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Sanlam to increase stake in Shriram's insurance business

Sanlam today announced that it has reached an agreement to significantly increase the group's shareholding in the Shriram Group insurance businesses in India.

The transaction will see Sanlam increase its stakes in Shriram General Insurance Co (SGIC) and Shriram Life Insurance Co (SLIC). As a result, Sanlam's effective economic shareholding in SGIC will increase from the current 40% to 51% and the effective economic shareholding in SLIC will increase from the current 42% to 54%.

Sanlam, which currently owns a 10.2% effective shareholding in Shriram Finance Limited (SFL), reallocated capital from the SFL credit business and allocated additional capital to increase its stakes in SGIC and SLIC, while slightly reducing its exposure to SFL to 9.5%.

Sanlam recognises India as a core market and strategic pillar in achieving long term earnings growth and sustainable shareholder value creation. The country has very strong growth dynamics, with relatively low insurance penetration. Growth in the insurance sector has been strong, fuelled by easing of regulatory policies, fast-paced digitisation efforts and increased awareness among customers.

The transaction will enable Sanlam to further enhance its position in India's insurance market and growth. Additionally, the deal reaffirms Sanlam's confidence and commitment to India's economy.

Sanlam group CEO, Mr Paul Hanratty, said: "This is an important milestone that supports our strategy to strengthen Sanlam's position in India. We have been in partnership with the Shriram Group since 2005 and during this time Sanlam has gained a deep understanding of the Indian insurance market as well as the portfolio of businesses under the Shriram group."

"These businesses continue to deliver strong growth in key performance indicators and the transaction further underlines the value of Sanlam's partnership with Shriram. The transaction also further supports Sanlam's positioning as a major player in emerging markets." Mr Hanratty added.

The deal represents a natural next step for Sanlam and offers several strategic benefits including:

- Increasing Sanlam's exposure to the underpenetrated and fast-growing Indian insurance market, set to benefit from several underlying structural tailwinds driving an attractive growth opportunity in insurance;
- Building upon existing and established corporate infrastructure, relationships, and long-standing knowledge of SGIC and SLIC; and
- Maintaining a disciplined approach to the group's capital management, with limited additional capital outlay.

The effective date of the transaction will depend on fulfilling the necessary suspensive conditions and is expected to occur during the second quarter of 2024.

SGIC and SLIC are joint ventures in India between Shriram Capital Limited and Sanlam licensed with the Insurance Regulatory and Development Authority of India. SGIC offers a wide range of general insurance solutions including motor, travel and home. SLIC also offers a diverse basket of long-term financial products and solutions targeted mainly at the underbanked and unbanked segments of the Indian population.

SFL is India's second largest retail non-bank financial services company by assets under management, offering credit solutions for commercial vehicles, two-wheeler vehicle loans, car loans, home loans, gold loans as well as personal and small business loans. SFL is listed on the National Stock Exchange of India.

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About Sanlam

Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Headquartered in South Africa and established in 1918 as a life insurance company, Sanlam has evolved into the largest non-banking financial services group in Africa through its diversification strategy. Sanlam also has business interests in India, Malaysia and the United Kingdom.

Through its clusters -- Sanlam Life and Savings, Sanlam Investment Group, Santam and SanlamAllianz -- the group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments. Sanlam's areas of expertise include life and general insurance, health, financial planning, retirement, investments and wealth management.

SanlamAllianz, a joint venture between Sanlam and Allianz a German multinational financial services company headquartered in Munich, covers 27 countries in Africa across various lines of business. The footprint spans Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Côte d'Ivoire, Egypt, Gabon, Ghana, Kenya, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

For more information on Sanlam, visit www.sanlam.com