

# Independent auditors' report

## on the Sanlam Limited Shareholders' information

### ➤ To the directors of Sanlam Limited

We have audited the accompanying Sanlam Limited Shareholders' information (Shareholders' information) set out on pages 152 to 209 for the year ended 31 December 2015, comprising Group Equity Value; Change in Group Equity Value; Return on Group Equity Value; Group Equity Value sensitivity analysis; Shareholders' fund at fair value; Shareholders' fund at net asset value; Shareholders' fund income statement; Embedded value of covered business; Change in embedded value of covered business; Value of new business; and notes thereto and a summary of significant accounting policies and other explanatory information. The Shareholders' information has been prepared by the directors of Sanlam Limited using the basis of accounting set out on pages 152 to 161.

### ➤ Directors' responsibility for the shareholders' information

The directors are responsible for the preparation of the Shareholders' information in accordance with the basis of accounting described on pages 152 to 161, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the Shareholders' information that are free from material misstatement, whether due to fraud or error.

### ➤ Auditors' responsibility

Our responsibility is to express an opinion on the Shareholders' information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Shareholders' information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Shareholders' information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Shareholders' information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Shareholders' information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Shareholders' information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ➤ Opinion

In our opinion, the Sanlam Limited Shareholders' information for the year ended 31 December 2015 was prepared, in all material respects, in accordance with the basis of accounting described on pages 152 to 161 of the Sanlam Limited Shareholders' information.

## ➤ Basis of accounting

Without modifying our opinion, we draw attention to pages 152 to 161 of the Sanlam Limited Shareholders' information which describes the basis of accounting. The Sanlam Limited Shareholders' Information was prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result, the Sanlam Limited Shareholders' information may not be suitable for another purpose.

## ➤ Other matter

Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2015, in accordance with International Financial Reporting Standards, on which we issued a separate auditors' report to the shareholders of Sanlam Limited, dated 9 March 2016.

*Ernst & Young Inc.*

Ernst & Young Inc.

Director: Johanna Cornelia de Villiers  
Registered Auditor  
Chartered Accountant (SA)

Ernst & Young House  
35 Lower Long Street  
Cape Town

9 March 2016

## Basis of accounting – Shareholders' information

The purpose of this section is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the financial statements prepared in terms of IFRS.

It includes analysis of the Group shareholders' fund's consolidated financial position and results in a similar format to that used by the Group for internal management purposes. The Group financial statements on pages 246 to 385 are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS financial statements also do not distinguish between the shareholders' operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam Group's financial performance. Information is presented in this section to provide this additional shareholders' fund information to users of Sanlam's financial information.

The Group also discloses Group Equity Value (GEV) information. The Group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. In the directors' view GEV more accurately reflects the performance of the Group than results presented under IFRS and provides a more meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows more explicitly for the impact of uncertainty in future investment returns and is consistent with the Group's operational management structure.

The Shareholders' information also includes the embedded value of covered business (EV), change in EV and value of new business.

A glossary containing explanations of technical terms used in these financial statements is presented on page 386.

### ➤ Basis of accounting – Shareholders' information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out on pages 298 to 317, apart from the specific items described under separate headings in this section.

Management considers this basis of accounting applied for the Shareholders' information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the Shareholders' information is also consistent with that applied in the 2014 Integrated Report, except for cash flow hedge accounting that was applied in 2015.

The shareholders' fund information includes the following:

- ① Group Equity Value (refer page 162)
- ① Change in Group Equity Value (refer page 163)
- ① Return on Group Equity Value (refer page 164)
- ① Shareholders' fund financial statements consisting of the Shareholders' fund at fair value (refer page 166), Shareholders' fund at net asset value (refer page 168), Shareholders' fund income statement (refer page 170) and related notes
- ① Embedded value of covered business, change in embedded value of covered business, value of new business and notes thereto.

### Group Equity Value

GEV is the aggregate of the following components:

- ① The embedded value of covered business, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business;
- ① The fair value of other Group operations based on longer-term assumptions, which includes the investment management, capital markets, general insurance and the non-covered wealth management operations of the Group; and
- ① The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders.

GEV is calculated by adjusting the shareholders' fund at fair value with the following:

- ① Adjustments to net worth; and
- ② Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

Although being a measure of value, GEV is not equivalent to the economic value of the Group as the embedded value of covered business does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

The GEV is inherently based on estimates and assumptions, as set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the annual financial statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported GEV. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions within the Shareholders' information.

### **Adjustments to net worth**

#### **Present value of corporate expenses**

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the embedded value of covered business and the fair value of other Group operations do not allow for an allocation of corporate expenses.

#### **Share incentive schemes granted on subsidiaries' own shares**

Where Group subsidiaries grant share incentives to staff on the entities' own shares, the fair value of the outstanding incentives at year-end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations as appropriate.

#### **Share incentive schemes granted on Sanlam shares**

Long-term incentives granted by the Group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at year-end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations.

#### **Change in Group Equity Value**

The Change in Group Equity Value consists of the embedded value earnings from covered business, earnings from other Group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

#### **Return on Group Equity Value**

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period.

#### **Shareholders' fund at net asset value, income statement and related information**

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those on pages 298 to 317, apart from the following:

#### **① Basis of consolidation**

The shareholders' funds of Group companies are consolidated in the analysis of the Sanlam Group shareholders' fund at net asset value. The policyholders' and outside shareholders' interests in these companies are treated as non-controlling shareholders' interest on consolidation.

The segmental analysis of the shareholders' fund at net asset value is consistent with the Group's operational management structure.

## Basis of accounting – Shareholders' information continued

### ➤ Consolidation reserve

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's shareholders' fund and earnings. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders' fund at net asset value as the related policyholder investments are recognised as equity instruments at fair value. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised earnings. This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

### ➤ Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the Group's shareholder fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests and presentation is based on the Group's rights to the investment rather than the individual segments' rights.

### ➤ Equity participation costs

The establishment and growth of certain niche and specialised Group businesses are materially linked to and dependent on the continued involvement of a few key specialist staff members. To retain and

appropriately incentivise these individuals, they are in exceptional cases granted participation schemes through which they effectively share in the value created within these businesses. The cost associated with the equity participation schemes is in substance similar to intangible assets recognised in a business combination and commensurately not part of the Group's operational performance. The change in fair value of the equity participation schemes is therefore excluded from the net result from financial services and recognised as equity participation costs in the shareholder's fund income statement. Equity participation costs also include the IFRS 2 expense associated with black economic empowerment transactions.

### ➤ Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam Group, they are not recognised in the Sanlam Group statement of financial position in terms of IFRS and are also excluded from the shareholders' fund at net asset value and fair value. Fund flows relating to segregated funds are however included in the notes to the shareholders' fund information to reflect all fund flows relating to the Group's assets under management.

### ➤ Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the Group's investments in associates and joint ventures between operating and non-operating entities:

- ① Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Pacific & Orient, Capricorn Investment Holdings, Letshego, Enterprise Insurance, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted earnings from operating associates and joint ventures are included in the net result from financial services.

- ⌚ Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Santam Group's equity-accounted investments are the main non-operating associates and joint ventures. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

### ⌚ Normalised earnings per share

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund. This is in the Group's opinion not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period. The Group therefore calculates normalised diluted earnings per share to eliminate fund transfers relating to the investments in Sanlam shares and Group subsidiaries held by the policyholders' fund.

### ⌚ Cash flow hedging

As a result of the application of the hedge accounting principles, a cash flow hedge adjustment of R707 million (R509 million net of tax) was recognised in other comprehensive income, with no impact on profit for the year. For GEV purposes, the net gain was reversed as a fair value adjustment to reflect the designated foreign currency resources at the hedge exchange rate. This will ensure that the foreign currency gains are only recognised in GEV once the investment has been made. For additional information refer to page 296.

### ⌚ Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the Group's assets under management. These fund flows have been prepared in terms of the following bases:

#### **Funds received from clients**

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance linked-products as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the Group's effective share of funds received from clients by strategic operational associates and joint ventures.

#### **New business**

In the case of long-term insurance business the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year and have not subsequently been refunded, is regarded as new business.

All segregated fund inflows, inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the Group's share of new business written by strategic operational associates and joint ventures.

#### **Payments to clients**

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance linked-products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

## Basis of accounting – Shareholders’ information *continued*

Payments to clients include the Group’s effective share of payments to clients by strategic operational associates and joint ventures.

### **Shareholders’ fund at fair value**

The shareholders’ fund at fair value is prepared from the consolidated shareholders’ fund at net asset value by replacing the net asset value of the other Group operations that are not part of covered business, with the fair value of these businesses. Fair values for listed businesses are determined by using stock exchange prices or directors’ valuations and for unlisted businesses by using directors’ valuations. Where directors’ valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and as such have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition in applying the valuation techniques judgement is utilised in setting assumptions of future events and experience, and where applicable, risk adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. It is reasonably possible that actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the Group’s approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the Audit, Actuarial and Finance Committee and Board by the Sanlam Non-Listed Asset Controlling Body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

### **Basis of accounting and presentation – embedded value of covered business**

The Group’s embedded value of covered business information is prepared in accordance with APN107 (version 7), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group’s long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

The embedded value results of the Group’s covered business are included in the Shareholders’ information as it forms an integral part of GEV and the information used by management in evaluating the performance of the Group. The embedded value of covered business does not include the contribution to GEV relating to other Group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2014 financial statements.

### **Covered business**

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, reversionary bonus business, group stable bonus business, annuity business and other non-participating business written by Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam UK and Sanlam Employee Benefits.

Covered business excludes the value of investment products provided under a life insurance policy where there is very little or no insurance risk.



## Acquisitions, disposals and other movements

The embedded value of covered business results are prepared taking cognisance of changes in the Group's effective shareholding in covered business operations.

## Methodology

### Embedded value of covered business

The embedded value of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The embedded value of covered business comprises the following components:

- ① Adjusted net worth (ANW); and
- ② The net value of in-force business.

### Adjusted net worth

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities.

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

Sanlam applies stochastic modelling techniques on an ongoing basis to assist in determining and confirming the most appropriate capital levels for the covered business. The modelling target is set to maintain supporting capital at such a level that will ensure, within a 95% confidence level, that it will at all times cover the minimum statutory CAR at least 1,5 times over the following 10 years. The capital allocated to covered business includes an allowance for capital required in respect of future new business.

The capital allocated to covered business is funded from a balanced investment portfolio, comprising investments in equities, hedged equities, fixed interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ringfenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- ① Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the Group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; and
- ② Transfers to or from the balanced investment portfolio. Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group's capital management framework.

### Net value of in-force business

The net value of in-force business consists of:

- ① The present value of future shareholder profits from in-force covered business (PVIF), after allowance for
- ② The cost of required capital supporting the covered business.

### *Present value of future shareholder profits from in-force covered business*

The long-term policy liabilities in respect of covered business in the financial statements are valued based on the applicable statutory valuation method for insurance contracts and fair value for investment contracts. These liabilities include profit margins, which can be expected to emerge as profits in the future. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits, after taxation, is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

## Basis of accounting – Shareholders' information *continued*

### **Cost of required capital**

A charge is deducted from the embedded value of covered business for the cost of required capital supporting the Group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

### **Value of new business**

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- ① A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
  - ① Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
  - ① Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
  - ① The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
  - ① Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
  - ① For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
  - ① Renewable recurring premiums under Group insurance contracts are treated as in-force business; and
- ① Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 1 on page 203, excluding white label new business.

### **Risk discount rates and allowance for risk**

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- ① Explicit allowances within the projected shareholder cash flows;
- ① The level of required capital and the impact on cost of required capital; and
- ① The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation.

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered Group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the Group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

## Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. This reserve is determined on a market consistent basis in accordance with actuarial guidance from the Actuarial Society (APN110). No further deduction from the embedded value of covered business is therefore required.

## Share incentive schemes

The embedded value of covered business assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

## Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor's own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience respectively, where appropriate.

## Foreign currencies

Changes in the embedded value of covered business, as well as the present value of new business premiums, of foreign operations are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the embedded value of covered business, in which instances the exchange rate on transaction date is

used. The closing rate is used for the conversion of the embedded value of covered business at the end of the financial year.

## Assumptions

### Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method, to which compulsory and discretionary margins are added for the determination of policy liabilities in the financial statements.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported embedded value of covered business. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

### Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long-term gap relative to fixed-interest securities.

Future rates of bonuses for traditional participating business, stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

### Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam's practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the Group's covered business.

## Basis of accounting – Shareholders' information continued

### Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience where appropriate.

### HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design. Premiums on individual business are assumed to be rerated, where applicable, in line with deterioration in mortality, with a three-year delay from the point where mortality losses would be experienced.

### Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The split between acquisition, maintenance and extraordinary project expenses is consistent with the statutory valuation assumptions and based on actual expenses incurred.

### Project expenses

In determining the value of in-force covered business, the present value of projected expenses for certain planned projects focusing on both administration and existing distribution platforms of the life insurance business is deducted. Although these projects are of a short-term nature, similar projects may be undertaken from time-to-time. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

Special development costs that relate to investments in new distribution platforms are not allowed for in the projections. The actual costs relating to these projects are recognised in the earnings from covered business on an accrual basis.

### Investment management fees

Future investment expenses are based on the current scale of fees payable by the Group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investments, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investments businesses at fair value.

### Taxation

Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

No allowance was made for tax changes announced by the Minister of Finance in his budget speech in February 2016.

### Earnings from covered business

The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

#### Value of new business

The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

#### Net earnings from existing covered business

##### Expected return on value of covered business

The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

**Operating experience variances**

The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

**Operating assumption changes**

Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

**Expected investment return on adjusted net worth**

The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

The total embedded value earnings from covered business include two further main items:

**Economic assumption changes**

The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the embedded value of covered business.

**Investment variances****Investment variances – value of in-force**

The impact on the value of in-force business caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

**Investment variances – investment return on adjusted net worth**

Investment return variances caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

# Group Equity Value

at 31 December 2015

R million	Note	2015			2014		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		38 249	12 010	26 239	38 453	12 455	25 998
Covered business <sup>(1)</sup>		34 526	8 287	26 239	35 444	9 446	25 998
Glacier		1 605	1 605	–	1 542	1 542	–
Sanlam Personal Loans		913	913	–	907	907	–
Afrocentric		703	703	–	–	–	–
Other operations		502	502	–	560	560	–
Sanlam Emerging Markets		18 047	14 884	3 163	14 571	11 779	2 792
Covered business <sup>(1)</sup>		5 486	2 323	3 163	5 116	2 324	2 792
Shriram Capital		7 594	7 594	–	5 595	5 595	–
Letshego		1 106	1 106	–	923	923	–
Pacific & Orient		812	812	–	704	704	–
Capricorn Investment Holdings		877	877	–	845	845	–
Other operations		2 172	2 172	–	1 388	1 388	–
Sanlam Investments		22 412	19 700	2 712	20 122	17 705	2 417
Covered business <sup>(1)</sup>		7 210	4 498	2 712	7 833	5 416	2 417
Sanlam Employee Benefits		5 577	3 720	1 857	6 640	5 025	1 615
Sanlam UK		1 633	778	855	1 193	391	802
Investment Management		14 417	14 417	–	11 604	11 604	–
Capital Management		785	785	–	685	685	–
Santam		12 850	12 850	–	14 593	14 593	–
Group operations		91 558	59 444	32 114	87 739	56 532	31 207
Discretionary capital		2 300	2 300	–	3 300	3 300	–
Balanced portfolio – other		11 199	11 199	–	6 453	6 453	–
Group Equity Value before adjustments to net worth		105 057	72 943	32 114	97 492	66 285	31 207
Net worth adjustments – present value of holding company expenses	10	(1 551)	(1 551)	–	(1 556)	(1 556)	–
<b>Group Equity Value</b>		<b>103 506</b>	<b>71 392</b>	<b>32 114</b>	<b>95 936</b>	<b>64 729</b>	<b>31 207</b>
<b>Value per share (cents)</b>	9	<b>5 057</b>	<b>3 488</b>	<b>1 569</b>	<b>4 684</b>	<b>3 160</b>	<b>1 524</b>
<b>Analysis per type of business</b>							
Covered business <sup>(1)</sup>		47 222	15 108	32 114	48 393	17 186	31 207
Sanlam Personal Finance		34 526	8 287	26 239	35 444	9 446	25 998
Sanlam Emerging Markets		5 486	2 323	3 163	5 116	2 324	2 792
Sanlam Investments		7 210	4 498	2 712	7 833	5 416	2 417
Other Group operations		44 336	44 336	–	39 346	39 346	–
Discretionary and other capital		11 948	11 948	–	8 197	8 197	–
<b>Group Equity Value</b>		<b>103 506</b>	<b>71 392</b>	<b>32 114</b>	<b>95 936</b>	<b>64 729</b>	<b>31 207</b>

<sup>(1)</sup> Refer embedded value of covered business on page 199.

## Change in Group Equity Value

for the year ended 31 December 2015

R million	2015	2014
<b>Earnings from covered business<sup>(1)</sup></b>	<b>7 037</b>	8 239
<b>Earnings from other Group operations</b>	<b>5 154</b>	7 135
Operations valued based on ratio of price to assets under management	–	1 675
Assumption changes	–	(369)
Change in assets under management	–	1 270
Earnings for the year and changes in capital requirements	–	363
Foreign currency translation differences and other	–	411
Operations valued based on discounted cash flows	<b>5 977</b>	2 756
Expected return	<b>3 519</b>	1 541
Operating experience variances and other	<b>56</b>	132
Assumption changes	<b>(1 131)</b>	683
Foreign currency translation differences	<b>3 533</b>	400
Operations valued at net asset value – earnings for the year	<b>399</b>	283
Listed operations – investment return	<b>(1 222)</b>	2 421
<b>Earnings from discretionary and other capital</b>	<b>35</b>	209
Portfolio investments and other	<b>178</b>	455
Net corporate expenses	<b>(109)</b>	(107)
Share-based payments transactions	<b>(39)</b>	39
Change in net worth adjustments	<b>5</b>	(178)
<b>Group Equity Value earnings</b>	<b>12 226</b>	15 583
Dividends paid	<b>(4 556)</b>	(4 044)
Cost of treasury shares acquired		
Share incentive scheme and other	<b>(100)</b>	(12)
<b>Group Equity Value at beginning of the year</b>	<b>95 936</b>	84 409
<b>Group Equity Value at end of the year</b>	<b>103 506</b>	95 936

<sup>(1)</sup> Refer embedded value of covered business on page 200.

## Return on Group Equity Value

for the year ended 31 December 2015

	2015		2014	
	Earnings R million	Return %	Earnings R million	Return %
<b>Sanlam Personal Finance</b>	<b>4 658</b>	<b>12,1</b>	6 372	17,9
Covered business <sup>(1)</sup>	<b>4 363</b>	<b>12,3</b>	5 805	17,6
Other operations	<b>295</b>	<b>9,8</b>	567	21,5
<b>Sanlam Emerging Markets</b>	<b>4 369</b>	<b>29,9</b>	2 910	28,0
Covered business <sup>(1)</sup>	<b>1 403</b>	<b>27,4</b>	932	26,3
Other operations	<b>2 966</b>	<b>31,2</b>	1 978	28,9
<b>Sanlam Investments</b>	<b>4 386</b>	<b>21,3</b>	3 671	20,4
Covered business <sup>(1)</sup>	<b>1 271</b>	<b>16,2</b>	1 502	21,8
Other operations	<b>3 115</b>	<b>24,5</b>	2 169	19,6
<b>Santam</b>	<b>(1 222)</b>	<b>(8,4)</b>	2 421	19,1
<b>Discretionary and other capital</b>	<b>35</b>		209	
<b>Return on Group Equity Value</b>	<b>12 226</b>	<b>12,7</b>	15 583	18,5
<b>Return on Group Equity Value per share</b>		<b>12,8</b>		18,5

<sup>(1)</sup> Refer embedded value of covered business on page 200.

R million	2015	2014
<b>Reconciliation of return on Group Equity Value:</b>		
The return on Group Equity Value reconciles as follows to normalised attributable earnings:		
Normalised attributable earnings per shareholders' fund income statement on page 170.	<b>8 942</b>	8 744
Net foreign currency translation gains recognised in other comprehensive income	<b>3 011</b>	536
Earnings recognised directly in equity		
Share-based payment transactions	<b>45</b>	82
Net cost of treasury shares delivered	<b>(364)</b>	(294)
Share-based payments	<b>409</b>	376
Other comprehensive income	<b>461</b>	128
Change in ownership of subsidiaries	<b>(268)</b>	(56)
Movement in fair value adjustment – shareholders' fund at fair value	<b>(914)</b>	3 200
Movement in adjustments to net worth	<b>95</b>	(104)
Present value of holding company expenses	<b>5</b>	(178)
Change in goodwill and value of business acquired adjustments less value of in-force acquired	<b>90</b>	74
Growth from covered business: value of in-force <sup>(1)</sup>	<b>854</b>	3 053
<b>Return on Group Equity Value</b>	<b>12 226</b>	15 583

<sup>(1)</sup> Refer embedded value of covered business on page 200.



## Group Equity Value sensitivity analysis

at 31 December 2015

Given the Group's exposure to financial instruments, market risk has a significant impact on the value of the Group's operations as measured by Group Equity Value. The sensitivity of Group Equity Value to market risk is presented in the table below and comprises the following two main components:

- ① Impact on net result from financial services (profitability): A large portion of the Group's fee income is linked to the level of assets under management. A change in the market value of investments managed by the Group on behalf of policyholders and third parties will commensurately have a direct impact on the Group's net result from financial services. The present value of this impact is reflected in the table below as the change in the value of in-force and the fair value of other operations.
- ② Impact on capital: The Group's capital base is invested in financial instruments and any change in the valuation of these instruments will have a commensurate impact on the value of the Group's capital. This impact is reflected in the table below as the change in the fair value of the covered businesses' adjusted net worth as well as the fair value of discretionary and other capital.

The following scenarios are presented:

- ① Equity markets and property values decrease by 10%, without a corresponding change in dividend and rental yields.
- ② Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately.
- ③ The rand depreciates by 10% against all currencies, apart from the Namibian dollar.

The Group's covered business is also exposed to non-market risks, which includes expense, persistency, mortality and morbidity risk. The sensitivity of the value of in-force business, and commensurately Group Equity Value, to these risks is presented in note 1 on page 203.

R million	Base value	Equities and properties -10%	Interest rates -1%	Rand exchange rate depreciation +10%
<b>2015</b>				
<b>Covered business</b>	<b>47 222</b>	<b>45 555</b>	<b>48 164</b>	<b>47 967</b>
Adjusted net worth	15 108	14 704	15 120	15 562
Value of in-force	32 114	30 851	33 044	32 405
<b>Other Group operations</b>	<b>44 336</b>	<b>42 044</b>	<b>47 844</b>	<b>46 211</b>
Valued at net asset value	2 571	2 571	2 571	2 721
Listed	12 850	11 565	12 850	12 850
Other	28 915	27 908	32 423	30 640
Group operations	91 558	87 599	96 008	94 178
Discretionary and other capital	13 499	13 488	13 499	13 986
Group Equity Value before adjustments to net worth	105 057	101 087	109 507	108 164
Net worth adjustments – present value of holding company expenses	(1 551)	(1 551)	(1 551)	(1 551)
<b>Group Equity Value</b>	<b>103 506</b>	<b>99 536</b>	<b>107 956</b>	<b>106 613</b>
<b>2014</b>				
<b>Covered business</b>	48 393	46 643	49 566	48 869
Adjusted net worth	17 186	16 625	17 199	17 409
Value of in-force	31 207	30 018	32 367	31 460
<b>Other group operations</b>	<b>39 346</b>	<b>36 776</b>	<b>40 705</b>	<b>40 572</b>
Valued at net asset value	1 518	1 518	1 518	1 620
Listed	14 593	13 134	14 593	14 593
Other	23 235	22 124	24 594	24 359
Group operations	87 739	83 419	90 271	89 441
Discretionary and other capital	9 753	9 695	9 753	9 790
Group Equity Value before adjustments to net worth	97 492	93 114	100 024	99 231
Net worth adjustments – present value of holding company expenses	(1 556)	(1 556)	(1 556)	(1 556)
<b>Group Equity Value</b>	<b>95 936</b>	<b>91 558</b>	<b>98 468</b>	<b>97 675</b>

## Shareholders' fund at fair value

at 31 December 2015

R million	Note	2015			2014		
		Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
<b>Covered business, discretionary and other capital</b>		<b>30 324</b>	<b>(419)</b>	<b>30 743</b>	28 691	112	28 579
Property and equipment		458	—	458	360	—	360
Owner-occupied properties		668	—	668	470	—	470
Goodwill <sup>(2)</sup>		679	—	679	648	—	648
Value of business acquired <sup>(2)</sup>		1 177	—	1 177	1 214	—	1 214
Other intangible assets		195	—	195	153	—	153
Deferred acquisition costs		2 572	—	2 572	2 457	—	2 457
Investments		27 412	(574)	27 986	25 365	112	25 253
Properties		456	—	456	338	—	338
Associated companies		2 304	—	2 304	1 540	—	1 540
Equities and similar securities		3 130	—	3 130	5 157	112	5 045
Other interest-bearing and preference share investments		8 351	—	8 351	9 792	—	9 792
Structured transactions		821	—	821	737	—	737
Investment funds		4 780	—	4 780	4 883	—	4 883
Cash, deposits and similar securities		7 570	(574)	8 144	2 918	—	2 918
Net term finance		—	—	—	—	—	—
Term finance		(3 698)	—	(3 698)	(3 875)	—	(3 875)
Assets held in respect of term finance		3 698	—	3 698	3 875	—	3 875
Net deferred tax		(870)	—	(870)	(1 145)	—	(1 145)
Net defined benefit asset		—	—	—	144	—	144
Net working capital		803	155	648	1 563	—	1 563
Structured transactions liability		(31)	—	(31)	(2)	—	(2)
Non-controlling interest		(2 739)	—	(2 739)	(2 536)	—	(2 536)
<b>Other Group operations</b>		<b>44 336</b>	<b>19 615</b>	<b>24 721</b>	39 346	19 998	19 348
Sanlam Investments		15 202	10 645	4 557	12 289	8 588	3 701
Investment Management		14 417	10 507	3 910	11 604	8 536	3 068
Capital Management		785	138	647	685	52	633
Sanlam Personal Finance		3 723	1 942	1 781	3 009	2 092	917
Glacier		1 605	1 239	366	1 542	1 235	307
Sanlam Personal Loans <sup>(4)</sup>		913	314	599	907	365	542
Afrocentric		703	—	703	—	—	—
Other operations		502	389	113	560	492	68
Sanlam Emerging Markets		12 561	512	12 049	9 455	415	9 040
Shriram Capital		7 594	863	6 731	5 595	516	5 079
Letshego		1 106	83	1 023	923	70	853
Pacific & Orient		812	75	737	704	71	633
Capricorn Investment Holdings		877	31	846	845	84	761
Other operations		2 172	(540)	2 712	1 388	(326)	1 714
Santam		12 850	7 713	5 137	14 593	10 150	4 443
Goodwill held on Group level in respect of the above businesses		—	(1 197)	1 197	—	(1 247)	1 247
<b>Shareholders' fund at fair value</b>		<b>74 660</b>	<b>19 196</b>	<b>55 464</b>	68 037	20 110	47 927
<b>Value per share (cents)</b>	9	<b>3 648</b>	<b>938</b>	<b>2 710</b>	3 322	982	2 340

R million	2015			2014		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
<b>Reconciliation to Group Equity Value</b>						
Group Equity Value	103 506	71 392	32 114	95 936	64 729	31 207
Add: Net worth adjustments	1 551	1 551	—	1 556	1 556	—
Add: Goodwill and value of business acquired replaced by value of in-force	1 717	1 717	—	1 752	1 752	—
Sanlam Life and Pensions	356	356	—	356	356	—
Sanlam Developing Markets	607	607	—	646	646	—
MCIS Insurance	446	446	—	506	506	—
Shriram Life Insurance <sup>(3)</sup>	210	210	—	210	210	—
Other	98	98	—	34	34	—
Less: Value of in-force	(32 114)	—	(32 114)	(31 207)	—	(31 207)
<b>Shareholders' fund at fair value</b>	<b>74 660</b>	<b>74 660</b>	<b>—</b>	<b>68 037</b>	<b>68 037</b>	<b>—</b>

<sup>(1)</sup> Group businesses listed above are not consolidated, but reflected as investments at fair value.

<sup>(2)</sup> The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Developing Markets, Channel Life, Sanlam Life and Pensions and MCIS Insurance and are excluded in the build-up of the Group Equity Value, as the current value of in-force business for these life insurance companies are included in the embedded value of covered business.

<sup>(3)</sup> The carrying value of Shriram Life Insurance includes goodwill of R210 million (2014: R210 million) that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.

<sup>(4)</sup> The life insurance component of Sanlam Personal Loans' operations is included in the value of in-force business and therefore excluded from the Sanlam Personal Loans fair value.

## Shareholders' fund at net asset value

at 31 December 2015

R million	Note	Sanlam					
		Sanlam Life <sup>(1)</sup>		Sanlam Emerging Markets <sup>(2)</sup>		Santam	
		2015	2014	2015	2014	2015	2014
Property and equipment		291	252	195	125	296	269
Owner-occupied properties		470	470	260	53	1	1
Goodwill		278	301	350	273	770	1 005
Other intangible assets		22	—	183	158	35	23
Value of business acquired		543	527	705	767	—	89
Deferred acquisition costs		2 851	2 696	2	3	—	—
Investments	3.3	33 383	30 869	18 393	15 139	10 668	9 557
Properties		130	139	880	550	—	—
Associated companies	3.1	706	2	13 557	10 575	996	1 038
Joint ventures	3.2	805	626	—	—	66	—
Equities and similar securities		10 206	12 850	707	973	1 694	3 068
Interest-bearing investments		8 061	9 302	1 648	1 941	5 076	4 245
Structured transactions		1 197	900	—	—	503	248
Investment funds		4 967	5 059	241	170	310	364
Cash, deposits and similar securities		7 311	1 991	1 360	930	2 023	594
Net deferred tax		(689)	(848)	(217)	(292)	63	(120)
Deferred tax asset		56	42	40	7	140	161
Deferred tax liability		(745)	(890)	(257)	(299)	(77)	(281)
Disposal groups classified as held for sale		—	—	—	—	540	427
Assets of disposal groups classified as held for sale		—	—	—	1 466	540	427
Liabilities of disposal groups classified as held for sale		—	—	—	(1 466)	—	—
Net general insurance technical provisions		—	—	(388)	(153)	(8 884)	(8 475)
General insurance technical assets		—	—	109	12	4 142	3 952
General insurance technical provisions		—	—	(497)	(165)	(13 026)	(12 427)
Net defined benefit asset		—	144	—	—	—	—
Net working capital assets/(liabilities)		(191)	(3 335)	(6)	5	7 081	6 703
Trade and other receivables		2 842	4 409	1 361	1 035	3 584	2 871
Cash, deposits and similar securities		4 618	3 705	599	560	7 489	6 854
Trade and other payables		(6 177)	(10 239)	(1 961)	(1 614)	(3 629)	(2 776)
Provisions		(134)	(138)	—	—	(45)	(25)
Taxation		(1 340)	(1 072)	(5)	24	(318)	(221)
Term finance		(2 260)	(2 340)	(69)	(12)	(998)	(1 024)
Structured transactions liabilities		(31)	(2)	—	—	(3)	—
Cell owners' interest		—	—	—	—	(980)	(925)
Non-controlling interest		(36)	(36)	(4 032)	(3 603)	(3 452)	(3 087)
<b>Shareholders' fund at net asset value</b>		<b>34 631</b>	<b>28 698</b>	<b>15 376</b>	<b>12 463</b>	<b>5 137</b>	<b>4 443</b>
<b>Analysis of shareholders' fund</b>							
Covered business		12 007	14 471	2 323	2 324	—	—
Other operations		1 781	917	12 049	9 040	5 137	4 443
Discretionary and other capital		20 843	13 310	1 004	1 099	—	—
<b>Shareholders' fund at net asset value</b>		<b>34 631</b>	<b>28 698</b>	<b>15 376</b>	<b>12 463</b>	<b>5 137</b>	<b>4 443</b>
Consolidation reserve		—	—	—	—	—	—
<b>Shareholders' fund per Group statement of financial position on page 318</b>		<b>34 631</b>	<b>28 698</b>	<b>15 376</b>	<b>12 463</b>	<b>5 137</b>	<b>4 443</b>

<sup>(1)</sup> Includes the operations of Sanlam Personal Finance and Sanlam Employee Benefits as well as discretionary capital held by Sanlam Life. Equities and similar securities include an investment of R7 114 million (2014: R8 196 million) in Sanlam shares, which is eliminated in the consolidation column.

<sup>(2)</sup> Includes discretionary capital held by Sanlam Emerging Markets.

Investment Management		Capital Management		Corporate and Other <sup>(3)</sup>		Consolidation entries <sup>(4)</sup>		Total	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
71	44	12	5	—	—	1	1	866	696
114	109	—	—	—	—	—	—	845	633
1 300	1 148	—	—	—	—	1 197	1 247	3 895	3 974
203	214	—	—	—	—	—	—	443	395
695	662	—	—	—	—	—	—	1 943	2 045
—	—	—	—	—	—	—	—	2 853	2 699
2 282	1 314	—	—	1 746	2 022	(8 727)	(10 334)	57 745	48 567
—	—	—	—	—	—	—	—	1 010	689
404	215	—	—	—	—	(989)	(879)	14 674	10 951
1	—	—	—	—	—	—	—	872	626
288	164	—	—	543	556	(7 468)	(8 530)	5 970	9 081
180	197	—	—	1 195	1 464	(270)	(925)	15 890	16 224
3	—	—	—	—	—	—	—	1 703	1 148
837	326	—	—	—	—	—	—	6 355	5 919
569	412	—	—	8	2	—	—	11 271	3 929
43	69	67	59	—	(45)	3	18	(730)	(1 159)
57	73	67	59	—	5	8	18	368	365
(14)	(4)	—	—	—	(50)	(5)	—	(1 098)	(1 524)
—	—	—	—	—	—	—	—	540	427
—	—	—	—	—	—	—	—	540	1 893
—	—	—	—	—	—	—	—	—	(1 466)
—	—	—	—	—	—	—	—	(9 272)	(8 628)
—	—	—	—	—	—	—	—	4 251	3 964
—	—	—	—	—	—	—	—	(13 523)	(12 592)
—	—	—	—	—	—	—	—	—	144
1 637	1 627	725	816	(480)	(62)	339	3 820	9 105	9 574
1 619	1 564	21 365	22 887	2 899	2 826	(5 586)	(5 255)	28 084	30 337
1 983	1 866	3 771	2 090	650	513	(195)	(199)	18 915	15 389
(1 819)	(1 613)	(24 380)	(24 133)	(4 032)	(3 407)	6 123	9 297	(35 875)	(34 485)
(102)	(84)	—	—	(21)	(18)	(17)	(18)	(319)	(283)
(44)	(106)	(31)	(28)	24	24	14	(5)	(1 700)	(1 384)
(419)	(403)	—	—	(1 438)	(1 536)	—	—	(5 184)	(5 315)
—	—	—	—	—	—	—	—	(34)	(2)
—	—	—	—	—	—	—	—	(980)	(925)
(73)	(48)	—	—	—	—	1 022	1 576	(6 571)	(5 198)
5 853	4 736	804	880	(172)	379	(6 165)	(3 672)	55 464	47 927
778	391	—	—	—	—	—	—	15 108	17 186
3 910	3 068	647	633	—	—	1 197	1 247	24 721	19 348
1 165	1 277	157	247	(172)	379	(7 362)	(4 919)	15 635	11 393
5 853	4 736	804	880	(172)	379	(6 165)	(3 672)	55 464	47 927
—	—	—	—	—	—	(1 843)	(1 890)	(1 843)	(1 890)
5 853	4 736	804	880	(172)	379	(8 008)	(5 562)	53 621	46 037

<sup>(3)</sup> Corporate and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

<sup>(4)</sup> The investment in treasury shares is reversed within the consolidation column. Intercompany balances, other investments and term finance between companies within the Group are also eliminated.

## Shareholders' fund income statement

for the year ended 31 December 2015

R million	Note	Sanlam Personal Finance	
		2015	2014
Financial services income	4	15 221	14 364
Sales remuneration	5	(2 656)	(2 369)
Income after sales remuneration		12 565	11 995
Underwriting policy benefits		(3 236)	(3 442)
Administration costs	6	(4 016)	(3 752)
<b>Result from financial services before tax</b>		<b>5 313</b>	4 801
Tax on result from financial services		(1 478)	(1 325)
<b>Result from financial services after tax</b>		<b>3 835</b>	3 476
Non-controlling interest		(4)	—
<b>Net result from financial services</b>		<b>3 831</b>	3 476
Net investment income		746	735
Dividends received – Group companies		263	235
Other investment income	7	642	649
Tax on investment income		(159)	(149)
Non-controlling interest		—	—
Project expenses		—	—
Amortisation of value of business acquired and other intangibles		(50)	(39)
Equity participation costs		—	—
Net equity-accounted headline earnings		—	—
Equity-accounted headline earnings		—	—
Tax on equity-accounted headline earnings		—	—
Non-controlling interest		—	—
Net investment surpluses		(800)	2 406
Investment surpluses – Group companies		(1 099)	1 964
Other investment surpluses		345	558
Tax on investment surpluses		(46)	(116)
Non-controlling interest		—	—
<b>Normalised headline earnings</b>		<b>3 727</b>	6 578
Net profit/(loss) on disposal of subsidiaries and associated companies		—	—
Profit/(loss) on disposal of subsidiaries and associated companies		—	—
Tax on profit/(loss) on disposal of subsidiaries and associated companies		—	—
Non-controlling interest		—	—
Impairments		(17)	—
Net equity-accounted non-headline earnings		—	—
<b>Normalised attributable earnings</b>		<b>3 710</b>	6 578
Fund transfers		—	—
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>3 710</b>	6 578
<b>Diluted earnings per share</b>	8		
Adjusted weighted average number of shares (million)		187,2	169,9
Net result from financial services (cents)			

Sanlam Emerging Markets		Sanlam Investments		Santam		Corporate and Other <sup>(1)</sup>		Total	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>6 078</b> <b>(1 091)</b>	5 236 (842)	<b>8 859</b> <b>(248)</b>	8 286 (249)	<b>19 066</b> <b>(2 004)</b>	17 700 (1 863)	<b>141</b> <b>—</b>	127 —	<b>49 365</b> <b>(5 999)</b>	45 713 (5 323)
<b>4 987</b> <b>(1 258)</b> <b>(1 481)</b>	4 394 (1 070) (1 111)	<b>8 611</b> <b>(2 135)</b> <b>(4 599)</b>	8 037 (2 063) (4 047)	<b>17 062</b> <b>(11 510)</b> <b>(3 231)</b>	15 837 (10 878) (2 991)	<b>141</b> <b>—</b> <b>(305)</b>	127 — (292)	<b>43 366</b> <b>(18 139)</b> <b>(13 632)</b>	40 390 (17 453) (12 193)
<b>2 248</b> <b>(579)</b>	2 213 (604)	<b>1 877</b> <b>(426)</b>	1 927 (425)	<b>2 321</b> <b>(670)</b>	1 968 (553)	<b>(164)</b> <b>55</b>	(165) 58	<b>11 595</b> <b>(3 098)</b>	10 744 (2 849)
<b>1 669</b> <b>(472)</b>	1 609 (368)	<b>1 451</b> <b>(34)</b>	1 502 (34)	<b>1 651</b> <b>(718)</b>	1 415 (614)	<b>(109)</b> <b>—</b>	(107) —	<b>8 497</b> <b>(1 228)</b>	7 895 (1 016)
<b>1 197</b> <b>129</b>	1 241 112	<b>1 417</b> <b>189</b>	1 468 178	<b>933</b> <b>93</b>	801 94	<b>(109)</b> <b>(189)</b>	(107) (188)	<b>7 269</b> <b>968</b>	6 879 931
<b>—</b> <b>277</b> <b>(101)</b> <b>(47)</b>	<b>—</b> 217 (72) (33)	<b>—</b> <b>224</b> <b>(35)</b> <b>—</b>	<b>—</b> 224 (46) —	<b>—</b> <b>191</b> <b>(28)</b> <b>(70)</b>	<b>—</b> 181 (18) (69)	<b>(263)</b> <b>19</b> <b>55</b> <b>—</b>	(235) 59 (12) —	<b>—</b> <b>1 353</b> <b>(268)</b> <b>(117)</b>	<b>—</b> 1 330 (297) (102)
<b>(14)</b> <b>(58)</b> <b>—</b> <b>7</b>	(13) (13) — 11	<b>—</b> <b>(179)</b> <b>—</b> <b>1</b>	(1) (143) (60) —	<b>—</b> <b>(19)</b> <b>(43)</b> <b>24</b>	<b>—</b> (15) (49) 35	<b>(1)</b> <b>—</b> <b>—</b> <b>—</b>	<b>—</b> <b>—</b> <b>—</b> <b>—</b>	<b>(15)</b> <b>(306)</b> <b>(43)</b> <b>32</b>	(14) (210) (109) 46
<b>16</b> <b>(3)</b> <b>(6)</b>	30 (2) (17)	<b>1</b> <b>—</b> <b>—</b>	<b>—</b> <b>—</b> <b>—</b>	<b>40</b> <b>—</b> <b>(16)</b>	58 — (23)	<b>—</b> <b>—</b> <b>—</b>	<b>—</b> <b>—</b> <b>—</b>	<b>57</b> <b>(3)</b> <b>(22)</b>	88 (2) (40)
<b>238</b>	111	<b>197</b>	221	<b>210</b>	93	<b>1 101</b>	(2 014)	<b>946</b>	817
<b>—</b> <b>426</b> <b>14</b> <b>(202)</b>	<b>—</b> 209 (48) (50)	<b>—</b> <b>243</b> <b>(46)</b> <b>—</b>	<b>—</b> 270 (49) —	<b>—</b> <b>448</b> <b>(105)</b> <b>(133)</b>	<b>—</b> 234 (77) (64)	<b>1 099</b> <b>2</b> <b>—</b> <b>—</b>	(1 964) (50) — —	<b>—</b> <b>1 464</b> <b>(183)</b> <b>(335)</b>	<b>—</b> 1 221 (290) (114)
<b>1 499</b> <b>(1)</b> <b>(2)</b> <b>—</b> <b>1</b> <b>(53)</b> <b>—</b>	1 449 95 119 (32) 8 (40) —	<b>1 625</b> <b>—</b> <b>—</b> <b>—</b> <b>—</b> <b>(7)</b> <b>—</b>	1 663 292 312 (20) — (18) 118	<b>1 198</b> <b>201</b> <b>428</b> <b>(99)</b> <b>(128)</b> <b>(32)</b> <b>—</b>	959 — — — — (43) —	<b>802</b> <b>—</b> <b>—</b> <b>—</b> <b>—</b> <b>—</b> <b>—</b>	(2 309) — — — — — —	<b>8 851</b> <b>200</b> <b>426</b> <b>(99)</b> <b>(127)</b> <b>(109)</b> <b>—</b>	8 340 387 431 (52) 8 (101) 118
<b>1 445</b> <b>—</b>	1 504 —	<b>1 618</b> <b>—</b>	2 055 —	<b>1 367</b> <b>—</b>	916 —	<b>802</b> <b>449</b>	(2 309) (15)	<b>8 942</b> <b>449</b>	8 744 (15)
<b>1 445</b>	1 504	<b>1 618</b>	2 055	<b>1 367</b>	916	<b>1 251</b>	(2 324)	<b>9 391</b>	8 729
<b>58,5</b>	60,6	<b>69,2</b>	71,7	<b>45,6</b>	39,1	<b>(5,3)</b>	(5,2)	<b>2 046,3</b> <b>355,2</b>	2 046,2 336,2

<sup>(1)</sup> Corporate and Other includes the consolidation entries in respect of the dividends received and the investment surpluses on the Sanlam Limited shares held by Sanlam Life Insurance Limited.

# Notes to the shareholders' fund information

for the year ended 31 December 2015

## 1. Business volumes

### 1.1 Analysis of new business and total funds received

Analysed per business, reflecting the split between life and general insurance business

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>28 974</b>	25 145	—	—	<b>34 851</b>	27 421	<b>63 825</b>	52 566
Sanlam Sky	<b>1 279</b>	1 127	—	—	—	—	<b>1 279</b>	1 127
Individual Life	<b>12 562</b>	12 137	—	—	<b>267</b>	306	<b>12 829</b>	12 443
Glacier	<b>15 133</b>	11 881	—	—	<b>34 584</b>	27 115	<b>49 717</b>	38 996
<b>Sanlam Emerging Markets</b>	<b>4 338</b>	3 286	<b>1 674</b>	1 402	<b>5 901</b>	4 571	<b>11 913</b>	9 259
Namibia	<b>491</b>	362	—	—	<b>2 289</b>	2 960	<b>2 780</b>	3 322
Recurring	<b>151</b>	153	—	—	—	—	<b>151</b>	153
Single	<b>340</b>	209	—	—	<b>2 289</b>	2 960	<b>2 629</b>	3 169
Botswana	<b>2 087</b>	1 477	<b>57</b>	54	<b>3 254</b>	1 500	<b>5 398</b>	3 031
Recurring	<b>299</b>	261	<b>57</b>	54	—	—	<b>356</b>	315
Single	<b>1 788</b>	1 216	—	—	<b>3 254</b>	1 500	<b>5 042</b>	2 716
Rest of Africa	<b>1 185</b>	1 163	<b>556</b>	286	<b>358</b>	111	<b>2 099</b>	1 560
Recurring	<b>690</b>	614	<b>556</b>	286	—	—	<b>1 246</b>	900
Single	<b>495</b>	549	—	—	<b>358</b>	111	<b>853</b>	660
India	<b>234</b>	146	<b>628</b>	508	—	—	<b>862</b>	654
Recurring	<b>147</b>	67	<b>628</b>	508	—	—	<b>775</b>	575
Single	<b>87</b>	79	—	—	—	—	<b>87</b>	79
South-East Asia	<b>341</b>	138	<b>433</b>	554	—	—	<b>774</b>	692
Recurring	<b>255</b>	104	<b>433</b>	554	—	—	<b>688</b>	658
Single	<b>86</b>	34	—	—	—	—	<b>86</b>	34
<b>Sanlam Investments</b>	<b>6 664</b>	13 859	—	—	<b>109 918</b>	89 391	<b>116 582</b>	103 250
Employee benefits	<b>2 913</b>	10 154	—	—	—	—	<b>2 913</b>	10 154
Recurring	<b>487</b>	305	—	—	—	—	<b>487</b>	305
Single	<b>2 426</b>	9 849	—	—	—	—	<b>2 426</b>	9 849
Investment Management	<b>3 751</b>	3 705	—	—	<b>109 909</b>	89 391	<b>113 660</b>	93 096
Investment Management SA	—	—	—	—	<b>83 132</b>	63 314	<b>83 132</b>	63 314
Wealth Management	—	—	—	—	<b>18 387</b>	14 716	<b>18 387</b>	14 716
International	<b>3 751</b>	3 705	—	—	<b>8 390</b>	11 141	<b>12 141</b>	14 846
Recurring	<b>52</b>	68	—	—	<b>16</b>	32	<b>68</b>	100
Single	<b>3 699</b>	3 637	—	—	<b>8 374</b>	11 109	<b>12 073</b>	14 746
Capital Management	—	—	—	—	<b>9</b>	220	<b>9</b>	220
<b>Santam</b>	—	—	<b>18 522</b>	17 222	—	—	<b>18 522</b>	17 222
<b>Total new business</b>	<b>39 976</b>	42 290	<b>20 196</b>	18 624	<b>150 670</b>	121 383	<b>210 842</b>	182 297

<sup>(1)</sup> Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

<sup>(2)</sup> Includes life licence and investment business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.



## 1. Business volumes (continued)

### 1.1 Analysis of new business and total funds received (continued)

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Recurring premiums on existing funds:</b>								
Sanlam Personal Finance	15 454	15 412	—	—	221	211	15 675	15 623
Sanlam Sky	4 039	4 099	—	—	—	—	4 039	4 099
Individual Life	11 415	11 313	—	—	221	211	11 636	11 524
Sanlam Emerging Markets	4 407	3 342	—	—	57	—	4 464	3 342
Namibia	916	841	—	—	—	—	916	841
Botswana	1 008	891	—	—	—	—	1 008	891
Rest of Africa	865	757	—	—	57	—	922	757
India	124	99	—	—	—	—	124	99
South-East Asia	1 494	754	—	—	—	—	1 494	754
Sanlam Investments	4 661	3 626	—	—	2 548	2 488	7 209	6 114
Sanlam Employee Benefits	4 257	3 384	—	—	—	—	4 257	3 384
Investment Management	404	242	—	—	2 548	2 488	2 952	2 730
Investment Management SA	—	—	—	—	2 480	2 449	2 480	2 449
International	404	242	—	—	68	39	472	281
<b>Total funds received</b>	<b>64 498</b>	<b>64 670</b>	<b>20 196</b>	<b>18 624</b>	<b>153 496</b>	<b>124 082</b>	<b>238 190</b>	<b>207 376</b>

<sup>(1)</sup> Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

<sup>(2)</sup> Includes life licence and investment business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

# Notes to the shareholders' fund information continued

for the year ended 31 December 2015

## 1. Business volumes (continued)

### 1.2 Analysis of payments to clients

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>35 260</b>	32 343	—	—	<b>21 345</b>	16 266	<b>56 605</b>	48 609
Sanlam Sky	<b>2 579</b>	2 591	—	—	—	—	<b>2 579</b>	2 591
Surrenders	<b>468</b>	380	—	—	—	—	<b>468</b>	380
Other	<b>2 111</b>	2 211	—	—	—	—	<b>2 111</b>	2 211
Individual Life	<b>26 896</b>	24 804	—	—	<b>574</b>	535	<b>27 470</b>	25 339
Surrenders	<b>3 945</b>	3 708	—	—	—	—	<b>3 945</b>	3 708
Other	<b>22 951</b>	21 096	—	—	<b>574</b>	535	<b>23 525</b>	21 631
Glacier	<b>5 785</b>	4 948	—	—	<b>20 771</b>	15 731	<b>26 556</b>	20 679
<b>Sanlam Emerging Markets</b>	<b>5 571</b>	4 414	<b>1 195</b>	1 035	<b>16 957</b>	3 181	<b>23 723</b>	8 630
Namibia	<b>1 124</b>	1 287	—	—	<b>2 214</b>	1 855	<b>3 338</b>	3 142
Surrenders	<b>147</b>	259	—	—	—	—	<b>147</b>	259
Other	<b>977</b>	1 028	—	—	<b>2 214</b>	1 855	<b>3 191</b>	2 883
Botswana	<b>1 632</b>	1 438	<b>19</b>	31	<b>14 536</b>	1 324	<b>16 187</b>	2 793
Surrenders	<b>450</b>	409	—	—	—	—	<b>450</b>	409
Other	<b>1 182</b>	1 029	<b>19</b>	31	<b>14 536</b>	1 324	<b>15 737</b>	2 384
Rest of Africa	<b>1 055</b>	704	<b>300</b>	160	<b>207</b>	2	<b>1 562</b>	866
Surrenders	<b>186</b>	121	—	—	—	—	<b>186</b>	121
Other	<b>869</b>	583	<b>300</b>	160	<b>207</b>	2	<b>1 376</b>	745
India	<b>164</b>	179	<b>559</b>	493	—	—	<b>723</b>	672
Surrenders	<b>88</b>	120	—	—	—	—	<b>88</b>	120
Other	<b>76</b>	59	<b>559</b>	493	—	—	<b>635</b>	552
South-East Asia	<b>1 596</b>	806	<b>317</b>	351	—	—	<b>1 913</b>	1 157
<b>Sanlam Investments</b>	<b>11 586</b>	9 483	—	—	<b>115 717</b>	87 782	<b>127 303</b>	97 265
Sanlam Employee Benefits	<b>7 659</b>	6 813	—	—	—	—	<b>7 659</b>	6 813
Terminations	<b>1 706</b>	995	—	—	—	—	<b>1 706</b>	995
Other	<b>5 953</b>	5 818	—	—	—	—	<b>5 953</b>	5 818
Investment Management	<b>3 927</b>	2 670	—	—	<b>115 706</b>	87 782	<b>119 633</b>	90 452
Investment Management SA	—	—	—	—	<b>86 365</b>	61 611	<b>86 365</b>	61 611
Wealth Management	—	—	—	—	<b>14 818</b>	14 745	<b>14 818</b>	14 745
International	<b>3 927</b>	2 670	—	—	<b>14 523</b>	11 426	<b>18 450</b>	14 096
Capital Management	—	—	—	—	<b>11</b>	—	<b>11</b>	—
<b>Santam</b>	—	—	<b>11 510</b>	10 878	—	—	<b>11 510</b>	10 878
<b>Total payments to clients</b>	<b>52 417</b>	46 240	<b>12 705</b>	11 913	<b>154 019</b>	107 229	<b>219 141</b>	165 382

<sup>(1)</sup> Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

<sup>(2)</sup> Includes life licence and investment business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

## 1. Business volumes (continued)

### 1.3 Analysis of net inflow/(outflow) of funds

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>9 168</b>	8 214	—	—	<b>13 727</b>	11 366	<b>22 895</b>	19 580
Sanlam Sky	<b>2 739</b>	2 635	—	—	—	—	<b>2 739</b>	2 635
Individual Life	<b>(2 919)</b>	(1 354)	—	—	<b>(86)</b>	(18)	<b>(3 005)</b>	(1 372)
Glacier	<b>9 348</b>	6 933	—	—	<b>13 813</b>	11 384	<b>23 161</b>	18 317
<b>Sanlam Emerging Markets</b>	<b>3 174</b>	2 214	<b>479</b>	367	<b>(10 999)</b>	1 390	<b>(7 346)</b>	3 971
Namibia	<b>283</b>	(84)	—	—	<b>75</b>	1 105	<b>358</b>	1 021
Botswana	<b>1 463</b>	930	<b>38</b>	23	<b>(11 282)</b>	176	<b>(9 781)</b>	1 129
Rest of Africa	<b>995</b>	1 216	<b>256</b>	126	<b>208</b>	109	<b>1 459</b>	1 451
India	<b>194</b>	66	<b>69</b>	15	—	—	<b>263</b>	81
South-East Asia	<b>239</b>	86	<b>116</b>	203	—	—	<b>355</b>	289
<b>Sanlam Investments</b>	<b>(261)</b>	8 002	—	—	<b>(3 251)</b>	4 097	<b>(3 512)</b>	12 099
Sanlam Employee Benefits	<b>(489)</b>	6 725	—	—	—	—	<b>(489)</b>	6 725
Investment Management	<b>228</b>	1 277	—	—	<b>(3 249)</b>	3 877	<b>(3 021)</b>	5 154
Investment Management SA	—	—	—	—	<b>(753)</b>	4 152	<b>(753)</b>	4 152
Wealth Management	—	—	—	—	<b>3 569</b>	(29)	<b>3 569</b>	(29)
International	<b>228</b>	1 277	—	—	<b>(6 065)</b>	(246)	<b>(5 837)</b>	1 031
Capital Management	—	—	—	—	<b>(2)</b>	220	<b>(2)</b>	220
<b>Santam</b>	—	—	<b>7 012</b>	6 344	—	—	<b>7 012</b>	6 344
<b>Total net inflow</b>	<b>12 081</b>	18 430	<b>7 491</b>	6 711	<b>(523)</b>	16 853	<b>19 049</b>	41 994

<sup>(1)</sup> Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

<sup>(2)</sup> Includes life licence and investment business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information

#### 2.1 Sanlam Personal Finance

*Key performance indicators*

*Analysis of Group Equity Value (GEV)*

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period	RoGEV (%)
<b>2015</b>						
Covered business	35 444	4 363	(1 835)	(3 446)	34 526	12,3
Other operations	3 009	295	769	( 350)	3 723	9,8
Glacier	1 542	257	—	( 194)	1 605	16,7
Sanlam Personal Loans	907	111	—	( 105)	913	12,2
Afrocentric	—	—	703	—	703	
Other	560	(73)	66	( 51)	502	(13,0)
<b>Group Equity Value</b>	<b>38 453</b>	<b>4 658</b>	<b>(1 066)</b>	<b>(3 796)</b>	<b>38 249</b>	<b>12,1</b>
<b>2014</b>						
Covered business	33 033	5 805	(284)	(3 110)	35 444	17,6
Non-life operations	2 633	567	97	(288)	3 009	21,5
Glacier	1 336	312	26	(132)	1 542	23,4
Sanlam Personal Loans	836	84	71	(84)	907	10,0
Other	461	171	—	(72)	560	37,1
<b>Group Equity Value</b>	<b>35 666</b>	<b>6 372</b>	<b>(187)</b>	<b>(3 398)</b>	<b>38 453</b>	<b>17,9</b>

## 2. Cluster information (continued)

### 2.1 Sanlam Personal Finance (continued)

#### Key performance indicators (continued)

##### Business volumes

R million	Life insurance		Investment business		Total	
	2015	2014	2015	2014	2015	2014
<b>New business volumes</b>						
Sanlam Sky	<b>1 279</b>	1 127	—	—	<b>1 279</b>	1 127
Individual life	<b>1 009</b>	904	—	—	<b>1 009</b>	904
Group life	<b>270</b>	223	—	—	<b>270</b>	223
Individual life	<b>12 562</b>	12 137	<b>267</b>	306	<b>12 829</b>	12 443
Recurring premiums	<b>1 523</b>	1 388	<b>24</b>	36	<b>1 547</b>	1 424
Single premiums	<b>11 039</b>	10 749	<b>243</b>	270	<b>11 282</b>	11 019
Glacier	<b>15 133</b>	11 881	<b>34 584</b>	27 115	<b>49 717</b>	38 996
<b>Total</b>	<b>28 974</b>	25 145	<b>34 851</b>	27 421	<b>63 825</b>	52 566

##### Value of new covered business

R million	Value of new business		Present value of new business premiums		New business margin (%)	
	2015	2014	2015	2014	2015	2014
Sanlam Sky	<b>241</b>	361	<b>4 114</b>	3 797	<b>5,86</b>	9,51
Individual life	<b>502</b>	551	<b>19 347</b>	19 123	<b>2,59</b>	2,88
Glacier	<b>212</b>	172	<b>15 111</b>	11 878	<b>1,40</b>	1,45
<b>Total</b>	<b>955</b>	1 084	<b>38 572</b>	34 798	<b>2,48</b>	3,12

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.1 Sanlam Personal Finance (continued)

##### Analysis of earnings

R million	Life insurance		Non-life operations		Total	
	2015	2014	2015	2014	2015	2014
Gross result from financial services	<b>4 778</b>	4 318	<b>535</b>	483	<b>5 313</b>	4 801
Entry-level market	<b>1 125</b>	949	—	—	<b>1 125</b>	949
Middle-income market life and investment	<b>3 348</b>	3 116	<b>30</b>	46	<b>3 378</b>	3 162
Investment products	<b>1 269</b>	1 001	—	—	<b>1 269</b>	1 001
Risk products	<b>826</b>	900	—	—	<b>826</b>	900
Asset mismatch reserve release	<b>468</b>	543	—	—	<b>468</b>	543
Annuities, combined products and other	<b>785</b>	672	<b>30</b>	46	<b>815</b>	718
Glacier	<b>184</b>	145	<b>242</b>	194	<b>426</b>	339
Sanlam Personal Loans	<b>121</b>	108	<b>225</b>	200	<b>346</b>	308
Other operations	—	—	<b>38</b>	43	<b>38</b>	43
Tax on result from financial services	<b>(1 332)</b>	(1 208)	<b>(146)</b>	(117)	<b>(1 478)</b>	(1 325)
Non-controlling interest	—	—	<b>(4)</b>	—	<b>(4)</b>	—
<b>Net result from financial services</b>	<b>3 446</b>	3 110	<b>385</b>	366	<b>3 831</b>	3 476
Net investment return	<b>676</b>	689	<b>(730)</b>	2 452	<b>(54)</b>	3 141
Net other earnings	—	—	<b>(67)</b>	(39)	<b>(67)</b>	(39)
<b>Normalised attributable earnings</b>	<b>4 122</b>	3 799	<b>(412)</b>	2 779	<b>3 710</b>	6 578

## 2. Cluster information (continued)

### 2.1 Sanlam Personal Finance (continued)

#### Assets under management

R million	2015	2014
<b>Sanlam Sky: Life insurance operations</b>	<b>5 318</b>	5 153
<b>Individual life</b>	<b>226 626</b>	220 820
Life insurance operations	<b>224 302</b>	218 503
Investment operations	<b>2 324</b>	2 317
<b>Glacier</b>	<b>199 092</b>	156 904
Life insurance operations	<b>81 491</b>	67 656
Investment operations	<b>117 601</b>	89 248
<b>Total</b>	<b>431 036</b>	382 877
Life insurance operations	<b>311 111</b>	291 312
Investment operations	<b>119 925</b>	91 565
	<b>431 036</b>	382 877
<b>Sanlam Personal Loans</b>		
Size of loan book (R million)	<b>4 195</b>	3 984
Interest margin	<b>17,0%</b>	16,5%
Bad debt ratio	<b>5,4%</b>	5,6%
Administration cost as % of net interest	<b>27,4%</b>	27,9%

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.2 Sanlam Emerging Markets

##### Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital move- ment	Dividend paid	GEV at the end of period	RoGEV (%)
<b>2015</b>						
Covered business	5 116	1 403	(430)	(603)	5 486	27,4
Non-life operations	9 455	2 966	831	(691)	12 561	31,2
Shriram Capital	5 595	2 068	28	(97)	7 594	37,0
Letshego	923	229	—	(46)	1 106	24,8
Pacific & Orient	704	128	—	(20)	812	18,2
Capricorn Investment Holdings	845	47	—	(15)	877	5,6
Sanlam Emerging Markets other operations	1 388	494	803	(513)	2 172	34,7
<b>Group Equity Value</b>	<b>14 571</b>	<b>4 369</b>	<b>401</b>	<b>(1 294)</b>	<b>18 047</b>	<b>29,9</b>
<b>2014</b>						
Covered business	3 541	932	1 120	(477)	5 116	26,3
Non-life operations	6 648	1 978	1 074	(245)	9 455	28,9
Shriram Capital	4 219	1 344	71	(39)	5 595	31,7
Letshego	698	297	35	(107)	923	42,0
Pacific & Orient	622	155	—	(73)	704	24,9
Capricorn Investment Holdings	682	169	—	(6)	845	24,8
Sanlam Emerging Markets other operations	427	13	968	(20)	1 388	3,0
<b>Group Equity Value</b>	<b>10 189</b>	<b>2 910</b>	<b>2 194</b>	<b>(722)</b>	<b>14 571</b>	<b>28,0</b>



## 2. Cluster information (continued)

### 2.2 Sanlam Emerging Markets (continued)

#### *Business volumes*

R million	New business volumes		Net fund flows		Value of new covered business		Present value of new business premiums		New business margin (%)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Namibia	2 780	3 322	358	1 021	86	111	1 032	979	8,33	11,34
Botswana	5 398	3 031	(9 781)	1 129	204	166	2 923	2 166	6,98	7,66
Rest of Africa	2 099	1 560	1 459	1 451	110	132	1 925	1 888	5,71	6,99
India	862	654	263	81	7	3	441	223	1,59	1,35
South-East Asia	774	692	355	289	41	19	1 189	417	3,45	4,56
	<b>11 913</b>	9 259	<b>(7 346)</b>	3 971	<b>448</b>	431	<b>7 510</b>	5 673	<b>5,97</b>	7,60

#### *Analysis of earnings*

R million	2015	2014
Net result from financial services	<b>1 197</b>	1 241
Life insurance	<b>603</b>	477
General insurance	<b>93</b>	157
Investment management	<b>47</b>	46
Credit and banking	<b>468</b>	553
Other	<b>(14)</b>	8
Net investment return	<b>367</b>	223
Net investment income	<b>129</b>	112
Net investment surpluses	<b>238</b>	111
Net other earnings	<b>(119)</b>	40
<b>Normalised attributable earnings</b>	<b>1 445</b>	1 504

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.2 Sanlam Emerging Markets (continued)

##### *Analysis of net result from financial services*

R million	Life insurance		Non-life operations		Total	
	2015	2014*	2015	2014*	2015	2014*
Namibia	197	192	148	122	345	314
Botswana	232	179	141	139	373	318
Rest of Africa	138	90	(9)	36	129	126
South-East Asia	21	5	8	51	29	56
India	12	18	311	438	323	456
Corporate and other	—	(7)*	(2)	(22)*	(2)	(29)*
<b>Net result from financial services</b>	<b>600</b>	477	<b>597</b>	764	<b>1 197</b>	1 241

\* Comparative information has been adjusted to reflect unallocated corporate cost on a separate line.

##### *Assets under management*

R million	2015	2014
Life insurance operations	40 991	37 823
Investment operations	15 583	23 873
Namibia	7 872	8 326
Botswana	7 482	15 004
Rest of Africa	229	543
<b>Assets under management</b>	<b>56 574</b>	61 696

## 2. Cluster information (continued)

### 2.3 Sanlam Investments

#### Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period	RoGEV (%)
<b>2015</b>						
Investment Management	12 797	3 130	1 144	(1 021)	16 050	24,5
Investment Management SA	4 823	1 059	566	(346)	6 102	20,1
Wealth Management	2 522	485	—	(139)	2 868	19,2
International	5 452	1 586	578	(536)	7 080	29,1
Covered business	1 193	277	237	(74)	1 633	23,2
Other operations	4 259	1 309	341	(462)	5 447	30,8
Sanlam Employee Benefits	6 640	994	(1 696)	(361)	5 577	15,0
Sanlam Capital Management	685	262	—	(162)	785	38,2
<b>Group Equity Value</b>	<b>20 122</b>	<b>4 386</b>	<b>(552)</b>	<b>(1 544)</b>	<b>22 412</b>	<b>21,3</b>
<b>2014</b>						
Sanlam Investment Management	11 648	2 075	(154)	(772)	12 797	17,9
Investment Management SA	4 974	58	167	(376)	4 823	1,2
Wealth Management	2 105	528	—	(111)	2 522	25,1
International	4 569	1 489	(321)	(285)	5 452	32,6
Covered business	1 194	147	(80)	(68)	1 193	12,3
Other operations	3 375	1 342	(241)	(217)	4 259	40,7
Sanlam Employee Benefits	5 707	1 355	(188)	(234)	6 640	23,7
Sanlam Capital Management	616	241	75	(247)	685	34,9
<b>Group Equity Value</b>	<b>17 971</b>	<b>3 671</b>	<b>(267)</b>	<b>(1 253)</b>	<b>20 122</b>	<b>20,4</b>

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments (continued)

##### Business volumes

R million	New business volumes		Net fund flows	
	2015	2014	2015	2014
Investment Management	<b>113 660</b>	92 876	<b>(3 021)</b>	5 154
Investment Management SA	<b>83 132</b>	63 314	<b>(753)</b>	4 152
Wealth Management	<b>18 387</b>	14 716	<b>3 569</b>	(29)
International	<b>12 141</b>	14 846	<b>(5 837)</b>	1 031
Sanlam Employee Benefits	<b>2 913</b>	10 154	<b>(489)</b>	6 725
Sanlam Capital Management	<b>9</b>	220	<b>(2)</b>	220
	<b>116 582</b>	103 250	<b>(3 512)</b>	12 099

##### Analysis of earnings

R million	Investment Management		Capital Management	
	2015	2014*	2015	2014*
Financial services income**	<b>4 491</b>	4 108	<b>445</b>	570
Sales remuneration	<b>(198)</b>	(194)	—	—
Income after sales remuneration	<b>4 293</b>	3 914	<b>445</b>	570
Underwriting policy benefits	—	—	—	—
Administration cost**	<b>(3 278)</b>	(2 824)	<b>(298)</b>	(330)
Results from financial services before performance fees	<b>1 015</b>	1 090	<b>147</b>	240
Net performance fees	<b>190</b>	247	<b>24</b>	25
Results from financial services	<b>1 205</b>	1 337	<b>171</b>	265
Tax on result from financial services	<b>(277)</b>	(301)	<b>(9)</b>	(33)
Non-controlling interest	<b>(34)</b>	(34)	—	—
Net result from financial services	<b>894</b>	1 002	<b>162</b>	232
Net investment return	<b>6</b>	29	<b>(12)</b>	(16)
Net investment income	<b>9</b>	22	—	—
Net investment surpluses	<b>(3)</b>	7	<b>(12)</b>	(16)
Net other earnings	<b>(185)</b>	188	—	—
Normalised attributable earnings	<b>715</b>	1 219	<b>150</b>	216

\* Comparative information has been adjusted for the reallocation of the Sanlam Africa Funds from Capital Management to Investment Management.

\*\* Financial services income and administration costs on page 170 includes performance fees and its related administration costs.

	Value of new covered business		Present value of new business premiums		New business margin	
	2015	2014	2015	2014	2015	2014
	26	30	3 947	3 978	0,66%	0,75%
	—	—	—	—	—	—
	—	—	—	—	—	—
	26	30	3 947	3 978	0,66%	0,75%
	85	198	4 333	11 945	1,96%	1,66%
	—	—	—	—	—	—
	111	228	8 280	15 923	1,34%	1,43%

	Sanlam Employee Benefits		Intra-cluster consolidation		Total	
	2015	2014	2015	2014	2015	2014
	3 573	3 252	(22)	(19)	8 487	7 911
	(50)	(55)	—	—	(248)	(249)
	3 523	3 197	(22)	(19)	8 239	7 662
	(2 135)	(2 063)	—	—	(2 135)	(2 063)
	(887)	(809)	22	19	(4 441)	(3 944)
	501	325	—	—	1 663	1 655
	—	—	—	—	214	272
	501	325	—	—	1 877	1 927
	(140)	(91)	—	—	(426)	(425)
	—	—	—	—	(34)	(34)
	361	234	—	—	1 417	1 468
	392	386	—	—	386	399
	180	156	—	—	189	178
	212	230	—	—	197	221
	—	—	—	—	(185)	188
	753	620	—	—	1 618	2 055

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments (continued)

##### Analysis of net result from financial services

R million	2015	2014*
Investment Management	820	934
Investment Management SA	515	536
Wealth Management	153	163
International	192	242
Support services	(40)	(7)
Capital Management	162	232
<b>Asset management operations</b>	<b>982</b>	<b>1 166</b>
Covered business:		
Sanlam Employee Benefits	361	234
Sanlam UK	74	68
<b>Sanlam Investments total</b>	<b>1 417</b>	<b>1 468</b>

\* Comparative information has been adjusted for the reallocation of the Sanlam Africa Funds from Capital Management to Investment Management.

##### Assets under management

	Assets under management		Fee income		Administration cost	
	2015 R million	2014 R million	2015 %	2014 %	2015 %	2014 %
Investment Management	782 685	758 132				
Investment Management SA	623 414	604 309	0,31	0,30	0,22	0,21
Wealth Management	177 655	163 091	0,73	0,72	0,61	0,58
International	143 962	131 863	0,71	0,71	0,54	0,53
Inter-cluster eliminations	(162 346)	(141 131)	—		—	
Capital Management	3 860	3 372	0,74	0,75	0,70	0,71
<b>Asset management operations</b>	<b>786 545</b>	<b>761 504</b>				
<b>Covered business</b>						
Sanlam Employee Benefits	76 191	74 115				
Sanlam UK	51 787	39 787				
<b>Sanlam Investments total</b>	<b>914 523</b>	<b>875 406</b>				

## 2. Cluster information (continued)

### 2.3 Sanlam Investments (continued)

#### *Assets under management*

#### *Asset mix of assets under management*

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
<b>2015</b>						
Investment Management SA	143 451	276 206	70 838	17 088	115 831	623 414
Wealth Management International	—	103 407	70 632	—	3 616	177 655
Capital Management	—	—	143 962	—	—	143 962
Inter-cluster consolidation	—	3 122	728	—	10	3 860
						(162 346)
<b>Assets under management – Sanlam Investments</b>	<b>143 451</b>	<b>382 735</b>	<b>286 160</b>	<b>17 088</b>	<b>119 457</b>	<b>786 545</b>
<b>2014</b>						
Investment Management SA	143 188	271 801	61 997	17 790	109 533	604 309
Wealth Management International	—	101 512	58 091	—	3 488	163 091
Capital Management	—	—	131 863	—	—	131 863
Inter-cluster consolidation	—	2 829	533	—	10	3 372
						(141 131)
<b>Assets under management – Sanlam Investments</b>	<b>143 188</b>	<b>376 142</b>	<b>252 484</b>	<b>17 790</b>	<b>113 031</b>	<b>761 504</b>

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments (continued)

##### Sanlam Employee Benefits

R million	2015	2014
<b>Analysis of attributable earnings</b>		
Net result from financial services	361	234
Risk underwriting	210	227
Investment and other	128	10
Working capital management	42	40
Administration	(19)	(43)
Net investment return	392	386
Net investment income	180	156
Net investment surpluses	212	230
<b>Normalised attributable earnings</b>	<b>753</b>	620
<b>Analysis of premiums</b>		
Recurring premiums	487	305
Guaranteed	186	69
Risk	301	236
Single premiums	2 426	9 849
Guaranteed	1 069	1 296
Risk	70	—
Retirement	566	—
Annuity	565	8 553
Special structures	156	—
<b>Total</b>	<b>2 913</b>	10 154

##### Sanlam Investments and Pensions (included in Investment Management above)

R million	2015	2014
<b>Analysis of attributable earnings</b>		
Financial services income	292	271
Sales remuneration	(129)	(114)
Income after sales remuneration	163	157
Administration cost	(89)	(89)
Gross results from financial services	74	68
Tax on result from financial services	—	—
Net result from financial services	74	68
Net investment return	2	3
<b>Normalised attributable earnings</b>	<b>76</b>	71

#### 2.4 Santam

##### Business volumes

Gross written premiums	24 319	22 710
Net earned premiums	18 522	17 222
Net fund flows	7 012	6 344

##### Analysis of earnings

Gross result from financial services	2 321	1 968
Net result from financial services	933	801

##### Ratios

Admin cost ratio	18,9%	18,9%
Claims ratio	62,1%	63,2%
Underwriting margin	9,6%	8,7%



## 2. Cluster information (continued)

### 2.5 Valuation methodology

The fair value of the unlisted Sanlam Investments businesses has been determined by the application of the following valuation methodologies:

R million	Fair value	
	2015	2014
<b>Valuation method</b>		
<b>Ratio of price to assets under management<sup>(1)</sup></b>		
Sanlam Investments	—	10 802
Investment Management SA	—	10 334
Wealth Management	—	4 610
International	—	2 360
Capital Management	—	3 279
Sanlam Emerging Markets	—	85
<b>Discounted cash flows</b>	<b>28 915</b>	<b>12 433</b>
Sanlam Investments	<b>13 785</b>	<b>1 175</b>
Investment Management SA	<b>5 557</b>	238
Wealth Management	<b>2 868</b>	162
International	<b>5 175</b>	775
Capital Management	<b>185</b>	—
Sanlam Emerging Markets	<b>11 407</b>	8 249
Shriram Capital <sup>(2)</sup>	<b>7 594</b>	5 595
Letshego <sup>(2)</sup>	<b>1 106</b>	923
Pacific & Orient	<b>812</b>	704
Capricorn Investment Holdings <sup>(2)</sup>	<b>877</b>	845
Other operations	<b>1 018</b>	182
Sanlam Personal Finance	<b>3 723</b>	3 009
Glacier	<b>1 605</b>	1 542
Sanlam Personal Loans	<b>913</b>	907
Afrocentric	<b>703</b>	—
Other operations	<b>502</b>	560
<b>Net asset value</b>	<b>2 571</b>	<b>1 518</b>
Sanlam Investments	<b>1 417</b>	780
Investment Management SA	<b>578</b>	(25)
International	<b>239</b>	205
Capital Management	<b>600</b>	600
Sanlam Emerging Markets	<b>1 154</b>	738
	<b>31 486</b>	<b>24 753</b>

<sup>(1)</sup> Businesses previously valued on a ratio of price to assets under management basis were changed to a discounted cash flow basis to ensure a consistent valuation basis across all unlisted Group operating businesses.

<sup>(2)</sup> Includes the listed businesses at directors' valuation of R6 183 million (2014: R4 669 million) for Shriram Capital, R1 106 million (2014: R923 million) for Letshego and R877 million (2014: R845 million) for Capricorn Investment Holdings. The listed values of these operations are R6 634 million (2014: R6 552 million), R1 250 million (2014: R997 million) and R1 169 million (2014: R949 million) respectively.

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 2. Cluster information (continued)

#### 2.5 Valuation methodology (continued)

The main assumptions applied in the primary valuation for the unlisted businesses are presented below. The sensitivity analysis is based on the following changes in assumptions:

	Change in assumption 2015
Risk discount rate (RDR)	1,0
Perpetuity growth rate (PGR)	1,0

R million	Weighted average assumption	Base value	Decrease in assumption	Increase in assumption
Discounted cash flows	RDR = 15,4% (2014: 16,6%)	28 915	32 504	26 057
Perpetuity growth rate	PGR = 2,5 – 5% (2014: 2,5 – 5%)	28 915	27 533	30 664

### 3. Investments

R million	2015	2014
<b>3.1 Investment in associated companies</b>		
Shriram Capital and Shriram Transport Finance Company	<b>7 704</b>	5 648
Letshego	<b>1 784</b>	1 523
Pacific & Orient	<b>1 043</b>	1 005
Capricorn Investment Holdings	<b>920</b>	844
Afrocentric	<b>703</b>	—
Other associated companies	<b>2 520</b>	1 931
<b>Total investment in associated companies</b>	<b>14 674</b>	10 951
Details of the investments in the material associated companies are reflected in note 7 on page 328 of the Sanlam Group financial statements.		
<b>3.2 Investment in joint ventures</b>		
Sanlam Personal Loans	<b>739</b>	626
Other joint ventures	<b>133</b>	—
<b>Total investment in joint ventures</b>	<b>872</b>	626
Details of the investments in material joint ventures are reflected in note 7 on page 331 of the Sanlam Group financial statements.		

### 3. Investments (continued)

#### 3.3 Investments include the following offshore investments

R million	2015	2014
Investment properties	880	549
Equities	305	922
Structured transactions	(10)	—
Interest-bearing investments	2 518	2 363
Investment funds	2 519	2 079
Cash, deposits and similar securities	7 255	1 009
<b>Total offshore investments</b>	<b>13 467</b>	<b>6 922</b>
<b>4. Financial services income</b>		
<b>Equity-accounted earnings included in financial services income</b>		
Sanlam Personal Finance	225	200
Sanlam Emerging Markets	1 392	1 498
Santam	45	54
Sanlam Investments	37	27
	<b>1 699</b>	<b>1 779</b>
<b>5. Sales remuneration</b>		
Life operations	3 830	3 308
Non-life operations	2 169	2 015
	<b>5 999</b>	<b>5 323</b>
<b>6. Administration costs</b>		
Life operations	5 502	4 941
Non-life operations	8 130	7 252
	<b>13 632</b>	<b>12 193</b>
<b>Depreciation included in administration costs:</b>		
Sanlam Personal Finance	106	93
Sanlam Emerging Markets	66	40
Sanlam Investments	21	19
Santam	67	58
	<b>260</b>	<b>210</b>

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 7. Investment income

R million	2015	2014
Equities and similar securities	654	491
Interest-bearing, preference shares and similar securities	679	794
Properties	20	45
Rental income	21	46
Contingent rental income	4	4
Rental-related expenses	(5)	(5)
<b>Total investment income</b>	<b>1 353</b>	1 330
<b>Interest expense netted off against investment income</b>	<b>398</b>	379

### 8. Normalised diluted earnings per share

Cents	2015	2014
<b>Normalised diluted earnings per share:</b>		
Net result from financial services	355,2	336,2
Headline earnings	432,5	407,6
Profit attributable to shareholders' fund	437,0	427,3
R million		
<b>Analysis of normalised earnings (refer shareholders' fund income statement on page 170):</b>		
Net result from financial services	7 269	6 879
Headline earnings	8 851	8 340
Profit attributable to shareholders' fund	8 942	8 744
<b>Reconciliation of normalised headline earnings:</b>		
Headline earnings per note 28 on page 351	9 300	8 325
(Less)/Add: Fund transfers	(449)	15
<b>Normalised headline earnings</b>	<b>8 851</b>	8 340
Million		
<b>Adjusted number of shares:</b>		
Weighted average number of shares for diluted earnings per share (refer note 28 on page 351)	2 024,0	2 022,8
Add: Weighted average Sanlam shares held by policyholders	22,3	23,4
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 046,3</b>	2 046,2

## 9. Value per share

R million	2015	2014
Fair value per share is calculated on the Group shareholders' fund at fair value of R74 660 million (2014: R68 037 million), divided by 2 046,6 million (2014: 2 048,3 million) shares.		
Net asset value per share is calculated on the Group shareholders' fund at net asset value of 55 464 million (2014: R47 927 million), divided by 2 046,6 million (2014: 2 048,3 million) shares.		
Equity value per share is calculated on the Group Equity Value of R103 506 million (2014: R95 936 million), divided by 2 046,6 million (2014: 2 048,3 million) shares.		
<b>Number of shares for value per share</b>		
Number of ordinary shares in issue	<b>2 166,5</b>	2 166,5
Shares held by subsidiaries in shareholders' fund	<b>(141,2)</b>	(142,1)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	<b>21,3</b>	23,9
<b>Adjusted number of shares for value per share</b>	<b>2 046,6</b>	2 048,3

## 10. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,8 (2014: 8,4) to the after-tax recurring corporate expenses.

## 11. Share repurchases

The Sanlam shareholders granted general authorities to the Group at the 2015 and 2014 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 142 000 shares at an average price of R46,85 in terms of general authorities. The total consideration paid of R6,7 million was funded from existing cash resources. All purchases were effected through the JSE trading system without any prior understanding or arrangement between the Group and the other counterparties. Authority to repurchase 108,2 million shares, or 4,99% of Sanlam's issued share capital at the time, remains outstanding in terms of the general authority granted at the annual general meeting held on 3 June 2015. The financial effect of the share repurchases during 2015 on the IFRS earnings and net asset value per share is not material.

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 12. Reconciliations

#### 12.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

R million	2015			
	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
<b>Net income</b>	<b>85 293</b>	<b>52 608</b>	<b>30 018</b>	<b>2 667</b>
Financial services income	53 754	49 365	—	4 389
Reinsurance premiums paid	(6 831)	—	—	(6 831)
Reinsurance commission received	1 275	—	—	1 275
Investment income	25 241	1 353	17 903	5 985
Investment surpluses	13 942	1 890	12 115	(63)
Finance cost – margin business	(101)	—	—	(101)
Change in fair value of external investors liability	(1 987)	—	—	(1 987)
<b>Net insurance and investment contract benefits and claims</b>	<b>(47 675)</b>	<b>(18 139)</b>	<b>(29 550)</b>	<b>14</b>
Long-term insurance contract benefits	(15 247)	(6 629)	(7 814)	(804)
Long-term investment contract benefits	(21 736)	—	(21 736)	—
General insurance claims	(14 206)	(11 510)	—	(2 696)
Reinsurance claims received	3 514	—	—	3 514
<b>Expenses</b>	<b>(23 024)</b>	<b>(19 689)</b>	<b>—</b>	<b>(3 335)</b>
Sales remuneration	(7 269)	(5 999)	—	(1 270)
Administration costs	(15 755)	(13 690)	—	(2 065)
<b>Impairments</b>	<b>(173)</b>	<b>(109)</b>	<b>—</b>	<b>(64)</b>
<b>Amortisation of intangibles</b>	<b>(382)</b>	<b>(306)</b>	<b>—</b>	<b>(76)</b>
<b>Net operating result</b>	<b>14 039</b>	<b>14 365</b>	<b>468</b>	<b>(794)</b>
Equity-accounted earnings	1 310	57	—	1 253
Finance cost – other	(580)	—	—	(580)
<b>Profit before tax</b>	<b>14 769</b>	<b>14 422</b>	<b>468</b>	<b>(121)</b>
Tax expense	(3 859)	(3 651)	(468)	260
Shareholders' fund	(3 078)	(3 651)	—	573
Policyholders' fund	(781)	—	(468)	(313)
<b>Profit from continuing operations</b>	<b>10 910</b>	<b>10 771</b>	<b>—</b>	<b>139</b>
<b>Profit for the year</b>	<b>10 910</b>	<b>10 771</b>	<b>—</b>	<b>139</b>
<b>Attributable to:</b>				
Shareholders' fund	9 391	8 942	—	449
Non-controlling interest	1 519	1 829	—	(310)
	<b>10 910</b>	<b>10 771</b>	<b>—</b>	<b>139</b>

<sup>(1)</sup> Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group statement of comprehensive income.

<sup>(2)</sup> IFRS adjustments relate to amounts that have been set-off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.

2014				
Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>	
92 060	48 813	41 428	1 819	
49 683	45 713	—	3 970	
(6 341)	—	—	(6 341)	
1 125	—	—	1 125	
22 491	1 330	16 236	4 925	
28 891	1 770	25 192	1 929	
(105)	—	—	(105)	
(3 684)	—	—	(3 684)	
(58 626)	(17 453)	(41 185)	12	
(26 388)	(6 575)	(19 017)	(796)	
(22 168)	—	(22 168)	—	
(14 404)	(10 878)	—	(3 526)	
4 334	—	—	4 334	
(20 811)	(17 639)	—	(3 172)	
(6 442)	(5 323)	—	(1 119)	
(14 369)	(12 316)	—	(2 053)	
(140)	(101)	—	(39)	
(240)	(210)	—	(30)	
12 243	13 410	243	(1 410)	
1 603	88	—	1 515	
(517)	—	—	(517)	
13 329	13 498	243	(412)	
(3 534)	(3 490)	(243)	199	
(3 007)	(3 490)	—	483	
(527)	—	(243)	(284)	
9 795	10 008	—	(213)	
9 795	10 008	—	(213)	
8 729	8 744	—	(15)	
1 066	1 264	—	(198)	
9 795	10 008	—	(213)	

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 12. Reconciliations (continued)

#### 12.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	31 December 2015			
	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	Consolidation reserve
<b>Assets</b>				
Equipment	892	866	26	—
Owner-occupied properties	1 329	845	484	—
Goodwill	3 895	3 895	—	—
Other intangible assets	487	443	44	—
Value of business acquired	1 943	1 943	—	—
Deferred acquisition costs	3 463	2 853	610	—
Long-term reinsurance assets	945	—	945	—
Investments	590 894	57 745	534 992	(1 843)
Properties	11 606	1 010	10 596	—
Associated companies	14 674	14 674	—	—
Joint ventures	1 325	872	453	—
Equities and similar securities	189 214	5 970	185 087	(1 843)
Interest-bearing investments	165 260	15 890	149 370	—
Structured transactions	14 179	1 703	12 476	—
Investment funds	157 289	6 355	150 934	—
Cash, deposits and similar securities	37 347	11 271	26 076	—
Deferred tax	368	368	—	—
Assets of disposal groups classified as held for sale	540	540	—	—
General insurance technical assets	4 251	4 251	—	—
Net defined benefit asset	—	—	—	—
Working capital assets	65 501	46 999	18 502	—
Trade and other receivables	45 360	28 084	17 276	—
Cash, deposits and similar securities	20 141	18 915	1 226	—
<b>Total assets</b>	<b>674 508</b>	<b>120 748</b>	<b>555 603</b>	<b>(1 843)</b>
<b>Equity and liabilities</b>				
Shareholders' fund	53 621	55 464	—	(1 843)
Non-controlling interest	6 571	6 571	—	—
Long-term policy liabilities	480 910	—	480 910	—
Insurance contracts	183 972	—	183 972	—
Investment contracts	296 938	—	296 938	—
Term finance	5 637	5 184	453	—
External investors in consolidated funds	53 641	—	53 641	—
Cell owners' interest	980	980	—	—
Deferred tax	2 180	1 098	1 082	—
Liabilities of disposal groups classified as held for sale	—	—	—	—
Structured transactions liabilities	2 374	34	2 340	—
General insurance technical provisions	13 523	13 523	—	—
Working capital liabilities	55 071	37 894	17 177	—
Trade and other payables	52 751	35 875	16 876	—
Provisions	319	319	—	—
Taxation	2 001	1 700	301	—
<b>Total equity and liabilities</b>	<b>674 508</b>	<b>120 748</b>	<b>555 603</b>	<b>(1 843)</b>

<sup>(1)</sup> Includes the impact of the consolidation of investment funds in terms of IFRS 10.



31 December 2014				
Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	Consolidation reserve	
723	696	27	—	
1 096	633	463	—	
3 974	3 974	—	—	
439	395	44	—	
2 045	2 045	—	—	
3 281	2 699	582	—	
941	—	941	—	
538 155	48 567	491 478	(1 890)	
10 333	689	9 644	—	
10 951	10 951	—	—	
944	626	318	—	
183 040	9 081	175 849	(1 890)	
161 778	16 224	145 554	—	
12 348	1 148	11 200	—	
133 552	5 919	127 633	—	
25 209	3 929	21 280	—	
365	365	—	—	
1 893	1 893	—	—	
3 964	3 964	—	—	
144	144	—	—	
54 233	45 726	8 507	—	
37 974	30 337	7 637	—	
16 259	15 389	870	—	
611 253	111 101	502 042	(1 890)	
46 037	47 927	—	(1 890)	
5 198	5 198	—	—	
443 672	—	443 672	—	
186 626	—	186 626	—	
257 046	—	257 046	—	
5 775	5 315	460	—	
49 625	—	49 625	—	
925	925	—	—	
2 498	1 524	974	—	
1 466	1 466	—	—	
766	2	764	—	
12 592	12 592	—	—	
42 699	36 152	6 547	—	
40 529	34 485	6 044	—	
283	283	—	—	
1 887	1 384	503	—	
611 253	111 101	502 042	(1 890)	

## Notes to the shareholders' fund information continued

for the year ended 31 December 2015

### 13. Geographical analysis

R million	Per share- holders' fund income statement on page 170	IFRS adjust- ments (refer note 12.1)	Total
<b>Financial services income</b>			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
<b>2015</b>	<b>49 365</b>	<b>4 389</b>	<b>53 754</b>
South Africa	<b>41 327</b>	<b>5 094</b>	<b>46 421</b>
Rest of Africa	<b>4 769</b>	<b>(462)</b>	<b>4 307</b>
Other international <sup>(1)</sup>	<b>3 269</b>	<b>(243)</b>	<b>3 026</b>
<b>2014</b>	45 713	3 970	49 683
South Africa	38 587	4 882	43 469
Rest of Africa	4 122	(446)	3 676
Other international <sup>(1)</sup>	3 004	(466)	2 538

R million	Per analysis of share- holders' fund on page 168	Policy- holders' fund	Total
<b>Non-current assets<sup>(2)</sup></b>			
<b>2015</b>	<b>11 385</b>	<b>1 164</b>	<b>12 549</b>
South Africa	<b>8 509</b>	<b>437</b>	<b>8 946</b>
Rest of Africa	<b>513</b>	<b>219</b>	<b>732</b>
Other international <sup>(1)</sup>	<b>2 363</b>	<b>508</b>	<b>2 871</b>
<b>2014</b>	12 335	1 116	13 451
South Africa	8 465	437	8 902
Rest of Africa	231	187	418
Other international <sup>(1)</sup>	3 639	492	4 131

R million	<b>2015</b>	2014
<b>Attributable earnings (per shareholders' fund income statement on page 170)</b>		
	<b>9 391</b>	8 729
South Africa	<b>7 940</b>	6 920
Rest of Africa	<b>1 015</b>	797
Other international <sup>(1)</sup>	<b>436</b>	1 012

<sup>(1)</sup> Other international comprises business in the Netherlands, Europe, United Kingdom, Australia, India and South-East Asia.

<sup>(2)</sup> Non-current assets include property and equipment, owner-occupied properties, goodwill, value of business acquired, other intangible assets, non-current assets held for sale and deferred acquisition costs.

## Embedded value of covered business

at 31 December 2015

R million	Note	2015	2014
<b>Sanlam Personal Finance</b>		<b>34 526</b>	35 444
<i>Adjusted net worth</i>		<b>8 287</b>	9 446
<i>Net value of in-force covered business</i>		<b>26 239</b>	25 998
Value of in-force covered business		<b>28 139</b>	27 872
Cost of capital		<b>(1 900)</b>	(1 874)
<b>Sanlam Emerging Markets</b>		<b>5 486</b>	5 116
<i>Adjusted net worth</i>		<b>2 323</b>	2 324
<i>Net value of in-force covered business</i>		<b>3 163</b>	2 792
Value of in-force covered business		<b>5 317</b>	4 618
Cost of capital		<b>(525)</b>	(384)
Non-controlling interest		<b>(1 629)</b>	(1 442)
<b>Sanlam UK<sup>(1)</sup></b>		<b>1 633</b>	1 193
<i>Adjusted net worth</i>		<b>778</b>	391
<i>Net value of in-force covered business</i>		<b>855</b>	802
Value of in-force covered business		<b>1 066</b>	858
Cost of capital		<b>(211)</b>	(56)
<b>Sanlam Employee Benefits<sup>(1)</sup></b>		<b>5 577</b>	6 640
<i>Adjusted net worth</i>		<b>3 720</b>	5 025
<i>Net value of in-force covered business</i>		<b>1 857</b>	1 615
Value of in-force covered business		<b>2 804</b>	2 520
Cost of capital		<b>(947)</b>	(905)
<b>Embedded value of covered business</b>		<b>47 222</b>	48 393
Adjusted net worth <sup>(2)</sup>		<b>15 108</b>	17 186
Net value of in-force covered business	1	<b>32 114</b>	31 207
<b>Embedded value of covered business</b>		<b>47 222</b>	48 393

<sup>(1)</sup> Sanlam UK and Sanlam Employee Benefits are part of the Sanlam Investments cluster.

<sup>(2)</sup> Excludes subordinated debt funding of Sanlam Life.

## Change in embedded value of covered business

for the year ended 31 December 2015

R million	Note	2015				2014			
		Total	Value of in-force	Cost of capital	Adjusted net worth	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>Embedded value of covered business at the beginning of the year</b>		<b>48 393</b>	<b>34 299</b>	<b>(3 092)</b>	<b>17 186</b>	43 475	30 720	(3 045)	15 800
Value of new business	2	1 360	3 364	(200)	(1 804)	1 592	3 873	(220)	(2 061)
Net earnings from existing covered business		5 328	(703)	19	6 012	4 881	(889)	222	5 548
Expected return on value of in-force business		3 759	3 594	165	—	3 368	3 210	158	—
Expected transfer of profit to adjusted net worth		—	(5 177)	—	5 177	—	(4 598)	—	4 598
Operating experience variances	3	1 081	281	(5)	805	991	(82)	(4)	1 077
Operating assumption changes	4	488	599	(141)	30	522	581	68	(127)
Expected investment return on adjusted net worth		1 256	—	—	1 256	1 179	—	—	1 179
<b>Embedded value earnings from operations</b>		<b>7 944</b>	<b>2 661</b>	<b>(181)</b>	<b>5 464</b>	7 652	2 984	2	4 666
Economic assumption changes	5	(1 608)	(1 506)	(140)	38	86	74	—	12
Tax changes		7	5	1	1	(6)	(2)	—	(4)
Investment variances – value of in-force		(74)	(389)	78	237	557	160	1	396
Investment variances – investment return on adjusted net worth		443	—	—	443	118	—	—	118
Goodwill on business acquired		(69)	(69)	—	—	(162)	(167)	7	(2)
Exchange rate movements		394	454	(60)	—	(6)	(4)	(2)	—
<b>Embedded value earnings from covered business</b>		<b>7 037</b>	<b>1 156</b>	<b>(302)</b>	<b>6 183</b>	8 239	3 045	8	5 186
Acquired value of in-force		124	51	2	71	1 358	589	(55)	824
Transfers from/(to) other Group operations		—	—	—	—	(106)	(55)	—	(51)
Transfers from covered business		(8 332)	—	—	(8 332)	(4 573)	—	—	(4 573)
<b>Embedded value of covered business at the end of the period</b>		<b>47 222</b>	<b>35 506</b>	<b>(3 392)</b>	<b>15 108</b>	48 393	34 299	(3 092)	17 186
<b>Analysis of earnings from covered business</b>									
Sanlam Personal Finance		4 363	267	(26)	4 122	5 805	2 038	(32)	3 799
Sanlam Emerging Markets		1 403	397	(79)	1 085	932	211	39	682
Sanlam UK		277	208	(155)	224	147	68	(4)	83
Sanlam Employee Benefits		994	284	(42)	752	1 355	728	5	622
<b>Embedded value earnings from covered business</b>		<b>7 037</b>	<b>1 156</b>	<b>(302)</b>	<b>6 183</b>	8 239	3 045	8	5 186

## Value of new business

for the year ended 31 December 2015

R million	Note	2015	2014
<b>Value of new business (at point of sale):</b>			
<b>Gross value of new business</b>		<b>1 729</b>	1 979
Sanlam Personal Finance		1 065	1 191
Sanlam Emerging Markets		499	466
Sanlam UK		28	33
Sanlam Employee Benefits		137	289
<b>Cost of capital</b>		<b>(215)</b>	(236)
Sanlam Personal Finance		(110)	(107)
Sanlam Emerging Markets		(51)	(35)
Sanlam UK		(2)	(3)
Sanlam Employee Benefits		(52)	(91)
<b>Value of new business</b>		<b>1 514</b>	1 743
Sanlam Personal Finance		955	1 084
Sanlam Emerging Markets		448	431
Sanlam UK		26	30
Sanlam Employee Benefits		85	198
<i>Value of new business attributable to:</i>			
<b>Shareholders' fund</b>	2	<b>1 360</b>	1 592
Sanlam Personal Finance		955	1 084
Sanlam Emerging Markets		294	280
Sanlam UK		26	30
Sanlam Employee Benefits		85	198
<b>Non-controlling interest</b>		<b>154</b>	151
Sanlam Personal Finance		—	—
Sanlam Emerging Markets		154	151
Sanlam UK		—	—
Sanlam Employee Benefits		—	—
<b>Value of new business</b>		<b>1 514</b>	1 743
<b>Geographical analysis:</b>			
South Africa		1 040	1 282
Africa		400	409
Other international		74	52
<b>Value of new business</b>		<b>1 514</b>	1 743

## Value of new business continued

for the year ended 31 December 2015

R million	2015	2014
<b>Analysis of new business profitability:</b>		
<i>Before non-controlling interest:</i>		
<b>Present value of new business premiums</b>	<b>54 362</b>	56 394
Sanlam Personal Finance	<b>38 572</b>	34 798
Sanlam Emerging Markets	<b>7 510</b>	5 673
Sanlam UK	<b>3 947</b>	3 978
Sanlam Employee Benefits	<b>4 333</b>	11 945
<b>New business margin</b>	<b>2,79%</b>	3,09%
Sanlam Personal Finance	<b>2,48%</b>	3,12%
Sanlam Emerging Markets	<b>5,97%</b>	7,60%
Sanlam UK	<b>0,66%</b>	0,75%
Sanlam Employee Benefits	<b>1,96%</b>	1,66%
<i>After non-controlling interest:</i>		
<b>Present value of new business premiums</b>	<b>51 856</b>	54 518
Sanlam Personal Finance	<b>38 572</b>	34 798
Sanlam Emerging Markets	<b>5 004</b>	3 797
Sanlam UK	<b>3 947</b>	3 978
Sanlam Employee Benefits	<b>4 333</b>	11 945
<b>New business margin</b>	<b>2,62%</b>	2,92%
Sanlam Personal Finance	<b>2,48%</b>	3,12%
Sanlam Emerging Markets	<b>5,88%</b>	7,37%
Sanlam UK	<b>0,66%</b>	0,75%
Sanlam Employee Benefits	<b>1,96%</b>	1,66%

## Notes to the embedded value of covered business

for the year ended 31 December 2015

### 1. Value of in-force sensitivity analysis

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
<b>Base value at 31 December 2015</b>	<b>35 506</b>	<b>(3 392)</b>	<b>32 114</b>	
⊖ Risk discount rate increase by 1%	<b>33 675</b>	<b>(4 025)</b>	<b>29 650</b>	<b>(8)</b>
⊖ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>36 250</b>	<b>(3 206)</b>	<b>33 044</b>	<b>3</b>
⊖ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	<b>34 166</b>	<b>(3 315)</b>	<b>30 851</b>	<b>(4)</b>
⊖ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	<b>35 986</b>	<b>(3 083)</b>	<b>32 903</b>	<b>2</b>
<i>Expenses and persistency</i>				
⊖ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>36 688</b>	<b>(3 392)</b>	<b>33 296</b>	<b>4</b>
⊖ Discontinuance rates decrease by 10%	<b>36 547</b>	<b>(3 492)</b>	<b>33 055</b>	<b>3</b>
<i>Insurance risk</i>				
⊖ Mortality and morbidity decrease by 5% for life assurance business	<b>36 927</b>	<b>(3 384)</b>	<b>33 543</b>	<b>4</b>
⊖ Mortality and morbidity decrease by 5% for annuity business	<b>35 248</b>	<b>(3 413)</b>	<b>31 835</b>	<b>(1)</b>
<b>Base value at 31 December 2014</b>	<b>34 299</b>	<b>(3 092)</b>	<b>31 207</b>	
⊖ Risk discount rate increase by 1%	<b>32 429</b>	<b>(3 792)</b>	<b>28 637</b>	<b>(8)</b>
⊖ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>35 445</b>	<b>(3 078)</b>	<b>32 367</b>	<b>4</b>
⊖ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	<b>33 042</b>	<b>(3 024)</b>	<b>30 018</b>	<b>(4)</b>
⊖ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	<b>34 806</b>	<b>(2 789)</b>	<b>32 017</b>	<b>3</b>
<i>Expenses and persistency</i>				
⊖ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>35 415</b>	<b>(3 092)</b>	<b>32 323</b>	<b>4</b>
⊖ Discontinuance rates decrease by 10%	<b>35 292</b>	<b>(3 185)</b>	<b>32 107</b>	<b>3</b>
<i>Insurance risk</i>				
⊖ Mortality and morbidity decrease by 5% for life assurance business	<b>35 856</b>	<b>(3 074)</b>	<b>32 782</b>	<b>5</b>
⊖ Mortality and morbidity decrease by 5% for annuity business	<b>34 009</b>	<b>(3 130)</b>	<b>30 879</b>	<b>(1)</b>

## Notes to the embedded value of covered business continued

for the year ended 31 December 2015

### 2. Value of new business sensitivity analysis

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
<b>Base value at 31 December 2015</b>	<b>1 560</b>	<b>(200)</b>	<b>1 360</b>	
⌚ Risk discount rate increase by 1%	<b>1 373</b>	<b>(242)</b>	<b>1 131</b>	<b>(17)</b>
⌚ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>1 608</b>	<b>(197)</b>	<b>1 411</b>	<b>4</b>
<i>Expenses and persistency</i>				
⌚ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>1 686</b>	<b>(200)</b>	<b>1 486</b>	<b>9</b>
⌚ Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	<b>1 707</b>	<b>(200)</b>	<b>1 507</b>	<b>11</b>
⌚ Discontinuance rates decrease by 10%	<b>1 767</b>	<b>(210)</b>	<b>1 557</b>	<b>14</b>
<i>Insurance risk</i>				
⌚ Mortality and morbidity decrease by 5% for life assurance business	<b>1 720</b>	<b>(198)</b>	<b>1 522</b>	<b>12</b>
⌚ Mortality and morbidity decrease by 5% for annuity business	<b>1 552</b>	<b>(199)</b>	<b>1 353</b>	<b>(1)</b>



### 3. Operating experience variances

R million	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>31 December 2015</b>				
Risk experience	816	205	—	611
Persistency	174	168	(2)	8
Maintenance expenses	(16)	(12)	(1)	(3)
Working capital and other	107	(80)	(2)	189
<b>Total operating experience variances</b>	<b>1 081</b>	<b>281</b>	<b>(5)</b>	<b>805</b>
<b>31 December 2014</b>				
Risk experience	842	38	5	799
Persistency	(64)	(22)	(39)	(3)
Maintenance expenses	22	1	1	20
Working capital and other	191	(99)	29	261
<b>Total operating experience variances</b>	<b>991</b>	<b>(82)</b>	<b>(4)</b>	<b>1 077</b>

## Notes to the embedded value of covered business continued

for the year ended 31 December 2015

R million	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>4. Operating assumption changes</b>				
<b>31 December 2015</b>				
Risk experience	810	756	5	49
Persistency	(60)	13	(18)	(55)
Maintenance expenses	(3)	23	5	(31)
Modelling improvements and other	(259)	(193)	(133)	67
<b>Total operating assumption changes</b>	<b>488</b>	<b>599</b>	<b>(141)</b>	<b>30</b>
<b>31 December 2014</b>				
Risk experience	167	107	(2)	62
Persistency	88	(56)	25	119
Maintenance expenses	32	48	(2)	(14)
Modelling improvements and other	235	482	47	(294)
<b>Total operating assumption changes</b>	<b>522</b>	<b>581</b>	<b>68</b>	<b>(127)</b>
<b>5. Economic assumption changes</b>				
<b>31 December 2015</b>				
Investment yields	(1 603)	(1 501)	(140)	38
Long-term asset mix assumptions and other	(5)	(5)	—	—
<b>Total economic assumption changes</b>	<b>(1 608)</b>	<b>(1 506)</b>	<b>(140)</b>	<b>38</b>
<b>31 December 2014</b>				
Investment yields	86	73	1	12
Long-term asset mix assumptions and other	—	1	(1)	—
<b>Total economic assumption changes</b>	<b>86</b>	<b>74</b>	<b>—</b>	<b>12</b>

## 6. Reconciliation of growth from covered business

R million	2015	2014
The embedded value earnings from covered business reconciles as follows to the net result from financial services for the year:		
Net result from financial services of covered business per note 2 on page 178	<b>4 484</b>	3 889
Sanlam Personal Finance	<b>3 446</b>	3 110
Sanlam Emerging Markets	<b>603</b>	477
Sanlam UK	<b>74</b>	68
Sanlam Employee Benefits	<b>361</b>	234
Investment return on adjusted net worth	<b>1 699</b>	1 297
Embedded value earnings from covered business: value of in-force	<b>854</b>	3 053
<b>Embedded value earnings from covered business</b>	<b>7 037</b>	8 239

## 7. Economic assumptions

### Gross investment return, risk discount rate and inflation

#### Sanlam Life

Point used on the relevant yield curve	<b>9 year</b>	9 year
Fixed-interest securities	<b>10,1%</b>	8,1%
Equities and offshore investments	<b>13,6%</b>	11,6%
Hedged equities	<b>9,5%</b>	8,6%
Property	<b>11,1%</b>	9,1%
Cash	<b>9,1%</b>	7,1%
Gross return on required capital <sup>(1)</sup>	<b>9,8%</b>	9,3%
Net return on required capital <sup>(1)</sup>	<b>8,4%</b>	7,6%
Inflation rate <sup>(2)</sup>	<b>8,1%</b>	6,1%
Risk discount rate	<b>12,6%</b>	10,6%

<sup>(1)</sup> 2014 return has been adjusted to exclude the assets matching the subordinated debt. This is consistent with the 2015 disclosure and in line with how the asset mix was modelled in the 2014 and 2015 valuations.

<sup>(2)</sup> Expense inflation of 10,1% (2014: 8,1%) assumed for retail business administered on old platforms.

## Notes to the embedded value of covered business continued

for the year ended 31 December 2015

### 7. Economic assumptions (continued)

	2015	2014
<b>SDM Limited</b>		
Point used on the relevant yield curve	<b>5 year</b>	5 year
Fixed-interest securities	<b>9,6%</b>	7,6%
Equities and offshore investments	<b>13,1%</b>	11,1%
Hedged equities	<b>n/a</b>	n/a
Property	<b>10,6%</b>	8,6%
Cash	<b>8,6%</b>	6,6%
Gross return on required capital	<b>10,9%</b>	8,9%
Net return on required capital	<b>8,7%</b>	7,1%
Inflation rate	<b>7,6%</b>	5,6%
Risk discount rate	<b>12,1%</b>	10,1%
<b>Sanlam Investments and Pensions</b>		
Point used on the relevant yield curve	<b>15 year</b>	15 year
Fixed-interest securities	<b>2,4%</b>	2,2%
Equities and offshore investments	<b>5,6%</b>	5,4%
Hedged equities	<b>n/a</b>	n/a
Property	<b>5,6%</b>	5,4%
Cash	<b>2,4%</b>	2,2%
Gross return on required capital	<b>2,4%</b>	2,2%
Net return on required capital	<b>1,9%</b>	1,8%
Inflation rate	<b>3,2%</b>	2,9%
Risk discount rate	<b>6,1%</b>	5,9%
<b>Botswana Life Insurance</b>		
Fixed-interest securities	<b>7,5%</b>	7,5%
Equities and offshore investments	<b>11,0%</b>	11,0%
Hedged equities	<b>n/a</b>	n/a
Property	<b>8,5%</b>	8,5%
Cash	<b>6,5%</b>	6,5%
Gross return on required capital	<b>8,8%</b>	8,8%
Net return on required capital	<b>6,6%</b>	6,6%
Inflation rate	<b>4,5%</b>	4,5%
Risk discount rate	<b>11,0%</b>	11,0%

#### Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 60bps (2014: 25bps and 55bps) for non-participating annuities, between 25bps and 75bps (2014: 25bps to 75bps) for inflation-linked annuities and capped at 80bps (2014: between 50bps and 110bps) for guarantee plans.

## 7. Economic assumptions (continued)

### Asset mix for assets supporting required capital

	2015	2014
<b>Sanlam Life <sup>(1)</sup></b>		
Equities	—	31%
Offshore investments	8%	12%
Hedged equities	80%	15%
Cash	12%	42%
	<b>100%</b>	100%
<b>SDM Limited</b>		
Equities	50%	50%
Cash	50%	50%
	<b>100%</b>	100%
<b>Sanlam Life and Pensions</b>		
Cash	100%	100%
	<b>100%</b>	100%
<b>Botswana Life Insurance</b>		
Equities	50%	50%
Cash	50%	50%
	<b>100%</b>	100%

<sup>(1)</sup> Towards the end of 2015 the strategic asset allocation of the balanced portfolio for Sanlam Life was revised including using the investment in Santam to back a portion of required capital. Refer Financial Review on page 96. 2014 percentages have been adjusted to exclude the assets matching the subordinated debt. This is consistent with the 2015 disclosure and in line with how the asset mix was modelled in the 2014 and 2015 valuations.

## Stock exchange performance

		2015	2014	2013	2012	2011	2010	2009	2008	2007
Number of shares traded	million	<b>1 363</b>	1 086	1 247	1 160	1 082	1 059	1 259	1 490	1 474
Value of shares traded	R million	<b>90 444</b>	65 974	58 841	41 074	29 578	25 986	23 714	27 175	32 300
Percentage of issued shares traded	%	<b>63</b>	50	59	55	52	50	58	66	64
Price/earnings ratio	times	<b>14,0</b>	17,2	13,5	15,3	11,6	11,1	10,4	12,9	10,3
Return on Sanlam share price since listing <sup>(1)</sup>	%	<b>19</b>	21	20	20	17	17	17	14	19
Market price	cps									
– Year-end closing price		<b>6 054</b>	7 000	5 324	4 477	2 885	2 792	2 275	1 700	2 275
– Highest closing price		<b>8 217</b>	7 344	5 518	4 550	3 016	2 829	2 305	2 330	2 412
– Lowest closing price		<b>4 405</b>	4 495	4 051	2 831	2 414	2 200	1 351	1 390	1 803
Market capitalisation at year-end	R million	<b>131 158</b>	151 653	111 804	94 017	60 585	58 632	49 140	37 232	52 407

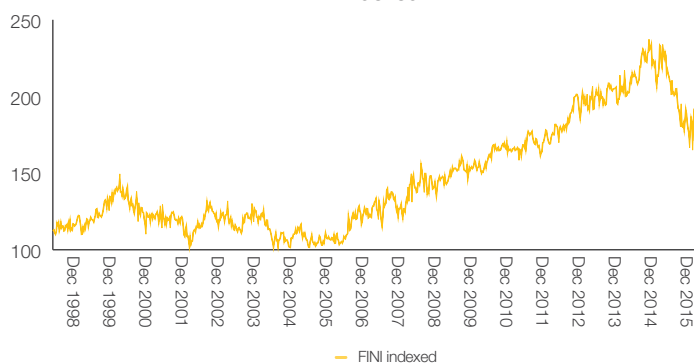
<sup>(1)</sup> Annualised growth in the Sanlam Limited share price since listing on 30 November 1998 plus dividends paid.

### Sanlam share price relative to FINI (indexed)

Sanlam vs ALSI vs Life Assurance index



FINI indexed



## Analysis of shareholders

at 31 December 2015

Distribution of shareholding	Total shareholders		Total shares held	
	Number	%	Number	%
1 – 1 000	413 034	86,74	154 371 755	7,13
1 001 – 5 000	55 582	11,67	109 105 493	5,04
5 001 – 10 000	4 698	0,99	32 326 342	1,49
10 001 – 50 000	2 140	0,45	39 791 234	1,84
50 001 – 100 000	226	0,05	16 262 249	0,75
100 001 – 1 000 000	357	0,07	109 026 379	5,03
1 000 001 and over	128	0,03	1 705 588 354	78,72
<b>Total</b>	<b>476 165</b>	<b>100,00</b>	<b>2 166 471 806</b>	<b>100,00</b>

Public and non-public shareholders	% shareholding
Public shareholders (448 686)	64,79
Non-public shareholders	
Directors' interest	0,33
Held by subsidiaries	7,54
Employee pension funds	0,05
Sanlam Limited Share Incentive Trust	1,05
Government Employees Pension Fund (PIC)	12,74
Ubuntu-Botho Investments (Pty) Limited	13,50
<b>Total</b>	<b>100,00</b>

### Shareholder structure

Institutional and other shareholding	
Offshore	37,12
South Africa	49,87
Individuals	13,01
<b>Total</b>	<b>100,00</b>

### Beneficial shareholding of 5% or more:

Government Employees Pension Fund (PIC)	12,74%
Ubuntu-Botho Investments (Pty) Limited	13,50%

## Five-year performance indicators

		2015	2014
<b>Group equity value</b>			
Group Equity Value	R million	103 506	95 936
Group Equity Value	cps	5 057	4 684
Return on Group Equity Value per share	%	12,8	18,5
<b>Business volumes</b>			
New business volumes	R million	210 842	182 297
Life business		39 976	42 290
Investment business		150 670	121 383
General insurance		20 196	18 624
Recurring premiums on existing business	R million	27 349	25 079
<b>Total inflows (excluding white label)</b>	R million	238 191	207 376
Net fund flows (excluding white label)	R million	19 049	41 994
SIM funds under management	R billion	787	762
<b>New covered business</b>			
Value of new covered business	R million	1 514	1 743
Covered business PVNBP	R million	54 362	56 394
New covered business margin	%	2,79	3,09
<b>Earnings</b>			
Gross result from financial services	R million	11 595	10 774
Net result from financial services	R million	7 269	6 879
Normalised headline earnings	R million	8 851	8 340
Headline earnings	R million	9 300	8 325
Net result from financial services	cps	355,2	336,2
Normalised headline earnings	cps	432,5	407,6
Diluted headline earnings	cps	437,0	427,3
Group operating margin	%	26,7	26,6
<b>Other</b>			
Sanlam share price	cps	6 054	7 000
Dividend	cps	245	225
Normal dividend	cps	245	225
Special dividend	cps	—	—
<b>Sanlam Life Insurance Limited</b>			
Shareholders' fund	R million	77 970	68 156
Capital adequacy requirements (CAR)	R million	8 250	8 325
CAR covered by prudential capital	times	5,8	4,5
<b>Foreign exchange rates</b>			
Closing rate			
Euro		16,8	14,01
British pound		22,8	18,05
United States dollar		15,5	11,57
Average rate			
Euro		14,1	14,38
British pound		19,4	17,85
United States dollar		12,7	10,84
<b>Non-financial<sup>(2)</sup></b>			
BEE credentials <sup>(3)</sup>	level	2	2
Corporate Social Investment spend	R million	74	67
Office staff turnover	%	12,38	11,68
Carbon footprint	Tonnes CO <sub>2</sub> /full time employee	9,54	9,71
Reduction in electricity usage (kWh/m <sup>2</sup> ) <sup>(4)</sup>	%	24	15

<sup>(1)</sup> Excludes dividends paid.

<sup>(2)</sup> Comparative information presented with effect from year when measure was reported for the first time.

<sup>(3)</sup> Measured in terms of the Financial Sector Charter, apart from 2012 when the Department of Trade and Industry Charter applied to the financial services industry in South Africa.

<sup>(4)</sup> Cumulative decrease compared to 2010 base year.



	2013	2012	2011	Average annual growth rate %
	84 409	75 352	63 521	13%
	4 121	3 707	3 146	13% <sup>(1)</sup>
	17,0	22	15,7	
	154 976	123 072	108 956	18%
	31 687	25 436	21 455	17%
	105 697	81 670	72 679	20%
	17 592	15 966	14 822	8%
	22 096	21 271	19 354	9%
	177 072	144 343	128 310	
	26 113	25 000	24 599	(6)%
	677	596	503	12%
	1 450	1 278	1 051	10%
	44 902	38 129	32 786	13%
	3,23	3,35	3,21	
	8 179	6 285	6 050	18%
	5 429	4 030	3 779	18%
	8 060	5 919	5 023	15%
	8 062	5 763	5 015	17%
	266,0	198,9	187,1	17%
	395,0	292,1	248,7	15%
	398,4	286,8	250,1	15%
	22,2	19,4	20,3	7%
	5 324	4 477	2 885	20%
	200	215	130	17%
	200	165	130	17%
	—	50	—	—
	60 542	55 466	45 172	15%
	7 550	7 125	7 350	
	4,5	4,3	3,7	
	14,51	11,18	10,48	13%
	17,42	13,79	12,55	16%
	10,53	8,48	8,07	18%
	12,78	10,53	10,06	9%
	15,00	12,99	11,59	14%
	9,61	8,20	7,22	15%
	2	2		
	64	34		
	10,93	11,60		
	9,77	10,56		
	11			