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# Salient Results

for the year ended 31 December 2010

		2010	2009	Δ
<b>SANLAM GROUP</b>				
<b>Earnings</b>				
Net result from financial services per share	cents	161,5	131,8	23%
Core earnings per share <sup>(1)</sup>	cents	203,1	179,3	13%
Normalised headline earnings per share <sup>(2)</sup>	cents	251,5	218,5	15%
Diluted headline earnings per share	cents	252,4	218,4	16%
Net result from financial services	R million	3 303	2 705	22%
Core earnings <sup>(1)</sup>	R million	4 154	3 681	13%
Normalised headline earnings <sup>(2)</sup>	R million	5 143	4 485	15%
Headline earnings	R million	5 122	4 429	16%
Group administration cost ratio <sup>(3)</sup>	%	29,6	27,7	
Group operating margin <sup>(4)</sup>	%	19,8	16,9	
<b>Business volumes</b>				
New business volumes	R million	105 526	102 928	3%
Net fund flows	R million	22 026	15 499	42%
Net new covered business				
Value of new covered business	R million	666	607	10%
Covered business PVNBP <sup>(5)</sup>	R million	25 891	25 102	3%
New covered business margin <sup>(6)</sup>	%	2,57	2,42	
<b>Group Equity Value</b>				
Group Equity Value	R million	57 361	51 024	12%
Group Equity Value per share	cents	2 818	2 473	14%
Return on Group Equity Value per share <sup>(7)</sup>	%	18,2	16,2	
Adjusted return on Group Equity Value per share <sup>(8)</sup>	%	16,0	13,1	
<b>SANLAM LIFE INSURANCE LIMITED</b>				
Shareholders' fund	R million	40 521	37 036	
Capital Adequacy Requirements (CAR)	R million	7 375	7 675	
CAR covered by prudential capital	times	3,4	3,1	

## Notes

<sup>(1)</sup> Core earnings = net result from financial services and net investment income (including dividends received from non-operating associates).

<sup>(2)</sup> Normalised headline earnings = core earnings, net project expenses, net investment surpluses, secondary tax on companies and equity-accounted headline earnings less dividends received from non-operating associates, but excluding fund transfers. Headline earnings include fund transfers.

<sup>(3)</sup> Administration costs as a percentage of income after sales remuneration.

<sup>(4)</sup> Result from financial services as a percentage of income after sales remuneration.

<sup>(5)</sup> PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

<sup>(6)</sup> New covered business margin = value of new covered business as a percentage of PVNBP.

<sup>(7)</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 period.

<sup>(8)</sup> Return on Group Equity Value per share, based on investment return assumptions as at the beginning of the year.

## Executive Review

We are pleased to report on another solid performance in the 2010 financial year. An unwavering execution of the Group strategy and appropriate financial discipline in a challenging business environment contributed to a sustained delivery on the Group's commitment to optimise shareholder value.

### Performance review

The primary performance target of the Group is to optimise shareholder value through maximising the return on Group Equity Value (ROGEV) per share. This measure of performance is regarded as the most appropriate given the nature of the Group's business and incorporates the result of all the major value drivers in the business.

A target has been set for the ROGEV per share to exceed the Group's cost of capital on a sustainable basis. Cost of capital is set at the government (9-year) bond yield at the start of each financial year plus 300 basis points, with a target to exceed this return by at least 100 basis points. Over a short-term measurement period the actual return achieved can be distorted by volatile market movements. An 'adjusted' ROGEV is therefore also reported that aims to exclude the impact of investment market volatility. This is calculated by assuming that for purposes of the investment return earned on the supporting capital of covered business and the valuation of other Group operations, the investment return assumptions used at the beginning of the reporting period were actually achieved in that period. Other significant items not under management's control are also excluded.

The target ROGEV per share for 2010 based on the above metrics was 13,4%. The actual 2010 ROGEV per share achieved of 18,2% is well in excess of this target, supported by the favourable equity market performance and a decrease in long-term interest rates during the year. The adjusted ROGEV for 2010 amounted to 16%, which is also in excess of the targeted return. A key measure of performance is also its sustainability. On a cumulative basis the

Group has outperformed the ROGEV performance target since being demutualised in 1998.

Other key indicators used by the Group to evaluate its operational performance are as follows for the 2010 reporting period:

- Net result from financial services increased by 23% on 2009 to 161,5 cents per share;
- New business volumes of R106 billion, up 3% on 2009;
- Value of new life business up 11% to R762 million;
- Net fund inflows of R22 billion in 2010 compared to R15 billion in 2009; and
- Dividend per share increased by 11% to 115 cents per share.

Sanlam shareholders earned a return of 27% on their shareholding in 2010, the combination of a 23% increase in the Sanlam share price and a dividend of 104 cents per share paid in 2010. This is well in excess of the general market return and reflects the continued market confidence in the sustainability of the Group's strategic direction. Measured over a longer term the Sanlam share price continues to outperform the Life and Financial indices since Sanlam's listing in 1998.

### Delivering on strategy

Our strategy, which has proved resilient and sustainable, was fundamental in helping us to once again deliver a solid set of results. The five pillars that continue to make up our strategy are: optimal capital utilisation, earnings growth, costs and efficiencies, diversification and transformation. By focusing resolutely on these five pillars, we have achieved market-leading growth over the past seven years and have transformed Sanlam into an efficient and profitable company with a healthy capital position.

Some of the key strategic initiatives for 2010 include:

- Sanlam International Investment Partners (SIIP) manages Sanlam and external client international assets of more than US\$4,5 billion. SIIP continued

its strategy of acquiring stakes in carefully selected, specialist investment management businesses during 2010, buying a stake in Centre Asset Management, a New York-based equity manager, as well as in Exclusive Holdings, a European property manager.

- Glacier International, the international division of Glacier by Sanlam, was launched at the beginning of 2010 in partnership with US-based Milliman, one of the top risk management companies in the world. This new offering was set up to provide affluent South African clients with innovative ways of investing offshore. The new offering became available in October 2010 and we are confident that this offering will rapidly gain traction.
- Key to the sustainability and ongoing growth of Sanlam UK is the success of the new Sanlam UK Distribution Services division. This division was set up early in 2010 to assist its underlying businesses in achieving greater new business volumes by providing intermediary agencies with expert support in the fields of tax, risk management and business consultancy. Sanlam UK will also be leveraging off the strength of the Sanlam brand, which has become well recognized and respected in the UK, by rebranding and repositioning its subsidiaries in the first half of 2011.
- Sanlam Personal Finance (SPF) launched the pilot version of our new Sanlam Empowerment Funds in October 2010. These funds offer black clients access to empowerment funding asset classes and direct investment into BEE deals. Initial feedback from the market has been positive.
- Sanlam Personal Loans (SPL) expanded its client database to offer loans to selected Sanlam clients in the lower middle market from November 2010. SPL also started a pilot project offering loans to selected Sanlam clients in the entry-level market as well as the segment of the middle market with a poorer credit history.
- As part of our strategy to tap into new markets, Sanlam Developing Markets (SDM) made good progress with a number of new initiatives in 2010. These include launching a new life company in Uganda, acquiring a stake in NICO Life in Malawi and finalising a partnership with First Bank in Nigeria. In addition, Safrican performed very well. The group risk business and agency force in Sanlam Sky Solutions performed above expectation. SDM also managed to establish a medical business, Sanlam Health International, in 2010 which is operational in a number of African countries. In South Africa, SDM also launched icover which provides affordable and easily accessible funeral cover to low income earners.
- SDM's joint venture with the JD Group became operational in 2010.
- The sale of MiWay, the new direct short-term insurance venture, to Santam was finalised in 2010. Santam will reimburse Sanlam's investment of R240 million into MiWay, while Sanlam will also share in any increase in the valuation of MiWay up to December 2013. Sanlam also retains access to the MiWay structures to enable it to distribute other financial services products.
- Following the merger of Telemed with Bestmed in 2010, Sanlam Healthcare Management acquired Eternity Health Administrators to become the fourth largest medical aid administrator in South Africa.

### Capital management

Capital efficiency is a major strategic focus of the Group. Unproductive capital is value dilutive and the optimal utilisation of capital is therefore a key Group priority. Some level of prudence is however required in dealing with what is earmarked as surplus to the Group's requirements until we have a better understanding of the full impact of the new Solvency Assessment and Management (SAM) regime. Our view is that it is too early in the

## Executive Review

### continued

development and roll out of the SAM rules and requirements for any speculation on the potential for surplus capital in addition to what is currently being earmarked as discretionary.

We have allocated R4 billion to our discretionary capital pool. A number of strategic investment opportunities have been identified and are being pursued which, if successful, could utilise a major portion of this capital pool. In addition, we will continue with the buy-back of Sanlam shares in periods of relative price weakness.

#### Looking ahead

The South African economy is not going to stage a large-scale recovery in 2011. Instead we expect slow, yet steady progress, led by household

consumption and followed by a turnaround in capital spending by the business sector. This is likely to lead to a current account deficit, which could curb the rising trend in the exchange rate.

Risks facing us over the shorter term are volatile markets and a continued weakness in the economies of developed markets. Of concern is that the economies of most African countries tend to lag the developed world. Therefore, while slow recovery is starting to set in elsewhere, countries like Botswana are still feeling the recessionary pressures.

The outlook for the financial services business environment is not buoyant, but we expect to see modest growth in 2011. Cautious optimism is therefore in order for 2011.

#### Forward-looking statements

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

# Comments on the results

## Introduction

The Sanlam Group results for the year ended 31 December 2010 are presented based on and in compliance with International Financial Reporting Standards (IFRS), as applicable. The basis of presentation and accounting policies are consistent with those applied in the 2009 annual report, apart from the following:

- **Segmental reporting:** The Investment Management and Capital Markets segments were restructured. Sanlam Private Equity, Sanlam Properties (excluding the property management operations that were transferred to the corporate segment) and Sanlam Structured Solutions were reallocated from Sanlam Investments and combined with Sanlam Capital Markets to form the new Capital Management segment in line with the new management structures.
- **Accounting policies:** Sanlam Sky Solutions and Channel Life were integrated into a single business unit after the acquisition of the minority shareholder interest in Channel Life during 2009. As part of the integration, Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative rand reserves held as part of its insurance contract policy liabilities. Refer below for further information, including the impact on earnings and the Group shareholders' fund.

Comparative information has been restated accordingly, apart from Group Equity Value that has not been restated for the change in accounting policies based on its immaterial impact on this performance measure.

## Business environment

By their nature the Group's operations are exposed to the volatility of financial markets and economic conditions in general. This was again illustrated in the 2010 financial results. The main features to take cognisance of in evaluating the Group's results are highlighted below.

## Economic conditions

Economic growth in the main geographical regions in Africa and the United Kingdom (UK) where the Group operates remained weak. Administrative inflation also continued to put pressure on disposable income in the South African target market areas.

## Equity markets

The South African equity market followed international trends with a strong performance in the latter half of 2010. The FTSE/JSE All Share and Swix Indices closed the year 16% and 18% up respectively on their 31 December 2009 levels. This compares to the respective increases of 29% and 26% in 2009. The strong equity market performance since the latter half of 2009 contributed to a 22% higher average market level during 2010 as compared to 2009.

## Interest rates

Long-term interest rates decreased by 1% since 31 December 2009 while short-term interest rates declined further in 2010 from the exceptionally high levels in early 2009. The result was a 2% fall in the average return earned on the Group's cash portfolio in 2010.

## Foreign currency exchange rates

The rand continued its strong performance against all the major currencies to which the Group has exposure, as reflected in the table below (negative variances indicate a strengthening of the rand).

	EUROPE	UNITED KINGDOM	USA	BOT-SWANA	INDIA	KENYA
FOREIGN CURRENCY/ RAND	EURO	GBP	US\$	BWP	INR	KES
31/12/2008	12.85	13.33	9.24	1.26	0.19	0.13
31/12/2009	10.56	11.89	7.36	1.13	0.16	0.10
	-17.8%	-10.8%	-20.3%	-10.3%	-15.8%	-23.1%
31/12/2009	10.56	11.89	7.36	1.13	0.16	0.10
31/12/2010	8.88	10.36	6.62	1.05	0.15	0.09
	-15.9%	-12.9%	-10.1%	-7.1%	-6.3%	-10.0%
Average: 2009	11.62	13.04	8.31	1.2	0.17	0.11
Average: 2010	9.68	11.29	7.30	1.1	0.16	0.10
	-16.7%	-13.4%	-12.2%	-8.3%	-5.9%	-9.1%

# Comments on the results

## continued

### Group Equity Value (GEV)

GEV is the aggregate of the following components:

- The embedded value of covered business, being the life insurance businesses of the Group, which comprises the required capital supporting these operations and the net present value of their in-force books of business (VIF);
- The fair value of other Group operations based on longer term assumptions, which includes the investment management, capital markets, credit, short-term insurance and the non-covered wealth management operations of the Group; and
- The fair value of discretionary and other capital.

GEV provides an indication of the value of the Group's operations, but without placing any value on future new covered business to be written by the Group's life insurance businesses. Sustainable return on GEV is the primary performance benchmark used by the Group in evaluating the success of its strategy to maximise shareholder value.

### Group Equity Value at 31 December 2010

R million	2010			Restated 2009		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Embedded value of covered business	31 045	14 033	17 012	28 988	14 247	14 741
Sanlam Personal Finance	21 488	8 144	13 344	19 884	8 098	11 786
Sanlam Developing Markets	3 952	1 104	2 848	3 479	1 363	2 116
Sanlam UK	638	212	426	665	217	448
Sanlam Employee Benefits	4 967	4 573	394	4 960	4 569	391
Other group operations	19 413	19 413	-	16 833	16 833	-
Retail cluster	3 359	3 359	-	2 707	2 707	-
Institutional cluster	7 525	7 525	-	6 977	6 977	-
Short-term insurance	8 529	8 529	-	7 149	7 149	-
Capital diversification	-	-	-	(700)	(700)	-
Other capital and net worth adjustments	2 903	2 903	-	2 403	2 403	-
	53 361	36 349	17 012	47 524	32 783	14 741
Discretionary capital	4 000	4 000	-	3 500	3 500	-
<b>Group Equity Value</b>	<b>57 361</b>	<b>40 349</b>	<b>17 012</b>	<b>51 024</b>	<b>36 283</b>	<b>14 741</b>

Issued shares for value per share (million)	2 035,5	2 063,1
Group Equity Value per share (cents)	2 818	2 473
Share price (cents)	2 792	2 275
Discount	-1%	-8%



The GEV as at 31 December 2010 amounted to R57,4 billion, up 12% on the R51 billion at the end of 2009. On a per share basis GEV increased by 14% from 2 473 cents to 2 818 cents at 31 December 2010, after allowing for the 104 cents per share dividend paid in 2010. The Sanlam share price traded at a 1% discount to GEV by close of trading on 31 December 2010, substantially eliminating the 8% discount at the end of 2009.

As a financial services organisation, the Group has a material exposure to the investment markets, both in respect of the shareholder capital portfolio that is invested in financial instruments, as well as a significant portion of the fee income base that is linked to the level of assets under management. After the negative GEV return in 2008 (-1,7%) that reflected the depressed financial markets at the time, the Group's performance recovered in 2009 and 2010 in line with the stronger investment markets. Sanlam achieved a ROGEV per share of 18,2% in 2010 relative to the 16,2% achieved in 2009 and well up on the 13,4% target set for the year.

### Return on Group Equity Value for the year ended 31 December 2010

	2010		2009	
	Earnings R million	Return %	Earnings R million	Return %
<b>Covered business</b>	<b>5 057</b>	<b>17,5</b>	<b>4 421</b>	<b>15,5</b>
Sanlam Personal Finance	3 782	19,0	2 815	14,4
Sanlam Developing Markets	676	19,7	467	16,7
Sanlam UK	(7)	(1,1)	(14)	(2,1)
Sanlam Employee Benefits	606	12,2	1 153	20,8
<b>Other operations</b>	<b>4 100</b>	<b>24,4</b>	<b>3 802</b>	<b>28,0</b>
Sanlam Personal Finance	743	46,1	188	13,2
Sanlam Developing Markets	98	37,4	102	63,8
Sanlam UK	48	5,8	(75)	(8,9)
Institutional cluster	1 155	16,6	1 454	26,4
Short-term insurance	2 056	28,8	2 133	40,5
<b>Discretionary and other capital</b>	<b>165</b>		<b>(774)</b>	
Balance of portfolio	400		(334)	
Shriram goodwill less value of in-force acquired	(20)		(87)	
Treasury shares and other	(153)		(244)	
Change in net worth adjustments	(62)		(109)	
<b>Return on Group Equity Value</b>	<b>9 322</b>	<b>18,3</b>	<b>7 449</b>	<b>16,5</b>
<b>Return on Group Equity Value per share</b>		<b>18,2</b>		<b>16,2</b>

Covered business yielded a return of 17,5% compared to 15,5% in 2009. The favourable return during 2010 is the combined effect of the following:

- Net value added by new business written of R666 million (2009: R607 million) and earnings from the existing in-force book of R2,6 billion (2009: R2,4 billion). The increase in the latter was aided by positive experience variances of R468 million, essentially related to positive risk experience and interest earned on net working capital. Net operating assumption changes were negative R47 million, adversely impacted by a strengthening in long duration persistency assumptions in Sanlam Personal Finance;

## Comments on the Results

### continued

- The decrease in long-term interest rates and simultaneous change in long-term return assumptions resulted in a positive change in the economic assumptions base of R430 million, compared to negative change of R1,2 billion in 2009;
- The assets held in policyholder portfolios were positively impacted by the improved market conditions, resulting in an increase in expected future fee income. This, combined with assets increasing in some portfolios in excess of the related liabilities, contributed to investment variances of R332 million in 2010 after a similar increase of R1,1 billion in 2009; and
- Sustained positive investment returns on the capital supporting the life operations of R1,2 billion compared to a return of R1,6 billion in 2009. The 2010 result comprises an expected investment return of R1,1 billion (2009: R1,1 billion) and positive investment variances of R4 million (2009: R0,5 billion). The lower positive variance in 2010 can be ascribed to the lower level of interest earned on the cash exposure in the portfolios as well as lower offshore returns.

The valuations of the other Group operations were positively impacted by the continued improvement in market conditions and yielded a positive return of 24% for 2010 (28% in 2009). The Group's investment in Santam was again the largest contributor to this performance. Following a return of 42% in 2009, the investment in Santam yielded a return of R2 billion (30%) in 2010. Sterling operational performance from the non-life businesses in SPF and SDM is reflected in a respective 46% and 37% return on those businesses in 2010. Operations in the Institutional cluster achieved a return of 17%. As mentioned above, the Institutional cluster's performance is directly linked to the higher overall level of assets under management following the strong investment market performance during the year. The Group's businesses in the UK are still experiencing the aftermath of the financial market crisis but yielded a satisfactory return of 6% for the year, given the strong rand exchange rate.

## Earnings

### Summarised shareholders' fund income statement for the year ended 31 December 2010

R million	2010	Restated 2009	Δ
Net result from financial services	3 303	2 705	22%
Net investment return	2 123	2 049	4%
Net investment income	851	976	-13%
Net investment surpluses	1 131	1 032	10%
Net equity-accounted earnings	141	41	244%
Project expenses	(48)	(28)	-71%
BEE transaction costs	(8)	(7)	-14%
Secondary tax on companies	(135)	(150)	10%
Amortisation of intangible assets	(92)	(84)	-10%
<b>NORMALISED HEADLINE EARNINGS</b>	<b>5 143</b>	<b>4 485</b>	<b>15%</b>
Other non-headline earnings and impairments	401	(41)	
<b>Normalised attributable earnings</b>	<b>5 544</b>	<b>4 444</b>	<b>25%</b>

### Net result from financial services

The net result from financial services or net operating profit improved across the Group since the end of June 2010 to record 22% growth on the 2009 financial year.

### Net result from financial services for the year ended 31 December 2010

R million	2010	Restated 2009	Δ
Retail cluster	1 979	1 694	17%
Sanlam Personal Finance	1 715	1 498	14%
Sanlam Developing Markets	218	163	34%
Sanlam UK	46	33	39%
Institutional cluster	861	890	-3%
Sanlam Investments	489	516	-5%
Sanlam Employee Benefits	171	154	11%
Capital Management	201	220	-9%
Short-term insurance cluster	575	242	138%
Santam	623	313	99%
MiWay	(48)	(71)	32%
Corporate and other	(112)	(121)	7%
<b>Net result from financial services</b>	<b>3 303</b>	<b>2 705</b>	<b>22%</b>

- Sanlam Personal Finance's net operating profit is 14% up on 2009. Profit from the life operations benefited from improved risk underwriting profits attributable to lower claims, increased releases from the asset mismatch reserve (based on the higher level of this reserve during 2010) and an increase in profits from the non-participating annuity book. The non-life operations more than doubled their profit contribution, with Sanlam Personal Loans being the largest contributor. Sanlam Personal Loans was affected by higher doubtful debt provisions in 2009 in light of the recessionary conditions, which did not recur in 2010. An increase in the size of its loan book also contributed to increased profitability.
- The Sanlam Developing Markets net operating profit of R218 million is 34% up on 2009. The South African and Botswana operations remain the largest contributors, with both regions contributing to the growth. In South Africa earnings were negatively impacted by weaker premium collection and claims experience, but this was offset by a strong performance from the group risk and Safrican businesses. Botswana recorded positive experience variances in most areas, with its results also supported by strong earnings growth from personal loans business, through its equity-accounted investment in Letshego.
- Sanlam UK's net operating profit is 39% higher than 2009, with both Merchant Investors and Principal recording improved performances. Merchant Investors had positive experience in respect of most of its key actuarial assumptions. Principal's profit base is directly linked to the level of assets under management, which was supported by both strong net fund flows and the recovery in UK investment markets.
- The Institutional cluster operations recorded a net operating profit of R861 million, which is 3% down on 2009.
  - Sanlam Investments' net operating profit of R489 million is 5% down on 2009. Excluding the release of expense over provisions in 2009, comparable net operating profit increased by 10%. Fee income increased in line with higher assets under management, supported by the higher average level of investment markets. Net performance fees also increased compared to 2009.

## Comments on the Results continued

- Sanlam Employee Benefits' net operating profit increased by 11% from R154 million in 2009 to R171 million for the 2010 financial year. High claims experience negatively impacted on risk underwriting profits. This was however more than offset by higher annuity mismatch profits and higher investment fees at Sanlam Structured Solutions. The Retirement Fund Administration business is still in a loss making position. Progress is however being made to improve the profitability of this business.
- The Capital Management business grouping reported a 9% decrease in its net operating profit, which reflects an improvement since the end of June 2010. Within Sanlam Capital Markets, the Debt and Equities divisions reported strong results, which were partly offset by the continued impact of a lack of deal flow in the Market Activity division. Carried interest earned by Sanlam Private Equity on the exit of investments also provided support to the cluster's results. This was, however, offset by property development losses at Sanlam Properties, where the tough economic conditions continue to impact severely on the residential property market and required a provision against the realisable value of its property developments.
- Santam's excellent underwriting margins continued in the latter half of the year. Underwriting profit increased by 157% following the improved claims experience. Interest earned on working capital is 6% lower than the comparable period in 2009, the combined result of higher float balances, offset by lower short-term interest rates.

### *Normalised headline earnings*

Normalised headline earnings of R5,1 billion are 15% higher than in 2009. Normalised headline earnings exclude the IFRS accounting impact of investments in Sanlam shares and Group subsidiaries held by the policyholders' fund. Including the effect of fund transfers recognised in terms of IFRS in respect of these shares, headline earnings per share increased by 16%.

## Business volumes

### *New business flows*

New business volumes for the Group increased by 3% to R106 billion (up 3% to R100 billion excluding white label business). The growth is supported by a 6% increase in short-term insurance business, with new life and investment business sales increasing by 3%. Net fund inflows reflect a very pleasing 42% growth.

### **Business volumes for the year ended 31 December 2010**

R million	New business			Net flows		
	2010	2009	Δ	2010	2009	Δ
Sanlam Personal Finance	32 042	30 972	3%	5 629	7 048	-20%
Sanlam Developing Markets	3 187	2 702	18%	2 726	1 229	122%
Sanlam UK	3 059	2 140	43%	699	(199)	-
Institutional cluster	47 992	48 030	-	7 514	3 301	128%
Short-term insurance	13 667	12 896	6%	4 900	3 796	29%
	99 947	96 740	3%	21 468	15 175	41%
White label	5 579	6 188	-10%	558	324	72%
<b>Total new business</b>	<b>105 526</b>	<b>102 928</b>	<b>3%</b>	<b>22 026</b>	<b>15 499</b>	<b>42%</b>

- Growth in Sanlam Personal Finance's new business volumes was dampened by low demand for single premium savings solutions in South Africa as well as slightly lower new business sales in Namibia. The low interest rate environment in South Africa eroded the attractiveness of guaranteed plan and single premium annuity products in particular. Recurring premium risk business remained attractive and increased by 9%. A welcome development is higher demand for recurring premium savings products, particularly retirement annuities that increased by 12%. Unit trust sales in Namibia performed well to be broadly in line with the high base of 2009. In the context of the challenging environment, Sanlam Personal Finance's overall 3% growth in new business volumes represent a satisfactory performance. Net fund flows remained strong, despite the lack of growth in single premiums, aided by improved persistency levels.
- Sanlam Developing Markets recorded a strong 18% growth in new business volumes. Excluding roll-overs of discontinued South African single premium business, new business sales increased by an exemplary 24%. South African recurring premium new business sales increased by 8%. Growth in South Africa was deliberately slowed down as part of a renewed focus on writing high quality business. All of the other African operations recorded growth in excess of 20%, with strong bancassurance, group life and credit life volumes contributing to an overall 31% growth in Rest of Africa new business, after allowing for the negative impact of the stronger rand exchange rate. Despite a challenging regulatory environment in India, Shriram Life Insurance continued its growth trend. Net fund flows benefited from the strong new business volumes and more than doubled on 2009.
- Although the UK economic conditions improved somewhat during 2010, trading conditions remained challenging with retail investors remaining cautious. Much improved investment market performance, however, provided some support. Despite these trading conditions, Sanlam UK recorded 43% growth in new business sales, with the largest contribution from Principal. In sterling terms, new business sales increased by a particularly satisfactory 65%.
- The Institutional cluster recorded flat new inflows but a more than doubling in net fund inflows. The group life market proved particularly challenging for Sanlam Employee Benefits, especially after a very strong second half performance in 2009, and it reported a 31% decrease in new business. Both single and recurring premium business lagged 2009. New investment mandates increased by 1%. Sanlam Multi Manager and the international businesses recorded growth in excess of 50%. This was, however, offset by a decline at Sanlam Private Investments from the high base in 2009, continued low demand for money-market business at Sanlam Collective Investments and lower new RSA segregated flows.
- The Group's Short-term operations (including Santam, MiWay and Shriram General Insurance) recorded a 6% increase in net earned premiums. Growth conditions remained tough in 2010, with the competitive environment depressing premium rates.

## Comments on the Results

### continued

#### *Value of new covered business*

The Group's strategic focus on profitable earnings growth is evident in our ability to retain new business margins, despite pressure on new life business volumes in particularly the middle-income market in South Africa. The value of new life business (VNB) written during 2010 increased by 11% on 2009 to reach R762 million. After minorities, VNB increased by 10% to R666 million.

#### **Value of new covered business for the year ended 31 December 2010**

R million	2010	2009	Δ
Value of new covered business	762	689	11%
Sanlam Personal Finance	386	320	21%
Sanlam Developing Markets	345	290	19%
Sanlam UK	11	14	-21%
Sanlam Employee Benefits	20	65	-69%
Net of minorities	666	607	10%
Present value of new business premiums	27 334	26 365	4%
Sanlam Personal Finance	17 555	16 573	6%
Sanlam Developing Markets	6 584	5 711	15%
Sanlam UK	996	951	5%
Sanlam Employee Benefits	2 199	3 130	-30%
Net of minorities	25 891	25 102	3%
New covered business margin	2,79%	2,61%	
Sanlam Personal Finance	2,20%	1,93%	
Sanlam Developing Markets	5,24%	5,08%	
Sanlam UK	1,10%	1,47%	
Sanlam Employee Benefits	0,91%	2,08%	
Net of minorities	2,57%	2,42%	

## Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of the 2010 financial year. 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 R25,3 billion covered its capital adequacy requirements (CAR) 3,4 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of 2010.

## Dividend

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 dividend, subject to the Group's liquidity and solvency requirements. The operational performance of the Group in the 2010 financial year enabled the Board to increase the dividend per share by 11% to 115 cents. This will maintain a cash operating earnings cover of approximately 1,1 times.

Shareholders are advised that the final cash dividend of 115 cents for the year ended 31 December 2010 is payable on Tuesday, 10 May 2011 to ordinary shareholders recorded in the register of Sanlam at the close of business on Friday, 29 April 2011. The last date to trade to qualify for this dividend will be Tuesday, 19 April 2011, and Sanlam shares will trade ex-dividend from Wednesday, 20 April 2011.

Dividend payment by way of electronic bank transfers will be effected on Tuesday, 10 May 2011. The mailing of cheque payments in respect of dividends due to those shareholders who have not elected to receive electronic dividend payments will commence on or as soon as practically possible after this date.

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 April 2011 and Friday, 29 April 2011, both days inclusive.

Desmond Smith  
Chairman

Johan van Zyl  
Group Chief Executive

Sanlam Limited  
Cape Town  
9 March 2011







SANLAM GROUP  
FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2010



## Accounting policies and basis of presentation

The accounting policies adopted for purposes of the financial statements comply with International Financial Reporting Standards (IFRS), specifically IAS 34 on interim financial reporting, the AC 500 Standards as issued by the Accounting Practices Board or its successor, and with applicable legislation. The condensed financial statements are presented in terms of IAS 34, with additional disclosure where applicable, using accounting policies consistent with those applied in the 2009 financial statements, apart from the changes indicated below. 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 2009, apart from changes in the economic assumptions and change in accounting policy for Channel Life's insurance contracts, as set out below.

The basis of preparation and presentation of the shareholders' information is also consistent with that applied in the 2009 financial statements, apart from the following change in segmental reporting:

- The Investment Management and Capital Markets segments were restructured. Sanlam Private Equity, Sanlam Properties (excluding the property management operations that were reallocated to the corporate segment) and Sanlam Structured Solutions were reallocated from Sanlam Investments and combined with Sanlam Capital Markets to form the new Capital Management segment. Comparative information has been restated accordingly. The impact on the applicable segments' results was immaterial.

### Application of new and revised IFRSs and interpretations

The following new or revised IFRSs and interpretations are applied in the Group's 2010 financial year:

- IAS 27 Amended Consolidated and Separate Financial Statements

- IAS 39 Amended Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRS 3 Revised Business Combinations
- IFRIC 17 Distribution of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- April 2009 Improvements to IFRS
- Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions
- AC 504: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in a South African Pension Fund Environment

The application of these standards and interpretations did not have a significant impact on the Group's financial position, reported results and cash flows.

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

- Amendment to IAS 32 - Classification of Rights Issues (effective 1 February 2010)
- IAS 24 revised - Related Party Disclosures (effective 1 January 2011)
- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
- May 2010 Improvements to IFRS (mostly effective 1 January 2011)

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.

## Accounting policies and basis of presentation continued

### *Change in accounting policies*

Sanlam Sky Solutions and Channel Life were integrated into a single business unit after the acquisition of the minority shareholder interest in Channel Life during 2009. As part of the integration, Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative rand reserves held as part of its insurance contract policy liabilities. The alignment of the accounting policies results in a more consistent presentation of the Sanlam Group results.

### External Audit

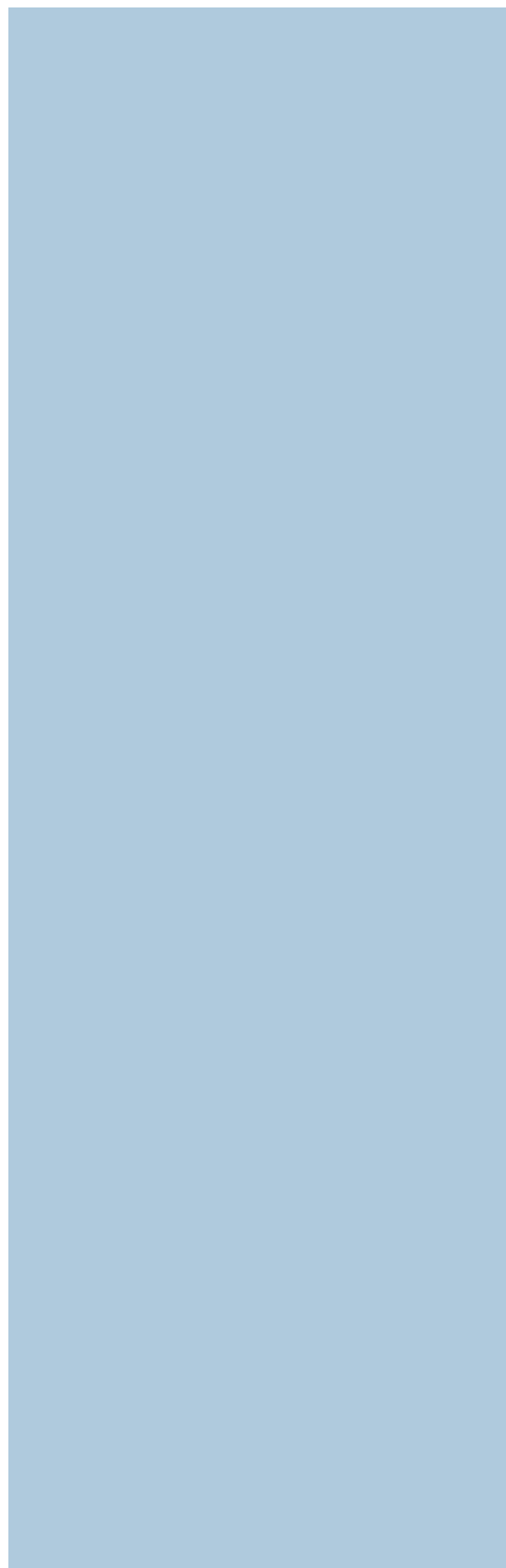
The Group financial statements have been extracted from the Group's 2010 audited annual financial statements, which have been audited by Ernst & Young Inc. and their unqualified audit opinion is available for inspection at the company's registered office. The Shareholders' information has also been subject to external audit by Ernst & Young Inc. and the unqualified audit opinion is available for inspection at the registered office of Sanlam Limited.

# Shareholders' Information

for the year ended 31 December 2010

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# Group Equity Value

at 31 December 2010

<i>R million</i>	Note	2010			Restated 2009		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		23 542	10 198	13 344	21 496	9 710	11 786
Covered business <sup>(1)</sup>		21 488	8 144	13 344	19 884	8 098	11 786
Glacier		965	965	—	762	762	—
Sanlam Personal Loans		365	365	—	133	133	—
Multi-Data		149	149	—	166	166	—
Sanlam Trust		185	185	—	160	160	—
Sanlam Home Loans		—	—	—	120	120	—
Anglo African Finance		50	50	—	42	42	—
Sanlam Healthcare Management		235	235	—	130	130	—
Sanlam Namibia Holdings		105	105	—	99	99	—
Sanlam Developing Markets		4 356	1 508	2 848	3 741	1 625	2 116
Covered business <sup>(1)</sup>		3 952	1 104	2 848	3 479	1 363	2 116
Sanlam Developing Markets: other operations		404	404	—	262	262	—
Sanlam UK		1 539	1 113	426	1 498	1 050	448
Covered business <sup>(1)</sup>		638	212	426	665	217	448
Principal		318	318	—	283	283	—
Buckles		42	42	—	38	38	—
Punter Southall Group		227	227	—	259	259	—
Other UK operations		140	140	—	7	7	—
Preference shares, interest- bearing instruments and other		174	174	—	246	246	—
Institutional cluster		12 492	12 098	394	11 937	11 546	391
Covered business <sup>(1)</sup>		4 967	4 573	394	4 960	4 569	391
Sanlam Investments		6 569	6 569	—	5 993	5 993	—
Coris Administration and Infinet		25	25	—	—	—	—
Capital Management		931	931	—	984	984	—
Short-term insurance		8 529	8 529	—	7 149	7 149	—
MiWay		—	—	—	127	127	—
Shriram General Insurance		143	143	—	115	115	—
Santam		8 386	8 386	—	6 907	6 907	—
Group operations		50 458	33 446	17 012	45 821	31 080	14 741
Capital diversification		—	—	—	(700)	(700)	—
Discretionary capital		4 000	4 000	—	3 500	3 500	—
Balanced portfolio - other		4 157	4 157	—	3 595	3 595	—
Group Equity Value before adjustments to net worth		58 615	41 603	17 012	52 216	37 475	14 741
Net worth adjustments		(1 254)	(1 254)	—	(1 192)	(1 192)	—
Present value of holding company expenses	18	(1 232)	(1 232)	—	(1 165)	(1 165)	—
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares		(22)	(22)	—	(27)	(27)	—
<b>Group Equity Value</b>		<b>57 361</b>	<b>40 349</b>	<b>17 012</b>	<b>51 024</b>	<b>36 283</b>	<b>14 741</b>
<b>Value per share (cents)</b>	17	<b>2 818</b>	<b>1 982</b>	<b>836</b>	<b>2 473</b>	<b>1 759</b>	<b>715</b>

<i>R million</i>	Note	2010			Restated 2009		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
<b>Analysis per type of business</b>							
Covered business <sup>(1)</sup>		31 045	14 033	17 012	28 988	14 247	14 741
Sanlam Personal Finance		21 488	8 144	13 344	19 884	8 098	11 786
Sanlam Developing Markets		3 952	1 104	2 848	3 479	1 363	2 116
Sanlam UK		638	212	426	665	217	448
Institutional cluster		4 967	4 573	394	4 960	4 569	391
Other Group operations	16	19 413	19 413	—	16 833	16 833	—
Discretionary and other capital		6 903	6 903	—	5 203	5 203	—
<b>Group Equity Value</b>		<b>57 361</b>	<b>40 349</b>	<b>17 012</b>	<b>51 024</b>	<b>36 283</b>	<b>14 741</b>
<b>Analysis of covered business</b>							
Sanlam Personal Finance		21 488	8 144	13 344	19 884	8 098	11 786
Allocated capital		21 488	8 144	13 344	19 436	7 650	11 786
Utilisation of capital diversification		—	—	—	448	448	—
Sanlam Developing Markets		3 952	1 104	2 848	3 479	1 363	2 116
Allocated capital		3 952	1 104	2 848	3 479	1 363	2 116
Utilisation of capital diversification		—	—	—	—	—	—
Sanlam UK		638	212	426	665	217	448
Allocated capital		638	212	426	665	217	448
Utilisation of capital diversification		—	—	—	—	—	—
Institutional cluster		4 967	4 573	394	4 960	4 569	391
Allocated capital		4 967	4 573	394	4 708	4 317	391
Utilisation of capital diversification		—	—	—	252	252	—
<b>Covered business</b>		<b>31 045</b>	<b>14 033</b>	<b>17 012</b>	<b>28 988</b>	<b>14 247</b>	<b>14 741</b>
Allocated capital		31 045	14 033	17 012	28 288	13 547	14 741
Utilisation of capital diversification		—	—	—	700	700	—

<sup>(1)</sup> Refer embedded value of covered business on page 61.

# Change in Group Equity Value

for the year ended 31 December 2010

<i>R million</i>	2010	2009
<b>Earnings from covered business<sup>(1)</sup></b>	5 057	4 421
<b>Earnings from other Group operations</b>	4 100	3 802
Operations valued based on ratio of price to assets under management	1 136	1 381
Assumption changes	137	177
Change in assets under management	622	807
Earnings for the year and changes in capital requirements	564	732
Foreign currency translation differences and other	(187)	(335)
Operations valued based on discounted cash flows	782	43
Expected return	301	306
Operating experience variances and other	34	(32)
Assumption changes	521	(174)
Foreign currency translation differences	(74)	(57)
Operations valued at net asset value – earnings for the year	56	143
Listed operations – investment return	2 126	2 235
<b>Earnings from discretionary and other capital</b>	165	(774)
Investment return	400	(334)
Intangible assets less value of in-force (VIF) acquired	(20)	(87)
Treasury shares and other	(153)	(244)
Change in adjustments to net worth	(62)	(109)
<b>Group Equity Value earnings</b>	9 322	7 449
Dividends paid	(2 112)	(1 978)
Shares cancelled	(1 234)	(615)
Cost of treasury shares acquired	372	930
Sanlam share buy back	(887)	–
Transfer to shares cancelled	1 234	615
Share incentive scheme and other	25	315
Change in accounting policy	(11)	–
<b>Group Equity Value at beginning of the year</b>	51 024	45 238
<b>Group Equity Value at end of the year</b>	57 361	51 024

<sup>(1)</sup> Refer embedded value of covered business on page 61.



# Return on Group Equity Value

for the year ended 31 December 2010

	2010		Restated 2009	
	Earnings R million	Return %	Earnings R million	Return %
<b>Sanlam Personal Finance</b>	4 525	21,1	3 003	14,3
Covered business <sup>(1)</sup>	3 782	19,0	2 815	14,4
Other operations	743	46,1	188	13,2
<b>Sanlam Developing Markets</b>	774	21,0	569	19,2
Covered business <sup>(1)</sup>	676	19,7	467	16,7
Other operations	98	37,4	102	63,8
<b>Sanlam UK</b>	41	2,7	(89)	(5,8)
Covered business <sup>(1)</sup>	(7)	(1,1)	(14)	(2,1)
Other operations	48	5,8	(75)	(8,9)
<b>Institutional cluster</b>	1 761	14,8	2 607	22,6
Covered business <sup>(1)</sup>	606	12,2	1 153	20,8
Sanlam Investments	1 023	17,1	1 165	23,2
Coris Administration and Infnit Capital Management	23	—	(70)	(129,6)
	109	11,1	359	38,4
<b>Short-term insurance Discretionary and other capital</b>	2 056	28,8	2 133	40,5
	165		(774)	
Balance of portfolio	400		(334)	
Intangible assets less value of in-force acquired	(20)		(87)	
Treasury shares	(153)		(244)	
Change in net worth adjustments	(62)		(109)	
<b>Return on Group Equity Value</b>	<b>9 322</b>	<b>18,3</b>	<b>7 449</b>	<b>16,5</b>
<b>Return on Group Equity Value per share</b>		<b>18,2</b>		<b>16,2</b>

<sup>(1)</sup> Refer embedded value of covered business on page 61.

# Return on Group Equity Value

for the year ended 31 December 2010

<i>R million</i>	2010	2009
<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 34	5 544	4 444
Earnings recognised directly in equity	160	120
Dilution from Santam treasury share transactions	(31)	(19)
Share-based payments	191	139
Net foreign currency translation gains recognised in other comprehensive income	(408)	(309)
Movement in fair value adjustment – shareholders' fund at fair value	2 165	2 442
Movement in adjustments to net worth	(17)	(139)
Present value of holding company expenses	(67)	(113)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	5	4
Change in goodwill and value of business acquired adjustments less value of in-force acquired	45	(30)
Treasury shares and other	(152)	(244)
Change in accounting policies recognised on 1 January 2010 for GEV purposes	—	9
Growth from covered business: value of in-force <sup>(1)</sup>	2 030	1 126
<b>Return on Group Equity Value</b>	<b>9 322</b>	<b>7 449</b>

<sup>(1)</sup> Refer embedded value of covered business on page 61.

# Adjusted return on Group Equity Value

for the year ended 31 December 2010

	2010		Restated 2009	
	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	3 826	17,8	2 579	12,3
Covered business	3 083	15,5	2 391	12,2
Other operations	743	46,1	188	13,2
Sanlam Developing Markets	770	20,9	722	24,4
Covered business	730	21,3	705	25,2
Other operations	40	15,3	17	10,6
Sanlam UK	107	7,1	(37)	(2,4)
Covered business	65	9,8	93	13,7
Other operations	42	5,0	(130)	(15,3)
Institutional cluster	1 753	14,7	2 327	20,1
Covered business	578	11,7	939	16,9
Other operations	1 175	16,8	1 388	22,8
Short-term insurance	1 614	22,6	545	10,3
Discretionary and other capital	182		(96)	
Adjusted return on Group Equity Value	8 252	16,2	6 040	13,4
Adjusted return on Group Equity Value per share		16,0		13,1

## Group Equity Value sensitivity analysis

at 31 December 2010

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 64.

# Group Equity Value sensitivity analysis

## continued

at 31 December 2010

2010 <i>R million</i>	Base value	Equities and properties -10%	Interest rates -1%	Rand exchange rate depreciation +10%
Covered business	31 045	29 804	31 563	31 272
Adjusted net worth	14 033	13 561	14 039	14 160
Value of in-force	17 012	16 243	17 524	17 112
Other group operations	19 413	18 178	19 782	19 599
Valued at net asset value	1 120	1 120	1 120	1 120
Listed	8 790	7 911	8 790	8 790
Other	9 503	9 147	9 872	9 689
Group operations	50 458	47 982	51 345	50 871
Discretionary and other capital	8 157	7 972	8 169	8 252
Group Equity Value before adjustments to net worth	58 615	55 954	59 514	59 123
Net worth adjustments	(1 254)	(1 252)	(1 254)	(1 254)
Present value of holding company expenses	(1 232)	(1 232)	(1 232)	(1 232)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	(22)	(20)	(22)	(22)
<b>Group Equity Value</b>	<b>57 361</b>	<b>54 702</b>	<b>58 260</b>	<b>57 869</b>
<b>2009 Restated</b>				
Covered business	28 988	28 279	29 531	29 082
Adjusted net worth	14 247	14 247	14 247	14 247
Value of in-force	14 741	14 032	15 284	14 835
Other group operations	16 833	15 835	17 104	17 070
Valued at net asset value	1 322	1 322	1 322	1 322
Listed	7 169	6 452	7 169	7 169
Other	8 342	8 061	8 613	8 579
Group operations	45 821	44 114	46 635	46 152
Capital diversification	(700)	(1 274)	(693)	(537)
Discretionary and other capital	7 095	6 928	7 131	7 225
Group Equity Value before adjustments to net worth	52 216	49 768	53 073	52 840
Net worth adjustments	(1 192)	(1 189)	(1 192)	(1 192)
Present value of holding company expenses	(1 165)	(1 165)	(1 165)	(1 165)
Fair value of outstanding equity compensation shares granted by subsidiaries on own shares	(27)	(24)	(27)	(27)
<b>Group Equity Value</b>	<b>51 024</b>	<b>48 579</b>	<b>51 881</b>	<b>51 648</b>

# Shareholders' fund at fair value

at 31 December 2010

<i>R million</i>	Note	2010			Restated 2009		
		Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
<b>Covered business, discretionary and other capital</b>		23 623	217	23 406	22 103	119	21 984
Property and equipment		222	—	222	194	—	194
Owner-occupied properties		493	—	493	614	—	614
Goodwill <sup>(2)</sup>		497	—	497	497	—	497
Value of business acquired <sup>(2)</sup>		716	—	716	753	—	753
Other intangible assets		39	—	39	45	—	45
Deferred acquisition costs		1 528	—	1 528	1 390	—	1 390
Investments		19 992	217	19 775	19 656	119	19 537
Equities and similar securities		7 947	112	7 835	8 051	112	7 939
Associated companies		1 168	105	1 063	369	7	362
Joint ventures – Shriram Life Insurance		257	—	257	247	—	247
Public sector stocks and loans		17	—	17	199	—	199
Investment properties		993	—	993	744	—	744
Other interest-bearing and preference share investments		9 610	—	9 610	10 046	—	10 046
Net term finance		—	—	—	—	—	—
Term finance		(5 577)	—	(5 577)	(5 397)	—	(5 397)
Assets held in respect of term finance		5 577	—	5 577	5 397	—	5 397
Net deferred tax		284	—	284	61	—	61
Net working capital		520	—	520	( 344)	—	(344)
Minority shareholders' interest		( 668)	—	(668)	( 763)	—	(763)
<b>Other Group operations</b>	16	19 413	10 489	8 924	16 833	8 422	8 411
Sanlam Investments		6 569	4 977	1 592	5 993	4 510	1 483
SIM Wholesale		4 247	3 515	732	3 696	3 215	481
International		1 810	1 024	786	1 909	989	920
Sanlam Collective Investments		512	438	74	388	306	82
Sanlam Personal Finance		2 054	1 365	689	1 612	926	686
Glacier		965	685	280	762	442	320
Sanlam Personal Loans <sup>(3)</sup>		365	104	261	133	—	133
Multi-Data		149	130	19	166	144	22
Sanlam Trust		185	166	19	160	141	19
Sanlam Home Loans		—	—	—	120	—	120
Anglo African Finance		50	33	17	42	24	18
Sanlam Healthcare Management		235	157	78	130	99	31
Sanlam Namibia Holdings		105	90	15	99	76	23
Sanlam UK		901	34	867	833	9	824
Principal		318	17	301	283	—	283
Buckles		42	(8)	50	38	1	37
Punter Southall Group		227	(43)	270	259	1	258
Other UK operations		140	68	72	7	7	—
Preference shares, interest-bearing instruments and other		174	—	174	246	—	246
Sanlam Developing Markets: other operations		404	94	310	262	87	175
Coris Administration and Infnit		25	15	10	—	—	—
Capital Management		931	83	848	984	153	831
MiWay		—	—	—	127	106	21
Shriram General Insurance		143	—	143	115	—	115
Santam		8 386	5 168	3 218	6 907	3 878	3 029
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>43 036</b>	<b>10 706</b>	<b>32 330</b>	<b>38 936</b>	<b>8 541</b>	<b>30 395</b>
<b>Value per share (cents)</b>	17	<b>2 114</b>	<b>526</b>	<b>1 588</b>	<b>1 888</b>	<b>414</b>	<b>1 474</b>

<i>R million</i>	2010			Restated 2009		
	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 before adjustments to net worth	58 615	41 603	17 012	52 216	37 475	14 741
Add: Goodwill and value of business acquired replaced by value of in-force	1 433	1 433	—	1 461	1 461	—
Merchant Investors	356	356	—	356	356	—
Sanlam Developing Markets	849	849	—	903	903	—
Shriram Life Insurance <sup>(4)</sup>	210	210	—	190	190	—
Other	18	18	—	12	12	—
Less: Value of in-force	(17 012)	—	(17 012)	(14 741)	—	(14 741)
<b>Shareholders' fund at fair value</b>	<b>43 036</b>	<b>43 036</b>	<b>—</b>	<b>38 936</b>	<b>38 936</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 Merchant Investors 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 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.

<sup>(4)</sup> The carrying value of Shriram Life Insurance includes goodwill of R210 million (2009: R190 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.

# Shareholders' fund at net asset value

at 31 December 2010

<i>R million</i>	Note	Sanlam Life <sup>(1)</sup>		Sanlam Developing Markets <sup>(2)</sup>		Sanlam UK	
		2010	2009	2010	2009	2010	2009
Property and equipment		235	181	83	61	4	5
Owner-occupied properties		460	460	63	63	—	—
Goodwill		195	143	154	108	386	391
Other intangible assets		—	—	39	45	—	—
Value of business acquired		41	17	715	756	314	294
Deferred acquisition costs		1 665	1 508	—	1	—	—
Investments	5	23 367	22 372	2 474	2 511	671	714
Properties		1 012	733	103	122	—	—
Associated companies		—	—	682	424	270	258
Joint ventures		261	254	257	247	—	—
Equities and similar securities		10 611	10 339	298	237	73	2
Public sector stocks and loans		634	1 072	112	121	—	—
Debentures, preference shares and other loans		3 526	4 235	219	538	262	236
Cash, deposits and similar securities		7 323	5 739	803	822	66	218
Net deferred tax		134	(48)	97	(5)	1	1
Deferred tax asset		317	70	125	30	1	1
Deferred tax liability		(183)	(118)	(28)	(35)	—	—
Net short-term insurance technical provisions	6	—	—	—	—	—	—
Short-term insurance technical assets		—	—	—	—	—	—
Short-term insurance technical provisions		—	—	—	—	—	—
Net working capital (liabilities)/assets		(1 058)	(119)	(207)	205	68	25
Trade and other receivables	7	2 220	3 733	389	761	128	123
Cash, deposits and similar securities		3 149	3 155	640	572	144	135
Trade and other payables	8	(5 042)	(4 802)	(1 187)	(1 038)	(160)	(160)
Provisions		(476)	(725)	(15)	(55)	(41)	(63)
Taxation		(909)	(1 480)	(34)	(35)	(3)	(10)
Term finance		(3 676)	(4 312)	—	—	(8)	(27)
Cell owners' interest		—	—	—	—	—	—
Minority shareholders' interest		(181)	(141)	(565)	(654)	(1)	(4)
<b>Shareholders' fund at net asset value</b>		<b>21 182</b>	<b>20 061</b>	<b>2 853</b>	<b>3 091</b>	<b>1 435</b>	<b>1 399</b>
<b>Analysis of shareholders' fund</b>							
Covered business		12 717	12 667	1 104	1 363	212	217
Other operations		699	686	310	175	867	824
Discretionary and other capital		7 766	6 708	1 439	1 553	356	358
<b>Shareholders' fund at net asset value</b>		<b>21 182</b>	<b>20 061</b>	<b>2 853</b>	<b>3 091</b>	<b>1 435</b>	<b>1 399</b>
Change in accounting policies recognised on 1 January 2010 for GEV purposes		—	—	—	(248)	—	—
Consolidation reserve		—	—	—	—	—	—
<b>Shareholders' fund per Group balance sheet on page 70</b>		<b>21 182</b>	<b>20 061</b>	<b>2 853</b>	<b>2 843</b>	<b>1 435</b>	<b>1 399</b>

<sup>(1)</sup> Includes the operations of Sanlam Personal Finance and Sanlam Employee Benefits as well as discretionary capital held by Sanlam Life. Equities and similar securities include an investment of R2 462 million (2009: R2 559 million) in Sanlam shares, which is eliminated in the consolidation column.

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

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

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

<sup>(5)</sup> Comparative information for Sanlam Developing Markets, Short-term Insurance, Sanlam Investments and Capital Management were restated.



Short-term Insurance		Sanlam Investments		Capital Management		Corporate and Other <sup>(3)</sup>		Consolidation Entries <sup>(4)</sup>		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	Restated 2009
122	98	22	22	4	7	—	—	—	1	470	375
2	1	37	36	—	1	—	—	(30)	91	532	652
963	616	252	304	—	1	1 247	1 247	—	—	3 197	2 810
—	—	—	—	—	—	—	—	—	—	39	45
117	—	134	150	—	—	—	—	(1)	(7)	1 320	1 210
—	—	—	—	—	—	—	—	1	—	1 666	1 509
7 453	7 495	775	891	461	415	3 972	3 364	(5 089)	(4 575)	34 084	33 187
—	—	51	87	221	186	—	—	(122)	(111)	1 265	1 017
211	192	76	86	96	52	622	112	15	—	1 972	1 124
143	115	46	167	4	58	—	—	—	(1)	711	840
3 506	2 931	430	208	—	—	1 455	1 058	(3 895)	(3 351)	12 478	11 424
927	741	—	1	—	—	—	—	1	—	1 674	1 935
1 627	1 196	127	312	140	119	1 639	1 519	(1 088)	(1 112)	6 452	7 043
1 039	2 320	45	30	—	—	256	675	—	—	9 532	9 804
(18)	32	(11)	15	7	37	122	137	25	—	357	169
251	163	23	28	60	67	137	156	17	—	931	515
(269)	(131)	(34)	(13)	(53)	(30)	(15)	(19)	8	—	(574)	(346)
(6 385)	(6 240)	—	—	—	—	—	—	—	—	(6 385)	(6 240)
1 560	2 064	—	—	—	—	—	—	—	—	1 560	2 064
(7 945)	(8 304)	—	—	—	—	—	—	—	—	(7 945)	(8 304)
4 874	4 668	771	762	463	1 010	(2 121)	(1 046)	3 703	502	6 493	6 007
1 773	2 255	1 074	1 040	18 841	16 525	8 584	8 332	(10 998)	(13 197)	22 011	19 572
5 231	4 639	569	690	1 788	1 591	1 634	1 198	(976)	—	12 179	11 980
(1 806)	(1 780)	(843)	(898)	(20 162)	(17 100)	(12 277)	(10 057)	15 677	13 699	(25 800)	(22 136)
(36)	(32)	—	(3)	—	—	(49)	(518)	—	—	(617)	(1 396)
(288)	(414)	(29)	(67)	(4)	(6)	(13)	(1)	—	—	(1 280)	(2 013)
(925)	(839)	(31)	(25)	(87)	(626)	(2 106)	(1 093)	575	649	(6 258)	(6 273)
(577)	(535)	—	—	—	—	—	—	—	—	(577)	(535)
(2 265)	(2 131)	(216)	(214)	—	—	—	(1)	620	624	(2 608)	(2 521)
3 361	3 165	1 733	1 941	848	845	1 114	2 608	(196)	(2 715)	32 330	30 395
—	—	—	—	—	—	—	—	—	—	14 033	14 247
3 361	3 165	1 592	1 863	848	845	1 247	1 247	—	—	8 924	8 805
—	—	141	78	—	—	(133)	1 361	(196)	(2 715)	9 373	7 343
3 361	3 165	1 733	1 941	848	845	1 114	2 608	(196)	(2 715)	32 330	30 395
—	—	—	—	—	—	—	—	—	—	—	(248)
—	—	—	—	—	—	—	—	(552)	(503)	(552)	(503)
3 361	3 165	1 733	1 941	848	845	1 114	2 608	(748)	(3 218)	31 778	29 644

# Shareholders' fund income statement

for the year ended 31 December 2010

<i>R million</i>	Note	Sanlam Personal Finance		Sanlam Developing Markets		Sanlam UK	
		2010	2009	2010	2009	2010	2009
Financial services income	9	7 578	6 846	4 411	3 929	357	367
Sales remuneration		(1 309)	(1 133)	(1 107)	(1 060)	(48)	(57)
Income after sales remuneration		6 269	5 713	3 304	2 869	309	310
Underwriting policy benefits		(1 525)	(1 635)	(1 780)	(1 522)	—	—
Administration costs	10	(2 335)	(2 047)	(1 071)	(984)	(265)	(275)
<b>Result from financial services before tax</b>		<b>2 409</b>	<b>2 031</b>	<b>453</b>	<b>363</b>	<b>44</b>	<b>35</b>
Tax on financial services income	11	(645)	(508)	(94)	(99)	—	(6)
<b>Result from financial services after tax</b>		<b>1 764</b>	<b>1 523</b>	<b>359</b>	<b>264</b>	<b>44</b>	<b>29</b>
Minority shareholders' interest		(49)	(25)	(141)	(101)	2	4
<b>Net result from financial services</b>	12	<b>1 715</b>	<b>1 498</b>	<b>218</b>	<b>163</b>	<b>46</b>	<b>33</b>
Net investment income		442	484	33	57	21	15
Dividends received - Group companies		61	110	—	—	—	—
Other investment income	13	476	483	59	107	26	16
Tax on investment income	11	(95)	(109)	(22)	(27)	(5)	(1)
Minority shareholders' interest		—	—	(4)	(23)	—	—
<b>Core earnings</b>		<b>2 157</b>	<b>1 982</b>	<b>251</b>	<b>220</b>	<b>67</b>	<b>48</b>
Project expenses		(24)	(27)	(22)	(1)	—	—
Amortisation of value of business acquired and other intangibles		(7)	(7)	(41)	(46)	(24)	(22)
BEE transaction costs		—	—	—	—	—	—
Net equity-accounted headline earnings		—	—	15	1	—	—
Equity-accounted headline earnings		—	—	30	2	—	—
Minority shareholders' interest		—	—	(15)	(1)	—	—
Net investment surpluses		1 093	1 157	5	(18)	(1)	—
Investment surpluses - Group companies		515	551	—	—	—	—
Other investment surpluses		656	741	14	(71)	(1)	—
Tax on investment surpluses	11	(78)	(135)	(9)	21	—	—
Minority shareholders' interest		—	—	—	32	—	—
Secondary tax on companies - after minorities		65	(94)	(29)	—	—	—
<b>Normalised headline earnings</b>		<b>3 284</b>	<b>3 011</b>	<b>179</b>	<b>156</b>	<b>42</b>	<b>26</b>
Profit/(loss) on disposal of operations		—	—	—	—	—	—
Net profit on disposal of associated companies		—	—	—	—	—	—
Profit on disposal of associated companies		—	—	—	—	—	—
Tax on profit on disposal of associated companies		—	—	—	—	—	—
Impairments		51	(51)	—	—	69	33
<b>Normalised attributable earnings</b>	14	<b>3 335</b>	<b>2 960</b>	<b>179</b>	<b>156</b>	<b>111</b>	<b>59</b>
Fund transfers		—	—	—	—	—	—
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>3 335</b>	<b>2 960</b>	<b>179</b>	<b>156</b>	<b>111</b>	<b>59</b>
<b>Ratios</b>							
Admin ratio <sup>(1)</sup>		37,2%	35,8%	32,4%	34,3%	85,8%	88,7%
Operating margin <sup>(2)</sup>		38,4%	35,6%	13,7%	12,7%	14,2%	11,3%
<b>Diluted earnings per share</b>	15						
Adjusted weighted average number of shares (million)		83,9	73,0	10,7	7,9	2,2	1,6
Net result from financial services (cents)		83,9	73,0	10,7	7,9	2,2	1,6
Core earnings (cents)		83,9	73,0	10,7	7,9	2,2	1,6

<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> Comparative information for Sanlam Developing Markets, Sanlam Investments and Capital Management were restated.

	Sanlam Employee Benefits		Short-term Insurance		Sanlam Investments		Capital Management		Subtotal: Operating businesses	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	2 676 (41)	2 190 (41)	14 018 (2 052)	13 345 (1 915)	2 114 —	1 940 —	573 —	575 —	31 727 (4 557)	29 192 (4 206)
	2 635 (1 818) (579)	2 149 (1 653) (282)	11 966 (8 694) (1 800)	11 430 (9 100) (1 584)	2 114 — (1 425)	1 940 — (1 204)	573 — (319)	575 — (305)	27 170 (13 817) (7 794)	24 986 (13 910) (6 681)
	238 (67)	214 (60)	1 472 (414)	746 (257)	689 (165)	736 (181)	254 (53)	270 (50)	5 559 (1 438)	4 395 (1 161)
	171 —	154 —	1 058 (483)	489 (247)	524 (35)	555 (39)	201 —	220 —	4 121 (706)	3 234 (408)
	171 177	154 252	575 73	242 116	489 9	516 4	201 —	220 —	3 415 755	2 826 928
	— 222 (45) —	— 325 (73) —	— 133 (1) (59)	— 252 (17) (119)	— 28 (9) (10)	— 9 (2) (3)	— — — —	— — — —	61 944 (177) (73)	110 1 192 (229) (145)
	348 —	406 —	648 —	358 —	498 —	520 —	201 —	220 —	4 170 (46)	3 754 (28)
	—	—	(13)	(6)	(7)	—	—	—	(92)	(81)
	—	—	(8)	(7)	—	—	—	—	(8)	(7)
	—	—	48	39	1	1	—	—	64	41
	—	—	84 (36)	69 (30)	2 (1)	2 (1)	— —	— —	116 (52)	73 (32)
	239	408	234	155	76	32	—	—	1 646	1 734
	—	—	—	—	—	—	—	—	515	551
	272 (33)	499 (91)	506 (90) (182)	300 (45) (100)	89 (7) (6)	39 — (7)	— — —	— — —	1 536 (217) (188)	1 508 (250) (75)
	—	—	(61)	(23)	—	—	1	—	(24)	(117)
	587 —	814 —	848 —	516 37	568 2	553 (2)	202 325	220 —	5 710 327	5 296 35
	—	—	71	—	—	—	—	—	71	—
	—	—	71	—	—	—	—	—	71	—
	—	—	—	—	—	—	—	—	—	—
	(2)	(23)	3	(3)	(124)	(11)	—	—	(3)	(55)
	585 —	791 —	922 —	550 —	446 —	540 —	527 —	220 —	6 105 —	5 276 —
	585	791	922	550	446	540	527	220	6 105	5 276
	22,0% 9,0%	13,1% 10,0%	15,0% 12,3%	13,9% 6,5%	67,4% 32,6%	62,1% 37,9%	55,7% 44,3%	53,0% 47,0%	28,7% 20,5%	26,7% 17,6%
	8,4	7,5	28,1	11,8	23,9	25,1	9,8	10,7	167,0	137,6

# Shareholders' fund income statement continued

for the year ended 31 December 2010

<i>R million</i>	Note	Subtotal: Operating businesses	
		2010	2009
Financial services income	9	31 727	29 192
Sales remuneration		(4 557)	(4 206)
Income after sales remuneration		27 170	24 986
Underwriting policy benefits		(13 817)	(13 910)
Administration costs	10	(7 794)	(6 681)
<b>Result from financial services before tax</b>		<b>5 559</b>	<b>4 395</b>
Tax on result from financial services	11	(1 438)	(1 161)
<b>Result from financial services after tax</b>		<b>4 121</b>	<b>3 234</b>
Minority shareholders' interest		(706)	(408)
<b>Net result from financial services</b>	12	<b>3 415</b>	<b>2 826</b>
Net investment income		755	928
Dividends received – Group companies		61	110
Other investment income	13	944	1 192
Tax on investment income	11	(177)	(229)
Minority shareholders' interest		(73)	(145)
<b>Core earnings</b>		<b>4 170</b>	<b>3 754</b>
Project expenses		(46)	(28)
Amortisation of value of business acquired and other intangibles		(92)	(81)
BEE transaction costs		(8)	(7)
Net equity-accounted headline earnings		64	41
Equity-accounted headline earnings		116	73
Minority shareholders' interest		(52)	(32)
Net investment surpluses		1 646	1 734
Investment surpluses – Group companies		515	551
Other investment surpluses		1 536	1 508
Tax on investment surpluses	11	(217)	(250)
Minority shareholders' interest		(188)	(75)
Secondary tax on companies – after minorities		(24)	(117)
<b>Normalised headline earnings</b>		<b>5 710</b>	<b>5 296</b>
Profit on disposal of operations		327	35
Net profit on disposal of associated companies		71	–
Profit on disposal of associated companies		71	–
Tax on profit on disposal of associated companies		–	–
Impairments		(3)	(55)
<b>Normalised attributable earnings</b>	14	<b>6 105</b>	<b>5 276</b>
Fund transfers		–	–
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>6 105</b>	<b>5 276</b>
<b>Ratios</b>			
Admin ratio		28,7%	26,7%
Operating margin		20,5%	17,6%
<b>Diluted earnings per share</b>	15		
Adjusted weighted average number of shares (million)			
Net result from financial services (cents)		167,0	137,6
Core earnings (cents)			

	Corporate and Other		Consolidation entries		Total	
	2010	2009	2010	2009	2010	2009
	112	87	—	—	31 839	29 279
	—	—	—	—	(4 557)	(4 206)
	112	87	—	—	27 282	25 073
	—	—	—	—	(13 817)	(13 910)
	(275)	(253)	—	—	(8 069)	(6 934)
	(163)	(166)	—	—	5 396	4 229
	51	45	—	—	(1 387)	(1 116)
	(112)	(121)	—	—	4 009	3 113
	—	—	—	—	(706)	(408)
	(112)	(121)	—	—	3 303	2 705
	157	158	(61)	(110)	851	976
	—	—	(61)	(110)	—	—
	166	176	—	—	1 110	1 368
	(9)	(18)	—	—	(186)	(247)
	—	—	—	—	(73)	(145)
	45	37	(61)	(110)	4 154	3 681
	(2)	—	—	—	(48)	(28)
	—	(3)	—	—	(92)	(84)
	—	—	—	—	(8)	(7)
	77	—	—	—	141	41
	77	—	—	—	193	73
	—	—	—	—	(52)	(32)
	—	(151)	(515)	(551)	1 131	1 032
	—	—	(515)	(551)	—	—
	—	(145)	—	—	1 536	1 363
	—	(6)	—	—	(217)	(256)
	—	—	—	—	(188)	(75)
	(111)	(33)	—	—	(135)	(150)
	9	(150)	(576)	(661)	5 143	4 485
	—	—	—	—	327	35
	6	—	—	—	77	—
	6	—	—	—	77	—
	—	—	—	—	—	—
	—	(21)	—	—	(3)	(76)
	15	(171)	(576)	(661)	5 544	4 444
	—	—	(21)	(56)	(21)	(56)
	15	(171)	(597)	(717)	5 523	4 388
					29,6%	27,7%
					19,8%	16,9%
	(5,5)	(5,9)	—	—	2 045,3	2 053,1
					161,5	131,8
					203,1	179,3

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 1. ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED

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

<i>R million</i>	Total		Life Insurance <sup>(1)</sup>		Life Licence <sup>(2)</sup>		Other <sup>(3)</sup>	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Sanlam Personal Finance</b>	<b>32 042</b>	<b>30 972</b>	<b>12 172</b>	<b>11 857</b>	—	—	<b>19 870</b>	<b>19 115</b>
South Africa	22 991	21 790	11 454	11 032	—	—	11 537	10 758
Recurring	1 194	1 069	1 150	1 000	—	—	44	69
Single	20 172	19 206	8 679	8 517	—	—	11 493	10 689
Continuations	1 625	1 515	1 625	1 515	—	—	—	—
Africa	9 051	9 182	718	825	—	—	8 333	8 357
Recurring	110	101	110	101	—	—	—	—
Single	8 941	9 081	608	724	—	—	8 333	8 357
<b>Sanlam Developing Markets</b>	<b>3 187</b>	<b>2 702</b>	<b>3 187</b>	<b>2 702</b>	—	—	—	—
South Africa	1 388	1 363	1 388	1 363	—	—	—	—
Recurring	897	828	897	828	—	—	—	—
Single	491	535	491	535	—	—	—	—
Africa	1 568	1 198	1 568	1 198	—	—	—	—
Recurring	430	391	430	391	—	—	—	—
Single	1 138	807	1 138	807	—	—	—	—
Other international	231	141	231	141	—	—	—	—
Recurring	118	108	118	108	—	—	—	—
Single	113	33	113	33	—	—	—	—
<b>Sanlam UK</b>	<b>3 059</b>	<b>2 140</b>	<b>967</b>	<b>919</b>	—	—	<b>2 092</b>	<b>1 221</b>
Other international	3 059	2 140	967	919	—	—	2 092	1 221
Recurring	15	11	15	11	—	—	—	—
Single	3 044	2 129	952	908	—	—	2 092	1 221
<b>Sanlam Employee Benefits</b>	<b>773</b>	<b>1 123</b>	<b>773</b>	<b>1 123</b>	—	—	—	—
South Africa	773	1 123	773	1 123	—	—	—	—
Recurring	199	284	199	284	—	—	—	—
Single	574	839	574	839	—	—	—	—
<b>Sanlam Investments</b>	<b>47 219</b>	<b>46 907</b>	—	—	<b>1 281</b>	<b>1 408</b>	<b>45 938</b>	<b>45 499</b>
Employee benefits	1 040	784	—	—	1 040	784	—	—
Recurring	—	56	—	—	—	56	—	—
Single	1 040	728	—	—	1 040	728	—	—
Collective investment schemes	16 415	18 574	—	—	—	—	16 415	18 574
Retail funds	10 422	10 059	—	—	—	—	10 422	10 059
Wholesale business	5 993	8 515	—	—	—	—	5 993	8 515
Segregated funds	24 411	23 741	—	—	—	—	24 411	23 741
Wholesale business	16 347	14 972	—	—	—	—	16 347	14 972
Private Investments	8 064	8 769	—	—	—	—	8 064	8 769
Non-South African	5 353	3 808	—	—	241	624	5 112	3 184

## 1. ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED (continued)

<i>R million</i>	Total		Life Insurance <sup>(1)</sup>		Life Licence <sup>(2)</sup>		Other <sup>(3)</sup>	
	2010	2009	2010	2009	2010	2009	2010	2009
Short-term insurance	13 667	12 896	—	—	—	—	13 667	12 896
New business excluding white label	99 947	96 740	17 099	16 601	1 281	1 408	81 567	78 731
White label	5 579	6 188	—	—	—	—	5 579	6 188
<b>Total new business</b>	<b>105 526</b>	<b>102 928</b>	<b>17 099</b>	<b>16 601</b>	<b>1 281</b>	<b>1 408</b>	<b>87 146</b>	<b>84 919</b>
Recurring premiums on existing funds:								
Sanlam Personal Finance	10 138	9 764						
Sanlam Developing Markets	3 105	2 683						
Sanlam UK	407	498						
Institutional cluster	4 104	3 148						
Sanlam Employee Benefits	2 568	2 115						
Sanlam Multi-Manager	874	342						
Sanlam Investments	662	691						
<b>Total funds received</b>	<b>123 280</b>	<b>119 021</b>						

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

<sup>(2)</sup> 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> Fund flows have been re-allocated between Sanlam Investments International and Wholesale business pursuant to the restructuring of the Octane group.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 1. ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED (continued)

<i>R million</i>	2010	2009
<b>Analysed per market</b>		
<b>Retail</b>		
Life business	12 842	12 395
Sanlam Personal Finance	11 454	11 032
Sanlam Developing Markets	1 388	1 363
Non-life business	30 023	29 586
Sanlam Personal Finance	11 537	10 758
Sanlam Private Investments	8 064	8 769
Sanlam Collective Investments	10 422	10 059
<b>South African</b>	42 865	41 981
<b>Non-South African</b>	13 909	12 661
Sanlam Personal Finance	9 051	9 182
Sanlam Developing Markets	1 799	1 339
Sanlam UK	3 059	2 140
<b>Total retail</b>	56 774	54 642
<b>Institutional</b>		
Group Life business	1 813	1 907
Sanlam Employee Benefits	773	1 123
Investment Management	1 040	784
Non-life business	22 340	23 487
Segregated	10 820	11 306
Sanlam Multi-Manager	5 527	3 666
Sanlam Collective Investments	5 993	8 515
<b>South African</b>	24 153	25 394
Investment Management Non-South African	5 353	3 808
<b>Total institutional</b>	29 506	29 202
<b>White label</b>	5 579	6 188
<b>Short-term insurance</b>	13 667	12 896
<b>Total new business</b>	105 526	102 928



## 2. ANALYSIS OF PAYMENTS TO CLIENTS

<i>R million</i>	Total		Life Insurance <sup>(1)</sup>		Life Licence <sup>(2)</sup>		Other <sup>(3)</sup>	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Sanlam Personal Finance</b>	<b>36 551</b>	<b>33 688</b>	<b>20 571</b>	<b>19 266</b>	—	—	<b>15 980</b>	<b>14 422</b>
South Africa	28 145	26 787	19 553	18 382	—	—	8 592	8 405
Surrenders	3 234	3 495	3 234	3 495	—	—	—	—
Other	24 911	23 292	16 319	14 887	—	—	8 592	8 405
Africa	8 406	6 901	1 018	884	—	—	7 388	6 017
Surrenders	172	132	172	132	—	—	—	—
Other	8 234	6 769	846	752	—	—	7 388	6 017
<b>Sanlam Developing Markets</b>	<b>3 566</b>	<b>4 156</b>	<b>3 566</b>	<b>4 156</b>	—	—	—	—
South Africa	2 592	3 367	2 592	3 367	—	—	—	—
Surrenders	359	449	359	449	—	—	—	—
Other	2 233	2 918	2 233	2 918	—	—	—	—
Africa	915	775	915	775	—	—	—	—
Surrenders	138	150	138	150	—	—	—	—
Other	777	625	777	625	—	—	—	—
Other international	59	14	59	14	—	—	—	—
Surrenders	47	—	47	—	—	—	—	—
Other	12	14	12	14	—	—	—	—
<b>Sanlam UK</b>	<b>2 767</b>	<b>2 837</b>	<b>1 508</b>	<b>1 515</b>	—	—	<b>1 259</b>	<b>1 322</b>
Other international	2 767	2 837	1 508	1 515	—	—	1 259	1 322
Surrenders	2 425	2 568	1 166	1 246	—	—	1 259	1 322
Other	342	269	342	269	—	—	—	—
<b>Sanlam Employee Benefits</b>	<b>4 720</b>	<b>3 560</b>	<b>4 720</b>	<b>3 560</b>	—	—	—	—
South Africa	4 720	3 560	4 720	3 560	—	—	—	—
Terminations	556	21	556	21	—	—	—	—
Other	4 164	3 539	4 164	3 539	—	—	—	—

<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> 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> Fund flows have been re-allocated between Sanlam Investments International and Wholesale business pursuant to the restructuring of the Octane group.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 2. ANALYSIS OF PAYMENTS TO CLIENTS (continued)

<i>R million</i>	Total		Life Insurance <sup>(1)</sup>		Life Licence <sup>(2)</sup>		Other <sup>(3)</sup>	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Sanlam Investments</b>	<b>39 862</b>	<b>44 317</b>	—	—	<b>3 116</b>	2 616	<b>36 746</b>	41 701
Employee benefits	2 950	2 243	—	—	2 950	2 243	—	—
Terminations	1 895	1 032	—	—	1 895	1 032	—	—
Other	1 055	1 211	—	—	1 055	1 211	—	—
Collective investment schemes	12 784	14 225	—	—	—	—	12 784	14 225
Retail funds	7 375	7 899	—	—	—	—	7 375	7 899
Wholesale business	5 409	6 326	—	—	—	—	5 409	6 326
Segregated funds	16 913	22 229	—	—	—	—	16 913	22 229
Wholesale business	13 419	14 452	—	—	—	—	13 419	14 452
Private Investments	3 494	7 777	—	—	—	—	3 494	7 777
Non-South African	7 215	5 620	—	—	166	373	7 049	5 247
Short-term insurance	8 767	9 100	—	—	—	—	8 767	9 100
Payments to clients excluding white label	96 233	97 658	30 365	28 497	3 116	2 616	62 752	66 545
White label	5 021	5 864	—	—	—	—	5 021	5 864
<b>Total payments to clients</b>	<b>101 254</b>	<b>103 522</b>	<b>30 365</b>	<b>28 497</b>	<b>3 116</b>	<b>2 616</b>	<b>67 773</b>	<b>72 409</b>

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

<sup>(2)</sup> 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> Fund flows have been re-allocated between Sanlam Investments International and Wholesale business pursuant to the restructuring of the Octane group.

## 3. ANALYSIS OF NET INFLOW/(OUTFLOW) OF FUNDS

<i>R million</i>	Total		Life Insurance <sup>(1)</sup>		Life Licence <sup>(2)</sup>		Other <sup>(3)</sup>	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Sanlam Personal Finance</b>	5 629	7 048	1 571	2 248	—	—	4 058	4 800
South Africa	4 457	4 304	1 344	1 844	—	—	3 113	2 460
Africa	1 172	2 744	227	404	—	—	945	2 340
<b>Sanlam Developing Markets</b>	2 726	1 229	2 726	1 229	—	—	—	—
South Africa	987	(186)	987	(186)	—	—	—	—
Africa	1 487	1 223	1 487	1 223	—	—	—	—
Other international	252	192	252	192	—	—	—	—
<b>Sanlam UK</b>	699	(199)	(134)	(98)	—	—	833	(101)
<b>Sanlam Employee Benefits</b>	(1 379)	(322)	(1 379)	(322)	—	—	—	—
<b>Sanlam Investments</b>	8 893	3 623	—	—	(1 173)	(517)	10 066	4 140
Employee benefits	(1 248)	(768)	—	—	(1 248)	(768)	—	—
Collective investment schemes	3 631	4 349	—	—	—	—	3 631	4 349
Retail funds	3 047	2 160	—	—	—	—	3 047	2 160
Wholesale business	584	2 189	—	—	—	—	584	2 189
Segregated funds	8 372	1 854	—	—	—	—	8 372	1 854
Wholesale business	3 802	862	—	—	—	—	3 802	862
Private Investments	4 570	992	—	—	—	—	4 570	992
Non-South African	(1 862)	(1 812)	—	—	75	251	(1 937)	(2 063)
<b>Short-term insurance</b>	4 900	3 796	—	—	—	—	4 900	3 796
<b>Net inflow/(outflow) excluding white label</b>	21 468	15 175	2 784	3 057	(1 173)	(517)	19 857	12 635
<b>White label</b>	558	324	—	—	—	—	558	324
<b>Total net inflow/(outflow)</b>	22 026	15 499	2 784	3 057	(1 173)	(517)	20 415	12 959

<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> 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> Fund flows have been re-allocated between Sanlam Investments International and Wholesale business pursuant to the restructuring of the Octane group.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 3. ANALYSIS OF NET INFLOW/(OUTFLOW) OF FUNDS (continued)

<i>R million</i>	2010	2009
<b>Analysed per market</b>		
<b>Retail</b>		
Life business	2 331	1 658
Sanlam Personal Finance	1 344	1 844
Sanlam Developing Markets	987	(186)
Non-life business	10 730	5 612
Sanlam Personal Finance	3 113	2 460
Sanlam Private Investments	4 570	992
Sanlam Collective Investments	3 047	2 160
<b>South African</b>	13 061	7 270
<b>Non-South African</b>	3 610	3 960
Sanlam Personal Finance	1 172	2 744
Sanlam Developing Markets	1 739	1 415
Sanlam UK	699	(199)
<b>Total retail</b>	16 671	11 230
<b>Institutional</b>		
Group Life business	(2 627)	(1 090)
Sanlam Employee Benefits	(1 379)	(322)
Investment Management	(1 248)	(768)
Non-life business	4 386	3 051
Segregated	4 397	2 349
Sanlam Multi-Manager	(595)	(1 487)
Sanlam Collective Investments	584	2 189
<b>South African</b>	1 759	1 961
Investment Management Non-South African	(1 862)	(1 812)
<b>Total institutional</b>	(103)	149
<b>White label</b>	558	324
<b>Short-term insurance</b>	4 900	3 796
<b>Total net inflow</b>	22 026	15 499

## 4. ASSETS UNDER MANAGEMENT

<i>R million</i>	2010	2009
<b>Assets under management</b>		
<b>Sanlam Personal Finance</b>		
Assets under management at beginning of the year	220 675	198 526
Life insurance	169 776	155 823
Other	50 899	42 703
Net inflow of funds <sup>(1)</sup>	7 080	9 180
Life insurance	2 953	3 876
Other	4 127	5 304
Investment return	24 692	19 395
Life insurance	22 332	16 472
Other	2 360	2 923
Fees, risk premiums and other payments to shareholders	(6 698)	(6 426)
Life insurance	(6 654)	(6 395)
Other	(44)	(31)
<b>Assets under management at end of the year</b>	<b>245 749</b>	<b>220 675</b>
Life insurance	188 407	169 776
Other	57 342	50 899
<b>Sanlam Developing Markets</b>		
Assets under management at beginning of the year	15 834	15 816
Net inflow of funds <sup>(1)</sup>	4 485	2 161
Investment return	879	3 132
Fees, risk premiums and other payments to shareholders	(4 561)	(3 992)
Foreign currency translation differences	(922)	(1 286)
Change in accounting policies and other	414	3
<b>Assets under management at end of the year</b>	<b>16 129</b>	<b>15 834</b>

<sup>(1)</sup> Includes business flows between Group businesses, which are eliminated in note 3. Note 3 includes risk underwriting benefits recognised in the income statement, which are excluded for assets under management fund flows, as the premiums charged for risk underwriting are included in this analysis.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 4. ASSETS UNDER MANAGEMENT (continued)

<i>R million</i>	2010	2009
<b>Sanlam UK</b>		
Assets under management at beginning of the year	30 789	28 282
Life insurance	18 884	18 685
Other	11 905	9 597
Net inflow of funds	1 080	1 473
Life insurance	(261)	(503)
Other	1 341	1 976
Investment return	3 074	4 846
Life insurance	1 928	3 274
Other	1 146	1 572
Fees, risk premiums and other payments to shareholders	(401)	(462)
Life insurance	(285)	(338)
Other	(116)	(124)
Foreign currency translation differences	(3 956)	(3 350)
Life insurance	(2 426)	(2 234)
Other	(1 530)	(1 116)
<b>Assets under management at end of the year</b>	<b>30 586</b>	<b>30 789</b>
Life insurance	17 840	18 884
Other	12 746	11 905
<b>Sanlam Employee Benefits</b>		
Assets under management at beginning of the year	41 181	38 859
Net (outflow)/inflow of funds <sup>(1)</sup>	(1 166)	527
Investment return	5 531	4 198
Fees, risk premiums and other payments to shareholders	(2 706)	(2 403)
<b>Assets under management at end of the year</b>	<b>42 840</b>	<b>41 181</b>
<b>Sanlam Investments</b>		
Assets under management at beginning of the year	441 283	408 651
Wholesale and retail	425 178	393 754
White label	16 105	14 897
Net inflow of funds <sup>(1)</sup>	9 354	3 944
Wholesale and retail	8 796	3 620
White label	558	324
Investment return	40 709	28 688
Wholesale and retail	39 456	27 804
White label	1 253	884
<b>Assets under management at end of the year</b>	<b>491 346</b>	<b>441 283</b>
Wholesale and retail	473 430	425 178
White label	17 916	16 105

<sup>(1)</sup> Includes business flows between Group businesses, which are eliminated in note 3. Note 3 includes risk underwriting benefits recognised in the income statement, which are excluded for assets under management fund flows, as the premiums charged for risk underwriting are included in this analysis.

## 4. ASSETS UNDER MANAGEMENT (continued)

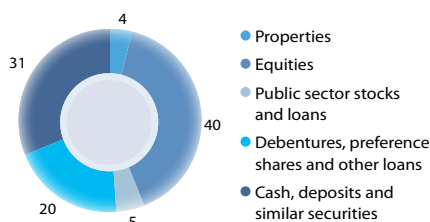
	Average assets (R million)	Administration costs (bps)	Margin (bps)
<i>Profitability of assets under management</i>			
<b>31 December 2010</b>			
Sanlam Personal Finance	227 162	103	106
Life insurance	173 940	107	124
Other	53 222	88	48
Sanlam Developing Markets	15 943	672	284
Sanlam UK	27 754	76	21
Life insurance	16 355	58	24
Other	11 399	87	15
Sanlam Employee Benefits	41 536	140	57
Sanlam Investments	462 085	31	15
Wholesale and retail	445 299	27	15
White label	16 786	114	8
<b>31 December 2009</b>			
Sanlam Personal Finance	202 642	101	100
Life insurance	156 665	112	121
Other	45 977	62	33
Sanlam Developing Markets	16 412	600	229
Sanlam UK	29 687	93	12
Life insurance	18 667	64	12
Other	11 020	98	15
Sanlam Employee Benefits	38 947	72	55
Sanlam Investments	415 670	30	17
Wholesale and retail	400 702	27	17
White label	14 968	114	9

# Notes to the shareholders' fund information

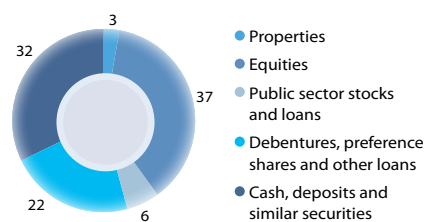
for the year ended 31 December 2010

## 5. INVESTMENTS

Total shareholders' fund investment mix 2010 (%)



Total shareholders' fund investment mix 2009 (%)



R million

2010

2009

### 5.1 Investment in associated companies

Vukile	546	—
Punter Southall Group	270	258
Letshego	452	308
Other associated companies	704	558
<b>Total investment in associated companies</b>	<b>1 972</b>	<b>1 124</b>

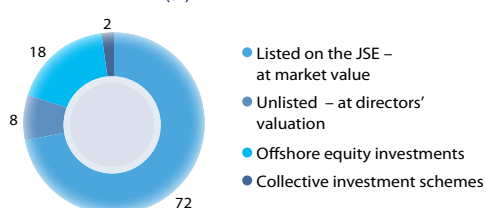
### 5.2 Investment in joint ventures

Sanlam Personal Loans	260	133
Sanlam Home Loans	—	120
Shriram Life Insurance	257	247
Shriram General Insurance	143	115
Other joint ventures	51	225
<b>Total investment in joint ventures</b>	<b>711</b>	<b>840</b>

### 5.3 Equities and similar securities

Listed on the JSE – at market value	9 016	8 796
Unlisted equity and derivative investments – at directors' valuation	1 006	522
Offshore equity investments	2 277	1 955
Collective investment schemes	179	151
<b>Total equity investments</b>	<b>12 478</b>	<b>11 424</b>

Total shareholders' fund equity mix 2010 (%)



Total shareholders' fund equity mix 2009 (%)





## 5. INVESTMENTS (continued)

%	2010	2009
<b>Spread of investments in equities listed on the JSE by sector<sup>(1)</sup></b>		
Basic industries	24,3	23,6
Consumer goods	10,8	8,6
Consumer services	9,5	10,3
Financials	14,4	20,0
General industrials	7,6	10,9
Healthcare	0,9	1,2
Telecommunications	9,9	8,9
Other	22,6	16,5
	<b>100,0</b>	<b>100,0</b>

<sup>(1)</sup> Excludes offshore equities, derivatives, collective investment schemes and unlisted investments and includes the appropriate underlying investments of Santam.

## 5.4 Offshore investments

Equities	2 277	1 955
Interest-bearing investments	754	455
Investment properties	145	54
<b>Total offshore investments</b>	<b>3 176</b>	<b>2 464</b>

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 5. INVESTMENTS (continued)

### 5.5 Derivative instruments

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

<i>R million</i>	Residual term to contractual maturity			Total notional amounts	Analysed by use		Total fair value of amounts
	< 1 year	1 – 5 years	> 5 years		Trading	Asset liability manage- ment	
<b>2010</b>							
<b>Interest rate products over-the-counter</b>							
Swap contracts - bought	25 382	23 850	16 429	65 661	65 430	231	(4)
Swap contracts - sold	(27 583)	(24 957)	(14 830)	(67 370)	(67 570)	200	6
<b>Total interest rate products</b>	<b>(2 201)</b>	<b>(1 107)</b>	<b>1 599</b>	<b>(1 709)</b>	<b>(2 140)</b>	<b>431</b>	<b>2</b>
<b>Market risk products</b>							
Cliquet structures - bought	902	259	—	1 161	1 091	70	(13)
Collar structures - bought	58	190	—	248	—	248	1
Forward purchase of shares							
Local - bought	110	—	—	110	100	10	—
Fence structures							
Local - bought	3 066	499	—	3 565	—	3 565	(170)
Local - sold	(4 644)	(330)	—	(4 974)	(2 899)	(2 075)	(17)
<b>Total market risk products</b>	<b>(508)</b>	<b>618</b>	<b>—</b>	<b>110</b>	<b>(1 708)</b>	<b>1 818</b>	<b>(199)</b>
<b>2009</b>							
<b>Interest rate products over-the-counter</b>							
Swap contracts - bought	63 327	26 290	18 813	108 430	107 946	484	(9)
Swap contracts - sold	(56 145)	(29 322)	(16 289)	(101 756)	(101 956)	200	(8)
<b>Total interest rate products</b>	<b>7 182</b>	<b>(3 032)</b>	<b>2 524</b>	<b>6 674</b>	<b>5 990</b>	<b>684</b>	<b>(17)</b>
<b>Market risk products</b>							
Cliquet structures - bought	702	253	—	955	955	—	9
Collar structures - bought	495	70	—	565	—	565	(225)
Collar structures - sold	500	—	—	500	—	500	116
Forward purchase of shares							
Local - bought	70	—	—	70	42	28	1
Fence structures							
Local - bought	3 393	158	—	3 551	—	3 551	(186)
Local - sold	(3 119)	(422)	—	(3 541)	(3 541)	—	318
<b>Total market risk products</b>	<b>2 041</b>	<b>59</b>	<b>—</b>	<b>2 100</b>	<b>(2 544)</b>	<b>4 644</b>	<b>33</b>

#### Register of investments

A register containing details of all investments, including fixed property investments, is available for inspection at the registered office of Sanlam Limited.

<i>R million</i>	2010	2009
<b>6. SHORT-TERM INSURANCE TECHNICAL ASSETS AND PROVISIONS</b>		
Details of short-term insurance technical assets and provisions are reflected in note 9 of the Sanlam Group financial statements.		
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Premiums receivable	1 686	2 731
Accrued investment income	314	257
Trading account and money market investments	16 726	13 290
Amounts due from reinsurers	440	591
Accounts receivable	2 845	2 703
<b>Total trade and other receivables</b>	<b>22 011</b>	<b>19 572</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
Trading account	16 705	13 218
Accounts payable	6 786	5 569
Policy benefits payable	1 839	2 515
Amounts due to reinsurers	466	831
Bank overdrafts	4	3
<b>Total working capital liabilities</b>	<b>25 800</b>	<b>22 136</b>
<b>9. FINANCIAL SERVICES INCOME</b>		
From external customers	31 171	28 716
From internal customers	668	563
<b>Financial services income</b>	<b>31 839</b>	<b>29 279</b>
<b>Equity-accounted earnings included in financial services income:</b>		
Sanlam Personal Finance	113	2
Sanlam Developing Markets	102	16
Sanlam UK	14	7
Sanlam Employee Benefits	—	(21)
Sanlam Investments	—	27
Sanlam Capital Markets	(9)	—
Shriram General Insurance	8	—
	<b>228</b>	<b>31</b>
<b>10. ADMINISTRATION COSTS</b>		
<b>Depreciation included in administration costs:</b>		
Sanlam Personal Finance	72	79
Sanlam Developing Markets	23	24
Sanlam UK	2	3
Short-term Insurance	47	58
Sanlam Investments	10	5
Sanlam Capital Management	3	3
	<b>157</b>	<b>172</b>

# Notes to the shareholders' fund information

for the year ended 31 December 2010

<i>R million</i>	2010	2009
<b>11. TAXATION</b>		
Result from financial services	5 396	4 229
Tax on result from financial services	(1 387)	(1 116)
Investment return	2 646	2 731
Investment income	1 110	1 368
Investment surpluses	1 536	1 363
Tax on investment return	(403)	(503)
Investment income	(186)	(247)
Investment surpluses	(217)	(256)
<b>%</b>	<b>2010</b>	<b>2009</b>
<b>Reconciliation of tax rate on result from financial services</b>		
Effective tax rate	25,7	26,4
Standard rate of taxation	28,0	28,0
Adjusted for:		
Non-taxable income	(1,9)	(2,6)
Disallowable expenses	0,8	0,4
Share-based payments	0,2	0,4
Prior year adjustments	(0,4)	(0,2)
Foreign tax rate differential	(1,6)	(0,4)
Other	0,6	0,8
<b>Effective tax rate on result from financial services</b>	<b>25,7</b>	<b>26,4</b>
<b>Reconciliation of tax rate on investment return</b>		
Effective tax rate	15,2	18,4
Standard rate of taxation	28,0	28,0
Adjusted for:		
Non-taxable income	(5,7)	(4,1)
Disallowable expenses	0,5	0,1
Foreign tax rate differential	0,2	0,1
Investment surpluses	(8,1)	(4,1)
Other	0,3	(1,6)
<b>Effective tax rate on investment return</b>	<b>15,2</b>	<b>18,4</b>
<i>R million</i>	2010	2009
<b>12. NET RESULT FROM FINANCIAL SERVICES</b>		
Covered business	1 975	1 759
Sanlam Personal Finance	1 562	1 402
Sanlam Developing Markets	182	145
Sanlam UK	35	37
Sanlam Employee Benefits	196	175
Other Group operations	1 440	1 067
Sanlam Personal Finance	153	96
Wealth management	86	81
Retail credit	67	15
Sanlam Developing Markets	36	18
Sanlam UK	11	(4)
Sanlam Employee Benefits	(25)	(21)
Short-term Insurance	575	242
Sanlam Investments	489	516
Capital Management	201	220
Discretionary and other capital	(112)	(121)
<b>Net result from financial services</b>	<b>3 303</b>	<b>2 705</b>

<i>R million</i>	2010	2009
<b>13. INVESTMENT INCOME</b>		
Equities and similar securities	329	473
Interest-bearing, preference shares and similar securities	709	839
Properties	72	56
Rental income	91	74
Rental related expenses	(19)	(18)
<b>Total investment income</b>	<b>1 110</b>	<b>1 368</b>
<b>Interest expense netted off against investment income:</b>		
Sanlam Personal Finance	407	467
Short-term Insurance	95	114
	<b>502</b>	<b>581</b>

**14. ANALYSIS OF NORMALISED ATTRIBUTABLE EARNINGS**

Net result from financial services	3 303	2 705
Covered business	1 975	1 759
Other Group operations	1 440	1 067
Discretionary and other capital	(112)	(121)
Net investment income and investment surpluses	1 982	2 008
Covered business	1 155	1 606
Other Group operations	444	388
Discretionary and other capital	383	14
Other net income	259	(269)
Covered business	(116)	(226)
Other Group operations	340	14
Discretionary and other capital	35	(57)
<b>Normalised attributable earnings</b>	<b>5 544</b>	<b>4 444</b>
Covered business	3 014	3 139
Other Group operations	2 224	1 469
Discretionary and other capital	306	(164)
<b>Normalised attributable earnings</b>	<b>5 544</b>	<b>4 444</b>

<i>Cents</i>	2010	2009
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**15. NORMALISED DILUTED EARNINGS PER SHARE**

Net result from financial services	161,5	131,8
Core earnings	203,1	179,3
Normalised headline earnings	251,5	218,5
Profit attributable to shareholders' fund	271,1	216,9

<i>R million</i>	2010	2009
------------------	------	------

**Analysis of normalised earnings (refer shareholders' fund income statement on page 34):**

Net result from financial services	3 303	2 705
Core earnings	4 154	3 681
Headline earnings	5 143	4 485
Profit attributable to shareholders' fund	5 544	4 444

**Reconciliation of normalised headline earnings:**

Headline earnings per note 1 on page 74	5 122	4 429
Less: Fund transfers	21	56
<b>Normalised headline earnings</b>	<b>5 143</b>	<b>4 485</b>

# Notes to the shareholders' fund information

for the year ended 31 December 2010

<i>million</i>	2010	2009
<b>15. NORMALISED DILUTED EARNINGS PER SHARE</b> (continued)		
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 74)	2 029,0	2 028,1
Add: Weighted average Sanlam shares held by policyholders	16,3	25,0
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 045,3</b>	<b>2 053,1</b>

## 16. FAIR VALUE OF OTHER GROUP OPERATIONS

The shareholders' fund at fair value includes the value of the Sanlam businesses based on directors' valuation, apart from Santam and the non-life businesses in Sanlam Developing Markets, which are valued according to ruling share prices.

<i>R million</i>	Fair value of businesses					End of year
	Beginning of year	Earnings	Distributions	Change in holding	Other <sup>(1)</sup>	
<b>Movement in fair value of businesses 31 December 2010</b>						
Sanlam Investments	5 993	1 023	(477)	30	—	6 569
SIM Wholesale	3 696	787	(236)	—	—	4 247
SIM International	1 909	70	(199)	30	—	1 810
Sanlam Collective Investments	388	166	(42)	—	—	512
Sanlam Personal Finance	1 612	743	(155)	(146)	—	2 054
Wealth management	1 317	517	(155)	(40)	—	1 639
Retail credit	295	226	—	(106)	—	415
Sanlam UK	833	48	—	20	—	901
Sanlam Developing Markets	262	98	(5)	49	—	404
Coris Administration and Infnit	—	23	—	2	—	25
Capital Management	984	109	(162)	—	—	931
Short-term insurance	7 149	2 056	(631)	(45)	—	8 529
<b>Total fair value of businesses</b>	<b>16 833</b>	<b>4 100</b>	<b>(1 430)</b>	<b>(90)</b>	<b>—</b>	<b>19 413</b>
<b>31 December 2009</b>						
Sanlam Investments	5 012	1 165	(564)	380	—	5 993
SIM Wholesale	3 334	667	(363)	22	36	3 696
SIM International	1 358	400	(171)	358	(36)	1 909
Sanlam Collective Investments	320	98	(30)	—	—	388
Sanlam Personal Finance	1 423	188	(131)	132	—	1 612
Wealth management	1 186	262	(131)	—	—	1 317
Retail credit	237	(74)	—	132	—	295
Sanlam UK	847	(75)	—	61	—	833
Sanlam Developing Markets	17	102	—	160	(17)	262
Coris Administration	54	(70)	—	16	—	—
Capital Management	934	359	—	(309)	—	984
Short-term insurance	5 273	2 133	(274)	17	—	7 149
<b>Total fair value of businesses</b>	<b>13 560</b>	<b>3 802</b>	<b>(969)</b>	<b>457</b>	<b>(17)</b>	<b>16 833</b>

<sup>(1)</sup> Other includes:

- the transfer of Alfinanz from other Group operations to covered business; and
- the transfer of Blue Ink from Sanlam Investments International to SIM Wholesale.

## 16. FAIR VALUE OF OTHER GROUP OPERATIONS (continued)

## Valuation methodology

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

<i>R million</i>	Fair value	
	2010	2009
<b>Valuation method</b>		
Ratio of price to assets under management	6 946	6 279
SIM Wholesale	4 247	3 696
SIM International	1 598	1 669
Sanlam Collective Investments	512	388
Capital Management	166	144
Principal	318	283
Sanlam Namibia Holdings	105	99
Discounted cash flows	2 557	2 063
Glacier	965	762
Sanlam Personal Loans	365	133
Multi-Data	149	166
Sanlam Trust	185	160
Sanlam Home Loans	—	120
Punter Southall Group	227	259
Other	666	463
Net asset value	1 120	1 322
MiWay	—	127
SIM International	212	240
Shriram General Insurance	143	115
Capital Management	765	840
<b>Fair value of unlisted businesses</b>	<b>10 623</b>	<b>9 664</b>

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	
	2010	2009
<b>Assumption</b>		
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

<i>R million</i>	Weighted average assumption	Fair value of Sanlam businesses		
		Base value	Decrease in assumption	Increase in assumption
Ratio of price to assets under management	P/AuM = 1,08% (2009: 1,08%)	6 946	6 372	7 528
Discounted cash flows	RDR = 18,0% (2009: 18,5%)	2 557	2 802	2 443
	PGR = 2,5% - 5% (2009: 2,5% - 5%)	2 557	2 539	2 686

# Notes to the shareholders' fund information

for the year ended 31 December 2010

<i>R million</i>	2010	2009
<b>17. VALUE PER SHARE</b>		
Fair value per share is calculated on the Group shareholders' fund at fair value of R43 036 million (2009: R38 936 million), divided by 2 035,5 million (2009: 2 063,1 million) shares.		
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R32 330 million (2009: R30 395 million), divided by 2 035,5 million (2009: 2 063,1 million) shares.		
Equity value per share is calculated on the Group Equity Value of R57 361 million (2009: R51 024 million), divided by 2 035,5 million (2009: 2 063,1 million) shares.		
<b>Number of shares for value per share:</b>		
Number of ordinary shares in issue	2 100,0	2 160,0
Shares held by subsidiaries in shareholders' fund	(125,7)	(151,8)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive schemes	34,9	37,1
Number of shares under option that would have been issued at fair value	(1,9)	(5,4)
Convertible deferred shares held by Ubuntu-Botho	28,2	23,2
<b>Adjusted number of shares for value per share</b>	<b>2 035,5</b>	<b>2 063,1</b>

## 18. PRESENT VALUE OF HOLDING COMPANY EXPENSES

The present value of holding company expenses has been calculated by applying a multiple of 7,1 (2009: 6,7) to the after tax recurring corporate expenses.

## 19. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2010 and 2009 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 37,2 million shares from 17 March 2010 to 31 December 2010 in terms of the general authorities. The lowest and highest prices paid were R22,35 and R27,01 per share respectively. The total consideration paid of R887 million was funded from existing cash resources. All repurchases were effected through the JSE trading system without any prior understanding or arrangement between the Group and the counter parties. Authority to repurchase 402,3 million shares, or 19,2% of Sanlam's issued share capital at the time, remain outstanding in terms of the general authority granted at the annual general meeting held on 9 June 2010.

The financial effects of the share repurchases during 2010 on the IFRS earnings and net asset value per share are illustrated in the table below. Tangible net asset value excludes goodwill, value of business acquired, other intangible assets and deferred acquisition cost included in the shareholders' fund at net asset value.

<i>Cents</i>	Before repurchases	After repurchases
Basic earnings per share:		
Profit attributable to shareholders' fund	278,3	280,4
Headline earnings	258,2	260,0
Diluted earnings per share:		
Profit attributable to shareholders' fund	270,4	272,2
Headline earnings	250,8	252,4
Value per share:		
Equity value	2 812	2 818
Net asset value	1 578	1 562
Tangible net asset value	1 277	1 256



## 20. RECONCILIATIONS

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

<i>R million</i>	Year ended 31 December 2010				Year ended 31 December 2009			
	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
<b>Net income</b>	<b>67 285</b>	<b>34 889</b>	<b>31 619</b>	<b>777</b>	<b>60 634</b>	<b>32 045</b>	<b>27 817</b>	<b>772</b>
Financial services income	33 737	31 839	—	1 898	30 931	29 279	—	1 652
Reinsurance premiums paid	(3 040)	—	—	(3 040)	(2 848)	—	—	(2 848)
Reinsurance commission received	307	—	—	307	258	—	—	258
Investment income	15 344	1 110	11 810	2 424	15 997	1 368	12 777	1 852
Investment surpluses	21 831	1 940	19 809	82	17 380	1 398	15 040	942
Finance cost - margin business	(216)	—	—	(216)	(246)	—	—	(246)
Change in fair value of external investors liability	(678)	—	—	(678)	(838)	—	—	(838)
<b>Net insurance and investment contract benefits and claims</b>	<b>(44 640)</b>	<b>(13 817)</b>	<b>(30 841)</b>	<b>18</b>	<b>(41 063)</b>	<b>(13 910)</b>	<b>(27 115)</b>	<b>(38)</b>
Long-term insurance contract benefits	(22 928)	(5 123)	(17 397)	(408)	(17 084)	(4 810)	(11 352)	(922)
Long-term investment contract benefits	(13 444)	—	(13 444)	—	(15 763)	—	(15 763)	—
Short-term insurance claims	(9 520)	(8 694)	—	(826)	(9 800)	(9 100)	—	(700)
Reinsurance claims received	1 252	—	—	1 252	1 584	—	—	1 584
<b>Expenses</b>	<b>(13 290)</b>	<b>(12 682)</b>	<b>—</b>	<b>(608)</b>	<b>(11 552)</b>	<b>(11 175)</b>	<b>—</b>	<b>(377)</b>
Sales remuneration	(4 870)	(4 557)	—	(313)	(4 414)	(4 206)	—	(208)
Administration costs	(8 420)	(8 125)	—	(295)	(7 138)	(6 969)	—	(169)
<b>Impairments</b>	<b>—</b>	<b>(3)</b>	<b>—</b>	<b>3</b>	<b>(79)</b>	<b>(76)</b>	<b>—</b>	<b>(3)</b>
<b>Amortisation of intangibles</b>	<b>(103)</b>	<b>(92)</b>	<b>—</b>	<b>(11)</b>	<b>(84)</b>	<b>(84)</b>	<b>—</b>	<b>—</b>
<b>Net operating result</b>	<b>9 252</b>	<b>8 295</b>	<b>778</b>	<b>179</b>	<b>7 856</b>	<b>6 800</b>	<b>702</b>	<b>354</b>
Equity-accounted earnings	329	193	—	136	104	73	—	31
Finance cost - other	(309)	—	—	(309)	(363)	—	—	(363)
<b>Profit before tax</b>	<b>9 272</b>	<b>8 488</b>	<b>778</b>	<b>6</b>	<b>7 597</b>	<b>6 873</b>	<b>702</b>	<b>22</b>
Tax expense	(2 757)	(1 925)	(778)	(54)	(2 525)	(1 769)	(702)	(54)
Shareholders' fund	(1 911)	(1 925)	—	14	(1 755)	(1 769)	—	14
Policyholders' fund	(846)	—	(778)	(68)	(770)	—	(702)	(68)
<b>Profit for the year</b>	<b>6 515</b>	<b>6 563</b>	<b>—</b>	<b>(48)</b>	<b>5 072</b>	<b>5 104</b>	<b>—</b>	<b>(32)</b>
<b>Attributable to:</b>								
Shareholders' fund	5 523	5 544	—	(21)	4 388	4 444	—	(56)
Minority shareholders' interest	992	1 019	—	(27)	684	660	—	24
	<b>6 515</b>	<b>6 563</b>	<b>—</b>	<b>(48)</b>	<b>5 072</b>	<b>5 104</b>	<b>—</b>	<b>(32)</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.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 20. RECONCILIATIONS (continued)

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

<i>R million</i>	31 December 2010				31 December 2009				
	Total	Shareholder activities	Policyholder activities	Consolidation reserve	Total	Shareholder activities	Policyholder activities	Change in accounting policies <sup>(1)</sup>	Consolidation reserve
<b>Assets</b>									
Property and equipment	470	470	—	—	375	375	—	—	—
Owner-occupied properties	653	532	121	—	652	652	—	—	—
Goodwill	3 197	3 197	—	—	2 810	2 810	—	—	—
Other intangible assets	39	39	—	—	45	45	—	—	—
Value of business acquired	1 320	1 320	—	—	1 210	1 210	—	—	—
Deferred acquisition costs	2 270	1 666	604	—	2 140	1 509	631	—	—
Long-term reinsurance assets	588	—	588	—	499	—	499	—	—
Investments	310 091	34 084	276 559	(552)	288 278	33 187	255 594	—	(503)
Properties	17 362	1 265	16 097	—	15 757	1 017	14 740	—	—
Associated companies	2 915	1 972	943	—	1 124	1 124	—	—	—
Joint ventures	711	711	—	—	840	840	—	—	—
Equities and similar securities	151 190	12 478	139 264	(552)	141 570	11 424	130 649	—	(503)
Public sector stocks and loans	57 347	1 674	55 673	—	49 905	1 935	47 970	—	—
Debentures, insurance policies, preference shares and other loans	31 586	6 452	25 134	—	30 075	7 043	23 032	—	—
Cash, deposits and similar securities	48 980	9 532	39 448	—	49 007	9 804	39 203	—	—
Deferred tax	932	931	1	—	626	515	—	111	—
Short-term insurance technical assets	1 560	1 560	—	—	2 064	2 064	—	—	—
Working capital assets	40 071	34 190	5 881	—	36 230	31 552	4 689	(11)	—
Trade and other receivables	27 883	22 011	5 872	—	24 250	19 572	4 689	(11)	—
Cash, deposits and similar securities	12 188	12 179	9	—	11 980	11 980	—	—	—
<b>Total assets</b>	<b>361 191</b>	<b>77 989</b>	<b>283 754</b>	<b>(552)</b>	<b>334 929</b>	<b>73 919</b>	<b>261 413</b>	<b>100</b>	<b>(503)</b>

## 20. RECONCILIATIONS (continued)

## 20.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value (continued)

<i>R million</i>	31 December 2010				31 December 2009				
	Total	Shareholder activities	Policyholder activities	Consolidation reserve	Total	Shareholder activities	Policyholder activities	Change in accounting policies <sup>(1)</sup>	Consolidation reserve
<b>Equity and liabilities</b>									
Shareholders' fund	31 778	32 330	—	(552)	29 644	30 395	—	(248)	(503)
Minority shareholders' interest	2 608	2 608	—	—	2 513	2 521	(8)	—	—
Long-term policy liabilities	265 695	—	265 695	—	246 330	—	245 997	333	—
Insurance contracts	132 985	—	132 985	—	124 107	—	123 774	333	—
Investment contracts	132 710	—	132 710	—	122 223	—	122 223	—	—
Term finance	6 766	6 258	508	—	6 916	6 273	643	—	—
External investors in consolidated funds	11 655	—	11 655	—	10 534	—	10 534	—	—
Cell owners' interest	577	577	—	—	535	535	—	—	—
Deferred tax	1 178	574	604	—	763	346	417	—	—
Short-term insurance technical provisions	7 945	7 945	—	—	8 304	8 304	—	—	—
Working capital liabilities	32 989	27 697	5 292	—	29 390	25 545	3 830	15	—
Trade and other payables	30 422	25 800	4 622	—	25 842	22 136	3 706	—	—
Provisions	617	617	—	—	1 396	1 396	—	—	—
Taxation	1 950	1 280	670	—	2 152	2 013	124	15	—
<b>Total equity and liabilities</b>	<b>361 191</b>	<b>77 989</b>	<b>283 754</b>	<b>(552)</b>	<b>334 929</b>	<b>73 919</b>	<b>261 413</b>	<b>100</b>	<b>(503)</b>

<sup>(1)</sup> Change in Sanlam Developing Markets' accounting policies recognised on 1 January 2010 for GEV purposes.

# Notes to the shareholders' fund information

for the year ended 31 December 2010

## 21. GEOGRAPHICAL ANALYSIS

<i>R million</i>	Per shareholders' fund income statement on page 34		IFRS adjustment (refer note 20.1)	Total
	Internal customers	External customers		
<b>Financial services income</b>				
Financial services income is attributed to individual countries, based on where the income was earned.				
<b>2010</b>	<b>668</b>	<b>31 171</b>	<b>1 898</b>	<b>33 737</b>
South Africa	293	27 982	1 881	30 156
Africa	20	2 856	38	2 914
Other international <sup>(1)</sup>	355	333	(21)	667
<b>2009</b>	<b>563</b>	<b>28 716</b>	<b>1 652</b>	<b>30 931</b>
South Africa	384	25 978	1 806	28 168
Africa	—	2 286	—	2 286
Other international <sup>(1)</sup>	179	452	(154)	477

<i>R million</i>	Per analysis of shareholders' fund on page 30	Policy-holders' fund	Total
	<b>Non-current assets<sup>(2)</sup></b>		
<b>2010</b>	<b>7 224</b>	<b>725</b>	<b>7 949</b>
South Africa	6 212	629	6 841
Africa	145	96	241
Other international <sup>(1)</sup>	867	—	867
<b>2009</b>	<b>6 601</b>	<b>631</b>	<b>7 232</b>
South Africa	5 628	631	6 259
Africa	81	—	81
Other international <sup>(1)</sup>	892	—	892

<i>R million</i>	2010	2009
<b>Attributable earnings before impairments (per shareholders' fund income statement on page 34)</b>	<b>5 526</b>	<b>4 464</b>
South Africa	4 694	4 058
Africa	334	243
Other international <sup>(1)</sup>	498	163

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

<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 2010

<i>R million</i>	Note	2010	2009
<b>Sanlam Personal Finance</b>		21 488	19 884
Adjusted net worth		8 144	8 098
Net value of in-force covered business		13 344	11 786
Value of in-force covered business		15 273	13 645
Cost of capital		(1 695)	(1 694)
Minority shareholders' interest		(234)	(165)
<b>Sanlam Developing Markets</b>		3 952	3 479
Adjusted net worth		1 104	1 363
Net value of in-force covered business		2 848	2 116
Value of in-force covered business		3 475	2 786
Cost of capital		(267)	(307)
Minority shareholders' interest		(360)	(363)
<b>Sanlam UK</b>		638	665
Adjusted net worth		212	217
Net value of in-force covered business		426	448
Value of in-force covered business		455	480
Cost of capital		(29)	(32)
Minority shareholders' interest		—	—
<b>Sanlam Employee Benefits</b>		4 967	4 960
Adjusted net worth		4 573	4 569
Net value of in-force covered business		394	391
Value of in-force covered business		1 286	1 300
Cost of capital		(892)	(909)
Minority shareholders' interest		—	—
<b>Embedded value of covered business</b>		<b>31 045</b>	<b>28 988</b>
Adjusted net worth <sup>(1)</sup>		14 033	14 247
Net value of in-force covered business	1	17 012	14 741
<b>Embedded value of covered business</b>		<b>31 045</b>	<b>28 988</b>

<sup>(1)</sup> Excludes subordinated debt funding of Sanlam Life.

# Change in embedded value of covered business

for the year ended 31 December 2010

<i>R million</i>	Note	2010				2009			
		Total	Value of in-force	Cost of capital	Ad-justed net worth	Total	Value of in-force	Cost of capital	Ad-justed net worth
<b>Embedded value of covered business at the beginning of the year –reported</b>		28 988	17 626	(2 885)	14 247	28 591	15 939	(2 361)	15 013
Change in accounting policies	9	(49)	201	36	(286)	–	–	–	–
<b>Embedded value of covered business at the beginning of the year – restated</b>		28 939	17 827	(2 849)	13 961	28 591	15 939	(2 361)	15 013
Value of new business	2	666	1 873	(93)	(1 114)	607	1 811	(97)	(1 107)
Net earnings from existing covered business		2 639	(200)	62	2 777	2 430	(231)	146	2 515
Expected return on value of in-force business		2 218	2 111	107	–	1 714	1 588	126	–
Expected transfer of profit to adjusted net worth		–	(2 388)	–	2 388	–	(2 064)	–	2 064
Operating experience variances	3	468	(10)	(18)	496	636	186	(4)	454
Operating assumption changes	4	(47)	87	(27)	(107)	80	59	24	(3)
Expected investment return on adjusted net worth		1 151	–	–	1 151	1 091	–	–	1 091
<b>Embedded value earnings from operations</b>		4 456	1 673	(31)	2 814	4 128	1 580	49	2 499
Economic assumption changes	5	430	334	99	(3)	(1 206)	(687)	(484)	(35)
Tax changes – change in corporate tax rates		–	2	–	(2)	–	–	–	–
Investment variances – value of in-force		332	127	(55)	260	1 149	874	(69)	344
Investment variances – investment return on adjusted net worth		4	–	–	4	515	–	–	515
Exchange rate movements		(119)	(128)	9	–	(137)	(149)	12	–
Net project expenses	6	(46)	–	–	(46)	(28)	–	–	(28)
<b>Embedded value earnings from covered business</b>		5 057	2 008	22	3 027	4 421	1 618	(492)	3 295
Acquired value of in-force		6	5	(1)	2	210	69	(32)	173
Transfers from other Group operations		–	–	–	–	17	–	–	17
Change in utilisation of capital diversification		(700)	–	–	(700)	(729)	–	–	(729)
Transfers from covered business		(2 257)	–	–	(2 257)	(3 522)	–	–	(3 522)
<b>Embedded value of covered business at the end of the year</b>		31 045	19 840	(2 828)	14 033	28 988	17 626	(2 885)	14 247
<b>Analysis of earnings from covered business</b>		3 782	1 556	2	2 224	2 815	802	(315)	2 328
Sanlam Personal Finance		676	491	–	185	467	341	(26)	152
Sanlam Developing Markets		(7)	(25)	3	15	(14)	(1)	3	(16)
Sanlam UK		606	(14)	17	603	1 153	476	(154)	831
<b>Embedded value earnings from covered business</b>		5 057	2 008	22	3 027	4 421	1 618	(492)	3 295

# Value of new business

for the year ended 31 December 2010

<i>R million</i>	Note	2010	2009
<b>Value of new business (at point of sale):</b>			
<b>Gross value of new business</b>		866	797
Sanlam Personal Finance		428	354
Sanlam Developing Markets		373	335
Sanlam UK		14	17
Sanlam Employee Benefits		51	91
<b>Cost of capital</b>		(104)	(108)
Sanlam Personal Finance		(42)	(34)
Sanlam Developing Markets		(28)	(45)
Sanlam UK		(3)	(3)
Sanlam Employee Benefits		(31)	(26)
<b>Value of new business</b>		762	689
Sanlam Personal Finance		386	320
Sanlam Developing Markets		345	290
Sanlam UK		11	14
Sanlam Employee Benefits		20	65
<i>Value of new business attributable to:</i>			
<b>Shareholders' fund</b>	2	666	607
Sanlam Personal Finance		367	308
Sanlam Developing Markets		268	220
Sanlam UK		11	14
Sanlam Employee Benefits		20	65
<b>Minority shareholders' interest</b>		96	82
Sanlam Personal Finance		19	12
Sanlam Developing Markets		77	70
Sanlam UK		—	—
Sanlam Employee Benefits		—	—
<b>Value of new business</b>		762	689
<b>Geographical analysis:</b>			
South Africa		522	484
Africa		224	186
Other international		16	19
<b>Value of new business</b>		762	689
<b>Analysis of new business profitability:</b>			
<i>Before minorities:</i>			
<b>Present value of new business premiums</b>		27 334	26 365
Sanlam Personal Finance		17 555	16 573
Sanlam Developing Markets		6 584	5 711
Sanlam UK		996	951
Sanlam Employee Benefits		2 199	3 130
<b>New business margin</b>		2,79%	2,61%
Sanlam Personal Finance		2,20%	1,93%
Sanlam Developing Markets		5,24%	5,08%
Sanlam UK		1,10%	1,47%
Sanlam Employee Benefits		0,91%	2,08%
<i>After minorities:</i>			
<b>Present value of new business premiums</b>		25 891	25 102
Sanlam Personal Finance		17 293	16 269
Sanlam Developing Markets		5 403	4 752
Sanlam UK		996	951
Sanlam Employee Benefits		2 199	3 130
<b>New business margin</b>		2,57%	2,42%
Sanlam Personal Finance		2,12%	1,89%
Sanlam Developing Markets		4,96%	4,63%
Sanlam UK		1,10%	1,47%
Sanlam Employee Benefits		0,91%	2,08%

# Notes to the embedded value of covered business

for the year ended 31 December 2010

## 1. VALUE OF IN-FORCE SENSITIVITY ANALYSIS

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
<b>2010</b>				
<b>Base value</b>	19 840	(2 828)	17 012	
<i>Interest rate and assets</i>				
> Risk discount rate increase by 1%	18 708	(3 445)	15 263	(10)
> Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	20 246	(2 722)	17 524	3
> Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	19 029	(2 786)	16 243	(5)
> Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	20 258	(2 538)	17 720	4
<i>Expenses and persistency</i>				
> Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	20 410	(2 815)	17 595	3
> Discontinuance rates decrease by 10%	20 327	(2 904)	17 423	2
<i>Insurance risk</i>				
> Mortality and morbidity decrease by 5% for life assurance business	20 623	(2 821)	17 802	5
> Mortality and morbidity decrease by 5% for annuity business	19 670	(2 823)	16 847	(1)
<b>2009</b>				
<b>Base value</b>	17 626	(2 885)	14 741	
<i>Interest rate and assets</i>				
> Risk discount rate increase by 1%	16 639	(3 486)	13 153	(11)
> Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	18 073	(2 789)	15 284	4
> Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	16 897	(2 865)	14 032	(5)
> Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	18 023	(2 631)	15 392	4
<i>Expenses and persistency</i>				
> Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	18 124	(2 873)	15 251	3
> Discontinuance rates decrease by 10%	18 005	(2 967)	15 038	2
<i>Insurance risk</i>				
> Mortality and morbidity decrease by 5% for life assurance business	18 328	(2 878)	15 450	5
> Mortality and morbidity decrease by 5% for annuity business	17 512	(2 882)	14 630	(1)



## 2. VALUE OF NEW BUSINESS SENSITIVITY ANALYSIS

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
<b>Base value</b>	759	(93)	666	
<i>Interest rate and assets</i>				
> Risk discount rate increase by 1%	649	(111)	538	(19)
> Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	817	(92)	725	9
<i>Expenses and persistency</i>				
> Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	834	(92)	742	11
> Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	847	(92)	755	13
> Discontinuance rates decrease by 10%	873	(97)	776	17
<i>Insurance risk</i>				
> Mortality and morbidity decrease by 5% for life assurance business	882	(91)	791	19
> Mortality and morbidity decrease by 5% for annuity business	750	(92)	658	(1)

R million

2010

2009

## 3. OPERATING EXPERIENCE VARIANCES

Risk experience	352	363
Investment guarantee reserve	—	64
Working capital and other	116	209
<b>Total operating experience variances</b>	<b>468</b>	<b>636</b>

## 4. OPERATING ASSUMPTION CHANGES

Mortality and morbidity	(13)	(124)
Persistency	(89)	(67)
Modelling improvements and other	55	271
<b>Total operating assumption changes</b>	<b>(47)</b>	<b>80</b>

## 5. ECONOMIC ASSUMPTION CHANGES

Investment yields	448	(866)
Long-term asset mix assumptions and other	(18)	(340)
<b>Total economic assumption changes</b>	<b>430</b>	<b>(1 206)</b>

## 6. NET PROJECT EXPENSES

Net project expenses relate to once-off expenditure on the Group's distribution platform that has not been allowed for in the embedded value assumptions.

# Notes to the embedded value of covered business

for the year ended 31 December 2010

<i>R million</i>	2010	2009
<b>7. 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 12 on page 52	1 975	1 759
Differences between profits recognised under IFRS and the embedded value methodology	15	19
Change in accounting policies recognised on 1 January 2010 for embedded value purposes	—	9
Foreign exchange differences and other	15	10
Less: net project expenses	(46)	(28)
Less: STC projected on dividends from covered business profits for the year	(72)	(61)
Investment return on adjusted net worth	1 155	1 606
Embedded value earnings from covered business: value of in-force	2 030	1 126
<b>Embedded value earnings from covered business</b>	<b>5 057</b>	<b>4 421</b>

<i>%</i>	2010	2009
<b>8. ECONOMIC ASSUMPTIONS</b>		
<b>Gross investment return, risk discount rate and inflation</b>		
<b>Sanlam Life</b>		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	8,4	9,4
Equities and offshore investments	11,9	12,9
Hedged equities	8,9	9,9
Property	9,4	10,4
Cash	7,4	8,4
Return on required capital	9,3	10,3
Inflation rate <sup>(1)</sup>	5,4	6,4
Risk discount rate	10,9	11,9
<sup>(1)</sup> Expense inflation of 7,4% (2009: 8,4%) assumed for Retail business administered on old platforms.		
<b>SDM Limited</b>		
Point used on the relevant yield curve	5 year	6 year
Fixed-interest securities	7,7	8,6
Equities and offshore investments	11,2	12,1
Hedged equities	n/a	n/a
Property	8,7	9,6
Cash	6,7	7,6
Return on required capital	9,0	9,9
Inflation rate	4,7	5,6
Risk discount rate	10,2	11,1
<b>Merchant Investors</b>		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	4,0	4,5
Equities and offshore investments	7,2	7,7
Hedged equities	n/a	n/a
Property	7,2	7,7
Cash	4,0	4,5
Return on required capital	4,0	4,5
Inflation rate	3,5	3,8
Risk discount rate	7,7	8,2

%	2010	2009
<b>8. ECONOMIC ASSUMPTIONS (continued)</b>		
<b>Botswana Life Insurance</b>		
Fixed-interest securities	9,5	10,0
Equities and offshore investments	13,0	13,5
Hedged equities	n/a	n/a
Property	10,5	11,0
Cash	8,5	9,0
Return on required capital	9,6	10,1
Inflation rate	6,5	7,0
Risk discount rate	13,0	13,5
<b>Asset mix for assets supporting required capital</b>		
<b>Sanlam Life</b>		
Equities	34	34
Hedged equities	13	13
Property	3	3
Fixed-interest securities	15	15
Cash	35	35
	100	100
<b>SDM Limited</b>		
Equities	50	50
Hedged equities	—	—
Property	—	—
Fixed-interest securities	—	—
Cash	50	50
	100	100
<b>Merchant Investors</b>		
Equities	—	—
Hedged equities	—	—
Property	—	—
Fixed-interest securities	—	—
Cash	100	100
	100	100
<b>Botswana Life Insurance</b>		
Equities	15	15
Hedged equities	—	—
Property	10	10
Fixed-interest securities	25	25
Cash	50	50
	100	100

## 9. CHANGE IN ACCOUNTING POLICIES

Channel Life's accounting policies for insurance contracts have been aligned with the rest of Sanlam Group. In terms of the amended accounting policies, no negative rand reserves are recognised on an individual policy level. Channel Life's capital and economic bases have also been aligned with that of SDM Limited. The impact of the aforementioned amendments was to reduce the embedded value by R49 million at 1 January 2010 as follows:

- > A R286 million reduction in required capital with a commensurate R36 million decrease in the cost of capital.
- > The gross value of in-force business increased by R201 million commensurate with an increase in future taxable income following the elimination of the negative rand reserves.

Comparative information has not been restated based on the immaterial impact of the changes on the embedded value of covered business, embedded value earnings and value of new business. The full impact is recognised as a change to the opening embedded value of covered business on 1 January 2010.

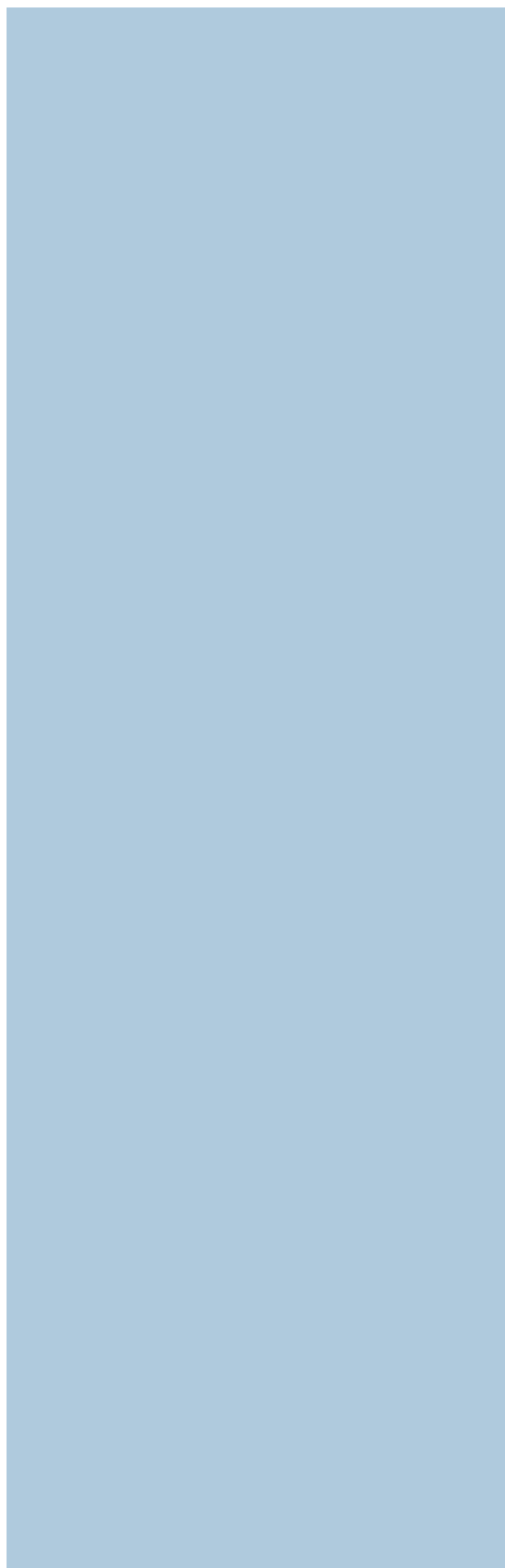


# Group Financial Statements

for the year ended 31 December 2010

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# Statement of Financial Position

at 31 December 2010

<i>R million</i>	2010	Restated 2009
<b>Assets</b>		
Property and equipment	470	375
Owner-occupied properties	653	652
Goodwill	3 197	2 810
Other intangible assets	39	45
Value of business acquired	1 320	1 210
Deferred acquisition costs	2 270	2 140
Long-term reinsurance assets	588	499
Investments	310 091	288 278
Properties	17 362	15 757
Investment properties	16 744	15 043
Straight-line rental adjustment	618	714
Equity-accounted investments	3 626	1 964
Equities and similar securities	151 190	141 570
Public sector stocks and loans	57 347	49 905
Debentures, insurance policies, preference shares and other loans	31 586	30 075
Cash, deposits and similar securities	48 980	49 007
Deferred tax	932	626
Short-term insurance technical assets	1 560	2 064
Working capital assets	40 071	36 230
Trade and other receivables	27 883	24 250
Cash, deposits and similar securities	12 188	11 980
<b>Total assets</b>	<b>361 191</b>	<b>334 929</b>
<b>Equity and liabilities</b>		
Capital and reserves		
Share capital and premium	22	23
Treasury shares	(2 824)	(3 200)
Other reserves	8 622	9 081
Retained earnings	25 958	23 740
<b>Shareholders' fund</b>	<b>31 778</b>	<b>29 644</b>
Minority shareholders' interest	2 608	2 513
<b>Total equity</b>	<b>34 386</b>	<b>32 157</b>
Long-term policy liabilities	265 695	246 330
Insurance contracts	132 985	124 107
Investment contracts	132 710	122 223
Term finance	6 766	6 916
Margin business	3 115	3 341
Other interest-bearing liabilities	3 651	3 575
External investors in consolidated funds	11 655	10 534
Cell owners' interest	577	535
Deferred tax	1 178	763
Short-term insurance technical provisions	7 945	8 304
Working capital liabilities	32 989	29 390
Trade and other payables	30 422	25 842
Provisions	617	1 396
Taxation	1 950	2 152
<b>Total equity and liabilities</b>	<b>361 191</b>	<b>334 929</b>

# Statement of Comprehensive Income

For the year ended 31 December 2010

<i>R million</i>	Note	2010	Restated 2009
<b>Net income</b>		67 285	60 634
Financial services income		33 737	30 931
Reinsurance premiums paid		(3 040)	(2 848)
Reinsurance commission received		307	258
Investment income		15 344	15 997
Investment surpluses		21 831	17 380
Finance cost – margin business		(216)	(246)
Change in fair value of external investors' liability		(678)	(838)
<b>Net insurance and investment contract benefits and claims</b>		(44 640)	(41 063)
Long-term insurance contract benefits		(22 928)	(17 084)
Long-term investment contract benefits		(13 444)	(15 763)
Short-term insurance claims		(9 520)	(9 800)
Reinsurance claims received		1 252	1 584
<b>Expenses</b>		(13 290)	(11 552)
Sales remuneration		(4 870)	(4 414)
Administration costs		(8 420)	(7 138)
<b>Impairments</b>		–	(79)
<b>Amortisation of intangibles</b>		(103)	(84)
<b>Net operating result</b>		9 252	7 856
Equity-accounted earnings		329	104
Finance cost – other		(309)	(363)
<b>Profit before tax</b>		9 272	7 597
Taxation		(2 757)	(2 525)
Shareholders' fund		(1 911)	(1 755)
Policyholders' fund		(846)	(770)
<b>Profit for the year</b>		6 515	5 072
Other comprehensive income			
Movement in foreign currency translation reserve		(517)	(454)
<b>Comprehensive income for the year</b>		5 998	4 618
<b>Allocation of comprehensive income:</b>			
Profit for the year		6 515	5 072
Shareholders' fund		5 523	4 388
Minority shareholders' interest		992	684
Comprehensive income for the year		5 998	4 618
Shareholders' fund		5 115	4 079
Minority shareholders' interest		883	539
<b>Earnings attributable to shareholders of the company (cents):</b>			
Profit for the year:			
Basic earnings per share	1	280,4	222,1
Diluted earnings per share	1	272,2	216,4

# Statement of Changes in Equity

for the year ended 31 December 2010

<i>R million</i>	2010	Restated 2009
<b>Shareholders' fund:</b>		
Balance at beginning of the period	29 644	27 260
Comprehensive income	5 115	4 079
Profit for the period	5 523	4 388
Other comprehensive income: movement in foreign currency translation reserve	(408)	(309)
Net (acquisition)/disposal of treasury shares <sup>(1)</sup>	(1 074)	120
Share-based payments	191	139
Acquisitions, disposals and other movements in interests	(2)	-
Dividends paid <sup>(2)</sup>	(2 096)	(1 954)
<b>Balance at end of the period</b>	<b>31 778</b>	<b>29 644</b>
<b>Minority shareholders' interest</b>		
Balance at beginning of the period	2 513	2 481
Comprehensive income	883	539
Profit for the period	992	684
Other comprehensive income: movement in foreign currency translation reserve	(109)	(145)
Net (acquisition)/disposal of treasury shares <sup>(1)</sup>	(98)	(14)
Share-based payments	32	28
Dividends paid	(629)	(419)
Acquisitions, disposals and other movements in minority interests	(93)	(102)
<b>Balance at end of the period</b>	<b>2 608</b>	<b>2 513</b>
Shareholders' fund	29 644	27 260
Minority shareholders' interest	2 513	2 481
<b>Total equity at beginning of the period</b>	<b>32 157</b>	<b>29 741</b>
Shareholders' fund	31 778	29 644
Minority shareholders' interest	2 608	2 513
<b>Total equity at end of the period</b>	<b>34 386</b>	<b>32 157</b>

<sup>(1)</sup> Comprises movement in cost of shares held by subsidiaries and the share incentive trust.

<sup>(2)</sup> Dividend of 104 cents per share paid during 2010 (2009: 98 cents per share) in respect of the 2009 financial year.



# Cash Flow Statement

For the year ended 31 December 2010

<i>R million</i>	2010	Restated 2009
Net cash inflow from operating activities	904	3 980
Net cash inflow/(outflow) from investment activities	313	(865)
Net cash (outflow)/inflow from financing activities	(1 037)	519
<b>Net increase in cash and cash equivalents</b>	<b>180</b>	<b>3 634</b>
Cash, deposits and similar securities at beginning of the year	60 984	57 350
Cash, deposits and similar securities at end of the year	61 164	60 984

# Notes to the financial statements

for the year ended 31 December 2010

## 1. EARNINGS PER SHARE

	2010 cents	Restated 2009 cents
<b>Basic earnings per share:</b>		
Headline earnings	260,0	224,2
Profit attributable to shareholders' fund	280,4	222,1
<b>Diluted earnings per share:</b>		
Headline earnings	252,4	218,4
Profit attributable to shareholders' fund	272,2	216,4
	R million	R million
<b>Analysis of earnings:</b>		
Profit attributable to shareholders' fund	5 523	4 388
Less: Net profit on disposal of operations	(404)	(35)
Plus: Impairment of investments and goodwill	3	76
<b>Headline earnings</b>	<b>5 122</b>	<b>4 429</b>
<i>Headline earnings include re-measurements of investment properties, which are largely attributable to policyholder funds.</i>		
	million	million
<b>Number of shares:</b>		
Number of ordinary shares in issue at beginning of period	2 160,0	2 190,1
Less: Weighted number of shares cancelled	(50,0)	(25,1)
Less: Weighted average Sanlam shares held by subsidiaries (including policyholders)	(140,0)	(189,2)
<b>Weighted average number of shares for basic earnings per share</b>	<b>1 970,0</b>	<b>1 975,8</b>
Add: Weighted conversion of deferred shares	26,0	20,6
Add: Total number of shares and options	34,9	37,1
Less: Number of shares (under option) that would have been issued at fair value	(1,9)	(5,4)
<b>Weighted average number of shares for diluted earnings per share</b>	<b>2 029,0</b>	<b>2 028,1</b>

## 2. SEGMENTAL INFORMATION

	2010 R million	Restated 2009 R million
<b>Segment financial services income (per shareholders' fund information)</b>	<b>31 839</b>	<b>29 279</b>
Sanlam Personal Finance	7 578	6 846
Sanlam Developing Markets	4 411	3 929
Sanlam UK	357	367
Sanlam Employee Benefits	2 676	2 190
Short-term Insurance	14 018	13 345
Sanlam Investments	2 114	1 940
Sanlam Capital Management	573	575
Corporate, consolidation and other	112	87
IFRS adjustments	1 898	1 652
<b>Total financial services income</b>	<b>33 737</b>	<b>30 931</b>
<b>Segment result (per shareholders' fund information after tax and minorities)</b>	<b>5 544</b>	<b>4 444</b>
Sanlam Personal Finance	3 335	2 960
Sanlam Developing Markets	179	156
Sanlam UK	111	59
Sanlam Employee Benefits	585	791
Short-term Insurance	922	550
Sanlam Investments	446	540
Sanlam Capital Management	527	220
Corporate, consolidation and other	(561)	(832)
Reverse minority shareholders' interest included in segment result	992	684
Fund transfers	(21)	(56)
<b>Total profit for the period</b>	<b>6 515</b>	<b>5 072</b>

# Notes to the financial statements

for the year ended 31 December 2010

## 3. RESTATEMENTS

Channel Life's accounting policies for insurance contracts have been aligned with that of the Sanlam Group by eliminating negative rand reserves held as part of its insurance contract policy liabilities.

Following recent queries from SARS and pursuant to the complete restructuring of Santam's investment portfolio in 2007 and 2008, an additional provision has been raised for income tax relating to the potential under provisioning for taxation on the net realised gains on traded investments during the said periods.

Comparative information has been restated for the change in accounting policies and reclassifications due to re-assessment of Investments classifications, as follows:

<i>R million</i>	Year ended 31 December 2009	
	Restated	Reported
Shareholders fund at the beginning of the period	27 260	27 651
Shareholders fund at the end of the period	29 644	30 044
Retained earnings at the beginning of the period	22 067	22 458
Retained earnings at the end of the year	23 740	24 140
Minority shareholders' interest at the beginning of the period	2 481	2 596
Minority shareholders' interest at the end of the period	2 513	2 628
Public sector stocks and loans	49 905	50 803
Debentures, insurance policies, preference shares and other loans	30 075	34 792
Cash, deposits and similar securities	49 007	43 392
Deferred tax asset	626	515
Trade and other receivables	24 250	24 261
Insurance contract policy liabilities	124 107	123 774
Taxation payable	2 152	1 870

Comprehensive income for the period

The impact on individual line items in the Statement of Comprehensive Income, basic earnings per share and diluted earnings per share, is immaterial to disclose here separately.

## 4. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosed in the 2009 annual report. In respect of the pension and retirement fund investigation referred to in note 34.4 of the report, Sanlam and the curator of the funds have reached a settlement agreement. Sanlam made a payment of R175 million to the funds involved. Settlement has also been reached in respect of the Topmed/Selfmed claims against Sanlam Health. An amount of R588 million was paid in January 2011 as full and final settlement of the claims. Both amounts were paid from existing provisions. In addition, the Sanlam Capital Markets' R7 billion guarantee was increased to R8,5 billion. The circumstances surrounding the other contingent liabilities remain materially unchanged.

## 5. SUBSEQUENT EVENTS

No material facts or circumstances have arisen between the dates of the balance sheet and this report that affect the financial position of the Sanlam Group at 31 December 2010 as reflected in these financial statements.

### Group secretary

Sana-Ullah Bray

### Registered office

2 Strand Road, Bellville 7530, South Africa

Telephone +27 (0)21 947-9111

Fax +27 (0)21 947-3670

### Postal address

PO Box 1, Sanlamhof 7532, South Africa

### Registered name: Sanlam Limited

(Registration number 1959/001562/06)

JSE share code: SLM

NSX share code: SLA

ISIN number: ZAE000070660

Incorporated in South Africa

### Transfer secretaries:

Computershare Investor Services (Proprietary) Limited

(Registration number 2004/003647/07)

70 Marshall Street, Johannesburg 2001,

South Africa

PO Box 61051, Marshalltown 2107, South Africa

Tel +27 (0)11 373-0000

Fax +27 (0)11 688-5200

[www.sanlam.co.za](http://www.sanlam.co.za)

### Directors

Directors: DK Smith (Chairman), PT Motsepe (Deputy Chairman), J van Zyl (1) (Group Chief Executive), MMM Bakane-Tuoane, AD Botha, AS du Plessis, FA du Plessis, MV Moosa, JP Möller (1), YG Muthien (1), TI Mvusi (1), SA Nkosi, I Plenderleith (2), GE Rudman, RV Simelane, ZB Swanepoel, PL Zim

<sup>(1)</sup> *Executive*

<sup>(2)</sup> *British*

### Sponsor

Deutsche Securities (SA) (Proprietary) Limited