19

SUMMARISED RESULTS

Sanlam
Wealthsmiths™

CONTENTS

Earnings

- Net result from financial services increased by 9%
- Dividend per share of 334 cents, up 7,1% (3% real growth)

Business volumes

- Net value of new covered business up 15% to R2,3 billion (up 11% on consistent economic basis)
- Net new covered business margin of 2,98% on consistent economic basis (2,67% in 2018)
- New business volumes increased by 12% to R249 billion
- Net fund inflows of R57 billion compared to R42 billion in 2018

Group Equity Value

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

Capital management

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

INTRODUCTION

Dear shareholder

I am pleased to present you with our 2019 results through this synopsis of our 2019 Sanlam annual reporting. Sanlam performed in line with Board expectations and continued creating value despite economic and social challenges in most of the countries in which we operate. Our solid strategy was again a significant contributor to deliver a satisfactory performance.

Apart from the key features of our results, this publication also includes an executive review of our performance in 2019 and our commentary on these results released on the Johannesburg, Namibian and A2X stock exchanges on 12 March 2020.

Documents accompanying the notice of Sanlam's annual general meeting are included separately as part of this summarised edition of our annual results.

As we have previously communicated to our shareholders, the changing financial reporting requirements and corporate governance demands over the past number of years have resulted in extremely voluminous annual reports. The continued printing of such comprehensive reports, along with the production and mailing cost, has a negative impact on our carbon footprint and our efforts to promote sustainability.

We therefore welcomed the statutory intervention that allows us to substitute comprehensive and voluminous printed integrated reports with cost-effective, responsible and transparent communication of our performance.

Accordingly, and apart from these summarised results, you can access the full details of our 2019 performance in our comprehensive annual report and sustainability portal online on our website www.sanlam.com.

I am sure you will agree with me that our performance in 2019 confirms the Sanlam Group's commitment to growing a sustainable business able to deliver on its promises. I thank you for your continued support.

Johan van Zyl
Chairman

SALIENT RESULTS

at 31 December 2019

		2019	2018	△
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	**438,0**	423,6	3%
Net operational earnings per share	cents	**488,9**	450,5	9%
Diluted headline earnings per share	cents	**357,9**	441,1	(19%)
Basic headline earnings per share	cents	**361,8**	445,6	(19%)
Basic profit attributable to the shareholders' fund per share	cents	**345,8**	565,4	(39%)
Net result from financial services	R million	**9 674**	8 890	9%
Net operational earnings	R million	**10 798**	9 455	14%
Headline earnings	R million	**7 481**	9 162	(18%)
Dividend per share	cents	**334**	312	7%
Business volumes				
New business volumes	R million	**249 323**	223 029	12%
Net fund inflows	R million	**56 766**	41 539	37%
Net new covered business				
Value of new covered business	R million	**2 280**	1 985	15%
Covered business PVNBP(1)	R million	**76 446**	74 378	3%
New covered business margin(2)	%	**2,98**	2,67	
Group Equity Value				
Group Equity Value	R million	**143 271**	134 052	7%
Group Equity Value per share	cents	**6 436**	6 341	1%
Return on Group Equity Value per share(3)	%	**6,4**	11,6	
SOLVENCY				
Sanlam Group SCR cover ratio	%	**211**	215	
Sanlam Life Insurance SCR cover ratio – covered business(4)	%	**206**	221	

Notes

(1) *PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.*

(2) *New covered business margin = value of new covered business as a percentage of PVNBP.*

(3) *Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.*

(4) *Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.*

EXECUTIVE REVIEW

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

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

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

Highlights and lowlights for the year include the following:

Highlights	Lowlights
Strong growth in key earnings and new business performance indicators	Adjusted RoGEV per share of 11,9% did not meet the target of 13,5%
Record net fund inflows into SIG 3rd party asset manager	Adverse claims experience across SEM general insurance portfolio in Africa
Value through partnerships: Capitec Bank funeral business policies sold since launch in May 2018 reached 1,4 million (1,1 million up to 31 December 2019)	Deterioration in Lebanon economic environment; currency depreciation in Angola and Zimbabwe
Turnaround in Sanlam Corporate underwriting profit and Glacier new business performance since 1H19	Weak SA operating environment: • Increased credit-related provisioning in Sanfin • Pressure on Glacier and middle-income market sales
Santam underwriting margin of 7,7% at the upper end of its target range	Operational underperformance at Sanlam UK's wealth planning and advice businesses
Quality of earnings: Continued positive experience variances and resilient persistency despite difficult operating conditions	Decline in Cote d'Ivoire value of in-force covered business
3% real growth in Sanlam dividend	

COMMENTS ON THE RESULTS

Basis of presentation and accounting policies

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

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

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

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

The structural information included in this report has been presented to illustrate the impact of changes in the group structure and is the responsibility of the Group's board of directors ("Board"). It is presented for illustrative purposes only and because its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows.

Sanlam's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The limited assurance report is available for inspection at Sanlam Limited's registered address.

Earnings

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

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

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

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

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

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

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

- *Glacier*, which incorporates single premium life investments and the Linked Investment Savings Plan platform (LISP) recorded a 32% increase in gross result from financial services, the combined effect of a 5% decline in profit from the LISP business and a 62% rise in the contribution from life investments. Earnings from the LISP business were adversely affected by below-inflation growth in fee income and lower rebates earned from investment fund managers. Market-related fee income from products where Glacier participates in actual investment return earned on the policyholder portfolios supported the increase in profit earned from life investments by some R280 million, in line with the relatively stronger investment market performance in 2019. Guaranteed plan profits benefited from mismatch profits and a release of excess expense reserves (cumulative R86 million).
- *Strategic business development* includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. SPL's gross result from financial services declined by 8% from a high base in 2018, which included one-off earnings recognised upon the introduction of IFRS 9. The lower net loss from other businesses largely reflect reduced expenditure.

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

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

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

Line of business analysis

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

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

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

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

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

Further commentary is provided in the regional analysis.

Regional analysis

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

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

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

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

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

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

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

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

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

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

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

- Gross result from financial services in Malaysia declined by 17% to R78 million. The life business had a good year, increasing its profit contribution by 32%. Diligent expense management, increased profit earned from participating business and mismatch profits more than offset high medical, disability and critical illness claims experience. High claims experience persisted at Pacific&Orient, the general insurance business. Management expenses were also elevated, due to increased marketing expenditure and system development costs incurred to support an expansion in the number of agents in pursuit of its motor strategy. This contributed to a disappointing 60% decline in general insurance gross result from financial services.

- Lebanon contributed gross result from financial services of R138 million (2018: R68 million). Operating conditions deteriorated significantly in Lebanon towards the end of 2019 in the face of a major slowdown in the economy and wide spread social unrest. Positive claims experience enabled the general insurance business, which contributes some 80% of the Lebanese profit, to outperform its target for the year, despite the economic challenges. Attractive interest rates offered by local banks, aggravated by the weak economy and severe pressure on disposable income, contributed to low new life business volumes and weak persistency. Life insurance profits were commensurately under pressure. In the context of the sovereign risks and downgrade, these results are not considered sustainable.

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

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

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

- The *Sanlam Investments 3rd party asset manager's* gross result from financial services increased by 42%, a stellar performance under difficult conditions. The strategic focus on alternative asset classes contributed considerable earnings in 2019. The closure of the Climate Investor One Fund at $850 million generated one-off income of R68 million in the Alternatives business. Sanlam Properties' operating profit increased by 54% from R39 million to R60 million, with the business generating strong fee income from property acquisitions and developments. Performance fees, stringent cost control and solid net fund inflows supported fee income in the other business units. The investment team had a good year, with more than 85% of portfolios exceeding their benchmarks, supporting an increase in net performance fees from R17 million in 2018 to R71 million in 2019. The Large Manager Watch Global portfolio attained a 2 out of 10 ranking.
- *Wealth Management* gross result from financial services increased by 9%. Fee income rose by some 10%, attributable to net inflows in the prior year and a favourable change in mix of business. Brokerage income, however, lagged in general due to lower overall trading levels in the uncertain environment.

- The *International* business was impacted by lower brokerage income in the wealth business, lower advice fees, bad debt provisions of some R30 million and one-off expenses incurred in respect of acquisitions, restructuring and other projects. These more than offset an otherwise strong underlying performance, with the asset management businesses benefiting from higher assets under management.
- *Sanlam Specialised Finance* (Sanfin) did well to increase its gross result from financial services by 3%, despite difficult conditions in 2019. The Sanlam Asset Management business (incorporating Sanlam Portfolio Management and Sanlam Structured Solutions) achieved 5% profit growth, a resilient performance in light of lower average equity markets and the redeployment of capital by Sanlam for corporate transactions that had a negative impact on the business' asset base. Sanlam Capital Markets (including the Central Credit Manager (CCM)) managed to increase its operating earnings by 1% despite significant corporate credit provisioning. Management of the Sanlam Corporate inflation-linked annuity portfolio was transferred to the CCM with effect from 1 January 2019, which added R38 million to the CCM profit in 2019. The CCM had to raise provisions of some R185 million against a number of South African credit exposures (excluding Mayfair), reflective of heightened credit risk. The exposure to Mayfair declined from some R800 million at the time of the collapse of the Steinhoff share price in 2017 to R381 million including interest at 31 December 2019. A provision of 25% was held against the investment at 31 December 2019, implying a net carrying value of R286 million. Including funding cost, the Mayfair exposure detracted R11 million from earnings in 2019.

Santam's net result from financial services increased by 2%.

- Santam's 2018 financial year was characterised by a particularly benign claims environment that contributed to a 9,2% underwriting margin for conventional business. The favourable claims experience did not persist in the first half of 2019, contributing to a decline in the underwriting margin for conventional business to 7,7%, albeit still at the upper end of the 4% to 8% target range. The underwriting result for conventional business commensurately declined by 12%. The liability line of business recorded a strong recovery, which included claims relating to the listeriosis outbreak early in 2018 in the comparable base. The core motor book delivered growth of 1% on the high base in 2018, while engineering achieved 5% growth in underwriting profits. This growth was, however, partly offset by a significant weakening in the property and agricultural lines, which were impacted by a number of fire, flooding and hail events in 2019. The alternative risk transfer business had a good year, more than doubling its contribution to operating earnings to R64 million.

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

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

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

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

- Net amortisation of intangible assets increased from R400 million in 2018 to R766 million in 2019, attributable to the amortisation of the value of business acquired intangible assets recognised in 2018 upon Saham and Nucleus becoming subsidiaries.
- Net equity participation cost includes a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million is recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher-than market-related discount. The remainder is recognised in fund transfers.

- Net profit on the disposal of subsidiaries and associates of R2,8 billion was recognised in 2018 in terms of IFRS as a result of the first-time consolidation of Saham and Nucleus. These were one-off earnings that increased the comparative base.
- Impairments of R339 million were recognised in 2019 compared to R305 million in 2018. Pressure on the listed share prices of Bank Windhoek and Letshego placed a cap on the GEV valuation of Capricorn Investment Holdings (our Namibian associate that holds a stake in Bank Windhoek) and Letshego, resulting in impairments of R88 million and R74 million respectively. An impairment of R44 million was also recognised to reduce the carrying value of the Zimbabwean operations to zero. The underperformance at Pacific&Orient required an impairment of R55 million.

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

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

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

Business volumes

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

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

SPF new business volumes for the year ended 31 December 2019

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

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

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

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

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

SEM new business volumes for the year ended 31 December 2019

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

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

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

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

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

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

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

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

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

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

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

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

Business volumes for the year ended 31 December 2019

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

Value of new covered business

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

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

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

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

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

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

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

Capital management

Discretionary capital

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

Discretionary capital at 31 December 2019

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

Movements in discretionary capital during 2019 included the following:

- The excess cash operating earnings cover in respect of the dividend paid in 2019.
- Investment return earned on the Sanlam Life capital base was released to discretionary capital.
- Capital of R593 million was released from the SPF and SEM operations. The ongoing consolidation of Sanlam Sky business onto one life licence released R211 million. This was augmented by a R382 million release of allocated capital from SEM's Namibian operations. Capital optimisation remains a focus area within SPF and SEM, with further releases expected in 2020.
- Discretionary capital of R4,5 billion was raised through the 5% B-BBEE share issuance in the first half of 2019.
- Corporate activity utilised a total of R2 billion:
  - Investments in South Africa relate to the capitalisation of African Rainbow Life (R152 million), the acquisition of shares from BrightRock minorities (R36 million) and a number of smaller transactions within SIG.
  - The majority of the deployment in other emerging markets relate to R806 million utilised for the capitalisation of insurers in the CIMA region following an increase in minimum regulatory capital levels across the region, an increase in the effective shareholding in Angola from 60% to 70% and costs incurred in the restructuring of the Saham statutory structure to optimise future capital and dividend flows. R167 million was also utilised for a payment to Santam to reduce its economic interest in SEM's African general insurance businesses (excluding Namibia and Saham Finances) from 35% to 10%.

- Sanlam UK concluded the following acquisitions:
  - Blackett Walker, an advice and asset management business, for R68 million in line with its strategy to grow its distribution reach and achieve economies of scale.
  - The Thesis Group's private client business, distribution network, direct support teams and Pallant, its financial planning business, for a total consideration of GBP35 million. The initial payment amounted to GBP28 million (R521 million). Thesis has a significant presence in the south of England, with GBP1,2 billion of assets under management and a team of 30 investment professionals. The transaction increased Sanlam UK's private client discretionary assets under management to GBP4,2 billion. The remaining purchase consideration is payable in two tranches within 18 months from effective date subject to assets under management retention.
  - As part of its IFA strategy, Sanlam UK acquired a 55% stake in Avidus Scott Lang & Co (ASL) for a total consideration of GBP2,2 million. The initial payment amounted to GBP1,3 million (R25 million), with the remainder payable in a number of tranches up to June 2021 based on performance targets. ASL is a financial advisory business based in Sale, to the South of Manchester.

- Investment return earned on the discretionary capital portfolio and other small movements added R51 million.

Solvency

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

Dividend

Applying the Group's dividend policy, the Board decided to increase the normal dividend per share by 7,1% to 334 cents. This is well within our target range of 2% to 4% real growth over a 3-year rolling period. It will maintain a cash operating earnings cover of approximately 1 times.

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

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

Johan van Zyl
Chairman

Ian Kirk
Group Chief Executive

FINANCIAL INFORMATION

Basis of Presentation

Introduction

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated Annual Financial Statements.

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

The basis of presentation and accounting policies for the IFRS financial statements and Shareholders' information are in all material respects consistent with those applied in the 2018 annual report.

The preparation of the Group's audited annual results was supervised by the Chief Financial Officer, Wikus Olivier CA(SA).

The following new or revised IFRS and interpretations became effective in the current financial year and have therefore been applied

- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12, and IAS 23)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

IFRS 16 – Leases has been applied by using the modified retrospective approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. There was no impact on retained earnings at the beginning of the current period. The reclassifications and adjustments arising on transition are recognised in the opening balance sheet on 1 January 2019 and are reflected in note 36 of the annual financial statements online.

The Group has elected to apply the interpretation, IFRIC 23 – Uncertainty over Income Tax Treatments, retrospectively with the cumulative effect of initially applying the interpretation as an adjustment to the opening retained earnings balance. Therefore, the Group has not restated comparatives for the 2018 reporting period. There was however no impact on the statement of financial position or opening retained earnings as at 1 January 2019. Refer to note 36 of the annual financial statements online.

The other amendments listed above did not have a significant impact on the amounts recognised in prior or current period(s) and are not expected to significantly affect the current or future periods. No further disclosures have accordingly been made.

The following new or revised IFRS and interpretations have effective dates applicable to future financial years and have not been early adopted:

- Effective 1 January 2020:
  - Amendments to References to Conceptual Framework in IFRS Standards
  - Definition of a Business (Amendments to IFRS 3)
  - Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 – Insurance Contracts (effective 1 January 2022)

IFRS 17 – Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The granular level of modelling and accounting required to meet the requirements of IFRS 17 will have a significant impact on the underlying valuation models, systems and processes.

The Group's assessment of the requirements of the standard against current data, processes and valuation models is largely complete, as well as the overall design of the future actuarial and financial reporting processes and architecture. Solution build activities are tracking in line with the Groupwide programme.

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

External audit

This summarised report is extracted from audited information, but is not in itself audited. The Annual Financial Statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Annual Financial Statements and the auditor's report thereon are available for inspection at the company's registered office. The Shareholders' Information was audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Shareholders' Information and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying Annual Financial Statements and Shareholders' Information.

GROUP STATEMENT OF FINANCIAL POSITION

at 31 December 2019

R million	2019	Restated[1] 2018
ASSETS		
Equipment	**1 655**	1 587
Right-of-use assets	**1 912**	–
Owner-occupied properties	**1 794**	2 010
Goodwill[1]	**18 974**	20 392
Value of business acquired[1]	**8 768**	9 553
Other intangible assets	**926**	1 082
Deferred acquisition costs	**3 505**	3 446
Long-term reinsurance assets	**2 042**	1 971
Investments	**770 995**	690 744
Properties	**21 565**	21 349
Investments in associates and joint ventures	**18 682**	18 361
Equities and similar securities	**201 501**	184 787
Interest-bearing investments	**234 509**	211 770
Structured transactions	**23 090**	21 341
Investment funds	**222 141**	190 005
Cash, deposits and similar securities	**49 507**	43 131
Deferred tax	**1 872**	2 249
Assets of disposal groups classified as held for sale	**159**	139
General insurance technical assets	**10 166**	9 540
Working capital assets	**77 461**	72 863
Trade and other receivables[1]	**46 180**	43 653
Taxation[1]	**912**	1 059
Cash, deposits and similar securities	**30 369**	28 151
Total assets	**900 229**	815 576
Equity and liabilities		
Shareholders' fund	**67 317**	69 506
Non-controlling interest	**12 043**	12 111
Total equity	**79 360**	81 617
Long-term policy liabilities	**591 168**	543 785
Term finance	**11 187**	7 413
Margin business	**3 614**	3 654
Other interest-bearing liabilities	**7 573**	3 759
Lease liabilities	**2 110**	–
Structured transactions liabilities	**19 272**	15 629
External investors in consolidated funds	**85 187**	66 146
Cell owners' interest	**3 935**	3 305
Deferred tax[1]	**5 766**	5 352
General insurance technical provisions[1]	**41 332**	38 033
Working capital liabilities	**60 912**	54 296
Trade and other payables	**58 062**	50 761
Provisions	**523**	450
Taxation	**2 327**	3 085
Total equity and liabilities	**900 229**	815 576

(1) *Refer to note 10 for more information.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

R million	2019	2018
Net income	**147 796**	77 721
Financial services income	**95 520**	73 619
Reinsurance premiums paid	**(15 893)**	(11 262)
Reinsurance commission received	**2 676**	2 166
Investment income	**33 003**	31 208
Investment surpluses	**43 064**	(16 447)
Finance cost – margin business	**(242)**	(164)
Change in fair value of external investors' liability	**(10 332)**	(1 399)
Net insurance and investment contract benefits and claims	**(91 526)**	(29 524)
Long-term insurance contract benefits	**(30 802)**	(18 566)
Long-term investment contract benefits	**(39 506)**	2 999
General insurance claims	**(29 646)**	(20 662)
Reinsurance claims received	**8 428**	6 705
Expenses	**(41 051)**	(31 701)
Sales remuneration	**(13 246)**	(10 139)
Administration costs	**(27 805)**	(21 562)
Impairments	**(742)**	(449)
Amortisation of intangibles	**(1 405)**	(659)
Net operating result	**13 072**	15 388
Equity-accounted earnings	**2 989**	2 424
Finance cost – other	**(1 500)**	(846)
Profit before tax	**14 561**	16 966
Taxation	**(5 756)**	(4 164)
Shareholders' fund	**(4 017)**	(3 510)
Policyholders' fund	**(1 739)**	(654)
Profit for the year	**8 805**	12 802
Other comprehensive income		
Movement in foreign currency translation reserve	**(4 707)**	2 002
Other comprehensive income of equity accounted investments	**(335)**	126
Movement in cash flow hedge	**–**	166
Other comprehensive income: not to be recycled through profit or loss in subsequent periods		
Employee benefits re-measurement loss	**25**	4
Comprehensive income for the year	**3 788**	15 100
Allocation of comprehensive income		
Profit for the year	**8 805**	12 082
Shareholders' fund	**7 150**	11 627
Non-controlling interest	**1 655**	1 175
Comprehensive income for the year	**3 788**	15 100
Shareholders' fund	**2 951**	13 698
Non-controlling interest	**837**	1 402
Earnings attributable to shareholders of the company (cents)		
Profit for the year		
Basic earnings per share	**345,8**	565,4
Diluted earnings per share	**342,1**	559,7

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

R million	2019	2018
Shareholders' fund:		
Balance at beginning of the year	69 506	57 420
IFRS Transitional adjustments(4)	–	(429)
Comprehensive income	2 951	13 698
Profit for the year	7 150	11 627
Other comprehensive income(3)	(4 199)	2 071
Shares issued	7 795	5 635
Net acquisition of treasury shares(2)	(8 402)	(1 022)
Share-based payments	391	358
B-BBEE IFRS 2 costs(5)	1 686	–
Dividends paid(1)	(6 500)	(6 053)
Acquisitions, disposals and other movements in interests	(110)	(101)
Balance at end of the year	67 317	69 506
Non-controlling interest:		
Balance at beginning of the year	12 111	6 017
IFRS Transitional adjustments(4)	–	(12)
Comprehensive income	837	1 402
Profit for the year	1 655	1 175
Other comprehensive income(3)	(818)	227
Net (acquisition)/disposal of treasury shares(2)	1	(29)
Share-based payments	33	26
Dividends paid(1)	(1 095)	(867)
Acquisitions, disposals and other movements in interests	156	5 574
Balance at end of the year	12 043	12 111
Total equity at beginning of the year	81 617	63 437
Shareholders' fund	67 317	69 506
Non-controlling interest	12 043	12 111
Total equity at end of the year	79 360	81 617

(1) *A dividend of 334 cents per share (2018: 312 cents per share) was declared in 2020 in respect of the 2019 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R6.5 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.*

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

(3) *Other comprehensive income include a realisation of cash flow hedging adjustment of R1,500 billion in respect of the acquisition of interests in Saham Finances.*

(4) *During the current year IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers were adopted. Refer to note 8.1 for more information.*

(5) *A one–off expense of R1,686 billion was recognised in terms of International Financial Reporting Standards (IFRS 2) Share–Based Payment in respect of the Broad-Based Black Economic Empowerment (B-BBEE) share issuance to the new B-BBEE special purpose vehicle (SPV).*

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2019

R million	Notes	2019	2018
Cash flow from operating activities		**6 645**	10 760
Cash utilised in operations	3.1	**(9 910)**	(7 286)
Interest and preference share dividends received		**17 541**	18 199
Interest paid		**(1 094)**	(1 136)
Dividends received		**13 198**	12 307
Dividends paid		**(7 433)**	(6 844)
Taxation paid		**(5 657)**	(4 480)
Cash flow from investment activities		**(509)**	(6 764)
Acquisition of subsidiaries and associated companies		**(685)**	(7 254)
Disposal of subsidiaries and associated companies		**176**	490
Cash flow from financing activities		**2 503**	4 052
Shares issued		**7 795**	5 635
Movement in treasury shares		**(8 401)**	(1 051)
Disposal of non-controlling interest		**–**	90
Term finance raised		**3 998**	2 455
Term finance repaid		**(299)**	(3 077)
Lease liabilities repaid		**(590)**	–
Net increase in cash and cash equivalents		**8 639**	8 048
Net foreign exchange difference		**(325)**	(124)
Cash and cash equivalents at beginning of the year		**63 343**	55 419
Cash and cash equivalents at end of the year	3.2	**71 657**	63 343

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. Earnings per share

For **basic earnings per share** the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries, consolidated investment funds and policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For **diluted earnings per share** the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries, consolidated investment vehicles (including the B-BBEE SPV as declared in note 8) and policyholders. The shares held by the B-BBEE SPV is seen as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increases. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Cents	2019	2018
Basic earnings per share:		
Headline earnings	**361,8**	445,6
Profit attributable to shareholders' fund	**345,8**	565,4
Diluted earnings per share:		
Headline earnings	**357,9**	441,1
Profit attributable to shareholders' fund	**342,1**	559,7
R million		
Analysis of earnings:		
Profit attributable to shareholders' fund	**7 150**	11 627
Plus/(less): Net profit on disposal of subsidiaries	**6**	(13)
Profit on disposal of subsidiaries	**9**	(17)
Tax on profit on disposal of subsidiaries	**–**	4
Non-controlling interest	**(3)**	–
Less: Net profit on disposal of associated companies	**–**	(2 760)
Profit on disposal of associated companies	**–**	(3 095)
Tax on profit on disposal of associated companies	**–**	157
Non-controlling interest	**–**	178
Less: Equity-accounted non-headline earnings	**–**	(17)
Plus: Impairments	**325**	325
Gross Impairments	**395**	449
Tax on impairment	**–**	(3)
Non-controlling interest	**(70)**	(121)
Headline earnings	**7 481**	9 162

1. Earnings per share (continued)

Million	2019	2018
Number of shares:		
Weighted number of ordinary shares in issue	2 324,8	2 215,6
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	(256,9)	(159,3)
Adjusted weighted average number of shares for basic earnings per share	2 067,9	2 056,3
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	22,1	21,0
Adjusted weighted average number of shares for diluted earnings per share	2 090,0	2 077,3

2. Segmental information

R million	2019	2018
Segment financial services income (per shareholders' fund information)	84 250	66 529
Sanlam Personal Finance	21 068	19 136
Sanlam Emerging Markets	25 367	11 526
Sanlam Investment Group	6 800	6 396
Santam	25 396	23 693
Sanlam Corporate	5 989	5 622
Group Office and other	(370)	156
IFRS adjustments	11 270	7 090
Total financial services income	95 520	73 619
Segment result (per shareholders' fund information after tax and non-controlling interest)	9 110	11 521
Sanlam Personal Finance	4 559	4 218
Sanlam Emerging Markets	1 950	3 561
Sanlam Investment Group	951	1 693
Santam	1 460	1 609
Sanlam Corporate	662	637
Group Office and other	(472)	(197)
Reverse Non-controlling interest included in segment result	1 655	1 175
Fund transfers	(1 960)	106
Total profit for the year	8 805	12 802

Segment IFRS 15 revenue from contracts with customers

	2019	2018
Sanlam Personal Finance	6 895	3 874
Sanlam Emerging Markets	821	704
Sanlam Investment Group	5 856	6 060
Santam	270	234
Sanlam Corporate	1 565	1 747
Total IFRS 15 revenue	15 407	12 619

Disaggregation of revenue

According to primary geography

	South Africa	Rest of Africa	Other International	Total
2019				
IFRS 15 Revenue	**11 576**	**851**	**2 980**	**15 407**
Administration fees	**8 091**	**557**	**479**	**9 127**
Asset management and performance fees	**2 300**	**206**	**1 965**	**4 471**
Commissions	**487**	**78**	**507**	**1 072**
Consulting fees	**212**	**10**	**22**	**244**
Actuarial and risk management fees	**204**	**–**	**–**	**204**
Trust and estate fees	**166**	**–**	**–**	**166**
Other[1]	**116**	**–**	**7**	**123**
Revenue not within the scope of IFRS 15	**55 143**	**23 704**	**1 266**	**80 113**
Financial services income	**66 719**	**24 555**	**4 246**	**95 520**
2018				
IFRS 15 Revenue	9 148	738	2 733	12 619
Administration fees	5 093	438	498	6 029
Asset management and performance fees	2 832	228	1 744	4 804
Commissions	372	57	479	908
Consulting fees	367	12	1	380
Actuarial and risk management fees	198	–	–	198
Trust and estate fees	156	–	–	156
Other[1]	130	3	11	144
Revenue not within the scope of IFRS 15	51 710	8 217	1 073	61 000
Financial services income	60 858	8 955	3 806	73 619

(1) *Other IFRS 15 revenue includes rebates and scrip lending fees received.*

2. Segmental information (continued)

Disaggregation of revenue (continued)

According to timing of revenue recognition

	At a point in time	Over time[2]	Not in the scope of IFRS 15	Total
2019				
IFRS 15 Revenue	**972**	**14 435**	**–**	**15 407**
Administration fees	**5**	**9 122**	**–**	**9 127**
Asset management and performance fees	**1**	**4 470**	**–**	**4 471**
Commissions	**780**	**292**	**–**	**1 072**
Consulting fees	**19**	**225**	**–**	**244**
Actuarial and risk management fees	**–**	**204**	**–**	**204**
Trust and estate fees	**99**	**67**	**–**	**166**
Other[1]	**68**	**55**	**–**	**123**
Revenue not within the scope of IFRS 15	**–**	**–**	**80 113**	**80 113**
Financial services income	**972**	**14 435**	**80 113**	**95 520**
2018				
IFRS 15 Revenue	1 020	11 599	–	12 619
Administration fees	12	6 017	–	6 029
Asset management and performance fees	6	4 798	–	4 804
Commissions	725	183	–	908
Consulting fees	116	264	–	380
Actuarial and risk management fees	–	198	–	198
Trust and estate fees	93	63	–	156
Other[1]	68	76	–	144
Revenue not within the scope of IFRS 15	–	–	61 000	61 000
Financial services income	1 020	11 599	61 000	73 619

(1) *Other IFRS 15 revenue includes rebates and scrip lending fees received.*
(2) *Performance fees subject to constraint on recognition of variable consideration.*

3. Notes to the cash flow statement

3.1 Cash generated/(utilised) in operations

R million	2019	2018
Profit before tax per statement of comprehensive income	14 561	16 966
Net movement in policy liabilities	48 780	(2 655)
Non-cash flow items	(40 459)	16 017
Depreciation	1 024	357
Bad debts written off	313	145
Share-based payments	424	385
Profit on disposal of subsidiaries and associates	8	(3 112)
Fair value adjustments	(43 072)	19 558
Impairment of investments and goodwill	742	449
Amortisation of intangibles	1 405	659
Equity-accounted earnings	(2 989)	(2 424)
IFRS 2 B-BBEE cost	1 686	–
Items excluded from cash utilised in operations	(30 151)	(29 205)
Interest and preference share dividends received	(18 695)	(18 034)
Interest paid	1 742	1 136
Dividends received	(13 198)	(12 307)
Net acquisition of investments	(18 815)	(7 323)
Increase/(decrease) in net working capital assets and liabilities	16 174	(1 086)
Cash utilised in operations	(9 910)	(7 286)

3.2 Cash and cash equivalents

Working capital: Cash and cash equivalents	30 369	28 151
Investment cash	43 319	36 156
Bank overdrafts	(2 031)	(964)
Total cash and cash equivalents	71 657	63 343

Included in cash and cash equivalents are restricted cash balances of R1 740 million (2018: R3 136 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with JSE in respect of exchange traded derivatives.

4. Share repurchases

The 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 terms of these general authorities.

5. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosure in the 2019 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

6. Subsequent events

The outbreak of the coronavirus during mid-January has disrupted the Global economic markets. In making their estimates and judgements as at 31 December 2019 (as disclosed in note 25 of the annual financial statements) management took into consideration the economic conditions and forecasts as at that date. Management will continue to consider the potential impact of the outbreak on significant estimates and judgements going forward.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam Limited Group at 31 December 2019 as reflected in these financial statements.

7. Business combinations

There were no material business combinations during 2019.

8. Sanlam B-BBEE transaction

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

9. Fair value disclosures

Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding investment properties, associates and joint ventures), receivables, cash, deposits and similar securities, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables.

Recognition and derecognition

Financial instruments are recognised when the Group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the Group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Collateral placed at counter-parties as part of the Group's capital market activities are not derecognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counter-parties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. However, the counterparty has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through profit or loss (either mandatory or designated); or
- Fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

9. **Fair value disclosures** (continued)

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. In addition, the group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

On initial recognition, the Group classifies its financial liabilities into one of the following categories:

- Amortised cost; or
- Fair value through profit or loss (either mandatory or designated)

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition the Group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either because:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis; or
- a Group of financial liabilities; or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the entity’s key management personnel.

The Group designates financial instruments as at fair value through profit or loss in line with its risk management policies and procedures that are based on the management of the Group’s capital and activities on a fair value basis. The Group’s internal management reporting basis is consistent with the classification of its financial instruments.

Initial measurement
A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment surpluses.

Subsequent measurement
Financial instruments classified as at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value are recognised in the statement of comprehensive income as investment surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss or derecognition is also measured in profit or loss.

Impairment
The Group recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost (including contract assets/contract receivables); and
- Financial guarantee contracts

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12 month expected credit losses if:

- The credit risk on a financial instrument has not increased significantly since initial recognition; or
- Financial instruments are determined to have a low credit risk at the reporting date.

The Group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

9. Fair value disclosures (continued)

At each reporting date, the loss allowances are measured at an amount equal to the 12 month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition. Financial instruments that are determined to have a low credit risk at the reporting date are assumed to have no significant increase in credit risk.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses, measured as the present value of all cash short falls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of loss allowances in the statement of financial position
Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs
The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities
Other financial liabilities include:

- Term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- Other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- Investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on Policy Liabilities and Profit Entitlement; and
- External investors in consolidated funds measured at the attributable net asset value of the respective funds.

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

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

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

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

9. Fair value disclosures (continued)

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2019				
Non-financial instruments	–	–	21 565	21 565
Properties	–	–	21 565	21 565
Financial instruments	478 583	255 866	2 808	737 257
Equities and similar securities	195 603	4 764	1 134	201 501
Interest-bearing investments	77 456	147 811	498	225 765
Investment in joint ventures	–	–	400	400
Structured transactions	862	22 228	–	23 090
Investment funds	200 354	21 073	714	222 141
Trade and other receivables	4 308	7 971	62	12 341
Cash deposits and similar securities: Investments	–	48 504	–	48 504
Cash deposits and similar securities: Working capital assets	–	3 515	–	3 515
Total assets at fair value	478 583	255 866	24 373	758 822
Financial instruments	84 903	434 493	2 184	521 580
External investors in consolidated funds	84 247	397	543	85 187
Investment contract liabilities	–	399 840	1 641	401 481
Term finance	–	3 314	–	3 314
Structured transactions liabilities	–	19 272	–	19 272
Trade and other payables	656	11 670	–	12 326
Total liabilities at fair value	84 903	434 493	2 184	521 580

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2018				
Non-financial instruments	–	–	21 349	21 349
Properties	–	–	21 349	21 349
Financial instruments	406 689	249 119	1 844	657 652
Equities and similar securities	179 365	4 918	504	184 787
Interest-bearing investments	30 137	174 617	69	204 823
Investment in joint ventures	–	–	539	539
Structured transactions	8 013	13 328	–	21 341
Investment funds	182 926	6 347	732	190 005
Trade and other receivables(1)	6 248	5 653	–	11 901
Cash deposits and similar securities: Investments(2)	–	41 897	–	41 897
Cash deposits and similar securities: Working capital assets	–	2 359	–	2 359
Total assets at fair value	406 689	249 119	23 193	679 001
Financial instruments	62 621	387 434	2 278	452 333
External investors in consolidated funds	61 573	3 960	613	66 146
Investment contract liabilities	–	353 672	1 665	355 337
Term finance	–	3 085	–	3 085
Structured transactions liabilities	–	15 629	–	15 629
Trade and other payables(1)	1 048	11 088	–	12 136
Total liabilities at fair value	62 621	387 434	2 278	452 333

(1) *Trading account assets and liability to the amounts of R4 607 million and R4 547 million has been reclassified to amortised cost respectively.*

(2) *Cash deposits and similar securities to the amount of R1 234 million has been reclassified to amortised cost.*

9. Fair value disclosures (continued)

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

R million	Properties	Investment in joint ventures
2019		
Assets		
Balance at 1 January 2019	**21 349**	**539**
Net gains/(loss) in statement of comprehensive income	**847**	**(139)**
Acquired through business combinations	**71**	**–**
Acquisitions	**469**	**–**
Disposals	**(698)**	**–**
Foreign exchange movements	**(263)**	**–**
Reclassified from disposal groups classified as held for sale	**(2)**	**–**
Transfers to owner-occupied property	**(208)**	**–**
Transfers from level 2	**–**	**–**
Balance at 31 December 2019	**21 565**	**400**
2018		
Balance at 1 January 2018	11 505	359
Net gains/(loss) in statement of comprehensive income	309	180
Acquired through business combinations	7 446	–
Acquisitions	2 165	–
Disposals	(171)	–
Foreign exchange movements	224	–
Reclassified from disposal groups classified as held for sale	(128)	–
Transfers to owner-occupied properties	(1)	–
Balance at 31 December 2018	21 349	539

Equities and similar securities	Interest-bearing investments	Investment funds	Trade and other receivables	Total assets
504	**69**	**732**	**–**	**23 193**
100	**(2)**	**(68)**	**–**	**738**
–	**–**	**–**	**–**	**71**
175	**437**	**56**	**–**	**1 137**
(86)	**(6)**	**(5)**	**–**	**(795)**
(15)	**–**	**(1)**	**–**	**(279)**
–	**–**	**–**	**–**	**(2)**
–	**–**	**–**	**–**	**(208)**
456	**–**	**–**	**62**	**518**
1 134	**498**	**714**	**62**	**24 373**
433	30	330	–	12 657
20	3	33	–	545
–	–	–	–	7 446
131	36	368	–	2 700
(100)	–	–	–	(271)
20	–	1	–	245
–	–	–	–	(128)
–	–	–	–	(1)
504	69	732	–	23 193

9. Fair value disclosures (continued)

R million	Investment contract liabilities	External investors in consolidated funds	Total liabilities
2019			
Liabilities			
Balance at 1 January 2019	**1 665**	**613**	**2 278**
Net loss/(gains) in statement of comprehensive income	**49**	**(55)**	**(6)**
Acquisitions	**50**	**-**	**50**
Disposals	**(141)**	**-**	**(141)**
Foreign exchange movements	**18**	**(15)**	**3**
Balance at 31 December 2019	**1 641**	**543**	**2 184**
2018			
Balance at 1 January 2018	2 205	527	2 732
Net loss in statement of comprehensive income	25	1	26
Acquisitions	65	-	65
Disposals	(797)	-	(797)
Foreign exchange movements	167	85	252
Balance at 31 December 2018	1 665	613	2 278

R million	2019	2018
Gains and losses (realised and unrealised) included in profit and loss		
Total gains or losses included in profit or loss for the period	**(804)**	519
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	**(112)**	89

Transfers between levels

R million	Equities and similar securities	Interest-bearing investments[1]	Structured transactions	Cash, deposits and similar securities	Total assets
2019					
Assets					
Transfer from level 1 to level 2	**(172)**	**(2 043)**	**(4 291)**	**–**	**(6 506)**
2018					
Transfer from level 1 to level 2	–	142	–	–	142

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

9. Fair value disclosures (continued)

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

Instrument	Applicable to level	Valuation basis
Properties	3	Recently contracted prices, discounted cash flow model (DCF), Earnings multiple
Equities and similar securities	2 and 3	Discounted cash flow model (DCF), Earnings multiple
Interest-bearing investments	2 and 3	DCF, Quoted put/surrender price by issuer
Structured transactions assets and liabilities	2	Option pricing models DCF
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held. Earnings multiple DCF
Trade and other receivables/payables	2 and 3	DCF, Earnings multiple, Quoted put/ surrender price by issuer, Option pricing models
Cash, deposits and similar securities	2	Mark-to-market Yield curve
Investment in joint ventures	3	Earnings multiple
Term finance	2	DCF
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held

Main assumptions	Significant unobservable input
Bond and interbank swap interest rate curve, Capitalisation rate, Cost of Capital, Consumer price index, Cash flow forecasts (including vacancy rates)	Capitalisation rate Discount rate Cash flow forecasts (including vacancy rates)
Cost of Capital, Consumer price index	Cost of Capital Adjusted earnings multiple Budgets Forecasts
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Discount rate
Bond and interbank swap interest rate curve. Forward equity and currency rates Volatility risk adjustments	n/a
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index Bond interest rate curve	Earnings multiple
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread, Liquidity spread	n/a
Bond and interbank swap interest rate curve, Credit spread	n/a
Earnings Multiple Country risk, size of the business and marketability	Adjusted earnings multiple Sustainable EBITDA
Bond & forward rate Credit ratings of issuer Liquidity spread Agreement interest curves	n/a
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index Unit prices	Based on underlying assets

9. Fair value disclosures (continued)

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

Assets

R million	Carrying amount	Effect of a 10% increase in risk adjustments
Properties[1]		
2019		
Cash flow risk adjustments	**21 565**	**(2 157)**
Base rate	**–**	**–**
Capitalisation	**–**	**–**

R million
2019
Earnings multiple

R million	Carrying amount	Effect of a 10% increase in risk adjustments
2018		
Cash flow risk adjustments	21 349	(2 135)
Base rate	–	–
Capitalisation	–	–

R million
2018
Earnings multiple

Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/ capitalisation rate	Effect of a 1% decrease in base/ capitalisation rate
2 157	**–**	**–**	**–**
–	**11 464**	**(436)**	**473**
–	**11 464**	**(479)**	**582**

Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
10 101	**936**	**(930)**

Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/ capitalisation rate	Effect of a 1% decrease in base/ capitalisation rate
2 135	–	–	–
–	9 864	(240)	258
–	9 864	(297)	364

Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
11 477	1 002	(969)

9. Fair value disclosures (continued)

R million	Carrying amount	Effect of a 10% increase in multiple
Other investments		
2019		
Equities and similar securities	**1 134**	**113**
Interest bearing investments	**–**	**–**
Investment funds	**714**	**71**
Investment in joint ventures(3)	**400**	**40**
Trade and other receivables	**–**	**–**
Total	**2 248**	**224**
Other investments		
2018		
Equities and similar securities	504	50
Interest bearing investments	–	–
Investment funds	732	73
Investment in joint ventures(3)	–	–
Total	1 236	123

Liabilities

R million
2019
Investment contract liabilities
External investors in consolidated funds
Total liabilities
2018
Investment contract liabilities
External investors in consolidated funds
Total liabilities

(1) *Investment Properties comprise of Sanlam Life properties valued using capitalisation and discount rates, with sensitivities based on these two unobservable inputs. It also comprises of Saham Finances properties valued using a multiple of earnings.*

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

(3) *The valuation methodology applied to the underlying investment changed from a discounted cash flow based methodology to an earnings multiple methodology.*

Effect of a 10% decrease in multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
(113)	**–**	**–**	**–**
–	**498**	**(23)**	**14**
(71)	**–**	**–**	**–**
(40)	**–**	**–**	**–**
–	**62**	**(20)**	**21**
(224)	**560**	**(43)**	**35**
(50)	–	–	–
–	69	(1)	2
(73)	–	–	–
–	539	(44)	50
(123)	608	(45)	52

Carrying amount(2)	Effect of a 10% increase in value	Effect of a 10% decrease in value
1 641	**164**	**(164)**
543	**54**	**(54)**
2 184	**218**	**(218)**
1 665	167	(167)
613	61	(61)
2 278	228	(228)

10. Restatements of Statement of Financial Position

10.1 Saham Finances business acquisition

During the 2019 financial year additional information came to light on the purchase price allocation performed for Saham in 2018. The Statement of Financial Position and relevant notes have been restated to reflect the changes in measurement. The restatement has no impact on the Statement of Comprehensive Income.

The acquisition balances for Saham has been restated in the Group Statement of Financial position by amending each of the financial statement line items for the prior period as follows:

	2018		
R million	**Previously reported**	**Adjustments**	**Restated**
ASSETS			
Goodwill	19 985	407	20 392
Value of business acquired	9 985	(432)	9 553
Other assets	785 631	–	785 631
Total assets	815 601	(25)	815 576
EQUITY AND LIABILITIES			
Capital and reserves	81 617	–	81 617
Deferred tax	5 460	(108)	5 352
General insurance technical provisions	37 950	83	38 033
Other liabilities	690 574	–	690 574
Total liabilities	733 984	(25)	733 959
Total equity and liabilities	815 601	(25)	815 576

10.2 Current tax

IAS 1 requires current tax assets to be disclosed on the face of the statement of financial position. The Group has reclassified current tax receivable to the amount of R1 059 million from Trade and Other receivables to Taxation in the Group Statement of financial position in the current financial statements for the comparative period.

NOTICE OF ANNUAL GENERAL MEETING

Sanlam Limited
(Incorporated in the Republic of South Africa)
(Registration No 1959/001562/06) JSE share code: SLM/NSX
Share code: SLA ISIN: ZAE000070660 (the Company or Sanlam)

Notice is hereby given to shareholders recorded in the Company's securities register on Friday, 13 March 2020 that the 22nd annual general meeting (AGM) of the shareholders of Sanlam will be held on Wednesday, 10 June 2020 at 14:00* in the CR Louw Auditorium, Sanlam Head Office, 2 Strand Road, Bellville, Cape Town (the meeting) to: (i) deal with such business as may lawfully be dealt with at the meeting; and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (the Companies Act), as read with the JSE Limited Listings Requirements (JSE Listings Requirements) and other stock exchanges on which the Company's ordinary shares are listed. The meeting is to be participated in and voted at by shareholders recorded in the Company's securities register as at the voting record date of Friday, 29 May 2020.

Kindly note that meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend or participate in the meeting.

Voters are allowed access to the venue to vote by no later than 14:00 on Wednesday, 10 June 2020. Forms of identification include valid identity documents, driver's licence and passports.

Ordinary resolutions

To consider and, if approved, to pass, with or without modification, the following 12 ordinary resolutions:

Percentage support required for ordinary resolution number 1 to 12
For these ordinary resolutions to be adopted, the support of more than 50% (fifty per cent) of the total number of votes per ordinary resolution, which the shareholders present or are represented by proxy at this meeting are entitled to cast, is required, apart from ordinary resolution number 11, where the support of at least 75% (seventy-five percent) of the total number of votes is required.

* *The meeting will start promptly at 14:00. Due to the electronic voting system, no late registrations will be allowed on the day.*

1. ***Ordinary resolution number 1 – Presenting the Sanlam annual reporting***

   To present, consider and accept the Sanlam annual reporting suite (incorporating the Integrated Report, Corporate Governance Report, Remuneration Report and Annual Financial Statements) for the year ended 31 December 2019, that has been distributed to shareholders as required, including the consolidated audited financial statements for the Company and its subsidiaries, as well as the auditors', the Audit, Actuarial and Finance committee's (Audit committee) and directors' reports. The 2019 Sanlam annual reporting suite is available online at www.sanlam.com.

   Reason and effect

   The reason for and effect of ordinary resolution number 1 is to give Sanlam shareholders the opportunity to formally consider and accept Sanlam's annual reporting suite, including the consolidated audited financial statements of the Company as required by section 30(3)(d) of the Companies Act.

2. ***Ordinary resolution number 2 – Reappointment of auditors for the 2020 financial year***

   To reappoint Ernst & Young Inc., as nominated by the Company's Audit committee, as independent auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Mr C du Toit is the individual and designated auditor who will undertake the Company's audit for the financial year ending 31 December 2020.

   Reason and effect

   The reason for ordinary resolution number 2 is that:

   - the Companies Act as well as the JSE Listings Requirements require the appointment or reappointment of the Company's auditors each year at the AGM of the Company. Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the Audit committee considered and satisfied itself that Ernst & Young Inc., the independent auditors, are accredited as such on the JSE List of Auditors and Accounting Specialists; and

   - the aforementioned individual and designated auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors.

3. Ordinary resolution number 3 – Appointment of joint auditors for the 2021 financial year

To appoint KPMG Inc., as nominated by the Company's Audit committee, as joint independent auditors with effect from the 2021 financial year. This appointment will include the 2021 interim results review to be conducted.

Reason and effect

The reason for ordinary resolution number 3 is that the Companies Act and the JSE Listings Requirements require the appointment or reappointment of the Company's auditors each year at the AGM of the Company. In order to strengthen overall governance and ensure alignment with the anticipated requirements of the Prudential Authority, the Audit committee recommended to the Board the appointment of joint independent auditors for Sanlam Limited. The Audit committee had agreed to seek the approval of shareholders one year in advance to allow for KPMG Inc. to commence with the transitioning process already during the 2020 financial year. Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the Audit committee considered and satisfied itself that:

- KPMG Inc., the independent auditors, are accredited as such on the JSE's List of Auditors and Accounting Specialists;
- the aforementioned individual and designated auditors meet the applicable requirements stipulated in section 22 of the JSE Listings Requirements and do not appear on the JSE's list of disqualified individual auditors; and
- the appointment of KMPG Inc. was approved by the Prudential Authority.

4. Ordinary resolution number 4 – Appointment of directors

To elect the following directors (ordinary resolutions numbers 4.1 to 4.3) appointed to the Board of directors of Sanlam (the Board) as additional directors in terms of clause 26 of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Reason and effect

The reason for and effect of ordinary resolution number 4.1 are to elect the director appointed to the Board of Sanlam as additional director in terms of the Company's Memorandum of Incorporation.

4.1 Ordinary resolution number 4.1 – Election of AS Birrell as a director

To elect AS Birrell, who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Name: Andrew Birrell (51)
Appointed: 2019
Qualifications: BBusSc. (Actuarial, 1990) University of Cape Town, Fellow of the Faculty of Actuaries (1994), Fellow of the Actuarial Society of South Africa (FASSA), Chartered Enterprise Risk Actuary (CERA Global Association, 2009), and a Member of the Institute of Directors (UK, 2015)

Sanlam and Sanlam Life committee memberships:
Independent non-executive director, Audit committee, Risk and Compliance committee, Non-Executive Directors committee and Independent Non-Executive Directors committee

Major external positions, directorships or associates:
Independent non-executive director of Sun Life of Canada (UK), where he is the chair of the Risk committee and the With Profits committee. He also serves as an independent non-executive director of Esure Limited (UK), where he is the chair of the Audit committee, a member of the Risk committee and a member of the Remuneration committee. He is executive director of Universal Partners Limited; non-executive director of JSA Group and YASA Limited (both UK-based companies); alternate director of SC Lowy Partners, the holding company of a Hong Kong domiciled specialist investment bank. Mr Birrell has had a number of independent non-executive appointments in relevant industries in the past in South Africa and abroad (including independent non-executive chair of Assupol Holdings and Assupol Life until 31 March 2019).

Fields of expertise:
Financial reporting, risk management, life insurance, general insurance, health insurance, stock broking, asset management as well as retail online banking.

The Board recommends the election of this director.

4.2 Ordinary resolution number 4.2 – Election of E Masilela as a director

To elect, E Masilela who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Name: Elias Masilela (55)
Appointed: 2019
Qualifications: BA (1986) University of Swaziland, MSc in Economic Policy and Analysis with Addis Ababa University, as well as several professional certificates obtained from Harvard University

Sanlam and Sanlam Life committee memberships:
Sanlam Customer Interest committee, Social, Ethics and Sustainability committee, Non-Executive Directors committee and Independent Non-Executive Directors committee.

Major external positions, directorships or associations:
Chair of several influential entities in South Africa, including V&A Waterfront and Capital Harvest. Recent chairperson of the National Task Force on Impact Investing in South Africa. He is a board member of Multichoice Group, Multichoice SA, Alternative Prosperity Holdings, Future Planet Capital in London, Strate, as well as the Eskom Pension and Provident Fund.

Fields of expertise:
Government liaison, financial services, economics, investment management, life insurance, general insurance and empowerment.

The Board recommends the election of this director.

4.3 **Ordinary resolution number 4.3 – Election of JP Möller as a director**

To elect, JP Möller who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Name: Kobus Möller (61)
Appointed: 2020
Qualifications: BCom (Cum Laude) University of Pretoria, BCompt (Hons) (UNISA), CA(SA), AMP Harvard Business School

Mr Möller has held senior financial positions in Gencor, Impala Platinum Holdings, Sanlam Personal Finance and was Financial Director of Sanlam from 2006 until his retirement in 2016.

Sanlam and Sanlam Life committee memberships:
Audit committee, Risk and Compliance committee, Non-Executive Directors committee, Independent Non-Executive Directors committee, Board member of Sanlam Capital Markets Proprietary Limited, Sanlam Investment Holdings Proprietary Limited, Sanlam Emerging Markets Limited, Sanlam Personal Finance and Sanlam Corporate.

Major external positions, directorships or associations:
None

Fields of expertise:
Life insurance, short term insurance, international business transactions, financial reporting, risk management and investments.

The Board recommends the election of this director.

5. ***Ordinary resolution number 5 – Re-election of directors***
To individually re-elect the following non-executive directors (ordinary resolutions numbers 5.1 and 5.2) of the Company, who retire by rotation in terms of clause 26.2 of the Company's Memorandum of Incorporation, all being eligible and offering themselves for re-election.

Reason and effect
The reason for and effect of ordinary resolutions numbers 5.1 and 5.2 are to re-elect the directors who retire by rotation in terms of the Company's Memorandum of Incorporation.

- RV Simelane
- PB Hanratty

5.1 Ordinary resolution number 5.1 – Re-election of RV Simelane as a director
To re-elect RV Simelane, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering herself for re-election.

Name: Rejoice Simelane (68)
Non-executive director since 2004
Qualifications: PhD (Economics), University of Connecticut, USA, (1994)

Sanlam and Sanlam Life committee memberships:
Non-Executive Directors committee and a member of the Social, Ethics and Sustainability committee.

Major external positions, directorships or associations:
Executive director of Ubuntu-Botho Investment Proprietary Limited since 2004 and board member of ARM Gold since 2002.

Fields of expertise:
Economics and finance, audit, risk, compliance, law, governance, as well as the general business.

The Board recommends the re-election of this director.

5.2 Ordinary resolution number 5.2 – Re-election of PB Hanratty as a director
To re-elect PB Hanratty, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for re-election.

Name: Paul Hanratty (59)
Independent non-executive director since 2017
Qualifications: BBusSc (Hons), Fellow of Institute of Actuaries (FIA), AMP Harvard

Sanlam and Sanlam Life committee memberships:
Chair of the Audit committee, member of the Social, Ethics and Sustainability committee, the Sanlam Customer Interest committee, the Risk and Compliance committee, the Non-Executive Directors committee and the Independent Non-Executive Directors committee.

Major external positions, directorships or associations:
MTN (JSE) NED – African Telecoms, non-executive chair of Intelligent Debt Management.

Fields of expertise:
Life insurance, general insurance, retirement fund, administration, general management, financial, actuarial, international markets and investments.

The Board recommends the re-election of this director.

6. ***Ordinary resolution number 6 – Re-election of executive directors***
To re-elect the following executive directors (ordinary resolutions numbers 6.1 to 6.2 below) appointed to the Board, being eligible and offering themselves for re-election.

Reason and effect
It had been agreed by the Board that in the interest of good governance, executive directors would also rotate on a voluntary basis as per a predetermined schedule of rotation. The reason for and effect of ordinary resolutions numbers 6.1 to 6.2 are to re-elect the executive director appointed to the Board.

6.1 Ordinary resolution number 6.1 – Re-election of HC Werth as an executive director
Name: Heinie Werth (57)
Appointed as executive director since 2016
Qualifications: CA(SA), Hons B Accountancy, MBA and EDP (Manchester)

Sanlam and Sanlam Life committee membership:
Chief Executive: Sanlam Emerging Markets.

Major Sanlam related positions, directorships or associations:
Sanlam Emerging Markets and Shriram Capital Limited

Fields of expertise:
Accounting, finance, financial markets and investment, general business and risk management.

The Board recommends the re-election of this director.

6.2 **Ordinary Resolution No 6.2 – Re-election of JM Modise as an executive director**
Name: Jeanett Modise (56)
Executive director since 2019
Qualifications: BCom, MDP (UNISA), SEP (Harvard), MBL (UNISA), AMP Advanced Management Development for Senior Executives

Sanlam and Sanlam Life committee membership:
Chief Executive: Human Resources, Executive director

Major Sanlam related positions, directorships or associations:
Non-executive director for Indwe Broker Holdings and MiWay.

Field of expertise:
Human resources, life insurance, general insurance and investment management.

The Board recommends the re-election of this director.

7. ***Ordinary Resolution number 7 – Election of the members of the Sanlam Audit, Actuarial and Finance committee (Audit committee)***
To individually elect the following independent non-executive directors (ordinary resolutions numbers 7.1 to 7.5) of the Company as the members of the Sanlam Audit committee until the conclusion of the next AGM of the Company.

Reason and effect
The reason for and effect of Ordinary Resolutions No 7.1 to 7.5 are that the members of the Audit committee of the Company, being a statutory committee, are required in terms of section 94(2) of the Companies Act to be appointed by the shareholders.

7.1 **Ordinary resolution number 7.1 – Appointment of AS Birrell as a member of the Audit committee (subject to his election as a director pursuant to ordinary resolution number 4.1)**
Name: Andrew Birrell (51)
Appointed: 2019
Qualifications: BBusSc (Actuarial) (1990) University of Cape Town, Fellow of the Faculty of Actuaries (1994), Fellow of the Actuarial Society of South Africa (FASSA), Chartered Enterprise Risk Actuary (CERA Global Association, 2009), and a Member of the Institute of Directors (UK, 2015)

Sanlam and Sanlam Life committee memberships:
Independent non-executive director, Audit Committee, Risk and Compliance committee, Non-Executive Directors committee and Independent Non-Executive Directors committee.

Major external positions, directorships or associations:
Independent non-executive director of Sun Life of Canada (UK), where he is the chair of the Risk committee and the With Profits committee. He also serves as an independent non-executive director of Esure Limited (UK), where he is the chair of the Audit committee, a member of the Risk committee and a member of the Remuneration committee. He is executive director of Universal Partners Limited; non-executive director of JSA Group and YASA Limited (both UK-based companies); alternate director of SC Lowy Partners, the holding company of a Hong Kong domiciled specialist investment bank. Mr Birrell has had a number of independent non-executive appointments in relevant industries in the past in South Africa and abroad (including independent non-executive chair of Assupol Holdings and Assupol Life until 31 March 2019).

Fields of expertise:
Financial reporting, risk management, life insurance, general insurance, health insurance, stock broking, asset management as well as retail online banking.

The Board recommends the election of this director.

7.2 Ordinary resolution number 7.2 – Appointment of PB Hanratty as a member of the Audit committee (subject to his re-election as a director pursuant to ordinary resolution number 5.2)
Name: Paul Hanratty (59)
Appointment: Independent non-executive director since 2017.
Qualifications: BBusSc (Hons) (University of Cape Town), Fellow of Institute of Actuaries (FIA), Advanced Management Programme (Harvard)

Sanlam and Sanlam Life committee memberships:
Non-executive director, chair of the Audit committee, member of the Social, Ethics and Sustainability committee, the Sanlam Customer Interest committee, the Risk and Compliance committee, the Non-Executive Directors committee and the Independent Non-Executive Directors committee.

Major external positions, directorships or associations:
MTN (JSE) NED – African Telecoms, non-executive chair of Intelligent Debt Management.

Fields of expertise:
General management, financial, actuarial, international markets and investments, life insurance, general insurance and retirement fund insurance.

7.3 **Ordinary resolution number 7.3 – Appointment of M Mokoka as a member of the Audit committee**
Name: Mathukana Mokoka (46)
Appointment: Independent non-executive director since 2018
Qualifications: (CA)SA (University of Limpopo)

Sanlam and Sanlam Life committee memberships:
Member of the Audit committee, the Non-Executive Directors committee, the Risk and Compliance committee and the Independent Non-Executive Directors committee.

Major external positions, directorships or associations:
Palabora Mining, Alviva Holdings Pty (Ltd); member of African Women Chartered Accountants (AWCA) and the Institute of Directors in South Africa (IoDSA).

Fields of expertise:
Accounting, finance, risk and compliance, life insurance and mining.

7.4 **Ordinary resolution number 7.4 – Appointment of KT Nondumo as a member of the Audit committee**
Name: Karabo Nondumo (41)
Appointment: Independent non-executive director since 2015
Qualifications: BAcc (University of Natal), HDipAcc (Wits University), CA(SA)
Sanlam and Sanlam Life committee memberships:
Independent Non-Executive Directors committee, member of the Audit committee, the Risk and Compliance committee, the Human Resources and Remuneration committee, the Sanlam Customer Interest committee, Non-Executive Directors committee and the Nominations committee.

Major external positions, directorships or associations:
Independent non-executive director of Harmony Gold, Richards Bay Coal Terminal and MTN South Sudan.

Fields of expertise:
Life insurance, telecommunications, accounting, risk and compliance, governance, international business, empowerment as well as human resources and remuneration.

7.5 **Ordinary resolution number 7.5 – Appointment of JP Möller as a member of the Audit committee (subject to his election as a director pursuant to ordinary resolution number 4.3)**
To elect, JP Möller who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Name: Kobus Möller (61)
Appointed: 2020
Qualifications: BCom (Cum Laude) University of Pretoria, BCompt (Hons) (UNISA), CA(SA), AMP Harvard Business School

Mr Möller has held senior financial positions in Gencor, Impala Platinum Holdings, Sanlam Personal Finance and was Financial Director of Sanlam from 2006 until his retirement in 2016.

Sanlam and Sanlam Life committee memberships:
Audit committee, Risk and Compliance committee, Non-Executive Directors committee, Independent Non-Executive Directors committee, Board member of Sanlam Capital Markets Proprietary Limited, Sanlam Investment Holdings Proprietary Limited, Sanlam Emerging Markets Limited, Sanlam Personal Finance and Sanlam Corporate.

Major external positions, directorships or associations:
None

Fields of expertise:
Life insurance, short term insurance, international business transactions, financial reporting, risk management and investments.

The Board recommends the election of these members to serve on the Audit committee.

8. ***Ordinary resolution number 8 – Advisory vote on the Company's remuneration policy and the remuneration implementation report***
Shareholders are requested to cast a separate non-binding advisory vote on the Company's remuneration policy and its implementation report, set out on pages 8 to 19 of the Sanlam Remuneration Report (available online at www.sanlam.com).

8.1 **Ordinary resolution number 8.1 – Non-binding advisory vote on the Company's remuneration policy**
Resolved that shareholders approve by way of a non-binding advisory vote, the Company's remuneration policy, as set out on pages 8 to 19.

8.2 **Ordinary resolution number 8.2 – Non-binding advisory vote on the Company's remuneration implementation report**
Resolved that shareholders approve by way of a non-binding advisory vote, the Company's remuneration implementation report as set out on pages 21 to 39.

Reason and effect

The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1], principle 14, recommended practice 37 as well as paragraph 3.84(j) of the JSE Listings Requirements provide that the remuneration policy and the remuneration implementation report be tabled every year for separate non-binding advisory votes by shareholders at the AGM.

Ordinary resolution number 8 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Human Resources and Remuneration committee and the Board will take the outcome of the vote and any comments raised by securities holders into consideration when considering the Company's remuneration policy. If 25% (twenty-five per cent) or more of the voting rights exercised at the AGM are cast against these resolutions, the Board will invite dissenting shareholders to engage with the Human Resources and Remuneration committee on their concerns in line with the provisions of the JSE Listings Requirements.

9. ***Ordinary resolution number 9 – To note the total amount of non-executive directors' and executive directors' remuneration for the financial year ended 31 December 2019***

   To note the total amount of directors' remuneration set out in the Sanlam Remuneration Report (available online at www.sanlam.com), including specifically non-executive directors' remuneration (see pages 38 and 39) and executive directors' remuneration (pages 21 to 37) for the financial year ended 31 December 2019.

   Reason and effect

   The reason for and effect of ordinary resolution number 9 are to note the remuneration of directors for the financial year ended 31 December 2019.

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

10. *Ordinary resolution number 10 – To place unissued ordinary shares under the control of the directors*

To place all the unissued ordinary shares of the Company, as well as Sanlam shares held as treasury shares by subsidiaries of the Company (treasury shares), under the control of the directors of the Company, who are hereby authorised, subject to the provisions of the Companies Act and the JSE Listings Requirements, to allot and issue these unissued shares and/or dispose of these treasury shares in their discretion on such terms and conditions as and when they deem it fit to do so, until the next AGM, provided that:

- the aggregate number of ordinary shares to be allotted and issued and treasury shares disposed of in terms of this resolution and ordinary resolution number 11 is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the notice of the meeting; and
- any issue of ordinary shares as an issue for cash as defined in the JSE Listings Requirements is in accordance with the restrictions contained in ordinary resolution number 11.

Reason and effect

The reason for ordinary resolution number 10 is that the Board requires authority from shareholders in terms of the Company's Memorandum of Incorporation to issue shares in the Company and/or dispose of treasury shares held by subsidiaries of the Company. This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue shares or dispose of treasury shares as may be required, inter alia, in terms of capital-raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 5% (five per cent) of the number of shares in issue as at the date of the notice of the meeting on the terms more fully set out in ordinary resolution number 11.

The general authority granted under this ordinary resolution number 10 as well as ordinary resolution number 11 is in addition to the specific authority as approved by the Company's general meeting of shareholders held on 12 December 2018 in respect of the issue of shares to SU BEE Investment SPV (RF) Proprietary Limited.

11. *Ordinary resolution number 11 – General authority to issue shares for cash*

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares of one (1) cent each (or options to subscribe for, or securities that are convertible into such ordinary shares) and dispose of Sanlam shares held as treasury shares by subsidiaries of the Company (treasury shares) as an "issue for cash" as defined in the JSE Listings Requirements as and when suitable situations arise and on such terms and conditions as they deem fit, provided that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution and ordinary resolution number 10, together with any treasury shares disposed of in terms of ordinary resolution number 10, is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the Notice of this Meeting.

To avoid doubt, it is recorded that a pro rata rights offer to shareholders is not an issue for cash as defined in the JSE Listings Requirements and so this resolution and the restrictions contained herein do not apply to any such pro rata rights offered to shareholders.

It is recorded that the JSE Listings Requirements currently contain the following requirements:

- that this general authority shall be valid until the Company's next AGM or for 15 (fifteen) months from the date of adoption of this resolution, whichever occurs first;
- that the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;

- that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution, together with any treasury shares disposed of in terms of this ordinary resolution number 11, is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the notice of this AGM, such number being 2 115,6 million ordinary shares in the Company's issued share capital, excluding treasury shares;
- that any equity securities issued under the authority during the period contemplated in the first bullet must be deducted from the number in the preceding bullet;
- that, in the event of subdivision or consolidation of issued equity securities during the period contemplated in the first bullet, the existing authority must be adjusted accordingly to represent the same allocation ratio;
- that the equity securities be issued or treasury shares disposed of to persons qualifying as public shareholders as defined in the JSE Listings Requirements, and not to related parties as defined in the JSE Listings Requirements;
- that, in determining the price at which an issue of shares or disposal of treasury shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the shares in question, as determined over the 30 (thirty) business days prior to the date that the price of the issue or disposal is agreed between the issuer and the party subscribing for or acquiring the securities; and
- that, after the Company has issued equity securities or disposed of treasury shares in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% (five per cent) or more of the number of equity securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue in accordance with the JSE Listings Requirements.

Reason and effect
To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares and dispose of treasury shares as an issue for cash as defined in the JSE Listings Requirements.

Percentage voting
In order for this ordinary resolution number 11 to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at the meeting are required, in terms of the JSE Listings Requirements.

12. ***Ordinary resolution number 12 – To authorise any director of the Company and, where applicable, the secretary of the Company (Company Secretary), to implement the aforesaid ordinary resolutions and the undermentioned special resolutions***
To authorise any director of the Company and, where applicable, the Company Secretary, to do all such things, sign all such documentation and take all such actions as may be necessary to implement the aforesaid ordinary resolutions and undermentioned special resolutions.

Reason and effect
The reason for and effect of ordinary resolution number 12 is to grant the authorisation to any director of the Company and, where applicable, the Company Secretary, to implement the ordinary and special resolutions.

Special resolutions

To consider and, if approved, to pass, with or without modification, the following three special resolutions:

Percentage support required for special resolutions numbers 1 and 2
For these special resolutions to be adopted, the support per special resolution of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at the meeting are entitled to cast, is required.

A. Special resolution number 1 – Approval of the non-executive directors' remuneration for their services as directors resolved that:

Resolved that:
In terms of section 66(9) of the Companies Act, payment of the remuneration for their services as non-executive directors of Sanlam is approved for the period 01 July 2020 until 30 June 2021 as set out in the following table. These increases represent an average increase of 5,5% on the fees applicable in respect of the 12 months to 30 June 2020 for South African based directors other than those increases recommended as a result of an independent survey of the Sanlam Board Fees and may be adjusted by any amount of value-added tax (VAT) to the extent applicable.

Non-executive directors' fees for 2019/2020

Directors/Committees
Chair
Deputy Chair[(1)]
Lead Independent Director
Non-Executive Directors
Non-Resident Non-Executive Directors
Audit Actuarial & Finance Committee Chair
Audit Actuarial & Finance Committee Member
Risk & Compliance Committee Chair
Risk & Compliance Committee Member
Human Resources and Remuneration Committee Chair
Human Resources and Remuneration Committee Member
Customer Interest Committee Chair
Customer Interest Committee Member
Social Ethics & Sustainability Committee Chair
Social Ethics & Sustainability Committee Member
Nominations Committee Chair
Nominations Committee Member
Special *ad hoc* committees

All fees are VAT exclusive

(1) Based on market benchmarks the position justified a retainer and per meeting attendance fee of R724 972 and R42 298 respectively. At the Deputy Chairman's request Sanlam will apply the difference between the market benchmark and the NED fees outlined above to a suitable philanthropic cause.

	Annual fee 2019/20 R	Attendance fee per meeting 2019/20 R	Annual fee 2020/21 R	Attendance fee per meeting 2020/21 R
	3 134 487	None	3 306 884	None
	557 996	32 557	588 686	34 348
	687 177	40 093	724 972	42 298
	366 759	32 098	386 931	33 863
	806 869	70 615	968 243	84 738
	448 445	None	524 681	None
	224 223	None	236 555	None
	448 445	None	473 109	None
	224 223	None	236 555	None
	341 974	None	360 783	None
	170 988	None	180 392	None
	253 184	None	267 109	None
	126 592	None	133 555	None
	253 184	None	313 948	None
	126 592	None	133 555	None
	226 562	None	239 023	None
	126 592	None	133 555	None
	None	23 042	None	24 309

Reason and effect
The reason for and effect of special resolution number 1 is to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period 1 July 2020 to 30 June 2021. Executive directors of the Company do not receive any fees for their services as directors of the Company.

B. Special resolution number 2 – Authority to the Company or a subsidiary of the Company to acquire the Company's securities

Resolved that:
"Pursuant to the Memorandum of Incorporation of the Company, the shareholders of the Company hereby approve, by way of a general approval, whether by way of a single transaction or a series of transactions:

a) the purchase of any of its securities by the Company or any subsidiary of the Company; and

b) the purchase by and/or transfer to the Company of any of its securities purchased by any of its subsidiaries pursuant to (a) above,

upon such terms and conditions and in such amounts as the Board of the Company or its subsidiaries may from time to time decide, but subject to the provisions of the Companies Act, the JSE Listings Requirements and any other stock exchange upon which the securities of the Company may be quoted or listed from time to time, and subject to such other conditions as may be imposed by other relevant authority, provided that, in relation to purchases that are subject to the JSE Listings Requirements:

- the authority shall only be valid up to and including the date of the Company's next AGM or for 15 (fifteen) months from the date of this special resolution, whichever period is shorter;
- ordinary shares to be purchased pursuant to (a) above may only be purchased through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty;
- the general authority to purchase securities in the Company pursuant to (a) above be limited in any one (1) financial year to a maximum of 2,5% (two and a half per cent) of the Company's issued share capital of that class at the time the authority is granted;
- purchases pursuant to (a) above may not be made at a price more than 10% (ten per cent) above the weighted average traded price of the securities for the five (5) business days immediately preceding the date of the purchases;

- at any point in time, the Company may only appoint one (1) agent to effect any purchase on the Company's behalf or on behalf of any of its subsidiaries;
- the Board of the Company has resolved (i) to authorise a purchase of securities in the Company, (ii) that the Company and each relevant subsidiary have passed the solvency and liquidity test as contemplated in the Companies Act, and (iii) that, since the solvency and liquidity test was performed, no material change has occurred in the financial position of the Company or any relevant subsidiary;
- the Company and its subsidiaries may not purchase securities during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and not influenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- an announcement complying with paragraph 11.27 of the JSE Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively purchased 3% (three per cent) of the initial number of ordinary shares in issue as at the time the general authority was given and (ii) thereafter, for each 3% (three per cent) in aggregate of the initial number of ordinary shares in issue as at the time the general authority was given, acquired by the Company and/or its subsidiaries; and
- details of equity securities purchased during the period under review will be disclosed in the Annual Financial Statements in accordance with paragraph 8.63(o) of the JSE Listings Requirements."

Reason and effect
The reason for and effect of special resolution number 2 are to grant a general authority to enable the Company, or any subsidiary of the Company, to acquire securities that have been issued by the Company including the subsequent purchase by or transfer to the Company of such securities held by any subsidiary.

Directors' statement
The Board shall authorise and implement a purchase of the Company's securities only if prevailing circumstances warrant this.

Having considered the effect of the maximum purchases, the Board reasonably concluded in relation to purchases that are subject to the JSE Listings Requirements that:

- after an acquisition, the Company will continue to comply with the JSE Listings Requirements concerning shareholder spread requirements;
- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of notice of the AGM of the Company;
- the assets of the Company and its subsidiaries will be in excess of the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company; and
- the Company and its subsidiaries will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM of the Company.

Disclosures in terms of paragraph 11.26(b) of the JSE Listings Requirements
The following disclosures are required in terms of paragraph 11.26(b) of the JSE Listings Requirements in relation to purchases that are subject to the JSE Listings Requirements, which appear in the Sanlam annual reporting suite and are provided online at www.sanlam.com for purposes of special resolution number 2:

- major shareholders (page 234 of the Integrated Report); share capital of the Company (page 101 of the Annual Financial Statements); and
- material changes (page 3 of the Annual Financial Statements).

Directors' responsibility statement
The Board, whose names appear on pages 22 to 29 of the Corporate Governance Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this Special Resolution No 2, and certify that:

- to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading;
- they have made all reasonable enquiries in this regard; and
- special resolution number 2 contains all the required information.

The Resilience Report

The Resilience Report is set out more fully in the supplementary reports, which are available on the Company's website (www.sanlam.com). This is tabled in terms of Regulation 43(5)(c) of the Companies Act.

General notes

1. The record date for the distribution of the notice of the meeting was set as at the close of business on Friday, 13 March 2020.
2. The record date to participate in, attend and vote at the meeting was set as at the close of business on Friday, 29 May 2020. Therefore, the last day to trade in the Company's shares on the JSE in order to be recorded in the share register on the record date is Tuesday, 26 May 2020.
3. A shareholder entitled to participate in, attend, speak and vote at the meeting may appoint a proxy to participate in, attend, speak and vote in his or her stead.
4. The votes of shares held by the Sanlam Share Incentive Trust and subsidiaries of the Company will not be taken into account at the meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.
5. Sanlam shareholders who hold share certificates for their Sanlam ordinary shares or have dematerialised their Sanlam ordinary shares and have them registered in their own name (which includes Sanlam ordinary shares held through the arrangement with Sanlam Share Account Nominee Proprietary Limited or Sanlam Fundshare Nominee Proprietary Limited), but who are unable to attend the meeting and wish to be represented there, should complete and return the enclosed proxy form, in accordance with the instructions contained therein, to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107). For administrative purposes, the proxy form is requested to be received by no later than 14:00 on Tuesday, 9 June 2020. It may alternatively be handed to the Chair of the meeting prior to the commencement of the meeting on Wednesday, 10 June 2020.

6. Sanlam ordinary shareholders who hold their dematerialised Sanlam ordinary shares through a Central Securities Depository Participant (CSDP), bank or broker nominee (Sanlam dematerialised shareholders) must provide their CSDP, bank or broker nominee with their voting instructions, in accordance with the agreement between them and their CSDP, bank or broker nominee. Should Sanlam dematerialised shareholders wish to cast their votes at the meeting in person, they must contact their CSDP, bank or broker nominee to issue them with the appropriate letter of representation. Sanlam does not accept the responsibility for any failure on the part of the CSDP, bank or broker nominee with regard hereto.

7. A person representing a corporation/company is not deemed to be a proxy as such a corporation/company can only attend a meeting through a person, duly authorised by way of a resolution to act as representative. A notarially certified copy of such power of attorney or other documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached to the form of proxy. Such a person enjoys the same rights at the meeting as the shareholding corporation/company.

8. A shareholder whose shares are held through the arrangement with Sanlam Share Account Nominee Proprietary Limited or Sanlam Fundshare Nominee Proprietary Limited is entitled to act and vote at the AGM.

9. On a show of hands, every shareholder present in person or every proxy or duly authorised representative representing shareholders shall have only one vote, irrespective of the number of shareholders or shares he or she represents or holds.

10. On a poll, every shareholder present in person or represented by proxy or duly authorised representative shall have one vote for every Sanlam share held by that shareholder.

11. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the meeting. If a poll is so demanded, the resolution put to the vote shall be decided on a poll.

12. The Company's Memorandum of Incorporation provides for an electronic voting process, for which purposes electronic handset devices will be used.

13. Regarding electronic participation, shareholders are advised that they, or their proxies, will be able to participate in the meeting by way of electronic communication but will not be able to vote during the meeting. These shareholders, should they wish to have their votes counted at the meeting, must act in accordance with the general instructions contained in this notice. Telephone lines will be made available for this purpose. Shareholders who wish to participate by way of electronic communication must register their request in writing with the Group Company Secretary (sana-ullah.bray@sanlam.co.za) by no later than 12:00 on Friday, 5 June 2020. The cost of the shareholder's phone call will be for his or her own account. The shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies the Company against any claim arising in any way from the use or possession of the telecommunication lines. We kindly request shareholders to dial in from 13:50 on the day of the meeting. All shareholders who would like to call into the meeting should dial +27 21 916 3770 PIN 5500#.

By order of the Board

Sana-Ullah Bray
Group Company Secretary

Bellville
March 2020

SHAREHOLDERS' DIARY

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

Reports

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

Dividends

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

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

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

ADMINISTRATION

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

Group Company Secretary
Sana-Ullah Bray

Registered Office
2 Strand Road, Bellville 7530
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Telephone +27 (0) 21 947 9111
Fax +27 (0) 21 947 3670

Postal address
PO Box 1, Sanlamhof 7532

JSE Sponsor
The Standard Bank Group of South Africa Limited

Internet address
http://www.sanlam.co.za

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registered number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa
PO Box 61051, Marshalltown
2107, South Africa
Tel +27 (0) 11 370 5000
Fax +27 (0) 11 688 5200
sanlamholders@computershare.co.za

Directors
J van Zyl (Chair), PT Motsepe (Deputy Chair), SA Nkosi (lead independent director), IM Kirk (Group Chief Executive), HC Werth, AS Birrell, PB Hanratty, E Masilela, AD Botha, JP Möller, RV Simelane, KT Nondumo, JM Modise, CG Swanepoel, M Mokoka, TI Mvusi, S Zinn.

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