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UNSECURED SUBORDINATED CALLABLE NOTE PROGRAMME

22 June 2021

We empower
generations
to be...

...financially
confident, secure
and prosperous





Agenda

01 COVID-19 operating environment

02 Strategy review

03 Financial results

04 Capital management

05 Outlook for 2021

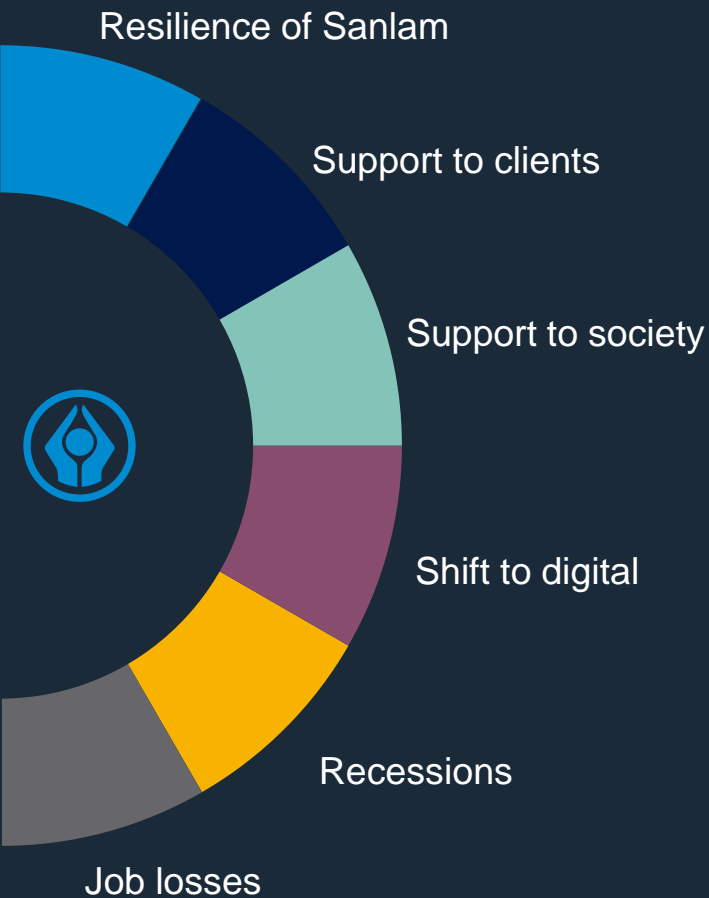
06 Debt programme



COVID-19 operating context



Operating context for 2020 and 2021



COVID-19 significantly impacted society

- Millions of people infected and thousands of lives lost
- Significant increase in mortality experience in South Africa relative to 2020
- Lockdowns and curfews impact economic activity across Africa and India
- Clients uncertain about their financial futures

Sanlam responded with care

- Staff protected and continue to operate remotely as far as possible
- Roll-out of digital tools to clients and intermediaries accelerated
- Continued support to society through the Sanlam Foundation

Led by our purpose

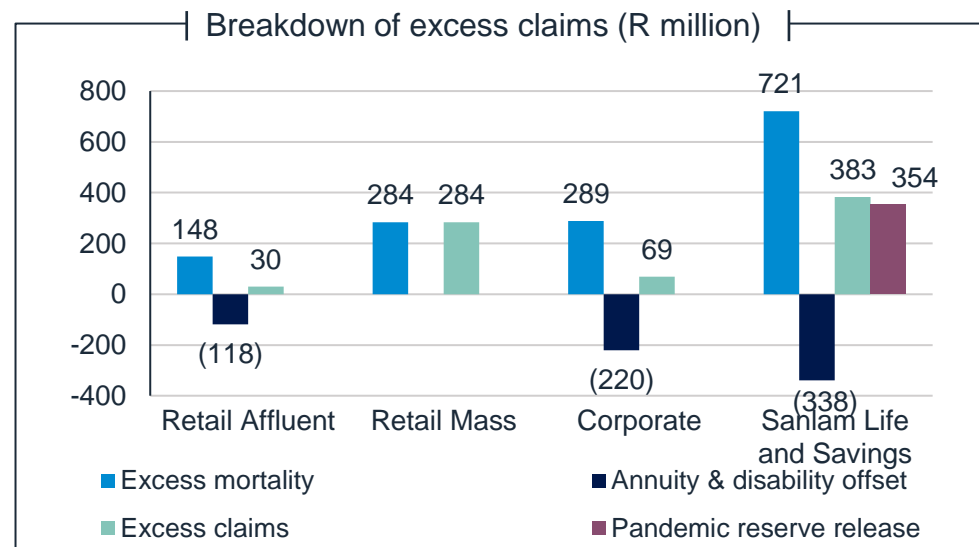
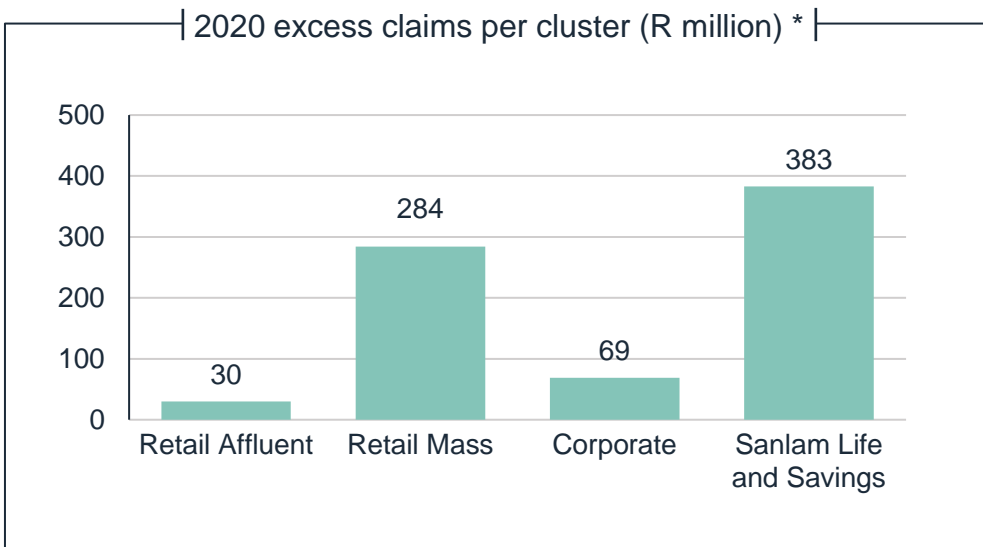
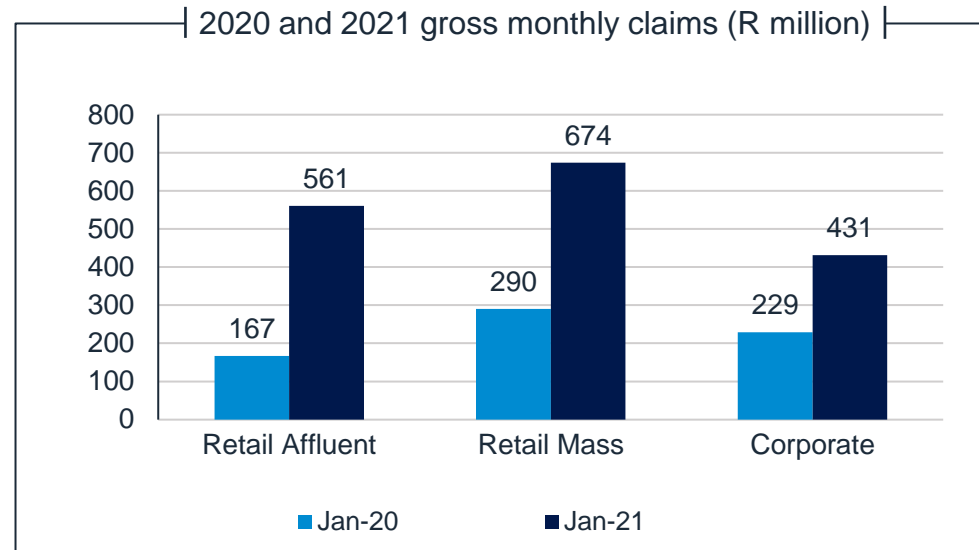
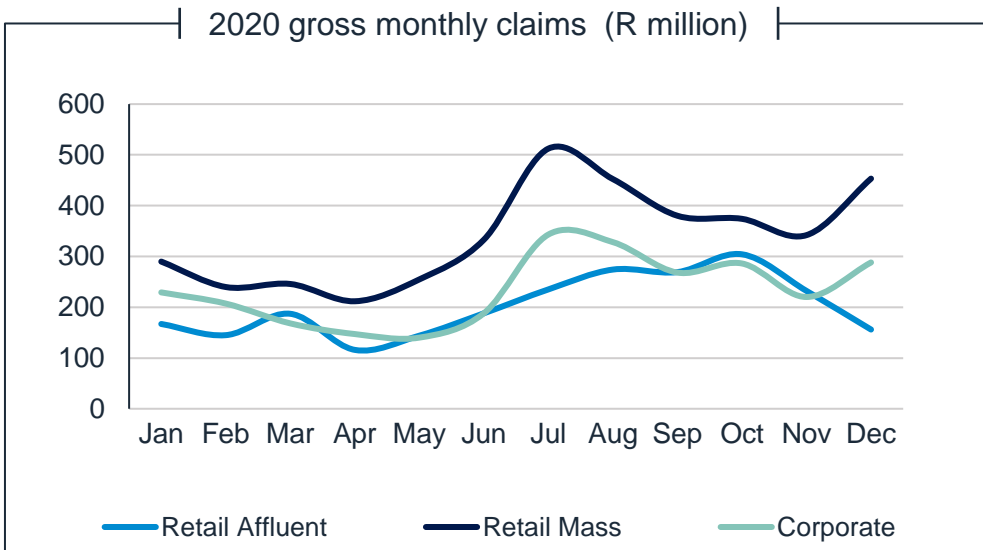
- Empowering generations to be financially confident, secure and prosperous
- Santam setting aside R3 billion for CBI claims
- R2.25 billion invested for businesses requiring capital support
- Sanlam paid mortality claims totaling R4.8 billion (net of reinsurance) in the first four months of 2021 (4m FY20: R2,1 billion)

We remained resilient

- Solvency levels strong and well within target ranges, no additional reserving required for mortality claims
- Cash generation in the life insurance operations remain robust
- Persistency levels steady
- No additional CBI provisions in 2021 at Santam



Sanlam Life and Savings mortality claims 2020



SALIENT FEATURES

- Retail Affluent less impacted in first wave in 2020 and had annuity and disability offset
- Retail Mass hardest hit in the first wave in 2020 – especially foundation market in group schemes
- Peak of second wave in first quarter of 2021 – significant increase in claims
- Retail Affluent more affected than other segments in second wave

* net of tax and reinsurance, including annuity and disability offsets



Sanlam Life and Savings mortality claims for the first four months of 2021

Impact of higher mortality claims on SLS (net of tax and reinsurance)

| R million | Excess mortality* | Annuity & disability offsets | Excess claims |
|-----------------------------------|-------------------|------------------------------|---------------|
| SLS | 1 015 | (122) | 893 |
| Retail Affluent | 383 | (73) | 310 |
| Retail Mass | 114 | - | 114 |
| Corporate | 518 | (49) | 469 |
| Release of discretionary reserves | | | (893) |
| Net impact | | | - |

* Mortality above long-term actuarial assumptions

We expect to be able to absorb an increase in claims in the remainder of 2021 from further discretionary margins and other reserve releases together with repricing group risk business

SALIENT FEATURES

- Second wave of COVID-19 in South Africa more severe than the first wave
- Mortality claims for the first four months of 2021 R2,7 billion (gross of tax and net of reinsurance) higher than the corresponding period in 2020
- R1,2 billion claims above the long-term expected level (after positive annuity and disability offsets which were lower than the offsets experienced in the first wave in 2020)
- Fully offset by reserve release



Strategy review





Strategy at a glance

Our vision

To become the most admired financial services group in Africa

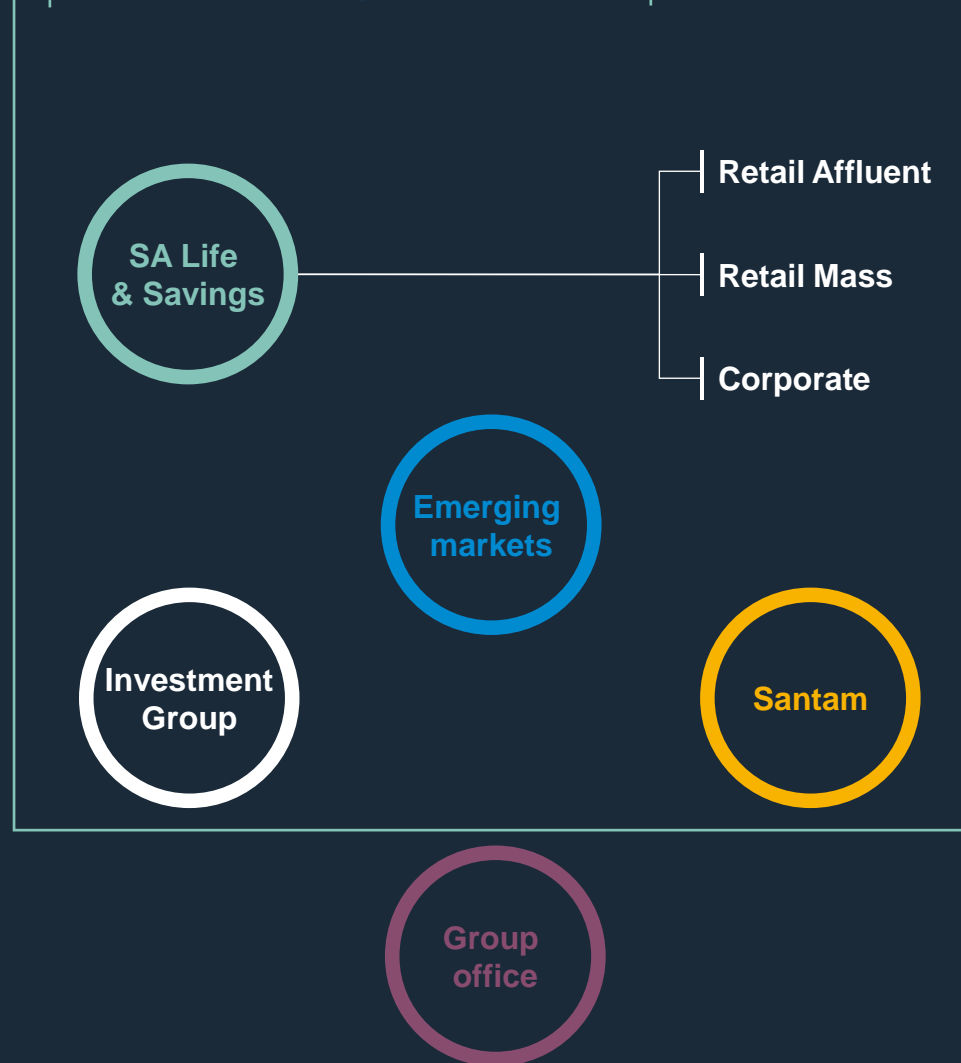
Our Strategy

-  Becoming an African champion
-  Building a fortress position in South Africa
-  Accelerating growth outside of South Africa
-  Strengthening our position where we operate outside of Africa

Enabled by

- Data and digital transformation
- Continuous development of our culture
- Innovation
- Partnerships

Executed through our clusters



HOW WE ARE EMBEDDING STRATEGY IN OUR BUSINESS

- **Integration** – expand product offering and improve cross-sell
- **Digitalisation** – improve client and intermediary experience and efficiency
- **Empowerment** – contribute to inclusive economic participation and support Fortress SA strategy
- **Culture survey** – readying our people and culture to operate in a different way ensures we remain a future-fit organisation
- **Partnerships** – exploit growth opportunities and gain access to underpenetrated market segments across the continent and where we operate outside Africa



Becoming an African champion

- Strong new business volume growth of +27% in Africa ex-South Africa (off a high base) for the first four months of 2021
- Sanlam Pan-Africa general insurance (SPA GI) underwriting margin of 6.9% (4m20: 6.6%) and net investment return on insurance funds 6.8% (4m20: -14.1%) for the first four months of 2021
- Adoption of new mandate for Morocco general insurance funds (float) by shifting to the following asset mix:
 - Equity to a range of 25% to 35%
 - Property to a range of 15% to 25%
 - Bonds to a range of 45% to 60%
- Simplification of the Pan-Africa portfolio by the sale of three operations in East and West Africa to raise almost US\$40m
- FBN Insurance Nigeria transaction fully funded through debt to facilitate introduction of new majority partner

OPTIMISE THE PORTFOLIO

- **Strategic review of operations** – continue focus on optimising the portfolio
- **Pan-Africa portfolio** – sale of Saham Kenya, Sunu Group (West Africa) and Netis
- **Morocco investment portfolio** – revised investment strategy supports achieving hurdle rate at a lower level of expected volatility



Strengthening the South African competitive position

- Concluded African Rainbow Capital Financial Services (ARC FS) acquisition of 25% of Sanlam Investments third-party asset manager
- Acquisition of 25% of ARC FS subsidiary enhances exposure to health insurance and employee benefit segment income streams for Sanlam
- Continued strong performance from Capitec JV
- Proposed acquisition of Alexander Forbes Life group risk and retail life businesses

KEY SEGMENTS FOR STRENGTHENING

- Asset Management
- Health Insurance
- Employee Benefits
- Retail Mass segment



Partnership with Ubuntu-Botho (UB) and ARC

- Sanlam/UB/ARC FS partnership is key to Sanlam's strategy of building a fortress position in South Africa
- Institutional segments of the South African market are particularly sensitive to the empowerment credentials of market participants, both at group and entity level
- ARC FS acquired 25% of Sanlam's third-party asset management business and as a result Sanlam Investments is the largest black-owned asset manager in South Africa
- Sanlam Life acquired 25% of ARC FS subsidiary which will enable further strategic alignment
- ARC FS portfolio consists of:
 - Established businesses like Afrocentric and Alexander Forbes with good growth prospects
 - Newer generation businesses like Life Cheq, a start-up business aiming to digitalise advice and financial planning

LONG-TERM MUTUALLY BENEFICIAL PARTNERSHIP

- 17-year partnership with significant value added
- UB retained its Sanlam shareholding and in 2014 parties agreed:
 - Sanlam to assist UB to establish a financial services business in SA
 - To jointly explore and pursue mutually beneficial transactions
- Shareholder approved UB funding facility fully utilised



Data intelligence, digitalisation, innovation and culture

Leveraging digital and data increases the value offered to clients and improves efficiencies

- Data driven client insights – give clients more reasons to engage with Sanlam
- Sanlam Reality and Wealthbonus

Applying data analytics and robotics

- Targeted management of persistency resulted in R157 million positive embedded value experience variance

COVID-19 environment has accelerated digital adoption by clients

- Indie & MiWay Life combined sales growth of 62%



Client and intermediary experience centre of excellence (CX)

- Customer journeys digitalised to simplify client experience, including intermediary engagement

Culture and alternative ways of work

- Opportunity to instill new culture – group culture assessment
- Long-term savings of R150 million annually from rationalising the property portfolio

Sanlam Investments partnering with Robeco

- Aim of becoming a leader in ESG investing



Financial results



Key financial measures for 2020



| | Unit | 2020 | △ |
|------------------------------------|-----------|----------------|-------|
| Earnings | | | |
| Net result from financial services | R million | 8 382 | (13%) |
| Net operational earnings | R million | 8 349 | (23%) |
| New business volumes | R million | 310 875 | 25% |
| Value of new business | R million | 1 921 | (16%) |
| Net fund inflows | R million | 61 563 | 8% |
| Group Equity Value (GEV) per share | cents | 5 920 | (8%) |
| Adjusted Return on GEV | % | 2.7 | |
| Dividend per share | cents | 300 | (10%) |

- ⊙ COVID-19 impact on investment market returns, increased mortality claims, doubtful debt provisions, Santam CBI and relief offered to clients and intermediaries
- ⊙ 17% growth in net result from financial services excluding sources of earnings most affected by the COVID-19 pandemic
- ⊙ Excess claims of R383 million (net of tax and reinsurance) in SLS after allowing for positive annuity and disability experience, R354 million (net of tax) release from pandemic reserve
- ⊙ Strong growth in new business despite impact on face-to-face sales, supported by investment flows at Glacier, SIG and SEM
- ⊙ Net fund inflows increased by 8% to R62bn, with strong growth in SEM
- ⊙ VNB down 16% due to lower sales in higher margin face-to-face channels
- ⊙ Adjusted RoGEV impacted by COVID-19 pandemic, especially the operating assumptions changes made to reflect higher persistency risk, the impairments at Saham and Shriram, as well as the decline in the Santam share price

Cluster contributions



| R million | Net result from financial services | | | | New business volumes | | | VNB | | |
|---------------------------------|------------------------------------|--------------|--------------|------------------------|----------------------|----------------|------------|--------------|--------------|--------------|
| | 2020 | 2019 | % change | % change (ex-COVID-19) | 2020 | 2019 | % change | 2020 | 2019 | % change |
| Sanlam Life and Savings | 4 600 | 4 855 | (5%) | 5% | 77 847 | 77 051 | 1% | 1 638 | 1 937 | (15%) |
| Sanlam Emerging Markets | 2 377 | 2 632 | (10%) | 19% | 46 898 | 34 809 | 35% | 283 | 343 | (17%) |
| Sanlam Investment Group | 805 | 1 070 | (25%) | 19% | 161 470 | 113 236 | 43% | - | - | |
| Santam | 686 | 1 217 | (44%) | 79% | 24 660 | 24 227 | 2% | | | |
| Group office and other | (86) | (100) | 14% | 14% | | | | | | |
| Sanlam Group | 8 382 | 9 674 | (13%) | 17% | 310 875 | 249 323 | 25% | 1 921 | 2 280 | (16%) |
| R million | 2H20 | 1H20 | % change | | | | | | | |
| Net result - financial services | 4 484 | 3 898 | 15% | | | | | | | |
| New business volumes | 153 395 | 157 480 | (3%) | | | | | | | |
| VNB | 1 255 | 666 | 88% | | | | | | | |

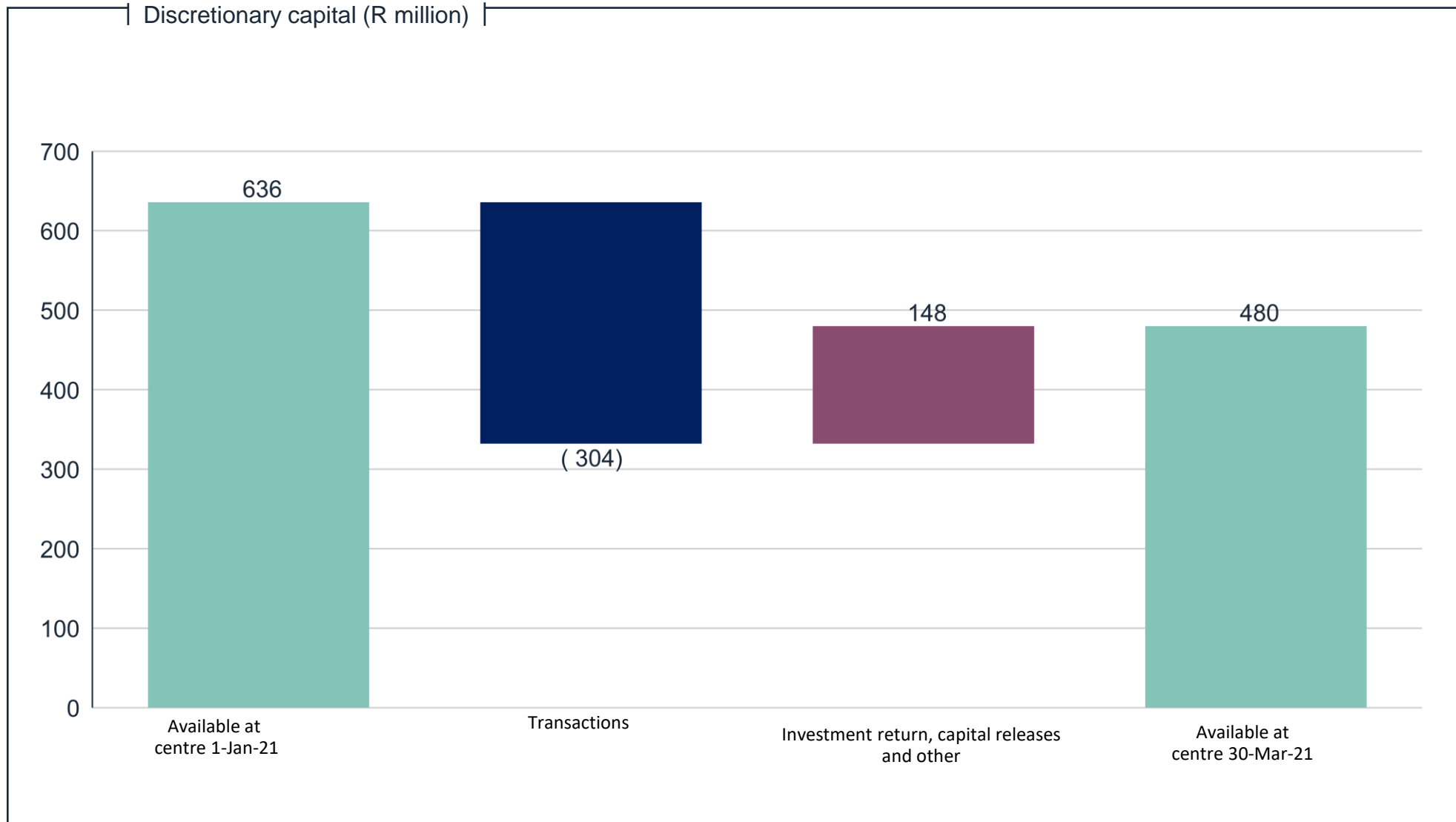
Key financial measures for the four-month period ending 30 April 2021



- ④ **Net result from financial services increased by 18%** on 2020 but remained 7% lower than 2019
- ④ SLS excess claims (claims above the long term expected level) of R1,2 billion net of reinsurance and positive annuity and disability experience – **fully offset by release of discretionary reserves**
- ④ **New Business volumes were 20% higher** than 2020 and 58% higher than 2019
- ④ **VNB up 81% on 2020** and 41% higher than 2019, with margins of 2,82% which were higher than both 2020 and 2019 margins
- ④ **Net fund inflows were more than double** that of 2020 and were 73% higher than 2019
- ④ Pan-Africa general insurance portfolio recorded a **net insurance margin of 13,7%** with both the underwriting margin and investment return on insurance funds within respective target ranges



Disciplined allocation of capital

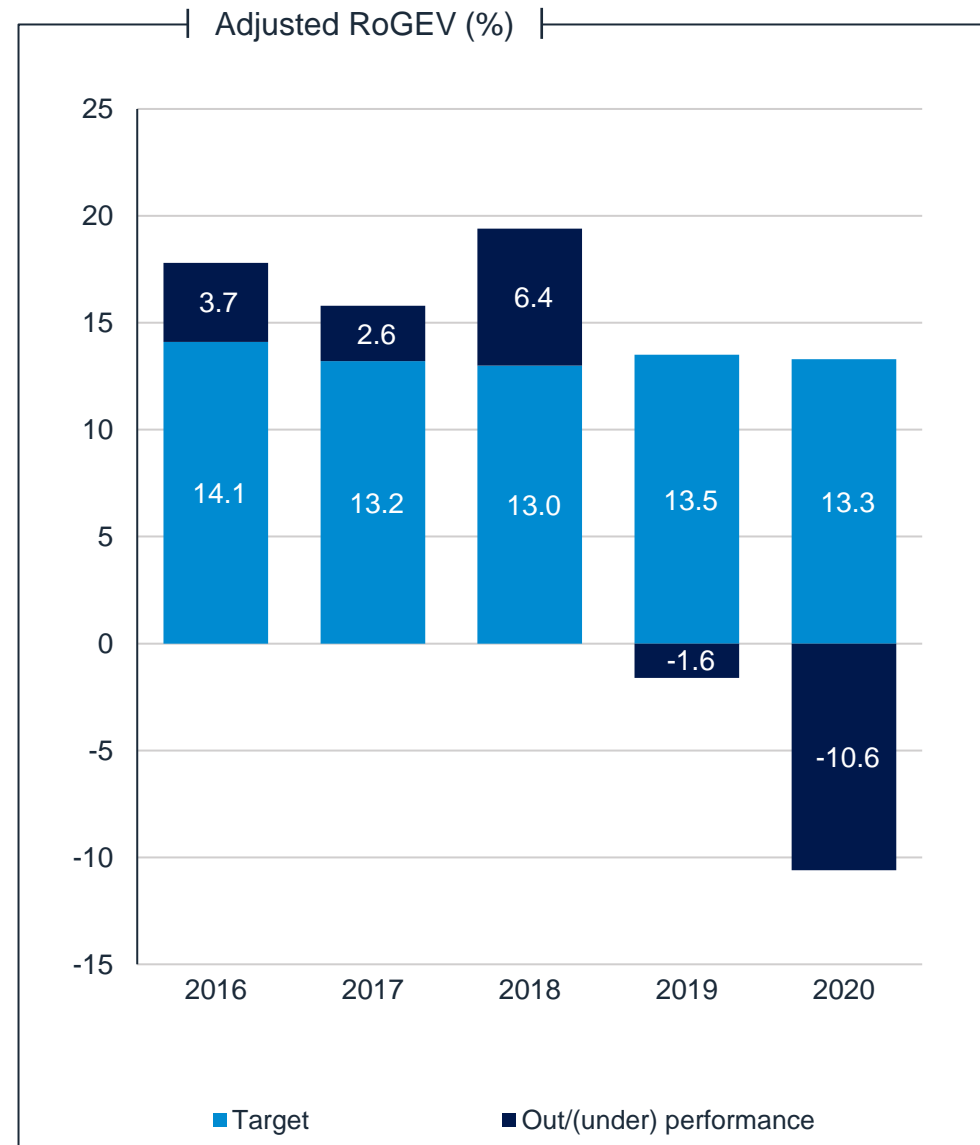
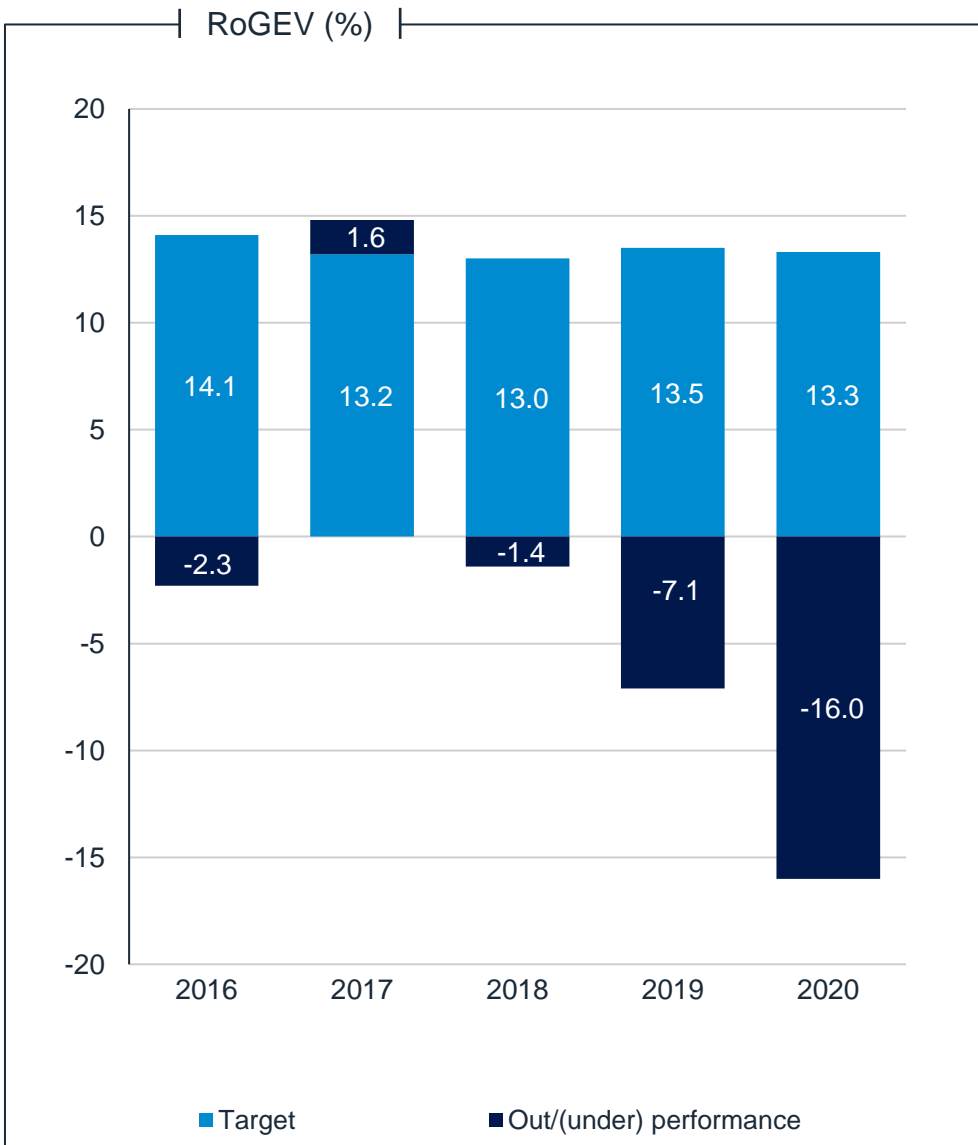


DEPLOYMENT OF CAPITAL

- Reduction from January 2021 is mainly due to asset management related transactions in the UK of some R200 million and the acquisition of the remaining 49% interest in African Rainbow Life, partially offset by excess investment return on required capital in Sanlam Life
- Expected sale of Nucleus Financial Group plc in 2021 (GBP 75 million)
- Substantial funding sources available
 - Disposal of non-core investments
 - Debt exposure low
 - IFRS17 reserve releases
 - Excess investment return



Return on group equity value



SALIENT FEATURES

- Outperformed adjusted RoGEV targets from 2015 to 2018, underperformance in 2019 and 2020
- 2020 actual RoGEV of negative 2.7% is lower than adjusted ROGEV of +2.7% mainly due to:
 - Investment market underperformance negatively affecting GEV valuations
 - A lower performance of Santam shares relative to benchmark
 - An impairment charge of R1.7 billion in respect of B-BBEE SPV funding
 - Goodwill write-down on FBN Life Insurance



Capital Management



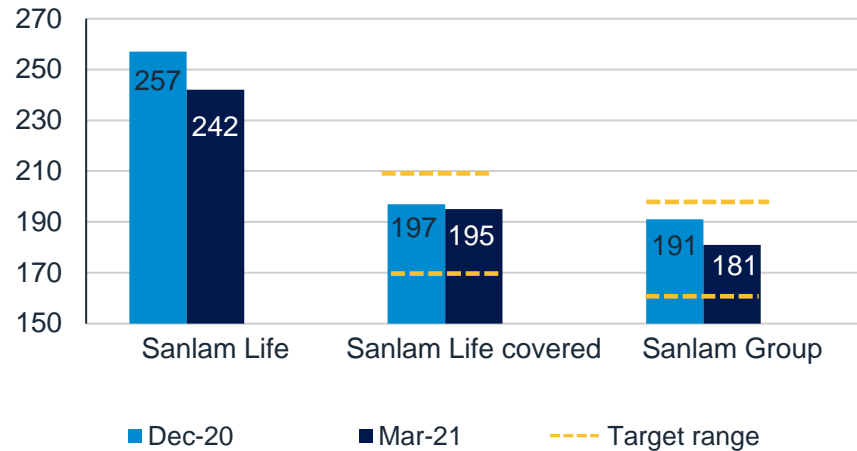


Consistent financial strength and performance

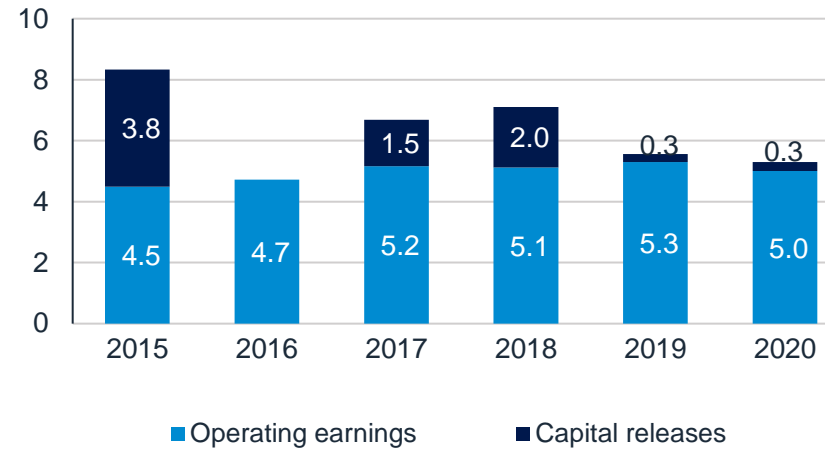
KEY CONSIDERATIONS

- Capital position remains solid
- Cash generation in the life insurance operations remains robust
- Environment remains challenging
- Impact of COVID-19 mortality claims in 2021 uncertain
- Dividend policy unchanged at 2% to 4% real growth over rolling three-year period and 1.0 to 1.2x cash earnings cover ratio
- Zero contribution to Group dividend from Santam in 2020 (2019: R 753 million)

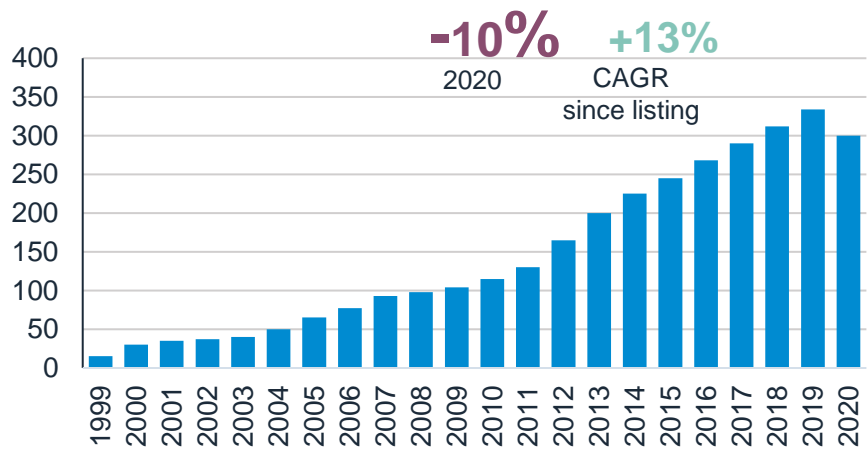
SAM solvency cover ratio (%)



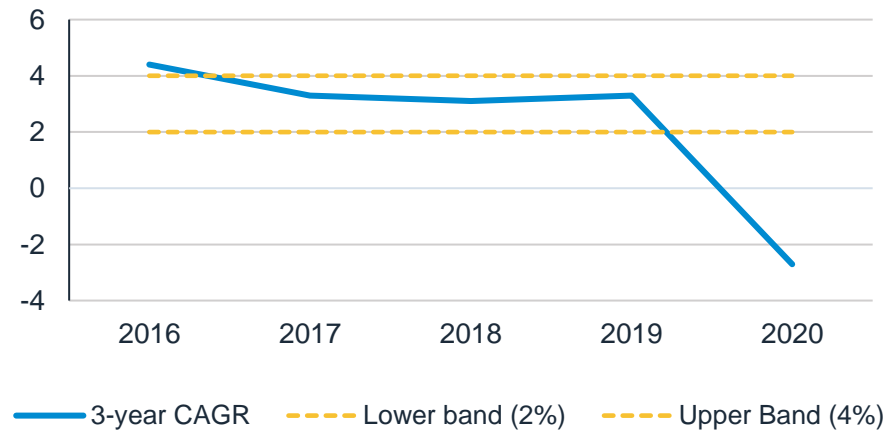
Cash generated by life insurance operations (R billion)



Sanlam ordinary dividend history (cents per share)



Sanlam real dividend growth (%)





- ④ The management of the Group's capital base requires a continuous review of optimal capital levels, including the use of alternative sources of funding, to maximise Return on GEV (RoGEV) and ensure appropriate solvency levels as a safeguard to our clients, regulators and broader society
- ④ The Group sets an appropriate level of required capital for Sanlam Life's covered business under the Prudential Standards, based on a standard formula Solvency Capital Requirement (SCR) targeted cover range of between 170% and 210% over a 10-year projection period
- ④ At the lower end of the range, Sanlam Life's covered business should be able to withstand more than two economic shock scenarios and still have a SCR cover above 100%
- ④ For regulatory purposes, capital adequacy for the South African insurance operations is measured with reference to the standard formula as specified under the Prudential Standards

Sanlam Group and Sanlam Life Solvency



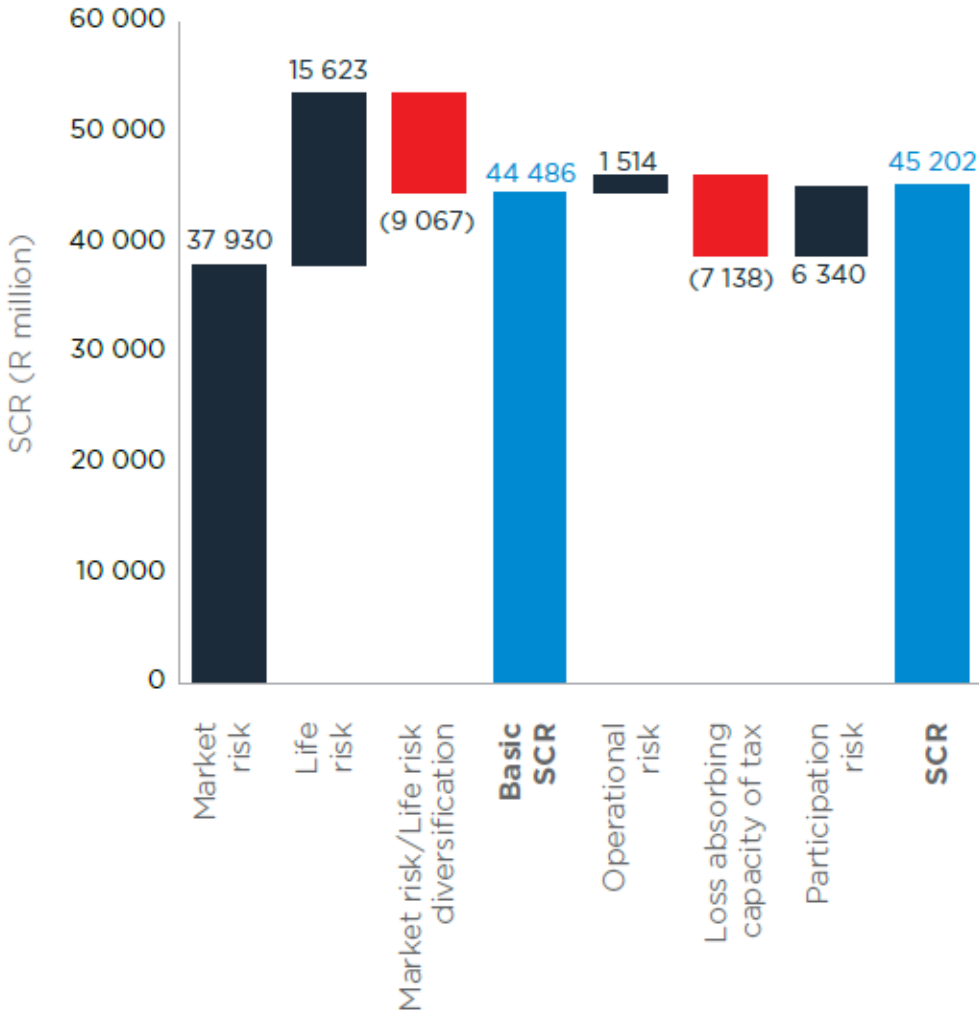
at 31 December 2020

| R million | Sanlam Limited | | | |
|--|-----------------|-----------------|-----------------|-------------|
| | Own Funds | SCR | Surplus | SCR cover |
| 2020 | | | | |
| Sanlam Life | 116 261 | 45 202 | 71 059 | 257% |
| Covered business | 36 238 | 18 356 | 17 882 | 197% |
| Participations | 72 549 | 25 989 | 46 560 | 279% |
| Other | 7 474 | 857 | 6 617 | 872% |
| Other Group entities⁽¹⁾ | 59 027 | 32 970 | 26 057 | 179% |
| SA insurance | 22 647 | 12 369 | 10 278 | 183% |
| SA other | 3 405 | 2 497 | 908 | 136% |
| Non-SA insurance | 21 221 | 12 551 | 8 670 | 169% |
| Non-SA other | 11 754 | 5 553 | 6 201 | 212% |
| Sanlam Life consolidation entries⁽²⁾ | (76 321) | (26 370) | (49 951) | |
| Total Sanlam Group Own Funds eligible to meet SCR | 98 967 | 51 802 | 47 165 | 191% |
| Tier 1 | 94 631 | | | |
| Tier 2 | 2 483 | | | |
| Tier 3 | 1 853 | | | |
| Total Sanlam Group Own Funds eligible to meet SCR | 98 967 | | | |

Sanlam Life solo Solvency Capital Requirement



31 December 2020



- ⦿ Main contributors to SCR are market risk and life risk
- ⦿ Main drivers of market risk are exposure to financial instruments (especially resulting from future product fee income being linked to policyholder investment portfolios) and participations, interest rate movements and the value of investment guarantees
- ⦿ Main drivers of life risk include lapse assumptions, the level of interest rates as well as mortality/longevity assumptions

Sanlam Life solo SCR sensitivity analysis



| R million | Own Funds eligible to meet SCR | | SCR | | Surplus | | SCR cover | |
|-------------------------------|--------------------------------|---------|---------------|--------|---------------|--------|-------------|------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Base position | 116 261 | 121 056 | 45 202 | 47 810 | 71 059 | 73 246 | 257% | 253% |
| Equities -30% ⁽¹⁾ | 89 396 | 91 066 | 32 980 | 35 600 | 56 416 | 55 466 | 271% | 256% |
| Interest rates -1% | 118 093 | 122 769 | 45 505 | 48 104 | 72 588 | 74 665 | 260% | 255% |
| Credit spreads +1% | 115 912 | 120 641 | 45 305 | 47 900 | 70 607 | 72 741 | 256% | 252% |
| ZAR appreciation 10% | 115 911 | 120 558 | 45 323 | 47 932 | 70 588 | 72 626 | 256% | 252% |
| Shock scenario ⁽²⁾ | 87 313 | 88 821 | 31 822 | 34 378 | 55 491 | 54 443 | 274% | 258% |

⁽¹⁾ For the equity sensitivity, the value of participations in Sanlam Life is also assumed to decline by 30%, while the Sanlam Group result considers the actual equity exposure within these participations.

⁽²⁾ Equities decline by 30% and implied equity volatility increases by 25%

Property values decline by 15%

Fixed interest yields and inflation-linked real yields increase or decrease by 25% of the nominal or real yields

Emerging market currencies decline by 20% against developed market currencies

Credit spreads widen by 1%



Outlook for 2021



Outlook for 2021



- Gradual economic recovery expected
- However, recovery back to 2019 levels only in the medium term

- Mortality claims outlook for remainder of 2021 is uncertain

- High base for new business volumes
- Persistency experience remains at risk



- More clarity expected on Santam CBI matter
- Leave to appeal 18 months indemnity period granted

- Sanlam has strong competitive positions in almost every market in which it competes
- Our people are resilient and ready to perform
- Our balance sheet is strong
- We have a simple strategy for execution to which all our people are aligned



Debt programme





Key features of the programme

| | |
|--|---|
| Issuer | Sanlam Life Insurance Limited |
| Guarantor | Sanlam Limited |
| Programme Type | Unsecured Subordinated Callable Note Programme |
| Programme Size | R6 billion |
| Deferral of Principal | The Issuer is required to defer payment of principal if a Regulatory Deficiency Redemption Deferral Event has occurred, subject to conditions as prescribed by the Regulator. |
| Deferral of Interest | If on any Interest Payment Date a Regulatory Deficiency Interest Deferral Event has occurred or would occur, the payment of interest in respect of the Notes otherwise falling due on such date shall be deferred. |
| Early Redemption or Substitution following Capital Disqualification Event | If confirmed by the Auditors that a Capital Disqualification Event has occurred, the Issuer may at its option (but subject to the prior written consent of the Regulator): <ul style="list-style-type: none">• Redeem all of the Notes; or• Substitute all of the Notes with new notes, or vary the terms of the Notes that it will become or remain Qualifying Tier 2 Securities (subject to approval by noteholders by Extraordinary Resolution) |
| Redemption for Tax Reasons | Notes may be redeemed at the option of the Issuer (subject to the prior written approval of the Regulator), if as a result of changes in laws or regulations the Issuer would be required to pay additional tax (relating to the Notes) and these additional amounts cannot be reasonably avoided. |
| Events of Default | <ul style="list-style-type: none">• Non-payment (other than Deferred Payments)• Insolvency |

* The programme is in process of being updated to align *inter alia* with the latest Debt Listings Requirements of the JSE



Indicative issuance terms

| | | |
|-------------------------------------|--|--------------|
| Issuer | Sanlam Life Insurance Limited | |
| Credit rating | Issuer | zaAAA (S&P) |
| | Guarantor | zaA+ (S&P) |
| | Subordinated Debt | [zaA+] (S&P) |
| Programme | R6 billion Unsecured Subordinated Callable Note Programme, registered on the JSE | |
| Proposed auction date | 11 August 2021 (settlement t+3) | |
| Indicative target issue size | R2 billion | |
| Indicative tenor | 5-year 7-year | |
| Interest profile | Floating, with the 3-month JIBAR as reference rate | |
| Margin | TBD | |
| Ranking | Subordinated | |
| PA approval | Application submitted 21 June - feedback expected late July | |
| Auction process | Sealed bid without feedback (Dutch Auction) | |
| Use of proceeds | To refinance the SLI4 notes callable in August 2021, and to maintain the Issuer's target debt / equity ratio | |



Indicative timeline

| Indicative dates | Action |
|-------------------|---|
| 22 – 24 June 2021 | Investor virtual roadshow |
| 26 July 2021 | Term sheet, draft applicable pricing supplement and auction details released to investors |
| 30 July 2021 | Receive Prudential Authority approval |
| 2 August 2021 | S&P pre-sale rating released |
| 4 August 2021 | Updated term sheet with price guidance released to investors |
| 11 August 2021 | Proposed auction date |
| 16 August 2021 | Settlement date (T+3) |



thank you 