

Sanlam Life Insurance Ltd. Proposed Unsecured Subordinated Note Rated 'zaAA-'

September 29, 2023

LONDON (S&P Global Ratings) Sept. 29, 2023--S&P Global Ratings today assigned its 'zaAA-' South African national scale rating to the proposed unsecured deferrable subordinated notes to be issued by life insurer Sanlam Life Insurance Ltd. (Sanlam Life; South Africa national scale zaAAA/--/--) under its South African rand (ZAR) 6 billion note program. The ratings are subject to confirmation of the final terms and conditions of the issue. The company plans to use the proceeds for general corporate purposes.

Under our methodology for rating such issues, we apply a one-notch downward adjustment to the national scale ratings on the issuer to account for coupon payment risk on the debt, and then we deduct another two notches from the national scale rating to reflect the subordination. As a result, we rate the proposed notes 'zaAA-', three notches below our 'zaAAA' South Africa national scale rating on the issuer, Sanlam Life.

Sanlam Life has the right to redeem the notes on a tax or regulatory event. For redemptions before the maturity date, Sanlam Life requires prior consent from the Prudential Authority of South Africa.

We expect to classify the notes as having no equity content, given their short maturity of just five-and-a-half and seven years. Including this debt issuance, we estimate Sanlam Life's financial leverage will remain below 20% in 2023-2025. We expect the fixed-charge coverage ratio will remain above 4x in 2023-2025.

Our issue ratings have no outlooks. That said, any rating action on our global scale sovereign rating on South Africa could have a multiple-notch effect on our national scale ratings.

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings:

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Methodology And Assumptions, Nov. 19, 2013

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceld/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings. Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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