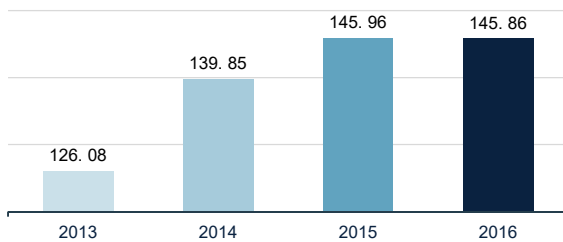


## Preserving value in tough markets

**Firm actions were taken to protect value and ensure sustainable growth in our core earnings**

Normalised group equity value per share (R)

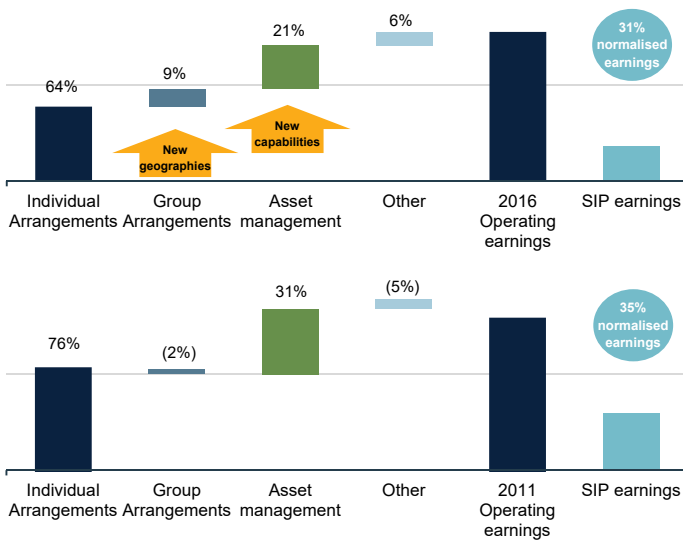


- Significantly strengthened assumptions to protect value
- Successfully listed Liberty Two Degrees - improved customer proposition and de-risked the balance sheet
- Continued product innovation – Bold, Liber8, Alternatives Fund of Funds
- Action taken to address challenges in OYLR, DFS and Liberty Health South Africa
- Continued focus on cost savings – recurring cost growth below inflation for three consecutive years

Firm action taken to protect the value of the existing businesses

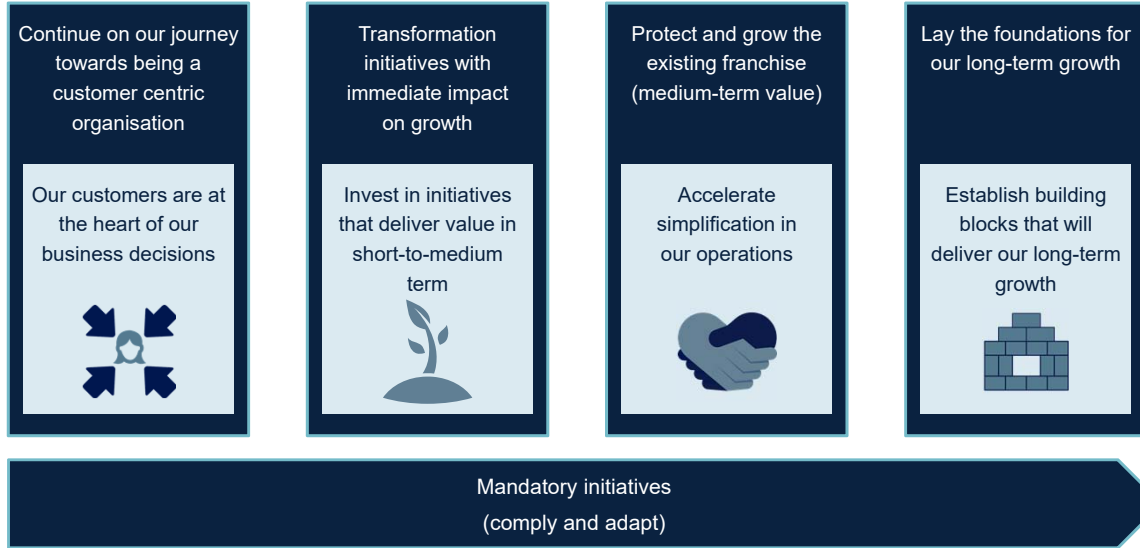
## Strategic intent to 2020 remains on track, with renewed focus

Contribution to operating earnings



- Expansion initiatives to drive value by increasing our exposure to growth markets
  - › Invest in markets with higher growth than traditional markets
  - › Invest in businesses increasing penetration of existing markets
  - › Grow operating earnings faster than SIP
  - › Launch new products that are more capital efficient
- Ensure the business is responsive to changing environments and consumer behaviours
  - › Broader Omni-channel customer engagement platforms
  - › Relevant customer propositions
  - › Protect current value and maximise advantages of regulatory change

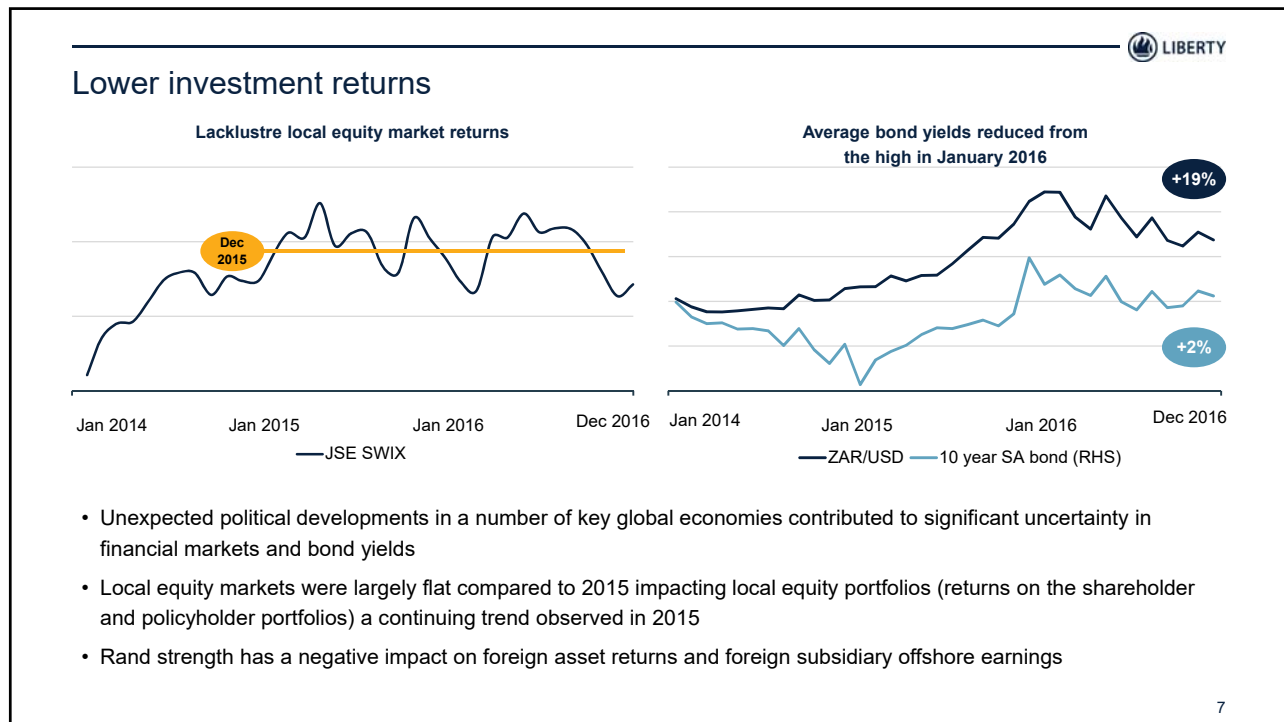
## Sharpened our focus



## Group financial performance review

*Liberty Holdings Limited*

*Casper Troskie, Group Financial Director*



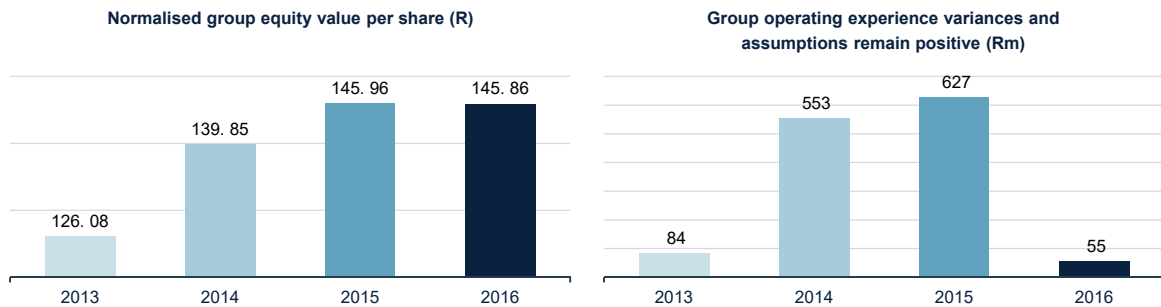
LIBERTY

## Group financial summary

<i>Rm (unless stated otherwise)</i>	Dec 16	Dec 15	% Δ
Normalised headline earnings	2 527	4 128	(39)
Normalised operating earnings	1 740	2 772	(37)
LibFin Investments	787	1 356	(42)
Normalised headline earnings per share (c)	904.5	1 464.5	(38)
Embedded value of insurance new business	483	729	(34)
Indexed long-term insurance new business	7 892	7 515	5
Long-term insurance net customer cash flows	1 119	5 402	(79)
Asset management net cash flows	5 764	8 454	(32)
Retail and institutional excluding money market	4 488	7 343	(39)
Money market	1 276	1 111	15
LGL CAR cover (times covered)	2.95	3.03	(3)
Normalised Group Equity Value per share (R)	145.86	145.96	-
Normalised RoGEV (%)	5.1	10.5	(51)
Normalised RoE (%)	11.4	19.5	(42)

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## Preserving value in tough markets



- Group Equity Value was preserved whilst absorbing the impact of a number of headwinds during the year
- Group operating variances and assumption changes were net positive although lower
- Operating variances remained substantially positive at R553m - offset by assumption changes that strengthened the balance sheet

9

## Sources of normalised Group Equity Value earnings

Rm	Dec 16	Dec 15	% Δ
Value of long-term insurance new business	483	729	(34)
Expected return on SA covered business	2 997	2 538	18
Variations / changes in operating assumptions	55	627	(98)
Development costs	(107)	(41)	>100
Headline earnings of other businesses	185	635	(71)
<b>Operational Equity Value earnings</b>	<b>3 613</b>	<b>4 488</b>	<b>(19)</b>
Non headline earnings adjustment	-	(93)	-
Economic adjustments	(750)	(145)	>100
Decrease in fair value adjustment on value of other businesses	(825)	(251)	>100
Change in allowance for share rights	49	121	(60)
<b>Group Equity Value earnings</b>	<b>2 087</b>	<b>4 120</b>	<b>(49)</b>

10



## SA covered business net worth – delivery on assumption

Net worth (Rm)	2016	2015	2014	2013	2012	2011
Expected net of tax transfer to net worth	4 217	3 825	3 266	2 816	2 569	2 324
Operating experience variances, assumption and modelling changes	264	464	566	141	52	16
Development expenses	(45)	(24)	(52)	(53)	(78)	(61)
Incentives	-	(64)	(103)	(154)	(181)	(131)
Change in allowance for fair value of share options / rights	28	75	100	69	(125)	3
<b>Actual net of tax transfer to net worth</b>	<b>4 464</b>	<b>4 276</b>	<b>3 777</b>	<b>2 819</b>	<b>2 237</b>	<b>2 144</b>
Performance in line with expectation (%)	106	112	116	100	87	92

Continued positive delivery on actuarial assumptions

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## Capital position – 31 December 2016

Rm	Liberty Holdings Limited	Liberty Group Limited
<b>IFRS</b>		
IFRS shareholder equity	21 676	18 505
BEE preference shares	148	148
Liberty Two Degrees	330	330
<b>Normalised shareholder equity</b>	<b>22 154</b>	<b>18 983</b>
<b>Regulatory capital</b>		
Shareholder assets	18 676	15 486
Regulatory capital requirement	5 880	5 253
<b>Surplus above regulatory requirement</b>	<b>12 796</b>	<b>10 233</b>
Risk appetite capital coverage ratio	1.50	1.50
Capital buffer in excess of risk appetite	9 856	7 607
<b>Capital ratio at period end</b>	<b>3.18</b>	<b>2.95</b>

Appropriate capital levels despite lower IFRS earnings

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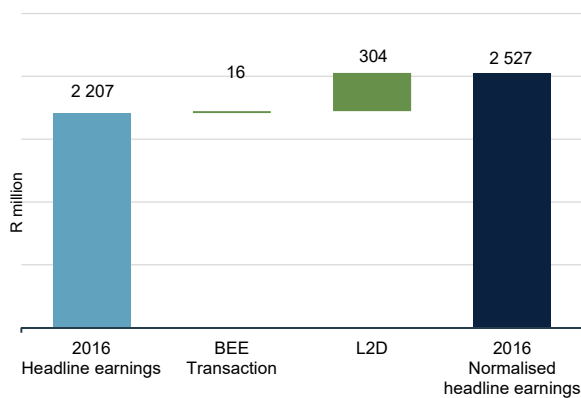
## Distributions

Per cycle – cents per share	Dec 16	Dec 15	% Δ
Interim	276	254	9
Final	415	437	(5)
<b>Total</b>	<b>691</b>	<b>691</b>	-

The dividend has been declared in line with Liberty's dividend policy

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## Liberty Two Degrees consolidation



- Accounting mismatch arises on consolidation due to different measurement bases required for corresponding Liberty Group Limited (LGL) policyholder liabilities:
  - Investment property assets are included in Liberty Holdings financial statements at open market value (OMV);
  - Corresponding obligations to LGL's policyholders in the REIT units, under IFRS are required to be measured at the listed price of the L2D units
- The premium at which L2D's listed units traded increased relative to the underlying NAV (based on OMV of the properties) at 31 December 2016, resulted in a loss at Liberty Holdings

L2D loss is anomalous and adjusted for in normalised headline earnings

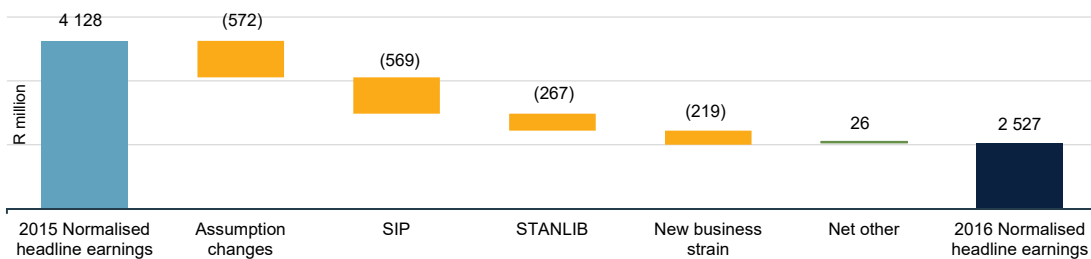
14

## Normalised headline earnings

Rm	Dec 16	Dec 15	% Δ
<b>Individual Arrangements</b>	<b>1 119</b>	<b>1 869</b>	<b>(40)</b>
<b>Group Arrangements</b>	<b>149</b>	<b>204</b>	<b>(27)</b>
Liberty Corporate	191	219	(13)
Liberty Africa Insurance	41	25	64
Liberty Health	(45)	(19)	>100
Africa growth initiatives	(38)	(21)	81
<b>Asset Management</b>	<b>362</b>	<b>629</b>	<b>(42)</b>
<b>Balance sheet management</b>	<b>318</b>	<b>260</b>	<b>22</b>
LibFin Markets – Credit portfolio	300	260	15
LibFin Markets – Asset / liability management portfolio	18	-	-
Central overheads and sundry income	(208)	(190)	9
<b>Normalised operating earnings</b>	<b>1 740</b>	<b>2 772</b>	<b>(37)</b>
Shareholder Investment Portfolio	787	1 356	(42)
<b>Normalised headline earnings</b>	<b>2 527</b>	<b>4 128</b>	<b>(39)</b>

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## Significant earnings impacts to 2016 results



- Significantly strengthened assumptions resulting in a negative impact to normalised earnings.
- SIP impact occurred mostly in 2H16, managed within risk appetite, strategy, and long term performance ahead of benchmark
- STANLIB impacted by lower investment returns, higher once off costs and the difficult banking environment in Kenya
- New business strain impacted by volumes, new business mix and the new risk fund

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## Changes in key assumptions

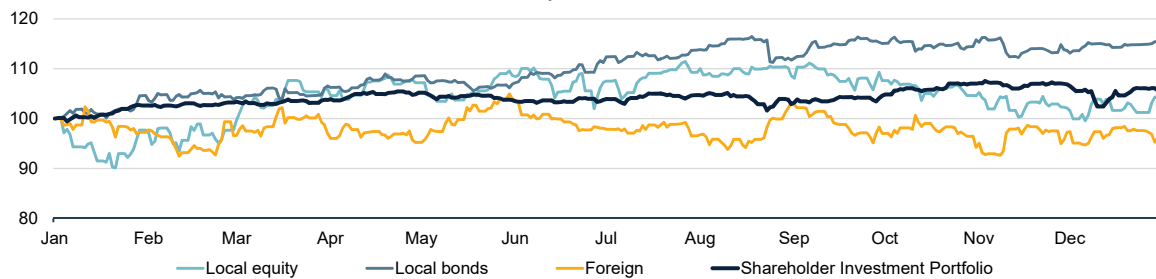
- Assumption changes were made to strengthen the balance sheet
  - › Changing consumer trends
  - › Longer term longevity assumptions
  - › Firming regulatory trends
  - › Adviser remuneration
- Changes made to reflect negative experience relative to assumptions
  - › Retirement annuity withdrawals
  - › Re-insurance cash flows and guarantees on joint life annuitants
- Changes also made at the half year to enable Liberty to better manage its business to model
  - › The adoption of a curve to value the risk book allowed for better hedging of NRR's and embedded derivatives
  - › Narrowing the inflation gap in the investment business to be consistent with the risk book

Key assumptions changed to improve ability to manage the business going forward

17

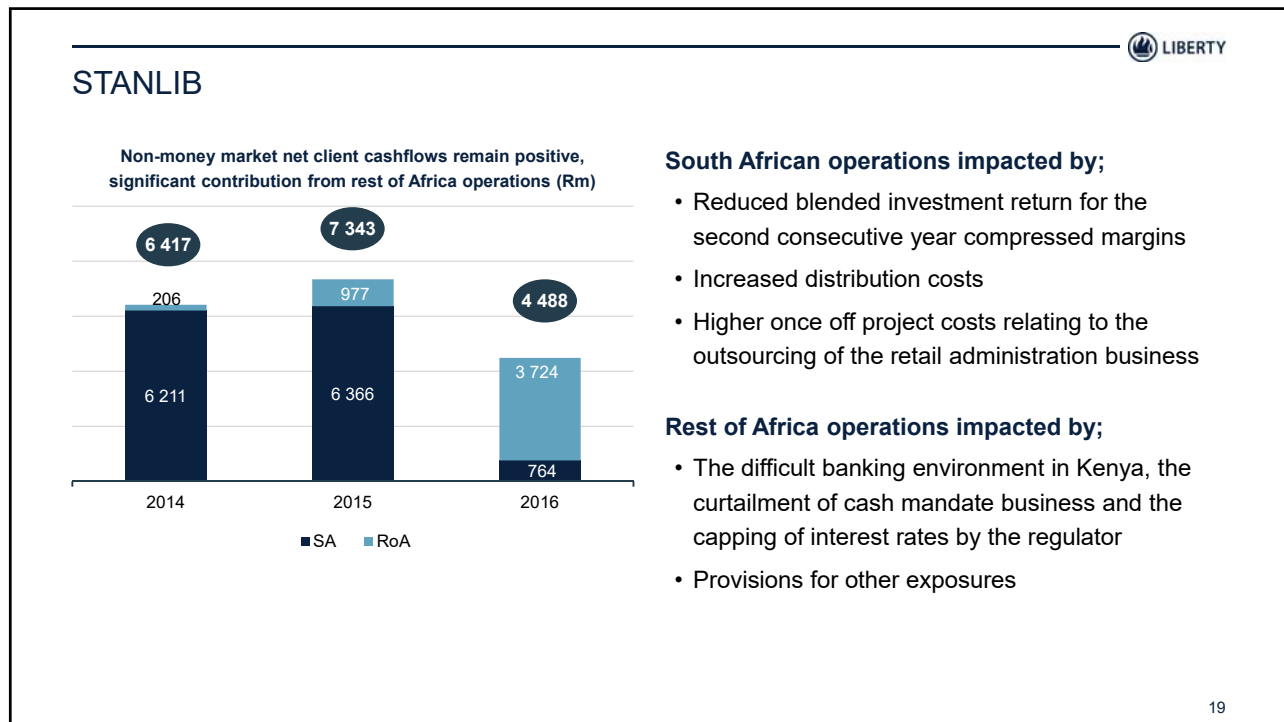
## Shareholder Investment Portfolio


Asset class performance in 2016



Selection of indices	Gross return (%)				
	2012	2013	2014	2015	2016
SWIX	29.1	20.7	15.4	3.6	4.1
ALBI	16.0	0.6	10.2	(3.9)	15.5
STEFI	5.6	5.2	5.9	6.5	7.4
R/\$ exchange	4.7	23.8	10.3	33.7	(11.2)
SIP gross return	16.0	14.6	10.3	9.6	5.7
SIP Earnings (Rm)	1 965	1 878	1 382	1 356	787

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## Long-term insurance metrics

Indexed new business (Rm)	Dec 16	Dec 15	% Δ
<b>Individual Arrangements</b>	<b>6 639</b>	<b>6 421</b>	<b>3</b>
<b>Group Arrangements</b>	<b>1 253</b>	<b>1 094</b>	<b>15</b>
Liberty Corporate	842	790	7
Liberty Africa Insurance	411	304	35
<b>Total</b>	<b>7 892</b>	<b>7 515</b>	<b>5</b>

New business margin (%)	Dec 16	Dec 15	% Δ	Value of new business (Rm)	Dec 16	Dec 15	% Δ
<b>Individual Arrangements</b>	<b>1.2</b>	<b>2.0</b>	<b>(40)</b>	<b>Individual Arrangements</b>	<b>426</b>	<b>654</b>	<b>(35)</b>
<b>Group Arrangements</b>	<b>0.7</b>	<b>1.1</b>	<b>(36)</b>	<b>Group Arrangements</b>	<b>57</b>	<b>75</b>	<b>(24)</b>
Liberty Corporate	0.4	0.5	(20)	Liberty Corporate	28	30	(7)
Liberty Africa Insurance	5.6	6.6	(15)	Liberty Africa Insurance	29	45	(36)
<b>Total</b>	<b>1.1</b>	<b>1.8</b>	<b>(39)</b>	<b>Total</b>	<b>483</b>	<b>729</b>	<b>(34)</b>

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## Group net customer cash flows and assets under management

Rm	1H16	2H16	Dec 16	Dec 15	% Δ
<b>STANLIB net customer cash flows</b>	<b>453</b>	<b>5 311</b>	<b>5 764</b>	<b>8 454</b>	<b>(32)</b>
Retail and institutional	3 169	1 319	4 488	7 343	(39)
Money market	(2 716)	3 992	1 276	1 111	15
<b>Insurance net customer cash flows</b>	<b>(353)</b>	<b>1 472</b>	<b>1 119</b>	<b>5 402</b>	<b>(79)</b>
Individual Arrangements*	<b>597</b>	<b>1 351</b>	<b>1 948</b>	6 288	(69)
Group Arrangements	<b>(955)</b>	<b>687</b>	<b>(268)</b>	(496)	46
STANLIB multi-manager	<b>5</b>	<b>(566)</b>	<b>(561)</b>	(390)	(44)
<b>Total</b>	<b>100</b>	<b>6 783</b>	<b>6 883</b>	<b>13 856</b>	<b>(50)</b>
Rbn			Dec 16	Dec 15	% Δ
<b>Assets under management excluding intergroup Life Funds</b>			<b>676</b>	<b>668</b>	<b>1</b>
STANLIB			<b>586</b>	579	1
LibFin			<b>58</b>	50	16
Other internal, external managers & GateWay LISP			<b>32</b>	39	(18)

21

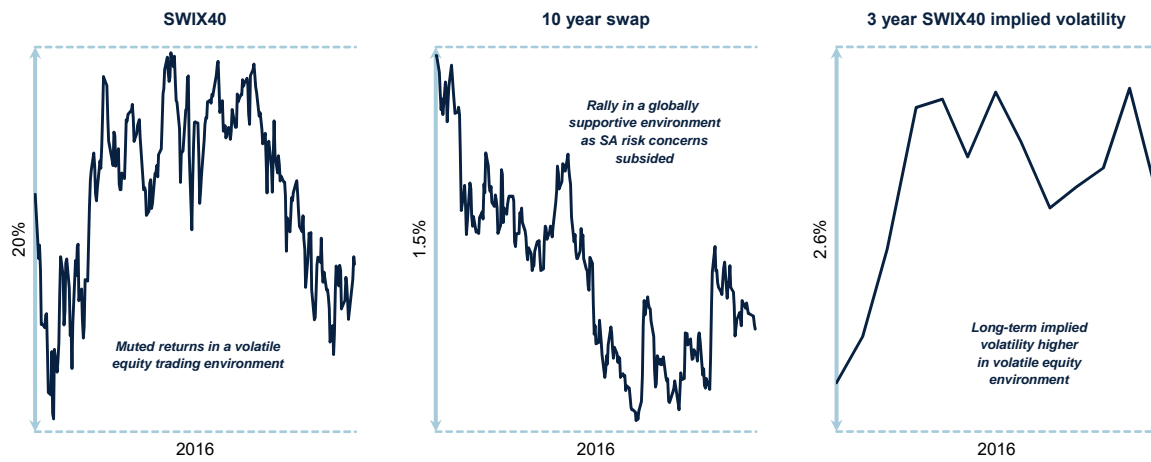


## LibFin Investments – Shareholder Investment Portfolio

Rm	Dec 16	%	Dec 15 <sup>2</sup>	%
<b>South African Rand</b>	<b>21 940</b>	<b>81</b>	<b>22 108</b>	<b>81</b>
Equities <sup>1</sup>	<b>3 971</b>	<b>15</b>	2 416	9
Bonds	<b>6 016</b>	<b>22</b>	5 775	22
Cash	<b>6 779</b>	<b>25</b>	6 406	22
Preference shares	-	-	604	2
Property <sup>1</sup>	<b>3 561</b>	<b>13</b>	3 986	15
Other	<b>1 613</b>	<b>6</b>	2 921	11
<b>Foreign currency</b>	<b>5 207</b>	<b>19</b>	<b>5 277</b>	<b>19</b>
<b>Total</b>	<b>27 147</b>	<b>100</b>	<b>27 385</b>	<b>100</b>
Assets backing capital	<b>14 686</b>	<b>54</b>	14 427	53
Assets backing life funds	<b>8 319</b>	<b>31</b>	8 336	30
90:10 exposure	<b>4 142</b>	<b>15</b>	4 622	17

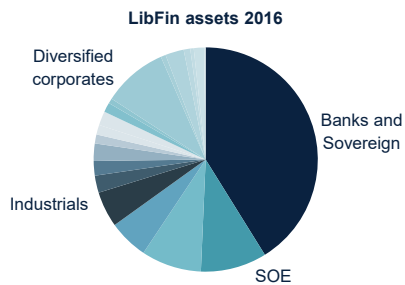
22

### LibFin Markets – ALM



Cautious positioning for ALM in a volatile trading environment

### LibFin Markets – Credit



- Portfolio diversification continues
- Greater allocation to corporate, property, asset backed and project finance sectors

	Dec 16	Dec 15	% Δ
Net earnings from Credit portfolio (Rm)	300	260	15
<b>Total LibFin assets</b>	<b>58</b>	<b>50</b>	<b>16</b>
Credit portfolio assets (Rbn)	38	33	15
Banks, treasuries and shorter dated assets (Rbn)	20	17	18

Increased diversification continues to improve the risk adjusted return



## Individual Arrangements

Rm (unless stated otherwise)	Dec 16	Dec 15	% Δ
Headline earnings	1 119	1 869	(40)
Gross sales	27 186	25 622	6
Indexed new business	6 639	6 421	3
Insurance net customer cash flows (including LISP)	2 505	7 790	(68)
Value of new business	426	654	(35)
Retail margin excluding STANLIB (%)	1.4	2.3	(39)
Retail margin including STANLIB (%)	1.2	2.0	(40)

Performance metrics reflect difficult operating environment

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## Group Arrangements

Rm	Dec 16	Dec 15	% Δ
<b>Headline earnings<sup>1</sup></b>	<b>187</b>	<b>199</b>	<b>(6)</b>
South Africa <sup>2</sup>	146	174	(16)
Other African territories	41	25	64
<b>Indexed new business</b>	<b>1 253</b>	<b>1 094</b>	<b>15</b>
South Africa	842	790	7
Other African territories	411	304	35
<b>Value of new business</b>	<b>57</b>	<b>75</b>	<b>(24)</b>
South Africa	28	30	(7)
Other African territories	29	45	(36)
<b>Long-term insurance net cash flows</b>	<b>(268)</b>	<b>(496)</b>	<b>46</b>
South Africa	(751)	(891)	16
Other African territories	483	395	22

Challenging economic environment, expansion initiatives continue


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<b>STANLIB</b>			
Rm	Dec 16	Dec 15	% Δ
<b>Headline earnings</b>	<b>362</b>	<b>629</b>	<b>(42)</b>
South Africa	<b>459</b>	567	(19)
Other African territories	<b>(97)</b>	62	(>100)
<b>Net cash flows</b>	<b>5 764</b>	<b>8 454</b>	<b>(32)</b>
South Africa	<b>2 801</b>	5 694	(51)
Other Africa	<b>2 963</b>	2 760	7
Rbn	Dec 16	Dec 15	% Δ
<b>Assets under management (AUM)</b>	<b>586</b>	<b>579</b>	<b>1</b>
South Africa	<b>535</b>	529	1
Other Africa	<b>51</b>	50	2
Impacted by lacklustre markets and once-off operational challenges			
27			



**Operational activities aligned to create efficiencies**


*Liberty Holdings Limited*  
*Thabo Dloti, Group Chief Executive*



## Preserving for current value, investing for future value


Continue on our journey towards being a customer centric organisation

Our customers are at the heart of our business decisions




Transformation initiatives with immediate impact on growth

Invest in initiatives that deliver value in short-to-medium term




Protect and grow the existing franchise (medium-term value)

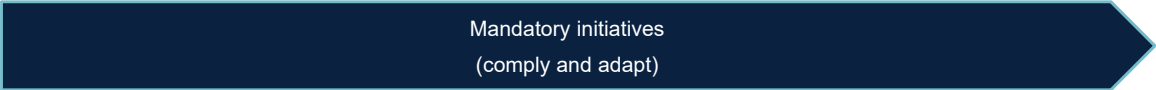
Accelerate simplification in our operations



Lay the foundations for our long-term growth


Establish building blocks that will deliver our long-term growth





Mandatory initiatives (comply and adapt)


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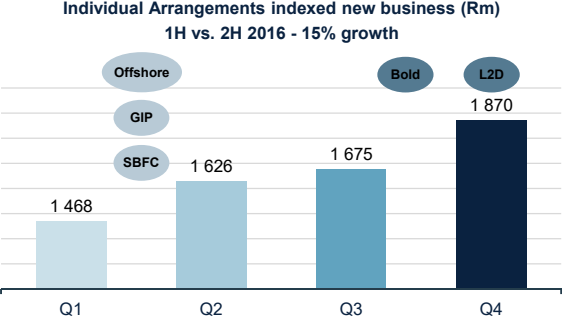
## Improved our customer propositions

**Continue on our journey towards being a customer centric organisation**


Our customers are at the heart of our business decisions



**Individual Arrangements indexed new business (Rm)**  
1H vs. 2H 2016 - 15% growth



Quarter	Indexed New Business (Rm)
Q1	1 468
Q2	1 626
Q3	1 675
Q4	1 870

 **47 000** policies migrated providing customers a more flexible product range and reduced policy administration complexity

- Continued product innovation to improve customer offering;
  - › Bold Living Annuity; high watermark returns
  - › Liber8; improved online umbrella solutions
  - › Alternatives Fund of Funds; easy access to private equity investing
  - › Enhanced products; GIP, Offshore
- Digitising our processes to create exceptional customer and adviser experiences
  - › Digitised the on boarding process for risk products
  - › FullView capability extended to the broader group products
- Improved investment proposition to SBG clients
  - › Successfully launched co-branded retail funds

30

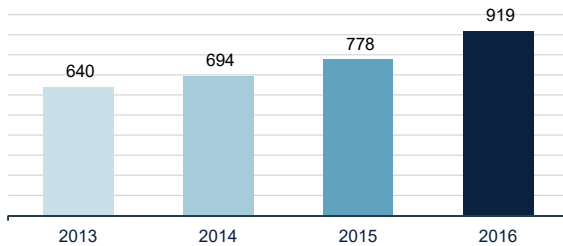
## Aligned to ensure we extract efficiencies and grow

### Transformation initiatives with immediate impact on growth

Invest in initiatives that deliver value in the short-to-medium term



Medical Risk premium income, reflects geographic growth and improved group synergies (Rm)



35% indexed premium growth in Liberty Africa Insurance



Cost growth below inflation for 3<sup>rd</sup> consecutive year

- Combined Liberty and STANLIB LISP
- LibFin and STANLIB passive capabilities combined to establish a single group passives business
- Aligned sales and distribution capability for efficiencies and increased capacity
- Re organised executive team to optimise opportunities;
  - › IA strengthened the team to continue managing to model
  - › GA and STANLIB Africa to unlock growth in new markets
  - › STANLIB to strengthen investment teams

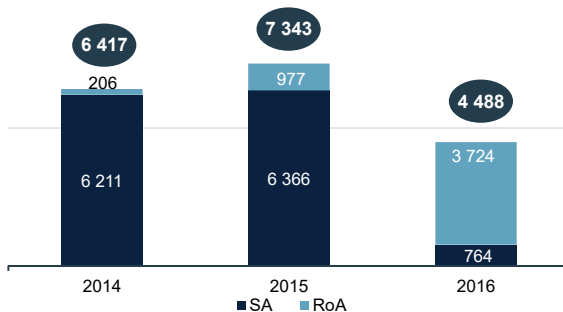
## Prioritise investments to deliver immediate value

### Protect and grow the existing franchise (medium-term value)

Accelerate simplification in our operations



Non-money market net client cashflows reflect significant contribution from rest of Africa operations (Rm)



The infrastructure franchise acquired a R1.5 billion SA toll road companies portfolio

- Established pan-African alternative capabilities
  - › Multi-Manager launched Alternatives Fund of Funds
  - › Launched a range of Standard Bank co-branded retail funds
- Improved umbrella capability and servicing
- Listed Liberty Two Degrees
- Outsourced the STANLIB retail administration business
- Improved Liberty Health medical cover offering
- Increased insurance footprint and product capability in sub-Saharan Africa;
  - › Uganda, Malawi, Botswana – short-term insurance and Lesotho – life insurance
  - › Most territories have a Transactional Product range to diversify offerings and enable cross-sell across segments



## Invested for future growth

**Lay the foundations for our long term growth**  
Establish building blocks that will deliver our long-term growth



- Invested in establishing a short-term insurance proposition for South Africa
- Advanced stage of acquiring a long term insurance licence in Nigeria
- Invested in growing the digital capability in Individual Arrangements



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## Conclusion

*Liberty Holdings Limited*

*Thabo Dloti, Group Chief Executive*

## In conclusion

- 1 Decisive actions to preserve the value of the business
- 2 We continue to innovate and ensure relevance to our customers
- 3 Accelerated initiatives to ensure alignment and extract value from existing businesses and emerging opportunities
- 4 Continue to selectively invest in initiatives that will deliver long term growth



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Questions