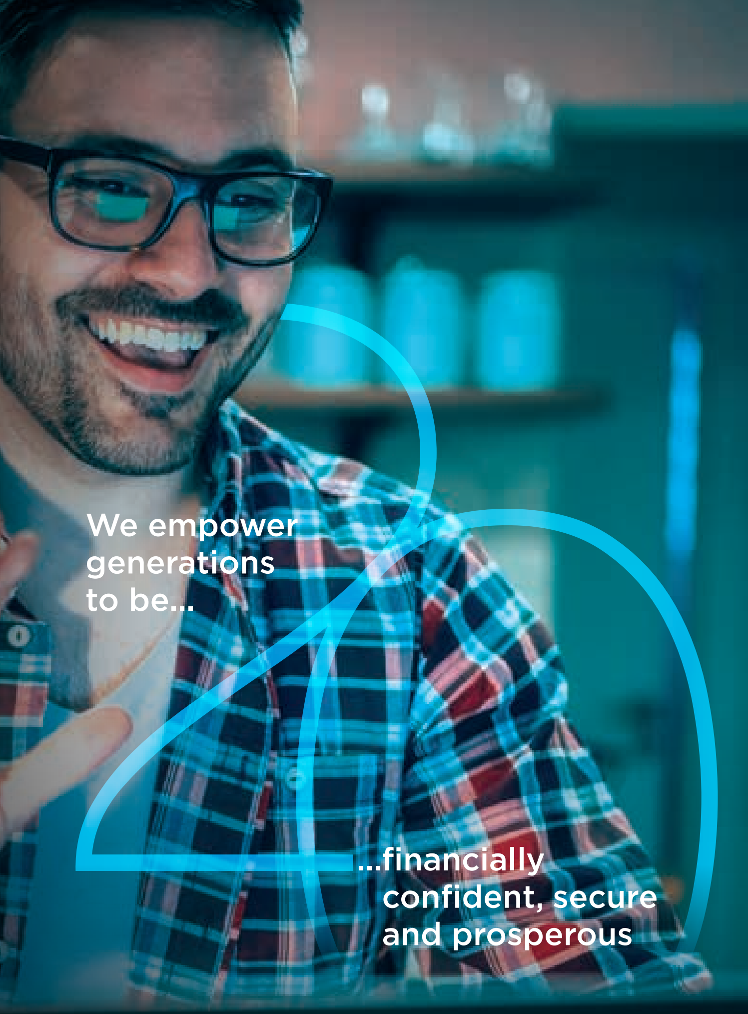

Sanlam

Summarised results 2020

Insurance | Financial Planning | Retirement | Investments | Wealth

Contents

Earnings

- Net result from financial services decreased 13% (up 17% excluding the impact of COVID-19)
- Net operational earnings decreased 23%
- Headline earnings increased 24%

Business volumes

- New business volumes exceed R300 billion for the first time, up 25% to R311 billion: life insurance +4%, general insurance +3% and investment business +37%
- Net fund inflows of R62 billion, 8% higher than the R57 billion achieved in 2019
- Net value of new covered business decreased by 16% to R1 921 million (down 14% on constant economic basis)
- Net new covered business margin of 2,58% (2,98% in 2019)

Group Equity Value

- Group Equity Value per share of R59,20 (2019: R64,36)
- Return on Group Equity Value (RoGEV) per share of -2,8% (2019: 6,4%)
- Adjusted RoGEV per share of 2,6% (2019: 11,9%)

Capital management

- Discretionary capital of R636 million at 31 December 2020 excluding expected sale of Sanlam UK holding in Nucleus Financial Group plc (2019: R220 million)
- Sanlam Group SAM cover ratio of 191% (2019: 211%)

Dividend

- Dividend of 300 cents per share (2019: 334)

02
Introduction

Dear shareholder

I am grateful for the opportunity to chair the Board of Sanlam, a systemically important company in South Africa and Africa's largest insurer. A special word of thanks to my fellow Board members who provided invaluable support and guidance in helping steer Sanlam for the benefit of all stakeholders within an increasingly tough and complex operating environment.

The world changed dramatically in 2020, with COVID-19 overtaking our lives in a manner never experienced before. The pandemic started as a health crisis, quickly transforming into a ravaging global human and economic crisis. While it is impossible not to be saddened by the devastation COVID-19 has brought about, the pandemic also presented opportunities for us to respond with resilience and compassion, expressed in our commitment to our employees, clients, intermediaries and communities.

In the face of unprecedented business disruption Sanlam delivered solid financial results that reflect the diversity of our business and the underlying resilience of the Group's businesses.

I am pleased to present you with our 2020 results through this synopsis of our 2020 Sanlam annual reporting. Apart from the key features of our results, this publication also includes an executive review of our performance in 2020 and our commentary on these results released on the Johannesburg, Namibian and A2X stock exchanges on 11 March 2021.

Documents accompanying the notice of Sanlam's annual general meeting are included separately as part of this summarised edition of our annual results. You can access the full details of our 2020 performance in our comprehensive annual report and sustainability portal online on our website www.sanlam.com.

I am sure you will agree with me that our performance in 2020 confirms the Sanlam Group's commitment to growing a sustainable business able to deliver on its promises. I thank you for your continued support.

Siyabonga.

Elias Masilela SOB
Chair

Salient results

R million		2020	2019	△
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	**376,4**	438,0	(14%)
Net operational earnings per share	cents	**374,9**	488,9	(23%)
Diluted headline earnings per share	cents	**443,0**	357,9	24%
Basic headline earnings per share	cents	**448,5**	361,8	24%
Basic profit attributable to the shareholders' fund per share	cents	**138,8**	345,8	(60%)
Net result from financial services	R million	**8 382**	9 674	(13%)
Net operational earnings	R million	**8 349**	10 798	(23%)
Headline earnings	R million	**9 249**	7 481	24%
Dividend per share	cents	**300**	334	(10%)
Business volumes				
New business volumes	R million	**310 875**	249 323	25%
Net fund inflows	R million	**61 563**	56 766	8%
Net new covered business				
Value of new covered business	R million	**1 921**	2 280	(16%)
Covered business PVNBP[(1)]	R million	**74 591**	76 446	(2%)
New covered business margin[(2)]	%	**2,58**	2,98	
Group Equity Value				
Group Equity Value	R million	**131 812**	143 271	(8%)
Group Equity Value per share	cents	**5 920**	6 436	(8%)
Return on Group Equity Value per share[(3)]	%	**(2,8)**	6,4	
Adjusted RoGEV per share	%	**2,6**	11,9	
SOLVENCY				
Sanlam Group SCR cover ratio	%	**191**	211	
Sanlam Life Insurance SCR cover ratio – covered business[(4)]	%	**197**	206	

[(1)] *PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.*

[(2)] *New covered business margin = value of new covered business as a percentage of PVNBP.*

[(3)] *Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.*

[(4)] *Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.*

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Executive review

The Group commenced the 2020 financial year from a solid and strong footing to navigate the challenges faced through the year. The outbreak of the COVID-19 pandemic, followed by the declaration of states of disaster and emergency in several countries where we operate, abruptly transformed the operating environment into one of the most challenging periods faced by the Group and our stakeholders since our listing more than 20 years ago.

We quickly responded to this changing and challenging environment by transitioning to alternative ways of work while protecting the health and safety of our employees and ensuring business stability and continuity. The Group was then able to offer support to our broader stakeholder community through premium relief for clients, subsidised income for intermediaries and broader initiatives with the objective of preserving and creating jobs.

Our business was resilient through this difficult period. The Group solvency ratio remained well above the regulatory minimum and within target ranges throughout the year. Liquidity was managed within the Group's well-established liquidity risk management framework. The cash generation of the underlying Group operations, particularly in the life insurance businesses, remained robust. The diversity of our business by product, segment and geography, supported by strategic partnerships, remains a core strength.

COVID-19, including the economic impact of preventative measures taken by governments globally, impacted the operating results of Sanlam in the following key areas:

- Increased mortality claims;
- Lower new business volumes in face-to-face distribution channels;
- Significant investment and credit market volatility;
- Contingent Business Interruption (CBI) claims; and
- Increased provisions for doubtful debts in the credit businesses.

The impact of lower new business and volatility in investment and credit markets were more severe in the first half of the year, while the other impacts were felt more severely in the second half of the year.

Overall persistency experience remained steady over the year and did not deteriorate as anticipated. We however believe future experience remains at risk given the increase in unemployment in many of our markets and the depletion of savings by many people.

Mortality claims increased significantly over the year, in line with the trends reported by the South African Medical Research Council. The Group recorded estimated excess claims of some R531 million over the year, after considering the offsetting impacts of annuitant mortality and disability experience. The significant increase in excess claims in the second half of 2020 resulted in the assessment of the utilisation of the pandemic reserve. An amount of R492 million (gross of tax) was released from the R760 million pandemic reserve held as part of policyholder liabilities, largely mitigating the impact of these claims on operating earnings.

Investment market volatility increased in the second quarter of the year, which had a significant negative impact on our interim results. Volatility however subsided over the second half of the year, with a recovery in both equity and credit markets. South African equity markets ended 2020 at levels higher than 2019; however, 2020 average market levels were below those of 2019.

The recovery in credit markets resulted in a significant portion of the credit spread losses in the Central Credit Manager (CCM) at Sanlam Specialised Finance (SanFin) reversing since 30 June 2020. Credit spreads have, however, not yet reduced to pre-COVID-19 levels. Retail credit provisions remained elevated due to the sharp deterioration in economic growth over the year.

Santam was negatively impacted by CBI claims but still reported a positive underwriting margin for the year. Improved underwriting performance from the motor, engineering and

Executive review continued

crop books supported results. The business achieved satisfactory premium growth in a difficult operating environment and despite premium relief offered to clients.

Net result from financial services declined by 13%, impacted by the five factors mentioned above as well as the relief offered to our clients and intermediaries. The table below summarises the sources of earnings most severely impacted (directly or indirectly) by COVID-19 (as explained below):

R million (year-to-date)	December 2020	December 2019
Sanlam Life and Savings (SLS)	**(388)**	114
Excess mortality claims	**(383)**	–
Pandemic reserve release	**354**	–
Retail credit provisions	**(235)**	(65)
Support to intermediaries	**(185)**	
Glacier participating product fee income	**61**	179
Sanlam Emerging Markets (SEM)	**(743)**	19
Investment return on Saham general insurance funds	**20**	420
Shriram retail credit provisions	**(676)**	(401)
North and West Africa investment variances	**(87)**	–
Sanlam Investment Group (SIG)	**(404)**	53
Credit spreads: listed and unlisted bonds	**(88)**	–
Mark-to-market changes: listed preference chares	**(69)**	39
Change in provisions for doubtful debt and credit defaults	**(247)**	14
Santam	**(547)**	527
CBI claims experience and relief payments	**(1 318)**	–
COVID-19 support	**(169)**	–
Motor book underwriting result	**940**	527
COVID-19 earnings impact	**(2 082)**	713

Excluding the COVID-19 earnings impact, net result from financial services grew by 17%. The COVID-19 adjustment is an indicative number of the earnings when adjusting for all items impacted by COVID-19 in 2020 and the corresponding contribution in 2019.

R million	2020	2019	△
Net result from financial services	**8 382**	9 674	(13%)
COVID-19 adjustments:			
Sanlam Life and Savings	**388**	(114)	
Sanlam Emerging Markets	**743**	(19)	
Sanlam Investment Group	**404**	(53)	
Santam	**547**	(527)	
Net result from financial services excluding COVID-19 impacts	**10 464**	8 961	17%

Net investment surpluses declined from profits of R210 million in 2019 to a loss of R810 million in 2020. The 2020 results include a net R726 million expected credit loss provision raised in respect of government bond and banking exposure on the Lebanon balance sheet. This provision was required due to a continued increase in sovereign credit risk in Lebanon, with COVID-19 placing further pressure. The remainder of the underperformance in 2020 relates to the relatively weaker investment market performance compared to 2019.

New business volumes increased a satisfactory 25%, with investment business recording strong growth. Life insurance volumes were particularly impacted in the second quarter of the year as the government-imposed lockdowns and curfews implemented in most of our markets severely affected face-to-face sales. This had a commensurate impact on the value of new covered business written (VNB).

Volumes showed a steady recovery from June 2020 with all clusters reporting higher growth in the fourth quarter relative to the first quarter as well as relative to the fourth quarter of 2019.

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Comments on the results

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2020 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are, in all material respects, consistent with those applied in the 2019 Integrated Report and Annual Financial Statements, apart from the following:

- In support of Sanlam's updated strategy, the former Sanlam Personal Finance (SPF) cluster was split into two clusters with effect from 1 September 2020 being SA Retail Mass and SA Retail Affluent. These two clusters, together with Sanlam Corporate, will form part of a new Sanlam Life and Savings cluster. This reflects the way that management information is reported internally. All comparative information that has been affected by this reorganisation has been adjusted to reflect the new structure in the shareholder information.
- IAS 29 – Financial Reporting in Hyperinflationary Economies has been applied to Lebanon from 1 January 2020. The 2020 monetary and non-monetary items on the balance sheet are reindexed at the end of the period to recognise the impact of the hyperinflation. This would have resulted in various line items on the income statement being artificially inflated but has been aggregated in fund transfers. For the second six months management has included all items of income and expense for LIA Insurance in the impairments line as it has been decided to write down the NAV to zero.

All references to 2019 relates to the 2019 financial year, unless otherwise stated.

SLS net result from financial services decreased by 5%. Mortality claims with COVID-19 indicated as the cause of death amount to R399 million (net of reinsurance) for the year. However, excess claims amounted to R531 million (net of reinsurance) inclusive of COVID-19 claims, after considering the offsetting impacts of annuitant mortality and improved disability experience. The impact of mortality claims was mitigated by the pandemic reserve release of R492 million (gross of tax). Excluding all COVID-19-related items net result from financial services increased by 5%.

SLS net result from financial services for the year ended 31 December

R million	2020	2019	△
SA Retail Affluent	**4 059**	4 455	(9%)
Recurring premium sub-cluster	**2 376**	2 501	(5%)
Glacier	**1 561**	1 566	0%
Sanlam Personal Loans & other	**122**	388	(69%)
SA Retail Mass	**1 050**	1 348	(22%)
Sanlam Corporate	**836**	826	1%
Pandemic reserve release	**492**	–	
Gross result from financial services	**6 437**	6 629	(3%)
Tax on gross result from financial services	**(1 882)**	(1 806)	4%
Non-controlling interest	**45**	32	41%
Net result from financial services	**4 600**	4 855	(5%)

- *SA Retail Mass* gross result from financial services declined by 22% (up 17% excluding excess claims and COVID-19 support provided to intermediaries). Earnings were impacted by higher claims experience, negative investment variances and COVID-19 support to advisers. Higher claims experience was most intensely reported in group schemes (including Safrican). In the individual life business, higher claims experience and support to advisers resulted in a 12% reduction in earnings. African Rainbow Life contributed a loss of R92 million compared to a loss of R87 million in 2019. With increased adviser focus on retention, persistency was better than expected over the year. In this segment cause of death is not required for a claim which potentially understates the impact of COVID-19. Excess claims amounted to R394 million for the year including R46 million where COVID-19 was indicated as the cause of death. Capitec delivered a satisfactory result as the in-force book grew over the year.
- *SA Retail Affluent* gross result from financial services declined by 9%. A strong performance from the individual life risk and savings businesses was largely offset by a provision for one-off expenses of R197 million and a R326 million increase in provisions for doubtful debts at Sanlam Personal Loans.

  Earnings from the risk business increased as good profits from annuity and disability books offset the increase in COVID-19 related mortality. The business also benefited from lower new business strain (in line with the decline in new business volumes), steady persistency and a larger overall book.

Comments on the results continued

Mortality claims where COVID-19 was indicated as the cause of death for the year amounted to R159 million (net of reinsurance). Earnings from the savings business increased by 9%, supported by the recovery in market levels in the second half of the year, tight cost management and positive basis changes. Lower profits from the closed book detracted from results.

Glacier's earnings were in line with 2019 with LISP earnings down 9% and Life earnings 4% higher (benefiting from higher annuity profits). The International business benefited from strong net fund inflows and a weaker rand exchange rate. Weaker relative equity markets impacted earnings from those products where Glacier participates in the actual investment return earned on the underlying portfolios. Excluding the impact of COVID-19 discussed above, overall profits grew by 12%.

Strategic business development includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. Gross result from financial services declined 69% largely due to a R326 million increase in provision for doubtful debts attributable to the impacts of COVID-19. Growth in SPL's loan book was muted in 2020, attributable to lower client demand and management actions implemented to manage the quality of the book under the current challenging conditions.

- *Sanlam Corporate* grew its gross result from financial services by 1%, a satisfactory performance in a difficult operating environment. The business benefited from better than expected mortality profits from the annuity book, lower new business strain and lower administration expenses. Improved group disability claims experience assisted in offsetting the higher COVID-19-related mortality experience. Excess claims amounted to R95 million (net of reinsurance) for the year (COVID-19-related claims net of reinsurance were R194 million). The health business posted an improved performance as a result of good sales at the pharma cluster and lower claims in the gap cover book.

SEM's net result from financial services declined by 10% mainly due to lower returns on float in North and West Africa, increased provisions for doubtful debts in India and the poorer performance of other credit businesses in Africa in a COVID-19 environment, the impact of the Lebanon port facility explosion on Saham Re and the ongoing depreciation of the Angolan kwanza. These negative impacts were partly offset by the increase in Nigerian life insurance earnings contribution due to consolidation of the business from 1 June 2020. Excluding the COVID-19 impacts of capital markets in Sanlam-Pan Africa (SPA) and credit provisions in India, earnings were up 19%.

SEM net result from financial services for the year ended 31 December

R million	2020	2019	△
Southern Africa	**1 859**	1 776	5%
Life insurance	**807**	815	(1%)
General insurance	**347**	213	63%
Investment management	**121**	97	25%
Credit and structuring	**457**	596	(23%)
Other	**127**	55	>100%
North and West Africa	**1 102**	1 515	(27%)
Life insurance	**180**	224	(20%)
General insurance	**1 102**	1 436	(23%)
Other	**(180)**	(145)	(24%)
East Africa	**122**	218	(44%)
Life insurance	**101**	138	(27%)
General insurance	**11**	30	(63%)
Investment management	**39**	27	44%
Other	**(29)**	23	(>100%)
Other international	**1 965**	2 223	(12%)
Life insurance	**173**	139	24%
General insurance	**776**	989	(22%)
Credit and structuring	**876**	1 061	(17%)
Other	**140**	34	(>100%)
Corporate costs (including Cluster adjustment)	**(379)**	(184)	(106%)
Gross result from financial services	**4 669**	5 548	(16%)
Life insurance	***1 261***	*1 316*	*(4%)*
General insurance	***2 236***	*2 668*	*(16%)*
Investment management	***159***	*123*	*29%*
Credit and structuring	***1 323***	*1 637*	*(19%)*
Corporate costs and other	***(310)***	*(196)*	*(58%)*
Tax on gross result from financial services	**(1 254)**	(1 788)	30%
Non-controlling interest	**(1 038)**	(1 128)	8%
Net result from financial services	**2 377**	2 632	(10%)

Comments on the results continued

- *Life insurance* gross result from financial services declined by 4% (up 7% excluding the COVID-19-related gross impact on investment variances of R142 million). Southern Africa earnings declined by 1% with steady performances from Namibia and Botswana offset by a weaker performance in Zambia. Botswana increased its contribution marginally due to positive claims experience on funeral business offset by negative expense assumption changes. Namibia's earnings also increased marginally. Cost savings, the accompanying improvement in expense assumptions and higher margin releases from favourable product mix were offset somewhat by a strengthening in persistency assumptions.

  Earnings from East Africa decreased by 27% as an improved performance in Kenya was not enough to offset the weakening in other regions. Kenya benefited from reserve releases due to modelling improvements. COVID-19-related negative investment variances were the main reason for the 20% decline in earnings from North and West Africa (up 44% excluding the COVID-19-related impact on investment variances). Morocco earnings recovered in the final quarter of 2020 as a result of improved equity market performance and cost savings. Côte d'Ivoire operating profit was impacted by negative returns on equity portfolios and provisions against property holdings. Nigeria achieved strong growth, the combined effect of strong group risk profits and the consolidation of the business from 1 June 2020.

  In India, Shriram Life insurance earnings declined due to lower volumes given lower business levels in the credit companies, and higher acquisition costs. Malaysia life insurance earnings benefited from lower acquisition costs and positive basis changes for expected claims on group business.

- *General insurance* earnings decreased by 16% but increased by 28% excluding the COVID-19-related impact on investment return from equities and properties earned on the Morocco and Côte d'Ivoire general insurance funds. Investment return on insurance funds was 6,1% for the year relative to 13,2% in 2019, with Morocco at 1,5% relative to 16,6% in 2019. Morocco achieved a satisfactory underwriting margin of 7,9% due to lower claims ratios on motor and health business. Angola's performance improved over the year driven by increasing volumes, an improvement in the motor loss ratio and better claims management and rate reviews in the health business. Saham Re, and to a lesser extent, Continental Re's underwriting margin was suppressed by the Beirut port facility explosion. Continental Re also experienced some large claims in the last two months of the year.

In India, Shriram General Insurance reported a decline in earnings from a high comparative base which included a reserve release in respect of motor third-party business. In Malaysia general insurance earnings benefited from a lower claims ratio.

Good progress was made in improving the underwriting performance of the Saham general insurance portfolio:

General insurance and reinsurance for the year ended 31 December

	Gross written premiums		Underwriting margin	
R million	**2020**	**2019**	**2020**	**2019**
Southern Africa	**3 485**	3 499	**13,2%**	11,8%
North and West Africa	**14 953**	12 914	**6,0%**	0,8%
East Africa	**1 573**	1 445	**(5,4%)**	(1,4%)
Other international	**3 181**	3 424	**7,4%**	13,4%
Total	**23 192**	21 282	**6,3%**	4,0%
Saham	**17 853**	16 312	**7,3%**	2,0%
Other	**5 339**	4 970	**3,6%**	11,7%
Total	**23 192**	21 282	**6,3%**	4,0%

	Investment return on insurance funds		Net insurance result	
R million	**2020**	**2019**	**2020**	**2019**
Southern Africa	**3,6%**	3,0%	**16,8%**	14,9%
North and West Africa	**2,7%**	12,7%	**8,7%**	13,5%
East Africa	**4,8%**	5,3%	**(0,6%)**	3,9%
Other international	**21,7%**	23,2%	**29,1%**	36,6%
Total	**6,1%**	13,2%	**12,4%**	17,2%
Saham	**3,0%**	11,9%	**10,3%**	13,9%
Other	**16,5%**	17,7%	**20,1%**	29,4%
Total	**6,1%**	13,2%	**12,4%**	17,2%

Comments on the results continued

- The overall general insurance portfolio underwriting margin improved from 4,0% in 2019 to 6,3% in 2020, with the former Saham portfolio improving from 2,0% to 7,3%.
- The SPA general insurance portfolio achieved an underwriting margin of 6,1% (7,2% excluding the impact of the Beirut port facility explosion), within the 5% to 9% target range.
- The other international portfolio achieved an underwriting margin of 7,4% compared to 13,4% in 2019. India reported an underwriting margin of 6,7% relative to 19,3% in 2019, with 2019 benefiting from reserve releases.

Management has reviewed the composition of the investment portfolio in Morocco in the context of long-term value creation, local capital requirements and its risk appetite. The revised asset allocation strategy will support an above hurdle return on capital at a lower level of expected volatility given a planned shift to less equity and property exposure. Given the current market values and economic climate, the implementation of the strategy is expected to be phased in over time as opportunities arise.

All the *Credit* businesses were affected by a deteriorating arrears position. Gross earnings from this line of business declined by 19% (in line with 2019 excluding changes in doubtful debt provisions in India). In India, the credit businesses were affected by lower net interest margins and an increase in the provision for bad debts due to the 6-month payment holiday that ended at 31 August 2020. Both disbursements and collections did, however, improve in the final quarter of the year. Southern Africa credit earnings declined by 23% due to lower interest income and higher impairment charges.

Lebanon's net asset value at 30 June 2020 was impaired to zero. For shareholder fund reporting, profits generated in Lebanon in the second half of 2020 (R57 million) were recognised against the impairment recognised at 30 June 2020, reducing the overall impairment charge for the full year.

SIG's net result from financial services decreased by 25% (up 19% excluding the COVID-19-related credit and preference share impacts), a satisfactory performance under challenging conditions. On a gross basis, net result from financial services decreased by 20%.

SIG net result from financial services for the year ended 31 December

R million	2020	2019	△
Sanlam Investments (third-party business)	**552**	536	3%
Wealth Management	**214**	186	15%
International	**282**	355	(21%)
Corporate services	**(40)**	(28)	43%
Investment management	**1 008**	1 049	(4%)
Sanlam Specialised Finance	**241**	510	(53%)
Sanlam Asset Management	**188**	214	(12%)
CCM and other	**53**	296	(82%)
Gross result from financial services	**1 249**	1 559	(20%)
Tax on gross result from financial services	**(378)**	(392)	(4%)
Non-controlling interest	**(66)**	(97)	(32%)
Net result from financial services	**805**	1 070	(25%)

- The *Sanlam Investments third-party asset manager's* gross result from financial services increased by 3% from a high base in 2019 that included one-off income of some R60 million in the Alternatives business relating to the Climate Investor One Fund reaching its fund-raising target. Excluding this, gross result from financial services increased by 16% despite lower average investment markets for 2020 relative to 2019. Performance fees, cost controls and strong net fund inflows at Sanlam Multi-Manager and Satrix supported the performance.
- *Wealth Management* gross result from financial services increased by 15%. Brokerage income benefited from increased client trading activity, to some extent offsetting the impact of lower average equity markets. International portfolio fee income and growth in the Pan-Africa business augmented by tight cost management also supported growth.

Comments on the results continued

- The weaker rand exchange rate could not fully compensate for lower fee income at the *International* businesses, with a 21% decline in gross result from financial services. International investment markets were also lower in 2020 compared to 2019, suppressing assets under management and related fee income. Sanlam UK is in the process of a large restructuring of its platform and to improve the operating systems of the underlying businesses. This includes the introduction of new operating systems and changes to the staff complement, which resulted in increased redundancy and contractor costs relating to the projects.
- SanFin's results were severely impacted by an increase in provisions for doubtful debts as a result of the impact of the COVID-19 pandemic on the operating environment. Gross result from financial services reduced 53% to R241 million in 2020 from R510 million in 2019. The CCM was impacted by credit-related provisions and declines in listed preference share values. The partial recovery in credit markets did support performance in the second half of 2020, resulting in an improvement in earnings from the half year. Sanlam Asset Management was impacted by lower average assets under management due to market volatility.

Santam's net result from financial services declined by 44% mainly due to provisions raised for CBI claims (refer to commentary above).

The motor and property books benefited from lower claims experience in South Africa. This was, however, more than offset by CBI claims and provisions of R3,0 billion. Santam's Conventional Insurance business achieved a net underwriting margin of 2,5% (2019: 7,7%), below its 4% to 8% target range.

Investment return on insurance funds (float income) decreased by 13% (for the Conventional Insurance business), largely due to lower short-term interest rates in 2020. Santam's share of earnings from the SEM general insurance businesses decreased by 23%, reflective of the Shriram General Insurance and SPA results.

Net operational earnings of R8,3 billion are 23% down on 2019 (up 14% excluding the COVID-19 impact). This is the combined effect of the 13% decrease in net result from financial services and a decline in net investment return earned on the capital portfolio from R1 254 million in 2019 to R271 million in 2020. Expected credit loss provision in Lebanon of R726 million was the main contributor to the lower investment return in 2020.

Normalised attributable earnings include the following items in addition to net operational earnings:

Shareholders' fund income statement for the year ended 31 December

R million	2020	2019	△
Net operational earnings	**8 349**	10 798	(23%)
Amortisation of intangible assets	**(699)**	(766)	9%
Equity participation costs	**(1)**	(596)	
Profit on disposal of subsidiaries and associates	**285**	(6)	
Impairments	**(8 638)**	(339)	
Net non-operational equity-accounted earnings	**10**	19	(47%)
Normalised attributable earnings	**(694)**	9 110	(108%)

A net impairment charge of R8,6 billion was recognised due to the lower valuation of Group operations of which R5,8 billion (net of utilisation of hedge of R855 million) and R803 million are attributable to Saham and Shriram Capital respectively. Positive foreign currency translation differences of R2,9 billion have been recognised directly in equity in respect of the SEM businesses subject to impairment. The net effect on net asset value therefore amounts to a reduction of R5,7 billion. The Saham impairment gross of hedge comprises of the following:

- Write-down of the premium paid at acquisition for synergies (R2 712 million)
- Reducing the valuation of the Lebanon businesses to zero (R2 048 million)
- Reducing future economic growth and investment return assumptions (R1 928 million)

Comments on the results continued

The valuation of Shriram Capital was reduced given the increased levels of expected credit losses in the credit businesses, and the impact that COVID-19 continues to have on the economic growth rate environment in India, and hence top-line growth in all the Shriram businesses. This was also reflected in the lower listed share prices of Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF) during the year.

Included in the net impairment charge is an amount of R1,7 billion in respect of the B-BBEE SPV funding.

Equity participation cost, which included a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million was recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher than market-related discount. The remainder is recognised in fund transfers.

Headlines earnings increased by 24%. The difference in growth between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments and the inclusion of fund transfers of R3,6 billion (2019: negative R2,0 billion) in headline earnings. Fund transfers include:

- Non-economic mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares and the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios of +R710 million (2019: -R240 million).
- In 2019, the difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance, and a market-related discount of R594 million (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on external funding in the SPV, mark-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV in Sanlam's earnings of -R19 million (2019: -R601 million).
- Net monetary gains of R1,2 billion in respect of hyperinflation in Lebanon.

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the SPV, as these are treated as treasury shares on consolidation and written down to zero against reserves in the IFRS statement of financial position.

Business volumes

New business volumes increased by 25%, with the SEM and SIG clusters recording strong growth. Life insurance volumes increased by 4% relative to the 2019 financial year and general insurance volumes improved by 3%. Investment business was the key driver of overall volume growth, increasing by 37%.

SLS new business sales were 1% higher than 2019, attributable to a robust performance by Glacier, which was offset by weaker growth in the Sanlam Corporate and SA Retail Mass businesses. Life insurance volumes increased by 3% and investment business declined by 1%.

SLS new business volumes for the year ended 31 December

R million	2020	2019	△
SA Retail Mass	**2 558**	2 839	(10%)
SA Retail Affluent	**65 441**	58 974	11%
Recurring premium sub-cluster and strategic business development	**2 865**	3 315	(14%)
Risk	**1 189**	1 214	(2%)
Savings	**1 676**	2 101	(20%)
Glacier	**62 576**	55 659	12%
Life business	**31 681**	27 472	15%
Investment business	**30 895**	28 187	10%
Sanlam Corporate	**9 848**	15 238	(35%)
Life business	**6 500**	8 790	(26%)
Investment business	**3 348**	6 448	(48%)
New business volumes	**77 847**	77 051	1%

Comments on the results continued

Life insurance volumes improved in the second half of the year as restrictions on face-to-face sales were eased. The recovery was slower in SA Retail Mass and Sanlam Corporate relative to SA Retail Affluent. New business in traditional channels was supported by accelerated digital adoption. Our digital business, Sanlam Indie, performed exceptionally well over the year.

- *SA Retail Mass* new business volumes decreased by 10% as a result of COVID-19 lockdown restrictions. The individual life business recorded a 28% decline in new business volumes. Distribution in this market segment is largely reliant on face-to-face contact, either at home or at worksites. This was prohibited for most of the second quarter of 2020. Sales in the second half of the year improved as lockdown restrictions were relaxed but remained below the comparative period in 2019. The Capitec Bank partnership was resilient, achieving growth of 4% on 2019. African Rainbow Life contributed new business sales of R80 million relative to R13 million in 2019. Group new business (including Safrican) sales declined by 4% relative to 2019.
- *SA Retail Affluent* new business achieved particularly pleasing growth of 11%. Sanlam Indie achieved strong growth, supported by MiWay Life and Brightrock. This partly offset lower sales in the traditional intermediated channels. The pressure on middle-market disposable income was felt in the recurring premium savings businesses, where sales declined by 20%. Glacier performed particularly well with life and investment business increasing by 15% and 10% respectively, with healthy demand for annuities, international products and money market discretionary solutions. From April to December, premium holidays were approved on 10 051 policies at individual life and 46 047 policies at savings. The premium continuance rate for these policies is 88% for individual life and for savings.
- *Sanlam Corporate* new business volumes declined by 35%, the combination of a 26% decline in life business and 48% decline in new investment business. New business was impacted by low quote activity in 2020 and a high base in the second half of 2019.

SLS's net fund inflows declined by 25% from R15,2 billion in 2019 to R11,4 billion in 2020. SA Retail Mass declined by 1%

despite weak new business, as persistency improved over the year. SA Retail Affluent increased by 28% supported by strong Glacier flows. Sanlam Corporate declined by 94% due to lower new business, a high base in 2019 and the outflow of more than R2 billion relating to externally managed single manager portfolios that were loss making.

SEM new business volumes increased by 35% with all regions contributing to the growth. The Southern and East Africa regions recorded particularly strong growth in investment business.

SEM new business volumes for the year ended 31 December

R million	2020	2019	△
Southern Africa	**20 840**	15 695	33%
North and West Africa	**14 220**	12 666	12%
East Africa	**7 728**	2 362	>100%
Other international	**4 110**	4 086	1%
New business volumes	**46 898**	34 809	35%
Life insurance	**9 241**	8 343	11%
General insurance	**16 479**	15 604	6%
Asset management	**21 178**	10 862	95%

Most of the markets where SEM operates were subject to some form of COVID-19 lockdown or curfew, which inhibited new business sales, similar to South Africa. *Life insurance* new business volumes, however, increased by 11%, benefiting from the acquisition of the remaining 65% interest in the Nigerian insurance operations in June 2020. North and West Africa and East Africa both recorded strong volume growth over the year offsetting a slightly weaker performance from Southern Africa. Other international life insurance volumes improved 2% over the year.

General insurance new business increased by 6% despite COVID-19 restrictions and the deliberate non-renewal of a number of loss-making schemes aimed at improving the quality of the book. North and West Africa achieved growth of 9% and East Africa growth of 6%. This offset a 10% decline in Southern Africa and muted growth from the Other International businesses. The former Saham business achieved growth of 3%.

Comments on the results continued

Investment new business volumes increased by 95% to R21,2 billion. This includes a strong improvement in East Africa, where new business of R5,7 billion was achieved compared to R738 million in 2019, and large new mandates from the government employee retirement funds in Namibia and Botswana.

Net fund flows increased by 89% from R11,2 billion in 2019 to R21,2 billion in 2020, with all regions contributing to the growth.

SIG's new business volumes increased by 43%, with Investment Management SA growing new business by 35%. This was driven by large institutional mandates awarded for index tracking and money market funds, as well as higher-than normal short-term asset allocation changes by retail clients in the uncertain environment. Wealth management grew new business volumes 51% and international volumes increased by 78% as these businesses reported strong pick-ups in client activity in volatile markets.

Net fund flows of R21,1 billion for the cluster were broadly in line with 2019. Lower net retail flows more than offset good growth in institutional net inflows over the year, contributing to a 48% decline in overall net fund inflows from the Investment Management SA business. Wealth Management reported improved net inflows of R2,8 billion compared to some R560 million in 2019. The international business reported net inflows of R8 billion relative to R579 million in 2019, largely reflective of its new business performance with no large withdrawals in 2020.

Gross written premiums at **Santam** increased by 7%, the aggregate of 5% growth in conventional insurance business and 17% in alternative risk transfer business. This is a satisfactory performance in the context of recessionary economic conditions. Motor, which contributes 43% of total gross written premiums, for the conventional business, was 1% higher than 2019 due to the premium relief offered to clients. Excluding these relief measures, gross motor premiums written grew by 3%. The property line of business grew by 8% on the back of strong growth in the specialist property business outside of South Africa. Gross written premiums from the other lines of conventional business increased 8% relative to 2019 in aggregate, largely due to good growth in the crop book. Net earned premiums increased by 3% in the conventional insurance business, with the lower growth compared to gross written premiums largely attributable to increased premium growth from the specialist business and Santam Re, where Santam retains less premium for its own account.

Overall Group net fund inflows of R62 billion (+8%) in 2020 is a particularly satisfactory performance given the challenging market conditions.

Business volumes for the year ended 31 December

	New business		
R million	**2020**	**2019**	△
Sanlam Life and Savings	**77 847**	77 051	1%
Sanlam Emerging Markets	**46 898**	34 809	35%
Sanlam Investment Group	**161 470**	113 236	43%
Santam	**24 660**	24 227	2%
Total	**310 875**	249 323	25%
Life insurance	**56 111**	53 927	4%
Investment business	**213 625**	155 565	37%
General insurance	**41 139**	39 831	3%
Total	**310 875**	249 323	25%

	Net inflows		
R million	**2020**	**2019**	△
Sanlam Life and Savings	**11 351**	15 160	(25%)
Sanlam Emerging Markets	**21 192**	11 239	89%
Sanlam Investment Group	**21 130**	21 221	0%
Santam	**7 890**	9 146	(14%)
Total	**61 563**	56 766	8%
Life insurance	**14 613**	15 989	(9%)
Investment business	**32 485**	25 596	27%
General insurance	**14 465**	15 181	(5%)
Total	**61 563**	56 766	8%

Comments on the results continued

Value of new covered business

Net VNB declined by 16% to R1 921 million at actual interest rates and 14% on constant economic assumptions. Both SLS and SEM experienced lower VNB in 2020 relative to 2019, in line with lower new business sales in most of the more profitable life insurance lines. VNB was also impacted by increased lapse assumptions and higher acquisition and maintenance unit costs.

Economic basis changes had a net marginal impact on Group VNB as there were offsetting impacts between the different regions, specifically between SA Retail Mass and the Nigerian life insurance business. The Group new business margin declined to 2,58% from 2,98% in 2019, largely due to weaker volume growth in the higher margin product lines relative to the mainly fixed cost base.

SLS VNB declined by 15% to R1 638 million (21% lower on a comparable economic basis), with SA Retail Mass down 32% to R512 million and SA Retail Affluent 3% higher than 2019 at R1 032 million. Glacier's VNB increased by 38% benefiting from a mix of business favouring higher margin life insurance lines. Sanlam Corporate VNB declined by 46% to R94 million due to lower volumes with margins reducing to 1,04% from 1,29% in 2019. The SLS new business margin reduced to 2,73% from 3,08% in 2019, a satisfactory performance in a difficult operating environment.

SEM VNB declined by 17% to R283 million from R343 million in 2019 at actual interest rates but increased by 20% on a comparable economic basis. Good growth in Namibia, Malaysia and Tanzania was offset by declines in India (lower volumes and higher cost ratio) and Nigeria. Nigeria's VNB was negatively impacted by more than R90 million due to the change in yield curve.

Value of new life business for the year ended 31 December

R million	2020	2019	△
Net value of new covered business	**1 921**	2 280	(16%)
Sanlam Life and Savings	**1 638**	1 937	(15%)
Sanlam Emerging Markets	**283**	343	(17%)
Gross of non-controlling interest	**2 202**	2 545	(13%)
Net present value of new business premiums	**74 591**	76 446	(2%)
Sanlam Life and Savings	**59 947**	62 794	(5%)
Sanlam Emerging Markets	**11 176**	10 242	9%
Sanlam Investment Group	**3 468**	3 410	2%
Gross of non-controlling interest	**80 239**	81 540	(2%)
Net new covered business margin	**2,58%**	2,98%	
Sanlam Life and Savings	**2,73%**	3,08%	
Sanlam Emerging Markets	**2,53%**	3,35%	
Gross of non-controlling interest	**2,74%**	3,12%	

Capital management

The Group started the year with discretionary capital of R220 million. The following major transactions were concluded in 2020:

- The acquisition of the remaining 65% interest in the Nigerian insurance operations from FirstBank of Nigeria (FBN). SEM exercised its option to acquire the stake after a decision by FBN to dispose of the majority interest in line with its strategic repositioning to focus on core banking operations. The intention remains to introduce a new partner in the business, consistent with SEM's partnership approach. The acquisition price amounted to R1,2 billion and was fully funded through debt, with commensurately no net utilisation of discretionary capital. Debt was introduced to enhance the return on investment and to better facilitate the introduction of a new partner.
- The disposal of 25% of Sanlam's third-party asset management business to African Rainbow Capital for net proceeds of R817 million in order to enhance the competitiveness and empowerment of the business by establishing a leading South African black-owned asset management company.
- Some R370 million was invested in the Sanlam UK operations.

Comments on the results continued

No other significant movements occurred in the year, with a discretionary capital balance of R636 million at 31 December 2020.

In December 2020, Sanlam announced that it will acquire 25% of a new subsidiary of ARC Financial Services, subject to certain suspensive conditions. The subsidiary will hold ARC Financial Services financial assets excluding banking-related investments. The proposed transaction will be funded from Sanlam Life's existing cash resources held in the non-participating business portfolio.

The shareholder approved R2 billion ARC facility expired in December 2020. The total drawdown of R1,95 billion was made throughout the 2-year period in respect of the following investments:

- Alexander Forbes investment of R1,1 billion
- SIG third-party asset manager of R653 million
- African Rainbow Life of R65 million
- ARC Investments rights issue of R126 million

On 9 February 2021 it was announced that Nucleus Financial Group plc had reached agreement on the terms of a recommended all-cash offer to be made by James Hay Holdings Limited (James Hay), pursuant to which James Hay is to acquire the entire issued and to-be-issued share capital of Nucleus (the acquisition). Sanlam UK Limited owned 52,19% of Nucleus' issued share capital as at 8 February 2021 and gave an irrevocable undertaking to vote in favour of the acquisition. Sanlam UK Limited will receive approximately £75 million in cash. The acquisition is subject to Nucleus shareholder and regulatory approvals, and other conditions precedent. Subject to satisfaction of these conditions, the acquisition is expected to complete in the second quarter of 2021.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at 31 December 2020. The Sanlam Group solvency capital requirement (SCR) cover ratio remained at a healthy level of 191%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 197% at 31 December 2020 was towards the upper end of the target cover range of between 170% and 210%.

The SCR cover ratio for the Sanlam Life entity as a whole at 257% exceeded the covered business ratio at the end of 31 December 2020 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet, as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations.

Dividend

As part of our business reviews, business planning and budget processes, we stress test and apply adverse event shocks to the business to monitor and safeguard the stability of Sanlam's financial soundness and overall capital position. In terms of these stress tests, we remain within the required levels of capital. Furthermore, the Group was able to declare a dividend within its normal dividend policy range without having significant impact on the ability of the Group to deal with further financial stresses.

Sanlam's dividend policy is based on cash operating earnings, which is equal to the portion of the business clusters' reported operating earnings that are distributed to the Group as cash dividends. The level of cash earnings available for distribution to the Group is informed by a number of factors, including working capital requirements, as well as the solvency position of the various entities within a cluster. The key principle is that the entities within a cluster should be sufficiently capitalised after a dividend distribution to ensure compliance with internal risk appetites and local regulatory solvency requirements, taking cognisance of future growth plans. The same considerations apply in setting the Sanlam dividend, taking due cognisance of the Group solvency position under the South African regulations. This dividend policy is aligned with the guidance issued by the Prudential Authority during 2020 amidst the worse of the pandemic.

At a secondary level, the Group's objective is to maintain a 1.0x – 1.2x times Group cash operating earnings cover in any year to manage a smooth dividend profile. The application of this policy resulted in Sanlam accumulating some historical excess dividend cover reserves. To the extent that excess dividend cover is not utilised for investment opportunities, the policy enables some smoothing of dividends in a year such as 2020 (dividend payable 2021).

Comments on the results continued

The Group declared a dividend of 300 cents per share, despite adverse impact of the COVID-19 operating environment on our key performance metrics. This reflects the resilience of Sanlam and the Board's confidence in the underlying strength of the business. The target is to grow the Sanlam dividend per share by between 2% and 4% per annum in real terms over a 3-year rolling period, but subject to at least real growth in a particular year. A declaration of 300 cents per ordinary share results in three-year rolling period real growth of negative 2,7%. Given the uncertainty brought on by the potential CBI cost at Santam and the impact of further waves of COVID-19 on levels of mortality claims in 2021, the Board is comfortable that this negative growth is reflective of the current business environment and prudent. The application of this policy resulted in Sanlam's dividend declining by 10% whilst cash operating earnings decreased by 17%. Our solvency position remains solid at 191% for Sanlam Group at 31 December 2020.

Shareholders are advised that the final gross cash dividend of 300 cents for the year ended 31 December 2020 is payable on Monday, 12 April 2021 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 9 April 2021. The last date to trade to qualify for this dividend will be Tuesday, 6 April 2021, and Sanlam shares will trade ex-dividend from Wednesday, 7 April 2021. Share certificates may not be dematerialised or rematerialised between Wednesday, 7 April 2021 and Friday, 9 April 2021, both days included.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend will in full be subject to the 20% withholding tax, where applicable, which will result in a net final dividend, to the shareholders who are not exempt from paying dividend tax, of 240 cents per share. The number of ordinary shares in issue in the Company's share capital as at the date of the declaration is 2 061 645 628 excluding treasury shares of 165 328 780 at 31 December 2020. The Company's tax reference number is 9536/346/84/5.

Financial information

Basis of presentation

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 IFRS and interpretations became effective on 1 January 2020 and have therefore been applied:

- *The Conceptual Framework for Financial Reporting*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Interest rate benchmark reform – Phase 1 (Amendments to IFRS 7, IFRS 9 and IAS 39)*

The following new or revised IFRS and interpretations became effective on 1 June 2020 and have therefore been applied:

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*

These amendments did not have a significant impact on the amounts recognised in prior or current period(s) and are not expected to significantly affect the current or future periods. No further disclosures have accordingly been made.

The following new or revised IFRS and interpretations have effective dates applicable to future financial years and have not been early adopted:

- Effective 1 January 2021:
  - *Interest rate benchmark reform – Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)*

Financial information continued

- Effective 1 January 2022:
  - *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)*
  - *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*
  - *Reference to the Conceptual Framework (Amendments to IFRS 3)*
  - *Annual Improvements to IFRS Standards 2018-2020, pertaining to IFRS 1, IFRS 9, IFRS 16 and IAS 41*
- Effective 1 January 2023:
  - *IFRS 17 – Insurance Contracts*
  - *Classification of liabilities as current or non-current (Amendments to IAS 1)*

IFRS 17 – *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The granular level of modelling and accounting required to meet the requirements of IFRS 17 will have a significant impact on the underlying valuation models, systems and processes. The Group's assessment of the requirements of the standard against current data, processes and valuation models is complete, as well as the overall design of the future actuarial and financial reporting processes and architecture. Solution build activities are tracking in line with the Group-wide programme plan.

The Group does not expect the other amendments to standards issued by the IASB, but not yet effective, to have a material impact on the Group.

External audit

This summarised report is extracted from audited information, but is not in itself audited. The Annual Financial Statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Annual Financial Statements and the auditor's report thereon are available for inspection at the company's registered office. The Shareholders' Information was audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Shareholders' Information and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying Annual Financial Statements and Shareholders' Information

Group Statement of Financial Position

at 31 December

R million	2020	2019
ASSETS		
Equipment	**1 652**	1 655
Right-of-use assets	**1 614**	1 912
Owner-occupied properties	**2 692**	1 794
Goodwill	**16 703**	18 974
Value of business acquired	**6 129**	8 768
Other intangible assets	**788**	926
Deferred acquisition costs	**3 374**	3 505
Long-term reinsurance assets	**2 258**	2 042
Investments	**814 074**	770 995
Properties	**20 302**	21 565
Investment in associates and joint ventures	**18 773**	18 682
Equities and similar securities	**186 990**	201 501
Interest-bearing investments	**261 434**	234 509
Structured transactions	**29 566**	23 090
Investment funds	**252 026**	222 141
Cash, deposits and similar securities	**44 983**	49 507
Deferred tax	**2 843**	1 872
Assets of disposal groups classified as held for sale	**2 218**	159
General insurance technical assets	**13 847**	10 166
Working capital assets	**75 604**	77 461
Trade and other receivables	**44 568**	46 180
Taxation	**942**	912
Cash, deposits and similar securities	**30 094**	30 369
Total assets	**943 796**	900 229
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	**12 784**	13 452
Treasury shares	**(1 633)**	(4 127)
Other reserves	**2 238**	(1 859)
Retained earnings	**51 323**	59 851
Shareholders' fund	**64 712**	67 317
Non-controlling interest	**12 512**	12 043
Total equity	**77 224**	79 360
Long-term policy liabilities	**625 527**	591 168
Term finance	**13 837**	11 187
Lease liabilities	**1 878**	2 110
Structured transactions liabilities	**22 970**	19 272
External investors in consolidated funds	**83 714**	85 187
Cell owners' interest	**4 226**	3 935
Deferred tax	**5 810**	5 766
Liabilities of disposal groups classified as held for sale	**454**	–
General insurance technical provisions	**49 752**	41 332
Working capital liabilities	**58 404**	60 912
Trade and other payables	**55 356**	58 062
Provisions	**506**	523
Taxation	**2 542**	2 327
Total equity and liabilities	**943 796**	900 229

Group Statement of Comprehensive Income

for the year ended 31 December

R million	2020	2019
Net income	**132 866**	147 796
Financial services income	**104 701**	95 520
Reinsurance premiums paid	**(18 794)**	(15 893)
Reinsurance commission received	**2 929**	2 676
Investment income	**31 879**	33 003
Investment surpluses	**11 001**	43 064
Finance cost – margin business	**(216)**	(242)
Change in fair value of external investors' liability	**1 366**	(10 332)
Net insurance and investment contract benefits and claims	**(75 896)**	(91 526)
Long-term insurance contract benefits	**(25 596)**	(30 802)
Long-term investment contract benefits	**(26 646)**	(39 506)
General insurance claims	**(37 593)**	(29 646)
Reinsurance claims received	**13 939**	8 428
Expenses	**(42 201)**	(41 051)
Sales remuneration	**(14 319)**	(13 246)
Administration costs	**(27 882)**	(27 805)
Impairments	**(9 275)**	(742)
Net impairment losses on financial assets	**(1 903)**	(338)
Other impairments	**(7 372)**	(404)
Amortisation of intangibles	**(1 323)**	(1 405)
Net operating result	**4 171**	13 072
Equity-accounted earnings	**2 568**	2 989
Finance cost – other	**(835)**	(1 500)
Net monetary gain (Lebanon hyperinflation)	**1 535**	–
Profit before tax	**7 439**	14 561
Taxation	**(3 805)**	(5 756)
Shareholders' fund	**(2 154)**	(4 017)
Policyholders' fund	**(1 651)**	(1 739)
Profit for the year	**3 634**	8 805
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods		
Movement in foreign currency translation reserve	**3 143**	(4 707)
Other comprehensive income of equity accounted investments	**–**	(335)
Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods		
Employee benefits re-measurement loss	**–**	25
Comprehensive income for the year	**6 777**	3 788
Allocation of comprehensive income		
Profit for the year	**3 634**	8 805
Shareholders' fund	**2 863**	7 150
Non-controlling interest	**771**	1 655
Comprehensive income for the year	**6 777**	3 788
Shareholders' fund	**5 676**	2 951
Non-controlling interest	**1 101**	837
Earnings attributable to shareholders of the company (cents)		
Profit for the year:		
Basic earnings per share	**138,8**	345,8
Diluted earnings per share	**137,1**	342,1

Group Statement of Changes in Equity

for the year ended 31 December

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve
Balance at 1 January 2019	22	5 635	(3 934)	10 154
Comprehensive income	–	–	–	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Shares issued	1	7 794	–	–
Net (acquisition)/disposal of treasury shares[1]	–	–	(193)	–
Share-based payments	–	–	–	–
B-BBEE IFRS 2 costs[2]	–	–	–	–
Transfer to non-distributable reserve	–	–	–	(173)
Transfer to/(from) consolidation reserve	–	–	–	–
Dividends paid[3]	–	–	–	–
Acquisitions, disposals and other movements in interests	–	–	–	(2)
Balance at 31 December 2019	**23**	**13 429**	**(4 127)**	**9 979**
Hyperinflation[4]	**–**	**–**	**–**	**–**
Comprehensive income	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**–**
Shares cancelled	**(1)**	**(667)**	**2 744**	**–**
Net (acquisition)/disposal of treasury shares[1]	**–**	**–**	**(250)**	**–**
Share-based payments	**–**	**–**	**–**	**–**
Transfer from non-distributable reserve	**–**	**–**	**–**	**81**
Transfer (from)/to consolidation reserve	**–**	**–**	**–**	**–**
Dividends paid[3]	**–**	**–**	**–**	**–**
Acquisitions, disposals and other movements in interests	**–**	**–**	**–**	**(15)**
Balance at 31 December 2020	**22**	**12 762**	**(1 633)**	**10 045**

(1) *Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).*

(2) *A one-off expense of R1 686 billion was recognised during 2019 in terms of International Financial Reporting Standards (IFRS) 2 Share-Based Payment in respect of the broad-based black economic empowerment (B-BBEE) share issuance to the new B-BBEE special purpose vehicle (SPV). Refer to note 29.1 for more information.*

Foreign currency translation reserve[4]	Retained earnings	Subtotal: equity	Consoli-dation reserve	Share-holders' fund	Non-control-ling interest	Total equity
1 210	57 288	70 375	(869)	69 506	12 111	81 617
(3 888)	6 839	2 951	–	2 951	837	3 788
–	7 150	7 150	–	7 150	1 655	8 805
(3 888)	(311)	(4 199)	–	(4 199)	(818)	(5 017)
–	–	7 795	–	7 795	–	7 795
–	(338)	(531)	(7 871)	(8 402)	1	(8 401)
–	391	391	–	391	33	424
–	1 686	1 686	–	1 686	–	1 686
–	173	–	–	–	–	–
–	456	456	(456)	–	–	–
–	(6 500)	(6 500)	–	(6 500)	(1 095)	(7 595)
36	(144)	(110)	–	(110)	156	46
(2 642)	**59 851**	**76 513**	**(9 196)**	**67 317**	**12 043**	**79 360**
(1 234)	**–**	**(1 234)**	**–**	**(1 234)**	**–**	**(1 234)**
2 813	**2 863**	**5 676**	**–**	**5 676**	**1 101**	**6 777**
–	**2 863**	**2 863**	**–**	**2 863**	**771**	**3 634**
2 813	**–**	**2 813**	**–**	**2 813**	**330**	**3 143**
–	**(2 076)**	**–**	**–**	**–**	**–**	**–**
–	**(577)**	**(827)**	**(351)**	**(1 178)**	**(60)**	**(1 238)**
–	**474**	**474**	**–**	**474**	**32**	**506**
–	**(81)**	**–**	**–**	**–**	**–**	**–**
–	**(2 791)**	**(2 791)**	**2 791**	**–**	**–**	**–**
–	**(6 938)**	**(6 938)**	**–**	**(6 938)**	**(816)**	**(7 754)**
12	**598**	**595**	**–**	**595**	**212**	**807**
(1 051)	**51 323**	**71 468**	**(6 756)**	**64 712**	**12 512**	**77 224**

(3) *A dividend of 300 cents per share (2019: 334 cents per share) was declared in 2021 in respect of the 2020 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R6,2 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.*

(4) *The initial application of IAS 29 resulted in an opening adjustment of (R1 234) million, attributable to the shareholder. It comprises of the rebase of December 2019 equity of R1 388 million and reduction of the indexed non-monetary items to recoverable amounts of (R2 622) which both includes Goodwill as well as Voba.*

Group Statement of Cash Flow

for the year ended 31 December

R million	2020	Restated 2019
Cash flow from operating activities[1]	**(6 082)**	7 320
Cash generated (utilised in) operations[1]	**(22 868)**	(9 235)
Interest and preference share dividends received	**18 542**	17 541
Interest paid	**(1 004)**	(1 094)
Dividends received	**12 358**	13 198
Dividends paid	**(8 454)**	(7 433)
Taxation paid	**(4 656)**	(5 657)
Cash flow from investment activities	**(1 733)**	(509)
Acquisition of subsidiaries and associated companies	**(1 144)**	(685)
Disposal of subsidiaries and associated companies	**51**	176
Payments made for the acquisition of equipment	**(737)**	–
Proceeds in respect of the sale of equipment	**61**	–
Payments made for the acquisition of owner occupied properties	**(405)**	–
Proceeds in respect of the sale of owner occupied properties	**441**	–
Cash flow from financing activities	**1 792**	2 503
Shares issued	**–**	7 795
Acquisition of treasury shares	**(1 241)**	(8 401)
Disposal of non-controlling interest	**818**	–
Term finance raised	**3 530**	3 998
Term finance repaid	**(664)**	(299)
Lease liabilities repaid	**(651)**	(590)
Net (decrease)/increase in cash and cash equivalents[1]	**(6 023)**	9 314
Effect of exchange rate movements on cash balances	**1 695**	(325)
Cash and cash equivalents at beginning of the year[1]	**52 738**	43 749
Cash and cash equivalents at end of the year[1]	**48 410**	52 738

[1] *The prior year amounts have been restated to exclude cash and cash equivalents that do not meet the definition of cash as per IAS 7. It did not affect the Statement of Financial Position, Statement of Comprehensive Income or the Statement of Changes in Equity. Refer to note 10 for more information.*

Notes to the Group financial statements

for the year ended 31 December 2020

1. Earnings per share

For **basic earnings per share** the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries, consolidated investment funds and policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For **diluted earnings per share** the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries, consolidated investment vehicles (including the B-BBEE SPV) and policyholders. The shares held by the B-BBEE SPV is seen as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increases. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Cents	2020	2019
Basic earnings per share:		
Headline earnings	**448,5**	361,8
Profit attributable to shareholders' fund	**138,8**	345,8
Diluted earnings per share:		
Headline earnings	**443,0**	357,9
Profit attributable to shareholders' fund	**137,1**	342,1

Notes to the Group financial statements
for the year ended 31 December 2020 continued

1. Earnings per share (continued)

R million	2020	2019
Analysis of earnings:		
Profit attributable to shareholders' fund	**2 863**	7 150
Less: Net profit on disposal of subsidiaries and associated companies	**(26)**	6
Profit on disposal of subsidiaries	**(27)**	9
Non-controlling interest	**1**	(3)
Less: Net profit on disposal of associated companies	**(259)**	–
Profit on disposal of associated companies	**(258)**	–
Non-controlling interest	**(1)**	–
Less: Equity-accounted non-headline earnings	**4**	–
Plus: Impairments	**6 667**	325
Gross Impairments	**7 300**	395
Tax on impairment	**(318)**	–
Non-controlling interest	**(315)**	(70)
Headline earnings	**9 249**	7 481

Million	2020	2019
Number of shares:		
Weighted number of ordinary shares in issue	**2 265,7**	2 324,8
Less: Weighted Sanlam shares held by subsidiaries and consolidated vehicles (including policyholders and B-BBEE SPV)	**(203,7)**	(256,9)
Adjusted weighted average number of shares for basic earnings per share	**2 062,0**	2 067,9
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	**25,8**	22,1
Adjusted weighted average number of shares for diluted earnings per share	**2 087,8**	2 090,0

(1) *For more information in respect of the share cancellations, refer to note 4.*

2. Segmental information

R million	2020	Re-stated(1) 2019
Segment IFRS 15 revenue from contracts with customers		
Sanlam Life and Savings	**8 358**	8 460
Sanlam Corporate	**1 761**	1 565
SA Retail Mass	**17**	9
SA Retail Affluent	**6 580**	6 886
Sanlam Emerging Markets	**986**	821
Sanlam Investment Group	**6 572**	5 856
Santam	**347**	270
Total IFRS 15 revenue	**16 263**	15 407

(1) *Segmental disclosures have been aligned with current year segmental reporting and had no impact on the Statements of Financial Position, Statements of Comprehensive Income, Statement of Cash Flow or Statement of Changes in Equity for the current or prior year.*

Disaggregation of revenue

According to primary geography

R million	South Africa	Other African operations	Other International	Total
31 December 2020				
IFRS 15 Revenue	**11 622**	**1 016**	**3 625**	**16 263**
Administration fees	**8 131**	**569**	**532**	**9 232**
Asset management and performance fees	**2 276**	**361**	**2 355**	**4 992**
Commissions	**472**	**86**	**716**	**1 274**
Consulting fees	**308**	**–**	**20**	**328**
Actuarial and risk management fees	**222**	**–**	**–**	**222**
Trust and estate fees	**136**	**–**	**–**	**136**
Other	**77**	**–**	**2**	**79**
Revenue not within the scope of IFRS 15	**51 348**	**31 216**	**5 874**	**88 438**
Financial services income	**62 970**	**32 232**	**9 499**	**104 701**
31 December 2019 – (Restated)				
IFRS 15 Revenue	11 576	851	2 980	15 407
Administration fees	8 091	557	479	9 127
Asset management and performance fees	2 300	206	1 965	4 471
Commissions	487	78	507	1 072
Consulting fees	212	10	22	244
Actuarial and risk management fees	204	–	–	204
Trust and estate fees	166	–	–	166
Other	116	–	7	123
Revenue not within the scope of IFRS 15[1]	51 458	25 722	2 933	80 113
Financial services income	63 034	26 573	5 913	95 520

(1) *In the current year, Santam was aligned to the Group's geographical split therefore R2 018 million and R1 667 million have been reallocated from the South African geographical market to the Rest of Africa and Other International, respectively. It did not affect the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity or the Statement of Cash flows.*

Notes to the Group financial statements

for the year ended 31 December 2020 continued

2. Segmental information (continued)

According to timing of revenue recognition

R million	At a point in time	Over time	Not in the scope of IFRS 15	Total
31 December 2020				
IFRS 15 Revenue	**1 470**	**14 793**	**–**	**16 263**
Administration fees	**316**	**8 916**	**–**	**9 232**
Asset management and performance fees	**5**	**4 987**	**–**	**4 992**
Commissions	**1 049**	**225**	**–**	**1 274**
Consulting fees	**23**	**305**	**–**	**328**
Actuarial and risk management fees	**–**	**222**	**–**	**222**
Trust and estate fees	**74**	**62**	**–**	**136**
Other	**3**	**76**	**–**	**79**
Revenue not within the scope of IFRS 15	**–**	**–**	**88 438**	**88 438**
Financial services income	**1 470**	**14 793**	**88 438**	**104 701**
31 December 2019				
IFRS 15 Revenue	972	14 435	–	15 407
Administration fees	5	9 122	–	9 127
Asset management and performance fees	1	4 470	–	4 471
Commissions	780	292	–	1 072
Consulting fees	19	225	–	244
Actuarial and risk management fees	–	204	–	204
Trust and estate fees	99	67	–	166
Other	68	55	–	123
Revenue not within the scope of IFRS 15	–	–	80 113	80 113
Financial services income	972	14 435	80 113	95 520

3. Notes to the cash flow statement

3.1 Cash generated/(utilised) in operations

R million	2020	2019
Profit before tax per Statement of Comprehensive Income	**7 439**	14 561
Net movement in policy liabilities	**24 446**	48 780
Non-cash flow items	**(2 690)**	(40 459)
Depreciation	**1 139**	1 024
Bad debts written off[1]	**171**	313
Share-based payments	**506**	424
(Profit)/loss on disposal of subsidiaries and associates	**(285)**	8
Fair value adjustments	**(10 716)**	(43 072)
Net monetary gain (hyperinflation)	**(1 535)**	–
Impairment of investments and goodwill	**9 275**	742
Amortisation of intangibles	**1 323**	1 405
IFRS 2 B-BBEE cost	**–**	1 686
Equity-accounted earnings	**(2 568)**	(2 989)
Items excluded from cash utilised in operations	**(29 633)**	(30 151)
Interest and preference share dividends received	**(18 326)**	(18 695)
Interest paid	**1 051**	1 742
Dividends received	**(12 358)**	(13 198)
Net acquisition of investments[1]	**(22 977)**	(18 140)
Increase in net working capital assets and liabilities	**547**	16 174
Cash utilised in operations[1]	**(22 868)**	(9 235)

[1] *Prior year negative amount has been reduced with R675 million. Refer to note 10 for more information.*

3.2 Cash and cash equivalents

R million	2020	Restated[1] 2019
Working capital: Cash and cash equivalents	**30 094**	30 369
Investment cash[1]	**19 164**	24 400
Bank overdrafts	**(848)**	(2 031)
Total cash and cash equivalents	**48 410**	52 738

[1] *Refer to note 10 for more information.*

Included in cash and cash equivalents are restricted cash balances of R3 435 million (2019: R1 740 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with JSE in respect of exchange traded derivatives.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

4. Shares repurchased and cancelled

Sanlam shareholders granted general authorities to the Group at the 2020 and 2019 annual general meetings to repurchase Sanlam shares in the market.

During 2020, Sanlam Limited repurchased 116,363,639 ordinary shares of 1 cent each held in treasury by its wholly-owned subsidiary, Sanlam Life Insurance Limited at a repurchase price of R56,29 per share (in aggregate R6,550,109,239).

The Repurchase constitutes a transfer to, and subsequent cancellation of the Treasury Shares previously acquired by Sanlam Life pursuant to the General Authorities and is cash neutral for the Sanlam Group.

The Treasury Shares represented 4,97% of the issued share capital of the Company immediately prior to their cancellation. Following the cancellation, the issued share capital of the Company now comprises 2,226,974,408 ordinary shares of 1 cent each.

5. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosure in the 2020 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

6. Subsequent events

No other material facts or circumstances arose between the date of 31 December 2020 and this report which materially affects the financial position of the Sanlam Limited Group at 31 December 2020 as reflected in these financial statements.

7. Business combinations

Material acquisitions of the Group consolidated in the 2020 financial year

Sanlam has acquired the remaining stake in the Nigerian insurance business FBN Insurance from its partner, FBN Holdings Plc (FBNH), effective 1 June 2020. This gives the Group 100% ownership of FBN Insurance Limited (FBNI) and its subsidiary, FBN General Insurance Limited.

The goodwill arising on the acquisition is attributable to synergies. The acquisition accounting of the above acquisition has been based on provisional estimates, which might result in adjustments to goodwill, value of business acquired, other intangibles, as well as deferred tax during the next 12 months.

Refer to note 31 in the Annual Financial Statements online for further information.

8. Fair value disclosures

Financial instruments

Financial instruments carried on the Statement of Financial Position include investments (excluding investment properties, associates and joint ventures), receivables, cash, deposits and similar securities, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables.

Recognition and derecognition

Financial instruments are recognised when the Group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the Group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

Collateral placed at counter-parties as part of the Group's capital market activities are not derecognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counter-parties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. However, the counterparty has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortised cost,
- Fair value through profit or loss (either mandatory or designated), or
- Fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. In addition, the Group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

On initial recognition, the Group classifies its financial liabilities into one of the following categories:

- Amortised cost, or
- Fair value through profit or loss (either mandatory or designated)

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition the Group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either because:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis; or
- a group of financial liabilities; or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the entity’s key management personnel.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)
Classification (continued)
Financial liabilities (continued)

The Group designates financial instruments as at fair value through profit or loss in line with its risk management policies and procedures that are based on the management of the Group's capital and activities on a fair value basis. The Group's internal management reporting basis is consistent with the classification of its financial instruments.

Initial measurement
A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the Statement of Comprehensive Income as part of investment surpluses.

Subsequent measurement
Financial instruments classified as at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value recognised in the Statement of Comprehensive Income as investment surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss or derecognition is also measured in profit or loss.

Impairment

The Group recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost (including contract assets/contract receivables); and
- Financial guarantee contracts

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12 month expected credit losses if:

- The credit risk on a financial instrument has not increased significantly since initial recognition; or
- Financial instruments are determined to have a low credit risk at the reporting date.

The Group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the loss allowances are measured at an amount equal to the 12 month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition. Financial instruments that are determined to have a low credit risk at the reporting date are assumed to have no significant increase in credit risk.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

Impairment (continued)

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses, measured as the present value of all cash short falls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of loss allowances in the Statement of Financial Position

Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities include:

- Term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- Other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- Investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on Policy Liabilities and Profit Entitlement; and
- External investors in consolidated funds measured at the attributable net asset value of the respective funds.

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover assets and liabilities measured at fair value.

Included in **level 1** category are assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in **level 2** category are assets and liabilities measured using inputs other than quoted prices and quoted prices in an inactive market included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as **level 3**.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements 31 December 2020				
Non-financial instruments				
Properties	–	–	20 302	20 302
Financial instruments	521 527	253 495	3 130	778 152
Equities and similar securities	181 126	4 718	1 146	186 990
Investment in joint ventures	–	–	427	427
Interest-bearing investments	94 948	155 101	542	250 591
Structured transactions	117	29 449	–	29 566
Investment funds	239 067	12 342	617	252 026
Trade and other receivables	6 269	6 356	398	13 023
Cash deposits and similar securities: Investments	–	42 236	–	42 236
Cash deposits and similar securities: Working capital	–	3 293	–	3 293
Total assets at fair value	521 527	253 495	23 432	798 454
Financial instruments	84 892	471 535	2 156	558 583
Investment contract liabilities	387	432 499	1 698	434 584
External investors in consolidated funds	82 228	1 040	446	83 714
Term finance	50	4 090	–	4 140
Structured transactions liabilities	–	22 958	12	22 970
Trade and other payables	2 227	10 948	–	13 175
Total liabilities at fair value	84 892	471 535	2 156	558 583

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements 31 December 2019				
Non-financial instruments	–	–	21 565	21 565
Properties	–	–	21 565	21 565
Financial instruments	478 583	255 866	2 808	737 257
Equities and similar securities	195 603	4 764	1 134	201 501
Investment in joint ventures	–	–	400	400
Interest-bearing investments	77 456	147 811	498	225 765
Structured transactions	862	22 228	–	23 090
Investment funds	200 354	21 073	714	222 141
Trade and other receivables	4 308	7 971	62	12 341
Cash deposits and similar securities: Investments	–	48 504	–	48 504
Cash deposits and similar securities: Working capital	–	3 515	–	3 515
Total assets at fair value	478 583	255 866	24 373	758 822
Financial instruments	84 903	434 493	2 184	521 580
Investment contract liabilities	–	399 840	1 641	401 481
External investors in consolidated funds	84 247	397	543	85 187
Term finance	–	3 314	–	3 314
Structured transactions liabilities	–	19 272	–	19 272
Trade and other payables	656	11 670	–	12 326
Total liabilities at fair value	84 903	434 493	2 184	521 580

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

Reconciliation of movements in level 3 assets and liabilities measured at fair value

R million	Properties	Equities and similar securities
2020		
Assets		
Balance at 1 January 2020	**21 565**	**1 134**
Net (loss)/gains in Statement of Comprehensive Income	**(2 222)**	**62**
Acquired through business combinations	**4**	**–**
Acquisitions	**1 530**	**142**
Disposal of subsidiaries	**(91)**	**–**
Disposals	**(458)**	**(225)**
Foreign exchange movements	**921**	**33**
Reclassified from disposal groups classified as held for sale	**(3)**	**–**
Transfers to owner-occupied properties	**(944)**	**–**
Balance at 31 December 2020	**20 302**	**1 146**
2019		
Balance at 1 January 2019	21 349	504
Net gains/(loss) in Statement of Comprehensive Income	847	100
Acquired through business combinations	71	–
Acquisitions	469	175
Disposals	(698)	(86)
Foreign exchange movements	(263)	(15)
Reclassified from disposal groups classified as held for sale	(2)	–
Transfers to owner-occupied properties	(208)	–
Transfers from level 2	–	456
Balance at 31 December 2019	21 565	1 134

Investment in joint ventures	Interest bearing investments	Investment funds	Trade and other receivables	Total assets
400	**498**	**714**	**62**	**24 373**
27	**20**	**(24)**	**45**	**(2 092)**
–	**–**	**–**	**–**	**4**
–	**24**	**139**	**338**	**2 173**
–	**–**	**–**	**–**	**(91)**
–	**–**	**(221)**	**–**	**(904)**
–	**–**	**9**	**(47)**	**916**
–	**–**	**–**	**–**	**(3)**
–	**–**	**–**	**–**	**(944)**
427	**542**	**617**	**398**	**23 432**
539	69	732	–	23 193
(139)	(2)	(68)	–	738
–	–	–	–	71
–	437	56	–	1 137
–	(6)	(5)	–	(795)
–	–	(1)	–	(279)
–	–	–	–	(2)
–	–	–	–	(208)
–	–	–	62	518
400	498	714	62	24 373

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

R million	Investment contract liabilities	External investors in consolidated funds	Term finance	Total liabilities
2020				
Liabilities				
Balance at 1 January 2020	**1 641**	**543**	**–**	**2 184**
Net loss/(gains) in Statement of Comprehensive Income	**1**	**(138)**	**–**	**(137)**
Acquisitions	**47**	**–**	**12**	**59**
Disposals	**(133)**	**–**	**–**	**(133)**
Foreign exchange movements	**142**	**41**	**–**	**183**
Balance at 31 December 2020	**1 698**	**446**	**12**	**2 156**
2019				
Liabilities				
Balance at 1 January 2019	1 665	613	–	2 278
Net loss/(gains) in Statement of Comprehensive Income	49	(55)	–	(6)
Acquisitions	50	–	–	50
Disposals	(141)	–	–	(141)
Foreign exchange movements	18	(15)	–	3
Balance at 31 December 2019	1 641	543	–	2 184

R million	2020	2019
Losses (realised and unrealised) included in Statement of Comprehensive Income		
Total losses included in Statement of Comprehensive Income for the period	**(2 665)**	(804)
Total unrealised losses included in Statement of Comprehensive Income for assets held at the end of the reporting period	**(1 485)**	(112)

Transfers between levels

R million	Equities and similar securities	Interest bearing investments(1)	Structured transactions
Assets			
2020			
Transfer from level 1 to level 2	**–**	**(3 627)**	**–**
Transfer from level 2 to level 1	**–**	**–**	**–**
2019			
Transfer from level 1 to level 2	(172)	(2 043)	(4 291)

R million	Investment funds(1)	Cash, deposits and similar securities	Total assets
Assets			
2020			
Transfer from level 1 to level 2	**(2 715)**	**–**	**(6 342)**
Transfer from level 2 to level 1	**11 013**	**–**	**11 013**
2019			
Transfer from level 1 to level 2	–	–	(6 506)

(1) *Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instruments that have become actively traded in the market have been transferred from level 2 to level 1.*

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)
Valuation techniques used in determining the fair value of assets and liabilities

Instrument	Applicable to level	Valuation basis
Properties	3	Recently contracted prices, discounted cash flow model (DCF) and Earnings multiple.
Equities and similar securities	2 and 3	Discounted cash flow model (DCF) and Earnings multiple.
Interest-bearing investments	2 and 3	DCF, Quoted put/ surrender price by issuer.
Structured transactions assets and liabilities	2 and 3	Option pricing models and DCF.
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held, Earnings multiple and DCF.
Trade and other receivables/ payables	2 and 3	DCF, Earnings multiple, Quoted put/surrender price by issuer and Option pricing models.
Cash, deposits and similar securities	2	Mark-to-market and Yield curve.
Investment in joint ventures	3	Earnings multiple.
Term finance	2	DCF
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset multiplied by the number of units held.

Main assumptions	Significant Unobservable input
Bond and interbank swap interest rate curve, Capitalisation rate, Cost of Capital, Consumer price index and Cash flow forecasts (including vacancy rates).	Capitalisation rate, Discount rate and Cash flow forecasts (including vacancy rates).
Cost of Capital and Consumer price index.	Cost of Capital, Adjusted earnings multiple, Budgets and Forecasts.
Bond and interbank swap interest rate curve, Cost of Capital and Consumer price index.	Discount rate and Cost of Capital.
Bond and interbank swap interest rate curve, Forward equity and currency rates and Volatility risk adjustments.	n/a
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index and Bond interest rate curve.	Earnings multiple
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread and Liquidity spread.	n/a
Bond and interbank swap interest rate curve.	n/a
Earnings Multiple, Country risk and size of the business and marketability.	Adjusted earnings multiple and Sustainable EBITDA.
Bond and forward rate, Credit ratings of issuer, Liquidity spread and Agreement interest curves.	n/a
Unit prices	Based on underlying assets.

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)
Sensitivity of level 3 assets and liabilities measured at fair value to changes in key assumptions
Assets

R million	Carrying amount	Effect of a 10% increase in risk adjustments
Properties[(1)]		
2020		
Cashflow risk adjustments	**20 302**	**(2 030)**
Base rate		
Capitalisation		

R million		
Earnings multiple		

R million	Carrying amount	Effect of a 10% increase in risk adjustments
2019		
Cashflow risk adjustments	21 565	(2 157)
Base rate		
Capitalisation		

R million		
Earnings multiple		

(1) *Investment Properties comprise of Sanlam Life properties valued using capitalisation and discount rates, with sensitivities based on these two unobservable inputs. It also comprises of Saham Finances properties valued using a multiple of earnings.*

Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/ capitali-sation rate	Effect of a 1% decrease in base/ capitali-sation rate
2 030			
	10 144	**(364)**	**394**
	10 144	**(470)**	**574**

Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
10 158	**1 016**	**(1 016)**

Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/ capitali-sation rate	Effect of a 1% decrease in base/ capitali-sation rate
2 157			
	11 464	(436)	473
	11 464	(479)	582

Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
10 101	936	(930)

Notes to the Group financial statements
for the year ended 31 December 2020 continued

8. Fair value disclosures (continued)

R million	Carrying amount	Effect of a 10% increase in multiple
Other investments		
2020		
Equities and similar securities	**1 146**	**115**
Investment in joint ventures	**427**	**43**
Interest bearing investments	**–**	**–**
Investment funds	**617**	**62**
Trade and other receivables	**–**	**–**
Total	**2 190**	**220**
2019		
Equities and similar securities	1 134	113
Investment in joint ventures	400	40
Interest bearing investments	–	–
Investment funds	714	71
Trade and other receivables	–	–
Total	2 248	224

Liabilities

R million	Carrying amount[1]	Effect of a 10% increase in value	Effect of a 10% decrease in value
2020			
Investment contract liabilities	**1 698**	**170**	**(170)**
External investors in consolidated funds	**446**	**45**	**(45)**
Structured transaction liabilities	**12**	**1**	**(1)**
Total liabilities	**2 156**	**216**	**(216)**
2019			
Investment contract liabilities	1 641	164	(164)
External investors in consolidated funds	543	54	(54)
Total liabilities	2 184	218	(218)

[1] *Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.*

	Effect of a 10% decrease in multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
	(115)	**–**	**–**	**–**
	(43)			
	–	**542**	**(21)**	**21**
	(62)	**–**	**–**	**–**
	–	**398**	**(16)**	**16**
	(220)	**940**	**(37)**	**37**
	(113)	–	–	–
	(40)	–	–	–
	–	498	(23)	14
	(71)	–	–	–
	–	62	(20)	21
	(224)	560	(43)	35

Notes to the Group financial statements
for the year ended 31 December 2020 continued

9. Impairment

9.1 Impairment of goodwill, value of business acquired and other assets

The recoverable amount of goodwill, value of business acquired and other intangible assets for impairment testing purposes has been determined based on the value in use of the businesses. For life businesses this is determined as the embedded value of life insurance businesses plus a value of new life insurance business multiple. For non-life businesses the value in use was determined on a discounted cash flow valuation basis. These are considered to be the appropriate measure of value in use.

9.1.1 Saham

An impairment assessment was conducted as at 30 June 2020 which resulted in the recognition of impairment. A reassessment was conducted as at 31 December 2020. As reflected per the table below the value in use is higher than the carrying value and as a result no additional impairment is required. Impairment recognised during the current year amounted to R6 560 million, reduced by the utilisation of the hedge reserve of R855 million. Impairment of the carrying value of goodwill recognised as at 30 June 2020 is not reversed.

R million	Non-life	Life	Lebanon	Total
31 December 2020				
Value in use	**17 950**	**2 390**	**–**	**20 340**
Carrying value	**17 646**	**2 496**	**–**	**20 142**
Impairment recognised during the current year	**(4 327)**	**(502)**	**(1 731)**	**(6 560)**
Utilisation of hedge reserve previously capitalised				**855**
Net impairment as at 31 December 2020				**(5 705)**

Goodwill, included in the 30 June 2020 carrying values above pre-impairment, are allocated to the CGUs as follows: R13,4 billion (Non-life), R2,2 billion (Life) and R816 million (Lebanon) respectively. Remaining goodwill after impairments amounts to R9,0 billion (Non-life) and R1,7 billion (Life) respectively.

9.1.2 Shriram Capital

The gross impairment amounts to R131 million (STFC) and R672 million (Shriram Capital) respectively:

R million	STFC	Shriram Capital
Value in use	**1 571**	**7 671**
Carrying value	**1 702**	**8 343**
Gross impairment	**(131)**	**(672)**

Refer to note 25 in the Annual Financial Statements online for further information.

10. Restatements

10.1 Restatement of Group cash flow statement

For the purposes of the statement of cash flows, management reassessed the definition of cash and cash equivalents in line with the definition of IAS 7, eg 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. For the purposes of the cash flow statement, cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. An investment would qualify as cash and cash equivalents when it has a short maturity of three months or less from the date of acquisition. Acquisitions and disposals of short term investments that do not meet the definition of cash and cash equivalents as per IAS 7, are included in operating cash flows. The adjustment of R675 million reflects the cash outflow with respect to the 2019 acquisition of these investments. The impact is as follows:

	2019		
R million	**As previously reported**	**Adjustments**	**Restated**
Cash flows from operating activities	6 645	675	7 320
Net increase in cash and cash equivalents	8 639	675	9 314
Cash and cash equivalents at beginning of the year	63 343	(19 594)	43 749
Cash and cash equivalents at end of the year	71 657	(18 919)	52 738

The above restatements did not have any impact on the Statement of Financial Position, Statement of Comprehensive Income or the Statement of Changes in Equity.

Notice of the annual general meeting

Sanlam Limited

(Incorporated in the Republic of South Africa)
(Registration No 1959/001562/06) JSE share code: SLM/ NSX Share code: SLA ISIN: ZAE000070660 (the Company or Sanlam)

Notice is hereby given to shareholders recorded in the Company's securities register on Friday, 19 March 2021 that the 23rd annual general meeting (AGM) of the shareholders of Sanlam will be held on Wednesday, 9 June 2021 at 14:00* in the CR Louw Auditorium, Sanlam Head Office, 2 Strand Road, Bellville, Cape Town (the meeting) to: (i) deal with such business as may lawfully be dealt with at the meeting; and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008 (as amended) (the Companies Act), as read with the JSE Limited Listings Requirements (JSE Listings Requirements) and other stock exchanges on which the Company's ordinary shares are listed. The meeting is to be participated in and voted at by shareholders recorded in the Company's securities register as at the voting record date of Friday, 28 May 2021.

Kindly note that meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend or participate in the meeting.

Voters are allowed access to the venue to vote by no later than 14:00 on Wednesday, 9 June 2021. Forms of identification include valid identity documents, drivers' licences and passports.

* *The meeting will start promptly at 14:00. Due to the electronic voting system, no late registrations will be allowed on the day.*

Ordinary resolutions

To consider and, if approved, to pass, with or without modification, the following 12 ordinary resolutions:

Percentage support required for ordinary resolution number 1 to 12.

For these ordinary resolutions to be adopted, the support of more than 50% (fifty per cent) of the total number of votes per ordinary resolution, which the shareholders present or are represented by proxy at this meeting are entitled to cast, is required, apart from ordinary resolution number 11, where the support of at least 75% (seventy-five per cent) of the total number of votes is required.

1. Ordinary resolution number 1 – Presenting the Sanlam annual reporting suite

To present, consider and accept the Sanlam annual reporting suite (incorporating the Integrated Report, Corporate Governance Report, Remuneration Report and Annual Financial Statements) for the year ended 31 December 2020, that has been distributed to shareholders as required, including the consolidated audited financial statements for the Company and its subsidiaries, as well as the auditors', the Audit, Actuarial and Finance committee's (Audit committee) and directors' reports. The 2020 Sanlam annual reporting suite is available online at www.sanlam.com.

Reason and effect

The reason for and effect of ordinary resolution number 1 is to give Sanlam shareholders the opportunity to formally consider and accept Sanlam's annual reporting suite, including the consolidated audited financial statements of the Company as required by section 30(3)(d) of the Companies Act.

Notice of annual general meeting continued

2. Ordinary resolution number 2 – Reappointment of joint auditors for the 2021 financial year

To reappoint Ernst & Young Inc., as nominated by the Company's Audit committee, as independent joint auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Mr C du Toit is the individual and designated joint auditor who will undertake the Company's joint audit for the financial year ending 31 December 2021.

Reason and effect

The reason for ordinary resolution number 2 is that:

- the Companies Act as well as the JSE Listings Requirements require the appointment or reappointment of the Company's auditors each year at the AGM of the Company. Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the Audit committee considered and satisfied itself that Ernst & Young Inc., the independent joint auditors, are accredited such on the JSE List of Auditors and Accounting Specialists; and
- the aforementioned individual and designated joint auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors.

3. Ordinary resolution number 3 – Reappointment of joint auditors for the 2021 financial year

To reappoint KPMG Inc., as nominated by the Company's Audit committee, as joint independent auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Mr P Fourie is the individual and designated auditor who will undertake the Company's joint audit for the financial year ending 31 December 2021.

Reason and effect

The reason for ordinary resolution number 3 is that the Companies Act and the JSE Listings Requirements require the appointment or reappointment of the Company's auditors each year at the AGM of the Company. In order to strengthen overall governance and to ensure alignment with the anticipated requirements of the Prudential Authority, the Audit committee recommended to the Board of directors of Sanlam (the Board) the reappointment of the joint independent auditors for Sanlam. Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the Audit committee considered and satisfied itself that:

- KPMG Inc., the joint independent auditors, is accredited as such on the JSE's List of Auditors and Accounting Specialists; and
- the aforementioned individual and designated auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors.

4. Ordinary resolution number 4 – Appointment of directors

To elect the following director (ordinary resolution number 4.1) to be appointed to the Board as an additional director in terms of clause 26 of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Reason and effect

The reason for and effect of ordinary resolution number 4.1 are to elect the director appointed to the Board as additional director in terms of the Company's Memorandum of Incorporation.

4.1 Ordinary resolution number 4.1 – Election of Nicolaas Kruger as a director

To elect Nicolaas Kruger, who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for election.

Notice of annual general meeting continued

Name: Nicolaas Kruger (53)
Appointed: Independent non-executive director since 2020
Qualifications: BCom (Mathematics) (Cum Laude) (Stellenbosch University) (1988); Fellow of the Faculty of Actuaries (1992) and Fellow of the Actuarial Society of South Africa (1992); Advanced Management Programme (AMP) (Oxford University) (2001) and a Chartered Director (CD(SA))

Sanlam and Sanlam Life committee memberships:
Independent Non-Executive Directors committee, Audit committee, Risk and Compliance committee, Customer Interest committee (Chair) and Non-Executive Directors committee

Major external positions, directorships or associates:
General Reinsurance Africa (Gen Re), Granor Passi, Griekwaland Wes Korporatief (GWK), Fintech Management, Chair of Blue Falcon 290 Trading Limited (trading as Brenn O-Kem) and Gannaveld

Fields of expertise:
Financial reporting, risk management, life insurance, general insurance, health insurance as well as retail online banking

The Board recommends the election of this director.

5. Ordinary resolution number 5 – Re-election of directors

To individually re-elect the following non-executive directors (ordinary resolutions numbers 5.1 to 5.3) of the Company, who retire by rotation in terms of clause 26.2 of the Company's Memorandum of Incorporation, all being eligible and offering themselves for re-election.

Reason and effect

The reason for and effect of ordinary resolutions numbers 5.1 to 5.3 are to re-elect the following directors who retire by rotation in terms of the Company's Memorandum of Incorporation.

- Mathukana Mokoka
- Karabo Nondumo
- Dr Johan van Zyl

5.1 Ordinary resolution number 5.1 – Re-election of Mathukana Mokoka as a director

To re-elect Mathukana Mokoka, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering herself for re-election.

Name: Mathukana Mokoka (47)
Appointed: Independent non-executive director since 2018
Qualifications: CA(SA)

Sanlam and Sanlam Life committee memberships:
Member of the Audit committee, Non-Executive Directors committee, Risk and Compliance committee, Customer Interest committee, Social, Ethics and Sustainability committee and Independent Non-Executive Directors committee

Major external positions, directorships or associations:
Non-executive director of Palabora Mining, Alviva (Pty) Ltd; CSG Holdings; Stadio Holdings; member of African Women Chartered Accountants (AWCA); member of the Audit committee of Two Rivers Platinum and Modikwa Platinum Mine as well as a Trustee of Kwanda Education Trust

Fields of expertise:
Accounting, finance, risk management and compliance, life insurance and mining

The Board recommends the re-election of this director.

5.2 Ordinary resolution number 5.2 – Re-election of Karabo Nondumo as a director

To re-elect Karabo Nondumo, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering herself for re-election.

Name: Karabo Nondumo (42)
Appointed: Independent non-executive director since 2015
Qualifications: BAcc, HDipAcc, CA(SA)

Notice of annual general meeting continued

Sanlam and Sanlam Life committee memberships:
Social, Ethics and Sustainability committee (Chair), Audit committee, Risk and Compliance committee, Non-Executive Directors committee, Human Resources and Remuneration committee, Nominations committee and Independent Non-Executive Directors committee

Major external positions, directorships or associations:
Independent non-executive director of Harmony Gold, Richards Bay Coal Terminal, African Rainbow Life Limited and Channel Life

Fields of expertise:
Accounting, financial markets and investments as well as risk management

The Board recommends the re-election of this director.

5.3 Ordinary resolution number 5.3 – Re-election of Dr Johan van Zyl as a director

To re-elect Dr Johan van Zyl, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for re-election.

Name: Dr Johan van Zyl (64)
Appointed: Non-executive director since 2016, Group Chief Executive from 2003 to 2015 and Chair of Sanlam Life and Limited from 2017 to 2020
Qualifications: PhD (Economics), DSc (Agriculture)

Sanlam and Sanlam Life committee memberships:
Non-Executive Directors committee

Major external positions, directorships or associations:
African Rainbow Capital, Ubuntu-Botho Investments, UBI General Partner, Rain Group Holdings and Chair of the Vumelana Advisory Fund

Fields of expertise:
General management, insurance and economics

The Board recommends the re-election of this director.

6. Ordinary resolution number 6 – Election of executive directors

To elect the following executive directors (ordinary resolution numbers 6.1 and 6.2 below) appointed to the Board, being eligible and offering themselves for election.

Reason and effect

It had been agreed by the Board that in the interest of good governance, executive directors would also rotate on a voluntary basis as per a predetermined schedule of rotation.

6.1 Ordinary resolution number 6.1 – Election of Paul Hanratty as an executive director

The reason for and effect of ordinary resolution number 6.1 is to elect the executive director appointed to the Board. Paul Hanratty's status changed from independent non-executive director to executive director on 1 July 2020 when he was appointed as Group Chief Executive.

Name: Paul Hanratty (59)
Appointed: Executive director since 2020
Qualifications: BBusSc (Actuarial) (Hons) (University of Cape Town), Fellow of Institute of Actuaries (FIA)

Sanlam and Sanlam Life committee membership:
Group Chief Executive and Chair of the Group Executive committee

Major Sanlam-related positions, directorships or associations:
Non-executive director of Sanlam Investment Holdings (Pty) Ltd, Sanlam Investment Holdings (UK) (Pty) Ltd, Genbel Securities, Sanlam Emerging Markets and Sanlam Capital Markets

Major external positions, directorships or associations:
Non-executive director of the MTN Group, Non-executive Chair of Intelligent Debt Management

Fields of expertise:
General management, financial markets, actuarial, international markets and investments

The Board recommends the election of this director.

Notice of annual general meeting continued

6.2 Ordinary resolution number 6.2 – Election of Abigail Mukhuba as an executive director

The reason for and effect of ordinary resolution number 6.2 is to elect the executive director appointed to the Board. Abigail Mukhuba was appointed as Group Financial Director on 1 October 2020 and is therefore recommended for appointment as executive director.

Name: Abigail Mukhuba (41)
Appointed: Executive director since 2020
Qualifications: MBA (University of Cape Town), MCom (RSA and International Tax) (Rand Afrikaans University), BCom (Hons) (Rand Afrikaans University), BCompt (University of South Africa)

Sanlam and Sanlam Life committee membership:
Member of the Risk and Compliance committee, member of the Group Executive committee and Financial Director of Sanlam Life Insurance Limited and Sanlam Limited Boards

Major Sanlam-related positions, directorships or associations:
Director on the Board of Santam, Sanlam Emerging Markets, Sanlam Investment Holdings, Sanlam Capital Markets, Genbel Securities, Sanlam Life and Savings, Sanlam Corporate

Fields of expertise:
General management, South African and International taxation, financial markets, accounting and financial reporting

The Board recommends the election of this director.

7. Ordinary resolution number 7 – Election of the members of the Sanlam Audit committee

To individually elect the following independent non-executive directors (ordinary resolutions numbers 7.1 to 7.5) of the Company as the members of the Sanlam Audit committee until the conclusion of the next AGM of the Company.

Reason and effect

The reason for and effect of ordinary resolutions number 7.1 to 7.5 are that the members of the Audit committee of the Company, being a statutory committee, are required in terms of section 94(2) of the Companies Act to be appointed by the shareholders.

7.1 Ordinary resolution number 7.1 – Appointment of Andrew Birrell as a member of the Audit committee

Name: Andrew Birrell (51)
Appointed: Independent non-executive director since 2019
Qualifications: BBusSc. (Actuarial) (Hons) (1990) (University of Cape Town), Fellow of the Faculty of Actuaries (1994), Fellow of the Actuarial Society of South Africa (FASSA), Chartered Enterprise Risk Actuary (CERA Global Association, 2009) and a member of the Institute of Directors (UK, 2015)

Sanlam and Sanlam Life committee memberships:
Independent Non-Executive Directors committee, Audit committee, Risk and Compliance committee (Chair) and Non-Executive Directors committee

Major external positions, directorships or associations:
Independent non-executive director of Sun Life of Canada (UK), Chair of the Risk committee and the With Profits committee; independent non-executive director of Esure Limited (UK) and Chair of the Audit committee, a member of the Risk committee and Remuneration committee; executive director of Universal Partners Limited; non-executive director of JSA Group and YASA Limited (both UK-based companies); a director of SC Lowy Partners, independent non-executive appointments in relevant industries in the past in South Africa and abroad (including serving as an independent non-executive Chair of Assupol Holdings and Assupol Life until 31 March 2019)

Notice of annual general meeting continued

Fields of expertise:
Financial reporting, investment management, risk management, life insurance, general insurance, health insurance, stock broking, asset management and retail online banking

The Board recommends the election of this director.

7.2 Ordinary resolution number 7.2 – Appointment of Nicolaas Kruger as a member of the Audit committee (i.e. subject to his election as a director pursuant to ordinary resolution number 4.1)

Name: Nicolaas Kruger (53)
Appointed: Independent non-executive director since 2020
Qualifications: BCom (Mathematics) (Cum Laude) (Stellenbosch University) (1988); Fellow of the Faculty of Actuaries (1992) and Fellow of the Actuarial Society of South Africa (1992); AMP (Oxford University) (2001) and a Chartered Director (CD(SA))

Sanlam and Sanlam Life committee memberships:
Independent Non-Executive Directors committee, Audit committee, Risk and Compliance committee, Customer Interest committee (Chair) and the Non-Executive Directors committee

Major external positions, directorships or associations:
General Reinsurance Africa (Gen Re), Granor Passi, Griekwaland Wes Korporatief (GWK), Fintech Management, Chair of Blue Falcon 290 Trading Limited (trading as Brenn O-Kem) and Gannaveld

Fields of expertise:
General management, financial, actuarial, international markets and investments, life insurance, general insurance and retirement fund insurance

7.3 Ordinary resolution number 7.3 – Appointment of Mathukana Mokoka as a member of the Audit committee

Name: Mathukana Mokoka (47)
Appointed: Independent non-executive director since 2018
Qualifications: CA(SA)

Sanlam and Sanlam Life committee memberships:
Member of the Audit committee, Non-Executive Directors committee, Risk and Compliance committee, Customer Interest committee, Social, Ethics and Sustainability committee and Independent Non-Executive Directors committee

Major external positions, directorships or associations:
Non-executive director of Palabora Mining, Alviva Holdings (Pty) Ltd; CSG Holdings; Stadio Holdings; member of AWCA; member of the Audit committee of Two Rivers Platinum and Modikwa Platinum Mine as well as a Trustee of Kwanda Education Trust

Fields of expertise:
Accounting, finance, risk management and compliance, life insurance and mining

7.4 Ordinary resolution number 7.4 – Appointment of Kobus Möller as a member of the Audit committee

Name: Kobus Möller (62)
Appointed: Independent non-executive director since 2020
Qualifications: BCom (Cum Laude) (University of Pretoria), BCompt (Hons) (University of South Africa), CA(SA), AMP (Harvard Business School)

Kobus Möller previously held senior financial positions in Gencor, Impala Platinum Holdings, Sanlam Personal Finance and was the Financial Director of Sanlam from 2006 until his retirement in 2016.

Notice of annual general meeting continued

Sanlam and Sanlam Life committee memberships:
Audit committee (Chair), Risk and Compliance committee, Social, Ethics and Sustainability committee, Non-Executive Directors committee, Independent Non-Executive Directors committee

Fields of expertise:
Accounting, financial markets/investments and risk management

7.5 Ordinary resolution number 7.5 – Appointment of Karabo Nondumo as a member of the Audit committee

Name: Karabo Nondumo (42)
Appointed: Independent non-executive director since 2016
Qualifications: BAcc (University of Natal), HDipAcc (Wits University), CA(SA)

Sanlam and Sanlam Life committee memberships:
Social, Ethics and Sustainability committee (Chair), Audit committee, Risk and Compliance committee, Non-Executive Directors committee, Human Resources and Remuneration committee, Nominations committee and Independent Non-Executive Directors committee

Major external positions, directorships or associations:
Independent non-executive director of Harmony Gold, Richards Bay Coal Terminal and African Rainbow Life

Fields of expertise:
Life insurance, telecommunications, accounting, risk management and compliance, governance, international business, empowerment and human resources and remuneration

Major external positions, directorships or associations:
Board member of Sanlam Capital Markets (Pty) Ltd, Sanlam Investment Holdings (Pty) Ltd and Sanlam Emerging Markets Limited

Fields of expertise:
Life insurance, short-term insurance, international business transactions, financial reporting, risk management and investments

The Board recommends the election of these members to serve on the Audit committee.

8. Ordinary resolution number 8 – Advisory vote on the Company's remuneration policy and the remuneration implementation report

Shareholders are requested to cast a separate non-binding advisory vote on the Company's remuneration policy and its implementation report, set out on pages 7 to 44 of the Sanlam Remuneration Report (available online at www.sanlam.com).

8.1 Ordinary resolution number 8.1 – Non-binding advisory vote on the Company's remuneration policy

Resolved that shareholders approve by way of a non-binding advisory vote, the Company's remuneration policy as set out on pages 7 to 25.

8.2 Ordinary resolution number 8.2 – Non-binding advisory vote on the Company's remuneration implementation report

Resolved that shareholders approve by way of a non-binding advisory vote, the Company's remuneration implementation report as set out on pages 26 to 44.

Reason and effect

The King Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1], principle 14, recommended practice 37 as well as paragraph 3.84(j) of the JSE Listings Requirements provide that the remuneration policy and the remuneration implementation report be tabled every year for separate non-binding advisory votes by shareholders at the AGM.

Notice of annual general meeting continued

Ordinary resolution numbers 8.1 and 8.2 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Human Resources and Remuneration committee and the Board will take the outcome of the vote and any comments raised by securities holders into consideration when considering the Company's remuneration policy. If 25% (twenty-five per cent) or more of the voting rights exercised at the AGM are cast against these resolutions, the Board will invite dissenting shareholders to engage with the Human Resources and Remuneration committee on their concerns in line with the provisions of the JSE Listings Requirements.

9. Ordinary resolution number 9 – To note the total amount of non-executive directors' and executive directors' remuneration for the financial year ended 31 December 2020

To note the total amount of directors' remuneration set out in the Sanlam Remuneration Report (available online at www.sanlam.com), including specifically non-executive directors' remuneration (see pages 42 to 44) and executive directors' remuneration (pages 26 to 44) for the financial year ended 31 December 2020.

Reason and effect

The reason for and effect of ordinary resolution number 9 are to note the remuneration of directors for the financial year ended 31 December 2020.

10. Ordinary resolution number 10 – To place unissued ordinary shares under the control of the directors

To place all the unissued ordinary shares of the Company, as well as Sanlam shares held as treasury shares by subsidiaries of the Company (treasury shares), under the control of the directors of the Company, who are hereby authorised, subject to the provisions of the Companies Act and the JSE Listings Requirements, to allot and issue these unissued shares and/or dispose of these treasury shares in their discretion on such terms and conditions as and when they deem it fit to do so, until the next AGM, provided that:

- the aggregate number of ordinary shares to be allotted and issued and treasury shares disposed of in terms of this resolution and ordinary resolution number 11 is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the notice of the meeting; and
- any issue of ordinary shares as an issue for cash as defined in the JSE Listings Requirements is in accordance with the restrictions contained in ordinary resolution number 11.

Reason and effect

The reason for ordinary resolution number 10 is that the Board requires authority from shareholders in terms of the Company's Memorandum of Incorporation to issue shares in the Company and/or dispose of treasury shares held by subsidiaries of the Company. This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue shares or dispose of treasury shares as may be required, *inter alia*, in terms of capital-raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 5% (five per cent) of the number of shares in issue as at the date of the notice of the meeting on the terms more fully set out in ordinary resolution number 11.

Notice of annual general meeting continued

11. Ordinary resolution number 11 – General authority to issue shares for cash

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares of one (1) cent each (or options to subscribe for, or securities that are convertible into such ordinary shares) and dispose of Sanlam shares held as treasury shares by subsidiaries of the Company (treasury shares) as an "issue for cash" as defined in the JSE Listings Requirements as and when suitable situations arise and on such terms and conditions as they deem fit, provided that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution and ordinary resolution number 10, together with any treasury shares disposed of in terms of ordinary resolution number 10, is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the notice of this AGM.

To avoid doubt, it is recorded that a pro rata rights offer to shareholders is not an issue for cash as defined in the JSE Listings Requirements and so this resolution and the restrictions contained herein do not apply to any such pro rata rights offered to shareholders.

It is recorded that the JSE Listings Requirements currently contain the following requirements:

- that this general authority shall be valid until the Company's next AGM or for 15 (fifteen) months from the date of adoption of this resolution, whichever occurs first;
- that the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;

- that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution, together with any treasury shares disposed of in terms of this ordinary resolution number 11, is limited to 5% (five per cent) of the number of ordinary shares in issue at the date of the notice of this AGM, such number being 2 226 974 408 ordinary shares in the Company's issued share capital, excluding treasury shares;
- that any equity securities issued under the authority during the period contemplated in the first bullet must be deducted from the number in the preceding bullet;
- that, in the event of subdivision or consolidation of issued equity securities during the period contemplated in the first bullet, the existing authority must be adjusted accordingly to represent the same allocation ratio;
- that the equity securities be issued, or treasury shares disposed of to persons qualifying as public shareholders as defined in the JSE Listings Requirements, and not to related parties as defined in the JSE Listings Requirements;
- that, in determining the price at which an issue of shares or disposal of treasury shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price of the shares in question, as determined over the 30 (thirty) business days prior to the date that the price of the issue or disposal is agreed between the issuer and the party subscribing for or acquiring the securities; and
- that, after the Company has issued equity securities or disposed of treasury shares in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% (five per cent) or more of the number of equity securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue in accordance with the JSE Listings Requirements.

Notice of annual general meeting continued

Reason and effect

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares and dispose of treasury shares as an issue for cash as defined in the JSE Listings Requirements.

Percentage voting

In order for this ordinary resolution number 11 to be adopted, the support of at least 75% (seventy-five per cent) of votes cast by shareholders present or represented by proxy at the meeting are required, in terms of the JSE Listings Requirements.

12. Ordinary resolution number 12 – To authorise any director of the Company and, where applicable, the secretary of the Company (Company Secretary), to implement the aforesaid ordinary resolutions and the undermentioned special resolutions

To authorise any director of the Company and, where applicable, the Company Secretary, to do all such things, sign all such documentation and take all such actions as may be necessary to implement the aforesaid ordinary resolutions and undermentioned special resolutions.

Reason and effect

The reason for and effect of ordinary resolution number 12 are to grant the authorisation to any director of the Company and, where applicable, the Company Secretary, to implement the ordinary and special resolutions.

Special resolutions

To consider and, if approved, to pass, with or without modification, the following four special resolutions:

Percentage support required for special resolutions numbers 1 to 4.

For these special resolutions to be adopted, the support per special resolution of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at the meeting are entitled to cast, is required.

A. Special resolution number 1 – Approval of the non-executive directors' remuneration for their services as directors

To resolve that:

In terms of section 66(9) of the Companies Act, payment of the remuneration for their services as non-executive directors of Sanlam is approved for the period 1 July 2021 until 30 June 2022 as set out in the following table. These fees represent a nil per cent (0%) increase on the fees applicable in respect of the 12 months to 30 June 2021.

Reason and effect

The reason for and effect of special resolution number 1 are to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period 1 July 2021 to 30 June 2022. Executive directors of the Company do not receive any fees for their services rendered as directors of the Company.

Notice of annual general meeting continued

Non-executive directors' fees for 2021/2022

Directors/Committees
Chair
Deputy Chair[1]
Lead Independent Director (LID)*
Non-executive directors
Non-resident non-executive directors
Audit Actuarial and Finance committee Chair
Audit Actuarial and Finance committee member
Risk and Compliance committee Chair
Risk and Compliance committee member
Human Resources and Remuneration committee Chair
Human Resources and Remuneration committee member
Customer Interest committee Chair
Customer Interest Committee member
Social, Ethics and Sustainability committee Chair
Social, Ethics and Sustainability committee member
Nominations committee Chair
Nominations committee member
Special ad hoc committees

All fees are VAT exclusive.

(1) *Based on market benchmarks the position justified a retainer and per meeting attendance fee of R588 686 and R34 348 respectively. At the Deputy Chair's request Sanlam will apply the difference between the market benchmark and the non-executive directors' fees outlined above to a suitable philanthropic cause.*

* *Due to the Chair being an independent non-executive director, no additional fee has been allocated to a LID for the 2021/2022 period.*

	Annual fee 2020/21 R	Attendance fee per meeting 2020/21 R	Annual fee 2021/22 R	Attendance fee per meeting 2021/22 R
	3 306 884	**None**	3 306 884	None
	588 686	**34 348**	588 686	34 348
	724 972	**42 298**	None	None
	386 931	**33 863**	386 931	33 863
	968 243	**84 738**	968 243	84 738
	524 681	**None**	524 681	None
	236 555	**None**	236 555	None
	473 109	**None**	473 109	None
	236 555	**None**	236 555	None
	360 783	**None**	360 783	None
	180 392	**None**	180 392	None
	267 109	**None**	267 109	None
	133 555	**None**	133 555	None
	313 948	**None**	313 948	None
	133 555	**None**	133 555	None
	239 023	**None**	239 023	None
	133 555	**None**	133 555	None
	None	**24 309**	None	24 309

Notice of annual general meeting continued

B. Special resolution number 2 – Authority to the Company or a subsidiary of the Company to acquire the Company's securities

Resolved that:

Pursuant to the Memorandum of Incorporation of the Company, the shareholders of the Company hereby approve, by way of a general approval, whether by way of a single transaction or a series of transactions:

a) the purchase of any of its securities by the Company or any subsidiary of the Company; and

b) the purchase by and/or transfer to the Company of any of its securities purchased by any of its subsidiaries pursuant to (a) above,

upon such terms and conditions and in such amounts as the Board of the Company or its subsidiaries may from time to time decide, but subject to the provisions of the Companies Act, the JSE Listings Requirements and any other stock exchange upon which the securities of the Company may be quoted or listed from time to time, and subject to such other conditions as may be imposed by other relevant authority, provided that, in relation to purchases that are subject to the JSE Listings Requirements:

- the authority shall only be valid up to and including the date of the Company's next AGM or for 15 (fifteen) months from the date of this special resolution, whichever period is shorter;
- ordinary shares to be purchased pursuant to (a) above may only be purchased through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty;
- the general authority to purchase securities in the Company pursuant to (a) above be limited in any one (1) financial year to a maximum of 2,5% (two and a half per cent) of the Company's issued share capital of that class at the time the authority is granted;
- purchases pursuant to (a) above may not be made at a price more than 10% (ten per cent) above the weighted average traded price of the securities for the five (5) business days immediately preceding the date of the purchases;

- at any point in time, the Company may only appoint one (1) agent to effect any purchase on the Company's behalf or on behalf of any of its subsidiaries;
- the Board of the Company has resolved (i) to authorise a purchase of securities in the Company, (ii) that the Company and each relevant subsidiary have passed the solvency and liquidity test as contemplated in the Companies Act, and (iii) that, since the solvency and liquidity test was performed, no material change has occurred in the financial position of the Company or any relevant subsidiary;
- the Company and its subsidiaries may not purchase securities during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and not influenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- an announcement complying with paragraph 11.27 of the JSE Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively purchased 3% (three per cent) of the initial number of ordinary shares in issue as at the time the general authority was given and (ii) thereafter, for each 3% (three per cent) in aggregate of the initial number of ordinary shares in issue as at the time the general authority was given, acquired by the Company and/or its subsidiaries; and
- details of equity securities purchased during the period under review will be disclosed in the Annual Financial Statements in accordance with paragraph 8.63(o) of the JSE Listings Requirements.

Notice of annual general meeting continued

Reason and effect

The reason for and effect of special resolution number 2 are to grant a general authority to enable the Company, or any subsidiary of the Company, to acquire securities that have been issued by the Company including the subsequent purchase by or transfer to the Company of such securities held by any subsidiary.

Directors' statement

The Board shall authorise and implement a purchase of the Company's securities only if prevailing circumstances warrant this.

Having considered the effect of the maximum purchases, the Board reasonably concluded in relation to purchases that are subject to the JSE Listings Requirements that:

- after an acquisition, the Company will continue to comply with the JSE Listings Requirements concerning shareholder spread requirements;
- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of notice of the AGM of the Company;
- the assets of the Company and its subsidiaries will be in excess of the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company; and
- the Company and its subsidiaries will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM of the Company.

Disclosures in terms of paragraph 11.26(b) of the JSE Listings Requirements

The following disclosures are required in terms of paragraph 11.26(b) of the JSE Listings Requirements in relation to purchases that are subject to the JSE Listings Requirements, which appear in the Sanlam annual reporting suite. They are also provided online at www.sanlam.com for purposes of special resolution number 2:

- Major shareholders (page 176 of the Integrated Report) and share capital of the Company (page 104 of the Annual Financial Statements)
- Material changes (page 122 of the Annual Financial Statements)

Directors' responsibility statement

The Board of directors, whose names appear on pages 24 to 30 of the Corporate Governance Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2, and certify that:

- to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading;
- they have made all reasonable enquiries in this regard; and
- special resolution number 2 contains all the required information.

C. Special resolution number 3 – General authority to provide financial assistance in terms of section 44 of the Companies Act

Resolved that:

As a general approval the Board of the Company may at any time and from time to time during the two (2) years from the passing hereof authorise the Company in terms of and subject to the provisions of section 44 of the Companies Act, to provide financial assistance by way of a guarantee or the provision of security to any party, other than a director or prescribed officer of the Company or its

Notice of annual general meeting continued

subsidiary companies, for the purpose of, or in connection with, the subscription or purchase of any securities issued or to be issued by a subsidiary of the Company on such terms and conditions as the Board may determine.

Reason and effect

The reason for and effect of special resolution number 3 are as follows:

- The Company is from time to time, as an essential part of conducting the business of the Sanlam Group, required to provide financial assurances to parties by way of a guarantee or the provision of security in respect of securities issued or to be issued by a subsidiary of the Company.
- In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to any party as contemplated in section 44(2) of the Companies Act. The Company therefore seeks general approval for the Board of the Company to authorise the provision by the Company of financial assistance by way of a guarantee or the provision of security in respect of securities issued or to be issued by a subsidiary of the Company at any time and from time to time during the period of two (2) years commencing on the date of this special resolution number 3.

D. Special resolution number 4 – General authority to provide financial assistance in terms of section 45 of the Companies Act

Resolved that:

As a general approval the Board of the Company may at any time and from time to time during the two (2) years from the passing hereof authorise the Company in terms of and subject to the provisions of section 45 of the Companies Act, to provide any type of direct or indirect financial assistance as defined in section 45 of the Companies Act, to subsidiaries of the Company, on such terms and conditions and for such amounts as the Board may determine.

Reason and effect

The reason for and effect of special resolution number 4 are as follows:

The Company is from time to time, as an essential part of conducting the business of the Sanlam Group, required to provide financial assistance to subsidiary companies of the Company as part of its day to day operations in the form of loan funding, guarantees or general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to any related or inter-related companies and the Company seeks general approval for the Board of the Company to authorise the provision by the Company of all types of financial assistance to any such related or inter- related company as contemplated in section 45(2) of the Companies Act at any time and from time to time during the period of two (2) years commencing on the date of this special resolution number 4.

The Resilience Report

The Resilience Report can be found on the Company's website (www.sanlam.com). This is tabled in terms of Regulation 43(5)(c) of the Companies Act.

General notes

1. The record date for the distribution of the notice of the AGM was set as at the close of business on Friday, 19 March 2021.
2. The record date to participate in, attend and vote at the meeting was set as at the close of business on Friday, 28 May 2021. Therefore, the last day to trade in the Company's shares on the JSE in order to be recorded in the share register on the record date is Tuesday, 25 May 2021.
3. A shareholder entitled to participate in, attend, speak and vote at the meeting may appoint a proxy to participate in, attend, speak and vote in his or her stead.

Notice of annual general meeting continued

4. The votes of shares held by the Sanlam Share Incentive Trust and subsidiaries of the Company will not be taken into account at the meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.
5. Sanlam shareholders who hold share certificates for their Sanlam ordinary shares or have dematerialised their Sanlam ordinary shares and have them registered in their own name (which includes Sanlam ordinary shares held through the arrangement with Sanlam Share Account Nominee (Pty) Ltd or Sanlam Fundshare Nominee (Pty) Ltd), but who are unable to attend the meeting and wish to be represented there, should complete and return the enclosed proxy form, in accordance with the instructions contained therein, to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold 2132). For administrative purposes, the proxy form is requested to be received by no later than 14:00 on Tuesday, 8 June 2021. It may alternatively be handed to the Chair of the meeting prior to the commencement of the meeting on Wednesday, 9 June 2021.
6. Sanlam ordinary shareholders who hold their dematerialised Sanlam ordinary shares through a Central Securities Depository Participant (CSDP), bank or broker nominee (Sanlam dematerialised shareholders) must provide their CSDP, bank or broker nominee with their voting instructions, in accordance with the agreement between them and their CSDP, bank or broker nominee. Should Sanlam dematerialised shareholders wish to cast their votes at the meeting in person, they must contact their CSDP, bank or broker nominee to issue them with the appropriate letter of representation. Sanlam does not accept the responsibility for any failure on the part of the CSDP, bank or broker nominee with regard hereto.

7. A person representing a corporation/company is not deemed to be a proxy as such a corporation/company can only attend a meeting through a person, duly authorised by way of a resolution to act as representative. A notarially certified copy of such power of attorney or other documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached to the form of proxy. Such a person enjoys the same rights at the meeting as the shareholding corporation/company.
8. A shareholder whose shares are held through the arrangement with Sanlam Share Account Nominee (Pty) Ltd or Sanlam Fundshare Nominee (Pty) Ltd is entitled to act and vote at the AGM.
9. On a show of hands, every shareholder present in person or every proxy or duly authorised representative representing shareholders shall have only one vote, irrespective of the number of shareholders or shares he or she represents or holds.
10. On a poll, every shareholder present in person or represented by proxy or duly authorised representative shall have one vote for every Sanlam share held by that shareholder.
11. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the meeting. If a poll is so demanded, the resolution put to the vote shall be decided on a poll.
12. The Company's Memorandum of Incorporation provides for an electronic voting process, for which purposes electronic handset devices will be used.

Notice of annual general meeting continued

13. Regarding electronic participation, shareholders are advised that they, or their proxies, will be able to participate in the meeting by way of electronic communication but will not be able to vote during the meeting. These shareholders, should they wish to have their votes counted at the meeting, must act in accordance with the general instructions contained in this notice. Telephone lines will be made available for this purpose. Shareholders who wish to participate by way of electronic communication must register their request in writing with the Company Secretary (sana-ullah.bray@sanlam.co.za) by no later than 12:00 on Friday, 4 June 2021. The cost of the shareholder's phone call will be for his or her own account. The shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies the Company against any claim arising in any way from the use or possession of the telecommunication lines. We kindly request shareholders to dial in from 13:50 on the day of the meeting. All shareholders who would like to call into the meeting should dial +27 21 916 3770 PIN 5500#.

By order of the Board

Sana-Ullah Bray
Company Secretary

Bellville
March 2021

Shareholders' diary

Financial year-end	31 December
Annual general meeting	9 June 2021

Reports

Interim report for 30 June 2021	9 September 2021
Announcement of the results for the year ended 31 December 2021	10 March 2022
Integrated Report for the year ended 31 December 2021	31 March 2022

Dividends

Dividend for 2020 declared	11 March 2021
Last date to trade for 2020 dividend	6 April 2021
Shares will trade ex-dividend from	7 April 2021
Record date for 2020 dividend	9 April 2021
Payment of dividend for 2020	12 April 2021
Declaration of dividend for 2021	10 March 2022
Payment of dividend for 2021	April 2022

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee (Pty) Ltd and Sanlam Fundshares Nominee (Pty) Ltd), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday, 7 April 2021 and Friday, 9 April 2021, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

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

Company Secretary
Sana-Ullah Bray

Executive Head: Investor Relations
Grant Davids

Registered Office
2 Strand Road, Bellville 7530, South Africa
Telephone +27 (0) 21 947 9111
Fax +27 (0) 21 947 3670

Postal address
PO Box 1, Sanlamhof 7532

JSE Sponsor
The Standard Bank of South Africa Limited

Internet address
http://www.sanlam.co.za

Transfer secretaries
Computershare Investor Services (Pty) Ltd
(Registered number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue, Rosebank 2196, South Africa
Private Bag X9000, Saxonwold 2132, South Africa
Tel +27 (0) 11 370 5000
Fax +27 (0) 11 688 5200
sanlamholders@computershare.co.za

Directors
Andrew Birrell, Anton Botha, Paul Hanratty (Group Chief Executive), Nicolaas Kruger, Elias Masilela (Chair), Jeanett Modise, Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe (Deputy Chair), Abigail Mukhuba, Sipho Nkosi, Karabo Nondumo, Dr Rejoice Simelane, Dr Johan van Zyl, Heinie Werth, Prof Shirley Zinn

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