



LIBERTY
In it with you

**Liberty Holdings Limited
Supplementary information
for the six months ended
30 June 2021**

Liberty Holdings Limited is a licensed Insurer and an Authorised Financial Services Provider (no 2409)



CONTENTS

	Page
Analysis of ordinary shareholders' equity	1
Analysis of group earnings – core earnings	2
South African covered business embedded value	3
Bancassurance – Benefit to Liberty	9
90:10 Shareholder exposure	9
Long-term policyholder liabilities IFRS reconciliation	10
South African insurance distribution headcount	11
Long-term insurance – New business by distribution channel	12
Shareholder Investment Portfolio return	14
LibFin Markets – Credit portfolio	14
Summary of group long-term indexed new business, VoNB, VoNB margin and long-term insurance cash flows	14
SA Retail – Headline loss	15
SA Retail – Key performance indicators	15
SA Retail – Indexed new business	16
SA Retail – Maintenance cost per policy	16
SA Retail – Negative rand reserves	16
Liberty Corporate – Headline loss	17
Liberty Corporate – Key performance indicators	17
Reconciliation of Africa regions and operations under ownership review earnings	17
Liberty Health – Headline loss	18
Liberty Health Cover Product and Heritage Kenya (Heriflex) – Lives serviced	18
Liberty Africa Insurance – Headline (loss)/earnings	18
Liberty Africa Insurance – Key performance indicators	19
Liberty Africa Insurance – Long-term insurance net cash flows	19
STANLIB South Africa – Headline earnings	20
STANLIB South Africa – Net cash flows and assets under management by asset category	20
STANLIB South Africa – Retail investment performance	21
STANLIB South Africa – Institutional investment performance	21
STANLIB South Africa – Investment performance	22
STANLIB Africa – Assets under management	23
STANLIB Africa – Assets under management by asset type	23

ANALYSIS OF ORDINARY SHAREHOLDERS' EQUITY

for the six months ended 30 June 2021

Rm	Group funds invested			Contribution to earnings		
	30 June 2021	30 June 2020	31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020
South African Insurance Operations	15 510	14 901	15 165	272	(2 247)	(1 576)
Fixed assets and working capital/ insurance operating surplus	11 779	5 558	9 618	213	(2 775)	(2 553)
Present value of in-force business					(2)	(2)
Investment portfolios	9 725	14 919	11 545	193	709	1 301
Subordinated notes at fair value	(5 994)	(5 576)	(5 998)	(134)	(179)	(322)
South African Asset Management						
STANLIB South Africa	1 066	934	1 012	242	226	466
Africa Regions	1 477	1 624	1 572	(87)	(45)	(48)
Liberty Africa Insurance	963	1 065	959	(26)	10	22
Liberty Health ⁽¹⁾	336	391	433	(86)		(43)
STANLIB Africa	116	126	111	12	12	27
Operations under ownership review ⁽¹⁾	62	42	69	13	(67)	(54)
Group Strategic Initiatives				(169)	(94)	(307)
Central costs and sundry income				29	(14)	(109)
Liberty Holdings Limited	2 118	2 140	1 951			
Liberty Two Degrees consolidation adjustment^{(2),(3)}	1 052	868	1 313	(64)	(88)	37
Preference share dividend				(1)	(1)	(2)
Headline earnings/(loss)				222	(2 263)	(1 539)
Preference share dividend				1	1	2
Profit on disposal of subsidiary						14
Impairment of intangible assets					(125)	(125)
Remeasurement of disposal groups classified as held for sale						35
Liberty Holdings shareholders' equity/total earnings/(loss)	21 223	20 467	21 013	223	(2 387)	(1 613)
Normalised						
Liberty Holdings shareholders' equity/headline earnings/(loss)	21 223	20 467	21 013	222	(2 263)	(1 539)
BEE preference shares	64	63	64	2	2	4
Liberty Two Degrees normalisation adjustment ⁽²⁾	(226)	(335)	(252)	64	88	(37)
Normalised shareholders' equity/headline earnings/(loss)	21 061	20 195	20 825	288	(2 173)	(1 572)

⁽¹⁾ In 2021 the sale of Liberty General Botswana (Pty) Ltd was completed. During 2020, sales were completed of the asset management operations in Kenya and Uganda, Liberty General Insurance Malawi Ltd and Liberty Health Administration (Pty) Ltd (a licensed medical aid administrator in South Africa). At 30 June 2021 one business operation, namely Total Health Trust Limited in Nigeria (part of Health Risk Solutions), remains classified as a disposal group, as it is still subject to sale processes. The balance of Health risk solutions, being mainly the provision of health expense insurance throughout sub-Saharan Africa, was reclassified back to continuing operations at 30 June 2020 (effective 1 July 2020 the earnings were reflected as continuing operations). This was due to no acceptable purchase offers being forthcoming.

⁽²⁾ Reversal of the accounting mismatch arising on consolidation of the policyholders' obligation linked to L2D shares.

⁽³⁾ Represents the difference between Liberty's share of the net asset value of L2D at the end of the period and the listed price of L2D shares multiplied by the number of shares in issue to Liberty at the end of the period. Comprises R1 037 million (31 December 2020: R1 294 million, 30 June 2020: R854 million) at Liberty Group Limited level plus additional R15 million (31 December 2020: R19 million, 30 June 2020: R14 million) at a Liberty Holdings group level.

ANALYSIS OF GROUP EARNINGS – CORE EARNINGS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
South African Insurance Operations	1 107	1 132	2 235
SA Retail planned margin release including annual contribution increases	894	944	1 843
SA Retail credit life	100	103	192
SA Retail VIF amortisation		(1)	(1)
Liberty Corporate	3	41	114
Liberty Corporate - Fund rehabilitation	(13)	(13)	(80)
LibFin Markets	123	58	167
Expected long-term rate of return on Shareholder Investment Portfolio⁽¹⁾	530	645	1 229
South African Asset Management			
STANLIB South Africa	215	215	430
Africa Regions	(39)	37	41
Liberty Africa Insurance	34	25	57
Liberty Health ⁽²⁾	(86)		(43)
STANLIB Africa	13	12	27
Group Strategic Initiatives	(169)	(94)	(307)
Central costs and sundry income	30	(13)	(107)
Centre costs and sundry income	28	(15)	(111)
BEE preference share income	2	2	4
Core operating earnings - before COVID-19 impact	1 674	1 922	3 521
Excess risk claims not covered by the pandemic reserve, net of taxation and non-controlling interests' share ⁽³⁾	(388)		(96)
Establishment of COVID-19 pandemic reserve, net of taxation and non-controlling interests' share	(729)	(2 175)	(2 227)
Core operating earnings/(loss)	557	(253)	1 198
SA Retail new business strain	(453)	(360)	(804)
SA Retail operating variances, assumption changes and other	(78)	(228)	(746)
Adjusted core operating earnings/(loss)	26	(841)	(352)
Operations under ownership review ⁽²⁾	13	(67)	(54)
Variance to long-term rate of return on Shareholder Investment Portfolio	223	(1 276)	(1 202)
STANLIB South Africa and STANLIB Africa sustainable earnings adjustment	26	11	36
Normalised headline earnings/(loss)	288	(2 173)	(1 572)

⁽¹⁾ The expected long-term rate of return on the SIP portfolio is based on the long-term view to avoid volatility in the core operating earnings.

⁽²⁾ In 2021 the sale of Liberty General Botswana (Pty) Ltd was completed. During 2020, sales were completed of the asset management operations in Kenya and Uganda, Liberty General Insurance Malawi Ltd and Liberty Health Administration (Pty) Ltd (a licensed medical aid administrator in South Africa). At 30 June 2021 one business operation, namely Total Health Trust Limited in Nigeria (part of Health Risk Solutions), remains classified as a disposal group, as it is still subject to sale processes. The balance of Health risk solutions, being mainly the provision of health expense insurance throughout sub-Saharan Africa, was reclassified back to continuing operations at 30 June 2020 (effective 1 July 2020 the earnings were reflected as continuing operations). This was due to no acceptable purchase offers being forthcoming.

⁽³⁾ These amounts are claims that were not covered through the pandemic reserve and represent excess claims not anticipated in the pricing of short contract boundary business.

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

for the six months ended 30 June 2021

1. Description of embedded value of South African covered business

The current version of Advisory Practice Note (APN) 107 became effective for financial years ending on or after 31 December 2018. APN 107 governs the way in which embedded values of life assurance companies are reported.

The embedded value consists of:

- The net worth; plus
- The value of in-force covered business; less
- The cost of required capital.

The net worth represents the excess of assets over liabilities on the published IFRS basis, adjusted for the elimination of the carrying value of covered business acquired, removal of the value of any deferred acquisition cost (DAC) and deferred revenue liability (DRL) and the fair value of share rights granted to Liberty Group Limited employees.

The value of in-force covered business is the discounted value of the projected stream of after-tax shareholder profits arising from existing in-force covered business. These shareholder profits arise from the release of margins under the published IFRS valuation basis. Covered business is defined as business regulated by the Prudential Authority as long-term insurance business written in Liberty Group Limited.

The required capital is defined as the level of capital that is restricted from distribution to shareholders, comprising an assessment of the likely long-term regulatory capital requirements and any additional capital considered appropriate by the Board given the risks in the business. Required capital has been set in line with risk appetite, adjusted for differences between the published IFRS and regulatory balance sheet. The cost of required capital is the difference between the amount of required capital and the present value of future releases of this capital, allowing for future net of tax investment returns expected to be earned on this capital.

The value of new business written is the present value at the point of sale of the projected stream of after-tax profits from that business on the published IFRS basis, reduced by the cost of required capital allocated to new business. When assessing the cost of required capital, allowance is made for diversification benefits between new and existing business. New business is defined as covered business arising from the sale of new policies, once-off premium increases in respect of in-force covered risk business, and once-off contributions in respect of in-force covered investment business during the reporting period. Risk policies with an inception date prior to the reporting date where no premium has been received are included in the embedded value and value of new business. The contractual terms of these policies state that Liberty Group Limited is on risk from the inception date, even though a premium may not have been received. This definition is consistent with that used in the financial statements.

The value of new business has been calculated on the end of period assumptions. Investment yields at the point of sale have been used for new conventional annuities, guaranteed investment plans, and embedded derivatives; for all other business the investment yields at the date of reporting have been used. In 2020 certain COVID-19 related cost overruns were excluded from the value of new business and treated as extraordinary non-recurring expenses. In addition, there was a temporary shift in activity away from acquisition as a result of the pandemic and these costs were excluded from the value of new business. In 2021, acquisition activities have returned to pre-pandemic levels and no such adjustments have been made to the value of new business. The impact of the COVID-19 pandemic reserve (as outlined in the "Update on key judgements and risks under the ongoing COVID-19 pandemic" section) on the value of new business for the period is immaterial and, as in 2020, no adjustments have been required.

There continues to be elevated uncertainty in the current environment relating to setting long term assumptions utilised in the embedded value. Considerations about the uncertainty related to the COVID-19 pandemic in the context of setting long-term assumptions are included in the "Update on key judgements and risks under the ongoing COVID-19 pandemic".

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

(CONTINUED)

for the six months ended 30 June 2021

2. Normalised embedded value

Rm (unless otherwise stated)	30 June 2021	30 June 2020	31 December 2020
Risk discount rate % ⁽¹⁾	12,25	12,31	11,96
Net worth	15 089	14 596	14 733
Ordinary shareholders' funds on published basis	16 547	15 755	16 459
BEE preference share funding	64	63	64
Adjustment of ordinary shareholders' funds from published basis ⁽²⁾	(291)	(314)	(307)
Liberty Two Degrees normalisation ⁽³⁾	(1 037)	(854)	(1 294)
Allowance for fair value of share rights	(144)	(4)	(139)
Frank Financial Services allowance for future expenses	(50)	(50)	(50)
Net value of life business in-force	14 597	13 925	13 931
Value of life business in-force	18 171	16 946	17 173
Cost of required capital	(3 574)	(3 021)	(3 242)
Normalised embedded value	29 686	28 521	28 664
3. Normalised embedded value earnings			
Embedded value at the end of the year	29 686	28 521	28 664
Intragroup dividends ⁽⁴⁾		1 431	1 431
Funding of restricted share plan	(18)	26	5
Financial guarantee ⁽⁵⁾			(83)
Embedded value at the beginning of the year	(28 664)	(34 359)	(34 359)
Embedded value earnings	1 004	(4 381)	(4 342)
Return on embedded value (%)	7,1	(23,9)	(12,6)

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

(CONTINUED)

for the six months ended 30 June 2021

4. Analysis of normalised embedded value earnings/(loss)

Rm	30 June 2021				30 June 2020				12 months 31 December 2020
	Net worth	Value of in-force covered business	Cost of required capital	Em- bedded value	Net worth	Value of in-force covered business	Cost of required capital	Em- bedded value	Embedded value
Embedded value at the end of the period	15 089	18 171	(3 574)	29 686	14 596	16 946	(3 021)	28 521	28 664
Intragroup dividends ⁽⁴⁾					1 431			1 431	1 431
Funding of restricted share plan	(18)			(18)	26			26	5
Financial guarantee ⁽⁵⁾									(83)
Embedded value at the beginning of the period	(14 733)	(17 173)	3 242	(28 664)	(18 360)	(19 154)	3 155	(34 359)	(34 359)
Embedded value earnings/(loss)	338	998	(332)	1 004	(2 307)	(2 208)	134	(4 381)	(4 342)
Components of embedded value earnings/(loss)									
Value of new business written in the period	(559)	646	(52)	35	(453)	543	(66)	24	24
Expected return on value of in-force business ⁽⁶⁾		977	56	1 033		1 098	58	1 156	2 356
Expected net of tax profit transfer to net worth	1 460	(1 460)			1 562	(1 562)			
Variances/changes in operating assumptions	(433)	17	21	(395)	(325)	(231)	(10)	(566)	(1 518)
Operating experience variances ⁽⁷⁾	(481)		21	(460)	(306)	(215)	(10)	(531)	(861)
Operating assumption changes ⁽⁸⁾	47	4		51	(19)	23		4	(606)
Changes in modelling methodology	1	13		14		(39)		(39)	(51)
Development expenses	(45)			(45)	(44)			(44)	(25)
COVID-19 pandemic reserve ⁽⁹⁾	(713)	598	(18)	(133)	(2 160)	(988)	160	(2 988)	(3 289)
Embedded value (loss)/earnings from operations	(290)	778	7	495	(1 420)	(1 140)	142	(2 418)	(2 452)
Economic adjustments	633	220	(339)	514	(919)	(1 068)	(8)	(1 995)	(1 786)
Return on net worth and other adjustments ⁽¹⁰⁾	603			603	(736)			(736)	(880)
Investment variances ⁽¹¹⁾	813	247	(334)	726	(1 492)	(584)	(6)	(2 082)	(1 960)
Changes in economic assumptions ⁽¹²⁾	(783)	(27)	(5)	(815)	1309	(484)	(2)	823	1 054
Change in allowance for fair value of share rights ⁽¹³⁾	(5)			(5)	32			32	(104)
Normalised embedded value earnings/(loss)	338	998	(332)	1 004	(2 307)	(2 208)	134	(4 381)	(4 342)

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

(CONTINUED)

for the six months ended 30 June 2021

5. Notes to embedded value

- (1) Certain books of business are valued with reference to the entire yield curve while others are valued with reference to the market yield on medium-term South African government stock as shown below. The assumptions have been set following principles consistent with prior periods and in accordance with actuarial guidance.

%	Annual rate		
	30 June 2021	30 June 2020	31 December 2020
Government stock	9,45	9,51	9,16
Equities	12,95	13,01	12,66
Property	10,45	10,51	10,16
Cash	7,95	8,01	7,66
The risk discount rate has been set equal to the risk free rate plus 80% of the equity risk premium	12,25	12,31	11,96
Maintenance expense inflation rate ⁽ⁱ⁾	7,70	7,76	7,41

⁽ⁱ⁾ The expense inflation assumption for the books of business valued with reference to the entire yield curve is set to be consistent with market implied inflation rates.

- (2) The amount represents the removal of the DAC and DRL that is held on the published IFRS basis. This reduction in net worth results in an increase in the value of in-force.
- (3) This represents the difference between Liberty Group Limited's share of the net asset value of L2D as at the reporting date and the listed price of L2D shares multiplied by the number of shares in issue to Liberty Group Limited at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the L2D shares held within the Shareholder Investment Portfolio.
- (4) These are dividends paid by Liberty Group Limited to Liberty Holdings Limited.
- (5) The financial guarantee is reflective of the value of Liberty Holdings Limited's support, through a limited guarantee to the holders of certain subordinated notes issued by Liberty Group Limited. There were no new issuances of subordinated notes during the current period.
- (6) The expected return on the value of in-force covered business is obtained by applying the previous year's risk discount rate to the value of in-force covered business at the beginning of the period and the current year's risk discount rate from the point of sale to the valuation date in respect of the value of new business.

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

(CONTINUED)

for the six months ended 30 June 2021

5. Notes to embedded value (continued)

(7) Operating experience variances consist of the combined effect on net worth and value of in-force of operating experience being different to that anticipated at the prior year end.

The net 30 June 2021 operating experience variance of negative R460 million (31 December 2020: negative R861 million, 30 June 2020: negative R531 million) comprised:

Operating experience variances (Rm)	Net worth ⁽ⁱ⁾	Value of in-force covered business ⁽ⁱⁱ⁾	Cost of required capital	Embedded value
30 June 2021				
SA Retail	(149)		21	(128)
Mortality and morbidity	34			34
Policyholder behaviour	(9)			(9)
Other ⁽ⁱⁱⁱ⁾	(174)		21	(153)
Liberty Corporate ⁽ⁱⁱⁱ⁾	(293)			(293)
Credit portfolio variance	(39)			(39)
Total	(481)		21	(460)
30 June 2020				
SA Retail	(234)	31	(10)	(213)
Mortality and morbidity	(72)	20		(52)
Policyholder behaviour	(184)	10		(174)
Other	22	1	(10)	13
Liberty Corporate	(90)	(246)		(336)
Credit portfolio variance	18			18
Total	(306)	(215)	(10)	(531)
31 December 2020				
SA Retail	(423)	23	(34)	(434)
Mortality and morbidity	(39)	12		(27)
Policyholder behaviour	(166)	40		(126)
Other	(218)	(29)	(34)	(281)
Liberty Corporate	(225)	(199)		(424)
Credit portfolio variance	(3)			(3)
Total	(651)	(176)	(34)	(861)

⁽ⁱ⁾ The operating experience variances have been offset by the utilisation of the COVID-19 provisions where appropriate.

⁽ⁱⁱ⁾ Includes project expenses (e.g. IFRS17 related expenses) and other non-recurring expenses.

⁽ⁱⁱⁱ⁾ The amount of negative R293 million on the net worth is mainly due to lower risk profits than expected from the lump sum risk book due to COVID-19 related claims in excess of what had been provided for in the 31 December 2020 COVID-19 pandemic reserve.

SOUTH AFRICAN COVERED BUSINESS EMBEDDED VALUE

(CONTINUED)

for the six months ended 30 June 2021

5. Notes to embedded value (continued)

- (8) The amount of positive R51 million (31 December 2020: negative R606 million, 30 June 2020: positive R4 million) is primarily due to tax related assumption changes.
- (9) The details of the COVID-19 pandemic provisions are outlined in the "Update on key judgements and risks under the ongoing COVID-19 pandemic" section.
- (10) Reconciliation of embedded value return on net worth and other adjustments to Shareholder Investment Portfolio earnings:

	30 June 2021 Rm	30 June 2020 Rm	31 December 2020 Rm
Shareholder Investment Portfolio after consolidation of L2D	753	(631)	27
Movement in the adjustment to reflect L2D at listed share price	208	96	(166)
Shareholder Investment Portfolio earnings	961	(535)	(139)
Remove 90:10 book	(185)	32	(54)
Frank Financial Services	(27)	(24)	(60)
Impairment of intangible assets		(125)	(125)
BEE preference scheme		3	3
Central treasury investments	52	(3)	(27)
Group Strategic Initiatives	(169)	(94)	(307)
Corporate Fund Rehabilitation	(13)	(13)	(80)
Other	(16)	23	(91)
Return on net worth and other adjustments	603	(736)	(880)

- (11) The amount of positive R726 million (31 December 2020: negative R1960 million, 30 June 2020: negative R2082 million) is a result of the investment returns for the period being above assumption.
- (12) The amount of negative R815 million (31 December 2020: positive R1054 million, 30 June 2020: positive R823 million) relates to changes in economic assumptions as described in note (1) and is primarily due to the movement of the yield curve over the period in respect of risk business.
- (13) The amount of negative R5 million (31 December 2020: negative R104 million, 30 June 2020: positive R32 million) in respect of the change in the fair value of share rights arises from the change in the number of share rights for staff employed by Liberty Group Limited and the change in the market value of Liberty Holdings Limited share price over the reporting period.

Other bases and assumptions

Taxation has been allowed for at rates and on bases applicable to Section 29A of the Income Tax Act. Full taxation relief on expenses to the extent permitted was assumed. Capital gains taxation has been taken into account in the embedded value. No adjustment has been made for the discounting of tax provisions in the embedded value.

Assumptions reflect best estimates of future experience consistent with the published IFRS basis excluding any compulsory or discretionary margins. However, in contrast to the assumptions in the published IFRS basis, the embedded value makes allowance for all non-compulsory automatic premium increases, benefit increases and renewals post maturity where appropriate.

The assets backing the required capital are consistent with the long-term strategic mix of shareholder funds approved by the Liberty Holdings board.

For reversionary and smoothed bonus business, the value of in-force covered business has been calculated assuming that bonuses are changed over time so that the full amount of the bonus stabilisation reserves is distributed to policyholders over the lifetime of the in-force policies.

BANCASSURANCE – BENEFIT TO LIBERTY

as at 30 June 2021

Liberty share (Rm)	30 June 2021	30 June 2020	12 months 31 December 2020
Credit Life			
IFRS headline earnings	100	103	192
Embedded value of in-force contracts	612	566	572
Other insurance products			
Embedded value of new business	(5)	8	(13)
Embedded value of in-force contracts	743	730	741
STANLIB			
Net service fees on assets under management sourced from Standard Bank distribution	271	253	518

90:10 SHAREHOLDER EXPOSURE

as at 30 June 2021

The "90:10 exposure" refers to the shareholders exposure to certain policyholder portfolios on which a fee arrangement exists whereby the investment return on the portfolios is shared between the policyholders and shareholders in a 90:10 ratio.

As a result of the market risk that arises for shareholders on this exposure it is managed as part of the Shareholders Investment Portfolio (SIP) and consequently the earnings form part of the SIP returns and are included in the SIP revenue account.

Because of its nature as a management fee the present value of these 90:10 fees are included in the value of in force of the business and the expected amount for the period forms part of the expected transfer to Net Worth in the AoEV. There is therefore a difference in approach between the IFRS revenue account (shown as SIP revenue) and the AoEV (shown as expected Life Fund Operating earnings).

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Exposure as at the beginning of the period	2 915	3 172	3 172
Expected earnings	113	121	236
Variance	72	(153)	(182)
Total net earnings	185	(32)	54
Exposure as at the end of the period	2 951	3 009	2 915

LONG-TERM POLICYHOLDER LIABILITIES IFRS RECONCILIATION

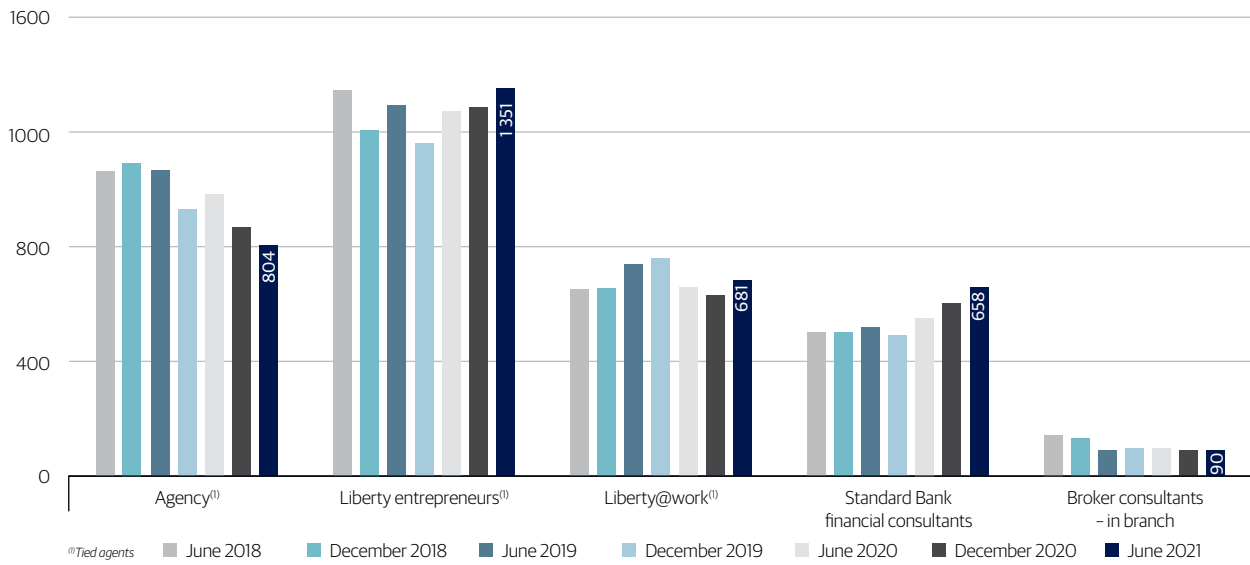
as at 30 June 2021

Rm	30 June 2021	Restated 30 June 2020	12 months 31 December 2020
Policyholder liabilities at beginning of the period net of reinsurance	317 763	315 484	315 484
Policyholder liabilities	325 192	324 246	324 246
Reinsurance liabilities	206	246	246
Policyholder assets	(5 050)	(7 017)	(7 017)
Reinsurance assets	(2 585)	(1 991)	(1 991)
Transfers (from)/to policyholder liabilities	15 844	(8 020)	2 358
Net premium income from insurance contracts and inflows from investment contracts	28 811	25 687	53 900
Net insurance premiums	20 144	17 271	37 572
Fund inflows from investment contracts	8 667	8 416	16 328
Investment returns	25 604	(4 309)	15 827
Net claims and policyholder benefits	(30 815)	(26 750)	(57 297)
Net insurance claims	(21 024)	(17 414)	(37 036)
Fund outflows from investment contracts	(9 791)	(9 336)	(20 261)
Acquisition costs	(1 770)	(1 683)	(3 520)
Management expenses, finance costs and profit share allocations	(5 328)	(5 394)	(10 415)
Taxation	(944)	1 128	289
Operating profit from insurance operations	286	3 301	3 574
Foreign currency translation reserve	(47)	511	(79)
Policyholder liabilities at end of period net of reinsurance	333 560	307 975	317 763
Policyholder liabilities	340 490	315 852	325 192
Reinsurance liabilities	198	210	206
Policyholder assets	(4 241)	(5 746)	(5 050)
Reinsurance assets	(2 887)	(2 341)	(2 585)

SOUTH AFRICAN INSURANCE DISTRIBUTION HEADCOUNT

as at 30 June 2021

SOUTH AFRICAN INSURANCE DISTRIBUTION HEADCOUNT



LONG-TERM INSURANCE – NEW BUSINESS BY DISTRIBUTION CHANNEL ⁽¹⁾

for the six months ended 30 June 2021

Rm	Recurring premiums			Single premiums		
	30 June 2021	30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020
Retail	3 354	2 770	5 941	12 233	9 354	21 803
Broker	476	450	1 007	4 544	3 166	8 145
Bancassurance	2 145	1 564	3 437	1 744	1 161	2 683
Tied channels ⁽²⁾	609	641	1 287	5 849	4 950	10 811
Other	124	115	210	96	77	164
Institutional	295	324	515	413	377	858
Broker	144	167	230	160	71	185
Bancassurance	7	4	6			
Tied channels ⁽²⁾	113	141	218	141	200	462
Other	31	12	61	112	106	211
Total new business	3 649	3 094	6 456	12 646	9 731	22 661
Split between:						
South Africa⁽¹⁾						
SA Retail	3 282	2 659	5 785	12 075	9 241	21 548
Broker	475	449	1 005	4 414	3 098	7 969
Bancassurance	2 113	1 516	3 371	1 738	1 139	2 652
Tied channels ⁽²⁾	572	582	1 206	5 835	4 940	10 787
Other	122	112	203	88	64	140
Liberty Corporate	210	251	428	354	377	719
Broker ⁽³⁾	107	146	210	143	71	177
Bancassurance	7	4	6			
Tied channels ⁽²⁾	94	96	205	127	200	341
Other	2	5	7	84	106	201
Total new business	3 492	2 910	6 213	12 429	9 618	22 267
Liberty Africa Insurance						
Retail	72	111	156	158	113	255
Broker	1	1	2	130	68	176
Bancassurance	32	48	66	6	22	31
Tied channels ⁽²⁾	37	59	81	14	10	24
Other	2	3	7	8	13	24
Institutional	85	73	87	59		139
Broker	37	21	20	17		8
Tied channels ⁽²⁾	19	45	13	14		121
Other	29	7	54	28		10
Total new business	157	184	243	217	113	394

⁽¹⁾ Includes premium escalations for SA Retail; excludes STANLIB Multi-manager.

⁽²⁾ Tied channels include Agency, Liberty entrepreneurs and Liberty@work.

⁽³⁾ June 2020 includes R35 million index premium from partner relationships that were materially exited in H2 2020.

	Total premiums			Indexed premiums		
	30 June 2021	30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020
	15 587	12 124	27 744	4 578	3 706	8 121
	5 020	3 616	9 152	930	767	1 822
	3 889	2 725	6 120	2 320	1 680	3 705
	6 458	5 591	12 098	1 194	1 136	2 368
	220	192	374	134	123	226
	708	701	1 373	336	362	601
	304	238	415	160	174	249
	7	4	6	7	4	6
	254	341	680	127	161	264
	143	118	272	42	23	82
	16 295	12 825	29 117	4 914	4 068	8 722
	15 357	11 900	27 333	4 490	3 583	7 940
	4 889	3 547	8 974	916	759	1 802
	3 851	2 655	6 023	2 287	1 630	3 636
	6 407	5 522	11 993	1 156	1 076	2 285
	210	176	343	131	118	217
	564	628	1 147	245	289	500
	250	217	387	121	153	228
	7	4	6	7	4	6
	221	296	546	107	116	239
	86	111	208	10	16	27
	15 921	12 528	28 480	4 735	3 872	8 440
	230	224	411	88	122	181
	131	69	178	14	8	20
	38	70	97	33	50	69
	51	69	105	38	60	83
	10	16	31	3	4	9
	144	73	226	91	73	101
	54	21	28	39	21	21
	33	45	134	20	45	25
	57	7	64	32	7	55
	374	297	637	179	195	282

SHAREHOLDER INVESTMENT PORTFOLIO RETURN

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Realised gross result	1 312	(595)	526
Taxation	(362)	236	(1)
Subordinated notes at fair value	(177)	(249)	(440)
Expenses (including asset management fees)	(20)	(23)	(58)
Net profit	753	(631)	27
Gross return (%)	4,8	(2,2)	1,9

Taxation note:

The taxation treatment of income derived from assets backing capital is the normal taxation rules applicable to life investment portfolios. The taxation applicable to income derived from assets backing life funds and the 90:10 exposure is determined by the tax rates pertaining to each life tax fund to which the assets are allocated (I-E tax). In addition there is transfer tax at 28% on the net surplus, after the applicable I-E tax.

LIBFIN MARKETS – CREDIT PORTFOLIO

as at 30 June 2021

Rm (unless otherwise stated)	30 June 2021	30 June 2020	12 months 31 December 2020
Net earnings from credit portfolio	79	132	205
Total LibFin assets (Rbn)	84	71	77
Credit portfolio assets (Rbn)	44	48	44
Banks, treasuries and shorter dated assets (Rbn)	40	23	33

SUMMARY OF GROUP LONG-TERM INDEXED NEW BUSINESS, VONB, VONB MARGIN AND LONG-TERM INSURANCE CASH FLOWS

for the six months ended 30 June 2021

Business unit	30 June 2021	30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	12 months 31 December 2020
	Indexed new business Rm	Indexed new business Rm	Indexed new business Rm	VoNB Rm	VoNB Rm	VoNB Rm	VoNB margin %	VoNB margin %	VoNB margin %	Net customer cash flows Rm	Net customer cash flows Rm	Net customer cash flows Rm
SA Retail Liberty	3 857	2 946	6 520	33	30	30	0,2	0,2	0,1	(176)	(528)	(512)
Corporate ⁽¹⁾ Liberty Africa	245	289	500	2	(6)	(6)	0,1	(0,3)	(0,2)	(2 052)	(823)	(3 451)
Insurance	179	195	282	11	-	-	2,1	0,0	0,0	223	289	566
Total	4 281	3 430	7 302	46	24	24	0,2	0,2	0,1	(2 005)	(1 062)	(3 397)

⁽¹⁾ June 2020 includes R35 million index premium from partner relationships that were materially exited in H2 2020.

SA RETAIL – HEADLINE LOSS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Expected profit and premium escalations	988	1 026	2 018
Variiances, modelling and assumption changes	85	(268)	(638)
New business strain	(453)	(360)	(804)
Project and non-cost per policy expenses	(129)	(58)	(100)
Direct Financial Services	(31)	(14)	(46)
Other	(34)	97	(8)
Earnings before bancassurance	426	423	422
Liberty share of credit life bancassurance (net of all taxes)	100	103	192
Complex bancassurance preference dividend	(63)	(68)	(130)
Normalised headline earnings before COVID-19 pandemic reserve	463	458	484
Establishment of COVID-19 pandemic reserve, net of taxation	(508)	(1 944)	(1 946)
Headline loss	(45)	(1 486)	(1 462)

SA RETAIL – KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2021

Rm (unless stated otherwise)	30 June 2021	30 June 2020	12 months 31 December 2020
Net customer cash flows	56	(550)	(561)
Insurance products	(176)	(528)	(512)
LISP	232	(22)	(49)
Gross sales (excluding LISP)	14 724	11 263	25 913
Indexed new business (excluding LISP)	3 857	2 946	6 520
Value of new business	33	30	30
Retail margin excluding STANLIB (%)	0,2	0,3	0,1
Retail new business margin including STANLIB (%)	0,2	0,2	0,1

SA RETAIL – INDEXED NEW BUSINESS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020 ⁽¹⁾	12 months 31 December 2020 ⁽¹⁾
SA Retail Insurance (excluding Emerging Consumer Market)	3 536	2 613	5 922
Emerging Consumer Market	70	119	156
Total SA Retail Insurance	3 606	2 732	6 078
Direct Financial Services	47	44	90
STANLIB 'on-balance sheet' sales	204	170	352
Total 'on-balance sheet' sales	3 857	2 946	6 520
STANLIB 'off-balance sheet' sales ⁽¹⁾	4 012	2 758	6 066
GateWay LISP 'off-balance sheet' sales	137	96	206
Total SA Retail distribution	8 006	5 800	12 792

⁽¹⁾ Restated June 2020 and December 2020 to include the third party distribution channels.

SA RETAIL – MAINTENANCE COST PER POLICY

for the six months ended 30 June 2021

R	30 June 2021	30 June 2020	12 months 31 December 2020
Valuation basis			
Complex	815	768	791
Simple	408	384	396
Annuities	408	384	396

SA RETAIL – NEGATIVE RAND RESERVES⁽¹⁾

as at 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Published IFRS basis (excluding COVID-19 pandemic reserve)	13 353	15 513	14 695

⁽¹⁾ Gross of taxation.

By their nature, "negative rand reserves" include offsets between policies with positive and negative reserves. The policies included here are on products where the aggregate rand reserves are negative across the product type (e.g. risk, universal life and certain investment products). This therefore excludes those that in aggregate have positive rand reserves such as annuities, with-profit products and guaranteed investment plans. Additionally the embedded derivative liabilities are also excluded from the above.

Note that no allowance has been made in the above for the impact of the COVID-19 pandemic reserve.

LIBERTY CORPORATE – HEADLINE LOSS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Gross contribution	521	577	1 248
Underwriting margin	226	201	478
Fee income	289	273	530
Pension businesses and other income ⁽¹⁾	6	103	240
Expenses and other items	(516)	(520)	(1 078)
Profit before taxation	5	57	170
Taxation	(2)	(16)	(56)
Normalised headline earnings, before COVID-19 impact	3	41	114
Excess risk claims not covered by the pandemic reserve, net of taxation ⁽²⁾	(344)		(76)
Establishment of COVID-19 pandemic reserve, net of taxation	(205)	(216)	(266)
Headline loss	(546)	(175)	(228)

⁽¹⁾ Comparative periods include income relating to once-off asset restructuring.

⁽²⁾ These amounts are claims that were not covered through the pandemic reserve and represent excess claims not anticipated in the pricing of short contract boundary business.

LIBERTY CORPORATE – KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2021

Rm (unless stated otherwise)	30 June 2021	30 June 2020	12 months 31 December 2020
Gross sales	564	628	1 147
Indexed new business ⁽¹⁾	245	289	500
Value of new business	2	(6)	(6)
New business margin (%)	0,1	(0,3)	(0,2)
Net customer cash flows	(2 052)	(823)	(3 451)

⁽¹⁾ June 2020 includes R35 million index premium from partner relationships that were materially exited in H2 2020.

RECONCILIATION OF AFRICA REGIONS AND OPERATIONS UNDER OWNERSHIP REVIEW EARNINGS

for the six months ended 30 June 2021

Rm	30 June 2021			30 June 2020			12 months 31 December 2020		
	Africa Regions – remaining operations	Operations under ownership review ⁽¹⁾	Total	Africa Regions – remaining operations	Operations under ownership review ⁽¹⁾	Total	Africa Regions – remaining operations	Operations under ownership review ⁽¹⁾	Total
Liberty Africa Insurance ⁽²⁾	(26)		(26)	10	(4)	6	22	2	24
Liberty Health	(86)	13	(73)		(63)	(63)	(43)	(56)	(99)
STANLIB Africa	12		12	12		12	27		27
Total Africa Regions	(100)	13	(87)	22	(67)	(45)	6	(54)	(48)

⁽¹⁾ Under IFRS these are disclosed as disposal groups classified as held for sale.

⁽²⁾ Remaining operations for 2021 comprises positive earnings of R34 million (30 June 2020: positive R25 million; 31 December 2020: positive R57 million) before the COVID-19 impact, negative R44 million (31 December 2020: negative R20 million) (net of taxation and non-controlling interest) for excess risk claims not covered by the pandemic reserve and negative R16 million (30 June 2020: negative R15 million; 31 December 2020: negative R15 million) (net of taxation and non-controlling interest) for the establishment/top-up of the COVID-19 pandemic reserve.

LIBERTY HEALTH – HEADLINE LOSS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Loss before depreciation and amortisation	(64)	(50)	(85)
Amortisation and depreciation	(2)	(3)	(5)
Loss before taxation	(66)	(53)	(90)
Taxation	(7)	(10)	(9)
Headline loss	(73)	(63)	(99)

LIBERTY HEALTH COVER PRODUCT AND HERITAGE KENYA (HERIFLEX) – LIVES SERVICED

as at 30 June 2021

Thousands	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Region				
Eastern Africa	63	60	63	56
Western Africa	35	31	31	30
Southern Africa	35	31	37	32
Total	133	122	131	118
Liberty owned licences	77	73	76	69
Third party licences	56	49	55	49

LIBERTY AFRICA INSURANCE – HEADLINE (LOSS)/EARNINGS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Insurance entities earnings⁽¹⁾			
Long-term insurance	65	43	94
Short-term insurance	34	58	119
Headline earnings (before head office expenses)	99	101	213
Non-controlling interests' share of headline earnings	(24)	(43)	(75)
Liberty share of headline earnings	75	58	138
Head office costs	(41)	(37)	(79)
Normalised headline earnings attributable to Liberty before COVID-19 impact	34	21	59
Excess risk claims not covered by the pandemic reserve, net of taxation and non-controlling interests' share ⁽²⁾	(44)		(20)
Establishment of COVID-19 pandemic reserve, net of taxation and non-controlling interests' share	(16)	(15)	(15)
Normalised headline (loss)/earnings	(26)	6	24

⁽¹⁾ The headline earnings result is shown at 100% of the earnings of certain of the entities that make up Liberty Africa Insurance. This table includes the earnings for operations under ownership review.

⁽²⁾ These amounts are claims that were not covered through the pandemic reserve and represent excess claims not anticipated in the pricing of short contract boundary business.

LIBERTY AFRICA INSURANCE – KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2021

Rm (unless stated otherwise)	30 June 2021	30 June 2020	12 months 31 December 2020
Embedded value of new business written in period	11	-	-
New business margin (%)	2,1	0,0	0,0
Long-term:			
Gross sales	374	297	637
Indexed new business	179	195	282
Net customer cash flows	223	289	566
Short-term:			
Net customer cash flows	149	208	380
Claims loss ratio (%)	50	43	44

LIBERTY AFRICA INSURANCE – LONG-TERM INSURANCE NET CASH FLOWS

for the six months ended 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Net premiums by product type			
Retail	342	443	756
Single	32	132	77
Recurring	310	311	679
Institutional	444	401	885
Single	230	171	314
Recurring	214	230	571
Net premium income from insurance contracts and inflows from investment contracts	786	844	1 641
Net claims and policyholders benefits by product type			
Retail	(218)	(206)	(440)
Death, critical illness and disability claims	(54)	(39)	(83)
Policy surrender and maturity claims	(149)	(160)	(341)
Annuity payments	(15)	(7)	(16)
Institutional	(345)	(349)	(635)
Death, critical illness and disability claims	(123)	(73)	(140)
Scheme terminations and member withdrawals	(222)	(276)	(495)
Net claims and policyholders' benefits	(563)	(555)	(1 075)
Net cash flow split as follows:	223	289	566
Retail	124	237	316
Institutional	99	52	250

STANLIB SOUTH AFRICA – HEADLINE EARNINGS

for the six months ended 30 June 2021

Rm (unless stated otherwise)	30 June 2021	30 June 2020	12 months 31 December 2020
Net fee income	936	858	1 813
Total operating expenses	(639)	(648)	(1 281)
Profit before investment income	297	210	532
Other income	37	91	87
Profit before taxation	334	301	619
Taxation	(92)	(75)	(153)
Total headline earnings	242	226	466
Average margin (bps)	31	30	29
Average assets under management (Rbn)	633	569	591

STANLIB SOUTH AFRICA – NET CASH FLOWS AND ASSETS UNDER MANAGEMENT BY ASSET CATEGORY

as at 30 June 2021

Rm	Net cash flows			Assets under management		
	6 months 30 June 2021	6 months 30 June 2020	12 months 31 December 2020	30 June 2021	30 June 2020	31 December 2020
Retail	3 622	3 709	10 594	286 456	249 482	277 427
Fixed interest	353	2 847	11 379	72 132	68 269	73 719
Equity	(457)	(506)	(2 778)	10 158	9 108	8 433
Property	(148)	(768)	(1 493)	4 620	4 521	4 230
Money Market	(1 542)	402	(457)	22 856	25 245	24 385
Absolute Return	(144)	(404)	(1 705)	4 238	7 710	4 595
Balanced	(797)	(265)	379	21 842	22 217	22 940
International	4 569	2 458	4 870	53 106	25 734	49 399
LISP	1 788	(13)	441	97 504	84 955	89 726
Structured		(42)	(42)		1 723	
Institutional	9 167	10 986	24 303	166 816	141 425	156 180
Fixed interest	1 876	(123)	2 044	33 945	32 828	33 396
Equity	1 902	1 718	2 843	20 367	15 388	17 142
Property	675	395	1 059	3 509	3 854	2 956
Money Market	4 607	10 909	18 832	93 247	75 413	87 399
Absolute Return	(63)	(124)	(175)	3 039	3 487	3 632
Balanced	1 107	(1 583)	(1 502)	8 237	7 075	7 561
International	(928)	(760)	655	1 446	2 823	2 536
Other	(9)	554	547	3 026	557	1 558
Liberty – Delta LISP	(2 156)	(1 348)	(3 877)	45 959	43 321	43 995
Liberty – intergroup	(5 183)	(5 250)	(8 562)	152 956	135 182	136 099
Total⁽¹⁾	5 450	8 097	22 458	652 187	569 410	613 701

⁽¹⁾ In 2020, as part of the STANLIB AUM principle due diligence project, reallocations in respect of the above disclosed categories were recorded.

STANLIB SOUTH AFRICA – RETAIL INVESTMENT PERFORMANCE

for the six months ended 30 June 2021

Core retail funds – quartile performance Fund name	Rolling period					
	One-year		Three-year		Five-year	
	2021	2020	2021	2020	2021	2020
STANLIB Equity	4	1	2	1	2	1
STANLIB SA Equity ⁽¹⁾		4		4		4
STANLIB Bonded	3	1	1	1	2	2
STANLIB Bonded Cautious	1	1	1	1	1	2
STANLIB Absolute Plus	3	2	2	2	2	1
STANLIB Bond	3	1	1	1	1	1
STANLIB Income	2	4	2	2	1	1
STANLIB Money Market	2	2	2	2	2	2
STANLIB Flexible Income	1	3	1	4	3	4
STANLIB Property Income	4	3	3	4	4	3

⁽¹⁾ The STANLIB SA Equity fund has been rationalised.

STANLIB SOUTH AFRICA – INSTITUTIONAL INVESTMENT PERFORMANCE

for the six months ended 30 June 2021

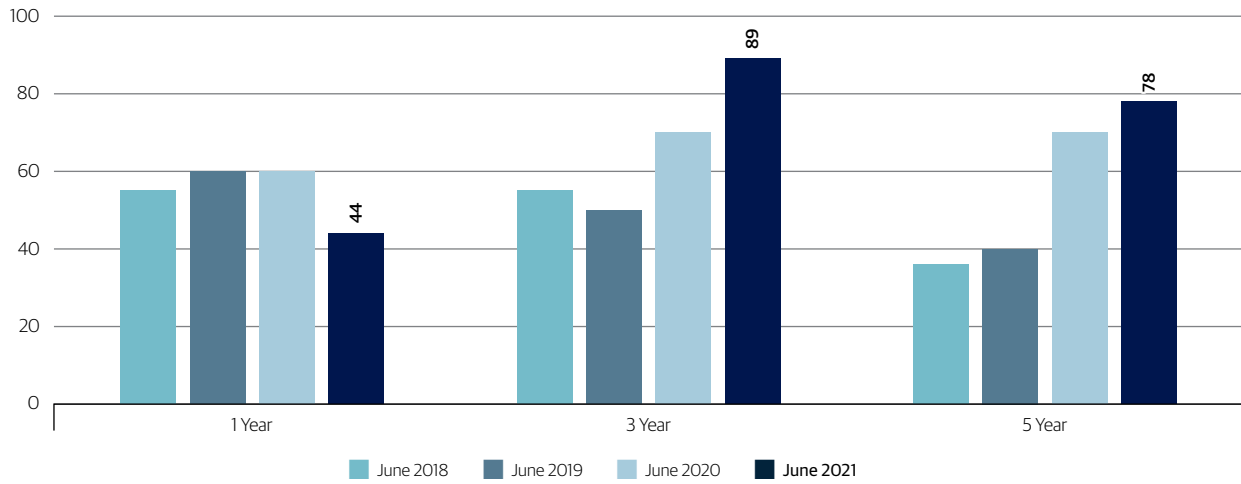
Survey funds (Alexander Forbes Surveys – quartile performance)	Rolling period					
	One-year		Three-year		Five-year	
	2021	2020	2021	2020	2021	2020
Stanlib Core Bond	3	1	1	1	1	1
Money Market	1	3	1	4	1	4
STANLIB Property Income Fund	4	2	3	4	4	4
Large Manager – Global	3	1	1	1	2	2
Full Global Mandate	4	1	1	1	3	2
Domestic Only Mandate ⁽¹⁾		3		3		3
Stanlib Core Equity	4	4	4	4	4	4
STANLIB Multi Factor Equity	2	1	2	1	3	2
STANLIB Absolute Plus Fund	3	2	3	2	2	1

⁽¹⁾ The Domestic Only Mandate fund was removed from the surveys due to it not meeting the minimum AUM requirement.

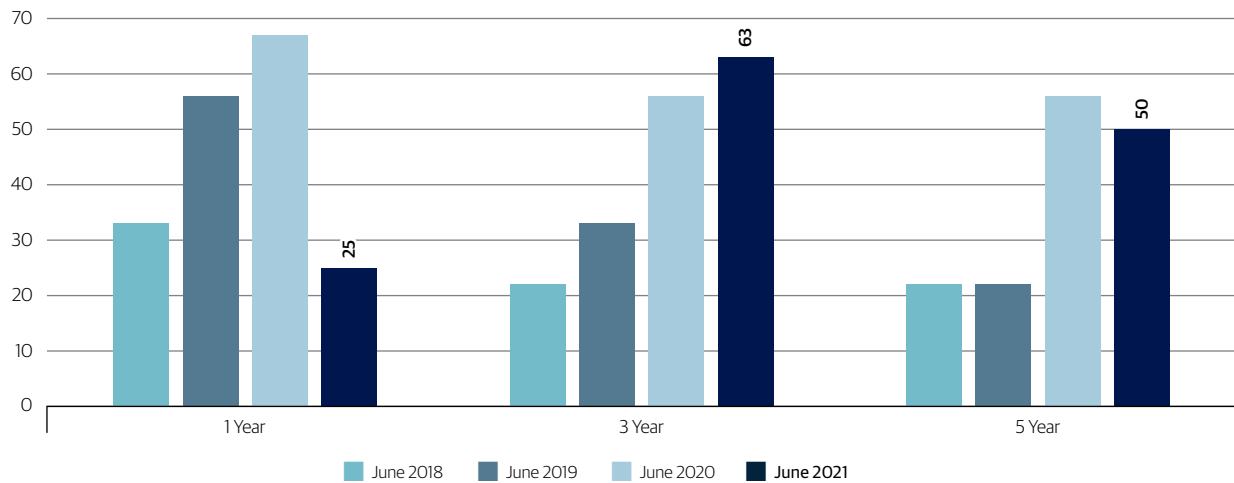
STANLIB SOUTH AFRICA – INVESTMENT PERFORMANCE

as at 30 June 2021

% OF CORE RETAIL PRODUCTS IN 1ST AND 2ND QUARTILE



% OF INSTITUTIONAL FUNDS IN 1ST AND 2ND QUARTILE



STANLIB AFRICA – ASSETS UNDER MANAGEMENT

as at 30 June 2021

Rm	30 June 2021	30 June 2020	12 months 31 December 2020
Opening market value	18 095	28 396	28 396
Net cash inflows	(862)	384	(1 781)
External	(836)	381	(1 858)
Liberty – intragroup	(26)	3	77
STANLIB Kenya discontinued mandates ⁽¹⁾		(10 013)	(6 965)
Capital appreciation	1 014	(2 365)	(1 555)
Closing market value	18 247	16 402	18 095
Segregated funds	6 548	5 842	6 335
Unit trusts	3 878	2 890	3 626
Money market	7 821	7 670	8 134
Total assets under management	18 247	16 402	18 095

⁽¹⁾ The disposal of the operations of STANLIB Kenya and STANLIB Uganda were completed during 2020.

STANLIB AFRICA – ASSETS UNDER MANAGEMENT BY ASSET TYPE

as at 30 June 2021

Rm	30 June 2021	30 June 2020	31 December 2020
Fixed interest	5 169	4 240	4 856
Equity	3 808	3 972	3 719
Property	285		291
Money market	7 821	7 670	8 134
Other	1 164	520	1 095
Total assets under management	18 247	16 402	18 095

Contact details

Financial Director

Yuresh Maharaj
Tel: +27 (11) 408 3680
yuresh.maharaj@liberty.co.za

Executive: Group Finance

Michael Norris
Tel: +27 (11) 408 1224
michael.norris@liberty.co.za

Investor Relations

Sharon Steyn
Tel: +27 (11) 408 3063
sharon.steyn@liberty.co.za
investorrelations@liberty.co.za

Company Secretary

Jill Parratt
Tel: +27 (11) 408 4275
jill.parratt@liberty.co.za

Website: www.libertyholdings.co.za
Customer Call Centre Tel: 0860 456 789

Head Office and Registered Address

Liberty Life, 1 Ameshoff Street
Braamfontein, Johannesburg 2001
Postal address: PO Box 10499, Johannesburg 2000
Tel: +27 (11) 408 3911
Registration number: 1968/002095/06

Auditors

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City,
Jukskei View 2090
Tel: +27 (11) 797 4000

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg 2196
Tel: +27 (11) 370 5000



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www.libertyholdings.co.za