

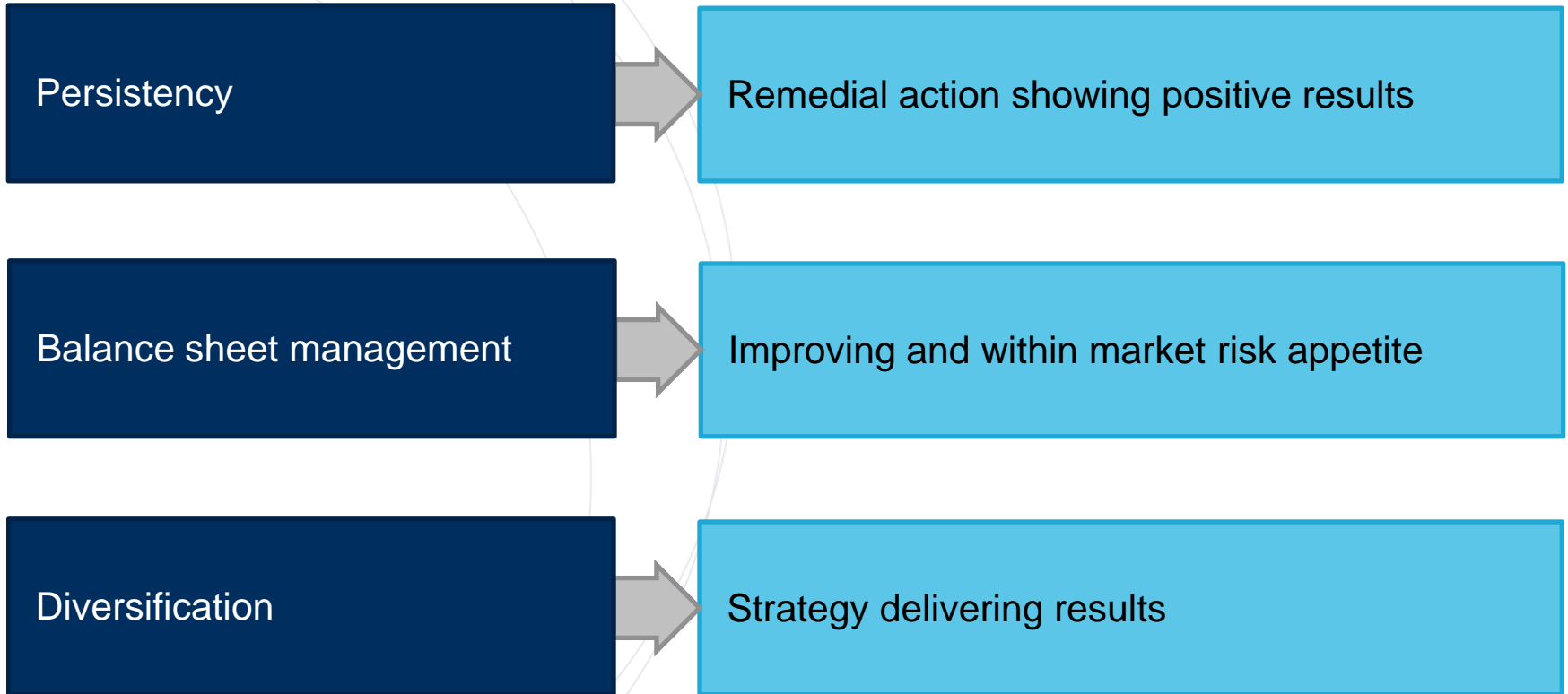
LIBERTY HOLDINGS LIMITED

2009 ANNUAL RESULTS

Bruce Hemphill, CEO







Key points



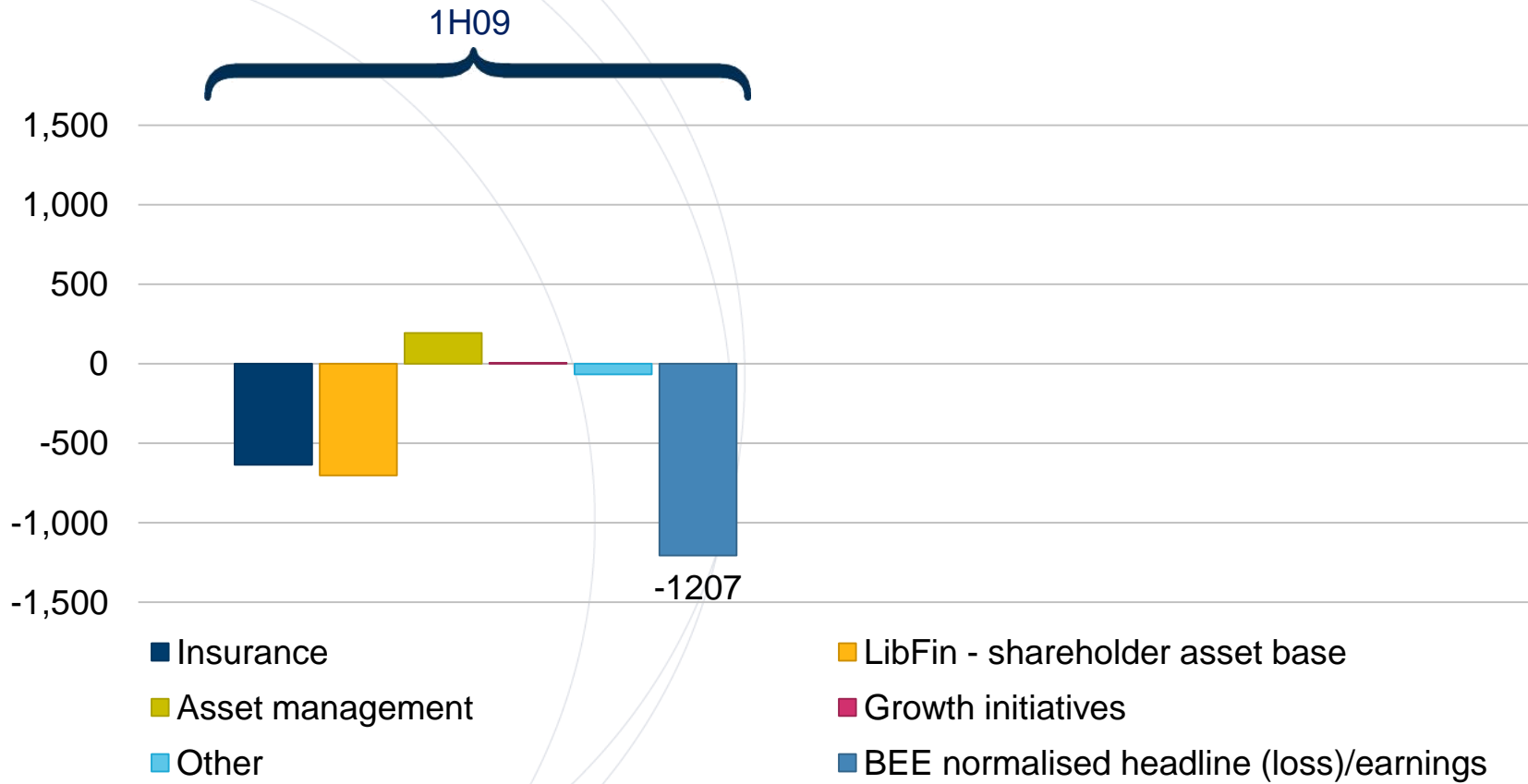
Strong recovery in 2H09 following difficult 1H09

Agenda

-  Tale of two halves
-  Strategic and operational focus
-  Financial performance
-  Focus for 2010 and conclusion

Tale of two halves

First half performance



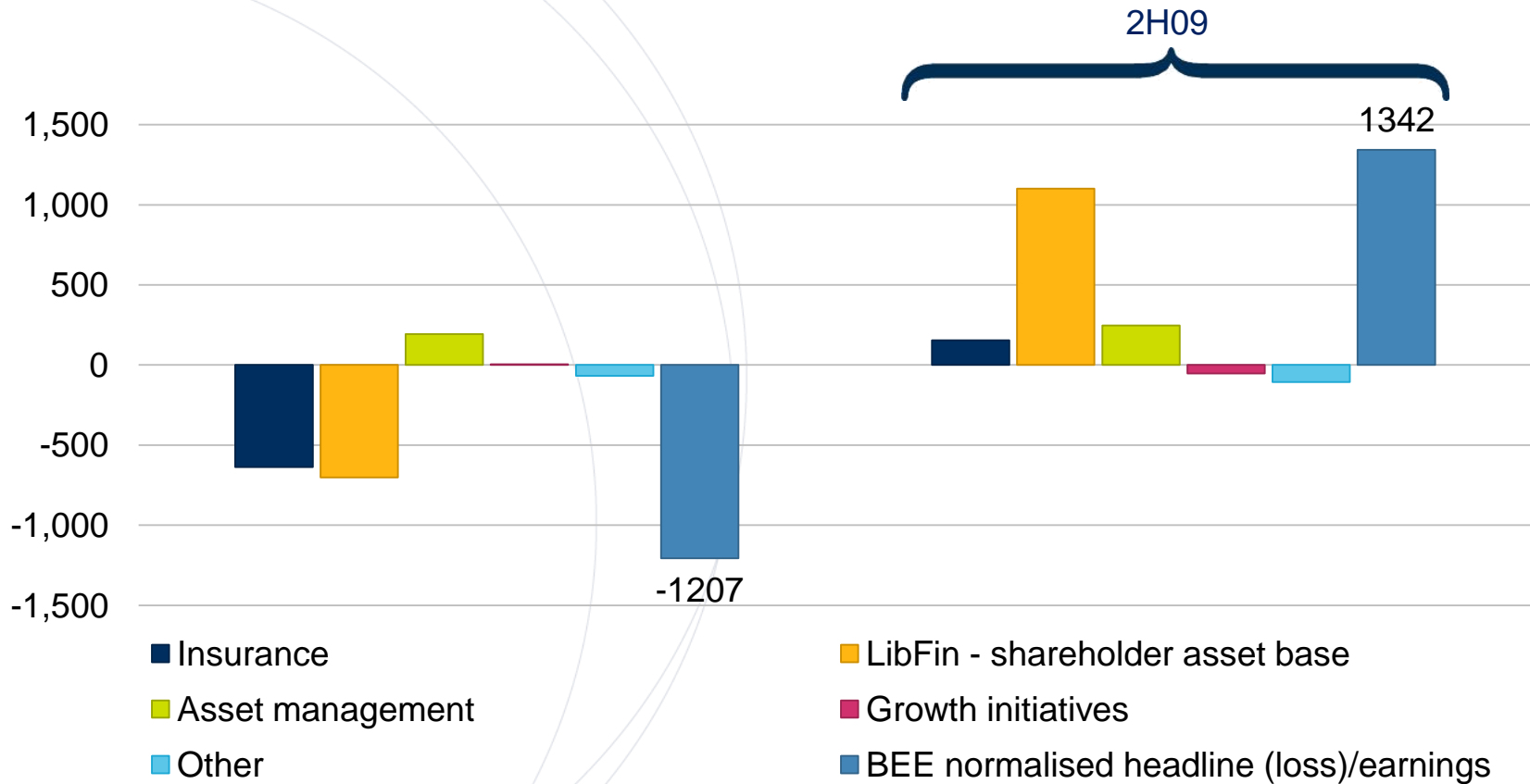
Capital position maintained; earnings loss

First half commitments

- Undertake strategic review
- Implement detailed persistency plan
- Address STANLIB performance
- Finalise mandate for investment of shareholder funds

Challenging environment in 1H09

Second half performance



2H09 earnings significantly improved, offsetting the 1H09 loss

Financial results summary

- BEE normalised headline earnings at FY09 were R135m (47.2 cents per share), a marked recovery from the R1.2bn loss at 1H09
- Capital adequacy level increased to 2.8 times cover
- Cash distribution of 455 cents per share maintained
- Embedded value per share up on 1H09 to R84 from R79
- Cash flows net positive for the group
- No further lapse assumption adjustments required on major product lines
- Solid financial performance by STANLIB, Africa, Health and Properties

Earnings improved significantly against the first half of 2009

Strategic and operational focus

2009 delivery

- Strategic review
- Organisational structure
- Balance sheet management
- Retail SA Insurance
- STANLIB
- Liberty Corporate
- Liberty Africa
- Liberty Health
- Liberty Properties
- People and transformation

Strategic review findings

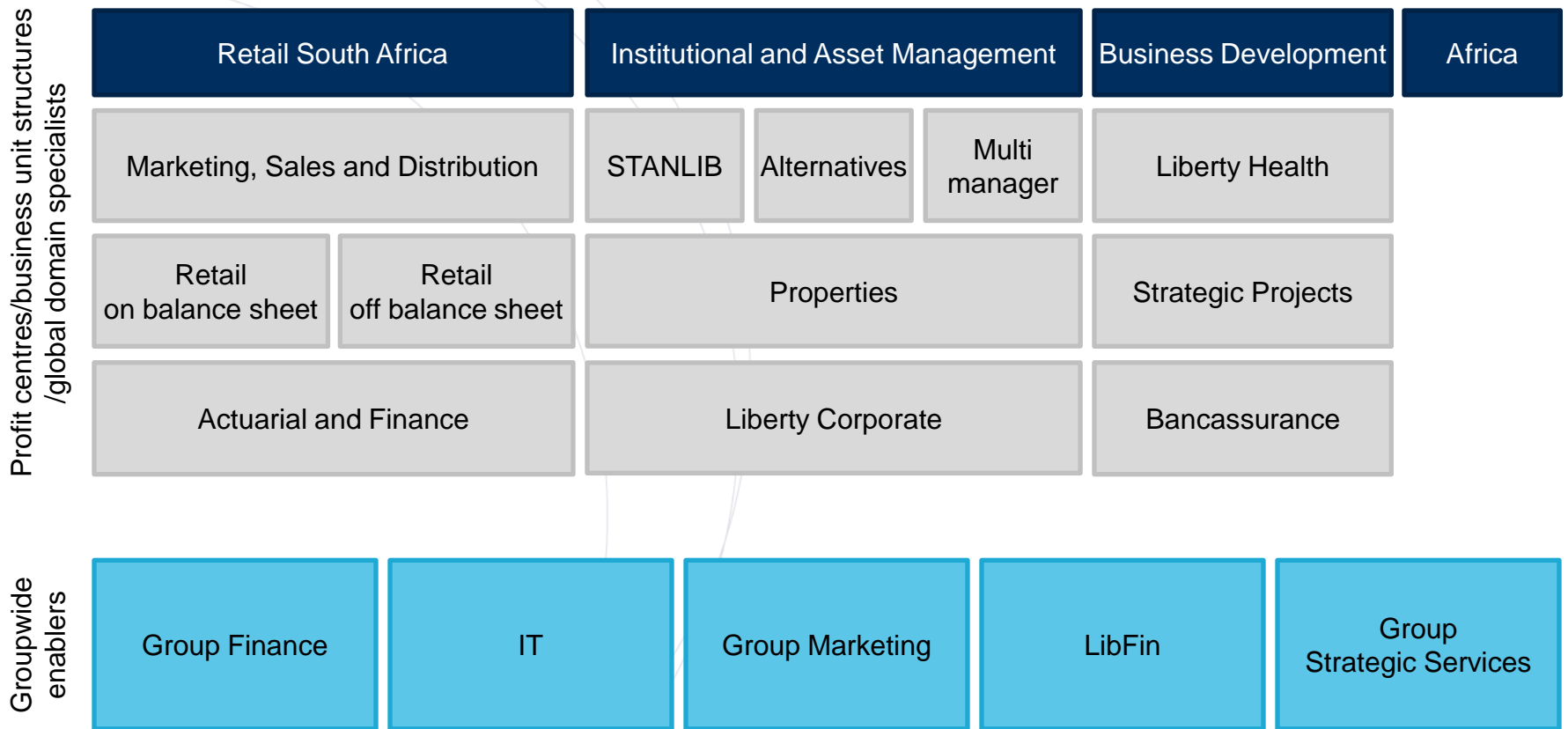
Core insurance business	Persistency strategy confirmed
Diversification strategy	Confirmed
Balance sheet, capital and risk management strategy	Confirmed
Operating model	Needs to allow end-to-end accountability for profit, distribution and operations, particularly Retail SA

Strategy confirmed

Organisational structure

Commitment	Status
Restructure organisation to enable end-to-end accountability	Done

Organisational structure



Realigned the business to ensure end-to-end accountability

Balance sheet management – LibFin

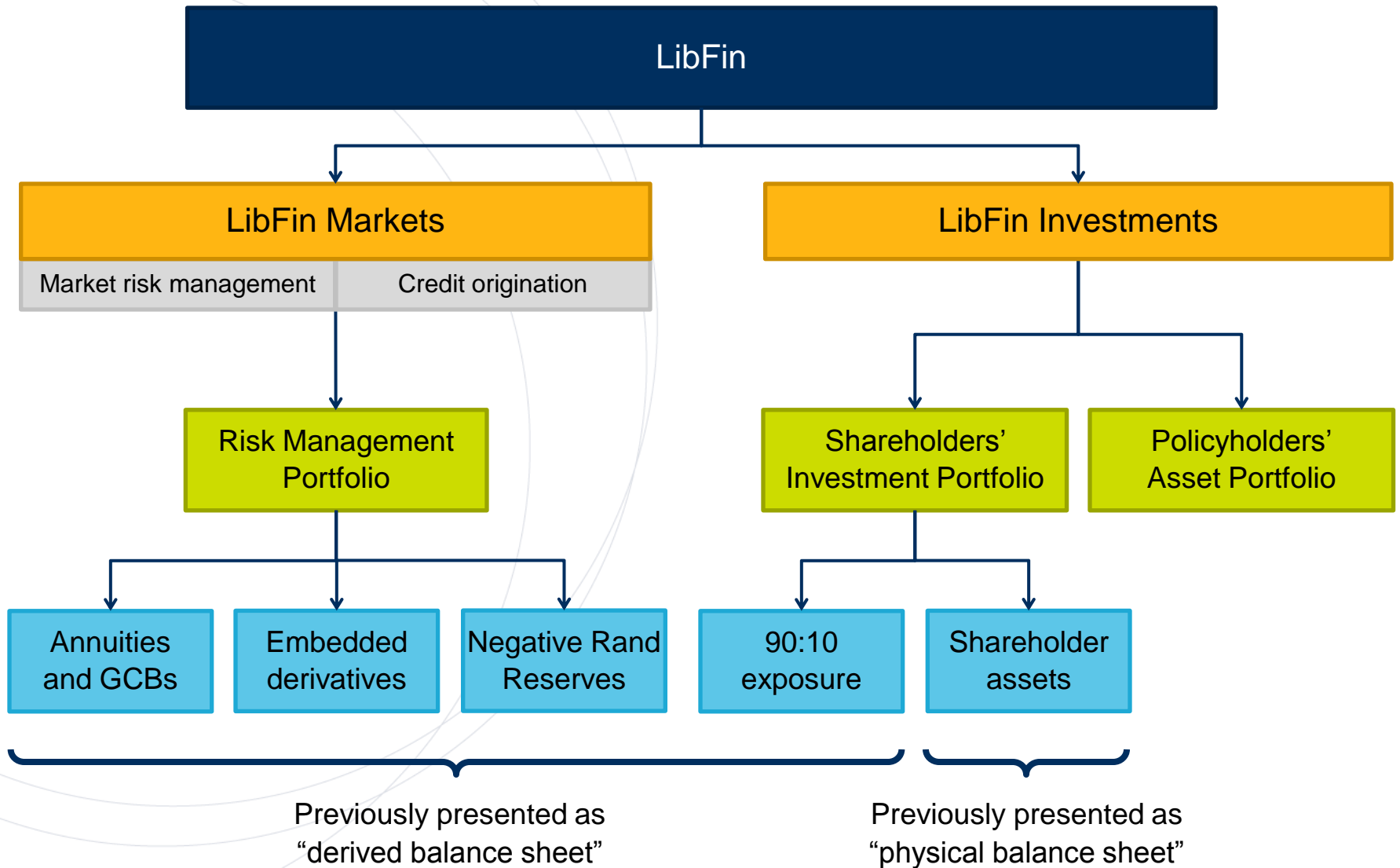
Objective

- Build excellence in the management of the balance sheet

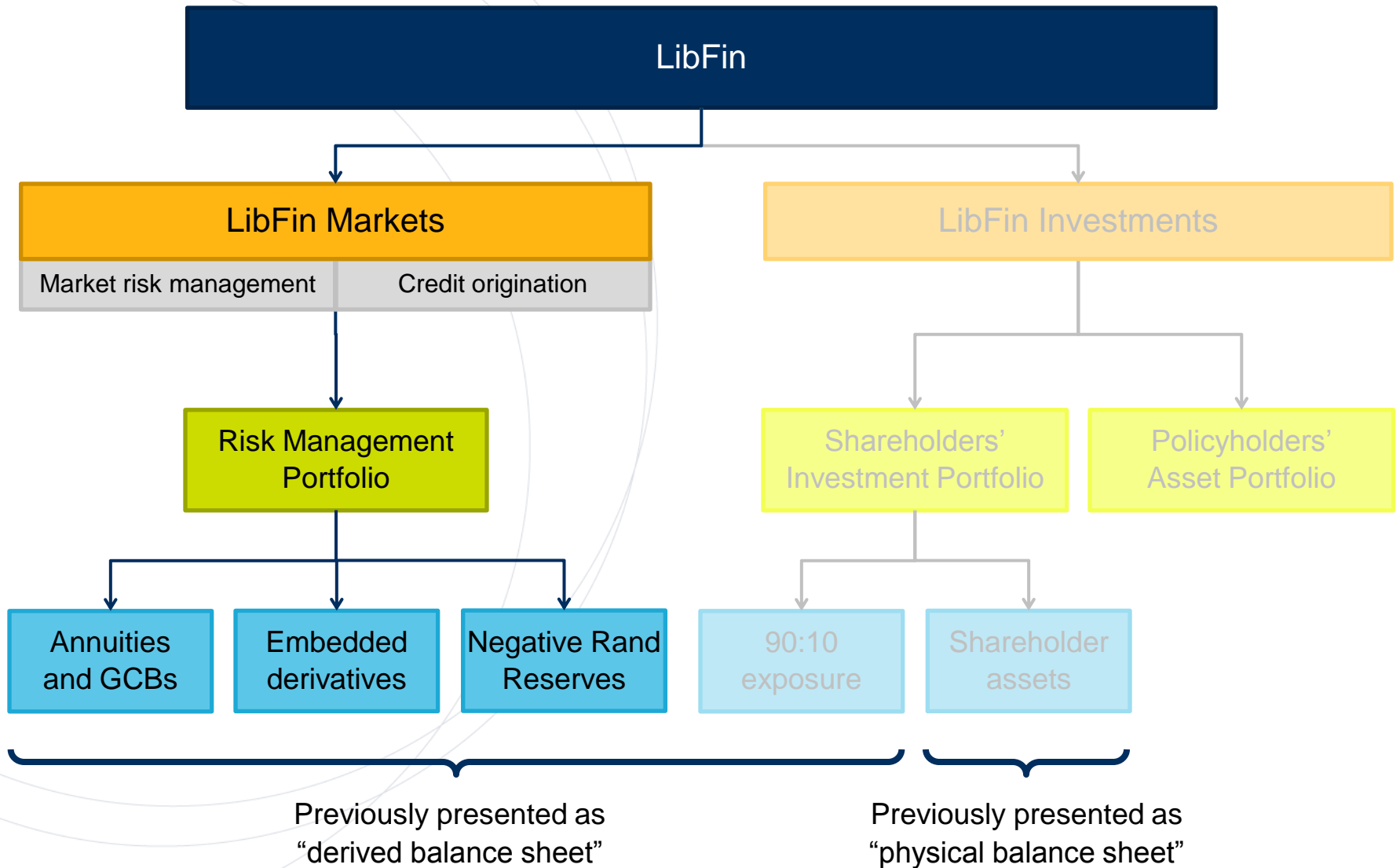
Mandate

- Manage group's exposure to market, credit and liquidity risk in line with market risk appetite
- Ensure appropriate investment performance for policyholders and shareholders through management of asset managers

LibFin structure



LibFin Markets

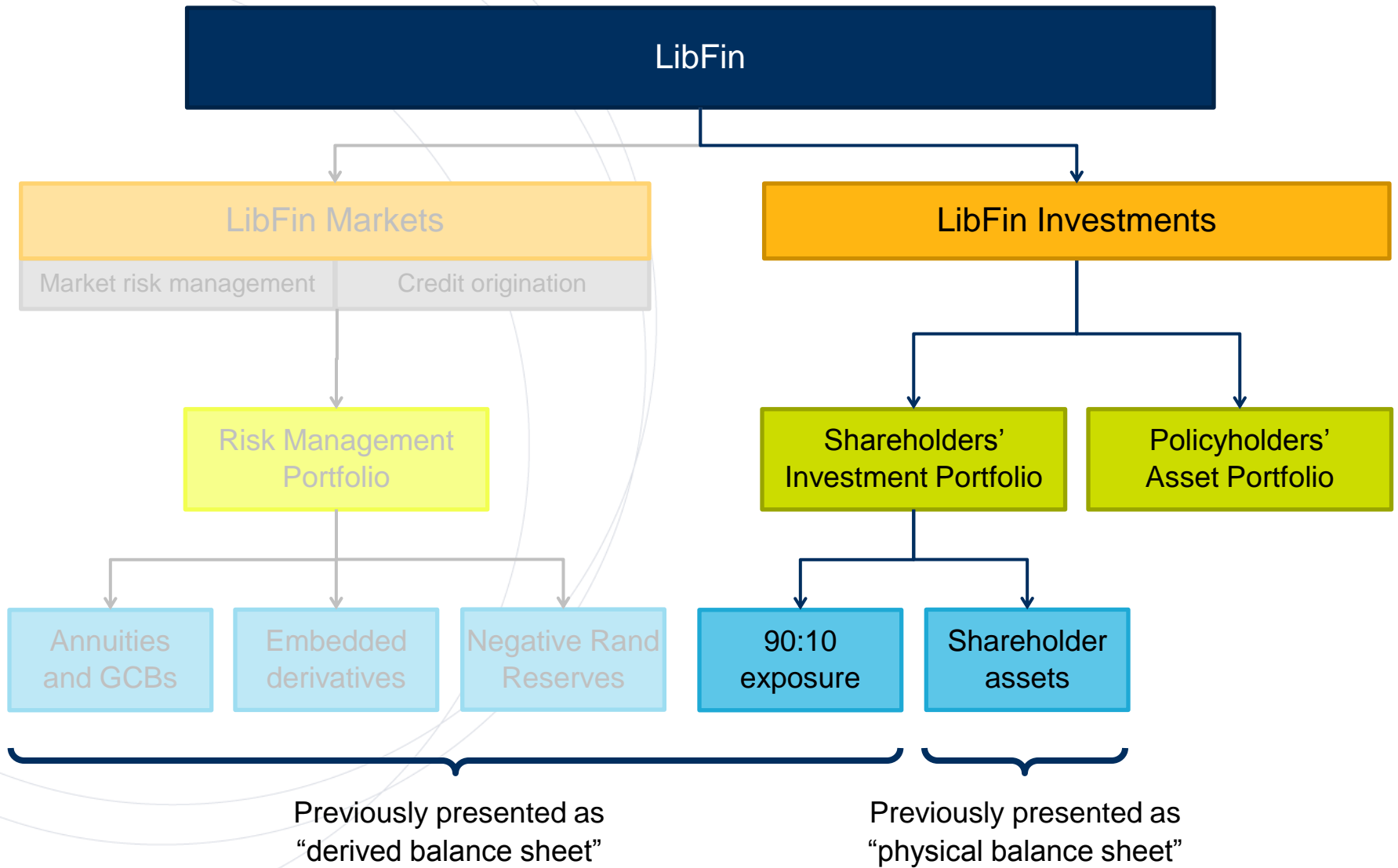


LibFin Markets

- Manages mismatches arising from:
 - Annuities and guaranteed capital bonds
 - Investment guarantees
 - Negative Rand Reserves
- Strong 2H turning half year loss of R176m into full year profit of R297m
- Significant progress made:
 - Hiring appropriate staff
 - IT systems
 - Daily exposure estimation
 - Capital market models

Significant progress was made in 2009; reported full year profit

LibFin Investments



LibFin Investments

- Responsible for ensuring asset managers deliver investment performance for policyholders and shareholders
- The Shareholders' Investment Portfolio
 - Earnings via shareholder specific investments and 90:10 book
 - Characteristics of this portfolio not materially different from a well diversified and balanced conservative investment portfolio
 - Closed our equity hedges and sold the matching equity holdings

Shareholders' Investment Portfolio finalised as committed



Retail SA Insurance

Steven Braudo

Persistency half year recap

- Actuarial assumptions strengthened
- Earnings loss of R685m post tax incurred
- Indicated that further adjustments to lapse assumptions on major product lines in second half a possibility

Rapid mobilisation to focus on persistency

What we committed to do and what we have done

1.

Change management, resourcing and governance

2.

Product

3.

Distribution

4.

Servicing
and
operations

5.

Customer
affinity

6.

Defence

7.

Management information

Sample dashboard per financial adviser

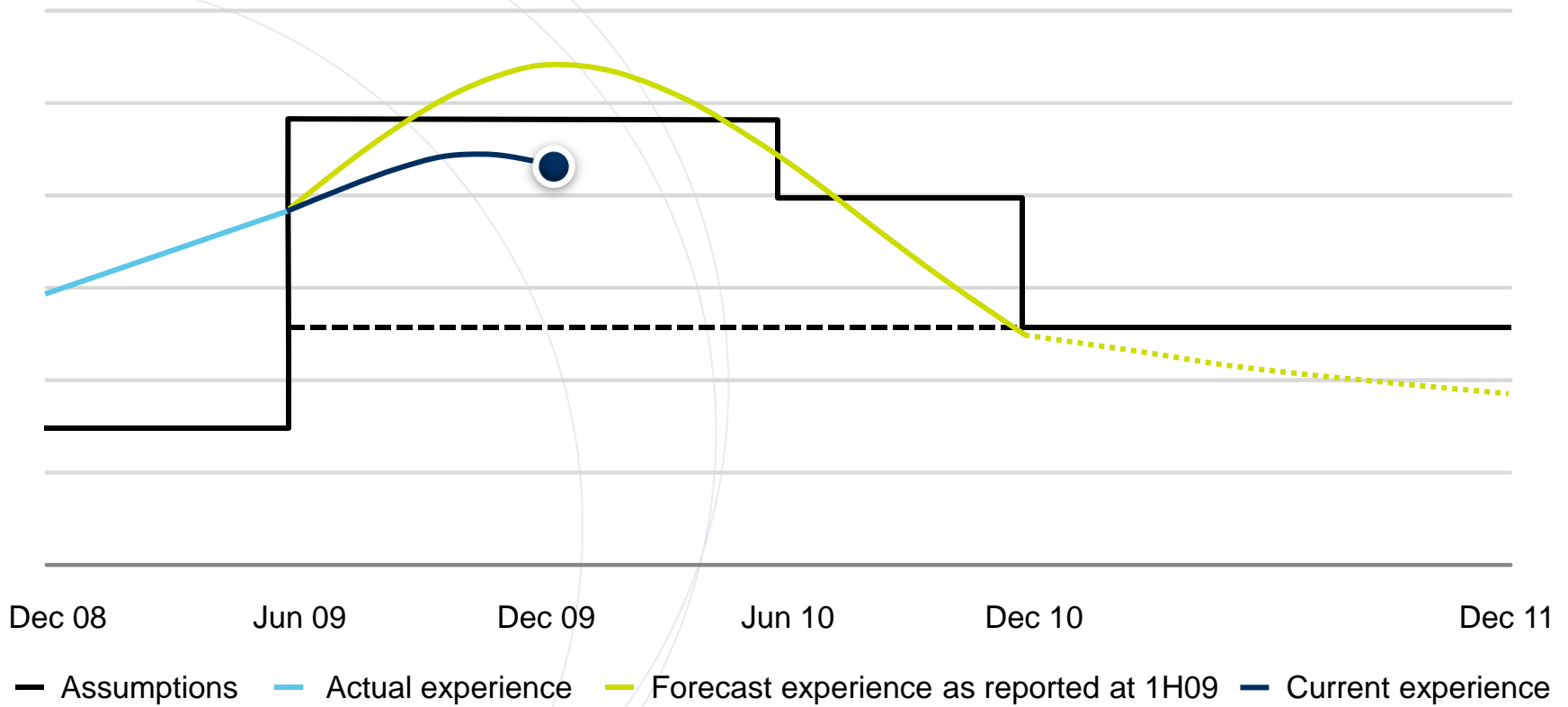
SAMPLE

Retention initiative outcomes

- First half average of 10 500 policies saved per month; second half average of 14 000 policies saved per month
- Success rate increased from 18.0% to 24.5%
- Embedded value showing a clearly improving trend in 2H09
- Persistency experience in 2H09 improved – no assumptions changed on major product lines

Results on risk business promising

Persistency assumption



Retention strategies delivering against objectives

Retail SA Insurance – sales

Rm	2009	2008	% Δ
Total indexed new business	3 995	4 154	-4

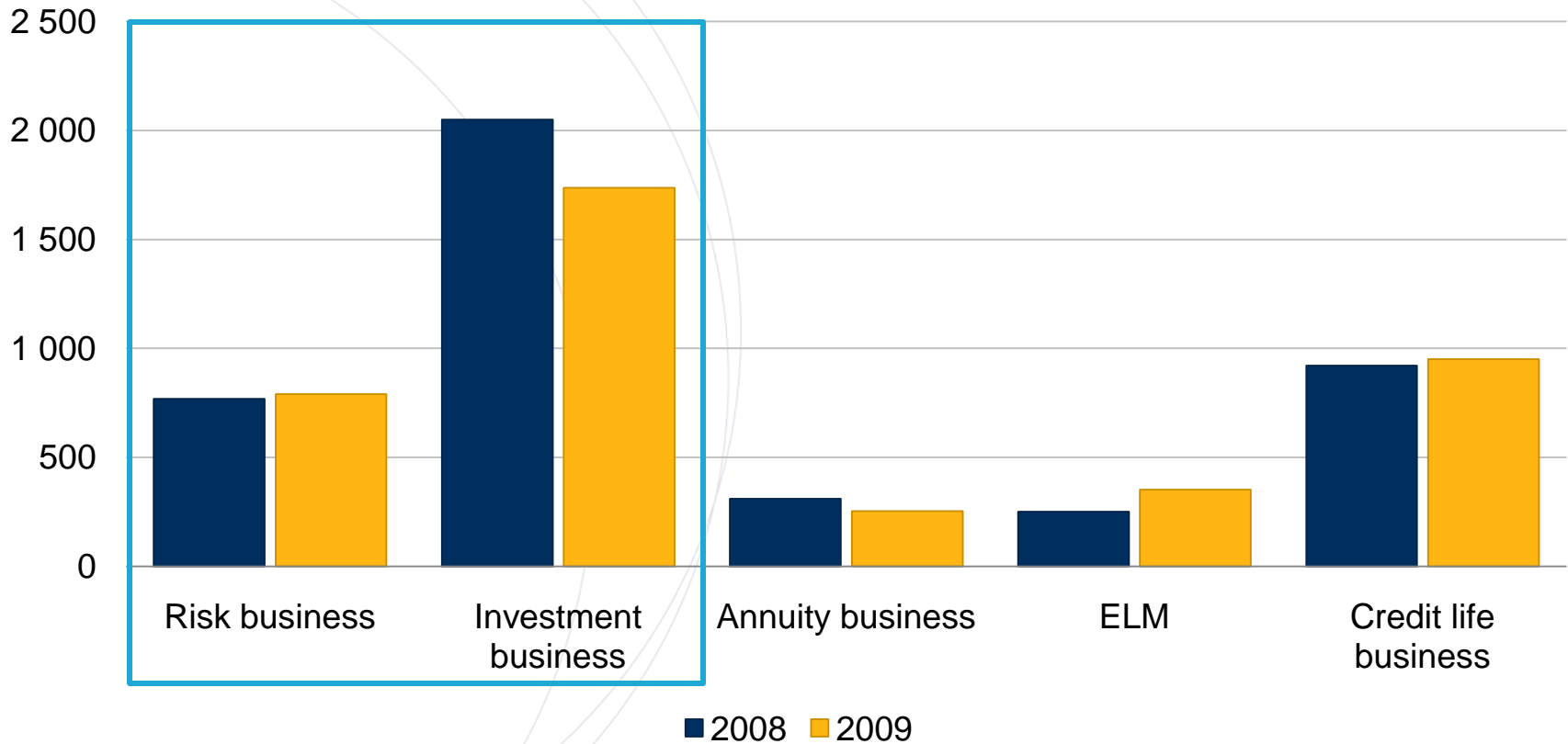
New business sales impacted by:

- Economic conditions
- Limited supply of low risk investment products, eg GCB and unlisted property
- Early close resulted in a 51 week year against a previous 53 week year
- Commission regulation changes on investment and retirement products

Reasonable sales in tough trading conditions

Retail SA Insurance – sales

Retail SA Insurance indexed new business 2009 by product



Risk business positive; investment business impacted

Value of new business (VoNB)

- Primary causes of deterioration
 - Increased risk discount rate
 - Persistency
 - Cost of distribution
 - Quality of ELM business
- Actions
 - Persistency programme
 - Focus on cost and productivity of distribution
 - ELM transformation programme

Appropriate focus will lead to recovery of embedded value

Retail SA Insurance – conclusion

2009 summary

- Persistency strategy making good progress – persistency assumption maintained on major product lines
- New business reasonable given economic circumstances
- Recognition for operational excellence

Looking forward to 2010

- Continue the balance of 18 month retention programme
- Develop strategies for improving productivity and lowering acquisition costs

The right focus on the right issues; team committed to delivery



STANLIB

STANLIB

Commitment	Status
Review the management and business processes underpinning investment approach	Done

Strengthened leadership at STANLIB

New appointments

- Thabo Dloti – CEO, Institutional cluster incorporating STANLIB
- Stewart Rider – CIO
- Patrick Mamathuba – CIO, Alternatives
- Four highly respected investment professionals

Almost 60 years combined experience in the team

Delivery

- Reviewed investment processes
- Standardising the equity research process
- Tightened accountability for execution of investment strategy
- Improved risk management processes
- Improved continuity and stability in investment team

Taken action; starting to see results

STANLIB – performance

- Purchased the balance of the shareholding in STANLIB to diversify and expand our income base
- Generated returns consistent with our original valuation
- Earnings of R353m are solid given the economic environment

A commendable result in a challenging year

STANLIB – investment performance

- Performance issues limited to certain equity funds
- Awarded 7 Raging Bull awards – more than any other investment house
- Performance of majority of Life Balanced Funds marginally behind benchmark
 - Over 3-5 years funds outperformed benchmarks
- Bonds, property and offshore asset classes performed well

Significant progress in a short timeframe

Liberty Corporate

- Economic conditions impacted new business in small and medium sized enterprises
- Retrenchments in SA resulted in a decrease in total fund membership
- Scheme terminations improved by 25% - all retention targets met
- Specialised insurance business division formed to focus on mid-to-large market penetration

Liberty Corporate – performance

- Headline earnings of R118m before adjustments
- Decrease on 2008 due to lower management fees and increased risk claims
- Net cash flow improved on 2008

Systematic progress to improve effectiveness of operations

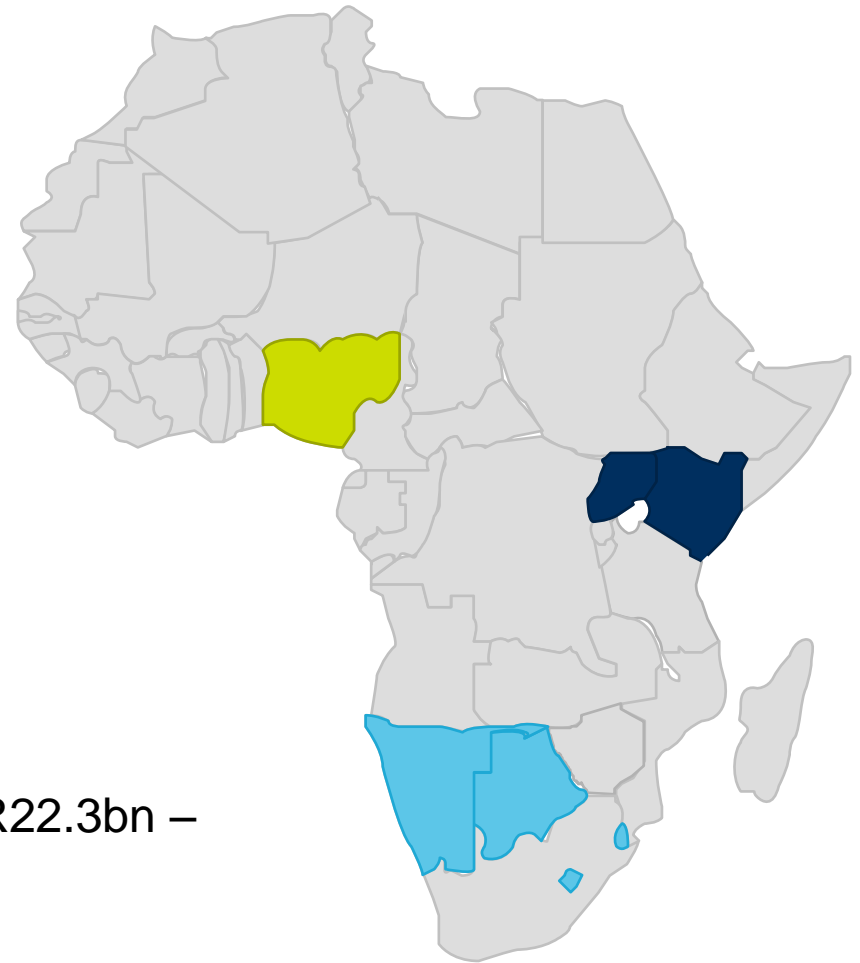
Liberty Africa

Delivery

- CFC deal* agreed in principle
- Acquired United Funeral Insurance* in Namibia
- Acquired Liberty Botswana Holdings*

Performance

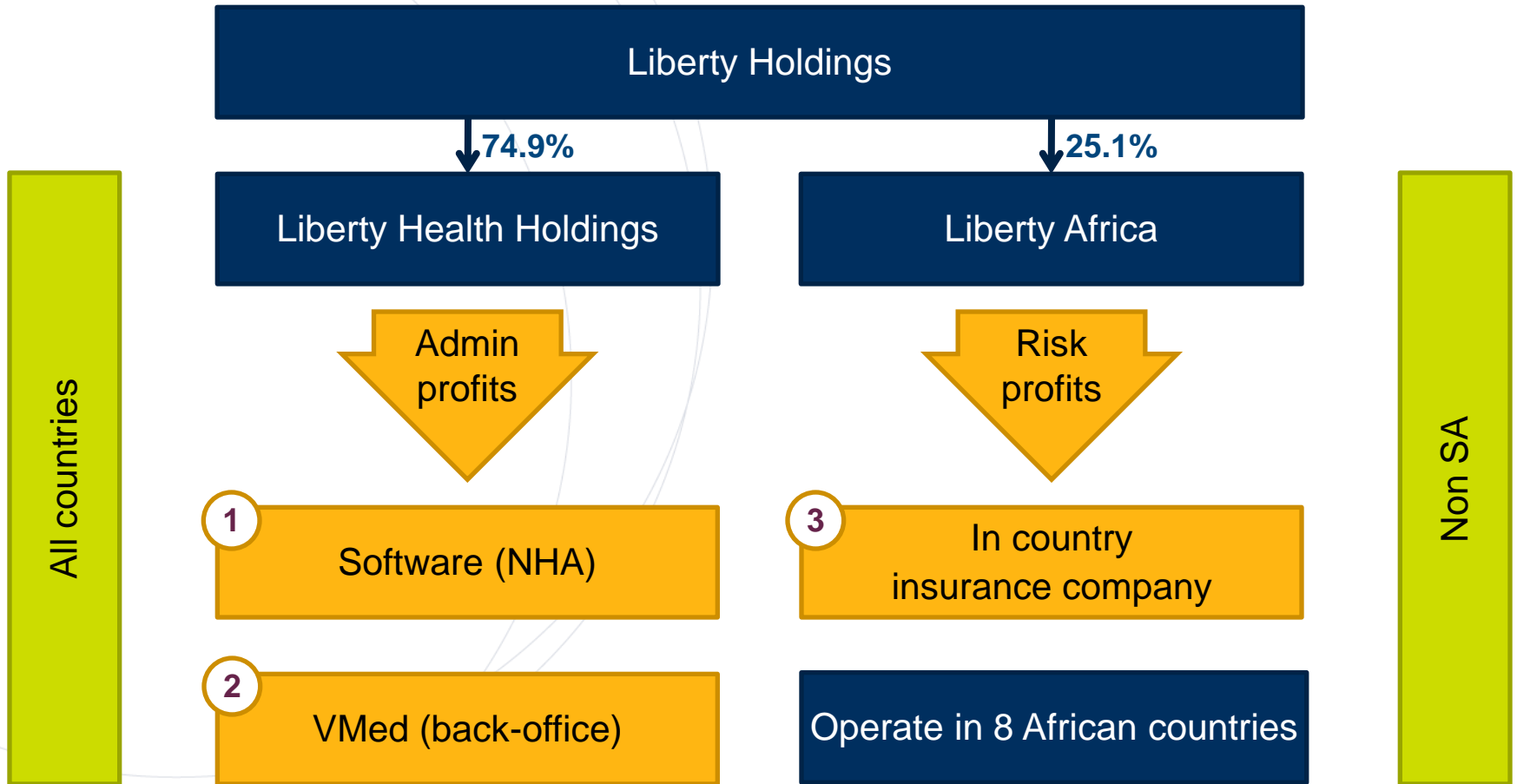
- Contributed R29m to group earnings
- Assets under management ended at R22.3bn – 22% up on 2008



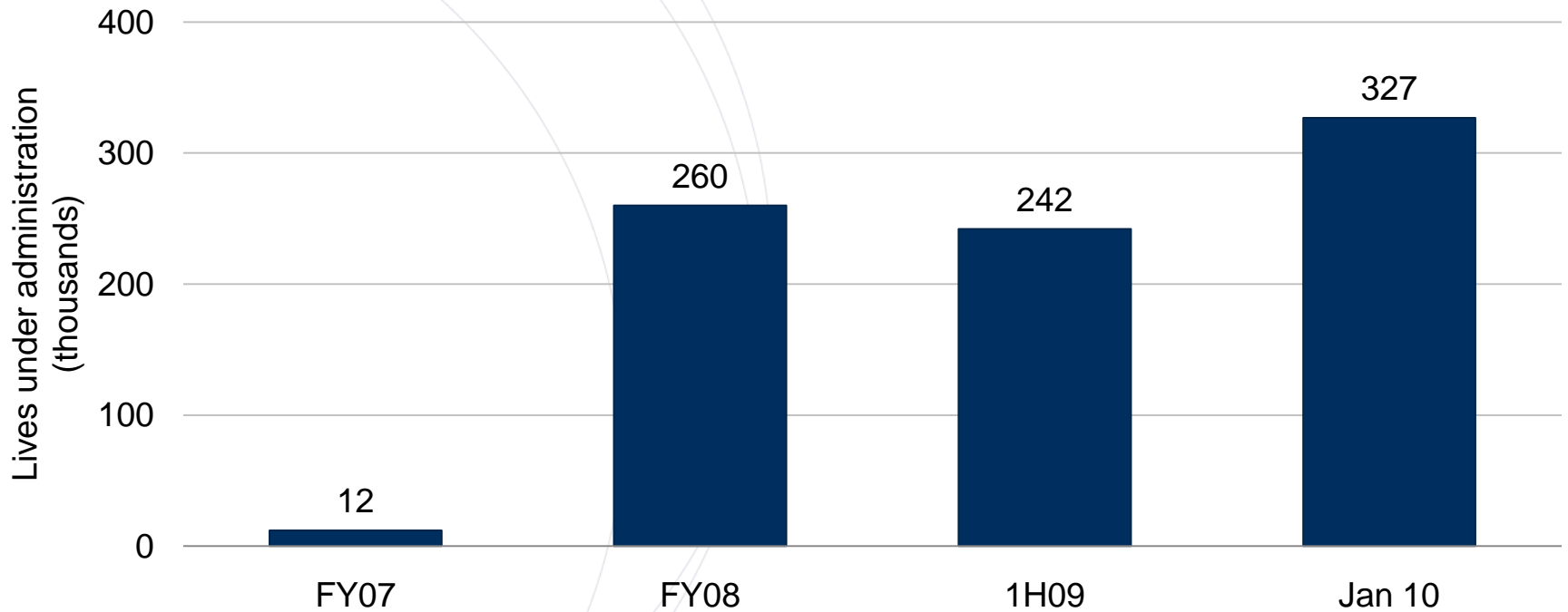
Liberty Africa has moved into profit;
strong Standard Bank support

Liberty Health

Strategic structure



Liberty Health delivery – South Africa



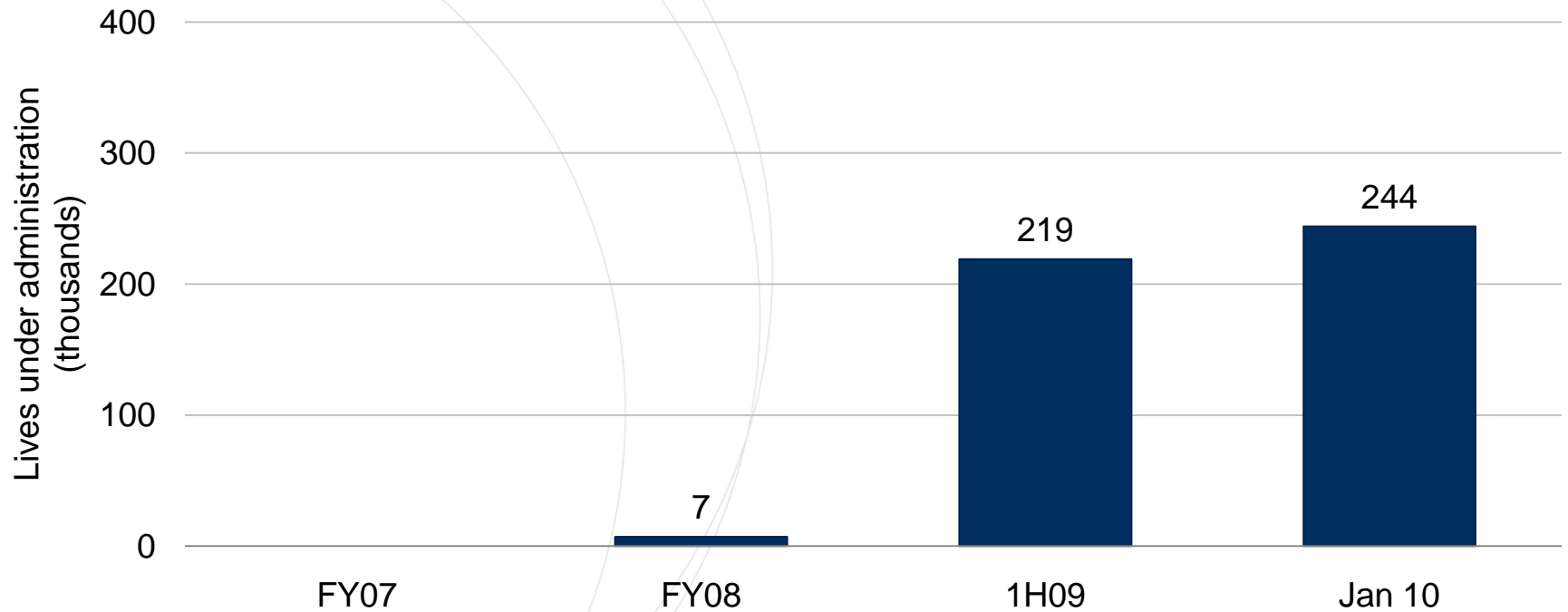
Acquisition strategy delivering exponential growth

Liberty Health delivery – Africa

- Operates in 8 African countries, with plans to expand to 17 countries in which Standard Bank operates
- Standard Bank will be our key customer by end 2010
- Liberty Health Blue and Optimum global products distributed via partnership agreements
- 40% stake in THT (Nigeria) acquired – 200 000 lives under administration

Excellent progress – profitability expected by end 2010

Liberty Health delivery – Africa



Acquisition strategy delivering exponential growth

Liberty Properties

- Property portfolio exceeding R22bn
- R3bn set aside for development projects
 - R1.7bn phase 1 extension of Sandton City
 - R600m phase 1 extension of Eastgate
 - R375m extension of Liberty Promenade Shopping Centre
- Mandated to manage and develop properties in Africa and on behalf of third parties
 - R1bn Lusaka mixed use development
- Headline earnings up 24% to R72m
- Policyholder returns of 11.5%

A consistently good performer

People and transformation

Talent

- Staff turnover reduced
- Black staff turnover rates decreased to 10%
- Staff satisfaction scores increased to 70% - above benchmark

2009 transformation

- 83% of appointments made were black candidates
- 71% of appointments made at managerial level were black candidates

Good progress considering economic challenges

Key points

- Difficult first half, return to profit in second half
- Action taken to address:
 - Persistency
 - Balance sheet management
 - Investment performance
- Growth strategy delivering results

Good recovery in 2H09; final result ahead of market expectations

Financial performance

Key features

- Market moves were favourable in second half
- No further deterioration in lapse experience. Reserving more prudent than in the past
- Sales were satisfactory
- Value of new business was impacted by lower margins
- Non-life businesses performed to expectation
- Strong capital position

Group financial summary

Rm (<i>unless stated otherwise</i>)	2H09	1H09	Dec 09	Dec 08	% Δ
BEE normalised headline earnings	1 342	(1 207)	135	1 573*	-91
Operational earnings	764	(84)	680	1 327	-49
Shareholders' Investment Portfolio	578	(604)	(26)	246	n/a
Equity de-risking	-	(519)	(519)	-	-
BEE normalised embedded value per share (R)	84.32	79.19	84.32	95.12	-11
Embedded value of new business	179	122	301	724	-58
Indexed new business	2 301	2 111	4 412	4 782	-8
Net customer cash flows	5 438	(1 416)	4 022	10 513	-62
Assets under management	362 599	329 793	362 599	337 860	7
LGL CAR cover	2.81	2.48	2.81	2.66	6
Cash distribution (cents per share)	291	164	455	455	-

* Relevant base to compare 2009 earnings

Business unit BEE normalised headline earnings

Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Retail SA Insurance	246	(75)	171	1 255	-86
Liberty Corporate	(43)	36	(7)	152	n/a
Shareholders' Investment Portfolio	578	(604)	(26)	246	n/a
Risk Management (ALM)	473	(176)	297	(313)	>100
Equity de-risking	-	(519)	(519)	-	-
STANLIB	201	159	360	395	-9
Liberty Properties	46	34	80	64	25
Liberty Africa	15	14	29	(1)	>100
Liberty Health	(56)	(9)	(65)	-	-
Other	(118)	(67)	(185)	(225)	18
BEE normalised headline earnings	1 342	(1 207)	135	1 573*	-91
BEE normalised headline earnings per share (cents)	469.1	(421.9)	47.2	558.3*	-92

* Liberty Group adjusted comparative

BEE normalised embedded value profit

Rm <i>(unless stated otherwise)</i>	2H09	1H09	Dec 09	Dec 08*	% Δ
Expected return	742	676	1 418	1 498	-5
Investment returns	1 519	(996)	523	(999)	>100
Operating variances and assumption changes	(203)	(1 992)	(2 195)	(712)	n/a
Economic assumption changes	(563)	(857)	(1 420)	506	n/a
Value of new business	179	122	301	724	-58
Non-life subsidiaries	270	(674)	(404)	(17)	n/a
Total	1 944	(3 721)	(1 777)	1 000	n/a
Return on embedded value (%)	17.9	(25.5)	(6.5)	3.7	n/a

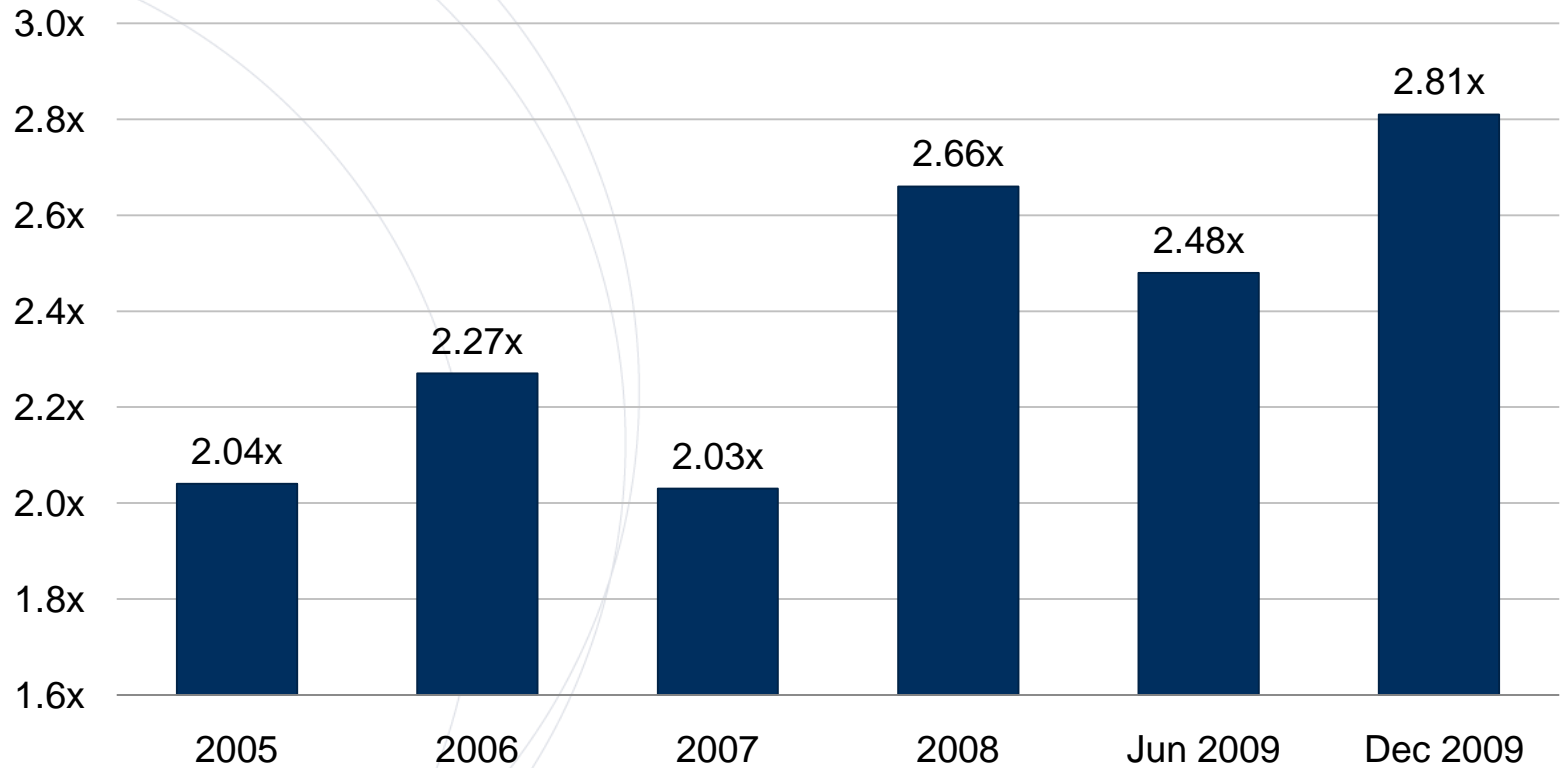
* Liberty Group comparative

BEE normalised embedded value

Rm	2H09	1H09	Dec 09	Dec 08*	% Δ
Opening EV	22 650	27 207	27 207	27 250	-
EV profit	1 944	(3 721)	(1 777)	1 000	n/a
Capital raised/capital distributions	(452)	(826)	(1 278)	(754)	-69
Share buy backs	(24)	(10)	(34)	-	n/a
Share options exercised	-	-	-	18	n/a
Dividends paid	-	-	-	(466)	n/a
Closing EV	24 118	22 650	24 118	27 048	-11

* Liberty Group comparative

LGL CAR cover



LGL TCAR	3 782*	3 945*	3 510	3 020*	2 655*	2 542*
LGL OCAR	2 740	3 315	4 102*	2 204	1 647	2 515
“Group” CAR cover	1.79x	1.99x	1.80x	2.14x	1.99x	2.19x

* Applicable CAR

Retail SA Insurance – headline earnings

Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Release of margins	596	566	1 162	1 214	-4
Management fees	284	243	527	592	-11
Persistency - variances	(70)	(240)	(310)	(532)	42
- assumptions	(269)	(712)	(981)	(689)	-42
- modelling	(263)	-	(263)	-	n/a
Other variances	398	245	643	816	-21
New business strain	(273)	(249)	(522)	(173)	n/a
Other	87	74	161	655	-75
Tax	(244)	(2)	(246)	(628)	61
Headline earnings	246	(75)	171	1 255	-86

Retail SA Insurance – persistency charges

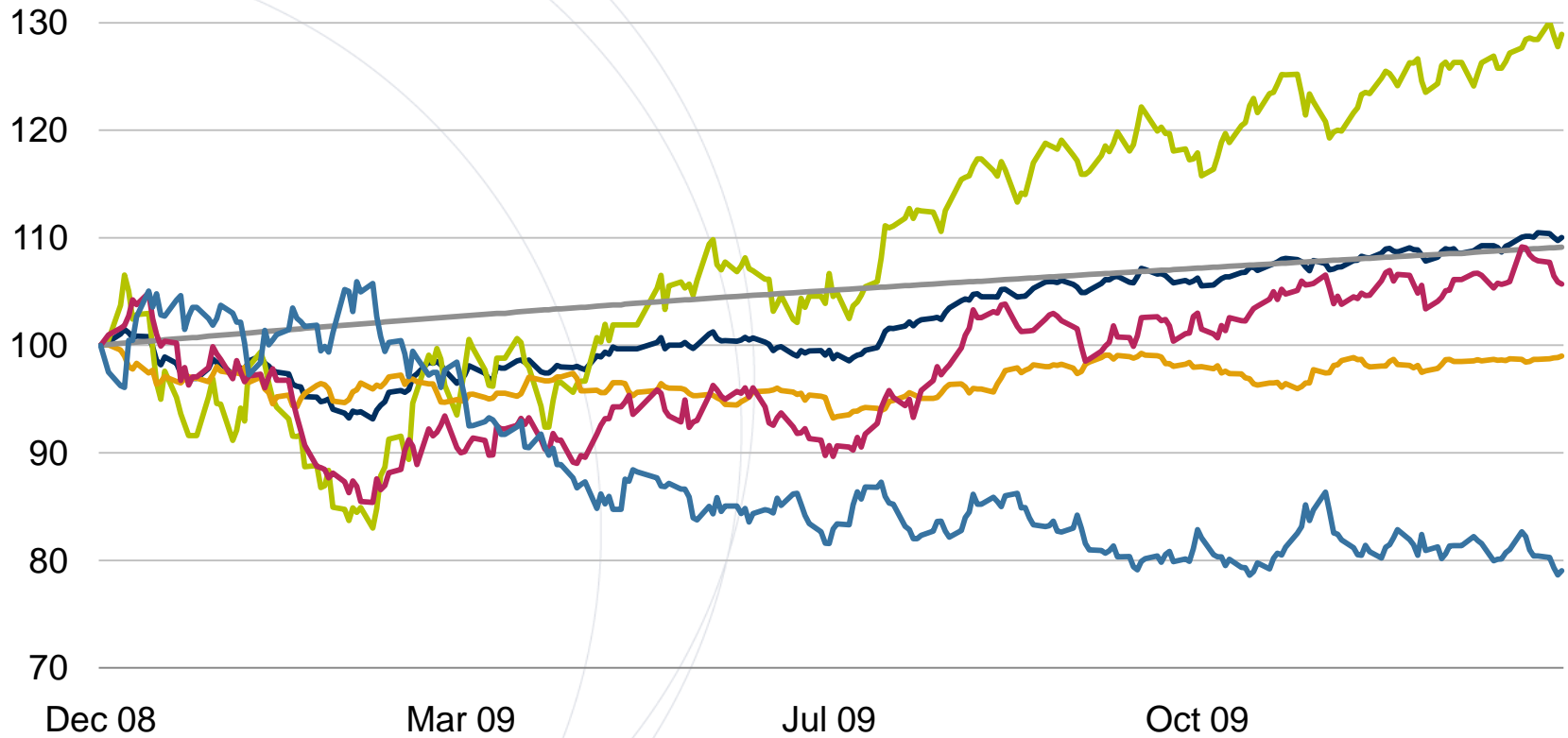
Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Operating variances	(153)	(365)	(518)	(658)	21
Less: release from reserve	83	125	208	126	65
Assumption changes	(269)	(712)	(981)	(689)	-42
Total	(339)	(952)	(1 291)	(1 221)	-6
Modelling improvements	(263)	-	(263)	-	-
Reserves					
Short-term			407	375	9
Management action			300	-	n/a
VIF			400	-	n/a

Retail SA Insurance – key performance measures

Rm (<i>unless stated otherwise</i>)	2H09	1H09	Dec 09	Dec 08	% Δ
Gross sales	7 115	6 545	13 660	14 848	-8
Indexed new business	2 107	1 888	3 995	4 154	-4
Net customer cash flows	1 051	1 713	2 764	407	>100
Embedded value of new business	176	112	288	700	-59
Embedded value new business margin (%)	1.5	1.4	1.5	3.0	-50

%	Dec 09	Dec 08
Margin at beginning of year	3.0	3.2
Impact of economic changes	(1.0)	0.4
Impact of persistency	(1.2)	(1.0)
Other	0.7	0.4
Margin at end of year	1.5	3.0

LibFin – asset class performance benchmarks



- SIP
- Local bonds (ALBI)
- Foreign equity (MSCI all countries - Rands)
- Local equity (SWIX)
- Local cash (STEFI)
- Foreign cash (SDR)

LibFin – headline earnings by portfolio

Rm – net of tax	2H09	1H09	Dec 09	Dec 08	% Δ
Shareholders' Investment Portfolio	676	(462)	214	564	-62
Risk Management (ALM)	473	(176)	297	(313)	>100
Equity de-risking	-	(519)	(519)	-	n/a
	1 149	(1 157)	(8)	251	n/a
Transfer to Retail SA Insurance: 90:10 planned margins	(98)	(142)	(240)	(318)	24
Headline earnings	1 051	(1 299)	(248)	(67)	n/a

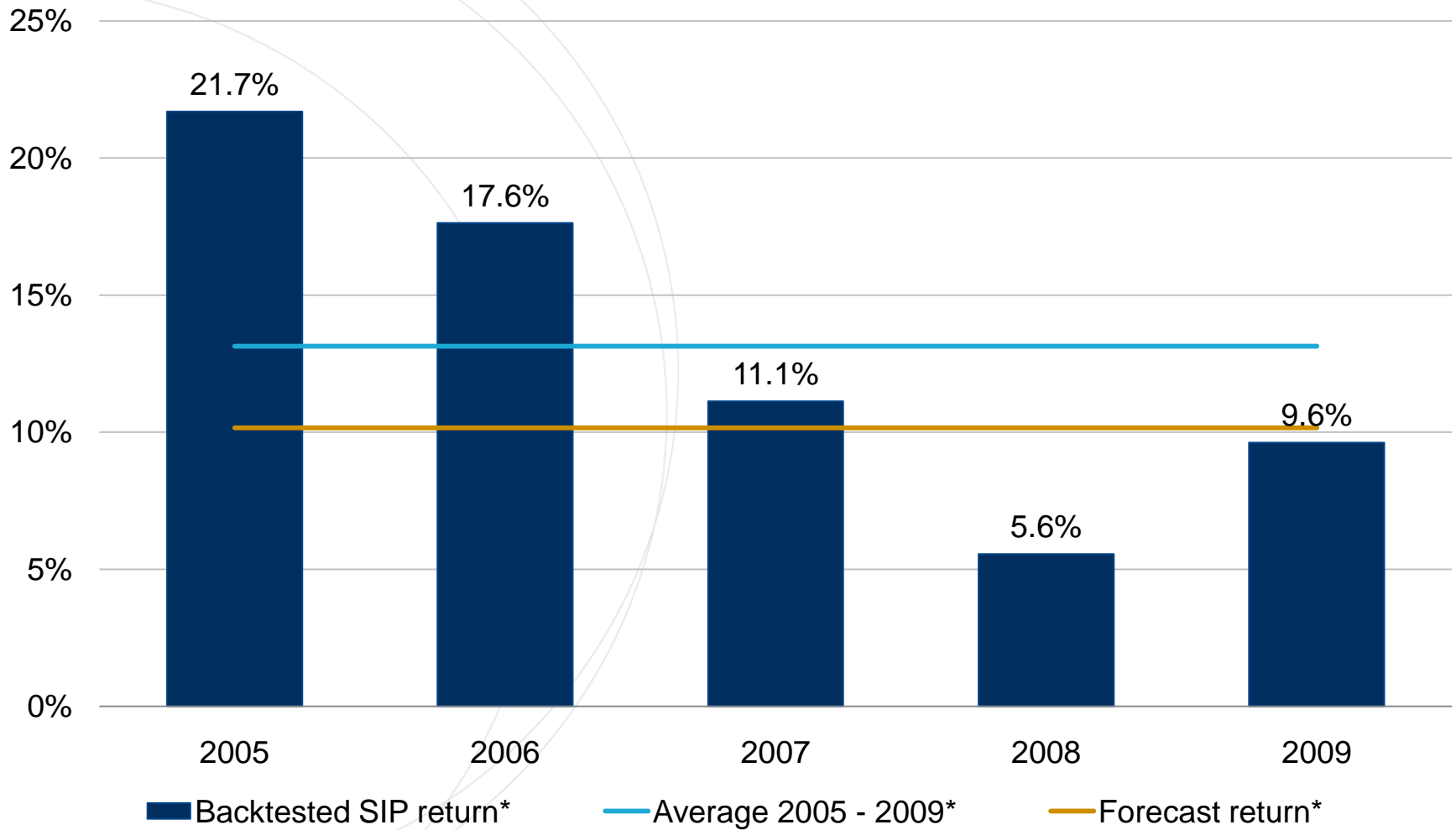
LibFin – headline earnings by asset class

Rm – net of tax	2H09	1H09	Dec 09
Equity	466	86	552
Foreign currency	46	(531)	(485)
Interest rates and volatilities	715	(209)	506
Equity de-risking	-	(519)	(519)
Other minor asset classes and expenses	(78)	16	(62)
Total	1 149	(1 157)	(8)

LibFin – Shareholders' Investment Portfolio

Rm	Dec 09				Jun 09
	Assets backing capital	Excess assets in life funds	90:10	Total	Total
Local equities	686	562	2 250	3 498	2 590
Preference shares	1 450	10	-	1 460	1 460
Local cash, fixed income, property and other	5 644	2 134	1 125	8 903	9 070
Foreign currency holdings	1 565	281	805	2 651	3 080
Total	9 345	2 987	4 180	16 512	16 200

LibFin – illustrative returns on notional Shareholders' Investment Portfolio



* Before tax

Liberty Corporate headline earnings

Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Income	416	407	823	810	2
Risk profits	258	165	423	392	8
Management fees	133	126	259	289	-10
Admin and other income	25	116	141	129	9
Expenses	(311)	(369)	(680)	(582)	-17
Other	21	12	33	(16)	>100
Pre-tax operating profit	126	50	176	212	-17
Taxation	(44)	(14)	(58)	(60)	3
Fund termination project	(125)	-	(125)	-	n/a
Headline earnings	(43)	36	(7)	152	n/a

Liberty Corporate – key performance measures

Rm (<i>unless stated otherwise</i>)	2H09	1H09	Dec 09	Dec 08	% Δ
Gross sales	745	722	1 467	1 984	-26
Indexed new business	179	206	385	573	-33
Net customer cash flows	(614)	(1 162)	(1 776)	(3 319)	46
Embedded value of new business	8	6	14	23	-39
Embedded value new business margin (%)	0.4	0.2	0.3	0.4	-25

%	Dec 09	Dec 08
Margin at beginning of year	0.4	0.7
Change in mix of business	(0.1)	(0.3)
Margin at end of year	0.3	0.4

STANLIB – headline earnings

Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Net fee income	538	484	1 022	1 115	-8
Operating expenses	(275)	(277)	(552)	(591)	7
Profit before investment income	263	207	470	524	-10
Other income	23	25	48	61	-21
Preference dividends	(5)	(11)	(16)	(47)	66
Pre-tax operating profit	281	221	502	538	-7
Taxation	(81)	(68)	(149)	(168)	11
Headline earnings	200	153	353	370	-5
Attributable to Liberty	201	159	360	395	-9
Headline earnings	200	153	353	370	-5
Preference shares	3	6	9	25	-64
Reserve movements taken to earnings	(2)	-	(2)	-	n/a

STANLIB – key performance measures

Rbn - sales*	2H09	1H09	Dec 09	Dec 08	% Δ
Retail	16	15	31	35	-11
Retail life multi-manager sales	1	1	2	2	-
Institutional sales ex Money Market	3	2	5	6	-17
Money Market	57	56	113	95	19
Total sales	77	74	151	138	9

Rbn - cash flows*	2H09	1H09	Dec 09	Dec 08	% Δ
Retail	2	4	6	(4)	>100
Retail life multi-manager	1	-	1	-	>100
Institutional ex Money Market	(2)	(17)	(19)	(10)	-90
Money Market	2	8	10	19	-47
Net cash flows	3	(5)	(2)	5	n/a

* Excludes intercompany life business

STANLIB – key performance measures

Rbn - AUM	Dec 09	Dec 08	% Δ
Retail	97	81	20
Institutional	149	156	-5
Money Market	72	62	16
Total AUM	318	299	6
Average AUM	300	312	-4
Average margin (%)	0.37	0.36	3

Rbn - movement in AUM	Dec 09	Dec 08	% Δ
Net cash flows*	(9)	(7)	-29
Market movement	28	(21)	>100

* Includes life flows

Liberty Properties headline earnings

Rm	2H09	1H09	Dec 09	Dec 08	% Δ
Net fee income	120	89	209	155	35
Property management	61	56	117	104	13
Hotel management	3	4	7	10	-30
Property development	44	18	62	21	>100
Asset management	12	11	23	20	15
Investment and other income	4	3	7	5	40
Operating expenses	(62)	(53)	(115)	(79)	-46
Pre-tax operating profit	62	39	101	81	25
Taxation	(18)	(11)	(29)	(23)	-26
Headline earnings	44	28	72	58	24
Fountainhead	2	6	8	6	33

Liberty Africa – headline earnings

Rm	Dec 09	Dec 08	% Δ
Attributable to Liberty	29	(1)	>100
Insurance operations	36	15	>100
Asset management	15	15	-
Liberty Health	1	-	n/a
Other – head office expenses	(23)	(31)	26

Liberty Africa – key performance measures

Rm	Dec 09	Dec 08	% Δ
Asset management			
Assets under management	22 347	18 303	22
Sales	16 509	16 897	-2
Net cash flows	4 327	6 176	-30

Rm	Dec 09	Dec 08	% Δ
Insurance operations			
Indexed new business	32	55	-42
Cash flows	77	50	54

Liberty Health – headline earnings

Rm	Dec 09	Dec 08
Revenue	390	57
Cost of sales	(151)	-
Gross profit	239	57
Operating expenses	(301)	(115)
Net operating loss	(62)	(58)
Amortisation and depreciation	(50)	(1)
Net finance cost	(50)	(6)
Profit before taxation	(162)	(65)
Taxation	51	46
Headline earnings	(111)	(19)
Attributable to Liberty	(65)	-

Liberty Health – key performance measures

Thousands	Jan 10	Dec 09	Dec 08	% Δ
Administration lives	571	460	267	72
South Africa	327	225	260	-13
Africa	244	235	7	>100
IT lives	966	863	1 351	-36
South Africa	632	541	1 162	-53
Africa	334	322	189	70
Risk lives (Africa only)	17	17	-	-

Other

Rm	Dec 09	Dec 08	% Δ
Minor operations	(5)	16	n/a
Investments not managed by LibFin	12	(93)	>100
STC	(88)	(28)	n/a
BEE preference shares income	93	117	-21
“Shareholder” expenses	(253)	(282)	10
Tax and other	56	45	24
Total	(185)	(225)	18

Cash distribution

CPS	Dec 09	Dec 08
Interim	164	164*
Final	291	291
Total	455	455

Rm	Dec 09	Dec 08
Interim	469	474*
Final	832	832
Total	1 301	1 306
BEE	(101)	(113)
Net distribution	1 200	1 193

Focus for 2010 and conclusion

Focus areas for 2010

- Customer retention
- Cost of distribution
- Balance sheet management
- Investment performance at STANLIB
- Diversification

Further strengthen core business and deliver growth

Conclusion

- Return to profitability in second half
- No further changes to lapse assumptions on major product lines
- Capital position healthy
- Final cash distribution at the same level as 2008
- Balance sheet is within market risk appetite
- STANLIB showing improvement
- Diversification strategy delivering results
- More conservatively reserved than in the past seven to eight years

Strong 2H recovery



Questions?

LIBERTY HOLDINGS LIMITED

2009 ANNUAL RESULTS

