

SHAREHOLDERS' INFORMATION





Independent auditor's report on the Sanlam Limited Shareholders' Information

➤ To the directors of Sanlam Limited

Opinion

We have audited the Sanlam Limited Shareholders' Information ("Shareholders' Information") of Sanlam Limited set out on pages 164 to 221 for the year ended 31 December 2016, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Group Equity Value sensitivity analysis, Shareholders' fund at fair value, Shareholders' fund at net asset value; Shareholders' fund income statement; Embedded value of covered business; Change in embedded value of covered business; Value of new business; and notes to the embedded value of covered business and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying Shareholders' Information of Sanlam Limited for the year ended 31 December 2016 is prepared, in all material respects, in accordance with the basis of accounting described on pages 164 to 171 of the Shareholders' Information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Shareholders' Information section of our report. We are independent of Sanlam Limited in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Federation of Accountants' Code of Ethics for Professional Accountants (IFAC Code) and other independence requirements applicable to performing the audit of Sanlam Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, the IFAC Code, and in accordance with other ethical requirements applicable to performing the audit of Sanlam Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to pages 164 to 171 of the Shareholders' Information which describes the basis of accounting. The Shareholders' Information is prepared to provide additional information in respect of the Group Shareholders' Fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Shareholders' Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the Shareholders' Information in accordance with the basis of accounting described on pages 164 to 171, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the Shareholders' Information that is free from material misstatement, whether due to fraud or error.

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

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

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

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

- ② Identify and assess the risks of material misstatement of the Shareholders' Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ② Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- ② Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Shareholders' Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ② Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

Other matter

Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2016, in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of Sanlam Limited, dated 8 March 2017.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Johanna Cornelia de Villiers
Registered Auditor
Chartered Accountant (SA)

Ernst & Young House
35 Lower Long Street
Cape Town

8 March 2017

Basis of accounting – Shareholders' information

The purpose of this section is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the financial statements prepared in terms of IFRS.

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

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

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

A glossary containing explanations of technical terms used in these financial statements is presented on page 248.

Basis of accounting – Shareholders' information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out on pages 64 to 77 of the Annual Financial Statements, apart from the specific items described under separate headings in this section.

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

The application of the basis of accounting of the shareholders' information is also consistent with that applied in 2015 apart from the following structural changes:

- ① Sanlam Employee Benefits (previously reported in the Sanlam Investments cluster) and Sanlam Health (previously reported in the Sanlam Personal Finance cluster) were moved to the newly formed Sanlam Corporate cluster.
- ② A number of business units in the Sanlam Investments cluster have been reallocated between the International and Wealth Management sub-clusters. Sanlam Private Equity has been reallocated from Sanlam Capital Markets to Sanlam Investment Management.

Comparative information has been adjusted to reflect the new reporting structures.

The shareholders' fund information includes the following:

- ① Group Equity Value (refer page 172)
- ② Change in Group Equity Value (refer page 173)
- ③ Return on Group Equity Value (refer page 174)
- ④ Shareholders' fund financial statements consisting of the Shareholders' fund at fair value (refer page 176), Shareholders' fund at net asset value (refer page 178), Shareholders' fund income statement (refer page 180) and related notes.
- ⑤ Embedded value of covered business, change in embedded value of covered business, value of new business and notes thereto.

Group Equity Value

GEV is the aggregate of the following components:

- ① The embedded value of covered business, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business;
- ② The fair value of other Group operations based on longer-term assumptions, which includes the investment management, capital markets, general insurance and the non-covered wealth management operations of the Group; and
- ③ The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders.

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

- ① Adjustments to net worth; and
- ② Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

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

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

Adjustments to net worth

Present value of corporate expenses

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

Share incentive schemes granted on subsidiaries' own shares

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

Share incentive schemes granted on Sanlam shares

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

calculation of the value of in-force covered business and the fair value of other Group operations.

Change in Group Equity Value

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

Return on Group Equity Value

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

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

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those on pages 64 to 81 of the Annual Financial Statements, apart from the following:

➤ Basis of consolidation

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

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

➤ Consolidation reserve

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's shareholders' fund and earnings. In addition, IFRS requires the recognition of deferred tax assets in

respect of policyholder fund assessed tax losses where it is probable that these losses will be utilised in future financial reporting periods against policyholder investment return. As these deferred tax assets are not recognised as a corresponding increase in policy liabilities, it also causes an artificial mismatch between policy liabilities and policyholder investments. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders' fund at net asset value as the related policyholder investments are recognised as equity instruments at fair value and the deferred tax assets are derecognised. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised earnings. This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

Target shares

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

Segregated funds

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

Equity-accounted earnings

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

- ① Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Saham Finances, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Pacific & Orient, Capricorn Investment Holdings, Letshego, Enterprise Insurance, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted earnings from operating associates and joint ventures are included in the net result from financial services.
- ② Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the policyholders' fund's investments in Sanlam shares and Group subsidiaries, as well as deferred tax assets relating to the policyholder fund, create artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund. This is in the Group's opinion not a true representation of the earnings attributable to the Group's shareholders. The Group therefore calculates normalised diluted earnings per share to eliminate fund transfers relating to movements in the consolidation reserve.

Fund flows

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

Funds received from clients

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

New business

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

All segregated fund inflows, inflows to collective investment schemes and short-term insurance net earned premiums are regarded as new business.

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

Payments to clients

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

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

Shareholders' fund at fair value

The shareholders' fund at fair value is prepared from the consolidated shareholders' fund at net asset value by replacing the net asset value of the other Group operations that are not part of covered business, with the fair value of these businesses. Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

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

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

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the Audit, Actuarial and Finance Committee and Board by the Sanlam Non-Listed Asset Controlling Body.

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

Basis of accounting and presentation – embedded value of covered business

The Group's embedded value of covered business information is prepared in accordance with APN107 (version 7), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

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

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2015 financial statements.

Covered business

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

Acquisitions, disposals and other movements

The embedded value of covered business results are prepared taking cognisance of changes in the Group's effective shareholding in covered business operations.

Methodology

Embedded value of covered business

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

The embedded value of covered business comprises the following components:

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

Adjusted net worth

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

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

For insurance businesses regulated under SAM (or similar regimes) the level of required capital for covered business is set to ensure that Own Funds attributable to in-force covered business maintains a SAM SCR ratio within a specific range, for example between 170% and 210% for Sanlam Life, over the next 10 years. In addition these businesses may also need to maintain statutory cover ratios above a lower minimum level after severe but plausible stress scenarios.

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

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

- ① Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the

Group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; and

- ② Transfers to or from the balanced investment portfolio. Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group's capital management framework.

Net value of in-force business

The net value of in-force business consists of:

- ① The present value of future shareholder profits from in-force covered business (PVIF), after allowance for
- ② The cost of required capital supporting the covered business.

Present value of future shareholder profits from in-force covered business

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

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

Cost of required capital

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

Value of new business

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

In determining the value of new business:

- ① A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;

- ① Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- ② Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- ③ The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
- ④ Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
- ⑤ For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
- ⑥ Renewable recurring premiums under Group insurance contracts are treated as in-force business; and
- ⑦ Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 1 on page 182.

Risk discount rates and allowance for risk

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

- ① Explicit allowances within the projected shareholder cash flows;
- ② The level of required capital and the impact on cost of required capital; and
- ③ The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation.

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

view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

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

Minimum investment guarantees to policyholders

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

Share incentive schemes

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

Sensitivity analysis

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

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

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

Foreign currencies

Changes in the embedded value of covered business, as well as the present value of new business premiums, of foreign operations are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the embedded value of covered business,

in which instances the exchange rate on transaction date is used. The closing rate is used for the conversion of the embedded value of covered business at the end of the financial year.

Assumptions

Best estimate assumptions

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

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

Economic assumptions

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

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

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

Assets backing required capital

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

Demographic assumptions

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

HIV/Aids

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

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2016.

Project expenses

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

Investment management fees

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

Taxation

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

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

No allowance was made for tax changes announced by the Minister of Finance in his budget speech in February 2017.

Earnings from covered business

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

Value of new business

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

Net earnings from existing covered business

Expected return on value of covered business

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

Operating experience variances

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

Operating assumption changes

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

Expected investment return on adjusted net worth

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

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

Economic assumption changes

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

Investment variances

Investment variances – value of in-force

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

Investment variances – investment return on adjusted net worth

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

Group Equity Value

at 31 December 2016

R million	Note	2016			2015		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		41 878	12 020	29 858	37 472	11 233	26 239
Covered business ⁽¹⁾		38 216	8 358	29 858	34 526	8 287	26 239
Glacier		2 192	2 192	–	1 605	1 605	–
Sanlam Personal Loans		999	999	–	913	913	–
Other operations ⁽²⁾		471	471	–	428	428	–
Sanlam Emerging Markets		22 097	18 584	3 513	18 047	14 884	3 163
Covered business ⁽¹⁾		6 370	2 857	3 513	5 486	2 323	3 163
Shriram Capital		7 963	7 963	–	7 594	7 594	–
Saham Finances		3 197	3 197	–	–	–	–
Letshego		1 190	1 190	–	1 106	1 106	–
Pacific & Orient		476	476	–	812	812	–
Capricorn Investment Holdings		1 077	1 077	–	877	877	–
Other operations		1 824	1 824	–	2 172	2 172	–
Sanlam Investments		15 807	15 136	671	16 835	15 980	855
Covered business ⁽¹⁾		1 137	466	671	1 633	778	855
Investment Management		14 070	14 070	–	14 417	14 417	–
Capital Management		600	600	–	785	785	–
Sanlam Corporate		15 868	15 868	–	12 850	12 850	–
Covered business ^{(1), (2)}		5 523	3 720	1 803	5 577	3 720	1 857
Afrocentric ⁽²⁾		775	775	–	703	703	–
Other operations ⁽²⁾		87	87	–	74	74	–
Group operations		102 035	66 190	35 845	91 558	59 444	32 114
Discretionary capital		550	550	–	2 300	2 300	–
Balanced portfolio – other		9 916	9 916	–	11 199	11 199	–
Group Equity Value before adjustments to net worth		112 501	76 656	35 845	105 057	72 943	32 114
Net worth adjustments – present value of holding company expenses	10	(1 784)	(1 784)	–	(1 551)	(1 551)	–
Group Equity Value		110 717	74 872	35 845	103 506	71 392	32 114
Value per share (cents)	9	5 407	3 656	1 751	5 057	3 488	1 569
Analysis per type of business							
Covered business ⁽¹⁾		51 246	15 401	35 845	47 222	15 108	32 114
Sanlam Personal Finance		38 216	8 358	29 858	34 526	8 287	26 239
Sanlam Emerging Markets		6 370	2 857	3 513	5 486	2 323	3 163
Sanlam Investments		1 137	466	671	1 633	778	855
Sanlam Corporate		5 523	3 720	1 803	5 577	3 720	1 857
Other Group operations		50 789	50 789	–	44 336	44 336	–
Discretionary and other capital		8 682	8 682	–	11 948	11 948	–
Group Equity Value		110 717	74 872	35 845	103 506	71 392	32 114

⁽¹⁾ Refer embedded value of covered business on page 211.

⁽²⁾ Sanlam Employee Benefits and the Health Management businesses in Sanlam Personal Finance have been reallocated to the Sanlam Corporate cluster.

Change in Group Equity Value

for the year ended 31 December 2016

R million	2016	2015
Earnings from covered business⁽¹⁾	7 473	7 037
Earnings from other Group operations	4 959	5 154
Operations valued based on discounted cash flows	798	5 977
Expected return	4 951	3 519
Operating experience variances	109	56
Assumption changes	(871)	(1 131)
Foreign currency translation differences	(3 391)	3 533
Operations valued at net asset value - earnings for the year	32	399
Listed operations – investment return	4 129	(1 222)
Earnings from discretionary and other capital	(162)	35
Portfolio investments and other	215	178
Net corporate expenses	(107)	(109)
Share-based payments transactions	(37)	(39)
Change in net worth adjustments	(233)	5
Group Equity Value earnings	12 270	12 226
Dividends paid	(4 967)	(4 556)
Cost of treasury shares acquired		
Share incentive scheme and other	(92)	(100)
Group Equity Value at beginning of the year	103 506	95 936
Group Equity Value at end of the year	110 717	103 506

⁽¹⁾ Refer embedded value of covered business on pag 212.

Return on Group Equity Value

for the year ended 31 December 2016

	2016		2015	
	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	8 503	22,7	4 649	12,1
Covered business ⁽¹⁾	7 402	21,4	4 363	12,3
Other operations	1 101	37,4	286	9,8
Sanlam Emerging Markets	(491)	(2,3)	4 369	29,9
Covered business ⁽¹⁾	37	0,7	1 403	27,4
Other operations	(528)	(3,4)	2 966	31,2
Sanlam Investments	(322)	(1,9)	3 392	24,3
Covered business ⁽¹⁾	(403)	(24,7)	277	23,2
Other operations	81	0,5	3 115	24,5
Santam	4 129	32,1	(1 222)	(8,4)
Sanlam Corporate	613	9,6	1 003	14,9
Covered business ⁽¹⁾	437	7,8	994	15,0
Other operations	176	22,7	9	11,7
Discretionary and other capital	(162)		35	
Return on Group Equity Value	12 270	11,9	12 226	12,7
Return on Group Equity Value per share		11,8		12,8

⁽¹⁾ Refer embedded value of covered business on page 212.

R million	2016	2015
Reconciliation of return on Group Equity Value:		
The return on Group Equity Value reconciles as follows to normalised attributable earnings:		
Normalised attributable earnings per shareholders' fund income statement on page 180.	8 123	8 942
Net foreign currency translation gains recognised in other comprehensive income	(3 818)	3 011
Earnings recognised directly in equity		
Share-based payment transactions	27	45
Net cost of treasury shares delivered	(298)	(364)
Share-based payments	325	409
Other comprehensive income	(664)	461
Change in ownership of subsidiaries	(95)	(268)
Movement in fair value adjustment - shareholders' fund at fair value	5 687	(914)
Movement in adjustments to net worth	(24)	95
Present value of holding company expenses	(233)	5
Change in goodwill and value of business acquired adjustments less value of in-force acquired	209	90
Growth from covered business: value of in-force ⁽¹⁾	3 034	854
Return on Group Equity Value	12 270	12 226

⁽¹⁾ Refer embedded value of covered business on page 212.

Group Equity Value sensitivity analysis

at 31 December 2016

Given the Group's exposure to financial instruments, market risk has a significant impact on the value of the Group's operations as measured by Group Equity Value. The sensitivity of Group Equity Value to market risk is presented in the table below and comprises of the following two main components:

- ⊙ Impact on net result from financial services (profitability): A large portion of the Group's fee income is linked to the level of assets under management. A change in the market value of investments managed by the Group on behalf of policyholders and third parties will commensurately have a direct impact on the Group's net result from financial services. The present value of this impact is reflected in the table below as the change in the value of in-force and the fair value of other operations.
- ⊙ Impact on capital: The Group's capital base is invested in financial instruments and any change in the valuation of these instruments will have a commensurate impact on the value of the Group's capital. This impact is reflected in the table below as the change in the fair value of the covered businesses' adjusted net worth as well as the fair value of discretionary and other capital.

The following scenarios are presented:

- ⊙ Equity markets and property values decrease by 10%, without a corresponding change in dividend and rental yields.
- ⊙ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately.
- ⊙ The rand depreciates by 10% against all currencies, apart from the Namibian dollar.

The Group's covered business is also exposed to non-market risks, which includes expense, persistency, mortality and morbidity risk. The sensitivity of the value of in-force business, and commensurately Group Equity Value, to these risks is presented in note 1 on page 215.

R million	Base value	Equities and properties -10%	Interest rates -1%	Rand exchange rate de- preciation +10%
2016				
Covered business	51 246	49 392	52 517	51 932
Adjusted net worth	15 401	14 840	15 481	15 790
Value of in-force	35 845	34 552	37 036	36 142
Other Group operations	50 789	47 953	55 443	52 783
Valued at net asset value	2 362	2 362	2 362	2 438
Listed	15 868	14 281	15 868	15 868
Other	32 559	31 310	37 213	34 477
Group operations	102 035	97 345	107 960	104 715
Discretionary and other capital	10 466	10 455	10 456	10 749
Group Equity Value before adjustments to net worth	112 501	107 800	118 416	115 464
Net worth adjustments – present value of holding company expenses	(1 784)	(1 784)	(1 784)	(1 784)
Group Equity Value	110 717	106 016	116 632	113 680
2015				
Covered business	47 222	45 555	48 164	47 967
Adjusted net worth	15 108	14 704	15 120	15 562
Value of in-force	32 114	30 851	33 044	32 405
Other group operations	44 336	42 044	47 844	46 211
Valued at net asset value	2 571	2 571	2 571	2 721
Listed	12 850	11 565	12 850	12 850
Other	28 915	27 908	32 423	30 640
Group operations	91 558	87 599	96 008	94 178
Discretionary and other capital	13 499	13 488	13 499	13 986
Group Equity Value before adjustments to net worth	105 057	101 087	109 507	108 164
Net worth adjustments – present value of holding company expenses	(1 551)	(1 551)	(1 551)	(1 551)
Group Equity Value	103 506	99 536	107 956	106 613

Shareholders' fund at fair value

at 31 December 2016

R million	Note	2016			2015		
		Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
Covered business, discretionary and other capital		28 009	(36)	28 045	30 324	(419)	30 743
Property and equipment		416	–	416	458	–	458
Owner-occupied properties		652	–	652	668	–	668
Goodwill ⁽²⁾		634	–	634	679	–	679
Value of business acquired ⁽²⁾		986	–	986	1 177	–	1 177
Other intangible assets		273	–	273	195	–	195
Deferred acquisition costs		2 648	–	2 648	2 572	–	2 572
Investments		23 600	(50)	23 650	27 412	(574)	27 986
Properties		511	–	511	456	–	456
Associated companies		3 299	–	3 299	2 304	–	2 304
Equities and similar securities		975	–	975	3 130	–	3 130
Other interest-bearing and preference share investments		4 579	–	4 579	8 351	–	8 351
Structured transactions		573	–	573	821	–	821
Investment funds		9 038	–	9 038	4 780	–	4 780
Cash, deposits and similar securities		4 625	(50)	4 675	7 570	(574)	8 144
Net term finance		–	–	–	–	–	–
Term finance		(3 810)	–	(3 810)	(3 698)	–	(3 698)
Assets held in respect of term finance		3 810	–	3 810	3 698	–	3 698
Net deferred tax		(636)	–	(636)	(870)	–	(870)
Net working capital		1 762	14	1 748	803	155	648
Structured transactions liability		(16)	–	(16)	(31)	–	(31)
Non-controlling interest		(2 310)	–	(2 310)	(2 739)	–	(2 739)
Other Group operations		50 789	24 919	25 870	44 336	19 615	24 721
Sanlam Investments		14 670	10 247	4 423	15 202	10 645	4 557
Investment Management		14 070	10 247	3 823	14 602	10 645	3 957
Capital Management		600	–	600	600	–	600
Sanlam Personal Finance		3 662	2 588	1 074	2 946	1 898	1 048
Glacier		2 192	1 788	404	1 605	1 239	366
Sanlam Personal Loans ⁽³⁾		999	376	623	913	314	599
Other operations		471	424	47	428	345	83
Sanlam Emerging Markets		15 727	1 822	13 905	12 561	512	12 049
Shriram Capital		7 963	1 526	6 437	7 594	863	6 731
Saham Finances		3 197	321	2 876	–	–	–
Letshego		1 190	124	1 066	1 106	83	1 023
Pacific & Orient		476	–	476	812	75	737
Capricorn Investment Holdings		1 077	168	909	877	31	846
Other operations		1 824	(317)	2 141	2 172	(540)	2 712
Santam		15 868	11 332	4 536	12 850	7 713	5 137
Sanlam Corporate		862	127	735	777	44	733
Afrocentric		775	104	671	703	–	703
Other operations		87	23	64	74	44	30
Goodwill held on Group level in respect of the above businesses		–	(1 197)	1 197	–	(1 197)	1 197
Shareholders' fund at fair value		78 798	24 883	53 915	74 660	19 196	55 464
Value per share (cents)	9	3 848	1 215	2 633	3 648	938	2 710

R million	2016			2015		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Reconciliation to Group Equity Value						
Group Equity Value	110 717	74 872	35 845	103 506	71 392	32 114
Add: Net worth adjustments	1 784	1 784	–	1 551	1 551	–
Add: Goodwill and value of business acquired replaced by value of in-force	2 142	2 142	–	1 717	1 717	–
Sanlam Investments and Pensions	356	356	–	356	356	–
Sanlam Developing Markets	573	573	–	607	607	–
Saham Finances ⁽⁴⁾	460	460	–	–	–	–
MCIS Insurance	399	399	–	446	446	–
Shriram Life Insurance ⁽⁵⁾	285	285	–	210	210	–
Other	69	69	–	98	98	–
Less: Value of in-force	(35 845)	–	(35 845)	(32 114)	–	(32 114)
Shareholders' fund at fair value	78 798	78 798	–	74 660	74 660	–

⁽¹⁾ Group businesses listed above are not consolidated, but reflected as investments at fair value.

⁽²⁾ The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Developing Markets, Channel Life, Sanlam Investments and Pensions and MCIS Insurance and are excluded in the build-up of the Group Equity Value, as the current value of in-force business for these life insurance companies are included in the embedded value of covered business.

⁽³⁾ The life insurance component of Sanlam Personal Loans' operations is included in the value of in-force business and therefore excluded from the Sanlam Personal Loans fair value.

⁽⁴⁾ The carrying value of Saham Finances includes goodwill and value of business acquired of R460 million that is excluded in the build-up of GEV, as the current value of in-force business for Saham Finances is included in the embedded value of covered business.

⁽⁵⁾ The carrying value of Shriram Life Insurance includes goodwill of R285 million (2015: R210 million) that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.

Shareholders' fund at net asset value

at 31 December 2016

R million	Note	Sanlam			
		Sanlam Life ⁽¹⁾	2015	Emerging Markets ⁽²⁾	2015
Property and equipment		303	291	146	195
Owner-occupied properties		470	470	238	260
Goodwill		244	278	178	350
Other intangible assets		17	22	267	183
Value of business acquired		500	543	547	705
Deferred acquisition costs		2 949	2 851	16	2
Investments	3.3	29 117	33 383	22 722	18 393
Properties		143	130	821	880
Associated companies	3.1	760	706	18 636	13 557
Joint ventures	3.2	817	805	–	–
Equities and similar securities		8 118	10 206	536	707
Interest-bearing investments		5 134	8 061	1 060	1 648
Structured transactions		812	1 197	5	–
Investment funds		9 414	4 967	301	241
Cash, deposits and similar securities		3 919	7 311	1 363	1 360
Net deferred tax		(600)	(689)	(64)	(217)
Deferred tax asset		175	56	185	40
Deferred tax liability		(775)	(745)	(249)	(257)
Disposal groups classified as held for sale		–	–	–	–
Assets of disposal groups classified as held for sale		–	–	–	–
Liabilities of disposal groups classified as held for sale		–	–	–	–
Net general insurance technical provisions		–	–	(399)	(388)
General insurance technical assets		–	–	124	109
General insurance technical provisions		–	–	(523)	(497)
Net working capital assets/(liabilities)		585	(191)	87	(6)
Trade and other receivables		2 272	2 842	1 414	1 361
Cash, deposits and similar securities		6 406	4 618	564	599
Trade and other payables		(6 694)	(6 177)	(2 011)	(1 961)
Provisions		(131)	(134)	–	–
Taxation		(1 268)	(1 340)	120	(5)
Term finance		(2 159)	(2 260)	(115)	(69)
Structured transactions liabilities		(16)	(31)	–	–
Cell owners' interest		–	–	–	–
Non-controlling interest		–	(36)	(5 238)	(4 032)
Shareholders' fund at net asset value		31 410	34 631	18 385	15 376
Analysis of shareholders' fund					
Covered business		12 078	12 007	2 857	2 323
Other operations		1 809	1 781	13 905	12 049
Discretionary and other capital		17 523	20 843	1 623	1 004
Shareholders' fund at net asset value		31 410	34 631	18 385	15 376
Consolidation reserve		1 253	–	–	–
Shareholders' fund per Group statement of financial position on page 82 of the Annual Financial Statements online		32 663	34 631	18 385	15 376

Notes:

- ⁽¹⁾ Includes the operations of Sanlam Personal Finance and Sanlam Corporate (which includes Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life. Equities and similar securities include an investment of R7 319 million (2015: R7 114 million) in Sanlam shares, which is eliminated in the consolidation column.
- ⁽²⁾ Includes discretionary capital held by Sanlam Emerging Markets.
- ⁽³⁾ Group Office and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.
- ⁽⁴⁾ The investment in treasury shares is reversed within the consolidation column. Intercompany balances, other investments and term finance between companies within the Group are also eliminated.

Santam		Investment Management		Capital Management		Group Office and Other ⁽³⁾		Consolidation entries ⁽⁴⁾		Total	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
321	296	61	71	9	12	-	-	-	1	840	866
1	1	115	114	-	-	-	-	-	-	824	845
774	770	1 203	1 300	-	-	-	-	1 197	1 197	3 596	3 895
81	35	179	203	-	-	-	-	-	-	544	443
-	-	559	695	-	-	-	-	-	-	1 606	1 943
-	-	-	-	-	-	-	-	-	-	2 965	2 853
11 987	10 668	1 927	2 282	-	-	1 660	1 746	(10 325)	(8 727)	57 088	57 745
-	-	-	-	-	-	-	-	-	-	964	1 010
2 624	996	418	404	-	-	-	-	(2 733)	(989)	19 705	14 674
65	66	-	1	-	-	-	-	-	-	882	872
1 404	1 694	222	288	-	-	493	543	(7 631)	(7 468)	3 142	5 970
5 892	5 076	109	180	-	-	1 165	1 195	74	(270)	13 434	15 890
714	503	-	3	-	-	-	-	(35)	-	1 496	1 703
388	310	594	837	-	-	-	-	-	-	10 697	6 355
900	2 023	584	569	-	-	2	8	-	-	6 768	11 271
25	63	60	43	73	67	-	-	(4)	3	(510)	(730)
144	140	73	57	73	67	-	-	3	8	653	368
(119)	(77)	(13)	(14)	-	-	-	-	(7)	(5)	(1 163)	(1 098)
8	540	-	-	-	-	-	-	-	-	8	540
8	540	-	-	-	-	-	-	-	-	8	540
-	-	-	-	-	-	-	-	-	-	-	-
(9 136)	(8 884)	-	-	-	-	-	-	-	-	(9 535)	(9 272)
4 898	4 142	-	-	-	-	-	-	-	-	5 022	4 251
(14 034)	(13 026)	-	-	-	-	-	-	-	-	(14 557)	(13 523)
6 744	7 081	1 672	1 637	811	725	(518)	(480)	100	339	9 481	9 105
3 720	3 584	1 902	1 619	15 963	21 365	3 000	2 899	(2 700)	(5 586)	25 571	28 084
7 278	7 489	1 889	1 983	1 695	3 771	378	650	(104)	(195)	18 106	18 915
(4 065)	(3 629)	(1 859)	(1 819)	(16 793)	(24 380)	(3 856)	(4 032)	2 914	6 123	(32 364)	(35 875)
(41)	(45)	(123)	(102)	-	-	(20)	(21)	(17)	(17)	(332)	(319)
(148)	(318)	(137)	(44)	(54)	(31)	(20)	24	7	14	(1 500)	(1 700)
(2 054)	(998)	(239)	(419)	-	-	(1 651)	(1 438)	-	-	(6 218)	(5 184)
-	(3)	-	-	-	-	-	-	-	-	(16)	(34)
(1 153)	(980)	-	-	-	-	-	-	-	-	(1 153)	(980)
(3 062)	(3 452)	(54)	(73)	-	-	-	-	2 749	1 022	(5 605)	(6 571)
4 536	5 137	5 483	5 853	893	804	(509)	(172)	(6 283)	(6 165)	53 915	55 464
-	-	466	778	-	-	-	-	-	-	15 401	15 108
4 536	5 137	3 823	3 957	600	600	-	-	1 197	1 197	25 870	24 721
-	-	1 194	1 118	293	204	(509)	(172)	(7 480)	(7 362)	12 644	15 635
4 536	5 137	5 483	5 853	893	804	(509)	(172)	(6 283)	(6 165)	53 915	55 464
-	-	-	-	-	-	-	-	(1 778)	(1 843)	(525)	(1 843)
4 536	5 137	5 483	5 853	893	804	(509)	(172)	(8 061)	(8 008)	53 390	53 621

Shareholders' fund income statement

for the year ended 31 December 2016

R million	Note	Sanlam Personal Finance ⁽¹⁾		Sanlam Emerging Markets	
		2016	2015	2016	2015
Financial services income	4	16 421	15 103	7 462	6 078
Sales remuneration	5	(2 955)	(2 656)	(1 177)	(1 091)
Income after sales remuneration		13 466	12 447	6 285	4 987
Underwriting policy benefits		(3 492)	(3 236)	(1 574)	(1 258)
Administration costs	6	(4 283)	(3 913)	(1 815)	(1 481)
Result from financial services before tax		5 691	5 298	2 896	2 248
Tax on result from financial services		(1 590)	(1 476)	(800)	(579)
Result from financial services after tax		4 101	3 822	2 096	1 669
Non-controlling interest		(2)	(4)	(539)	(472)
Net result from financial services		4 099	3 818	1 557	1 197
Net investment income		794	746	198	129
Dividends received – Group companies		288	263	–	–
Other investment income	7	658	642	345	277
Tax on investment income		(152)	(159)	(98)	(101)
Non-controlling interest		–	–	(49)	(47)
Project expenses		–	–	(28)	(14)
Amortisation of value of business acquired and other intangibles		(39)	(46)	(45)	(58)
Equity participation costs		–	–	–	–
Net equity-accounted headline earnings		–	–	31	7
Equity-accounted headline earnings		–	–	59	16
Tax on equity-accounted headline earnings		–	–	(2)	(3)
Non-controlling interest		–	–	(26)	(6)
Net investment surpluses		114	(800)	18	238
Investment surpluses – Group companies		279	(1 099)	–	–
Other investment surpluses		(92)	345	87	426
Tax on investment surpluses		(73)	(46)	(52)	14
Non-controlling interest		–	–	(17)	(202)
Normalised headline earnings		4 968	3 718	1 731	1 499
Net profit/(loss) on disposal of subsidiaries and associated companies		15	–	16	(1)
Profit/(loss) on disposal of subsidiaries and associated companies		18	–	16	(2)
Tax on profit/(loss) on disposal of subsidiaries and associated companies		(3)	–	–	–
Non-controlling interest		–	–	–	1
Impairments		(5)	–	(230)	(53)
Net equity accounted non-headline earnings		–	–	–	–
Normalised attributable earnings		4 978	3 718	1 517	1 445
Fund transfers		1 259	–	–	–
Attributable earnings per Group statement of comprehensive income		6 237	3 718	1 517	1 445
Diluted earnings per share	8				
Adjusted weighted average number of shares (million)					
Net result from financial services (cents)		200,3	186,6	76,1	58,5

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units from Sanlam Personal Finance and Sanlam Investments to the Sanlam Corporate cluster as described in the basis of presentation.

⁽²⁾ Group Office and Other includes the consolidation entries in respect of the dividends received and the investment surpluses on the Sanlam Limited shares held by Sanlam Life Insurance Limited.

Sanlam Investments ⁽¹⁾		Santam		Sanlam Corporate ⁽¹⁾		Group Office and Other ⁽²⁾		Total	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
5 546	5 286	20 608	19 066	4 217	3 691	128	141	54 382	49 365
(193)	(198)	(2 379)	(2 004)	(54)	(50)	-	-	(6 758)	(5 999)
5 353	5 088	18 229	17 062	4 163	3 641	128	141	47 624	43 366
-	-	(12 911)	(11 510)	(2 355)	(2 135)	-	-	(20 332)	(18 139)
(3 848)	(3 712)	(3 268)	(3 231)	(1 096)	(990)	(304)	(305)	(14 614)	(13 632)
1 505	1 376	2 050	2 321	712	516	(176)	(164)	12 678	11 595
(388)	(286)	(582)	(670)	(202)	(142)	69	55	(3 493)	(3 098)
1 117	1 090	1 468	1 651	510	374	(107)	(109)	9 185	8 497
(21)	(34)	(654)	(718)	-	-	-	-	(1 216)	(1 228)
1 096	1 056	814	933	510	374	(107)	(109)	7 969	7 269
15	9	49	93	154	180	(270)	(189)	940	968
-	-	-	-	-	-	(288)	(263)	-	-
18	8	107	191	174	216	10	19	1 312	1 353
-	1	(20)	(28)	(20)	(36)	8	55	(282)	(268)
(3)	-	(38)	(70)	-	-	-	-	(90)	(117)
(1)	-	-	-	-	-	-	(1)	(29)	(15)
(153)	(179)	(9)	(19)	(5)	(4)	-	-	(251)	(306)
-	-	(5)	(43)	-	-	-	-	(5)	(43)
(3)	1	17	24	(9)	-	-	-	36	32
(3)	1	28	40	(9)	-	-	-	75	57
-	-	-	-	-	-	-	-	(2)	(3)
-	-	(11)	(16)	-	-	-	-	(37)	(22)
(41)	(15)	10	210	(93)	212	(308)	1 101	(300)	946
-	-	-	-	-	-	(279)	1 099	-	-
(48)	(13)	65	448	(42)	256	(29)	2	(59)	1 464
7	(2)	(32)	(105)	(51)	(44)	-	-	(201)	(183)
-	-	(23)	(133)	-	-	-	-	(40)	(335)
913	872	876	1 198	557	762	(685)	802	8 360	8 851
-	-	-	201	-	-	-	-	31	200
-	-	-	428	-	-	-	-	34	426
-	-	-	(99)	-	-	-	-	(3)	(99)
-	-	-	(128)	-	-	-	-	-	(127)
-	(7)	(30)	(32)	-	(17)	-	-	(265)	(109)
-	-	-	-	(3)	-	-	-	(3)	-
913	865	846	1 367	554	745	(685)	802	8 123	8 942
-	-	-	-	-	-	241	449	1 500	449
913	865	846	1 367	554	745	(444)	1 251	9 623	9 391
53,6	51,6	39,7	45,6	24,9	18,3	(5,2)	(5,3)	2 046,5	2 046,3
								389,4	355,2

Notes to the shareholders' fund information

for the year ended 31 December 2016

1. Business volumes

1.1 Analysis of new business and total funds received

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

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	30 175	28 443	-	-	31 573	32 730	61 748	61 173
Sanlam Sky	1 295	1 279	-	-	-	-	1 295	1 279
Individual Life	12 652	12 562	-	-	254	267	12 906	12 829
Glacier ⁽³⁾	16 228	14 602	-	-	31 319	32 463	47 547	47 065
Sanlam Emerging Markets	5 208	4 869	4 013	1 674	14 475	8 022	23 696	14 565
Namibia	1 188	1 022	-	-	4 461	4 410	5 649	5 432
Recurring	191	151	-	-	-	-	191	151
Single ⁽³⁾	997	871	-	-	4 461	4 410	5 458	5 281
Botswana	1 700	2 087	162	57	8 854	3 254	10 716	5 398
Recurring	356	299	162	57	-	-	518	356
Single	1 344	1 788	-	-	8 854	3 254	10 198	5 042
Rest of Africa (excluding Saham Finances)	1 446	1 185	758	556	1 160	358	3 364	2 099
Recurring	832	690	758	556	-	-	1 590	1 246
Single	614	495	-	-	1 160	358	1 774	853
Saham Finances	23	-	1 833	-	-	-	1 856	-
India	435	234	902	628	-	-	1 337	862
Recurring	260	147	902	628	-	-	1 162	775
Single	175	87	-	-	-	-	175	87
South-East Asia	416	341	358	433	-	-	774	774
Recurring	357	255	358	433	-	-	715	688
Single	59	86	-	-	-	-	59	86
Sanlam Investments⁽⁴⁾	3 187	3 751	-	-	119 692	109 918	122 879	113 669
Investment Management	3 187	3 751	-	-	119 692	109 909	122 879	113 660
Investment Management SA	-	-	-	-	89 917	83 132	89 917	83 132
Wealth Management ⁽⁵⁾	-	-	-	-	15 993	14 346	15 993	14 346
International ⁽⁵⁾	3 187	3 751	-	-	13 782	12 431	16 969	16 182
Recurring	58	52	-	-	22	16	80	68
Single	3 129	3 699	-	-	13 760	12 415	16 889	16 114
Capital Management	-	-	-	-	-	9	-	9
Santam	-	-	19 826	18 522	-	-	19 826	18 522
Sanlam Corporate⁽⁴⁾	5 029	2 913	-	-	-	-	5 029	2 913
Recurring	504	487	-	-	-	-	504	487
Single	4 525	2 426	-	-	-	-	4 525	2 426
Total new business	43 599	39 976	23 839	20 196	165 740	150 670	233 178	210 842

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

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

⁽³⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia single premiums from Sanlam Personal Finance to Sanlam Emerging Markets.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of Sanlam Employee Benefits from Sanlam Investments to Sanlam Corporate.

⁽⁵⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

1. Business volumes (continued)

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

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Recurring premiums on existing funds:								
Sanlam Personal Finance	16 094	15 454	–	–	197	221	16 291	15 675
Sanlam Sky	4 338	4 039	–	–	–	–	4 338	4 039
Individual Life	11 756	11 415	–	–	197	221	11 953	11 636
Sanlam Emerging Markets	5 040	4 407	–	–	–	57	5 040	4 464
Namibia	1 011	916	–	–	–	–	1 011	916
Botswana	1 126	1 008	–	–	–	–	1 126	1 008
Rest of Africa (excluding Saham Finances)	907	865	–	–	–	57	907	922
Saham Finances	166	–	–	–	–	–	166	–
India	199	124	–	–	–	–	199	124
South-East Asia	1 631	1 494	–	–	–	–	1 631	1 494
Sanlam Investments ⁽³⁾	407	404	–	–	2 332	2 548	2 739	2 952
Investment Management SA	–	–	–	–	2 272	2 480	2 272	2 480
International	407	404	–	–	60	68	467	472
Sanlam Corporate ⁽³⁾	5 169	4 257	–	–	–	–	5 169	4 257
Total funds received	70 309	64 498	23 839	20 196	168 269	153 496	262 417	238 190

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

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

⁽³⁾ Comparative information has been adjusted for the reallocation of Sanlam Employee Benefits from Sanlam Investments to Sanlam Corporate.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

1. Business volumes (continued)

1.2 Analysis of payments to clients

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	38 971	34 983	-	-	22 575	19 723	61 546	54 706
Sanlam Sky	2 460	2 579	-	-	-	-	2 460	2 579
Surrenders	433	468	-	-	-	-	433	468
Other	2 027	2 111	-	-	-	-	2 027	2 111
Individual Life	29 090	26 896	-	-	524	574	29 614	27 470
Surrenders	4 011	3 945	-	-	-	-	4 011	3 945
Other	25 079	22 951	-	-	524	574	25 603	23 525
Glacier ⁽³⁾	7 421	5 508	-	-	22 051	19 149	29 472	24 657
Sanlam Emerging Markets	7 307	5 848	2 532	1 195	7 968	18 579	17 807	25 622
Namibia	1 678	1 401	-	-	5 115	3 836	6 793	5 237
Surrenders	169	147	-	-	-	-	169	147
Other ⁽³⁾	1 509	1 254	-	-	5 115	3 836	6 624	5 090
Botswana	2 098	1 632	78	19	2 621	14 536	4 797	16 187
Surrenders	441	450	-	-	-	-	441	450
Other	1 657	1 182	78	19	2 621	14 536	4 356	15 737
Rest of Africa (excluding Saham Finances)	1 205	1 055	371	300	232	207	1 808	1 562
Surrenders	268	186	-	-	-	-	268	186
Other	937	869	371	300	232	207	1 540	1 376
Saham Finances	192	-	1 009	-	-	-	1 201	-
Surrenders	-	-	-	-	-	-	-	-
Other	192	-	1 009	-	-	-	1 201	-
India	306	164	912	559	-	-	1 218	723
Surrenders	180	88	-	-	-	-	180	88
Other	126	76	912	559	-	-	1 038	635
South-East Asia	1 828	1 596	162	317	-	-	1 990	1 913
Sanlam Investments⁽⁴⁾	3 846	3 927	-	-	116 557	115 717	120 403	119 644
Investment Management	3 846	3 927	-	-	116 522	115 706	120 368	119 633
Investment Management SA	-	-	-	-	83 404	86 365	83 404	86 365
Wealth Management ⁽⁵⁾	-	-	-	-	14 786	14 013	14 786	14 013
International ⁽⁵⁾	3 846	3 927	-	-	18 332	15 328	22 178	19 255
Capital Management	-	-	-	-	35	11	35	11
Santam	-	-	12 911	11 510	-	-	12 911	11 510
Sanlam Corporate⁽⁴⁾	8 829	7 659	-	-	-	-	8 829	7 659
Terminations	1 843	1 706	-	-	-	-	1 843	1 706
Other	6 986	5 953	-	-	-	-	6 986	5 953
Total payments to clients	58 953	52 417	15 443	12 705	147 100	154 019	221 496	219 141

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

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

⁽³⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of Sanlam Employee Benefits from Sanlam Investments to Sanlam Corporate.

⁽⁵⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

1. Business volumes (continued)

1.3 Analysis of net inflow/(outflow) of funds

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	7 298	8 914	–	–	9 195	13 228	16 493	22 142
Sanlam Sky	3 173	2 739	–	–	–	–	3 173	2 739
Individual Life	(4 682)	(2 919)	–	–	(73)	(86)	(4 755)	(3 005)
Glacier ⁽³⁾	8 807	9 094	–	–	9 268	13 314	18 075	22 408
Sanlam Emerging Markets	2 941	3 428	1 481	479	6 507	(10 500)	10 929	(6 593)
Namibia ⁽³⁾	521	537	–	–	(654)	574	(133)	1 111
Botswana	728	1 463	84	38	6 233	(11 282)	7 045	(9 781)
Rest of Africa (excluding Saham Finances)	1 148	995	387	256	928	208	2 463	1 459
Saham Finances	(3)	–	824	–	–	–	821	–
India	328	194	(10)	69	–	–	318	263
South-East Asia	219	239	196	116	–	–	415	355
Sanlam Investments⁽⁴⁾	(252)	228	–	–	5 467	(3 251)	5 215	(3 023)
Investment Management	(252)	228	–	–	5 502	(3 249)	5 250	(3 021)
Investment Management SA	–	–	–	–	8 785	(753)	8 785	(753)
Wealth Management ⁽⁵⁾	–	–	–	–	1 207	333	1 207	333
International ⁽⁵⁾	(252)	228	–	–	(4 490)	(2 829)	(4 742)	(2 601)
Capital Management	–	–	–	–	(35)	(2)	(35)	(2)
Santam	–	–	6 915	7 012	–	–	6 915	7 012
Sanlam Corporate⁽⁴⁾	1 369	(489)	–	–	–	–	1 369	(489)
Total net inflow	11 356	12 081	8 396	7 491	21 169	(523)	40 921	19 049

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

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

⁽³⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of Sanlam Employee Benefits from Sanlam Investments to Sanlam Corporate.

⁽⁵⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information

2.1 Sanlam Personal Finance

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital invest- ment	Dividend paid	GEV at the end of period	RoGEV (%)
2016						
Covered business	34 526	7 402	(32)	(3 680)	38 216	21,4
Non-life operations	2 946	1 101	(21)	(364)	3 662	37,4
Glacier	1 605	772	–	(185)	2 192	48,1
Sanlam Personal Loans	913	212	–	(126)	999	23,2
Other operations	428	117	(21)	(53)	471	27,3
Group Equity Value	37 472	8 503	(53)	(4 044)	41 878	22,7
2015						
Covered business	35 444	4 363	(1 835)	(3 446)	34 526	12,3
Non-life operations	2 932	286	66	(338)	2 946	9,8
Glacier	1 542	257	–	(194)	1 605	16,7
Sanlam Personal Loans	907	111	–	(105)	913	12,2
Other operations	483	(82)	66	(39)	428	(17,0)
Group Equity Value	38 376	4 649	(1 769)	(3 784)	37 472	12,1

Comparative information has been adjusted for the reallocation of of the health businesses to Sanlam Corporate.

2. Cluster information (continued)

2.1 Sanlam Personal Finance (continued)

Business volumes

R million	Life business		Investment business		Total	
	2016	2015	2016	2015	2016	2015
New business volumes						
Sanlam Sky	1 295	1 279	–	–	1 295	1 279
Individual life	1 004	1 009	–	–	1 004	1 009
Group life	291	270	–	–	291	270
Individual life	12 652	12 562	254	267	12 906	12 829
Recurring premiums	1 714	1 523	28	24	1 742	1 547
Single premiums	10 938	11 039	226	243	11 164	11 282
Glacier ⁽¹⁾	16 228	14 602	31 319	32 463	47 547	47 065
Total	30 175	28 443	31 573	32 730	61 748	61 173
Net fund flows	7 298	8 914	9 195	13 228	16 493	22 142
Sanlam Sky	3 173	2 739	–	–	3 173	2 739
Individual life	(4 682)	(2 919)	(73)	(86)	(4 755)	(3 005)
Glacier ⁽¹⁾	8 807	9 094	9 268	13 314	18 075	22 408

Value of new covered business

R million	Value of new business		Present value of new business premiums		New business margin – %	
	2016	2015	2016	2015	2016	2015
Sanlam Sky	354	241	4 684	4 114	7,56	5,86
Individual life	601	502	20 644	19 347	2,91	2,59
Glacier ⁽¹⁾	208	212	16 179	14 580	1,29	1,45
Total	1 163	955	41 507	38 041	2,80	2,51

⁽¹⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.1 Sanlam Personal Finance (continued)

Analysis of earnings

R million	Life insurance		Non-life operations		Total	
	2016	2015	2016	2015	2016	2015
Gross result from financial services	5 124	4 778	567	520	5 691	5 298
Sanlam Sky	1 194	1 125	-	-	1 194	1 125
Individual Life – life and investment	3 574	3 348	54	30	3 628	3 378
Investment products	1 241	1 269	-	-	1 241	1 269
Risk products	385	826	-	-	385	826
Asset mismatch reserve release	487	468	-	-	487	468
Annuities, combined products and other	1 461	785	54	30	1 515	815
Glacier	232	184	284	242	516	426
Sanlam Personal Loans	124	121	208	225	332	346
Other operations	-	-	21	23	21	23
Tax on result from financial services	(1 444)	(1 332)	(146)	(144)	(1 590)	(1 476)
Non-controlling interest	-	-	(2)	(4)	(2)	(4)
Net result from financial services	3 680	3 446	419	372	4 099	3 818
Net investment return	149	676	759	(730)	908	(54)
Operations	149	676	18	14	167	690
Sanlam Limited shares	-	-	567	(836)	567	(836)
Discretionary capital and other	-	-	174	92	174	92
Net other earnings	(34)	(34)	5	(12)	(29)	(46)
Profit on disposal of subsidiaries and associated companies	-	-	15	-	15	-
Amortisation of value of business acquired and other intangibles	(34)	(34)	(5)	(12)	(39)	(46)
Impairments	-	-	(5)	-	(5)	-
Normalised attributable earnings	3 795	4 088	1 183	(370)	4 978	3 718

Comparative information has been adjusted for the reallocation of the health businesses to Sanlam Corporate.

2. Cluster information (continued)

2.1 Sanlam Personal Finance (continued)

Assets under management

R million	2016	2015
Sanlam Sky: Life insurance operations	5 372	5 318
Individual life	228 580	226 626
Life insurance operations	226 299	224 302
Investment operations	2 281	2 324
Glacier⁽¹⁾	205 467	184 545
Life insurance operations	86 735	77 984
Investment operations	118 732	106 561
Total	439 419	416 489
Life insurance operations	318 406	307 604
Investment operations	121 013	108 885
	439 419	416 489
<i>⁽¹⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.</i>		
Sanlam Personal Loans		
Gross size of loan book (R million)	4 398	4 195
Interest margin	16,9%	17,0%
Bad debt ratio	5,0%	5,4%
Administration cost as % of net interest	30,1%	27,4%

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.2 Sanlam Emerging Markets

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period	RoGEV %
2016						
Covered business	5 486	37	1 446	(599)	6 370	0,7
Non-life operations	12 561	(528)	4 574	(880)	15 727	(3,4)
Shriram Capital	7 594	143	308	(82)	7 963	1,9
Saham Finances	–	(214)	3 411	–	3 197	(7,5)
Letshego	1 106	17	120	(53)	1 190	1,4
Pacific & Orient	812	(260)	–	(76)	476	(32,0)
Capricorn Investment Holdings	877	219	–	(19)	1 077	25,0
Sanlam Emerging Markets other operations	2 172	(433)	735	(650)	1 824	(19,3)
Group Equity Value	18 047	(491)	6 020	(1 479)	22 097	(2,3)
2015						
Covered business	5 116	1 403	(430)	(603)	5 486	27,4
Non-life operations	9 455	2 966	831	(691)	12 561	31,2
Shriram Capital	5 595	2 068	28	(97)	7 594	37,0
Letshego	923	229	–	(46)	1 106	24,8
Pacific & Orient	704	128	–	(20)	812	18,2
Capricorn Investment Holdings	845	47	–	(15)	877	5,6
Sanlam Emerging Markets other operations	1 388	494	803	(513)	2 172	34,7
Group Equity Value	14 571	4 369	401	(1 294)	18 047	29,9

2. Cluster information (continued)

2.2 Sanlam Emerging Markets (continued)

Business volumes

R million	New business volumes		Net fund flows		Value of new business		Present value of new business premiums		New business margin (%)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Namibia ⁽¹⁾	5 649	5 432	(133)	1 111	123	86	1 918	1 563	6,41	5,50
Botswana	10 716	5 398	7 045	(9 781)	216	204	2 849	2 923	7,58	6,98
Rest of Africa (excluding Saham Finances)	3 364	2 099	2 463	1 459	106	110	2 349	1 925	4,47	5,71
Saham Finances	1 856	–	821	–	16	–	155	–	10,32	–
India	1 337	862	318	263	16	7	752	441	2,13	1,59
South-East Asia	774	774	415	355	56	41	1 633	1 189	3,43	3,45
	23 696	14 565	10 929	(6 593)	533	448	9 656	8 041	5,51	5,57

⁽¹⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

Analysis of earnings

R million	2016	2015
Net result from financial services	1 557	1 197
Life insurance	599	603
General insurance	254	93
Investment management	49	47
Credit and banking	684	468
Other	(29)	(14)
Net investment return	216	367
Net investment income	198	129
Net investment surpluses	18	238
Net other earnings	(256)	(119)
Project expenses	(28)	(14)
Amortisation of value of business acquired and other intangibles	(45)	(58)
Profit/(loss) on disposal of subsidiaries and associated companies	16	(1)
Net equity-accounted headline earnings	31	7
Impairments	(230)	(53)
Normalised attributable earnings	1 517	1 445

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.2 Sanlam Emerging Markets (continued)

Analysis of net result from financial services

R million	Life insurance		Non-life operations		Total	
	2016	2015	2016	2015	2016	2015
Namibia	151	197	151	148	302	345
Botswana	231	232	146	141	377	373
Rest of Africa (excluding Saham Finances)	200	138	11	(9)	211	129
Saham Finances	18	–	70	–	88	–
South-East Asia	13	21	48	8	61	29
India	(14)	12	548	311	534	323
Corporate and other	–	3	(16)	(5)	(16)	(2)
Net result from financial services	599	603	958	594	1 557	1 197

Analysis of net investment return

R million	Life insurance		Non-life operations		Total	
	2016	2015	2016	2015	2016	2015
Namibia	59	40	12	8	71	48
Botswana	3	42	10	45	13	87
Rest of Africa (excluding Saham Finances)	39	92	20	46	59	138
Saham Finances	6	–	20	–	26	–
South-East Asia	23	48	8	8	31	56
India	41	16	61	40	102	56
Corporate and other	–	–	(86)	(18)	(86)	(18)
Net investment return	171	238	45	129	216	367

Assets under management

R million	2016	2015
Life insurance operations ⁽¹⁾	42 033	44 498
Investment operations	32 793	26 623
Namibia ⁽¹⁾	19 679	18 912
Botswana	11 721	7 482
Rest of Africa	1 393	229
Assets under management	74 826	71 121

⁽¹⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

2. Cluster information (continued)

2.3 Sanlam Investments

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period	RoGEV (%)
2016						
Investment Management	16 235	(603)	326	(751)	15 207	(1,4)
Investment Management SA	6 287	1 030	296	(542)	7 071	16,4
Wealth Management	1 759	337	156	(97)	2 155	19,2
International	8 189	(1 970)	(126)	(112)	5 981	(24,1)
Covered business	1 633	(403)	(82)	(11)	1 137	(24,7)
Other operations	6 556	(1 567)	(44)	(101)	4 844	(23,9)
Sanlam Capital Management	600	281	–	(281)	600	46,8
Group Equity Value	16 835	(322)	326	(1 032)	15 807	(1,9)
2015						
Sanlam Investment Management	12 882	3 249	1 144	(1 040)	16 235	25,2
Investment Management SA	4 908	1 178	566	(365)	6 287	22,0
Wealth Management ⁽¹⁾	1 497	390	19	(147)	1 759	25,9
International	6 477	1 681	559	(528)	8 189	26,0
Covered business	1 193	277	237	(74)	1 633	23,2
Other operations ⁽¹⁾	5 284	1 404	322	(454)	6 556	26,7
Sanlam Capital Management	600	143	–	(143)	600	23,8
Group Equity Value	13 482	3 392	1 144	(1 183)	16 835	24,3

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International, Wealth Management, Capital Management and Investment Management SA sub-clusters. Sanlam Employee Benefits was also reallocated to the Sanlam Corporate cluster.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Business volumes

R million	New business volumes	
	2016	2015
Investment Management	122 879	113 660
Investment Management SA	89 917	83 132
Wealth Management ⁽¹⁾	15 993	14 346
International ⁽¹⁾	16 969	16 182
Sanlam Capital Management	-	9
Total	122 879	113 669

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Analysis of earnings

R million

Financial services income ⁽²⁾
Sales remuneration
Income after sales remuneration
Administration cost ⁽²⁾
Results from financial services before performance fees
Net performance fees
Results from financial services
Tax on result from financial services
Non-controlling interest
Net result from financial services
Net investment return
Net investment income
Net investment surpluses
Net other earnings
Project expenses
Amortisation of intangible assets
Other
Normalised attributable earnings

⁽²⁾ Financial services income and administration costs on page 180 includes performance fees and the related administration costs.

⁽³⁾ Comparative information has been adjusted for the reallocation of Sanlam Private Equity from Capital Management to Investment Management.

Net fund flows		Value of new business		Present value of new business premiums		New business margin %	
2016	2015	2016	2015	2016	2015	2016	2015
5 250	(3 021)	7	26	3 411	3 947	0,21	0,66
8 785	(753)	-	-	-	-	-	-
1 207	333	-	-	-	-	-	-
(4 742)	(2 601)	7	26	3 411	3 947	0,21	0,66
(35)	(2)	-	-	-	-	-	-
5 215	(3 023)	7	26	3 411	3 947	0,21	0,66

Investment Management ⁽³⁾		Capital Management ⁽³⁾		Total	
2016	2015	2016	2015	2016	2015
4 617	4 518	707	418	5 324	4 936
(193)	(198)	-	-	(193)	(198)
4 424	4 320	707	418	5 131	4 738
(3 393)	(3 303)	(360)	(273)	(3 753)	(3 576)
1 031	1 017	347	145	1 378	1 162
127	214	-	-	127	214
1 158	1 231	347	145	1 505	1 376
(311)	(284)	(77)	(2)	(388)	(286)
(21)	(34)	-	-	(21)	(34)
826	913	270	143	1 096	1 056
(20)	6	-	(12)	(20)	(6)
21	9	-	-	21	9
(41)	(3)	-	(12)	(41)	(15)
(163)	(185)	-	-	(163)	(185)
(1)	-	-	-	(1)	-
(153)	(179)	-	-	(153)	(179)
(9)	(6)	-	-	(9)	(6)
643	734	270	131	913	865

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Investment management

Analysis of net result from financial services

R million	2016	2015
Investment management	815	839
Investment Management SA ⁽²⁾	513	534
Wealth Management ⁽¹⁾	127	131
International ⁽¹⁾	169	214
Support services	6	(40)
Capital Management ⁽²⁾	270	143
Asset management operations	1 085	982
Covered business:		
Sanlam UK	11	74
Sanlam Investments total	1 096	1 056

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

⁽²⁾ Comparative information has been adjusted for the reallocation of Sanlam Private Equity from Capital Management to Investment Management SA.

Assets under management

	Assets under management		Fee Income		Administration cost	
	2016 R million	2015 R million	2016 %	2015 %	2016 %	2015 %
Investment Management SA ⁽¹⁾	672 154	627 274	0,31	0,32	0,22	0,23
Wealth Management ⁽¹⁾	142 360	133 606	0,77	0,69	0,61	0,53
International ⁽¹⁾	141 411	188 011	0,71	0,75	0,59	0,61
Inter-cluster eliminations	(163 622)	(162 346)	-	-	-	-
Asset management operations	792 303	786 545				
Covered business:						
Sanlam UK	42 827	51 787				
Sanlam Investments total	835 130	838 332				

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International, Wealth Management, Capital Management and Investment Management SA sub-clusters.

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
2016						
Investment Management SA	160 501	308 452	67 703	19 865	115 633	672 154
Wealth Management	-	108 791	29 464	-	4 105	142 360
International	-	-	141 411	-	-	141 411
Inter-cluster consolidation						(163 622)
Assets under management – Sanlam Investments	160 501	417 243	238 578	19 865	119 738	792 303
2015						
Investment Management SA ⁽¹⁾	143 451	279 328	71 566	17 088	115 841	627 274
Wealth Management ⁽¹⁾	-	103 407	26 583	-	3 616	133 606
International ⁽¹⁾	-	-	188 011	-	-	188 011
Inter-cluster consolidation						(162 346)
Assets under management – Sanlam Investments	143 451	382 735	286 160	17 088	119 457	786 545

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International, Wealth Management, Capital Management and Investment Management SA sub-clusters.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Sanlam Investments and Pensions

(included in Investment Management on page 195)

R million	2016	2015
Analysis of attributable earnings		
Financial services income	306	292
Sales remuneration	(131)	(129)
Income after sales remuneration	175	163
Administration cost	(164)	(89)
Gross result from financial services	11	74
Tax on result from financial services	–	–
Net result from financial services	11	74
Net investment return	2	2
Normalised attributable earnings	13	76
2.4 Santam		
Business volumes		
Gross written premiums	25 909	24 319
Net earned premiums	19 826	18 522
Net fund flows	6 915	7 012
Analysis of earnings		
Gross result from financial services	2 050	2 321
Net result from financial services	814	933
Ratios		
Admin cost ratio	17,9%	18,9%
Claims ratio	65,1%	62,1%
Underwriting margin	6,4%	9,6%

2. Cluster information (continued)

2.5 Sanlam Corporate

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period	RoGEV (%)
2016						
Covered business	5 577	437	(64)	(427)	5 523	7,8
Non-life operations	777	176	–	(91)	862	22,7
Afrocentric	703	156	–	(84)	775	22,2
Other operations	74	20	–	(7)	87	27,0
Group Equity Value	6 354	613	(64)	(518)	6 385	9,6
2015						
Covered business	6 640	994	(1 696)	(361)	5 577	15,0
Non-life operations	77	9	703	(12)	777	11,7
Afrocentric	–	–	703	–	703	–
Other operations	77	9	–	(12)	74	11,7
Group Equity Value	6 717	1 003	(993)	(373)	6 354	14,9

Business volumes

Sanlam Employee Benefits

R million	2016	2015
New business volumes	5 029	2 913
<i>Recurring premiums</i>	504	487
Guaranteed	272	186
Risk	232	301
<i>Single premiums</i>	4 525	2 426
Guaranteed	1 428	1 069
Risk	60	70
Retirement	2 310	566
Annuity	374	565
Special structures	353	156
Net fund flows	1 369	(489)
Value of new business	76	85
Present value of new business	7 811	4 333
New business margin	0,97%	1,96%

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.5 Sanlam Corporate (continued)

Analysis of earnings

R million	Sanlam Employee Benefits		Sanlam Healthcare and other		Total	
	2016	2015	2016	2015	2016	2015
Financial services income	3 974	3 573	243	118	4 217	3 691
Sales remuneration	(54)	(50)	–	–	(54)	(50)
Income after sales remuneration	3 920	3 523	243	118	4 163	3 641
Underwriting policy benefits	(2 355)	(2 135)	–	–	(2 355)	(2 135)
Administration cost	(971)	(887)	(125)	(103)	(1 096)	(990)
Result from financial services	594	501	118	15	712	516
Tax on result from financial services	(167)	(140)	(35)	(2)	(202)	(142)
Non-controlling interest	–	–	–	–	–	–
Net result from financial services	427	361	83	13	510	374
<i>Risk underwriting</i>	131	210	–	–	131	210
<i>Investment and other</i>	256	128	–	–	256	128
<i>Working capital management</i>	58	42	–	–	58	42
<i>Administration</i>	(18)	(19)	83	13	65	(6)
Net investment return	61	392	(9)	–	52	392
Net investment income	154	180	–	–	154	180
Net investment surpluses	(93)	212	–	–	(93)	212
Net equity-accounted headline earnings	–	–	(9)	–	(9)	–
Net other earnings	–	–	(5)	(4)	(5)	(4)
Normalised attributable earnings	488	753	69	9	557	762

2. Cluster information (continued)

2.6 Valuation methodology

The fair value of the unlisted Sanlam businesses has been determined by the application of the following valuation methodologies:

R million	Fair value	
	2016	2015
Valuation method		
Discounted cash flows	32 559	28 915
Sanlam Investments	13 240	13 785
Investment Management SA ⁽¹⁾	6 514	5 742
Wealth Management ⁽¹⁾	2 066	1 808
International ⁽¹⁾	4 660	6 235
Sanlam Emerging Markets	14 795	11 407
Shriram Capital ⁽²⁾	7 963	7 594
Saham Finances	3 197	–
Letshego ⁽²⁾	1 190	1 106
Pacific & Orient	476	812
Capricorn Investment Holdings ⁽²⁾	1 077	877
Other operations	892	1 018
Sanlam Personal Finance	3 662	2 946
Glacier	2 192	1 605
Sanlam Personal Loans	999	913
Other operations ⁽³⁾	471	428
Sanlam Corporate ⁽³⁾	862	777
Afrocentric	775	703
Other operations	87	74
Net asset value	2 362	2 571
Sanlam Investments	1 430	1 417
Investment Management SA ⁽¹⁾	557	578
Wealth Management ⁽¹⁾	89	(49)
International ⁽¹⁾	184	288
Capital Management	600	600
Sanlam Emerging Markets	932	1 154
	34 921	31 486

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters and Sanlam Private Equity from Capital Management to Investment Management SA.

⁽²⁾ Includes the listed businesses at directors' valuation of R6 189 million (2015: R6 183 million) for Shriram Capital, R1 190 million (2015: R1 106 million) for Letshego and R1 077 million (2015: R877 million) for Capricorn Investment Holdings. The listed values of these operations are R5 923 million (2015: R6 634 million), R1 008 million (2015: R1 250 million) and R1 159 million (2015: R1 169 million) respectively.

⁽³⁾ Comparative information has been adjusted for the reallocation of business units between Sanlam Personal Finance and Sanlam Corporate.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

2. Cluster information (continued)

2.6 Valuation methodology (continued)

The main assumptions applied in the primary valuation for the unlisted businesses are presented below. The sensitivity analysis is based on the following changes in assumptions:

	Change in assumption	
	2016	2015
Risk discount rate (RDR)	1,0	1,0
Perpetuity growth rate (PGR)	1,0	1,0

R million	Weighted average assumption	Base value	Decrease in assumption	Increase in assumption
Discounted cash flows	RDR = 14,5% (2015: 15,4%)	32 559	37 212	28 929
Perpetuity growth rate	PGR = 2 – 5% (2015: 2,5 – 5%)	32 559	30 675	34 952

3. Investments

3.1 Investment in associated companies

R million	2016	2015
Shriram Capital	5 680	6 425
Shriram Transport Finance Company – direct investment	1 214	1 279
Shriram General Insurance – direct investment	721	–
Shriram Life Insurance – direct investment	453	–
Saham Finances	4 810	–
Pacific & Orient	777	1 043
Capricorn Investment Holdings	1 020	920
Letshego	1 842	1 784
Afrocentric	753	703
Other associated companies	2 435	2 520
Total investment in associated companies	19 705	14 674

Details of the investments in the material associated companies are reflected in note 7.2 on page 92 of the Sanlam Group Annual Financial Statements online.

3.2 Investment in joint ventures

Sanlam Personal Loans	748	739
Other joint ventures	134	133
Total investment in joint ventures	882	872

Details of the investments in material joint ventures are reflected in note 7.2 on page 92 of the Sanlam Group Annual Financial Statements online.

3.3 Investments include the following offshore investments

R million	2016	2015
Investment properties	909	880
Equities	521	305
Structured transactions	2	(10)
Interest-bearing investments	2 181	2 518
Investment funds	1 672	2 519
Cash, deposits and similar securities	4 726	7 255
Total offshore investments	10 011	13 467
4. Financial services income		
Equity-accounted earnings included in financial services income		
Sanlam Personal Finance	214	225
Sanlam Emerging Markets	2 180	1 392
Santam	46	45
Sanlam Investments	163	37
Sanlam Corporate	114	–
	2 717	1 699
5. Sales remuneration		
Life operations	4 204	3 830
Non-life operations	2 554	2 169
	6 758	5 999
6. Administration costs		
Life operations	6 146	5 502
Non-life operations	8 468	8 130
	14 614	13 632
Depreciation included in administration costs:		
Sanlam Personal Finance	112	106
Sanlam Emerging Markets	66	66
Santam	27	21
Sanlam Investments	73	67
Sanlam Corporate	2	–
	280	260
7. Investment income		
Equities and similar securities	572	654
Interest-bearing, preference shares and similar securities	691	679
Properties	49	20
Rental income	50	21
Contingent rental income	4	4
Rental-related expenses	(5)	(5)
Total investment income	1 312	1 353
Interest expense netted off against investment income	505	398

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

8. Normalised diluted earnings per share

Cents	2016	2015
Normalised diluted earnings per share:		
Net result from financial services	389,4	355,2
Headline earnings	408,5	432,5
Profit attributable to shareholders' fund	396,9	437,0
R million		
Analysis of normalised earnings (refer shareholders' fund income statement on page 180):		
Net result from financial services	7 969	7 269
Headline earnings	8 360	8 851
Profit attributable to shareholders' fund	8 123	8 942
Reconciliation of normalised headline earnings:		
Headline earnings per note 28 on page 120 of the Annual Financial Statements	9 860	9 300
Less: Fund transfers	(1 500)	(449)
Normalised headline earnings	8 360	8 851
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 28 on page 120 of Annual Financial Statements)	2 020,1	2 024,0
Add: Weighted average Sanlam shares held by policyholders	26,4	22,3
Adjusted weighted average number of shares for normalised diluted earnings per share	2 046,5	2 046,3

9. Value per share

R million	2016	2015
Fair value per share is calculated on the Group shareholders' fund at fair value of R78 798 million (2015: R74 660 million), divided by 2 047,5 million (2015: 2 046,6 million) shares.		
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R53 915 million (2015: R55 464 million), divided by 2 047,5 million (2015: 2 046,6 million) shares.		
Equity value per share is calculated on the Group Equity Value of R110 717 million (2015: R103 506 million), divided by 2 047,5 million (2015: 2 046,6 million) shares.		
Number of shares for value per share		
Number of ordinary shares in issue	2 166,5	2 166,5
Shares held by subsidiaries in shareholders' fund	(138,9)	(141,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	19,9	21,3
Adjusted number of shares for value per share	2 047,5	2 046,6

10. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,9 (2015: 8,8) to the after tax recurring corporate expenses.

11. Share repurchases

Sanlam shareholders granted general authorities to the Group at the 2016 and 2015 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2016.

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

12. Reconciliations

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

R million	2016			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	IFRS adjustments ⁽²⁾
Net income	86 695	55 666	29 913	1 116
Financial services income	58 189	54 382	–	3 807
Reinsurance premiums paid	(7 626)	–	–	(7 626)
Reinsurance commission received	1 396	–	–	1 396
Investment income	28 413	1 312	20 190	6 911
Investment surpluses	9 150	(28)	9 723	(545)
Finance cost – margin business	(106)	–	–	(106)
Change in fair value of external investors liability	(2 721)	–	–	(2 721)
Net insurance and investment contract benefits and claims	(49 329)	(20 332)	(29 005)	8
Long-term insurance contract benefits	(24 143)	(7 421)	(15 801)	(921)
Long-term investment contract benefits	(13 204)	–	(13 204)	–
General insurance claims	(17 423)	(12 911)	–	(4 512)
Reinsurance claims received	5 441	–	–	5 441
Expenses	(24 731)	(21 406)	–	(3 325)
Sales remuneration	(8 140)	(6 758)	–	(1 382)
Administration costs	(16 591)	(14 648)	–	(1 943)
Impairments	(340)	(265)	–	(75)
Amortisation of intangibles	(326)	(251)	–	(75)
Net operating result	11 969	13 412	908	(2 351)
Equity-accounted earnings	2 095	75	–	2 020
Finance cost – other	(460)	–	–	(460)
Profit before tax	13 604	13 487	908	(791)
Tax expense	(3 026)	(3 981)	(908)	1 863
Shareholders' fund	(1 832)	(3 981)	–	2 149
Policyholders' fund	(1 194)	–	(908)	(286)
Profit for the year	10 578	9 506	–	1 072
Attributable to:				
Shareholders' fund	9 623	8 123	–	1 500
Non-controlling interest	955	1 383	–	(428)
	10 578	9 506	–	1 072

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

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

2015			
Total	Share- holder activities	Policy- holder activities⁽¹⁾	IFRS adjust- ments⁽²⁾
85 293	52 608	30 018	2 667
53 754	49 365	-	4 389
(6 831)	-	-	(6 831)
1 275	-	-	1 275
25 241	1 353	17 903	5 985
13 942	1 890	12 115	(63)
(101)	-	-	(101)
(1 987)	-	-	(1 987)
(47 675)	(18 139)	(29 550)	14
(15 247)	(6 629)	(7 814)	(804)
(21 736)	-	(21 736)	-
(14 206)	(11 510)	-	(2 696)
3 514	-	-	3 514
(23 024)	(19 689)	-	(3 335)
(7 269)	(5 999)	-	(1 270)
(15 755)	(13 690)	-	(2 065)
(173)	(109)	-	(64)
(382)	(306)	-	(76)
14 039	14 365	468	(794)
1 310	57	-	1 253
(580)	-	-	(580)
14 769	14 422	468	(121)
(3 859)	(3 651)	(468)	260
(3 078)	(3 651)	-	573
(781)	-	(468)	(313)
10 910	10 771	-	139
9 391	8 942	-	449
1 519	1 829	-	(310)
10 910	10 771	-	139

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

12. Reconciliations (continued)

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

R million	31 December 2016			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
ASSETS				
Equipment	881	840	41	-
Owner-occupied properties	1 171	824	347	-
Goodwill	3 596	3 596	-	-
Other intangible assets	575	544	31	-
Value of business acquired	1 606	1 606	-	-
Deferred acquisition costs	3 597	2 965	632	-
Long-term reinsurance assets	958	-	958	-
Investments	592 945	57 088	537 641	(1 784)
Properties	10 664	964	9 700	-
Associated companies	19 705	19 705	-	-
Joint ventures	1 855	882	973	-
Equities and similar securities	176 944	3 142	175 586	(1 784)
Interest-bearing investments	170 584	13 434	157 150	-
Structured transactions	13 756	1 496	12 260	-
Investment funds	161 050	10 697	150 353	-
Cash, deposits and similar securities	38 387	6 768	31 619	-
Deferred tax	1 880	621	-	1 259
Assets of disposal groups classified as held for sale	663	8	655	-
General insurance technical assets	5 022	5 022	-	-
Working capital assets	59 665	43 677	15 988	-
Trade and other receivables	40 904	25 571	15 333	-
Cash, deposits and similar securities	18 761	18 106	655	-
Total assets	672 559	116 791	556 293	(525)
EQUITY AND LIABILITIES				
Shareholders' fund	53 390	53 915	-	(525)
Non-controlling interest	5 696	5 605	91	-
Long-term policy liabilities	483 748	-	483 748	-
Insurance contracts	177 675	-	177 675	-
Investment contracts	306 073	-	306 073	-
Term finance	6 466	6 218	248	-
External investors in consolidated funds	55 486	-	55 486	-
Cell owners' interest	1 153	1 153	-	-
Deferred tax	2 069	1 131	938	-
Structured transactions liabilities	1 298	16	1 282	-
General insurance technical provisions	14 557	14 557	-	-
Working capital liabilities	48 696	34 196	14 500	-
Trade and other payables	46 636	32 364	14 272	-
Provisions	332	332	-	-
Taxation	1 728	1 500	228	-
Total equity and liabilities	672 559	116 791	556 293	(525)

⁽¹⁾ Includes the impact of the consolidation of investment funds under IFRS 10.

31 December 2015			
Total	Share- holder activities	Policy- holder activities⁽¹⁾	Consoli- dation reserve
892	866	26	-
1 329	845	484	-
3 895	3 895	-	-
487	443	44	-
1 943	1 943	-	-
3 463	2 853	610	-
945	-	945	-
590 894	57 745	534 992	(1 843)
11 606	1 010	10 596	-
14 674	14 674	-	-
1 325	872	453	-
189 214	5 970	185 087	(1 843)
165 260	15 890	149 370	-
14 179	1 703	12 476	-
157 289	6 355	150 934	-
37 347	11 271	26 076	-
368	368	-	-
540	540	-	-
4 251	4 251	-	-
65 501	46 999	18 502	-
45 360	28 084	17 276	-
20 141	18 915	1 226	-
674 508	120 748	555 603	(1 843)
53 621	55 464	-	(1 843)
6 571	6 571	-	-
480 910	-	480 910	-
183 972	-	183 972	-
296 938	-	296 938	-
5 637	5 184	453	-
53 641	-	53 641	-
980	980	-	-
2 180	1 098	1 082	-
2 374	34	2 340	-
13 523	13 523	-	-
55 071	37 894	17 177	-
52 751	35 875	16 876	-
319	319	-	-
2 001	1 700	301	-
674 508	120 748	555 603	(1 843)

Notes to the shareholders' fund information continued

for the year ended 31 December 2016

13. Geographical analysis

R million	Per shareholders fund' income statement on page 180	IFRS adjustments (refer note 12.1)	Total
Financial services income			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2016	54 382	3 807	58 189
South Africa	44 948	5 228	50 176
Rest of Africa	5 669	(841)	4 828
Other international ⁽¹⁾	3 765	(580)	3 185
2015	49 365	4 389	53 754
South Africa	41 327	5 094	46 421
Rest of Africa	4 769	(462)	4 307
Other international ⁽¹⁾	3 269	(243)	3 026

R million	Per analysis of shareholders' fund on page 178	Policyholders' fund	Total
Non-current assets⁽²⁾			
2016	10 383	1 706	12 089
South Africa	8 169	1 088	9 257
Rest of Africa	412	242	654
Other international ⁽¹⁾	1 802	376	2 178
2015	11 385	1 164	12 549
South Africa	8 509	437	8 946
Rest of Africa	513	219	732
Other international ⁽¹⁾	2 363	508	2 871

R million	2016	2015
Attributable earnings (per shareholders' fund income statement on page 180)	9 623	9 391
South Africa	7 710	7 940
Rest of Africa	1 204	1 015
Other international ⁽¹⁾	709	436

⁽¹⁾ Other international comprises business in Europe, United Kingdom, Australia, India and South-East Asia.

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

Embedded value of covered business

at 31 December 2016

R million	Note	2016	2015
Sanlam Personal Finance		38 216	34 526
<i>Adjusted net worth</i>		8 358	8 287
<i>Net value of in-force covered business</i>		29 858	26 239
Value of in-force covered business		31 823	28 139
Cost of capital		(1 965)	(1 900)
Sanlam Emerging Markets		6 370	5 486
<i>Adjusted net worth</i>		2 857	2 323
<i>Net value of in-force covered business</i>		3 513	3 163
Value of in-force covered business		5 712	5 317
Cost of capital		(562)	(525)
Non-controlling interest		(1 637)	(1 629)
Sanlam UK⁽¹⁾		1 137	1 633
<i>Adjusted net worth</i>		466	778
<i>Net value of in-force covered business</i>		671	855
Value of in-force covered business		828	1 066
Cost of capital		(157)	(211)
Sanlam Employee Benefits⁽²⁾		5 523	5 577
<i>Adjusted net worth</i>		3 720	3 720
<i>Net value of in-force covered business</i>		1 803	1 857
Value of in-force covered business		2 857	2 804
Cost of capital		(1 054)	(947)
Embedded value of covered business		51 246	47 222
Adjusted net worth ⁽³⁾		15 401	15 108
Net value of in-force covered business	1	35 845	32 114
Embedded value of covered business		51 246	47 222

⁽¹⁾ Sanlam UK is part of the Sanlam Investments cluster.

⁽²⁾ Sanlam Employee Benefits is part of the Sanlam Corporate cluster.

⁽³⁾ Excludes subordinated debt funding of Sanlam Life.

Change in embedded value of covered business

for the year ended 31 December 2016

R million	Note	2016				2015			
		Total	Value of in-force	Cost of capital	Adjusted net worth	Total	Value of in-force	Cost of capital	Adjusted net worth
Embedded value of covered business at the beginning of the year									
		47 222	35 506	(3 392)	15 108	48 393	34 299	(3 092)	17 186
Value of new business	2	1 605	3 818	(224)	(1 989)	1 360	3 364	(200)	(1 804)
Net earnings from existing covered business		6 042	(721)	139	6 624	5 328	(703)	19	6 012
Expected return on value of in-force business		4 634	4 468	166	-	3 759	3 594	165	-
Expected transfer of profit to adjusted net worth		-	(5 723)	-	5 723	-	(5 177)	-	5 177
Operating experience variances	3	983	(33)	10	1 006	1 081	281	(5)	805
Operating assumption changes	4	425	567	(37)	(105)	488	599	(141)	30
Expected investment return on adjusted net worth		1 199	-	-	1 199	1 256	-	-	1 256
Embedded value earnings from operations									
		8 846	3 097	(85)	5 834	7 944	2 661	(181)	5 464
Economic assumption changes	5	485	509	(25)	1	(1 608)	(1 506)	(140)	38
Tax changes	6	422	679	(118)	(139)	7	5	1	1
Investment variances – value of in-force		(159)	(217)	3	55	(74)	(389)	78	237
Investment variances – investment return on adjusted net worth		(1 312)	-	-	(1 312)	443	-	-	443
Goodwill from business		(183)	(183)	-	-	(69)	(69)	-	-
Exchange rate movements		(626)	(713)	87	-	394	454	(60)	-
Embedded value earnings from covered business									
	7	7 473	3 172	(138)	4 439	7 037	1 156	(302)	6 183
Acquired value of in-force		1 247	655	(4)	596	124	51	2	71
Transfers from/(to) other Group operations		(13)	46	-	(59)	-	-	-	-
Transfers from covered business		(4 683)	-	-	(4 683)	(8 332)	-	-	(8 332)
Embedded value of covered business at the end of the year									
		51 246	39 379	(3 534)	15 401	47 222	35 506	(3 392)	15 108
Analysis of earnings from covered business									
Sanlam Personal Finance		7 402	3 638	(65)	3 829	4 363	267	(26)	4 122
Sanlam Emerging Markets		37	(281)	(20)	338	1 403	397	(79)	1 085
Sanlam UK		(403)	(238)	54	(219)	277	208	(155)	224
Sanlam Employee Benefits		437	53	(107)	491	994	284	(42)	752
Embedded value earnings from covered business									
		7 473	3 172	(138)	4 439	7 037	1 156	(302)	6 183

Value of new business

for the year ended 31 December 2016

R million	Note	2016	2015
Value of new business (at point of sale):			
Gross value of new business		2 051	1 729
Sanlam Personal Finance		1 315	1 065
Sanlam Emerging Markets		589	499
Sanlam UK		13	28
Sanlam Employee Benefits		134	137
Cost of capital		(272)	(215)
Sanlam Personal Finance		(152)	(110)
Sanlam Emerging Markets		(56)	(51)
Sanlam UK		(6)	(2)
Sanlam Employee Benefits		(58)	(52)
Value of new business		1 779	1 514
Sanlam Personal Finance		1 163	955
Sanlam Emerging Markets		533	448
Sanlam UK		7	26
Sanlam Employee Benefits		76	85
<i>Value of new business attributable to:</i>			
Shareholders' fund	2	1 605	1 360
Sanlam Personal Finance		1 163	955
Sanlam Emerging Markets		359	294
Sanlam UK		7	26
Sanlam Employee Benefits		76	85
Non-controlling interest		174	154
Sanlam Personal Finance		-	-
Sanlam Emerging Markets		174	154
Sanlam UK		-	-
Sanlam Employee Benefits		-	-
Value of new business		1 779	1 514
Geographical analysis:			
South Africa		1 239	1 040
Africa		461	400
Other international		79	74
Value of new business		1 779	1 514

Value of new business continued

for the year ended 31 December 2016

R million	Note	2016	2015 ⁽¹⁾
Analysis of new business profitability:			
<i>Before non-controlling interest:</i>			
Present value of new business premiums		62 383	54 362
Sanlam Personal Finance		41 507	38 041
Sanlam Emerging Markets		9 654	8 041
Sanlam UK		3 411	3 947
Sanlam Employee Benefits		7 811	4 333
New business margin		2,85%	2,79%
Sanlam Personal Finance		2,80%	2,51%
Sanlam Emerging Markets		5,52%	5,57%
Sanlam UK		0,21%	0,66%
Sanlam Employee Benefits		0,97%	1,96%
<i>After non-controlling interest:</i>			
Present value of new business premiums		59 556	51 856
Sanlam Personal Finance		41 507	38 041
Sanlam Emerging Markets		6 827	5 535
Sanlam UK		3 411	3 947
Sanlam Employee Benefits		7 811	4 333
New business margin		2,69%	2,62%
Sanlam Personal Finance		2,80%	2,51%
Sanlam Emerging Markets		5,26%	5,31%
Sanlam UK		0,21%	0,66%
Sanlam Employee Benefits		0,97%	1,96%

⁽¹⁾ Comparative information has been adjusted for the reallocation of Glacier Namibia from Sanlam Personal Finance to Sanlam Emerging Markets.

Notes to the embedded value of covered business

for the year ended 31 December 2016

1. Value of in-force sensitivity analysis

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
Base value at 31 December 2016	39 379	(3 534)	35 845	
⊙ Risk discount rate increase by 1%	37 204	(4 094)	33 110	(8)
⊙ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	40 394	(3 358)	37 036	3
⊙ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	38 007	(3 455)	34 552	(4)
⊙ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	39 949	(3 223)	36 726	2
<i>Expenses and persistency</i>				
⊙ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	40 777	(3 526)	37 251	4
⊙ Discontinuance rates decrease by 10%	40 540	(3 644)	36 896	3
<i>Insurance risk</i>				
⊙ Mortality and morbidity decrease by 5% for life assurance business	40 927	(3 516)	37 411	4
⊙ Mortality and morbidity decrease by 5% for annuity business	39 054	(3 530)	35 524	(1)
Base value at 31 December 2015	35 506	(3 392)	32 114	
⊙ Risk discount rate increase by 1%	33 675	(4 025)	29 650	(8)
⊙ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	36 250	(3 206)	33 044	3
⊙ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	34 166	(3 315)	30 851	(4)
⊙ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	35 986	(3 083)	32 903	2
<i>Expenses and persistency</i>				
⊙ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	36 688	(3 392)	33 296	4
⊙ Discontinuance rates decrease by 10%	36 547	(3 492)	33 055	3
<i>Insurance risk</i>				
⊙ Mortality and morbidity decrease by 5% for life assurance business	36 927	(3 384)	33 543	4
⊙ Mortality and morbidity decrease by 5% for annuity business	35 248	(3 413)	31 835	(1)

Notes to the embedded value of covered business continued

for the year ended 31 December 2016

2. Value of new business sensitivity analysis

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
Base value at 31 December 2016	1 829	(224)	1 605	
⊙ Risk discount rate increase by 1%	1 598	(265)	1 333	(17)
⊙ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	1 900	(224)	1 676	4
<i>Expenses and persistency</i>				
⊙ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	1 990	(228)	1 762	10
⊙ Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	1 991	(227)	1 764	10
⊙ Discontinuance rates decrease by 10%	2 065	(242)	1 823	14
<i>Insurance risk</i>				
⊙ Mortality and morbidity decrease by 5% for life assurance business	1 974	(226)	1 748	9
⊙ Mortality and morbidity decrease by 5% for annuity business	1 824	(227)	1 597	–
Base value at 31 December 2015	1 560	(200)	1 360	
⊙ Risk discount rate increase by 1%	1 373	(242)	1 131	(17)
⊙ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	1 608	(197)	1 411	4
<i>Expenses and persistency</i>				
⊙ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	1 686	(200)	1 486	9
⊙ Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	1 707	(200)	1 507	11
⊙ Discontinuance rates decrease by 10%	1 767	(210)	1 557	14
<i>Insurance risk</i>				
⊙ Mortality and morbidity decrease by 5% for life assurance business	1 720	(198)	1 522	12
⊙ Mortality and morbidity decrease by 5% for annuity business	1 552	(199)	1 353	(1)

3. Operating experience variances

R million	2016			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk experience	438	52	3	383
Persistency	(11)	66	10	(87)
Maintenance expenses	30	(3)	(4)	37
Working capital	354	5	–	349
Credit spread	89	–	–	89
Other	83	(153)	1	235
Total operating experience variances	983	(33)	10	1 006

R million	2015			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk experience	816	205	–	611
Persistency	174	168	(2)	8
Maintenance expenses	(16)	(12)	(1)	(3)
Working capital	288	1	–	287
Other	(181)	(81)	(2)	(98)
Total operating experience variances	1 081	281	(5)	805

4. Operating assumption changes

R million	2016			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk experience	122	54	(6)	74
Persistency	54	125	(35)	(36)
Maintenance expenses	99	50	1	48
Modelling improvements and other	150	338	3	(191)
Total operating assumption changes	425	567	(37)	(105)

R million	2015			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk experience	810	756	5	49
Persistency	(60)	13	(18)	(55)
Maintenance expenses	(3)	23	5	(31)
Modelling improvements and other	(259)	(193)	(133)	67
Total operating assumption changes	488	599	(141)	30

Notes to the embedded value of covered business continued

for the year ended 31 December 2016

5. Economic assumption changes

R million	2016			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Investment yields	552	524	28	-
Long-term asset mix assumptions and other	(67)	(15)	(53)	1
Total economic assumption changes	485	509	(25)	1

R million	2015			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Investment yields	(1 603)	(1 501)	(140)	38
Long-term asset mix assumptions and other	(5)	(5)	-	-
Total economic assumption changes	(1 608)	(1 506)	(140)	38

6. Tax changes

R million	2016			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk Policy Fund (RPF)	674	674	-	-
Capital Gains Tax inclusion rate	(257)	1	(119)	(139)
Other	5	4	1	-
Total tax changes	422	679	(118)	(139)

R million	2015			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Other	7	5	1	1
Total tax changes	7	5	1	1

7. Reconciliation of growth from covered business

	2016	2015
The embedded value earnings from covered business reconciles as follows to the net result from financial services for the year:		
Net result from financial services of covered business per note 2 on page 186	4 717	4 484
Sanlam Personal Finance	3 680	3 446
Sanlam Emerging Markets	599	603
Sanlam UK	11	74
Sanlam Employee Benefits	427	361
Investment return on adjusted net worth	(113)	1 699
Effect of Capital Gains Tax inclusion rate increase on the deferred tax liability	(165)	–
Embedded value earnings from covered business: value of in-force	3 034	854
Embedded value earnings from covered business	7 473	7 037

8. Economic assumptions

Gross investment return, risk discount rate and inflation

	2016	2015
Sanlam Life		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	9,2%	10,1%
Equities and offshore investments	12,7%	13,6%
Hedged equities	8,6%	9,5%
Property	10,2%	11,1%
Cash	8,2%	9,1%
Inflation rate ⁽¹⁾	7,2%	8,1%
Risk discount rate	11,7%	12,6%
⁽¹⁾ Expense inflation of 11,2% (2015: 10,1%) assumed for retail business administered on old platforms.		
SDM Limited		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	8,6%	9,6%
Equities and offshore investments	12,1%	13,1%
Hedged equities	7,6%	n/a
Property	9,6%	10,6%
Cash	7,6%	8,6%
Inflation rate	6,6%	7,6%
Risk discount rate	11,1%	12,1%

Notes to the embedded value of covered business continued

for the year ended 31 December 2016

8. Economic assumptions (continued)

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

	2016	2015
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	1,7%	2,4%
Equities and offshore investments	4,9%	5,6%
Hedged equities	n/a	n/a
Property	4,9%	5,6%
Cash	1,7%	2,4%
Inflation rate	3,4%	3,2%
Risk discount rate	5,4%	6,1%
Botswana Life Insurance		
Fixed-interest securities	7,0%	7,5%
Equities and offshore investments	10,5%	11,0%
Hedged equities	n/a	n/a
Property	8,0%	8,5%
Cash	6,0%	6,5%
Inflation rate	4,0%	4,5%
Risk discount rate	10,5%	11,0%

Illiquidity premiums

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

Assumed illiquidity premiums generally amount to between 25bps and 60bps (2015: 25bps and 60bps) for non-participating annuities, between 25bps and 75bps (2015: 25bps to 75bps) for inflation-linked annuities and capped at 120bps reflecting both illiquidity premiums and credit risk premiums (2015: 80bps for illiquidity premiums only) for guarantee plans.

8. Economic assumptions (continued)

Asset mix for assets supporting required capital

%	2016							Total
	R million	Fixed-interest securities	Equities	Offshore	Hedged equities	Property	Cash	
Required capital								
South Africa	12 069	–	3	7	78	–	12	100
Namibia	490	6	36	–	–	–	58	100
Botswana	337	–	–	–	–	50	50	100
Ghana	47	35	40	–	–	20	5	100
Kenya	76	35	40	–	–	15	10	100
Other Africa	563	82	–	–	–	–	18	100
India	171	36	63	–	–	–	1	100
South-East Asia	188	76	17	–	–	–	7	100
United Kingdom	438	–	–	–	–	–	100	100
Total required capital	14 379							
Free surplus	1 022							
Adjusted net worth	15 401							

Assumed long-term expected return on required capital

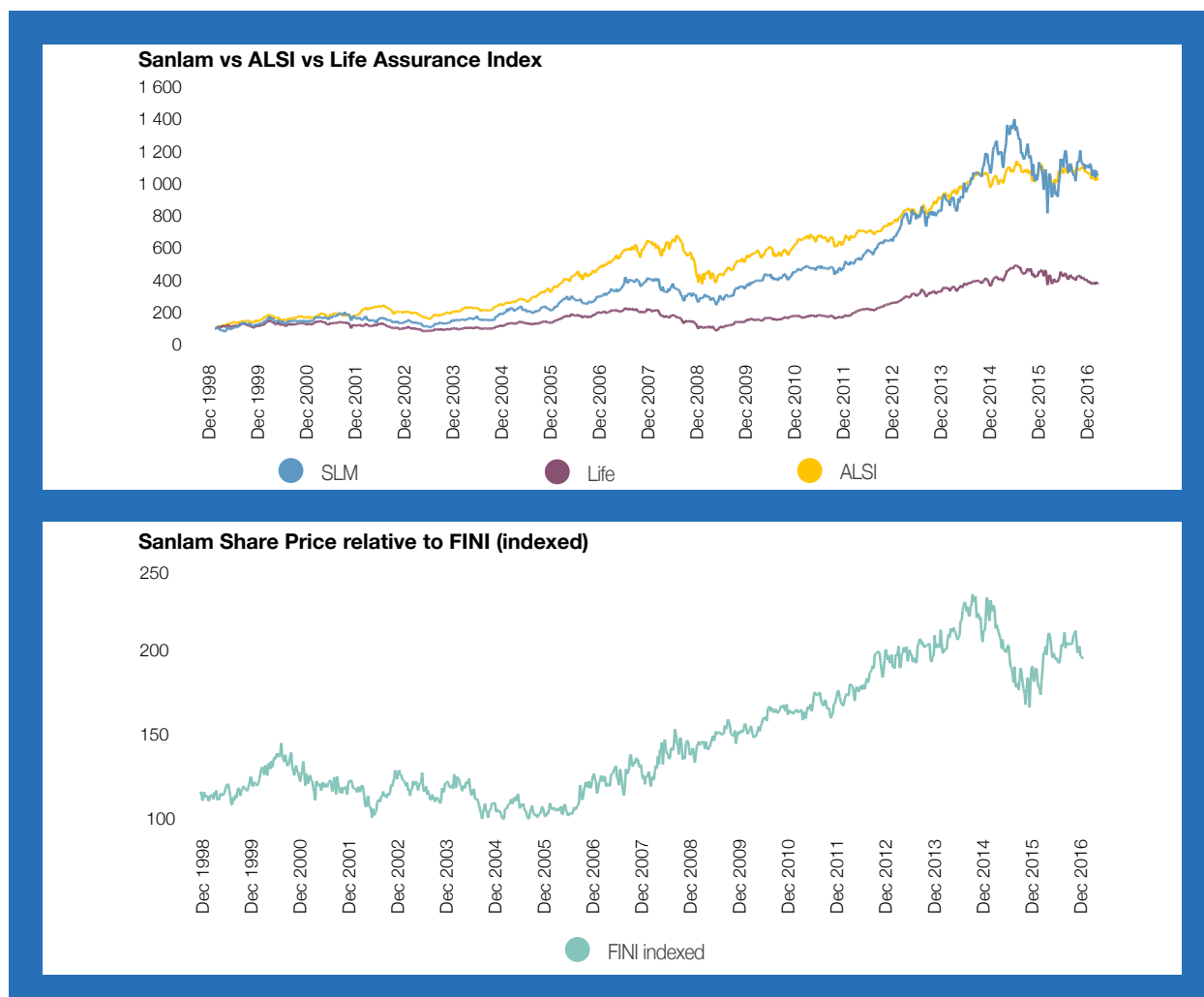
	2016	2015
Sanlam Life		
Gross return on required capital	8,9%	9,8%
Net return on required capital	7,2%	8,1%
SDM Limited		
Gross return on required capital	8,5%	10,9%
Net return on required capital	7,1%	8,7%
Sanlam Investments and Pensions		
Gross return on required capital	1,7%	2,4%
Net return on required capital	1,4%	1,9%
Botswana Life Insurance		
Gross return on required capital	6,9%	8,8%
Net return on required capital	5,2%	6,6%
Sanlam Life Namibia Limited		
Gross return on required capital	10,1%	11,0%
Net return on required capital	8,9%	9,7%
Sanlam Namibia Limited		
Gross return on required capital	8,9%	9,9%
Net return on required capital	7,8%	8,6%

Stock exchange performance

Stock Exchange Performance Note

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Number of shares traded	million	1 437	1 363	1 086	1 247	1 160	1 082	1 059	1 259	1 490	1 474
Value of shares traded	R million	89 130	90 444	65 974	58 841	41 074	29 578	25 986	23 714	27 175	32 300
Percentage of issued shares traded	%	66	63	50	59	55	52	50	58	66	64
Price/earnings ratio	times	15,4	14,0	17,2	13,5	15,3	11,6	11,1	10,4	12,9	10,3
Return on Sanlam share price since listing ⁽¹⁾	%	18	19	21	20	20	17	17	17	14	19
Market price	cps										
– Year-end closing price		6 290	6 054	7 000	5 324	4 477	2 885	2 792	2 275	1 700	2 275
– Highest closing price		7 149	8 217	7 344	5 518	4 550	3 016	2 829	2 305	2 330	2 412
– Lowest closing price		5 116	4 405	4 495	4 051	2 831	2 414	2 200	1 351	1 390	1 803
Market capitalisation at year-end	R million	136 271	131 158	151 653	111 804	94 017	60 585	58 632	49 140	37 232	52 407

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



Analysis of shareholders on 31 December 2016

Distribution of shareholding	Total Shareholders		Total Shares held	
	Number	%	Number	%
1 – 1 000	402 324	86,86	150 551 721	6,95
1 001 – 5 000	53 587	11,57	105 022 540	4,85
5 001 – 10 000	4 410	0,95	30 243 701	1,40
10 001 – 50 000	2 067	0,45	38 771 208	1,79
50 001 – 100 000	246	0,05	17 942 106	0,83
100 001 – 1 000 000	424	0,09	127 186 831	5,87
1 000 001 and over	150	0,03	1 696 753 699	78,31
Total	463 208	100,00	2 166 471 806	100,00

Public and non-public shareholders	% Shareholding	Shareholder structure	% Shareholding
Public shareholders (438 164)	65,27	Institutional and other shareholding	
Non-public shareholders		Offshore	38,14
Directors' interest	0,29	South Africa	49,27
Held by subsidiaries	7,62	Individuals	12,59
Employee pension funds	0,05		
Sanlam Limited Share Incentive Trust	1,03		
Government Employees Pension Fund (PIC)	12,24		
Ubuntu-Botho Investments (Pty) Ltd	13,50		
Total	100,00	Total	100,00
Beneficial shareholding of 5% or more:			
Government Employees Pension Fund (PIC)	12,24		
Ubuntu-Botho Investments (Pty) Ltd	13,50		

Sanlam Group Five-year review

		2016	2015	2014	2013	2012	Average annual growth rate %
Group Equity Value							
Group Equity Value	R million	110 717	103 506	95 936	84 409	75 352	10
Group Equity Value	cps	5 407	5 057	4 684	4 121	3 707	10 ⁽¹⁾
Return on Group Equity Value per share	%	11,8	12,8	18,5	17,0	22,0	
Business volumes							
New business volumes	R million	233 178	210 842	182 297	154 976	123 072	17
Life insurance		43 599	39 976	42 290	31 687	25 436	14
Investment business		165 740	150 670	121 383	105 697	81 670	19
General insurance		23 839	20 196	18 624	17 592	15 966	11
Recurring premiums on existing business	R million	29 239	27 348	25 079	22 096	21 271	8
Total inflows	R million	262 417	238 190	207 376	177 072	144 343	
Net fund flows	R million	40 921	19 049	41 994	26 113	25 000	13
SIM funds under management	R billion	792	787	762	677	596	7
New covered business (gross)							
Value of new covered business	R million	1 779	1 514	1 743	1 450	1 278	9
Covered business PVNBP	R million	62 383	54 362	56 394	44 902	38 129	13
New covered business margin	%	2,85	2,79	3,09	3,23	3,35	
Earnings							
Gross result from financial services	R million	12 678	11 595	10 774	8 179	6 285	19
Net result from financial services	R million	7 969	7 269	6 879	5 429	4 030	19
Normalised headline earnings	R million	8 360	8 851	8 340	8 060	5 919	9
Headline earnings	R million	9 860	9 300	8 325	8 062	5 763	14
Net result from financial services	cps	389,4	355,2	336,2	266,0	198,9	18
Normalised headline earnings	cps	408,5	432,5	407,6	395,0	292,1	9
Diluted headline earnings	cps	396,9	437,0	427,3	398,4	286,8	8
Group operating margin	%	26,6	26,7	26,6	22,2	19,4	8
Other							
Sanlam share price	cps	6 290	6 054	7 000	5 324	4 477	9 ⁽¹⁾
Dividend	cps	268	245	225	200	215	6
Normal dividend	cps	268	245	225	200	165	10
Special dividend	cps	–	–	–	–	50	
Sanlam Life Insurance Limited							
Shareholders' fund	R million	83 866	77 970	68 156	60 542	55 466	11
Capital adequacy requirements (CAR)	R million	8 150	8 250	8 325	7 550	7 125	
CAR covered by prudential capital	times	5,8	5,8	4,5	4,5	4,3	

		2016	2015	2014	2013	2012	Average annual growth rate %
Foreign exchange rates							
Closing rate							
Euro		14,43	16,83	14,01	14,51	11,18	7
British Pound		16,92	22,83	18,05	17,42	13,79	5
United States Dollar		13,68	15,48	11,57	10,53	8,48	13
Average rate							
Euro		16,22	14,08	14,38	12,78	10,53	11
British Pound		19,69	19,39	17,85	15,00	12,99	11
United States Dollar		14,65	12,69	10,84	9,61	8,20	16
Non-financial^{(2), (5)}							
BEE credentials ⁽³⁾	level	2	2	2	2	2	
Corporate Social Investment spend	R million	68	74	67	64	34	
Office staff turnover	%	13,90	12,38	11,68	10,93	11,60	
Carbon footprint	Tonnes CO ₂ /full time employee	8,6	9,5	9,7	9,8	10,6	

⁽¹⁾ Excludes dividends paid.

⁽²⁾ Comparative information presented with effect from year when measure was reported for the first time.

⁽³⁾ Measured in terms of the Financial Sector Charter, apart from 2012 when the Department of Trade and Industry Charter applied to the financial services industry in South Africa.

⁽⁴⁾ Cumulative decrease compared to 2010 base year.

⁽⁵⁾ South Africa only.