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IAS presentation  
**Liberty Life's Annual Results**

Year ended December 2006

2<sup>nd</sup> March 2007

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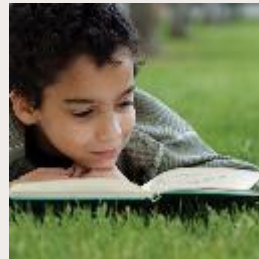
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**Bruce Hemphill**

**Chief Executive Officer**

2<sup>nd</sup> March 2007

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## Agenda

- Focus areas 2006 – how did we do?
- Financial review
- Conclusions
- Questions

## Focus areas 2006 – How did we do?

Overall



Financial performance



Industry issues



Strategy for the business



STANLIB



Management team and structure



Transformation



Operational issues

- Single platform strategy
- Capital Alliance integration
- Individual operations
- Corporate benefits operations
- New business
- Retention
- Cost control





## Financial performance

- Earnings per share and embedded value have grown well
- Indexed new business premium down 1%
- Recurring manex flat
- New business margin down to 2,5%
- Net cash flows strong

**A good result  
helped by strong investment markets and positive risk experience**



## Industry issues

- Savings base is narrow in South Africa
- Government aims to enlarge savings pool
- Supportive of government's objectives
- Ongoing discussions with National Treasury

**Liberty Life committed to playing a leading role in building partnerships**



## Industry issues

Liberty Life – active steps:

- Revised recurring premium savings product suite
- Withdrew traditional ELM savings product
- Took action against non-compliant advisors
- Continued significant investment in advisor training

**Continue to critically review and change practices  
and products to ensure customer and commercial relevance**





## Strategy for the business

- Inward focus for the last few years
- Greater focus on growth
- Strategic initiatives unit established
- Expand business beyond risk and life focus to a broader wealth offering
- STANLIB acquisition first building block in wealth company strategy
- Other opportunities to gather assets will be considered
- Africa

**Create a broader wealth offering to ensure sustainability and growth**



## STANLIB

- At half year, stated our intention to acquire 100% of STANLIB
- Approved by 97% of shareholders (excluding Standard Bank)
- Makes sound strategic and financial sense
- STANLIB made PBT of R501m in 2006
- Business repositioned:
  - eleven distinct investment franchises established
  - enhances asset gathering capability





## STANLIB

- STANLIB ranked 4<sup>th</sup> best performing collective investment scheme manager in 2006\*
- Fixed interest team had a clean sweep at the Raging Bull Awards
- Opportunities in both retail and institutional
  - Entrenching and leveraging fixed income and property franchises
  - Building absolute return and equity franchises

**A good deal, both strategically and financially**





## Management team and structure

- A fair amount of change but well managed internally
- Executive resources allocated to drive growth agenda
- Strong industry experience, balanced with external experience
- Single group wide Marketing and Distribution unit established
- We will continue to drive talent attraction and retention initiatives

**Right mix of skills and experience, but talent search continues**



# Transformation

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Financial Sector Charter Scorecard	
Human resource development	
Ownership and control	
Procurement and enterprise development	
Access to financial services	
Empowerment financing	
Corporate social investment	

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**Good progress - more to be done**

# Operational issues

## Single platform strategy



- On target – costs and timelines
  - Capital Alliance and Liberty Active annuities converted to Liberty Life annuities platform
  - Liberty Life annuities platform converted to Compass
- There remains much work ahead

**On target - confident of success**

# Operational issues

## Capital Alliance integration



- The business is now fully integrated and part of the overall Liberty business
- Catalyst for positive change
- Secured new talent
- Improved individual life service
- Equity markets assisted Capital Alliance's financial performance
- Closed book run-off is a challenge

**On balance a good deal - integration complete**

# Operational issues



## Individual operations - Service

- One of the success stories of 2006
- 2006 has seen significant efficiency improvements
  - Single entry point for all servicing (POT)
  - Reduction in service level agreement turnaround time
  - Reduced staff turnover
  - Significant focus on MIS and efficiency measurements
- Controlling and measuring efficiency is leading to improvements



# Operational issues

## Individual operations - Service



Table on Service Level Agreements (SLAs)*	2006	2005
Claims	<b>5 days</b>	20 days
- Outside SLA	<b>65 cases</b>	225 cases
Policy changes and disbursements	<b>3 days</b>	20 days
- Pended cases	<b>435 cases</b>	4 308 cases
- Outside SLA	<b>39 cases</b>	540 cases
Underwriting	<b>1 day</b>	2 days
Call centre abandonment rate	<b>0,4%</b>	8,5%
Calls answered within 20 seconds	<b>96%</b>	58%

**Great progress, more to come**

\* Average number on any given date (September 2006 on September 2005)

# Operational issues



## Corporate benefit operations



- Increased legislative burden taking its toll
- Service levels impacted and costs remain a challenge
- Four legacy systems converted onto Compass
- Complexity will be reduced and service should improve
- New management team
- Improving productivity and investing in new talent

**Continues to receive significant attention**

# Operational issues

New business volumes

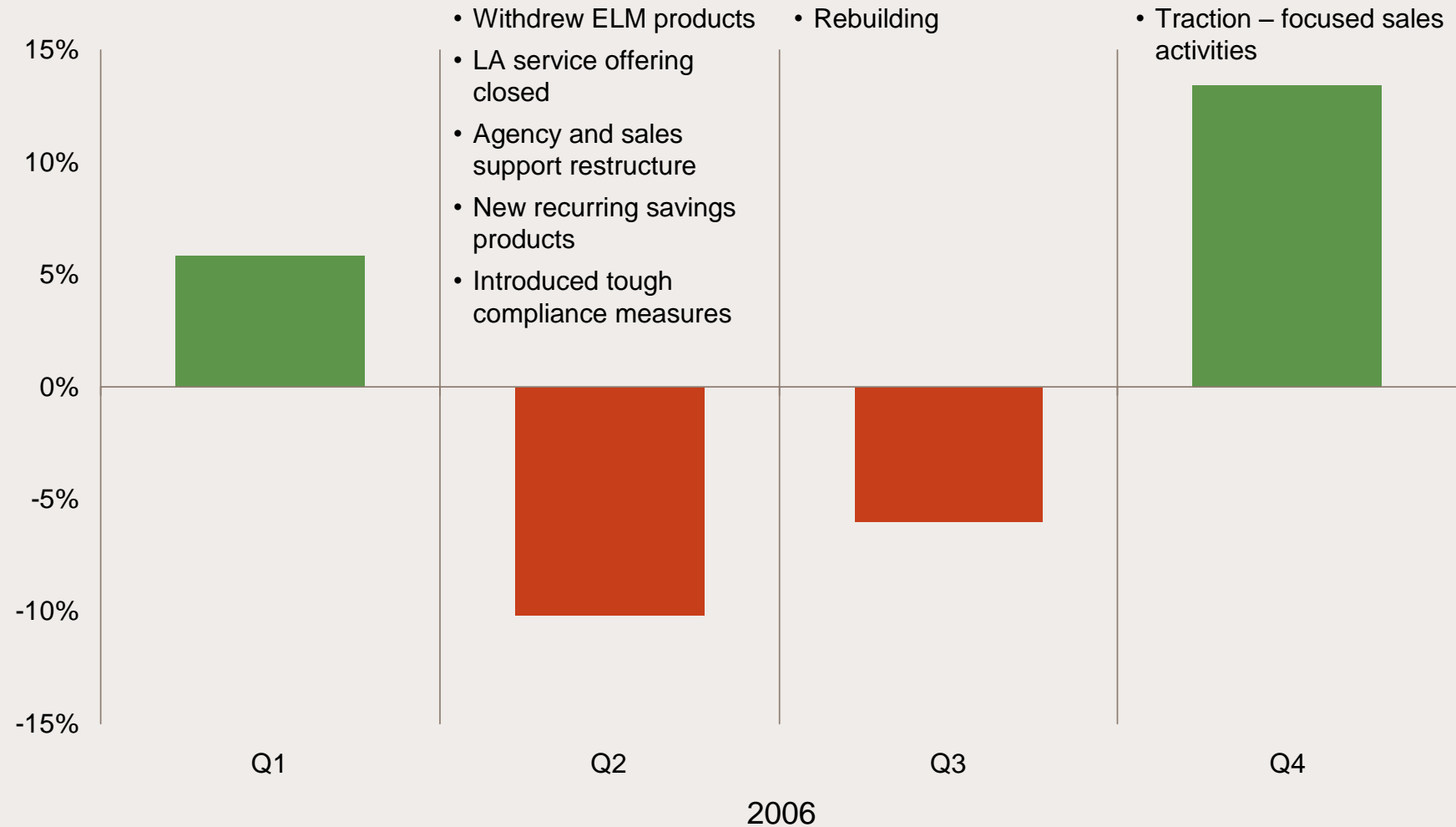


2006 % change	Total	Indexed
Total new business	-1	-1
Individual new business	+2	0
Corporate new business	-15	-1

# Operational issues



## New business volumes - Retail indexed premiums by quarter





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## Operational issues

New business volumes - Targeting continued growth

We are better placed than a year ago. Here is why:

- Agency restructure complete and gaining traction
  - Development branches
  - Production branches
  - Recruitment centralised
- Franchise continues to deliver solid performance
  - Recruitment on target
  - Not impacted by restructure
- Broker
  - Introduction of a more tailored approach



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## Operational issues

### New business volumes - Targeting continued growth

- Bancassurance
  - Retail new business up 7% off a high base (indexed +8%)
  - Corporate business up 101% (indexed +51%)
  - Opportunity still exists to better leverage client base
  - New emphasis and structure
- Alternative Distribution Channels
  - Strategic initiatives team exploring alternatives

**New business growth back on track**

# Operational issues

## Retention



- New business important but quality of new business critical
- International studies show that it costs significantly more to acquire a new customer versus keeping an existing one
- Retention unit established at executive level

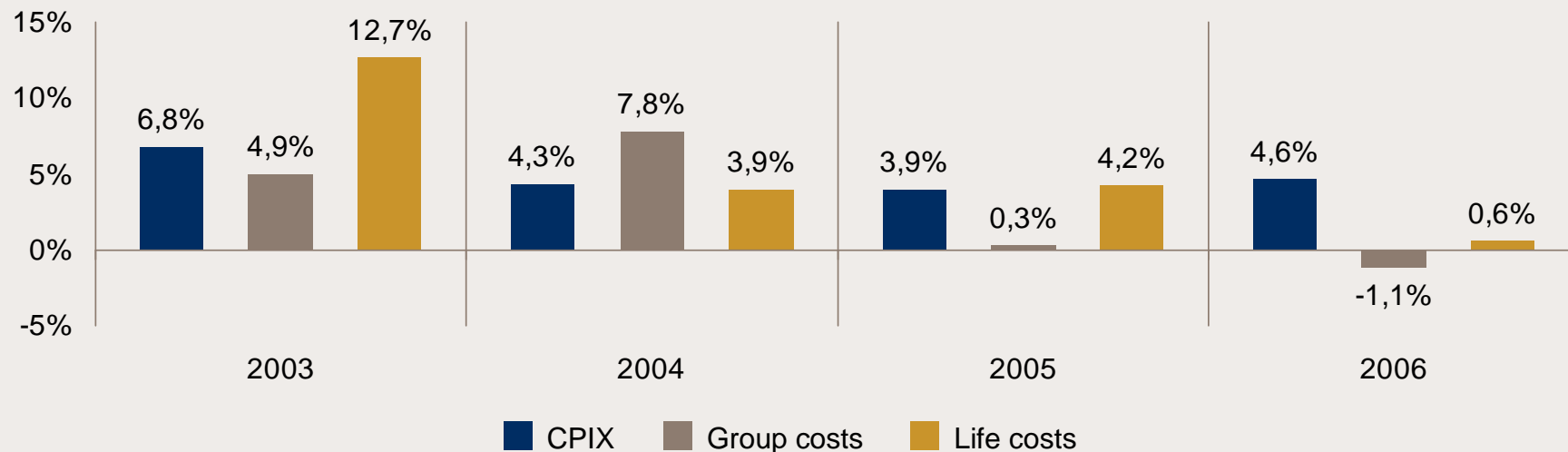
**Improved retention offers significant business opportunity**

# Operational issues

## Cost control



- Life recurring cost increases for 2006 contained to 0,6%
- Adapted to low inflation and lower interest rate environment
- Single platform and Capital Alliance acquisition intended to lower cost base
- Business being managed as one unit evidenced by move to group cost per policy



**Life cost growth reduced from 12,7% in 2003 to 0,6% in 2006**





## Overall Performance

- A year of change for the industry - Liberty responded well
- We have tackled a number of internal issues
  - Agency structure
  - Individual operations service levels
- Responded to structural shifts
  - Reviewed asset gathering strategy – STANLIB
- New business growth back on track

**Liberty better placed for growth**

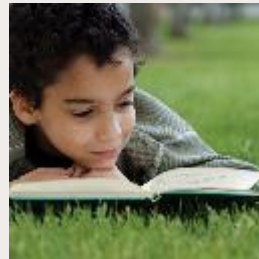


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**André du Plessis**  
Chief Financial Officer

2<sup>nd</sup> March 2007

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## Financial summary

	Dec 2006	Dec 2005	%
Pro-forma Group new sales (Rm)	<b>119 812</b>	120 552	-1
Pro-forma Group new sales ex MM <sup>1</sup> (Rm)	<b>59 218</b>	49 818	+19
Pro-forma Group cash flows ex MM <sup>1,2</sup> (Rm)	<b>4 990</b>	17 336	-71
BEE normalised headline earnings (Rm)	<b>2 589</b>	1 929	+34
BEE normalised headline earnings per share (cents)	<b>930,2</b>	694,8	+34
STANLIB pre tax operating income <sup>1</sup> (Rm)	<b>501</b>	408	+23
BEE normalised embedded value per share (Rand)	<b>82,55</b>	73,41	+12
BEE normalised ROEV (%)	<b>22,4</b>	20,1	
Value of new business (Rm)	<b>607</b>	777	-22

1. Reflects 100% of STANLIB

2. Excluding PIC outflows



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## Total pro-forma sales

Rm	Dec 2006	Dec 2005 <sup>2</sup>	%
Retail sales	43 225	39 095	+11
Life licence	14 121	13 793	+2
STANLIB <sup>1</sup>	29 104	25 302	+15
Institutional sales	15 993	10 723	+49
Life licence	2 556	3 005	-15
STANLIB <sup>1</sup>	13 437	7 718	+74
<b>Total sales ex Money Market</b>	<b>59 218</b>	<b>49 818</b>	<b>+19</b>
Money Market <sup>1</sup>	60 594	70 708	-14
<b>Total</b>	<b>119 812</b>	<b>120 522</b>	<b>-1</b>

1. Reflects pro-forma flows assuming 100% of STANLIB but excluding sales of PIC and intercompany life funds

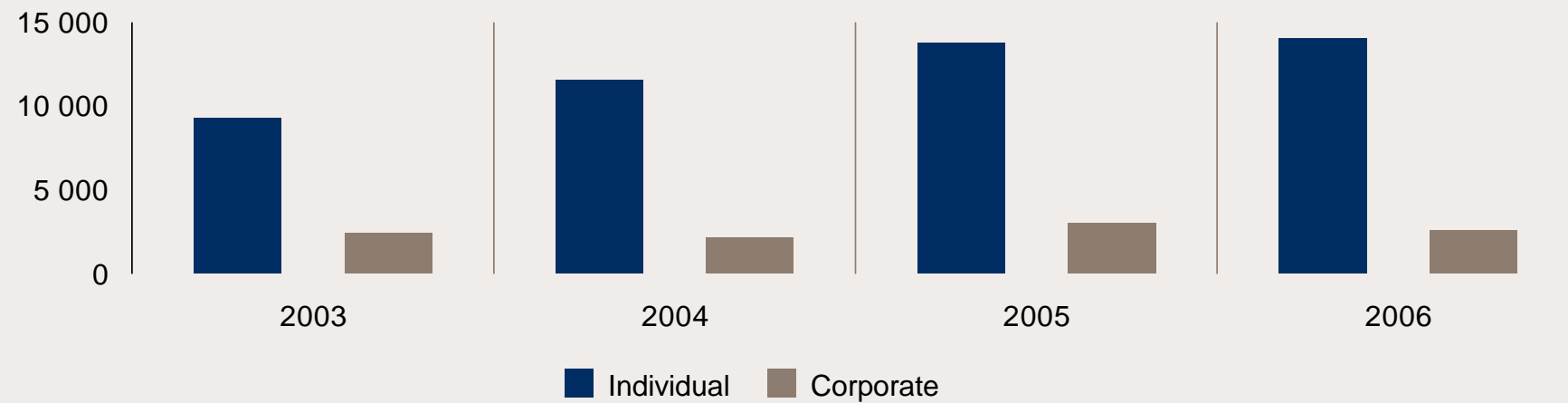
2. 2005 adjusted to reflect 12 months CAHL



## Life licence sales

### New business premiums

Rm	Total	%	Single	%	Recurring	%
Individual life	14 121	+2	11 172	+3	2 949	-1
Corporate benefits	2 556	-15	1 905	-18	651	-5
<b>Total</b>	<b>16 677</b>	<b>-1</b>	<b>13 077</b>	<b>-1</b>	<b>3 600</b>	<b>-1</b>

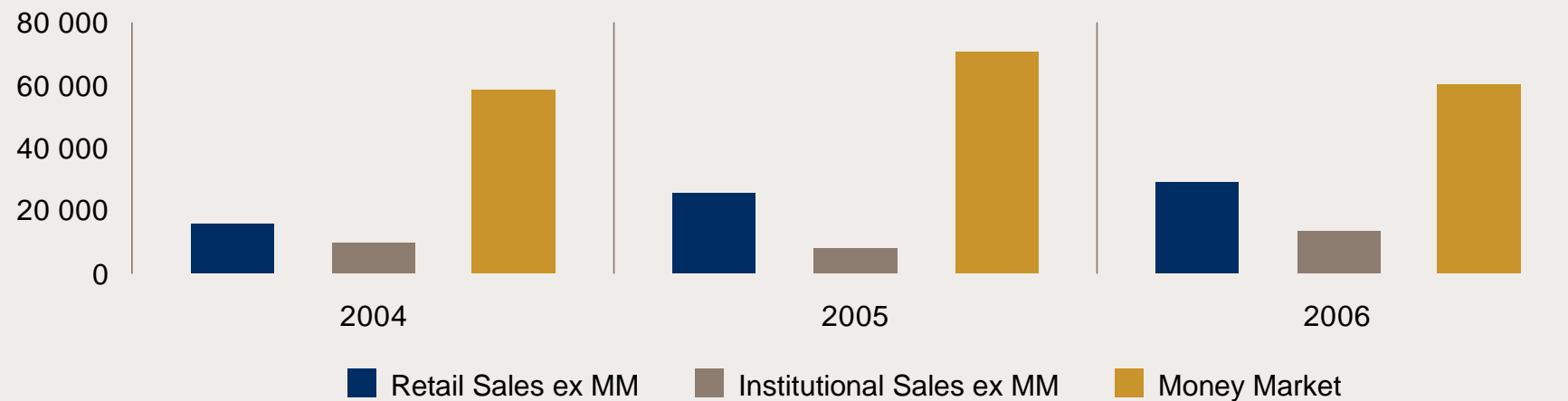


CAHL included for full 12 months in both 2005 and 2006



## STANLIB pro-forma sales

Rm	Dec 2006	Dec 2005	%
Retail sales ex MM	29 104	25 302	+15
Institutional sales ex MM	13 437	7 718	+74
<b>Total sales ex MM</b>	<b>42 541</b>	<b>33 020</b>	<b>+29</b>
Money Market	60 594	70 708	-14
<b>Total</b>	<b>103 135</b>	<b>103 728</b>	<b>-1</b>



*Reflects pro-forma flows assuming 100% of STANLIB but excluding sales of PIC and intercompany life funds*



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## Total net cash flows

Rm	Dec 2006	Dec 2005	%
Retail cash inflows	6 258	15 504	-60
Life licence	3 608	4 308	-17
STANLIB	2 650	11 196	-76
Institutional cash (outflows)/inflows	(1 268)	1 832	<-100
Life licence	19	614	-94
STANLIB ex PIC <sup>1</sup>	(1 287) <sup>2</sup>	1 218 <sup>2</sup>	<-100
<b>Total net cash inflows ex Money Market</b>	<b>4 990</b>	<b>17 336</b>	<b>-71</b>
Money Market <sup>1</sup>	(6 866)	381	<-100
<b>Total net cash inflows</b>	<b>(1 876)</b>	<b>17 717</b>	<b>&lt;-100</b>

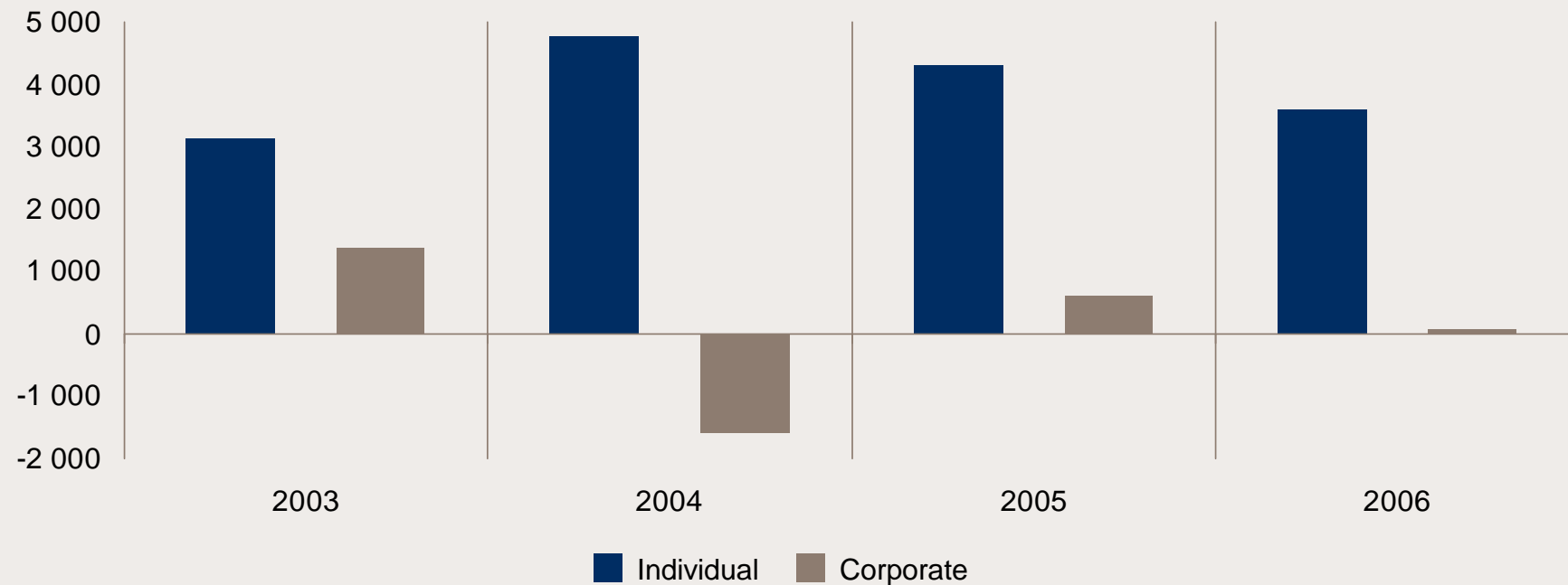
1. Reflects pro-forma flows assuming we owned 100% of STANLIB and excludes PIC and intercompany life funds cash flows

2. Net cash outflow of R33,9bn including PIC (net outflow of R822m in 2005)



## Life licence net cash inflows

Rm	Total	%	Premiums	%	Benefits	%
Individual life	3 608	-16	21 810	+4	18 202	+9
Corporate benefits	19	-97	6 092	-6	6 073	+4
<b>Total</b>	<b>3 627</b>	<b>-26</b>	<b>27 902</b>	<b>+2</b>	<b>24 275</b>	<b>+8</b>

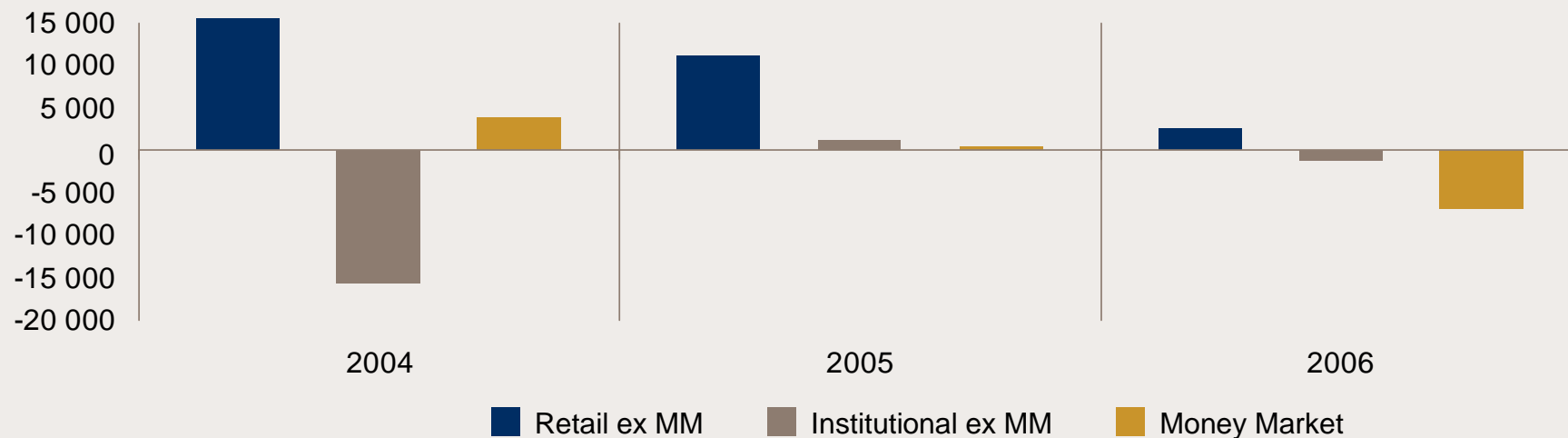






# STANLIB pro-forma net cash flows\*

Rm	Total	%	Inflows	%	Outflows	%
Retail ex MM	2 650	-76	29 104	+15	26 454	+88
Institutional ex MM	(1 287)	<-100	13 437	+74	14 724	>+100
<b>Total ex MM</b>	<b>1 363</b>	<b>-89</b>	<b>42 541</b>	<b>+29</b>	<b>41 178</b>	<b>+100</b>
Money Market	(6 866)	<-100	60 594	-14	67 460	-4
<b>Total</b>	<b>(5 503)</b>	<b>&lt;-100</b>	<b>103 135</b>	<b>-1</b>	<b>108 638</b>	<b>+21</b>



\* Reflects pro-forma flows assuming 100% of STANLIB and excludes PIC and intercompany life funds cash flows



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## Headline earnings

Rm	Dec 2006	Dec 2005	%
Operating profit from insurance operations	1 395	942	+48
STANLIB earnings*	133	107	+24
Net profit from shareholders' investments	268	301	-11
Shareholders' investment surplus (realised and unrealised)	705	491	+44
Dividends on BEE preference shares	88	88	-
<b>BEE normalised headline earnings</b>	<b>2 589</b>	<b>1 929</b>	<b>+34</b>
<b>BEE normalised headline earnings per share (cents)</b>	<b>930,2</b>	<b>694,8</b>	<b>+34</b>

\* Liberty's share (i.e. 37,4% of STANLIB)



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## Headline earnings

Rm	Continuing operations			Discontinued operations*		
	Dec 2006	Dec 2005	%	Dec 2006	Dec 2005	%
Operating profit from Insurance operations	1 395	914	+53	-	28	n/a
STANLIB earnings	133	107	+24	-	-	n/a
Net profit from shareholders' investments	249	219	+14	19	82	-77
Shareholders' investment surplus (realised and unrealised)	705	475	+48	-	16	n/a
Dividends on BEE preference shares	88	88	-	-	-	n/a
<b>BEE normalised headline earnings</b>	<b>2 570</b>	<b>1 803</b>	<b>+43</b>	<b>19</b>	<b>126</b>	

\* Discontinued operations refers to earnings generated on the R912m cash utilised for the capital reduction and net earnings on Prefsure, Ermitage and Hightree



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## Expenses

Rm	Dec 2006	Dec 2005	%
Total Liberty Group expenses	3 684	3 882	-5,1
Non insurance recurring expenses <sup>1</sup>	(1 021)	(1 052)	
Financial services subsidiaries	(70)	(246)	
VIF amortisation	(137)	(102)	
Mutual funds on consolidation	(189)	(206)	
Other non-recurrings	(88)	(35)	
Restructuring and integration costs	(111)	(184)	
<b>Normalised life recurring expenses</b>	<b>2 068</b>	<b>2 057</b>	<b>+0,6</b>

1. Includes lease expense smoothing, minority share of property consortiums and non recovery of VAT on broker commission



## Restructuring and integration

	Actual 2006	Actual 2005	Estimate		Total	Original Budget
			2007	2008/09		
Retrenchments and other staff costs	20	85	4	-	109	108
Systems and process costs	76	56	108	72	312	283
Infrastructure and office relocation costs	8	42	21	-	71	99
Consolidation of Marketing and Distribution	8	2	4	-	14	10
<b>Total</b>	<b>111</b>	<b>184</b>	<b>137</b>	<b>72</b>	<b>506</b>	<b>500</b>
Incurred to date					(295)	
Expenses still to be incurred					211	



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## STANLIB detailed earnings analysis

Rm	Dec 2006	Dec 2005	% Change
Net fee income	917	753	+22
Operating expenses	(466)	(413)	+13
<b>Profit before investment income</b>	<b>451</b>	<b>340</b>	<b>+33</b>
Investment and other income	50	67	-25
<b>Profit before tax</b>	<b>501</b>	<b>407</b>	<b>+23</b>
Cost to income ratio	51%	55%	



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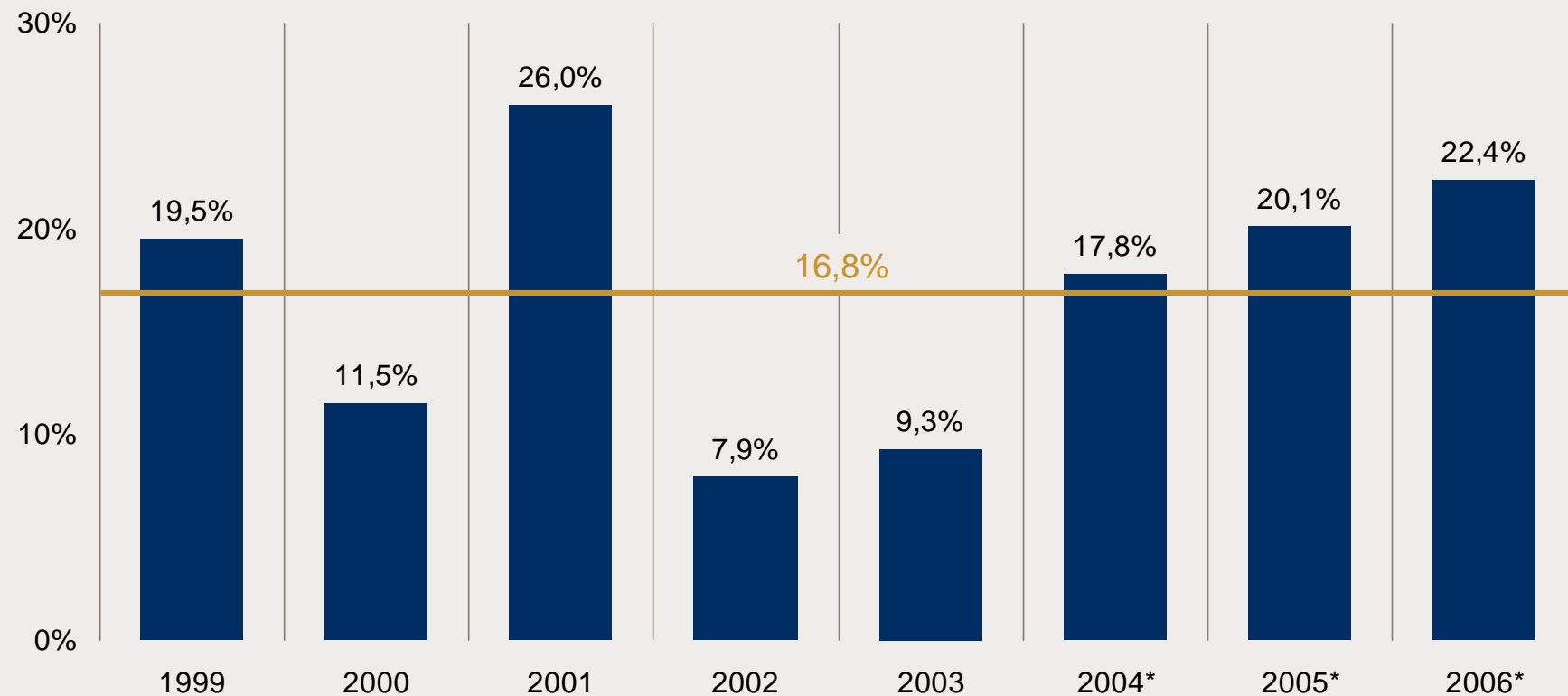
## Embedded value

Rm	Dec 2006	Dec 2005	%
Shareholders' funds – embedded value basis	9 195	8 198	+12
Fair value adjustments	498	326	+53
Allowance for fair value of share options	(256)	(245)	-4
Net value of in-force business	12 420	10 874	+14
<b>Embedded value</b>	<b>21 857</b>	<b>19 153</b>	<b>+14</b>
Embedded value per share (Rand)	86,38	75,96	+14
BEE normalised embedded value per share (Rand)	82,55	73,41	+12
BEE normalised ROEV	22,4%	20,1%	



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## Return on embedded value



\* From 2004, ROEV = BEE normalised

— Average ROEV



# Life licence new business EV margins – PV of premiums basis



Rm	Dec 2006	Dec 2005	%
Value of new business	<b>607</b>	777	-22
Individual life	<b>572</b>	740	-23
Corporate business	<b>35</b>	37	-5
Total value of new business as a % of PVFP	<b>2,5%</b>	3,0%	
Individual life	<b>2,7%</b>	3,6%	
Corporate business	<b>1,0%</b>	0,7%	



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## Capital adequacy cover

	Dec 2006	Dec 2005
Statutory capital adequacy requirement (Rm)	3 945	3 782
Statutory capital (Rm) – Company	8 967	7 734
Times covered	2,27	2,04
Times covered without BEE impairment	2,57	2,38

	Times Covered
CAR cover at 31 December 2006	2,27
Effect of STANLIB acquisition	(0,33)
Final dividend	(0,17)
Effective CAR cover	1,77



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## Dividend

Cents per share	Dec 2006	Dec 2005	%
Total (rebased)	360*	325*	+11
Interim	130	126	+3
Final	230	199	+16
Dividend on capital reduction	10	25	
Total	370	350	+6

\* Dividend rebased for capital reduction

Total cash distributed (CPS)	Dec 2006	Dec 2005	%
Total cash distributed	724	279	+160
Cash distributed as a % of opening EV	10%	4%	



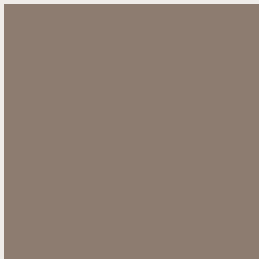
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**Bruce Hemphill**

**Chief Executive Officer**

2<sup>nd</sup> March 2007

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## Conclusion

**The business performed well, helped by good investment markets**

**Management team tackled some difficult issues and created capacity  
to deliver strategic thinking and operational results**

**We established a good platform for growth in 2007**



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## Focus areas for 2007

### *Industry*

- Continue to engage with policymakers and stakeholders on the future

### *Sales*

- Build on work done in 2006
- Leverage new marketing and distribution structure
- Drive bancassurance
- Build alternative distribution models

### *STANLIB*

- Entrench fixed income and property franchises
- Build the equity franchises



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## Focus areas for 2007

### *Operations*

- Individual Operations – continue to improve service
- Corporate Operations – build the team and improve service
- Reduce costs

### *People*

- Attract, develop and retain talent
- Make the way we run the business a sustainable competitive advantage



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# Questions

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## Panel

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Bruce Hemphill

Chief Executive

Rex Tomlinson

Deputy Chief Executive

Andrew Lonmon-Davis

Statutory Actuary

André du Plessis

Chief Operations Officer and Chief Financial Officer

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Appendices

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## Operating profit from shareholders' funds

Rm	Dec 2006	Dec 2005	%
STANLIB earnings	133	107	+25
Net income from shareholders' investments	268	301	-11
Financial services operations	114	42	+171
Listed investments	95	62	+53
Disposal groups held for sale	-	77	-
Financing of insurance operations	(68)	65	-205
Other investments	466	254	+83
Shareholders' management expenses	(192)	(163)	+18
Shareholders' tax	(147)	(36)	+308
Investment surplus (realised and unrealised)	705	491	+44
<b>Operating profit</b>	<b>1 106</b>	<b>899</b>	<b>+23</b>



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## Embedded value (EV) reconciliation and ROEV build up

	Dec 2006 Rm	Dec 2006 ROEV Build Up (%)
Investment return on shareholders funds	1 700	8,9
Exchange rate movements	48	0,3
Expected return on life business	1 101	5,7
Investment experience	1 978	10,3
Other experience	(25)	-0,1
Changes in economic assumptions	(307)	-1,6
Elimination of investment guarantees' 2 <sup>nd</sup> tier margin and move to market consistent basis	(432)	-2,3
Changes in allowance for fair value of share options	(10)	-0,1
Modelling and operating assumption changes	(172)	-0,9
New business	607	3,2
<b>EV Profit</b>	<b>4 488</b>	<b>23,4</b>



## Embedded value (EV) reconciliation – 1H06 vs 2H06

%	1H06 Rm	2H06 Rm	2006 Full year Rm
Investment return on shareholders funds	741	959	1 700
Exchange rate movements	42	6	48
Expected return on life business	541	560	1 101
Investment experience	635	1 343	1 978
Other experience	7	(32)	(25)
Changes in economic assumptions	(450)	143	(307)
Elimination of investment guarantees' 2 <sup>nd</sup> tier margin and move to market consistent basis	-	(432)	(432)
Changes in allowance for fair value of share options and STC	(68)	58	(10)
Modelling and operating assumption changes	(3)	(169)	(172)
New business	257	350	607
<b>EV Profit</b>	<b>1 702</b>	<b>2 786</b>	<b>4 488</b>



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## Embedded value (EV) reconciliation – 1H06 vs 2H06

%	1H06	2H06	2006 Full year
Investment return on shareholders funds	3,9%	5,0%	8,9%
Exchange rate movements	0,2%	0,0%	0,3%
Expected return on life business	2,8%	2,9%	5,7%
Investment experience	3,3%	7,0%	10,3%
Other experience	0,0%	(0,2%)	(0,1%)
Changes in economic assumptions	(2,4%)	0,8%	(1,6%)
Elimination of investment guarantees' 2 <sup>nd</sup> tier margin and move to market consistent basis	-	(2,3%)	(2,3%)
Changes in allowance for fair value of share options and STC	(0,4%)	0,3%	(0,1%)
Modelling and operating assumption changes	0,0%	(0,9%)	(0,9%)
New business	1,3%	1,8%	3,2%
<b>EV Profit</b>	<b>8,9%</b>	<b>14,6%</b>	<b>23,4%</b>



## STANLIB CAR impairment

Rm	Dec 2006
Cash paid	(825)
Net asset value acquired	376
STANLIB goodwill	(1 076)
Unrealised profit on original joint venture deal	206
Transaction costs	(10)
<b>STANLIB statutory asset impact</b>	<b>(1 329)</b>
Capital Adequacy cover at 31 December 2006	3 945
Effect of STANLIB on CAR cover	(0,33)



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## Capital adequacy requirement

Liberty Life CAR – (Rm)	Dec 2006	Dec 2005
<b>Shareholders' funds – published basis</b>	<b>10 665</b>	<b>9 434</b>
CAR requirements of subsidiaries	(1 408)	(1 212)
Debt instruments	2 200	2 200
Differences between statutory and published valuation methodologies	(1 291)	(1 429)
Inadmissible assets	(1 199)	(1 259)
<b>Shareholders' funds – statutory basis</b>	<b>8 967</b>	<b>7 734</b>





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## Reconciliation of accounting NAV return with embedded value NAV return

Rm	Accounting
Operating income from shareholders' funds	1 106
Loss on sale of Prefsure	(23)
Profit on sale of Liberty Ermitage Jersey	397
<b>Investment return per IFRS accounts</b>	<b>1 480</b>
Shareholders' administration expenses	192
STC	90
Treasury shares adjustment	6
Financial Services subsidiaries fair value adjustment	61
NAV to Statutory Valuation Measure basis	(126)
Adjustment for share based payments and FCTR	(3)
<b>Investment return on net worth</b>	<b>1 700</b>



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## STANLIB

STANLIB: assets under management and funds under administration

Rbn	Dec 2006	Dec 2005	%
Opening market value	276	223	+24
Net inflows/outflows	(41)	14	<-100
Capital appreciation	59	39	+51
<b>Closing market value</b>	<b>294</b>	<b>276</b>	<b>+7</b>

Rbn	Dec 2006	Dec 2005	%
Net inflows/(outflows) including PIC and intercompany life funds	(41)	14	<-100
Add PIC net outflows	33	2	>100
Add intercompany life funds outflows/(inflows)	2	(3)	>100
<b>Net inflows/(outflows) excluding PIC and intercompany life funds</b>	<b>(6)</b>	<b>13</b>	<b>&lt;-100</b>



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## STANLIB

STANLIB: assets under management and funds under administration

Rbn	Dec 2006	Dec 2005	%
Life funds	114	90	+27
Segregated funds	65	83	-22
Unit trusts	65	62	+5
Structured products and other	50	41	+23
<b>Total AUM and FUA</b>	<b>294</b>	<b>276</b>	<b>+7</b>
Money Market as % of total	11%	12%	

*Excluding common assets*



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## STANLIB pro-forma net cash flows

Rm	Dec 2006	Dec 2005	%
<b>Retail net cash flows ex MM</b>	<b>2 650</b>	<b>11 196</b>	<b>-76</b>
Fixed interest	(594)	3 046	<-100
Equity	1 617	2 147	-25
Property	(103)	3 167	<-100
Other	1 730	2 836	-39
<b>Institutional net cash flows ex MM</b>	<b>(1 287)</b>	<b>1 218</b>	<b>&lt;-100</b>
Fixed interest	614	(96)	>+100
Equity	(1 943)	(173)	<-100
Property	986	1 043	-5
Other	(944)	444	<-100
<b>Total net cash flows ex MM</b>	<b>1 363</b>	<b>12 414</b>	<b>-89</b>
Money Market	(6 866)	381	<-100
<b>Total</b>	<b>(5 503)</b>	<b>12 795</b>	<b>&lt;-100</b>

Reflects pro-forma flows assuming 100% of STANLIB and excludes PIC and intercompany life funds cash flows



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## STANLIB

Rbn	Assets		Sales		Repurchases		Net flows	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005
<b>Retail</b>	<b>115</b>	<b>103</b>	<b>87</b>	<b>92</b>	<b>87</b>	<b>80</b>	<b>-</b>	<b>12</b>
Money Market (incl cash)	36	38	58	67	61	66	(3)	1
Fixed interest	12	13	6	8	7	5	(1)	3
Equity	32	23	9	6	7	3	2	3
Property	11	10	5	5	5	2	-	3
Other	24	19	9	6	7	4	2	2
<b>Institutional</b>	<b>179</b>	<b>173</b>	<b>16</b>	<b>12</b>	<b>22</b>	<b>11</b>	<b>(6)</b>	<b>1</b>
Money Market (incl cash)	8	8	2	4	7	5	(5)	(1)
Fixed interest	36	33	7	3	6	3	1	-
Equity	73	84	1	2	3	2	(2)	-
Property	3	2	2	1	1	-	1	1
Other	59	46	4	2	5	1	(1)	1
<b>TOTAL</b>	<b>294</b>	<b>276</b>	<b>103</b>	<b>104</b>	<b>109</b>	<b>91</b>	<b>(6)</b>	<b>13</b>

Assets exclude common assets and sales and repurchases exclude PIC and intercompany life funds cash flows



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## STANLIB performance analysis – Liberty Life funds

Major component portfolios	Market value (Rm)	Performance					
		12 month			3 year (annualised)		
		Actual	Benchmark	Out Performance	Actual	Benchmark	Out Performance
Main equity	40 099	41,6%	41,2%	0,4%	40,1%	37,7%	2,4%
Bonds	5 885	5,9%	5,5%	0,4%	12,0%	10,4%	1,6%
Absolute returns	11 120	21,0%	10,0%	11,0%	19,1%	8,8%	10,3%
Foreign assets	8 491	23,4%	26,7%	(3,3%)	10,8%	12,2%	(1,3%)



## Analysis of shareholders' funds

	Other assets	Pooled portfolios
<b>Shareholders' investments (other than Financial services operations)</b>	<b>10 954</b>	
Pooled assets	(943)	<b>943</b>
	<b>10 011</b>	<b>943</b>
<b>Proportion of backing assets</b>		
Cash	<b>8%</b>	<b>19%</b>
Bonds	<b>29%</b>	<b>31%</b>
Preference share	<b>20%</b>	-
Unlisted equities	<b>5%</b>	-
Listed equities	<b>24%</b>	<b>25%</b>
Mutual funds	<b>14%</b>	<b>25%</b>



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## Acquisition costs (commissions)

Rm	Dec 2006	Dec 2005	%
Acquisition costs as reported	2 413	3 594	-33
Prepaid commissions <sup>1</sup>	-	(1 096)	-
Sale of Prefsure	-	(190)	-
<b>Normalised acquisition costs</b>	<b>2 413</b>	<b>2 308</b>	<b>+5</b>

1. As a result of the implementation of IFRS, prepaid commission of R1 146m, previously included in prepayments, insurance and other receivables has, with effect from 1 January 2005, been included in deferred acquisition cost (R50m) recognised separately in respect of investment contracts, and the balance of R1 096m included in policyholders' liabilities in respect of insurance contracts. This reclassification occurred in 2005, and therefore the amount that went through the income statement (transfer to life fund and acquisitions costs) in 2005 (R1 096m) should be excluded to compare acquisition costs on a like-for-like basis





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## Maintenance costs per policy

		Dec 2006
Individual annual maintenance CPP		
Complex		R270
Simple		R135
Annuities		R135

		Dec 2005
Individual annual maintenance CPP		
Liberty Life		R258
Liberty Active		R139
CAHL Complex		R221
CAHL Simple		R98



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## Impact of new group per policy methodology

Rm	Liberty Life	Liberty Active	Capital Alliance	Group Total
Operating surplus impact	111	(60)	(81)	(30)
Value of in-force impact	127	34	(98)	63
Gross value of in-force	309	4	(8)	306
Shareholder expense	(182)	30	(90)	(243)
Value of new business impact	23	(16)	(11)	(3)



## Financial services and subsidiaries

Rm	December 2006					December 2005			
Fair Value Adjustment	NAV	Goodwill net of amortisation	Fair Value Uplift	Total Carrying value in EV excl VIF	% Change	NAV	Goodwill net of amortisation	Fair Value Uplift	Total Carrying value in EV excl VIF
Liberty Group Properties	35	0	350	385	+24	11	0	300	311
Liberty Ermitage Jersey	0	0	0	0	n/a	546	81	305	932
Libgroup Jersey Holdings	0	0	140	140	n/a	0	0	0	0
STANLIB	459	0	916	1 375	+23	406	0	710	1 116
Prefsure	0	0	0	0	n/a	400	0	30	430
Carrying value of VIF business acquired from IEB	85	0	(85)	0*	n/a	96	0	(96)	0*
Carrying value of VIF business acquired from CAHL	823	0	(823)	0*	n/a	923		(923)	0*
	<b>1 402</b>	<b>0</b>	<b>498</b>	<b>1 900</b>	<b>-32</b>	<b>2 382</b>	<b>81</b>	<b>326</b>	<b>2 789</b>

\* The value of the IEB & CAHL business is included in the group's estimates of the VIF



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## Policyholder liabilities reconciliation

Rm	Dec 2006	Dec 2005
<b>Policyholder liabilities at beginning of the year net of reinsurance</b>	<b>139 889</b>	<b>97 513</b>
Additions through business acquisitions	-	16 951
Reclassification of mortgages and loans	(1 256)	-
<b>Transfers to/(from) policyholder liabilities</b>	<b>29 200</b>	<b>25 751</b>
Net premium income and inflows from investment contracts	<b>27 901</b>	27 291
Net premium income from insurance contracts	<b>20 066</b>	18 979
Net fund flows from investment contracts	<b>7 835</b>	8 312
Investment returns	<b>34 797</b>	29 274
Claims, policyholder benefits and payments under investment contracts	<b>(24 275)</b>	(21 565)
Commissions	<b>(2 413)</b>	(3 594)
Management expenses	<b>(3 433)</b>	(3 342)
Tax	<b>(1 982)</b>	(1 357)
Operating profit from insurance operations	<b>(1 395)</b>	(956)
<b>Policyholder liabilities at end of year net of reinsurance</b>	<b>167 833</b>	<b>140 215</b>
Prefsure sale	-	(326)
<b>Revised policyholder liabilities at end of year net of reinsurance</b>	<b>167 833</b>	<b>139 889</b>
<b>Reinsurance assets</b>	<b>1 065</b>	<b>946</b>
<b>Policyholder liabilities at end of year as published</b>	<b>168 898</b>	<b>140 835</b>



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## New business excluding contractual increases

Rm	Recurring Premiums		Single Premiums		Total Premiums		% Change
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	
Individual	2 145	2 253	11 172	10 797	13 317	13 050	+2
Corporate	309	347	1 905	2 317	2 214	2 664	-17
<b>Total new business</b>	<b>2 454</b>	<b>2 600</b>	<b>13 077</b>	<b>13 114</b>	<b>15 531</b>	<b>15 714</b>	<b>-1</b>
% change	-6		-				
Indexed new business					3 762	3 911	-4
Indexed Individual new business					3 262	3 332	-2
Indexed Corporate new business					500	579	-14

*Includes 12 months for CAHL for both 2006 and 2005*



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## New business including contractual increases

Rm	Recurring Premiums		Single Premiums		Total Premiums		% Change
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	
Individual	<b>2 949</b>	2 968	<b>11 172</b>	10 825	<b>14 121</b>	13 793	<b>+2</b>
Corporate	<b>651</b>	685	<b>1 905</b>	2 320	<b>2 556</b>	3 005	<b>-15</b>
<b>Total new business</b>	<b>3 600</b>	<b>3 653</b>	<b>13 077</b>	<b>13 145</b>	<b>16 677</b>	<b>16 798</b>	<b>-1</b>
% change	<b>-1</b>		<b>-1</b>				
Indexed new business					<b>4 908</b>	4 967	<b>-1</b>
Indexed Individual new business					<b>4 066</b>	4 050	<b>-</b>
Indexed Corporate new business					<b>842</b>	917	<b>-1</b>

*Includes 12 months for CAHL for both 2006 and 2005*



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## New business including contractual increases – ex CAHL

Rm	Recurring Premiums		Single Premiums		Total Premiums		% Change
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	
Individual	2 831	2 782	10 988	10 485	13 819	13 267	+4
Corporate	522	543	1 892	2 311	2 414	2 854	-15
<b>Total new business</b>	<b>3 353</b>	<b>3 325</b>	<b>12 880</b>	<b>12 796</b>	<b>16 233</b>	<b>16 121</b>	<b>+1</b>
% change	+1		+1				
Indexed new business					4 641	4 604	+1
Indexed Individual new business					3 930	3 830	+3
Indexed Corporate new business					711	774	-8

Excluding CAHL new business volumes increased by 1%



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## Total premiums

Rm	Recurring Premiums		Single Premiums		Total Premiums		% Change
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	
Individual	<b>10 554</b>	9 871	<b>11 256</b>	11 139	<b>21 810</b>	21 010	<b>+4</b>
Corporate	<b>4 203</b>	4 051	<b>1 889</b>	2 407	<b>6 092</b>	6 458	<b>-6</b>
<b>Total premiums</b>	<b>14 757</b>	<b>13 922</b>	<b>13 145</b>	<b>13 546</b>	<b>27 902</b>	<b>27 468</b>	<b>+2</b>
% change	<b>+6</b>		<b>-2</b>				
Indexed total business					<b>15 982</b>	15 267	<b>+5</b>
Indexed Individual total business					<b>11 590</b>	10 985	<b>+6</b>
Indexed Corporate total business					<b>4 392</b>	4 292	<b>+2</b>

- Includes 12 months for CAHL for both 2006 and 2005
- In-force premiums continue to show steady growth





## Effect of the BEE transaction on headline earnings

Rm	Dec 2006	Dec 2005	% Change
Headline earnings	2 501	1 841	+36
Preference shares accrued <sup>1</sup>	88	88	-
<b>Headline earnings including preference dividends</b>	<b>2 589</b>	<b>1 929</b>	<b>+34</b>
Weighted average number of shares in issue (millions)	252,5	251,8	
Reinstatement of weighted average number of shares reduced for BEE transaction (millions) <sup>2</sup>	25,8	25,8	
<b>Weighted average number of shares after reinstatement of the transaction shares (millions)</b>	<b>278,3</b>	<b>277,6</b>	
BEE normalised headline earnings per share (cents)	930,2	694,8	+34

1. As a consequence of utilising Liberty Life's own cash flows (in the form of ordinary dividends paid) to service the empowerment transaction financing structure (in the form of dividends on preference shares), the dividends received on the empowerment preference shares will be accounted for directly in reserves, thereby offsetting the dividends so received against the ordinary dividends paid by the company
2. Due to the fact that the Black Economic Empowerment transaction is effectively accounted for as a share buy back (until such time that all funding is repaid), the weighted average number of shares in issue has been reduced by 25,8 million shares. The transaction was implemented on 8 November 2004



## Effect of the BEE transaction on EV per share

Rm	Dec 2006	Dec 2005	% Change
EV per EV statement	21 857	19 153	+14
Reinstatement of impaired empowerment preference shares	1 159	1 251	-7
<b>Embedded value before impairment</b>	<b>23 016</b>	<b>20 404</b>	<b>+13</b>
Total number of shares in issue (millions)	253,0	252,1	
Reinstatement of number of shares reduced for BEE transaction (millions) <sup>1</sup>	25,8	25,8	
<b>Total number of shares after reinstatement of the transaction shares (millions)</b>	<b>278,8</b>	<b>277,9</b>	
BEE normalised EV per share (Rand)	82,55	73,41	+12

1. Due to the fact that the Black Economic Empowerment transaction is effectively accounted for as a share buy back (until such time that all funding is repaid), the total number of shares has been reduced by 25,8 million shares



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## New business EV analysis

Rm	Dec 2006	Dec 2005	% Change
Indexed Individual new business	3 262	3 332	-2
Indexed Group new business	500	579	-14
<b>Indexed new business</b>	<b>3 762</b>	<b>3 911**</b>	<b>-4</b>
Individual NB EV	572	740	-23
Group NB EV	35	37	-5
<b>Total NB EV</b>	<b>607</b>	<b>777*</b>	
NB Individual margin	2,7%	3,6%	
NB Group margin	1,0%	0,7%	
<b>Total margin</b>	<b>2,5%</b>	<b>3,0%</b>	

\*\* Inclusion of CAHL for 12 months in 2005 and 2006

\* Post SOI



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## Value of in-force

Rm	Dec 2006	Dec 2005	%
Individual	10 838	9 413	+15
Corporate	1 583	1 461	+8
<b>Total net value of in-force</b>	<b>12 420</b>	<b>10 874</b>	<b>+14</b>



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## Claims and policyholder benefits

Rm	Group		% Change
	Dec 2006	Dec 2005	
<b>Individual</b>	<b>18 202</b>	<b>16 702</b>	<b>+9</b>
Death & disability	2 709	2 548	+7
Policy maturity claims	4 662	4 967	-6
Policy surrender claims	8 467	6 946	+22
Annuity payments	2 364	2 241	+5
<b>Group</b>	<b>6 073</b>	<b>5 844</b>	<b>+4</b>
Death & disability	1 386	1 295	+6
Scheme terminations	399	274	+46
Scheme member withdrawals	2 530	1 987	+27
Annuity payments	302	269	+12
Investment only terminations and withdrawals	1 456	2 019	-28
<b>Total claims &amp; policyholder benefits</b>	<b>24 275</b>	<b>22 546</b>	<b>+8</b>

*Includes 12 months for CAHL for both 2006 and 2005*

## Claims and policyholder benefits – Liberty excl CAHL



Rm	Group		% Change
	Dec 2006	Dec 2005	
<b>Individual</b>	<b>15 842</b>	<b>13 240</b>	<b>+20</b>
Death & disability	2 404	2 165	+11
Policy maturity claims	3 687	3 548	+4
Policy surrender claims	7 950	5 873	+35
Annuity payments	1 801	1 654	+9
<b>Group</b>	<b>5 165</b>	<b>4 935</b>	<b>+5</b>
Death & disability	528	556	-5
Scheme terminations	396	258	+53
Investment only terminations and withdrawals	2 518	1 884	+34
Annuity payments	302	269	+12
Scheme member withdrawals	1 421	1 968	-28
<b>Total claims &amp; policyholder benefits</b>	<b>21 007</b>	<b>18 175</b>	<b>+16</b>



## Life licence net cash flows detailed analysis

Net cash flows	Individual business		Corporate business		Total Premiums		Total % Change
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006
Rm							
Net premiums	<b>21 810</b>	21 010	<b>6 092</b>	6 458	<b>27 902</b>	27 468	<b>+2</b>
Net claims and benefits	<b>18 202</b>	16 702	<b>6 073</b>	5 844	<b>24 275</b>	22 546	<b>+8</b>
<b>Net cash flows</b>	<b>3 608</b>	<b>4 308</b>	<b>19</b>	<b>614</b>	<b>3 627</b>	<b>4 922</b>	<b>-26</b>
% change	<b>-16</b>		<b>-97</b>		<b>-26</b>		



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## New business by distribution channel

Rm	Recurring Premiums		Single Premiums		Total Premiums	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005
<b>Individual</b>	<b>2 949</b>	<b>2 968</b>	<b>11 172</b>	<b>10 825</b>	<b>14 121</b>	<b>13 793</b>
Broker	980	1 050	3 962	4 252	4 942	5 302
Bancassurance	1 058	970	3 771	3 541	4 829	4 511
Agency	521	585	2 153	1 852	2 674	2 436
Franchise & other	390	363	1 286	1 180	1 676	1 543
<b>Corporate</b>	<b>651</b>	<b>685</b>	<b>1 905</b>	<b>2 320</b>	<b>2 556</b>	<b>3 005</b>
Broker	240	321	335	1 035	575	1 356
Bancassurance	141	99	184	63	325	162
Agency	173	149	89	206	262	355
Franchise & other	97	116	1 297	1 016	1 394	1 132
<b>Total new business</b>	<b>3 600</b>	<b>3 654</b>	<b>13 077</b>	<b>13 114</b>	<b>16 677</b>	<b>16 798</b>

2005 figures restated to take into account CAHL natural increases which were previously not recorded





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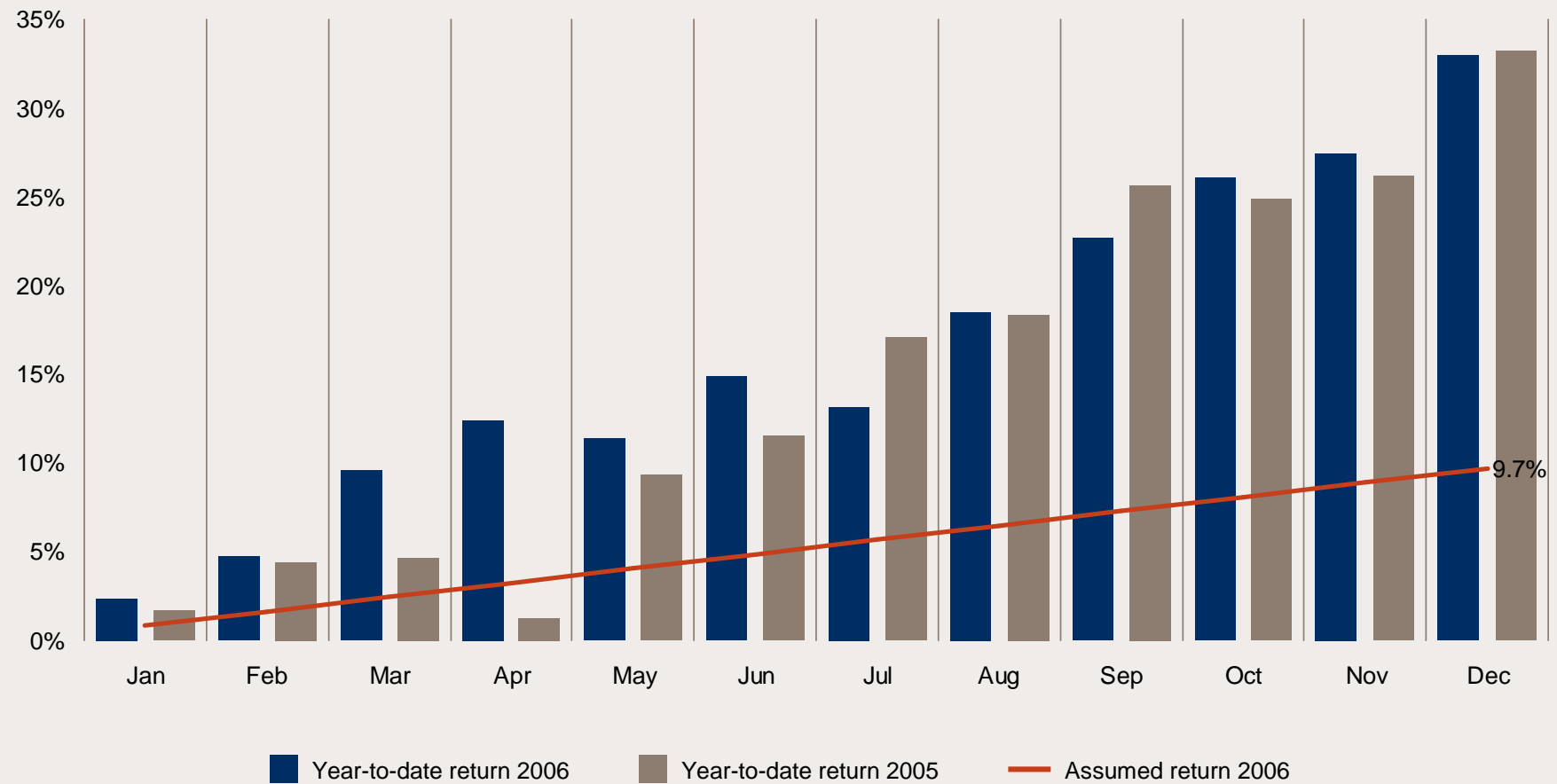
## New business by distribution channel

%	Recurring Premiums		Single Premiums		Total Premiums	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005
<b>Individual</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Broker	33%	35%	35%	39%	35%	38%
Bancassurance	36%	33%	34%	33%	34%	33%
Agency	18%	20%	19%	17%	19%	18%
Franchise & other	13%	12%	12%	11%	12%	11%
<b>Corporate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Broker	37%	47%	18%	44%	22%	45%
Bancassurance	22%	14%	10%	3%	13%	5%
Agency	26%	22%	5%	9%	10%	12%
Franchise & other	15%	17%	67%	44%	55%	38%



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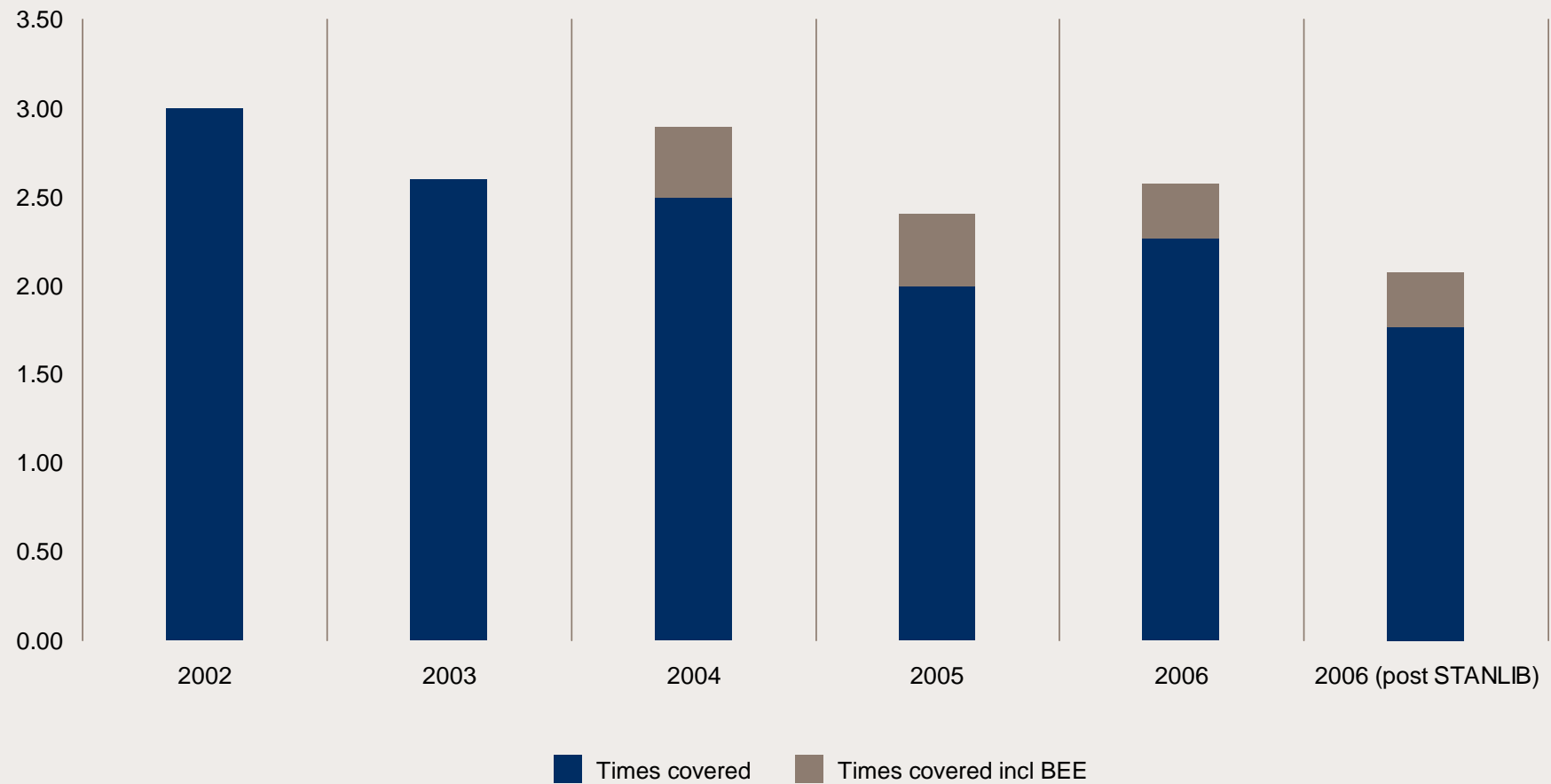
## Gross investment returns





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## CAR cover - Historical analysis

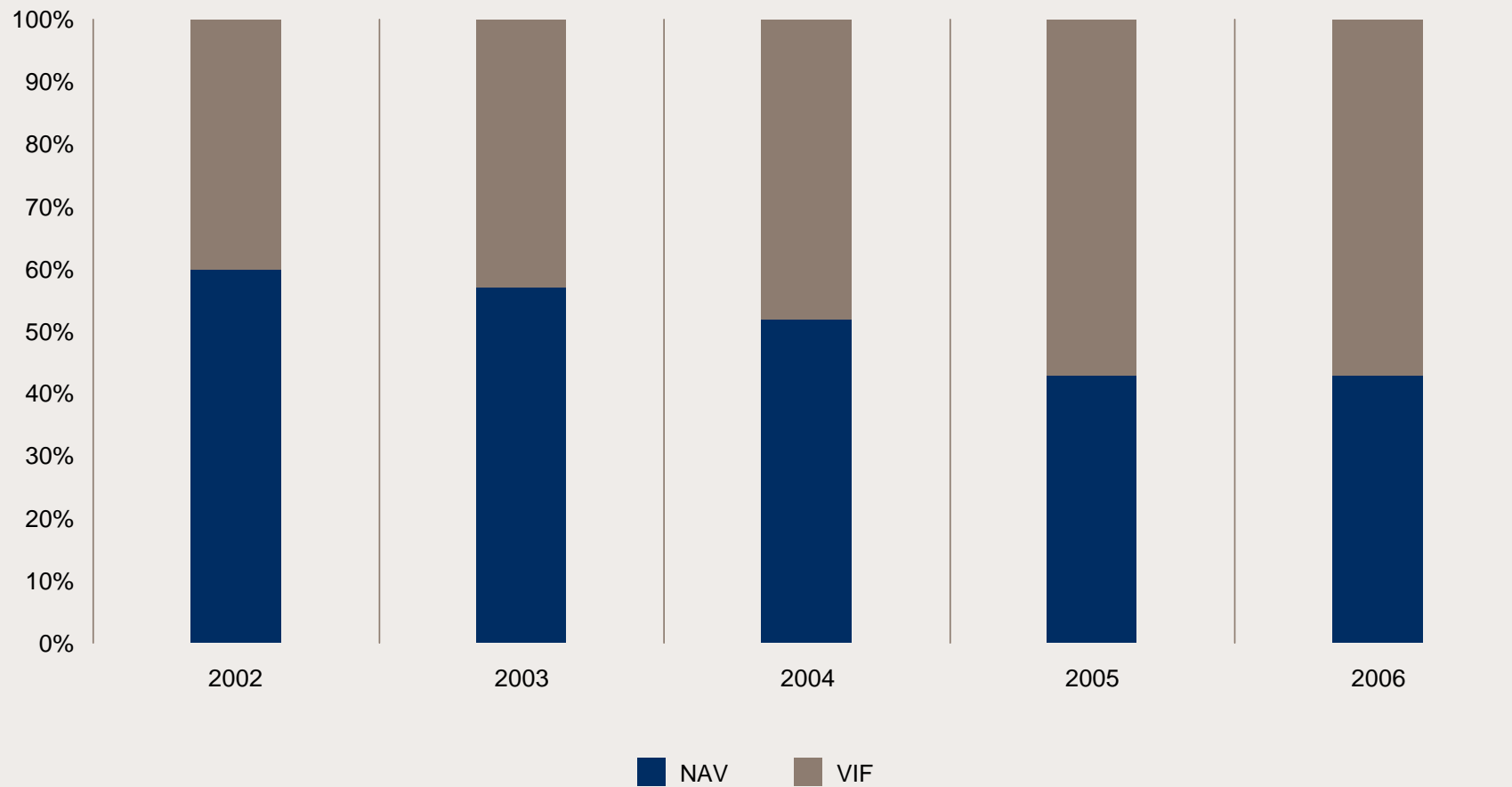


Since December 2004, CAR cover is shown as statutory CAR cover



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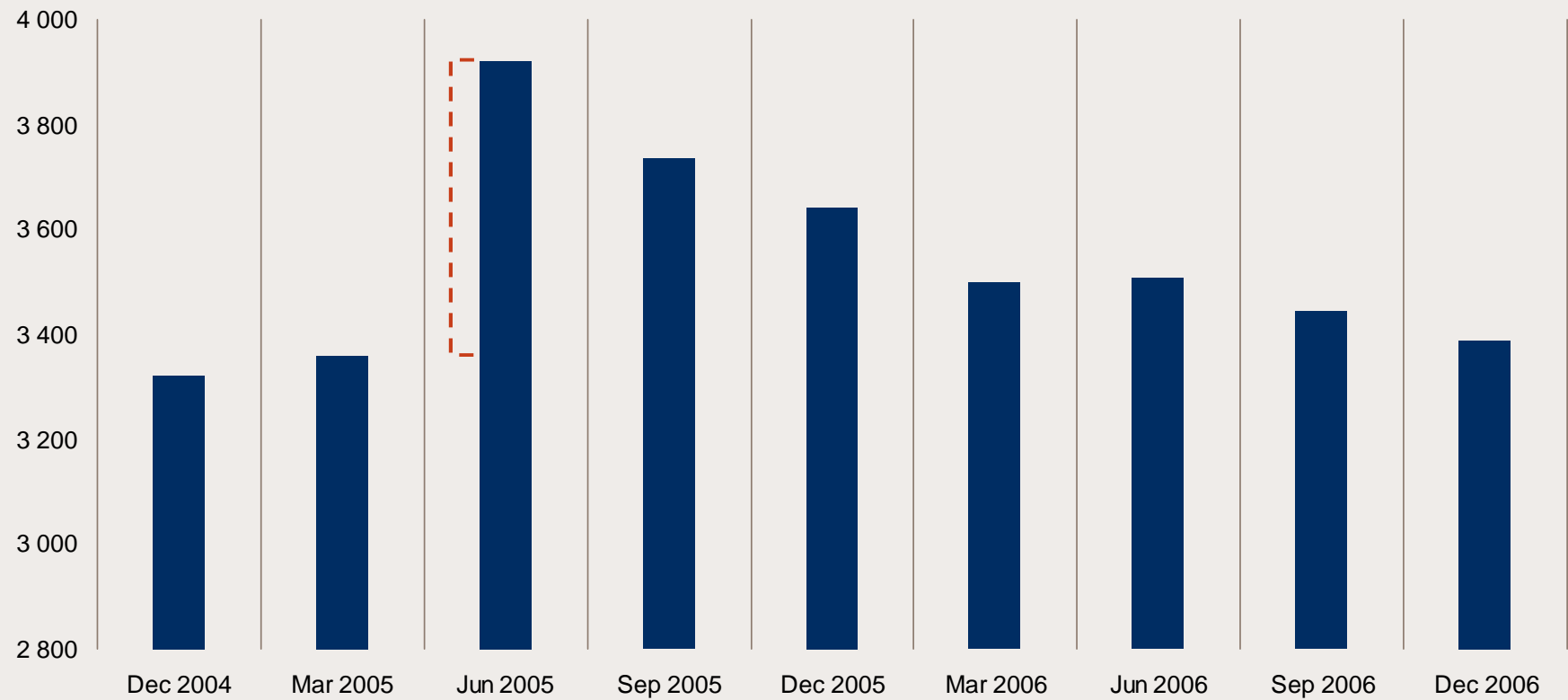
## EV - Historical analysis





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## Headcount – Administration staff



--- 636 CAHL staff included at 30 June 2005



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