



SHAREHOLDER'S INFORMATION

INDEPENDENT AUDITOR'S REPORT ON THE SANLAM LIMITED SHAREHOLDERS' INFORMATION

To the directors of Sanlam Limited

Opinion

We have audited the Sanlam Limited shareholders' information (shareholders' information) of Sanlam Limited set out on pages 162 to 230 for the year ended 31 December 2019, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Analysis of GEV earnings, Analysis of shareholders' fund at net asset value, shareholders' fund income statement, Net operating profit, Notes to the shareholders' fund information and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying shareholders' information of Sanlam Limited for the year ended 31 December 2019 is prepared, in all material respects, in accordance with the basis of accounting described on pages 162 to 169 of the shareholders' information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the shareholders' information section of our report. We are independent of Sanlam Limited in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing the audit of Sanlam Limited. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of Sanlam Limited and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to pages 162 to 169 of the shareholders' information which describes the basis of accounting. The shareholders' information is prepared to provide additional information in respect of the Group Shareholders' Fund in a format that corresponds with that used by management in evaluating the performance of the Group and allocation of resources. As a result, the shareholders' information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the shareholders' information in accordance with the basis of accounting described on pages 162 to 169, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the shareholders' information that is free from material misstatement, whether due to fraud or error.

In preparing the shareholders' information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Shareholders' Information

Our objectives are to obtain reasonable assurance about whether the shareholders' information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the shareholders' information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the shareholders' information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the shareholders' information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2019, in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of Sanlam Limited, dated 11 March 2020.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Christo du Toit

Registered Auditor

Chartered Accountant (SA)

3rd floor, Waterway House

3 Dock Road

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Cape Town

11 March 2020

BASIS OF ACCOUNTING – SHAREHOLDERS’ INFORMATION

The purpose of this section 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 allocation of resources and should be read in conjunction with the financial statements prepared in terms of IFRS.

It includes an analysis of the Group shareholders’ fund’s consolidated financial position and results in a similar format to that used by the Group for internal management purposes. The Group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS Annual Financial Statements also do not distinguish between the shareholders’ operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam Group’s financial performance. Information is presented in this section to provide this additional shareholders’ fund information to users of Sanlam’s financial information.

The Group also discloses Group Equity Value (GEV) information. The Group’s key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and Return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. In the directors’ view, GEV more accurately reflects the performance of the Group than results presented under IFRS and provides a more meaningful basis of reporting the underlying value of the Group’s operations and the related performance drivers. This basis allows more explicitly for the impact of uncertainty in future investment returns and is consistent with the Group’s operational management structure.

The shareholders’ information also includes the embedded value of covered business (EV), change in EV and value of new business.

A glossary containing explanations of technical terms used in these financial statements is presented on page 239.

Basis of accounting – shareholders’ information

The basis of accounting and accounting policies in respect of the financial information of the shareholders’ fund are the same as those set out in the online IFRS Annual Financial Statements, apart from the specific items described under separate headings in this section.

Management considers this basis of accounting applied for the shareholders’ information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the shareholders’ information is also consistent with that applied in the 2018 Integrated Report apart from the following:

- ① First-time adoption of the new leases standard (IFRS 16 – Leases). The standard requires lessees to capitalise all significant lease arrangements at recognition of the lease as a right-of-use asset with a corresponding finance lease liability. The Group applied the standard using the modified retrospective approach with effect from 1 January 2019. Right-of-use assets and corresponding finance lease liabilities of R2 billion were recognised on this date. The adoption of IFRS 16 did not have a significant impact on the Group’s earnings for the 2019 financial year.
- ① The introduction of net operational earnings as an earnings metric in the shareholders’ fund income statement. Net operational earnings are the aggregate of net result from financial services, net investment income, net investment surpluses and net project expenses. It incorporates the two key areas of strategic focus from an earnings perspective, namely operating profit and investment return earned on the Group’s capital base (including discretionary capital), in driving our objective to optimise RoGEV. Normalised headline earnings are discontinued as an earnings measure with effect from the 2019 financial year as it does not represent a key performance indicator from a strategic perspective.
- ① Expected credit loss impairments in the shareholders’ fund capital portfolio are included in investment surpluses in the shareholders fund income statement and included in impairments in the statement of comprehensive income in accordance with IFRS 9. Refer to note 21.2 in the Annual Financial Statements.

The shareholders’ fund information includes the following:

- ① GEV (refer to page 170)
- ① Change in GEV (refer to page 174)
- ① Return on GEV (refer to page 176)
- ① Analysis of GEV earnings (refer to page 178)
- ① Shareholders’ fund financial statements consisting of the shareholders’ fund at net asset value (refer to page 182), shareholders’ fund income statement (refer to page 184) and related notes, including EV-related disclosures

GEV

GEV is the aggregate of the following components:

- The EV, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business
- The fair value of other Group operations based on longer-term assumptions, which include the investment management, capital markets, general insurance and the non-covered wealth management operations of the Group
- The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders

GEV is calculated by adjusting the shareholders' fund at fair value with the following:

- Adjustments to net worth; and
- Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

Although being a measure of value, GEV is not equivalent to the economic value of the Group as the EV does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

GEV is inherently based on estimates and assumptions, as set out in this basis of preparation, and as disclosed under critical accounting estimates and judgements in the Annual Financial Statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting the reported GEV. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions within the shareholders' information.

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and, as such, have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition, in applying the valuation techniques judgement is utilised in setting assumptions of future events and experience and, where applicable, risk-adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. Actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments are reviewed and recommended for approval by the Audit, Actuarial and Finance committee and Board by the Sanlam non-listed asset controlling body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

Adjustments to net worth**Present value of corporate expenses**

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the EV and the fair value of other Group operations do not allow for an allocation of corporate expenses.

Share incentive schemes granted on subsidiaries' own shares

Where Group subsidiaries grant share incentives to employees on the entities' own shares, the fair value of the outstanding incentives at year-end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations as appropriate.

BASIS OF ACCOUNTING – SHAREHOLDERS’ INFORMATION (continued)

Share incentive schemes granted on Sanlam shares

Long-term incentives granted by the Group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at year-end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations.

Change in GEV

The change in GEV consists of the embedded value earnings from covered business, earnings from other Group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

RoGEV

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period, weighted for changes in issued share capital during the year.

Shareholders’ fund at net asset value, income statement and related information

The analysis of the shareholders’ fund at net asset value and the related shareholders’ fund income statement reflects the consolidated financial position and earnings of the shareholders’ fund, based on accounting policies consistent with those contained in IFRS Annual Financial Statements online, apart from the following:

Basis of consolidation

The shareholders’ funds of Group companies are consolidated in the analysis of the Sanlam Group shareholders’ fund at net asset value. The policyholders’ and outside shareholders’ interests in these companies are treated as non-controlling shareholders’ interest on consolidation.

The segmental analysis of the shareholders’ fund at net asset value is consistent with the Group’s operational management structure.

Consolidation reserve

In terms of IFRS, the policyholders’ fund’s investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities, however, includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group’s shareholders’ fund and earnings. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders’ fund at net asset value. The fund transfers between the shareholders’ and policyholders’ fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders’ fund’s normalised earnings. Similar mismatches are created by the recognition of deferred tax assets in respect of assessed losses in policyholder funds. These deferred tax assets, and movements therein, are also recognised in the consolidation reserve and fund transfers, respectively. In addition, the consolidation of the broad-based black economic empowerment (B-BBEE) special purpose vehicle (SPV) to which 111 349 999 shares were issued, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively.

This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders’ fund.

Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the Group’s shareholders’ fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests.

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam Group, they are not recognised in the Sanlam Group statement of financial position in terms of IFRS and are excluded from the shareholders’ fund at net asset value and fair value. Fund flows relating to segregated funds are, however, included in the notes to the shareholders’ fund information to reflect all fund flows relating to the Group’s assets under management.

Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the Group's investments in associates and joint ventures between operating and non-operating entities:

- ⊙ Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments, Pacific & Orient, Capricorn Investment Holdings, Letshego, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- ⊙ Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Santam group's equity-accounted investments are the main non-operating associates and joint ventures. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

As discussed under the policy note for consolidation reserve above, the IFRS prescribed accounting treatment of the B-BBEE SPV, policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund and B-BBEE SPV. This is in the Group's opinion not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period. The Group therefore calculates normalised diluted earnings per share to eliminate fund transfers relating to the investments in Sanlam shares, consolidated vehicles (B-BBEE SPV) and Group subsidiaries held by the policyholders' fund.

Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the Group's assets under management. These fund flows have been prepared in terms of the following bases:

Funds received from clients

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance-linked products, as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Funds received in respect of non-annuity assets under administration are excluded from funds received from clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the Group's effective share of funds received from clients by strategic operational associates and joint ventures.

New business

In the case of long-term insurance business, the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year and have not subsequently been refunded, is regarded as new business.

All segregated fund inflows (excluding those related to assets under administration), inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the Group's share of new business written by strategic operational associates and joint ventures.

Payments to clients

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance-linked products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients' withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

Payments to clients include the Group's effective share of payments to clients by strategic operational associates and joint ventures.

BASIS OF ACCOUNTING – SHAREHOLDERS’ INFORMATION (continued)

Basis of accounting and presentation – EV

The Group’s EV information is prepared in accordance with Advisory Practice Note (APN) 107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group’s long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

The embedded value results of the Group’s covered business are included in the shareholders’ information, as it forms an integral part of GEV and the information used by management in evaluating the performance of the Group. The EV does not include the contribution to GEV relating to other Group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the EV is consistent with that applied in the 2018 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, reversionary bonus business, Group stable bonus business, annuity business and other non-participating business written by Sanlam Personal Finance, SEM, Sanlam UK and Sanlam Employee Benefits.

Acquisitions, disposals and other movements

The EV results are prepared taking cognisance of changes in the Group’s effective shareholding in covered business operations.

Methodology

EV

The EV is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The EV comprises the following components:

- ① adjusted net worth (ANW); and
- ② the net value of in-force business.

ANW

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities.

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

For insurance businesses regulated under the new regulatory framework as defined in the South African Insurance Act, 18 of 2017 (or similar regimes) the level of required capital for covered business is set to ensure that own funds attributable to in-force covered business maintains a SAM solvency capital requirement ratio within a specific range, e.g. between 170% and 210% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, e.g. 135% for Sanlam Life covered business, 115% for Santam, even after severe but plausible stress scenarios.

The capital allocated to covered business is funded from a balanced investment portfolio, comprising investments in equities, hedged equities, fixed-interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ring-fenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- ① Transfers of net operating profit: These transfers relate to dividends paid from covered business in terms of the Group’s internal dividend policy to fund the dividend payable to Sanlam Limited shareholders
- ② Transfers to or from the balanced investment portfolio: Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group’s capital management framework

Net value of in-force business

The net value of in-force business consists of the present value of future shareholder profits from in-force covered business (PVIF), after allowance for the cost of required capital supporting the covered business.

Present value of future shareholder PVIF

The long-term policy liabilities in respect of covered business in the financial statements are valued based on the applicable statutory valuation method for insurance contracts and fair value for investment contracts. These liabilities include profit margins, which can be expected to emerge as profits in the future. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits after taxation is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

Cost of required capital

A charge is deducted from the EV for the cost of required capital supporting the Group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

Value of new business

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- ⊗ A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements.
- ⊗ Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception.
- ⊗ Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business.
- ⊗ The expected value of future premium increases, resulting from premium indexation on the new recurring premium business written during the financial year under review, is included in the value of new business.
- ⊗ Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates.
- ⊗ For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value.
- ⊗ Renewable recurring premiums under Group insurance contracts are treated as in-force business.
- ⊗ Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 6 on page 198, excluding white label new business.

Risk discount rates and allowance for risk

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- ⊗ Explicit allowances within the projected shareholder cash flows
- ⊗ The level of required capital and the impact on cost of required capital
- ⊗ The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered Group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the Group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

BASIS OF ACCOUNTING – SHAREHOLDERS’ INFORMATION (continued)

Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. This reserve is determined on a market consistent basis in accordance with actuarial guidance from the Actuarial Society (APN110). No further deduction from the EV is therefore required.

Share incentive schemes

The EV assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor’s own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience respectively, where appropriate.

Foreign currencies

Changes in the EV, as well as the present value of new business premiums of foreign operations, 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 changes in the EV, in which instances the exchange rate on the transaction date is used. The closing rate is used for the conversion of the EV at the end of the financial year.

Assumptions

Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method, to which compulsory and discretionary margins are added for the determination of policy liabilities in the financial statements.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported EV. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long-term gap relative to fixed-interest securities.

Future rates of bonuses for traditional participating business, stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam’s practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the Group’s covered business.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience where appropriate.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam’s practice and product design. Premiums on individual businesses are assumed to be rerated, where applicable, in line with deterioration in mortality, with a three-year delay from the point where mortality losses would be experienced.

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for businesses written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2019.

Project expenses

A best estimate of future project expenses is allowed for in the EV, in addition to the expense assumptions outlined above, in both the value of policy liabilities and the PVIF as applicable. These projects relate to regulatory compliance, administration platforms of the life insurance business and are deemed to be business imperatives by management. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

Investment management fees

Future investment expenses are based on the current scale of fees payable by the Group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investment Group, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investment Group businesses at fair value.

Taxation

Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

Earnings from covered business

The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

➤ **Value of new business**

The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

➤ **Net earnings from existing covered business**
Expected return on value of covered business

The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

Operating experience variances

The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

Operating assumption changes

Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

➤ **Expected investment return on adjusted net worth**

The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

The total embedded value of earnings from covered business includes two further main items:

➤ **Economic assumption changes**

The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the EV.

➤ **Investment variances**

Investment variances - value of in-force

The impact on the value of in-force business as caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

Investment variances - investment return on adjusted net worth

Investment return variances as caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

GROUP EQUITY VALUE

at 31 December 2019

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

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

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

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

Analysis of Group Equity Value per line of business

at 31 December 2019

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

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

CHANGE IN GROUP EQUITY VALUE

for the year ended 31 December 2019

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

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

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

RETURN ON GROUP EQUITY VALUE

for the year ended 31 December 2019

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

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

Cumulative average RoGEV

for the year ended 31 December 2019

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

ANALYSIS OF GEV EARNINGS

for the year ended 31 December 2019

Covered business⁽¹⁾

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

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

⁽²⁾ Refer to note 1 for further information.

Covered business per cluster

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

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

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

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

Other operations

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

Discretionary and other capital

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

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

Reconciliation of Group Equity Value earnings

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

ANALYSIS OF SHAREHOLDERS' FUND AT NET ASSET VALUE

at 31 December 2019

R million	Note	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾	
		2019	2018	2019	2018 ⁽⁵⁾
Assets					
Equipment		432	382	707	690
Right-of-use assets		433	-	212	-
Owner-occupied properties		477	470	1 061	1 250
Goodwill		769	816	13 598	15 434
Value of business acquired		858	951	5 947	7 172
Other intangible assets		27	25	637	816
Deferred acquisition costs		2 572	2 631	269	142
Investments		13 912	12 135	39 432	39 492
Properties		-	-	6 815	7 122
Associated companies	8.1	1 011	904	15 380	14 960
Joint ventures	8.2	874	828	-	-
Equities and similar securities		462	376	7 199	2 926
Interest-bearing investments		2 766	2 217	3 477	4 252
Structured transactions		177	472	14	24
Investment funds		7 676	6 453	4 996	8 179
Cash, deposits and similar securities		946	885	1 551	2 029
Deferred tax		192	214	735	697
Assets of disposal groups classified as held for sale		-	-	127	138
General insurance technical assets		-	-	2 641	2 428
Working capital assets		8 456	8 389	17 347	16 156
Trade and other receivables		534	1 568	11 106	10 065
Taxation		6	3	842	980
Cash, deposits and similar securities		7 916	6 818	5 399	5 111
Total assets		28 128	26 013	82 713	84 415
Equity and liabilities					
Shareholders' fund		13 167	9 580	38 473	40 612
Non-controlling interest		150	143	11 538	11 331
Total equity		13 317	9 723	50 011	51 943
Term finance		1 013	1 013	545	537
Lease liabilities		478	-	223	-
Structured transactions liabilities		58	24	-	-
Cell owners' interest		-	-	-	-
Deferred tax		826	895	3 499	3 893
General insurance technical provisions		-	-	17 696	16 929
Working capital liabilities		12 436	14 358	10 739	11 113
Trade and other payables		12 298	13 324	9 720	10 130
Provisions		52	46	152	130
Taxation		86	988	867	853
Total equity and liabilities		28 128	26 013	82 713	84 415
Analysis of shareholders' fund					
Covered business		8 532	9 090	7 856	7 867
Other operations		2 101	2 043	28 796	32 256
Discretionary and other capital		2 534	(1 553)	1 821	489
Shareholders' fund at net asset value		13 167	9 580	38 473	40 612
Consolidation reserve		641	1 010	62	-
Shareholders' fund per Group statement of financial position on page 66		13 808	10 590	38 535	40 612

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

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

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

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

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

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

SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2019

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

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

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

NET OPERATING PROFIT

for the year ended 31 December 2019

Analysis per line of business

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

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

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019

1. Value of new covered business

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

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

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

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

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

2. Value of in-force covered business sensitivity analysis

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

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

3. Value of new covered business sensitivity analysis

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

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

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

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

4. Economic assumptions – covered business (continued)

Illiquidity premiums

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

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

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

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

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

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

Assumed long-term expected return on required capital

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

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

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

5. Value of other Group operations sensitivity analysis

5.1 Valuation methodology

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

5.2 Sensitivity analysis: businesses valued at discounted cash flows

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

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

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

6. Business volumes

6.1 Analysis of new business and total funds received

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Sanlam Personal Finance	33 505	34 112	-	-	28 308	26 859	61 813	60 971
Recurring premium sub-cluster	3 308	3 282	-	-	121	130	3 429	3 412
Recurring	2 317	2 263	-	-	121	130	2 438	2 393
Single	991	1 019	-	-	-	-	991	1 019
Sky	2 726	2 494	-	-	-	-	2 726	2 494
Glacier	27 471	28 336	-	-	28 187	26 729	55 658	55 065
Sanlam Emerging Markets	8 343	6 410	15 604	9 873	10 862	9 941	34 809	26 224
Southern Africa	4 365	3 641	1 206	1 025	10 124	9 326	15 695	13 992
Recurring	927	744	1 206	1 025	-	-	2 133	1 769
Single	3 438	2 897	-	-	10 124	9 326	13 562	12 223
North and West Africa	1 901	1 042	10 765	5 937	-	-	12 666	6 979
Recurring	738	464	10 765	5 937	-	-	11 503	6 401
Single	1 163	578	-	-	-	-	1 163	578
East Africa	774	636	850	617	738	615	2 362	1 868
Recurring	246	177	850	617	-	-	1 096	794
Single	528	459	-	-	738	615	1 266	1 074
Other International	1 303	1 091	2 783	2 294	-	-	4 086	3 385
Recurring	965	747	2 783	2 294	-	-	3 748	3 041
Single	338	344	-	-	-	-	338	344
Sanlam Investment Group	3 289	3 219	-	-	109 947	96 477	113 236	99 696
Investment Management SA	-	-	-	-	88 857	72 100	88 857	72 100
Wealth Management	-	-	-	-	6 890	4 985	6 890	4 985
International	3 289	3 219	-	-	14 200	19 392	17 489	22 611
Recurring	37	37	-	-	3	8	40	45
Single	3 252	3 182	-	-	14 197	19 384	17 449	22 566
Santam	-	-	24 227	22 812	-	-	24 227	22 812
Sanlam Corporate	8 790	10 074	-	-	6 448	3 252	15 238	13 326
Recurring	1 045	888	-	-	95	-	1 140	888
Single	7 745	9 186	-	-	6 353	3 252	14 098	12 438
Total new business	53 927	53 815	39 831	32 685	155 565	136 529	249 323	223 029

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

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

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

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

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

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

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

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

6.3 Analysis of net inflow/(outflow) of funds

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

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

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

7. Cluster information

7.1 Sanlam Personal Finance

Analysis of earnings

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

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

7. Cluster information (continued)

7.1 Sanlam Personal Finance (continued)

Analysis of change in GEV – covered business

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

Assets under management

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

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

7. Cluster information (continued)

7.2 Sanlam Emerging Markets

Analysis of net result from financial services

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

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

Analysis of general insurance and reinsurance gross result from financial services

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

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

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

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

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

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

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

⁽¹⁾ Sanlam's effective share.

Analysis of net investment return

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

Asset allocation

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

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

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

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

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

⁽¹⁾ Sanlam's effective share.

Assets under management

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

Credit and structuring

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

Asset allocation

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

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

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

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

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

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

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

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

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

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

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

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

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

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

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

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

7. Cluster Information (continued)

7.3 Sanlam Investment Group

Analysis of net result from financial services

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

⁽¹⁾ Financial services income and administration costs on page 184 include performance fees and the related administration costs.

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

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

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

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

Assets under management

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

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

Asset mix of assets under management

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

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

7. Cluster information (continued)

7.4 Santam

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

Insurance activities

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

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

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

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

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

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

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

7.5 Sanlam Corporate

Sanlam Employee Benefits

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

Analysis of earnings

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

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

7. Cluster information (continued)

7.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

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

7.6 Group office

Analysis of earnings

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

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

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

8. Value of other Group operations sensitivity analysis

8.1 Investment in associated companies

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

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

8.2 Investment in joint ventures

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

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

8.3 Investments include the following offshore investments

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

9. Financial services income

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

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

13. Normalised diluted earnings per share

Cents	2019	2018
Normalised diluted earnings per share		
Net result from financial services	438,0	423,6
Operational earnings	488,9	450,5
Profit attributable to shareholders' fund	412,5	548,9
R million	2019	2018
Analysis of operational earnings (refer shareholders' fund income statement on page 184):		
Net result from financial services	9 674	8 890
Operational earnings	10 798	9 455
Profit attributable to shareholders' fund	9 110	11 521
Reconciliation of operational earnings:		
Headline earnings per note 23 on page 117 of the Sanlam Annual Financial Statements online	7 481	9 162
<i>Add/(less):</i>	3 317	293
<i>Fund transfers</i>	1 960	(106)
<i>Net equity-accounted earnings</i>	(5)	(6)
<i>Net amortisation of value of business acquired and other intangibles</i>	766	400
<i>Equity participation costs</i>	596	5
Operational earnings	10 798	9 455
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 23 on page 117 of the Sanlam Annual Financial Statements online)	2 090,0	2 077,3
<i>Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV</i>	118,5	21,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 208,5	2 098,8

14. Value per share

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

15. Present value of holding company expenses

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

16. Shares issued

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

17. Shares repurchases

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

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

18. Reconciliations

18.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

R million	2019			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	IFRS adjustments ⁽²⁾
Net income	147 796	86 263	58 952	2 581
Financial services income	95 520	84 250	-	11 270
Reinsurance premiums paid	(15 893)	-	-	(15 893)
Reinsurance commission received	2 676	-	-	2 676
Investment income	33 003	1 396	22 595	9 012
Investment surpluses	43 064	617	36 357	6 090
Finance cost – margin business	(242)	-	-	(242)
Change in fair value of external investors liability	(10 332)	-	-	(10 332)
Net insurance and investment contract benefits and claims	(91 526)	(34 075)	(57 458)	7
Long-term insurance contract benefits	(30 802)	(11 304)	(17 952)	(1 546)
Long-term investment contract benefits	(39 506)	-	(39 506)	-
General insurance claims	(29 646)	(22 771)	-	(6 875)
Reinsurance claims received	8 428	-	-	8 428
Expenses	(41 051)	(34 785)	-	(6 266)
Sales remuneration	(13 246)	(10 581)	-	(2 665)
Administration costs	(27 805)	(24 204)	-	(3 601)
Impairments	(742)	(339)	-	(403)
Amortisation of intangibles	(1 405)	(766)	-	(639)
Net operating result	13 072	16 298	1 494	(4 720)
Equity-accounted earnings	2 989	27	-	2 962
Finance cost – other	(1 500)	-	-	(1 500)
Profit before tax	14 561	16 325	1 494	(3 258)
Tax expense	(5 756)	(5 183)	(1 494)	921
Shareholders' fund	(4 017)	(5 183)	-	1 166
Policyholders' fund	(1 739)	-	(1 494)	(245)
Profit from continuing operations	8 805	11 142	-	(2 337)
Profit for the year	8 805	11 142	-	(2 337)
Attributable to:				
Shareholders' fund	7 150	9 110	-	(1 960)
Non-controlling interest	1 655	2 032	-	(377)
	8 805	11 142	-	(2 337)

⁽¹⁾ Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.

⁽²⁾ IFRS adjustments relate to amounts that have been set off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.

2018

Total	Shareholder activities	Policyholder activities ⁽¹⁾	IFRS adjustments ⁽²⁾
77 721	70 854	5 081	1 786
73 619	66 529	-	7 090
(11 262)	-	-	(11 262)
2 166	-	-	2 166
31 208	1 023	21 369	8 816
(16 447)	3 302	(16 288)	(3 461)
(164)	-	-	(164)
(1 399)	-	-	(1 399)
(29 524)	(24 853)	(4 677)	6
(18 566)	(11 026)	(7 676)	136
2 999	-	2 999	-
(20 662)	(13 827)	-	(6 835)
6 705	-	-	6 705
(31 701)	(27 273)	-	(4 428)
(10 139)	(8 012)	-	(2 127)
(21 562)	(19 261)	-	(2 301)
(449)	(305)	-	(144)
(659)	(400)	-	(259)
15 388	18 023	404	(3 039)
2 424	15	-	2 409
(846)	-	-	(846)
16 966	18 038	404	(1 476)
(4 164)	(4 660)	(404)	900
(3 510)	(4 660)	-	1 150
(654)	-	(404)	(250)
12 802	13 378	-	(576)
12 802	13 378	-	(576)
11 627	11 521	-	106
1 175	1 857	-	(682)
12 802	13 378	-	(576)

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

18. Reconciliations

18.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	2019			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
Assets				
Equipment	1 655	1 533	122	-
Rights-of-use assets	1 912	1 852	60	-
Owner-occupied properties	1 794	1 683	111	-
Goodwill	18 974	18 974	-	-
Value of business acquired	8 768	8 768	-	-
Other intangible assets	926	926	-	-
Deferred acquisition costs	3 505	2 865	640	-
Long-term reinsurance assets	2 042	-	2 042	-
Investments	770 995	83 686	697 145	(9 836)
Properties	21 565	6 815	14 750	-
Associated companies	16 690	16 690	-	-
Joint ventures	1 992	1 012	980	-
Equities and similar securities	201 501	14 775	196 562	(9 836)
Interest-bearing investments	234 509	19 640	214 869	-
Structured transactions	23 090	728	22 362	-
Investment funds	222 141	20 442	201 699	-
Cash, deposits and similar securities	49 507	3 584	45 923	-
Deferred tax	1 872	1 231	-	641
Assets of disposal groups classified as held for sale	159	127	32	-
General insurance technical assets	10 166	10 166	-	-
Working capital assets	77 461	58 026	19 435	-
Trade and other receivables	46 180	32 033	14 147	-
Taxation	912	867	45	-
Cash, deposits and similar securities	30 369	25 126	5 243	-
Total assets	900 229	189 837	719 587	(9 195)
Equity and liabilities				
Shareholders' fund	67 317	76 512	-	(9 195)
Non-controlling interest	12 043	12 027	16	-
Long-term policy liabilities	591 168	-	591 168	-
Insurance contracts	189 687	-	189 687	-
Investment contracts	401 481	-	401 481	-
Term finance	11 187	7 474	3 713	-
Lease liabilities	2 110	2 049	61	-
Structured transactions liabilities	19 272	58	19 214	-
External investors in consolidated funds	85 187	-	85 187	-
Cell owners' interest	3 935	3 935	-	-
Deferred tax	5 766	4 626	1 140	-
General insurance technical provisions	41 332	41 332	-	-
Working capital liabilities	60 912	41 824	19 088	-
Trade and other payables	58 062	39 599	18 463	-
Provisions	523	496	27	-
Taxation	2 327	1 729	598	-
Total equity and liabilities	900 229	189 837	719 587	(9 195)

⁽¹⁾ Includes the impact of IFRS adjustments.

⁽²⁾ Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.

2018⁽²⁾

Total	Shareholder activities	Policyholder activities ⁽⁴⁾	Consolidation reserve
1 587	1 480	107	-
-	-	-	-
2 010	1 862	148	-
20 392	20 392	-	-
9 553	9 110	443	-
1 082	1 082	-	-
3 446	2 816	630	-
1 971	-	1 971	-
690 744	74 647	617 976	(1 879)
21 349	7 122	14 227	-
16 321	16 321	-	-
2 040	883	1 157	-
184 787	5 188	181 478	(1 879)
211 770	18 831	192 939	-
21 341	1 138	20 203	-
190 005	20 844	169 161	-
43 131	4 320	38 811	-
2 249	1 239	-	1 010
139	138	1	-
9 540	9 540	-	-
72 863	55 497	17 366	-
43 653	31 454	12 199	-
1 059	996	63	-
28 151	23 047	5 104	-
815 576	177 803	638 642	(869)
69 506	70 375	-	(869)
12 111	11 599	512	-
543 785	-	543 785	-
188 448	-	188 448	-
355 337	-	355 337	-
7 413	7 300	113	-
-	-	-	-
15 629	24	15 605	-
66 146	-	66 146	-
3 305	3 305	-	-
5 352	4 912	440	-
38 033	38 033	-	-
54 296	42 255	12 041	-
50 761	39 287	11 474	-
450	426	24	-
3 085	2 542	543	-
815 576	177 803	638 642	(869)

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

19. Geographical analysis

R million	Per shareholders fund' income statement on page 184	IFRS adjustments (refer note 18.1)	Total
Financial services income			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2019	84 250	11 270	95 520
South Africa	55 020	11 075	66 095
Other African operations	22 941	2 238	25 179
Other international ⁽¹⁾	6 289	(2 043)	4 246
2018	66 529	7 090	73 619
South Africa ⁽²⁾	51 420	8 481	59 901
Other African operations	10 418	(505)	9 913
Other international ⁽¹⁾	4 691	(886)	3 805

R million	Per analysis of shareholders' fund on page 182	Policy- holders' fund	Total
Non-current assets⁽²⁾			
2019	36 728	965	37 693
South Africa	24 767	456	25 223
Other African operations	7 606	250	7 856
Other international ⁽¹⁾	4 355	259	4 614
2018⁽³⁾	36 880	1 329	38 209
South Africa	26 741	448	27 189
Other African operations	7 203	242	7 445
Other international ⁽¹⁾	2 936	639	3 575

R million	2019	2018
Attributable earnings (per shareholders' fund income statement on page 184)	7 150	11 627
South Africa	4 150	8 319
Other African operations	1 519	2 158
Other international ⁽¹⁾	1 481	1 150

⁽¹⁾ Other international comprises businesses in the Europe, United Kingdom, Australia, India, Malaysia and Lebanon.

⁽²⁾ Non-current assets include property and equipment, owner-occupied properties, goodwill, value of business acquired right-of-use assets, other intangible assets, non-current assets held for sale and deferred acquisition costs.

⁽³⁾ Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.

FIVE-YEAR REVIEW

		2019	2018	2017	2016	2015	Average annual growth rate %
GROUP EQUITY VALUE							
Group Equity Value	R million	143 271	134 052	121 763	110 717	103 506	7%
Group Equity Value	cps	6 436	6 341	5 940	5 407	5 057	6%
Return on Group Equity Value per share	%	6,4	11,6	14,8	11,8	12,8	
BUSINESS VOLUMES							
New business volumes	R million	249 323	223 029	221 172	225 339	205 391	5%
Life business		53 927	53 815	44 615	43 599	39 976	8%
Investment business		155 565	136 529	149 000	157 901	145 219	2%
General insurance		39 831	32 685	27 557	23 839	20 196	19%
Recurring premiums on existing business	R million	39 947	34 527	31 571	29 239	27 348	10%
Total inflows	R million	289 270	257 556	252 743	254 578	232 739	
Net fund flows	R million	56 766	41 539	37 143	42 535	21 753	28%
SIM funds under management	R billion	858	758	733	792	787	2%
NEW COVERED BUSINESS							
Value of new covered business	R million	2 545	2 187	2 008	1 779	1 514	14%
Covered business PVNBP	R million	81 560	78 085	65 377	62 383	54 362	11%
New covered business margin	%	3,12	2,80	3,07	2,85	2,79	
EARNINGS							
Gross result from financial services	R million	16 116	14 544	13 558	12 678	11 595	9%
Net result from financial services	R million	9 674	8 890	8 549	7 969	7 269	7%
Net operational earnings	R million	10 798	9 455	10 060	8 580	9 168	0%
Headline earnings	R million	7 481	9 162	9 757	9 860	9 300	(5%)
Net result from financial services	cps	438,0	423,6	417,2	389,4	355,2	5%
Net operational earnings per share	cps	488,9	450,5	490,9	419,3	448,0	2%
Diluted headline earnings	cps	357,9	441,3	481,3	488,1	437,0	(5%)
Group operating margin	%	21,9	24,9	26,3	26,6	26,7	(5%)
OTHER							
Sanlam share price	cps	7 910	7 980	8 700	6 290	6 054	7%
Dividend	cps	335	312	290	268	245	8%
SANLAM LIFE INSURANCE LIMITED							
Shareholders' fund	R million	110 729	108 177	93 376	83 866	77 970	9%
SCR ⁽¹⁾	R million	47 809	44 853	38 113			
SCR cover	%	253	264	274			
SAM cover ratio ⁽¹⁾	%	206	221	233			

FIVE-YEAR REVIEW (continued)

		2019	2018	2017	2016	2015	Average annual growth rate %
Foreign exchange rates							
Closing rate							
Euro		15,70	16,44	14,87	14,43	16,83	(2%)
British pound		18,52	18,32	16,75	16,92	22,83	(5%)
United States dollar		13,98	14,39	12,38	13,68	15,48	(3%)
Moroccan dirham		1,49	1,51	1,33	1,36	n/a	6%
Indian rupee		0,20	0,21	0,19	0,20	0,24	(4%)
Average rate							
Euro		16,16	15,57	14,50	16,22	14,08	4%
British pound		18,42	17,60	16,61	19,69	19,39	(1%)
United States dollar		14,43	13,17	13,09	14,65	12,69	3%
Moroccan dirham		1,52	1,42	1,39	1,49	n/a	5%
Indian rupee		0,21	0,19	0,20	0,22	0,20	1%
NON-FINANCIAL⁽²⁾							
BEE credentials	level	1	1	2	2	2	
Corporate Social Investment spend	R million	58	62	93	68	74	
Office staff turnover	%	16,50	17,25	14,10	13,90	12,38	
Carbon footprint							
	Tonnes CO ₂ /full time employee	8,7	9,0	8,3	8,6	9,5	

⁽¹⁾ SCR is used from 2017.

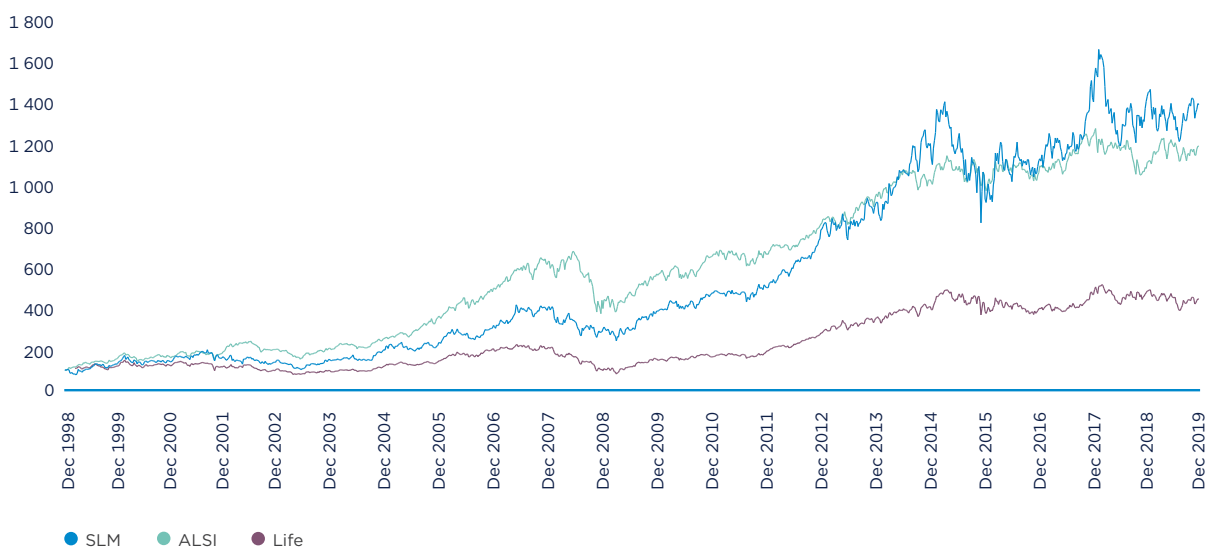
⁽²⁾ South Africa only.

STOCK EXCHANGE PERFORMANCE

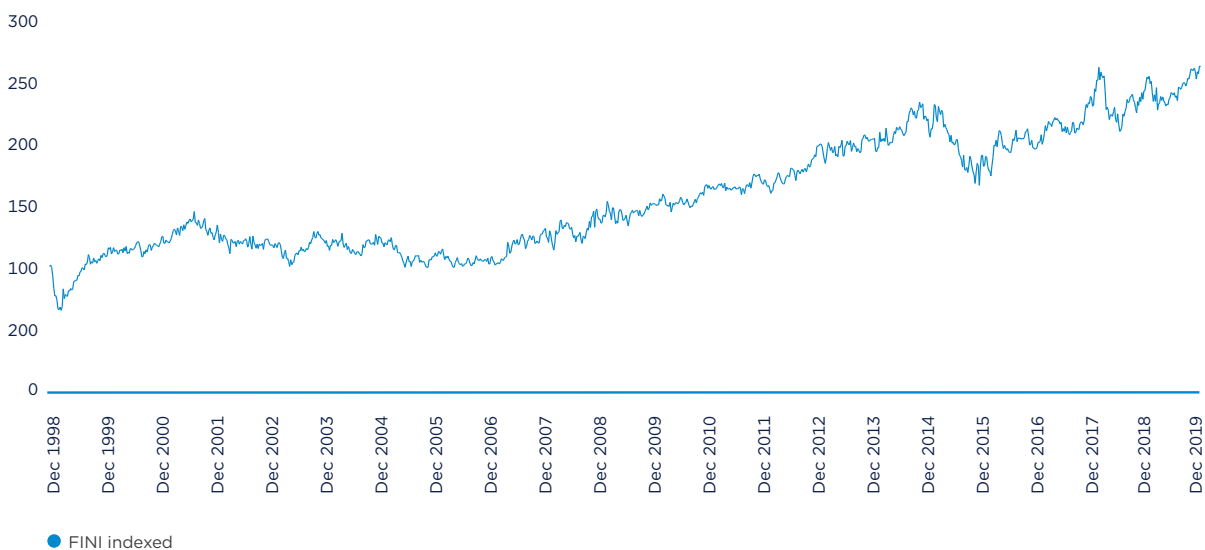
		2019	2018	2017	2016	2015	2014
Number of shares traded	million	1 167	1 458	1 340	1 437	1 363	1 086
Value of shares traded	R million	90 288	115 756	93 485	89 130	90 444	65 974
Percentage of issued shares traded	%	50	65	62	66	63	50
Price/earnings ratio	times	18,6	18,5	18,1	15,4	14,0	17,2
Return on Sanlam share price since listing ⁽¹⁾	%	17	20	20	18	19	21
Market price							
	cps						
- Year-end closing price		7 910	7 980	8 700	6 290	6 054	7 000
- Highest closing price		8 525	9 849	9 474	7 149	8 217	7 344
- Lowest closing price		6 886	6 540	6 100	5 116	4 405	4 495
Market capitalisation at year-end	R million	185 358	178 113	188 483	136 271	131 158	151 653

⁽¹⁾ Annualised growth in the Sanlam share price since listing plus dividends paid.

Sanlam vs ALSI vs Life Assurance Index



Sanlam share price relative to FINI (indexed)



2013	2012	2011	2010
1 247	1 160	1 082	1 059
58 841	41 074	29 578	25 986
59	55	52	50
13,5	15,3	11,6	11,1
20	20	17	17
5 324	4 477	2 885	2 792
5 518	4 550	3 016	2 829
4 051	2 831	2 414	2 200
111 804	94 017	60 585	58 632

ANALYSIS OF SHAREHOLDERS

on 31 December 2019

Distribution of shareholding	Total shareholders		Total shares held	
	Number	%	Number	%
1 - 1 000	379 149	87,44	140 295 207	5,99
1 001 - 5 000	47 759	11,02	93 082 896	3,97
5 001 - 10 000	3 855	0,89	26 508 143	1,13
10 001 - 50 000	1 866	0,43	35 590 084	1,52
50 001 - 100 000	248	0,06	17 700 272	0,76
100 001 - 1 000 000	534	0,12	166 215 085	7,09
1 000 001 and over	165	0,04	1 863 946 360	79,54
Total	433 576	100,00	2 343 338 047	100,00

Public and non-public shareholders	Shareholding %
Public shareholders (408 647)	62,83
Non-public shareholders	
Directors' interest	0,18
Held by subsidiaries	6,81
Employee pension funds	0,03
Sanlam Limited Share Incentive Trust	0,96
SU BEE Investment (RF) (Pty) Ltd 182	4,75
Government Employees Pension Fund (PIC)	11,96
Ubuntu-Botho Investments (Pty) Ltd	12,48
Total	100,00

Beneficial shareholding of 5% or more:

- Government Employees Pension Fund (PIC)	11,96%
- Ubuntu-Botho Investments (Pty) Ltd	12,48%

Shareholder structure	Shareholding %
Institutional and other shareholding	
Offshore	37,53
South Africa	49,41
Individuals	13,06
Total	100,00