



LIBERTY
In it with you

**Liberty Holdings Limited
Financial results presentation
for the six months ended
30 June 2021**

Liberty Holdings Limited is a licensed Insurer and an Authorised Financial Services Provider (no 2409)



LIBERTY
In it with you

Interim results presentation at 30 June 2021

Liberty Holdings Limited is a licensed Insurer and an Authorised Financial Services Provider (no. 2409)

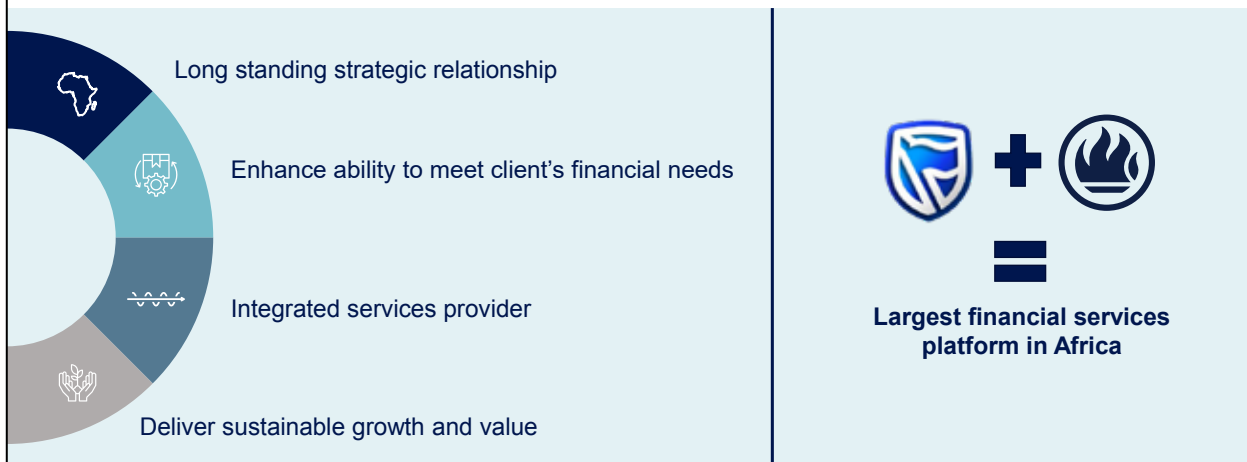


David Munro
Chief Executive

2

NOTES

Strategic rationale of the Standard Bank Group offer to Liberty



3

Summary of results for the period to June 2021



NORMALISED OPERATING EARNINGS (before pandemic)

R652 million ↑3%

(June 2020: R633 million)

INCREASE IN PANDEMIC RESERVE (gross)

R1 billion

INSURANCE INDEXED NEW BUSINESS

R4 281 million ↑25%

(June 2020: R3 430 million)

DEATH AND DISABILITY CLAIMS PAID

R8.5 billion ↑61%

(June 2020: R5.3 billion)

ANNUITIES PAID

R4.5 billion ↑10%

(June 2020: R4.1 billion)

ASSETS UNDER MANAGEMENT

R823 billion ↑6%

(December 2020: R776 billion)

4

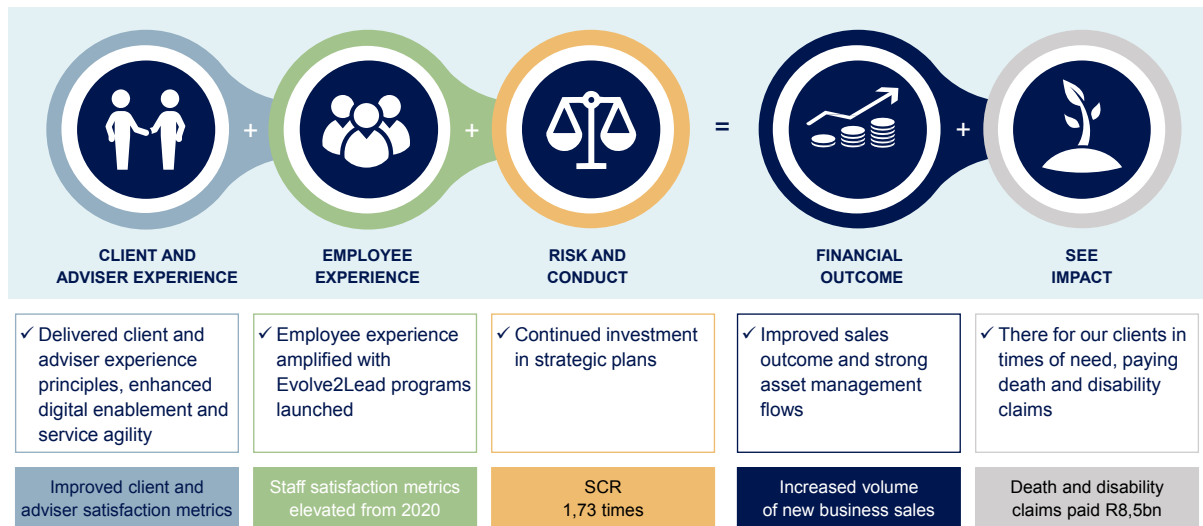
NOTES

Fundamental transformation to create future value



5

Progress on key strategic initiatives



6

NOTES

Transition to a human-augmented platform business

- ✓ More responsive and highly personalised digital-led experience
- ✓ As part of an integrated financial services organisation
- ✓ The power of our advisers and the relationships we collectively have with clients
- ✓ Next-generation solution that takes advantage of modern cloud technology
- ✓ Officially launched the Liberty Adviser Workbench powered by Salesforce to all Liberty Advisory Partners



Moving from sales-led to advice-led

- ✓ Advice+ tool implemented to Liberty Advisory Partners to enable digital, best-in-class advice across Risk and Investments
- ✓ Advanced technologies to listen intuitively, understand and respond more personally to clients
- ✓ Launched multi-strategy portfolio range
- ✓ Implemented a more refined and personal approach to risk selection
- ✓ Transforming the adviser channel to increase representation from a gender, race and age perspective



NOTES



STANLIB

- ✓ Increased contribution to headline earnings
- ✓ Maintained good investment performance
- ✓ Launching investment platform 2H2021 to simplify portfolios and optimise margins
- ✓ Remained resilient with good asset retention and cost management

LIBERTY two°degrees

Financial results 1H2021 highlights:

- ✓ Steady recovery in trading in the first half of 2021 allowed a consequential reduction in rental rebates and discounts
- ✓ Improved retail occupancy rates to 96.7%
- ✓ Steady improvement in footcount and positive trend in monthly turnover growth



Yuresh Maharaj
Group Financial Director

NOTES

Progress on strategy execution and initial milestones achieved



Significant focus on sales growth

- ✓ Improved SA Retail sales in all major channels
- ✓ Good delivery and outcomes from bancassurance relationship
- ✓ Enhanced focus on risk selection delivering as planned
- ✓ Increased adoption of MyLiberty – online self-service portal

Simplification efforts continue

- ✓ Simplified products and migration from mainframe technology
- ✓ Switched R500m AUM, and migrated 4 000 clients

Solid performance from STANLIB

- ✓ Continued good investment performance
- ✓ Launched new generation multi-strategy portfolios
- ✓ Increased contribution to Group earnings

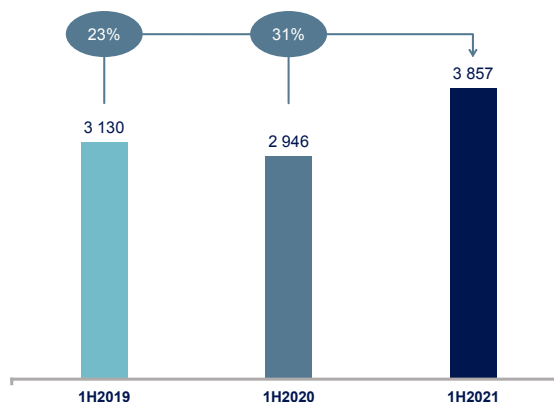
11

Improved sales trend across all major channels



- ✓ Increased sales of both risk and investment business
- ✓ Encouraging results from pricing and risk selection enhancements
- ✓ Good improvement in Liberty Advisory Partners supported by digital enablement in 1H2021
- ✓ Continued strong support from IFA's
- ✓ Bank focused initiatives resulted in good performance from SBFC and Embedded Bank Channels

SA Retail insurance indexed new business (Rm)



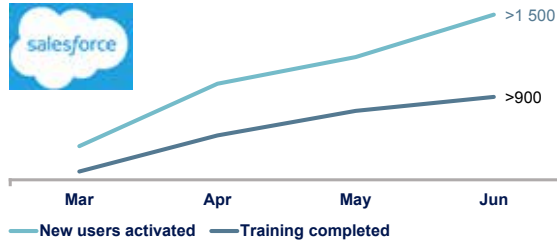
12

NOTES



Improved sales trends following focused initiatives

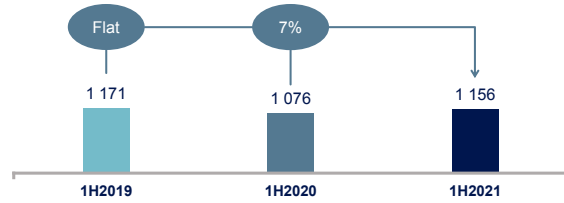
New user onboarding and training progress



Focused efforts on Liberty Advisory Partner sales

- >1 500 advisers and sales leaders onboarded on Adviser Workbench powered by Salesforce
- >8 000 client reports generated on Advice+
- Continuous enhancement in overall service offering

SA Retail insurance indexed new business (Rm) Liberty Advisory Partners



Improved outcomes

- Tracking to 1H2019 levels
- Recruitment practices aligned to demographics
- Female adviser representation increased by 10% to 39% from 2020

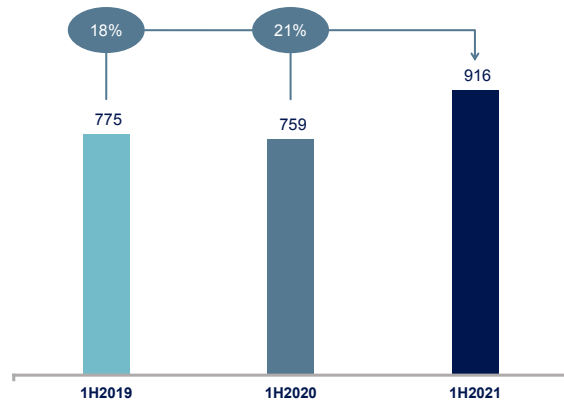
13



Continued strong support from IFA's

- ✓ Continued good sales support from IFA channel, 21% better than prior period
- ✓ 42% growth in single premium investments
- ✓ Ongoing focus on service levels and underwriting capability

SA Retail insurance indexed new business (Rm) IFA distribution



14

NOTES

Established bancassurance relationship



EMBEDDED PRODUCTS

- ✓ Liberty's share of embedded value of in-force contracts R612m
- ✓ R2bn indexed premiums
- ✓ 1.5m in-force funeral policies
- ✓ Flexible Funeral Plan sales >70 000 policies per month

OTHER INSURANCE PRODUCTS

- ✓ Liberty's share of embedded value of in-force contracts R743m
- ✓ Continued increase in complex risk sales

STANLIB

- ✓ Good sales of investment solutions to HNW clients
- ✓ R271m contribution to fee income
- ✓ Continued increase in asset inflows

- ✓ SBFC adviser capacity increased by 9% to 658 from December 2020
- ✓ Continued automation of customer servicing

15

Good progress in simplifying the business



Completed

>70 PRODUCTS RATIONALISED

Migrated **>200 000** policies

>30 PORTFOLIOS CLOSED

Switched **>R500m** AUM
and **>4 000** policies

1H2021

Next phase of execution

RATIONALISE >400 PRODUCTS

Migrate **>250 000** policies

CLOSE >150 PORTFOLIOS

Switch **R30bn** AUM
>300 000 policies

2H2021-FY2023

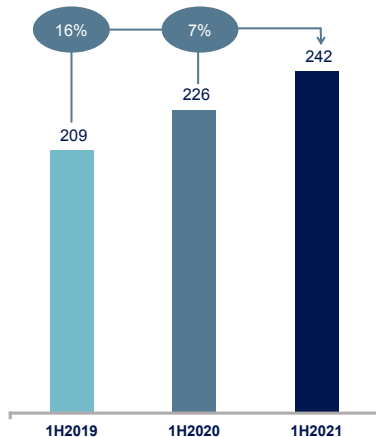
16

NOTES

Solid performance from STANLIB South Africa



Headline earnings (Rm)



Net client cash inflows (Rm)	Jun 21	Jun 20	% Δ
Retail and Institutional	12 789	14 695	(13)
Non-money market	9 724	3 384	>100
Money market	3 065	11 311	(73)

Core retail funds - quartile performance

Fund name	1H2021		1H2020		1H2019	
	3 year	5 year	3 year	5 year	3 year	5 year
STANLIB Equity	2	2	1	1	2	2
STANLIB Bond	1	1	1	1	1	1

17



**Interim results
to 30 June 2021**

18

NOTES

Summary of financial results to 30 June 2021



INSURANCE INDEXED NEW BUSINESS

R4 281 million ↑25%

(June 2020: R3 430 million)

NET CUSTOMER CASH INFLOWS

R10 billion

(June 2020: R14 billion)

SHAREHOLDER INVESTMENT PORTFOLIO

R753 million ↑>100%

(June 2020: loss R631 million)

NORMALISED HEADLINE EARNINGS

R288 million ↑>100%

(June 2020: loss: R2 173 million)

TOTAL PANDEMIC RESERVE (gross)

R1 552 million

SOLVENCY COVERAGE RATIO

LIBERTY GROUP LIMITED

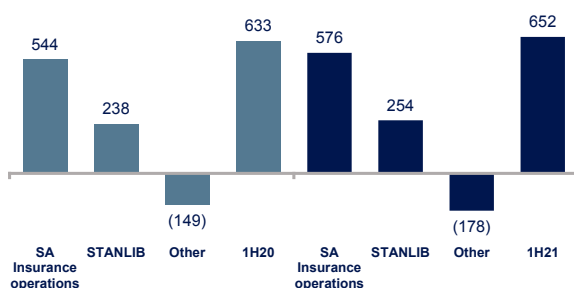
1.73 times covered

19

Contribution to normalised operating earnings pre-pandemic impacts



Business unit contribution (Rm)



- Increased volume of new business in SA Retail
- Relevant SA Insurance risk and persistency variances absorbed by pandemic reserve
- Increased earnings contribution from STANLIB

(Rm)	Jun 21	Jun 20	% Δ
SA Insurance operations	576	544	6
SA Retail	463	458	1
Liberty Corporate	3	41	(93)
Fund rehabilitation	(13)	(13)	-
LibFin markets	123	58	>100

- Continued commitment to reinstate funds and facilitate distribution to beneficiaries - Fund rehabilitation
- Less volatile markets benefitted the ALM result, with cautious credit origination
- Continued investment in the Group's strategic initiatives

20

NOTES

Pandemic reserve – SA Insurance Operations



SA Insurance Operations (Rm)	1H2021	2H2020	1H2020
Balance at beginning of period (gross of tax)	2 250	3 000	
Utilisation	(1 720)	(823)	
Risk profits	(1 548)	(796)	
Persistency and expenses	(172)	(27)	
Top up of reserve	990	73	
Establishment of reserve			3 000
Balance at the end of the period (gross of tax)	1 520	2 250	3 000
Balance at the end of the period (net of tax)	1 095	1 620	2 160

- Excess risk claims of R344 million net of tax 1H2021 not covered by reserve

Assumptions underlying the Pandemic reserve: 1H2021

- Expected risk claims calibrated to approximately 80% of Liberty's experience of second wave
- Claims expected to occur in two waves, starting at the end of June 2021
- Roughly 9 months, with the third wave being more pronounced than the fourth
- Mortality component at similar level as December 2020

21

Group equity value earnings



Sources of normalised group equity value earnings (Rm)	Jun 21	Jun 20
Operational equity value earnings before pandemic reserve	689	704
COVID-19 pandemic reserve	(149)	(3 003)
Operational equity value earnings / (loss) after pandemic reserve	540	(2 299)
Economic adjustments	550	(1 739)
Change in fair value adjustments	(76)	(5)
Group equity value earnings / (loss)	1 014	(4 043)

- Better than assumed investment market returns benefiting the SIP and Value of In-Force
- Small negative overall impact from rebasing of pandemic reserve

22

NOTES

Robust capital strength

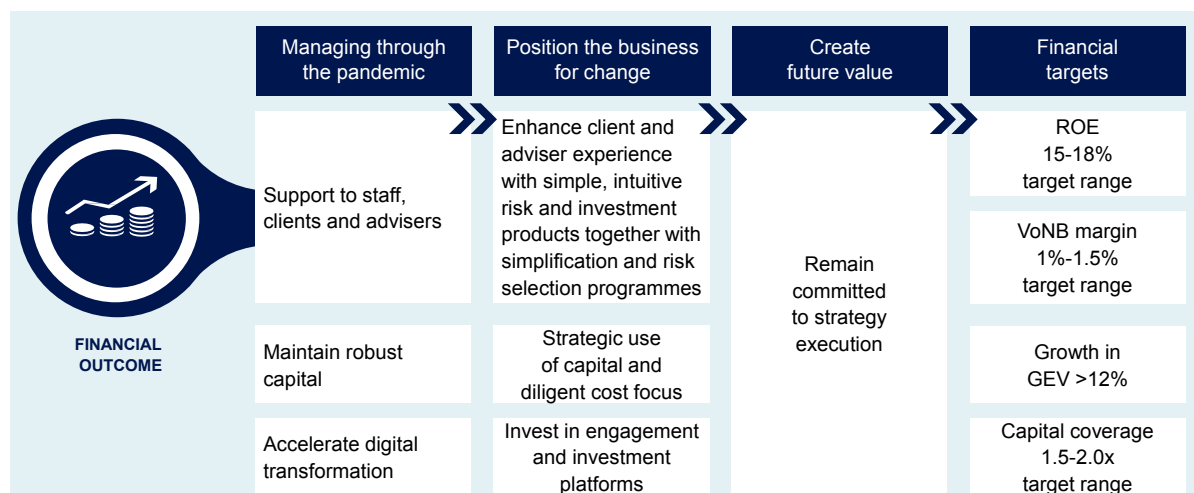


Liberty Group Limited - Rm (unless stated otherwise)	Jun 21	Dec 20
Regulatory capital		
Available Solvency Capital	31 068	30 275
Solvency Capital Requirement	(17 933)	(16 703)
Surplus above solvency requirement	13 135	13 572
Capital ratio at period end (times covered)	1.73	1.81

- Strong capital position post increase in pandemic reserve
- Resilient balance sheet and affirmed credit rating at July 2021
- The Board retained its prudent approach - no interim dividend declared

23

Committed to financial outcomes and to create future value



24

NOTES



LIBERTY
In it with you

David Munro
Chief Executive

Liberty Holdings Limited is a licensed Insurer and an Authorised Financial Services Provider (no. 2409)

In conclusion



- Macro environment will remain challenging
- Remain committed to the execution of our strategy
- Will live by our purpose and play a meaningful role in making our clients financial freedom possible
- Continue to simplify and transform our business to ensure its long-term competitiveness
- All initiatives will be further boosted by our potential integration with Standard Bank and expect that the alignment of goals should allow for an accelerated and seamless integration of the businesses

26

NOTES



LIBERTY
In it with you

Questions

Liberty Holdings Limited is a licensed Insurer and an Authorised Financial Services Provider (no. 2409)

NOTES
