

Live with confidence



2022 Interim Results Presentation



Financial Planning | Investments | Insurance | Health | Retirement | Wealth

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01

Overview

Paul Hanratty



Strong Performance

- Strong operating performance: >20% improvement in life insurance, investment management and credit operations profits
- Challenging operating environment:
 - Surge in inflation eroding disposable income
 - Higher short and long-term interest rates, widening credit spreads
- Disappointing general insurance result on the back of the biggest natural catastrophe in Santam's history (KZN floods), further impacted by:
 - Rising claims from Eskom loadshedding impacts,
 - Steeply rising claims costs due to a combination of inflationary surge and heightened crime
 - Lower investment return on insurance funds



Consistent Strategy

- Continued strategic progress
- Absa asset management, Alexforbes LISP and EB admin transactions received competition authority support
- Creates enhanced scale, simplifies operations and gives Sanlam leading positions
- Alexforbes life insurance business performed strongly post-closing
- MTN InsurTech JV progressing through regulatory approvals: over 4 million active policies
- Shriram credit merger approved by their shareholders
- Allianz JV regulatory approval process well underway



New macro-environment

- New macro-environment: higher inflation and interest rates
- Sales and net client inflows steady despite pressure on consumers
- Medium-term likelihood that consumers will restore real levels of cover
- Strong exposure of Group to real assets:
 - Fixed interest exposure limited to covering fixed liabilities
- COVID-19 mortality under control
- Weakening persistency in entry-level market



Capital Strength

- Diversification and balance sheet strength has provided resilience throughout difficult macro-environment and market volatility
- Discretionary capital levels, low leverage and strong solvency position provide strategic flexibility

Key performance indicators



Net result from financial services

R4,6 billion ↑ 1%

Life insurance

↑ 23%

Investment management

↑ 25%

Credit and structuring

↑ 22%

General insurance

↓ 57%

Net operational earnings

R4,4 billion ↓ 7%

Net client cash flows

R37,1 billion ↓ 2%

Life insurance new business volumes*

R33,2 billion ↓ 1%

Net VNB (constant economic basis)

R1,3 billion ↓ 2%

VNB margin (constant economic basis)

2,89% ↑ 7bps

Adjusted return on GEV (Hurdle rate of 6,9%)

6,8%

Group Equity Value (GEV) per share

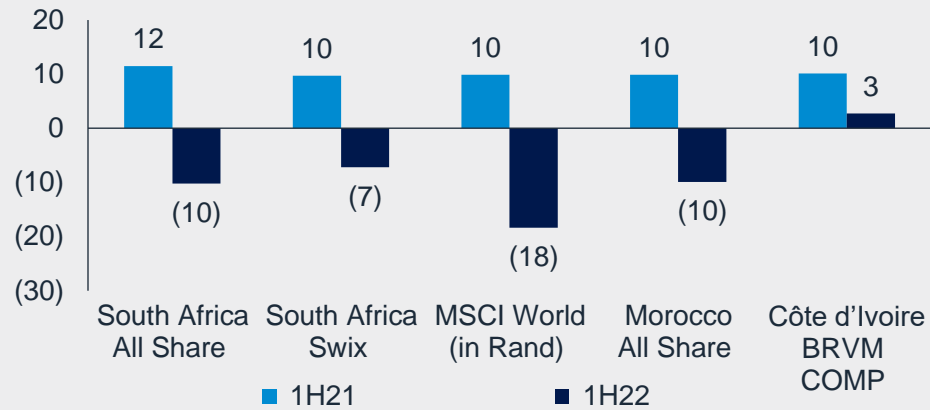
5 928 cents

* excluding UK disposals

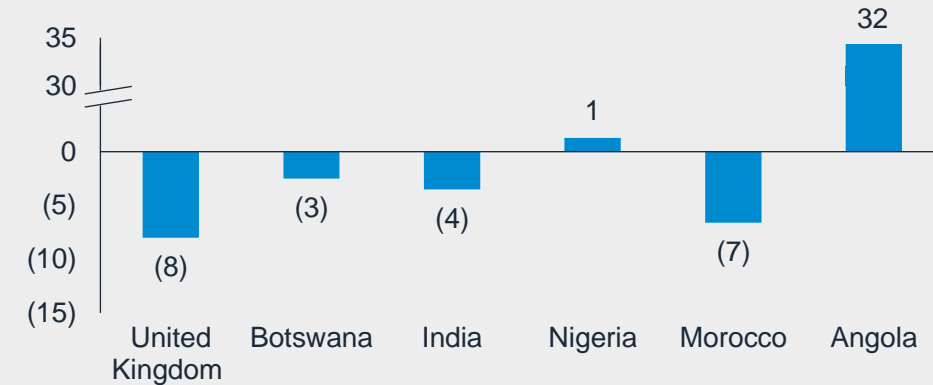


Operating environment – key market indicators

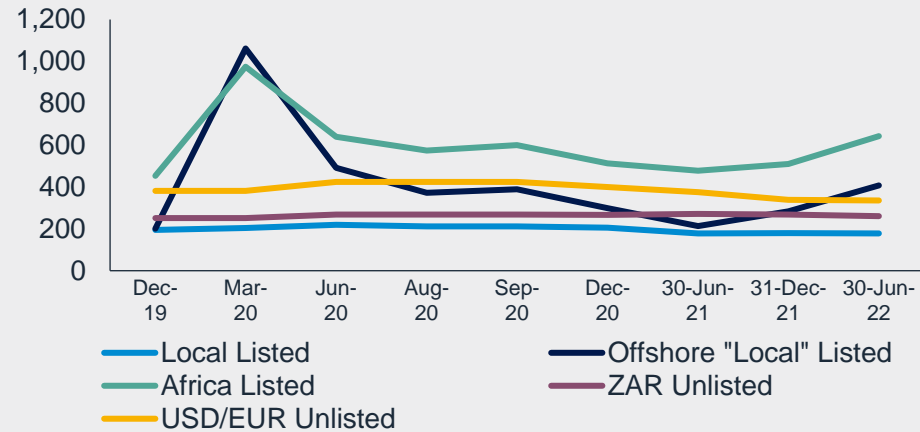
Equity indices (% change)



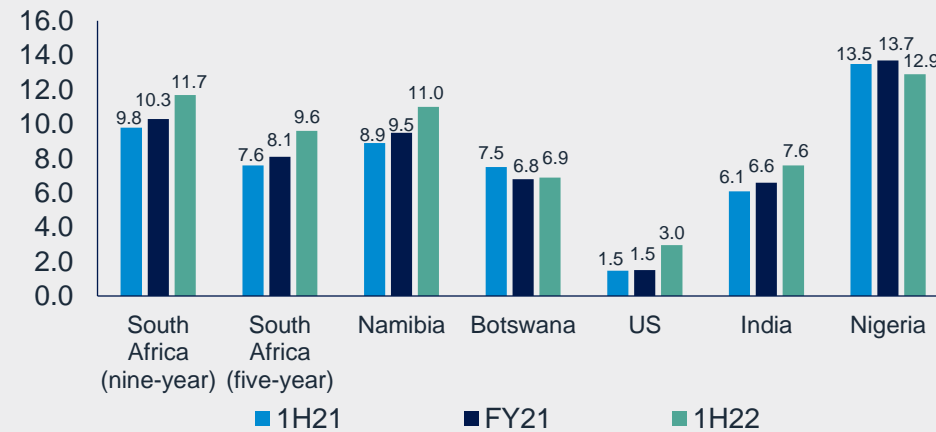
Closing rand exchange rate (% change)



Change in credit spreads (bps)



Bond yields (%)



EXCHANGE RATES

-1,1%

Net result from financial services

-1,2%

RoGEV

ECONOMIC BASIS

-4,1%

RoGEV

-15%

VNB

INVESTMENT RETURN

-R5,7bn

GEV investment variances

-1,5%

Return on SPA GI insurance funds

CREDIT SPREADS

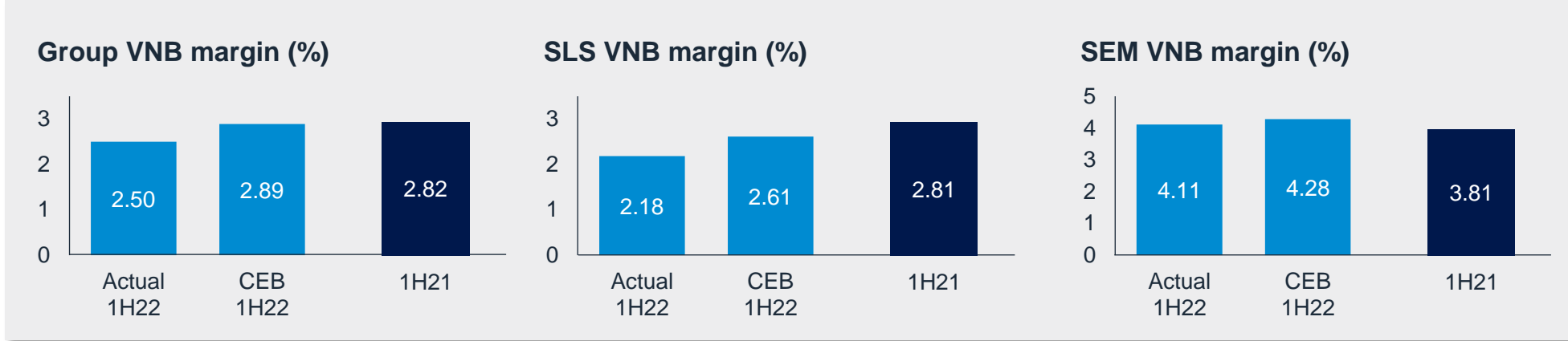
-R200m

impact in SanFin

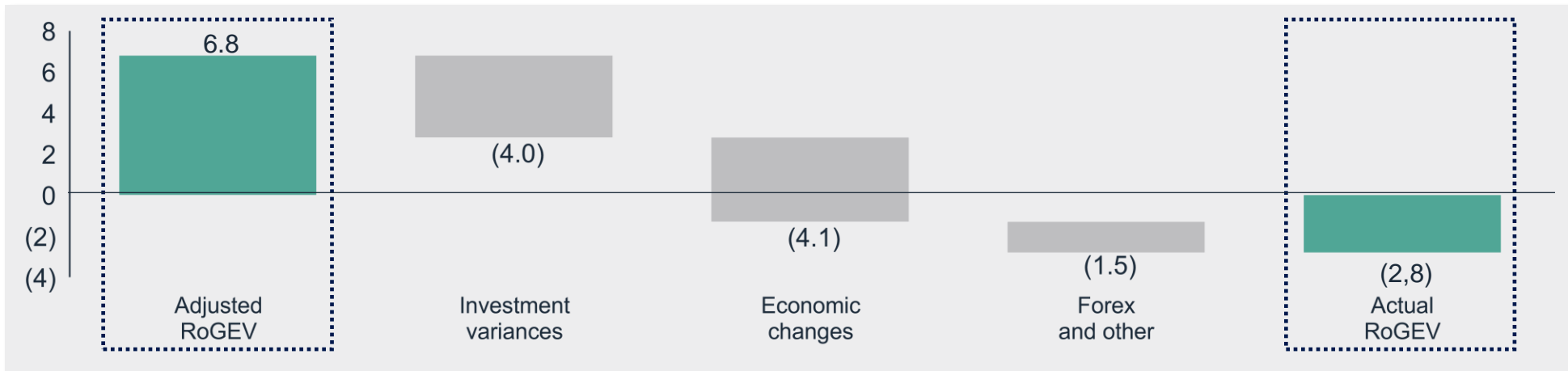
●● Impact of market volatility



- Net VNB: 17% lower at actual rates (2% lower on constant economic basis (CEB))
- Group VNB margin higher than 1H21 on CEB



• Actual RoGEV (%)





What we set out to achieve – 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

SA Life & Savings

Retail Affluent

Retail Mass

Corporate

Emerging markets

Investment Group

Santam

Group office

HOW WE ARE EMBEDDING STRATEGY IN OUR BUSINESS

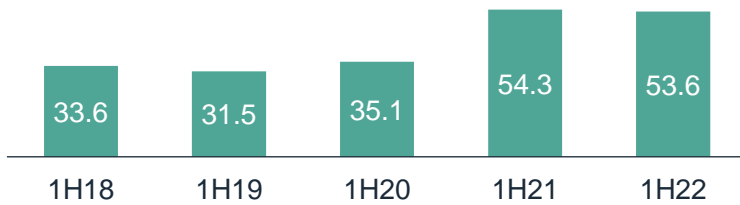
- **Integration** – expand product offering and improve cross-sell
- **Digitalisation** – improve client and intermediary experience and efficiency
- **Empowerment** – contribute to inclusive economic participation and support Fortress SA strategy
- **Culture survey** – readying our people and culture to operate differently 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



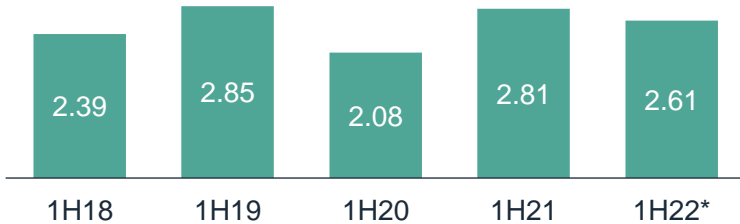
●● Building a fortress position in South Africa

Strong performance

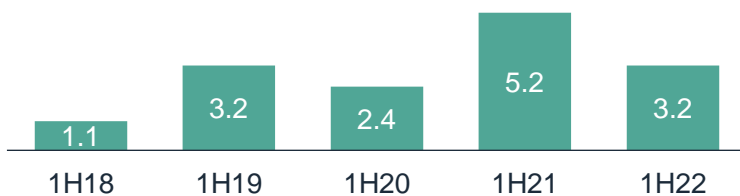
SLS new business volumes (R billion)



SLS VNB margin (%)



Sanlam Investments NCCF^ as % of AUM



*CEB, ^ annualised

Foundations for growth

- Proposed Alexander Forbes and Absa transactions simplify and scale our business
- Places our Group Risk and LISP operations in leading positions
- Empowerment, scale, diversity of asset classes and strong distribution model position our asset management business competitively

Digitalisation

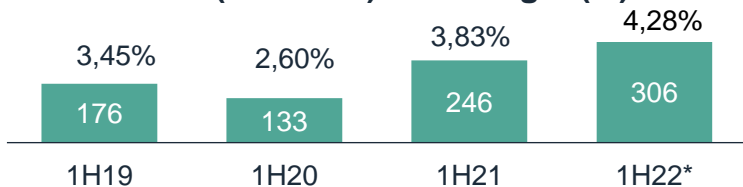
- WealthBonus grew to over 450k members, unique competitive positioning supports persistency
- Advice Partner intuitive digital advice process where client participates with adviser
- Sanlam Credit Solutions has more than 350k registered members and growing fast, enabling cross-sell
- Growing digital businesses and tech partnerships



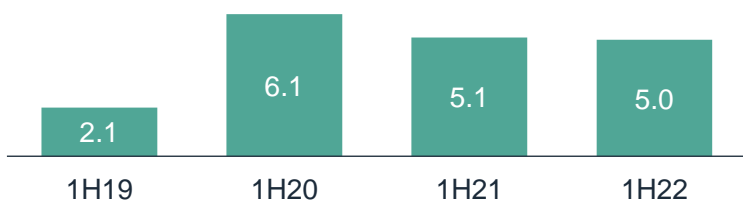


Strong performance

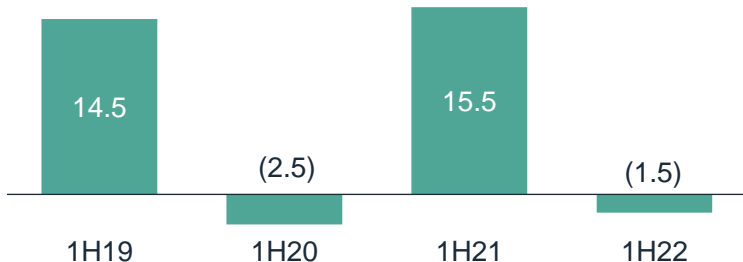
SEM net VNB (R million) and margin (%)



SPA GI underwriting margin (%)



SPA GI investment return on insurance funds (%)



Foundations for growth

- Allianz JV progressing through regulatory approval processes – synergies, A rating, global best practice
- MTN InsurTech JV increases scale and reach – key driver of improving financial inclusion
- Unrivalled footprint and offering across Africa – over 30 countries
- Successful rebranding of Saham to Sanlam in Morocco and Ghana



Key focus areas

- Improve performance in Health and East Africa operations
- Digital initiatives across Pan-Africa
- Maintaining financial controls, focus on high-quality business, cross-sell life insurance
- Reduce property exposure in Morocco as opportunities arise

●● Strengthening operations outside of Africa

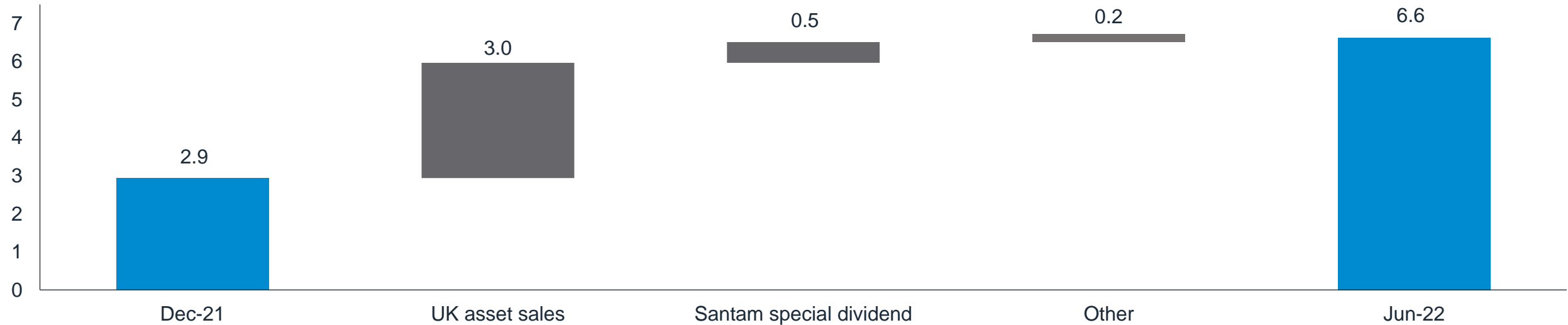
- India remains attractive long-term investment
 - Restructure of Shriram simplifies the business
 - Merger of Indian credit businesses will create synergies going forward
 - 10% sale of Shriram General Insurance (SGI) to KKR – proceeds used to increase stake in credit businesses
 - KKR sale at valuation well over SGI value in Sanlam GEV – reflects prudence of Sanlam valuations
- Partial exit from UK released significant discretionary capital
 - Reallocation of capital to high-growth markets and entities
 - International asset manager remaining to support Africa operations



●● Disciplined capital allocation in support of strategy



Discretionary capital (R billion)



- Group remains focused on disciplined capital allocation
- Most of the strategic activity to date has been capital neutral, strengthening our business without significant outlay of capital
- Discretionary capital allows sufficient flexibility for strategy execution

Purpose, Sustainability and Governance



Environment

- Launched inaugural Climate Change Resilience Report (TCFD)
- Formal close of the Infracore Waterfund at \$648 million
- Working with South African municipalities to mitigate impacts of climate change



Social

- Sanlam Legacy Funds continue to support job creation
- Sanlam Foundation driving financial education and social upliftment in partnership with Ubuntu-Botho, with activities being extended across African operations
- Financial inclusion takes a leap forward through the MTN JV
- Satrix Access Range enabling financial inclusion with no minimum investment amounts
- Sanlam Gauge



Governance

- Board contains a broad range of skills and experience in all aspects appropriate to Sanlam given its growth strategy and diverse footprint
- Ubuntu-Botho, as anchor empowerment shareholder, has the right to appoint three directors to Sanlam's Board
- Board is majority independent, has 33% female representation and majority black representation



Awards

- Sanlam certified as a Top Empowered Company by Impumelelo Top Empowerment
- Sanlam certified as one of the top employers in South Africa
- Satrix won the Morningstar Best Fund House 2022, Larger Fund Range award, for the second year in a row
- Satrix won nine awards at the 2022 South African Listed Tracker awards (SALTA)



2022

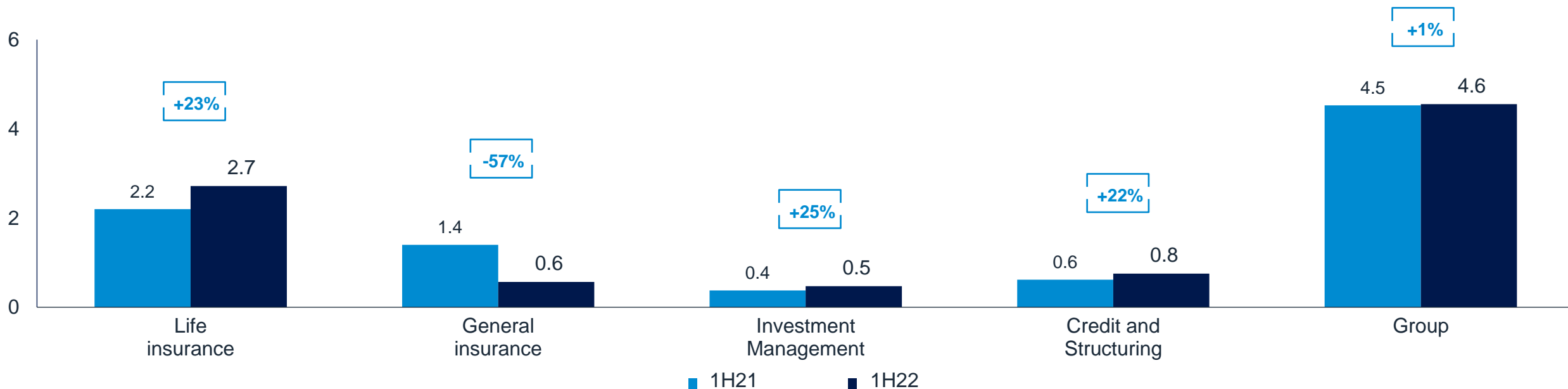
Financial results

Abigail Mukhuba

Net result from financial services



Net result from financial services (R billion)



- Strong earnings growth across business lines with exception of general insurance
- Life insurance benefited from normalised mortality claims compared to mortality losses in 2021
- Weather related losses (including KwaZulu-Natal floods), claims inflation and lower investment returns on insurance funds negatively impacted general insurance

Net operational earnings

| R million | 1H22 | 1H21 | % change |
|---|--------------|-------|----------|
| Net result from financial services | 4 557 | 4 529 | 1 |
| Net investment return | 14 | 247 | (94) |
| Project expenses | (218) | (97) | (>100) |
| Net operational earnings | 4 353 | 4 679 | (7) |

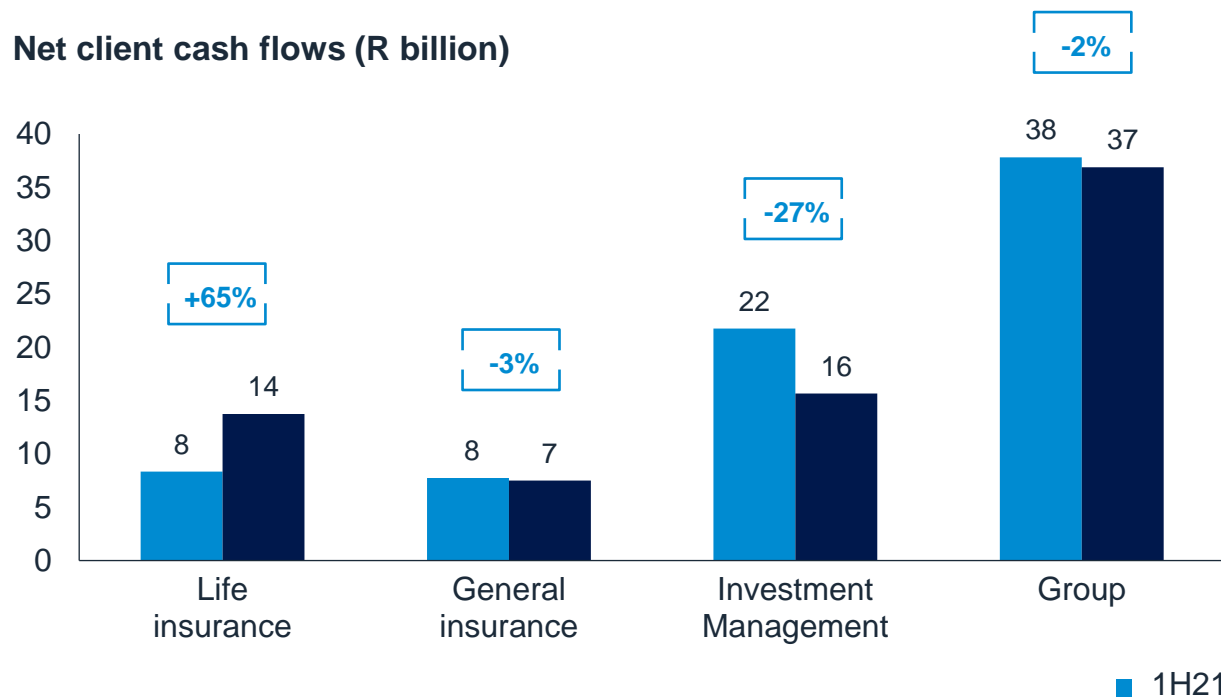
- Capital in South Africa life insurance operations invested in hedged equity, mitigated impact of equity market declines
- SEM, SIG and Santam impacted by market volatility
- Project expenses higher from execution of the Group's strategy, including M&A activity



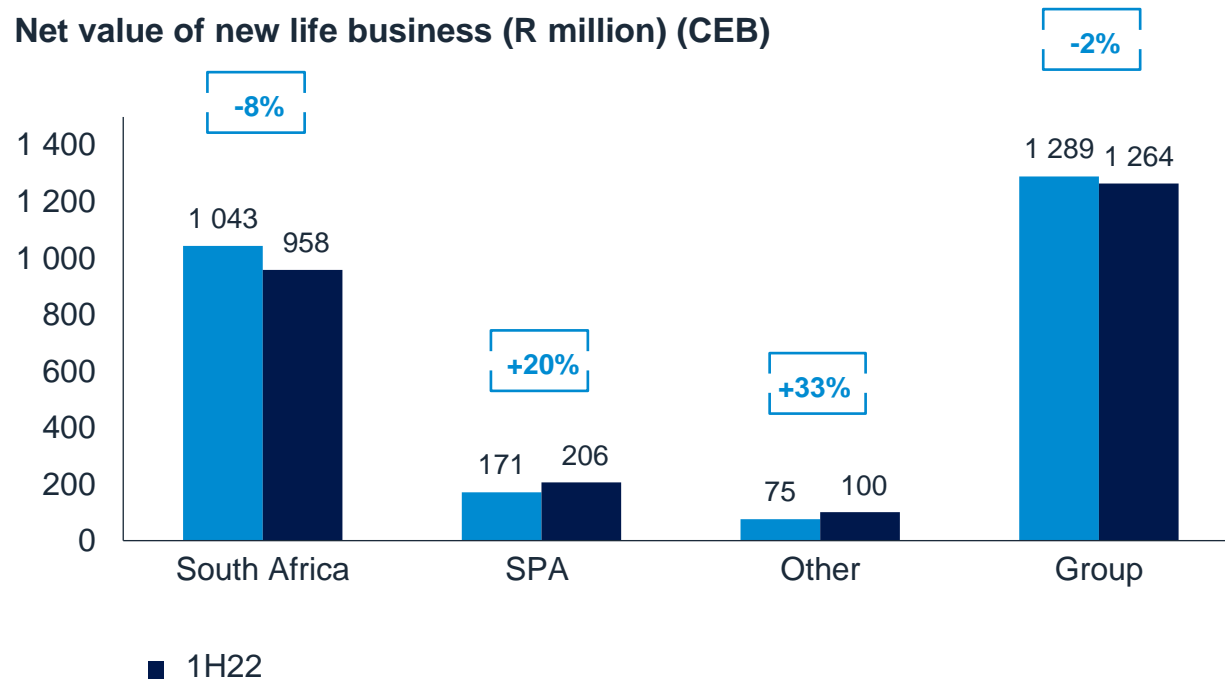
New business volumes



Net client cash flows (R billion)



Net value of new life business (R million) (CEB)

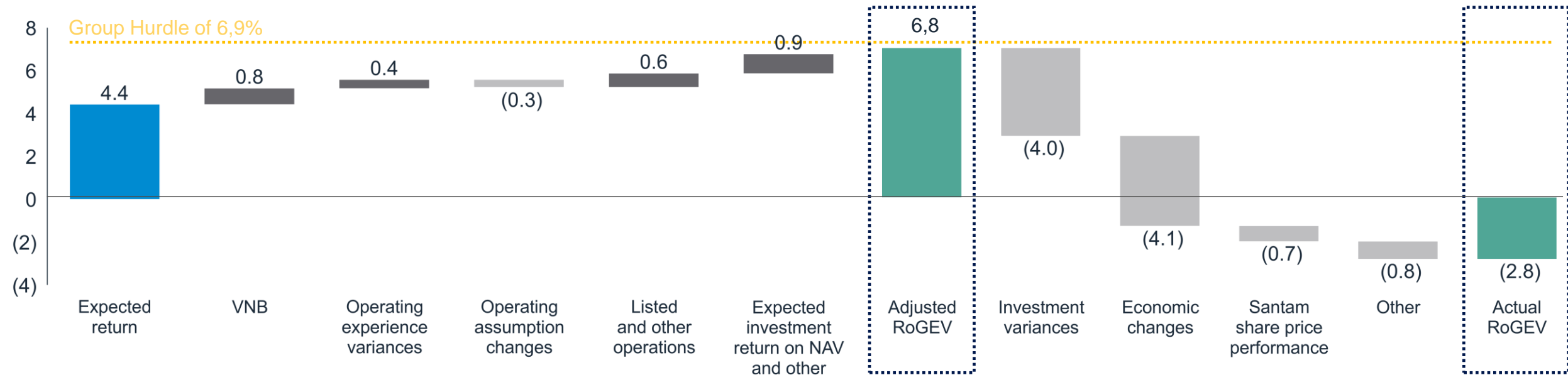


- Life insurance net inflows benefit from lower mortality claims
- Investment management net client cash flows declined from unusually strong growth in 2021; still higher than 2019 levels
- Value of new life business impacted by lower single premium volumes and product mix changes



Return on Group Equity Value

RoGEV (%)



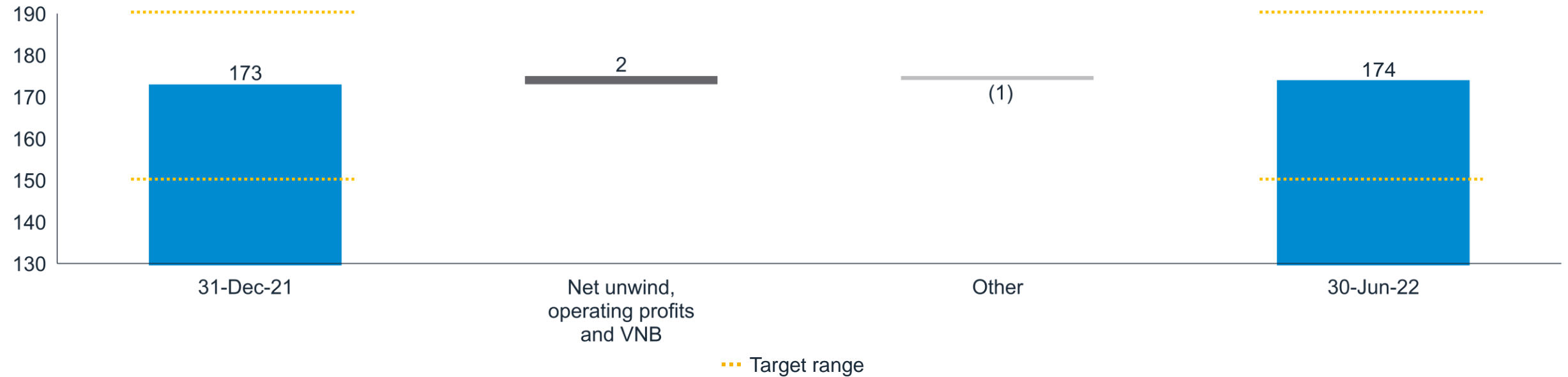
- Adjusted RoGEV slightly below hurdle rate

- Weaker contribution from new business due to lower single premium volumes and product mix changes, weakening in persistency
- Negative operating assumption changes from strengthening long-duration persistency in Retail Affluent and allowance for short-term impacts of weaker economic environment in non-covered
- Santam's weaker operating performance resulted in a return on capital that underperformed its hurdle rate
- Underperformance in actual RoGEV driven by investment markets – lower equity markets and higher long-term interest rates

Solvency position



Sanlam Group SCR cover ratio change (%)

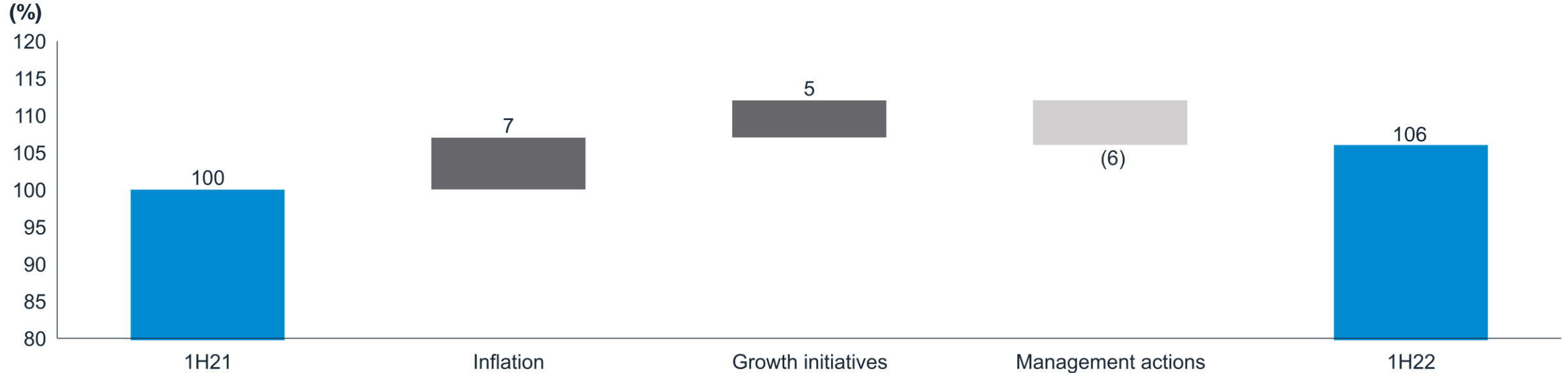


- Solvency ratios remain well within target ranges
- Group solvency cover ratio increased slightly from 31 December 2021

Management response to cost pressures



South Africa administration expenses – 1H21 vs 1H22 (variance from 1H21 base)



- South Africa 70% of Group cost base
- 65% of this cost base is people, 15% in technology and 20% in other
- Target to remain below inflation for full year while continuing to invest in growth initiatives, such as digitalisation and partnerships



03

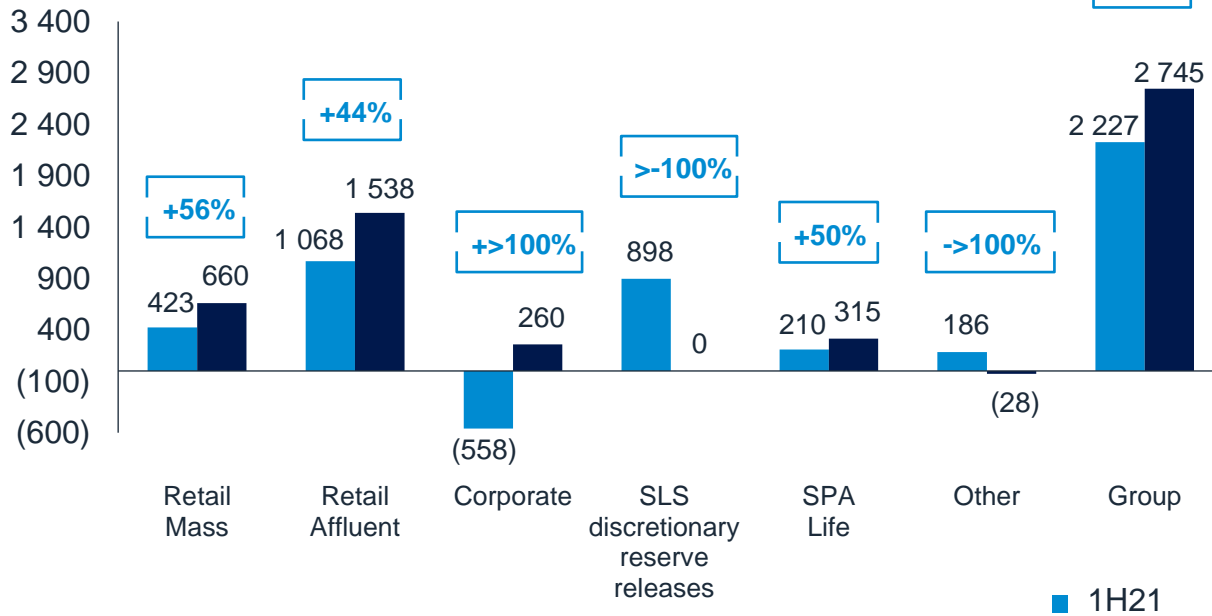
Business performance

Abigail Mukhuba

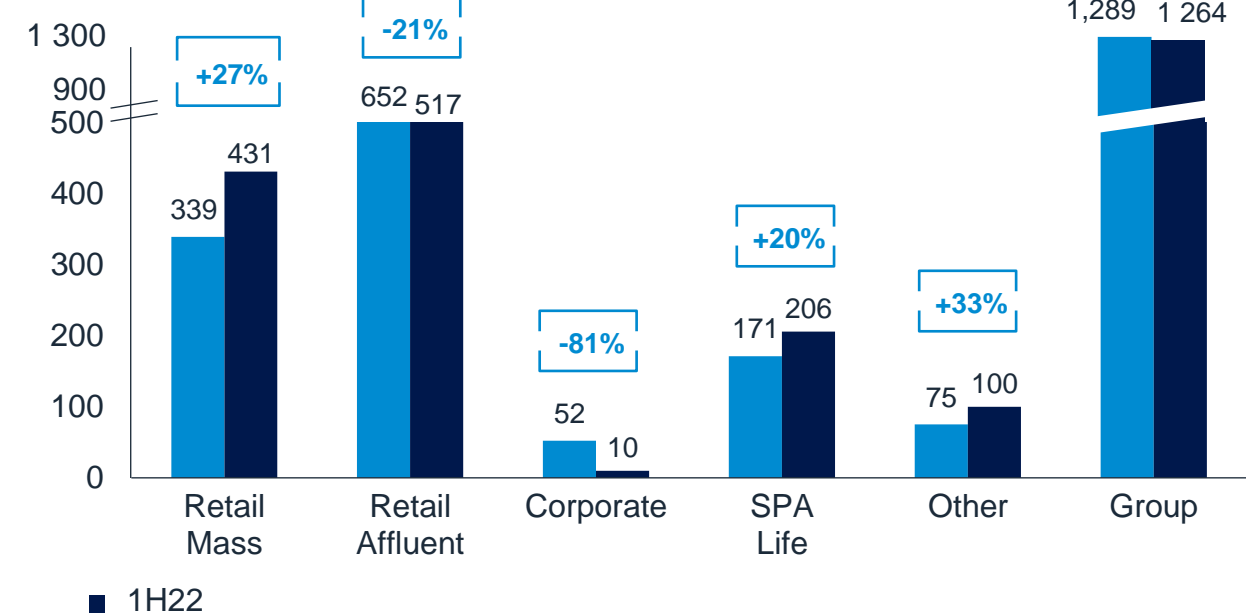


Life insurance NRFFS and VNB

Net result from financial services (R million)*



Net value of new business (R million) (CEB)



- SLS and SPA benefited from normalised mortality claims
- No discretionary reserve releases in 1H22
- SIG negatively impacted by the widening of credit spreads in SanFin

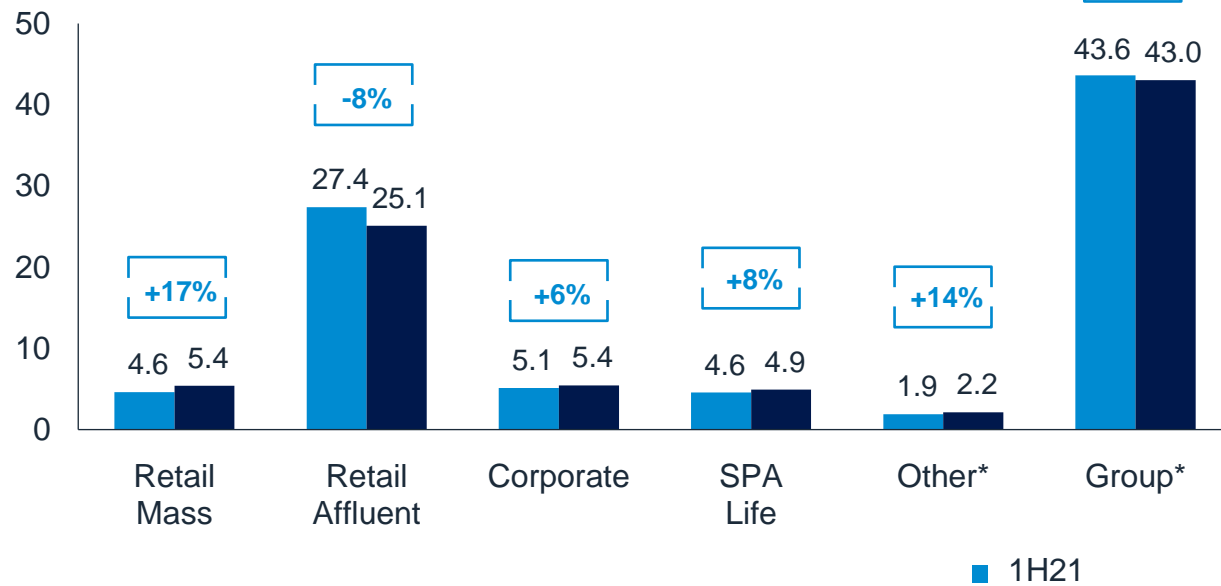
- VNB impacted by lower life annuity and risk sales in Retail Affluent, and lower group risk sales in Corporate
- Improved VNB in SEM operations due to higher life new business sales

*constant currency

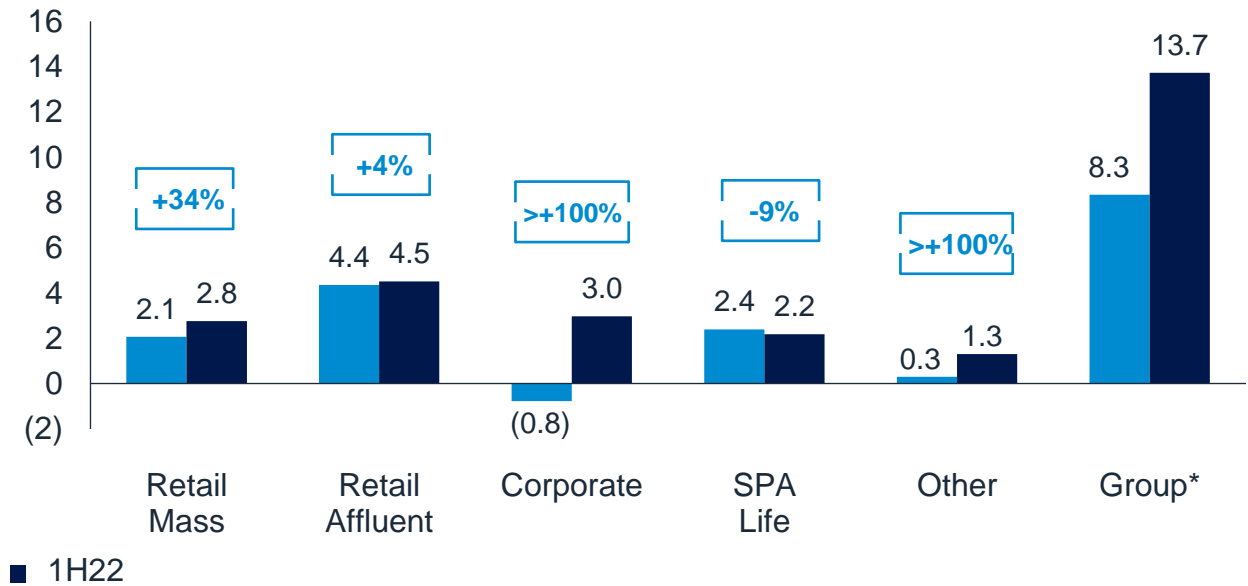


Life insurance new business volumes and net client cash flows

New business volumes PVNBP[^] (R billion)



Net client cash flows (R billion)



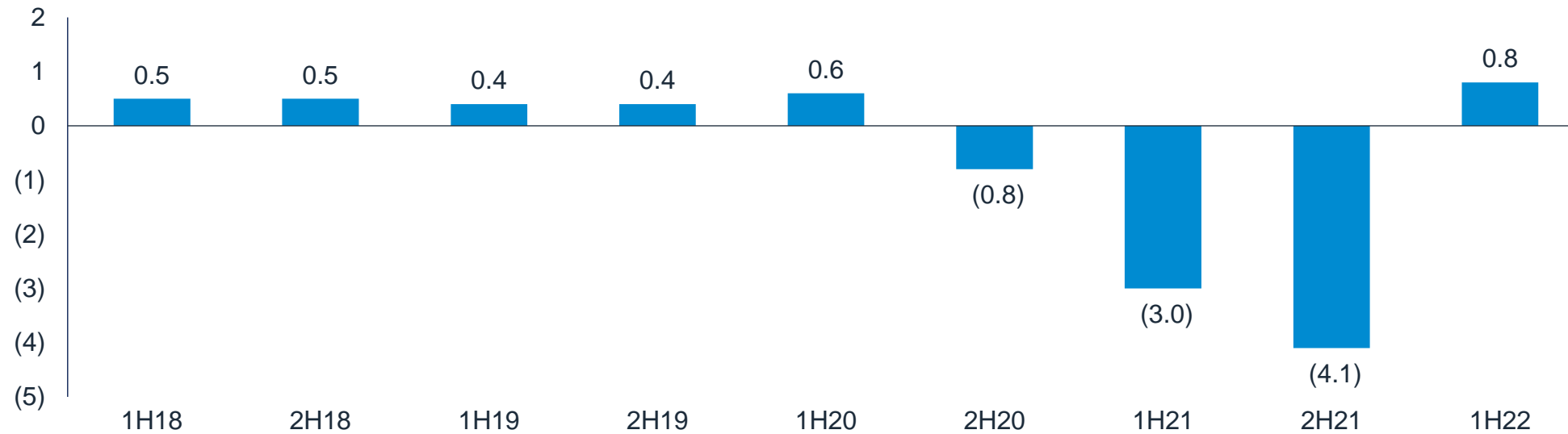
- Retail Mass: strong growth in Individual Life and Capitec Bank sales
- Retail Affluent: risk sales down, higher recurring savings sales, lower Glacier single premiums
- SPA Life: good volume growth, Botswana only detractor

- SLS benefited from lower mortality claim payments
- Relatively weaker inflows at Retail Affluent due to lower life annuity and international single premium sales
- Weaker inflows in SPA Life due to increased surrenders in Namibia

Life insurance GEV risk experience variances



As % of opening covered GEV

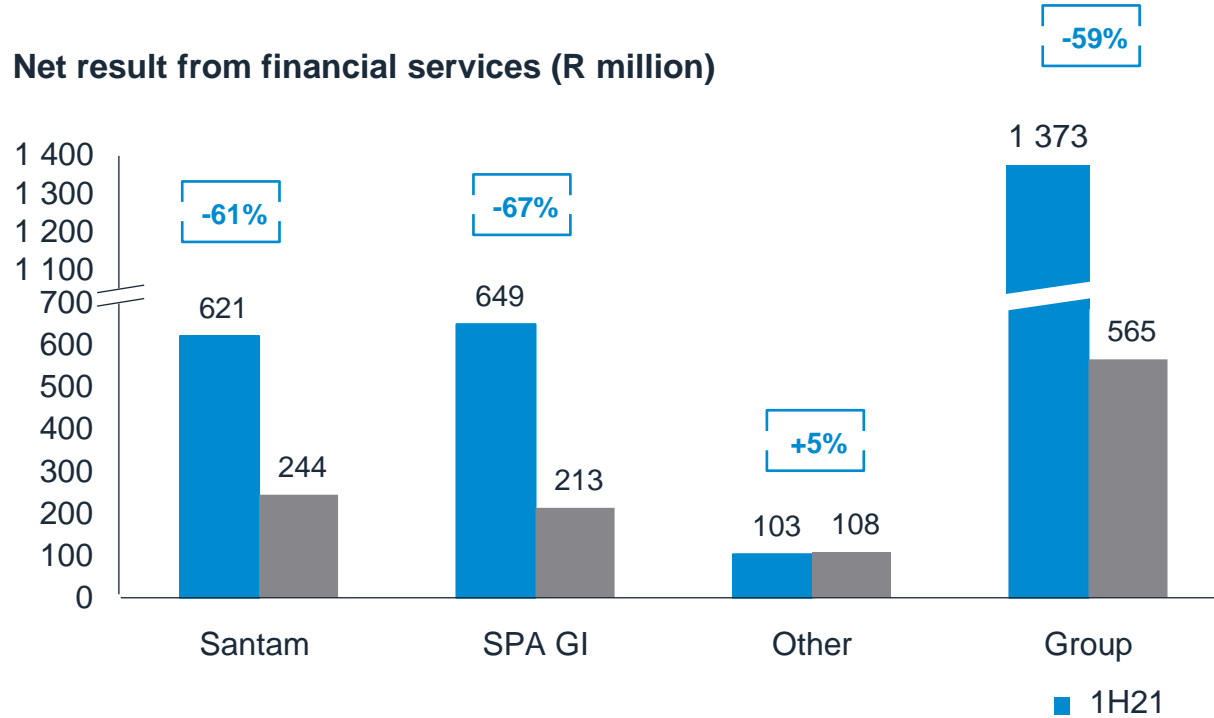


- Risk experience has normalised
- The Group is rebuilding reserves released in 2020 and 2021, at year-end we will review policy on holding reserves for future contingencies, such as pandemics mortality

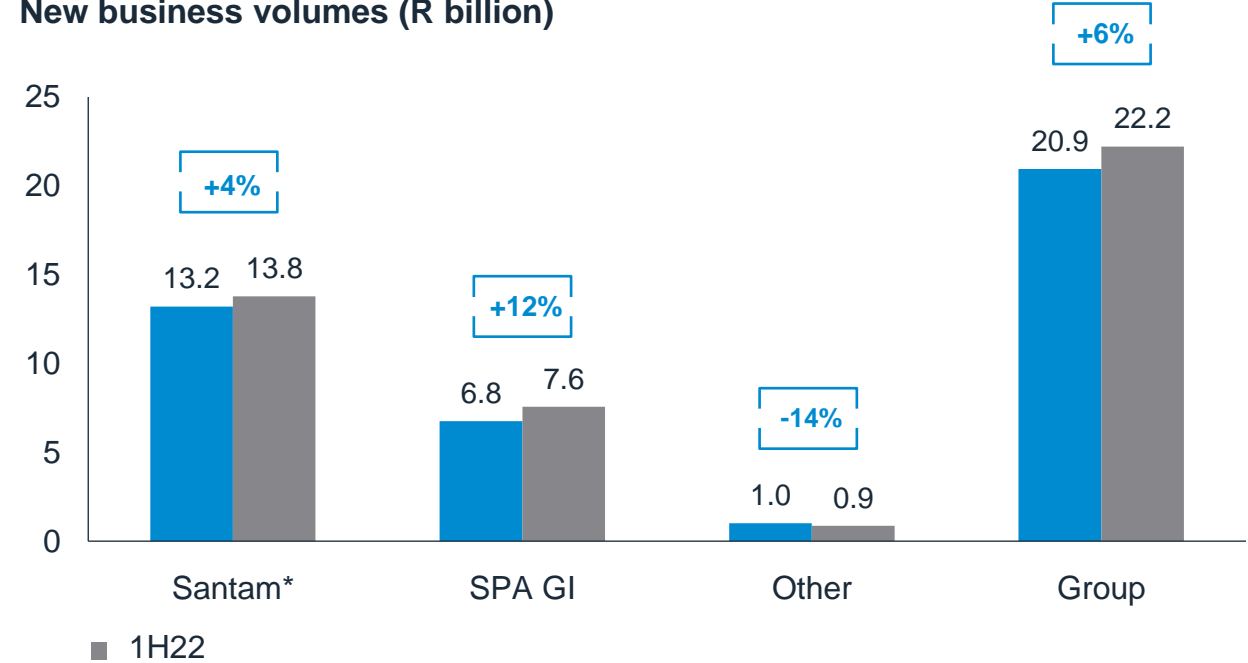


General insurance NRFFS and new business volumes

Net result from financial services (R million)



New business volumes (R billion)



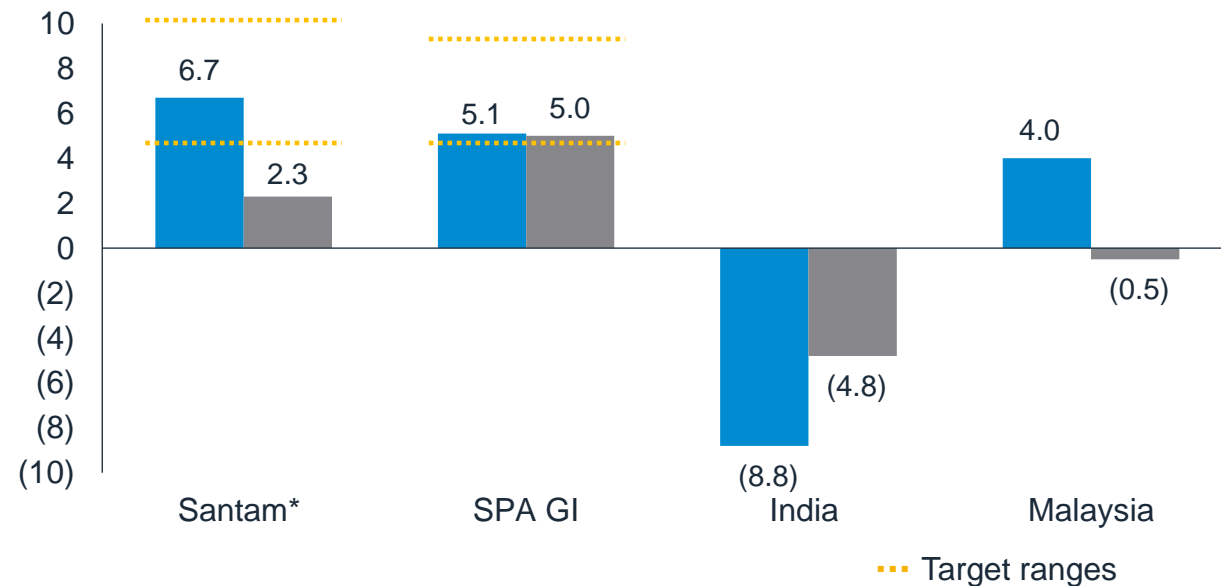
- Santam experienced adverse weather impacts, higher claims and claims costs, coupled with negative investment return on insurance funds; partly offset by release of CBI provision
- SPA GI impacted by negative investment return on insurance funds and higher motor and health claims
- India benefited from improved claims experience and investment return on insurance funds

- Santam conventional business benefited from good growth in the Specialist businesses and Santam Re
- SPA GI higher volumes in Morocco and Nigeria, partly offset by weaker health sales, where the focus is on quality of business written
- India (SGI) book still impacted by low prescribed premium increases and low volumes through Shriram channels

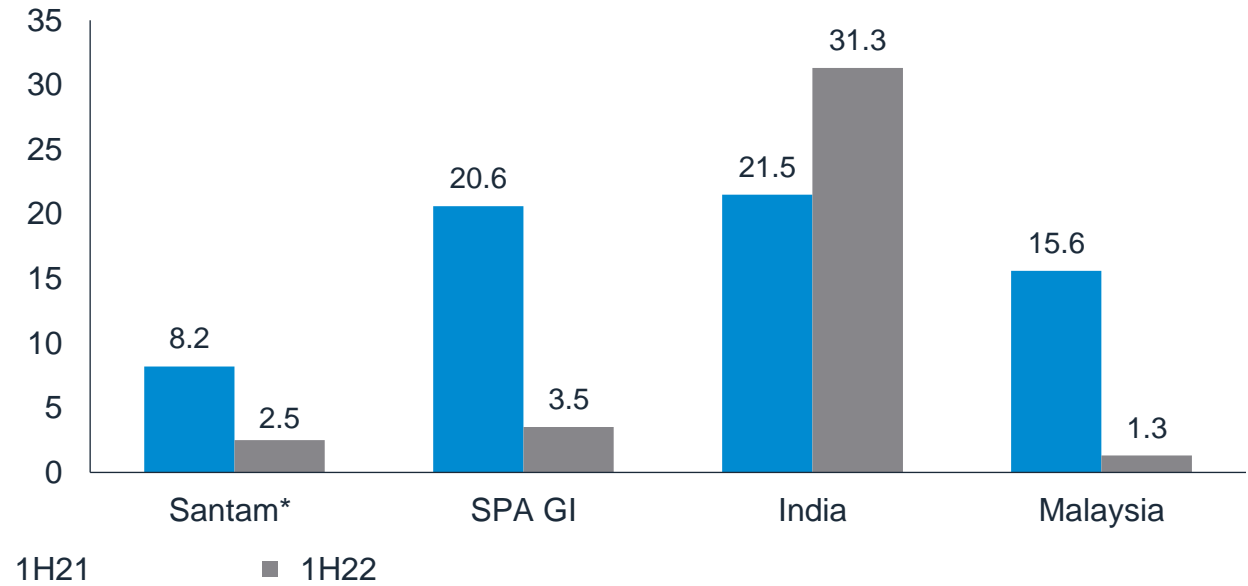


General insurance underwriting and insurance margins

Underwriting margin (%)



Insurance margin (%)



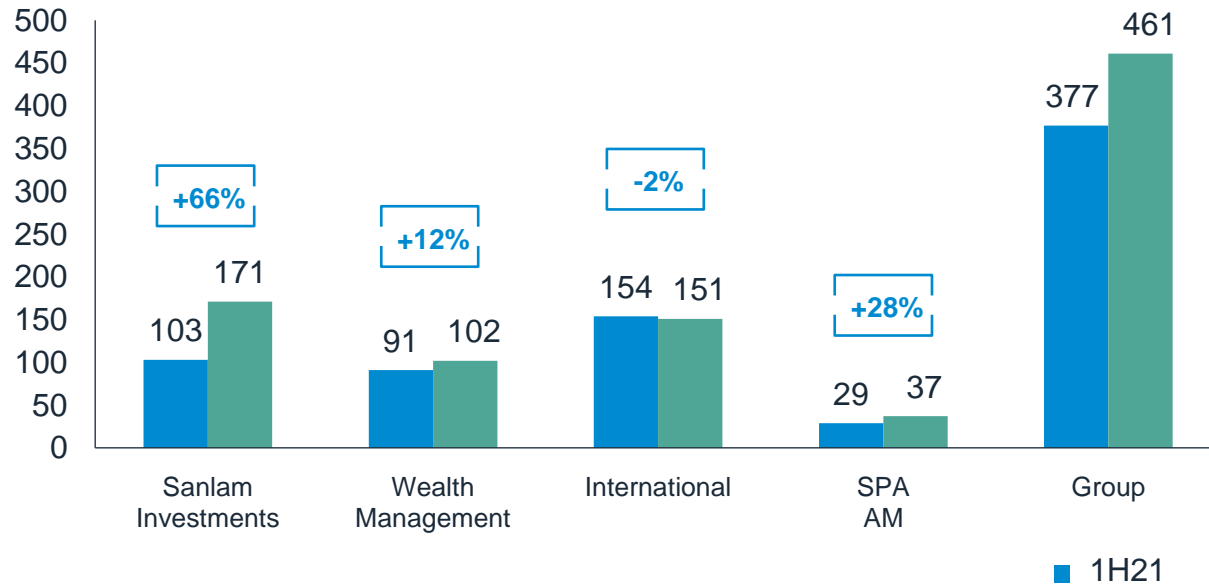
- Santam affected by weaker underwriting result and market volatility impact on investment return on insurance funds
- SPA GI impacted by higher health claims and weaker performance in East Africa; insurance margin impacted negatively by lower equity markets in Morocco
- India underwriting margin positively impacted by lower claims and improved investment returns on insurance funds
- Malaysia impacted by weaker claims ratio on motor business and lower investment return on insurance funds

* conventional business

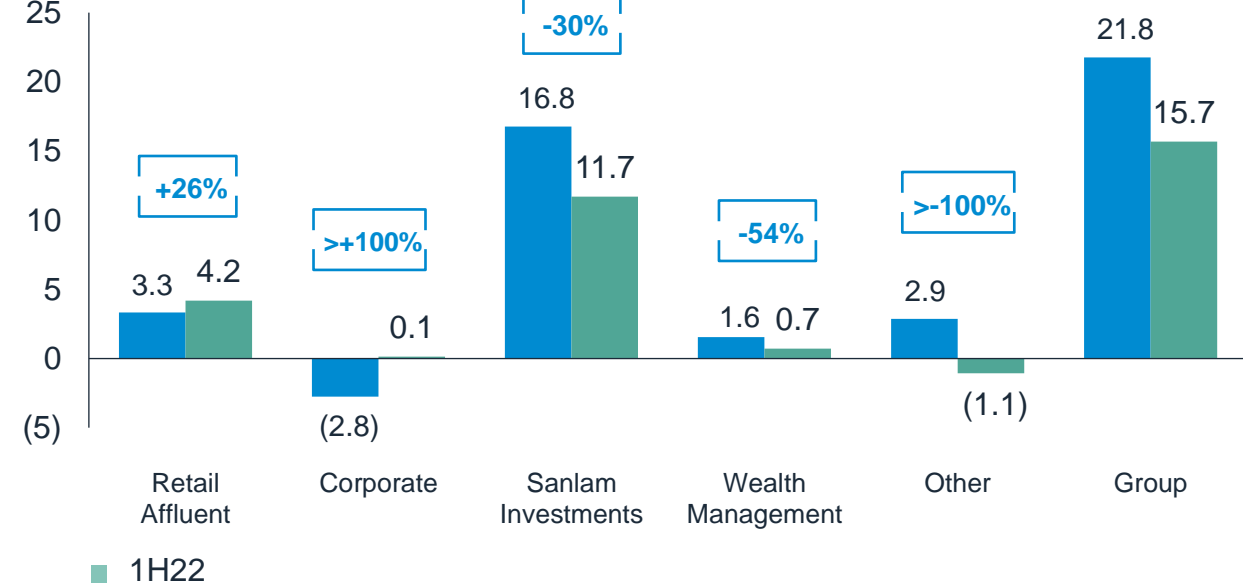


Investment management NRFFS and net client cash flows

Net result from financial services (R million)



Net cash flows (R billion)

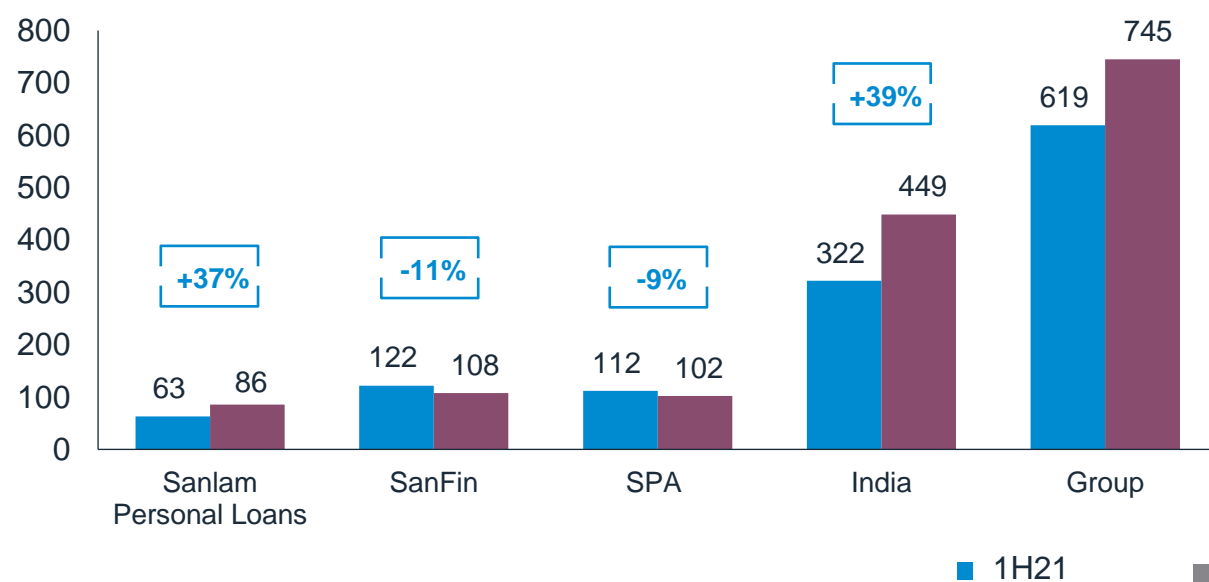


- Sanlam Investments benefited from higher asset-based revenue as well as performance and fund establishment fees
- Wealth Management recorded higher brokerage income
- SPA gained from higher AUM due to strong recent net inflows and International impacted by declines in equity markets

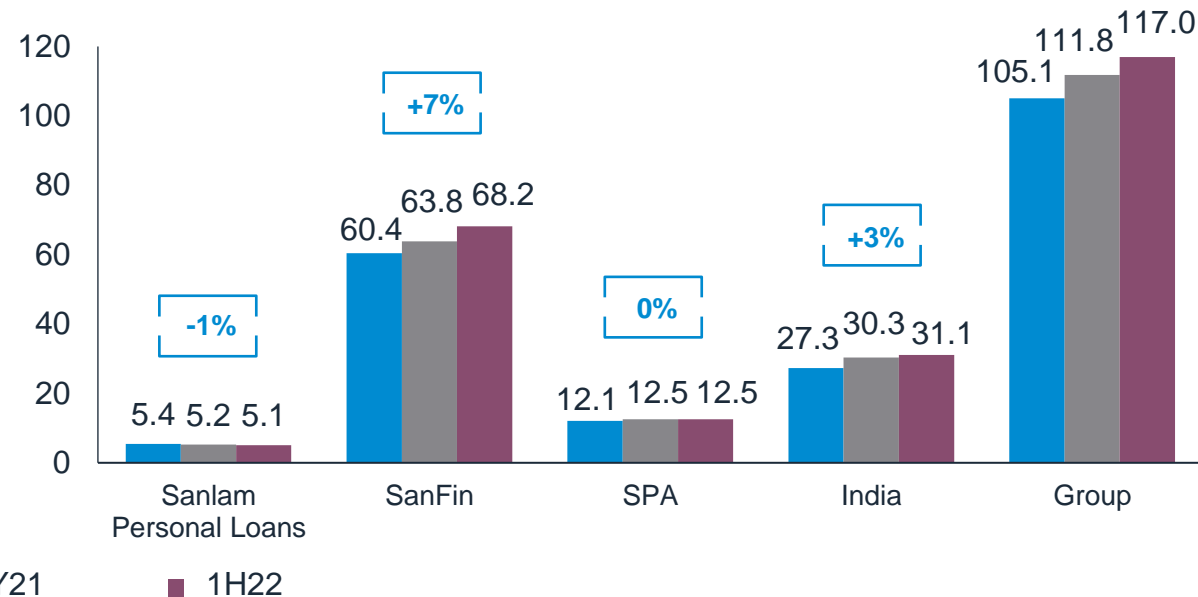
- Retail Affluent benefited from strong flows into Glacier LISP
- Corporate had lower terminations of investment business
- Sanlam Investments recorded lower net inflows in Satrix and Sanlam Multi-Manager, partly offset by strong performance in Alternatives



Net result from financial services (R million)^



Credit book size (gross) (R billion)*



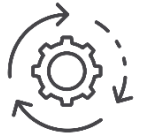
- Sanlam Personal Loans benefited from lower bad debts
- SanFin declined due to lower earnings from structuring business off high 2021 base
- SPA impacted by weaker performance from Letshego due to lower net interest income and higher bad debt charges
- India benefited from improved book growth, stable NIM and good levels of collection

^constant currency, * Sanlam share, % growth since FY21



04

Priorities and outlook
Paul Hanratty



Operational

- Focus on doing the basics well to maintain competitive advantage in each product line and market segment
- Continued focus on improving customer experience and outcomes particularly through digitalisation
- Disciplined expenditure
- Sustainability and governance fully embedded in all operations



Strategic

- Fully integrate acquisitions
- Approval processes for Allianz JV and MTN partnership
- Continue investment in digital business models
- Continue to strengthen the Group in line with stated strategy as opportunities arise



People

- Continually enhance our culture with particular emphasis on growing our talent and improving innovation
- Improving productivity through technology and flexibility complementing a return to office



Life and GI

- Rebuild contingency buffers as far as possible
- Monitor pricing, underwriting and reserving as pandemic recedes
- Second half 2022 underwriting profits at Santam are critical to bounce back from catastrophic flood impacts

Markets

- Earnings sensitive to global market levels and potential recovery
- Movement in credit spreads will also impact earnings
- Further rises in long-term interest rates may negatively impact VNB and GEV

Positioning for new macro

- Sales growth and persistency under pressure in short term
- Medium-term sales growth outlook positive with rising inflation
- Predominance of real assets on balance sheet places Group in a strong position

Strategic flexibility

- Strong solvency and balance sheet
- High discretionary capital levels
- Low leverage



05

Additional information

Adjusted RoGEV



| | RoGEV | Adjusted ROGEV | Adjusted RoGEV (annualised) |
|--|---------------|----------------|--------------------------------|
| Sanlam Life and Savings | 0,1% | 7,2% | 14,9% |
| Covered | 0,4% | 7,2% | 14,9% |
| Non-covered | (3,1%) | 7,3% | 15,1% |
| Sanlam Emerging Markets | (4,4%) | 8,4% | 17,5% |
| Covered | 0,3% | 7,4% | 15,3% |
| Non-covered | (5,7%) | 8,7% | 18,2% |
| - Saham | (11,1%) | 6,7% | 13,8% |
| - Shriram | 3,3% | 12,2% | 25,9% |
| - Other | (10,9%) | 6,3% | 13,0% |
| Sanlam Investment Group | (9,1%) | 7,8% | 16,2% |
| Covered | (7,0%) | (0,9%) | (1,8%) |
| Non-covered | (9,4%) | 9,2% | 19,2% |
| Santam | (0,5%) | 5,0% | 10,3% |
| Discretionary and other capital | (4,3%) | (1,1%) | (2,2%) |
| Group | (2,8%) | 6,8% | 14,1% |

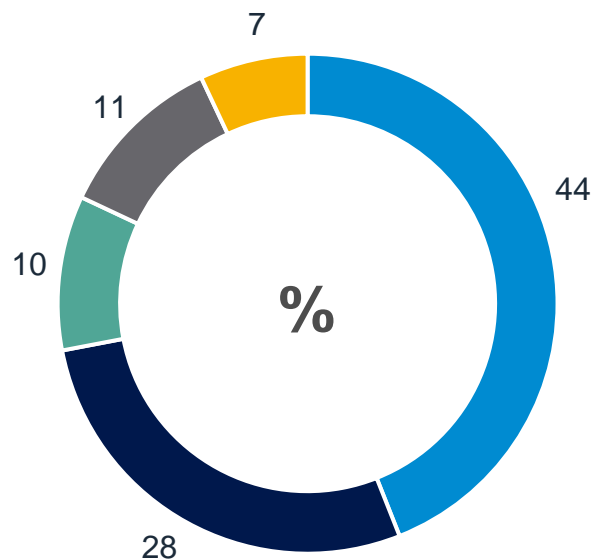


- Bond yield impacts significant on the Pan-African or former Saham operations due to link to the USD risk free rate
- On an adjusted basis all operations performed well

● Diversification Group Equity Value

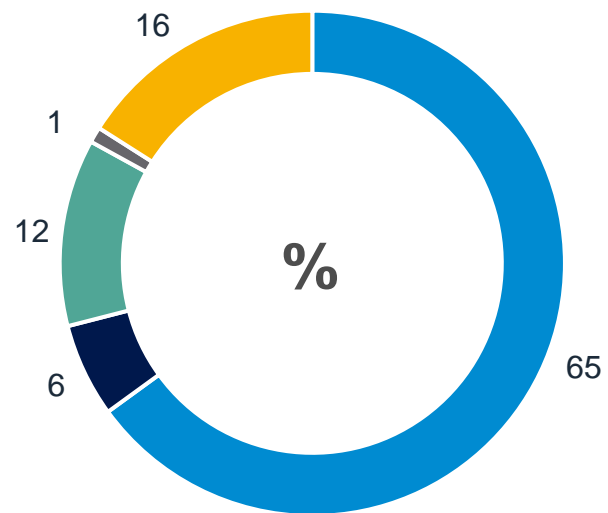


Line of Business



- Life Insurance
- General Insurance
- Asset Management
- Credit and Structuring
- Other

Geography



- South Africa
- Southern Africa
- North and West Africa
- East Africa
- India and other





In this presentation we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, among others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam’s external auditors.

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