

▶ Trust, responsibility and the connectivity of solid performance and expertise

# Financial information **2013** annual results





# FINANCIAL INFORMATION

for the year ended 31 December 2013

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## Earnings

- ▶ Net result from financial services per share increased by **34%**
- ▶ Normalised headline earnings per share up **35%**

## Business volumes

- ▶ New business volumes up 36% to **R185 billion**
- ▶ Net value of new covered business up 12% to **R1 320 million**
- ▶ Net new covered business margin of **3,06%**
- ▶ Net fund inflows of **R32 billion**

## Group Equity Value

- ▶ Group Equity Value per share of **R41,21**
- ▶ Return on Group Equity Value per share of **17%**

## Capital management

- ▶ Discretionary capital of **R4 billion** at 31 December 2013
- ▶ Sanlam Life Insurance Limited CAR cover of **4,5 times**

## Dividend

- ▶ Normal dividend of 200 cents per share, up **21%**

for the year ended 31 December 2013

R million		2013	2012	% Δ
<b>Sanlam Group</b>				
<b>Earnings</b>				
Net result from financial services per share	cents	<b>266,0</b>	198,9	34
Normalised headline earnings per share <sup>(1)</sup>	cents	<b>395,0</b>	292,1	35
Diluted headline earnings per share	cents	<b>397,8</b>	286,8	39
Net result from financial services	R million	<b>5 429</b>	4 030	35
Normalised headline earnings <sup>(1)</sup>	R million	<b>8 060</b>	5 919	36
Headline earnings	R million	<b>8 062</b>	5 763	40
Group administration cost ratio <sup>(2)</sup>	%	<b>29,4</b>	30,6	
Group operating margin <sup>(3)</sup>	%	<b>22,2</b>	19,4	
<b>Business volumes</b>				
New business volumes	R million	<b>184 855</b>	135 903	36
Net fund inflows	R million	<b>31 848</b>	22 989	39
Net new covered business				
Value of new covered business	R million	<b>1 320</b>	1 176	12
Covered business PVNBP <sup>(4)</sup>	R million	<b>43 197</b>	36 528	18
New covered business margin <sup>(5)</sup>	%	<b>3,06</b>	3,22	
<b>Group Equity Value</b>				
Group Equity Value	R million	<b>84 409</b>	75 352	12
Group Equity Value per share	cents	<b>4 121</b>	3 707	11
Return on Group Equity Value per share <sup>(6)</sup>	%	<b>17,0</b>	22,0	
<b>Sanlam Life Insurance Limited</b>				
Shareholders' fund	R million	<b>60 542</b>	55 466	
Capital adequacy requirements (CAR)	R million	<b>7 550</b>	7 125	
CAR covered by prudential capital	times	<b>4,5</b>	4,3	

<sup>(1)</sup> Normalised headline earnings = headline earnings, excluding fund transfers.

<sup>(2)</sup> Administration costs as a percentage of income after sales remuneration.

<sup>(3)</sup> Result from financial services as a percentage of income after sales remuneration.

<sup>(4)</sup> PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

<sup>(5)</sup> New covered business margin = value of new covered business as a percentage of PVNBP.

<sup>(6)</sup> Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.



The Sanlam Group in 2013 once again delivered the solid operational performance that stakeholders have come to expect from us. These excellent results were achieved despite a challenging local and global operating environment.

In 2013 we experienced a difficult environment mainly due to low short-term interest rates, which had a negative effect on several of our businesses, combined with tough economic conditions that severely restricted the disposable income of the South African consumer. A volatile currency and severe regulatory pressures and uncertainty also impacted on our businesses.

The strength of the Sanlam brand together with a well-diversified business, an increased distribution footprint and a strong focus on client service helped us weather this environment and our total new business volumes grew by more than 35%.

Our primary performance target for measuring shareholder value creation is Return on Group Equity Value (RoGEV). Given the nature of the Group's diversified business, we consider this measure of performance the most appropriate since it incorporates the result of all the major value drivers in the business. The RoGEV per share for 2013 of 17% exceeded the target of 10,8% by a healthy margin.

Net operating profit (net result from financial services) grew by 35%. All businesses contributed to this growth, with the exception of Santam. The short-term insurer was hit hard by the high claims experience caused by a succession of costly natural disasters and a volatile currency that resulted in excessive vehicle repair costs.

The following are some of our other salient results:

- ▶ New business volumes (excluding white label) increased by 26% to R155 billion
- ▶ Net value of new covered business up 23% on a comparable economic basis
- ▶ Net VNB margin of 3,29% compared to 3,22% in 2012 on a comparable economic basis
- ▶ Normal dividend per share increased by 21% to 200 cents

### ▶ 2013 STRATEGIC INITIATIVES

The following five strategic pillars continue to underpin the Sanlam Group business model:

- ▶ Improving performance through top-line growth
  - Increasing market share in key segments
  - Diversifying the base (including geographical presence, products, market segments and distribution platforms)
- ▶ Improved operating and cost efficiencies, including quality
- ▶ Prioritising Sanlam's international positioning through diversification
- ▶ Improving capital efficiency on an ongoing basis
- ▶ Embracing and accelerating transformation of the Group

Below is a brief overview of our achievements for 2013 against our five strategic pillars.

### Earnings growth

The Group achieved exceptional operating earnings growth of 35% for 2013, surpassing our own expectations.

Earnings growth was driven by two main components. Organic growth contributed 71% of the growth and was achieved by extracting more value from existing businesses, improving efficiencies and reducing costs. Acquisitions made with surplus capital contributed 29% of earnings growth. We had particular success with this approach in India, Malaysia and Namibia.

## Operating and cost efficiencies

Maintaining capital and cost efficiency remains a big driver across our businesses. We therefore launched two long-term initiatives in recent years aimed at fostering efficiency within the Group.

The *Sanlam for Sanlam* programme, which has been in place for three years, encourages effective collaboration between clusters with the goal of achieving greater growth and profitability.

The *Blueprint for Success* initiative, launched in September 2012, is aimed at enhancing the *Sanlam for Sanlam* programme by helping employees embrace the critical enabling factors that will help Sanlam achieve accelerated growth.

We are satisfied that these two initiatives are achieving the desired results for the Group.

## Diversification

Our successful diversification strategy has changed the profile of the Sanlam Group from a traditional insurer 10 years ago to a well-diversified financial services provider with a direct footprint on four continents that are able to offer extensive solutions across all market segments in South Africa.

In 2013 we pushed this strategy even harder with the aim of further diversifying revenue streams. We concluded five acquisitions in 2013 as part of a net capital investment of some R2,5 billion, which includes

R817 million in respect of the Pacific & Orient Insurance Co. Berhad (P&O) transaction announced in 2012 but finalised in 2013, as well as other acquisitions of some R1,7 billion. As a result, we now have a direct footprint in 11 African countries, as well as Europe, Australia, India and Malaysia.

In Namibia we increased our shareholding in Capricorn Investment Holdings. We expect steady year-on-year growth from this investment.

We also bedded down our 2013 acquisition of a 49% stake in Malaysian general insurer P&O and aggressively continued expanding our short-term insurance interests. We bought 49% of NICO General Insurance Company's businesses in Malawi, Zambia and Uganda. FBN Life in Nigeria, in which we have a 35% stake, received a capital contribution of R58 million to enable them to expand into general insurance.

R1,3 billion was also invested to increase our effective holding in Shriram Transport Finance Company in India.

In the Investments cluster, the dual strategy applied by Wealth Management of offshore acquisitions combined with greenfield investing in South Africa paid off handsomely, resulting in strong new client growth as well as a greater share of wallet from existing clients.

Sanlam Personal Finance delivered a superior performance, in part through the introduction of a more diversified product range designed around client needs. We are particularly impressed by the new single premium business attracted in 2013. Sanlam Personal Loans continued to perform well, while our Sanlam Sky business produced excellent results with profits doubling on 2012.



## Capital efficiency

Our strong focus on the effective utilisation of capital was maintained during 2013. The Group started the year with discretionary capital of R4,2 billion. The special dividend of 50 cents per share paid in April 2013 utilised R1,1 billion of capital in addition to the net R1,7 billion applied in respect of acquisitions. Investment return earned on the discretionary capital portfolio and excess capital released from Group businesses added some R2,6 billion, leaving us with unallocated discretionary capital of R4 billion at the end of December 2013. We remain focused on utilising the available discretionary capital by finding value-accretive investment opportunities.

## Transformation

Transformation in the South African context refers to a company's willingness to adapt the composition of its staff complement and its shareholding to more accurately reflect the demographics of the country. We initially demonstrated Sanlam's commitment to transforming into a truly South African business 10 years ago when we announced the Ubuntu-Botho Investments (Ubuntu-Botho) black economic empowerment (BEE) transaction.

In what has been described as one of the most far-reaching black empowerment transactions to date Ubuntu-Botho, a broad-based black empowerment consortium led by businessman Patrice Motsepe, acquired an 8% shareholding in Sanlam. At the end of December 2013 the 10-year debt had been settled and 66,5 million of the deferred shares issued to Ubuntu-Botho qualified for reclassification into ordinary shares in terms of a value-add formula linked to new Sanlam business flows. This resulted in a total unencumbered holding of 292,5 million Sanlam shares. The total value created was about R15 billion, which is attributable to the shareholders of Ubuntu-Botho.

Underprivileged South Africans will also benefit from the transaction through the Sanlam Ubuntu-Botho Community Development Trust, which will advance and support community upliftment and development projects, BEE initiatives and corporate social investment programmes now that the loans of Ubuntu-Botho have been repaid.

Sanlam is proud of the success of this transaction, which has enabled us to secure significant long-term growth opportunities and effect true broad-based empowerment by involving a representative spectrum of South African community groups in Sanlam's future.



## ► INTRODUCTION

The Sanlam Group results for the year ended 31 December 2013 are presented based on and in compliance with International Financial Reporting Standards (IFRS). The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2012 annual report, apart from the following:

- The adoption of new IFRS that became effective during the 2013 financial year, which impacted on the IFRS financial statements but did not have any effect on the presentation of the shareholders' information.
- The investment categories disclosed in the Group Statement of Financial Position and in the Shareholders' fund Balance Sheet at net asset value were aligned with those required for regulatory purposes in the future, to ensure consistency across the reporting formats.
- The presentation within Group Equity Value (GEV) of non-life Group operations that are not valued at listed market value was amended to align with the treatment of covered business. The fair value of these non-life operations previously comprised their base valuation to which the year-to-date earnings were added. The year-to-date earnings essentially constituted the dividend payment expected from the businesses in terms of the Group's dividend policy. To be consistent with the disclosure of covered business, these operations are, with effect from 2013, reflected at their base valuation in the GEV statement, with year-to-date earnings (potential dividend) included as part of Other capital. Comparative information has not been restated as the change in presentation does not have an impact on the overall GEV earnings and RoGEV.

## ► GROUP EQUITY VALUE

GEV amounted to R84,4 billion or 4 121 cents per share on 31 December 2013. Including the dividends of 215 cents per share paid during the year, a RoGEV of 17,7% (17% per share) was achieved for 2013, well in excess of the 2013 performance hurdle of 10,8%. The lower RoGEV on a per share basis is largely due to a further 13,5 million deferred shares held by our broad-based black economic empowerment partner, Ubuntu-Botho, qualifying for conversion to ordinary shares in terms of the value-add arrangement. The 10-year period of the agreement ended on 31 December 2013, with a final total of 66,5 million deferred shares qualifying for conversion. No further dilution will therefore occur in respect of the arrangement from 2014 onwards.

The strong equity market performance during 2013 had a marked positive impact on the RoGEV for the period, partly offset by the rise in long-term interest rates as well as a relative underperformance of the Santam share price after its outperformance in prior years. Excluding the favourable impact of investment returns in excess of the long-term expectations, higher long-term interest rates and certain other once-off effects, an adjusted RoGEV of 11,3% (10,6% per share) is still in excess of the return target (slightly lower on a per share basis). Excluding the effect of Santam's share price performance, adjusted RoGEV of 15,6% (14,6% per share) is well in excess of the target.



**Group Equity Value at 31 December 2013**

R million	GEV		ROGEV	
	2013	2012		%
<b>Group operations</b>	<b>76 470</b>	68 166	13 367	19,3
Sanlam Personal Finance	<b>35 666</b>	32 762	6 721	20,5
Sanlam Emerging Markets	<b>10 189</b>	6 105	2 246	29,8
Sanlam Investments	<b>17 971</b>	16 424	4 204	25,9
Santam	<b>12 644</b>	12 875	196	1,5
<b>Covered business</b>	<b>43 475</b>	38 996	9 128	23,4
Value of in-force	<b>27 675</b>	24 050	6 946	28,9
Adjusted net worth	<b>15 800</b>	14 946	2 182	14,6
<b>Other operations</b>	<b>32 995</b>	29 170	4 239	13,3
<b>Group operations</b>	<b>76 470</b>	68 166	13 367	19,3
Discretionary capital and other	<b>7 939</b>	7 186	(20)	(0,3)
<b>Group Equity Value</b>	<b>84 409</b>	75 352	13 347	17,7
<i>Per share (cents)</i>	<b>4 121</b>	3 707	629	17,0

Group operations yielded an overall return of 19,3% in 2013. The embedded value of covered business (life operations) amounted to R43 billion, 52% of GEV in December 2013. The capital allocated to the life operations increased marginally to R15,8 billion. Strong earnings from the equity and foreign exposure in the supporting capital portfolios contributed to an aggregate after tax investment return of 14,6%. The in-force book of R27,7 billion yielded an exceptional return of 28,9%. Strong growth in VNB, continued positive operating experience variances, as well as investment variances of R2,4 billion emanating from investment market performance in excess of long-term assumptions, contributed to the sound result. This was partly offset by negative economic assumption changes of R1,1 billion due to the higher risk discount rate applied at the end of December 2013.

Other Group operations provided a return of 13,3%, the net result of a 1,5% return on the Group's investment in Santam and return in excess of 20% on the other non-insurance operations. The Santam share price experienced a correction during 2013, significantly underperforming the general equity market, following major outperformance in prior years. The valuations of the other non-insurance operations were in general positively impacted by a higher level of assets under management and a weaker rand, somewhat offset by a higher risk discount rate applied to those operations valued on a discounted cash flow basis.

The low return on discretionary and other capital is essentially the combined effect of the investment return earned on surplus capital (substantially invested in low yielding liquid assets), offset by corporate costs.

## ► EARNINGS

### Shareholders' fund income statement for the year ended 31 December 2013

R million	2013	2012	% Δ
Net result from financial services	5 429	4 030	35
Sanlam Personal Finance	2 920	2 351	24
Sanlam Emerging Markets	1 011	428	136
Sanlam Investments	1 301	975	33
Santam	333	405	(18)
Corporate and other	(136)	(129)	(5)
Net investment return	3 019	2 356	28
Project costs and amortisation	(237)	(178)	(33)
Equity participation costs	(151)	(56)	(170)
Secondary tax on companies	—	(233)	100
<b>Normalised headline earnings</b>	<b>8 060</b>	5 919	36
<i>Per share (cents)</i>	<b>395,0</b>	292,1	35

Net result from financial services (net operating profit) of R5,4 billion increased by 35% on 2012, aided by maiden contributions of R410 million from new acquisitions in Sanlam Emerging Markets (SEM). All clusters achieved strong growth with the exception of Santam, where underwriting results were negatively impacted by adverse weather conditions and rand weakness. Excluding the earnings contribution from SEM structural growth, net result from financial services grew by 25%, a particularly satisfactory result. A higher level of assets under management across most asset management businesses, a growing life in-force book and the weaker rand exchange rate supported the earnings growth. In addition, Sanlam Investments earned substantially higher performance fees.

Normalised headline earnings of R8 billion are 36% up on 2012. This is the combined effect of the following:

- The 35% growth in net result from financial services.
- A 28% increase in the net investment return earned on the Group's capital portfolio. Net investment income (dividends, interest and rental income) declined by 24%, largely due to a lower average level of discretionary capital in 2013 following the utilisation of capital for acquisitions and the Sanlam special dividend. Net realised and unrealised investment surpluses increased by 80%, supported by good returns on the international exposure in the portfolio and once-off investment gains of some R200 million realised in 2013. The latter includes an increase in the valuation of the Group's interest in Capricorn Investment Holdings (CIH) in Namibia following the listing of its main investment, Bank Windhoek, in the first half of the year (before CIH became an associated company on 1 July 2013) and a sizable recovery of a previously impaired portfolio investment.
- The abolishment of secondary tax on companies (STC) in 2012, resulting in no expense being incurred in 2013.
- A 33% rise in project and amortisation costs, attributable to due diligence and related transaction costs incurred in respect of corporate activity in SEM as well as the weaker rand exchange rate that increased the amortisation charges of the Investment cluster's international businesses.
- The equity participation expense recognised in terms of IFRS for incentive schemes linked to the value of certain of the Group's non-life operations that increased in line with the higher valuations of these businesses.



## ► BUSINESS VOLUMES

The Group achieved overall growth of 26% in new business volumes (excluding white label business), reaching R150 billion for the first time. All businesses contributed to the solid performance, apart from Sanlam Employee Benefits (SEB) that achieved limited growth in new flows in a very competitive market and SEM's Namibian business that recorded a decline in low margin unit trust inflows, largely attributable to the disposal of Capricorn Unit Trust as part of the CIH transaction (refer below). Life insurance new business volumes increased by 25%, augmented by 29% and 10% growth in new investment and short-term insurance business, respectively. The ongoing strategic focus on the quality of new business written is reflected in good retention levels and strong net fund inflows. Net fund inflows of R26,1 billion compared to R25 billion in 2012 is commendable, in particular given the loss of three large mandates at Sanlam Investments during the year from clients that restructured their portfolios. Excluding these, net fund inflows of R40,3 billion were achieved, a very satisfactory result in a challenging environment.

### Business volumes for the year ended 31 December 2013

R million	NEW BUSINESS			NET INFLOWS		
	2013	2012	% Δ	2013	2012	% Δ
Sanlam Personal Finance	42 507	32 355	31	14 993	8 974	67
Sanlam Emerging Markets	9 749	12 952	(25)	1 794	3 977	(55)
Sanlam Investments	85 970	62 139	38	4 184	7 103	(41)
Santam	16 750	15 626	7	5 142	4 946	4
<b>Total (excluding white label)</b>	<b>154 976</b>	123 072	26	<b>26 113</b>	25 000	4
Covered business	31 687	25 436	25	10 561	8 532	24
Investment business	105 697	81 670	29	10 238	11 431	(10)
Short-term insurance	17 592	15 966	10	5 314	5 037	5
<b>Total (excluding white label)</b>	<b>154 976</b>	123 072	26	<b>26 113</b>	25 000	4

The value of new life business (VNB) written increased by 13%. On a comparable basis (before economic assumption changes) VNB increased by 24% from R1 278 million in 2012 to R1 584 million in 2013 and after non-controlling interest by 23% to R1 449 million. All clusters achieved strong growth, with the overall new business margin expanding from 3,35% in 2012 to 3,46% in 2013, measured on a comparable basis. The strong growth in new business volumes, good cost control and a continued focus on the quality of new business written had a positive impact on both VNB and new business margins.

The increase in long-term interest rates and consequently the risk discount rate used to determine VNB, had a marked negative impact on VNB after economic assumption changes, particularly on Sanlam Personal Finance (SPF)'s Sanlam Sky business, where the increase in discount rate is to a much lesser extent offset by a commensurate increase in the expected investment return to be earned on investments backing policy liabilities.

## Value of new covered business, for the year ended 31 December 2013

R million	2013 ECONOMIC BASIS			2012 ECONOMIC BASIS		
	2013	2012	% Δ	2013	2012	% Δ
Value of new covered business	<b>1 450</b>	1 278	13	<b>1 584</b>	1 278	24
Sanlam Personal Finance	<b>986</b>	939	5	<b>1 113</b>	939	19
Sanlam Emerging Markets	<b>364</b>	267	36	<b>374</b>	267	40
Sanlam Investments	<b>100</b>	72	39	<b>97</b>	72	35
Net of non-controlling interest	<b>1 320</b>	1 176	12	<b>1 449</b>	1 176	23
Present value of new business premiums	<b>44 902</b>	38 129	18	<b>45 731</b>	38 129	20
Sanlam Personal Finance	<b>30 789</b>	27 332	13	<b>31 627</b>	27 332	16
Sanlam Emerging Markets	<b>4 877</b>	4 537	7	<b>4 886</b>	4 537	8
Sanlam Investments	<b>9 236</b>	6 260	48	<b>9 218</b>	6 260	47
Net of non-controlling interest	<b>43 197</b>	36 528	18	<b>44 022</b>	36 528	21
New covered business margin	<b>3,23%</b>	3,35%		<b>3,46%</b>	3,35%	
Sanlam Personal Finance	<b>3,20%</b>	3,44%		<b>3,52%</b>	3,44%	
Sanlam Emerging Markets	<b>7,46%</b>	5,88%		<b>7,65%</b>	5,88%	
Sanlam Investments	<b>1,08%</b>	1,15%		<b>1,05%</b>	1,15%	
Net of non-controlling interest	<b>3,06%</b>	3,22%		<b>3,29%</b>	3,22%	

## ► CAPITAL AND SOLVENCY

Optimal capital management remains a priority for the Group, with specific focus on the following:

- *Optimising the capital allocated to Group operations*, taking account of the applicable regulatory requirements. Continuous attention is given to products attracting suboptimal levels of capital and thus diluting RoGEV. Product design, pricing and new business targets are therefore linked to capital required and the meeting of return hurdles. The Financial Services Board's (FSB) implementation of a third country equivalent of the European Solvency II regime in South Africa (Solvency Assessment and Management (SAM)) is ongoing, with the third and last quantitative impact study (QIS3) to be completed in 2014. The QIS3 results will inform the final set of regulations to be issued by the FSB and should give more clarity on the impact that the new regime will have on Sanlam's capital requirements.

The mix of the Group's in-force life book is continuously changing to less capital-intensive products. This, coupled with the growth in new life business, resulted in only a slightly higher capital requirement for the life insurance operations at the end of 2013 and a release to discretionary capital of some R1,5 billion from the investment return earned on the allocated capital.



- ▶ *Disposal of non-core operations.* The Group's stake in the Punter Southall Group in the United Kingdom was sold during the year, yielding net proceeds of some R360 million.
- ▶ *Optimal utilisation of discretionary capital.* The Group's preference remains to invest its discretionary capital in value-adding growth opportunities, with specific focus on the identified growth markets. Some R1,7 billion was utilised for this purpose in 2013, including the following:
  - The acquisition of a 5% direct interest in Shriram Transport Finance Company (STFC) in India. In addition to being a good growth investment on a standalone basis, the transaction better aligned Sanlam's interests with those of Shriram Capital, our strategic partner in India. Combined with the indirect interest in STFC through our 26% stake in Shriram Capital, the Group now has an effective interest of 12% in STFC. The transaction utilised R1,3 billion of discretionary capital.
  - Some R490 million was deployed in line with the Group's stated objective of increasing our exposure to existing operations in Africa. A net amount of R208 million was used to increase the Group's interest in CIH in Namibia to more than 20%, effective 1 July 2013. CIH is the holding company of Bank Windhoek and our strategic bancassurance partner in Namibia. CIH commensurately became a strategic associated company on 1 July 2013, with Sanlam's share of the CIH earnings being equity accounted as operational earnings from the effective date. FBN Life, our Nigerian life insurance business with strategic partner First Bank of Nigeria, expanded into short-term insurance through the acquisition of a majority stake in a Nigerian general insurance company. The Group's share of the acquisition price amounts to some R58 million. In addition, R130 million was utilised to increase our exposure to the operations of Nico Holdings (Malawi) and R95 million to acquire an additional 3% stake in Botswana Insurance Holdings.
  - The arrangement with Santam in respect of short-term insurance business conducted outside of South Africa was formalised at the end of 2013. Through a transaction concluded at an SEM level, Santam acquired a 35% economic interest in SEM's short-term insurance holdings in Africa, India and Malaysia. SEM in turn acquired Santam's stake in Nico Holdings and a 65% economic interest in Santam's holding in Santam Namibia. After the transaction, Santam has an effective 35% economic interest in all of the short-term insurance holdings of the Group outside South Africa, with SEM retaining an effective 65% economic interest. SEM assumed overall management responsibility for the operations, with Santam continuing as the short-term insurance technical partner. Santam paid a net amount of R181 million to Sanlam in terms of the agreement.
  - A number of smaller transactions utilised a total amount of some R100 million, the most significant being the renewal of the exclusive bancassurance arrangement with Standard Chartered Bank in Africa for a minimum of five years after the expiration of the current agreement.

At the end of December 2012 the Group held discretionary capital of R4,2 billion. Taking into account the movements set out above, the special Sanlam dividend of R1,1 billion paid in April 2013 as well as the investment return earned by the discretionary capital portfolio and the cash operating profit retained in the 2012 dividend earnings cover, discretionary capital amounted to R4 billion at the end of 2013.

Transactions likely to be finalised soon will utilise a large portion of the discretionary capital. In addition, a number of potential opportunities are currently being considered which, if successful, will utilise most of the remaining available discretionary capital within a reasonable timeframe. No special dividend has therefore been considered.

All of the life insurance businesses within the Group were sufficiently capitalised at the end of December 2013. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, of R33,6 billion, covered its capital adequacy requirements (CAR) 4,5 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of December 2013.

FitchRatings has affirmed the credit ratings of the Group in 2014 and the outlook remained stable. These include Sanlam Limited: National Long-term AA- (zaf); Sanlam Life Insurance Limited: National Insurer Financial Strength: AA+ (zaf), Subordinated debt: A+ (zaf).

## ► DIVIDEND

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base. Sustainable growth in dividend payments is an important consideration for the Board in determining the dividend for the year. The Board uses cash operating earnings as a guideline in setting the level of the normal dividend, subject to the Group's liquidity and solvency requirements. The operational performance of the Group in the 2013 financial year enabled the Board to increase the normal dividend per share by 21% to 200 cents. This will maintain a cash operating earnings cover of approximately 1,2 times. The South African dividend withholding tax regime applies in respect of this dividend. The dividend will be subject to a 15% withholding tax, which will result in a net final dividend, to those shareholders who are not exempt from paying dividend tax, of 170 cents per ordinary share. The number of ordinary shares in issue in the company's share capital at the date of the declaration is 1 931 144 256 (excluding treasury shares of 168 855 744). The company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final cash dividend of 200 cents for the year ended 31 December 2013 is payable on Monday, 14 April 2014 to ordinary shareholders recorded in the register of Sanlam at the close of business on Friday, 11 April 2014. The last date to trade to qualify for this dividend will be Friday, 4 April 2014, and Sanlam shares will trade ex-dividend from Monday, 7 April 2014.

Dividend payment by way of electronic bank transfers will be effected on Monday, 14 April 2014. Share certificates may not be dematerialised or rematerialised between Monday, 7 April 2014 and Friday, 11 April 2014, both days inclusive.



The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2012, apart from changes in the economic assumptions.

The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2012 annual report, apart from the changes indicated below.

The preparation of the Group's audited annual results was supervised by the Financial Director, Kobus Möller CA(SA).

The following new or revised IFRS and interpretations are applied in the Group's 2013 financial year:

- ▶ IFRS 10 – *Consolidated Financial Statements*
- ▶ IFRS 11 – *Joint Arrangements*
- ▶ IFRS 12 – *Disclosure of Interests in Other Entities*
- ▶ IFRS 13 – *Fair Value Measurement*
- ▶ IAS 19 – *Employee Benefits* – Amendment regarding removal of corridor method and other comprehensive income treatment
- ▶ Amendment to IFRS 7 – *Disclosures* relating to offsetting of financial assets and liabilities
- ▶ Amendments to IAS 1 – *Financial statement presentation*
- ▶ IAS 27 – *Separate Financial Statements* – Consequential amendments resulting from consolidation project
- ▶ IAS 28 – *Investments in Associates and Joint Ventures* – Consequential amendments resulting from consolidation project
- ▶ May 2012 – Improvements to IFRS



The retrospective application of IFRS 10 required restatement of the Group's previous IFRS financial statements. The application of the remainder of the new standards and interpretations did not have a significant impact on the Group's financial position, reported results and cash flows. Certain of these new standards, however, required additional disclosures in the financial statements.

The following new or revised IFRS and interpretations have effective dates applicable to future financial years and have not been early adopted:

- ▶ Amendment to IAS 32 – Clarification of the instances in which the set off of financial assets and liabilities is allowed (effective 1 January 2014)
- ▶ Amendment to IFRS 10 – *Investment entities exemption* (effective 1 January 2014)
- ▶ IFRS 9 – *Financial Instruments* (effective 1 January 2018)

The application of these revised standards and interpretations in future financial reporting periods is not expected to have a significant impact on the Group's reported results, financial position and cash flows.

All investments have been reclassified to new revised investment categories. These new categories align IFRS investment classifications with the required SAM classifications. All comparative information has been reclassified accordingly.

These reclassifications in the current and prior period had no impact on the Group's total comprehensive income, shareholders' fund or net asset value.

## EXTERNAL AUDIT

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditors' report thereon are available for inspection at the Company's registered office.

The shareholders' information was audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited shareholders' information and the auditors' report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying annual financial statements and shareholders' information.



## GROUP EQUITY VALUE

at 31 December 2013

R million	Note	2013			2012		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		35 666	11 674	23 992	32 762	11 299	21 463
Covered business <sup>(1)</sup>		33 033	9 041	23 992	30 144	8 681	21 463
Glacier		1 336	1 336	—	1 338	1 338	—
Sanlam Personal Loans		836	836	—	816	816	—
Other operations		461	461	—	464	464	—
Sanlam Emerging Markets		10 189	8 181	2 008	6 105	4 603	1 502
Covered business <sup>(1)</sup>		3 541	1 533	2 008	2 647	1 145	1 502
Shriram Capital		4 219	4 219	—	2 398	2 398	—
Letshego		698	698	—	602	602	—
Pacific & Orient		622	622	—	—	—	—
Capricorn Investment Holdings		682	682	—	—	—	—
Other operations		427	427	—	458	458	—
Sanlam Investments		17 971	16 296	1 675	16 424	15 339	1 085
Covered business <sup>(1)</sup>		6 901	5 226	1 675	6 205	5 120	1 085
Sanlam Employee Benefits		5 707	4 825	882	5 301	4 825	476
Sanlam UK		1 194	401	793	904	295	609
Investment Management		10 454	10 454	—	9 406	9 406	—
Capital Management		616	616	—	813	813	—
Santam		12 644	12 644	—	12 875	12 875	—
Group operations		76 470	48 795	27 675	68 166	44 116	24 050
Discretionary capital		4 000	4 000	—	4 200	4 200	—
Balanced portfolio – other		5 317	5 317	—	4 139	4 139	—
Group Equity Value before adjustments to net worth		85 787	58 112	27 675	76 505	52 455	24 050
Net worth adjustments – present value of holding company expenses	9	(1 378)	(1 378)	—	(1 153)	(1 153)	—
<b>Group Equity Value</b>		<b>84 409</b>	<b>56 734</b>	<b>27 675</b>	<b>75 352</b>	<b>51 302</b>	<b>24 050</b>
<b>Value per share (cents)</b>	8	<b>4 121</b>	<b>2 770</b>	<b>1 351</b>	<b>3 707</b>	<b>2 524</b>	<b>1 183</b>
<b>Analysis per type of business</b>							
Covered business <sup>(1)</sup>		43 475	15 800	27 675	38 996	14 946	24 050
Sanlam Personal Finance		33 033	9 041	23 992	30 144	8 681	21 463
Sanlam Emerging Markets		3 541	1 533	2 008	2 647	1 145	1 502
Sanlam Investments		6 901	5 226	1 675	6 205	5 120	1 085
Other Group operations		32 995	32 995	—	29 170	29 170	—
Discretionary and other capital		7 939	7 939	—	7 186	7 186	—
<b>Group Equity Value</b>		<b>84 409</b>	<b>56 734</b>	<b>27 675</b>	<b>75 352</b>	<b>51 302</b>	<b>24 050</b>

<sup>(1)</sup> Refer embedded value of covered business on page 53.

## CHANGE IN GROUP EQUITY VALUE

for the year ended 31 December 2013

R million	2013	2012
<b>Earnings from covered business<sup>(1)</sup></b>	<b>9 128</b>	7 908
<b>Earnings from other Group operations</b>	<b>4 239</b>	6 395
Operations valued based on ratio of price to assets under management	<b>2 026</b>	1 450
Assumption changes	<b>(70)</b>	4
Change in assets under management	<b>874</b>	813
Earnings for the year and changes in capital requirements	<b>506</b>	497
Foreign currency translation differences and other	<b>716</b>	136
Operations valued based on discounted cash flows	<b>1 724</b>	628
Expected return	<b>1 459</b>	618
Operating experience variances and other	<b>229</b>	129
Assumption changes	<b>(535)</b>	(226)
Foreign currency translation differences	<b>571</b>	107
Operations valued at net asset value – earnings for the year	<b>293</b>	84
Listed operations – investment return	<b>196</b>	4 233
<b>Earnings from discretionary and other capital</b>	<b>(20)</b>	7
Portfolio investments and other	<b>236</b>	149
Net corporate expenses	<b>(136)</b>	(129)
Share-based payments transactions	<b>105</b>	(59)
Change in net worth adjustments	<b>(225)</b>	46
<b>Group Equity Value earnings</b>	<b>13 347</b>	14 310
Dividends paid	<b>(4 307)</b>	(2 581)
Cost of treasury shares acquired	<b>17</b>	102
Sanlam share buy back	<b>–</b>	(26)
Share incentive scheme and other	<b>17</b>	128
<b>Group Equity Value at beginning of the year</b>	<b>75 352</b>	63 521
<b>Group Equity Value at end of the year</b>	<b>84 409</b>	75 352

<sup>(1)</sup> Refer embedded value of covered business on page 54.



## RETURN ON GROUP EQUITY VALUE

for the year ended 31 December 2013

	2013		2012	
	Earnings R million	Return %	Earnings R million	Return %
<b>Sanlam Personal Finance</b>	<b>6 721</b>	<b>20,5</b>	6 862	23,8
Covered business <sup>(1)</sup>	<b>6 205</b>	<b>20,6</b>	6 296	23,6
Other operations	<b>516</b>	<b>19,6</b>	566	25,9
<b>Sanlam Emerging Markets</b>	<b>2 246</b>	<b>29,8</b>	669	16,9
Covered business <sup>(1)</sup>	<b>1 251</b>	<b>47,3</b>	628	27,1
Other operations	<b>995</b>	<b>20,3</b>	41	2,5
<b>Sanlam Investments</b>	<b>4 204</b>	<b>25,9</b>	2 539	16,9
Covered business <sup>(1)</sup>	<b>1 672</b>	<b>26,9</b>	984	16,8
Other operations	<b>2 532</b>	<b>25,3</b>	1 555	16,9
<b>Santam</b>	<b>196</b>	<b>1,5</b>	4 233	44,0
<b>Discretionary and other capital</b>	<b>(20)</b>		7	
<b>Return on Group Equity Value</b>	<b>13 347</b>	<b>17,7</b>	14 310	22,5
<b>Return on Group Equity Value per share</b>		<b>17,0</b>		22,0

<sup>(1)</sup> Refer embedded value of covered business on page 54.

R million	2013	2012
<b>Reconciliation of Return on Group Equity Value:</b>		
The Return on Group Equity Value reconciles as follows to normalised attributable earnings:		
Normalised attributable earnings per shareholders' fund income statement on page 24	<b>8 129</b>	5 811
Other comprehensive income	<b>899</b>	105
Earnings recognised directly in equity		
Share-based payment transactions	<b>168</b>	(62)
Net cost of treasury shares delivered	<b>(161)</b>	(297)
Share-based payments	<b>329</b>	235
Change in ownership of subsidiaries	<b>4</b>	(63)
Movement in fair value adjustment – shareholders' fund at fair value	<b>680</b>	4 699
Movement in adjustments to net worth	<b>(49)</b>	124
Present value of holding company expenses	<b>(225)</b>	46
Change in goodwill and value of business acquired adjustments less value of in-force acquired	<b>176</b>	78
Growth from covered business: value of in-force <sup>(1)</sup>	<b>3 516</b>	3 696
<b>Return on Group Equity Value</b>	<b>13 347</b>	14 310

<sup>(1)</sup> Refer embedded value of covered business on page 54.

## GROUP EQUITY VALUE SENSITIVITY ANALYSIS

at 31 December 2013

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

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

The following scenarios are presented:

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

The Group's covered business is also exposed to non-market risks, which includes expense, persistency, mortality and morbidity risk. The sensitivity of the value of in-force business, and commensurately Group Equity Value, to these risks is presented in note 1 on page 57.

R million	Base value	Equities and properties -10%	Interest rates -1%	Rand exchange rate depreciation +10%
<b>2013</b>				
<b>Covered business</b>	<b>43 475</b>	<b>41 778</b>	<b>44 511</b>	<b>43 965</b>
Adjusted net worth	15 800	15 163	15 858	16 103
Value of in-force	27 675	26 615	28 653	27 862
<b>Other Group operations</b>	<b>32 995</b>	<b>30 824</b>	<b>34 395</b>	<b>34 088</b>
Valued at net asset value	611	611	611	634
Listed	12 644	11 380	12 644	12 644
Other	19 740	18 833	21 140	20 810
Group operations	76 470	72 602	78 906	78 053
Discretionary and other capital	9 317	9 255	9 317	9 376
Group Equity Value before adjustments to net worth	85 787	81 857	88 223	87 429
Net worth adjustments – present value of holding company expenses	(1 378)	(1 378)	(1 378)	(1 378)
<b>Group Equity Value</b>	<b>84 409</b>	<b>80 479</b>	<b>86 845</b>	<b>86 051</b>
<b>2012</b>				
<b>Covered business</b>	38 996	37 340	39 934	39 385
Adjusted net worth	14 946	14 297	14 990	15 202
Value of in-force	24 050	23 043	24 944	24 183
<b>Other Group operations</b>	29 170	27 380	29 962	29 939
Valued at net asset value	927	927	927	943
Listed	12 875	11 588	12 875	12 875
Other	15 368	14 865	16 160	16 121
Group operations	68 166	64 720	69 896	69 324
Discretionary and other capital	8 339	8 278	8 339	8 372
Group Equity Value before adjustments to net worth	76 505	72 998	78 235	77 696
Net worth adjustments – present value of holding company expenses	(1 153)	(1 153)	(1 153)	(1 153)
<b>Group Equity Value</b>	<b>75 352</b>	<b>71 845</b>	<b>77 082</b>	<b>76 543</b>



## SHAREHOLDERS' FUND AT FAIR VALUE

at 31 December 2013

R million	Note	2013			2012		
		Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
<b>Covered business, discretionary and other capital</b>		<b>26 393</b>	<b>112</b>	<b>26 281</b>	24 631	112	24 519
Property and equipment		356	—	356	271	—	271
Owner-occupied properties		564	—	564	569	—	569
Goodwill <sup>(2)</sup>		474	—	474	474	—	474
Value of business acquired <sup>(2)</sup>		607	—	607	643	—	643
Other intangible assets		86	—	86	28	—	28
Deferred acquisition costs		2 615	—	2 615	2 244	—	2 244
Investments		22 928	112	22 816	22 360	112	22 248
Properties		120	—	120	94	—	94
Associated companies		1 461	—	1 461	1 182	—	1 182
Equities and similar securities		4 808	112	4 696	4 994	112	4 882
Other interest-bearing and preference share investments		8 106	—	8 106	9 715	—	9 715
Structured transactions		872	—	872	1 354	—	1 354
Investment funds		4 351	—	4 351	4 114	—	4 114
Cash, deposits and similar securities		3 210	—	3 210	907	—	907
Net term finance		—	—	—	—	—	—
Term finance		(4 194)	—	(4 194)	(3 737)	—	(3 737)
Assets held in respect of term finance		4 194	—	4 194	3 737	—	3 737
Net deferred tax		(805)	—	(805)	(256)	—	(256)
Net working capital		1 090	—	1 090	(563)	—	(563)
Derivative liability		(147)	—	(147)	(95)	—	(95)
Non-controlling interest		(1 375)	—	(1 375)	(1 044)	—	(1 044)
<b>Other Group operations</b>		<b>32 995</b>	<b>16 737</b>	<b>16 258</b>	29 170	16 057	13 113
Sanlam Investments		11 070	7 665	3 405	10 219	6 333	3 886
Investment Management		10 454	7 617	2 837	9 406	6 253	3 153
Capital Management		616	48	568	813	80	733
Sanlam Personal Finance		2 633	1 853	780	2 618	1 668	950
Glacier		1 336	1 050	286	1 338	995	343
Sanlam Personal Loans <sup>(4)</sup>		836	425	411	816	349	467
Other operations		461	378	83	464	324	140
Sanlam Emerging Markets		6 648	(237)	6 885	3 458	(31)	3 489
Shriram Capital		4 219	159	4 060	2 398	93	2 305
Letshego		698	(17)	715	602	(4)	606
Pacific & Orient		622	(25)	647	—	—	—
Capricorn Investment Holdings		682	(16)	698	—	—	—
Other operations		427	(338)	765	458	(120)	578
Santam		12 644	8 703	3 941	12 875	9 334	3 541
Goodwill held on Group level in respect of the above businesses		—	(1 247)	1 247	—	(1 247)	1 247
<b>Shareholders' fund at fair value</b>		<b>59 388</b>	<b>16 849</b>	<b>42 539</b>	53 801	16 169	37 632
<b>Value per share (cents)</b>	8	<b>2 900</b>	<b>823</b>	<b>2 077</b>	2 646	795	1 851

R million	2013			2012		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
<b>Reconciliation to Group Equity Value</b>						
Group Equity Value	84 409	56 734	27 675	75 352	51 302	24 050
Add: Net worth adjustments	1 378	1 378	—	1 153	1 153	—
Add: Goodwill and value of business acquired replaced by value of in-force	1 276	1 276	—	1 346	1 346	—
Sanlam Life and Pensions	356	356	—	356	356	—
Sanlam Developing Markets	685	685	—	753	753	—
Shriram Life Insurance <sup>(3)</sup>	210	210	—	210	210	—
Other	25	25	—	27	27	—
Less: Value of in-force	(27 675)	—	(27 675)	(24 050)	—	(24 050)
<b>Shareholders' fund at fair value</b>	<b>59 388</b>	<b>59 388</b>	<b>—</b>	<b>53 801</b>	<b>53 801</b>	<b>—</b>

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

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

<sup>(3)</sup> The carrying value of Shriram Life Insurance includes goodwill of R210 million (2012: R210 million) that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.

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



# SHAREHOLDERS' FUND AT NET ASSET VALUE

at 31 December 2013

R million	Notes	SANLAM LIFE <sup>(1)</sup>		SANLAM EMERGING MARKETS <sup>(2)</sup>		SANTAM	
		2013	2012	2013	2012	2013	2012
Property and equipment		261	198	108	86	172	127
Owner-occupied properties		472	479	—	—	2	2
Goodwill		301	284	68	63	1 043	956
Other intangible assets		21	21	64	6	19	23
Value of business acquired		559	595	138	151	116	160
Deferred acquisition costs		2 816	2 417	3	3	—	—
Investments		28 827	26 855	10 891	6 104	8 858	7 783
Properties		5	5	326	261	—	—
Associated companies	3.1	1	—	8 474	4 266	276	228
Joint ventures	3.2	542	467	—	1	—	—
Equities and similar securities	3.3	11 195	10 005	757	486	3 889	3 459
Interest-bearing investments		9 172	9 784	626	487	3 591	3 143
Structured transactions		1 077	1 520	3	41	326	407
Investment funds		4 613	4 315	48	81	372	288
Cash, deposits and similar securities		2 222	759	657	481	404	258
Net deferred tax		(769)	(268)	(33)	(30)	(135)	(63)
Deferred tax asset		26	80	7	1	188	221
Deferred tax liability		(795)	(348)	(40)	(31)	(323)	(284)
Net non-current assets held for sale		—	—	—	—	415	—
Net short-term insurance technical provisions		—	—	(27)	(8)	(8 289)	(7 773)
Short-term insurance technical assets		—	—	8	3	2 708	2 093
Short-term insurance technical provisions		—	—	(35)	(11)	(10 997)	(9 866)
Net working capital assets/(liabilities)		(2 816)	(1 045)	(348)	(218)	6 512	6 234
Trade and other receivables		3 584	2 551	599	509	2 730	2 007
Cash, deposits and similar securities		4 288	4 282	368	538	6 445	6 266
Trade and other payables		(9 431)	(6 426)	(1 383)	(1 277)	(2 622)	(1 982)
Provisions		(144)	(286)	—	—	(16)	(13)
Taxation		(1 113)	(1 166)	68	12	(25)	(44)
Term finance		(2 465)	(2 751)	(14)	(14)	(1 022)	(1 034)
Derivative liabilities		(147)	(95)	—	—	(203)	—
Cell owners' interest		—	—	—	—	(814)	(688)
Non-controlling interest		(38)	(19)	(2 213)	(1 334)	(2 733)	(2 186)
<b>Shareholders' fund at net asset value</b>		<b>27 022</b>	26 671	<b>8 637</b>	4 809	<b>3 941</b>	3 541
<b>Analysis of shareholders' fund</b>							
Covered business		13 866	13 506	1 533	1 145	—	—
Other operations		780	950	6 885	3 489	3 941	3 541
Discretionary and other capital		12 376	12 215	219	175	—	—
<b>Shareholders' fund at net asset value</b>		<b>27 022</b>	26 671	<b>8 637</b>	4 809	<b>3 941</b>	3 541
Consolidation reserve		—	—	—	—	—	—
<b>Shareholders' fund per Group statement of financial position</b>		<b>27 022</b>	26 671	<b>8 637</b>	4 809	<b>3 941</b>	3 541

<sup>(1)</sup> Includes the operations of Sanlam Personal Finance and Sanlam Employee Benefits as well as discretionary capital held by Sanlam Life. Equities and similar securities include an investment of R6 256 million (2012: R5 298 million) in Sanlam shares, which is eliminated in the consolidation column.

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

<sup>(3)</sup> Corporate and other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis. Comparatives have been restated for reallocation between corporate and other consolidation entries.

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

<sup>(5)</sup> Assets previously classified as investments were re-assessed as net working capital in the current year. Comparatives were restated accordingly.



INVESTMENT MANAGEMENT		CAPITAL MANAGEMENT		CORPORATE AND OTHER <sup>(3)</sup>		CONSOLIDATION ENTRIES <sup>(4)</sup>		TOTAL	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
40	34	3	4	—	—	2	—	586	449
106	94	—	—	—	—	92	90	672	665
1 137	907	—	—	—	—	1 247	1 247	3 796	3 457
7	13	—	—	—	—	—	—	111	63
773	693	—	—	—	—	—	—	1 586	1 599
—	—	—	—	—	—	—	—	2 819	2 420
1 061	923	18	184	2 089	2 241	(8 170)	(5 854)	43 574	38 236 <sup>(5)</sup>
—	—	18	16	—	—	—	—	349	282
112	175	—	168	—	—	90	90	8 953	4 927
16	17	—	—	—	—	—	—	558	485
189	162	—	—	568	656	(7 446)	(5 446)	9 152	9 322
531	406	—	—	1 512	1 577	(780)	(461)	14 652	14 936
—	—	—	—	—	—	(34)	(28)	1 372	1 940
—	—	—	—	—	—	—	—	5 033	4 684
213	163	—	—	9	8	—	(9)	3 505	1 660
59	25	14	11	(1)	47	17	3	(848)	(275)
63	46	17	13	43	71	17	18	361	450
(4)	(21)	(3)	(2)	(44)	(24)	—	(15)	(1 209)	(725)
—	308	—	—	—	—	—	—	415	308
—	—	—	—	—	—	—	—	(8 316)	(7 781)
—	—	—	—	—	—	—	—	2 716	2 096
—	—	—	—	—	—	—	—	(11 032)	(9 877)
1 329	1 008	752	534	(19)	(218)	3 107	888	8 517	7 183 <sup>(5)</sup>
1 224	1 215	23 387	22 585	8 458	9 492	(10 764)	(12 880)	29 218	25 479
1 603	884	3 368	2 783	3 975	1 423	(3 751)	(1 255)	16 296	14 921
(1 310)	(985)	(26 014)	(24 841)	(12 430)	(11 100)	17 644	15 007	(35 546)	(31 604)
(87)	(63)	(2)	(1)	(19)	(18)	(17)	(15)	(285)	(396)
(101)	(43)	13	8	(3)	(15)	(5)	31	(1 166)	(1 217)
(327)	(153)	—	—	(1 730)	(987)	—	—	(5 558)	(4 939)
—	—	—	—	—	—	—	—	(350)	(95)
—	—	—	—	—	—	—	—	(814)	(688)
(61)	(48)	—	—	—	—	1 394	617	(3 651)	(2 970)
4 124	3 804	787	733	339	1 083	(2 311)	(3 009)	42 539	37 632
401	295	—	—	—	—	—	—	15 800	14 946
2 837	3 153	568	733	—	—	1 247	1 247	16 258	13 113
886	356	219	—	339	1 083	(3 558)	(4 256)	10 481	9 573
4 124	3 804	787	733	339	1 083	(2 311)	(3 009)	42 539	37 632
—	—	—	—	—	—	(1 574)	(1 076)	(1 574)	(1 076)
4 124	3 804	787	733	339	1 083	(3 885)	(4 085)	40 965	36 556



# SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2013

SANLAM  
PERSONAL  
FINANCE

R million	Notes	2013	2012
Financial services income	4	13 249	11 647
Sales remuneration		(2 217)	(2 057)
Income after sales remuneration		11 032	9 590
Underwriting policy benefits		(3 447)	(2 990)
Administration costs	5	(3 530)	(3 328)
<b>Result from financial services before tax</b>		<b>4 055</b>	3 272
Tax on result from financial services		(1 127)	(915)
<b>Result from financial services after tax</b>		<b>2 928</b>	2 357
Non-controlling interest		(8)	(6)
<b>Net result from financial services</b>		<b>2 920</b>	2 351
Net investment income		689	763
Dividends received – Group companies		253	157
Other investment income	6	560	753
Tax on investment income		(124)	(147)
Non-controlling interest		–	–
Project expenses		–	–
Amortisation of value of business acquired and other intangibles		(38)	(45)
Equity participation costs		–	–
Net equity-accounted headline earnings		–	–
Equity-accounted headline earnings		–	–
Tax on equity-accounted headline earnings		–	–
Non-controlling interest		–	–
Net investment surpluses		1 965	2 438
Investment surpluses – Group companies		997	1 886
Other investment surpluses		1 194	726
Tax on investment surpluses		(226)	(174)
Non-controlling interest		–	–
Secondary tax on companies – after non-controlling interest		–	(81)
<b>Normalised headline earnings</b>		<b>5 536</b>	5 426
Profit/(loss) on disposal of operations		–	–
Net profit/(loss) on disposal of subsidiaries and associated companies		–	–
Profit/(loss) on disposal of subsidiaries and associated companies		–	–
Tax on profit/(loss) on disposal of subsidiaries and associated companies		–	–
Non-controlling interest		–	–
Impairments		–	(6)
<b>Normalised attributable earnings</b>		<b>5 536</b>	5 420
Fund transfers		–	–
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>5 536</b>	5 420
<b>Ratios</b>			
Admin ratio <sup>(1)</sup>		32,0%	34,7%
Operating margin <sup>(2)</sup>		36,8%	34,1%
<b>Diluted earnings per share</b>	7		
Adjusted weighted average number of shares (million)			
Net result from financial services (cents)		143,1	116,0

<sup>(1)</sup> Administration costs as a percentage of income earned by the shareholders' fund less sales remuneration.

<sup>(2)</sup> Result from financial services before tax as a percentage of income earned by the shareholders' fund less sales remuneration.

<sup>(3)</sup> Corporate and Other includes the consolidation entries in respect of the dividends received and the investment surpluses on the Sanlam Limited shares held by Sanlam Life Insurance Limited.

SANLAM EMERGING MARKETS		SANLAM INVESTMENTS		SANTAM		CORPORATE AND OTHER <sup>(3)</sup>		TOTAL	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
4 045 (681)	2 838 (578)	7 574 (173)	6 623 (129)	17 124 (2 121)	16 041 (2 024)	112 —	98 —	42 104 (5 192)	37 247 (4 788)
3 364 (794) (834)	2 260 (640) (770)	7 401 (2 045) (3 638)	6 494 (1 945) (3 227)	15 003 (11 608) (2 560)	14 017 (10 680) (2 329)	112 — (277)	98 — (265)	36 912 (17 894) (10 839)	32 459 (16 255) (9 919)
1 736 (373)	850 (158)	1 718 (393)	1 322 (337)	835 (236)	1 008 (297)	(165) 29	(167) 38	8 179 (2 100)	6 285 (1 669)
1 363 (352)	692 (264)	1 325 (24)	985 (10)	599 (266)	711 (306)	(136) —	(129) —	6 079 (650)	4 616 (586)
1 011 61	428 64	1 301 188	975 211	333 99	405 169	(136) (185)	(129) (80)	5 429 852	4 030 1 127
—	—	—	—	—	—	(253)	(157)	—	—
121 (41) (19)	128 (46) (18)	229 (41) —	257 (46) —	171 — (72)	293 (4) (120)	121 (53) —	58 19 —	1 202 (259) (91)	1 489 (224) (138)
(29) (10) —	(16) (11) —	(2) (123) (138)	(7) (75) (33)	— (35) (13)	— (24) (23)	— — —	— — —	(31) (206) (151)	(23) (155) (56)
12	13	(1)	—	46	45	—	—	57	58
26 (3) (11)	27 (2) (12)	(1) — —	— — —	77 — (31)	75 — (30)	— — —	— — —	102 (3) (42)	102 (2) (42)
230	102	563	357	297	174	(945)	(1 900)	2 110	1 171
—	—	—	—	—	—	(997)	(1 886)	—	—
342 (15) (97)	112 1 (11)	661 (101) 3	441 (85) 1	583 (86) (200)	494 (198) (122)	52 — —	(16) 1 1	2 832 (428) (294)	1 757 (455) (131)
—	—	—	(2)	—	(86)	—	(64)	—	(233)
1 275 — 27	580 3 —	1 788 — 69	1 426 — 63	727 — (17)	660 — —	(1 266) — 11	(2 173) — —	8 060 — 90	5 919 3 63
49 (1) (21)	— — —	78 (9) —	63 — —	(19) (9) 11	— — —	11 — —	— — —	119 (19) (10)	63 — —
—	—	(3)	(121)	(18)	(47)	—	—	(21)	(174)
1 302 —	583 —	1 854 —	1 368 —	692 —	613 —	(1 255) 2	(2 173) (156)	8 129 2	5 811 (156)
1 302	583	1 854	1 368	692	613	(1 253)	(2 329)	8 131	5 655
24,8% 51,6%	34,1% 37,6%	49,2% 23,2%	49,7% 20,4%	17,1% 5,6%	16,6% 7,2%			29,4% 22,2%	30,6% 19,4%
49,5	21,1	63,8	48,1	16,3	20,0	(6,7)	(6,4)	2 040,6 266,0	2 026,3 198,9



# NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2013

## 1. Business volumes

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

Analysed per business, reflecting the split between life and non-life business

R million	TOTAL		LIFE INSURANCE <sup>(1)</sup>		OTHER <sup>(2)</sup>	
	2013	2012	2013	2012	2013	2012
<b>Sanlam Personal Finance</b>	<b>42 507</b>	32 355	<b>21 498</b>	18 351	<b>21 009</b>	14 004
Entry-level	<b>1 155</b>	984	<b>1 155</b>	984	—	—
Middle-income	<b>11 328</b>	9 972	<b>11 019</b>	9 682	<b>309</b>	290
Recurring	<b>1 351</b>	1 299	<b>1 307</b>	1 255	<b>44</b>	44
Single	<b>9 977</b>	8 673	<b>9 712</b>	8 427	<b>265</b>	246
Affluent	<b>30 024</b>	21 399	<b>9 324</b>	7 685	<b>20 700</b>	13 714
<b>Sanlam Emerging Markets</b>	<b>9 749</b>	12 952	<b>2 862</b>	2 922	<b>6 887</b>	10 030
Namibia	<b>5 401</b>	9 532	<b>342</b>	560	<b>5 059</b>	8 972
Recurring	<b>154</b>	125	<b>154</b>	125	—	—
Single	<b>5 247</b>	9 407	<b>188</b>	435	<b>5 059</b>	8 972
Botswana <sup>(3)</sup>	<b>2 281</b>	2 067	<b>1 306</b>	1 314	<b>975</b>	753
Recurring	<b>247</b>	195	<b>195</b>	149	<b>52</b>	46
Single	<b>2 034</b>	1 872	<b>1 111</b>	1 165	<b>923</b>	707
Rest of Africa	<b>1 139</b>	895	<b>1 076</b>	884	<b>63</b>	11
Recurring	<b>518</b>	367	<b>518</b>	367	—	—
Single	<b>621</b>	528	<b>558</b>	517	<b>63</b>	11
India	<b>572</b>	458	<b>138</b>	164	<b>434</b>	294
Recurring	<b>500</b>	369	<b>66</b>	75	<b>434</b>	294
Single	<b>72</b>	89	<b>72</b>	89	—	—
South-East Asia	<b>356</b>	—	—	—	<b>356</b>	—
<b>Sanlam Investments</b>	<b>85 970</b>	62 139	<b>7 327</b>	4 163	<b>78 643</b>	57 976
Employee benefits	<b>2 075</b>	2 084	<b>2 075</b>	2 084	—	—
Recurring	<b>300</b>	319	<b>300</b>	319	—	—
Single	<b>1 775</b>	1 765	<b>1 775</b>	1 765	—	—
Investment Management	<b>83 693</b>	60 055	<b>5 252</b>	2 079	<b>78 441</b>	57 976
Asset Management	<b>32 862</b>	28 932	—	—	<b>32 862</b>	28 932
Wealth Management	<b>19 428</b>	12 477	—	—	<b>19 428</b>	12 477
Investment Services	<b>17 881</b>	12 416	—	—	<b>17 881</b>	12 416
International	<b>13 522</b>	6 230	<b>5 252</b>	2 079	<b>8 270</b>	4 151
Recurring	<b>75</b>	41	<b>75</b>	41	—	—
Single	<b>13 447</b>	6 189	<b>5 177</b>	2 038	<b>8 270</b>	4 151
Capital Management	<b>202</b>	—	—	—	<b>202</b>	—
<b>Santam</b>	<b>16 750</b>	15 626	—	—	<b>16 750</b>	15 626
<b>New business excluding white label</b>	<b>154 976</b>	123 072	<b>31 687</b>	25 436	<b>123 289</b>	97 636
White label	<b>29 879</b>	12 831	—	—	<b>29 879</b>	12 831
<b>Total new business</b>	<b>184 855</b>	135 903	<b>31 687</b>	25 436	<b>153 168</b>	110 467

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

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

<sup>(3)</sup> Comparative information for Botswana's short-term insurance business has been reclassified as recurring flows.

## 1. Business volumes *(continued)*

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

	TOTAL	
R million	2013	2012
<b>Total new business</b>	<b>184 855</b>	135 903
<b>Recurring premiums on existing funds:</b>		
Sanlam Personal Finance	<b>14 507</b>	13 570
Sanlam Emerging Markets	<b>2 187</b>	1 964
Sanlam Investments	<b>5 402</b>	5 737
Sanlam Employee Benefits	<b>3 187</b>	3 735
Investment Management	<b>2 215</b>	2 002
Asset Management	<b>596</b>	505
Investment Services	<b>1 399</b>	1 093
International	<b>220</b>	404
<b>Total funds received</b>	<b>206 951</b>	157 174



# NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

## 1. Business volumes (continued)

### 1.2 Analysis of payments to clients

R million	TOTAL		LIFE INSURANCE <sup>(1)</sup>		OTHER <sup>(2)</sup>	
	2013	2012	2013	2012	2013	2012
<b>Sanlam Personal Finance</b>	<b>42 021</b>	36 951	<b>29 242</b>	25 925	<b>12 779</b>	11 026
Entry-level	<b>1 796</b>	2 699	<b>1 796</b>	2 699	—	—
Surrenders	—	319	—	319	—	—
Other	<b>1 796</b>	2 380	<b>1 796</b>	2 380	—	—
Middle-income	<b>24 140</b>	20 252	<b>23 688</b>	19 886	<b>452</b>	366
Surrenders	<b>3 635</b>	3 280	<b>3 635</b>	3 280	—	—
Other	<b>20 505</b>	16 972	<b>20 053</b>	16 606	<b>452</b>	366
Affluent	<b>16 085</b>	14 000	<b>3 758</b>	3 340	<b>12 327</b>	10 660
<b>Sanlam Emerging Markets</b>	<b>10 142</b>	10 939	<b>3 508</b>	2 686	<b>6 634</b>	8 253
Namibia	<b>6 912</b>	8 540	<b>1 518</b>	1 172	<b>5 394</b>	7 368
Surrenders	<b>406</b>	395	<b>406</b>	395	—	—
Other	<b>6 506</b>	8 145	<b>1 112</b>	777	<b>5 394</b>	7 368
Botswana	<b>1 806</b>	1 626	<b>1 209</b>	973	<b>597</b>	653
Surrenders	<b>325</b>	280	<b>325</b>	280	—	—
Other	<b>1 481</b>	1 346	<b>884</b>	693	<b>597</b>	653
Rest of Africa	<b>522</b>	332	<b>522</b>	332	—	—
Surrenders	<b>71</b>	36	<b>71</b>	36	—	—
Other	<b>451</b>	296	<b>451</b>	296	—	—
India	<b>671</b>	441	<b>259</b>	209	<b>412</b>	232
Surrenders	<b>198</b>	159	<b>198</b>	159	—	—
Other	<b>473</b>	282	<b>61</b>	50	<b>412</b>	232
South-East Asia	<b>231</b>	—	—	—	<b>231</b>	—
<b>Sanlam Investments</b>	<b>87 188</b>	60 773	<b>8 252</b>	7 741	<b>78 936</b>	53 032
Sanlam Employee Benefits	<b>5 641</b>	5 864	<b>5 641</b>	5 864	—	—
Terminations	<b>1 041</b>	1 020	<b>1 041</b>	1 020	—	—
Other	<b>4 600</b>	4 844	<b>4 600</b>	4 844	—	—
Investment Management	<b>81 547</b>	54 909	<b>2 611</b>	1 877	<b>78 936</b>	53 032
Asset Management	<b>43 392</b>	25 019	—	—	<b>43 392</b>	25 019
Wealth Management	<b>14 129</b>	10 734	—	—	<b>14 129</b>	10 734
Investment Services	<b>17 348</b>	14 372	—	—	<b>17 348</b>	14 372
International	<b>6 678</b>	4 784	<b>2 611</b>	1 877	<b>4 067</b>	2 907
<b>Santam</b>	<b>11 608</b>	10 680	—	—	<b>11 608</b>	10 680
<b>Payments to clients excluding white label</b>	<b>150 959</b>	119 343	<b>41 002</b>	36 352	<b>109 957</b>	82 991
White label	<b>24 144</b>	14 842	—	—	<b>24 144</b>	14 842
<b>Total payments to clients</b>	<b>175 103</b>	134 185	<b>41 002</b>	36 352	<b>134 101</b>	97 833

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

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

## 1. Business volumes (continued)

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

R million	TOTAL		LIFE INSURANCE <sup>(1)</sup>		OTHER <sup>(2)</sup>	
	2013	2012	2013	2012	2013	2012
<b>Sanlam Personal Finance</b>	<b>14 993</b>	8 974	<b>6 538</b>	5 771	<b>8 455</b>	3 203
Entry-level	<b>2 880</b>	1 342	<b>2 880</b>	1 342	—	—
Middle-income	<b>(1 826)</b>	233	<b>(1 908)</b>	84	<b>82</b>	149
Affluent	<b>13 939</b>	7 399	<b>5 566</b>	4 345	<b>8 373</b>	3 054
<b>Sanlam Emerging Markets</b>	<b>1 794</b>	3 977	<b>1 541</b>	2 200	<b>253</b>	1 777
Namibia	<b>(807)</b>	1 629	<b>(472)</b>	25	<b>(335)</b>	1 604
Botswana	<b>1 303</b>	1 228	<b>925</b>	1 128	<b>378</b>	100
Rest of Africa	<b>1 195</b>	1 024	<b>1 132</b>	1 013	<b>63</b>	11
India	<b>(22)</b>	96	<b>(44)</b>	34	<b>22</b>	62
South-East Asia	<b>125</b>	—	<b>—</b>	—	<b>125</b>	—
<b>Sanlam Investments</b>	<b>4 184</b>	7 103	<b>2 482</b>	561	<b>1 702</b>	6 542
Sanlam Employee Benefits	<b>(379)</b>	(45)	<b>(379)</b>	(45)	—	—
Investment Management	<b>4 361</b>	7 148	<b>2 861</b>	606	<b>1 500</b>	6 542
Asset Management	<b>(9 934)</b>	4 418	<b>—</b>	—	<b>(9 934)</b>	4 418
Wealth Management	<b>5 299</b>	1 743	<b>—</b>	—	<b>5 299</b>	1 743
Investment Services	<b>1 932</b>	(863)	<b>—</b>	—	<b>1 932</b>	(863)
International	<b>7 064</b>	1 850	<b>2 861</b>	606	<b>4 203</b>	1 244
Capital Management	<b>202</b>	—	<b>—</b>	—	<b>202</b>	—
<b>Santam</b>	<b>5 142</b>	4 946	<b>—</b>	—	<b>5 142</b>	4 946
<b>Net inflow excluding white label</b>	<b>26 113</b>	25 000	<b>10 561</b>	8 532	<b>15 552</b>	16 468
White label	<b>5 735</b>	(2 011)	<b>—</b>	—	<b>5 735</b>	(2 011)
<b>Total net inflow</b>	<b>31 848</b>	22 989	<b>10 561</b>	8 532	<b>21 287</b>	14 457

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

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



# NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

## 2. Cluster information

### 2.1 Sanlam Personal Finance

	LIFE OPERATIONS		NON-LIFE OPERATIONS		TOTAL	
R million	2013	2012	2013	2012	2013	2012
<b>Analysis of attributable earnings</b>						
Gross result from financial services	3 610	2 862	445	410	4 055	3 272
Entry-level market	761	375	—	—	761	375
Middle-income market life and investment	2 623	2 346	36	17	2 659	2 363
Administration	595	408	—	—	595	408
Risk underwriting – long-term insurance	589	650	—	—	589	650
Asset mismatch reserve release	522	451	—	—	522	451
Working capital management	354	318	—	—	354	318
Other	563	519	36	17	599	536
Glacier	116	67	144	120	260	187
Sanlam Personal Loans	110	74	186	205	296	279
Other operations	—	—	79	68	79	68
Tax on result from financial services	(1 003)	(795)	(124)	(120)	(1 127)	(915)
Non-controlling interest	—	(3)	(8)	(3)	(8)	(6)
<b>Net result from financial services</b>	<b>2 607</b>	<b>2 064</b>	<b>313</b>	<b>287</b>	<b>2 920</b>	<b>2 351</b>
Net investment return	1 113	861	1 541	2 340	2 654	3 201
Net other earnings	—	—	(38)	(132)	(38)	(132)
Amortisation of value of business acquired and other intangibles	—	—	(38)	(45)	(38)	(45)
Impairments	—	—	—	(6)	—	(6)
Secondary tax on companies – after non-controlling interest	—	—	—	(81)	—	(81)
<b>Normalised attributable earnings</b>	<b>3 720</b>	<b>2 925</b>	<b>1 816</b>	<b>2 495</b>	<b>5 536</b>	<b>5 420</b>



## 2. Cluster information (continued)

### 2.1 Sanlam Personal Finance (continued)

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

R million	GEV at beginning of period	Earnings	Capital investment	Dividend paid	GEV at the end of period
<b>2013</b>					
Covered business	30 144	6 205	44	(3 360)	33 033
Other operations	2 618	516	(81)	(420)	2 633
Glacier	1 338	205	—	(207)	1 336
Sanlam Personal Loans	816	251	(100)	(131)	836
Other	464	60	19	(82)	461
<b>Group Equity Value</b>	<b>32 762</b>	<b>6 721</b>	<b>(37)</b>	<b>(3 780)</b>	<b>35 666</b>
<b>2012</b>					
Covered business	26 687	6 296	27	(2 866)	30 144
Non-life operations	2 189	566	19	(156)	2 618
Glacier	1 169	249	—	(80)	1 338
Sanlam Personal Loans	494	360	1	(39)	816
Other	526	(43)	18	(37)	464
<b>Group Equity Value</b>	<b>28 876</b>	<b>6 862</b>	<b>46</b>	<b>(3 022)</b>	<b>32 762</b>

#### Assets under management

R million	2013	2012
Life insurance operations	263 630	227 487
Other operations – Glacier (non-life operations)	72 013	55 134
<b>Assets under management</b>	<b>335 643</b>	<b>282 621</b>
	<b>2013</b>	2012
<b>Sanlam Personal Loans</b>		
Size of loan book (R million)	3 608	3 040
Interest margin	16,7%	16,5%
Bad debt ratio	5,1%	3,1%
Administration cost as % of net interest	29,9%	31,1%



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.2 Sanlam Emerging Markets

R million	2013	2012
<b>Analysis of attributable earnings</b>		
Net result from financial services	<b>1 011</b>	428
Life insurance	<b>484</b>	345
Short-term insurance	<b>46</b>	(2)
Investment management	<b>35</b>	27
Credit and banking	<b>428</b>	82
Other	<b>18</b>	(24)
Net investment return	<b>291</b>	166
Net investment income	<b>61</b>	64
Net investment surpluses	<b>230</b>	102
Net other earnings	<b>—</b>	(11)
Project expenses	<b>(29)</b>	(16)
Amortisation of value of business acquired and other intangibles	<b>(10)</b>	(11)
Profit on disposal of subsidiaries and associates	<b>27</b>	3
Net equity-accounted headline earnings	<b>12</b>	13
<b>Normalised attributable earnings</b>	<b>1 302</b>	583
<b>Analysis of net result from financial services</b>		
Life insurance	<b>484</b>	345
Namibia	<b>185</b>	142
Botswana	<b>135</b>	113
Rest of Africa	<b>142</b>	74
India	<b>22</b>	16
Non-life operations	<b>527</b>	83
Namibia	<b>59</b>	16
Botswana	<b>100</b>	84
Rest of Africa	<b>(3)</b>	(15)
India	<b>339</b>	(2)
South-East Asia	<b>32</b>	—
<b>Net result from financial services</b>	<b>1 011</b>	428

## 2. Cluster information (continued)

### 2.2 Sanlam Emerging Markets (continued)

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

R million	GEV at the beginning of period	Earnings	Capital invest- ment	Dividend paid	GEV at the end of period
<b>2013</b>					
Covered business	2 647	1 251	79	(436)	3 541
Non-life operations	3 458	995	2 346	(151)	6 648
Shriram Capital	2 398	686	1 157	(22)	4 219
Letshego	602	114	34	(52)	698
Pacific & Orient	—	126	529	(33)	622
Capricorn Investment Holdings	—	32	676	(26)	682
Sanlam Emerging Markets other operations	458	37	(50)	(18)	427
<b>Group Equity Value</b>	<b>6 105</b>	<b>2 246</b>	<b>2 425</b>	<b>(587)</b>	<b>10 189</b>
<b>2012</b>					
Covered business	2 320	628	5	(306)	2 647
Non-life operations	1 089	41	2 327	1	3 458
Shriram Capital	152	152	2 094	—	2 398
Letshego	465	159	(3)	(19)	602
Sanlam Emerging Markets other operations	472	(270)	236	20	458
<b>Group Equity Value</b>	<b>3 409</b>	<b>669</b>	<b>2 332</b>	<b>(305)</b>	<b>6 105</b>



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.2 Sanlam Emerging Markets (continued)

##### Analysis of business volumes

R million	LIFE INSURANCE			LIFE INSURANCE		
	OTHER	TOTAL	OTHER	TOTAL		
	2013			2012		
Recurring premiums	933	842	1 775	716	340	1 056
Risk	547	—	547	382	—	382
Investment	363	—	363	313	—	313
Short term	—	842	842	—	340	340
Annuities	23	—	23	21	—	21
Single premiums	1 929	6 045	7 974	2 206	9 690	11 896
Risk	830	—	830	781	—	781
Savings	980	—	980	1 294	—	1 294
Continuations	63	—	63	62	—	62
Other	56	6 045	6 101	69	9 690	9 759
<b>Total new business</b>	<b>2 862</b>	<b>6 887</b>	<b>9 749</b>	<b>2 922</b>	<b>10 030</b>	<b>12 952</b>
Recurring premiums on existing business	2 187	—	2 187	1 964	—	1 964
Risk	1 098	—	1 098	1 086	—	1 086
Investment	910	—	910	713	—	713
Annuities	179	—	179	165	—	165
<b>Total funds received from clients</b>	<b>5 049</b>	<b>6 887</b>	<b>11 936</b>	<b>4 886</b>	<b>10 030</b>	<b>14 916</b>
Death and disability benefits	851	—	851	675	—	675
Maturity benefits	963	—	963	532	—	532
Life and term annuities	474	—	474	412	—	412
Surrenders	1 000	—	1 000	870	—	870
Other	220	6 634	6 854	197	8 253	8 450
<b>Total payments to clients</b>	<b>3 508</b>	<b>6 634</b>	<b>10 142</b>	<b>2 686</b>	<b>8 253</b>	<b>10 939</b>

## 2. Cluster information *(continued)*

### 2.2 Sanlam Emerging Markets *(continued)*

#### **Assets under management**

R million	2013	2012
Life insurance operations	23 496	25 649
Other operations	22 036	13 089
Namibia	7 656	6 766
Botswana	13 956	6 023
Rest of Africa	424	300
<b>Assets under management</b>	<b>45 532</b>	<b>38 738</b>



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments

##### Analysis of attributable earnings

R million	INVESTMENT MANAGEMENT		CAPITAL MANAGEMENT	
	2013	2012	2013	2012
Financial services income*	3 450	2 955	615	605
Sales remuneration	(125)	(84)	—	—
Income after sales remuneration	3 325	2 871	615	605
Underwriting policy benefits	—	—	—	—
Administration cost*	(2 444)	(2 258)	(377)	(344)
Results from financial services before performance fees	881	613	238	261
Net performance fees	197	79	17	10
Results from financial services	1 078	692	255	271
Tax on result from financial services	(252)	(159)	(33)	(80)
Non-controlling interest	(24)	(10)	—	—
Net result from financial services	802	523	222	191
Net investment return	75	64	2	11
Net investment income	32	29	—	11
Net investment surpluses	43	35	2	—
Net other earnings	(198)	(174)	—	(1)
Normalised attributable earnings	679	413	224	201

\*Financial services income on page 24 includes performance fees and related administration costs.

#### Investment Management

	NET RESULT FROM FINANCIAL SERVICES		ASSETS UNDER MANAGEMENT	
	2013 R million	2012 R million	2013 R million	2012 R million
Investment Management	740	456	674 031	593 582
Asset Management	371	239	362 934	356 605
Wealth Management	142	58	136 929	107 187
Investment Services	68	74	149 110	123 737
International	164	122	124 744	69 722
Support services	(5)	(37)	—	—
Inter-cluster eliminations	—	—	(99 686)	(63 669)
Capital Management	222	191	3 024	2 863
<b>Asset Management operations</b>	<b>962</b>	<b>647</b>	<b>677 055</b>	<b>596 445</b>
Covered business: Sanlam Employee Benefits	277	261	59 139	52 822
Covered business: Sanlam UK	62	67	35 550	24 385
<b>Sanlam Investments total</b>	<b>1 301</b>	<b>975</b>	<b>771 744</b>	<b>673 652</b>

SANLAM EMPLOYEE BENEFITS		INTRA-CLUSTER CONSOLIDATION		TOTAL	
2013	2012	2013	2012	2013	2012
<b>3 216</b> <b>(48)</b>	3 001 (45)	<b>(13)</b> <b>—</b>	(44) —	<b>7 268</b> <b>(173)</b>	6 517 (129)
<b>3 168</b> <b>(2 045)</b> <b>(738)</b>	2 956 (1 945) (652)	<b>(13)</b> <b>—</b> <b>13</b>	(44) — 44	<b>7 095</b> <b>(2 045)</b> <b>(3 546)</b>	6 388 (1 945) (3 210)
<b>385</b> <b>—</b>	359 —	<b>—</b> <b>—</b>	— —	<b>1 504</b> <b>214</b>	1 233 89
<b>385</b> <b>(108)</b> <b>—</b>	359 (98) —	<b>—</b> <b>—</b> <b>—</b>	— — —	<b>1 718</b> <b>(393)</b> <b>(24)</b>	1 322 (337) (10)
<b>277</b> <b>674</b>	261 493	<b>—</b> <b>—</b>	— —	<b>1 301</b> <b>751</b>	975 568
<b>156</b> <b>518</b>	171 322	<b>—</b> <b>—</b>	— —	<b>188</b> <b>563</b>	211 357
<b>—</b>	—	<b>—</b>	—	<b>(198)</b>	(175)
<b>951</b>	754	<b>—</b>	—	<b>1 854</b>	1 368

FEE INCOME		ADMINISTRATION COST RATIO	
2013 %	2012 %	2013 %	2012 %
<b>0,25</b>	0,23	<b>0,15</b>	0,14
<b>0,76</b>	0,73	<b>0,61</b>	0,65
<b>0,69</b>	0,73	<b>0,62</b>	0,66
<b>0,62</b>	0,74	<b>0,41</b>	0,50
<b>0,84</b>	0,93	<b>0,83</b>	0,72



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments (continued)

##### Investment Management (continued)

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
<b>Asset mix of assets under management</b>						
<b>2013</b>						
Asset Management	98 744	138 448	38 105	10 611	77 026	362 934
Capital Management	—	3 014	—	—	10	3 024
Wealth Management	—	89 548	44 407	—	2 974	136 929
Investment Services	22 270	89 810	14 838	7 166	15 026	149 110
International	—	—	124 744	—	—	124 744
Inter-cluster consolidation						(99 686)
<b>Assets under management – Sanlam Investments</b>	<b>121 014</b>	<b>320 820</b>	<b>222 094</b>	<b>17 777</b>	<b>95 036</b>	<b>677 055</b>
<b>2012</b>						
Asset Management	93 445	151 181	31 954	11 011	69 014	356 605
Capital Management	513	2 341	—	—	9	2 863
Wealth Management	—	68 775	35 396	—	3 016	107 187
Investment Services	30 609	69 086	11 844	4 458	7 740	123 737
International	—	—	69 722	—	—	69 722
Inter-cluster consolidation						(63 669)
<b>Assets under management – Sanlam Investments</b>	<b>124 567</b>	<b>291 383</b>	<b>148 916</b>	<b>15 469</b>	<b>79 779</b>	<b>596 445</b>



## 2. Cluster information (continued)

### 2.3 Sanlam Investments (continued)

#### Sanlam Employee Benefits

R million	2013	2012
<b>Analysis of attributable earnings</b>		
Net result from financial services	277	261
Risk underwriting	152	147
Investment and other	149	136
Working capital management	34	23
Administration	(58)	(45)
Net investment return	674	493
Net investment income	156	171
Net investment surpluses	518	322
Normalised attributable earnings	951	754
<b>Analysis of premiums</b>		
Recurring premiums	300	319
Guaranteed	106	128
Risk	194	191
Single premiums	1 775	1 765
Guaranteed	1 527	1 576
Annuity	248	189



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.3 Sanlam Investments (continued)

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

R million	GEV at beginning of period	Earnings	Capital investment	Dividend paid	GEV at end of period
<b>2013</b>					
Investment Management	10 310	2 628	(288)	(1 002)	11 648
Asset Management	3 919	591	—	(482)	4 028
Wealth Management	1 558	670	22	(145)	2 105
Investment Services	995	37	—	(86)	946
International	3 838	1 330	(310)	(289)	4 569
Covered business	904	326	—	(36)	1 194
Other operations	2 934	1 004	(310)	(253)	3 375
Sanlam Employee Benefits	5 301	1 346	—	(940)	5 707
Sanlam Capital Management	813	230	75	(502)	616
<b>Group Equity Value</b>	<b>16 424</b>	<b>4 204</b>	<b>(213)</b>	<b>(2 444)</b>	<b>17 971</b>
<b>2012</b>					
Sanlam Investment Management	9 031	1 540	373	(634)	10 310
Asset Management	3 411	444	202	(138)	3 919
Wealth Management	1 259	264	70	(35)	1 558
Investment Services	865	190	—	(60)	995
International	3 496	642	101	(401)	3 838
Covered business	791	162	—	(49)	904
Other operations	2 705	480	101	(352)	2 934
Sanlam Employee Benefits	5 077	822	—	(598)	5 301
Sanlam Capital Management	801	177	—	(165)	813
<b>Group Equity Value</b>	<b>14 909</b>	<b>2 539</b>	<b>373</b>	<b>(1 397)</b>	<b>16 424</b>

#### 2.4 Santam

	R million 2013	R million 2012
<b>Business volumes</b>		
Net earned premiums	16 750	15 626
Net fund flows	5 142	4 946
<b>Analysis of earnings</b>		
Gross result from financial services	835	1 008
Ratios		
Admin cost ratio	17,1%	16,6%
Claims ratio	69,3%	68,3%
Underwriting margin	2,8%	3,8%

## 2. Cluster information (continued)

### 2.5 Valuation methodology

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

R million	FAIR VALUE	
	2013	2012
<b>Valuation method</b>		
Ratio of price to assets under management	<b>9 490</b>	8 385
Sanlam Investments	<b>9 040</b>	7 917
Asset Management	<b>3 792</b>	3 640
Wealth Management	<b>1 839</b>	1 335
Investment Services	<b>967</b>	1 003
International	<b>2 351</b>	1 844
Capital Management	<b>91</b>	95
Sanlam Emerging Markets	<b>450</b>	468
<b>Discounted cash flows</b>	<b>10 250</b>	6 983
Sanlam Investments	<b>1 419</b>	1 409
Asset Management	<b>236</b>	222
Wealth Management	<b>266</b>	223
International	<b>917</b>	964
Sanlam Emerging Markets	<b>6 198</b>	2 956
Shriram Capital <sup>(1)</sup>	<b>4 219</b>	2 398
Letshego <sup>(1)</sup>	<b>698</b>	602
Pacific & Orient	<b>622</b>	—
Capricorn Investment Holdings <sup>(1)</sup>	<b>682</b>	—
Other operations	<b>(23)</b>	(44)
Sanlam Personal Finance	<b>2 633</b>	2 618
Glacier	<b>1 336</b>	1 338
Sanlam Personal Loans	<b>836</b>	816
Other operations	<b>461</b>	464
<b>Net asset value</b>	<b>611</b>	927
Sanlam Investments	<b>611</b>	893
Asset Management	<b>—</b>	57
Investment Services	<b>(21)</b>	(8)
International	<b>107</b>	126
Capital Management	<b>525</b>	718
Sanlam Emerging Markets	<b>—</b>	34
	<b>20 351</b>	16 295

As described in the basis of accounting section the presentation format for non-life Group operations has been changed with effect from 2013 to base valuations, with year-to-date earnings reflected as Other capital in the GEV statement and net working capital in the shareholders' fund at fair value. Comparative information has not been restated as the change in presentation does not have an impact on total GEV, GEV earnings and RoGEV.

<sup>(1)</sup> Includes the listed businesses at directors' valuation of R4 054 million (2012: R1 919 million) for Shriram Capital, R698 million (2012: R602 million) for Letshego and R682 million for Capricorn Investment Holdings. The listed values of these operations are R4 073 million (2012: R2 014 million), R803 million (2012: R588 million) and R694 million respectively.



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 2. Cluster information (continued)

#### 2.5 Valuation methodology (continued)

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

	CHANGE IN ASSUMPTION	
	2013	2012
Ratio of price to assets under management (P/AuM)	0,1	0,1
Risk discount rate (RDR)	1,0	1,0
Perpetuity growth rate (PGR)	1,0	1,0

R million	Weighted average assumption	Base value	Decrease in assumption	Increase in assumption
Ratio of price to assets under management	P/AuM = 1,04% (2012: 1,06%)	9 490	8 500	10 480
Discounted cash flows	RDR = 16,6% (2012: 16,4%)	10 250	11 452	9 302
	PGR = 2,5 – 5% (2012: 2,5 – 5%)	10 250	9 806	10 815

### 3. Investments

R million	2013	2012
<b>3.1 Investment in associated companies</b>		
Shriram Capital	4 597	2 604
Pacific & Orient	968	—
Capricorn Investment Holdings	780	—
Letshego	1 376	1 122
Other associated companies	1 232	1 201
<b>Total investment in associated companies</b>	<b>8 953</b>	4 927
Details of the investments in the material associated companies are reflected in note 7 of the Sanlam Group financial statements.		
<b>3.2 Investment in joint ventures</b>		
Sanlam Personal Loans	542	467
Other joint ventures	16	18
<b>Total investment in joint ventures</b>	<b>558</b>	485

Details of the investments in material joint ventures are reflected in note 7 of the Sanlam Group financial statements.

### 3. Investments (continued)

#### 3.3 Equities and similar securities

R million	2013	2012
Listed on the JSE – at market value	8 047	7 772
Unlisted equity and derivative investments – at directors' valuation	376	899
Offshore equity investments	729	651
<b>Total equity investments</b>	<b>9 152</b>	9 322
<b>3.4 Offshore investments</b>		
Investment properties	326	260
Equities	729	651
Interest-bearing investments	750	835
Investment funds	2 192	2 156
Cash, deposits and similar securities	756	376
<b>Total offshore investments</b>	<b>4 753</b>	4 278

#### 3.5 Derivative instruments

Details of the derivative instruments held by the shareholders' fund are as follows:

R million	2013						
	Residual term to contractual maturity				Analysed by use		
	< 1 year	1 – 5 years	> 5 years	Total notional amounts	Trading	Asset liability management	Total fair value of amounts
<b>Interest rate products over-the-counter</b>	(4 618)	5 019	(2 864)	(2 463)	(2 648)	185	(190)
<b>Market risk products</b>							
Fence structures							
Local – bought	1 747	–	–	1 747	160	1 587	(147)
<b>Total market risk products</b>	<b>1 747</b>	<b>–</b>	<b>–</b>	<b>1 747</b>	<b>160</b>	<b>1 587</b>	<b>(147)</b>



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 3. Investments (continued)

#### 3.5 Derivative instruments (continued)

R million	2012						
	Residual term to contractual maturity				Analysed by use		Total fair value of amounts
	< 1 year	1 – 5 years	> 5 years	Total notional amounts	Trading	Asset liability management	
<b>Interest rate products over-the-counter</b>	(1 349)	3 694	1 069	3 414	3 347	67	(27)
<b>Market risk products</b>							
Cliquet structures							
Sold	(87)	(158)	—	(245)	(245)	—	(18)
Fence structures							
Local – bought	1 060	240	—	1 300	—	1 300	(96)
Local – sold	(348)	—	—	(348)	(348)	—	1
<b>Total market risk products</b>	625	82	—	707	(593)	1 300	(113)

#### 4. Financial services income

R million	2013	2012
<b>Equity-accounted earnings included in financial services income:</b>		
Sanlam Personal Finance	186	208
Sanlam Emerging Markets	1 118	411
Sanlam Investments	18	16
	<b>1 322</b>	635

## 5. Administration costs

R million	2013	2012
<b>Depreciation included in administration costs:</b>		
Sanlam Personal Finance	94	99
Sanlam Emerging Markets	25	17
Sanlam Investments	19	20
Santam	67	80
	<b>205</b>	216
<b>6. Investment income</b>		
Equities and similar securities	539	579
Interest-bearing, preference shares and similar securities	627	871
Properties	36	39
Rental income	38	44
Contingent rental income	2	—
Rental related expenses	(4)	(5)
<b>Total investment income</b>	<b>1 202</b>	1 489
<b>Interest expense netted off against investment income</b>	<b>462</b>	482



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 7. Normalised diluted earnings per share

	2013 Cents	2012 Cents
<b>Normalised diluted earnings per share</b>		
Net result from financial services	266,0	198,9
Headline earnings	395,0	292,1
Profit attributable to shareholders' fund	398,4	286,8
	R million	R million
<b>Analysis of normalised earnings (refer shareholders' fund income statement on page 24):</b>		
Net result from financial services	5 429	4 030
Headline earnings	8 060	5 919
Profit attributable to shareholders' fund	8 129	5 811
<b>Reconciliation of normalised headline earnings:</b>		
Headline earnings	8 062	5 763
Less: Fund transfers	(2)	156
<b>Normalised headline earnings</b>	<b>8 060</b>	5 919
	million	million
<b>Adjusted number of shares</b>		
Weighted average number of shares for diluted earnings per share	2 026,7	2 009,4
Add: Weighted average Sanlam shares held by policyholders	13,9	16,9
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 040,6</b>	2 026,3



Million

2013

2012

**8. Value per share**

Fair value per share is calculated on the Group shareholders' fund at fair value of R59 388 million (2012: R53 801 million), divided by 2 048,5 million (2012: 2 032,7 million) shares.

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R42 539 million (2012: R37 632 million), divided by 2 048,5 million (2012: 2 032,7 million) shares.

Equity value per share is calculated on the Group Equity Value of R84 409 million (2012: R75 352 million), divided by 2 048,5 million (2012: 2 032,7 million) shares.

**Number of shares for value per share**

Number of ordinary shares in issue

2 100,0

2 100,0

Shares held by subsidiaries in shareholders' fund

(146,6)

(150,9)

Outstanding shares in respect of Sanlam Limited long-term incentive schemes

28,6

30,6

Convertible deferred shares held by Ubuntu-Botho

66,5

53,0

**Adjusted number of shares for value per share**

2 048,5

2 032,7

**9. Present value of holding company expenses**

The present value of holding company expenses has been calculated by applying a multiple of 8,1 (2012: 8,0) to the after tax recurring corporate expenses.

**10. Share repurchases**

The Sanlam shareholders granted general authorities to the Group at the 2013 and 2012 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire shares during 2013.



# NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

## 11. Reconciliations

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

31 DECEMBER 2013				
R million	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
<b>Net income</b>	<b>102 000</b>	<b>46 257</b>	<b>54 421</b>	<b>1 322</b>
Financial services income	45 104	42 104	—	3 000
Reinsurance premiums paid	(4 963)	—	—	(4 963)
Reinsurance commission received	675	—	—	675
Investment income	19 688	1 202	13 801	4 685
Investment surpluses	47 350	2 951	40 620	3 779
Finance cost – margin business	(69)	—	—	(69)
Change in fair value of external investors liability	(5 785)	—	—	(5 785)
<b>Net insurance and investment contract benefits and claims</b>	<b>(71 376)</b>	<b>(17 894)</b>	<b>(53 487)</b>	<b>5</b>
Long-term insurance contract benefits	(26 480)	(6 286)	(19 381)	(813)
Long-term investment contract benefits	(34 106)	—	(34 106)	—
Short-term insurance claims	(13 861)	(11 608)	—	(2 253)
Reinsurance claims received	3 071	—	—	3 071
<b>Expenses</b>	<b>(18 418)</b>	<b>(16 213)</b>	<b>—</b>	<b>(2 205)</b>
Sales remuneration	(5 825)	(5 192)	—	(633)
Administration costs	(12 593)	(11 021)	—	(1 572)
<b>Impairments</b>	<b>(34)</b>	<b>(21)</b>	<b>—</b>	<b>(13)</b>
<b>Amortisation of intangibles</b>	<b>(263)</b>	<b>(206)</b>	<b>—</b>	<b>(57)</b>
<b>Net operating result</b>	<b>11 909</b>	<b>11 923</b>	<b>934</b>	<b>(948)</b>
Equity-accounted earnings	1 224	102	—	1 122
Finance cost – other	(516)	—	—	(516)
<b>Profit before tax</b>	<b>12 617</b>	<b>12 025</b>	<b>934</b>	<b>(342)</b>
Tax expense	(3 483)	(2 809)	(934)	260
Shareholders' fund	(2 422)	(2 809)	—	387
Policyholders' fund	(1 061)	—	(934)	(127)
<b>Profit from continuing operations</b>	<b>9 134</b>	<b>9 216</b>	<b>—</b>	<b>(82)</b>
<b>Profit for the year</b>	<b>9 134</b>	<b>9 216</b>	<b>—</b>	<b>(82)</b>
<b>Attributable to:</b>				
Shareholders' fund	8 131	8 129	—	2
Non-controlling interest	1 003	1 087	—	(84)
	<b>9 134</b>	<b>9 216</b>	<b>—</b>	<b>(82)</b>

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

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

31 DECEMBER 2012 - RESTATED

Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
89 337	40 559	47 332	1 446
40 414	37 247	—	3 167
(4 611)	—	—	(4 611)
583	—	—	583
19 522	1 489	13 123	4 910
38 303	1 823	34 209	2 271
(185)	—	—	(185)
(4 689)	—	—	(4 689)
(62 566)	(16 255)	(46 318)	7
(27 977)	(5 575)	(21 628)	(774)
(24 690)	—	(24 690)	—
(12 185)	(10 680)	—	(1 505)
2 286	—	—	2 286
(16 408)	(14 786)	—	(1 622)
(5 393)	(4 788)	—	(605)
(11 015)	(9 998)	—	(1 017)
(206)	(174)	—	(32)
(184)	(155)	—	(29)
9 973	9 189	1 014	(230)
584	102	—	482
(453)	—	—	(453)
10 104	9 291	1 014	(201)
(3 670)	(2 583)	(1 014)	(73)
(2 468)	(2 583)	—	115
(1 202)	—	(1 014)	(188)
6 434	6 708	—	(274)
6 434	6 708	—	(274)
5 655	5 811	—	(156)
779	897	—	(118)
6 434	6 708	—	(274)



# NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

## 11. Reconciliations *continued*

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

31 DECEMBER 2013				
R million	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	Consolidation reserve
<b>Assets</b>				
Equipment	586	586	—	—
Owner-occupied properties	672	672	—	—
Goodwill	3 796	3 796	—	—
Other intangible assets	111	111	—	—
Value of business acquired	1 586	1 586	—	—
Deferred acquisition costs	2 976	2 819	157	—
Long-term reinsurance assets	796	—	796	—
Investments	477 550	43 574	435 550	(1 574)
Properties	9 182	349	8 833	—
Associated companies	8 953	8 953	—	—
Joint ventures	827	558	269	—
Equities and similar securities	166 122	9 152	158 544	(1 574)
Interest-bearing investments	131 417	14 652	116 765	—
Structured transactions	11 906	1 372	10 534	—
Investment funds	131 029	5 033	125 996	—
Cash, deposits and similar securities	18 114	3 505	14 609	—
Deferred tax	361	361	—	—
Non-current assets held for sale	415	415	—	—
Short-term insurance technical assets	2 716	2 716	—	—
Working capital assets	69 739	45 514	24 225	—
Trade and other receivables	51 339	29 218	22 121	—
Cash, deposits and similar securities	18 400	16 296	2 104	—
<b>Total assets</b>	<b>561 304</b>	<b>102 150</b>	<b>460 728</b>	<b>(1 574)</b>
<b>Equity and liabilities</b>				
<b>Shareholders' fund</b>	<b>40 965</b>	<b>42 539</b>	<b>—</b>	<b>(1 574)</b>
Non-controlling interest	3 651	3 651	—	—
Long-term policy liabilities	382 309	—	382 309	—
Term finance	6 129	5 558	571	—
External investors in consolidated funds	55 710	—	55 710	—
Cell owners' interest	814	814	—	—
Deferred tax	2 142	1 209	933	—
Derivative liabilities	1 387	350	1 037	—
Short-term insurance technical provisions	11 032	11 032	—	—
Working capital liabilities	57 165	36 997	20 168	—
Trade and other payables	54 799	35 546	19 253	—
Provisions	285	285	—	—
Taxation	2 081	1 166	915	—
<b>Total equity and liabilities</b>	<b>561 304</b>	<b>102 150</b>	<b>460 728</b>	<b>(1 574)</b>

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

31 DECEMBER 2012

Total	Shareholder activities	Policyholder activities <sup>1</sup>	Consolidation reserve
449	449	—	—
665	665	—	—
3 457	3 457	—	—
63	63	—	—
1 599	1 599	—	—
2 717	2 420	297	—
746	—	746	—
401 556	38 236	364 396	(1 076)
10 027	282	9 745	—
4 927	4 927	—	—
485	485	—	—
135 506	9 322	127 260	(1 076)
124 212	14 936	109 276	—
14 831	1 940	12 891	—
97 622	4 684	92 938	—
13 946	1 660	12 286	—
450	450	—	—
308	308	—	—
2 096	2 096	—	—
76 847	40 400	36 447	—
60 288	25 479	34 809	—
16 559	14 921	1 638	—
490 953	90 143	401 886	(1 076)
36 556	37 632	—	(1 076)
2 970	2 970	—	—
328 584	—	328 584	—
5 463	4 939	524	—
38 702	—	38 702	—
688	688	—	—
1 333	725	608	—
610	95	515	—
9 877	9 877	—	—
66 170	33 217	32 953	—
63 469	31 604	31 865	—
396	396	—	—
2 305	1 217	1 088	—
490 953	90 143	401 886	(1 076)



## NOTES TO THE SHAREHOLDERS' FUND INFORMATION

continued

for the year ended 31 December 2013

### 12. Geographical analysis

R million	Per share- holders' fund income statement on page 24	IFRS adjust- ments (refer note 11.1)	Total
<b>Financial services income</b>			
Financial services income is attributed to individual countries, based on where the income was earned.			
<b>2013</b>	<b>42 104</b>	<b>3 000</b>	<b>45 104</b>
South Africa	<b>36 640</b>	<b>3 716</b>	<b>40 356</b>
Rest of Africa	<b>3 448</b>	<b>(316)</b>	<b>3 132</b>
Other international <sup>(1)</sup>	<b>2 016</b>	<b>(400)</b>	<b>1 616</b>
<b>2012</b>	37 247	3 167	40 414
South Africa	33 356	3 492	36 838
Rest of Africa	2 750	(254)	2 506
Other international <sup>(1)</sup>	1 141	(71)	1 070

R million	Per analysis of share- holders' fund on page 22	Policy- holders' fund	Total
<b>Non-current assets<sup>(2)</sup></b>			
<b>2013</b>	<b>9 985</b>	<b>157</b>	<b>10 142</b>
South Africa	<b>8 371</b>	—	<b>8 371</b>
Rest of Africa	<b>182</b>	<b>157</b>	<b>339</b>
Other international <sup>(1)</sup>	<b>1 432</b>	—	<b>1 432</b>
<b>2012</b>	8 961	297	9 258
South Africa	7 388	163	7 551
Rest of Africa	156	134	290
Other international <sup>(1)</sup>	1 417	—	1 417

R million	2013	2012
<b>Attributable earnings (per shareholders' fund income statement on page 24)</b>	<b>8 131</b>	5 655
South Africa	<b>6 641</b>	4 792
Rest of Africa	<b>918</b>	679
Other international <sup>(1)</sup>	<b>572</b>	184

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

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

## EMBEDDED VALUE OF COVERED BUSINESS

at 31 December 2013

R million	Note	2013	2012
<b>Sanlam Personal Finance</b>		<b>33 033</b>	30 144
<b>Adjusted net worth</b>		<b>9 041</b>	8 681
<b>Net value of in-force covered business</b>		<b>23 992</b>	21 463
Value of in-force covered business		<b>25 834</b>	23 168
Cost of capital		<b>(1 842)</b>	(1 705)
<b>Sanlam Emerging Markets</b>		<b>3 541</b>	2 647
<b>Adjusted net worth</b>		<b>1 533</b>	1 145
<b>Net value of in-force covered business</b>		<b>2 008</b>	1 502
Value of in-force covered business		<b>3 313</b>	2 534
Cost of capital		<b>(350)</b>	(273)
Non-controlling interest		<b>(955)</b>	(759)
<b>Sanlam UK<sup>(1)</sup></b>		<b>1 194</b>	904
<b>Adjusted net worth</b>		<b>401</b>	295
<b>Net value of in-force covered business</b>		<b>793</b>	609
Value of in-force covered business		<b>845</b>	664
Cost of capital		<b>(52)</b>	(55)
<b>Sanlam Employee Benefits<sup>(1)</sup></b>		<b>5 707</b>	5 301
<b>Adjusted net worth</b>		<b>4 825</b>	4 825
<b>Net value of in-force covered business</b>		<b>882</b>	476
Value of in-force covered business		<b>1 792</b>	1 374
Cost of capital		<b>(910)</b>	(898)
<b>Embedded value of covered business</b>		<b>43 475</b>	38 996
Adjusted net worth <sup>(2)</sup>		<b>15 800</b>	14 946
Net value of in-force covered business	1	<b>27 675</b>	24 050
<b>Embedded value of covered business</b>		<b>43 475</b>	38 996

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

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



## CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS

for the year ended 31 December 2013

R million	Note	2013				2012			
		Total	Value of in-force	Cost of capital	Adjusted net worth	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>Embedded value of covered business at the beginning of the year</b>		<b>38 996</b>	<b>26 897</b>	<b>(2 847)</b>	<b>14 946</b>	34 875	23 145	(2 823)	14 553
Value of new business	2	1 320	3 012	(186)	(1 506)	1 176	2 680	(153)	(1 351)
Net earnings from existing covered business		3 991	(618)	179	4 430	3 210	(946)	158	3 998
Expected return on value of in-force business		2 585	2 406	179	—	2 560	2 427	133	—
Expected transfer of profit to adjusted net worth		—	(3 693)	—	3 693	—	(3 134)	—	3 134
Operating experience variances	3	1 021	206	(31)	846	555	(342)	8	889
Operating assumption changes	4	385	463	31	(109)	95	103	17	(25)
Expected investment return on adjusted net worth		935	—	—	935	1 075	—	—	1 075
<b>Embedded value earnings from operations</b>		<b>6 246</b>	<b>2 394</b>	<b>(7)</b>	<b>3 859</b>	5 461	1 734	5	3 722
Economic assumption changes	5	(1 077)	(1 042)	(52)	17	874	831	138	(95)
Tax changes		88	67	—	21	(228)	(71)	(97)	(60)
Investment variances – value of in-force		2 387	2 029	(110)	468	1 344	1 229	(70)	185
Investment variances – investment return on adjusted net worth		1 247	—	—	1 247	460	—	—	460
Exchange rate movements		237	259	(22)	—	(3)	(4)	1	—
<b>Embedded value earnings from covered business</b>		<b>9 128</b>	<b>3 707</b>	<b>(191)</b>	<b>5 612</b>	7 908	3 719	(23)	4 212
Acquired value of in-force		79	72	(7)	14	47	33	(1)	15
Transfers from/(to) other Group operations		44	44	—	—	—	—	—	—
Transfers from covered business		(4 772)	—	—	(4 772)	(3 834)	—	—	(3 834)
<b>Embedded value of covered business at the end of the period</b>		<b>43 475</b>	<b>30 720</b>	<b>(3 045)</b>	<b>15 800</b>	38 996	26 897	(2 847)	14 946
<b>Analysis of earnings from covered business</b>									
Sanlam Personal Finance		6 205	2 622	(137)	3 720	6 296	3 355	16	2 925
Sanlam Emerging Markets		1 251	486	(45)	810	628	220	(31)	439
Sanlam UK		326	181	3	142	162	89	(21)	94
Sanlam Employee Benefits		1 346	418	(12)	940	822	55	13	754
<b>Embedded value earnings from covered business</b>		<b>9 128</b>	<b>3 707</b>	<b>(191)</b>	<b>5 612</b>	7 908	3 719	(23)	4 212



## VALUE OF NEW BUSINESS

for the year ended 31 December 2013

R million	Note	2013	2012
<b>Value of new business (at point of sale):</b>			
<b>Gross value of new business</b>		<b>1 654</b>	1 443
Sanlam Personal Finance		<b>1 090</b>	1 003
Sanlam Emerging Markets		<b>407</b>	303
Sanlam UK		<b>43</b>	17
Sanlam Employee Benefits		<b>114</b>	120
<b>Cost of capital</b>		<b>(204)</b>	(165)
Sanlam Personal Finance		<b>(104)</b>	(64)
Sanlam Emerging Markets		<b>(43)</b>	(36)
Sanlam UK		<b>(4)</b>	(3)
Sanlam Employee Benefits		<b>(53)</b>	(62)
<b>Value of new business</b>		<b>1 450</b>	1 278
Sanlam Personal Finance		<b>986</b>	939
Sanlam Emerging Markets		<b>364</b>	267
Sanlam UK		<b>39</b>	14
Sanlam Employee Benefits		<b>61</b>	58
<i>Value of new business attributable to:</i>			
<b>Shareholders' fund</b>	2	<b>1 320</b>	1 176
Sanlam Personal Finance		<b>986</b>	939
Sanlam Emerging Markets		<b>234</b>	165
Sanlam UK		<b>39</b>	14
Sanlam Employee Benefits		<b>61</b>	58
<b>Non-controlling interest</b>		<b>130</b>	102
Sanlam Personal Finance		<b>—</b>	—
Sanlam Emerging Markets		<b>130</b>	102
Sanlam UK		<b>—</b>	—
Sanlam Employee Benefits		<b>—</b>	—
<b>Value of new business</b>		<b>1 450</b>	1 278
<b>Geographical analysis:</b>			
South Africa		<b>1 047</b>	997
Africa		<b>361</b>	266
Other international		<b>42</b>	15
<b>Value of new business</b>		<b>1 450</b>	1 278



## VALUE OF NEW BUSINESS *continued*

for the year ended 31 December 2013

R million	2013	2012
<b>Analysis of new business profitability:</b>		
<i>Before non-controlling interest:</i>		
<b>Present value of new business premiums</b>	<b>44 902</b>	38 129
Sanlam Personal Finance	<b>30 789</b>	27 332
Sanlam Emerging Markets	<b>4 877</b>	4 537
Sanlam UK	<b>5 554</b>	2 210
Sanlam Employee Benefits	<b>3 682</b>	4 050
<b>New business margin</b>	<b>3,23%</b>	3,35%
Sanlam Personal Finance	<b>3,20%</b>	3,44%
Sanlam Emerging Markets	<b>7,46%</b>	5,88%
Sanlam UK	<b>0,70%</b>	0,63%
Sanlam Employee Benefits	<b>1,66%</b>	1,43%
<i>After non-controlling interest:</i>		
<b>Present value of new business premiums</b>	<b>43 197</b>	36 528
Sanlam Personal Finance	<b>30 789</b>	27 321
Sanlam Emerging Markets	<b>3 172</b>	2 947
Sanlam UK	<b>5 554</b>	2 210
Sanlam Employee Benefits	<b>3 682</b>	4 050
<b>New business margin</b>	<b>3,06%</b>	3,22%
Sanlam Personal Finance	<b>3,20%</b>	3,44%
Sanlam Emerging Markets	<b>7,38%</b>	5,60%
Sanlam UK	<b>0,70%</b>	0,63%
Sanlam Employee Benefits	<b>1,66%</b>	1,43%

# NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the year ended 31 December 2013

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
<b>1. Value of in-force sensitivity analysis</b>				
<b>Base value at 31 December 2013</b>	<b>30 720</b>	<b>(3 045)</b>	<b>27 675</b>	
▶ Risk discount rate increase by 1%	<b>28 907</b>	<b>(3 717)</b>	<b>25 190</b>	<b>(9)</b>
▶ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>31 645</b>	<b>(2 992)</b>	<b>28 653</b>	<b>4</b>
▶ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	<b>29 570</b>	<b>(2 955)</b>	<b>26 615</b>	<b>(4)</b>
▶ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	<b>31 273</b>	<b>(2 764)</b>	<b>28 509</b>	<b>3</b>
<i>Expenses and persistency</i>				
▶ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>31 714</b>	<b>(3 041)</b>	<b>28 673</b>	<b>4</b>
▶ Discontinuance rates decrease by 10%	<b>31 627</b>	<b>(3 135)</b>	<b>28 492</b>	<b>3</b>
<i>Insurance risk</i>				
▶ Mortality and morbidity decrease by 5% for life assurance business	<b>32 138</b>	<b>(3 034)</b>	<b>29 104</b>	<b>5</b>
▶ Mortality and morbidity decrease by 5% for annuity business	<b>30 173</b>	<b>(3 025)</b>	<b>27 148</b>	<b>(2)</b>
<b>Base value at 31 December 2012</b>	26 897	(2 847)	24 050	
▶ Risk discount rate increase by 1%	25 604	(3 546)	22 058	(8)
▶ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	27 745	(2 801)	24 944	4
▶ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	25 832	(2 789)	23 043	(4)
▶ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	27 532	(2 571)	24 961	4
<i>Expenses and persistency</i>				
▶ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	27 587	(2 849)	24 738	3
▶ Discontinuance rates decrease by 10%	27 537	(2 933)	24 604	2
<i>Insurance risk</i>				
▶ Mortality and morbidity decrease by 5% for life assurance business	28 135	(2 844)	25 291	5
▶ Mortality and morbidity decrease by 5% for annuity business	26 641	(2 849)	23 792	(1)



## NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

continued

for the year ended 31 December 2013

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
<b>2. Value of new business sensitivity analysis</b>				
<b>Base value at 31 December 2013</b>	1 506	(186)	1 320	
▶ Risk discount rate increase by 1%	1 302	(222)	1 080	(18)
▶ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	1 572	(180)	1 392	5
<i>Expenses and persistency</i>				
▶ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	1 604	(184)	1 420	8
▶ Acquisition expenses (excluding commission and commission-related expenses) decrease by 10%	1 585	(179)	1 406	7
▶ Discontinuance rates decrease by 10%	1 718	(195)	1 523	15
<i>Insurance risk</i>				
▶ Mortality and morbidity decrease by 5% for life assurance business	1 672	(183)	1 489	13
▶ Mortality and morbidity decrease by 5% for annuity business	1 501	(184)	1 317	—

R million	2013	2012
<b>3. Operating experience variances</b>		
Risk experience	645	559
Persistency	211	26
Working capital and other	165	(30)
<b>Total operating experience variances</b>	<b>1 021</b>	555
<b>4. Operating assumption changes</b>		
Risk experience	655	66
Persistency	13	52
Modelling improvements and other	(283)	(23)
<b>Total operating assumption changes</b>	<b>385</b>	95
<b>5. Economic assumption changes</b>		
Investment yields	(1 137)	876
Long-term asset mix assumptions and other	60	(2)
<b>Total economic assumption changes</b>	<b>(1 077)</b>	874

R million	2013	2012
<b>6. Reconciliation of growth from covered business</b>		
The embedded value earnings from covered business reconciles as follows to the net result from financial services for the year:		
Net result from financial services of covered business per note 2 on page 30	<b>3 430</b>	2 737
Sanlam Personal Finance	<b>2 607</b>	2 064
Sanlam Emerging Markets	<b>484</b>	345
Sanlam UK	<b>62</b>	67
Sanlam Employee Benefits	<b>277</b>	261
Investment return on adjusted net worth	<b>2 182</b>	1 475
Embedded value earnings from covered business: value of in-force	<b>3 516</b>	3 696
<b>Embedded value earnings from covered business</b>	<b>9 128</b>	7 908

%	2013	2012
<b>7. Economic assumptions</b>		
<b>Gross investment return, risk discount rate and inflation</b>		
<b>Sanlam Life</b>		
Point used on the relevant yield curve	<b>9 year</b>	9 year
Fixed-interest securities	<b>8,2</b>	6,8
Equities and offshore investments	<b>11,7</b>	10,3
Hedged equities	<b>8,7</b>	7,3
Property	<b>9,2</b>	7,8
Cash	<b>7,2</b>	5,8
Return on required capital	<b>9,2</b>	7,8
Inflation rate <sup>(1)</sup>	<b>6,2</b>	4,8
Risk discount rate	<b>10,7</b>	9,3

<sup>(1)</sup>Expense inflation of 8,2% (2012: 6,8%) assumed for retail business administered on old platforms.



## NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS continued

for the year ended 31 December 2013

%	2013	2012
<b>7. Economic assumptions continued</b>		
<b>SDM Limited</b>		
Point used on the relevant yield curve	<b>5 year</b>	5 year
Fixed-interest securities	<b>7,4</b>	5,9
Equities and offshore investments	<b>10,9</b>	9,4
Hedged equities	<b>n/a</b>	n/a
Property	<b>8,4</b>	6,9
Cash	<b>6,4</b>	4,9
Return on required capital	<b>8,7</b>	7,2
Inflation rate	<b>5,4</b>	3,9
Risk discount rate	<b>9,9</b>	8,4
<b>Sanlam Investments and Pensions</b>		
Point used on the relevant yield curve	<b>15 year</b>	15 year
Fixed-interest securities	<b>3,5</b>	2,3
Equities and offshore investments	<b>6,7</b>	5,5
Hedged equities	<b>n/a</b>	n/a
Property	<b>6,7</b>	5,5
Cash	<b>3,5</b>	2,3
Return on required capital	<b>3,5</b>	2,3
Inflation rate	<b>3,4</b>	2,5
Risk discount rate	<b>7,2</b>	6,0
<b>Botswana Life Insurance</b>		
Fixed-interest securities	<b>8,0</b>	9,0
Equities and offshore investments	<b>11,5</b>	12,5
Hedged equities	<b>n/a</b>	n/a
Property	<b>9,0</b>	10,0
Cash	<b>7,0</b>	8,0
Return on required capital	<b>8,1</b>	9,1
Inflation rate	<b>5,0</b>	6,0
Risk discount rate	<b>11,5</b>	12,5

### Illiquidity premiums

Investment returns on non-participating annuities and guaranteed plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 50bps (2012: 25bps and 50bps) for non-participating annuities and between 25bps and 110bps (2012: 25bps and 110bps) for guaranteed plans.

%	2013	2012
<b>7. Economic assumptions <i>continued</i></b>		
<b>Asset mix for assets supporting required capital</b>		
<b>Sanlam Life</b>		
Equities	<b>26</b>	26
Offshore investments	<b>10</b>	10
Hedged equities	<b>13</b>	13
Fixed-interest securities	<b>15</b>	15
Cash	<b>36</b>	36
	<b>100</b>	100
<b>SDM Limited</b>		
Equities	<b>50</b>	50
Cash	<b>50</b>	50
	<b>100</b>	100
<b>Sanlam Investments and Pensions</b>		
Cash	<b>100</b>	100
	<b>100</b>	100
<b>Botswana Life Insurance</b>		
Equities	<b>15</b>	15
Property	<b>10</b>	10
Fixed-interest securities	<b>25</b>	25
Cash	<b>50</b>	50
	<b>100</b>	100

