



MEDIA RELEASE

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Liberty remains financially resilient and well positioned to deliver on long term strategic goals

The company continues to be well capitalised and comfortably within its capital coverage target range as it navigates the COVID-19 pandemic

Financial highlights:

- Normalised operating earnings before COVID-19 pandemic reserve R633 million
- Establishment of COVID-19 pandemic reserve R2 175 million (net of tax)
- Shareholder Investment Portfolio (SIP) loss of R631 million
- Normalised headline earnings loss of R2 173 million
- Indexed new business (excluding contractual increases) R3 430 million
- Capital adequacy ratio strong at 1.83 times
- Group net external client cash inflows R14,3 billion
- Normalised group equity value per share of R128,80
- Total Group assets under management of R725 billion

The world is facing an unprecedented humanitarian and economic crisis. Globally, millions of people have been infected by COVID-19 and thousands have succumbed to it. The disease continues to spread exponentially around the world, including South Africa and the countries where we operate across sub-Saharan Africa. We express our appreciation to frontline workers and our deepest sympathy to those who have lost loved ones.

We also acknowledge the devastating social and economic effects of the pandemic, especially on the most vulnerable in our society. Liberty, like many other companies and individuals, has prioritised contributions to initiatives aimed at making a meaningful impact, including the Solidarity Fund in South Africa, our own #DriveHope campaign and redirecting our CSI resources to on-line learning, care packages and sanitation enablement to the communities where we operate.

The volatility experienced in the financial markets and a contracting economy have aggravated business conditions on a scale never seen before. Our strategic response

has been to support our customers in their most vulnerable moments of need and is underpinned by our purpose of improving people's lives by making their financial freedom possible. Our commitment to providing peace of mind to customers and advisers is reflected in the establishment of a R3 billion (before tax) Pandemic Reserve. The Reserve demonstrates that we stand ready to support them in these times while also mitigating the financial impact of the pandemic on our business. In addition, we have provided relief measures to over 100,000 clients and financial support for qualifying advisers.

Our key focus areas in dealing with the crisis have included:

Employee health and safety

Following the lockdown, we provided our employees with the digital capability to work remotely to ensure that our business remains fully operational. Throughout, ongoing leadership visibility and communication have focused on employees' emotional, mental and physical wellbeing in an effort to ensure health, safety and prevention of infection. We are very proud of our people at Liberty and thank them for their dedication and hard work during this time.

Supporting advisers and customers

We are acutely aware that many of our customers have experienced financial difficulties as a result of the pandemic and we have enhanced our offering in response to this reality, including flexible payment terms and premium relief on risk and investment products. In addition, we have also introduced financial assistance for qualifying advisers who have experienced a significant decline in their variable income.

Business sustainability

In light of the significant health, economic and financial uncertainty created by the pandemic and considering the interests of all our stakeholders, we have taken the extraordinary step of establishing a Pandemic Reserve of R3 billion (before tax) to provide necessary financial resources to mitigate the financial impact of COVID-19. The Pandemic Reserve should enable us to continue meeting customers' needs if they are directly impacted by this crisis. Likewise, it gives our customers confidence that we will honour our promises to them as well as continue to invest in our business to achieve our strategic priorities.

The COVID-19 pandemic has negatively impacted our financial results for the six-month period, with a notable impact being the cost of establishing the Pandemic Reserve. The operational results were also impacted by factors associated with the pandemic. These included investment returns on the insurance book, Asset Liability Management (ALM) positions, unbudgeted expenses including adviser relief, lower new business volumes

and pressure on new business. These factors have resulted in Liberty incurring a normalised headline loss for the period of R2 173 million.

Despite the Group's strong capital position, the significant uncertainty that currently exists regarding the spread of the COVID-19 virus in South Africa in the short term and its economic consequences resulted in the Board deciding not to declare an interim dividend in respect of the six-month period ended 30 June 2020.

After taking into account the operational and investment market impacts of the pandemic and the establishment of the Reserve, Liberty remains well capitalised and comfortably within the capital coverage target range of 1,5 - 2,0 times, demonstrating the financial resilience of the business.

Liberty's investment in technology and digital infrastructure has served us well during the pandemic, allowing us to swiftly move the organisation in a more purposeful direction to fulfil our digital transformation ambitions. We will continue to augment the power of human to human engagement through digital tools, with a scalable digital engagement platform, transforming our world of advice and the role we play in customers' lives.

Looking ahead, we are optimistic that this challenging period will pass and that we emerge stronger as a business. We will continue to respond to the call to action to help address the challenges posed by the COVID-19 pandemic, consistent with our values and purpose, demonstrating the humanity in what we do for our clients, advisers and employees every day. We remain focused on maintaining a strong balance sheet, reducing discretionary spend and delivering on our strategic initiatives to build a competitive and sustainable business for the future. In addition, we remain committed to the wellbeing of our employees, the financial security of our customers and continued productivity of our advisers.

We thank the Liberty community: our employees, customers and advisers, for their ongoing support during this time.

Liberty remains In it with you.

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