

LIBERTY HOLDINGS

ANNUAL RESULTS 2008

Bruce Hemphill, CEO



Key points

Managing the business through economic crisis

Delivering on strategy

30% improvement in capital position
despite collapsing markets

Agenda

Market conditions and our response

Strategy

Strategic and operational review

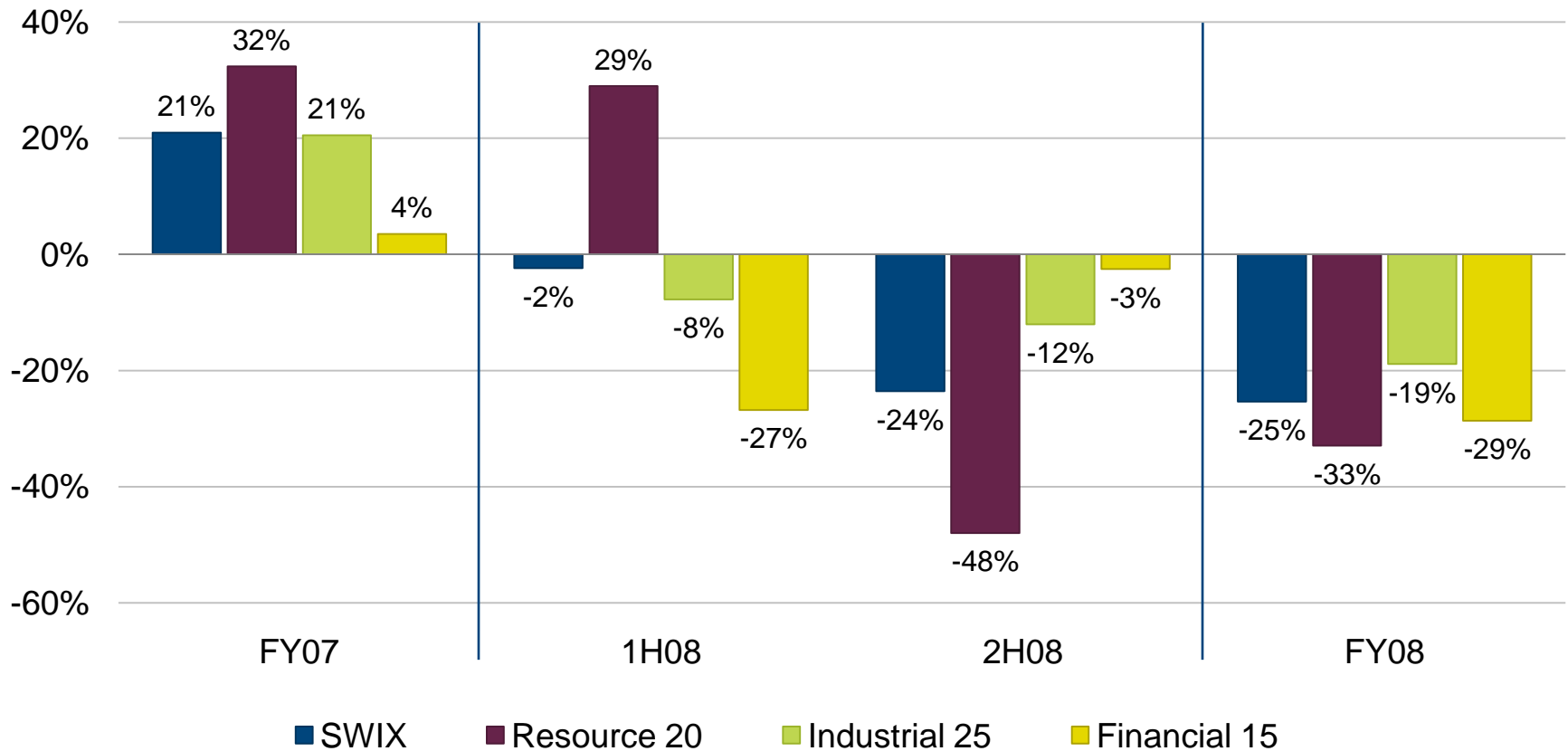
Financial strength

Way forward



MARKET CONDITIONS AND OUR RESPONSE

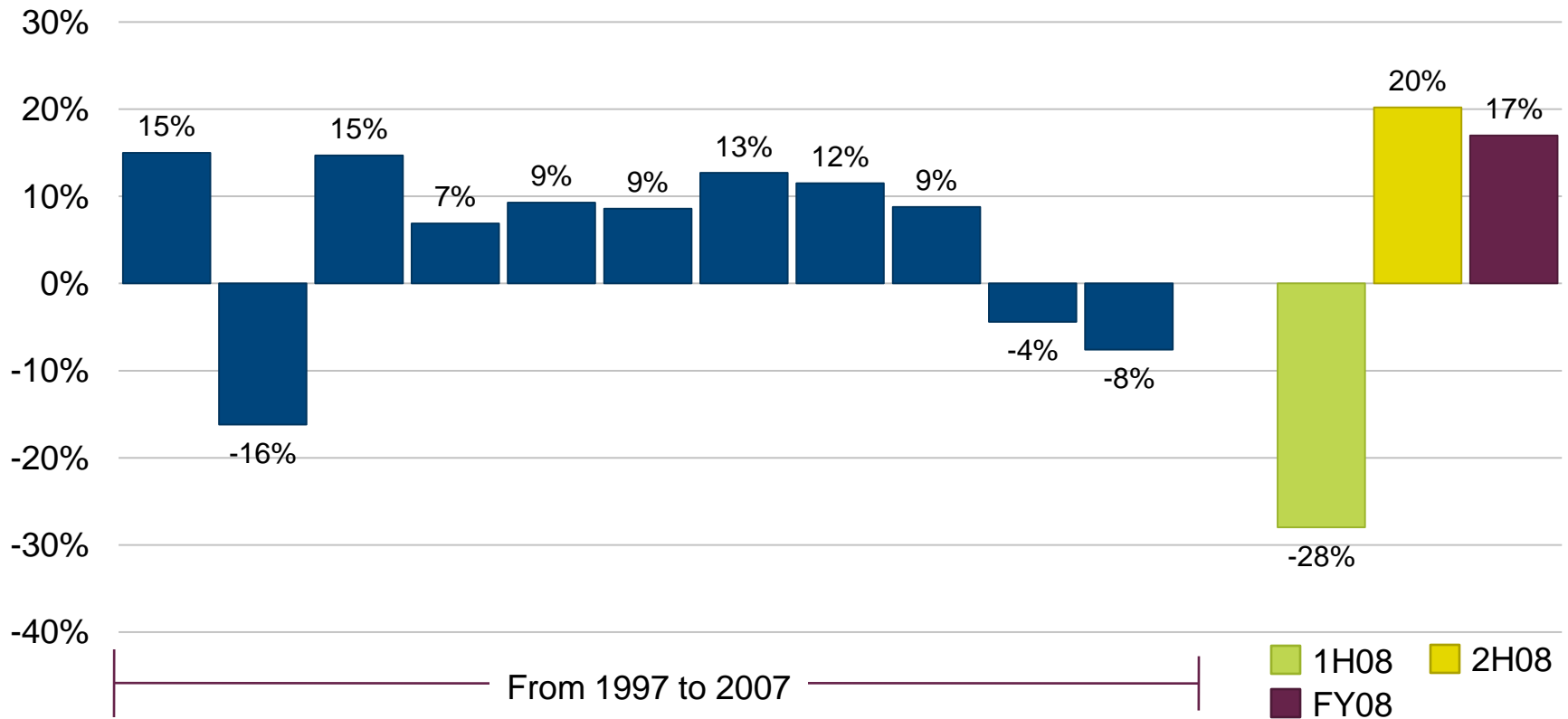
Equity market overview



50% change in annual equity returns

Bond market overview

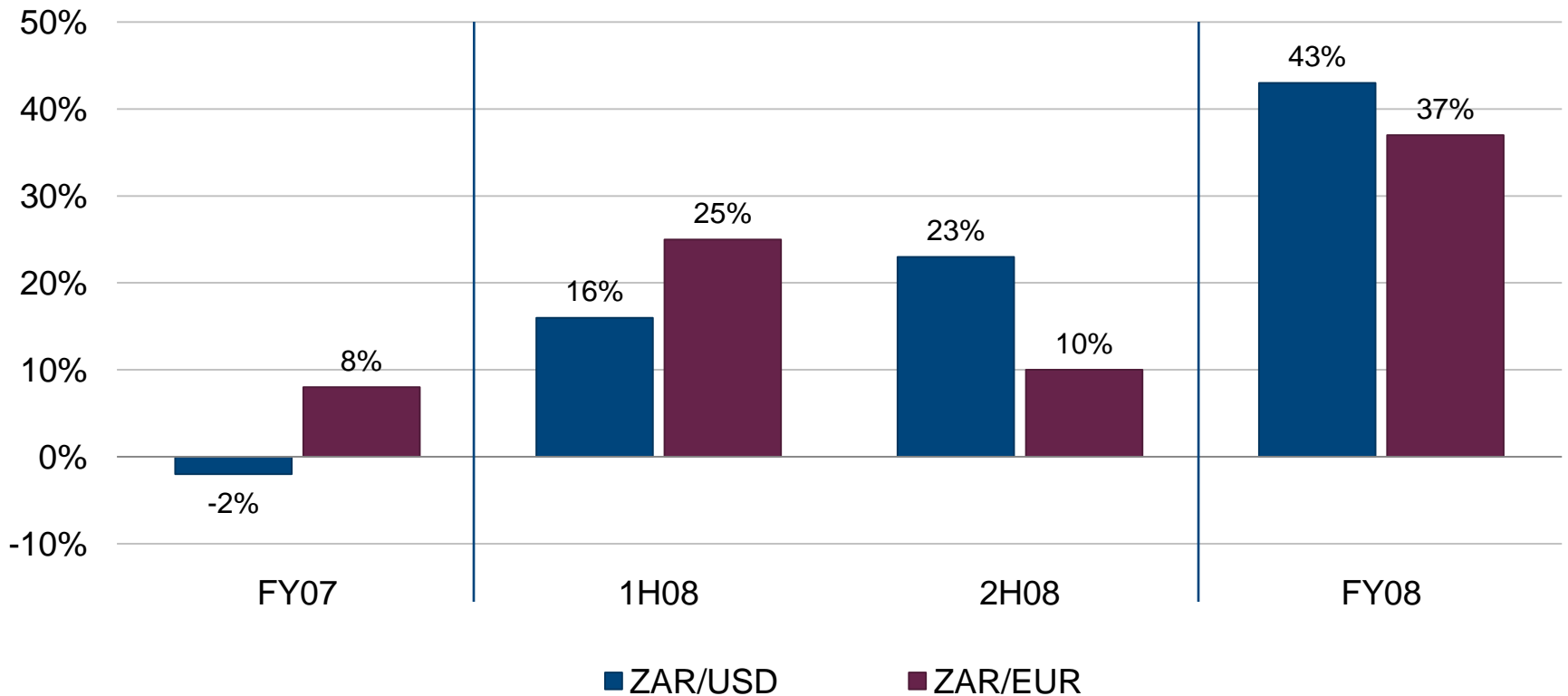
Bond yield



50% change in intra year bond returns

Market conditions – forex rand dollar and rand euro

Forex rand dollar and rand euro movements



Rand depreciated 40%

How did we respond?

Risk and capital management

Three Manager Model

Liability
Management

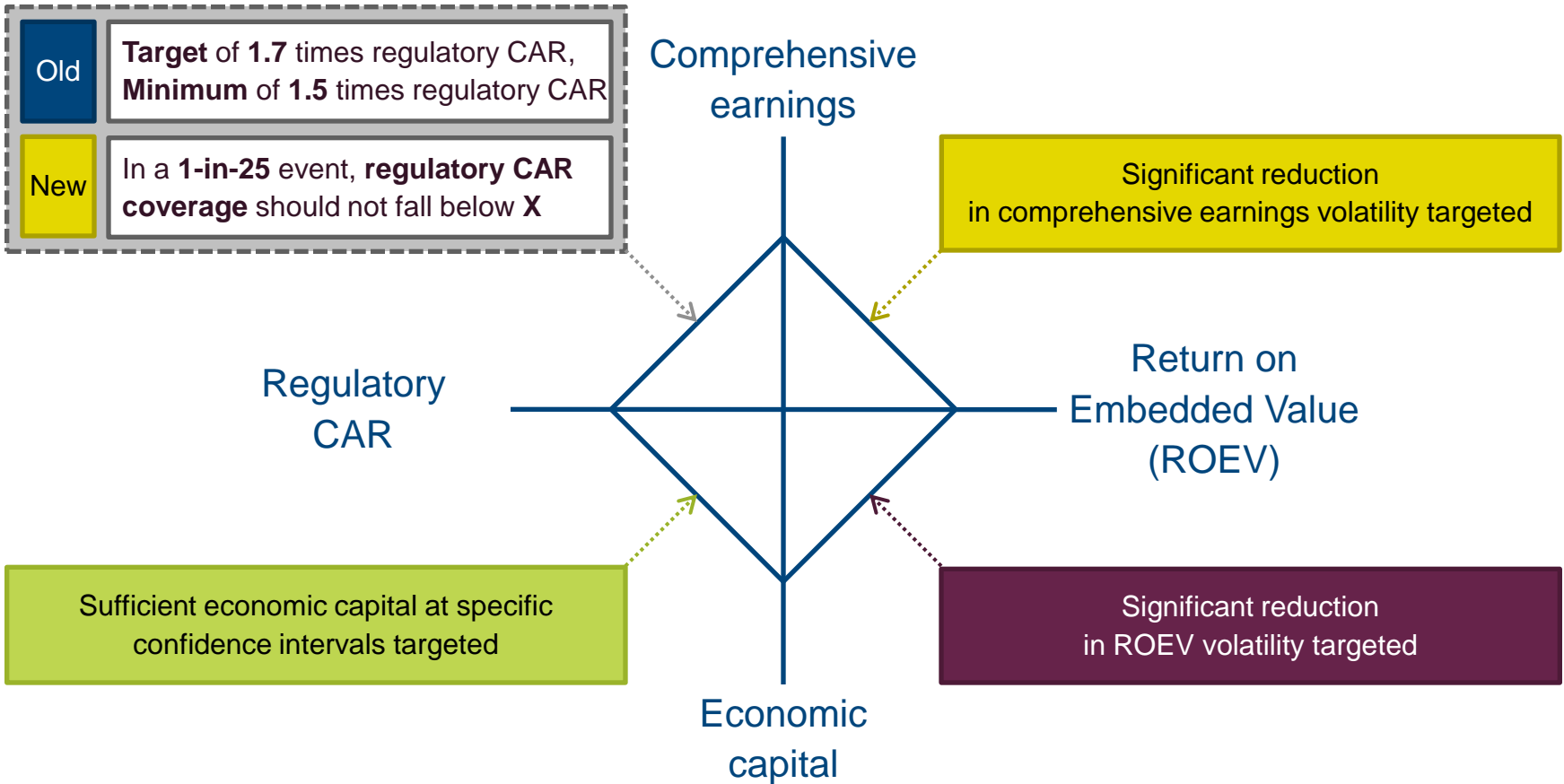
Strategic Balance
Sheet Management

Asset
Management

(LibFin)

Clear accountability for management of market, credit and liquidity risks

Risk appetite dimensions



Specific actions taken

Strategic action taken

- Implementation of 3 manager model
 - adoption of risk appetite statement
 - establishment of LibFin

Tactical action taken

- De-risked the balance sheet significantly during 2008
 - 1H 2008 reduced equity exposure
 - 2H 2008 hedged long term interest rate exposure

Strongest capital position since 2002



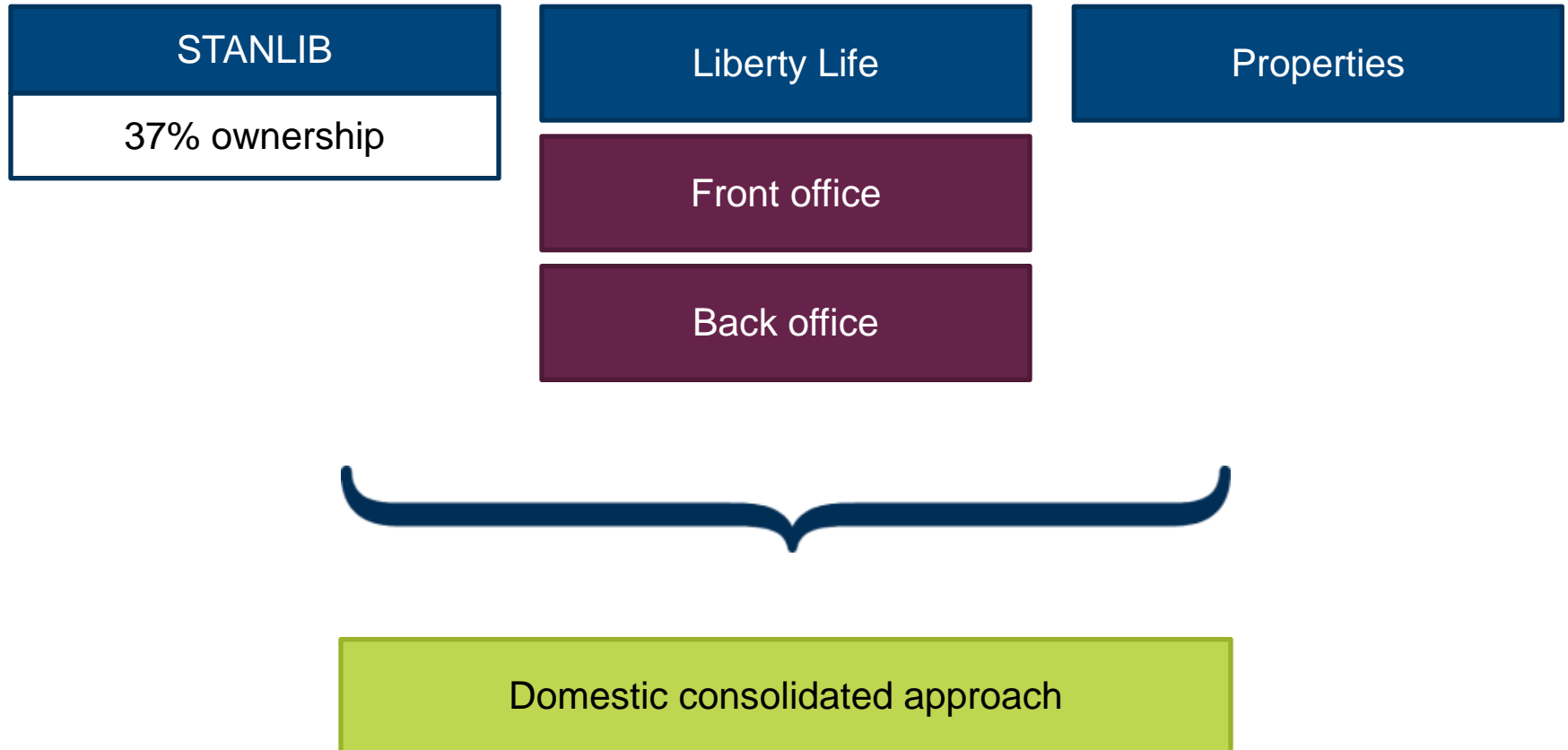
STRATEGY

Liberty Holdings – the future

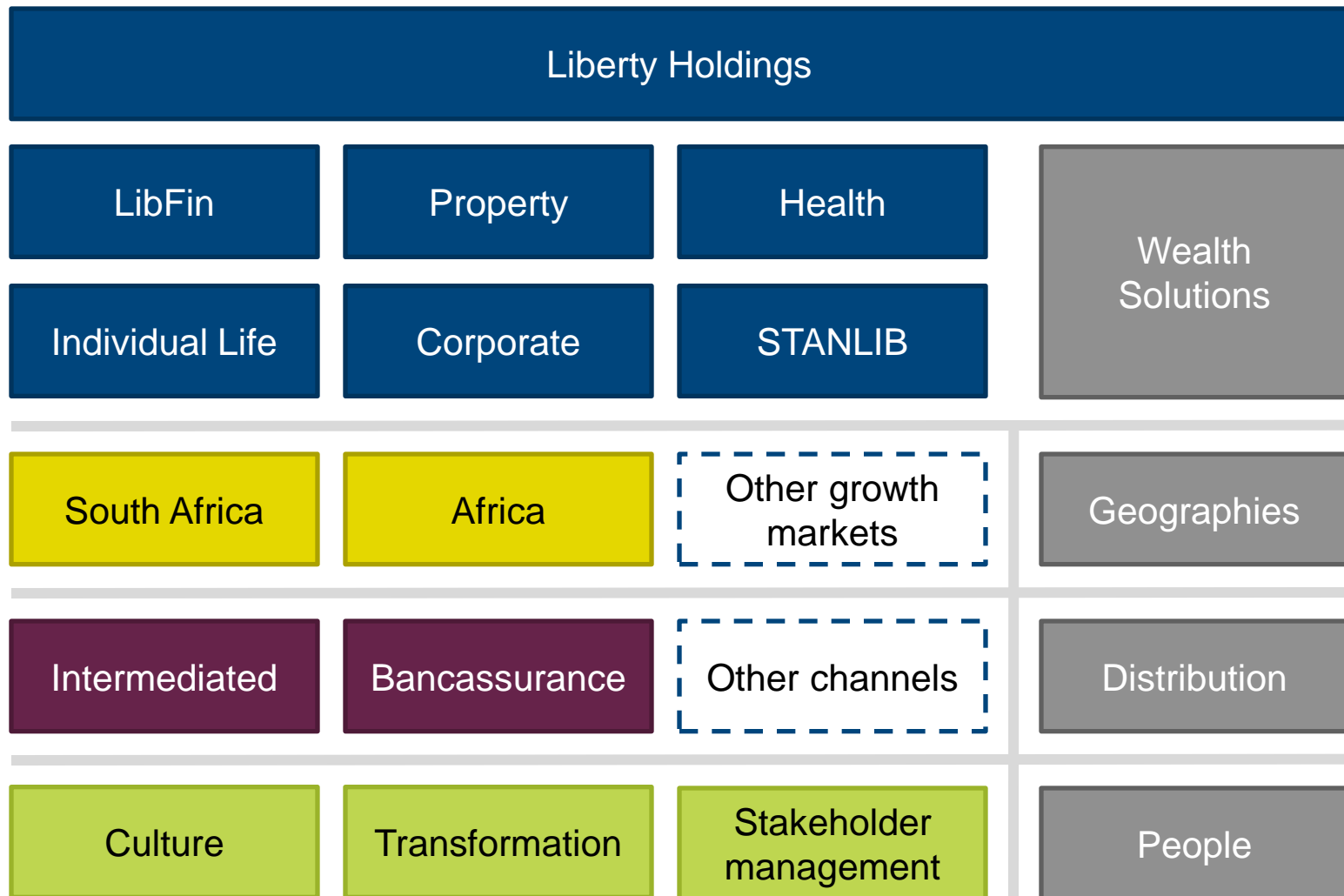
- Market leading wealth management company in Africa and other select emerging markets
- Specialised businesses and partnerships informed by customers' needs

Collective power, specialist skill

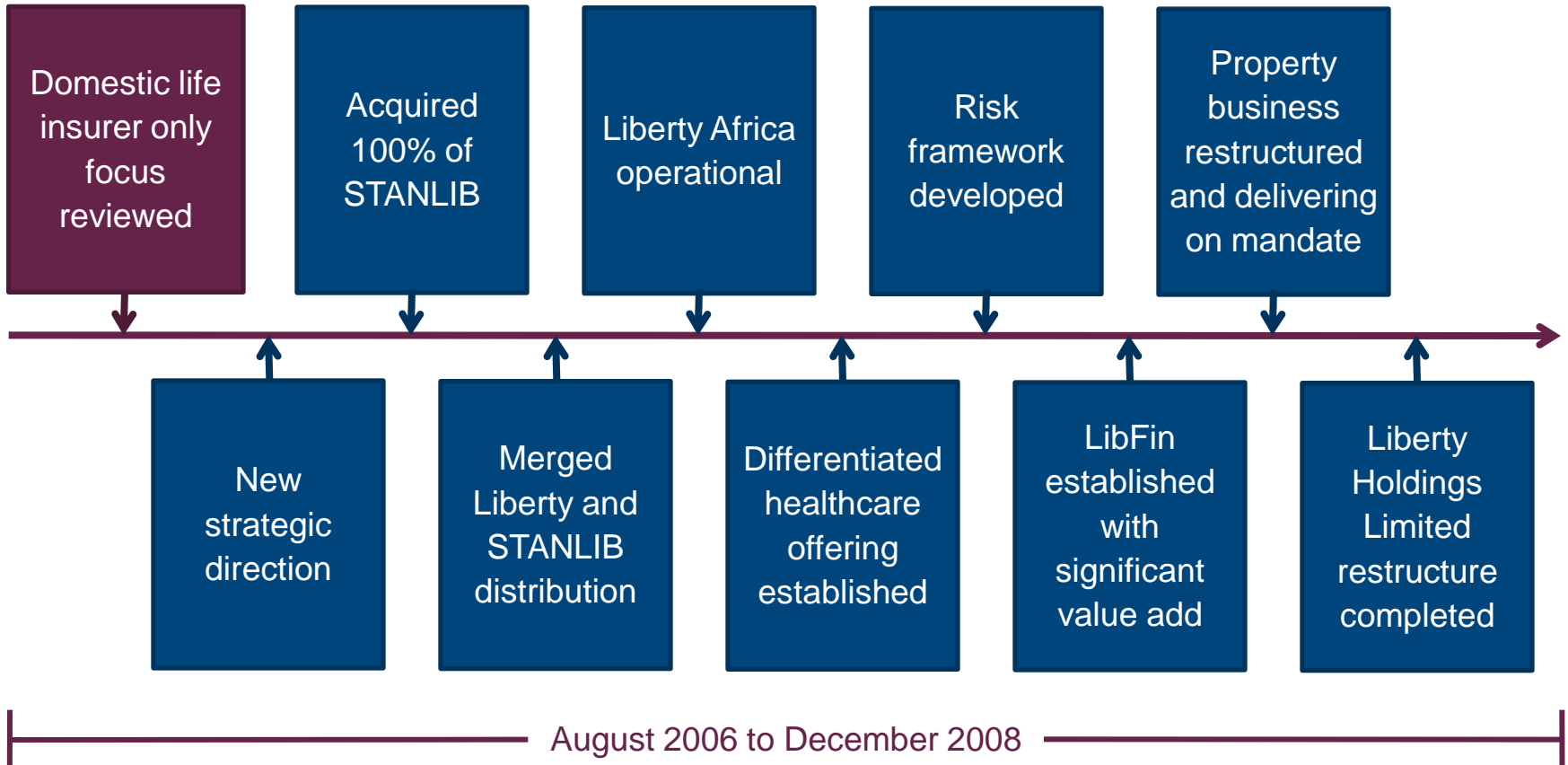
Liberty Life pre-2006 – consolidation strategy



Liberty Holdings today – diversified wealth company



Liberty - a business transformed



Delivering on stated strategy



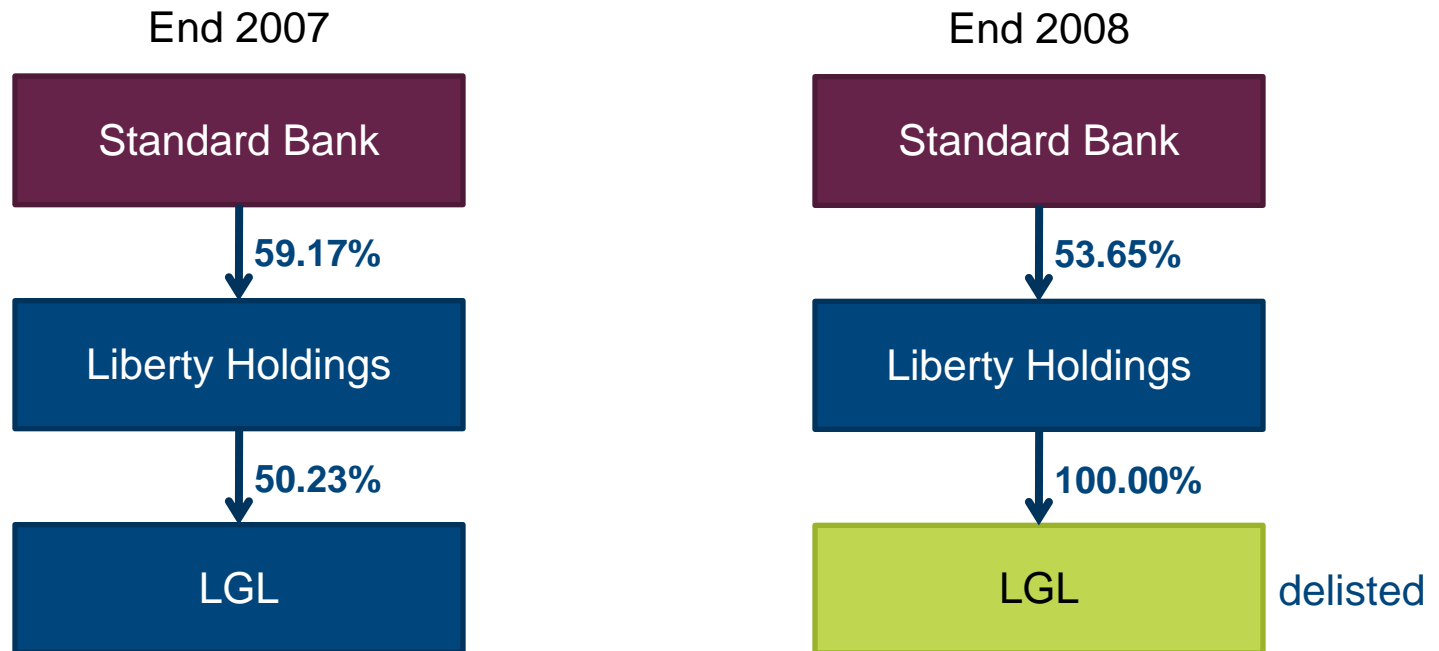
STRATEGIC AND OPERATIONAL REVIEW

2008 - a year of strategic delivery

- Implemented business unit structures to create focus
- Continued to drive diversification in both wealth solutions and geographies
- Significantly strengthened management
- Implemented improved risk management processes to align to the Group's risk appetite
- Significantly reduced earnings volatility and improved the capital position
- Ahead of transformation targets
- Reorganised holding company structure to deliver on wealth strategy

Key strategies delivered

Holding company restructure



■ Listed Liberty entities

Holding company restructure

- Structure enables delivery of wealth management company
- Ensures greater regulatory flexibility
- Allows greater capital flexibility
- Greater ability to raise additional non-equity capital for growth
- Different regulated entities will require separate focus
- Reduces statutory capital impairments within the life company
- Allows for better capital allocation within an enterprise wide value and risk management framework

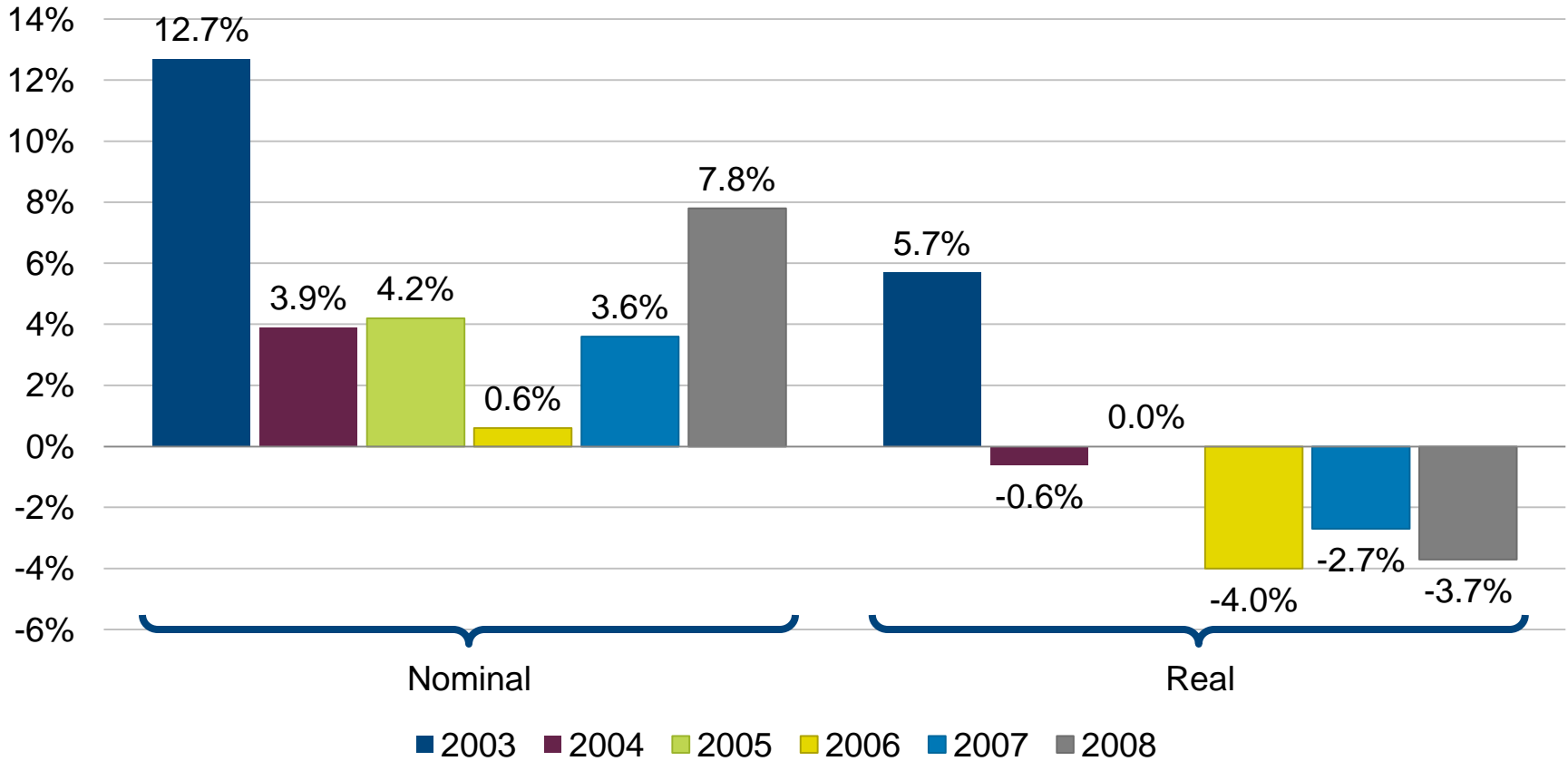
Enables diversification and improves capital utilisation

Financial performance summary

- Significant improvement in CAR cover to 2.66 times despite weak markets
- Dividend per share up 11% to 455 cents per share
- Core operating earnings remain healthy
- Significant investment in growth initiatives fully expensed
- Group-wide sales strongly assisted by low risk product preferences
- BEE normalised embedded value per share firm at R95.12*

Financial performance good and exceeds market expectations

Costs – business as usual recurring



Real costs contained below inflation

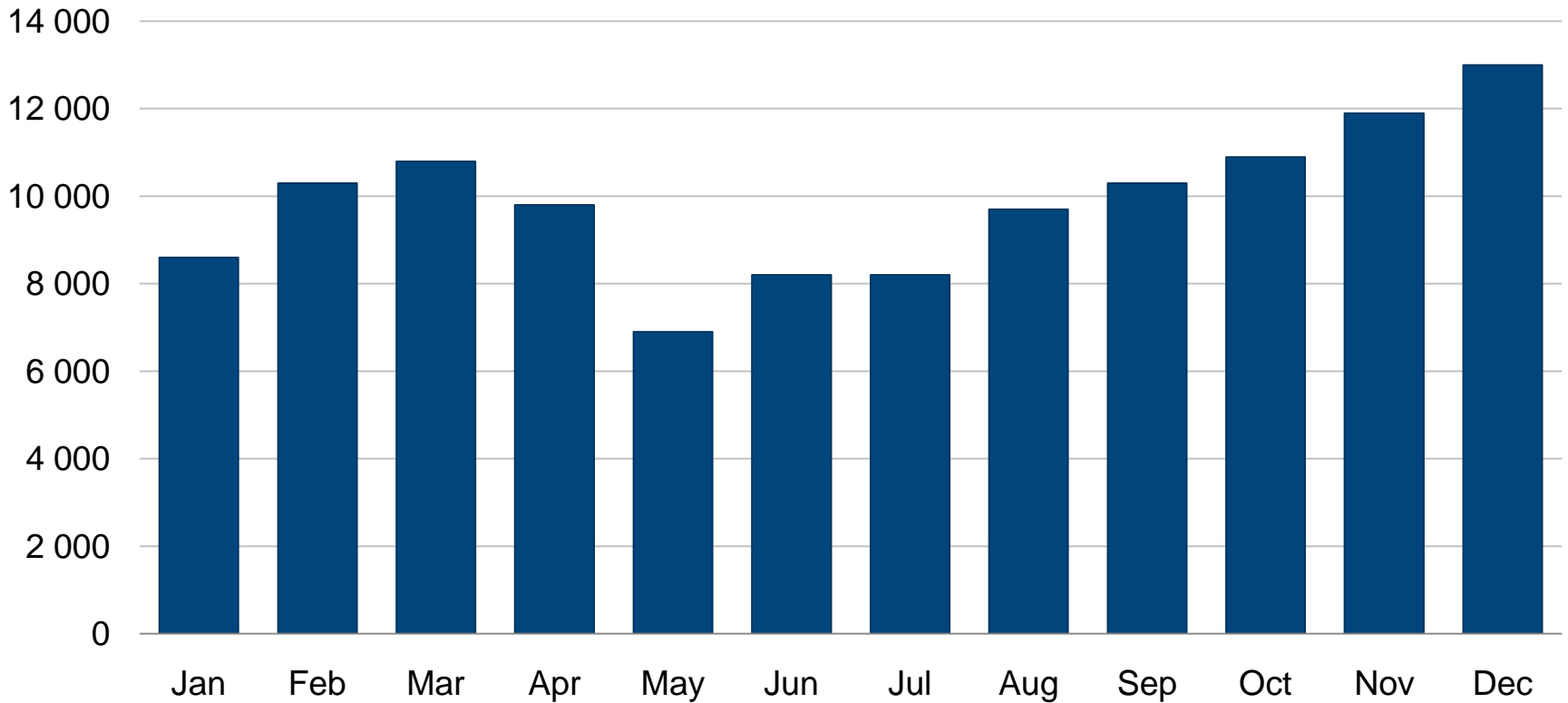
Insurance business – Individual Life

- Strengthening of management teams
- Creation of separate business unit will drive greater focus
- Increased mortality profits
- Cost targets met and business performed in line with cost per policy assumptions
- Investment guarantees repriced
- Sales strong - indexed new premiums up 9%
- Persistency remains a challenge

Operational earnings delivered robust performance

Customer retention programme gaining traction

Policies retained in 2008



Retention remains a priority

Insurance business – Liberty Corporate

- Strong emphasis on pensions reform
- Strengthened management team delivering better results
- Electronic data interchange implementation should significantly improve efficiency
- New business performance strong with indexed premiums up 11%
- Strong risk profits offset by weaker management fees

Good progress – more to come

- Headline earnings increased by 4%
- Tighter cost control
- Non-equity performance good
- Third party equity mandates delivered reasonable performance
- Unit trust equity performance down in 3rd and 4th quarters
- Net cash flows positive
- Focus on the higher income segment of the retail market
- Significant investment in institutional distribution
- Improve equity performance

Financial results good, equity performance disappointing

- Combination of actuarial, investment banking and risk management skills
- Initial focus on risk management, protection of capital and reduction in earnings volatility
- Improved understanding of the overall group market risks
- Significant capital and earnings protection delivered
 - capital position strengthened by 30%
 - earnings volatility reduced by 50%
- Continued focus on
 - de-risking the balance sheet and reduction of earnings volatility
 - process improvement on group-wide asset liability matching solutions
 - a closer working relationship with business units

LibFin proves its worth

Liberty Properties

- Strong financial performance with headline earnings up 26% to R58m
- Value to group exceeds R300m in fees per year
- Current strategy in South Africa and the rest of Africa
 - Property management
 - Asset management
 - Property development
- Significant expansion projects planned to increase SA property capacity
- New development projects in Africa secured

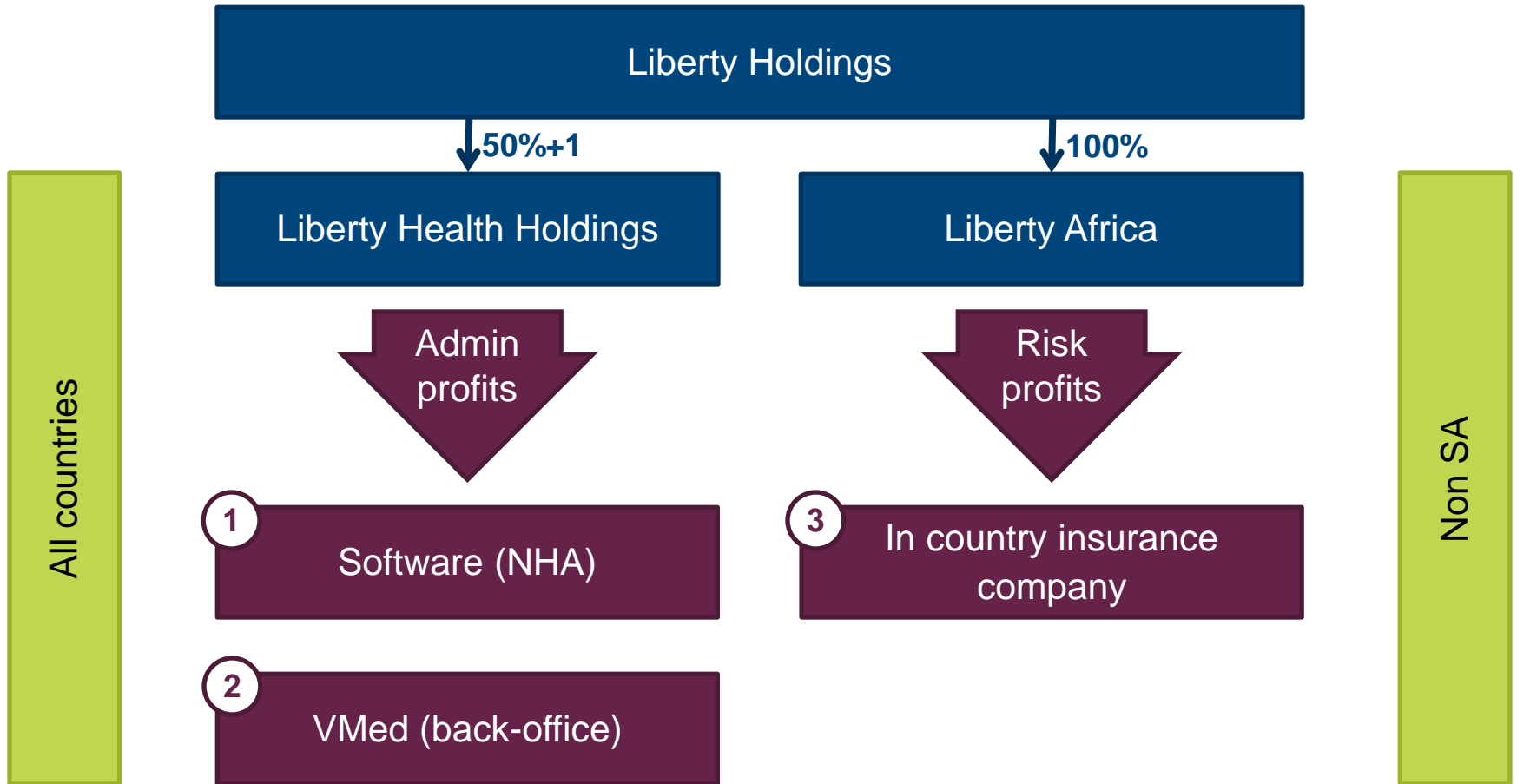
Significant profitability driver for the group

Liberty Health

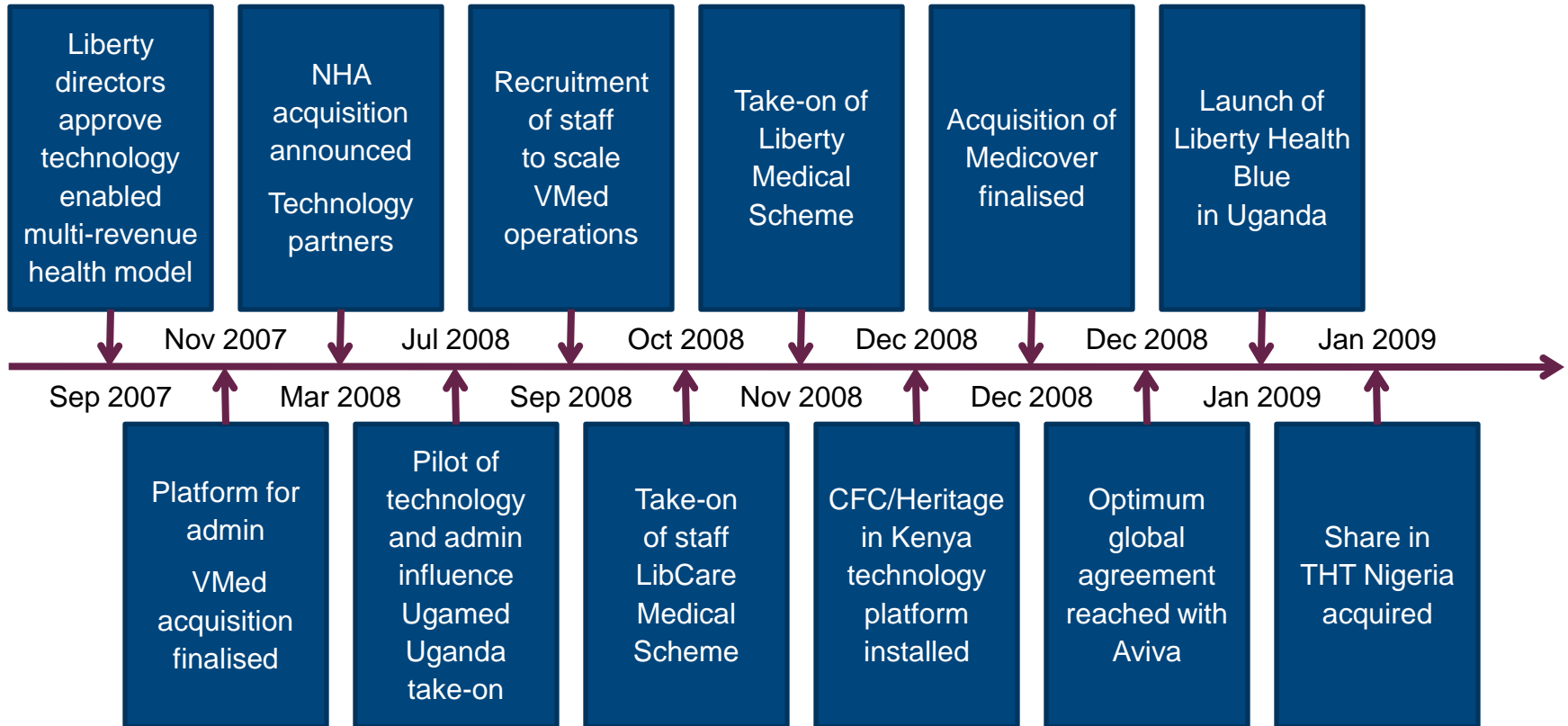
- Building a global health business; providing technology solutions in growing health markets
- This will be achieved by
 - owning our infrastructure, technology platforms and data which allows us to scale business model for growth
 - growing and leveraging the benefits of scale in the administration business through scheme mergers, acquisitions and 3rd party administration
 - establishing business opportunities that leverage off the technology platform to generate additional revenue streams

A technology-enabled multi-revenue business

Strategic structure

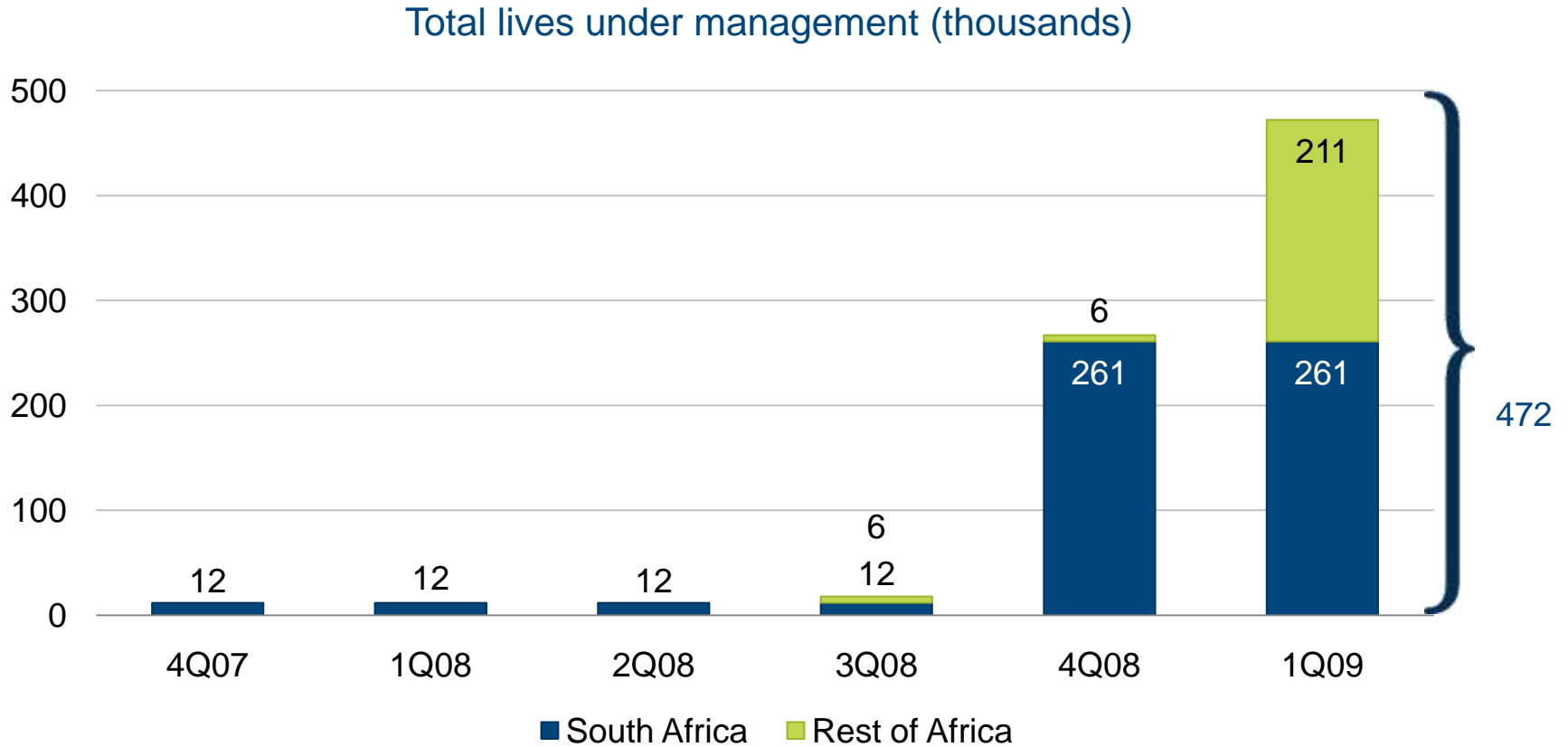


2008 Health - key achievements



Extensive progress over a short time

Health - significant growth in lives under administration



Exponential growth in SA and rest of Africa

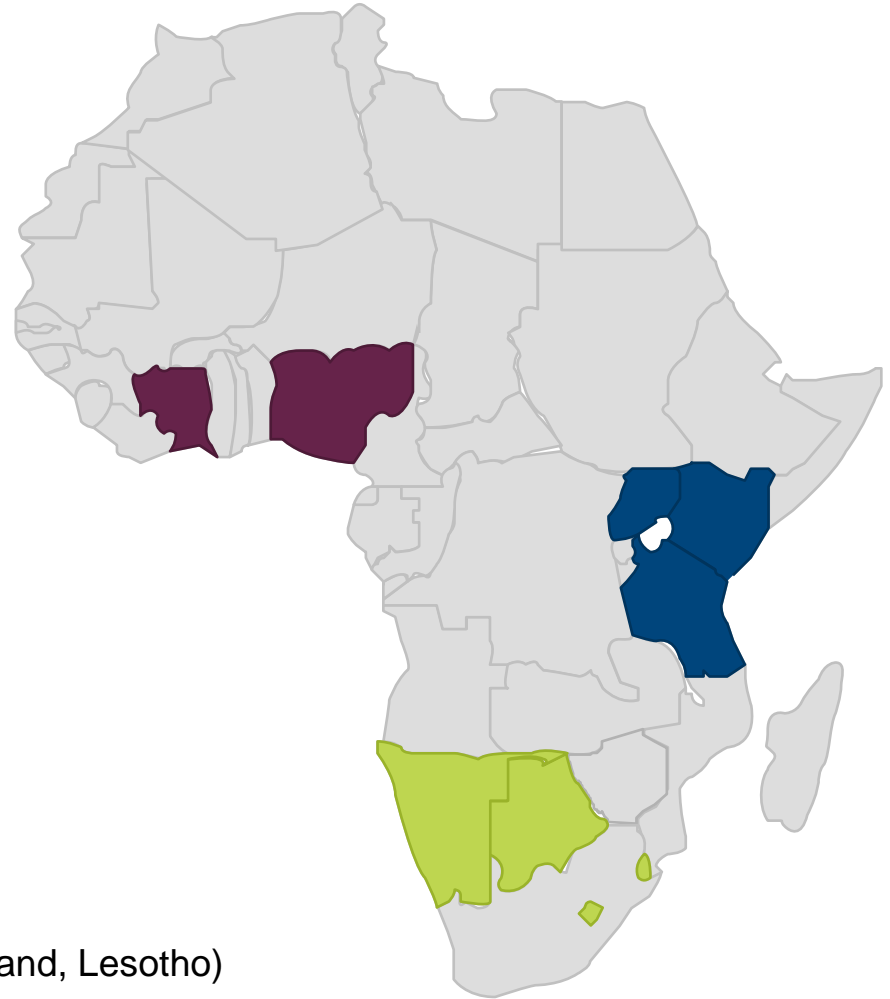
Liberty Africa

- Strong asset management cash flows almost doubled to R8bn
- Very strong push into Health
- A number of acquisitions were pursued, but declined on price considerations
- Bancassurance and other opportunities with the bank are being planned in depth
- Working with Standard Bank to operationalise bancassurance

Liberty Africa an enabler for all units – and it's working

Liberty Africa

- Secure leading position in eastern, western and southern regions of the African continent



- East Africa (Kenya, Tanzania, Uganda)
- West Africa (Nigeria, Ghana)
- Southern Africa (Namibia, Botswana, Swaziland, Lesotho)

Marketing and Distribution

- Integrated distribution of STANLIB and Liberty, complete with launch of MaD global
- Strong focus on cost efficiencies
- Restructure of MaD – reduction in support headcount, improved platform
- Broker segmentation implemented and working
- New commission regulations should assist Liberty given early decision to pay lower commissions on savings products
- Relationship with Standard Bank continues to deliver

Marketing and Distribution

Production volumes

%	Total	Indexed
Total production	+31.3	+8.4
Individual Life	+23.6	+7.6
Corporate	+45.8	+16.7

A good result

Marketing and Distribution

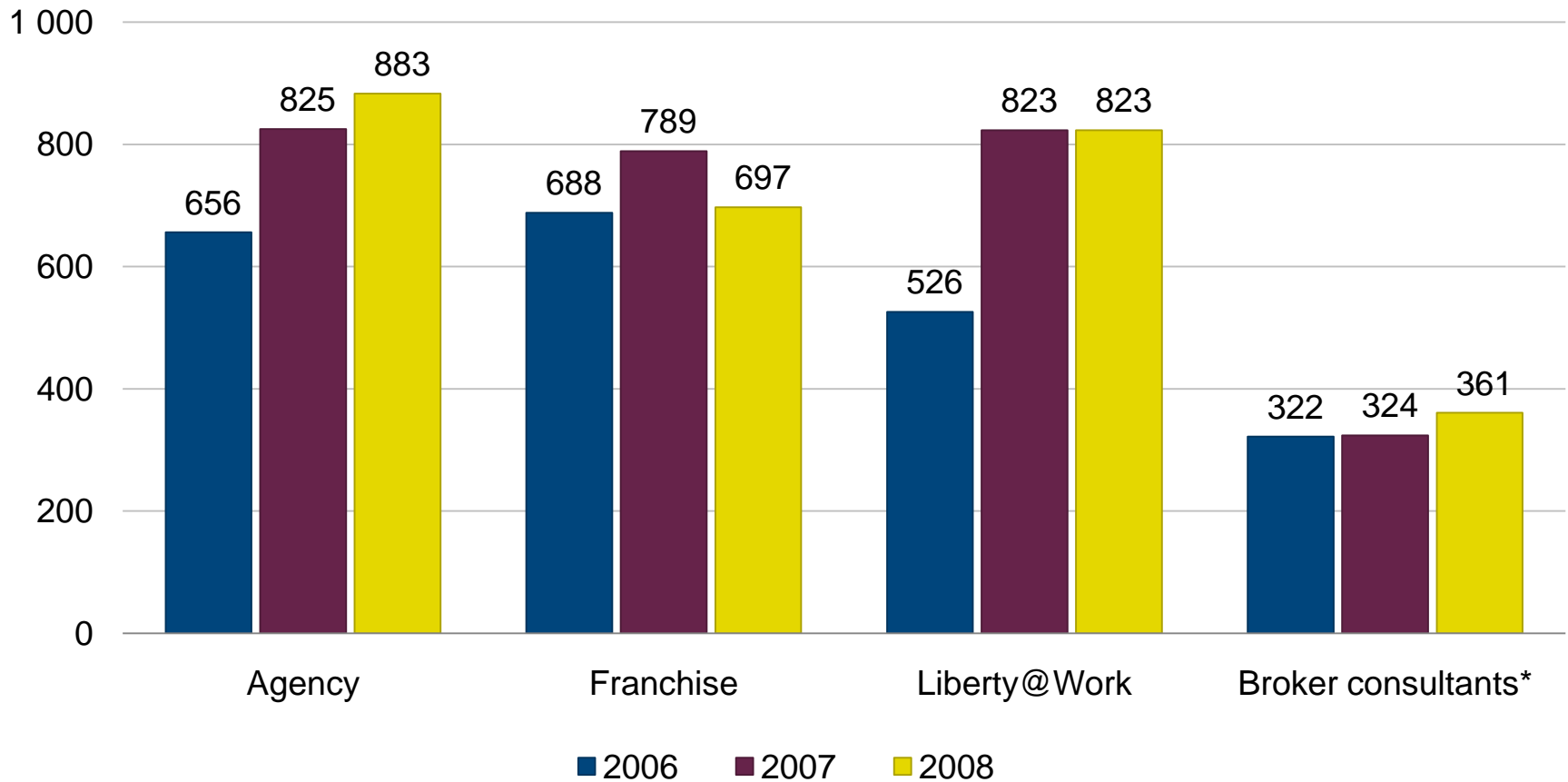
New business volumes

%	Total	Indexed
Total new business	+1.6	+9.9
Individual Life	+0.1	+9.0
Corporate	+14.9	+11.5
Africa	+80.0	>100%

A good result

Marketing and Distribution

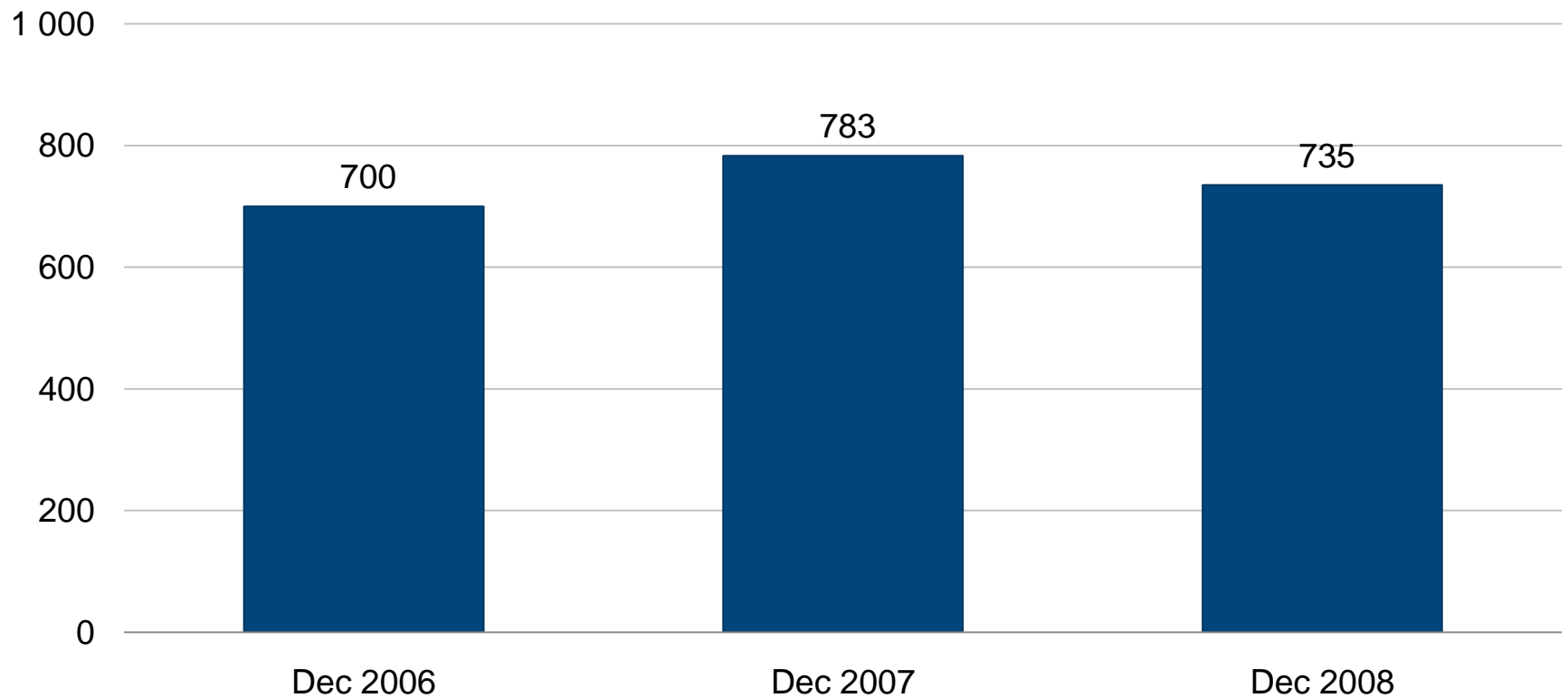
Headcount



* Total of Standard Bank and Liberty Broker consultants

Marketing and Distribution

Bancassurance - headcount



Transformation – FSC

FSC group scorecard	Unaudited score Dec 2008	Audited score Dec 2007	Change
Human resources development	20.0	19.0	
Ownership and control	21.0	20.0	
Procurement	16.0	13.0	
Access to financial services	12.3	14.0	
Empowerment financing	22.0	17.0	
Corporate Social Investment	3.0	3.0	
Total*	93.3	86.0	

Good transformation scores; 2009 focus on DTI code improvements

* Total target score = 100

Summary

Managing the business through economic crisis

Delivering on strategy

30% improvement in capital position
despite collapsing markets



FINANCIAL STRENGTH

Russell Harte, CFO

Group financial summary

- Operating businesses performed well
- Group sales up 31% to R174.5bn
- Group cash flow resilient at R10.5bn
- Significant protection of earnings and capital through proactive risk mitigation
- 30% improvement in capital ratios with CAR at 2.7 times
- Recurring life costs show real decline of 4%
- Strong underwriting profits
- Persistency remains challenging

Strong operational performance,
but significant market impact on financial results

Group financial summary¹

Rm (<i>unless stated otherwise</i>)	Dec 2008	Dec 2007	% Δ
BEE normalised headline earnings	1 619	3 129	-48
BEE normalised headline earnings per share (cents)	575	1 100	-48
BEE normalised embedded value per share (R) ²	95.27	96.10	-1
BEE normalised ROEV (%) ²	3.7	21.6	-83
Pro-forma Group new sales	174 545	132 927	+31
Pro-forma Group cash flows	10 513	17 440	-40
BEE normalised ROE (%)	13.3	26.5	-13
BEE core ROE (%) ³	20.9	20.6	0
Cash distribution (cents per share)	455	410	+11

1 Pro forma Liberty Group Limited results assuming Liberty Holdings Limited reorganisation had not taken place

2 Restated for PGN 107

3 Excludes capital gains/losses on investment guarantees, shareholder funds, excess 90/10 book, and utilising 8% after tax assumed long term rate of investment return

BEE normalised embedded value

Rm	Dec 2008	Dec 2007*	% Δ
Statutory shareholders' funds	7 779	8 076	-4
Fair value adjustments	4 107	4 124	0
Allowance for fair value of share options	(185)	(300)	+38
Net value of in-force business	14 188	14 191	0
Embedded value	25 889	26 091	-1
BEE preference shares	1 159	1 159	0
BEE normalised embedded value	27 048	27 250	-1
Liberty Holdings NAV	159		
Group BEE normalised embedded value	27 207		
Group BEE normalised embedded value per share (R)	95.12	96.10	-1
BEE normalised ROEV (%)	3.7	21.6	-83
BEE normalised core ROEV (%)**	12.7	14.8	-17

* Restated for changes to PGN 107

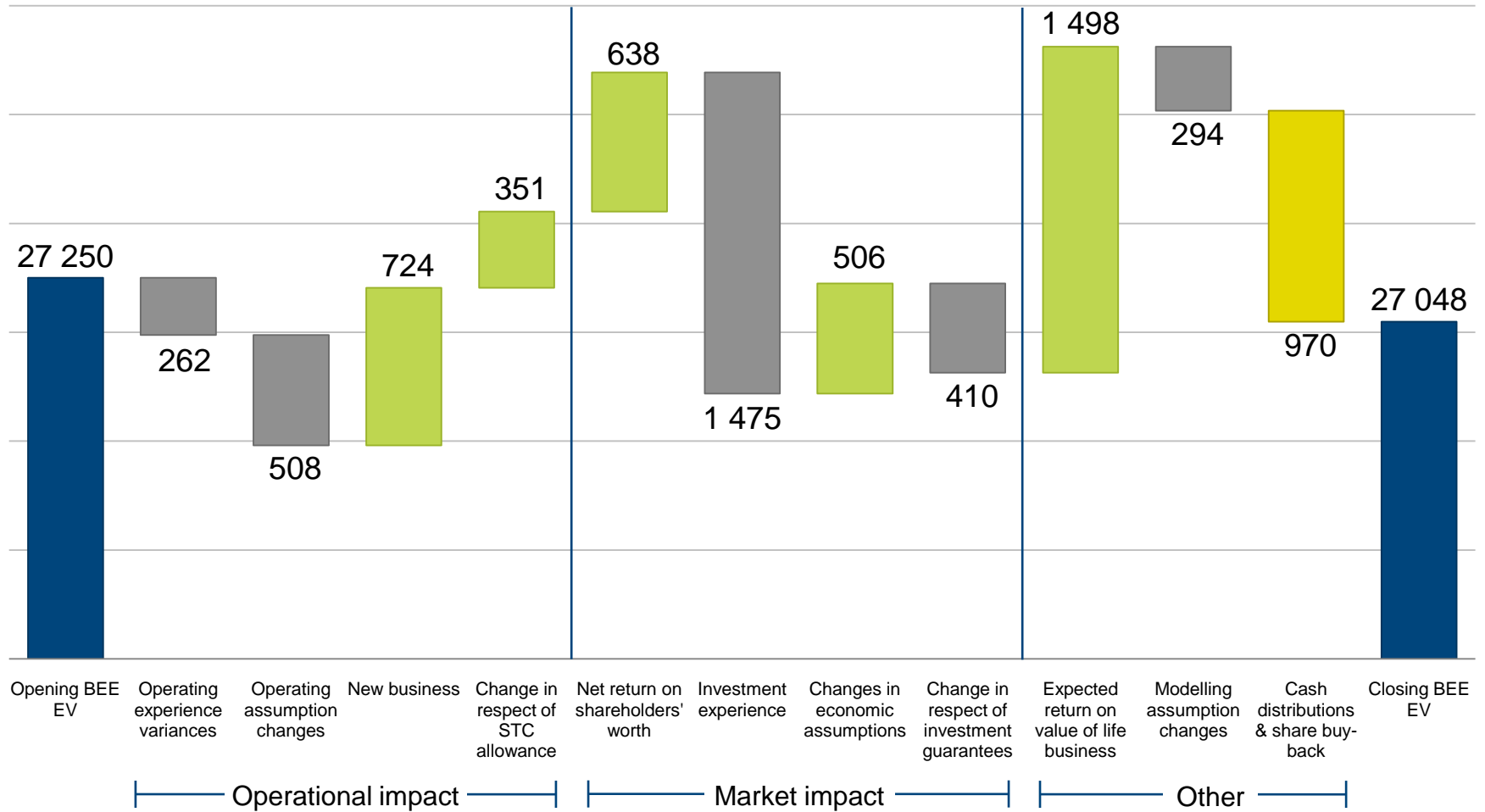
** The ROEV excludes capital gains/losses on investment guarantees, shareholder funds, excess 90/10 book, and utilising 8% after tax assumed long term rate of investment return

EV margin attribution

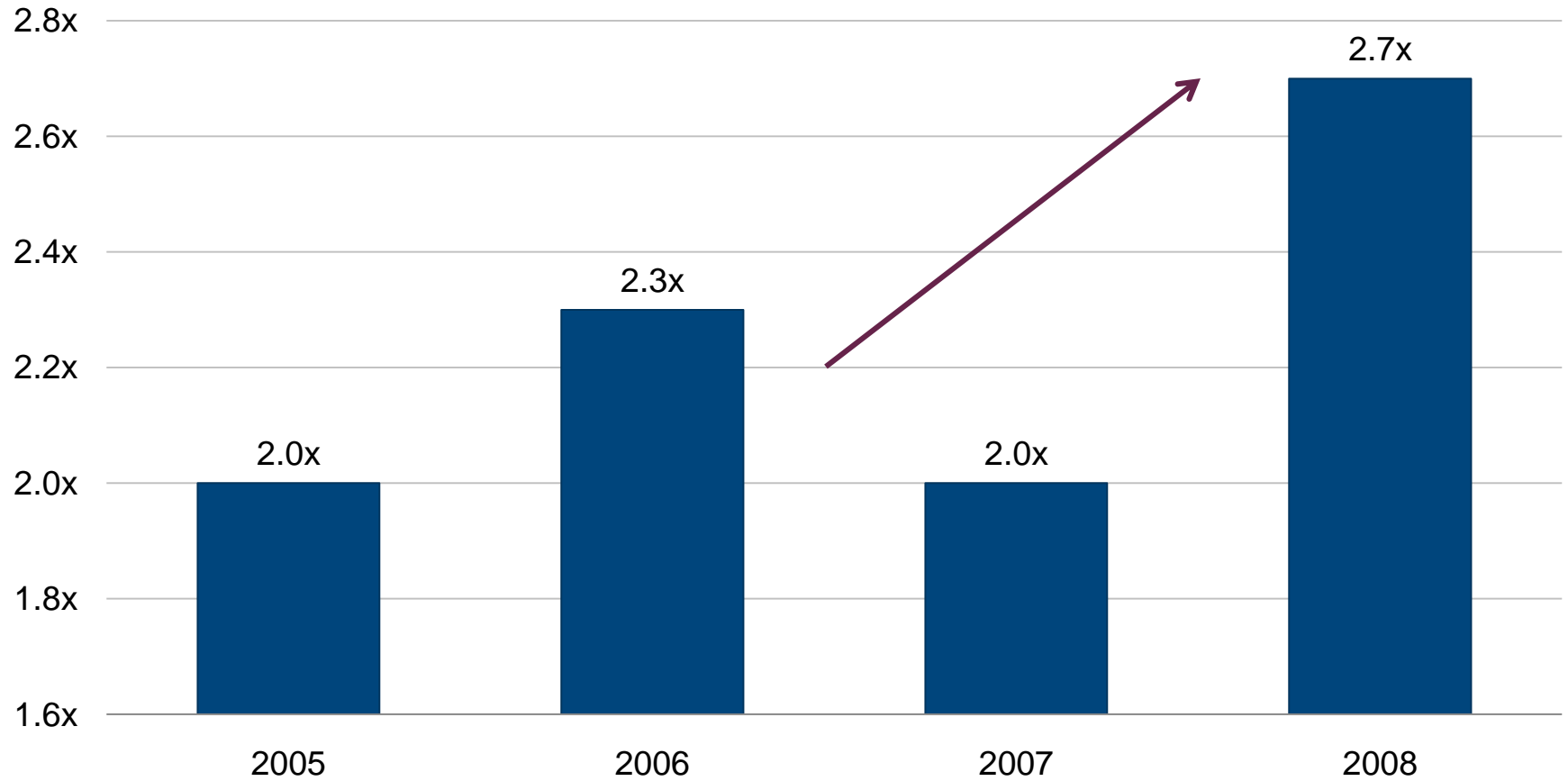
%	Dec 2008
New business margin as at 31 Dec 2007	2.5
Impact of higher PGN 107	0.3
Restated Group margin	2.8
Impact of economic changes	0.4
Impact of expense and persistency strain	(1.0)
Impact of improved mortality	0.4
New business margin as at 31 Dec 2008	2.6

Margin negatively impacted by persistency

Embedded value analysis (Rm)



Capital strength - CAR cover*



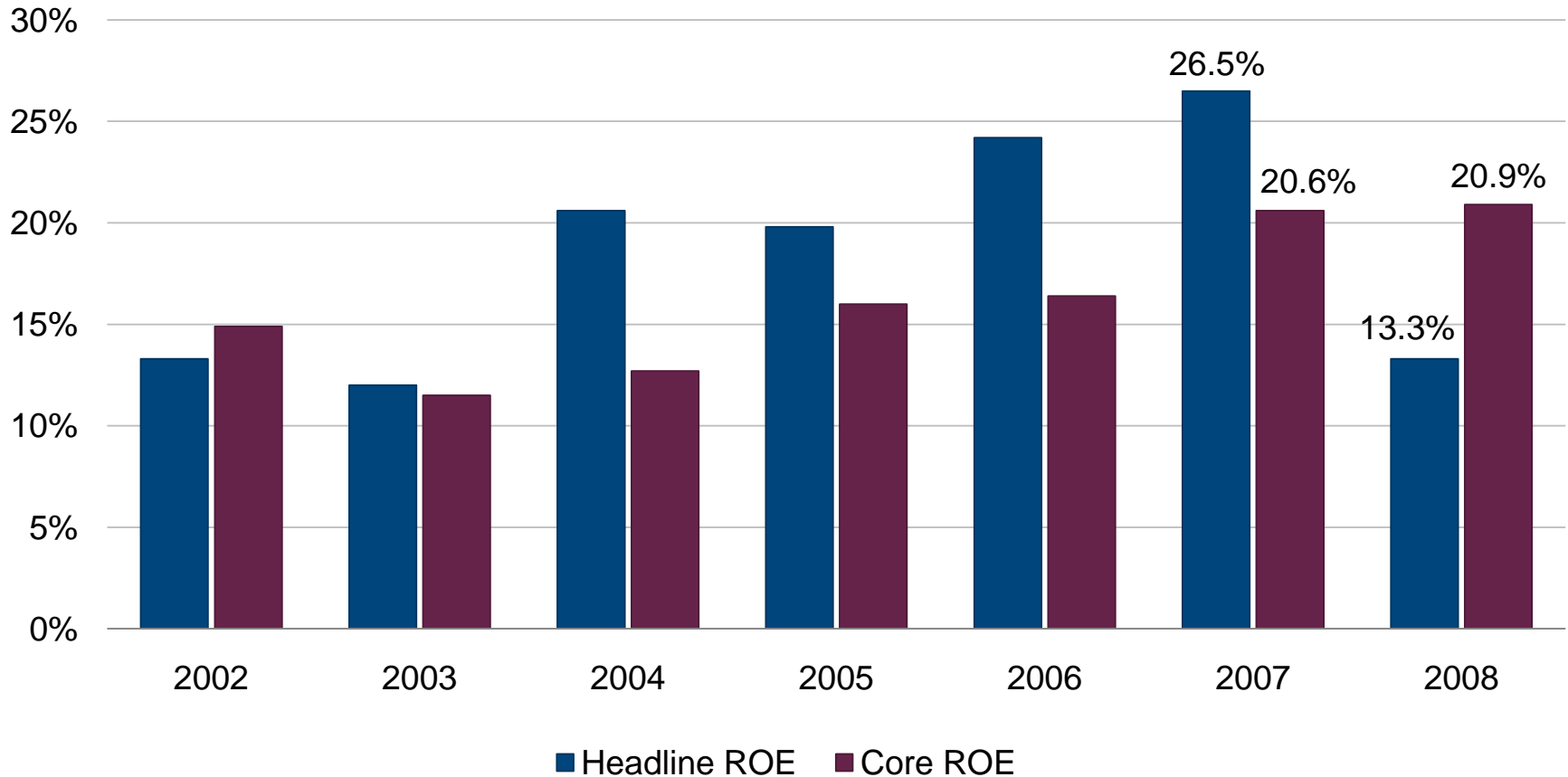
Significant improvement in CAR cover

Headline earnings*

Rm	Dec 2008	Dec 2007	% Δ
Life assurance	885	1 784	-50
Individual Life	1 255	1 369	-8
Corporate	152	118	+29
LibFin	(522)	297	n/a
LibFin shareholders	451	919	-51
STANLIB	395	407	-3
Properties	64	46	+39
Liberty Africa	(1)	16	n/a
Healthcare	-	(3)	n/a
Other	(175)	(155)	+13
Pension fund surplus	-	115	n/a
BEE normalised headline earnings	1 619	3 129	-48

* Pro forma Liberty Group Limited results assuming Liberty Holdings Limited reorganisation had not taken place

Return on equity (ROE) %



Reported ROE impacted by markets, but underlying ROE remains reasonable

Core ROE excludes capital gains/losses on investment guarantees, shareholder funds, excess 90/10 book, and utilises an 8% after tax assumed long term rate of investment return

Individual Life operating profit

Rm	Dec 2008	Dec 2007	% Δ
Net 'unwind' profits	1 381	1 198	+15
Expected profits	1 214	1 134	+7
Variance against expected	167	64	>100
Management fees	592	671	-12
New business	161	-	>100
Profit on premium increases	334	263	+27
New business strain	(173)	(263)	+34
Net credit life	128	126	+2
Changes in assumptions	(291)	106	n/a
Other	(88)	(151)	+42
Pre-tax operating profit	1 883	1 950	-3
Tax	(628)	(581)	-8
Headline earnings	1 255	1 369	-8

Individual Life additional performance measures

Rm	Dec 2008	Dec 2007	% Δ
Gross sales	14 848	14 866	0
Indexed new business	4 154	3 812	+9
Net cash flows	407	1 908	-79
Embedded value of new business*	701	756	-7
Embedded value new business margin (%)*	3.0	3.2	-6

New business volumes firm, margins reflect persistency pressure

* December 2007 restated for PGN 107

Corporate headline earnings

Rm	Dec 2008
Income	814
Risk profits	407
Management fees	293
Admin and other income	114
Expenses	(603)
Management expense	(509)
Commissions	(52)
Amortisation of intangibles	(19)
Shareholder participation (90/10)	(16)
Other	(7)
Pre-tax operating profit	211
Taxation	(59)
Headline earnings	152

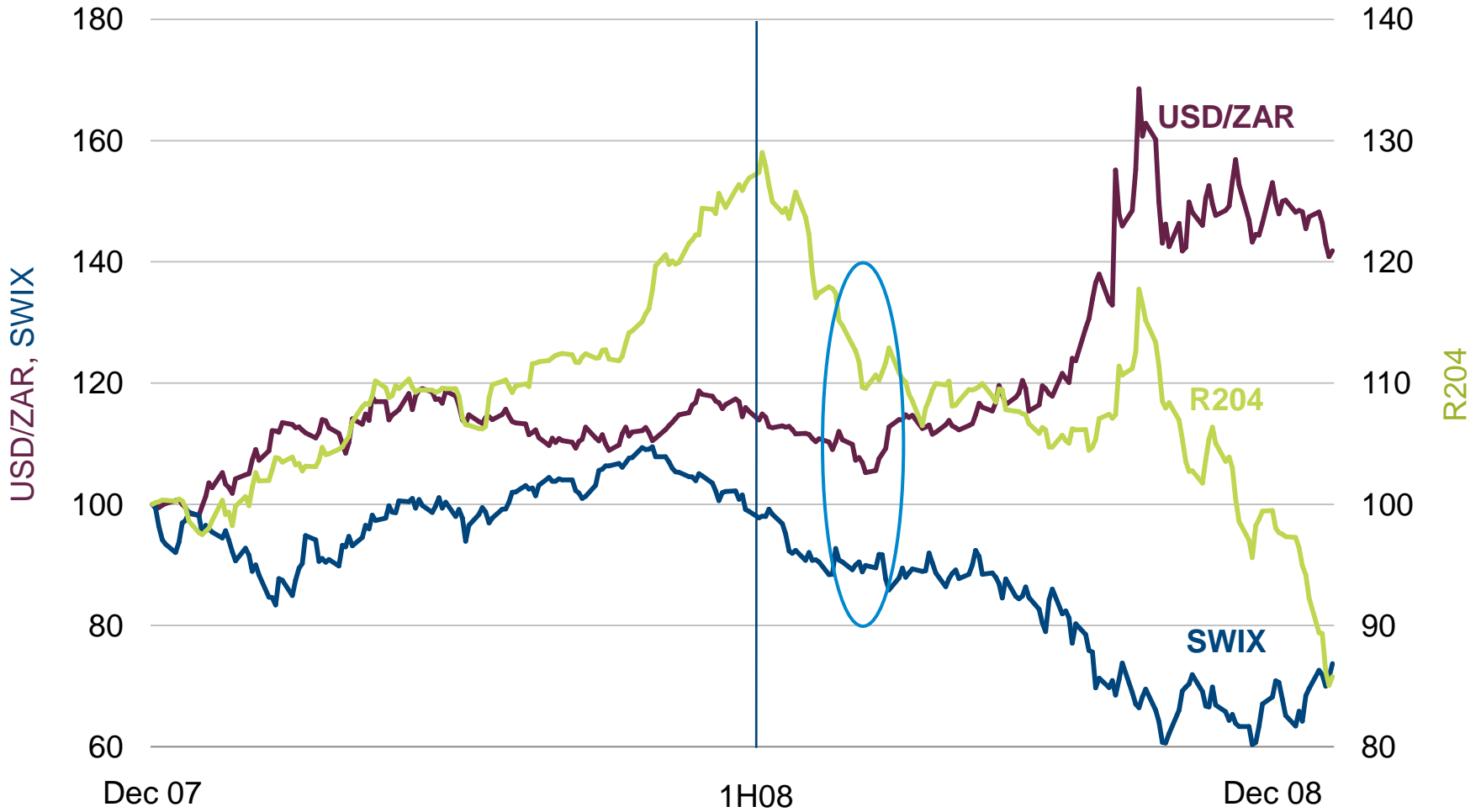
Corporate – additional performance measures

Rm	Dec 2008	Dec 2007*	% Δ
Gross sales	1 984	1 727	+15
Indexed new business	573	514	+12
Net cash flows**	(3 319)	(2 116)	-57
Embedded value of new business	23	29	-21
Embedded value new business margin (%)	0.4	0.7	-43

* Restated for PGN 107

** Excludes IEB single premium of R4 487m in 2007

Extreme volatility



LibFin results - insurance

Rm	Dec 2008	Dec 2007	% Δ
Balance sheet mismatch results	(522)	297	n/a
Economic assumption changes	322	(140)	>100
Excess 10% bonus participation	(600)	172	n/a
Funding cost of excess assets	(200)	(150)	+33
Mismatch and tail earnings	399	129	>100
Investment Guarantee Reserves (PGN 110)	(1 666)	407	n/a
Risk mitigation	1 097	-	-
Taxation	126	(121)	>100

LibFin results - shareholders

Rm	Dec 2008	Dec 2007	% Δ
Specific shareholders investment earnings	451	919	-51
Interest and dividends	740	727	+2
Capital profit/(loss) net of CGT	(270)	280	n/a
Funding benefit of excess assets	200	150	+33
Callable bond – interest expense	(179)	(189)	-5
Expenses	(7)	-	-
STC	(28)	(84)	-67
Related income taxation	(122)	(65)	+88
BEE preference shares income	117	100	+17

STANLIB results

Rm	Dec 2008	Dec 2007	% Δ
Net fee income	1 115	1 060	+5
Operating expenses	(591)	(514)	+15
Profit before investment income	524	546	-4
Other income	61	53	+15
Pre-tax profit before financing	585	599	-2
Preference dividends	(47)	(63)	-25
Taxation	(168)	(181)	-7
Headline earnings	370	355	+4
Attributable to Liberty	395	407	-3
Headline earnings	370	355	+4
Ermitage long only fees	-	20	n/a
Preference shares	25	32	-22

STANLIB pro-forma sales and cash flows

Rbn - sales	Dec 2008	Dec 2007	% Δ
Retail sales	35	30	+17
Retail life multi-manager sales	2	2	0
Institutional sales ex Money Market	5	8	-38
Money Market	95	66	+44
Total sales	137	106	+31

Rbn - cash flows	Dec 2008	Dec 2007	% Δ
Retail ex Money Market	(4)	10	n/a
Retail life multi-manager	0	1	n/a
Institutional ex Money Market	(10)	(6)	-67
Money Market	19	4	>100
Total cash flows	5	9	-44

STANLIB assets under management

Rbn - AUM	Dec 2008	Dec 2007	% Δ
Retail	81	96	-15
Institutional	156	190	-18
Money Market	62	42	+50
Total assets	299	327	-9

Rbn	Dec 2008	Dec 2007
Opening balance	327	286
Market movement	(21)	33
Net flows	(7)	8
Closing assets	299	327

Properties headline earnings

Rm	Dec 2008	Dec 2007	% Δ
Net fee income	155	125	+24
Investment and other income	5	4	+25
Operating expenses	(79)	(63)	+25
Profit before taxation	81	66	+23
Taxation	(23)	(20)	+15
Profit after taxation	58	46	+26
Fountainhead	6	-	n/a
Profit after taxation	64	46	+39

Properties return

%	Dec 2008	Dec 2007
Return on unlisted property portfolio	+14.9	+20.6

Liberty Africa results

Rm	Dec 2008
Liberty share	(1)
Insurance operations	15
Asset management*	15
Healthcare	-
Other – head office expenses	(31)

* Asset management is 50% held by Africa, hence 100% result would be R30m as reflected in headline earnings

Liberty Africa sales and cash flows

Rbn	Dec 2008	Dec 2007	% Δ
Asset management			
Sales	19.5	10.1	+94
Cash flows	8.3	4.2	+96
Assets under management	19.2	12.4	+54

Rm	Dec 2008	Dec 2007	% Δ
Insurance operations			
Sales	63	35	+80
Indexed new business	55	25	>100
Cash flows	50	40	+25

Healthcare

Rm	Dec 2008
Profit before taxation	(65)
Taxation	46
Profit after taxation/headline earnings	(19)
Liberty share*	-
Lives under management (thousands)	267

* IFRS common control definitions has caused technical adjustment of earnings to zero

Group costs

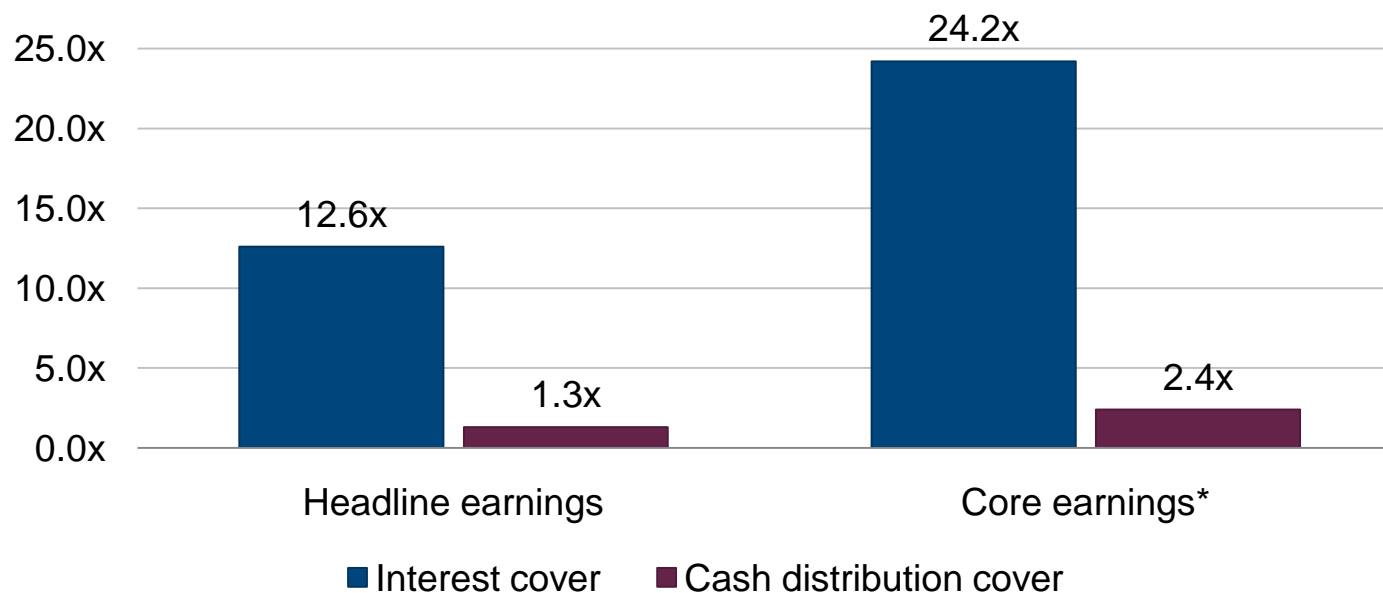
Rm	BAU	L&B	E&G	Total 2008
2008				
Insurance operations	2 493	82	57	2 632
Asset management	644			644
Growth initiatives			231	231
Total 2008	3 137	82	288	3 507
Total 2007	2 897	-	50	2 947
% Δ	+8.3*	-	>100	+19.0

- BAU = business as usual
- L&B = leverage and build
- E&G = extend and grow

* Life BAU costs excluding non-recurring costs up 7.8%

Cash distribution

Rm	Dec 2008	Dec 2007	% Δ
Total cash distribution	455	410	+11
Interim	164	144	+14
Final	291	266	+9



* Core earnings exclude capital gains/losses on investment guarantees, shareholder funds, excess 90/10 book, and utilises an 8% after tax assumed long term rate of investment return



WAY FORWARD

2009 – key focus areas



Prospects

- Global economic outlook for 2009 remains uncertain
- Trading conditions remain challenging
- Continued focus on managing capital levels, operating variances and earnings
- Further reduce volatility in shareholders' investment returns where possible

Well capitalised to take advantage of opportunities

2008 - conclusion

- Actively managing the unprecedented current environment
- Building the business for the future through diversification
- Delivering robust performance; well placed for significant challenges ahead

Managing the short term; delivering for the long term



QUESTIONS

LIBERTY HOLDINGS

ANNUAL RESULTS 2008

Bruce Hemphill, CEO

