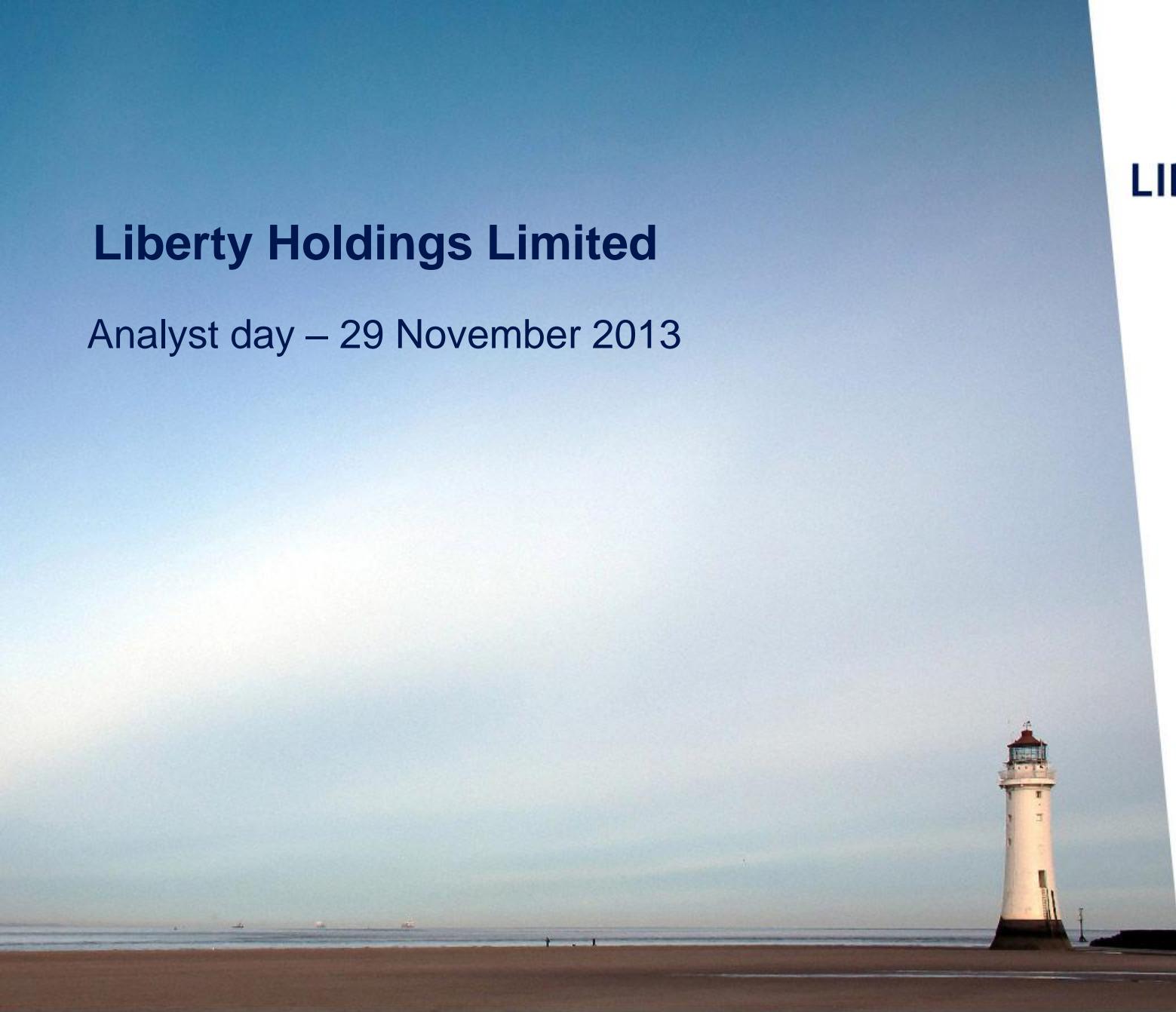




LIBERTY

Liberty Holdings Limited

Analyst day – 29 November 2013



Agenda – 29 November 2013



Welcome and introduction – Thabo Dloti, CE STANLIB

Group Strategy update – Thabo Dloti, CE STANLIB

Asset Management – Thabo Dloti, CE STANLIB

Institutional – Seelan Gobalsamy, CE Liberty Corporate

Mukesh Mittal, CE Business Development Cluster

Tea break

LibFin – Giles Heeger, CE

Capital and Costs – Casper Troskie, Group FD

Insurance – Steven Braudo, CE Retail SA

FullView demonstration – David Lloyd



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Strategy update

Thabo Dloti, CE STANLIB

Year-to-date performance – October 2013

Consistent positive customer behaviour and continued good sales momentum in the insurance business. The asset management business is enjoying strong customer net cash inflows and good growth in assets under management.

Group highlights

- Long-term insurance indexed new business increased by 17.3% to R5.7bn
- Net customer cash inflows of R28bn from R21bn in 2012
- Total assets under management increased to R606bn from R566bn at 30 June 2013
- The shareholder investment portfolio (SIP) gross investment return continues above benchmark

Year-to-date performance – October 2013 cont.

Insurance operations highlights

- Retail segment indexed sales up by 15.4% and net cash inflows of R4bn
 - good growth in single premium investment business and ongoing improved retention
- Corporate new business up by 37.4% and net cash outflows R187m (vs. negative outflow of R2.4bn in 2012)
- Africa insurance new business up by 7.4%, supported by bancassurance sales

Asset management operations highlights

- AUM at R515bn compared to R438bn at 31 December 2012 and total cash inflows (excluding intergroup) of R23bn

The core businesses of Liberty, utilising the group's key competitive differentiators of distribution partnerships, product innovation, investment expertise and balance sheet management, continue to deliver substantial value and grow market share.



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Strategy update

Outline of today's presentation

The strategic update today will focus on

- Liberty's value proposition
- Achievements
- Opportunities to capture
- Focus to 2020

Liberty's value proposition had 3 key aspects

Liberty Insurance

Retail

Distribution

Product innovation

Corporate

Specialist
Investment provider

SMMEs and
Umbrellas

LibFin Unique capabilities

Asset management

Distribution
architecture

Franchise Operating
model

Competitive
remuneration
models

High
conviction
calls

“Strength of diversity
Power of focus”

Bancassurance

Unique relationship
with the Bank

JV is the largest
insurance business
in SA by VoNB

Partnership beyond
bancassurance

... and takes a number of market leading positions

Leading

writer of new risk business in 2012 by sum insured in the retail affluent market in SA

3rd largest

in total insurance market

4th largest

in total employee benefits market

Largest

in retail unit trust market *

Largest

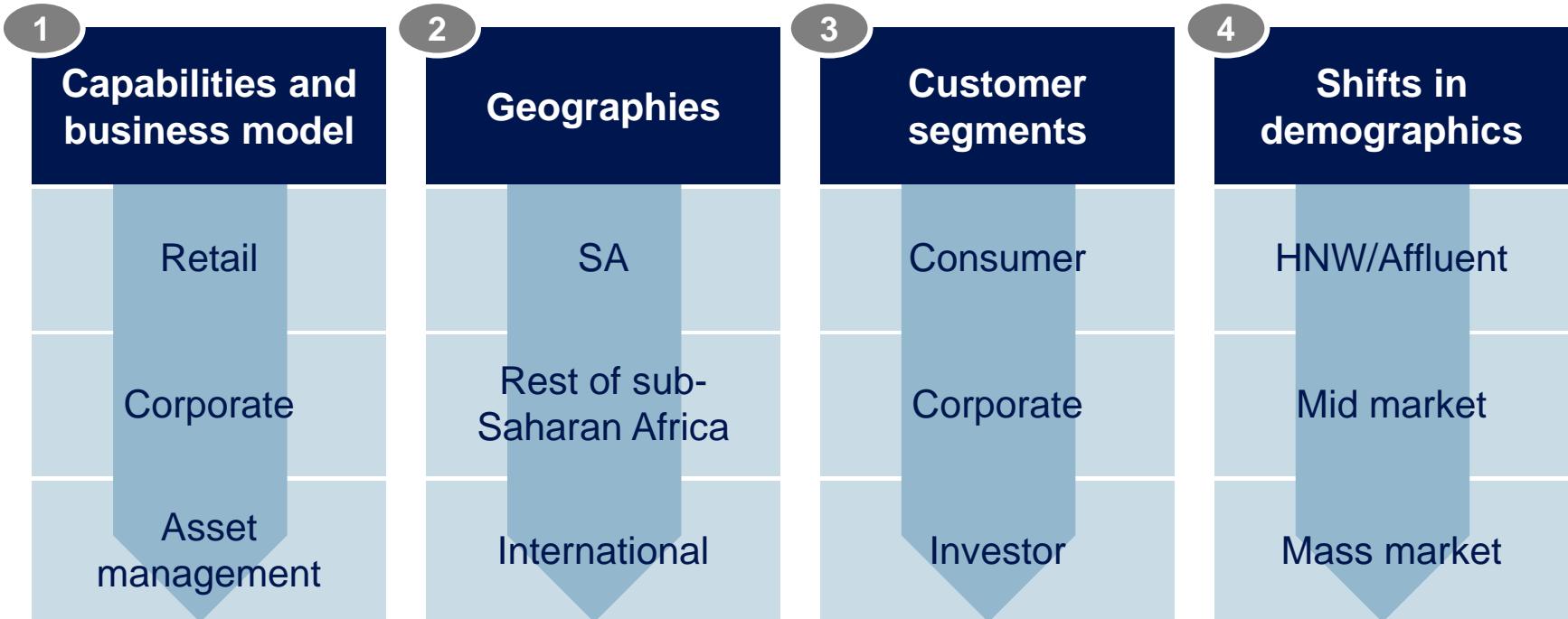
Bancassurance partnership in SA - JV is largest in insurance market by VoNB

80%

of all SA investment flows derived from affluent market

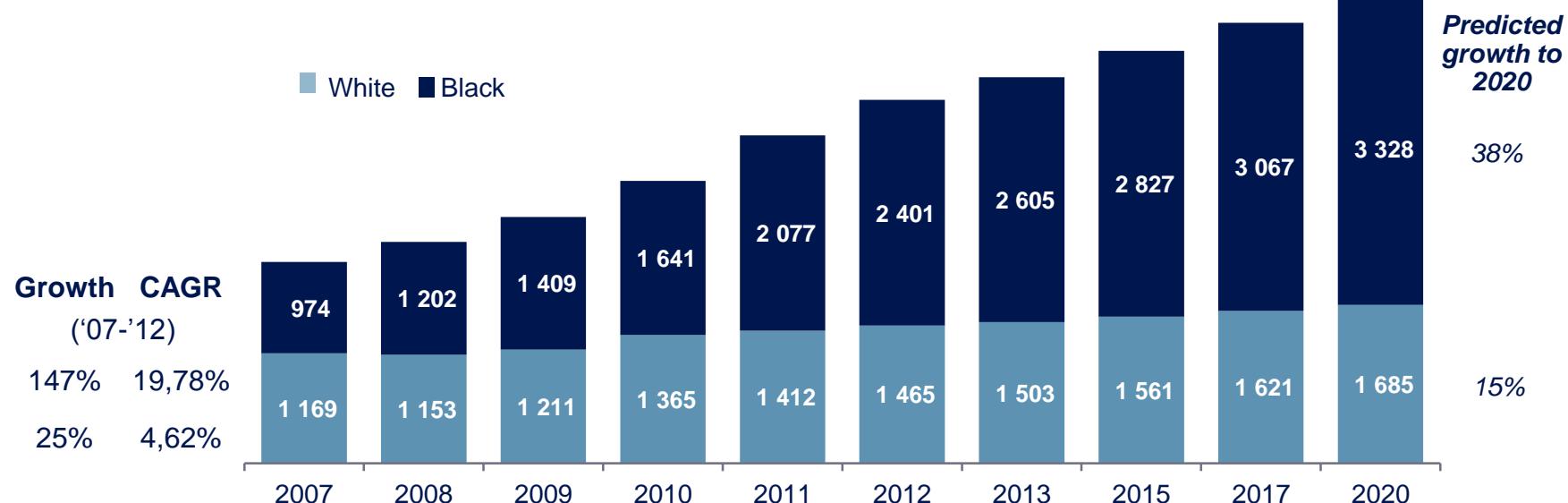
* if money market is included

We are deploying these capabilities to growth opportunities in SSA

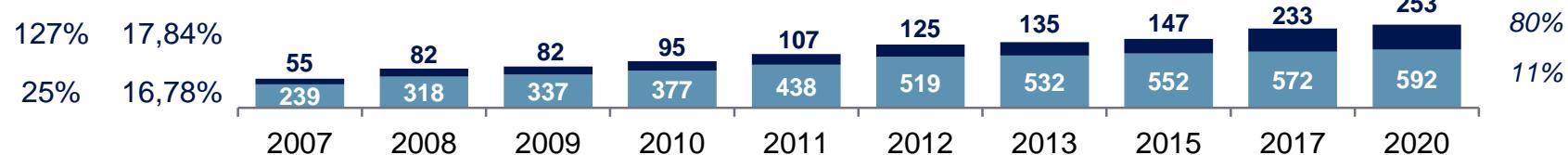


Capture the growth in the retail market in SA through strong Retail Affluent proposition and Corporate arrangements

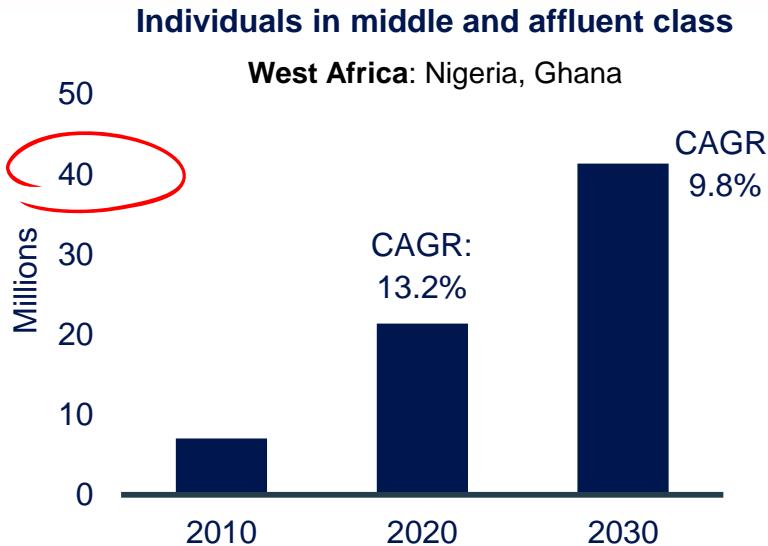
Mass middle market R8 000 – R40 000 income per month



Affluent market R40 000+ income per month

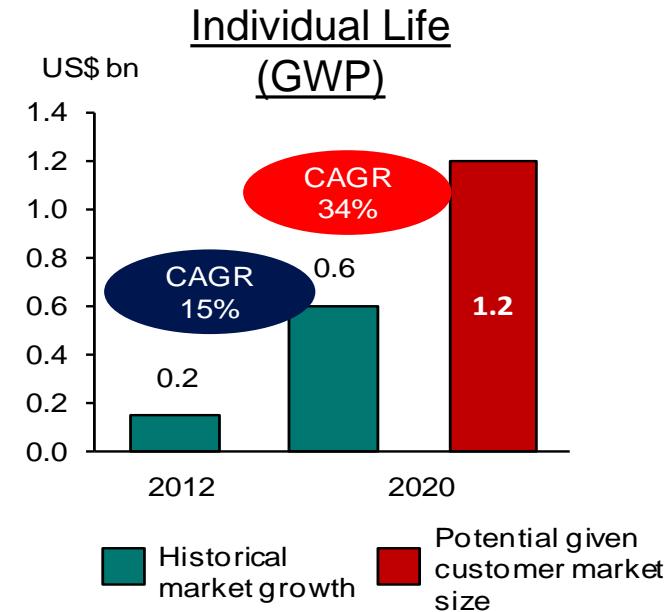


Capture the substantial growth opportunities in West Africa through retail and corporate arrangements

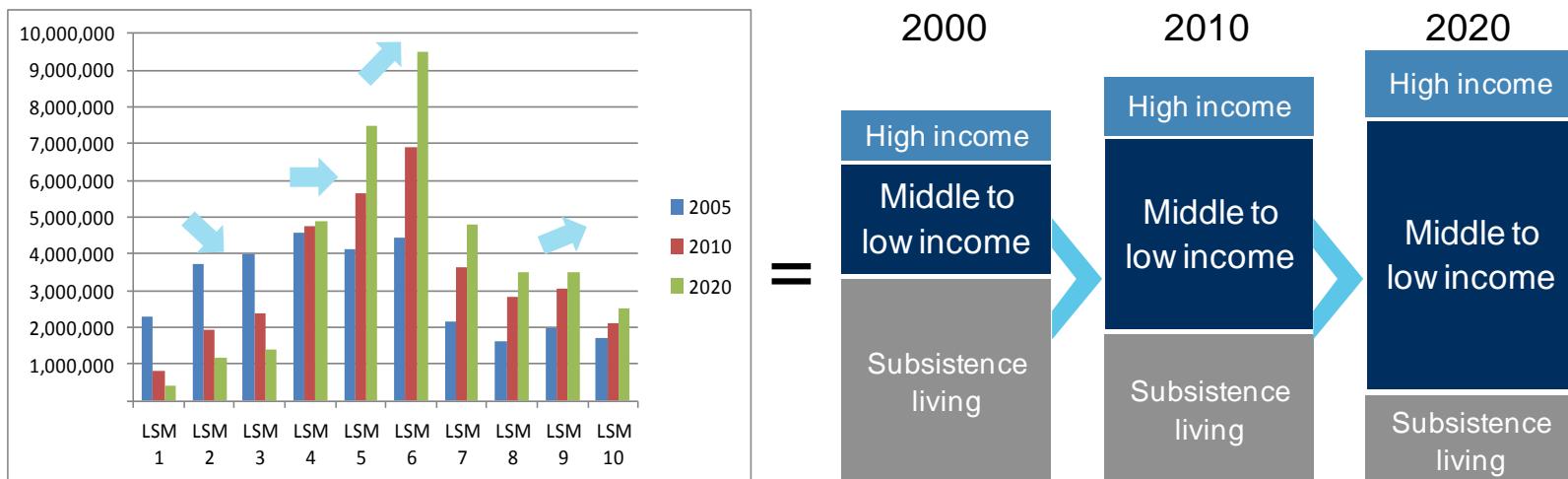
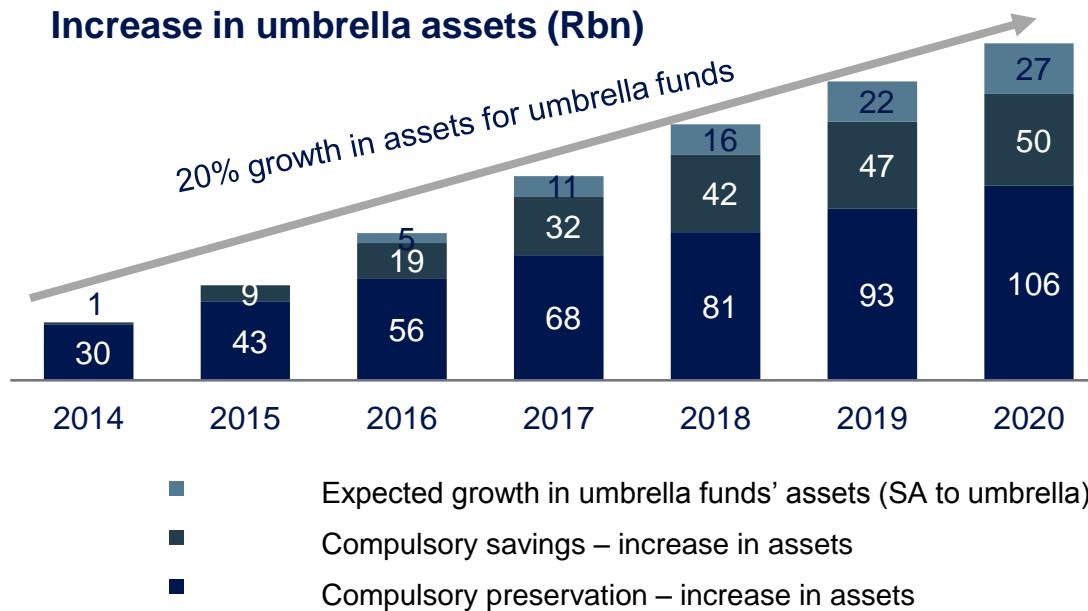


- Growth in Nigeria's retail insurance market is between 15% and 34% depending on product range and penetration effort

- By 2021 Nigeria will have more middle and high income individuals than South Africa

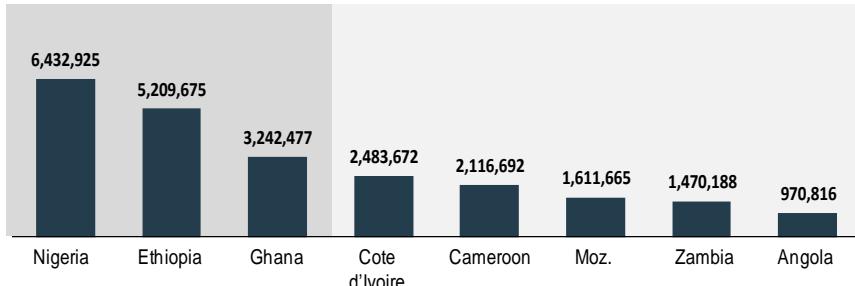


Scale-up for anticipated growth in the corporate segment on the back of Retirement Fund Reform and demographic shift in economically active population in SA

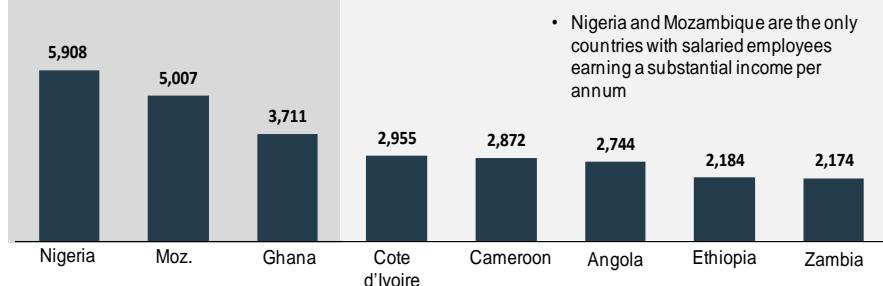


Capture growth through corporate arrangements on the back of regulatory reforms in the rest of Africa

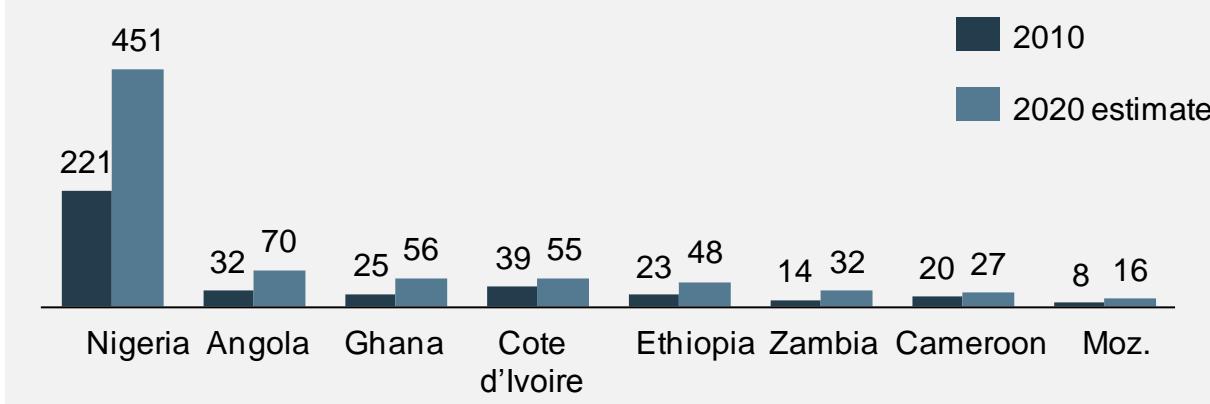
2010 Salaried and Waged Employed Population (Number of People)



2010 Average Income per Employed Person per Annum (\$PPP)



Estimated Gross Written Premia Health Insurance (US\$ Millions)

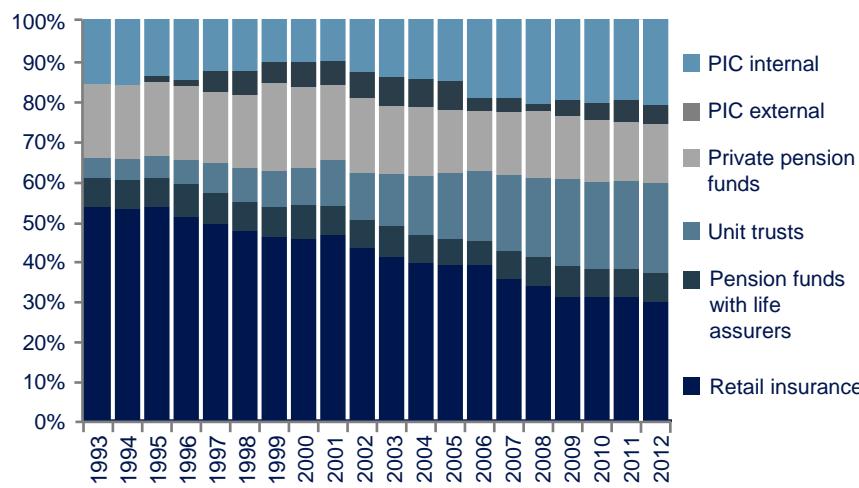


- Changing pension regulation, enforcement of mandatory group life insurance, and the increasing need for medical expense cover are leading the way

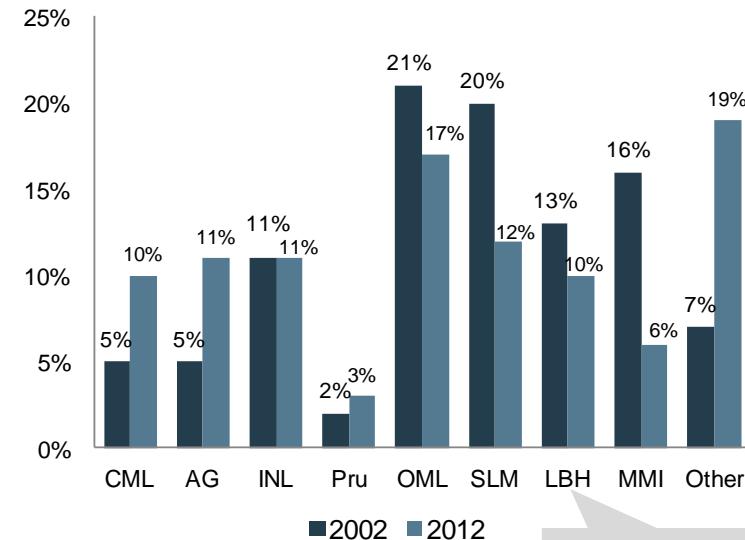
Asset Management in South Africa

- South Africa's savings pool has grown by nominal GDP +2% to R5.2 trillion over the past 20 years
- Unit trusts and PIC assets have been the fastest growing segments of the SA savings pool
 - Institutional asset management growth is handicapped by a shrinking pool of private pension schemes
 - Preference for retail unit trust products (even as building blocks for retirement annuities)
- Net new flows have contributed <1% towards the industry's growth

Shift in assets between 1993 and 2012



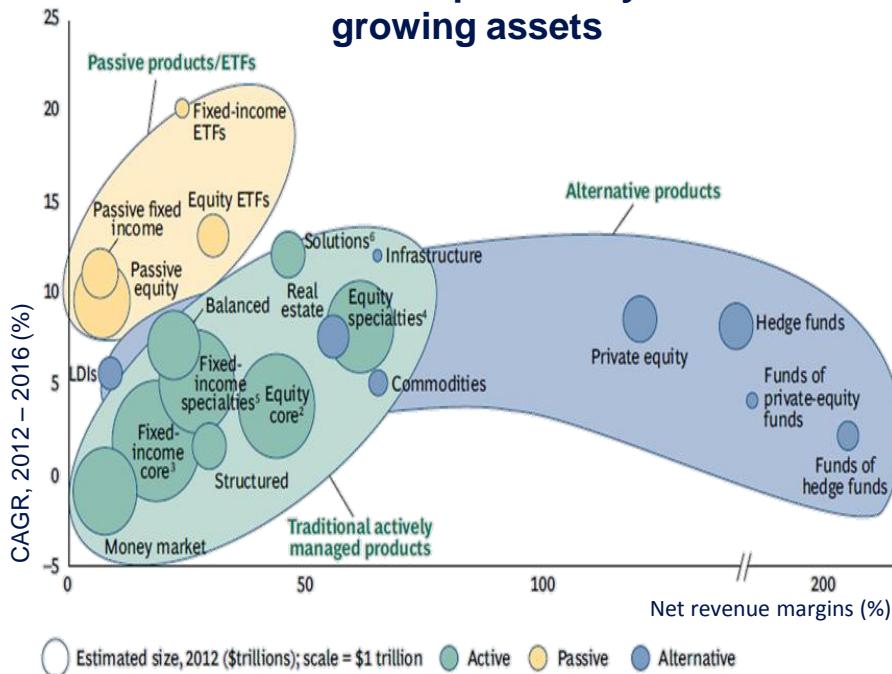
Shift in market share 2002 - 2012



Benefited from SBFC relationship and Liberty distribution

Globally, future asset growth trends are expected to favour low cost products

Traditional active core assets and managers will continue to be squeezed by new faster-growing assets



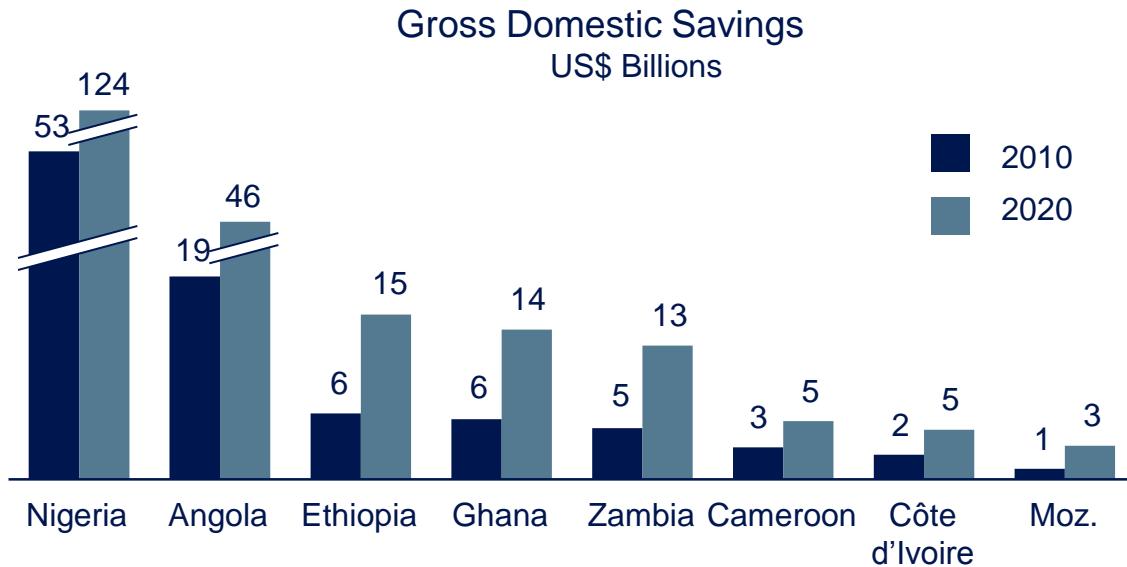
Source: BCG Global Asset Management marketing-sizing database, 2013 ; BCG Global Asset Management benchmarking database, 2013; ICI

- Winning strategies need to be based on:
 - Strong and consistent investment performance
 - Value-adding proposition with clear differentiators
 - Investment in other geographies

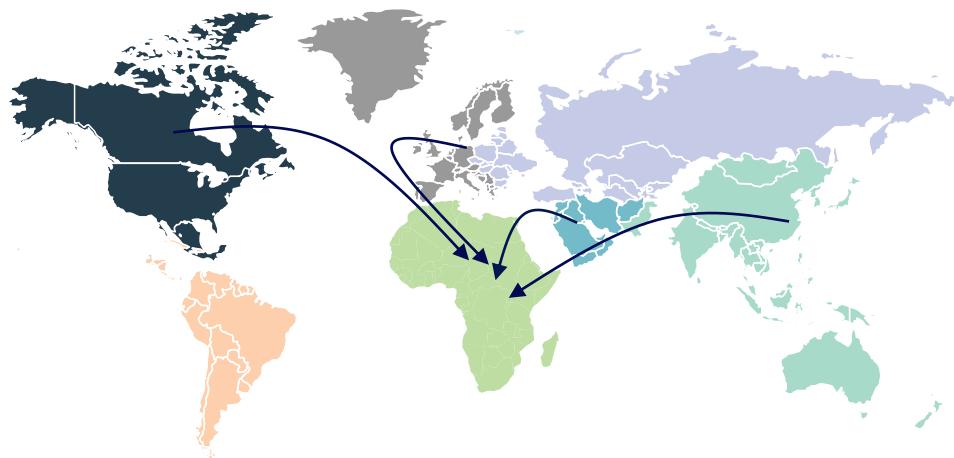
Key diversification strategies expected to see the most growth over the next three years



Africa offers opportunities in alternative funds at high growth rates, aided by international fund flows



- Nigeria and Angola generate substantially more savings than all other SSA countries (excluding SA)



- Africa's alternative funds are increasingly attracting global investment funds

In summary, to capture the opportunities available we will focus on...



- Capturing retail insurance and investment market share at good margins
- Accessing alternative business in STANLIB by diversifying its offering
- Building presence in West Africa
- Grow bancassurance revenues by leveraging the strong Standard Bank relationship across market segments, product opportunities across Africa
- Scale up operations in health insurance and in corporate / group arrangements to capture the middle market growth in SA and SSA
- Effectively deploying capital and human resources to the opportunities present

STANLIB



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Outline of today's presentation

- STANLIB's role
- Business overview
- Performance YTD October 2013
- New and existing capabilities to capture opportunities
- Summary

STANLIB's role within Liberty

- STANLIB's role is to enhance and complement Liberty's insurance businesses:
 - Deliver competitive returns to Liberty (SIP) and Liberty's clients (policyholders)
 - Capture off-balance sheet flows
 - Take advantage of anticipated growth in the alternatives asset classes
 - Spearhead growth onto the rest of Africa

We have a unique operating model that embraces the strength of diversity and the power of focus

Focus

- **Focused teams** highly specialised in distinct areas
- **Owner driven behaviour** – autonomy and financial alignment
- Supported by a **scalable operating model** (HR, IT, legal and compliance, risk management, strategy and operations, finance, marketing)

Diversity

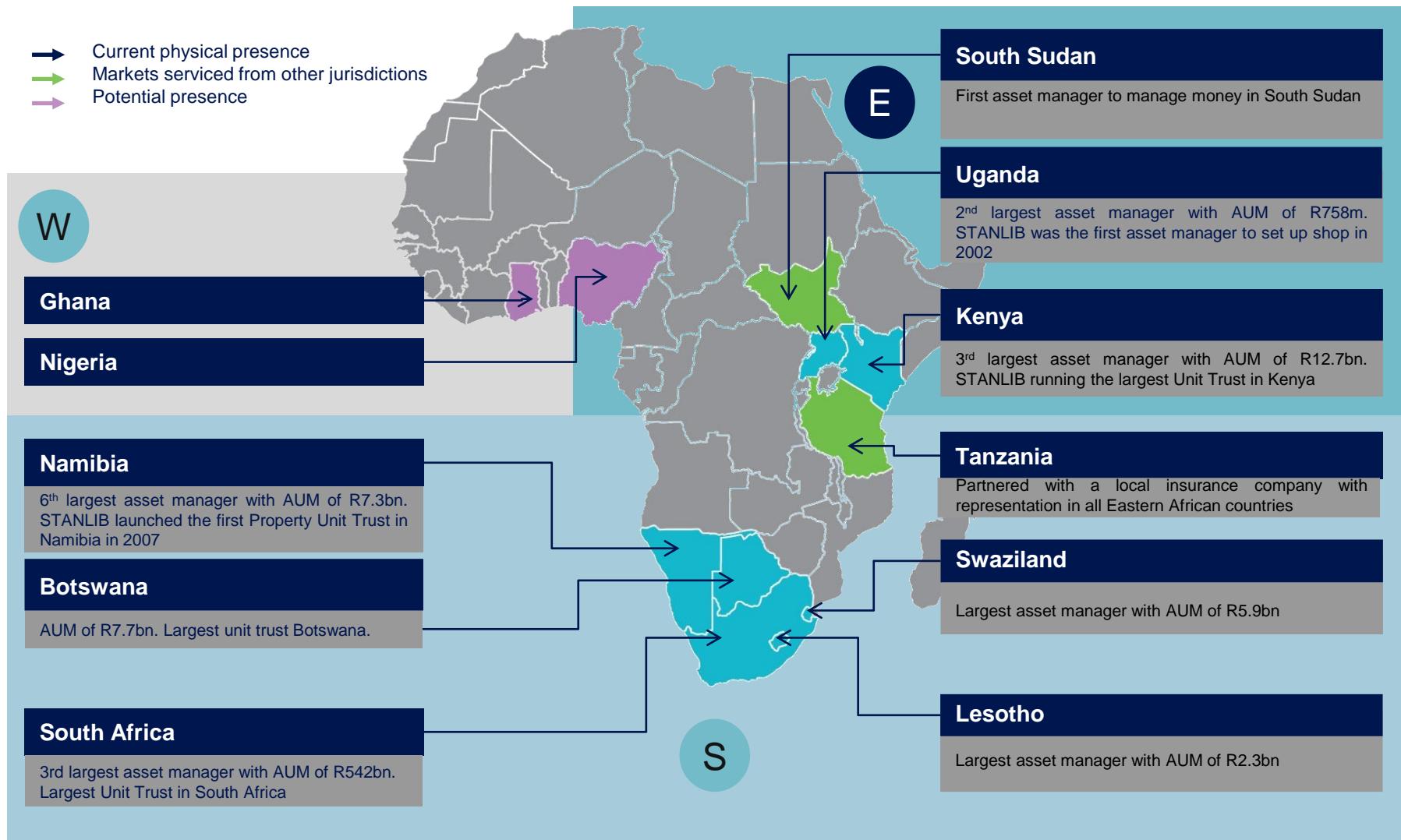
- Asset management across **different asset classes** and **investment styles**
- **Active** teams as well as **passive** funds
- **Single** manager and **multi-manager** capabilities
- Across different geographies

STANLIB Investment capabilities and diverse clients need unique investment outcomes



In-House / South Africa						Partners	Regional Geographies	
	Fixed income	Property	Equity	Multi-Asset	Alternatives	Offshore		
Active Single Manager	Investment research (incorporating asset class, economic and investment strategy)	<ul style="list-style-type: none"> • Money Market • Bonds • Income • Unlisted Debt • Liability Driven Investments • Pan-African Fixed Income 	<ul style="list-style-type: none"> • Local Listed Property • Local Direct Property • Global (Developed) Property • Emerging Markets Property • Pan-Africa Property 	<ul style="list-style-type: none"> • Core Equity • Value Equity • Unconstrained Equity • Sector Funds • Small Caps • Pan-Africa Equity 	<ul style="list-style-type: none"> • Balanced • Absolute Returns • Shari'ah • Pan-Africa Balanced 	<ul style="list-style-type: none"> • Infrastructure 	<ul style="list-style-type: none"> • Cash (Fidelity) • Bonds (Brandywine) • Equity (Threadneedle) • Multi-Asset (Fidelity) 	<ul style="list-style-type: none"> • Botswana • Uganda • Namibia • Swaziland • Lesotho • Kenya
Passive Single Manager	Bespoke Research		<ul style="list-style-type: none"> • Property Exchange Traded Funds (ETFs) 	<ul style="list-style-type: none"> • Equity Exchange Traded Funds (ETFs) • Index Tracking • Quants Equity 	<ul style="list-style-type: none"> • Quant Asset Allocation Funds 			
Multi-Manager	Bespoke Research and Manager Advisory Services	<ul style="list-style-type: none"> • MM Fixed Income 	<ul style="list-style-type: none"> • MM Property 	<ul style="list-style-type: none"> • MM Equity 	<ul style="list-style-type: none"> • MM Balanced • MM Absolute 		<ul style="list-style-type: none"> • MM Global Equity* • MM Global Bond* • MM Global Hedge* <p>* In-house capability</p>	

STANLIB presence and ambitions





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Performance YTD October 2013

Asset Management

Operational update

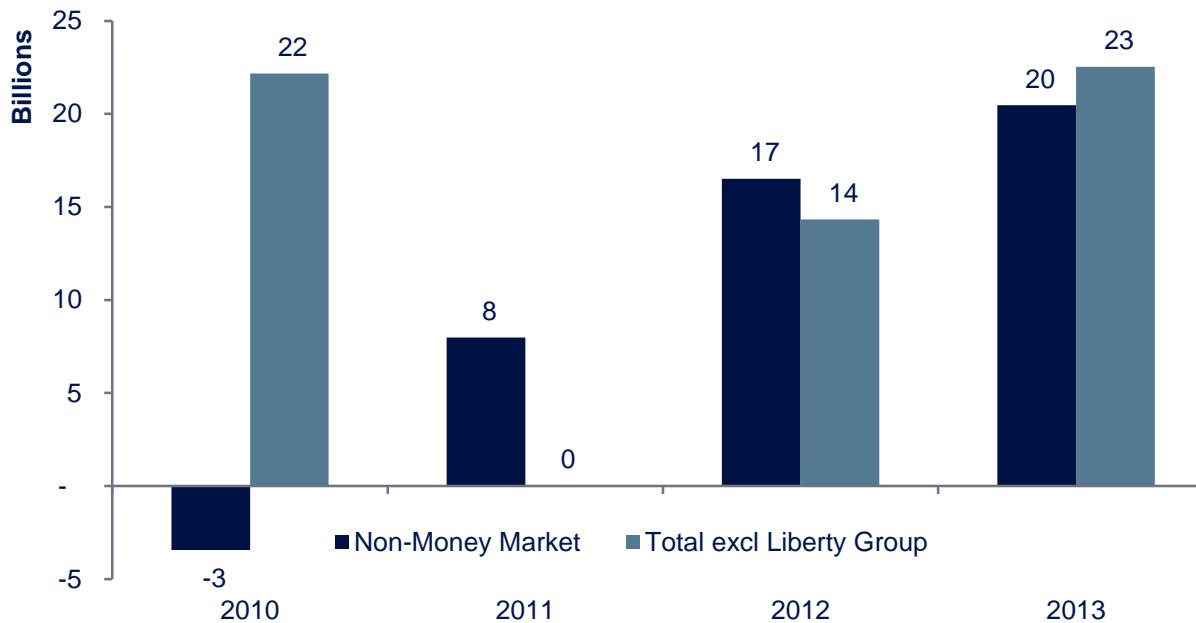
- **Strong growth in AUM and client cashflows;**
 - Continued strong growth in non-money market cash flows into Fixed Income and Balanced capabilities
 - Good turnaround in institutional with strong client cashflows in the Southern region
- **Continued to invest in and bed down new capabilities;**
 - Launched STANLIB Africa Direct Property Development Fund – secured seed capital of \$50m, currently raising \$100m additional capital for this fund
 - Launched STANLIB Infrastructure Private Equity Fund 1 – seed capital of R500m secured, and raising further R500m capital for the 2nd and final close
 - Launched STANLIB Enduring Income Fund and used capability to secure LDI and Credit mandates
 - Launched STANLIB Pan-African Credit Fund and secured seed capital of \$5m

Operational update cont.

- **Increased focus on growth across Africa;**
 - Continue to pursue acquisition opportunities in West Africa
 - Aligned all existing rest of Africa operations to our strategy and functions within South Africa
 - Common governance frameworks and risk management processes and systems
 - Leveraging expertise in South Africa to create competitive solutions in local - REITs in Kenya and Umbrella in Uganda
- **Repositioned the STANLIB brand in the market;**
 - Increased the brand presence in the retail space
 - Repositioned our brand among IFA's and Asset Consultants
 - Aligned market positioning of the brand to our operational philosophy

STANLIB – 7th in the Business to Business Category of the Sunday Times Top Brand Survey 2013

We have significantly improved client cash flows



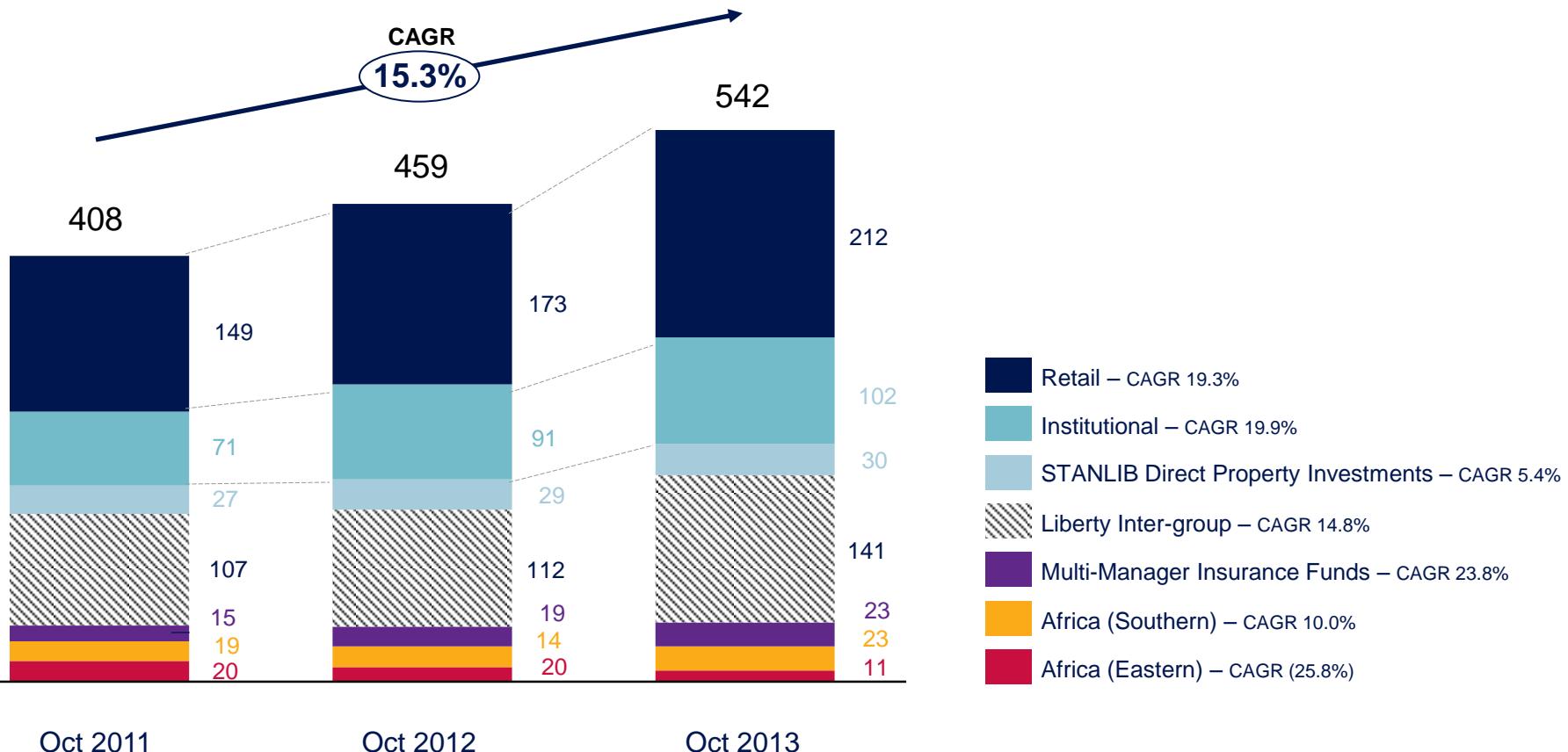
- Significant inflows from improved asset mix
- Growth in non-money market inflows
- Retail margins improved from flows into higher margin funds

Strong growth in non-money market flows

Consequently, we have steady AUM growth

AUM (Rb)

Oct YTD



Direct property Franchise is making headways...

Current investments:

FUND / PRODUCT	INVESTMENT VEHICLE	FOCUS / PIPELINE	SIZE
Liberty Property Portfolio	Life Wrapped Product	Stable, predictable, growing income streams	R22bn. Managing to liquidity requirements
Letlole La Rona	Botswana Listed Fund	In country Botswana	P462m
Lesotho	Segregated Mandate	In country Lesotho	R125m
Swaziland	Segregated Mandate	In country Swaziland	R27.8m

Future investments:

FUND / PRODUCT	INVESTMENT VEHICLE	FOCUS / PIPELINE	SIZE
Africa Direct Property Development Fund	LLP domiciled in Mauritius	Sub-Saharan Africa; focussed on Nigeria and Kenya	US\$ 150m (raised \$50m seed capital, raising \$100m additional capital)
Kenya Life Property	Segregated Mandate	In country Kenya	US\$ 100m
Kenya REIT	Listed REIT on NSE	In country Kenya	US\$ 100m
Uganda Loan Stock	Uganda Vehicle	In country Uganda	US\$ 100m

Extracting value in LPP and taking advantage of the Africa growth story

...with a strong pipeline of property development opportunities in the continent

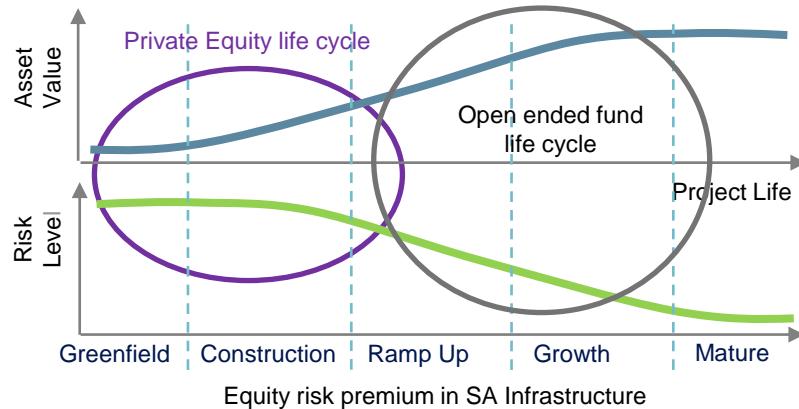
	Project Description	Approx. scale (m ²)	Approx value (US\$)	
Nigeria	10 000 - 12 000 Retail	10,000	25,000,000	
	100 key hotel			
	12 000 - 18 000 Retail	15,000	35,000,000	
	100 key hotel			
	Retail	12,825	36,922,110	
	Mixed use: Retail/Hotel	75,000	100,000,000	
	Office / Res Suites			
	300 ha Land Beneficiation	30,000	100,000,000	
Ghana	20 000 m ² Retail			
	Project Rescue	44,000	50,000,000	
	Office / Hotel / Resi / Retail			
	Phase 1a: Retail	26,000	80,098,088	
Kenya	Phase 1b: Hotel / Casino			
	Mixed use waterfront	10,075		
	Retail / Office / Resi			
	3 land parcels			
	Retail			
		25,000		
	Retail / Hotel			
	TOTAL	247,900	427,020,198	

The Infrastructure Franchise is also raising capital...

- The Infrastructure Franchise was established in November 2012
- In May 2013, the STANLIB Infrastructure Private Equity Fund 1 was launched with the mandate to invest in:
 - Infrastructure projects with a bias towards renewable energy
 - sub-Saharan Africa with a bias towards South Africa
 - significant minority equity stakes and quasi equity positions
- To date the Fund has secured R500m in seed funding
- Additional funding of R500m is actively being sought
- The Fund fee structure is as follows:
 - 150bps base fee
 - 20% participation on outperformance
 - CPI + 5% hurdle rate

...we expect 2 funds to be in place by the end of 2014

Typical infrastructure project life cycle risk stages and asset value



Multi fund strategy targeting different life cycles

- Private Equity fund to take early stage infrastructure project risk
 - Fund 1 established, first close achieved with R500m seed capital
 - follow on funds are envisaged
- Open ended fund for mature, de-risked and cash generative assets

Private Equity Fund(s)

- Early stage project life to be a Private Equity play
- STANLIB Infrastructure PE Fund 1 established
- Target exit, construction plus 3 years
- Follow on funds to potentially have
 - greater African focus
 - ZAR/USD funding buckets,
 - regional buckets

Open Ended Fund

- Mature, yield like assets to be managed in a open ended fund
- Currently under development
- Natural exit for private equity fund(s)
- Structural considerations will include
 - flexibility
 - unitisation
 - investor liquidity

In addition, the STANLIB Credit partners Franchise has increased our Fixed Income capability

- This Franchise gives STANLIB unique resources in the Fixed Income space
- We are leveraging from these resources across asset classes:
 - Fixed income
 - Property
 - Infrastructure
 - Africa
- We have already had some significant wins
 - Liability Driven Investments (LDI) and portable alpha mandates
 - Segregated credit mandates
- Objective is to stay ahead of the curve to retain our position as market leader in the Fixed Income space

We have created the “next generation” offering in FI to complement our market leading STANLIB Income Fund

	STANLIB Income Fund	STANLIB Enduring Income Fund
Weighted average yield over 3M JIBAR (gross)	180 - 200 bps	250 – 300 bps
Management fees	35 bps	50 bps
Net returns	144 – 165 bps	200 – 250 bps
Weighted average maturity / duration	2 years	3.5 years (maximum 7 years)
Weighted average credit rating haircut	AA	BB - BBB
Instrument types	≥95% listed and ≤ 5% unlisted 100% senior unsecured	20%-40% listed and 80%-60% unlisted Up to 70% senior unsecured
Liquidity	T+1	Gated
Fund size	R25.7bn	Target R10bn
Fund structure	Collective Investment Scheme	Segregated mandate & CIS

Delivering a scalable operating platform is a key focus

- Multiple capabilities established create an operational challenge
 - Difficult leveraging existing resources to support them
 - The multi-jurisdiction focus is also a challenge
- Strategy approved to create operational leverage through suitable partnerships
- Our intention is to:
 - build management capacity to execute on strategy and focus on the right areas
 - allow STANLIB shared services the capacity to deliver a platform solution without being immersed in operational detail
 - allow STANLIB to leverage from partners to access best in class processes and technology
- This will ensure that:
 - we accelerate our focus on the 3rd party market and alternative assets, and
 - we focus management bandwidth on capabilities that support our franchises and enable better client service

In summary

- Our **net client cash flows** and AUM are showing impressive growth
- We are deploying funds in our **new investment capabilities** in Alternative Investments to take advantage of the increasing demand for this asset class
- Africa and the investment opportunity it represents continues to be our focus
- We continue to build our **brand equity** to enable us to penetrate the 3rd party retail and institutional markets
- We are focusing on building a **leverageable and scalable** shared services **platform** to support our existing business and future growth ambitions into different geographies



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Questions





LIBERTY

Seelan Gobalsamy

CE Corporate

Outline of today's presentation

- Business overview
- Corporate strategy overview
- Achievements
- Summary



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Business overview

Business overview

- We have made **good progress** against our **2013 objectives**:
 - Fixes are on track to deliver a stable foundation for growth
 - Liber8 Smart umbrella launched and open for business
 - Launched new investment products - Stable Growth; R5bn
 - Various expand initiatives continue to position the business for growth
- **Transforming the culture** to be **customer centric** supports this sustainable turnaround
- Liberty Corporate **perception in the market is improving**
- Sustainable growth in financial results and sales



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Our strategy

Overview



Fix

- Simplify, de-risk and optimise administration
- Simplify IT architecture
- Optimise retail intermediary sales, skills and service efficiency



Rejuvenate

- Launch new Umbrella product
- Build sales through alternative distribution channels
- Increase investment and group risk profitability



Expand

- Develop niche investment capabilities
- Grow Intelligent Insurance



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Stabilise and optimise the operating environment (Fix)

We embarked on a project to simplify the Corporate business by significantly reducing the number of funds under administration to focus on umbrella



Over 5 500 old funds terminated

Largest clean-up in the industry with large proportion of assets retained by Liberty in an umbrella fund or preservation fund



Over 20 000 claims resolved

Increased focus on claim payments and improved client service – proactive approach



Over 6 000 employers converted to Liberty Corporate Connect

Provides employers with a self help facility to update member information and contributions. Administrator efficiency has significantly improved billing processes



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Rejuvenate and Expand the Business

? Do you know how to give my people more than a pay cheque.



LIBER8 SMART provides your employees with retirement savings, life and disability benefits, as well as employee benefits in two simple decisions.



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The reality is that employee benefits are often complicated and therefore something that only big corporations have. But the simplicity of Liber8 Smart changes that. Two decisions and a set monthly fee will provide your employees with retirement savings, life and disability benefits, as well as employee benefits. Two decisions. How much do you want to contribute to their pension and do you want to do it. So, to give your staff the Liberty advantage, contact our call centre on 0860 222 322, SMS "SMART" to 432007, visit www.libertycorporate.co.za or speak to your financial adviser or broker. Ask him, he'll know.

The Advantage of Knowing

LIFE INVESTMENTS HEALTH CORPORATE PROPERTIES ADVICE
Liberty Group Ltd and its affiliated financial services providers is a member of the FSCA (FSCA Licence No. 14498) and is regulated.

- Liber8 Smart launched June 2013
 - Simplified structure offering, compelling member value proposition
 - 50 new participating employers
 - Over 1 000 members
- Liber8 Smart accessing new markets
 - Over 50% of sales by new corporate supporters
- Accessing the SMME opportunity
 - Over 500 000 companies in SA do not have retirement funds



Investment product solutions

Liberty Stable Growth Fund – **R5bn in assets**

Liberty Passive Range (building blocks and balanced funds)

Liability Driven Solutions range (LDI*, bulk annuities and PRMA* solutions)



Group risk solutions

New bundled group risk solution for Standard Bank clients

Various enhancements to product set - IPP Payback & Medical Premium Waiver, Educator, Spouses & Orphans pension, reduced underwriting requirements and minimum free cover limits

Leveraging the capabilities of the Group to deliver customer value

Strengthening distribution channels



Diversifying distribution network

Increased broker support to sell umbrella fund product following improved service offering

Direct distribution capability established with significant successes in 2013



Commercial partnership with Standard Bank

Significant progress made in building the relationship

Increased activity, delivery and improved quality of new business

A new embedded risk product for the SME channel to be launched Q12014



Intelligent insurance

Focus on taking Liability Driven Solutions range to market

Continued to build relationships with large Corporates, retirement funds and investment consultants, yielding a strong pipeline

Secured 2 large investment deals



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Conclusion

- **Operational efficiency** delivered – supported by technology, enhanced customer service and group-wide collaboration to achieve benefits
- Delivered innovative new **products** whilst undertaking major business fix initiatives – administration and IT efficiencies starting to bear fruit
- Diversified **distribution** channels and improved our large corporate market offering to enhance our presence
- Various expand initiatives continue to position the business for growth

Customer centricity is at the heart of the business

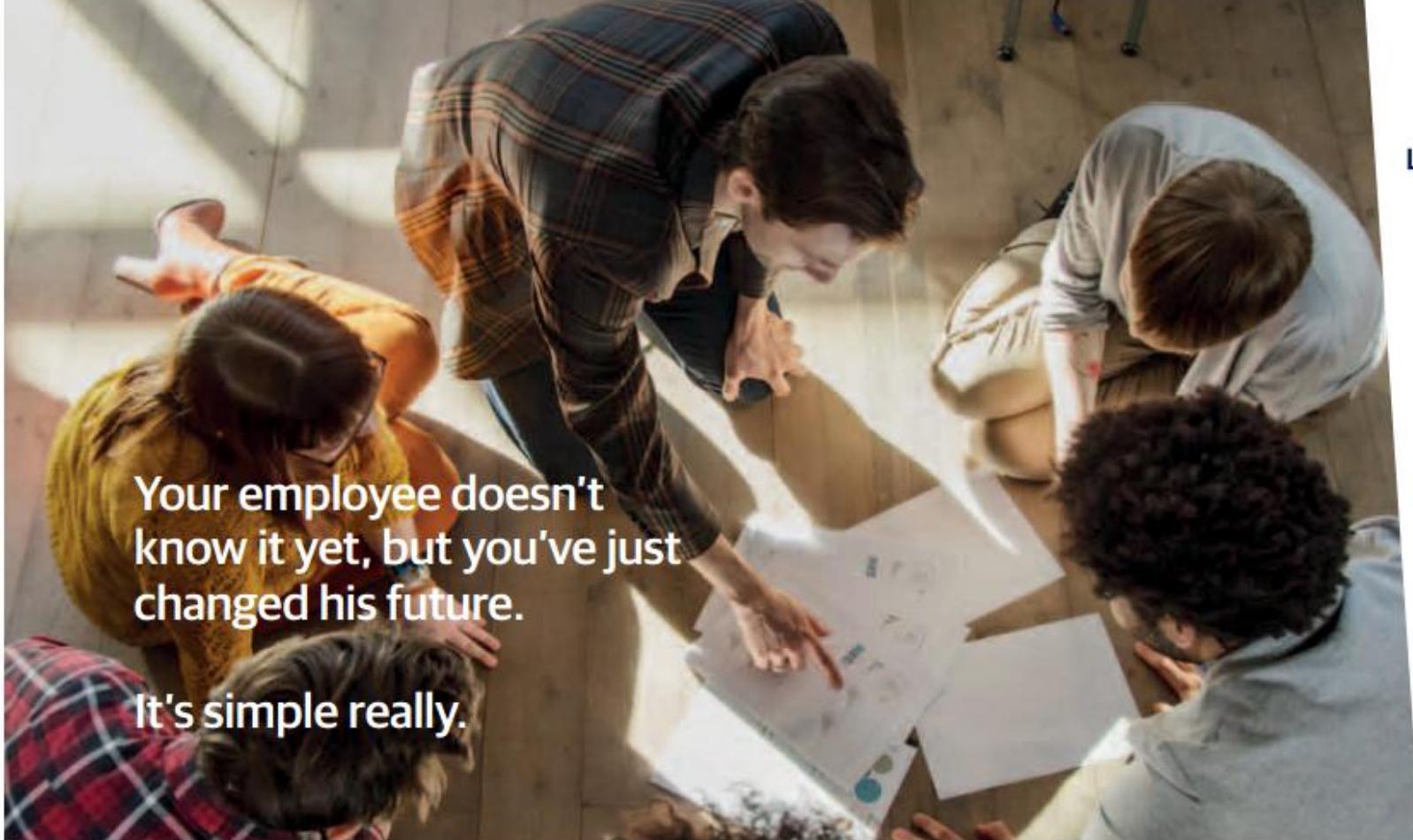
Questions



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Your employee doesn't know it yet, but you've just changed his future.

It's simple really.

LIBER8 SMART



LIBERTY

Mukesh Mittal

Health, Rest of Africa Insurance &
Bancassurance



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Business environment

South Africa Health

Customers

- More employers moving to “cost to company” funding models
- Uncertainty about National Health Insurance and the future of medical schemes

Regulatory

- Hospital Insurance products will probably be permitted (hospital cash and GAP)
- Medical Schemes Act Amendment Bill awaited.

Competitors

- Consolidation of open and restricted membership schemes continues
- Increased SA competitors bringing health insurance solutions into rest of Africa

Rest of Africa Health and Insurance

Customers

- Under penetration of insurance products
- Existing insurance markets are primarily institutional
- Create cost effective access to products

Regulatory

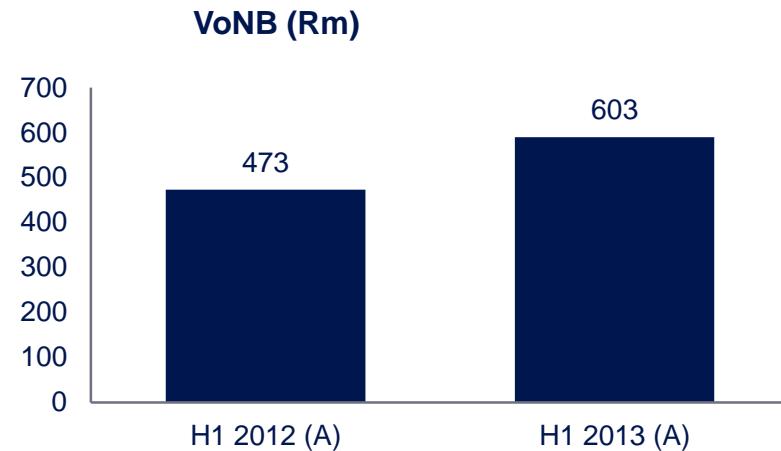
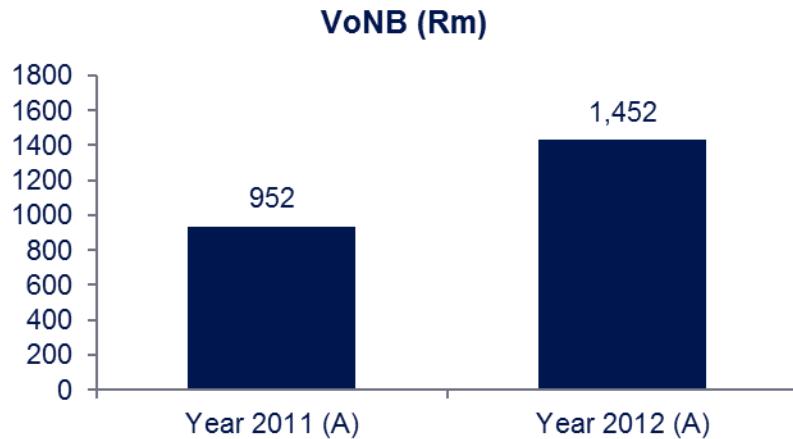
- Increase in regulator’s role and intent across all markets
- Highly differentiated regulatory environments
- Bancassurance legislation evolving in markets north of SADC

Competitors

- Increased competitor activity local and regional
- Competitive institutional and broker channels

The Standard Bank relationship represents significant value

- VoNB from bancassurance worth R1,4bn in 2012
- VoNB June 2013 R603m; 27% growth
- In Africa Liberty has access to 42% of PBB customers;
 - 37% of accessible customers have Liberty policies
 - Expansion underway to give Liberty access to 74% of SBG's African Retail clients
- Cost savings as a result of cross synergy and technology alignment between Standard Bank and Liberty



Major progress made in unlocking opportunities between Liberty and Standard Bank...



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Liberty Health

South Africa – product development

Increased range of options from 7 to 12 - range now includes:

<i>Traditional</i>	<i>Complete</i>	<i>Saver</i>	<i>Hospital</i>
<ul style="list-style-type: none"> • All your needs are covered - subject to stated limits, no savings, self-payment gap or carry-over • Prestige • Bona Plus • Gateway 	<ul style="list-style-type: none"> • Savings account and above threshold benefit for extensive day-to-day cover <ul style="list-style-type: none"> • Platinum Complete • Titan • Titan Select 	<ul style="list-style-type: none"> • Savings facility for day-to-day cover and self fund when depleted <ul style="list-style-type: none"> • Platinum Saver • Gold Saver • Gold Saver Select 	<ul style="list-style-type: none"> • Self fund all day-to-day costs <ul style="list-style-type: none"> • Platinum Focus • Gold Focus • Gold Focus Select

South Africa – distribution partners

- Distribution more closely aligned with Group capabilities
- Liberty Medical Scheme products now distributed via the Retail channel
- Establishment of Health Specialist franchises in 2013 with further growth expected in 2014
- We are now working with Liberty Corporate benefits to develop significant cross-selling opportunities into their SME database – leveraging largest umbrella fund in SA

Rest of Africa – product development

- Broader product set - a compelling proposition across the employee market
- Tactical changes made to address customer requirements
- Distributed across 10 countries across our continent

2012/2013 Product Range

		Classic		Plus	Elite
Region		In-country		Africa	Worldwide (excl. USA)

2013/2014 Product Range

	Lite	Classic	Enhanced	Plus	Elite
Region	In-country	In-country	In-country	Africa/India	Worldwide (excl. USA)
Provider Network	Restricted	Standard	Enhanced	Enhanced	Enhanced

Supplemented by improved risk and governance processes

Enhancements to service and technology continue

- Launched a Wellbeing programme in 2013
- Self-service functionality (web, email and mobile) for
 - Members
 - Providers
 - Advisers (including iPad application submission and tracking)
 - Introduced a national GP Network
- Enhanced Member Care with a patient led focus: including pre- and post-hospitalisation support and disease management
- Paperless chronic application process
- Dotcoza ADSL initiative
- Own your life Rewards programme



LIBERTY

Rest of Africa Insurance

Being relevant across geographies means....

Aligning products to local knowledge and insights

Product	Country	Description
CfC Msiba Plan	Kenya	<ul style="list-style-type: none"> Comprehensive funeral cover, accidental impairment, feast and grocery benefits Individual and family options
CfC Karo Plan	Kenya	<ul style="list-style-type: none"> Group scheme sold on a compulsory basis to schools Education cover benefit for child attending a participating school
CfC Karo Plus	Kenya	<ul style="list-style-type: none"> Education cover benefit
Weetuli	Uganda	<ul style="list-style-type: none"> Funeral, personal accident, accidental medical, grocery and memorial benefits The funeral benefit is a service provided by a funeral parlour in the market
MyLife	Uganda	<ul style="list-style-type: none"> Personal accident and hospital cash back benefit The benefit is distributed via Mcash, a transactional mobile money platform

CfC Life partners with schools in fee policy scheme

INSURANCE Product, dubbed Karo Plan, to cover school fees for children whose parents die

BY GEOFFREY IRUNGU

Insurance underwriter CfC Life has partnered with schools to directly sell its free payment policy cover to parents.

The cover, dubbed Karo Plan, promises to pay school fees for children who lose their parents through death.

The promising product will be sold through schools that will act as intermediaries to make payments in fees structures, said CfC Life's managing director Abel Munda.

Mr Munda said the company's research had established there is potentially high demand for the cover. "This product will ensure that the departure of a parent does not lead to the child being forced to leave the institution or failing in the same institution. We have seen many children being forced to downgrade or stop schooling altogether when the parent is not there," said Mr Munda.

The policy will be sold as both group and individual cover, although Mr Munda did not indicate the pre-

mium prices. The insurance premium will cover the life of the parent, so that fees continue to be paid in the event of death.

The Association of Kenya Insurers CEO Tom Ochieng said the cover is essential to increase the uptake of life insurance, which stands at about 3.1 per cent of GDP from a low of just about two per cent in 2004.

Product will ensure departure of a parent does not lead to the child stopping schooling in the same institution

ABEL MUNDA, CfC LIFE'S MANAGING DIRECTOR

Kenya lags behind several other countries in Africa including South Africa, where insurance penetration stands at 16 per cent of GDP. It is ahead of Ethiopia and Tanzania where insurance penetration is just about 2.5 per cent.

Mr Ochieng said despite progress made in the past five to 10 years in general insurance business, penetration was still hampered by low levels of disposable income among Kenyans, low levels of awareness as well as perceived credibility gaps of the industry.

The penetration level in Kenya is

INSURANCE

CFC Life launches new education cover

CFC Life insurance has introduced an education insurance targeting the retail market in an apparent shift to go mass market. The Liberty Group subsidiary hopes to tap into the limited local insurance market. Known as CfC Karo Plus, it follows a similar one recently unveiled targeting upscale private schools. Karo Plus is designed to cover the cost of a child's education in the event that their parents die. The cover also has a cash-back option.

Having the right distribution partners...

- Standard Bank
- Developing institutional broker relationships
- Moving into retail broker market
- Growing affinity relationships (11 existing affinities and a healthy pipeline)
- Developed a standard operating model and capabilities, whilst still building locally relevant solutions

We have invested in the right technology and capabilities to enable growth in these channels...

Being recognised...

1st Position Marketing Initiative of the Year



1st Position Training Award



2nd Position Customer Satisfaction Award



2nd Position Customer Service Award



On the ground presence remains key.....

Product training and road-show



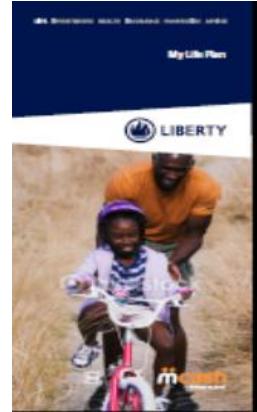
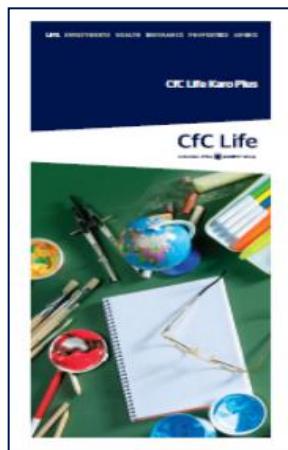
Internal Communications: @Liberty Africa



Tanzania – most innovative product



Product Launches





LIBERTY

Bancassurance

Collaboration with Standard Bank has.....

Driven a more effective product strategy....

A collaborative approach to product development, supported by competitor analysis, focused group research and input from reinsurers

South Africa;

- Limited Underwriting Home Loan Protection Product
- Extended retrenchment cover on the Debt Protection Plan
- Extensive 2014 product pipeline

Rest of Africa;

- 11 new products and enhancements were initiated and scoped
- Products already launched include:
 - Group Risk umbrella – Namibia and Botswana
 - Enhanced funeral plan – Botswana
 - Retrenchment cover on all credit life products – Kenya
 - Enhanced funeral plan – Swaziland

Created new distribution opportunities....

South Africa;

- Direct Life business (transactional) launched a TV campaign in April;
 - Accounted for 11% premium income between April and September 2013
 - Strategy currently being optimised based on initial findings
- Direct Life business capturing leads originated by the bank branches

Rest of Africa;

- New agreements were signed in Botswana and Swaziland in 2013
- Launched the specialist channel
- Stanlib East Africa and CfC Life have launched a private clients offering
- Key focus to drive execution:
 - In country meetings and workshops and steering committees
 - Bancassurance Manco. in SA

Improved operational synergies....

South Africa;

- Liberty's electronic sales toolkit customised for the banks' IFA's
- Joint investigative initiatives on embedded products resulted in reduced lapses
- Joint claims committee established for the embedded channel

Rest of Africa;

- Developed a standard operating model and capabilities – ensure quicker establishment in new countries, ensuring consistency
- Improved new product development process - shorter development and implementation period
- Reporting processes streamlined
- Liberty-in country staff have access to the Banks policy administration system

In summary

- Continued **product** innovation provides a competitive advantage (customer knowledge and insight is a critical input)
- Standard Bank is a key strategic partner
- Continue to grow our **distribution** by leveraging Group capabilities, build new channels and strategic partnerships
- **Operational** enhancements are focussed on leveraging technology to enable a cost effective and agile operating environment

The business is building its reputation to compete effectively and grow



LIBERTY

Questions



LIBERTY

LibFin

Giles Heeger



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LibFin Investments

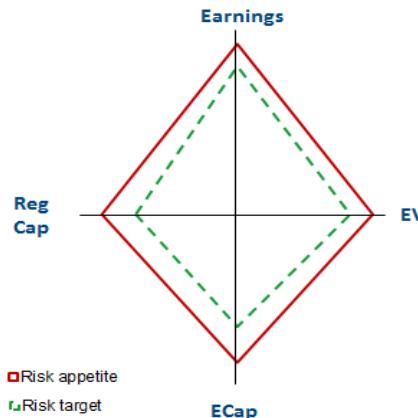
Objectives

The Shareholder Investment Portfolio (SIP) aims to maximise after tax returns on a through-the cycle basis within risk appetite.

Input

Determine playing field

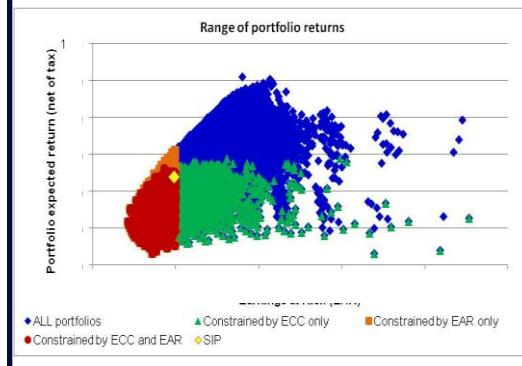
- Set expectations based on market **outlook**
- Remain within risk **appetite**
- Apply **holdings** constraints



Throughput

Set strategy

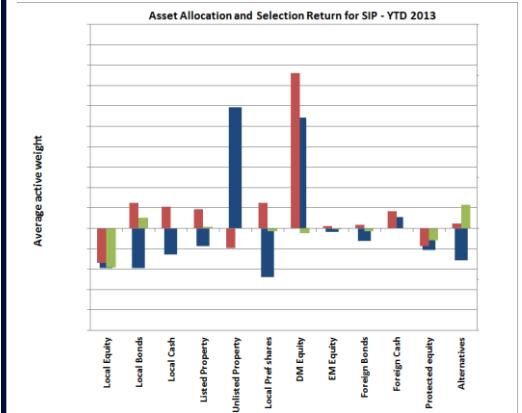
- Identify suitable investment **opportunities**
- Conduct portfolio **optimisation**
- Determine **active** management strategy



Output

Execute strategy

- Independent risk **oversight**
- On-going portfolio **management**
- Performance **reporting**



Results

The SIP has consistently outperformed its objectives

Input

Determine playing field

- Market **outlook** remains conservative
- Business remains within **risk appetite**
 - Constraining factor changed from ECap to Regulatory Capital
- FSB holdings** constraints increased and changed due to additional bond raised

Throughput

Set strategy

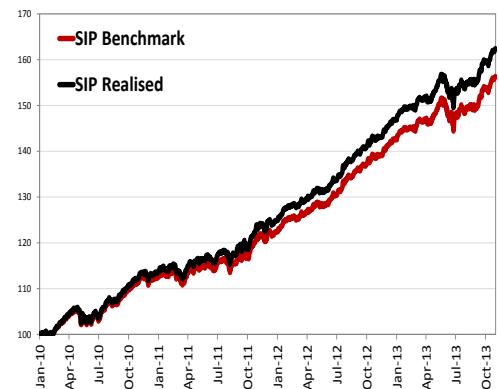
- Portfolio is:
 - Conservative
 - Diversified
 - Tax-efficient
 - Liquid

Asset class	Jun-13
Local equities	2 165
Local bonds	5 675
Local cash	4 994
Preference shares	756
Local property	3 243
Foreign assets	4 539
Other	366
Total	21 737

Output

Execute strategy

- Top quartile Sharpe ratio achieved since inception
- Portfolio has consistently outperformed its benchmark (largest value add being TAA)

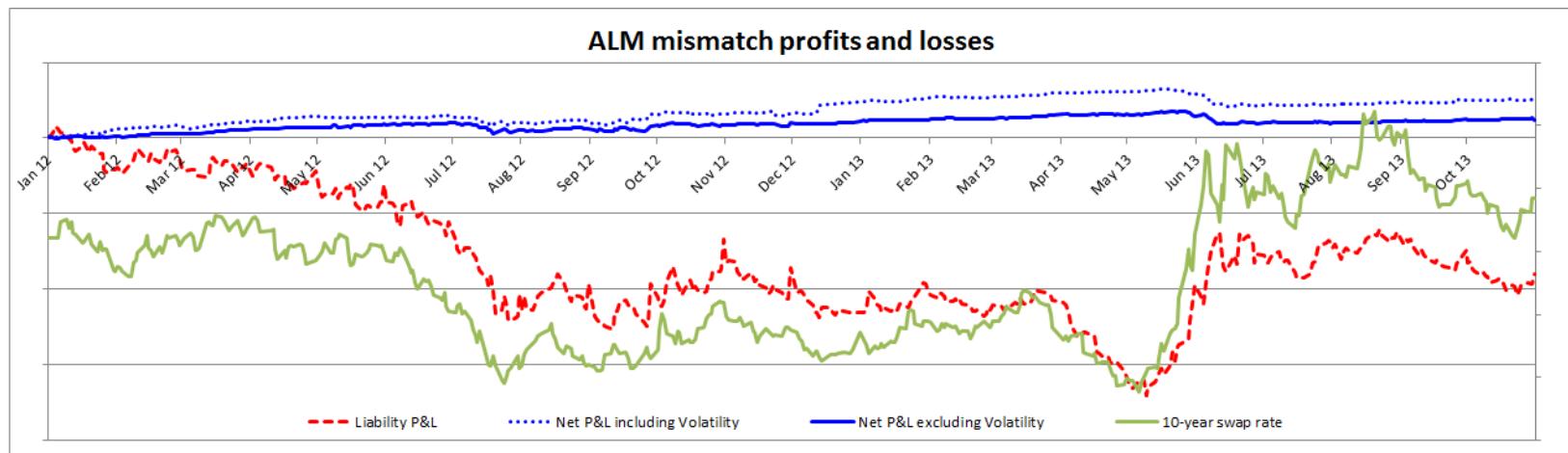




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Libfin Markets

- Management of ALM exposures remains in line with expectations
- Residual risks remain viz. implied volatilities (short vega) which remains unhedged, and exposure to large sudden movements in interest rates (short convexity) which is managed on a best endeavour basis
- Hedge effectiveness of ALM program is shown below:
 - Typically profits accrue in times of dampened volatility, with losses during periods of high volatility or sudden shocks (e.g. EM sell-off arising from QE tapering talk mid-2013)



Credit portfolio

- Objective is to diversify the existing portfolio away from concentration towards SA government, SOE and local banks and improve the risk/return matrix
- In 2012 the contribution of the credit business to Group Equity Value (EV) was recognized:
 - Historic earnings adjusted for conservative estimate of expected (but un-incurred) losses on the diversified portfolio, and sustainable earnings tend to be significantly less than historical earnings
 - A multiple of 10x is used

Various SA banks' earnings multiples are shown: whilst it is acknowledged that these enterprises are not completely comparable to the Libfin (mostly corporate) lending business, it illustrates market valuation of earnings derived from lending practices

	Historical P/E Multiples
Nedbank	11.00
Barclays Africa	12.10
Investec	12.70
FirstRand	11.30
Standard Bank	11.60

Source: SBG Securities, August 2013

Leveraging the LibFin Markets capability

- The legacy book of ALM exposures remain well managed
- Current focus is now on leveraging this risk management capability to design and support investment products;
 - Guarantee returns to policyholders
 - Innovative solutions and provide different payoff profiles / fees structures to policyholders
 - Provide cost effective commoditised asset classes to policyholders (e.g. low cost guaranteed trackers)
 - Act as a natural offset to risks in the legacy book
 - Raise long term funding for shareholder investment in a well diversified illiquid credit portfolio
- Critical capability – value-for-money investment products to policyholders that cannot be offered by asset managers and other investment providers who do not have a balance sheet



LIBERTY

Questions



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Casper Troskie

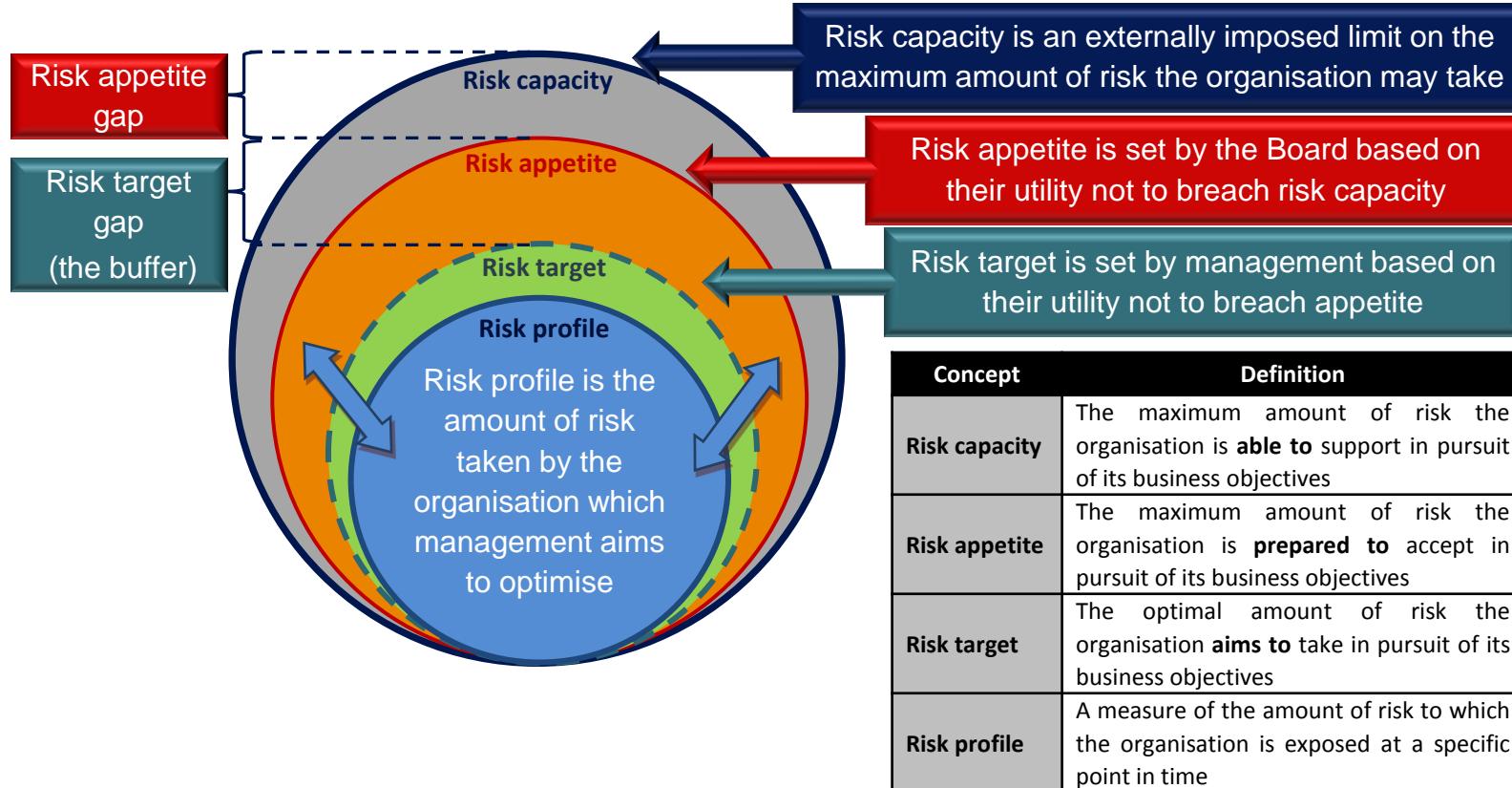
Group Financial Director

How do we manage the business – overview

- Annual Group financial targets are set, based on:
 - IFRS operating earnings
 - Return on group equity value adjusted for short term fluctuations in investment returns
 - SIP return vs. a medium term benchmark
- Business unit targets are directly linked to the achievement of group targets
- Longer term targets are based on an average return on group equity value
- All targets are referenced to the group cost of equity – currently estimated as L +4%
- Financial targets are supplemented by specific Key Performance Indicator's (KPI's)
- Management within risk appetite is a gate to the incentive scheme

Financial return targets are clear

Risk appetite framework definitions and concepts



All return targets in Liberty are set within the overall risk appetite as a constraint

How do we set, manage and monitor risk appetite

Regulatory Capital

Current coverage of the sum of the regulatory capital requirements within the Group should not fall below **1.70**

Economic capital

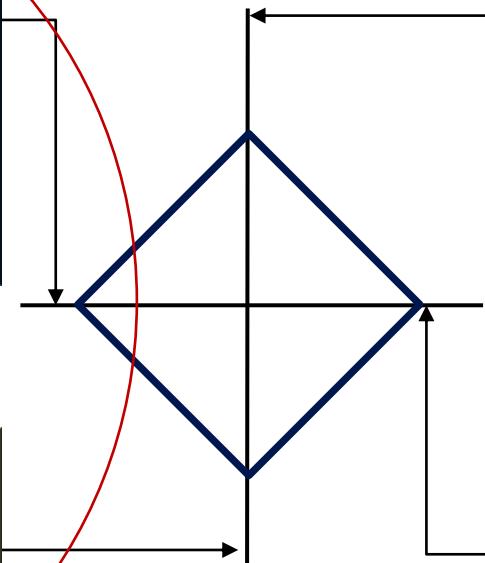
Available financial resources should be sufficient to cover the internal economic capital coverage requirement calculated at a **99.5% confidence level**

Comprehensive earnings

In a **1-in-10** year event, annual comprehensive earnings, normalised for the BEE transaction, should not fall by more risk appetite

Embedded Value

In a **1-in-10** year event, embedded value, normalised for the BEE transaction, should not fall by more than the set risk appetite limit



We set and monitor risk based on four dimensions – two are capital based

Capital position – an update

	Liberty Holdings Limited 30 June 2013	Liberty Group Limited 30 June 2013
IFRS		
IFRS shareholder fund	15 978	13 611
BEE preference shares	940	950
BEE normalised shareholders' funds	16 918	14 561
Regulatory capital		
Shareholder assets	11 726	9 680
Regulatory capital requirement	(5 090)	(4 724)
Surplus above minimum requirement	6 636	4 957
Actual capital ratio	2.3	2.0
Target minimum capital coverage ratio	1.70	1.70
Capital buffer	3 073	1 649
 Capital ratio at 31 October 2013		2.3

Capital ratios and buffers have increased from 30 June 2013

How much cash does the group generate?

	2012	2011	2010	2009
Change in net worth	2 141	1 518	1 617	(201)
Asset management	537	510	430	442
Health/DFS	(80)	(112)	(87)	(58)
Earnings before working capital movements	2 598	1 916	1 960	183
Working capital movements / non-cash flow items	(845)	224	(89)	785
Cash generated before payouts	1 753	2 140	1 871	968
Dividend paid	(1 396)	(1 353)	(1 301)	(1 301)
Net cash utilised / generated (before share buy backs)	357	787	570	(333)
IFRS earnings	3 768	2 737	2 597	135
Dividend as a % of earnings	37%	49%	50%	964%

Cash generation has been more than sufficient to fund the dividend

Dividend policy

The group's dividend is set with reference to underlying core earnings taking cognisance of the need to:

- Balance capital and legislative requirements
- Retain earnings and cash flows to support future growth
- Provide a sustainable dividend for shareholders

Subject to above, target dividend cover based on underlying core operating earnings is between 2 and 2.5 times. The interim dividend is targeted as 40% of previous years dividend

Key points:

- Short term investment fluctuations are not included in the calculation
- The cover based on adjusted core earnings has been 2.12 in 2011 and 2.15 in 2012

The cover of 2 times supports new business growth and is sustainable

Expense evolution – 2011 strengthening the base

Rm	2011
Strengthened maintenance cost assumption to include retention and project cost capacity	200
Additional regulatory expense provision (SAM)	100
Shareholder expense provision in Group EV	220
Project costs for Corporate, to allow for higher expense base	61

- During 2011 maintenance expenses were close to assumption, small overrun while in-force file started to stabilise rather than reduce (since the acquisition of CAL)
- Development expenses were recognised without the expected revenue uplift
- Expense over-runs were largely non-recurring

Expense evolution – 2012 continued to provide

Rm	2012
Additional regulatory expense provision	100
Shareholder expense provision for a higher expense base	87
Assumption changes in Corporate allowing for CAT project as if continuing (potential future positive)	150

- Maintenance expenses managed to within assumption while budgeting for a higher proportion of staff and Senior Manager Incentive Schemes (50%-75% and 25%-40%)
- Allowing for further ongoing operational fixes and normal levels of legislative compliance
- Acquisition cost per policy reduced by 2.8%
- Development expenses recognised without the expected revenue uplift Retail SA positive expense variance
- Shareholder expenses negative due to regulatory provision, balance of over-runs largely non-recurring
- Part of the incentive outperformance costs were allocated to acquisition costs and thus reduced the VNB

Expense evolution – 2013

Rm	2013
Non-recurring shareholder expense provision in maintenance	21
Expense assumption change in shareholder expenses +6 months	66
Negative variance – incentive scheme costs	23

- Shareholders expense reflect strengthening of basis in 2011 and 2012 in maintenance
- Development expenses recognised without the expected revenue uplift
- Incentive outperformance self-funding in terms of revenue and EV uplift
- Negative variance included for cash settled incentive scheme costs

Expense base has been significantly strengthened over last few years

Costs

- Regulatory burden has increased costs above the norm (> R300m over 3 years):
 - SAM, PoPI, TCF and FATCA
- Cost savings:
 - Technology enhancements – underwriting, finger prick HIV, cholesterol, urine cotinine, nurses on the road routing
 - Space saving (6 floors of Liberty Centre buildings) and space savings in branches
 - Life licence rationalisation
 - Procurement – contract and vendor management
 - Call centre rationalisation
 - Retail and DFS



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Questions



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Steven Braudo

Retail Insurance South Africa

Outline of today's presentation

- Introduction to the Retail SA Executive team
- Business overview
- Product innovation
- Distribution
- Regulatory changes in the distribution arena
- Operational efficiency
- Summary



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Retail South Africa

Executive committee

Executive Committee



Steven Braudo

Chief Executive

BEconSc, CFA, BSc(Hons), FASSA, AMP (Harvard)

- Joined Liberty in 2008, to head up Individual life from MD of Investment Solutions multi manager
- Member of Liberty Holdings Exco

21 yrs financial services experience



David Jewell

Actuarial Solutions

BSc(Hons), FASSA, CERA

- Worked at Swiss RE and later co-founder and director of Quindiem Consulting
- Rejoined Liberty in 2005 to build economic capital models and increase risk management sophistication,

21 yrs financial services experience



Michael Gondo

MD Emerging Consumer Market (ECM)

- Joined Liberty in 2012 as ECM: Head of Finance
- Prior to joining Liberty, Michael worked for Old Mutual where he held various roles, including Emerging Markets Finance Lead: Mass Market Business Development.

15 years financial services experience



Leon Deist

IT & Operations

BSc(Eng), MSc – robotics and control systems

- Joined Liberty in 2009, to head Strategy Execution. Previously served as Enablement director at Virgin Money since 2005 and was the Outsource Exec for Arivia since 2000.

21 yrs operational experience



Frank Schutte

MD Product and Marketing

BSc(Hons), FASSA

- Frank spent the early years of his actuarial career in prod dev and corp valuations until he was appointed Liberty Active Stat Act. He later spearheaded the retention programme

21 yrs financial services experience



Johan Minnie

Sales & Distribution

BCom (Hons), BProc, CFP

- Joined Liberty 15 years ago, as legal advisor
- After 2yrs he was transferred to field as Regional legal advisor. Following a number of promotions in 2006 he was appointed Strategist for distribution

21 yrs financial services experience

Executive Committee cont.

John Maxwell

Group Executive - DFS

CA (SA)

- Extensive background in financial services companies in leadership positions including (Virgin Money, BOE, Peoples Bank and NBS)
- Joined Liberty in 2008 as MD of Individual Life

21 yrs financial services experience



David Lloyd

MD Liberty Investments

BSc (Hons)

- Originally recruited by Liberty in 2011 as Head of Products.
- Prior to joining Liberty, worked at Intersolve Ltd, an actuarial consultancy; a board member of American Express' UK financial services company as its Appointed Actuary and Head of Products; and also worked as an investment banker at NatWest Markets (all in the UK) .

26 years in financial services



Andrew Lonmon-Davis

Chief Financial Officer

BSc (Hons), FASSA

- Joined Prudential out of varsity which later merged with Liberty. Served as Chief and Statutory Actuary also deputy CEO of Libfin
- Appointed Retail SA CFO in 2011

27 yrs financial services experience



Selomane Maitisa

Divisional Director: Marketing

MBA; Diploma in Higher Education (UDE)

- Prior to joining Liberty in 2012, Selomane was running her own company, DIPARE Consultancy. Before that, Selomane was the Group Managing Director of Draftfcb South Africa
- Selomane sits on the boards of Voith Turbo South Africa, Phatsima Property Investments and Neema Africa Trust

26 years marketing and comms experience



Nazir Goolam Hoosen

Risk and Compliance

BCom(Fin Acc), Forensic Auditing (Hons)

- Joined Liberty in 2003 as senior internal auditor, later manager. Responsible for Governance, Risk Management and Internal Controls. In 2011 appointed DD of Risk and Compliance Retail SA

16 yrs financial services experience



Giles Heeger

Chief Executive: Libfin

CA (SA), MSc, BBusSci

- Joined Liberty in 2007 as CE Libfin
- Worked for Standard Bank London, Ernst & Young JHB, and served as director at Standard Bank, CIB

15 yrs financial services experience

Collective financial services and industry experience of 251 years

Changes to Retail SA operating model

Sales and Distribution and Sales Strategy

Investment

- Product development
- Strategy and execution
- Customer experience
- Operations
- Service delivery managers

Risk and Protection

- Product development
- Strategy and execution
- Customer experience
- Underwriting
- Reinsurance
- Service delivery managers

ECM

- Product development
- Strategy and execution
- Customer experience
- Finance
- Business development
- Service delivery managers

OYLR

- Product development
- Strategy and execution
- Customer experience
- Finance
- Service delivery managers

DFS

- Product development
- Strategy and execution
- Customer experience
- Finance & Actuarial
- Direct service/Ops/HR
- Marketing / analytics
- Risk & Compliance

Programme and Project Management

Operations

Finance and Actuarial

Risk, Compliance, Legal

Information Technology

Marketing

Change Management and HR

Customer Service



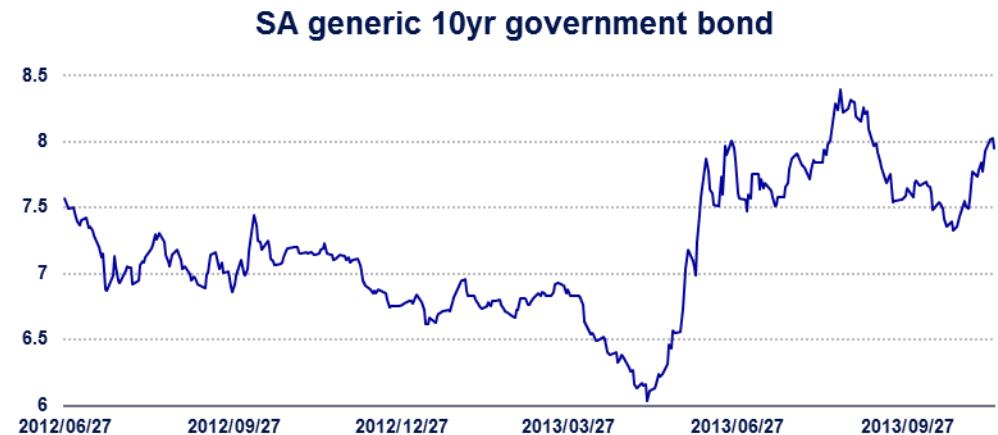
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Retail Insurance South Africa

Business overview

Our current operating environment

- Increasing Regulatory oversight
 - SAM, TCF & RDR
- Economic conditions
 - Relatively low interest rates; however extremely volatile
 - Good equity performance with stock exchanges hitting record highs
 - Higher food, fuel and rates with weaker Rand
 - Pressure on consumer disposable income
- Changing consumer needs



Product flexibility means we are well positioned to help the consumer

Retail SA – key statistics at June 2013

Customers

- 2,6m policies in-force (ECM: 0,5m)
- Approximately 131 900 new policies (ECM: 52 300) sold
- Licence rationalisation in September 2013, consolidating (Liberty Life, Liberty Active, Capital Alliance and Liberty Growth) into one life licence

Contribution

- Biggest contributor to earnings → 76% of Group normalised operating earnings
- New business margin → 2.2% (excluding STANLIB)
- Value of new business (incl. STANLIB) → R272m (1H12: R203m)

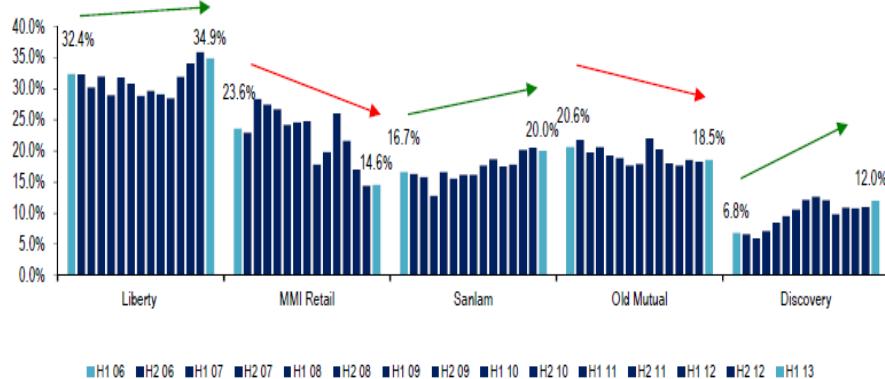
People

- 2 494 permanent employees as well as 2 862 (incl. ECM) tied agents
- Largest areas are
 - Retail IT & Operations
 - Sales and Distribution
- Critical skills areas → Retail Actuarial Solutions; Product Development

Market share movements – June 2013

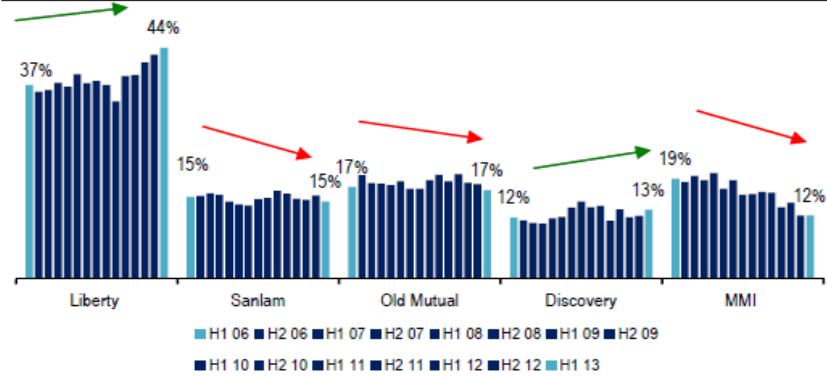
- New recurring premiums were up 13%
- Single premiums up 12% across all investment product lines
- 8% increase in annuities
- Total new business market share just over 18%
- Retail affluent APE 34.9%
- Retail affluent recurring premium 44%

Retail Affluent APE market share by company – June 2013



Source: UBS estimates, Company data, Note: MMI's historical data has been compiled by combining historical Metropolitan and Momentum data

Retail Affluent recurring premium share by company – June 2013



Source: UBS estimates, Company data, Note: MMI's historical data has been compiled by combining historical Metropolitan and Momentum data

Liberty has retained its position as the leading writer of new risk business in 2012 by ¹sum insured

Key themes encompassed in our strategy

- Product innovation
- Distribution leadership
- Operational excellence

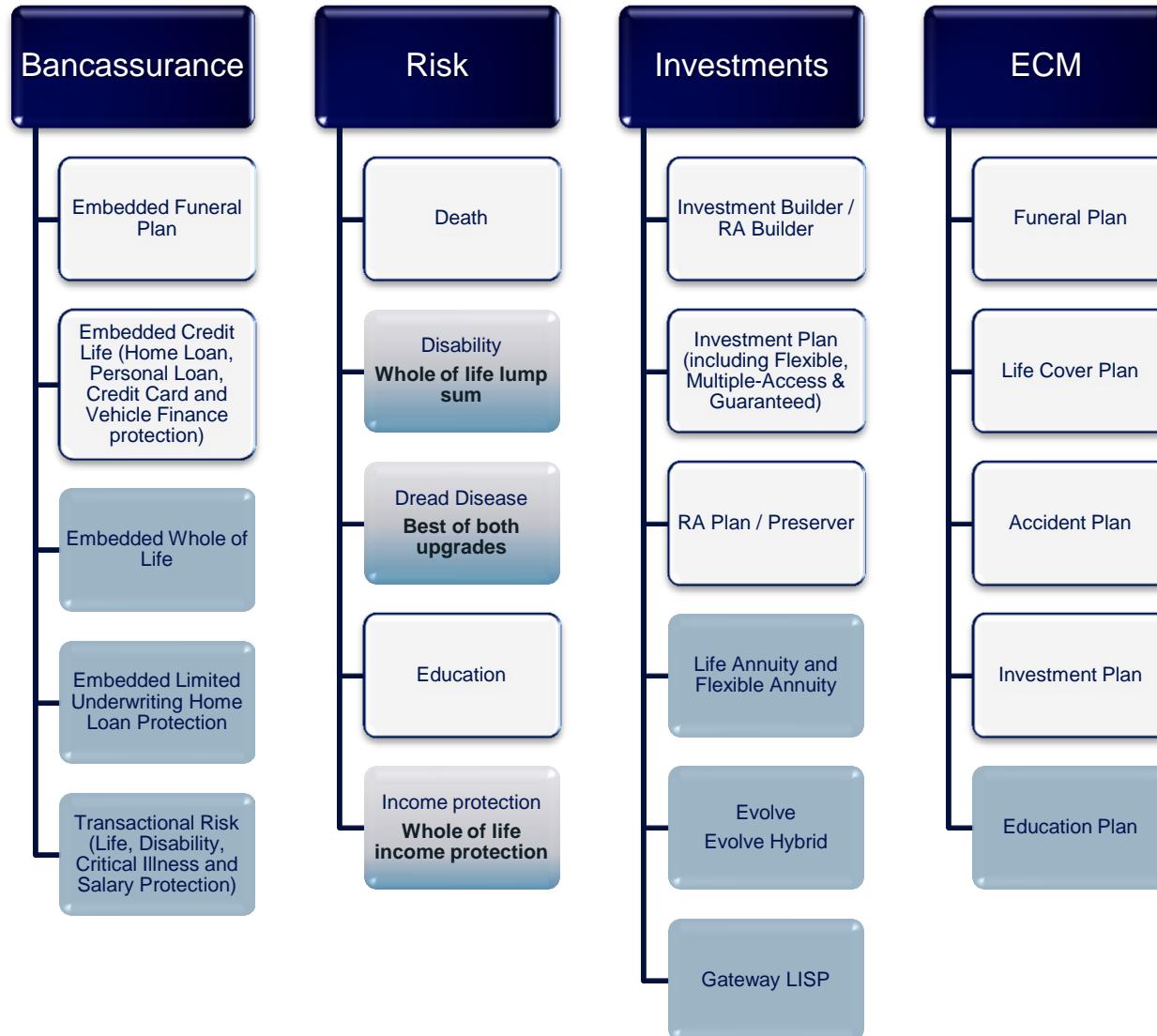


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Product innovation

What informs our thinking

Product set



Product innovation – strategy

- Product innovation is informed by:
 - Customer needs
 - Changing economic environment
 - Consumer environment
- TCF embedded in product innovation cycle
- Attracting support of independent financial advisers
- Recent product launches are reflective of this strategy

Risk – highlights YTD October 2013

- 6 994 advisors sold risk policies - an increase of 6% over 2012
- On average each advisor sold 9 policies
- Brokers and Tied Franchise accounted for 60% of the new business
- 60% of the business is written in rating category 1 (i.e. to the affluent market)
- 56% of our new customers are male
- 55% of our customers elected age rated premiums

Risk product innovation

2011 & 2012	2013
Whole of Life lump sum disability	Risk revealer (u/w for accidental risk)
Whole of Life income protection	New 'fixed increasing' premium pattern
Finger prick HIV & urine cotinine test	New quotes package (tablet accessible)
Risk explorer iPad sales tool	ECM Educator benefit
Medical Advancement Protection (MAP)	
Best-of-both upgrades to existing clients	



KNOWING YOUR RISK PROFILE MAKES YOUR LIFESTYLE CHOICES WORK FOR YOU.



Items in bold indicate 'market first' innovation

A new innovation – Risk Revealer



Other insurers underwrite using

Health



Finances



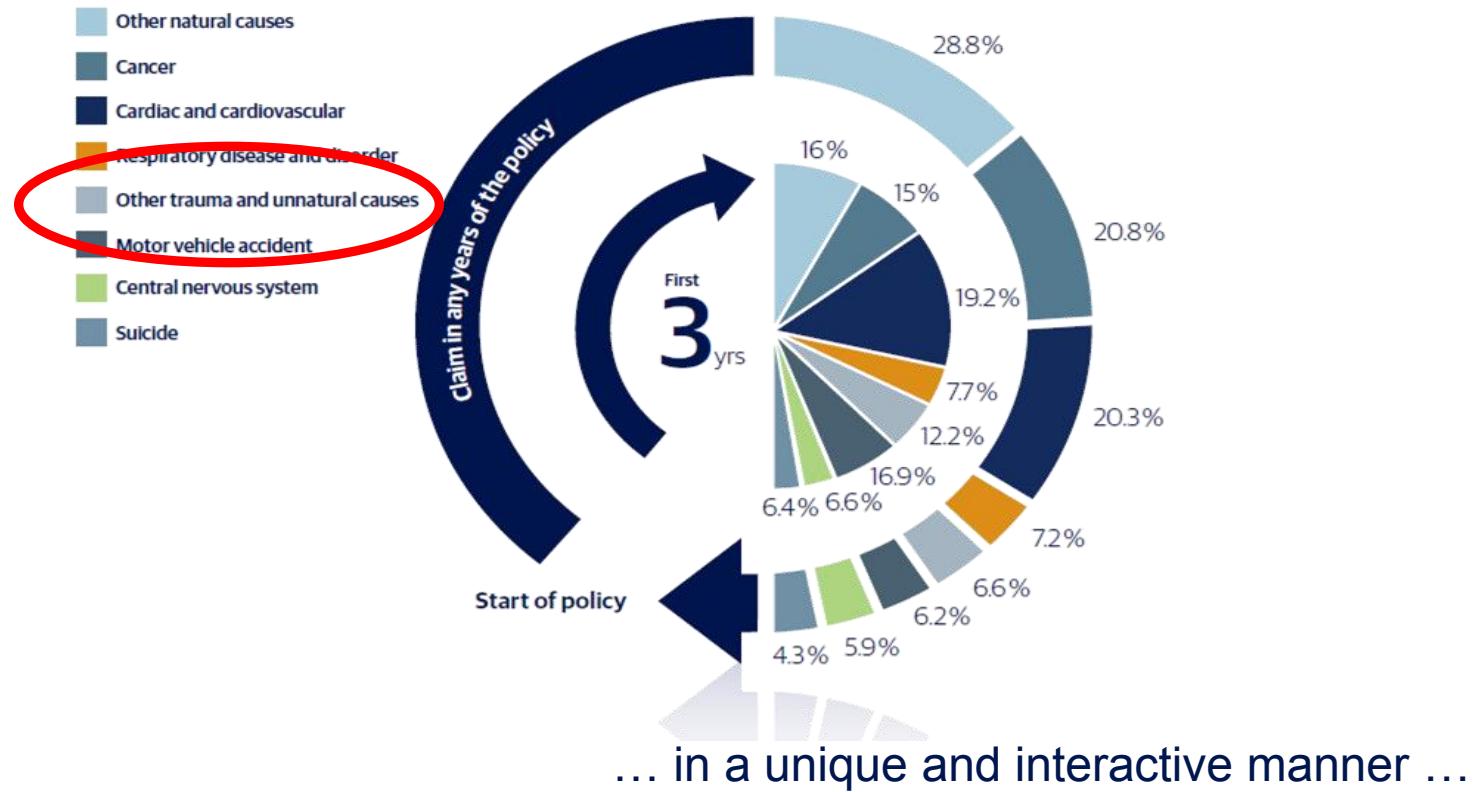
Occupation

Avocations

Risk Revealer – our thinking behind the concept

But accidental causes are responsible for 1/3 of all early death claims

- So lets get the information and provide our clients with the discounts they deserve...





Risk Revealer – summary

- Clients can only ever get discounts i.e. no loadings
- Discounts fall away if there are underwriting loadings
- Irrespective of type
- Discount is available once per policy - at inception
- Not available to existing policies or replacements
- Discounts taper to 0% over three years

Visit now at www.LibertyRiskRevealer.co.za

Investments – highlights YTD October 2013

- Evolve – sales just short of R3bn (launched in October 2012)
 - average premium in 2013 double the industry norm
- Gateway – Retail LISP, launched July 2013, sales exceeded R400m
 - substantial proportion gone into Stanlib unit trusts
- 58 000 clients have invested money with Liberty during the period
- 5 700 financial advisers chose Liberty Investments for their clients during this period

Investment product innovation

- Strategy is to grow share of South African investment universe
- Working closely with LibFin to create unique products and manage risk
- Increase the share of funds invested in Liberty and STANLIB portfolios



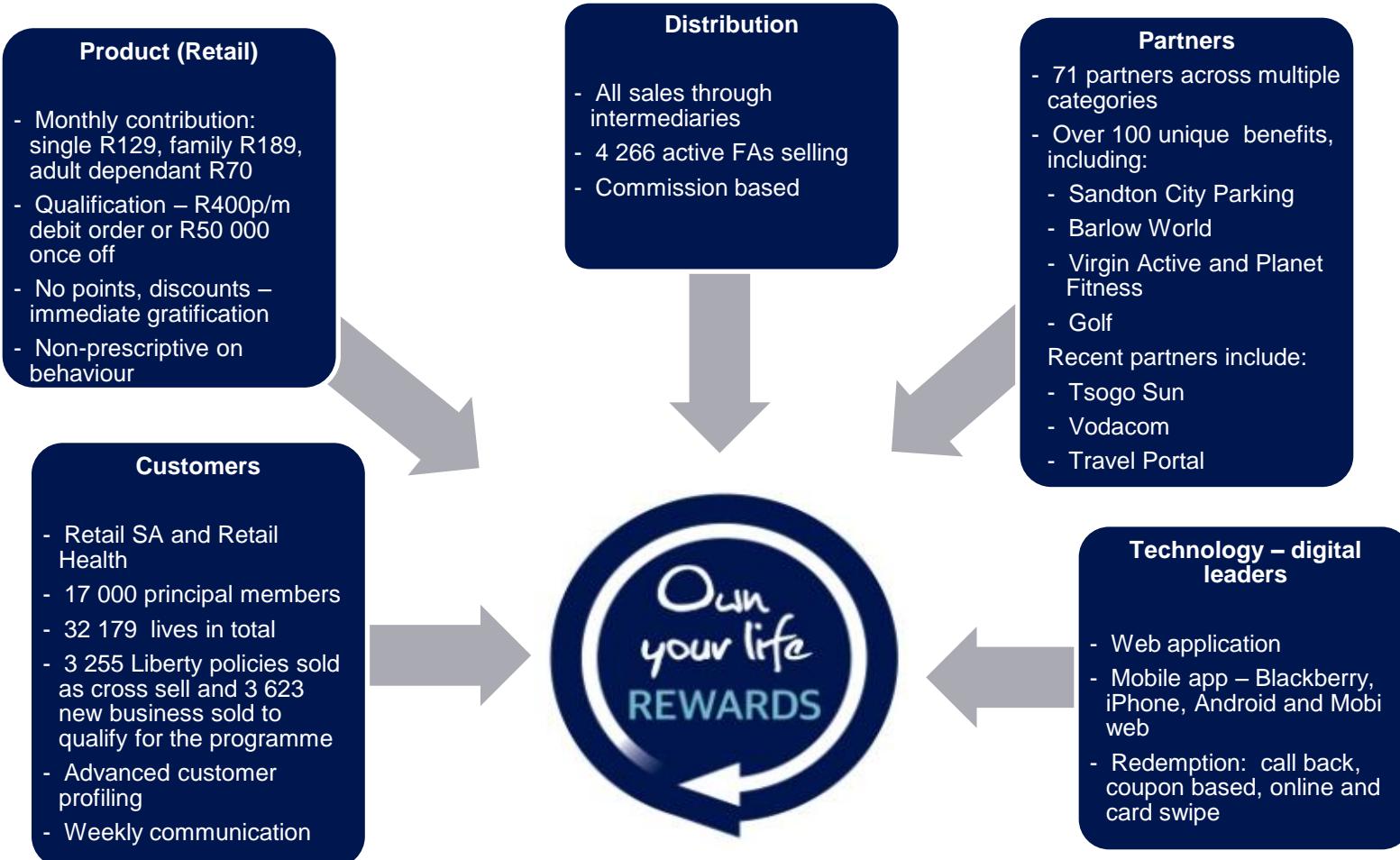
Investment product innovation – leveraging capability in LibFin



- ✓ Have successfully leveraged the Libfin capability in investment products
 - Libfin manage the balance sheet risk of the Evolve product
 - Libfin manage the range of Tracker portfolios for Evolve
- ✓ Leveraging this capability gives us unique ability to offer innovative and attractive products
- ✓ Evolve – our most successful investment product launched in a decade
- ✓ Approximately 80% of the assets are in low cost trackers

Further products developed in collaboration with Libfin are planned

Own your life Rewards loyalty programme



**Not just something for you every day,
but something that fits your everyday life
- making a difference to your EVERYDAY REALITY.**





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Distribution

Our partners in this journey

Financial Advisor Value Proposition (FAVP) – three cornerstone concepts



- Much greater than just compensation
- Dependent on the life stage of the agent
- Dependent on the profitability of the financial advisor (as measured by the intermediary profitability matrix)



The FAVP was designed to recapture the support of independent brokers and improve retention of experienced tied agents

Adviser quality category (AQC) model

- Value is a function of business quality, volume and quality of sale
- New metrics have been defined to measure these



- This measurement will positively impact the value of Liberty's proposition

Our products are distributed through a diversified multi-channel distribution model

IFA (38%)*

Liberty employees (Broker Consultants) who service independent financial advisors

SBFC (24%)*

Independent financial advisors employed by Standard Bank on Bank infrastructure

Emergence of new models with changing environment

Broker Franchise

Broker Networks

Agency (24%)*

Tied financial advisors within Liberty infrastructure

Entrepreneurs (15%)*

Tied financial advisors within a Franchise infrastructure

* Contribution to 1H13



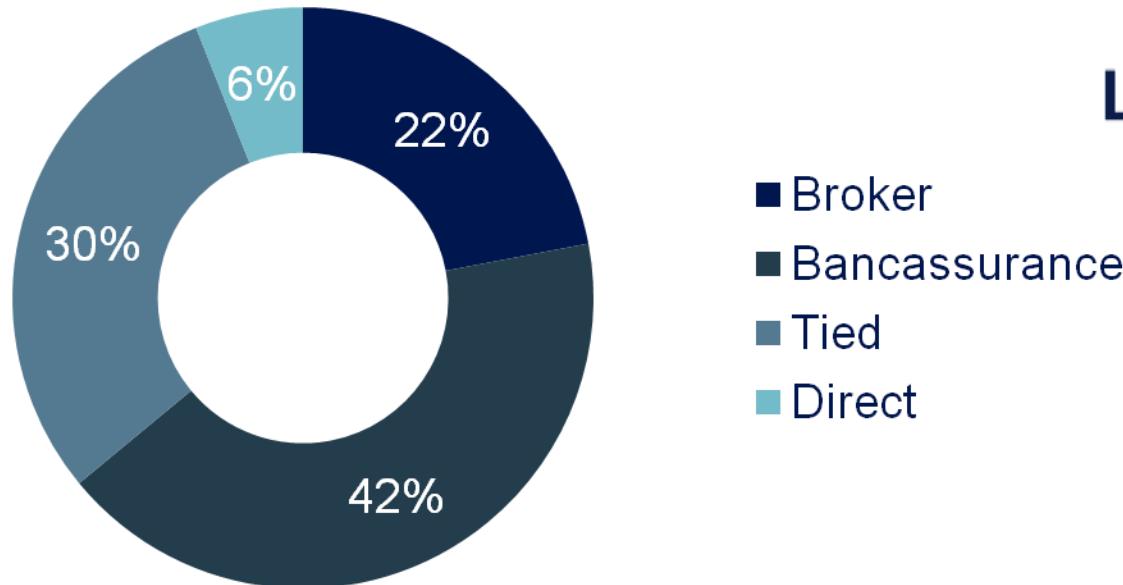
Independent Financial Advisors

Tied Agents

New business by distribution channel



Indexed new business premium % by distribution channel*



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- Broker
- Bancassurance
- Tied
- Direct



vodacom

*30 June 2013 indexed new business premiums, including escalations and excluding STANLIB Multi-manager



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Regulatory changes

Introduction of RDR in SA

- Regulator intends performing a detailed review of retail distribution before amending remuneration in isolation
- Anticipated changes include:
 - All commission on retirement and savings business to be banned and replaced by client negotiated advice fees
 - Commission on risk business to remain largely upfront
 - Changes to commission on replacement risk business
 - Introduction of definitions for “independent” and “restricted” advice
 - Closer alignment of remuneration between IFA’s and TIED agents
- Recent trends in registered advisers:

RDR UK (12/2012)		FSB (09/2012) South Africa	
Retail Investment FA’s	⬇ 23%	Licensed IFA	⬇ 9%
Total FA’s	⬇ 13%	TIED FA’s	⬆ 8%
Bank FA’s	⬇ 44%	Bank FA’s	⬆ 25%
Wealth Management FA’s	⬇ 8%		

Inform

Sensitising and informing advisers on RDR and its potential impact on market

- Assisting advisers to prepare for changes in cash-flow
- Justify “fee for service” (Wealth platform)

Prepare

Offer workshops and tools to assist advisers to analyse their practices w.r.t client segmentation, charging models and client value proposition

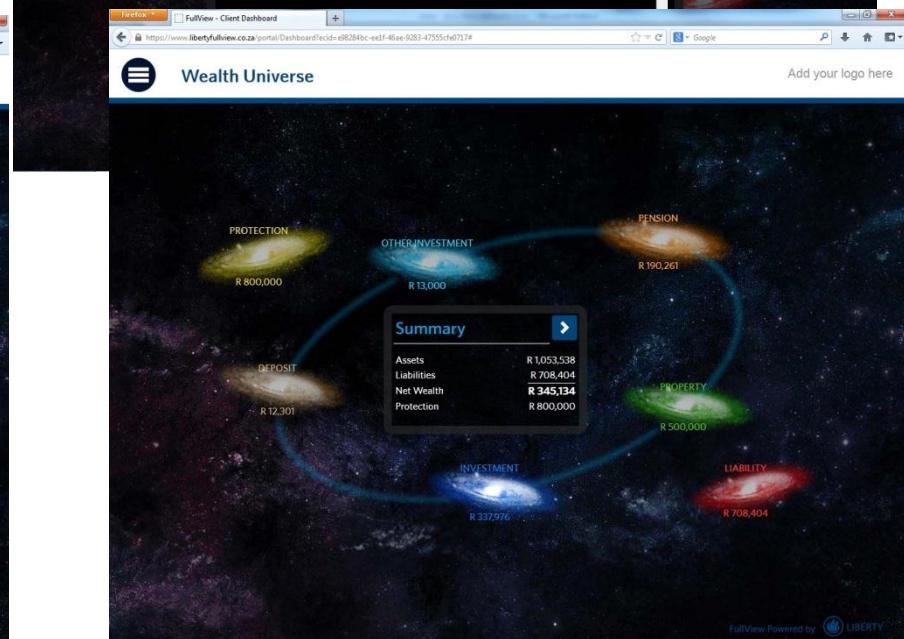
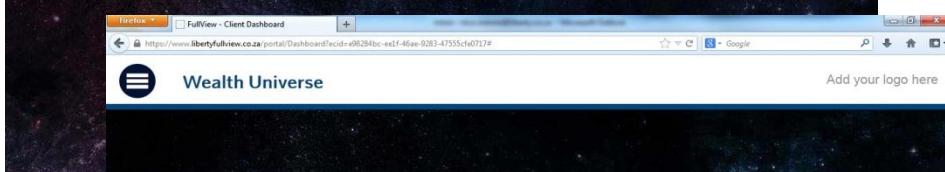
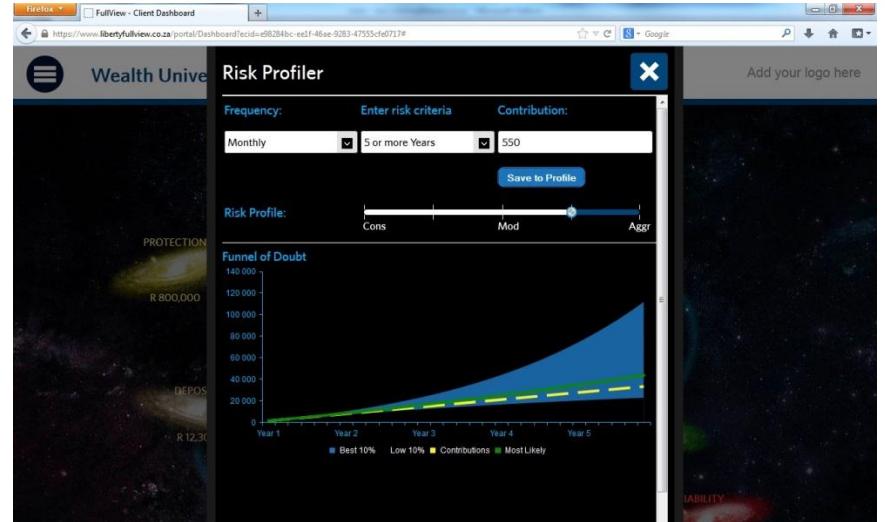
Investment Product innovation with remuneration models aligned to RDR principles

Transform

Assist advisers in constructing a strategy and execution plan in order to transform their practices to prosper in a post RDR world

Opportunities identified to enhance customer and FA value proposition

FullView – Liberty's response to the RDR





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Operational efficiency

Challenging our business practices

Operational efficiency – strategy

- Enable group-wide strategy solutions through technology advancements
- Cost efficiencies through technology services and infrastructure
- Deliver process effectiveness through shared operations and operational services
- Facilitate a common customer view and customer service model
- Appropriate IT and process governance across the Group

Enhancing efficiencies to support technology service and infrastructure

Improved efficiencies have benefitted the business

- HIV and Cholesterol finger prick testing and urine Cotinine testing
- Introduction of iPads - scheduling appointments and capturing medical data
- Consolidation of contact centres provided sustainable savings of over R10m p.a.
- Policy documents simplified and emailed to clients
- Improved web servicing functionality ~ usage to ±180 000 registered users
- Decentralised new business - improved service levels and resource savings
- Converted 50 legacy applications to a managed service arrangement
- Life licence rationalisation
- New quotes system

Combined savings and enhanced customer experience



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In summary

In summary

- Proven ability to innovate in the **product** space including management of insurance and investment risks
- Unique management of **distribution** in the intermediated market enhanced by our investment in additional digital and direct capabilities
- **Operational efficiency** that is focussed and supported by technology, shared services alignment and group-wide collaboration to achieve scale benefits

Customer centricity is at the heart of the business



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Questions