

GUARDRISK BUSINESS REPORT 2016

CORPORATE FINANCIAL WELLNESS
ROOTED IN INNOVATION



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Our purpose

Guardrisk's purpose is to be of service to our clients. We exist to protect the Corporate Financial Wellness of our clients by helping them to better mitigate their business risks and improve their business performance.

Our mission

- To provide integrated and cost-effective insurance and alternative risk transfer solutions.
- To employ professionals with a passionate commitment to service excellence.
- To network locally and internationally and forge world-class partnerships.

Our vision

To be the partner of choice for unconventional risk solutions and affinity structures.

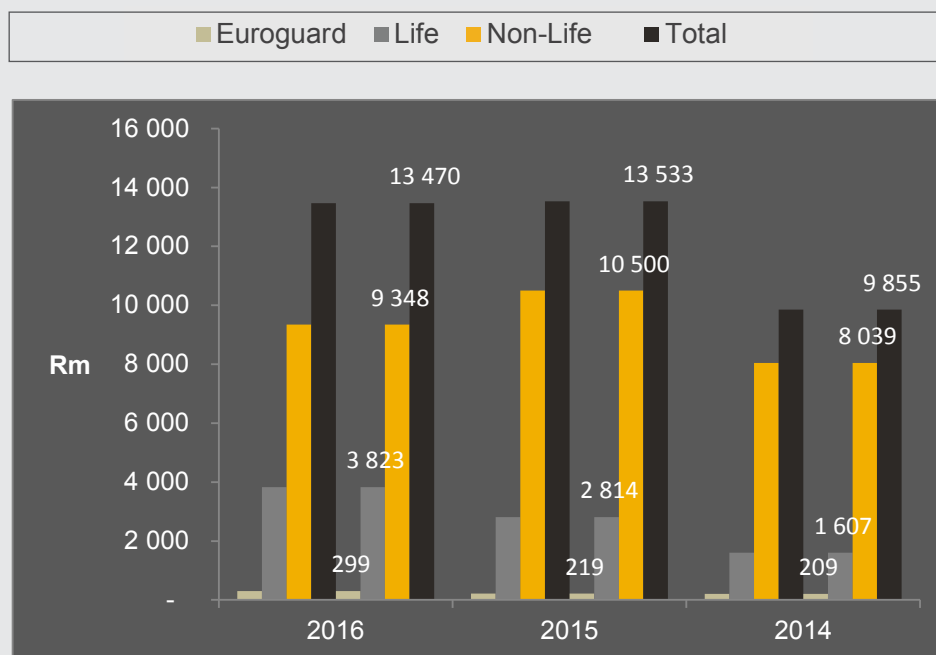
Our values

- We treat our clients fairly and seek to meet and exceed their expectations.
- We value our position as market innovators by constantly challenging ourselves and the industry.
- We hold ourselves accountable and take ownership of our actions and responsibilities.
- We are committed to being socially responsible and creating better communities around us.
- We value integrity, and practise good faith, fairness and honesty.
- We treat everyone with respect and dignity by embracing our diversity.
- We acknowledge the demands and rewards of teamwork by celebrating each other's strengths.

Guardrisk Insurance (consolidated), Guardrisk Life and Euroguard
2015 figures are for a 15 month period.

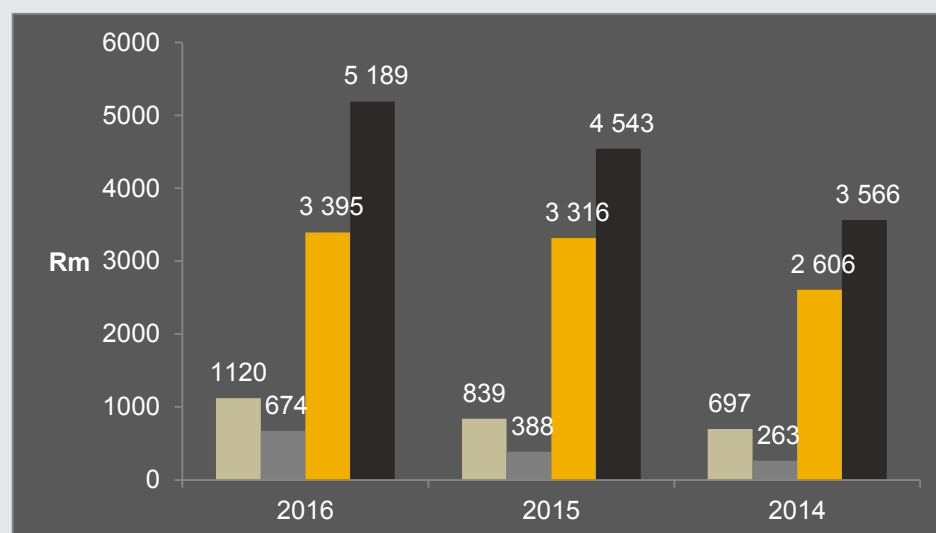
Gross premium income before premium refund **R13,4 billion**

This is an important and traditional indicator of the growth opportunities in a specific market segment or group of companies.



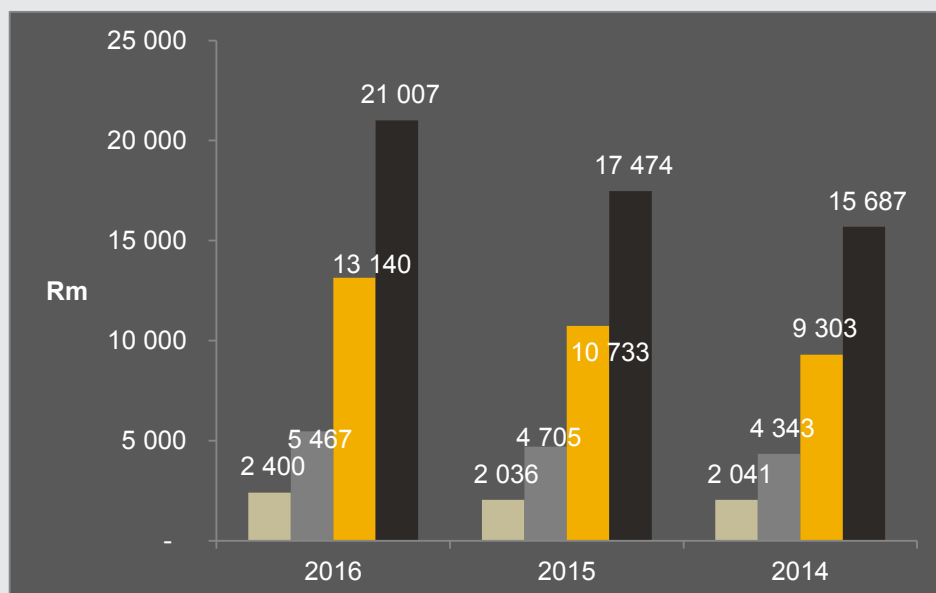
Cell shareholders' funds **R5,2 billion**

A good indicator of the cell captive model's success is the building of capacity within clients' cells.



Assets **R21 billion**

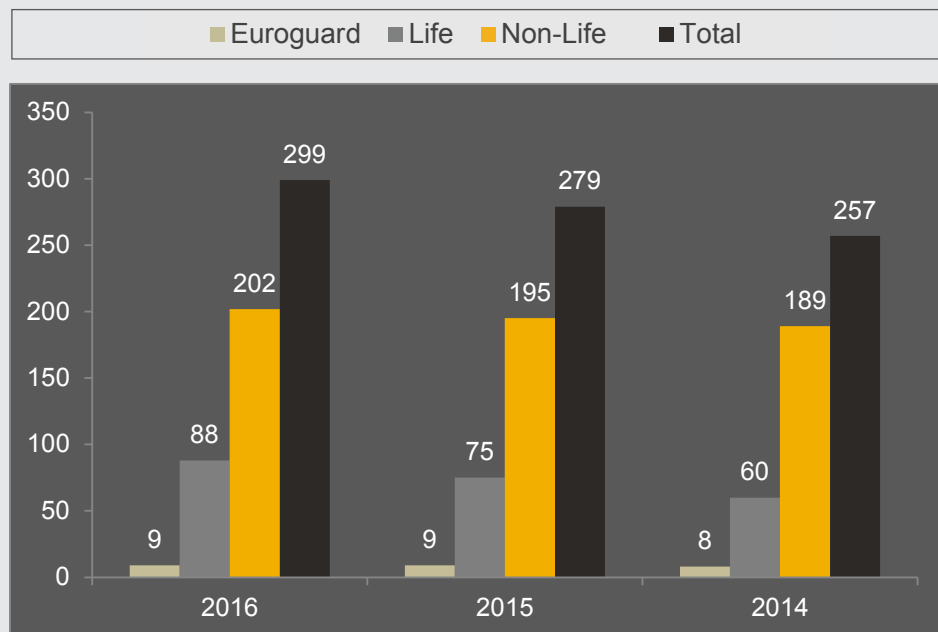
Asset growth is aligned with premium growth and signifies the businesses's overall financial strength.



Guardrisk Insurance (consolidated), Guardrisk Life and Euroguard
2015 figures are for a 15 month period.

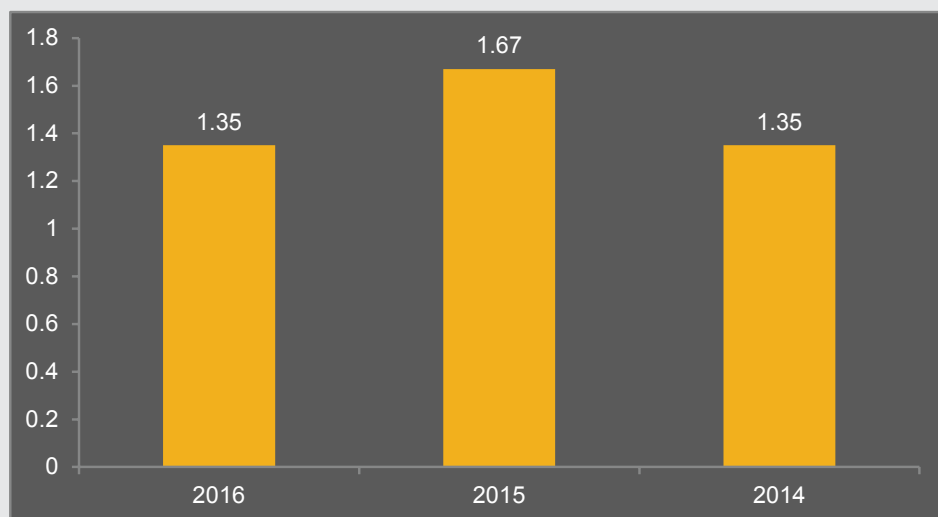
Total number of cells **299**

The steady growth of cells indicates clients' support of a structure that allows them to manage and finance their risk and sell insurance to their own customers.



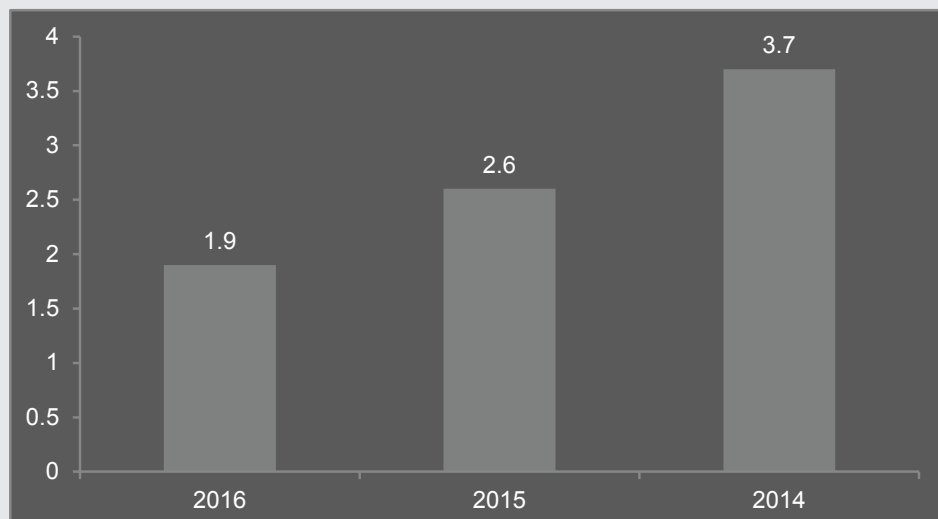
International solvency ratio (Guardrisk Insurance) **1,35 times**

Solvency capital requirement (SCR) is the statutory basis of calculating a none-life insurer's financial strength. The minimum requirement or SCR cover is 1 times.



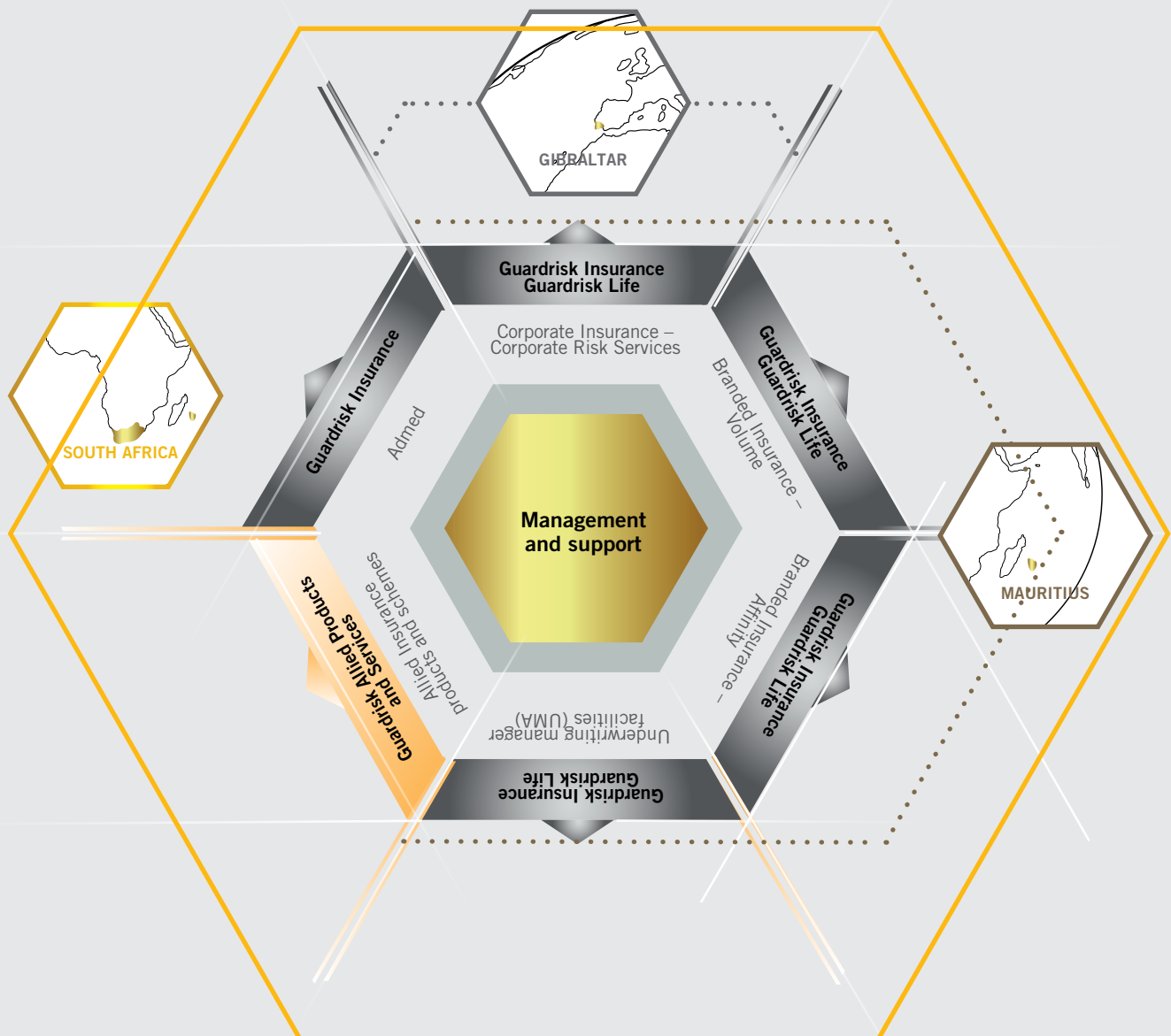
Capital adequacy requirement cover (Guardrisk Life) **1,9 times**

Capital adequacy requirement (CAR) cover is a useful indicator of the financial strength of a life insurance company. Car cover of 1 times means that the assets held are sufficient to cover the sum of policyholder liabilities.



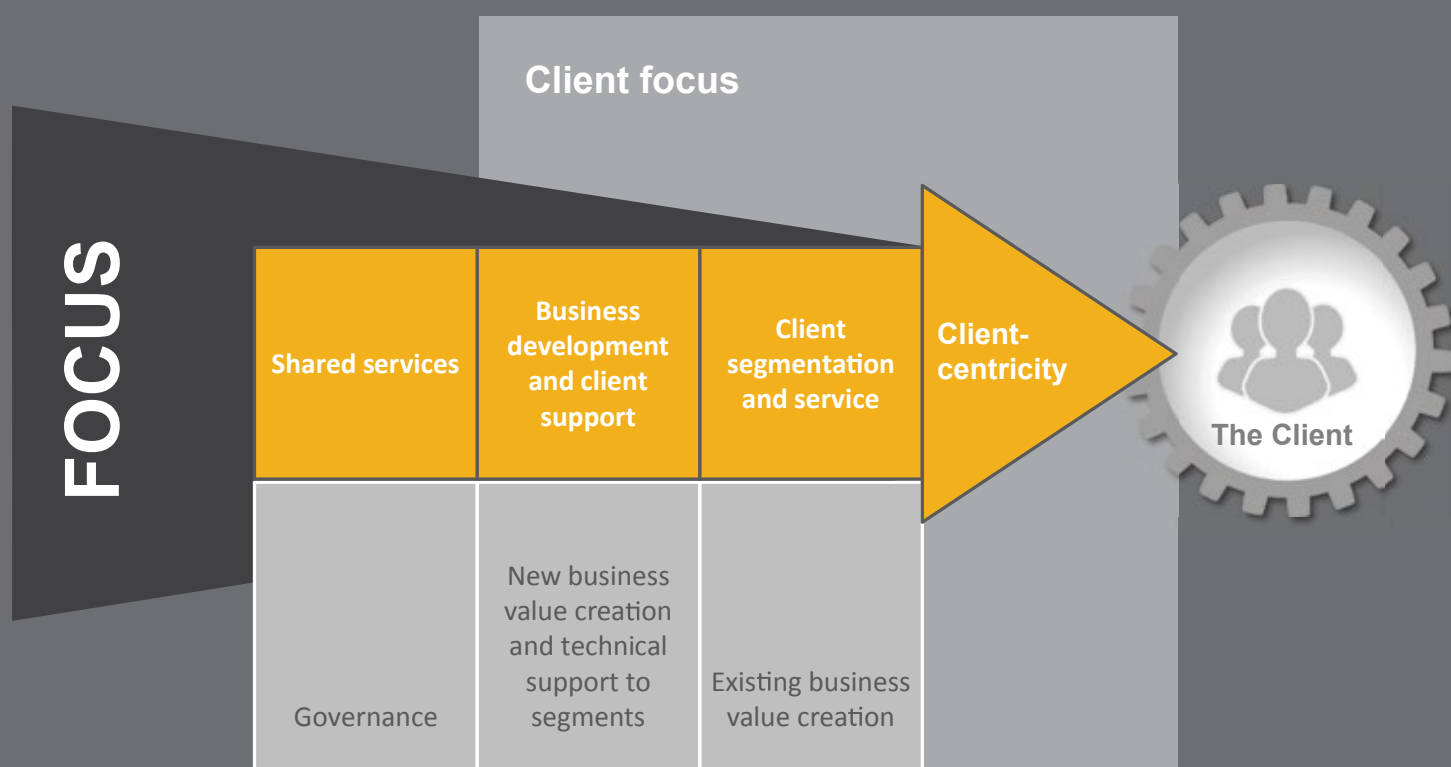
How we operate

Guardrisk is a specialist cell captive insurance group providing tailor-made risk financing and insurance solutions, and access to a broad and diversified panel of related services and reinsurance markets.



Our client-centric operating model

In Guardrisk's new client-centric, licence agnostic environment the front-end of the business is divided into client segmentation and service, business development and technical support.



Client segmentation and service

Guardrisk serves four main client segments:

- Corporate insurance (corporate risk services)
- Branded insurance – volume
- Branded insurance – affinity
- Underwriting management agencies (including Guardrisk Allied Products and Services)

The front end of each of these client servicing areas operates across the business' multiple licences, delivering the appropriate solution to secure clients' Corporate Financial Wellness.

In creating these segments, potential legislative changes have been taken into consideration to ensure that each segment has the necessary skills to monitor and deliver the required regulatory compliance from an outsourced business point of view.

Corporate insurance (corporate risk services – CRS)

Servicing the corporate and commercial markets, the CRS team assists clients to structure tailor-made solutions – typically referred to as alternative risk transfer (ART) or risk financing – to provide cover for underwriting, timing and credit risks; and, in some cases, business risks that are not typically insurable. The solutions are characterised by their ownership structure or participation in a “performance bonus”, which serves to incentivise the insured to manage their risk and participate in the resulting benefits. Cover is provided by a blend of self-insurance and risk transfer layers unique to the client's specific requirements.

CRS also provides mining houses with a solution in respect of their financial provisioning requirements for post closure rehabilitation, including furnishing guarantees to the Department of Mineral Resources.

Branded insurance – Volume

The segment serves clients that use Guardrisk's insurance licences to create a core insurance offering for their client base, under their own brand.

The volume team is skilled in deal and solution structuring, and the maximisation of capital; and is ideally placed to identify and develop mutually beneficial partnerships and joint ventures with clients.

Branded insurance – Affinity

This segment caters for brand-owners that sell tailor-made insurance products that cater for the specific needs of their customers. Our affinity partners use Guardrisk's licences to expand their value proposition to their own customer base and generate additional income from the insurance offerings, which complement their core products. Essentially, these insurance products provide for the protection of assets and people; and the affinity solution is ideally suited to the motor, retail, cellular phone, and credit sectors.

The affinity team has good insurance experience across a wide variety of insurance disciplines and is well positioned to help affinity partners manage their insurance business.

Underwriting management agencies (UMA)

The UMA segment serves both commercial and corporate markets, offering general commercial and corporate insurance, and niche classes of insurance. This team is well positioned to respond to the ongoing innovation demanded by clients and brokers to cater for their unique risk requirements.

Business Development and Technical Support

Business development

Even before the formal introduction of our new client-centric operating model, Guardrisk subscribed to the ethos that our single purpose for being in business is to be of service to our clients. Now, more than ever before, our clients are at the heart of the Guardrisk business model and client relationships are paramount.

While the onus for everyday client relationship management still resides within the relevant segments, our newly formed business development team will frequently interact with clients and distribution channels, providing checks and balances to ensure that we are performing optimally.

This team is also responsible for exploring new opportunities, markets, business lines and products for the Guardrisk group. Business development's high level client relationships will also allow them to identify and develop potential opportunities that benefit both clients and Guardrisk.

The business development function is an important cog in the wheel of Guardrisk's future growth and sustainability.

Technical support

Guardrisk's new client-centric operating model has transformed the business into a more effective and efficient organisation, better positioned to respond to the macro environment and clients' changing needs, as well as the ever shifting regulatory landscape.

Technical support harnesses the actuarial, reinsurance, underwriting and claims structures into a strong and dynamic entity, cutting across licences, segments and geographical locations. Standard processes across the business allow us to sharpen our focus; facilitates seamless handover between teams and unlocks the efficiency inherent in effective team work.

Technical support is structured into seven multi-disciplinary teams that service clients and the Guardrisk segments.

Structuring and solutions

This actuarial unit forms the key point of contact between the segments and the technical support areas, focusing on client service and client solution development. Structuring of new deals, pricing of new products and rate reviews of

existing products fall within the ambit of structuring and solutions.

Balance sheet management

The "number crunching" is divided into two engine rooms with the actuarial teams responsible for liability balance sheet management and reporting; capital management and reporting; and asset strategy development. Because of the specialist skills required, balance sheet management is split between non-life and life; with the latter also handling life reinsurer management and maintaining all existing life reinsurance arrangements.

Business intelligence

These days businesses have ever evolving and ongoing quests for data and intelligence from data analysis. Real value can be extracted from smart data collection and analysis to unlock further growth and business efficiency. In addition to several reporting accountabilities, this actuarial team is responsible for data acquisition and the maintenance of Guardrisk's data warehouse.

Project Delta is Guardrisk's proactive response to regulatory frameworks like Protection of Personal Information Act (POPI); Treating Customers Fairly (TCF); Conduct of Business Returns (CBR); and Solvency Assessment and Management (SAM). By finding smarter ways to collect and interpret data, we aim to comply with the ever increasing regulatory expectations and compliance requirements, while finding ways to generate real value for our clients.

Reinsurance

Guardrisk's reinsurance team essentially deals with non-life reinsurer relationship management and manages existing reinsurance arrangements (responsibility for life reinsurance resides with the life actuarial balance sheet management team, as indicated above). The reinsurance team uses its strong reinsurance expertise and knowledge of the Guardrisk business to assist clients that want to transfer some of their risk. Clients benefit from close collaboration between the reinsurance team and actuarial's balance sheet management and business intelligence teams.



Business Development and Technical Support continued

Underwriting

The important task of assessing risk exposures and developing and maintaining policy wordings that conform to industry best practice lies with the underwriting team, which employs a strong group of underwriting subject matter experts.

Combining our underwriting resources from non-life and life into a single team allows for cross pollination of skills and economies of scale, which ultimately translates to improved client service. One example of this is the probable migration of most credit life offerings currently underwritten by non-life insurers to life licences, due to expected changes coming in SAM. Guardrisk's centralised underwriting department will benefit clients and policyholders by making this transfer seamless.

Claims

The claims division now services all segments of the business; including oversight of the UMA segment, which has its own dedicated claims team. The team's responsibilities are primarily focused on setting methodologies and high-level claim procedures but include involvement in the operational processing of claims above pre-set thresholds; supporting clients on claims management; and the resolution of complicated and contentious claims

Guardrisk's market conduct focus is also housed within the claims technical support unit. This makes good business sense because claims are the touch point where one can learn best how to manage complaints and improve processes.

Where we operate

Guardrisk's head office is in Sandton, Gauteng and we have regional representation in Pretoria, Durban and Cape Town.

Our international operations in Gibraltar and Mauritius offer clients a range of solutions for offshore risks and are a key competitive differentiator in the Guardrisk arsenal.

Euroguard is a Protected Cell Company (PCC) and has an open licence to write all 18 classes of business; and, being based in Gibraltar, offers clients European Union passporting rights to write directly into European Economic

Area markets, without incurring fronting costs, for as long as the United Kingdom remains a member of the EU.

Guardrisk International in Mauritius offers clients the ability to insure their foreign business risk exposures. The offering includes: non-life cell captive structures governed by protected cell company legislation; life cell captive structures governed by contractual shareholder agreements; and 3rd party cell captive structures enable clients to sell customised, branded non-life insurance products to their customer base.



Our legal structure



The international businesses situated in Mauritius and Gibraltar have a fixed place of business in those countries with dedicated on-site management and independent boards.

Our parent group

MMI Holdings Limited is a South African financial services group that is listed on the JSE, with market capitalisation of some R36 billion and an embedded value of R43 billion as at 30 June 2016.

MMI uses its client-facing brands, mainly Metropolitan, Momentum, Guardrisk and Multiply, as well as MMI's financial services and other capabilities to enhance the Financial Wellness of individual clients, small and medium businesses, large companies, organisations and public enterprises in South Africa, the rest of Africa and selected international countries.

MMI has strong capabilities in:

- Life and non-life insurance for individuals and corporates.
- Asset management, property management, investment and savings.
- Healthcare administration and health risk management.
- Client engagement solutions, including Financial Wellness and rewards programmes such as Multiply.





Chairman and Chief Executive Officer's Review

Tough trading conditions

2016 has been a challenging year, with local and global political events impacting negatively on already weak economies, and investment markets mostly flat. In South Africa, all key economic indicators pointed to even more pressure on consumers' disposable income than 2015. Business and consumer confidence indices remain at very low levels and the negative environment inevitably impacted on the South African insurance industry.

Solid performance by Guardrisk

Despite extremely tough trading conditions, the Guardrisk Group delivered a strong performance in 2016. The fact that Guardrisk's partnerships with clients are intrinsically long-term, no doubt contributes to the business' resilience in difficult times.

Guardrisk's robustness is underscored by the fact that it has recorded embedded value growth of 26% per annum, since being acquired by MMI in 2014. Today Guardrisk is one of MMI Holdings' four client brands – the others being Momentum, Metropolitan and Multiply. Being part of MMI Holdings has delivered phenomenal opportunities and synergies, contributing significantly to Guardrisk's bottom line and adding considerable value for its clients and employees.

Client-centric operating model

In July 2016, Guardrisk formally adopted a new client-centric operating model, which aligns the business with MMI's strategic focus on Financial Wellness and extends the concept of Corporate Financial Wellness to Guardrisk's clients.

“Guardrisk's robustness is underscored by the fact that it has recorded embedded value growth of 26% per annum, since being acquired by MMI in 2014.”



Nicolaas Kruger

Herman Schoeman

Chairman and Chief Executive Officer's Review continued

Regulatory environment driving change

The changing regulatory environment was one of the strategic drivers for transforming the business. Essentially the South African insurance regulatory environment is splitting into two pockets: market conduct (focusing on client segmentation); and prudential (focusing on financial). Guardrisk's new operating model positions the business to perform optimally within this scenario.

Value added by client segmentation

With Guardrisk's support functions aligned with MMI, we had the opportunity to segment our client base at the front-end of the business to ensure that the solutions we provide are more client-centric and speak to the needs of our clients.

Segmentation inherently unlocks synergies within MMI for Guardrisk's clients, providing access to new distribution channels; new products (including health products); the extensive MMI geographical footprint; and MMI's three other well respected client facing brands. Our clients also have access to a wide range of investment opportunities within MMI.

Thanks

We would like to thank Guardrisk's board, the management team and employees, for their sterling contribution to Guardrisk's success over the past year. The Guardrisk

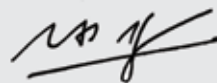
team's unwavering commitment to the business is what continues to set us apart from our competitors.

Thank you also to our clients who continue to trust us with their business.

In closing, we would like to congratulate Richard Eales, Francois Schaap and Kevin Eales on their appointments as managing directors of Guardrisk Insurance, Guardrisk Life and Guardrisk Allied Products and Services respectively.

Richard and Francois are now responsible for the day to day running of the business and we are confident that Guardrisk will continue to go from strength to strength under their stewardship.

We look forward to the next exciting chapter of the Guardrisk story, bolstered by the commitment of our talented people and the dynamism and capacity to innovate for the benefit of our clients.



Nicolaas Kruger
Chairman



Herman Schoeman
Chief Executive Officer

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Managing Directors' Review

Guardrisk performed well in 2016, despite the economic challenges facing the local and global economies.

While the 2016 financial statements reflect that gross premium income before refund dropped slightly to R13,4 billion (2015*: R13,5 billion), it is important to note that the 2015 figures are for 15 months and the 2016 figures are for 12 months. On a comparative, like for like, basis there is an increase of over 20%. In 2016, assets grew to R21 billion (2015*: R17,5 billion); and shareholders' funds rose to R5,2 billion (2015*: R4,5 billion). **15 months*

Significant new business growth

Despite the challenging business environment, Guardrisk enjoyed good new business growth in 2016. This came from various sectors of the business and included two large

new local affinity schemes and two mining rehabilitation guarantees in Tanzania. New business growth in terms of mining rehabilitation guarantees is expected to continue, both locally and into Africa.

Euroguard, which continues to provide offshore risk solutions for Guardrisk's clients, recently concluded Gibraltar's first insurance linked security (ILS) type transaction. This business is now fully Solvency II compliant; a notable achievement, with Solvency II widely hailed as the gold standard in insurance regulatory regimes.

Guardrisk's Mauritius business recorded impressive growth in 2016, with the expansion of affinity partners into Africa (including Ghana, Nigeria, Kenya, Zambia) and South America (including Columbia, Peru and Mexico).

Despite the challenging business environment, Guardrisk enjoyed good new business growth in 2016.



Richard Eales

Francois Schaap



Managing Directors' Review continued

Elevating client-centricity to the next level

The adoption of a new client-centric operating model in July was essentially about taking Guardrisk's historically client-focused business to the next level. We have always put clients at the heart of our business, but now we've transformed the business into a more effective and efficient organisation, better positioned to respond to clients' changing needs and the ever shifting regulatory landscape.

Understanding the needs of clients in similar industries and segments, and developing integrated solutions for clients in specific segments, is an important competitive differentiator, which will add significant value to Guardrisk's client offering.

The new structure also aligns with the client-centric model of our parent company, MMI Holdings, unlocking valuable synergies, and enabling Guardrisk to extend MMI's Lifetime Financial Wellness strategy into the corporate space under the banner of Corporate Financial Wellness.

A shifting regulatory landscape

Regulatory developments remain top of mind for insurers with the cell captive review, market conduct and the Solvency Assessment and Management (SAM) regime currently being the three key focus areas.

Understanding the needs of clients in similar industries and segments, and developing integrated solutions for clients in specific segments, is an important competitive differentiator, which will add significant value to Guardrisk's client offering.

The Financial Services Board's draft position paper on the Review of Third Party Cell Captive Insurance and Similar Arrangements (released in June 2013), set out proposals to enhance the existing regulatory framework applied to third party cell captive insurance business. The much anticipated final policy proposals are strategically important to our business and are expected to further unpack the Insurance Bill provisions in respect of cell captive structures, providing the supervisory policy framework to be applied to third-party cell captive arrangements.

The Financial Sector Regulation Bill, or so called Twin Peaks Bill, will create the new financial regulatory architecture with two regulators: the Prudential Authority and the Financial Sector Conduct Authority, and the South African Reserve Bank overseeing financial stability. The legislation is currently under consideration by Parliament and, once enacted, implementation is expected to follow shortly thereafter (implementation is anticipated to be in the first quarter of 2017).

SAM, the new risk-based solvency regime for South African non-life and life insurers, will be introduced by the Insurance Bill and is significant as it is framework legislation, containing fundamental policy principles. The Insurance Bill will not only provide a consolidated legal framework for the prudential supervision of the insurance sector but will also replace and consolidate a substantial part of the Long-term Insurance Act and the Short-term Insurance Act relating to prudential supervision. The Insurance Bill was tabled in Parliament in January 2016 and is currently under consideration by Parliament's Standing Committee on Finance. Implementation of SAM is expected to be July 2017, but is subject to parliamentary schedules.

Financial ratings provide peace of mind in an uncertain world

Three companies in the Guardrisk Group have received ratings from international rating agency, Moody's Investors Service. Both Guardrisk Insurance and Guardrisk Life have been awarded an Aaa.za national scale insurance financial strength (IFS) rating; and a Baa2 global scale IFS rating has been awarded to Guardrisk International PCC in Mauritius.

Creating sustainable transformation

Guardrisk's commitment to sustainable transformation

Managing Directors' Review continued

remains a business imperative and we are now included in MMI's BEE rating. In the May 2016 rating, issued by NERA (National Empowerment Rating Agency), Guardrisk maintained its Level 2 BEE rating in terms of the FSC Codes and its status as a "value added supplier". The latter, when combined with the Level 2 BEE rating, allows clients to claim an amount of R156,25 for every R100 that is spent with Guardrisk towards the preferential procurement element of their own BEE rating scorecard.

MMI achieved a full score for Enterprise Development (ED) in the 31 December 2015 BEE scorecard. This was achieved via the Aluwani Capital Partners transaction, whereby MMI provided vendor financing for the management buy-out (MBO) by a few key individuals from the old Momentum Asset Management. MMI facilitated this MBO in the spirit of transformation and to complement its new Outcomes-Based Investment philosophy.

Looking into the crystal ball...

Going forward, Guardrisk will continue to leverage on its solid relationships with clients and partners to develop new solutions and products, as well as markets, capitalising on the valuable skills that we've gained in the MMI group. The extensive MMI footprint – which is particularly strong in Kenya, Nigeria and Zambia – will be a significant asset in terms of the development and distribution of new products.

Changes in the Underwriting Management Agency (UMA) space will see insurers playing a different role going forward and Guardrisk will continue to explore equity participation with its UMA partners – a mutually rewarding strategy, which strengthens the UMA's balance sheet and creates capacity.

One of the biggest challenges currently facing insurers is the issue of data. Regulations require the collection of more and more data and insurers are grappling with how to create efficient platforms to gather and organise the data in order to report to the regulator at a consolidated level. The scope of this challenge is more pronounced in the cell captive space where data has to be accumulated from multiple binder holders. Project Delta is Guardrisk's

response to this challenge and we are in the process of building significant data warehousing capabilities. This project embodies our commitment to meeting regulatory expectations and requirements, while finding ways to generate real value for our clients through the various processes and outcomes.

Thanks

The past year has been challenging, to put it mildly, and we would like to thank our clients, intermediates, reinsurers and service providers for their ongoing support of and confidence in Guardrisk.

The Guardrisk team deserves special mention, they have consistently risen to the occasion and given their best; affirming our long held view that our people truly are our greatest asset and Guardriskers are quite simply among the best in the business.

We would like to thank the board for their support and guidance and particularly our CEO, Herman Schoeman, whose wisdom, support and enthusiasm does so much to bolster this business.

We are excited to be leading Guardrisk as it writes the next chapter in its illustrious history...



Richard Eales
Managing Director
Guardrisk Insurance



Francois Schaap
Managing Director
Guardrisk Life

Financial Review

Financial performance highlights

Guardrisk Insurance; Guardrisk Life; Guardrisk Allied Products and Services (GAPS); Guardrisk International, Mauritius; and Euroguard, Gibraltar.

Guardrisk's integration into MMI has been bedded down over the last two years and has given the group access to capital from MMI's strong balance sheet, opportunities to leverage off insurance expertise (especially on the life side), group-wide governance forums and opportunities for collaboration on various business enterprises.

	2016 Rm	2015 Rm*	Y-o-y change %
Attributable to ordinary shareholders			
Net revenue	516.9	587.1	-12.0%
Expenses	314.8	313.8	0.3%
Trading Results before interest, taxation and corporate charges	202.0	273.2	-26.1%
Revenue contribution per capita (efficiency)	0.805	1.111	-27.5%
Group Operational Performance			
Gross written premium			
Local	11 370	11 948	-5%
International	1 745	1 275	37%
Assets under management			
Local	16 743	14 063	19%
International	4 264	3 411	25%
* 15 months			

Income from operations increased by 10% to R516.9 million for the year (based on a 12 month comparative period for 2015) and trading profit, before interest, tax and corporate charges, decreased by 8% to R202 million. The group's performance was supported by strong growth in new business in especially the life company, and supported by good performance in the foreign subsidiaries.

Expenses increased by 25% based on a 12 month comparative period. This was largely due to the alignment of staff incentive schemes with those of MMI, as well as increased spend on professional services, mostly as a

result of requirements for the implementation of various changes to insurance regulations (especially SAM). Additional investment in various technology platforms to enhance service delivery, efficiencies and data capabilities also increased expenses. This trend is expected to continue over the next several years as the group strives to improve efficiencies and enhance client service.

The GAPS business is still a significant contributor to the group's results, although revenue growth lagged behind that of the other businesses.

Revenue streams remained stable with good growth shown in management and investment fees. Risk taking during the year unfortunately resulted in underwriting losses due to adverse claims experience, especially in retrenchment cover in the life business. With the backing of the strong MMI balance sheet, Guardrisk will take increased risk in future, when opportunities present that are in line with the set risk appetite.

Segmental net revenue by division

	% contribution	2016 Rm	2015 Rm*	Y-o-y change %
Guardrisk Insurance	54%	280	329	-15%
Guardrisk Life	17%	88	95	-7%
Guardrisk Allied Products and Services	21%	108	130	-17%
Guardrisk Mauritius	6%	31	24	29%
Euroguard	2%	10	10	6%
Total		517	587	-12%
* 15 months				

Revenue by type

	% contribution	2016 Rm	2015 Rm*	Y-o-y change %
Management fees	81%	417	451	-7%
Investment fees	14%	72	74	-2%
Underwriting profits	-1%	-6	21	-127%
Investment Income	6%	33	42	-21%
Total		517	587	-12%
* 15 months				

Financial Review continued

Financial soundness

Both Guardrisk Insurance and Guardrisk Life received Aaa (national scale) and Baa2 (global scale) financial strength ratings from Moody's Investors Service during the period.

Moody's also assigned a Baa2 global scale rating to Guardrisk International Limited PCC in Mauritius.

The ratings confirm the financial strength and financial stability of the group's companies and provide all stakeholders, specifically clients and policyholders with an independent view of key indicators.

Financial soundness ratios (times)

	2016	2015
Guardrisk Insurance		
Statutory capital – CAR cover	1.35	1.67
Promoter capital – CAR cover	1.3	1.4
Guardrisk Life		
Statutory capital – CAR cover	1.9	2.6
Promoter capital – CAR cover	1.9	1.2

During the period under review, both Guardrisk Insurance and Guardrisk Life maintained capital cover well in excess of the minimum requirements. The capital cover ratios ensure shareholder and policyholder protection, while optimising balance sheet management.

The variances from prior year are dependent on timing of dividends declared to MMI and cell shareholders, as well as increases in solvency support granted to certain cell facilities.

The board of directors sets risk appetite levels and provides guidance on the capital cover to be retained with the aim of maximising sustainable growth, whilst ensuring that policyholders and clients are well protected.

During the period under review, Guardrisk Insurance paid dividends of R70m (2015: R0) to its holding company and R651,4m (2015: R623,9m) to cell shareholders. Guardrisk Life paid R0m (2015: R6m) to the holding company and R307,2m (2015: R453,1m) to cell shareholders.

R1,3 billion (2015: R1,7 billion) was paid in respect of performance bonuses, rewarding contingency policyholders for efficient risk management and good claims experience.

The table above illustrates the strong growth across all divisions over the past financial year; this was driven by strong premium growth, as well as 26 new cells being opened during the year.

Assets under management

	2016 Rm	2015 Rm*	Y-o-y change %
Guardrisk Insurance	11 276	9 358	20%
Guardrisk Life	5 467	4 705	16%
Guardrisk Mauritius	1 864	1 375	36%
Euroguard	2 400	2 036	18%
Total	21 007	17 474	20%
* 15 months			

Board of directors

Nicolaas AS Kruger (48)

Chairman

*BCom, FFA, FASSA,
AMP (Oxford)*



Nicolaas started his career at Momentum as an actuarial assistant in July 1991. He was appointed as chief actuary of Momentum in 1997 and held this statutory role for 10 years up to the beginning of 2007. He was divisional chief executive officer of the employee benefits and health business in 2005 and 2006. He became chief financial officer of Momentum Group in 2007 and was appointed chief executive officer of Momentum Group in January 2009. In December 2010, he was appointed group chief executive officer of MMI Holdings following the merger between Metropolitan and Momentum.

Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Allied Products and Services (Proprietary) Limited
Association for Savings and Investment South Africa (ASISA)
MMI Holdings Limited
MMI Group Limited
Various other subsidiary companies within the MMI Holdings group

Herman (SH) Schoeman (53)

Chief executive officer

BCom, MBA, HED



Herman has extensive experience in the financial services industry. He worked for the FSB for nearly 10 years, working his way up to director: short-term insurance. During this time he served, inter alia, on the advisory committee to the minister of finance on short-term insurance (secretary) and the South African Institute of Chartered Accountants' short-term insurance interest group. He joined Guardrisk in 1999 and was appointed managing director in 2002. In 2012, Herman was the lifetime winner in the underwriting management category of the Cover Excellence Awards presented at the 2012 Insurance Institute of South Africa conference. He is a member of the SASRIA board and also chairs its Risk Committee. He is also a member of both the Executive Committee and the Board of the South African Insurance Association. In July 2014, he was also appointed as chief executive officer of the corporate and public sector segment at MMI and serves on the Executive Committee of the MMI group.

Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Allied Products and Services (Proprietary) Limited

Danie Botes (52)

Non-executive director

B Compt (Hons)



Danie is an accountant by training, and he completed his articles as an audit manager at Coopers & Lybrand before joining Momentum. He has now been with Momentum for 22 years, during which time he has established himself as an expert in business transformation and the use of information technology to achieve business results. His operational and executive responsibilities have included a period as CEO of Momentum Life, and instrumental involvement in the mergers with Southern Life, Lifegro and Sage Life. Amongst other achievements, Danie and his team created MC Solutions (Pty) Ltd, an outsourced IT company that was later sold to FNB. He was also instrumental in devising Momentum's middle market strategy.

Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited

Guardrisk Life Limited

Guardrisk Allied Products and Services (Proprietary) Limited

Guardrisk Insurance Management Limited (Mauritius)

Guardrisk International Limited (PCC) (Mauritius)

Guardrisk Life International Limited (Mauritius)

Momentum Short-Term Insurance Company Limited

Momentum Ability Limited

Various other subsidiary companies within the MMI Holdings group

Lourens J Botha (46)

Executive director

BCompt (Hons), CA(SA), ACMA



Lourens is a chartered accountant specialising in insurance and risk management. After completing his accounting articles, he spent 10 years at the FSB, initially as a forensic investigator on all aspects of non-banking financial institutions. A move to the

Board of directors continued

insurance division followed and for his last three years at the FSB, Lourens was the head of this division, responsible for financial supervision of insurance companies in South Africa. He then joined Absa as chief risk officer for the non-banking financial services division for six years, responsible for the enterprise risk management of the life insurer, non-life insurer, asset manager, stock broker, pension fund administrator and the financial advisers. Lourens joined Guardrisk as financial director in 2008.

Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Allied Products and Services (Proprietary) Limited
Guardrisk Premium Finance (Proprietary) Limited
Independent Premium Finance Company (Proprietary) Limited

Etienne de Waal (48)

*Non-executive director
BCom (Hons), FFA, FASSA*



Etienne started his career at Sanlam in the life product development environment but has spent the last 20 years with Momentum, where he served in various capacities in the employee benefits and health arena. Since the formation of MMI through the merger of Metropolitan and Momentum in 2010, he has served as the CEO of Momentum Employee Benefits and of Products and Solutions. He has recently been appointed as the CEO of Momentum Retail.

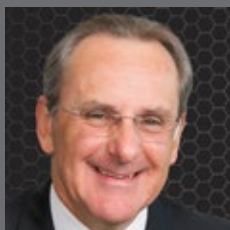
Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Allied Products and Services (Proprietary) Limited
Guardrisk Premium Finance (Proprietary) Limited
MMI Group Limited
Various other subsidiary companies within the MMI Holdings group

Kevin Eales (60)

*Executive director, Guardrisk
Allied Products and Services*

Kevin is the managing executive of Guardrisk Allied Products and Services and Guardrisk's UMA



division. He has held various executive positions and directorships in the Alexander Forbes group, including the position of group company secretary. He has more than 30 years' experience in the financial services industry.

Directorships

Guardrisk Allied Products and Services (Proprietary) Limited
Guardrisk Premium Finance Company (Proprietary) Limited

Richard J Eales (42)

*Managing director, Guardrisk
Insurance
BCompt (Hons)*



As one of two managing executives that head Guardrisk (the other being Francois Schaap), Richard is responsible for client segmentation and service, which includes the four client segments: 1st party (corporate client) cells, volume, affinity and UMAs. He has worked in the financial services industry since 1997 and joined Guardrisk in 2002. Alternative risk transfer solutions are his area of expertise and he has designed tailor-made solutions for corporates of all sizes, including many industry firsts. Richard is an expert in mining risks, specifically environmental rehabilitation risks.

Directorships

Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Insurance Management Limited
Guardrisk International Limited
Guardrisk International Life Limited
Euroguard Insurance Company PCC Limited
Momentum Ability Limited
Momentum Alternative Insurance Limited
Momentum Structured Insurance Limited

Len D Konar (62)

*Independent non-executive director
BCom, CA(SA), MAS (Illinois USA),
DCom (SA), CRMA*



Len has lectured postgraduate students on a range of topics at various universities in South Africa. He is a member of the King Committee on Corporate Governance, the Corporate Governance Forum and the Institute of Directors. He is the past co-chair of the Independent Oversight Panel of the World Bank, former member of the Safeguards Panel of the International Monetary Fund (IMF) and the past chairman of the external audit

Board of directors continued

committee of the IMF in Washington. Since 1998 he has been engaged in specialist consulting services in corporate governance, risk, internal audit, forensic investigations and technical accounting and auditing matters in the private and public sectors, including national, provincial and local governments. Len also lectures to graduate students on risk and governance matters, both locally and internationally and is a supervisor/mentor to MBA and PhD candidates.

Directorships

Guardrisk Insurance Company Limited
Guardrisk Life Limited
Alexander Forbes Equity Holdings (Proprietary) Limited
Exxaro Resources (chairman)
Lonmin PLC
Sappi Limited
Steinhoff International Holdings (deputy chairman)

Francois C Schaap (44)

*Managing director, Guardrisk Life
BEng (Ind) (Hons), MBA*



As one of two managing executives that head Guardrisk (the other being Richard Eales), Francois is responsible for business development and technical support, encompassing actuarial, reinsurance, claims and underwriting. He was instrumental in the creation of Guardrisk Life and, before joining Guardrisk in 1999, spent six years as a management consultant at leading audit firms, including PwC and KPMG. Alternative risk transfer solutions in the life and employee benefits spaces are his areas of expertise and he has assisted large employers and retirement funds to tailor and fund their own risk benefits.

Directorships

Guardrisk Life Limited
Guardrisk Insurance Limited
Momentum Ability Limited (Managing Director)

Maxwell Z Sibanda (38)

*Executive director
FCIS, FCIBM, CIRM*



After 10 years in the financial services industry – holding various financial management roles – Maxwell joined Guardrisk in 2006 as chief operating officer. Following an internal restructuring process in 2009, his responsibilities include governance, risk, legal and compliance and transformation and black economic empowerment. He now holds the position of

chief risk officer. Among his responsibilities within the wider Guardrisk group, Maxwell chairs the audit and risk committee of Euroguard Insurance Company PCC Limited in Gibraltar and is a non-executive member of the audit and risk committee of Guardrisk International PCC Limited and Guardrisk Life International Limited in Mauritius. In October 2014, he was also appointed as chief risk officer of the corporate and public sector segment at MMI and serves on the Executive Committee of the segment.

Directorships

Guardrisk Group (Proprietary) Limited
Guardrisk Insurance Company Limited
Guardrisk Life Limited
Guardrisk Allied Products and Services (Proprietary) Limited
Momentum Ability Limited
Momentum Structured Insurance Limited
Momentum Alternative Insurance Limited

Malungelo H Zilimbola (46)

*Independent non-executive director
BSc (Hons) QS, BCom (Hons)
Finance*



Malungelo has 18 years' experience in asset and investment management, having worked for large asset management corporates in South Africa. In 2006 he founded Mazi Capital, one of the first black hedge fund management companies in South Africa. The company currently manages hedge funds, unit trusts and institutional fund assets in excess of R40 billion.

Directorships

Guardrisk Insurance Company Limited
Guardrisk Life Limited
Mazi Capital

Guardrisk Executive Committee

Richard J Eales (42)

*Managing Director, Guardrisk Insurance
BCompt (Hons)*



As one of two managing executives that head Guardrisk (the other being Francois Schaap), Richard is responsible for client segmentation and service, which includes the four client segments: 1st party (corporate client) cells, volume, affinity and UMAs. Alternative risk transfer solutions are his area of expertise and he has designed tailor-made solutions for corporates of all sizes, including many industry firsts. Richard is an expert in mining risks, specifically environmental rehabilitation risks.

Francois C Schaap (44)

*Managing Director, Guardrisk Life
BEng (Ind) (Hons), MBA*



As one of two managing executives that head Guardrisk (the other being Richard Eales), Francois is responsible for business development and technical support, encompassing actuarial, reinsurance, claims and underwriting. Alternative risk transfer solutions in the life and employee benefits spaces are his areas of expertise and he has assisted large employers and retirement funds to tailor and fund their own risk benefits.

Zodwa Banda (47)

*Diploma in Business Administration
Managing Executive: Reinsurance (Non-life)*



Zodwa joined Guardrisk in 2009 and specialises in reinsurance, technical underwriting and structuring solutions. She has garnered extensive experience in this field over the past 20 years.

Abraham Paulus Coetzee (45)

*CA(SA)
Chief Operating Officer*



Abrie has worked in financial services since 1997 and joined MMI in 1999. Operations, strategy, and mergers and acquisitions are his area of expertise.

Rikus Botha (43)

*BCompt (Hons), CA (SA)
Managing Executive: Finance*



Rikus is a qualified chartered accountant. He joined the Momentum Group in 2002 and was involved in pension fund administration before transferring to the main life license. He later became CFO of Momentum Ability, a cell captive subsidiary of MMI, before joining Guardrisk in 2015.

Kevin Eales (60)

Managing Executive: Guardrisk Allied Products and Services, and Guardrisk's UMA division.



Kevin has more than 30 years' experience in the financial services industry. He has held various executive positions and directorships in the Alexander Forbes group, including the position of group company secretary.

Guardrisk Executive Committee continued

Graeme Peter Henderson (43)

B.Compt

Managing Executive: Corporate Risk Solutions.

Graeme joined Guardrisk in 1999. He has developed a well-rounded knowledge of alternative risk transfer solutions and mining rehabilitation risks. He is a director of Guardrisk International Limited PCC, Guardrisk Life International Limited and Guardrisk Insurance Company Mauritius Limited PCC.



Suzette Willemien Olivier (45)

BLC, LLB

Managing Executive: Governance, Risk, Legal and Compliance

Before joining Guardrisk in 2015 Suzette held an executive position at the South African Insurance Association (SAIA). She is an admitted advocate of the High Court, an alternative director of SAIA and a director of Dime Dem, which was established by Guardrisk to facilitate enterprise development. Her area of expertise is to provide strategic direction on the application of insurance legislation, oversight of the compliance function, managing the risk function and good governance.



André Jansen van Vuuren (39)

Fellow of the Institute and Faculty of Actuaries BSc Hons

Managing Executive: Capital and Actuarial

Andre is a qualified actuary with 18 years' experience in the financial services industry. He joined Guardrisk in 2011 and leads the Guardrisk technical support team. His area of expertise is well developed in the non-life actuarial field spanning pricing, capital modelling and technical provisions.



Yolanda Toy (37)

BA Communications, BA Hons

Industrial Sociology

Managing Executive: Human Resources

Yolanda joined Guardrisk in 2015, after 13 years in the financial services and banking industries. Her expertise lies in unpacking the strategic levers of the HR value chain, with emphasis on employee wellness and engagement.



Kobus Jordaan (50)

BA Hons, Diploma in Insurance (ACII)

Managing Executive: Affinity

Kobus has 23 years' experience in the local life and non-life insurance industries, both as a broker and in the alternative risk transfer sector.



Ryno van den Berg (32)

Fellow of the Institute and

Faculty of Actuaries BSc Hons

Managing Executive: Volume

Ryno previously working at a large consulting firm as a valuation specialist and management consultant; he joined Guardrisk in 2014.



Amon Siphiwe Khoza (38)

HCII, FMP

Managing Executive: Business Development

Amon has worked in the financial services industry since 1997 and joined Guardrisk in 2012. He has worked across various segments of the insurance industry, including reinsurance, risk finance consulting and broking. Amon specialises in structuring risk-retention solutions for clients.



Corporate governance and regulatory compliance

At the heart of Guardrisk's sustainability is a robust legislative framework. This fosters stakeholder confidence and, though costly, can provide a formidable competitive advantage. Guardrisk is committed to shaping its legislative universe and actively participates in the legislative development process; stepping up, whenever required, to take part in industry committees and forums, and engage with regulators and policy makers.

We observe the codes of conduct of industry bodies – including the South African Insurance Association and the Insurance Institute of South Africa – and the guidelines of other entities – including the various financial sector Ombud Schemes.

Guardrisk provides accurate, timeous and comprehensive statutory reports to the various regulatory authorities.

Corporate governance structures

At Guardrisk, governance is paramount. Good governance allows us to create and preserve value for our policyholders, our clients, our employees, our business, and the broader society that we operate in. Guardrisk's governance systems define roles and accountabilities as well as mechanisms for monitoring adherence to our high standards.

The principles of transparency, ethical behaviour and honesty are incorporated in all dealings, and the necessary structures and controls to support this are in place.

Board of directors

The board is made up of individuals with a wide range of skills and experience from the insurance and financial services environment, collectively suitable to carry out all its responsibilities. The chairman is a non-executive director and the roles of chairman and managing directors are separate.

Composition of the Guardrisk Insurance and Guardrisk Life boards

50% of the boards of Guardrisk Insurance and Guardrisk Life comprise non-executives, including two independent non-executive directors and three non-executive directors. The boards are considered to be effective, both in terms of

size and composition, and given the nature and complexity of the businesses with an appropriate balance of executive, non-executive and independent directors. The boards meet regularly, with planned meetings at least once a quarter.

Audit committee

The audit committee is chaired by an independent non-executive director; this committee comprises only non-executive members, with a number of other invitees including the internal auditors, external auditors, statutory actuary and representatives of various control functions, as well as a number of senior executives.

Investment committee

The investment committee is chaired by a non-executive director and comprises one independent director and two executive directors. The committee carefully reviews all investments on the basis of total asset security and minimised credit and counterparty risk to Guardrisk. Industry specialists, as well as the group's panel of investment managers, are invited to investment committee meetings.

Risk committee

The risk committee is chaired by a non-executive member who is the head of risk management for the parent company. It comprises four members: one non-executive member and three executive directors; with other invitees, including representatives of the control functions and a number of senior executives, in attendance.

Remuneration committee

The remuneration committee is a committee of the parent company. A delegated authority exists to facilitate the company's participation. The purpose of this committee is to ensure that executive directors and senior management are remunerated appropriately and to review remuneration scales, including incentives, share schemes and conditions of employment. Remuneration structures are based on independent market surveys and professional input from trusted market sources. The committee identifies and reviews the appointment of new directors and the performance of all executive directors.



Corporate governance and regulatory compliance continued

Enterprise risk management (ERM) framework

Guardrisk has an ERM framework in place that provides a structured and consistent approach to risk management; aligning strategy, processes, people, technology and knowledge for the purpose of evaluating and managing the uncertainties and associated risks that the business faces, as well as opportunities to build value. By embedding risk management techniques in day-to-day operations, the business is better equipped to identify events that affect its objectives and manage risks in a manner consistent with its corporate and business strategy.

Internal audit function

The internal audit service is obtained through a co-sourced arrangement, with an independent accounting firm and the internal audit division of our parent company. A charter, approved by the audit committee and the board, is in place. The internal audit function reports to the audit committee and has unrestricted access to the chairman of the audit committee and to the non-executive chairman of the board.

Compliance function

The compliance function, as an integral part of the wider ERM framework, is responsible for the compliance strategy

and is accountable to the boards for managing and reporting identified compliance risks in line with a compliance charter and framework. In addition to maintaining a risk based compliance plan, it also creates a compliance culture that values responsible conduct and compliance with internal and external obligations.

Actuarial controls

Guardrisk's actuarial team, together with the statutory actuary, Deloitte, provides assurance to the boards regarding the accuracy of the calculations and the appropriateness of the assumptions underlying the insurance liabilities, as well as the capital adequacy requirements, by conducting regular valuation and surplus analyses at a cell level, thus revealing trends that may not otherwise be noticed in pure financial reporting. The analysis of profits enhances our administrative processes, and ensures that corrective action can be taken rapidly. The actuarial team also provides valuable input on premium rating, capital and reserving requirements, and risk mitigating strategies.

Abridged Annual Financial Statements

Guardrisk Insurance Company Limited
Reg. No. 1992/001639/06

Consolidated Abridged Income Statement for the period ended 30 June 2016*

	** Group		Company	
	2016 Rm	***2015 Rm	2016 Rm	***2015 Rm
Premium written	9 348	10 500	7 684	9 372
Premium refund	(355)	(310)	(137)	(238)
Gross premium revenue	8 993	10 190	7 547	9 134
Outward reinsurance premium	(2 070)	(2 094)	(1 854)	(1 888)
Net premium revenue	6 923	8 096	5 693	7 246
Unearned premiums	(109)	(402)	(39)	(430)
Net earned premium	6 814	7 694	5 654	6 816
Net benefits to policyholders	(3 151)	(3 132)	(2 434)	(2 607)
Net operating expenses	(2 858)	(3 528)	(2 705)	(3 372)
Underwriting profit	805	1 034	515	837
Net investment income	522	563	520	562
Profit before taxation	1 327	1 597	1 035	1 399
Taxation	(305)	(407)	(294)	(398)
Net profit for the year	1 022	1 190	741	1 001

* This financial information has been prepared on the statutory basis.

** Includes operations in Mauritius.

*** 15 months

Abridged Annual Financial Statements

Guardrisk Insurance Company Limited
Reg. No. 1992/001639/06

Consolidated Abridged Balance Sheet as at 30 June 2016*

	** Group		Company	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Assets				
Non-current assets	7 391	7 115	7 300	7 032
Technical assets	2 833	1 273	2 819	1 267
Current assets	2 916	2 345	1 157	1 059
Total assets	13 140	10 733	11 276	9 358
Equity and Liabilities				
Capital and reserves	514	367	394	288
Interest of cell owner ordinary shareholders and rent-a captive-policyholders	3 395	3 316	2 422	2 560
Technical liabilities	7 947	6 206	7 599	5 967
Current liabilities	1 284	844	861	543
Total equity and liabilities	13 140	10 733	11 276	9 358

* This financial information has been prepared on the statutory basis.

** Includes operations in Mauritius.

Abridged Annual Financial Statements

Guardrisk Life Limited
Reg. No. 1999/013922/06

Abridged Income Statement for the period ended 30 June 2016*

	2016	**2015
	Rm	Rm
Gross premium revenue	3 823	2 814
Outward reinsurance premium	(837)	(528)
Net premium revenue	2 986	2 286
Net benefits to policyholders	(1 379)	(541)
Net commission	(431)	(471)
Administration expenses	(542)	(456)
Net insurance revenue	634	818
Investment income	355	301
Net revenue	989	1 119
Transfer to policyholder liabilities	(444)	(261)
Profit before taxation	545	858
Taxation	(207)	(277)
Net profit for the year	338	581

* This financial information has been prepared on the statutory basis.

** 15 months

Abridged Annual Financial Statements

Guardrisk Life Limited
Reg. No. 1999/013922/06

Abridged Balance Sheet as at 30 June 2016*

	2016	2015
	Rm	Rm
Assets		
Non-current assets	4 970	4 391
Current assets	497	314
Total assets	5 467	4 705
Capital, reserves and liabilities		
Capital and reserves	169	113
Interest of cell owner ordinary shareholders and policyholders	674	388
Non-current liabilities	4 334	3 930
Current liabilities	290	274
Total equity and liabilities	5 467	4 705
Capital Adequacy Requirement (CAR)	436	196
CAR cover ratio (times)	1.9	2.6

* This financial information has been prepared on the statutory basis.

The detailed financial statements of Guardrisk Insurance and Guardrisk Life, based on International Financial Reporting Standards (IFRS), are available from cassims@guardrisk.co.za.



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