

ANNUAL RESULTS

Financial
Information



Insurance

Financial Planning

Retirement

Investments

Wealth



Financial review	01	Key performance indicators	2
		Salient results	3
		Comments on the results	5
<hr/>			
Summarised Shareholders' information	02	Group Equity Value	24
		Analysis of Group Equity per line of business	26
		Change in Group Equity Value	28
		Return on Group Equity Value	30
		Analysis of Group Equity Value Earnings	32
		Analysis of Shareholders' fund at net asset value	36
		Shareholders' fund income statement	38
		Net operating profit: Analysis per line of business	40
		Notes to the Shareholders' fund information	42
		Shareholders' diary and administration	IBC

FINANCIAL REVIEW

2019 ANNUAL RESULTS

Key performance indicators

Earnings

- ⊗ Net result from financial services increased by 9%
- ⊗ Net operational earnings increased by 14%

New business

- ⊗ Net value of new covered business up 15% to R2,3 billion
- ⊗ Net new covered business margin of 2,98% (2,67% in 2018)
- ⊗ New business volumes increased by 12% to R249 billion
- ⊗ Net fund inflows of R57 billion compared to R42 billion in 2018

Group Equity Value

- ⊗ Group Equity Value per share of R64,36
- ⊗ Return on Group Equity Value per share of 6,4% (2018: 11,6%)
- ⊗ Adjusted Return on Group Equity Value per share of 11,9% (2018: 19,4%)

Capital management

- ⊗ Net R4,5 billion raised through share issuance
- ⊗ R593 million surplus unlocked from operations
- ⊗ R2 billion invested in Group operations
- ⊗ Discretionary capital of R220 million at 31 December 2019
- ⊗ Sanlam Group SAM cover ratio of 211% (2018: 215%)

Dividend

- ⊗ Dividend per share of 334 cents, up 7,1% (3% real growth)

Salient results

for the year ended 31 December 2019

		2019	2018	Δ
SANLAM GROUP				
Earnings				
Net result from financial services	R million	9 674	8 890	9%
Net operational earnings	R million	10 798	9 455	14%
Headline earnings	R million	7 481	9 162	(18%)
Weighted average number of shares ⁽¹⁾	million	2 090,0	2 077,3	1%
Adjusted weighted average number of shares ⁽¹⁾	million	2 208,5	2 098,8	5%
Net result from financial services per share	cents	438,0	423,6	3%
Net operational earnings per share	cents	488,9	450,5	9%
Diluted headline earnings per share	cents	357,9	441,1	(19%)
Business volumes				
New business volumes	R million	249 323	223 029	12%
Net fund inflows	R million	56 766	41 539	37%
Net new covered business				
Value of new covered business	R million	2 280	1 985	15%
Covered business PVNBP ⁽²⁾	R million	76 446	74 378	3%
New covered business margin ⁽³⁾	%	2,98	2,67	
Group Equity Value				
Group Equity Value	R million	143 271	134 052	7%
Group Equity Value per share	cents	6 436	6 341	1%
Return on Group Equity Value per share ⁽⁴⁾	%	6,4	11,6	
Adjusted Return on Group Equity Value per share ⁽⁵⁾	%	11,9	19,4	
Solvency cover				
Sanlam Group	%	211	215	
Sanlam Life Insurance Limited	%	253	264	
Sanlam Life Insurance Limited covered business ⁽⁶⁾	%	206	221	

Notes

- ⁽¹⁾ Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards. These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.
- ⁽²⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.
- ⁽³⁾ New covered business margin = value of new covered business as a percentage of PVNBP.
- ⁽⁴⁾ Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.
- ⁽⁵⁾ Adjusted Return on Group Equity Value = Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.
- ⁽⁶⁾ Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

Constant currency information

The constant currency information included in this review has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the Group's Board of directors. It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the year to 31 December 2019 at the weighted average exchange rate for the year to 31 December 2018, which is also applied for the translation of comparative information. The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Nigerian naira and the Moroccan dirham (negative movements in the table below indicate a strengthening in the rand exchange rate):

Currency	Average rand exchange rate -2019	Average rand exchange rate -2018	Change in average exchange rate
British pound	18,42	17,60	4,6%
United States dollar	14,43	13,17	9,6%
Indian rupee	0,206	0,194	6,1%
Angola kwanza	0,041	0,053	(23,6%)
Nigerian naira	0,040	0,037	9,1%
Moroccan dirham	1,52	1,42	7,0%

In respect of the Group's investment in the Saham Group, the constant currency information only allows for the impact of the change in exchange rate between the South African rand and the Moroccan dirham on the consolidated Saham Group results. No adjustment is made for exchange rate movements between the Moroccan dirham and the reporting currencies of the Saham subsidiaries.

Sanlam's external auditor, Ernst & Young Inc., issued an independent reporting accountants' assurance report in terms of ISAE 3420 (Assurance Report on the Process to Compile Pro Forma Financial Information Included in a Prospectus) in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The independent reporting accountants' assurance report is available for inspection at Sanlam Limited's registered address.

Structural information

The Group acquired the remaining 53,4% interest in Saham Finances with an effective date of 1 October 2018, with the results of the Saham Finances Group consolidated from this date compared to an equity-accounting basis up to 30 September 2018. This impacts on the comparable growth rates for the 2019 financial year. Where relevant, structural information is provided to quantify the impact of the change in accounting treatment of Saham Finances on growth in the Group's key performance indicators. The structural information included in this results announcement is the responsibility of the Group's Board of directors. It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows.

Comments on the results

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2019 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2018 Integrated Report and Annual Financial Statements, apart from the following:

- First-time adoption of the new leases standard (IFRS 16). The standard requires lessees to capitalise all significant lease arrangements at recognition of the lease as a right-of-use asset with a corresponding finance lease liability. The Group applied the standard using the modified retrospective approach with effect from 1 January 2019. Right-of-use assets and corresponding finance lease liabilities of R2 billion were recognised on this date. The adoption of IFRS 16 did not have a significant impact on the Group's earnings for the 2019 financial year.
- The introduction of "Net operational earnings" as earnings metric in the shareholders' fund income statement. Net operational earnings is the aggregate of net result from financial services, net investment income, net investment surpluses and net project expenses. It incorporates the two key areas of strategic focus from an earnings perspective, namely operating profit and investment return earned on the Group's capital base (including discretionary capital), in driving our objective to optimise Return on Group Equity Value (RoGEV). Normalised headline earnings is discontinued as an earnings measure with effect from the 2019 financial year as it does not represent a key performance indicator from a strategic perspective.

The Group achieved a solid operational performance in 2019, with growth of 14% and 15% respectively in net operational earnings and the net value of new covered business (VNB) written. The 37% increase in net fund inflows is a particular highlight. RoGEV, however, did not meet our expectations for the year, impacted by currency movements, pressure on the share prices of Santam, Afrocentric and our listed businesses in India and Namibia, lower net fund inflow assumptions at the South African wealth and investment management businesses, as well as a decline in the Saham valuation to allow for the current weak claims experience in Africa and the deterioration in the Lebanese economy. A prudent approach was followed for the valuation of the Angolan and Lebanese businesses through the application of the parallel exchange rates in these countries instead of the official rates. Adjusted RoGEV, which excludes volatility in investment and currency markets, as well as other factors not under management's control, of 11,9% also lagged the target of 13,5% for the year. The integration of Saham is progressing well, with specific focus on continuously improving the financial control environment in the smaller businesses, in line with the approach elsewhere in the group.

We recognised from the outset that we will face a number of headwinds in 2019. Low economic growth in some of our key markets, heightened global geopolitical risks as well as volatility in investment and currency markets did not bode well for growth in our key performance indicators. The South African economic environment in particular disappointed. A lack of progress in addressing critical structural reforms and the sustainability of key state-owned enterprises, contributed to depressed business and investor confidence, low economic growth and increased levels of unemployment in this, our largest market. Persistently high claims experience across the SEM African general insurance businesses also impacted on our overall performance.

Our diversification across geographies, market segments and lines of business, supported by a highly motivated and skilled human capital base, allowed us to navigate these challenges to continue to deliver strategic value to Sanlam shareholders.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Highlights and lowlights for the year include the following:

Highlights	Lowlights
Strong growth in key earnings and new business performance indicators	Adjusted RoGEV per share of 11,9% did not meet the target of 13,5%
Record net fund inflows into SIG third party asset manager	Adverse claims experience across SEM general insurance portfolio in Africa
Value through partnerships: Capitec Bank funeral business policies sold since launch in May 2018 reached 1,4 million	Deterioration in Lebanon economic environment; currency depreciation in Angola and Zimbabwe
Turnaround in Sanlam Corporate underwriting profit and Glacier new business performance since 1H19	Weak SA operating environment: <ul style="list-style-type: none"> • Increased credit-related provisioning in Sanfin • Pressure on Glacier and middle-income market sales
Santam underwriting margin of 7,7% at the upper end of its target range	Operational underperformance at Sanlam UK's wealth planning and advice businesses
Quality of earnings: Continued positive experience variances and resilient persistency despite difficult operating conditions	Decline in Cote d'Ivoire value of in-force covered business
7.1% increase in Sanlam dividend (real growth of 3%)	

The acquisition of the remaining interest in Saham Finances in the latter half of 2018 is the only structural activity that had a significant impact on the results for the year ended 31 December 2019.

All references to 2018 relates to the 2018 financial year, unless otherwise stated.

Operating environment

Economic conditions

Economic conditions in a number of the markets where we operate were not conducive to growth, as elaborated on above.

Equity markets

The South African equity market delivered a relatively stronger performance with the FTSE/JSE Swix Index (inclusive of dividends) recording a return of 9,3% for the year to 31 December 2019, compared to a negative return of 11,7% in the comparable period in 2018. On average, the Swix was still 3% lower in 2019. The MSCI World Index total return in rand of 24,1% was well in excess of the 6,1% return in 2018. Absolute investment return earned on capital portfolios benefited from the relatively stronger performance. The lower average market levels in South Africa during 2019, however, continued to place pressure on growth in fund-based fee income. Negative equity market returns in some other key markets such as Cote d'Ivoire, also detracted from operational earnings.

Interest rates

The South African nine- and five-year interest rates decreased by 20 and 50 basis points respectively since the end of 2018. The South African All Bond Index return of 10,3% in 2019 compares to a return of 7,7% in 2018. Long-term interest rates also declined in a number of the SEM markets as well as the UK. Movements in interest rates commensurately had an overall positive impact on growth in VNB and RoGEV for the 2019 financial year.

Foreign currency exchange rates

The South African rand experienced significant volatility throughout 2018 and 2019. On an average basis, it weakened against most of the currencies where the Group operates in 2019, despite being marginally stronger at 31 December 2019 compared to 31 December 2018. The Group's translated rand operating earnings and new business metrics benefited from the weaker average exchange rates. RoGEV was, however, negatively affected by the absolute appreciation year-on-year.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Rest of Africa (weighted)
	GBP	USD	BWP	INR	MAD	AOA	
31/12/2018	18,32	14,38	1,37	0,21	1,51	0,05	
31/12/2019	18,52	13,98	1,34	0,20	1,47	0,03	
(Appreciation)/depreciation	1,1%	(2,8%)	(2,2%)	(4,9%)	(2,6%)	(37,3%)	(15,3%)
Average 2018	17,60	13,17	1,32	0,19	1,42	0,05	
Average 2019	18,42	14,43	1,36	0,21	1,52	0,04	
(Appreciation)/depreciation	4,6%	9,6%	3,3%	6,1%	7,0%	(23,6%)	(5,2%)

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Group Equity Value

GEV amounted to R143,3 billion or 6 436 cents per share at 31 December 2019. Including the dividend of 312 cents per share paid during the year, a RoGEV per share of 6,4% was achieved in 2019. Group operations yielded an overall return of 6%, the combination of 16,6% return on covered business and -1,8% on other Group operations.

Group Equity Value at 31 December 2019

R million	GEV		RoGEV	
	2019	2018		%
Group operations	133 517	132 658	7 970	6,0
Sanlam Personal Finance	47 141	43 185	8 640	20,0
Sanlam Emerging Markets	40 731	44 659	(3 186)	(7,1)
Sanlam Investment Group	20 050	18 703	1 452	7,6
Santam	19 675	20 102	290	1,4
Sanlam Corporate	5 920	6 009	774	13,4
Covered business	60 156	56 234	9 351	16,6
Value of in-force business	45 179	41 456	9 021	21,8
Adjusted net worth	14 977	14 778	330	2,2
Other operations	73 361	76 424	(1 381)	(1,8)
Group operations	133 517	132 658	7 970	6,0
Discretionary capital and other	9 754	1 394	521	65,4
Group Equity Value	143 271	134 052	8 491	6,3
<i>Per share (cents)</i>	6 436	6 341	407	6,4

The underperformance against a target of 13,5% for 2019 is largely attributable to the following:

- The appreciation in the rand exchange rate against most currencies where the Group operates during 2019 impacted negatively on the valuations and RoGEV of the non-South African operations in rand terms. Angola and Zimbabwe detracted most on a relative basis given the significant weakening in these currencies. In addition, the Group also applied the parallel market exchange rates of 2 200 and 620 to the US\$ respectively for the valuation of the Lebanese and Angolan operations. The difference between actual and expected exchange rate movements across the Group detracted 3% from RoGEV (SEM: 10%).
- Pressure on the listed share prices of Afrocentric in South Africa, CIH in Namibia and the credit businesses in India placed a cap on the valuation of these businesses in terms of the Group's valuation methodology, resulting in some R3 billion lower valuations compared to the internal models. This had a 2% negative impact on RoGEV (SEM: 6%; Sanlam Corporate: 3%). These businesses are all included in GEV at price/earnings ratios below 10 times.
- The SEM result includes an update to modelling for Côte d'Ivoire life business. The original acquisition models have now been updated to reflect the current profitability of the in-force books, which is lower than estimated at the time of the acquisition, partly due to a reduction in future investment return assumptions following recent market performance. The weak economic environment in Lebanon and a write-down of the Zimbabwe operations to zero also impacted results. This is reflected in negative modelling and other assumption changes of R546 million being recognised in RoGEV from SEM covered business, after a partial offset of R283 million relating to overhead expenses that are now allocated to non-covered business. The current weak claims experience across the Saham general insurance portfolio was allowed for in the medium-term cash flow projections of the non-life operations, suppressing the returns from these operations. The weak economic environment in Lebanon also resulted in a sovereign credit downgrade, which required IFRS 9 credit provisioning of some R340 million after tax.
- A low return of 1,4% was earned on Santam, which is valued at its listed share price. This return is in line with the general weak performance of South African financial shares in 2019.

Adjusted RoGEV per share, which excludes the impact of variances between actual and long term assumed investment return, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 11,9%. Adjusted RoGEV also includes the valuation of Afrocentric, CIH and the Indian businesses based on the internal models before application of the cap based on the listed share prices. The underperformance against target was largely due to the following:

- Despite the Santam share price delivering a return in line with the financial services index, it substantially underperformed the Group's JSE/FTSE Swix/Capped Swix benchmark, which benefited in 2019 from strong returns on commodity shares.
- The lower net fund inflow assumptions applied in the valuation of the SIG wealth and investment management businesses in South Africa given the current challenging economic environment, as referred to above.
- Allowance for the current operational experience in the Saham portfolio in the medium-term cash flow projections used for the GEV valuations.

The return on covered business was well in excess of the hurdle rate, reflecting strong returns at SPF and Sanlam Corporate of more than 20%. The return from these clusters benefited from their new business performance (refer business volumes section below), positive operating experience variances and assumption changes as well as, for SPF, positive economic assumption changes emanating from the lower long-term interest rates. SEM's return was negatively impacted by the factors highlighted above. The return on SIG covered business was also affected by the stronger rand, aggravated by lower than expected credit spread experience variances at Sanfin due to the strengthening in credit provisions.

The main components contributing to the return on covered business at a consolidated Group level are summarised in the table below:

Return on covered business for the year ended 31 December 2019

%	2019	2018
Expected return – unwinding of the RDR	9,4	9,2
Value of new covered business	4,1	3,7
Operating experience variances	2,4	3,9
Operating assumption changes	(0,4)	0,6
Economic assumption changes	0,5	(1,4)
Expected investment return on capital portfolio	1,8	1,7
Investment variances	(0,6)	(5,1)
Value of in-force	0,6	(4,9)
Capital portfolio	(1,2)	(0,2)
Foreign currency translation differences and other	(0,6)	(1,6)
Return on covered business	16,6	11,0

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

- Expected return on covered business was in line with the comparable period in 2018 given comparable risk discount rates at the start of the periods.
 - Return from value of new covered business increased in 2019 following strong growth at SPF and Sanlam Corporate (refer business volumes section below).
 - Operating experience variances declined in 2019, attributable to the following:
 - The comparative base in 2018 included a one-off decline in cost of capital of R292 million following a reduction in the capital allocated to the Sanlam Life covered business operations.
 - Slightly lower risk claims experience variances from a high base in 2018, in particular at SPF, in line with the phasing in of best estimate risk assumptions over the past four years.
 - Weaker persistency experience at Sanlam Sky and SEM, partly offset by improved experience at Sanlam Corporate.
 - Lower credit spread experience variances in Sanfin as referred to above.
 - The deterioration in operating assumption changes is largely due to the negative modelling changes in the Saham portfolio, as elaborated on above.
 - The decrease in the risk discount rate in 2019 due to lower long-term interest rates in a number of markets had an overall positive impact on economic assumption changes.
 - Actual investment return earned on policyholder portfolios exceeded actuarial assumptions in 2019, resulting in positive investment variances on the in-force book of covered business. The South African capital portfolio, however, marginally underperformed long-term assumptions, aggravated by the IFRS 9 charges recognised in Lebanon. This contributed to negative investment variances on adjusted net worth. The overall improvement compared to 2018 reflects the relatively stronger investment market performance in 2019.
 - Foreign currency translation differences and other largely reflects the impact of movements in exchange rates on the rand-based valuations of non-South African covered business.
- Other Group operations delivered a negative return of 1,8%.
- The 16% return from SPF's non-life operations reflect the combination of an overall solid underlying operational performance as well as lower risk discount rates.
 - The SEM non-life operations recorded negative RoGEV of 8.7%. The largest contributors to the negative return are Saham and the credit businesses in India. The stronger rand exchange rate against the basket of Saham currencies had a significant negative impact, which included the official Angola kwanza devaluation as well as moving to the parallel exchange rates for Angola and Lebanon. The valuation of the Saham portfolio also allows for the current weak general insurance claims experience across the portfolio. The return on the Shriram Capital investment was negative 7,9% in rand terms. This is essentially due to currency translation losses and the impact of pressure on the share prices of the listed Indian credit businesses, as highlighted above. Good claims experience at Shriram General Insurance contributed positively to operational results.
 - SIG achieved an overall RoGEV of 6,8% from its non-life operations. Future growth assumptions for its South African investment and wealth management operations were reduced in the current challenging operating environment, which more than offset the benefit of lower risk discount rates. Similar to SEM, the returns from non-South African operations were depressed by the stronger rand exchange rate.
 - The cap applied to the Afrocentric valuation contributed to a 31% negative return for Sanlam Corporate's non-life operations. Based on the internal valuation, Sanlam Corporate's return on other operations was negative 11%, which allows for lower future cash flow assumptions in the context of the persisting difficult economic environment.
 - The Santam RoGEV reflects the investment return of the listed share price.

Earnings

Shareholders' fund income statement for the year ended 31 December 2019

R million	2019	2018	Δ
Net result from financial services	9 674	8 890	9%
Sanlam Personal Finance	4 265	4 033	6%
Sanlam Emerging Markets	2 632	2 038	29%
Sanlam Investment Group	1 070	1 152	(7%)
Santam	1 217	1 196	2%
Sanlam Corporate	590	580	2%
Group office and other	(100)	(109)	8%
Net investment return	1 254	701	79%
Project expenses	(130)	(136)	4%
Net operational earnings	10 798	9 455	14%
Amortisation of intangible assets	(766)	(400)	
Equity participation costs	(596)	(5)	
(Loss)/profit on disposal of subsidiaries and associates	(6)	2 773	
Impairments	(339)	(305)	
Net non-operational equity-accounted earnings	19	3	
Normalised attributable earnings	9 110	11 521	(21%)

Net result from financial services (net operating profit) of R9,7 billion increased by 9% (up 7% in constant currency), with solid contributions from all major businesses, apart from Sanlam Investment Group's (SIG) wealth and advice businesses in the United Kingdom (UK), Afrocentric within the Sanlam Corporate portfolio and Saham.

SPF grew its net result from financial services by 6%. A prior year tax adjustment of R70 million at Sanlam Personal Loans (SPL) had a positive impact on the after-tax results, with gross result from financial services increasing by 3%. Excluding higher new business strain emanating from the strong new business growth at Sanlam Sky, BrightRock, Sanlam Indie and MiWayLife, net result from financial services increased by 10%. This is a particularly pleasing performance from a mature business operating under challenging conditions in South Africa.

SPF net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Sanlam Sky	1 339	1 268	6%
Recurring premium sub cluster	2 511	2 780	(10%)
Glacier	1 566	1 190	32%
LISP	513	539	(5%)
Life investments	1 053	651	62%
Strategic business development	387	374	3%
Sanlam Personal Loans	388	422	(8%)
Other	(1)	(48)	98%
Gross result from financial services	5 803	5 612	3%
Tax on gross result from financial services	(1 570)	(1 636)	4%
Non-controlling interest	32	57	(44%)
Net result from financial services	4 265	4 033	6%

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

- *Sanlam Sky* achieved 6% growth in its gross result from financial services; up 15% excluding additional new business strain incurred as a result of strong growth in its new business volumes (refer business volumes section that follows). This growth reflects the increase in the size of the in-force book over the last number of years. Improved investment and expense variances largely offset some weakening in mortality and persistency experience.
- Gross result from financial services of the *Recurring premium sub cluster* declined by 10%. This is largely attributable to higher new business strain (R120 million) and negative actuarial basis changes of R198 million (2018: positive R210 million). Excluding these, gross result from financial services increased by 10%. Growth in the size of the in-force book of risk business supported the contribution from this line of business, augmented by lower operating losses at BrightRock. The actuarial basis changes in 2019 primarily relates to a strengthening in the allowance for one-off project expenses incurred in respect of the IFRS 17 implementation programme and the roll-out of the business intelligence platform.
- *Glacier*, which incorporates single premium life investments and the Linked Investment Savings Plan platform (LISP) recorded a 32% increase in gross result from financial services, the combined effect of a 5% decline in profit from the LISP business and a 62% rise in the contribution from life investments. Earnings from the LISP business were adversely affected by below-inflation

growth in fee income and lower rebates earned from investment fund managers. Market-related fee income from products where Glacier participates in actual investment return earned on the policyholder portfolios supported the increase in profit earned from life investments by some R280 million, in line with the relatively stronger investment market performance in 2019. Guaranteed plan profits benefited from mismatch profits and a release of excess expense reserves (cumulative R86 million).

- *Strategic business development* includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. SPL's gross result from financial services declined by 8% from a high base in 2018, which included one-off earnings recognised upon the introduction of IFRS 9. The performance of the book remains sound. The lower net loss from other businesses largely reflect reduced expenditure.

SEM grew its gross result from financial services by 47%. An increase in the effective tax rate and increased participation by non-controlling interests reduced growth in net result from financial services to 29%, including the Saham structural activity and exchange rate differences (11% excluding structural activity and in constant currency). The cluster's effective tax rate increased from 29% to 32%, largely attributable to a one-off reversal of deferred tax in Botswana of some R40 million and the introduction of a 2% social tax in Morocco. The increase in non-controlling interest participation is mostly attributable to the structural impact of the Saham acquisition.

SEM net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Southern Africa	1 776	1 491	19%
North and West Africa	1 515	884	72%
East Africa	218	40	445%
Other international	2 223	1 487	49%
Corporate costs	(184)	(129)	(43%)
Gross result from financial services	5 548	3 773	47%
Tax on gross result from financial services	(1 788)	(1 109)	(61%)
Non-controlling interest	(1 128)	(626)	(80%)
Net result from financial services	2 632	2 038	29%
<i>Saham</i>	730	510	43%
<i>Other</i>	1 902	1 528	24%

Line of business analysis

SEM's operations are managed within two sub clusters, namely Sanlam Pan Africa and Other international. The Sanlam Pan Africa portfolio is in turn managed along lines of business to ensure appropriate focus across the wide footprint. Sanlam Pan Africa Life is responsible for all life insurance, asset management and credit businesses in Africa, while Sanlam Pan Africa General manages all of the general insurance operations.

R million	2019	2018	Δ
Sanlam Pan Africa Life	1 830	1 544	19%
Sanlam Pan Africa General	1 679	871	93%
Other international	2 223	1 487	49%
Corporate costs	(184)	(129)	(43%)
Gross result from financial services	5 548	3 773	47%

Sanlam Pan Africa Life exceeded its target for the year. Botswana and Nigeria delivered solid growth in line with expectations. Namibia's results included increased new business strain and showed only marginal growth. Cote d'Ivoire results disappointed, impacted by negative investment variances caused by significant unrealised fair value losses, in particular on the equity exposure in the policyholder portfolios. The Moroccan life business delivered strong growth in operating earnings, contributing to an overall outperformance of the 2019 target by the former Saham life operations.

The Sanlam Pan Africa General portfolio had a difficult year with claims experience remaining elevated in key countries. With effect from 2019, overhead expenses incurred in South Africa and Morocco to support these businesses are allocated to the Life and General portfolios. Excluding overhead expenses, the portfolio achieved an underwriting margin of 3,2%, which compares to 3,8% in 2018. Including the allocation of overhead expenses, the underwriting margin amounts to 2% (former Saham portfolio: 2%), well below the 5% to 9% target range. Good return on insurance funds, in particular in Morocco, supported a net insurance margin of 12,9% (former Saham portfolio: 13,9%), which exceeded the lower end of the target range of 12% to 18%. The risks covered by the former Saham businesses are longer term in nature, given the exposure to third party bodily injury lines of business. Insurance fund (float) balances are commensurately high (more than 100% of premiums) with return on insurance funds forming a pronounced component of the net insurance margin (target range of 7% to 9%). This return is, however, volatile in nature given the exposure to equities and properties within the float portfolios. This exposure is appropriate to optimise RoGEV over the longer term given the nature of investment markets in West and North Africa and low interest rates in a number of countries.

Other international growth of 49% in gross result from financial services is largely reflective of strong growth in India, in particular at the general insurance business.

Further commentary is provided in the regional analysis.

Regional analysis

Southern Africa gross result from financial services increased by 19%.

- The *Namibian* businesses grew their gross result from financial services by 8%. Life insurance earnings increased marginally, with an improvement in Group life claims experience largely offset by higher new business strain. The challenging economic conditions in Namibia contributed to severe price competition in the general insurance market. Santam Namibia profit was flat on the previous year as a result. Earnings from banking operations increased by 6%.
- The *Botswana* operations' growth in gross result from financial services was 23%. Life insurance earnings increased by 9%, supported by strong growth in Group funeral business, favourable term assurance claims experience and mortality profit from the annuity book. Letshego's profit grew by 31% from a low base in 2018, benefiting from a significant increase in post-write off recoveries following increased focus on collections.
- Gross result from financial services from other Southern African countries increased by 12%. Sterling growth in Group new business volumes and favourable claims experience contributed to a more than 28% increase in Malawi's contribution. Zambia also experienced a significant improvement from a low base in 2018, which included losses relating to the previous healthcare administrator. Saham's MCI Care business manages the health book with effect from 2019.

Angola had a weak 2019 with a combined ratio in excess of 100%. The Angolan currency collapsed following the removal of the band within which the Central Bank managed the exchange rate. The cost of imported motor parts and medical inflation soared as a result, placing significant pressure on claims experience. Repricing implemented in response provided some relief, but do not fully reflect in the 2019 earnings given the delay caused by annual renewals. The mix of business was also skewed towards the less profitable medical line of business in 2019. Further repricing and a stabilisation in the currency should improve earnings in 2020.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

A deterioration in Saham Re's claims ratio reflected the second order impact of the elevated claims experience in Morocco, Angola and Cote d'Ivoire. Saham Re is based in Mauritius and therefore reported as part of Southern Africa.

North and West Africa gross result from financial services increased by 72% to R1,5 billion. The main contributors to this region are the former Saham operations in Morocco and Cote d'Ivoire, and FBN Insurance in Nigeria.

- High motor claims experience persisted in Morocco, in line with industry experience. Repricing and claims management improvement processes implemented during the year will take some time to reflect in the underwriting margin. The return on insurance funds exceeded targets for the year, with the equity and bond portfolios outperforming benchmarks. This contributed to a net general insurance margin of 17%, well within the target range, despite a below-par underwriting margin of 0,8%. The Moroccan life business performed well in excess of its target for the year, benefiting from good Group life mortality profit and positive investment variances.
- Operating earnings from Cote d'Ivoire disappointed. A number of mid-size fire claims, elevated medical inflation and a strengthening in reserves impacted on the Cote d'Ivoire general insurance underwriting results. The life insurance business also experienced lower than expected profitability due to negative investment variances, the combination of negative equity market returns and an underperformance against benchmark. The portfolio construction is currently under review with the assistance of Sanfin.
- A number of large claims impacted on Continental Re's underwriting margin. These included exposure to losses from the Mozambique cyclone, oil and gas claims in Lagos, fire and accident claims in Gaborone as well as marine claims and the loss of a refinery in Douala.
- FBN Insurance increased its gross result from financial services by 27% to exceed R100 million (Sanlam's 35% share) for the first time, an exceptional performance for this greenfields operation that was started in 2010. Strong new business growth supported the Nigerian results.

The East Africa 2019 earnings include a R85 million positive one-off impact (R33 million after tax and minorities) relating to a relaxation in the regulatory reserving basis in Kenya. Tanzania general insurance earnings recovered from restructuring costs and particularly negative claims experience in 2018.

Gross result from financial services from the Other international region (India, Malaysia and Lebanon) increased by 49%.

- Gross result from financial services in India increased by 72% to R2 billion. The credit businesses achieved growth of 20%. Pressure on disbursements due to liquidity constraints in the Indian market and lower new vehicle sales limited growth in the size of the loan books. This was offset by an improvement in the net interest margin at both Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF). SCUF's earnings were in addition supported by improved arrears collections.

Shriram General Insurance achieved exceptional growth of 126% from R387 million in 2018 to R875 million in 2019. This is due to a major improvement in the performance of the third-party liability book. This line of business benefited from lower claims frequency (an improving trend over the last few years) as well as strategic focus on claims management that is yielding results through better fraud detection and faster settlement of claims at a lower ultimate cost per claim. This contributed to a lower reserving basis in 2019.

Life insurance profit was negatively affected by lower new business generated from the credit businesses' client bases, in line with the lower level of disbursements.

- Gross result from financial services in Malaysia declined by 17% to R78 million. The life business had a good year, increasing its profit contribution by 32%. Diligent expense management, increased profit earned from participating business and mismatch profits more than offset high medical, disability and critical illness claims experience. High claims experience persisted at Pacific&Orient, the general insurance business. Management expenses were also elevated, due to increased marketing expenditure and system development costs incurred to support an expansion in the number of agents in pursuit of its motor strategy. This contributed to a disappointing 60% decline in general insurance gross result from financial services.
- Lebanon contributed gross result from financial services of R138 million (2018: R68 million). Operating conditions deteriorated significantly in Lebanon towards the end of 2019 in the face of a major slowdown in the economy and wide spread social unrest. Positive claims experience enabled the general insurance business, which contributes some 80% of the Lebanese profit, to outperform its target for the year, despite the economic challenges. Attractive interest rates offered by local banks, aggravated by the weak economy and severe pressure on disposable income, contributed to low new life business volumes and weak persistency. Life insurance profits were commensurately under pressure. In the context of the sovereign risks and downgrade, these results are not considered sustainable.

SIG's net result from financial services declined by 7% (10% lower in constant currency). All major businesses delivered satisfactory growth, apart from the UK wealth and advice businesses, which were impacted by lower fee income and one-off transaction and project related expenses. The effective tax rate for the cluster increased due to the consolidation of Nucleus, prior year tax adjustments and some non-deductible expenses in the UK.

SIG net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Sanlam Investments (3rd party business)	536	377	42%
Wealth Management	186	170	9%
International	355	515	(31%)
Corporate services	(28)	(16)	(75%)
Investment management	1 049	1 046	-
Sanlam Specialised Finance	510	496	3%
Sanlam Asset Management	214	204	5%
Central Credit Manager and other	296	292	1%
Gross result from financial services	1 559	1 542	1%
Tax on gross result from financial services	(392)	(326)	20%
Non-controlling interest	(97)	(64)	(52%)
Net result from financial services	1 070	1 152	(7%)

- The *Sanlam Investments 3rd party asset manager's* gross result from financial services increased by 42%, a stellar performance under difficult conditions. The strategic focus on alternative asset classes contributed considerable earnings in 2019. The closure of the Climate Investor One Fund at \$850 million generated one-off income of R68 million in the Alternatives business. Sanlam Properties' operating profit increased by 54% from R39 million to R60 million, with the business generating strong fee income from property acquisitions and developments. Performance fees, stringent cost control and solid net fund inflows supported fee income in the other business units. The investment team had a good year, with more than 85% of portfolios exceeding their benchmarks, supporting an increase in net performance fees from R17 million in 2018 to R71 million in 2019. The Large Manager Watch Global portfolio attained a 2 out of 10 ranking.
 - Wealth Management* gross result from financial services increased by 9%. Fee income rose by some 10%, attributable to net inflows in the prior year and a favourable change in mix of business. Brokerage income, however, lagged in general due to lower overall trading levels in the uncertain environment.
 - The *International* business was impacted by lower brokerage income in the wealth business, lower advice fees, bad debt provisions of some R30 million and one-off expenses incurred in respect of acquisitions, restructuring and other projects. These more than offset an otherwise strong underlying performance, with the asset management businesses benefiting from higher assets under management.
 - Sanlam Specialised Finance* (Sanfin) did well to increase its gross result from financial services by 3%, despite difficult conditions in 2019. The Sanlam Asset Management business (incorporating Sanlam Portfolio Management and Sanlam Structured Solutions) achieved 5% profit growth, a resilient performance in light of lower average equity markets and the redeployment of capital by Sanlam for corporate transactions that had a negative impact on the business' asset base. Sanlam Capital Markets (including the Central Credit Manager (CCM)) managed to increase its operating earnings by 1% despite significant corporate credit provisioning. Management of the Sanlam Corporate inflation-linked annuity portfolio was transferred to the CCM with effect from 1 January 2019, which added R38 million to the CCM profit in 2019. The CCM had to raise provisions of some R185 million against a number of South African credit exposures (excluding Mayfair), reflective of heightened credit risk. The exposure to Mayfair declined from some R800 million at the time of the collapse of the Steinhoff share price in 2017 to R381 million including interest at 31 December 2019. A provision of 25% was held against the investment at 31 December 2019, implying a net carrying value of R286 million. Including funding cost, the Mayfair exposure detracted R11 million from earnings in 2019.
- Santam's** net result from financial services increased by 2%.
- Santam's 2018 financial year was characterised by a particularly benign claims environment that contributed to a 9,2% underwriting margin for conventional business. The favourable claims experience did not persist in the first half of 2019, contributing to a decline in the

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

underwriting margin for conventional business to 7,7%, albeit still at the upper end of the 4% to 8% target range. The underwriting result for conventional business commensurately declined by 12%. The liability line of business recorded a strong recovery, which included claims relating to the listeriosis outbreak early in 2018 in the comparable base. The core motor book delivered growth of 1% on the high base in 2018, while engineering achieved 5% growth in underwriting profits. This growth was, however, partly offset by a significant weakening in the property and agricultural lines, which were impacted by a number of fire, flooding and hail events in 2019. The alternative risk transfer business had a good year, more than doubling its contribution to operating earnings to R64 million.

- Investment return on insurance funds (float income) increased by 15%, driven by improved investment returns as well as higher float balances.
- Santam's share of earnings from the SEM general insurance businesses increased by 77%, supported by a strong performance from Shriram General Insurance. Santam's participation in the Saham earnings increased by 22%, including the increase in Santam's effective shareholding during 2018.

Sanlam Corporate's net result from financial services increased by 2%, a major improvement since the first half of 2019 when results were under pressure. Gross result from financial services increased by 3%. Excluding from the comparable base the inflation linked annuity portfolio transferred to Sanfin and the health operations sold to Afrocentric in 2018, gross result from financial services increased by a credible 14%. Repricing in response to the elevated Group risk claims experience is yielding results, with a major improvement in this line of business despite a high level of claims persisting. Group risk profit doubled to R210 million in 2019. Good traction in the conversion of standalone funds to the Sanlam Umbrella Fund is benefiting the earnings of the administration, advice and investment units. One-off expenditure and a decline in investment return following the deployment of capital for acquisitions limited Afrocentric's profit growth to 4%.

Net operational earnings of R10,8 billion are 14% up on 2018. This is the combined effect of the 9% increase in net result from financial services, a 4% decrease in net project expenses and a 79% increase in net investment return. Net investment return includes IFRS 9 credit provisioning of some R340 million following the sovereign credit rating downgrade of Lebanon, to a large extent offsetting the benefit from relatively stronger investment market performance in a number of other countries in 2019.

Normalised attributable earnings decreased by 21%, suppressed by the following:

- Net amortisation of intangible assets increased from R400 million in 2018 to R766 million in 2019, attributable

to the amortisation of the value of business acquired intangible assets recognised in 2018 upon Saham and Nucleus becoming subsidiaries.

- Net equity participation cost includes a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million is recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher-than market-related discount. The remainder is recognised in fund transfers.
- Net profit on the disposal of subsidiaries and associates of R2,8 billion was recognised in 2018 in terms of IFRS as a result of the first-time consolidation of Saham and Nucleus. These were one-off earnings that increased the comparative base.
- Impairments of R339 million were recognised in 2019 compared to R305 million in 2018. Pressure on the listed share prices of Bank Windhoek and Letshego placed a cap on the GEV valuation of Capricorn Investment Holdings (our Namibian associate that holds a stake in Bank Windhoek) and Letshego, resulting in impairments of R88 million and R74 million respectively. An impairment of R44 million was also recognised to reduce the carrying value of the Zimbabwean operations to zero. The underperformance at Pacific&Orient required an impairment of R55 million.

Headline earnings decreased by 18%. The difference between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments (R339 million; 2018: R305 million) and profit on the disposal of subsidiaries and associates (-R6 million; 2018: R2 773 million), and the inclusion of negative fund transfers of R2 billion (2018: positive R106 million) in headline earnings. Fund transfers include:

- Non-economical mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares and the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios (R267 million net loss).
- The difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance and the R594 million recognised in normalised attributable earnings (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on external funding in the SPV and administration costs incurred by the SPV in Sanlam's earnings (R601 million net expense).

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the B-BBEE SPV, as these are treated as treasury shares on consolidation and written down to zero against reserves in the IFRS Statement of Financial Position.

Business volumes

New business volumes increased by 12% despite low investor confidence in South Africa and lower investment inflows in the UK, Namibia and Kenya. Life insurance new business volumes increased marginally, investment business inflows grew by 14% and general insurance earned premiums were 22% higher.

SPF achieved a strong second half performance, with Glacier in particular finding renewed traction. Overall new business sales increased by 1%, up 2% excluding the Capitec credit life business written in 2018 that did not repeat in 2019.

SPF new business volumes for the year ended 31 December 2019

R million	2019	2018	Δ
Sanlam Sky	2 726	2 494	9%
Recurring premium sub cluster and Strategic business development	3 429	3 412	1%
Savings business	2 204	2 209	-
Risk and new initiatives	1 225	1 203	2%
Glacier	55 658	55 065	1%
Life investments	9 406	10 082	(7%)
LISP	46 252	44 983	3%
New business volumes	61 813	60 971	1%

- Sanlam Sky's* new business increased by 9%, up 41% excluding the 2018 Capitec Bank credit life business of R566 million that did not repeat in 2019. The Capitec Bank funeral product, launched in May 2018, continues to exceed expectations, reaching new business sales of R1,1 billion in 2019. The newly launched African Rainbow Life business had a maiden contribution of R13 million.

Sales through the traditional individual life intermediated channel rose by a satisfactory 10%, contributing to 50% overall growth in individual life new business inclusive of Capitec Bank funeral business. Safrican experienced a softer year, suppressing Group recurring new business growth to a marginal 1% excluding Capitec Bank credit life.
- The *Recurring premium sub cluster and Strategic business development* grew new business volumes by 1%, the combined effect of flat new business volumes in the Savings business and 2% higher sales at the other business units. Demand for single premium retirement annuities remained strong, with most other lines of business experiencing lower new business sales. This reflects the pressure on disposable income in the middle-income market and a consequential highly competitive environment. MiWayLife and Sanlam Indie contributed strong growth from a low base.
- Glacier* found renewed traction in new business sales in the second half of the year. Investment business ended 2019 with growth of 5%, while life business declined by 3%. Overall new business sales increased by 1%. Healthy demand for discretionary savings products, guaranteed annuities and the investment linked life annuity (ILLA) was largely offset by lower volumes across other lines of business.

The low demand for single premium life business had a negative impact on SPF's net fund inflows, which decreased by 7% from R10,3 billion in 2018 to R9,6 billion in 2019.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

SEM new business volumes increased by 33%, benefiting from the Saham structural activity (up 8% excluding structural activity and in constant currency). All of the major Saham territories exceeded their volume targets for the year, apart from Angola, Cote d'Ivoire and Lebanon. Overall general insurance new business volumes in the former Saham portfolio increased by 15% on a fully consolidated basis for both 2018 and 2019. Gross written general insurance premiums increased by 13% on a similar basis.

SEM new business volumes for the year ended 31 December 2019

R million	2019	2018	Δ
Southern Africa	15 695	13 992	12%
North and West Africa	12 666	6 979	81%
East Africa	2 362	1 868	26%
Other international	4 086	3 385	21%
New business volumes	34 809	26 224	33%
General insurance	15 604	9 873	58%
Life insurance	8 343	6 410	30%
Asset management	10 862	9 941	9%

Southern Africa new business volumes increased by 12% (up 11% in constant currency).

- New business volumes in Namibia declined by 14%. New life business increased by 20%, with strong growth in both entry-level and affluent market sales. New investment business, which is volatile in nature and more severely affected by the economic conditions in Namibia, decreased by 25%.
- In Botswana, a number of large mandates lifted new investment business volumes by 57%. New life business also achieved healthy growth of 16%, supported by good Group funeral scheme sales. Overall new business sales were up 43%.
- New business volumes across the other Southern Africa territories increased by 13%. Angola underperformed against its rand-based target, attributable to the impact of the weaker kwanza exchange rate and an adverse change in mix of business from motor to health. Saham Re in Mauritius's growth was impacted by lower premium flows from Angola due to the weak currency exchange rate. Zimbabwean new business declined by 59% to R158 million, the aggregate impact of the significantly weaker currency exchange rate and lower volumes in local currency under challenging economic conditions. All other countries achieved strong growth across all lines of business.

New business volumes in the North and West Africa region increased by 81%. The largest contributors to this region are (percentages indicate contribution to new business volumes): the Saham businesses in Morocco (59%), Cote d'Ivoire (9%) and Nigeria (12%) as well as FBN Insurance in Nigeria (5%). The Saham businesses achieved overall new business volumes broadly in line with the target for the year. FBN Insurance continued to grow strongly at 24%.

Within the East Africa region, all countries achieved growth in excess of 20%, apart from Kenya. Kenya's new business sales continued to disappoint, ending well down on target, albeit 17% up on 2018. Low individual life volumes are the main detractor from the new business performance.

India continues to be the main contributor to the Other international region. New business volumes in this region grew by 21%.

- New business production at the Indian life insurance business was under pressure as a result of the liquidity crunch in India and declined by 2% on 2018. The general insurance business experienced much stronger growth of 15%, contributing to overall growth of 12%.
- Malaysian new business volumes increased by 29% to R778 million. The turnaround at the life business is persisting with sterling growth of 43% in new business volumes. The mix of business also changed to the more profitable non-participating lines of business. General insurance new business increased by 11%, which was still below expectations.
- The Lebanon businesses contributed new business of R698 million under particularly difficult operating conditions. Life new business of R134 million were well down on targets for the year, impacted by the challenging conditions as highlighted above. The general insurance business did remarkably well to end only slightly down on target, with the more affluent broker business more resilient in the challenging economic environment. This is, however, not considered sustainable.

Net fund flows increased by 31% from R8,6 billion in 2018 to R11,2 billion in 2019, with the Saham structural impact the main contributor.

SIG's new business volumes increased by a sterling 14%, the aggregate of 24% growth at the South African asset and wealth management businesses, partly offset by a lower contribution from the international portfolio. New business performance was broad based in the South African asset management business, with pleasing institutional, retail and alternative flows. The Alternative business reported strong inflows as Climate Investor One Fund had a final close in June 2019 of \$850 million. Retail funds reported strong inflows across solutions and products with Implemented Consulting, with the SIM collective investment scheme range and Satrix funds all achieving good inflows. Wealth management flows improved in the second half of 2019 and ended the year with growth of 38%. Net fund inflows are a particular highlight for the year, increasing by 194% to R21,2 billion. The strong new business flows at the South African asset management businesses also reflect in their net fund flows contribution, which almost tripled. Wealth management experienced lower net inflows, down 28%, while the international business also underperformed with a 75% decline in net inflows from R2,3 billion in 2018 to R579 million in 2019.

Gross written premiums at **Santam** increased by 8%. Motor and property, which contributes 68% of total gross written premiums, increased by a combined 6% in a challenging environment of low economic growth and competitive pressures. Motor business increased by 4%. Strong growth at MiWay of 10% was tempered by marginal growth in the intermediated commercial book. Property business grew by 9%, following good growth at Santam Re, Niche and Commercial. Engineering (20%) and alternative risk business (14%) also reported strong growth.

Sanlam Corporate grew its new business volumes by a strong 14% from a high base in 2018 that included a few large mandates. Both recurring and single premium business increased strongly. The umbrella fund and non-life investment lines of business contributed most of the growth.

Overall net fund inflows of R56,8 billion in 2019 is a particularly satisfactory performance given the challenging market conditions.

Business volumes for the year ended 31 December 2019

R million	New business			Net inflows		
	2019	2018	Δ	2019	2018	Δ
Sanlam Personal Finance	61 813	60 971	1%	9 593	10 294	(7%)
Sanlam Emerging Markets	34 809	26 224	33%	11 239	8 607	31%
Sanlam Investment Group	113 236	99 696	14%	21 221	7 214	194%
Santam	24 227	22 812	6%	9 146	8 986	2%
Sanlam Corporate	15 238	13 326	14%	5 567	6 438	(14%)
Total	249 323	223 029	12%	56 766	41 539	37%
Covered business	53 927	53 815	-	15 989	16 814	(5%)
Investment business	155 565	136 529	14%	25 596	11 779	117%
General insurance	39 831	32 685	22%	15 181	12 946	17%
Total	249 323	223 029	12%	56 766	41 539	37%

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Value of new covered business

The discount rate used to determine VNB is directly linked to long-term interest rates. The 20bps and 50bps decrease in the South African nine- and five-year benchmark rates respectively in 2019 compared to the end of 2018 resulted in a commensurate decrease in the risk discount rate, with a 4,6% positive impact on VNB growth. Changes in mix of business, good cost control and pricing initiatives supported an overall increase in VNB margins.

Net VNB increased by 15% at actual interest rates and by 10% on a comparable economic basis (CEB).

SPF achieved overall growth of 17% (12% on a comparable economic basis). Sanlam Sky VNB grew by 24% (17% on a comparable economic basis), supported by the exceptional Capitec Bank funeral business performance as well as the strong growth in individual life new business written through the traditional intermediated channel. The comparative base includes Capitec Bank credit life VNB of R36 million that did not repeat in 2019. Recurring premium cluster VNB rose by 34% (26% on a comparable economic basis), benefiting from repricing implemented in 2018, a favourable change in mix of business, a solid increase in BrightRock, MiWayLife and Sanlam Indie's contribution and some actuarial basis changes. Glacier's VNB declined by 8%, reflective of its new business performance.

Net VNB at **SEM** increased by 1% (down 2% in constant currency). Namibia, Botswana and Malaysia achieved credible growth of 9%, 20% and 64% respectively. Namibia and Malaysia's performance is largely in line with the growth in new life business volumes. Botswana's VNB growth benefited from the weaker average rand exchange rate as well as the good Group funeral business sales. Despite good growth in Kenya's life business, it still lagged expectations with a reduction in policy count placing pressure on acquisition and maintenance unit costs. Nigeria's VNB contribution was impacted by negative economic assumption changes and declined by 28%. India's 20% decline in VNB is attributable to the lower new business volumes and the inclusion of distribution expansion costs. Margins in Morocco and Cote d'Ivoire declined due to a change in mix to less profitable group business in Morocco and negative modelling changes in Cote d'Ivoire. Lebanon VNB also declined, reflective of the weak life new business performance.

Sanlam Corporate's VNB increased by 22%, the combination of strong new business growth and product mix.

Value of new covered business for the year ended 31 December 2019

R million	2019	2018	Δ	CEB
Net value of new covered business	2 280	1 985	15%	10%
Sanlam Personal Finance	1 763	1 504	17%	12%
Sanlam Emerging Markets	343	338	1%	(3%)
Sanlam Investment Group	-	-	-	-
Sanlam Corporate	174	143	22%	23%
Gross of non-controlling interest	2 542	2 187	16%	12%
Net present value of new business premiums	76 446	74 378	3%	3%
Sanlam Personal Finance	49 269	48 790	1%	-
Sanlam Emerging Markets	10 242	8 366	22%	21%
Sanlam Investment Group	3 410	3 334	2%	2%
Sanlam Corporate	13 525	13 888	(3%)	(3%)
Gross of non-controlling interest	81 540	78 085	4%	4%
Net new covered business margin	2,98%	2,67%		2,88%
Sanlam Personal Finance	3,58%	3,08%		3,44%
Sanlam Emerging Markets	3,35%	4,04%		3,24%
Sanlam Investment Group	-	-		-
Sanlam Corporate	1,29%	1,03%		1,30%
Gross of non-controlling interest	3,12%	2,80%		3,00%

Capital management

Discretionary capital

The Group started the year with negative discretionary capital of R3,7 billion, after payment for the Saham acquisition. A number of transactions during 2019 affected the balance of available discretionary capital, which amounted to R220 million at 31 December 2019.

Discretionary capital at 31 December 2019

R million	2019
Discretionary capital at 31 December 2018	(3 678)
Excess dividend cover	380
Excess investment return - Sanlam Life	391
Release of surplus capital	593
Sanlam Personal Finance	211
Sanlam Emerging Markets	382
Capital raised - cash component	4 450
Total capital raised	7 794
Net vendor funding	(2 997)
Dividends paid in respect of new shares	(347)
Investment return and other	51
Corporate activity	(1 967)
South Africa	(331)
Other emerging markets	(1 022)
Developed markets	(614)
Discretionary capital at 31 December 2019	220

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Movements in discretionary capital during 2019 included the following:

- The excess cash operating earnings cover in respect of the dividend paid in 2019.
- Investment return earned on the Sanlam Life capital base was released to discretionary capital.
- Capital of R593 million was released from the SPF and SEM operations. The ongoing consolidation of Sanlam Sky business onto one life licence released R211 million. This was augmented by a R382 million release of allocated capital from SEM's Namibian operations. Capital optimisation remains a focus area within SPF and SEM, with further releases expected in 2020.
- Discretionary capital of R4,5 billion was raised through the 5% B-BBEE share issuance in the first half of 2019.
- Corporate activity utilised a total of R2 billion:
 - Investments in South Africa relate to the capitalisation of African Rainbow Life (R152 million), the acquisition of shares from BrightRock minorities (R36 million) and a number of smaller transactions within SIG.
 - The majority of the deployment in other emerging markets relate to R806 million utilised for the capitalisation of insurers in the CIMA region following an increase in minimum regulatory capital levels across the region, an increase in the effective shareholding in Angola from 60% to 70% and costs incurred in the restructuring of the Saham statutory structure to optimise future capital and dividend flows. R167 million was also utilised for a payment to Santam to reduce its economic interest in SEM's African general insurance businesses (excluding Namibia and Saham Finances) from 35% to 10%.
 - Sanlam UK concluded the following acquisitions:
 - Blackett Walker, an advice and asset management business, for R68 million in line with its strategy to grow its distribution reach and achieve economies of scale.
 - The Thesis Group's private client business, distribution network, direct support teams and Pallant, its financial planning business, for a total consideration of GBP35 million. The initial payment amounted to GBP28 million (R521 million). Thesis has a significant presence in the south of England, with GBP1,2 billion of assets under management and a team of 30 investment professionals. The transaction increased Sanlam UK's private client discretionary assets under management to GBP4,2 billion. The remaining purchase consideration is payable in two tranches within 18 months from effective date subject to assets under management retention.
 - As part of its IFA strategy, Sanlam UK acquired a 55% stake in Avidus Scott Lang & Co (ASL) for a total consideration of GBP2,2 million. The initial payment amounted to GBP1,3 million (R25 million), with the remainder payable in a number of tranches up to June 2021 based on performance targets. ASL is a financial advisory business based in Sale, to the South of Manchester.
- Investment return earned on the discretionary capital portfolio and other small movements added R51 million.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at the end of December 2019. The Sanlam Group SCR cover ratio remained at a healthy level of 211%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 206% at 31 December 2019 remained at the upper end of the target cover range of between 170% and 210%. The SCR cover ratio for the Sanlam Life entity as a whole at 253% exceeded the covered business ratio at the end of December 2019 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations.

Dividend

Applying the Group's dividend policy, the Board decided to increase the normal dividend per share by 7,1% to 334 cents. This is well within our target range of 2% to 4% real growth over a three-year rolling period. It will maintain a cash operating earnings cover of approximately 1 times.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend will in full be subject to the 20% withholding tax, where applicable, which will result in a net final dividend, to the shareholders who are not exempt from paying dividend tax, of 267,2 cents per share. The number of ordinary shares in issue in the Company's share capital as at the date of the declaration is 2 069 106 282 excluding treasury shares of 274 231 765 at 31 December 2019. The Company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final cash dividend of 334 cents for the year ended 31 December 2019 is payable on Monday, 20 April 2020 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 17 April 2020. The last date to trade to qualify for this dividend will be Tuesday, 14 April 2020, and Sanlam shares will trade ex-dividend from Wednesday, 15 April 2020. Share certificates may not be dematerialised or rematerialised between Wednesday, 15 April 2020 and Friday, 17 April 2020, both days included.

GROUP EQUITY VALUE

at 31 December 2019

R million	Note	Group Equity Value		Value of in-force/Fair value adjustment	
		2019	2018	2019	2018
Sanlam Personal Finance		47 141	43 185	40 757	36 644
Covered business ⁽¹⁾	7.1	42 970	39 209	37 801	33 858
Sanlam Sky		10 025	8 755	9 234	8 057
Other		32 945	30 454	28 567	25 801
Other operations		4 171	3 976	2 956	2 786
Glacier		2 501	2 359	1 984	1 898
Sanlam Personal Loans		1 320	1 224	692	635
Other operations		350	393	280	253
Sanlam Emerging Markets		40 731	44 659	7 395	8 146
Covered business	7.2	8 794	9 151	4 254	4 894
Saham		2 306	2 968	539	1 633
Namibia		1 997	1 867	1 487	1 359
Botswana		1 575	1 587	1 263	1 124
Other African operations		1 293	1 274	302	241
Other International operations		1 623	1 455	663	537
Other operations		31 937	35 508	3 141	3 252
Saham		19 400	20 309	1 918	954
Shriram Capital		9 282	10 632	1 222	2 447
Other operations		3 255	4 567	1	(149)
Sanlam Investment Group		20 050	18 703	10 579	10 227
Covered business	7.3	3 056	2 797	(153)	(6)
Sanlam UK		1 374	1 268	669	617
Central Credit Manager ⁽¹⁾		1 682	1 529	(822)	(623)
Other operations		16 994	15 906	10 732	10 233
Investment Management SA ⁽²⁾		5 058	4 821	4 710	4 569
Wealth Management ⁽²⁾		2 275	2 647	2 024	2 377
International ⁽²⁾		7 997	6 938	2 526	2 090
Sanlam Specialised Finance		1 664	1 500	1 472	1 197
Santam		19 675	20 102	13 196	14 284
Sanlam Corporate		5 920	6 009	2 975	2 789
Covered business ⁽¹⁾	7.5	5 336	5 077	3 277	2 710
Other operations		584	932	(302)	79
Afrocentric		571	892	(313)	73
Other		13	40	11	6
Dividend pool		6 911	6 464	-	-
Discretionary capital		220	(3 678)	-	205
Other capital		4 593	691	-	-
Present value of holding company expenses	15	(1 970)	(2 083)	(1 970)	(2 083)
Group Equity Value		143 271	134 052	72 932	70 212
Covered business	2	60 156	56 234	45 179	41 456
Other operations	5	73 361	76 424	29 723	30 634
Group operations		133 517	132 658	74 902	72 090
Discretionary and other capital		9 754	1 394	(1 970)	(1 878)
Group Equity Value		143 271	134 052	72 932	70 212
Value per share	14	64,36	63,41		

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life. At 1 January 2019, credit risk capital of R354 million (and related cost of capital of R123 million) in respect of inflation-linked annuity investments was transferred from Sanlam Employee Benefits to the Central Credit Manager.

⁽²⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.

<i>Adjusted net asset value</i>		<i>Elimination of goodwill and VOBA</i>		<i>Shareholders' fund at net asset value</i>	
2019	2018	2019	2018	2019	2018
6 384	6 541	(1 097)	(1 145)	7 481	7 686
5 169	5 351	(1 097)	(1 145)	6 266	6 496
791	698	(403)	(437)	1 194	1 135
4 378	4 653	(694)	(708)	5 072	5 361
1 215	1 190	-	-	1 215	1 190
517	461	-	-	517	461
628	589	-	-	628	589
70	140	-	-	70	140
33 336	36 513	(3 316)	(3 610)	36 652	40 123
4 540	4 257	(3 316)	(3 610)	7 856	7 867
1 767	1 335	(2 677)	(2 881)	4 444	4 216
510	508	-	-	510	508
312	463	(3)	(25)	315	488
991	1 033	(11)	(12)	1 002	1 045
960	918	(625)	(692)	1 585	1 610
28 796	32 256	-	-	28 796	32 256
17 482	19 355	-	-	17 482	19 355
8 060	8 185	-	-	8 060	8 185
3 254	4 716	-	-	3 254	4 716
9 471	8 476	(356)	(356)	9 827	8 832
3 209	2 803	(356)	(356)	3 565	3 159
705	651	(356)	(356)	1 061	1 007
2 504	2 152	-	-	2 504	2 152
6 262	5 673	-	-	6 262	5 673
348	252	-	-	348	252
251	270	-	-	251	270
5 471	4 848	-	-	5 471	4 848
192	303	-	-	192	303
6 479	5 818	-	-	6 479	5 818
2 945	3 220	(207)	(227)	3 152	3 447
2 059	2 367	(207)	(227)	2 266	2 594
886	853	-	-	886	853
884	819	-	-	884	819
2	34	-	-	2	34
6 911	6 464	-	-	6 911	6 464
220	(3 883)	-	-	220	(3 883)
4 593	691	(1 197)	(1 197)	5 790	1 888
-	-	-	-	-	-
70 339	63 840	(6 173)	(6 535)	76 512	70 375
14 977	14 778	(4 976)	(5 338)	19 953	20 116
43 638	45 790	-	-	43 638	45 790
58 615	60 568	(4 976)	(5 338)	63 591	65 906
11 724	3 272	(1 197)	(1 197)	12 921	4 469
70 339	63 840	(6 173)	(6 535)	76 512	70 375
				34,37	33,27

ANALYSIS OF GROUP EQUITY VALUE PER LINE OF BUSINESS

at 31 December 2019

R million	Total		Life business	
	2019	2018	2019	2018
Southern Africa	99 365	88 377	54 028	49 843
South Africa	91 654	80 193	49 988	45 815
Other	7 711	8 184	4 040	4 028
North and West Africa	21 536	22 554	2 017	2 003
East Africa	1 039	1 012	583	507
Other international	21 331	22 109	3 528	3 881
Total	143 271	134 052	60 156	56 234

General insurance		Investment management		Credit and structuring		Administration, health and other	
2019	2018	2019	2018	2019	2018	2019	2018
20 218	20 694	8 544	8 862	4 302	3 801	12 273	5 177
19 675	20 102	7 874	8 255	2 354	1 860	11 763	4 161
543	592	670	607	1 948	1 941	510	1 016
19 519	20 379	-	-	-	-	-	172
412	342	207	283	-	-	(163)	(120)
2 230	1 986	8 086	7 015	7 382	9 079	105	148
42 379	43 401	16 837	16 160	11 684	12 880	12 215	5 377

CHANGE IN GROUP EQUITY VALUE

for the year ended 31 December 2019

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 185	8 640	(425)	(4 259)	47 141
Covered business	39 209	8 013	(425)	(3 827)	42 970
Sanlam Sky	8 755	2 258	56	(1 044)	10 025
Other	30 454	5 755	(481)	(2 783)	32 945
Other operations	3 976	627	-	(432)	4 171
Glacier	2 359	339	-	(197)	2 501
Sanlam Personal Loans	1 224	291	-	(195)	1 320
Other operations	393	(3)	-	(40)	350
Sanlam Emerging Markets	44 659	(3 186)	1 497	(2 239)	40 731
Covered business	9 151	(83)	435	(709)	8 794
Saham	2 968	(1 192)	603	(73)	2 306
Namibia	1 867	371	(67)	(174)	1 997
Botswana	1 587	372	(143)	(241)	1 575
Other African operations	1 274	147	39	(167)	1 293
Other International operations	1 455	219	3	(54)	1 623
Other operations	35 508	(3 103)	1 062	(1 530)	31 937
Saham	20 309	(1 571)	662	-	19 400
Shriram Capital	10 632	(841)	9	(518)	9 282
Other operations	4 567	(691)	391	(1 012)	3 255
Sanlam Investment Group	18 703	1 452	906	(1 011)	20 050
Covered business	2 797	359	148	(248)	3 056
Sanlam UK	1 268	139	42	(75)	1 374
Central Credit Manager	1 529	220	106	(173)	1 682
Other operations	15 906	1 093	758	(763)	16 994
Investment Management SA ⁽¹⁾	4 821	666	(51)	(378)	5 058
Wealth Management ⁽¹⁾	2 647	(283)	44	(133)	2 275
International ⁽¹⁾	6 938	535	655	(131)	7 997
Sanlam Specialised Finance	1 500	175	110	(121)	1 664
Santam	20 102	290	-	(717)	19 675
Sanlam Corporate	6 009	774	(286)	(577)	5 920
Covered business	5 077	1 062	(286)	(517)	5 336
Other operations	932	(288)	-	(60)	584
Afrocentric	892	(279)	-	(42)	571
Other	40	(9)	-	(18)	13
Discretionary capital	(3 678)	242	3 656	-	220
Other capital	7 155	166	11 067	(6 884)	11 504
Present value of holding company expenses	(2 083)	113	-	-	(1 970)
Elimination of inter-group dividends	-	-	(8 803)	8 803	-
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271
Covered business	56 234	9 351	(128)	(5 301)	60 156
Other operations	76 424	(1 381)	1 820	(3 502)	73 361
Group operations	132 658	7 970	1 692	(8 803)	133 517
Discretionary and other capital	1 394	521	14 723	(6 884)	9 754
Elimination of inter-group dividends	-	-	(8 803)	8 803	-
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271

⁽¹⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 401	4 832	(1 032)	(4 016)	43 185
Covered business	39 546	4 372	(1 032)	(3 677)	39 209
Sanlam Sky	7 956	1 612	89	(902)	8 755
Other	31 590	2 760	(1 121)	(2 775)	30 454
Other operations	3 855	460	-	(339)	3 976
Glacier	2 321	245	-	(207)	2 359
Sanlam Personal Loans	1 052	342	-	(170)	1 224
Other operations	482	(127)	-	38	393
Sanlam Emerging Markets	27 621	4 580	13 891	(1 433)	44 659
Covered business	6 686	417	2 714	(666)	9 151
Saham	1 265	(770)	2 570	(97)	2 968
Namibia	1 816	233	(40)	(142)	1 867
Botswana	1 333	418	67	(231)	1 587
Other African operations	1 050	292	80	(148)	1 274
Other International operations	1 222	244	37	(48)	1 455
Other operations	20 935	4 163	11 177	(767)	35 508
Saham	6 833	3 049	10 378	49	20 309
Shriram Capital	9 524	1 253	90	(235)	10 632
Other operations	4 578	(139)	709	(581)	4 567
Sanlam Investment Group	18 331	682	845	(1 155)	18 703
Covered business	2 768	305	31	(307)	2 797
Sanlam UK	1 213	90	64	(99)	1 268
Central Credit Manager	1 555	215	(33)	(208)	1 529
Other operations	15 563	377	814	(848)	15 906
Investment Management SA ⁽¹⁾	6 165	(941)	(234)	(169)	4 821
Wealth Management ⁽¹⁾	2 192	479	117	(141)	2 647
International ⁽¹⁾	6 410	619	289	(380)	6 938
Sanlam Specialised Finance	796	220	642	(158)	1 500
Santam	18 108	2 658	-	(664)	20 102
Sanlam Corporate	6 368	774	(595)	(538)	6 009
Covered business	5 283	839	(578)	(467)	5 077
Other operations	1 085	(65)	(17)	(71)	932
Afrocentric	1 001	(84)	-	(25)	892
Other	84	19	(17)	(46)	40
Discretionary capital	2 000	95	(5 773)	-	(3 678)
Other capital	7 550	(296)	5 981	(6 080)	7 155
Present value of holding company expenses	(1 616)	(467)	-	-	(2 083)
Elimination of inter-group dividends	-	-	(7 806)	7 806	-
Group Equity Value	121 763	12 858	5 511	(6 080)	134 052
Covered business	54 283	5 933	1 135	(5 117)	56 234
Other operations	59 546	7 593	11 974	(2 689)	76 424
Group operations	113 829	13 526	13 109	(7 806)	132 658
Discretionary and other capital	7 934	(668)	208	(6 080)	1 394
Elimination of inter-group dividends	-	-	(7 806)	7 806	-
Group Equity Value	121 763	12 858	5 511	(6 080)	134 052

RETURN ON GROUP EQUITY VALUE

for the year ended 31 December 2019

%	2019	2018
Sanlam Personal Finance	20,0	11,4
Covered business	20,4	11,3
Sanlam Sky	25,8	20,3
Other	18,9	9,0
Other operations	15,8	11,9
Glacier	14,4	10,6
Sanlam Personal Loans	23,8	32,5
Other operations	(0,8)	(26,3)
Sanlam Emerging Markets	(7,1)	14,8
Covered business	(0,9)	5,7
Saham	(40,2)	(39,5)
Namibia	19,9	12,8
Botswana	23,4	27,2
Other African operations	11,5	33,1
Other International operations	15,1	20,0
Other operations	(8,7)	17,7
Saham	(7,7)	32,3
Shriram Capital	(7,9)	13,2
Other operations	(14,6)	(7,4)
Sanlam Investment Group	7,6	3,7
Covered business	11,8	11,0
Sanlam UK	10,9	7,4
Central Credit Manager	12,5	13,8
Other operations	6,8	2,3
Investment Management SA ⁽¹⁾	13,7	(16,8)
Wealth Management ⁽¹⁾	(10,6)	21,0
International ⁽¹⁾	7,5	9,6
Sanlam Specialised Finance	11,7	(12,5)
Sanlam	1,4	14,7
Sanlam Corporate	13,4	12,8
Covered business	21,9	16,8
Other operations	(30,9)	(6,0)
AfroCentric	(31,3)	(8,4)
Other	(22,5)	22,6
Discretionary and other capital	65,4	(12,3)
Group Equity Value	6,3	10,6
Covered business	16,6	11,0
Other operations	(1,8)	12,2
Group operations	6,0	11,6
Discretionary and other capital	12,4	(12,3)
Group Equity Value	6,3	10,6
RoGEV per share	6,4	11,6
Sanlam Group hurdle rate	13,5	13,0

⁽¹⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.

Cumulative average RoGEV

for the year ended 31 December 2019

%	Cumulative average RoGEV up to 31 December 2019		
	3 years	4 years	5 years
Sanlam Personal Finance	16,2	17,8	16,7
Sanlam Emerging Markets	6,0	3,8	8,6
Sanlam Investment Group	8,4	5,7	9,2
Santam	11,1	16,0	10,7
Sanlam Corporate	15,6	14,1	14,3
Sanlam Group	10,5	10,9	11,1

ANALYSIS OF GEV EARNINGS

for the year ended 31 December 2019

Covered business⁽¹⁾

R million	Total		Value of in-force	
	2019	2018	2019	2018
Operational earnings	8 691	9 374	3 573	3 699
Value of new life insurance business ⁽²⁾	2 280	1 985	5 302	4 758
Unwinding of discount rate	5 285	4 937	5 080	4 760
Expected profit	-	-	(7 099)	(6 831)
Operating experience variances	1 361	2 114	506	374
Risk experience	454	535	131	138
Persistency	(22)	147	328	202
Maintenance expenses	83	43	(6)	(6)
Working capital management	527	507	-	-
Credit spread	294	437	(1)	-
Other	25	445	54	40
Operating assumption changes	(235)	338	(216)	638
Risk experience	208	177	27	201
Persistency	(98)	66	260	140
Maintenance expenses	255	20	210	108
Modelling changes and other	(600)	75	(713)	189
Net investment return	330	796	-	-
Expected return on adjusted net asset value	1 025	921	-	-
Investment variances on adjusted net asset value	(695)	(125)	-	-
Valuation and economic basis	347	(2 965)	325	(2 587)
Investment variances on in-force business	337	(2 603)	282	(2 265)
Economic assumption changes	318	(755)	380	(773)
Investment yields	164	(717)	152	(743)
Long-term asset mix assumptions and other	154	(38)	228	(30)
Foreign currency translation differences	(308)	393	(337)	451
Change in tax basis	-	(36)	-	(19)
Net project expenses	-	(13)	-	-
Goodwill and VOBA from business combinations	(17)	(1 223)	(17)	(1 212)
GEV earnings: covered business	9 351	5 933	3 881	(119)
Acquired value of in-force	128	3 124	5	2 243
Transfers from covered business	(5 557)	(7 106)	-	-
Embedded value of covered business at the beginning of the year	56 234	54 283	44 744	42 620
Embedded value of covered business at the end of the year	60 156	56 234	48 630	44 744

⁽¹⁾ Refer to note 7 for an analysis per cluster.

⁽²⁾ Refer to note 1 for further information.

Covered business per cluster

R million	Total		Value of in-force	
	2019	2018	2019	2018
Sanlam Personal Finance	42 970	39 209	39 050	35 086
Sanlam Emerging Markets	8 794	9 151	4 871	5 501
Sanlam Investment Group	3 056	2 797	816	781
Sanlam Corporate	5 336	5 077	3 893	3 376
Sanlam Group	60 156	56 234	48 630	44 744

Cost of capital		Adjusted net asset value	
2019	2018	2019	2018
(138)	47	5 256	5 628
(220)	(206)	(2 802)	(2 567)
205	177	-	-
-	-	7 099	6 831
(94)	251	949	1 489
(1)	3	324	394
(70)	-	(280)	(55)
(4)	-	93	49
-	-	527	507
-	-	295	437
(19)	248	(10)	157
(29)	(175)	10	(125)
7	3	174	(27)
(30)	4	(328)	(78)
-	(1)	45	(87)
(6)	(181)	119	67
-	-	330	796
-	-	1 025	921
-	-	(695)	(125)
(23)	42	45	(420)
1	89	54	(427)
(53)	11	(9)	7
49	19	(37)	7
(102)	(8)	28	-
29	(58)	-	-
-	(1)	-	(16)
-	-	-	(13)
-	-	-	(11)
(161)	88	5 631	5 964
(2)	(1)	125	882
-	-	(5 557)	(7 106)
(3 288)	(3 375)	14 778	15 038
(3 451)	(3 288)	14 977	14 778

Cost of capital		Adjusted net asset value	
2019	2018	2019	2018
(1 249)	(1 228)	5 169	5 351
(617)	(607)	4 540	4 257
(969)	(787)	3 209	2 803
(616)	(666)	2 059	2 367
(3 451)	(3 288)	14 977	14 778

ANALYSIS OF GEV EARNINGS
for the year ended 31 December 2019 (continued)

Other operations

R million	Total		Sanlam Personal Finance	
	2019	2018	2019	2018
Earnings from operations valued at listed share prices	608	2 814	-	-
Earnings from operations valued at net asset value	(156)	(76)	-	-
Earnings from operations valued based on discounted cash flows	(1 833)	4 855	627	460
Unwinding of discount rate	7 852	5 821	728	681
Operating experience variances	(596)	135	124	(3)
General insurance	(583)	(32)	-	-
Investment management	(87)	(13)	-	-
Credit and banking	97	163	116	(9)
Administration, health and other	(23)	17	8	6
Assumption changes	(7 660)	(2 588)	(305)	(15)
General insurance	(459)	413	-	-
Investment management	(2 755)	(913)	-	-
Credit and banking	(3 217)	(1 218)	(83)	188
Administration, health and other	(1 229)	(870)	(222)	(203)
Economic assumption changes	2 612	(1 725)	80	(203)
Foreign currency translation differences	(4 041)	3 212	-	-
GEV earnings: other operations	(1 381)	7 593	627	460

Discretionary and other capital

R million	Total	
	2019	2018
Investment return	456	(172)
Corporate expenses	13	(576)
Net corporate expenses	(100)	(109)
Change in present value of holding company expenses	113	(467)
Share-based payment transactions	52	80
GEV earnings: discretionary and other capital	521	(668)

Sanlam Emerging Markets		Sanlam Investment Group		Santam		Sanlam Corporate	
2019	2018	2019	2018	2019	2018	2019	2018
-	-	318	156	290	2 658	-	-
(122)	(111)	(34)	35	-	-	-	-
(2 981)	4 274	809	186	-	-	(288)	(65)
4 739	3 125	2 229	1 829	-	-	156	186
(545)	237	(133)	(67)	-	-	(42)	(32)
(583)	(32)	-	-	-	-	-	-
46	54	(133)	(67)	-	-	-	-
(19)	172	-	-	-	-	-	-
11	43	-	-	-	-	(42)	(32)
(4 395)	(1 540)	(2 546)	(852)	-	-	(414)	(181)
(459)	413	-	-	-	-	-	-
(209)	(61)	(2 546)	(852)	-	-	-	-
(3 134)	(1 406)	-	-	-	-	-	-
(593)	(486)	-	-	-	-	(414)	(181)
1 158	(109)	1 362	(1 375)	-	-	12	(38)
(3 938)	2 561	(103)	651	-	-	-	-
(3 103)	4 163	1 093	377	290	2 658	(288)	(65)

Reconciliation of Group Equity Value earnings

R million	2019	2018
IFRS earnings (excluding fund transfers)	5 448	13 186
Normalised attributable earnings	9 110	11 521
Earnings recognised directly in equity		
Foreign currency translation differences	(3 890)	1 726
Net cost of treasury shares delivered	(338)	(231)
Share-based payments	391	359
Change in ownership of subsidiaries	(112)	(103)
IFRS 9 transitional provisions	-	(429)
Other comprehensive income	287	343
Fair value adjustments	2 605	189
Change in fair value adjustments: non-life	(1 115)	220
Earnings from covered business: VIF	3 720	(31)
Adjustments to net worth	438	(517)
Present value of holding company expenses	113	(467)
Movement in book value of treasury shares: non-life subsidiaries	(11)	(56)
Change in goodwill/VOBA less VIF acquired	336	6
Group Equity Value earnings	8 491	12 858

ANALYSIS OF SHAREHOLDERS' FUND AT NET ASSET VALUE

at 31 December 2019

R million	Note	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾	
		2019	2018	2019	2018 ⁽⁵⁾
Assets					
Equipment		432	382	707	690
Right-of-use assets		433	-	212	-
Owner-occupied properties		477	470	1 061	1 250
Goodwill		769	816	13 598	15 434
Value of business acquired		858	951	5 947	7 172
Other intangible assets		27	25	637	816
Deferred acquisition costs		2 572	2 631	269	142
Investments		13 912	12 135	39 432	39 492
Properties		-	-	6 815	7 122
Associated companies	8.1	1 011	904	15 380	14 960
Joint ventures	8.2	874	828	-	-
Equities and similar securities		462	376	7 199	2 926
Interest-bearing investments		2 766	2 217	3 477	4 252
Structured transactions		177	472	14	24
Investment funds		7 676	6 453	4 996	8 179
Cash, deposits and similar securities		946	885	1 551	2 029
Deferred tax		192	214	735	697
Assets of disposal groups classified as held for sale		-	-	127	138
General insurance technical assets		-	-	2 641	2 428
Working capital assets		8 456	8 389	17 347	16 156
Trade and other receivables		534	1 568	11 106	10 065
Taxation		6	3	842	980
Cash, deposits and similar securities		7 916	6 818	5 399	5 111
Total assets		28 128	26 013	82 713	84 415
Equity and liabilities					
Shareholders' fund		13 167	9 580	38 473	40 612
Non-controlling interest		150	143	11 538	11 331
Total equity		13 317	9 723	50 011	51 943
Term finance		1 013	1 013	545	537
Lease liabilities		478	-	223	-
Structured transactions liabilities		58	24	-	-
Cell owners' interest		-	-	-	-
Deferred tax		826	895	3 499	3 893
General insurance technical provisions		-	-	17 696	16 929
Working capital liabilities		12 436	14 358	10 739	11 113
Trade and other payables		12 298	13 324	9 720	10 130
Provisions		52	46	152	130
Taxation		86	988	867	853
Total equity and liabilities		28 128	26 013	82 713	84 415
Analysis of shareholders' fund					
Covered business		8 532	9 090	7 856	7 867
Other operations		2 101	2 043	28 796	32 256
Discretionary and other capital		2 534	(1 553)	1 821	489
Shareholders' fund at net asset value		13 167	9 580	38 473	40 612
Consolidation reserve		641	1 010	62	-
Shareholders' fund per Group statement of financial position.		13 808	10 590	38 535	40 612

⁽¹⁾ Includes the operations of Sanlam Personal Finance and Sanlam Corporate (which includes Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.

⁽²⁾ Includes discretionary capital held by Sanlam Emerging Markets.

⁽³⁾ Group office and other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

⁽⁴⁾ Elimination of inter-company balances, other investments and term finance between companies within the Group.

⁽⁵⁾ Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.

Sanlam Investment Group		Santam		Group office ⁽³⁾		Consolidation entries ⁽⁴⁾		Shareholders fund at net asset value	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
103	110	291	298	-	-	-	-	1 533	1 480
346	-	861	-	-	-	-	-	1 852	-
120	117	25	25	-	-	-	-	1 683	1 862
2 466	2 091	944	854	-	-	1 197	1 197	18 974	20 392
1 963	987	-	-	-	-	-	-	8 768	9 110
188	204	74	37	-	-	-	-	926	1 082
24	43	-	-	-	-	-	-	2 865	2 816
5007	4 747	24 145	21 397	5 707	1 400	(4 517)	(4 524)	83 686	74 647
-	-	-	-	-	-	-	-	6 815	7 122
280	242	4 508	4 168	-	-	(4 489)	(3 953)	16 690	16 321
89	2	49	53	-	-	-	-	1 012	883
348	345	2 089	1 721	367	367	4 310	(547)	14 775	5 188
596	644	11 919	10 829	5 340	1 033	(4 458)	(144)	19 640	18 831
137	133	400	509	-	-	-	-	728	1 138
3 170	2 890	4 480	3 202	-	-	120	120	20 442	20 844
387	491	700	915	-	-	-	-	3 584	4 320
212	176	107	154	-	-	(15)	(2)	1 231	1 239
-	-	-	-	-	-	-	-	127	138
-	-	7 525	7 112	-	-	-	-	10 166	9 540
14 923	15 389	14 654	13 675	3 897	3 497	(1 251)	(1 609)	58 026	55 497
11 504	12 160	6 632	6 317	3 643	3 153	(1 386)	(1 809)	32 033	31 454
3	3	16	10	-	-	-	-	867	996
3 416	3 226	8 006	7 348	254	344	135	200	25 126	23 047
25 352	23 864	48 626	43 552	9 604	4 897	(4 586)	(4 938)	189 837	177 803
10 952	9 778	6 479	5 818	4 260	245	3 181	4 342	76 512	70 375
650	241	4 405	3 882	-	-	(4 716)	(3 998)	12 027	11 599
11 602	10 019	10 884	9 700	4 260	245	(1 535)	344	88 539	81 974
882	974	2 080	2 072	2 954	2 704	-	-	7 474	7 300
370	-	978	-	-	-	-	-	2 049	-
-	-	-	-	-	-	-	-	58	24
-	-	3 935	3 305	-	-	-	-	3 935	3 305
262	62	39	62	-	-	-	-	4 626	4 912
-	-	23 636	21 104	-	-	-	-	41 332	38 033
12 236	12 809	7 074	7 309	2 390	1 948	(3 051)	(5 282)	41 824	42 255
11 692	12 418	6 585	6 793	2 378	1 918	(3 074)	(5 296)	39 599	39 287
90	81	174	132	10	20	18	17	496	426
454	310	315	384	2	10	5	(3)	1 729	2 542
25 352	23 864	48 626	43 552	9 604	4 897	(4 586)	(4 938)	189 837	177 803
3 565	3 159	-	-	-	-	-	-	19 953	20 116
6 262	5 673	6 479	5 818	-	-	-	-	43 638	45 790
1 125	946	-	-	4 260	245	3 181	4 342	12 921	4 469
10 952	9 778	6 479	5 818	4 260	245	3 181	4 342	76 512	70 375
-	-	-	-	-	-	(9 898)	(1 879)	(9 195)	(869)
10 952	9 778	6 479	5 818	4 260	245	(6 717)	2 463	67 317	69 506

SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2019

R million	Note	Sanlam Personal Finance		Sanlam Emerging Markets	
		2019	2018	2019	2018
Financial services income	9	21 068	19 136	25 367	11 526
Sales remuneration	10	(3 737)	(3 334)	(3 345)	(1 568)
Income after sales remuneration		17 331	15 802	22 022	9 958
Underwriting policy benefits		(5 441)	(4 542)	(10 043)	(3 230)
Administration costs	11	(6 087)	(5 648)	(6 431)	(2 955)
Result from financial services before tax		5 803	5 612	5 548	3 773
Tax on result from financial services		(1 570)	(1 636)	(1 789)	(1 109)
Result from financial services after tax		4 233	3 976	3 759	2 664
Non-controlling interest		32	57	(1 127)	(626)
Net result from financial services		4 265	4 033	2 632	2 038
Net investment income		256	234	299	207
Investment income	12	310	379	568	319
Tax on investment income		(49)	(139)	(174)	(119)
Non-controlling interest		(5)	(6)	(95)	7
Net investment surpluses		102	27	(136)	27
Investment surpluses		117	24	48	52
Tax on investment surpluses		(15)	3	(152)	(27)
Non-controlling interest		-	-	(32)	2
Project expenses		(2)	-	(89)	(74)
Net operational earnings		4 621	4 294	2 706	2 198
Net amortisation of value of business acquired and other intangibles		(58)	(54)	(437)	(193)
Equity participation costs ⁽¹⁾		-	-	-	-
Net non-operational equity-accounted earnings		-	-	(1)	-
Non-operational equity-accounted earnings		-	-	2	2
Tax on non-operational equity-accounted headline earnings		-	-	(2)	-
Non-controlling interest		-	-	(1)	(2)
Net profit/(loss) on disposal of subsidiaries and associated companies		-	-	(4)	1 808
Profit/(loss) on disposal of subsidiaries and associated companies		-	-	(7)	2 190
Tax on profit on disposal of subsidiaries and associated companies		-	-	-	(118)
Non-controlling interest		-	-	3	(264)
Impairments		(4)	(22)	(314)	(252)
Normalised attributable earnings		4 559	4 218	1 950	3 561
Fund transfers ⁽¹⁾		(370)	(190)	(27)	-
Attributable earnings per Group statement of comprehensive income		4 189	4 028	1 923	3 561
Net profit on disposal of subsidiaries and associated companies		-	-	4	(1 808)
Impairments		4	22	314	252
Net equity-accounted non-headline earnings		-	-	-	-
Headline earnings		4 193	4 050	2 241	2 005
Diluted earnings per share					
Weighted average number of shares for operational earnings per share (million)					
Net result from financial services (cents)	13	193,1	192,2	119,2	97,1

⁽¹⁾ The B-BBEE transaction gives rise to a non-recurring share-based payment charge of R1,686 billion. The market-related discount of R594 million is recognised as equity participation cost in the Shareholders' fund income statement, with the remainder recognised in fund transfers.

Sanlam Investment Group		Santam		Sanlam Corporate		Group office and other ⁽¹⁾		Total	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
6 800 (547)	6 396 (408)	25 396 (2 882)	23 693 (2 635)	5 989 (70)	5 622 (67)	(370) -	156 -	84 250 (10 581)	66 529 (8 012)
6 253 - (4 694)	5 988 - (4 446)	22 514 (15 080) (4 382)	21 058 (13 827) (4 253)	5 919 (3 511) (1 582)	5 555 (3 254) (1 497)	(370) - (302)	156 - (321)	73 669 (34 075) (23 478)	58 517 (24 853) (19 120)
1 559 (392)	1 542 (326)	3 052 (898)	2 978 (877)	826 (236)	804 (224)	(672) 214	(165) 56	16 116 (4 671)	14 544 (4 116)
1 167 (97)	1 216 (64)	2 154 (937)	2 101 (905)	590 -	580 -	(458) 358	(109) -	11 445 (1 771)	10 428 (1 538)
1 070 82	1 152 45	1 217 120	1 196 114	590 55	580 81	(100) 232	(109) (43)	9 674 1 044	8 890 638
89 (9) 2	52 (7) -	263 (64) (79)	220 (26) (80)	60 (5) -	93 (12) -	106 87 39	(40) (3) -	1 396 (214) (138)	1 023 (306) (79)
53	(9)	152	68	49	(11)	(10)	(39)	210	63
81 (28) -	(6) (3) -	379 (125) (102)	173 (50) (55)	62 (13) -	(11) - -	(75) 37 28	(39) - -	612 (296) (106)	193 (77) (53)
(39)	(56)	-	-	-	-	-	(6)	(130)	(136)
1 166 (211) - - - - -	1 132 (126) - - - - -	1 489 (40) (2) 29 48 - (19)	1 378 (10) (5) 11 18 - (7)	694 (20) - (9) (9) - -	650 (17) - (8) (8) - -	122 - (594) - - -	(197) - - - - -	10 798 (766) (596) 19 41 (2) (20)	9 455 (400) (5) 3 12 - (9)
1	718	-	235	(3)	12	-	-	(6)	2 773
1	718	-	450	(3)	16	-	(262)	(9)	3 112
- - (5)	- - (31)	- - (16)	(39) (176)	- - -	(4) - -	- - -	- 262 -	- 3 (339)	(161) (178) (305)
951 -	1 693 -	1 460 -	1 609 -	662 -	637 -	(472) (1 563)	(197) 296	9 110 (1 960)	11 521 106
951 (1) 5 -	1 693 (718) 31 -	1 460 - 16 -	1 609 (235) - -	662 3 - (14)	637 (12) - 3	(2 035) - - -	99 - - -	7 150 6 339 (14)	11 627 (2 773) 305 3
955	1 006	1 476	1 374	651	628	(2 035)	99	7 481	9 162
48,4	54,9	55,1	57,0	26,7	27,6	(4,5)	(5,2)	2 208,5 438,0	2 098,8 423,6

NET OPERATING PROFIT

for the year ended 31 December 2019

Analysis per line of business

R million	Life business		General insurance	
	2019	2018	2019	2018
Southern Africa	4 981	4 765	1 162	1 216
South Africa	4 517	4 352	1 035	1 088
Other	464	413	127	128
North and West Africa	112	124	586	400
East Africa	59	35	18	(14)
Other International	149	193	585	300
Emerging markets	74	94	585	300
Developed markets	75	99	-	-
Total	5 301	5 117	2 351	1 902

Investment management		Credit and structuring		Administration, health and other		Total	
2019	2018	2019	2018	2019	2018	2019	2018
683	613	447	338	84	19	7 357	6 951
648	565	205	156	74	46	6 479	6 207
35	48	242	182	10	(27)	878	744
-	-	(26)	-	(107)	-	565	524
4	-	-	-	22	(20)	103	1
153	305	753	592	9	24	1 649	1 414
(1)	(1)	753	592	9	24	1 420	1 009
154	306	-	-	-	-	229	405
840	918	1 174	930	8	23	9 674	8 890

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019

1. Value of new covered business

R million	Note	Total	
		2019	2018
Value of new covered business (at point of sale)			
Gross value of new covered business		2 807	2 426
Cost of capital		(262)	(239)
Value of new covered business		2 545	2 187
Value of new business attributable to:			
Shareholders' fund	3	2 280	1 985
Non-controlling interest		265	202
Value of new covered business		2 545	2 187
Analysis of new business profitability			
<i>Before non-controlling interest</i>			
Present value of new business premiums		81 540	78 085
New business margin		3,12%	2,80%
<i>After non-controlling interest:</i>			
Present value of new business premiums		76 446	74 378
New business margin		2,98%	2,67%
Capitalisation factor - recurring premiums		4,1	4,1

Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Sanlam Corporate	
2019	2018	2019	2018	2019	2018	2019	2018
1 899 (89)	1 630 (95)	670 (109)	592 (83)	7 (7)	7 (7)	231 (57)	197 (54)
1 810	1 535	561	509	-	-	174	143
1 763 47	1 504 31	343 218	338 171	- -	- -	174 -	143 -
1 810	1 535	561	509	-	-	174	143
50 144 3,61%	49 764 3,08%	14 461 3,88%	11 099 4,59%	3 410 0,00%	3 334 0,00%	13 525 1,29%	13 888 1,03%
49 269 3,58%	48 790 3,08%	10 242 3,35%	8 366 4,04%	3 410 0,00%	3 334 0,00%	13 525 1,29%	13 888 1,03%
4,4	4,2	3,0	3,2	4,2	4,1	5,5	5,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

1. Value of new covered business (continued)
Geographical analysis

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2019	2018	2019	2018	2019	2018
Before non-controlling interest						
Southern Africa	2 371	2 005	70 233	69 398	3,37%	2,89%
South Africa	1 983	1 678	63 669	63 652	3,11%	2,64%
Sanlam Sky	769	606	8 561	7 685	8,98%	7,89%
Glacier	419	451	27 478	28 216	1,52%	1,60%
Other SPF	621	478	14 105	13 863	4,40%	3,45%
Sanlam Corporate	174	143	13 525	13 888	1,29%	1,03%
Other Southern Africa	388	327	6 564	5 746	5,91%	5,69%
North and West Africa	58	64	3 098	1 540	1,87%	4,16%
East Africa	(8)	3	1 185	933	(0,68%)	0,32%
Other International	124	115	7 024	6 214	1,77%	1,85%
Total	2 545	2 187	81 540	78 085	3,12%	2,80%
After non-controlling interest						
Southern Africa	2 166	1 839	67 203	66 707	3,22%	2,76%
South Africa	1 937	1 647	62 794	62 678	3,08%	2,63%
Sanlam Sky	767	606	8 559	7 685	8,96%	7,89%
Glacier	419	451	27 478	28 216	1,52%	1,60%
Other SPF	577	447	13 232	12 889	4,36%	3,47%
Sanlam Corporate	174	143	13 525	13 888	1,29%	1,03%
Other Southern Africa	229	192	4 409	4 029	5,19%	4,77%
North and West Africa	45	60	2 346	1 477	1,92%	4,06%
East Africa	(13)	-	832	651	(1,56%)	-
Other international	82	86	6 065	5 543	1,35%	1,55%
Total	2 280	1 985	76 446	74 378	2,98%	2,67%

2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value (%)	
	2019	2018	2019	2018	2019	2018	2019	2018
Base value	48 630	44 744	(3 451)	(3 288)	45 179	41 456		
Risk discount rate increase by 1%	45 944	42 475	(3 862)	(3 708)	42 082	38 767	(7)	(6)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	49 876	45 812	(3 508)	(3 342)	46 368	42 470	3	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	47 153	43 504	(3 428)	(3 231)	43 725	40 273	(3)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	49 292	45 377	(3 052)	(2 981)	46 240	42 396	2	2
Rand exchange rate depreciates by 10%	49 042	45 227	(3 519)	(3 356)	45 523	41 871	1	1
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	50 525	46 571	(3 453)	(3 316)	47 072	43 255	4	4
Discontinuance rates decrease by 10%	50 349	46 147	(3 548)	(3 364)	46 801	42 783	4	3
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	50 706	46 641	(3 446)	(3 287)	47 260	43 354	5	5
Mortality and morbidity decrease by 5% for annuity business	48 367	44 492	(3 454)	(3 285)	44 913	41 207	(1)	(1)
Gross value of in-force business profile (%)								
Years 1 - 5	55	56						
Year 1	17	18						
Year 2	12	12						
Year 3	10	10						
Year 4	9	9						
Year 5	7	7						
Years 6 - 10	24	23						
Years 11 - 20	17	17						
Years 20+	4	4						

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

3. Value of new covered business sensitivity analysis

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value (%)	
	2019	2018	2019	2018	2019	2018	2019	2018
Base value	2 500	2 191	(220)	(206)	2 280	1 985		
Risk discount rate increase by 1%	2 214	1 945	(246)	(235)	1 968	1 710	(14)	(14)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	2 652	2 316	(221)	(205)	2 431	2 111	7	6
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	2 706	2 396	(222)	(208)	2 484	2 188	9	10
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	2 725	2 405	(222)	(208)	2 503	2 197	10	11
Discontinuance rates decrease by 10%	2 820	2 477	(233)	(219)	2 587	2 258	13	14
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	2 760	2 441	(222)	(207)	2 538	2 234	11	13
Mortality and morbidity decrease by 5% for annuity business	2 484	2 183	(224)	(208)	2 260	1 975	(1)	(1)

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

%	2019	2018
Sanlam Life⁽¹⁾		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	9,3	9,5
Equities	12,8	13,0
Offshore investments	11,8	12,0
Hedged equity	8,3	8,9
Property	10,3	10,5
Cash	8,3	8,5
Inflation rate ⁽¹⁾	7,3	7,5
Risk discount rate	11,8	12,0
<i>⁽¹⁾ Expense inflation of 11,3% (2018: 11,5%) assumed for retail business administered on old platforms.</i>		
Sanlam Developing Markets⁽¹⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	8,1	8,6
Equities and offshore investments	11,6	12,1
Hedged equities	7,1	7,6
Property	9,1	9,6
Cash	7,1	7,6
Inflation rate	6,1	6,6
Risk discount rate	10,6	11,1
<i>⁽¹⁾ Excludes the Sanlam Life products written on the SDM licence.</i>		
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	6,5	7,0
Equities and offshore investments	10,0	10,5
Hedged equities	n/a	n/a
Property	7,5	8,0
Cash	5,5	6,0
Inflation rate	3,5	4,0
Risk discount rate	10,0	10,5
Saham Assurance Maroc		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	2,8	3,2
Equities and offshore investments	6,3	6,7
Hedged equities	n/a	n/a
Property	3,8	4,2
Cash	1,8	2,2
Inflation rate	0,0	0,2
Risk discount rate	6,8	7,2
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	1,2	1,6
Equities and offshore investments	4,4	4,8
Hedged equities	n/a	n/a
Property	4,4	4,8
Cash	1,2	1,6
Inflation rate	3,0	3,3
Risk discount rate	4,9	5,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

4. Economic assumptions – covered business (continued)

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (2018: 25bps and 70bps) for non-participating annuities, between 25bps and 75bps (2018: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2018: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Asset mix of the assets supporting adjusted net asset value – covered business

	R million		Fixed-interest securities		Equities	
	2019	2018	2019	2018	2019	2018
% ⁽¹⁾						
Required capital						
South Africa ⁽²⁾	9 676	9 861	-	-	3	3
Namibia	510	508	6	6	36	36
Botswana Life	312	463	-	-	-	-
Saham	903	804	95	-	5	-
Sanlam Life Insurance (Kenya)	111	134	100	100	-	-
Other African Operations	521	415	39	53	4	6
Shriram Life Insurance (India)	277	255	85	85	10	10
MCIS (Malaysia)	402	356	69	69	18	18
Sanlam Investments and Pensions (UK)	541	533	80	-	-	-
Total required capital	13 253	13 329				
Free Surplus	1 724	1 449				
Adjusted net asset value	14 977	14 778				

⁽¹⁾ The 31 December 2018 asset mix percentages have been restated to reflect the assets backing required capital and do not include free surplus.

⁽²⁾ The 31 December 2019 asset mix backing the Sanlam Life required capital is 100% hedged (2018: 80%).

Assumed long-term expected return on required capital

	Gross return on required capital		Net return on required capital	
	2019	2018	2019	2018
%				
Sanlam Life	8,3	9,1	6,9	7,4
Sanlam Developing Markets	8,0	8,5	6,2	6,6
Sanlam Namibia	10,3	10,3	9,2	9,2
Sanlam Namibia Holdings	8,5	9,0	7,4	7,9
Botswana Life Insurance	6,5	7,0	4,9	5,3
Saham Assurance Maroc	2,8	3,2	2,8	3,2
Sanlam Life Insurance (Kenya)	10,7	11,3	7,5	7,9
Shriram Life Insurance (India)	7,8	8,6	6,1	7,0
MCIS (Malaysia)	4,1	4,9	3,8	4,5
Sanlam Investments and Pensions (UK)	1,6	1,6	1,2	1,3

Hedged equities		Property		Cash		Total	
2019	2018	2019	2018	2019	2018	2019	2018
91	91	-	-	6	6	100	100
-	-	-	-	58	58	100	100
-	-	50	50	50	50	100	100
-	-	-	-	-	100	100	100
-	-	-	-	-	-	100	100
-	-	4	6	53	35	100	100
-	-	-	-	5	5	100	100
-	-	-	-	13	13	100	100
-	-	-	-	20	100	100	100

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

5. Value of other Group operations sensitivity analysis
5.1 Valuation methodology

R million	Total	
	2019	2018
Listed share price	20 973	21 082
Santam	19 675	20 102
Sanlam Investment Group: Nucleus	1 298	980
Discounted cash flows	50 003	52 722
Sanlam Personal Finance	4 171	3 976
Glacier	2 501	2 359
Sanlam Personal Loans	1 320	1 224
Other operations	350	393
Sanlam Emerging Markets	31 556	34 248
Saham	19 400	20 309
Shriram Capital	9 282	10 632
Letshego	935	889
Pacific & Orient	330	433
Capricorn Investment Holdings	936	968
Other operations	673	1 017
Sanlam Investment Group	13 692	13 566
Investment Management SA	5 058	4 822
Wealth Management	2 275	2 709
International	5 085	4 925
Sanlam Specialised Finance	1 274	1 110
Sanlam Corporate	584	932
Afrocentric	571	892
Other	13	40
Net asset value	2 385	2 620
Sanlam Investment Group	2 004	1 360
International	1 614	970
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	381	1 260
Total	73 361	76 424

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	2019	2018	2019	2018	2019	2018
	Sanlam Personal Finance	4 171	3 976	3 832	3 652	4 323
Glacier	2 501	2 359	2 275	2 151	2 610	2 457
Sanlam Personal Loans	1 320	1 224	1 234	1 138	1 352	1 256
Other operations	350	393	323	363	361	404
Sanlam Emerging Markets	31 556	34 248	26 957	30 188	35 613	37 778
Saham	19 400	20 309	16 752	18 195	21 638	22 197
Shriram Capital	9 282	10 632	7 805	9 071	10 773	11 990
Letshego	935	889	805	791	1 033	946
Pacific & Orient	330	433	286	378	361	477
Capricorn Investment Holdings	936	968	817	891	1 026	1 025
Other operations	673	1 017	492	862	782	1 143
Sanlam Investment Group	13 692	13 566	11 990	12 024	14 781	14 382
Investment Management SA	5 058	4 822	4 558	4 365	5 304	5 057
Wealth Management	2 275	2 709	2 059	2 397	2 386	2 772
International	5 085	4 925	4 198	4 243	5 772	5 398
Sanlam Specialised Finance	1 274	1 110	1 175	1 019	1 319	1 155
Sanlam Corporate	584	932	540	863	604	962
Afrocentric	571	892	527	825	591	921
Other	13	40	13	38	13	41
	50 003	52 722	43 319	46 727	55 321	57 239
Weighted average assumption			14,6%	14,5%	2 - 5%	2 - 5%

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	2019	2018	2019	2018	2019	2018
	Sanlam Personal Finance	4 173	3 801	4 570	4 354	4 171
Glacier	2 503	2 184	2 770	2 606	2 501	2 359
Sanlam Personal Loans	1 320	1 224	1 420	1 321	1 320	1 224
Other operations	350	393	380	427	350	393
Sanlam Emerging Markets	31 556	34 216	38 131	40 050	34 618	37 628
Saham	19 400	20 309	23 189	23 428	21 340	22 340
Shriram Capital	9 282	10 632	11 452	12 774	10 209	11 695
Letshego	935	889	1 107	1 010	1 029	978
Pacific & Orient	330	433	392	509	363	476
Capricorn Investment Holdings	936	936	1 092	1 068	936	968
Other operations	673	1 017	899	1 261	741	1 171
Sanlam Investment Group	11 775	12 758	15 880	15 367	14 223	14 073
Investment Management SA	3 963	4 422	5 658	5 373	5 071	4 822
Wealth Management	1 930	2 545	2 538	2 948	2 284	2 655
International	4 686	4 731	6 294	5 825	5 594	5 486
Sanlam Specialised Finance	1 196	1 060	1 390	1 221	1 274	1 110
Sanlam Corporate	584	932	636	1 015	584	932
Afrocentric	571	892	623	972	571	892
Other	13	40	13	43	13	40
	48 088	51 707	59 217	60 786	53 596	56 609

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

6. Business volumes

6.1 Analysis of new business and total funds received

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Sanlam Personal Finance	33 505	34 112	-	-	28 308	26 859	61 813
Recurring premium sub-cluster	3 308	3 282	-	-	121	130	3 429	3 412
Recurring	2 317	2 263	-	-	121	130	2 438	2 393
Single	991	1 019	-	-	-	-	991	1 019
Sky	2 726	2 494	-	-	-	-	2 726	2 494
Glacier	27 471	28 336	-	-	28 187	26 729	55 658	55 065
Sanlam Emerging Markets	8 343	6 410	15 604	9 873	10 862	9 941	34 809	26 224
Southern Africa	4 365	3 641	1 206	1 025	10 124	9 326	15 695	13 992
Recurring	927	744	1 206	1 025	-	-	2 133	1 769
Single	3 438	2 897	-	-	10 124	9 326	13 562	12 223
North and West Africa	1 901	1 042	10 765	5 937	-	-	12 666	6 979
Recurring	738	464	10 765	5 937	-	-	11 503	6 401
Single	1 163	578	-	-	-	-	1 163	578
East Africa	774	636	850	617	738	615	2 362	1 868
Recurring	246	177	850	617	-	-	1 096	794
Single	528	459	-	-	738	615	1 266	1 074
Other International	1 303	1 091	2 783	2 294	-	-	4 086	3 385
Recurring	965	747	2 783	2 294	-	-	3 748	3 041
Single	338	344	-	-	-	-	338	344
Sanlam Investment Group	3 289	3 219	-	-	109 947	96 477	113 236	99 696
Investment Management SA	-	-	-	-	88 857	72 100	88 857	72 100
Wealth Management	-	-	-	-	6 890	4 985	6 890	4 985
International	3 289	3 219	-	-	14 200	19 392	17 489	22 611
Recurring	37	37	-	-	3	8	40	45
Single	3 252	3 182	-	-	14 197	19 384	17 449	22 566
Santam	-	-	24 227	22 812	-	-	24 227	22 812
Sanlam Corporate	8 790	10 074	-	-	6 448	3 252	15 238	13 326
Recurring	1 045	888	-	-	95	-	1 140	888
Single	7 745	9 186	-	-	6 353	3 252	14 098	12 438
Total new business	53 927	53 815	39 831	32 685	155 565	136 529	249 323	223 029

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Recurring premiums on existing funds:							
Sanlam Personal Finance	20 732	18 467	-	-	161	171	20 893	18 638
Recurring premium sub-cluster	14 623	13 485	-	-	161	171	14 784	13 656
Sky	5 992	4 879	-	-	-	-	5 992	4 879
Glacier	117	103	-	-	-	-	117	103
Sanlam Emerging Markets	8 615	5 873	-	-	644	252	9 259	6 125
Southern Africa	3 199	3 072	-	-	-	-	3 199	3 072
North and West Africa	2 184	191	-	-	-	-	2 184	191
East Africa	535	539	-	-	644	252	1 179	791
Other International	2 697	2 071	-	-	-	-	2 697	2 071
Sanlam Investment Group	340	361	-	-	48	49	388	410
International	340	361	-	-	48	49	388	410
Sanlam Corporate	6 555	5 492	-	-	2 852	3 862	9 407	9 354
Total funds received	90 169	84 008	39 831	32 685	159 270	140 863	289 270	257 556

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

6. Business volumes (continued)
6.2 Analysis of payments to clients

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Sanlam Personal Finance	47 220	43 860	-	-	25 893	25 455	73 113	69 315
Recurring premium sub-cluster	19 893	18 936	-	-	392	487	20 285	19 423
Surrenders	2 234	2 366	-	-	-	-	2 234	2 366
Other	17 659	16 570	-	-	392	487	18 051	17 057
Sanlam Sky	4 237	3 748	-	-	-	-	4 237	3 748
Surrenders	476	455	-	-	-	-	476	455
Other	3 761	3 293	-	-	-	-	3 761	3 293
Glacier	23 090	21 176	-	-	25 501	24 968	48 591	46 144
Surrenders	4 397	3 426	-	-	-	-	4 397	3 426
Other	18 693	17 750	-	-	25 501	24 968	44 194	42 718
Sanlam Emerging Markets	11 007	8 057	9 569	5 913	12 253	9 772	32 829	23 742
Southern Africa	4 691	4 383	570	386	11 743	9 334	17 004	14 103
Surrenders	788	526	-	-	-	-	788	526
Other	3 903	3 857	570	386	11 743	9 334	16 216	13 577
North and West Africa	1 645	515	6 930	3 441	-	-	8 575	3 956
Surrenders	6	2	-	-	-	-	6	2
Other	1 639	513	6 930	3 441	-	-	8 569	3 954
East Africa	885	807	445	334	510	438	1 840	1 579
Surrenders	37	35	-	-	-	-	37	35
Other	848	772	445	334	510	438	1 803	1 544
Other international	3 786	2 352	1 624	1 752	-	-	5 410	4 104
Surrenders	651	599	-	-	-	-	651	599
Other	3 135	1 753	1 624	1 752	-	-	4 759	3 505
Sanlam Investment Group	4 586	3 968	-	-	87 817	88 924	92 403	92 892
Investment Management SA	-	-	-	-	68 778	67 967	68 778	67 967
Wealth Management	-	-	-	-	6 327	4 200	6 327	4 200
International	4 586	3 968	-	-	12 712	16 757	17 298	20 725
Santam	-	-	15 081	13 826	-	-	15 081	13 826
Sanlam Corporate	11 367	11 309	-	-	7 711	4 933	19 078	16 242
Surrenders	2 178	1 899	-	-	1 279	1 036	3 457	2 935
Other	9 189	9 410	-	-	6 432	3 897	15 621	13 307
Total payments to clients	74 180	67 194	24 650	19 739	133 674	129 084	232 504	216 017

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Sanlam Personal Finance	7 017	8 719	-	-	2 576	1 575	9 593
Recurring premium sub-cluster	(1 962)	(2 169)	-	-	(110)	(186)	(2 072)	(2 355)
Sky	4 481	3 625	-	-	-	-	4 481	3 625
Glacier	4 498	7 263	-	-	2 686	1 761	7 184	9 024
Sanlam Emerging Markets	5 951	4 226	6 035	3 960	(747)	421	11 239	8 607
Southern Africa	2 873	2 330	636	479	(1 619)	(8)	1 890	2 801
North and West Africa	2 440	718	3 835	2 803	-	-	6 275	3 521
East Africa	424	368	405	252	872	429	1 701	1 049
Other international	214	810	1 159	426	-	-	1 373	1 236
Sanlam Investment Group	(957)	(388)	-	-	22 178	7 602	21 221	7 214
Investment Management SA	-	-	-	-	20 079	4 133	20 079	4 133
Wealth Management	-	-	-	-	563	785	563	785
International	(957)	(388)	-	-	1 536	2 684	579	2 296
Santam	-	-	9 146	8 986	-	-	9 146	8 986
Sanlam Corporate	3 978	4 257	-	-	1 589	2 181	5 567	6 438
Total funds received	15 989	16 814	15 181	12 946	25 596	11 779	56 766	41 539

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

7. Cluster information

7.1 Sanlam Personal Finance

Analysis of earnings

R million	Life business		Non-life operations		Total	
	2019	2018	2019	2018	2019	2018
	Net result from financial services	3 827	3 677	438	356	4 265
Recurring premium sub-cluster	1 803	2 042	9	(14)	1 812	2 028
Sanlam Sky	974	897	-	-	974	897
Glacier	963	658	176	196	1 139	854
SBD and other	87	80	253	174	340	254
Net investment return	274	162	84	99	358	261
Net other earnings	(18)	(36)	(46)	(40)	(64)	(76)
Normalised attributable earnings	4 083	3 803	476	415	4 559	4 218

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.1 Sanlam Personal Finance (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2019	2018	2019	2018	2019	2018	2019	2018
Operational earnings	7 087	7 459	3 301	3 150	25	127	3 761	4 182
Value of new life insurance business	1 763	1 504	4 076	3 644	(86)	(95)	(2 227)	(2 045)
Unwinding of discount rate	4 109	3 895	4 017	3 816	92	79	-	-
Expected profit	-	-	(5 452)	(5 298)	-	-	5 452	5 298
Operating experience variances	952	1 499	354	376	(3)	171	601	952
Risk experience	455	575	134	139	1	-	320	436
Persistency	(91)	(45)	141	105	(2)	-	(230)	(150)
Maintenance expenses	82	38	(2)	(4)	-	-	84	42
Working capital management	380	405	-	-	-	-	380	405
Credit spread	83	137	(1)	-	-	-	84	137
Other	43	389	82	136	(2)	171	(37)	82
Operating assumption changes	263	561	306	612	22	(28)	(65)	(23)
Risk experience	154	262	26	260	2	1	126	1
Persistency	(23)	54	313	120	(11)	12	(325)	(78)
Maintenance expenses	339	150	272	148	-	-	67	2
Modelling changes and other	(207)	95	(305)	84	31	(41)	67	52
Net investment return	274	162	-	-	-	-	274	162
Expected return on adjusted net asset value	382	354	-	-	-	-	382	354
Investment variances on adjusted net asset value	(108)	(192)	-	-	-	-	(108)	(192)
Valuation and economic basis	669	(3 187)	648	(2 737)	(45)	38	66	(488)
Investment variances on in-force business	173	(2 456)	109	(2 037)	(2)	67	66	(486)
Economic assumption changes	496	(731)	539	(700)	(43)	(29)	-	(2)
Investment yields	308	(720)	315	(689)	5	(29)	(12)	(2)
Long-term asset mix assumptions and other	188	(11)	224	(11)	(48)	-	12	-
Change in tax basis	-	(37)	-	(20)	-	-	-	(17)
Goodwill and VOBA from business combinations	(17)	(25)	(17)	(14)	-	-	-	(11)
GEV earnings: covered business	8 013	4 372	3 932	379	(20)	165	4 101	3 828
Acquired value of in-force	138	26	32	25	(1)	(1)	107	2
Transfers from/(to) other Group operations	-	177	-	-	-	-	-	177
Transfers from covered business	(4 390)	(4 912)	-	-	-	-	(4 390)	(4 912)
Embedded value of covered business at the beginning of the year	39 209	39 546	35 086	34 682	(1 228)	(1 392)	5 351	6 256
Embedded value of covered business at the end of the year	42 970	39 209	39 050	35 086	(1 249)	(1 228)	5 169	5 351

Assets under management

R million	2019	2018
Sanlam Sky: Life business	5 267	5 291
Recurring premium sub-cluster	160 643	154 268
Life business	158 816	152 459
Investment operations	1 827	1 809
Glacier	349 091	312 769
Life business	201 775	181 986
Investment operations	147 316	130 783
Total	515 001	472 328
Life business	365 858	339 736
Investment operations	149 143	132 592
Sanlam Personal Loans		
Gross size of loan book (R million)	5 633	4 931
Interest margin (%)	16,5	16,7
Bad debt ratio (%)	5,6	5,6
Administration cost as % of net interest (%)	29,9	28,5

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life business		General insurance	
	2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾
Southern Africa	815	720	213	186
North and West Africa	224	180	1 436	705
East Africa	138	95	30	(20)
Other international	139	168	989	407
Corporate costs	-	-	-	-
Gross result from financial services	1 316	1 163	2 668	1 278
Tax on result from financial services	(293)	(213)	(873)	(330)
Non-controlling interests	(314)	(284)	(661)	(242)
Net result from financial services	709	666	1 134	706
<i>Southern Africa</i>	464	413	125	118
<i>North and West Africa</i>	112	124	546	368
<i>East Africa</i>	59	35	16	(15)
<i>Other international</i>	74	94	447	235
<i>Corporate costs</i>	-	-	-	-
Saham	73	106	905	435
Other	636	560	229	271
Net result from financial services	709	666	1 134	706

⁽¹⁾ Comparatives have been adjusted to reflect corporate cost allocation on a separate line.

Analysis of general insurance and reinsurance gross result from financial services

R million	Gross written premiums		Net earned premiums	
	2019	2018	2019	2018
Southern Africa	3 499	2 053	1 766	1 216
North and West Africa	12 914	6 114	10 220	5 751
East Africa	1 445	1 033	834	626
Other international	3 424	2 773	2 779	2 257
Total General insurance and reinsurance	21 282	11 973	15 599	9 850
Saham	16 312	7 915	12 248	6 932
Other	4 970	4 058	3 351	2 918
Total General insurance and reinsurance	21 282	11 973	15 599	9 850

⁽¹⁾ The 2019 values include the allocation of SEM group costs to the general insurance portfolio, comparatives have not been adjusted to reflect this. Excluding the SEM group cost allocation, the 2019 underwriting margin is 5,1% for SEM and 2,8% for the Saham group.

Investment management		Credit and structuring		Corporate and other		Total	
2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾
97	114	596	487	55	(16)	1 776	1 491
-	(1)	(20)	-	(125)	-	1 515	884
27	7	-	-	23	(42)	218	40
(1)	(1)	1 061	887	35	26	2 223	1 487
-	-	-	-	(184)	(129)	(184)	(129)
123	119	1 637	1 374	(196)	(161)	5 548	3 773
(41)	(39)	(559)	(527)	(22)	-	(1 788)	(1 109)
(44)	(33)	(109)	(73)	-	6	(1 128)	(626)
38	47	969	774	(218)	(155)	2 632	2 038
35	48	242	182	10	(27)	876	734
-	-	(26)	-	(107)	-	525	492
4	-	-	-	22	(20)	101	-
(1)	(1)	753	592	9	24	1 282	944
-	-	-	-	(152)	(132)	(152)	(132)
-	-	-	-	(248)	(31)	730	510
38	47	969	774	30	(124)	1 902	1 528
38	47	969	774	(218)	(155)	2 632	2 038

Claims ratio (%)		Underwriting margin (%) ⁽¹⁾		Investment return on insurance funds (%)		Net insurance result (%) ⁽¹⁾	
2019	2018	2019	2018	2019	2018	2019	2018
51,9	42,9	11,8	16,5	3,1	8,4	14,9	24,9
65,0	64,4	0,8	2,0	12,7	6,6	13,5	8,6
53,0	59,3	(1,4)	(9,4)	5,3	8,0	3,9	(1,4)
58,8	78,1	13,4	(0,7)	23,2	28,2	36,6	27,5
61,6	64,4	4,0	2,0	13,2	11,2	17,2	13,2
63,3	61,5	2,0	4,1	11,9	8,1	13,9	12,2
55,5	72,7	11,7	(2,4)	17,7	18,7	29,4	16,3
61,6	64,4	4,0	2,0	13,2	11,2	17,2	13,2

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)
7.2 Sanlam Emerging Markets (continued)
Analysis of insurance funds

R million			Equities and similar securities (%)	
	2019	2018	2019	2018
Southern Africa	673	758	50	57
North and West Africa	12 518	8 318	44	19
East Africa	424	441	-	6
Other international	1 951	1 524	15	10
Total insurance funds	15 566	11 041	39	20
Saham	13 686	9 739	44	21
Other subsidiaries	309	292	-	-
Total subsidiaries	13 995	10 031	42	20
Associated companies ⁽¹⁾	1 571	1 010	9	13
Total insurance funds	15 566	11 041	39	20

⁽¹⁾ Sanlam's effective share.

Analysis of net investment return

R million	Life business		General insurance	
	2019	2018	2019	2018
Southern Africa	137	303	(59)	20
North and West Africa	50	(39)	257	300
East Africa	42	(129)	32	20
Other international	(3)	19	132	(80)
Corporate	-	-	-	-
Gross investment return	226	154	362	260
Tax on investment return	(70)	(1)	(178)	(107)
Non-controlling interests	(32)	12	(125)	(54)
Net investment return	124	165	59	99
Saham	20	4	58	161
Other	104	161	1	(62)
Net investment return	124	165	59	99

Asset allocation					
Investment properties (%)		Interest-bearing securities (%)		Cash, deposits and similar securities (%)	
2019	2018	2019	2018	2019	2018
2	2	14	13	34	28
45	65	11	16	-	-
5	2	55	43	40	49
-	-	56	40	29	50
37	49	18	20	6	11
41	56	11	16	4	7
-	-	45	27	55	73
41	55	12	16	5	9
-	-	74	57	17	30
37	49	18	20	6	11

Investment management		Credit and banking		Corporate and other		Total	
2019	2018	2019	2018	2019	2018	2019	2018
(2)	40	(2)	(9)	70	(13)	144	341
2	-	-	-	(67)	(19)	242	242
(1)	(1)	-	-	(18)	(144)	55	(254)
-	(1)	(7)	22	65	82	187	42
-	(1)	-	-	(12)	1	(12)	-
(1)	37	(9)	13	38	(93)	616	371
(7)	(5)	1	(7)	(72)	(26)	(326)	(146)
9	(15)	-	-	21	66	(127)	9
1	17	(8)	6	(13)	(53)	163	234
-	-	-	-	(60)	(9)	18	156
1	17	(8)	6	47	(44)	145	78
1	17	(8)	6	(13)	(53)	163	234

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)
7.2 Sanlam Emerging Markets (continued)
Analysis of capital portfolio

R million	2019	2018
Southern Africa	2 462	3 018
North and West Africa	13 421	10 101
East Africa	1 793	1 878
Other international	3 824	3 257
Total capital portfolio	21 500	18 254
Saham	15 703	11 726
Other subsidiaries	3 294	4 486
Total subsidiaries	18 997	16 212
Associated companies ⁽¹⁾	2 503	2 042
Total capital portfolio	21 500	18 254

⁽¹⁾ Sanlam's effective share.

Assets under management

R million	Southern Africa	
	2019	2018
Life business	32 115	29 800
Investment operations	40 621	36 316
Total assets under management	72 736	66 116

Credit and structuring

R million	Size of loan books (Sanlam share)	
	2019	2018
Shriram Transport Finance Company	20 811	21 158
Shriram City Union Finance	5 158	5 426
Capricorn Investment Holdings	9 219	8 726
Letshego	2 201	2 063

Asset allocation

Equities and similar securities (%)		Investment properties (%)		Interest-bearing securities (%)		Cash, deposits and similar securities (%)	
2019	2018	2019	2018	2019	2018	2019	2018
39	23	4	5	32	40	25	32
45	20	45	62	12	18	(2)	0
10	9	42	42	33	29	15	20
18	17	0	0	51	48	31	35
36	19	32	38	23	29	9	14
45	22	38	53	12	19	5	6
5	6	24	19	49	46	22	29
38	17	36	44	18	26	8	13
28	30	0	1	59	47	13	22
36	19	32	38	23	29	9	14

North and West Africa		East Africa		Other International		Total	
2019	2018	2019	2018	2019	2018	2019	2018
13 157	12 679	3 590	3 320	16 326	16 154	65 188	61 953
-	-	40 855	37 633	-	-	81 476	73 949
13 157	12 679	44 445	40 953	16 326	16 154	146 664	135 902

Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
2019	2018	2019	2018	2019	2018
7,3	6,5	2,2	2,0	22,7	25,0
12,3	10,2	2,3	3,4	40,6	35,6
2,9	4,8	0,1	0,2	95,1	93,1
21,1	21,6	1,7	3,8	52,7	47,5

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total	
	2019	2018
Operational earnings	485	918
Value of new life insurance business	343	338
Unwinding of discount rate	680	536
Expected profit	-	-
Operating experience variances	8	206
Risk experience	18	50
Persistency	(66)	99
Maintenance expenses	2	16
Working capital management	57	35
Credit spread	5	15
Other	(8)	(9)
Operating assumption changes	(546)	(162)
Risk experience	45	50
Persistency	(74)	7
Maintenance expenses	(105)	(66)
Modelling changes and other	(412)	(153)
Net investment return	(180)	437
Expected return on adjusted net asset value	317	240
Investment variances on adjusted net asset value	(497)	197
Valuation and economic basis	(388)	272
Investment variances on in-force business	33	(51)
Economic assumption changes	(106)	(11)
Investment yields	(118)	15
Long-term asset mix assumptions and other	12	(26)
Foreign currency translation differences	(315)	334
Change in tax basis	-	1
Goodwill and VOBA from business combinations	-	(1 198)
Net project expenses	-	(13)
GEV earnings: covered business	(83)	417
Acquired value of in-force	(10)	2 810
Transfers from covered business	(264)	(762)
Embedded value of covered business at the beginning of the year	9 151	6 686
Embedded value of covered business at the end of the year	8 794	9 151

Value of in-force		Cost of capital		Net asset value	
2019	2018	2019	2018	2019	2018
(204)	382	(62)	(182)	751	718
840	776	(71)	(49)	(426)	(389)
621	499	59	37	-	-
(1 043)	(924)	-	-	1 043	924
14	13	(28)	(2)	22	195
16	18	(3)	2	5	30
12	8	(20)	(5)	(58)	96
(4)	(2)	(4)	-	10	18
-	-	-	-	57	35
-	-	-	-	5	15
(10)	(11)	(1)	1	3	1
(636)	18	(22)	(168)	112	(12)
3	38	5	4	37	8
(55)	9	(16)	(2)	(3)	-
(110)	(59)	-	1	5	(8)
(474)	30	(11)	(171)	73	(12)
-	-	-	-	(180)	437
-	-	-	-	317	240
-	-	-	-	(497)	197
(399)	294	53	(44)	(42)	22
43	(73)	6	(2)	(16)	24
(96)	(11)	16	2	(26)	(2)
(97)	6	5	11	(26)	(2)
1	(17)	11	(9)	-	-
(346)	378	31	(44)	-	-
-	1	-	(1)	-	1
-	(1 198)	-	-	-	-
-	-	-	-	-	(13)
(603)	(521)	(9)	(227)	529	1 165
(27)	1 977	(1)	-	18	833
-	-	-	-	(264)	(762)
5 501	4 045	(607)	(380)	4 257	3 021
4 871	5 501	(617)	(607)	4 540	4 257

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster Information (continued)
7.2 Sanlam Emerging Markets (continued)
Analysis of Saham (100%)

R million	Life business		General insurance ⁽¹⁾		Consolidation ⁽²⁾ and other		Saham total	
	2019	2018	2019	2018	2019	2018	2019	2018
Financial services income	1 229	1 038	14 085	12 121	283	-	15 597	13 159
Long-term insurance contracts	1 139	987	-	-	-	-	1 139	987
General insurance contracts	-	-	12 248	10 666	-	-	12 248	10 666
Investment return on insurance funds	70	14	1 454	860	-	-	1 524	874
Other	20	37	383	595	283	-	686	632
Sales remuneration	(212)	(176)	(1 617)	(1 295)	-	-	(1 829)	(1 471)
Underwriting policy benefits	(376)	(553)	(7 757)	(6 559)	-	-	(8 133)	(7 112)
Administration costs	(468)	(369)	(2 947)	(2 699)	(460)	(153)	(3 875)	(3 221)
Gross result from Financial services	173	(60)	1 764	1 568	(177)	(153)	1 760	1 355
Tax	(61)	6	(504)	(306)	17	15	(548)	(285)
Profit after tax	112	(54)	1 260	1 262	(160)	(138)	1 212	1 070
Non-controlling interest	(38)	24	(354)	(338)	(6)	(10)	(398)	(324)
Net result from financial services	74	(30)	906	924	(166)	(148)	814	746
Net investment return on shareholders' funds	(101)	42	(108)	(4)	(2)	(26)	(211)	12
Amortisation of intangibles	(5)	(7)	(24)	(34)	(10)	(15)	(39)	(56)
Foreign currency translation differences	-	(1)	(76)	(100)	(40)	(23)	(116)	(124)
Attributable Earnings	(32)	4	698	786	(218)	(212)	448	578

⁽¹⁾ General insurance includes the following lines of business: namely, general insurance, health, property, reinsurance and Elite broker company.

⁽²⁾ Consolidation and other includes the following: central corporate costs, withholding tax incurred by holding companies in the structure and Netis group.

Statement of financial position at 31 December 2019 – SAN JV/Saham consolidated

R million	2019	2018 ⁽¹⁾
Assets	59 209	61 459
Equipment	525	521
Right-of-use assets	74	-
Owner-occupied properties	830	1 011
Goodwill	14 106	16 563
Value of business acquired	5 439	6 572
Other intangible assets	542	629
Deferred acquisition costs	265	130
Investments	19 511	19 610
Investment properties	6 023	6 251
Equity-accounted investments	7	229
Equities and similar securities	7 017	2 537
Interest-bearing investments	1 748	2 202
Investment funds	4 143	7 655
Cash, deposits and similar securities	573	736
Deferred tax	669	628
General insurance technical assets	2 281	2 088
Working capital assets	14 967	13 707
Trade and other receivables	9 584	8 155
Cash, deposits and similar securities	4 596	4 633
Taxation	787	919
Liabilities	29 218	28 374
Term finance	534	417
Lease liabilities	76	-
Deferred tax	3 220	3 638
General insurance technical provisions	16 843	16 121
Working capital liabilities	8 545	8 198
Trade and other payables	7 410	7 056
Provisions	152	131
Taxation	983	1 011
Net asset value	29 991	33 085
Non-controlling interest	4 848	4 924
Shareholders' fund	25 143	28 161

⁽¹⁾ Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster Information (continued)

7.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Investment Management SA		Wealth Management	
	2019	2018	2019	2018
Financial services income ⁽¹⁾	2 020	1 995	862	808
Sales remuneration	-	-	-	-
Income after sales remuneration	2 020	1 995	862	808
Administration cost ⁽¹⁾	(1 616)	(1 655)	(679)	(638)
Result from financial services before performance fees	404	340	183	170
Net performance fees ⁽¹⁾	104	21	3	-
Gross result from financial services	508	361	186	170
Tax on result from financial services	(138)	(105)	(56)	(45)
Non-controlling interest	(37)	2	-	-
Net result from financial services	333	258	130	125
Covered	-	-	-	-
Non covered	333	258	130	125
Net investment return	(22)	(42)	(5)	(2)
Covered	-	-	-	-
Non covered	(22)	(42)	(5)	(2)
Project expenses	(37)	(42)	-	-
Net operational earnings	274	174	125	123
Amortisation of intangible assets	(19)	(21)	(20)	(11)
Profit on disposal of associates	-	-	-	-
Other	-	(31)	-	-
Normalised attributable earnings	255	122	105	112

⁽¹⁾ Financial services income and administration costs on page 38 include performance fees and the related administration costs.

International		Sanfin		Consolidation		Total	
2019	2018	2019	2018	2019	2018	2019	2018
2 701 (547)	2 538 (408)	1 090 -	1 029 -	(46) -	(48) -	6 627 (547)	6 322 (408)
2 154 (1 791)	2 130 (1 608)	1 090 (585)	1 029 (544)	(46) 46	(48) 48	6 080 (4 625)	5 914 (4 397)
363 (8)	522 (7)	505 5	485 11	- -	- -	1 455 104	1 517 25
355 (66) (60)	515 (44) (66)	510 (132) -	496 (132) -	- - -	- - -	1 559 (392) (97)	1 542 (326) (64)
229	405	378	364	-	-	1 070	1 152
75 154	99 306	173 205	208 156	- -	- -	248 822	307 845
39	4	123	76	-	-	135	36
5 34	(2) 6	126 (3)	82 (6)	- -	- -	131 4	80 (44)
(2)	(14)	-	-	-	-	(39)	(56)
266 (172) 1 (5)	395 (94) 718 -	501 - - -	440 - - -	- - - -	- - - -	1 166 (211) 1 (5)	1 132 (126) 718 (31)
90	1 019	501	440	-	-	951	1 693

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2019	2018	2019	2018	2019	2018	2019	2018
Operational earnings	148	154	(23)	(60)	(60)	(82)	231	296
Value of new life insurance business	-	-	52	53	(6)	(7)	(46)	(46)
Unwinding of discount rate	72	86	42	52	30	34	-	-
Expected profit	-	-	(113)	(124)	-	-	113	124
Operating experience variances	141	141	(10)	(6)	(19)	(24)	170	171
Risk experience	16	6	(1)	(1)	-	-	17	7
Persistence	-	4	1	6	(1)	(2)	-	-
Maintenance expenses	(10)	(6)	-	-	-	-	(10)	(6)
Credit spread	172	201	-	-	-	-	172	201
Other	(37)	(64)	(10)	(11)	(18)	(22)	(9)	(31)
Operating assumption changes	(65)	(73)	6	(35)	(65)	(85)	(6)	47
Risk experience	9	46	(2)	(12)	-	2	11	56
Persistence	6	5	9	11	(3)	(6)	-	-
Maintenance expenses	(40)	(44)	(33)	(35)	-	-	(7)	(9)
Modelling changes and other	(40)	(80)	32	1	(62)	(81)	(10)	-
Net investment return	135	128	-	-	-	-	135	128
Expected return on adjusted net asset value	178	146	-	-	-	-	178	146
Investment variances on adjusted net asset value	(43)	(18)	-	-	-	-	(43)	(18)
Valuation and economic basis	76	23	58	13	1	(1)	17	11
Investment variances on in-force business	44	(70)	44	(69)	-	(1)	-	-
Economic assumption changes	25	34	5	9	3	14	17	11
Investment yields	40	34	5	9	34	14	1	11
Long-term asset mix assumptions and other	(15)	-	-	-	(31)	-	16	-
Foreign currency translation differences	7	59	9	73	(2)	(14)	-	-
GEV earnings: covered business	359	305	35	(47)	(59)	(83)	383	435
Transfers from/(to) other covered business Group operations	231	42	-	-	(123)	-	354	42
Transfers from covered business	(331)	(318)	-	-	-	-	(331)	(318)
Embedded value of covered business at the beginning of the year	2 797	2 768	781	828	(787)	(704)	2 803	2 644
Embedded value of covered business at the end of the year	3 056	2 797	816	781	(969)	(787)	3 209	2 803

Assets under management

R million	Assets under management		Fee income (%)		Administration cost (%)	
	2019	2018	2019	2018	2019	2018
Investment Management SA ⁽¹⁾	663 705	595 616	0,31	0,30	0,22	0,22
Wealth Management	80 738	72 885	1,12	1,11	0,88	0,88
International	152 717	128 950	1,30	1,50	1,10	1,15
Intra-cluster eliminations	(39 314)	(38 646)				
Asset management operations	857 846	758 805				
Covered business	85 746	81 631				
Sanlam UK	51 668	47 283				
Central Credit Manager	34 078	34 348				
Assets under management	943 592	840 436				

⁽¹⁾ Includes Sanlam assets of R215,4 billion (2018: R194,4 billion).

Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
2019						
Investment Management SA	111 329	311 003	93 332	37 692	110 349	663 705
Wealth Management	-	46 163	32 666	-	1 909	80 738
International	-	-	152 717	-	-	152 717
Intra-cluster consolidation						(39 314)
Assets under management - Asset management	111 329	357 166	278 715	37 692	112 258	857 846
2018						
Investment Management SA	109 268	281 819	77 826	25 350	101 353	595 616
Wealth Management	-	41 604	27 288	-	3 993	72 885
International	-	-	128 950	-	-	128 950
Intra-cluster consolidation						(38 646)
Assets under management - Asset management	109 268	323 423	234 064	25 350	105 346	758 805

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.4 Santam

R million	2019	2018
Business volumes		
Gross written premiums	35 852	33 109
Net earned premiums	24 227	22 812
Net fund flows	9 146	8 986

Insurance activities

R million	Gross written premiums		Underwriting result	
	2019	2018	2019	2018
Conventional insurance				
Motor	13 340	12 801	1 201	1 176
Property	10 974	10 031	212	519
Engineering	1 601	1 335	312	296
Liability	1 310	1 250	159	(20)
Transportation	762	721	50	29
Accident and health	585	535	24	82
Guarantee	246	301	(58)	(69)
Other	907	737	(80)	53
Alternative risk (ART)	6 127	5 398	62	31
Total	35 852	33 109	1 882	2 097

Ratios (%)	2019	2018
Administration cost ratio ⁽¹⁾	17,7	18,1
Claims ratio ⁽¹⁾	62,1	60,3
Underwriting margin ⁽¹⁾	7,7	9,2
Investment return on insurance funds margin ⁽¹⁾	2,4	2,4

R million	2019	2018
Conventional Insurance		
Net earned premiums	23 673	22 370
Net claims incurred	(14 711)	(13 499)
Net commission	(2 950)	(2 764)
Management expenses	(4 192)	(4 042)
Underwriting result: Conventional insurance	1 820	2 065
Investment return on insurance funds	579	532
Net insurance result	2 399	2 597
Net other income:	173	97
Alternative Risk ⁽²⁾	171	97
Other	2	-
Strategic participations	483	284
Saham ⁽³⁾	162	157
SEM target shares ⁽⁴⁾	321	127
Santam BEE cost	(3)	-
Gross result from financial services	3 052	2 978
Tax and non-controlling interest	(1 835)	(1 782)
Net result from financial services	1 217	1 196

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums for the conventional business. Comparatives have been adjusted.

⁽²⁾ Includes operating income and expenses relating to ART business.

⁽³⁾ Includes SEM cluster cost allocation of R14 million (2018: R36 million).

⁽⁴⁾ Certain holdings within the target share portfolio have been reduced from 35% to 10% effective 1 January 2019. (India and Malaysia shareholding remains unchanged.)

7.5 Sanlam Corporate Sanlam Employee Benefits

R million	Life business		Investment business		Total	
	2019	2018	2019	2018	2019	2018
New business volumes	8 790	10 074	6 448	3 252	15 238	13 326
<i>Recurring premiums</i>	1 045	888	95	-	1 140	888
Guaranteed	689	520	-	-	689	520
Risk	356	368	-	-	356	368
Other	-	-	95	-	95	-
<i>Single premiums</i>	7 745	9 186	6 353	3 252	14 098	12 438
Guaranteed	3 007	3 559	-	-	3 007	3 559
Risk	-	11	-	-	-	11
Retirement	2 874	2 578	-	-	2 874	2 578
Annuity	498	219	-	-	498	219
Special structures	1 366	2 819	-	-	1 366	2 819
Other	-	-	6 353	3 252	6 353	3 252

Analysis of earnings

R million	Life business		Non-life operations		Total	
	2019	2018	2019	2018	2019	2018
Net result from financial services	517	467	73	113	590	580
Sanlam Employee Benefits	478	428	-	-	478	428
ACA Employee Benefits	39	39	-	-	39	39
Healthcare and other	-	-	73	113	73	113
Net investment return	101	70	3	-	104	70
Net investment income	55	81	-	-	55	81
Net investment surpluses	46	(11)	3	-	49	(11)
Net non-operational equity-accounted earnings	(20)	(15)	11	7	(9)	(8)
Net other earnings	-	-	(23)	(5)	(23)	(5)
Normalised attributable earnings	598	522	64	115	662	637

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2019	2018	2019	2018	2019	2018	2019	2018
Operational earnings	971	843	499	227	(41)	184	513	432
Value of new life insurance business	174	143	334	285	(57)	(55)	(103)	(87)
Unwinding of discount rate	424	420	400	393	24	27	-	-
Expected profit	-	-	(491)	(485)	-	-	491	485
Operating experience variances	260	268	148	(9)	(44)	106	156	171
Risk experience	(35)	(96)	(18)	(18)	1	1	(18)	(79)
Persistency	135	89	174	83	(47)	7	8	(1)
Maintenance expenses	9	(5)	-	-	-	-	9	(5)
Working capital management	90	67	-	-	-	-	90	67
Credit spread	34	84	-	-	-	-	34	84
Other	27	129	(8)	(74)	2	98	33	105
Operating assumption changes	113	12	108	43	36	106	(31)	(137)
Risk experience	-	(181)	-	(85)	-	(4)	-	(92)
Persistency	(7)	-	(7)	-	-	-	-	-
Maintenance expenses	61	(20)	81	54	-	(2)	(20)	(72)
Modelling changes and other	59	213	34	74	36	112	(11)	27
Net investment return	101	69	-	-	-	-	101	69
Expected return on adjusted net asset value	148	181	-	-	-	-	148	181
Investment variances on adjusted net asset value	(47)	(112)	-	-	-	-	(47)	(112)
Valuation and economic basis	(10)	(73)	18	(157)	(32)	49	4	35
Investment variances on in-force business	87	(26)	86	(86)	(3)	25	4	35
Economic assumption changes	(97)	(47)	(68)	(71)	(29)	24	-	-
Investment yields	(66)	(46)	(71)	(69)	5	23	-	-
Long-term asset mix assumptions and other	(31)	(1)	3	(2)	(34)	1	-	-
GEV earnings: covered business	1 062	839	517	70	(73)	233	618	536
Acquired value of in-force	-	288	-	241	-	-	-	47
Transfers from/(to) other Group operations	(231)	(219)	-	-	123	-	(354)	(219)
Transfers from covered business	(572)	(1 114)	-	-	-	-	(572)	(1 114)
Embedded value of covered business at the beginning of the year	5 077	5 283	3 376	3 065	(666)	(899)	2 367	3 117
Embedded value of covered business at the end of the year	5 336	5 077	3 893	3 376	(616)	(666)	2 059	2 367

7.6 Group office

Analysis of earnings

R million	Group office and other		Consolidation ⁽¹⁾		Total	
	2019	2018	2019	2018	2019	2018
Financial services income	162	156	(532)	-	(370)	156
Administration cost	(302)	(321)	-	-	(302)	(321)
Results from financial services	(140)	(165)	(532)	-	(672)	(165)
Tax on result from financial services	40	56	174	-	214	56
Non-controlling interest	-	-	358	-	358	-
Net result from financial services	(100)	(109)	-	-	(100)	(109)
Net investment income	232	(43)	-	-	232	(43)
Net investment surpluses	(10)	(39)	-	-	(10)	(39)
Project expenses	-	(6)	-	-	-	(6)
Net operational earnings	122	(197)	-	-	122	(197)
Net equity participation costs	(594)	-	-	-	(594)	-
Normalised attributable earnings	(472)	(197)	-	-	(472)	(197)

⁽¹⁾ Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results. Comparatives have not been adjusted.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

8. Value of other Group operations sensitivity analysis

8.1 Investment in associated companies

R million	2019	2018
Shriram Capital	7 381	7 132
Shriram Transport Finance Company – direct investment	1 497	1 422
Shriram General Insurance – direct investment	1 150	1 008
Shriram Life Insurance – direct investment	501	495
Pacific & Orient	503	651
Capricorn Investment Holdings	1 097	1 123
Letshego	1 522	1 494
Afrocentric	1 043	931
Other associated companies	1 996	2 065
Total investment in associated companies	16 690	16 321

Details of the investments in the material associated companies are reflected in note 8.2.3 on page 81 of the Sanlam Annual Financial Statements online.

8.2 Investment in joint ventures

R million	2019	2018
Sanlam Personal Loans	811	819
Other joint ventures	201	64
Total investment in joint ventures	1 012	883

Details of the investments in the material joint ventures are reflected in note 8.2.4 on page 85 of the Sanlam Annual Financial Statements online.

8.3 Investments include the following offshore investments

R million	2019	2018
Investment properties	6 828	7 121
Equities	9 023	4 875
Structured transactions	9	–
Interest-bearing investments	4 626	5 575
Investment funds	5 648	8 821
Cash, deposits and similar securities	2 869	2 959
Total offshore investments	29 003	29 351

9. Financial services income

R million	2019	2018
Equity-accounted earnings included in financial services income		
Sanlam Personal Finance	240	280
Sanlam Emerging Markets	3 047	2 784
Santam	483	284
Sanlam Investment Group	159	56
Sanlam Corporate	166	160
	4 095	3 564
10. Sales remuneration		
Life business	4 934	4 631
Non-life operations	5 647	3 381
	10 581	8 012
11. Administration costs		
Life business	9 059	7 976
Non-life operations	14 419	11 144
	23 478	19 120
Depreciation included in administration costs:		
Sanlam Personal Finance	318	132
Sanlam Emerging Markets	320	86
Santam	257	103
Sanlam Investment Group	107	35
Sanlam Corporate	15	1
	1 017	357
12. Investment Income		
Equities and similar securities	915	327
Interest-bearing, preference shares and similar securities	444	682
Properties	37	14
Rental income	49	23
Rental-related expenses	(12)	(9)
Total investment income	1 396	1 023
Interest expense netted off against investment income	974	949

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

13. Normalised diluted earnings per share

Cents	2019	2018
Normalised diluted earnings per share		
Net result from financial services	438,0	423,6
Operational earnings	488,9	450,5
Profit attributable to shareholders' fund	412,5	548,9
R million	2019	2018
Analysis of operational earnings (refer shareholders' fund income statement on page 38):		
Net result from financial services	9 674	8 890
Operational earnings	10 798	9 455
Profit attributable to shareholders' fund	9 110	11 521
Reconciliation of operational earnings:		
Headline earnings	7 481	9 162
<i>Add/(less):</i>	3 317	293
<i>Fund transfers</i>	1 960	(106)
<i>Net equity-accounted earnings</i>	(5)	(6)
<i>Net amortisation of value of business acquired and other intangibles</i>	766	400
<i>Equity participation costs</i>	596	5
Operational earnings	10 798	9 455
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share	2 090,0	2 077,3
<i>Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV</i>	118,5	21,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 208,5	2 098,8

14. Value per share

R million	2019	2018
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R76 512 million (2018: R70 375 million), divided by 2226,2 million (2018: 2115,3 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R143 271 million (2018: R134 052 million), divided by 2226,2 million (2018: 2115,3 million) shares.		
Number of shares for value per share		
Number of ordinary shares in issue	2 343,3	2 232,0
Shares held by subsidiaries in shareholders' fund	(139,2)	(137,7)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	22,1	21,0
Adjusted number of shares for value per share	2 226,2	2 115,3

15. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,8 (2018: 8,9) to the after tax recurring corporate expenses.

16. Shares issued

During 2019, Sanlam Limited issued 111 349 000 shares at a price of R70 per share. The shares issued represent approximately 5,0% of the Company's issued ordinary share capital of 2 231 989 047 prior to the issuance.

17. Shares repurchases

Sanlam shareholders granted general authorities to the Group at the 2019 and 2018 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2019.

SHAREHOLDERS' DIARY AND ADMINISTRATION

Shareholders' diary

Financial year-end	31 December 2019
Annual general meeting	10 June 2020

Reports

Interim report for 30 June 2020	10 September 2019
Announcement of the results for the year ended 31 December 2020	11 March 2021
Annual reporting suite for the year ended 31 December 2020	31 March 2021

Dividends

Dividend for 2019 declared	12 March 2020
Last date to trade for 2019 dividend	14 April 2020
Shares will trade ex-dividend from	15 April 2020
Record date for 2019 dividend	17 April 2020
Payment of dividend for 2019	20 April 2020
Declaration of dividend for 2020	11 March 2021
Payment of dividend for 2020	April 2021

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee Proprietary Limited and Sanlam Fundshares Nominee Proprietary Limited), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday 15 April 2020 and Friday 17 April 2020, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

Administration

Registered name

Sanlam Limited

(Registration number: 1959/001562/06)

(Tax reference number: 9536/346/84/5)

JSE share code (primary listing): SLM

A2X share code: SLM

NSX share code: SLA

ISIN: ZAE000070660

Incorporated in South Africa

Transfer secretaries

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200