

**LIBERTY GROUP LIMITED**

**Incorporated in the Republic of South Africa  
(Registration number: 1957/002788/06)**

**Instrument Code: LGL02 ISIN: ZAG000097932  
Instrument Code: LGL03 ISIN: ZAG000100249  
Instrument Code: LGL04 ISIN: ZAG000105784  
Instrument Code: LGL05 ISIN: ZAG000122250  
Instrument Code: LGL06 ISIN: ZAG000139536  
Instrument Code: LGL07 ISIN: ZAG000139544**

("Liberty") or ("the Issuer")

**Rating Agency Action on South Africa-Based Insurers and Reinsurers following the South African Sovereign Downgrade**

S&P Global Ratings ("S&P") has recently taken rating action on the long-term foreign currency sovereign credit rating on the Republic of South Africa from 'BBB-/A-3' to 'BB+/B' and on the local currency sovereign credit rating from 'BBB/A-2' to 'BBB-/A-3'. S&P also lowered the long-term South Africa national scale credit rating from 'zaAAA' to 'zaAA-'. S&P has subsequently lowered the credit ratings on several of the South Africa-based insurers and reinsurers. This rating action is reflective of the sovereign economic conditions.

S&P issues a national scale credit rating for Liberty. In accordance with paragraph 4.26 of the JSE Debt Listings Requirements, noteholders are advised that S&P has accordingly revised the Issuer's note credit ratings as per below:

Ratings from 'zaAA-' to 'zaA' on deferrable subordinated notes:

-LGL06  
-LGL07

Ratings from 'zaAA+' to 'zaA+' on non-deferrable subordinated notes:

-LGL02  
-LGL03  
-LGL04  
-LGL05

The lower rating reflects S&P's view that South African insurers face increased exposure to credit risk within asset portfolios following the sovereign downgrade, with the increased risk mitigated by sound balance sheet resilience. S&P also noted that they believe that the South African insurers would withstand the

stress associated with a sovereign currency default, if one was to occur.

Bondholders should note that Liberty reported a strong capital coverage of 2.95X as at 31 December 2016 and remains well capitalised post the downgrade. The impact of a sovereign downgrade had been anticipated for some time by Liberty and the balance sheet and asset liability position had been structured to take into account the impact of a sovereign rating downgrade.

For more information, noteholders may view the rating agency's website: [www.standardandpoors.com/ratingsdirect](http://www.standardandpoors.com/ratingsdirect) or Liberty's website: [www.libertyholdings.co.za](http://www.libertyholdings.co.za)

Johannesburg  
12 April 2017

Debt Sponsor  
The Standard Bank of South Africa Limited