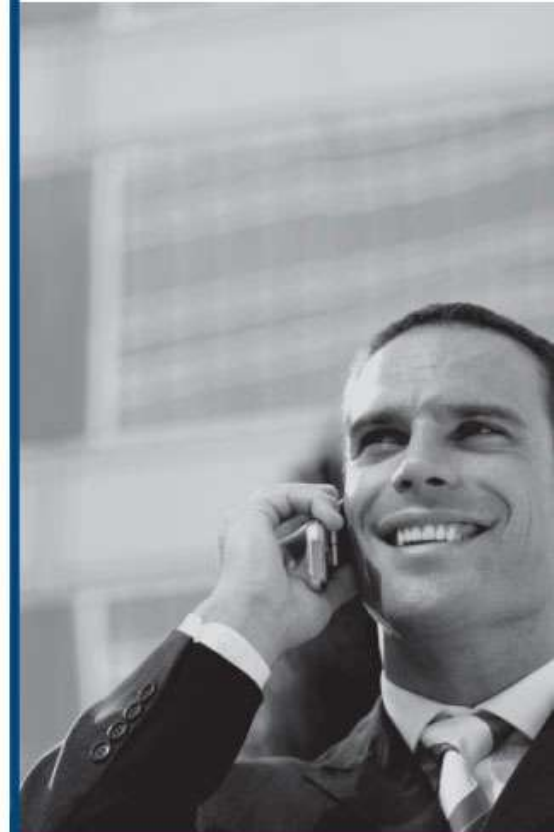
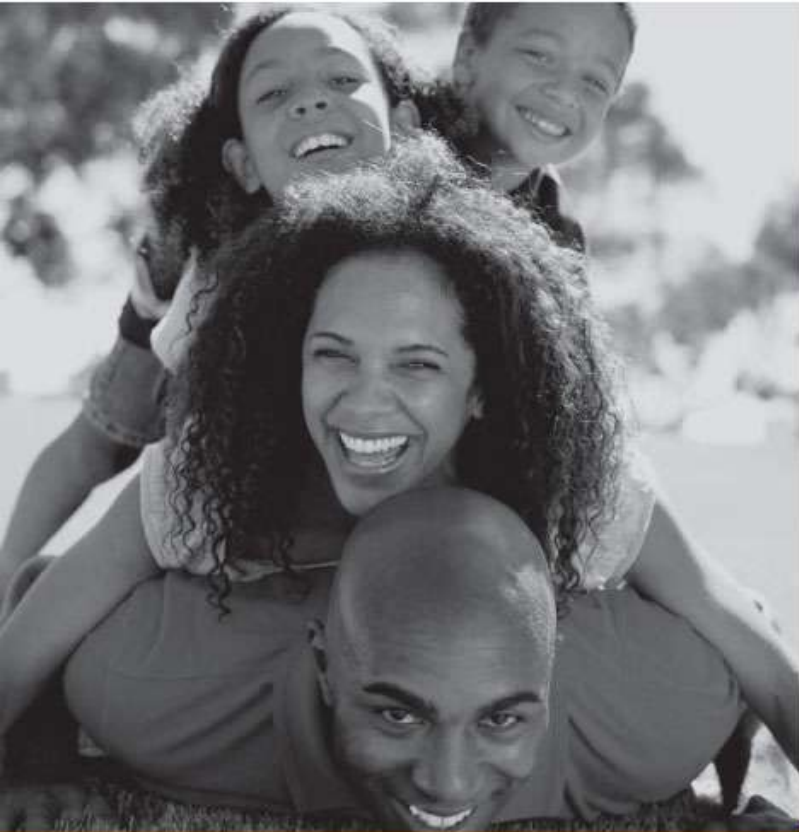


Analyst Day Presentation

# Liberty Group



# Liberty Group Analyst day - Agenda

Introduction and overall update

Marketing and distribution

Life Insurance

LibFin

Capital Management

Asset management

Liberty Africa

Liberty Health

Liberty Properties

Conclusion

# **Bruce Hemphill – Group CEO**

## **Introduction and overall update**

# Liberty's history post Standard Bank acquiring control 1998 to 2003

- Standard Bank acquires control of Liberty Life from Donald Gordon (founder and chairman)
- Donald Gordon retires
- Liberty Life changes name to Liberty Group and acquires 100% of the Liberty Ermitage Group from Liberty International PLC
- Capital returned to shareholders through unbundling of non-core assets and cash
- Bancassurance agreement signed with Standard Bank
- STANLIB formed in 2001 through a combination of Liberty and Standard Bank's asset management businesses

Maturing from a “family run” business

## Liberty's history post Standard Bank acquiring control 2003 to 2006

- Rationalisation of the Group commences, moving to a front and a back office structure
- Capital Alliance acquired to bring efficiencies into the back office operations
- Cost reduction strategy adopted
- Safika consortium acquires a 25.2% stake in STANLIB
- BEE entities acquire 10% of Liberty Life South African operations.
- First South African life insurer to introduce qualifying debt capital through a R2bn corporate bond issue
- Consumerism and pension fund adjudicator rulings, lead to industry settlement on enhanced termination values for policyholders
- Liberty sells offshore subsidiaries to become a focused, South African life insurer

Restructuring the business with strong focus on costs

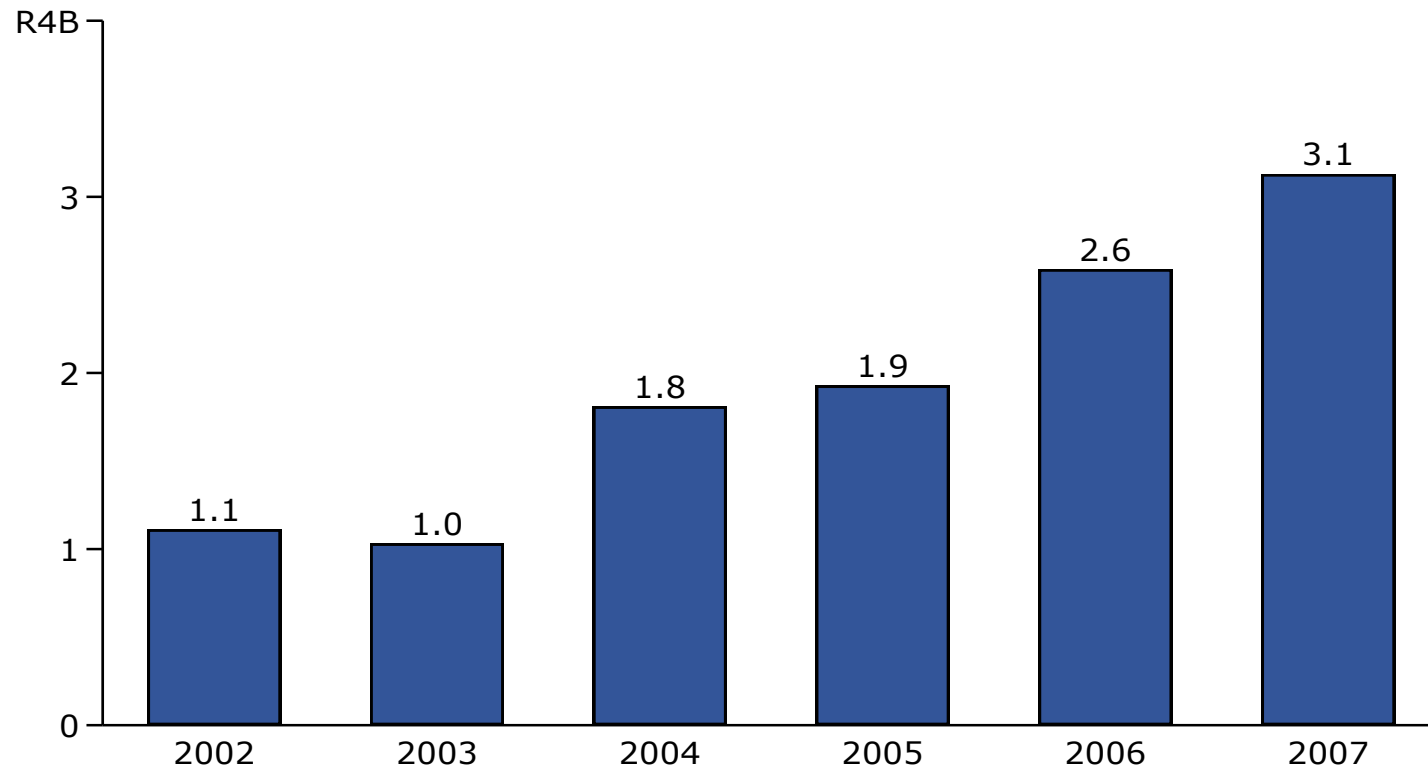
# Liberty's history post Standard Bank acquiring control 2006 to present

- Increased stake in STANLIB to 100%
- Repositioned STANLIB as an investment house through improved performance
- Integrated Liberty and STANLIB Marketing and Distribution
- Introduced best practice risk-based capital management
- Created central treasury and balance sheet manager (LibFin)
- Repositioned Liberty Properties for growth
- Created a unique health business model
- Developed and begun to operationalise Africa expansion strategy
- Changing Group structure to improve capital management

Repositioning Liberty for growth

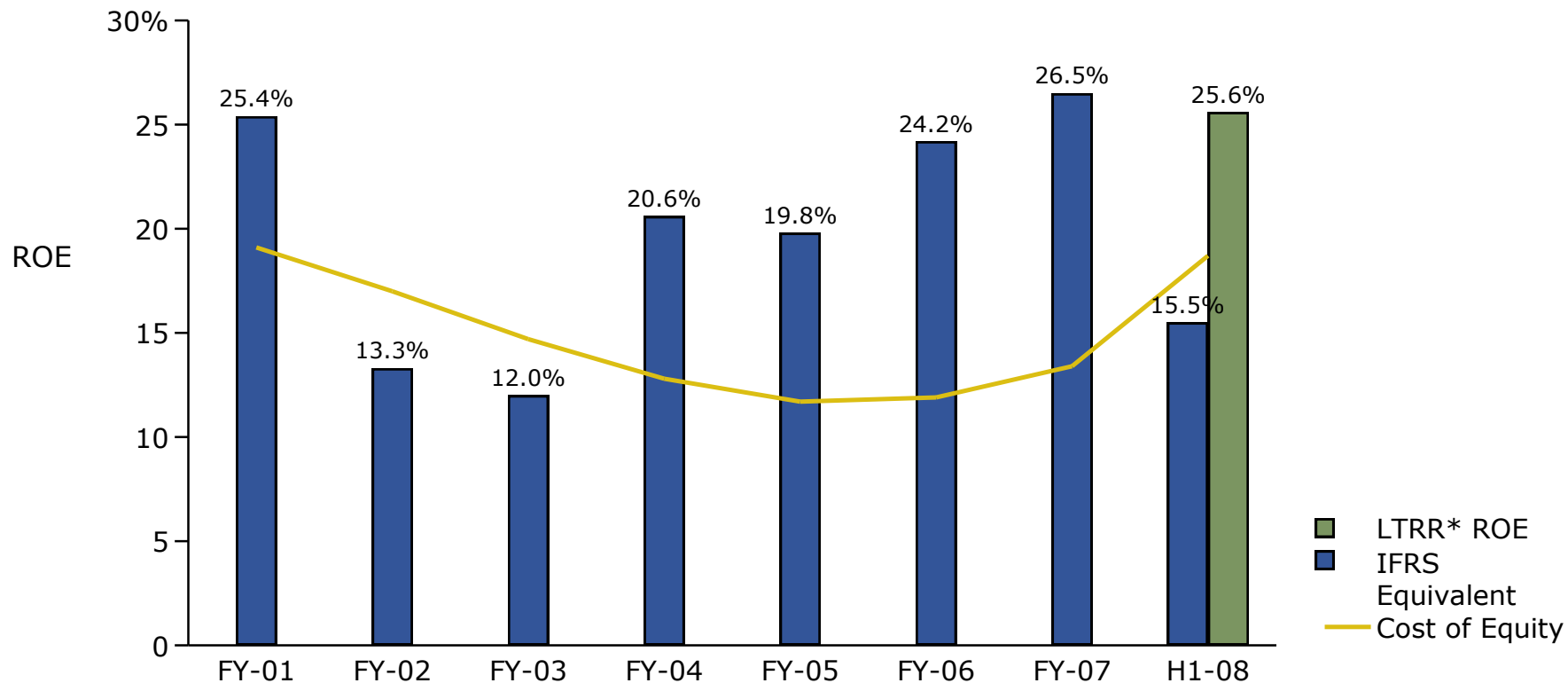
# Financial performance: Headline earnings

BEE normalised earnings (blue bar)



**Earnings geared to market performance**

# Financial performance: Return on equity (ROE) vs cost of equity (COE)

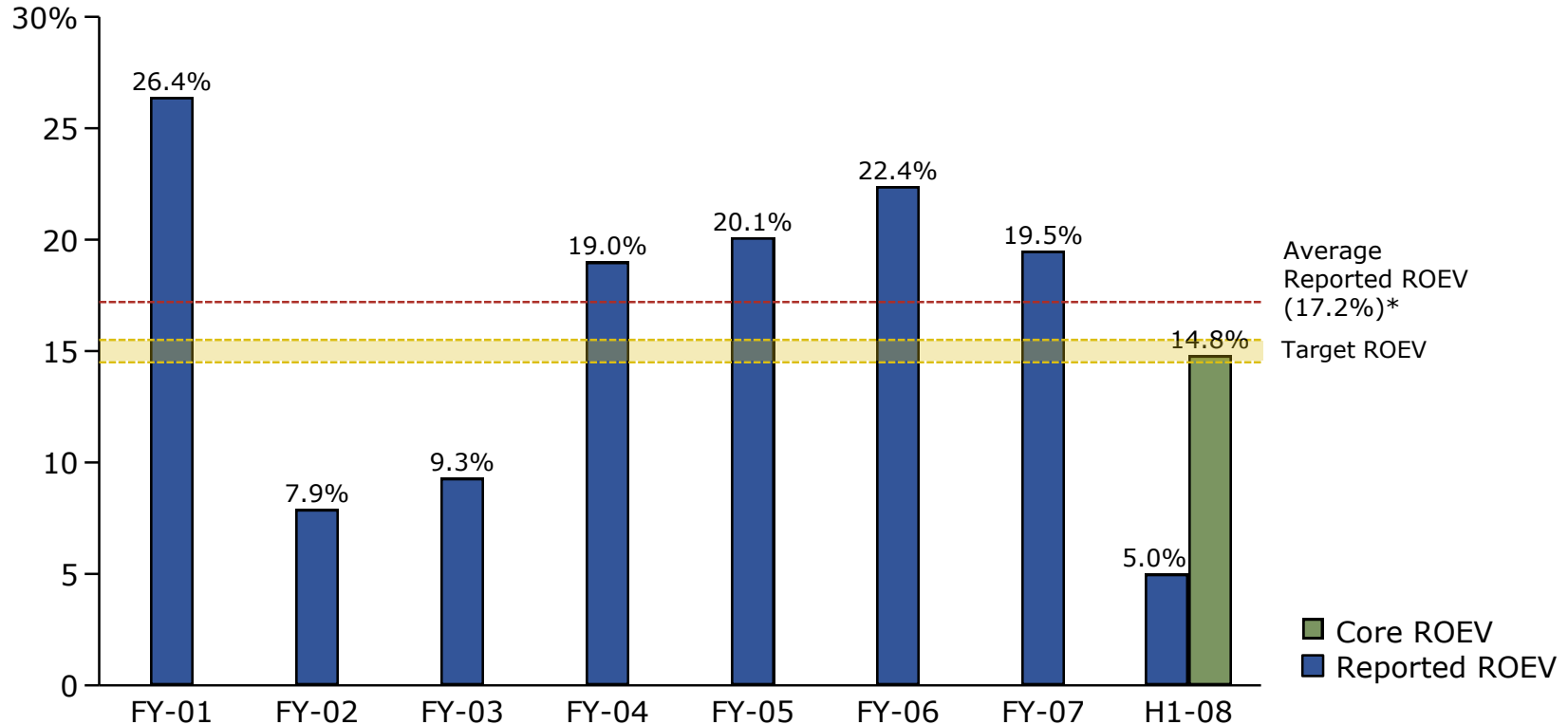


**Improved ROE driven by equity markets, cost control and capital efficiency**

\* Long term rate of return  
 Note: 7.5 year average: ROE 21.0% and COE 14.9%  
 Source: Liberty management estimates

# Financial performance: Targeted return on embedded value (ROEV) of 14.5% to 15.5%

Return on Embedded Value (ROEV)

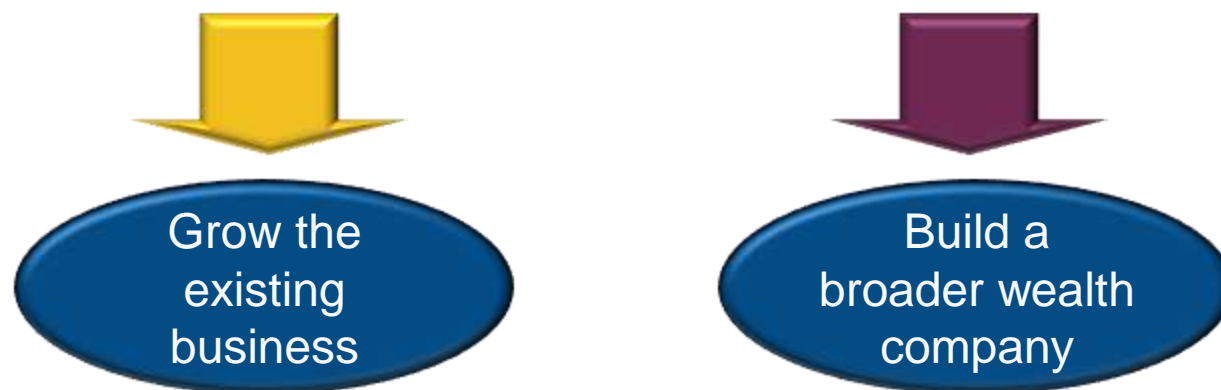


**Average ROEV above medium term targets**

\* 7.5 year average  
 Source: Liberty estimates

## It is valuable to recap on how we got here...

- In 2006 the Liberty Life Board gave the executive team a two-fold mandate

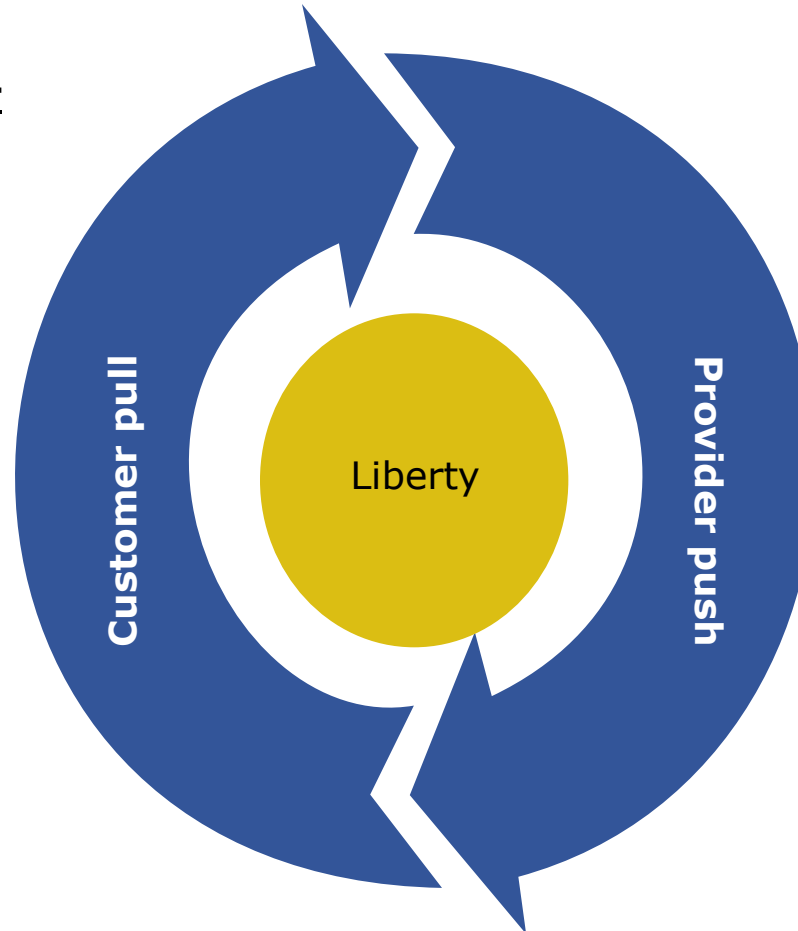


- This mandate was translated into a Strategic Intent
- “In terms of the longer term prospect for growth, our vision is to expand the business into a broader wealth offering, creating a powerful family of specialised financial services businesses focused on delivering financial solutions to clients”

# Financial services providers are pursuing integrated wealth management strategies in order to meet changing customer demands and improve company performance

## Changing customer demands

- Varying wealth management needs over lifetime
- Convenience of a one-stop shop
- Wealth management solutions vs. standalone products
- Attractively priced product bundles



## Improved company performance

- Revenue synergies
- Cost synergies
- Capital efficiencies
- Improved persistency
- Risk and earnings diversification
- Strategic flexibility

Liberty strategy: a response to changing customer demands and need to improve Group performance

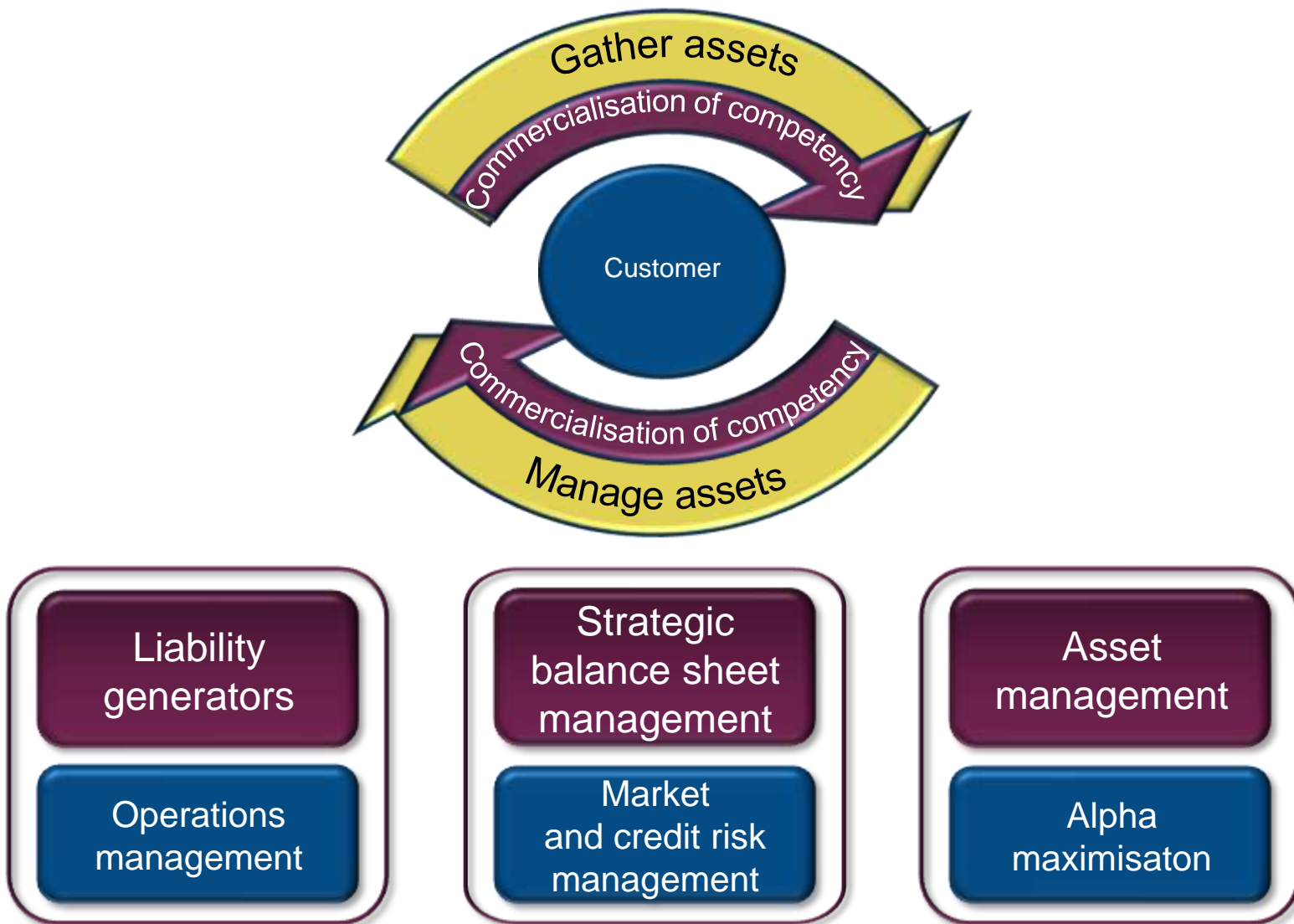
## The Liberty vision

Liberty will be the market leading wealth management company in Africa, while entering growth markets which allows us to use our points of difference to make a meaningful contribution to the Group

We are a family of specialised businesses and partnerships informed by customer needs

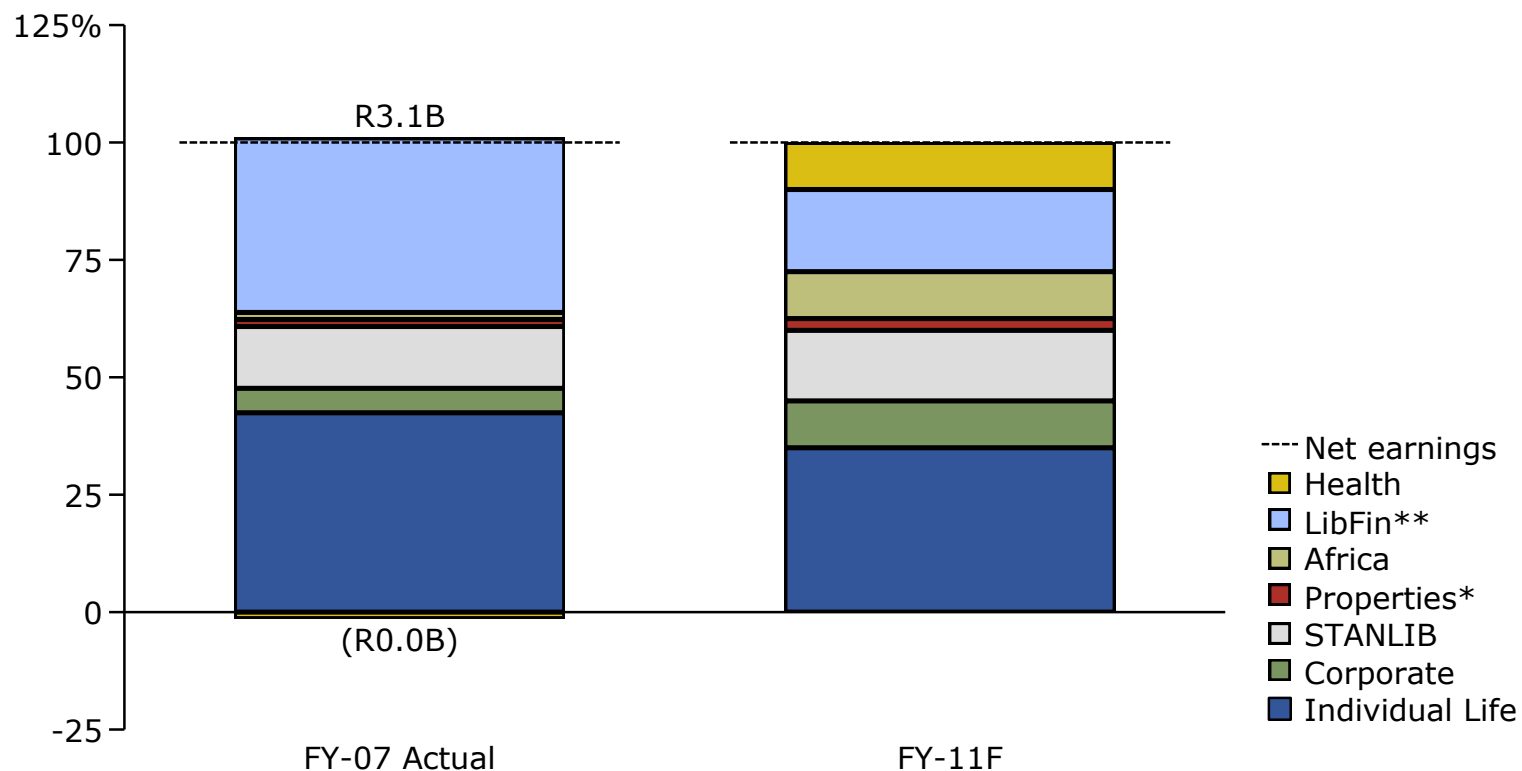
Our unique strength lies in our ability to leverage the power of both our specialisation and the strength of the collective Group, and to execute by enlisting and partnering with our people

## At the heart of the Liberty model is the customer and the ability for Liberty to gather and manage customers' assets effectively



# Implementing the new vision will enable us to further diversify our earnings

BEE normalised earnings



\* Includes Fountainhead

\*\* Includes earnings from shareholder asset base and insurance operations

Source: Liberty

# Agenda

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Marketing and distribution

Life Insurance

LibFin

Capital Management

Asset management

Liberty Africa

Liberty Health

Liberty Properties

Conclusion

# Ian van Schoor

## Marketing and Distribution (MaD)

# **Marketing and Distribution (MaD)**

## **Strategic Summary**

# The MaD Challenge

- Sales and Distribution Models have **NOT** evolved despite:
  - Regulatory intervention that has dramatically changed:
    - The product landscape (**Tenure**)
    - The advice and compliance landscape (**FAIS/FICA**)
  - A pricing “**revolution**” brought about through increasing competitiveness stimulated by **demutalisation** and consumer activism

**Cost of Asset Acquisition is too expensive in the modern product world**

# The MaD Mission

To engineer a substantial reduction in Asset Acquisition costs through a structural change in Sales and Distribution Models



“Revolutionizing  
Asset Acquisition  
Commercially and  
in a Client Centric  
fashion”

# MaD Challenges

- Leverage legacy fixed infrastructure costs across broader product sets
- Align models to consumer environment
- Manage advisory risk to avoid economic impact of mis-selling

- Migrate Sales and Distribution practice to commercially viable models whilst removing remuneration arbitrage across the product suite
- Manage the field or people migration to new models who are highly resistant to change

Structural  
Reduction in  
Acquisition  
Costs

- Continue to build depth and breadth of SA Distribution capability
- Implement projects to systematically improve productivity of field force
- Establish an emerging markets capability to leverage build in other markets

- Deliver sales volumes which are critical to fund the build initiatives to improve Sales and Distribution economics

## What do we have to do?

**Migrate organisation from Product Push to Solution Centric across full Wealth Product Spectrum**

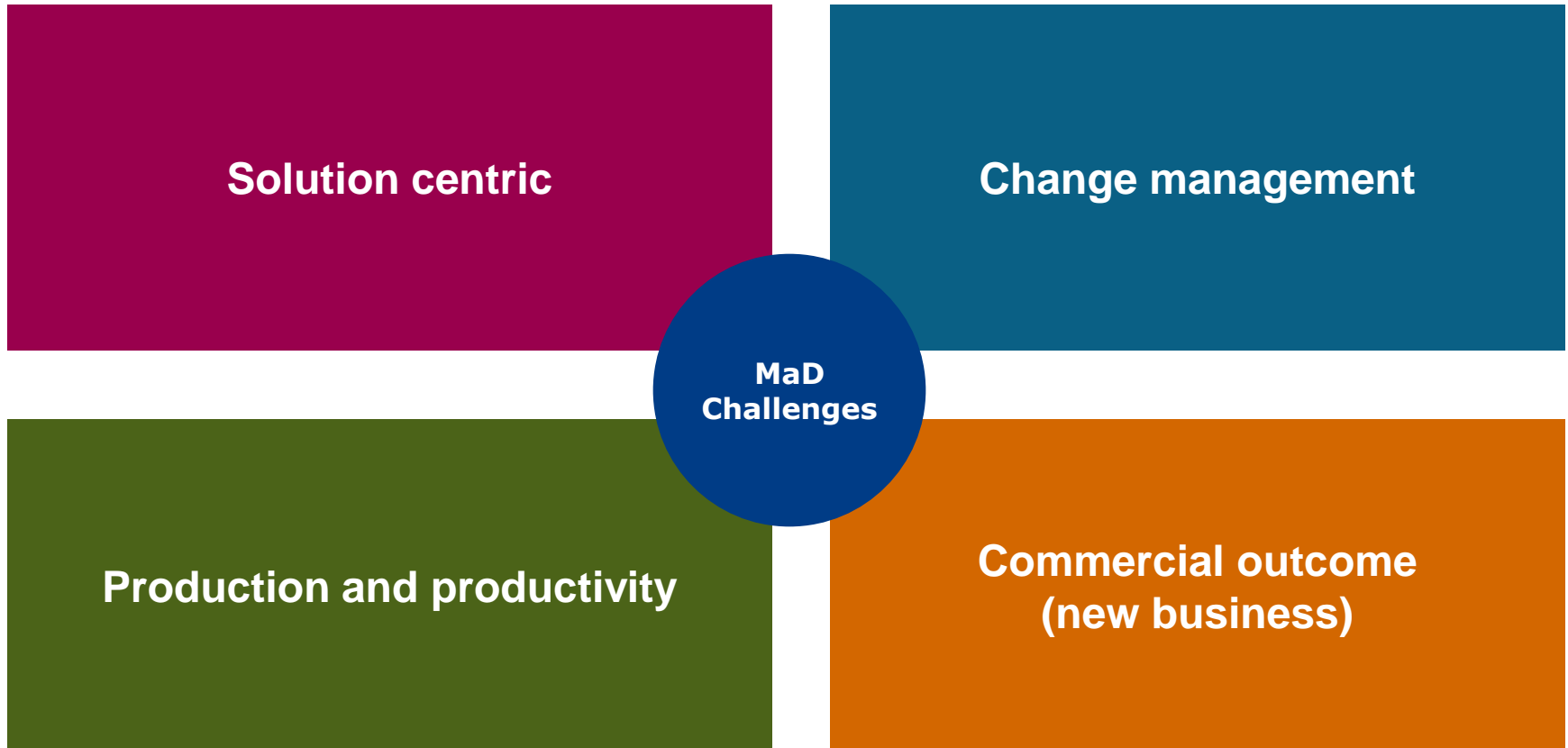
**Requirement to migrate current models to sustainable New Era Models whilst still delivering production targets**

**MaD Challenges**

**Continue to Build Distribution Capacity through expanding Footprint (manpower) and improving productivity and quality of business (retention)**

**Desirable commercial outcome is to deliver production volumes to fund the strategic build**

# MaD Challenges



# Work in Progress

## MaD metrics

1. Production Metric
2. Efficiency Metric
3. Cost Metric
4. Persistency Metric
5. LibWealth Mix Metric

# MaD strategy to 2011

will be built around certain key constructs

	MaD Challenges		
Sustainable Sales Models	Change Managmnt.	Productivity	Commercial outcome
Segmented Service Propositions	Change Managmnt.	Productivity	Commercial outcome
Convenience in Sales Process	Productivity		Commercial outcome
Customer segmentation and Advisory function to migrate to Solution Centric	Solution Centric		Commercial outcome
Distribution models for tomorrow	Productivity		Commercial outcome

# Build Barometer for MaD

## Operating model modifications



No change in the models



Improve old models



Reconfigure existing models



Introduce new models or approach

## Change management risk barometer



Low



Medium



High



Hot

## 2008 Strategy Build Implementation Dashboard



Implementation on Schedule



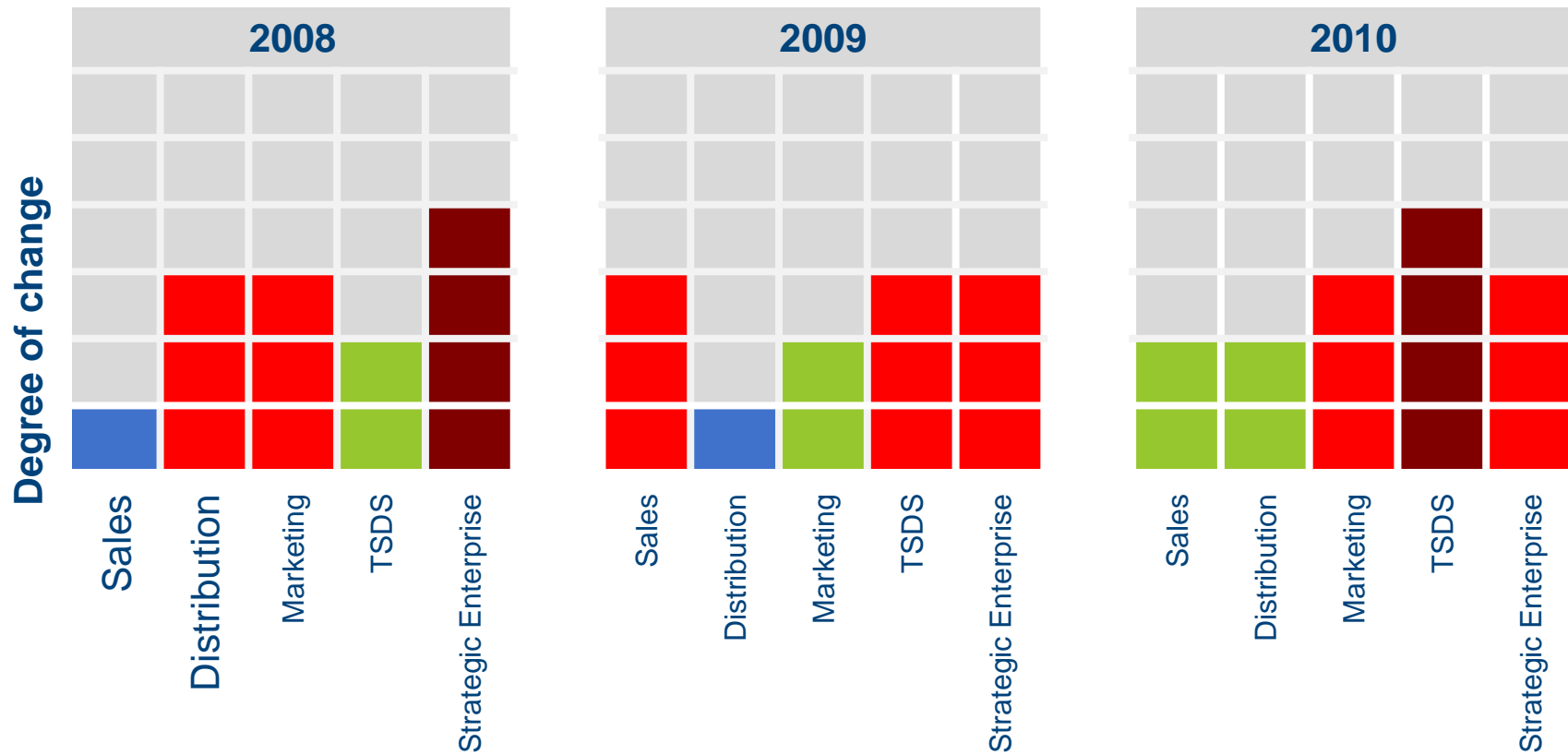
Risk of missing strategic build  
timeframe








Implementation behind strategy  
build

# The 3 Year Strategy Map as presented in 2007

## The build map to 2010

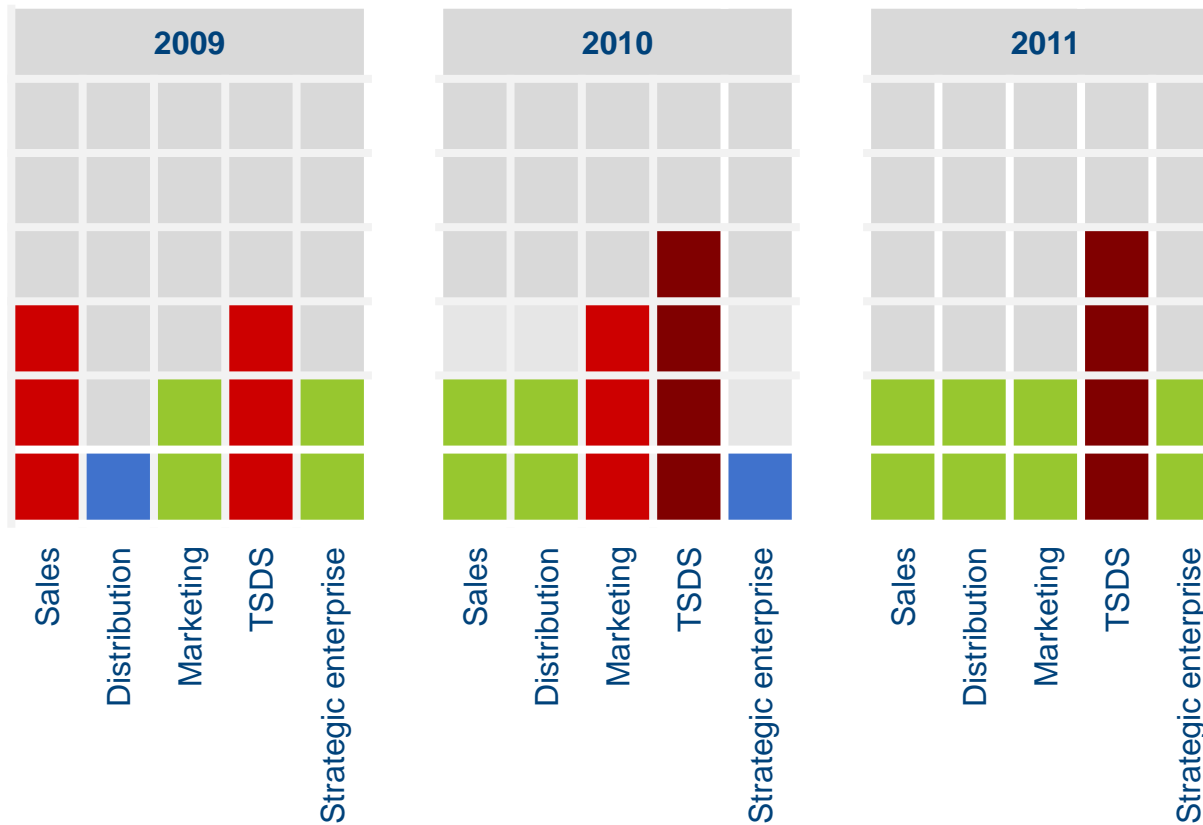


# Progress in 2008

	Dashboard	Comment
<b>Sales</b>		<ul style="list-style-type: none"> <li>• Positive from a field engagement and change management perspective</li> </ul>
<b>Distribution</b>		<ul style="list-style-type: none"> <li>• Implemented new distribution model and integrated distribution model</li> </ul>
<b>Marketing</b>		<ul style="list-style-type: none"> <li>• Implemented advisory and customer segmentation team builds but failed to deliver customer service portal and customer segment executives</li> </ul>
<b>TSDS</b>		<ul style="list-style-type: none"> <li>• Transferred Product Development to Business Unit</li> <li>• Reconfigured Risk and Compliance framework</li> <li>• Significant progress on Productivity Projects</li> <li>• Significant progress on Hcapital Framework</li> </ul>
<b>Strategic Enterprises</b>		<ul style="list-style-type: none"> <li>• Good progress on strategic alignment in Bancassurance with operational execution remaining a challenge</li> <li>• Board or Exco approval for Strategic Enterprises (Direct and Broker Acquisition Models)</li> </ul>

# The 3 Year Strategy Map

The build map to 2011



## Key themes for 2009

→	Reconfigure Sales Models
→	Stabilise Distribution Models
→	Implement Customer Segmentation Strategy
→	Implement Productivity Projects
→	Create management capabilities for Emerging Market build

# Bancassurance

## 2007

- IBM Strategic Review of Bancassurance relationship
- Establishment of dedicated Bancassurance team to operationalise Bancassurance opportunities
- 7 Workstream Project Teams focussing on execution
- High level reporting/co-ordination forum

## 2008

- Restructure Bank engagement points to try stimulate execution
- 3 better operational forums: Private Banking, African and SA Operational
- Strategic alignment through Bancassurance Exco
- Good operational execution where dual reporting lines

## 2009 to 2011

- Execution of strategy and rollout of partnership models into key markets

# Strategic enterprises

## 2007

- Formulate new distribution models
- Integrate distribution management teams
- Build direct business case
- Create acquisition models
- Formulate networks strategy
- Contact new affinities

## 2008

- Design retail Wealthzones
- Seek Board approval for new Direct business
- Implement acquisitions (distribution)
- Implement networks strategy
- Formulate new sales models
- Design wealth wallet

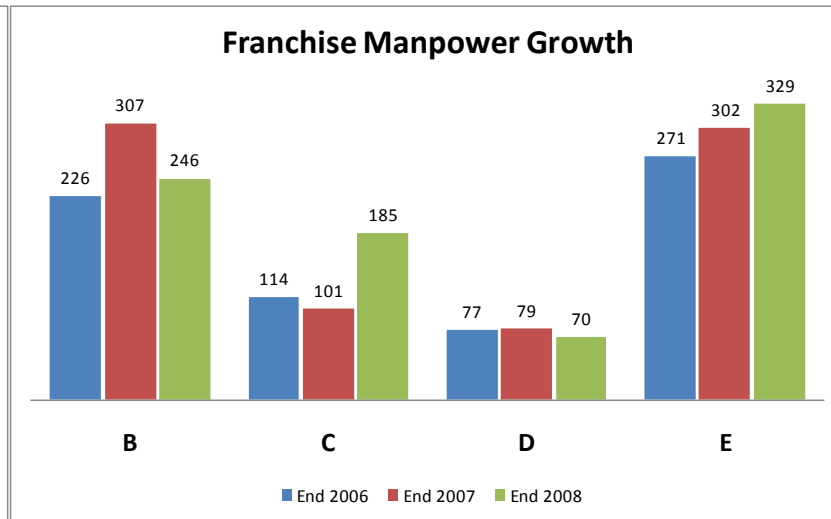
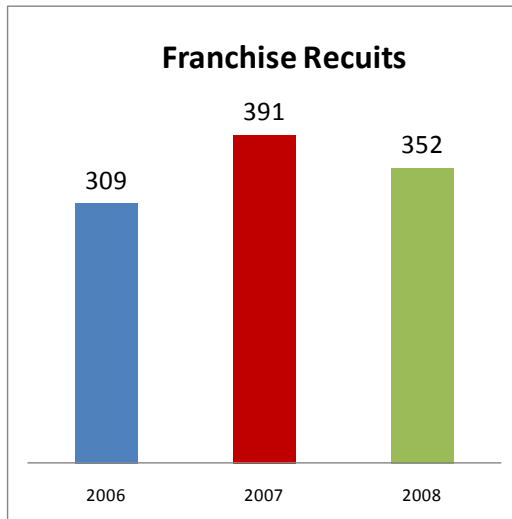
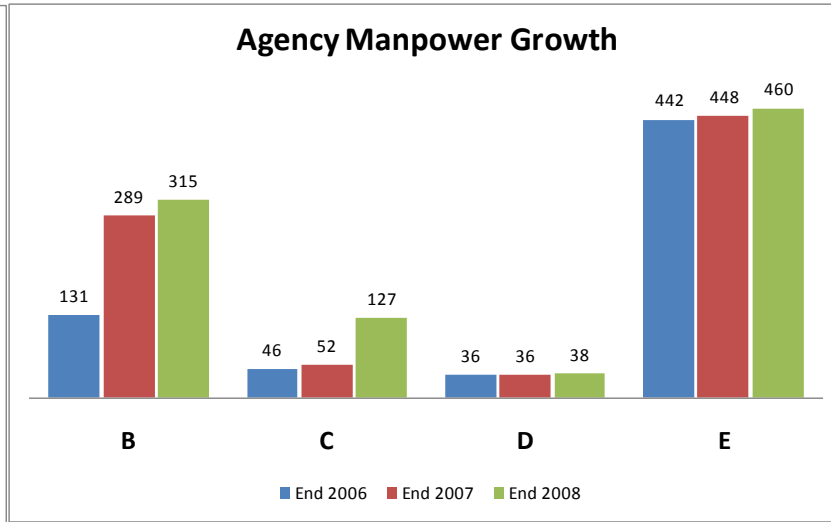
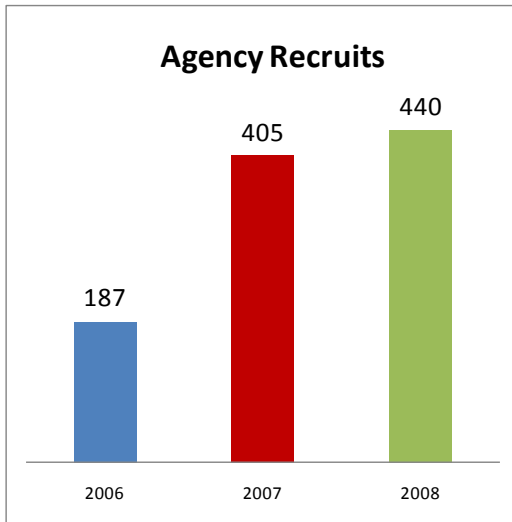
## 2009/2010+

- Implement sales models
- Launch Direct business
- Launch Independent Advisory Brand
- Effect distribution acquisition
- Implement Libwealth Wallet
- Wealthzone implementation

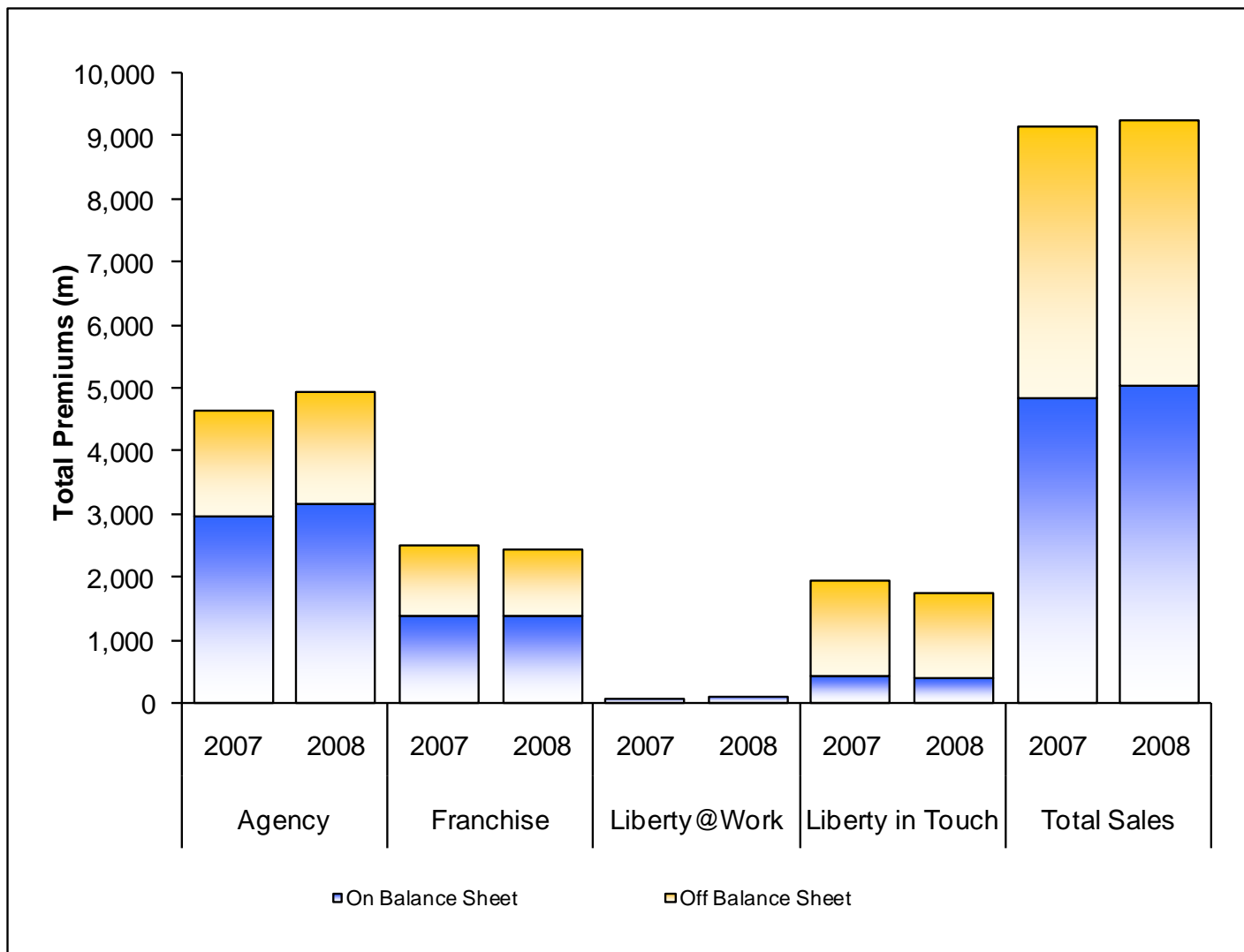
# Interesting Operational Facts & Figures

# Sales & Distribution

# Manpower Growth : Sales Channels



# On & Off Balance Sheet : Sales Channels - Sep YTD

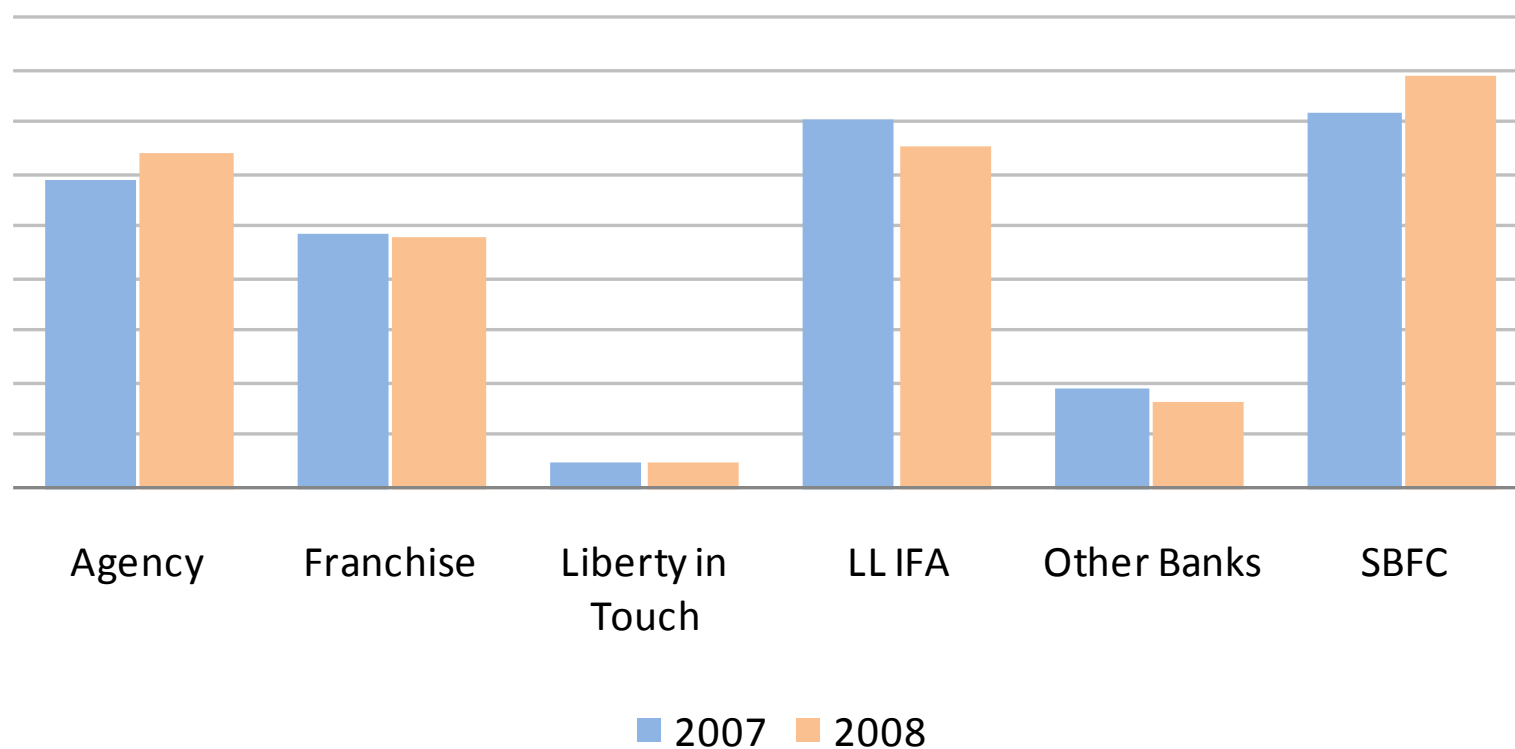


# On & Off Balance Sheet : aXcess - Sep YTD



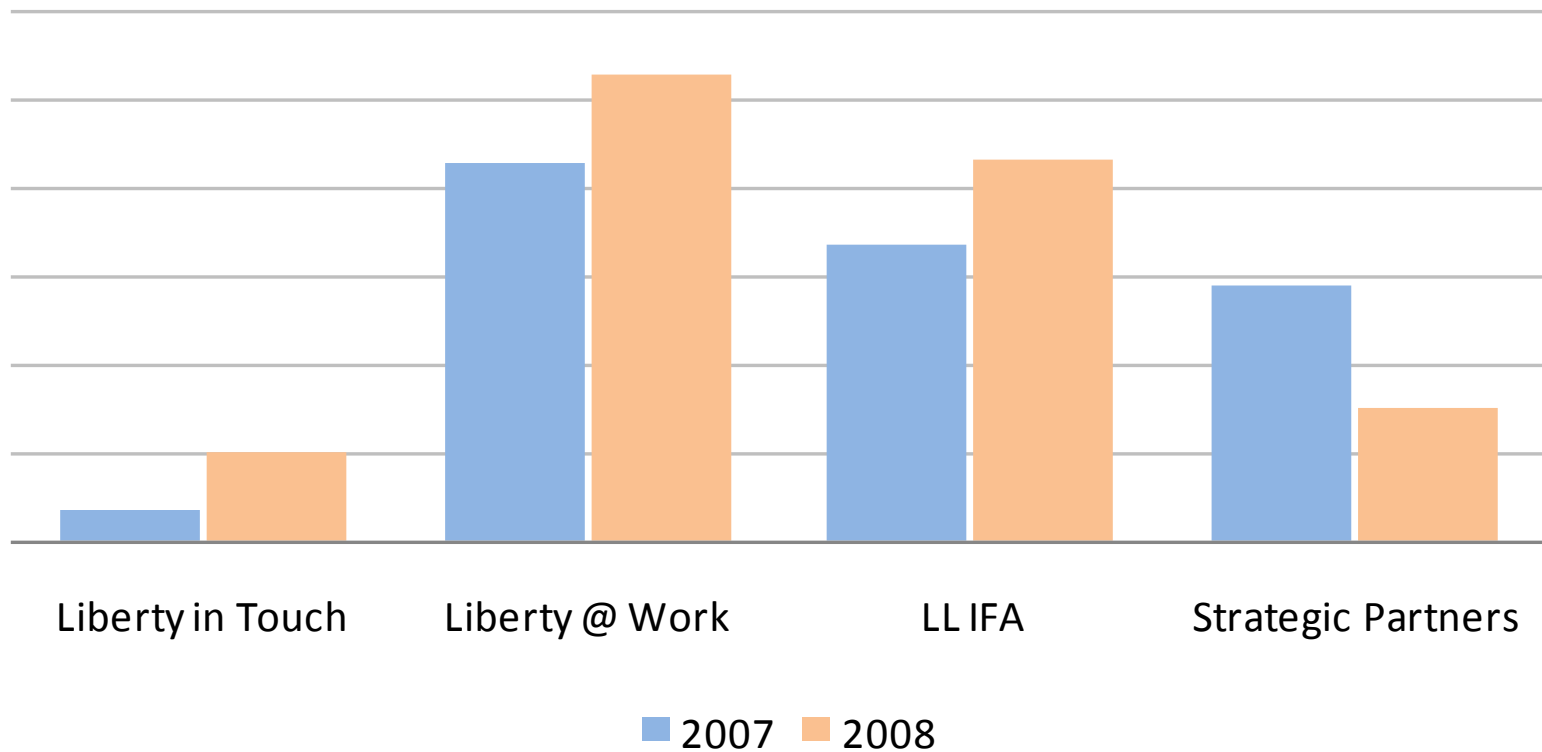
## Case Count : Complex Cases - Sep YTD

### Complex Cases : 2008 vs 2007



## Case Count : ELM Cases - Sep YTD

### Simple Cases : 2008 vs 2007

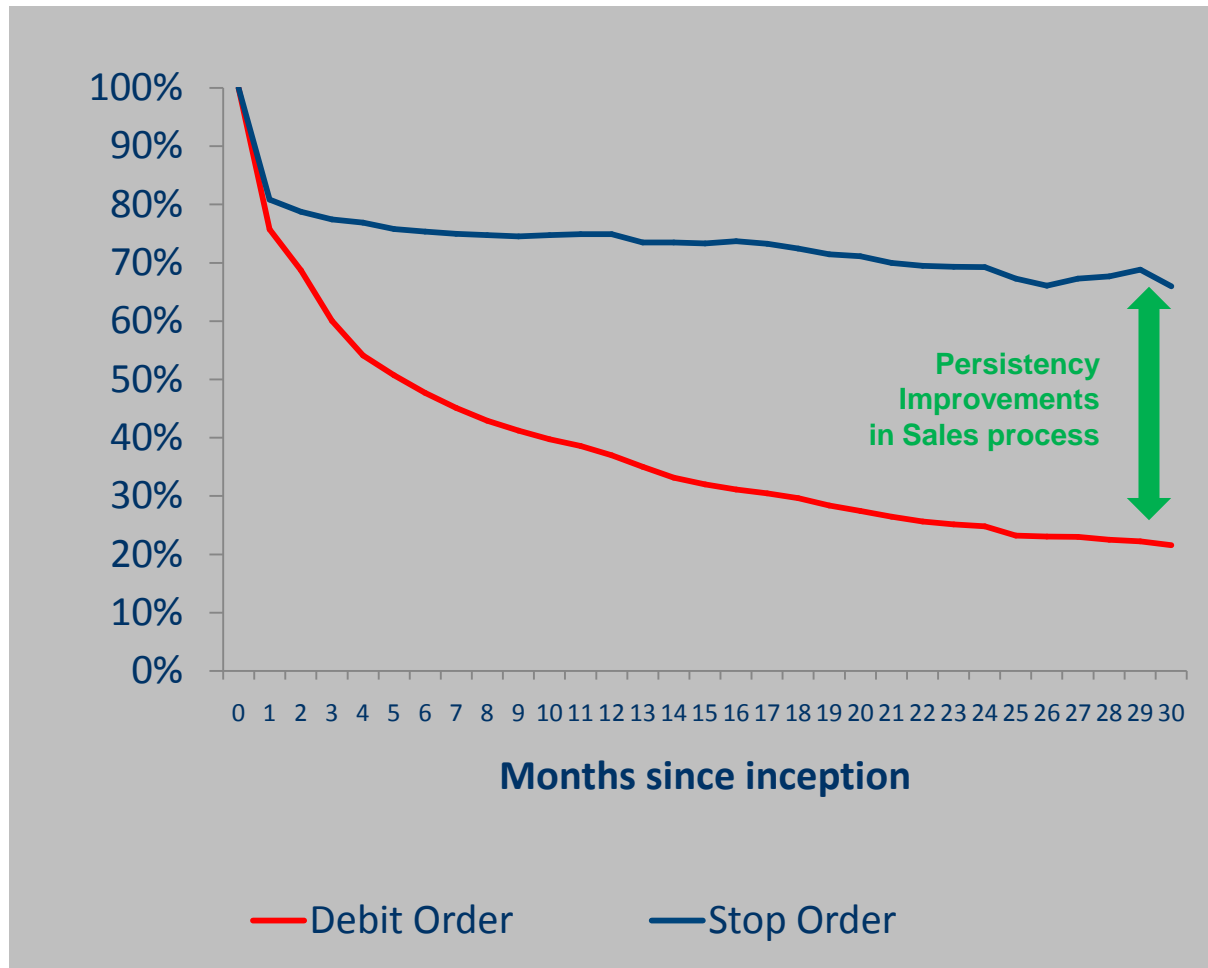


# Segmentation in aXcess

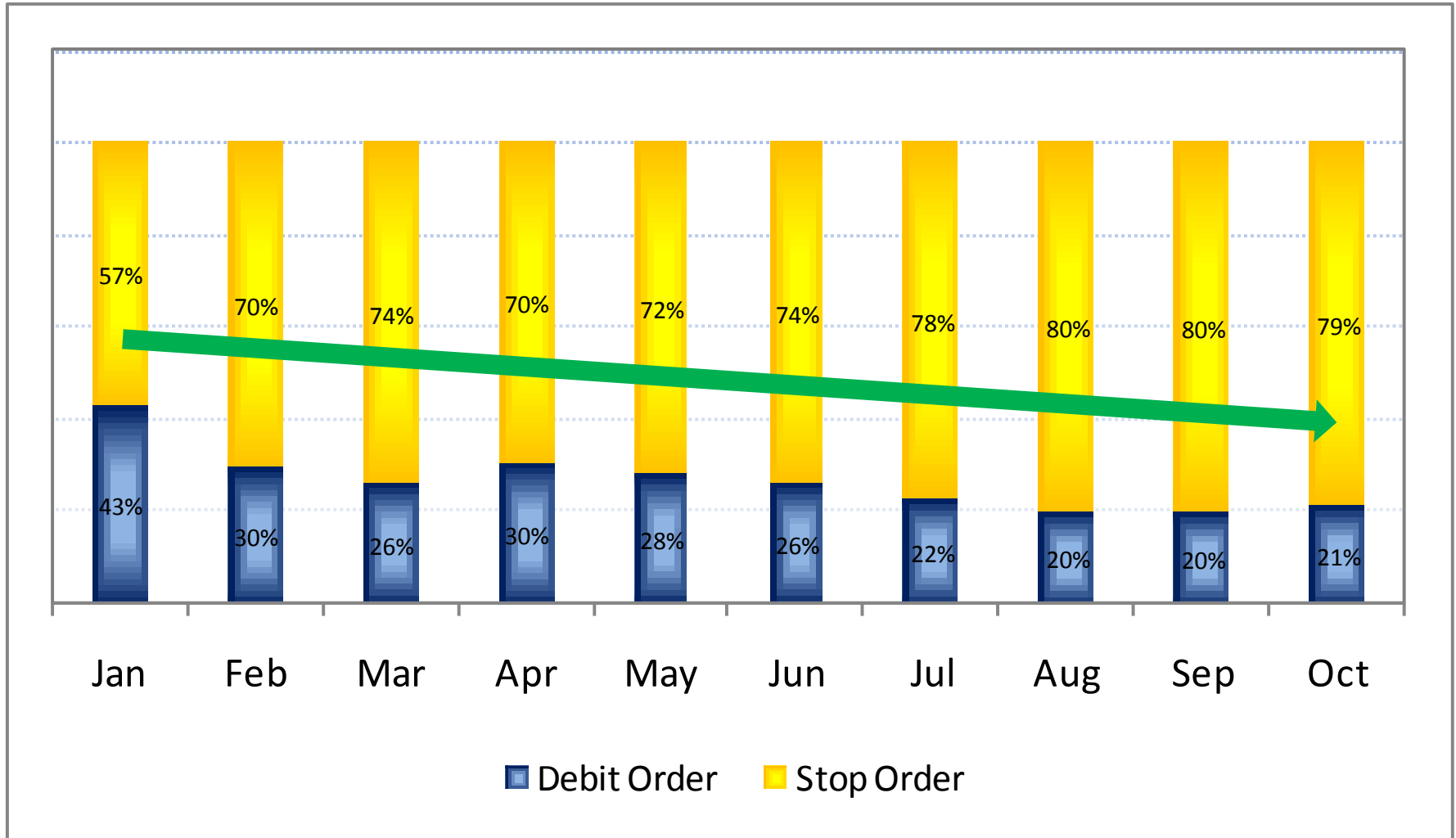
aXcess Channel	Segment
IFA	Priority
	Wealth
	Production
	New/Growth
Multi-Tied	Priority
	Production
	Growth
SBFC	Production
	Development
Tied Distribution	Priority
	Production
	New / Growth

**Immediate Impact of Segmentation** : Good Performance in IFA Growth Channels , 28% increase in production. Mostly Virgin Business from brokers from whom we never received any business previously

# ELM Persistency : Stop Order vs Debit Order

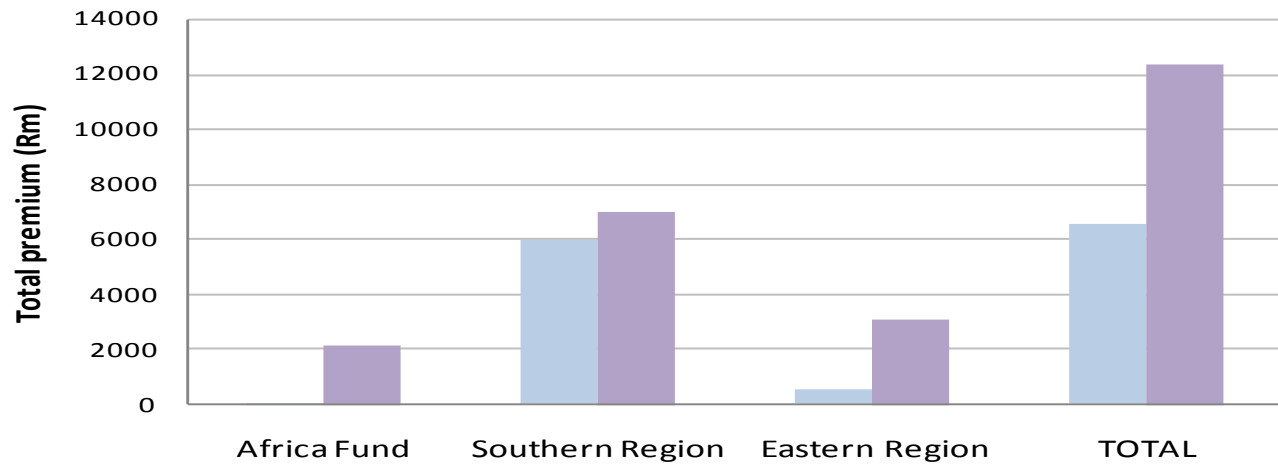


# Liberty @ Work : Trend away from Debit Order to Stop Order Business

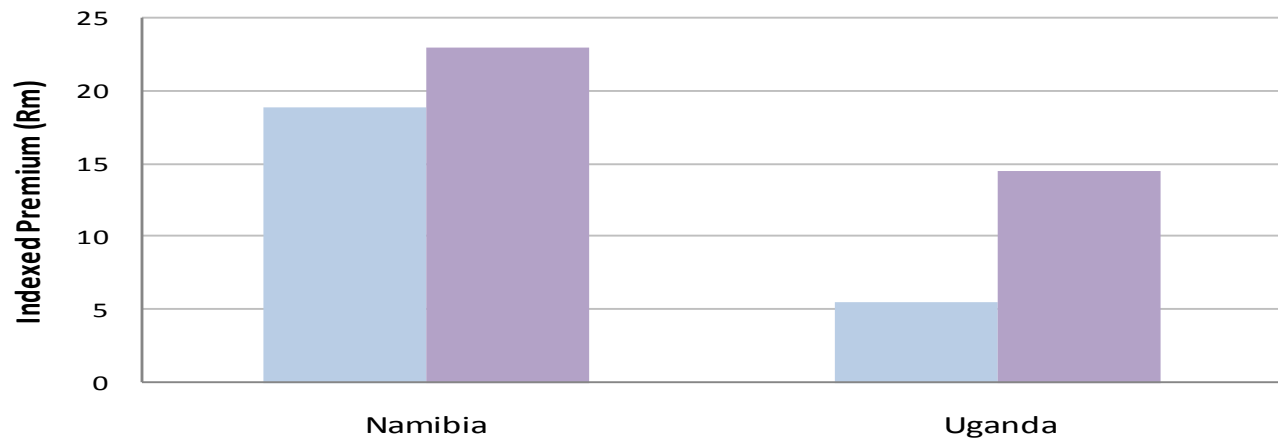


# Africa

## Africa Investment Sales : Off Balance Sheet



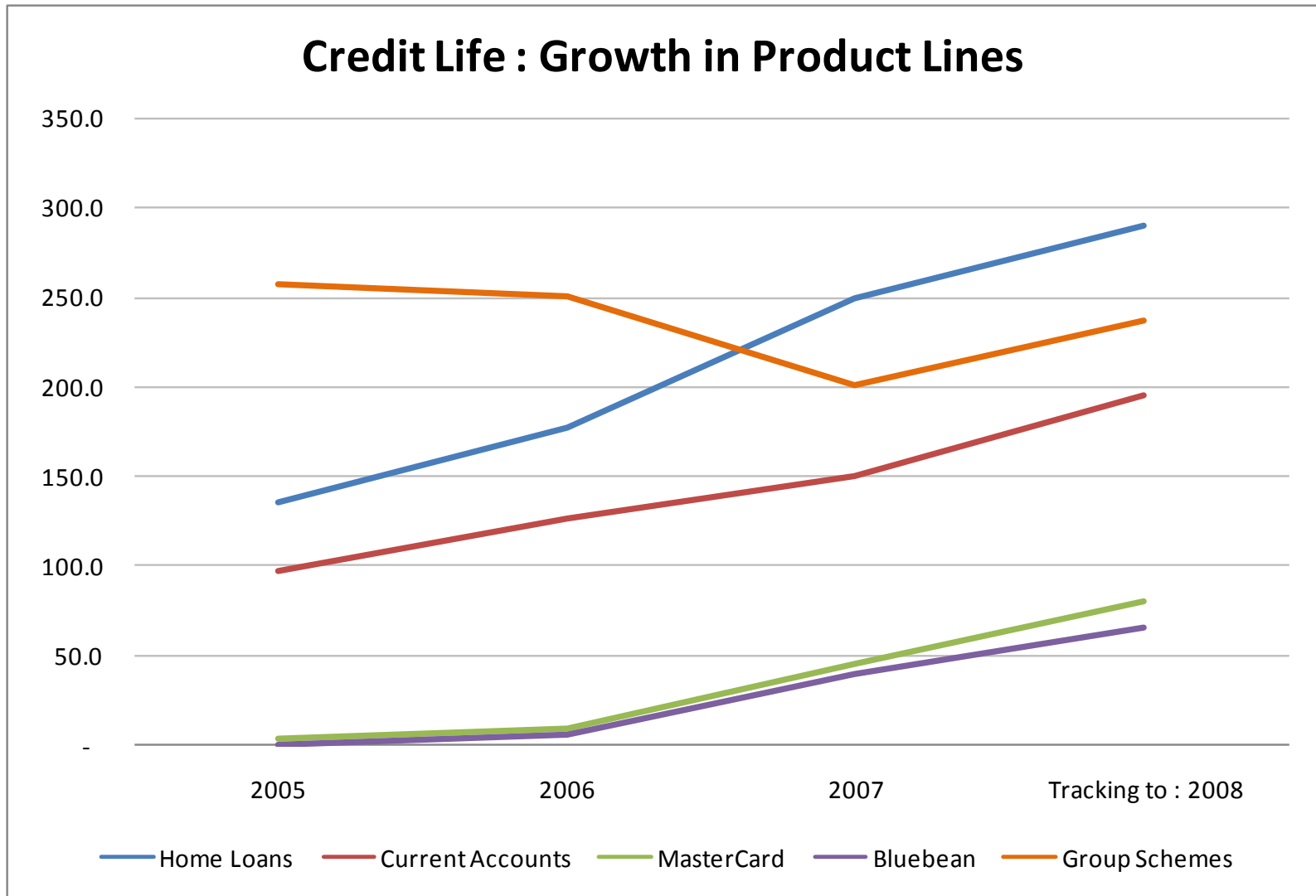
## Africa Life Sales : On Balance Sheet



# Bancassurance

## **Embedded Business Lines**

# Credit Life : Improved Growth Rates



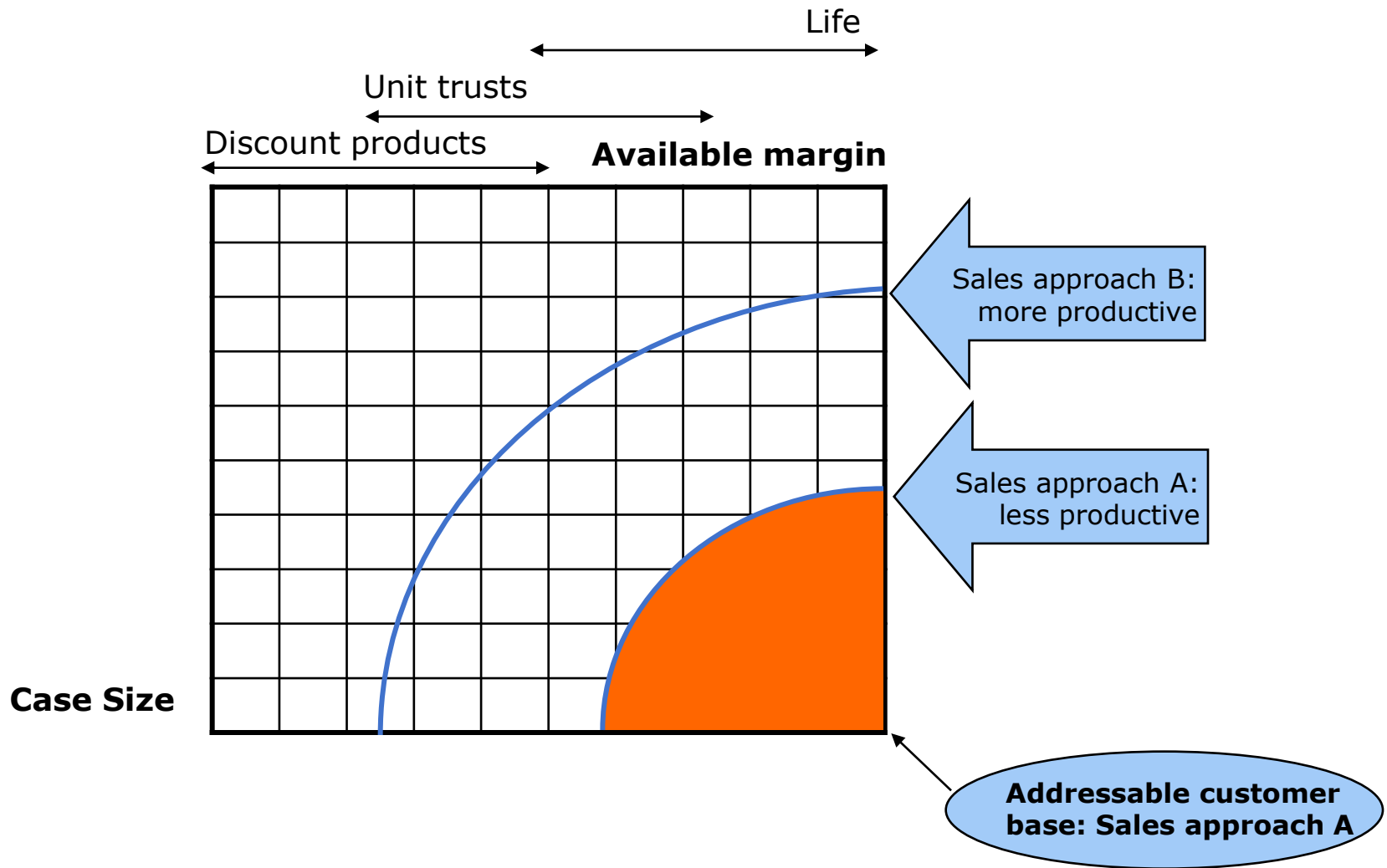
# Credit Life : Penetration Rates

## Penetration Rates : Credit Life Product Lines

Overdrafts, Loans	64.80%
Blue Bean	35.20%
Mass Market Funeral	28.50%
Home Loans	26.80%
Vehicle Finance	26.40%
MasterCard	19.40%

# Productivity Projects

# Productivity of the sales approach limits the customer base you can serve profitably



# Sales Re-engineering Programme

- Consolidation of front end applications to enable single point of data capture across LibWealth BU's
- Single view of client for the advisor across LibWealth BU's
- Data integration which enables straight through processing (STP)
- Advice process aligned to customer profile and advisor experience and qualifications
- Compliance as an automated outcome of the integrated sale
- Sustainable leads generation and leads management solution

# Service Re-engineering project

Objectives of the Servicing Re-engineering project:

- Efficiency servicing processes across decentralized operations, broker consultants and advisors
- Common service process across Libwealth BU's
- All work-in-progress across the LibWealth BU's will be transparent to the advisor
- The advisor decides on which correspondence medium suits his practice. (sms; email; post)

# Risk Growth Project

## Objectives of the Risk Growth project:

- New business growth
  - Increased productivity through use of tele-underwriting
  - Expansion of risk business to SBFC using tele-underwriting
  - Reduced NTU rates through pro-active requirements management
- Process efficiency reducing costs and increasing scalability
  - Increased automation of underwriting using Magnum
  - Increased process automation
- Improved risk management

# New Commission Regulations

# New Commission Regulations

- “As & when” commission – payable on payment of premium, at a maximum rate of 5% per premium
- Premium increases and additional premium payments are treated as separate policies
- Makes provision for new termination charges and termination periods
- Amends the claw-back periods on investment policies

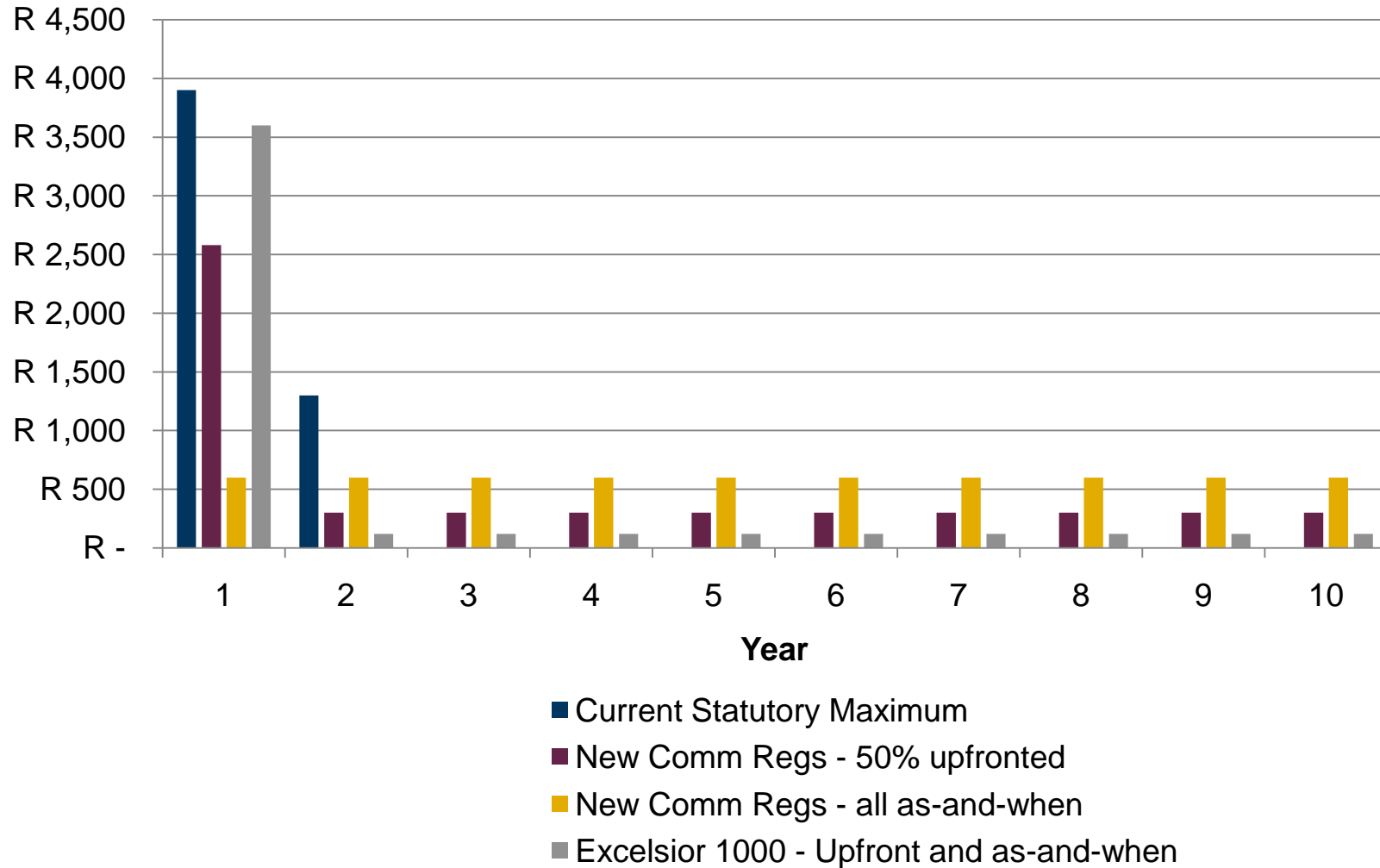
# New Commission Regulations

- New product aligned to new commission regulations will be launched
- New regulations aligned to Liberty's view of future advisory models
- Creative solutions to assist FA's through the impact of cash flow strain
- Excelsior 1000 product positions Liberty well in the competitive landscape for the pending change in regulations

# New Commission Regulations – Anticipated Impact

- Strain on manpower retention
- Migration to risk product concentration
- Improvement in persistency ratios
- Trend to off balance sheet investment product
- Concerns regarding changes in investment product terms that undermine spirit of regulation

# Example: Impact of New Commission Regulations 10-year Endowment with no ACI



# Questions

# Agenda

Introduction and overall update

Marketing and distribution

Life Insurance

LibFin

Capital Management

Asset management

Liberty Africa

Liberty Health

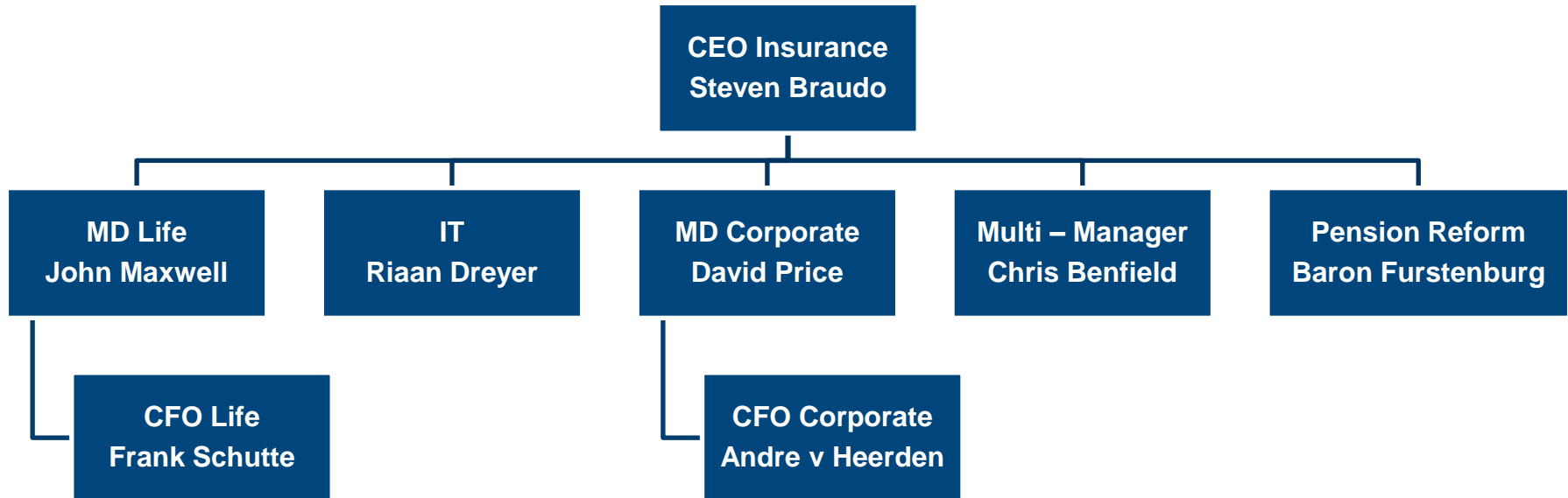
Liberty Properties

Conclusion

# Steven Braudo – CEO

## Life assurance

# Insurance- Senior management team





# **Life assurance - Corporate**



# The definition of Corporate

- The Corporate Benefit market consists of businesses purchasing products and services for employees
- The decision makers at these businesses are primarily the trustees of the company's retirement schemes
- Employees' contributions to benefit schemes (e.g. Retirement funds, risks benefits) are collected primarily via payroll deductions

## Corporate benefits – overview

R billions	Sep-2008	Dec-2007
Total assets under management	<b>35.9</b>	39.9
Corporate Select	<b>25.1</b>	27.2
Corporate Bond	<b>10.8</b>	12.7
Total assets in our umbrella funds	<b>12.8</b>	13.4

## Corporate benefits – overview

#	Sep-2008	Dec-2007
Total number of schemes administered by Liberty Corporate	<b>11 928</b>	11 874
Total number of members administered by Liberty Corporate	<b>404 171</b>	389 916
Total number of schemes in our Umbrella Fund	<b>7 907</b>	7 626
Total number of members in our umbrella funds	<b>235 819</b>	227 297

# Corporate strategic summary

- Regulation
  - Decide plan in light of the pension's reform update: "Detailed government white paper not expected until the end of 2008, but possibly a high level government framework before then"
  - Hired Government employee who was drafting legislation – joined 1 October
- Ensure plans to address legacy issues are executed
- Competitors
  - Find the Liberty differentiator
- End user
  - Product range needs to be updated
- Technology
  - Compass upgrade
  - Build Electronic Data Interface to streamline administration process

Simplify complexity and reposition the Corporate offering

# Peer group product positioning matrix

Product	Liberty	OM	Sanlam	Discovery	Momentum	Alex Forbes	Hollard
Administration	✓	✓	✓	⋯	✓	✓	✓
Risk benefits (Group Life, disability)	✓	✓	✓	✓	✓	✓	✓
Consulting services	✓	✓	✓	✗	✓	✓	⋯
Disability management	✓	✓	✓	✓	✓	✓	✓
Guaranteed annuities	✗	✓	✓	✗	⋯	✗	✗
Pensioner payroll	✓	✓	✓	✗	✓	✓	✗
Medical aid offering	⋯	✓	✓	✓	⋯	✗	✗
Investments	✓	✓	✓	✓	✓	✓	✓
Retention of cash strategies	✗	✓	✓	✓	✗	✗	✓
Banking product	✗	✓	✓	⋯	⋯	✗	✗
Other				▪ Loyalty	▪ Loyalty		

We require and can deliver a holistic product offering

## Corporate benefits – sales and net cashflows

<b>New business* for the nine months to 30 September 2008</b>	<b>2008</b>	<b>2007</b>	<b>% change</b>
Single premium new business	<b>1 202</b>	1 023	17.5
Recurring premium new business	<b>308</b>	277	11.2
Indexed – total new business	<b>428</b>	379	12.9

<b>Cashflows - nine months to 30 September 2008</b>	<b>2008</b>	<b>2007</b>	<b>% change</b>
Net outflows (ex IEB book)	<b>(2 024)</b>	(1 167)	(73.4)
Net flows - IEB book	<b>(586)</b>	3 892	n/a

Note: Includes Liberty Africa

\* Excludes premium escalations

# Current strengths and opportunities

## Current strengths

- Retail distribution capability
- Proven capabilities in management of SME clients
- Competitive provider of
  - asset management
  - group risk cover

## New opportunities

- Create a Direct Consulting and Actuarial business – target the medium size segment
- Investing in human capital – required to strengthen product and service offerings
- Bancassurance opportunity
- Cross-sell opportunities with Individual and Health businesses
- Retention project to offer those leaving pension plans an individual product,
- Leading service via Electronic Data Interface

Take advantage of new opportunities

## Changing landscape - social & fiscal impact (NSSF)

Regulatory uncertainties introduced:

- Move to more compulsory savings environment and impact on current scheme membership
- Low earners below a certain threshold could move to the government scheme: debate around opting-out into accredited funds
- Who will administer scheme? The government or a PPP arrangement?
- Defined benefit or defined contribution or hybrid scheme
- The cap on tax incentives towards retirement saving

# Changing landscape - social & fiscal impact (NSSF) *cont.*

...but so are opportunities :

- Scenario planning has been carried out to evaluate the various options. Scenarios will be refined as proposals evolve
- Compulsory contributions is net positive for the savings pool
- Opportunities to incentivise the vast informal sector (currently non-tax payers) including savings and possibly risk
- General consensus is that a PPP format for collecting contributions and administering the fund is most likely. A central clearing house model is also under discussion.

# Changing landscape - social & fiscal impact (NSSF) *cont.*

..... opportunities *cont.*

- Opportunities for innovators – technology, products, service delivery and increased transparency
- Change in the annuity market (may also require govt issuance of longer term bond instruments)

# Life assurance - Individual

# Individual Life – context

## 2008 Perspective

### External Perspective

- Market share drift
- Low product innovation
- Heavily reliant on intermediary
- Adverse economic environment

### Internal Perspective

- Poor customer persistency
- Run-off of closed books
- High unit cost
- Consolidation of IT platforms
- Internal focus

Stabilise through 2009 and  
position for growth

## Desired 2010 position

### External Perspective

- SA market share target of 25%
- Product innovation on a segmented basis
- Client loyalty & relationship through ongoing service experience

### Internal Perspective

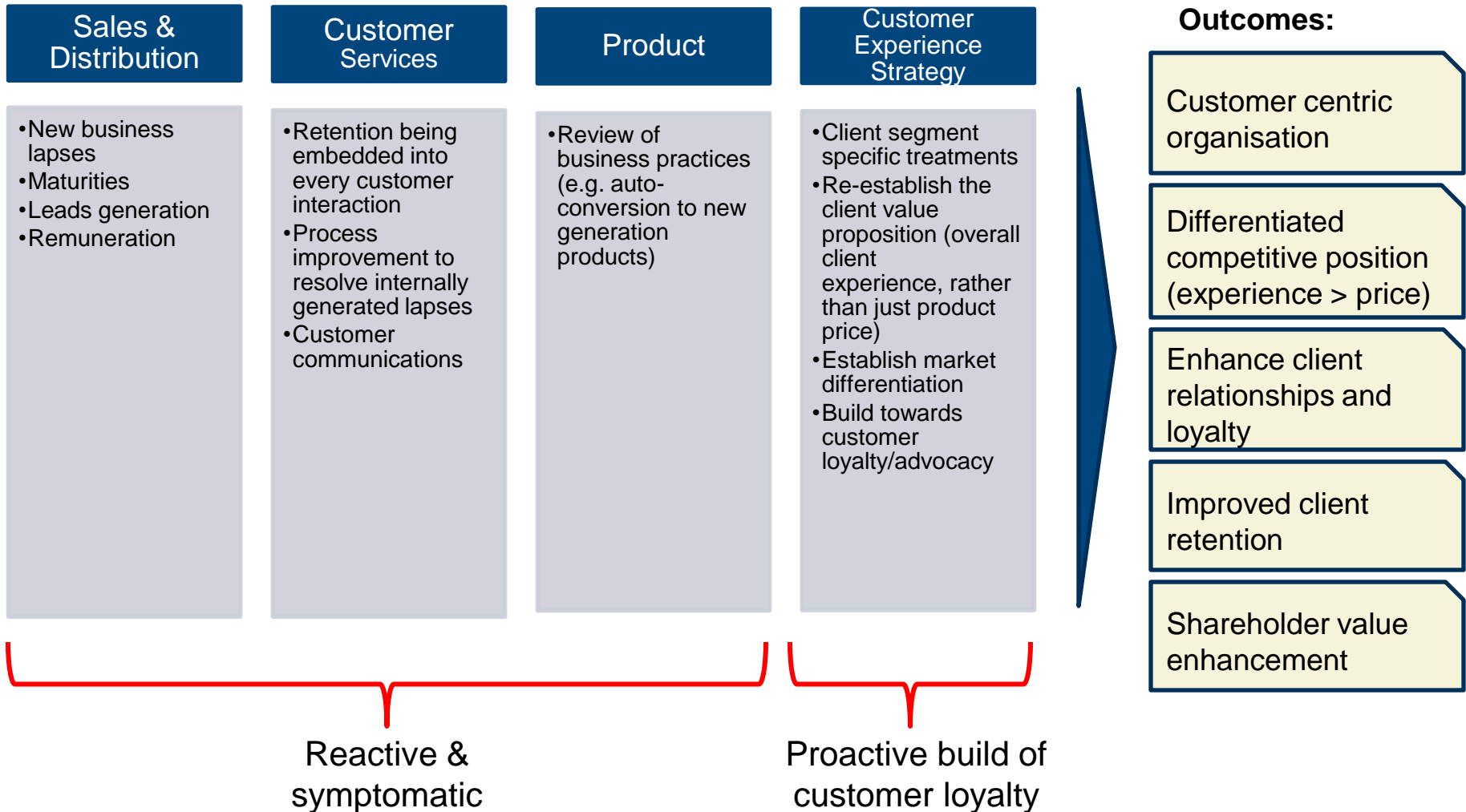
- Improved persistency
- Strategy for management of closed books
- Improved cost efficiency
- Increased margin & operating earnings

# Individual Life strategic summary

- Retention of customers
  - Customer service experience
- Product innovation
  - Find the Liberty differentiator
- Manage expenses
  - Differentiate between open and closed books from previous acquisitions
  - Reduce spend on internally focussed projects
  - Improve productivity and cost efficiency
- **Build capacity** to allow for expansion into Africa and other territories where growth and potential may be higher

**Manage existing business effectively and create capacity for international expansion**

# A multi-pillar approach to customer retention



## Importance of getting retention right

	Individual life - Operating earnings FY 2007	Group embedded value earnings FY 2007
Current performance	R1.4 billion	R 4.4 billion
Stabilise retention	15 - 20%	5 - 10%
Improve retention by 10%	10 - 15%	5 - 10%

**Retention is a key earnings and embedded value driver**

# Product development

- Develop **innovation** process
- Develop manpower and intellectual capital
- Segment by distributor as well as by customer
- Develop additional practical tools to assist intermediaries and customers, including internet-based tools
- Rationalise existing products where required and focus on fewer, higher-quality launches and shorten time to market

**Make product innovation a differentiator**

# Closed and open book environments have key processing differences

## Closed book requirements

- Manage IT and servicing costs down to offset declining policy volumes
- Simplify and optimise servicing processes
- Maintain acceptable service levels
- Re-focus resources away from old, non-strategic product types

Reduce opportunity cost of maintaining book without compromising the brand

## Open book requirements

- Focus on effective end-to-end product development processes
- Rapid time to launch of innovative products
- Platform(s) with sufficient flexibility to offer product features demanded by market
- Flexibility in defining business processes

Requires platform(s) and operational strategy suited to new business

**Different cost management strategies required**

## Individual life – an active customer retention program

- Customer surveys of departing clients have indicated that the leading causes of departure are:
  - Financial circumstances;
  - Perceived product performance or competitive feature;
  - Poor customer service experience.
- Analysis has shown that several legacy business rules or procedures are often an internal cause of policy lapse.
- Prior to January 2008, customer retention was focussed on maturing policies only. The scope of retention activity has been increased significantly

**The objective of the retention programme  
- an active retention attempt for every departing customer**

## Individual life – what are we doing on the ground?

- Staff awareness campaign and training
- Maturing policies
- Potential lapses in first 24 months
- Lapses after 24 months
- Surrenders routed to high advice call centre
- ELM end-to-end process simplified
- Lean 6 Sigma and risk growth projects

**The objective of the retention programme  
- an active retention attempt for every departing customer**

## Individual life – an active customer retention program

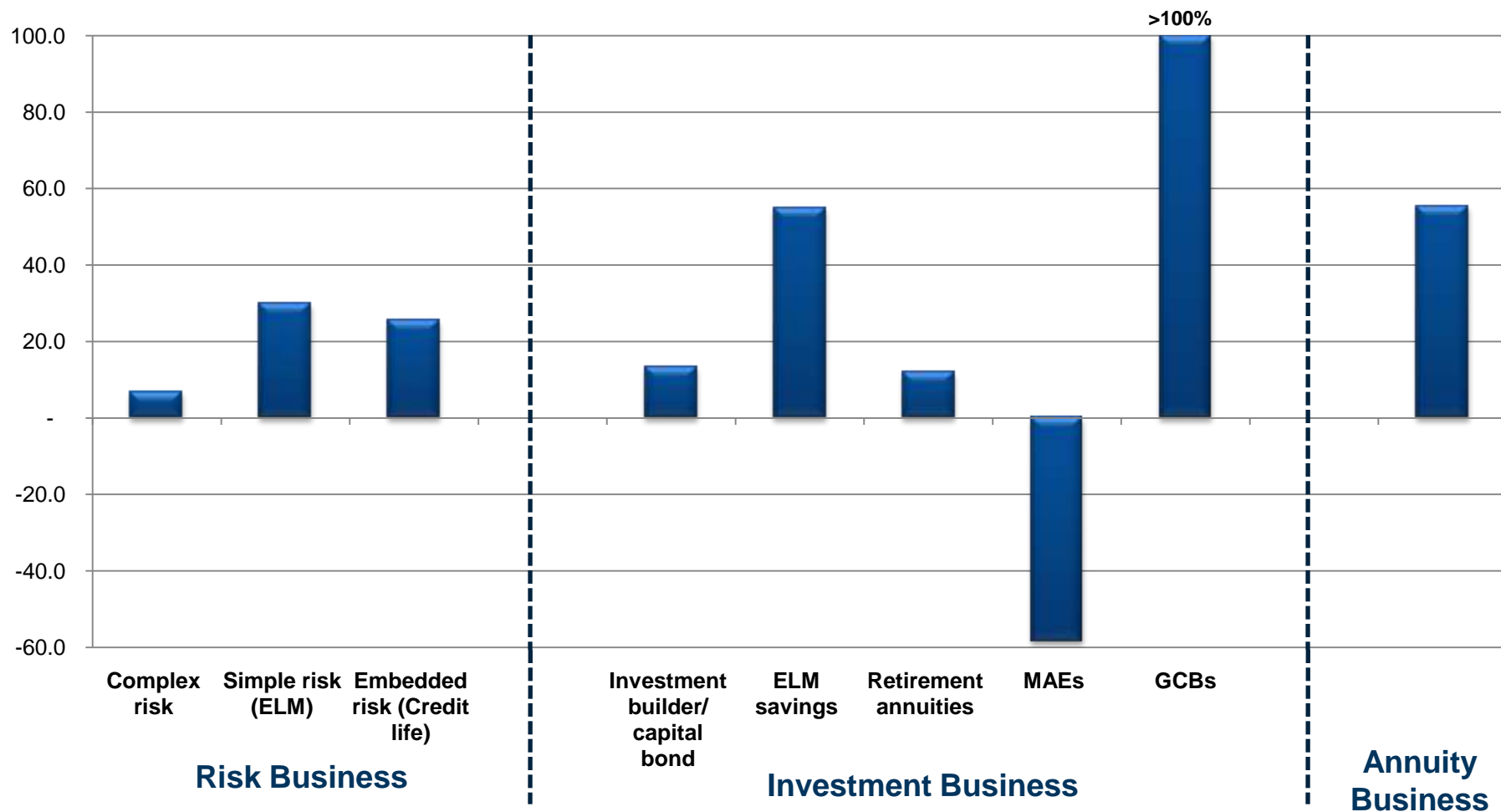
In total **57,309** policies have been retained by the customer retention project over the first 7 months of 2008.

This represents a success rate of **14%**.

It is anticipated that as the various initiatives are refined and expanded, the scale and success rate of the retention project will increase.

# Individual Life – sales by product line

## Indexed New Business – September YTD Growth y-o-y



## Individual Life – sales and net cashflows

<b>New business* for the nine months to 30 September 2008</b>	<b>2008</b>	<b>2007</b>	<b>% Δ</b>
Single premium new business	8 967	8 805	1.8
Recurring premium new business	2 158	1 798	20.1
Indexed – total new business	3 055	2 679	14.0

<b>Cashflows - nine months to 30 September 2008</b>	<b>2008</b>	<b>2007</b>	<b>% Δ</b>
Net cashflows	35	1 119	-96.9

Note: Includes Liberty Africa

\* Excludes premium escalations

# Conclusion

- Individual Life is a strong cash generative business
- Need to focus on **executing** strategy in respect of:
  - Retention
  - Product innovation
  - Expense management
- Capacity is required to export our competencies to other territories

The conceptual framework has been crafted, it is now time to execute

# Appendix

---

## Individual life – an active customer retention program

- An internal staff awareness campaign around the importance of retention, as well as training of how to retain customers was launched early in 2008
- All **maturing policies** are routed through the leads-bank campaign tool allowing the intermediary the first opportunity to retain the client but with a follow up by the High Advice Outbound Call Centre if no action is taken.  
This is to ensure that all customers have access to appropriate advice for the reinvestment of their funds;
- All potential policy **lapses within the first 24 months** of the policy life (while there is still a commission claw back) are routed to Sales & Distribution branch managers to allow the retention of client and commission earnings;
- The Customer Liaison Call Centre focuses on the retention of **lapses after the initial 24 month period**, as well as on the retention of Entry Level Market

## Individual life – an active customer retention program

- Inbound requests for policy **surrender payments** are now routed to the High Advice Call Centre, to ensure the client is advised of alternatives, as well as the financial consequences of surrender.

The **Entry Level Market** review project considers the end-to-end process of the ELM product proposition. The project has identified 15 quick wins, of which 4 should facilitate an improved persistency rate;

- The **lean six sigma** project as well as the **risk growth** project focus on simplifying the process behind the issue of new business, as well as underwriting requirements.

The intention of the projects is to reduce the percentage of policies that are **lapsed at inception** (without a single premium received) – often due to an administrative issue, or outstanding requirement.

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LibFin

Capital Management

Asset management

Liberty Africa

Liberty Health

Liberty Properties

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# **Giles Heeger – CEO**

## **LibFin**

# LibFin strategy: Summary

- The key strategic objectives for LibFin in 2008/2009 are to:
  - Provide earnings protection, generate additional P&L and assist GRACA and Finance within approved risk appetite framework and move closer to the 3 manager model
  - Assume responsibility for all market risk exposures
  - Implement systems and controls necessary to support activities
  - Complete staffing unit up – generate capacity to tackle its mandate

# LibFin strategy: Summary

- We will attain our objectives by:
  - Leveraging our understanding of the earnings drivers and balance sheet components, including understanding sensitivities of Balance Sheet components to market movements (FX rates, interest rates and equity indices)
  - Forming market view base case and alternative(s)
  - Executing approved strategies to enhance or protect returns
  - Develop balance sheet management capability

# LibFin mission

## Mission:

Our mission is to extract the maximum possible value for accepted risk from global markets for both policyholders and shareholders through multi-disciplinary use of investment banking and long-term insurance skills

- We will attain our mission by:
  - Building a centre of excellence to manage all market, credit and liquidity risks
    - Asset / Liability management
    - Strategic and tactical asset allocation
    - Long-dated illiquid market risk
  - Accessing all possible components of financial markets including:
    - Asset origination
    - Regulatory, tax and accounting structuring
  - Interface with capital markets and banks
  - Set, monitor and manage asset manager mandates
  - Provide support to liability generating business units
    - Product generation, pricing and structuring

# Environmental analysis of the Industry

## “3 Manager Model”

### Liability Manager

- Charged with product development and liability gathering and servicing

### Balance Sheet Manager

- Charged with managing market risk and ensuring capital efficiency across the entire balance sheet

### Asset Manager

- Charged with alpha generation within clear mandates

Balance Sheet Manager split into two units, one with a profit motive (LibFin), and the other with a central control objective (GRACA)

# Liberty's implementation of the 3 Manager Model

## Liability BU

- Product development and pricing towards policyholder
- Servicing
- Management of insurance risks (unhedgeable)
- Transfer of market risk to SBSM
- Operates within allocated capital and risk limits
- Accountability for P&L arising from difference in policyholder pricing and SBSM transfer price and from insurance risk management

## GRACA

- Risk policy and appetite
- Economic Capital and risk-adjusted profitability framework development
- Risk quantification, analysis and oversight
- Capital allocation
- Limit setting
- Cost of capital and hurdle rates

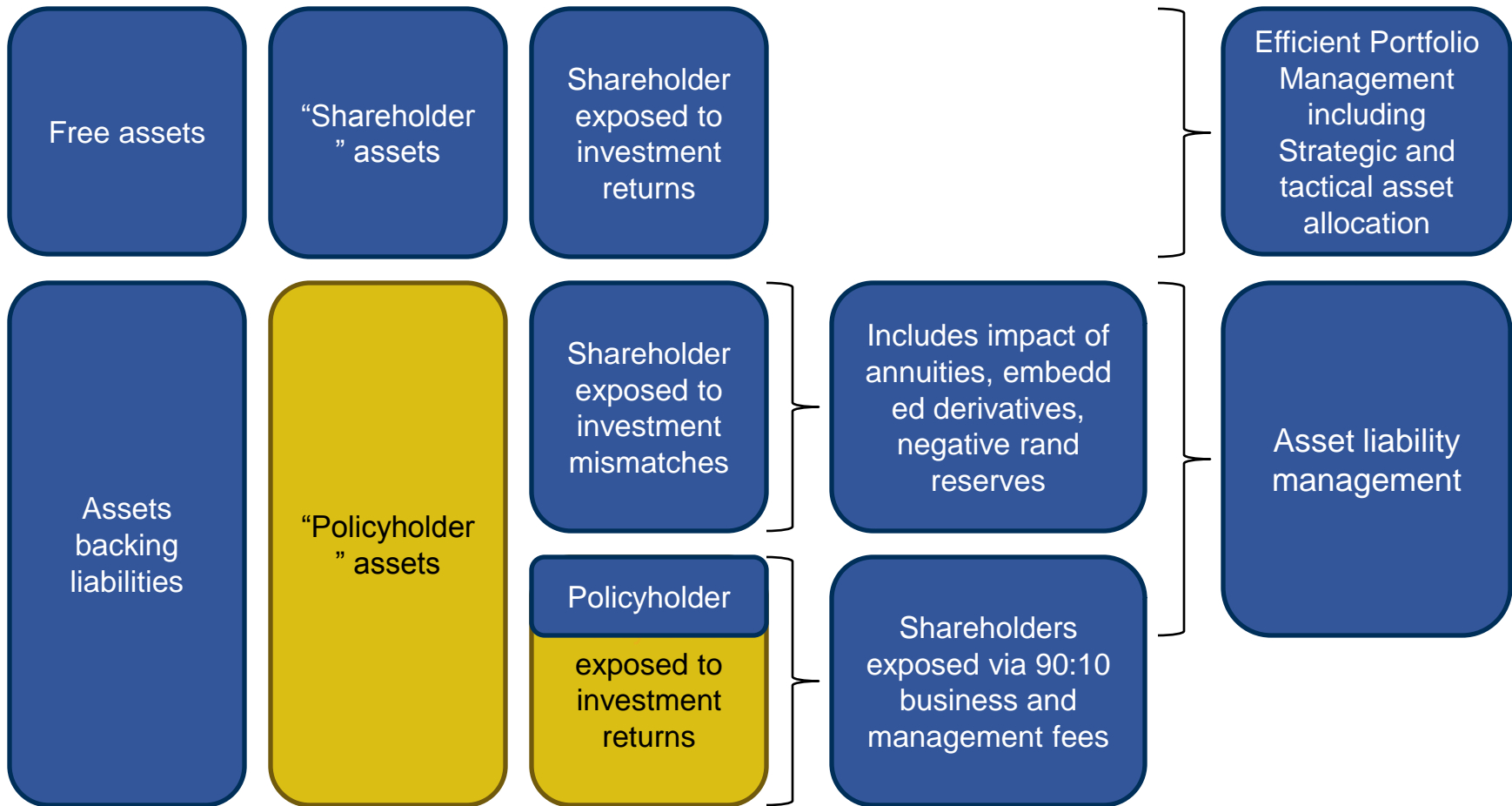
## LibFin

- Centre of excellence for management of market, credit and liquidity risk
- Executes within allocated capital and risk appetite/limits
- Determines Risk Minimising Portfolio (sign off by GRACA)
- Determines SAA
- Manages shareholder assets
- Sets and monitors asset mgmt mandates
- Funding of balance sheet

## Asset Management BU

- Manages assets according to mandate
  - Alpha generation
  - Stock selection
  - Liability Driven Investment
  - Passive
- Provides “consultancy service” to assist in constructing mandates/products

# Sources of market risk



# Strategy to be implemented during the next financial year cntd.

- Asset / Liability Management (“ALM”)
  - Immediate focus (or phase one) for the LibFin unit is market risk position management and capital optimisation
  - The outcome of this process is important for the following reasons:
    - Critically important for the better management of earnings and capital
    - Focuses energies and attention on making sure that capital is being effectively deployed
    - Moves the organisation from passive risk acceptance to active risk management, ensuring risk accepted is not only appropriate but also appropriately priced
  - Styled as Asset / Liability Management (“ALM”) since bulk of risk arises from mismatches between asset base and commitments made to policyholders
  - Also includes a component of reducing the significance of any possible risk of capital losses on the shareholders investment portfolio

# Strategy to be implemented during the next financial year cntd.

- Asset / Liability Management (“ALM”) cntd.
  - Management of shareholder exposure arising from commitments to policyholders
    - Currently annuities, guaranteed annuity options and guaranteed maturity value products
    - Largely interest rate and equity price risk, including both linear (delta) and non-linear (gamma) exposures
  - Overall objective
    - Capture “hedgeable” market risk profits arising from the sale of products to policyholders as they occur
    - Minimising the potential for loss arising from “unhedgeable” market risk
  - Position management
    - Market risk arising through sales process (past and present)
    - Capital management
    - Better management of IFRS earnings arising from shareholder commitments

Finished result biased towards a reduction in risk and an increase in sustainability and consistency of earnings rather than any significant P&L uplift

## Market risk results – LibFin 1H 2008

Rm	Jun 2008	Jun 2007	% Δ
<b>Insurance</b>	<b>83</b>	<b>284</b>	<b>-71</b>
Excess 10% bonus participation	(76)	159	n/a
Mark-to-market investment guarantees (PGN110)	590	196	>100
Allocated tail loan	(122)	(37)	n/a
Mismatch and tail earnings	296	46	>100
Change in economic assumptions	(605)	(80)	n/a
<b>Shareholders' assets</b>	<b>(23)</b>	<b>489</b>	<b>n/a</b>
Interest and dividends	332	367	-10
Interest and preference dividend	(89)	(98)	+9
Related income taxation	(60)	(36)	-67
Capital (losses)/gains	(311)	289	n/a
STC	(17)	(70)	+76
Allocated tail loan	122	37	>100

# The nature of all life companies

## - A tale of two balance sheets

### Balance sheet 1 – *shareholder assets*

- Shareholder investment of surplus assets
  - For example, the FINI portfolio, tails, preference shares, Ermitage hedge funds etc
  - Its a very conservative portfolio

### Balance sheet 2- *insurance market risk*

- Synthetic or derivative type exposures (Impact on 1H 2008 earnings)
  - 90 : 10 book is effectively a forward contract on the SWIX (-R76m)
  - Embedded derivatives are a written put option on (largely) equities and interest rates (R590m)
  - Mismatch on tail earnings due to long dated bonds not available in size (R296m)
  - Negative Rand Reserves act as a partial hedge earnings of the short bond position in the embedded derivatives as the cash flow behaviour is analogous to long bond position (most of R605m)

# Volatile market conditions have a significant earnings impact

## Summary

	1H 2008	FY2007	FY2006
	<u>R m</u>	<u>R m</u>	<u>R m</u>
Total BEE normalised headline earnings	<b>913</b>	3 129	2 589
Potential volatile items:	<b>-272</b>	624	<b>1 191</b>
- 90/10 book	<b>54</b>	325	681
- Embedded derivatives	<b>590</b>	117	-105
- Shareholder capital gains	<b>-311</b>	281	705
- Negative rand reserves	<b>-605</b>	-99	-90
Potential volatile items as % of BEE normalised headline earnings	<b>-30%</b>	+20%	+46%

Potential volatility due to significant market risk

# LibFin strategy: Summary

- The key strategic objectives for LibFin in 2008/2009 are to:
  - Provide earnings protection, generate additional P&L and assist GRACA and Finance within approved risk appetite framework and move closer to the 3 manager model
  - Assume responsibility for all market risk exposures
  - Implement systems and controls necessary to support activities
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# **Russell Harte – Group CFO**

## **Capital Management**

# **Group Professional Services**

## **EVRM & Financing the Liberty growth agenda**

# Group Professional Services

## Group Professional Services (GPS)

Financial Planning and Communications

Group Governance and Secretarial

Group Statutory Actuary

Group Financial Reporting

Group Risk & Capital Analytics (GRaCA)

Group Legal Services

Group Internal Audit Services

Group Risk and Compliance

Group Tax

Group Market and Credit Risk

# Introducing the CARAT programme



# Three Manager Model and GRACA

## Three Manager Model

**Liability  
Management**

**Group Risk &  
Capital  
Analytics  
(GRaCA)**

**Strategic Balance  
Sheet Management**

**Asset  
Management**

# Group Professional Services



## Three Manager Model

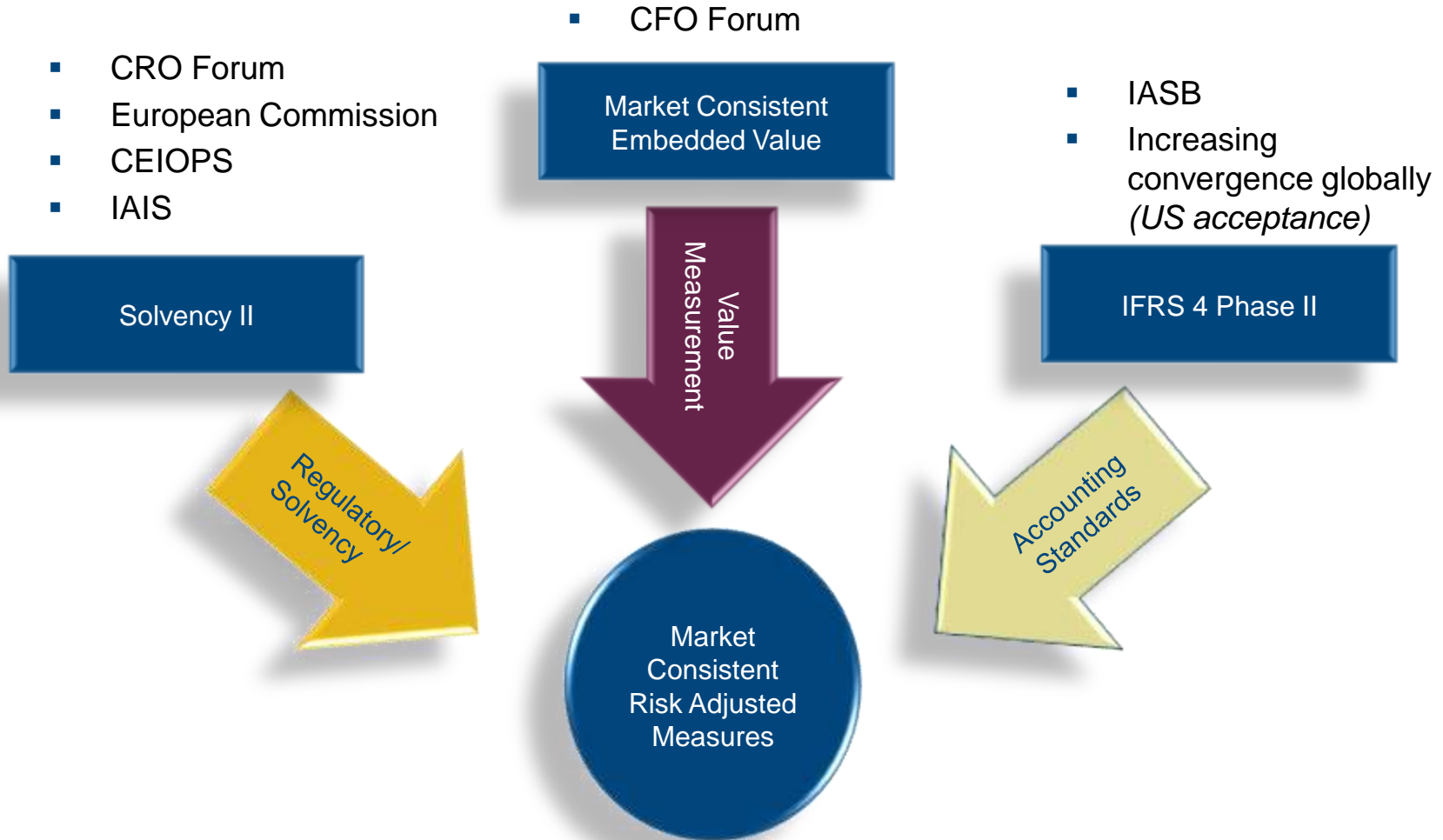


# Group Risk and Capital Analytics - GRaCA

- Risk policy and appetite
- Economic Capital and risk-adjusted profitability framework development and required calculations
- Risk quantification, analysis and oversight
- Capital allocation & Limit setting
- Cost of capital & hurdle rates
- Develops, owns and maintains the economic profit and loss and performance measurement methodology

# Why has Liberty gone towards the EVRM and the 3 manager model?

Convergence of measurement used by regulators, published accounts and shareholder value

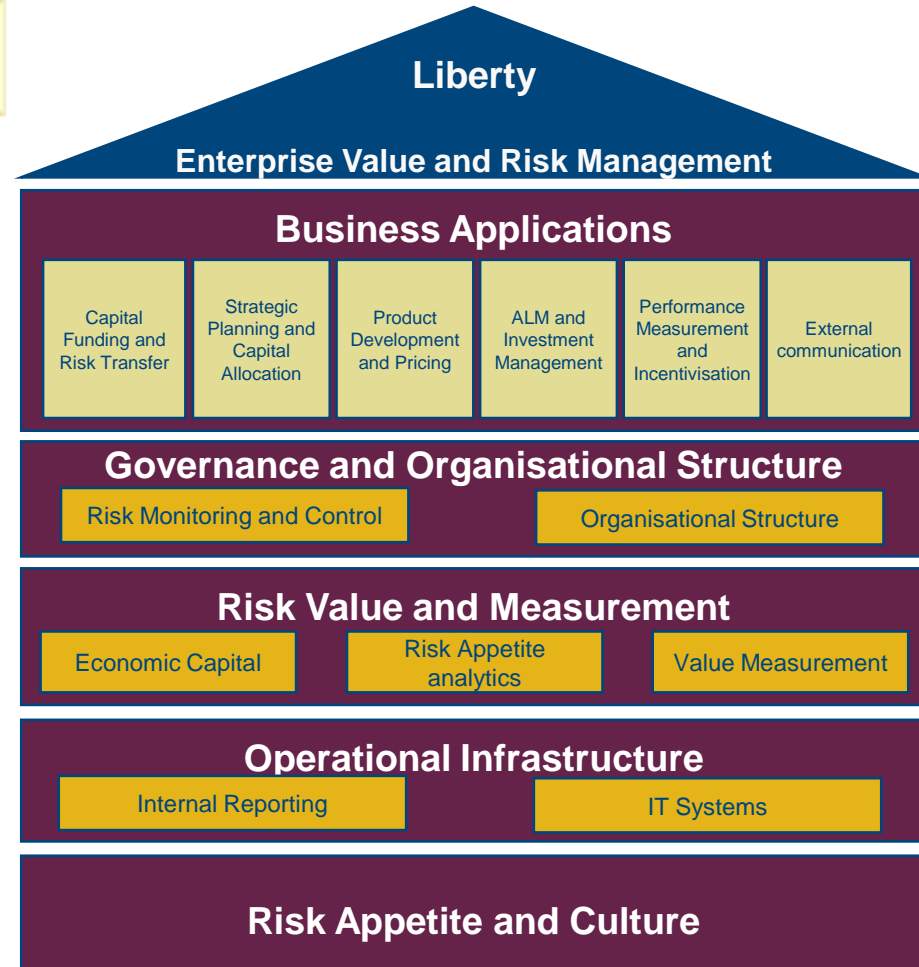


There will be differences but the fundamental principles are expected to be the same...our value measurement will be at this convergence point

## - EVRM Core principles

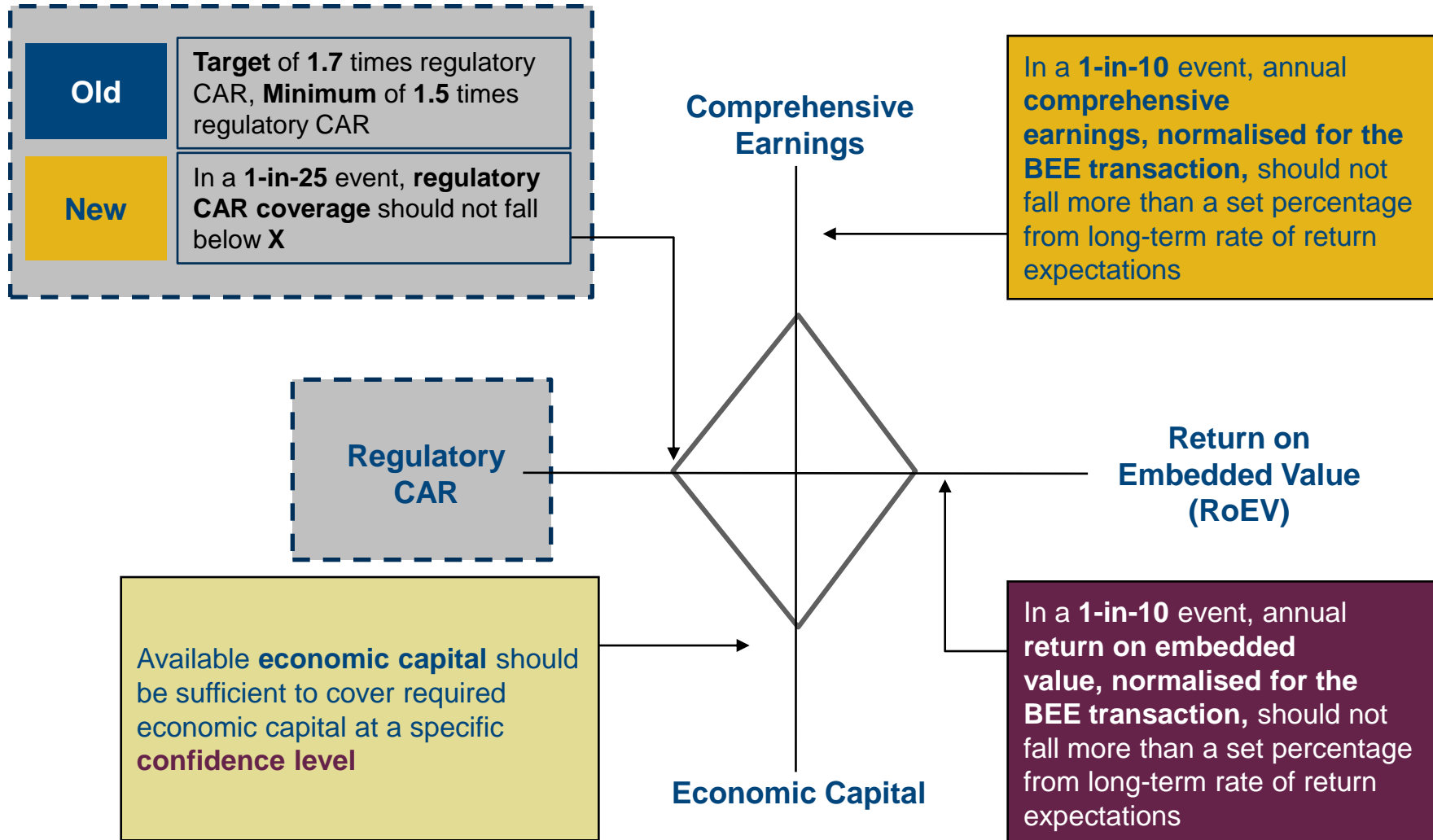
Core principles of Enterprise Value and Risk Management include:

- Clear accountability for management of risks arising from value creation activities
- Consistent risk-adjusted performance measurement across the group
- Risk appetite tracked at group level
- Three lines of defence risk organisational and governance structure
- Identification and separation of risks to enable management
- Quantification and measurement of risks in business units
- Risk limits and monitoring by second line of defence
- Group-wide aggregation of similar risks and creation of centres of excellence to manage them (e.g. LibFin)



# Risk Appetite

## Dimension definitions



Move to broader capital management dimensions does not mean we need more or less capital

# Target of 1.7 times regulatory CAR

Target set in 2004

- Liberty was on TCAR → CAR was relatively stable

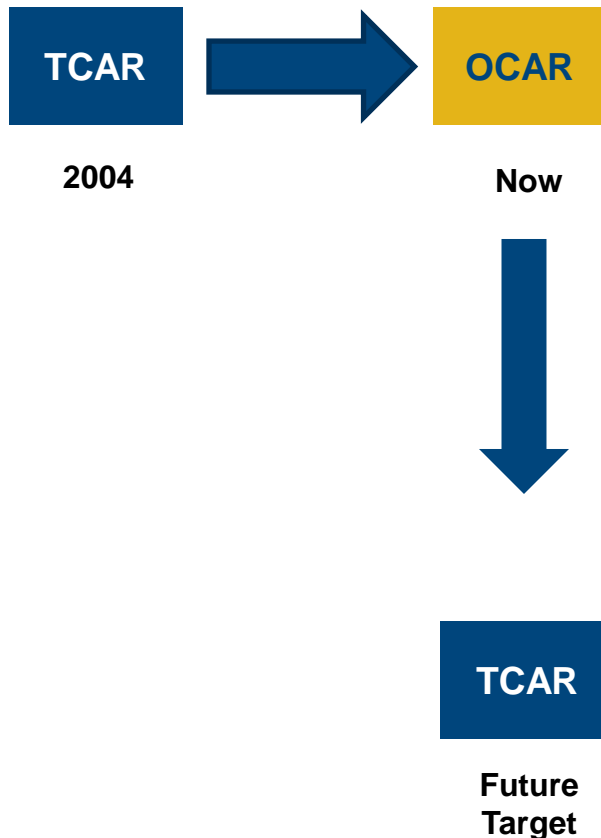
E.g. TCAR



- Embedded derivative not yet mark-to-market → Earnings were more stable
- OCAR not subject to mark-to-market embedded derivatives resilience test
- OCAR made no allowance for credit or operational risk

# Current environment

- Liberty is currently on OCAR  CAR is therefore volatile to market movements



## Why the move from TCAR to OCAR?

Business written by Liberty Life in recent years is TCAR un-intensive (Excelsior 1000 written through Liberty Active and Protector reserves zeroised on regulatory basis)

Mark-to-market embedded derivatives subject to asset resilience test

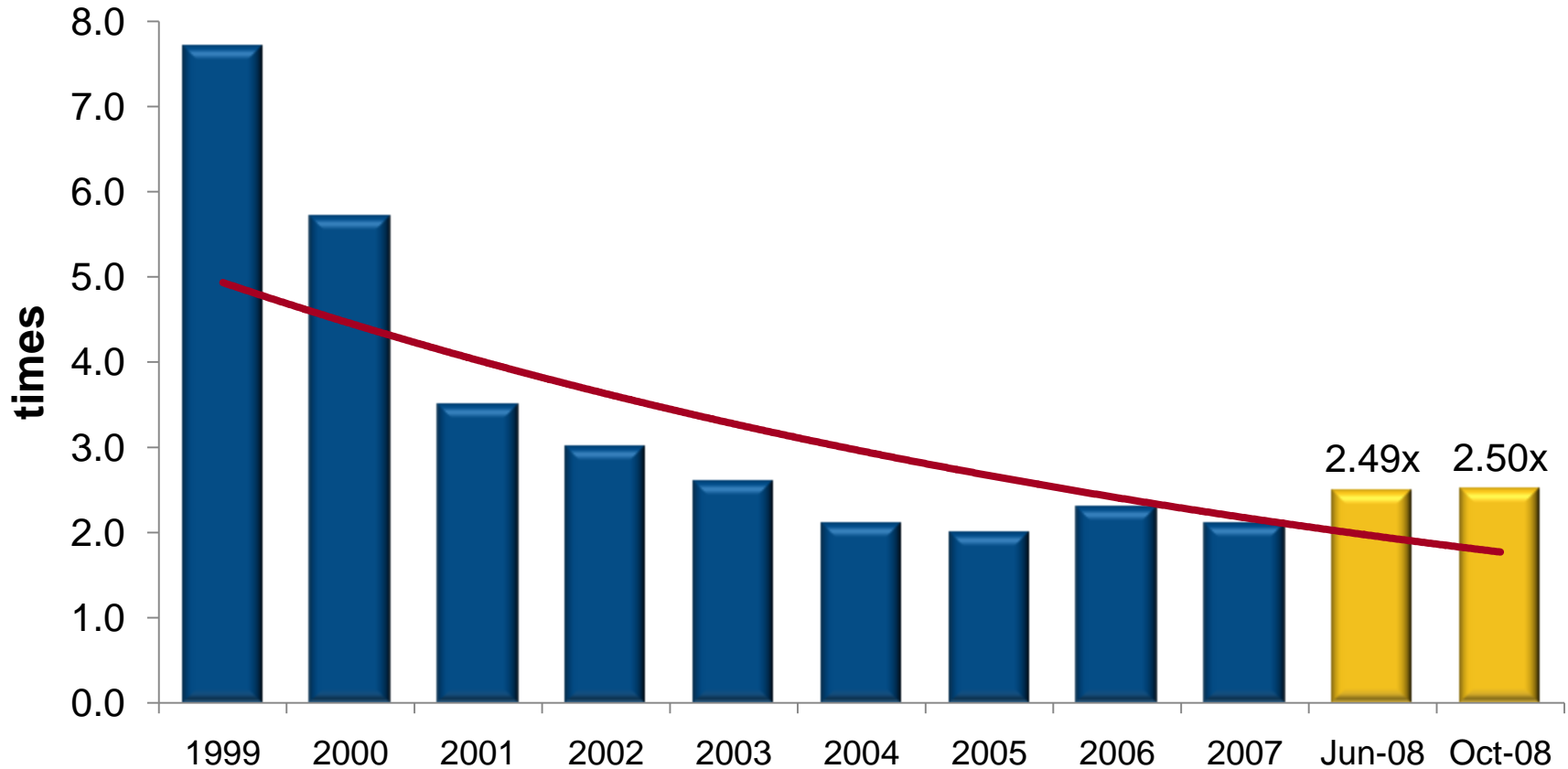
Credit risk and operational risk now allowed for

## Why do we want to move to TCAR?

Moving onto TCAR will improve the stability of a regulatory CAR

We will review reducing market, credit and operational risk exposure to achieve this outcome

## Capital Management: Where have we come from?



Improved capital efficiency through utilisation of excess capital and introduction of debt

## Funding Liberty's growth strategy

Funding options	R bn
Historical operational cash flows over normal dividend (assuming long term returns are achieved)	1.0 - 1.5
Potential introduction of additional non-equity facilitated by holding company restructure (LibHold)	1.0 - 1.5
Regulatory capital release through reduction in market risk	??

Various funding options available

## Identified opportunities

Opportunity	2008	2009
Health	190	10
Africa-Non Health		700
Other	20	80

- Capacity exists to fund currently planned M&A from internal resources
- Any additional spend will require de-risking, alternative sources of funding or a combination
- Acquisitions will need to give appropriate returns on investment before approval

# Conclusion

- EVRM & Risk Appetite – a far more disciplined approach to group wide risk and capital management
- A more robust capital framework
- Ability to fund Liberty growth initiatives with internal resources.
- Additional funding options available for the future

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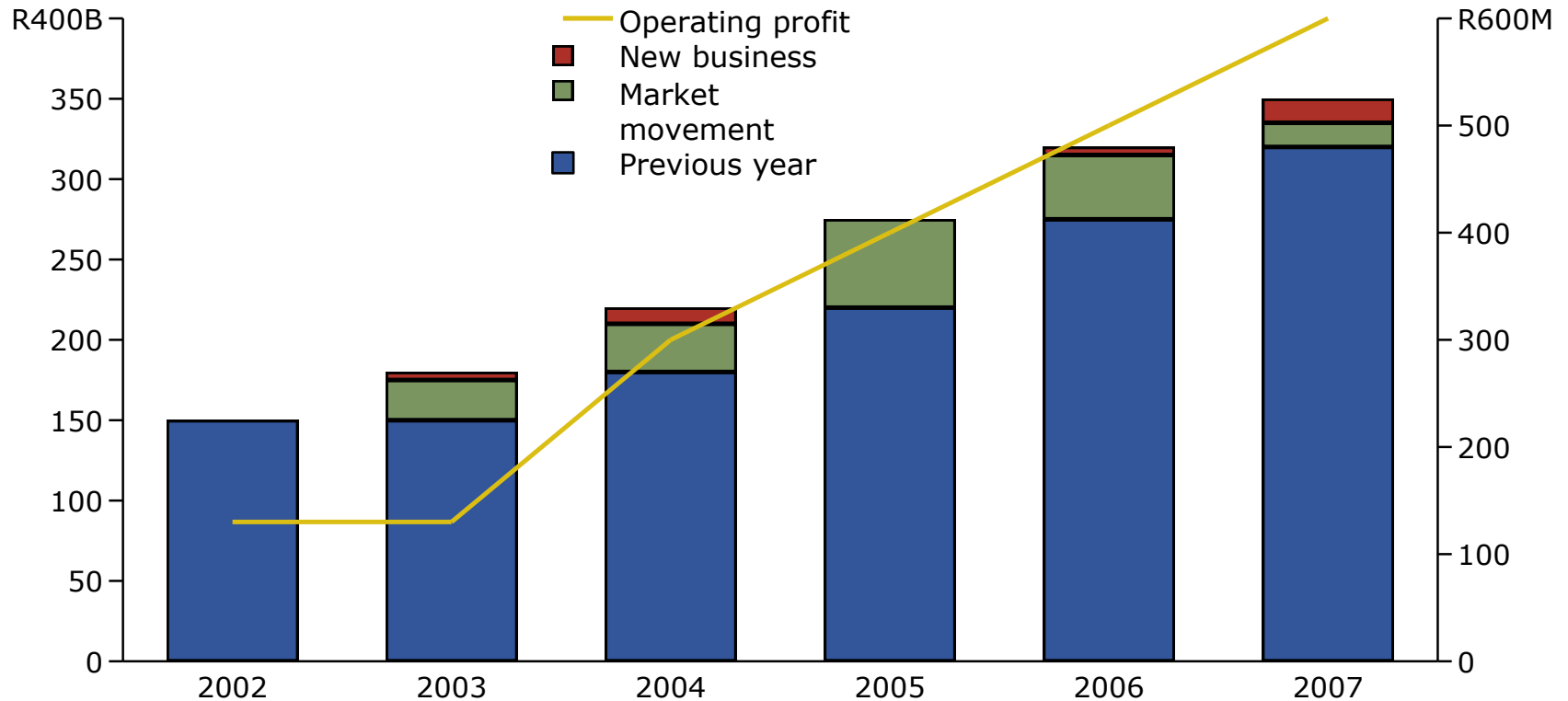
# George Brits - CEO

## STANLIB

# Historic earnings growth

Funds under management (bars)

Operating profit (line)



# Business History

	2002	2003	2004	2005	2006	2007
AUM	150	177	218	276	315	338
	Scale with markets throughout this period					
Earnings	116	112	286	400	476	575
	Poor core fund performance					
	Shared services model > poor commercial ownership					
	Institutional & "Core" retail bleed					
	Counterbalanced by new fringe items, e.g. Multi Manager					

## Sales need to improve, to realise the profit potential

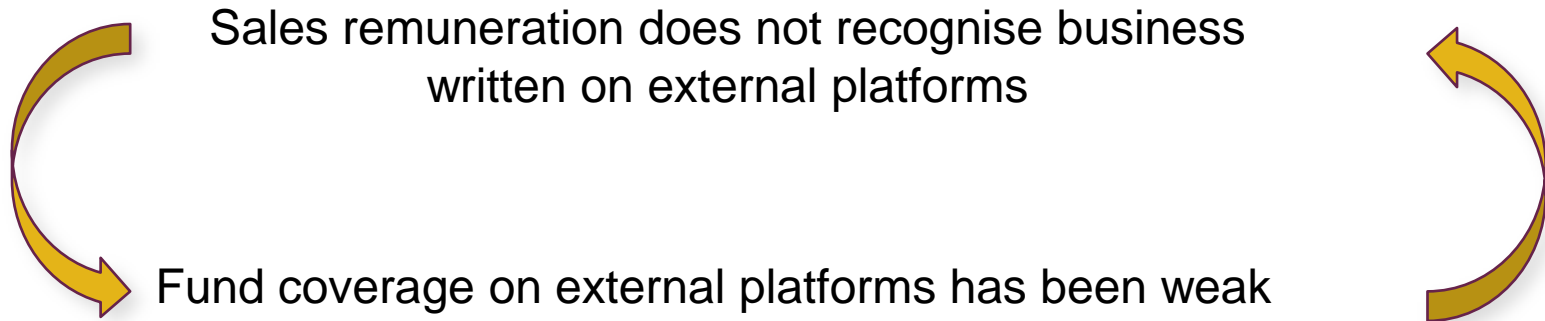
	Current market share	Increase in FUM at 12% market share	Basis points	Revenue uplift
Retail	8%	R20B	70	R140M
Institutional	3%	R90B	35	R320M
Total				R460M
Profit lift (@ 50% margin)				R230M

## Cash flows – September 2008 YTD

Rm	Sep 2008	Sep 2007
Retail flows excluding money market	(7 418)	7 514
Retail life multi-manager	758	617
Institutional flows excluding money market	(9 065)	(3 136)
<b>Total cash flows excluding money market</b>	<b>(15 725)</b>	<b>4 995</b>
Money market	13 753	5 260
<b>Total cash flows</b>	<b>(1 972)</b>	<b>10 255</b>

*Excludes Liberty Africa*

## Limited success in top-end IFA segment (>R250m AUM)



- STANLIB's venture into this market (STANLIB One) migrated away from IFA into a primarily Fund of Funds strategy
- No dedicated marketing or service team to drive this strategy
- Johannesburg's top segment
  - Initial list comprises 200 brokerages
  - 15 are serviced by the existing MaD structure
  - Very few use STANLIB as a preferred investment manager

## Low market share (8%)

- 75% of Stanlib customers earn R20,000 to R40,000 p.m.
- 75% of GCI customers earn R30,000 & above
- 8% might be close to saturation in the market that we serve through Marketing and Distribution
- We believe that we can grow market share to 12%/14%, depending on our ability to:
  - Expand into HNW - private clients (easy)
  - Access new channels - top IFA (challenging)
  - Expand tied distribution - into the upper segment (tough)

Significant opportunity to increase market share

## The top IFA segment is looking for:

- Specialist investment engagement
- Bespoke engagement with fund managers
- Access to decision makers
- Exclusivity
- A dedicated service desk for easy and efficient access to information
- They congregate with their peers & do not want to be affiliated with tied distribution force

The top IFA segment represents a significant retail opportunity for STANLIB

# Ticket to play

- Investment process
- + Investment philosophy
- + Investment team
- + Investment culture
- = Good performance, if you're lucky
  
- **And only then does the game begin**

## Rules of the SA institutional asset management game

- Intensely relationship driven
- The top three have built their positions over 10 – 15 years
- A few others deeply entrenched
- Becoming more political
- Product becoming more sophisticated

## STANLIB is in the process of developing the following:

- New head of institutional business
- New product development skill
- New sales team
- New approach to service

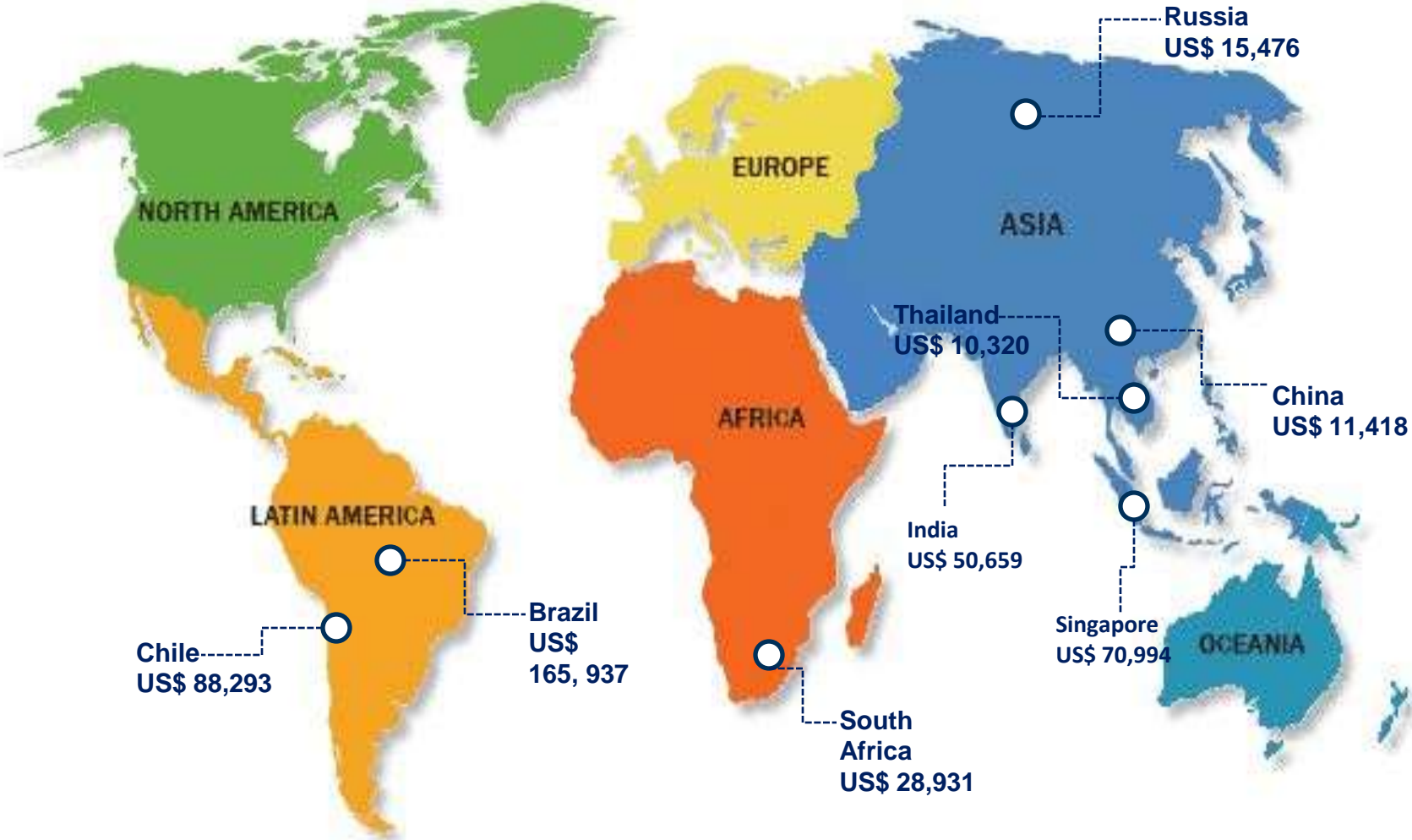
Institutional market represents a significant opportunity  
for STANLIB

## A concentrated pension fund market in the rest of Africa

Country	Concentration of the industry	Market size
Botswana	High	R43 billion
Namibia	Low	R62 billion
Nigeria	Medium	R69 billion
Kenya	High	R11 billion

**SBK's African presence and STANLIB's ability represents a compelling growth opportunity**

# GEM's Pension Fund Assets – US \$ millions



## Why GEM's

- Compelling growth story
- Engines of world growth
- Wealth or reserves
- Solid economic fundamentals
- Infrastructure spending on the rise
- World's major consumer, 87% of the world's population lives in emerging market regions

**SBK's GEM's presence and STANLIB's ability represents a compelling growth opportunity**

## STANLIB's vision

<b>Within three years</b>	<ul style="list-style-type: none"><li>▪ A more compelling suite of developed market product for the South African, African and GEM's client base</li></ul>
<b>In five years' time</b>	<ul style="list-style-type: none"><li>▪ Meaningful footprint in Africa (phase 1)</li><li>▪ Other GEM's (phase 2)</li></ul>
<b>In ten years' time</b>	<ul style="list-style-type: none"><li>▪ Top 10 GEM's asset management business</li></ul>

# Strategic Plan

		1	2	3	4	5	6	7	8	9	10	11	12
Domestic	Restructure/track record	Investment	Investment		3	4	5						
	Product map			Investment									
	Brand/repositioning			Investment	Investment	Investment							
	Culture and values			Investment	Investment	Investment							
	ASSETS: Top end IFAs				Reward	Reward	Reward						
	ASSETS: Institutional				Reward	Reward	Reward	Reward					
Global developed product for sale in GEMS	Concept/achitecture			Investment	Investment								
	Developed market product				Investment		3	4	5				
	Investment capability				Investment	Investment	Investment						
	ASSETS								Reward	Reward	Reward	Reward	Reward
GEMS Business and GEM Product for sale in developed markets	Concept/architecture				Investment								
	In country acquisition					Investment	Investment	Investment	Investment	Investment			
	Convert and integrate						Investment	Investment	Investment	Investment	Investment		
	Brand/positioning/repositioning							Investment	Investment	Investment	Investment	Investment	
	Top down product suite					Investment							
	Bottom upfill									Investment			
	ASSETS										Reward	Reward	Reward

**Key:**

Investment

Reward

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**Bernard Katompa - CEO**  
**Liberty Africa**

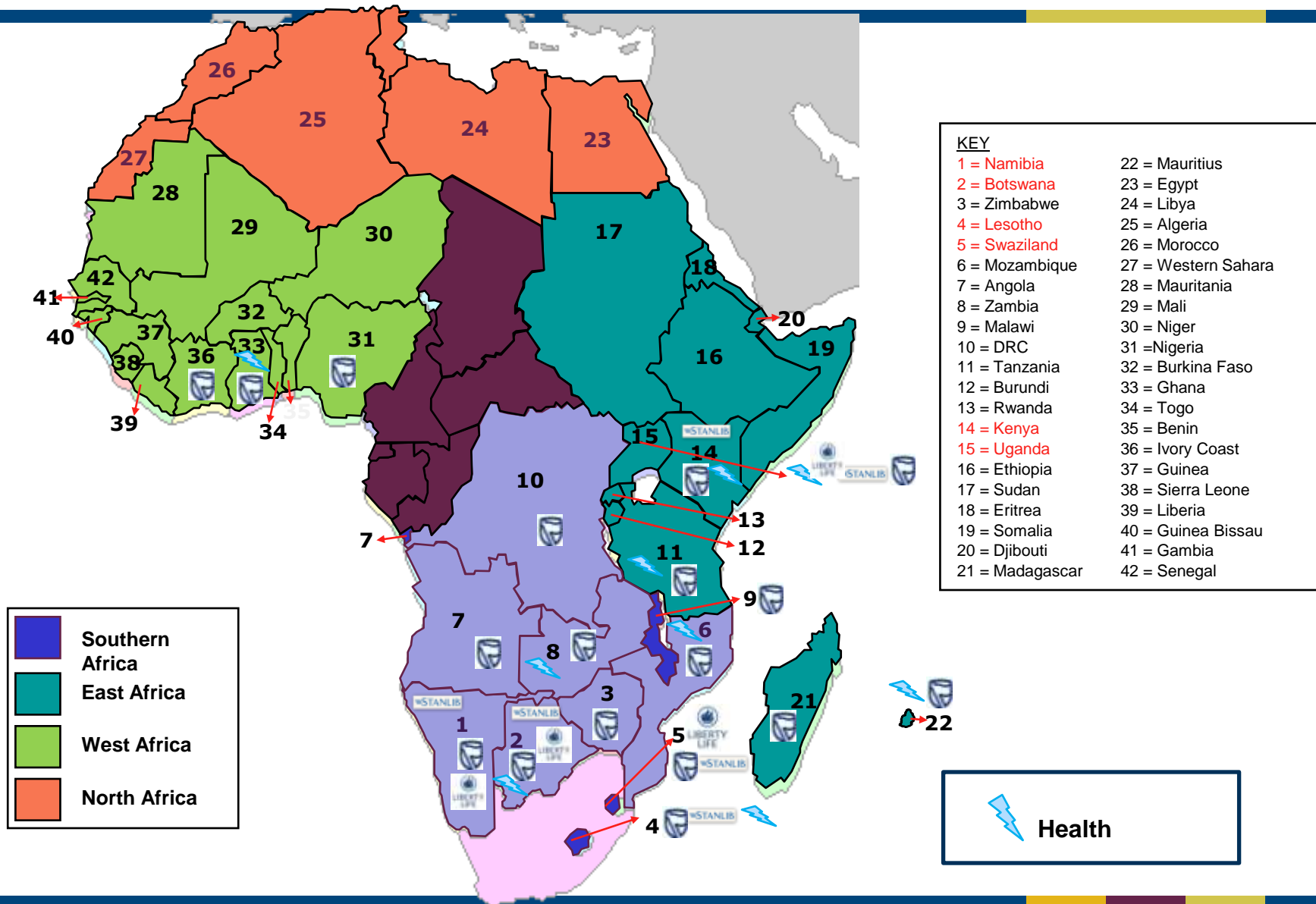


# Where are we going to play and why?

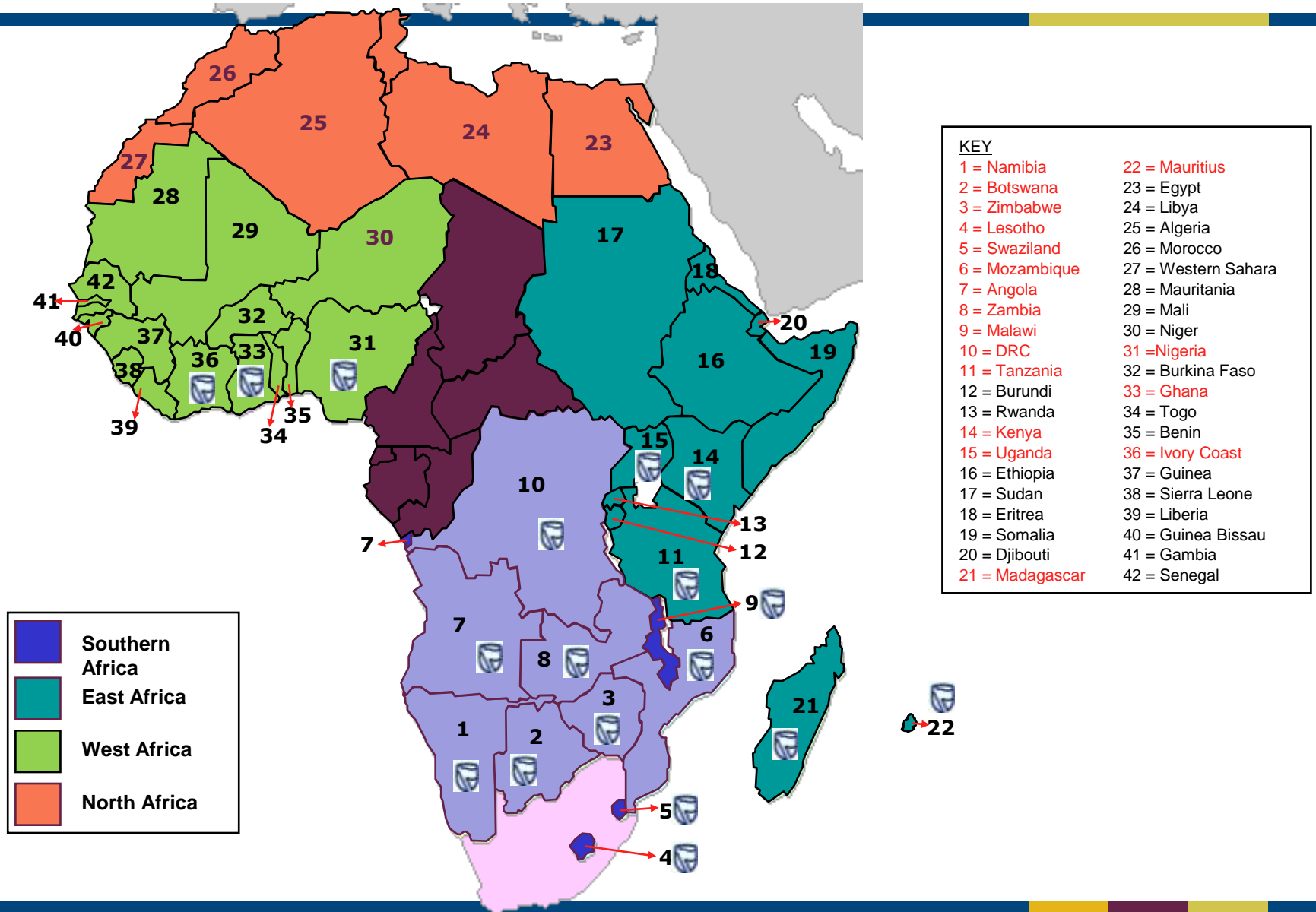
## Rationale for expansion into the rest of Africa

- Diversification into new markets
- Potential for growth due to:
  - Low financial services penetration
  - High level of foreign direct investments
  - Growing economies resulting in growing middle classes
  - Pension funds reform driven by the IMF creates opportunities
- Political and social stability on the increase
- Leverage and catch-up to Standard Bank's growing presence in the rest of Africa

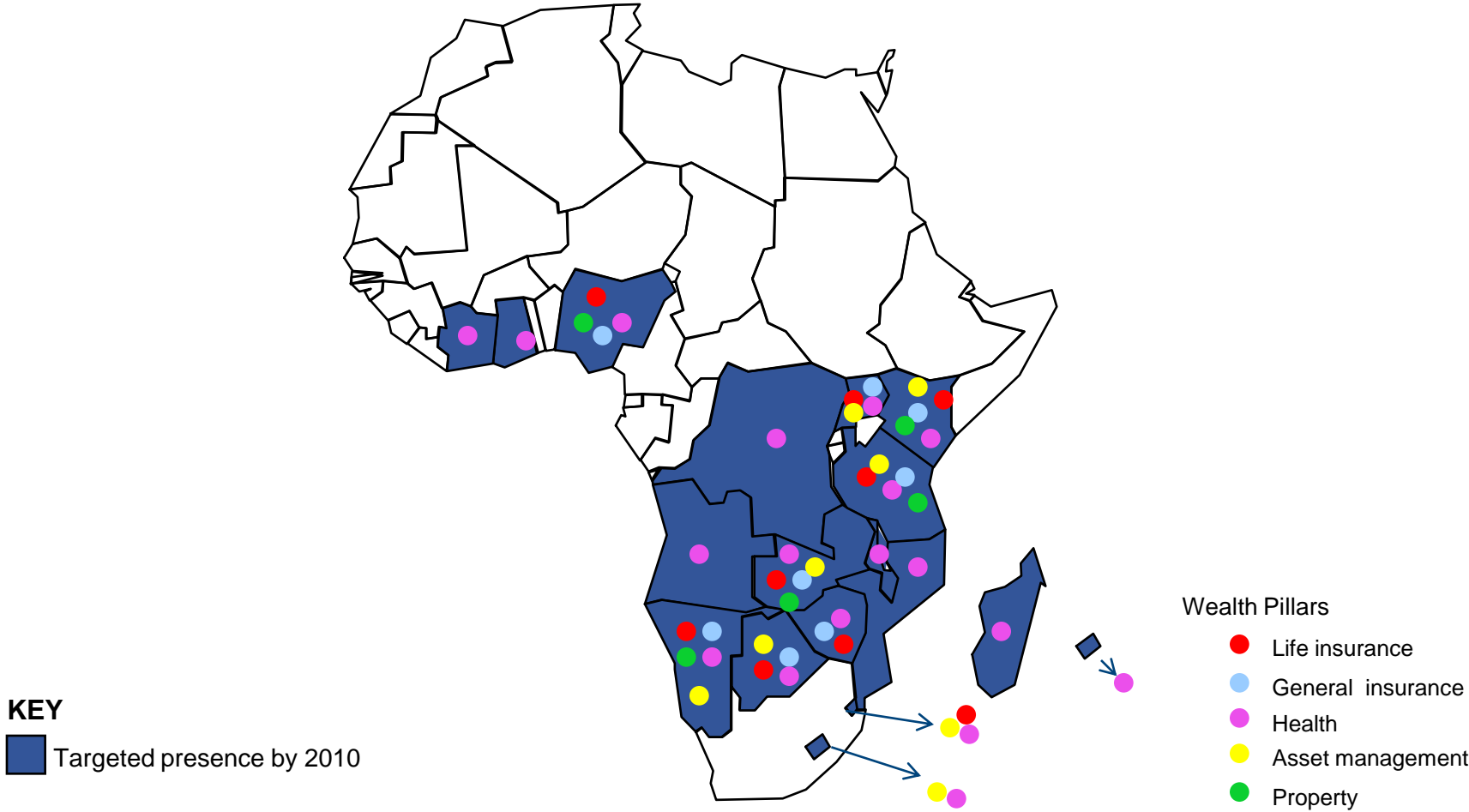
# Our current presence in the rest of Africa



# Standard Bank presence in the rest of Africa



# Countries and products we are targeting to be in by end 2010



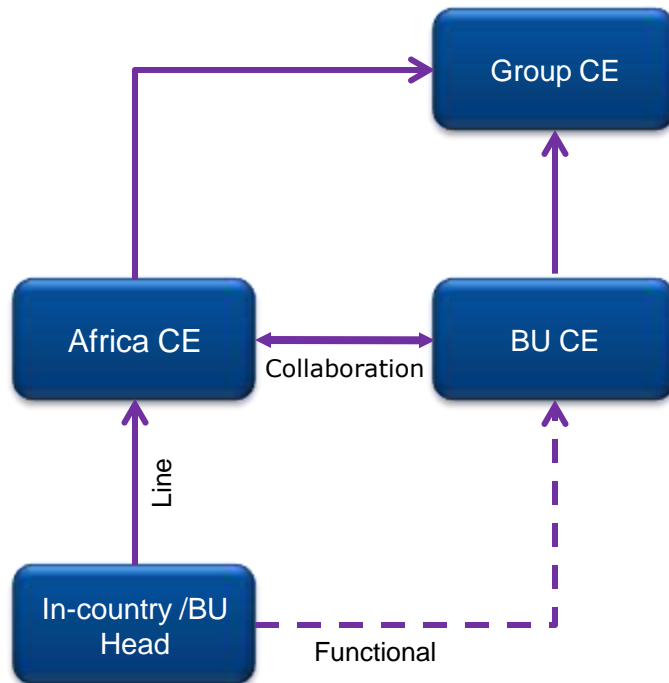
# Challenges faced by growing organisations

- Economic realities of business very different from one country to another and changing rapidly
- Competition getting bigger all the time
- Difficulties to integrate strategies including expansion in new territories
- Conflicting priorities
- Duplications and waste of resources due to misalignments
- No common language across regions and functions
- Multiple voices representing the company in a single location
- Cultural differences

To succeed in the future we need to disturb  
the present

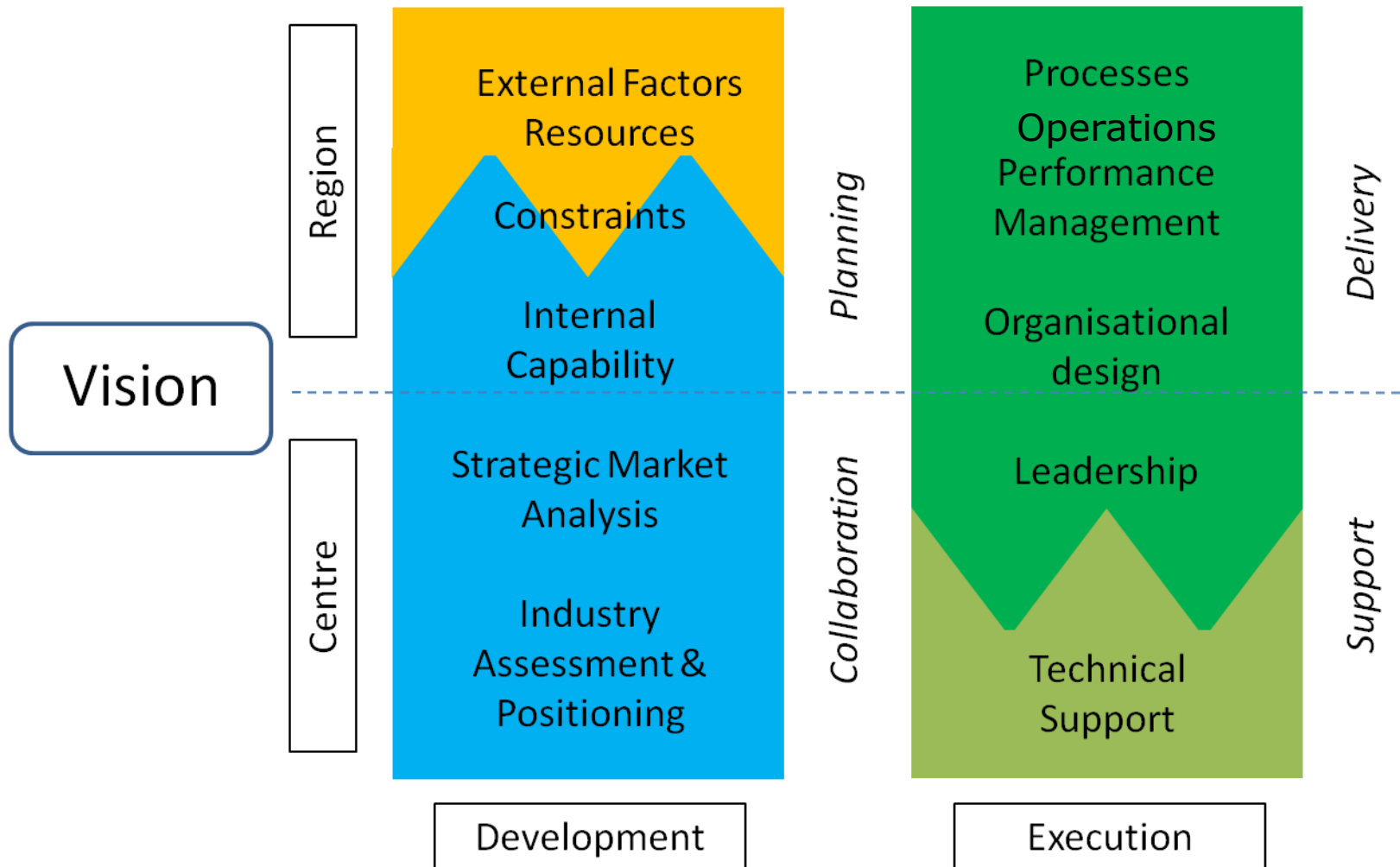
# Operational framework

Need for a structure that allows Liberty to address multiple business dimensions using multiple support and accountability structures

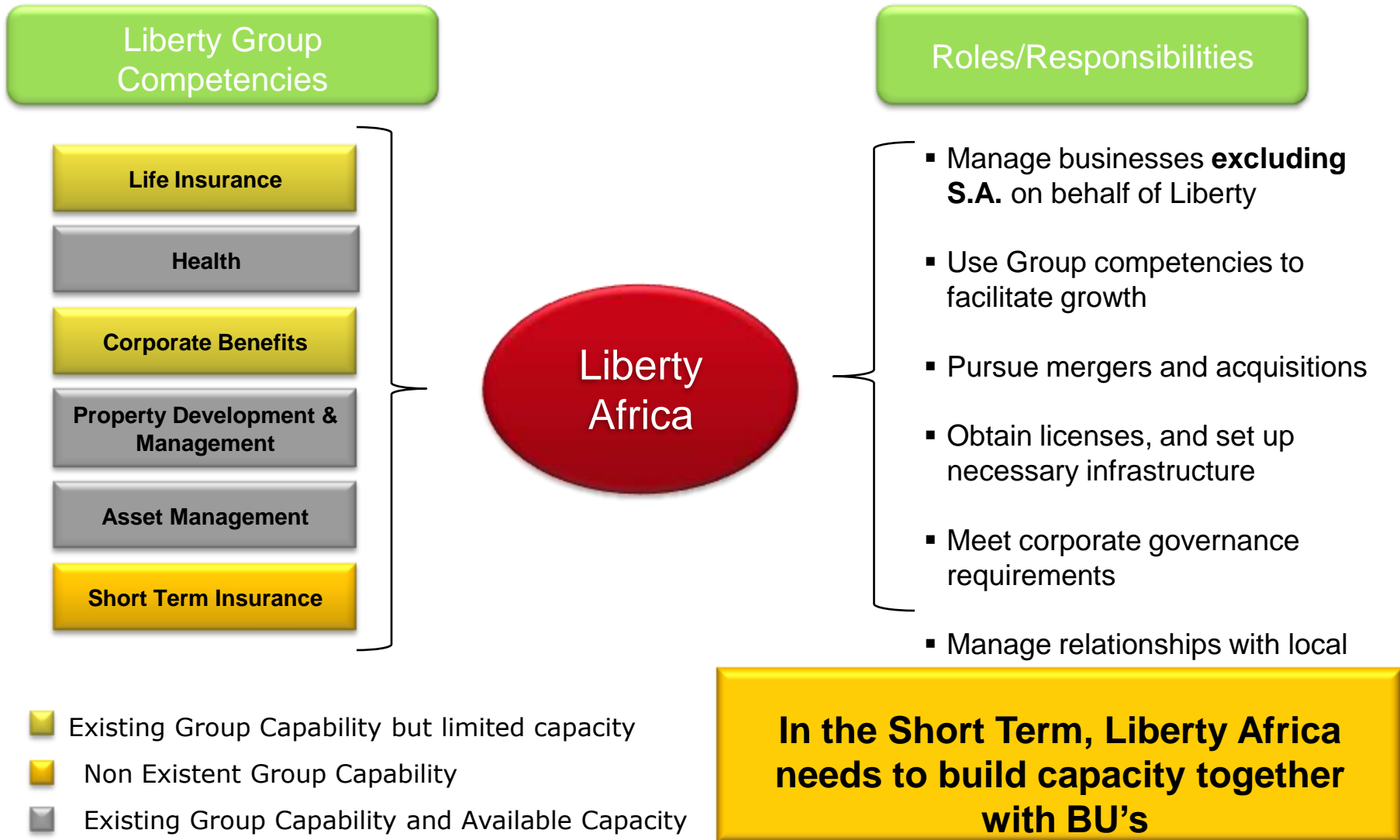


**One hierarchy is "functional" and assures that each type of expert in the organization is well trained, guided and measured functionally by a boss who is super-expert in the same field. The other hierarchy is "regional" or "divisional" and assures responsibility, authority and accountability**

# Strategy development and execution framework

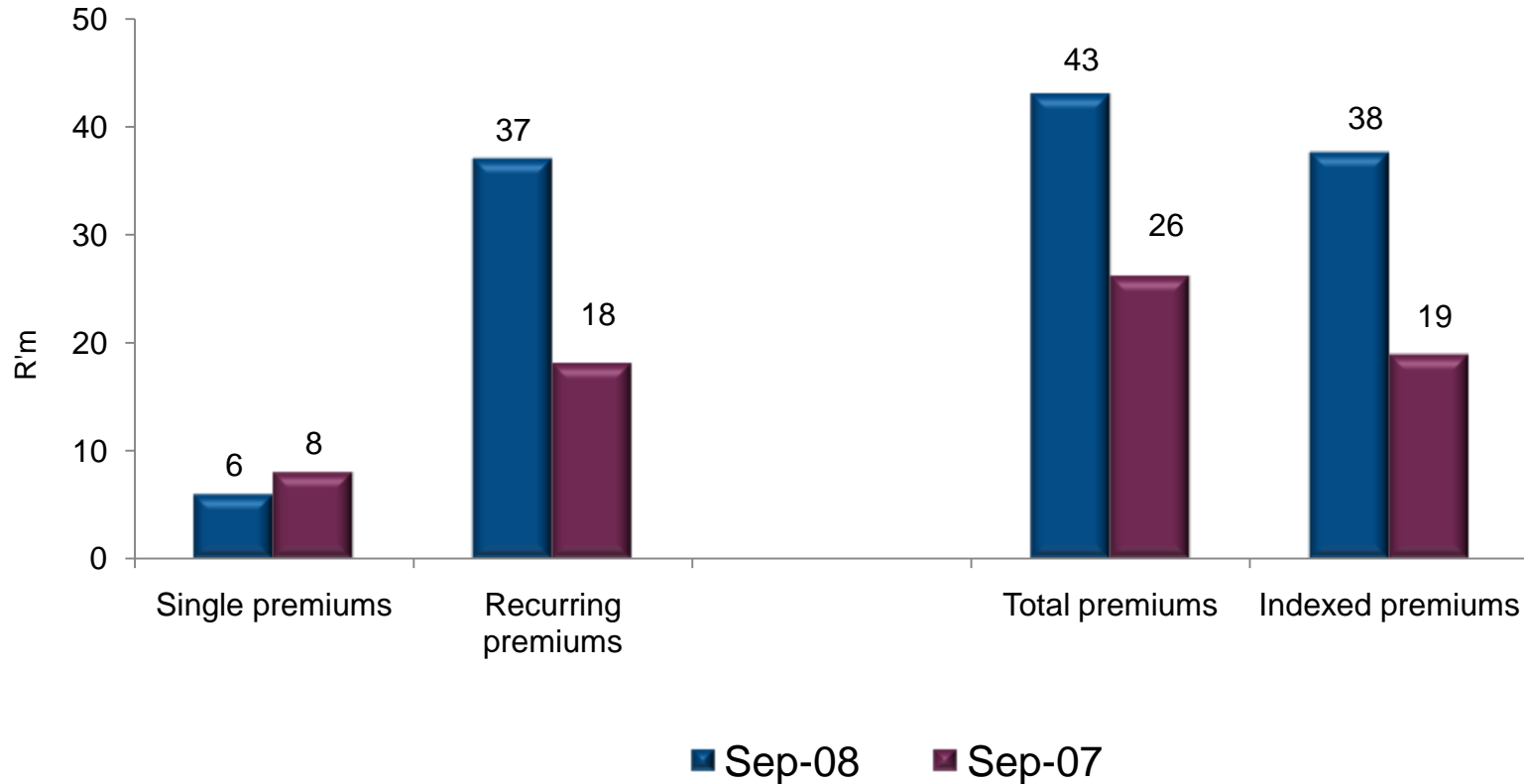


# Liberty Africa as an enabler of growth



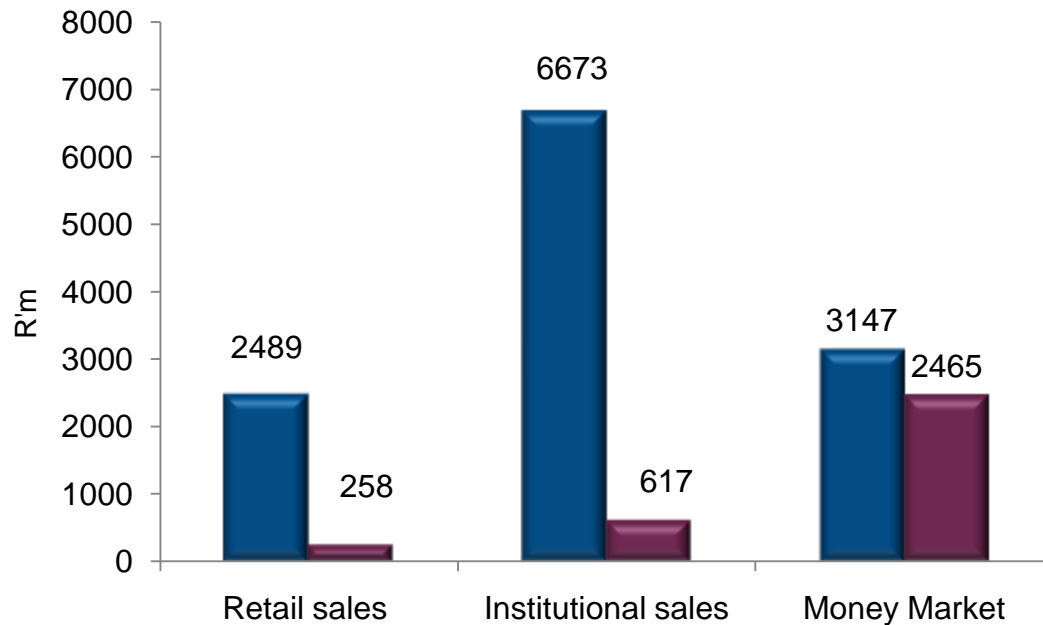
# Liberty Africa – Life assurance sales

## Life insurance - sales



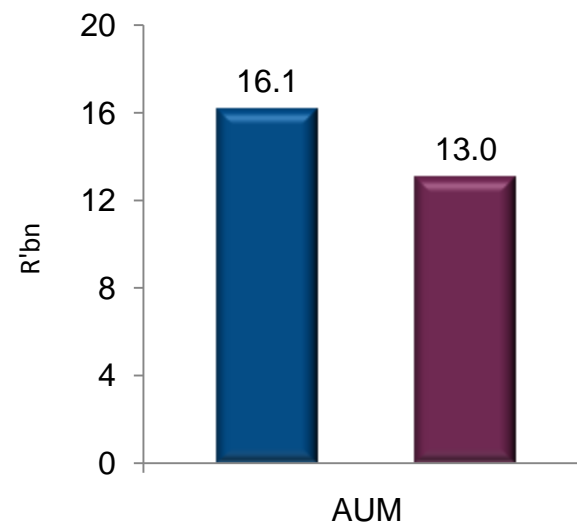
# Liberty Africa – Consolidated Financials

## Asset management - sales



■ Sep-08 ■ Sep-07

## AUM



■ Jun-08 ■ Dec-07

# How will we win?

## Core competitive advantages

- Attraction, development and retention of high-calibre individuals
- *Localisation of the workforce*
- *Innovation*
- *Local equity participation*
- Leveraging off our parentage and heritage
- *Well defined Corporate Social Investment strategy (License to Operate)*

## Key success factors

- Being ambassadors of Liberty
- Integrity (do what we say we will do)
- Respect for each other
- Win-win solutions
- Customer focused
- Getting things done (decisive action)
- Teamwork

## Some of the things to avoid...

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- Arrogance that characterises a complex of superiority
- Disrespect of local cultures and values
- Involvement in local politics
- Non adherence to our standards and values

# Conclusion

We have invested in positioning and creating structures to take advantage of the growth opportunities in Africa. We need now to start seeing a payback on this investment:

- Acquisitions in country
- Unlocking value from acquisitions
- Collaboration with Standard Bank

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# **Mark Bayley – COO**

## **Liberty Health**

## Why did we re-enter health?

- Health is an integral part of the financial services offering in South Africa
  - Defensive strategy to offer a Liberty branded health offering to sales channels
  - Growth through merger and acquisition of medical schemes in a consolidating market
- Private health is a significant growth opportunity in rest of Africa
  - Offensive strategy to penetrate new untapped markets
  - Favourable business model and regulatory environment
- Other wealth businesses can leverage off the health presence
  - Technology enabled low cost entry into new markets

Needed to get back into healthcare but with a differentiated model

# Health strategic summary

## Vision:

A global health business providing technology solutions in growing health markets

- This will be achieved by:
  - By owning our infrastructure, technology platform and data ensure ability to scale business model for growth
  - Growing and leveraging the benefits of scale in the administration business through health plan mergers, acquisitions and third party administration
  - Establishing business opportunities that leverage off the technology platform to generate additional revenue streams



**A technology enabled multi-revenue business**

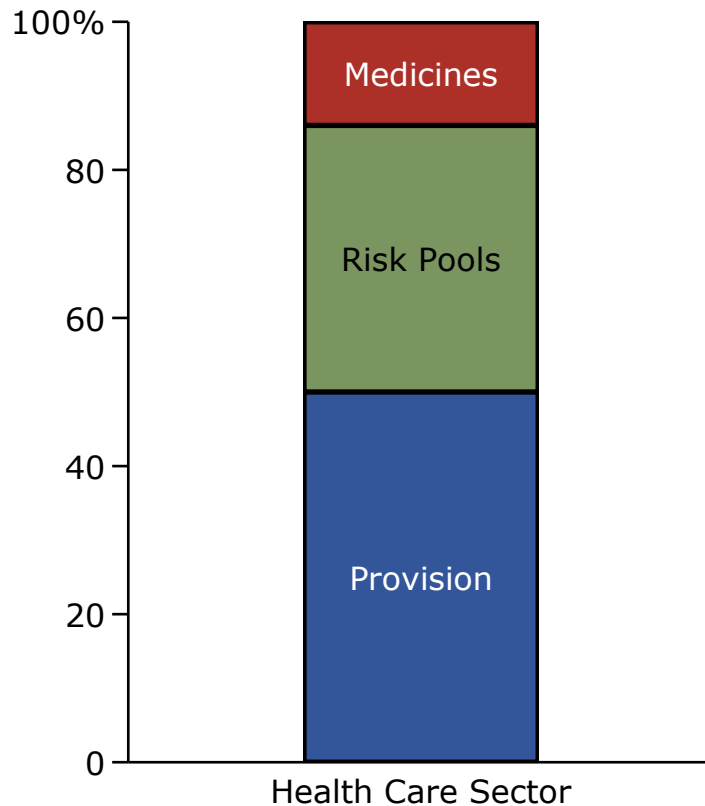
## Health – How do we make our money?

Sources of revenue	Description
Administration fees	Fees charged based on the number of principal members under administration
Technology license fee	Fees charged based on number of principal members on the technology platform
Risk profits	Available outside of SA only Profits based on premiums less claims and costs Profitability drivers comparable to short term insurance
Other fees	e.g. Road accident administration Disease management Expatriate & Evacuation Pharmaceutical distribution

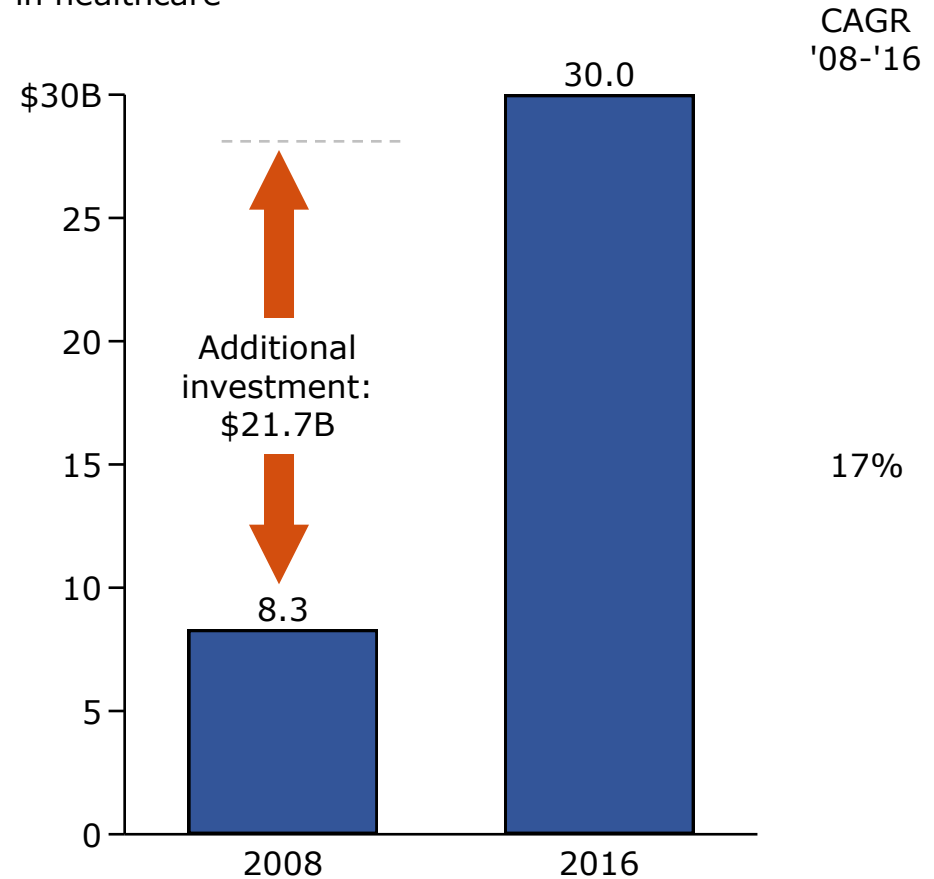
In SA any combination of the above excluding risk,  
ex SA any combination of the above

# Private investment mix of Sub Saharan African health sector

Proportion of investment

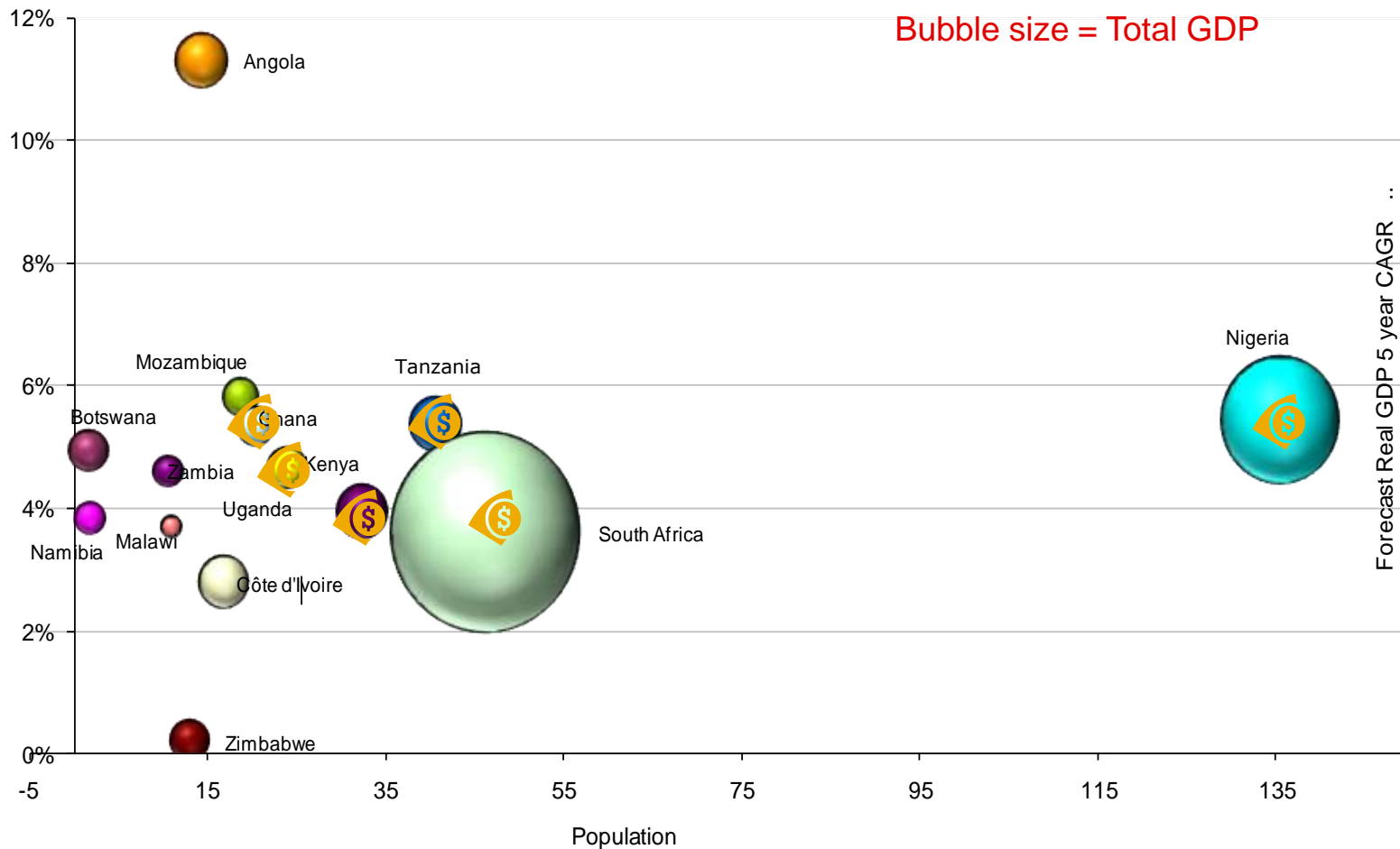


Private investment in healthcare



The increasing demand translates into \$20 billion of additional investment to the region's private sector health care infrastructure over the coming decade

# Strategy is to target growing markets with large populations and low private health penetration levels

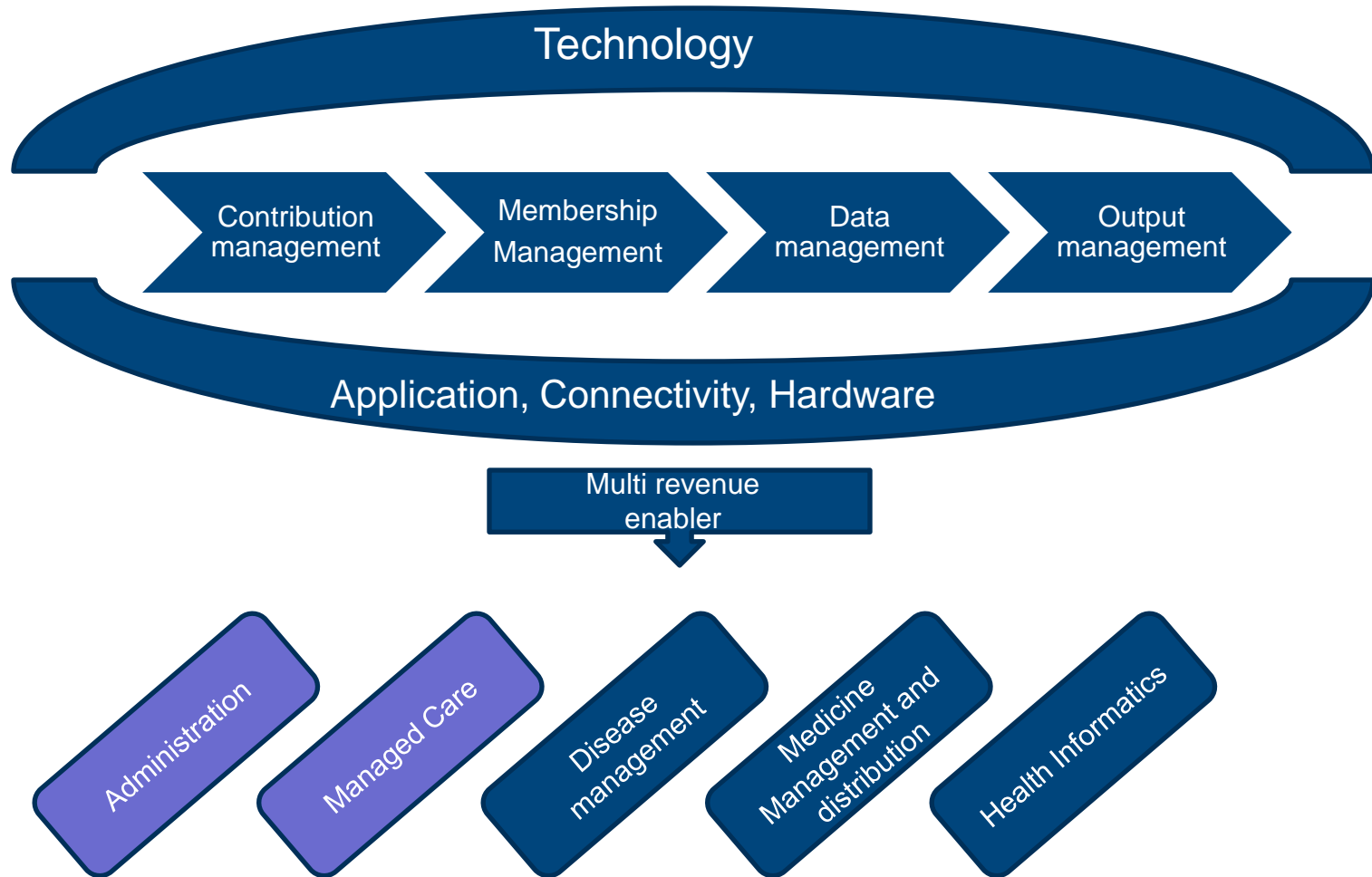


# Why Africa presents an attractive market for health

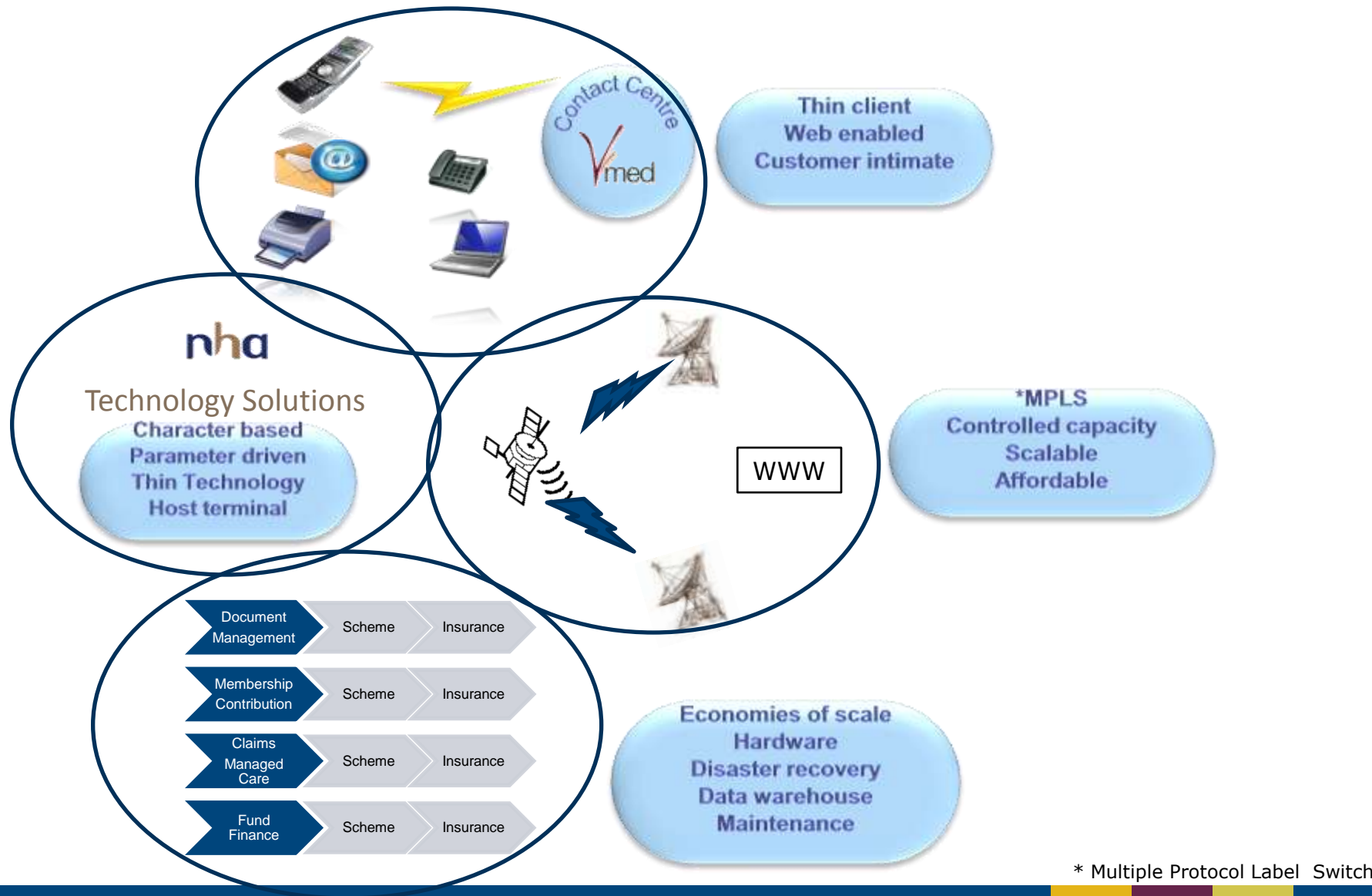
- Large populations and growth
- Low barriers to entry
- Favourable health business models
- Stanbic footprint
- Established provider networks
- Growing affinity with South Africa



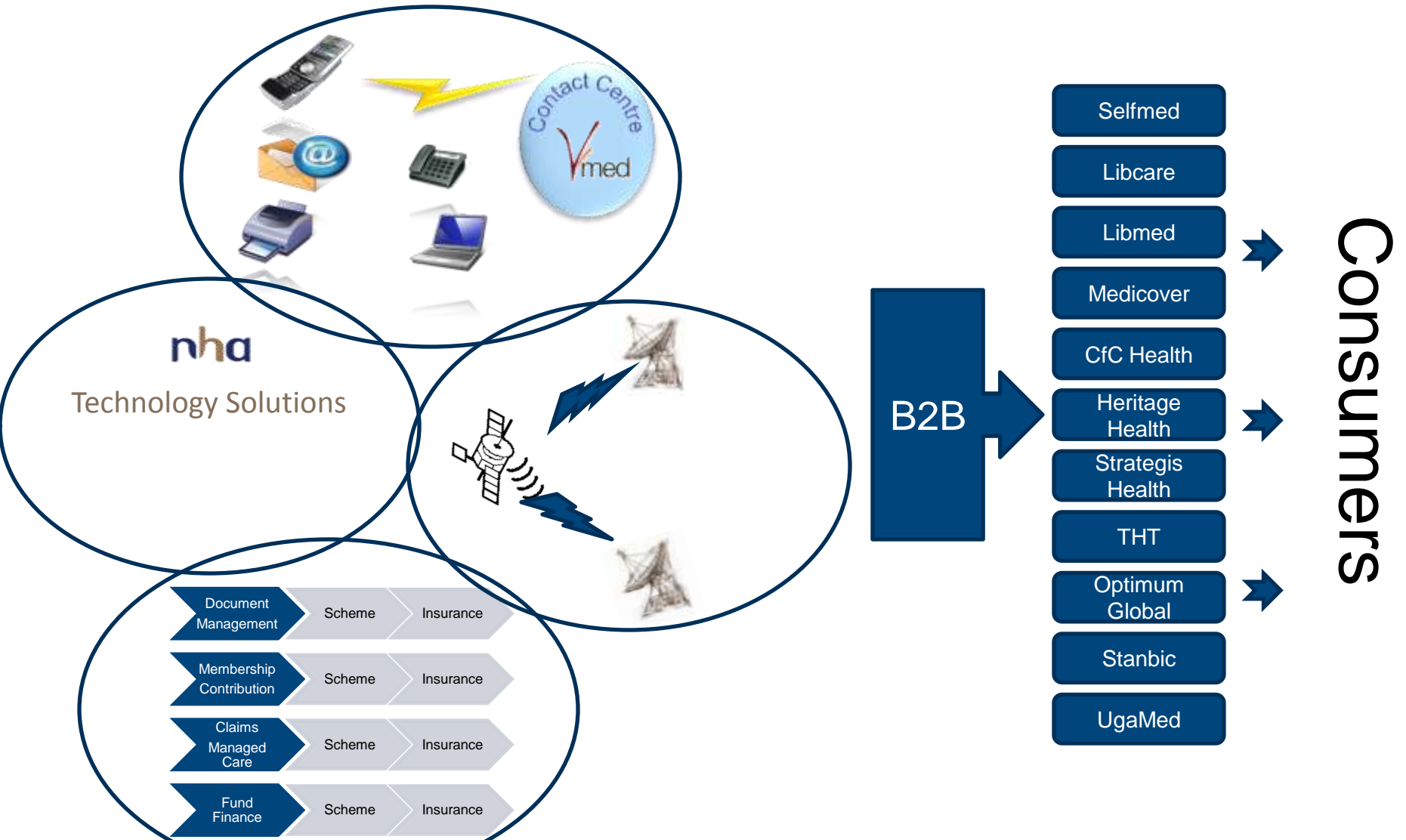
# Technology enablement is at the core of the business model



# Technology ensures a low cost scalable and replicable administration model



# B2B Administration model



## Health sources of revenue by 2011

	<b>Number of lives</b>	<b>Sources of profit</b>
<b>South Africa</b>	750,000	25% back office admin service 75% full admin service
	1,000,000	Technology ( software )
<b>Rest of Africa</b>	750,000	Administration services With risk profits
	1,000,000	Technology ( software )
<b>Other revenue</b>		Road accident administration Disease management Expatriate & Evacuation Pharmaceutical distribution

# Conclusion

- Health is still in start-up phase with focus on operational structures
- Current new business pipeline secured for first year of operation (2009)
- Focus is to move swiftly to secure leading pan African presence
- Growth markets outside Africa identified for phase 2

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# **Samuel Ogbu - CEO**

## **Liberty Properties**

## Key messages for Liberty Properties

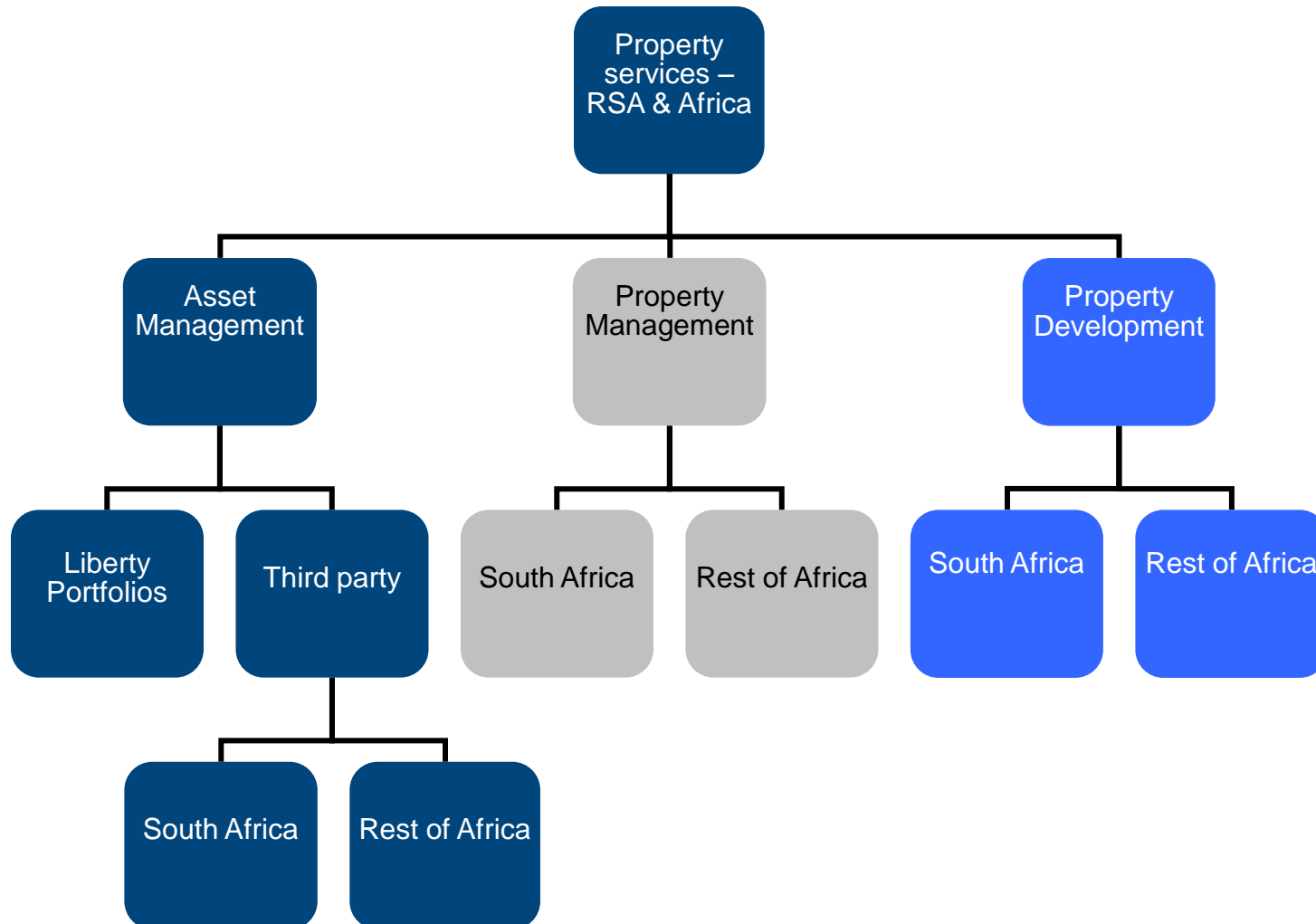
- Transitioning from a single-stranded property management business to a property-focused emerging market wealth brand with multiple clients and earning streams
- Will leverage its heritage in property and its iconic portfolio of highly sought after assets to create an Africa-wide property franchise deriving earnings across the property spectrum
- Will leverage the new structures being created within Liberty to drive growth through increasing assets under management without straining the Group balance sheet
- Will collaborate with Standard Bank Properties to maximise opportunities across the Standard Bank African footprint
- Will work in partnerships with other players in the property market to secure property business. Growth in the property management business in particular may require an empowerment transaction and other transformational steps
- Well positioned for substantial growth in earnings driven by increased development activity in South Africa and the rest of Africa, and revitalised property management and asset management capabilities

# Properties strategy summary

- Contribute meaningfully to Liberty earnings through:
  - Securing superior property capacity to feed property backed product sales
  - Maximising returns on behalf of policyholders
  - Identifying and exploiting opportunities to leverage additional returns for shareholders
- We will attain our objective by:
  - Implementing leadership processes that will attract and retain top management and technical talent
  - Creating a compelling value proposition for third party business customers
  - Developing a culture of customer focused bias for execution throughout the business

**We are moving from being a property division of an SA insurer to becoming a property focused emerging market wealth brand**

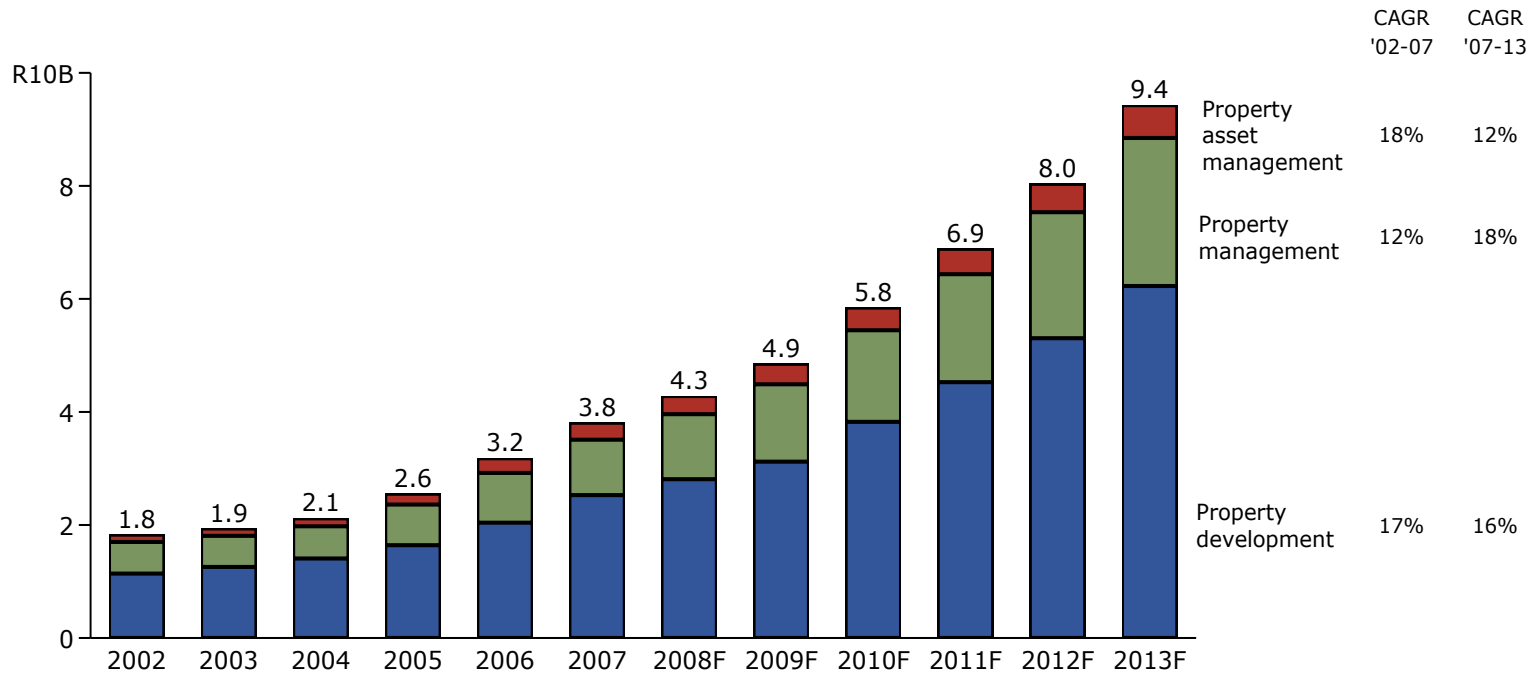
# Property services sector growth opportunities



# South African property services market

ESTIMATES

Outsourced market revenue

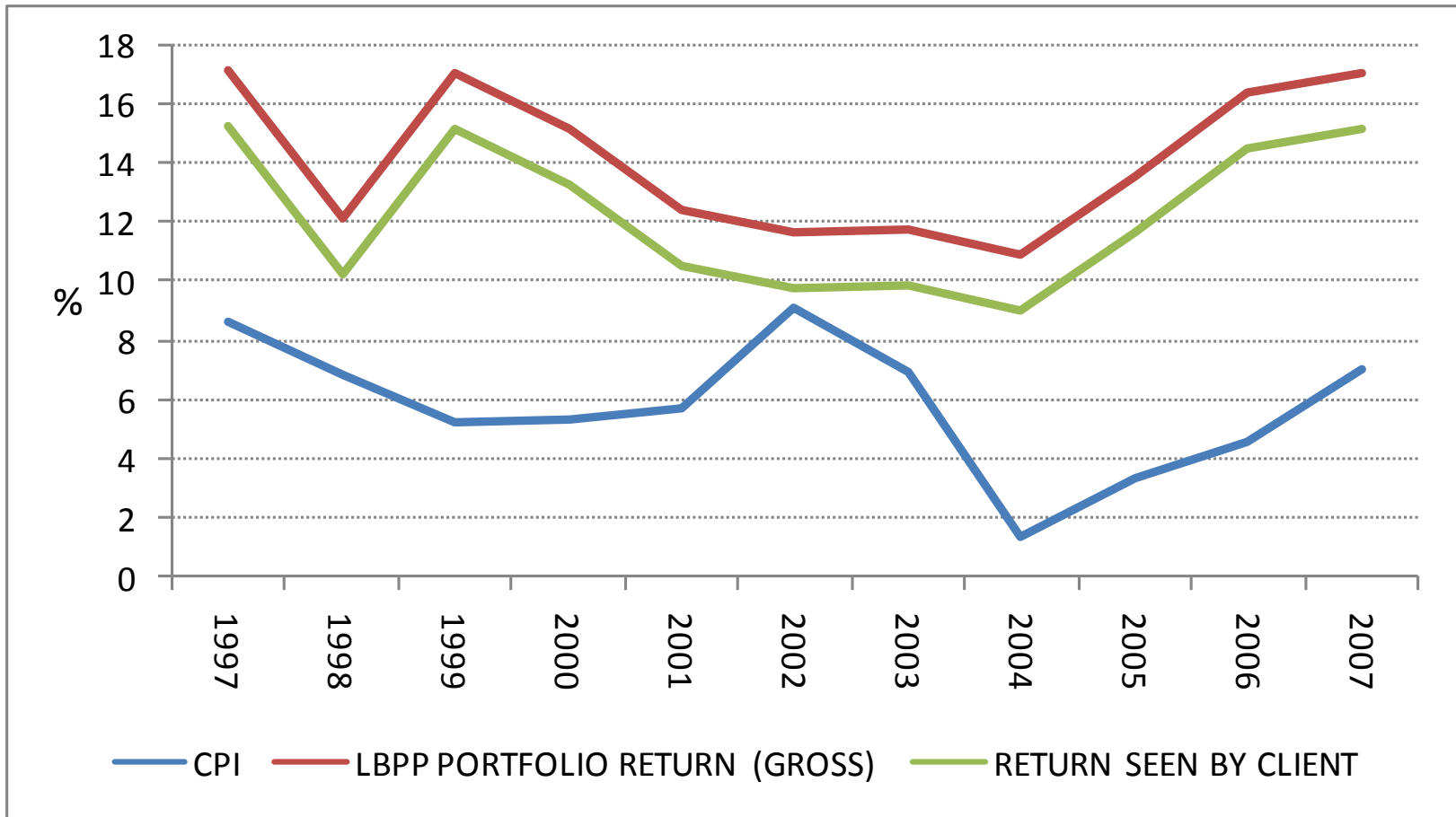


**The property services market is estimated to be growing at 16% p.a. with the most substantial opportunities being in property development**

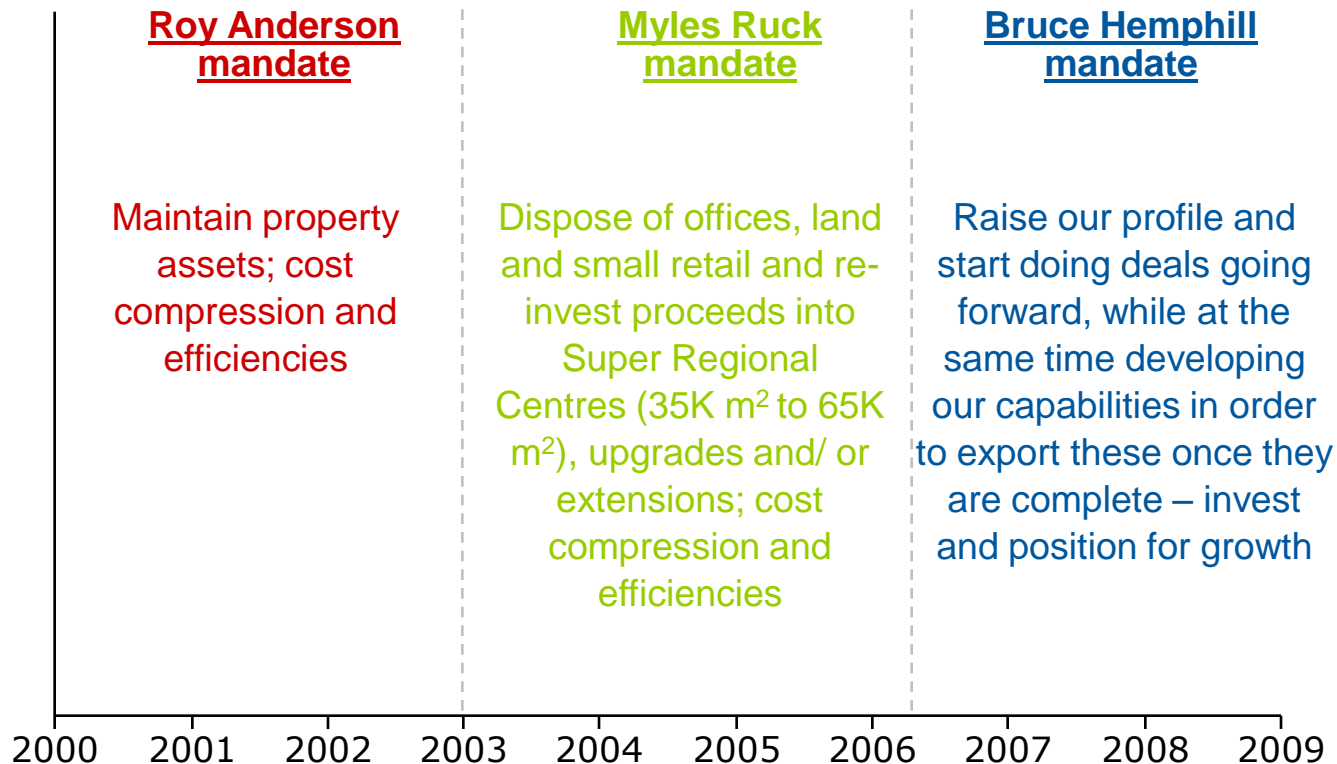
# Properties internal analysis

- The key strengths of the business are:
  - The prime quality of its portfolio of assets
  - Access to Liberty and Standard Bank's footprint
  
- Significant steps have been taken to position the property business for growth that can deliver a more meaningful earnings stream for Liberty
  
- Substantial work is still required at both strategic and operational levels
  
- Changes in leadership are in progress, new talent is being recruited and the business is being infused with fresh, positive, growth oriented thinking

## Property performance vs. CPIX over 10 years



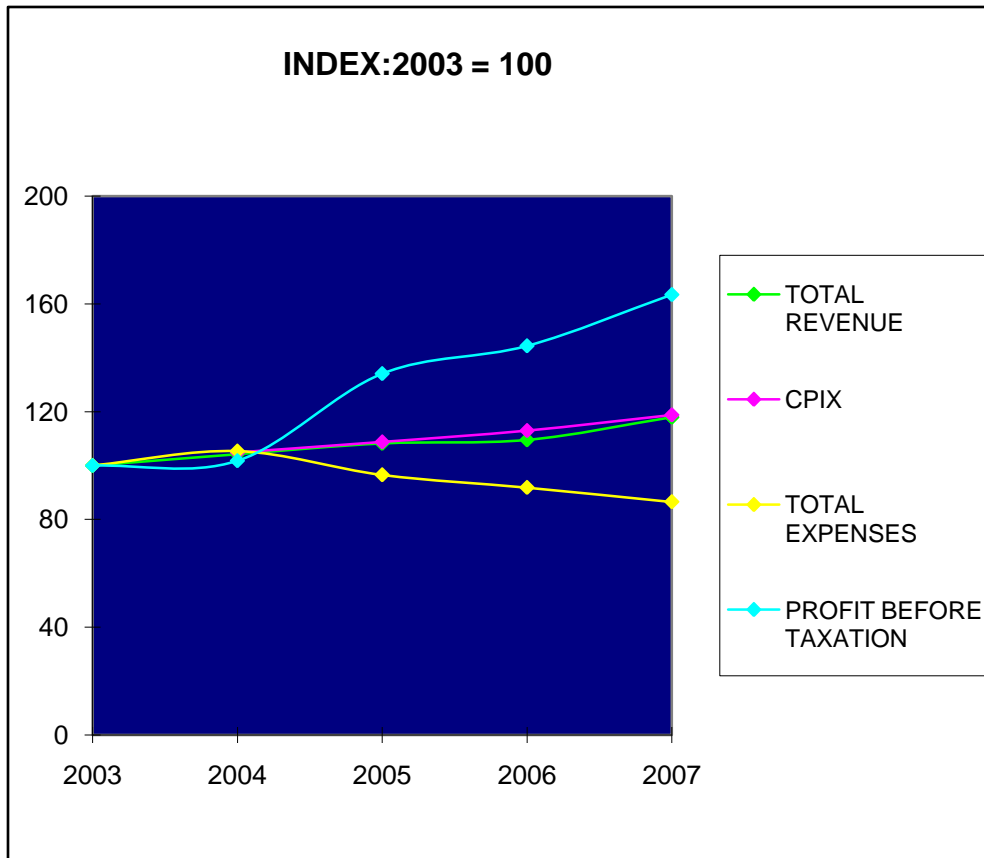
# Properties historical context



The business has delivered in term of its previous mandate to maintain assets and minimise costs

# Historical performance

## Historical mandate

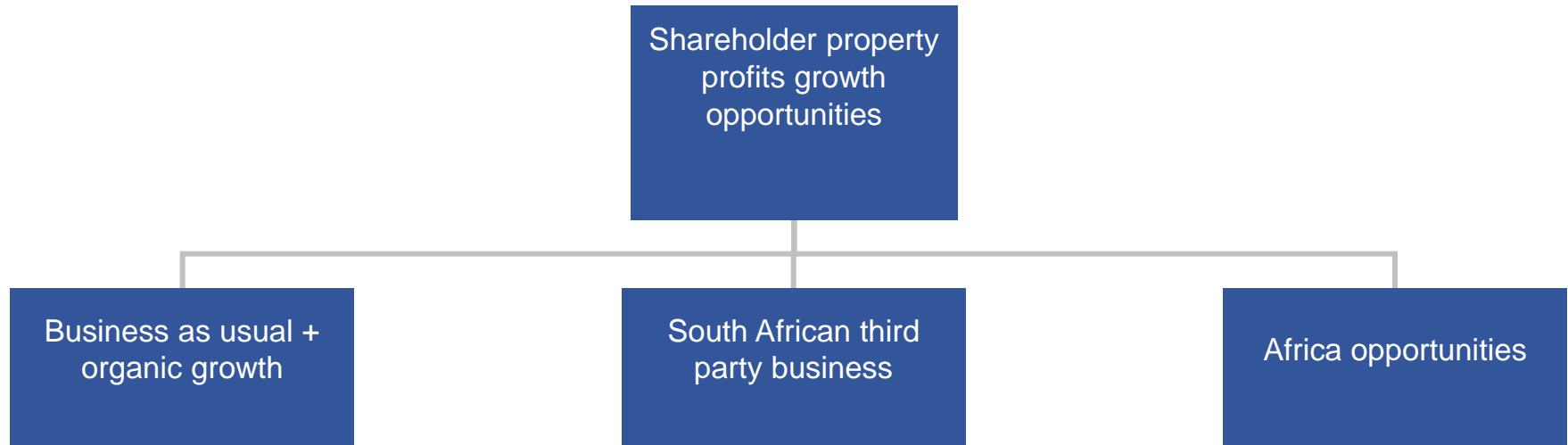


## New mandate

- Going forward, the drivers for earnings growth will be:
  - Growing assets under management without straining balance sheet capacity
  - Pursuing third party business in South Africa and the rest of Africa
  - Leveraging the Liberty and Standard Bank relationship

**We have delivered on the historical mandates of growing profits by cutting costs but now need to pursue top-line growth**

# Shareholder profit growth opportunities



- Optimise internal opportunities
- Develop new product offerings
- Improved balance sheet capacity
- Penetrate institutional market
- Growth through private equity fund

## Opportunities in Africa to date

Country/ Region	Projects
▪ Zambia	▪ Mixed-use development for NAPSA
▪ Namibia	▪ Legislative change requiring investment in unlisted real estate for institutional funds
▪ Swaziland	▪ Development opportunity for retail and office space
▪ Nigeria	▪ Collaboration with Liberty Africa and Standard Bank Properties
▪ East Africa	▪ Leisure and hospitality opportunities – option to create product for South African and outside investor markets

# Fountainhead growth opportunities

- **The share in Fountainhead was acquired to:**
  - Support diversification of property revenue stream
  - Provide a platform for collaboration with Standard Bank
  - Provide platform to be a consolidator in the listed property sector
  - Increase property management opportunities
  - Afford a better balance of assets across the Liberty Group



**Our investment in Fountainhead has yet to be fully leveraged**

## Properties strategy reaffirmed

- Properties aims to be a meaningful contributor to the earnings growth of Liberty by:
  - Securing superior property capacity to feed product-backed sales,
  - Maximising returns on behalf of policyholders
  - Seeking opportunities to leverage additional returns for shareholders
  
- In order to attain its vision of becoming the premier property brand in Africa, Properties will leverage the resources of Liberty and Standard Bank to create iconic and exciting property environments in strategic locations in Africa by:
  - Attracting and retaining top management and technical talent
  - Creating a compelling value proposition for third party property owners and
  - Entrenching a customer focussed bias for execution throughout the business

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# Bruce Hemphill

## Conclusion

# The way forward

## How we plan to increase profit in South Africa

MaD: more assets at lower cost

Individual Life

- Maintain market share by improving the client proposition, while focussing on retention and efficiencies

Corporate

- Grow market share in mid to large schemes, while driving efficiencies

LibFin

- Improved balance sheet management through risk mitigation

STANLIB

- Grow equity market share through sustained performance and an enhanced offering to IFAs in the HNW space

Health

- Grow Liberty Health Medical Scheme through scheme amalgamations, and then cross-sell into consolidated customer base

Properties

- Continue to build on the current property base while offering management and development services to 3<sup>rd</sup> parties

Short term

- Grow market share by leveraging Liberty's distribution capabilities and increased product lines

High net worth

- Grow market share and protect existing customer base by creating the capacity to service HNW clients directly and through intermediaries

# How we plan to increase profit in Africa



- Secure leading position in East Africa through CfC and UAP transactions
- Enter Nigeria off the back of Health and general insurance...seek alternative opportunities that allow entry with scale
- Consolidate Namibia and Botswana in Southern region and leverage Standard Bank relationship

# Liberty is still playing catch-up

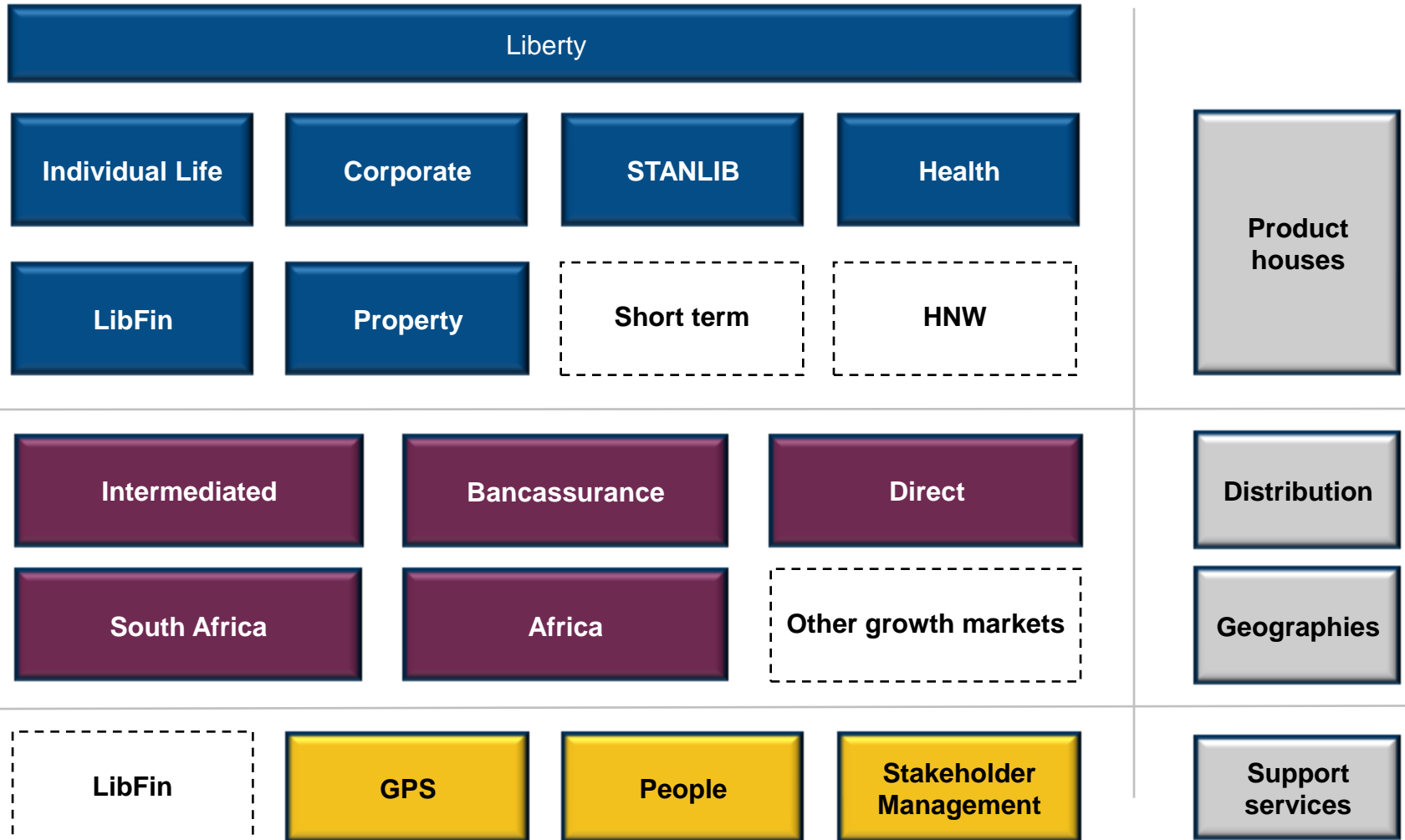
	2006	2008
<b>Life (on balance sheet)</b>	✓	✓
<b>Asset management (off balance sheet)</b>	✘	✓
<b>LISP (open architecture platforms)</b>	✘	✓
<b>Short term insurance</b>	✘	✘
<b>Healthcare</b>	✘	✘
<b>HNW*</b>	✘	✘
<b>Geographic Diversification</b>	✘	✘

\* Includes bespoke asset management, broking, private equity, trusts and estates, private banking

✓ Significant presence  
✘ Minor presence

✘ Very small or no presence

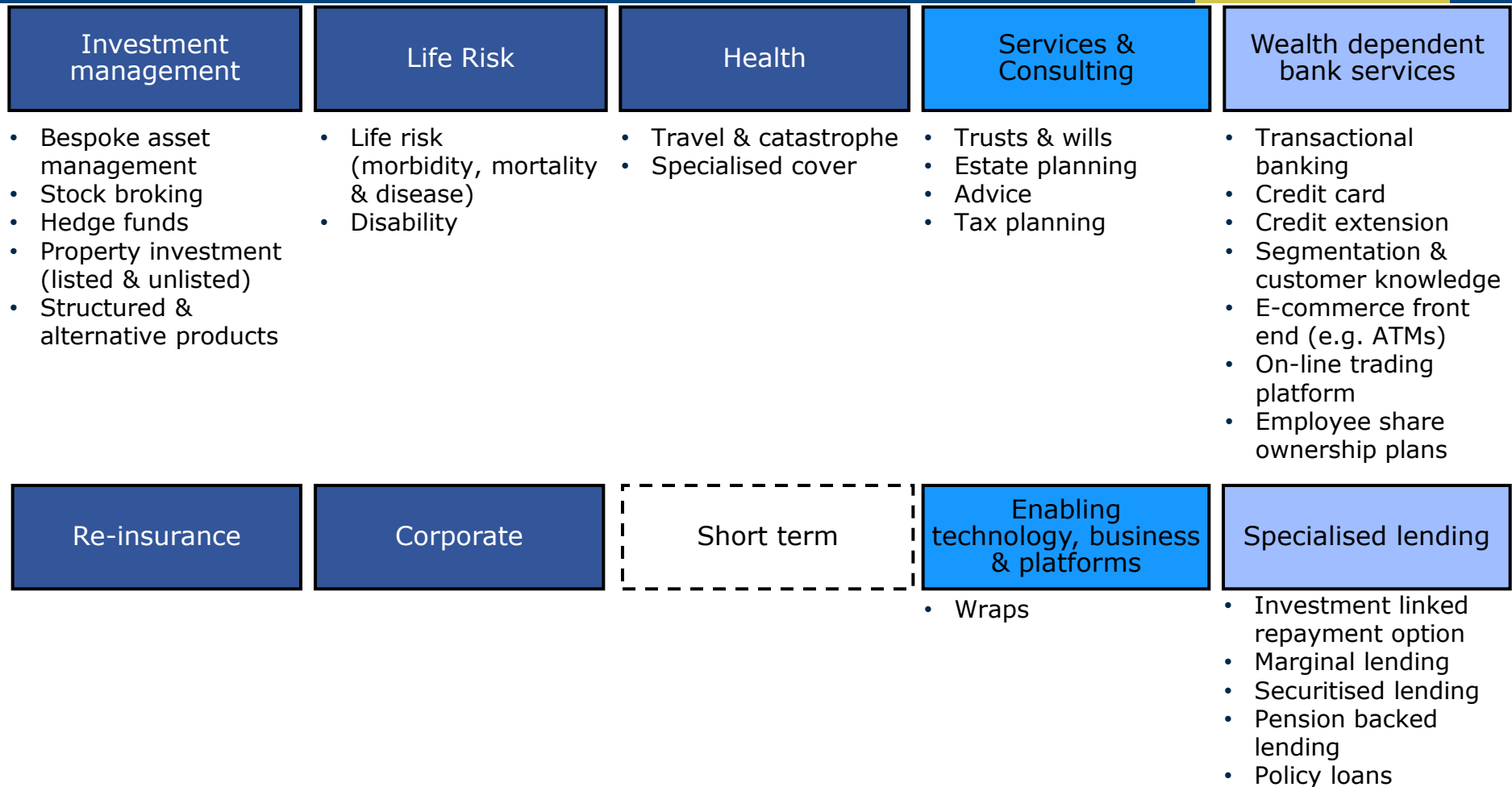
# While we have broadened our wealth offering over the past year, several gaps remain



# Short-term insurance supports the Liberty vision – why?

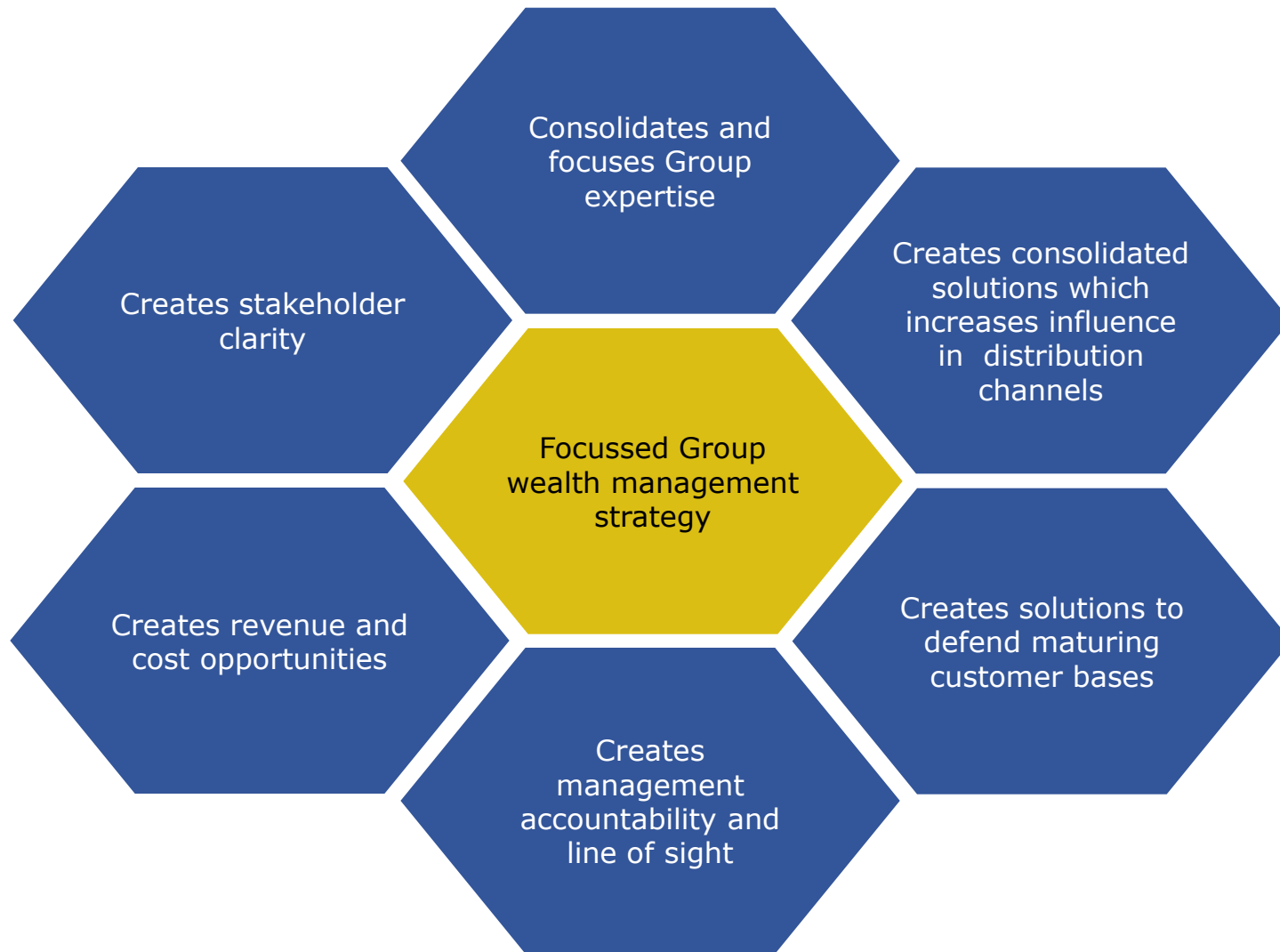


## The HNW segment requires a bundled set of products and solutions



**Without a cohesive offering, Liberty will not be able to service top-end clients.**

## A focused wealth management strategy has obvious advantages for the broader Group



## The way forward

- Complete the Liberty Group restructuring under a non-regulated holding company
- Continue to diversify away from an over-reliance on SA life assurance
- Focus on strengthening our existing businesses in order to:
  - Entrench position in current markets
  - Fund expansion into new markets
- Review short term and HNW initiations with Standard Bank
- Re-negotiate Bancassurance initiatives
- Expand into new markets



**The creation of a distinctive and compelling Pan-African and emerging markets wealth business**