

MMI HOLDINGS LTD ANNUAL FINANCIAL STATEMENTS 30 JUNE 2016

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INTRODUCTION

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	2016 Rm	2015 Rm	Notes
ASSETS			
Equipment ¹	–	–	2
Interest in subsidiary companies	21 792	21 137	3
Financial instruments	1 413	1 205	
Loans and receivables	1 413	1 205	4
Current income tax asset	1	–	11.1
Cash and cash equivalents	33	69	5
Total assets	23 239	22 411	
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital and share premium	17 580	17 563	6
Other components of equity	55	55	
Retained earnings	4 779	4 414	
Total equity	22 414	22 032	
LIABILITIES			
Financial instruments	275	293	
Amortised cost	275	293	7
Employee benefit obligations	23	23	9
Other payables	527	62	10
Current income tax liability	–	1	11.1
Total liabilities	825	379	
Total equity and liabilities	23 239	22 411	

¹ Amount rounds down to less than R1 million.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm	Notes
Investment income	2 905	3 811	12
Net realised and fair value gains	–	35	13
Net income	2 905	3 846	
Impairment reversals	(46)	(28)	14
Employee benefit expenses	31	53	15
Other expenses	34	232	16
Expenses	19	257	
Results of operations	2 886	3 589	
Finance costs	(41)	(44)	17
Profit before tax	2 845	3 545	
Income tax	(11)	(20)	11.2
Earnings for year attributable to owners of the company	2 834	3 525	

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
Earnings for year	2 834	3 525
Other comprehensive income for year, net of tax	–	–
Total comprehensive income for year attributable to owners of the company	2 834	3 525

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Share capital Rm	Retained earnings Rm	Other components of equity Rm	Total attributable to owners of the company Rm	Notes
Balance at 1 July 2014	17 543	3 996	55	21 594	
Total comprehensive income	–	3 525	–	3 525	
Dividend paid	–	(3 107)	–	(3 107)	
Conversion of preference shares	20	–	–	20	6
Balance at 1 July 2015	17 563	4 414	55	22 032	
Total comprehensive income	–	2 834	–	2 834	
Dividend paid	–	(2 469)	–	(2 469)	
Conversion of preference shares	17	–	–	17	6
Balance at 30 June 2016	17 580	4 779	55	22 414	

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm	Notes
Cash flow from operating activities			
Cash utilised in operations	(103)	(249)	18.1
Dividends received	2 827	3 723	12
Interest received	78	85	12
Income tax paid	(13)	(18)	18.2
Interest paid	(41)	(44)	18.3
Net cash inflow from operating activities	2 748	3 497	
Cash flow from investing activities			
Disposal of assets designated at fair value through income	–	1 364	
Investments in subsidiary companies	(1 008)	(110)	
Decrease/(increase) in loans to related parties	693	(1 835)	
Net cash outflow from investing activities	(315)	(581)	
Cash flow from financing activities			
Dividends paid	(2 469)	(3 107)	
Net cash outflow from financing activities	(2 469)	(3 107)	
Net cash flow	(36)	(191)	
Cash and cash equivalents at beginning	69	260	
Cash and cash equivalents at end	33	69	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and accounting policies of the company are the same as that of the group, as set out in the group financial statements. These financial statements should be read in conjunction with the group financial statements.

	2016 Rm	2015 Rm
2 EQUIPMENT		
Cost	1	1
Accumulated depreciation	(1)	(1)
Carrying amount ¹	–	–
¹ Amount in prior year rounds down to less than R1 million.		
Equipment comprises furniture and fittings and computer equipment.		
3 INTEREST IN SUBSIDIARY COMPANIES		
Cost less impairment	20 667	19 659
Loans to subsidiary companies (Annexure A)	1 125	1 478
	21 792	21 137
Opening balance	21 137	19 969
Cost of interest in subsidiaries acquired	1 008	110
Plus: reversal of impairment charge	–	136
Movements in loans to subsidiary companies	(353)	922
Closing balance	21 792	21 137

General

Details of interests in subsidiary companies are disclosed in Annexure A.

Loans to subsidiary companies

The loans to subsidiary companies are not of a commercial nature and are therefore interest-free, with no fixed repayment terms. These loans are intended to provide the subsidiaries with a long-term source of additional capital. The company can recall these loans when cash is required.

Additional shares in subsidiaries acquired

Metropolitan International Holdings (Pty) Ltd (MIH): The company acquired additional shares in MIH for R374 million during the current year (2015: R70 million).

MMI Strategic Investments (Pty) Ltd (MMISI): The company acquired additional shares in MMISI for R179 million during the current year (2015: R40 million).

Eris Property Group (Pty) Ltd (Eris): The company acquired additional shares in Eris for R145 million during the current year.

Metropolitan Health (Pty) Ltd (MH): The company acquired additional shares in MH for R300 million during the current year.

Momentum Retirement Administrators (Pty) Ltd (MRA): The company acquired additional shares in MRA for R10 million during the current year.

Impairment

The company reversed the impairment of R136 million of the capitalised loan to MMI Finance Company (Pty) Ltd in the prior year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
4 LOANS AND RECEIVABLES		
Accounts receivable	4	2
Loans to related parties	1 408	1 202
Loans to subsidiary companies (Annexure A)	1 182	982
Less: provision for impairment on loans to subsidiary companies	(225)	(271)
Loans to associates	11	11
Less: provision for impairment on loans to associates	(3)	(3)
Preference shares	58	64
Empowerment partners	385	419
Strategic unsecured loans	1	1
	1 413	1 205
Current	1 360	1 147
Non-current	53	58
	1 413	1 205
Reconciliation of provision for impairment		
Opening balance	274	166
(Reversals)/additional provisions for current year (refer to note 14)	(46)	108
Closing balance	228	274

Terms and conditions of material loans

- Loans to subsidiary companies are generally interest-free, unsecured and have no repayment terms. When the company is in a position to repay the loan, it will be payable on demand. The carrying value therefore approximates fair value.
- The loans to associates include a loan to C Shell 448 (Pty) Ltd for R10 million and is unsecured, has no repayment terms and interest is as agreed between the shareholders, being zero percent for both periods. The carrying value approximates fair value.
- Preference shares:

MMI Holdings Ltd acquired preference shares in Eris for R48 million in the 2013 financial year. These preference shares are subject to dividends (at risk-free rate plus 0.5%) disclosed as part of interest income. Interest for the period is R7 million (2015: R7 million). The preference shares have a term of five years from issue date. The carrying value approximates fair value.
- Loans to empowerment partners consist of:
 - A loan of R33 million to Business Venture Investments No 1796 (Pty) Ltd (BVI), a wholly owned subsidiary of KTH. The loan is interest-free and repayable on written notice by MMI Holdings or BVI at anytime of the year from 26 February 2016.
 - An unsecured loan of R66 million (2015: R83 million) to a subsidiary of KTH, with a repayment date of between five and ten years from date of issue (January 2005), on which interest is charged at 80% of the prime interest rate.
 - The loans to empowerment partners include R285 million (2015: R303 million) at 30 June 2016, which relates to preference shares acquired on 2 December 2011 in Off the Shelf Investments (Pty) Ltd (a KTH subsidiary) for R316 million. Given the financial substance of the KTH subsidiary and the commercial terms attached to the funding arrangement, there is sufficient security in the company that the group does not carry and has not carried the risks and rewards of the shares that are funded by the loan. The loan is therefore not accounted for as an option under IFRS 2 – Share-based payments – and is recognised as a receivable carried at amortised cost. Interest is charged at 88% of the prime interest rate of South Africa and the preference shares have a repayment date of 29 June 2017.

The fair value of loans to empowerment partners approximates the carrying value as the repayment dates are within one year.

Impairment

Impairment of R46 million on loans to subsidiary companies was reversed in the current year. In the prior year the loans to subsidiary companies were impaired by R108 million.

	2016 Rm	2015 Rm
5 CASH AND CASH EQUIVALENTS		
Bank and other cash balances	33	69

The carrying value approximates fair value due to its short-term nature.

6 SHARE CAPITAL AND SHARE PREMIUM
Authorised share capital of MMI Holdings Ltd
 2 billion ordinary shares of 0.0001 cents each

129 million (76 million A1, 13 million A2 and 40 million A3) variable rate cumulative redeemable convertible preference shares of 0.0001 cents each

Issued share capital of MMI Holdings Ltd

1.6 billion ordinary shares of 0.0001 cents each

30 million A3 variable rate cumulative redeemable convertible preference shares of 0.0001 cents each in issue

Number of shares in issue (million)	2016	2015
Opening balance	1 572	1 570
Conversion of preference shares	2	2
Closing balance	1 574	1 572

Share capital and share premium	Rm	Rm
Opening balance	17 563	17 543
Conversion of preference shares	17	20
Closing balance	17 580	17 563

On 1 October 2015 and 5 April 2016, 992 371 and 891 064 A3 preference shares, respectively, were converted into ordinary shares.

Further details of the preference shares are disclosed in note 19.1 of the group financial statements.

	2016 Rm	2015 Rm
7 FINANCIAL LIABILITIES AT AMORTISED COST		
Cumulative redeemable convertible preference shares	275	293
Current	275	11
Non-current	–	282
	275	293

Details of the cumulative redeemable convertible preference shares are disclosed in note 19.1 of the group financial statements.

The estimated fair value of the cumulative redeemable preference shares is R687 million (2015: R972 million) and is based on the market value of the listed ordinary shares, adjusted for the differences in the estimated dividend cash flows between the valuation and conversion dates. As the preference shares are already convertible, the market value is deemed to be the minimum value. In 2016, the expected cash flows were discounted at a current market rate of 11% (2015: 11%). The conversion of the preference shares is at the option of the preference shareholder; the date of conversion was estimated based on the most beneficial dividend stream to the holder (*level 2*).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
8 DEFERRED INCOME TAX		
Deferred tax asset	4	3
Tax losses and credits	4	3
Deferred tax liability	(4)	(3)
Revaluations	(4)	(3)
	–	–
<i>Movement in deferred tax</i>		
Balance at beginning	–	–
Charge to income statement	–	–
Revaluations	(78)	(148)
Tax losses and credits	78	148
Balance at end	–	–
Creation of deferred tax asset		
Tax losses have been provided for as a deferred tax asset where, at year-end, there was certainty as to their recoverability.		
A deferred tax asset of R17 million (2015: R14 million), relating to a capital loss, has not been recognised due to the uncertainty of recoverability.		
9 EMPLOYEE BENEFIT OBLIGATIONS		
Cash-settled scheme	4	15
Subsidiary share scheme	11	–
Leave pay	1	1
Staff and management bonuses	7	7
	23	23
Current	10	16
Non-current	13	7
	23	23
Cash-settled scheme – long-term incentive plan		
Balance at beginning	15	27
Unutilised amounts reversed	(7)	(1)
Benefits paid	(4)	(11)
Balance at end	4	15
Subsidiary share schemes		
Balance at beginning	–	–
Interest expense	1	–
Actuarial gains	(5)	–
Current service costs	15	–
Balance at end	11	–

9 EMPLOYEE BENEFIT OBLIGATIONS *continued*

MMI Long-term Incentive Plan (MMI LTIP)

Certain key senior staff members were identified as vital to the future success of the group, and its ability to compete in an ever-changing environment. The purpose of the MMI LTIP is to incentivise and retain these key senior staff members. The MMI LTIP comprises two separate long-term incentives, the first being an award of performance units, and the second being a grant of retention units.

The performance units have performance criteria based on minimum hurdles related to the return on embedded value of the group. The units will therefore vest after a period of three years, and the group's performance will be averaged over the same period to determine whether the criteria have been met.

The retention units have no imposed performance criteria and therefore vest on award date subject to the employee maintaining satisfactory performance during the period between the award date and the settlement date. When the retention units and performance units have vested on the vesting date, they represent the right to receive a cash sum on the settlement date equal to the fair market price of an MMI share (average of 20 trading days before the settlement date).

	2016 MMI LTIP '000	2015 MMI LTIP '000
Number of units outstanding		
At beginning of year	924	1 843
Units granted during year	198	347
Units transferred from/(to) other companies	23	(108)
Units exercised/released during year	(179)	(299)
Units cancelled/lapsed during year	(651)	(859)
At end of year	315	924
Performance units	181	650
Retention units	134	274
	315	924
Inputs used in valuation of the MMI LTIP		
Current vesting rate	100%	100%
Share price at reporting date	R22.64	R30.15
Inputs used in valuation of the subsidiary share scheme		
Risk-free rates	10.1%	8.6%
Growth rate	12.3%	10.4%
Forfeiture rate	5%	5%

	2016 Rm	2015 Rm
10 OTHER PAYABLES		
Other payables	26	62
Loans from subsidiary companies (Annexure A)	501	–
	527	62
Current	527	62

For accounts payable, the carrying value approximates fair value due to its short-term nature.

The loans from subsidiary companies are interest-free, unsecured and payable on demand. The carrying value therefore approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
11 INCOME TAX		
11.1 Current income tax (asset)/liability		
<i>Movement in (asset)/liability</i>		
Balance at beginning	1	(1)
Charged to income statement	11	20
Paid during year	(13)	(18)
Balance at end	(1)	1
11.2 Income tax expense		
Current taxation		
Current year		
South African normal tax	2	5
Foreign countries – withholding tax	9	15
	11	20

	2016 %	2015 %
Tax rate reconciliation		
Tax calculated at standard rate of South African tax on earnings	28.0	28.0
Foreign tax	0.3	0.4
Non-taxable items	(27.9)	(30.3)
Non-deductable expenses	–	2.4
Effective rate	0.4	0.5

	2016 Rm	2015 Rm
12 INVESTMENT INCOME		
Designated at fair value through income		
Dividends received – listed equities	–	35
Dividends received – subsidiary companies	2 827	3 688
Interest income	78	85
Loans and receivables	70	69
Cash and cash equivalents	8	16
Other income	–	3
	2 905	3 811
13 NET REALISED AND FAIR VALUE GAINS		
Designated at fair value through income	–	35

The equity securities were sold in the prior year.

	2016 Rm	2015 Rm
14 IMPAIRMENT (REVERSALS)/EXPENSES		
Impairment of loans to subsidiary companies	43	108
Reversal of impairment of loans to subsidiary companies	(89)	–
Reversal of impairment of loans capitalised to subsidiary companies	–	(136)
	(46)	(28)
15 EMPLOYEE BENEFIT EXPENSES		
Salaries	26	52
Defined contribution retirement fund	1	1
Cash-settled share-based payment expenses	(7)	(1)
Subsidiary share scheme expenses	11	–
Training costs	–	1
	31	53
Executive directors' emoluments included above.	22	38
Details of the staff share schemes are disclosed in note 21.2 of the group financial statements.		
16 OTHER EXPENSES		
Asset management fees ¹	–	3
Auditors' remuneration ¹	–	–
Consulting fees	3	3
Management fees	9	169
Marketing costs	3	3
Office costs ¹	–	32
Other expenses	15	19
Other indirect taxes	4	3
	34	232
Non-executive directors' emoluments included in other expenses above.	15	12
¹ Amount rounds down to less than R1 million.		
17 FINANCE COST		
Interest expense on liabilities at amortised cost		
Redeemable preference shares	41	41

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
18 CASH FLOW FROM OPERATING ACTIVITIES		
18.1 Cash utilised in operations		
Profit before tax	2 845	3 545
Adjusted for		
Items disclosed elsewhere		
Dividend received	(2 827)	(3 723)
Interest received	(78)	(85)
Finance costs	41	44
Non-cash-flow items		
Reversal of impairment	(46)	(28)
Net realised and fair value gains	–	(35)
Employee benefit obligations	4	(1)
Changes in operating assets and liabilities		
Loans and receivables	(2)	(2)
Employee benefit obligations	(4)	(4)
Other operating liabilities	(36)	40
	(103)	(249)
18.2 Income tax paid		
Due at beginning	(1)	1
Charged and provided	(11)	(20)
Due at end	(1)	1
	(13)	(18)
18.3 Interest paid		
Redeemable preference shares		
Paid 30 September	(21)	(22)
Paid 31 March	(20)	(22)
	(41)	(44)

19 RELATED PARTY TRANSACTIONS

19.1 Holding company

Shares in MMI Holdings Ltd, the ultimate holding company in the group, are widely held by public and non-public shareholders; refer to the shareholder profile on page 247 of the integrated report. Significant subsidiary companies are listed in Annexure A. Other related parties include KTH, Rand Merchant Insurance Holdings Ltd (by virtue of its shareholding of 25% in MMI Holdings Ltd), directors, key personnel and close members of their families. Refer to note 41.1 in the group financial statements for more details.

19.2 Transactions with directors

Remuneration is paid in the form of fees to non-executive directors and remuneration to executive directors and key personnel of the company. The aggregate remuneration, shares held and transactions of the group executive committee members are disclosed in note 41.2 of the group financial statements.

19.3 Transactions with related parties

Loans are advanced between MMI Holdings Ltd and its subsidiaries and associates as funding. The loans to subsidiary companies included in loans in the statement of financial position are detailed in Annexure A. The loans to associates were included in note 4.

19 RELATED PARTY TRANSACTIONS *continued*

19.3 Transactions with related parties *continued*

Details of other transactions with subsidiaries included in the financial statements are listed below.

	2016 Rm	2015 Rm
Administrative charges – MMI Group Ltd	9	166
Asset management fee expense – Momentum Asset Management (Pty) Ltd	3	3
Dividends from subsidiaries – MMI Group Ltd	2 723	3 548
Dividends from subsidiaries – Metropolitan Life of Botswana Ltd	8	–
Dividends from subsidiaries – Metropolitan Lesotho Ltd	55	90
Dividends from subsidiaries – Metropolitan Asset Managers Ltd	4	13
Dividends from subsidiaries – Eris Property Group (Pty) Ltd	37	–
Dividends from subsidiaries – Metropolitan Collective Investments Ltd	–	5
Dividends from subsidiaries – Momentum Retirement Administrators (Pty) Ltd	–	2
Dividends from subsidiaries – Metropolitan Life International Ltd	–	30
Interest received – MMI Group Ltd	33	31
Interest received – Eris Property Fund (Pty) Ltd	7	7
Interest received – KTH	5	6
Interest received – Off the Shelf Investments (Pty) Ltd	25	25
Finance cost – KTH	41	44

Refer to note 4 for loans and receivables with related parties.

Refer to note 41 of the group financial statements for further details on related party transactions with directors and key management personnel.

20 CONTINGENT LIABILITIES

The company is party to legal proceedings in the ordinary course of business and appropriate provisions are made when losses are expected to materialise.

21 CAPITAL COMMITMENTS

The company has given a guarantee in favour of Rand Merchant Bank (RMB) that MMISI will repay its obligations due to RMB.

22 RISK MANAGEMENT POLICIES

Details of financial instruments and risk management strategies are disclosed in note 43 of the group financial statements. The more important financial risks to which the company is exposed are credit risk and interest rate risk.

The company's capital is managed with that of the group. The capital management of the group is discussed in note 44 of the group financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

22 RISK MANAGEMENT POLICIES *continued*

22.1 Classes of assets and liabilities

The following table reconciles the assets and liabilities in the statement of financial position to the classes and portfolios of assets managed in terms of mandates.

	2016 Rm	2015 Rm
Assets		
Loans and receivables	1 413	1 205
Loans	1 409	1 203
Accounts receivable	4	2
Cash and cash equivalents	33	69
Other assets	21 793	21 137
Total assets	23 239	22 411
Liabilities		
Amortised cost	275	293
Cumulative redeemable preference shares	275	293
Other payables	527	62
Loans from subsidiary companies	501	–
Other payables	26	62
Other liabilities	23	24
Total liabilities	825	379

22.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The credit risk of the company is managed similarly to that of the group as disclosed in note 50 in the group financial statements.

The company's maximum exposure to credit risk is through the following classes of assets:

	2016 Rm	2015 Rm
Loans and receivables	1 413	1 205
Loans	1 409	1 203
Accounts receivable	4	2
Cash and cash equivalents	33	69
Total assets bearing credit risk	1 446	1 274

Security and credit enhancements

- For cash and cash equivalents, the credit risk is managed through the group's credit risk exposure policy described in the group financial statements.
- Security held on loans is disclosed in note 4.

Using Fitch ratings (or the equivalent thereof when Fitch ratings are not available), cash and cash equivalents have an AA (2015: AA) credit rating. Loans and receivables consist mainly of loans to related parties and is unrated.

22.3 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset, arising from the possibility that the company could be required to pay its liabilities earlier than expected.

22 RISK MANAGEMENT POLICIES *continued*

22.3 Liquidity risk *continued*

Liabilities at amortised cost

It is expected that the A3 preference shares will convert into ordinary shares and that there will therefore be no cash outflow on conversion; however, if the shares are not converted, an outflow at redemption value on the redemption date, 29 June 2017, is assumed. The company has a further obligation to pay preference share dividends. The cash flows for these dividends are those expected up to redemption date, even though the conversion of the preference shares is at the option of the preference shareholder.

Other payables

Other payables include loans from subsidiary companies which are payable on demand.

The following table indicates the maturity analysis of the liabilities:

2016	Carrying value Rm	Undiscounted cash flows		
		Total Rm	0 to 1 year Rm	1 to 5 years Rm
Amortised cost				
Cumulative redeemable preference shares	275	315	315	–
Other payables	527	527	527	–
Other liabilities	23	23	10	13
Total liabilities	825	865	852	13
2015				
Amortised cost				
Cumulative redeemable preference shares	293	378	43	335
Other payables	62	62	62	–
Other liabilities	24	24	17	7
Total liabilities	379	464	122	342

22.4 Market risk

Introduction

- Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market prices.
- The key component of market risk applicable to the company is interest rate risk.

22.4.1 Interest rate risk

Interest rate risk is the risk that the value and/or future cash flows of financial instruments will fluctuate as a result of changes in interest rates.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments. Fair values of fixed maturity investments included in the company's investment portfolios are subject to changes in prevailing market interest rates. Additionally, relative values of alternative investments and the liquidity of the instruments invested in could affect the fair value of interest rate market-related investments. The ongoing assessment by an investment research team of market expectations within the South African interest rate environment drives the process of asset allocation in this category.

The company is exposed to floating interest rates that result in cash flow interest rate risk. Loans and receivables (empowerment loans) have a weighted average interest rate of 8.5% (2015: 8.5%). Cash and cash equivalents have a weighted average interest rate of 5% (2015: 5%).

22.4.2 Sensitivity to market risks

The company's earnings and net asset value are exposed to market risks. The company has identified that changes in interest rates have the most significant effect on earnings and equity.

The company is exposed to floating interest rate changes only. Cash requirements fluctuate during the course of the year and are therefore of a short-term nature. Interest rate changes with respect to cash and cash equivalents will therefore not have a significant impact on earnings.

The company has no foreign currency exposure.

ANNEXURE A

SIGNIFICANT SUBSIDIARY COMPANIES

Companies	Country of incorporation, where not South Africa	Interest held		Cost		Loans capitalised	
		2016 %	2015 %	2016 Rm	2015 Rm	2016 Rm	2015 Rm
MMI Group Ltd		100	100	18 119	18 096	–	–
<i>Subsidiary companies</i>							
Momentum Finance Company (Pty) Ltd		100	100				
Momentum Alternative Insurance Ltd		100	100				
Momentum Ability Ltd		100	100				
MMI Health (Pty) Ltd (previously Momentum Medical Scheme Administrators (Pty) Ltd)		100	100				
Momentum Consult (Pty) Ltd		100	100				
Momentum Life Botswana Ltd	Botswana	100	100				
Momentum Asset Management (Pty) Ltd		100	100				
Momentum Global Investment Management Ltd	United Kingdom	100	100				
Momentum Collective Investments (RF) (Pty) Ltd		100	100				
Momentum Alternative Investments (Pty) Ltd		100	100				
Momentum International MultiManagers (Pty) Ltd		100	100				
Momentum Wealth (Pty) Ltd		100	100				
Momentum Wealth International Ltd	Guernsey	100	100				
102 Rivonia Road (Pty) Ltd		80	80				
Momentum Short-Term Insurance Company Ltd		100	100				
MMI Short Term Insurance Administration (Pty) Ltd		100	100				
Momentum Interactive (Pty) Ltd		100	100				
Metropolitan Odyssey Ltd		100	100	36	36	–	–
Metropolitan International Holdings (Pty) Ltd		100	100	1 237	864	523	483
<i>Subsidiary companies</i>							
MMI Holdings Namibia Ltd	Namibia	96.5	96.5				
Cold Trade (Pty) Ltd	Namibia	100	100				
Metropolitan Life (Mauritius) Ltd	Mauritius	70	70				
Metropolitan Life Zambia Ltd	Zambia	100	100				
UBA Metropolitan Life Insurance Ltd	Nigeria	100	50				
Metropolitan Life Insurance Kenya Ltd	Kenya	96	96				
Cannon Assurance Ltd	Kenya	96	96				
Metropolitan Life Insurance Ghana Ltd	Ghana	100	100				
Metropolitan Life Swaziland Ltd	Swaziland	67	67				
Metropolitan Insurance (Swaziland) Ltd	Swaziland	100	100				
Metropolitan International Support (Pty) Ltd		100	100	–	–	116	116
Metropolitan Tanzania Life Assurance Company Ltd	Tanzania	66.7	66.7				
Subtotal				19 392	18 996	639	599

Companies <i>continued</i>	Country of incorporation, where not South Africa	Interest held		Cost		Loans capitalised	
		2016 %	2015 %	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Subtotal carried forward				19 392	18 996	639	599
Momentum Mozambique LDA	Mozambique	66.7	66.7				
MMI Finance Company (Pty) Ltd		100	100	400	400	234	237
Metropolitan Life International Ltd		100	100	47	47	–	–
Metropolitan Life of Botswana Ltd	Botswana	100	100	73	73	–	–
Metropolitan Lesotho Ltd	Lesotho	100	100	120	120	–	–
Momentum Retirement Administrators (Pty) Ltd		100	80	38	28	–	–
MMI Strategic Investments (Pty) Ltd		100	100	232	52	–	–
<i>Subsidiary companies</i>							
Momentum SP Reid Securities (Pty) Ltd (previously Imara SP Reid (Pty) Ltd)		100	100				
Momentum Outcome-Based Solutions (Pty) Ltd		100	100				
Guardrisk Life Ltd		100	100				
Guardrisk Life International Ltd	Mauritius	100	100				
Guardrisk Allied Products & Services (Pty) Ltd		100	100				
Guardrisk Insurance Company Ltd		100	100				
Guardrisk International Ltd PCC	Mauritius	100	100				
MMI Holdings UK Ltd	United Kingdom	100	100				
Euroguard Insurance Company PCC Ltd	Gibraltar	100	100				
Momentum Financial Technology Ltd	United Kingdom	100	100				
Financial Partners Ltd	Hong Kong	100	100				
Metropolitan Asset Managers Ltd		100	100	–	23	–	–
MET Collective Investments (RF) (Pty) Ltd		100	100	26	26	–	–
Eris Property Group (Pty) Ltd		76.3	54.3	407	262	–	–
Metropolitan Health (Pty) Ltd		100	100	332	32	252	642
<i>Subsidiary companies</i>							
Metropolitan Health Corporate (Pty) Ltd		100	100				
MetHealth (Pty) Ltd		100	100				
Metropolitan Health Risk Management (Pty) Ltd		100	100				
CareCross (Pty) Ltd		100	100				
Occupational Care South Africa (Pty) Ltd		100	51				
Global Doctor Networks (Pty) Ltd		81.2	81.2				
Hello Doctor (Pty) Ltd		100	100				
Momentum Trust Ltd		100	100	8	8	–	–
Less: impairments				(408)	(408)	–	–
Total interest in subsidiary companies				20 667	19 659	1 125	1 478

ANNEXURE A CONTINUED

Other loans to/(from) subsidiaries	2016 Rm	2015 Rm
MMI Strategic Investments (Pty) Ltd	781	324
MMI Infrastructure and Operations (Pty) Ltd	221	266
MMI Short Term Insurance Administration (Pty) Ltd	–	175
MMI Health (Pty) Ltd	132	132
Metropolitan Capital (Pty) Ltd	46	46
MetHealth (Pty) Ltd	–	31
MMI Group Ltd	–	6
Union Money (Pty) Ltd	2	2
	1 182	982
Less: impairments	(225)	(271)
Loans to subsidiary companies	957	711
MMI Group Ltd	(497)	–
Metropolitan Life of Botswana Ltd	(4)	–
Loans from subsidiary companies	(501)	–

At 30 June, the following collective investment schemes (CIS) were subsidiaries of the group:

SIGNIFICANT CIS SUBSIDIARY COMPANIES	Interest held		Carrying value	
	2016 %	2015 %	2016 Rm	2015 Rm
Momentum IF Global Equity Class A USD Fund	67.2	70.4	13 052	14 475
Momentum MF Global Aggressive Sub Fund	100	100	5 651	6 108
Momentum MF Global Balanced A USD Fund	100	100	5 595	6 832
Momentum Money Market Fund	47.1	37.9	4 337	3 815
Momentum Balanced Fund	75.3	76.5	3 476	3 522
Momentum MoM Ultra Long-Term Value Fund	100	99.9	2 985	2 784
Momentum Global Growth Fund IC Ltd	96.9	94.7	2 153	2 198
Fairtree Equity Prescient Fund	74.0	*	2 009	*
Momentum MoM Macro Value Fund	100	100	1 954	2 007
Truffle MET Institutional Equity Fund	77.8	*	1 918	*
Momentum MoM Property Equity Fund	99.9	99.9	1 895	1 841
Momentum IF Global Fixed Income A USD Fund	97.8	97.7	1 753	1 429
Momentum MoM Emerging Manager Growth Fund	100	100	1 750	1 435
Momentum MoM Specialist Equity Fund	100	100	1 692	1 541
Momentum MoM High Growth Fund	100	100	1 591	2 271
Momentum MoM Real Return Fund	100	100	1 510	1 411
Momentum Best Blend Balanced Fund of Funds	76.1	75.8	1 271	1 066
Momentum Best Blend Multifocus Fund of Funds	98.6	99.7	1 231	1 469
Momentum IF Global Emerging Markets A USD Fund	96.4	95.7	1 101	1 116
Momentum Bond Fund	79.7	68.7	1 033	754
Momentum MF Global Moderate Sub Fund	100	100	955	1 178
Momentum Best Blend Flexible Income Fund	88.0	87.4	941	750
Ampersand Momentum CPI Plus 4% Fund of Funds	59.6	59.2	924	916
Ampersand Momentum Equity Fund	100	100	903	892
Momentum Factor 7 Fund of Funds	73.9	69.8	819	601
Momentum International Equity Feeder Fund	58.5	55.1	798	726
Ampersand Momentum CPI Plus 2% Fund of Funds	53.4	53.4	783	677
Momentum MF International Equity A USD Fund	100	100	725	855
Momentum Global Managed Fund IC Ltd	91.3	94.7	725	663
Momentum Best Blend Specialist Equity Fund	58.8	56.7	720	764
Momentum Factor 5 Fund of Fund	64.9	*	673	*
Momentum MoM Active Bond Fund (B1)	94.5	100	636	653
VPFP International Growth Fund IC Ltd	70.5	69.6	556	533
Saffron MET Inflation Linked Bond	99.9	99.9	555	534
Ampersand Momentum Flexible Property Income Fund	99.8	*	533	*
Momentum Property Fund	49.7	59.6	503	624
Momentum Optimal Yield Fund	96.5	*	502	*
Momentum GF Global Franchise Fund	*	98.1	*	522

* This subsidiary was not considered to be significant in the prior year.

Fund name	Domicile
Momentum IF Global Equity Class A USD Fund	Luxembourg
Momentum MF Global Aggressive Sub Fund	Luxembourg
Momentum MF Global Balanced A USD Fund	Luxembourg
Momentum IF Global Fixed Income Fund A USD Fund	Luxembourg
Momentum IF Global Emerging Markets A USD Fund	Luxembourg
Momentum MF Global Moderate Sub Fund	Luxembourg
Momentum MF International Equity A USD Fund	Luxembourg
Momentum Global Managed Fund IC Ltd	Guernsey
VPFP International Growth Fund IC Ltd	Guernsey

ANNEXURE B

UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls it. The group considers collective investment schemes and other unit-linked investments to be structured entities. This annexure provides information on significant unconsolidated structured entities in which the group holds an interest.

Collective investment schemes and other unit-linked investments

Unit-linked investments comprise local and foreign collective investment schemes as well as other unit-linked investments. Collective investment schemes are categorised into property, equity or interest-bearing instruments based on a minimum of 55% per category of the underlying asset composition of the fund by value. In the event of no one category meeting this threshold, it is classified as a mixed asset class. Money market collective investment schemes are categorised as such.

Unlisted and unquoted unit-linked instruments are mainly exposed to equity, comprising investments in hedge funds and private equity funds, or interest-bearing instruments, comprising mezzanine funding and structured guaranteed income products. It includes investments where the exposure is subject to the underlying investments, comprising investments in pooled funds as well as investments backing policies where the group is the policyholder of an investment contract issued by other insurance companies. Where the group is the contract holder of investment contracts at another institution, but does not have title to the underlying investment assets, it is allocated to a mixed asset class.

	2016 Rm	2015 Rm
Collective investment schemes		
Local and foreign	132 119	122 297
Equity	84 318	96 217
Interest-bearing	18 277	15 828
Property	3 718	5 115
Mixed	23 867	3 371
Money market	1 898	1 732
Commodity	41	34
Other unit-linked investments	14 054	22 408
Local and foreign		
Equity	4 972	7 595
Interest-bearing	1 895	1 981
Mixed	6 392	11 691
Commodity	795	1 141
	146 173	144 705
Designated at fair value through income: unit-linked investments	135 662	132 330
Investments in associates designated at fair value through income	10 499	12 362
Available-for-sale: local unlisted quoted collective investment schemes	12	13
	146 173	144 705

Detail on investments in associates designated at fair value through income

The group holds a significant investment in the following associates designated at fair value through income:

Name	Carrying value Rm	% interest held	Nature of relationship	Principal place of business
2016				
Momentum Enhanced Yield Fund	1 067	22.2%	Standard investment	Sandton
Momentum Income Plus Fund (A) ¹	575	23.8%	Standard investment	Sandton
Momentum Equity Fund ¹	546	19.3%	Standard investment	Sandton
2015				
Fairtree Equity Prescient Fund ²	1 677	75.8%	Standard investment	Bellville
Truffle MET Institutional Equity Fund ²	1 180	67.4%	Standard investment	Hyde Park
Momentum Enhanced Yield Fund	1 038	20.7%	Standard investment	Sandton

Summarised financial information relating to the associates above:

2016	Momentum Enhanced Yield Fund Rm	Momentum Income Plus Fund (A) ¹ Rm	Momentum Equity Fund ¹ Rm
Current assets	1 880	815	36
Non-current assets	2 926	1 644	2 814
Current liabilities	38	5	22
Non-current liabilities	4 767	2 454	2 827
Revenue	403	203	89
Earnings	380	201	273

2015	Fairtree Equity Prescient Fund ² Rm	Truffle MET Institutional Equity Fund ² Rm	Momentum Enhanced Yield Fund Rm
Current assets	61	56	556
Non-current assets	1 965	1 412	4 594
Current liabilities	81	13	109
Non-current liabilities	–	1 455	4 662
Revenue	367	268	437
Earnings	306	230	379
Dividends received from associate	40	18	–

¹ This associate was not considered to be significant in the prior year.

² This associate forms part of significant CIS subsidiaries in the current year. Refer to Annexure A.

ANNEXURE B CONTINUED

UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Other unconsolidated structured entities

The table below provides information on significant other unconsolidated structured entities in which the group holds an interest. The maximum exposure to loss is the carrying value of the assets held.

Name of entity	Investment type	Nature and purpose of business	How the entity is financed?	Carrying value ¹		Income received ²	
				2016 Rm	2015 Rm	2016 Rm	2015 Rm
iNguza Investments (Pty) Ltd	Interest-bearing notes	Issuing of commercial paper and other debt instruments to investors in order to acquire the rights and obligations of third parties underwritten loan agreements and/ or other securities meeting the eligibility criteria established by the entity	Issuing of debt instruments	334	1 034	27	72
Thekwini Fund 9 (Pty) Ltd	Floating rate note	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	641	633	54	34
Superdrive Investments (RF) Ltd	Floating rate note	Asset-backed securitisation set up by Standard Bank Group and BMW Financial Services	Funding received from local institutional investors	548	537	57	34
				1 523	2 204	138	140

¹ Included in securities designated at fair value through income in the statement of financial position. The carrying value represents the group's maximum exposure.

² Consists of interest income and fair value gains/losses.

³ The group has not sponsored any significant unconsolidated structured entities in which it holds an interest.

SHAREHOLDER PROFILE

SHAREHOLDER	Number of shareholders	% of issued share capital	Shares held (million)
Non-public			
Directors	11	0.6	9
Kagiso Tiso Holdings (Pty) Ltd	2	7.1	114
RMI Holdings Ltd	2	25.0	401
Government Employees Pension Fund	7	7.9	127
Public			
Private investors	20 392	2.9	47
Pension funds	360	8.8	141
Collective investment schemes and mutual funds	4 670	38.7	620
Banks and insurance companies	178	9.0	145
Total	25 622	100.0	1 604

An estimated 406 million shares (2015: 457 million shares) representing 25.3% (2015: 28.5%) of total shares are held by foreign investors.

SIZE OF SHAREHOLDING	Number of shareholders	% of total shareholders	Shares held (million)	% of issued share capital
1 – 5 000	21 299	83.1	22	1.4
5 001 – 10 000	1 774	6.9	13	0.8
10 001 – 50 000	1 623	6.3	35	2.2
50 001 – 100 000	319	1.3	23	1.4
100 001 – 1 000 000	455	1.8	137	8.5
1 000 001 and more	152	0.6	1 374	85.7
Total	25 622	100.0	1 604	100.0

BENEFICIAL OWNERS	Shares held (million)	% of issued share capital
RMI Holdings Ltd	401	25.0
Government Employees Pension Fund	127	7.9
Kagiso Tiso Holdings (Pty) Ltd	114	7.1
Total	642	40.0

Pursuant to the provisions of section 56(7)(b) of the South African Companies Act, 71 of 2008, as amended, beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2016, are disclosed.

STOCK EXCHANGE PERFORMANCE

	2016	2015
12 months		
Value of listed shares traded (rand million)	25 614	19 153
Volume of listed shares traded (million)	1 057	642
Shares traded (% of average listed shares in issue)	67	41
Value of shares traded – life insurance (J857 – Rbn)	–	230
Value of shares traded – top 40 index (J200 – Rbn)	–	3 464
Trade prices		
Highest (cents per share)	3 149	3 475
Lowest (cents per share)	1 900	2 502
Last sale of period (cents per share)	2 264	3 015
Percentage (%) change during period	(25)	15
Percentage (%) change – life insurance sector (J857)	(6)	11
Percentage (%) change – top 40 index (J200)	–	–
30 June		
Price/diluted core headline earnings (segmental) ratio	11.3	12.6
Dividend yield % (dividend on listed shares)	6.9	5.1
Dividend yield % – top 40 index (J200)	2.9	3.0
Total shares issued (million)		
Ordinary shares listed on JSE	1 574	1 572
Treasury shares held on behalf of contract holders	(13)	(14)
Basic number of shares in issue	1 561	1 558
Treasury shares held on behalf of contract holders	13	14
Convertible redeemable preference shares	30	32
Diluted number of shares in issue¹	1 604	1 604
Market capitalisation at end (Rbn) ²	36	48

¹ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

² The market capitalisation is calculated on the fully diluted number of shares in issue.

Financial year-end	30 June	
Reporting	Interim results	3 March 2016
	Announcement of year-end results	7 September 2016
	Annual report published	30 September 2016
	Annual general meeting	22 November 2016
Ordinary dividends	Interim	
	Declared	2 March 2016
	Remat/Demat	24 March 2016 to 1 April 2016
	Record date	1 April 2016
	Paid	4 April 2016
	Final	
	Declared	6 September 2016
	Remat/Demat	28 September 2016 to 30 September 2016
	Record date	30 September 2016
	Paid	3 October 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTICE TO MEMBERS OF THE 15TH (FIFTEENTH) ANNUAL GENERAL MEETING OF MMI HOLDINGS LIMITED (“MMI” OR THE “COMPANY”)

Notice is hereby given (the “notice”) that the 15th (fifteenth) annual general meeting (“AGM”) of the shareholders of the company, for the year ended 30 June 2016, will be held at 13:30 on Tuesday, 22 November 2016, in the Executive Boardroom, 1st Floor, MMI Head Office, 268 West Avenue, Centurion. Registration for attendance at the AGM will commence at 12:30.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (“CSDP”), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in MMI, please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

INCLUDED IN THIS DOCUMENT ARE THE FOLLOWING:

- The resolutions to be proposed at the meeting, together with explanatory notes. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A proxy form for completion, signature and submission to the transfer secretaries of the company by shareholders holding MMI ordinary shares in certificated form or recorded in sub-registered electronic form in “own name”.

ELECTRONIC PARTICIPATION IN THE AGM

Please note that the company intends to make provision for shareholders of MMI, or their proxies, to participate in the AGM by way of electronic communication, if requested to do so in the manner and form set out below. In this regard, video-conferencing facilities will only be made available in the Serengeti VC Room, 1st Floor, Parc du Cap Building 7, Mispel Road, Bellville, Cape Town.

Should you wish to participate in the AGM electronically, you or your proxy are required to confirm your attendance and participation at the Bellville location by delivering written notice to the company, at the address detailed hereunder, by no later than 16:00 on Tuesday, 15 November 2016. The above-mentioned facility will only be made available on the date of the AGM if you have notified the company on/before 16:00 on 15 November 2016 that you intend to participate in the AGM by electronic means from Bellville. Should you fail to notify the company timeously of your intention in writing, this facility will not be available on the date of the AGM.

Please note that the cost of the video-conferencing facility will be for the account of the company.

Please also note the important provisions regarding identification of shareholders attending the AGM, the appointment of proxies and voting detailed on page 255 of this notice.

RECORD DATE AND LAST DAY TO TRADE

The MMI board of directors (the “board”) has determined that the record date for the purpose of determining which shareholders of the company are entitled to receive this notice was Friday, 23 September 2016, and the record date for purposes of determining which shareholders are entitled to participate in and vote at the AGM is Friday, 11 November 2016. Accordingly, only shareholders who are registered in the securities register of the company on Friday, 11 November 2016, will be entitled to participate in and vote at the AGM. The last day to trade in order to be entitled to vote at the AGM will therefore be Tuesday, 8 November 2016.

BUSINESS TO BE TRANSACTED

The purpose of the AGM is for the following business to be transacted:

- presentation of the report of the board of directors of the company
- presentation of the Audit Committee’s report
- verbal report from the Social, Ethics and Transformation Committee (A full copy of this report can be found on pages 256 to 258.)
- presentation of the annual financial statements of the company for the financial year ended 30 June 2016 (Should you require a complete copy of the annual financial statements for the preceding financial year, this can be accessed on the MMI website www.mmiholdings.com)
- election of the directors of the company
- approval of the re-appointment of PricewaterhouseCoopers Inc. as the external auditors of the company, with Mr Andrew Graham Taylor as the designated audit partner, for the ensuing financial year or until the next AGM, whichever is the later date
- approval of the appointment of the Audit Committee of the company
- to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below
- to transact such other business as may be transacted at an AGM

For each ordinary resolution to be adopted, it must be supported by at least 50% (fifty percent) plus 1 (one) of the voting rights exercised on the resolution, unless a higher requirement has been prescribed in terms of the Listings Requirements of the JSE Limited (the “Listings Requirements”).

For each special resolution to be adopted, it must be supported by at least 75% (seventy five percent) of the voting rights exercised on the resolution.

1. ORDINARY RESOLUTION NUMBER 1

ELECTION OF DIRECTORS APPOINTED BY THE BOARD

Mr P Cooper was appointed by the board of directors of the company with effect from 20 November 2015 and Mr WM Krzychylkiewicz was appointed as an alternate director to Mr Cooper with effect from 21 July 2016. In accordance with the Companies Act, 71 of 2008, as amended (the "Act") and the memorandum of incorporation ("MOI") of the company, Messrs Cooper and Krzychylkiewicz resign and, being available, have offered themselves for election by shareholders of the company. Their brief curriculum vitae are presented on the MMI website www.mmiholdings.com.

Messrs Cooper and Krzychylkiewicz's performance and contribution were assessed by the MMI Nominations Committee as well as the board, and the board recommends Mr Cooper's election as a director of the company and Mr Krzychylkiewicz's election as an alternate director to Mr Cooper.

Accordingly, the shareholders are requested to consider and, if deemed fit, to elect Mr Cooper as a director of the company and Mr Krzychylkiewicz as an alternate director to Mr Cooper.

Ordinary resolution 1.1

"Resolved as an ordinary resolution that Mr P Cooper be and is hereby elected as a director of the company with effect from 20 November 2015."

Ordinary resolution 1.2

"Resolved as an ordinary resolution that Mr WM Krzychylkiewicz be and is hereby elected as an alternate director to Mr P Cooper with effect from 21 July 2016."

EFFECT OF ORDINARY RESOLUTION NUMBER 1

If each ordinary resolution detailed in 1 above is passed, the effect will be that Mr Cooper will be appointed as a director of the company with effect from 20 November 2015 and Mr Krzychylkiewicz will be appointed as an alternate director to Mr Cooper with effect from 21 July 2016.

2. ORDINARY RESOLUTION NUMBER 2

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS

In accordance with the MOI, at least one third of the directors of the company are required to retire by rotation as directors of the company at this AGM. In these circumstances Messrs JC van Reenen, JP Burger, PJ Moleketi and LL von Zeuner retire by rotation in accordance with the MOI and, being eligible, all the aforementioned directors, with the exception of Mr JP Burger, have offered themselves for re-election.

Brief curricula vitae of those directors standing for re-election are published on the MMI website www.mmiholdings.com.

Accordingly, the shareholders are requested to consider and, if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

Ordinary resolution 2.1

"Resolved as an ordinary resolution that Mr JC van Reenen be and is hereby re-elected as a director of the company with immediate effect."

Ordinary resolution 2.2

"Resolved as an ordinary resolution that Mr PJ Moleketi be and is hereby re-elected as a director of the company with immediate effect."

Ordinary resolution 2.3

"Resolved as an ordinary resolution that Mr LL von Zeuner be and is hereby re-elected as a director of the company with immediate effect."

EFFECT OF ORDINARY RESOLUTION NUMBER 2

If each ordinary resolution detailed in 2 above is passed, the effect will be that Messrs JC van Reenen, PJ Moleketi and LL von Zeuner will be re-appointed as directors of the company with immediate effect. Mr JP Burger retires as a director with immediate effect.

3. ORDINARY RESOLUTION NUMBER 3

RE-APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors of the company, with Mr Andrew Graham Taylor as the designated audit partner, for the ensuing financial year or until the next AGM, whichever is the later date.

Accordingly, the shareholders are requested to consider and vote on the following resolution:

“Resolved as an ordinary resolution that the company hereby approves the re-appointment of PricewaterhouseCoopers Inc. as the external auditors of the company, with Mr Andrew Graham Taylor as the designated audit partner, for the ensuing financial year or until the next AGM, whichever is the later date.”

EFFECT OF ORDINARY RESOLUTION NUMBER 3

If ordinary resolution number 3 is passed, the effect will be that PricewaterhouseCoopers Inc. will be re-appointed as auditors of the company, with Mr Andrew Graham Taylor as the designated audit partner, for the ensuing financial year or until the next AGM, whichever is the later date.

4. ORDINARY RESOLUTION NUMBER 4

APPOINTMENT OF THE AUDIT COMMITTEE

The company is required to approve the appointment of the Audit Committee of the company.

Accordingly, the shareholders are requested to consider and approve the appointment of the Audit Committee by way of passing the separate ordinary resolutions set out below:

The board is also satisfied that the Audit Committee members meet the provisions of the Act and that they are independent and therefore recommends their re-appointment.

Ordinary resolution 4.1

“Resolved as an ordinary resolution that the re-appointment of Mr FJC Truter as a member of the Audit Committee be and is hereby approved with immediate effect.”

Ordinary resolution 4.2

“Resolved as an ordinary resolution that the re-appointment of Mr SA Muller as a member of the Audit Committee be and is hereby approved with immediate effect.”

Ordinary resolution 4.3

“Resolved as an ordinary resolution that the re-appointment of Mrs F Jakoet as a member of the Audit Committee be and is hereby approved with immediate effect.”

Ordinary resolution 4.4

“Resolved as an ordinary resolution that the re-appointment of Mr LL von Zeuner as a member of the Audit Committee be and is hereby approved with immediate effect.”

EFFECT OF ORDINARY RESOLUTION NUMBER 4

If each ordinary resolution detailed in 4 above is passed, the effect will be that Mr FJC Truter, Mr SA Muller, Mrs F Jakoet and Mr LL von Zeuner will be re-appointed as the Audit Committee of the company.

5. ORDINARY RESOLUTION NUMBER 5

NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY

“Resolved as an ordinary resolution that, as contemplated in King III, which requires that the remuneration policy of the company be tabled to shareholders for a non-binding advisory vote, the shareholders approve the remuneration policy of the company (excluding the remuneration of the non-executive directors), read together with the remuneration report contained on pages 65 to 72 of the integrated report and also on the company’s website www.mmiholdings.com.”

EFFECT OF ORDINARY RESOLUTION NUMBER 5

If ordinary resolution number 5 is passed as a non-binding advisory vote, the effect will be that the remuneration policy of the company will be approved.

6. ORDINARY RESOLUTION NUMBER 6

APPOINTMENT OF DIRECTOR OR COMPANY SECRETARY TO IMPLEMENT ORDINARY AND SPECIAL RESOLUTIONS

“Resolved as an ordinary resolution that any one director of the company or the company secretary be and is hereby authorised to take such steps, do all such things and sign all such documents as may be necessary or required for the purpose of implementing the ordinary and special resolutions proposed and passed at this meeting.”

EFFECT OF ORDINARY RESOLUTION NUMBER 6

If ordinary resolution number 6 is passed, the effect will be that any director of the company or the company secretary will be authorised to attend to the necessary issues, to implement the resolutions and to sign all documentation required to record the ordinary and special resolutions.

7. SPECIAL RESOLUTION NUMBER 1

GENERAL APPROVAL OF SHARE BUY-BACK

It is hereby noted that the company and/or its subsidiaries may from time to time acquire securities issued by the company. In this regard, it is proposed that the company renew its general approval for a share buy-back with the following special resolution:

“Resolved as a special resolution that the company hereby approves, by way of a general approval, the repurchase by the company or any of its subsidiaries from time to time of shares issued by the company upon such terms and conditions and in such amounts as the board of the company may from time to time determine, but subject to the provisions of the MOI, the Act, the Listings Requirements and the requirements of any other stock exchange upon which the shares of the company may be quoted or listed from time to time, and subject to such other conditions as may be imposed by any other relevant authority, and subject further to the following conditions:

- Any acquisition in terms hereof may only be effected through the order book operated by the JSE trading system and may only be done without any prior understanding or arrangement between the company and the counterparty.
- The company is authorised thereto by its MOI.
- This general approval shall be valid only until the company’s next AGM, provided that it does not extend beyond 15 (fifteen) months from the date of this resolution, during which time this general approval may be varied or revoked by special resolution passed at a general meeting of the company.
- Any such acquisitions of the company’s shares shall be announced when an aggregate of 3% (three percent) of the initial number of shares of the relevant class has been purchased and for each 3% (three percent) in aggregate of the initial number of shares of that class acquired thereafter.
- In determining the price at which the ordinary shares are repurchased by the company or its subsidiary in terms of this general authority, the maximum price at which such shares may be repurchased will not be greater than 10% (ten percent) above the weighted average of the market value for such ordinary shares for the 5 (five) business days immediately preceding the date of repurchase of such shares.
- In the case of an acquisition by a subsidiary of the company of shares in the company under this general approval, such acquisition shall be limited to a maximum of 10% (ten percent) in aggregate of the number of issued shares of any class of shares of the company, taken together with all the shares held by all the subsidiaries of the company, at the time of such acquisition.
- The general repurchase by the company of its own shares shall not, in aggregate in any one financial year, exceed a maximum of 20% (twenty percent) of the company’s issued shares of that class in any one financial year.
- The board by resolution, authorises the repurchase, confirms that the company has passed the solvency and liquidity test detailed in the Act in relation to the repurchase of securities, and confirms that since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company or the group.
- At any time, the company shall only appoint one agent to effect any acquisitions on the company’s behalf in terms of this general approval.
- The company or its subsidiaries may not acquire the company’s shares during a prohibited period as defined in terms of the Listings Requirements, unless it has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period.”

DIRECTORS’ STATEMENT IN RELATION TO THE SHARE REPURCHASE AS REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS

Pursuant to, and in terms of, the Listings Requirements, the board herewith states that in determining the method by which the company intends to repurchase its shares, the maximum number of shares to be repurchased and the dates upon which such repurchases will take place, the board will only make such repurchases if, at the time of the repurchase, the board is of the opinion that the requirements of sections 4, 46 and 48 of the Act and the Listings Requirements will have been complied with, and that:

- The company and the group will be able in the ordinary course of business to pay its debts as they become due for a period of 12 (twelve) months after the date of this notice.
- The consolidated assets of the company and the group will be in excess of the consolidated liabilities of the company and the group for a period of 12 (twelve) months following the date of this notice. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements, which comply with the Act.
- The ordinary share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice.
- The working capital available to the company and the group will be adequate for ordinary business purposes for a period of at least 12 (twelve) months after the date of this notice.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 1

The **reason** for special resolution number 1 is to grant the board a general authority, in terms of the Listings Requirements and the MOI, for the acquisition by the company, or any subsidiary, of the company’s shares.

The passing of special resolution number 1 will have the **effect** of providing the board with the flexibility, subject to the provisions of the Act and the Listings Requirements, to acquire the company's shares should it be in the interests of the company to do so. This general authority shall be valid until its variation or revocation by special resolution at any subsequent general meeting of the company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of approval of this special resolution.

GENERAL STATEMENTS AND INFORMATION

LISTINGS REQUIREMENTS

In accordance with the Listings Requirements, the following information relating to the matters detailed below can be found on the relevant page/s of the integrated report, namely:

- the major shareholders of the company – page 247
- the share capital of the company – page 231

STATEMENT OF ACCURACY OF INFORMATION

The directors, whose names are set out on pages 48 and 49 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information contained in this notice, the integrated report and accompanying documents, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted, which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice, integrated report and accompanying documents contain all information required by law and the Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated report, no material changes in the financial or trading position of the company and its subsidiaries have occurred between 30 June 2016 and the date of this notice.

8. SPECIAL RESOLUTION NUMBER 2

AMENDMENT TO THE COMPANY'S MEMORANDUM OF INCORPORATION

Shareholders are requested to consider and vote on the following special resolution:

"Resolved that in accordance with section 16(1)(c) of the Act the company's MOI be amended as follows:

- By deleting clause 10.2 and replacing it with "In respect of fractional entitlements that arise, all allocations of securities will be treated in line with the provisions of the JSE Listings Requirements, as amended from time to time."
- By inclusion of the phrase "save for the further provisions below" between the words "contained," and "if" in line 1 of the paragraph preceding clause 24.2.3;
- By inclusion of the following phrase at the end of the paragraph following clause 24.2.4 "provided further that if any Director who is required to so retire has been appointed as the chief executive officer or executive finance director (as these offices are contemplated in the Listings Requirements, if applicable), or managing director, joint managing director and/or to any other executive office for a fixed period, as the case may be, and his contract of employment provides that he is not subject to retirement during that fixed period, such executive director shall not be subject to retirement by rotation until such fixed period shall have expired through effluxion of time, unless he shall have ceased to be a Director in terms of any of the provisions of section 70(1)(b) of the Companies Act before that date.";
- By inclusion of the phrase "subject always to the provisions in clause 24.2" in clause 24.4 (first sentence: after the words "clause 24.9") and in clause 28.2 (after the words "if applicable") at the end of the first sentence);
- By deletion of the phrase "(not exceeding 3 (three) years)" in clause 28.2 (5th last line after the words "for such period").

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 2

The **reason** for the proposed changes to the MOI is as follows:

- Clause 10.2: To address new requirements prescribed by the JSE for fractional entitlements in relation to allocation of securities.
- The **effect** of the proposed changes to clauses 10.2, if adopted, would be to comply with the amendments to the Listings Requirements.
- To amplify the provisions of clause 24.2 of the MOI which do not require the rotation of the chief executive officer and executive finance director (as these appointments are contemplated in the Listings Requirements), as well as other executive director appointments mentioned in clause 24.2. Shareholders' attention is drawn to the perceived misinterpretation of the paragraph preceding clause 24.2.3 and clause 28.2 of the company's MOI which creates an unintended anomaly compared to the intent and provisions of clause 24.2. Clause 24.2, 24.4 and 28.2 of the Company's MOI if corrected as proposed, would be in line with Schedule 10, paragraph 10.16(g) of the Listings Requirements which requires "that at least one-third of **non-executive directors** must retire at the company's AGM", as well the Institute of Directors of Southern Africa ("IoDSA") Practice Note on "Retirement by rotation of executive directors" which states in relation to King III that the "King Committee is of the view that retirement by rotation of non-executive directors should **not be extended to include executive directors.**"

The **effect** of the proposed changes to clauses 24.2, 24.4 and 28.2, if adopted, would be to remove the ambiguity and perceived misinterpretation of these clauses, by aligning such clauses with the provisions of clause 24.2, the minimum requirements of the Listings Requirements, the IoDSA Practice Note, King Committee's view and prevailing market and business practice in South Africa and the insurance industry.

The amended MOI will be available for inspection from 1 October to 11 November 2016 at the company's registered offices. Kindly notify the company secretary as per the details hereunder, should you wish to inspect the MOI.

SHAREHOLDER IDENTIFICATION, PROXIES AND VOTING

In accordance with the provisions of section 63(1) of the Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification, and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Any shareholder of the company that is a company may authorise any person to act as its representative at the AGM.

If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your CSDP to hold your shares in your own name), then:

- you are entitled to attend and vote at the AGM or, alternatively,
- in accordance with the provisions of section 58 of the Act, you are entitled to appoint one or more proxies (who need not be shareholders of the company) to attend, speak and, on a poll, to vote or abstain from voting in your stead by completing the form of proxy enclosed with the notice. You should pay careful attention to the notes set out at the end of the form of proxy. The form of proxy must be received at the transfer secretaries office of the company, Link Market Services SA (Pty) Ltd, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg (or PO Box 4844, Johannesburg 2000), by not later than 13:30 on Friday, 18 November 2016, or must be delivered to the MMI company secretary/Link Market Services representative in the Executive Boardroom, 1st Floor, MMI Head Office, 268 West Avenue, Centurion before the commencement of the AGM at 13:30 on Tuesday, 22 November 2016.

If you hold dematerialised shares (i.e. have replaced the paper share certificates representing your shares with electronic records of ownership under the JSE's electronic settlement system, Strate Limited ("Strate")), through a CSDP or broker, other than dematerialised shareholders with "own name" registration, you are not registered as a shareholder of the company but your CSDP or broker is so registered. In these circumstances, and subject to the mandate between yourself and your CSDP or broker (or their nominee),

- if you wish to attend the AGM, you must inform your CSDP or broker of your intention to attend and obtain the necessary letter of representation to do so from your CSDP or broker or, alternatively,
- if you are unable to attend the AGM but wish to be represented thereat, you should provide your CSDP or broker with your voting instructions. This must be done in the manner and time stipulated in the mandate between you and the CSDP or broker concerned. You should not complete the attached form of proxy.

On a poll, every shareholder present in person or represented by proxy shall have the number of votes determined in accordance with the voting rights associated with the shares held by such shareholder, which in the case of the company is one vote for every ordinary share held by such shareholder.

Directors: MJN Njeke (chairman), JP Burger (deputy chairman), NAS Kruger (group chief executive officer), M Vilakazi (group finance director), P Cooper (alternate WM Krzychylkiewicz), F Jakoet, JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, BJ van der Ross, JC van Reenen, LL von Zeuner.

By order of the board



Maliga Chetty
Group company secretary

30 September 2016
Registered office
268 West Avenue
Centurion
0157

REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Report by the Social, Ethics and Transformation Committee (SETC) to be presented at the 15th (fifteenth) annual general meeting of the shareholders of the company to be held on 22 November 2016 at MMI Head Office, 268 West Avenue, Centurion in the Executive Boardroom, 1st Floor.

INTRODUCTION

The SETC is mandated and authorised by the board of directors of MMI Holdings Limited (“MMI” or “the company”) to fulfil the following monitoring and evaluation roles:

- transformation, focusing on Broad-Based Black Economic Empowerment (B-BBEE), Financial Sector Code (FSC) and Employment Equity;
- compliance with relevant social, ethical and legal requirements of the group as well as the best practice codes;
- risk, compliance and Treating Customers Fairly as they relate to ethical behaviour within the group;
- environmental sustainability; and
- Corporate Social Investment.

KEY ACTIVITIES OF THE COMMITTEE

TRANSFORMATION AND PEOPLE PRACTICES

The achievement of the approved revised group transformation strategy and monitoring the implications of the rapidly evolving B-BBEE landscape remains a key focus area of the SETC. The committee monitors the progress of the group in ensuring that the racial imbalances of the past are corrected and that leadership and talent are encouraged through positive and affirmative policies. We further recommend remedial action where necessary in support of these objectives.

In doing this, the SETC monitors the progress of the group in aligning its employment equity goals with National Economically Active Population (NEAP) targets, enhancing the development of talent within the group through proactive learning and development initiatives and increasing its procurement from black and black women-owned businesses with particular focus on small enterprises. Amongst other key activities of the committee in the current year was monitoring the implementation of the group’s Enterprise and Supplier Development (ESD) strategy, please refer Masikhulise ESD Trust below.

B-BBEE VERIFICATION AT 31 DECEMBER 2015

The group finalised its annual B-BBEE verification process, measuring the calendar year ended 31 December 2015 under the requirements of the FSC. The SETC is pleased to report that MMI has retained its Level 2 Contributor status with an overall score of 90.8 points (2014: 91.0), which we regard as a great achievement given the impact of the implementation of the Department of Trade and Industry (dti) revised Codes of Good Practice (CoGP) that became effective 1 May 2015 by some of our suppliers.

The following are notable changes in our element scores compared to the prior year:

- Skills Development (SD): This was a key risk element for the group as a result of the low base from previous years. We are proud to report that the initiatives undertaken have resulted in significant improvements in respect of percentage performance relative to target, even though the score increase is marginal. The 2015 target was set at 3.5% of the Leviable Amount on proactive learning and development initiatives for African, Coloured and Indian employees (as per the revised group transformation strategy), the achieved SD performance exceeded the target, it was recorded at 3.98%, setting a good base for the 2016 target of 4.5%.
- Employment Equity (EE): The group underwent a significant restructuring during the year under review resulting in a reduction in the total number of South African employees. This has had a marginal negative impact on our EE points. However, it is important to note that this element is receiving specific focus from management through the MMI Way that amongst other objectives aims to articulate an appropriate Employee Value Proposition that will attract, retain and engage employees. In addition, our talent attraction, acquisition, selection and placement philosophy, principles and practice are being defined in line with the new MMI way. Management is confident that these initiatives as well as regular progress tracking, monitoring and reporting will lead to the achievement of our EE goals.
- Preferential Procurement (PP): The proactive implementation of our revised Transformation strategy has mitigated the impact of the implementation of the dti revised CoGP that are widely expected to decrease the Contributor Level status of measured entities by an average of 2 (two) levels. The revised group transformation strategy focuses on redirecting non-compliant spend to Black Owned, Black Women Owned, EME1 and QSE2 suppliers and setting aside certain earmarked commodities for the designated suppliers. We are pleased to report that the first phase of implementing the revised strategy has resulted in a net increase of 2% in procurement spend from EME1 and QSE2 suppliers and an increase in spend with suppliers that are more than 30% Black Women Owned of 2.6%

CHANGES TO THE B-BBEE LEGISLATIVE LANDSCAPE

Following the dti revised CoGP being effective on 1 May 2015, the FSC Charter Council published the draft revised FSC on 17 March 2016 with a 60-day public commentary process as part of its alignment process. It is envisaged that the revised FSC will be finalised and gazetted by the end of June 2016.

Management have begun a process to align our revised group transformation strategy with the draft revised FSC, as a minimum, with the aim of anticipating any potential negative impacts on our scorecard and proposing necessary mitigating measures to minimise the adverse effects on our overall score. During this transition period of alignment of the FSC with the dti revised CoGP, management has planned for most eventualities and continues to monitor developments closely.

MASIKHULISE (“TOGETHER WE GROW”) ESD TRUST

MMI views ESD as a strategic imperative in achieving its objective of enhancing financial wellness for all. The concept of ESD forms part of a global movement towards greater inclusivity in business supply chains. In response to this priority element, we are glad to report a successful set up of the Masikhulise ESD Trust, which is a ring-fenced Broad Based Ownership Scheme (BBOS) that will house all the group’s ESD initiatives. The Trust will mainly invest in the sustainability of small to medium enterprises as we believe they play a pivotal role in job creation and economic growth, contributing to the National Development Plan agenda that comprises inclusive growth, as an objective.

Our ESD vision is: “We see the creation and growth of sustainable black EMEs and QSEs in support of financial wellness.” This strategy is aimed at sustainable ESD interventions that:

- Support the group’s overall B-BBEE strategy
- Support the group’s overall broader shared value drive
- Accord with the dti’s revised CoGP requirements.

This strategy was approved by the group Exco in January 2016 and subsequently by the SETC at its February 2016 meeting.

Some of MMI’s ESD interventions to date include:

- Provided support to The Business Place Phillipi. This business centre provides entrepreneurial support for start-up businesses in the Cape Flats and Khayelitsha area.
- MMI launched a Supplier Development programme which aims to provide Business Development Support (BDS) to suppliers within the MMI Supply chain.
- MMI has partnered with ASISA (Association of Savings and Investment in South Africa), our industry body, through a capital investment into their ESD fund and to roll out our Black Broker BDS programmes.

We are also proud to report that during the year under review the group contributed to the creation of the third (3rd) largest black asset manager, Aluwani Capital Partners (ACP). This is part of our outcomes-based investment strategy, where we will partner with asset managers like ACP for the more active, equity-based asset strategies. Management believes that this initiative demonstrates our commitment to enhanced shareholder value while meeting our transformation objectives at the same time.

SETC together with management are assessing opportunities to support Black Industrialists. We are committed to creating black industrialist aligned to the draft Revised FSC.

We believe that our investment in these Black Owned and Black Women owned enterprises will play an integral role in socio-economic transformation in South Africa by reducing poverty, creating sustainable employment and growing our economy.

EMPLOYMENT EQUITY

As part of the Department of Labour Director (DoL) Director General (DG) review, the SETC approved the newly formulated group’s 5 (five) year EE targets that are aligned to Nationally Active Population ratios. Subsequent to the approval, management submitted the plan to the DoL for final approval in line with the requirements of Act 47 of the amended Employment Equity Act, 2013. The SETC is also pleased to report that at a meeting held on 17 May 2016 with DoL, MMI was formally advised of the approval of its EE plan that is valid until 2020. The DoL commended MMI for its efforts and commitment towards transformation. However, it was emphasised that the implementation of our EE plan is crucial to us achieving our employment equity objectives and that it is a collective responsibility of the entire MMI community.

REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE CONTINUED

CONCLUSION

The SETC confirms its support of the approved revised group transformation strategy aligned to the Revised FSC, and the various initiatives in support of the implementation of the strategy. We are pleased with the B-BBEE and Transformation progress to date, in particular the headways on the implementation of our ESD strategy and we look forward to report on the positive impacts from this initiative. Progress towards the attainment of the stated strategic goals and objectives is monitored on a periodic basis, and we remain confident in achieving our various strategic targets.

ETHICAL CONDUCT

The group forensic services department reports to the SETC on a quarterly basis on any formal actions taken in respect of identified or alleged transgressions related to internal corruption, commercial crime and unethical behaviour by employees. In addition, this team reports on internal anti-corruption, anti-commercial crime interventions and related activities. The SETC has satisfied itself that the management of corruption, commercial crime and unethical employee behaviour is appropriately and effectively dealt with within the group.

TREATING CUSTOMERS FAIRLY

The SETC is tasked with reviewing the quarterly monitoring reports on activities relating to customer relations and the fair treatment of clients. The SETC assumes an oversight role on these activities, which are currently being monitored by the MMI Fair Practices Committee (FPC). This FPC is mandated by the MMI board to ensure that the fair treatment of clients is a core corporate value, embedded at all levels within MMI group.

ENVIRONMENTAL SUSTAINABILITY

The group actively subscribes to the requirements set out under the King Report on Governance, the United Nations Principles for Responsible Investing and the Code for Responsible Investing in South Africa. In addition, the group strives to comply with relevant legislation relating to environment, social and governance ("ESG") enactments. To this end, the group has a sustainability policy and a responsible investment policy in place. The SETC considers quarterly reports on MMI's sustainability activities.

MMI has been listed on the Johannesburg Stock Exchange (JSE) Social Responsibility Index since 2010, and was listed on the newly created FTSE/JSE Responsible Investment Index in December 2015. The group calculates its carbon footprint on an annual basis, and also participates in the CDP (formerly the Carbon Disclosure Project) process. An environmental policy aimed at addressing the above requirements and recommendations has been approved and is available on the MMI website

CORPORATE SOCIAL INVESTMENT (CSI)

The group has continued to fund the MMI Foundation (Foundation) which provides strategic direction and oversight for a number of CSI initiatives. The Foundation's focus areas are education, health, disability and sports development. The Foundation continues to support and fund projects within these identified focus areas.

CONCLUSION

No significant risks have been identified or have arisen during the past year in respect of the functions of the SETC recorded in the regulations and in the terms of reference of the SETC.



Mr Syd Muller

Chairman: MMI Social, Ethics and Transformation Committee

6 September 2016



FORM OF PROXY

To be completed by certificated shareholders and dematerialised shareholders with "own name" registration.

Fifteenth annual general meeting ("AGM") to be held at 13:30 on Tuesday, 22 November 2016, in the Executive Boardroom, 1st Floor, MMI Head Office, 268 West Avenue, Centurion.

I, _____ (full name)

of _____

Telephone number (_) _____ Mobile number _____

E-mail address _____

being the holder of _____ (number) shares in MMI Holdings Ltd, hereby appoint as my proxy the following person:

_____ (full name of proxy holder)

of _____

or, failing him/her, _____ (full name of proxy holder)

of _____

or failing him/her, the duly appointed chairman of the meeting, to attend, speak and vote for me and on my behalf at the AGM of the company to be held in Centurion on Tuesday, 22 November 2016 at 13:30, as well as at any adjournment of the said meeting.

Signed at _____ on this _____ day of _____ 2016

SIGNATURE _____

VOTING INSTRUCTIONS

(Indicate instructions to the appointed proxy by way of a cross in the spaces provided below; if no indications are given, the proxy may vote as he/she thinks fit).

ORDINARY RESOLUTIONS

Nature of resolution		For	Against	Abstain
1.1	Election of Mr P Cooper			
1.2	Election of Mr WM Krzychylkiewicz			
2.1	Re-election of Mr JC van Reenen			
2.2	Re-election of Mr PJ Moleketi			
2.3	Re-election of Mr LL von Zeuner			
3	Re-appointment of PricewaterhouseCoopers Inc. as external auditors, with Mr Andrew Graham Taylor as the designated audit partner			
Appointment of Audit Committee				
4.1	Re-appointment of Mr FJC Truter			
4.2	Re-appointment of Mr SA Muller			
4.3	Re-appointment of Mrs F Jakoet			
4.4	Re-appointment of Mr LL von Zeuner			
5	Non-binding advisory vote on the remuneration policy			
6	Appointment of director or company secretary to implement ordinary and special resolutions			

SPECIAL RESOLUTIONS

Nature of resolution		For	Against	Abstain
1	General approval of share buy-back			
2	Amendment to the company's Memorandum of Incorporation			

Notes

1. The MMI board of directors (the "board") of the company determined that the record date for the purpose of determining which shareholders of the company are entitled to receive the notice of AGM was Friday, 23 September 2016, and the record date for purposes of determining which shareholders are entitled to participate in and vote at the AGM is Friday, 11 November 2016. Accordingly, only shareholders who are registered in the securities register of the company on Friday, 11 November 2016 will be entitled to participate in and vote at the AGM. The last day to trade in order to be entitled to vote at the AGM will therefore be Tuesday, 8 November 2016.
2. Proxies must be lodged at the company's transfer secretaries office, Link Market Services SA (Pty) Ltd, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg (or PO Box 4844, Johannesburg 2000), so as to be received by no later than 13:30 on Friday, 18 November 2016, or must be delivered to the MMI company secretary/Link Market Services representative in the Executive Boardroom, 1st Floor, MMI Head Office, 268 West Avenue, Centurion before commencement of the AGM at 13:30 on Tuesday, 22 November 2016.
3. In accordance with the provisions of section 58 of the Companies Act, 71 of 2008 (the "Act"), shareholders have the right to be represented by proxy at shareholder meetings. A member may appoint one or more persons of his own choice as his/her proxy/ies by inserting the name/s of such proxy/ies in the space provided and any such proxy need not be a member of the company. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
4. If a member does not indicate on this instrument that his proxy is to vote in favour of or against any resolution or resolutions or to abstain from voting, or gives contradictory instructions, or should any further resolution/s or any amendment/s that may be properly put before the AGM be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. Subject to the restrictions set out in this form of proxy, a proxy may delegate his/her authority to act on behalf of a member to another person.
6. The appointment of the proxy shall be suspended to the extent that a member chooses to exercise any rights as a member in person. Furthermore, a member may revoke a proxy appointment by:
 - 6.1 cancelling the form of proxy in writing or making a later inconsistent appointment of a proxy.
 - 6.2 delivering a copy of the revocation instrument to the proxy and to the company, which revocation will constitute a complete and final cancellation of the proxy's authority to act on behalf of the member with effect from the date stated in the revocation instrument or the date on which it is delivered in terms of paragraph 5 above.
7. Unless the above section is completed for a lesser number of shares, this proxy shall apply to all the ordinary shares registered in the name of the member/s at the date of the AGM or any adjournment thereof.
8. Companies and other corporate bodies are advised to appoint a representative in terms of section 57(5) of the Act, for which purpose a duly certified copy of the resolution appointing such a representative should be lodged with the company's transfer secretaries office, as set out in 2 above.
9. The authority of the person signing a proxy form under a power of attorney must be attached hereto, unless that power of attorney has already been recorded by the company.
10. In accordance with the provisions of section 63(1) of the Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification, and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Any shareholder of the company that is a company may authorise any person to act as its representative at the AGM.
11. Please note that the company intends to make provision for shareholders of MMI, or their proxies, to participate in the AGM by way of electronic communication, if requested to do so. In this regard, video-conferencing facilities will only be made available in the Serengeti VC Room, 1st Floor, Parc du Cap Building 7, Mispel Road, Bellville, Cape Town. Should you wish to participate in the AGM electronically, you, or your proxy, are required to confirm your attendance and participation at the Bellville location by written notice delivered to the company, at the address detailed hereunder, by no later than 16:00 on Tuesday, 15 November 2016. The above-mentioned facility will only be made available on the date of the AGM if you have notified the company on/before 16:00 on 15 November 2016 that you intend to participate in the AGM by electronic means from Bellville. Should you fail to notify the company timeously of your intention in writing, this facility will not be available on the date of the AGM.
12. Any alterations made to this form of proxy must be initialled.

The group company secretary

MMI Holdings Ltd

268 West Avenue

Centurion

0157