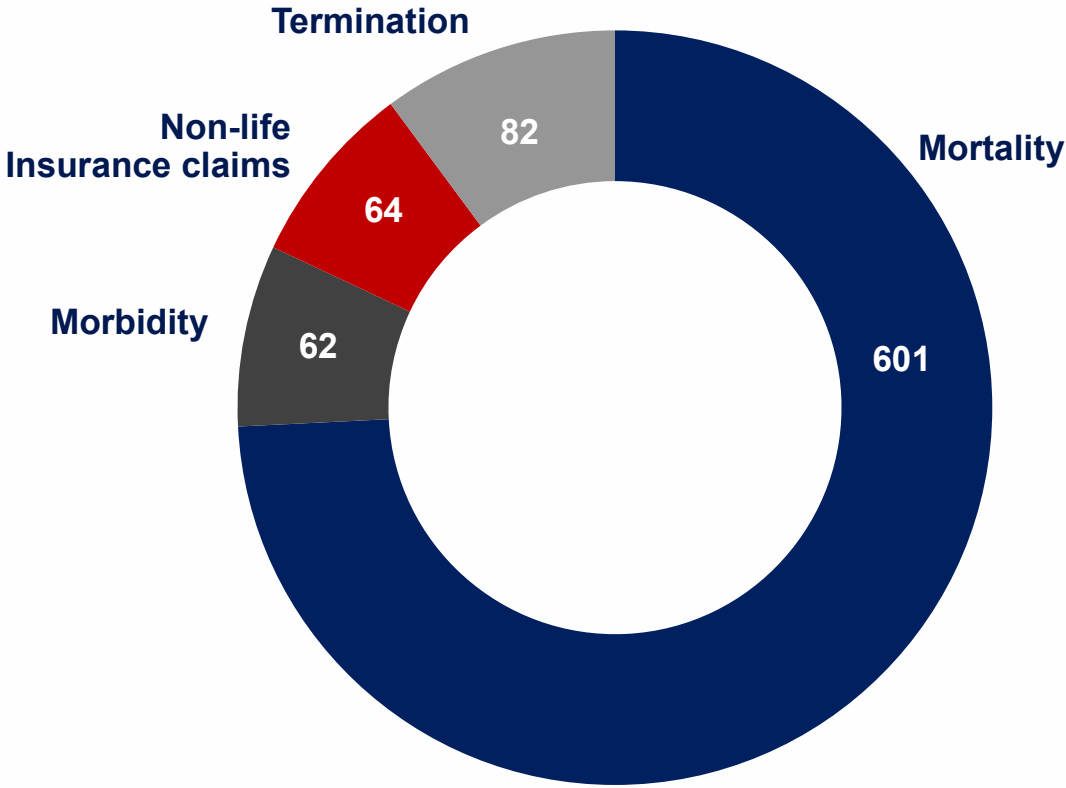
New business margin in line with prior year



Normalised headline earnings by business unit



Impact of Covid-19 on our normalised headline earnings



Our Covid-19 provisions reduced earnings by **R983 million**

Release of provision during 1Q21 is **R174 million**

Assumptions based on best estimate basis

Largest impact expected in F2021 and F2022

Strategic overview

02



Reset and Grow progress - 30 June 2020

RESET



Fix the basics



Address cost base

GROW



Distribution



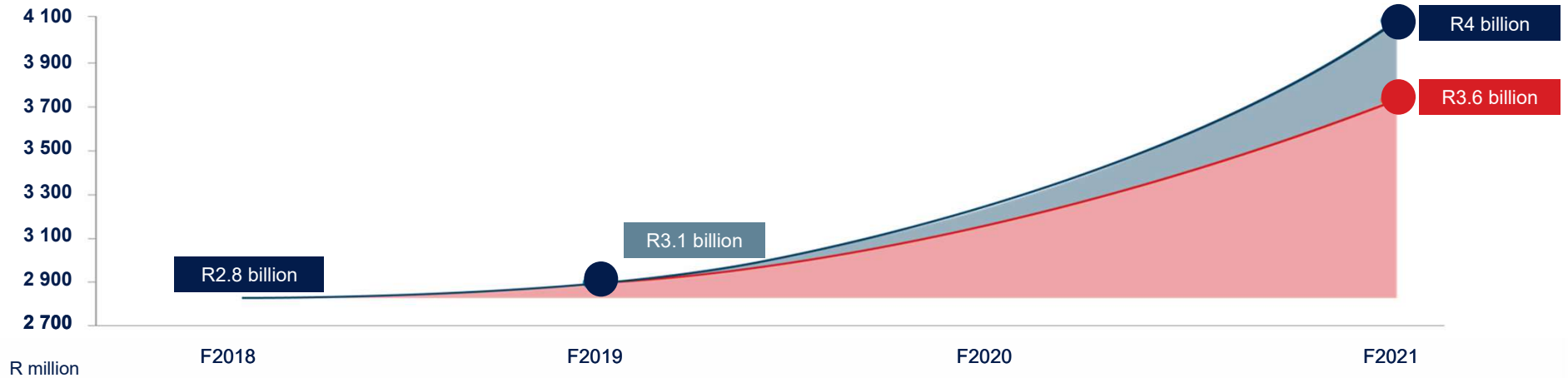
Service



Products

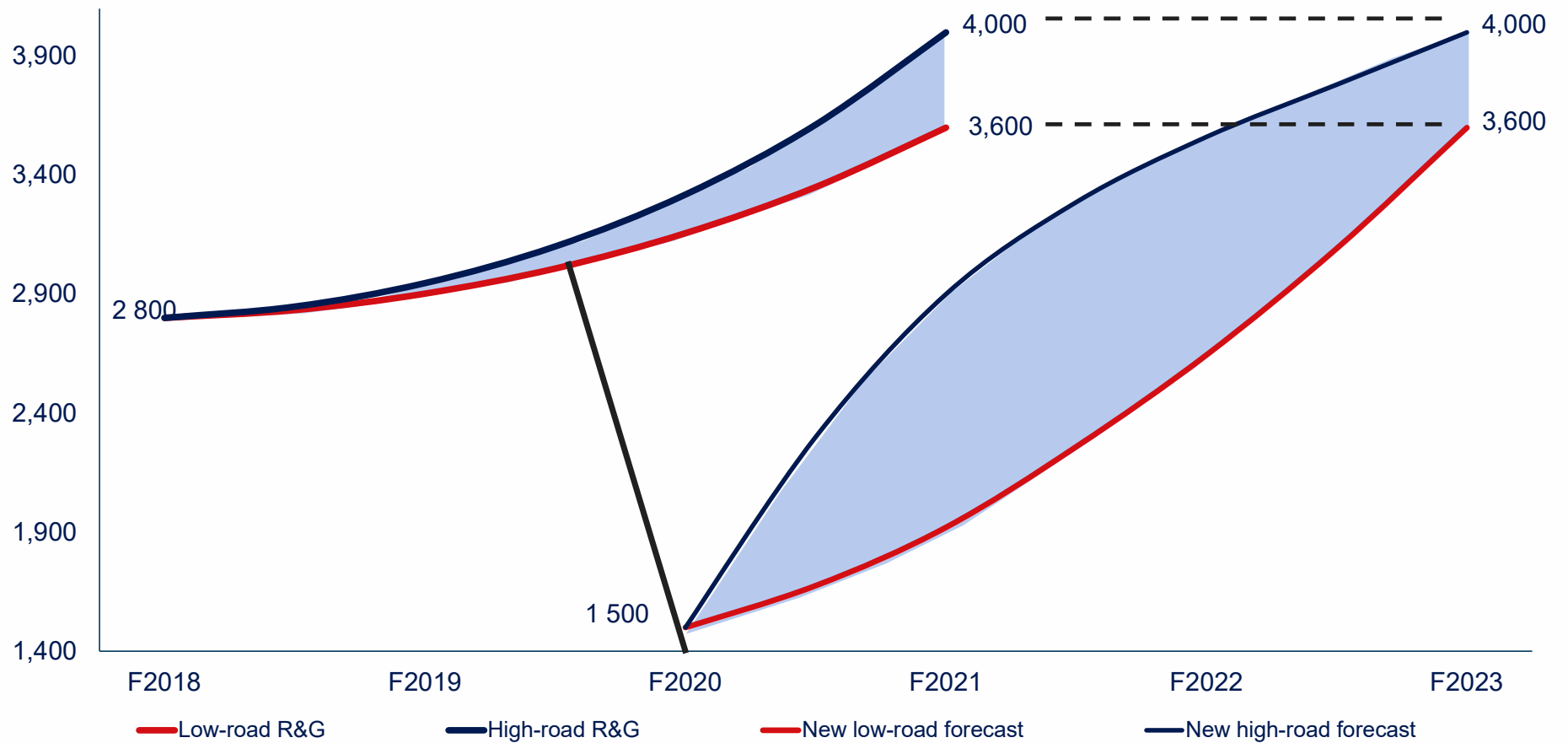


Marketing



Reset and Grow

Revised target range



Employee Share Ownership Program



B-BBEE ESOP

- 3% of Momentum Metropolitan Holdings ordinary shares
- All current and future South African based permanent employees
- 85% black shareholding



Improves black ownership credentials



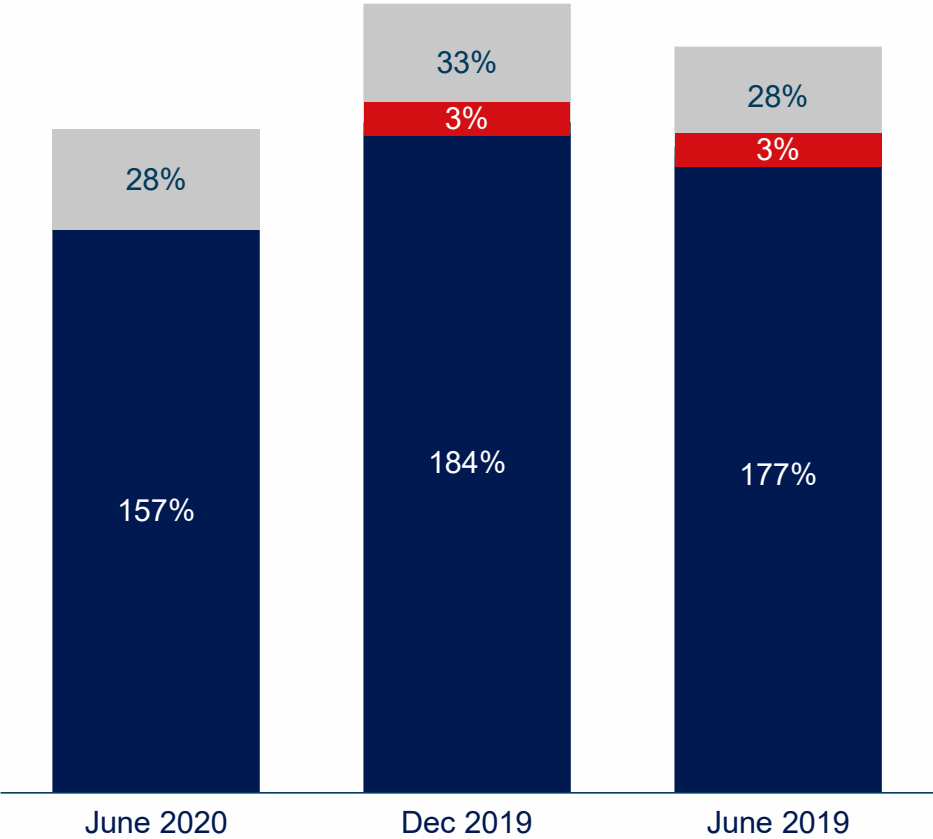
Now approved by shareholders

Capital Management & Solvency

03



Capital management – strong capital coverage



Regulatory solvency position (R million)

Momentum Metropolitan Life

Eligible own funds (pre-dividend) 29 067

Solvency Capital Requirement (SCR) 15 737

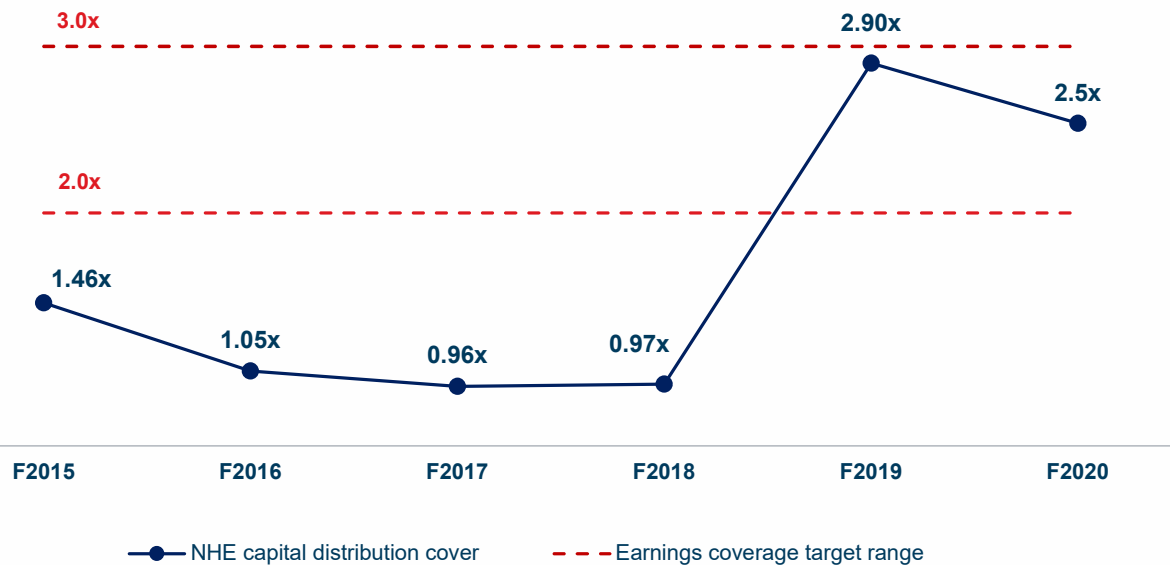
SCR cover (times) 1.85

SCR cover (times) - 30 June 2019 2.08

- Core Tier 1 (equity capital)
- Non-core Tier 1: Perpetual prefs
- Tier 2: Qualifying sub-debt

Capital management – sustainable dividend policy

NHE capital distribution cover (history and forecast)



Dividend decreased by 43%

Dividend policy is to pay out 33% to 50% of normalised headline earnings

Loss for 2H20 implied zero 2H20 dividend under dividend policy

Capital management

30 September 2020

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre-dividend)	29 589
Solvency Capital Requirement (SCR)	16 022
SCR cover (times) – 30 September 2020	1.85
SCR cover (times) - 30 June 2020	1.85

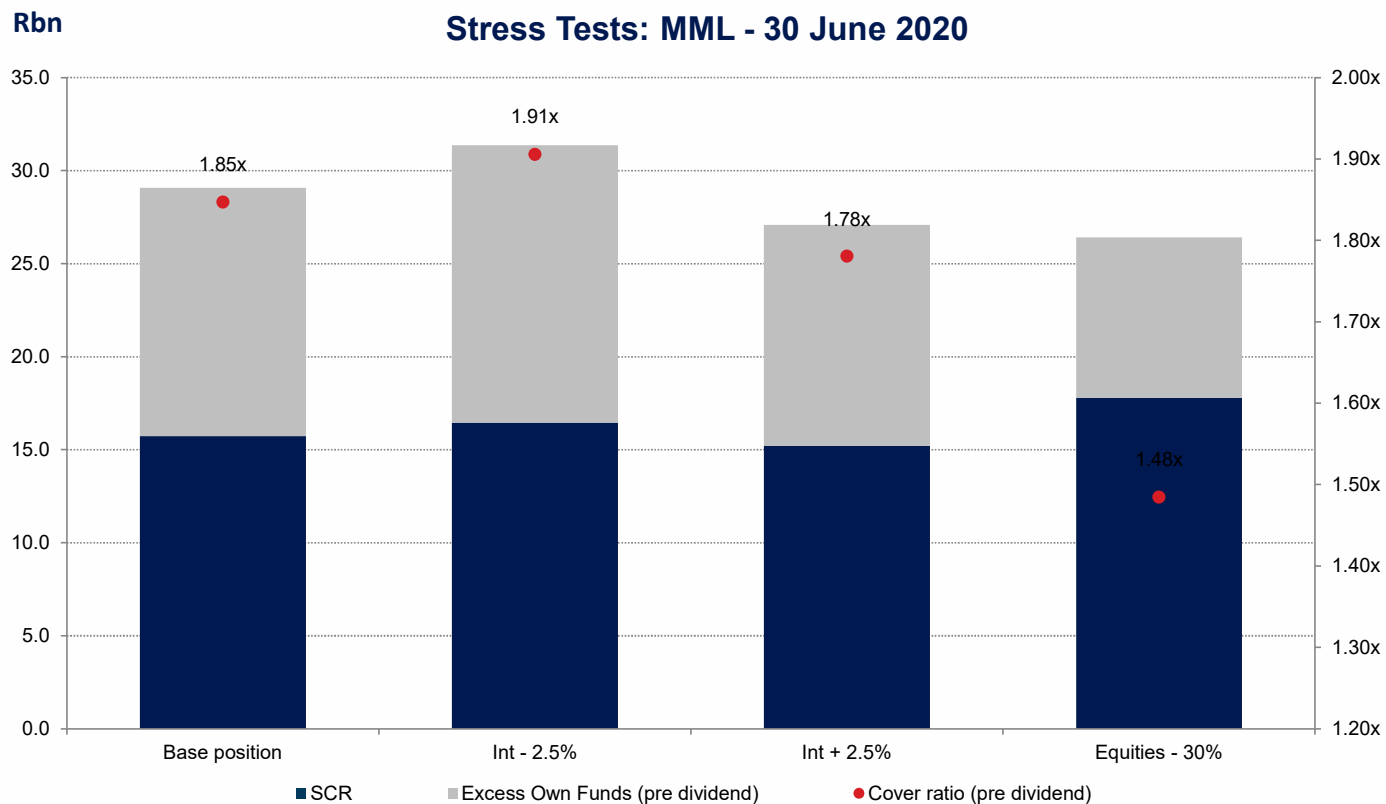
Investment of Capital

- Conservative investment mandate for assets backing shareholder capital

- Required capital backed by liquid high-credit quality & low investment risk assets to avoid double gearing/leverage of capital resources;
- Requirement to hold adequate liquidity in shareholders fund to meet planned and unplanned liquidity requirements.

Capital management

Strong and resilient solvency position under different stresses

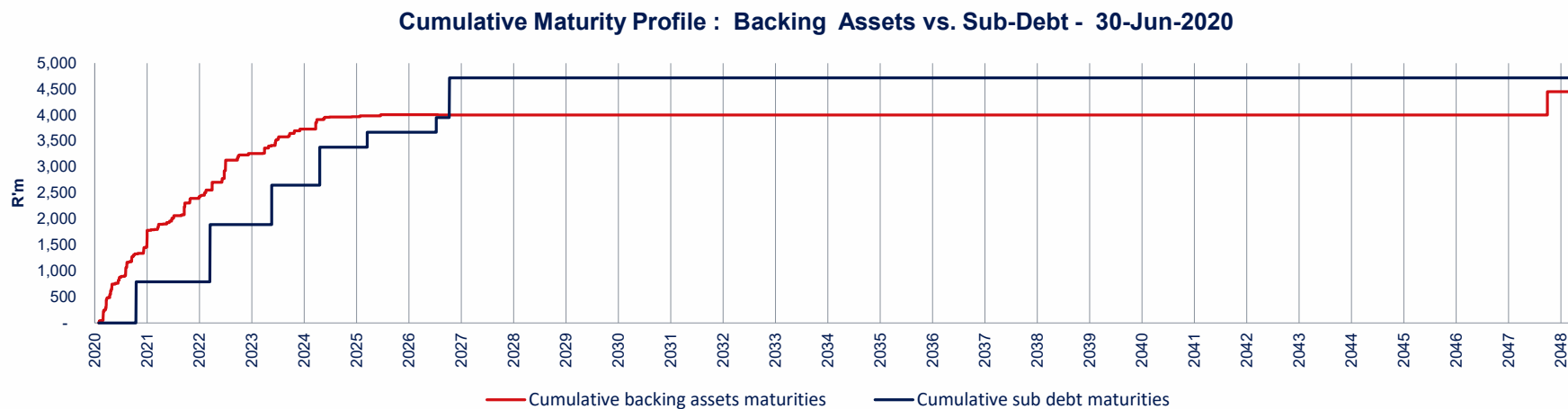


Stress tests descriptions

Int - 2.5%: 250bps decrease in nominal interest rates
Int + 2.5%: 250bps increase in nominal interest rates
Equities - 30%: 30% fall in the market value of equities

Capital management - Gearing

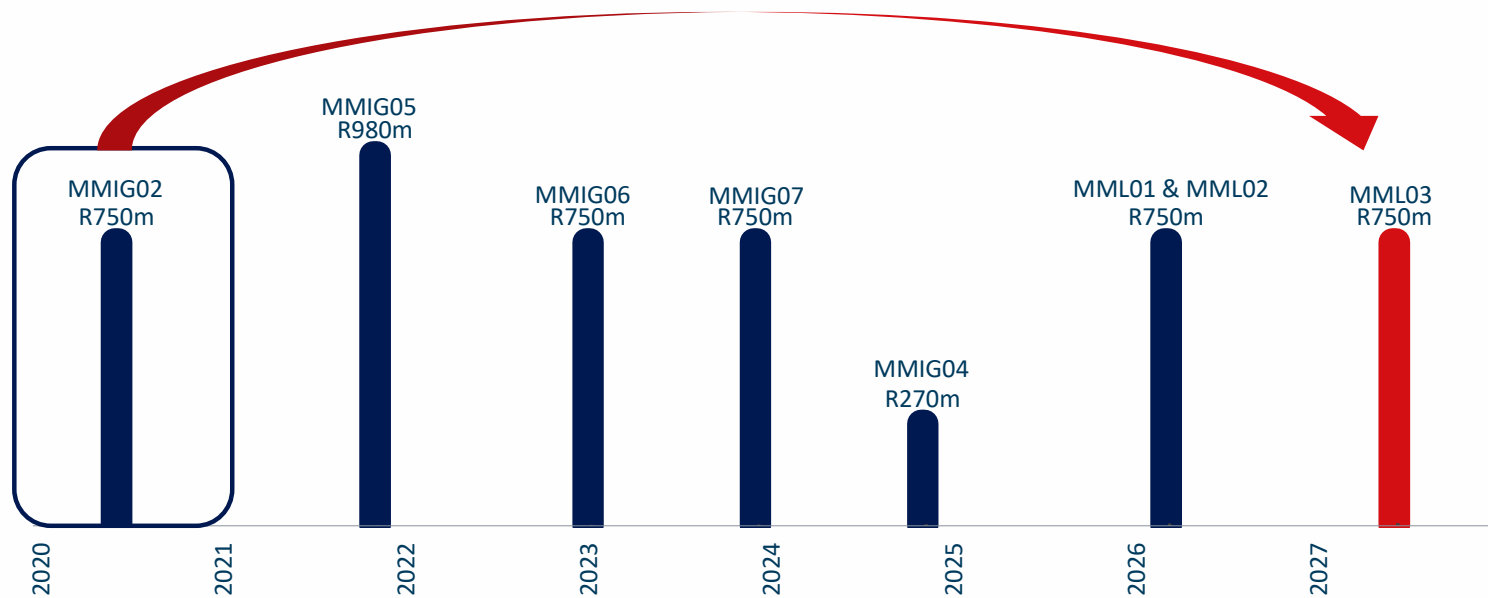
Momentum Metropolitan Life Limited	30-Jun-19	30-Jun-20
Equity	14,317	12,311
Preference shares	500	
Unsecured subordinated debt	4,431	4,431
<i>Total debt + Equity</i>	<i>19,248</i>	<i>16,742</i>
IFRS gearing	26%	26%



Capital management - Gearing

Maturity profile managed well

Subordinated debt maturity profile - 30 September 2020



	17-Mar-21	15-Aug-22	19-Oct-23	18-Sep-24	15-Aug-25	10-Dec-26	17-Mar-28
Bond code	MMIG02	MMIG05	MMIG06	MMIG07	MMIG04	MML01 & MML02	MML03
Issue amount of bond	R750m	R980m	R750m	R750m	R270m	R750m	R750m
Outstanding tenor	1 years	2 years	3 years	4 years	5 years	6 years	7 years

Instrument details

04



MML Credit rating

- Credit rating issued by Moody's Investor services.
- On 25 November 2020, amended the ratings of a number of South African Insurers including that of MML following the rating action on the South African Government on 20 November 2020. The outcome of the amendment is that the Insurer Financial Strength rating of MML has been downgraded to Ba1 from Baa3, with corresponding downgrades of the other ratings assigned to the Issuer, its programme and notes. This action follows the downgrade of the South African Government's issuer rating to Ba2 from Ba1 on 20 November 2020. Moody's noted: "...the IFS rating of MML remain above the sovereign rating, reflecting its solid capitalisation and the flexible liability profile of some of its products. In particular, the products' features offers a relatively high ability to share the losses with policyholders by permitting MML the right to retract non-vested policyholder bonuses, or to utilize funds in the bonus stabilisation account and/or make lower future bonus declaration to policyholders..."

Entity	Type	National scale		Global scale		Outlook
		30-Sep-20	25-Nov-20	30-Sep-20	25-Nov-20	
Momentum Metropolitan Life	Insurance Financial Strength	Aaa.za (AAA)	Aaa.za (AAA)	Baa3 (BBB-)	Ba1 (BB+)	Negative
Momentum Metropolitan Life	Issuer rating	Aa1 .za (AA+)	Aa1 .za (AA+)	Ba1 (BB+)	Ba2 (BB)	Negative
Subordinated debt	N/a	Aa3.za (AA-)	Aa3.za (AA-)	Ba2 (BB)	Ba3 (BB-)	Negative

Instrument structure – Floating rate note

Issuer	Momentum Metropolitan Life Limited	
Credit ratings	Insurer Financial Strength	Aaa.za
	Issuer	Aa1.za
	Subordinated Debt	Aa3.za
Rating Agency	Moody's Investor Service	
Programme	ZAR10bn Subordinated Note Programme listed on the Interest Rate Market of the JSE Limited	
Indicative target issue size	ZAR750mn in total between fixed and floating rate note, with floating rate note allocation decided on the auction day	
Indicative tenor	7 years (Pending regulatory approval)	
Note profile	Floating rate, Bullet	
Ranking	Subordinated	
Security	Unsecured	
Key terms	<ul style="list-style-type: none"> • Capital Bullet payment • Issuer's Optional Redemption <ul style="list-style-type: none"> • Tax reasons • Regulatory event 	
Prudential Authority Approval	Pending	
Auction process	Sealed bid without feedback (Dutch Auction)	
Proposed auction date	To be confirmed (09:00 to 11:00) T+3 settlement	
Use of proceeds	To redeem the R750mn MMIG02 note issued in March 2014 and callable in March 2020	

Instrument structure – Fixed rate note

Issuer	Momentum Metropolitan Life Limited	
Credit ratings	Insurer Financial Strength	Aaa.za
	Issuer	Aa1.za
	Subordinated Debt	Aa3.za
Rating Agency	Moody's Investor Service	
Programme	ZAR10bn Subordinated Note Programme listed on the Interest Rate Market of the JSE Limited	
Indicative target issue size	ZAR750mn in total between fixed and floating rate note, with fixed rate note allocation decided on the auction day	
Indicative tenor	7 years (Pending regulatory approval)	
Note profile	Fixed rate, Bullet	
Ranking	Subordinated	
Security	Unsecured	
Key terms	<ul style="list-style-type: none"> • Capital Bullet payment • Issuer's Optional Redemption <ul style="list-style-type: none"> • Tax reasons • Regulatory event 	
Prudential Authority Approval	Pending	
Auction process	Sealed bid without feedback (Dutch Auction)	
Proposed auction date	To be confirmed (09:00 to 11:00) T+3 settlement	
Use of proceeds	To redeem the R750mn MMIG02 note issued in March 2014 and callable in March 2020	

Indicative timelines

Date	Action item
03 – 07 December 2020	Investor roadshow
January/ February 2021	Termsheet, draft applicable pricing supplement(s) and auction details released to investors
January/ February 2021	Moody's pre-sale rating released on MML03 and MML04
January/ February 2021	Updated termsheet with price guidance released to investors
January/ February 2021	Proposed Auction Date
January/ February 2021	Settlement Date (t+3)

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The information in this presentation, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan’s external auditors. Financial figures for the 12 months ended 30 June 2020 have been correctly extracted from the audited annual financial statements, on which the auditors expressed an unqualified opinion. This presentation contains only a summary of the information in the financial results announcement for the 12 months ended 30 June 2020 and the operating update for the three months ended 30 September 2020. Any investment decision should be based on the full SENS announcements published 9 September 2020 and 24 November 2020, which is also available on the Company’s website at <https://www.momentummetropolitan.co.za/en/investor-relations/financial-results>.

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