



**LIBERTY HOLDINGS LIMITED**

*(Registration Number 1968/002095/06)*

*(Established and incorporated as a public company with limited liability in accordance with the laws of the Republic of South Africa)*

**LIBERTY GROUP LIMITED**

*(Registration Number 1957/002788/06)*

*(Established and incorporated as a public company with limited liability in accordance with the laws of the Republic of South Africa)*

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**INFORMATION STATEMENT IN RESPECT OF THE  
ZAR7 000 000 000 Domestic Medium Term Note Programme**

pursuant to the Programme Memorandum of

**LIBERTY HOLDINGS LIMITED**

**and**

**LIBERTY GROUP LIMITED**

dated 7 December 2021, as updated, amended, or supplemented from time to time (the **Programme Memorandum**)

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Amended and restated Information Statement dated 10 September 2025

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## DESCRIPTION OF ISSUERS

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*Words used in this section headed "Description of Issuers" shall bear the same meanings as defined in the section entitled "Defined Terms in Respect of Senior Notes and Subordinated Notes" in the Programme Memorandum, except to the extent that they are separately defined in this section, or this is clearly inappropriate from the context*

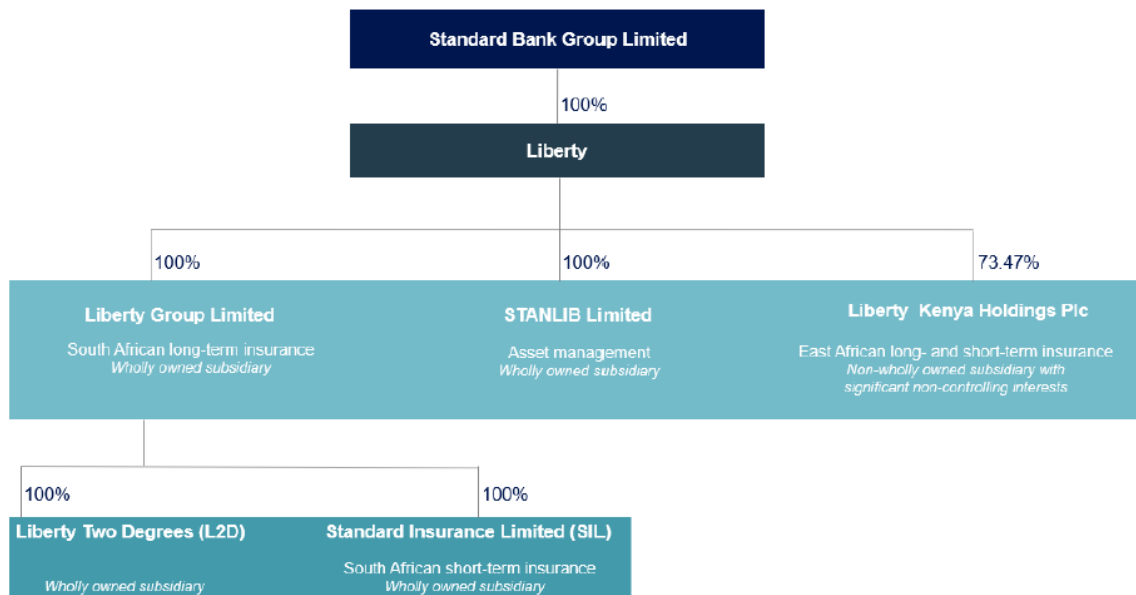
### 1. BACKGROUND AND HISTORY

Liberty Group Limited (LGL) was incorporated on 10 September 1957. Liberty Holdings Limited (LHL) was incorporated on 28 February 1968. In this document LHL and its subsidiaries are referred to as "Liberty". For nearly 70 years, Liberty has strived to create value for investors by meeting customers' financial needs through developing and delivering appropriate insurance and investment products and services.

The group offers an extensive, range of products and services aimed at helping customers build and protect their wealth and lifestyle.

### 2. OWNERSHIP AND CONTROL

The shareholder analysis below is as at 31 December 2024:



LHL acts as the parent company for multiple subsidiaries involved in financial services, encompassing long-term and short-term insurance, investment, asset management, and health services. Following the successful acquisition of minority interests and the delisting of Liberty Two Degrees, Liberty became the exclusive owner of Liberty Two Degrees Limited. In January 2024, Standard Bank Group Limited sold all of its shares in SIL to LGL. LHL falls within the Insurance and Asset Management business unit within the Standard Bank Group Limited.

### **3. DESCRIPTION OF BUSINESS**

#### **3.1 Liberty Holdings Limited**

LHL is the holding company of various operating subsidiaries engaged in the provision of financial services including long-term and short-term insurance, investment, asset management and health services. These financial services are primarily undertaken in South Africa, with various levels of services being provided in other African countries. LHL is incorporated in the Republic of South Africa.

#### **3.2 Liberty Group Limited**

LGL is a wholly-owned subsidiary of LHL and is Liberty's main South African registered long-term insurance licenced entity. From a materiality perspective, most of Liberty's business and associated risks reside in this licenced entity. Consequently, the boards and standing committees of LHL and LGL are constituted with the same directors and function as an integrated unit.

##### **3.2.1 Board of Directors and Board Committees**

The boards and standing committees of LHL and LGL are constituted with the same directors and, as far as possible, function as an integrated unit. Both boards have the same chairman, group chief executive, executive and non-executive directors. The board meetings of these companies are combined meetings, resulting in improved efficiency and information sharing.

The boards direct the group and provide independent review on all issues of strategy, performance, resources, and standards of conduct, either directly or through their committees.

As at 31 December 2024, the board of directors are Yunus Suleman (non-executive chairman), Nick Criticos (lead independent director), Nooraya Khan, David Hodnett (non-executive), Yuresh Maharaj (executive), Carol Roskrige (independent), Simon Ridley (independent) and Howard Walker (independent).

Governance disclosures are included in the corporate governance report:

<https://www.libertyholdings.co.za/Documents/Reports/09042025-liberty-corporate-governance-report-2024-final.pdf>

The board consists of the following directors as at 31 December 2024:

**Yunus Suleman**

Non-executive and chairman

**Areas of expertise and contribution:**

Accounting, auditing, financial services, financial reporting and governance.

<b>Committee</b>	<b>Designation</b>
Board	Non-Executive Director
Directors' Affairs Committee	Chairman
Significant Transactions Committee	Chairman
Remuneration Committee	Member
Liberty Property Investment Committee	Member

**Yuresh Maharaj**

Chief Executive Officer of LHL and LGL.

**Areas of expertise and contribution:**

Accounting, auditing, financial services, financial reporting, insurance, governance and remuneration

<b>Committee</b>	<b>Designation</b>
Board	Chief Executive Officer
Liberty Risk Committee	Member

**Nick Criticos**

Lead independent director

**Areas of expertise and contribution:**

Insurance, governance, financial services, asset management, actuarial, risk, strategy, remuneration and property.

<b>Committee</b>	<b>Designation</b>
Board	Independent Director
Remuneration Committee	Chairman
Liberty Property Investment Committee	Chairman
Liberty Actuarial Committee	Member
Liberty Risk Committee	Member

## Nooraya Khan

Independent director

### Areas of expertise and contribution:

Accounting, auditing, financial structuring, governance, private equity and venture capital and risk.

Committee	Designation
Board	Independent Director
Liberty Risk Committee	Chairman
Liberty Information Technology Committee	Member
Liberty Audit and Actuarial Committee	Member
Remuneration Committee	Member
Social, Ethics and Sustainability Committee	Member
Directors' Affairs Committee	Member
Liberty Property Investment Committee	Member

## David Hodnett

Non-executive director

### Areas of expertise and contribution:

Banking, financial services, governance, insurance, marketing, risk and sub-Saharan Africa.

Committee	Designation
Board	Non-Executive Director
Social, Ethics and Sustainability Committee	Chairman
Liberty Risk Committee	Member

## Simon Ridley

Independent director

### Areas of expertise and contribution:

Financial services, governance, information technology, insurance, remuneration, risk, strategy and sub-Saharan Africa.

Committee	Designation
Board	Independent Director
Liberty Audit and Actuarial Committee	Chairman
Remuneration Committee	Member
Liberty Information Technology Committee	Member
Liberty Risk Committee	Member
Significant Transactions Committee	Member
Liberty Actuarial Committee	Member

## Carol Roskrug

Independent director

### Areas of expertise and contribution:

Financial services, governance, human resources, strategy, sustainability and transformation.

Committee	Designation
Board	Independent Director
Liberty Information Technology Committee	Chairman
Social, Ethics and Sustainability Committee	Member
Directors' Affairs Committee	Member
Liberty Audit and Actuarial Committee	Member

## Howard Walker

Independent director

### Areas of expertise and contribution:

Financial services, actuarial science, investments, asset and liability management, insurance and risk and governance.

Committee	Designation
Board	Independent Director
Liberty Actuarial Committee	Chairman
Liberty Risk Committee	Member
Liberty Audit and Actuarial Committee	Member

### 3.3 **STANLIB**

STANLIB is Liberty's wholly-owned asset manager. Due to the importance of governance over investors' funds managed and administered by Liberty, its board includes four non-executive directors. These directors are Nick Criticos, Simon Ridley who was appointed on 8 July 2024, Yunus Suleman and Howard Walker. These directors are also members of the LHL and LGL boards so are therefore non-executive directors on the STANLIB board. Derrick Msibi is the chief executive of STANLIB. David Munro resigned as the non-executive chairman after the board meeting on 13 November 2024 and Nick Criticos was appointed in his stead.

### 3.4 **Liberty Two Degrees**

Post the buyout of minority shareholders, and subsequent delisting of Liberty Two Degrees, Liberty held 100% of Liberty Two Degrees at 31 December 2023. At the time of this report, materially all properties in Liberty Two Degrees were transferred to the Liberty Group Limited balance sheet.

### 3.5 **Liberty Kenya Holdings PLC (LKH)**

Liberty holds 73.47% of LKH, which is listed on the Nairobi Stock Exchange. LKH conducts Liberty's life insurance operation in Kenya and is the holding company for Liberty's non-life insurance businesses in East Africa.

The directors of the board as at 31 December 2024 are Philip Odera (chairman), Peter Gethi (independent), Catherine Mitchem (independent), Rachel Mbai (independent), Rajesh Shah (independent), Jeff Hubbard (non-executive), Mike du Toit (non-executive) and Kieran Godden (executive).

### 3.6 **Standard Insurance Limited (SIL)**

SIL is Liberty's wholly owned short term insurance business. In line with the requirements of the Prudential Authority, the majority of the board members are independent. The non-executive chairman is Howard Walker, a member of the LHL and LGL boards. The independent directors are Zameera Ali, Costa Economou, Tantaswa Fubu and Prins Mhlanga. Johan van Greuning is the chief executive of SIL.

4. **COMPANY SECRETARY**

Jill Parratt  
Chief Specialist: Group Secretary  
Liberty Life Centre  
1 Ameshoff Street  
Braamfontein  
Johannesburg, 2001  
South Africa  
Tel: 011 408 4275  
[jill.parratt@liberty.co.za](mailto:jill.parratt@liberty.co.za)

5. **DEBT OFFICER**

Willem van den Berg  
Chief Finance and Value Management Officer  
Liberty Life Centre  
1 Ameshoff Street  
Braamfontein  
Johannesburg, 2001  
South Africa  
Tel: 011 408 3685  
[willem.vandenberg@liberty.co.za](mailto:willem.vandenberg@liberty.co.za)

6. **CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK**

The Issuers have always aimed to maintain high standards of corporate governance, which is reflected in the Issuers' ongoing commitment to good corporate governance and the principles contained in the fourth King report on corporate governance in South Africa. Our management reporting process and strategic reports are aligned with the reporting principles of the King IV Report on Corporate Governance for South Africa 2016 (King IV). During 2024, Liberty applied King IV in its entirety and as recommended, has provided a narrative-based report, in respect of LHL, in the "Application of the King IV Report on Corporate Governance for South Africa" which is incorporated herein by reference.

<https://www.libertyholdings.co.za/Documents/Reports/09042025-king-iv-3rd-final.pdf>

LHL's implementation of King IV was mirrored by LGL, as stated above the boards of LGL and LHL are identical and function as an integrated unit, holding combined meetings. Existing governance practices at LHL were compared to the principles and desired outcomes contained in King IV and enhanced as necessary. Complying with all applicable legislation, regulations standards and codes is integral to the group's culture and imperative to our group strategy. The board delegates responsibility for compliance to management and monitors this through the compliance control function. The compliance management committee assesses the impact of proposed legislation and regulation, and any other material regulatory issues are escalated to the IAM Risk Oversight Committee (IROC) and thereafter the Liberty Risk Committee (LRC).

Compliance disclosures are included in the governance and risk management disclosures within the Annual Financial Statements. These are located on:

<https://www.libertyholdings.co.za/Documents/Reports/20250320-liberty-group-limited-afs-2024.pdf>

Corporate governance policies dealing with the evaluation of directors and conflicts of interest can be found at the following link on LHL's website: <https://www.liberty.co.za/legal>.

Corporate governance policies dealing with the nomination of directors can be found at the following link on LHL's website:

<https://www.liberty.co.za/Documents/criteria-for-the-nomination-of-directors.pdf>.

## 7. MANAGEMENT STRATEGY

Liberty has a rich and long history of contributing to South Africa's business environment, the insurance and asset management industries, its clients, and a broad range of other stakeholders. As a wholly owned subsidiary of SBG, Liberty, now forming part of Insurance and Asset Management Business Unit, through its range of insurance and investment products, including life insurance, critical illness and disability insurance, income protection and saving for retirement, will continue to grow and protect what matters most to our clients.

### 7.1 Our clients

Our clients range from individuals to corporate and institutional clients across Africa. They leverage our extensive, market leading range of investment and insurance propositions and services to help build and protect their wealth and lifestyle.

### 7.2 Our solutions

We deliver solutions that aim to build and preserve our clients' wealth and ease the financial burden associated with key life events, in many cases underpinned by personalised financial advice.

We offer our clients a wide range of solutions to fulfil their long and short-term insurance, investment, and asset management needs through our advice-led distribution force, third party distribution network as well as in partnership with the group's banking sales channels.

### 7.3 Our competitive advantages

We are a trusted partner in our clients' lives, and part of a well established and respected brand in the Standard Bank Group.

We are part of one of the largest financial services groups on the African continent.

We are a part of Africa's heartbeat, with a presence in multiple African countries, offering asset management, investment and short and long-term insurance products to over three million people on the continent. We have one of the largest retail life insurance books in South Africa, complemented by a strong balance sheet and well-embedded risk and non-life books. This makes us one of the leaders in life insurance, providing security for individuals and families while offering a robust institutional asset management service.

We have an enviable property portfolio and proudly own and manage a number of South Africa's iconic retail properties. Our investment in premier properties like Johannesburg's Sandton City enhances our portfolio and demonstrates our commitment to contribute to the continent's economic growth and development.

### 7.4 Our strategic execution

Our strategic ambition is centred on providing our clients with holistic financial propositions comprising insurance, investment and asset management offerings that complement the group's wide range of banking offerings.

## 7.5 **Defending our core franchise**

Our leading market position and scale in South Africa, together with one of the largest distribution networks on the continent, provide a strong platform for growth and competitive improvement in our portfolio.

Our diverse portfolio caters to a broad spectrum of client segments and our strong advisory capabilities give us the ability to provide insurance, investment and asset management propositions to our existing client base while expanding our reach to attract more clients.

## 7.6 **Growing our business**

We have sharpened our focus to accelerate growth in the middle, affluent and high net worth segments by creating client value propositions and competitive insurance and investment solutions that meet their needs holistically. We will distribute our solutions by collaborating with the banking business units and through our own distribution channels to maximise our market reach and strengthen client retention and entrenchment.

## 7.7 **Optimising our business**

We continuously invest in our technology to support our clients and our advisers, to enhance and differentiate our propositions and experiences, and to leverage efficiencies.

We continue to invest in technology to ensure that we can provide our clients with financial solutions that they want and that are efficient, simple and easy to access. We continue to make progress on our digital programmes, with a particular focus on giving our clients and advisers the support and tools they need to have meaningful, real-time, personalised conversations with clients.

## 7.8 **Strategic dependencies and trade-offs**

We will continue to manage the dependencies and risks associated with delivering our strategy as well as the associated trade-offs. These include:

- Monitoring and mitigating against the anticipated impact of macroeconomic trends in the near term, including heightened geopolitical tensions, ongoing currency volatility and increasing hyperinflationary risks in certain markets.
- Effectively managing our resources and optimisation initiatives to reduce costs and improve efficiency is balanced against investment in expansion and growth areas that will deliver long-term profitable growth and returns.
- Climate change and infrastructure investment requirements pose a risk to property and corporate valuations.

## 7.9 Measuring strategic progress

To guide us in achieving the Liberty of the future and to measure our progress, we adopted the strategic value driver model. We use these drivers as the foundation for our strategic themes as well as for monitoring our day-to-day progress in addressing our material matters.



### *Strategic Value Driver Model*

The board is responsible for providing overall strategic direction and oversight of the implementation. The board directs management on what is expected and acceptable in the pursuit of its objectives. Liberty's strategy is set with reference to the approved risk appetite and includes targeted metrics to monitor its achievement.

## 8. BLACK ECONOMIC EMPOWERMENT

Being a responsible corporate citizen entails acting with economic, social and environmental responsibility. Liberty Holdings Limited and subsidiaries' BEE certificate can be found on <https://www.libertyholdings.co.za/Documents/bee-certificate-liberty-2025.pdf>.

As a business, the Issuers can be measured on their transformation progress as well as the impact they have on the communities and environment in which they operate and how their people live their values.

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## RISK FACTORS

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*Words used in this section headed "Risk Factors" shall bear the same meanings as defined in the sections of the Programme Memorandum entitled "Defined Terms in Respect of Senior Notes and Subordinated Notes" and "Terms and Conditions of Subordinated Notes", except to the extent that they are separately defined in this section, or this is clearly inappropriate from the context.*

***Investing in the Notes involves substantial risks. Prospective investors should carefully consider all of the information in the Programme Memorandum and, in particular, before investing in the Notes, prospective investors should consider the risk factors below. Investors contemplating making an investment in the Notes should make their own investigation and analysis of the financial condition and affairs, and their own appraisal of the creditworthiness, of the Issuer and the terms of the offering and their own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience, and any other factors which may be relevant to them in connection with such investment***

### **1. RISK ASSOCIATED WITH THE FINANCIAL CONDITION OF THE GROUP**

Timely and ultimate payment of principal and interest on the Notes depends on the financial condition of the Issuer. The financial condition of the Issuer may be affected by many business and operational factors, including but not limited to legislative or regulatory changes such as new prudential requirements, industry wide issues, market conditions or investor confidence, as well as issues specific to the group such as mortality experience on its portfolio, investment return below expectations, its cost base and the sentiments of policyholders and distributors following management actions. Other risks, such as market risk (the risk of a decrease in the market value of a portfolio of financial instruments), liquidity risk (the risk that the Issuer has insufficient funds or marketable assets to meet its future cash flow obligations on time), or operational risk (the risk of loss from inadequate or failed internal processes, people, and systems) can also affect the timely and ultimate payment of principal and interest on the Notes.

#### ***Regulatory approvals***

In granting its approval for the issue of the Notes the Regulator has set out certain conditions associated with the approval, including the prior consent of the Regulator to an early redemption of the Subordinated Notes or the repayment of amounts due in respect of the Subordinated Notes following an Event of Default. There can be no assurance that the approval of the Regulator will be granted upon the occurrence of any of these events.

## 2. RISK MANAGEMENT

Liberty has adopted an Enterprise Risk Management (ERM) approach which enables the group to consider the potential impact of risks on stakeholders. Liberty's risk framework is substantially based on the ERM principles embodied in the Prudential Authority (PA)'s Solvency Assessment and Management (SAM) framework. An Own Risk and Solvency Assessment (ORSA) report is prepared annually and submitted to the Prudential Authority. The content of the ORSA report is derived from these annual financial statements and various other reports and is approved by the board based on the recommendation of the LRC.

Liberty's risk processes consider both the internal and external environments, and their impact on customers, the shareholder and other stakeholders.

Liberty's significant risk categories are strategic and business, insurance, market, credit, liquidity and non-financial risk.

Liberty's strategic plans are subject to consideration of the trade-off between risk and reward, taking into account the risk appetite statements approved by the board.

Systems to quantify insurance, market, credit and liquidity risk are in place. Non-financial risks are addressed through qualitative assessment and analysis of exposures, incidents and effectiveness of mitigating controls. If Liberty is operating outside the risk target range, appropriate actions to return to within the range are considered. If Liberty is outside of a risk tolerance limit, immediate corrective action is taken.

The group has formalised processes to ensure that finance and risk matters are considered in the determination of remuneration and incentives. Overall, Liberty's management view the risk management system as functioning effectively and the business continues to be managed within risk appetite.

### 2.1 Risk Strategy

Liberty's approach to risk management places consideration of risk as a focal point in its business activities. This enables the business to make informed risk-based decisions and manage expected returns by selecting the risks it is willing to assume. Liberty's risk strategy is integrally linked with its business strategy, with risk mitigating actions designed to improve the prospects of achieving the business goals.

<b>Risk strategy</b>	<b>Business strategy link</b>
<p>Liberty's risk philosophy is to ensure the sustainable growth of its business, by encouraging profitable risk-taking and ensuring that it operates within risk appetite.</p> <p>Liberty's risk preferences are classified according to:</p> <ul style="list-style-type: none"><li>• risks that the group actively seeks as a result of being in the business of underwriting and managing risks (i.e. insurance, market, credit and liquidity risks), all of which are viewed as value-enhancing; and</li><li>• risks that are not actively sought but arise as a consequence of being in business and will be managed to an acceptable level to protect value (i.e. non-financial, strategic and business).</li></ul> <p>All other risks are avoided as far as possible.</p>	<p>Liberty's strategy provides clear direction for management, with detailed objectives being constructed. Risk preferences are considered in the formulation of the strategy, objectives, and in any supporting operational capabilities that are built.</p> <p>Impacts of decisions taken during the formulation and execution of these objectives are considered against the planned risk profile, and form part of the broader feedback loop of business decision-making (with particular attention paid to the extent that a decision may shift the group outside risk appetite).</p>

Source: Liberty Group Limited Annual Financial Report dated 31 December 2024

## 2.2 Risk appetite and risk target

Risk appetite is an expression of the amount or type of risk that Liberty is willing to take in pursuit of financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations under both normal and a range of stress conditions.

For the 31 December 2024 annual financial statements, the terminology used for risk appetite has been updated to align better to that used by the Standard Bank Group Limited (SBG). The risk tolerance limit is defined as the maximum amount of risk Liberty is prepared to tolerate. The risk target range is defined as the amount of risk Liberty aims to take within which to optimise returns. The risk target range is set at a level that allows for the achievement of long-term targeted returns and targeted enterprise value while keeping the possibility of risk tolerance breaches at acceptable levels.

Liberty's risk profile is monitored continuously with full bottom-up assessments being performed quarterly and reported to management and the board's risk oversight committees. Consideration is given to the risk profile relative to risk limits in determining whether specific management actions are required.

The setting of the level of risk appetite is based on stakeholder input and fundamentally driven by the requirement to deliver very high levels of financial security for customers through appropriate maintenance of the group's ongoing solvency. The dual, and at times conflicting, objectives of creating shareholders' equity and minimising risks are controlled through these limits.

Consideration is also given to the strategic, working capital and regulatory capital requirements of the group. Management is tasked with conducting Liberty's business at the targeted risk levels to ensure that the planned optimisation of returns is achieved. Insufficient risk taken, where value enhancing opportunities exist, is also considered to be undesirable.

The group's risk appetite statement is regularly reviewed to ensure its appropriateness to business objectives. The board has approved the risk appetite to be measured across the following risk dimensions:

- Stressed earnings: This is a measure of the fall in IFRS profit over the next year expected in a moderate stress event (i.e. '1 in 10' year event) relative to forecasted IFRS profit over the next year.
- Regulatory capital coverage: This is a measure of the ratio of the available regulatory capital of the group to the sum of the regulatory capital requirements across all entities within the group.
- Liquidity coverage ratio: This is a measure of the ratio of high-quality liquid assets (HQLA) relative to expected and stressed liquidity requirements measured on a 12-month forward looking basis. Liberty aims to maintain sufficient HQLA to meet its liquidity requirements, as and when they fall due, under a 1-in-200-year event over a 12-month measurement horizon.

### **2.3 Risk management framework**

Effective application of the risk management framework is achieved through processes and operational requirements which have been translated into a comprehensive series of risk management policies, procedures and guidelines. These reflect the overall commitment to risk management, stipulating the required direction and the parties responsible for implementation.

Risk identification, management approaches and controls are independently reviewed by the second line risk and compliance functions as well as the third line internal audit function.

### **2.4 Governance of the risk management system**

The board is ultimately accountable for the effective governance of risk management. It is the responsibility of the board to ensure that clearly defined risk management roles and responsibilities for Liberty's chief executive (supported by the executive committee (IAM Stratco)), sub-committees and key functions are in place. Liberty's governance structures and processes provide sound and prudent management and oversight of the group's businesses in the interest of clients, the shareholder, and other stakeholders. The structures and processes support and enhance the ability of those responsible for the governance of Liberty (the board, senior management and heads of control functions) to manage Liberty's business effectively.

Liberty and its subsidiaries became part of the Insurance and Asset Management (IAM) business unit of Standard Bank Group. The IAM management committees provide oversight and report to the Liberty board committees as well as the IAM business unit.

### **2.5 Risk identification and assessment process**

Liberty has a clearly defined business strategy, making it possible to identify events that would hinder the business from achieving its objectives as well as identifying opportunities that might assist the business in advancing towards or achieving its objectives. Risks that could threaten the business model, strategy and sustainability are identified and assessed through a top-down risk identification and assessment process. In addition, risks identified through the business areas strategic planning processes and business management processes provide a bottom-up view.

### **2.6 Risk measurement process**

To aid in the understanding of risk, various risk metrics are quantified on a regular basis and assessed against triggers, limits, risk target ranges and ultimately risk appetite. In addition, comprehensive scenario analysis is undertaken. A range of scenarios, covering different levels of severity and plausibility, are considered as part of the stress testing system. The scenarios are forward-looking over the same period as the business planning horizon and focus on both macro-economic and insurance-driven events.

## 2.7 Risk management process

Where Liberty accepts a risk within its strategy, it may still want to limit its exposure to an acceptable level via various mitigants such as underwriting, reinsurance, financial and non-financial controls, hedging and asset allocations. Once the level of risk Liberty is willing to take has been set by the board and the risks have been assessed, management is better able to determine the mitigation strategy deemed to be the most effective. The chief risk officer (CRO) considers risks both gross and net of risk mitigation in the oversight of the risk management system. Mitigants used depend on the risk type. The mitigants are subject to oversight by the second line of defence, and controls are audited by the third line. Risk specific mitigation methods for specific risks are covered in later sections.

### 2.7.1 Liberty's top and emerging risks

The top and emerging risks are identified annually through an analysis of the internal and external factors that influence Liberty's operating context. These risks are monitored and reported at relevant governance committees.

## 2.8 Capital management

The capital management strategy is designed to ensure that Liberty remains within risk appetite with sufficient capital to meet strategic initiatives, as well as regulatory and working capital requirements. The allocation and use of capital are designed to generate a return that appropriately compensates the shareholder for the risks incurred. Capital is deployed to each legal entity within the group such that the available capital exceeds its applicable regulatory capital requirement. Appropriate buffers allow each legal entity to be managed within its risk appetite.

The Prudential Authority's solvency capital methodology has been applied for both the South African insurers in the group, LGL and Standard Insurance Limited (SIL). The group ensures that available capital is of suitable quality and is accessible when required.

As a whole, the group holds a further capital buffer which is managed to support risk target levels, strategic initiative requirements and the dividend policy. Similarly, individual entities, most notably insurance subsidiaries, maintain buffers in order to ensure their individual compliance with local regulatory requirements. The group's dividend policy takes cognisance of capital requirements at group level. Similarly, all dividends sourced from regulated entities are only approved where they do not compromise capital adequacy at each legal entity level.

LGL and SIL met all Prudential Authority capital requirements. Regulated entities met their respective regulatory requirements. The group's capital position is reported quarterly to the board. The board considers reports from the heads of the actuarial functions before dividends are declared.

### 2.8.1 Available capital

The group is largely funded through ordinary share equity which is the highest quality of capital available to protect policyholders. In addition, the group has four subordinated debt instruments, totalling R5.1 billion nominal value at 31 December 2024 issued by LGL to increase its available capital, in order to fund its working capital requirements and to lower the weighted average cost of capital for the group. The details of the instruments are provided in note 23 to the annual financial statements.

As at 31 December 2024, LGL's national scale issuer rating was zaAA+ and its national scale issue rating on its subordinated debt was zaA+ as rated by S&P Global Ratings.

### 2.8.2 Solvency Capital Requirement coverage

The table below indicates the SCR cover as at end 2024 and end 2023 respectively for the South African licensed insurers in the LGL group calculated in accordance with the Insurance Act.

	2024		2023
	LGL	SIL	LGL
Available capital (or "own funds") (Rm)	29 414	1 748	30 358
Solvency capital requirement (SCR) (Rm)	17 593	895	16 802
SCR coverage ratio (times)	1.67	1.95	1.81
Target SCR coverage ratio (times)	1.3 - 1.7	>1.7	1.3 - 1.7

LGL's and SIL's Solvency Capital Requirement (SCR) coverage ratio at 31 December 2024 remains strong at 1.67 and 1.95 times, respectively, which is above the target range of 1.3 to 1.7 times and greater than 1.7 times, respectively. The 2024 LGL solo return submitted to the Prudential Authority, showed the LGL SCR coverage ratio as 1.56 times post the foreseeable dividend. A change in methodology was adopted in April 2025 where future SCR cover ratios are to be shown after the foreseeable dividend is deducted. As at 30 June 2025, the LGL's and SIL's SCR coverage ratios are at 1.52 and 1.70 times, respectively.

Liberty's 2024 annual results can be found at

<https://www.libertyholdings.co.za/Documents/Reports/20250320-liberty-group-limited-afs-2024.pdf>

## 2.9 Strategic and business risk

Strategic and business risk is the risk of business plans and strategies being inadequate to prevent financial loss or protect Liberty's competitive position and shareholder value.

Liberty strives to limit Strategic and Business risk by balancing its stakeholders needs and engaging in profitable risk taking and value enhancing activities as well as ensuring that it does the right business the right way and manages its financial resources responsibly and has the evidence to show this. The aggregated risk profile, which considers risks identified via the top-down and bottom-up processes, is monitored and reviewed by the IAM risk oversight committee (IROC) and Liberty risk committee (LRC) with actions driven by management structures.

While new business value (NBV), within the SA Retail business, levels have improved from those experienced during prior years further improvements are required to ensure earnings can be sustained in real terms. This is a key longer-term risk that Liberty is facing, and actions to address this risk are a top priority for management.

Initiatives aimed at improving top line volumes include rebuilding manpower within tied channels; improving distribution effectiveness (improving the ease of doing business, enhancing leads, leveraging the SBG client base; and building distribution to service markets where Liberty has below-average market share (Wealth independent financial advisor (IFA) market, Provider-owned IFA network)). Initiatives aimed at enhancing revenue generation include launching enhanced propositions; improving risk selection; and improving vertical integration of investment propositions through guided advice and approved fund lists. Operational efficiency initiatives are aimed at reducing cost to revenue ratios. In conjunction with these actions, the earnings profile will be supported by other actions that add sustainable earnings through time.

## 2.10 Insurance Risk

Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, retrenchment, policyholder behaviour or expense experience in the case of life products, and claims incidence, claim severity or expense experience in the case of general insurance products.

The management and staff in all business lines which accept insurance risk are responsible for the day-to-day identification, analysis, pricing, monitoring and management of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through pre-defined escalation procedures.

The head of actuarial function and Liberty's insurance risk department provide independent oversight of compliance with Liberty's risk management policies and procedures and the effectiveness of Liberty's insurance risk management processes.

Risk management takes place prior to the acceptance of risks through the product development and pricing processes and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

### 2.10.1 Policyholder behaviour risk

The primary policyholder behaviour risk is termination risk. This generally arises when policyholders surrender or lapse their policies, or discontinue or reduce contributions, at a rate that is not in line with expectations. This could be due to regulatory and law changes (including taxation), changes in economic conditions, changes in policyholders' circumstances and perceptions, policy conditions and practices, selling practices, advisor behaviour, and competitor behaviour.

Policyholder behaviour risk, in particular surrender and lapse risk, remains significant with the experience being volatile and linked in part to the economic cycle. The risk is significant particularly for life risk measured under the General Measurement Model (GMM) and participating contracts which are valued on longer-term contract boundaries. However, since it is usually costlier to acquire new annually renewable business than retaining it, the expected renewal experience is considered in product pricing as this affects the business's long-term viability.

The policyholder behaviour risk is managed through frequent monitoring of experience and actively driving targeted retention initiatives. Focusing on being customer centric, including listening to customers to understand the drivers of the experience, enables appropriate actions to be taken.

### 2.10.2 Expense risk

Management of expense risk is core to the insurance business. The expenses expected to be incurred on policies are allowed for in product pricing. If such expenses are considerably higher than those of insurers with competing products, the ability to sell business on a profitable basis will be restricted. This does not only have capital implications but can also affect the ability to function as a going concern in the long-term.

Expense risk is managed by:

- regularly monitoring actual expenses against budgeted expenses;
- regularly monitoring new business volumes and mix;
- regularly monitoring withdrawal rates including lapses; and
- implementing cost control measures in the event of expenses exceeding budget or of significant unplanned reductions in the number of in-force policies.

### 2.10.3 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks. Underwriting risks are risks that are core to the insurance business. The business continues to monitor and gain insight from its experience to drive appropriate management actions in underwriting, claims and pricing and to react timeously to ensure appropriate risk selection. The group has the following processes and procedures in place to manage underwriting risk:

- pricing
- claims management
- reinsurance

#### 2.10.4 **New business risks**

New business risk is the risk of the new business value deviating from that expected in calculating expected financial outcomes. This can arise from actual volume, mix and/or quality of new business deviating from that expected.

#### 2.11 **Market risk**

Market risk is the risk of adverse financial impact resulting, directly or indirectly, from fluctuations in equity prices, interest rates, foreign currency exchange rates, property values and inflation as well as any changes in the implied volatility assumptions associated with these variables.

##### 2.11.1 **LGL market risk management**

LGL offers a range of risk, savings and investment products. These products result in market risk exposures due to certain fee revenue being based on values of investment components, underlying investment guarantees granted to policyholders that are embedded within these products, interest rate risk associated with long-dated contracted cash flows and asset/liability mismatch risk (where the assets held by LGL do not move in the same direction or by the same magnitude as the obligations arising under these products, despite the controls and hedging strategies employed).

Under LGL's board-approved balance sheet management framework, certain market risk exposures are retained. This is to broadly deliver regulatory capital coverage ratio stability whilst limiting earnings volatility.

##### 2.11.2 **Group market risk sensitivities**

Sensitivities indicating the impact of changes in key assumptions have been prepared by applying stresses at the financial position date. These sensitivities have been calibrated to moderately severe (1-in-10 year) stresses. Each of the presented sensitivities is applied in isolation with all other assumptions left unchanged.

Aligned to market exposures being managed through an overall balance sheet approach that aggregates market positions and manages these exposures within overall group risk appetite limits and specific mandates, the sensitivities disclosed have been applied to all financial instruments (IFRS 9), insurance contracts (IFRS 17) and investment properties (IAS 40) where applicable. The sensitivities are presented in totality including applicable taxation to reflect the net impact to ordinary shareholder equity.

### 2.11.3 Property market risk

Liberty is exposed to tenant default, depressed rental markets and vacancies within its investment property portfolio affecting property values and rental income. The managed diversity of the property portfolio and the existence of multi-tenanted buildings significantly reduce the exposure to this risk.

Property market risk also arises in respect of shareholder exposures to investment guarantees, mismatch risk to the extent property is used to back annuity policyholder liabilities as well as through asset holdings and exposures in the Shareholder Portfolio.

During 2023 LGL bought the shares held by non-controlling shareholders in Liberty Two Degrees (L2D) and it was delisted. Following the buy-out of non-controlling shareholders in L2D, Liberty's shareholder's direct property exposure increased.

Liberty has for several decades developed and maintained several flagship property assets including Sandton City and Eastgate. These have over many years provided strong growth. They have however become large, concentrated exposures due to this growth. Policyholders do have the ability to put the assets back to the shareholder at the prevailing valuation. This liquidity risk is included in Liberty's liquidity risk framework.

### 2.11.4 Derivative instrument risk

Certain group entities are parties to contracts for derivative instruments, mainly entered into as part of the dynamic hedging strategy used to manage asset/liability mismatches within the LibFin ALM portfolio.

Derivative instruments are either traded on a regulated exchange, e.g. the JSE Equity Derivatives Market, or negotiated over-the-counter (OTC) as a direct arrangement between two counterparties. Instruments traded on regulated exchanges are margined daily, with the exchange acting as the counterparty to each transaction. OTC instruments are only entered into with appropriately approved counterparties in terms of signed International Swaps and Derivative Association (ISDA) agreements and credit support annexure (CSA) agreements. Refer to note 12 of the 2024 AFS for quantitative detail.

### 2.12 Credit risk

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of counterparties and any debtors to which shareholders and policyholders are exposed. Credit risk is measured as a function of probability of default (PD), exposure at default (EAD) and the recovery rates (RR) post a default.

Liberty's credit risk sanctioning and monitoring capability enables it to accept the risks inherent in the credit book. These credit risks are partially a function of Liberty's core business activities, but also as part of a deliberate decision by Liberty to add credit risk exposures to diversify the risks on the balance sheet and to generate attractive risk-adjusted returns for the shareholder. Liberty prefers to take credit risk to back its long dated and relatively illiquid liabilities due to the risk adjusted returns it is able to achieve.

### 2.12.1 Characteristics of credit risk exposures

Liberty is exposed to listed tradeable liquid credit instruments as well as unlisted and bi-lateral credit lending arrangements. Inter alia Liberty also invests in unlisted and structured instruments. The Liberty shareholder credit exposure is reasonably diversified and generates attractive returns on capital for the credit risk being taken. The shareholder credit exposure is within risk appetite.

Overall, the credit risk portfolio as at 31 December 2024 remains heavily weighted to South African counterparties including government, state-owned enterprises and top tier South African banks. It also includes special purpose companies (e.g. securitisation and structured credit) and other corporate entities. In addition, the group is also exposed to underlying credit risk through investment in mutual funds, reinsurance, the property portfolio and investment policies.

No credit risk is considered to arise in respect of insurance contract assets. Policyholders can terminate their contracts, in which case no amounts would be payable to Liberty.

### 2.12.2 Reinsurance assets

Reinsurance is used to manage insurance risk and consequently Liberty is exposed to the credit risk of the reinsurers.

For life insurance business a detailed credit analysis is conducted prior to the appointment of reinsurers. Cognisance is also taken of the potential future claims on reinsurers in the assessment process. Financial strength, performance, track record, relative size, ranking within the industry, credit ratings and parental guarantees of reinsurers are considered when determining the allocation of business to reinsurers. In addition, efforts are made to appropriately diversify exposure by using several reinsurers. A review of these reinsurers is done at least annually. For general insurance business reinsurers are selected largely based on their credit rating, but a review process is undertaken before a reinsurer is added to the panel.

### 2.12.3 Derivatives

A detailed credit analysis of all LibFin over-the-counter derivative counterparties is performed and approved by the STANLIB Credit Alternatives Investment Committee prior to any trading taking place. In addition, in principle, trading is limited to:

- Financial institution counterparties with a strong credit rating; and
- Financial institutions where Liberty has negotiated International Swap and Derivative Association (ISDA) agreements and Credit Support Annexures (CSAs) with a zero threshold.

Wherever possible exchange traded derivatives are entered into by Liberty, or by agents acting for Liberty, as these offer Liberty protection through the exchanges' margining and settlement processes. For over the counter derivatives Liberty has entered into agreements with most of its international counterparties to post initial margin. Derivative contracts are only entered into in accordance with applicable legislation.

The derivative credit exposure reflected is the exposures arising from those transactions

where Liberty entities are in the money. The credit risk is materially mitigated as all derivatives are either exchange traded or governed by internationally recognized master agreements with enforceable netting arrangements. Furthermore, collateral support agreements and up-front margining and variation margining practices are in place.

#### 2.12.4 Other receivables

Liberty has formalised procedures in place to collect or recover amounts receivable. In the event of default, these procedures include industry supported lists that help to prevent rogue agents, brokers and intermediaries from conducting further business. Full impairment is made for non-recoverability as soon as management is uncertain as to the recovery.

Investment debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment. Insurance premium debtors risk can be managed by terminating the policy. Established broker relationships and protection afforded through the rules and directives of the JSE Limited further reduce credit risk.

#### 2.13 Liquidity risk

Liquidity risk is the risk that a legal entity cannot maintain, or generate, sufficient cash resources to meet its payment obligations in full, as they fall due or can only do so at an unsustainable cost or at materially disadvantageous terms. The group is exposed to liquidity risk in the event of heightened benefit withdrawals and risk claims where backing assets cannot be readily converted into cash. Liquidity risk also arises through collateral and margin calls related to derivative transactions used to hedge market risk.

Liberty aims to maintain sufficient liquidity to meet its liquidity requirements, as and when they fall due, under a 1-in-200-year stress scenario over a 12-month measurement horizon. The SBG liquidity risk standard establishes common principles of managing liquidity risk across the SBG. Liberty's liquidity risk policy is aligned to the principles contained in the SBG standard. IAM ALCO is charged with ensuring that liquidity risk remains within approved tolerance levels. The management of material liquidity risks of the group, which predominantly emanate from LGL, is delegated to LibFin.

#### 2.14 Non-financial risk (NFR)

Non-financial risk (NFR) refers to the risk of loss suffered as a result of the inadequacy of, or failure in, internal processes, people and/or systems or from external events. NFRs are considered inherent in the operation of a business, evolve rapidly and are difficult to anticipate, oversee, measure and monitor. They cannot always be measured in financial terms and can lead to reputational damage.

Management of NFR is the responsibility of every business area and first-line team. They are guided and supported by various risk specialists that are part of the NFR function at the centre. The NFR function at the centre is independent from business area management and is part of the second line of defence reporting to the Liberty CRO.

Key NFR risks include:

- People risk: is defined as the risk of undesirable impact on business objectives due to the inability to attract, develop, manage and retain the required talent. It

encompasses consequences due to the impact of decisions of people inside and outside of the organisation, the risk of breaching employment legislation and mismanaging employee relations.

- Information security risk: the risk of accidental or intentional unauthorised use, access, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity or availability of information which would potentially harm the business. Cyber risk is the potential of an attacker infiltrating the group's systems, attacks on internet facing services, or infection by malicious code / malware for financial gain.
- Information Technology risk: refers to the risk associated with systems (including hardware, software and networks) failure and/or outage, as well as failures in technology ownership, operation, adoption, IT practices, partner delivery and execution of IT changes, which have the potential for operational loss, reputational damage, regulatory sanctions and reduced competitiveness.
- Third party risk: is defined as the potential harm or negative impact to an organisation as a result of the actions or practices of external parties in its ecosystem and supply chain.
- Transactions processing risk is defined as the incorrect or incomplete processing of a transaction across the transaction lifecycle as a result of failed internal/external processes leading to financial losses, customer dissatisfaction, or reputational damage to the group.
- Financial control risk: is defined as the risk of inadequate or ineffective financial and accounting processes/controls, management and oversight resulting in a loss and incorrect decision making and reporting.
- Conduct risk: Liberty defines business conduct risk as the risk that detriment is caused to clients, markets or the group, because of inappropriate execution of business activities.
- Compliance risk: is defined as the risk of legal or regulatory sanction, financial loss or damage to reputation that the group may suffer as a result of its failure to comply with laws, regulations, codes of conduct, internal policies and standards of good practice applicable to its financial services activities.
- Financial crime risk: is defined as the risk of products or services being utilised in a manner that leads to money laundering, terrorist financing, sanction violation, bribery and corruption, facilitation of tax evasion or perpetration of fraud.

### 2.15 Concentration risk

Concentration risk is the risk that Liberty is exposed to financial loss which, if incurred, would be significant due to the aggregate (concentration) exposure Liberty has to a particular asset, counterparty, customer or service provider.

### **2.15.1 South Africa**

Liberty was founded in South Africa over 65 years ago and has, during this time, concentrated mainly on providing risk and investment products to South African customers. Consequently, both Liberty's asset base and liabilities contain significant South African sovereign risk. As such a sovereign debt restructure or default would pose significant risks to the sustainability of the business.

### **2.15.2 South African Bank Sector risk concentration**

SBG is Liberty Holdings Limited's holding company. Normal credit processes are followed before any asset exposure is entered into with SBG.

### **2.15.3 Property risk concentration**

Liberty is exposed to direct property investments in the Liberty Property Portfolio. While the risk is mitigated, to some extent, by policyholders bearing the risk on a portion of this exposure, the property portfolio is illiquid and concentrated towards the retail property sector. Furthermore, the portfolio has a material single location concentration to the Sandton City Precinct. Insurance has been purchased to mitigate against certain of the risks associated with the physical property and security measures are also in place.

### 3. RISKS RELATING TO SUBORDINATED NOTES

#### ***Early Redemption of Tier 2 Subordinated Notes upon the occurrence of a Regulatory Event***

In accordance with Condition 4 of the Subordinated Notes, the Issuer may at its option (but subject to the prior written consent of the Regulator), redeem all (but not some only) of the Subordinated Notes if a Regulatory Event has occurred and is continuing.

There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Subordinated Notes.

#### ***The Issuer's obligations under the Tier 2 Subordinated Notes are subordinated and holders will have no right of set-off***

In accordance with Condition 2 of the Subordinated Notes, the Subordinated Notes are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer or the appointment of a liquidator of the Issuer where the liquidator has given notice that the liquidator intends to declare and distribute a dividend, the rights and claims of the Noteholders of the Subordinated Notes against the Issuer in respect of or arising under the Notes including any damages awarded for breach of obligation of the Issuer which have not been satisfied, will be subordinated to, and rank in priority of payment below, all unsubordinated claims but shall rank at least *pari passu* with all other subordinated obligations (including guarantee obligations) of the Issuer (save for certain debts accorded preferential rights by law).

If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy the claims of the Senior Creditors, then Noteholders of the Subordinated Notes will not receive any payment in respect of their Subordinated Notes.

In addition, subject to Applicable Law, in accordance with Condition 3, no Noteholder of the Subordinated Notes may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes.

Accordingly, although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

#### ***Payment of any amounts of principal and interest in respect of the Tier 2 Subordinated Notes will be suspended or deferred upon the occurrence of a Solvency Event***

In accordance with Condition 4.11, if on any Redemption Date a Solvency Event has occurred or would occur, the payment of the redemption amount otherwise falling due on such date will be suspended. Such suspension shall not constitute a default by the Issuer or any other breach of its obligations under the Subordinated Notes or for any other purpose.

In accordance with Condition 5.1(a), the Issuer may elect to defer any payment of interest that is otherwise payable on any Optional Interest Payment Date. The deferral of any such interest shall not constitute a default by the Issuer for any purpose under the Subordinated Notes. Interest deferred in respect of this Condition 5.1(a) shall not itself bear interest.

In accordance with Condition 5.1(b), if on any Interest Payment Date a Solvency Event has occurred or would occur, the payment of the interest amount otherwise falling due on such date will be deferred. Non-payment of interest pursuant to this Condition will not constitute a default of the Issuer or any other breach of its obligations under the Subordinated Notes or for any other purpose. Interest deferred in respect of this Condition 5.1(b) shall not itself bear interest.

A Solvency Event may occur in a number of circumstances, including, without limitation, (i) where the Solvency Capital Requirement or any other Regulatory Capital Requirement is not satisfied, (ii) any event which under the Relevant Rules would require the Issuer to defer or suspend payment in respect of interest or principal under the Subordinated Notes, (iii) the Regulator prohibiting any interest payments, other distributions or redemption payments for any reason, (iv) the Issuer being unable to pay its debts to its Senior Creditors as they fall due, or (v) the liabilities of the Issuer (other than liabilities to persons who are not Senior Creditors of the Issuer) exceeding its assets.

The occurrence of a Solvency Event is therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

Signed at Braamfontein this 10th day of September 2025

For and on behalf of

**LIBERTY HOLDINGS LIMITED**



Name: Yuresh Maharaj

Capacity: Chief Executive

Who warrants that his/her authority hereto



Name: Willem van den Berg

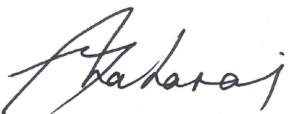
Capacity: Chief Finance and Value  
Management Officer

Who warrants his/her authority hereto

Signed at Braamfontein this 10th of September 2025.

For and on behalf of

**LIBERTY GROUP LIMITED**



Name: Yuresh Maharaj

Capacity: Chief Executive

Who warrants that his/her authority hereto



Name: Willem van den Berg

Capacity: Chief Finance and Value  
Management Officer

Who warrants his/her authority hereto