



We empower  
**generations**  
to be...

...financially  
**confident, secure**  
and **prosperous**



**Interim Results**  
for the six months ended 30 June 2021  
Financial Information

Financial Planning | Investments | Insurance | Retirement | Wealth

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# Executive review

We continued to demonstrate our valuable contribution to stakeholders during the first half of 2021, amidst the ongoing devastating impact of the COVID-19 pandemic on economies and communities in all the countries in which we operate. The Group's response to this challenging environment was guided by our purpose of empowering generations to be financially confident, secure and prosperous. This purpose-driven approach was expressed through our continuing passionate support of clients, employees and broader society over the period.

For our clients, we continued to honour our promise of being there for them during their most challenging times. Sanlam Life and Savings (SLS) paid R8 billion and Sanlam Emerging Markets (SEM) paid some R2 billion of gross mortality claims in the first six months of 2021, with cumulative payments of some R22 billion since the start of 2020. Santam continued to settle contingent business interruption (CBI) claims and paid R700 million to policyholders in addition to the R1 billion paid in interim relief in August 2020, bringing the total CBI payments to R1,7 billion at 31 August 2021.

The Group maintained business stability and continuity of operations during this challenging period and continues to prioritise the health and safety of our employees. Our sincere condolences go to the families of 36 Sanlam employees who have succumbed to the pandemic since its onset. To further support the wellness and development of our employees for a future-fit business, we will be implementing a hybrid working model while continuing the development of skills and culture suited to the future digital environment. An extensive virtual leadership programme was launched in the first six months of 2021, which together with ongoing culture interventions, is designed to support our readiness for a new world of work and a new way of interacting with customers.

In line with our purpose, we continue to support the upliftment of the communities in which we operate. The Group was one of the first businesses to provide vaccine access points to the public in South Africa in partnership with Afrocentric. We provided direct finance to support the South African business initiative to drive vaccine rollout in partnership with government, and we are running an extensive communication plan to encourage the public to vaccinate. The Sanlam Group is determined to do everything it can to support governments, in partnership with the private sector, to roll-out vaccines as the most effective long-term approach to tackling the pandemic.

The Sanlam Group's sustainability focus is demonstrated in how we utilise our financial resilience to create value for our stakeholders and the wider society. This is achieved through extending the benefits of financial services as widely as possible in Africa and India, ensuring investment management decisions are robustly informed by a strong ESG framework, and that activities of the Group support a number of development goals which are crucial to our communities of stakeholders.

The first six months of 2021 has seen the continued deployment of funds to support the recovery of economies post the pandemic, focus on investment into our climate fund and the announcement of an InsurTech strategic initiative in partnership with MTN, aimed at helping Sanlam attain its goal of reaching 50 million customers by 2025.

The Group took steps to add skills to the Board and appointed two additional independent non-executive directors. Ebenezer Essoka has vast experience in finance and brings deep knowledge of business on the African continent. Willem van Biljon is a technology entrepreneur and brings a wealth of expertise in technology and digital transformation. We previously announced that Robert Roux, current CEO of Sanlam Investment Group (SIG), intends to retire at the end of 2021. We are delighted to announce the appointment of Carl Roothman, currently CEO of Sanlam Private Wealth (SPW), to the role of CEO of SIG with effect from 1 January 2022. Carl is a financial services executive, who has gained experience across credit, relationship banking, private equity, investments and wealth management. Carl joined Sanlam in 2013 and has held various executive roles. His appointment underlines the depth of talent within the Sanlam Group.

We have continued to invest in our core businesses and have delivered a strong financial performance, underpinned by the diversity of our operations and a strong culture of execution. The Group revised its strategy in 2020 and the execution of this strategy progressed during the first half of 2021.

## Strong operational performance

- **Robust growth in operating profits.** Net result from financial services increased by 16% (22% in constant currency) on 2020 but remained 9% lower than 2019 (7% lower in constant currency). Net result from financial services is 5% higher than 2019 on a comparable basis after adjusting for one-off impacts and structural changes.
- **Exceptional recovery in VNB which was 94% higher than 2020 (98% in constant currency) and 37% higher than 2019.** The VNB margin of 2,82% exceeded the comparable periods in both 2020 and 2019.
- **Substantial growth in new business volumes which are 12% higher (13% in constant currency) than 2020 and 57% higher than 2019.** The COVID-19 environment again emphasised the importance of appropriate insurance cover and long-term investment for retirement and unforeseen circumstances.
- **Net client cash flows (net fund inflows) of R38 billion** were 13% (16% in constant currency) and 62% higher than 2020 and 2019 respectively.
- **Strong performance from the Sanlam Pan Africa General Insurance (SPA GI) business.** The SPA GI portfolio recorded a net insurance margin of 20,6% (2020: 3,6%), driven by a significant recovery in investment return earned on insurance funds and an underwriting margin of 5,1%.
- **Solid performance from the Sanlam Emerging Markets (SEM) life businesses.** SEM life insurance new business volumes increased by 34% (47% in constant currency) and net value of new life business (VNB) is 85% (105% in constant currency) and 40% higher than 2020 and 2019 respectively, with the Pan-Africa Life (SPA Life) as well as India and Malaysia operations contributing strongly.
- **Adjusted Return on Group Equity Value (RoGEV) of 6,2% for the six months was below the Group's hurdle rate of 6,6%.** The strong contribution from new business and positive persistency in the covered business was more than offset by the impact of COVID-19 on risk experience and the write-down of the UK life business to net realisable value.
- **Group solvency ratio of 175% remained strong** and comfortably within target range of 160% to 200%.

Growth in key metrics	2021 on 2020		2021 on 2019	
	Actual	Constant currency	Actual	Constant currency
Net result from financial services	16%	22%	(9%)	(7%)
New business volumes	12%	13%	57%	57%
Net inflows	13%	16%	62%	65%
Net value of new business	94%	98%	37%	37%

## Executive review continued

### Continued execution of strategy

- The **South African operations will be strengthened** by the proposed acquisition of the Alexander Forbes group risk and retail life businesses.
- **Our African operations outside of South Africa will be strengthened** by the intended acquisition of a further 22,8% of Saham Assurance Maroc for some R2 billion. This transaction allows the Sanlam Group to deepen its direct presence in North and West Africa and explore broad partnerships in the long-term. We also progressed in the exiting of smaller sub-scale businesses in the Pan-Africa portfolio. These transactions are in line with our strategy to optimise the Pan-Africa portfolio while strengthening our position in core markets.

We announced the establishment of an InsurTech strategic alliance with MTN to take the benefits of our insurance and investment products to the African continent's consumers. This will significantly enhance the financial inclusion of consumers that are currently not reached through traditional distribution channels.

- **We have begun a process to exit a number of UK businesses other than our asset management businesses**, which we will retain to manage the Group's international assets. We are at an advanced stage of a process to dispose of the UK life insurance business, Sanlam Life and Pensions. We have reduced the GEV to reflect a realistic disposal value. We are also exploring the disposal of the Sanlam UK Wealth management business, with expected proceeds to be in excess of GEV. These transactions reflect the Group's stated strategy of re-allocating capital from the UK to Africa and selected emerging markets. Cash proceeds of £75 million were received from the Nucleus sale in August 2021.

### Key drivers of the strong financial performance

**The Group's primary indicator of long-term shareholder value creation remains RoGEV.** Adjusted RoGEV, which excludes investment market and currency volatility as well as changes in interest rates and other factors outside of management's control, amounted to 6,2%. This is below the target of 6,6% despite the positive contribution from strong life new business and strong operating performance across the various non-life businesses. There were negative impacts from COVID-19 related mortality experience and the write-down of the Sanlam UK life operation to reflect a realistic disposal value. RoGEV for the six months to 30 June 2021 was 3,9%, reflecting the negative impacts of the strengthening of the rand and various economic basis changes and underperformance in the Santam share price, partially offset by positive investment variances. The Group balances the pursuit of RoGEV by ensuring adequate growth in operating cash earnings to support the annual dividend.

**Growth in the Group's operating earnings** benefited from higher equity market levels that supported fund-based fee income, the contraction of credit spreads, lower levels of provisions for doubtful debts, improved return on insurance funds in SPA GI and an improved underwriting performance from Santam. COVID-19 related mortality claims had a large negative impact on earnings during the period, but this was largely offset by the release of discretionary reserves. The first half of 2020 included positive mortality experience of R359 million (net of tax).

SLS recorded excess claims of R1,40 billion net of reinsurance, annuity and disability offsets and net of expected risk profits, for the first six months of 2021. The Group released R1,25 billion in discretionary reserves for the first six months of 2021. Fair and actuarially sound repricing has been implemented in respect of group risk schemes in accordance with policy provisions, which will reflect in the Group's results for the second half of 2021. SEM recorded excess claims of R157 million net of annuity and disability offsets, largely relating to the Southern and East Africa operations. There were limited reserve releases against these excess claims.

**New business volume growth was strong across most clusters.** SLS recorded particularly strong growth, with all market segments contributing. A supportive environment created by higher savings rates related to the pandemic was aided by increased understanding of the need for saving and insurance among our customers. Our digital channels have grown in importance and continue to deliver strong growth. Single premiums underpinned growth in the affluent market as increased early retirements and higher long-term yields boosted demand for life annuities. The mass market business continued its robust recovery, supported by an acceleration in growth from the Capitec funeral JV due to its digital platform.

In our Pan-Africa operations, initiatives to cross sell into the large general insurance customer base are bearing fruit, with strong growth in life sales across the portfolio. India and Malaysia also achieved pleasing growth in new life business. General insurance volumes were constrained by the economic environment, with the Indian operations additionally affected by the prescribed premium increase restrictions for 2020 and 2021 on third-party business. Pan-Africa investment flows remained strong due to favourable investment performance and competitive offerings but increased only slightly from the high base in 2020, reflecting the lumpy nature of flows in this business.

**VNB reflected a particularly pleasing improvement across the portfolio** with SLS 96% higher and SEM 85% (105% in constant currency) higher than the first six months of 2020 (36% and 40% above 2019 respectively). Retail Mass VNB doubled while Retail Affluent increased by 87% and Corporate was up more than threefold. In SEM strong improvements in VNB were reported across the portfolio. VNB margin of 2,82% was higher than 2020 and 2019.

**The underwriting performance of our general insurance portfolio remained satisfactory.** Both Santam and SPA GI recorded underwriting margins within their respective target ranges. Santam recovered from a weak underwriting performance in 2020 as the comparative period was negatively impacted by the provision for COVID-19 related CBI claims. SPA GI's underwriting margin remained resilient, albeit lower than that reported in the Group's operational update for the four-month period ended 30 April 2021. This subsequent decline was largely due to some large claims in the specialist classes in the months of May and June 2021. The Indian operations recorded a significant decline in underwriting margin. Courts in India operated at limited capacity, which impacted the ability to finalise claims resulting in the establishment of prudent reserves which has negatively impacted the underwriting margin reported. In addition, prescribed premium increase restrictions further impacted premium growth and the underwriting performance.

# Group salient results

for the six months ended 30 June

	Unit	2021	2020	△
<b>Earnings</b>				
Net result from financial services	R million	4 529	3 898	16%
Net operational earnings	R million	4 679	3 511	33%
Headline earnings	R million	4 003	3 893	3%
Weighted average number of shares <sup>(1)</sup>	million	2 091,6	2 095,8	
Adjusted weighted average number of shares <sup>(1)</sup>	million	2 229,6	2 233,9	
Net result from financial services per share	cents	203,1	174,5	16%
Net operational earnings per share	cents	209,9	157,2	34%
Diluted headline earnings per share	cents	191,4	185,8	3%
<b>Business volumes</b>				
New business volumes	R million	176 426	157 480	12%
Net fund inflows/net client cash flows	R million	37 814	33 413	13%
Net new covered business				
Value of new covered business	R million	1 289	666	94%
Covered business PVNBP <sup>(2)</sup>	R million	45 672	32 403	41%
New covered business margin <sup>(3)</sup>	%	2,82	2,06	
<b>Group Equity Value</b>				
Group Equity Value <sup>(4)</sup>	R million	130 218	131 812	
Group Equity Value per share <sup>(4)</sup>	cents	5 848	5 920	
Return on Group Equity Value per share <sup>(5)</sup>	%	3,9	(4,6)	
Adjusted Return on Group Equity Value per share <sup>(6)</sup>	%	6,1	(0,9)	
<b>Solvency cover</b>				
Sanlam Group <sup>(4)</sup>	%	175	186	
Sanlam Life Insurance Limited <sup>(4)</sup>	%	232	257	
Sanlam Life Insurance Limited covered business <sup>(4), (7)</sup>	%	195	197	

<sup>(1)</sup> 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 (IFRS). These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.

<sup>(2)</sup> 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.

<sup>(3)</sup> New covered business margin = value of new covered business as a percentage of PVNBP.

<sup>(4)</sup> Comparative figures at 31 December 2020. The reported Sanlam Group solvency position at 31 December 2020 of 191% has been restated to 186% to reflect the Prudential Authority's revised methodology in the treatment of certain Sanlam Emerging Markets entities in the calculation of Group solvency that was applied retrospectively.

<sup>(5)</sup> 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.

<sup>(6)</sup> Adjusted Return on Group Equity Value equals Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.

<sup>(7)</sup> Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

# 04 Outlook

The Sanlam Group is closely monitoring the longer-term impacts of the COVID-19 pandemic on mortality rates. Globally research into these impacts is still limited. The Group is concerned that Africa may suffer from inadequate vaccination programmes for several years. There are also growing concerns about the longer-term health implications for people who survive COVID-19. The experience of countries where a significant proportion of their adult population has been vaccinated is encouraging. It suggests that the rollout of vaccines developed against the earlier variants remain highly effective in preventing serious disease or death from the latest Delta variant. The Group will continue to support and encourage vaccination efforts as the single most effective measure against the pandemic.

The initial roll out of vaccination programmes across many of the markets where we operate has lagged the pace originally assumed. In South Africa, the pace of vaccinations has improved in recent months, which should reduce the severity of future waves of COVID-19. The most severe impact on mortality from the third wave of COVID-19 in South Africa emerged subsequent to the current reporting period. The third wave is longer in duration and therefore more severe than expected. Actual gross mortality claims for the month of July 2021 were some R2 billion relative to R1 billion for July 2020.

We have identified a number of initiatives aimed at limiting the impact of COVID-19 on future mortality losses in South Africa. These include fair and actuarially sound increases in group risk premiums that have already been implemented. We will continue to implement a range of pricing and underwriting changes in the latter part of 2021 and will follow a risk-based approach by taking vaccination status into account for certain product lines and health statuses. In addition, we will consider further discretionary reserve releases during the second half of 2021 based on actual experience. Our expectation, based on current estimates, is that these items should largely mitigate the COVID-19 related excess mortality impact on operating profit for 2021. Shareholders should however remain mindful of the uncertain impact on our results of future waves, possible variants and the progress made with the vaccination rollout. SLS expects excess risk claims of R1,2 – R1,5 billion in the second half of 2021, with downside risk as excess mortality has been worse than expectations in previous COVID-19 waves. The Group expects to retain modest reserves to mitigate any mortality losses after 2021.

The impact of COVID-19 on mortality experience in our SEM operations, where excess reserves are more limited, increased over the first six months of 2021. This trend is expected to continue over the remainder of the year. The portfolio, however, benefits from its diversified geographical footprint in terms of the timing of future waves and the ultimate impact on mortality, which varies from country to country. Pricing adjustments across the portfolio are also being implemented where necessary.

The near-term economic outlook in South Africa deteriorated at the beginning of the third quarter of 2021 related to the onset of the third wave of COVID-19 and the civil unrest in Gauteng and KwaZulu-Natal that resulted in the widespread loss of lives, livelihoods and damage to property. There is likely to be a negative impact on consumer and business confidence as a result of these events. The unrest affected four of Sanlam's offices in KwaZulu-Natal, which had to close for a short period but are back to operating normally. Santam, through its reinsurance business Santam Re, has a small participation percentage on the state-owned insurer's (SASRIA) reinsurance programme. It is too early to quantify any potential exposure of this participation until loss estimates are received; however, based on all treaty limits, it cannot exceed R315 million.

Average investment market levels, credit spread movements, potential credit defaults, the relative strength of the rand exchange rate, the level of long-term interest rates and the level of new business production are some of the other key factors that may have an impact on the growth in net result from financial services, headline earnings and Group Equity Value to be reported for 2021 full year.

The focus will remain on strategic execution and utilising the strength of the Sanlam financial position and diversity of operations to continue delivering value to our shareholders and other stakeholders despite the challenging operating environment.



### 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 review has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the Group’s Board of directors.

It is presented for illustrative purposes only and because of its nature may not fairly present the Group’s financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the six months to 30 June 2021 at the weighted average exchange rate for the six months to 30 June 2020, which is also applied for the translation of comparative information.

The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Nigerian naira and the Moroccan dirham:

Foreign currency/ZAR	Average first half 2021	Average first half 2020	Strengthening
United Kingdom	20,17	20,79	2,9%
USA	14,52	16,46	11,8%
India	0,20	0,22	11,7%
Angola	0,02	0,03	27,6%
Nigeria	0,04	0,04	15,3%
Morocco	1,63	1,70	4,1%

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

# Results commentary

## Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2021 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are, in all material respects, consistent with those applied in the 2020 Integrated Report and Annual Financial Statements.

The comparative shareholders' information has been adjusted to reflect the structural changes in the second half of 2020, where applicable.

All references to 2020 and 2019 relate to the first six months for those years, unless otherwise stated.

## Operating environment

### Economic conditions

The global economy's recovery continued in the first half of 2021, supported by less stringent pandemic related restrictions and increased mobility due to vaccination programmes. However, the recovery remains uneven, not least because infection rates and vaccination levels differ between countries.

The global economic rebound, high commodity export prices and accommodative monetary policy have supported South Africa's gross domestic product (GDP) recovery. However, services activity, notably tourism related activity, remained depressed in the first half of the year.

The pace of economic recovery varies materially between African economies. The level of vaccinations has also been low across the continent, resulting in intermittent tightening of pandemic related restrictions. In keeping with longer term trends, though, the economies of East Africa, including Kenya, Uganda and Tanzania, are expected to deliver strong growth rates in 2021 and 2022.

In West Africa, Côte d'Ivoire and Ghana recorded positive growth rates in 2020, despite the pandemic, with robust growth projected in both these countries this year and next. In North Africa, the growth forecast for Morocco has been revised higher since last year, amidst better domestic consumption and investment spending. Although tourism receipts are set to lag, goods exports should benefit from stronger economic activity in Europe. In response to a weakened fiscal position, S&P Global Ratings downgraded its credit rating for Morocco to sub-investment grade at BB+, from BBB-, in April 2021.

In India, where a resurgence in COVID-19 infections during the second quarter of 2021 peaked at around 300 new infections per million people per day, real GDP contracted sharply in the second quarter of 2021, following a double-digit annualised bounce in the first quarter of the year. However, increased mobility due to easing restrictions should lead to a material rebound in growth in the third quarter.

### Equity and interest rate markets

Equity markets in most of the key markets where we operate recorded positive returns over the first six months of 2021 relative to the sharp declines in the first six months of 2020. This benefited asset-based income in most markets, with Morocco and Côte d'Ivoire in particular recording strong gains from higher investment return on insurance funds. Botswana was the only key market that recorded lower equity market returns over the period.

	<b>June 2021</b> year-to-date	<b>June 2020</b> year-to-date
<b>Equity markets – Increase/(decrease) in indices</b>		
South Africa All Share	<b>11,5%</b>	(4,8%)
South Africa Swix	<b>9,7%</b>	(7,9%)
MSCI World (in Rand)	<b>9,9%</b>	17,1%
India Sensex	<b>9,8%</b>	(15,4%)
Botswana All Share	<b>(3,7%)</b>	(4,5%)
Morocco All Share	<b>9,9%</b>	(16,5%)
Côte d'Ivoire BRVM COMP	<b>10,1%</b>	(14,7%)
United Kingdom FTSE 100	<b>8,9%</b>	(18,2%)

Investment return earned on the Group's capital portfolios benefited from higher equity market levels, but investment income was negatively impacted by lower dividend income and interest on cash balances as well as foreign currency movements.



Long-term interest rates increased relative to 31 December 2020 in most of the markets in which we operate. In South Africa the benchmark nine-year point used for most of our South African (GEV) valuations increased by 20 basis points, while the five-year point that is used for the Retail Mass embedded value increased by 90 basis points. Nigerian bond yields increased by 610 basis points relative to 31 December 2020.

Interest rates – Sanlam reference government bond yield	30 June 2021	31 December 2020	30 June 2020
South Africa (nine-year)	9,8%	9,6%	10,0%
South Africa (five-year)	7,6%	6,7%	7,6%
Namibia	8,9%	8,2%	8,7%
Botswana	7,5%	7,5%	7,0%
Morocco	2,3%	2,4%	2,8%
Côte d'Ivoire	5,8%	5,8%	5,8%
India	6,1%	6,1%	6,2%
Malaysia	3,4%	2,6%	3,0%
United Kingdom	1,1%	0,5%	0,5%
Nigeria	13,5%	7,4%	10,6%

### Foreign currency exchange rates

The South African rand strengthened against most of the currencies in the markets where we operate.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Malaysia
31/12/2020	20,08	14,69	1,36	0,20	1,65	0,02	3,64
30/06/2021	19,73	14,28	1,31	0,19	1,60	0,02	3,44
Strengthening	1,8%	2,8%	3,3%	4,1%	2,7%	1,2%	5,3%
Average first half 2020	20,79	16,46	1,44	0,22	1,70	0,03	3,90
Average first half 2021	20,17	14,52	1,34	0,20	1,63	0,02	3,55
Strengthening	2,9%	11,8%	7,4%	11,7%	4,1%	27,6%	9,0%

The GEV valuations of the non-South African operations were negatively impacted in general from the stronger rand at 30 June 2021 compared to 31 December 2020.

Foreign currency translation losses from the stronger rand exchange rate had a negative impact on net result from financial services of some 6%, largely from the SEM operations.

## Results commentary continued

## Group Equity Value

R million	GEV		RoGEV	
	June 2021	December 2020	GEV earnings	%
<b>Group operations</b>	<b>126 051</b>	123 881	5 101	4,1%
SA Retail Mass	10 638	10 596	411	3,9%
SA Retail Affluent	37 106	36 078	3 113	8,6%
Sanlam Corporate	6 189	5 604	457	8,2%
Sanlam Emerging Markets	35 124	35 323	186	0,5%
Sanlam Investment Group	19 391	19 003	608	3,2%
Santam	17 603	17 277	326	1,9%
<b>Covered business</b>	<b>59 745</b>	59 326	3 083	5,2%
Value of in-force business	44 986	44 212	2 961	6,7%
Adjusted net worth	14 759	15 114	122	0,8%
<b>Other operations</b>	<b>66 306</b>	64 555	2 018	3,1%
<b>Group operations</b>	<b>126 051</b>	123 881	5 101	4,1%
Discretionary capital and other	4 167	7 931	55	0,7%
<b>Group Equity Value</b>	<b>130 218</b>	131 812	5 156	3,9%
<i>Per share (cents)</i>	<b>5 848</b>	5 920	232	3,9%

GEV amounted to R130,2 billion or 5 848 cents per share at 30 June 2021. Including the dividend paid of 300 cents per share. RoGEV per share for the first six months of 2021 (not annualised) amounted to 3,9%, the combination of a 5,2% return on covered business and 2,9% on other Group operations. Adjusted RoGEV per share, which excludes the impact of actual investment return higher than the long-term assumptions, interest rate changes, other one-off effects not under management control, and currency exchange rate movements, amounted to 6,1%. This is lower than the 6,6% target for the first six months of 2021, largely due to the negative COVID-19 claims experience and the revaluation of Sanlam Life and Pensions in the UK.

## Analysis of RoGEV for the six months ended 30 June 2021

	Total		Covered		Non-covered	
GEV at 31 December 2020	131 812		59 326		72 486	
Expected return	5 819	4,4%	2 790	4,7%	3 029	4,2%
Value of new covered business	1 289	1,0%	1 289	2,2%	-	0,0%
Operating experience variances	1 121	0,9%	808	1,4%	313	0,4%
Operating assumption changes	129	0,1%	(64)	(0,1%)	193	0,3%
Return on listed businesses	1 181	0,9%	-	0,0%	1 181	1,6%
Return on net asset value	489	0,4%	483	0,8%	6	0,0%
Other earnings (incl expected currency movements)	117	0,0%	21	0,0%	96	0,1%
<b>Subtotal</b>	<b>10 145</b>	<b>7,7%</b>	<b>5 327</b>	<b>9,0%</b>	<b>4 818</b>	<b>6,6%</b>
Covid-19 risk claims experience	(1 314)	(1,0%)	(1 314)	(2,2%)	-	0,0%
Revaluation of UK operations	(681)	(0,5%)	(585)	(1,0%)	(96)	(0,1%)
<b>Adjusted RoGEV</b>	<b>8 150</b>	<b>6,2%</b>	<b>3 428</b>	<b>5,8%</b>	<b>4 722</b>	<b>6,5%</b>
Investment variances	805	0,6%	594	1,0%	211	0,3%
Economic assumption changes	(1 579)	(1,2%)	(661)	(1,1%)	(918)	(1,3%)
Foreign currency translation differences	(1 239)	(0,9%)	(117)	(0,2%)	(1 122)	(1,5%)
Santam return underperformance	(779)	(0,6%)	-	0,0%	(779)	(1,1%)
Other	(202)	(0,2%)	(161)	(0,3%)	(41)	0,0%
<b>Actual RoGEV</b>	<b>5 156</b>	<b>3,9%</b>	<b>3 083</b>	<b>5,2%</b>	<b>2 073</b>	<b>2,9%</b>

The covered business recorded a return of 5,2% for the first six months of 2021 (2020: negative 0,1%). The main components contributing to the return on covered business are:

- Expected return on covered business reflects the unwind of the discount rate over the period.
- VNB contributed strongly due to the growth in new life business volumes and improved margins.
- Operating experience variances for 2021 were almost R1 billion negative (2020: positive R425 million) mainly due to the impacts of COVID-19 on the following key items:
  - Risk experience was severely impacted by excess mortality as a result of COVID-19 in South Africa which resulted in negative experience of some R1,8 billion for the first six months 2021 relative to positive experience of R331 million in 2020.
  - Persistency experience variances improved to R452 million for the first six months of 2021 from negative R76 million in 2020. Persistency experience was better than expected across all the South African life insurance clusters and was particularly strong in the Retail Mass and Corporate businesses. Persistency experience in SEM was slightly negative.
  - Maintenance expense experience profits improved to R103 million from R84 million in 2020.
  - Working capital management experience profits declined from R220 million in 2020 to R198 million in 2021, in line with the lower short-term interest rates.
  - The narrowing of credit spreads relative to the first six months of 2020 resulted in positive credit spread variances of R179 million for the first six months of 2021 relative to the negative R319 million reported in 2020.
- Operating assumption changes were positive R403 million for the first six months of 2021, relative to negative R2 415 million in 2020 which was impacted by the COVID-19 related mass lapse assumption change.
  - The release of discretionary reserves against excess claims experience contributed R898 million (net of tax). The overall impact of reserve releases on the covered business embedded value was R467 million, as there was a negative impact of R431 million on the value of in-force business.
  - Modelling and other assumption changes amounted to R255 million (2020: negative R601 million) and is the aggregate of one-off expense assumption changes and other basis changes.
  - The negative persistency assumption change of R51 million relates largely to some adjustments across the SEM portfolio.
- Investment variances for the first six months of 2021 contributed 0,6%.

The non-covered businesses recorded a return of 2,9% for the first six months of 2021, relative to negative 7,3% in 2020 which was impacted by impairments to the SEM operations. Returns in 2021 were impacted by the negative valuation impacts from movements in bond yields and currency and a weaker contribution from Santam.

The main components contributing to the return on non-covered business are:

- Expected return on non-covered business reflects the unwind of the discount rate over the period.
- Operating experience variance reflects better than expected investment market performance and net fund flows in Sanlam Investments, improved maintenance expenses in SEM, as well as higher than expected net distributable capital in India, partly offset by general insurance premium income in India and lower lending income in SLS.
- Operating assumption changes reflects the improved valuations of listed and unlisted entities, better volumes in SPA GI and improved underwriting experience in Saham Re and Saham Assurance Maroc, partly offset by negative maintenance expense and lending income assumption changes.
- The negative contribution from economic assumption changes is largely due to increases in reference yields.
- The impact from the currency translation differences is due to the rand strengthening against most of the valuation currencies over the six months, particularly relative to the Moroccan dirham and Indian rupee.
- The contribution from operations valued at listed share prices largely reflects the investment return of the listed share prices of Santam and Nucleus.

# Results commentary continued

## Earnings

### Impact of COVID-19 on mortality claims

The most substantial impact on mortality claims related to the COVID-19 pandemic was recorded in the South African life insurance operations. The second wave of infections had a significant impact on mortality claims in SLS, as indicated in the Group's operational update for the first four months of 2021.

Mortality claims for the first six months of 2021 were R1,40 billion (gross of tax and net of reinsurance) above the long-term actuarial assumptions (net of annuity and disability offsets and expected risk profits). This negative claims experience was substantially offset by a release of discretionary reserves of R1,25 billion (gross of tax).

### Impact of higher mortality claims on SLS for the six months ended 30 June 2021 (net of reinsurance)

R million	Excess mortality*	Annuity and disability offsets	Excess claims (gross of tax)	Excess claims (net of tax)
<b>SLS</b>	<b>1 651</b>	<b>(251)</b>	<b>1 400</b>	<b>1 008</b>
Retail Mass	189	-	189	137
Retail Affluent	615	(167)	448	322
Corporate	847	(84)	763	549

\* Mortality claims above long-term actuarial assumptions net of expected risk profits.

The reported interim results include a limited impact from the third wave of COVID-19 in South Africa as the third wave mainly impacted the period after June 2021 as indicated above.

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

R million	2021	2020	△
<b>Net result from financial services</b>	<b>4 529</b>	3 898	16%
Sanlam Life and Savings	2 086	2 357	(11%)
Sanlam Emerging Markets	1 313	985	33%
Sanlam Investment Group	610	127	>100%
Santam	621	396	57%
Group office and other	(101)	33	(>100%)
Net investment return	247	(275)	>100%
Project expenses	(97)	(112)	13%
<b>Net operational earnings</b>	<b>4 679</b>	3 511	33%
Amortisation of intangible assets	(301)	(410)	27%
Profit on disposal of subsidiaries and associates	8	216	(96%)
Impairment reversals/(charges)	57	(7 647)	>100%
Net non-operational equity-accounted earnings and other	(7)	15	(>100%)
<b>Normalised attributable earnings</b>	<b>4 436</b>	(4 315)	>100%

**Net result from financial services** increased by 16% (22% in constant currency) relative to the first half of 2020. Weaker mortality experience in South Africa in the first half of 2021 (net of reserve releases), was offset by higher fee income from investment products due to relatively higher equity market levels, positive marked-to-market changes following contractions of credit spreads, lower levels of provisions for doubtful debts, improved return on insurance funds in the SPA GI portfolio and an improvement in Santam's contribution from a low base in 2020 which included provisions for CBI claims.

The Group targets a recovery of earnings back to pre-pandemic (2019) levels as soon as possible. Net result from financial services is 9% lower than the corresponding period in 2019, mainly due to the following:

- 2019 included positive risk claims experience, compared to slightly negative overall experience in 2021 due to the COVID-19 pandemic.
- A one-off tax credit in Sanlam Personal Loans in 2019.
- Significant third-party reserve releases in 2019 at Shriram General Insurance, which resulted in elevated 2019 earnings from that business.
- Currency translation differences which contributed positively to the 2019 earnings.
- Lower earnings contribution from the third-party asset management business as a result of lower performance fees and the disposal of a 25% stake in the business in 2020 to African Rainbow Capital Financial Services.
- The inclusion of profits from the Lebanon business in 2019. No earnings have been recognised from this business since 30 June 2020 given the prevailing operating environment in Lebanon.
- Lower interest earned on working capital at Santam, SLS and Sanlam Group due to significantly lower short-term interest rates in South Africa.

Excluding the impact of the above items, net result from financial services was 5% higher than the corresponding period in 2019.

**SLS** net result from financial services declined by 11% (including the release of discretionary reserves) compared to the first half of 2020, as a result of strong positive mortality experience in the prior period following the COVID-19 lockdown. Excluding the positive risk experience of R359 million (net of tax) in the prior period and the negative excess claims experience of R110 million (net of tax) not absorbed by discretionary reserve releases in the first half of 2021, net result from financial services was up by 10%. The investment market performance in the first six months of 2021 supported income earned by Glacier from products where it participates in the actual investment return earned on the underlying portfolio and fee income from other investment products due to a higher average level of assets under management. Lower provisions for doubtful debt supported the Sanlam Personal Loans (SPL) performance, which was partly offset by lower net interest income. The SPL net advances book declined by some 10% since the end of June 2020 commensurate with the more prudent approach followed for credit extensions under the current economic conditions.

#### SLS net result from financial services for the six months ended 30 June

R million	2021	2020	△
Retail Mass	542	776	(30%)
Retail Affluent	1 722	1 953	(12%)
Recurring premium business	667	1 241	(46%)
Glacier	923	661	40%
Sanlam Personal Loans and other	132	51	>100%
Corporate	(660)	468	(>100%)
Discretionary reserve release	1 247	-	-
<b>Gross result from financial services</b>	<b>2 851</b>	3 197	(11%)
Tax on gross result from financial services	(771)	(876)	12%
Non-controlling interest	6	36	(83%)
<b>Net result from financial services</b>	<b>2 086</b>	2 357	(11%)

## Results commentary continued

Retail Mass gross result from financial services declined by 30% (excluding reserve releases) due to higher claims experience across all businesses. Excess claims in Retail Mass for the six-month period amounted to R189 million, compared to positive experience of R167 million in 2020. Group schemes recorded significant declines in earnings and were much more severely impacted by the increase in mortality relative to the individual lines of business. The individual life business recorded 4% lower earnings as higher premium income, expense savings and positive investment variances were able to offset a large part of the impact of higher mortality claims. Higher new business strain as a result of improved volumes was also largely offset by the relative impact of support provided to advisers in the prior period which did not repeat. Earnings from the Capitec Bank funeral book declined by 10% over the period also due to higher claims experienced.

Retail Affluent gross result from financial services declined by 12% (excluding reserve releases). A significant decline in earnings from the risk business more than offset strong performances from Glacier and the savings business. Glacier's earnings improvement was driven by higher income from life investment products where the business shares in the actual return earned on the underlying portfolios. Glacier also benefited from higher mortality profits from annuities. Excess claims for the six-month period amounted to R448 million (net of reinsurance), compared to R71 million positive experience in 2020. Sanlam Personal Loans' earnings increased significantly due to R164 million lower bad debts relative to the prior period.

Corporate gross result from financial services declined substantially as the group risk business experienced significantly higher claims from the second and early part of the third waves of COVID-19. Earnings were also impacted by higher new business strain, lower working capital income due to lower interest rates and a one-off gain in the prior period relating to changes in the yield curve. While higher annuitant mortality positively impacted earnings, disability claims increased over the period. This resulted in a lower offsetting impact than recorded in the first wave of COVID-19. The business has implemented fair and actuarially sound repricing across its group risk schemes and client retention still remains within expectations. The benefits of this should emerge over the second half of the year. Excess claims for the six-month period amounted to R763 million (net of reinsurance), compared to R261 million positive experience in 2020. The health business continued to deliver a strong performance largely due to the pharma services business.



**SEM** net result from financial services increased by 33% (53% in constant currency) substantially due to an improved performance from the SPA GI portfolio. SPA GI earnings more than doubled due to positive investment return earned on insurance funds in the first six months of 2021 relative to the loss recorded in the prior period. SEM net result from financial services increased 47% excluding Lebanon (69% in constant currency).

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

R million	2021	2020	△
Southern Africa	777	1 024	(24%)
Life insurance	266	408	(35%)
General insurance	96	255	(62%)
Investment management	66	52	27%
Credit and structuring	304	256	19%
Other	45	53	(15%)
North and West Africa	1 439	50	>100%
Life insurance	160	84	90%
General insurance	1 394	74	>100%
Other	(115)	(108)	(6%)
East Africa	1	16	(94%)
Life insurance	-	17	-
General insurance	(2)	1	(>100%)
Investment management	20	16	25%
Other	(17)	(18)	6%
Other international	792	830	(4%)
India	745	753	(1%)
Life insurance	48	6	>100%
General insurance	190	386	(51%)
Credit and structuring	507	361	40%
Malaysia and other	47	77	(39%)
Corporate costs	(110)	(115)	4%
<b>Gross result from financial services</b>	<b>2 899</b>	<b>1 805</b>	<b>61%</b>
Life insurance	498	482	3%
General insurance	1 697	832	>100%
Investment management	85	68	25%
Credit and structuring	730	555	32%
Corporate costs and other	(111)	(132)	(16%)
Tax on gross result from financial services	(940)	(456)	>100%
Non-controlling interest	(646)	(364)	77%
<b>Net result from financial services</b>	<b>1 313</b>	<b>985</b>	<b>33%</b>

- Life insurance gross result from financial services was 3% higher, substantially due to improved earnings from SPA Life. SPA Life earnings were boosted by significantly higher earnings from North and West Africa, driven by the positive investment market performance in Morocco and Côte d'Ivoire, compared to negative performances in 2020. The Nigerian operations benefited from higher margins earned on savings and annuity business and the increased stake in FBN Insurance from the second half of 2020. Southern and East Africa earnings were lower, largely due to an increase in mortality claims related to COVID-19 in Namibia, Botswana, Malawi, Zambia and Tanzania. Shriram Life Insurance reported an increase in earnings despite new business strain from higher volumes of individual and group business and increased mortality claims from the second wave of COVID-19. Continued overall book growth is a key driver of the improved earnings.
- General insurance gross result from financial services more than doubled, largely due to the strong performance of SPA GI. The SPA GI portfolio recorded a net insurance margin of 20,6% for the first six months of 2021 relative to 3,6% in the prior period. This solid performance was driven by the improvement in the investment return on insurance funds to 15,5% (as a percentage of net earned premiums) from negative 2,5% in the prior period. The improvement in equity markets in Morocco and Côte d'Ivoire was a key driver of this performance. The net underwriting margin was satisfactory at 5,1% (6,1% for the prior period), albeit at the lower end of the 5% to 9% target range. The portfolio recorded some large claims in the specialist classes in May and June in Continental Re and some of the smaller businesses, reflecting the volatility inherent in general insurance business.

## Results commentary continued

The former Saham portfolio (excluding Lebanon) recorded a satisfactory 6,0% underwriting margin relative to 6,8% in the prior period. The underlying portfolio performance remains solid, with Saham Re recording a strong underwriting performance and Morocco's underwriting margin remaining at a similar level to the first six months of 2020 despite the stricter restriction of movement in 2020 relative to 2021. Côte d'Ivoire recorded an improved underwriting margin.

Progress was made in transitioning the asset mix mandate for the Moroccan general insurance funds (float) to a higher bond weighting, with lower equity and property exposure. The transition continues to balance market values and economic conditions to achieve optimal outcomes. The revised asset allocation strategy will support an above-hurdle return on capital at a lower level of expected volatility.

Shriram General Insurance's (SGI) earnings were lower than the first six months of 2020 as courts in India continue to operate at limited capacity, which impacts the ability to finalise claims. No prescribed premium increases on third-party business were granted by the regulator in 2020 and 2021 and so prudent reserves have been established which has negatively impacted the underwriting margin reported. SGI's net insurance result however remained satisfactory at 21,5% of net earned premiums. The general insurance operations in Malaysia recorded a slight reduction in earnings largely due to lower volumes. The business shifted its focus to direct and online distribution channels to augment agency sales.

- The credit businesses recorded a combined 32% increase in gross result from financial services largely due to lower impairment charges and improved disbursements and collections during the early part of the year.

**SIG's** contribution to net result from financial services increased significantly, largely due to a reversal in the marked-to-market losses on local and offshore listed bonds at Sanlam Specialised Finance (SanFin).

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

R million	2021	2020	△
Sanlam Investments (third party business)	276	288	(4%)
Wealth Management	123	101	22%
International	236	161	47%
Corporate services	(21)	(21)	-
<b>Investment management</b>	<b>614</b>	529	16%
Sanlam Specialised Finance	338	(328)	-
<b>Gross result from financial services</b>	<b>952</b>	201	-
Tax on gross result from financial services	(266)	(51)	-
Non-controlling interest	(76)	(23)	-
<b>Net result from financial services</b>	<b>610</b>	127	>100%

- Sanlam Investments (third-party business) reported a decline in gross result from financial services, primarily due to relatively lower performance fees in 2021. Excluding performance fees, gross result from financial services was up 5%.
- The Wealth Management business achieved growth of 22% in gross result from financial services, supported by performance fee income, a higher average level of assets under management and increased income from diversification initiatives. This offset a decline in retail brokerage income from the high base in 2020, which was elevated due to increased client activity as a result of market volatility in the second quarter of 2020.
- Gross result from financial services from the International business increased 47%, supported by an improved performance from Sanlam UK. Nucleus benefited from improved net fund inflows and higher average assets under administration. The wealth business recorded higher stockbroking and trading income.
- SanFin benefited from a substantial reversal in the marked-to-market losses on local and offshore listed bonds relative to the first six months of 2020. The preference share and equity businesses also recorded improved performances while lower credit loss provisions were raised relative to the prior period.

**Santam** recorded a satisfactory performance for the six-month period with the net result from financial services increasing by 57%. A net underwriting margin of 6,7% (2020: 4,3%) of net earned premiums for the conventional business was recorded, above the midpoint of the group's target range of 4% to 8%. A benign natural catastrophe claims environment positively impacted the underwriting results in the current period. This was offset to some extent by several large corporate fire claims. The motor class achieved a satisfactory underwriting performance in the intermediated and direct distribution channels. Following reduced lockdown restrictions in February 2021, claims frequency and severity increased and the motor loss ratio returned to more normalised levels. MiWay reported acceptable underwriting results for the period. Underwriting performance from the liability and crop classes improved while the engineering class was impacted by some large individual claims during the period. The underwriting performance of the property class normalised after the CBI claims in 2020, although it was negatively impacted by a number of large fire claims during 2021. No adjustments were made to the CBI claim estimates included in the December 2020 results. Investment return on insurance funds was lower during the period, following the low interest rate environment in South Africa and international markets. Shareholders are referred to Santam's interim results released on 2 September 2021 for more information on its performance.

**Group office and other** net result from financial services were negative R101 million relative to positive R33 million in the prior period. This is largely due to higher costs from new head office support functions as we position the Group to successfully implement the 2020 revised strategy, and lower interest on the dividend pool.

**Net operational earnings** of R4,7 billion increased by 33% (41% in constant currency), the combined effect of the 16% increase in net result from financial services and a positive net investment return of R247 million relative to a loss of R275 million in the prior period. The prior period investment return included a R760 million expected credit loss provision in Lebanon. Net investment return on capital benefited from the improvement in equity markets over the period but was also impacted by lower dividend income and interest earned on cash balances due to lower interest rates as well as foreign currency translation losses on capital held in the non-South African entities. Project expenses were 13% lower compared to the first six months of 2020 largely due to lower Saham rebranding costs and costs relating to COVID-19 support in Morocco in the prior period that did not recur.

**Normalised attributable earnings** improved from a loss of R4,3 billion in the first six months of 2020 to a profit of R4,4 billion in the first six months of 2021. The first six months of 2020 included impairments of R7,6 billion due to the lower valuation of some of the Group operations while a net impairment reversal of R57 million was recognised in 2021. This included an impairment reversal of R128 million in respect of Shriram Capital as a result of higher entity valuations, while the improvement in the Sanlam share price since December 2020 resulted in a partial impairment reversal of R329 million in respect of funding to the B-BBEE SPV in the first six months of 2021. An impairment of goodwill of R356 million was recognised in respect of the life business in the UK following the Group's decision to divest from the operations.

**Headline earnings and diluted headline earnings per share** increased by 3%. The difference in growth between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments, impairment reversals and the inclusion of fund transfers of negative R720 million (2020: positive R786 million) in headline earnings.

Fund transfers include:

- non-economic mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares;
- the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios;
- the consolidation of the B-BBEE SPV which results in the recognition of interest paid on funding in the SPV, marked-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV; and
- an adjustment of R329 million for the partial reversal of the R1,7 billion impairment recognised during 2020, due to an improvement in the Sanlam share price.

## Results commentary continued

### Business volumes

Business volumes for the six months ended 30 June

R million	New business			Net inflows		
	2021	2020	△	2021	2020	△
Sanlam Life and Savings	54 305	35 051	55%	6 209	8 758	(29%)
Sanlam Emerging Markets	22 674	21 890	4%	9 683	9 771	(1%)
Sanlam Investment Group	86 258	88 617	(3%)	17 064	10 755	59%
Santam	13 189	11 922	11%	4 858	4 129	18%
<b>Total</b>	<b>176 426</b>	157 480	12%	<b>37 814</b>	33 413	13%
Life insurance	35 686	23 740	50%	8 335	7 497	11%
Investment business	119 799	113 309	6%	21 750	18 239	19%
General insurance	20 941	20 431	2%	7 729	7 677	1%
<b>Total</b>	<b>176 426</b>	157 480	12%	<b>37 814</b>	33 413	13%

New business volumes increased by 12% (13% in constant currency). Life insurance new business volumes increased by 50%, investment business inflows increased by 6% and general insurance earned premiums increased by 2% (53%, 7% and 6% respectively in constant currency). In South Africa, a generally supportive environment from increased levels of savings and higher equity market levels resulted in strong new business growth.

SLS new business volumes for the six months ended 30 June

R million	2021	2020	△
Retail Mass	1 654	1 110	49%
Retail Affluent	44 622	29 180	53%
Recurring premium business	996	952	5%
Risk	555	563	(1%)
Savings	441	389	13%
Single premiums	43 626	28 228	55%
Life business	21 782	13 682	59%
Investment business	21 844	14 546	50%
Corporate	8 029	4 761	69%
Life business	4 144	2 596	60%
Investment business	3 885	2 165	79%
<b>New business volumes</b>	<b>54 305</b>	35 051	55%

Overall new business volumes at **SLS** increased by 55% in the first six months of 2021.

- Retail Mass new business sales grew by 49% from the first half of 2020, which included the period of the hard lockdown in South Africa that prevented face-to-face sales. The individual life business recorded growth of 28% while group business (including Safrican) sales more than doubled. The Capitec Bank funeral business continued its strong growth trajectory with sales increasing by 47%. Retail Mass sales were 29% above the first half of 2019, supported by the strong performances from Capitec and the group businesses. Individual life sales were marginally below 2019 levels.
- Retail Affluent new business sales grew by 53% with Glacier achieving strong sales across most product lines including international products, life annuities and preservation funds. Recurring premium risk sales reduced 1%, impacted by lower assistance and group risk sales in BrightRock. Individual risk sales from traditional intermediated channels showed an improvement against 2020 and were slightly below 2019. Sanlam Indie and MiWay Life continued their strong growth trajectories. Sales in these two businesses grew 50% and 24% respectively. Recurring premium savings sales increased by 13%, supported by strong growth in endowment products and premium increases on existing business.
- Corporate's new business volumes increased by 69% due to strong single premium growth in both life insurance and investment business. Quote activity in this segment is improving and trending towards pre-pandemic levels. Recurring premium risk business declined on 2020, but with good prospects for the second half of 2021.

**SEM** recorded overall new business growth of 4% (12% in constant currency) (including Lebanon in 2020), driven by strong life insurance volume growth in all regions. New business growth excluding Lebanon was 5% (14% in constant currency).

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

R million	2021	2020	△	Constant currency △
Southern Africa	11 759	10 078	17%	25%
North and West Africa	7 335	6 923	6%	14%
East Africa	1 627	2 647	(39%)	(28%)
Other international	1 953	2 242	(13%)	(2%)
<b>New business volumes</b>	<b>22 674</b>	21 890	4%	12%
<i>Life insurance</i>	<b>5 149</b>	3 838	34%	47%
<i>General insurance</i>	<b>7 752</b>	8 509	(9%)	0%
<i>Asset management</i>	<b>9 773</b>	9 543	2%	10%

- Life insurance new business volumes increased by 34% (47% in constant currency). SPA life insurance sales increased by 32% with all regions recording strong growth. The portfolio benefited from improved cross sell in the former Saham businesses. Botswana's performance was driven by group funeral and credit life business while in Namibia the entry level market continues to post good gains. In Nigeria volumes were boosted by the acquisition of the remaining 65% in FBN Insurance in the second half of 2020. Morocco recorded strong growth in group life and bancassurance sales. In East Africa volume growth was largely due to improved sales of pension and annuity business in Kenya. Life insurance volumes improved strongly in both India and Malaysia as the businesses benefited from diversification in distribution channels.
- General insurance new business volumes declined by 9% (in line with 2020 in constant currency). Excluding Lebanon from 2020, new business declined by 6% (up 3% in constant currency). SPA GI new business volumes declined by 3% but were 11% higher in local currency due to improved volumes in the motor and health business lines in Morocco, while Continental Re also recorded good growth. Solid growth was achieved despite the negative impacts of continued travel restrictions on the assistance business and the cancellation of loss-making schemes in the Côte d'Ivoire health business. India new business volumes declined substantially, impacted by lower sales into the credit businesses' client bases and the prescribed premium increases on third party business. Malaysia was impacted by the COVID-19 related lockdown in the country which affected vehicle sales.
- Asset management new business grew 2% (10% in constant currency) off a high base as further large mandates were awarded in Botswana and Namibia.

Net fund inflows at **SIG** improved by 59% to R17 billion for the period, despite 3% lower new business volumes than the first six months of 2020. Net fund inflows improved strongly in Sanlam Investments (the third-party business) in both retail and institutional funds, more than doubling to R16,8 billion. Satrix, Sanlam Multi-Manager and the retail implemented consulting initiative all recorded strong net inflows. Wealth Management net inflows were in line with the prior period while the International business recorded net outflows.

**Santam** achieved satisfactory gross written premium growth of 5% in the conventional insurance business (2% excluding the premium relief support provided to clients in 2020). Net earned premiums increased by 9% following the good growth achieved by Santam Specialist Business during the second half of 2020. The Santam Commercial and Personal intermediated business reported some positive growth (excluding premium relief support to policyholders in 2020) following new business acquisition and improved business retention rates. The Santam Specialist business experienced overall negative growth, mainly due to significantly lower gross written premiums in the corporate property business and the heavy haulage and travel businesses. The aviation and marine businesses returned to positive growth, whilst the engineering and liability businesses continued to report satisfactory growth. MiWay achieved excellent growth of 11% in the current operating environment (8% when excluding premium relief support to policyholders in 2020). Santam Re achieved strong growth in its third-party business, positively impacted by new business written during the reporting period. Gross written premiums from outside South Africa written on the Santam Limited and Santam Namibia Limited licences grew by 19%.

Overall **net fund inflows** of R37,8 billion were 13% higher than the comparable six-month period in 2020 (up 16% in constant currency) and 62% higher than 2019, despite the large mortality related outflows in SLS. The significant improvement in net inflows at SIG was the key driver of the improvement.

## Results commentary continued

### Value of new covered business

Net VNB increased by 94% (up 95% on a constant economic basis and 98% on a constant currency basis). VNB is also 37% higher than the first six months of 2019. VNB recorded strong improvements across the portfolio with SLS 96% higher and SEM 85% (105% in constant currency) higher than the first six months of 2020. SLS VNB was 36% above 2019 and SEM VNB 40% above 2019.

In SLS the Retail Mass VNB increased by 99%, Retail Affluent increased by 87% and Corporate VNB increased more than threefold. VNB for all businesses were above 2019 levels, driven by improved volumes and favourable product mix. In SEM strong improvements in VNB were reported across SPA Life as well as in India and Malaysia. North and West Africa posted a particularly strong improvement in VNB benefiting from higher volumes and an increase in the yield curve in Nigeria.

VNB margins were higher than 2020 and 2019 in all clusters, contributing to an overall margin of 2,82% (2,84% on a constant economic basis) for the six-month period relative to 2,06% for the prior period and 2,79% for the corresponding period in 2019.

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

R million	2021	2020	△
<b>Net value of new covered business</b>	<b>1 289</b>	666	94%
Sanlam Life and Savings	<b>1 043</b>	533	96%
SA Retail Mass	<b>339</b>	170	99%
SA Retail Affluent	<b>652</b>	348	87%
Sanlam Corporate	<b>52</b>	15	>100%
Sanlam Emerging Markets	<b>246</b>	133	85%
Southern Africa	<b>106</b>	90	18%
North and West Africa	<b>69</b>	13	>100%
East Africa	<b>(4)</b>	6	(>100%)
Other International	<b>75</b>	24	>100%
Gross of non-controlling interest	<b>1 445</b>	791	83%
<b>Net present value of new business premiums</b>	<b>45 672</b>	32 403	41%
Sanlam Life and Savings	<b>37 157</b>	25 627	45%
SA Retail Mass	<b>4 620</b>	3 350	38%
SA Retail Affluent	<b>27 392</b>	18 697	47%
Sanlam Corporate	<b>5 145</b>	3 580	44%
Sanlam Emerging Markets	<b>6 457</b>	5 151	25%
Southern Africa	<b>2 185</b>	1 821	20%
North and West Africa	<b>1 891</b>	1 313	44%
East Africa	<b>490</b>	415	18%
Other International	<b>1 891</b>	1 602	18%
Sanlam Investment Group	<b>2 058</b>	1 625	27%
Gross of non-controlling interest	<b>48 739</b>	34 868	40%
<b>Net new covered business margin</b>	<b>2,82%</b>	2,06%	
Sanlam Life and Savings	<b>2,81%</b>	2,08%	
SA Retail Mass	<b>7,34%</b>	5,07%	
SA Retail Affluent	<b>2,38%</b>	1,86%	
Sanlam Corporate	<b>1,01%</b>	0,42%	
Sanlam Emerging Markets	<b>3,81%</b>	2,58%	
Southern Africa	<b>4,85%</b>	4,94%	
North and West Africa	<b>3,65%</b>	0,99%	
East Africa	<b>(0,82%)</b>	1,45%	
Other International	<b>3,97%</b>	1,50%	
Gross of non-controlling interest	<b>2,96%</b>	2,27%	



## Capital and solvency

The Group remains well capitalised. The solvency position of the Group and the main operating entities has remained strong and comfortably within target ranges. The Sanlam Group solvency ratio was 175% at 30 June 2021 (31 December 2020: 186%) and the Sanlam Life solo solvency ratio was 232% at 30 June 2021 (31 December 2020: 257%). The reported Sanlam Group solvency position at 31 December 2020 of 191% has been restated to 186% to reflect the Prudential Authority's revised methodology in the treatment of certain Sanlam Emerging Markets entities in the calculation of Group solvency that was applied retrospectively. The primary driver of the change in solvency ratio relates to the reduction in own funds arising from the annual dividend payments and the increase in regulatory capital requirements due to higher prescribed equity stresses. These reductions were partially offset by the increase in own funds from the net unwind, operating profits and value of new business.

Discretionary capital reduced from R636 million at 31 December 2020 to R537 million at 30 June 2021. The reduction is mainly due to asset management related transactions in the UK of some R200 million and the acquisition of the remaining 49% interest in African Rainbow Life, partially offset by excess investment return on required capital in Sanlam Life.

The acquisition of Nucleus Financial Group plc (Nucleus) by James Hay Holdings Limited completed on 6 August 2021. Sanlam UK received £75 million from the transaction.

Sanlam Life redeemed a tranche of R1 billion subordinated debt notes (SLI4) on the first call maturity date on 16 August 2021. Sanlam Life issued new subordinated debt notes (SLI5, SLI6 and SLI7) totalling R2 billion on 16 August 2021. The new notes were assigned a credit rating of zaA+ by S&P Global Ratings.

# Contents

## 02

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# Accounting policies and basis of preparation

The preparation of the Group's reviewed condensed consolidated interim financial statements was supervised by the Group Finance Director, AM Mukhuba 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 for Sanlam Life Insurance Limited. There have been no material changes in the financial soundness valuation basis since 31 December 2020.

The accounting policies and basis of preparation for the IFRS condensed consolidated financial statements, which includes Shareholders' Information as segmental reporting, are in all material respects consistent with those applied in the 2020 annual report apart from the adoption of new IFRSs at the beginning of the 2021 financial year. The purpose of the Shareholders' Information is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the condensed consolidated financial statements prepared in terms of IFRS. The Group reports segments grouped according to the similarity of the solution offerings and market segmentations of the various businesses. As reflected in the 2020 annual report, these operating segments reported for IFRS 8 – Operating Segments purposes were updated. Consequently, the comparative Shareholders' Information has been adjusted to reflect these structural changes in the second half of 2020, where applicable.

The effects of the new IFRS' on the Sanlam Group are described below.

The following new or revised IFRSs and interpretations have been applied in the 2021 financial period:

*Interest rate benchmark reform – Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)*

In August 2020, the IASB published "phase 2" amendments introducing several changes applicable during the effective transition to the new benchmark interest rates. These amendments allow for changes in the contractual cash flows of financial instruments resulting from the Interbank Offered Rates (IBOR) reform to be treated as a simple reset of their variable interest rate, provided, however, that such changes are made on an economically equivalent basis. These amendments did not have a significant impact on these Interim Financial Statements.

On 5 March 2021, the Financial Conduct Authority (FCA) confirmed that the publication of 26 London Interbank Offered Rates (LIBOR) settings will cease immediately after:

- 31 December 2021 for all seven EUR LIBOR settings; all seven CHF LIBOR settings; the Spot Next, 1-week, 2-month, and 12-month JPY LIBOR settings; the overnight, 1-week, 2-month, and 12-month GBP LIBOR settings; and the 1-week and 2-month USD LIBOR settings.
- 30 June 2023 for the overnight and 12-month US dollar LIBOR settings.

The reform of IBOR rates in other currencies exposes the group to various risks which is closely monitored. These risks include in particular:

- Change management risks, including litigation and conduct linked to negotiations with market counterparties to amend existing contracts;
- Operational risks related to changes in the systems and processes;
- Economic risks in case of financial market disturbances linked to the various transitions induced by the IBOR reform;
- Financial risks in the case where the valuation of certain of the Group's financial assets may change; and
- Pricing risk where the changes to existing reference rates may impact the pricing mechanisms used by the Group on certain transactions.

## Accounting policies and basis of preparation continued

The table below provides an overview of IBOR related exposures by currency with post 31 December 2021 maturities, presented on the basis of their notional/nominal and carrying amounts:

June 2021 – Reviewed								
Financial instruments yet to transition to alternative benchmarks, by main benchmark								
R million	Notional/nominal value				Carrying value			
	USD LIBOR	GBP LIBOR	EURIBOR	Total	USD LIBOR	GBP LIBOR	EURIBOR	Total
Interest-bearing investments	1 773	497	944	3 214	1 617	495	942	3 054
Structured transactions								
Assets <sup>(1)</sup>	6 253	-	-	6 253	366	-	-	366
Liabilities <sup>(2)</sup>	2 812	-	339	3 151	(175)	-	(4)	(179)
	10 838	497	1 283	12 618	1 808	495	938	3 241

<sup>(1)</sup> Included in structured transaction assets are derivative financial instruments with notional values of R610 million and carrying values of R10 million respectively.

<sup>(2)</sup> Structured transaction liabilities only comprise of derivative financial instruments.

Sanlam Group continues to make progress on the transition from LIBOR to alternative reference rates by monitoring the developments closely. Bi-weekly meetings are conducted, together with close interaction with market participants. Each transaction that references an IBOR rate has been assigned to the relevant traders (“Front Office”). The Front Office, together with a legal representative, are engaging with the counterparties regarding changes to existing contracts that mature post 31 December 2021. In the case of derivatives, if alternative conversions are not agreed amongst parties, the ISDA Fallback Protocol mechanisms will apply at cessation of the relevant rates. However, where credit assets and derivative transactions are related, Sanlam will ensure consistency in respect of the applicable IBORs. Once the appropriate rates are determined, the Group ensures that the existing rates are replaced with the required new rates in the legal agreements.

The rate curves referencing the relevant newly established alternative reference rates will be set up on the respective valuation system and tested, in anticipation of transactions that may be entered into referencing these rates in the future. The global vendor supporting the valuation system has made significant progress in terms of the capability to handle the IBOR rate transition. Sanlam will leverage from their expertise to implement similar changes which will be completed towards the end of the 2021 financial year.

The possible replacement of **Johannesburg Interbank Average Rate (JIBAR)** of South Africa is still unclear. The South African Reserve Bank (SARB) is considering new overnight unsecured rates to replace JIBAR for which the implementation date is uncertain. In the interim the SARB is also looking at strengthening JIBAR by having more “live” and transparent pricing and improved reporting.

The following new or revised IFRSs and interpretations, effective in future years and not early adopted, may have an impact on future results:

- Effective 1 January 2022:
  - *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
  - *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 1)*
  - *Reference to the Conceptual Framework (Amendments to IFRS 3)*
  - *Annual Improvements to IFRS Standards 2018-2020, pertaining to IFRS 9 and IFRS 16.*
  - *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*
- Effective 1 January 2023:
  - *IFRS 17 – Insurance contracts*
  - *Classification of liabilities as current or non-current (Amendments to IAS 1)*
  - *Definition of Accounting Estimate (Amendments to IAS 8)*
  - *Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)*
  - *Amendments regarding deferred tax on leases and decommissioning obligations (Amendments to IAS 12)*

IFRS 17 – Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard will have a significant impact on the measurement, presentation and disclosure of the Group's insurance contracts and will commensurately result in a change in the Group's profit recognition profile compared to IFRS 4. The granular level of modelling and accounting required to meet the requirements of IFRS 17 will also have a significant impact on the underlying valuation models, systems and processes. The Group's assessment of the requirements of the standard against current data, processes and valuation models is complete, as well as the overall design of the future actuarial and financial reporting processes and architecture. Solution build activities are tracking in line with the Group-wide programme plan.

The Group does not expect the other amendments to standards issued by the IASB, but not yet effective, to have a material impact on the group.

## Use of estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the Group Statement of Financial Position and Statement of Comprehensive Income, as well as contingent liabilities. The accounting estimates and assumptions have been reviewed in line with the COVID-19 outbreak and included in considerations in the preparation of the interim consolidated financial statements. The major items subject to the application of estimates, assumptions and judgements include:

- Assessment of control or significant influence over investees;
- Impairment of goodwill and value of business acquired;
- The liability arising from claims under general insurance contracts;
- The fair value of unlisted investments;
- The valuation of policy liabilities;
- Impairment of financial assets, including measurement of ECL (expected credit losses) allowances for trade receivables;
- Classification of financial assets;
- Potential claims and contingencies;
- The consolidation of investment funds where the Group has less than a majority interest;
- Determining the lease term of contracts with renewal and termination options – Group as lessee;
- Leases – Estimating the incremental borrowing rate; and
- Deferred tax – Utilisation of historic losses.

Although estimates are based on management's best knowledge and judgement of current facts as at the Statement of Financial Position date, the actual outcome may differ from these estimates, possibly significantly. Refer to note 6 for further information on critical estimates and judgements and note 7 for information on contingencies.

## Hyperinflation

During the second half of 2020, Lebanon was included in the list of countries considered to be a hyperinflationary economy for accounting purposes. The inflation rate during 2021 continued to increase and as such, Lebanon continues to be a hyperinflationary economy and continues to be accounted for as such in the current interim results.

The application of hyperinflation accounting has been applied consistently with the principles outlined in the 2020 financial statements. Judgement was however applied in terms of the closing rate used in the translation of both the Statement of Comprehensive Income items and assets and liabilities of entities with LBP as functional currency as at 30 June 2021. Comparative results have however not been restated as the economy only entered into hyperinflation in the second half of 2020.

## External review

Appointed joint auditors, Ernst & Young Incorporated and KPMG Incorporated, reviewed the interim condensed financial statements and Shareholders' Information of the Group at 30 June 2021. 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 unmodified joint review reports of Ernst & Young Incorporated and KPMG Incorporated are presented on pages 24 and 75.

# 24 Independent auditors' review report on interim Shareholders' Information

To the shareholders of Sanlam Limited

## Introduction

We have reviewed the Interim Shareholders' Information ("interim financial information") of Sanlam Limited for the six months ended 30 June 2021, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Analysis of Group Equity Value earnings, Analysis of Shareholders' Fund at net asset value, Shareholders' Fund Income Statement, Net Result from Financial Services, Notes to the Shareholders' Fund Information as set out on pages 26 to 73, the basis of accounting set out on pages 21 to 23 and the Restatement note 13.2 on pages 101 to 103.

## 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 21 to 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 21 to 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 financial information for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with the basis of accounting set out on pages 21 to 23.



## Emphasis of Matter – Basis of accounting

We draw attention to pages 21 to 23 of the interim financial information which describes the basis of accounting. The Interim Shareholders' Information is prepared to provide additional information in respect of the Sanlam Limited's shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group and allocation of resources. As a result, the interim financial information may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

## Other Matter

Sanlam Limited has prepared a separate set of condensed consolidated interim financial statements for the six-months ended 30 June 2021, in accordance with International Financial Reporting Standards (IAS) 34 *Interim Financial Reporting*, which represents the primary set of condensed consolidated interim financial statements prepared to meet the requirements of the Companies Act of South Africa and on which we issued a separate review report to the shareholders of Sanlam Limited, dated 8 September 2021.

*Ernst & Young Inc.*

**Ernst & Young Inc.**

Director: Christo du Toit

Registered Auditor Chartered Accountant CA(SA)

No. 3 Dock Road Waterway House

V&A Waterfront

Cape Town

8 September 2021

*KPMG Inc.*

**KPMG Inc.**

Director: Pierre Fourie

Registered Auditor Chartered Accountant CA(SA)

KPMG Crescent

85 Empire Road

Parktown

8 September 2021

# Group Equity Value

at 30 June

R million	Note	Group Equity Value		Value of in-force/ Fair value adjustment	
		June Reviewed	December Audited	June Reviewed	December Audited
		2021	2020	2021	2020
Sanlam Life and Savings		53 933	52 278	44 934	43 137
Covered business <sup>(1)</sup>	6.1	48 911	47 597	42 159	40 619
SA Retail Affluent		33 031	32 043	29 366	28 024
SA Retail Mass		10 638	10 596	9 710	9 696
Sanlam Corporate		5 242	4 958	3 083	2 899
Other operations		5 022	4 681	2 775	2 518
SA Retail Affluent		4 075	4 035	2 876	2 847
<i>Glacier</i>		2 684	2 553	2 284	2 139
<i>Sanlam Personal Loans</i>		1 078	1 119	364	414
<i>Other operations</i>		313	363	228	294
Sanlam Corporate: Health		947	646	(101)	(329)
Sanlam Emerging Markets		35 124	35 323	6 121	5 381
Covered business	6.2	8 266	8 638	3 717	3 775
Saham		1 323	1 548	29	92
Namibia		2 118	2 063	1 597	1 546
Botswana		1 445	1 588	1 146	1 216
Other African operations		1 447	1 594	223	175
India		1 045	1 002	427	393
Malaysia		888	843	295	353
Other operations		26 858	26 685	2 404	1 606
Saham		15 648	15 827	2 707	2 241
India		9 472	8 954	402	191
Other operations		1 738	1 904	(705)	(826)
Sanlam Investment Group		19 391	19 003	9 362	9 337
Covered business	6.3	2 568	3 091	(890)	(182)
Sanlam UK		754	1 425	-	656
Central Credit Manager <sup>(1)</sup>		1 814	1 666	(890)	(838)
Other operations		16 823	15 912	10 252	9 519
Sanlam Investments		3 669 <sup>(2)</sup>	2 949 <sup>(2)</sup>	2 454	1 639
Wealth Management		2 731	2 588	2 475	2 331
International		8 897	8 928	3 946	4 190
Sanlam Specialised Finance		1 526	1 447	1 377	1 359
Santam		17 603	17 277	10 806	10 923
Discretionary capital		537	636	-	-
Other capital		6 206	9 782	-	-
Present value of holding company expenses	9	(2 576)	(2 487)	(2 576)	(2 487)
<b>Group Equity Value</b>		<b>130 218</b>	<b>131 812</b>	<b>68 647</b>	<b>66 291</b>
Covered business	2	59 745	59 326	44 986	44 212
Other operations	4	66 306	64 555	26 237	24 566
Group operations		126 051	123 881	71 223	68 778
Discretionary and other capital		4 167	7 931	(2 576)	(2 487)
<b>Group Equity Value</b>		<b>130 218</b>	<b>131 812</b>	<b>68 647</b>	<b>66 291</b>
<b>Value per share</b>	8	<b>58,48</b>	59,20		

<sup>(1)</sup> Excludes subordinated debt funding of Sanlam Life.

<sup>(2)</sup> Include Sanlam share (75%) of the third party asset management business of R4 043 million (31 December 2020: R3 379 million).

<i>Adjusted net asset value</i>		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
<i>June Reviewed</i>	<i>December Audited</i>	<i>June Reviewed</i>	<i>December Audited</i>	<i>June Reviewed</i>	<i>December Audited</i>
<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
8 999	9 141	(1 199)	(1 240)	10 198	10 381
6 752	6 978	(1 199)	(1 240)	7 951	8 218
3 665	4 019	(652)	(681)	4 317	4 700
928	900	(368)	(371)	1 296	1 271
2 159	2 059	(179)	(188)	2 338	2 247
2 247	2 163	-	-	2 247	2 163
1 199	1 188	-	-	1 199	1 188
400	414	-	-	400	414
714	705	-	-	714	705
85	69	-	-	85	69
1 048	975	-	-	1 048	975
29 003	29 942	(2 992)	(3 154)	31 995	33 096
4 549	4 863	(2 992)	(3 154)	7 541	8 017
1 294	1 456	(1 699)	(1 774)	2 993	3 230
521	517	-	-	521	517
299	372	(2)	(2)	301	374
1 224	1 419	(680)	(744)	1 904	2 163
618	609	(289)	(302)	907	911
593	490	(322)	(332)	915	822
24 454	25 079	-	-	24 454	25 079
12 941	13 586	-	-	12 941	13 586
9 070	8 763	-	-	9 070	8 763
2 443	2 730	-	-	2 443	2 730
10 029	9 666	-	(356)	10 029	10 022
3 458	3 273	-	(356)	3 458	3 629
754	769	-	(356)	754	1 125
2 704	2 504	-	-	2 704	2 504
6 571	6 393	-	-	6 571	6 393
1 215	1 310	-	-	1 215	1 310
256	257	-	-	256	257
4 951	4 738	-	-	4 951	4 738
149	88	-	-	149	88
6 797	6 354	-	-	6 797	6 354
537	636	-	-	537	636
6 206	9 782	(1 197)	(1 197)	7 403	10 979
-	-	-	-	-	-
61 571	65 521	(5 388)	(5 947)	66 959	71 468
14 759	15 114	(4 191)	(4 750)	18 950	19 864
40 069	39 989	-	-	40 069	39 989
54 828	55 103	(4 191)	(4 750)	59 019	59 853
6 743	10 418	(1 197)	(1 197)	7 940	11 615
61 571	65 521	(5 388)	(5 947)	66 959	71 468
				30,07	32,10

## Analysis of Group Equity Value per line of business at 30 June

R million	Total		Life Business		General Insurance	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2021	2020	2021	2020	2021	2020
Southern Africa	91 592	92 374	54 734	53 387	18 348	17 934
South Africa	83 714	84 590	50 725	49 263	17 603	17 277
Other	7 878	7 784	4 009	4 124	745	657
North and West Africa	16 112	16 639	1 836	2 068	15 610	15 871
East Africa	1 134	1 170	495	607	666	654
Other International	21 380	21 629	2 680	3 264	2 484	2 434
<b>Total</b>	<b>130 218</b>	<b>131 812</b>	<b>59 745</b>	<b>59 326</b>	<b>37 108</b>	<b>36 893</b>

  

R million	Investment Management		Credit & Structuring		Administration, Health and Other	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2021	2020	2021	2020	2021	2020
Southern Africa	7 542	6 576	4 095	3 926	6 873	10 551
South Africa	6 835	5 881	2 074	2 090	6 477	10 079
Other	707	695	2 021	1 836	396	472
North and West Africa	-	-	-	-	(1 334)	(1 300)
East Africa	157	161	-	-	(184)	(252)
Other International	8 992	9 060	7 224	6 794	-	77
<b>Total</b>	<b>16 691</b>	<b>15 797</b>	<b>11 319</b>	<b>10 720</b>	<b>5 355</b>	<b>9 076</b>

# Change in Group Equity Value

at 30 June 2021 (reviewed)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period
Sanlam Life and Savings	52 278	3 981	(341)	(1 985)	53 933
Covered business	47 597	3 486	(341)	(1 831)	48 911
SA Retail Affluent <sup>(1)</sup>	32 043	2 950	(448)	(1 514)	33 031
SA Retail Mass	10 596	411	54	(423)	10 638
Sanlam Corporate	4 958	125	53	106	5 242
Other operations	4 681	495	-	(154)	5 022
SA Retail Affluent	4 035	163	-	(123)	4 075
<i>Glacier</i>	2 553	222	-	(91)	2 684
<i>Sanlam Personal Loans</i>	1 119	13	-	(54)	1 078
<i>Other operations</i>	363	(72)	-	22	313
Sanlam Corporate: Health	646	332	-	(31)	947
Sanlam Emerging Markets	35 323	186	318	(703)	35 124
Covered business	8 638	123	(239)	(256)	8 266
Saham	1 548	(58)	(134)	(33)	1 323
Namibia	2 063	110	(21)	(34)	2 118
Botswana	1 588	(11)	(58)	(74)	1 445
Other African operations	1 594	65	(144)	(68)	1 447
India	1 002	67	16	(40)	1 045
Malaysia	843	(50)	102	(7)	888
Other operations	26 685	63	557	(447)	26 858
Saham	15 827	(246)	178	(111)	15 648
India	8 954	477	(7)	48	9 472
Other operations	1 904	(168)	386	(384)	1 738
Sanlam Investment Group	19 003	608	354	(574)	19 391
Covered business	3 091	(526)	143	(140)	2 568
Sanlam UK	1 425	(655)	(2)	(14)	754
Central Credit Manager	1 666	129	145	(126)	1 814
Other operations	15 912	1 134	211	(434)	16 823
Sanlam Investments	2 949	893	-	(173)	3 669
Wealth Management	2 588	213	3	(73)	2 731
International	8 928	(187)	208	(52)	8 897
Sanlam Specialised Finance	1 447	215	-	(136)	1 526
Santam	17 277	326	-	-	17 603
Discretionary capital	636	(47)	(52)	-	537
Other capital	9 782	191	2 848	(6 615)	6 206
Present value of holding company expenses	(2 487)	(89)	-	-	(2 576)
Elimination of intergroup dividends	-	-	(3 262)	3 262	-
<b>Group Equity Value</b>	<b>131 812</b>	<b>5 156</b>	<b>(135)</b>	<b>(6 615)</b>	<b>130 218</b>
Covered business	59 326	3 083	(437)	(2 227)	59 745
Other operations	64 555	2 018	768	(1 035)	66 306
Group operations	123 881	5 101	331	(3 262)	126 051
Discretionary and other capital	7 931	55	2 796	(6 615)	4 167
Elimination of intergroup dividends	-	-	(3 262)	3 262	-
<b>Group Equity Value</b>	<b>131 812</b>	<b>5 156</b>	<b>(135)</b>	<b>(6 615)</b>	<b>130 218</b>

<sup>(1)</sup> The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in Change in Group Equity value, but shown separately in the detailed information as reported in Note 6.1 on page 55.

# Change in Group Equity Value

at 30 June 2020 (reviewed)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period
Sanlam Life and Savings	53 061	(427)	(361)	(2 169)	50 104
Covered business	48 306	290	(363)	(2 184)	46 049
SA Retail Affluent	32 894	(267)	(275)	(1 339)	31 013
SA Retail Mass	10 076	511	(49)	(555)	9 983
Sanlam Corporate	5 336	46	(39)	(290)	5 053
Other operations	4 755	(717)	2	15	4 055
SA Retail Affluent	4 171	(646)	-	7	3 532
<i>Glacier</i>	2 501	(351)	-	(94)	2 056
<i>Sanlam Personal Loans</i>	1 320	(243)	-	84	1 161
<i>Other operations</i>	350	(52)	-	17	315
Sanlam Corporate: Health	584	(71)	2	8	523
Sanlam Emerging Markets	40 731	(2 692)	257	(898)	37 398
Covered business	8 794	(256)	892	(216)	9 214
Saham	2 306	(406)	(93)	72	1 879
Namibia	1 997	66	(16)	(72)	1 975
Botswana	1 575	245	63	(138)	1 745
Other African operations	1 293	(519)	953	(65)	1 662
India	935	166	(5)	(6)	1 090
Malaysia	688	192	(10)	(7)	863
Other operations	31 937	(2 436)	(635)	(682)	28 184
Saham	19 400	(1 953)	146	(548)	17 045
India	9 282	(875)	-	181	8 588
Other operations	3 255	392	(781)	(315)	2 551
Sanlam Investment Group	20 050	(1 913)	84	51	18 272
Covered business	3 056	(117)	(27)	197	3 109
Sanlam UK	1 374	164	18	(14)	1 542
Central Credit Manager	1 682	(281)	(45)	211	1 567
Other operations	16 994	(1 796)	111	(146)	15 163
Sanlam Investments	5 058	(801)	41	(97)	4 201
Wealth Management	2 275	(300)	-	(72)	1 903
International	7 997	(481)	70	(96)	7 490
Sanlam Specialised Finance	1 664	(214)	-	119	1 569
Santam	19 675	(1 015)	-	(487)	18 173
Discretionary capital	220	6	38	-	264
Other capital	11 504	(6)	3 018	(7 365)	7 151
Present value of holding company expenses	(1 970)	(77)	-	-	(2 047)
Elimination of intergroup dividends	-	-	(3 503)	3 503	-
<b>Group Equity Value</b>	<b>143 271</b>	<b>(6 124)</b>	<b>(467)</b>	<b>(7 365)</b>	<b>129 315</b>
Covered business	60 156	(83)	502	(2 203)	58 372
Other operations	73 361	(5 964)	(522)	(1 300)	65 575
Group operations	133 517	(6 047)	(20)	(3 503)	123 947
Discretionary and other capital	9 754	(77)	3 056	(7 365)	5 368
Elimination of intergroup dividends	-	-	(3 503)	3 503	-
<b>Group Equity Value</b>	<b>143 271</b>	<b>(6 124)</b>	<b>(467)</b>	<b>(7 365)</b>	<b>129 315</b>

# Return on Group Equity Value

at 30 June (reviewed)

%	Six months reviewed		Twelve months audited
	June 2021	June 2020	December 2020
Sanlam Life and Savings	7,6	(0,8)	7,6
Covered business	7,3	0,6	8,3
SA Retail Affluent <sup>(1)</sup>	9,2	(0,8)	8,1
SA Retail Mass	3,9	5,1	11,6
Sanlam Corporate	2,5	0,9	3,4
Other operations	10,6	(15,1)	0,3
SA Retail Affluent	4,0	(15,5)	(2,2)
<i>Glacier</i>	8,7	(14,0)	8,3
<i>Sanlam Personal Loans</i>	1,2	(18,4)	(24,7)
<i>Other operations</i>	(19,8)	(14,9)	8,9
Sanlam Corporate: Health	51,4	(12,2)	18,1
Sanlam Emerging Markets	0,5	(6,6)	(10,2)
Covered business	1,4	(2,9)	(5,2)
Saham	(3,7)	(18,8)	(31,3)
Namibia	5,3	3,3	13,1
Botswana	(0,7)	15,6	13,5
Other African operations	4,1	(37,6)	(27,6)
India	6,7	17,8	9,5
Malaysia	(5,9)	27,9	19,0
Other operations	0,2	(7,6)	(11,6)
Saham	(1,6)	(10,0)	(16,3)
India	5,3	(9,4)	(3,3)
Other operations	(8,8)	12,6	(6,3)
Sanlam Investment Group	3,2	(9,5)	-
Covered business	(17,0)	(3,8)	4,5
Sanlam UK	(46,0)	12,0	3,7
Central Credit Manager	7,7	(16,8)	5,2
Other operations	7,1	(10,5)	(0,8)
Sanlam Investments	30,3	(15,7)	(23,3)
Wealth Management	8,2	(13,2)	19,8
International	(2,1)	(6,0)	10,2
Sanlam Specialised Finance	14,9	(12,9)	(13,6)
Santam	1,9	(5,2)	(9,7)
Discretionary capital and other	0,7	(0,8)	(18,8)
<b>Group Equity Value</b>	<b>3,9</b>	<b>(4,3)</b>	<b>(2,7)</b>
Covered business	5,2	(0,1)	6,2
Other operations	3,1	(8,1)	(7,8)
Group operations	4,1	(4,5)	(1,5)
Discretionary and other capital	0,7	(0,8)	(18,8)
<b>Group Equity Value</b>	<b>3,9</b>	<b>(4,3)</b>	<b>(2,7)</b>
<b>RoGEV per share</b>	<b>3,9</b>	<b>(4,6)</b>	<b>(2,8)</b>
<i>Sanlam Group hurdle rate</i>	<b>6,6</b>	6,4	13,3

<sup>(1)</sup> The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in Return on Group Equity value, but shown separately in the detailed information as reported in Note 6.1 on page 55.

# 32 Analysis of Group Equity Value Earnings

at 30 June

Covered business<sup>(1)</sup>

R million	Total		Value of in-force	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
<b>Operational earnings</b>	<b>3 509</b>	1 454	<b>1 441</b>	(815)
Value of new life insurance business <sup>(2)</sup>	<b>1 289</b>	666	<b>2 895</b>	2 190
Unwinding of discount rate	<b>2 790</b>	2 778	<b>2 682</b>	2 671
Expected profit	-	-	<b>(3 967)</b>	(4 021)
Operating experience variances	<b>(973)</b>	425	<b>457</b>	425
Risk experience	<b>(1 781)</b>	331	<b>(118)</b>	109
Persistency	<b>452</b>	(76)	<b>610</b>	113
Maintenance expenses	<b>103</b>	84	<b>1</b>	12
Working capital management	<b>198</b>	220	<b>(2)</b>	-
Credit spread	<b>179</b>	(319)	<b>-</b>	-
Other	<b>(124)</b>	185	<b>(34)</b>	191
Operating assumption changes	<b>403</b>	(2 415)	<b>(626)</b>	(2 080)
Risk experience	<b>78</b>	(6)	<b>(351)</b>	(11)
Persistency	<b>(51)</b>	(1 555)	<b>(23)</b>	(1 529)
Maintenance expenses	<b>121</b>	(253)	<b>85</b>	(228)
Modelling changes and other	<b>255</b>	(601)	<b>(337)</b>	(312)
<b>Net investment return</b>	<b>122</b>	596	<b>-</b>	-
Expected return on adjusted net asset value	<b>483</b>	487	<b>-</b>	-
Investment variances on adjusted net asset value	<b>(361)</b>	109	<b>-</b>	-
<b>Valuation and economic basis</b>	<b>177</b>	(1 385)	<b>16</b>	(1 269)
Investment variances on in-force business	<b>955</b>	(1 569)	<b>893</b>	(1 502)
Economic assumption changes	<b>(661)</b>	(332)	<b>(723)</b>	(396)
Investment yields	<b>(657)</b>	(350)	<b>(722)</b>	(406)
Long-term asset mix assumptions and other	<b>(4)</b>	18	<b>(1)</b>	10
Foreign currency translation differences	<b>(117)</b>	516	<b>(154)</b>	629
<b>Change in tax basis</b>	<b>(77)</b>	(24)	<b>(75)</b>	(23)
<b>Net project expenses</b>	<b>(2)</b>	(19)	<b>-</b>	-
<b>Revaluation of business held for sale</b>	<b>(585)</b>	-	<b>(754)</b>	-
<b>Loss on change in ownership</b>	<b>(61)</b>	-	<b>-</b>	-
<b>Goodwill and VOBA from business combinations</b>	<b>-</b>	(705)	<b>-</b>	(705)
<b>GEV earnings: covered business</b>	<b>3 083</b>	(83)	<b>628</b>	(2 812)
Acquired value of in-force	<b>80</b>	941	<b>9</b>	852
Transfers from/(to) other Group operations	<b>77</b>	(146)	<b>(30)</b>	(146)
Transfers from covered business	<b>(2 821)</b>	(2 496)	<b>-</b>	-
<b>Embedded value of covered business at the beginning of the period</b>	<b>59 326</b>	60 156	<b>47 887</b>	48 630
<b>Embedded value of covered business at the end of the period</b>	<b>59 745</b>	58 372	<b>48 494</b>	46 524

<sup>(1)</sup> Refer to note 6 for an analysis per cluster.

<sup>(2)</sup> Refer to note 1 for further information.

Covered business per cluster at 30 June

R million	Total		Value of in-force	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
Sanlam Life and Savings	<b>48 911</b>	46 049	<b>44 013</b>	40 906
Sanlam Emerging Markets	<b>8 266</b>	9 214	<b>4 460</b>	4 926
Sanlam Investment Group	<b>2 568</b>	3 109	<b>21</b>	692
<b>Sanlam Group</b>	<b>59 745</b>	58 372	<b>48 494</b>	46 524



Cost of capital		Adjusted net asset value		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
(33)	(29)	2 101	2 298	5 428
(131)	(108)	(1 475)	(1 416)	1 921
108	107	-	-	5 576
-	-	3 967	4 021	-
(44)	(20)	(1 386)	20	367
(17)	(4)	(1 646)	226	(125)
(18)	(12)	(140)	(177)	157
1	(2)	101	74	67
-	-	200	220	457
-	-	179	(319)	129
(10)	(2)	(80)	(4)	(318)
34	(8)	995	(327)	(2 436)
1	-	428	5	438
6	7	(34)	(33)	(1 856)
(1)	3	37	(28)	(353)
28	(18)	564	(271)	(665)
-	-	122	596	184
-	-	483	487	1 006
-	-	(361)	109	(822)
35	(21)	126	(95)	(1 279)
(25)	20	87	(87)	(1 599)
23	72	39	(8)	125
27	64	38	(8)	104
(4)	8	1	-	21
37	(113)	-	-	195
(2)	(1)	-	-	19
-	-	(2)	(19)	(18)
169	-	-	-	-
-	-	(61)	-	-
-	-	-	-	(610)
169	(51)	2 286	2 780	3 724
(2)	(92)	73	181	907
-	-	107	-	(146)
-	-	(2 821)	(2 496)	(5 315)
(3 675)	(3 451)	15 114	14 977	60 156
(3 508)	(3 594)	14 759	15 442	59 326

Cost of capital		Adjusted net asset value		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
(1 854)	(1 819)	6 752	6 962	47 597
(743)	(859)	4 549	5 147	8 638
(911)	(916)	3 458	3 333	3 091
(3 508)	(3 594)	14 759	15 442	59 326

## Analysis of Group Equity Value Earnings continued

### Other operations

R million	Total		Sanlam Life and Savings	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
Earnings from operations valued at listed share prices	395	(1 036)	-	-
Earnings from operations valued at net asset value	6	278	-	-
Earnings from operations valued based on discounted cash flows	1 617	(5 206)	495	(717)
Unwinding of discount rate	3 029	3 509	436	431
Operating experience and investment variances <sup>(1)</sup>	531	(6 902)	(138)	(634)
General insurance	115	(2 974)	-	-
Investment management	282	(2 613)	-	-
Credit and banking	197	(879)	(59)	(195)
Administration, health and other	(63)	(436)	(79)	(439)
Operating assumption changes <sup>(2)</sup>	97	(4 695)	265	2
General insurance	(385)	(2 999)	-	-
Investment management	45	863	-	-
Credit and banking	155	(2 656)	(20)	(99)
Administration, health and other	282	97	285	101
Economic assumption changes	(918)	(4 011)	(68)	(516)
Foreign currency translation differences	(1 122)	6 893	-	-
<b>GEV earnings: other operations</b>	<b>2 018</b>	<b>(5 964)</b>	<b>495</b>	<b>(717)</b>

R million	Total		Sanlam Life and Savings	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
<sup>(1)</sup> Operating experience and investment variances	531	(6 902)	(138)	(634)
General insurance business	(43)	(3 227)	-	-
Risk experience	26	(3 007)	-	-
Premium income	(69)	(220)	-	-
Investment return and net fund flows	280	(2 709)	-	-
Credit business	(66)	(456)	(73)	(199)
Income	(72)	(425)	(73)	(199)
Bad debts	6	(31)	-	-
Maintenance expenses	92	8	-	-
Other	268	(518)	(65)	(435)
<sup>(2)</sup> Operating assumption changes	97	(4 695)	265	2
General insurance business	416	270	-	-
Risk experience	236	270	-	-
Premium income	180	-	-	-
Net fund flows	(198)	(402)	31	(70)
Credit business	(162)	(2 723)	(25)	(22)
Income	(252)	(2 652)	(25)	70
Bad debts	90	(71)	-	(92)
Maintenance expenses	(398)	138	(143)	167
Other	439	(1 978)	402	(73)

Sanlam Emerging Markets		Sanlam Investment Group		Santam		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
-	-	69	(21)	326	(1 015)	(1 798)
(83)	329	89	(51)	-	-	(5)
146	(2 765)	976	(1 724)	-	-	(3 885)
1 687	2 052	906	1 026	-	-	6 231
408	(3 640)	261	(2 628)	-	-	(5 168)
115	(2 974)	-	-	-	-	(1 429)
21	15	261	(2 628)	-	-	(2 725)
256	(684)	-	-	-	-	(393)
16	3	-	-	-	-	(621)
(239)	(5 582)	71	885	-	-	(8 604)
(385)	(2 999)	-	-	-	-	(5 029)
(26)	(22)	71	885	-	-	(825)
175	(2 557)	-	-	-	-	(2 861)
(3)	(4)	-	-	-	-	111
(771)	(1 182)	(79)	(2 313)	-	-	2 215
(939)	5 587	(183)	1 306	-	-	1 441
63	(2 436)	1 134	(1 796)	326	(1 015)	(5 688)

Sanlam Emerging Markets		Sanlam Investment Group	
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
408	(3 640)	261	(2 628)
(43)	(3 227)	-	-
26	(3 007)	-	-
(69)	(220)	-	-
62	(111)	218	(2 598)
7	(257)	-	-
1	(226)	-	-
6	(31)	-	-
92	8	-	-
290	(53)	43	(30)
(239)	(5 582)	71	885
416	270	-	-
236	270	-	-
180	-	-	-
(1)	(76)	(228)	(256)
(137)	(2 701)	-	-
(227)	(2 722)	-	-
90	21	-	-
(412)	(807)	157	778
(105)	(2 268)	142	363

## Analysis of Group Equity Value Earnings continued

### Discretionary and other capital

R million	Total		December Audited 2020
	June Reviewed 2021	June Reviewed 2020	
Investment return and other <sup>(1)</sup>	324	13	(1 561)
Corporate expenses	(190)	(44)	(603)
Net corporate expenses	(101)	33	(86)
Change in present value of holding company expenses	(89)	(77)	(517)
Share-based payment transactions	(79)	(46)	254
<b>GEV earnings: discretionary and other capital</b>	<b>55</b>	<b>(77)</b>	<b>(1 910)</b>

<sup>(1)</sup> Includes an impairment reversal of R329 million (December 2020: R1,7 billion impairment). Refer to note 6.5 on page 72.

## Reconciliation of Group Equity Value earnings

R million	June Reviewed <b>2021</b>	June Reviewed <b>2020</b>	December Audited <b>2020</b>
Earnings (excluding fund transfers)	<b>2 313</b>	3 215	2 572
Normalised attributable earnings	<b>4 436</b>	(4 315)	(694)
Earnings recognised directly in equity			
Foreign currency translation differences	<b>(1 864)</b>	7 768	2 813
Net cost of treasury shares delivered	<b>(341)</b>	(217)	(578)
Share-based payments	<b>267</b>	194	474
Change in ownership of subsidiaries	<b>(180)</b>	(139)	595
Other comprehensive income	<b>(5)</b>	(76)	(38)
Fair value adjustments	<b>2 468</b>	(9 491)	(6 613)
Change in fair value adjustments: non-life	<b>1 671</b>	(6 628)	(5 157)
Earnings from covered business: VIF	<b>797</b>	(2 863)	(1 456)
Adjustments to net worth	<b>375</b>	152	167
Present value of holding company expenses	<b>(89)</b>	(77)	(517)
Movement in book value of treasury shares: non-life subsidiaries	<b>(74)</b>	(88)	(30)
Change in goodwill/VOBA less VIF acquired	<b>538</b>	317	714
<b>Group Equity Value earnings</b>	<b>5 156</b>	(6 124)	(3 874)

# Analysis of Shareholders' Fund at net asset value

at 30 June

R million	Sanlam Life <sup>(1)</sup>		Sanlam Emerging Markets <sup>(2)</sup>		Sanlam Investment Group	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
<b>Assets</b>						
Equipment	424	445	600	610	89	90
Right-of-use assets	405	420	186	205	282	311
Owner-occupied properties	476	477	1 831	1 999	126	123
Goodwill	718	725	11 362	11 875	1 721	1 960
Value of business acquired	720	766	4 109	4 526	674	837
Other intangible assets	21	23	467	548	252	159
Deferred acquisition costs	2 395	2 436	203	331	19	18
Investments	16 468	14 645	40 851	40 534	4 904	5 021
Properties	-	-	6 132	5 869	-	-
Associated companies	1 105	1 086	15 605	15 527	335	335
Joint ventures	861	796	-	-	31	42
Equities and similar securities	459	493	6 982	6 588	235	263
Interest-bearing investments	4 168	4 992	4 502	5 115	229	366
Structured transactions	344	160	4	111	11	-
Investment funds	7 089	6 453	6 111	6 131	3 955	3 481
Cash, deposits and similar securities	2 442	665	1 515	1 193	108	534
Deferred tax	727	529	930	1 204	197	207
Assets of disposal groups classified as held for sale	-	-	9	9	3 105	2 187
General insurance technical assets	-	-	3 676	4 089	-	-
Working capital assets	5 063	7 765	19 359	19 085	20 769	16 109
Trade and other receivables	1 578	1 266	13 766	12 161	16 519	12 155
Taxation	889	24	681	849	36	23
Cash, deposits and similar securities	2 596	6 475	4 912	6 075	4 214	3 931
<b>Total assets</b>	<b>27 417</b>	<b>28 231</b>	<b>83 583</b>	<b>85 015</b>	<b>32 138</b>	<b>27 022</b>
<b>Equity and liabilities</b>						
Shareholders' fund	15 441	19 473	33 016	34 345	10 525	10 934
Non-controlling interest	73	101	11 236	11 222	1 092	1 137
<b>Total equity</b>	<b>15 514</b>	<b>19 574</b>	<b>44 252</b>	<b>45 567</b>	<b>11 617</b>	<b>12 071</b>
Term finance	1 001	1 004	2 195	1 973	570	607
Lease liabilities	471	472	197	221	317	347
Structured transactions liabilities	266	183	-	-	-	57
Cell owners' interest	-	-	-	-	-	-
Deferred tax	939	732	2 981	3 218	87	107
Liabilities of disposal groups classified as held for sale	-	-	-	-	826	454
General insurance technical provisions	-	-	20 215	20 443	-	-
Working capital liabilities	9 226	6 266	13 743	13 593	18 721	13 379
Trade and other payables	9 179	6 218	12 937	12 614	18 254	12 729
Provisions	47	48	173	170	22	77
Taxation	-	-	633	809	445	573
<b>Total equity and liabilities</b>	<b>27 417</b>	<b>28 231</b>	<b>83 583</b>	<b>85 015</b>	<b>32 138</b>	<b>27 022</b>
<b>Analysis of shareholders' fund</b>						
Covered business	7 951	8 218	7 541	8 017	3 458	3 629
Other operations	2 247	2 163	24 454	25 079	6 571	6 393
Discretionary and other capital	5 243	9 092	1 021	1 249	496	912
<b>Shareholders' fund at net asset value</b>	<b>15 441</b>	<b>19 473</b>	<b>33 016</b>	<b>34 345</b>	<b>10 525</b>	<b>10 934</b>
Consolidation reserve	830	817	62	62	-	-
<b>Shareholders' fund per Group statement of financial position on page 76</b>	<b>16 271</b>	<b>20 290</b>	<b>33 078</b>	<b>34 407</b>	<b>10 525</b>	<b>10 934</b>

<sup>(1)</sup> Includes the operations of SA Retail Affluent, SA Retail Mass and Sanlam Corporate as well as discretionary capital held by Sanlam Life.

<sup>(2)</sup> Includes discretionary capital held by Sanlam Emerging Markets.

<sup>(3)</sup> Group Office and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

<sup>(4)</sup> Elimination of intercompany balances, other investments and term finance between companies within the Group.

Santam		Group office <sup>(3)</sup>		Consolidation entries <sup>(4)</sup>		Shareholders' fund at net asset value	
June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
313	342	-	-	-	-	1 426	1 487
699	624	-	-	-	-	1 572	1 560
19	25	-	-	-	-	2 452	2 624
946	946	-	-	1 197	1 197	15 944	16 703
-	-	-	-	-	-	5 503	6 129
47	58	-	-	-	-	787	788
-	-	-	-	-	-	2 617	2 785
27 232	26 677	7 032	7 267	(5 297)	(5 719)	91 190	88 425
-	-	-	-	-	-	6 132	5 869
4 126	4 086	-	-	(4 069)	(4 079)	17 102	16 955
37	35	-	-	-	-	929	873
2 519	2 314	-	-	3 349	3 161	13 544	12 819
15 336	15 196	7 032	7 267	(4 698)	(4 922)	26 569	28 014
259	264	-	-	-	-	618	535
4 480	4 433	-	-	121	121	21 756	20 619
475	349	-	-	-	-	4 540	2 741
74	102	-	-	(30)	(23)	1 898	2 019
-	-	-	-	-	-	3 114	2 196
10 672	9 758	-	-	-	-	14 348	13 847
16 797	16 445	3 264	3 579	(3 217)	(1 773)	62 035	61 210
6 925	7 015	3 098	3 509	(3 501)	(2 153)	38 385	33 953
30	15	-	1	-	-	1 636	912
9 842	9 415	166	69	284	380	22 014	26 345
56 799	54 977	10 296	10 846	(7 347)	(6 318)	202 886	199 773
6 797	6 354	5 220	5 451	(4 040)	(5 089)	66 959	71 468
4 785	4 547	-	-	(4 527)	(4 507)	12 659	12 500
11 582	10 901	5 220	5 451	(8 567)	(9 596)	79 618	83 968
2 564	3 089	3 470	3 470	-	-	9 800	10 143
864	782	-	-	-	-	1 849	1 822
-	80	-	-	-	-	266	320
4 395	4 226	-	-	-	-	4 395	4 226
106	82	-	-	-	-	4 113	4 139
-	-	-	-	-	-	826	454
30 958	29 309	-	-	-	-	51 173	49 752
6 330	6 508	1 606	1 925	1 220	3 278	50 846	44 949
5 872	6 164	1 602	1 915	1 199	3 224	49 043	42 864
169	153	4	10	17	18	432	476
289	191	-	-	4	36	1 371	1 609
56 799	54 977	10 296	10 846	(7 347)	(6 318)	202 886	199 773
-	-	-	-	-	-	18 950	19 864
6 797	6 354	-	-	-	-	40 069	39 989
-	-	5 220	5 451	(4 040)	(5 089)	7 940	11 615
6 797	6 354	5 220	5 451	(4 040)	(5 089)	66 959	71 468
-	-	-	-	(7 752)	(7 635)	(6 860)	(6 756)
6 797	6 354	5 220	5 451	(11 792)	(12 724)	60 099	64 712

# Shareholders' Fund Income Statement

for the six months ended 30 June

R million	Sanlam Life and Savings					
	SA Retail Affluent <sup>(1)</sup>		SA Retail Mass		Sanlam Corporate	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
Financial services income	8 649	6 258	5 097	4 159	3 470	2 975
Sales remuneration	(1 158)	(937)	(793)	(805)	(39)	(38)
Income after sales remuneration	7 491	5 321	4 304	3 354	3 431	2 937
Underwriting policy benefits	(2 243)	(1 188)	(2 958)	(1 771)	(3 237)	(1 692)
Administration costs	(2 279)	(2 180)	(804)	(807)	(854)	(777)
<b>Result from financial services before tax</b>	<b>2 969</b>	<b>1 953</b>	<b>542</b>	<b>776</b>	<b>(660)</b>	<b>468</b>
Tax on result from financial services	(836)	(520)	(125)	(240)	190	(116)
<b>Result from financial services after tax</b>	<b>2 133</b>	<b>1 433</b>	<b>417</b>	<b>536</b>	<b>(470)</b>	<b>352</b>
Non-controlling interest	-	14	6	22	-	-
<b>Net result from financial services</b>	<b>2 133</b>	<b>1 447</b>	<b>423</b>	<b>558</b>	<b>(470)</b>	<b>352</b>
Net investment income	47	125	17	47	12	51
Investment income	54	148	22	53	13	54
Tax on investment income	(6)	(21)	(5)	(6)	(1)	(3)
Non-controlling interest	(1)	(2)	-	-	-	-
Net investment surpluses	62	(46)	25	(46)	35	(12)
Investment surpluses	72	(59)	40	(42)	45	(18)
Tax on investment surpluses	(14)	12	(15)	(4)	(10)	6
Non-controlling interest	4	1	-	-	-	-
Project expenses	(3)	(1)	-	-	(2)	(3)
<b>Net operational earnings</b>	<b>2 239</b>	<b>1 525</b>	<b>465</b>	<b>559</b>	<b>(425)</b>	<b>388</b>
Net amortisation of value of business acquired and other intangibles	(26)	(27)	(4)	(4)	(5)	(10)
Equity participation costs	-	-	-	-	-	-
Net non-operational equity-accounted earnings	-	-	-	-	(31)	1
Non-operational equity-accounted earnings	-	-	-	-	(31)	1
Tax on non-operational equity-accounted headline earnings	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-
Net profit on disposal of subsidiaries and associated companies	-	-	-	-	-	-
Profit on disposal of subsidiaries and associated companies	-	-	-	-	-	-
Tax on profit on disposal of subsidiaries and associated companies	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-
Impairments	(5)	-	-	-	(8)	-
<b>Normalised attributable earnings</b>	<b>2 208</b>	<b>1 498</b>	<b>461</b>	<b>555</b>	<b>(469)</b>	<b>379</b>
Fund transfers <sup>(2)</sup>	(7)	-	11	174	(7)	-
<b>Attributable earnings per Group statement of comprehensive income<sup>(2)</sup></b>	<b>2 201</b>	<b>1 498</b>	<b>472</b>	<b>729</b>	<b>(476)</b>	<b>379</b>
Net profit on disposal of subsidiaries and associated companies	-	-	-	-	-	-
Expected credit losses included in impairment	-	-	-	-	-	-
Impairments	5	-	-	-	8	-
Net equity-accounted non-headline earnings	-	-	-	-	23	(9)
<b>Headline earnings<sup>(2)</sup></b>	<b>2 206</b>	<b>1 498</b>	<b>472</b>	<b>729</b>	<b>(445)</b>	<b>370</b>
<b>Diluted earnings per share</b>						
Weighted average number of shares for operational earnings per share (million)	95,7	64,8	19,0	25,0	(21,1)	15,8
Net result from financial services (cents)	95,7	64,8	19,0	25,0	(21,1)	15,8

<sup>(1)</sup> The reserve release as well as Real Futures business is reported under SA Retail Affluent in the income statement but shown separately in the detailed information as reported in Note 6.1.

<sup>(2)</sup> Comparatives for December 2020 results have been adjusted for hyperinflation. Refer to note 13.2 on page 101.



Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other		Total		December Audited
June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	December Audited
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2020
13 469 (1 921)	11 950 (1 785)	3 832 (207)	2 990 (327)	13 701 (1 726)	12 386 (1 499)	(133) -	11 -	48 085 (5 844)	40 729 (5 391)	87 161 (11 265)
11 548 (5 472) (3 177)	10 165 (5 052) (3 308)	3 625 - (2 673)	2 663 - (2 462)	11 975 (8 332) (2 173)	10 887 (7 794) (2 091)	(133) - (245)	11 - (138)	42 241 (22 242) (12 205)	35 338 (17 497) (11 763)	75 896 (37 865) (24 464)
2 899 (940)	1 805 (456)	952 (266)	201 (51)	1 470 (396)	1 002 (297)	(378) 114	(127) 39	7 794 (2 259)	6 078 (1 641)	13 567 (3 833)
1 959 (646)	1 349 (364)	686 (76)	150 (23)	1 074 (453)	705 (309)	(264) 163	(88) 121	5 535 (1 006)	4 437 (539)	9 734 (1 352)
1 313 73	985 105	610 22	127 63	621 48	396 91	(101) 96	33 46	4 529 315	3 898 528	8 382 1 081
184 (87) (24)	211 (64) (42)	23 - (1)	67 (4) -	112 (25) (39)	175 (26) (58)	62 20 14	(5) 28 23	470 (104) (51)	703 (96) (79)	1 541 (296) (164)
(188)	(677)	40	10	(23)	13	(19)	(45)	(68)	(803)	(810)
(316) 74 54	(745) 24 44	44 (5) 1	20 (10) -	(46) 11 12	45 (29) (3)	30 (11) (38)	(14) 5 (36)	(131) 30 33	(813) 4 6	(994) 64 120
(51)	(75)	(21)	(8)	(20)	(14)	-	(11)	(97)	(112)	(304)
1 147 (182) - - -	338 (228) - - -	651 (69) - - -	192 (123) - - -	626 (15) (1) 25 40	486 (18) (1) 15 25	(24) - - - -	23 - - - -	4 679 (301) (1) (6) 9	3 511 (410) (1) 16 26	8 349 (699) (1) 10 31
-	-	-	-	(15)	(10)	-	-	(15)	(10)	(20)
-	218	8	-	-	(2)	-	-	8	216	285
-	218	8	-	-	(3)	-	-	8	215	288
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1	-	-	-	1	(3)
103	(7 131)	(356)	(72)	(6)	(444)	329	-	57	(7 647)	(8 638)
1 068 14	(6 803) (2)	234 (2)	(3) -	629 (5)	36 -	305 (724)	23 614	4 436 (720)	(4 315) 786	(694) 1 412
1 082	(6 805)	232	(3)	624	36	(419)	637	3 716	(3 529)	718
- (103) -	(218) - 7 131 -	(8) - 356 -	- - 72 -	- - 6 -	2 - 444 -	- - - -	- - - -	(8) - 272 23	(216) - 7 647 (9)	(285) (298) 6 965 4
979	108	580	69	630	482	(419)	637	4 003	3 893	7 104
58,9	44,1	27,4	5,7	27,9	17,7	(4,7)	1,4	2 229,6 203,1	2 233,9 174,5	2 226,7 376,4

# Net Result from Financial Services

for the six months ended 30 June

## Analysis per line of business

R million	Life Business		General Insurance	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
Southern Africa	2 085	2 184	612	515
South Africa	1 957	1 973	532	313
Other	128	211	80	202
North and West Africa	102	46	633	130
East Africa	(20)	6	(10)	6
Other International	60	(33)	138	312
Emerging Markets	46	(47)	138	312
Developed Markets	14	14	-	-
<b>Total</b>	<b>2 227</b>	<b>2 203</b>	<b>1 373</b>	<b>963</b>

Investment Management		Credit & Structuring		Administration, Health Management & Other		Total		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
219	296	300	59	1	105	3 217	3 159	6 279
194	279	185	(47)	91	206	2 959	2 724	5 663
25	17	115	106	(90)	(101)	258	435	616
(2)	-	(3)	-	(117)	(73)	613	103	591
6	8	-	-	(10)	(8)	(34)	12	43
154	92	322	216	59	37	733	624	1 469
-	-	322	216	59	37	565	518	1 294
154	92	-	-	-	-	168	106	175
377	396	619	275	(67)	61	4 529	3 898	8 382

# Notes to the Shareholders' Fund Information

for the six months ended 30 June (reviewed)

## 1. Value of new covered business

R million	Note	Total	
		2021	2020
<b>Value of new covered business (at point of sale)</b>			
Gross value of new covered business		1 607	912
Cost of capital		(162)	(121)
<b>Value of new covered business</b>		<b>1 445</b>	791
<b>Value of new business attributable to</b>			
Shareholders' fund	2	1 289	666
Non-controlling interest		156	125
<b>Value of new covered business</b>		<b>1 445</b>	791
<b>Analysis of new business profitability</b>			
<i>Before non-controlling interest</i>			
Present value of new business premiums		48 739	34 868
New business margin		2,96%	2,27%
<i>After non-controlling interest:</i>			
Present value of new business premiums		45 672	32 403
New business margin		2,82%	2,06%
<b>Capitalisation factor - recurring premiums</b>		<b>3,6</b>	3,8

### Geographical analysis

*Before non-controlling interest*

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2021	2020	2021	2020	2021	2020
Southern Africa	1 246	719	40 856	28 811	3,05%	2,50%
South Africa	1 065	562	37 534	26 134	2,84%	2,15%
SA Retail Affluent	671	374	27 732	19 157	2,42%	1,95%
SA Retail Mass	342	173	4 657	3 397	7,34%	5,09%
Sanlam Corporate	52	15	5 145	3 580	1,01%	0,42%
Other Southern Africa	181	157	3 322	2 677	5,45%	5,86%
North and West Africa	99	22	2 465	1 673	4,02%	1,32%
East Africa	(2)	9	758	638	(0,26%)	1,41%
Other International	102	41	4 660	3 746	2,19%	1,09%
<b>Total</b>	<b>1 445</b>	791	<b>48 739</b>	34 868	<b>2,96%</b>	2,27%

Sanlam Life and Savings

SA Retail Affluent		SA Retail Mass		Corporate		Sanlam Emerging Markets		Sanlam Investment Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
722 (51)	412 (38)	346 (4)	176 (3)	80 (28)	34 (19)	454 (74)	286 (57)	5 (5)	4 (4)
671	374	342	173	52	15	380	229	-	-
652 19	348 26	339 3	170 3	52 -	15 -	246 134	133 96	- -	- -
671	374	342	173	52	15	380	229	-	-
27 732 2,42%	19 157 1,95%	4 657 7,34%	3 397 5,09%	5 145 1,01%	3 580 0,42%	9 147 4,15%	7 109 3,22%	2 058 0,00%	1 625 0,00%
27 392 2,38%	18 697 1,86%	4 620 7,34%	3 350 5,07%	5 145 1,01%	3 580 0,42%	6 457 3,81%	5 151 2,58%	2 058 0,00%	1 625 0,00%
6,0	5,5	2,9	3,2	6,1	5,4	2,8	2,9	4,3	3,6

Geographical analysis  
After non-controlling interest

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2021	2020	2021	2020	2021	2020
Southern Africa	1 149	623	39 342	27 448	2,92%	2,27%
South Africa	1 043	533	37 157	25 627	2,81%	2,08%
SA Retail Affluent	652	348	27 392	18 697	2,38%	1,86%
SA Retail Mass	339	170	4 620	3 350	7,34%	5,07%
Sanlam Corporate	52	15	5 145	3 580	1,01%	0,42%
Other Southern Africa	106	90	2 185	1 821	4,85%	4,94%
North and West Africa	69	13	1 891	1 313	3,65%	0,99%
East Africa	(4)	6	490	415	(0,82%)	1,45%
Other International	75	24	3 949	3 227	1,90%	0,74%
<b>Total</b>	<b>1 289</b>	<b>666</b>	<b>45 672</b>	<b>32 403</b>	<b>2,82%</b>	<b>2,06%</b>

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 2. Covered business sensitivity analysis

R million	Gross		Cost of capital		Net		Change from base value (%)	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
<b>Value of in-force covered business sensitivity analysis</b>								
Base value	48 494	47 887	(3 508)	(3 675)	44 986	44 212		
Risk discount rate increase by 1%	45 869	45 186	(3 967)	(4 147)	41 902	41 039	(7)	(7)
<b>Gross value of in-force business profile</b>								
Year 1 - 5	54%	53%						
Year 1	16%	15%						
Year 2	12%	12%						
Year 3	10%	10%						
Year 4	9%	9%						
Year 5	7%	7%						
Year 6 - 10	25%	25%						
Year 11 - 20	17%	18%						
Year 20+	4%	4%						
<b>Value of new covered business sensitivity analysis</b>								
Base value	1 420	2 168	(131)	(247)	1 289	1 921		
Risk discount rate increase by 1%	1 268	1 918	(147)	(278)	1 121	1 640	(13)	(15)

### 3. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

%	June Reviewed <b>2021</b>	December Audited <b>2020</b>
<b>Sanlam Life<sup>(1)</sup></b>		
Point used on the relevant yield curve	<b>9 year</b>	9 year
Fixed-interest securities	<b>9,8%</b>	9,6%
Equities	<b>13,3%</b>	13,1%
Offshore investments	<b>12,3%</b>	12,1%
Hedged equity	<b>8,8%</b>	8,6%
Property	<b>10,8%</b>	10,6%
Cash	<b>8,8%</b>	8,6%
Inflation rate <sup>(1)</sup>	<b>7,8%</b>	7,6%
Risk discount rate	<b>12,3%</b>	12,1%
<i><sup>(1)</sup> Expense inflation of 11,8% (2020: 11,6%) assumed for retail business administered on old platforms.</i>		
<b>Sanlam Developing Markets<sup>(1)</sup></b>		
Point used on the relevant yield curve	<b>5 year</b>	5 year
Fixed-interest securities	<b>7,6%</b>	6,7%
Equities and offshore investments	<b>11,1%</b>	10,2%
Hedged equities	<b>6,6%</b>	5,7%
Property	<b>8,6%</b>	7,7%
Cash	<b>6,6%</b>	5,7%
Inflation rate	<b>5,6%</b>	4,7%
Risk discount rate	<b>10,1%</b>	9,2%
<i><sup>(1)</sup> Excludes the Sanlam Life products written on the SDM licence.</i>		
<b>Botswana Life Insurance</b>		
Point used on the relevant yield curve	<b>n/a</b>	n/a
Fixed-interest securities	<b>7,5%</b>	7,5%
Equities and offshore investments	<b>11,0%</b>	11,0%
Hedged equities	<b>n/a</b>	n/a
Property	<b>8,5%</b>	8,5%
Cash	<b>6,5%</b>	6,5%
Inflation rate	<b>4,5%</b>	4,5%
Risk discount rate	<b>11,0%</b>	11,0%
<b>Saham Assurance Maroc</b>		
Point used on the relevant yield curve	<b>n/a</b>	n/a
Fixed-interest securities	<b>2,3%</b>	2,4%
Equities and offshore investments	<b>5,8%</b>	5,9%
Hedged equities	<b>n/a</b>	n/a
Property	<b>3,3%</b>	3,4%
Cash	<b>1,3%</b>	1,4%
Inflation rate	<b>0,0%</b>	0,0%
Risk discount rate	<b>6,3%</b>	6,4%
<b>Sanlam Investments and Pensions</b>		
Point used on the relevant yield curve	<b>15 year</b>	15 year
Fixed-interest securities	<b>1,1%</b>	0,5%
Equities and offshore investments	<b>4,3%</b>	3,8%
Hedged equities	<b>n/a</b>	n/a
Property	<b>4,3%</b>	3,8%
Cash	<b>1,1%</b>	0,5%
Inflation rate	<b>3,2%</b>	2,9%
Risk discount rate	<b>4,8%</b>	4,3%

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 3. Economic assumptions – covered business (continued)

#### Illiquidity premiums

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

Assumed illiquidity premiums for 2021 and 2020 generally range between 25bps and 70bps for non-participating annuities, between 25bps and 75bps for inflation-linked annuities and capped at 120bps (2020: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

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

	R million		Fixed-interest securities		Equities	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
%						
<b>Required capital</b>						
South Africa <sup>(1)</sup>	9 443	9 447	-	-	3	2
Namibia	521	517	6	6	36	36
Botswana Life	299	372	-	-	-	-
Saham	958	986	95	95	5	5
Sanlam Life insurance (Kenya)	91	96	85	85	-	-
Other African operations	900	946	73	74	3	3
Shriram Life Insurance (India)	357	308	90	85	10	10
MCIS (Malaysia)	482	490	69	69	18	18
Sanlam Investments and Pensions (UK)	566	612	80	80	-	-
<b>Total required capital</b>	<b>13 617</b>	13 774				
Free Surplus	1 142	1 340				
<b>Adjusted net asset value</b>	<b>14 759</b>	15 114				

<sup>(1)</sup> The 30 June 2021 asset mix backing the Sanlam Life required capital is 98% hedged (31 December 2020: 94%).

Assumed long-term expected return on required capital

	Gross return on required capital		Net return on required capital	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
%				
Sanlam Life	8,8	8,6	7,4	7,2
Sanlam Developing Markets	7,5	6,6	5,8	5,1
Sanlam Namibia	10,8	10,6	9,7	9,5
Sanlam Namibia Holdings	8,7	8,0	7,6	7,0
Botswana Life Insurance	7,5	7,5	5,6	5,6
Saham Assurance Maroc	2,3	2,4	2,3	2,4
Sanlam Life insurance (Kenya)	11,7	10,8	8,2	7,6
Shriram Life Insurance (India)	7,3	7,1	6,2	6,1
MCIS (Malaysia)	4,1	3,4	3,8	3,1
Sanlam Investments and Pensions (UK)	1,5	0,9	1,2	0,8



Hedged Equities		Property		Cash		Total	
June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
2021	2020	2021	2020	2021	2020	2021	2020
94	93	-	-	3	5	100	100
-	-	-	-	58	58	100	100
-	-	50	50	50	50	100	100
-	-	-	-	-	-	100	100
-	-	-	-	15	15	100	100
-	-	3	3	21	20	100	100
-	-	-	-	-	5	100	100
-	-	-	-	13	13	100	100
-	-	-	-	20	20	100	100

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 4. Value of other Group operations sensitivity analysis

#### 4.1 Valuation methodology

R million	Total	
	June Reviewed 2021	December Audited 2020
<b>Listed share price</b>	<b>19 083</b>	18 688
Sanlam	<b>17 603</b>	17 277
Sanlam Investment Group: Nucleus	<b>1 480</b>	1 411
<b>Discounted cash flows</b>	<b>46 819</b>	45 346
Sanlam Life and Savings	<b>5 022</b>	4 681
Glacier	<b>2 684</b>	2 553
Sanlam Personal Loans	<b>1 078</b>	1 119
Sanlam Corporate: Health	<b>947</b>	646
Other operations	<b>313</b>	363
Sanlam Emerging Markets	<b>28 009</b>	27 700
Saham	<b>15 648</b>	15 827
India	<b>9 472</b>	8 954
Letshego	<b>1 017</b>	937
Capricorn Investment Holdings	<b>917</b>	825
Other operations	<b>955</b>	1 157
Sanlam Investment Group	<b>13 788</b>	12 965
Sanlam Investments	<b>3 555</b>	2 862
Wealth Management	<b>2 731</b>	2 588
International	<b>6 366</b>	6 458
Sanlam Specialised Finance	<b>1 136</b>	1 057
<b>Net asset value</b>	<b>404</b>	521
Sanlam Investment Group	<b>1 555</b>	1 536
Sanlam Investments	<b>114</b>	87
International	<b>1 051</b>	1 059
Sanlam Specialised Finance	<b>390</b>	390
Sanlam Emerging Markets	<b>(1 151)</b>	(1 015)
<b>Total</b>	<b>66 306</b>	64 555

#### 4.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2021	2020	2021	2020	2021	2020
Sanlam Life and Savings	5 022	4 681	4 610	4 291	5 194	4 855
Glacier	2 684	2 553	2 440	2 324	2 794	2 662
Sanlam Personal Loans	1 078	1 119	1 011	1 036	1 100	1 150
Sanlam Corporate: Health	947	646	869	594	979	669
Other operations	313	363	290	337	321	374
Sanlam Emerging Markets	28 009	27 700	24 359	24 218	31 051	30 561
Saham	15 648	15 827	13 900	14 155	16 923	17 005
India	9 472	8 954	7 984	7 575	10 983	10 380
Letshego	1 017	937	879	807	1 122	1 034
Capricorn Investment Holdings	917	825	822	738	975	877
Other operations	955	1 157	774	943	1 048	1 265
Sanlam Investment Group	13 788	12 965	12 119	11 352	14 806	14 019
Sanlam Investments <sup>(1)</sup>	3 555	2 862	3 205	2 566	3 711	3 007
Wealth Management	2 731	2 588	2 484	2 356	2 851	2 709
International	6 366	6 458	5 382	5 454	7 071	7 210
Sanlam Specialised Finance	1 136	1 057	1 048	976	1 173	1 093
	46 819	45 346	41 088	39 861	51 051	49 435
<b>Weighted average assumption</b>			<b>14,3%</b>	14,7%	<b>2 - 6%</b>	2 - 6%

  

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2021	2020	2021	2020	2021	2020
Sanlam Life and Savings	4 799	4 467	5 506	5 142	5 022	4 681
Glacier	2 461	2 339	2 975	2 825	2 684	2 553
Sanlam Personal Loans	1 078	1 119	1 155	1 215	1 078	1 119
Sanlam Corporate: Health	947	646	1 038	708	947	646
Other operations	313	363	338	394	313	363
Sanlam Emerging Markets	28 009	27 700	33 320	32 755	30 698	30 368
Saham	15 648	15 827	18 220	18 286	17 213	17 410
India	9 472	8 954	11 685	11 009	10 418	9 848
Letshego	1 017	937	1 199	1 108	1 119	1 031
Capricorn Investment Holdings	917	825	1 034	932	917	825
Other operations	955	1 157	1 182	1 420	1 031	1 254
Sanlam Investment Group	12 346	11 713	15 919	15 042	14 489	13 640
Sanlam Investments <sup>(1)</sup>	3 193	2 556	3 971	3 219	3 569	2 879
Wealth Management	2 403	2 278	3 028	2 867	2 741	2 601
International	5 697	5 905	7 680	7 803	7 043	7 103
Sanlam Specialised Finance	1 053	974	1 240	1 153	1 136	1 057
	45 154	43 880	54 745	52 939	50 209	48 689

<sup>(1)</sup> Includes third party asset management business of R4 043 million (31 December 2020: R3 379 million) based on the following main assumptions:

- Weighted average discount rate: 17,1% (December 2020: 16,9%)
- Weighted average perpetuity growth rate: 5,0% (December 2020: 5,0%)
- Fee income (excluding performance fees) compound annual growth (10 years): 11,3% (December 2020: 10,2%)

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 5. Business volumes

#### 5.1 Analysis of new business and total funds received

R million	Life business <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total		December Audited 2020
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2021	2020	2021	2020	2021	2020	2021	2020	
<b>Sanlam Life and Savings</b>	<b>28 567</b>	18 332	-	-	<b>25 738</b>	16 719	<b>54 305</b>	35 051	77 847
SA Retail Affluent	<b>22 769</b>	14 626	-	-	<b>21 853</b>	14 554	<b>44 622</b>	29 180	65 441
Recurring Single	<b>987</b>	944	-	-	<b>9</b>	8	<b>996</b>	952	1 921
	<b>21 782</b>	13 682	-	-	<b>21 844</b>	14 546	<b>43 626</b>	28 228	63 520
SA Retail Mass	<b>1 654</b>	1 110	-	-	-	-	<b>1 654</b>	1 110	2 558
Recurring Single	<b>1 654</b>	1 110	-	-	-	-	<b>1 654</b>	1 110	2 558
	-	-	-	-	-	-	-	-	-
Sanlam Corporate	<b>4 144</b>	2 596	-	-	<b>3 885</b>	2 165	<b>8 029</b>	4 761	9 848
Recurring Single	<b>196</b>	224	-	-	<b>2</b>	52	<b>198</b>	276	612
	<b>3 948</b>	2 372	-	-	<b>3 883</b>	2 113	<b>7 831</b>	4 485	9 236
<b>Sanlam Emerging Markets</b>	<b>5 149</b>	3 838	<b>7 752</b>	8 509	<b>9 773</b>	9 543	<b>22 674</b>	21 890	46 898
Southern Africa	<b>2 175</b>	1 642	<b>449</b>	596	<b>9 135</b>	7 840	<b>11 759</b>	10 078	20 840
Recurring Single	<b>423</b>	424	<b>449</b>	596	<b>16</b>	13	<b>888</b>	1 033	1 943
	<b>1 752</b>	1 218	-	-	<b>9 119</b>	7 827	<b>10 871</b>	9 045	18 897
North and West Africa	<b>1 437</b>	1 074	<b>5 898</b>	5 849	-	-	<b>7 335</b>	6 923	14 220
Recurring Single	<b>879</b>	597	<b>5 898</b>	5 849	-	-	<b>6 777</b>	6 446	13 115
	<b>558</b>	477	-	-	-	-	<b>558</b>	477	1 105
East Africa	<b>585</b>	466	<b>404</b>	478	<b>638</b>	1 703	<b>1 627</b>	2 647	7 728
Recurring Single	<b>192</b>	146	<b>404</b>	478	-	-	<b>596</b>	624	1 243
	<b>393</b>	320	-	-	<b>638</b>	1 703	<b>1 031</b>	2 023	6 485
Other International	<b>952</b>	656	<b>1 001</b>	1 586	-	-	<b>1 953</b>	2 242	4 110
Recurring Single	<b>674</b>	513	<b>1 001</b>	1 586	-	-	<b>1 675</b>	2 099	3 792
	<b>278</b>	143	-	-	-	-	<b>278</b>	143	318
<b>Sanlam Investment Group</b>	<b>1 970</b>	1 570	-	-	<b>84 288</b>	87 047	<b>86 258</b>	88 617	161 470
Sanlam Investments	-	-	-	-	<b>61 339</b>	67 636	<b>61 339</b>	67 636	120 006
Wealth Management	-	-	-	-	<b>5 317</b>	5 572	<b>5 317</b>	5 572	10 403
International	<b>1 970</b>	1 570	-	-	<b>17 632</b>	13 839	<b>19 602</b>	15 409	31 061
Recurring Single	<b>27</b>	21	-	-	-	-	<b>27</b>	21	36
	<b>1 943</b>	1 549	-	-	<b>17 632</b>	13 839	<b>19 575</b>	15 388	31 025
<b>Santam</b>	-	-	<b>13 189</b>	11 922	-	-	<b>13 189</b>	11 922	24 660
<b>Total new business</b>	<b>35 686</b>	23 740	<b>20 941</b>	20 431	<b>119 799</b>	113 309	<b>176 426</b>	157 480	310 875

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

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

	Life business <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total		December Audited 2020
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2021	2020	2021	2020	2021	2020	2021	2020	
<b>Recurring premiums on existing funds:</b>									
Sanlam Life and Savings	15 728	15 167	-	-	2 145	1 588	17 873	16 755	34 267
SA Retail Affluent	7 632	7 435	-	-	68	69	7 700	7 504	15 229
SA Retail Mass	4 082	3 759	-	-	-	-	4 082	3 759	7 709
Sanlam Corporate	4 014	3 973	-	-	2 077	1 519	6 091	5 492	11 329
Sanlam Emerging Markets	4 321	4 534	-	-	179	1 078	4 500	5 612	10 731
Southern Africa	1 897	1 801	-	-	-	-	1 897	1 801	3 616
North and West Africa	765	624	-	-	-	-	765	624	1 382
East Africa	321	378	-	-	179	1 078	500	1 456	2 937
Other International	1 338	1 731	-	-	-	-	1 338	1 731	2 796
Sanlam Investment Group	185	167	-	-	14	21	199	188	406
International	185	167	-	-	14	21	199	188	406
<b>Total funds received</b>	<b>55 920</b>	43 608	<b>20 941</b>	20 431	<b>122 137</b>	115 996	<b>198 998</b>	180 035	356 279

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 5. Business volumes (continued)

#### 5.2 Analysis of payments to clients

R million	Life business <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total		December Audited 2020
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2021	2020	2021	2020	2021	2020	2021	2020	
<b>Sanlam Life and Savings</b>	<b>38 649</b>	28 401	-	-	<b>27 320</b>	14 647	<b>65 969</b>	43 048	100 763
SA Retail Affluent	<b>26 046</b>	20 254	-	-	<b>18 602</b>	12 377	<b>44 648</b>	32 631	74 025
Surrenders	<b>4 477</b>	3 253	-	-	-	-	<b>4 477</b>	3 253	8 057
Other	<b>21 569</b>	17 001	-	-	<b>18 602</b>	12 377	<b>40 171</b>	29 378	65 968
SA Retail Mass	<b>3 673</b>	2 218	-	-	-	-	<b>3 673</b>	2 218	5 905
Surrenders	<b>235</b>	220	-	-	-	-	<b>235</b>	220	586
Other	<b>3 438</b>	1 998	-	-	-	-	<b>3 438</b>	1 998	5 319
Sanlam Corporate	<b>8 930</b>	5 929	-	-	<b>8 718</b>	2 270	<b>17 648</b>	8 199	20 833
Surrenders	<b>1 471</b>	1 254	-	-	<b>602</b>	552	<b>2 073</b>	1 806	3 788
Other	<b>7 459</b>	4 675	-	-	<b>8 116</b>	1 718	<b>15 575</b>	6 393	17 045
<b>Sanlam Emerging Markets</b>	<b>6 036</b>	5 395	<b>4 881</b>	4 961	<b>6 574</b>	7 375	<b>17 491</b>	17 731	36 437
Southern Africa	<b>2 987</b>	2 320	<b>220</b>	141	<b>5 178</b>	5 769	<b>8 385</b>	8 230	16 640
Surrenders	<b>396</b>	307	-	-	-	-	<b>396</b>	307	755
Other	<b>2 591</b>	2 013	<b>220</b>	141	<b>5 178</b>	5 769	<b>7 989</b>	7 923	15 885
North and West Africa	<b>1 283</b>	851	<b>3 665</b>	3 712	-	-	<b>4 948</b>	4 563	9 366
Surrenders	<b>823</b>	529	-	-	-	-	<b>823</b>	529	1 167
Other	<b>460</b>	322	<b>3 665</b>	3 712	-	-	<b>4 125</b>	4 034	8 199
East Africa	<b>520</b>	504	<b>233</b>	236	<b>1 396</b>	1 606	<b>2 149</b>	2 346	5 621
Surrenders	<b>80</b>	85	-	-	-	-	<b>80</b>	85	173
Other	<b>440</b>	419	<b>233</b>	236	<b>1 396</b>	1 606	<b>2 069</b>	2 261	5 448
Other International	<b>1 246</b>	1 720	<b>763</b>	872	-	-	<b>2 009</b>	2 592	4 810
Surrenders	<b>270</b>	492	-	-	-	-	<b>270</b>	492	795
Other	<b>976</b>	1 228	<b>763</b>	872	-	-	<b>1 739</b>	2 100	4 015
<b>Sanlam Investment Group</b>	<b>2 900</b>	2 315	-	-	<b>66 493</b>	75 735	<b>69 393</b>	78 050	140 746
Sanlam Investments Wealth Management International	-	-	-	-	<b>44 577</b>	59 598	<b>44 577</b>	59 598	109 647
International	<b>2 900</b>	2 315	-	-	<b>3 760</b>	4 036	<b>3 760</b>	4 036	7 648
International	-	-	-	-	<b>18 156</b>	12 101	<b>21 056</b>	14 416	23 451
<b>Santam</b>	-	-	<b>8 331</b>	7 793	-	-	<b>8 331</b>	7 793	16 770
<b>Total payments to clients</b>	<b>47 585</b>	36 111	<b>13 212</b>	12 754	<b>100 387</b>	97 757	<b>161 184</b>	146 622	294 716

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

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

5.3 Analysis of net inflow/(outflow) of funds

R million	Life business <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total		December Audited 2020
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2021	2020	2021	2020	2021	2020	2021	2020	
Sanlam Life and Savings	5 646	5 098	-	-	563	3 660	6 209	8 758	11 351
SA Retail Affluent	4 355	1 807	-	-	3 319	2 246	7 674	4 053	6 645
SA Retail Mass	2 063	2 651	-	-	-	-	2 063	2 651	4 362
Sanlam Corporate	(772)	640	-	-	(2 756)	1 414	(3 528)	2 054	344
Sanlam Emerging Markets	3 434	2 977	2 871	3 548	3 378	3 246	9 683	9 771	21 192
Southern Africa	1 085	1 123	229	455	3 957	2 071	5 271	3 649	7 816
North and West Africa	919	847	2 233	2 137	-	-	3 152	2 984	6 236
East Africa	386	340	171	242	(579)	1 175	(22)	1 757	5 044
Other International	1 044	667	238	714	-	-	1 282	1 381	2 096
Sanlam Investment Group	(745)	(578)	-	-	17 809	11 333	17 064	10 755	21 130
Sanlam Investments Wealth	-	-	-	-	16 762	8 038	16 762	8 038	10 359
Management International	-	-	-	-	1 557	1 536	1 557	1 536	2 755
International	(745)	(578)	-	-	(510)	1 759	(1 255)	1 181	8 016
Santam	-	-	4 858	4 129	-	-	4 858	4 129	7 890
<b>Total funds received</b>	<b>8 335</b>	<b>7 497</b>	<b>7 729</b>	<b>7 677</b>	<b>21 750</b>	<b>18 239</b>	<b>37 814</b>	<b>33 413</b>	<b>61 563</b>

6. Cluster information

6.1 Sanlam Life and Savings

Analysis of earnings

R million	Life business		Non-life operations		Total		December Audited 2020
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2021	2020	2021	2020	2021	2020	
Net result from financial services	1 831	2 184	255	173	2 086	2 357	4 600
SA Retail Affluent	1 068	1 336	156	97	1 224	1 433	2 931
Recurring premium business	466	916	(1)	4	465	920	1 719
Glacier	576	382	88	96	664	478	1 122
Other	26	38	69	(3)	95	35	90
SA Retail Mass	423	558	-	-	423	558	703
Sanlam Corporate	(558)	290	88	62	(470)	352	612
Reserve releases & other	898	-	11	14	909	14	354
Net investment return	183	112	15	7	198	119	298
Net other earnings	(48)	(43)	(36)	(1)	(84)	(44)	(164)
<b>Normalised attributable earnings</b>	<b>1 966</b>	<b>2 253</b>	<b>234</b>	<b>179</b>	<b>2 200</b>	<b>2 432</b>	<b>4 734</b>

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.1 Sanlam Life and Savings (continued)

*Analysis of change in GEV – covered business*

R million	Total	
	June Reviewed 2021	June Reviewed 2020
<b>Operational earnings</b>	<b>3 166</b>	1 848
Value of new life insurance business	<b>1 043</b>	533
Unwinding of discount rate	<b>2 429</b>	2 395
Expected profit	-	-
Operating experience variances	<b>(950)</b>	805
Risk experience	<b>(1 599)</b>	284
Persistency	<b>470</b>	(35)
Maintenance expenses	<b>69</b>	98
Working capital management	<b>174</b>	194
Credit spread	<b>48</b>	55
Other	<b>(112)</b>	209
Operating assumption changes	<b>644</b>	(1 885)
Risk experience	<b>143</b>	(2)
Persistency	<b>7</b>	(1 499)
Maintenance expenses	<b>191</b>	(249)
Modelling changes and other	<b>303</b>	(135)
<b>Net investment return</b>	<b>183</b>	112
Expected return on adjusted net asset value	<b>238</b>	241
Investment variances on adjusted net asset value	<b>(55)</b>	(129)
<b>Valuation and economic basis</b>	<b>198</b>	(1 662)
Investment variances on in-force business	<b>877</b>	(1 453)
Economic assumption changes	<b>(679)</b>	(209)
Investment yields	<b>(679)</b>	(209)
<b>Loss on change in ownership</b>	<b>(61)</b>	-
<b>Goodwill and VOBA from business combinations</b>	<b>-</b>	(8)
<b>GEV earnings: covered business</b>	<b>3 486</b>	290
Acquired value of in-force	<b>80</b>	16
Transfers from/(to) other Group operations	<b>(199)</b>	-
Transfers from covered business	<b>(2 053)</b>	(2 563)
<b>Embedded value of covered business at the beginning of the period</b>	<b>47 597</b>	48 306
<b>Embedded value of covered business at the end of the period</b>	<b>48 911</b>	46 049



Value of in-force		Cost of capital		Net asset value		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
1 380	(546)	50	13	1 736	2 381	4 982
2 384	1 780	(78)	(60)	(1 263)	(1 187)	1 638
2 396	2 346	33	49	-	-	4 828
(3 424)	(3 376)	-	-	3 424	3 376	-
486	370	(8)	7	(1 428)	428	322
(115)	111	(2)	(4)	(1 482)	177	(203)
615	80	(6)	-	(139)	(115)	140
-	(1)	-	-	69	99	110
-	-	-	-	174	194	391
-	-	-	-	48	55	103
(14)	180	-	11	(98)	18	(219)
(462)	(1 666)	103	17	1 003	(236)	(1 806)
(316)	(2)	-	-	459	-	306
7	(1 512)	-	17	-	(4)	(1 764)
95	(221)	-	4	96	(32)	(148)
(248)	69	103	(4)	448	(200)	(200)
-	-	-	-	183	112	219
-	-	-	-	238	241	490
-	-	-	-	(55)	(129)	(271)
148	(1 498)	(45)	33	95	(197)	(1 160)
843	(1 285)	(30)	19	64	(187)	(1 509)
(695)	(213)	(15)	14	31	(10)	349
(695)	(213)	(15)	14	31	(10)	349
-	-	-	-	(61)	-	-
-	(8)	-	-	-	-	(9)
1 528	(2 052)	5	46	1 953	2 296	4 032
9	15	(2)	-	73	1	16
-	-	-	-	(199)	-	-
-	-	-	-	(2 053)	(2 563)	(4 757)
42 476	42 943	(1 857)	(1 865)	6 978	7 228	48 306
44 013	40 906	(1 854)	(1 819)	6 752	6 962	47 597

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.1 Sanlam Life and Savings (continued) Assets under management

R million	SA Retail Affluent					
	Recurring premium business		Glacier		SA Retail Mass	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
Life business	169 018	154 613	230 814	215 877	5 402	5 329
Investment operations	1 766	1 728	174 550	158 977	-	-
<b>Total assets under management</b>	<b>170 784</b>	156 341	<b>405 364</b>	374 854	<b>5 402</b>	5 329

#### Credit business

R million	Gross size of loan book (R million)		Interest margin	
	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
	<b>Sanlam Personal Loans</b>	<b>5 392</b>	5 605	<b>15,4%</b>

#### 6.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life Business		General Insurance	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
	Southern Africa	266	408	96
North and West Africa	160	84	1 394	74
East Africa	-	17	(2)	1
Other International	72	(27)	209	502
Corporate costs	-	-	-	-
<b>Gross result from financial services</b>	<b>498</b>	482	<b>1 697</b>	832
Tax on result from financial services	(127)	(131)	(504)	(102)
Non-controlling interests	(115)	(135)	(441)	(163)
<b>Net result from financial services</b>	<b>256</b>	216	<b>752</b>	567
<i>Southern Africa</i>	<b>128</b>	211	<b>63</b>	181
<i>North and West Africa</i>	<b>102</b>	46	<b>596</b>	128
<i>East Africa</i>	<b>(20)</b>	6	<b>(10)</b>	5
<i>Other International<sup>(1)</sup></i>	<b>46</b>	(47)	<b>103</b>	253
<i>Corporate costs</i>	-	-	-	-
Saham <sup>(2)</sup>	40	(103)	687	282
Other	216	319	65	285
<b>Net result from financial services</b>	<b>256</b>	216	<b>752</b>	567

<sup>(1)</sup> Earnings exclude cost allocation.

Sanlam Corporate		Total	
June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
117 031	111 563	522 265	487 382
-	-	176 316	160 705
117 031	111 563	698 581	648 087

Bad debt ratio		Administration cost as % of net interest	
June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
5,8%	12,4%	36,4%	27,6%

Investment Management		Credit and Structuring		Corporate and other		Total		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	December Audited 2020
66	52	304	256	45	53	777	1 024	1 859
(1)	-	(1)	-	(113)	(108)	1 439	50	1 102
20	16	-	-	(17)	(18)	1	16	122
-	-	427	299	84	56	792	830	1 965
-	-	-	-	(110)	(115)	(110)	(115)	(379)
85	68	730	555	(111)	(132)	2 899	1 805	4 669
(27)	(22)	(226)	(186)	(56)	(15)	(940)	(456)	(1 254)
(29)	(21)	(70)	(47)	9	2	(646)	(364)	(1 038)
29	25	434	322	(158)	(145)	1 313	985	2 377
25	17	115	106	22	3	353	518	914
(2)	-	(3)	-	(117)	(73)	576	101	564
6	8	-	-	(10)	(8)	(34)	11	41
-	-	322	216	59	37	530	459	1 184
-	-	-	-	(112)	(104)	(112)	(104)	(326)
-	-	-	-	(188)	(156)	539	23	394
29	25	434	322	30	11	774	962	1 983
29	25	434	322	(158)	(145)	1 313	985	2 377

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.2 Sanlam Emerging Markets (continued)

Analysis of General insurance and reinsurance gross result from financial services

R million	Gross written premiums		Net earned premiums <sup>(1)</sup>	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2021	2020	2021	2020
Southern Africa	1 903	1 919	922	968
North and West Africa	8 853	8 441	5 444	5 434
East Africa	718	850	396	440
Other International	1 214	2 041	1 003	1 583
<b>Total General insurance and Reinsurance</b>	<b>12 688</b>	13 251	<b>7 765</b>	8 425
Saham	10 060	10 437	6 079	6 523
Other	2 628	2 814	1 686	1 902
<b>Total General insurance and Reinsurance</b>	<b>12 688</b>	13 251	<b>7 765</b>	8 425

<sup>(1)</sup> Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.

Analysis of insurance funds

	R million	
	June Reviewed	December Audited
	2021	2020
Southern Africa	318	328
North and West Africa	11 977	12 025
East Africa	344	601
Other International	2 000	1 583
<b>Total insurance funds</b>	<b>14 639</b>	14 537
Saham	12 091	12 061
Other subsidiaries	376	843
Total subsidiaries	12 467	12 904
Associated companies <sup>(1)</sup>	2 172	1 633
<b>Total insurance funds</b>	<b>14 639</b>	14 537

<sup>(1)</sup> Sanlam's effective share.

Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed
2021	2020	2021	2020	2021	2020	2021	2020
39,7	41,0	23,8	23,5	2,1	2,7	25,9	26,2
64,6	62,0	2,7	4,1	18,7	(4,3)	21,4	(0,2)
58,9	53,8	(4,6)	(7,7)	2,8	7,9	(1,8)	0,2
76,2	55,9	(7,3)	10,9	28,0	20,1	20,7	31,0
62,9	57,8	3,5	7,0	17,1	1,7	20,6	8,7
61,7	58,5	6,0	7,6	16,9	(2,8)	22,9	4,8
67,1	55,4	(5,4)	4,5	17,8	17,3	12,4	21,8
62,9	57,8	3,5	7,0	17,1	1,7	20,6	8,7

Asset allocation (%)							
Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
2021	2020	2021	2020	2021	2020	2021	2020
15	36	5	7	25	22	55	35
47	43	41	41	11	15	1	1
-	13	-	15	29	48	71	24
26	14	-	-	68	84	6	2
42	39	34	35	20	24	4	2
47	45	41	41	12	14	-	-
-	9	-	11	27	58	73	22
46	42	40	39	12	17	2	2
23	10	-	-	63	81	14	9
42	39	34	35	20	24	4	2

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

## 6. Cluster information (continued)

## 6.2 Sanlam Emerging Markets (continued)

*Analysis of net investment return*

R million	Life business		General Insurance	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2021	2020	2021	2020
Southern Africa	53	56	195	(27)
North and West Africa	42	27	(349)	(138)
East Africa	23	17	27	21
Other International	19	(486)	(32)	(63)
Corporate	-	-	-	-
<b>Gross investment return</b>	<b>137</b>	(386)	<b>(159)</b>	(207)
Tax on investment return	(21)	(21)	26	22
Non-controlling interests	(11)	24	13	(10)
<b>Net investment return</b>	<b>105</b>	(383)	<b>(120)</b>	(195)
Saham	29	(458)	(53)	(213)
Other	76	75	(67)	18
<b>Net investment return</b>	<b>105</b>	(383)	<b>(120)</b>	(195)

*Analysis of capital portfolio*

R million	R million	
	June Reviewed	December Audited
	2021	2020
Southern Africa	1 999	1 955
North and West Africa	14 829	14 491
East Africa	1 758	1 797
Other International	2 899	2 749
<b>Total capital portfolio<sup>(1)</sup></b>	<b>21 485</b>	20 992
Saham	14 346	13 926
Other subsidiaries	4 583	4 771
Total subsidiaries	18 929	18 697
Associated companies <sup>(2)</sup>	2 556	2 295
<b>Total capital portfolio<sup>(1)</sup></b>	<b>21 485</b>	20 992

<sup>(1)</sup> Includes insurance funds.<sup>(2)</sup> Sanlam's effective share.*Assets under management*

R million	Southern Africa	
	June Reviewed	December Audited
	2021	2020
Life business	33 614	33 335
Investment operations	47 049	44 486
<b>Total assets under management</b>	<b>80 663</b>	77 821

Investment Management		Credit and Banking		Corporate and other		Total		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
2	78	(1)	(2)	32	10	281	115	24
-	-	-	-	(61)	148	(368)	37	(147)
1	-	-	-	(39)	(122)	12	(84)	(34)
-	-	23	-	(8)	9	2	(540)	(168)
-	-	-	-	(59)	(62)	(59)	(62)	78
3	78	22	(2)	(135)	(17)	(132)	(534)	(247)
(1)	(1)	6	-	(23)	(40)	(13)	(40)	(141)
(1)	(31)	-	-	29	19	30	2	(42)
1	46	28	(2)	(129)	(38)	(115)	(572)	(430)
-	-	-	-	(76)	11	(100)	(660)	(930)
1	46	28	(2)	(53)	(49)	(15)	88	500
1	46	28	(2)	(129)	(38)	(115)	(572)	(430)

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
23	22	5	8	49	36	23	34
43	41	37	36	17	22	3	1
9	8	35	35	35	34	21	23
25	23	-	-	64	74	11	3
36	34	29	28	28	31	7	7
46	46	38	37	14	16	3	1
7	4	15	14	55	60	23	22
37	35	32	31	24	27	7	7
29	28	1	3	59	57	11	12
36	34	29	28	28	31	7	7

North and West Africa		East Africa		Other International		Total	
June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020	June Reviewed 2021	December Audited 2020
19 193	20 716	3 982	3 738	13 466	16 726	70 255	74 515
-	-	42 902	43 530	-	-	89 951	88 016
19 193	20 716	46 884	47 268	13 466	16 726	160 206	162 531

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.2 Sanlam Emerging Markets (continued)

*Credit and structuring*

R million	Size of loan books (Sanlam share)	
	June Reviewed	December Audited
	2021	2020
Shriram Transport Finance Company	22 255	22 301
Shriram City Union Finance	5 004	4 860
Capricorn Investment Holdings	9 482	9 931
Letshego	2 570	2 432

#### *Analysis of change in GEV – covered business*

R million	Total	
	June Reviewed	June Reviewed
	2021	2020
<b>Operational earnings</b>	<b>307</b>	11
Value of new life insurance business	246	133
Unwinding of discount rate	327	341
Expected profit	-	-
Operating experience variances	(116)	33
Risk experience	(186)	41
Persistency	(20)	(44)
Maintenance expenses	35	(6)
Working capital management	24	26
Credit spread	3	(1)
Other	28	17
Operating assumption changes	(150)	(496)
Risk experience	(65)	(4)
Persistency	(58)	(56)
Maintenance expenses	(70)	(4)
Modelling changes and other	43	(432)
<b>Net investment return</b>	<b>(103)</b>	333
Expected return on adjusted net asset value	156	161
Investment variances on adjusted net asset value	(259)	172
<b>Valuation and economic basis</b>	<b>(54)</b>	116
Investment variances on in-force business	3	(94)
Economic assumption changes	50	(201)
Investment yields	54	(219)
Long-term asset mix assumptions and other	(4)	18
Foreign currency translation differences	(107)	411
<b>Change in tax basis</b>	<b>(25)</b>	-
<b>Goodwill and VOBA from business combinations</b>	<b>-</b>	(697)
<b>Net project expenses</b>	<b>(2)</b>	(19)
<b>GEV earnings: covered business</b>	<b>123</b>	(256)
Acquired value of in-force	-	925
Transfers from/(to) other Group operations	91	(146)
Transfers from covered business	(586)	(103)
<b>Embedded value of covered business at the beginning of the period</b>	<b>8 638</b>	8 794
<b>Embedded value of covered business at the end of the period</b>	<b>8 266</b>	9 214



Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
2021	2020	2021	2020	2021	2020
7,2	6,9	3,1	2,9	27,3	23,8
12,5	13,1	2,3	3,7	39,8	38,6
5,6	4,7	1,1	0,9	87,7	95,9
18,1	17,6	1,3	0,3	53,9	59,7

Value of in-force		Cost of capital		Net asset value		December Audited
June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
2021	2020	2021	2020	2021	2020	2020
82	(261)	1	(46)	224	318	554
480	386	(48)	(44)	(186)	(209)	283
269	300	58	41	-	-	669
(497)	(580)	-	-	497	580	-
(11)	49	(25)	(14)	(80)	(2)	125
(2)	-	(15)	-	(169)	41	73
(8)	29	(11)	(11)	(1)	(62)	13
1	13	1	(2)	33	(17)	(34)
(2)	-	-	-	26	26	66
-	-	-	-	3	(1)	12
-	7	-	(1)	28	11	(5)
(159)	(416)	16	(29)	(7)	(51)	(523)
(35)	(9)	1	-	(31)	5	102
(30)	(17)	6	(10)	(34)	(29)	(97)
(10)	(7)	(1)	(1)	(59)	4	(155)
(84)	(383)	10	(18)	117	(31)	(373)
-	-	-	-	(103)	333	(164)
-	-	-	-	156	161	343
-	-	-	-	(259)	172	(507)
(180)	322	94	(104)	32	(102)	(258)
(24)	8	5	1	22	(103)	(107)
(15)	(187)	55	(15)	10	1	(287)
(14)	(197)	59	(23)	9	1	(308)
(1)	10	(4)	8	1	-	21
(141)	501	34	(90)	-	-	136
(25)	-	-	-	-	-	41
-	(697)	-	-	-	-	(601)
-	-	-	-	(2)	(19)	(18)
(123)	(636)	95	(150)	151	530	(446)
-	837	-	(92)	-	180	891
(30)	(146)	-	-	121	-	(146)
-	-	-	-	(586)	(103)	(455)
4 613	4 871	(838)	(617)	4 863	4 540	8 794
4 460	4 926	(743)	(859)	4 549	5 147	8 638

## Notes to the Shareholders' Fund Information for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.3 Sanlam Investment Group

*Analysis of net result from financial services*

R million	Sanlam Investments		Wealth Management		International	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
Financial services income <sup>(1)</sup>	1 064	1 031	500	444	1 576	1 516
Sales remuneration	-	-	-	-	(207)	(327)
Income after sales remuneration	1 064	1 031	500	444	1 369	1 189
Administration cost <sup>(1)</sup>	(815)	(793)	(389)	(343)	(1 133)	(1 028)
Gross result from financial services before performance fees	249	238	111	101	236	161
Net performance fees <sup>(1)</sup>	27	50	12	-	-	-
Gross result from financial services	276	288	123	101	236	161
Tax on result from financial services	(102)	(82)	(32)	(10)	(46)	(36)
Non-controlling interest	(54)	(4)	-	-	(22)	(19)
<b>Net result from financial services</b>	<b>120</b>	<b>202</b>	<b>91</b>	<b>91</b>	<b>168</b>	<b>106</b>
<i>Covered</i>	-	-	-	-	14	14
<i>Non covered</i>	120	202	91	91	154	92
Net investment return	(23)	(35)	-	1	28	65
<i>Covered</i>	-	-	-	-	(14)	(8)
<i>Non covered</i>	(23)	(35)	-	1	42	73
Project expenses	(3)	(3)	-	-	(14)	-
<b>Net operational earnings</b>	<b>94</b>	<b>164</b>	<b>91</b>	<b>92</b>	<b>182</b>	<b>171</b>
Amortisation of intangible assets	(9)	(10)	(9)	(9)	(48)	(101)
Profit on disposal of associates	-	-	-	-	8	-
Other	-	(38)	-	-	(356)	(34)
<b>Normalised attributable earnings</b>	<b>85</b>	<b>116</b>	<b>82</b>	<b>83</b>	<b>(214)</b>	<b>36</b>

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

Sanfin		Corporate Services		Consolidation		Total		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
686	(57)	-	-	(37)	(22)	3 789	2 912	6 924
-	-	-	-	-	-	(207)	(327)	(751)
686	(57)	-	-	(37)	(22)	3 582	2 585	6 173
(348)	(272)	(21)	(21)	37	22	(2 669)	(2 435)	(5 034)
338	(329)	(21)	(21)	-	-	913	150	1 139
-	1	-	-	-	-	39	51	110
338	(328)	(21)	(21)	-	-	952	201	1 249
(90)	70	4	7	-	-	(266)	(51)	(378)
-	-	-	-	-	-	(76)	(23)	(66)
248	(258)	(17)	(14)	-	-	610	127	805
126	(211)	-	-	-	-	140	(197)	38
122	(47)	(17)	(14)	-	-	470	324	767
56	45	1	(3)	-	-	62	73	93
56	45	-	-	-	-	42	37	71
-	-	1	(3)	-	-	20	36	22
-	-	(4)	(5)	-	-	(21)	(8)	(41)
304	(213)	(20)	(22)	-	-	651	192	857
-	-	(3)	(3)	-	-	(69)	(123)	(254)
-	-	-	-	-	-	8	-	-
-	-	-	-	-	-	(356)	(72)	(100)
304	(213)	(23)	(25)	-	-	234	(3)	503

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.3 Sanlam Investment Group (continued)

*Analysis of change in GEV – covered business*

R million	Total		Value of in-force	
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020
<b>Operational earnings</b>	<b>36</b>	(405)	<b>(21)</b>	(8)
Value of new life insurance business	-	-	<b>31</b>	24
Unwinding of discount rate	<b>34</b>	42	<b>17</b>	25
Expected profit	-	-	<b>(46)</b>	(65)
Operating experience variances	<b>93</b>	(413)	<b>(18)</b>	6
Risk experience	<b>4</b>	6	<b>(1)</b>	(2)
Persistency	<b>2</b>	3	<b>3</b>	4
Maintenance expenses	<b>(1)</b>	(8)	-	-
Credit spread	<b>128</b>	(373)	-	-
Other	<b>(40)</b>	(41)	<b>(20)</b>	4
Operating assumption changes	<b>(91)</b>	(34)	<b>(5)</b>	2
Risk experience	-	-	-	-
Persistency	-	-	-	-
Maintenance expenses	-	-	-	-
Modelling changes and other	<b>(91)</b>	(34)	<b>(5)</b>	2
<b>Net investment return</b>	<b>42</b>	151	-	-
Expected return on adjusted net asset value	<b>89</b>	85	-	-
Investment variances on adjusted net asset value	<b>(47)</b>	66	-	-
<b>Valuation and economic basis</b>	<b>33</b>	161	<b>48</b>	(93)
Investment variances on in-force business	<b>75</b>	(22)	<b>74</b>	(225)
Economic assumption changes	<b>(32)</b>	78	<b>(13)</b>	4
Investment yields	<b>(32)</b>	78	<b>(13)</b>	4
Foreign currency translation differences	<b>(10)</b>	105	<b>(13)</b>	128
<b>Change in tax basis</b>	<b>(52)</b>	(24)	<b>(50)</b>	(23)
<b>Revaluation of business held for sale</b>	<b>(585)</b>	-	<b>(754)</b>	-
<b>GEV earnings: covered business</b>	<b>(526)</b>	(117)	<b>(777)</b>	(124)
Transfers from/(to) other covered business	-	-	-	-
Group operations	<b>185</b>	-	-	-
Transfers from covered business	<b>(182)</b>	170	-	-
<b>Embedded value of covered business at the beginning of the period</b>	<b>3 091</b>	3 056	<b>798</b>	816
<b>Embedded value of covered business at the end of the period</b>	<b>2 568</b>	3 109	<b>21</b>	692

Cost of capital		Net asset value		December Audited 2020
June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
(84)	4	141	(401)	(108)
(5)	(4)	(26)	(20)	-
17	17	-	-	79
-	-	46	65	-
(11)	(13)	122	(406)	(80)
-	-	5	8	5
(1)	(1)	-	-	4
-	-	(1)	(8)	(9)
-	-	128	(373)	14
(10)	(12)	(10)	(33)	(94)
(85)	4	(1)	(40)	(107)
-	-	-	-	30
-	-	-	-	5
-	-	-	-	(50)
(85)	4	(1)	(40)	(92)
-	-	42	151	129
-	-	89	85	173
-	-	(47)	66	(44)
(14)	50	(1)	204	139
-	-	1	203	17
(17)	73	(2)	1	63
(17)	73	(2)	1	63
3	(23)	-	-	59
(2)	(1)	-	-	(22)
169	-	-	-	-
69	53	182	(46)	138
-	-	185	-	-
-	-	(182)	170	(103)
(980)	(969)	3 273	3 209	3 056
(911)	(916)	3 458	3 333	3 091

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.3 Sanlam Investment Group (continued)

Assets under management

	Assets under management (R million)		Fee income (%)		Administration cost (%)	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2021	2020	2021	2020	2021	2020
Sanlam Investments <sup>(1)</sup>	687 961	648 805	0,33	0,30	0,23	0,22
Wealth Management	98 345	90 446	1,06	1,08	0,83	0,82
International	219 296	211 166	1,11	1,19	0,90	1,03
Intra-cluster eliminations	(34 892)	(33 858)				
<b>Asset management operations</b>	<b>970 710</b>	<b>916 559</b>				
<b>Covered business</b>	<b>109 228</b>	<b>104 879</b>				
Sanlam UK	56 701	57 732				
Central Credit Manager	52 527	47 147				
<b>Assets under management</b>	<b>1 079 938</b>	<b>1 021 438</b>				

<sup>(1)</sup> Includes Sanlam assets of R174 billion (December 2020: R179 billion).

Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
<b>2021</b>						
Sanlam Investments	140 119	293 954	132 348	30 101	91 439	687 961
Wealth Management	-	52 570	42 697	-	3 078	98 345
International	-	-	219 296	-	-	219 296
Intra-cluster consolidation						(34 892)
<b>Assets under management - Asset management</b>	<b>140 119</b>	<b>346 524</b>	<b>394 341</b>	<b>30 101</b>	<b>94 517</b>	<b>970 710</b>
<b>2020</b>						
Sanlam Investments	127 513	273 173	112 274	26 633	109 212	648 805
Wealth Management	-	45 101	42 280	-	3 065	90 446
International	-	-	211 166	-	-	211 166
Intra-cluster consolidation						(33 858)
<b>Assets under management - Asset management</b>	<b>127 513</b>	<b>318 274</b>	<b>365 720</b>	<b>26 633</b>	<b>112 277</b>	<b>916 559</b>

#### 6.4 Santam

R million	June Reviewed	June Reviewed	December Audited
	2021	2020	2020
<b>Business volumes</b>			
Gross written premiums	20 070	18 258	38 273
Net earned premiums	13 189	11 992	24 660
Net fund flows	4 858	4 129	7 890

Insurance activities

R million	Gross written premiums		Underwriting result	
	June Reviewed <b>2021</b>	June Reviewed <b>2020</b>	June Reviewed <b>2021</b>	June Reviewed <b>2020</b>
<b>Conventional insurance</b>	<b>15 498</b>	14 812	<b>902</b>	533
Motor	<b>7 129</b>	6 522	<b>643</b>	1 061
Property	<b>5 731</b>	5 976	<b>(90)</b>	(758)
Engineering	<b>923</b>	791	<b>94</b>	169
Liability	<b>675</b>	614	<b>85</b>	3
Transportation	<b>584</b>	386	<b>24</b>	27
Accident and health	<b>284</b>	337	<b>49</b>	42
Guarantee	<b>59</b>	37	<b>26</b>	(20)
Crop	<b>93</b>	160	<b>75</b>	5
Other	<b>20</b>	(11)	<b>(4)</b>	4
<b>Alternative risk (ART)</b>	<b>4 572</b>	3 446	<b>56</b>	5
<b>Total</b>	<b>20 070</b>	18 258	<b>958</b>	538

Ratios <sup>(1)</sup>	June Reviewed <b>2021</b>	June Reviewed <b>2020</b>
Administration cost ratio	<b>16,5%</b>	17,0%
Claims ratio	<b>63,4%</b>	65,5%
Underwriting margin	<b>6,7%</b>	4,3%
Investment return on insurance funds margin	<b>1,5%</b>	2,3%

R million	June Reviewed <b>2021</b>	June Reviewed <b>2020</b>	December Audited <b>2020</b>
<b>Conventional Insurance</b>			
Net earned premiums	<b>12 791</b>	11 761	24 320
Net claims incurred	<b>(8 109)</b>	(7 699)	(16 593)
Net commission	<b>(1 721)</b>	(1 529)	(3 083)
Management expenses (excluding BEE costs)	<b>(2 059)</b>	(2 000)	(3 945)
<b>Underwriting result: Conventional insurance</b>	<b>902</b>	533	699
Investment return on insurance funds	<b>200</b>	275	501
<b>Net insurance result</b>	<b>1 102</b>	808	1 200
Net Other Income	<b>153</b>	50	166
Alternative Risk <sup>(2)</sup>	<b>153</b>	54	165
Other	<b>-</b>	(4)	1
Strategic participations	<b>216</b>	145	350
Saham <sup>(3)</sup>	<b>141</b>	3	97
SEM target shares	<b>75</b>	142	253
Santam BEE cost	<b>(1)</b>	(1)	(2)
<b>Gross result from financial services</b>	<b>1 470</b>	1 002	1 714
Tax and Non-controlling interest	<b>(849)</b>	(606)	(1 028)
<b>Net result from financial services</b>	<b>621</b>	396	686

<sup>(1)</sup> Ratios are calculated as a percentage of net earned premiums for the conventional business.

<sup>(2)</sup> Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

<sup>(3)</sup> Includes SEM cluster cost allocation of R2 million (June 2020: R5 million).

## Notes to the Shareholders' Fund Information

for the six months ended 30 June (continued)

### 6. Cluster information (continued)

#### 6.5 Group Office

Analysis of earnings

R million	Group Office & Other		Consolidation <sup>(1)</sup>		Total		December Audited 2020
	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	June Reviewed 2021	June Reviewed 2020	
Financial services income	102	184	(235)	(173)	(133)	11	206
Sales remuneration	-	-	-	-	-	-	-
Income after sales remuneration	102	184	(235)	(173)	(133)	11	206
Administration cost	(245)	(138)	-	-	(245)	(138)	(327)
Results from financial services	(143)	46	(235)	(173)	(378)	(127)	(121)
Tax on result from financial services	42	(13)	72	52	114	39	35
Non-controlling interest	-	-	163	121	163	121	-
<b>Net result from financial services</b>	<b>(101)</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>(101)</b>	<b>33</b>	<b>(86)</b>
Net investment income	96	46	-	-	96	46	186
Net investment surpluses	(19)	(45)	-	-	(19)	(45)	31
Project expenses	-	(11)	-	-	-	(11)	(13)
<b>Net operational earnings</b>	<b>(24)</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>23</b>	<b>118</b>
Reversal of impairment <sup>(2)</sup>	329	-	-	-	329	-	(1 673)
<b>Normalised attributable earnings</b>	<b>305</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>23</b>	<b>(1 555)</b>

<sup>(1)</sup> Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.

<sup>(2)</sup> An impairment reversal of R329 million in respect of the Broad-Based Black Economic Empowerment Special Purpose Vehicle (B-BBEE SPV) has been recognised in 2021. The recoverability of the Sanlam loan to the B-BBEE SPV has improved since 31 December 2020 mainly due to the improvement in the Sanlam share price.

### 7. Normalised diluted earnings per share

Cents	June Reviewed 2021	June Reviewed 2020	December Audited 2020 <sup>(1)</sup>
<b>Normalised diluted earnings per share:</b>			
Net result from financial services	203,1	174,5	376,4
Operational earnings	209,9	157,2	374,9
Profit/(Loss) attributable to shareholders' fund	199,0	(193,2)	(31,2)
<b>R million</b>			
<b>Analysis of operational earnings (refer shareholders' fund income statement on page 40):</b>			
Net result from financial services	4 529	3 898	8 382
Operational earnings	4 679	3 511	8 349
Normalised Profit/(Loss) attributable to shareholders' fund	4 436	(4 315)	(694)
<b>Reconciliation of operational earnings:</b>			
Headline earnings per note 1 on page 80	4 003	3 893	7 104
Add/(Less):	676	(382)	1 245
<i>Fund transfers</i>	720	(786)	(1 412)
<i>B-BBEE SPV Impairment reversal</i>	(329)	-	1 673
<i>Net equity-accounted earnings</i>	(17)	(7)	(14)
<i>Net amortisation of value of business acquired and other intangibles</i>	301	410	699
<i>Expected credit losses</i>	-	-	298
<i>Equity participation costs</i>	1	1	1
<b>Operational earnings</b>	<b>4 679</b>	<b>3 511</b>	<b>8 349</b>
	Million	Million	Million
<b>Adjusted number of shares:</b>			
Weighted average number of shares for diluted earnings per share (refer note 1 on page 80)	2 091,6	2 095,8	2 087,8
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	138,0	138,1	138,9
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 229,6</b>	<b>2 233,9</b>	<b>2 226,7</b>

<sup>(1)</sup> Comparatives for December 2020 results have been adjusted for hyperinflation. Refer to note 13.2 on page 101.



8. Value per share

R million	June Reviewed <b>2021</b>	December Audited <b>2020</b>
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R66 959 million (December 2020: R71 468 million), divided by 2 226,6 million (December 2020: 2 226,5 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R130 218 million (December 2020: R131 812 million), divided by 2 226,6 million (December 2020: 2 226,5 million) shares.		
<b>Number of shares for value per share</b>		
Number of ordinary shares in issue	<b>2 226,9</b>	2 226,9
Shares held by subsidiaries in shareholders' fund	<b>(27,9)</b>	(26,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	<b>27,6</b>	25,8
<b>Adjusted number of shares for value per share</b>	<b>2 226,6</b>	2 226,5

9. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,3 (31 December 2020: 8,1) to the after tax recurring corporate expenses.

10. Shares repurchased and cancelled

Sanlam shareholders granted general authorities to the Group at the 2021 and 2020 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2021.

# Contents

## 03

### Interim condensed consolidated financial statements

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# Independent auditors' review report on the 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 consolidated statement of financial position as at 30 June 2021 and consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended on pages 76 to 79, accounting policies and basis of preparation as set out on pages 21 to 23, the segment information which includes the Analysis of Shareholders' Fund at net asset value on pages 38 to 39 and the Shareholders' Fund Income Statement on pages 40 to 41, and note 7 on page 72, and selected explanatory notes set out on pages 80 to 103.

## Directors' responsibility for interim financial statements

The directors of Sanlam Limited are responsible for the preparation and presentation of these interim 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 and 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 consolidated financial statements. 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 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 enquiries 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 condensed consolidated interim financial statements of Sanlam Limited for the six-months ended 30 June 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and 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 CA(SA)

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

8 September 2021

*KPMG Inc.*

**KPMG Inc.**

Director: Pierre Fourie  
Registered Auditor Chartered Accountant CA(SA)

KPMG Crescent  
85 Empire Road  
Parktown

8 September 2021

# Statement of Financial Position

at 30 June

R million	Notes	Reviewed June <b>2021</b>	Restated Audited December <b>2020</b>
<b>ASSETS</b>			
Equipment		1 590	1 652
Right-of-use assets		1 650	1 614
Owner-occupied properties		2 520	2 692
Goodwill		15 944	16 703
Value of business acquired		5 503	6 129
Other intangible assets		787	788
Deferred acquisition costs		3 201	3 374
Long-term reinsurance assets		2 014	2 258
Investments		782 108	814 074
Investment property		18 770	20 302
Investments in associates and joint ventures	4	18 775	18 773
Equities and similar securities	4	202 812	186 990
Interest-bearing investments	4	256 420	261 434
Structured transactions	4	20 699	29 566
Investment funds	4	226 373	252 026
Cash, deposits and similar securities	4	38 259	44 983
Deferred tax asset		2 728	2 843
Assets of disposal groups classified as held for sale	10	62 016	2 218
General insurance technical assets		14 348	13 847
Working capital assets		73 870	75 604
Trade and other receivables	4	48 474	44 568
Taxation		866	942
Cash, deposits and similar securities	4	24 530	30 094
<b>Total assets</b>		<b>968 279</b>	943 796
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital and premium		12 784	12 784
Treasury shares		(1 800)	(1 633)
Other reserves <sup>(1)</sup>		2 381	4 383
Retained earnings <sup>(1)</sup>		46 734	49 178
<b>Shareholders' fund</b>		<b>60 099</b>	64 712
Non-controlling interests		12 656	12 512
<b>Total equity</b>		<b>72 755</b>	77 224
Long-term policy liabilities	4	595 359	625 527
Term finance	4	13 417	13 837
Margin business		5 330	5 330
Other interest-bearing liabilities		8 087	8 507
Lease liabilities		1 927	1 878
Structured transaction liabilities	4	14 456	22 970
External investors in consolidated funds	4	86 076	83 714
Cell owners' interest		4 395	4 226
Deferred tax liability		5 988	5 810
Liabilities of disposal groups classified as held for sale	10	59 710	454
General insurance technical provisions		51 173	49 752
Working capital liabilities		63 023	58 404
Trade and other payables	4	60 576	55 356
Provisions		458	506
Taxation		1 989	2 542
<b>Total equity and liabilities</b>		<b>968 279</b>	943 796

<sup>(1)</sup> Prior year has been restated for hyperinflation. The comparative six months Statement of Comprehensive Income, condensed Statement of Changes in Equity and the Statement of Cash Flow were not restated as Lebanon was only considered to be a hyperinflationary economy for accounting purposes in the second half of 2020. Refer to note 13.2 for additional information.

# Statement of Comprehensive Income

for the six months ended 30 June

R million	Notes	Reviewed 2021	Reviewed 2020
<b>Net income</b>		<b>92 440</b>	48 385
Financial services income	2	<b>55 835</b>	48 728
Reinsurance premiums paid		<b>(9 573)</b>	(8 958)
Reinsurance commission received		<b>1 401</b>	1 439
Investment income		<b>15 754</b>	16 607
Investment surpluses		<b>36 254</b>	(6 804)
Finance cost – margin business		<b>(123)</b>	(103)
Change in fair value of external investors' liability		<b>(7 108)</b>	(2 524)
<b>Net insurance and investment contract benefits and claims</b>		<b>(63 617)</b>	(21 096)
Long-term insurance and investment contract benefits		<b>(52 678)</b>	(9 948)
General insurance claims		<b>(17 308)</b>	(16 626)
Reinsurance claims received		<b>6 369</b>	5 478
<b>Expenses</b>		<b>(20 828)</b>	(19 886)
Sales remuneration		<b>(7 246)</b>	(6 812)
Administration costs		<b>(13 582)</b>	(13 074)
<b>Impairments</b>		<b>(501)</b>	(9 284)
Net impairment losses on financial assets		<b>(223)</b>	(998)
Other impairments		<b>(278)</b>	(8 286)
<b>Amortisation of intangibles</b>		<b>(578)</b>	(756)
<b>Net operating result</b>		<b>6 916</b>	(2 637)
Equity-accounted earnings		<b>1 187</b>	1 215
Finance cost – other		<b>(422)</b>	(645)
<b>Profit/(loss) before tax</b>		<b>7 681</b>	(2 067)
Taxation		<b>(3 112)</b>	(1 332)
Shareholders' fund		<b>(1 754)</b>	(540)
Policyholders' fund		<b>(1 358)</b>	(792)
<b>Profit/(loss) for the period</b>		<b>4 569</b>	(3 399)
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve (including the effect of hyperinflation)		<b>(2 066)</b>	9 400
Other comprehensive income of equity-accounted investments		<b>3</b>	(56)
<b>Comprehensive income for the period</b>		<b>2 506</b>	5 945
<b>Allocation of comprehensive income:</b>			
Profit/(loss) for the period		<b>4 569</b>	(3 399)
Shareholders' fund		<b>3 716</b>	(3 529)
Non-controlling interests		<b>853</b>	130
Comprehensive income for the period		<b>2 506</b>	5 945
Shareholders' fund		<b>1 856</b>	4 163
Non-controlling interests		<b>650</b>	1 782
<b>Earnings attributable to shareholders (cents):</b>			
Profit/(loss) for the period			
Basic earnings per share	1	<b>180,0</b>	(170,9)
Diluted earnings per share	1	<b>177,7</b>	(168,4)

# Statement of Changes in Equity

for the six months ended 30 June

R million	Reviewed 2021	Reviewed 2020
<b>Shareholders' fund</b>		
Balance at beginning of the period	64 712	67 317
Comprehensive income	1 856	4 163
Profit/(loss) for the period	3 716	(3 529)
Other comprehensive income	(1 860)	7 692
Net acquisition of treasury shares <sup>(1)</sup>	(321)	(1 043)
Share-based payments	267	194
Change in ownership of subsidiaries	(180)	(137)
Dividends paid <sup>(2)</sup>	(6 235)	(6 938)
<b>Balance at end of the period</b>	<b>60 099</b>	<b>63 556</b>
<b>Non-controlling interests</b>		
Balance at beginning of the period	12 512	12 043
Comprehensive income	650	1 782
Profit for the period	853	130
Other comprehensive income	(203)	1 652
Net acquisition of treasury shares <sup>(1)</sup>	(44)	(53)
Share-based payments	19	13
Change in ownership of subsidiaries	(120)	(27)
Dividends paid	(361)	(802)
<b>Balance at end of the period</b>	<b>12 656</b>	<b>12 956</b>
Shareholders' fund	64 712	67 317
Non-controlling interests	12 512	12 043
<b>Total equity at the beginning of the period</b>	<b>77 224</b>	<b>79 360</b>
Shareholders' fund	60 099	63 556
Non-controlling interests	12 656	12 956
<b>Total equity at the end of the period</b>	<b>72 755</b>	<b>76 512</b>

<sup>(1)</sup> Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).

<sup>(2)</sup> Dividend of 300 cents per share declared and paid during 2021 in respect of the 2020 financial year (2020: 334 cents).

# Statement of Cash Flow

for the six months ended 30 June

R million	Notes	Reviewed 2021	Restated Reviewed 2020
<b>Cash flows from operating activities<sup>(1)</sup></b>		<b>(9 551)</b>	(853)
Cash utilised in operations <sup>(1)</sup>	5.1	<b>(15 275)</b>	(6 985)
Interest and preference share dividends received		<b>9 369</b>	9 197
Interest paid		<b>(459)</b>	(642)
Dividends received		<b>5 833</b>	6 835
Dividends paid		<b>(6 561)</b>	(7 626)
Taxation paid		<b>(2 458)</b>	(1 632)
<b>Cash flows from investing activities</b>		<b>(319)</b>	(1 008)
Acquisitions of subsidiaries and associated companies	5.2	<b>(93)</b>	(1 008)
Payments made for the acquisition of equipment		<b>(263)</b>	-
Proceeds in respect of the sale of equipment		<b>49</b>	-
Payments made for the acquisition of owner-occupied properties		<b>(20)</b>	-
Proceeds in respect of the sale of owner-occupied properties		<b>8</b>	-
<b>Cash flow from financing activities</b>		<b>(1 241)</b>	(1 078)
Acquisition of treasury shares		<b>(595)</b>	(1 096)
Disposal of treasury shares		<b>230</b>	-
Acquisition of non-controlling interest		<b>(298)</b>	-
Term finance raised		<b>441</b>	822
Term finance repaid		<b>(729)</b>	(481)
Lease liabilities repaid		<b>(290)</b>	(323)
<b>Net decrease in cash and cash equivalents<sup>(1)</sup></b>		<b>(11 111)</b>	(2 939)
Effect of exchange rate movements on cash balances		<b>(445)</b>	3 617
Cash, deposits and similar securities at beginning of the period <sup>(1)</sup>		<b>48 410</b>	52 738
<b>Cash, deposits and similar securities at end of the period<sup>(1)</sup></b>	5.3	<b>36 854</b>	53 416

<sup>(1)</sup> The prior year amounts have been restated in line with December 2020 disclosures to exclude cash and cash equivalents that do not meet the definition of cash as per IAS 7 and did not affect the Statement of Financial Position, Statement of Comprehensive Income or the Statement of Changes in Equity. Refer to note 13.1 for additional information.

# Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June

## 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 the 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 and policyholders. The shares held by the B-BBEE SPV are considered as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increases. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 72 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	Reviewed 2021	Reviewed 2020
<b>Basic earnings per share:</b>		
Headline earnings	193,9	188,5
Profit/(loss) attributable to shareholders' fund	180,0	(170,9)
<b>Diluted earnings per share:</b>		
Headline earnings	191,4	185,8
Profit/(loss) attributable to shareholders' fund	177,7	(168,4)
	Reviewed 2021	Reviewed 2020
<b>R million</b>		
<b>Analysis of earnings:</b>		
Profit/(loss) attributable to shareholders' fund	3 716	(3 529)
Less: Net profit on disposal of subsidiaries and associated companies	(8)	(216)
Less: Equity-accounted non-headline earnings	23	(9)
Plus: Impairments	272	7 647
Gross impairments	275	8 286
Tax on impairments	-	(317)
Non-controlling interests	(3)	(322)
<b>Headline earnings</b>	<b>4 003</b>	3 893
	Reviewed 2021	Reviewed 2020
<b>Million</b>		
<b>Number of shares:</b>		
Number of ordinary shares in issue at beginning of the period	2 226,9	2 343,3
Less: Weighted number of shares cancelled	-	(38,8)
Less: Weighted Sanlam shares held by subsidiaries and consolidated vehicles (including policyholders and B-BBEE SPV)	(162,9)	(239,6)
<b>Adjusted weighted average number of shares for basic earnings per share</b>	<b>2 064,0</b>	2 064,9
Add: Number of shares in respect of Sanlam Limited long-term incentive schemes	27,6	30,9
<b>Adjusted weighted average number of shares for diluted earnings per share</b>	<b>2 091,6</b>	2 095,8



## 2. Reconciliation of segmental information

R million	Reviewed 2021	Restated <sup>(2)</sup> Reviewed 2020
<b>Segment financial services income (per shareholders' fund income statement)<sup>(3)</sup></b>	<b>48 085</b>	40 729
Sanlam Life and Savings	17 216	13 392
SA Retail Affluent	8 649	6 258
SA Retail Mass	5 097	4 159
Sanlam Corporate	3 470	2 975
Sanlam Emerging Markets	13 469	11 950
Sanlam Investment Group	3 832	2 990
Santam	13 701	12 386
Group Office and other	(133)	11
IFRS adjustments <sup>(1)</sup>	7 750	7 999
<b>Total financial services income</b>	<b>55 835</b>	48 728
<b>Segment results (per shareholders' fund income statement after tax and non-controlling interest)<sup>(3)</sup></b>	<b>4 436</b>	(4 315)
Sanlam Life and Savings	2 200	2 432
SA Retail Affluent	2 208	1 498
SA Retail Mass	461	555
Sanlam Corporate	(469)	379
Sanlam Emerging Markets	1 068	(6 803)
Sanlam Investment Group	234	(3)
Santam	629	36
Group Office and other	305	23
Non-controlling interests included in segment result	853	130
Fund transfers	(720)	786
<b>Total profit/(loss) for the period</b>	<b>4 569</b>	(3 399)
<b>Segment IFRS 15 revenue from contracts with customers</b>		
Sanlam Emerging Markets	531	464
Sanlam Investment Group	3 083	3 128
Santam	158	180
Sanlam Life and Savings	3 796	3 865
SA Retail Affluent	2 849	3 047
SA Retail Mass	3	6
Sanlam Corporate	944	812
<b>Total revenue in the scope of IFRS 15</b>	<b>7 568</b>	7 637

<sup>(1)</sup> IFRS adjustments mainly include earnings on capital from operating associates and joint ventures of (R1 484) million (2020: (R1 435) million) and reinsurance premiums paid of R9 573 million (2020: R8 958 million) (these items are classified differently between the Shareholder's fund income statement on page 40 and 41 and the IFRS Statement of Comprehensive Income).

<sup>(2)</sup> Segmental disclosures have been aligned with current year segmental reporting and had no impact on the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow or Statement of Changes in Equity for the current or prior year.

<sup>(3)</sup> For further IFRS 8 segmental disclosures refer to the Analysis of Shareholders' Fund at net asset value and the Shareholders' Fund Income Statement included on pages 38 to 41, and note 7 on page 72.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (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

R million	June 2021 - Reviewed			Total
	South Africa	Rest of Africa	Other International	
<b>IFRS 15 Revenue</b>	<b>5 409</b>	<b>546</b>	<b>1 613</b>	<b>7 568</b>
Administration fees	3 456	314	525	4 295
Asset management and performance fees	1 306	189	766	2 261
Commissions	265	43	310	618
Consulting fees	152	-	8	160
Actuarial and risk management fees	115	-	-	115
Trust and estate fees	69	-	-	69
Other <sup>(1)</sup>	46	-	4	50
Revenue not within the scope of IFRS 15	31 558	14 529	2 180	48 267
<b>Financial services income</b>	<b>36 967</b>	<b>15 075</b>	<b>3 793</b>	<b>55 835</b>

R million	June 2020 - Reviewed			Total
	South Africa	Rest of Africa	Other International	
<b>IFRS 15 Revenue</b>	<b>5 501</b>	<b>481</b>	<b>1 655</b>	<b>7 637</b>
Administration fees	3 678	265	234	4 177
Asset management and performance fees	1 187	170	1 082	2 439
Commissions	291	34	326	651
Consulting fees	122	12	11	145
Actuarial and risk management fees	110	-	-	110
Trust and estate fees	55	-	-	55
Other <sup>(1)</sup>	58	-	2	60
Revenue not within the scope of IFRS 15	25 762	13 532	1 797	41 091
<b>Financial services income</b>	<b>31 263</b>	<b>14 013</b>	<b>3 452</b>	<b>48 728</b>

<sup>(1)</sup> Other IFRS 15 revenue relates to rebates and scrip lending fees received.

3.2 According to timing of revenue recognition

June 2021 – Reviewed				
R million	At a point in time	Over time	Not in the scope of IFRS 15	Total
<b>IFRS 15 Revenue</b>	<b>467</b>	<b>7 101</b>	-	<b>7 568</b>
Administration fees	27	4 268	-	4 295
Asset management and performance fees	2	2 259	-	2 261
Commissions	391	227	-	618
Consulting fees	11	149	-	160
Actuarial and risk management fees	-	115	-	115
Trust and estate fees	33	36	-	69
Other <sup>(1)</sup>	3	47	-	50
Revenue not within the scope of IFRS 15	-	-	48 267	48 267
<b>Financial services income</b>	<b>467</b>	<b>7 101</b>	<b>48 267</b>	<b>55 835</b>

June 2020 – Reviewed				
R million	At a point in time	Over time	Not in the scope of IFRS 15	Total
<b>IFRS 15 Revenue</b>	553	7 084	-	7 637
Administration fees	25	4 152	-	4 177
Asset management and performance fees	1	2 438	-	2 439
Commissions	478	173	-	651
Consulting fees	7	138	-	145
Actuarial and risk management fees	-	110	-	110
Trust and estate fees	23	32	-	55
Other <sup>(1)</sup>	19	41	-	60
Revenue not within the scope of IFRS 15	-	-	41 091	41 091
<b>Financial services income</b>	<b>553</b>	<b>7 084</b>	<b>41 091</b>	<b>48 728</b>

<sup>(1)</sup> Other IFRS 15 revenue relates to rebates and scrip lending fees received.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

### 4. Financial assets and financial liabilities

#### Classification of financial instruments

R million	Fair value through profit or loss		Fair value through other comprehensive income	Total fair value
	Mandatorily	Designated		
<b>June 2021 - Reviewed</b>				
<b>Investments</b>	<b>447 602</b>	<b>283 510</b>	<b>-</b>	<b>731 112</b>
Equities and similar securities	202 812	-	-	202 812
Investment in joint ventures	404	-	-	404
Interest-bearing investments <sup>(2)</sup>	-	244 986	-	244 986
Structured transactions	18 013	2 686	-	20 699
Investment funds	226 373	-	-	226 373
Cash, deposits and similar securities <sup>(2)</sup>	-	35 838	-	35 838
<b>Working capital assets</b>	<b>12 404</b>	<b>2 585</b>	<b>-</b>	<b>14 989</b>
Trade and other receivables	12 404	2 585	-	14 989
Cash deposits and similar securities	-	-	-	-
<b>Total financial assets</b>	<b>460 006</b>	<b>286 095</b>	<b>-</b>	<b>746 101</b>
External investors in consolidated funds	-	86 076	-	86 076
Investment contract liabilities	-	410 276	-	410 276
Term finance	-	3 576	-	3 576
Structured transaction liabilities	14 456	-	-	14 456
Trade and other payables	3 140	10 059	-	13 199
<b>Total financial liabilities</b>	<b>17 596</b>	<b>509 987</b>	<b>-</b>	<b>527 583</b>
<b>December 2020 - Audited</b>				
<b>Investments</b>	465 356	296 480	-	761 836
Equities and similar securities	186 990	-	-	186 990
Investment in joint ventures	-	427	-	427
Interest-bearing investments <sup>(2)</sup>	-	250 591	-	250 591
Structured transactions	26 340	3 226	-	29 566
Investment funds	252 026	-	-	252 026
Cash, deposits and similar securities <sup>(2)</sup>	-	42 236	-	42 236
<b>Working capital assets</b>	10 239	2 784	3 293	16 316
Trade and other receivables	10 239	2 784	-	13 023
Cash, deposits and similar securities	-	-	3 293	3 293
<b>Total financial assets</b>	<b>475 595</b>	<b>299 264</b>	<b>3 293</b>	<b>778 152</b>
External investors in consolidated funds	-	83 714	-	83 714
Investment contract liabilities	-	434 584	-	434 584
Term finance	-	4 140	-	4 140
Structured transaction liabilities	22 970	-	-	22 970
Trade and other payables	3 792	9 383	-	13 175
<b>Total financial liabilities</b>	<b>26 762</b>	<b>531 821</b>	<b>-</b>	<b>558 583</b>

<sup>(1)</sup> Movement in expected credit loss allowance is mainly due to foreign currency translation differences. In addition, trade and other receivables movement is also due to the increase in net remeasurement of loss allowance of premium receivable of R207 million. This is still due to the COVID-19 pandemic continuing impacts. The methodologies applied have however not changed since December 2020.

<sup>(2)</sup> Interest-bearing investments and cash, deposits and similar securities: During March 2021, Moody's confirmed the probability of default (PD) to be used for Lebanon bonds (for a rating bucket of Ca-C) to be 58,3%. This has already been sufficiently provided for at 31 December 2020, and as a result no significant additional expected credit losses were required for banks and sovereign exposures held by Lebanon Insurance Africa (LIA).

Amortised cost gross	Expected credit loss allowance <sup>(1)</sup>	Amortised cost net	Total
14 814	(959)	13 855	744 967
-	-	-	202 812
-	-	-	404
12 002	(568)	11 434	256 420
-	-	-	20 699
-	-	-	226 373
2 812	(391)	2 421	38 259
60 488	(2 818)	57 670	72 659
35 929	(2 789)	33 140	48 129
24 559	(29)	24 530	24 530
75 302	(3 777)	71 525	817 626
		-	86 076
		-	410 276
		9 841	13 417
		-	14 456
		42 237	55 436
		52 078	579 661
15 439	(1 849)	13 590	775 426
-	-	-	186 990
-	-	-	427
11 796	(953)	10 843	261 434
-	-	-	29 566
-	-	-	252 026
3 643	(896)	2 747	44 983
60 342	(2 762)	57 580	73 896
33 303	(2 524)	30 779	43 802
27 039	(238)	26 801	30 094
75 781	(4 611)	71 170	849 322
		-	83 714
		-	434 584
		9 697	13 837
		-	22 970
		37 500	50 675
		47 197	605 780

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

### 5. Notes to the Statement of Cash Flow

#### 5.1 Cash generated/(utilised) in operations

R million	June Reviewed 2021	Restated <sup>(1)</sup> June Reviewed 2020
Profit/(loss) before tax per Statement of Comprehensive Income	7 681	(2 067)
Net movement in policy liabilities	33 443	(521)
Non-cash flow items	(28 451)	16 451
Depreciation	491	539
Bad debts written off	25	76
Share-based payments	287	207
Profit on disposal of subsidiaries and associates	(8)	(216)
Fair value adjustments and change in external investors' liability	(29 138)	7 020
Net impairment losses on financial assets and other impairments	501	9 284
Amortisation of intangibles	578	756
Equity-accounted earnings	(1 187)	(1 215)
Items excluded from cash utilised in operations	(14 686)	(15 247)
Interest and preference share dividend income	(9 398)	(9 160)
Finance costs	545	748
Dividend income	(5 833)	(6 835)
Net acquisition of investments <sup>(1)</sup>	(11 315)	(33 738)
(Decrease)/increase in net working capital assets and liabilities	(1 947)	28 137
<b>Cash utilised in operations</b>	<b>(15 275)</b>	<b>(6 985)</b>

<sup>(1)</sup> Prior year negative amount has been reduced with R5 089 million. Refer to note 13.1 for additional information.

#### 5.2 Acquisition of subsidiaries

R million	June Reviewed 2021	June Reviewed 2020
<b>During the period, no significant interests in subsidiaries were acquired within the Group.</b>		
The fair value of assets acquired via business combinations is as follows:		
Equipment	-	(36)
Owner-occupied properties	-	(77)
Goodwill	(36)	(1 097)
Other intangible assets	(106)	(12)
Deferred acquisition cost	-	(8)
Long-term reinsurance assets	-	(50)
Investments	-	(5 436)
General insurance technical assets	-	(138)
Trade and other receivables	-	(105)
Cash, deposits and similar securities	-	(140)
Long-term policy liabilities	-	4 577
Deferred tax liabilities	-	10
General insurance technical provisions	-	251
Working capital liabilities	-	496
Non-controlling interest	-	69
<b>Total purchase consideration</b>	<b>(142)</b>	<b>(1 696)</b>
Less: Previously held interest at fair value	-	548
Cash element consideration	(142)	(1 148)
Less: Deferred purchase consideration	49	-
Less: Cash, deposits and similar securities	-	140
<b>Cash component of acquisition of subsidiaries</b>	<b>(93)</b>	<b>(1 008)</b>

### 5.3 Cash, deposits and similar securities

For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

R million	June Reviewed <b>2021</b>	June Reviewed Restated <sup>(1)</sup> <b>2020</b>
Working capital: Cash, deposits and similar securities	24 530	27 644
Investment cash	38 259	52 275
Bank overdrafts	(1 169)	(2 495)
<b>Total cash, deposits and similar securities – as per the Statement of Financial Position</b>	<b>61 620</b>	77 424
Less: Investment cash with original maturities of greater than 3 months <sup>(1)</sup>	(24 766)	(24 008)
<b>Total cash, deposits and similar securities – as per Statement of Cash Flow</b>	<b>36 854</b>	53 416

<sup>(1)</sup> Refer to note 13.1 for additional information.

Included in cash and cash equivalents are restricted cash balances of R5 639 million (2020: R1 130 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with the JSE in respect of exchange traded derivatives.

## 6. Critical accounting estimates and judgements

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the Group's assets and liabilities. Management applies judgement in determining best estimates of future experience. These judgements are based on historical experience and reasonable expectations of future events and changes in experience. Estimates and assumptions are regularly updated to reflect actual experience. It is reasonably possible that actual outcomes in future financial years may differ to the current assumptions and judgements, possibly significantly, which could require a material adjustment to the carrying amounts of the affected assets and liabilities.

The critical estimates and judgements made in applying the Group's accounting policies which had a significant impact on the interim financial statements are summarised below.

### 6.1 Impairment of goodwill and value of business acquired and other assets

The recoverable amount of goodwill, value of business acquired and other intangible assets for impairment testing purposes has been determined based on the value in use of the businesses. For life businesses this is determined as the embedded value of life insurance businesses plus a value of new life insurance business multiple. For non-life businesses the value in use was determined on a discounted cash flow valuation basis. These are considered to be the appropriate measures of value in use.

The embedded value (plus a value of new life insurance business multiple) for life businesses or fair value of non-life businesses therefore has a significant impact on whether an impairment of goodwill and/or value of business acquired is required.

Refer to pages 47 to 49 of the Shareholders' Information respectively for the main assumptions applied in determining the embedded value of covered business and the fair value of other Group businesses. Embedded value of covered business and fair value sensitivity analyses are provided on page 46 of the Shareholders' Information.

#### 6.1.1 San JV

The consolidated carrying value of San JV comprise of net asset value (NAV), value of business acquired (VOBA) and goodwill. San JV holds 100% of the formerly known Saham Finances Group (Saham). The recoverable amount is based on the value in use. The impairment test compares the value in use with the carrying value.

Changes to Saham's NAV impact the carrying value directly. Some valuation impacts will correspond to changes in the NAV. Other valuation impacts, such as assumption changes that affect longer-term cash flows, affect the carrying value through VOBA.

Saham's value in use reduced from R20,3 billion at 31 December 2020 to R20,2 billion at 30 June 2021. The carrying value of Saham is R19,4 billion at June 2021 (Dec 2020: R20,1 billion after an impairment of R6,6 billion). The valuation at 30 June 2021 supported the carrying value and did not result in additional impairments for the current reporting period.

The rand strengthened against most currencies in the portfolio, most notably against the Morocco dirham by some 2,65%. Adjusting for the impact of exchange rates, the valuation increased by 3,1%. Premium growth has recovered broadly in line with the valuation assumptions since 2020. However, the outlook remains uncertain as the timing and severity of new waves of COVID-19 differ across the continent. The underwriting performance has remained within the target range. Equity markets in Morocco and Côte d'Ivoire recovered strongly and supported investment returns on insurance funds.



# Notes to the Interim Condensed Consolidated Financial Statements

## for the six months ended 30 June (continued)

### 6. Critical accounting estimates and judgements (continued)

#### 6.1 Impairment of goodwill and value of business acquired and other assets (continued)

##### 6.1.1 San JV (continued)

The valuation of the non-life and life operations in Lebanon are maintained at zero as a meaningful economic recovery is not expected in the foreseeable future.

In many ways, the risks mentioned previously realised as more waves and variants of COVID-19 emerged. The level of uncertainty continues to remain high and the risk discount rates continue to reflect this. On aggregate, the portfolio's risk discount rates increased in line with the US risk free yield. This rate is used as a starting point in the determination of local country risk adjusted risk free rates. The outlook on long-term inflation has remained stable but long-term gross domestic product (GDP) growth expectations have reduced in various countries.

As reflected in the table below there were no significant adjustments made to the key assumptions in determining the value in use for cash generating units (excluding Lebanon).

	Non-life			Life		
	30 June 2021	31 December 2020	30 June 2020	30 June 2021	31 December 2020	30 June 2020
Weighted average local discount rate <sup>(1)</sup>	11,4%	11,0%	11,3%	11,2%	11,6%	11,6%
Weighted average perpetuity growth rate	5,4%	5,7%	5,9%	5,1%	4,9%	4,6%
VNB multiples	n/a	n/a	n/a	10,0 - 16,3	10,0 - 16,3	10,0 - 16,3
Revenue: compounded annual growth rate (range of values over the 10 years)	6,1% - 9,0%	6,3% - 8,9%	5,7% - 11,5%	n/a	n/a	n/a
Net insurance result margin <sup>(2)</sup>	11% - 18%	11,0% - 17,0%	11,0% - 18,0%	n/a	n/a	n/a

<sup>(1)</sup> It represents the total weighted average risk discount rate (RDR) in local currency terms. The devaluation of the rand is expected to increase this return over time.

<sup>(2)</sup> Expressed as a percentage of net earned premiums.

For life embedded values, cash flows are projected over the lifetime of the in-force book. Future life new business and non-life cash flows are projected over 10 years. The year 10 cash flow is expected to be at a stable level and sustainable into perpetuity. This is projected into perpetuity and discounted accordingly.

Management has determined the values assigned to each of the key assumptions above as follows:

Assumption	Approach used to determine the values
Discount rates	This is a function of the local risk-free rates (reflecting country risk) plus a specific risk premium per business.
Perpetuity growth rate	This is a function of expected long-term inflation and GDP growth rates of each country.
Revenue annual growth rates	This is a function of expected long-term inflation and GDP growth rates of each country, including industry growth rates and management's expectations for the future.

There has been no material change to the value in use or the related assumptions. The sensitivities provided in the 2020 Annual Financial Statements therefore remain applicable. Refer to note 25 of the 2020 Annual Financial Statements for additional information.



### 6.1.2 Shriram Capital

The valuation of Shriram Capital increased since December 2020 despite the rand strengthening against the Indian rupee by about 4%. The valuation of Shriram Transport Finance Company (STFC) was neutralised by the exchange rate impact.

The Indian economy started its recovery post the first COVID-19 wave and both disbursements and collections for STFC and Shriram City Union Finance (SCUF) recovered well. This supported a strong recovery of the listed share prices for both businesses. However, the severe impact of the second COVID-19 wave, which peaked during the second quarter, has slowed the recovery. As a result, both businesses had to increase provisions and loan book growth slowed down. The short to medium term outlook for STFC and SCUF remains very uncertain and susceptible to a deteriorating economic environment in which its customer base, who are typically small business owners, operate.

The recovery since 31 December 2020 has outperformed the valuation assumption. It resulted in a reversal of impairment which amounts to R128 million in respect of Shriram Capital.

R million	STFC	Shriram Capital
Value in use	1 576	7 856
Carrying value	1 574	7 728
Gross impairment previously reported	(131)	(672)
Reversal of impairment	-	128
Key assumptions in determining the value in use for cash generating units:		
Weighted average local discount rate (Dec 2020: 13,6% and 14,4%)	13,8%	15%
Weighted average perpetuity growth rate (Dec 2020: 9,0% and 8,9%)	8,8%	8,8%
Aggregate growth rate (Dec 2020: between 4,0% and 15,0% and between (0,1%) and 13,7%) <sup>(1)</sup>	5,8% - 15,0%	0,7% - 13,5%

<sup>(1)</sup> Aggregate growth rate refers to aggregate compound growth rate of the loan book for the credit businesses and gross written premium growth for non-life.

Refer to note 4.2 of the Shareholders' information section for sensitivity analysis in respect of Shriram non-life businesses. Life businesses comprise approximately 10% of the total value in use.

### 6.2 The ultimate liability arising from claims under general insurance contracts

The estimation of the ultimate liability arising from claims under general insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately incur.

The risk environment can change suddenly and unexpectedly owing to a wide range of events or influences. The Group is constantly refining its general insurance risk monitoring and management tools to enable the Group to assess risks appropriately, despite the greatly increased pace of change. The growing complexity and dynamism of the environment in which the Group operates means that there are, however, natural limits. There will never be absolute certainty in respect of identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential.

Refer to note 8 for more information about Santam's CBI provisions.

### 6.3 Financial assets: Impairment

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Refer to note 4 for more information.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

### 6. Critical accounting estimates and judgements (continued)

#### 6.4 Investment properties

The value drivers underpinning the valuation of properties have not significantly changed since 31 December 2020. The COVID-19 pandemic has not put additional pressure on the expected long-term rental growth rates. Vacancy assumptions have however slightly increased. Management is currently negotiating new leases to reduce the vacancy rate. The success of these negotiations is dependent upon the successful reopening of the economy post lockdown.

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

Unobservable inputs across sectors	Reviewed June 2021	Audited December 2020
<b>South African portfolio</b>		
Base rate	8,79%	8,07%
Vacancy rate	17,00%	14,80%
Expected expense growth (average over 5 years, range cover different types of expenses)	4,59% - 9,4%	4,59% - 9,4%
<b>Office buildings</b>		
Discount rate	11,48% - 14,23%	10,73% - 13,48%
Exit capitalisation rate	9,5% - 13,00%	9,5% - 12,25%
<b>Retail buildings</b>		
Discount rate	11,48% - 12,73%	10,73% - 11,98%
Exit capitalisation rate	9,5% - 11,25%	9,5% - 11,25%
<b>Industrial buildings</b>		
Discount rate	11,48% - 13,23%	11,48% - 12,48%
Exit capitalisation rate	9,5% - 13,00%	9,5% - 13,00%

#### 6.5 Foreign operation currencies and hyperinflation

Statement of Comprehensive Income items of foreign operations (including foreign subsidiaries, associates and joint ventures) with a functional currency different from the presentation currency, are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific items, in which instances the exchange rate on transaction date is used. The closing rate is used for the translation of assets and liabilities, including goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign entities. At acquisition, equity is translated at the rate ruling on the date of acquisition. Post-acquisition equity is translated at the rates prevailing when the change in equity occurred.

To the contrary, when the foreign operation's functional currency is the currency of a hyperinflationary economy, both the Statement of Comprehensive Income items and the assets and liabilities are translated at the prevailing closing rate. During the second half of 2020, Lebanon was included in the list of countries considered to be a hyperinflationary economy for accounting purposes. As at 31 December 2020, the official Lebanese pound (LBP) rate of LBP1 507/\$ was applied to entities with LBP as functional currency. Subsequent to 31 December 2020, the utilisation of the official rate has been reconsidered due to lack of exchangeability of LBP with other currencies which is not regarded as temporary. Sanlam has reconsidered the rate, and has applied an estimated rate of LBP12 000/\$ which is viewed as more appropriately reflecting the current prevailing economic conditions of Lebanon and is a rate which has been sanctioned by the Lebanese Central Bank as a rate at which orderly transactions between market participants have been executed.

### 7. Commitments and contingencies

Shareholders are referred to the contingent liabilities disclosed in the 2020 Annual Financial Statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

Security to third parties in respect of the preference share business subject to and within the overall approved limit of R13 billion (2020: R10 billion).

Sanlam has approved a guarantee facility, in March 2018 in respect of the distribution agreement between Retail Affluent and Capitec, which has been launched during 2018. The facility is subject to an internal limit of R500 million. The first premiums were received in terms of the credit life underwriting and funeral product distribution agreements with Capitec. Performance guarantees with the sum of R183 million have been issued in respect of the sales up to 30 June 2021 (31 December 2020: R337 million).

During 2020 Sanlam Emerging Markets Proprietary Limited (SEM) entered into a performance guarantee agreement with Stanbic Bank Kenya Limited (Stanbic Kenya) for a revolving credit facility to be provided to Sanlam Kenya PLC (Sanlam Kenya), to an aggregate limit of approximately KES3 billion (approximately R398 million) (SEM Guarantee). Sanlam Limited will be providing an irrevocable guarantee to Stanbic Kenya for the due performance by SEM of its obligations to Sanlam Kenya in terms of the SEM Guarantee. The facility has been utilised in full during 2021.

Sanlam Limited irrevocably and unconditionally guarantees to the noteholders of the recent approved Sanlam Life Insurance Limited's R2 billion unsecured unsubordinated notes under its R6 billion programme, the due and punctual performance of all obligations arising under the programme. Refer to note 8 for additional information.

Sanlam Pan Africa (previously Saham Finances S.A.) issued a five-year guarantee of up to R500 million to the Bank of Africa in respect of Colina business operations which has expired in April 2021. Another guarantee of R389 million which expires 31 December 2025 has been entered into during December 2020 and has been fully utilised during 2021.

Financial claims are lodged against the Group from time to time. Provisions are recognised for claims based on best estimates of the expected outcome of the claims (refer to Santam, note 8). Given the high degree of uncertainty involved in determining the expected outcome, it is reasonably possible that outcomes in future financial years will be different to the current estimates.

## **8. Subsequent events**

### **8.1 Sanlam Life Insurance Limited**

As per the SENS announcement dated 13 July 2021, Sanlam Life Insurance Limited (Sanlam Life) notified note holders of the early redemption of the SLI4 R1 billion unsecured subordinated callable floating rate notes, issued on 11 August 2016. The notes were redeemed on 16 August 2021 accordingly.

Sanlam Life has also received approval from the JSE in terms of its amended R6 billion Unsecured Subordinated Note Programme under which another R2 billion notes have been issued in three tranches (SLI5, SLI6 and SLI7) on 16 August 2021. The tranches will mature as follows: SLI5 (R977 million): 16 August 2026; SLI6 (R584 million): 16 August 2028 and SLI7 (R439 million): 16 August 2028 respectively. Refer to the SENS announcement dated 13 August 2021 for additional information.

### **8.2 Santam**

The collar structure over equities to the value of R1 billion, entered into by the group on 3 May 2021 to provide capital protection, matured on 3 August 2021. The final realised gain on the contract was R15 million (R19 million unrealised gain was recognised at 30 June 2021). The structure was not renewed.

Santam continues to make good progress in processing business interruption claims. At the end of August 2021 approximately R700 million has been paid to policyholders in addition to the R1 billion paid in interim relief in August 2020, bringing the total CBI payments to date to R1,7 billion.

Santam's appeal against the Ma-Afrika judgment with respect to the length of the indemnity period, was heard by the Supreme Court of Appeal of the Republic of South Africa on 27 August 2021. Judgment is expected later in 2021.

Following the civil unrest during the latter part of July 2021 in South Africa, Santam is working actively with SASRIA, the state-owned insurer set up to cover unrest-related claims, to assist SASRIA with settling claims relating to the destruction of property. Santam Re has a small participation percentage on the SASRIA reinsurance program. It is too early to quantify Santam's net exposure relating to this participation until loss estimates are received, however, based on all treaty limits, it cannot exceed R315 million.

No other 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 2021 as reflected in these financial statements.

## **9. Related parties: Major shareholders**

The suspensive conditions in respect of a transaction between Sanlam and African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FS), for Sanlam Life Insurance Limited to acquire a 25% non-controlling shareholding in a wholly owned subsidiary of ARC FS, ARC Financial Services Investments Proprietary Limited, have been fulfilled and have become unconditional with an effective date of 30 April 2021. The final purchase price for the transaction is R754 million, which is based on the original approximate purchase price of R739 million, rolled forward to the effective date at the funding rate applicable to the Ubuntu-Botho Facility (85% of the prime interest rate). As at the effective date, the fair value of the 25,0% acquired is R824 million, which implies negative goodwill. A gain of R70 million has been included in Sanlam's share of associate's profit or loss during the current reporting period. The difference between the purchase price and the fair value on the effective date is mainly attributable to the movement in the fair values of the underlying assets. Sanlam Life is now a 25,0% non-controlling shareholder of ARC Financial Services Investments Proprietary Limited with ARC FS retaining the majority 75,0% shareholding. ARC FS is owned 50,1% by African Rainbow Capital Pty Ltd (ARC) and 49,9% by the ARC Fund. ARC is a wholly owned subsidiary of UBI which is a material shareholder in Sanlam and accordingly deemed a related party.

## Notes to the Interim Condensed Consolidated Financial Statements

### for the six months ended 30 June (continued)

#### 10. Disposal groups

##### 10.1 Nucleus (included in Sanlam Investment Group)

As disclosed in the 2020 Annual Financial Statements, an announcement was made on 9 February 2021, where an agreement has been reached on the terms of a recommended cash offer by James Hay Holdings Limited for the entire issued share capital of Nucleus. Sanlam UK Limited, a subsidiary of Sanlam Limited, holds 52,19% of Nucleus' issued share capital. The transaction was subject to Nucleus shareholder and regulatory approvals, and other conditions precedent.

At 30 March 2021, James Hay Holdings Limited elected to implement the acquisition by way of recommended takeover instead of a court-sanctioned scheme of arrangement which has been extended to 23 August 2021. All other conditions remained unchanged from the original announcement. 94,4% of the shareholders accepted the takeover offer by 25 May 2021. Sanlam Limited has already obtained consent to the disposal from SA Prudential Authority (SAPA), which is primarily conditional on receiving regulatory approval from the Financial Conduct Authority (FCA), which has been obtained on 6 August 2021.

##### 10.2 Sanlam Life and Pensions UK (included in Sanlam Investment Group)

Sanlam is at an advanced stage to sell the issued share capital of Sanlam Life and Pensions UK Limited (SLP). Sanlam UK Limited, a subsidiary of Sanlam Limited, holds 100% of SLP's issued share capital. An impairment test was conducted prior to the reclassification as a disposal group which resulted in the impairment of the historic Goodwill recognised on this investment of R356 million (included in Other impairments in the Statement of Comprehensive Income). The expected proceeds are in line with the fair value less costs to sell.

Financial information relating to the disposal group for the period is set out below:

#### *Assets and liabilities of disposal group classified as held for sale*

The following assets and liabilities were reclassified as held for sale as at 30 June 2021.

R million	June 2021
<b>Assets of disposal group classified as held for sale:</b>	
Equipment	1
Long-term reinsurance assets	27
Investments	59 010
Properties	1 666
Equities and similar securities	1 921
Interest-bearing investments	2 000
Investment funds	51 630
Cash, deposits and similar securities	1 793
Loans receivable <sup>(1)</sup>	247
Working capital assets	650
Trade and other receivables	287
Cash, deposits and similar securities	363
<b>Total assets</b>	<b>59 935</b>
<b>Liabilities of disposal groups classified as held for sale</b>	
Long-term policy liabilities	58 161
Term finance	84
Deferred tax liability	395
Working capital liabilities	515
Trade and other payables	286
Provisions	61
Taxation	168
<b>Total liabilities</b>	<b>59 155</b>

<sup>(1)</sup> Loans receivable eliminates on group level.

##### 10.3 Sanlam UK Wealth Management operations (included in Sanlam Investment Group)

Sanlam is exploring the disposal of the Sanlam UK Wealth management operations. Both the assets and liabilities at 30 June 2021 amounted to R908 million. Assets and liabilities include intercompany balances of R237 million and R829 million respectively.

## 11. 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 these disclosures 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 and quoted prices in an inactive market 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**.

### Recurring fair value measurements (financial instruments)

R million	Level 1	Level 2	Level 3	Total
<b>30 June 2021 – reviewed</b>				
<b>Financial instruments</b>				
Equities and similar securities	198 484	2 663	1 665	202 812
Investment in joint ventures	-	-	404	404
Interest-bearing investments	98 352	146 096	538	244 986
Structured transactions	113	20 566	20	20 699
Investment funds	203 630	21 785	958	226 373
Trade and other receivables	7 310	7 224	455	14 989
Cash, deposits and similar securities: Investments	-	35 838	-	35 838
<b>Total assets at fair value</b>	<b>507 889</b>	<b>234 172</b>	<b>4 040</b>	<b>746 101</b>
<b>Financial instruments</b>				
External investors in consolidated funds	84 341	1 388	347	86 076
Investment contract liabilities	1	408 609	1 666	410 276
Term finance	-	3 576	-	3 576
Structured transactions liabilities	-	14 456	-	14 456
Trade and other payables	2 531	10 668	-	13 199
<b>Total liabilities at fair value</b>	<b>86 873</b>	<b>438 697</b>	<b>2 013</b>	<b>527 583</b>
<b>31 December 2020 – audited</b>				
<b>Financial instruments</b>				
Equities and similar securities	181 126	4 718	1 146	186 990
Investment in joint ventures	-	-	427	427
Interest-bearing investments	94 948	155 101	542	250 591
Structured transactions	117	29 449	-	29 566
Investment funds	239 067	12 342	617	252 026
Trade and other receivables	6 269	6 356	398	13 023
Cash, deposits and similar securities: Investments	-	42 236	-	42 236
Cash, deposits and similar securities: Working capital	-	3 293	-	3 293
<b>Total assets at fair value</b>	<b>521 527</b>	<b>253 495</b>	<b>3 130</b>	<b>778 152</b>
<b>Financial instruments</b>				
External investors in consolidated funds	82 228	1 040	446	83 714
Investment contract liabilities	387	432 499	1 698	434 584
Term finance	50	4 090	-	4 140
Structured transactions liabilities	-	22 958	12	22 970
Trade and other payables	2 227	10 948	-	13 175
<b>Total liabilities at fair value</b>	<b>84 892</b>	<b>471 535</b>	<b>2 156</b>	<b>558 583</b>

## 11. Fair value disclosures (continued)

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

R million	Equities and similar securities	Investment in joint ventures	Interest-bearing investments	Structured transactions assets	Investment funds	Trade and other receivables	Total assets
<b>Assets</b>							
<b>30 June 2021 - reviewed</b>							
Balance at 1 January 2021	1 146	427	542	-	617	398	3 130
Net (loss)/gains in Statement of Comprehensive Income	(149)	(23)	(22)	20	(52)	(10)	(236)
Acquisitions	1 012	-	36	-	434	1	1 483
Disposals	(52)	-	(18)	-	(40)	(10)	(120)
Foreign exchange movements	(292)	-	-	-	(1)	(4)	(297)
Transfers from level 2	-	-	-	-	-	80	80
<b>Balance at 30 June 2021</b>	<b>1 665</b>	<b>404</b>	<b>538</b>	<b>20</b>	<b>958</b>	<b>455</b>	<b>4 040</b>
<b>31 December 2020 - audited</b>							
Balance at 1 January 2020	1 134	400	498	-	714	62	2 808
Net gains/(loss) in Statement of Comprehensive Income	62	27	20	-	(24)	45	130
Acquisitions	142	-	24	-	139	338	643
Disposals	(225)	-	-	-	(221)	-	(446)
Foreign exchange movements	33	-	-	-	9	(47)	(5)
<b>Balance at 31 December 2020</b>	<b>1 146</b>	<b>427</b>	<b>542</b>	<b>-</b>	<b>617</b>	<b>398</b>	<b>3 130</b>

R million	Investment contract liabilities	External investors in consolidated funds	Structured transaction liabilities	Total liabilities
<b>Liabilities</b>				
<b>30 June 2021 - reviewed</b>				
Balance at 1 January 2021	1 698	446	12	2 156
Net gains in Statement of Comprehensive Income	-	(88)	-	(88)
Acquisitions	27	-	-	27
Disposals	(29)	-	(12)	(41)
Foreign exchange movements	(30)	(11)	-	(41)
<b>Balance at 30 June 2021</b>	<b>1 666</b>	<b>347</b>	<b>-</b>	<b>2 013</b>
<b>31 December 2020 - audited</b>				
Balance at 1 January 2020	1 641	543	-	2 184
Net loss/(gains) in Statement of Comprehensive Income	1	(138)	-	(137)
Acquisitions	47	-	12	59
Disposals	(133)	-	-	(133)
Foreign exchange movements	142	41	-	183
<b>Balance at 31 December 2020</b>	<b>1 698</b>	<b>446</b>	<b>12</b>	<b>2 156</b>

Gains or losses (realised and unrealised) in respect of level 3 financial instruments included in Statement of Comprehensive Income	Six months Reviewed 2021	Full year Audited 2020
Total losses included in Statement of Comprehensive Income for the period	(148)	(2 665)
Total unrealised losses included in Statement of Comprehensive Income for assets held at the end of the reporting period	(232)	(1 485)

Transfers between levels

R million	Interest bearing invest-ments <sup>(1)</sup>	Investment funds <sup>(1)</sup>	Total assets
<b>Financial assets</b>			
<b>Six months Reviewed - 2021</b>			
Transfer from level 1 to level 2	(99)	-	(99)
<b>Full year Audited - 2020</b>			
Transfer from level 1 to level 2	(3 627)	(2 715)	(6 342)
Transfer from level 2 to level 1	-	11 013	11 013

<sup>(1)</sup> Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instruments that have become actively traded in the market have been transferred from level 2 to level 1.

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) and Earnings multiple.	Cost of Capital and Consumer price index.	Cost of Capital, Adjusted earnings multiple, Budgets and Forecasts.
Interest-bearing investments	2 and 3	DCF and Quoted put/surrender price by issuer.	Bond and interbank swap interest rate curve, Cost of Capital and Consumer price index.	Discount rate and Cost of Capital.
Structured transactions assets and liabilities	2 and 3	Option pricing models and DCF.	Bond and interbank swap interest rate curve, Forward equity and currency rates and 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 and DCF.	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index and Bond interest rate curve.	Earnings multiple
Trade and other receivables/payables	2 and 3	DCF, Earnings multiple, Quoted put/surrender price by issuer and Option pricing models.	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread and Liquidity spread.	n/a
Cash, deposits and similar securities	2	Mark-to-market and Yield curve.	Bond and interbank swap interest rate curve.	n/a
Term finance	2	DCF	Bond and forward rate, Credit ratings of issuer, Liquidity spread and Agreement interest 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.	Unit prices	Based on underlying assets.
Investment in joint ventures	3	Earnings multiple	Earnings Multiple, Country risk and size of the business and marketability.	Adjusted earnings multiple and Sustainable EBITDA.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

### 11. Fair value disclosures (continued)

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

R million	Carrying amount	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
<b>Six months - reviewed</b>						
<b>30 June 2021</b>						
<b>Assets</b>						
<b>Other investments</b>						
Equities and similar securities	1 665	167	(167)			
Interest-bearing investments	60	6	(6)	478	(30)	30
Structured transactions	20	2	(2)			
Investment in joint ventures	404	40	(40)			
Investment funds	958	96	(96)			
Trade and other receivables	225	23	(23)	230	(14)	15
<b>Total</b>	<b>3 332</b>	<b>334</b>	<b>(334)</b>	<b>708</b>	<b>(44)</b>	<b>45</b>
<b>Liabilities</b>						
Investment contract liabilities	1 666	167	(167)			
External investors in consolidated funds	347	35	(35)			
<b>Total</b>	<b>2 013</b>	<b>202</b>	<b>(202)</b>			
<b>Full year - audited</b>						
<b>31 December 2020</b>						
<b>Assets</b>						
<b>Other investments</b>						
Equities and similar securities	1 146	115	(115)			
Interest-bearing investments				542	(21)	21
Investment in joint ventures	427	43	(43)			
Investment funds	617	62	(62)			
Trade and other receivables				398	(16)	16
<b>Total</b>	<b>2 190</b>	<b>220</b>	<b>(220)</b>	<b>940</b>	<b>(37)</b>	<b>37</b>
<b>Liabilities</b>						
Investment contract liabilities	1 698	170	(170)			
External Investors in consolidated funds	446	45	(45)			
Structured transaction liabilities	12	1	(1)			
<b>Total</b>	<b>2 156</b>	<b>216</b>	<b>(216)</b>			



## 12. Capital and risk management

Shareholders are referred to the capital and risk management report disclosed in the 2020 Annual Financial Statements.

Below are specific areas where changes since December 2020 are considered to be material.

### 12.1 Market and credit risk

Comprehensive measures and limits are in place to control the exposure of the Group's capital to market and credit risks. Continuous monitoring takes place to ensure that appropriate assets are held in support of the capital and investment return targets. Limits are applied in respect of the exposure to asset classes and individual counters.

#### 12.1.1 *Currency risk: Group's capital portfolio*

The exposure of the Group's capital portfolio to currency risk has not significantly changed since December 2020. Also refer to the financial review of exchange rate movements of major currencies for the period under review.

#### 12.1.2 *Credit risk: policyholder solutions and capital*

Sanlam's life businesses (including Saham non-life businesses) are exposed to credit risk via policyholder solutions and the capital portfolio. There have been no significant changes in the way that Sanlam Group assesses and manages credit risk since 31 December 2020.

The governance structures ensure that an appropriate credit culture and environment are maintained, such that no transactions are concluded outside areas of competence or without following normal procedures. This credit culture is the product of a formal credit risk strategy and credit risk policy.

The credit risk strategy stipulates the parameters for approval of credit applications, such as: economic sector; risk concentration; maximum exposure per obligor, group and industry; geographical location; product type; currency; maturity; anticipated profitability or excess spread; economic capital limits; and cyclical aspects of the economy.

The Group has also considered the impact of changes in credit risk on the valuation of its liabilities. Credit risk changes will only have an impact in extreme situations and are not material for 30 June 2021 reporting or the 2020 financial year. Given the strong financial position and rating of the Group, the credit ratings of its liabilities remained unchanged.

The table on the following page provides an analysis of the ratings attached to the Group's life insurance businesses' and Saham non-life businesses exposure, including the exposure managed by SanFin, to instruments subject to credit risk using international rating scales. Santam is excluded from the table. Refer to note 12.2. As indicated by the table below, COVID-19 has not resulted in significant concentration risk changes by credit rating, except for one level down from BBB to BB. This does not pose additional risk for Sanlam as it still falls within Sanlam's risk appetite.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

### 12. Capital and risk management (continued)

#### 12.1 Market and credit risk (continued)

##### 12.1.2 Credit risk: policyholder solutions and capital (continued)

Credit risk concentration by credit rating

	AAA %	AA %	A %
<b>Assets backing policy liabilities</b>			
<b>June 2021 - Reviewed</b>			
Government interest-bearing investments	-	-	13
Corporate interest-bearing investments	-	-	6
Mortgages, policy and other loans	-	-	-
Structured transactions	-	-	8
Cash, deposits and similar securities	-	24	12
Non-current assets held for sale	49	8	13
Net working capital <sup>1</sup>	-	-	-
<b>Total</b>	<b>1</b>	<b>3</b>	<b>9</b>
<b>December 2020 - Audited</b>			
Government interest-bearing investments	11	1	5
Corporate interest-bearing investments	4	6	3
Mortgages, policy and other loans	-	-	-
Structured transactions	-	7	1
Cash, deposits and similar securities	9	14	5
Net working capital	-	-	-
<b>Total</b>	<b>6</b>	<b>5</b>	<b>4</b>
<b>Capital portfolio</b>			
<b>June 2021 - Reviewed</b>			
Government interest-bearing investments	-	-	5
Corporate interest-bearing investments	1	-	10
Mortgages, policy and other loans	-	-	-
Structured transactions	-	-	8
Cash, deposits and similar securities	-	18	10
Non-current assets held for sale	-	50	-
Net working capital <sup>1</sup>	-	(2)	18
<b>Total</b>	<b>1</b>	<b>6</b>	<b>10</b>
<b>December 2020 - Audited</b>			
Government interest-bearing investments	-	-	1
Corporate interest-bearing investments	9	5	5
Mortgages, policy and other loans	-	-	-
Structured transactions	1	3	-
Cash, deposits and similar securities	-	16	13
Net working capital	-	5	5
<b>Total</b>	<b>3</b>	<b>5</b>	<b>5</b>

<sup>(1)</sup> Not rated includes intergroup balances between policyholders and capital portfolio.

	BBB %	BB %	B %	Not rated <sup>1</sup> %	Other %	Total %	Carrying value R million
	2	70	15	-	-	100	67 147
	6	65	13	8	2	100	74 633
	1	49	33	11	6	100	24 362
	21	65	1	-	5	100	15 720
	12	40	1	7	4	100	23 109
	4	-	-	17	9	100	3 397
	-	-	-	100	-	100	(585)
	<b>6</b>	<b>60</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>100</b>	<b>207 783</b>
	1	58	17	7	-	100	66 538
	21	49	9	6	2	100	78 070
	1	51	29	13	6	100	22 757
	42	46	-	1	3	100	22 970
	17	34	1	13	7	100	30 014
	-	-	-	100	-	100	(995)
	14	50	11	7	3	100	219 354
	-	17	62	4	12	100	2 376
	6	59	9	14	1	100	5 955
	-	19	12	65	4	100	333
	19	62	1	6	4	100	309
	10	37	4	17	4	100	4 052
	18	-	-	32	-	100	531
	14	106	16	(160)	108	100	1 494
	<b>8</b>	<b>48</b>	<b>16</b>	<b>(3)</b>	<b>14</b>	<b>100</b>	<b>15 050</b>
	1	27	58	8	5	100	3 779
	18	46	5	11	1	100	6 411
	3	25	27	42	3	100	437
	18	29	-	48	1	100	226
	12	24	4	29	2	100	2 389
	10	30	4	40	6	100	6 993
	11	33	15	24	4	100	20 235

# Notes to the Interim Condensed Consolidated Financial Statements

## for the six months ended 30 June (continued)

### 12. Capital and risk management (continued)

#### 12.1 Market and credit risk (continued)

##### 12.1.3 Credit risk: SanFin

SanFin, a combination of Sanlam Capital Markets, including the Central Credit Manager, Sanlam Structured Solutions and Sanlam Portfolio Management, was formed to strengthen the financial risk management of the Sanlam balance sheet in collaboration with Sanlam balance sheet management and Sanlam Group risk management.

For credit risk capital, SanFin utilises the concept of unexpected losses. Based on historical default data, expected losses are computed on a portfolio of credits. Economic principles dictate that a provision should be created for expected losses. An unexpected loss, on the other hand, is the maximum amount over and above the expected loss that SanFin could incur over the particular time horizon with a certain level of confidence. In SanFin's economic capital model, an unexpected loss over a one-year time horizon at a 99,5% confidence level is used as the estimate of credit risk capital. This is consistent with the one-year 99,5% value at risk (VaR) used for market risk capital. VaR measures the maximum loss over a given horizon with a specified level of confidence.

Credit spread stress tests are calculated for all instruments sensitive to credit spread changes. The profit or loss from changes in credit spreads on external assets and funding is calculated. The stress test results are determined as follows:

- Credit ratings for external credit assets and funding are deteriorated by three rating notches;
- The impact of the deterioration in credit spreads is determined with reference to an internally generated credit spread matrix;
- The stressed credit spreads are used to revalue the credit assets and funding; and
- The cumulative net change in the valuations of credit assets and funding is reported as the test result.

SanFin's maximum exposure to credit risk is equivalent to the amounts recognised in the Statement of Financial Position, as there are no financial guarantees provided to parties outside the Group that are expected to result in an outflow of resources, nor are there any loan commitments provided that are irrevocable over the life of the facility or revocable only in adverse circumstances. Credit risk exposures are reported on a net basis, therefore after taking collateral and nettings agreements into account. Appropriate haircuts to collateral and add-ons to exposures are implemented in line with a credit exposure quantification policy. Credit risk exposures are mitigated through several measures, including physical collateral (e.g. mortgage bonds) considered on a case-by-case basis, the use of netting agreements, or guarantees by third parties.

The table below shows the maximum exposure to credit risk and the possible effect of increased spreads related to a three notch deterioration in credit ratings:

R million	Reviewed June 2021	Audited December 2020
Maximum exposure to credit risk	49 476	43 525
Stress results (three notch)	(916)	(861)

#### 12.2 Santam: Financial assets and insurance receivables credit risk

There have been no significant changes in the way that Santam group assesses and manages credit risk since 31 December 2020. Santam continues to monitor all credit exposures and follow up on overdue amounts. There has also not been significant changes of the aggregated credit risk exposures of financial assets in comparison with 31 December 2020. Refer to Santam's 2020 Annual Financial Statements for additional information.

### 13. Restatements

#### 13.1 Restatement of Statement of Cash Flow

For the purposes of the Statement of Cash Flow, management reassessed the definition of cash and cash equivalents in line with the definition of IAS 7, e.g. short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flow, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment would qualify as cash and cash equivalents when it has a short maturity of three months or less from the date of acquisition. Acquisitions and disposals of short-term investments that do not meet the definition of cash and cash equivalents as per IAS 7, are included in operating cash flows. The adjustment of R5 089 million reflects the cash outflow with respect to the June 2020 acquisition of these investments. The impact is as follows:

R million	June 2020		
	As previously reported	Adjustments	Restated
Cash flows from operating activities	4 236	(5 089)	<b>(853)</b>
Net increase in cash and cash equivalents	2 150	(5 089)	<b>(2 939)</b>
Cash and cash equivalents at the beginning of the period	71 657	(18 919)	<b>52 738</b>
Cash and cash equivalents at end of the period	77 424	(24 008)	<b>53 416</b>

The above restatements did not have any impact on the Statement of Financial Position, Statement of Comprehensive Income or the Statement of Changes in Equity.

#### 13.2 Hyperinflation accounting error

During the second half of 2020, Lebanon was included in the list of countries considered to be a hyperinflationary economy for accounting purposes. With initial application in 2020, the opening balances of monetary assets and liabilities were restated by applying the consumer price index (CPI) differential between 1 January 2020 and the reporting date (31 December 2020). The 2020 opening balances of non-monetary assets were restated by applying the CPI differential between the date these items were acquired or incurred and the reporting date. The Group elected to recognise the impact in the Foreign Currency Translation Reserve (FCTR). The comparative amounts (2019) in the 2020 Group Annual Financial Statements were not restated, but the initial impact was recognised in the 2020 Annual Financial Statements in the hyperinflation line of the Statement of Changes in Equity (SOCE).

Given the various complexities involved in consolidating LIA in a hyperinflationary environment, including recognising additional expected credit losses in respect of financial assets (in terms of the Group's policy), and impairments on the goodwill and VOBA, the monetary assets on which the opening balance restatement at 1 January 2020 was based, were understated. As a result, the initial application of the IAS 29 opening adjustment of negative R1 234 million reported in the 2020 SOCE should have been positive R911 million attributable to the shareholders. This resulted in an increase in FCTR of R2 145 million and a corresponding decrease in retained earnings, with a zero impact on net asset value. Profit for the year ended 31 December 2020 also decreased from R3 634 million to R1 402 million, with a consequential impact on earnings attributable to shareholders per share and headline earnings per share (HEPS) as reflected on the following page.

The error had no impact on Net Asset Value, Group Equity Value or any of the Group's key performance indicators.

## Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June (continued)

## 13. Restatements (continued)

## 13.2 Hyperinflation accounting error (continued)

Statement of Financial Position

R million	At 31 December 2020		
	As previously reported	Adjustments	Restated
Capital and reserves			
Share capital and premium	12 784	-	12 784
Treasury shares	(1 633)	-	(1 633)
Other reserves	2 238	2 145	4 383
Retained earnings	51 323	(2 145)	49 178
<b>Shareholders' fund</b>	64 712	-	64 712
Non-controlling interests (NCIs)	12 512	-	12 512
<b>Total equity</b>	77 224	-	77 224

Statement of Comprehensive Income

R million	For the year ended 31 December 2020		
	As previously reported	Adjustments	Restated
<b>Net operating result</b>	4 171	-	4 171
Equity-accounted earnings	2 568	-	2 568
Finance cost – other	(835)	-	(835)
Net monetary gain/(loss) (Lebanon hyperinflation)	1 535	(2 232)	(697)
<b>Profit before tax</b>	7 439	(2 232)	5 207
Taxation	(3 805)	-	(3 805)
<b>Profit for the period</b>	3 634	(2 232)	1 402
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve	3 143	-	3 143
<b>Comprehensive income for the year</b>	6 777	(2 232)	4 545
<b>Allocation of comprehensive income:</b>			
Profit for the year	3 634	(2 232)	1 402
Shareholders' fund	2 863	(2 145)	718
Non-controlling interests	771	(87)	684
Comprehensive income for the year	6 777	(2 232)	4 545
Shareholders' fund	5 676	(2 145)	3 531
Non-controlling interests	1 101	(87)	1 014
<b>Earnings attributable to shareholders (cents):</b>			
Profit for the year:			
Basic earnings per share	138,8	(104,0)	34,8
Diluted earnings per share	137,1	(102,7)	34,4
<b>Shareholders' Fund Income Statement</b>			
<b>Normalised attributable earnings</b>	(694)	-	(694)
Fund transfers	3 557	(2 145)	1 412
<b>Attributable earnings per Group Statement of Comprehensive Income</b>	2 863	(2 145)	718
<b>Headline earnings</b>	9 249	(2 145)	7 104
<b>HEPS</b>			
Basic earnings per share	448,5	(104,0)	344,5
Diluted earnings per share	443,0	(102,7)	340,3

Statement of Changes in Equity

R million	As previously reported				
	FCTR	Retained earnings	Shareholders' fund	NCI	Total Equity
<b>Balance at 31 December 2019</b>	(2 642)	59 851	67 317	12 043	79 360
Lebanon hyperinflation	(1 234)	-	(1 234)	-	(1 234)
Comprehensive income	2 813	2 863	5 676	1 101	6 777
Profit for the year	-	2 863	2 863	771	3 634
Other comprehensive income	2 813	-	2 813	330	3 143
Aggregated other unaffected SOCE movements	12	(11 391)	(7 047)	(632)	(7 679)
<b>Balance at 31 December 2020</b>	(1 051)	51 323	64 712	12 512	77 224

  

R million	Adjustments				
	FCTR	Retained earnings	Shareholders' fund	NCI	Total Equity
<b>Balance at 31 December 2019</b>	-	-	-	-	-
Lebanon hyperinflation	2 145	-	2 145	87	2 232
Comprehensive income	-	(2 145)	(2 145)	(87)	(2 232)
Profit for the year	-	(2 145)	(2 145)	(87)	(2 232)
Other comprehensive income	-	-	-	-	-
Aggregated other unaffected SOCE movements	-	-	-	-	-
<b>Balance at 31 December 2020</b>	2 145	(2 145)	-	-	-

  

R million	Restated				
	FCTR	Retained earnings	Shareholders' fund	NCI	Total Equity
<b>Balance at 31 December 2019</b>	<b>(2 642)</b>	<b>59 851</b>	<b>67 317</b>	<b>12 043</b>	<b>79 360</b>
Lebanon hyperinflation	<b>911</b>	<b>-</b>	<b>911</b>	<b>87</b>	<b>998</b>
Comprehensive income	<b>2 813</b>	<b>718</b>	<b>3 531</b>	<b>1 014</b>	<b>4 545</b>
Profit for the year	<b>-</b>	<b>718</b>	<b>718</b>	<b>684</b>	<b>1 402</b>
Other comprehensive income	<b>2 813</b>	<b>-</b>	<b>2 813</b>	<b>330</b>	<b>3 143</b>
Aggregated other unaffected SOCE movements	<b>12</b>	<b>(11 391)</b>	<b>(7 047)</b>	<b>(632)</b>	<b>(7 679)</b>
<b>Balance at 31 December 2020</b>	<b>1 094</b>	<b>49 178</b>	<b>64 712</b>	<b>12 512</b>	<b>77 224</b>

# 104 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

## Executive Head: Investor Relations

Grant Davids

## Group Company Secretary

Sana-Ullah Bray

## Registered Office

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## Postal address

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## JSE Sponsor

The Standard Bank of South Africa Limited

## Internet address

<http://www.sanlam.co.za>

## Transfer secretaries

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## Directors

Andrew Birrell, Anton Botha, Ebenezer Essoka, Paul Hanratty (Group Chief Executive), Nicolaas Kruger, Elias Masilela (Chair), Jeanett Modise, Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe (Deputy Chair), Abigail Mukhuba, Siphon Nkosi, Karabo Nondumo, Dr Rejoice Simelane, Willem van Biljon, Dr Johan van Zyl, Heinie Werth, Prof Shirley Zinn





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