



**Interim Results
for the six months ended
30 June 2019
Financial Information**



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FINANCIAL AND OPERATIONAL REVIEW 2019 INTERIM RESULTS

Key performance indicators

Earnings

- ➔ Net result from financial services increased by 13%
- ➔ Net operational earnings increased by 15%

New business

- ➔ Net value of new covered business up 19% to R942 million (up 15% on consistent economic basis)
- ➔ Net new covered business margin of 2,79% (2,46% in 2018)
- ➔ New business volumes increased by 4% to R111 billion
- ➔ Net fund inflows of R23 billion compared to R19 billion in 2018

Group Equity Value

- ➔ Group Equity Value per share of R63,70
- ➔ Annualised Return on Group Equity Value per share of 10,5%
- ➔ Adjusted annualised Return on Group Equity Value per share of 8,9%

Capital management

- ➔ Net R4,5 billion raised through share issuance
- ➔ R900 million invested in Group operations
- ➔ Discretionary capital of R570 million at 30 June 2019
- ➔ Sanlam Group SAM cover ratio of 205%; Sanlam Life Insurance Limited SAM cover ratio for covered business of 214%

Dividend

- ➔ No interim dividend declared in line with Group policy

Salient results

for the six months ended 30 June 2019

		June		
		2019	2018	Δ
SANLAM GROUP				
Earnings				
Net result from financial services	R million	4 968	4 393	13%
Net operational earnings	R million	5 801	5 024	15%
Headline earnings	R million	3 534	5 126	(31%)
Normalised weighted average number of shares ⁽¹⁾	R million	2 189,6	2 081,7	5%
Weighted average number of shares ⁽¹⁾	million	2 090,8	2 062,3	1%
Net result from financial services per share	cents	226,9	211,0	8%
Net operational earnings per share	cents	264,9	241,3	10%
Diluted headline earnings per share	cents	169,0	248,6	(32%)
Business volumes				
New business volumes	R million	111 340	107 221	4%
Net fund inflows	R million	22 906	19 213	19%
Net new covered business				
Value of new covered business	R million	942	791	19%
Covered business PVNBP ⁽²⁾	R million	33 779	32 099	5%
New covered business margin ⁽³⁾	%	2,79	2,46	
Group Equity Value				
Group Equity Value ⁽⁴⁾	R million	141 694	134 052	6%
Group Equity Value per share ⁽⁴⁾	cents	6 370	6 341	0%
Annualised Return on Group Equity Value per share ⁽⁵⁾	%	10,5	13,7	
Adjusted annualised Return on Group Equity Value per share ⁽⁶⁾	%	8,9	18,2	
Solvency cover				
Sanlam Group ⁽⁶⁾	%	205	215	
Sanlam Life Insurance Limited ⁽⁶⁾	%	244	264	
Sanlam Life Insurance Limited covered business ⁽⁷⁾	%	214	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 normalised weighted average number of shares, which are used for the per-share metrics for the Shareholders' fund information.
- ⁽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⁾ Comparative figures as at 31 December 2018.
- ⁽⁵⁾ 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.
- ⁽⁶⁾ 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.
- ⁽⁷⁾ Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

EXECUTIVE REVIEW

The Group achieved a pleasing operational performance in the six months ending 30 June 2019, despite weak operating environments in South Africa and Namibia, as well as the general adverse effect of international political and economic turmoil on emerging markets. Solid organic growth was augmented by the Saham Finances corporate activity in the second half of 2018, contributing to a 13% increase in net result from financial services, 19% growth in the value of new covered business (VNB) written and 19% higher net fund inflows. Annualised adjusted Return on Group Equity Value (RoGEV) per share of 8,9% was below the 2019 target of 13,5%. This is due to low returns from the non-life businesses. The Santam share price underperformed the reference indices, while a prudent approach was followed in the valuation of the South African asset management businesses (given challenging operating conditions) as well as the credit businesses in India (where the listed share prices are under pressure). The Saham Finances valuation was also kept broadly unchanged in local currency.

Operating conditions remained challenging in South Africa with the economy contracting by 3,2% in the first quarter of 2019. Subdued economic growth of less than 1% is expected for the 2019 year. A favourable change in corporate investment confidence and foreign direct investment flows, key drivers of economic activity and employment, is dependent on confidence in the future policy direction of the newly elected South African government and realistic proposals to resolve the governance, operational and financial challenges faced by state-owned enterprises, in particular Eskom. Slower than expected progress on these critical matters, together with persistent political uncertainty, continues to hamper any improvement in business and investor confidence. Corporate governance failures in the private sector also tarnished South Africa's investment case as an investment destination for foreigners. Coupled with volatile investment markets, higher unemployment and low growth in household disposable income, these issues severely limited new business growth prospects. This was especially evident in our mass affluent and high net worth client segments, and is consistent with our experience in the last three quarters of 2018. The weak economic conditions also increased credit risk at a number of corporate debt issuers, requiring a strengthening of credit provisions in Sanlam Specialised Finance (Sanfin). After a benign claims environment in 2018, Santam's experience normalised in the first half of 2019. Sanlam's well diversified profile across market segments and product lines provided significant resilience against these headwinds, with an overall solid performance from the South African operations.

The South African equity markets recorded robust growth in the first six months of 2019, albeit lagging global trends, with the JSE/FTSE Swix Index delivering a return of 9% compared to a negative return of 4,8% in the first half of 2018. However, most of these gains reversed since the end of June. Average equity markets as measured by

the JSE/FTSE Swix Index were some 6% lower than the comparable six-month period in 2018 despite the absolute performance in the first half of 2019.

Apart from Namibia, economic conditions in the other emerging markets where we operate are more conducive to growth, but subject to volatility caused by commodity prices and agricultural production. The Indian operations achieved strong growth. General insurance claims experience remained elevated in Morocco, Angola and at Continental Re.

The Rand strengthened marginally against most of the major currencies where the Group operates between 31 December 2018 and 30 June 2019. However, on an average basis the Rand was between 6% and 12% weaker against these currencies in the first half of 2019 relative to the same period in 2018, supporting the overall translated results of Sanlam Emerging Markets (SEM) as well as Sanlam Investment Group's (SIG) international operations.

The Group's primary indicator of shareholder value creation remains **RoGEV**. Given the nature of the Group's diversified business, we consider this measure of performance the most appropriate since it incorporates the result of all the major value drivers in the business. The annualised RoGEV per share for the six months to 30 June 2019 of 10,5% was lower than the target of 13,5%, largely attributable to low returns from the SEM and SIG operations as well as the listed Santam investment. Annualised adjusted RoGEV per share, which excludes investment market and currency volatility as well as changes in interest rates and other factors outside of management's control, was below the target at 8,9%. Annualised actual and adjusted RoGEV per share excludes annualisation of the positive impact that the new share issuances in March 2018 and 2019 had on GEV per share.

Net result from financial services increased by 13% (10% in constant currency). SEM contributed growth of 50%, the aggregate of 30% organic growth (supported by strong profit growth in India and weaker average exchange rates) and 20% growth attributable to the acquisition of the remaining interest in Saham Finances in the second half of 2018. Sanlam Personal Finance (SPF) and the SIG investment management businesses also contributed robust growth. This was partly offset by softer earnings contributions from Santam and Sanlam Corporate. Excluding the impact of the Saham Finances corporate activity in 2018, net result from financial services increased by 9% (6% in constant currency), a pleasing performance in a difficult environment.

The new ordinary shares issued in 2018 and 2019 as partial funding for the Saham Finances acquisitions resulted in a 5% increase in the normalised weighted average number of shares in issue, with a similar dilution in normalised earnings per share.

New business volumes increased by 4%. Most major businesses contributed to the growth. The 19% rise in the net value of new covered business (VNB) (13% on a consistent economic basis and excluding the impact of

the Saham Finances corporate activity in 2018) benefited from strong new business growth at SPF and Sanlam Corporate.

Strategic initiatives

The Group's strategic intent of sustainable value creation for all key stakeholders remains firmly in place, underpinned by the Group's vision to:

- Lead in client-centric wealth creation, management and protection in South Africa.
- Be a leading Pan-African financial services group with a meaningful presence in India, Malaysia and Lebanon.
- Play a niche role in wealth and investment management in specific developed markets.

The Group's vision and strategic intent is pursued through a strategy focussed on four pillars:

- Profitable top-line growth through a culture of client-centricity.
- Enhancing resilience and earnings growth through diversification.
- Extracting value through innovation and improved efficiencies.
- Responsible capital allocation and management.

Continuous transformation of the Group to remain relevant in a changing world is key. We define transformation broadly to include economic transformation to reduce wealth inequality, transforming our staff to reflect the demographic profile of our client base and societies where we operate, transforming our distribution channels and operations in line with technological and regulatory developments and most importantly, in line with the changing needs and preferences of our clients. Transformation therefore underpins the Group's strategy in its entirety as a key focus area under each of the strategic pillars.

We continued to execute on all strategic pillars in the first half of 2019.

Profitable top-line growth through a culture of client-centricity

We achieved overall new business growth of 4%, with net fund inflows increasing by a solid 19%.

Within SPF, the Capitec Bank funeral business partnership that commenced in May 2018 exceeded expectations and contributed some R470 million in new business volumes. Policies sold since launch in May 2018 exceeded 1 million in August 2019, an extraordinary achievement. The Capitec Bank credit life business was not renewed effective 1 May 2019. Unlike the strategic multi-year arrangement to distribute products through Capitec Bank's retail footprint, the credit life business is subject to annual renewal based on a competitive bidding process. Sanlam Sky's quoted pricing in 2019 reflected an expected heightening in claims risk given the prevailing distressed environment, which proved

uncompetitive. Sanlam Sky's traditional intermediated individual life channel continued to perform well, delivering 13% growth in new business sales. MiWay Life also gained traction in the first half of 2019, contributing to strong growth in sales through direct and digital channels.

SEM had an overall good start to the year, with life and general insurance new business exceeding expectations. New investment mandates lagged in Namibia and Kenya. Saham Finances exceeded its new business targets in most markets. Good progress has been made in turning around underperforming areas in Other African Operations.

SIG almost doubled its net fund inflows from R5,4 billion in the first half of 2018 to R10 billion in 2019. This was supported by good traction in the South African investment management business, which grew its net inflows from R3,9 billion in 2018 to R9,5 billion in 2019. This is a sterling achievement in the current environment.

Santam did well to grow its gross written premium by 9%, despite a low-growth environment in South Africa, testimony to its superior market positioning.

Sanlam Corporate continued to execute on its strategies to gain market share in South Africa at an appropriate margin, growing its new business volumes by 32%, with strong growth in umbrella fund risk and investment business.

Enhancing resilience and earnings growth through diversification

The acquisition of the remaining stake in Saham Finances significantly enhanced the Group's footprint and earnings diversification across Africa from a geographic and line of business perspective. Extracting the synergies embedded in the acquisition is key to achieve the SEM cluster hurdle rate. Overall progress to date on synergies has been slower than anticipated as the focus was on integrating the business and on reporting, human resources and governance processes. Once these are completed in the near future, management focus will be fully aimed at realising the synergies. Satisfactory progress has, however, been made in respect of capital optimisation, including confirming the optimal strategic asset allocation of the general insurance float balances as well as identifying potential areas of excess capital that can be extracted. We also recently announced executive management changes in further support of our emerging markets strategy outside of South Africa.

The Group's Financial Director, Heinie Werth, took over the role as Chief Executive Officer (CEO) of SEM with effect from 1 August 2019, which includes the activities of Sanlam Pan Africa (SPA), India, Malaysia and Lebanon. Junior Ngulube, the former CEO of SPA is due to retire in 18 months and took on the role of Vice Chairman of SPA on 1 August 2019. These executive changes are part of succession planning and support our resolve to execute our Pan-Africa and emerging markets strategy in this bigger cluster for the success of

the broader Group. Having two senior executives of the calibre and stature of Heinie and Junior demonstrates our determination to deliver on our strategy and the unique Pan African leadership opportunity we have created over the years, especially following our acquisition of Saham Finances.

We also diversified our distribution channels in the South African entry-level market through the launch of African Rainbow Life Insurance (ARL) in conjunction with our empowerment partner, Ubuntu-Botho Investments (UB), and key management. ARL recently received its insurance licence from the Prudential Authority and can now roll out its distribution footprint. UB will play a key role in growing ARL through its contribution to ARL's empowerment credentials and relationships in ARL's target market.

Extracting value through innovation and improved efficiencies

Innovation remains a key focus area in a highly competitive environment, wrapped around the needs of clients. Advanced analytics and digital transformation is receiving heightened emphasis; focusing on product design, distribution and back office efficiencies, but founded on changing client engagement needs.

Cost efficiencies have been prioritised in the context of subdued economic growth in South Africa. All clusters are committed to savings initiatives, which will partly offset increasing regulatory compliance cost.

Responsible capital allocation and management

The strategic relationship between Sanlam and UB as our anchor investor was strengthened in the first half of 2019 through the implementation of the package of B-BBEE transactions approved by Sanlam shareholders in December 2018.

As announced early in March 2019, Sanlam's capital position was enhanced through the 5% share issuance to the new Broad-Based Black Economic Empowerment (B-BBEE) entity. The shares were issued at a price of R70 per share, representing a discount of some 10% to the 3-day volume-weighted average price (VWAP) at the time. The issuance raised total capital of R7,8 billion (before consolidation of the B-BBEE Special Purpose Vehicle (SPV)), with a net cash component of R4,8 billion after allowing for the net vendor funding provided by Sanlam and R900 million back-to-back preference share funding raised by Sanlam. Participation by the new shares in the 2019 Sanlam dividend reduced the net cash proceeds to R4,5 billion. Sanlam is now positioned as the foremost empowered insurance and investment management group in South Africa, with UB and the Sanlam Ubuntu-Botho Community Development trust participating in 20% of the B-BBEE SPV and five other targeted beneficiary groups sharing the remaining 80%.

The first drawdown against the R2 billion funding facility to UB, approved by Sanlam shareholders in December 2018, occurred in the first six months of 2019. Some R300 million of the facility was utilised by UB to increase its stake in Alexander Forbes. A further drawdown of some R50 million will occur in the near

future to fund UB's participation in the initial capitalisation of ARL.

Discussions continue to also introduce UB as an anchor investor in the SIG third-party asset management business, in addition to its shareholding at a Group level.

Beneficiaries of the B-BBEE SPV

Sanlam and UB developed a framework for the identification and selection of beneficiaries that will participate in 80% of the shareholding benefits of the B-BBEE SPV. A Selection Committee has been established with two representatives from Sanlam and three from UB to assist with the identification of beneficiaries. A Selection Guidance Framework has also been adopted and captures amongst others the key principles for the selection of beneficiaries, empowerment priorities per beneficiary group and potential implementation partners as well as key priorities or focus areas. The principles formulated in the Selection Guidance Framework that will guide the Selection Committee in the beneficiary selection covers compliance, relevance, efficiency, access, fairness, impact, managing realistic expectations, shared values and reporting.

In addition, the Selection Committee has also determined key empowerment priorities for the selection of beneficiaries for each of the five designated beneficiary classes identified for participation in the B-BBEE SPV and for which they are in the process of incorporating separate trusts, each one with dedicated focus and its own trustees –

- Professional black women
- Rural and urban poor black women's groups
- Black business associates and broad-based groups
- Black youth and black youth groups
- Employees of the Sanlam Group.

The B-BBEE SPV has the unique advantage that its beneficiaries will participate in 10% of the ordinary dividends received by the SPV after allowing for the funding cost on the secured funding. It is the intention that selected beneficiaries will benefit from distribution from as early as next year. It is key that Sanlam's strategic intent to transform in line with the relevant needs of all its stakeholders is seen to continue contributing to economic transformation and inclusive growth and wealth creation for all stakeholders.

Outlook

We do not expect a major recovery in economic conditions in the remainder of 2019. New business growth potential will commensurately remain under pressure. Investment market volatility is also expected to persist, aggravated by tensions in the trade war between the United States and China.

A recovery in the South African mass affluent and high net worth new business performance is largely dependent on developments in the political environment. New business growth in the South African entry-level market will be impacted by the diminishing base effect from the launch of the Capitec Bank funeral

product in May 2018. Outside of South Africa, new business growth in other emerging markets is expected to remain strong, supported by the base effect of the Saham Finances acquisition in the last quarter of 2018.

Average investment market levels, the relative strength of the Rand exchange rate and the level of long-term interest rates are key factors that may have an impact on the growth in net result from financial services and Group Equity Value to be reported for the year ended 31 December 2019.

The focus will remain on delivering results from the Saham Finances acquisition and to deliver value from the implementation of the package of B-BBEE transactions approved in December 2018. We are confident that we have the necessary depth of talent to continue delivering value to our shareholders and other stakeholders despite the current headwinds.

FORWARD-LOOKING STATEMENTS

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, amongst others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam’s external auditors.

CONSTANT CURRENCY INFORMATION

The constant currency information included in this interim results announcement has been presented to illustrate the impact of changes in currency exchange rates and is the responsibility of the Group’s board of directors (“Board”). 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 (apart from Zimbabwe) for the six months to 30 June 2019 at the weighted average exchange rate for the six months to 30 June 2018, which is also applied for the translation of comparative information. No adjustment is made for the weakening in the Zimbabwe Dollar following its decoupling from the United States Dollar. 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 - 6 months to 30 June 2019	Average rand exchange rate - 6 months to 30 June 2018	Change in average exchange rate
British Pound	18,35	16,92	8,4%
United States Dollar	14,18	12,30	15,3%
Indian Rupee	0,203	0,188	8,2%
Angolan Kwanza	0,044	0,057	(22,0%)
Nigerian Naira	0,04	0,034	14,8%
Moroccan Dirham	1,49	1,33	11,8%

Sanlam’s external auditor issued an assurance report in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The assurance report is available for inspection at Sanlam Limited’s registered address.

COMMENTS ON THE RESULTS

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2019 are presented based on and in compliance with IFRS, specifically IAS 34 on Interim Financial Reporting. 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 first half of 2019.

- 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 RoGEV. Normalised headline earnings is still disclosed in this reporting period, but will be discontinued with effect from the full year 2019 results as it does not represent a key performance indicator from a strategic perspective.

Most of the Group's businesses achieved a solid underlying performance in the first half of 2019 despite challenging economic and investment market conditions. Highlights and lowlights for the six months include the following:

HIGHLIGHTS	LOWLIGHTS
Value through partnerships: 1 million Capitec Bank funeral business policies sold since launch in May 2018	Weak SA Investor confidence: Lower new business volumes and net fund flows at Glacier
Quality of earnings: Continued positive experience variances and strong cash flow generation	Pedestrian economic growth in South Africa
Delivering shareholder value under challenging conditions: Adjusted annualised RoGEV per share of 8,9%	

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 six months ended 30 June 2019.

All references to 2018 relates to the first six months of the 2018 financial year, unless otherwise stated.

Operating environment

Economic conditions

Economic conditions in South Africa and Namibia during the first six months of the 2019 financial year were not conducive to growth, as elaborated on in the Executive review.

Equity markets

The South African equity market delivered a relatively stronger performance with the FTSE/JSE Swix Index (inclusive of dividends) recording returns of 9% for the six months to 30 June 2019, compared to a negative return of 4,8% in the comparable six-month period in 2018. On average, the Swix was 6% lower in the first half of 2019 compared to the same period in 2018. The MSCI World Index total return in Rand of 14,7% exceeded the 11,2% return for the first half of 2018.

Interest rates

The South African nine- and five-year interest rates decreased by 50 and 70 basis points respectively since the end of 2018, and by 30 and 60 basis points respectively compared to the 30 June 2018 levels. Movements in interest rates commensurately had a positive impact on growth in VNB and RoGEV for the first six months of 2019. The South African All Bond Index return of 8% in the first half of 2019 was well in excess of the 4% return recorded in the comparable 2018 period.

Foreign currency exchange rates

The South African Rand experienced significant volatility in 2018 and the first half of 2019. On an average basis, the Rand weakened against most of the currencies where the Group operates, despite being marginally stronger at 30 June 2019 compared to 31 December 2018.

	United Kingdom	USA	Botswana	India	Morocco	Malaysia	Rest of Africa (weighted)
Foreign currency/ZAR	GBP	USD	BWP	INR	MAD	MYR	
31/12/2018	18,32	14,38	1,37	0,21	1,51	3,49	
30/06/2019	17,95	14,10	1,35	0,21	1,49	3,42	
Weakening/(strengthening)	(2,0%)	(2,0%)	(1,6%)	(1,1%)	(1,8%)	(1,9%)	(14,1%)
Average first half 2018	16,92	12,30	1,28	0,19	1,33	3,13	
Average first half 2019	18,35	14,18	1,36	0,20	1,49	3,45	
Weakening/(strengthening)	8,4%	15,3%	6,0%	8,2%	11,8%	10,3%	1,0%

Group Equity Value

GEV amounted to R141,7 billion or 6 370 cents per share at 30 June 2019. Including the dividend of 312 cents per share paid during the six months, an annualised RoGEV per share of 10,5% was achieved for the first half of 2019. This is lower than the 13,5% target for 2019, but an acceptable performance under prevailing operating conditions. RoGEV benefited from the decline in long-term interest rates in South Africa, which had a positive impact on valuations through commensurately lower risk discount rates, continued positive experience variances and positive investment variances. The strengthening in the Rand exchange rate

since December 2018 and prudence applied in the valuation of the Indian credit and South African asset and wealth management businesses detracted from the returns. The valuation of Saham Finances also remained broadly unchanged in local currency. The listed Santam share price underperformed the overall index following a strong performance in 2018. The B-BBEE share issuance occurred at a share price above GEV per share, contributing some 0,5% to RoGEV. Adjusted RoGEV per share, which excludes the impact of investment return volatility, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 8,9%.

Group Equity Value at 30 June 2019

R million	GEV		RoGEV	
	June 2019	December 2018		%
Group operations	135 861	132 658	6 996	5,3
Sanlam Personal Finance	45 610	43 185	4 971	11,5
Sanlam Emerging Markets	44 309	44 659	(185)	(0,4)
Sanlam Investment Group	19 636	18 703	1 044	5,5
Santam	20 343	20 102	692	3,4
Sanlam Corporate	5 963	6 009	474	8,2
Covered business	59 000	56 234	5 409	9,6
Value of in-force business	43 876	41 456	5 090	12,3
Adjusted net worth	15 124	14 778	319	2,2
Other operations	76 861	76 424	1 587	2,1
Group operations	135 861	132 658	6 996	5,3
Discretionary capital and other	5 833	1 394	(11)	(1,0)
Group Equity Value	141 694	134 052	6 985	5,2
<i>Per share (cents)</i>	6 370	6 341	341	5,4
<i>Per share (cents) – annualised</i>				10,5

Group operations yielded an overall return of 5,3% for the six months to June 2019 (not annualised), the combination of 9,6% return on covered business and 2,1% on other Group operations.

The return on covered business was well in excess of the hurdle rate, reflecting strong growth at SPF and Sanlam Corporate. The return from these clusters benefited from their new business performance (refer Business volumes section below), positive operating experience variances and assumption changes, positive investment variances as well as positive economic assumption changes emanating from the lower long-term interest rates. Negative foreign currency translation differences and a higher cost of capital charge detracted from SEM's return. The latter is the consequence of modelling changes as well as the increase in minimum capital requirements across the CIMA region (refer Capital management section below). 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 six months ended 30 June 2019

%	2019	2018
Expected return - unwinding of the RDR	4,6	4,6
Value of new covered business	1,7	1,5
Operating experience variances	1,2	2,0
Operating assumption changes	0,1	0,0
Economic assumption changes	0,7	(0,9)
Expected investment return on capital portfolio	0,9	0,8
Investment variances	0,7	(1,1)
Value of in-force Capital portfolio	1,0	(1,4)
	(0,3)	0,3
Foreign currency translation differences and other	(0,3)	0,4
Return on covered business	9,6	7,3
Return on covered business annualised*	20,2	14,5

* Annualised return excludes annualisation of the cost of capital impact relating to the release of capital from covered business in 2018.

- 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 the first half of 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.
 - A weakening in persistency experience at Sanlam Sky.
 - Lower credit spread experience variances in Sanfin as referred to above.
 - The decrease in the risk discount rate in 2019 due to lower long-term interest rates had a positive impact on economic assumption changes. Long-term interest rates increased in the first half of 2018.
 - Equity and interest rate markets in aggregate outperformed the actuarial assumptions in the first half of 2019, contributing to overall positive investment variances of 0,7%, compared to a negative variance in the comparable six months in 2018.
 - Foreign currency translation differences and other largely reflects the relative movements in exchange rates.
- Other Group operations achieved a return of only 2% for the six months.
- The 11% 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 1,1%. The Group's valuation methodology takes cognisance of the prevailing and anticipated operating environment, future economic growth and investment market performance as well as the business' operational performance. Where listed businesses are included in the sum-of-the-parts valuations, the listed share prices are also referenced. The application of the methodology resulted in low returns on the Saham Finances and credit businesses in Shriram Capital. The strengthening in the Rand exchange rate also detracted from the returns. The valuation of Shriram General Insurance increased in line with its improved operational performance.
 - SIG achieved an overall RoGEV of 5,8% from its non-life operations. Future growth assumptions for its South African asset and wealth management operations were reduced in the current challenging operating environment, which largely 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.
 - Commensurate with the Sanlam Group's philosophy to take into account listed share price movements, the valuation of Sanlam Corporate's investment in Afrocentric was reduced in line with the pressure on the listed holding company's share price.
 - The Santam RoGEV reflects the investment return of the listed share price.

Earnings

Shareholders' fund income statement for the six months ended 30 June 2019

R million	2019	2018	Δ
Net result from financial services	4 968	4 393	13%
Sanlam Personal Finance	2 290	2 096	9%
Sanlam Emerging Markets	1 363	911	50%
Sanlam Investment Group	559	523	7%
Santam	501	573	(13%)
Sanlam Corporate	254	308	(18%)
Group office and other	1	(18)	>100%
Net investment return	875	678	29%
Project expenses	(42)	(47)	11%
Net operational earnings	5 801	5 024	15%
Amortisation of intangible assets	(383)	(119)	(222%)
Equity participation costs	(595)	(1)	>(100%)
Profit on disposal of subsidiaries and associates	(4)	3	>(100%)
Impairments	(93)	(74)	(26%)
Net non-operational equity-accounted earnings	11	8	38%
Normalised attributable earnings	4 737	4 841	(2%)
Net operational earnings	5 801	5 024	15%
Amortisation of intangible assets	(383)	(119)	(222%)
Equity participation costs	(595)	(1)	>(100%)
Net equity-accounted headline earnings	9	13	(31%)
Normalised headline earnings	4 832	4 917	(2%)

Net result from financial services (net operating profit) of R5 billion increased by 13% on the first six months of 2018 (up 10% in constant currency), with good growth at all major businesses, apart from Santam, Sanlam Corporate, Sanfin and Saham Finances (excluding structural impact).

SPF grew its net result from financial services by 9%, attributable to strong earnings growth at Glacier and Sanlam Sky. A prior year tax adjustment of R70 million at Sanlam Personal Loans (SPL) had a positive impact on the after-tax results. Excluding higher new business strain and the prior year tax adjustment, net result from financial services increased by 12%.

SPF net result from financial services for the six months ended 30 June 2019

R million	2019	2018	Δ
Sanlam Sky	735	678	8%
Recurring premium sub cluster	1 321	1 459	(9%)
Glacier	814	615	32%
LISP	269	243	11%
Life investments	545	372	47%
Strategic business development	183	155	18%
Sanlam Personal Loans	189	183	3%
Other	(6)	(28)	79%
Gross result from financial services	3 053	2 907	5%
Tax on gross result from financial services	(784)	(837)	6%
Non-controlling interest	21	26	(19%)
Net result from financial services	2 290	2 096	9%

- *Sanlam Sky* grew its gross result from financial services by 8%; up 24% excluding additional new business strain incurred as a result of strong growth in its new business volumes (refer Business volumes section that follows). The growth is in line with the increase in the size of the in-force book over the last number of years. Experience variances and assumption changes were largely offsetting.
- Operating profit from the *Recurring premium* sub cluster declined by 9%. This is largely attributable to higher new business strain (R80 million), a lower level of positive claims experience variances (R68 million) as well as the run off of older, more profitable charging structures (R109 million).
- *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 an 11% rise in profit from the LISP platform and 47% from life investments. Earnings from the LISP platform benefited from a R12 million impact

following the introduction of the new IFRS 16 accounting standard for leases. Market-related fee income from products where Glacier participates in actual investment return earned on the policyholder portfolios supported profit earned from life investments, in line with the relatively stronger investment market performance in 2019. The comparable period also included negative annuity modelling changes.

- *Strategic business development* includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. Growth in SPL's gross result from financial services slightly lags the growth in the size of the loan book, due to higher bad debt provisioning following the introduction of IFRS 9 in 2018. The lower net loss from other businesses largely reflect reduced expenditure.

SEM grew its net result from financial services by 50% including structural activity and exchange rate differences. Organic growth in constant currency amounted to 18%.

SEM net result from financial services for the six months ended 30 June 2019

R million	2019	2018	Δ
Namibia	195	198	(2%)
Botswana	490	446	10%
Other African operations	1 125	493	128%
Saham Finances (including Lebanon)	925	457	102%
Other	200	36	>100%
Pan-Africa portfolio	1 810	1 137	59%
Other emerging markets	1 082	510	112%
India	1 072	493	117%
Malaysia	10	17	(41%)
Corporate – South Africa	11	15	(27%)
Gross result from financial services	2 903	1 662	75%
Tax on gross result from financial services	(986)	(530)	(86%)
Non-controlling interest	(554)	(221)	(151%)
Net result from financial services	1 363	911	50%

- *Namibia's* gross result from financial services declined by 2%, attributable to a lower profit contribution from general insurance. The general insurance business experienced a particularly benign claims environment in the first half of 2018 with double-digit underwriting margins. Claims experience normalised in the first six months of 2019, contributing to a decline in the underwriting margin to 6,5% and commensurately lower operating profit. The life insurance businesses achieved good profit growth, supported by an improvement in group life claims experience.
- The *Botswana* operations' contribution to gross result from financial services increased by 10% (up 4% in constant currency). Life insurance earnings increased by 2% in constant currency, impacted by mismatch losses in the annuity portfolio. A shortage

of matching assets prevents the business from fully matching the annuity book, exposing it to some interest rate risk. Letshego's profit contribution increased by 6% in constant currency, remaining below expectations. Improving the performance of the business to reach its full potential remains a priority for management.

- *Saham Finances'* gross result from financial services more than doubled in 2019 (up 83% in constant currency), supported by the corporate activity in the second half of 2018. The table that follows provides an analysis of Saham Finances' performance on a 100% basis, eliminating the distortions caused by varying shareholdings in the periods under review, as well as the use of lag accounting in the first half of 2018. A weaker average Rand exchange rate impacted on the growth per line item.

Saham Finances net result from financial services for the six months ended 30 June 2019

R million	2019	2018	Δ
Financial services income	7 746	6 410	21%
Sales remuneration	(938)	(767)	(22%)
Underwriting policy benefits	(3 889)	(3 088)	(26%)
Administration costs	(1 980)	(1 572)	(26%)
Result from financial services before tax	939	983	(4%)
Tax on financial services income	(289)	(276)	(5%)
Non-controlling interests	(180)	(202)	11%
Net result from financial services	470	505	(7%)
General insurance (including reinsurance)	526	481	9%
Life Insurance	95	65	46%
Other	(151)	(41)	(268%)

- General insurance (including reinsurance) net result from financial services increased by 9% in 2019 due to the combined effect of a 58% lower underwriting result and 60% growth in investment return earned on insurance funds. Gross written premiums were 12% higher in 2019, in excess of the 2019 targets despite a slow start to the year for Saham Assistance and Continental Re. Morocco and Ivory Coast, the two largest regions, recorded growth of 13% and 15% respectively in gross written premiums. Lebanon has done well to achieve growth of 4% despite a weak economy. Angola's contribution declined by 3%, partly due to a weaker currency. Other smaller regions and Continental Re achieved combined growth of 12%. Net earned premiums increased by 14%. The underwriting margin declined from 8,7% in 2018 to 3,2% in 2019. Weak claims experience persisted in Morocco, but with Saham Maroc's combined ratio of 99,6% remaining below the industry average. Premium rating continues together with continued focus on improving the claims management process. Continental Re incurred a net loss of R42 million from the Mozambique cyclone and another two large claims in oil and gas of R28 million with those events reducing the underwriting margin by 1,2%. The cost base remains under pressure in Angola from a weak currency, aggravated by high health claims experience. Saham Assistance and Ivory Coast achieved acceptable underwriting performances despite pressure on claims. Investment return on insurance funds increased by 60%, supported by fair value movements of the Moroccan equity portfolio included in the investments backing insurance funds, which outperformed the Moroccan equity market. Good progress has been made in assessing the strategic asset allocation of the investments backing the insurance fund portfolios to optimise return on capital. The inclusion of equity investments in these portfolios is driven by the limited availability of investable assets in these markets, as well as low returns on interest-bearing investments.
- The life insurance businesses' contribution to net result from financial services increased by 46%, supported by good investment returns on policyholder portfolios in Morocco in excess of the market performance.
- Other net result from financial services declined from a R41 million loss in 2018 to a loss of R151 million in 2019. This is largely attributable to the disposal of businesses in 2018, which contributed profit in the comparable period, and one-off tax provisions.
- The *other African operations* (excluding Saham Finances) achieved a good turnaround in profitability. The results include a R83 million one-off impact (R33 million after tax and minorities) relating to a relaxation in the regulatory reserving basis in Kenya. Excluding this, gross result from financial services increased by 189%, with most regions contributing good growth.
- Gross result from financial services in *India* more than doubled to R1,1 billion (doubling in constant currency). The credit businesses achieved strong growth of 45%, benefiting from good growth in the size of the loan books, despite pressure on disbursements in the last quarter of 2018 due to liquidity constraints in the Indian market, an overall improvement in the quality of the loan books and improved collections at Shriram City Union Finance. Shriram General Insurance achieved exceptional growth of some 200% from R176 million in 2018 to R529 million in 2019. This is due to a major improvement in the performance of the third-party 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 in the last quarter of 2018.

- High claims experience in both the *Malaysian* life and general insurance businesses, combined with higher new business strain in the life business, contributed to a soft operating profit result from this region. Management expenses in

Pacific&Orient 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.

SIG net result from financial services for the six months ended 30 June 2019

R million	2019	2018	Δ
Sanlam Investments (3rd party business)	315	183	72%
Wealth Management	99	89	11%
International	199	192	4%
Corporate services	(6)	(13)	54%
Investment management	607	451	35%
Sanlam Specialised Finance	165	261	(37%)
Sanlam Asset Management	104	111	(6%)
Central Credit Manager and other	61	150	(59%)
Gross result from financial services	772	712	8%
Tax on gross result from financial services	(154)	(184)	16%
Non-controlling interest	(59)	(5)	>(100%)
Net result from financial services	559	523	7%

SIG's net result from financial services increased by 7% (3% in constant currency), a satisfactory performance under challenging conditions.

- The *Sanlam Investments 3rd party asset manager's* gross result from financial services increased by 72%. The closure of the Climate Investor One Fund at \$850 million generated one-off income of R60 million in the Alternatives business. Sanlam Properties also earned commission of R38 million on concluding a number of property transactions. Excluding these, the business achieved strong growth of 19% despite lower average equity markets over the period. Performance fees, stringent cost control and solid net fund inflows supported fee income.
- Wealth Management* gross result from financial services increased by 11%. Fee income rose by some 14%, attributable to a favourable change in mix of business from the prior year, augmented by good cost control. Brokerage income lagged due to lower overall trading levels in the uncertain environment.
- The *International* business was impacted by lower brokerage income in the wealth business and bad debt provisions of some R30 million. This largely offset an otherwise strong underlying performance, with Nucleus performing strongly and the asset management businesses benefiting from higher assets under management.
- Sanlam Specialised Finance* had a difficult first six months in 2019. Lower average equity markets had a negative impact on the asset base and fee income of the Sanlam Asset Management business (incorporating Sanlam Portfolio Management

and Sanlam Structured Solutions). The Central Credit Manager (CCM) raised provisions of some R140 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 R262 million (R362 million including unrecognised interest) at 30 June 2019. A prudent approach is followed in not recognising interest, with R26 million of the cumulative unrecognised interest relating to the first half of 2019.

Santam's net result from financial services declined by 13%.

- The benign claims environment in the first half of 2018 did not repeat in 2019. 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 and engineering lines of business also continued to perform well. This 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. Underwriting margin for conventional insurance declined from 8,4% in 2018 to 5,3% in 2019 as a result, but remained within the 4% to 8% target range. The underwriting result commensurately declined by 34% from R916 million in 2018 to R602 million in 2019.

- Investment return on insurance funds (float income) for conventional insurance increased by 8%, driven by improved investment returns as well as higher float balances.
- Santam's share of earnings from the SEM general insurance businesses more than doubled, reflecting strong performance in the Shriram General Insurance and other African operations results.

The 18% decline in **Sanlam Corporate's** net result from financial services is the result of weaker group risk claims experience as well as a lower contribution from SEB Investments from a high base in 2018. The inflation-linked annuity book was transferred to CCM on 1 January 2019, with earnings of R39 million included in the comparable base now earned by the CCM. Excluding this reallocation, net result from financial services declined by 8%. Early signs of an improvement in group risk claims experience emerging in the last few months should support results in the second half of the year if sustained. Further premium increases are also planned for loss making schemes. ACA continues to perform well, contributing R18 million (net of tax) in the first half of 2019, well in excess of the business case. Afrocentric maintained its earnings in line with 2018, despite pressure on its cost base.

Net operational earnings of R5,8 billion are 15% up on 2018. This is the combined effect of the 13% increase in net result from financial services, and a 29% increase in net investment return earned on the capital portfolio. Lower investment income earned following the utilisation of discretionary capital for the Saham Finances acquisition in 2018, was more than offset by the improved absolute investment market performance in 2019.

Normalised attributable earnings decreased by 2%, suppressed by the following:

- Amortisation of intangible assets increased from R119 million in 2018 to R383 million in 2019, attributable to the amortisation of the value of

business acquired intangible assets recognised in 2018 upon Saham Finances and Nucleus becoming subsidiaries.

- 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.

Headlines earnings decreased by 31%. The difference between normalised attributable earnings and headline earnings relates primarily to the inclusion of negative fund transfers of R1,3 billion 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 (R9 million net profit).
- The difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance and a market-related discount of R594 million (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on funding in the SPV and administration costs incurred by the SPV in Sanlam's earnings (R214 million net expense).

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the 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 4% despite low investor confidence in South Africa and lower investment inflows in Namibia and Kenya. The Saham Finances corporate activity increased the growth by some 3%. Life insurance new business volumes increased by 2%, investment business inflows were in line with 2018 and general insurance earned premiums increased by 25%.

SPF's new business sales declined by 9%, attributable to lower volumes at Glacier.

SPF new business volumes for the six months ended 30 June 2019

R million	2019	2018	Δ
Sanlam Sky	1 228	1 194	3%
Recurring premium sub cluster and Strategic business development	1 722	1 666	3%
Risk	561	544	3%
Savings	1 161	1 122	3%
Glacier	25 203	28 162	(11%)
Life investments	4 403	4 839	(9%)
LISP	20 800	23 323	(11%)
New business volumes	28 153	31 022	(9%)

- *Sanlam Sky's* new business increased by 3%, up 96% excluding the 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 some R470 million in the first half of 2019. Sales through the traditional individual life intermediated channel rose by a credible 13%, augmented by an almost doubling in Safrican's contribution and the biennial renewal of the ZCC scheme. Sanlam Sky's in-force policies (excluding Capitec) is expected to reach a total of 2 million in the foreseeable future, a particularly satisfactory milestone.
- The *Recurring premium* sub cluster and Strategic business development grew new business volumes by 3%, the combined effect of flat recurring premium business (65% of total new business sales) and a 10% growth in single premiums (35% of total new business sales). Pressure on disposable income in the middle-income market and a highly competitive market is evident in lower new business

sales across most lines of business. The exceptions were single premium retirement annuities and MiWay Life, which attracted healthy demand, and risk business sold through the traditional intermediated channel that achieved sales marginally higher than 2018. Other new initiatives such as Sanlam Indie and Brightrock are also making good progress.

- The pressure on *Glacier* new business sales persisted into 2019, with life and investment business declining by 12% and 9% respectively. Healthy demand for annuities was offset by lower volumes across most other lines of business. Glacier International is a main contributor to lower life LISP business, with clients delaying the externalisation of funds at prevailing exchange rates.

The decline in single premium business had a major negative impact on SPF's net fund inflows, which decreased by 47% from R6.8 billion in 2018 to R3,6 billion in 2019.

SEM new business volumes increased by 36% (up 1% in constant currency and excluding corporate activity, mainly due to lower asset management flows).

SEM new business volumes for the six months ended 30 June 2019

R million	2019	2018	Δ
Namibia	2 885	3 286	(12%)
Botswana	3 585	2 682	34%
Other African Operations	7 236	4 000	81%
Saham Finances	5 924	2 421	145%
Other	1 312	1 579	(17%)
Pan-Africa portfolio	13 706	9 968	38%
Other emerging markets	1 768	1 439	23%
India	1 323	1 141	16%
Malaysia	445	298	49%
New business volumes	15 474	11 407	36%

- New business volumes in *Namibia* declined by 12%. New life business increased by 72%, with persistent strong growth in the entry-level market, augmented by an improvement in affluent market sales in recent months. New investment business, which is volatile in nature, decreased by 31% from a high base in 2018.
- In *Botswana*, new investment business increased strongly by 42%. New life business also achieved healthy growth of 17%, but with a change in mix to less profitable savings business. Term assurance and funeral new business sales lagged the comparable period. Overall new business sales were up 34% (27% in constant currency).
- *Other African Operations* new business volumes grew by 81% (62% in constant currency). Saham Finances outperformed targets with the exception of Saham Assistance and Continental Re. New life insurance business written by Saham Finances increased from R61 million in 2018 to R823 million, which includes strong organic growth as well as structural activity. Saham Finances general insurance net earned premiums more than doubled, supported by structural growth. Refer Earnings section above for further information on Saham Finance's general insurance premium performance. New business written in the other African regions, excluding Kenya investment business, increased by 18%. All key regions contributed to this growth. New investment business flows in Kenya underperformed.
- New business production at the *Indian* life insurance business was under pressure as a result of the liquidity crunch in India (refer Earnings section above) and increased by only 6% on 2018 (down 2% in constant currency). The general insurance business experienced much stronger growth of 21% (up 12% in constant currency), contributing to overall constant currency growth of 7% on the first half of 2018 (16% at actual exchange rates).

- The turnaround at the *Malaysian* businesses is persisting with overall growth of 49% in new business volumes (36% in constant currency). The life business grew new business volumes by 76% (59% in constant currency), with an improvement in the mix of business to the more profitable non-participating lines of business. General insurance new business increased by 16% (up 5% in constant currency). This is still below expectations.

Net fund flows increased by 72% from R3,2 billion in 2018 to R5,5 billion in 2019, with Namibia, Saham Finances and India the main contributors.

SIG's new business volumes increased by 3%, the aggregate of 11% growth at the South African asset management business, partly offset by a lower contribution from the international businesses and a flat performance from wealth management. New business performance was broad based in the South African asset management business, with pleasing institutional, retail and alternative flows. Wealth management flows reflect the lack of investor confidence in the target market. Net fund inflows increased by 86% to R10 billion. The strong new business flows at the South African asset management businesses also reflect in their net fund flows contribution, which more than doubled. Wealth management experienced marginal net outflows compared to R1,7 billion net inflows in 2018. Despite lower new mandates, the International business did well to retain business, turning around from a net outflow of R170 million in 2018 to a net inflow of R655 million in 2019.

Gross written premiums at **Santam** increased by 9%. Motor and property, which contributes 70% of total gross written premiums, increased by a combined 7% in a challenging environment of low economic growth and competitive pressures. Motor business increased by 3%, largely reflective of marginal growth of 1% in the commercial book. MiWay achieved growth of 9%.

Property (12%), Engineering (36%), Liability (11%), Accident and Health (12%) and Alternative risk (13%) also reported strong growth.

Sanlam Corporate grew its new business volumes by 32%, the combination of 22% growth in life business and a 58% increase in new investment business. The umbrella fund and non-life investment lines of business contributed most of the growth. New business growth

accelerated in the second half of 2018, with a few large mandates won after June 2018. This results in an increasing comparative base for the remainder of the year, with the current level of growth commensurately not expected to persist.

Overall net fund inflows of R22,9 billion in 2019 is a particularly satisfactory performance given the challenging market conditions.

Business volumes for the six months ended 30 June 2019

R million	New business			Net inflows		
	2019	2018	Δ	2019	2018	Δ
Sanlam Personal Finance	28 153	31 022	(9%)	3 622	6 777	(47%)
Sanlam Emerging Markets	15 474	11 407	36%	5 491	3 201	72%
Sanlam Investment Group	52 583	51 128	3%	10 027	5 385	86%
Santam	11 773	11 122	6%	4 155	4 203	(1%)
Sanlam Corporate	3 357	2 542	32%	(389)	(353)	(10%)
Total	111 340	107 221	4%	22 906	19 213	19%
Covered business	23 633	23 192	2%	5 888	6 167	(5%)
Investment business	69 176	69 177	0%	10 314	7 349	40%
General insurance	18 531	14 852	25%	6 704	5 697	18%
Total	111 340	107 221	4%	22 906	19 213	19%

Value of new covered business

The discount rate used to determine VNB is directly linked to long-term interest rates. The 30bps and 60bps decrease in the South African nine- and five-year benchmark rates respectively in 2019 compared to 30 June 2018 resulted in a commensurate decrease in the risk discount rate, with a 4,6% positive impact on VNB growth. VNB margins were in general maintained on a per product basis, with the increase in average margins attributable to an overall change in mix to more profitable product lines, in particular Sanlam Sky.

Net VNB increased by 19% at actual interest rates and by 15% on a comparable economic basis.

SPF achieved overall growth of 16% (11% on a comparable economic basis). Sanlam Sky VNB grew by 35% (25% on a comparable economic basis), supported by the strong growth in individual life new business written through the traditional intermediated channel. The Capitec Bank funeral business contributed R45 million of VNB in 2019 compared to R1 million in 2018. The comparative base includes Capitec Bank credit life VNB of R36 million that did not repeat in 2019. Recurring premium cluster VNB grew by 35% (28% on a comparable economic basis), benefiting from repricing implemented in 2018, a favourable change in mix of business, an increase in MiWay Life's contribution

and actuarial basis changes implemented at the end of 2018. Glacier's VNB declined by 18% due to lower new business volumes and a change in business mix to less profitable products.

Net VNB at **SEM** increased by 17% (up 8% in constant currency). All regions contributed strong growth, apart from Botswana and India. Namibia and Other African Operations (excluding Saham Finances) in particular achieved very credible growth of 39% and 275% respectively. Namibia's performance reflects the strong growth in entry-level new business as well as an improvement in the mix of business in the affluent market. All regions apart from Kenya contributed to the Rest of Africa turnaround. 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. Botswana's VNB increased by 4% net, reflecting the change in mix of business to less profitable savings products. India's 41% decline in VNB (46% in constant currency) is attributable to the lower new business volumes and the inclusion of distribution expansion costs. It remains a key focus to grow Saham Finances life business.

Sanlam Corporate's VNB more than doubled, supported by the increase in new business volumes.

FINANCIAL AND OPERATIONAL REVIEW 2019 INTERIM RESULTS (continued)

Value of new life business for the six months ended 30 June 2019

R million	2019	2018	Δ
Net value of new covered business	942	791	19%
Sanlam Personal Finance	723	622	16%
Sanlam Emerging Markets	176	150	17%
Sanlam Investment Group	-	-	-
Sanlam Corporate	43	19	126%
Gross of non-controlling interest	1 064	877	21%
Net present value of new business premiums	33 779	32 099	5%
Sanlam Personal Finance	23 046	23 052	0%
Sanlam Emerging Markets	5 136	3 502	47%
Sanlam Investment Group	1 734	1 800	(4%)
Sanlam Corporate	3 863	3 745	3%
Gross of non-controlling interest	36 396	33 667	8%
Net new covered business margin	2,79%	2,46%	
Sanlam Personal Finance	3,14%	2,70%	
Sanlam Emerging Markets	3,43%	4,28%	
Sanlam Investment Group	-	-	
Sanlam Corporate	1,11%	0,51%	
Gross of non-controlling interest	2,92%	2,60%	

Capital management

The Group started the year with negative discretionary capital of R3,7 billion, after payment for the Saham Finances acquisition. A number of transactions during 2019 affected the balance of available discretionary capital, which amounted to R570 million at 30 June 2019.

Discretionary capital at 30 June 2019

R million	2019
Discretionary capital at 31 December 2018	(3 678)
Excess dividend cover	336
Excess investment return - Sanlam Life	280
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	59
Corporate activity	(877)
South Africa	(82)
Other emerging markets	(727)
Developed markets	(68)
Discretionary capital at 30 June 2019	570

Movements in discretionary capital during the first half of 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 in the first half of 2019 was released to discretionary capital.
- Discretionary capital of R4,5 billion was raised through the 5% B-BBEE share issuance, as elaborated on in the Strategic review.
- Corporate activity utilised a total of R877 million:
 - Investments in South Africa relate to the acquisition of shares from BrightRock minorities (R36 million), the acquisition of two private wealth franchises (R36 million) and a performance payment in respect of the Brackenham acquisition concluded in a prior year (R10 million).
 - The majority of the deployment in other emerging markets relate to the capitalisation of insurers in the CIMA region (R550 million) following an increase in minimum regulatory capital levels across the region and 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% (R167 million). The additional capital injections in the CIMA region will be utilised for growth opportunities.
- Sanlam UK acquired 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.
- Investment return earned on the discretionary capital portfolio and other small movements added R59 million.

The current level of discretionary capital is appropriate in light of increased focus on organic growth.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at the end of June 2019. The Sanlam Group SCR cover ratio remained at a healthy level of 205%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 214% at 30 June 2019 exceeded the target cover range of between 170% and 210%. The SCR cover ratio for the Sanlam Life entity as a whole at 244% exceeded the covered business ratio at the end of June 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

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The preparation of the Group's reviewed condensed consolidated interim financial statements was supervised by the acting Chief Financial Officer, Wikus Olivier CA (SA).

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2018, apart from changes in the economic assumptions.

The accounting policies and basis of preparation for the IFRS financial statements on pages 88 to 103 and shareholders' information on pages 24 to 85 are in all material respects consistent with those applied in the 2018 annual report apart from the adoption of new IFRSs at the beginning of the 2019 financial year. The effects of the new IFRSs on the Sanlam Group are described below.

The following new or revised IFRSs and interpretations have been applied in the 2019 financial year:

IFRS 16 – Leases*

IFRS 16 – *Leases* replaces IAS 17 – *Leases* along with three interpretations (IFRIC 4 – *Determining whether an Arrangement contains a Lease*, SIC 15 – *Operating Leases-Incentives* and SIC 27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*). The new Standard has been applied from 1 January 2019 using the modified retrospective approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to retained earnings at the beginning of the current period. The reclassifications and adjustments arising on transition are recognised in the opening balance sheet on 1 January 2019 and are shown in note 11 of the condensed consolidated interim financial statements.

IFRS 16 abolishes the distinction between an operating lease and a finance lease for lessees. Lessees will recognise a right-of-use asset and an associated liability at the inception of the lease.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The Group elected to make use of a single discount rate for portfolios of leases with reasonably similar characteristics.
- The Group elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining term.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- The Group benefited from the use of hindsight for determining lease terms when considering options to extend and terminate leases.

The Group elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 8,6%.

* The Group has assessed the impact of the adoption of IFRS 16 and IFRIC 23 on opening retained earnings and concluded that there is no quantitative impact for Sanlam.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	R million
Total operating lease commitments disclosed at 31 December 2018	2 765
Recognition exemptions:	(80)
Leases of low value assets	(4)
Leases with remaining lease term of less than 12 months	(76)
Other adjustments relating to commitment disclosures	(202)
Operating lease liabilities before discounting	2 483
Discounted using incremental borrowing rate	(592)
Operating lease liabilities	1 891
Extension and termination options reasonably certain to be exercised	175
Total lease liabilities recognised under IFRS 16 at 1 January 2019	2 066

IFRIC 23 – Uncertainty over Income Tax Treatments*

This interpretation addresses the accounting for Income Taxes when the Tax Treatment involves uncertainty. The interpretation does not apply to taxes or levies outside the scope of IAS 12. The interpretation also does not specifically include requirements relating to interest and penalties associated with the uncertain tax treatments. In addition, the interpretation applies when there is uncertainty over income tax affecting both current tax and deferred tax.

The interpretation specifically addresses the following:

- Whether to consider uncertain tax treatment separately
- The assumptions to be made about the examination of tax treatments by the tax authorities
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- Consideration for changes in facts and circumstances on which judgements and estimates are based

The interpretation is applicable for annual reporting periods beginning on or after 1 January 2019. The group has elected to apply the interpretation

retrospectively with the cumulative effect of initially applying the interpretation as an adjustment to the opening retained earnings balance. Therefore, the Group has not restated comparatives for the 2018 reporting period.

Other Standards and amendments

Other Standards and amendments that are effective for the first time in 2019:

- IFRS 9 – *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- IAS 28 – *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- Annual Improvements to IFRS 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments did not have a significant impact on these interim condensed consolidated financial statements and no further disclosures have accordingly been made.

The following new IFRS, effective in future years and not early adopted, may have an impact on future results:

- IFRS 17 – *Insurance contracts* (effective 1 January 2022)

The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Initial work performed on the impact of IFRS 17 indicates that there will be a significant impact on the underlying valuation models, systems and processes. The Group is in the process of assessing the requirements of the standard against current data, processes and valuation models and is expected to finalise this assessment during 2020.

Changes to segmental reporting are described on page 8.

EXTERNAL REVIEW

The appointed auditors, Ernst & Young Inc, reviewed the interim condensed financial statements and Shareholders' information of the Group at 30 June 2019. These reviews were conducted in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Copies of the unqualified review reports of Ernst & Young Inc are presented on pages 25 and 87.

* The Group has assessed the impact of the adoption of IFRS 16 and IFRIC 23 on opening retained earnings and concluded that there is no quantitative impact for Sanlam.

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INDEPENDENT AUDITOR'S REVIEW

Report on Sanlam Limited interim Shareholders' information

To the directors of Sanlam Limited

Introduction

We have reviewed the accompanying interim Shareholders' Information of Sanlam Limited for the six months ended 30 June 2019, comprising Group Equity Value; Change in Group Equity Value; Return on Group Equity Value; Shareholders' fund at net asset value; Shareholders' fund income statement and Notes to the Shareholders' Information as set out on pages 26 to 85, and the basis of accounting set out on pages 22 and 23.

Directors' responsibility for interim financial information

The directors of Sanlam Limited are responsible for the preparation and presentation of this interim financial information in accordance with the basis of accounting set out on pages 22 and 23, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on this interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the basis of accounting set out on pages 22 and 23. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Shareholders' Information for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with the basis of accounting set out on pages 22 and 23.

Basis of accounting

Without modifying our conclusion, we draw attention to pages 22 and 23 of the Sanlam Limited Shareholders' Information, which describes the basis of accounting. The Sanlam Limited Interim Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result the Sanlam Limited Interim Shareholders' information may not be suitable for another purpose.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

No. 3 Dock Road
Waterway House
V&A Waterfront
Cape Town

4 September 2019

GROUP EQUITY VALUE

at 30 June 2019

R million	Note	Group Equity Value	
		June Reviewed 2019	December Audited 2018
Sanlam Personal Finance		45 610	43 185
Covered business ⁽¹⁾	7.1	41 430	39 209
Sanlam Sky		9 488	8 755
Other		31 942	30 454
Other operations		4 180	3 976
Glacier		2 527	2 359
Sanlam Personal Loans		1 266	1 224
Other operations		387	393
Sanlam Emerging Markets		44 309	44 659
Covered business	7.2	9 471	9 151
Namibia		1 982	1 867
Botswana		1 640	1 587
Saham Finances		3 068	2 968
Other African Operations		1 192	1 274
India		952	854
Malaysia		637	601
Other operations		34 838	35 508
Saham Finances		20 146	20 309
Shriram Capital		10 682	10 632
Letshego		844	889
Capricorn Investment Holdings		1 025	968
Pacific & Orient		441	433
Other operations		1 700	2 277
Sanlam Investment Group		19 636	18 703
Covered business	7.3	2 989	2 797
Sanlam UK		1 296	1 268
Central Credit Manager ⁽¹⁾		1 693	1 529
Other operations		16 647	15 906
Investment Management SA ⁽²⁾		5 005	4 821
Wealth Management ⁽²⁾		2 486	2 647
International ⁽²⁾		7 318	6 938
Sanlam Specialised Finance		1 838	1 500
Santam		20 343	20 102
Sanlam Corporate		5 963	6 009
Covered business ⁽¹⁾	7.5	5 110	5 077
Other operations		853	932
Afrocentric		840	892
Other		13	40
Discretionary capital		570	(3 678)
Other capital		7 334	7 155
Present value of holding company expenses	10	(2 071)	(2 083)
Group Equity Value		141 694	134 052
Covered business	2	59 000	56 234
Other operations	5	76 861	76 424
Group operations		135 861	132 658
Discretionary and other capital		5 833	1 394
Group Equity Value		141 694	134 052
Value per share	9	63,70	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.

Value of in-force/Fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018
39 249	36 644	6 361	6 541	(1 116)	(1 145)	7 477	7 686
36 196	33 858	5 234	5 351	(1 116)	(1 145)	6 350	6 496
8 749	8 057	739	698	(420)	(437)	1 159	1 135
27 447	25 801	4 495	4 653	(696)	(708)	5 191	5 361
3 053	2 786	1 127	1 190	-	-	1 127	1 190
2 101	1 898	426	461	-	-	426	461
638	635	628	589	-	-	628	589
314	253	73	140	-	-	73	140
8 275	8 146	36 034	36 513	(3 491)	(3 610)	39 525	40 123
4 729	4 894	4 742	4 257	(3 491)	(3 610)	8 233	7 867
1 474	1 359	508	508	-	-	508	508
1 141	1 124	499	463	(22)	(25)	521	488
1 257	1 633	1 811	1 335	(2 762)	(2 881)	4 573	4 216
234	241	958	1 033	(26)	(12)	984	1 045
357	317	595	537	(310)	(313)	905	850
266	220	371	381	(371)	(379)	742	760
3 546	3 252	31 292	32 256	-	-	31 292	32 256
1 568	954	18 578	19 355	-	-	18 578	19 355
2 296	2 447	8 386	8 185	-	-	8 386	8 185
1	-	843	889	-	-	843	889
-	-	1 025	968	-	-	1 025	968
65	18	376	415	-	-	376	415
(384)	(167)	2 084	2 444	-	-	2 084	2 444
10 191	10 227	9 445	8 476	(356)	(356)	9 801	8 832
(146)	(6)	3 135	2 803	(356)	(356)	3 491	3 159
667	617	629	651	(356)	(356)	985	1 007
(813)	(623)	2 506	2 152	-	-	2 506	2 152
10 337	10 233	6 310	5 673	-	-	6 310	5 673
4 940	4 569	65	252	-	-	65	252
2 139	2 377	347	270	-	-	347	270
1 963	2 090	5 355	4 848	-	-	5 355	4 848
1 295	1 197	543	303	-	-	543	303
14 333	14 284	6 010	5 818	-	-	6 010	5 818
3 058	2 789	2 905	3 220	(217)	(227)	3 122	3 447
3 097	2 710	2 013	2 367	(217)	(227)	2 230	2 594
(39)	79	892	853	-	-	892	853
(52)	73	892	819	-	-	892	819
13	6	-	34	-	-	-	34
-	205	570	(3 883)	-	-	570	(3 883)
-	-	7 334	7 155	(1 197)	(1 197)	8 531	8 352
(2 071)	(2 083)	-	-	-	-	-	-
73 035	70 212	68 659	63 840	(6 377)	(6 535)	75 036	70 375
43 876	41 456	15 124	14 778	(5 180)	(5 338)	20 304	20 116
31 230	30 634	45 631	45 790	-	-	45 631	45 790
75 106	72 090	60 755	60 568	(5 180)	(5 338)	65 935	65 906
(2 071)	(1 878)	7 904	3 272	(1 197)	(1 197)	9 101	4 469
73 035	70 212	68 659	63 840	(6 377)	(6 535)	75 036	70 375
						33,73	33,27

GROUP EQUITY VALUE

at 30 June 2019 (continued)

Analysis of Group Equity Value per line of business

R million	Total		Life Business	
	June	December	June	December
	Reviewed	Audited	Reviewed	Audited
	2019	2018	2019	2018
South Africa	88 469	80 931	48 233	45 815
Namibia	4 038	4 213	1 982	1 867
Botswana	3 149	3 164	1 640	1 587
Other African operations	2 084	2 331	1 192	1 274
Saham Finances	23 214	23 277	3 068	2 968
India	11 753	11 621	952	854
Malaysia	1 173	1 182	637	601
Other international	7 814	7 333	1 296	1 268
Total	141 694	134 052	59 000	56 234

General Insurance		Investment Management		Credit & Structuring		Administration, Health & Other	
June	December	June	December	June	December	June	December
Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
2019	2018	2019	2018	2019	2018	2019	2018
20 343	20 102	9 122	8 993	2 081	1 860	8 690	4 161
391	342	196	186	1 025	968	444	850
129	100	435	421	844	889	101	167
608	562	353	360	66	84	(135)	51
20 146	20 309	-	-	-	-	-	-
1 871	1 553	119	135	8 811	9 079	-	-
441	433	-	-	-	-	95	148
-	-	6 518	6 065	-	-	-	-
43 929	43 401	16 743	16 160	12 827	12 880	9 195	5 377

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2019 (reviewed)

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	4 971	(281)	(2 265)	45 610
Covered business	39 209	4 535	(281)	(2 033)	41 430
Sanlam Sky	8 755	1 280	(2)	(545)	9 488
Other	30 454	3 255	(279)	(1 488)	31 942
Other operations	3 976	436	-	(232)	4 180
Glacier	2 359	282	-	(114)	2 527
Sanlam Personal Loans	1 224	149	-	(107)	1 266
Other operations	393	5	-	(11)	387
Sanlam Emerging Markets	44 659	(185)	1 076	(1 241)	44 309
Covered business	9 151	212	506	(398)	9 471
Namibia	1 867	216	(24)	(77)	1 982
Botswana	1 587	125	32	(104)	1 640
Other African Operations	1 274	4	22	(108)	1 192
Saham Finances	2 968	(297)	494	(97)	3 068
India	854	114	(2)	(14)	952
Malaysia	601	50	(16)	2	637
Other operations	35 508	(397)	570	(843)	34 838
Saham Finances	20 309	(594)	406	25	20 146
Letshego	889	(13)	-	(32)	844
Capricorn Investment Holdings	968	63	-	(6)	1 025
Shriram Capital	10 632	190	-	(140)	10 682
Pacific & Orient	433	42	-	(34)	441
Other operations	2 277	(85)	164	(656)	1 700
Sanlam Investment Group	18 703	1 044	251	(362)	19 636
Covered business	2 797	123	137	(68)	2 989
Sanlam UK	1 268	81	(3)	(50)	1 296
Central Credit Manager	1 529	42	140	(18)	1 693
Other operations	15 906	921	114	(294)	16 647
Investment Management SA ⁽¹⁾	4 821	443	(98)	(161)	5 005
Wealth Management ⁽¹⁾	2 647	(133)	34	(62)	2 486
International ⁽¹⁾	6 938	287	68	25	7 318
Sanlam Specialised Finance	1 500	324	110	(96)	1 838
Santam	20 102	692	-	(451)	20 343
Sanlam Corporate	6 009	474	(305)	(215)	5 963
Covered business	5 077	539	(305)	(201)	5 110
Other operations	932	(65)	-	(14)	853
Afrocentric	892	(56)	-	4	840
Other	40	(9)	-	(18)	13
Discretionary capital	(3 678)	60	4 188	-	570
Other capital	7 155	(83)	7 146	(6 884)	7 334
Present value of holding company expenses	(2 083)	12	-	-	(2 071)
Elimination of intergroup dividends	-	-	(4 534)	4 534	-
Group Equity Value	134 052	6 985	7 541	(6 884)	141 694
Covered business	56 234	5 409	57	(2 700)	59 000
Other operations	76 424	1 587	684	(1 834)	76 861
Group operations	132 658	6 996	741	(4 534)	135 861
Discretionary and other capital	1 394	(11)	6 800	(2 350)	5 833
Group Equity Value	134 052	6 985	7 541	(6 884)	141 694

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

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2018 (reviewed)

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	2 352	(809)	(2 084)	42 860
Covered business	39 546	2 194	(809)	(1 925)	39 006
Sanlam Sky	7 956	576	48	(487)	8 093
Other	31 590	1 618	(857)	(1 438)	30 913
Other operations	3 855	158	-	(159)	3 854
Glacier	2 321	189	-	(87)	2 423
Sanlam Personal Loans	1 052	89	-	(81)	1 060
Other operations	482	(120)	-	9	371
Sanlam Emerging Markets	27 621	2 429	311	(452)	29 909
Covered business	6 686	847	5	(290)	7 248
Namibia	1 816	81	10	(63)	1 844
Botswana	1 333	214	(3)	(107)	1 437
Other African Operations	1 050	250	9	(62)	1 247
Saham Finances	1 265	138	(20)	(44)	1 339
India	702	98	(3)	(15)	782
Malaysia	520	66	12	1	599
Other operations	20 935	1 582	306	(162)	22 661
Saham Finances	6 833	1 003	2	15	7 853
Letshego	991	7	-	34	1 032
Capricorn Investment Holdings	1 022	(9)	-	40	1 053
Other operations	2 189	188	304	(168)	2 513
Shriram Capital	9 524	311	-	(56)	9 779
Pacific & Orient	376	82	-	(27)	431
Sanlam Investment Group	18 331	984	235	(406)	19 144
Covered business	2 768	258	(54)	(83)	2 889
Sanlam UK	1 213	133	(34)	-	1 312
Central Credit Manager	1 555	125	(20)	(83)	1 577
Other operations	15 563	726	289	(323)	16 255
Investment Management SA	6 165	(529)	(734)	(76)	4 826
Wealth Management	2 192	151	23	(72)	2 294
International	6 410	981	34	(55)	7 370
Sanlam Specialised Finance	796	123	966	(120)	1 765
Santam	18 108	1 665	-	(418)	19 355
Sanlam Corporate	6 368	403	(627)	(251)	5 893
Covered business	5 283	534	(627)	(236)	4 954
Other operations	1 085	(131)	-	(15)	939
Discretionary capital	2 000	40	7 810	-	9 850
Other capital	7 550	(40)	2 137	(6 080)	3 567
Present value of holding company expenses	(1 616)	(294)	-	-	(1 910)
Elimination of intergroup dividends	-	-	(3 611)	3 611	-
Group Equity Value	121 763	7 539	5 446	(6 080)	128 668
Covered business	54 283	3 833	(1 485)	(2 534)	54 097
Other operations	59 546	4 000	595	(1 077)	63 064
Group operations	113 829	7 833	(890)	(3 611)	117 161
Discretionary and other capital	7 934	(294)	6 336	(2 469)	11 507
Group Equity Value	121 763	7 539	5 446	(6 080)	128 668

RETURN ON GROUP EQUITY VALUE

for the six months ended 30 June 2019

%	Six months reviewed		Twelve months Audited
	June 2019	June 2018	December 2018
Sanlam Personal Finance	11,5	5,5	11,4
Covered business	11,6	5,7	11,3
Sanlam Sky	14,6	7,2	20,3
Other	10,7	5,3	9,0
Other operations	11,0	4,1	11,9
Glacier	12,0	8,1	10,6
Sanlam Personal Loans	12,2	8,5	32,5
Other operations	1,3	(24,9)	(26,3)
Sanlam Emerging Markets	(0,4)	8,8	14,8
Covered business	2,3	12,7	5,7
Namibia	11,6	4,5	12,8
Botswana	7,9	16,1	27,2
Other African operations	0,3	23,8	33,1
Saham Finances	(10,0)	10,9	(39,5)
India	13,3	14,0	22,5
Malaysia	8,3	12,7	16,5
Other operations	(1,1)	7,6	17,7
Saham Finances	(2,9)	14,7	32,3
Letshego	(1,5)	0,7	(8,2)
Capricorn Investment Holdings	6,5	(0,9)	(2,9)
Shriram Capital	1,8	3,3	13,2
Pacific & Orient	9,7	21,8	25,0
Other operations	(3,5)	8,6	(5,6)
Sanlam Investment Group	5,5	5,3	3,7
Covered business	4,1	9,3	11,0
Sanlam UK	6,4	11,0	7,4
Central Credit Manager	2,4	8,0	13,8
Other operations	5,8	4,6	2,3
Investment Management SA	9,1	(9,8)	(16,8)
Wealth Management	(5,0)	6,9	21,0
International	4,1	15,3	9,6
Sanlam Specialised Finance	21,6	7,0	(12,5)
Santam	3,4	9,2	14,7
Sanlam Corporate	8,2	6,9	12,8
Covered business	11,1	11,2	16,8
Other operations	(7,0)	(12,1)	(6,0)
Afrocentric	(6,3)	(9,2)	(8,4)
Other	(22,5)	(50,6)	22,6
Discretionary capital and other	(1,0)	(3,2)	(12,3)
Group Equity Value	5,2	6,2	10,6
Covered business	9,6	7,3	11,0
Other operations	2,1	6,7	12,2
Group operations	5,3	7,0	11,6
Discretionary and other capital	(1,0)	(3,2)	(12,3)
Group Equity Value	5,2	6,2	10,6
RoGEV per share	5,4	7,4	11,6
Sanlam Group hurdle rate	6,5	6,3	13,0

ANALYSIS OF GEV EARNINGS

for the six months ended 30 June 2019

Covered business⁽¹⁾

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Operational earnings	4 229	4 287
Value of new life insurance business ⁽²⁾	942	791
Unwinding of discount rate	2 582	2 417
Expected profit	-	-
Operating experience variances	663	1 078
Risk experience	207	247
Persistency	(56)	(56)
Maintenance expenses	64	27
Working capital management	254	197
Credit spread	102	192
Other	92	471
Operating assumption changes	42	1
Risk experience	26	14
Persistency	13	(15)
Maintenance expenses	102	73
Modelling changes and other	(99)	(71)
Net investment return	319	593
Expected return on adjusted net asset value	495	445
Investment variances on adjusted net asset value	(176)	148
Valuation and economic basis	878	(996)
Investment variances on in-force business	572	(777)
Economic assumption changes	414	(471)
Investment yields	501	(479)
Long-term asset mix assumptions and other	(87)	8
Foreign currency translation differences	(108)	252
Change in tax basis	-	(34)
Net project expenses	-	(13)
Goodwill and VOBA from business combinations	(17)	(4)
GEV earnings: covered business	5 409	3 833
Acquired value of in-force	29	296
Transfers from covered business	(2 672)	(4 315)
Embedded value of covered business at the beginning of the period	56 234	54 283
Embedded value of covered business at the end of the period	59 000	54 097

⁽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	
	June Reviewed 2019	June Reviewed 2018
Sanlam Personal Finance	41 430	39 006
Sanlam Emerging Markets	9 471	7 248
Sanlam Investment Group	2 989	2 889
Sanlam Corporate	5 110	4 954
	59 000	54 097

Value of in-force		Cost of capital		Adjusted net asset value		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
1 765	1 204	(162)	297	2 626	2 786	9 374
2 624	2 247	(103)	(88)	(1 579)	(1 368)	1 985
2 479	2 323	103	94	-	-	4 937
(3 693)	(3 382)	-	-	3 693	3 382	-
186	50	(6)	280	483	748	2 114
74	8	4	(4)	129	243	535
74	49	9	4	(139)	(109)	147
(4)	(2)	(3)	-	71	29	43
-	-	-	-	254	197	507
(2)	(2)	-	-	104	194	437
44	(3)	(16)	280	64	194	445
169	(34)	(156)	11	29	24	338
16	14	2	-	8	-	177
10	(13)	(3)	(3)	6	1	66
125	42	(1)	1	(22)	30	20
18	(77)	(154)	13	37	(7)	75
-	-	-	-	319	593	796
-	-	-	-	495	445	921
-	-	-	-	(176)	148	(125)
908	(806)	(104)	2	74	(192)	(2 965)
541	(634)	(33)	31	64	(174)	(2 603)
505	(464)	(101)	11	10	(18)	(755)
494	(465)	13	4	(6)	(18)	(717)
11	1	(114)	7	16	-	(38)
(138)	292	30	(40)	-	-	393
-	(16)	-	(1)	-	(17)	(36)
-	-	-	-	-	(13)	(13)
(17)	(4)	-	-	-	-	(1 223)
2 656	378	(266)	298	3 019	3 157	5 933
31	248	(1)	-	(1)	48	3 124
-	-	-	-	(2 672)	(4 315)	(7 106)
44 744	42 620	(3 288)	(3 375)	14 778	15 038	54 283
47 431	43 246	(3 555)	(3 077)	15 124	13 928	56 234

Value of in-force		Cost of capital		Adjusted net asset value		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
37 484	34 706	(1 288)	(1 262)	5 234	5 562	39 209
5 500	4 351	(771)	(440)	4 742	3 337	9 151
793	890	(939)	(737)	3 135	2 736	2 797
3 654	3 299	(557)	(638)	2 013	2 293	5 077
47 431	43 246	(3 555)	(3 077)	15 124	13 928	56 234

ANALYSIS OF GEV EARNINGS

for the six months ended 30 June 2019 (continued)

Other operations per cluster

R million	Total		Sanlam Personal Finance		Sanlam Emerging Markets	
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
Earnings from operations valued at listed share prices	1 045	1 665	-	-	-	-
Earnings from operations valued at net asset value	14	119	-	-	10	45
Earnings from operations valued based on discounted cash flows	528	2 216	436	158	(407)	1 537
Unwinding of discount rate	3 806	2 968	362	340	2 370	1 551
Operating experience variances	(61)	(315)	59	(29)	23	(178)
General insurance	(28)	(102)	-	-	(28)	(102)
Investment management	(38)	(106)	-	-	28	(65)
Credit and banking	55	(62)	54	(9)	1	(53)
Administration, health and other	(50)	(45)	5	(20)	22	42
Assumption changes	(3 902)	5	(166)	(17)	(2 488)	(77)
General insurance	(1 491)	268	-	-	(1 491)	268
Investment management	(1 191)	298	-	-	(47)	64
Credit and banking	(1 004)	(220)	(71)	23	(933)	(243)
Administration, health and other	(216)	(341)	(95)	(40)	(17)	(166)
Economic assumption changes	1 426	(2 147)	181	(136)	314	(932)
Foreign currency translation differences	(741)	1 705	-	-	(626)	1 173
GEV earnings: other operations	1 587	4 000	436	158	(397)	1 582

Discretionary and other capital

R million	Total		
	June Reviewed 2019	June Reviewed 2018	December Audited 2018
Investment return	31	58	(172)
Corporate expenses	13	(312)	(576)
Net corporate expenses	1	(18)	(109)
Change in present value of holding company expenses	12	(294)	(467)
Share-based payment transactions	(55)	(40)	80
GEV earnings: discretionary and other capital	(11)	(294)	(668)

Sanlam Investment Group		Santam		Sanlam Corporate		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
353	-	692	1 665	-	-	2 814
4	74	-	-	-	-	(76)
564	652	-	-	(65)	(131)	4855
996	984	-	-	78	93	5 821
(66)	(41)	-	-	(77)	(67)	135
-	-	-	-	-	-	(32)
(66)	(41)	-	-	-	-	(13)
-	-	-	-	-	-	163
-	-	-	-	(77)	(67)	17
(1 144)	234	-	-	(104)	(135)	(2 588)
-	-	-	-	-	-	413
(1 144)	234	-	-	-	-	(913)
-	-	-	-	-	-	(1 218)
-	-	-	-	(104)	(135)	(870)
893	(1 057)	-	-	38	(22)	(1 725)
(115)	532	-	-	-	-	3 212
921	726	692	1 665	(65)	(131)	7 593

Reconciliation of Group Equity Value Earnings

R million	Total		December Audited 2018
	June Reviewed 2019	June Reviewed 2018	
IFRS earnings	3 991	6 979	13 186
Normalised attributable earnings	4 737	4 841	11 521
Earnings recognised directly in equity			
Foreign currency translation differences	(939)	1 699	1 726
Net cost of treasury shares delivered	(273)	(167)	(231)
Share-based payments	190	171	359
Change in ownership of subsidiaries	(115)	(11)	(103)
IFRS 9 transitional provisions	-	(429)	(429)
Other comprehensive income	391	875	343
Fair value adjustments	2 772	935	189
Change in fair value adjustments: non-life	382	259	220
Earnings from covered business: VIF	2 390	676	(31)
Adjustments to net worth	222	(375)	(517)
Present value of holding company expenses	12	(294)	(467)
Movement in book value of treasury shares: non-life subsidiaries	12	(39)	(56)
Change in goodwill/VOBA less VIF acquired	198	(42)	6
Group Equity Value earnings	6 985	7 539	12 858

ANALYSIS OF SHAREHOLDERS' FUND AT NET ASSET VALUE

at 30 June 2019

R million	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾	
	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018
Assets				
Equipment	417	382	715	690
Right-of-use assets	480	-	253	-
Owner-occupied properties	470	470	1 345	1 250
Goodwill	769	816	14 716	15 027
Value of business acquired	899	951	7 105	7 604
Other intangible assets	17	25	705	816
Deferred acquisition costs	2 604	2 631	317	142
Investments	14 540	12 135	38 032	39 492
Properties	-	-	6 173	7 122
Associated companies	973	904	15 565	14 960
Joint ventures	788	828	-	-
Equities and similar securities	425	376	5 611	2 926
Interest-bearing investments	4 022	2 217	4 345	4 252
Structured transactions	79	472	18	24
Investment funds	7 716	6 453	5 135	8 179
Cash, deposits and similar securities	537	885	1 185	2 029
Deferred tax	149	214	663	697
Assets of disposal groups classified as held for sale	-	-	74	138
General insurance technical assets	-	-	2 962	2 428
Working capital assets	5 401	8 389	19 986	16 156
Trade and other receivables	894	1 571	13 909	11 045
Cash, deposits and similar securities	4 507	6 818	6 077	5 111
Total assets	25 746	26 013	86 873	84 440
Equity and liabilities				
Shareholders' fund	10 870	9 580	40 828	40 612
Non-controlling interest	111	143	11 577	11 331
Total equity	10 981	9 723	52 405	51 943
Term finance	1 016	1 013	482	537
Lease liabilities	497	-	259	-
Structured transactions liabilities	136	24	-	-
Cell owners' interest	-	-	-	-
Deferred tax	1 039	895	3 855	4 001
General insurance technical provisions	-	-	18 259	16 846
Working capital liabilities	12 077	14 358	11 613	11 113
Trade and other payables	11 661	13 324	10 563	10 130
Provisions	44	46	350	130
Taxation	372	988	700	853
Total equity and liabilities	25 746	26 013	86 873	84 440
Analysis of shareholders' fund				
Covered business	8 580	9 090	8 233	7 867
Other operations	2 019	2 043	31 292	32 256
Discretionary and other capital	271	(1 553)	1 303	489
Shareholders' fund at net asset value	10 870	9 580	40 828	40 612
Consolidation reserve	932	1 010	11	-
Shareholders' fund per Group statement of financial position on page 88	11 802	10 590	40 839	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 intercompany balances, other investments and term finance between companies within the Group.

Sanlam Investment Group		Santam		Group Office ⁽³⁾		Consolidation Entries ⁽⁴⁾		Shareholders' fund at net asset value	
June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018
108	110	307	298	-	-	-	-	1 547	1 480
306	-	720	-	-	-	-	-	1 759	-
117	117	25	25	-	-	-	-	1 957	1 862
2 117	2 091	851	854	-	-	1 197	1 197	19 650	19 985
1 607	987	-	-	-	-	-	-	9 611	9 542
203	204	64	37	-	-	-	-	989	1 082
30	43	-	-	-	-	-	-	2 951	2 816
4 979	4 747	22 020	21 397	5 333	1 400	(4 969)	(4 524)	79 935	74 647
-	-	-	-	-	-	-	-	6 173	7 122
237	242	4 394	4 168	-	-	(4 474)	(3 953)	16 695	16 321
77	2	55	53	-	-	-	-	920	883
325	345	1 854	1 721	367	367	4 083	(547)	12 665	5 188
610	644	10 562	10 829	4 966	1 033	(4 698)	(144)	19 807	18 831
130	133	497	509	-	-	-	-	724	1 138
3 221	2 890	3 766	3 202	-	-	120	120	19 958	20 844
379	491	892	915	-	-	-	-	2 993	4 320
200	176	96	154	-	-	(5)	(2)	1 103	1 239
-	-	-	-	-	-	-	-	74	138
-	-	6 985	7 112	-	-	-	-	9 947	9 540
15 244	15 389	12 889	13 675	3 700	3 497	(1 835)	(1 609)	55 385	55 497
12 273	12 163	5 859	6 327	3 422	3 153	(1 926)	(1 809)	34 431	32 450
2 971	3 226	7 030	7 348	278	344	91	200	20 954	23 047
24 911	23 864	43 957	43 552	9 033	4 897	(5 612)	(4 938)	184 908	177 828
10 481	9 778	6 010	5 818	3 797	245	3 050	4 342	75 036	70 375
674	241	3 803	3 882	-	-	(4 516)	(3 998)	11 649	11 599
11 155	10 019	9 813	9 700	3 797	245	(1 466)	344	86 685	81 974
788	974	2 089	2 072	2 954	2 704	-	-	7 329	7 300
326	-	801	-	-	-	-	-	1 883	-
-	-	3	-	-	-	-	-	139	24
-	-	3 512	3 305	-	-	-	-	3 512	3 305
213	62	85	62	-	-	-	-	5 192	5 020
-	-	21 584	21 104	-	-	-	-	39 843	37 950
12 429	12 809	6 070	7 309	2 282	1 948	(4 146)	(5 282)	40 325	42 255
11 978	12 418	5 715	6 793	2 252	1 918	(4 181)	(5 296)	37 988	39 287
86	81	137	132	19	20	18	17	654	426
365	310	218	384	11	10	17	(3)	1 683	2 542
24 911	23 864	43 957	43 552	9 033	4 897	(5 612)	(4 938)	184 908	177 828
3 491	3 159	-	-	-	-	-	-	20 304	20 116
6 310	5 673	6 010	5 818	-	-	-	-	45 631	45 790
680	946	-	-	3 797	245	3 050	4 342	9 101	4 469
10 481	9 778	6 010	5 818	3 797	245	3 050	4 342	75 036	70 375
-	-	-	-	-	-	(9 808)	(1 879)	(8 865)	(869)
10 481	9 778	6 010	5 818	3 797	245	(6 758)	2 463	66 171	69 506

SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2019

R million	Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group	
	June	June	June	June	June	June
	Reviewed 2019	Reviewed 2018	Reviewed 2019	Reviewed 2018	Reviewed 2019	Reviewed 2018
Financial services income	10 168	9 301	12 410	4 000	3 204	2 880
Sales remuneration	(1 690)	(1 753)	(1 622)	(564)	(237)	(216)
Income after sales remuneration	8 478	7 548	10 788	3 436	2 967	2 664
Underwriting policy benefits	(2 608)	(2 031)	(4 796)	(851)	-	-
Administration costs	(2 869)	(2 610)	(3 089)	(923)	(2 195)	(1 952)
Result from financial services before tax	3 001	2 907	2 903	1 662	772	712
Tax on result from financial services	(784)	(837)	(986)	(530)	(154)	(184)
Result from financial services after tax	2 217	2 070	1 917	1 132	618	528
Non-controlling interest	73	26	(554)	(221)	(59)	(5)
Net result from financial services	2 290	2 096	1 363	911	559	523
Net investment income	132	186	175	115	37	12
Investment income	165	248	283	194	42	17
Tax on investment income	(31)	(58)	(62)	(52)	(5)	(5)
Non-controlling interest	(2)	(4)	(46)	(27)	-	-
Net investment surpluses	121	35	112	168	88	71
Investment surpluses	153	46	206	340	110	84
Tax on investment surpluses	(32)	(11)	(57)	(91)	(22)	(13)
Non-controlling interest	-	-	(37)	(81)	-	-
Project expenses	-	-	(25)	(39)	(17)	(6)
Net operational earnings	2 543	2 317	1 625	1 155	667	600
Net amortisation of value of business acquired and other intangibles	(27)	(26)	(228)	(26)	(98)	(62)
Equity participation costs ⁽¹⁾	-	-	-	-	-	-
Net non-operational equity-accounted earnings	-	-	-	-	-	7
Non-operational equity-accounted earnings	-	-	2	-	-	8
Tax on non-operational equity-accounted earnings	-	-	(2)	-	-	-
Non-controlling interest	-	-	-	-	-	(1)
Net profit on disposal of subsidiaries and associated companies	-	-	-	3	(1)	-
Profit on disposal of subsidiaries and associated companies	-	-	-	-	(1)	-
Tax on profit on disposal of subsidiaries and associated companies	-	-	-	5	-	-
Non-controlling interest	-	-	-	(2)	-	-
Impairments	(4)	-	(89)	(48)	-	(23)
Normalised attributable earnings	2 512	2 291	1 308	1 084	568	522
Fund transfers ⁽¹⁾	(78)	(181)	-	-	-	-
Attributable earnings per Group statement of comprehensive income	2 434	2 110	1 308	1 084	568	522
Diluted earnings per share						
Weighted average number of shares for normalised earnings per share (million)						
Net result from financial services (cents)	104,6	100,7	62,2	43,8	25,5	25,1

⁽¹⁾ The B-BBEE transaction gives rise to a non-recurring share-based payment charge of R1,686 billion. The above market-related discount of R595 million is recognised as equity participation cost in the Shareholders' fund income statement, with the remainder recognised in fund transfers.

Santam		Sanlam Corporate		Group Office & Other		Total		December
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	December Audited 2018
12 398 (1 475)	11 562 (1 291)	2 965 (35)	2 712 (34)	(145) -	139 -	41 000 (5 059)	30 594 (3 858)	66 529 (8 012)
10 923 (7 618) (2 057)	10 271 (6 919) (1 971)	2 930 (1 817) (758)	2 678 (1 544) (709)	(145) - (148)	139 - (176)	35 941 (16 839) (11 116)	26 736 (11 345) (8 341)	58 517 (24 853) (19 120)
1 248 (357)	1 381 (382)	355 (101)	425 (117)	(293) 105	(37) 19	7 986 (2 277)	7 050 (2 031)	14 544 (4 116)
891 (390)	999 (426)	254 -	308 -	(188) 189	(18) -	5 709 (741)	5 019 (626)	10 428 (1 538)
501 56	573 34	254 25	308 47	1 13	(18) (23)	4 968 438	4 393 371	8 890 638
130 (29) (45)	87 (18) (35)	28 (3) -	52 (5) -	(10) 14 9	(32) 9 -	638 (116) (84)	566 (129) (66)	1 023 (306) (79)
71	35	49	(3)	(4)	1	437	307	63
167 (44) (52)	112 (42) (35)	61 (12) -	5 (8) -	(34) 11 19	1 - -	663 (156) (70)	588 (165) (116)	193 (77) (53)
-	-	-	-	-	(2)	(42)	(47)	(136)
628	642	328	352	10	(42)	5 801	5 024	9 455
(18) (1)	(4) (1)	(11) -	(1) -	(1) (594)	- -	(383) (595)	(119) (1)	(400) (5)
14	10	(3)	(9)	-	-	11	8	3
23	16	(3)	(9)	-	-	22	15	12
- (9)	- (6)	- -	- -	- -	- -	(2) (9)	- (7)	- (9)
-	-	(3)	-	-	-	(4)	3	2 773
-	-	(3)	-	-	-	(4)	-	3 112
-	-	-	-	-	-	-	5	(161)
-	-	-	-	-	-	-	(2)	(178)
-	(3)	-	-	-	-	(93)	(74)	(305)
623 -	644 -	311 -	342 -	(585) (1 220)	(42) 390	4 737 (1 298)	4 841 209	11 521 106
623	644	311	342	(1 805)	348	3 439	5 050	11 627
22,9	27,5	11,6	14,8	0,1	(0,9)	2 189,6 226,9	2 081,7 211,0	2 098,8 423,6

NET OPERATING PROFIT

for the six months ended 30 June 2019

Analysis per line of business

R million	Life Business		General Insurance	
	June	June	June	June ⁽¹⁾
	Reviewed	Reviewed	Reviewed	Reviewed
	2019	2018	2019	2018
South Africa	2 252	2 244	340	462
Namibia	77	63	13	32
Botswana	104	107	3	2
Saham	97	44	309	295
Other African Operations	108	62	(4)	19
India	14	15	338	102
Malaysia	(2)	(1)	5	12
Other international	50	43	-	-
Total	2 700	2 577	1 004	924

⁽¹⁾ Comparative information has been adjusted to align with cluster specific disclosure as per note 7.

Investment Management		Credit & Structuring		Administration, Health Management & Other		Total		December Audited
June Reviewed	June ⁽¹⁾ Reviewed	June Reviewed	June ⁽¹⁾ Reviewed	June Reviewed	June ⁽¹⁾ Reviewed	June Reviewed	June ⁽¹⁾ Reviewed	
2019	2018	2019	2018	2019	2018	2019	2018	2018
265	266	159	116	322	123	3 338	3 211	6 361
6	7	59	58	-	(2)	155	158	313
12	17	56	34	(13)	(8)	162	152	339
12	-	-	-	-	(45)	418	294	511
(3)	-	(13)	(2)	(11)	(3)	77	76	107
-	-	356	227	(8)	9	700	353	827
-	-	-	-	(2)	-	1	11	37
67	95	-	-	-	-	117	138	395
359	385	617	433	288	74	4 968	4 393	8 890

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the six months ended 30 June 2019

1. Value of new covered business

R million	Note	Total	
		June Reviewed 2019	June Reviewed 2018
Value of new covered business (at point of sale)			
Gross value of new covered business		1 186	976
Cost of capital		(122)	(99)
Value of new covered business		1 064	877
Value of new business attributable to			
Shareholders' fund	3	942	791
Non-controlling interest		122	86
Value of new covered business		1 064	877
Analysis of new business profitability			
<i>Before non-controlling interest:</i>			
Present value of new business premiums		36 396	33 667
New business margin		2,92%	2,60%
<i>After non-controlling interest:</i>			
Present value of new business premiums		33 779	32 099
New business margin		2,79%	2,46%
Capitalisation factor - recurring premiums		4,0	3,8

⁽¹⁾ Excluding the new business from Capitec, SPF's capitalisation factor would be 5,0 (2018: 4,7).

Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Sanlam Corporate	
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
783 (43)	682 (46)	338 (57)	255 (33)	3 (3)	4 (4)	62 (19)	35 (16)
740	636	281	222	-	-	43	19
723 17	622 14	176 105	150 72	- -	- -	43 -	19 -
740	636	281	222	-	-	43	19
23 451 3,16%	23 463 2,71%	7 348 3,82%	4 659 4,76%	1 734 -	1 800 -	3 863 1,11%	3 745 0,51%
23 046 3,14%	23 052 2,70%	5 136 3,43%	3 502 4,28%	1 734 -	1 800 -	3 863 1,11%	3 745 0,51%
4,4⁽¹⁾	3,8	3,0	3,0	4,3	4,5	5,5	6,7

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 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	
	June	June	June	June	June	June
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	2019	2018	2019	2018	2019	2018
Before non-controlling interest						
South Africa	783	655	27 314	27 208	2,87%	2,41%
Sanlam Sky	329	244	3 970	3 050	8,29%	8,00%
Glacier	178	218	12 465	14 122	1,43%	1,54%
Sanlam Corporate	43	19	3 863	3 745	1,11%	0,51%
Other	233	174	7 016	6 291	3,32%	2,77%
Namibia	80	53	1 488	898	5,38%	5,90%
Botswana	85	82	1 509	1 296	5,63%	6,33%
Other African Operations	54	24	2 447	1 230	2,21%	1,95%
Saham Finances	32	15	1 318	223	2,43%	6,73%
Other	22	9	1 129	1 007	1,95%	0,89%
India	23	38	819	684	2,81%	5,56%
Malaysia	39	25	1 085	551	3,59%	4,54%
Other international	-	-	1 734	1 800	-	-
Total	1 064	877	36 396	33 667	2,92%	2,60%
After non-controlling interest						
South Africa	766	641	26 909	26 797	2,85%	2,39%
Sanlam Sky	329	244	3 970	3 050	8,29%	8,00%
Glacier	178	218	12 465	14 122	1,43%	1,54%
Sanlam Corporate	43	19	3 863	3 745	1,11%	0,51%
Other	216	160	6 611	5 880	3,27%	2,72%
Namibia	44	32	1 083	685	4,06%	4,67%
Botswana	49	48	912	783	5,37%	6,13%
Other African Operations	43	21	1 769	1 069	2,43%	1,96%
Saham Finances	22	15	845	223	2,60%	6,73%
Other	21	6	924	846	2,27%	0,71%
India	23	38	819	684	2,81%	5,56%
Malaysia	17	11	553	281	3,07%	3,91%
Other international	-	-	1 734	1 800	-	-
Total	942	791	33 779	32 099	2,79%	2,46%

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 %	
	June	December	June	December	June	December	June	December
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	2019	2018	2019	2018	2019	2018	2019	2018
Base value	47 431	44 744	(3 555)	(3 288)	43 876	41 456		
Risk discount rate increase by 1%	44 956	42 475	(3 980)	(3 708)	40 976	38 767	(7)	(6)
Gross value of in-force business profile								
Year 1-5	56%	56%						
Year 1	18%	18%						
Year 2	12%	12%						
Year 3	10%	10%						
Year 4	9%	9%						
Year 5	7%	7%						
Year 6-10	23%	23%						
Year 11-20	17%	17%						
Year 21+	4%	4%						

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 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 %	
	June	June	June	June	June	June	June	June
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	2019	2018	2019	2018	2019	2018	2019	2018
Base value	1 045	879	(103)	(88)	942	791		
Risk discount rate increase by 1%	920	767	(114)	(100)	806	667	(14)	(16)

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

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

4. Economic assumptions – covered business (continued)

Gross investment return, risk discount rate and inflation (continued)

	June Reviewed 2019	December Audited 2018
Saham Morocco		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	3,0%	3,2%
Equities and offshore investments	6,5%	6,7%
Hedged equities	n/a	n/a
Property	4,0%	4,2%
Cash	2,0%	2,2%
Inflation rate	0,0%	0,2%
Risk discount rate	7,0%	7,2%
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	1,3%	1,6%
Equities and offshore investments	4,5%	4,8%
Hedged equities	n/a	n/a
Property	4,5%	4,8%
Cash	1,3%	1,6%
Inflation rate	3,1%	3,3%
Risk discount rate	5,0%	5,3%

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 to 75bps) for inflation-linked annuities and capped at 120bps (2018: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

4. Economic assumptions – covered business (continued)

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

	R million		Fixed-interest securities		Equities	
	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018
% ⁽¹⁾						
Required capital						
South Africa ⁽²⁾	9 760	9 861	-	-	3	3
Namibia	508	508	6	6	36	36
Botswana Life	499	463	-	-	-	-
Saham	1 777	804	100	-	-	-
Sanlam Life insurance (Kenya)	115	134	100	100	-	-
Other Africa Operations	454	415	44	53	4	6
Shriram Life Insurance (India)	280	255	85	85	10	10
MCIS (Malaysia)	426	356	69	69	18	18
Sanlam Investments and Pensions (UK)	465	533	80	-	-	-
Total required capital	14 284	13 329				
Free surplus	840	1 449				
Adjusted net asset value	15 124	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 30 June 2019 asset mix backing the Sanlam Life required capital is 100% hedged.

Hedged equities		Property		Cash		Total	
June	December	June	December	June	December	June	December
Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
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	48	35	100	100
-	-	-	-	5	5	100	100
-	-	-	-	13	13	100	100
-	-	-	-	20	100	100	100

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

4. **Economic assumptions – covered business** (continued)
Assumed long-term expected return on required capital

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

5. Value of other Group operations sensitivity analysis

5.1 Valuation methodology

R million	Total	
	June Reviewed 2019	December Audited 2018
Listed share price	21 676	21 082
Santam	20 343	20 102
Sanlam Investment Group: Nucleus	1 333	980
Discounted cash flows	53 349	52 722
Sanlam Personal Finance	4 180	3 976
Glacier	2 527	2 359
Sanlam Personal Loans	1 266	1 224
Other operations	387	393
Sanlam Emerging Markets	34 352	34 248
Saham Finances	20 146	20 309
Shriram Capital	10 682	10 632
Letshego	844	889
Capricorn Investment Holdings	1 025	968
Pacific & Orient	441	433
Other operations	1 214	1 017
Sanlam Investment Group	13 964	13 566
Investment Management SA	5 005	4 822
Wealth Management	2 486	2 709
International	5 025	4 925
Sanlam Specialised Finance	1 448	1 110
Sanlam Corporate	853	932
Afrocentric	840	892
Other	13	40
Net asset value	1 836	2 620
Sanlam Investment Group	1 350	1 360
International	960	970
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	486	1 260
Total	76 861	76 424

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

5. Value of other Group operations sensitivity analysis (continued)

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	June	December	June	December	June	December
	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
	2019	2018	2019	2018	2019	2018
Sanlam Personal Finance	4 180	3 976	3 825	3 652	4 337	4 117
Glacier	2 527	2 359	2 292	2 151	2 638	2 457
Sanlam Personal Loans	1 266	1 224	1 175	1 138	1 299	1 256
Other operations	387	393	358	363	400	404
Sanlam Emerging Markets	34 352	34 248	29 507	30 188	38 639	37 778
Saham Finances	20 146	20 309	17 610	18 195	22 279	22 197
Shriram Capital	10 682	10 632	8 873	9 071	12 465	11 990
Letshego	844	889	736	791	923	946
Capricorn Investment Holdings	1 025	968	876	891	1 147	1 025
Pacific & Orient	441	433	386	378	487	477
Other operations	1 214	1 017	1 026	862	1 338	1 143
Sanlam Investment Group	13 964	13 566	12 365	12 024	14 910	14 382
Investment Management SA	5 005	4 822	4 520	4 365	5 243	5 057
Wealth Management	2 486	2 709	2 241	2 397	2 609	2 772
International	5 025	4 925	4 278	4 243	5 551	5 398
Sanlam Specialised Finance	1 448	1 110	1 326	1 019	1 507	1 155
Sanlam Corporate	853	932	788	863	880	962
Afrocentric	840	892	775	825	867	921
Other	13	40	13	38	13	41
	53 349	52 722	46 485	46 727	58 766	57 239
Weighted average assumption			14,2%	14,5%	2-5%	2-5%

Equities and properties - 10%		Risk discount rate - 1%		Rand exchange rate depreciation +10%	
June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2019	June Reviewed 2019	December Audited 2018
4 176	3 801	4 605	4 354	4 180	3 976
2 523	2 184	2 809	2 606	2 527	2 359
1 266	1 224	1 373	1 321	1 266	1 224
387	393	423	427	387	393
34 352	34 216	41 268	40 050	37 687	37 628
20 146	20 309	23 745	23 428	22 161	22 340
10 682	10 632	13 338	12 774	11 751	11 695
844	889	984	1 010	928	978
1 025	936	1 229	1 068	1 025	968
441	433	519	509	485	476
1 214	1 017	1 453	1 261	1 337	1 171
13 002	12 758	15 993	15 367	14 473	14 073
4 665	4 422	5 597	5 373	5 005	4 822
2 168	2 545	2 782	2 948	2 493	2 655
4 721	4 731	6 017	5 825	5 527	5 486
1 448	1 060	1 597	1 221	1 448	1 110
853	932	929	1 015	853	932
840	892	916	972	840	892
13	40	13	43	13	40
52 383	51 707	62 795	60 786	57 193	56 609

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

6. Business volumes

6.1 Analysis of new business and total funds received

Analysed per business, reflecting the split between life business, general insurance and investment business

R million	Life business ⁽¹⁾	
	June Reviewed 2019	June Reviewed 2018
Sanlam Personal Finance	15 372	16 961
Recurring premium sub cluster	1 676	1 592
Recurring	1 120	1 121
Single	556	471
Sky	1 228	1 194
Glacier	12 468	14 175
Sanlam Emerging Markets	4 323	2 654
Namibia	1 050	611
Recurring	119	102
Single	931	509
Botswana	959	817
Recurring	198	159
Single	761	658
Saham Finances	823	61
Recurring	739	61
Single	84	-
Other African Operations	798	621
Recurring	410	334
Single	388	287
India	401	378
Recurring	246	221
Single	155	157
Malaysia	292	166
Recurring	278	147
Single	14	19
Sanlam Investment Group	1 668	1 722
Investment Management SA ⁽³⁾	-	-
Wealth Management ⁽³⁾	-	-
International	1 668	1 722
Recurring	20	22
Single	1 648	1 700
Santam	-	-
Sanlam Corporate	2 270	1 855
Recurring	357	332
Single	1 913	1 523
Total new business	23 633	23 192

⁽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 certain 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.

⁽³⁾ Comparative information has been adjusted for non-annuity flows which have been excluded.

General insurance		Investment business ⁽²⁾		Total		December
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	December Audited 2018
-	-	12 781	14 061	28 153	31 022	60 971
-	-	46	74	1 722	1 666	3 412
-	-	7	6	1 127	1 127	2 393
-	-	39	68	595	539	1 019
-	-	-	-	1 228	1 194	2 494
-	-	12 735	13 987	25 203	28 162	55 065
6 758	3 730	4 393	5 023	15 474	11 407	26 224
-	-	1 835	2 675	2 885	3 286	6 802
-	-	-	-	119	102	213
-	-	1 835	2 675	2 766	3 184	6 589
86	82	2 540	1 783	3 585	2 682	5 833
86	82	-	-	284	241	515
-	-	2 540	1 783	3 301	2 441	5 318
5 101	2 360	-	-	5 924	2 421	7 569
5 101	2 360	-	-	5 840	2 421	7 098
-	-	-	-	84	-	471
496	393	18	565	1 312	1 579	3 086
496	393	-	101	906	828	1 571
-	-	18	464	406	751	1 515
922	763	-	-	1 323	1 141	2 329
922	763	-	-	1 168	984	2 041
-	-	-	-	155	157	288
153	132	-	-	445	298	605
153	132	-	-	431	279	567
-	-	-	-	14	19	38
-	-	50 915	49 406	52 583	51 128	99 696
-	-	40 808	36 845	40 808	36 845	72 100
-	-	3 030	3 012	3 030	3 012	4 985
-	-	7 077	9 549	8 745	11 271	22 611
-	-	2	2	22	24	45
-	-	7 075	9 547	8 723	11 247	22 566
11 773	11 122	-	-	11 773	11 122	22 812
-	-	1 087	687	3 357	2 542	13 326
-	-	33	-	390	332	888
-	-	1 054	687	2 967	2 210	12 438
18 531	14 852	69 176	69 177	111 340	107 221	223 029

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

6. Business volumes (continued)

6.1 Analysis of new business and total funds received (continued)

R million	Life business ⁽¹⁾	
	June Reviewed 2019	June Reviewed 2018
Recurring premiums on existing funds:		
Sanlam Personal Finance	10 140	8 880
Recurring premium sub cluster		
Sky	7 085	6 574
Glacier	3 001	2 259
	54	47
Sanlam Emerging Markets	3 602	2 831
Namibia	569	551
Botswana	767	667
Saham Finances	534	197
Other African Operations	560	440
India	504	315
Malaysia	668	661
Sanlam Investment Group: International	168	179
Sanlam Corporate	3 301	2 632
Total funds received	40 844	37 714

⁽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 certain 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.

General insurance		Investment business ⁽²⁾		Total		December
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	December Audited 2018
-	-	80	89	10 220	8 969	18 638
-	-	80	89	7 165	6 663	13 656
-	-	-	-	3 001	2 259	4 879
-	-	-	-	54	47	103
-	-	149	95	3 751	2 926	6 125
-	-	-	-	569	551	1 115
-	-	-	-	767	667	1 385
-	-	-	-	534	197	382
-	-	149	95	709	535	1 231
-	-	-	-	504	315	631
-	-	-	-	668	661	1 381
-	-	26	25	194	204	410
-	-	1 697	1 978	4 998	4 610	9 354
18 531	14 852	71 128	71 364	130 503	123 930	257 556

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

6. Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life business ⁽¹⁾	
	June Reviewed 2019	June Reviewed 2018
Sanlam Personal Finance	22 502	20 901
Recurring premium sub cluster	9 244	9 344
Surrenders	1 066	1 218
Other	8 178	8 126
Sanlam Sky	2 215	1 567
Surrenders	228	224
Other	1 987	1 343
Glacier	11 043	9 990
Surrenders	1 946	1 588
Other	9 097	8 402
Sanlam Emerging Markets	4 758	3 545
Namibia	1 039	965
Surrenders	95	81
Other	944	884
Botswana	1 067	685
Surrenders	268	106
Other	799	579
Saham Finances	654	241
Other African Operations	603	586
Surrenders	50	57
Other	553	529
India	288	235
Surrenders	70	94
Other	218	141
Malaysia	1 107	833
Surrenders	249	199
Other	858	634
Sanlam Investment Group	2 234	1 938
Investment Management SA ⁽³⁾	-	-
Wealth Management ⁽³⁾	-	-
International	2 234	1 938
Santam	-	-
Sanlam Corporate	5 462	5 163
Surrenders	1 054	979
Other	4 408	4 184
Total payments to clients	34 956	31 547

⁽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 certain 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.

⁽³⁾ Comparative information has been adjusted for non-annuity flows which have been excluded.

General insurance		Investment business ⁽²⁾		Total		December
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	December Audited 2018
-	-	12 249	12 313	34 751	33 214	69 315
-	-	203	246	9 447	9 590	19 423
-	-	-	-	1 066	1 218	2 366
-	-	203	246	8 381	8 372	17 057
-	-	-	-	2 215	1 567	3 748
-	-	-	-	228	224	455
-	-	-	-	1 987	1 343	3 293
-	-	12 046	12 067	23 089	22 057	46 144
-	-	-	-	1 946	1 588	3 426
-	-	12 046	12 067	21 143	20 469	42 718
4 209	2 236	4 767	5 351	13 734	11 132	23 742
-	-	2 256	3 474	3 295	4 439	7 563
-	-	-	-	95	81	180
-	-	2 256	3 474	3 200	4 358	7 383
38	37	2 504	1 820	3 609	2 542	5 680
-	-	-	-	268	106	227
38	37	2 504	1 820	3 341	2 436	5 453
3 401	1 252	-	-	4 055	1 493	4 324
242	207	7	57	852	850	2 308
-	-	-	-	50	57	156
242	207	7	57	802	793	2 152
448	682	-	-	736	917	1 894
-	-	-	-	70	94	170
448	682	-	-	666	823	1 724
80	58	-	-	1 187	891	1 973
-	-	-	-	249	199	429
80	58	-	-	938	692	1 544
-	-	40 516	44 009	42 750	45 947	92 892
-	-	31 265	32 963	31 265	32 963	67 967
-	-	3 201	1 339	3 201	1 339	4 200
-	-	6 050	9 707	8 284	11 645	20 725
7 618	6 919	-	-	7 618	6 919	13 826
-	-	3 282	2 342	8 744	7 505	16 242
-	-	540	402	1 594	1 381	2 935
-	-	2 742	1 940	7 150	6 124	13 307
11 827	9 155	60 814	64 015	107 597	104 717	216 017

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

6. Business volumes (continued)

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business ⁽¹⁾	
	June	June
	Reviewed 2019	Reviewed 2018
Sanlam Personal Finance	3 010	4 940
Recurring premium sub cluster	(483)	(1 178)
Sky	2 014	1 886
Glacier	1 479	4 232
Sanlam Emerging Markets	3 167	1 940
Namibia	580	197
Botswana	659	799
Saham Finances	703	17
Other African Operations	755	475
India	617	458
Malaysia	(147)	(6)
Sanlam Investment Group	(398)	(37)
Investment Management SA ⁽³⁾	-	-
Wealth Management ⁽³⁾	-	-
International	(398)	(37)
Santam	-	-
Sanlam Corporate	109	(676)
Total net inflow	5 888	6 167

⁽¹⁾ Life 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 life business policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

⁽³⁾ Comparative information has been adjusted for non-annuity flows which have been excluded.

7. Cluster information

7.1 Sanlam Personal Finance

Analysis of earnings

R million	Life business	
	June	June
	Reviewed 2019	Reviewed 2018
Net result from financial services	2 033	1 925
Recurring premium sub cluster	956	1 054
Sanlam Sky	545	487
Glacier	486	348
SBD and other	46	36
Net investment return	195	122
Operations	195	122
Discretionary capital and other	-	-
Net other earnings	(28)	(26)
Normalised attributable earnings	2 200	2 021

General insurance		Investment business ⁽²⁾		Total		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
-	-	612	1 837	3 622	6 777	10 294
-	-	(77)	(83)	(560)	(1 261)	(2 355)
-	-	-	-	2 014	1 886	3 625
-	-	689	1 920	2 168	6 152	9 024
2 549	1 494	(225)	(233)	5 491	3 201	8 607
-	-	(421)	(799)	159	(602)	354
48	45	36	(37)	743	807	1 538
1 700	1 108	-	-	2 403	1 125	3 627
254	186	160	603	1 169	1 264	2 009
474	81	-	-	1 091	539	1 066
73	74	-	-	(74)	68	13
-	-	10 425	5 422	10 027	5 385	7 214
-	-	9 543	3 882	9 543	3 882	4 133
-	-	(171)	1 673	(171)	1 673	785
-	-	1 053	(133)	655	(170)	2 296
4 155	4 203	-	-	4 155	4 203	8 986
-	-	(498)	323	(389)	(353)	6 438
6 704	5 697	10 314	7 349	22 906	19 213	41 539

Non-life operations		Total		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
257	171	2 290	2 096	4 033
8	6	964	1 060	2 028
-	-	545	487	897
100	94	586	442	854
149	71	195	107	254
58	99	253	221	261
58	6	253	128	261
-	93	-	93	-
(3)	-	(31)	(26)	(76)
312	270	2 512	2 291	4 218

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.1 Sanlam Personal Finance (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Operational earnings	3 412	3 218
Value of new life insurance business	723	622
Unwinding of discount rate	2 022	1 914
Expected profit	-	-
Operating experience variances	501	712
Risk experience	241	209
Persistency	(164)	(53)
Maintenance expenses	59	32
Working capital management	189	150
Credit spread	59	60
Other	117	314
Operating assumption changes	166	(30)
Risk experience	-	-
Persistency	-	-
Maintenance expenses	159	67
Modelling changes and other	7	(97)
Net investment return	195	122
Expected return on adjusted net asset value	190	175
Investment variances on adjusted net asset value	5	(53)
Valuation and economic basis	945	(1 104)
Investment variances on in-force business	393	(742)
Economic assumption changes	552	(362)
Investment yields	594	(356)
Long-term asset mix assumptions and other	(42)	(6)
Change in tax basis	-	(38)
Goodwill and VOBA from business combinations	(17)	(4)
GEV earnings: covered business	4 535	2 194
Acquired value of in-force	33	8
Transfers from/(to) other Group operations	-	298
Transfers from covered business	(2 347)	(3 040)
Embedded value of covered business at the beginning of the period	39 209	39 546
Embedded value of covered business at the end of the period	41 430	39 006

Value of in-force		Cost of capital		Net asset value		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
1 416	951	(2)	130	1 998	2 137	7 459
2 015	1 776	(42)	(44)	(1 250)	(1 110)	1 504
1 974	1 872	48	42	-	-	3 895
(2 854)	(2 711)	-	-	2 854	2 711	-
138	38	(4)	175	367	499	1 499
76	-	-	(1)	165	210	575
6	42	(1)	4	(169)	(99)	(45)
(2)	(1)	-	-	61	33	38
-	-	-	-	189	150	405
(2)	(2)	-	-	61	62	137
60	(1)	(3)	172	60	143	389
143	(24)	(4)	(43)	27	37	561
-	-	-	-	-	-	262
-	-	-	-	-	-	54
140	35	-	1	19	31	150
3	(59)	(4)	(44)	8	6	95
-	-	-	-	195	122	162
-	-	-	-	190	175	354
-	-	-	-	5	(53)	(192)
967	(910)	(57)	-	35	(194)	(3 187)
360	(566)	(12)	19	45	(195)	(2 456)
607	(344)	(45)	(19)	(10)	1	(731)
600	(338)	4	(19)	(10)	1	(720)
7	(6)	(49)	-	-	-	(11)
-	(20)	-	-	-	(18)	(37)
(17)	(4)	-	-	-	-	(25)
2 366	17	(59)	130	2 228	2 047	4 372
32	7	(1)	-	2	1	26
-	-	-	-	-	298	177
-	-	-	-	(2 347)	(3 040)	(4 912)
35 086	34 682	(1 228)	(1 392)	5 351	6 256	39 546
37 484	34 706	(1 288)	(1 262)	5 234	5 562	39 209

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.1 Sanlam Personal Finance (continued)

Assets under management

R million	June Reviewed 2019	December Audited 2018
Sanlam Sky: Life business	5 206	5 291
Recurring premium sub cluster	161 209	154 268
Life business	159 384	152 459
Investment operations	1 825	1 809
Glacier	333 426	312 769
Life business	193 320	181 986
Investment operations	140 106	130 783
Total	499 841	472 328
Life business	357 910	339 736
Investment operations	141 931	132 592
Sanlam Personal Loans		
Gross size of loan book (R million)	5 235	4 931
Interest margin	17,7%	16,7%
Bad debt ratio	6,1%	5,6%
Administration cost as % of net interest	27,4%	28,5%

7. Cluster information (continued)

7.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life business		General Insurance ⁽¹⁾		Investment Management	
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
Namibia	77	63	7	22	6	7
Botswana	104	107	3	(1)	12	17
Other African Operations	108	62	4	(19)	(3)	-
Saham Finances	97	44	273	235	12	-
India	14	15	208	77	-	-
Malaysia	(2)	(1)	2	9	-	-
Corporate and other	-	-	6	9	-	-
Net result from financial services	398	290	503	332	27	24

R million	Credit and Banking ⁽¹⁾		Other ⁽¹⁾		Total		December Audited 2018
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
Namibia	59	58	-	(2)	149	148	294
Botswana	56	34	(13)	(8)	162	149	315
Other African Operations	(13)	(2)	(11)	(3)	85	38	84
Saham Finances	-	-	-	(45)	382	234	511
India	356	227	(8)	9	570	328	793
Malaysia	-	-	(2)	-	(2)	8	29
Corporate and other	-	-	11	(3)	17	6	12
Net result from financial services	458	317	(23)	(52)	1 363	911	2 038

Analysis of net investment return

R million	Life business		Non Life business		Total		December Audited 2018
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
Namibia	57	19	7	63	64	82	168
Botswana	5	9	9	31	14	40	(14)
Other African Operations	63	39	50	(13)	113	26	(106)
Saham Finances	16	7	(32)	107	(16)	114	156
Malaysia	15	1	1	2	16	3	14
India	64	8	84	34	148	42	12
Corporate and Other	-	-	(52)	(24)	(52)	(24)	4
Net investment return	220	83	67	200	287	283	234

⁽¹⁾ Comparative information has been adjusted to better reflect the SEM Group cost allocations.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Operational earnings	370	478
Value of new life insurance business	176	150
Unwinding of discount rate	313	259
Expected profit	-	-
Operating experience variances	68	85
Risk experience	22	17
Persistency	16	(7)
Maintenance expenses	10	(7)
Working capital management	23	17
Credit spread	8	-
Other	(11)	65
Operating assumption changes	(187)	(16)
Risk experience	26	14
Persistency	13	(15)
Maintenance expenses	(55)	(12)
Modelling changes and other	(171)	(3)
Net investment return	(22)	324
Expected return on adjusted net asset value	142	104
Investment variances on adjusted net asset value	(164)	220
Valuation and economic basis	(136)	54
Investment variances on in-force business	42	(38)
Economic assumption changes	(84)	(106)
Investment yields	(81)	(111)
Long-term asset mix assumptions and other	(3)	5
Foreign currency translation differences	(94)	198
Change in tax basis	-	4
Goodwill and VOBA from business combinations	-	-
Net project expenses	-	(13)
GEV earnings: covered business	212	847
Acquired value of in-force	(4)	-
Transfers from covered business	112	(285)
Embedded value of covered business at the beginning of the period	9 151	6 686
Embedded value of covered business at the end of the period	9 471	7 248

	Value of in-force		Cost of capital		Net asset value		December
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	Audited 2018
	158	216	(164)	(34)	376	296	918
	465	355	(39)	(24)	(250)	(181)	338
	286	242	27	17	-	-	536
	(535)	(420)	-	-	535	420	-
	(6)	42	(4)	(8)	78	51	206
	2	17	3	(3)	17	3	50
	(7)	10	(4)	(6)	27	(11)	99
	(2)	(1)	(3)	-	15	(6)	16
	-	-	-	-	23	17	35
	-	-	-	-	8	-	15
	1	16	-	1	(12)	48	(9)
	(52)	(3)	(148)	(19)	13	6	(162)
	17	14	2	-	7	-	50
	10	(13)	(3)	(3)	6	1	7
	(18)	(11)	(1)	-	(36)	(1)	(66)
	(61)	7	(146)	(16)	36	6	(153)
	-	-	-	-	(22)	324	437
	-	-	-	-	142	104	240
	-	-	-	-	(164)	220	197
	(158)	86	-	(25)	22	(7)	272
	37	(47)	(13)	(2)	18	11	(51)
	(74)	(93)	(14)	5	4	(18)	(11)
	(74)	(92)	(11)	(1)	4	(18)	15
	-	(1)	(3)	6	-	-	(26)
	(121)	226	27	(28)	-	-	334
	-	4	-	(1)	-	1	1
	-	-	-	-	-	-	(1 198)
	-	-	-	-	-	(13)	(13)
	-	306	(164)	(60)	376	601	417
	(1)	-	-	-	(3)	-	2 810
	-	-	-	-	112	(285)	(762)
	5 501	4 045	(607)	(380)	4 257	3 021	6 686
	5 500	4 351	(771)	(440)	4 742	3 337	9 151

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Assets under management

R million	Namibia		Botswana	
	June	December	June	December
	Reviewed 2019	Audited 2018	Reviewed 2019	Audited 2018
Life business	17 327	16 026	13 733	13 499
Investment operations	23 487	23 136	11 541	13 180
Total assets under management	40 814	39 162	25 274	26 679
Size of loan book (Sanlam share)				
Shriram Transport Finance Company				
Shriram City Union Finance				
Capricorn Investment Holdings				
Letshego				
Total size of loan book				

Analysis of Saham Finances (100%)⁽¹⁾

R million	Life business		General Insurance	
	June	June	June	June
	Reviewed 2019	Reviewed 2018	Reviewed 2019	Reviewed 2018
Financial services income	654	529	5 480	4 656
Sales remuneration	(118)	(89)	(585)	(479)
Underwriting policy benefits	(171)	(149)	(3 119)	(2 593)
Administration costs	(217)	(181)	(1 040)	(992)
Results from financial services before tax	148	110	736	592
Taxation	(34)	(25)	(212)	(207)
Non-controlling interest	(19)	(20)	(151)	(138)
Net result from financial services	95	65	373	247
Net investment return	(7)	27	10	19
Net finance costs	(3)	(20)	(3)	(1)
Net project expenses	-	-	-	-
Net operational earnings	85	72	380	265
Amortisation of VOBA and other intangible assets	(4)	(3)	(13)	(12)
Attributable Earnings	81	69	367	253

Analysis of net result from financial services

R million				
Morocco	28	19	285	198
Lebanon	28	11	7	4
Mauritius	-	-	-	-
Ivory Coast	37	51	25	13
Angola	-	1	-	7
Other	2	(17)	56	25
Net result from financial services	95	65	373	247

⁽¹⁾ This excludes amortisation of intangibles on a Saham consolidated level. June 2018 comparatives have been adjusted to reflect Saham at 100% with no lag accounting.

⁽²⁾ Consolidation and Other comprises of HealthCare administration, property and holding companies.

Saham Finances		Other African Operations		India/Malaysia		Total	
June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018	June Reviewed 2019	December Audited 2018
15 616	15 295	3 699	3 491	13 807	13 642	64 182	61 953
-	-	41 309	37 633	-	-	76 337	73 949
15 616	15 295	45 008	41 124	13 807	13 642	140 519	135 902
						20 913	21 158
						5 338	5 426
						8 854	8 726
						2 145	2 063
						37 250	37 373

Reinsurance		Consolidation and Other ⁽²⁾		Saham Total (100%)	
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
1 158	987	454	238	7 746	6 410
(254)	(223)	19	24	(938)	(767)
(605)	(350)	6	4	(3 889)	(3 088)
(131)	(109)	(592)	(290)	(1 980)	(1 572)
168	305	(113)	(24)	939	983
(6)	(31)	(37)	(13)	(289)	(276)
(9)	(40)	(1)	(4)	(180)	(202)
153	234	(151)	(41)	470	505
3	45	(3)	(28)	3	63
-	-	(17)	(40)	(23)	(61)
-	-	-	-	-	-
156	279	(171)	(109)	450	507
		(4)	(5)	(21)	(20)
156	279	(175)	(114)	429	487
-	-	(96)	(31)	217	186
-	-	13	3	48	18
150	243	(3)	(7)	147	236
-	-	(43)	(3)	19	61
-	-	-	-	-	8
3	(9)	(22)	(3)	39	(4)
153	234	(151)	(41)	470	505

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of General Insurance^{(3), (4)}

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Earnings		
Underwriting result	189	450
Net earned premiums	5 923	5 196
Net claims incurred	(3 724)	(2 943)
Net commission	(839)	(702)
Management expenses	(1 171)	(1 101)
Investment return on insurance funds	715	448
Net insurance result	904	898
Tax and Non-controlling interest	(378)	(417)
Net result from financial services	526	481

Analysis of gross written premium⁽⁴⁾

R million	General Insurance		Reinsurance		Total	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2019	2018	2019	2018	2019	2018
Morocco	4 044	3 579	-	-	4 044	3 579
Lebanon	452	436	-	-	452	436
Mauritius	-	-	632	612	632	612
Ivory Coast	927	805	-	-	927	805
Angola	476	491	-	-	476	491
Other	1 569	1 395	808	735	2 377	2 130
Consolidation	(51)	(86)	(565)	(596)	(616)	(682)
Gross written premium	7 417	6 620	875	751	8 292	7 371

Analysis of underwriting result⁽⁴⁾

R million	General Insurance		Reinsurance		Total	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2019	2018	2019	2018	2019	2018
Morocco	71	170	-	-	71	170
Lebanon	(18)	(8)	-	-	(18)	(8)
Mauritius	-	-	158	245	158	245
Ivory Coast	43	28	-	-	43	28
Angola	(39)	(12)	-	-	(39)	(12)
Other	32	(4)	(58)	31	(26)	27
Underwriting result	89	174	100	276	189	450

⁽³⁾ Includes all General insurance and Reinsurance as it relates to the general insurance business, but excludes intragroup consolidations.

⁽⁴⁾ June 2018 comparatives have been adjusted to reflect Saham at 100% with no lag accounting.

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of float balances for major general insurance businesses in Saham

R million	Asset mix (%)				
	Total	Investment properties	Equities and similar securities	Interest bearing investments	Cash deposits and similar securities
Morocco	10 956	12	38	38	12
Ivory Coast	582	49	36	13	2
Lebanon	1 649	-	5	18	77
Angola	449	-	25	-	75
Other	2 564	5	17	18	60
Total	16 200				

Statement of Financial position of San JV at 30 June 2019

R million	June Reviewed 2019	December Audited 2018
Assets		
Equipment	535	521
Right-of-use-assets	84	-
Owner-occupied properties	1 114	1 011
Goodwill	15 838	16 156
Value of business acquired	6 535	7 004
Other intangible assets	561	629
Deferred acquisition costs	305	130
Investments	17 962	19 610
Investment properties	5 280	6 251
Equity-accounted investments	227	229
Equities and similar securities	5 179	2 537
Interest bearing investments	2 377	2 202
Investment funds	4 653	7 655
Cash, deposits and similar securities	246	736
Deferred tax	579	628
General insurance technical assets	2 603	2 088
Working capital assets	17 521	13 707
Trade and Other receivables	11 939	9 074
Cash, deposits and similar securities	5 312	4 633
Total Assets	63 367	61 484
Liabilities		
Term finance	369	417
Lease liabilities	84	-
Deferred tax	3 562	3 746
General insurance technical provisions	17 352	16 038
Loans payable	615	-
Working capital liabilities	8 823	8 198
Trade and other payables	7 593	7 056
Provisions	350	131
Tax	880	1 011
Total Liabilities	30 805	28 399
Net asset value	32 562	33 085
Non-controlling interest	4 962	4 924
Shareholders' fund	27 600	28 161

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group

Analysis of earnings

R million	Investment Management SA		Wealth Management	
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
Financial services income ⁽¹⁾	1 059	937	427	400
Sales remuneration	-	-	-	-
Income after sales remuneration	1 059	937	427	400
Administration cost ⁽¹⁾	(772)	(783)	(328)	(311)
Results from financial services before performance fees	287	154	99	89
Net performance fees ⁽¹⁾	22	16	-	-
Results from financial services	309	170	99	89
Tax on result from financial services	(82)	(50)	(31)	(25)
Non-controlling interest	(30)	2	-	-
Net result from financial services	197	122	68	64
Covered business	-	-	-	-
Other operations	197	122	68	64
Net investment return	(4)	(22)	(3)	2
Covered business	-	-	-	-
Other operations	(4)	(22)	(3)	2
Project expenses	(16)	(6)	-	-
Net operational earnings	177	94	65	66
Amortisation of intangible assets	(10)	(10)	(8)	(6)
Other	-	(21)	-	-
Normalised attributable earnings	167	63	57	60

⁽¹⁾ Financial services income and administration costs on page 40 includes performance fees and the related administration costs.

International		Sanfin		Consolidation		Total		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
1 254 (237)	985 (216)	449 -	556	(22) -	(27) -	3 167 (237)	2 851 (216)	6 322 (408)
1 017 (818)	769 (578)	449 (286)	556 (300)	(22) 22	(27) 27	2 930 (2 182)	2 635 (1 945)	5 914 (4 397)
199 -	191 1	163 2	256 5	- -	- -	748 24	690 22	1 517 25
199 (53) (29)	192 (47) (7)	165 12 -	261 (62) -	- - -	- - -	772 (154) (59)	712 (184) (5)	1 542 (326) (64)
117	138	177	199	-	-	559	523	1 152
50 67	43 95	18 159	83 116	- -	- -	68 491	126 397	307 845
37	43	95	60	-	-	125	83	36
2 35	(2) 45	92 3	60 -	- -	- -	94 31	58 25	(153) 189
(1)	-	-	-	-	-	(17)	(6)	(56)
153 (80) (1)	181 (46) 5	272 - -	259 - -	- - -	- - -	667 (98) (1)	600 (62) (16)	1 132 (126) 687
72	140	272	259	-	-	568	522	1 693

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Operational earnings	23	84
Value of new life insurance business	-	-
Unwinding of discount rate	38	44
Expected profit	-	-
Operating experience variances	(5)	68
Risk experience	5	1
Persistency	(1)	2
Maintenance expenses	(3)	(2)
Credit spread	17	84
Other	(23)	(17)
Operating assumption changes	(10)	(28)
Risk experience	-	-
Persistency	-	-
Maintenance expenses	-	-
Modelling changes and other	(10)	(28)
Net investment return	72	103
Expected return on adjusted net asset value	91	76
Investment variances on adjusted net asset value	(19)	27
Valuation and economic basis	28	71
Investment variances on in-force business	39	4
Economic assumption changes	3	13
Investment yields	18	4
Long-term asset mix assumptions and other	(15)	9
Foreign currency translation differences	(14)	54
GEV earnings: covered business	123	258
Transfers from/(to) other covered business Group operations	231	42
Transfers from covered business	(162)	(179)
Embedded value of covered business at the beginning of the period	2 797	2 768
Embedded value of covered business at the end of the period	2 989	2 889

Value of in-force		Cost of capital		Net asset value		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
(14)	(2)	(15)	(27)	52	113	154
26	32	(3)	(4)	(23)	(28)	-
22	24	16	20	-	-	86
(57)	(54)	-	-	57	54	-
(12)	(4)	(12)	(15)	19	87	141
1	-	-	-	4	1	6
(1)	3	-	(1)	-	-	4
-	-	-	-	(3)	(2)	(6)
-	-	-	-	17	84	201
(12)	(7)	(12)	(14)	1	4	(64)
7	-	(16)	(28)	(1)	-	(73)
(1)	-	-	-	1	-	46
-	-	-	-	-	-	5
-	-	-	-	-	-	(44)
8	-	(16)	(28)	(2)	-	(80)
-	-	-	-	72	103	128
-	-	-	-	91	76	146
-	-	-	-	(19)	27	(18)
26	64	(14)	(6)	16	13	23
39	(10)	-	-	-	14	(70)
4	8	(17)	6	16	(1)	34
4	-	14	5	-	(1)	34
-	8	(31)	1	16	-	-
(17)	66	3	(12)	-	-	59
12	62	(29)	(33)	140	229	305
-	-	(123)	-	354	42	42
-	-	-	-	(162)	(179)	(318)
781	828	(787)	(704)	2 803	2 644	2 768
793	890	(939)	(737)	3 135	2 736	2 797

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Assets under management

	Assets under management		Fee Income		Administration cost	
	June Reviewed 2019 R million	December Audited 2018 R million	June Reviewed 2019 %	December Audited 2018 %	June Reviewed 2019 %	December Audited 2018 %
Investment Management SA ⁽¹⁾	651 394	595 616	0,34	0,30	0,21	0,22
Wealth Management	69 851	72 885	1,20	1,11	0,92	0,88
International	141 499	128 950	1,26	1,50	1,04	1,15
Intra-cluster eliminations	(42 014)	(38 646)				
Asset management operations	820 730	758 805				
Covered business	84 159	81 631				
Sanlam UK	49 466	47 283				
Sanlam Specialised Finance	34 693	34 348				
Assets under management	904 889	840 436				
Non-annuity assets	85 315	77 453				
Wealth Management	72 293	65 417				
International	13 022	12 036				
Assets under management and administration	990 204	917 889				

Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
June - reviewed 2019						
Investment Management SA	106 957	309 811	83 422	37 779	113 425	651 394
Wealth Management	-	37 471	29 712	-	2 668	69 851
International	-	-	141 499	-	-	141 499
Intra-cluster consolidation						(42 014)
Assets under management - Asset management	106 957	347 282	254 633	37 779	116 093	820 730
December Audited - 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

⁽¹⁾ Includes Sanlam Assets of R206,4bn (2018: R194,4bn).

7. Cluster information (continued)

7.4 Santam

R million	June Reviewed 2019	June Reviewed 2018	December Audited 2018
Business volumes			
Gross written premiums	17 018	15 591	33 109
Net earned premiums	11 773	11 122	22 812
Net fund flows	4 155	4 203	8 986

Insurance activities

R million	Gross written premiums		Underwriting result	
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018
Conventional insurance	14 220	13 122	602	916
Motor	6 549	6 349	593	513
Property	5 322	4 763	(128)	280
Engineering	824	608	143	127
Liability	627	563	117	(49)
Transportation	376	347	(23)	(16)
Accident and health	306	273	3	40
Guarantee	115	124	(17)	(32)
Other	101	95	(86)	53
Alternative risk	2 798	2 469	19	25
Total	17 018	15 591	621	941

	2019	2018
Ratios		
Administration cost ratio ⁽¹⁾	17,0%	17,1%
Claims ratio ⁽¹⁾	64,5%	62,1%
Underwriting margin ⁽¹⁾	5,3%	8,4%
Investment return on insurance funds margin ⁽¹⁾	2,5%	2,4%

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

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.4 Santam (continued)

R million	Total		
	June Reviewed 2019	June Reviewed 2018	December Audited 2018
Conventional insurance			
Net earned premiums	11 457	10 948	22 370
Net claims incurred	(7 388)	(6 796)	(13 499)
Net commission	(1 514)	(1 361)	(2 764)
Management expenses (excluding BEE costs)	(1 953)	(1 875)	(4 042)
Underwriting result: conventional insurance	602	916	2 065
Investment return on insurance funds	285	263	532
Net insurance result	887	1 179	2 597
Net other income	76	63	97
Conventional insurance	4	-	-
Alternative risk ⁽¹⁾	72	63	97
Strategic participations	285	139	284
Saham Finances ⁽²⁾	82	81	157
SEM target shares ⁽³⁾	203	58	127
Gross result from financial services	1 248	1 381	2 978
Tax and Non-controlling interest	(747)	(808)	(1 782)
Net result from financial services	501	573	1 196

⁽¹⁾ Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

⁽²⁾ Includes SEM cluster cost allocation of R8 million (June 2018: R15,3 million; December 2018: R36 million).

⁽³⁾ Certain portfolios within the target share portfolio have been reduced from a 35% holding to a 10% holding effective 1 January 2019 (India and Malaysia shareholding remains unchanged).

7. Cluster information (continued)

7.5 Sanlam Corporate

Business volumes

Sanlam Employee Benefits

R million	Life business		Investment business		Total		December Audited 2018
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
	New business volumes	2 270	1 855	1 087	687	3 357	
<i>Recurring premiums</i>	357	332	33	-	390	332	888
Guaranteed	248	157	-	-	248	157	520
Risk	109	175	-	-	109	175	368
Other	-	-	33	-	33	-	-
<i>Single premiums</i>	1 913	1 523	1 054	687	2 967	2 210	12 438
Guaranteed	764	428	-	-	764	428	3 559
Risk	-	11	-	-	-	11	11
Retirement	528	791	-	-	528	791	2 578
Annuity	181	96	-	-	181	96	219
Special structures	440	197	-	-	440	197	2 819
Other	-	-	1 054	687	1 054	687	3 252

Analysis of earnings

R million	Life business		Non-life operations		Total		December Audited 2018
	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
	Net result from financial services	201	236	53	72	254	
Sanlam Employee Benefits	183	226	-	-	183	226	428
ACA Employee Benefits	18	10	-	-	18	10	39
Healthcare and other	-	-	53	72	53	72	113
Net investment return	74	44	-	-	74	44	70
Net investment income	25	47	-	-	25	47	81
Net investment surpluses	49	(3)	-	-	49	(3)	(11)
Net non-operational equity-accounted earnings	-	-	-	-	-	-	(5)
Net other earnings	(11)	-	(6)	(10)	(17)	(10)	(8)
Normalised attributable earnings	264	280	47	62	311	342	637

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2019	June Reviewed 2018
Operational earnings	424	507
Value of new life insurance business	43	19
Unwinding of discount rate	209	200
Expected profit	-	-
Operating experience variances	99	213
Risk experience	(61)	20
Persistency	93	2
Maintenance expenses	(2)	4
Working capital management	42	30
Credit spread	18	48
Other	9	109
Operating assumption changes	73	75
Risk experience	-	-
Maintenance expenses	(2)	18
Modelling changes and other	75	57
Net investment return	74	44
Expected return on adjusted net asset value	72	90
Investment variances on adjusted net asset value	2	(46)
Valuation and economic basis	41	(17)
Investment variances on in-force business	98	(1)
Economic assumption changes	(57)	(16)
Investment yields	(30)	(16)
Long-term asset mix assumptions and other	(27)	-
GEV earnings: covered business	539	534
Acquired value of in-force	-	288
Transfers from/(to) other covered business Group operations	(231)	(340)
Transfers from covered business	(275)	(811)
Embedded value of covered business at the beginning of the period	5 077	5 283
Embedded value of covered business at the end of the period	5 110	4 954

Value of in-force		Cost of capital		Net asset value		December Audited 2018
June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	June Reviewed 2019	June Reviewed 2018	
205	39	19	228	200	240	843
118	84	(19)	(16)	(56)	(49)	143
197	185	12	15	-	-	420
(247)	(197)	-	-	247	197	-
66	(26)	14	128	19	111	268
(5)	(9)	1	-	(57)	29	(96)
76	(6)	14	7	3	1	89
-	-	-	-	(2)	4	(5)
-	-	-	-	42	30	67
-	-	-	-	18	48	84
(5)	(11)	(1)	121	15	(1)	129
71	(7)	12	101	(10)	(19)	12
-	-	-	-	-	-	(181)
3	18	-	-	(5)	-	(20)
68	(25)	12	101	(5)	(19)	213
-	-	-	-	74	44	69
-	-	-	-	72	90	181
-	-	-	-	2	(46)	(112)
73	(46)	(33)	33	1	(4)	(73)
105	(11)	(8)	14	1	(4)	(26)
(32)	(35)	(25)	19	-	-	(47)
(36)	(35)	6	19	-	-	(46)
4	-	(31)	-	-	-	(1)
278	(7)	(14)	261	275	280	839
-	241	-	-	-	47	288
-	-	123	-	(354)	(340)	(219)
-	-	-	-	(275)	(811)	(1 114)
3 376	3 065	(666)	(899)	2 367	3 117	5 283
3 654	3 299	(557)	(638)	2 013	2 293	5 077

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2019 (continued)

7. Cluster information (continued)

7.6 Group Office

Analysis of earnings

R million	Group office and other		Consolidation ⁽¹⁾		Total	
	June	June	June	June	June	June
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed
	2019	2018	2019	2018	2019	2018
Financial services income	140	139	(285)	-	(145)	139
Sales remuneration	-	-	-	-	-	-
Income after sales remuneration	140	139	(285)	-	(145)	139
Administration cost	(148)	(176)	-	-	(148)	(176)
Results from financial services	(8)	(37)	(285)	-	(293)	(37)
Tax on result from financial services	9	19	96	-	105	19
Non-controlling interest	-	-	189	-	189	-
Net result from financial services	1	(18)	-	-	1	(18)
Net investment income	13	(23)	-	-	13	(23)
Net investment surpluses	(4)	1	-	-	(4)	1
Project expenses	-	(2)	-	-	-	(2)
Net operational earnings	10	(42)	-	-	10	(42)
Amortisation of intangible assets	(1)	-	-	-	(1)	-
Net equity participation costs	(594)	-	-	-	(594)	-
Normalised attributable earnings	(585)	(42)	-	-	(585)	(42)

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

8. Normalised diluted earnings per share

Cents	June	June
	Reviewed	Reviewed
	2019	2018
Normalised diluted earnings per share:		
Net result from financial services	226,9	211,0
Operational earnings	264,9	241,3
Profit attributable to shareholders' fund	216,3	232,6
R million	June	June
	Reviewed	Reviewed
	2019	2018
Analysis of operational earnings (refer shareholders' fund income statement on page 40):		
Net result from financial services	4 968	4 393
Operational earnings	5 801	5 024
Profit attributable to shareholders' fund	4 737	4 841
Reconciliation of operational earnings:		
Headline earnings per note 1 on page 92	3 534	5 126
Add/(Less):		
Fund transfers	1 298	(209)
Net equity-accounted earnings	(9)	(13)
Net amortisation of value of business acquired and other intangibles	383	119
Equity participation costs	595	1
Operational earnings	5 801	5 024

8. Normalised diluted earnings per share (continued)

Million	June Reviewed 2019	June Reviewed 2018
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer to note 1 on page 92)	2 090,8	2 062,3
<i>Add:</i> Weighted average Sanlam shares held by policyholders and Broad-Based Black Economic Empowerment vehicle	98,8	19,4
Adjusted weighted average number of shares for normalised diluted earnings per share	2 189,6	2 081,7

9. Value per share

	June Reviewed 2019	December Audited 2018
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R75 036 million (2018: R70 375 million), divided by 2 224,4 million (2018: 2 115,3 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R141 694 million (2018: R134 052 million), divided by 2 224,4 million (2018: 2 115,3 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	(139,9)	(137,7)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	21,0	21,0
Adjusted number of shares for value per share	2 224,4	2 115,3

10. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 9,4 (2018: 8,9) to the after tax recurring corporate expenses.

11. 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.

12. Share 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.

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INDEPENDENT AUDITOR'S REVIEW

Report on interim condensed consolidated financial statements

To the shareholders of Sanlam Limited

Introduction

We have reviewed the condensed consolidated financial statements of Sanlam Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2019 and condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six-month period then ended, selected explanatory notes set out on pages 88 to 103 and the basis of accounting as set out on pages 22 and 23.

Directors' responsibility for the interim financial statements

The directors of Sanlam Limited are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 – "Interim Financial Reporting", the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements. We conducted our review in accordance with International Standard of Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review is substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlam Limited for the six-month period ended 30 June 2019 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

No. 3 Dock Road
Waterway House
V&A Waterfront
Cape Town

4 September 2019

STATEMENT OF FINANCIAL POSITION

at 30 June 2019

R million	Reviewed June 2019	Audited December 2018
ASSETS		
Equipment	1 657	1 587
Right-of-use assets	1 837	-
Owner-occupied properties	2 085	2 010
Goodwill	19 650	19 985
Value of business acquired	9 611	9 985
Other intangible assets	990	1 082
Deferred acquisition costs	3 588	3 446
Long-term reinsurance assets	2 003	1 971
Investments	734 993	690 744
Properties	21 692	21 349
Equity-accounted investments	18 596	18 361
Equities and similar securities	194 370	184 787
Interest-bearing investments	220 681	211 770
Structured transactions	23 096	21 341
Investment funds	210 364	190 005
Cash, deposits and similar securities	46 194	43 131
Deferred tax asset	2 035	2 249
Assets of disposal groups classified as held for sale	87	139
General insurance technical assets	9 947	9 540
Working capital assets	73 436	72 863
Trade and other receivables	47 774	44 712
Cash, deposits and similar securities	25 662	28 151
Total assets	861 919	815 601
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	13 451	5 657
Treasury shares	(4 175)	(3 934)
Other reserves	1 526	10 495
Retained earnings	55 369	57 288
Shareholders' fund	66 171	69 506
Non-controlling interests	11 638	12 111
Total equity	77 809	81 617
Long-term policy liabilities	571 649	543 785
Insurance contracts	192 477	188 448
Investment contracts	379 172	355 337
Term finance	11 035	7 413
Margin business	3 654	3 654
Other interest-bearing liabilities	7 381	3 759
Lease liabilities	1 946	-
Structured transaction liabilities	18 700	15 629
External investors in consolidated funds	77 178	66 146
Cell owners' interest	3 512	3 305
Deferred tax liability	6 008	5 460
General insurance technical provisions	39 843	37 950
Working capital liabilities	54 239	54 296
Trade and other payables	51 166	50 761
Provisions	679	450
Taxation	2 394	3 085
Total equity and liabilities	861 919	815 601

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2019

R million	Note	Reviewed 2019	Reviewed 2018
Net income		81 104	44 033
Financial services income	3	46 171	33 629
Reinsurance premiums paid		(7 722)	(5 204)
Reinsurance commission received		1 265	948
Investment income		16 493	15 553
Investment surpluses		28 491	(513)
Finance cost - margin business		(117)	(70)
Change in fair value of external investors' liability		(3 477)	(310)
Net insurance and investment contract benefits and claims		(54 127)	(22 924)
Long-term insurance and investment contract benefits		(43 522)	(16 626)
General insurance claims		(14 664)	(9 177)
Reinsurance claims received		4 059	2 879
Expenses		(20 324)	(14 103)
Sales remuneration		(6 317)	(4 801)
Administration costs		(14 007)	(9 302)
Impairments		(108)	(108)
Amortisation of intangibles		(699)	(172)
Net operating result		5 846	6 726
Equity-accounted earnings		1 555	1 364
Finance cost - other		(419)	(386)
Profit before tax		6 982	7 704
Taxation		(2 863)	(2 158)
Shareholders' fund		(1 812)	(1 777)
Policyholders' fund		(1 051)	(381)
Profit for the period		4 119	5 546
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		(1 389)	1 952
Other comprehensive income of equity accounted investments		(207)	(94)
Movement in cash flow hedge		-	965
Comprehensive income for the period		2 523	8 369
Allocation of comprehensive income:			
Profit for the period		4 119	5 546
Shareholders' fund		3 439	5 050
Non-controlling interests		680	496
Comprehensive income for the period		2 523	8 369
Shareholders' fund		2 298	7 624
Non-controlling interests		225	745
Earnings attributable to shareholders of the company (cents):			
Profit for the period			
Basic earnings per share	1	166,2	247,2
Diluted earnings per share	1	164,5	244,9

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019

R million	Note	Reviewed 2019	Reviewed 2018
Shareholders' fund			
Balance at beginning of the period		69 506	57 420
IFRS transitional adjustments	10	-	(429)
Balance at beginning of the period - restated			
Comprehensive income		2 298	7 624
Profit for the period		3 439	5 050
Other comprehensive income		(1 141)	2 574
Net acquisition of treasury shares ⁽¹⁾		(8 580)	(860)
Share-based payments		190	171
B-BBEE IFRS 2 costs		1 686	-
Acquisitions, disposals and other		(224)	(11)
Shares issued ⁽²⁾		7 795	5 635
Dividends paid ⁽³⁾		(6 500)	(6 053)
Balance at end of the period		66 171	63 497
Non-controlling interests			
Balance at beginning of the period		12 111	6 017
IFRS transitional adjustments	10	-	(12)
Balance at beginning of the period - restated			
Comprehensive income		225	745
Profit for the period		680	496
Other comprehensive income		(455)	249
Net acquisition of treasury shares ⁽¹⁾		(20)	(23)
Share-based payments		16	15
Acquisitions, disposals and other movements in interests		49	(8)
Dividends paid		(743)	(551)
Balance at end of the period		11 638	6 183
Shareholders' fund		69 506	56 991
Non-controlling interests		12 111	6 005
Total equity at the beginning of the period		81 617	62 996
Shareholders' fund		66 171	63 497
Non-controlling interests		11 638	6 183
Total equity at the end of the period		77 809	69 680

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the B-BBEE SPV.

⁽²⁾ Refer to note 9.

⁽³⁾ Dividend of 312 cents per share declared and paid during 2019 in respect of the 2018 financial year (2018: 290 cents).

CASH FLOW STATEMENT

for the six months ended 30 June 2019

R million	Note	Reviewed 2019	Reviewed 2018
Cash flows from operating activities		(918)	3 108
Cash generated utilised in operations	5.1	(6 849)	(4 119)
Interest and preference share dividends received		9 819	9 736
Interest paid		(493)	(456)
Dividends received		6 278	5 927
Dividends paid		(7 062)	(6 500)
Taxation paid		(2 611)	(1 480)
Cash flows from investing activities		(94)	(336)
Acquisitions of subsidiaries and associates		(126)	(336)
Disposal of subsidiaries		32	-
Cash flows from financing activities		2 444	4 828
Shares issued		7 795	5 635
Movement in treasury shares		(8 600)	(883)
Term finance raised		3 662	431
Term finance repaid		(149)	(355)
Lease liabilities repaid		(264)	-
Net increase in cash and cash equivalents		1 432	7 600
Effect of exchange rate movements on cash balances		(378)	905
Cash and cash equivalents at beginning of the period		63 343	55 419
Cash and cash equivalents at end of the period	5.2	64 397	63 924

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2019

1. Earnings per share

For basic earnings per share the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries, consolidated vehicles (including B-BBEE SPV) and policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For diluted earnings per share the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries, consolidated investment vehicles (including the B-BBEE SPV as described in note 9) and policyholders. The shares held by the B-BBEE SPV is seen as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increase. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 84 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and should also be used when evaluating the Group's economic performance.

Cents	June Reviewed 2019	June Reviewed 2018
Basic earnings per share:		
Headline earnings	170,7	251,0
Profit attributable to shareholders' fund	166,2	247,2
Diluted earnings per share:		
Headline earnings	169,0	248,6
Profit attributable to shareholders' fund	164,5	244,9
R million		
Analysis of earnings:		
Profit attributable to shareholders' fund	3 439	5 050
Less: Net loss/(profit) on disposal of operations	4	(3)
Loss/(profit) on disposal of subsidiaries and associated companies	4	-
Tax on loss/(profit) on disposal of subsidiaries and associated companies	-	(5)
Non-controlling interests	-	2
Less: Equity-accounted non-headline earnings	(2)	5
Plus: Impairments	93	74
Gross impairments	142	108
Tax on impairments	-	(1)
Non-controlling interests	(49)	(33)
Headline earnings	3 534	5 126
Million		
Number of shares:		
Number of ordinary shares in issue at beginning of the period	2 232,0	2 166,5
Add: Weighted number of shares issued	74,2	32,8
Less: Weighted Sanlam shares held by subsidiaries and consolidated vehicles (including policyholders and B-BBEE SPV)	(236,4)	(156,8)
Adjusted weighted average number of shares for basic earnings per share	2 069,8	2 042,5
Add: Number of shares in respect of Sanlam Limited long-term incentive schemes	21,0	19,8
Adjusted weighted average number of shares for diluted earnings per share	2 090,8	2 062,3

2. Reconciliation of segmental information

R million	June Reviewed 2019	June Reviewed 2018
Segment financial services income (per shareholders' fund income statement)	41 052	30 594
Sanlam Personal Finance	10 220	9 301
Sanlam Emerging Markets	12 410	4 000
Sanlam Investment Group	3 204	2 880
Santam	12 398	11 562
Sanlam Corporate	2 965	2 712
Group Office and other	(145)	139
IFRS adjustments ⁽¹⁾	5 119	3 035
Total financial services income	46 171	33 629
Segment results (per shareholders' fund income statement after tax and non-controlling interest)	4 737	4 841
Sanlam Personal Finance	2 512	2 291
Sanlam Emerging Markets	1 308	1 084
Sanlam Investment Group	568	522
Santam	623	644
Sanlam Corporate	311	342
Group Office and other	(585)	(42)
Non-controlling interests included in segment result	680	496
Fund transfers	(1 298)	209
Total profit for the period	4 119	5 546
Segment IFRS 15 revenue from contracts with customers		
Sanlam Personal Finance	2 701	2 213
Sanlam Emerging Markets	394	143
Sanlam Investment Group	3 042	2 854
Santam	112	-
Sanlam Corporate	1 047	844
Total revenue in the scope of IFRS 15	7 296	6 054

⁽¹⁾ IFRS adjustments mainly include earnings on capital from operating associates and joint ventures and reinsurance premiums paid (these items are classified differently between the Shareholders' fund income statement and the IFRS income statement).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2019 (continued)

3. Financial Services Income

Financial services income is considered to be revenue for IFRS purposes and can be disaggregated as follows:

3.1 According to primary geography

June 2019 – Reviewed R million	South Africa	Rest of Africa	Other International	Total
IFRS 15 Revenue	5 490	411	1 395	7 296
Administration fees	3 520	270	213	4 003
Asset management and performance fees	1 326	99	935	2 360
Commissions	219	37	244	500
Consulting fees	181	5	-	186
Actuarial and Risk management fees	100	-	-	100
Other ⁽¹⁾	144	-	3	147
Revenue not within the scope of IFRS 15	26 814	11 471	590	38 875
Financial services income	32 304	11 882	1 985	46 171

June 2018 – Reviewed
R million

IFRS 15 Revenue	4 695	152	1 207	6 054
Administration fees	3 020	-	304	3 324
Asset management and performance fees	1 234	104	583	1 921
Commissions	208	44	305	557
Consulting fees	48	3	-	51
Actuarial and Risk management fees	102	-	-	102
Other ⁽¹⁾	83	1	15	99
Revenue not within the scope of IFRS 15	23 382	3 151	1 042	27 575
Financial services income	28 077	3 303	2 249	33 629

3.2 According to timing of revenue recognition

June 2019 – Reviewed R million	At a point in time	Over time ⁽²⁾	Not in the scope of IFRS 15	Total
IFRS 15 Revenue	496	6 800	-	7 296
Administration fees	23	3 980	-	4 003
Asset management and performance fees	-	2 360	-	2 360
Commissions	395	105	-	500
Consulting fees	8	178	-	186
Actuarial and Risk management fees	-	100	-	100
Other ⁽¹⁾	70	77	-	147
Revenue not within the scope of IFRS 15	-	-	38 875	38 875
Financial services income	496	6 800	38 875	46 171

June 2018 – Reviewed
R million

IFRS 15 Revenue	529	5 525	-	6 054
Administration fees	-	3 324	-	3 324
Asset management and performance fees	-	1 921	-	1 921
Commissions	414	143	-	557
Consulting fees	23	28	-	51
Actuarial and Risk management fees	7	95	-	102
Other ⁽¹⁾	85	14	-	99
Revenue not within the scope of IFRS 15	-	-	27 575	27 575
Financial services income	529	5 525	27 575	33 629

⁽¹⁾ Other IFRS 15 revenue includes trust and estate fee income of R68 million (2018: R62 million). The remaining amount relates to rebates and scrip lending fees received.

⁽²⁾ Performance fees subject to constraint on recognition of variable consideration.

4. **Financial assets and financial liabilities**
Classification of financial instruments

June 2019 – Reviewed R million	Fair value through profit or loss			Total fair value	Amortised cost	Total
	Manda- torily	Desig- nated	Fair value through Other Compre- hensive Income			
Investments	423 379	263 498	-	686 877	8 229	695 106
Equities and similar securities	194 370	-	-	194 370	-	194 370
Investment in joint ventures	-	401	-	401	-	401
Interest-bearing investments	-	212 469	-	212 469	8 212	220 681
Structured transactions	18 645	4 451	-	23 096	-	23 096
Investment funds	210 364	-	-	210 364	-	210 364
Cash, deposits and similar securities	-	46 177	-	46 177	17	46 194
Working capital assets	15 530	2 739	1 381	19 650	50 961	70 611
Trade and other receivables	15 530	2 739	-	18 269	26 680	44 949
Cash, deposits and similar securities	-	-	1 381	1 381	24 281	25 662
Total financial assets	438 909	266 237	1 381	706 527	59 190	765 717
External investors in consolidated funds	-	77 178	-	77 178	-	77 178
Investment contract liabilities	-	379 172	-	379 172	-	379 172
Term finance	-	3 105	-	3 105	7 930	11 035
Structured transaction liabilities	18 700	-	-	18 700	-	18 700
Trade and other payables	17 217	130	-	17 347	29 758	47 105
Total financial liabilities	35 917	459 585	-	495 502	37 688	533 190
December 2018 – Audited						
Investments	393 041	251 585	-	644 626	6 947	651 573
Equities and similar securities	184 787	-	-	184 787	-	184 787
Investment in joint ventures	-	539	-	539	-	539
Interest-bearing investments	-	204 823	-	204 823	6 947	211 770
Structured transactions	18 249	3 092	-	21 341	-	21 341
Investment funds	190 005	-	-	190 005	-	190 005
Cash, deposits and similar securities	-	43 131	-	43 131	-	43 131
Working capital assets	14 783	1 725	2 359	18 867	52 976	71 843
Trade and other receivables	14 783	1 725	-	16 508	27 184	43 692
Cash, deposits and similar securities	-	-	2 359	2 359	25 792	28 151
Total financial assets	407 824	253 310	2 359	663 493	59 923	723 416
External investors in consolidated funds	-	66 146	-	66 146	-	66 146
Investment contract liabilities	-	355 337	-	355 337	-	355 337
Term finance	-	3 085	-	3 085	4 328	7 413
Structured transaction liabilities	15 629	-	-	15 629	-	15 629
Trade and other payables	16 534	149	-	16 683	29 963	46 646
Total financial liabilities	32 163	424 717	-	456 880	34 291	491 171

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2019 (continued)

5. Notes to the cash flow statement

5.1 Cash generated/(utilised) in operations

R million	June Reviewed 2019	June Reviewed 2018
Profit before tax per statement of comprehensive income	6 982	7 704
Net movement in policy liabilities	30 507	6 903
Non-cash flow items	(26 738)	(242)
Depreciation	481	90
Bad debts written off	128	53
Share-based payments	206	186
Fair value adjustments	(28 495)	513
Impairment of investments and goodwill	108	108
Amortisation of intangibles	699	172
Loss on sale of subsidiary and associates	4	-
IFRS 2 B-BBEE cost	1 686	-
Equity-accounted earnings	(1 555)	(1 364)
Items excluded from cash utilised in operations	(15 277)	(14 894)
Interest and preference share dividends received	(9 535)	(9 423)
Interest paid	536	456
Dividends received	(6 278)	(5 927)
Net acquisition of investments	(2 070)	(3 043)
Decrease in net working capital assets and liabilities	(253)	(547)
Cash utilised in operations	(6 849)	(4 119)
5.2 Cash and cash equivalents		
Working capital: Cash, deposits and similar securities	25 662	11 438
Investment cash	39 471	52 877
Bank overdrafts	(736)	(391)
Total cash and cash equivalents	64 397	63 924

6. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2018 annual report. The circumstances surrounding the contingent liabilities remain materially unchanged.

7. Subsequent events

No material facts or circumstances have arisen between the dates of the statement of financial position and this report that affect the financial position of the Sanlam Group at 30 June 2019 as reflected in these financial statements.

8. Business combinations

There were no material business combinations during 2019.

9. Sanlam B-BBEE transaction

During 2019, Sanlam Limited issued 111 349 000 shares at a price of R70 per share to a new Broad-Based Black Economic Empowerment (B-BBEE) special purpose vehicle (SPV). The shares were issued at a price of R70 per share, representing a discount of some 10% to the three-day volume-weighted average price (VWAP) at the time. Sanlam provided vendor funding to the amount of R3.7 billion to the B-BBEE entity. Sanlam's empowerment partner, Ubuntu Botho (UB) and Sanlam Ubuntu-Botho Community Development trust participate in 20% of the B-BBEE SPV and five other targeted beneficiary groups sharing the remaining 80%. A one-off expense of R1,686 billion was recognised in terms of International Financial Reporting Standards (IFRS) 2 Share-Based Payment in respect of the B-BBEE share issuance.

The first drawdown of R300 million against the R2 billion funding facility to UB, approved by Sanlam shareholders in December 2018, occurred in the first six months of 2019.

10. Fair value disclosures

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that this disclosure only cover assets and liabilities measured at fair value.

Included in **level 1** category are assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in **level 2** category are assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as **level 3**.

R million				
Recurring fair value measurements (financial instruments)				
30 June 2019 - reviewed	Level 1	Level 2	Level 3	Total
Equities and similar securities	186 689	6 327	1 354	194 370
Interest-bearing investments	61 850	150 558	61	212 469
Investment in joint ventures	-	-	401	401
Structured transactions	2 305	20 778	13	23 096
Investment funds	204 314	5 379	671	210 364
Trade and other receivables	4 595	13 674	-	18 269
Cash, deposits and similar securities: Investments	-	46 177	-	46 177
Cash, deposits and similar securities: Working capital	-	1 381	-	1 381
Total financial assets at fair value	459 753	244 274	2 500	706 527
External investors in consolidated funds	71 808	4 778	592	77 178
Investment contract liabilities	-	377 555	1 617	379 172
Term finance	-	3 105	-	3 105
Structured transactions liabilities	-	18 700	-	18 700
Trade and other payables	886	16 461	-	17 347
Total financial liabilities at fair value	72 694	420 599	2 209	495 502

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2019 (continued)

10. Fair value disclosures (continued)

R million				
Recurring fair value measurements (financial instruments)				
31 December 2018 – audited	Level 1	Level 2	Level 3	Total
Equities and similar securities	179 365	4 918	504	184 787
Interest-bearing investments	30 137	174 617	69	204 823
Investment in joint ventures			539	539
Structured transactions	8 013	13 328	-	21 341
Investment funds	182 926	6 347	732	190 005
Trade and other receivables	10 855	5 653	-	16 508
Cash, deposits and similar securities: Investments	-	43 131	-	43 131
Cash, deposits and similar securities: Working capital	-	2 359	-	2 359
Total financial assets at fair value	411 296	250 353	1 844	663 493
External investors in consolidated funds	61 573	3 960	613	66 146
Investment contract liabilities	-	353 672	1 665	355 337
Term finance	-	3 085	-	3 085
Structured transactions liabilities	-	15 629	-	15 629
Trade and other payables	5 595	11 088	-	16 683
Total financial liabilities at fair value	67 168	387 434	2 278	456 880

Reconciliation of movements in level 3 financial assets and liabilities measured at fair value

R million	Equities and similar securities	Interest-bearing investments	Investment in joint ventures	Structured transactions	Investment funds	Total assets
Assets						
30 June 2019 – reviewed						
Balance at 1 January 2019	504	69	539	-	732	1 844
Net gains/(loss) in statement of comprehensive income	4	(7)	(138)	-	(53)	(194)
Acquisitions	488	6	-	13	16	523
Disposals	(18)	(7)	-	-	(24)	(49)
Foreign exchange movements	(7)	-	-	-	-	(7)
Transfers from level 1 and level 2	383	-	-	-	-	383
Balance at 30 June 2019	1 354	61	401	13	671	2 500
31 December 2018 – audited						
Balance at 1 January 2018	433	30	359	-	330	1 152
Net gains/(loss) in statement of comprehensive income	20	3	180	-	33	236
Acquisitions	131	36	-	-	368	535
Disposals	(100)	-	-	-	-	(100)
Foreign exchange movements	20	-	-	-	1	21
Balance at 31 December 2018	504	69	539	-	732	1 844

10. Fair value disclosures (continued)

Reconciliation of movements in level 3 financial assets and liabilities measured at fair value (continued)

R million	Investment contract liabilities	External investors in consolidated funds	Total liabilities
Liabilities			
30 June 2019 - reviewed			
Balance at 1 January 2019	1 665	613	2 278
Net gains in statement of comprehensive income	13	(8)	5
Issues	22	-	22
Disposals	(50)	-	(50)
Foreign exchange movements	(33)	(13)	(46)
Balance at 30 June 2019	1 617	592	2 209
31 December 2018 - audited			
Balance at 1 January 2018	2 205	527	2 732
Total gain in statement of comprehensive income	25	1	26
Issues	65	-	65
Disposals	(797)	-	(797)
Foreign exchange movements	167	85	252
Balance at 31 December 2018	1 665	613	2 278

Gains or losses on level 3 instruments (realised and unrealised) included in profit and loss	Six months Reviewed 2019	Full year Audited 2018
Total gains or losses included in profit or loss for the period	(216)	519
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	(70)	89

Transfers between categories

R million	Equities and similar securities ⁽¹⁾	Interest- bearing investments ⁽¹⁾	Structured transactions ⁽¹⁾	Total assets
Financial assets				
Six months Reviewed - 2019				
Transfer from level 1 to level 2	431	4 316	5 117	9 864
Transfer from level 2 to level 1	-	123	-	123
Full year Audited - 2018				
Transfer from level 1 to level 2	-	142	-	142

⁽¹⁾ Investments traded in a market that became inactive during the year have been transferred from level 1 to level 2. Conversely, investments traded in a market that became active have been transferred from level 2 to level 1.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2019 (continued)

10. Fair value disclosures (continued)

Valuation techniques used in determining the fair value of financial assets and liabilities

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Equities and similar securities	2 and 3	Discounted cash flow model (DCF), Earnings multiple	Cost of Capital, Consumer price index	Cost of Capital Adjusted earnings multiple Budgets Forecasts
Interest-bearing investments	2 and 3	DCF, Quoted put/surrender price by issuer	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Discount rate
Structured transactions assets and liabilities	2 and 3	Option pricing models, DCF	Bond and interbank swap interest rate curve, Forward equity and currency rates, Volatility risk adjustments	n/a
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held, Earnings multiple DCF	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Bond interest rate curve	Earnings multiple and discount rate
Trade and other receivables/payables	2	DCF, Earnings multiple, Quoted put/surrender price by issuer, Option pricing models	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread, Liquidity spread	n/a
Cash, deposits and similar securities	2	Mark-to-market, Yield curve	Bond and interbank swap interest rate curve	n/a
Investment in joint ventures	3	Earnings multiple	Earnings multiple Country risk, size of the business and marketability	Adjusted earnings multiple Sustainable EBITDA
Term finance	2	DCF	Bond and forward rate, Credit ratings of issuer, Liquidity spread, Contractual interest rate yield curves	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Unit prices	Based on underlying assets

10. Fair value disclosures (continued)

Sensitivity of level 3 assets and liabilities measured at fair value to changes in key assumptions

R million	Carrying amount ⁽²⁾	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount ⁽¹⁾	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Reviewed						
30 June 2019						
Other investments						
Equities and similar securities ⁽²⁾	1 354	135	(135)	-	-	-
Interest-bearing investments	-	-	-	61	(1)	2
Structured transactions	13	1	(1)	-	-	-
Investment funds ⁽²⁾	671	67	(67)	-	-	-
Investment in joint ventures ⁽³⁾	401	40	(40)	-	-	-
Total	2 439	243	(243)	61	(1)	2
Liabilities						
Investment contract liabilities	1 617	162	(162)	-	-	-
External investors in consolidated funds	592	59	(59)	-	-	-
Total	2 209	221	(221)	-	-	-
Audited						
31 December 2018						
Other investments						
Equities and similar securities	504	50	(50)	-	-	-
Interest-bearing investments	-	-	-	69	(1)	2
Investment funds	732	73	(73)	-	-	-
Investment in joint ventures ⁽³⁾	-	-	-	539	(44)	50
Total	1 236	123	(123)	608	(45)	52
Liabilities						
Investment contract liabilities	1 665	167	(167)	-	-	-
External Investors in consolidated funds	613	61	(61)	-	-	-
Total	2 278	228	(228)	-	-	-

⁽¹⁾ Represents mainly instruments valued on a discounted cash flow basis, with sensitivities based on changes in the discount rate.

⁽²⁾ Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

⁽³⁾ The valuation methodology changed from a discounted cash flow to an earnings multiple model.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2019 (continued)

11. Adoption of new standards and restatements

IFRS 16 – Leases

The Group has mainly leases for office buildings and some IT equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Until the 2018 financial year, the majority of leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. There was no impact on retained earnings on 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

R million	1 January 2019	30 June 2019
Properties	1 932	1 788
Furniture, equipment and vehicles	53	49
Total right-of-use assets	1 985	1 837

11. Adoption of new standards and restatements (continued)

IFRS 16 - Leases (continued)

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2019:

STATEMENT OF FINANCIAL POSITION

At 1 January 2019

R million	Previously reported Audited	Reclassifi- cations	Remeasure- ments	Restated Audited
ASSETS				
Equipment	1 587	-	-	1 587
Right-of-use assets	-	(81)	2 066	1 985
Owner-occupied properties	2 010	-	-	2 010
Investments	690 744	-	-	690 744
Deferred tax asset	2 249	-	-	2 249
Working capital assets	72 863	-	-	72 863
Other assets	46 148	-	-	46 148
Total assets	815 601	(81)	2 066	817 586
EQUITY AND LIABILITIES				
Capital and reserves	81 617	-	-	81 617
Term finance	7 413	-	-	7 413
Lease liabilities	-	-	2 066	2 066
Deferred tax liability	5 460	-	-	5 460
Working capital liabilities	54 296	(81)	-	54 215
Trade and other payables	50 761	(81)	-	50 680
Provisions	450	-	-	450
Taxation	3 085	-	-	3 085
Other liabilities	666 815	-	-	666 815
Total liabilities	733 984	(81)	2 066	735 969
Total equity and liabilities	815 601	(81)	2 066	817 586

IFRIC 23 - Uncertainty over Income Tax Treatments

Changes in facts and circumstances have been reassessed on which judgements and estimates are based.

The adoption of IFRIC 23 did not have any impact on the statement of financial position or opening retained earnings as at 1 January 2019.

ADMINISTRATION

Registered name

Sanlam Limited
(Registration number: 1959/001562/06)
(Tax reference number: 9536/346/84/5)
JSE share code (primary listing): SLM
NSX share code: SLA
A2X share code: SLM
ISIN: ZAE000070660
Incorporated in South Africa

Group Company Secretary

Sana-Ullah Bray

Registered Office

2 Strand Road, Bellville 7530
South Africa
Telephone: +27 (0) 21 947 9111
Fax: +27 (0) 21 947 3670

Postal address

PO Box 1, Sanlamhof 7532, South Africa

JSE Sponsor

The Standard Bank Group of South Africa Limited

Internet address

<http://www.sanlam.com>

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank 2196,
South Africa
PO Box 61051, Marshalltown 2107, South Africa
Telephone +27 (0) 11 370 5000
sanlamholders@computershare.co.za

Directors

J van Zyl (Chair), PT Motsepe (Deputy Chair), SA Nkosi (Lead Independent Director), IM Kirk (Group Chief Executive), MJ Modise, HC Werth, PB Hanratty, AD Botha, RV Simelane, KT Nondumo, CG Swanepoel, M Mokoka, TI Mvusi, S Zinn, AS Birrell

Bellville

4 September 2019

