

8 June 2022

## ***Sanlam reports satisfactory performance for the first four months of 2022***

Sanlam today released its operational update for the first four months of 2022, showing a creditable performance amid the decline in global financial markets in the face of the Ukraine conflict, the significant increase in inflation globally and the catastrophic KwaZulu-Natal flooding.

The Group posted creditable earnings, with strong results in the life insurance and investment management businesses offsetting weak general insurance and credit business results.

Although Life Insurance recorded much lower COVID-19 excess mortality claims, Santam was impacted severely by several weather and fire-related events in the first quarter of 2022, as well as the major weather-catastrophe in KwaZulu-Natal in April.

The Group's operations remain robust, with a strong capital position and further growth in Life Insurance new business volumes, despite the high base from 2021, as well as satisfactory growth in General Insurance new business volumes.

### **STRATEGIC DEVELOPMENTS**

The Group remains focused on executing its purpose-led strategy. Management has significantly strengthened the business through the agreement to combine Sanlam's Pan-African operations outside of South Africa with Allianz SE, subject to regulatory and other approvals. This partnership will support Sanlam's objectives of creating shared value and driving financial inclusion across the continent.

The Group completed several transactions that finalize Sanlam's partial exit from the UK, with only a focused international asset management business remaining. The acquisition of the Alexforbes retail and group life businesses were completed in the period.

### **KEY PERFORMANCE INDICATORS**

*Earnings were impacted by catastrophe events and market volatility*

- Net result from financial services decreased by 7%, largely due to the catastrophe events at Santam and the impact of market volatility on credit spread earnings as well as Sanlam Emerging Market's (SEM) general insurance float returns. Net result from financial services would be 8% higher excluding the impact of one-off items.

*New business volumes remain robust*

- Life Insurance new business volumes increased by 8% (excluding UK businesses sold) off a high 2021 base.
- General Insurance new business volumes increased 7% (excluding reinstatement premiums at Santam), with Sanlam Pan Africa General Insurance increasing 10% in constant currency.

- Net value of new covered business (VNB) was down by 16% largely due to the impact of product mix changes, with lower sales of risk and guaranteed annuity products in South Africa. However, SEM life operations continued their strong profitable growth. A net VNB margin of 2.34% was achieved, below the 2.82% recorded in 2021.
- Group net client cash inflows of R26,7 billion were down 5%, in line with expected lower investment flows in SEM and Sanlam Investment Group, off high bases from 2021.

#### *Strong capital position*

- Group solvency ratio remains strong at 171% on 31 March 2022 and within target range.

### **DISCRETIONARY CAPITAL**

Given the continuing uncertainty around COVID-19 and continuous economic and financial market pressures, the Group believes it prudent to maintain a higher than usual level of discretionary capital to provide a buffer against any significant weakening in mortality experience and financial markets. Discretionary capital increased from R2,9 billion on 31 December 2021, to some R6,5 billion on 30 April 2022; including proceeds of £153 million from the UK asset sales.

### **GOING FORWARD**

Sanlam Group CEO, Mr Paul Hanratty, said: “While Sanlam encountered various operating challenges in 2022, I am pleased that we posted creditable earnings, with strong results in the life insurance and investment management businesses. These results demonstrate that Sanlam is a trusted partner that is committed to continue delivering long-term value to all stakeholders.”

Consumers are likely to face increased financial pressure from higher food and transport inflation, as well as higher short term interest rates. This is likely to result in lower savings rates and higher persistency risk as disposable incomes come under pressure.

Sanlam expects new business growth rates to be muted over the remainder of the year. The resilience of the South African and broader Pan-African economies, especially those benefitting from higher commodity prices, should however provide some support.

“Our overall capital strength, diversified portfolio and track record of execution remain key differentiators and we remain well positioned, despite the difficult operating environment that is likely to persist for the remainder of 2022,” concludes Mr Hanratty.

### **ENDS**

*Issued by Sanlam Group Communications*

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### **About Sanlam Group**

Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Through its clusters: Life and Savings encompassing Retail Mass, Retail Affluent and Corporate

business units; Sanlam Emerging Markets; Sanlam Investment Group; and Santam, 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, financial planning, retirement, investments, health, and wealth management.

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.

Headquartered in South Africa, Sanlam has a direct stake in financial services entities in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria. The Group has a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Burundi, and Lesotho.

Sanlam also has business interests in India, Malaysia, and a niche presence in the United Kingdom.

For further information on Sanlam, please visit us at [www.sanlam.com](http://www.sanlam.com)