

Momentum Metropolitan Debt Investor roadshow

11 – 13 April 2022



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Agenda

- 1 Strategic overview
- 2 Financial results
- 3 Capital Management & Solvency
- 4 Instrument structure



1 Strategic overview



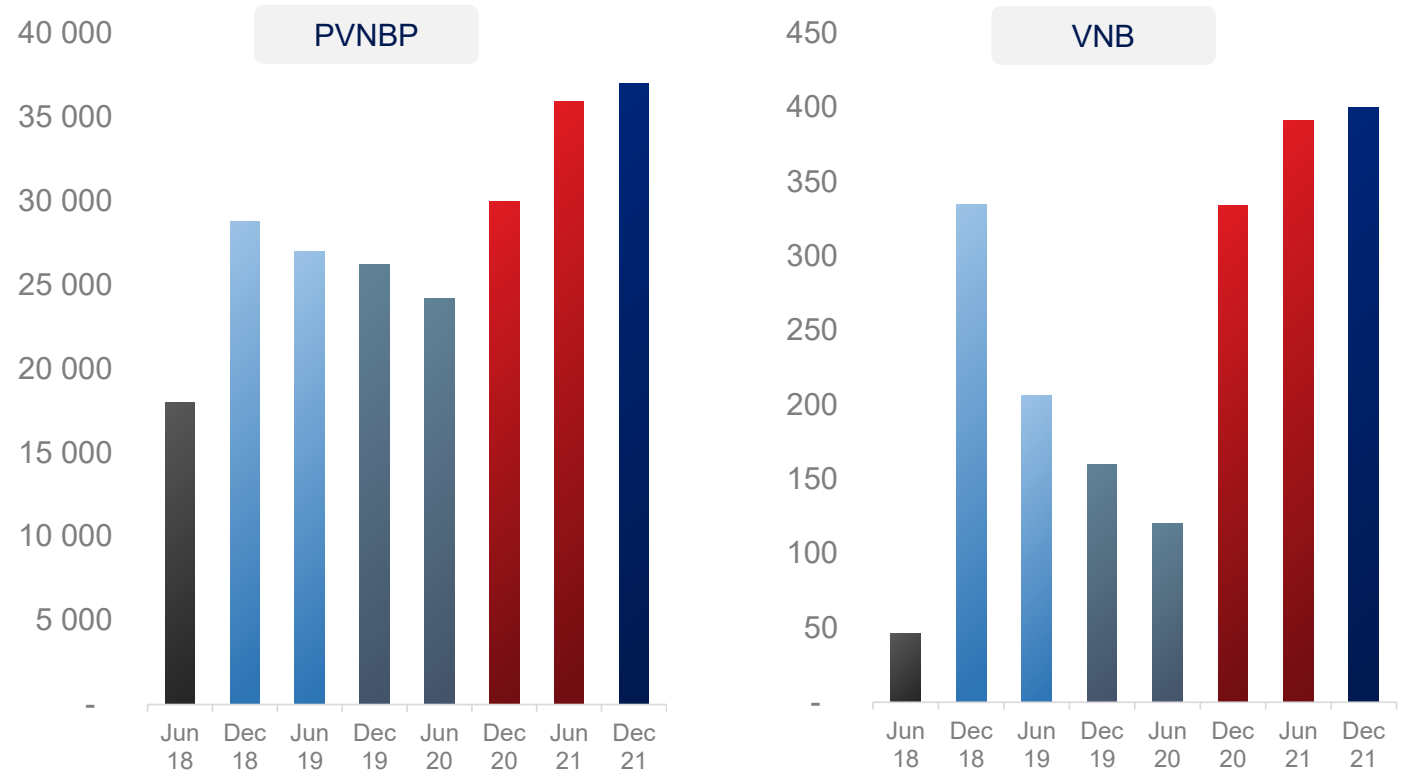
Reinvent and Grow



**Strong new
business sales**



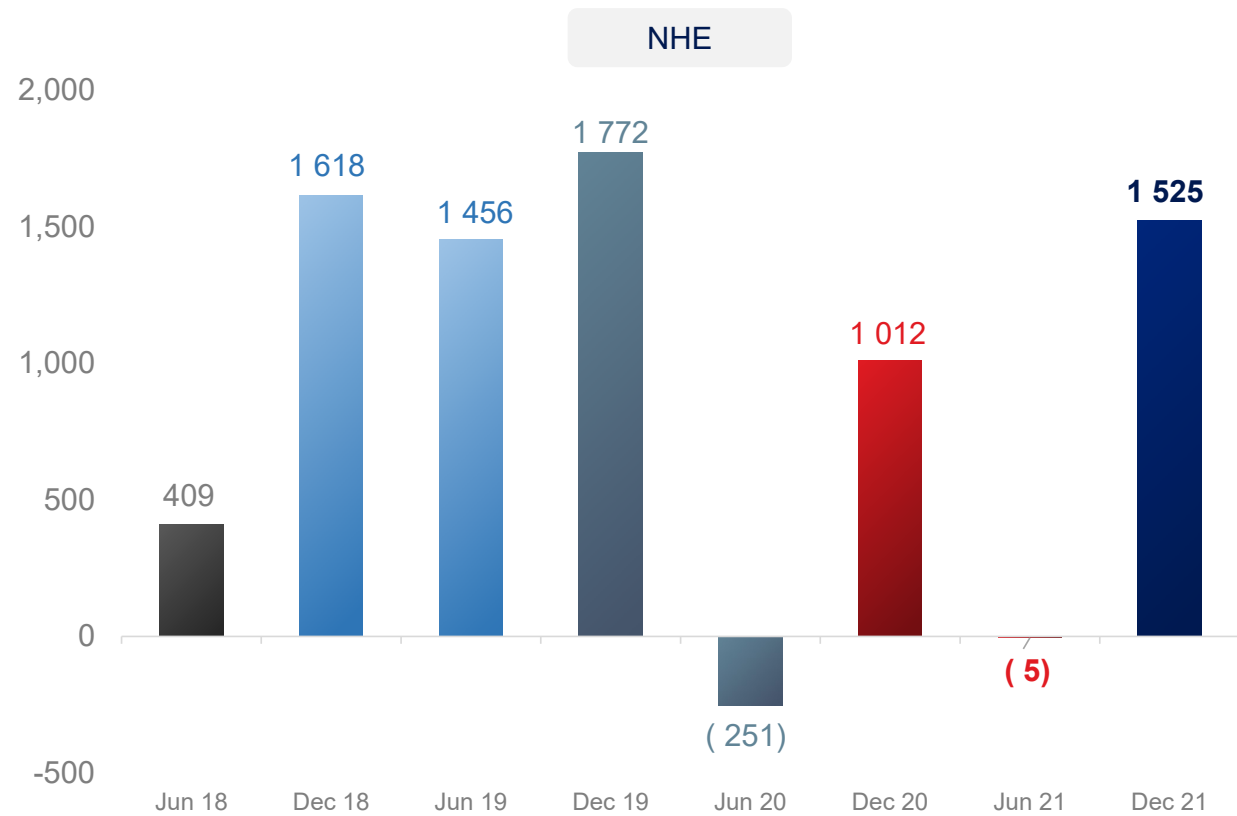
**Growth in new business sales, VNB recovered
(R'million)**



Strong new business sales

Credible NHE

NHE recovered to about 80% of desired trendline (R'million)





Business view

Momentum Investments

Metropolitan Life

Guardrisk

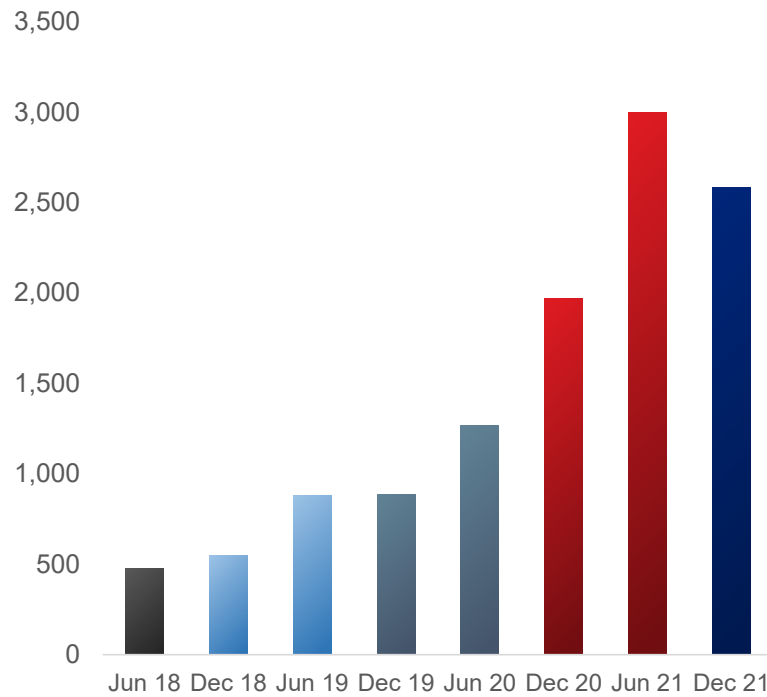


Momentum Investments

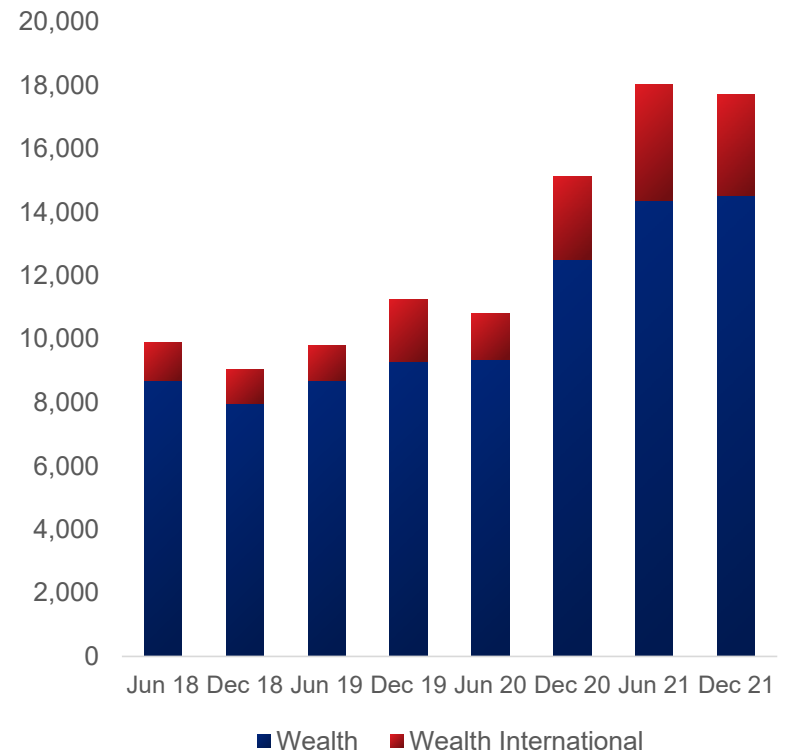


Results speak for themselves (R'million)

Guaranteed annuity sales



Platform new business





Business view

Momentum Investments

Metropolitan Life

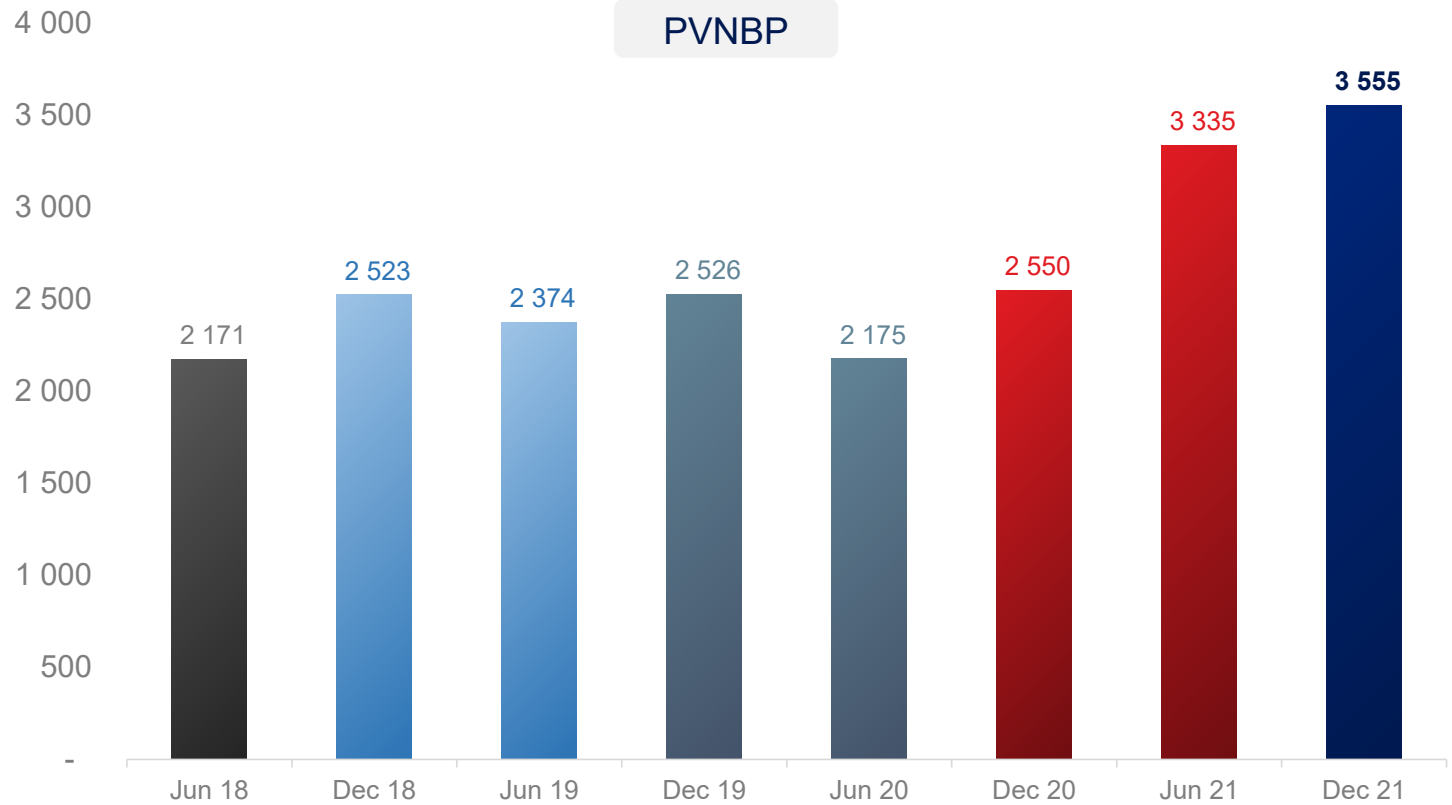
Guardrisk





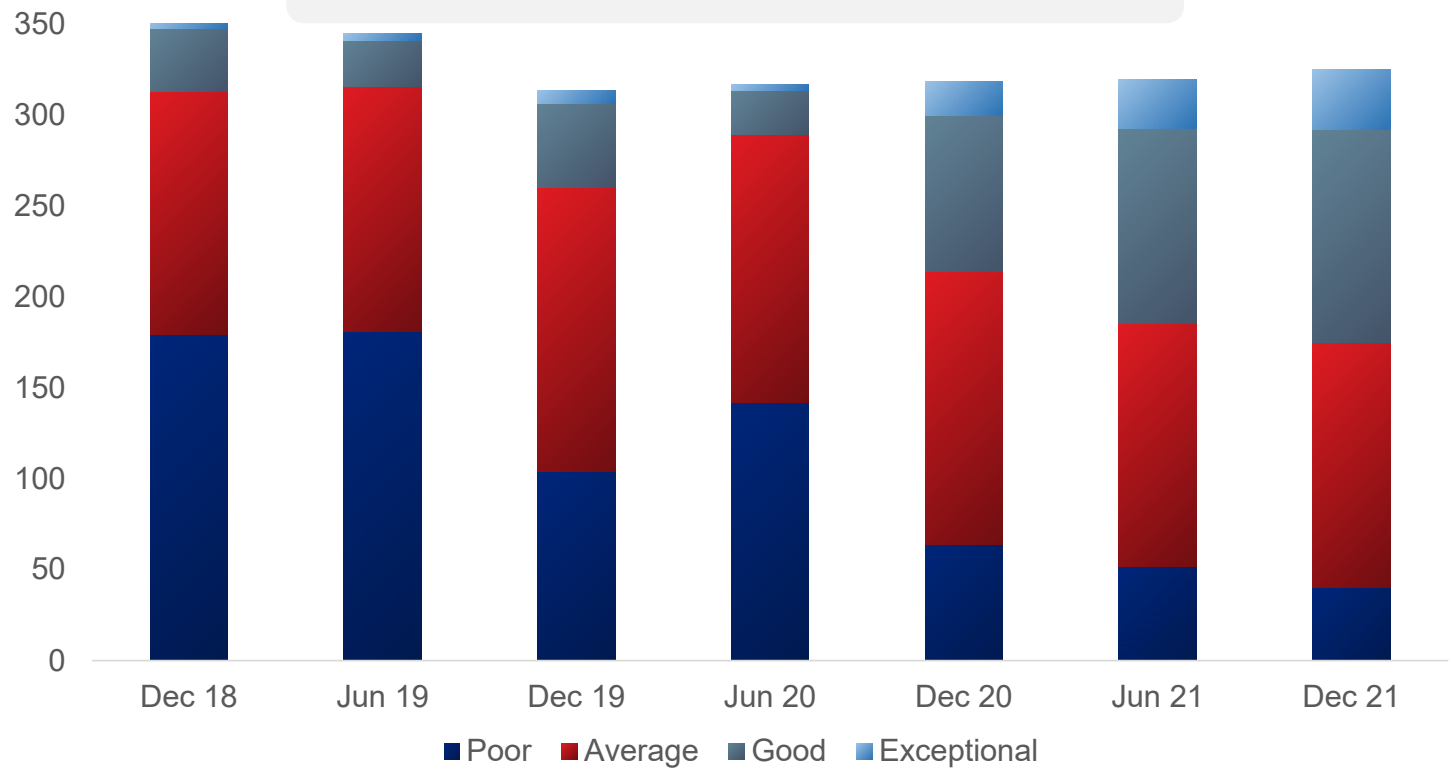
What you measure is what you get

Sales reaching new highs (R'million)



Branch rating

Average number of branches in rating categories





Business view

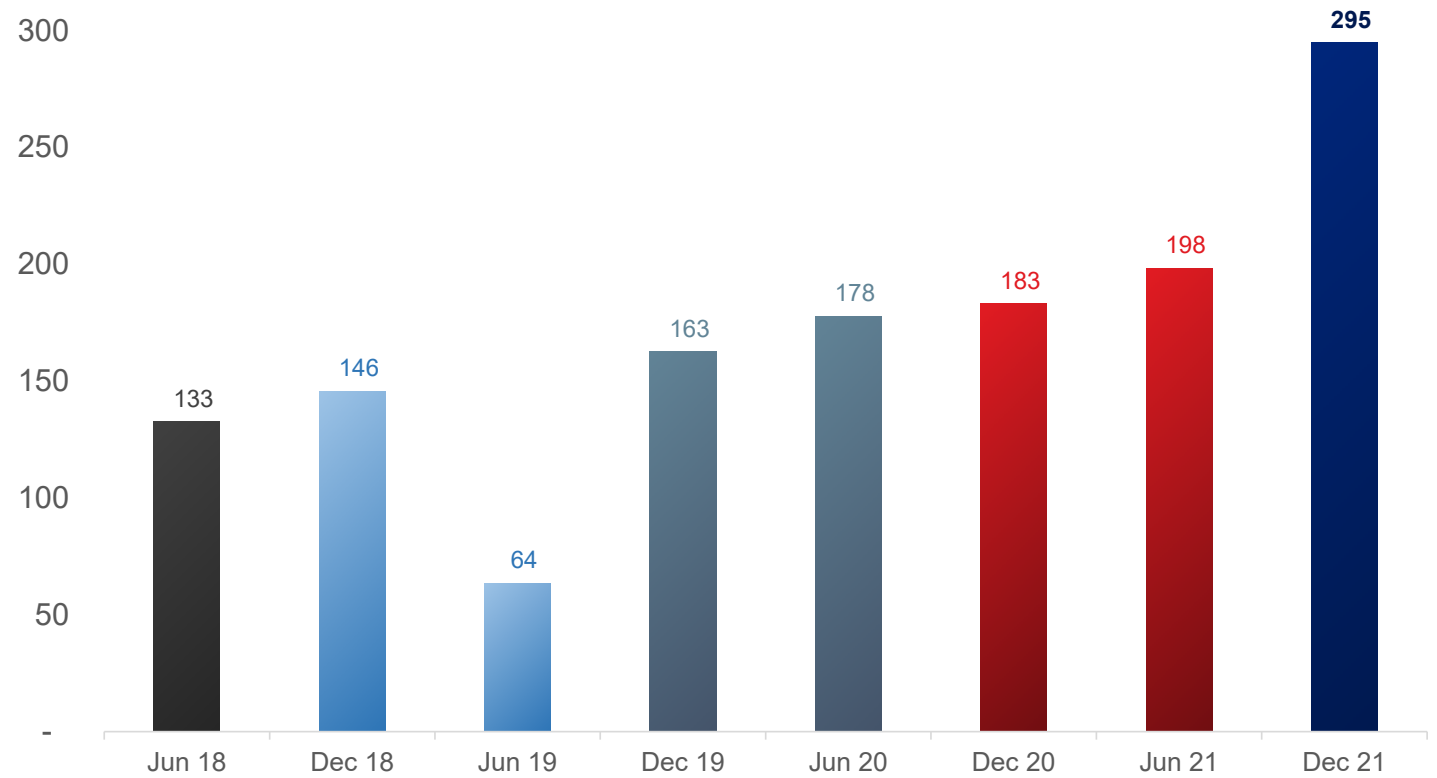
Momentum Investments

Metropolitan Life

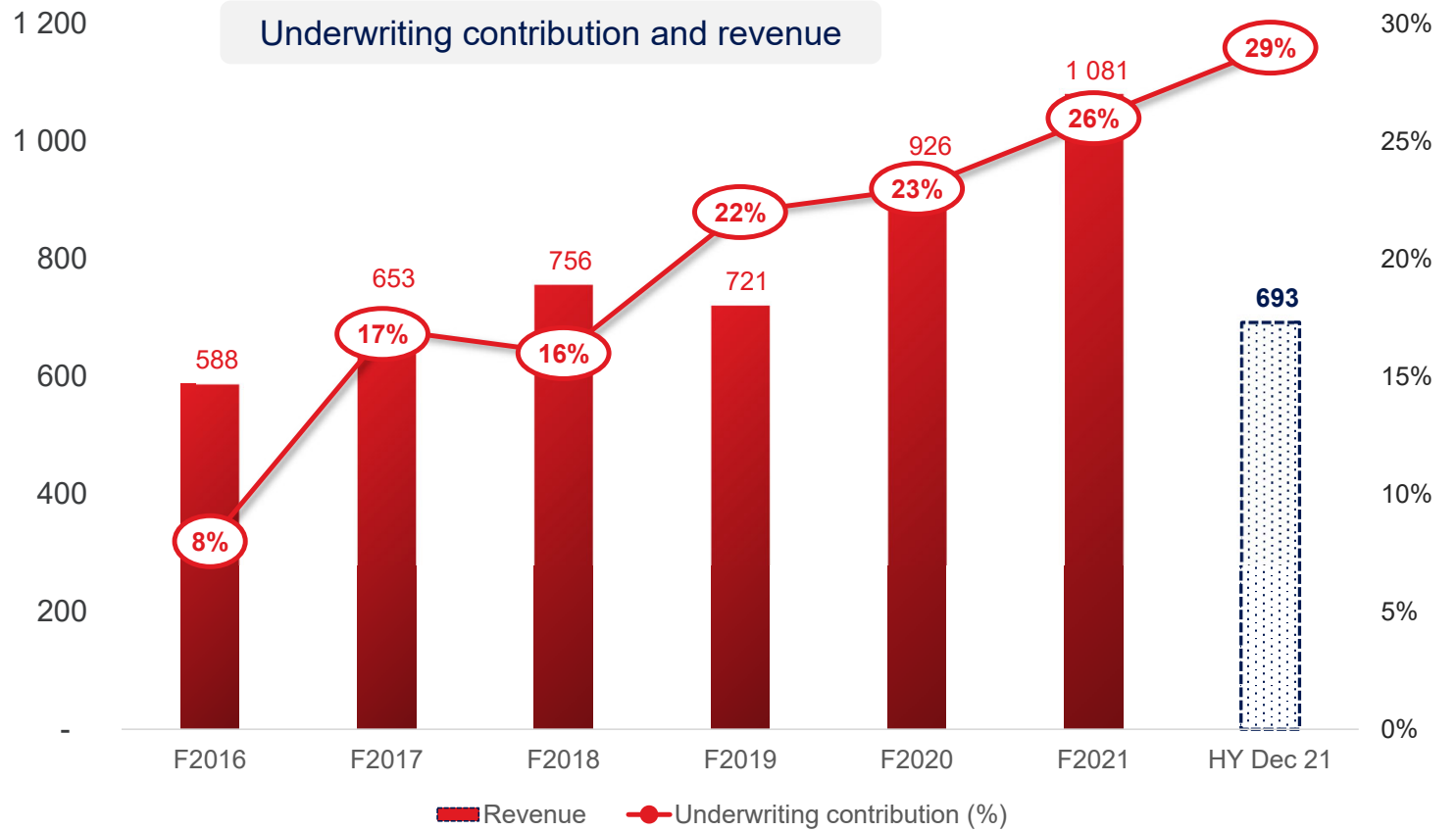
Guardrisk



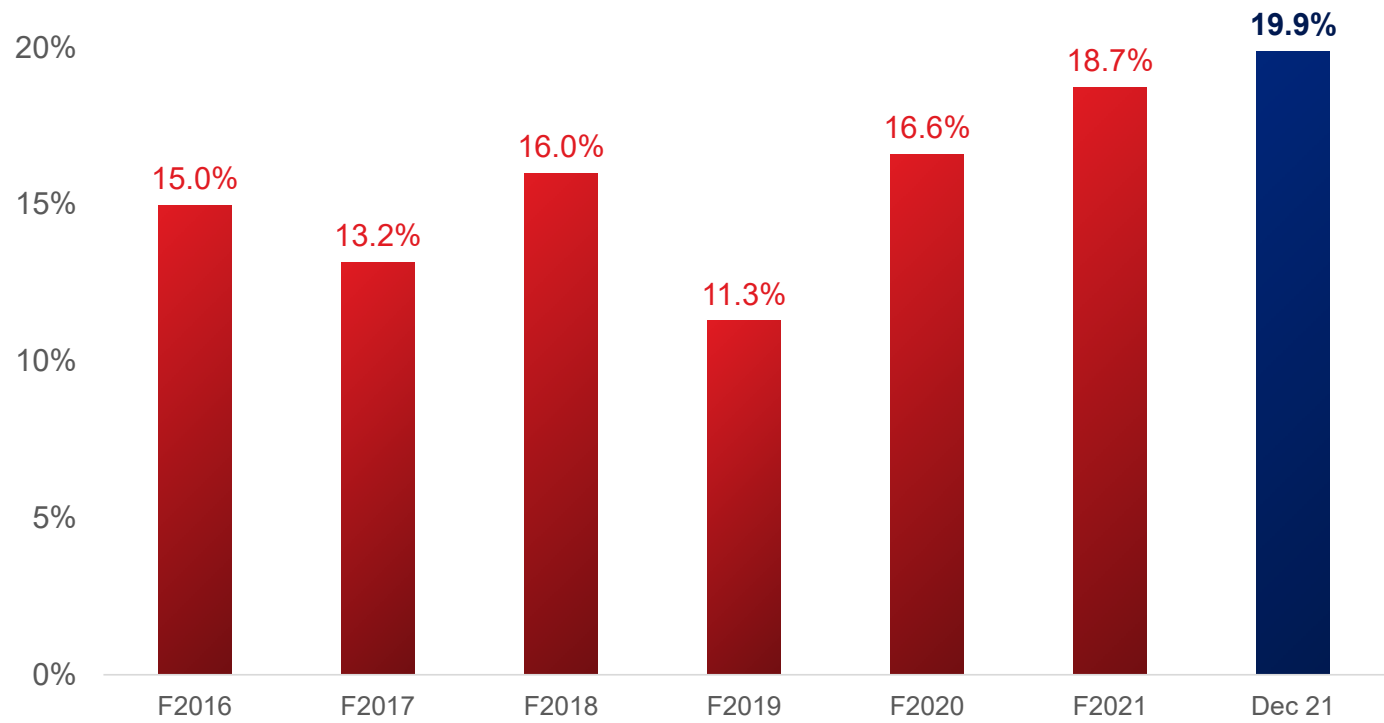
Consistent NHE growth (R'million)



Successful diversification into underwriting
(R'million)



Increase in ROE





2

Financial results for
the six months ended

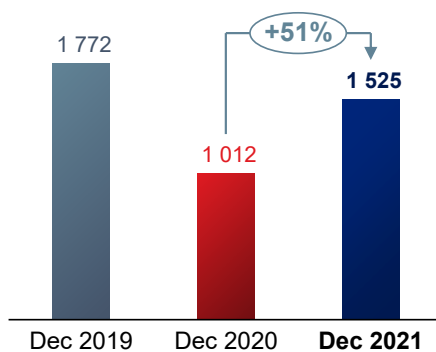
31 December 2021

184
678

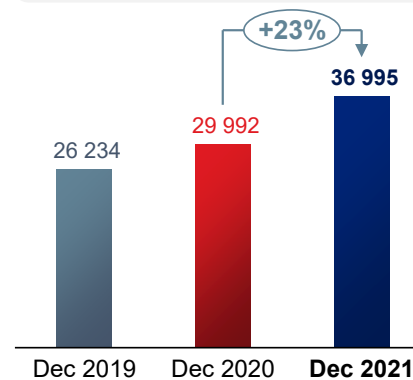
Key financial measures



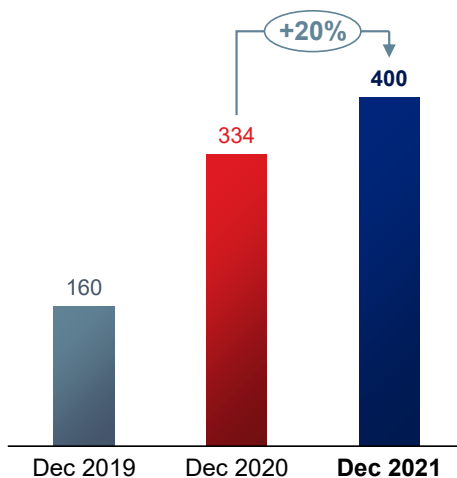
Normalised headline earnings (R'million)



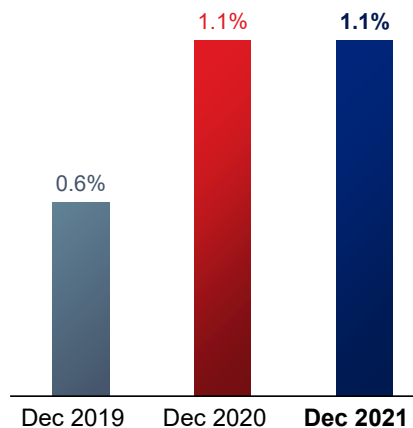
Present value of premiums (R'million)



Value of new business (R'million)



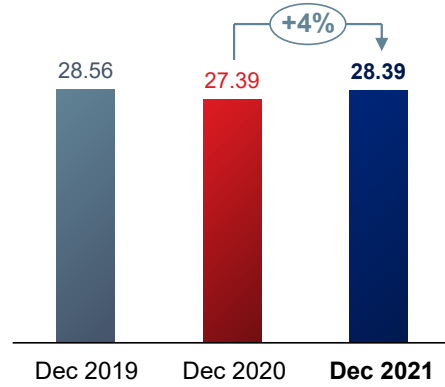
New business margin (%)



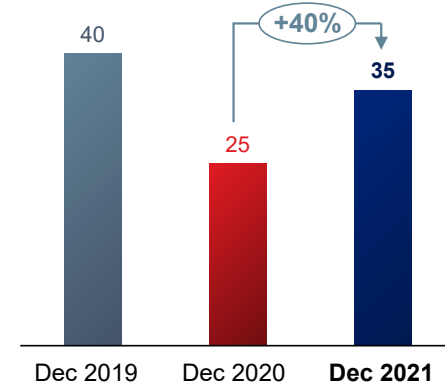
Key financial measures



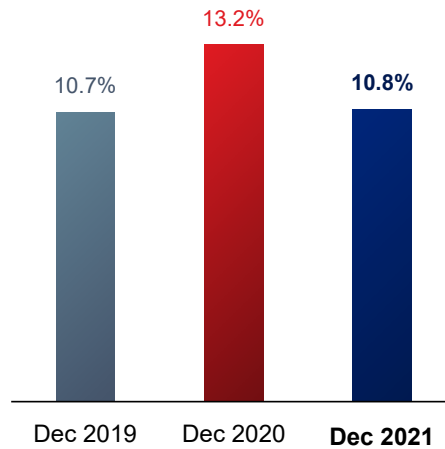
Diluted embedded value per share (R)



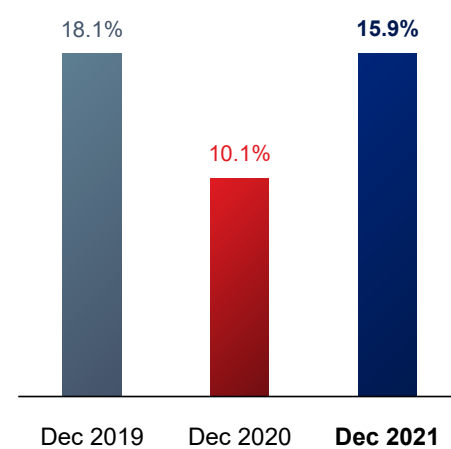
Dividend per ordinary share (cents)



Return on embedded value (%)

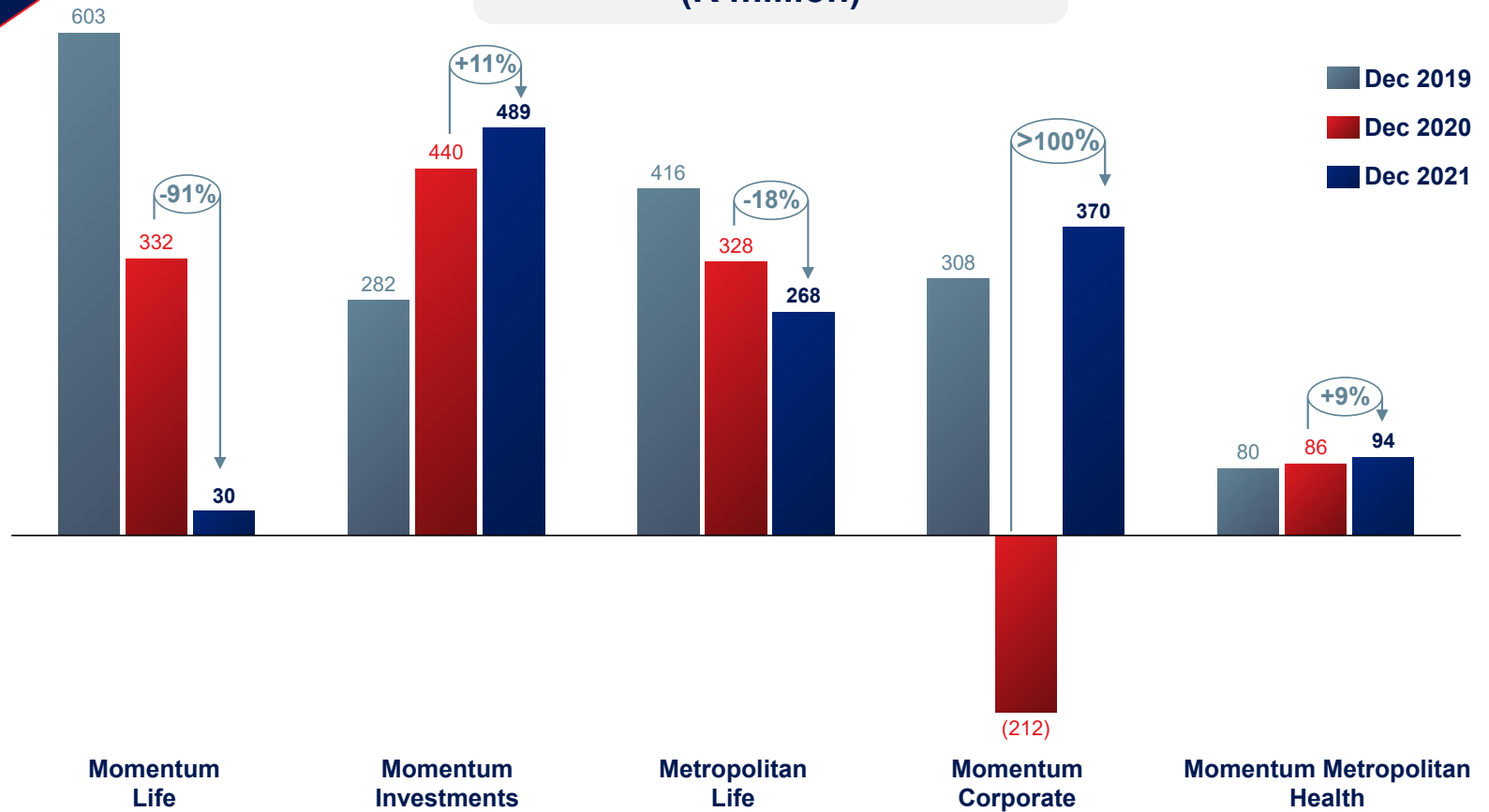


Return on equity (%)



Mature businesses

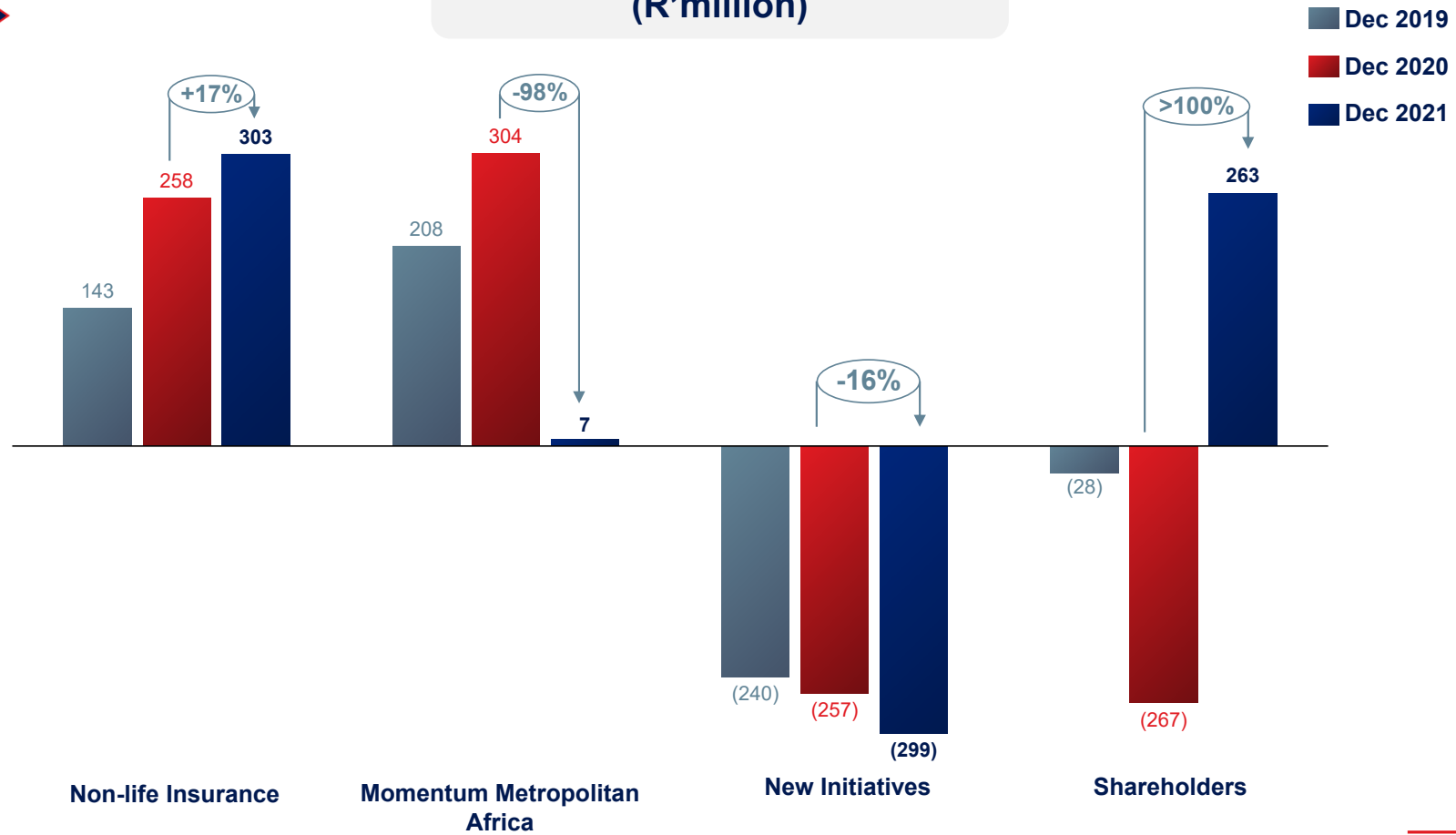
Normalised headline earnings (R'million)



Growing businesses



Normalised headline earnings (R'million)



23% year-on-year increase in sales

Year-on-year growth

Metropolitan Life
+39%

Momentum Metropolitan Africa
+38%

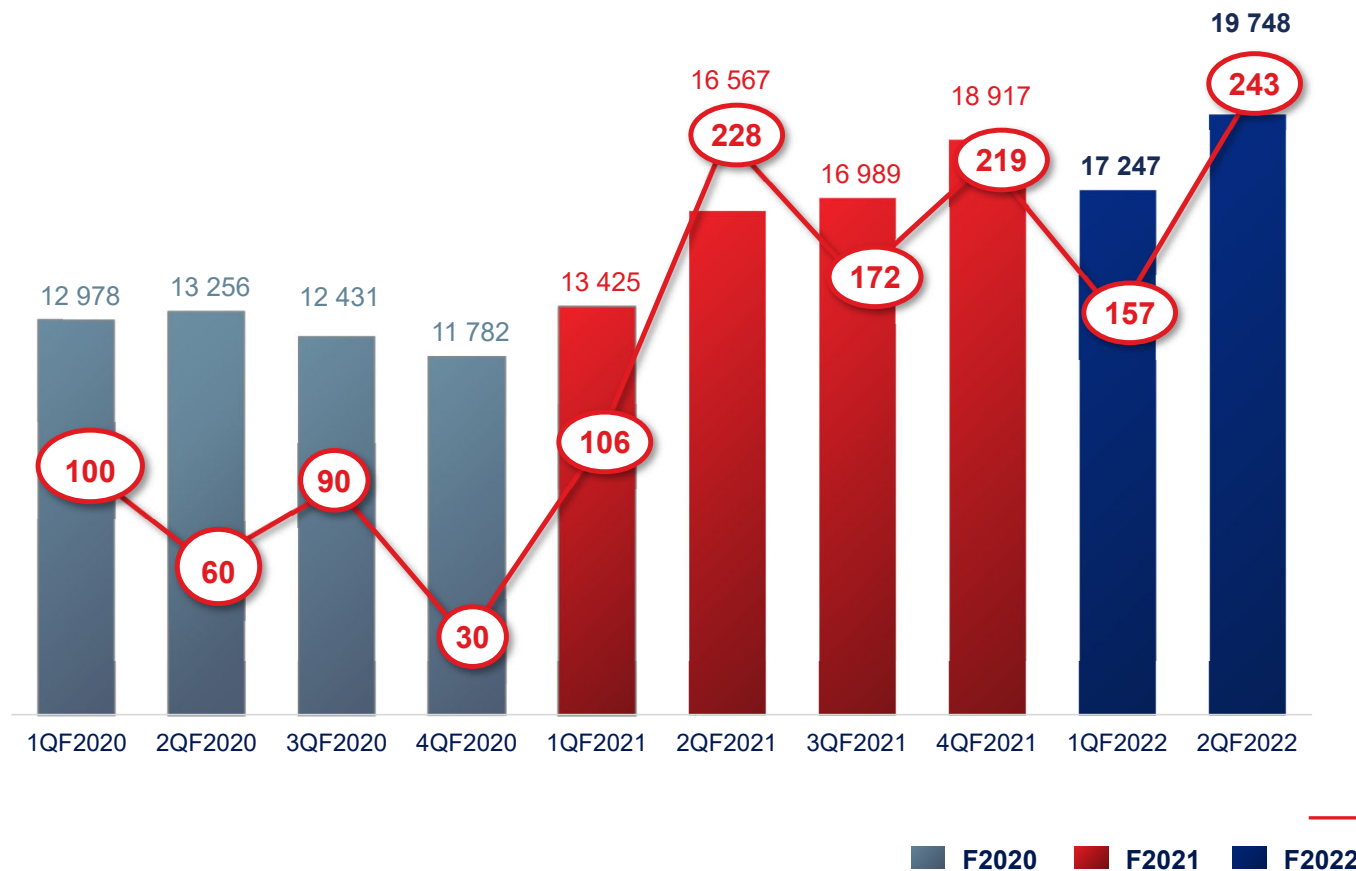
Momentum Corporate
+37%

Momentum Investments
+22%

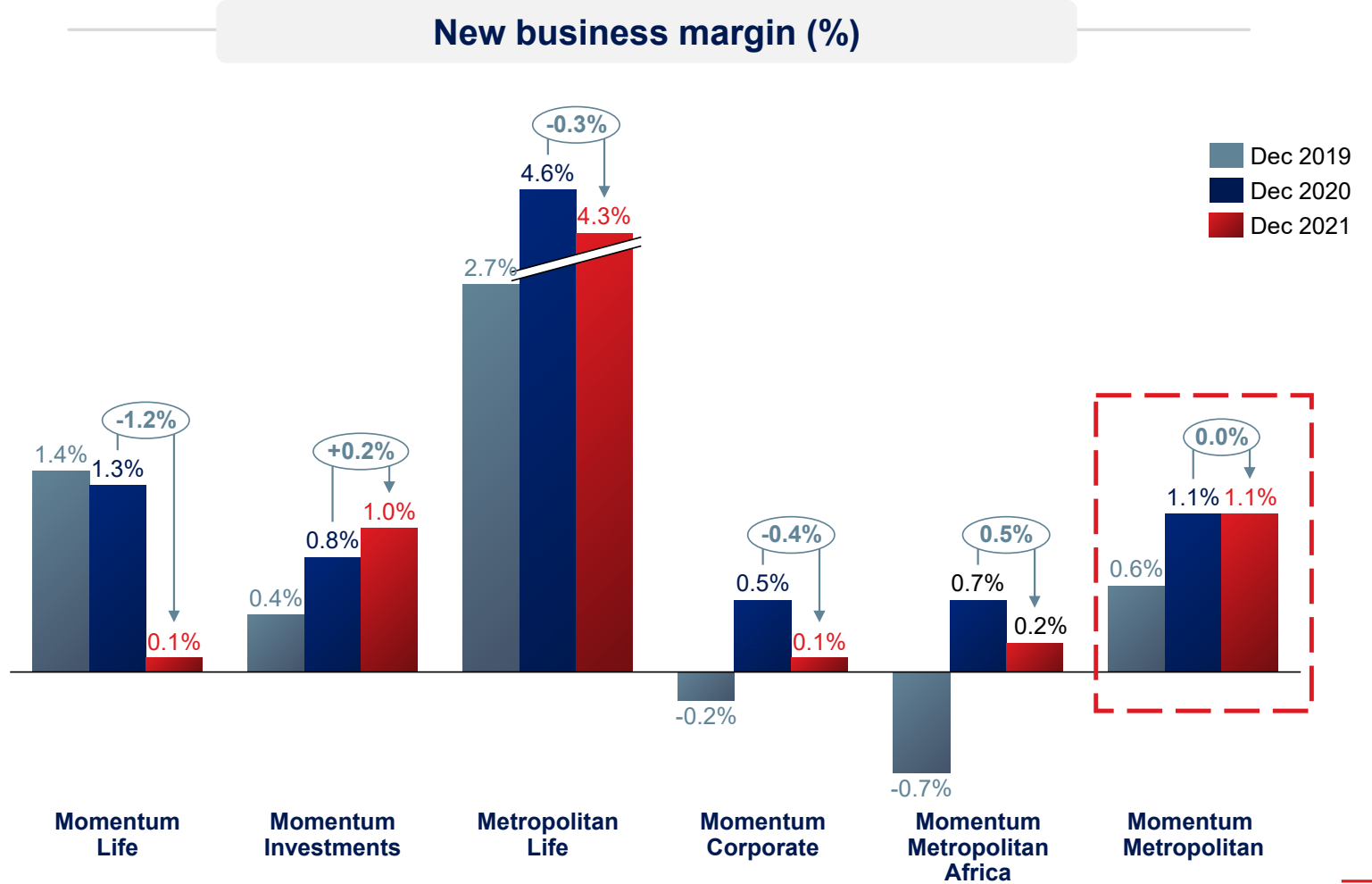
Momentum Life
-3%



PVNB and value of new business (R'million)



New business margin in line with prior period

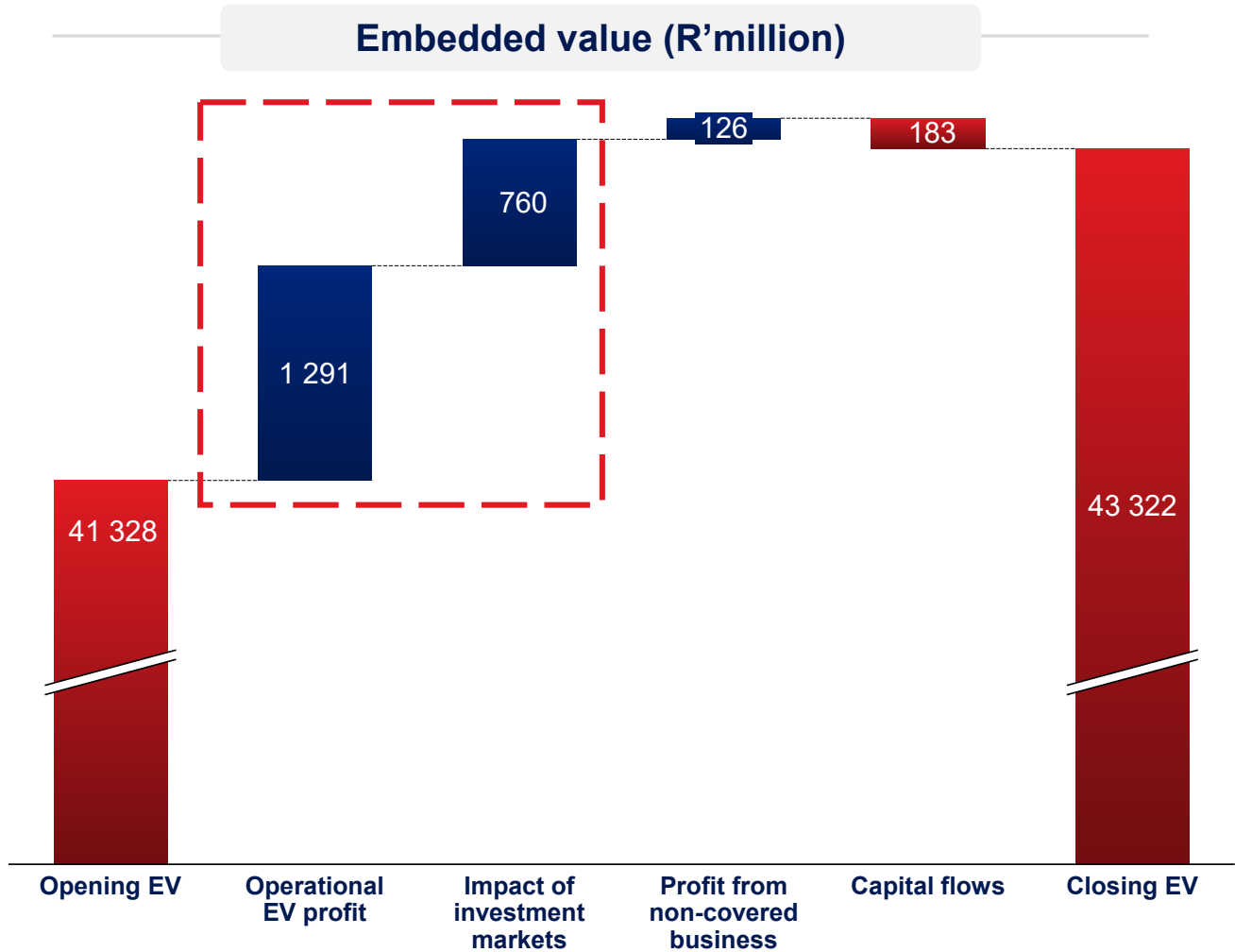


Embedded value per share up 4%

Strong operational EV profit, aided by less severe Covid-19 mortality impact

R28.39
EV per share

10.8%
annualised ROEV per share



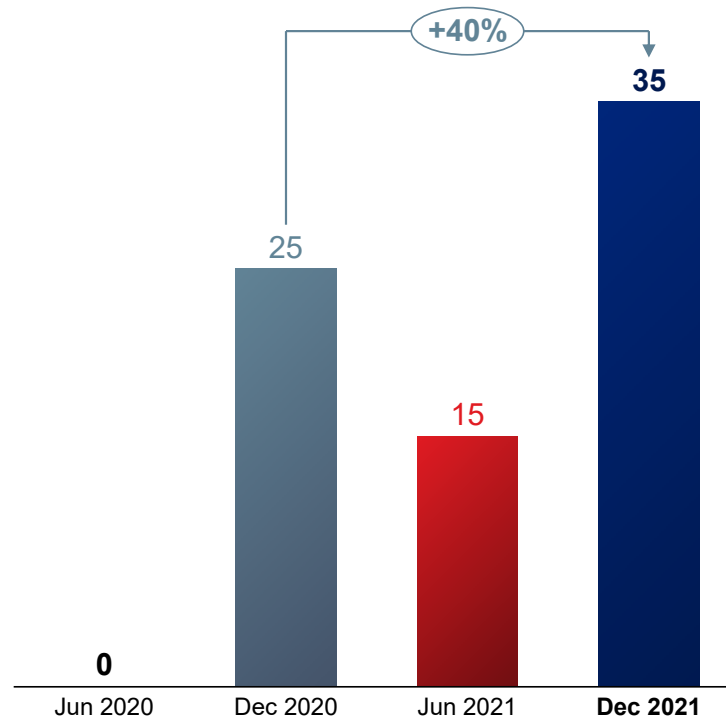
Interim ordinary dividend up to 35 cents per share

40% increase from 25 cents per share

2.9 times NHE

2.0 to 3.0 times NHE
dividend cover target range

Dividend per ordinary share (cents)

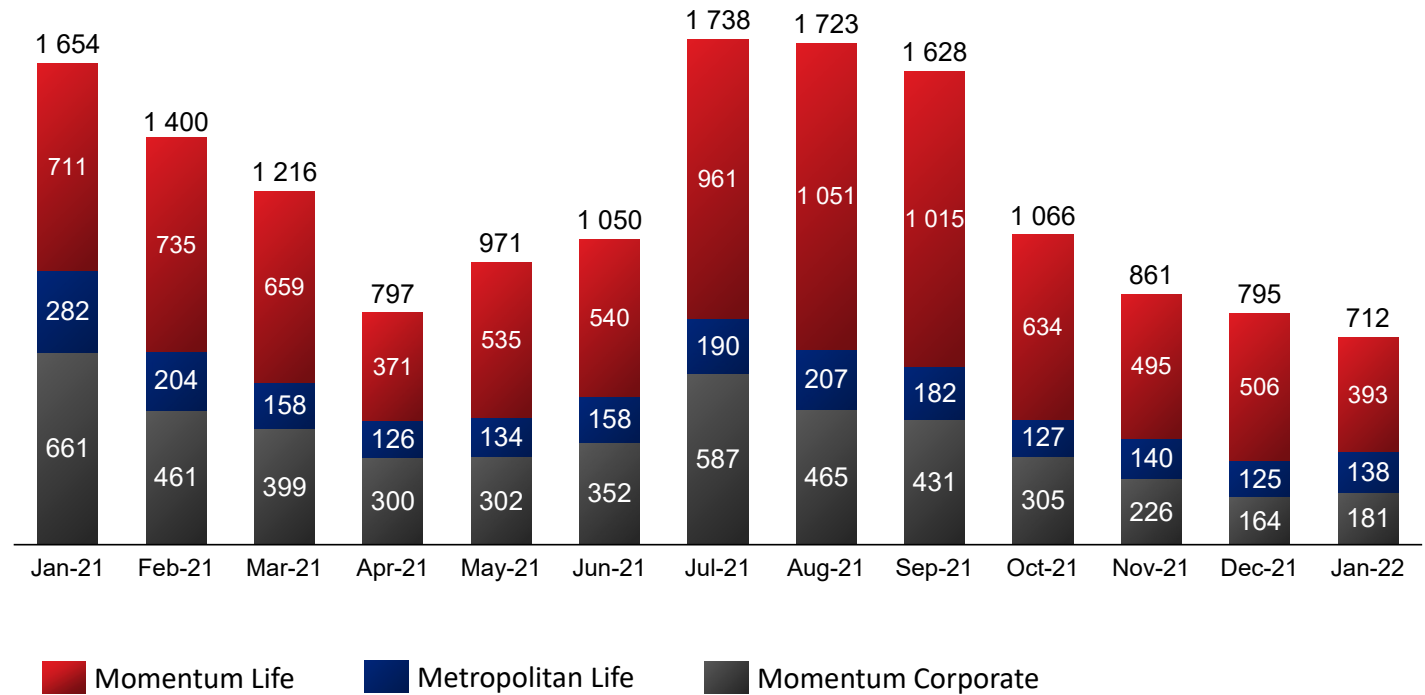


A woman with dark curly hair, wearing a grey blazer over a white collared shirt and a headset, is seated at a white desk. She is typing on a laptop. The background is a dark blue gradient with several wireframe human figures in various poses, some appearing to be in motion. A thick red diagonal line runs from the top left towards the bottom right, crossing over the woman and the wireframe figures. In the top right corner, there is a logo with a white 'm' in a red square and a white upward arrow. The text 'Mortality claims experience' is written in white in the bottom right corner.

**Mortality claims
experience**

Third wave
proportionally
more severe for
Momentum Life

Amount of death claims (gross of reinsurance)
(R'million)



Momentum Metropolitan mortality impact on NHE

Mortality experience variance

R'million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Excess mortality – Protection	(903)	(35)	(137)	(513)	(1 588)
Excess mortality – Annuities	-	137	51	37	225
Excess mortality	(903)	102	(86)	(476)	(1 363)
Reduction to annuitants reserve	-	(20)	-	-	(20)
Covid-19 provisions utilised	568	-	87	439	1 094
NHE impact	(335)	82	1	(37)	(289)
Covid-19 provisions as % of 1H2022 experience	18%	-	185%	57%	

3 Capital management & Solvency



Efficient capital management

1

Capital managed efficiently according to well defined framework

2

MML cover remained within the target cover range

3

Ongoing balance sheet projections and stress testing

4

Strategic: Target solvency cover ranges revised in prior year. Focus on optimising cost of capital and RoE targets for F2024

5

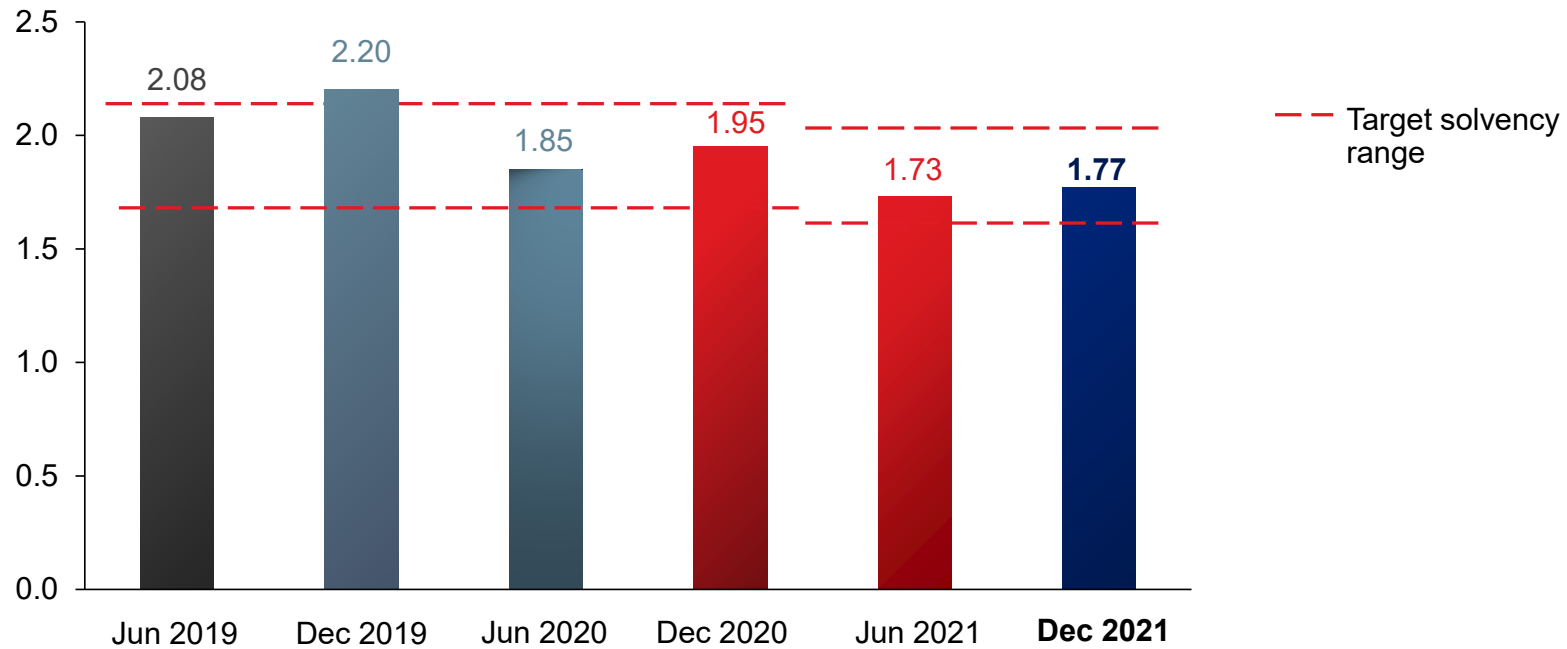
Dividend of 35cps declared in H1F2022. Dividend cover maintained within target range of 2.0x to 3.0x NHE

Capital coverage strength and resilience

Capital cover remains within target levels

MML cover improved due to positive investment experience and strong contribution from new business

Momentum Metropolitan Life



Regulatory solvency position (R billion)

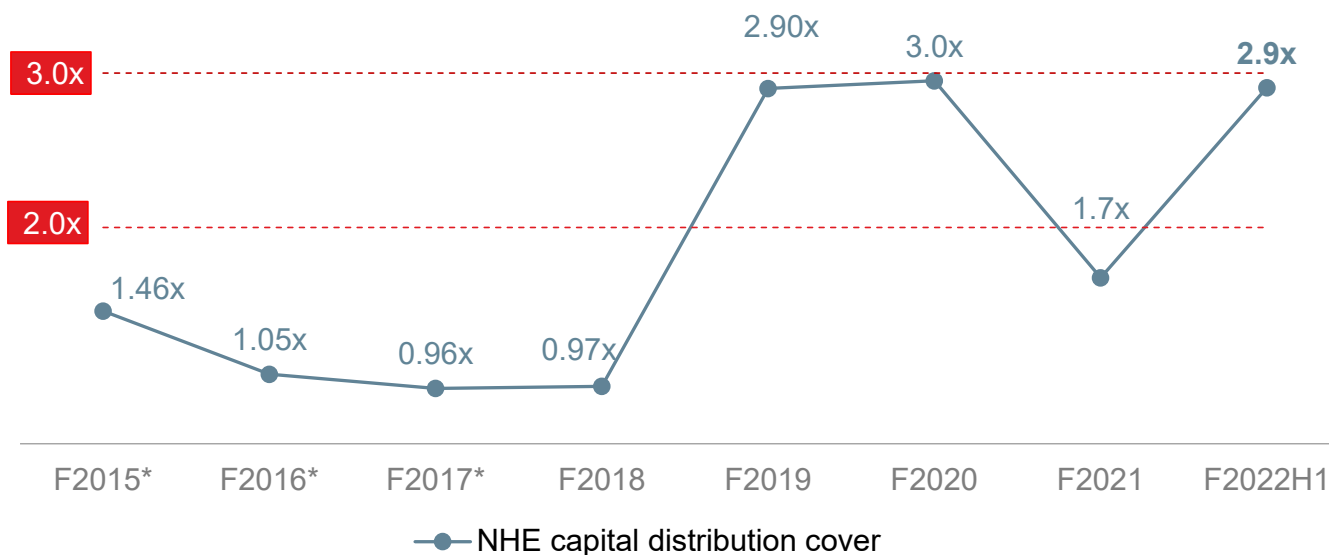
31 December 2021

Eligible own funds (pre-dividend)	29.04
Solvency Capital Requirement (SCR)	16.38
SCR cover (times)	1.77
SCR cover (times) - 30 June 2021	1.73

Consistent application of the sustainable dividend policy



NHE capital distribution cover (history)



40% interim dividend increase to 35 cents per share

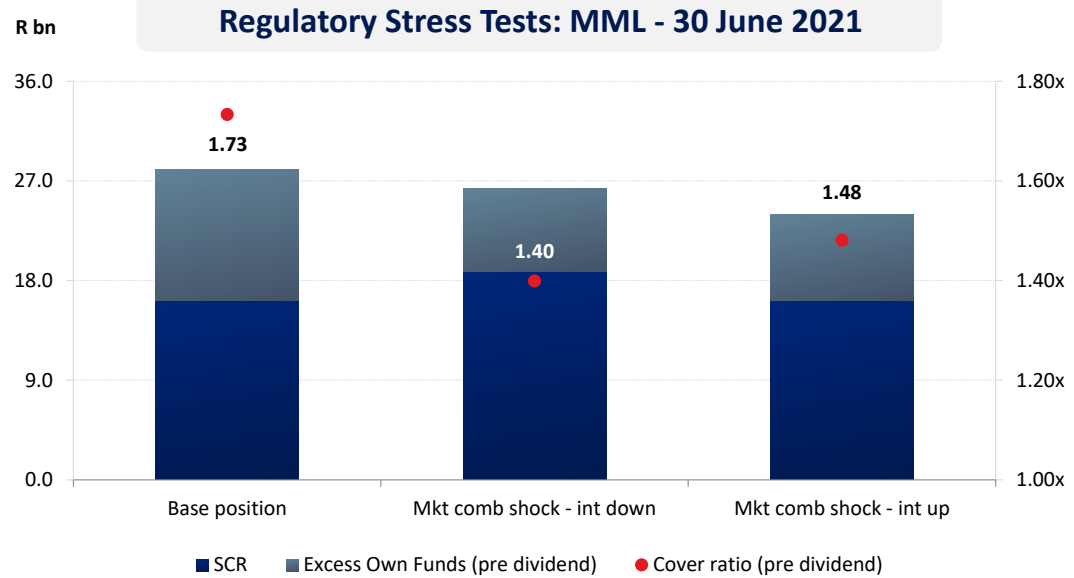
2.9 times interim NHE dividend cover that is within the 2.0 to 3.0 times NHE dividend cover target range

Investment of available capital matches capital requirements with assets backing capital

Approach to investment of assets backing the Capital

- Available capital: The assets backing the MML capital adjusted for goodwill, holdings in strategic subsidiaries and inter group loans
- Available capital is invested to back the Required capital and excess capital
- Conservative investment mandate applied for assets backing required capital
- Subordinated debt portfolio backs Required capital
 - Assets backing the subordinated debt portfolios are invested to match the term and cashflows of the subordinated debt liabilities (interest payments and principal redemptions)
- Assets backing the surplus capital available or surplus capital for distribution are invested in cash and near cash instruments to enable agile deployment and distribution of capital.

Strong and resilient solvency position under different stresses



Stress tests descriptions

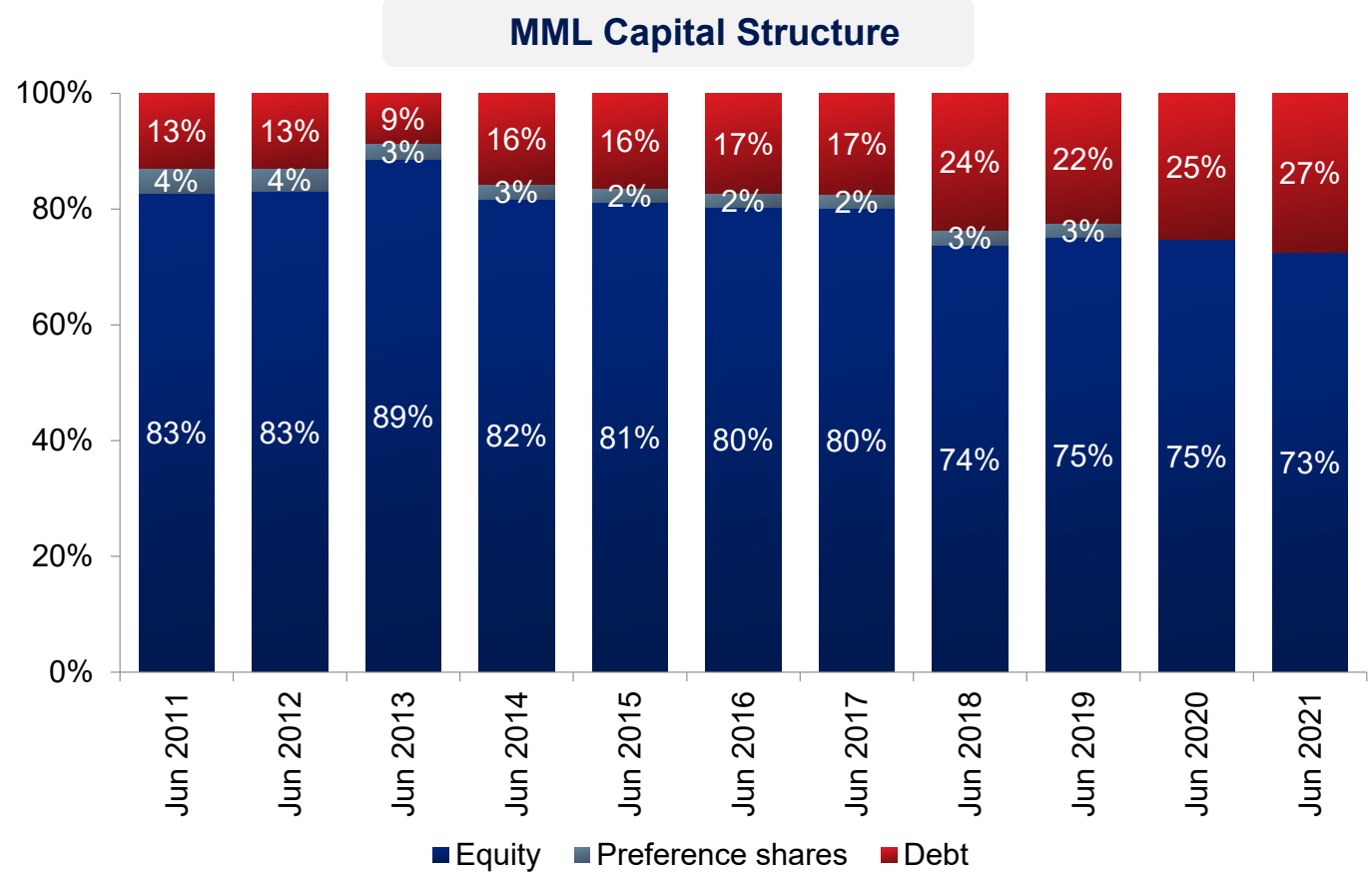
Market combination stress – interest rates down:

- Interest rates: 250bps decrease in nominal yields
- Equity prices: 30% reduction
- Equity volatility: 15% absolute increase (i.e. 100% of the SCR stress)

Market combination stress – interest rates up:

- Interest rates: 250bps increase in nominal yields
- Equity prices: 30% reduction
- Equity volatility: 15% absolute increase (i.e. 100% of the SCR stress)

Capital management – Gearing



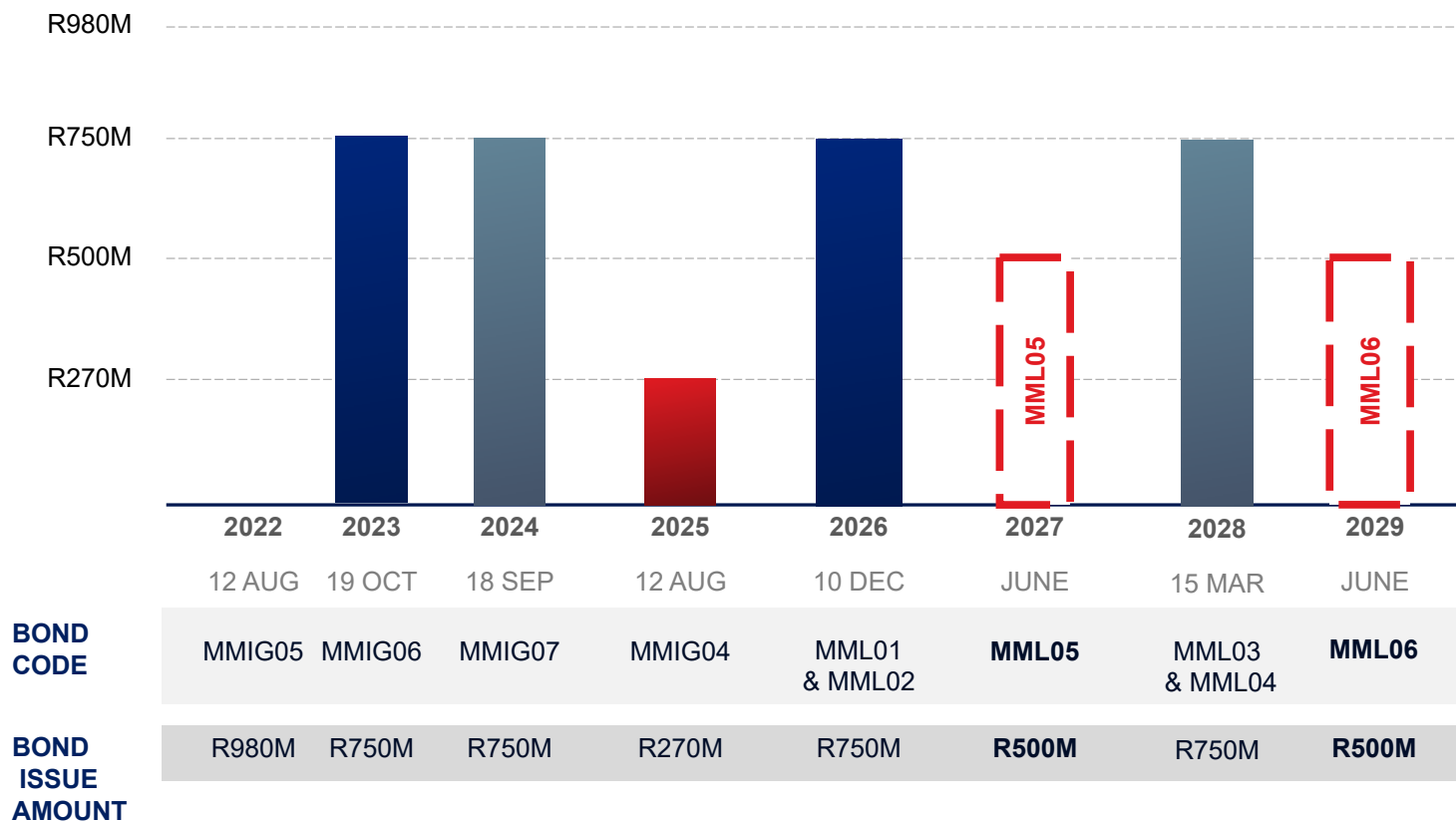
Gearing ratio increased due to reduction in equity while gross debt remained constant

Gearing –
Maturity profile
well managed



SUBORDINATED DEBT MATURITY PROFILE

Proposed bond
issuance



MML Credit rating



- Credit rating issued by Moody's Investor services.
- On 05 April 2022, Moody's issued a press release with an update on MML credit rating. In the press release, Moody's affirmed the MML credit ratings and changed the credit outlook on the credit rating from negative to stable. Moody's noted: "... despite the linkage to the sovereign credit profile, the IFS rating of MML remains above the sovereign rating, reflecting its solid capitalisation and the flexible liability profile of some of its products..."

Entity	Type	National scale	Global scale	Outlook
Momentum Metropolitan Life	Insurance Financial Strength	Aaa.za (AAA)	Ba1 (BB+)	Stable
Momentum Metropolitan Life	Issuer rating	Aa1 .za (AA+)	Ba2 (BB)	Stable
Subordinated debt	N/a	Aa3.za (AA-)	Ba3 (BB-)	Stable



4 Instrument structure



Key features of the MML subordinated programme



Issuer	Momentum Metropolitan Life Limited
Programme type	Unsecured Subordinated Callable Note Programme
Programme size	R10 billion
Deferral of Principal	The Issuer is required to defer payment of principal if a Regulatory Deficiency Redemption Deferral Event has occurred, subject to conditions prescribed by the regulator
Deferral of Interest	If on any interest payment date a Regulatory Deficiency Interest Deferral event has occurred or would occur, the payment of interest in respect to the Notes otherwise falling due on such a date shall be deferred.
Early redemption or Substitution following capital disqualification event	If confirmed by the Auditors that a Capital Disqualification event has occurred, the Issuer may at its option (but subject to prior written consent of the Regulator): Redeem all the notes; or Substitute all the Notes with new notes, or vary the terms of the Notes that it will become or remain Qualifying Tier 2 Securities (subject to approval by noteholders by Extraordinary resolution)
Redemption for Tax reasons	Notes may be redeemed at the option of the Issuer (subject to the prior written approval of the Regulator), if as a result of changes in laws or regulations of the Issuer would be required to pay additional tax (relating to the Notes) and these additional amounts cannot be reasonably avoided.
Event of default	Non-payment (other than Deferred payment) Insolvency

Indicative Terms – 5 year 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	ZAR500m in total between fixed and floating rate note, with fixed/floating rate note allocation decided on the auction day	
Indicative tenor	5 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 R980mn MMIG05 note issued in August 2015 and callable in August 2022	

Indicative Terms – 7 year 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	
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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 	
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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 R980mn MMIG05 note issued in August 2015 and callable in August 2022	

Indicative timelines



Date	Action item
11 – 13 April 2022	Investor roadshow
25 April 2022	Termsheet, draft applicable pricing supplement(s) and auction details released to investors
May 2022	Moody's pre-sale rating released on MML05 and MML06
12 May 2022	Updated termsheet with price guidance released to investors
19 May 2022	Proposed Auction Date
24 May 2022	Settlement Date (t+3)

Thank you



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<https://www.momentummetropolitan.co.za/en/investor-relations/financial-results>.