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2021 INTERIM RESULTS PRESENTATION

9 September 2021

We empower
generations
to be...

...financially
confident, secure
and prosperous





Agenda

01	Operating environment	Paul Hanratty
02	Strategy review	Paul Hanratty
03	Financial results	Abigail Mukhuba
04	Cluster performance	Abigail Mukhuba
05	Priorities	Paul Hanratty
06	Outlook for remainder of 2021	Paul Hanratty

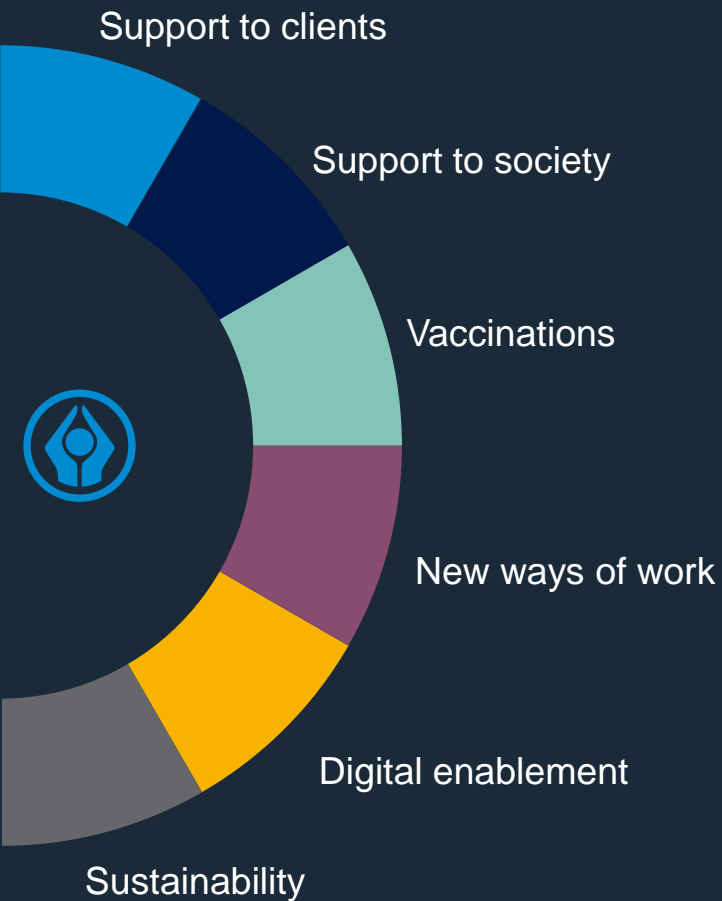


Operating environment





2021 operating environment



COVID-19 continues to impact society

- Significant increase in mortality, third wave in SA taking longer to subside than first two
- Recognition of importance of insurance cover
- Increased levels of savings
- Adoption of digital channels continues

Investment markets

- Recovery in equity and credit markets
- Higher long-term interest rates in SA and some SEM markets
- GDP recovery from sharp declines in 2020
- SA recovery impacted by unrest in KwaZulu-Natal and Gauteng in third-quarter of 2021

Purpose led response

- R10 billion of mortality claims in the first six months of 2021, R22bn since start of 2020
- R1,7 billion of CBI claims paid (gross of reinsurance) to support businesses in SA
- Provided vaccine access points to the public in South Africa
- Direct finance to support the SA business initiative to drive vaccine rollout

We remained resilient

- Solvency levels strong and well within target ranges
- Cash generation remains robust
- No additional CBI provisions in 2021 at Santam
- Further delivery on strategy



Key operational highlights

- Resilient operating results
- Very strong recovery in new business volumes - life insurance growth of 53% on 2020 and 51% on 2019 (in constant currency)
- Exceptional growth in net value of new life business (VNB) - increase of 98% on 2020 and 37% on 2019 (in constant currency)
- Persistency remains robust across all Group businesses – strong improvement in SA
- Pleasing performance from our African businesses outside SA, despite higher mortality claims due to COVID-19
- Strong new business volumes growth from digital channels (MiWay Life and Indie - combined growth of 37% on 2020 and 145% on 2019)

Growth in key metrics	2021 on 2020		2021 on 2019	
	Actual	Constant currency	Actual	Constant currency
Net result from financial services	16%	22%	(9%)	(7%)
New business volumes	12%	13%	57%	57%
Net inflows	13%	16%	62%	65%
Net value of new business	94%	98%	37%	37%



Key financial measures for 2021

	Unit	2021	△
Net result from financial services	R million	4 529	16%
Net operational earnings	R million	4 679	33%
New business volumes	R million	176 426	12%
VNB	R million	1 289	94%
Net fund inflows	R million	37 814	13%
Group Equity Value (GEV) per share*	cents	5 848	(1%)
Adjusted Return on GEV (Hurdle rate of 6,6%)	%	6,2	

- ⓘ Higher equity market levels, contraction of credit spreads, lower levels of doubtful debts, improved return on insurance funds, improved Santam underwriting performance, weaker mortality experience (offset by discretionary reserve releases)
- ⓘ Excess claims of R1,4 billion (gross of tax and net of reinsurance and expected risk profits) in SLS, after annuity and disability offsets
 - R1,25 billion (gross of tax) release of discretionary reserves
- ⓘ Excess claims in SEM of R157 million
- ⓘ Strong growth in new business driven by life insurance sales in SLS and SEM, investment business improved off a high base in 2020
- ⓘ Net fund inflows increased by 13% to R38bn, with strong growth at SIG
- ⓘ VNB up 94%: SLS +96%, SEM +85%
- ⓘ Adjusted RoGEV impacted by high mortality claims and write-down of Sanlam Life and Pensions UK to net realisable value

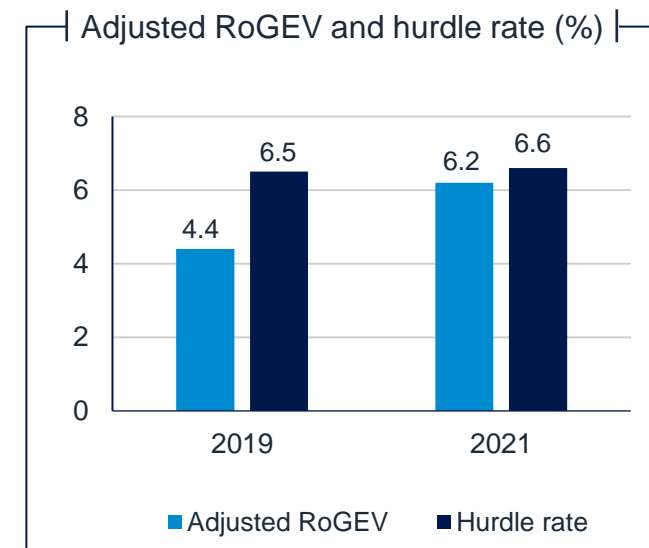
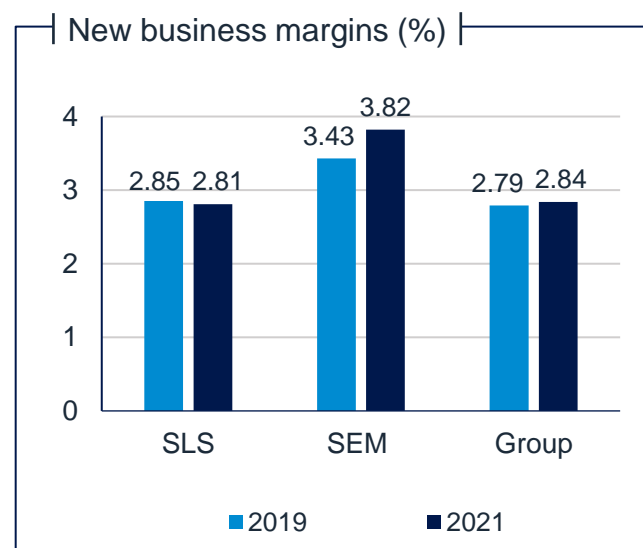
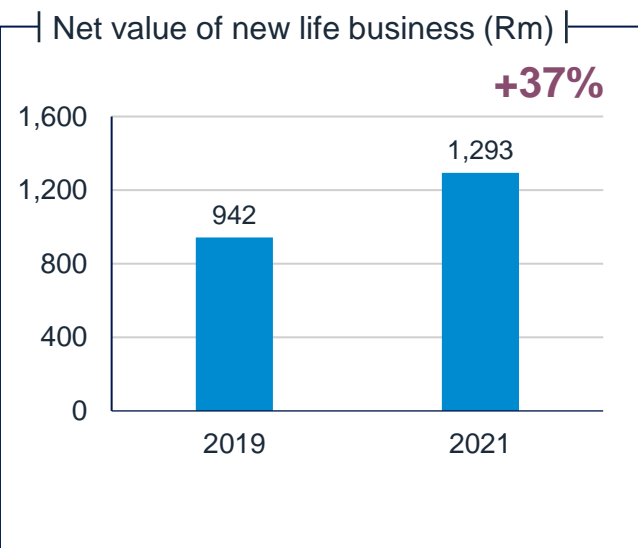
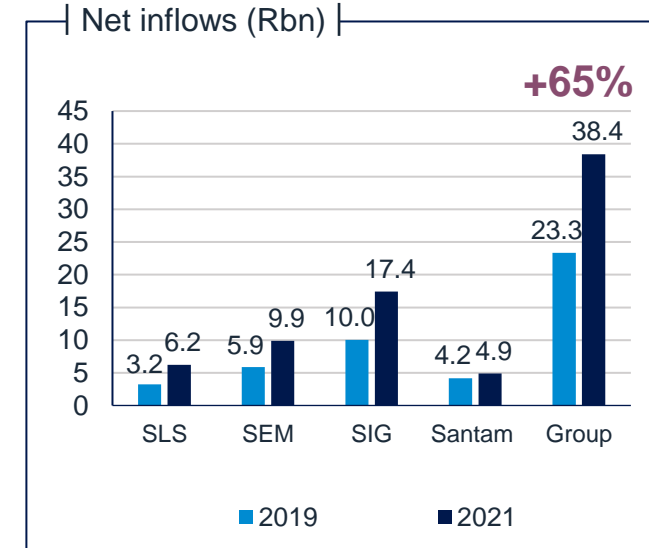
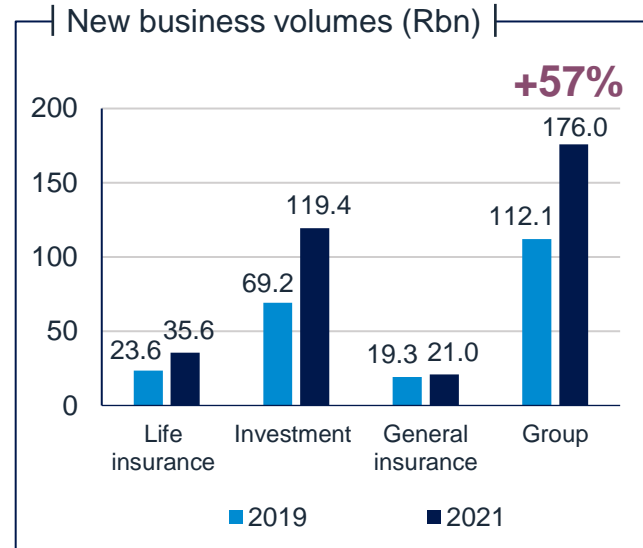
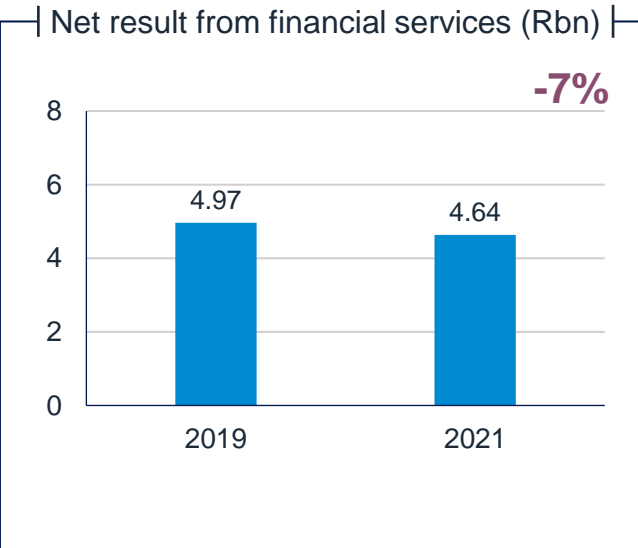
* Relative to 31 December 2020



Performance relative to 2019*

SALIENT FEATURES

- Net result from financial services 5% above 2019 excluding one-offs
- Growth in new business volumes driven by life insurance sales
- Strong net inflows despite COVID-19 claims
- VNB and margin benefited from strong new business and sales mix
- Adjusted RoGEV below hurdle in 2021 due to higher mortality experience and write-down of UK life

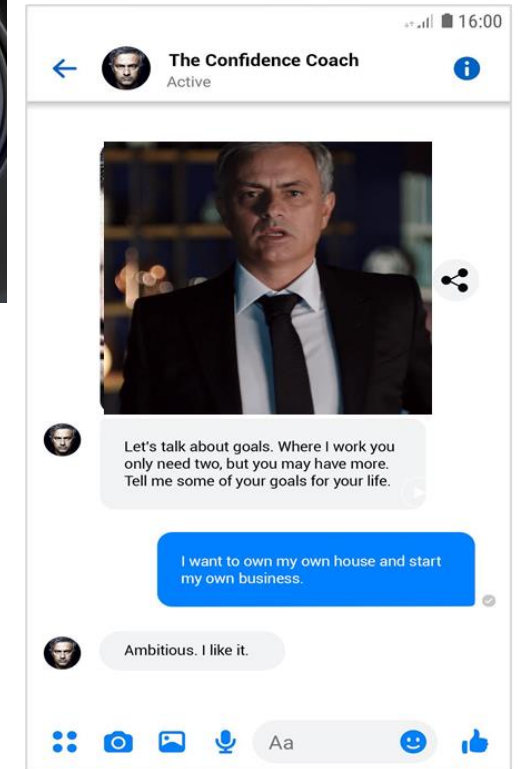


* in constant currency



Sustainability, governance and purpose

- Appointed two new independent Board members
 - Ebenezer Essoka
 - Willem van Biljon
- Appointed new CEO of Sanlam Investment Group
- New brand positioning launched over the period
 - Helping our clients to “live with confidence”
 - Increased client engagement - Savings Jar, Moola-Money, Confidence Index, Sanlam Gauge index
- Increased focus on financial inclusion - MTN InsurTech partnership in Africa
- Sanlam Investment Group new funds support Sustainability - Climate Fund and SME Fund
- Environment - working on development of climate framework
- Sanlam providing vaccine access points to the public in SA in partnership with Afrocentric





Strategy review





Strategy at a glance

Our vision

To become the most admired financial services group in Africa

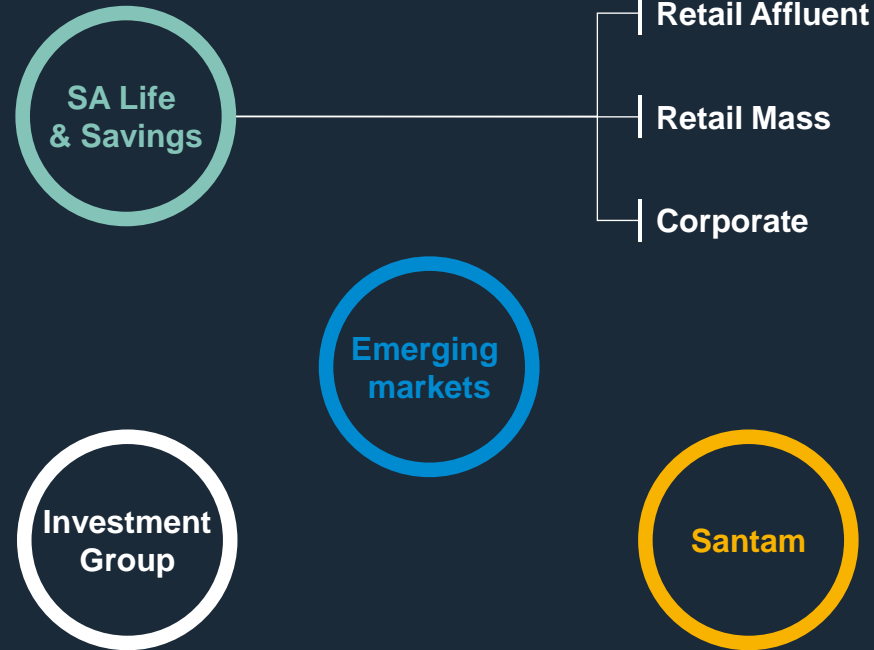
Our Strategy

-  Becoming an African champion
-  Building a fortress position in South Africa
-  Accelerating growth outside of South Africa
-  Strengthening our position where we operate outside of Africa

Enabled by

- Data and digital transformation
- Continuous development of our culture
- Innovation
- Partnerships

Executed through our clusters



HOW WE ARE EMBEDDING STRATEGY IN OUR BUSINESS

- **Integration** – expand product offering and improve cross-sell
- **Digitalisation** – improve client and intermediary experience and efficiency
- **Empowerment** – contribute to inclusive economic participation and support Fortress SA strategy
- **Culture survey** – readying our people and culture to operate in a different way ensures we remain a future-fit organisation
- **Partnerships** – exploit growth opportunities and gain access to underpenetrated market segments across the continent and where we operate outside Africa



Disciplined allocation of capital

- Group is reallocating capital from UK to Africa and selected emerging markets
 - Sale of Nucleus Financial Group plc completed
 - Commenced process to exit UK businesses other than asset management
 - At an advanced stage of process to dispose of UK life insurance business, Sanlam Life and Pensions - GEV reduced to reflect a realistic disposal value
 - Exploring disposal of our Sanlam UK wealth management business, expected proceeds to be in excess of GEV
- Debt issuance increases balance sheet flexibility

DEPLOYMENT OF CAPITAL

- Conclusion of Nucleus sale for £75 million in August 2021
- Intention to sell Sanlam Life and Pensions
- Sanlam Life raised R2 billion in subordinated debt issuance
- Disposal of non-core investments



Strengthening the South African competitive position

KEY SEGMENTS TARGETED

- Asset Management
- Health Insurance
- Employee Benefits
- Retail Mass segment

- Asset management business
 - Repositioned to reflect that ESG is fully embedded to complement the empowerment status
 - Strong inflows and healthy pipeline continue
- Proposed acquisitions of the Alexander Forbes group risk and retail life insurance businesses to strengthen position in institutional and retail risk markets
- New loyalty program (Wealthbonus) launched that will ultimately tie all products together to support client loyalty to the Group
- Strong performance continued from Capitec funeral cover JV
- New health insurance benefit structures developed in conjunction with Afrocentric for the Corporate market
- MTN InsurTech alliance includes SA



African champion

OPTIMISE THE PORTFOLIO

- Intended acquisition of a further 22,8% of Saham Assurance Maroc to deepen direct presence in North and West Africa and explore broad partnerships in the long-term
- InsurTech strategic alliance with MTN to take the benefits of our insurance and investment products to the African continent's consumers (goal of reaching 50 million customers by 2025)
- Benefits of cross-sell beginning to emerge, demonstrated by strong growth in life insurance new business volumes
- Progress on rebalancing Morocco general insurance funds (float)
 - Book value of property reduced from 37% to 36% and equity from 47% to 44%, further reductions over second half of 2021
- Simplification of the former Saham portfolio
 - Further sales planned to focus on core markets

- **Strategic review of operations** – continue focus on optimising the portfolio
- **Pan-Africa portfolio** – progress made in planned exit of sub-scale businesses
- **Morocco investment portfolio** – revised investment strategy supports achieving hurdle rate at a lower level of expected volatility



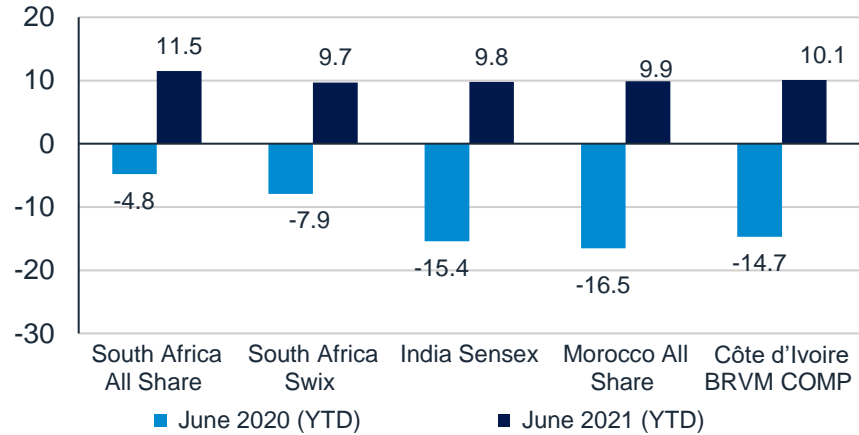
Financial results



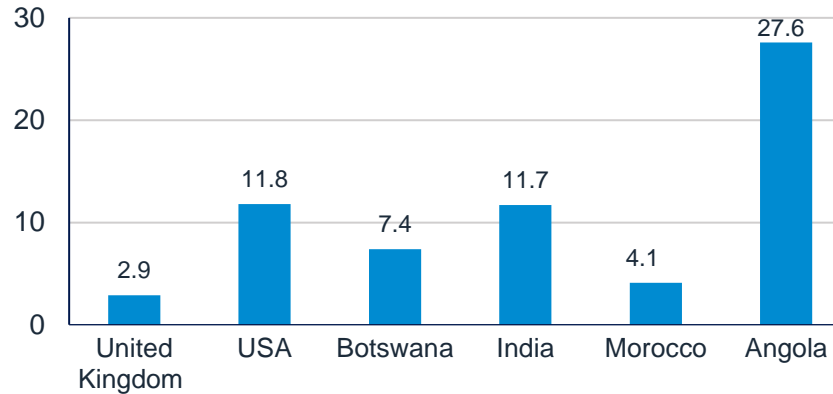


Operating environment – key market indicators

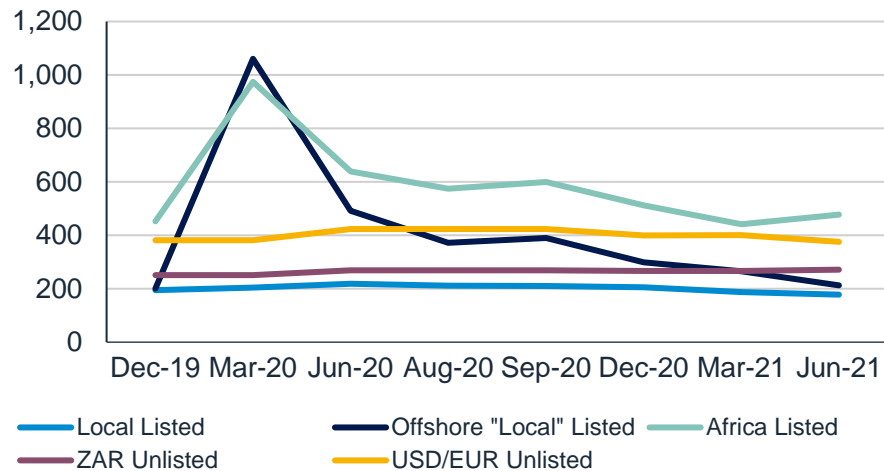
Equity indices (% change)



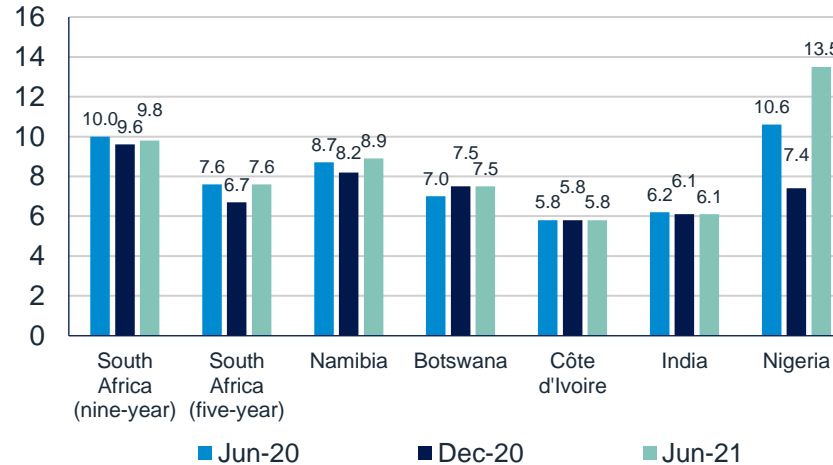
Average rand exchange rate strengthening (% change)



Change in credit spreads (bps)



Bond yields (%)



EXCHANGE RATES

-5.7%

Net result from financial services

-0.9%

RoGEV

ECONOMIC BASIS

-1.2%

RoGEV

-1.2%

VNB

GI UNDERWRITING MARGIN

SEM GI

3.5%

SPA GI

5.1%

Santam conventional business

6.7%

INVESTMENT RETURN

R805m

GEV investment variances (ex-Santam)

15.5%

Return on SPA GI insurance funds

Cluster contributions



Net result from financial services

R million	2021	2020	% change
Sanlam Life and Savings	2 086	2 357	(11%)
Sanlam Emerging Markets	1 313	985	33%
Sanlam Investment Group	610	127	>100%
Santam	621	396	57%
Group office and other	(101)	33	(>100%)
Sanlam Group	4 529	3 898	16%

New business volumes

R million	2021	2020	% change
Sanlam Life and Savings	54 305	35 051	55%
Sanlam Emerging Markets	22 674	21 890	4%
Sanlam Investment Group	86 258	88 617	(3%)
Santam	13 189	11 922	11%
Sanlam Group	176 426	157 480	12%

Net inflows

R million	2021	2020	% change
Sanlam Life and Savings	6 209	8 758	(29%)
Sanlam Emerging Markets	9 683	9 771	(1%)
Sanlam Investment Group	17 064	10 755	59%
Santam	4 858	4 129	18%
Sanlam Group	37 814	33 413	13%

VNB

R million	2021	2020	% change
Sanlam Life and Savings	1 043	533	96%
Sanlam Emerging Markets	246	133	85%
Sanlam Group	1 289	666	94%

VNB margins

R million	2021	2020
Sanlam Life and Savings	2.81%	2.08%
Sanlam Emerging Markets	3.81%	2.58%
Sanlam Group	2.82%	2.06%

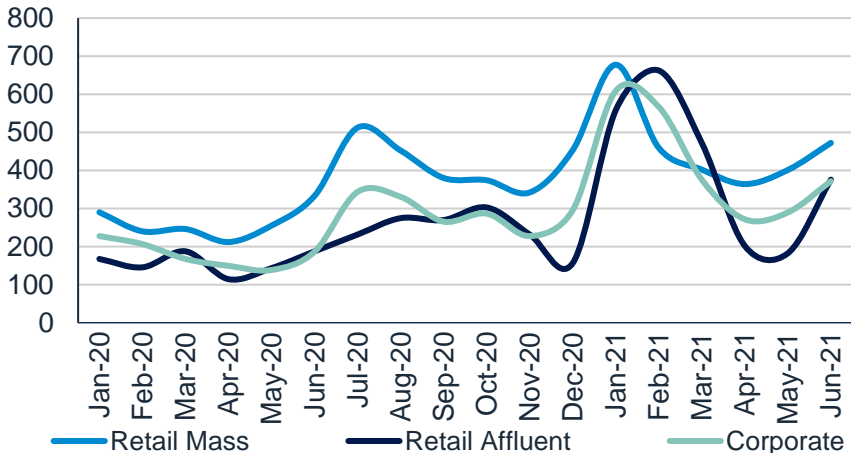


Sanlam Life and Savings excess claims

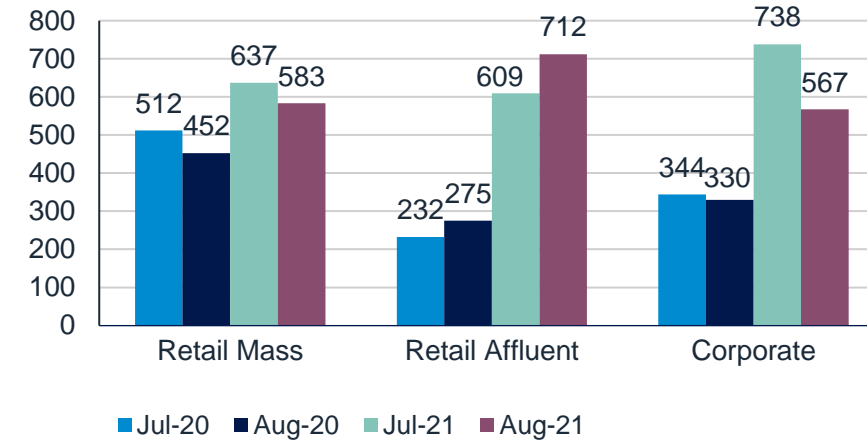
SALIENT FEATURES

- Retail Affluent and Corporate recorded worst excess claims experience
- Peak of third wave in July and August 2021 – wave longer than expected
- Excess claims of R1 008 million, discretionary reserve release of R898 million (net of tax)

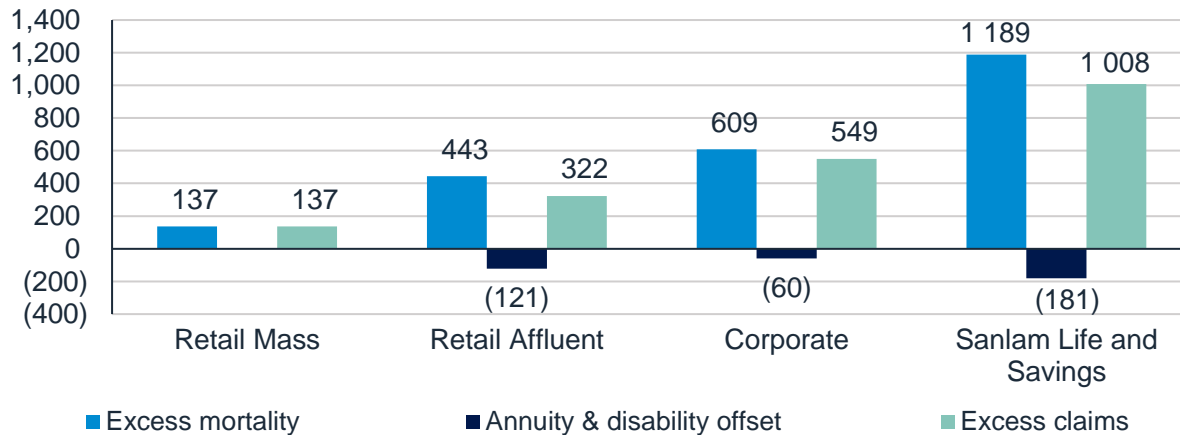
Gross monthly mortality claims (R million)



Gross monthly mortality claims (R million)



Breakdown of excess claims (R million)*



* net of tax and reinsurance, including annuity and disability offsets, and net of expected risk profits



Sanlam Life and Savings excess claims

SALIENT FEATURES

- SLS excess risk claims largely offset by discretionary reserve releases
- 2H2021 focus on repricing, underwriting changes and reserve releases based on forward looking view
- Fair and appropriate repricing implemented in accordance with policy provisions

Gross of tax

R million

	2020	1H2021
Pre-reserve release	531	1 400
Reserve releases	(492)	(1 247)
Post-reserve release	39	153

2H2021

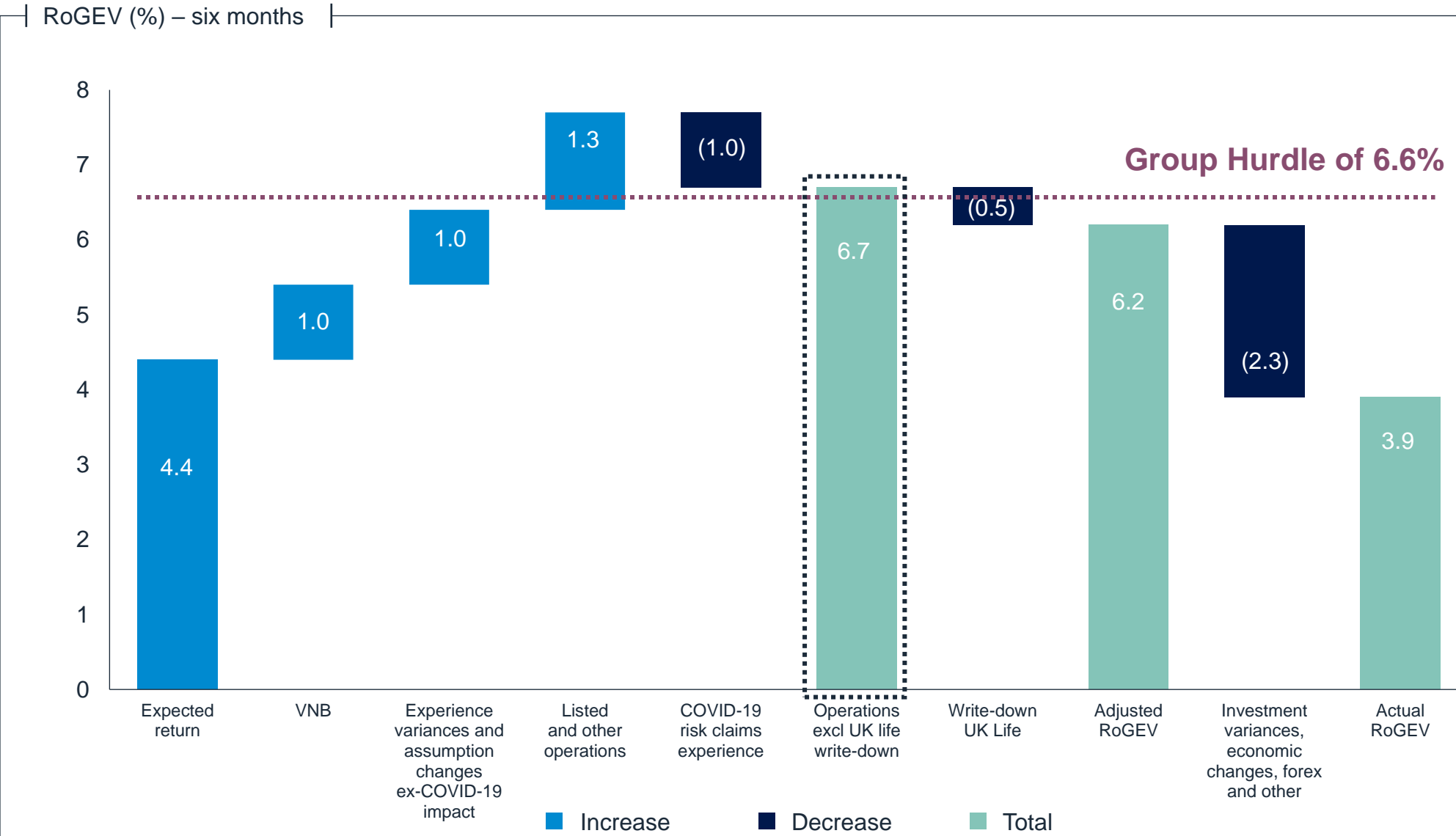
- SLS expects excess risk claims of R1.2 – R1.5 billion with downside risk (excess mortality worse than expectations in previous COVID-19 waves)
- SLS group risk repricing impact of R350 – R450 million

Future – 2022 and beyond

- Focus on risk mitigation actions, full effects of group risk repricing
- Risk-based revision of underwriting standards for retail risk new business
- Group expects to retain modest reserves to mitigate any future mortality losses



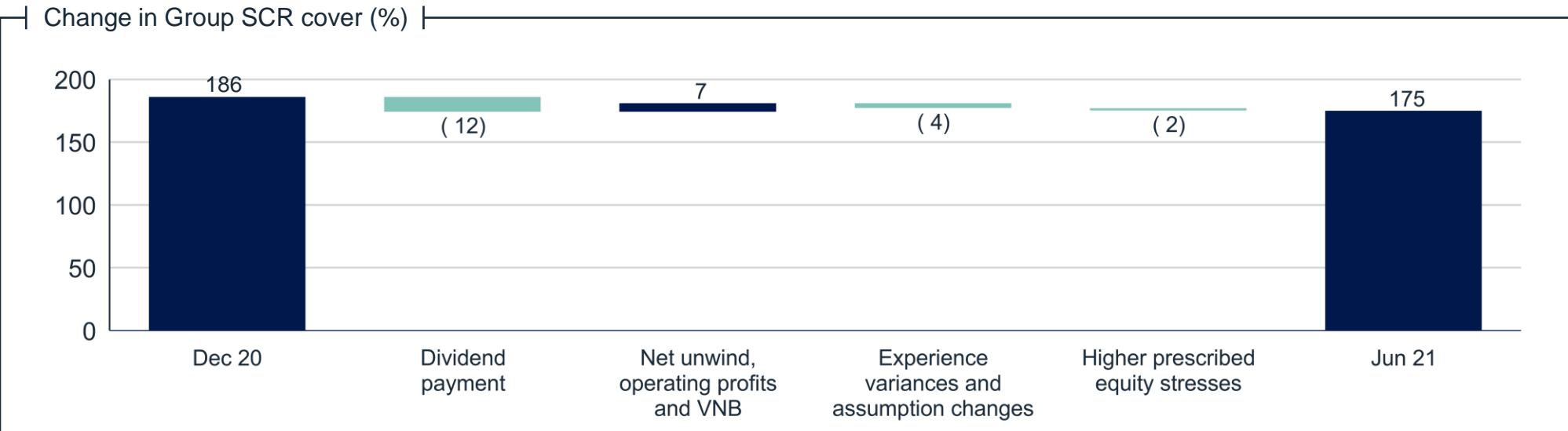
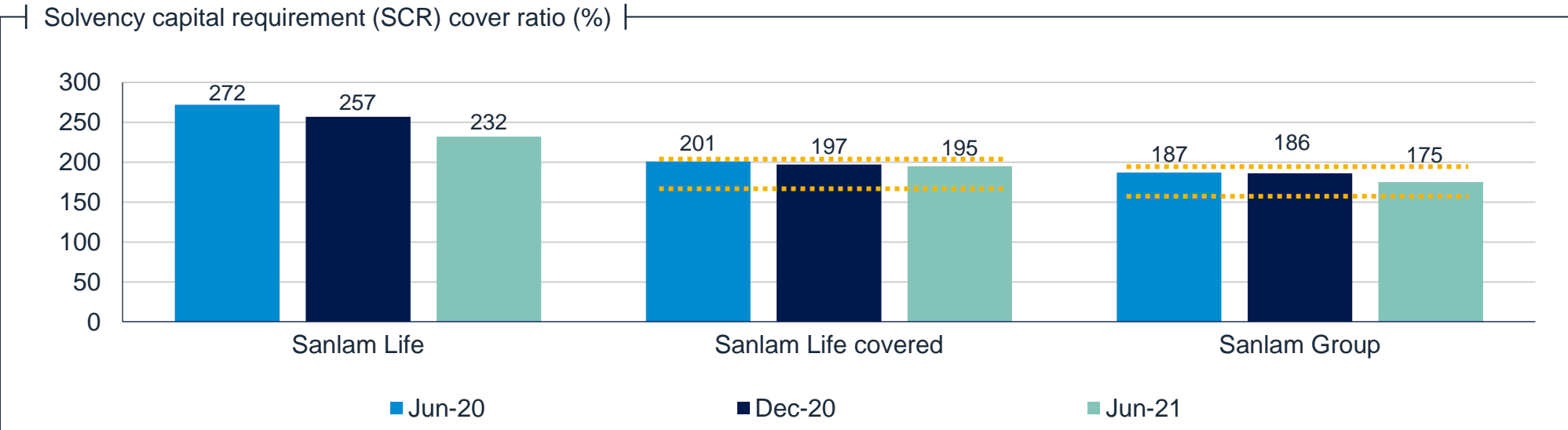
Return on Group Equity Value



SALIENT FEATURES

- Underperformed RoGEV target in 2021
- Actual RoGEV negatively impacted by ZAR strength and economic basis changes
- Adjusted RoGEV of 6,2% is lower than target of 6,6%
 - Negative impact of COVID-19 on risk experience variances
 - Write-down of UK life business to net realisable value

Solvency position



SALIENT FEATURES

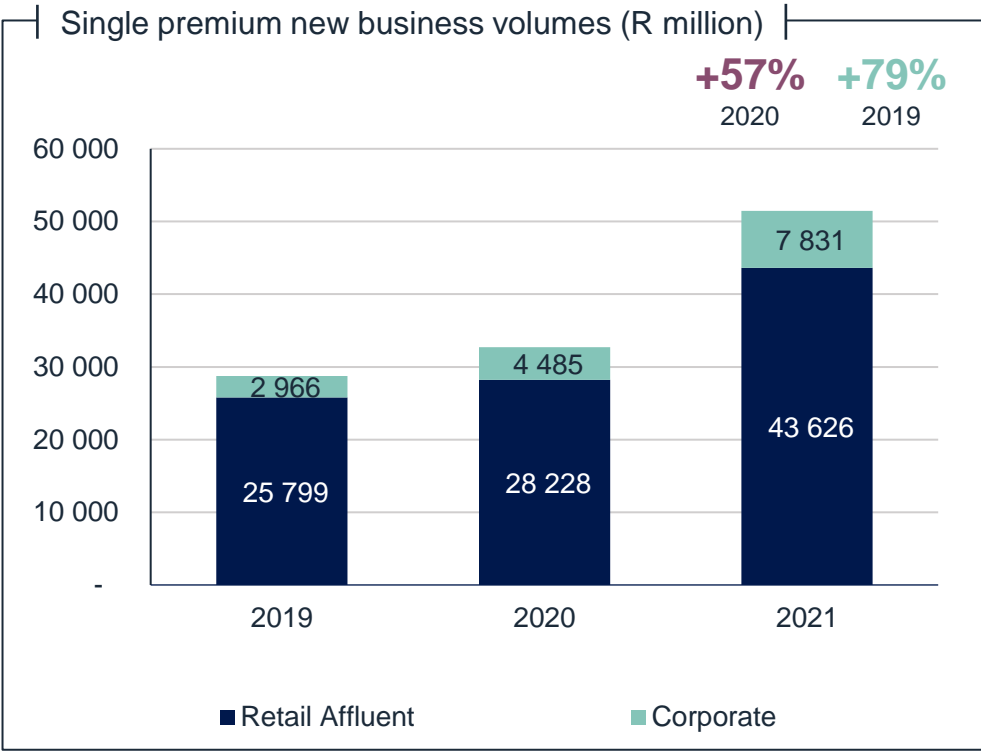
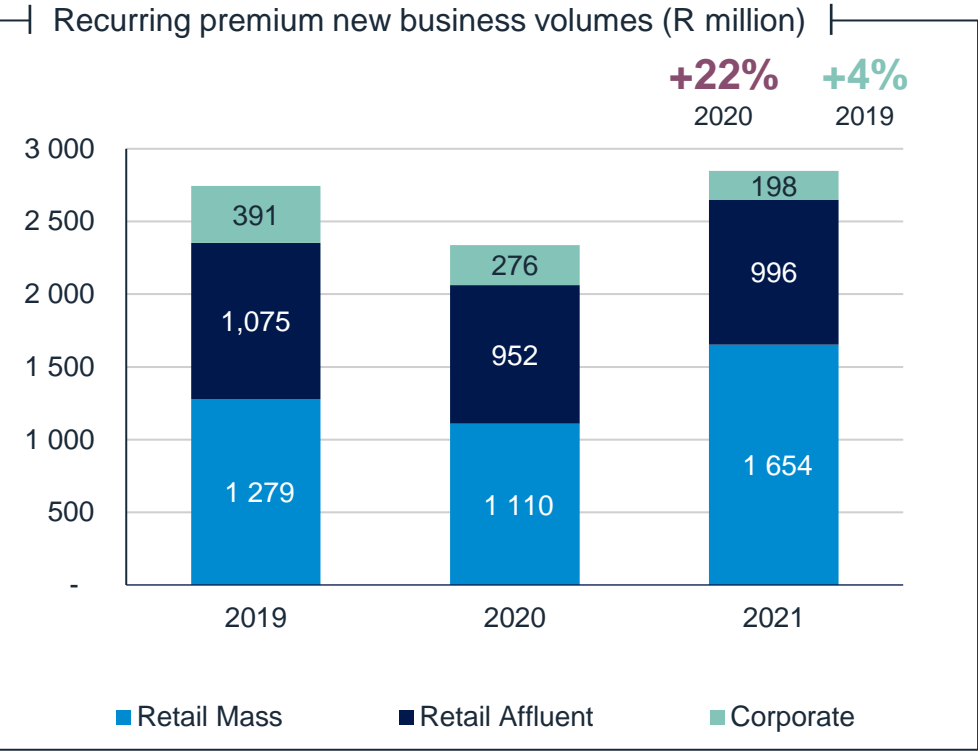
- Decline in Group solvency ratio from December 2020
 - Annual dividend payment
 - Higher prescribed equity stresses
- Partially offset by
 - Increase in own funds from the net unwind
 - Operating profits
 - Value of new business



Cluster performance



Sanlam Life and Savings

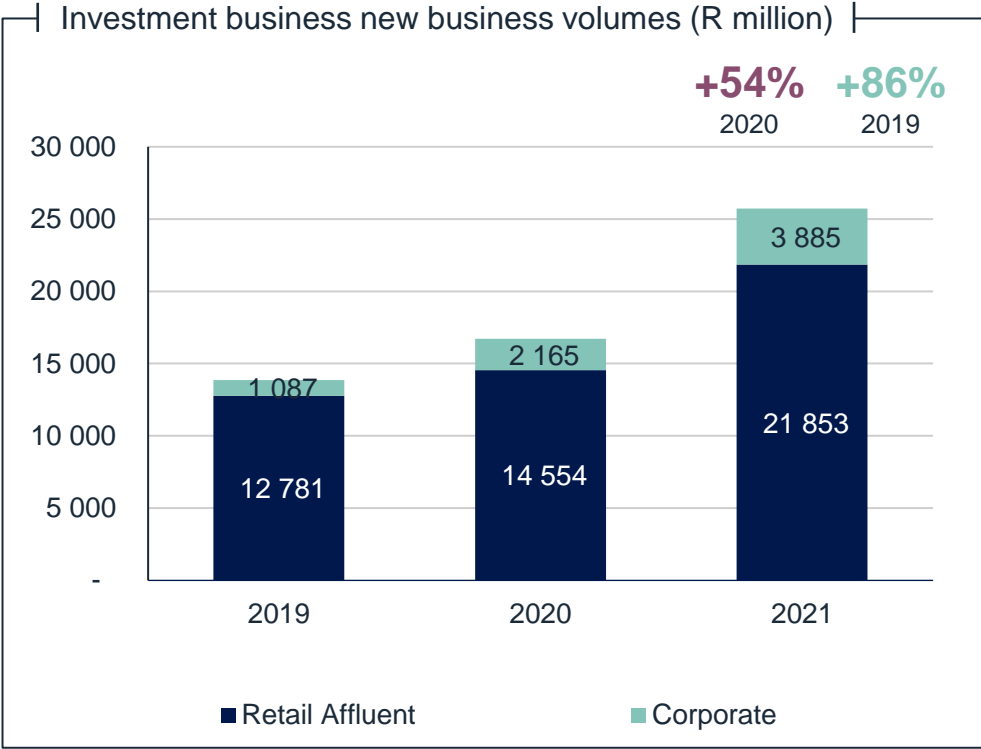
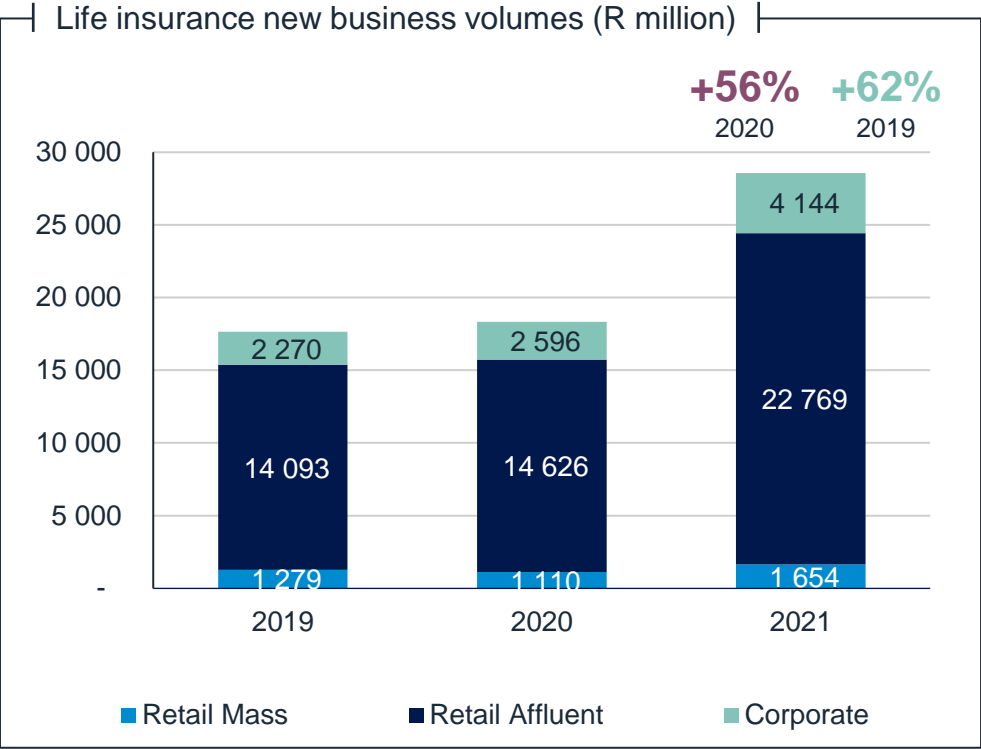


SALIENT FEATURES

- Good demand for life annuities, international products and preservation funds
- All channels contributed
- Digital & direct channels continued strong growth – Sanlam Indie, MiWayLife, Sanlam Direct

New business volumes

R1 654m	R996m	+47%	+37%	R8 029m	R43 020m
Retail Mass +49% (2019: +29%)	Retail Affluent recurring premiums +5% (2019: -7%)	Capitec funeral JV (2019: +60%)	Direct channels (2019: +145%)	Corporate +69% (2019: +139%)	Glacier +55% (2019: +71%)



SALIENT FEATURES

- Significant increase in life insurance and investment business sales in Retail Affluent
- Strong recovery in Retail Mass individual life and group business sales
- Corporate new investment business strong

New business volumes

R22 769m

Retail Affluent life insurance +56%
(2019: +62%)

R4 144m

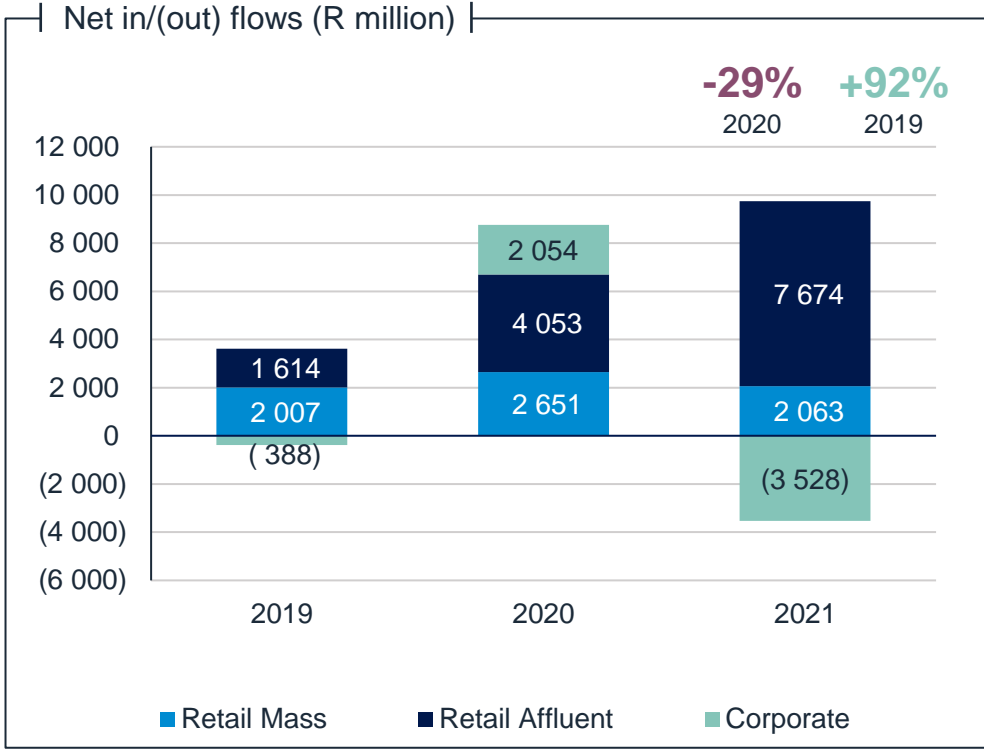
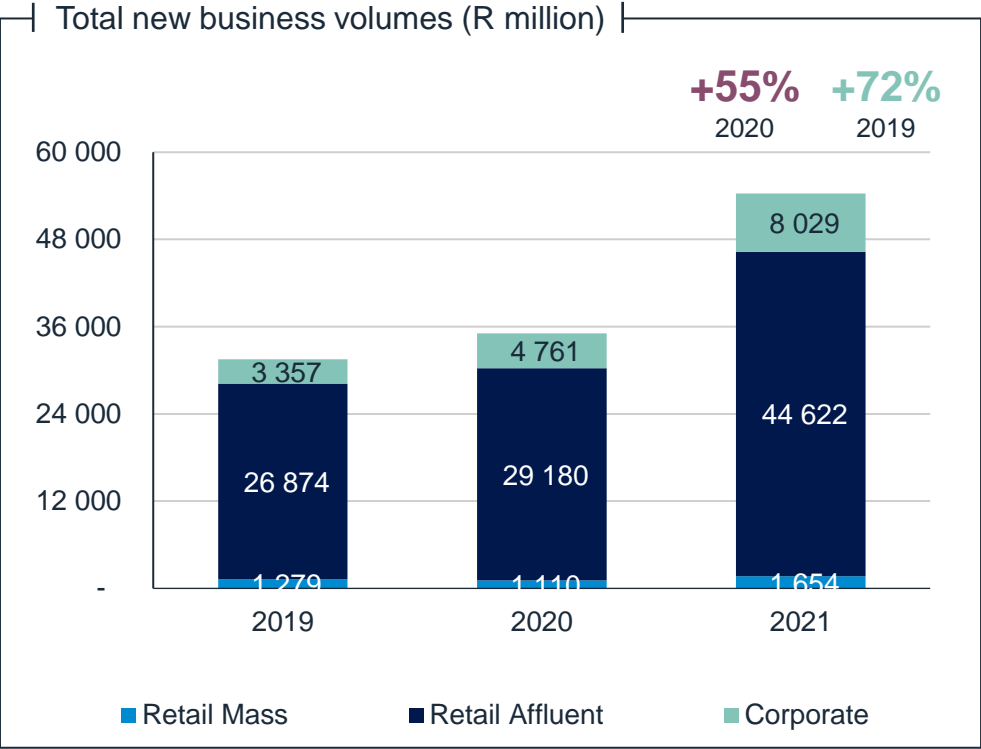
Corporate life insurance +60%
(2019: +83%)

R21 853m

Retail Affluent investment +50%
(2019: +71%)

R3 885m

Corporate investment +79%
(2019: +257%)



SALIENT FEATURES

- Retail Mass flows down in 2021 due to higher claims
- Retail Affluent net inflows improved strongly despite higher mortality claims (strong single premium inflows)
- Corporate impacted by outflow of low margin business and increase in mortality claims

New business volumes and net flows

R54 305m

SLS new business volumes
+55%
(2019: +72%)

R2 063m

Retail Mass net inflows -22%
(2019: +3%)

R7 674m

Retail Affluent net inflows +89%
(2019: +375%)

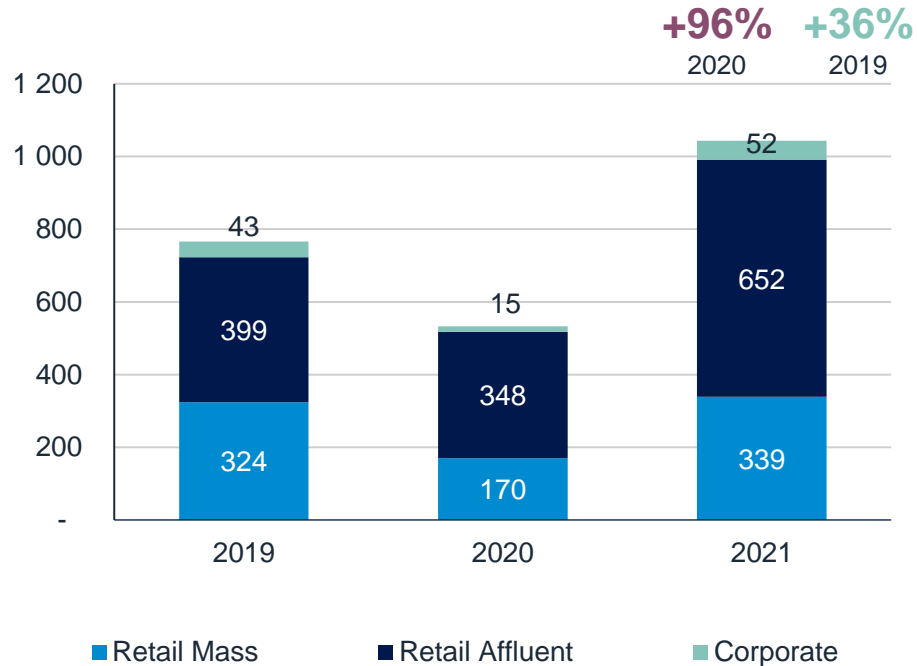
(R3 528m)

Corporate net outflows

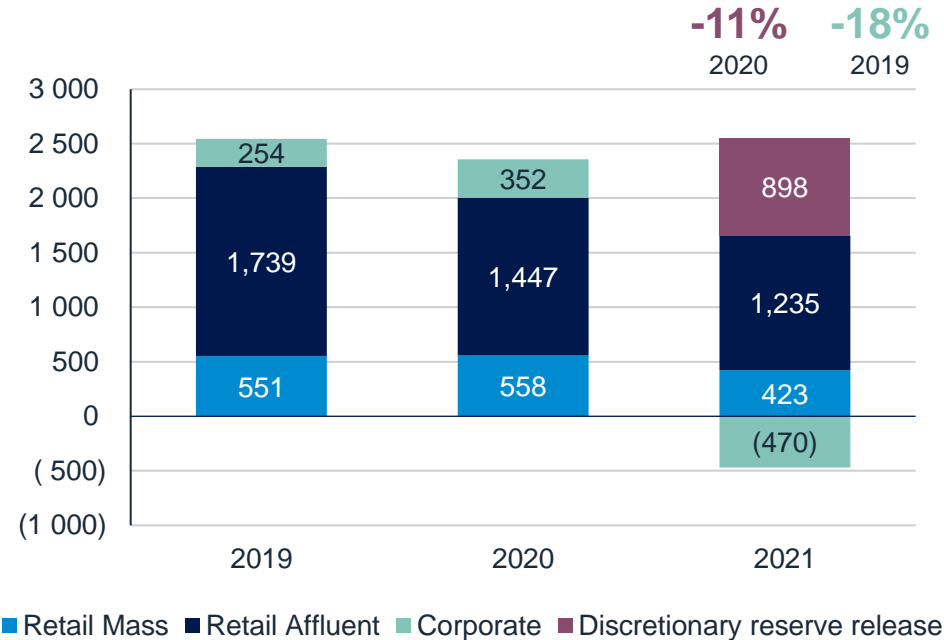
Sanlam Life and Savings



Value of new life business (R million)



Net result from financial services (R million)



SALIENT FEATURES

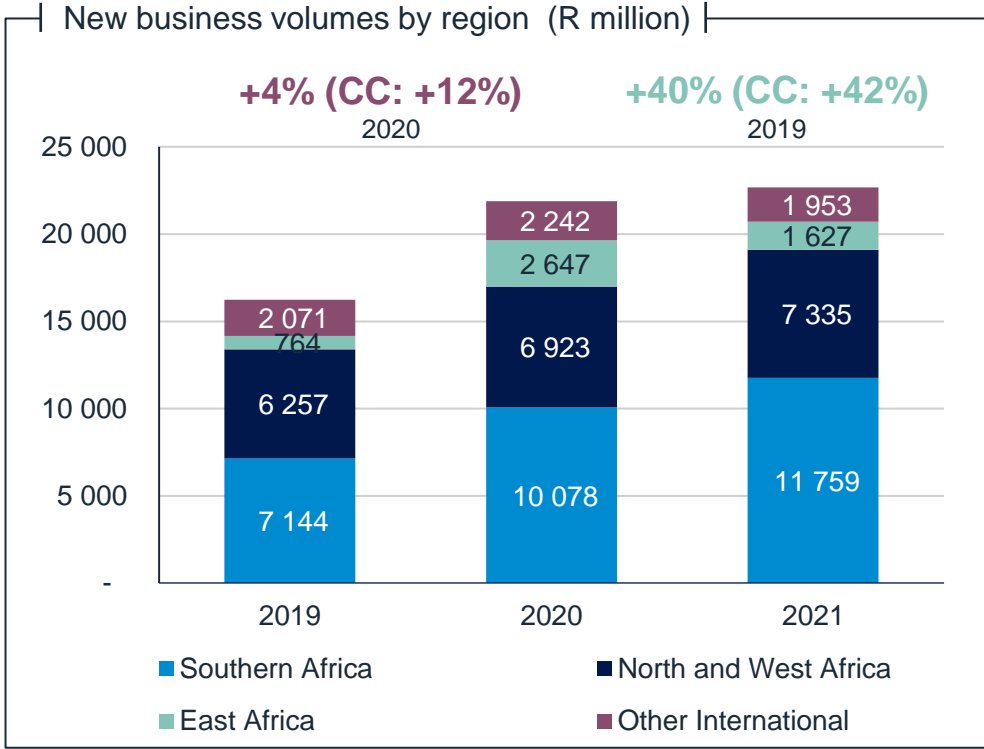
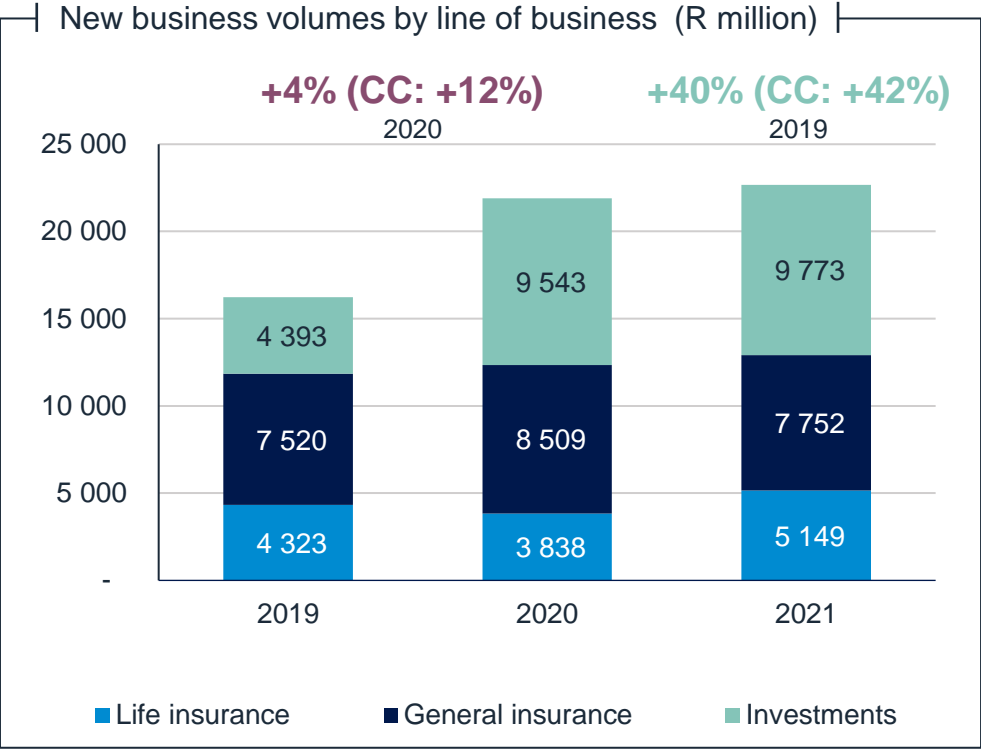
- Strong VNB growth driven by volumes and sales mix
- Net result from financial services
 - Up 10% excluding 2020 positive mortality experience and 2021 excess claims not offset by discretionary reserve releases
 - Higher market levels, lower SPL bad debts, smaller SPL loan book
 - Strong persistency experience – review mass lapse assumption at year end

Net value of new life business margin

	2021	2020
Retail Mass	7.34%	5.07%
Retail Affluent	2.38%	1.86%
Sanlam Corporate	1.01%	0.42%
Sanlam Life and Savings	2.81%	2.08%

	2021	2020
RoGEV	7.6%	(0.8%)
Adjusted RoGEV	7.6%	4.8%

Sanlam Emerging Markets



SALIENT FEATURES

- Large new investment mandates in Southern Africa
- General insurance volumes impacted by
 - Lebanon exclusion in 2021
 - India premium increase restrictions on third-party business and lower sales into credit business client base
 - Volumes up 3% in constant currency excluding Lebanon
- Life insurance volumes increased across the portfolio

New business volumes

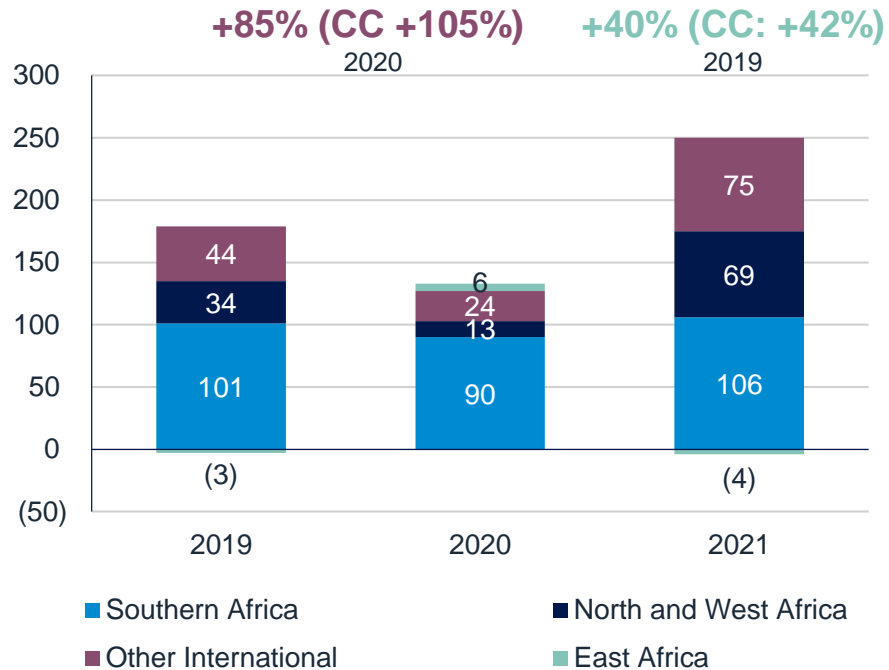
Line of Business	2020	2019
General insurance	-9%	+3%
Life insurance	+34%	+19%
Investments	+2%	+122%
CC (Constant Currency)	0%	+3%
CC	+47%	+21%
CC	+10%	+139%

CC = constant currency

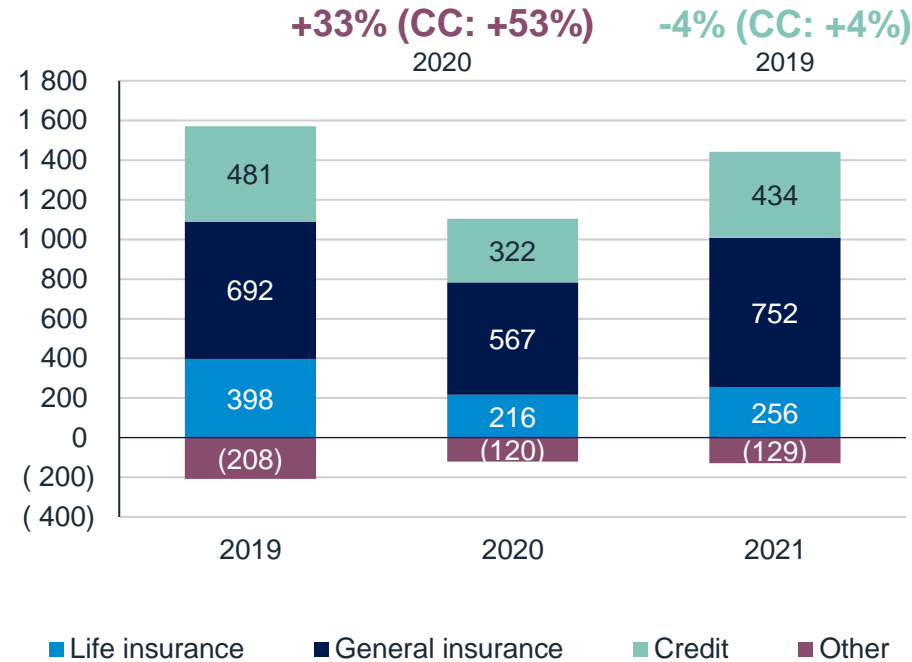
Sanlam Emerging Markets



Value of new life business (R million)



Net result from financial services (R million)



SALIENT FEATURES

- VNB
 - Higher volumes across the portfolio
 - Impact of increase in Nigeria yield curve
- Net result from financial services
 - Up 33% (53% in constant currency)
 - SPA GI underwriting margin of 5.1% (former Saham portfolio: 6.0%)
 - SPA GI insurance margin of 20.6% - higher return on insurance funds
 - Improved performance from India credit businesses
 - 4% higher than 2019 in constant currency

Net value of new life business margin

	2021	2020
Southern Africa	4.85%	4.94%
North and West Africa	3.65%	0.99%
East Africa	(0.82%)	1.45%
Other international	3.97%	1.50%
Sanlam Emerging Markets	3.81%	2.58%

	2021	2020
RoGEV	0.5%	(6.6%)
Adjusted RoGEV	7.5%	(17.0%)

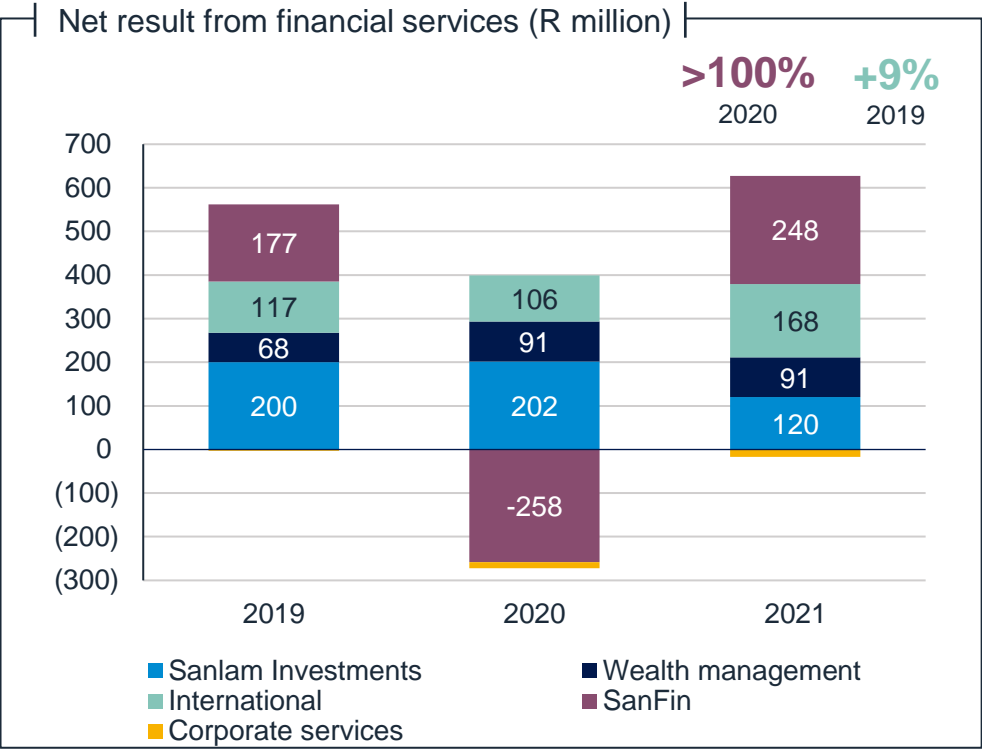
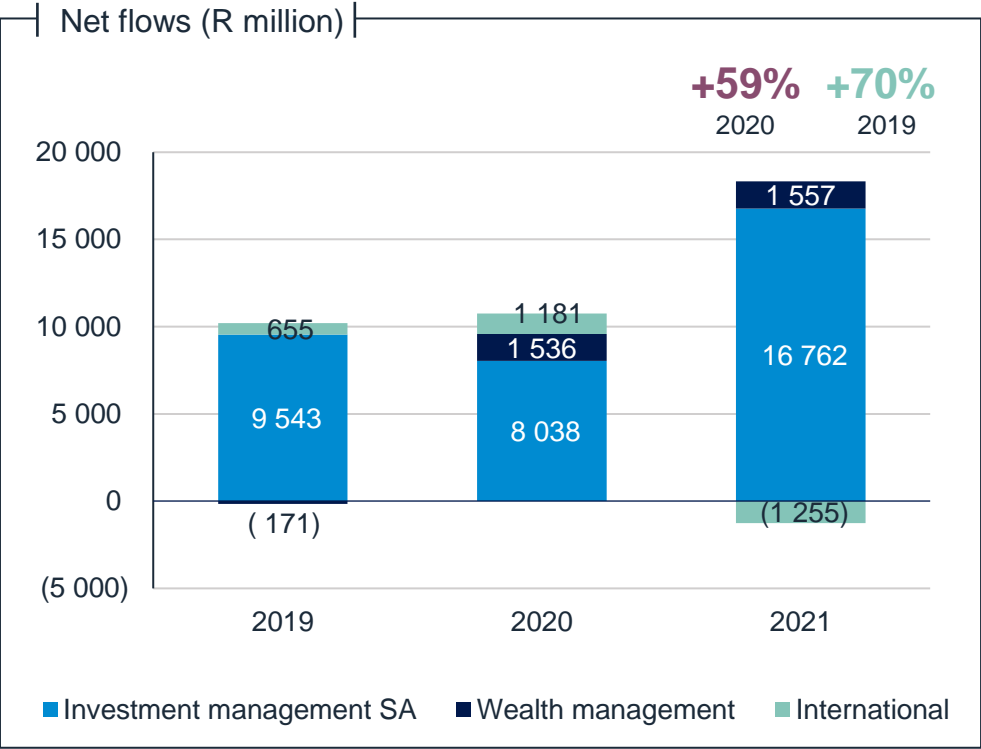
General insurance & reinsurance result

R million	Gross written premiums		Underwriting margin		Return on insurance funds	
	2021	% change	2021	2020	2021	2020
Southern Africa	1 903	(1%)	23.8%	23.5%	2.1%	2.7%
North and West Africa	8 853	5%	2.7%	4.1%	18.7%	(4.3%)
East Africa	718	(16%)	(4.6%)	(7.7%)	2.8%	7.9%
Other International	1 214	(41%)	(7.3%)	10.9%	28.0%	20.1%
Total	12 688	(4%)	3.5%	7.0%	17.1%	1.7%
SPA GI	11 474	2%	5.1%	6.1%	15.5%	(2.5%)
Other International*	1 214	(41%)	(7.3%)	10.9%	28.0%	20.1%
Total	12 688	(4%)	3.5%	7.0%	17.1%	1.7%

* India, Malaysia and Lebanon

SALIENT FEATURES

- GI volumes impacted by
 - lower contributions from India
 - Lebanon included in 1H2020 only
- Underwriting result impacted by
 - Large claims in specialist classes in SPA GI in May and June 2021
 - India impacted by no prescribed third-party premium increases in 2020 and 2021, courts operating at limited capacity
 - Saham Re and Saham Assurance Maroc posted resilient performances

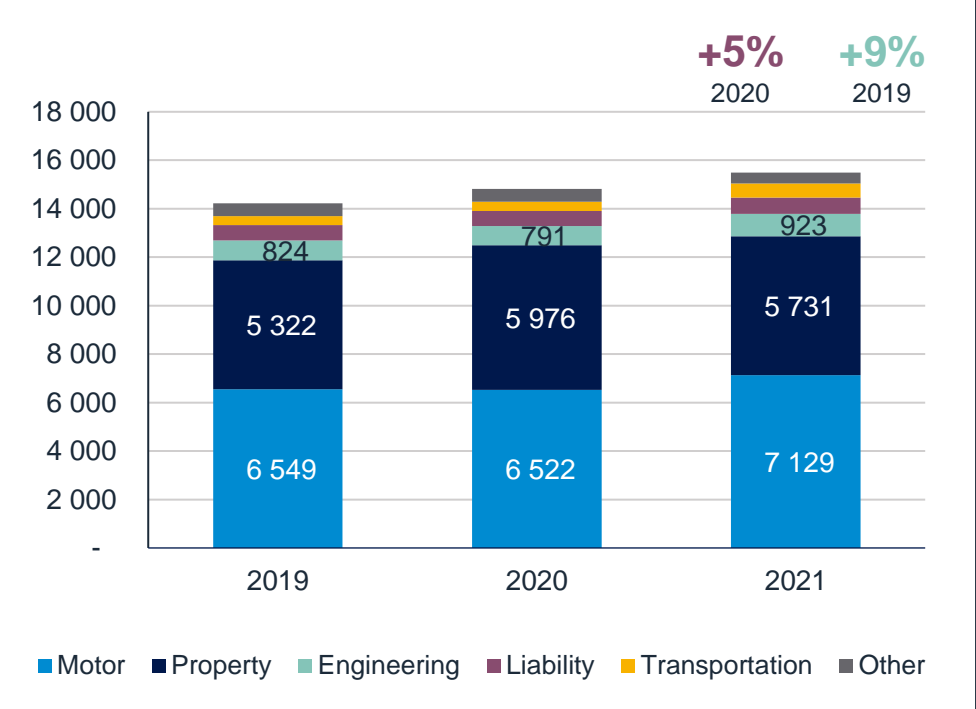


SALIENT FEATURES

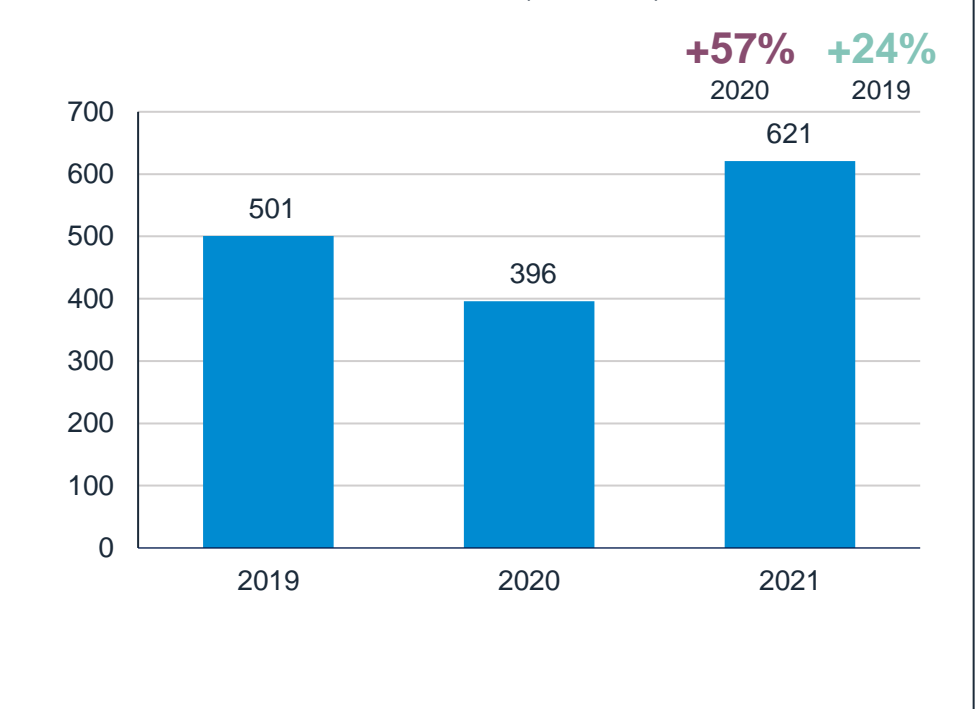
- ▶ Net fund flows
 - Strong SA institutional and retail inflows, good pipeline
 - Strong inflows in Wealth Management
- ▶ Net result from financial services
 - Contraction in credit spreads supported SanFin results
 - Benefit from higher market levels
 - Lower performance fees in Investment Management SA, higher in Wealth Management
- ▶ RoGEV impacted by write-down of UK life business

	2021	2020
RoGEV	3.2%	(9.5%)
Adjusted RoGEV	4.3%	9.3%

Gross written premium – conventional business (R million)



Net result from financial services (R million)



SALIENT FEATURES

- Conventional business net earned premium growth of 9% driven by specialist classes
- 6.7% underwriting margin for conventional business impacted by large claims in property class
- Net result from financial services +57%, CBI provision in 2020 did not repeat

Underwriting margin – conventional business*

2017	4.2%
2018	8.4%
2019	5.3%
2020	4.3%
2021	6.7%

	2021	2020
RoGEV	1.9%	(5.2%)
Adjusted RoGEV	6.4%	9.5%

* Target: 4% - 8%



Priorities





OPERATIONAL

- Continue to drive recovery in key operating metrics to pre-pandemic levels
 - New business volumes
 - VNB
 - Operating profits
 - Dividends
- Drive fair and actuarially sound repricing of group risk
- New underwriting and product design implemented on retail life products

STRATEGIC

- Continue to strengthen and grow the SEM portfolio in Africa
- Improve the competitiveness of key segments in SA
- Continue to digitalise every aspect of our business
- Continue to reallocate capital from UK to growth markets judiciously
- New product launches

PEOPLE

- Enhance our culture with particular emphasis on growing our talent and improving innovation
- Employee wellness and new ways of work



Outlook





Outlook for remainder of 2021

- Economic recovery expected to continue
- Roll out of vaccinations remains a crucial factor

- Mortality impact in second half of 2021 anticipated to dampen profits at SLS and SEM

- Monitor longer-term impacts of COVID-19 on mortality rates
- Continuously review pricing and underwriting policies



- Clarity on Santam CBI matter should be achieved in 2021
- Santam Re has a small participation on SASRIA reinsurance programme (maximum net exposure of R315 million)

- Sanlam has strong competitive positions in almost every market in which it competes
- Our people are resilient and ready to perform
- Our balance sheet is strong
- We have a simple strategy for execution to which all our people are aligned

LIVE WITH CONFIDENCE

