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Shareholders' Information
2020

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Shareholders' information

Independent auditor's report on the Sanlam Limited Shareholders' Information

To the directors of Sanlam Limited

Opinion

We have audited the Sanlam Limited Shareholders' Information ("Shareholders' Information") of Sanlam Limited set out on pages 108 to 174 for the year ended 31 December 2020, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Analysis of GEV earnings, Analysis of Shareholders' Fund at net asset value, Shareholders' fund income statement, Net operating profit, Notes to the Shareholders' fund information and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying Shareholders' Information of Sanlam Limited for the year ended 31 December 2020 is prepared, in all material respects, in accordance with the basis of accounting described on pages 108 to 115 of the Shareholders' Information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Shareholders' Information section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to pages 108 to 115 of the Shareholders' Information which describes the basis of accounting. The Shareholders' Information is 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 and allocation of resources. As a result, the Shareholders' Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the Shareholders' Information in accordance with the basis of accounting described on pages 108 to 115, 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 is free from material misstatement, whether due to fraud or error.

In preparing the Shareholders' Information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Shareholders' Information

Our objectives are to obtain reasonable assurance about whether the Shareholders' Information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Shareholders' Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Shareholders' Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Shareholders' Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Shareholders' Information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Other matter

Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2020, in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of Sanlam Limited, dated 10 March 2021.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

3 Dock Road
V&A Waterfront
Cape Town

10 March 2021

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 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. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the Group. This is considered to provide a meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows 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 180.

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 in the online IFRS Annual Financial Statements, 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 2019 annual report apart from the following:

- In support of Sanlam's updated strategy, the former Sanlam Personal Finance (SPF) cluster was split into two clusters with effect from 1 September 2020 being SA Retail Mass and SA Retail Affluent. These two clusters, together with Sanlam Corporate, will form part of a new Sanlam Life and Savings cluster. This reflects the way that management information is reported internally. All comparative information that has been affected by this reorganisation has been adjusted to reflect the new structure in the shareholder information.
- IAS 29 – Financial Reporting in Hyperinflationary Economies has been applied to Lebanon from 1 January 2020. The 2020 monetary and non-monetary items on the balance sheet are reindexed at the end of the period to recognise the impact of the hyperinflation. This would have resulted in various line items on the income statement being artificially inflated but has been aggregated in fund transfers. For the second six months management has included all items of income and expense for LIA Insurance in the impairments line as it has been decided to write down the NAV to zero.
- The Conceptual Framework for Financial Reporting
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest rate benchmark reform – Phase 1 (Amendments to IFRS 7, IFRS 9 and IAS 39)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

With the exception of IAS 29, these amendments did not have a significant impact on these Annual Financial Statements and no further disclosures have therefore been made.

The shareholders' fund information includes the following:

- Group Equity Value (refer page 116)
- Change in Group Equity Value (refer page 120)
- RoGEV (refer page 122)
- Analysis of Group Equity Value earnings (refer page 124)
- Shareholders' fund financial statements consisting of the Shareholders fund at net asset value (refer page 128), Shareholders' fund income statement (refer page 130) and related notes, including embedded value of covered business related disclosures.

Group Equity Value

GEV is the aggregate of the following components:

- 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;
- 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
- 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:

- Adjustments to net worth; and
- 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.

Fair value of businesses included in GEV

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. 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.

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.

Basis of accounting – Shareholders' information continued

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, weighted for changes in issued share capital during the year.

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 contained in IFRS Financial Statements online, apart from the following:

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.

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. 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. Similar mismatches are created by the recognition of deferred tax assets in respect of assessed losses in policyholder funds. These deferred tax assets, and movements therein, are also recognised in the consolidation reserve and fund transfers, respectively.

In addition, the consolidation of the broad-based black economic empowerment (B-BBEE) Special Purpose Vehicle (SPV) to which 111 349 999 shares were issued in 2019, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively. The SPV was funded 50% by a loan issued by Sanlam to the SPV, and 50% by external debt. For IFRS purposes:

- the SPV is consolidated
- the shares held within the SPV are treated as treasury shares
- the loan to the SPV is eliminated, and
- the external debt is reflected on the balance sheet.

Given that the shares will be sold in the market should the SPV not be able to repay the loan, management has, for Shareholders Information purposes, recognised the full share issue in the Shareholders' Fund and not consolidated the SPV. Given the close relationship between the valuation of the loan and the Sanlam share price, this balance is classified as equities in the Shareholders' Fund at NAV. Management tests the recoverability of the Sanlam loan semi-annually and has, as a result of this recoverability assessment, decided to impair the asset by R1,7 billion at 31 December 2020. As this is not necessarily reflective of the longer-term value of the SPV, this impairment can decrease or increase in future periods based on the movement in the Sanlam share price.

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.

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:

- 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), Shriram General Insurance and Shriram Life Insurance direct investments, Pacific & Orient, Capricorn Investment Holdings, Letshego, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- 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 B-BBEE SPV, 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 and B-BBEE SPV. 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, consolidated vehicles (B-BBEE SPV) and Group subsidiaries held by the policyholders' fund.

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. Funds received in respect of non-annuity assets under administration are excluded from funds received from 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 (excluding those related to assets under administration), 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. Withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

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

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 8), 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.

Basis of accounting – Shareholders' information continued

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 2019 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, group stable bonus business, annuity business and other non-participating business written by SA Retail Affluent, SA Retail Mass, Sanlam Corporate, Sanlam Emerging Markets and Sanlam UK.

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:

- Adjusted net worth (ANW); and
- 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.

For South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that Own Funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, e.g. between 170% and 210% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, e.g. 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

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 ring-fenced 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:

- 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
- 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 the present value of future shareholder profits from in-force covered business (PVIF), after allowance for 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.

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:

- A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
- Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- 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;
- 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;
- 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;
- Annuities purchased by retirement fund members using in-fund options are treated as new business; Renewable recurring premiums under Group insurance contracts are treated as in-force business; and
- 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 6 on page 144, 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:

- Explicit allowances within the projected shareholder cash flows;
- The level of required capital and the impact on cost of required capital; and
- 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.

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Basis of accounting – Shareholders' information continued

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 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.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience, adjusted for expected future trends 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.

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 rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2020.

Project expenses

A best estimate of future project expenses is allowed for in the embedded value of covered business, in addition to the expense assumptions outlined above, in both the value of policy liabilities and the PVIF as applicable. These projects relate to regulatory compliance, digital transformation, administration and existing distribution platforms of the life insurance business and are deemed to be business imperatives by management. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

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 Investment Group, 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 Investment Group 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.

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

R million	Note	Group Equity Value		Value of in-force/ Fair value adjustment	
		2020	2019	2020	2019
Sanlam Life and Savings		52 278	53 061	43 137	43 732
Covered business ⁽¹⁾	7.1	47 597	48 306	40 619	41 078
SA Retail Affluent		32 043	32 894	28 024	28 569
SA Retail Mass		10 596	10 076	9 696	9 232
Sanlam Corporate		4 958	5 336	2 899	3 277
Other operations		4 681	4 755	2 518	2 654
SA Retail Affluent Glacier		4 035	4 171	2 847	2 956
Sanlam Personal Loans		2 553	2 501	2 139	1 984
Other operations		1 119	1 320	414	692
Sanlam Corporate: Health Operations		363	350	294	280
		646	584	(329)	(302)
Sanlam Emerging Markets		35 323	40 731	5 381	7 395
Covered business	7.2	8 638	8 794	3 775	4 254
Saham		1 548	2 306	92	539
Namibia		2 063	1 997	1 546	1 487
Botswana		1 588	1 575	1 216	1 263
Other African operations		1 594	1 293	175	302
India		1 002	935	393	363
Malaysia		843	688	353	300
Other operations		26 685	31 937	1 606	3 141
Saham		15 827	19 400	2 241	1 918
Shriram Capital		8 954	9 282	191	1 222
Other operations		1 904	3 255	(826)	1
Sanlam Investment Group		19 003	20 050	9 337	10 579
Covered business	7.3	3 091	3 056	(182)	(153)
Sanlam UK Central Credit Manager ⁽¹⁾		1 425	1 374	656	669
		1 666	1 682	(838)	(822)
Other operations		15 912	16 994	9 519	10 732
Sanlam Investments ⁽²⁾		2 949 ⁽³⁾	5 058 ⁽³⁾	1 639	3 623
Wealth Management		2 588	2 275	2 331	2 024
International ⁽²⁾		8 928	7 997	4 190	3 613
Sanlam Specialised Finance		1 447	1 664	1 359	1 472
Santam		17 277	19 675	10 923	13 196
Dividend pool		6 185	6 911	-	-
Discretionary capital		636	220	-	-
Other capital		3 597	4 593	-	-
Present value of holding company expenses	15	(2 487)	(1 970)	(2 487)	(1 970)
Group Equity Value		131 812	143 271	66 291	72 932
Covered business	2	59 326	60 156	44 212	45 179
Other operations	5	64 555	73 361	24 566	29 723
Group operations		123 881	133 517	68 778	74 902
Discretionary and other capital		7 931	9 754	(2 487)	(1 970)
Group Equity Value		131 812	143 271	66 291	72 932
Value per share (Rand)	14	59,20	64,36		

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

⁽²⁾ Adjusted for reallocation of consolidation journals.

⁽³⁾ Include Sanlam share (75%) of the third party asset management business of R3 379 million (31 December 2019: R5 395 million - 100% share).

<i>Adjusted net asset value</i>		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2020	2019	2020	2019	2020	2019
9 141	9 329	(1 240)	(1 304)	10 381	10 633
6 978	7 228	(1 240)	(1 304)	8 218	8 532
4 019	4 325	(681)	(694)	4 700	5 019
900	844	(371)	(403)	1 271	1 247
2 059	2 059	(188)	(207)	2 247	2 266
2 163	2 101	-	-	2 163	2 101
1 188	1 215	-	-	1 188	1 215
414	517	-	-	414	517
705	628	-	-	705	628
69	70	-	-	69	70
975	886	-	-	975	886
29 942	33 336	(3 154)	(3 316)	33 096	36 652
4 863	4 540	(3 154)	(3 316)	8 017	7 856
1 456	1 767	(1 774)	(2 677)	3 230	4 444
517	510	-	-	517	510
372	312	(2)	(3)	374	315
1 419	991	(744)	(11)	2 163	1 002
609	572	(302)	(297)	911	869
490	388	(332)	(328)	822	716
25 079	28 796	-	-	25 079	28 796
13 586	17 482	-	-	13 586	17 482
8 763	8 060	-	-	8 763	8 060
2 730	3 254	-	-	2 730	3 254
9 666	9 471	(356)	(356)	10 022	9 827
3 273	3 209	(356)	(356)	3 629	3 565
769	705	(356)	(356)	1 125	1 061
2 504	2 504	-	-	2 504	2 504
6 393	6 262	-	-	6 393	6 262
1 310	1 435	-	-	1 310	1 435
257	251	-	-	257	251
4 738	4 384	-	-	4 738	4 384
88	192	-	-	88	192
6 354	6 479	-	-	6 354	6 479
6 185	6 911	-	-	6 185	6 911
636	220	-	-	636	220
3 597	4 593	(1 197)	(1 197)	4 794	5 790
-	-	-	-	-	-
65 521	70 339	(5 947)	(6 173)	71 468	76 512
15 114	14 977	(4 750)	(4 976)	19 864	19 953
39 989	43 638	-	-	39 989	43 638
55 103	58 615	(4 750)	(4 976)	59 853	63 591
10 418	11 724	(1 197)	(1 197)	11 615	12 921
65 521	70 339	(5 947)	(6 173)	71 468	76 512
				32,10	34,37

Analysis of Group Equity Value per line of business at 31 December

R million	Total		Life Business	
	2020	2019	2020	2019
Southern Africa	92 374	99 655	53 387	54 028
South Africa	84 590	91 654	49 263	49 988
Other ⁽¹⁾	7 784	8 001	4 124	4 040
North and West Africa	16 639	20 579	2 068	2 017
East Africa	1 170	1 138	607	583
Other International ⁽¹⁾	21 629	21 899	3 264	3 528
Total	131 812	143 271	59 326	60 156

⁽¹⁾ Comparative information has been adjusted to reflect Saham in the underlying regions.

General Insurance		Investment Management		Credit & Structuring		Administration, Health and Other	
2020	2019	2020	2019	2020	2019	2020	2019
17 934	20 508	6 576	8 544	3 926	4 302	10 551	12 273
17 277	19 675	5 881	7 874	2 090	2 354	10 079	11 763
657	833	695	670	1 836	1 948	472	510
15 871	18 562	-	-	-	-	(1 300)	-
654	511	161	207	-	-	(252)	(163)
2 434	2 798	9 060	8 086	6 794	7 382	77	105
36 893	42 379	15 797	16 837	10 720	11 684	9 076	12 215

Change in Group Equity Value

at 31 December 2020

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	53 061	4 045	(397)	(4 431)	52 278
Covered business	48 306	4 032	(454)	(4 287)	47 597
SA Retail Affluent ¹	32 894	2 679	(434)	(3 096)	32 043
SA Retail Mass	10 076	1 170	53	(703)	10 596
Sanlam Corporate	5 336	183	(73)	(488)	4 958
Other operations	4 755	13	57	(144)	4 681
SA Retail Affluent	4 171	(93)	55	(98)	4 035
<i>Glacier</i>	2 501	208	-	(156)	2 553
<i>Sanlam Personal Loans</i>	1 320	(332)	55	76	1 119
<i>Other operations</i>	350	31	-	(18)	363
Sanlam Corporate: Health Operations	584	106	2	(46)	646
Sanlam Emerging Markets	40 731	(4 106)	701	(2 003)	35 323
Covered business	8 794	(446)	979	(689)	8 638
Saham	2 306	(677)	(139)	58	1 548
Namibia	1 997	261	(21)	(174)	2 063
Botswana	1 575	213	36	(236)	1 588
Other African operations	1 293	(463)	1 030	(266)	1 594
India	935	89	9	(31)	1 002
Malaysia	688	131	64	(40)	843
Other operations	31 937	(3 660)	(278)	(1 314)	26 685
Saham	19 400	(3 177)	146	(542)	15 827
Shriram Capital	9 282	(315)	105	(118)	8 954
Other operations	3 255	(168)	(529)	(654)	1 904
Sanlam Investment Group	20 050	8	(510)	(545)	19 003
Covered business	3 056	138	(65)	(38)	3 091
Sanlam UK	1 374	51	22	(22)	1 425
Central Credit Manager	1 682	87	(87)	(16)	1 666
Other operations	16 994	(130)	(445)	(507)	15 912
Sanlam Investments	5 058	(1 174)	(790)	(145)	2 949
Wealth Management	2 275	450	-	(137)	2 588
International	7 997	820	345	(234)	8 928
Sanlam Specialised Finance	1 664	(226)	-	9	1 447
Santam	19 675	(1 911)	-	(487)	17 277
Discretionary capital	220	98	318	-	636
Other capital	11 504	(1 491)	7 134	(7 365)	9 782
Present value of holding company expenses	(1 970)	(517)	-	-	(2 487)
Elimination of intergroup dividends	-	-	(7 466)	7 466	-
Group Equity Value	143 271	(3 874)	(220)	(7 365)	131 812
Covered business	60 156	3 724	460	(5 014)	59 326
Other operations	73 361	(5 688)	(666)	(2 452)	64 555
Group operations	133 517	(1 964)	(206)	(7 466)	123 881
Discretionary and other capital	9 754	(1 910)	7 452	(7 365)	7 931
Elimination of intergroup dividends	-	-	(7 466)	7 466	-
Group Equity Value	143 271	(3 874)	(220)	(7 365)	131 812

⁽¹⁾ The Pandemic reserve release is reported under SA Retail Affluent in Change in Group Equity value, but shown separately in the detailed information as reported in Note 7.1 on page 147.

Change in Group Equity Value

at 31 December 2019

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	49 194	9 414	(711)	(4 836)	53 061
Covered business	44 286	9 075	(711)	(4 344)	48 306
SA Retail Affluent	30 454	5 755	(532)	(2 783)	32 894
SA Retail Mass	8 755	2 258	107	(1 044)	10 076
Sanlam Corporate	5 077	1 062	(286)	(517)	5 336
Other operations	4 908	339	-	(492)	4 755
SA Retail Affluent	3 976	627	-	(432)	4 171
<i>Glacier</i>	2 359	339	-	(197)	2 501
<i>Sanlam Personal Loans</i>	1 224	291	-	(195)	1 320
<i>Other operations</i>	393	(3)	-	(40)	350
Sanlam Corporate: Health Operations	932	(288)	-	(60)	584
Sanlam Emerging Markets	44 659	(3 186)	1 497	(2 239)	40 731
Covered business	9 151	(83)	435	(709)	8 794
Saham	2 968	(1 192)	603	(73)	2 306
Namibia	1 867	371	(67)	(174)	1 997
Botswana	1 587	372	(143)	(241)	1 575
Other African operations	1 274	147	39	(167)	1 293
India	854	98	14	(31)	935
Malaysia	601	121	(11)	(23)	688
Other operations	35 508	(3 103)	1 062	(1 530)	31 937
Saham	20 309	(1 571)	662	-	19 400
Shriram Capital	10 632	(841)	9	(518)	9 282
Other operations	4 567	(691)	391	(1 012)	3 255
Sanlam Investment Group	18 703	1 452	906	(1 011)	20 050
Covered business	2 797	359	148	(248)	3 056
Sanlam UK	1 268	139	42	(75)	1 374
Central Credit Manager	1 529	220	106	(173)	1 682
Other operations	15 906	1 093	758	(763)	16 994
Sanlam Investments	4 821	666	(51)	(378)	5 058
Wealth Management	2 647	(283)	44	(133)	2 275
International	6 938	535	655	(131)	7 997
Sanlam Specialised Finance	1 500	175	110	(121)	1 664
Santam	20 102	290	-	(717)	19 675
Discretionary capital	(3 678)	242	3 656	-	220
Other capital	7 155	166	11 067	(6 884)	11 504
Present value of holding company expenses	(2 083)	113	-	-	(1 970)
Elimination of intergroup dividends	-	-	(8 803)	8 803	-
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271
Covered business	56 234	9 351	(128)	(5 301)	60 156
Other operations	76 424	(1 381)	1 820	(3 502)	73 361
Group operations	132 658	7 970	1 692	(8 803)	133 517
Discretionary and other capital	1 394	521	14 723	(6 884)	9 754
Elimination of intergroup dividends	-	-	(8 803)	8 803	-
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271

Return on Group Equity Value

at 31 December

%	2020	2019
Sanlam Life and Savings	7,6	19,2
Covered business	8,3	20,6
SA Retail Affluent	8,1	18,9
SA Retail Mass	11,6	25,8
Sanlam Corporate	3,4	21,9
Other operations	0,3	6,9
SA Retail Affluent	(2,2)	15,8
<i>Glacier</i>	8,3	14,4
<i>Sanlam Personal Loans</i>	(24,7)	23,8
<i>Other operations</i>	8,9	(0,8)
Sanlam Corporate: Health Operations	18,1	(30,9)
Sanlam Emerging Markets	(10,2)	(7,1)
Covered business	(5,2)	(0,9)
Saham	(31,3)	(40,2)
Namibia	13,1	19,9
Botswana	13,5	23,4
Other African operations	(27,6)	11,5
India	9,5	11,5
Malaysia	19,0	20,1
Other operations	(11,6)	(8,7)
Saham	(16,3)	(7,7)
Shriram Capital	(3,3)	(7,9)
Other operations	(6,3)	(14,6)
Sanlam Investment Group	-	7,6
Covered business	4,5	11,8
Sanlam UK	3,7	10,9
Central Credit Manager	5,2	12,5
Other operations	(0,8)	6,8
Sanlam Investments	(23,3)	13,7
Wealth Management	19,8	(10,6)
International	10,2	7,5
Sanlam Specialised Finance	(13,6)	11,7
Santam	(9,7)	1,4
Discretionary capital and other	(18,8)	65,4
Group Equity Value	(2,7)	6,3
Covered business	6,2	16,6
Other operations	(7,8)	(1,8)
Group operations	(1,5)	6,0
Discretionary and other capital	(18,8)	65,4
Group Equity Value	(2,7)	6,3
RoGEV per share	(2,8)	6,4
<i>Sanlam Group hurdle rate</i>	13,3	13,5

Cumulative RoGEV average growth rate

up to 31 December 2020

%	3 years	4 years	5 years
Sanlam Life and Savings	12,7	14,0	15,3
Sanlam Emerging Markets	(1,4)	1,7	0,9
Sanlam Investment Group	3,7	6,2	4,5
Santam	1,7	5,5	10,4
Sanlam Group RoGEV	4,5	7,0	8,0

Analysis of GEV Earnings

for the year ended 31 December

Covered business⁽¹⁾

R million	Total		Value of in-force	
	2020	2019	2020	2019
Operational earnings	5 428	8 691	119	3 573
Value of new life insurance business ⁽²⁾	1 921	2 280	4 835	5 302
Unwinding of discount rate	5 576	5 285	5 360	5 080
Expected profit	-	-	(7 831)	(7 099)
Operating experience variances	367	1 361	347	506
Risk experience	(125)	454	(47)	131
Persistency	157	(22)	358	328
Maintenance expenses	67	83	15	(6)
Working capital management	457	527	-	-
Credit spread	129	294	-	(1)
Other	(318)	25	21	54
Operating assumption changes	(2 436)	(235)	(2 592)	(216)
Risk experience	438	208	(218)	27
Persistency	(1 856)	(98)	(1 514)	260
Maintenance expenses	(353)	255	(267)	210
Modelling changes and other	(665)	(600)	(593)	(713)
Net investment return	184	330	-	-
Expected return on adjusted net asset value	1 006	1 025	-	-
Investment variances on adjusted net asset value	(822)	(695)	-	-
Valuation and economic basis	(1 279)	347	(850)	325
Investment variances on in-force business	(1 599)	337	(1 202)	282
Economic assumption changes	125	318	148	380
Investment yields	104	164	141	152
Long-term asset mix assumptions and other	21	154	7	228
Foreign currency translation differences	195	(308)	204	(337)
Change in tax basis	19	-	20	-
Net project expenses	(18)	-	-	-
Goodwill and VOBA from business combinations	(610)	(17)	(610)	(17)
GEV earnings: covered business	3 724	9 351	(1 321)	3 881
Acquired value of in-force	907	128	724	5
Transfers from/(to) other Group operations	(146)	-	(146)	-
Transfers from covered business	(5 315)	(5 557)	-	-
Embedded value of covered business at the beginning of the period	60 156	56 234	48 630	44 744
Embedded value of covered business at the end of the period	59 326	60 156	47 887	48 630

⁽¹⁾ Refer to note 7.1 for an analysis per cluster.

⁽²⁾ Refer to note 1 for further information.

Covered business per cluster

R million	Total		Value of in-force	
	2020	2019	2020	2019
Sanlam Life and Savings	47 597	48 306	42 476	42 943
Sanlam Emerging Markets	8 638	8 794	4 613	4 871
Sanlam Investment Group	3 091	3 056	798	816
Sanlam Group	59 326	60 156	47 887	48 630

Cost of capital		Adjusted net asset value	
2020	2019	2020	2019
(161)	(138)	5 470	5 256
(247)	(220)	(2 667)	(2 802)
216	205	-	-
-	-	7 831	7 099
(59)	(94)	79	949
9	(1)	(87)	324
(28)	(70)	(173)	(280)
-	(4)	52	93
-	-	457	527
-	-	129	295
(40)	(19)	(299)	(10)
(71)	(29)	227	10
1	7	655	174
(12)	(30)	(330)	(328)
(3)	-	(83)	45
(57)	(6)	(15)	119
-	-	184	330
-	-	1 006	1 025
-	-	(822)	(695)
27	(23)	(456)	45
23	1	(420)	54
13	(53)	(36)	(9)
(2)	49	(35)	(37)
15	(102)	(1)	28
(9)	29	-	-
(1)	-	-	-
-	-	(18)	-
-	-	-	-
(135)	(161)	5 180	5 631
(89)	(2)	272	125
-	-	-	-
-	-	(5 315)	(5 557)
(3 451)	(3 288)	14 977	14 778
(3 675)	(3 451)	15 114	14 977

Cost of capital		Adjusted net asset value	
2020	2019	2020	2019
(1 857)	(1 865)	6 978	7 228
(838)	(617)	4 863	4 540
(980)	(969)	3 273	3 209
(3 675)	(3 451)	15 114	14 977

Analysis of GEV Earnings continued

Other operations

R million	Total		Sanlam Life and Savings	
	2020	2019	2020	2019
Earnings from operations valued at listed share prices	(1 798)	608	-	-
Earnings from operations valued at net asset value	(5)	(156)	-	-
Earnings from operations valued based on discounted cash flows	(3 885)	(1 833)	13	339
Unwinding of discount rate	6 231	7 852	977	884
Operating experience variances	(5 168)	(596)	(963)	82
General insurance	(1 429)	(583)	-	-
Investment management	(2 725)	(87)	-	-
Credit and banking	(393)	97	(331)	116
Administration, health and other	(621)	(23)	(632)	(34)
Operating assumption changes	(8 604)	(7 660)	(81)	(719)
General insurance	(5 029)	(459)	-	-
Investment management	(825)	(2 755)	-	-
Credit and banking	(2 861)	(3 217)	(197)	(83)
Administration, health and other	111	(1 229)	116	(636)
Economic assumption changes	2 215	2 612	80	92
Foreign currency translation differences	1 441	(4 041)	-	-
GEV earnings: other operations	(5 688)	(1 381)	13	339

Discretionary and other capital

R million	Total	
	2020	2019
Investment return ⁽¹⁾	(1 561)	456
Corporate expenses	(603)	13
Net corporate expenses	(86)	(100)
Change in present value of holding company expenses	(517)	113
Share-based payment transactions	254	52
GEV earnings: discretionary and other capital	(1 910)	521

⁽¹⁾ Includes an impairment of R1,7 billion as described on page 81.

Sanlam Emerging Markets		Sanlam Investment Group		Santam	
2020	2019	2020	2019	2020	2019
-	-	113	318	(1 911)	290
(80)	(122)	75	(34)	-	-
(3 580)	(2 981)	(318)	809	-	-
3 051	4 739	2 203	2 229	-	-
(1 395)	(545)	(2 810)	(133)	-	-
(1 429)	(583)	-	-	-	-
85	46	(2 810)	(133)	-	-
(62)	(19)	-	-	-	-
11	11	-	-	-	-
(7 751)	(4 395)	(772)	(2 546)	-	-
(5 029)	(459)	-	-	-	-
(53)	(209)	(772)	(2 546)	-	-
(2 664)	(3 134)	-	-	-	-
(5)	(593)	-	-	-	-
1 444	1 158	691	1 362	-	-
1 071	(3 938)	370	(103)	-	-
(3 660)	(3 103)	(130)	1 093	(1 911)	290

Reconciliation of Group Equity Value earnings

R million	2020	2019
IFRS earnings (excluding fund transfers)	2 572	5 448
Normalised attributable earnings	(694)	9 110
Earnings recognised directly in equity		
Foreign currency translation differences	2 813	(3 890)
Net cost of treasury shares delivered	(578)	(338)
Share-based payments	474	391
Change in ownership of subsidiaries	595	(112)
Other comprehensive income	(38)	287
Fair value adjustments	(6 613)	2 605
Change in fair value adjustments: non-life	(5 157)	(1 115)
Earnings from covered business: VIF	(1 456)	3 720
Adjustments to net worth	167	438
Present value of holding company expenses	(517)	113
Movement in book value of treasury shares: non-life subsidiaries	(30)	(11)
Change in goodwill/VOBA less VIF acquired	714	336
Group Equity Value earnings	(3 874)	8 491

Analysis of Shareholders' Fund Net Asset Value

at 31 December

R million	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾		Sanlam Investment Group	
	2020	2019	2020	2019	2020	2019
Assets						
Equipment	445	432	610	707	90	103
Rights-of-use assets	420	433	205	212	311	346
Owner-occupied properties	477	477	1 999	1 061	123	120
Goodwill	725	769	11 875	13 598	1 960	2 466
Value of business acquired	766	858	4 526	5 947	837	1 963
Other intangible assets	23	27	548	637	159	188
Deferred acquisition costs	2 436	2 572	331	269	18	24
Investments	14 645	13 912	40 534	39 432	5 021	5 007
Properties	-	-	5 869	6 815	-	-
Associated companies	1 086	1 011	15 527	15 380	335	280
Joint ventures	796	874	-	-	42	89
Equities and similar securities	493	462	6 588	7 199	263	348
Interest-bearing investments	4 992	2 766	5 115	3 477	366	596
Structured transactions	160	177	111	14	-	137
Investment funds	6 453	7 676	6 131	4 996	3 481	3 170
Cash, deposits and similar securities	665	946	1 193	1 551	534	387
Deferred tax	529	192	1 204	735	207	212
Assets of disposal groups classified as held for sale	-	-	9	127	2 187	-
General insurance technical assets	-	-	4 089	2 641	-	-
Working capital assets	7 765	8 456	19 085	17 347	16 109	14 923
Trade and other receivables	1 266	534	12 161	11 106	12 155	11 504
Taxation	24	6	849	842	23	3
Cash, deposits and similar securities	6 475	7 916	6 075	5 399	3 931	3 416
Total assets	28 231	28 128	85 015	82 713	27 022	25 352
Equity and liabilities						
Shareholders' fund	19 473	13 167	34 345	38 473	10 934	10 952
Non-controlling interest	101	150	11 222	11 538	1 137	650
Total equity	19 574	13 317	45 567	50 011	12 071	11 602
Term finance	1 004	1 013	1 973	545	607	882
Lease liabilities	472	478	221	223	347	370
Structured transactions liabilities	183	58	-	-	57	-
Cell owners' interest	-	-	-	-	-	-
Deferred tax	732	826	3 218	3 499	107	262
Liabilities of disposal groups classified as held for sale	-	-	-	-	454	-
General insurance technical provisions	-	-	20 443	17 696	-	-
Working capital liabilities	6 266	12 436	13 593	10 739	13 379	12 236
Trade and other payables	6 218	12 298	12 614	9 720	12 729	11 692
Provisions	48	52	170	152	77	90
Taxation	-	86	809	867	573	454
Total equity and liabilities	28 231	28 128	85 015	82 713	27 022	25 352
Analysis of shareholders' fund						
Covered business	8 218	8 532	8 017	7 856	3 629	3 565
Other operations	2 163	2 101	25 079	28 796	6 393	6 262
Discretionary and other capital	9 092	2 534	1 249	1 821	912	1 125
Shareholders' fund at net asset value	19 473	13 167	34 345	38 473	10 934	10 952
Consolidation reserve	817	641	62	62	-	-
Shareholders' fund per Group statement of financial position on page 68	20 290	13 808	34 407	38 535	10 934	10 952

⁽¹⁾ Includes the operations of SA Retail Affluent, SA Retail Mass and Sanlam Corporate (Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.

⁽²⁾ Includes discretionary capital held by Sanlam Emerging Markets.

⁽³⁾ Group Office and other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

⁽⁴⁾ Elimination of intercompany balances, other investments and term finance between companies within the Group.

Santam		Group office ⁽³⁾		Consolidation entries ⁽⁴⁾		Shareholders' fund at net asset value	
2020	2019	2020	2019	2020	2019	2020	2019
342	291	-	-	-	-	1 487	1 533
624	861	-	-	-	-	1 560	1 852
25	25	-	-	-	-	2 624	1 683
946	944	-	-	1 197	1 197	16 703	18 974
-	-	-	-	-	-	6 129	8 768
58	74	-	-	-	-	788	926
-	-	-	-	-	-	2 785	2 865
26 677	24 145	7 267	5 707	(5 719)	(4 517)	88 425	83 686
-	-	-	-	-	-	5 869	6 815
4 086	4 508	-	-	(4 079)	(4 489)	16 955	16 690
35	49	-	-	-	-	873	1 012
2 314	2 089	-	367	3 161	4 310	12 819	14 775
15 196	11 919	7 267	5 340	(4 922)	(4 458)	28 014	19 640
264	400	-	-	-	-	535	728
4 433	4 480	-	-	121	120	20 619	20 442
349	700	-	-	-	-	2 741	3 584
102	107	-	-	(23)	(15)	2 019	1 231
-	-	-	-	-	-	2 196	127
9 758	7 525	-	-	-	-	13 847	10 166
16 445	14 654	3 579	3 897	(1 773)	(1 251)	61 210	58 026
7 015	6 632	3 509	3 643	(2 153)	(1 386)	33 953	32 033
15	16	1	-	-	-	912	867
9 415	8 006	69	254	380	135	26 345	25 126
54 977	48 626	10 846	9 604	(6 318)	(4 586)	199 773	189 837
6 354	6 479	5 451	4 260	(5 089)	3 181	71 468	76 512
4 547	4 405	-	-	(4 507)	(4 716)	12 500	12 027
10 901	10 884	5 451	4 260	(9 596)	(1 535)	83 968	88 539
3 089	2 080	3 470	2 954	-	-	10 143	7 474
782	978	-	-	-	-	1 822	2 049
80	-	-	-	-	-	320	58
4 226	3 935	-	-	-	-	4 226	3 935
82	39	-	-	-	-	4 139	4 626
-	-	-	-	-	-	454	-
29 309	23 636	-	-	-	-	49 752	41 332
6 508	7 074	1 925	2 390	3 278	(3 051)	44 949	41 824
6 164	6 585	1 915	2 378	3 224	(3 074)	42 864	39 599
153	174	10	10	18	18	476	496
191	315	-	2	36	5	1 609	1 729
54 977	48 626	10 846	9 604	(6 318)	(4 586)	199 773	189 837
-	-	-	-	-	-	19 864	19 953
6 354	6 479	-	-	-	-	39 989	43 638
-	-	5 451	4 260	(5 089)	3 181	11 615	12 921
6 354	6 479	5 451	4 260	(5 089)	3 181	71 468	76 512
-	-	-	-	(7 635)	(9 898)	(6 756)	(9 195)
6 354	6 479	5 451	4 260	(12 724)	(6 717)	64 712	67 317

Shareholders' Fund Income Statement

for the year ended 31 December

Sanlam Life and Savings

R million	SA Retail Affluent ⁽¹⁾		SA Retail Mass		Sanlam Corporate	
	2020	2019	2020	2019	2020	2019
Financial services income	14 166	13 195	8 799	7 873	6 230	5 989
Sales remuneration	(2 144)	(2 016)	(1 605)	(1 721)	(80)	(70)
Income after sales remuneration	12 022	11 179	7 194	6 152	6 150	5 919
Underwriting policy benefits	(2 814)	(2 258)	(4 476)	(3 183)	(3 707)	(3 511)
Administration costs	(4 657)	(4 466)	(1 668)	(1 621)	(1 607)	(1 582)
Result from financial services before tax	4 551	4 455	1 050	1 348	836	826
Tax on result from financial services	(1 266)	(1 174)	(392)	(396)	(224)	(236)
Result from financial services after tax	3 285	3 281	658	952	612	590
Non-controlling interest	-	1	45	31	-	-
Net result from financial services	3 285	3 282	703	983	612	590
Net investment income	201	191	65	65	75	55
Investment income	240	236	76	74	80	60
Tax on investment income	(37)	(40)	(11)	(9)	(5)	(5)
Non-controlling interest	(2)	(5)	-	-	-	-
Net investment surpluses	(30)	69	(12)	33	(1)	49
Investment surpluses	(45)	86	(7)	31	(5)	62
Tax on investment surpluses	13	(17)	(5)	2	4	(13)
Non-controlling interest	2	-	-	-	-	-
Project expenses	(21)	-	(1)	(2)	(10)	-
Net operational earnings	3 435	3 542	755	1 079	676	694
Net amortisation of value of business acquired and other intangibles	(51)	(53)	(8)	(5)	(5)	(20)
Equity participation costs ⁽¹⁾	-	-	-	-	-	-
Net non-operational equity-accounted earnings	-	-	-	-	(21)	(9)
Non-operational equity-accounted earnings	-	-	-	-	(21)	(9)
Tax on non-operational equity-accounted headline earnings	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-
Net profit on disposal of subsidiaries and associated companies	-	-	-	-	-	(3)
Profit on disposal of subsidiaries and associated companies	-	-	-	-	-	(3)
Non-controlling interest	-	-	-	-	-	-
Impairments	-	(4)	(3)	-	(44)	-
Normalised attributable earnings	3 384	3 485	744	1 074	606	662
Fund transfers ⁽²⁾	1	-	176	(370)	-	-
Attributable earnings per Group statement of comprehensive income	3 385	3 485	920	704	606	662
Net profit on disposal of subsidiaries and associated companies	-	-	-	-	-	3
Expected credit losses included in impairment	-	-	-	-	-	-
Impairments	-	4	3	-	44	-
Net equity-accounted non-headline earnings	-	-	-	-	4	(14)
Headline earnings	3 385	3 489	923	704	654	651
Diluted earnings per share						
Weighted average number of shares for operational earnings per share (million)						
Net result from financial services (cents)	147,5	148,6	31,6	44,5	27,5	26,7

⁽¹⁾ The Pandemic reserve release is reported under SA Retail Affluent in the income statement but shown separately in the detailed information as reported in Note 7.1 on page 147.

⁽²⁾ The B-BBEE transaction in 2019 gave rise to a non-recurring share-based payment charge of R1 686 million. The above market-related discount of R594 million was recognised as equity participation cost in Shareholders' fund income statement, with the remainder recognised in fund transfers.

⁽³⁾ Impairment in respect of B-BBEE SPV funding reversed in fund transfers

Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other ⁽²⁾		Total	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
25 335 (3 650)	25 367 (3 345)	7 133 (751)	6 800 (547)	25 673 (3 035)	25 396 (2 882)	(175) -	(370) -	87 161 (11 265)	84 250 (10 581)
21 685 (10 098) (6 918)	22 022 (10 043) (6 431)	6 382 - (5 133)	6 253 - (4 694)	22 638 (16 770) (4 154)	22 514 (15 080) (4 382)	(175) - (327)	(370) - (302)	75 896 (37 865) (24 464)	73 669 (34 075) (23 478)
4 669 (1 254)	5 548 (1 789)	1 249 (378)	1 559 (392)	1 714 (456)	3 052 (898)	(502) 137	(672) 214	13 567 (3 833)	16 116 (4 671)
3 415 (1 038)	3 759 (1 127)	871 (66)	1 167 (97)	1 258 (572)	2 154 (937)	(365) 279	(458) 358	9 734 (1 352)	11 445 (1 771)
2 377 244	2 632 299	805 99	1 070 82	686 211	1 217 120	(86) 186	(100) 232	8 382 1 081	9 674 1 044
473 (152) (77)	568 (174) (95)	120 (21) -	89 (9) 2	455 (109) (135)	263 (64) (79)	97 39 50	106 87 39	1 541 (296) (164)	1 396 (214) (138)
(674)	(136)	(6)	53	(118)	152	31	(10)	(810)	210
(720) 11 35	48 (152) (32)	7 (11) (2)	81 (28) -	(246) 48 80	379 (125) (102)	22 4 5	(75) 37 28	(994) 64 120	612 (296) (106)
(178)	(89)	(41)	(39)	(40)	-	(13)	-	(304)	(130)
1 769 (353) 1 3 (1) (1)	2 706 (437) - (1)	857 (254) - -	1 166 (211) - -	739 (28) (1) 30	1 489 (40) (2) 29	118 - - -	122 - (594) -	8 349 (699) (1) 10	10 798 (766) (596) 19
3 (1) (1)	2 (2) (1)	- - -	- - -	49 - (19)	48 - (19)	- - -	- - -	31 (1) (20)	41 (2) (20)
285	(4)	-	1	-	-	-	-	285	(6)
288 (3)	(7) 3	- -	1 -	- -	- -	- -	- -	288 (3)	(9) 3
(6 370)	(314)	(100)	(5)	(448)	(16)	(1 673) ⁽³⁾	-	(8 638)	(339)
(4 668) 1 136	1 950 (27)	503 (23)	951 -	292 81	1 460 -	(1 555) 2 186	(472) (1 563)	(694) 3 557	9 110 (1 960)
(3 532)	1 923	480	951	373	1 460	631	(2 035)	2 863	7 150
(285) (279) 6 370 -	4 - 314 -	- - 100 -	(1) - 5 -	- (19) 448 -	- - 16 -	- - - -	- - - -	(285) (298) 6 965 4	6 - 339 (14)
2 274	2 241	580	955	802	1 476	631	(2 035)	9 249	7 481
106,7	119,2	36,2	48,4	30,8	55,1	(3,9)	(4,4)	2 226,7 376,4	2 208,5 438,0

Net Operating Profit

for the year ended 31 December

Analysis per line of business

R million	Life Business		General Insurance	
	2020	2019	2020	2019
Southern Africa	4 733	4 981	804	1 162
South Africa	4 303	4 517	519	998
Other	430	464	285	164
North and West Africa	130	112	610	586
East Africa	37	59	9	18
Other International	114	149	497	585
Emerging Markets	92	74	497	585
Developed Markets	22	75	-	-
Total	5 014	5 301	1 920	2 351

⁽¹⁾ Comparatives have been adjusted for the reallocation of lines of business.

Investment Management ⁽¹⁾		Credit & Structuring ⁽¹⁾		Administration, Health Management & Other ⁽¹⁾		Total	
2020	2019	2020	2019	2020	2019	2020	2019
535	498	305	681	(98)	35	6 279	7 357
495	463	118	439	228	177	5 663	6 594
40	35	187	242	(326)	(142)	616	763
-	-	(21)	(26)	(128)	(107)	591	565
14	4	-	-	(17)	22	43	103
152	153	642	753	64	9	1 469	1 649
(1)	(1)	642	753	64	9	1 294	1 420
153	154	-	-	-	-	175	229
701	655	926	1 408	(179)	(41)	8 382	9 674

Notes to the Shareholders' Fund Information

for the year ended 31 December

1. Value of new covered business

R million	Note	Total	
		2020	2019
Value of new covered business (at point of sale)			
Gross value of new covered business		2 507	2 807
Cost of capital		(305)	(262)
Value of new covered business		2 202	2 545
Value of new business attributable to			
Shareholders' fund	3	1 921	2 280
Non-controlling interest		281	265
Value of new covered business		2 202	2 545
Analysis of new business profitability			
<i>Before non-controlling interest</i>			
Present value of new business premiums		80 239	81 540
New business margin		2,74%	3,12%
<i>After non-controlling interest:</i>			
Present value of new business premiums		74 591	76 446
New business margin		2,58%	2,98%
Capitalisation factor - recurring premiums		3,8	4,1

Sanlam Life and Savings

SA Retail Affluent		SA Retail Mass		Sanlam Corporate		Sanlam Emerging Markets		Sanlam Investment Group	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1 165 (83)	1 129 (79)	524 (7)	770 (10)	138 (44)	231 (57)	672 (163)	670 (109)	8 (8)	7 (7)
1 082	1 050	517	760	94	174	509	561	-	-
1 032 50	1 005 45	512 5	758 2	94 -	174 -	283 226	343 218	- -	- -
1 082	1 050	517	760	94	174	509	561	-	-
44 044 2,46%	41 290 2,54%	7 844 6,59%	8 854 8,58%	9 047 1,04%	13 525 1,29%	15 836 3,21%	14 461 3,88%	3 468 -	3 410 -
43 112 2,39%	40 417 2,49%	7 788 6,57%	8 852 8,56%	9 047 1,04%	13 525 1,29%	11 176 2,53%	10 242 3,35%	3 468 -	3 410 -
6,0	5,8	3,2	3,1	6,1	5,5	2,8	3,0	4,3	4,2

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

1. Value of new covered business (continued)

Geographical analysis

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2020	2019	2020	2019	2020	2019
Before non-controlling interest						
Southern Africa	2 073	2 372	67 276	70 233	3,08%	3,38%
South Africa	1 693	1 984	60 935	63 669	2,78%	3,12%
SA Retail Affluent	1 082	1 050	44 044	41 290	2,46%	2,54%
SA Retail Mass	517	760	7 844	8 854	6,59%	8,58%
Sanlam Corporate	94	174	9 047	13 525	1,04%	1,29%
Other Southern Africa	380	388	6 341	6 564	5,99%	5,91%
North and West Africa	16	58	3 464	3 098	0,46%	1,87%
East Africa	26	(8)	1 532	1 185	1,70%	(0,68%)
Other International	87	123	7 967	7 024	1,09%	1,75%
Total	2 202	2 545	80 239	81 540	2,74%	3,12%
After non-controlling interest						
Southern Africa	1 866	2 166	64 221	67 203	2,91%	3,22%
South Africa	1 638	1 937	59 947	62 794	2,73%	3,08%
SA Retail Affluent	1 032	1 005	43 112	40 417	2,39%	2,49%
SA Retail Mass	512	758	7 788	8 852	6,57%	8,56%
Sanlam Corporate	94	174	9 047	13 525	1,04%	1,29%
Other Southern Africa	228	229	4 274	4 409	5,33%	5,19%
North and West Africa	1	45	2 774	2 346	0,04%	1,92%
East Africa	16	(13)	998	832	1,60%	(1,56%)
Other International	38	82	6 598	6 065	0,58%	1,35%
Total	1 921	2 280	74 591	76 446	2,58%	2,98%

2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value (%)	
	2020	2019	2020	2019	2020	2019	2020	2019
Base value	47 887	48 630	(3 675)	(3 451)	44 212	45 179		
Risk discount rate increase by 1%	45 186	45 944	(4 147)	(3 862)	41 039	42 082	(7)	(7)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	48 971	49 876	(3 740)	(3 508)	45 231	46 368	2	3
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	46 650	47 153	(3 624)	(3 428)	43 026	43 725	(3)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	48 577	49 292	(3 276)	(3 052)	45 301	46 240	2	2
Rand exchange rate depreciates by 10%	48 269	49 042	(3 769)	(3 519)	44 500	45 523	1	1
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	49 901	50 525	(3 680)	(3 453)	46 221	47 072	5	4
Discontinuance rates decrease by 10%	49 712	50 349	(3 777)	(3 548)	45 935	46 801	4	4
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	50 237	50 706	(3 673)	(3 446)	46 564	47 260	5	5
Mortality and morbidity decrease by 5% for annuity business	47 600	48 367	(3 683)	(3 454)	43 917	44 913	(1)	(1)
Gross value of in-force business profile								
<i>Year 1 - 5</i>	53%	55%						
<i>Year 1</i>	15%	17%						
<i>Year 2</i>	12%	12%						
<i>Year 3</i>	10%	10%						
<i>Year 4</i>	9%	9%						
<i>Year 5</i>	7%	7%						
<i>Year 6 - 10</i>	25%	24%						
<i>Year 11 - 20</i>	18%	17%						
<i>Year 20+</i>	4%	4%						

Notes to the Shareholders' Fund Information for the year ended 31 December (continued)

3. Value of new covered business sensitivity analysis

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value (%)	
	2020	2019	2020	2019	2020	2019	2020	2019
Base value	2 168	2 500	(247)	(220)	1 921	2 280		
Risk discount rate increase by 1%	1 918	2 214	(278)	(246)	1 640	1 968	(15)	(14)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	2 312	2 652	(256)	(221)	2 056	2 431	7	7
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	2 351	2 706	(271)	(222)	2 080	2 484	8	9
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	2 403	2 725	(253)	(222)	2 150	2 503	12	10
Discontinuance rates decrease by 10%	2 456	2 820	(269)	(233)	2 187	2 587	14	13
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	2 393	2 760	(253)	(222)	2 140	2 538	11	11
Mortality and morbidity decrease by 5% for annuity business	2 154	2 484	(254)	(224)	1 900	2 260	(1)	(1)

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

%	2020	2019
Sanlam Life⁽¹⁾		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	9,6%	9,3%
Equities	13,1%	12,8%
Offshore investments	12,1%	11,8%
Hedged equity	8,6%	8,3%
Property	10,6%	10,3%
Cash	8,6%	8,3%
Inflation rate ⁽¹⁾	7,6%	7,3%
Risk discount rate	12,1%	11,8%
<i>⁽¹⁾ Expense inflation of 11,6% (2019: 11,3%) assumed for retail business administered on old platforms.</i>		
Sanlam Developing Markets⁽¹⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	6,7%	8,1%
Equities and offshore investments	10,2%	11,6%
Hedged equities	5,7%	7,1%
Property	7,7%	9,1%
Cash	5,7%	7,1%
Inflation rate	4,7%	6,1%
Risk discount rate	9,2%	10,6%
<i>⁽¹⁾ Excludes the Sanlam Life products written on the SDM licence.</i>		
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	7,5%	6,5%
Equities and offshore investments	11,0%	10,0%
Hedged equities	n/a	n/a
Property	8,5%	7,5%
Cash	6,5%	5,5%
Inflation rate	4,5%	3,5%
Risk discount rate	11,0%	10,0%
Saham Assurance Maroc		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	2,4%	2,8%
Equities and offshore investments	5,9%	6,3%
Hedged equities	n/a	n/a
Property	3,4%	3,8%
Cash	1,4%	1,8%
Inflation rate	0,0%	0,0%
Risk discount rate	6,4%	6,8%
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	0,5%	1,2%
Equities and offshore investments	3,8%	4,4%
Hedged equities	n/a	n/a
Property	3,8%	4,4%
Cash	0,5%	1,2%
Inflation rate	2,9%	3,0%
Risk discount rate	4,3%	4,9%

Notes to the Shareholders' Fund Information for the year ended 31 December (continued)

4. Economic assumptions – covered business (continued)

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 70bps (2019: 25bps and 70bps) for non-participating annuities, between 25bps and 75bps (2019: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2019: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Asset mix of the assets supporting adjusted net asset value – covered business

%	R million		Fixed-interest securities		Equities	
	2020	2019	2020	2019	2020	2019
Required capital						
South Africa ⁽¹⁾	9 447	9 676	-	-	2	3
Namibia	517	510	6	6	36	36
Botswana Life	372	312	-	-	-	-
Saham	986	903	95	95	5	5
Sanlam Life insurance (Kenya)	96	111	85	100	-	-
Other African operations	946	521	74	39	3	4
Shriram Life Insurance (India)	308	277	85	85	10	10
MCIS (Malaysia)	490	402	69	69	18	18
Sanlam Investments and Pensions (UK)	612	541	80	80	-	-
Total required capital	13 774	13 253				
Free Surplus	1 340	1 724				
Adjusted net asset value	15 114	14 977				

⁽¹⁾ The 31 December 2020 asset mix backing the Sanlam Life required capital is 94% hedged (31 December 2019: 100%).

Assumed long-term expected return on required capital

%	Gross return on required capital		Net return on required capital	
	2020	2019	2020	2019
Sanlam Life	8,6%	8,3%	7,2%	6,9%
Sanlam Developing Markets	6,6%	8,0%	5,1%	6,2%
Sanlam Namibia	10,6%	10,3%	9,5%	9,2%
Sanlam Namibia Holdings	8,0%	8,5%	7,0%	7,4%
Botswana Life Insurance	7,5%	6,5%	5,6%	4,9%
Saham Assurance Maroc	2,4%	2,8%	2,4%	2,8%
Sanlam Life insurance (Kenya)	10,8%	10,7%	7,6%	7,5%
Shriram Life Insurance (India)	7,1%	7,8%	6,1%	6,1%
MCIS (Malaysia)	3,4%	4,1%	3,1%	3,8%
Sanlam Investments and Pensions (UK)	0,9%	1,6%	0,8%	1,2%

Hedged Equities		Property		Cash		Total	
2020	2019	2020	2019	2020	2019	2020	2019
93	91	-	-	5	6	100	100
-	-	-	-	58	58	100	100
-	-	50	50	50	50	100	100
-	-	-	-	-	-	100	100
-	-	-	-	15	-	100	100
-	-	3	4	20	53	100	100
-	-	-	-	5	5	100	100
-	-	-	-	13	13	100	100
-	-	-	-	20	20	100	100

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

5. Value of other Group operations sensitivity analysis

5.1 Valuation methodology

R million	Total	
	2020	2019
Listed share price	18 688	20 973
Sanlam	17 277	19 675
Sanlam Investment Group: Nucleus	1 411	1 298
Discounted cash flows	45 346	50 003
Sanlam Life and Savings	4 681	4 755
Glacier	2 553	2 501
Sanlam Personal Loans	1 119	1 320
Sanlam Corporate: Health	646	584
Other operations	363	350
Sanlam Emerging Markets	27 700	31 556
Saham	15 827	19 400
Shriram Capital	8 954	9 282
Letshego	937	935
Pacific & Orient	274	330
Capricorn Investment Holdings	825	936
Other operations	883	673
Sanlam Investment Group	12 965	13 692
Sanlam Investments	2 862	5 058
Wealth Management	2 588	2 275
International	6 458	5 085
Sanlam Specialised Finance	1 057	1 274
Net asset value	521	2 385
Sanlam Investment Group	1 536	2 004
Sanlam Investments	87	-
International	1 059	1 614
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	(1 015)	381
Total	64 555	73 361

5. Value of other Group operations sensitivity analysis (continued)

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	2020	2019	2020	2019	2020	2019
	Sanlam Life and Savings	4 681	4 755	4 291	4 372	4 855
Glacier	2 553	2 501	2 324	2 275	2 662	2 610
Sanlam Personal Loans	1 119	1 320	1 036	1 234	1 150	1 352
Sanlam Corporate: Health	646	584	594	540	669	604
Other operations	363	350	337	323	374	361
Sanlam Emerging Markets	27 700	31 556	24 218	26 957	30 561	35 613
Saham	15 827	19 400	14 155	16 752	17 005	21 638
Shriram Capital	8 954	9 282	7 575	7 805	10 380	10 773
Letshego	937	935	807	805	1 034	1 033
Pacific & Orient	274	330	240	286	296	361
Capricorn Investment Holdings	825	936	738	817	877	1 026
Other operations	883	673	703	492	969	782
Sanlam Investment Group	12 965	13 692	11 352	11 990	14 019	14 781
Investment Management SA ⁽¹⁾	2 862	5 058	2 566	4 558	3 007	5 304
Wealth Management	2 588	2 275	2 356	2 059	2 709	2 386
International	6 458	5 085	5 454	4 198	7 210	5 772
Sanlam Specialised Finance	1 057	1 274	976	1 175	1 093	1 319
	45 346	50 003	39 861	43 319	49 435	55 321
Weighted average assumption			14,7%	14,6%	2 - 6%	2 - 5%

⁽¹⁾ Includes third party asset management business of R3 379 million (31 December 2019: R5 395 million) based on the following main assumptions:

- Weighted average discount rate: 16,9% (2019: 16,4%)
- Weighted average perpetuity growth rate: 5,0% (2019: 5,0%)
- Fee income (excluding performance fees) compound annual growth rate (10 years): 10,2% (2019: 9,8%)

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	2020	2019	2020	2019	2020	2019
	Sanlam Life and Savings	4 467	4 757	5 142	5 206	4 681
Glacier	2 339	2 503	2 825	2 770	2 553	2 501
Sanlam Personal Loans	1 119	1 320	1 215	1 420	1 119	1 320
Sanlam Corporate: Health	646	584	708	636	646	584
Other operations	363	350	394	380	363	350
Sanlam Emerging Markets	27 700	31 556	32 755	38 131	30 368	34 618
Saham	15 827	19 400	18 286	23 189	17 410	21 340
Shriram Capital	8 954	9 282	11 009	11 452	9 848	10 209
Letshego	937	935	1 108	1 107	1 031	1 029
Pacific & Orient	274	330	321	392	301	363
Capricorn Investment Holdings	825	936	932	1 092	825	936
Other operations	883	673	1 099	899	953	741
Sanlam Investment Group	11 713	11 775	15 042	15 880	13 640	14 223
Investment Management SA ⁽¹⁾	2 556	3 963	3 219	5 658	2 879	5 071
Wealth Management	2 278	1 930	2 867	2 538	2 601	2 284
International	5 905	4 686	7 803	6 294	7 103	5 594
Sanlam Specialised Finance	974	1 196	1 153	1 390	1 057	1 274
	43 880	48 088	52 939	59 217	48 689	53 596

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

6. Business volumes

6.1 Analysis of new business and total funds received

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Life and Savings	43 517	42 295	-	-	34 330	34 756	77 847	77 051
SA Retail Affluent	34 459	30 666	-	-	30 982	28 308	65 441	58 974
Recurring	1 906	2 203	-	-	15	15	1 921	2 218
Single	32 553	28 463	-	-	30 967	28 293	63 520	56 756
SA Retail Mass	2 558	2 839	-	-	-	-	2 558	2 839
Sanlam Corporate	6 500	8 790	-	-	3 348	6 448	9 848	15 238
Recurring	504	1 045	-	-	108	95	612	1 140
Single	5 996	7 745	-	-	3 240	6 353	9 236	14 098
Sanlam Emerging Markets	9 241	8 343	16 479	15 604	21 178	10 862	46 898	34 809
Southern Africa	4 268	4 365	1 091	1 206	15 481	10 124	20 840	15 695
Recurring	852	927	1 091	1 206	-	-	1 943	2 133
Single	3 416	3 438	-	-	15 481	10 124	18 897	13 562
North and West Africa	2 524	1 901	11 696	10 765	-	-	14 220	12 666
Recurring	1 419	738	11 696	10 765	-	-	13 115	11 503
Single	1 105	1 163	-	-	-	-	1 105	1 163
East Africa	1 126	774	905	850	5 697	738	7 728	2 362
Recurring	338	246	905	850	-	-	1 243	1 096
Single	788	528	-	-	5 697	738	6 485	1 266
Other International	1 323	1 303	2 787	2 783	-	-	4 110	4 086
Recurring	1 005	965	2 787	2 783	-	-	3 792	3 748
Single	318	338	-	-	-	-	318	338
Sanlam Investment Group	3 353	3 289	-	-	158 117	109 947	161 470	113 236
Investment Management SA	-	-	-	-	120 006	88 857	120 006	88 857
Wealth Management	-	-	-	-	10 403	6 890	10 403	6 890
International	3 353	3 289	-	-	27 708	14 200	31 061	17 489
Recurring	35	37	-	-	1	3	36	40
Single	3 318	3 252	-	-	27 707	14 197	31 025	17 449
Santam	-	-	24 660	24 227	-	-	24 660	24 227
Total new business	56 111	53 927	41 139	39 831	213 625	155 565	310 875	249 323

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

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

6.1 Analysis of new business and total funds received (continued)

R million	Life business		General insurance		Investment business		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Recurring premiums on existing funds:								
Sanlam Life and Savings	30 285	27 287	-	-	3 982	3 013	34 267	30 300
SA Retail Affluent	15 090	14 616	-	-	139	161	15 229	14 777
SA Retail Mass	7 709	6 116	-	-	-	-	7 709	6 116
Sanlam Corporate	7 486	6 555	-	-	3 843	2 852	11 329	9 407
Sanlam Emerging Markets	8 453	8 615	-	-	2 278	644	10 731	9 259
Southern Africa	3 616	3 199	-	-	-	-	3 616	3 199
North and West Africa	1 382	2 184	-	-	-	-	1 382	2 184
East Africa	659	535	-	-	2 278	644	2 937	1 179
Other International	2 796	2 697	-	-	-	-	2 796	2 697
Sanlam Investment Group	365	340	-	-	41	48	406	388
Investment Management SA	-	-	-	-	-	-	-	-
International	365	340	-	-	41	48	406	388
Total funds received	95 214	90 169	41 139	39 831	219 926	159 270	356 279	289 270

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

6 Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Life and Savings	64 438	58 587	-	-	36 325	33 604	100 763	92 191
SA Retail Affluent	45 858	42 668	-	-	28 167	25 893	74 025	68 561
Surrenders	8 057	6 571	-	-	-	-	8 057	6 571
Other	37 801	36 097	-	-	28 167	25 893	65 968	61 990
SA Retail Mass	5 905	4 552	-	-	-	-	5 905	4 552
Surrenders	586	536	-	-	-	-	586	536
Other	5 319	4 016	-	-	-	-	5 319	4 016
Sanlam Corporate	12 675	11 367	-	-	8 158	7 711	20 833	19 078
Surrenders	2 659	2 178	-	-	1 129	1 279	3 788	3 457
Other	10 016	9 189	-	-	7 029	6 432	17 045	15 621
Sanlam Emerging Markets	11 327	11 007	9 904	9 569	15 206	12 253	36 437	32 829
Southern Africa	5 133	4 691	384	570	11 123	11 743	16 640	17 004
Surrenders	755	788	-	-	-	-	755	788
Other	4 378	3 903	384	570	11 123	11 743	15 885	16 216
North and West Africa	2 109	1 645	7 257	6 930	-	-	9 366	8 575
Surrenders	1 167	1 511	-	-	-	-	1 167	1 511
Other	942	134	7 257	6 930	-	-	8 199	7 064
East Africa	1 051	885	487	445	4 083	510	5 621	1 840
Surrenders	173	37	-	-	-	-	173	37
Other	878	848	487	445	4 083	510	5 448	1 803
Other International	3 034	3 786	1 776	1 624	-	-	4 810	5 410
Surrenders	795	651	-	-	-	-	795	651
Other	2 239	3 135	1 776	1 624	-	-	4 015	4 759
Sanlam Investment Group	4 836	4 586	-	-	135 910	87 817	140 746	92 403
Investment Management SA	-	-	-	-	109 647	68 778	109 647	68 778
Wealth Management	-	-	-	-	7 648	6 327	7 648	6 327
International	4 836	4 586	-	-	18 615	12 712	23 451	17 298
Santam	-	-	16 770	15 081	-	-	16 770	15 081
Total payments to clients	80 601	74 180	26 674	24 650	187 441	133 674	294 716	232 504

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

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

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Life and Savings	9 364	10 995	-	-	1 987	4 165	11 351	15 160
SA Retail Affluent	3 691	2 614	-	-	2 954	2 576	6 645	5 190
SA Retail Mass	4 362	4 403	-	-	-	-	4 362	4 403
Sanlam Corporate	1 311	3 978	-	-	(967)	1 589	344	5 567
Sanlam Emerging Markets	6 367	5 951	6 575	6 035	8 250	(747)	21 192	11 239
Southern Africa	2 751	2 873	707	636	4 358	(1 619)	7 816	1 890
North and West Africa	1 797	2 440	4 439	3 835	-	-	6 236	6 275
East Africa	734	424	418	405	3 892	872	5 044	1 701
Other International	1 085	214	1 011	1 159	-	-	2 096	1 373
Sanlam Investment Group	(1 118)	(957)	-	-	22 248	22 178	21 130	21 221
Investment Management SA	-	-	-	-	10 359	20 079	10 359	20 079
Wealth Management	-	-	-	-	2 755	563	2 755	563
International	(1 118)	(957)	-	-	9 134	1 536	8 016	579
Santam	-	-	7 890	9 146	-	-	7 890	9 146
Total funds received	14 613	15 989	14 465	15 181	32 485	25 596	61 563	56 766

7. Cluster information

7.1 Sanlam Life and Savings

Analysis of earnings

R million	Life business		Non-life operations		Total	
	2020	2019	2020	2019	2020	2019
Net result from financial services	4 287	4 344	313	511	4 600	4 855
SA Retail Affluent	2 742	2 844	189	438	2 931	3 282
Recurring premium business	1 712	1 794	7	9	1 719	1 803
Glacier	970	963	152	176	1 122	1 139
SBD and Other	60	87	30	253	90	340
SA Retail Mass	703	983	-	-	703	983
Sanlam Corporate	488	517	124	73	612	590
Pandemic reserve release	354	-	-	-	354	-
Net investment return	219	375	79	87	298	462
Net other earnings	(122)	(38)	(42)	(58)	(164)	(96)
Normalised attributable earnings	4 384	4 681	350	540	4 734	5 221

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.1 Sanlam Life and Savings (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2020	2019	2020	2019	2020	2019	2020	2019
Operational earnings	4 982	8 058	328	3 800	(43)	(16)	4 697	4 274
Value of new life insurance business	1 638	1 937	3 986	4 410	(125)	(143)	(2 223)	(2 330)
Unwinding of discount rate	4 828	4 533	4 731	4 417	97	116	-	-
Expected profit	-	-	(6 591)	(5 943)	-	-	6 591	5 943
Operating experience variances	322	1 212	231	502	(7)	(47)	98	757
Risk experience	(203)	420	(64)	116	7	2	(146)	302
Persistence	140	44	289	315	7	(49)	(156)	(222)
Maintenance expenses	110	91	-	(2)	-	-	110	93
Working capital management	391	470	-	-	-	-	391	470
Credit spread	103	117	-	(1)	-	-	103	118
Other	(219)	70	6	74	(21)	-	(204)	(4)
Operating assumption changes	(1 806)	376	(2 029)	414	(8)	58	231	(96)
Risk experience	306	154	(292)	26	(5)	2	603	126
Persistence ⁽¹⁾	(1 764)	(30)	(1 458)	306	(1)	(11)	(305)	(325)
Maintenance expenses	(148)	400	(136)	353	(3)	-	(9)	47
Modelling changes and other	(200)	(148)	(143)	(271)	1	67	(58)	56
Net investment return	219	375	-	-	-	-	219	375
Expected return on adjusted net asset value	490	530	-	-	-	-	490	530
Investment variances on adjusted net asset value	(271)	(155)	-	-	-	-	(271)	(155)
Valuation and economic basis	(1 160)	659	(801)	666	51	(77)	(410)	70
Investment variances on in-force business	(1 509)	260	(1 165)	195	23	(5)	(367)	70
Economic assumption changes	349	399	364	471	28	(72)	(43)	-
Investment yields	349	242	364	244	28	10	(43)	(12)
Long-term asset mix assumptions and other	-	157	-	227	-	(82)	-	12
Goodwill and VOBA from business combinations	(9)	(17)	(9)	(17)	-	-	-	-
GEV earnings: covered business	4 032	9 075	(482)	4 449	8	(93)	4 506	4 719
Acquired value of in-force	16	138	15	32	-	(1)	1	107
Transfers from/(to) other Group operations	-	(231)	-	-	-	123	-	(354)
Transfers from covered business	(4 757)	(4 962)	-	-	-	-	(4 757)	(4 962)
Embedded value of covered business at the beginning of the period	48 306	44 286	42 943	38 462	(1 865)	(1 894)	7 228	7 718
Embedded value of covered business at the end of the period	47 597	48 306	42 476	42 943	(1 857)	(1 865)	6 978	7 228

⁽¹⁾ Includes a persistency assumption basis change to allow for the possible impact of COVID-19 on policyholder behaviour. For those products where policyholders can lapse or surrender, the impact of increased lapse and surrender experience over the next two to three years is allowed for by assuming an immediate loss of 5% of the business.

7. Cluster information (continued)

7.1 Sanlam Life and Savings (continued)

Assets under management

R million	SA Retail Affluent									
	SA Retail Mass		Recurring premium business		Glacier		Sanlam Corporate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Life business	5 329	5 267	154 613	158 816	215 877	201 775	111 563	106 236	487 382	472 094
Investment operations	-	-	1 728	1 827	158 977	147 316	-	-	160 705	149 143
Total assets under management	5 329	5 267	156 341	160 643	374 854	349 091	111 563	106 236	648 087	621 237

Credit business

R million	Gross size of loan book		Interest margin		Bad debt ratio		Administration cost as % of net interest	
	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Personal Loans	5 605	5 633	15,9%	16,5%	12,4%	5,6%	27,6%	29,9%

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life Business		General Insurance	
	2020	2019	2020	2019
Southern Africa	807	815	347	213
North and West Africa	180	224	1 102	1 436
East Africa	101	138	11	30
Other International	173	139	776	989
Corporate costs	-	-	-	-
Gross result from financial services	1 261	1 316	2 236	2 668
Tax on result from financial services	(260)	(293)	(474)	(873)
Non-controlling interests	(312)	(314)	(528)	(661)
Net result from financial services	689	709	1 234	1 134
<i>Southern Africa</i>	430	464	257	125
<i>North and West Africa</i>	130	112	583	546
<i>East Africa</i>	37	59	7	16
<i>Other International</i>	92	74	387	447
<i>Corporate costs</i>	-	-	-	-
Saham ⁽¹⁾	(81)	73	808	905
Other	770	636	426	229
Net result from financial services	689	709	1 234	1 134

⁽¹⁾ Earnings exclude cost allocation.

Analysis of General insurance and reinsurance gross result from financial services

R million	Gross written premiums		Net earned premiums ⁽¹⁾	
	2020	2019	2020	2019
Southern Africa	3 485	3 499	1 691	1 766
North and West Africa	14 953	12 914	11 058	10 220
East Africa	1 573	1 445	896	834
Other International	3 181	3 424	2 785	2 779
Total General insurance and reinsurance	23 192	21 282	16 430	15 599
Saham	17 853	16 312	12 577	12 248
Other	5 339	4 970	3 853	3 351
Total General insurance and reinsurance	23 192	21 282	16 430	15 599

⁽¹⁾ Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.

Investment Management		Credit and Structuring		Corporate and other		Total	
2020	2019	2020	2019	2020	2019	2020	2019
121	97	457	596	127	55	1 859	1 776
-	-	(10)	(20)	(170)	(125)	1 102	1 515
39	27	-	-	(29)	23	122	218
(1)	(1)	876	1 061	141	35	1 965	2 223
-	-	-	-	(379)	(184)	(379)	(184)
159	123	1 323	1 637	(310)	(196)	4 669	5 548
(49)	(41)	(414)	(559)	(57)	(22)	(1 254)	(1 788)
(57)	(44)	(101)	(109)	(40)	-	(1 038)	(1 128)
53	38	808	969	(407)	(218)	2 377	2 632
40	35	187	242	-	10	914	876
-	-	(21)	(26)	(128)	(107)	564	525
14	4	-	-	(17)	22	41	101
(1)	(1)	642	753	64	9	1 184	1 282
-	-	-	-	(326)	(152)	(326)	(152)
-	-	-	-	(333)	(248)	394	730
53	38	808	969	(74)	30	1 983	1 902
53	38	808	969	(407)	(218)	2 377	2 632

Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
2020	2019	2020	2019	2020	2019	2020	2019
49,8	51,9	13,2	11,8	3,6	3,1	16,8	14,9
61,7	65,0	6,0	0,8	2,7	12,7	8,7	13,5
54,5	53,0	(5,4)	(1,4)	4,8	5,3	(0,6)	3,9
63,9	58,8	7,4	13,4	21,7	23,2	29,1	36,6
60,3	61,6	6,3	4,0	6,1	13,2	12,4	17,2
60,2	63,3	7,3	2,0	3,0	11,9	10,3	13,9
60,8	55,5	3,6	11,7	16,5	17,7	20,1	29,4
60,3	61,6	6,3	4,0	6,1	13,2	12,4	17,2

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of insurance funds

R million	R million	
	2020	2019
Southern Africa	328	673
North and West Africa	12 025	12 518
East Africa	601	424
Other International	1 583	1 951
Total insurance funds	14 537	15 566
Saham	12 061	13 686
Other subsidiaries	843	309
Total Subsidiaries	12 904	13 995
Associated companies ⁽¹⁾	1 633	1 571
Total insurance funds	14 537	15 566

⁽¹⁾ Sanlam's effective share.*Analysis of net investment return*

R million	Life business		General Insurance	
	2020	2019	2020	2019
Southern Africa	96	137	(43)	(59)
North and West Africa	47	50	(224)	257
East Africa	49	42	66	32
Other International	(559)	(3)	415	132
Corporate	-	-	-	-
Gross investment return	(367)	226	214	362
Tax on investment return	(45)	(70)	(16)	(178)
Non-controlling interests	23	(32)	(23)	(125)
Net investment return	(389)	124	175	59
Saham	(565)	20	(207)	58
Other	176	104	382	1
Net investment return	(389)	124	175	59

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2020	2019	2020	2019	2020	2019	2020	2019
36	50	7	2	22	14	35	34
43	44	41	45	15	11	1	-
13	-	15	5	48	55	24	40
14	15	-	-	84	56	2	29
39	39	35	37	24	18	2	6
45	44	41	41	14	11	-	4
9	-	11	-	58	45	22	55
42	42	39	41	17	12	2	5
10	9	-	-	81	74	9	17
39	39	35	37	24	18	2	6

Investment Management		Credit and Banking		Corporate and other		Total	
2020	2019	2020	2019	2020	2019	2020	2019
10	(2)	(3)	(2)	(36)	70	24	144
-	2	-	-	30	(67)	(147)	242
1	(1)	-	-	(150)	(18)	(34)	55
-	-	(36)	(7)	12	65	(168)	187
-	-	-	-	78	(12)	78	(12)
11	(1)	(39)	(9)	(66)	38	(247)	616
(3)	(7)	(1)	1	(76)	(72)	(141)	(326)
(3)	9	-	-	(39)	21	(42)	(127)
5	1	(40)	(8)	(181)	(13)	(430)	163
-	-	-	-	(158)	(60)	(930)	18
5	1	(40)	(8)	(23)	47	500	145
5	1	(40)	(8)	(181)	(13)	(430)	163

Notes to the Shareholders' Fund Information for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued) *Analysis of capital portfolio*

R million	R million	
	2020	2019
Southern Africa	1 955	2 462
North and West Africa	14 491	13 645
East Africa	1 797	1 793
Other International	2 749	3 600
Total capital portfolio⁽¹⁾	20 992	21 500
Saham	13 926	15 703
Other subsidiaries	4 771	3 294
Total subsidiaries	18 697	18 997
Associated companies ⁽²⁾	2 295	2 503
Total capital portfolio⁽¹⁾	20 992	21 500

⁽¹⁾ Includes float assets.

⁽²⁾ Sanlam's effective share.

⁽³⁾ LIA has been reallocated from North and West Africa to Other International.

Assets under management

R million	Southern Africa	
	2020	2019
Life business	33 335	32 115
Investment operations	44 486	40 621
Total assets under management	77 821	72 736

Credit and structuring

R million	Size of loan books (Sanlam share)	
	2020	2019
Shriram Transport Finance Company	22 301	20 811
Shriram City Union Finance	4 860	5 158
Capricorn Investment Holdings	9 931	9 219
Letshego	2 432	2 201

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2020	2019 ⁽³⁾	2020	2019 ⁽³⁾	2020	2019 ⁽³⁾	2020	2019 ⁽³⁾
22	39	8	4	36	32	34	25
41	44	36	44	22	12	1	-
8	10	35	42	34	33	23	15
23	19	-	-	74	54	3	27
34	36	28	32	31	23	7	9
46	45	37	38	16	12	1	5
4	5	14	24	60	49	22	22
35	38	31	36	27	18	7	8
28	28	3	-	57	59	12	13
34	36	28	32	31	23	7	9

North and West Africa		East Africa		Other International		Total	
2020	2019	2020	2019	2020	2019	2020	2019
20 716	13 157	3 738	3 590	16 726	16 326	74 515	65 188
-	-	43 530	40 855	-	-	88 016	81 476
20 716	13 157	47 268	44 445	16 726	16 326	162 531	146 664

Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
2020	2019	2020	2019	2020	2019
6,9	7,3	2,9	2,2	23,8	22,7
13,1	12,3	3,7	2,3	38,6	40,6
4,7	2,9	0,9	0,1	95,9	95,1
17,6	21,1	0,3	1,7	59,7	52,7

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total	
	2020	2019
Operational earnings	554	485
Value of new life insurance business	283	343
Unwinding of discount rate	669	680
Expected profit	-	-
Operating experience variances	125	8
Risk experience	73	18
Persistency	13	(66)
Maintenance expenses	(34)	2
Working capital management	66	57
Credit spread	12	5
Other	(5)	(8)
Operating assumption changes	(523)	(546)
Risk experience	102	45
Persistency	(97)	(74)
Maintenance expenses	(155)	(105)
Modelling changes and other	(373)	(412)
Net investment return	(164)	(180)
Expected return on adjusted net asset value	343	317
Investment variances on adjusted net asset value	(507)	(497)
Valuation and economic basis	(258)	(388)
Investment variances on in-force business	(107)	33
Economic assumption changes	(287)	(106)
Investment yields	(308)	(118)
Long-term asset mix assumptions and other	21	12
Foreign currency translation differences	136	(315)
Change in tax basis	41	-
Goodwill and VOBA from business combinations	(601)	-
Net project expenses	(18)	-
GEV earnings: covered business	(446)	(83)
Acquired value of in-force	891	(10)
Transfers from/(to) other Group operations	(146)	-
Transfers from covered business	(455)	(264)
Embedded value of covered business at the beginning of the period	8 794	9 151
Embedded value of covered business at the end of the period	8 638	8 794

Value of in-force		Cost of capital		Net asset value	
2020	2019	2020	2019	2020	2019
(163)	(204)	(63)	(62)	780	751
794	840	(114)	(71)	(397)	(426)
582	621	87	59	-	-
(1 110)	(1 043)	-	-	1 110	1 043
101	14	(31)	(28)	55	22
20	16	2	(3)	51	5
63	12	(33)	(20)	(17)	(58)
15	(4)	-	(4)	(49)	10
-	-	-	-	66	57
-	-	-	-	12	5
3	(10)	-	(1)	(8)	3
(530)	(636)	(5)	(22)	12	112
81	3	5	5	16	37
(63)	(55)	(9)	(16)	(25)	(3)
(94)	(110)	-	-	(61)	5
(454)	(474)	(1)	(11)	82	73
-	-	-	-	(164)	(180)
-	-	-	-	343	317
-	-	-	-	(507)	(497)
(98)	(399)	(69)	53	(91)	(42)
(11)	43	-	6	(96)	(16)
(220)	(96)	(72)	16	5	(26)
(227)	(97)	(87)	5	6	(26)
7	1	15	11	(1)	-
133	(346)	3	31	-	-
41	-	-	-	-	-
(601)	-	-	-	-	-
-	-	-	-	(18)	-
(821)	(603)	(132)	(9)	507	529
709	(27)	(89)	(1)	271	18
(146)	-	-	-	-	-
-	-	-	-	(455)	(264)
4 871	5 501	(617)	(607)	4 540	4 257
4 613	4 871	(838)	(617)	4 863	4 540

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of Saham (100%)

R million	Life business		General insurance ⁽¹⁾		Consolidation and other ⁽²⁾		Saham Total	
	2020	2019	2020	2019	2020	2019	2020 ⁽³⁾	2019
Financial services income	962	1 229	13 458	14 085	543	283	14 963	15 597
Long-term insurance contracts	884	1 139	-	-	-	-	884	1 139
General insurance contracts	-	-	12 577	12 248	-	-	12 577	12 248
Investment return on insurance funds	50	70	376	1 454	-	-	426	1 524
Other	28	20	505	383	543	283	1 076	686
Sales remuneration	(260)	(212)	(1 605)	(1 617)	-	-	(1 865)	(1 829)
Underwriting policy benefits	(259)	(376)	(7 579)	(7 757)	-	-	(7 838)	(8 133)
Administration costs	(440)	(468)	(3 035)	(2 947)	(609)	(460)	(4 084)	(3 875)
Gross result from Financial services	3	173	1 239	1 764	(66)	(177)	1 176	1 760
Tax	(30)	(61)	(284)	(504)	39	17	(275)	(548)
Profit after tax	(27)	112	955	1 260	(27)	(160)	901	1 212
Non-controlling interest	(21)	(38)	(250)	(354)	(18)	(6)	(289)	(398)
Net result from financial services	(48)	74	705	906	(45)	(166)	612	814
Project expenses	(2)	-	-	-	-	-	(2)	-
Net investment return on shareholders' funds	(201)	(101)	(755)	(108)	(148)	(2)	(1 104)	(211)
Amortisation of intangibles	-	(5)	(39)	(24)	(15)	(10)	(54)	(39)
Impairments	(40)	-	(318)	-	-	-	(358)	-
Foreign currency translation differences	-	-	17	(76)	70	(40)	87	(116)
Net other earnings	(2)	-	26	-	-	-	24	-
Fund transfers	(325)	-	1 616	-	-	-	1 291	-
Attributable (Losses)/Earnings	(618)	(32)	1 252	698	(138)	(218)	496	448

⁽¹⁾ General insurance includes the following lines of business namely, general insurance, health, property, reinsurance and Elite broker company.

⁽²⁾ Consolidation and other includes the following: central corporate costs, withholding tax incurred by holding companies in the structure and Netis Group.

⁽³⁾ Impairments and VOBA amortisation are excluded and are shown at a consolidated level.

Statement of financial position at 31 December – SAN JV/Saham consolidated

R million	2020	2019
Assets	57 417	59 209
Equipment	384	525
Right-of-use assets	77	74
Owner-occupied properties	1 646	830
Goodwill	10 727	14 106
Value of business acquired	4 114	5 439
Other intangible assets	449	542
Deferred acquisition costs	329	265
Investments	18 949	19 511
Investment properties	5 190	6 023
Equity-accounted investments	11	7
Equities and similar securities	6 361	7 017
Interest bearing investments	2 231	1 748
Investment funds	5 011	4 143
Cash, deposits and similar securities	145	573
Deferred tax	1 141	669
General insurance technical assets	3 554	2 281
Working capital assets	16 047	14 967
Trade and Other receivables	10 419	9 584
Cash, deposits and similar securities	4 873	4 596
Taxation	755	787
Liabilities	32 507	29 218
Term finance	673	534
Lease liabilities	74	76
Deferred tax	2 929	3 220
General insurance technical provisions	19 139	16 843
Working capital liabilities	9 692	8 545
Trade and other payables	8 739	7 410
Provisions	170	152
Tax	783	983
Net asset value	24 910	29 991
Non-controlling interest	4 768	4 848
Shareholders' fund	20 142	25 143

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Sanlam Investments		Wealth Management	
	2020	2019	2020	2019
Financial services income ⁽¹⁾	2 053	2 017	921	862
Sales remuneration	-	-	-	-
Income after sales remuneration	2 053	2 017	921	862
Administration cost ⁽¹⁾	(1 605)	(1 585)	(721)	(679)
Results from financial services before performance fees	448	432	200	183
Net performance fees ⁽¹⁾	104	104	14	3
Results from financial services	552	536	214	186
Tax on result from financial services	(147)	(145)	(57)	(56)
Non-controlling interest	(34)	(37)	-	-
Net result from financial services	371	354	157	130
Covered	-	-	-	-
Non covered	371	354	157	130
Net investment return	(71)	(30)	1	(5)
Covered	-	-	-	-
Non covered	(71)	(30)	1	(5)
Project expenses	(14)	(37)	-	-
Net operational earnings	286	287	158	125
Amortisation of intangible assets	(19)	(19)	(19)	(20)
Profit on disposal of associates	-	-	-	-
Other	(41)	-	-	-
Normalised attributable earnings	226	268	139	105

⁽¹⁾ Financial services income and administration costs on page 130 includes performance fees and the related administration costs.

International		Sanfin		Corporate Services		Consolidation		Total	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
3 222 (751)	2 701 (547)	773 -	1 090 -	- -	3 -	(45) -	(46) -	6 924 (751)	6 627 (547)
2 471 (2 179)	2 154 (1 791)	773 (534)	1 090 (585)	- (40)	3 (31)	(45) 45	(46) 46	6 173 (5 034)	6 080 (4 625)
292 (10)	363 (8)	239 2	505 5	(40) -	(28) -	- -	- -	1 139 110	1 455 104
282 (75) (32)	355 (66) (60)	241 (106) -	510 (132) -	(40) 7 -	(28) 7 -	- - -	- - -	1 249 (378) (66)	1 559 (392) (97)
175	229	135	378	(33)	(21)	-	-	805	1 070
22 153	75 154	16 119	173 205	- (33)	- (21)	- -	- -	38 767	248 822
66	39	86	123	11	8	-	-	93	135
(16) 82	5 34	87 (1)	126 (3)	- 11	- 8	- -	- -	71 22	131 4
(14)	(2)	-	-	(13)	-	-	-	(41)	(39)
227 (210) - (52)	266 (172) 1 (5)	221 - - -	501 - - -	(35) (6) - (7)	(13) - - -	- - - -	- - - -	857 (254) - (100)	1 166 (211) 1 (5)
(35)	90	221	501	(48)	(13)	-	-	503	951

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2020	2019	2020	2019	2020	2019	2020	2019
Operational earnings	(108)	148	(46)	(23)	(55)	(60)	(7)	231
Value of new life insurance business	-	-	55	52	(8)	(6)	(47)	(46)
Unwinding of discount rate	79	72	47	42	32	30	-	-
Expected profit	-	-	(130)	(113)	-	-	130	113
Operating experience variances	(80)	141	15	(10)	(21)	(19)	(74)	170
Risk experience	5	16	(3)	(1)	-	-	8	17
Persistency	4	-	6	1	(2)	(1)	-	-
Maintenance expenses	(9)	(10)	-	-	-	-	(9)	(10)
Credit spread	14	172	-	-	-	-	14	172
Other	(94)	(37)	12	(10)	(19)	(18)	(87)	(9)
Operating assumption changes	(107)	(65)	(33)	6	(58)	(65)	(16)	(6)
Risk experience	30	9	(7)	(2)	1	-	36	11
Persistency	5	6	7	9	(2)	(3)	-	-
Maintenance expenses	(50)	(40)	(37)	(33)	-	-	(13)	(7)
Modelling changes and other	(92)	(40)	4	32	(57)	(62)	(39)	(10)
Net investment return	129	135	-	-	-	-	129	135
Expected return on adjusted net asset value	173	178	-	-	-	-	173	178
Investment variances on adjusted net asset value	(44)	(43)	-	-	-	-	(44)	(43)
Valuation and economic basis	139	76	49	58	45	1	45	17
Investment variances on in-force business	17	44	(26)	44	-	-	43	-
Economic assumption changes	63	25	4	5	57	3	2	17
Investment yields	63	40	4	5	57	34	2	1
Long-term asset mix assumptions and other	-	(15)	-	-	-	(31)	-	16
Foreign currency translation differences	59	7	71	9	(12)	(2)	-	-
Change in tax basis	(22)	-	(21)	-	(1)	-	-	-
GEV earnings: covered business	138	359	(18)	35	(11)	(59)	167	383
Transfers from/(to) other covered business Group operations	-	231	-	-	-	(123)	-	354
Transfers from covered business	(103)	(331)	-	-	-	-	(103)	(331)
Embedded value of covered business at the beginning of the period	3 056	2 797	816	781	(969)	(787)	3 209	2 803
Embedded value of covered business at the end of the period	3 091	3 056	798	816	(980)	(969)	3 273	3 209

Assets under management

R million	Assets under management		Fee income (%)		Administration cost (%)	
	2020	2019	2020	2019	2020	2019
Sanlam Investments ⁽¹⁾	648 805	663 705	0,30	0,31	0,22	0,22
Wealth Management	90 446	80 738	1,08	1,12	0,82	0,88
International	211 166	152 717	1,19	1,30	1,03	1,10
Intra-cluster eliminations	(33 858)	(39 314)				
Asset management operations	916 559	857 846				
Covered business	104 879	85 746				
Sanlam UK	57 732	51 668				
Central Credit Manager	47 147	34 078				
Assets under management	1 021 438	943 592				

⁽¹⁾ Includes Sanlam assets of R179 billion (2019: R215,4 billion).

Mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
2020						
Sanlam Investments	127 513	273 173	112 274	26 633	109 212	648 805
Wealth Management	-	45 101	42 280	-	3 065	90 446
International	-	-	211 166	-	-	211 166
Intra-cluster consolidation						(33 858)
Assets under management - Asset management	127 513	318 274	365 720	26 633	112 277	916 559
2019						
Sanlam Investments	111 329	311 003	93 332	37 692	110 349	663 705
Wealth Management	-	46 163	32 666	-	1 909	80 738
International	-	-	152 717	-	-	152 717
Intra-cluster consolidation						(39 314)
Assets under management - Asset management	111 329	357 166	278 715	37 692	112 258	857 846

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

7. Cluster information (continued)

7.4 Santam

R million	2020		2019	
Business volumes				
Gross written premiums	38 273		35 852	
Net earned premiums	24 660		24 227	
Net fund flows	7 890		9 146	
<i>Insurance activities</i>				
R million	Gross written premiums		Underwriting result	
	2020	2019	2020	2019
Conventional insurance	31 098	29 725	699	1 820
Motor	13 430	13 340	2 141	1 201
Property	11 798	10 974	(2 375)	212
Engineering	1 651	1 601	439	312
Liability	1 362	1 310	153	159
Transportation	799	762	125	50
Accident and health	641	585	96	24
Guarantee	117	246	(14)	(58)
Crop	1 262	886	151	(86)
Other	38	21	(17)	6
Alternative risk (ART)	7 175	6 127	2	62
Total	38 273	35 852	701	1 882
Ratios				
	2020		2019	
Administration cost ratio ⁽¹⁾	16,2%		17,7%	
Claims ratio ⁽¹⁾	68,2%		62,1%	
Underwriting margin ⁽¹⁾	2,9%		7,7%	
Investment return on insurance funds margin ⁽¹⁾	2,1%		2,4%	
R million				
Conventional Insurance				
Net earned premiums	24 320		23 673	
Net claims incurred	(16 593)		(14 711)	
Net commission	(3 083)		(2 950)	
Management expenses (excluding BEE costs)	(3 945)		(4 192)	
Underwriting result: Conventional insurance	699		1 820	
Investment return on insurance funds	501		579	
Net insurance result	1 200		2 399	
Net Other Income	166		173	
Alternative Risk ⁽²⁾	165		171	
Other	1		2	
Strategic participations	350		483	
Saham ⁽³⁾	97		162	
SEM target shares	253		321	
Santam BEE cost	(2)		(3)	
Gross result from financial services	1 714		3 052	
Tax and Non-controlling interest	(1 028)		(1 835)	
Net result from financial services	686		1 217	

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums for the conventional business.

⁽²⁾ Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

⁽³⁾ Includes SEM cluster cost allocation of R7 million (2019: R14 million).

7. Cluster information (continued)

7.5 Group Office

Analysis of earnings

R million	Group Office & Other		Consolidation ⁽¹⁾		Total	
	2020	2019	2020	2019	2020	2019
Financial services income	206	162	(381)	(532)	(175)	(370)
Sales remuneration	-	-	-	-	-	-
Income after sales remuneration	206	162	(381)	(532)	(175)	(370)
Administration cost	(327)	(302)	-	-	(327)	(302)
Results from financial services	(121)	(140)	(381)	(532)	(502)	(672)
Tax on result from financial services	35	40	102	174	137	214
Non-controlling interest	-	-	279	358	279	358
Net result from financial services	(86)	(100)	-	-	(86)	(100)
Net investment income	186	232	-	-	186	232
Net investment surpluses	31	(10)	-	-	31	(10)
Project expenses	(13)	-	-	-	(13)	-
Net operational earnings	118	122	-	-	118	122
Impairments	(1 673)	-	-	-	(1 673)	-
Net equity participation costs	-	(594)	-	-	-	(594)
Normalised attributable earnings	(1 555)	(472)	-	-	(1 555)	(472)

⁽¹⁾ Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.

Notes to the Shareholders' Fund Information for the year ended 31 December (continued)

8. Investments

8.1 Investment in associated companies

R million	2020	2019
Shriram Capital	7 671	7 381
Shriram Transport Finance Company	1 571	1 497
Shriram General Insurance	1 351	1 150
Shriram Life Insurance	531	501
Pacific & Orient	426	503
Capricorn Investment Holdings	1 000	1 097
Letshego	1 571	1 522
Afrocentric	1 109	1 043
Other associated companies	1 725	1 996
Total investment in associated companies	16 955	16 690

Details of the investments in the material associated companies are reflected in note 8.2.3 on page 84 of the Sanlam Annual Financial Statements online.

8.2 Investment in joint ventures

R million	2020	2019
Sanlam Personal Loans	665	811
Other joint ventures	208	201
Total investment in joint ventures	873	1 012

Details of the investments in the material joint ventures are reflected in note 8.2.4 on page 88 of the Sanlam Annual Financial Statements online.

8.3 Investments include the following offshore investments

R million	2020	2019
Investment properties	5 897	6 828
Equities	8 612	9 023
Structured transactions	-	9
Interest-bearing investments	7 583	4 626
Investment funds	6 939	5 648
Cash, deposits and similar securities	2 582	2 869
Total offshore investments	31 613	29 003

9. Financial services income

R million	2020	2019
Equity-accounted earnings included in financial services income		
Sanlam Life and Savings	208	406
SA Retail Affluent	6	240
Sanlam Corporate	202	166
Sanlam Emerging Markets	2 710	3 047
Sanlam	350	483
Sanlam Investment Group	143	159
	3 411	4 095
10. Sales remuneration		
Life business	5 639	4 934
Non-life operations	5 626	5 647
	11 265	10 581
11. Administration costs		
Life business	9 559	9 059
Non-life operations	14 905	14 419
	24 464	23 478
Depreciation included in administration costs:		
Sanlam Life and Savings	189	333
SA Retail Affluent	127	232
SA Retail Mass	43	86
Sanlam Corporate	19	15
Sanlam Emerging Markets	257	320
Sanlam	144	257
Sanlam Investment Group	50	107
	640	1 017
12. Investment income		
Equities and similar securities	1 043	915
Interest-bearing, preference shares and similar securities	486	444
Properties	12	37
Rental income	30	49
Rental-related expenses	(18)	(12)
	1 541	1 396
Total investment income	1 541	1 396
Interest expense netted off against investment income	578	974

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

13. Normalised diluted earnings per share

Cents	2020	2019
Normalised diluted earnings per share:		
Net result from financial services	376,4	438,0
Operational earnings	374,9	488,9
(Loss)/profit attributable to shareholders' fund	(31,2)	412,5
R million		
Analysis of operational earnings (refer shareholders' fund income statement on page 130):		
Net result from financial services	8 382	9 674
Operational earnings	8 349	10 798
(Loss)/profit attributable to shareholders' fund	(694)	9 110
Reconciliation of operational earnings:		
Headline earnings per note 23 on page 121 of the Sanlam Annual Financial Statements online	9 249	7 481
Add/(Less):	(900)	3 317
<i>Fund transfers</i>	(3 557)	1 960
<i>B-BBEE SPV impairment reversal</i>	1 673	-
<i>Net equity-accounted earnings</i>	(14)	(5)
<i>Net amortisation of value of business acquired and other intangibles</i>	699	766
<i>Expected credit losses</i>	298	-
<i>Equity participation costs</i>	1	596
Operational earnings	8 349	10 798
Adjusted number of shares (million):		
Weighted average number of shares for diluted earnings per share (refer note 23 on page 121 of the Sanlam Annual Financial Statements online)	2 087,8	2 090,0
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	138,9	118,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 226,7	2 208,5

14. Value per share

R million	2020	2019
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R71 468 million (31 December 2019: R76 512 million), divided by 2 226,5 million (31 December 2019: 2 226,2 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R131 812 million (31 December 2019: R143 271 million), divided by 2 226,5 million (31 December 2019: 2 226,2 million) shares.		
Number of shares for value per share		
Number of ordinary shares in issue	2 226,9	2 343,3
Shares held by subsidiaries in shareholders' fund	(26,2)	(139,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	25,8	22,1
Adjusted number of shares for value per share	2 226,5	2 226,2

15. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,1 (2019: 8,8) to the after tax recurring corporate expenses.

16. Shares repurchased and cancelled

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

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

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

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

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

17. Reconciliations

17.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

R million	2020			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	IFRS adjustments ⁽²⁾
Net income	132 866	87 992	38 768	6 106
Financial services income	104 701	87 161	-	17 540
Reinsurance premiums paid	(18 794)	-	-	(18 794)
Reinsurance commission received	2 929	-	-	2 929
Investment income	31 879	1 541	23 785	6 553
Investment surpluses	11 001	(710)	14 983	(3 272)
Finance cost – margin business	(216)	-	-	(216)
Change in fair value of external investors liability	1 366	-	-	1 366
Net insurance and investment contract benefits and claims	(75 896)	(37 865)	(37 577)	(454)
Long-term insurance contract benefits	(25 596)	(13 547)	(10 931)	(1 118)
Long-term investment contract benefits	(26 646)	-	(26 646)	-
General insurance claims	(37 593)	(24 318)	-	(13 275)
Reinsurance claims received	13 939	-	-	13 939
Expenses	(42 201)	(36 034)	-	(6 167)
Sales remuneration	(14 319)	(11 265)	-	(3 054)
Administration costs	(27 882)	(24 769)	-	(3 113)
Impairments	(9 275)	(8 638)	(158)	(479)
Amortisation of intangibles	(1 323)	(699)	-	(624)
Net operating result	4 171	4 756	1 033	(1 618)
Equity-accounted earnings	2 568	35	-	2 533
Finance cost – other	(835)	-	-	(835)
Net monetary gain (Lebanon hyperinflation)	1 535	-	-	1 535
Profit before tax	7 439	4 791	1 033	1 615
Tax expense	(3 805)	(4 066)	(1 033)	1 294
Shareholders' fund	(2 154)	(4 066)	-	1 912
Policyholders' fund	(1 651)	-	(1 033)	(618)
Profit from continuing operations	3 634	725	-	2 909
Profit for the year	3 634	725	-	2 909
Attributable to:				
Shareholders' fund	2 863	(694)	-	3 557
Non-controlling interest	771	1 419	-	(648)
	3 634	725	-	2 909

⁽¹⁾ 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.

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

2019

Total	Shareholder activities	Policyholder activities ⁽¹⁾	IFRS adjustments ⁽²⁾
147 796	86 263	58 952	2 581
95 520	84 250	-	11 270
(15 893)	-	-	(15 893)
2 676	-	-	2 676
33 003	1 396	22 595	9 012
43 064	617	36 357	6 090
(242)	-	-	(242)
(10 332)	-	-	(10 332)
(91 526)	(34 075)	(57 458)	7
(30 802)	(11 304)	(17 952)	(1 546)
(39 506)	-	(39 506)	-
(29 646)	(22 771)	-	(6 875)
8 428	-	-	8 428
(41 051)	(34 785)	-	(6 266)
(13 246)	(10 581)	-	(2 665)
(27 805)	(24 204)	-	(3 601)
(742)	(339)	-	(403)
(1 405)	(766)	-	(639)
13 072	16 298	1 494	(4 720)
2 989	27	-	2 962
(1 500)	-	-	(1 500)
-	-	-	-
14 561	16 325	1 494	(3 258)
(5 756)	(5 183)	(1 494)	921
(4 017)	(5 183)	-	1 166
(1 739)	-	(1 494)	(245)
8 805	11 142	-	(2 337)
8 805	11 142	-	(2 337)
7 150	9 110	-	(1 960)
1 655	2 032	-	(377)
8 805	11 142	-	(2 337)

Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

17. Reconciliations (continued)

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

2020

R million	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
Assets				
Equipment	1 652	1 487	165	-
Rights-of-use assets	1 614	1 560	54	-
Owner-occupied properties	2 692	2 624	68	-
Goodwill	16 703	16 703	-	-
Other intangible assets	788	788	-	-
Value of business acquired	6 129	6 129	-	-
Deferred acquisition costs	3 374	2 785	589	-
Long-term reinsurance assets	2 258	-	2 258	-
Investments	814 074	88 425	733 222	(7 573)
Properties	20 302	5 869	14 433	-
Associated companies	16 955	16 955	-	-
Joint ventures	1 818	873	945	-
Equities and similar securities	186 990	12 819	181 744	(7 573)
Interest-bearing investments	261 434	28 014	233 420	-
Structured transactions	29 566	535	29 031	-
Investment funds	252 026	20 619	231 407	-
Cash, deposits and similar securities	44 983	2 741	42 242	-
Deferred tax	2 843	2 019	7	817
Assets of disposal groups classified as held for sale	2 218	2 196	22	-
General insurance technical assets	13 847	13 847	-	-
Working capital assets	75 604	61 210	14 394	-
Trade and other receivables	44 568	33 953	10 615	-
Taxation	942	912	30	-
Cash, deposits and similar securities	30 094	26 345	3 749	-
Total assets	943 796	199 773	750 779	(6 756)
Equity and liabilities				
Shareholders' fund	64 712	71 468	-	(6 756)
Non-controlling interest	12 512	12 500	12	-
Long-term policy liabilities	625 527	-	625 527	-
Insurance contracts	190 943	-	190 943	-
Investment contracts	434 584	-	434 584	-
Term finance	13 837	10 143	3 694	-
Lease liabilities	1 878	1 822	56	-
External investors in consolidated funds	83 714	-	83 714	-
Cell owners' interest	4 226	4 226	-	-
Deferred tax	5 810	4 139	1 671	-
Liabilities of disposal groups classified as held for sale	454	454	-	-
Structured transactions liabilities	22 970	320	22 650	-
General insurance technical provisions	49 752	49 752	-	-
Working capital liabilities	58 404	44 949	13 455	-
Trade and other payables	55 356	42 864	12 492	-
Provisions	506	476	30	-
Taxation	2 542	1 609	933	-
Total equity and liabilities	943 796	199 773	750 779	(6 756)

⁽¹⁾ Includes the impact of IFRS adjustments.

2019

Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
1 655	1 533	122	-
1 912	1 852	60	-
1 794	1 683	111	-
18 974	18 974	-	-
926	926	-	-
8 768	8 768	-	-
3 505	2 865	640	-
2 042	-	2 042	-
770 995	83 686	697 145	(9 836)
21 565	6 815	14 750	-
16 690	16 690	-	-
1 992	1 012	980	-
201 501	14 775	196 562	(9 836)
234 509	19 640	214 869	-
23 090	728	22 362	-
222 141	20 442	201 699	-
49 507	3 584	45 923	-
1 872	1 231	-	641
159	127	32	-
10 166	10 166	-	-
77 461	58 026	19 435	-
46 180	32 033	14 147	-
912	867	45	-
30 369	25 126	5 243	-
900 229	189 837	719 587	(9 195)
67 317	76 512	-	(9 195)
12 043	12 027	16	-
591 168	-	591 168	-
189 687	-	189 687	-
401 481	-	401 481	-
11 187	7 474	3 713	-
2 110	2 049	61	-
85 187	-	85 187	-
3 935	3 935	-	-
5 766	4 626	1 140	-
-	-	-	-
19 272	58	19 214	-
41 332	41 332	-	-
60 912	41 824	19 088	-
58 062	39 599	18 463	-
523	496	27	-
2 327	1 729	598	-
900 229	189 837	719 587	(9 195)

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Notes to the Shareholders' Fund Information

for the year ended 31 December (continued)

18. Geographical analysis

R million	Per shareholders fund' income statement on page 130	IFRS adjustments (refer note 17.1)	Total
Financial services income			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2020	87 161	17 540	104 701
South Africa	57 259	13 727	70 986
Other African operations	23 237	5 419	28 656
Other international ⁽¹⁾	6 665	(1 606)	5 059
2019	84 250	11 270	95 520
South Africa	55 020	11 075	66 095
Other African operations	22 941	2 238	25 179
Other international ⁽¹⁾	6 289	(2 043)	4 246

R million	Per analysis of shareholders' fund on page 128	Policyholders' fund	Total
Non-current assets⁽²⁾			
2020	34 272	898	35 170
South Africa	20 190	431	20 621
Other African operations	9 743	201	9 944
Other international ⁽¹⁾	4 339	266	4 605
2019	36 728	965	37 693
South Africa	24 767	456	25 223
Other African operations	7 606	250	7 856
Other international ⁽¹⁾	4 355	259	4 614

R million	2020	2019
Attributable earnings (per shareholders' fund income statement on page 130)	2 863	7 150
South Africa	5 721	4 150
Other African operations	(3 088)	1 519
Other international ⁽¹⁾	230	1 481

⁽¹⁾ Other international comprises of business in the Europe, United Kingdom, Australia, India, Malaysia and Lebanon.

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

Sanlam Group five-year review

		2020	2019	2018	2017	2016	Average annual growth rate %
Group Equity Value							
Group Equity Value	R million	131 812	143 271	134 052	121 763	110 717	4%
Group Equity Value	cps	5 920	6 436	6 341	5 940	5 407	2%
Return on Group Equity Value per share	%	(2,8)	6,4	11,6	14,8	11,8	
Business volumes							
New business volumes	R million	310 875	249 323	223 029	221 172	225 339	8%
Life business		56 111	53 927	53 815	44 615	43 599	7%
Investment business		213 625	155 565	136 529	149 000	157 901	8%
General insurance		41 139	39 831	32 685	27 557	23 839	15%
Recurring premiums on existing business	R million	45 404	39 947	34 528	31 571	29 239	12%
Total inflows	R million	356 279	289 270	257 557	252 743	254 578	
Net fund flows	R million	61 563	56 766	41 539	37 143	42 535	10%
SIM funds under management	R billion	917	858	758	733	792	4%
New covered business							
Value of new covered business	R million	2 202	2 545	2 187	2 008	1 779	5%
Covered business PVNBP	R million	80 239	81 540	78 085	65 377	62 383	6%
New covered business margin	%	2,74	3,12	2,80	3,07	2,85	(1%)
Earnings							
Gross result from financial services	R million	13 567	16 116	14 544	13 558	12 678	2%
Net result from financial services	R million	8 382	9 674	8 890	8 549	7 969	1%
Net operational earnings	R million	8 349	10 798	9 455	10 060	8 580	0%
Headline earnings	R million	9 249	7 481	9 162	9 757	9 860	(2%)
Net result from financial services	cps	376,4	438,0	423,6	417,2	389,4	(1%)
Net operational earnings per share	cps	374,9	488,9	450,5	490,9	419,3	(3%)
Diluted headline earnings	cps	443,0	357,9	441,3	481,3	488,1	(2%)
Group operating margin	%	17,9	21,9	24,9	26,3	26,6	(9%)
Other							
Sanlam share price	cps	5 875	7 910	7 980	8 700	6 290	(2%)
Dividend	cps	300	334	312	290	268	3%
Sanlam Life Insurance Limited							
Shareholders' fund	R million	98 692	110 729	108 177	93 376	83 866	4%
SCR ⁽¹⁾	R million	45 202	47 809	44 853	38 113		
SCR cover	%	257	253	264	274		
SAM cover ratio ⁽¹⁾	%	197	206	221	233		
Foreign exchange rates							
Closing rate							
Euro		17,97	15,70	16,44	14,87	14,43	6%
British pound		20,08	18,52	18,32	16,75	16,92	4%
United States dollar		14,69	13,98	14,39	12,38	13,68	2%
Moroccan dirham		1,65	1,49	1,51	1,33	1,36	5%
Indian rupee		0,20	0,2	0,21	0,19	0,2	0%
Average rate							
Euro		18,64	16,16	15,57	14,5	16,22	4%
British pound		20,99	18,42	17,60	16,61	19,69	2%
United States dollar		16,34	14,43	13,17	13,09	14,65	3%
Moroccan dirham		1,73	1,52	1,42	1,39	1,49	10%
Indian rupee		0,22	0,21	0,19	0,20	0,22	0%
Non-financial⁽²⁾							
BEE credentials	level	-(³)	1	1	2	2	
Corporate Social Investment spend	R million	47	58	62	93	68	
Office staff turnover	%	12,78	16,50	17,25	14,10	13,9	
Carbon footprint	Tonnes CO ₂ /full time employee	4,5	7,9	9,0	8,3	8,6	

⁽¹⁾ SCR is used from 2017.

⁽²⁾ South Africa only.

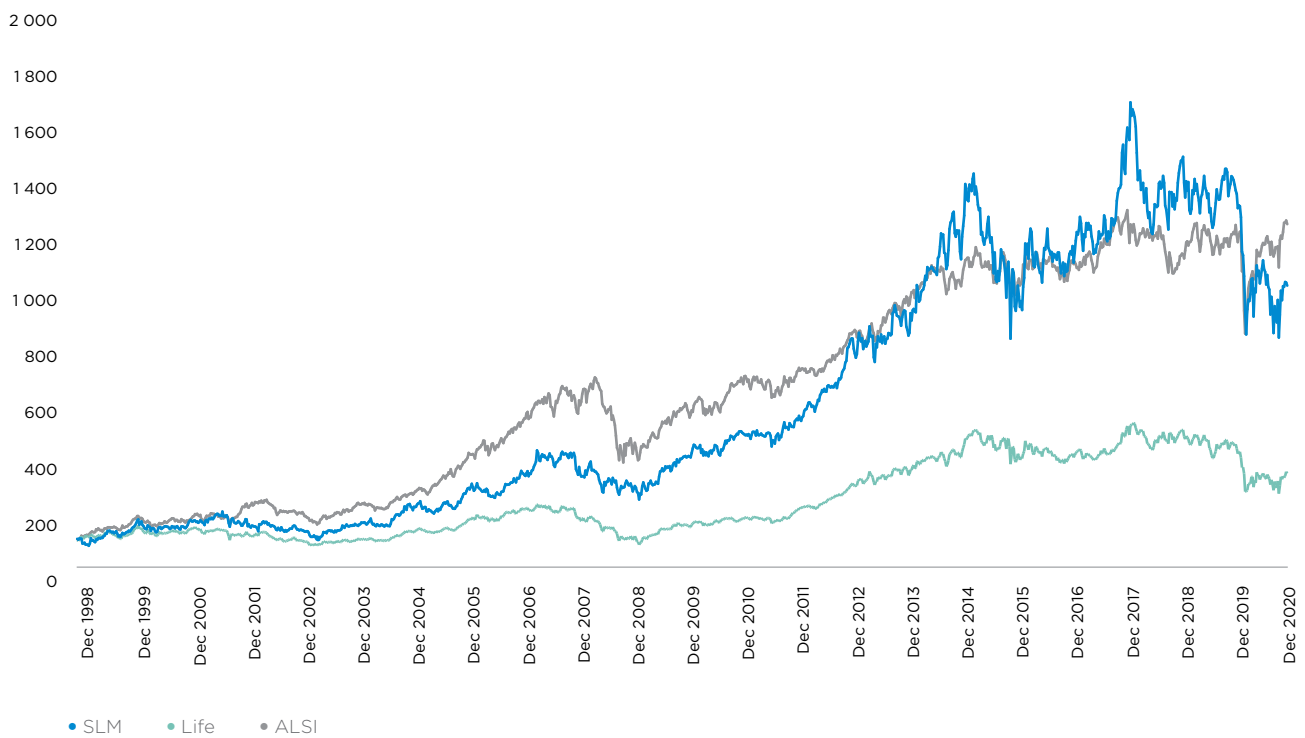
⁽³⁾ The current certificate is in the process of being finalised.

Stock exchange performance

		2020	2019	2018	2017	2016
Number of shares traded	million	1 715	1 167	1 458	1 340	1 437
Value of shares traded	R million	98 952	90 288	115 756	93 485	89 130
Percentage of issued shares traded	%	77	50	65	62	66
Price/earnings ratio	times	17	18,6	18,5	18,1	15,4
Return on Sanlam share price since listing ⁽¹⁾	%	15	17	20	20	18
Market price	cps					
- Year-end closing price		5 875	7 910	7 980	8 700	6 290
- Highest closing price		7 969	8 525	9 849	9 474	7 149
- Lowest closing price		4 544	6 886	6 540	6 100	5 116
Market capitalisation at year-end	R million	130 835	185 358	178 113	188 483	136 271

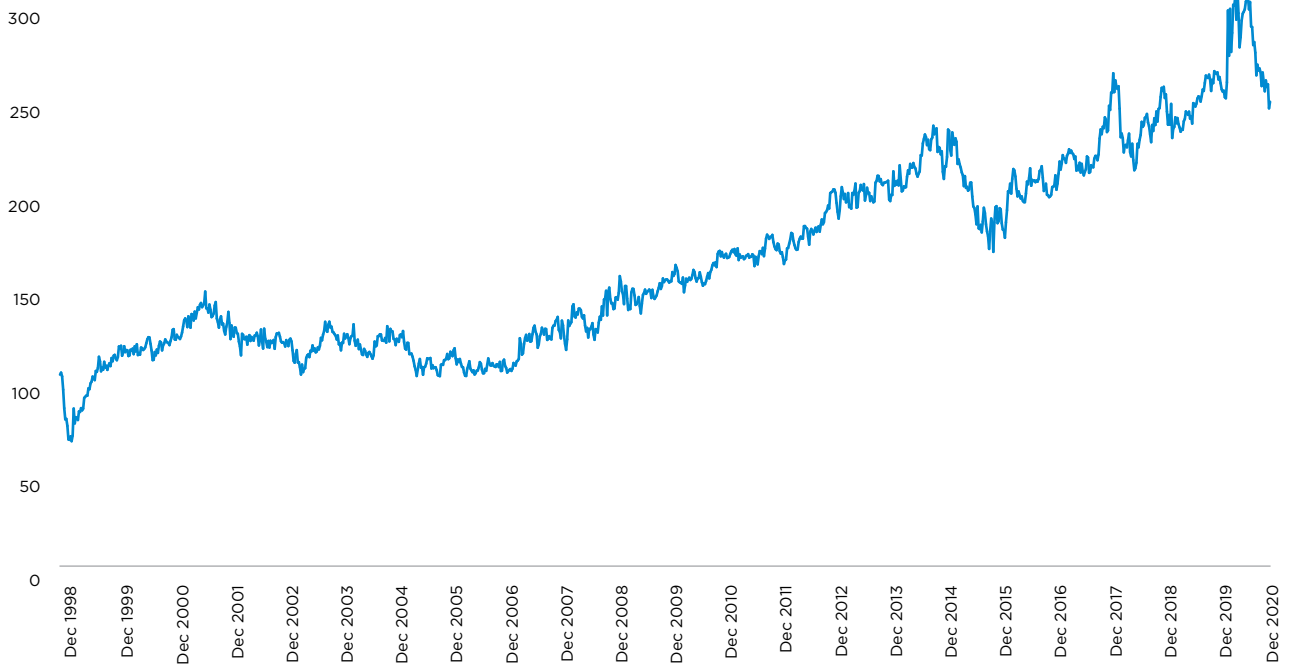
⁽¹⁾ Annualised growth in the Sanlam share price since listing plus dividends paid.

Sanlam vs ALSI vs Life Assurance index



2015	2014	2013	2012	2011
1 363	1 086	1 247	1 160	1 082
90 444	65 974	58 841	41 074	29 578
63	50	59	55	52
14,0	17,2	13,5	15,3	11,6
19	21	20	20	17
6 054	7 000	5 324	4 477	2 885
8 217	7 344	5 518	4 550	3 016
4 405	4 495	4 051	2 831	2 414
131 158	151 653	111 804	94 017	60 585

FINI indexed



Analysis of shareholders

on 31 December 2020

Distribution of shareholding	Total shareholders		Total shares held	
	Number	%	Number	%
1 - 1 000	377 129	87,49	138 720 896	6,23
1 001 - 5 000	47 013	10,91	91 624 756	4,11
5 001 - 10 000	3 812	0,89	26 228 555	1,18
10 001 - 50 000	1 960	0,45	38 195 610	1,72
50 001 - 100 000	309	0,07	21 991 534	0,99
100 001 - 1 000 000	636	0,15	204 340 253	9,18
1 000 001 and over	186	0,04	1 705 872 804	76,60
Total	431 045	100,00	2 226 974 408	100,00

Public and non-public shareholders	Shareholding	%
Public shareholders (402 597)		65,58
Non-public shareholders		
Directors' interest		0,20
Held by subsidiaries		1,86
Employee pension funds		0,02
Sanlam Limited Share Incentive Trust		1,16
SU BEE Investment (RF) (Pty) Ltd 182		5,00
Government Employees Pension Fund (PIC)		13,05
Ubuntu-Botho Investments (Pty) Ltd		13,13
Total		100,00

Beneficial shareholding of 5% or more:

- Ubuntu-Botho Investments (Pty) Ltd	13,13%
- Government Employees Pension Fund (PIC)	13,05%

Shareholder structure	Shareholding	%
Institutional and other shareholding		
Offshore		33,87
South Africa		51,57
Individuals		14,56
Total		100,00

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