



Live with confidence

Annual Results 2023

23



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Basis of preparation

The Sanlam group's financial statements for the 12 months ended 31 December 2023 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' fund information are, in all material respects, consistent with those applied in the 2022 integrated report and annual financial statements, except for the adoption of IFRS 17 and restatements detailed in note 39 of the annual condensed consolidated financial statements as well as the inclusion of the Sanlam and Allianz joint venture (SanlamAllianz), which came into effect from 4 September 2023 and is reported on in our accounts from 1 October 2023.

All references to 2023 and 2022 relate to the full 12-month period, unless otherwise stated.

Forward-looking statements

In this report, we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, among others, on the financial results, to new business volumes and investment returns (including exchange-rate fluctuations). These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "expect" and "project" and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this document has not been reviewed and reported on by Sanlam's external auditors.

Constant currency information

The constant currency information included in this report has been presented to illustrate the impact of changes in the South African rand exchange rates.

It is presented for illustrative purposes only and, because of its nature, may not fairly present the group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the 12 months to 31 December 2023 at the weighted average exchange rate for the 12 months to 31 December 2022, which is also applied to the translation of comparative information.

The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Botswana pula, Indian rupee, Moroccan dirham, Angolan kwanza, Nigerian naira and the Egyptian pound. The Egyptian pound was included post 1 October 2023, recording an average and spot rate of 0.60 to rand conversions.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Nigeria
31/12/2022	20,47	17,02	1,33	0,21	1,62	0,03	0,04
31/12/2023	23,31	18,29	1,37	0,22	1,86	0,02	0,02
(Strengthening)/Weakening	13,9%	7,5%	3,3%	7,9%	14,7%	(34,2)%	(45,8)%
Average 2022	20,16	16,31	1,32	0,21	1,61	0,04	0,04
Average 2023	22,91	18,44	1,38	0,22	1,82	0,03	0,03
(Strengthening)/Weakening	13,7%	13,1%	4,4%	7,2%	13,1%	(21,3)%	(19,9)%

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Financial and strategic review

Sanlam achieves an excellent operating performance in 2023

Financial review (all commentary on net result from financial services and group equity value is based on additional shareholders' fund information)

- ▶ **Net result from financial services (NRFFS) and cash net result from financial services⁽¹⁾⁽²⁾ both increased by 18%** to R12,4 billion, with strong contributions from all lines of business.
- ▶ Net result from financial services and cash net result from financial services **on a per share basis, increased by 21%**, lifted by a reduction in share count from share repurchases in 2022 and 2023, and the consolidation of the B-BBEE SPV in the shareholders' fund following acquisition of the senior ranking preference shares effective 30 June 2023.
- ▶ **Net operational earnings⁽²⁾ increased by 25%** to R13,9 billion (28% higher on a per share basis), supported by higher investment returns over the period.
- ▶ **Group new business volumes increased by 18%** to R397 billion.
- ▶ **Life insurance new business volumes were 14% higher** on a present value of new business premiums (PVNBP) basis, with **net value of new covered business up 19%** to R2,9 billion, benefiting from a shift in sales mix to more profitable product lines.
- ▶ **Net client cash flows** of R36 billion, with an improved trend in flows recorded in the second half of the year.
- ▶ **Return on group equity value (RoGEV) for the year of 15,7%** (16,7% per share) and adjusted RoGEV⁽³⁾ of 18,4% (19,5% per share) both ahead of the hurdle rate of 15,5%.
- ▶ **Group solvency position remained strong** and within the target range, with a group solvency cover ratio of 170% at 31 December 2023.
- ▶ **Dividend increased by 11,1%** to 400 cents per share from 360 cents per share for 2022.
- ▶ **Strong delivery on strategy** evidenced by actions taken to build dominant positions in South Africa and the rest of the African continent.

The group recorded a marked upswing in performance in 2023 as the quality of our existing operations came through strongly after the series of one-in-25/100-year events from 2020 to 2022. We achieved a record net result from financial services of R12,4 billion, with the life insurance portfolio growing by 19%, general insurance by 21%, investment management by 14% and credit and structuring by 29%.

New business volumes remained solid at just under R400 billion, also a record high, with robust sales growth across all lines of business. Despite the challenging consumer environment, which resulted in more policy cancellations and clients accessing their savings in South Africa, the group's established asset gathering capability ensured that total net client cash flows remained firmly positive. All lines of business contributed to this excellent result, with the investment management operations doing well in a difficult environment as flows in core business areas remained positive.

The group's main value creation metric of RoGEV was above the hurdle rate on an actual and adjusted basis, supported by:

- ▶ **Covered business:** robust new business and positive risk, working capital and credit spread experience, somewhat dampened by a once-off reduction due to the introduction of IFRS 17 and related tax impact, and weaker persistency experience driving a consequent strengthening of persistency assumptions.
- ▶ **Non-covered business:** higher valuation of the group's credit operations in India (Shriram Finance Limited) due to improved performance and outlook, improved general insurance underwriting in the Pan-Africa operations, realisation of synergy benefits from the Absa asset management integration and an improved contribution from Santam, having outperformed its return on capital target over the period.

These positive contributions were partially offset by the lower former Allianz entities take-on value contributed to SanlamAllianz, mostly due to currency movements. The largest currency impacts were from the depreciation of the Egyptian pound relative to the rand, which impacted the value of the Allianz entities, and the appreciation of the Moroccan dirham and US dollar relative to the rand, which impacted the value of the Sanlam entities (see additional information on page 9). These currency movements were offset to some degree by currency impacts in other areas of the group's business.

The group's strong results reflect our strategic focus over the past three years on improving the performance of our existing operations, while at the same time investing in the group's long-term growth path. Our financial performance in 2023 was largely due to unlocking the potential of our existing operations, which are on a firm footing. We expect contributions from strategic activity to enhance group performance in future.

⁽¹⁾ Cash NRFFS represents NRFFS adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and IFRS 17 specific and other non-cash adjustments.

⁽²⁾ The 2023 earnings and the restated earnings for the comparable period in 2022 are based on the new IFRS 17 accounting standard, after allowing for Sanlam specific shareholders' fund adjustments.

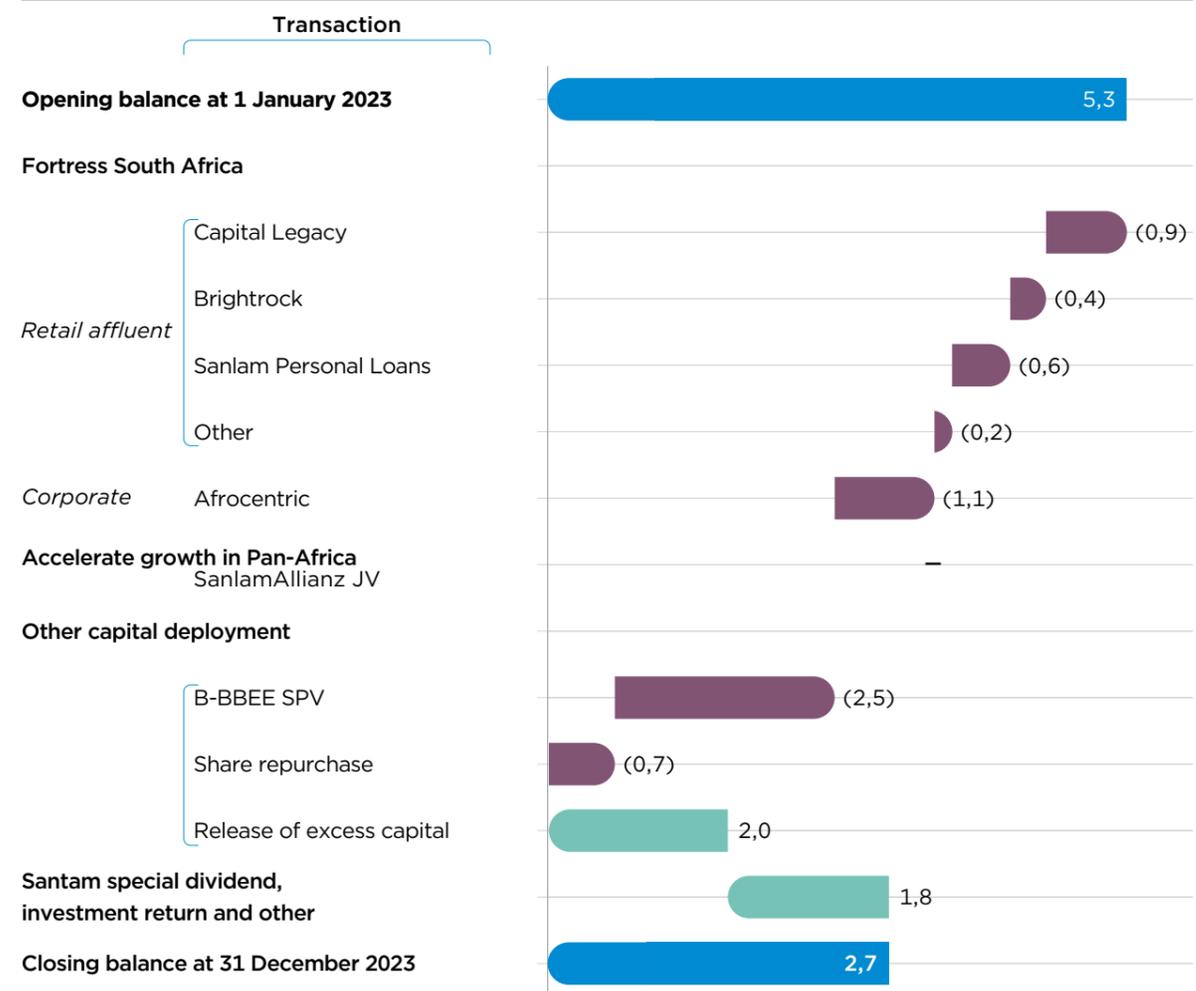
⁽³⁾ Adjusted RoGEV excludes all currency exchange rate movements, the impact of actual investment returns relative to long-term assumptions, interest rate changes, tax changes and other one-off effects not under management control.

Disciplined capital allocation to strengthen our business for the long term

The group continued to allocate capital in line with its three strategic pillars of building a fortress position in South Africa, accelerating growth in Pan-Africa and strengthening our position in Asia.

Discretionary capital decreased from R5,3 billion at 31 December 2022 to R2,7 billion at 31 December 2023. Steps to fortify the group's position in South Africa focused on the retail affluent and corporate market segments, to strengthen the group's product proposition, enhance scale and cross-sell opportunities, and contribute to cost and capital synergies.

Discretionary capital (R billion)



Fortress South Africa	Transaction	Strategic rationale
	Capital Legacy	Innovative wills and estates provider, build market leading fiduciary business
- Retail affluent	Brightrock	Strengthen risk product market position and realise synergies
	Sanlam Personal Loans	Minority buy-out with intention to expand business in time without the constraints of a competitor as partner
- Corporate	Afrocentric	Leading health insurance and solution provider, filling in an essential product proposition

■ Increase ■ Decrease ■ Total

See page 10 for further information on capital allocation.

Financial and strategic review continued

Line of business analysis

In this analysis, all references to South Africa include Sanlam Life and Savings, Sanlam Investment Group and Santam. Pan-Africa refers to the Sanlam Emerging Markets operations in Africa outside of South Africa (SanlamAllianz) and including Namibia, and Asia refers to our operations in India and Malaysia.

SanlamAllianz JV formation impact on Sanlam group reporting

The effective date for the SanlamAllianz JV was 1 October 2023, thereby contributing for only one quarter in the reporting period ended 31 December 2023 to the group. As a result the structure of the Sanlam Emerging Markets (SEM) cluster significantly changed, also impacting the comparability of the cluster's 2022 performance.

For the period to 30 September 2023, SEM consisted of Sanlam Pan African (SPA) including Namibia and Asia (India and Malaysia). All of the assets of Sanlam Pan African (SPA), except the Namibian assets, were contributed to the SanlamAllianz JV. From 1 October 2023 the SEM cluster consists of the SanlamAllianz JV, Namibia as a standalone business and Asia as illustrated below:

2022	2023											
Full year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SEM cluster	SEM cluster											SEM cluster
<ul style="list-style-type: none"> ▶ Sanlam Pan-Africa (SPA), including Namibia ▶ India ▶ Malaysia 	<ul style="list-style-type: none"> ▶ Sanlam Pan-Africa (SPA), including Namibia ▶ India ▶ Malaysia 											<ul style="list-style-type: none"> ▶ SanlamAllianz JV ▶ Namibia ▶ Asia (India and Malaysia)

The SanlamAllianz JV transaction involved multiple African geographies with multiple regulatory requirements. The integration of the businesses, including financial reporting, could only commence after the effective date and is progressing well. As a consequence, Sanlam can only disclose summarised information until the processes are fully aligned over the next 12 months to allow reporting at the detailed level that is customary for Sanlam's disclosure. We anticipate that the detailed disclosures will be available when results for the financial year ending 31 December 2024 will be reported. This will also allow for a longer period to establish meaningful trends.

Commentary relating to 2023 and 2022 refers to the full year, unless otherwise indicated.

Because of the non-comparability of the portfolio between 2023 and 2022, an analysis of the performance of SanlamAllianz on a pro forma basis is included on page 6.

Life insurance and health

Net result from financial services for life insurance increased by 19%, with South Africa up 17% and Pan-Africa 63% higher. The South Africa and Pan-Africa operations recorded favourable risk experience and higher asset-based income from improved investment market performance and strong recent new business inflows. South Africa also benefited from higher earnings from the credit portfolio backing life insurance liabilities. Growth in Asia was dampened by a weaker performance in Malaysia, which offset the strong performance in India where continued book growth drove a 49% increase in NRFFS.

Life insurance new business volumes increased by 14% on a PVNBP basis, with strong trends recorded in South Africa and Asia. South Africa's PVNBP increased by 16%, with the retail mass business recording an 8% increase, retail affluent growing by 14% and corporate by 37%. Strong single premium sales were achieved in retail affluent and corporate, with retail affluent also showing good growth in the higher margin recurring premium product lines, despite muted recurring premium growth overall. Pan-Africa new business declined due to lower single premium sales. Asia's growth of 25% was driven by India, where sales increased 43% on the back of strong volumes from the Shriram ecosystem and third-party channels. Malaysia recorded weaker sales growth.

Net VNB increased by 19% (16% on a constant economic basis). South Africa increased its contribution by 22%, with strong performances from the retail affluent and corporate businesses. Retail affluent benefited from higher margin risk and guaranteed annuity product sales, while corporate's growth was driven by improved annuity and investment product sales. The retail mass contribution increased by 4%, as the positive impact of higher sales volumes was partly offset by assumption changes as a result of a weaker persistency experience.

Pan-Africa increased its contribution by 4% despite muted sales growth, supported by strong growth and favourable product mix in North and West Africa. Asia increased by 34% due to the strong performance from the India operations.

Net VNB margin of 2,85% (2,77% on a constant economic basis) was higher than the 2,72% recorded in 2022. South Africa recorded 2,49% (2022: 2,38%) with Pan-Africa at 4,84% (2022: 4,39%) and Asia at 5,46% (2022: 5,12%).

Life insurance net client cash flows were satisfactory at R18,7 billion, albeit 14% lower than in 2022. The lower net inflows were mainly due to a weaker performance in South Africa, where increased surrenders and fund terminations detracted from robust new business inflows.

The **health** line of business consists mostly of Sanlam's 59,8% shareholding in Afrocentric.

Net result from financial services for health increased by 18%. The increase in Afrocentric ownership from 28,7% to 59,8% in May 2023 supported this growth. Afrocentric experienced challenging operating conditions in the first half of 2023 but recorded an improved performance in the second half, benefiting from higher administration fee income as a result of increased membership, higher new business secured and higher sales in the pharmacy business.

General insurance

Net result from financial services increased by 21%.

Santam increased by 3%. Solid growth in alternative risk transfer and an improved return on insurance funds offset a weaker underwriting performance. Adverse weather events, the Türkiye earthquakes, run-off losses in respect of cancelled business and some large fire claims impacted underwriting performance, resulting in an underwriting margin of 3,5% (2022: 5,1%) for the conventional insurance business. Excluding large one-off items, an underwriting margin of 8,4% was achieved. Shareholders and noteholders are referred to Santam's annual results released on 29 February 2024 for more information (<https://www.santam.co.za/about-us/investor-relations/>).

Pan-Africa increased by 41% (25% in constant currency) driven by improvements in both underwriting margin and investment return on insurance funds margin. The underwriting margin increased to 7,5% (2022: 5,3%), benefiting from improved experience, as well as good cost management. The investment return on insurance funds margin improved to 4,6% (2022: negative 2,7%), resulting in a net insurance result margin of 12,1%, within the 10% to 15% target range.

Asia's performance improved by 58% due to strong performance in India, albeit dampened by weaker growth in Malaysia. A continued recovery in sales volumes and reserve releases due to a better-than-expected claims experience following good claims management, underpinned India's strong performance.

New business volumes (net earned premiums) increased by 4%. Santam achieved net earned premium growth of 5,8% in the conventional insurance business. Risk management actions impacted overall growth, which would otherwise have been 8%. Pan-Africa recorded new business volumes broadly in line with 2022. Asia's growth of 20% was driven by India where strong Shriram group and digital distribution channel growth across all product lines supported an increase of 27% (18% on a constant currency basis).

Investment management

Net result from financial services increased by 14% (19% excluding 2022 disposed UK operations).

South Africa increased by 15%, despite lower performance and fund establishment fees. Improved investment market performance over the year and strong net inflows in recent periods supported earnings, with the wealth business also benefiting from increased trading activity. Synergies realised from the Absa asset management integration supported asset management. The international business increased by 10%, benefiting from performance fees earned in the second half of 2023. Pan-Africa increased 19% due to higher fee income from increased assets under management.

New business volumes increased by 22% to R275 billion, with good growth in South Africa, supported by the inclusion of the Absa asset management business, and strong inflows in the Pan-Africa operations.

Net client cash flows remained positive, albeit significantly lower than 2022.

The international asset management business was a significant detractor, with outflows still being experienced due to the sale of our wealth and financial planning business in 2022, and movement of portfolios due to restructuring and the closure of certain funds.

Excluding the international business, we achieved net inflows of R7,3 billion, a strong performance in a challenging economic environment.

In South Africa, we recorded net inflows of R9,7 billion. This was lower than 2022 due to increased terminations and withdrawals of investment business in the retail affluent and corporate operations. The South African asset management business recorded satisfactory net inflows of R3,9 billion, with flows improving strongly in the second half of 2023. Wealth management recorded positive flows, albeit lower than the prior year, benefiting from its offshore investment capabilities. The Pan-Africa operations recorded net outflows due to withdrawals in East and Southern Africa.

Credit and structuring

Net result from financial services increased by 29% due to the strong performance from the India operations, the largest contributor to the group's earnings from credit and structuring. India achieved growth of 51% from Shriram Finance Limited. The business benefited from a larger advances book, improved cost efficiencies and better collections. Shareholders and noteholders are referred to Shriram's published results for more information (www.shriramfinance.in).

Financial and strategic review continued

South Africa's contribution declined due to reduced net interest income. This was as a result of muted book growth and higher bad debt provisions given the difficult economic environment.

Pro forma operational performance of SanlamAllianz

The pro forma financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors. It has been prepared for illustrative purposes only, to provide information on how SanlamAllianz may have affected Sanlam's financial position and financial performance for the 12 months ended 31 December 2023, had the effective date occurred on 1 January 2023 for statement of profit or loss purposes. Due to its nature, the pro forma financial information may not fairly represent Sanlam's operating results. The pro forma financial information has not been reviewed or reported on by Sanlam's external auditors.

On a pro forma basis, SanlamAllianz performed well, with key metrics for 2023 relative to 2022:

- ▶ General insurance gross premium growth within our medium-term target range.
- ▶ Life insurance new business volumes growth below our medium-term target range and flat.
- ▶ Life insurance VNB growth slightly below our medium-term target range.
- ▶ Net insurance result for the general insurance line within the target range of 10% to 15%.
- ▶ Net results from financial services increased by over 25%.

Outlook

The group's performance momentum picked up significantly in 2023 as a result of actions taken over the past three years. Our strong capital position and cash generation, as well as the diversity of our operations by product, market segment and geography, position us well to navigate the current macroeconomic environment. We are building leading market positions in all segments in South Africa, have created a new force on the African continent outside of South Africa and continue to strengthen our presence in Asia, with a particular focus on India.

We are positive about the group's growth prospects for 2024. Ongoing geopolitical conflicts do, however, pose risk to the outlook for investment markets, interest rates and inflation. Group earnings remain sensitive to significant moves in global investment markets.

Due to the impact of economic conditions on clients in the retail mass market, persistency challenges continue. However, actions taken have seen short duration persistency stabilising. Further management actions to improve resilience to the cyclical economic pressures on clients are being implemented. These actions may negatively impact short-term sales and value of new business in 2024 in the retail mass segment, but will ensure sustainable long-term growth. We however expect profits in this segment in 2024 to remain robust and in line with historical growth levels.

The group's funeral JV with Capitec terminates in October 2024. We anticipate that the proposed Assupol transaction, subject to regulatory and other approvals, together with the contribution from other strategic activity concluded in 2023, will supplement part of the new business value lost through this termination.

In our Pan-Africa operations, SanlamAllianz's businesses are progressing well, with management focused on integrating the operations and realising revenue and cost synergies. The long-term growth prospects for the portfolio are very attractive.

We remain positive about the medium to long-term prospects for the African countries in which we operate. Short-term economic challenges are set to reverse over time and the continent is likely to achieve good income growth, which will support our operations. The Indian economy is performing well and we are very positive about the medium to long-term prospects of our Indian operations.

Dividend

The group declared a dividend of 400 cents per share (2022: 360 cents per share). This fell within our normal dividend policy range of real growth of 2% to 4% over a rolling three-year period, without undermining the group's ability to deal with further financial stresses.

The declaration of a dividend reflects the group's resilience and ability to generate cash, and the board's confidence in the underlying strength of the business.

Additional information

Key performance indicators

For the year ended 31 December	unit	2023	Restated 2022	Δ
Earnings				
<i>Shareholders' fund information</i>				
Net result from financial services ⁽¹⁾	R million	12 379	10 473	18%
Cash net result from financial services ⁽²⁾	R million	12 398	10 473	18%
Net operational earnings ⁽¹⁾	R million	13 889	11 077	25%
Headline earnings	R million	14 467	9 687	49%
Weighted average number of shares	million	2 089	2 078	1%
Adjusted weighted number of shares	million	2 158	2 210	(2)%
Net result from financial services per share	cents	574	474	21%
Cash net result from financial services per share	cents	574	474	21%
Net operational earnings per share	cents	644	501	28%
Diluted headline earnings per share	cents	692	466	49%
<i>IFRS information</i>				
Basic profit attributable to shareholders' fund per share	cents	703	598	17%
Diluted profit attributable to shareholders' fund per share	cents	693	590	17%
Dividend per share	cents	400	360	11%
Business volumes				
Total new business volumes	R million	396 590	335 201	18%
Total net client cash flows	R million	35 672	59 975	(41)%
Life insurance				
New business volumes (PVNBP)	R million	100 241	87 814	14%
Value of new covered business	R million	2 853	2 388	19%
New covered business margin	%	2,85	2,72	
Value of new covered business ⁽³⁾	R million	2 776	2 388	16%
New covered business margin ⁽³⁾	%	2,77	2,72	
Life insurance net client cash flows	R million	18 678	21 615	(14)%
General insurance				
New business volumes	R million	47 153	45 250	4%
Net client cash flows	R million	16 744	16 384	2%
Investment management				
New business volumes	R million	274 579	225 139	22%
Net client cash flows	R million	250	21 976	(99)%
Group equity value				
Group equity value	R million	149 904	140 776	
Group equity value per share	cents	70,86	63,80	
Return on group equity value per share	%	16,7	4,2	
Adjusted return on group equity value per share	%	19,5	14,9	
Solvency cover				
Sanlam group	%	170	169	
Sanlam Life Insurance Limited	%	245	230	
Sanlam Life insurance Limited covered business	%	170	176	

⁽¹⁾ The 2023 earnings and the restated earnings for the comparative period in 2022 are based on the new IFRS 17 accounting standard, after allowing for Sanlam specific shareholders' fund adjustments.

⁽²⁾ Cash NRFFS represents NRFFS adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and IFRS 17 specific and other non-cash adjustments.

⁽³⁾ Constant economic basis.

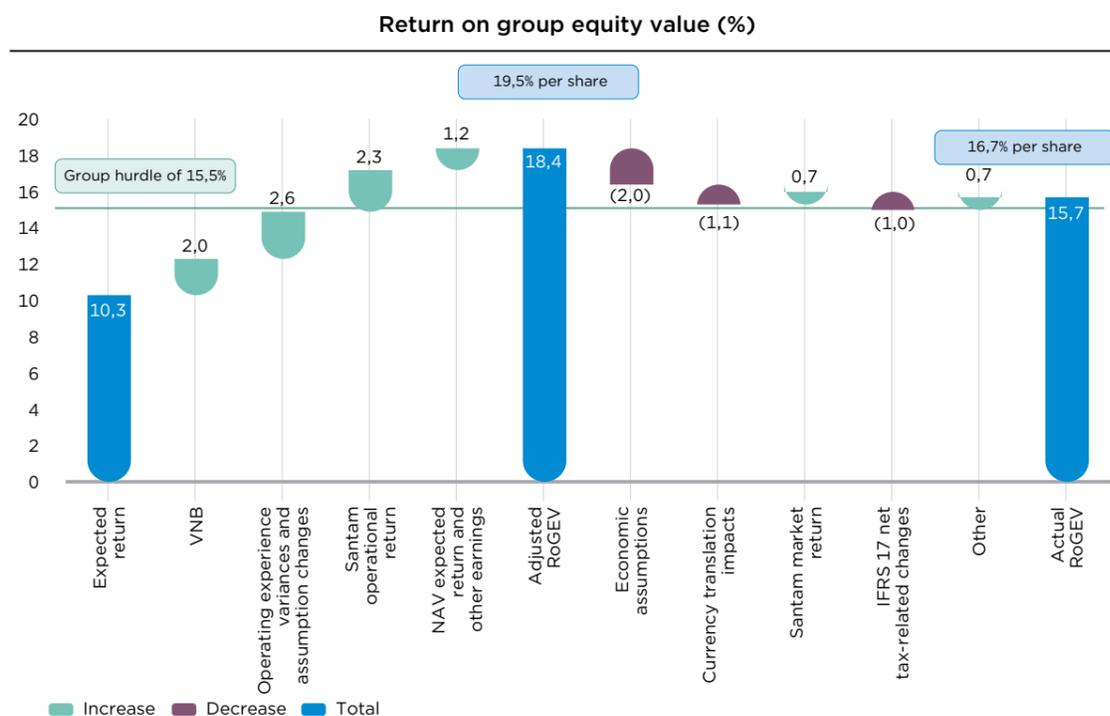
Financial and strategic review continued

Group equity value

Group equity value amounted to R149,9 billion or 7,086 cents per share at 31 December 2023, with RoGEV of 15,7% and adjusted RoGEV of 18,4% both above the 15,5% hurdle rate.

On a per share basis, actual RoGEV was 16,7% and adjusted RoGEV was 19,5%. The uplift to RoGEV on a per share basis was due to the 85 million Sanlam shares held by the broad-based black economic empowerment (B-BBEE) special purpose vehicle (SPV), now treated as treasury shares after Sanlam's acquisition of the senior ranking preference shares from the Standard Bank of South Africa Limited (SBSA).

Analysis of RoGEV for 2023



The key drivers of RoGEV were as follows:

- ▶ VNB contributed 2,0%, benefiting from satisfactory levels of new business volumes and increased sales of higher margin products. The South Africa retail affluent and corporate businesses, as well as Asia, contributed to the strong performance.
- ▶ Operating experience variances and assumption changes together contributed 2,6%, made up of 1,5% from experience variances and 1,1% from assumption changes.

Operating experience variances

- Positive risk experience variances of R1,5 billion on covered business (2022: positive R1,7 billion). All clusters contributed positively to risk experience.
- Persistency experience in the covered business was negative R810 million (2022: negative R596 million) largely due to a weaker experience in the South Africa operations. Persistency experience in retail affluent remained positive, benefiting from a range of proactive management interventions, but was negative in the retail mass and corporate businesses, as their client bases faced continued affordability constraints. In the retail mass business, management actions have stabilised short-duration persistency, but the difficult economic climate continues to impact persistency at longer durations. Lower-than-expected fees in the admin business impacted corporate.
- Higher positive credit spread and working capital profits due to increased margin income in the credit portfolio and the impact of higher interest rates on working capital.
- Positive experience variances in the non-covered business mainly due to strong general insurance premium income in Pan-Africa and positive lending income experience in the India credit business.

Operating assumption changes

- The covered business recorded negative operating assumption changes of R964 million (2022: negative R473 million). The primary drivers were persistency assumption changes of negative R837 million (2022: positive R133 million) in response to weaker persistency in the retail mass business and some strengthening in the Pan-Africa operations. Negative maintenance expense assumption changes relate mainly to the re-allocation of costs to clusters from the group office.
- The non-covered business operations recorded strong positive operating assumption changes of R2,5 billion (2022: negative R396 million) due to an improved growth outlook in the India credit operations, improved general insurance underwriting in the Pan-Africa operations, and the realisation of synergy benefits from the Absa asset management integration.
- ▶ The negative currency translation impacts were mainly driven by the net portfolio impact of currency movements in the respective Pan-Africa and Allianz portfolios from transaction agreement to effective date (see below). This more than offset the positive impact of currency gains due to depreciation of the rand against major valuation currencies.
- ▶ Positive contribution from Santam due to outperformance against its return on capital target over the period.
- ▶ IFRS 17 related net tax changes negatively impacted RoGEV due to accelerated tax payable on transition, and the additional tax on the investment return earned on the IFRS 4 discretionary margins that were transferred from the policyholder funds to the shareholders' funds on transition.

Formation of SanlamAllianz

On 4 May 2022, we announced our intention to create a Pan-African JV between Sanlam and Allianz SE (Allianz), by combining Sanlam's African operations outside of South Africa (Sanlam Pan-Africa) with those of Allianz. The initial shareholding split of Sanlam and Allianz in the JV was 60% and 40% respectively and excludes Namibia. Sanlam's operations in Namibia will be contributed at a later stage, and at a time when Allianz will also have the option to increase their shareholding in SanlamAllianz to 49%. The initial shareholding split was determined based on relative appraisal value of the entities at 30 June 2021 excluding Namibia.

Following the receipt of all necessary regulatory approvals, the JV was incorporated with an effective date of 4 September 2023, and reflected in Sanlam's accounts from 1 October 2023. Provisions were included in the agreements for certain post-closing adjustments to be performed to obtain the final shareholding split. Post-closing adjustments relating to capital transactions between 30 June 2021 and 4 September 2023 were subsequently allowed for, resulting in the revised Sanlam and Allianz shareholding split at 59% and 41% respectively.

The post-closing adjustments did not include changes to appraisal value since 30 June 2021. Currency movements since 30 June 2021 resulted in an increase in the relative value of the Sanlam Pan-Africa portfolio, mostly due to the appreciation of the Moroccan dirham and US dollar against the rand, and a relative decrease in the value of the Allianz portfolio, mostly due to the depreciation of the Egyptian pound against the rand.

The net impact of these currency movements was a lower take-on value of the Allianz entities relative to the implied shareholding split. Since these are currency movements and do not reflect a deterioration in the underlying operational performance of the respective businesses, we remove this impact from adjusted RoGEV, in line with Sanlam's existing treatment of currency movements.

Despite the negative take-on impacts of currency movements, management remain positive about the long-term growth prospects for SanlamAllianz. The business is well positioned to benefit from Africa's economic growth, rising incomes and consequent increase in penetration rates, as well as from the technical and financial support of Sanlam and Allianz.

Financial and strategic review continued

Capital deployment

Termination of the funeral JV with Capitec

In December 2023, the group announced the termination of the funeral insurance co-operation agreement with the Capitec group, effective from 31 October 2024. A reinsurance recapture amount of R1,9 billion (gross of tax) is payable to the relative Sanlam entities on or before this date. As this is a reinsurance recapture fee, this amount will reflect in the net result from financial services of the relevant Sanlam entities in 2024.

Capital allocation in 2024 to date

In February 2024, the group announced its intention to acquire up to 100% of Assupol Holdings (Assupol), subject to regulatory and Assupol shareholder approval, for a consideration of R6,5 billion. Assupol will form part of Sanlam's retail mass cluster and, together with Sanlam Sky, Safrican and the Capitec JV (until October 2024), will consolidate Sanlam's strong market position in the retail mass market segment in South Africa in complement to our strong positions in the retail affluent and corporate life insurance markets.

In the same month, the group also announced completion of the mandatory takeover offer for Sanlam Maroc shares, increasing SanlamAllianz's shareholding in Sanlam Maroc from 61,73% to 85,59%. The total consideration of R2,4 billion was ultimately funded by Sanlam and Allianz, in line with their respective shareholdings in SanlamAllianz.

The group will fund these transactions from cash resources which may include short-term bridge funding and debt funding. The group has low levels of debt and sufficient capacity to fund these transactions. We do not intend to issue equity to fund any transactions.

Reconciliation of IFRS and shareholders' fund NRFFS

R million	2023	2022	
IFRS profit after tax attributable to SHF	14 478	12 257	18%
Items outside of NRFFS	(804)	(1 949)	
Investment return	(2 120)	(1 147)	
Project expenses	610	543	
Net other earnings	706	(1 345)	
Net result from financial services (before SHF adjustments)	13 674	10 308	33%
Specific shareholder fund adjustments	(1 295)	165	
Net result from financial services (after SHF adjustments)	12 379	10 473	18%
Investment return	2 120	1 147	
Project expenses	(610)	(543)	
Net operational earnings	13 889	11 077	25%

Annexure

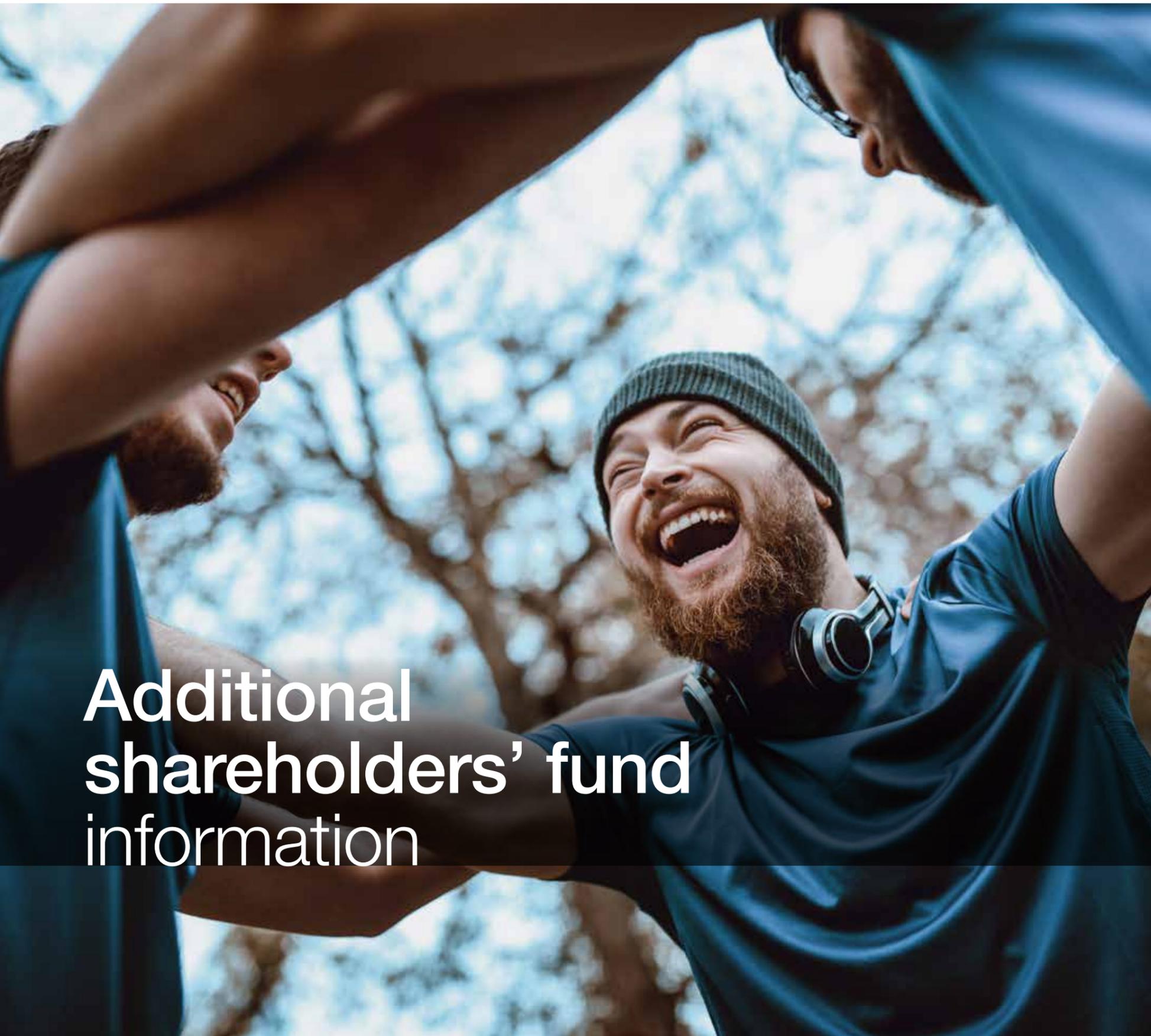
The group entered into a number of transactions during 2023 which affects the comparability of the results during the year, to prior year:

- SanlamAllianz JV as discussed above.
- Sanlam Personal Loans (SPL) was a 70% held associate, and therefore equity accounted, up until 1 December 2023 until SPL became a 100% owned subsidiary.
- Sanlam sold its 28,7% share in ACT Healthcare (associate) in May 2023 for a 28,7% share in Afrocentric in addition to the 31,3% acquired in Afrocentric at the same time. ACT was accounted for as an associate up until 31 May 2023. Afrocentric has been accounted as a 59,8% held subsidiary since 1 June 2023.
- Sanlam sold its 100% subsidiary effective 1 August 2023, to Capital Legacy for a 26% stake in Capital Legacy. The result of this is that we will disclose seven months of subsidiary accounting and five months of associate accounting in 2023.
- MCIS has been classified as held for sale as at 31 December 2023. For shareholder reporting, the income statement reporting is unchanged, but the balance sheet is disclosed as held for sale. The sale is expected to be concluded in Q1 2024.
- Namibia has been classified as held for sale as at 31 December 2023. For shareholder reporting, the income statement reporting is unchanged, but the balance sheet is disclosed as held for sale. The sale to the SanlamAllianz JV is expected to be concluded in H1 2024 as part of step two of the SanlamAllianz JV.

Effective, 30 June 2023, the B-BBEE SPV is consolidated, following the A preference shares (backed by 85 million Sanlam shares) acquired by URD, a 100% held subsidiary of Sanlam group. Up until 30 June 2023, the B-BBEE SPV disclosed in fund transfers for shareholder fund purposes. The remaining collar loan (ringfenced by 26 million Sanlam shares) as well as the Standard Bank derivative will continue to be accounted for in fund transfers until the expiry date of the SPV being 8 March 2023.

Accounting method	Shareholders' fund reporting		IFRS reporting	
	Number of months		Number of months	
	2023	2022	2023	2022
SanlamAllianz/Sanlam Pan-Africa	12	12	12	12
Consolidated	9	12	9	12
Equity accounted	3	—	3	—
Afrocentric	12	12	12	12
Consolidated	7	—	7	—
Equity accounted	5	12	5	12
Sanlam Personal Loans	12	12	12	12
Consolidated	1	—	1	—
Equity accounted	11	12	11	12
Capital Legacy	7	—	7	—
Equity accounted	7	—	7	—
Sanlam Trust	5	12	5	12
Consolidated	5	12	5	12
MCIS Berhad (classified as held for sale at 31 December 2023)	12	12	12	12
Consolidated	12	12	12	12
Sanlam Namibia (classified as held for sale at 31 December 2023)	12	12	12	12
Consolidated	12	12	12	12
B-BBEE SPV	6	—	12	12
Consolidated	6	—	12	12

Additional shareholders' fund information



Additional shareholders' fund information

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Basis of accounting – shareholders' fund information

The purpose of this section is to provide additional information to users of the group financial results in a format that corresponds to that used by management in evaluating the performance of the group and is additional information to the Sanlam financial statements prepared in terms of IFRS.

It includes analysis of the group shareholders' fund consolidated financial position and results in a similar format to that used by the group for internal management purposes. The group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS 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 additional shareholders' fund information to users of Sanlam's financial information.

The group also discloses group equity value (GEV) information in accordance with the requirements of Actuarial Practice Note (APN 107). 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. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the group. This is considered to provide meaningful basis of reporting the underlying value of the group's operations and the related performance drivers. This basis explicitly allows for the impact of uncertainty in future investment returns and is consistent with the group's operational management structure.

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

Basis of accounting – shareholders' fund information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the financial statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' fund information to be suitable for the intended users of this financial information. The shareholders' fund information is prepared on a going concern basis.

The application of the basis of accounting of the shareholders' fund information is also consistent with that applied in the 2022 annual report apart from the following:

- ▶ Impacts relating to IFRS 17 that became effective 1 January 2023
- ▶ The Sanlam Emerging Markets (SEM) cluster includes the following and will be presented as such:
 - The effective date for the SanlamAllianz JV was 1 October 2023, thereby contributing only for one quarter in the reporting period ended 31 December 2023 to the group. As a result the structure of the Sanlam Emerging Markets (SEM) cluster significantly changed, also impacting the comparability of the cluster's 2022 performance.
 - For the period to 30 September 2023, SEM consisted of Sanlam Pan-Africa (SPA) including Namibia and Asia (India and Malaysia). All of the assets of Sanlam Pan-Africa (SPA), except the Namibian assets, were contributed to the SanlamAllianz JV. From 1 October 2023 the SEM cluster consists of the SanlamAllianz JV, Namibia as a standalone business and Asia as illustrated below:

2022 Full year	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
▶ Sanlam Pan Africa (SPA), including Namibia	▶ Sanlam Pan-Africa (SPA), including Namibia									▶ SanlamAllianz JV		
▶ India	▶ India									▶ Namibia		
▶ Malaysia	▶ Malaysia									▶ Asia (India and Malaysia)		

- The SanlamAllianz JV transaction involved multiple African geographies with multiple regulatory requirements. The integration of the businesses, including financial reporting, could only commence after the effective date and is progressing well. As a consequence Sanlam can only disclose summarised information until the processes are fully aligned over the next 12 months to allow reporting at the detailed level that is customary for Sanlam's disclosure. We anticipate that the detailed disclosures will be available when results for the financial year ending 31 December 2024 will be reported. This will also allow for a longer period to establish meaningful trends.
- In the financial commentary provided from page 2, all references to Pan-Africa refers to the Sanlam Emerging Markets operations in Africa outside of South Africa (SanlamAllianz) and including Namibia. Commentary relating to 2023 and 2022 refers to the full year, unless otherwise indicated. As a result, the Pan-Africa results reported in 2023 reflect nine months of the former Sanlam Pan-Africa businesses (excluding Namibia), Namibia as a stand-alone for the full year (as this business is not yet part of the JV), and Sanlam's effective share of SanlamAllianz for the last three months of 2023.

The shareholders' fund information includes the following:

- ▶ Group equity value (refer page 26)
- ▶ Change in group equity value (refer page 29)
- ▶ Return on group equity value (refer page 31)
- ▶ Analysis of group equity value earnings (refer page 32)
- ▶ Financial statements consisting of:
 - Net asset value (refer page 38)
 - Income statement (refer page 40)
 - Related notes, including embedded value of covered business-related disclosures.

IFRS 17 impact on shareholders' fund information

IFRS 17 Insurance Contracts became effective 1 January 2023. Sanlam has restated the 2022 financial statement comparatives on this new standard to enable comparison to 2023. The detail of the change is included in note 17.

The fundamentals of Sanlam's business, including our strategy, are not changed by its implementation. Sanlam's key financial performance focus remains on value creation, as measured by RoGEV, and on dividend growth. Free cash flow generation for dividend purposes is not impacted. Sanlam's overall financial strength and solvency position are not impacted.

To this end, the following key metrics as defined and used by Sanlam in internal and external communication remain:

- ▶ Net result from financial services (NRFFS) represents IFRS earnings adjusted for specific shareholders' fund adjustments.
- ▶ Cash NRFFS represents NRFFS as adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and the reversal of some changes in insurance contract assets (ie, negative liabilities).
- ▶ Cash earnings generated represents cash NRFFS adjusted for project costs not capitalised or funded from discretionary capital. This earnings measure forms the base for dividend declarations.

In line with past practice, the group will continue to prepare shareholders' fund information in addition to the IFRS information, including the shareholders' fund income statement, which represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance.

Transition and specific shareholders' fund reserves

The transition to IFRS 17 resulted in a reduction in policyholder liabilities with a corresponding increase in net asset value. The increase in net asset value attributable to covered business was classified as specific shareholders' fund reserves within retained earnings to manage short-term volatility, as before. As a result, these specific shareholders' fund reserves are written down for group equity value (elimination of specific shareholders' fund reserves) purposes and replaced with value of in force. The recognition and measurement of shareholders' fund reserves are included in the basis of preparation.

Basis of accounting – shareholders' fund information continued

Shareholders' fund adjustments in the income statement

Sanlam's dividend policy is supported by sustainable operating performance. Consequently, net result from financial services is adjusted for short-term market volatility (eg, as a result of investment variances), accounting mismatches because of adjusting the CSM at locked-in rates, and other amounts as specified in the sections below. These adjustments are reversed in the shareholders' fund income statement outside of operational earnings to have a zero impact in the IFRS income statement. Additional disclosures are provided in note 1 on the specific shareholders' fund income statement adjustments.

Group equity value

GEV is the aggregate of the following components:

- ▶ 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.
- ▶ 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
- ▶ 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 net asset value with the following:

- ▶ Adjustments in respect of covered business:
 - Elimination of goodwill and other intangible assets in respect of investment contracts measured under IFRS 9 *Financial Instruments*, as these assets are replaced by the value of the in-force book.
 - Elimination of some insurance contract assets recognised in terms of IFRS 17 *Insurance Contracts*, as these assets are included in the calculation of the value of the in-force book.
 - Elimination of the asset mismatch reserve and other specific shareholders' fund reserves held as part of the capital allocated to contracts measured under IFRS 17 and IFRS 9, as these reserves are included in the calculation of the value of the in-force book.
 - Adding the value of the in-force book.
- ▶ Adjustments in respect of other operations:
 - Adding the fair value adjustment for other operations, comprising of the difference between the fair value of these operations and the corresponding net asset value included in the shareholders' fund at net asset value.
 - Adjustments to net worth, including allowance for the present value of holding company expenses.

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 set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the consolidated 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 analysis are provided for changes from the base estimates and assumptions (refer to note 5 for covered operations and note 6 for non-covered operations).

Fair value of businesses included in GEV

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

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

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

The appropriateness of the valuations is regularly tested through the group's approval framework, in terms of which the valuations of investments 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.

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 period 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 period 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, weighted for changes in issued share capital during the year.

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

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in the Sanlam financial statements, apart from the ones discussed below.

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

Basis of accounting – shareholders' fund information continued

Consolidation reserve

A consolidation reserve is created as part of shareholders' equity in the group statement of financial position for the IFRS accounting mismatches outlined below that are regarded as non-economical in management's view. The consolidation reserve is not recognised in the shareholders' fund at net asset value. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised attributable earnings. This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

- ▶ In terms of IFRS, deferred tax assets are recognised in respect of assessed tax losses in policyholder funds, which increases the group's equity value, whereas the policy liabilities are not increased correspondingly. This leads to an artificial mismatch, with a consequential impact on the group's shareholders' fund and earnings.
- ▶ The consolidation of the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV Group) to which 111 349 000 shares were issued in March 2019, was treated similarly and was also recognised in the consolidation reserve and fund transfers, respectively up to 30 June 2023. When the B-BBEE SPV Group subscribed for the Sanlam shares, an entity in the Sanlam group subscribed for B-preference shares equal to 50% of the debt incurred by the B-BBEE SPV group, and the remaining 50% was funded through external debt, consisting of A-preference shares and a Collar loan. Effective from 30 June 2023, Sanlam acquired the A-preference shares as announced on 14 August 2023 (the "A-preference share Acquisition"). Repayment of the Collar loan was secured with 26,2 million Sanlam shares with the remaining 85,1 million shares backing obligations under the A-preference shares and B-preference shares. For IFRS purposes on 31 December 2023:
 - the B-BBEE SPV group is consolidated,
 - the Sanlam shares held by the B-BBEE SPV group is treated as treasury shares
 - the A and B-preference shares issued by the SPV are eliminated, and
 - the Collar loan is shown on the balance sheet as a liability.

Up to 30 June 2023, the B-BBEE SPV group was not consolidated in the shareholders' fund as it was 50% funded by external parties and therefore no value was recognised for shareholders reporting. Following the A-preference share Acquisition announced in August 2023, entities in the Sanlam group now owns both the A-preference shares and the B-preferences shares that are secured by the 85,1 million Sanlam shares. Effective 30 June 2023, the B-BBEE SPV group is consolidated for shareholders' fund information purposes as a result of the A-preference share acquisition and the possible repurchase of the Sanlam shares to the extent that Sanlam shareholders approve such a repurchase within the next 12 months. The net impact of the consolidation of the B-BBEE SPV group and treatment of the Sanlam shares held within the B-BBEE SPV group resulted in a R4,8 billion increase in treasury shares, with a zero impact on GEV earnings.

Specific shareholders fund reserves

Asset mismatch reserve

An asset mismatch reserve is created in the group statement of financial position for investment variances emanating from insurance and investment contracts measured under IFRS 17 and IFRS 9 respectively. Although the group follows a policy of matching insurance and investment contract cash flows on a duration-matched basis, complete matching is not possible for all lines of business given unique product features and/or the availability of matching assets. This results in mismatch profits or losses being recognised in earnings as changes in the measurement of insurance and investment contract liabilities and the underlying matching assets will not fully offset. In addition, investments in corporate credit instruments measured at fair value also result in earnings volatility due to movements in market spreads and credit default provisions. The difference between the assumed and actual investment return earned on asset classes is another source of mismatch profits and losses. Changes in the cost of investment guarantees is another source of earnings volatility, with these variances being mainly driven by economic impacts such as changes in equity market levels, interest rates and equity volatility. Excess claims related to the payment of investment guarantees and/or any capital injections due to shortfalls arising from inadequate funding levels, will be recognised as losses in earnings. Changes in the estimates of the future cost of investment guarantees are absorbed by the CSM and deferred over the lifetime of the insurance contracts, impacting the:

- ▶ amount of the CSM recognised in net result from financial services in the current reporting period; and
- ▶ the amounts of the CSM expected to be recognised in net result from financial services in future reporting periods.

The asset mismatch reserve is utilised to absorb the earnings volatility described above, supporting the group's strategic objective of increasing dividends to shareholders by between 2% and 4% in real terms over a three-year rolling basis.

The asset mismatch reserve is recognised in the shareholders' fund at net asset value. Movements in the asset mismatch reserve are recognised in a separate line item in the shareholders' fund's income statement, outside of net operational earnings.

The asset mismatch reserve is increased or reduced for insurance contracts by allowing for the following:

- ▶ economic mismatch profits or losses due to duration mismatching of the assets backing the fulfilment cash flows and CSM;
- ▶ investment variances arising from actual investment returns on the assets backing the liabilities being different from those expected, including the risk-free rate component of corporate credit exposures;
- ▶ movements in credit spreads and default provisions relating to corporate credit exposures;
- ▶ mismatch profits or losses due to changes in the cost of investment guarantees for insurance contracts measured under the variable fee approach (VFA); and
- ▶ net investment return earned on the assets backing the asset mismatch reserve.

For insurance contracts measured under the VFA, the investment variances described above are only adjusted for in the asset mismatch reserve if they arise from holding assets not related to the underlying items.

The asset mismatch reserve is increased or reduced for investment contracts in SLS by allowing for economic mismatch profits or losses and investment variances (as described above) specifically related to the assets backing the contract cash flows for vesting bonuses and tax credits.

The asset mismatch reserve is recycled (released) to net result from financial services based on the reserve balance at the end of the previous month/quarter and a rate of release of approximately 10% per annum, which considers:

- ▶ the expected volatility of the items that will be transferred to the asset mismatch reserve driven by the underlying asset mix and the general economic environment that the relevant business operates in;
- ▶ the prevailing interest rate environment and the underlying asset mix, and therefore the expected growth in the asset mismatch reserve from the investment returns on the backing assets (before allowing for the release in the asset mismatch reserve);
- ▶ the mix and duration of the insurance business (for example, general insurance business relative to life insurance business); and
- ▶ the projected solvency cover level compared to target ranges based on a specified release pattern.

Other shareholder fund reserves

Other shareholders' fund reserves were created on transition to IFRS 17 for specific future events such as pandemics and digital transformation (future fit) projects related to insurance business, as well as the recognition of shareholders' fund reserves backed by some insurance contract assets (ie, negative insurance liabilities). These shareholders' fund reserves are held in addition to the insurance liabilities.

Similar to the asset mismatch reserve above, other shareholders' fund reserves are recognised in the shareholders' fund at net asset value. Movements in these reserves are recognised in a separate line item in the shareholders' fund income statement, outside of net operational earnings with a corresponding adjustment to net result from financial services.

The future release pattern of the reserves for future project expenses is consistent with the related expenses incurred over time. These reserves will also absorb excess claims in a future pandemic. The purpose of these reserves is therefore to manage volatility in cash earnings available for dividend distribution.

Reserves in respect of future fit projects originated on transition to IFRS 17 where specific policyholder reserves were released to equity, and investment return on the assets backing this reserve will also be used to fund these project expenses. This reserve is used to absorb costs directly expensed in the income statement and expenses capitalised to manage the impact on dividend volatility. The utilisation of this reserve is presented in the shareholders' fund income statement by reducing the related expenses included in net result from financial services, with a corresponding adjustment in net movement in other shareholders' fund reserves (outside of operational earnings), resulting in a decrease in the reserve. Future fit expenses capitalised are also funded from this reserve to manage the impact on dividend distribution.

Sanlam re-established a pandemic reserve in 2022, presented as a reduction in net result from financial services with a corresponding increase in the net movement in other shareholders' fund reserves (outside of operational earnings), with a zero impact on attributable earnings. The utilisation of this reserve is presented in the shareholders' fund income statement on a similar basis, resulting in a decrease in the reserve. Investment returns on the assets backing the pandemic reserves will be released to net result from financial services over time.

The other shareholders' fund reserves are increased or reduced by the changes in the backing insurance contract assets. The economic impacts on these insurance contract assets are adjusted for in net result from financial services, including the unwind/accretion of interest on the negative insurance liabilities and the impact of economic assumption changes. Other non-cash changes in these insurance contract assets are adjusted for in cash net result from financial services.

Basis of accounting – shareholders' fund information continued

Accounting mismatch

For insurance contracts measured under the General Measurement Model (GMM) in terms of IFRS 17, changes in estimates of the fulfilment cash flows related to future service (for example, changes due to non-financial assumption changes) are reflected in the CSM. However, these changes are measured at the locked-in interest rates that applied at the initial recognition date of each group of insurance contracts, which results in a mismatch between the movements in the fulfilment cash flows (at current interest rates) and the adjustments to the CSM (at locked-in interest rates). These accounting mismatches are removed from net result from financial services with a corresponding adjustment to other shareholders' fund reserves outside of operational earnings.

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.

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.

Net result from financial services

Net result from financial services is a measure of operating performance of the Sanlam group that is better aligned to cash earnings that drives dividend distribution. Investment return on assets held in the capital portfolio are excluded from net result from financial services. The specific shareholders' fund adjustments described above are included in net result from financial services to reflect earnings that are closely aligned to cash earnings for dividend distribution:

- ▶ Asset mismatch reserve movements; and
- ▶ Other shareholders' fund reserve movements related to:
 - Pandemic events;
 - Future fit project expenses;
 - Insurance contract asset economic impacts, and
 - Accounting mismatch impacts related to locked in interest rates in terms of IFRS 17 as described above.

Further adjustments will be made to net result from financial services to remove remaining components of non-cash related earnings. These adjustments will not be presented in the shareholders' fund income statement, instead being disclosed in a note which shows the reconciliation between net result from financial services and cash earnings (see note 1 on page 42 for further details).

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:

- ▶ At 31 December 2023, operating associates and joint ventures include investments in strategic operational businesses, namely SanlamAllianz, Shriram Finance Limited (including the group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments and Pacific & Orient. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- ▶ Non-operating associates and joint ventures include investments held as part of the group's balanced investment portfolio. The Santam group's equity-accounted investments are the main non-operating associates and joint ventures. The group's share of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

In accordance with the JSE Listings Requirement the group annual financial statements set out, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS.

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the B-BBEE SPV up to 30 June 2023 creates artificial accounting mismatches with a consequential impact on the group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the shares held by the B-BBEE SPV. However, the group calculates normalised diluted earnings per share (a non-IFRS measure) to eliminate fund transfers relating to the B-BBEE SPV. This is in the group's opinion a better representation of the earnings attributable to the group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period.

Fund flows

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

Funds received from clients

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

New business

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

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

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

Payments to clients

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

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

Basis of Accounting and presentation – embedded value of covered business

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

The embedded value results of the group's covered business are included in the shareholders' information as it forms an integral part of GEV and the information used by management in evaluating the performance of the group. The 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 2022 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, group stable bonus business, annuity business and other non-participating business written by Sanlam Retail Affluent, Sanlam Retail Mass, Sanlam Corporate, Sanlam Emerging Markets.

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.

Basis of accounting – shareholders' fund information continued

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:

- ▶ Adjusted net worth (ANW); and
- ▶ 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, asset mismatch reserves or other shareholders' fund reserves (refer to page 26).

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 South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that own funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, eg, between 150% and 200% 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, eg, 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

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

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

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

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

The policy liabilities are valued based on IFRS 17 for life insurance contracts and IFRS 9 for investment contracts. The adjusted net worth incorporates certain adjustments from the shareholders' fund at net asset value as outlined above. The policy liabilities include profit margins, which can be expected to emerge as profits in future. For insurance contracts measured under the GMM and VFA, these profit margins mainly comprise of the CSM and the risk adjustment for non-financial risk. The assets backing the asset mismatch reserves can be expected to emerge as profits in the future, excluding the portion of the assets earmarked to absorb variances in the cost of investment guarantees. This investment guarantee surplus included in the asset mismatch reserves will absorb the variances in the estimates of the future cost of investment guarantees as described on page 18, where relevant. If the estimates of the future cost of investment guarantees are higher than expected, therefore reducing the CSM and PVIF, the PVIF on the asset mismatch reserves will be increased to offset this variance by reducing the investment guarantee surplus (and vice versa if the estimates of the future cost of investment guarantees are lower than expected). The investment returns on the assets backing the pandemic reserves can also be expected to emerge as profit. The other shareholders' reserves backed by some insurance contract assets is another source of expected profits expected to emerge in future as these negative liabilities unwind over the lifetime of the contracts. For investment contracts measured under IFRS 9, future fund-based charges less expenses will emerge as profit margins. 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:

- ▶ A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
- ▶ Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- ▶ Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- ▶ The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
- ▶ Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
- ▶ For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
- ▶ Annuities purchased by retirement fund members using in-fund options are treated as new business;
- ▶ Renewable recurring premiums under group insurance contracts are treated as in-force business; and
- ▶ Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the 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 7 on page 54, excluding white label new business.

Risk discount rates and allowance for risk

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

- ▶ Explicit allowances within the projected shareholder cash flows;
- ▶ The level of required capital and the impact on cost of required capital; and
- ▶ 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. A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees on insurance contracts, where relevant. These reserves are determined on a consistent basis in accordance with actuarial guidance from the Actuarial Society (APN 110). 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.

Basis of accounting – shareholders' fund information continued

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.

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, however term dependent inflation assumptions are used where market observable data is available.

Future rates of bonuses for 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, adjusted for expected future trends where appropriate. Future mortality rates also include an allowance for the impact of future pandemics.

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.

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 2022. Expense assumptions include those expenses deemed to be not directly attributable to the fulfilment of insurance contracts under IFRS 17.

Investment management fees

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

Taxation

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

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

Earnings from covered business

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

Value of new business

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

Net earnings from existing covered business

Expected return on value of covered business

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

Operating experience variances

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

Operating assumption changes

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

Expected investment return on adjusted net worth

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

The total embedded value 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 and inflation 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

R million	Notes	Group equity value		Value of in-force/fair value adjustment		Adjusted net asset value		Elimination of specific shareholders' fund reserves		Elimination of goodwill		Shareholders' fund at net asset value	
		Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Sanlam Life and Savings		57 692	54 415	47 664	46 289	10 028	8 126	(12 732)	(10 936)	(1 067)	(1 033)	23 827	20 095
Covered business ⁽¹⁾	8.1.4	49 852	49 386	45 140	43 296	4 712	6 090	(12 732)	(10 936)	(1 067)	(1 033)	18 511	18 059
SA Retail Mass		11 601	11 682	10 143	10 253	1 458	1 429	(5 378)	(4 097)	(76)	(165)	6 912	5 691
SA Retail Affluent		32 335	31 863	30 169	29 078	2 166	2 785	(7 354)	(6 839)	(764)	(628)	10 284	10 252
Sanlam Corporate		5 916	5 841	4 828	3 965	1 088	1 876	—	—	(227)	(240)	1 315	2 116
Non-covered business		7 840	5 029	2 524	2 993	5 316	2 036	—	—	—	—	5 316	2 036
SA Retail Affluent		5 562	4 163	2 703	3 242	2 859	921	—	—	—	—	2 859	921
Glacier		3 136	2 647	2 577	2 294	559	353	—	—	—	—	559	353
Sanlam Personal Loans		2 066	1 219	(124)	527	2 190	692	—	—	—	—	2 190	692
Other operations		360	297	250	421	110	(124)	—	—	—	—	110	(124)
Sanlam Corporate: Afrocentric and other		2 278	866	(179)	(249)	2 457	1 115	—	—	—	—	2 457	1 115
Sanlam Emerging Markets		47 157	42 302	11 823	7 141	35 334	35 161	(1 171)	(799)	(1 319)	(2 893)	37 824	38 853
Covered business	8.2.5	10 151	9 025	4 239	4 039	5 912	4 986	(1 171)	(799)	(1 319)	(2 893)	8 402	8 678
SanlamAllianz		4 710	4 626	1 389	1 468	3 321	3 158	(435)	—	(791)	(2 321)	4 547	5 479
Namibia		2 785	2 151	1 675	1 655	1 110	496	(736)	(799)	—	—	1 846	1 295
Asia: India		1 552	1 203	747	534	805	669	—	—	(332)	(308)	1 137	977
Asia: Malaysia		1 104	1 045	428	382	676	663	—	—	(196)	(264)	872	927
Non-covered business		37 006	33 277	7 584	3 102	29 422	30 175	—	—	—	—	29 422	30 175
SanlamAllianz		16 901	18 702	(96)	1 088	16 997	17 614	—	—	—	—	16 997	17 614
Namibia		1 524	1 472	(82)	21	1 606	1 451	—	—	—	—	1 606	1 451
Asia		20 055	14 500	7 762	1 993	12 293	12 507	—	—	—	—	12 293	12 507
SEM other operations		(1 474)	(1 397)	—	—	(1 474)	(1 397)	—	—	—	—	(1 474)	(1 397)
Sanlam Investment Group		13 466	13 752	7 897	7 506	5 569	6 246	—	—	—	—	5 569	6 246
Covered business	8.3.4	1 314	1 747	(782)	(957)	2 096	2 704	—	—	—	—	2 096	2 704
Non-covered business		12 152	12 005	8 679	8 463	3 473	3 542	—	—	—	—	3 473	3 542
Sanlam investments ⁽²⁾		3 293	3 137	1 165	1 010	2 128	2 127	—	—	—	—	2 128	2 127
Wealth management		3 424	3 138	3 202	2 909	222	229	—	—	—	—	222	229
International		3 640	4 201	2 704	3 205	936	996	—	—	—	—	936	996
Sanlam Specialised Finance		1 795	1 529	1 608	1 339	187	190	—	—	—	—	187	190
Santam		19 433	17 391	13 200	10 472	6 233	6 919	—	—	—	—	6 233	6 919
Dividend pool		8 242	7 315	—	—	8 242	7 315	—	—	—	—	8 242	7 315
Discretionary capital		2 710	5 274	—	—	2 710	5 274	—	—	—	—	2 710	5 274
Other capital		3 875	2 855	—	—	3 875	2 855	—	—	(1 197)	(1 197)	5 072	4 052
Present value of holding company expenses	15	(2 671)	(2 528)	(2 671)	(2 528)	—	—	—	—	—	—	—	—
Group equity value		149 904	140 776	77 913	68 880	71 991	71 896	(13 903)	(11 735)	(3 583)	(5 123)	89 477	88 754
Covered business	3	61 317	60 158	48 597	46 378	12 720	13 780	(13 903)	(11 735)	(2 386)	(3 926)	29 009	29 441
Non-covered business	6.1	76 431	67 702	31 987	25 030	44 444	42 672	—	—	—	—	44 444	42 672
Group operations		137 748	127 860	80 584	71 408	57 164	56 452	(13 903)	(11 735)	(2 386)	(3 926)	73 453	72 113
Discretionary, other capital and PV of holding company expenses		12 156	12 916	(2 671)	(2 528)	14 827	15 444	—	—	(1 197)	(1 197)	16 024	16 641
Group equity value		149 904	140 776	77 913	68 880	71 991	71 896	(13 903)	(11 735)	(3 583)	(5 123)	89 477	88 754
Value per share	14	70,86	63,80									42,29	40,22

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.⁽²⁾ Includes Sanlam 66% share of the third party asset management business of R3 684 million (31 December 2022: R3 466 million).

Analysis of group equity value by line of business

at 31 December

R million	Total		Life business		General insurance	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
South Africa	97 282	92 503	51 166	51 133	19 433	17 391
Africa - excluding South Africa	26 130	27 254	7 495	6 776	17 161	18 088
Other International	26 492	21 019	2 656	2 249	3 662	2 914
Total	149 904	140 776	61 317	60 158	40 256	38 393

R million	Investment management		Credit and structuring		Administration and health	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
South Africa	7 266	6 777	3 359	2 177	5 586	3 810
Africa - excluding South Africa	726	916	1 826	2 314	106	157
Other International	3 781	4 270	16 393	11 586	—	—
Total	11 773	11 963	21 578	16 077	5 692	3 967

R million	Discretionary capital and other	
	Audited 2023	Restated Audited 2022
South Africa	10 472	11 215
Africa - excluding South Africa	(1 184)	(997)
Total	9 288	10 218

Change in group equity value

at 31 December 2023

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	54 415	8 216	1 595	(6 534)	57 692
Covered business	49 386	7 133	(650)	(6 017)	49 852
SA Retail Mass	11 682	1 572	(82)	(1 571)	11 601
SA Retail Affluent	31 863	3 666	358	(3 552)	32 335
Sanlam Corporate	5 841	1 895	(926)	(894)	5 916
Non-covered business	5 029	1 083	2 245	(517)	7 840
SA Retail Affluent	4 163	1 184	695	(480)	5 562
Glacier	2 647	670	80	(261)	3 136
Sanlam Personal Loans	1 219	386	647	(186)	2 066
Other operations	297	128	(32)	(33)	360
Sanlam Corporate: Afrocentric and other	866	(101)	1 550	(37)	2 278
Sanlam Emerging Markets	42 302	6 699	(120)	(1 724)	47 157
Covered business	9 025	1 118	853	(845)	10 151
SanlamAllianz	4 626	172	325	(413)	4 710
Namibia	2 151	381	553	(300)	2 785
Asia: India	1 203	443	2	(96)	1 552
Asia: Malaysia	1 045	122	(27)	(36)	1 104
Non-covered business	33 277	5 581	(973)	(879)	37 006
SanlamAllianz	18 702	(1 029)	(973)	201	16 901
Namibia	1 472	134	—	(82)	1 524
Asia	14 500	6 576	—	(1 021)	20 055
SEM other operations	(1 397)	(100)	—	23	(1 474)
Sanlam Investment Group	13 752	2 098	(832)	(1 552)	13 466
Covered business	1 747	810	(808)	(435)	1 314
Non-covered business	12 005	1 288	(24)	(1 117)	12 152
Sanlam investments	3 137	448	32	(324)	3 293
Wealth management	3 138	535	—	(249)	3 424
International	4 201	(266)	(56)	(239)	3 640
Sanlam Specialised Finance	1 529	571	—	(305)	1 795
Santam	17 391	4 158	—	(2 116)	19 433
Discretionary capital	5 274	(384)	(2 180)	—	2 710
Other capital	10 170	1 469	8 365	(7 887)	12 117
Present value of holding company expenses	(2 528)	(143)	—	—	(2 671)
Elimination of intergroup dividends	—	—	(11 926)	11 926	—
Group equity value	140 776	22 113	(5 098)	(7 887)	149 904
Covered business	60 158	9 061	(605)	(7 297)	61 317
Non-covered business	67 702	12 110	1 248	(4 629)	76 431
Group operations	127 860	21 171	643	(11 926)	137 748
Discretionary and other capital	12 916	942	6 185	(7 887)	12 156
Elimination of intergroup dividends	—	—	(11 926)	11 926	—
Group equity value	140 776	22 113	(5 098)	(7 887)	149 904

Change in group equity value

at 31 December 2022

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	54 159	5 932	(115)	(5 561)	54 415
Covered business	48 937	5 676	(44)	(5 183)	49 386
SA Retail Mass	11 761	1 080	138	(1 297)	11 682
SA Retail Affluent	31 849	3 453	(184)	(3 255)	31 863
Sanlam Corporate	5 327	1 143	2	(631)	5 841
Non-covered business	5 222	256	(71)	(378)	5 029
SA Retail Affluent	4 319	274	(71)	(359)	4 163
Glacier	2 736	120	(30)	(179)	2 647
Sanlam Personal Loans	1 248	126	—	(155)	1 219
Other operations	335	28	(41)	(25)	297
Sanlam Corporate	903	(18)	—	(19)	866
Sanlam Emerging Markets	40 354	1 431	2 272	(1 755)	42 302
Covered business	9 026	1 016	(248)	(769)	9 025
SanlamAllianz	4 839	377	(247)	(343)	4 626
Namibia	2 084	460	(83)	(310)	2 151
Asia: India	1 092	110	68	(67)	1 203
Asia: Malaysia	1 011	69	14	(49)	1 045
Non-covered business	31 328	415	2 520	(986)	33 277
SanlamAllianz	19 348	(2 195)	1 894	(345)	18 702
Namibia	1 297	184	409	(418)	1 472
Asia	12 017	2 503	217	(237)	14 500
SEM other operations	(1 334)	(77)	—	14	(1 397)
Sanlam Investment Group	19 583	(1 067)	(3 611)	(1 153)	13 752
Covered business	2 614	256	(916)	(207)	1 747
Non-covered business	16 969	(1 323)	(2 695)	(946)	12 005
Sanlam investments	3 209	369	4	(445)	3 137
Wealth management	3 273	70	—	(205)	3 138
International	8 917	(1 848)	(2 699)	(169)	4 201
Sanlam Specialised Finance	1 570	86	—	(127)	1 529
Santam	18 241	542	—	(1 392)	17 391
Discretionary capital	2 936	237	2 101	—	5 274
Other capital	9 605	(844)	8 783	(7 374)	10 170
Present value of holding company expenses	(2 488)	(40)	—	—	(2 528)
Elimination of intergroup dividends	—	—	(9 861)	9 861	—
Group equity value	142 390	6 191	(431)	(7 374)	140 776
Covered business	60 577	6 948	(1 208)	(6 159)	60 158
Non-covered business	71 760	(110)	(246)	(3 702)	67 702
Group operations	132 337	6 838	(1 454)	(9 861)	127 860
Discretionary and other capital	10 053	(647)	10 884	(7 374)	12 916
Elimination of intergroup dividends	—	—	(9 861)	9 861	—
Group equity value	142 390	6 191	(431)	(7 374)	140 776

Return on group equity value

for the year ended 31 December

%	Audited 2023	Audited 2022
Sanlam Life and Savings	14,8	11,0
Covered business	14,4	11,6
SA Retail Mass	13,5	9,2
SA Retail Affluent	11,5	10,8
Sanlam Corporate	32,4	21,5
Non-covered business	18,1	4,9
SA Retail Affluent	28,0	6,3
Glacier	25,8	4,4
Sanlam Personal Loans	31,7	10,1
Other operations	30,7	8,9
Sanlam Corporate: Afrocentric and other	(5,7)	(2,0)
Sanlam Emerging Markets	15,8	3,5
Covered business	12,4	11,3
SanlamAllianz	3,7	7,8
Namibia	17,7	22,1
Asia: India	36,8	10,1
Asia: Malaysia	11,7	6,8
Non-covered business	16,8	1,3
SanlamAllianz	(5,5)	(11,2)
Namibia	9,1	14,2
Asia	45,4	20,8
SEM other operations	7,2	5,8
Sanlam Investment Group	15,3	(6,0)
Covered business	46,4	12,2
Non-covered business	10,7	(8,4)
Sanlam investments	14,2	11,5
Wealth management	17,0	2,1
International	(6,4)	(24,0)
Sanlam Specialised Finance	37,3	5,5
Santam	23,9	3,0
Discretionary capital and other	7,9	(5,6)
Group equity value⁽¹⁾	15,7	4,3
Covered business	15,1	11,6
Non-covered business	17,6	(0,2)
Group operations	16,4	5,2
Discretionary and other capital	7,9	(5,6)
Group equity value	15,7	4,3
RoGEV per share	16,7	4,2
Sanlam group hurdle rate	15,5	14,3
South African risk-free rate (nine-year bond yield)	11,5	10,3
Plus margin	4,0	4,0

⁽¹⁾ Refer to the financial and strategic review on page 8 for adjusted RoGEV information.

Analysis of group equity value earnings

at 31 December

Covered business⁽¹⁾

R million	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Operational earnings	10 025	9 548	2 445	3 283	207	(276)	7 373	6 541
Value of new life insurance business ⁽²⁾	2 853	2 388	5 081	5 718	(255)	(267)	(1 973)	(3 063)
Unwinding of discount rate	6 864	6 129	6 772	5 935	92	194	—	—
Expected profit	—	—	(8 254)	(8 268)	—	—	8 254	8 268
Operating experience variances	1 272	1 504	(261)	(496)	5	(91)	1 528	2 091
Risk experience	1 480	1 695	186	246	14	(43)	1 280	1 492
Persistency	(810)	(596)	(541)	(251)	(7)	(23)	(262)	(322)
Maintenance expenses	(208)	(13)	3	—	—	(2)	(211)	(11)
Working capital management	508	432	—	—	—	—	508	432
Credit spreads	443	347	—	—	—	—	443	347
Other	(141)	(361)	91	(491)	(2)	(23)	(230)	153
Operating assumption changes	(964)	(473)	(893)	394	365	(112)	(436)	(755)
Risk experience	124	(178)	93	(319)	(1)	(7)	32	148
Persistency	(837)	133	(677)	1 255	(8)	(80)	(152)	(1 042)
Maintenance expenses	(421)	(210)	(369)	(171)	(1)	4	(51)	(43)
Modelling changes and other	170	(218)	60	(371)	375	(29)	(265)	182
Net investment return	1 030	476	—	—	—	—	1 030	476
Expected return on adjusted net asset value	1 106	1 007	—	—	—	—	1 106	1 007
Investment variances on adjusted net asset value	(76)	(531)	—	—	—	—	(76)	(531)
Valuation and economic basis	435	(3 588)	539	(3 389)	(28)	173	(76)	(372)
Investment variances on in-force business	339	(1 910)	547	(1 485)	(135)	69	(73)	(494)
Economic assumption changes	128	(1 615)	64	(1 820)	67	83	(3)	122
Investment yields	128	(1 631)	64	(1 837)	67	84	(3)	122
Long-term asset mix assumptions and other	—	16	—	17	—	(1)	—	—
Foreign currency translation differences	(32)	(63)	(72)	(84)	40	21	—	—
IFRS 17 and related tax changes	(1 452)	551	(1 212)	545	(240)	16	—	(10)
Profit/(loss) on acquisition/disposal of subsidiaries and associated companies	(958)	(31)	(1 275)	—	(174)	—	491	(31)
Net project expenses	(19)	(8)	—	—	—	—	(19)	(8)
GEV earnings: covered business	9 061	6 948	497	439	(235)	(87)	8 799	6 596
Acquired value of in-force	2 259	268	1 994	175	(37)	(39)	302	132
Disposal of businesses	—	(798)	—	(23)	—	9	—	(784)
Transfers from/(to) other group operations	(2 000)	(127)	—	—	—	—	(2 000)	(127)
Transfers from covered business	(8 161)	(6 710)	—	—	—	—	(8 161)	(6 710)
Embedded value of covered business at the beginning of the year	60 158	60 577	50 018	49 427	(3 640)	(3 523)	13 780	14 673
Embedded value of covered business at the end of the year	61 317	60 158	52 509	50 018	(3 912)	(3 640)	12 720	13 780

⁽¹⁾ Refer to note 8 for an analysis per cluster.⁽²⁾ Refer to note 2 for additional information.

Covered business per cluster

at 31 December

R million	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life and Savings	49 852	49 386	46 810	45 135	(1 670)	(1 839)	4 712	6 090
Sanlam Emerging Markets	10 151	9 025	5 646	4 881	(1 407)	(842)	5 912	4 986
Sanlam Investment Group	1 314	1 747	53	2	(835)	(959)	2 096	2 704
Sanlam group	61 317	60 158	52 509	50 018	(3 912)	(3 640)	12 720	13 780

Analysis of group equity value earnings continued

for the year ended 31 December

Non-covered business

R million	Total		Sanlam Life and Savings		Sanlam Emerging Markets		Sanlam Investment Group		Santam	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Earnings from operations valued at listed share prices	4 158	542	—	—	—	—	—	—	4 158	542
Earnings from operations valued at net asset value	131	16	—	45	(46)	(151)	177	122	—	—
Earnings from operations valued based on discounted cash flows	7 821	(668)	1 083	211	5 627	566	1 111	(1 445)	—	—
Unwinding of discount rate	7 577	7 071	1 006	980	4 752	4 090	1 819	2 001	—	—
Operating experience and investment variances ⁽¹⁾	712	(1 912)	(92)	(439)	1 453	2 230	(649)	(3 703)	—	—
General insurance	707	514	—	—	707	514	—	—	—	—
Investment management	(713)	(3 655)	—	—	(64)	48	(649)	(3 703)	—	—
Credit and banking	797	1 591	(13)	(59)	810	1 650	—	—	—	—
Administration, health and other	(79)	(362)	(79)	(380)	—	18	—	—	—	—
Operating assumption changes ⁽²⁾	2 504	(396)	85	(71)	2 303	(784)	116	459	—	—
General insurance	369	(826)	—	—	369	(826)	—	—	—	—
Investment management	222	471	—	—	106	12	116	459	—	—
Credit and banking	1 756	50	(72)	10	1 828	40	—	—	—	—
Administration, health and other	157	(91)	157	(81)	—	(10)	—	—	—	—
Economic assumption changes	(2 684)	(4 757)	(27)	(342)	(2 151)	(3 933)	(506)	(482)	—	—
Change in tax basis	(38)	(122)	—	83	(38)	(295)	—	90	—	—
Impact of corporate activity	(1 985)	—	111	—	(2 096)	—	—	—	—	—
Foreign currency translation differences	1 735	(552)	—	—	1 404	(742)	331	190	—	—
GEV earnings: non-covered operations	12 110	(110)	1 083	256	5 581	415	1 288	(1 323)	4 158	542

R million	Total		Sanlam Life and Savings		Sanlam Emerging Markets		Sanlam Investment Group	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
⁽¹⁾ Operating experience and investment variances	712	(1 912)	(92)	(439)	1 453	2 230	(649)	(3 703)
General insurance business	707	514	—	—	707	514	—	—
Risk experience	101	(181)	—	—	101	(181)	—	—
Premium income	994	1 189	—	—	994	1 189	—	—
Investment return	99	(20)	—	—	99	(20)	—	—
Maintenance expenses	326	(206)	—	—	326	(206)	—	—
Other	(813)	(268)	—	—	(813)	(268)	—	—
Investment management	(713)	(3 655)	—	—	(64)	48	(649)	(3 703)
Credit business	784	1 591	(26)	(59)	810	1 650	—	—
Administration, health and other	(66)	(362)	(66)	(380)	—	18	—	—
⁽²⁾ Operating assumption changes	2 504	(396)	85	(71)	2 303	(784)	116	459
General insurance business	369	(826)	—	—	369	(826)	—	—
Risk experience	1 886	(142)	—	—	1 886	(142)	—	—
Premium income	(1 247)	(65)	—	—	(1 247)	(65)	—	—
Maintenance expenses	(715)	(463)	—	—	(715)	(463)	—	—
Modelling and other assumption changes	445	(156)	—	—	445	(156)	—	—
Investment management	222	471	—	—	106	12	116	459
Credit business	1 756	50	(72)	10	1 828	40	—	—
Income	2 404	298	(161)	32	2 565	266	—	—
Bad debts	(713)	(497)	(50)	23	(663)	(520)	—	—
Other	65	249	139	(45)	(74)	294	—	—
Administration, health and other	157	(91)	157	(81)	—	(10)	—	—

Analysis of group equity value earnings continued

for the year ended 31 December

Discretionary and other capital

R million	Total	
	Audited 2023	Audited 2022
Investment return and other	510	594
B-BBEE SPV impairment reversal/(charge)	948	(1 105)
Corporate expenses	(611)	(339)
Net group office expenses	(468)	(299)
Change in present value of holding company expenses	(143)	(40)
Share-based payment transactions	95	203
GEV earnings: discretionary and other capital	942	(647)

Reconciliation of group equity value earnings

R million	Audited 2023	Restated Audited 2022
Earnings (excluding fund transfers)	13 413	8 937
Normalised attributable earnings per shareholders' fund income statement	16 557	11 887
Earnings recognised directly in equity		
Foreign currency translation differences	2 071	(1 964)
Net cost of treasury shares delivered	(326)	(282)
Share-based payments	421	485
Change in ownership of subsidiaries	(2 388)	–
Other comprehensive income and other	(2 922)	(1 189)
Fair value adjustments	7 651	(2 922)
Change in fair value adjustments: non-life	6 957	(3 274)
Earnings from covered business: value of in-force	694	352
Adjustments to net worth	1 049	176
Present value of holding company expenses	(143)	(40)
Movement in book value of treasury shares: non-life subsidiaries	(137)	(89)
Change in goodwill/value of business acquired less value of in-force acquired	1 329	305
Group equity value earnings	22 113	6 191

Analysis of shareholders' fund at net asset value

at 31 December

R million	Note	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾		Sanlam Investment Group		Santam		Group office		Consolidation entries ⁽³⁾		Shareholders' fund at net asset value	
		Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets															
Goodwill		2 797	718	14	11 204	1 942	1 976	955	1 004	—	—	1 197	1 197	6 905	16 099
Equipment		841	492	36	601	100	82	573	373	—	—	—	—	1 550	1 548
Right-of-use assets		487	277	16	171	60	161	637	505	—	—	—	—	1 200	1 114
Owner-occupied properties		817	453	—	1 887	156	139	1	17	—	—	—	—	974	2 496
Intangible assets		2 757	345	6	3 278	447	416	120	82	—	—	—	—	3 330	4 121
Contract costs for investment management services		2 422	2 454	4	58	—	21	—	—	—	—	—	—	2 426	2 533
Insurance contract assets		—	—	—	1 789	—	—	408	696	—	—	—	—	408	2 485
Reinsurance contract assets		—	—	—	5 623	—	—	9 361	13 472	—	—	—	—	9 361	19 095
Deferred tax		548	588	15	937	283	259	162	139	—	—	(55)	(37)	953	1 886
Investments		30 205	27 383	42 938	47 928	4 325	4 825	32 344	29 011	4 030	9 676	(4 513)	(8 987)	109 329	109 836
Investment properties		898	19	8	5 836	—	—	—	—	—	—	—	—	906	5 855
Associated companies	10.1	1 424	1 184	17 242	20 727	450	364	1 524	3 536	—	—	(866)	(3 382)	19 774	22 429
Joint ventures	10.2	—	844	23 782	—	203	146	—	—	—	—	—	—	23 985	990
Equities and similar securities		1 544	1 468	143	6 987	82	102	2 857	2 519	—	—	792	1 971	5 418	13 047
Interest-bearing investments		12 235	6 572	1 558	8 698	565	588	20 816	17 817	4 030	7 093	(4 558)	(5 113)	34 646	35 655
Structured transactions		647	285	4	5	27	4	296	238	—	—	—	—	974	532
Investment funds		8 217	7 920	37	5 642	2 732	3 310	2 786	3 316	—	—	119	120	13 891	20 308
Deposits and similar securities		5 240	9 091	164	33	266	311	4 065	1 585	—	2 583	—	(2 583)	9 735	11 020
Trading account assets		229	139	211	—	16 167	13 085	—	—	—	—	(2 863)	1 161	13 744	14 385
Advances to customers		4 065	—	—	—	—	—	—	—	—	—	—	—	4 065	—
Non-current assets reclassified as held for sale		—	—	1 893	938	—	—	—	—	—	—	—	—	1 893	938
Working capital assets		15 178	9 051	2 832	12 367	12 429	12 078	10 425	11 406	1 819	1 756	(309)	1 609	42 374	48 278
Trade and other receivables		8 320	3 358	1 421	4 072	8 292	7 801	6 051	6 088	1 607	1 580	(969)	(1 504)	24 722	21 395
Taxation		53	13	412	804	19	5	474	96	39	—	—	409	997	1 327
Cash and cash equivalents		6 805	5 680	999	7 502	4 118	4 272	3 900	5 222	173	176	660	2 704	16 655	25 556
Total assets		60 346	41 900	47 965	86 792	35 909	33 042	54 986	56 705	5 849	11 432	(6 543)	(5 057)	198 512	224 814
Equity and liabilities															
Shareholders' fund		37 994	28 605	40 179	40 171	6 742	7 282	6 233	6 919	2 475	7 853	(4 146)	(2 076)	89 477	88 754
Non-controlling interest		1 081	227	3 623	12 648	1 134	1 139	4 222	4 489	—	—	(1 764)	(4 228)	8 296	14 275
Total equity		39 075	28 832	43 802	52 819	7 876	8 421	10 455	11 408	2 475	7 853	(5 910)	(6 304)	97 773	103 029
Insurance contract liabilities		—	—	—	17 746	—	—	32 722	34 972	—	—	—	—	32 722	52 718
Reinsurance contract liabilities		—	—	—	1 636	—	—	2 889	2 725	—	—	—	—	2 889	4 361
Term finance		8 220	2 031	1 300	2 947	995	1 050	3 053	2 539	3 350	3 350	(3 178)	—	13 740	11 917
Lease liabilities		604	344	18	188	85	249	824	677	—	—	—	—	1 531	1 458
Structured transactions liabilities		205	187	—	—	1	7	7	35	—	—	—	—	213	229
Deferred tax		5 056	5 330	53	3 230	55	12	1 088	78	—	—	—	5	6 252	8 655
Trading account liabilities		—	—	118	105	18 392	15 603	690	739	—	—	(66)	924	19 134	17 371
Non-current liabilities reclassified as held for sale		13	—	259	266	—	—	—	—	—	—	—	—	272	266
Collateral guarantee contracts		—	—	—	—	—	—	113	129	—	—	—	—	113	129
Working capital liabilities		7 173	5 176	2 415	7 855	8 505	7 700	3 145	3 403	24	229	2 611	318	23 873	24 681
Trade and other payables		6 140	4 114	2 353	6 373	7 788	7 149	2 937	3 018	21	17	2 554	(109)	21 793	20 562
Provisions		40	39	—	601	1	1	126	138	3	3	18	18	188	800
Taxation		993	1 023	62	881	716	550	82	247	—	209	39	409	1 892	3 319
Total equity and liabilities		60 346	41 900	47 965	86 792	35 909	33 042	54 986	56 705	5 849	11 432	(6 543)	(5 057)	198 512	224 814
Analysis of shareholders' fund															
Covered business		18 511	18 045	8 402	8 678	2 096	2 704	—	—	—	—	—	—	29 009	29 427
Other operations		5 316	2 153	29 422	30 319	3 473	3 542	6 233	6 919	—	—	—	—	44 444	42 933
Discretionary and other capital		14 167	8 407	2 355	1 174	1 173	1 036	—	—	2 475	7 853	(4 146)	(2 076)	16 024	16 394
Shareholders' fund at net asset value		37 994	28 605	40 179	40 171	6 742	7 282	6 233	6 919	2 475	7 853	(4 146)	(2 076)	89 477	88 754
Consolidation reserve		564	700	87	62	—	—	—	—	—	—	(1 598)	(4 939)	(947)	(4 177)
Shareholders' fund per group statement of financial position on page 98		38 558	29 305	40 266	40 233	6 742	7 282	6 233	6 919	2 475	7 853	(5 744)	(7 015)	88 530	84 577

⁽¹⁾ Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.

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

⁽³⁾ Elimination of intercompany balances, other investments and term finance between companies within the group.

Shareholders' fund income statement

for the year ended 31 December

R million	Sanlam Life and Savings								Sanlam Emerging Markets						Santam		Group office and other		Total		
	SA Retail Affluent		SA Retail Mass		Sanlam Corporate		Sanlam Investment Group		SanlamAllianz		Namibia		Asia		Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022							
Result from life insurance operations	3 783	2 998	2 201	2 068	1 169	669	509	261	830	587	373	336	233	241	—	—	—	—	9 098	7 160	
Insurance revenue	16 821	15 185	12 693	11 265	9 510	8 704	158	60	5 709	7 652	1 675	1 647	1 671	1 814	—	—	—	—	48 237	46 327	
Insurance service expenses	(12 959)	(12 547)	(10 293)	(9 054)	(8 143)	(8 840)	(418)	(305)	(5 005)	(7 193)	(1 323)	(1 593)	(1 528)	(1 418)	—	—	—	—	(39 669)	(40 950)	
Income or expense from reinsurance contracts	(463)	141	(28)	7	(226)	649	—	—	(357)	(167)	(49)	(28)	16	(60)	—	—	—	—	(1 107)	542	
Insurance investment result	547	368	12	(49)	437	228	769	515	487	295	84	323	74	(95)	—	—	—	—	2 410	1 585	
Other expenses relating to insurance operations	(163)	(149)	(183)	(101)	(409)	(72)	—	(9)	(4)	—	(14)	(13)	—	—	—	—	—	—	(773)	(344)	
Result from general insurance operations	—	—	—	—	—	—	—	—	1 054	857	—	—	—	—	2 170	2 241	—	—	3 224	3 098	
Insurance revenue	—	—	—	—	—	—	—	—	17 032	20 888	—	—	—	—	46 882	43 082	—	—	63 914	63 970	
Insurance service expenses	—	—	—	—	—	—	—	—	(13 413)	(16 553)	—	—	—	—	(37 299)	(38 614)	—	—	(50 712)	(55 167)	
Income or expense from reinsurance contracts	—	—	—	—	—	—	—	—	(2 764)	(3 772)	—	—	—	—	(7 587)	(2 345)	—	—	(10 351)	(6 117)	
Insurance investment result	—	—	—	—	—	—	—	—	199	294	—	—	—	—	434	303	—	—	633	597	
Other expenses relating to insurance operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(260)	(185)	—	—	(260)	(185)	
Result from other operations	1 713	2 163	(68)	(107)	371	243	1 910	1 599	629	406	317	356	2 979	1 982	241	153	(684)	(610)	7 408	6 185	
Revenue	6 164	5 599	206	199	5 272	1 393	6 242	5 593	644	794	438	563	—	—	—	—	229	132	19 195	14 273	
Net other income ⁽¹⁾	104	236	—	—	78	195	198	181	1 157	679	230	164	3 033	2 044	241	153	(42)	(186)	4 999	3 466	
Sales remuneration	(911)	(1 069)	(137)	(171)	(4)	(1)	(11)	(114)	(45)	—	(78)	(114)	—	—	—	—	—	—	(1 186)	(1 469)	
Administration costs	(3 644)	(2 603)	(137)	(135)	(4 975)	(1 344)	(4 519)	(4 061)	(1 127)	(1 067)	(273)	(257)	(54)	(62)	—	—	(871)	(556)	(15 600)	(10 085)	
Result from financial services before tax	5 496	5 161	2 133	1 961	1 540	912	2 419	1 860	2 513	1 850	690	692	3 212	2 223	2 411	2 394	(684)	(610)	19 730	16 443	
Tax on result from financial services	(1 485)	(1 352)	(580)	(548)	(417)	(252)	(576)	(431)	(903)	(506)	(58)	(60)	(886)	(511)	(600)	(666)	193	168	(5 312)	(4 158)	
Non-controlling interest	16	15	—	—	(91)	—	(261)	(190)	(671)	(715)	(137)	(161)	(160)	(198)	(758)	(706)	23	143	(2 039)	(1 812)	
Net result from financial services	4 027	3 824	1 553	1 413	1 032	660	1 582	1 239	939	629	495	471	2 166	1 514	1 053	1 022	(468)	(299)	12 379	10 473	
Net investment income	238	248	76	64	80	79	110	111	59	39	45	40	31	40	130	142	367	436	1 136	1 199	
Net investment surpluses	198	549	35	10	65	24	130	(98)	116	(233)	21	10	162	(245)	257	(71)	—	2	984	(52)	
Project expenses	(27)	(14)	(4)	—	(6)	(1)	(59)	(61)	(163)	(254)	—	—	(7)	(3)	(4)	(46)	(340)	(164)	(610)	(543)	
Net operational earnings	4 436	4 607	1 660	1 487	1 171	762	1 763	1 191	951	181	561	521	2 352	1 306	1 436	1 047	(441)	(25)	13 889	11 077	
Shareholder fund adjustments	685	24	489	49	—	—	—	—	414	—	288	—	(100)	—	—	—	—	—	1 776	73	
Net amortisation of value of business acquired and other intangibles	(4)	(2)	—	—	(10)	(11)	(64)	(55)	2	(143)	—	—	(3)	(1)	(33)	(30)	—	—	(112)	(242)	
Equity participation costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1)	—	—	—	(1)	
Impairments	—	(31)	(15)	(18)	(19)	—	(23)	(6)	(268)	—	—	—	—	—	—	(18)	948	(1 105)	623	(1 178)	
Net equity-accounted earnings	—	—	—	—	(7)	(20)	—	—	2	4	—	—	—	631	50	42	—	—	45	657	
Net profit on disposal of subsidiaries and associated companies	956	1	—	—	(111)	85	15	1 411	(589)	4	(8)	—	—	—	73	—	—	—	336	1 501	
Normalised attributable earnings	6 073	4 599	2 134	1 518	1 024	816	1 691	2 541	512	46	841	521	2 249	1 936	1 526	1 040	507	(1 130)	16 557	11 887	
Fund transfers	16	14	(131)	(240)	(26)	(5)	(1)	(5)	(51)	(42)	—	1	(2)	—	(10)	(12)	(1 874)	659	(2 079)	370	
Attributable earnings per group statement of comprehensive income	6 089	4 613	2 003	1 278	998	811	1 690	2 536	461	4	841	522	2 247	1 936	1 516	1 028	(1 367)	(471)	14 478	12 257	
Diluted earnings per share																					
Weighted average number of shares for normalised earnings per share (million)																				2 158,1	2 210,4
Net result from financial services (cents)	186,6	173,0	72,0	63,9	47,8	29,9	73,3	56,1	43,5	28,5	22,9	21,3	100,4	68,5	48,8	46,2	(21,7)	(13,5)	573,6	473,9	

⁽¹⁾ Net other income includes equity-accounted earnings from investments in associates and joint ventures reflected in note 11.

Net result from financial services

for the year ended 31 December

Geographic analysis per line of business⁽¹⁾

R million	Life business		General insurance		Investment management		Credit and structuring		Administration and health		Corporate expenses and other		Total	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
	South Africa	6 539	5 596	964	911	674	585	343	404	404	338	(468)	(299)	8 456
Africa - excluding South Africa	713	438	835	624	86	72	232	217	—	—	(403)	(200)	1 463	1 151
Other International	132	160	380	262	234	213	1 573	1 039	—	—	141	113	2 460	1 787
Asia	132	160	380	262	—	—	1 573	1 039	—	—	141	113	2 226	1 574
Developed Markets	—	—	—	—	234	213	—	—	—	—	—	—	234	213
Total	7 384	6 194	2 179	1 797	994	870	2 148	1 660	404	338	(730)	(386)	12 379	10 473
Net results from financial services before SHF adjustments	8 629	6 029	2 229	1 797	994	870	2 148	1 660	404	338	(730)	(386)	13 674	10 308
SHF adjustments	(1 245)	165	(50)	—	—	—	—	—	—	—	—	—	(1 295)	165
Impact of adjusting the CSM at locked-in interest rates	(178)	8	—	—	—	—	—	—	—	—	—	—	(178)	8
Insurance contracts economic impact	(597)	(87)	—	—	—	—	—	—	—	—	—	—	(597)	(87)
Asset mismatch reserve movements	(276)	376	(50)	—	—	—	—	—	—	—	—	—	(326)	376
Other adjustments	(194)	(132)	—	—	—	—	—	—	—	—	—	—	(194)	(132)
Total	7 384	6 194	2 179	1 797	994	870	2 148	1 660	404	338	(730)	(386)	12 379	10 473

⁽¹⁾ Refer to note 8 for an analysis per cluster.

Notes to the shareholders' fund information

for the year ended 31 December

1 Cash earnings

R million	Audited 2023	Audited 2022
Net result from financial services before shareholders' fund adjustments	13 674	10 308
Shareholders' fund adjustments	(1 295)	165
Net result from financial services	12 379	10 473
Add/(Less):		
Amortisation of capitalised IT projects	142	53
IFRS 17 specific and other non-cash adjustments	(123)	(53)
Cash net result from financial services	12 398	10 473
Add/(Less):		
Project expenses not included in net results from financial services	(339)	(377)
Project expenses per shareholders' fund income statement	(610)	(543)
Funded from discretionary capital	271	166
Cash generated	12 059	10 096
Add/(Less):		
Project expenses capitalised	(117)	(203)
Release from specific shareholders' fund reserves	90	179
Cash earnings available for dividend distribution	12 032	10 072
Retained by clusters	(3 343)	(2 234)
Cash for dividend declaration	8 689	7 838

Notes to the shareholders' fund information continued

for the year ended 31 December

2 Value of new covered business

R million	Note	Sanlam Life and Savings													
		Total		Sanlam Life and Savings						Sanlam Emerging Markets					
		Audited 2023	Audited 2022	SA Retail Affluent		SA Retail Mass		Corporate		SanlamAllianz		Namibia		Asia	
		Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Value of new covered business (at point of sale)															
Gross value of new covered business		3 429	3 046	1 276	995	819	798	183	135	427	465	340	343	384	310
Cost of capital		(278)	(317)	(43)	(71)	(37)	(43)	(41)	(46)	(67)	(83)	(17)	(24)	(73)	(50)
Value of new covered business		3 151	2 729	1 233	924	782	755	142	89	360	382	323	319	311	260
Value of new business attributable to															
Shareholders' fund	4	2 853	2 388	1 229	923	782	755	142	89	256	231	197	205	247	185
Non-controlling interest		298	341	4	1	—	—	—	—	104	151	126	114	64	75
Value of new covered business		3 151	2 729	1 233	924	782	755	142	89	360	382	323	319	311	260
Analysis of new business profitability															
<i>Before non-controlling interest</i>															
Present value of new business premiums		104 845	93 726	56 360	50 041	13 733	12 764	16 352	11 971	9 006	10 469	3 502	3 475	5 892	5 006
New business margin (%)		3,01	2,91	2,19	1,85	5,69	5,92	0,87	0,74	4,00	3,64	9,22	9,18	5,28	5,19
<i>After non-controlling interest</i>															
Present value of new business premiums		100 241	87 814	56 270	49 538	13 733	12 764	16 352	11 971	6 857	7 419	2 506	2 509	4 523	3 613
New business margin (%)		2,85	2,72	2,18	1,86	5,69	5,92	0,87	0,74	3,73	3,11	7,86	8,15	5,46	5,12
Capitalisation factor – recurring premiums		3,6	3,7	6,1	5,7	3,1	3,2	6,4	6,4	2,0	2,3	5,1	5,3	3,2	3,4

Notes to the shareholders' fund information continued

for the year ended 31 December

2 Value of new covered business continued

Geographical analysis

R million	Value of new covered business		Present value of new business premiums		New business margin	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Before non-controlling interest						
South Africa	2 157	1 768	86 445	74 776	2,50%	2,36%
SA Retail Mass	782	755	13 733	12 764	5,69%	5,92%
SA Retail Affluent	1 233	924	56 360	50 041	2,19%	1,85%
Sanlam Corporate	142	89	16 352	11 971	0,87%	0,74%
Africa - excluding South Africa	683	701	12 508	13 944	5,46%	5,03%
Asia	311	260	5 892	5 006	5,28%	5,19%
Total	3 151	2 729	104 845	93 726	3,01%	2,91%
After non-controlling interest						
South Africa	2 153	1 767	86 355	74 273	2,49%	2,38%
SA Retail Mass	782	755	13 733	12 764	5,69%	5,92%
SA Retail Affluent	1 229	923	56 270	49 538	2,18%	1,86%
Sanlam Corporate	142	89	16 352	11 971	0,87%	0,74%
Africa - excluding South Africa	453	436	9 363	9 928	4,84%	4,39%
Asia	247	185	4 523	3 613	5,46%	5,12%
Total	2 853	2 388	100 241	87 814	2,85%	2,72%

3 Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Value of in-force covered business sensitivity analysis								
Base value	52 509	50 018	(3 912)	(3 640)	48 597	46 378		
Risk discount rate increase by 1%	50 274	47 510	(4 270)	(4 078)	46 004	43 432	(5)	(6)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	53 379	51 215	(3 915)	(3 735)	49 464	47 480	2	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	50 713	48 522	(3 879)	(3 599)	46 834	44 923	(4)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	52 995	50 568	(3 730)	(3 266)	49 265	47 302	1	2
Rand exchange rate depreciates by 10%	52 859	50 333	(4 006)	(3 716)	48 853	46 617	1	1
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	55 009	52 122	(3 931)	(3 648)	51 078	48 474	5	5
Discontinuance rates decrease by 10%	54 301	51 685	(4 021)	(3 739)	50 280	47 946	3	3
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	55 111	52 693	(3 931)	(3 640)	51 180	49 053	5	6
Mortality and morbidity decrease by 5% for annuity business	52 268	49 773	(3 906)	(3 652)	48 352	46 121	(1)	(1)
Gross value of in-force business profile								
Year 1 - 5	61%	59%						
Year 1	18%	17%						
Year 2	14%	14%						
Year 3	12%	11%						
Year 4	9%	9%						
Year 5	8%	8%						
Year 6 - 10	22%	23%						
Year 11 - 20	14%	15%						
Year 20+	3%	3%						

Notes to the shareholders' fund information continued

for the year ended 31 December

4 Value of new covered business sensitivity analysis

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Value of new covered business sensitivity analysis								
Base value	3 108	2 655	(255)	(267)	2 853	2 388		
Risk discount rate increase by 1%	2 843	2 382	(274)	(300)	2 569	2 082	(10)	(13)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	3 262	2 770	(256)	(270)	3 006	2 500	5	5
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	3 351	2 900	(253)	(273)	3 098	2 627	9	10
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	3 428	2 942	(252)	(273)	3 176	2 669	11	12
Discontinuance rates decrease by 10%	3 408	2 984	(259)	(281)	3 149	2 703	10	13
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	3 401	2 952	(248)	(271)	3 153	2 681	11	12
Mortality and morbidity decrease by 5% for annuity business	2 966	2 626	(219)	(273)	2 747	2 353	(4)	(1)

5 Economic assumptions – covered business**5.1 Gross investment return, risk discount rate and inflation**

%	Audited 2023	Audited 2022
Sanlam Life⁽¹⁾		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	11,6%	11,5%
Equities	15,1%	15,0%
Offshore investments	14,1%	14,0%
Hedged equity	10,6%	10,5%
Property	12,6%	12,5%
Cash	10,6%	10,5%
Inflation rate ⁽¹⁾	9,6%	9,5%
Risk discount rate	14,1%	14,0%
Sanlam Developing Markets⁽²⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	9,8%	9,7%
Equities and offshore investments	13,3%	13,2%
Hedged equities	8,8%	8,7%
Property	10,8%	10,7%
Cash	8,8%	8,7%
Inflation rate	7,8%	7,7%
Risk discount rate	12,3%	12,2%
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	6,7%	8,2%
Equities and offshore investments	10,2%	11,7%
Hedged equities	n/a	n/a
Property	7,7%	9,2%
Cash	5,7%	7,2%
Inflation rate	3,7%	5,2%
Risk discount rate	10,2%	11,7%
Morocco		
Fixed-interest securities	3,9%	4,1%
Equities and offshore investments	7,4%	7,6%
Hedged equities	n/a	n/a
Property	4,9%	5,1%
Cash	2,9%	3,1%
Inflation rate	0,9%	1,1%
Risk discount rate	7,9%	8,1%
Allianz Life Egypt		
Fixed-interest securities	26,5%	18,6%
Equities and offshore investments	30,0%	22,1%
Hedged equities	n/a	n/a
Property	27,5%	19,6%
Cash	25,5%	17,6%
Inflation rate	23,5%	15,6%
Risk discount rate	30,0%	22,1%

⁽¹⁾ Expense inflation of CPI curve+1,5% (capped at 10%) plus an additional 13% is assumed for retail business administered on old platforms (December 2022: flat rate of 13,5%). Sanlam Life updated its expense inflation assumptions to allow for the active conversion of closed book policies to new generation products. The expense inflation assumption was updated from a fixed rate (relative to the nine-year risk free nominal point) to a CPI-related curve.

⁽²⁾ Excludes the Sanlam Life products written on Sanlam Developing Markets' licences.

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums (including an allowance for credit risk where relevant) due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (2022: 25bps and 70bps) for non-participating annuities, between 0bps and 70bps (2022: 0bps and 70bps) for individual risk business, between 25bps and 75bps (2022: 25bps to 75bps) for inflation-linked annuities and capped at 120bps (2022: 120bps), reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Notes to the shareholders' fund information continued

for the year ended 31 December

5 Economic assumptions – covered business continued**5.2 Asset mix of the assets supporting adjusted net asset value – covered business**

	R million		Fixed-interest securities %		Equities %		Hedged equities %		Property %		Cash %		Total %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	Required capital													
South Africa ⁽¹⁾	6 825	8 812	–	–	4	3	87	90	–	–	9	7	100	100
Namibia	1 109	496	14	7	25	35	–	–	–	–	61	58	100	100
Africa – excluding South Africa and Namibia	1 821	2 223	73	70	2	4	–	–	10	9	15	17	100	100
Shriram Life Insurance (India)	616	459	100	100	–	–	–	–	–	–	–	–	100	100
MCIS (Malaysia)	798	632	68	67	17	18	–	–	–	–	15	15	100	100
Total required capital	11 169	12 622												
Free surplus	1 551	1 158												
Adjusted net asset value	12 720	13 780												

⁽¹⁾ At 31 December 2023 asset mix backing the Sanlam Life required capital is 98% hedged (31 December 2022: 96%).**5.3 Assumed long-term expected return on required capital**

	Gross %		Net %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	Sanlam Life	10,6	10,5	8,9
Sanlam Developing Markets	9,7	9,6	7,5	7,5
Sanlam Namibia	12,6	12,5	11,3	11,3
Sanlam Namibia Holdings	10,5	10,5	9,2	9,2
Shriram Life Insurance (India)	7,6	7,7	6,5	6,6
MCIS (Malaysia)	4,4	4,8	4,1	4,5

Notes to the shareholders' fund information continued

for the year ended 31 December

6 Value of non-covered operations sensitivity analysis

6.1 Valuation methodology

R million	Total	
	Audited 2023	Audited 2022
Listed share price - Santam	19 433	17 391
Discounted cash flows	55 743	49 041
Sanlam Life and Savings	7 840	4 984
Glacier	3 136	2 647
Sanlam Personal Loans	2 066	1 219
Sanlam Corporate	2 278	821
Other operations	360	297
Sanlam Emerging Markets	36 387	32 622
SanlamAllianz	16 910	18 428
Namibia	1 320	1 195
Asia: India	17 858	12 699
Asia: Malaysia	299	300
Sanlam Investment Group	11 516	11 435
Sanlam Investments	3 211	3 064
Wealth Management	3 424	3 138
International	3 476	4 094
Sanlam Specialised Finance	1 405	1 139
Net asset value	1 255	1 270
Sanlam Investment Group	636	570
Sanlam Investments	82	73
International	164	107
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	619	655
Sanlam Life and Savings	—	45
Total	76 431	67 702

6.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life and Savings	7 840	4 984	7 252	4 555	8 049	5 132
Glacier	3 136	2 647	2 890	2 425	3 238	2 740
Sanlam Personal Loans	2 066	1 219	1 983	1 143	2 095	1 243
Sanlam Corporate	2 278	821	2 095	760	2 348	845
Other operations	360	297	284	227	368	304
Sanlam Emerging Markets	36 387	32 622	32 279	28 611	39 981	35 815
SanlamAllianz	16 910	18 428	15 523	16 615	18 227	19 611
Namibia	1 320	1 195	1 207	1 094	1 377	1 249
Asia: India	17 858	12 699	15 302	10 654	20 058	14 635
Asia: Malaysia	299	300	247	248	319	320
Sanlam Investment Group	11 516	11 435	10 578	10 208	11 964	11 666
Sanlam Investments ⁽¹⁾	3 211	3 064	2 995	2 827	3 298	3 165
Wealth Management	3 424	3 138	3 120	2 876	3 570	3 249
International	3 476	4 094	3 158	3 446	3 652	4 081
Sanlam Specialised Finance	1 405	1 139	1 305	1 059	1 444	1 171
	55 743	49 041	50 109	43 374	59 994	52 613
Weighted average assumption			16,1%	16,0%	2,7%	2 - 7%
R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life and Savings	7 552	4 725	8 460	5 421	7 840	4 984
Glacier	2 848	2 388	3 424	2 905	3 136	2 647
Sanlam Personal Loans	2 066	1 219	2 161	1 305	2 066	1 219
Sanlam Corporate	2 278	821	2 488	891	2 278	821
Other operations	360	297	387	320	360	297
Sanlam Emerging Markets	36 387	32 622	42 326	38 177	39 874	35 765
SanlamAllianz	16 910	18 428	19 166	20 880	18 581	20 290
Namibia	1 320	1 195	1 455	1 317	1 320	1 195
Asia: India	17 858	12 699	21 345	15 619	19 644	13 969
Asia: Malaysia	299	300	360	361	329	311
Sanlam Investment Group	10 234	9 739	12 638	12 355	11 902	11 510
Sanlam Investments ⁽¹⁾	2 829	2 690	3 463	3 344	3 242	3 094
Wealth Management	3 200	2 779	3 787	3 443	3 438	3 066
International	2 905	3 212	3 868	4 335	3 817	4 211
Sanlam Specialised Finance	1 300	1 058	1 520	1 233	1 405	1 139
	54 173	47 086	63 424	55 953	59 616	52 259

⁽¹⁾ Includes third party asset management business based on the following main assumptions:
- Weighted average discount rate: 19,3% (December 2022: 18,7%)
- Weighted average perpetuity growth rate: 5% (December 2022: 5,0%)

Notes to the shareholders' fund information continued

for the year ended 31 December

7 Business volumes**7.1 Analysis of new business volumes and total funds received**

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life and Savings	63 982	53 640	—	—	61 514	56 300	125 496	109 940
SA Retail Affluent	45 571	40 269	—	—	49 459	43 912	95 030	84 181
Recurring	2 119	2 080	—	—	15	13	2 134	2 093
Single	43 452	38 189	—	—	49 444	43 899	92 896	82 088
SA Retail Mass	4 417	3 983	—	—	—	—	4 417	3 983
Sanlam Corporate	13 994	9 388	—	—	12 055	12 388	26 049	21 776
Recurring	434	480	—	—	452	165	886	645
Single	13 560	8 908	—	—	11 603	12 223	25 163	21 131
Sanlam Emerging Markets	10 876	11 172	17 446	17 174	20 118	15 762	48 440	44 108
SanlamAllianz	6 384	7 127	15 345	15 420	16 904	11 124	38 633	33 671
Namibia	2 098	2 131	—	—	3 214	4 638	5 312	6 769
Recurring	342	310	—	—	—	—	342	310
Single	1 756	1 821	—	—	3 214	4 638	4 970	6 459
Asia: India	1 473	1 031	1 857	1 465	—	—	3 330	2 496
Recurring	954	667	1 857	1 465	—	—	2 811	2 132
Single	519	364	—	—	—	—	519	364
Asia: Malaysia	921	883	244	289	—	—	1 165	1 172
Recurring	623	607	244	289	—	—	867	896
Single	298	276	—	—	—	—	298	276
Sanlam Investment Group	—	—	—	—	192 947	153 077	192 947	153 077
Investment Management SA	—	—	—	—	164 919	125 846	164 919	125 846
Wealth Management International	—	—	—	—	11 115	9 558	11 115	9 558
International	—	—	—	—	16 913	17 673	16 913	17 673
Santam	—	—	29 707	28 076	—	—	29 707	28 076
Total new business	74 858	64 812	47 153	45 250	274 579	225 139	396 590	335 201

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

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

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Recurring premiums on existing funds:								
Sanlam Life and Savings	36 897	35 047	—	—	4 706	4 242	41 603	39 289
SA Retail Mass	10 432	9 080	—	—	—	—	10 432	9 080
SA Retail Affluent	16 376	16 140	—	—	138	145	16 514	16 285
Sanlam Corporate	10 089	9 827	—	—	4 568	4 097	14 657	13 924
Sanlam Emerging Markets	9 509	9 036	—	—	—	—	9 509	9 036
SanlamAllianz	4 849	4 991	—	—	—	—	4 849	4 991
Namibia	1 534	1 351	—	—	—	—	1 534	1 351
Asia: India	1 406	1 161	—	—	—	—	1 406	1 161
Asia: Malaysia	1 720	1 533	—	—	—	—	1 720	1 533
Total funds received	121 264	108 895	47 153	45 250	279 285	229 381	447 702	383 526

Notes to the shareholders' fund information continued

for the year ended 31 December

7 Business volumes continued**7.2 Analysis of payments to clients**

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	Sanlam Life and Savings	88 567	73 354	—	—	62 136	48 401	150 703
SA Retail Mass	8 322	7 492	—	—	—	—	8 322	7 492
Surrenders	513	516	—	—	—	—	513	516
Other	7 809	6 976	—	—	—	—	7 809	6 976
SA Retail Affluent	58 338	50 595	—	—	49 908	38 491	108 246	89 086
Surrenders	13 265	8 939	—	—	—	—	13 265	8 939
Other	45 073	41 656	—	—	49 908	38 491	94 981	80 147
Sanlam Corporate	21 907	15 267	—	—	12 228	9 910	34 135	25 177
Surrenders	3 756	3 305	—	—	2 312	1 724	6 068	5 029
Other	18 151	11 962	—	—	9 916	8 186	28 067	20 148
Sanlam Emerging Markets	14 019	13 926	10 667	10 832	22 537	16 568	47 223	41 326
SanlamAllianz	7 168	7 743	9 309	9 616	16 869	9 484	33 346	26 843
Namibia	3 271	3 131	—	—	5 668	7 084	8 939	10 215
Surrenders	187	171	—	—	—	—	187	171
Other	3 084	2 960	—	—	5 668	7 084	8 752	10 044
Asia: India	832	697	1 187	1 030	—	—	2 019	1 727
Surrenders	159	134	—	—	—	—	159	134
Other	673	563	1 187	1 030	—	—	1 860	1 593
Asia: Malaysia	2 748	2 355	171	186	—	—	2 919	2 541
Surrenders	914	601	—	—	—	—	914	601
Other	1 834	1 754	171	186	—	—	2 005	1 940
Sanlam Investment Group	—	—	—	—	194 362	142 436	194 362	142 436
Investment Management SA	—	—	—	—	161 004	111 993	161 004	111 993
Wealth Management	—	—	—	—	9 371	7 226	9 371	7 226
International	—	—	—	—	23 987	23 217	23 987	23 217
Santam	—	—	19 742	18 034	—	—	19 742	18 034
Total payments to clients	102 586	87 280	30 409	28 866	279 035	207 405	412 030	323 551

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

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

7.3 Analysis of net inflow/(outflow) of funds

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	Sanlam Life and Savings	12 312	15 333	—	—	4 084	12 141	16 396
SA Retail Mass	6 527	5 571	—	—	—	—	6 527	5 571
SA Retail Affluent	3 609	5 814	—	—	(311)	5 566	3 298	11 380
Sanlam Corporate	2 176	3 948	—	—	4 395	6 575	6 571	10 523
Sanlam Emerging Markets	6 366	6 282	6 779	6 342	(2 419)	(806)	10 726	11 818
SanlamAllianz	4 065	4 374	6 036	5 804	35	1 640	10 136	11 818
Namibia	361	352	—	—	(2 454)	(2 446)	(2 093)	(2 094)
Asia: India	2 047	1 495	670	434	—	—	2 717	1 929
Asia: Malaysia	(107)	61	73	104	—	—	(34)	165
Sanlam Investment Group	—	—	—	—	(1 415)	10 641	(1 415)	10 641
Investment Management SA	—	—	—	—	3 915	13 853	3 915	13 853
Wealth Management	—	—	—	—	1 744	2 332	1 744	2 332
International	—	—	—	—	(7 074)	(5 544)	(7 074)	(5 544)
Santam	—	—	9 965	10 042	—	—	9 965	10 042
Total net fund inflows	18 678	21 615	16 744	16 384	250	21 976	35 672	59 975

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information

8.1 Sanlam Life and Savings

8.1.1 Analysis of earnings

R million	Life business		Credit and structuring		Administration and health		Total	
	Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated
	2023	2022	2023	2022	2023	2022	2023	2022
Net result from financial services ⁽¹⁾	6 104	5 389	104	170	404	338	6 612	5 897
SA Retail Affluent	3 657	3 433	104	170	266	221	4 027	3 824
Recurring premium business	2 712	2 697	—	—	9	18	2 721	2 715
Glacier	823	618	—	—	231	171	1 054	789
Other	122	118	104	170	26	32	252	320
SA Retail Mass	1 553	1 413	—	—	—	—	1 553	1 413
Sanlam Corporate	894	543	—	—	138	117	1 032	660
Net investment return	452	323	—	—	240	651	692	974
Net profit on disposal of subsidiaries and associates companies and joint ventures	354	86	491	—	—	—	845	86
Net other earnings	782	210	—	—	300	(234)	1 082	(24)
Normalised attributable earnings	7 692	6 008	595	170	944	755	9 231	6 933

⁽¹⁾ For life business, this includes non-cash items (eg amortisation of project expenses, impacts related to insurance contract assets) and will therefore not reconcile to embedded value adjusted net asset earnings which only includes cash earnings.

8.1.2 Assets under management

R million	SA Retail Mass		SA Retail Affluent		Sanlam Corporate		Total			
	Recurring premium business		Glacier							
	Audited	Restated	Audited	Restated	Audited	Restated	Audited	Restated		
	2023	2022	2023	2022	2023	2022	2023	2022		
Life business	4 963	4 413	169 811	162 641	297 518	259 790	160 529	138 465	632 821	565 309
Investment operations	—	—	1 756	1 697	376 200	201 485	—	—	377 956	203 182
Total assets under management	4 963	4 413	171 567	164 338	673 718	461 275	160 529	138 465	1 010 777	768 491

8.1.3 Credit business

R million	Gross size of loan book		Interest margin		Bad debt ratio		Administration cost as % of net interest	
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
	2023	2022	2023	2022	2023	2022	2023	2022
Sanlam Personal Loans	5 163	5 198	15,4%	15,3%	6,4%	3,6%	42,2%	39,1%

8.1.4 Analysis of change in GEV – covered business

R million	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
	2023	2022	2023	2022	2023	2022	2023	2022
Operational earnings	8 273	8 237	1 934	2 827	233	(198)	6 106	5 608
Value of new life insurance business	2 153	1 767	4 061	4 673	(136)	(158)	(1 772)	(2 748)
Unwinding of discount rate	6 022	5 385	5 996	5 330	26	55	—	—
Expected profit	—	—	(7 212)	(7 325)	—	—	7 212	7 325
Operating experience variances	729	1 212	(330)	(495)	7	(39)	1 052	1 746
Risk experience	1 406	1 551	163	251	(2)	(41)	1 245	1 341
Persistence	(796)	(557)	(579)	(257)	15	17	(232)	(317)
Maintenance expenses	(153)	44	—	—	—	—	(153)	44
Working capital management	387	396	—	—	—	—	387	396
Credit spread	—	97	—	—	—	—	—	97
Other	(115)	(319)	86	(489)	(6)	(15)	(195)	185
Operating assumption changes	(631)	(127)	(581)	644	336	(56)	(386)	(715)
Risk experience	192	(153)	151	(305)	1	(7)	40	159
Persistence	(704)	211	(587)	1 316	—	(77)	(117)	(1 028)
Maintenance expenses	(325)	(80)	(288)	(59)	—	—	(37)	(21)
Modelling changes and other	206	(105)	143	(308)	335	28	(272)	175
Net investment return	452	323	—	—	—	—	452	323
Expected return on adjusted net asset value	528	441	—	—	—	—	528	441
Investment variances on adjusted net asset value	(76)	(118)	—	—	—	—	(76)	(118)
Valuation and economic basis	72	(3 456)	174	(3 105)	(13)	74	(89)	(425)
Investment variances on in-force business	(4)	(1 897)	122	(1 422)	(26)	54	(100)	(529)
Economic assumption changes	76	(1 559)	52	(1 683)	13	20	11	104
Investment yields	76	(1 562)	52	(1 687)	13	21	11	104
Long-term asset mix assumptions and other	—	3	—	4	—	(1)	—	—
IFRS 17 and related tax changes	(1 292)	572	(1 278)	556	(14)	16	—	—
Profit on disposal of subsidiaries and associated companies	(372)	—	(372)	—	—	—	—	—
GEV earnings: covered business	7 133	5 676	458	278	206	(108)	6 469	5 506
Acquired value of in-force	1 482	268	1 217	175	(37)	(39)	302	132
Disposal of business	—	(7)	—	(15)	—	8	—	—
Transfers from/(to) other group operations	(1 392)	—	—	—	—	—	(1 392)	—
Transfers from covered business	(6 757)	(5 488)	—	—	—	—	(6 757)	(5 488)
Embedded value of covered business at the beginning of the period	49 386	48 937	45 135	44 697	(1 839)	(1 700)	6 090	5 940
Embedded value of covered business at the end of the period	49 852	49 386	46 810	45 135	(1 670)	(1 839)	4 712	6 090

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued

8.2 Sanlam Emerging Markets

8.2.1 Analysis of net result from financial services

R million	Life business		General insurance		Investment management		Credit and structuring		Corporate and other		Total	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Namibia	300	331	—	—	21	19	174	121	—	—	495	471
Asia	132	160	320	202	—	—	1 573	1 039	141	113	2 166	1 514
SanlamAllianz ⁽¹⁾											939	629
Net result from financial services	432	491	320	202	21	19	1 747	1 160	141	113	3 600	2 614

8.2.2 Analysis of net investment return

R million	Life business		General insurance		Investment management		Credit and banking		Corporate and other		Total	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Namibia	62	51	—	—	—	—	2	(5)	2	4	66	50
Asia	98	23	109	(163)	—	—	19	(51)	(33)	(14)	193	(205)
SanlamAllianz											175	(194)
Net investment return	160	74	109	(163)	—	—	21	(56)	(31)	(10)	434	(349)

8.2.3 Assets under management – Associates, joint ventures and subsidiaries

R million	Namibia		Asia	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Life business	5 679	5 639	15 347	13 946
Investment operations	29 685	28 213	—	—
Total assets under management	35 364	33 852	15 347	13 946

8.2.4 Credit and structuring

R million	Size of loan books (Sanlam share)		Net interest margin		Bad debt ratio		Administration cost as % of net interest margin	
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Shriram Transport Finance Company ⁽²⁾	—	28 873	—	7,3%	—	2,4%	—	23,6%
Shriram City Union Finance ⁽²⁾	—	6 984	—	12,0%	—	2,4%	—	45,0%
Shriram Finance Limited ⁽²⁾	47 491	—	8,9%	—	2,8%	—	30,0%	—
Capricorn Investment Holdings	11 181	10 099	6,4%	6,1%	0,7%	0,7%	89,8%	89,4%

⁽¹⁾ Refer to basis of preparation on page 14.⁽²⁾ During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity called Shriram Finance Limited and reported as such with effect this reporting period.

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued**8.2.5 Analysis of change in GEV – covered business**

R million	Total		Value of in-force		Cost of capital		Adjusted net asset value	
	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022
Operational earnings	1 257	1 162	512	458	(89)	(7)	834	711
Value of new life insurance business	700	621	1 020	1 045	(119)	(109)	(201)	(315)
Unwinding of discount rate	845	732	776	602	69	130	–	–
Expected profit	–	–	(1 042)	(938)	–	–	1 042	938
Operating experience variances	107	84	69	(1)	(5)	(43)	43	128
Risk experience	74	144	23	(5)	16	(2)	35	151
Persistency	(14)	(39)	38	6	(22)	(40)	(30)	(5)
Maintenance expenses	(55)	(57)	3	–	–	(2)	(58)	(55)
Working capital management	121	36	–	–	–	–	121	36
Credit spread	10	32	–	–	–	–	10	32
Other	(29)	(32)	5	(2)	1	1	(35)	(31)
Operating assumption changes	(395)	(275)	(311)	(250)	(34)	15	(50)	(40)
Risk experience	(68)	(25)	(58)	(14)	(2)	–	(8)	(11)
Persistency	(133)	(78)	(90)	(61)	(8)	(3)	(35)	(14)
Maintenance expenses	(96)	(130)	(81)	(112)	(1)	4	(14)	(22)
Modelling changes and other	(98)	(42)	(82)	(63)	(23)	14	7	7
Net investment return	378	11	–	–	–	–	378	11
Expected return on adjusted net asset value	339	372	–	–	–	–	339	372
Investment variances on adjusted net asset value	39	(361)	–	–	–	–	39	(361)
Valuation and economic basis	248	(127)	313	(263)	(76)	68	11	68
Investment variances on in-force business	291	23	375	(42)	(109)	15	25	50
Economic assumption changes	(11)	(87)	10	(137)	(7)	32	(14)	18
Investment yields	(11)	(100)	10	(150)	(7)	32	(14)	18
Long-term asset mix assumptions and other	–	13	–	13	–	–	–	–
Foreign currency translation differences	(32)	(63)	(72)	(84)	40	21	–	–
Change in tax basis	(160)	(21)	66	(11)	(226)	–	–	(10)
Net loss on disposal of subsidiaries	(586)	(1)	(903)	–	(174)	–	491	(1)
Net project expenses	(19)	(8)	–	–	–	–	(19)	(8)
GEV earnings: covered business	1 118	1 016	(12)	184	(565)	61	1 695	771
Acquired value of in-force	777	–	777	–	–	–	–	–
Disposal of businesses	–	(17)	–	(8)	–	1	–	(10)
Transfer from/(to) non-covered group business	–	(127)	–	–	–	–	–	(127)
Transfers from covered business	(769)	(873)	–	–	–	–	(769)	(873)
Embedded value of covered business at the beginning of the period	9 025	9 026	4 881	4 705	(842)	(904)	4 986	5 225
Embedded value of covered business at the end of the period	10 151	9 025	5 646	4 881	(1 407)	(842)	5 912	4 986

Notes to the shareholders' fund information continued

for the year ended 31 December

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8 Cluster Information continued

8.3 Sanlam Investment Group

8.3.1 Analysis of earnings

R million	Sanlam investments		Wealth management		International		SanFin		Corporate services		Consolidation		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Result from life insurance contracts	—	—	—	—	—	—	509	624	—	—	—	—	509	624
Result from other operations	890	664	378	290	293	235	354	(40)	(51)	(51)	—	—	1 864	1 098
Revenue ⁽¹⁾	3 281	2 385	1 401	1 197	899	1 297	653	562	—	—	(39)	(140)	6 195	5 301
Net other income	124	172	—	—	74	9	—	—	—	—	—	—	198	181
Sales remuneration	—	—	—	—	(11)	(114)	—	—	—	—	—	—	(11)	(114)
Administration costs ⁽¹⁾	(2 515)	(1 893)	(1 023)	(907)	(669)	(957)	(299)	(602)	(51)	(51)	39	140	(4 518)	(4 270)
Gross result from financial services before performance fees	890	664	378	290	293	235	863	584	(51)	(51)	—	—	2 373	1 722
Performance fees	42	128	4	12	(1)	—	2	(2)	—	—	—	—	47	138
Gross result from financial services	932	792	382	302	292	235	865	582	(51)	(51)	—	—	2 420	1 860
Tax on result from financial services	(239)	(196)	(101)	(92)	(58)	(20)	(191)	(141)	12	18	—	—	(577)	(431)
Non-controlling interest	(261)	(188)	—	—	—	(2)	—	—	—	—	—	—	(261)	(190)
Net result from financial services	432	408	281	210	234	213	674	441	(39)	(33)	—	—	1 582	1 239
Life business	—	—	—	—	—	—	435	207	—	—	—	—	435	207
Investment management	432	408	281	210	234	213	—	—	(39)	(33)	—	—	908	798
Credit and structuring	—	—	—	—	—	—	239	234	—	—	—	—	239	234
Net investment return	1	9	(5)	3	75	(161)	200	142	(31)	20	—	—	240	13
Life business	—	—	—	—	—	—	200	142	—	—	—	—	200	142
Investment management	1	9	(5)	3	75	(161)	—	—	(31)	20	—	—	40	(129)
Project expenses	(56)	(39)	—	—	—	(18)	—	—	(3)	(4)	—	—	(59)	(61)
Net operational earnings	377	378	276	213	309	34	874	583	(73)	(17)	—	—	1 763	1 191
Amortisation of intangible assets	(10)	—	(17)	(19)	(12)	(11)	—	—	(25)	(25)	—	—	(64)	(55)
Profit on disposal of subsidiaries and associates	1	—	—	—	14	1 411	—	—	—	—	—	—	15	1 411
Impairments and other	(23)	—	—	—	—	(6)	—	—	—	—	—	—	(23)	(6)
Normalised attributable earnings	345	378	259	194	311	1 428	874	583	(98)	(42)	—	—	1 691	2 541

⁽¹⁾ Revenue and administration costs on page 40 include performance fees and the related administration costs.

Notes to the shareholders' fund information continued

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8 Cluster information continued**8.3.2 Asset under management**

	Assets under management		Fee income		Administration cost	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	R million	R million	%	%	%	%
Sanlam Investments ⁽¹⁾	962 767	763 481 ⁽²⁾	0,36	0,31	0,25	0,21
Wealth Management	127 129	109 830	1,18	1,09	0,86	0,83
International ⁽³⁾	159 481	160 006	0,51	0,49	0,33	0,39
Intra-cluster eliminations	(33 793)	(30 887)				
Asset management operations	1 215 584	1 002 430				
Covered business SanFin	70 452	60 809				
Assets under management	1 286 036	1 063 239				

⁽¹⁾ Includes Sanlam assets of R207 billion (R187 billion).⁽²⁾ Excludes Absa investment management business acquired on 1 December 2022 of R131 billion on 31 December 2022.⁽³⁾ Includes Sanlam assets of R77 billion (2022: R70 billion).**8.3.3 Asset mix of assets under management**

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
December Audited 2023						
Sanlam Investments	253 556	365 817	145 962	31 843	165 589	962 767
Wealth Management	—	58 906	64 074	—	4 149	127 129
International	—	—	159 481	—	—	159 481
Intra-cluster consolidation						(33 793)
Assets under management - asset management operations	253 556	424 723	369 517	31 843	169 738	1 215 584
December Audited 2022						
Sanlam Investments	141 031	327 355	159 461	27 712	107 922	763 481
Wealth Management	—	55 512	50 578	—	3 740	109 830
International	—	—	160 006	—	—	160 006
Intra-cluster consolidation						(30 887)
Assets under management - asset management operations	141 031	382 867	370 045	27 712	111 662	1 002 430

8.3.4 Analysis of change in GEV – covered business

R million	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
	Operational earnings	495	149	(1)	(2)	63	(71)	433
Unwinding of discount rate	(3)	12	—	3	(3)	9	—	—
Expected profit	—	—	—	(5)	—	—	—	5
Operating experience variances	436	208	—	—	3	(9)	433	217
Operating assumption changes	62	(71)	(1)	—	63	(71)	—	—
Net investment return	200	142	—	—	—	—	200	142
Expected return on adjusted net asset value	239	194	—	—	—	—	239	194
Investment variances on adjusted net asset value	(39)	(52)	—	—	—	—	(39)	(52)
Valuation and economic basis	115	(5)	52	(21)	61	31	2	(15)
Investment variances on in-force business	52	(36)	50	(21)	—	—	2	(15)
Economic assumption changes	63	31	2	—	61	31	—	—
Net loss on disposal of subsidiaries	—	(30)	—	—	—	—	—	(30)
GEV earnings: covered business	810	256	51	(23)	124	(40)	635	319
Disposal value in force	—	(774)	—	—	—	—	—	(774)
Transfers from/(to) other covered business Group operations	(608)	—	—	—	—	—	(608)	—
Transfers from covered business	(635)	(349)	—	—	—	—	(635)	(349)
Embedded value of covered business at the beginning of the period	1 747	2 614	2	25	(959)	(919)	2 704	3 508
Embedded value of covered business at the end of the period	1 314	1 747	53	2	(835)	(959)	2 096	2 704

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued**8.4 Santam****8.4.1 Insurance activities**

R million	Gross written premium		Underwriting result	
	Audited 2023	Audited 2022	Audited 2023	Restated Audited 2022
Motor	15 738	15 124	145	553
Property	14 076	13 194	(459)	(291)
Engineering	2 024	1 759	355	521
Liability	1 967	1 743	517	362
Transportation	1 371	1 174	90	38
Accident and health	572	719	120	90
Guarantee	27	50	(7)	23
Other	1 593	1 655	289	275
Total: conventional insurance	37 368	35 418	1 050	1 571

Ratios ⁽¹⁾	Audited 2023	Restated Audited 2022
Administration cost ratio	16,5%	16,0%
Claims ratio	66,2%	65,0%
Underwriting margin	3,5%	5,1%
Investment return on insurance funds margin	2,6%	1,2%

R million	Audited 2023	Restated Audited 2022
Conventional insurance		
Insurance revenue	36 895	34 974
Gross written premium	37 368	35 418
Less: unearned premium and experience adjustments	(473)	(444)
Net earned premiums	29 335	27 727
Net claims incurred	(19 420)	(18 030)
Net commission	(4 049)	(3 860)
Management expenses	(4 816)	(4 266)
Underwriting result: conventional insurance	1 050	1 571
Investment return on insurance funds	759	341
Net insurance result	1 809	1 912
Net other income	361	329
Alternative risk ⁽²⁾	443	330
Other	(82)	(1)
Strategic participations	207	154
Saham	82	28
SEM target shares	125	126
Gross result from financial services	2 377	2 395
Tax and non-controlling interest	(1 324)	(1 373)
Net result from financial services	1 053	1 022

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums for the conventional business.⁽²⁾ Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.**8.5 Group office analysis of earnings**

R million	Corporate expenses and other		Consolidation ⁽¹⁾		Total	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Result from other operations	(642)	(424)	(42)	(186)	(684)	(610)
Revenue	229	132	—	—	229	132
Net other income	—	—	(42)	(186)	(42)	(186)
Administration costs	(871)	(556)	—	—	(871)	(556)
Results from financial services	(642)	(424)	(42)	(186)	(684)	(610)
Tax on result from financial services	174	125	19	43	193	168
Non-controlling interest	—	—	23	143	23	143
Net result from financial services	(468)	(299)	—	—	(468)	(299)
Net investment income	367	436	—	—	367	436
Net investment surpluses	—	2	—	—	—	2
Project expenses	(340)	(164)	—	—	(340)	(164)
Net operational earnings	(441)	(25)	—	—	(441)	(25)
Impairment reversal/(charge) ⁽²⁾	948	(1 105)	—	—	948	(1 105)
Normalised attributable earnings	507	(1 130)	—	—	507	(1 130)

⁽¹⁾ Includes the consolidation entries relating to SEM target shares and Saham Finances included within the Santam results.⁽²⁾ An impairment reversal of R948 million in respect of the broad-based black economic empowerment Special Purpose Vehicle (B-BBEE SPV) has been recognised in 2023 (2022: R1 105 million impairment charge). The impairment reversal in 2023 is mainly due to the increase in the Sanlam share price from 31 December 2022 up to 30 June 2023 applied in the recoverability assessment.

Notes to the shareholders' fund information continued

for the year ended 31 December

9 Net movement in specific shareholders fund reserves (including life and general insurance)

R million	2023	Audited 2022
Balance at the beginning of the period	11 735	10 831
Gross	16 357	15 043
Tax	(4 622)	(4 212)
Included in net results from financial services:	1 295	(165)
Shareholder fund reserves profit/(loss) adjustments recognised during the period	1 984	601
Shareholder fund reserves profit/(loss) released during the period	(689)	(766)
Recognised in net investment return	481	238
Recognised directly in statement of changes in equity	1 033	1 048
Cash flow movements not in the income statement	34	(217)
Balance at the end of the period	14 578	11 735
Gross	20 204	16 357
Tax	(5 308)	(4 622)
Non-controlling interest	(318)	—

10 Investments

10.1 Investment in associated companies

R million	Audited 2023	Restated Audited 2022
Shriram Capital	10 793	10 496
Shriram Finance Limited	2 451	2 060
Shriram General Insurance - direct investment	1 728	1 208
Shriram Life Insurance - direct investment	675	564
Capricorn Investment Holdings	1 292	1 162
Pacific & Orient	447	437
Capital Legacy Solutions ⁽¹⁾	58	—
Letshego ⁽²⁾	—	1 898
aYo Holdings ⁽²⁾	—	750
Afrocentric ⁽³⁾	—	1 185
Other associated companies	2 330	2 669
Total investment in associated companies	19 774	22 429

⁽¹⁾ During the year Sanlam Life exchanged its 100% holding in Sanlam Trust for a 26% direct holding in Capital Legacy Solutions.

⁽²⁾ The investments in Letshego and aYo Holdings form part of the SanlamAllianz JV which took effect on 1 October 2023 for accounting purposes.

⁽³⁾ During the year Sanlam Life acquired an additional 31,3% shareholding in Afrocentric. Sanlam Life now owns a 59% interest in Afrocentric and is treated as a subsidiary.

Details of the investments in the material associated companies are reflected in note 12.2 on page 156 of the Sanlam annual financial statements.

10.2 Investment in joint ventures

R million	Audited 2023	Restated Audited 2022
SanlamAllianz ⁽¹⁾	23 782	—
Sanlam Personal Loans ⁽²⁾	—	754
Other joint ventures	203	236
Total investment in joint ventures	23 985	990

⁽¹⁾ With effect from 1 October 2023 Sanlam and Allianz formed a joint venture, namely SanlamAllianz with Sanlam holding 59%.

⁽²⁾ During the year Sanlam Life acquired the remaining 30% shareholding in Sanlam Personal Loans, making it a wholly owned subsidiary.

Details of the investments in the material joint ventures are reflected in note 12.2 on page 156 of the Sanlam annual financial statements online.

11 Equity-accounted earnings included in result from financial services before tax

R million	Audited 2023	Restated Audited 2022
Equity-accounted earnings included in result from financial services before tax:		
Sanlam Life and Savings	180	432
SA Retail Affluent	105	240
Sanlam Corporate	75	192
Sanlam Emerging Markets	4 322	2 969
SanlamAllianz	1 061	700
Namibia	233	196
Asia	3 028	2 073
Sanlam Investment Group	174	181
Santam	165	154
Total	4 841	3 736

12 Investment income

R million	Audited 2023	Restated Audited 2022
Equities and similar securities	1 529	1 407
Interest-bearing, preference shares and similar securities	97	272
Properties	30	30
Rental income	38	41
Rental-related expenses	(8)	(11)
Total investment income	1 656	1 709
Interest expense netted off against investment income	1 131	771

Notes to the shareholders' fund information continued

for the year ended 31 December

13 Normalised diluted earnings per share

	Audited 2023	Restated Audited 2022
Normalised diluted earnings per share:	Cents	Cents
Net result from financial services	573,6	473,8
Net operational earnings	643,6	501,1
Profit attributable to shareholders' fund	767,2	537,8
	R million	R million
Analysis of operational earnings (refer shareholders' fund income statement on page 40):		
Net result from financial services	12 379	10 473
Net operational earnings	13 889	11 077
Normalised profit attributable to shareholders' fund	16 557	11 887
Reconciliation of operational earnings:		
Headline earnings per note 1 on page 103	14 467	9 687
Add/(Less):	(578)	1 390
Fund transfers	2 079	(370)
B-BBEE SPV impairment	(948)	1 105
Shareholders' fund adjustments	(1 776)	(73)
Net equity-accounted earnings	(45)	(28)
Net amortisation of value of business acquired and other intangibles	112	242
Cost included in profit on disposal of subsidiaries ⁽¹⁾	—	513
Equity participation costs	—	1
Net operational earnings	13 889	11 077
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 103)	2 089,3	2 077,9
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	68,8	132,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 158,1	2 210,4

⁽¹⁾ For shareholder fund purposes only, wind-down and transaction-related costs are set off against the proceeds on disposal.

14 Value per share

	Audited 2023	Restated Audited 2022
	R million	R million
Net asset value per share is calculated on the group shareholders' fund at net asset value	89 477	88 754
Equity value per share is calculated based on the group equity value	149 904	140 776
Number of shares for value per share	Million	Million
Number of ordinary shares in issue	2 202,9	2 226,9
Shares held by subsidiaries in shareholders' fund	(116,1)	(49,1)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	28,8	28,8
Adjusted number of shares for value per share	2 115,6	2 206,6

15 Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 7,8 (31 December 2022: 7,7) to the after tax recurring corporate expenses.

16 Share transactions

16.1 Shares repurchased and issued

Sanlam shareholders granted general authorities to the group at the last annual general meetings to repurchase Sanlam shares in the market.

A cumulative 33,2 million ordinary shares were repurchased in the market by May 2023, including the repurchases made during 2022.

16.2 Shares cancelled

In June 2023, 31 million treasury shares were cancelled, pursuant to General Authorities.

16.3 Shares issued

In May 2023, Sanlam Limited issued 7,3 million shares as part of the settlement to Afrocentric shareholders in exchange for acquiring a stake of 31,3% in Afrocentric.

Following the cancellation the issued share capital of the company now comprises 2 202,9 million ordinary shares of 1 cent each.

Notes to the shareholders' fund information continued

for the year ended 31 December

17 Reconciliations

17.1 Reconciliation between group statement of comprehensive income and shareholders' fund income statement

R million	Audited 2023						Restated Audited 2022					
	IFRS total (1)(A)	Total share-holders fund (2)(B)	Share-holders' activities (C)	Share-holders' fund adjustments (D)	Policy-holder activities (3)(E)	IFRS adjustments (4)(F)	IFRS total (1)(A)	Total share-holders fund (2)(B)	Share-holders' activities (C)	Share-holders' fund adjustments (D)	Policy-holder activities (3)(E)	IFRS adjustments (4)(F)
Result from insurance operations	10 369	12 322	14 080	(1 758)	—	(1 953)	8 603	10 258	10 190	68	—	(1 655)
Result from insurance contracts	11 580	13 355	15 113	(1 758)	—	(1 775)	10 142	10 787	10 719	68	—	(645)
Insurance service result	9 760	10 312	10 300	12	—	(552)	9 483	8 605	8 709	(104)	—	878
Insurance revenue	87 840	112 151	112 139	12	—	(24 311)	80 441	110 297	110 401	(104)	—	(29 856)
Insurance service expenses	(70 684)	(90 381)	(90 381)	—	—	19 697	(69 944)	(96 117)	(96 117)	—	—	26 173
Income or expense from reinsurance contracts	(7 396)	(11 458)	(11 458)	—	—	4 062	(1 014)	(5 575)	(5 575)	—	—	4 561
Insurance investment result	1 820	3 043	4 813	(1 770)	—	(1 223)	659	2 182	2 010	172	—	(1 523)
Other expenses relating to insurance operations	(1 211)	(1 033)	(1 033)	—	—	(178)	(1 539)	(529)	(529)	—	—	(1 010)
Result from other operations	8 797	11 021	11 502	(481)	1 558	(3 782)	5 348	7 493	7 732	(239)	(491)	(1 654)
Revenue	18 960	19 195	19 195	—	74	(309)	13 218	14 273	14 273	—	(3)	(1 052)
Investment income	24 629	1 656	2 113	(457)	16 813	6 160	23 986	1 709	1 804	(95)	14 551	7 726
Investment surpluses	58 855	1 957	1 981	(24)	55 859	1 039	(14 532)	(401)	(257)	(144)	(12 602)	(1 529)
Finance cost – margin business	(412)	—	—	—	—	(412)	(305)	—	—	—	—	(305)
Change in fair value of investment contract liabilities	(66 262)	—	—	—	(67 450)	1 188	231	—	—	—	(47)	278
Change in fair value of external investors' liabilities	(8 678)	—	—	—	(3 246)	(5 432)	(3 272)	—	—	—	(1 811)	(1 461)
Net other income	—	4 999	4 999	—	—	(4 999)	—	3 466	3 466	—	—	(3 466)
Sales remuneration	(1 063)	(1 186)	(1 186)	—	—	123	(1 373)	(1 469)	(1 469)	—	—	96
Administration costs	(17 232)	(15 600)	(15 600)	—	(492)	(1 140)	(12 605)	(10 085)	(10 085)	—	(579)	(1 941)
Shareholders' fund adjustments	—	1 776	—	1 776	—	(1 776)	—	73	(1)	74	—	(73)
Impairments	(79)	623	623	—	—	(702)	(22)	(1 178)	(1 178)	—	—	1 156
Net impairment losses on financial and contract assets	20	—	—	—	—	20	54	—	—	—	—	54
Other impairments	(99)	623	623	—	—	(722)	(76)	(1 178)	(1 178)	—	—	1 102
Project expenses	—	(610)	(610)	—	—	610	—	(543)	(543)	—	—	543
Net profit on disposal of subsidiaries and associated companies	—	336	336	—	—	(336)	—	1 501	1 501	—	—	(1 501)
Amortisation of intangibles	(257)	(112)	(112)	—	—	(145)	(152)	(242)	(242)	—	—	90
Net operating result	18 830	25 356	25 819	(463)	1 558	(8 084)	13 777	17 362	17 459	(97)	(491)	(3 094)
Equity-accounted earnings	2 958	45	45	—	—	2 913	2 468	657	657	—	—	1 811
Finance cost – other	(1 106)	—	—	—	—	(1 106)	(821)	—	—	—	—	(821)
Profit before tax	20 682	25 401	25 864	(463)	1 558	(6 277)	15 424	18 019	18 116	(97)	(491)	(2 104)
Taxation	(7 079)	(6 186)	(6 649)	463	(1 558)	665	(3 464)	(4 361)	(4 458)	97	491	406
Shareholders' fund	(4 396)	(6 186)	(6 649)	463	—	1 790	(3 184)	(4 361)	(4 458)	97	—	1 177
Policyholders' fund	(2 683)	—	—	—	(1 558)	(1 125)	(280)	—	—	—	491	(771)
Profit from the year from discontinued operations	3 394	—	—	—	—	3 394	1 898	—	—	—	—	1 898
Profit for the period	16 997	19 215	19 215	—	—	(2 218)	13 858	13 658	13 658	—	—	200
Attributable to:												
Shareholders' fund	14 478	16 557	—	—	—	(2 079)	12 257	11 887	—	—	—	370
Profit from continuing operations	11 595	16 557	—	—	—	(4 962)	11 227	11 887	—	—	—	(660)
Profit from discontinued operations	2 883	—	—	—	—	2 883	1 030	—	—	—	—	1 030
Non-controlling interest	2 519	2 658	—	—	—	(139)	1 601	1 771	—	—	—	(170)
	16 997	19 215	—	—	—	(2 218)	13 858	13 658	—	—	—	200

(1) IFRS total (A) = (B)+(E)+(F)

(2) Total shareholders' fund (B) = (C)+(D)

(3) Policyholder activities relate to the inclusion of policyholders' after-tax investment return in respect of investment contracts, and the allocation thereof to policy liabilities, in the group statement of comprehensive income.

(4) 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.

Notes to the shareholders' fund information continued

for the year ended 31 December

17 Reconciliations continued**17.2 Reconciliation between group statement of financial position and shareholders' fund at net asset value**

R million	Audited 2023				Restated Audited 2022			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
Assets								
Goodwill	6 905	6 905	—	—	5 001	16 099	(11 098)	—
Equipment	1 535	1 550	(15)	—	1 090	1 548	(458)	—
Right-of-use assets	1 189	1 200	(11)	—	1 036	1 114	(78)	—
Owner-occupied properties	1 015	974	41	—	686	2 496	(1 810)	—
Intangible assets	3 330	3 330	—	—	946	4 121	(3 175)	—
Contract costs for investment management services	2 822	2 426	396	—	3 150	2 533	617	—
Insurance contract assets	9 478	408	9 070	—	8 858	2 485	6 373	—
Reinsurance contract assets	14 529	9 361	5 168	—	18 680	19 095	(415)	—
Deferred tax	1 619	953	102	564	1 630	1 886	(956)	700
Investments	827 309	109 329	719 491	(1 511)	773 272	109 836	668 313	(4 877)
Investment properties	7 913	906	7 007	—	10 436	5 855	4 581	—
Associated companies	19 766	19 774	(8)	—	19 321	22 429	(3 108)	—
Joint ventures	24 708	23 985	723	—	1 877	990	887	—
Equities and similar securities	159 384	5 418	153 966	—	185 686	13 047	172 639	—
Interest-bearing investments	249 372	34 646	216 237	(1 511)	244 635	35 655	213 857	(4 877)
Structured transactions	26 114	974	25 140	—	18 091	532	17 559	—
Investment funds	301 949	13 891	288 058	—	264 490	20 308	244 182	—
Deposits and similar securities	38 103	9 735	28 368	—	28 736	11 020	17 716	—
Trading account assets	13 554	13 744	(190)	—	14 124	14 385	(261)	—
Advances to customers	4 065	4 065	—	—	—	—	—	—
Non-current assets reclassified as held for sale	47 213	1 893	45 320	—	111 635	938	110 697	—
Working capital assets	55 889	42 374	13 515	—	58 046	48 278	9 768	—
Trade and other receivables	20 017	24 722	(4 705)	—	15 327	21 395	(6 068)	—
Taxation	954	997	(43)	—	574	1 327	(753)	—
Cash and cash equivalents	34 918	16 655	18 263	—	42 145	25 556	16 589	—
Total assets	990 452	198 512	792 887	(947)	998 154	224 814	777 517	(4 177)
Equity and liabilities								
Shareholders' fund	88 530	89 477	—	(947)	84 577	88 754	—	(4 177)
Non-controlling interest	8 375	8 296	79	—	14 381	14 275	106	—
Insurance contract liabilities	193 374	32 722	160 652	—	205 389	52 718	152 671	—
Reinsurance contract liabilities	5 686	2 889	2 797	—	4 171	4 361	(190)	—
Investment contract liabilities	488 501	—	488 501	—	441 661	—	441 661	—
Term finance	14 936	13 740	1 196	—	14 654	11 917	2 737	—
Lease liabilities	1 519	1 531	(12)	—	1 371	1 458	(87)	—
Structured transactions liabilities	12 287	213	12 074	—	11 561	229	11 332	—
External investors in consolidated funds	76 468	—	76 468	—	89 214	—	89 214	—
Deferred tax	8 768	6 252	2 516	—	6 601	8 655	(2 054)	—
Trading account liabilities	19 567	19 134	433	—	17 794	17 371	423	—
Non-current liabilities reclassified as held for sale	39 403	272	39 131	—	76 168	266	75 902	—
Collateral guarantee contracts	113	113	—	—	129	129	—	—
Working capital liabilities	32 925	23 873	9 052	—	30 483	24 681	5 802	—
Trade and other payables	30 799	21 793	9 006	—	28 876	20 562	7 726	—
Provisions	188	188	—	—	232	800	(568)	—
Taxation	1 938	1 892	46	—	1 963	3 319	(1 356)	—
Total equity and liabilities	990 452	198 512	792 887	(947)	998 154	224 814	777 517	(4 177)

⁽¹⁾ Includes the impact of IFRS adjustments.

Administration

Registered name: Sanlam Limited

Registration number:	1959/001562/06
Tax reference number:	9536/346/84/5
JSE share code (primary listing):	SLM
NSX share code:	SLA
A2X share code:	SLM
ISIN:	ZAE000070660 incorporated in South Africa
Internet address:	http://www.sanlam.com
Directors:	Andrew Birrell, Anton Botha, Ebenezer Essoka, Nicolaas Kruger, Ndivhuwo Manyonga, Mathukana Mokoka, Kobus Möller, Sipho Nkosi, Karabo Nondumo, Thembisa Skweyiya, Willem van Biljon, Dr Johan van Zyl, Heinie Werth, Dr Shirley Zinn
Elias Masilela <i>(Chair)</i>	
Dr Patrice Motsepe <i>(Deputy Chair)</i>	
Paul Hanratty <i>(Group Chief Executive)</i>	
Abigail Mukhuba <i>(Group Finance Director)</i>	
Executive Head: Investor Relations Grant Davids	Debt Sponsor to Sanlam Life Insurance Limited Rand Merchant Bank, a division of FirstRand Bank Limited
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Condensed consolidated annual financial statements



Condensed consolidated annual financial statements

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Basis of presentation

Basis of presentation

Introduction

The consolidated financial statements are prepared on the historical-cost basis, unless otherwise indicated, in accordance with IFRS, SAICA Financial Reporting Guides as issued by the accounting practices committee, Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act in South Africa. The financial statements are presented in South African rand rounded to the nearest million, unless otherwise stated.

The following new or revised IFRSs and interpretations have been applied in the 2023 financial period:

- ▶ Effective 1 January 2023:
 - IFRS 17 Insurance Contracts
 - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
 - Definition of Accounting Estimate (Amendments to IAS 8)
 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to Income Taxes)
 - International Tax Reform (Amendments to IAS 12)

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

- ▶ Effective 1 January 2024:
 - Classification of liabilities as current or non-current (Amendments to IAS 1)
 - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
 - Non-current Liabilities with Covenants (Amendments to IAS 1)
 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The group does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact. For additional information on IFRS 17 impact, refer to notes 4 - 7, 17 as well as the accounting policy included in policy liabilities.

Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the group statement of financial position and statement of comprehensive income, as well as contingent liabilities.

Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to note 28 of the consolidated financial statements for further information on significant changes since the previous reporting period in terms of critical estimates and judgements and note 32 of the consolidated financial statements for information on contingencies.

Insurance contracts

The disclosure of claims experience in claims development tables is based on the period when the earliest material claims arose for which there is still uncertainty about the amount and timing of the claims payments.

Deposits and similar securities, Short-term investments and cash and cash equivalents

Deposits and similar securities, Short-term investments and cash and cash equivalents include bank account balances, call, term and negotiable deposits, promissory notes and money market collective investment schemes. A distinction is made between:

- ▶ Deposits and similar securities included in the asset mix of policyholders' and shareholders' fund investment portfolios, which are disclosed as investments in the statement of financial position;
- ▶ Short-term investments that are disclosed as working capital assets, refer to note 16 of the Sanlam annual financial statements; and
- ▶ Cash and cash equivalents that are disclosed as working capital assets, refer to note 17 of the Sanlam annual financial statements, apart from bank overdrafts, which are disclosed as working capital liabilities, refer to note 15 of the annual financial statements.

Financial instruments

Owing to the nature of the group's business, financial instruments have a significant impact on the group's financial position and performance. Audited information in respect of the major categories of financial instruments and the risks associated therewith are provided in the following sections in the annual financial statements:

- ▶ Note 12: Investments
- ▶ Note 13: Trading account assets and liabilities
- ▶ Note 15: Trade receivables and payables
- ▶ Note 21: Investment contract liabilities
- ▶ Note 22: Term finance
- ▶ Note 29: Critical accounting estimates and judgements
- ▶ Note 37: Fair value

Accounting policies

The Sanlam group has identified the accounting policies that are most significant to its business operations and the understanding of its results. These include policies relating to insurance liabilities, contract cost of investment management services, the ascertainment of fair values of financial assets, financial liabilities and derivative financial instruments, and the determination of impairment losses. In each case, the determination of these is fundamental to the financial results and position, and requires management to make complex judgements based on information and financial data that may change in future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce materially different results. These policies (as set out in the relevant notes to the financial statements) are in accordance with and comply with IFRS and have been applied consistently for all periods presented unless otherwise noted.

Basis of consolidation

Subsidiaries and consolidated funds are entities that are controlled by Sanlam Limited or any of its subsidiaries. The group has control over an entity where it has the right to or is exposed to variable returns and has the power, directly or indirectly, to affect those returns. Specifically, the group controls an entity if and only if the group has:

- ▶ Power or existing rights over the entity or investee that give it the ability to direct relevant activities;
- ▶ Exposure or rights to variable returns from its involvement with the investee; and
- ▶ The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights, the group consider all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee;
- ▶ Rights arising from other contractual arrangements; and
- ▶ The group's voting rights and potential voting rights.

The group re-assesses on a continuous basis whether or not it controls an investee.

The purchase method of accounting is applied to account for acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of consideration transferred, equity instruments issued and liabilities assumed at the date of exchange. Costs directly attributable to an acquisition are expensed in the statement of comprehensive income. Identifiable assets and liabilities acquired and contingent liabilities assumed are recognised at fair value at acquisition date. The excess of the cost of an acquisition, the amount of non-controlling interest in the subsidiary or business measured in terms of IFRS 3 and when a business is acquired in stages, the acquisition date fair value of the group previously held equity interest in the subsidiary or business over the fair value of the net identifiable assets of the subsidiary or business at the date of acquisition represents goodwill and is accounted for in terms of the accounting policy note for goodwill.

If the cost of an acquisition is less than the fair value of the net identifiable assets and contingent liabilities, the difference is recognised in the statement of comprehensive income.

The results of subsidiaries and consolidated funds are included from the effective dates when the group obtains control to the effective dates when the group ceases to have control, using accounting policies uniform to the group. Inter-group transactions, balances and unrealised profits on inter-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates the impairment of the asset transferred.

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as negative reserves against non-controlling shareholders' interest.

A financial liability is recognised, and classified as at fair value through profit or loss, for the fair value of external investors' interest in consolidated funds where the issued units of the fund are classified as financial liabilities in terms of IFRS. Changes in the fair value of the external investors' liability are recognised in the statement of comprehensive income. In all other instances, the interests of external investors in consolidated funds are not financial liabilities and are recognised as non-controlling shareholders' interest.

Basis of presentation continued

The group offers cell captive facilities to clients. A cell captive is a contractual arrangement entered into by the group with a cell owner, whereby the risks and rewards associated with certain insurance activities accrue to the cell shareholder. Cell captives allow clients to purchase non-convertible preference shares in the registered insurance company that undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment and accounting services. The terms and conditions are governed by the shareholders' agreement. There are currently two distinct types of cell captive arrangements:

- ▶ First party cell captive arrangements are arrangements where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these first party cell captive arrangements are a single contract there is no significant risk transfer and such cell captive facilities are accounted for as investment contracts.
- ▶ Third-party cell captives allow clients to purchase non-convertible preference shares in the registered insurance company which undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment, and accounting services. The shareholders' agreement, however, determines that the cell shareholders remain responsible for the solvency of the cell captive arrangements. In substance, the insurance company therefore reinsures this business to the cell shareholder. The cell shareholder's interest represents the cell shareholder's funds, in respect of the insurance business conducted in the cell structures, held by the insurer, and is included under third-party cell insurance contract liabilities. The liabilities due to cell shareholders have been assessed to be highly interrelated with the in-substance reinsurance component of the reinsurance contracts and is treated similarly to non-distinct investment components which are not accounted for separately.

The group also offers insurance contracts that provide both insurance cover and the payment of a specified amount (performance bonus or premium refund paid at agreed upon interval, after deducting related expenses). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The criteria encompass risk management strategies, risk performance conditions or policy claim experience. These contracts are deemed to be insurance contracts under IFRS 17 as the group has concluded that there is a transfer of significant risk.

Business combinations under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3 – Business Combinations. The group's accounting policy is to apply pooling of interest accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a 'common control' reserve. From the perspective of the seller, the difference between the consideration received and the carrying value of the business disposed of will result in a gain or loss recognised in the statement of comprehensive income. From a combined group perspective (acquirer and seller), the 'common control' reserve and the gain or loss recognised in the statement of comprehensive income will eliminate.

Foreign currencies

Transactions and balances

Foreign currency transactions are translated to functional currency, ie the currency of the primary economic environment in which each of the group's entities operate, at the exchange rates on transaction date. Monetary assets and liabilities are translated to functional currency at the exchange rates ruling at the financial period-end.

Non-monetary assets and liabilities carried at fair value are translated to functional currency at the exchange rates ruling at valuation date. Non-monetary assets and liabilities carried at historic cost are translated to functional currency at the exchange rates ruling at the date of initial recognition. Exchange differences arising on the settlement of transactions or the translation of monetary assets and liabilities (excluding investment assets and liabilities) are recognised in the statement of comprehensive income as revenue. Exchange differences on non-monetary assets and liabilities and monetary assets and liabilities classified as investment assets and liabilities, such as equities and foreign interest-bearing investments, are included in investment surpluses.

Foreign operations

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

Basis of presentation continued

Policy liabilities

The valuation bases and methodology used to measure the policy liabilities of all material lines of insurance and investment business for the group are set out below, and comply with the requirements of IFRS. An explanation of the recognition of insurance amounts in profit or loss is covered on page 95.

Where the valuation of policy liabilities is based on the valuation of supporting assets, the assets are valued on the bases as set out in the accounting policy for investments, with the exception of investments in treasury shares, associated companies, joint ventures, which are also valued at fair value.

Classification

The group applies IFRS 17 – Insurance Contracts to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues. Investment contracts without DPF (with or without investment management services) fall within the scope of IFRS 9 – Financial Instruments.

All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Some insurance contracts include investment components. An investment component that is not distinct and therefore in scope of IFRS 17, is the amount that an insurance contract requires the group to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. All references to investment components in these accounting policies apply to investment components in scope of IFRS 17 that are not distinct, unless specifically stated otherwise. Investment components are included in the measurement of insurance liabilities. However, repayments of investment components are not presented in profit or loss (refer to explanation of recognised insurance amounts in profit or loss for further details). The measurement of investment components identified for different types of insurance contracts is covered in the sub-sections below. Refer to separation of components for the criteria relating to distinct investment components that need to be separated and accounted for under a different standard.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements:

1. Life insurance – Risk business (insurance contracts without direct participation features)
 - ▶ Premium allocation approach (PAA) and general measurement model (GMM)
2. Life insurance – Savings business (insurance contracts with direct participation features)
 - ▶ Variable fee approach (VFA)
3. General insurance (insurance contracts without direct participation features)
 - ▶ PAA and GMM.

Life insurance – Risk and General insurance business

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts (refer to contracts measured under the PAA for further details). Insurance contracts measured under the GMM and PAA are referred to as insurance contracts without direct participation features.

The group applies the VFA to *insurance contracts with direct participation features* (refer to the next sub-section for further details).

For some insurance contracts without direct participation features, the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured under the GMM. Refer to note 29.2.2.3 on page 210 of the Sanlam annual financial statements for further details on the types of contracts in the group providing investment return services.

The following are examples of the main types of products included in life insurance – Risk business:

- ▶ Life insurance risk business providing death/disability and funeral cover (for a specified term/whole life) is measured under the GMM, unless eligible for the PAA;
- ▶ Life insurance risk business where insurance coverage is provided to members of Corporate schemes, with the premiums payable by the employers (policyholders) reviewable at least annually, is measured under the PAA;
- ▶ Non-participating life annuities (excluding term certain annuities in scope of IFRS 9) are measured under the GMM. For non-participating life annuities with a guarantee period, payments made during the guaranteed period are considered to be investment components;
- ▶ Universal life insurance contracts which give rise to investment and insurance risk are measured under the GMM if assessed not to be eligible for the VFA, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges;
- ▶ Other risk insurance contracts providing investment-return services (for example endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges; and
- ▶ Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

The material classes of general insurance business (including reinsurance contracts held) are measured using the PAA. This includes contracts with a coverage period longer than one year that are assessed to be eligible for measurement under the PAA (refer to note 29.2.1 on page 205 of the Sanlam annual financial statements for further details).

Life insurance – Savings business

The group issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. Insurance contracts are substantially investment-related if the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the group:

- ▶ expects to pay amounts to the policyholder equal to a substantial share of the fair value returns on the underlying items; and
- ▶ a substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the group receives for the contract is a variable fee. Initial measurement (excluding PAA) provides further details on the measurement of the variable fee. The group uses judgement in determining the eligibility of contracts for the VFA (refer to note 29.2.1 for further details).

Reinsurance contracts issued or held cannot be insurance contracts with direct participation features for the purposes of IFRS 17.

Investment contracts with DPF

Investment contracts with DPF are in scope of IFRS 17 as the group also issues insurance contracts. An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

These contracts do not include a transfer of significant insurance risk and will be measured under the VFA if it meets the eligibility requirements. The investment contracts with DPF not eligible for the VFA (and therefore measured under GMM) are immaterial for the group.

Basis of presentation continued

The following are examples of the main types of products measured under the VFA and included in life insurance – Savings business:

- ▶ Universal life insurance contracts;
- ▶ Pure market-linked savings contracts (without DPF) with minimum investment guarantees and/or rider benefits such as premium waivers on death creating significant insurance risk;
- ▶ Participating life annuities;
- ▶ Investment contracts with DPF such as smoothed bonus business related to retirement annuities and market-linked savings contracts; and
- ▶ Conventional with-profits business in SEM.

Investment components related to insurance contracts measured under the VFA are determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges.

In the sections to follow, separate sub-headings are included to describe specific differences in accounting policies related to reinsurance contracts held and insurance contracts measured under the VFA.

Separation of components

Distinct components are separated from the insurance contract and accounted for under a different IFRS standard. The examples of distinct components in the group are covered below:

- ▶ Distinct investment components are accounted for under IFRS 9 (unless it is an investment contract with DPF in scope of IFRS 17 as covered in the previous section), such as some non-participating risk and savings business issued in Sanlam Developing Markets where the investment components are not highly interrelated with the insurance components because the value of the investment components can be measured without considering the value of the insurance components, and the policyholders can surrender the investment components without lapsing the insurance cover; and
- ▶ Distinct goods or services other than insurance contract services are accounted for under IFRS 15 – Revenue from contracts with customers. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the group.

Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required. Note 29.2.1.1 on page 206 of the Sanlam annual financial statements provides further details.

Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

The portfolios are further divided into groups of insurance contracts issued based on recognition date (refer to recognition) and expected profitability, based on whether:

- a) contracts are onerous at initial recognition;
- b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
- c) contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held recognised) more than one year apart in the same group (also referred to as cohorts of insurance contracts).

These groups represent the level of aggregation at which insurance contracts are measured. Such groups are not subsequently reconsidered.

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition. Refer to Note 29.2.1.1 for further details.

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts above are replaced with references to contracts on which there is a net gain at initial recognition.

Measurement of insurance contracts

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

The measurement of a group of insurance contracts (including the contractual service margin) with cash flows in more than one currency, will be denominated in a single currency based on the dominant currency in which expected cash flows are generated.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

Recognition

The group recognises insurance and reinsurance contracts issued from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due. Investment contracts with DPF are recognised when the group becomes party to the contract.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance).

A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Contract boundaries

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums, or has a substantive obligation to provide the policyholder with insurance contract services.

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:

- ▶ has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- ▶ performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
 - a) the group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
 - b) the group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary.

Basis of presentation continued

Initial measurement (excluding PAA)

On initial recognition, the group measures a group of insurance contracts as the total of the:

- ▶ fulfilment cash flows; and
- ▶ contractual service margin (CSM).

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts. Refer to contracts measured under the PAA for further details.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary, with discount rates being applied to the future cash flows to adjust for the time value of money and financial risks related to those cash flows. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort. Note 29.2.2.2 on page 207 of the Sanlam annual financial statements provides further details on the determination of the probability-weighted estimates of future cash flows and discount rates.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held.

Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and forms part of the fulfilment cash flows for a group of insurance contracts. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Note 29.2.2.2 on page 207 of the Sanlam annual financial statements provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees (also referred to as the time value of financial options and guarantees (TVOG)) and is mostly relevant to insurance contracts measured under the VFA in SLS. This valuation approach is consistent with actuarial guidance note APN (advisory practice note) 110, which Sanlam believes is compliant with IFRS 17.

Insurance contracts accounted for under the VFA

The fulfilment cash flows measured under the VFA are determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. The variable fee comprises the amount of the group's share in the fair value of the underlying items less the fulfilment cash flows that do not vary based on the underlying items. The variable fee represents the expected shareholder entitlements based on the present value of future estimates of fees charged less insurance claims and expenses incurred, less the risk adjustment for non-financial risk and the effect of financial guarantees (TVOG).

Reinsurance contracts held

Fulfilment cash flows of reinsurance contracts held include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The risk adjustment for non-financial risk reflects that some of this uncertainty will be ceded to the reinsurer.

For reinsurance contracts held, the group has not treated any expense cash flows as acquisition cash flows.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The group applies discount rates, that include the effect of inflation, to nominal cash flows (ie those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:

- ▶ reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- ▶ are consistent with observable current market prices (if any); and
- ▶ exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are discounted using rates that reflect that variability.

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts issued, such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the group expects to recognise as it provides insurance contract services.

- ▶ If a group of insurance contracts issued is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows or other cash flows incurred before the recognition date. This results in no income or expenses arising on initial recognition.
- ▶ If a group of insurance contracts issued is onerous at initial recognition, the CSM is negative. The group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage. Refer to subsequent measurement (excluding PAA) for further details.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 reporting period for insurance contracts measured under GMM or VFA.

For groups of contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3 - Business Combinations, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. No contracts were acquired in a transfer of insurance contracts or in a business combination in the 2023 interim reporting period.

Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. A loss recovery component adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The loss recovery component is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- ▶ the loss recognised on the underlying insurance contracts; and
- ▶ the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

The group uses judgement in determining the loss recovery component, including for subsequent measurement covered in the next section. Refer to note 29.2.2.3 of the annual financial statements for further details.

Basis of presentation continued

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- ▶ the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
 - a. the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and
 - b. the remaining CSM of the group at that date.
- ▶ the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate to current (or past) or future service:

- ▶ changes that relate to current (or past service) are recognised in profit or loss; and
- ▶ changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which adjust the loss component on a group of insurance contracts issued, or any changes which adjust the loss recovery component on a group of reinsurance contracts held (refer to the Loss component section below for further details).

Insurance contracts accounted for under the GMM

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in fulfilment cash flows related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
2. changes in the liability for incurred claims related to past service; and
3. experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

1. changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM;
2. changes in the risk adjustment for non-financial risk that relate to future service;
3. differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before it becomes payable; and
4. experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates). Refer to the 'Contractual service margin' section below for further details.

The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service. Refer to note 29.2.2.3 for further details.

For insurance contracts issued providing investment-return services, where the group applies discretion in the timing and amount of the cash flows to be paid to the policyholders, changes in discretionary cash flows relate to future service and adjust the CSM. The group specifies at the inception of the contract the basis on which it expects to determine its commitment under the contract. Changes in assumed future bonus rates will be treated as changes in discretionary cash flows if this determination of non-vested bonuses is not based on a formulaic approach specified at the inception of the contracts. Policyholders earning investment returns on account balances, and any changes in the formulaic approach for the smoothing of investment returns specified at the inception of the contract, are changes related to financial risks and do not adjust the CSM.

Insurance contracts accounted for under the VFA

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
2. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
 - a) changes in the liability for incurred claims related to past service; and
 - b) experience adjustments arising from premiums received including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

- ▶ changes in the group's share of the fair value of the underlying items, including any variances in the group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks; and
- ▶ changes in the fulfilment cash flows that do not vary with returns on the underlying items:
 - a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
 - b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
 - c) changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments to the CSM are measured based on the current discount rates. The group does not apply the risk mitigation option⁽¹⁾ and therefore changes in TVOG will adjust the CSM.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

1. the effect of new contracts recognised in the period (refer to the Contractual service margin sub-section in initial measurement (excluding PAA) for further details);
2. for contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
3. changes in the fulfilment cash flows that relate to future service (as described in the Fulfilment cash flows section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flows in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the Loss component section below for further details;
4. the effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period; and
5. the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the Coverage units section below for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- ▶ The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous (refer to initial measurement (excluding PAA) on page 88 for further details);
- ▶ The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- ▶ The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

⁽¹⁾ The group does not use derivatives or other investment assets to actively hedge the financial risks related to the changes in TVOG

Basis of presentation continued

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received). The coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Note 29.2.2.3 provides further details on the coverage units identified for the material lines of business measured under GMM and VFA, including the relative weighting of the benefits provided.

Loss component

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period.

Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. For insurance contracts measured under the VFA, the adjustments to the loss component are measured based on current discount rates.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

Reinsurance contracts held

For a group of reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

The group uses judgement in determining the loss recovery component (refer to note 29.2.2.3 for further details).

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future.

The material lines of insurance business measured under the PAA in SLS and SEM have recognised insurance acquisition cash flows as expenses in profit or loss when incurred. Santam has capitalised the insurance acquisition cash flows by including it as a reduction in the liability for remaining coverage and amortising the cash flows over the coverage period of the contracts.

For a group of insurance contracts issued on initial recognition, the group measures the liability for remaining coverage as the amount of premiums received if any, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:

- ▶ the liability for remaining coverage; and
- ▶ the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- ▶ plus the premiums received in the period;
- ▶ minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- ▶ plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- ▶ minus the amount recognised as insurance revenue for the services provided in the period; and
- ▶ minus any investment component paid or transferred to the liability for incurred claims.

The group does not adjust the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

For general insurance business in SEM and Santam, cash flows related to incurred claims have been adjusted for the effect of the time value of money where the claims settlement period is expected to be one year or less. For insurance contracts measured under the PAA, the liability for incurred claims is adjusted for the time value of money where the claims settlement period is more than one year,

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 reporting period for insurance contracts issued measured under the PAA.

A risk adjustment for non-financial risk is determined for the liability for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows. Note 29.2.2.2 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

If there are facts and circumstances that indicate that a group of insurance contracts issued is onerous, a loss will be recognised in profit or loss equal to the difference between the fulfilment cash flows related to the future coverage of the group under the GMM and the liability for remaining coverage under the PAA, with the liability for remaining coverage being increased to be equal to the fulfilment cash flows under the GMM. If the liability for incurred claims does not allow for the time value of money and the effect of financial risk, then the fulfilment cash flows should also exclude such an adjustment. Subsequent to an initial loss being recognised, the loss component will be recalculated at the end of each reporting period based on the difference between the fulfilment cash flows measured under the GMM and the liability for remaining coverage under the PAA, with the change in loss component over the period being recognised as an increase or reversal of losses in profit or loss.

For groups of insurance contracts measured under the PAA, no onerous groups of insurance contracts have been recognised in the 2023 reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:

- ▶ the asset for remaining coverage (also referred to as the remaining coverage component); and
- ▶ the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:

- ▶ minus the ceding premiums paid in the period; and
- ▶ plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, a loss recovery component will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the loss recovery component based on the corresponding changes in the loss component for the underlying insurance contracts.

Basis of presentation continued

Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (ie expired, discharged, or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification is treated as changes in estimates of fulfilment cash flows, unless the criteria⁽²⁾ for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

If an insurance contract not accounted for under the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for under the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

- a) for transfers to a third party, the premium charged by the third party; or
- b) for a contract modification, the premium that the group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the group received the premium determined in b) above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts.

If an insurance contract measured under the PAA is derecognised from a group of insurance contracts, the group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Where these contracts provide for minimum investment return guarantees, provision is made for the fair value of the embedded derivative.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges. All profits or losses accrue to the shareholders when incurred.

Guaranteed plans and fixed return products

Guaranteed maturity values and expected future expenses are discounted at market-related interest rates. All profits or losses accrue to the shareholders when incurred.

Working capital

To the extent that the management of working capital gives rise to profits, no credit is taken for this in determining the policy liabilities.

Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements. The insurance service result is equal to the sum of:

- ▶ Insurance revenue;
- ▶ Insurance service expenses; and
- ▶ Income or expenses from reinsurance contracts.

The result from insurance is equal to the sum of the:

- ▶ Insurance service result;
- ▶ Insurance (and reinsurance) finance income or expenses; and
- ▶ Investment returns on assets held in respect of insurance contracts.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For insurance contracts issued not measured under the PAA, the total consideration for a group of contracts covers the following amounts:

- ▶ expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components);
- ▶ amounts of the CSM recognised in profit or loss for the services provided in the period;
- ▶ release of the risk adjustment for risk expired⁽³⁾ (excluding amounts allocated to the loss component);
- ▶ amounts related to income tax that are specifically chargeable to policyholders (refer to note 29.2.2.2 for further details);
- ▶ experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows; and
- ▶ amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA (refer to amortisation of insurance acquisition cash flows for further details).

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:

- ▶ expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- ▶ experience adjustments arising from incurred claims and administration expenses;
- ▶ changes in liability for incurred claims related to past service;
- ▶ actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage);
- ▶ amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA; and
- ▶ changes that relate to future service:
 - a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
 - b) increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

⁽²⁾ Refer to the conditions listed in paragraph 72 of IFRS 17.

⁽³⁾ Changes in the risk adjustment for non-financial risk excluding changes included in insurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense for further details) and changes related to future service which adjust the CSM.

Basis of presentation continued

Income or expenses from reinsurance contracts

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services. The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- ▶ amounts of the CSM recognised in profit or loss for the services received in the period;
- ▶ changes in the risk adjustment for non-financial risk, excluding:
 - a) changes that related to future service (adjusting the CSM); and
 - b) amounts included in reinsurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense below for reinsurance contracts held).
- ▶ for contracts accounted for under the GMM
 - a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
 - b) experience adjustments related to ceded premiums for past and current service.
- ▶ for contracts accounted for under the PAA:
 - a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
 - b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held.
- ▶ changes in the incurred claims for past service recoverable from the reinsurance contracts held;
- ▶ changes in the non-performance risk of reinsurer counterparties; and
- ▶ changes that relate to future service:
 - a) income on loss recovery component recognised in the period; and
 - b) changes in estimates that adjust the loss recovery component.

Insurance (and reinsurance) finance income and expense

The group recognises all insurance finance income or expenses for the reporting period in profit or loss. The group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:

- ▶ the unwind of interest on fulfilment cash flows, based on current discount rates;
- ▶ the accretion of interest on the CSM, based on locked-in discount rates;
- ▶ the effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in TVOG); and
- ▶ the impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):

- ▶ the unwind of interest on the liability for incurred claims, based on current discount rates; and
- ▶ the impact on the liability for incurred claims of the effect of changes in economic assumptions.

For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

The amounts recognised in insurance finance income or expenses are determined on a 'gross basis' before any allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Note 9 provides more information on the amounts recognised in insurance finance income or expenses and the investment returns on the assets held in respect of insurance contracts.

Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period in a systematic way based on the passage of time. For insurance contracts not measured under the PAA and issued in the South African businesses, the insurance acquisition cash flows are amortised in line with the coverage units used to determine the recognition of the CSM in insurance revenue. Other systematic methods are adopted for insurance contracts not measured under the PAA and issued in SEM, and for insurance contracts measured under the PAA where relevant, such as amortisation on a straight-line basis based on the expected coverage period of the insurance contracts.

Group statement of financial position

as at

R million	Note	31 December 2023	Restated ⁽¹⁾ 31 December 2022	Restated ⁽¹⁾ 1 January 2022
ASSETS				
Goodwill ⁽¹⁾		6 906	5 001	16 096
Equipment		1 535	1 090	1 730
Right-of-use assets		1 189	1 036	1 481
Owner-occupied properties		1 015	686	2 582
Intangible assets ⁽¹⁾		3 331	945	4 355
Contract costs for investment management services ⁽¹⁾	9	2 822	3 150	3 208
Insurance contract assets ⁽¹⁾	4	9 478	8 858	11 585
Reinsurance contract assets ⁽¹⁾	4	14 530	18 680	23 194
Deferred tax ⁽¹⁾		1 619	1 630	3 319
Investments ⁽¹⁾		827 309	773 272	819 252
Investment properties		7 913	10 436	17 980
Investment in associates and joint ventures ⁽¹⁾		44 473	21 198	23 229
Equities and similar securities ⁽¹⁾		159 385	185 686	193 559
Interest-bearing investments ⁽¹⁾		249 372	244 635	274 249
Structured transactions ⁽¹⁾		26 114	18 091	12 629
Investment funds		301 949	264 490	278 145
Deposits and similar securities ⁽¹⁾		38 103	28 736	19 461
Trading account assets ⁽¹⁾		13 554	14 124	15 985
Advances to customers		4 065	—	—
Non-current assets reclassified as held for sale ⁽¹⁾	15	47 213	111 635	81 386
Working capital assets ⁽¹⁾		55 886	58 047	66 254
Trade and other receivables ⁽¹⁾		20 014	15 232	17 387
Taxation		954	574	1 218
Short-term investments ⁽¹⁾		9 089	5 375	6 755
Cash and cash equivalents ⁽¹⁾		25 829	36 866	40 894
Total assets⁽¹⁾		990 452	998 154	1 050 427
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		13 033	12 784	12 784
Treasury shares		(6 658)	(2 888)	(1 671)
Other reserves ⁽¹⁾		11 007	6 237	7 611
Retained earnings ⁽¹⁾		71 148	68 444	63 423
Shareholders' fund⁽¹⁾		88 530	84 577	82 147
Non-controlling interest ⁽¹⁾		8 375	14 381	14 387
Total equity⁽¹⁾		96 905	98 958	96 534
Insurance contract liabilities ⁽¹⁾	4	193 374	205 389	248 886
Reinsurance contract liabilities ⁽¹⁾	4	5 686	4 171	7 570
Investment contract liabilities ⁽¹⁾	8	488 501	441 660	444 753
Term finance		14 936	14 654	15 116
Margin business		5 358	5 413	5 330
Other interest-bearing liabilities		9 578	9 241	9 786
Lease liabilities		1 519	1 371	1 789
Structured transactions liabilities ⁽¹⁾		12 287	11 561	9 314
External investors in consolidated funds		76 468	89 214	85 506
Deferred tax ⁽¹⁾		8 768	6 601	11 860
Trading account liabilities ⁽¹⁾		19 567	17 794	19 857
Non-current liabilities reclassified as held for sale ⁽¹⁾	15	39 403	76 169	78 700
Collateral guarantee contracts ⁽¹⁾		112	129	155
Working capital liabilities ⁽¹⁾		32 926	30 483	30 387
Trade and other payables ⁽¹⁾		30 800	28 288	27 203
Provisions		188	232	628
Taxation		1 938	1 963	2 556
Total equity and liabilities⁽¹⁾		990 452	998 154	1 050 427

⁽¹⁾ The prior years have been restated for the initial application of IFRS 17, the reclassification of cash and cash equivalents, the reclassification of trade and other receivables and trade and other payables and the reclassification of accrued investment income and payables. Refer to notes 17.1, 17.2, 17.3 and 17.4 for additional information.

Group statement of comprehensive income

for the year ended 31 December

R million	Note	2023	Restated and re-presented ⁽¹⁾⁽²⁾ 2022
Result from insurance operations			
Result from insurance contracts	7	10 369	8 603
Insurance service result		11 580	10 142
Insurance revenue		9 760	9 483
Insurance service expenses		87 840	80 441
Income or expense from reinsurance contracts		(7 396)	(1 014)
Insurance investment result		1 820	659
Insurance finance income or expense		(14 303)	(6 737)
Reinsurance finance income or expense		187	707
Investment income on assets held in respect of insurance contracts		9 528	7 685
Investment surpluses/(deficit) on assets held in respect of insurance contracts		6 408	(996)
Other expenses relating to insurance operations		(1 211)	(1 539)
Result from other operations		8 797	5 348
Revenue	3	18 960	13 218
Investment income		24 629	23 986
Investment surpluses/(deficit)		58 855	(14 532)
Finance cost-margin business		(412)	(305)
Change in fair value of external investors' liabilities		(8 678)	(3 272)
Change in fair value of investment contract liabilities		(66 262)	231
Sales remuneration		(1 063)	(1 373)
Administration costs		(17 232)	(12 605)
Impairments		(79)	(22)
Net impairment gains on financial and contract assets		20	54
Other impairments		(99)	(76)
Amortisation of intangibles		(257)	(152)
Net operating result		18 830	13 777
Equity-accounted earnings		2 958	2 468
Finance cost-other		(1 106)	(821)
Profit before tax from continuing operations		20 682	15 424
Taxation		(7 079)	(3 464)
Shareholders' fund		(4 396)	(3 184)
Policyholders' fund		(2 683)	(280)
Profit for the year from continuing operations		13 603	11 960
Profit for the year from discontinued operations	15	3 394	1 898
Profit for the year		16 997	13 858
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		2 304	(1 967)
Other comprehensive income of equity accounted investments		(2 342)	(163)
Movement in cash flow hedge		11	(35)
Other comprehensive income: not to be recycled through profit or loss in subsequent periods			
Employee benefits remeasurement loss		(124)	(21)
Comprehensive income for the year		16 846	11 672
Allocation of comprehensive income:			
Profit for the year from continuing operations		13 603	11 960
Shareholders' fund		11 595	11 227
Non-controlling interest		2 008	733
Profit for the year from discontinued operations		3 394	1 898
Shareholders' fund		2 883	1 030
Non-controlling interest		511	868
Comprehensive income for the year		16 846	11 672
Shareholders' fund		14 098	10 737
Non-controlling interest		2 748	935
Earnings attributable to shareholders of the company (cents):			
Profit for the year:			
Basic earnings per share	1	702,6	598,2
Diluted earnings per share	1	693,0	589,9
Earnings attributable to shareholders (cents) of continuing operations:			
Profit for the year from continuing operations:			
Basic earnings per share from continuing operations		562,7	546,6
Diluted earnings per share from continuing operations		525,8	494,7

⁽¹⁾ The prior year has been restated for the application of IFRS 17. Refer to note 17.1 for additional information.

⁽²⁾ Prior year re-presented due to discontinued operations. Refer to note 15 for additional information.

Group statement of changes in equity

for the year ended 31 December

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve ⁽⁴⁾	Foreign currency translation reserve	Retained earnings	Subtotal: equity holders	Consolidation reserve ⁽⁶⁾	Total: equity holders	Non-controlling interest	Total equity
Balance at 1 January 2022 (as previously reported)	22	12 762	(1 671)	10 034	2 593	52 188	75 928	(6 549)	69 379	13 517	82 896
Adjustment on initial application of IFRS 17 net of tax	—	—	—	—	—	11 235	11 235	1 533	12 768	870	13 638
Balance at 1 January 2022 (restated)⁽¹⁾	22	12 762	(1 671)	10 034	2 593	63 423	87 163	(5 016)	82 147	14 387	96 534
Comprehensive income (restated) ⁽¹⁾	—	—	—	(22)	(1 294)	12 053	10 737	—	10 737	935	11 672
Profit for the year ⁽¹⁾	—	—	—	—	—	12 257	12 257	—	12 257	1 601	13 858
Other comprehensive income ⁽¹⁾	—	—	—	(22)	(1 294)	(204)	(1 520)	—	(1 520)	(666)	(2 186)
Other comprehensive income: to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve	—	—	—	—	(1 296)	(20)	(1 316)	—	(1 316)	(651)	(1 967)
Other comprehensive income of equity accounted investments	—	—	—	—	2	(165)	(163)	—	(163)	—	(163)
Movement in cash flow hedge	—	—	—	(22)	—	—	(22)	—	(22)	(13)	(35)
Other comprehensive income: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement loss	—	—	—	—	—	(19)	(19)	—	(19)	(2)	(21)
Net (acquisition)/disposal of treasury shares ⁽¹⁾⁽³⁾	—	—	(1 217)	—	—	185	(1 032)	—	(1 032)	(91)	(1 123)
Share-based payments	—	—	—	—	—	485	485	—	485	46	531
Transfer (from)/to non-distributable reserve	—	—	—	(17)	—	17	—	—	—	—	—
Transfer to/(from) contingency reserve	—	—	—	6	—	(6)	—	—	—	—	—
Transfer (from)/to consolidation reserve	—	—	—	—	—	(841)	(841)	841	—	—	—
Dividends paid ⁽²⁾	—	—	—	—	—	(6 959)	(6 959)	—	(6 959)	(1 493)	(8 452)
Acquisitions, disposals and other movements in interests ⁽⁷⁾	—	—	—	(29)	(855)	87	(797)	(4)	(801)	597	(204)
Balance at 31 December 2022 (restated)⁽¹⁾	22	12 762	(2 888)	9 972	444	68 444	88 756	(4 179)	84 577	14 381	98 958
Comprehensive income	—	—	—	7	2 101	11 990	14 098	—	14 098	2 748	16 846
Profit for the year	—	—	—	—	—	14 478	14 478	—	14 478	2 519	16 997
Other comprehensive income ⁽³⁾	—	—	—	7	2 101	(2 488)	(380)	—	(380)	229	(151)
Other comprehensive income: to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve ⁽⁴⁾	—	—	—	—	2 071	—	2 071	—	2 071	233	2 304
Other comprehensive income of equity accounted investments	—	—	—	—	30	(2 372)	(2 342)	—	(2 342)	—	(2 342)
Movement in cash flow hedge	—	—	—	7	—	—	7	—	7	4	11
Other comprehensive income: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement loss	—	—	—	—	—	(116)	(116)	—	(116)	(8)	(124)
Shares cancelled ⁽⁵⁾	—	(186)	1 869	—	—	(1 683)	—	—	—	—	—
Shares issued	—	435	—	—	—	—	435	—	435	31	466
Net (acquisition)/disposal of treasury shares ⁽³⁾	—	—	(804)	—	—	(381)	(1 185)	—	(1 185)	(84)	(1 269)
Share-based payments	—	—	—	—	—	421	421	—	421	47	468
Transfer from/(to) non-distributable reserve	—	—	—	104	—	(104)	—	—	—	—	—
Transfer (from)/to consolidation reserve	—	—	(4 811)	—	—	1 609	(3 202)	3 202	—	—	—
Dividends paid ⁽²⁾	—	—	—	—	—	(7 420)	(7 420)	—	(7 420)	(2 183)	(9 603)
Acquisitions, disposals and other movements in interests ⁽⁷⁾	—	—	(24)	(669)	(3)	(1 728)	(2 424)	28	(2 396)	(6 565)	(8 961)
Balance at 31 December 2023	22	13 011	(6 658)	9 414	2 542	71 148	89 479	(949)	88 530	8 375	96 905

⁽¹⁾ The prior years have been restated for the application of IFRS 17. Refer to note 17.1 for additional information.

⁽²⁾ A dividend of 400 cents per share (2023: 360 cents per share) was declared in 2024 in respect of the 2023 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R8,7 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.

⁽³⁾ Comprises movement in initial cost of shares held by subsidiaries (excluding policyholder funds), the share incentive trust and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV). Net acquisition of treasury shares comprises of an acquisition of R12 million (2022: R577 million) and disposal of R1 281 million in 2023 (2022: R1 699 million).

⁽⁴⁾ Movement in foreign currency translation reserve include foreign currency translation reserve recycle from profit on disposal of LIA. Refer to note 15.2 of the annual financial statement for additional information.

⁽⁵⁾ In June 2023, 31 million treasury shares were cancelled, pursuant to the General Authorities. Following the transactions, the issued share capital of the company now comprises 2 202,9 million ordinary shares of 1 cent each.

⁽⁶⁾ Refer to note 19 of the annual financial statements for additional information.

⁽⁷⁾ Disposals in the current year relate to Sanlam Pan Africa R12 092 million. The remaining non-controlling interest of Brightrock was acquired in 2023 R256 million. In 2022 additional shares of Sanlam Investment Holdings (SIH) were issued to Absa (R603 million).

Group statement of cash flow

for the year ended 31 December

R million		2023	Restated ⁽¹⁾ 2022
Cash flow from operating activities		(17 704)	8 268
Cash generated from/(utilised in) operations	11.1	(32 848)	(6 345)
Interest and preference share dividends received		20 962	17 322
Interest paid		(1 855)	(1 018)
Dividends received		10 514	11 758
Dividends paid		(9 604)	(8 449)
Taxation paid		(4 873)	(5 000)
Cash flow from investment activities		(2 435)	(1 153)
Payments made for the acquisition of equipment		(752)	(574)
Proceeds in respect of the sale of equipment		48	71
Payments made for the acquisition of owner-occupied properties		(130)	(225)
Proceeds in respect of the disposal of owner-occupied properties		22	227
Acquisition of subsidiaries and associated companies	11.2	(2 437)	(303)
Disposal of subsidiaries and associated companies	11.3	1 059	149
Payments made for the acquisition of other intangible assets		(347)	(656)
Proceeds in respect the disposal of other intangible assets		102	158
Cash flow from financing activities		(1 538)	(1 302)
Shares issued		458	—
Acquisition of treasury shares		(1 281)	(1 699)
Disposal of treasury shares		12	577
(Acquisition)/disposal of non-controlling interest		(720)	50
Term finance raised		3 386	1 378
Term finance repaid		(3 050)	(1 271)
Lease liabilities repaid		(343)	(337)
Net increase in cash and cash equivalents		(21 677)	5 813
Effect of exchange rate movements on cash balances		700	95
Cash and cash equivalents at the beginning of the year		49 231	43 323
Cash and cash equivalents at the end of the year	11.4	28 254	49 231

⁽¹⁾ The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 17.2 for additional information.

Notes to the group financial statements

for the year ended 31 December

1 Insurance and reinsurance contracts

Summary of net carrying amount

R million	Note	2023				2022 Restated ⁽⁴⁾⁽⁵⁾			
		Total	Life insurance - Risk business	Life insurance - Savings business	General insurance	Total	Life insurance - Risk business	Life insurance - Savings business	General insurance
Net insurance contract carrying amount		183 896	86 400	65 182	32 314	196 531	80 700	81 687	34 144
Insurance contract liabilities ⁽⁴⁾	8.1	193 374	95 470	65 182	32 722	205 389	88 862	81 687	34 840
Insurance contract assets	8.1	(9 478)	(9 070)	—	(408)	(8 858)	(8 162)	—	(696)
Net reinsurance contract carrying amount		(8 844)	(2 372)	—	(6 472)	(14 509)	(3 760)	—	(10 749)
Reinsurance contract liabilities	9.1	5 686	2 797	—	2 889	4 171	1 571	—	2 600
Reinsurance contract assets	9.1	(14 530)	(5 169)	—	(9 361)	(18 680)	(5 331)	—	(13 349)
Net carrying amount		175 052	84 028	65 182	25 842	182 022	76 940	81 687	23 395

Summary of result from insurance contracts

R million	2023				2022			
	Total	Life insurance - Risk business ⁽¹⁾	Life insurance - Savings business ⁽²⁾	General insurance ⁽³⁾	Total	Life insurance - Risk business ⁽¹⁾	Life insurance - Savings business ⁽²⁾	General insurance ⁽³⁾
Insurance service result	11 292	6 698	1 749	2 845	10 377	7 252	550	2 575
Insurance revenue	112 282	52 264	2 989	57 029	110 526	50 728	1 268	58 530
Insurance service expenses	(90 425)	(42 683)	(1 240)	(46 502)	(95 212)	(42 369)	(718)	(52 125)
Income or expense from reinsurance contracts	(10 565)	(2 883)	—	(7 682)	(4 937)	(1 107)	—	(3 830)
Insurance investment result	4 022	4 296	(575)	301	1 666	1 412	(47)	301
Result from insurance contracts (including profit from discontinued operations)	15 314	10 994	1 174	3 146	12 043	8 664	503	2 876
Profit from discontinued operations	3 734				1 901			
Result from insurance contracts	11 580				10 142			

⁽¹⁾ Refer to note 10.1 for additional information.

⁽²⁾ Refer to note 10.2 for additional information.

⁽³⁾ Refer to note 10.3 for additional information.

⁽⁴⁾ Refer to note 6.1 annotation 17 for additional information on the decrease of R767 million.

⁽⁵⁾ Refer to note 6.7 and 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount

2.1 Analysis of net insurance contract carrying amount

Analysis per line of business and valuation method

R million	Note	Liability for remaining coverage				Incurred claims ⁽¹⁾				Analysis of liability for remaining coverage		
		Total	Subtotal ⁽¹⁾	Best estimate of future cash flows	Risk adjustment	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component
2023												
Life insurance - Risk business	8.2	86 400	70 891	37 500	8 666	25 410	15 509	14 978	531	70 891	70 353	538
Premium allocation approach ⁽¹⁾		10 782	(685)	—	—	—	11 467	11 037	430	(685)	(685)	—
General model		75 618	71 576	37 500	8 666	25 410	4 042	3 941	101	71 576	71 038	538
Life insurance - Savings business	8.3	65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	—
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	—
General insurance	8.4	32 312	12 800	632	1	41	19 512	17 901	1 611	12 800	12 800	—
Premium allocation approach ⁽¹⁾		31 638	12 126	—	—	—	19 512	17 901	1 611	12 126	12 126	—
General model		674	674	632	1	41	—	—	—	674	674	—
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Premium allocation approach ⁽¹⁾		42 420	11 441	—	—	—	30 979	28 938	2 041	11 441	11 441	—
General model		76 292	72 250	38 132	8 667	25 451	4 042	3 941	101	72 250	71 712	538
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	—
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Insurance contract liability balances		193 374	158 970	114 104	6 631	26 116	34 404	32 295	2 109	158 970	158 412	558
Insurance contract asset balances		(9 478)	(11 086)	(16 369)	2 345	3 616	1 608	1 571	37	(11 086)	(11 066)	(20)
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
2022 Restated⁽²⁾⁽³⁾												
Life insurance - Risk business	8.2	80 702	63 734	31 893	7 402	25 242	16 968	16 182	786	63 734	63 550	184
Premium allocation approach ⁽¹⁾		10 587	(803)	—	—	—	11 390	10 759	631	(803)	(809)	6
General model		70 115	64 537	31 893	7 402	25 242	5 578	5 423	155	64 537	64 359	178
Life insurance - Savings business	8.3	81 686	81 154	75 963	481	4 710	532	515	17	81 154	81 039	115
Variable fee approach		81 686	81 154	75 963 ⁽²⁾	481	4 710	532	515	17	81 154	81 039	115
General insurance	8.4	34 143	12 554	679	1	22	21 589	19 386	2 203	12 554	12 554	—
Premium allocation approach ⁽¹⁾		33 441	11 852	—	—	—	21 589	19 386	2 203	11 852	11 852	—
General model		702	702	679	1	22	—	—	—	702	702	—
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299
Premium allocation approach ⁽¹⁾		44 028	11 049	—	—	—	32 979	30 145	2 834	11 049	11 043	6
General model		70 817	65 239	32 572	7 403	25 264	5 578	5 423	155	65 239	65 061	178
Variable fee approach		81 686	81 154	75 963	481	4 710	532	515	17	81 154	81 039	115
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299
Insurance contract liability balances		205 389	168 027	125 351	5 506	25 102	37 362	34 372	2 990	168 027	167 584	443
Insurance contract asset balances		(8 858)	(10 585)	(16 816)	2 378	4 872	1 727	1 711	16	(10 585)	(10 441)	(144)
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299

⁽¹⁾ Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

⁽²⁾ Refer to note 6.7 for additional information. The best estimate of future cash flows increased by R3,4 billion.

⁽³⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.2 Reconciliation of net carrying amount: Life insurance – Risk business

2.2.1 Premium allocation approach

Reconciliation per valuation component

R million	2023						2022 Restated ⁽¹⁾⁽²⁾					
	Liability for remaining coverage			Incurred claims			Liability for remaining coverage			Incurred claims		
	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	(3 386)	(14 580)	4	11 190	11 186	4	(3 611)	(15 461)	(5)	11 855	11 770	85
Recognised in insurance revenue	(15 804)	(15 804)	–	–	–	–	(16 749)	(16 749)	–	–	–	–
Recognised in insurance service expenses	11 809	1 211	4	10 594	10 616	(22)	12 928	1 276	(5)	11 657	11 580	77
Claims incurred during the year (excluding investment component)	10 444	–	–	10 444	10 450	(6)	10 746	–	–	10 746	10 728 ⁽¹⁾	18
Change in liability for past service	150	–	–	150	166	(16)	911	–	–	911	852	59
Increase and reversal of losses on onerous contracts	4	–	4	–	–	–	(5)	–	(5)	–	–	–
Insurance acquisition cash flows paid or amortised	1 211	1 211	–	–	–	–	1 276	1 276	–	–	–	–
Insurance finance income or expenses	609	13	–	596	570	26	210	12	–	198	190	8
Cash flow	4 814	14 892	–	(10 078)	(10 078)	–	4 180	14 414	–	(10 234)	(10 234)	–
Premiums received during the year	16 125	16 125	–	–	–	–	15 690	15 690	–	–	–	–
Incurred claims – investment components	–	(22)	–	22	22	–	–	–	–	–	–	–
Claims paid during the year	(10 100)	–	–	(10 100)	(10 100)	–	(10 234)	–	–	(10 234)	(10 234)	–
Insurance acquisition cash flows paid	(1 211)	(1 211)	–	–	–	–	(1 276)	(1 276)	–	–	–	–
Net movement for the year	1 428	312	4	1 112	1 108	4	569	(1 047)	(5)	1 621	1 536	85
Recognised in other comprehensive income – foreign currency translation differences	(4)	(20)	–	16	8	8	84	63	–	21	14	7
Reclassified as non-current liabilities held for sale	(1 229)	(168)	(10)	(1 051)	(838)	(213)	(2 824)	(1 413)	–	(1 411)	(1 411)	–
Balance at the beginning of the year	10 587	(809)	6	11 390	10 759	631	12 758	1 588	11	11 159	10 620	539
Balance at the end of the year	10 782	(685)	–	11 467	11 037	430	10 587	(809)	6	11 390	10 759	631

⁽¹⁾ Refer to note 6.7 for additional information on the R1,3 billion increase in the best estimate of future cash flows for claims incurred during the year.

⁽²⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

2.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁴⁾	Liability for remaining coverage excluding loss component			Incurred claims
							Total	Loss component	Loss component	
2023										
Non-onerous contracts recognised during the year ⁽³⁾	–	(7 173)	2 079	5 094	–	5 094	–	–	–	–
Recognised in statement of comprehensive income	(5 609)	(2 235)	(915)	(2 459)	(898)	(1 561)	(5 609)	(29 013)	555	22 849
Recognised in insurance revenue ⁽¹⁾	(33 459)	(27 060)	(1 474)	(4 925)	(1 953)	(2 972)	(33 459)	(33 332)	(127)	–
Expected incurred claims excluding investment components	(25 878)	(25 878)	–	–	–	–	(25 878)	(25 805)	(73)	–
Expected administration and other expenses	(2 126)	(2 126)	–	–	–	–	(2 126)	(2 077)	(49)	–
Release of risk adjustment for risk expired	(1 474)	–	(1 474)	–	–	–	(1 474)	(1 469)	(5)	–
Recognition of contractual service margin for services provided	(4 925)	–	–	(4 925)	(1 953)	(2 972)	(4 925)	(4 925)	–	–
Premium experience adjustments related to current service and other amounts	973	973	–	–	–	–	973	973	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(29)	(29)	–	–	–	–	(29)	(29)	–	–
Recognised in insurance service expenses ⁽¹⁾	23 276	23 230	46	–	–	–	23 276	(85)	612	22 749
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	22 649	22 649	–	–	–	–	22 649	(85)	–	22 734
Expected incurred claims excluding investment components	25 793	25 793	–	–	–	–	25 793	(85)	–	25 878
Experience adjustment	(3 144)	(3 144)	–	–	–	–	(3 144)	–	–	(3 144)
Change in liability for past service ⁽²⁾	15	74	(59)	–	–	–	15	–	–	15
Initial loss on onerous contracts recognised during the year ⁽³⁾	219	137	82	–	–	–	219	–	219	–
Increase and reversal of losses on onerous contracts ⁽³⁾	393	370	23	–	–	–	393	–	393	–
Insurance finance income or expenses	4 574	1 595	513	2 466	1 055	1 411	4 574	4 404	70	100
Impact of unwinding discount rates and financial assumption changes	4 574	1 595	513	2 466	1 055	1 411	4 574	4 404	70	100
Changes in estimates recognised in contractual service margin ⁽³⁾	–	(127)	656	(529)	(323)	(206)	–	–	–	–
Cash flow	17 199	17 199	–	–	–	–	17 199	41 270	–	(24 071)
Premiums received during the year	48 320	48 320	–	–	–	–	48 320	48 320	–	–
Incurred claims – investment components ⁽⁵⁾	–	–	–	–	–	–	–	(1 536)	–	1 536
Claims paid during the year	(25 607)	(25 607)	–	–	–	–	(25 607)	–	–	(25 607)
Insurance acquisition cash flows paid	(5 514)	(5 514)	–	–	–	–	(5 514)	(5 514)	–	–
Change in policy loans	–	–	–	–	–	–	–	–	–	–
Net movement for the year	11 590	7 664	1 820	2 106	(1 221)	3 327	11 590	12 257	555	(1 222)
Recognised in other comprehensive income – foreign currency translation differences	–	2	–	(2)	29	(31)	–	15	(17)	2
Reclassified as non-current liabilities held for sale	(6 087)	(3 541)	(610)	(1 936)	(464)	(1 472)	(6 087)	(5 593)	(178)	(316)
Balance at the beginning of the year	70 115	37 316	7 557	25 242	11 937	13 305	70 115	64 359	178	5 578
Balance at the end of the period	75 618	41 441	8 767	25 410	10 281	15 129	75 618	71 038	538	4 042

⁽¹⁾ Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

⁽²⁾ Relates to past service. Line items without a superscript relates to current service.

⁽³⁾ Relates to future service. Line items without a superscript relates to current service.

⁽⁴⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁵⁾ The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

2.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁴⁾	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022 Restated⁽⁶⁾										
Non-onerous contracts recognised during the year ⁽³⁾	–	(4 971)	1 300	3 671	–	3 671	–	–	–	–
Recognised in statement of comprehensive income	(3 738)	(485)	(817)	(2 436)	(1 357)	(1 079)	(3 738)	(25 968)	226	22 004
Recognised in insurance revenue ⁽¹⁾	(31 118)	(25 519)	(1 185)	(4 414)	(2 347)	(2 067)	(31 118)	(31 070)	(48)	–
Expected incurred claims excluding investment components	(24 191)	(24 191)	–	–	–	–	(24 191)	(24 173)	(18)	–
Expected administration and other expenses	(2 069)	(2 069)	–	–	–	–	(2 069)	(2 045)	(24)	–
Release of risk adjustment for risk expired	(1 185)	–	(1 185)	–	–	–	(1 185)	(1 179)	(6)	–
Recognition of contractual service margin for services provided	(4 414)	–	–	(4 414)	(2 347)	(2 067)	(4 414)	(4 414)	–	–
Premium experience adjustments related to current service and other amounts	747	747	–	–	–	–	747	747	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(6)	(6)	–	–	–	–	(6)	(6)	–	–
Recognised in insurance service expenses ⁽¹⁾	22 152	22 083	69	–	–	–	22 152	–	199	21 953
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	21 591	21 591	–	–	–	–	21 591	–	–	21 591
Expected incurred claims excluding investment components	24 191	24 191	–	–	–	–	24 191	–	–	24 191
Experience adjustment	(2 600)	(2 600)	–	–	–	–	(2 600)	–	–	(2 600)
Change in liability for past service ⁽²⁾	362	332	30	–	–	–	362	–	–	362
Initial loss on onerous contracts recognised during the year ⁽³⁾	258	197	61	–	–	–	258	–	258	–
Increase and reversal of losses on onerous contracts ⁽³⁾	(59)	(37)	(22)	–	–	–	(59)	–	(59)	–
Insurance finance income or expenses	5 228	2 951	299	1 978	990	988	5 228	5 102	75	51
Impact of unwinding discount rates and financial assumption changes	5 228	2 951	299	1 978	990	988	5 228	5 102	75	51
Changes in estimates recognised in contractual service margin ⁽³⁾	–	(1 246)	(34)	1 280	14	1 266	–	–	–	–
Cash flow	11 324	11 324	–	–	–	–	11 324	33 862	–	(22 538)
Premiums received during the year	39 911	39 911	–	–	–	–	39 911	39 911	–	–
Incurred claims – investment components ⁽⁵⁾	–	–	–	–	–	–	–	(844)	–	844
Claims paid during the year	(23 382)	(23 382)	–	–	–	–	(23 382)	–	–	(23 382)
Insurance acquisition cash flows paid	(5 205)	(5 205)	–	–	–	–	(5 205)	(5 205)	–	–
Net movement for the year	7 586	4 622	449	2 515	(1 343)	3 858	7 586	7 894	226	(534)
Recognised in other comprehensive income – foreign currency translation differences	9	4	2	3	4	(1)	9	4	(4)	9
Reclassified as non-current liabilities held for sale	(22 516)	(18 784)	(256)	(3 476)	(1 723)	(1 753)	(22 516)	(21 317)	(374)	(825)
Balance at the beginning of the year	85 036	51 474	7 362	26 200	14 999	11 201	85 036	77 778	330	6 928
Balance at the end of the year	70 115	37 316	7 557	25 242	11 937	13 305	70 115	64 359	178	5 578

⁽¹⁾ Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

⁽²⁾ Relates to past service. Line items without a superscript relates to current service.

⁽³⁾ Relates to future service. Line items without a superscript relates to current service.

⁽⁴⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁵⁾ The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

⁽⁶⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.3 Reconciliation of net carrying amount: Life insurance – Savings business

Variable fee approach

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁴⁾	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year ⁽³⁾	–	(332)	29	303	–	303	–	–	–	–
Recognised in statement of comprehensive income	6 294	7 525	(128)	(1 103)	(662)	(441)	6 294	5 807	13	474
Recognised in insurance revenue ⁽¹⁾	(2 930)	(1 699)	(128)	(1 103)	(662)	(441)	(2 930)	(2 930)	–	–
Expected incurred claims excluding investment components	(299)	(299)	–	–	–	–	(299)	(299)	–	–
Expected administration and other expenses	(859)	(859)	–	–	–	–	(859)	(859)	–	–
Release of risk adjustment for risk expired	(128)	–	(128)	–	–	–	(128)	(128)	–	–
Recognition of contractual service margin for services provided	(1 103)	–	–	(1 103)	(662)	(441)	(1 103)	(1 103)	–	–
Premium experience adjustments related to current service and other amounts	(428)	(428)	–	–	–	–	(428)	(428)	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(113)	(113)	–	–	–	–	(113)	(113)	–	–
Recognised in insurance service expenses ⁽¹⁾	475	475	–	–	–	–	475	–	13	462
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	323	323	–	–	–	–	323	–	–	323
Expected incurred claims excluding investment components	299	299	–	–	–	–	299	–	–	299
Experience adjustment	24	24	–	–	–	–	24	–	–	24
Change in liability for past service ⁽²⁾	139	139	–	–	–	–	139	–	–	139
Initial loss on onerous contracts recognised during the year ⁽³⁾	7	7	–	–	–	–	7	–	7	–
Increase and reversal of losses on onerous contracts ⁽³⁾	6	6	–	–	–	–	6	–	6	–
Insurance finance income or expenses	8 749	8 749	–	–	–	–	8 749	8 737	–	12
Fair value returns on underlying items and finance amounts related to incurred claims	8 749	8 749	–	–	–	–	8 749	8 737	–	12
Changes in estimates recognised in contractual service margin ⁽³⁾	–	(1 015)	119	896	716	180	–	–	–	–
Cash flow	(8 007)	(8 007)	–	–	–	–	(8 007)	(7 613)	–	(394)
Premiums received during the year	11 146	11 146	–	–	–	–	11 146	11 146	–	–
Incurred claims - investment components ⁽⁵⁾	–	–	–	–	–	–	–	(18 096)	–	18 096
Claims paid during the year	(18 490)	(18 490)	–	–	–	–	(18 490)	–	–	(18 490)
Insurance acquisition cash flows paid	(663)	(663)	–	–	–	–	(663)	(663)	–	–
Net movement for the year	(1 713)	(1 829)	20	96	54	42	(1 713)	(1 806)	13	80
Recognised in other comprehensive income - foreign currency translation differences	518	496	7	15	24	(9)	518	521	–	(3)
Reclassified as non-current liabilities held for sale	(15 307)	(14 555)	(212)	(540)	(328)	(212)	(15 307)	(15 561)	(128)	382
Balance at the beginning of the year	81 686	76 478	498	4 710	3 459	1 251	81 686	81 039	115	532
Balance at the end of the year	65 184	60 590	313	4 281	3 209	1 072	65 184	64 193	–	991

⁽¹⁾ Line items do not align to statement of comprehensive income, due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

⁽²⁾ Relates to past service. Line items without a superscript relates to current service.

⁽³⁾ Relates to future service. Line items without a superscript relates to current service.

⁽⁴⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁵⁾ The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.3 Reconciliation of net carrying amount: Life insurance – Savings business continued

Variable fee approach

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁴⁾	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022 Restated⁽⁶⁾⁽⁷⁾⁽⁸⁾										
Non-onerous contracts recognised during the year ⁽³⁾	–	(425)	43	382	–	382	–	–	–	–
Recognised in statement of comprehensive income	931	1 764	(36)	(797)	(619)	(178)	931	639	115	177
Recognised in insurance revenue ⁽¹⁾	(1 241)	(409)	(35)	(797)	(619)	(178)	(1 241)	(1 241)	–	–
Expected incurred claims excluding investment components	(203)	(203)	–	–	–	–	(203)	(203)	–	–
Expected administration and other expenses	(300)	(300)	–	–	–	–	(300)	(300)	–	–
Release of risk adjustment for risk expired	(35)	–	(35)	–	–	–	(35)	(35)	–	–
Recognition of contractual service margin for services provided	(797)	–	–	(797)	(619)	(178)	(797)	(797)	–	–
Premium experience adjustments related to current service and other amounts	102	102	–	–	–	–	102	102	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(8)	(8)	–	–	–	–	(8)	(8)	–	–
Recognised in insurance service expenses ⁽¹⁾	279	280	(1)	–	–	–	279	–	115	164
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	207	207	–	–	–	–	207	–	–	207
Expected incurred claims excluding investment components	203	203	–	–	–	–	203	–	–	203
Experience adjustment	4	4	–	–	–	–	4	–	–	4
Change in liability for past service ⁽²⁾	(43)	(42)	(1)	–	–	–	(43)	–	–	(43)
Initial loss on onerous contracts recognised during the year ⁽³⁾	6	6	–	–	–	–	6	–	6	–
Increase and reversal of losses on onerous contracts ⁽³⁾	109	109	–	–	–	–	109	–	109	–
Insurance finance income or expenses	1 893	1 893	–	–	–	–	1 893	1 880	–	13
Fair value returns on underlying items and finance amounts related to incurred claims	1 893	1 893	–	–	–	–	1 893	1 880	–	13
Changes in estimates recognised in contractual service margin ⁽³⁾	–	221	(62)	(159)	(517)	358	–	–	–	–
Cash flow	(3 392)	(3 392)	–	–	–	–	(3 392)	(2 476)	–	(916)
Premiums received during the year ⁽⁶⁾	14 327	14 327	–	–	–	–	14 327	14 327	–	–
Incurred claims - investment components ⁽⁵⁾	–	–	–	–	–	–	–	(16 211)	–	16 211
Claims paid during the year ⁽⁷⁾	(17 127)	(17 127)	–	–	–	–	(17 127)	–	–	(17 127)
Insurance acquisition cash flows paid	(592)	(592)	–	–	–	–	(592)	(592)	–	–
Net movement for the year	(2 461)	(1 832)	(55)	(574)	(1 136)	562	(2 461)	(1 837)	115	(739)
Recognised in other comprehensive income - foreign currency translation differences	726	680	7	39	18	21	726	729	–	(3)
Reclassified as non-current liabilities held for sale	(10 736)	(10 264)	13	(485)	–	(485)	(10 736)	(10 685)	–	(51)
Balance at the beginning of the year	94 157	87 894	533	5 730	4 577	1 153	94 157	92 832	–	1 325
Balance at the end of the year	81 686	76 478	498	4 710	3 459	1 251	81 686	81 039	115	532

⁽¹⁾ Line items do not align to statement of comprehensive income, due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

⁽²⁾ Relates to past service. Line items without a superscript relates to current service.

⁽³⁾ Relates to future service. Line items without a superscript relates to current service.

⁽⁴⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁵⁾ The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

⁽⁶⁾ Refer to note 6.7 for additional information on R1.9 billion increase on premiums received during the year.

⁽⁷⁾ Refer to note 6.7 for additional information on R3.1 billion increase on claims paid during the year.

⁽⁸⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.4 Reconciliation of net carrying amount: General Insurance

2.4.1 Premium allocation approach

Reconciliation per valuation component

R million	2023					2022 Restated ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾				
	Liability for remaining coverage		Incurred claims			Liability for remaining coverage		Incurred claims		
	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	(8 945)	(51 247)	42 302	42 894	(592)	(5 280)	(53 084)	47 804	47 284	520
Recognised in insurance revenue	(57 038)	(57 038)	—	—	—	(58 473)	(58 473) ⁽¹⁾⁽²⁾	—	—	—
Recognised in insurance service expenses	46 502	5 251	41 251	41 938	(687)	52 125	5 084	47 041	46 592	449
Claims incurred during the year (excluding investment component)	41 024	—	41 024	40 110	914	47 265	—	47 265	45 894	1 371
Change in liability for past service	227	—	227	1 828	(1 601)	(224)	—	(224)	698	(922)
Insurance acquisition cash flows paid or amortised	5 251	5 251	—	—	—	5 084	5 084 ⁽²⁾	—	—	—
Insurance finance income or expenses	1 591	540	1 051	956	95	1 068	305	763	692	71
Cash flow	10 425	51 521	(41 096)	(41 096)	—	11 981	57 367	(45 386)	(45 386)	—
Premiums received during the year	56 772	56 772	—	—	—	62 875	62 875 ⁽³⁾	—	—	—
Incurred claims - investment components	—	(505)	505	505	—	—	(669)	669	669	—
Claims paid during the year	(41 601)	—	(41 601)	(41 601)	—	(46 055)	—	(46 055)	(46 055)	—
Insurance acquisition cash flows	(4 746)	(4 746)	—	—	—	(4 839)	(4 839) ⁽²⁾	—	—	—
Net movement for the year	1 480	274	1 206	1 798	(592)	6 701	4 283	2 418	1 898	520
Recognised in other comprehensive income - foreign currency translation differences	(122)	—	(122)	(122)	—	154	17	137	119	18
Reclassified as non-current liabilities held for sale	(3 161)	—	(3 161)	(3 161)	—	(16 016)	1 370	(17 386)	(15 324)	(2 062)
Balance at the beginning of the year	33 441	11 852	21 589	19 386	2 203	42 602	6 182	36 420	32 693	3 727
Balance at the end of the year	31 638	12 126	19 512	17 901	1 611	33 441	11 852	21 589	19 386	2 203

⁽¹⁾ Refer to note 6.7 for additional information on the liability for remaining cover recognised in insurance revenue decreased by R2,4 billion.

⁽²⁾ Refer to note 6.5 for additional information.

⁽³⁾ Refer to note 6.7 for additional information on the liability for remaining coverage recognised in premium received during the year decreased by R2,7 billion.

⁽⁴⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.4 Reconciliation of net carrying amount: General Insurance continued

2.4.2 General model continued

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other ⁽²⁾	Total	Liability for remaining coverage excluding loss component	Incurred claims
2023								
Recognised in statement of comprehensive income	88	69	—	19	19	88	88	—
Recognised in insurance revenue ⁽¹⁾	9	14	—	(5)	(5)	9	9	—
Recognition of contractual service margin for services provided	(5)	—	—	(5)	(5)	(5)	(5)	—
Premium experience adjustments related to current service and other amounts	14	14	—	—	—	14	14	—
Insurance finance income or expenses	79	55	—	24	24	79	79	—
Impact of unwinding discount rates and financial assumption changes	79	55	—	24	24	79	79	—
Cash flow	(116)	(116)	—	—	—	(116)	(116)	—
Incurred claims - investment components	—	—	—	—	—	—	(116)	116
Claims paid during the year	(116)	(116)	—	—	—	(116)	—	(116)
Net movement for the year	(28)	(47)	—	19	19	(28)	(28)	—
Balance at the beginning of the year	702	679	1	22	22	702	702	—
Balance at the end of the year	674	632	1	41	41	674	674	—

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other ⁽²⁾	Total	Liability for remaining coverage excluding loss component	Incurred claims
2022 Restated⁽³⁾								
Recognised in statement of comprehensive income	(57)	(72)	—	15	15	(57)	(57)	—
Recognised in insurance revenue ⁽¹⁾	(57)	(72)	—	15	15	(57)	(57)	—
Recognition of contractual service margin for services provided	15	—	—	15	15	15	15	—
Premium experience adjustments related to current service and other amounts	(72)	(72)	—	—	—	(72)	(72)	—
Cash flow	(30)	(30)	—	—	—	(30)	(30)	—
Insurance acquisition cash flows paid	(30)	(30)	—	—	—	(30)	(30)	—
Net movement for the year	(87)	(102)	—	15	15	(87)	(87)	—
Balance at the beginning of the year	789	781	1	7	7	789	789	—
Balance at the end of the year	702	679	1	22	22	702	702	—

⁽¹⁾ Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

⁽²⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽³⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.5 Carrying value of new insurance contracts issued during the year

R million	2023			2022		
	Total	Groups of contracts that are expected to be profitable at initial recognition	Groups of contracts that are onerous at initial recognition	Total	Groups of contracts that are expected to be profitable at initial recognition	Groups of contracts that are onerous at initial recognition
Estimate of the present value of future cash inflows	(51 569)	(49 799)	(1 770)	(38 843)	(35 854)	(2 989)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	38 373	36 942	1 431	28 154	25 460	2 694
Insurance acquisition cash flows	5 835	5 352	483	5 496	4 998	498
Risk adjustment for non-financial risk	2 190	2 108	82	1 404	1 343	61
Contractual service margin	5 397	5 397	—	4 053	4 053	—
Net carrying amount of insurance contracts issued during the year	226	—	226	264	—	264
<i>Analysis per line of business</i>						
Life insurance - Risk business	219	—	219	258	—	258
Estimate of the present value of future cash inflows	(50 211)	(48 511)	(1 700)	(37 539)	(34 661)	(2 878)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	37 621	36 241	1 380	27 501	24 892	2 609
Insurance acquisition cash flows	5 554	5 097	457	5 264	4 798	466
Risk adjustment for non-financial risk	2 161	2 079	82	1 361	1 300	61
Contractual service margin	5 094	5 094	—	3 671	3 671	—
Life insurance - Savings business	7	—	7	6	—	6
Estimate of the present value of future cash inflows	(1 358)	(1 288)	(70)	(1 304)	(1 193)	(111)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	752	701	51	653	568	85
Insurance acquisition cash flows	281	255	26	232	200	32
Risk adjustment for non-financial risk	29	29	—	43	43	—
Contractual service margin	303	303	—	382	382	—
Net carrying amount of insurance contracts issued during the year	226	—	226	264	—	264

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.6 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	25 410	22 902	20 780	18 936	17 744	16 707	15 796	15 009	14 326	13 810	13 396
Accretion of interest on liabilities under the general model	2 017	1 844	1 708	2 048	1 955	1 871	1 810	1 754	1 787	1 777	23 752
Recognised in statement of comprehensive income	(4 525)	(3 966)	(3 552)	(3 240)	(2 992)	(2 782)	(2 597)	(2 437)	(2 303)	(2 191)	(37 148)
Balance at the end of the year	22 902	20 780	18 936	17 744	16 707	15 796	15 009	14 326	13 810	13 396	–

2022 Restated⁽¹⁾

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	25 242	22 938	21 030	19 286	17 665	16 568	15 561	14 636	13 789	13 014	12 375
Accretion of interest on liabilities under the general model	1 895	1 870	1 728	1 608	1 916	1 815	1 720	1 635	1 558	1 557	24 571
Recognised in statement of comprehensive income	(4 199)	(3 778)	(3 472)	(3 229)	(3 013)	(2 822)	(2 645)	(2 482)	(2 333)	(2 196)	(36 946)
Balance at the end of the year	22 938	21 030	19 286	17 665	16 568	15 561	14 636	13 789	13 014	12 375	–

Life insurance – Savings business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	4 281	4 104	3 941	3 782	3 591	3 421	3 272	3 148	3 081	3 015	2 958
Allocation of investment return to contracts under the variable fee approach	540	526	501	435	421	409	349	339	328	320	8 870
Recognised in statement of comprehensive income	(717)	(689)	(660)	(626)	(591)	(558)	(473)	(406)	(394)	(377)	(11 828)
Balance at the end of the year	4 104	3 941	3 782	3 591	3 421	3 272	3 148	3 081	3 015	2 958	–

2022 Restated⁽¹⁾

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	4 710	4 627	4 518	4 389	4 242	4 042	3 838	3 647	3 472	3 312	3 169
Allocation of investment return to contracts under the variable fee approach	722	632	592	552	468	429	408	391	372	352	13 345
Recognised in statement of comprehensive income	(805)	(741)	(721)	(699)	(668)	(633)	(599)	(566)	(532)	(495)	(16 514)
Balance at the end of the year	4 627	4 518	4 389	4 242	4 042	3 838	3 647	3 472	3 312	3 169	–

General insurance

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	41	37	33	29	23	16	6
Accretion of interest on liabilities under the general model	3	3	4	3	3	2	2
Recognised in statement of comprehensive income	(7)	(7)	(8)	(9)	(10)	(12)	(8)
Balance at the end of the year	37	33	29	23	16	6	–

2022 Restated⁽¹⁾

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	22	21	19	17	15	12	7
Accretion of interest on liabilities under the general model	2	1	2	2	2	1	1
Recognised in statement of comprehensive income	(3)	(3)	(4)	(4)	(5)	(6)	(8)
Balance at the end of the year	21	19	17	15	12	7	–

⁽¹⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

2 Insurance contract carrying amount continued

2.7 Composition of the investment assets backing the net carrying amount

R million	2023	2022
Underlying items for contracts with direct participating features		
Owner-occupied properties	—	38
Properties	2 495	3 603
Financial investments	60 369	75 560
Equities and similar securities	14 493	17 215
Deposits and similar securities	2 518	2 868
Structured transactions	1 351	727
Interest-bearing investments	20 092	32 712
Government interest-bearing investments	10 391	14 188
Corporate interest-bearing investments	6 453	13 907
Other interest-bearing investments	3 248	4 617
Investment funds	21 915	22 038
Net working capital	12 664	(11 319)
Cash and cash equivalents	1 643	202
	77 171	68 084

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount

3.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

R million	Note	Remaining coverage component			Incurred claims component					
		Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment	
2023										
Life insurance - Risk business	9.2	(2 373)	1 550	10 084	(1 942)	(7 189)	(3 923)	(3 801)	(122)	
Premium allocation approach ⁽¹⁾		(2 070)	597	—	—	—	(2 667)	(2 577)	(90)	
General model		(303)	953	10 084	(1 942)	(7 189)	(1 256)	(1 224)	(32)	
General insurance	9.3	(6 471)	2 334	1 511	(1)	(41)	(8 805)	(8 090)	(715)	
Premium allocation approach ⁽¹⁾		(7 951)	865	—	—	—	(8 816)	(8 101)	(715)	
General model		1 480	1 469	1 511	(1)	(41)	11	11	—	
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)	
Premium allocation approach ⁽¹⁾		(10 021)	1 462	—	—	—	(11 483)	(10 678)	(805)	
General model		1 177	2 422	11 595	(1 943)	(7 230)	(1 245)	(1 213)	(32)	
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)	
Reinsurance contract liabilities		5 686	6 254	10 942	(1 117)	(5 469)	(568)	(568)	—	
Reinsurance contract assets		(14 530)	(2 370)	653	(826)	(1 761)	(12 160)	(11 323)	(837)	
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)	
2022 Restated⁽²⁾⁽³⁾⁽⁴⁾										
Life insurance - Risk business	9.2	(3 760)	607	5 571	(1 115)	(4 262)	(4 367)	(4 199)	(168)	
Premium allocation approach ⁽¹⁾		(1 816)	413	—	—	—	(2 229)	(2 118)	(111)	
General model		(1 944)	194	5 571 ⁽²⁾	(1 115)	(4 262) ⁽³⁾	(2 138)	(2 081)	(57)	
General insurance	9.3	(10 749)	4 222	1 541	(1)	(22)	(14 971)	(13 903)	(1 068)	
Premium allocation approach ⁽¹⁾		(12 267)	2 704	—	—	—	(14 971)	(13 903)	(1 068)	
General model		1 518	1 518	1 541	(1)	(22)	—	—	—	
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)	
Premium allocation approach ⁽¹⁾		(14 083)	3 117	—	—	—	(17 200)	(16 021)	(1 179)	
General model		(426)	1 712	7 112	(1 116)	(4 284)	(2 138)	(2 081)	(57)	
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)	
Reinsurance contract liabilities		4 171	4 719	6 933	(551)	(3 315)	(548)	(550)	2	
Reinsurance contract assets		(18 680)	110	179	(565)	(969)	(18 790)	(17 552)	(1 238)	
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)	

⁽¹⁾ Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

⁽²⁾ Refer to note 6.7 additional information on the increase of R3,7 billion on best estimate cash flows on general model.

⁽³⁾ Refer to note 6.7 for additional information on the increase of R3 billion on contractual service margin.

⁽⁴⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.2 Reconciliation of net carrying amount: Life insurance – Risk business

3.2.1 Premium allocation approach

Reconciliation per valuation component

R million	2023					2022 Restated ⁽²⁾				
	Total	Incurred claims component		Risk adjustment		Total	Incurred claims component		Risk adjustment	
		Remaining coverage component	Subtotal				Best estimate of future cash flows	Remaining coverage component		
Recognised in statement of comprehensive income	558	1 813	(1 255)	(1 259)	4	(304)	1 496	(1 800)	(1 764)	(36)
Income or expense from reinsurance contracts ⁽¹⁾	729	1 774	(1 045)	(1 056)	11	(286)	1 478	(1 764)	(1 729)	(35)
Reinsurance expenses for the portion of ceded premiums recovered during the period	1 766	1 766	–	–	–	1 477	1 477	–	–	–
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(1 145)	–	(1 145)	(1 143)	(2)	(806)	–	(806)	(816)	10
Changes in incurred claims related to past service	144	–	144	131	13	(924)	–	(924)	(879)	(45)
Other income or expenses from reinsurance contracts	(36)	8	(44)	(44)	–	(33)	1	(34)	(34)	–
Reinsurance finance income or expense	(171)	39	(210)	(203)	(7)	(18)	18	(36)	(35)	(1)
Cash flow	(709)	(1 300)	591	591	–	(1 443)	(2 093)	650	650	–
Premiums paid	(1 178)	(1 178)	–	–	–	(1 954)	(1 954)	–	–	–
Recoveries received under reinsurance contracts held	431	–	431	431	–	511	–	511	511	–
Incurred claims recoverable – investment components	–	(160)	160	160	–	–	(139)	139	139	–
Administration and other expenses	38	38	–	–	–	–	–	–	–	–
Net movement for the year	(151)	513	(664)	(668)	4	(1 747)	(597)	(1 150)	(1 114)	(36)
Recognised in other comprehensive income – foreign currency translation differences	5	(5)	10	11	(1)	(30)	(17)	(13)	(12)	(1)
Reclassified as non-current liabilities held for sale	(108)	(324)	216	198	18	1 433	1 211	222	222	–
Balance at the beginning of the year	(1 816)	413	(2 229)	(2 118)	(111)	(1 472)	(184)	(1 288)	(1 214)	(74)
Balance at the end of the year	(2 070)	597	(2 667)	(2 577)	(90)	(1 816)	413	(2 229)	(2 118)	(111)

⁽¹⁾ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation and for further details.

⁽²⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

3.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽³⁾	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
2023										
Contracts recognised during the year for future coverage	—	3 018	(831)	(2 187)	—	(2 187)	—	—	—	—
Recognised in statement of comprehensive income	2 420	1 129	313	978	1	977	2 420	8 635	(45)	(6 170)
Income or expense from reinsurance contracts ⁽⁴⁾	2 154	280	518	1 356	4	1 352	2 154	8 464	(39)	(6 271)
Recognition of contractual service margin for services received	1 385	—	—	1 385	4	1 381	1 385	1 385	—	—
Release of risk adjustment for risk expired	493	—	493	—	—	—	493	493	—	—
Premium experience adjustments related to current service and other amounts	273	273	—	—	—	—	273	273	—	—
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	—	—	—	—	—	—	—	6 303	—	(6 303)
Claims experience adjustments related to current service	12	12	—	—	—	—	12	—	—	12
Changes in incurred claims related to past service ⁽¹⁾	20	(5)	25	—	—	—	20	—	—	20
Loss recovery component recognised during the year for future coverage ⁽²⁾	(7)	—	—	(7)	—	(7)	(7)	—	(7)	—
Changes in estimates which adjust the loss recovery component ⁽²⁾	(22)	—	—	(22)	—	(22)	(22)	—	(22)	—
Allocation of loss recovery component ⁽²⁾	—	—	—	—	—	—	—	10	(10)	—
Reinsurance finance income or expenses	266	849	(205)	(378)	(3)	(375)	266	171	(6)	101
Impact of unwinding discount rates and financial assumption changes	266	849	(205)	(378)	(3)	(375)	266	171	(6)	101
Changes in estimates recognised in contractual service margin ⁽²⁾	—	2 009	(338)	(1 671)	79	(1 750)	—	—	—	—
Cash flow	(1 023)	(1 023)	—	—	—	—	(1 023)	(7 772)	—	6 749
Premiums paid	(7 256)	(7 256)	—	—	—	—	(7 256)	(7 256)	—	—
Recoveries received under reinsurance contracts held	6 248	6 248	—	—	—	—	6 248	—	—	6 248
Administration and other expenses	(15)	(15)	—	—	—	—	(15)	(15)	—	—
Incurred claims recoverable – investment components	—	—	—	—	—	—	—	(501)	—	501
Net movement for the year	1 397	5 133	(856)	(2 880)	80	(2 960)	1 397	863	(45)	579
Recognised in other comprehensive income – foreign currency translation differences	(3)	(5)	(1)	3	—	3	(3)	—	(1)	(2)
Reclassified as non-current liabilities held for sale	247	242	55	(50)	(33)	(17)	247	(66)	8	305
Balance at the beginning of the year	(1 944)	3 490	(1 172)	(4 262)	(107)	(4 155)	(1 944)	235	(41)	(2 138)
Balance at the end of the year	(303)	8 860	(1 974)	(7 189)	(60)	(7 129)	(303)	1 032	(79)	(1 256)

⁽¹⁾ Relates to past service. Line items without a superscript relates to current service.

⁽²⁾ Relates to future service. Line items without a superscript relates to current service.

⁽³⁾ Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.

⁽⁴⁾ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

3.2.2 General model continued

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽³⁾	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
2022 Restated⁽⁵⁾⁽⁶⁾										
Contracts recognised during the year for future coverage	—	1 287	(266)	(1 021)	—	(1 021)	—	—	—	—
Recognised in statement of comprehensive income	1 237	922	185	130	(10)	140	1 237	7 198	(50)	(5 911)
Income or expense from reinsurance contracts ⁽⁴⁾	1 393	771	217	405	23	382	1 393	7 224	(39)	(5 792)
Recognition of contractual service margin for services received	461	—	—	461	54	407	461	461	—	—
Release of risk adjustment for risk expired	227	—	227	—	—	—	227	227	—	—
Premium experience adjustments related to current service and other amounts	988	991	(3)	—	—	—	988	988	—	—
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	—	—	—	—	—	—	—	5 565	—	(5 565)
Claims experience adjustments related to current service	(189)	(189)	—	—	—	—	(189)	—	—	(189)
Changes in incurred claims related to past service ⁽¹⁾	(38)	(31)	(7)	—	—	—	(38)	—	—	(38)
Loss recovery component recognised during the year for future coverage ⁽²⁾	(49)	—	—	(49)	(7)	(42)	(49)	—	(49)	—
Changes in estimates which adjust the loss recovery component ⁽²⁾	(7)	—	—	(7)	(24)	17	(7)	—	(7)	—
Allocation of loss recovery component ⁽²⁾	—	—	—	—	—	—	—	(17)	17	—
Reinsurance finance income or expenses	(156)	151	(32)	(275)	(33)	(242)	(156)	(26)	(11)	(119)
Impact of adjusting the contractual service margin at locked-in interest rates	(156)	151	(32)	(275)	(33)	(242)	(156)	(26)	(11)	(119)
Changes in estimates recognised in contractual service margin ⁽²⁾	—	847	(311)	(536)	92	(628)	—	—	—	—
Cash flow	(769)	(769)	—	—	—	—	(769)	(6 681)	—	5 912
Premiums paid	(6 089)	(6 089)	—	—	—	—	(6 089)	(6 089)	—	—
Recoveries received under reinsurance contracts held	5 325	5 325	—	—	—	—	5 325	—	—	5 325
Administration and other expenses	(5)	(5)	—	—	—	—	(5)	(5)	—	—
Incurred claims recoverable – investment components	—	—	—	—	—	—	—	(587)	—	587
Net movement for the year	468	2 287	(392)	(1 427)	82	(1 509)	468	517	(50)	1
Recognised in other comprehensive income – foreign currency translation differences	(3)	(1)	(1)	(1)	(1)	—	(3)	(1)	2	(4)
Reclassified as non-current liabilities held for sale	94	31	7	56	7	49	94	33	30	31
Balance at the beginning of the year	(2 503)	1 173 ⁽⁵⁾	(786)	(2 890) ⁽⁵⁾	(195)	(2 695)	(2 503)	(314)	(23)	(2 166)
Balance at the end of the year	(1 944)	3 490	(1 172)	(4 262)	(107)	(4 155)	(1 944)	235	(41)	(2 138)

⁽¹⁾ Relates to past service. Line items without a superscript relates to current service.

⁽²⁾ Relates to future service. Line items without a superscript relates to current service.

⁽³⁾ Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.

⁽⁴⁾ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

⁽⁵⁾ Refer to note 6.6 for additional information on the increase of R2,1 billion on the opening balance best estimate cash flow and R1,8 billion increase on contractual service margin. This would have resulted in a change in the opening balance for the year relating to contractual service margin in note 9.5.

⁽⁶⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements *continued*

for the year ended 31 December

3 Reinsurance contract carrying amount *continued***3.3 Reconciliation of net carrying amount: General Insurance****3.3.1 Premium allocation approach***Reconciliation per valuation component*

R million	2023					2022 Restated ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾				
	Total	Incurred claims component		Risk adjustment		Total	Incurred claims component		Risk adjustment	
		Remaining coverage component	Subtotal				Best estimate of future cash flows	Remaining coverage component		
Recognised in statement of comprehensive income	7 357	13 512	(6 155)	(6 508)	353	3 382	14 197	(10 815)	(10 392)	(423)
Income or expense from reinsurance contracts ⁽¹⁾	7 693	13 098	(5 405)	(5 812)	407	3 805	14 113 ⁽²⁾	(10 308)	(9 927) ⁽²⁾	(381)
Reinsurance expenses for the portion of ceded premiums recovered during the period	13 098	13 098	—	—	—	14 113	14 113	—	—	—
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(2 923)	—	(2 923)	(3 020)	97	(6 938)	—	(6 938)	(6 238)	(700)
Changes in incurred claims related to past service	(2 758)	—	(2 758)	(3 068)	310	(3 370)	—	(3 370)	(3 689)	319
Other income or expenses from reinsurance contracts	276	—	276	276	—	—	—	—	—	—
Reinsurance finance income or expense	(336)	414	(750)	(696)	(54)	(423)	84	(507)	(465)	(42)
Cash flow	(5 463)	(15 351)	9 888	9 888	—	(5 954)	(11 780)	5 826	5 826	—
Premiums paid	(14 426)	(14 426)	—	—	—	(11 075)	(11 075) ⁽³⁾	—	—	—
Recoveries received under reinsurance contracts held	8 963	—	8 963	8 963	—	5 121	—	5 121 ⁽³⁾	5 121	—
Incurred claims recoverable – investment components	—	(925)	925	925	—	—	(705)	705	705	—
Net movement for the year	1 894	(1 839)	3 733	3 380	353	(2 572)	2 417	(4 989)	(4 566)	(423)
Recognised in other comprehensive income – foreign currency translation differences	49	—	49	49	—	109	(37)	146	132	14
Acquired through business combinations	—	—	—	—	—	(1)	—	(1)	—	(1)
Reclassified as non-current liabilities held for sale	2 373	—	2 373	2 373	—	2 191	453	1 738	1 995 ⁽⁴⁾	(257)
Balance at the beginning of the year	(12 267)	2 704	(14 971)	(13 903)	(1 068)	(11 994)	(129)	(11 865)	(11 464) ⁽⁴⁾	(401)
Balance at the end of the year	(7 951)	865	(8 816)	(8 101)	(715)	(12 267)	2 704	(14 971)	(13 903)	(1 068)

⁽¹⁾ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

⁽²⁾ Refer to note 6.6 for additional information on the increase of R2,5 billion on remaining coverage component relating to income or expense from reinsurance contracts and the R2,4 billion decrease on best estimate of future cash flows of the incurred claims component.

⁽³⁾ Refer to note 6.6 for additional information on the R2,8 billion increase on premiums paid and the R2,6 billion increase on recoveries received under contracts held.

⁽⁴⁾ Refer to note 6.6 for additional information on the R2,6 billion decrease on reclassification on non-current liabilities held for sale and R2,3 billion decrease in the opening balance for the year.

⁽⁵⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.3 Reconciliation of net carrying amount: General Insurance continued

3.3.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other ⁽³⁾	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2023								
Recognised in statement of comprehensive income	49	69	—	(20)	(20)	49	49	—
Reinsurance finance income or expenses	49	69	—	(20)	(20)	49	49	—
Impact of unwinding discount rates and financial assumption changes	49	69	—	(20)	(20)	49	49	—
Changes in estimates recognised in contractual service margin ⁽²⁾	—	—	(1)	1	1	—	—	—
Cash flow	(88)	(88)	—	—	—	(88)	(99)	11
Premiums paid	(88)	(88)	—	—	—	(88)	(88)	—
Incurred claims recoverable - investment components	—	—	—	—	—	—	(11)	11
Net movement for the year	(39)	(19)	(1)	(19)	(19)	(39)	(50)	11
Balance at the beginning of the year	1 519	1 541	—	(22)	(22)	1 519	1 519	—
Balance at the end of the year	1 480	1 522	(1)	(41)	(41)	1 480	1 469	11

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other ⁽³⁾	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2022 Restated⁽⁵⁾								
Recognised in statement of comprehensive income	(96)	(81)	—	(15)	(15)	(96)	(20)	(76)
Income or expense from reinsurance contracts	25	25	—	—	—	25	101	(76)
Premium experience adjustments related to current service and other amounts	101	101	—	—	—	101	101	—
Changes in incurred claims related to past service ⁽¹⁾	(76)	(76)	—	—	—	(76)	—	(76)
Reinsurance finance income or expenses	(121)	(106)	—	(15)	(15)	(121)	(121)	—
Impact of unwinding discount rates and financial assumption changes	(121)	(106)	—	(15)	(15)	(121)	(121)	—
Cash flow	9	9	—	—	—	9	(67)	76
Premiums paid	9	9	—	—	—	9	9	—
Incurred claims recoverable - investment components	—	—	—	—	—	—	(76)	76
Net movement for the year	(87)	(72)	—	(15)	(15)	(87)	(87)	—
Balance at the beginning of the year	1 605	1 613	(1)	(7)	(7)	1 605	1 605	—
Balance at the end of the year	1 518	1 541	(1)	(22)	(22)	1 518	1 518	—

⁽¹⁾ Relates to past service. Line items without a superscript relates to current service.

⁽²⁾ Relates to future service. Line items without a superscript relates to current service.

⁽³⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁴⁾ Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

⁽⁵⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.4 Carrying value of new reinsurance contracts held during the year

R million	2023			2022		
	Total	Groups of contracts with net gain at initial recognition	Groups of contracts with net cost at initial recognition	Total	Groups of contracts with net gain at initial recognition	Groups of contracts with net cost at initial recognition
<i>Analysis per line of business</i>						
Life insurance - Risk business	—	—	—	—	—	—
Estimate of the present value of future cash inflows	(6 986)	(6 847)	(139)	(4 630)	(4 255)	(375)
Estimate of the present value of future cash outflows	10 004	9 907	97	5 917	5 561	356
Risk adjustment for non-financial risk	(831)	(826)	(5)	(266)	(254)	(12)
Contractual service margin	(2 187)	(2 234)	47	(1 021)	(1 052)	31
Net carrying amount of insurance contracts issued during the year	—	—	—	—	—	—

Notes to the group financial statements continued

for the year ended 31 December

3 Reinsurance contract carrying amount continued

3.5 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	(7 189)	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(2 307)	(1 901)	(1 561)	(1 271)	(1 026)
Accretion of interest	(436)	(360)	(302)	(249)	(211)	(177)	(147)	(122)	(99)	(81)	14
Recognised in statement of comprehensive income	1 753	1 373	1 116	929	782	664	553	462	389	326	1 012
Balance at the end of the year	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(2 307)	(1 901)	(1 561)	(1 271)	(1 026)	–

2022 Restated⁽¹⁾⁽²⁾

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	(4 262) ⁽¹⁾	(3 810)	(3 439)	(3 130)	(2 863)	(2 620)	(2 399)	(2 199)	(2 022)	(1 864)	(1 721)
Accretion of interest	(255)	(230)	(213)	(198)	(182)	(170)	(159)	(151)	(142)	(132)	(110)
Recognised in statement of comprehensive income	707	601	522	465	425	391	359	328	300	275	1 831
Balance at the end of the year	(3 810)	(3 439)	(3 130)	(2 863)	(2 620)	(2 399)	(2 199)	(2 022)	(1 864)	(1 721)	–

General insurance

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	(41)	(37)	(33)	(29)	(23)	(16)	(6)
Accretion of interest	(3)	(3)	(4)	(3)	(3)	(2)	(2)
Recognised in statement of comprehensive income	7	7	8	9	10	12	8
Balance at the end of the year	(37)	(33)	(29)	(23)	(16)	(6)	–

2022 Restated⁽²⁾

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	(22)	(21)	(19)	(17)	(15)	(12)	(7)
Accretion of interest	(2)	(1)	(2)	(2)	(2)	(1)	(1)
Recognised in statement of comprehensive income	3	3	4	4	5	6	8
Balance at the end of the year	(21)	(19)	(17)	(15)	(12)	(7)	–

⁽¹⁾ Refer to note 6.6 and note 9.2.2 for additional information.

⁽²⁾ Refer to note 6.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts

4.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business

4.1.1 Premium allocation approach

Reconciliation per valuation component

R million	2023						2022					
	Liability for remaining coverage/remaining coverage component			Incurred claims/ incurred claims component	Liability for remaining coverage/remaining coverage component			Incurred claims/incurred claims component				
	Total	Excluding loss component	Loss component		Subtotal	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	
Insurance revenue ⁽¹⁾	15 804	15 804	–	–	–	–	16 749	16 749	–	–	–	–
Movement in net liability recognised as insurance revenue ⁽²⁾	15 804	15 804	–	–	–	–	16 749	16 749	–	–	–	–
Insurance service expenses	(13 726)	(1 211)	(4)	(12 511)	(12 533)	22	(15 048)	(1 276)	5	(13 777)	(13 700)	(77)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(11 809)	(1 211)	(4)	(10 594)	(10 616)	22	(12 928)	(1 276)	5	(11 657)	(11 580)	(77)
Administration and other expenses ⁽³⁾	(1 917)	–	–	(1 917)	(1 917)	–	(2 120)	–	–	(2 120)	(2 120)	–
Income or expense from reinsurance contracts ⁽⁴⁾	(729)	(1 774)	–	1 045	1 056	(11)	286	(1 478)	–	1 764	1 729	35
Insurance service result	1 349	12 819	(4)	(11 466)	(11 477)	11	1 987	13 995	5	(12 013)	(11 971)	(42)
Insurance investment result	1 226						401					
Insurance finance income or expense	(609)	(13)	–	(596)	(570)	(26)	(210)	(12)	–	(198)	(190)	(8)
Reinsurance finance income or expense ⁽⁴⁾	171	(39)	–	210	203	7	18	(18)	–	36	35	1
Investment return on assets	1 664						593					
Result from insurance contracts	2 575						2 388					

⁽¹⁾ Relates to expected premium receipts allocated to each coverage period.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.1.

⁽³⁾ Administration and other expenses relate to attributable insurance service expenses.

⁽⁴⁾ Only applicable to reinsurance contracts held.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

4.1.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁵⁾	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Loss component/ loss recovery component	Incurred claims/ incurred claims component
2023										
Insurance revenue	36 460	30 066	1 469	4 925	1 953	2 972	36 460	36 587	(127)	—
Movement in net liability recognised as insurance revenue ⁽²⁾	33 459	27 060	1 474	4 925	1 953	2 972	33 459	33 459	—	—
Allocation of premium relating to insurance acquisition cash flows	3 128	3 128	—	—	—	—	3 128	3 128	—	—
Allocations to loss component ⁽³⁾	(127)	(122)	(5)	—	—	—	(127)	—	(127)	—
Insurance service expenses	(28 957)	(28 916)	(41)	—	—	—	(28 957)	(2 736)	(485)	(25 736)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(23 276)	(23 230)	(46)	—	—	—	(23 276)	85	(612)	(22 749)
Amortisation of insurance acquisition cash flows	(3 128)	(3 128)	—	—	—	—	(3 128)	(3 128)	—	—
Allocations to loss component	127	122	5	—	—	—	127	—	127	—
Administration and other expenses ⁽¹⁾	(2 680)	(2 680)	—	—	—	—	(2 680)	307	—	(2 987)
Expected expenses	(2 126)	(2 126)	—	—	—	—	(2 126)	—	—	(2 126)
Experience adjustment	(554)	(554)	—	—	—	—	(554)	307	—	(861)
Income or expense from reinsurance contracts ⁽⁴⁾	(2 154)	(280)	(518)	(1 356)	(4)	(1 352)	(2 154)	(8 464)	39	6 271
Insurance service result	5 349	870	910	3 569	1 949	1 620	5 349	25 387	(573)	(19 465)
Insurance investment result	3 070						3 070			
Insurance finance income or expense	(4 574)	(1 595)	(513)	(2 466)	(1 055)	(1 411)	(4 574)	(4 404)	(70)	(100)
Accretion of interest on liabilities under the general model at current rates	(6 609)	(3 399)	(744)	(2 466)	(1 055)	(1 411)	(6 609)	(6 434)	(64)	(111)
Recognition of assumption changes in contractual service margin at locked-in interest rates	101	52	49	—	—	—	101	100	1	—
Economic assumption changes ⁽⁶⁾	1 934	1 752	182	—	—	—	1 934	1 930	(7)	11
Reinsurance finance income or expense ⁽⁴⁾	(266)	(849)	205	378	3	375	(266)	(171)	6	(101)
Investment return on assets	7 910						7 910			
Result from insurance contracts	8 419						8 419			

⁽¹⁾ Administration and other expenses relate to attributable in insurance service expenses.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.

⁽³⁾ Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.

⁽⁴⁾ Only applicable to reinsurance contracts held.

⁽⁵⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁶⁾ The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

4.1.2 General model continued

Analysis per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽⁵⁾	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Loss component/ recovery component	Incurred claims/ incurred claims component
2022										
Insurance revenue	33 979	28 386	1 179	4 414	2 347	2 067	33 979	34 027	(48)	–
Movement in net liability recognised as insurance revenue ⁽²⁾	31 118	25 519	1 185	4 414	2 347	2 067	31 118	31 118	–	–
Allocation of premium relating to insurance acquisition cash flows	2 909	2 909	–	–	–	–	2 909	2 909	–	–
Allocations to loss component ⁽³⁾	(48)	(42)	(6)	–	–	–	(48)	–	(48)	–
Insurance service expenses	(27 321)	(27 213)	(108)	–	–	–	(27 321)	(2 909)	(151)	(24 261)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(22 152)	(22 083)	(69)	–	–	–	(22 152)	–	(199)	(21 953)
Amortisation of insurance acquisition cash flows	(2 909)	(2 909)	–	–	–	–	(2 909)	(2 909)	–	–
Allocations to loss component	48	42	6	–	–	–	48	–	48	–
Administration and other expenses ⁽¹⁾	(2 308)	(2 263)	(45)	–	–	–	(2 308)	–	–	(2 308)
Expected expenses	(2 070)	(2 070)	–	–	–	–	(2 070)	–	–	(2 070)
Experience adjustment	(238)	(193)	(45)	–	–	–	(238)	–	–	(238)
Income or expense from reinsurance contracts ⁽⁴⁾	(1 393)	(771)	(217)	(405)	(23)	(382)	(1 393)	(7 224)	39	5 792
Insurance service result	5 265	402	854	4 009	2 324	1 685	5 265	23 894	(160)	(18 469)
Insurance investment result	1 011						1 011			
Insurance finance income or expense	(5 228)	(2 951)	(299)	(1 978)	(990)	(988)	(5 228)	(5 102)	(75)	(51)
Accretion of interest on liabilities under the general model at current rates	(4 933)	(2 556)	(399)	(1 978)	(990)	(988)	(4 933)	(4 854)	(28)	(51)
Recognition of assumption changes in contractual service margin at locked-in interest rates	(106)	(117)	11	–	–	–	(106)	(59)	(47)	–
Economic assumption changes ⁽⁶⁾	(189)	(278)	89	–	–	–	(189)	(189)	–	–
Reinsurance finance income or expense ⁽⁴⁾	156	(151)	32	275	33	242	156	26	11	119
Investment return on assets	6 083						6 083			
Result from insurance contracts	6 276						6 276			

⁽¹⁾ Administration and other expenses relate to attributable in insurance service expenses.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.

⁽³⁾ Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.

⁽⁴⁾ Only applicable to reinsurance contracts held.

⁽⁵⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

⁽⁶⁾ The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.2 Analysis of contribution to result from insurance contracts: Life insurance – Savings business

Variable fee approach

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽³⁾	Liability for remaining coverage excluding loss component			Incurred claims
							Total	Loss component	Loss component	
2023										
Insurance revenue	2 989	1 758	128	1 103	662	441	2 989	2 989	–	–
Movement in net liability recognised as insurance revenue ⁽²⁾	2 930	1 699	128	1 103	662	441	2 930	2 930	–	–
Allocation of premium relating to insurance acquisition cash flows	59	59	–	–	–	–	59	59	–	–
Insurance service expenses	(1 240)	(1 240)	–	–	–	–	(1 240)	(59)	(13)	(1 168)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(475)	(475)	–	–	–	–	(475)	–	(13)	(462)
Amortisation of insurance acquisition cash flows	(59)	(59)	–	–	–	–	(59)	(59)	–	–
Administration and other expenses ⁽¹⁾	(706)	(706)	–	–	–	–	(706)	–	–	(706)
Expected expenses	(859)	(859)	–	–	–	–	(859)	–	–	(859)
Experience adjustment	153	153	–	–	–	–	153	–	–	153
Insurance service result	1 749	518	128	1 103	662	441	1 749	2 930	(13)	(1 168)
Insurance investment result	(575)						(575)			
Insurance finance income or expense	(8 749)	(8 949)	80	120	–	120	(8 749)	(8 737)	–	(12)
Allocation of investment return to contracts under the variable fee approach	(8 749)	(8 749)	–	–	–	–	(8 749)	(8 737)	–	(12)
Economic assumption changes	–	(200)	80	120	–	120	–	–	–	–
Investment return on assets	8 174						8 174			
Result from insurance contracts	1 174						1 174			

⁽¹⁾ Administration and other expenses relate to attributable in insurance service expenses.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.

⁽³⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.2 Analysis of contribution to result from insurance contracts: Life insurance – Savings business continued

Variable fee approach continued

Analysis per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal: Contractual service margin	Fair value transition approach	Other ⁽³⁾	Total	Liability for remaining coverage excluding	Loss component	Incurred claims
								loss component		
2022										
Insurance revenue	1 268	436	35	797	619	178	1 268	1 268	—	—
Movement in net liability recognised as insurance revenue ⁽²⁾	1 241	409	35	797	619	178	1 241	1 241	—	—
Allocation of premium relating to insurance acquisition cash flows	27	27	—	—	—	—	27	27	—	—
Insurance service expenses	(718)	(719)	1	—	—	—	(718)	(27)	(115)	(576)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(279)	(280)	1	—	—	—	(279)	—	(115)	(164)
Amortisation of insurance acquisition cash flows	(27)	(27)	—	—	—	—	(27)	(27)	—	—
Administration and other expenses ⁽¹⁾	(412)	(412)	—	—	—	—	(412)	—	—	(412)
Expected expenses	(300)	(300)	—	—	—	—	(300)	—	—	(300)
Experience adjustment	(112)	(112)	—	—	—	—	(112)	—	—	(112)
Insurance service result	550	(283)	36	797	619	178	550	1 241	(115)	(576)
Insurance investment result	(47)						(47)			
Insurance finance income or expense	(1 893)	(1 888)	(21)	16	—	16	(1 893)	(1 880)	—	(13)
Allocation of investment return to contracts under the variable fee approach	(1 893)	(1 893)	—	—	—	—	(1 893)	(1 880)	—	(13)
Accretion of interest on liabilities under the general model	—	—	—	—	—	—	—	—	—	—
Economic assumption changes	—	5	(21)	16	—	16	—	—	—	—
Investment return on assets	1 846						1 846			
Result from insurance contracts	503						503			

⁽¹⁾ Administration and other expenses relate to attributable in insurance service expenses.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.

⁽³⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.3 Analysis of contribution to result from insurance contracts: General insurance

4.3.1 Premium allocation approach

Reconciliation per valuation component

R million	2023					2022				
	Liability for remaining coverage/ remaining coverage component		Incurred claims/incurred claims component			Liability for remaining coverage/ remaining coverage component		Incurred claims/incurred claims component		
	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Insurance revenue ⁽¹⁾	57 038	57 038	—	—	—	58 473	58 473	—	—	—
Movement in net liability recognised as insurance revenue ⁽²⁾	57 038	57 038	—	—	—	58 473	58 473	—	—	—
Insurance service expenses	(46 502)	(5 251)	(41 251)	(41 938)	687	(52 125)	(5 084)	(47 041)	(46 592)	(449)
Movement in net amount recognised as insurance service expenses ⁽²⁾	(46 502)	(5 251)	(41 251)	(41 938)	687	(52 125)	(5 084)	(47 041)	(46 592)	(449)
Income or expense from reinsurance contracts ⁽³⁾	(7 693)	(13 098)	5 405	5 812	(407)	(3 805)	(14 113)	10 308	9 927	381
Insurance service result	2 843	38 689	(35 846)	(36 126)	280	2 543	39 276	(36 733)	(36 665)	(68)
Insurance investment result	429					180				
Insurance finance income or expense	(1 591)	(540)	(1 051)	(956)	(95)	(1 068)	(305)	(763)	(692)	(71)
Reinsurance finance income or expense ⁽³⁾	336	(414)	750	696	54	423	(84)	507	465	42
Investment return on assets	1 684					825				
Result from insurance contracts	3 272					2 723				

⁽¹⁾ Relates to expected premium receipts allocated to each coverage period.

⁽²⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.1.

⁽³⁾ Only applicable to reinsurance contracts held.

Notes to the group financial statements continued

for the year ended 31 December

4 Result from insurance contracts continued

4.3 Analysis of contribution to result from insurance contracts: General insurance continued

4.3.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Subtotal: Contractual service margin	Other ⁽³⁾	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Incurred claims/ incurred claims component
2023							
Insurance revenue	(9)	(14)	5	5	(9)	(9)	–
Movement in net liability recognised as insurance revenue ⁽¹⁾	(9)	(14)	5	5	(9)	(9)	–
Income or expense from reinsurance contracts ⁽²⁾	11	11	–	–	11	–	11
Insurance service result	2	(3)	5	5	2	(9)	11
Insurance investment result	(128)				(128)		–
Insurance finance income or expense	(79)	(55)	(24)	(24)	(79)	(79)	–
Accretion of interest on liabilities under the general model	(79)	(55)	(24)	(24)	(79)	(79)	–
Reinsurance finance income or expense ⁽²⁾	(49)	(69)	20	20	(49)	(49)	–
Result from insurance contracts	(126)				(126)		

R million	Total	Best estimate of future cash flows	Subtotal: Contractual service margin	Other ⁽³⁾	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Incurred claims/ incurred claims component
2022							
Insurance revenue	57	72	(15)	(15)	57	57	–
Movement in net liability recognised as insurance revenue ⁽¹⁾	57	72	(15)	(15)	57	57	–
Income or expense from reinsurance contracts ⁽²⁾	(25)	(25)	–	–	(25)	(101)	76
Insurance service result	32	47	(15)	(15)	32	(44)	76
Insurance investment result	121				121		–
Reinsurance finance income or expense ⁽²⁾	121	106	15	15	121	121	–
Result from insurance contracts	153				153		

⁽¹⁾ Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.2.

⁽²⁾ Only applicable to reinsurance contracts held.

⁽³⁾ Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Notes to the group financial statements continued

for the year ended 31 December

5 Investment contracts

5.1 Analysis of movement in investment contract liabilities

All investment contracts liabilities fall within the scope of IFRS 9 and are designated as at fair value through profit or loss as their fair value is dependent on the fair value of the underlying assets that are carried at fair value through profit or loss.

Premium income from investment policy contracts are recognised as an increase in investment contract liabilities. Claims incurred are recognised as a decrease in investment contract liabilities.

R million	2023	Restated ⁽¹⁾ 2022
Investment contracts		
Income	136 762	62 616
Premium income (note 21.2)	69 316	62 847
Change in fair value of investment contract liabilities	67 446	(231)
Outflow	(76 427)	(64 963)
Policy benefits (note 21.3)	(51 834)	(48 764)
Retirement fund terminations	(17 540)	(9 508)
Fees and other payments to shareholders' fund	(7 053)	(6 691)
Movement in policy loans	13	(3)
Other movements	(1)	(150)
Net movement for the year	60 347	(2 500)
Non-current liabilities held for sale	(13 506)	(409)
Foreign currency translation differences	—	(184)
Balance at the beginning of the year⁽¹⁾	441 660	444 753
Balance at the beginning of the year (as previously reported)		454 538
IFRS 17 transitional adjustments		(9 785)
Balance at the end of the year	488 501	441 660

5.2 Analysis of investment contract premiums received

R million	2023	Restated ⁽¹⁾ 2022
Individual business	43 189	43 160
Recurring	12 959	12 654
Single	28 351	28 319
Continuations	1 879	2 187
Employee benefits business	26 127	19 687
Recurring	7 940	7 180
Single	18 187	12 507
Total investment contract premium income	69 316	62 847

⁽¹⁾ The prior years have been restated for the initial application of IFRS 17. Refer to note 6.1 for additional information.

5.3 Analysis of investment contract policy benefits

R million	2023	Restated ⁽¹⁾ 2022
Individual business	(44 069)	(42 345)
Maturity benefits	(20 962)	(21 444)
Surrenders	(6 362)	(5 111)
Life and term annuities	(15 519)	(12 296)
Death and disability benefits	(1 226)	(3 257)
Cash bonuses	—	(237)
Employee benefits business	(7 765)	(6 419)
Withdrawal benefits	(4 447)	(3 296)
Pensions	(24)	(19)
Lump-sum retirement benefits	(1 407)	(1 007)
Death and disability benefits	(1 887)	(2 097)
Total investment contract policy benefits	(51 834)	(48 764)

5.4 Maturity analysis

R million	2023	Restated ⁽¹⁾ 2022
Open ended ⁽²⁾	312 495	278 349
Due within one year	18 228	16 170
Due from one to five years	50 468	46 629
Due after five years	107 310	100 512
Total investment contract liabilities	488 501	441 660

⁽¹⁾ The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

⁽²⁾ Open ended is defined as policies where the policyholder is entitled to the benefit at any future point (benefits are contractually available on demand).

Notes to the group financial statements continued

for the year ended 31 December

6 Adoption of new standards and restatements

6.1 Adoption of IFRS 17

The group adopted IFRS 17 Insurance Contracts for the first time on 1 January 2023. IFRS 17 supersedes IFRS 4 Insurance Contracts. In line with the transitional requirements, the group applied IFRS 17 retrospectively as if it had always been applied unless it was "impracticable" to do so, in which case the modified retrospective approach or fair value approach were applied, provided certain criteria have been met.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The group adopted IFRS 17 retrospectively as if it had always applied, unless it was impracticable to do so based on the requirements in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. Where it was impracticable to apply IFRS 17 retrospectively (also referred to as the full retrospective approach (FRA)), the group applied the fair value approach (FVA). The modified retrospective approach (MRA) has not been applied to any groups of insurance contracts in the group.

All references to insurance contracts in these transition disclosures apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these disclosures apply to insurance contracts excluding reinsurance contracts held.

The transition approach was determined at a group of insurance contracts level. The distribution of transition approaches across the group is summarised below:

- ▶ The FRA has been applied to groups of insurance contracts measured under the PAA as full retrospective application was practicable given that this measurement model is mainly applied to insurance contracts with a coverage period of one year or less;
- ▶ For insurance contracts measured under the GMM or VFA, the FRA has not been applied to any contracts recognised before 1 January 2016. The retrospective calculation start date varies depending on the availability of historic data, assumptions and models.
- ▶ The FVA has been applied to the remaining groups of insurance contracts.

Full retrospective approach

Under the full retrospective approach, the group has recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The CSM at initial recognition for a group of insurance contracts was based on initial assumptions when the contracts were recognised, and rolled forward to the transition date as if IFRS 17 had always applied.

The group has derecognised any existing balances that would not exist had IFRS 17 always applied, and recognised any resulting net difference in equity.

Impracticability assessments

The group determined that it would be impracticable to adopt the FRA for groups of insurance contracts at the date of transition where any of the following conditions existed:

- ▶ the approach could not be applied retrospectively after every reasonable effort was made by the group to demonstrate that it would not be possible to collect the required information or create information where the group did not collect the relevant data in prior periods (for example, due to system migrations, data retention policies, or new/changes in information needed in terms of IFRS 17 as described below). The difficulties in sourcing, creating or replicating the following information has resulted in an inability to apply IFRS 17 retrospectively:
 - a) policy administration data, model point data and valuation models needed to aggregate the contracts into the groups required by IFRS 17, and replicate the estimates of future cash flows for insurance contracts in scope of IFRS 17;
 - b) information needed from systems to determine the expense cash flows directly attributable to the fulfilment of insurance contracts in scope of IFRS 17, allocating these cash flows between acquisition, and administration and other expenses, and allocating these cash flows to groups of contracts as required by IFRS 17;
 - c) information about actual historical cash flows at a group of contracts level needed to determine the experience adjustments related to future service that adjust the CSM;
 - d) information needed to determine discount rates on an IFRS 17 basis for measurement purposes;
 - e) information needed to determine the CSM recognition amounts in past periods based on the allocation of the identified coverage units between past and future periods;
 - f) past experience data needed to calibrate and calculate the risk adjustment for non-financial risk based on the margins approach in SEM; and
 - g) changes in assumptions applied in past periods.

- ▶ hindsight was needed to determine the estimates at prior periods, ie it was not possible to measure the fulfilment cash flows and CSM based on management's estimates at that point in time, with only the information that would have been available at that point in time. The main estimates that would have resulted in the use of hindsight are summarised below:
 - a) assessing whether insurance contracts meet the eligibility criteria for classification as insurance contracts with direct participation features or investment contracts with DPF at the contract inception date;
 - b) assessing the groupings of insurance contracts based on profitability as required by the aggregation requirements of IFRS 17; and
 - c) estimates/information needed to calibrate and calculate the risk adjustment for non-financial risk during periods where solvency information on the latest regulatory framework was not available for businesses in SLS.

Judgement applied in applying the full retrospective approach

For groups of insurance contracts with contract boundaries longer than a year at the transition date, for which the group has assessed to be eligible for measurement under the PAA, the group has used judgement to conclude that groups of contracts recognised within the same portfolio with similar features and characteristics before the transition date would also have been eligible for measurement under the PAA.

Fair value approach

The FVA has been applied if the fully retrospective approach is impracticable. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of a group of insurance contracts and the IFRS 17 fulfilment cash flows at the transition date. The fair value is determined in accordance with IFRS 13: Fair Value Measurement.

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The transaction price is therefore based on a general market participant's view of the fair value of the relevant group of insurance contracts.

The income approach is used in determining the fair value of a group of insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

The estimates of future cash flows within the contract boundary are included in the fair value estimation. Cash flows related to future renewals and new business contracts are therefore outside the boundaries of the insurance contracts measured under the FVA. However, expense cash flows not directly attributable to the fulfilment of the insurance contracts (and therefore not included in the IFRS 17 fulfilment cash flows) are allowed for in the fair value estimation. No other material adjustments are made to the future estimates of cash flows when compared to the estimates included in the IFRS 17 fulfilment cash flows.

There will be an initial capital outlay for the buyer of a group of insurance contracts on the transaction date. The capital outlay is the sum of:

- ▶ the transaction price agreed between the buyer and the seller on the transaction date; and
- ▶ the total required capital that the buyer of the insurance contracts expects to set up on the transaction date. In determining the transaction price, the required capital is treated as an outflow for the buyer on transaction date, with the subsequent investment returns on and releases of the required capital included as inflows, with the net effect of allowing for the cost of recognising the total required capital at the transaction date.

The transaction price is determined such that the buyer earns the required rate of return (hurdle rate) on the initial capital outlay. The buyer earns the hurdle rate on the transaction if the transaction price is determined such that the future returns on the initial capital outlay, discounted to the transaction date at the hurdle rate, is equal to the initial capital outlay.

Judgement applied in applying the fair value approach

The group used significant judgement to reflect a market participant's view in determining the following:

- ▶ Estimates of future cash flows were determined on a prospective basis at the transition date as described above, with no allowance for acquisition cash flows that occurred before the transition date;
- ▶ Locked-in discount rates related to a group of insurance contracts measured under the FVA are based on the discount rates applicable at the transition date, determined as described in note 29.2.2.3 on page 210; and
- ▶ groups of contracts include contracts that were initially recognised more than one year apart. The group has used reasonable and supportable information to assess at the transition date that (refer to note 29.2 for further details):
 - a) Insurance contracts issued are allocated to groups of contracts in a non-onerous position, with a significant possibility of becoming onerous in subsequent periods; and
 - b) Reinsurance contracts held are allocated to groups of contracts in a net cost position, with a significant possibility of a net gain arising in subsequent periods.

Notes to the group financial statements continued

for the year ended 31 December

6 Adoption of new standards and restatements continued

6.1 Adoption of IFRS 17 continued

Furthermore, the group applied significant judgement in assessing and estimating the following key inputs used in determining the fair value of a group of insurance contracts:

- ▶ The hurdle rates were based on the group's view of the returns that a general market participant could reasonably expect to achieve on the insurance business being transferred. Hurdle rates within each cluster were consistent with the group's hurdle-rate setting framework used for purposes of corporate transactions or internal budgeted returns on group equity value, and is based on a Weighted Average Cost of Capital approach, with possible adjustments to align to market participants' views where relevant. A consistent hurdle rate was used for the South African life insurance businesses, and a different hurdle rate was used for each SEM territory. Each hurdle rate was determined as the sum of the following components:
 - a) a risk-free interest rate based on a representative point on the yield curve, consistent with the economic assumptions used in the calculation of embedded value for covered business; plus
 - b) a risk premium reflecting the return in excess of risk-free rates required by the buyer as part of the hypothetical transaction. The average risk premium included in the hurdle rates fell within a range of 12% to 13%.⁽¹⁾

For the material lines of insurance business in South Africa applying the FVA at the transition date, the aggregate CSM was expected to increase (reduce) by between 6% to 7% for a 1% increase (reduction) in the hurdle rate.

- ▶ The total required capital was based on the group's view of the capital basis expected to apply within each territory, with any relevant market information available at the transition date being applied where possible.
 - a) For South African life insurance businesses, the total required capital was determined based on the local solvency capital requirements, with the solvency capital ratio based on publicly available South African industry cover ratios effective as at the transition date. The solvency capital ratio fell within the upper end of the solvency target ranges for the South African life insurance operations of the group.
 - b) For businesses in Africa (excluding South Africa), the total required capital was based on the assets held in respect of IFRS 4 liabilities plus additional required capital allocated to the insurance contracts for embedded value calculations, subject to a minimum amount of nominal required capital if prescribed by the local regulatory authority in the relevant territory.
- ▶ The effect of any diversification in the required capital was determined such that the transaction price was not expected to be biased towards either the buyer or the seller. The allowance for diversification was consistent with the group's view of what an average market participant would be willing to price into the transaction.

For the South African life insurance businesses, the required capital for each portfolio of insurance contracts was assumed to be aligned with the prudential solvency requirements before any allowance for the effect of diversification of capital between products. The allowance for correlations between risks in the required capital was aligned with the correlation factors as prescribed in the local solvency standards. In determining the total required capital for an average market participant, a haircut (ranging between 5% to 10%) was applied to the stand-alone solvency capital requirement and risk margin to adjust for the effect of diversification of required capital between products. This allowance for diversification assumed that only a proportion of the expected synergies in respect of the full diversification benefit would be priced into the transaction.

- ▶ The future investment returns on the total required capital assumed that:
 - a) the future investment returns on the assets backing insurance liabilities were aligned with the valuation discount rates; and
 - b) the future investment returns on the assets backing additional required capital allocated to the insurance contracts were either based on the risk-free yield curve at the transition date (South African businesses) or the returns on required capital used in the calculation of embedded values for covered business (businesses in Africa (excluding South Africa)).

The average risk premium has been determined at the group level by weighting the risk premiums used for each relevant territory according to the CSM determined applying the FVA at the transition date.

The introduction of IFRS 17 on 1 January 2023 resulted in the following impacts:

Reclassifications

The classification of insurance contracts is aligned with the requirements of IFRS 4, except that IFRS 17 requires the following:

1. when assessing the significance of insurance risk, the overall loss to the group as a result of an insured event should be determined on a present value basis; and
2. investment contracts with discretionary participation features (DPF) are in scope of IFRS 17 provided the group also issues insurance contracts, even though these contracts do not include a transfer of significant insurance risk.

This clarification of the assessment of insurance risk and the classification of investment contracts with DPF, has resulted in some reclassification of investment contracts in scope of IFRS 9 on transition to IFRS 17. The reclassification of insurance and investment contracts on transition to IFRS 17 has not had a significant impact on the net policyholder liabilities.

Value of business acquired

Derecognition of Value of business acquired (VOBA) related to life insurance contracts, which is no longer allowed under IFRS 17. This resulted in a decrease in retained earnings. VOBA relating to contracts not in the scope of IFRS 17 now forms part of other intangible assets.

Treasury shares

The group has elected to account for treasury shares for insurance contracts with direct participation features, which consist of its investment in Sanlam Limited shares held by policyholder portfolios as if these were financial assets measured at fair value through profit or loss.

Impact of changes in tax legislation in South Africa

Life insurance

Changes to section 29A of the South African Income Tax Act have been enacted to cater for the implementation of IFRS 17. The phasing-in period for dealing with the income tax impact of the transition amount is six years. This phasing-in period is in line with the transition phasing-in period when the new solvency regime was introduced in South Africa in 2018.

The main impact on Sanlam of the proposed tax amendments is accelerated tax payments for South African life insurance businesses on the net reduction in liabilities with a corresponding increase in deferred tax liabilities at transition. However, this acceleration in tax payments will be provided for in current reserves with no impact on earnings.

General insurance

National Treasury promulgated the 2022 Taxation Laws Amendment Act in January 2023, which contained the changes to section 28 of the Income Tax Act (the Act) to cater for the implementation of IFRS 17. The main objective of these changes was to ensure that section 28 is aligned to the terminology and principles of IFRS 17, as well as to mitigate unintended tax implications as a result of the transition from IFRS 4 to IFRS 17. A phase-in period of three years applies to non-life insurers in respect of the transition amount (phasing-in amount).

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2023 Taxation Laws Amendment Act was promulgated on 22 December 2023, effective for the group's 2023 financial year. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 disclosure requirements continued to evolve during the year.

Based on the current provisions of the Act, the phasing-in amount is calculated with reference to the difference between the total insurance liabilities determined under IFRS 4 to only a portion of the insurance liabilities determined under IFRS 17. This results in an overstatement of the phasing-in amount. A deferred tax liability has been raised for the phasing-in amount which will be phased in over 3 years and constitutes a timing difference. The Act also allows short-term insurers in the first year of assessment commencing on or after 1 January 2023, to deduct premium debtors and creditors taken into account in determining insurance liabilities under IFRS 17. However, debtors and creditors forming part of IFRS 17 insurance liabilities are not limited to only premium debtors and creditors. These amounts can also include additional debtors and creditors balances such as commissions payable to brokers. That results in an increase of the deduction and an unintended permanent difference. The deferred tax asset raised on the assessed loss has been reduced for this unintended permanent difference.

Further amendments to the legislation are therefore required to ensure certainty in interpretation and to remove unintended phase-in amounts due to the disclosure and reclassification of certain items in terms of IFRS 17. The required amendments to the phase-in approach are expected to only have an impact on the timing of tax payable from a cash flow perspective.

The group, together with the rest of the industry, have made further submissions to clarify and refine the wording of section 28 in this regard.

The current legislation results in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests of respectively R947 million and R77 million, with a corresponding decrease in tax payable in respect of the 2023 financial year. The impact in respect of policyholders/cell owners' interests are for the account of clients and do not affect after tax profit attributable to equity holders of the group.

Contract boundaries

There was no significant impact on the initial recognition date of contract boundaries of insurance contracts issued and reinsurance contracts held for the material lines of insurance business within the group.

Liability for remaining coverage on reinsurance held

No significant impact on the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for contracts measured under the Premium Allocation Approach (PAA).

For additional information on accounting policies, refer to basis of presentation.

Notes to the group financial statements *continued*

for the year ended 31 December

6 Adoption of new standards and restatements *continued*6.1 Adoption of IFRS 17 *continued*

Statements of financial position

R million	Annotation	31 December 2022				31 December 2022		31 December 2021			1 January 2022		
		As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents ⁽¹⁾	Trade and other receivables and trade and other payables ⁽²⁾	Accrued investment income and payables ⁽³⁾	Restated Audited	As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents ⁽¹⁾	Trade and other receivables and trade and other payables ⁽²⁾	Accrued investment income and payables ⁽³⁾	Restated Audited
ASSETS													
Goodwill	1	5 001	—	—	—	—	5 001	16 431	(335)	—	—	—	16 096
Equipment		1 090	—	—	—	—	1 090	1 730	—	—	—	—	1 730
Right-of-use assets		1 036	—	—	—	—	1 036	1 481	—	—	—	—	1 481
Owner-occupied properties		686	—	—	—	—	686	2 582	—	—	—	—	2 582
Intangible assets		1 488	(543)	—	—	—	945	5 464	(1 109)	—	—	—	4 355
Value of business acquired	2	876	(543)	—	—	—	333	4 718	(1 109)	—	—	—	3 609
Other intangible assets		612	—	—	—	—	612	746	—	—	—	—	746
Contract cost on investment management services	3	2 984	166	—	—	—	3 150	3 225	(17)	—	—	—	3 208
Long-term reinsurance assets	4	2 469	(2 469)	—	—	—	—	2 188	(2 188)	—	—	—	—
Insurance contract assets	5	—	8 858	—	—	—	8 858	—	11 585	—	—	—	11 585
Reinsurance contract assets	6	—	18 680	—	—	—	18 680	—	23 194	—	—	—	23 194
Deferred tax	7	1 600	30	—	—	—	1 630	3 154	165	—	—	—	3 319
Investments		787 100	1 112	(18 684)	—	3 744	773 272	834 287	1 575	(19 948)	—	3 338	819 252
Investment properties		10 436	—	—	—	—	10 436	17 980	—	—	—	—	17 980
Investments in associates and joint ventures	8	20 721	477	—	—	—	21 198	22 755	474	—	—	—	23 229
Equities and similar securities	9	184 358	1 328	—	—	—	185 686	191 958	1 601	—	—	—	193 559
Interest-bearing investments	10	242 176	(692)	—	—	3 151	244 635	271 840	(500)	—	—	2 909	274 249
Structured transactions		17 991	—	—	—	100	18 091	12 434	—	—	—	195	12 629
Investment funds		264 490	—	—	—	—	264 490	278 145	—	—	—	—	278 145
Deposits and similar securities		46 928	(1)	(18 684)	—	493	28 736	39 175	—	(19 948)	—	234	19 461
Trading account assets		—	—	—	14 124	—	14 124	—	—	—	15 985	—	15 985
Non-current assets held for sale	11	119 073	(7 438)	—	—	—	111 635	81 386	—	—	—	—	81 386
General insurance technical assets	12	14 672	(14 672)	—	—	—	—	19 525	(19 525)	—	—	—	—
Working capital assets		69 387	(12 156)	18 684	(14 124)	(3 744)	58 047	84 725	(19 096)	19 948	(15 985)	(3 338)	66 254
Trade and other receivables	13	45 256	(12 156)	—	(14 124)	(3 744)	15 232	55 806	(19 096)	—	(15 985)	(3 338)	17 387
Taxation		574	—	—	—	—	574	1 218	—	—	—	—	1 218
Short-term investments		—	—	5 375	—	—	5 375	—	—	6 755	—	—	6 755
Cash and cash equivalents		23 557	—	13 309	—	—	36 866	27 701	—	13 193	—	—	40 894
Total assets		1 006 586	(8 432)	—	—	—	998 154	1 056 178	(5 751)	—	—	—	1 050 427

Notes to the group financial statements continued

for the year ended 31 December

6 Adoption of new standards and restatements continued**6.1 Adoption of IFRS 17** continued

Statements of financial position

R million	Annotation	31 December 2022				31 December 2022		31 December 2021				1 January 2022	
		As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents ⁽¹⁾	Trade and other receivables and trade and other payables ⁽²⁾	Accrued investment income and payables ⁽³⁾	Restated Audited	As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents ⁽¹⁾	Trade and other receivables and trade and other payables ⁽²⁾	Accrued investment income and payables ⁽³⁾	Restated Audited
EQUITY AND LIABILITIES													
Capital and reserves													
		12 784	–	–	–	–	12 784	12 784	–	–	–	–	12 784
		(2 888)	–	–	–	–	(2 888)	(1 671)	–	–	–	–	(1 671)
	14	5 159	1 078	–	–	–	6 237	6 078	1 533	–	–	–	7 611
	15	56 478	11 966	–	–	–	68 444	52 188	11 235	–	–	–	63 423
Shareholders' fund		71 533	13 044	–	–	–	84 577	69 379	12 768	–	–	–	82 147
	16	13 409	972	–	–	–	14 381	13 517	870	–	–	–	14 387
Total equity		84 942	14 016	–	–	–	98 958	82 896	13 638	–	–	–	96 534
	17	150 642	54 747	–	–	–	205 389	186 658	62 228	–	–	–	248 886
	18	–	4 171	–	–	–	4 171	–	7 570	–	–	–	7 570
	19	456 738	(15 078)	–	–	–	441 660	454 538	(9 785)	–	–	–	444 753
		14 654	–	–	–	–	14 654	15 116	–	–	–	–	15 116
		5 413	–	–	–	–	5 413	5 330	–	–	–	–	5 330
		9 241	–	–	–	–	9 241	9 786	–	–	–	–	9 786
		1 371	–	–	–	–	1 371	1 789	–	–	–	–	1 789
		10 972	–	–	–	589	11 561	8 898	–	–	–	416	9 314
		89 214	–	–	–	–	89 214	85 506	–	–	–	–	85 506
	20	2 185	4 416	–	–	–	6 601	7 311	4 549	–	–	–	11 860
	21	83 420	(7 251)	–	–	–	76 169	78 700	–	–	–	–	78 700
		–	–	–	17 794	–	17 794	–	–	–	19 857	–	19 857
	22	40 383	(40 383)	–	–	–	–	57 559	(57 559)	–	–	–	–
	23	–	129	–	–	–	129	–	155	–	–	–	155
	24	7 123	(7 123)	–	–	–	–	4 900	(4 900)	–	–	–	–
		64 942	(16 076)	–	(17 794)	(589)	30 483	72 307	(21 647)	–	(19 857)	(416)	30 387
	25	62 866	(16 195)	–	(17 794)	(589)	28 288	69 123	(21 647)	–	(19 857)	(416)	27 203
		232	–	–	–	–	232	628	–	–	–	–	628
		1 844	119	–	–	–	1 963	2 556	–	–	–	–	2 556
Total equity and liabilities		1 006 586	(8 432)	–	–	–	998 154	1 056 178	(5 751)	–	–	–	1 050 427

⁽¹⁾ Refer to note 6.2 for additional information on the restatement of cash and cash equivalents.⁽²⁾ Refer to note 6.3 for additional information on the restatement of trade and other receivables and trade and other payables.⁽³⁾ Refer to note 6.4 for additional information on the restatement of accrued investment income and payable.

Notes to the group financial statements continued

for the year ended 31 December

6 Adoption of new standards and restatements continued

6.1 Adoption of IFRS 17 continued

Annotations with respect to IFRS 17

- 1 With the adoption of IFRS 17, the liabilities from insurance contracts decreased resulting in a higher carrying amount that triggered an impairment on a cash-generating unit level.
- 2 Derecognition of VOBA relating to insurance contracts issued.
- 3 A portion of contract cost from investment management services previously deferred acquisition costs now form part of the measurement of insurance contract assets/liabilities.
- 4 Reclassification of long-term reinsurance contract assets to reinsurance contract assets and/or liabilities.
- 5 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets.
- 6 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of reinsurance contracts held that are assets.
- 7 Deferred tax impact as a result of change in the carrying amount of liabilities on initial application of IFRS 17.
- 8 Represents the IFRS 17 impact on insurance contracts issued by the group's equity accounted associates.
- 9 The group has elected not to eliminate the investment in Sanlam Limited shares held by policyholder portfolios (where the group promises to generate investment returns under the insurance contracts based on the underlying assets) and related investment funds consolidated as part of IFRS 10, previously held as treasury shares (in the consolidation reserve), now accounted for as financial assets through profit and loss. This has resulted in an increase in equities and similar securities.
- 10 Policy loans, considered part of the insurance contract under IFRS 17, have been reclassified to insurance contract liabilities.
- 11 Effect of IFRS 17 adoption on held for sale assets.
- 12 General Insurance technical assets are now measured under IFRS 17 and now form part either insurance contract assets or liabilities.
- 13 Amounts due from reinsurers now form part of reinsurance contract assets or liabilities. Similarly, there were also other reallocations made from trade and other receivables. In Santam, before the adoption of IFRS 17, loans to policyholders were appropriately classified as IFRS 9 Loans and receivables under trade and other receivables (ie separately from the insurance contract). These loans however do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components. These policy loans were incorrectly treated as IFRS 9 part of trade and other receivables and have subsequently been reclassified to the insurance contract liability for remaining cover, within the general insurance premium allocation approach disclosure group.
- 14 The group has elected to account for treasury shares consisting of Sanlam Limited shares held by policyholder portfolios as if it were a financial asset measured at fair value through profit or loss therefore other reserves increased.
- 15 With the adoption of IFRS 17, the impact on retained earnings amounted to R11,2 billion that mostly relates to the release of asset mismatch reserves, pandemic reserves and other discretionary reserves, combined with zerorisation of negative liabilities no longer permitted in IFRS 17.
- 16 Non-controlling interest increased due to the impact of IFRS 17 on not wholly owned subsidiaries.
- 17 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities. In Santam, before the adoption of IFRS 17, loans to policyholders were appropriately classified as IFRS 9 Loans and receivables under trade and other receivables (ie separately from the insurance contract). These loans however do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components. These policy loans were incorrectly treated as IFRS 9 part of trade and other receivables and have subsequently been reclassified to the insurance contract liability for remaining cover, within the general insurance premium allocation approach disclosure group.
- 18 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of reinsurance contracts held that are liabilities.
- 19 Reclassification between insurance contracts and investment contracts within the scope of IFRS 9 as detailed on page 254. Previously the policy benefits payable under investment contract liabilities have been presented in trade and other payables. These were reclassified to the investment contract liabilities. Comparative information was restated and it impacts 31 December 2022 and 1 January 2022.
- 20 Deferred tax impact as a result of change in the carrying amount of assets on initial application of IFRS 17.
- 21 Effect of IFRS 17 adoption on held-for-sale liabilities.
- 22 General insurance technical liabilities now measured under IFRS 17 and form part of insurance contract liabilities and/or assets.
- 23 Collateral guarantee contracts previously included in general insurance technical liabilities.
- 24 Cell owners' liabilities (third party) forms part of investment contract liabilities and insurance contract liabilities.
- 25 Amounts due to reinsurers and claims incurred but not reported now forms part of reinsurance contract liabilities and insurance contract liabilities, respectively. Similarly, there were also reallocations made from trade and other payables. Previously the policy benefits payable under investment contract liabilities have been presented in trade and other payables. These were reclassified to the investment contract liabilities. Comparative information was restated and it impacts 31 December 2022 and 1 January 2022.

6.2 Cash and cash equivalents

Management restated the statement of financial position to appropriately present financial instruments meeting the definition of cash and cash equivalents as cash and cash equivalents (within working capital), which is required by IAS 1 Presentation of Financial Statements. Cash and cash equivalents are defined in IAS 7 statement of cash flows as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits and similar securities with maturities less than 90 days to the amount of R18 685 million (1 January 2022: R19 948 million) have been reclassified from Investments to cash and cash equivalents.

In addition, short-term investments of R5 373 million (1 January 2022: R6 755 million) previously included under "cash and cash equivalents" are now presented separately as short-term investments (within working capital).

Refer to note 39.1 for the impact on the statement of financial position.

Statements of cash flows

As a result of the correction of short-term investments, the statement of cash flows was corrected to decrease cash and cash equivalents for 1 January 2022 by R6 755 million (31 December 2022: R5 375 million).

The "Cash and cash equivalents at the beginning of the year" and the "Cash and cash equivalents at the end of the year" were restated. In addition, the movement in the short-term investments of R1 454 million has now been included in operating activities in the statement of cash flows as it was removed from cash and cash equivalents.

	At 31 December 2022		At 31 December 2022
	As previously reported Audited	Reclassi- fications	Restated
R million			
Cash flow from operating activities	6 814	1 454	8 268
Cash utilised in operations	(7 799)	1 454	(6 345)
Interest and preference share dividends received	17 322	—	17 322
Interest paid	(1 018)	—	(1 018)
Dividends received	11 758	—	11 758
Dividends paid	(8 449)	—	(8 449)
Taxation paid	(5 000)	—	(5 000)
Cash flow from investment activities	(1 153)	—	(1 153)
Payments made for the acquisition of equipment	(574)	—	(574)
Proceeds in respect of the sale of equipment	71	—	71
Payments made for the acquisition of owner-occupied properties	(225)	—	(225)
Proceeds in respect of the disposal of owner-occupied properties	227	—	227
Acquisition of subsidiaries and associated companies	(303)	—	(303)
Disposal of subsidiaries and associated companies	149	—	149
Payments made for the acquisition of intangible assets	(656)	—	(656)
Proceeds in respect of the sale of intangible assets	158	—	158
Cash flow from financing activities⁽¹⁾	(1 128)	(174)	(1 302)
Shares issued	—	—	—
Acquisition of treasury shares ⁽¹⁾	(1 703)	2 280	577
Disposal of treasury shares ⁽¹⁾	755	(2 454)	(1 699)
Proceeds on disposal of non-controlling interest	50	—	50
Term finance raised	1 378	—	1 378
Term finance repaid	(1 271)	—	(1 271)
Lease liabilities repaid	(337)	—	(337)
Net increase in cash and cash equivalents	4 533	1 280	5 813
Net foreign exchange difference	162	(67)	95
Cash and cash equivalents at the beginning of the year	50 078	(6 755)	43 323
Cash and cash equivalents at the end of the year⁽¹⁾	54 773	(5 542)	49 231

⁽¹⁾ Refer to note 6.1 for treasury shares treatment under IFRS 17.

Notes to the group financial statements continued

for the year ended 31 December

6 Adoption of new standards and restatements continued

6.3 Reclassification of trade and other receivables and trade and other payables

The trading account assets and trading account liabilities have been split out from trade and other receivables and trade and other payables respectively. The restatement had no impact on the statement of comprehensive income or statement of changes in equity. Notes to the group statement of cash flows was changed to include the line item net (acquisition)/disposals of trading account assets/liabilities. Amounts would previously have been included in net trade receivables/payables.

Refer to note 39.1 for the impact on the statement of financial position.

6.4 Accrued investment income and payables

Accrued investment income as well as accrued investment payable have been moved out of trade and other receivables as well as trade and other payables respectively and appropriately included as part of the carrying amount of the underlying investments/liabilities at fair value through profit or loss.

This change had no impact on the group statement of comprehensive income or group statement of changes in equity. Notes to the group statement of cash flows was changed to include amounts in net (acquisition)/disposal of investments rather than items excluded from cash utilised in operations.

Refer to note 39.1 for the impact on the statement of financial position.

6.5 Insurance revenue

In compliance with IFRS 17, Santam should present their inwards reinsurance revenue net of ceding commission. Due to a mapping error in preparing the financial statements, the ceding commission was not netted off against inward reinsurance revenue for the six months to June 2023 in the 30 June 2023 interim financial statements, as required. This resulted in the overstatement of insurance revenue and amortisation of insurance acquisition costs by R225 million. The ceding commission netted off against inward reinsurance revenue for the 31 December 2022 comparative year in the 30 June 2023 interim financial statement note was similarly understated by R1 171 million, therefore overstating insurance revenue by R1 171 million, with amortisation of insurance acquisition costs overstated by the same amount. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.

6.6 Investment contracts

For Santam, comparative information was restated to correctly classify certain contracts within the alternative risk transfer business from policyholders interest to investment contracts. The investment contract balance as at 31 December 2021 was restated from R1 970 million to R3 798 million, and the balance as at 31 December 2022 was restated from R2 061 million to R5 214 million.

This was corrected in the June 2023 financial statements, but the restatement was disclosed as part of the IFRS 17 implementation instead of separately. The restatement disclosure has now been included as part of the 2023 financial statements.

6.7 Reclassification errors within disclosure notes 8 and 9

In the preparation of the IFRS 17 year-end note disclosures, additional note disclosures compared to the interim 2023 disclosures were provided which impacted the 31 December 2022 IFRS 17 notes previously reported as part of the 2023 interim results announcement.

This resulted in various material reclassification differences between the line items of the notes presented for the 31 December 2022 comparative year in the 30 June 2023 interim financial statements. The reclassifications had no impact on the previously presented statement of financial position. Refer to notes 8 and 9 for the specific items. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.

6.8 Individual immaterial reclassifications

Other immaterial reclassifications between different line items in the insurance and reinsurance contracts reconciliations respectively were made to the previously reported December 2022 and June 2023 reconciliations.

Administration

Registered name: Sanlam Limited

Registration number:	1959/001562/06
Tax reference number:	9536/346/84/5
JSE share code (primary listing):	SLM
NSX share code:	SLA
A2X share code:	SLM
ISIN:	ZAE000070660 incorporated in South Africa
Internet address:	http://www.sanlam.com
Directors:	Andrew Birrell, Anton Botha, Ebenezer Essoka, Nicolaas Kruger, Ndivhuwo Manyonga, Mathukana Mokoka, Kobus Möller, Sipho Nkosi, Karabo Nondumo, Thembisa Skweyiya, Willem van Biljon, Dr Johan van Zyl, Heinie Werth, Dr Shirley Zinn
Elias Masilela <i>(Chair)</i>	
Dr Patrice Motsepe <i>(Deputy Chair)</i>	
Paul Hanratty <i>(Group Chief Executive)</i>	
Abigail Mukhuba <i>(Group Finance Director)</i>	

Executive Head: Investor Relations
Grant Davids

Company Secretary:
Adela Fortune

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Debt Sponsor to Sanlam Life Insurance Limited
Rand Merchant Bank, a division of FirstRand Bank Limited

Transfer secretaries:
Registered number: 2004/003647/07

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