

LIBERTY HOLDINGS LIMITED

LIBERTY AFRICA

Bernard Katempa – CEO



About Liberty

Liberty is a diversified wealth management company comprising the following business pillars:

- Life insurance;
- General insurance;
- Asset management;
- Health; and
- Property management and development

Liberty has been at the forefront of South African financial industry innovation

- First life company to list on the Johannesburg Stock Exchange
- Launching the first retirement annuity in South Africa
- Co-founding the first unit trusts (mutual funds) in South Africa

Liberty remains steadfastly committed to ensuring long-term sustainability and transformation

Standard Bank is its majority shareholder with 53% equity

Liberty operates in South Africa and other selected African countries

[50 Years.mpg](#)

Liberty Africa Vision

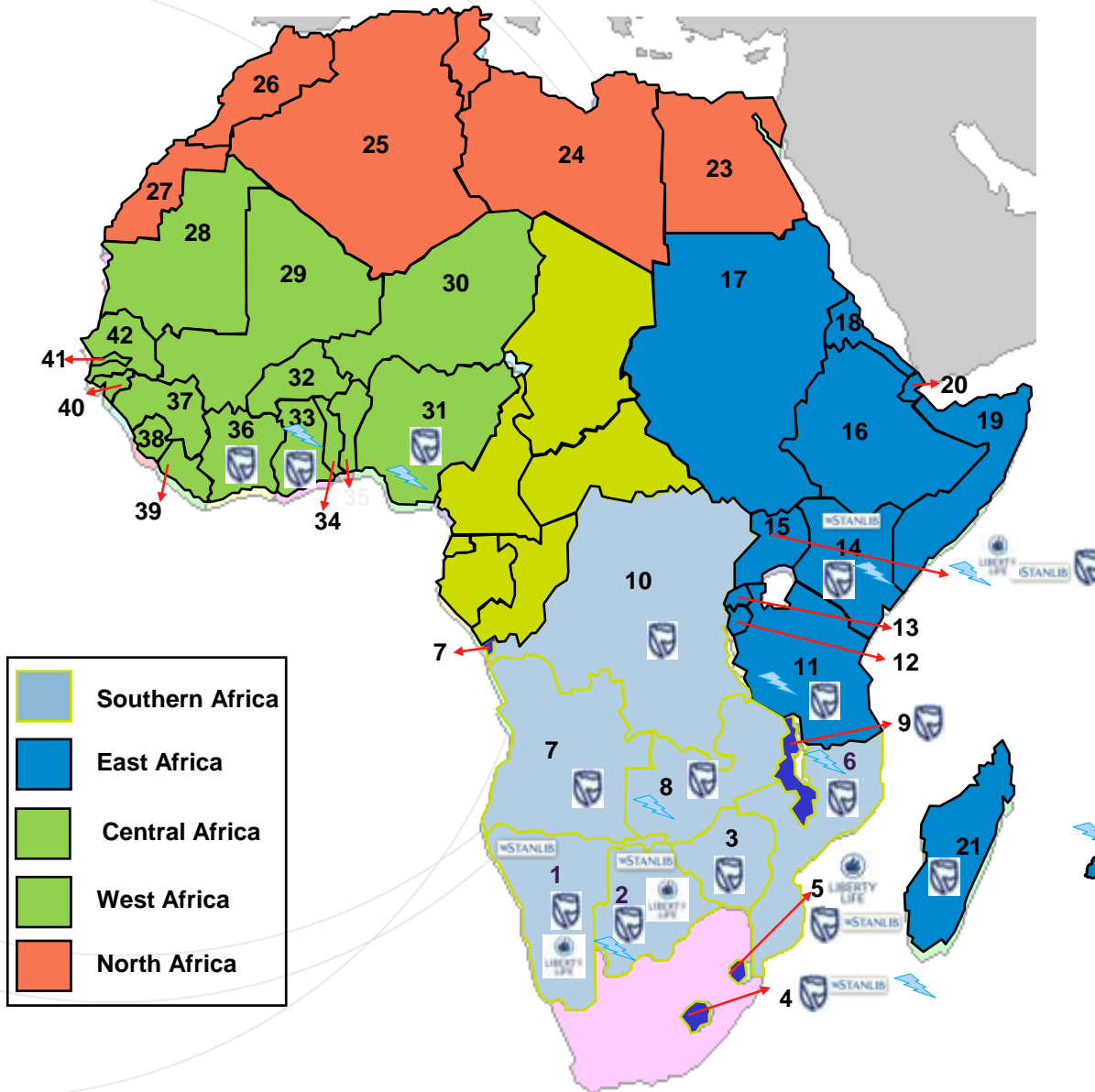
As Liberty Africa we will strive to own the wealth management industry in the rest of Africa by defining the related landscape

We will offer the best personalised, end-to-end customer experience through our ability to enlist and mobilise our people, partners and other stakeholders

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



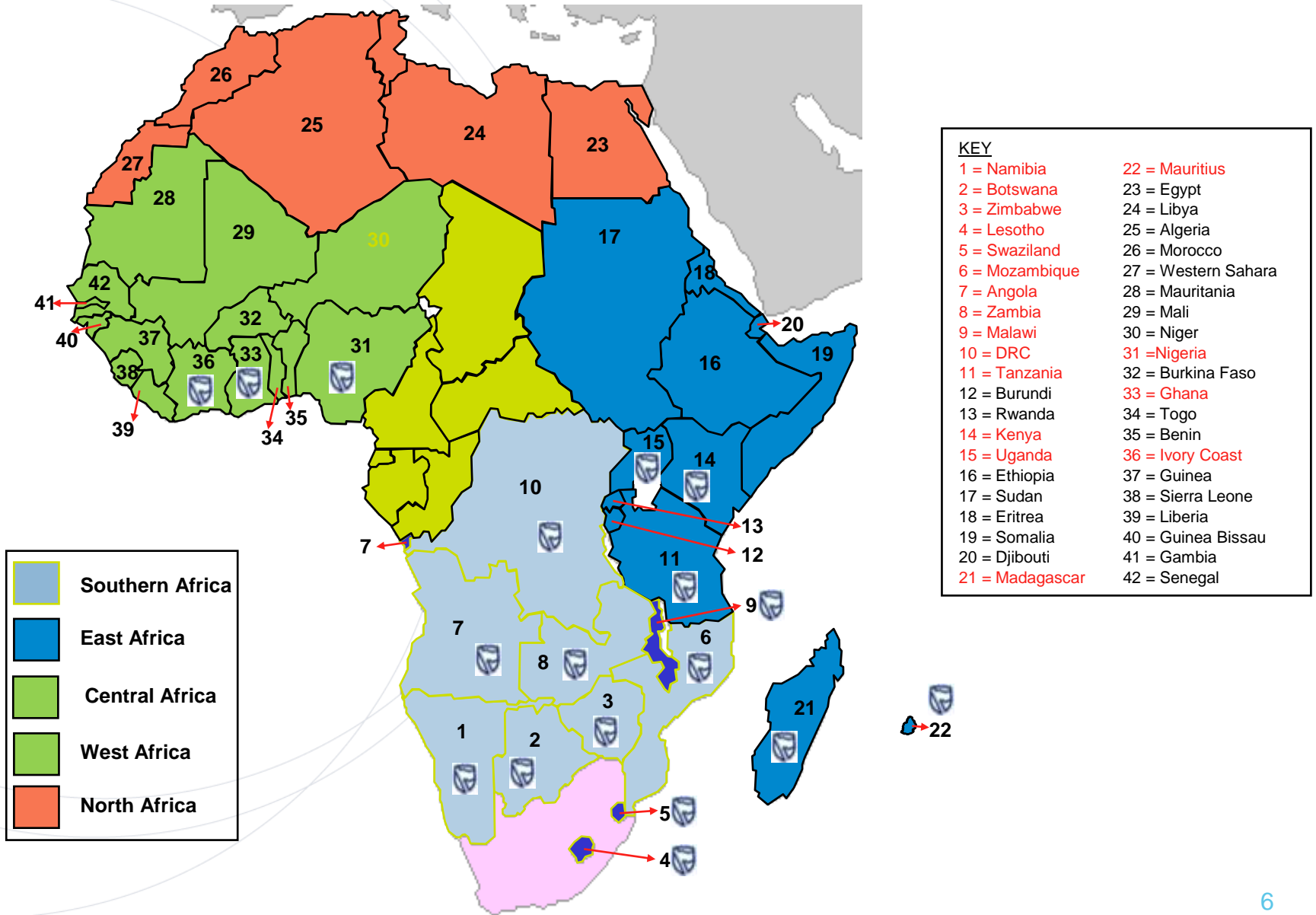
- Southern Africa
- East Africa
- Central Africa
- West Africa
- North Africa

KEY

1 = Namibia	22 = Mauritius
2 = Botswana	23 = Egypt
3 = Zimbabwe	24 = Libya
4 = Lesotho	25 = Algeria
5 = Swaziland	26 = Morocco
6 = Mozambique	27 = Western Sahara
7 = Angola	28 = Mauritania
8 = Zambia	29 = Mali
9 = Malawi	30 = Niger
10 = DRC	31 = Nigeria
11 = Tanzania	32 = Burkina Faso
12 = Burundi	33 = Ghana
13 = Rwanda	34 = Togo
14 = Kenya	35 = Benin
15 = Uganda	36 = Ivory Coast
16 = Ethiopia	37 = Guinea
17 = Sudan	38 = Sierra Leone
18 = Eritrea	39 = Liberia
19 = Somalia	40 = Guinea Bissau
20 = Djibouti	41 = Gambia
21 = Madagascar	42 = Senegal

Health

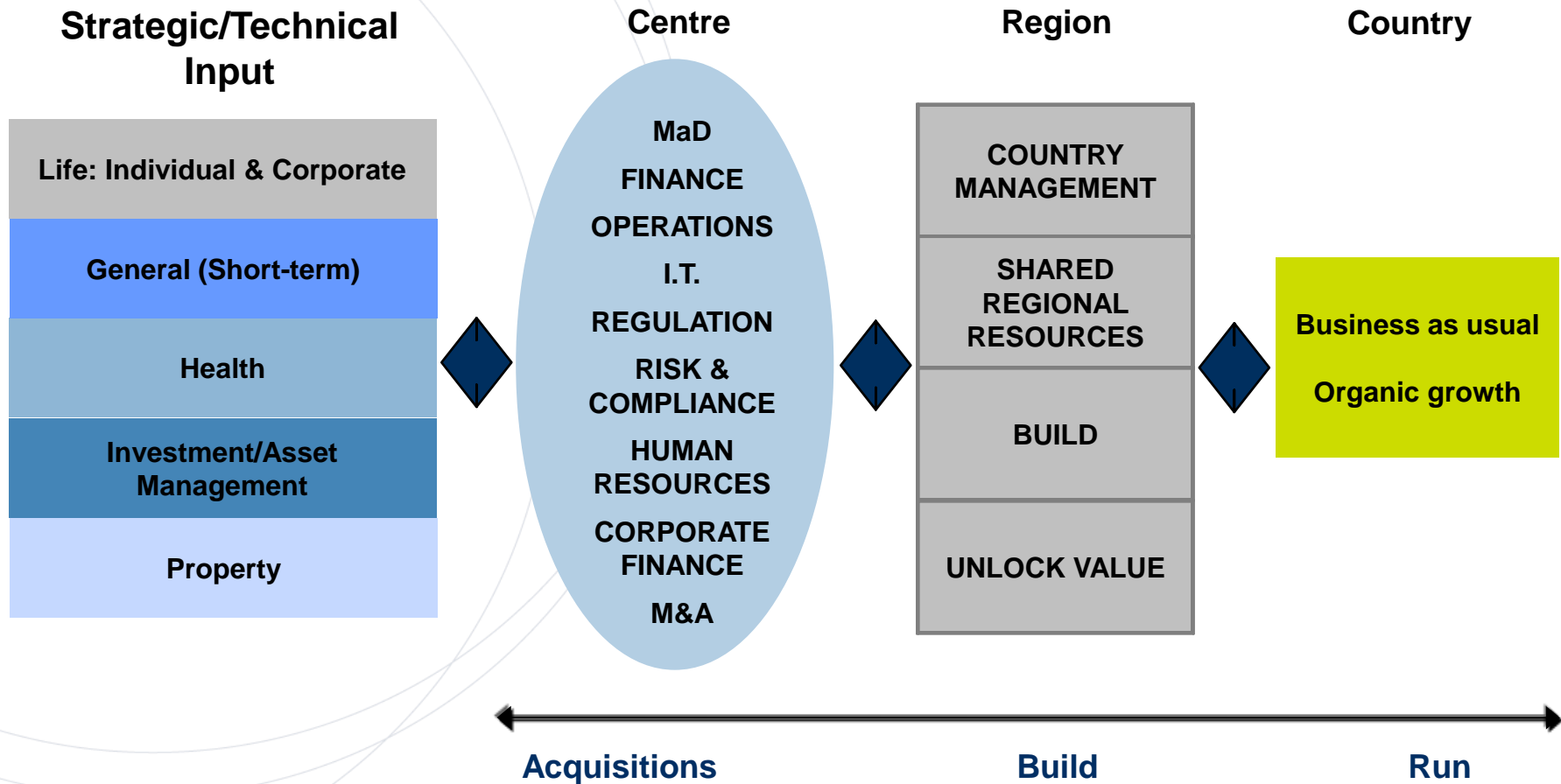
Standard Bank presence in the rest of Africa



Market Segmentation

Established Markets	Bank Markets	Priority Markets
<p>These are markets where we have representative offices and operate components of the broad based diversified Wealth Business.</p>	<p>Bank markets related to those markets where Standard Bank infrastructure creates opportunities for Product embedded in the Bank Sales propositions (Embedded Product). Insufficient commercial opportunity or a lack of resource prioritization exist to establish self contained infrastructure build.</p>	<p>These are markets where we have ambitions to either extend the scope of operations into diversified business lines, or where there exists sufficient scope to scale businesses to the extent that they make a significant economic contribution to the Group.</p>

Operational framework

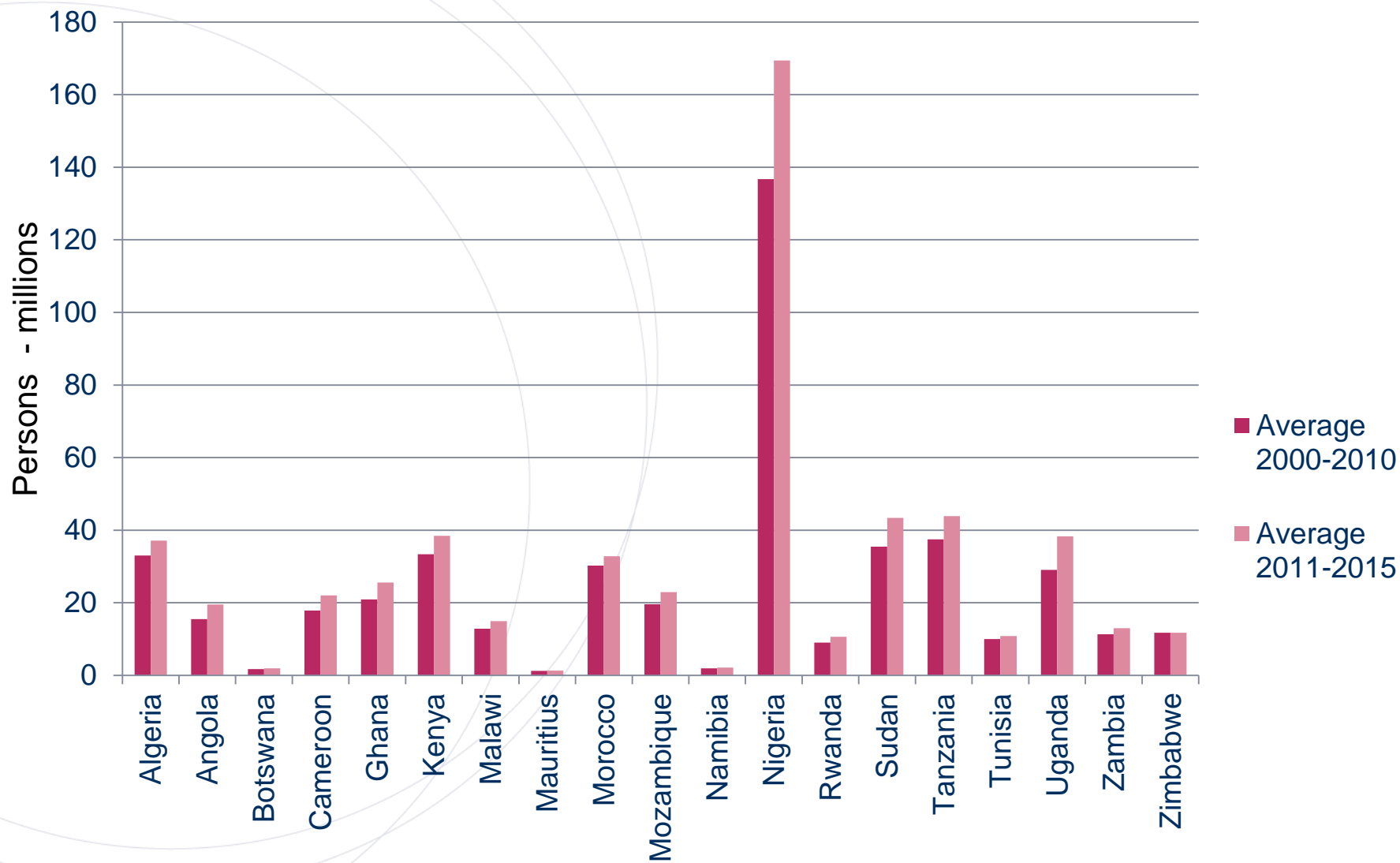


Wealth potential in Africa

Africa Today		Africa Tomorrow	
Collective GDP in 2008 , rough equal to Brazil's or Russia's	USD 1.6 trillion	Collective GDP in 2020	USD 2.6 trillion
Combined consumer spending in 2008	USD 860 billion	Consumer spending in 2020	USD 1.4 trillion
New mobile phone subscribers signed up in Africa since 2000	316 million	Africans of working age in 2040	1.1 billion
Share of the world's total amount of uncultivated, arable land	60%	Households with discretionary income in 2020	128 million
Cities with more than 1 million people each	52	Proportion of Africans living in cities by 2030	50%
Companies with revenues of at least \$3 billion	20		

Organisations need to position themselves in selected territories to benefit from anticipated growth – first mover advantage critical.

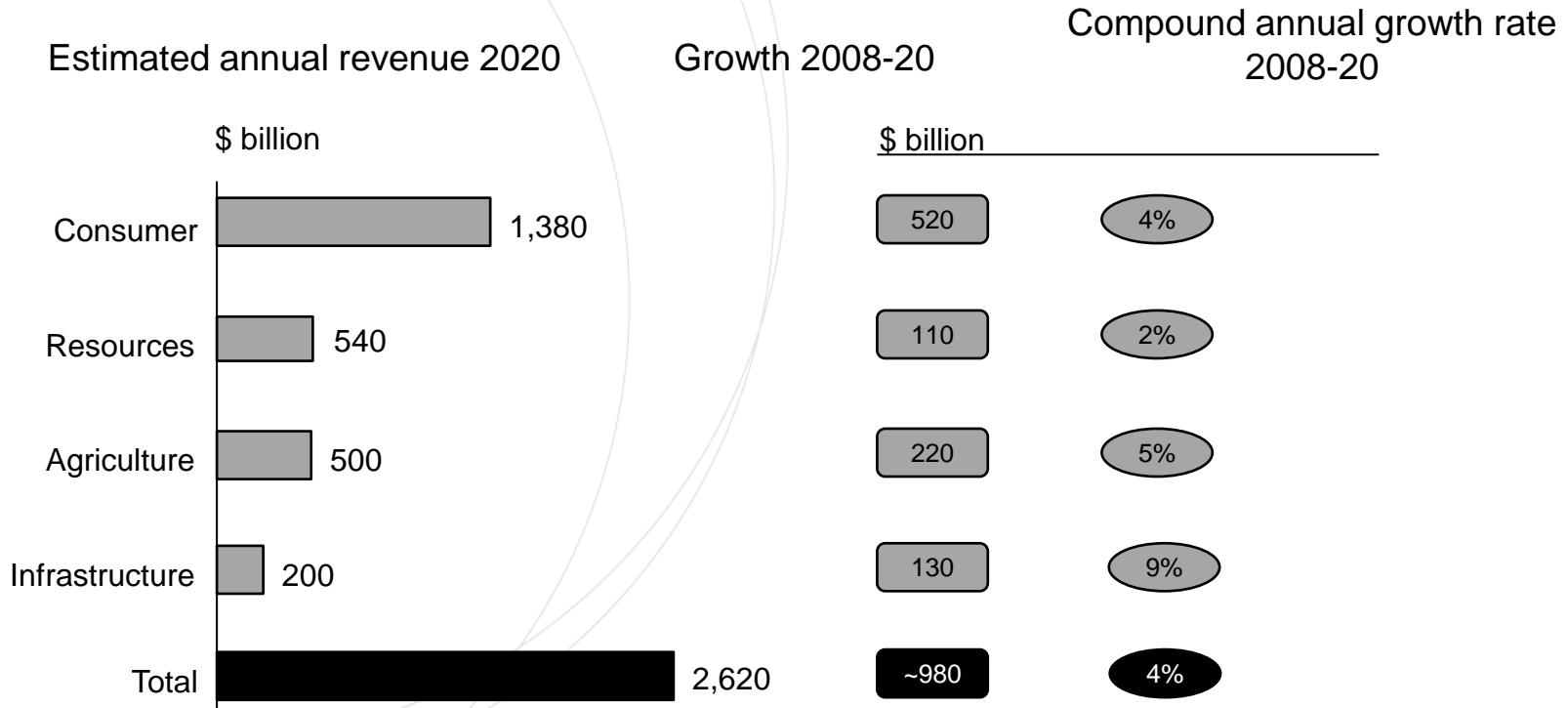
Population ranking



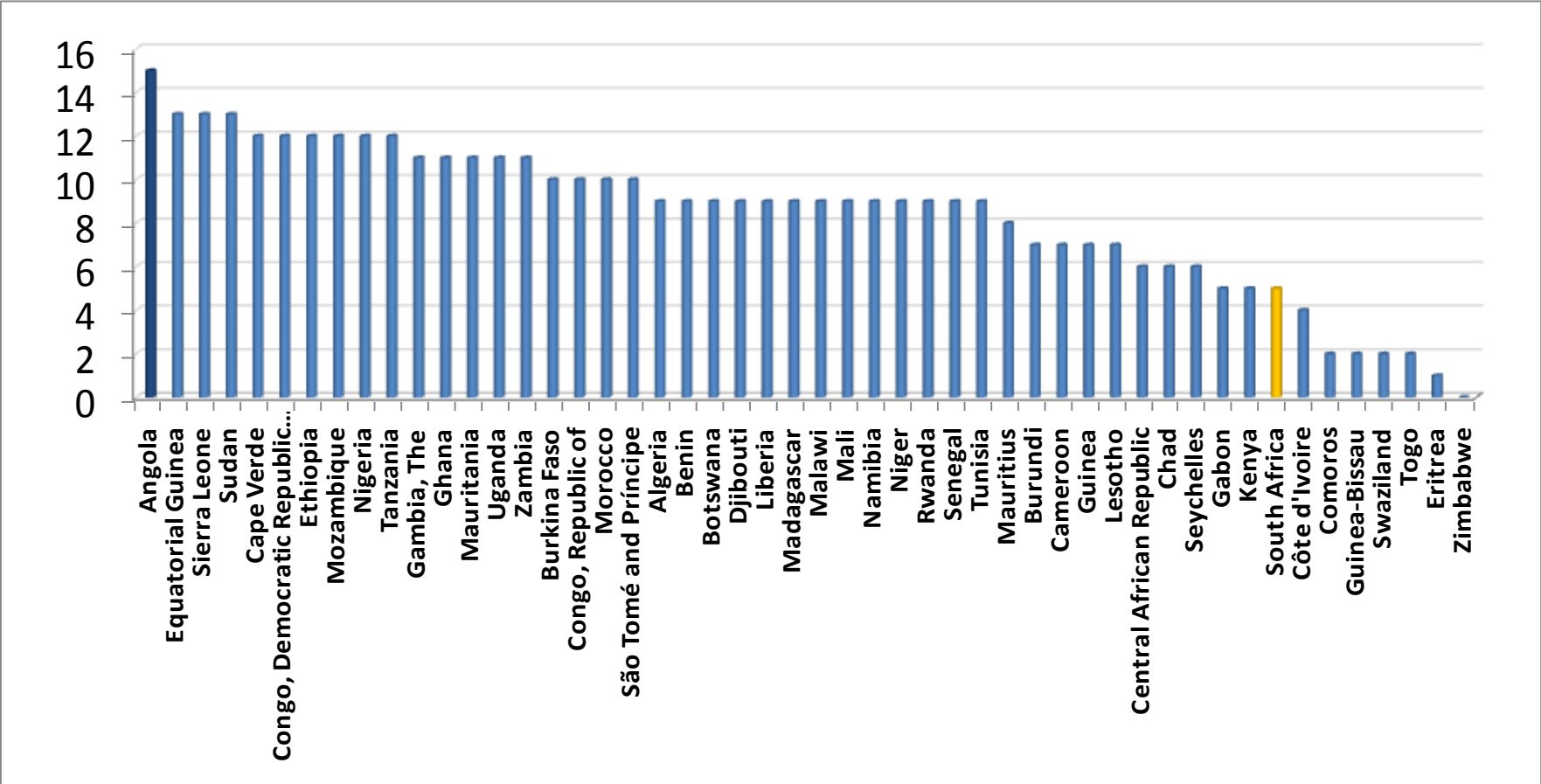
\$2.6 Trillion business opportunity

Africa's economic growth is creating substantial new business opportunities that are often overlooked by global companies. Our projections show at least four categories of opportunities that together could be worth \$2.6 trillion in annual revenue by 2020.

Four groups of industries could have combined revenue of \$2.6 trillion by 2020



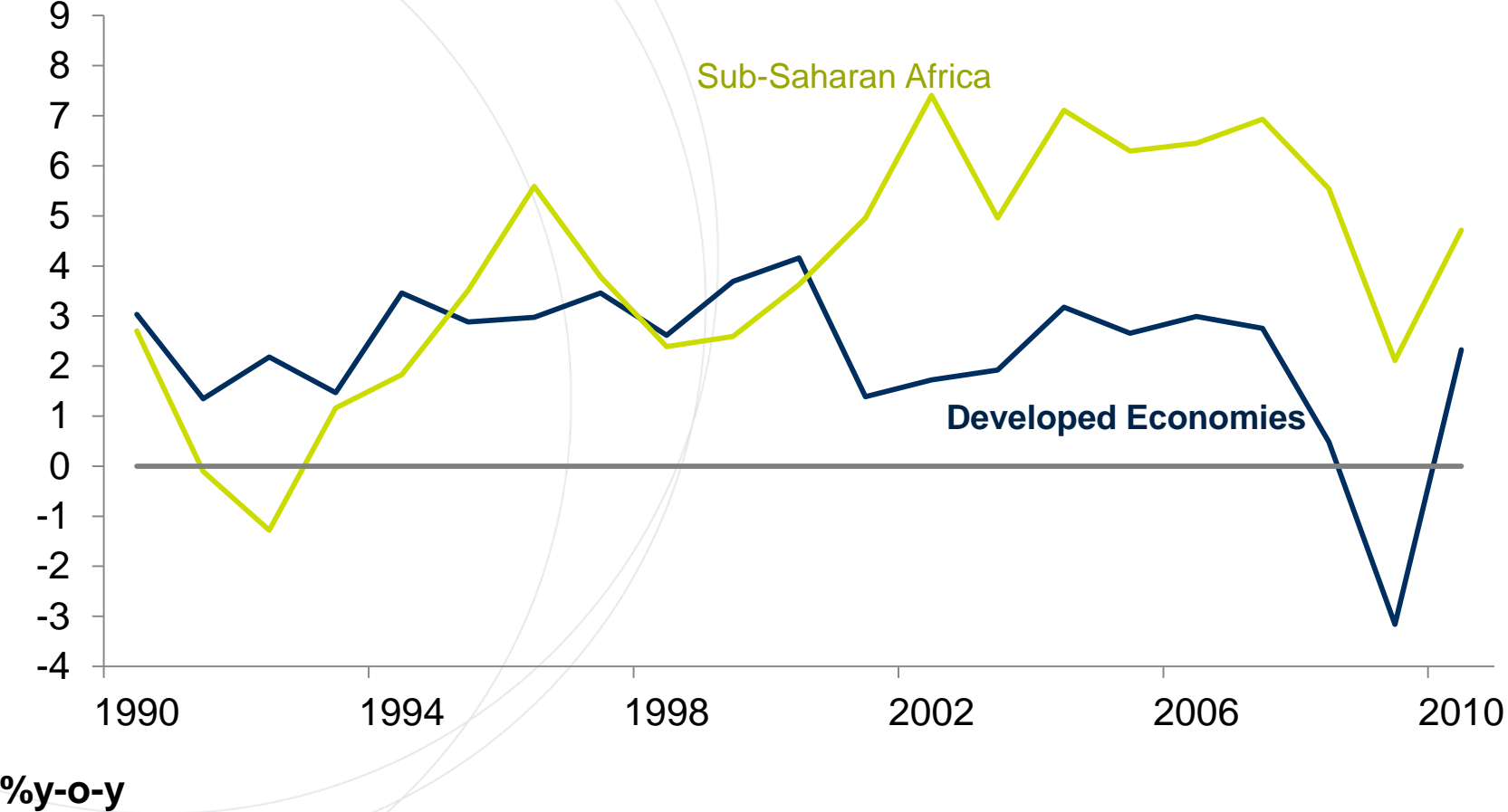
Overall GDP growth ranking (Average of 2001 – 2008)



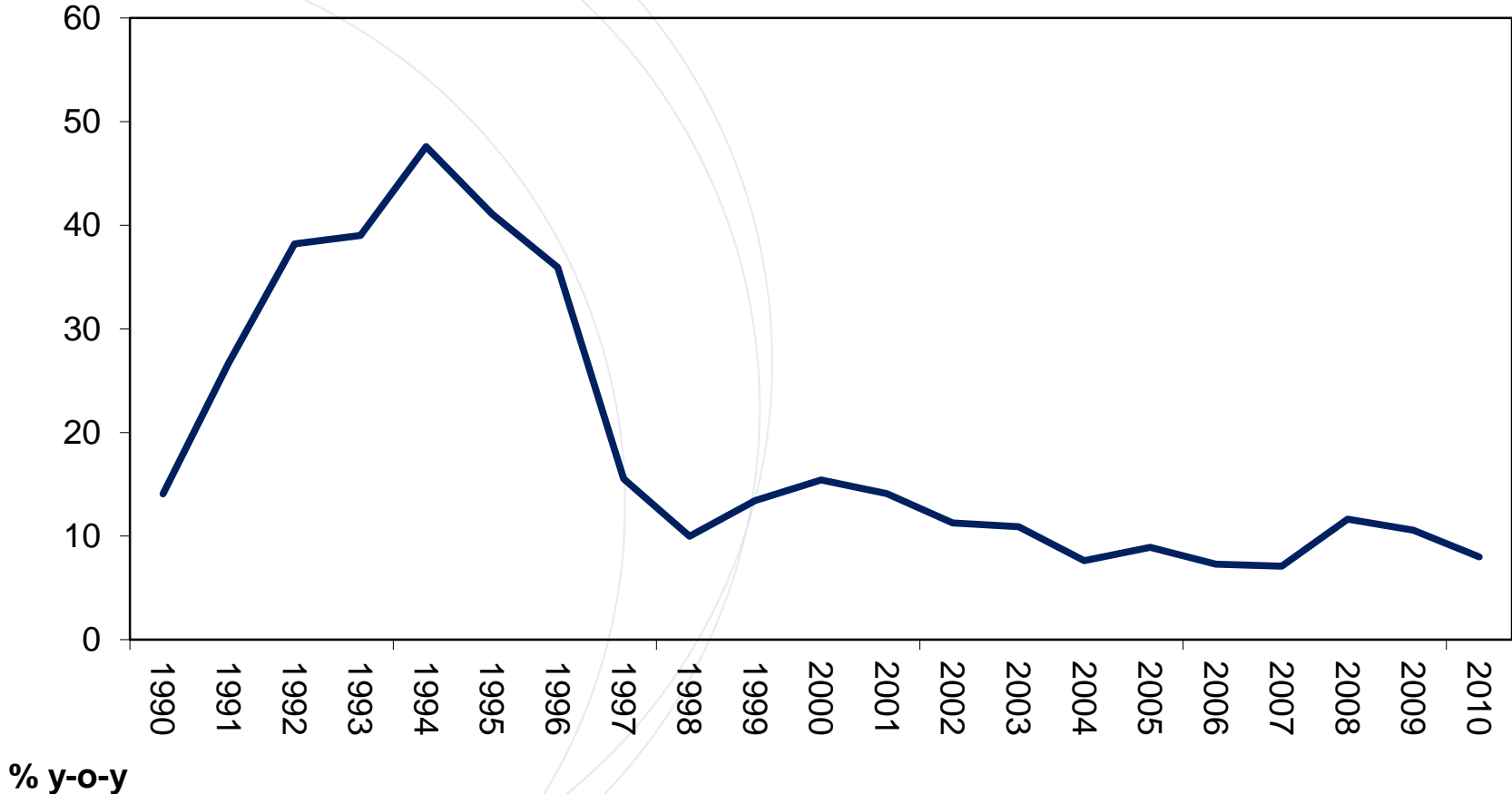
World GDP growth expectations 2010 - 2015

<i>%/y</i>	Average expected growth 2010 to 2015
Euro-area	1.6
Advanced economies	2.1
USA	2.5
Eastern Europe	3.4
South America	3.9
CIS	4.1
Middle East	4.4
Sub-Saharan Africa	4.9
Emerging economies	5.9
Developing Asia	7.7

GDP growth comparisons



Sub-Saharan Africa Inflation



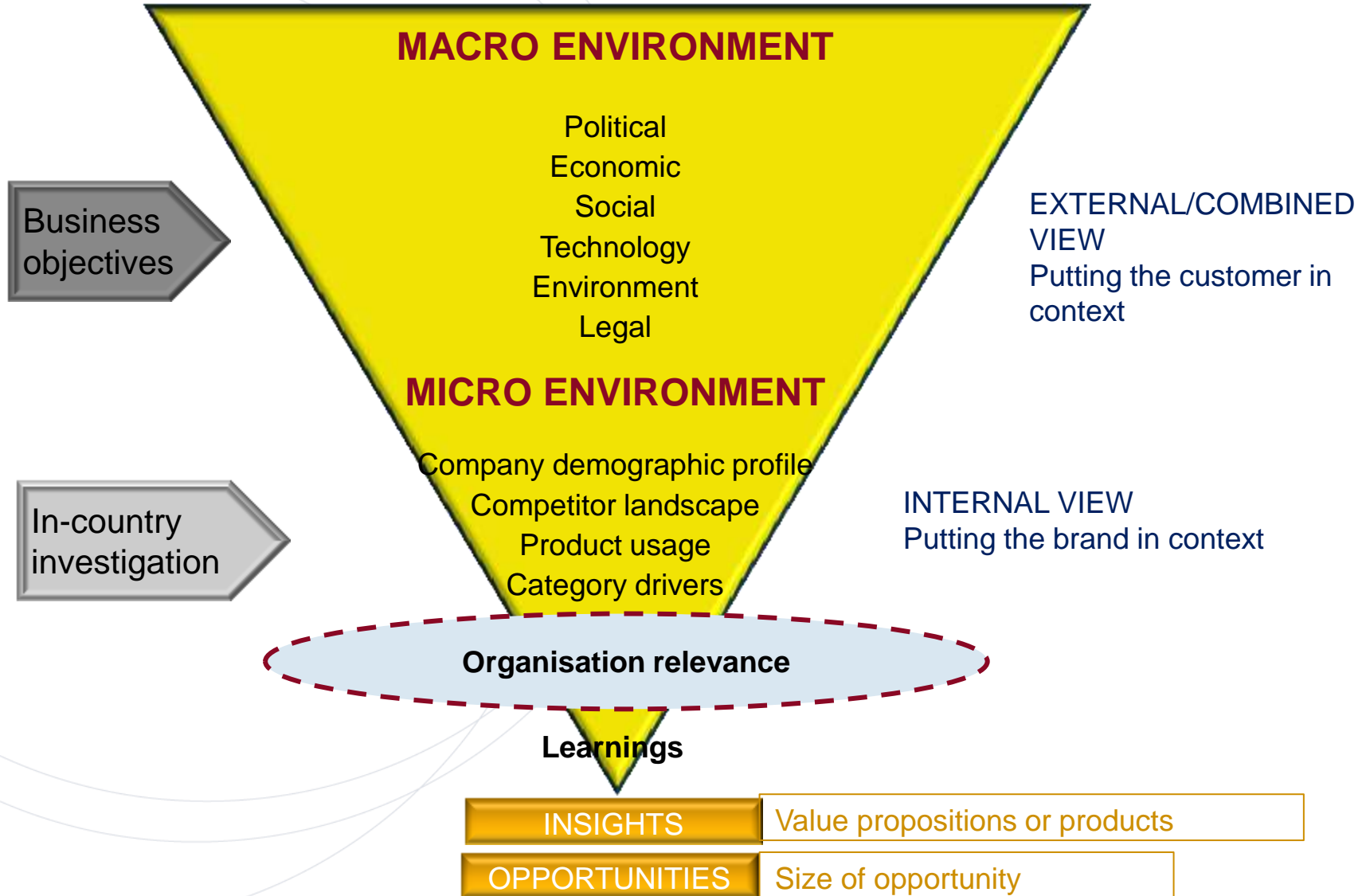
Total GDP and market premium income

	Total API		Market Penetration		GDP	
	Life	General	Life	General	GDP	GDP per capita
	API (USD'm)	API (USD'm)	(%)	(%)	(USD 'bn)	(USD 'bn)
Algeria	76.4	976.7	0.0	0.6	241.4	7,100
Angola	29.6	459.2	0.0	0.7	107.0	8,400
Botswana	203.8	102.0	1.5	0.8	25.4	12,800
Cameroon	56.4	144.2	0.2	0.6	42.8	2,300
Ghana	84.3	176.7	0.5	1.0	35.8	1,500
Kenya	253.4	370.1	0.9	1.3	62.6	1,600
Malawi	29.1	31.4	1.2	1.3	12.5	800
Mauritius	311.4	133.0	3.3	1.4	16.6	13,000
Morocco	846.2	1,375	1.0	1.6	145.6	4,700
Mozambique	8.3	54.1	0.1	0.7	20.2	900
Namibia	458.1	134.4	6.5	1.9	20.2	6,600
Nigeria	247.4	871.9	0.1	0.4	339.0	2,300
Sudan	28.6	225.9	0.1	0.7	92.6	2,300
Tanzania	16.6	138.6	0.2	1.4	57.7	1,400
Tunisia	74.3	505.8	0.1	0.5	86.3	8,200
Uganda	6.5	62.1	0.4	1.0	38.2	1,200
Zambia	44.8	99.7	1.2	1.6	18.5	1,600
Zimbabwe	1,190	1,630	0.0	0.6	98.1	(100)

Entry Criteria

- Enter markets benefiting from political stability and economic growth
- Enter markets where there is the opportunity to build critical mass
- Enter markets where the regulatory environment facilitates the business model
- Leverage entry off SBK's growing presence in the rest of Africa
- Enter markets with low penetration of a wealth product set
- Pursue growth and margin opportunities by leveraging Sales and Distribution competencies

Research and development process



Assess and develop required competencies

Product

- Do we have unique products, or products that match the needs of the target market exceptionally well?
- Do we have the ability to rapidly assess the market and develop new products as required?
- Does our IT and back office platforms scale well enough to ensure that scale economies are harnessed when moving into new markets?
 - Can management time be leveraged across markets?
 - Do we have other substantial cost advantages over local competitors?
- Does our understanding of the market allow us to offer superior service to that offered by local competitors?
- Do we have the ability to manage channels appropriately to the preferences of the target market?
 - Is our sales force appropriately incentivised?
- Do we have access to an established customer base in this market through, for example, partnerships or acquisitions?
 - Do we have the right leadership and skills which can, through the understanding of local market realities and our internal strengths, unlock value for the organisation?

Price

Service

Distribution

Customers

People

Risks to consider

- Corruption
- Fraud
- Political interference
- Unavailability of required skills
- Poor technological development
- Tolerance for mediocrity

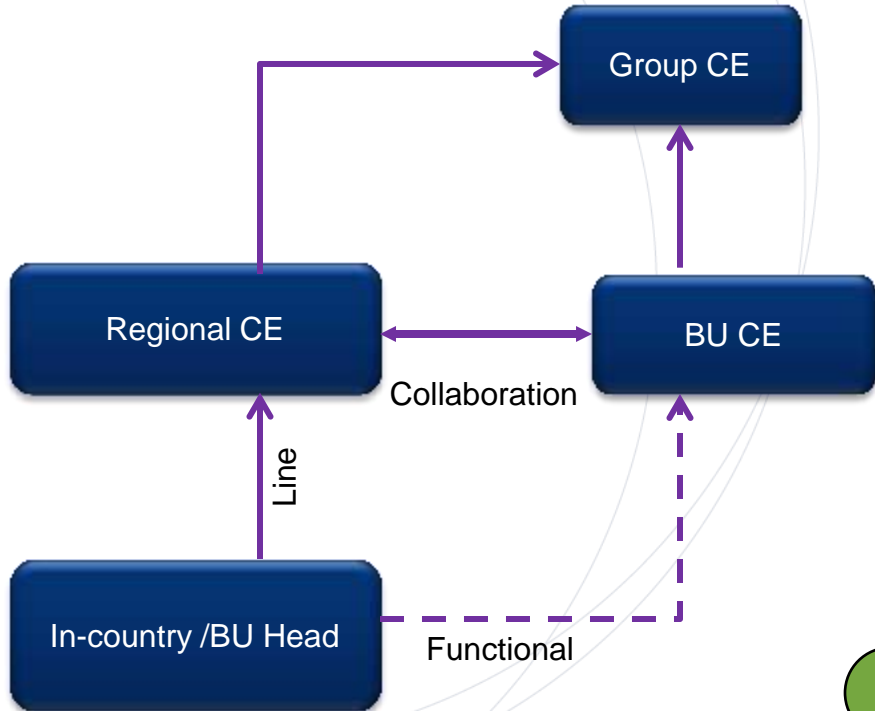
Operational challenges faced by growing organisations

- Economic realities of business very different from one country to another and changing rapidly
- Skills availability
- Competition getting bigger all the time
- Difficulties to integrate strategies including expansion in new territories
- Conflicting priorities within the organisation
- 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 there is a real need for strong leaders with leadership from within

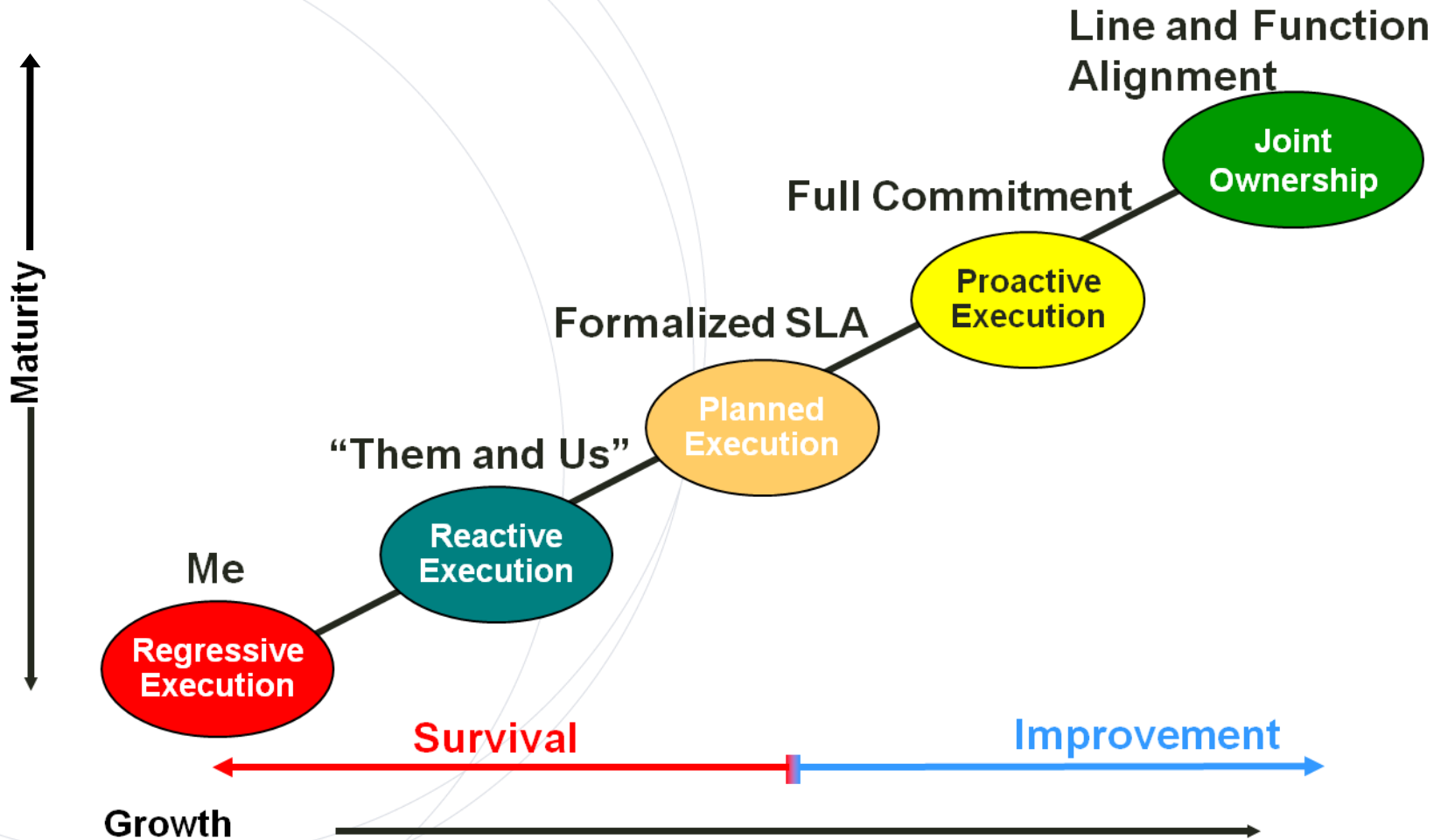
Need for a matrix organisation

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



One hierarchy is "functional" and assures that each type of expert in the organisation 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

How to succeed in a matrix organisation



Conclusion

Africa is a land of opportunities with massive natural resources and a population nearing 1 billion people

Challenges faced by organisations when entering African countries are not insurmountable

Risks associated with doing business in African countries can be identified, quantified and effectively managed by those with the ability to do so

Combination of technical expertise, local knowledge and innovation can lead to real success

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