

10 March 2022

### ***Sanlam overcomes Covid pandemic and drives growth***

Sanlam today reported strong performance for the year ended 31 December 2021 amid a difficult operating environment. The Group also laid the foundations for future growth by strongly developing its platforms during 2021.

Management leveraged the strength of Sanlam's financial position to benefit all stakeholders, particularly those severely impacted by the Covid-19 pandemic. Sanlam paid mortality claims of R22 billion (76% higher than 2020) to its clients. Sanlam made good progress in the payment of contingent business interruption (CBI) claims with payments of R3,2 billion made to the end of December 2021, including relief payments of R1 billion in August 2020, to businesses affected by the pandemic.

The Group remains committed to the health and safety of its employees, clients, and society, including the roll-out of vaccines as the most effective long-term approach to tackling Covid-19. Sanlam wishes to express sincere condolences to the families, friends, and colleagues of the 57 staff members as well as our customers who succumbed to Covid-19 since its onset.

Sanlam continues to focus on shared value creation, deepening financial inclusion, driving sustainable investment decisions throughout its investment management, value chains, and ecosystems, and optimising value through its strategic partnerships.

The Group remains an extremely financially strong and well capitalised organisation with solvency within the Group's target range. Key performance indicators were:

#### **EARNINGS**

Operational performance has been restored to pre-pandemic levels. Net result from financial services increased by 18% on 2020 on a constant currency basis and was 4% higher than 2019 excluding one-off items.

Net operational earnings increased by 28% on a constant currency basis, reflecting higher investment income relative to 2020 as well as strong underlying operating performance.

#### **NEW BUSINESS**

New business volumes exceeded R350 billion for the first time, up 14% on 2020 and 43% higher than 2019.

Volume growth bolstered by strong profitability and margins. Net value of new covered business (VNB) increased by 44% on 2020 and 21% on 2019.

Net client cash flows improved substantially despite the increase in mortality claims, supported by inflows into Sanlam Investments and Sanlam Glacier. Net fund inflows of R78,3 billion were 27% higher than 2020 and 38% higher than 2019.

The Sanlam Pan Africa (SPA) Life portfolio increased new business volumes by 23% and Value of New Business increased by 88% to over R450 million.

Overall persistency trends remained ahead of long-term actuarial assumptions.

## **GROUP EQUITY VALUE**

Group Equity Value per share of R64,44 and Return on Group Equity Value (RoGEV) per share of 13,9%.

Adjusted RoGEV per share of 14,6% was above the Group's hurdle rate of 13,6%.

## **DIVIDEND AND CAPITAL**

The Group declared a normal dividend of 334 cents per share, up 11% on 2020.

Discretionary capital increased to R2,9 billion.

Sanlam Group Chief Executive Officer, Mr Paul Hanratty, said: "Amid a challenging environment, Sanlam delivered good results. We managed to gain market share in virtually in every product line and segment, in every part of our business. Our people have continued to serve our customers diligently and our clients have chosen overwhelmingly to do business with Sanlam. We managed to restore our metrics to 2019 levels which takes us to the base we had before the outbreak of the Covid-19 pandemic. That creates a tremendous platform for us to operate off going forward."

## **STRATEGY IMPLEMENTATION PROGRESS**

Sanlam continues to implement its strategy by developing platforms to create a leading non-banking financial services group in Africa.

South African operations were strengthened by the development of the Sanlam Investments platform as the leading black-owned asset manager in South Africa. The intended merger with Absa Investments will further strengthen the Group's asset management offering and scale.

The corporate platform will be strengthened through the intended transactions with Alexander Forbes and the launch of a new set of health insurance offerings in partnership with AfroCentric. The Alexander Forbes Life transaction is expected to place Sanlam in a leading position in group risk underwriting, while the health offering will allow the Group to provide a more holistic product offering to clients and fulfil a market need for affordable health insurance.

The Group divested from the UK operations outside of asset management, informed by its capital allocation framework and strategic intent to focus on Africa and India. Sanlam will continue to explore optimising its Pan-Africa portfolio by strengthening its position in key markets and exiting sub-scale operations.

During the year, Sanlam also announced an InsurTech strategic alliance with mobile operator MTN to take the benefits of insurance and investment products to the African continent's consumers. This will significantly enhance the financial inclusion of clients that are currently not reached through traditional financial services providers.

## **CAPITAL AND SOLVENCY**

The capital and solvency position of the Group and its main operating entities remained strong and within target ranges on 31 December 2021. The solvency cover ratio of Sanlam Life covered business was 178% and the Group solvency cover ratio was 173%.

## **OUTLOOK**

The economies in Africa continue to recover from the economic damage caused by the pandemic. Despite this continued growth and recovery, the penetration of insurance and savings remains low across the continent. Sanlam is well-positioned to capture this growth opportunity by leveraging the reach of the Group's broad platform and partnership model to drive financial inclusion through providing simple products, at scale, using increased digital capabilities.

The impact of the pandemic will however persist. The Group has implemented actions, including risk-based repricing of all group schemes, redesign of retail risk products, implementation of new underwriting protocols and strengthening of the mortality basis.

"We will maintain a higher level of discretionary capital than is normal for some time, to provide a buffer should our actions on Covid prove to be inadequate. We will target a minimum of R3 billion of discretionary capital, which may be used to mitigate the impact of any unexpected Covid-19 mortality experience. It remains difficult to accurately forecast the extent and timing of future waves and their impact. Our management actions are therefore likely to remain in place for the foreseeable future," concludes Mr Hanratty.

The Ukrainian crisis poses significant risks to the global economy and financial markets. The Group will continue to monitor its investment portfolios and actively manage the risks posed to clients' portfolios.

## **ENDS**

*Issued by Sanlam Group Communications*

## **MEDIA ENQUERIES**

Pearl Majola, Sanlam Group Communications

+27 83 286 7476 | [pearl.majola@sanlam.co.za](mailto:pearl.majola@sanlam.co.za)

Allim Milazi, Sanlam Group Communications

+27 82 889 5874 | [allim.milazi@sanlam.co.za](mailto:allim.milazi@sanlam.co.za)

## **About Sanlam**

Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Through its clusters: Life and Savings encompassing Retail Mass, Retail Affluent and Corporate business units; Sanlam Emerging Markets; Sanlam Investment Group; and Santam, the Group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments. Sanlam's areas of expertise include life and general insurance, financial planning, retirement, investments, and wealth management.

Established in 1918 as a life insurance company, Sanlam has evolved into the largest non-banking financial services group in Africa through its diversification strategy.

Headquartered in South Africa, Sanlam has a direct stake in financial services entities in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria. The Group has a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Burundi, and Lesotho.

Sanlam also has insurance business interests in India, Malaysia and the United Kingdom and has business interests in the USA, Australia, the Philippines, and Lebanon.

For further information on Sanlam, visit [www.sanlam.com](http://www.sanlam.com)