Sanlam

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Annual Financial Statements 2023

23

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Sanlam Annual Financial Statements 2023

Directors' responsibility for financial reporting

The board of Sanlam Limited takes responsibility for the integrity, objectivity and reliability of the group and company annual financial statements of Sanlam Limited in accordance with International Financial Reporting Standards. Adequate accounting records have been maintained. The board endorses the principle of transparency in financial reporting. The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

The responsibility of the joint external auditors, PwC Inc. and KPMG Inc. are to express an independent opinion on the fair presentation of the financial statements based on their audit of Sanlam Limited and the group. The audit committee has satisfied itself that the external auditors were independent of the company during the period under review.

The responsibility of the joint external auditors, PwC Inc. and KPMG Inc., is to express an independent opinion on preparation of the additional shareholders' information

The audit, actuarial and finance committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Sanlam Limited group or company annual financial statements. The board is satisfied that the annual financial statements fairly present the financial position, the results of operations and cash flows in accordance with International Financial Reporting Standards (IFRS) and supported by reasonable and prudent judgements consistently applied.

The board of Sanlam Limited takes responsibility for the integrity, objectivity, reliability and framework setting of the additional shareholders' information included in the annual financial statements. The responsibility for the preparation and presentation of the additional shareholders' information had been delegated to management.

A full description of how the audit, actuarial and finance committee carried out its functions is included in the corporate governance report online.

The board is of the opinion that Sanlam Limited is financially sound and operates as a going concern. The annual financial statements have accordingly been prepared on this basis.

The annual financial statements, the corporate governance report, the remuneration report and the additional shareholders' information on pages 304 to 371 were approved by the board and signed on its behalf by:

Elias Masilela
Chair

Paul Hanratty
Group Chief Executive

Cape Town

6 March 2024

Internal Financial Reporting Control (IFC) environment

In accordance with the JSE Listings Requirement 3.84(k) the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 82 to 371, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS;
(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to Sanlam and its consolidated subsidiaries have been provided to effectively prepare the financial statements;
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and executive of controls;
(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remedied the deficiencies; and
(f) We are not aware of any fraud involving directors.

Paul Hanratty
Group Chief Executive

Abigail Mukhuba
Finance Director

Cape Town

6 March 2024

Independent auditor's report on the consolidated and separate financial statements

To the shareholders of Sanlam Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sanlam Limited (the Company) and its subsidiaries (together the Group) set out on page 16 to 302 which comprise:

- Group statement of financial position as at 31 December 2023;
- Group statement of comprehensive income for the year ended 31 December 2023;
- Group statement of changes in equity for the year ended 31 December 2023;
- Group statement of cash flow for the year ended 31 December 2023;
- Sanlam Limited statement of financial position as at 31 December 2023;
- Sanlam Limited statement of comprehensive income for the year ended 31 December 2023;
- Sanlam Limited cash flow statement for the year 31 December 2023;
- Sanlam Limited statement of changes in equity for the year 31 December 2023; and
- the notes to the financial statements, including material accounting policy information, capital and risk management report, basis of presentation and remuneration information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sanlam Limited Group and Company as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters apply only to the audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

Independent auditor's report on the consolidated and separate financial statements continued

Key audit matter	How the matter was addressed in our audit

Valuation of policy liabilities and assets (being insurance and reinsurance contract assets and liabilities, together the "policy liability balances") (detailed in the accounting policies and notes 7, 8, 9, 29 and 39 to the consolidated financial statements)
 	
At 31 December 2023, the Group held insurance contract assets and liabilities as well as reinsurance contract assets and liabilities as a result of its insurance operations. The Group applies IFRS 17 Insurance Contracts (to insurance contracts and reinsurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features (DPF) (together the "policy liability balances").
 	
Transition from IFRS 4 - Insurance Contracts ('IFRS 4') to IFRS 17 - Insurance Contracts ('IFRS 17'), effective for reporting periods beginning on or after 1 January 2023 (detailed in note 39 to the consolidated financial statements
 	
In retrospectively applying IFRS 17, the Group has restated policy liability balances to reflect the requirements of the new standard and in doing so, has made certain key judgments and assumptions to develop its accounting policies.
 	
The key judgements applied on transition were:
- The determination of the transition approach (fully retrospective or fair value approach) based on the required impracticability assessments performed.
- Where the fair value transition approach was selected, the key assumptions used in determining the fair value for the respective cohorts of policies included:
  – Solvency cover ratio;
  – Adjustment for diversification of required capital; and
  – Hurdle rate (or required rate of return);
- Determining the appropriate measurement models for insurance and investment contracts with discretionary participation features.
- Level of aggregation used for measuring and reporting on groups of contracts.
- The assumptions applied in calculating the opening contractual service margin (CSM) where the fully retrospective approach has been applied.
	Our audit of the policy liability balances included the following audit procedures that were executed with the assistance of our actuarial specialists:
	
	Transition from IFRS 4 to IFRS 17
	- We assessed whether the Group's chosen accounting policies and methodologies were in compliance with IFRS 17 and that the nature and substance of the policies issued by the group supported the policy elections made on transition.
	- We tested the impracticability assessments prepared by management for a sample of cohorts where the fully retrospective approach was not followed;
	- We assessed the appropriateness of the assumptions used in determining the contractual service margin (CSM) of cohorts where the fair value approach was selected and the accuracy of the data used in these calculations.
	- We challenged the judgements applied by management in assessing whether contracts transferred significant insurance risk or whether they met the criteria to be classified as investment contracts with discretionary participation features.
	- We tested that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS17.
	- We assessed the appropriateness of management's data and assumptions applied in calculating the CSM on the transition date (being 1 January 2022) including the appropriateness of the coverage units used to amortise the CSM and the impact of assumption changes unlocking the CSM were assessed for reasonability.
	- We tested the IFRS17 transition models and methodologies for internal consistency and compliance with the requirements of IFRS 17.
	- Where relevant, we evaluated the work performed by Sanlam Internal Audit on the models and methodology. Our evaluation of Sanlam Internal audit and their work comprised of evaluating the governance structure, understanding the alignment of their work to our objectives and reperforming some tests as directed by the international auditing standards.
	
	We assessed the adequacy of the transition to IFRS 17 in note 39.

Key audit matter	How the matter was addressed in our audit

Determination of year-end balances of policy liability balances
 	
In valuing policy liability and asset balances, management applies significant judgment. Various assumptions are made including probability-weighted estimate assumptions regarding the expected claims and lapses, expected premiums on insurance contracts, expected directly attributable expenses, commission and charges. Changes to these assumptions may result in material changes to the valuation.
 	
The most significant assumptions made in the valuation of policy liability balances arising from the Group's insurance contracts relate to:
- Future mortality, longevity, morbidity and policyholder behaviour;
- Persistency assumptions with regard to lapse, surrender and paid-up rates;
- Future maintenance expenses;
- Discount rates;
- Inflation; and
- Risk adjustment for non-financial risk
 	
We considered the valuation of policy liability balances (including the transition from IFRS 4 to IFRS 17) to be a key audit matter in our audit of the consolidated financial statements because of the following:
i. The judgement applied in determining the transition approach and balances as a consequence of the transition from IFRS 4 to IFRS 17;
ii. The significant judgements and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it;
iii. The use of complex actuarial methods, together with significant judgements and assumptions; and
iv. The material nature of the policy liability balances on Sanlam's statement of financial position and resultant impact on the statement of comprehensive income for the year ended 31 December 2023.
	Procedures over year-end balances
	
	We tailored our testing of the policy liability balances with reference to the various portfolios of contracts and the various measurement models applied, as audited during transition, and performed testing on a disaggregated basis.
	
	Our procedures over the year-end balances included the following:
	- Using our actuarial expertise, we assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Group accounting policy in accordance with IFRS 17.
	- We challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the following assumptions:
	  – future mortality, longevity and morbidity changes
	  – persistency assumptions,
	  – future maintenance expense assumptions, and
	  – discount rates and inflation.
	- We tested the effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management.
	- The reasonableness of the amortisation of the CSM was assessed as follows:
	  – For a sample of individual retail life group of contracts, we recalculated the CSM using an independent model.
	  – For corporate life insurance group of contracts, an analysis and reperformance of the CSM build-up was performed on a sample basis
	- We evaluated the accuracy of the risk adjustment for non-financial risk, including calculation method, and its related release.
	- We reviewed the reasonability of the build-up and changes in the probability-weighted estimate liabilities (BEL), risk adjustment (RA) and CSM, comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management / governance structures.
	- For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Group, we either assessed management's valuation or independently valued the balances based on our independent models. We assessed the adequacy of the assumptions applied by management, e.g. delay factors, and assessed the adequacy of the year-end valuation with amongst others reference to prior years and key ratios.

Independent auditor's report on the consolidated and separate financial statements continued

Key audit matter	How the matter was addressed in our audit
Accounting for the Sanlam Allianz transaction (detailed in the accounting policies and notes 12.2.3 and 12.4 to the consolidated financial statements) The transaction whereby Sanlam and Allianz contributed their respective African operations outside of South Africa to form a newly incorporated joint venture became effective on 1 October 2023. On the effective date the Group derecognised Sanlam's African operations' net assets and non-controlling interest while recognising an investment in a joint venture of R24 billion. As consideration for the contribution of the Group's African operations outside of South Africa, the Group acquired an 59% interest in Sanlam Allianz Africa (Pty) Ltd, the holding company of the joint venture. The Group's investment in Sanlam Allianz Africa has been classified as an investment in a joint venture as shareholders' unanimous consent is required over relevant activities. The investment was recognised at fair value on the transaction date and subsequently equity accounted. We considered the SanlamAllianz transaction to be a key audit matter in our audit of the consolidated financial statements because of the following: i. The significant judgment applied in determining the classification of the investment as a joint venture; and ii. The high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing the fair value of the initial investment in SanlamAllianz.	We obtained an overall detailed understanding of the transaction by inspecting and summarising the underlying contracts and supporting documentation that informed the accounting treatment and disclosure requirements in accordance with IAS 28 *Investments in Associates and Joint Ventures.* We assessed management's accounting treatment, including the classification of the investment as a joint venture, against the requirements of the applicable standards. Using our valuation and actuarial expertise, we evaluated the valuation methodology adopted by management to value the business on the transaction date: • The fair value of the non-covered business was mainly determined on a discounted cash flow valuation basis. – The underlying assumptions, including discount rates and terminal growth rates used in management's models to value the business, were tested for reasonableness by benchmarking the assumptions to industry average rates and by recalculating the discount rate. – Management forecasts were tested on a sample basis against board approved budgets and the operations' ability to achieve historical budgets. • The fair value of the covered business was mainly determined by the underlying economic, demographic and expense assumptions that were tested for reasonableness by our actuarial specialists. We independently recalculated the loss from the disposal of the operations by agreeing the fair value of the investment in the joint venture on the transaction date to the supporting documentation and deducting the carrying net asset value of the disposal group, consisting of the values reported by the respective component teams and adjusted for the relevant consolidation entries at Group level.

Key audit matter	How the matter was addressed in our audit
Goodwill impairment assessment At 31 December 2023, Goodwill in Note 1 of the consolidated financial statements amounted to R6 906million. Goodwill is tested bi-annually for impairment and whenever there is an impairment indicator identified by management. For the year ended 31 December 2023, management performed an impairment assessment over the cash generating units by calculating fair value less cost to sell for life insurance entities and other Sanlam businesses that are considered cash generating units. We considered the goodwill impairment assessment to be a matter of most significance to our audit due to the: • the significant judgement exercised by the directors in assessing impairment including the estimation uncertainty around the assumptions applied; and • magnitude of the goodwill balance	Our audit included the following audit procedures for the goodwill impairment assessment: **Fair value less cost to sell of entities that are cash generating units** We performed the following with assistance from our valuation specialists: • We held discussions with management to obtain an understanding of the methodology applied by management in performing its fair value to confirm whether the approach adopted by management in the valuation models is consistent with market practice and the applicable requirements of IFRS 13: Fair Value. This informed management's assessment of IAS 36: Impairment of assets (IAS 36). • We assessed the valuation models by comparing inputs to observable sources (where available), including the assessment of historical and budgeted performance of the relevant entities. • We considered the appropriateness of inputs that required significantly more judgment, such as growth rates and risk premia by benchmarking inputs against those of other comparable industry participants. • For selected significant strategic investments we independently reperformed the fair value calculation using market observable and comparable industry inputs. In performing the above, we determined a range of indicative equity values and assessed whether management's value was within the acceptable respective range. • For listed investments we tested the fair value of the investment against the listed share price of such entity as the listed price approximates fair value. **Goodwill impairment testing** • For subsidiaries acquired during the year, we performed a detailed assessment to ensure that all assets acquired and liabilities assumed were accounted for appropriately in terms of IFRS 3 - Business Combinations as well as to identify any possible impairment indicators in line with IAS 36. • We compared the valuation output as determined in the procedures noted above to the carrying value at which covered and other group operations are recorded in the consolidated financial statements to determine whether an indicator of goodwill impairment exists. • We assessed the adequacy of the disclosures relating to goodwill in terms of IAS 36.

Independent auditor's report on the consolidated and separate financial statements continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sanlam Limited Annual Financial Statements 2023" which includes the Certificate by Company Secretary, the Directors' Report and the Audit committee report, as required by the Companies Act of South Africa and the document titled "Sanlam Integrated Report 2023". The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Incorporated and KPMG Incorporated have been the joint auditors of Sanlam Limited for one year and three years respectively.

KPMG Inc

KPMG Inc.
Director: Pierre Fourie
Registered Auditor
4 Christiaan Barnard Street
Cape Town City Centre
Cape Town

6 March 2024

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Alsue du Preez
Registered Auditor
5 Silo Square
V&A Waterfront
Cape Town

6 March 2024

Certificate by Company Secretary

In my capacity as Company Secretary, I hereby certify, in terms of the Companies Act, that for the year ended 31 December 2023, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Adela Fortune
Company Secretary

6 March 2024

Sanlam Annual Financial Statements **2023**

The Audit committee report for the 2023 financial year

During the year under review, the audit committee comprised five independent non-executive directors. They performed their duties and responsibilities as described in section 94 of the Companies Act and the supplementary functions assigned by the board. The audit committee fulfilled its oversight responsibility and all other relevant aspects relating to the independence of the auditors and audit quality in alignment with JSE Listings Requirements.

The audit committee's roles and responsibilities are outlined in its board approved charter. Some of these functions are elaborated on in this report. It evaluated the company's internal financial controls and has satisfied itself that there were no material breakdowns in these controls in the reporting period that impacted on the reasonability of financial reporting to stakeholders.

The committee is also satisfied that the joint external auditors have considered all significant matters concerning the group's annual financial statements and how, in response, these were addressed by the committee. Furthermore, the committee expressed its satisfaction with the independence of the joint external auditors and confirmed that they are able to conduct their audit functions objectively without any undue influence from the company.

The audit committee confirms that it carried out its legal, regulatory and other responsibilities in alignment with its charter and annual plan.

Kobus Möller
Chair: audit committee

Directors' report

for the year ended 31 December 2023

Nature of business

The Sanlam group is one of the largest established financial services groups in Africa. Its core activities are set out in the integrated report.

Sanlam Limited is a public company incorporated in terms of the Companies Act No 71 of 2008, as amended, in South Africa and listed on the JSE Limited, A2X and the Namibian Stock Exchange.

Corporate governance

The board of Sanlam endorses the Code of Corporate Practice and Conduct recommended in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™). Disclosures with regard to compliance with the Code are provided in the Corporate Governance report.

Group results

Profit attributable to shareholders increased 18% to R14 478 million in 2023 from R12 257 million in 2022, largely due to strong risk experience in life insurance businesses, and good investment returns. Taking the above into account, the group achieved satisfactory operational performance in 2023. Further details regarding the group's results and prospects are included in the financial review in the integrated report. The information in the Corporate Governance and Remuneration Reports, requiring disclosure in the Directors' report in terms of the Companies Act and JSE Listings Requirements, has been audited. The holding company's interest in the after-tax profit of the group subsidiaries, summarised per cluster, is set out in the shareholder's fund income statement on page 334.

Share capital

The issued ordinary share capital of the company is 2 203 million shares. Refer to page 181 for further information.

Dividend

The board has declared a normal cash dividend of 400 cents per share (2022: normal dividend of 360 cents), payable on 8 April 2024, to shareholders registered on 5 April 2024. All payments through electronic bank transfer will take place on this date.

Subsidiaries

Details of the company's principal subsidiaries are set out on page 184.

Directors' interests in contracts

No material contracts involving directors' interests were entered into in the year under review.

Interest of directors and officers in share capital

Details of the shareholding by directors at the date of this report are provided in the online remuneration report on pages 279 and 300.

Directors and secretary

Particulars of the directors and company secretary at the date of this report, as well as changes in directorships, are set out on pages 31 and 32 of the integrated report. Also refer to the governance report.

Subsequent events

In February 2024, the group announced its intention to acquire up to 100% of Assupol Holdings (Assupol), subject to regulatory and Assupol shareholder approval, for a consideration of R6,5 billion. Assupol will form part of Sanlam's retail mass cluster and, together with Sanlam Sky, Safrican and the Capitec JV (until October 2024), will consolidate Sanlam's strong market position in the retail mass market segment in South Africa in complement to our strong positions in the retail affluent and corporate life insurance markets.

In the same month, the group also announced completion of the mandatory takeover offer for Sanlam Maroc shares, increasing SanlamAllianz's shareholding in Sanlam Maroc from 61,73% to 85,59%. The total consideration of R2,4 billion was ultimately funded by Sanlam and Allianz, in line with their respective shareholdings in SanlamAllianz.

The BEE SPV term expires 8 March 2024 and the board has affirmed that we continue with supporting the orderly unwind of that scheme.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam limited group at 31 December 2023 as reflected in these financial statements.

Approval of annual financial statements

The directors have approved the annual financial statements as reflected on page 1, including the certificate by the company secretary on page 10, the audit committee report for the 2023 financial year on page 11 and the analysis of shareholders on page 131 of the value-added statement in the integrated report.

Notice in terms of section 45(5) of the Companies act, 2008 (the Act)

The company is from time to time, as an essential part of conducting the business of the Sanlam group, required to provide financial assistance to group companies as part of its day-to-day operations in the form of loan funding, guarantees or general financial assistance as contemplated in section 45 of the Act. In accordance with section 45(5) of the Act this serves to give notice that the Sanlam board, in line with existing practice, approved that the company may, in accordance with and subject to the provisions of section 45 of the Act and in terms of the special resolution passed at the company's annual general meeting in 2023, provide such direct or indirect financial assistance to related and inter-related companies and corporations as described in section 45 of the Act. The amount and format of financial assistance which may be granted pursuant to the resolution is subject to ongoing review by the Sanlam board and may in total exceed the reporting threshold of 0,1% of the Sanlam group's net asset value provided for in the Act.

Contents

Capital and risk management report

Capital management

Objective

Responsible capital management and allocation are an essential component of meeting the group's strategic objective of shared value creation for all stakeholders, including maximising shareholder value. The capital value used by the group as the primary performance measurement base is group equity value (GEV), as reported on page 320. The management of the group's capital base requires a continuous review of optimal capital levels, including the use of alternative sources of funding, to maximise return on GEV (RoGEV) and ensure appropriate solvency levels as a safeguard to our clients, regulators and broader society. The group has an integrated capital and risk management approach. The amount of capital required by the various businesses is directly linked to their exposure to financial and operational risks. Accordingly, risk management is an important component of responsible capital management and allocation.

Capital allocation methodology

Group businesses are each allocated an optimal level of capital and are measured against appropriate return hurdles.

The methodology used to determine the allocation of required capital to South African covered business is aligned with the regulatory framework as defined in the South African Insurance Act, 18 of 2017, and supporting Prudential Standards.

The group sets an appropriate level of required capital for Sanlam Life's covered business (defined on page 315) under the Prudential Standards, based on a standard formula Solvency Capital Requirement (SCR) targeted cover range of between 150% and 200% over a five-year projection period. The minimum end of the targeted cover range is set such that Sanlam Life's covered business is expected to be able to absorb a combined economic shock, a pandemic/catastrophe shock, and an operational risk event without breaching 100% of regulatory SCR cover. A similar methodology was followed to set ranges for the other South African life insurers. This approach remains aligned with the overarching principle to set the level and nature of the supporting capital taking cognisance of minimum regulatory capital requirements, as well as economic, risk and growth considerations. For the non-South African insurers, the group sets supporting capital levels according to risk appetites based on applicable local rules and operational requirements, but applying the same overarching principles as for South Africa.

The fair value of other group operations includes the working capital allocated to the respective operations.

The group's approach to ensure appropriate working capital levels in these operations is twofold:
- The group's internal dividend policy is based on the annual declaration of all discretionary capital by subsidiaries that is not required for normal operations or expansion; and
- Performance targets are set for other group operations based on an expected return on the fair value of the businesses, equal to their internal hurdle rates. These hurdles form a key component of incentive scorecards. This ensures that all non-productive working capital is declared as a dividend to the group.

Covered business (life insurance operations)

The group's life insurance operations require significantly higher levels of allocated capital than the other group operations. The optimisation of long-term required capital is accordingly a primary focus area of the group's capital management philosophy given the significant potential to enhance shareholder value, while maintaining appropriate solvency levels. The following main strategies are used to achieve this objective:
- Appropriate matching of assets and liabilities for policyholder solutions. This is especially important for long-duration policyholder solutions that expose the group to interest rate risk, such as non-participating annuities.
- Due regard is given to liquidity risk management, particularly where derivatives are utilised for matching purposes.
- The asset mix of the long-term required capital, as well as estate reserves in the policyholder portfolios, also impact the overall capital requirement. The group's balance sheet management function models the overall risk and expected return on assets, including the impact on required capital to determine the optimal asset mix in this regard.
- The optimal use of long-term debt in the group's capital structure.
- Management of operational risk: internal controls and various other operational risk management processes are used to reduce operational risk and commensurately the allowance for this risk in the calculation of required capital.
- The optimal use of hedges, eg the interest rate derivatives currently in place.
- Efficient selection of reinsurance strategies.

The group continues to improve and further develop its capital management models and processes in line with international best practice.

Other group operations

The performance measurement of other group operations is based on the return achieved on the fair value of the businesses. Risk-adjusted return targets are set for the businesses to ensure that each business' return target takes cognisance of the inherent risks of the business. This approach ensures that the management teams are focused on operational strategies that will optimise the return on fair value, thereby contributing to the group's main objective of optimising RoGEV.

Group estate committee

The group estate committee, an internal management committee mandated by the Sanlam Limited board, is responsible for reviewing and overseeing the management of the group's shareholders capital base (inclusive of the estate reserves) in terms of the specific strategies approved by the board. A similar committee was established to specifically consider the SanlamAllianz businesses.

Discretionary capital

Any capital in excess of requirements and not optimally utilised, is identified on a continuous basis. The pursuit of structural growth initiatives is set as the preferred application of group capital, subject to such initiatives yielding the applicable hurdle rate and being complementary to or in support of group strategy. Any discretionary capital not efficiently redeployed will be returned to shareholders in the most effective form.

Capital adequacy

Sanlam group

For regulatory purposes, the group's consolidated capital adequacy is assessed under the Insurance Act and relevant Prudential Standards.

The group solvency ratio is assessed by comparing group eligible own funds (OF) to group SCR on the Prudential Standards basis.

The Prudential Standard requires insurance groups to calculate their group-wide capital adequacy using either the Deduction and Aggregation (D&A) method (default method) or, subject to the approval of the Prudential Authority (PA), the Accounting Consolidation (AC) method.

For reporting periods before December 2021, Sanlam used the D&A method to assess group solvency. From December 2021, following PA approval, Sanlam started using the AC method. The key principles and requirements in relation to the assessment of group capital adequacy include:
- The capital adequacy of the insurance group must be assessed by aggregating adjusted solo OF and solo SCR of entities within the group, with intra-group transactions eliminated to avoid double-counting.
- The measurement of solo OF and solo SCR to be used in group calculations will depend on the type of entity and holding, and may be based on regulatory capital requirements that apply in other sectors (for non-insurers) as follows:
  - South African insurers: OF and SCR as prescribed under the Prudential Standards.
  - Non-South African insurers applying Solvency II: OF and standard formula SCR as prescribed under Solvency II.
  - Non-South African insurers regulated in non-equivalent jurisdictions: OF and SCR as prescribed under the Prudential Standards.
  - Regulated banks and credit institutions: Regulatory capital resources and capital requirements are determined in line with banking regulatory requirements ie Basel III.
  - Other regulated entities (eg, asset managers): In line with applicable regulatory and/or prescribed capital requirements.
  - Other non-regulated entities including holding companies: Where no capital requirements are prescribed: Adjusted IFRS net asset values for OF and SCR are based on the relevant prescribed equity stress under the Prudential Standards.
- The AC method allows for diversification between South African insurance subsidiaries. All other entities within the insurance group must be assessed using the D&A method.
- The determination of group eligible OF to consider potential restrictions on the availability of certain OF, including the fungibility and transferability of OF across the insurance group.
- A deduction for foreseeable dividends, which represent the proposed 2024 Sanlam Limited dividend, was made to eligible OF as at 31 December 2023.

The Sanlam group solvency cover was 170% at 31 December 2023, compared to 169% at 31 December 2022.

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Capital and risk management report continued

The following table provides an analysis of the contribution to group solvency per major entity grouping and quality of capital:

Sanlam group solvency

at 31 December 2023

	Sanlam Limited			
R million	**Own funds**	**SCR**	**Surplus**	**SCR cover**
2023				
Sanlam Life	137 027	55 833	81 194	245%
Covered business	37 074	21 808	15 266	170%
Participations[1]	92 864	32 904	59 960	282%
Other capital	7 089	1 121	5 968	632%
Other group entities[2]	68 214	35 273	32 941	193%
SA insurance	24 641	12 550	12 091	196%
SA other	4 415	2 064	2 351	214%
Non-SA insurance	22 255	12 954	9 301	172%
Non-SA other	16 903	7 705	9 198	219%
Sanlam Life consolidation entries[3]	(105 452)	(32 268)	(73 184)	
Total Sanlam group own funds eligible to meet SCR	99 789	58 838	40 951	170%
Tier 1	91 943			
Tier 2	6 509			
Tier 3	1 337			
Total Sanlam group own funds eligible to meet SCR	99 789			

R million	Own funds	SCR	Surplus	SCR cover
2022				
Sanlam Life	120 837	52 480	68 357	230%
Covered business	36 658	20 828	15 830	176%
Participations[1]	80 157	29 959	50 198	268%
Other capital	4 022	1 693	2 329	238%
Other group entities[2]	58 348	33 237	25 111	176%
SA insurance	20 425	11 321	9 104	180%
SA other	3 663	2 285	1 378	160%
Non-SA insurance	19 498	11 404	8 094	171%
Non-SA other	14 762	8 227	6 535	179%
Sanlam Life consolidation entries[3]	(84 697)	(29 731)	(54 966)	
Total Sanlam group own funds eligible to meet SCR	94 488	55 986	38 502	169%
Tier 1	87 751			
Tier 2	3 036			
Tier 3	3 701			
Total Sanlam group own funds eligible to meet SCR	94 488			

[1] Investments in companies in which the insurer owns a significant proportion of the issued share capital or over which it exerts significant influence/control.
[2] Values are shown net of participations and gross of intra-group loans.
[3] Adjustments for Sanlam Life Intragroup participations.

Sanlam Life solo

For regulatory purposes, capital adequacy for the South African insurance operations is measured with reference to the standard formula as specified under the Prudential Standards.

The valuation of assets and policy liabilities for prudential capital adequacy under the Prudential Standards is different to the methodology for the published IFRS results.

The following table provides a reconciliation between the IFRS Shareholders' fund for the Sanlam Life solo entity (the largest insurer within the Sanlam group) and its own funds.

Sanlam Life solvency

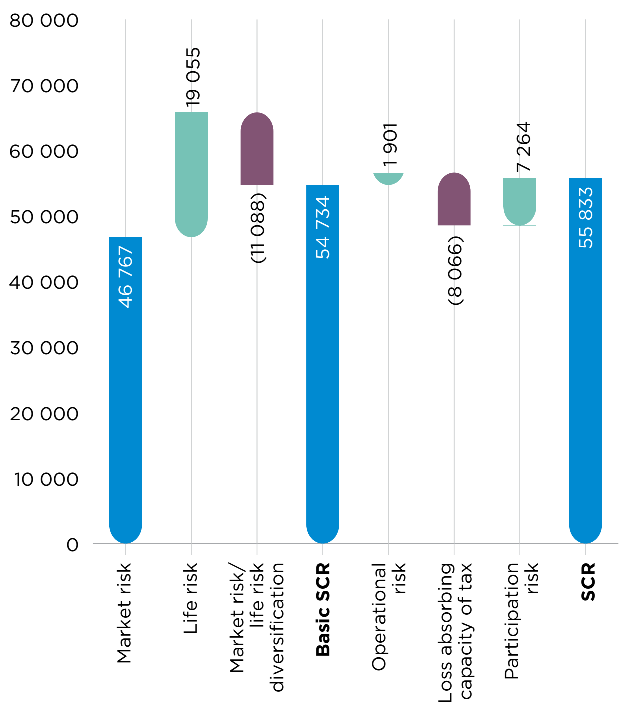
at 31 December 2023

	Sanlam Life Insurance Limited	
R million	**2023**	2022
Reconciliation of IFRS Shareholders' fund to Own Funds		
Shareholders' fund	125 961	108 281
Adjustments from IFRS to regulatory basis	(13 300)	(15 025)
Write-down intangibles including DAC and goodwill	(3 865)	(3 783)
Regulatory adjustment to valuation basis	(9 435)	(11 242)
Regulatory basis adjustments to policyholder liabilities	24 149	30 084
Liability valuation adjustments	40 311	49 167
Impact of risk margin	(8 577)	(8 765)
Increase in net deferred tax liabilities resulting from liability valuation differences above	(7 585)	(10 318)
Add subordinated debt	4 072	2 011
Other	–	(218)
Basic own funds	140 882	125 133
Statutory adjustments	(3 855)	(4 296)
Own funds eligible to meet SCR	137 027	120 837
SCR	55 833	52 480
SCR cover	245%	230%

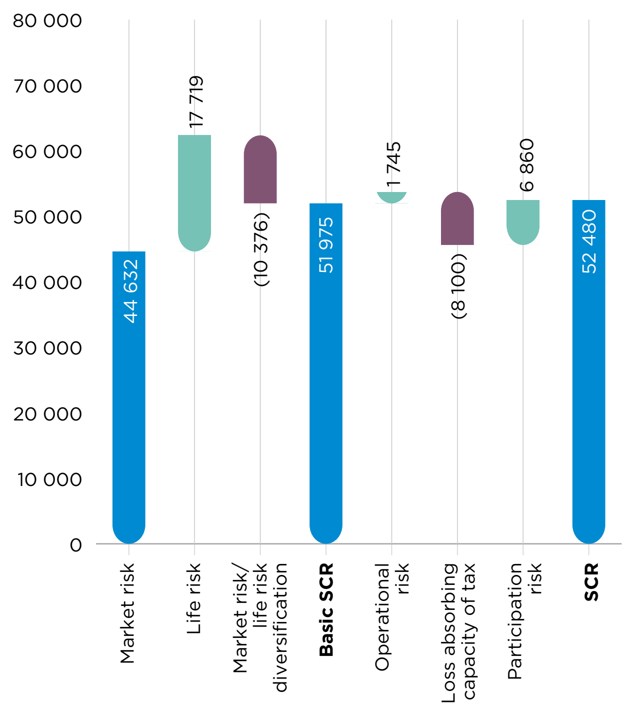
Sanlam Life solo SCR

The graph below shows the SCR for Sanlam Life (solo) and the main contributors to the SCR being market risk and life risk. The main drivers of market risk are exposure to financial instruments (especially resulting from future product fee income being linked to policyholder investment portfolios) and participations, interest rate movements and the value of investment guarantees. The main drivers of life risk include lapse assumptions, the level of interest rates as well as mortality/longevity assumptions.

31 December 2023 SCR (R million)



31 December 2022 SCR (R million)



Capital and risk management report continued

Sanlam Life covered business

For this view, the regulatory solvency balance sheet and SCR are adjusted to exclude strategic participations, cash available for dividend payments to Sanlam, discretionary capital and other capital not allocated to covered business. Sanlam sets the level of required capital for the Sanlam Life covered business on this view, based on a stated target SCR cover range of between 150% and 200%.

The SCR cover ratio for Sanlam Life covered business of 170% at 31 December 2023 remains within the stated target range.

Sensitivity analysis

The following table provides solvency sensitivity analysis for the Sanlam group and Sanlam life solo.

Sanlam group	Own funds eligible to meet SCR		SCR		Surplus		SCR Cover	
R million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Base position	99 789	94 488	58 838	55 986	40 951	38 502	170%	169%
Equities –30%[1]	91 677	88 998	57 428	53 470	34 249	35 528	160%	166%
Interest rates –1%	101 200	96 093	59 654	56 790	41 546	39 303	170%	169%
Credit spreads +1%	98 631	93 908	59 058	56 127	39 573	37 781	167%	167%
ZAR appreciation 10%	97 985	94 220	58 848	56 084	39 137	38 136	167%	168%
Shock scenario[2]	85 858	81 486	56 991	52 530	28 867	28 956	151%	155%

Sanlam Life	Own funds eligible to meet SCR		SCR		Surplus		SCR Cover	
R million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Base position	137 027	120 837	55 833	52 480	81 194	68 357	245%	230%
Equities –30%[1]	102 849	92 871	40 210	36 390	62 639	56 481	256%	255%
Interest rates –1%	138 334	122 783	56 420	52 839	81 914	69 944	245%	232%
Credit spreads +1%	136 420	120 342	56 031	52 552	80 389	67 790	243%	229%
ZAR appreciation 10%	135 357	120 654	55 751	52 557	79 606	68 097	243%	230%
Shock scenario[2]	101 854	88 620	41 178	35 631	60 676	52 989	247%	249%

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

[2] Equities decline by 30% and implied equity volatility increases by 25%, property values decline by 15%, fixed interest yields and inflation-linked real yields increase or decrease by 25% of the nominal or real yields, emerging market currencies decline by 20% against developed market currencies, and credit spreads widen by 1%.

The sensitivities illustrate the resilience of the Sanlam and Sanlam Life balance sheets. The cover ratio improves for some equity sensitivities due to the effect of the equity symmetric adjustment in the standard formula under the Prudential Standards that allows for a reduced equity stress after a downward adjustment to equity values.

Credit rating

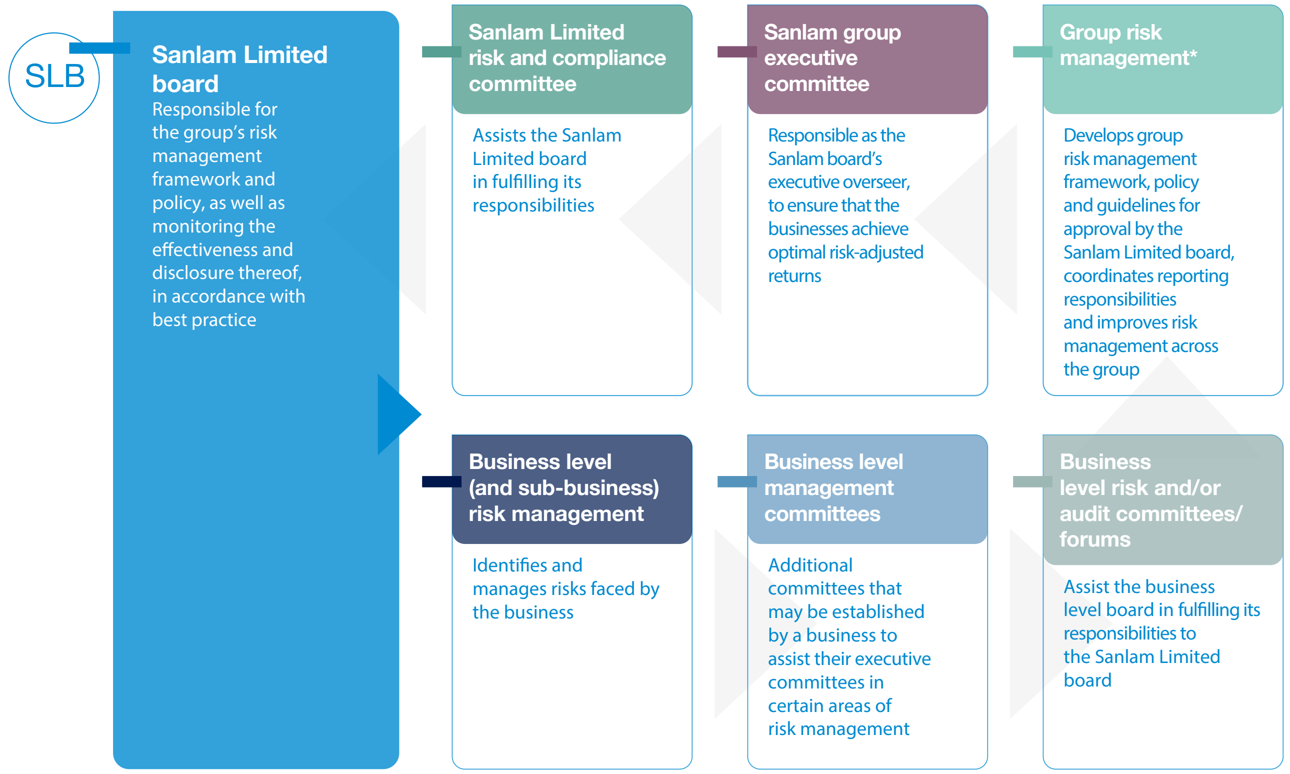
The latest Standard & Poor's (S&P) ratings for group companies are:

	Most recent ratings issued
Sanlam Limited	South Africa National Scale: zaA+
Sanlam Life Insurance Limited	South Africa National Scale: zaAAA
Subordinated debt issued by Sanlam Life Insurance Limited	South Africa National Scale: zaAA-
Santam Limited	South Africa National Scale: zaAAA

Risk management

Governance structure

The group operates within a decentralised business model environment. In terms of this philosophy, the Sanlam Limited board sets the group enterprise risk management policies and frameworks, and the individual businesses take responsibility for all operational and risk-related matters on a business level, within the limits set by these policies and frameworks. The following diagram depicts the generic flow of risk management information from the individual businesses to the Sanlam Limited board.



* Group risk management also acts as the risk management control function of Sanlam Life.

Capital and risk management report continued

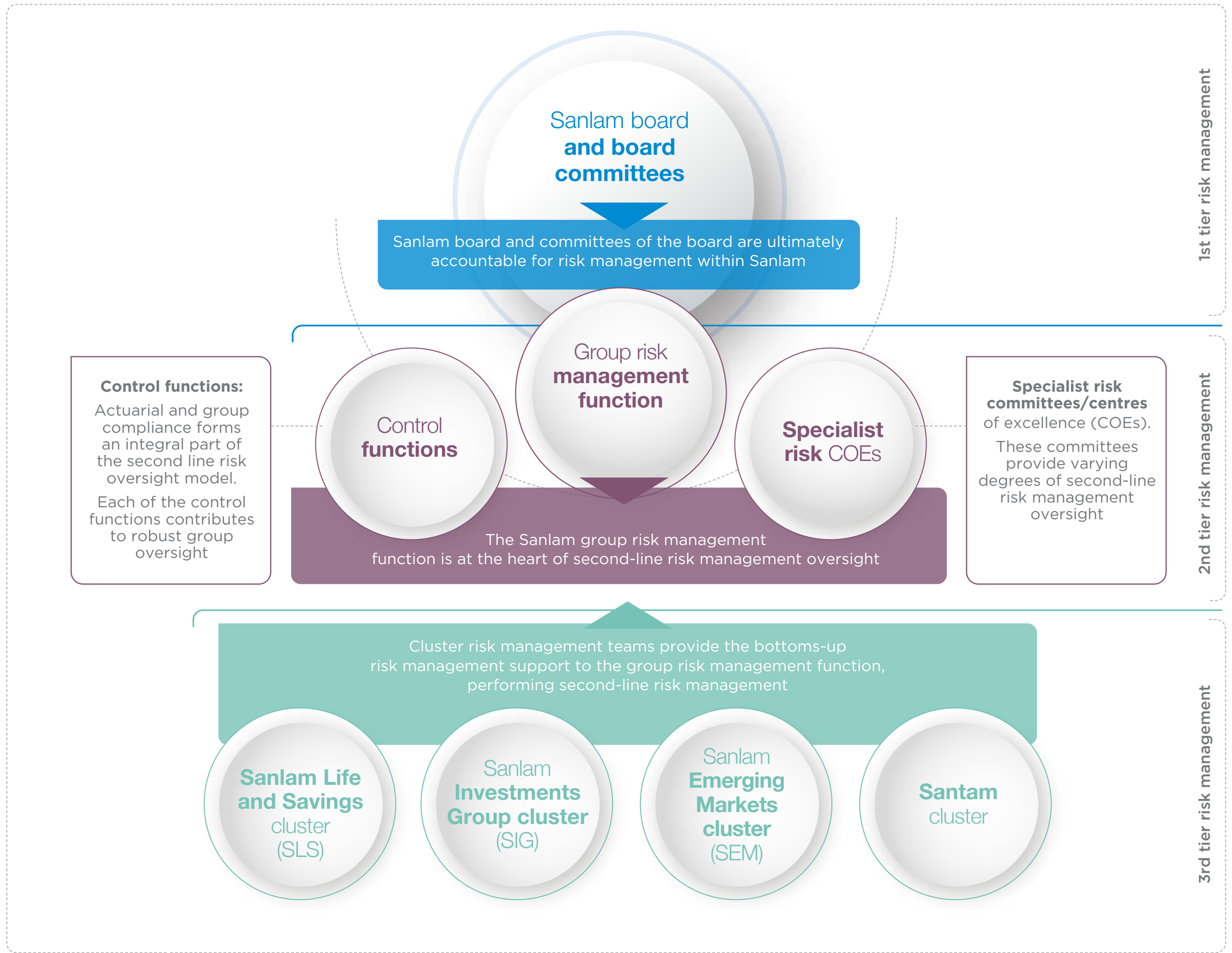
Role of group risk management

The role of group risk management is one of setting group standards and guidelines, coordinating and monitoring risk management practices and ultimately reporting to the Sanlam Limited board.

Group risk management plays an active role with regard to risk management in the Sanlam group. The involvement includes the following:

- Permanent invitee of business units' finance and risk forums;
- Member of the central credit committee (see description below);
- Transactional approval incorporated into approval frameworks of business units where appropriate;
- Involvement and approval of corporate activity transactions;
- Chairs of the estate committee and asset and liability committee at group level, as well as the group risk forum (see descriptions below);
- Guidance on risk-related matters at business level; and
- Involvement with specialist risk management issues at business level.

Overview of Sanlam group risk function



A number of other risk management/monitoring mechanisms operate within the group as part of the overall risk management structure. The most important of these are illustrated in the following table:

Other risk management/monitoring mechanisms

Estate committees	**Asset and liability committees**	**Credit committees**
Review and oversee the management of the group's capital base	Determine appropriate investment policies and guidelines for policyholder portfolios where guarantees are provided	Oversee the identification, measurement and control of corporate credit risk exposure
Investment committees	**Group treasury function**	**Non-listed asset controlling body**
Determine and monitor appropriate investment strategies for policyholder solutions	Manages the liquidity risks in the borrowing functions of Sanlam	Reviews and approves the valuation of all unlisted assets in the group for recommendation to the Sanlam Limited board
Group risk forum	**Finance Director**	**Actuarial**
Aids coordination and transfer of knowledge between businesses and the group, and assists group risk management in identifying risks requiring escalation to the Sanlam Limited board	Ensures that sound financial practices are followed, adequate and accurate reporting occurs, and financial statement risk is minimised	Monitors and reports on key risks affecting the life insurance operations. Determines capital requirements of the insurance operations and the potential impact of strategic decisions thereon, by using appropriate modelling techniques
Forensics	**Group secretariat and public officers**	**Group compliance function**
Investigates and reports on fraud and illegal behaviour in businesses	Review and report on corporate governance practices and structures. Report on applicable legal and compliance matters	Facilitates management of compliance through analysing and advising on statutory and regulatory requirements, and monitoring implementation and execution thereof
Sanlam group technology (SGT)	**Risk officer (per business)**	**Internal audit**
Manages and reports group-wide technology, cyber and information security risks	Assists business management in their implementation of the group risk management framework and policies, and to monitor the business's entire risk profile	Assists the Sanlam Limited board and management by monitoring the adequacy and effectiveness of risk management in businesses
Actuarial forum	**Group digital and IT forum**	**Group sustainability**
Assists the audit committee and the risk and compliance committee on actuarial related matters. It also assists the actuarial control function in providing oversight over first line activities in group actuarial, most notably balance sheet management	Assists the risk and compliance committee on all group-related IT and digital matters and key risks are discussed at this forum	Coordinate and report on group-wide ESG and sustainability strategies and provide insight into ESG-related risks

Capital and risk management report continued

Group risk policies

The main policies are listed below:

- Sanlam group enterprise risk management (ERM) policy;
- Sanlam group risk escalation policy;
- Sanlam group capital management policy;
- Sanlam group investment policy;
- Sanlam group life underwriting policy;
- Sanlam group general insurance underwriting policy;
- Sanlam group general insurance reinsurance and other risk transfer policy;
- Sanlam group life reinsurance and other risk transfer policy;
- Sanlam group operational risk management policy;
- Sanlam group business continuity management policy;
- Sanlam group own risk and solvency assessment (ORSA) policy; and
- Sanlam group stress testing policy.

The following also cover aspects with linkage to risk management:

- Sanlam group governance policy;
- Sanlam group IT governance policy;
- Sanlam group financial crime policy;
- Sanlam group fit and proper policy;
- Sanlam group outsourcing policy; and
- Sanlam group remuneration policy.

The policies above are aligned with the requirements set out in the Prudential Authority's Governance and Operational Standards for Insurers and Insurance groups.

The current incumbents responsible for risk information flow to the Group Chief Risk Officer are covered in the enterprise risk management policy.

Sanlam group enterprise risk management policy and plan

The group ERM policy and plan include the following main components:

- The broad objectives and philosophy of risk management in the group;
- The roles and responsibilities of the various functionaries in the group tasked with risk management; and
- The group's minimum standards for implementation of risk management in the businesses.

Escalation of risks

The group risk escalation policy defines the circumstances under which risk events and emerging risks should be escalated to the Sanlam group level. This includes quantitative and qualitative measures.

Summary of Sanlam group's risk appetite

The Sanlam group has a risk appetite framework that aims to articulate the types and quantum of risks that the organisation are prepared to take (ie seek, accept or tolerate) in pursuit of its strategic objectives (including objectives of value creation and growth). It sets out the quantitative and qualitative boundaries on risk taking activities that apply across the organisation.

The risk appetite reflects the group's overall philosophy to risk taking, thus reflecting how it balances its goals of efficiency, growth and return from a risk-taking perspective. It reflects the setting of targets for risk taking across the group as a whole, plus the breakdown of these high-level statements into more detailed risk tolerances.

Risk appetite criteria are specified for each of the risk categories specified in the group's risk classification standard, together with some additional criteria around capital and solvency risks and earnings risks. The group's risk appetite statement is thus grouped into the following risk appetite buckets:

- Capital and solvency risks;
- Earnings risk;
- Market and asset concentration risks;
- Credit risk;
- Liquidity risk;
- Operational risk;
- Conduct risk;
- Insurance risk (life and general insurance business);
- Brand and reputational risks; and
- Strategic risks.

Each cluster/business manages its risks within the group's ERM framework including the group's risk appetite statements.

Sanlam group risk taxonomy

A formal risk taxonomy is defined at group level and all entities within the Sanlam group is required to adopt the risk taxonomy to apply a consistent and uniform categorisation of risks throughout the group. The risk taxonomy is defined at level 1 and level 2 risk categories. Below are the level 1 risk categories:

- Brand and reputational risk;
- Credit risk;
- Liquidity risk;
- Insurance risk (life);
- Insurance risk (general insurance);
- Market risk;
- Operational risk; and
- Strategic risk.

Assessment of the effectiveness of the risk management process

According to King IV™, the board should receive assurance regarding the effectiveness of the risk management process. The following process is followed to provide such assurance:

- Sanlam makes use of a robust model, aligned with industry best practice, to measure risk maturity across the different clusters on an annual basis. Internal audit will annually, in conjunction with group risk management, prepare risk management process audit plans for approval by the Sanlam Limited risk and compliance committee.
- Typically, the larger businesses will be assessed by an external firm against the maturity model, from time to time.
- The information on the assessments will be presented to the cluster finance and risk forum and to the Sanlam Limited risk and compliance committee.

Risk types

The group is exposed to the following main risks:

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Brand and reputational risk	The risk arising from brand or reputational damage due to loss to financial capital, social capital and/or market share resulting from damage to a firm's reputation. This is often measured in lost revenue, increased operating, capital or regulatory costs, or destruction of shareholder value.	Brand risk	The risk that market perception of the organisation's brand might be weak or inferior when compared to other competitors within the market or not meeting the brand expectations that it has created in the market
		Reputational risk	The risk that adverse publicity regarding the group's business practices, associations and market conduct, whether accurate or not, will cause a loss of confidence in the integrity of the institution. The risk of loss of confidence relates to stakeholders, which include, *inter alia*, potential and existing customers, investors, suppliers and regulators
Credit risk	The risk of default and/or deterioration in the credit quality of issuers of securities, counterparties, and intermediaries to whom the company has exposure.	Default risk	The credit risk arising from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations
		Downgrade or migration risk	The risk that changes in the possibility of a future default by an obligator will adversely affect the present value of the contract with the obligator today
		Credit concentration risk	The risk of loss in a portfolio arising from lack of diversification due to exposure to a small number of counterparties, sectors or geographical locations
		Credit correlation risk	The risk of loss in a portfolio arising from high correlation of market movements of two or more asset values within the same portfolio
		Country/geographic risk	The economic, social, and political conditions and events in a foreign country that may adversely affect a financial institution's operations
		Settlement risk	The risk arising from the lag between the value and settlement dates of securities transactions
		Counterparty credit risk	Counterparty risk refers to the probability or possibility of default by one of the counterparties in a contract. The risk is of default in performance of their contractual obligation and can exist in any transaction, including investment, trading, and credit transactions

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Life insurance risk	The risk arising from the underwriting of life insurance contracts, in relation to the perils covered and the processes used in the conduct of the business.	Catastrophe risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events
		Concentration risk	The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile
		Expense risk	The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts
		Policyholder behaviour risk	Risk of loss resulting from unanticipated changes in policyholder behaviour
		Reinsurance risk	Risk arising from inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts
		Persistency risk	The risk of financial loss due to negative lapse, surrender and paid-up experience. It covers the risk of loss or adverse change in insurance liabilities due to unanticipated change in the rate of policy lapses, terminations, renewals and surrenders
		Underwriting risk	The risk that the actual experience relating to mortality, longevity, disability and medical (morbidity) will deviate negatively from the expected experience used in the pricing of solutions and valuation of policy liabilities
General insurance risk	The risk arising from the underwriting of general insurance contracts, in relation to the perils covered and the processes used in the conduct of the business.	Catastrophe risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events
		Concentration risk	The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile
		Expense risk	The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts
		Policyholder behaviour risk	Risk of loss resulting from deliberate changes in policyholder behaviour aimed at benefiting unfairly from the insurance contract
		Reinsurance risk	Risk arising from inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts
		Claims risk	Refers to a change in value caused by ultimate costs for full contractual obligations varying from those assumed when these obligations were estimated. Claims risk are often split into: reserve risk (relating to incurred claims) and premium risk (relating to future claims)
		Underwriting risk	Relates to inaccurate assessment of the risks associated with writing an insurance policy or from uncontrollable factors. As a result, the insurer's costs may significantly exceed the premium income

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Liquidity risk	The risk of not having enough cash to meet financial obligations at the time that they fall due (at a reasonable cost).	Operational liquidity risk	The risk relating to the difficulty/inability to access/raise funds to meet commitments associated with day-to-day operations of the organisation, such as paying suppliers, salaries, rental expenses, insurance claims, dividend payments, tax payments etc
		Funding liquidity risk	The risk relating to the difficulty/inability to access/raise funds to meet commitments associated with financial instruments or policy contracts
		Market liquidity risk	The risk stemming from the lack of marketability of a financial instrument that cannot be bought or sold quickly enough to prevent or minimise a loss (or make the required profit)
Market risk	The risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of assets and liabilities of the organisation as well as the impact on the income statement.	Asset/liability management (ALM) risk	The risk of a change in value as a result of a deviation between asset and liability cash flows, prices or carrying amounts. ALM risk originates from changes in market risk factors
		Asset concentration risk	The risk of losses associated with inadequately diversified asset portfolios. This may arise either from a lack of diversification in the asset portfolio, or from large exposure to default risk by a single issuer of securities or a group of related issuers (market risk concentrations)
		Commodity risk	The possibility that commodity price changes will cause financial losses for either commodity buyers or producers
		Credit spread risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market implied credit spreads over the risk-free interest rate term structure
		Currency risk	The exposure faced by investors or companies that operate across different countries, in regard to unpredictable gains or losses due to changes in the value of one currency in relation to another currency
		Basis risk	The risk that the value of the hedging instrument will not perfectly offset the underlying position being hedged, eg futures contracts not held to maturity, or bond exposures hedged with swaps, etc
		Derivative usage risk	The risk of derivatives being used in parts of the business where there are insufficient capabilities to manage these instruments and comply with all applicable regulations
		Equity risk	The risk resulting from the sensitivity of values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
		Interest rate risk	The risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level or volatility of interest rates
		Inflation risk	The risk that the future real value (after inflation) of an investment, asset, or income stream will be reduced by unanticipated inflation
		Property risk	The risk that the value of investment properties will fluctuate as a result of changes in the environment (ie the risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level and volatility of market prices of property as well as vacancy levels)

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	Human capital risk	The risk that the organisation does not have access to appropriate skills and staff complement to execute business operations as well as strategic initiatives
		Process/execution risk	The risk that internal processes are not accurately or effectively executed or that internal processes are not adequately designed which may result in financial loss. This includes the risk around errors, control circumvention, non-compliance with processes and control breakdowns
		Technology/IT risk	Risk related to the unavailability, unreliability or failure of IT platforms, IT networks, IT applications and general IT Infrastructure. This also include the slow or lagging adoption of newer IT technologies and the failure to implement best practice protocols and security. This may result in the organisations inability to complete business processes due to system unavailability, penalties and/or fines and/or compensation and/or financial loss
		Cyber risk	Risk refers to the potential harm or damage that can result from a breach or an attack on computer systems, networks, and electronic data
		Information and data risk	Failure to accurately and effectively govern, manage, analyse, protect and utilise data within the organisation. This may include poor data science, records management, illegal data sharing, data errors, incomplete or inaccurate data
		Legal risk	The risk of execution errors in the legal procedures and processes. This would include, among others, mishandling of legal process, contractual rights or obligation failures and non-contractual rights/obligation failures
		Regulatory compliance risk	The risk of not complying with laws, regulations, rules, related self-regulatory organisation standards and investment management mandates. This also includes regulatory change risk and the impact of implementing required regulatory changes
		Conduct risk	The failure to uphold the group's core values and code of ethical conduct including acceptable market conduct practices. The risk involving the behaviour of an organisation and of those that act on its behalf towards various stakeholders (including potential and current customers, regulators or supervisors, investors, and other market participants). Market conduct comprises market discipline (including transparency and corporate governance) and consumer protection (including TCF)
		Third party/outsourcing/service provider risk	The risk arising from the failure of an outsourcing service provider to discharge its contractual obligations or failure to maintain agreed service levels. Includes concentration risk and lack of governance over third parties
		Fraud/financial crime risk	The risk of internal/external fraud and financial crime as well as unlawful/criminal conduct which may result in financial loss or have a reputational impact on the organisation
		Physical security/health and safety	Risk related to financial loss or threat to organisation's assets, operations or staff and employees that might occur due to natural and non-natural events
		Business continuity	The risk that inadequate planning, controls and preparation is in place to ensure the organisation can overcome serious incidents or disasters and resumes its normal operations within a reasonably short period

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Operational risk continued		Statutory/financial reporting risk	The failure to produce accurate, complete and timely statutory and financial reporting with relevant disclosures. This will include ESG specific disclosures
		Taxation risk	The failure to correctly account for taxation in accordance with relevant tax regulation and relevant legislation. This include tax non-compliance, intentional or unintentional tax evasion
		Project and change risk	The failure to execute and achieve the key deliverables in projects within the specified budget or within the required timeframe. Also includes all operational risks linked with project implementations
		Data management risk	Failure to accurately and effectively manage and utilise data within the organisation. This may include data errors, incomplete or inaccurate data
		Model risk	Risk that errors or inaccuracies within models used within the organisation might lead to financial loss for the organisation
Strategic risk	The risk refers to the internal and external events that may make it difficult, or even impossible, for an organisation to achieve their objectives and strategic goals.	Capital/solvency risk	The risk that the organisation has insufficient capital to meet operational, strategic and regulatory requirements. The risk of capital availability, the inefficient use of capital and the risk related to the potential loss of part or all of on balance sheet capital
		Competition risk	The risk that the organisation does not remain competitive against its peers or new entrants into the industry
		Merger and acquisition risk	The risk that mergers and acquisitions do not deliver strategic economic benefit to the organisation. Also the risk that the organisation might be too risk averse and not pursue potential mergers or acquisitions which may benefit the organisation
		Governance risk	The risk that poor governance in the organisation can lead to financial loss and potential fines or penalties. The risk of a sub-optimal organisational structure for effective control and assurance to stakeholders of good corporate governance (including management control and oversight over subsidiaries)
		Going concern risk	The risk that the organisation might not be able to continue as a going concern for the foreseeable future due to solvency or liquidity issues
		Market share risk	The risk that the organisation fails to maintain and potentially lose market share within its industry
		Organisational strategy risk	The risk that the organisational strategy of the firm makes it challenging for the firm to achieve its strategic goals
		Political/country risk	The risk that specific political and country risks impact geographical areas the firm are operating in or are exposed to
		Business concentration risk	The risk that firm is exposed to high concentration in specific markets or classes of business with not adequate diversification

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Strategic risk continued		Climate/ environmental risk	The risk associated with climate change and the potential negative impact on the firm. This will include physical risks and transitional risks. Physical climate risks such as acute extreme weather events causing disruption to operations and damage to physical assets having an impact on liabilities, and chronic long-term shifts in weather patterns and degradation of resource availability. Transition risks such as compliance costs, stranded assets, restrictions and limitations on carbon intensive assets, climate related litigation claims, and viability of certain business models
		Social risk	Risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets
		Profit risk	The risk incorporates inadequate diversified income sources and exposure to revenue volatility
		Strategic environment risk	The external environment risk including factors such as economics, politics, social stability and savings investments

Risk management: general risks

1. Operational risk

Operational risk is mainly governed through the group operational risk management policy. This sets out the responsibilities for the following different lines of defence on how operational risk should be managed within the organisation:

- Business exco/senior management (first line);
- Risk management (second line); and
- Internal audit (third line).

A board-approved internal audit charter governs internal audit activity within the group. Regular risk-focused reviews of internal control and risk management systems are carried out. The Chief Audit Executive of Sanlam is appointed in consultation with the Chair of the audit committee and has unrestricted access to the Chair of the committee. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

The group mitigates this risk through its culture and values, a comprehensive system of internal controls, internal audit, forensic and compliance functions in addition to other measures such as business continuity management, contingency planning and insurance. The initiation of transactions and their administration are conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions. Operational key risk indicators are also identified and tracked across the various businesses to identify and assess risks effectively.

The management of risks associated with human resources is not addressed in this report but included in the integrated report.

Technology, cyber and information security (IT) risk

Technology, cyber and information security (collectively referred to as IT risks) are managed across the group in an integrated manner following the ERM framework. Sanlam group technology (SGT) is the custodian of the group's IT policy framework and ensures explicit focus on and integration with the group's IT governance framework, which includes the governance of cyber resilience and information security.

The group IT governance department and group cyber security centre in SGT report to the Group Chief Information Officer (CIO) who facilitates the process of identifying emerging IT risks as well as unpacking significant IT risks with group-wide impact. The group IT steering committee (a subcommittee of the group exco) provides guidance to the group CIO regarding his/her duties, such as the definition and execution of the group's IT strategy and the establishment of policy in response to IT risks.

The quarterly IT risk and CIO reports, summarising the group-wide IT risk and IT strategy position, are delivered to the group IT steering committee and the risk and compliance committee.

Going concern/business continuity risk

The board regularly considers and records the facts and assumptions on which it relies to conclude that Sanlam will continue as a going concern. Reflecting on the year under review, the board considered a number of facts and circumstances and is of the opinion that adequate resources exist to continue business and that Sanlam will remain a going concern in the foreseeable future. The board's statement to this effect is also contained in the statement on the responsibility of directors in the annual financial statements.

Legal risk

During the development stage of any new product and for material transactions entered into by the group, the legal resources of the group monitor the drafting of the contract documents to ensure that the rights and obligations of all parties are clearly set out. Sanlam seeks to minimise uncertainties through continuous consultation with internal and external legal advisers, to understand the nature of risks and to ensure that transactions are structured and documented appropriately.

Compliance risk

Laws and regulations

Sanlam considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The group compliance office, together with the compliance functions of the group businesses, facilitates the management of compliance through the analysis of statutory and regulatory requirements, and monitors the implementation and execution thereof.

Compliance with client mandates

Automated pre-compliance rules for clients' investment guidelines are loaded on the investment management operations' order management system. This means that a system rule will generally prevent any transaction that may cause a breach. Apart from this continuous monitoring, post-trade compliance reports are produced from the order management systems. Reporting of compliance monitoring with investment guidelines is done on a monthly basis, although the monitoring activities happen continuously. When a possible breach is detected, the portfolio manager is requested to confirm whether a breach has taken place, to explain the reason for the breach and to indicate when it will be rectified. When a breach is confirmed, the portfolio manager must generally rectify the breach as soon as possible. The action taken may vary depending on the type of breach. The detailed results of the mandate monitoring process are discussed with the head of investment operations on a monthly basis.

Derivative exposures are monitored on a daily basis for compliance with approval framework limits, as well as client investment guidelines where the guidelines are more restrictive than the investment manager's own internal limits.

Financial crime/fraud risk

The Sanlam group recognises that financial crime and unlawful conduct are in conflict with the principles of ethical behaviour as set out in the group's code of ethical conduct, and undermine the organisational integrity of the group. The financial crime combating policy for the Sanlam group is designed to counter the threat of financial crime and unlawful conduct. A zero-tolerance approach is applied in combating financial crime and all offenders are prosecuted. The forensic services function at group level oversees the prevention, detection and investigation of incidents of unlawful conduct that are of such a nature that they may have an impact on the group or the executive of a business cluster. Group forensic services are also responsible for the formulation of group standards in respect of the combating of unlawful conduct and the implementation of measures to monitor compliance with these standards.

The Chief Executive of each business cluster is responsible for the implementation of the policy in his or her respective business and is accountable to the Group Chief Executive and the Sanlam Limited board. Quarterly reports are submitted by group forensic services to the Sanlam and Sanlam Life risk and compliance committees on the incidence of financial crime and unlawful conduct in the group and on measures taken to prevent, detect, investigate and deal with such conduct.

Taxation risk

The risk is addressed through clear contracting to ensure that policy contracts entitle policyholders to after-tax returns, where applicable. The group's internal tax resources monitor the impact of changes in tax legislation, participate in discussions with the tax legislator to comment on changes in legislation and are involved in the development of new products. External tax advice is obtained as required. Taxation risk is also managed through the formal group tax risk framework.

Regulatory risk

Regulatory risk is mitigated by ensuring that the group has dedicated personnel that are involved in and therefore informed of relevant developments in legislation. The group takes a proactive approach in investigating and formulating views on all applicable issues facing the financial services industry. The risk is also managed, as far as possible, through clear contracting. The group monitors and influences events, to the extent possible, through participation in discussions with legislators, predominantly through industry organisations.

Capital and risk management report continued

Process risk

The risk of failed or inadequate internal processes is addressed through a combination of the following:
- A risk-based approach is followed in the design of operational processes and internal controls;
- Operational processes are properly documented;
- Employee training and the employment of a performance-based remuneration philosophy; and
- Internal audit review of key operational processes.

Project risk

A formalised, risk-based approach is followed for the management of major projects to ensure that projects are effectively implemented and the project hurdle rate is achieved. Key deliverables, progress and risks are monitored on a continuous basis throughout the project life cycle. Internal specialists and external consultants are used as required to provide specialist knowledge and experience.

Outsourcing provider risk

A group outsourcing policy is in place and aims to provide clear direction and policy regarding the strategic management (eg assessment of outsourcing options, establishment of agreements, the ongoing management of and reporting on outsourcing) of all outsourcing arrangements, whether external or internal within the Sanlam group. The group's outsourcing policy is also in line with the principles set out in the PA's governance over insurers (GOI) guidelines.

2. Reputational risk

Risks with a potential reputational impact are escalated to the appropriate level of senior management. The audit, and the risk and compliance committees are involved as required. Events with an industry-wide reputational impact are addressed through industry representative groups.

3. Conduct risk

Conduct risk is being monitored through various means within the individual business clusters. There is a specific focus on market and client conduct such as treating clients fairly (TCF). These metrics are monitored and reported on a regular basis to all relevant stakeholders within the business clusters. Escalation of conduct risk matters arising from the business clusters to group level will follow the normal risk escalation policy. The Sanlam customer interest committee also meets on a quarterly basis to discuss conduct-related matters.

4. Strategic risk

The group's governance structure and various monitoring tools ensure that any events that affect the achievement of the group's strategy are escalated and addressed at the earliest opportunity. The board has no tolerance for any breach of guidance.

Group strategy is addressed on a continuous basis at various forums within the group, the most important of which are:
- The group's strategic direction and success are discussed and evaluated at an annual special strategic session of the Sanlam board as well as at the scheduled board meetings during the year;
- As part of the annual budgeting process, the group businesses present their strategic plans and budgets to the Sanlam group executive committee, which ensures that the businesses' strategies are aligned with the overall group strategy; and
- The Sanlam group executive committee, which includes the chief executives of the various group clusters, meets on a regular basis to discuss, among others, the achievement of the clusters' and group's strategies.

Any strategic issues are identified at these meetings and corrective actions are immediately implemented.

Risk management by business area

The following business areas' risks are included:
- Investment management;
- General insurance;
- Life insurance; and
- Retail credit.

SanFin, Santam and the group office are excluded from the above business areas and are separately disclosed.

Investment management

The group's investment management operations are primarily exposed to operational risks, as they have limited on-balance sheet exposure to financial instruments. Investment risk is borne principally by the client. The investment management operations are, however, exposed to market risk owing to the impact of market fluctuations on revenue levels, as investment fees are generally linked to the level of assets under management. This exposure is reduced through asset class and product diversification.

Investment performance

One of the key risks inherent to the investment management operations relates to the risk of consistently poor investment decisions ie incorrect asset allocation views and/or stock selection resulting in investment underperformance and impairment of the track record relative to benchmarks and/or peer groups. In order to mitigate this risk, the following areas are focused on:
- Recruitment and retention of high-quality investment professionals and support staff who are organised into stable teams, with a performance culture that receive pertinent training and development and regular employee appraisals;
- Optimisation of a robust investment process to ensure good investment decisions;
- Rigour of the procedures for portfolio implementation;
- Effectiveness of the dealing desk; and
- Analyses of fund performance.

The above interventions are implemented with due cognisance of Sanlam Investment group's fiduciary responsibility to, at all times, act in the best interest of the clients and in accordance with the investment mandate directives.

General insurance

Sanlam group's exposure to general insurance business includes significant exposures to general insurance risks via the SanlamAllianz joint venture, Santam (discussed separately on page 52) as well as an investment in Shriram General Insurance in India and a holding in Pacific & Orient in Malaysia.

The main risk emanating from the general insurance operations is insurance risk. Insurance risk refers to the risk of loss because of underwriting insurance contracts. More specifically, the group defines insurance risk to include:
- Underwriting risk; and
- Reinsurance risk.

The group's organisational structure splits the general insurance portfolio outside of South Africa by business line into SanlamAllianz and Asia.

Sanlam group, in collaboration with the respective underwriting and reinsurance management teams, have implemented a group-wide underwriting framework in terms of the board-approved underwriting and reinsurance policies, which are aligned to Sanlam group requirements, taking country specific prudential requirements into account.

This framework is implemented at subsidiary level through underwriting practice policies (approved by the subsidiary boards) that set out the specific requirements and parameters within which insurance risks are managed and authorities delegated. Through the central team's ongoing monitoring and review processes, subsidiaries are held accountable to the framework.

A key benefit of the framework from a risk management perspective is that it facilitates oversight and collaboration between the central team and the underwriting team of each subsidiary. It also allows the management of accumulation and concentration exposure that are seldom revealed across the different territories where general insurance businesses operate. Compliance is monitored by the second line risk and compliance function as well as through specific audits (by internal audit) focusing on general insurance underwriting and reinsurance practices.

Underwriting risk

The Sanlam group manages general insurance underwriting risk through its underwriting strategy which comprises effective underwriting guidelines and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified, adequately priced and retained within tolerable levels. Claims are actively managed to ensure they are appropriately reserved for and covered as originally intended by the contracts.

In general, personal and commercial general insurance policies are issued through the group's general insurance subsidiaries, as well as reinsurance contracts in respect of most of the classes of business covered by Santam (as listed on page 54), apart from alternative risk transfer.

Underwriting risk results from fluctuations in the timing, frequency, and severity of insured events. It includes the risk that either premium or claims provisions turn out to be insufficient to pay insurance claims as well as the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the underwriting risk.

To determine the underwriting risk faced by Sanlam group and its general insurance subsidiaries, a stochastic simulation of claims is performed at a line of business level. Assumptions for each line of business are determined based on more than 10 years' worth of historic data. The expected claims liabilities are modelled for specific lines of business, which are then split into the appropriate sub-classes. For each sub-class of business, three types of losses are modelled, namely attritional losses, individual large losses, and catastrophe losses.

Capital and risk management report continued

Underwriting risk continued

Various catastrophes are also modelled and the losses from each catastrophe are allocated to multiple classes of business. The following catastrophes are modelled:

- Earthquake;
- Storm;
- Flood;
- Marine (cargo);
- Conflagration (property);
- Conflagration (liability);
- Latent liability; and
- Correlation events across line of businesses and countries.

Pricing of general insurance products is generally based upon a mix of historical claims frequencies and severity averages as well as market experience and adjustments for inflation. Given the current inflationary environment, the impact of inflation is monitored very closely and adjusted for regularly. Pricing also takes into consideration acquisition expenses, administration expenses, the cost of reinsurance and for other loadings commensurate with the capital employed.

Underwriting limits (per risk and, where relevant, per event) and captive capacity utilisation are set for subsidiaries, underwriting managers and underwriters to ensure that Sanlam group's risk appetite is appropriately delegated. Underwriting performance is monitored continuously, and the pricing policy is revised accordingly. Risk factors considered as part of the review are unique to each class of business and constantly evolve as the risk environment changes.

Expenses are monitored by each subsidiary against an approved budget and business plan.

Sanlam group has a sufficiently diversified general insurance portfolio based on insurance classes and geographical footprint. Underwriting risk is further mitigated by ensuring that reserve and reinsurance risk are adequately managed.

Reinsurance risk

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. Third-party reinsurance cover is obtained to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or capital. The group has a set of programmes that has been developed over many years to suit the risk management needs of the captive business.

The group risk appetite is used to evaluate the type and level of reinsurance protection to purchase within the risk appetite framework. The reinsurance programme is placed into the international reinsurance markets. Reinsurance arrangements in place include proportional, excess of loss, stop loss and catastrophe coverage.

The core components of the reinsurance programme comprise the following:

- Saham Re buys a multi-line aggregate excess of loss treaty, which protects the captives against the accumulation of multiple risk and catastrophe events over a financial year.
- Saham Re buys catastrophe cover based on a combination of probabilistic and scenario methodologies to support SanlamAllianz in quantifying its view of general insurance risk.
- Individual excess of loss and catastrophe cover for property and engineering risks written under facultative arrangements by Saham Re, which provide protection to limit losses between the range US$2 million to US$100 million per risk and catastrophe, excluding reinstatement premiums, following a claim or claims against the cover. Saham Re protects its per risk loss exposure down to a maximum amount of US$2 million on any one risk and US$4 million on any one catastrophe.
- The Saham Re retrocession structure has been amended since 2023 to also include the facultative excess of loss per risk retention into the aggregate excess of loss retention cover.
- Saham Re's marine and casualty facultative portfolio is protected through a set of proportional reinsurance arrangements on a quota share basis.

The board of Saham Re approves the reinsurance programme renewal process on an annual basis. Similarly, the reinsurance strategy for SanlamAllianz GI is approved annually in November by the SanlamAllianz board. The major portion of the reinsurance programme is placed with group reinsurers/underwriting management agencies (UMA) and external reinsurers that have an international credit rating of no less than A- from S&P or AM Best. For reinsurance counterparties who do not meet the minimum counterparty credit rating criteria, exposure limits apply based on the counterparty's international credit rating (S&P or AM Best). Compliance with the counterparty limit exposures is monitored on a continuous basis and reported quarterly to the SanlamAllianz risk and audit committee and the SanlamAllianz board.

Market risk

The Sanlam group's general insurance businesses, most notably the general insurance subsidiaries in Egypt, Morocco and Shriram General Insurance, are exposed to market risk through investments that back policyholder liabilities and capital. These investments include exposures to both listed and unlisted equity, government and corporate bonds, property and cash.

Market risk is managed by investing in appropriate asset classes. Investment decisions are taken and governed by the local investment committees with oversight from the SanlamAllianz investment committee.

The SanlamAllianz asset allocation strategy aims to ensure long-term value creation through an asset allocation that supports the targeted RoGEV while minimising volatility. Where the investment portfolios do not support the targeted RoGEV or do not do so optimally, these portfolios, through the local investment committees and asset management functions, are restructured as and when opportunities arise.

Life businesses (insurance and investment)

The group's life insurance businesses are exposed to financial risk through the design of some policyholder solutions, and in respect of the value of the businesses' capital. Non-participating policyholder solutions and those that provide investment guarantees (such as market-related and stable bonus business), expose the life insurance businesses to financial risk. Other business, such as linked policies (where the value of policy benefits is linked directly to the fair value of the supporting assets), does not expose the group to direct financial risk as this risk is assumed by the policyholder. The life insurance businesses' capital is invested in financial instruments, which also exposes the businesses to financial risk, in the form of market, credit and liquidity risk.

The table below summarises the various risks associated with the different policyholder solutions as well as with the capital portfolio. Refer to note 7 on page 96 which discloses the monetary value of the group's exposure to the various solutions.

Life insurance contracts in scope of IFRS 17 are allocated to either risk business or savings business as part of the disclosure of the amounts related to these contracts in the notes to the consolidated financial statements. The policyholder solutions in the table below can be broadly allocated to lines of business as follows (refer to the IFRS 17 accounting policies from page 64 for further details on the classification of life insurance and investment contracts):

- Market-linked contracts that expose the group to significant insurance risk due to minimum guaranteed benefits at death/maturity or other rider benefits such as premium waivers on death are mainly classified as life insurance savings business. Market-linked contracts that do not expose the group to significant insurance risk are investment contracts in scope of IFRS 9.
- Smoothed-bonus business with discretionary participation features (DPF) is classified as life insurance savings business. Investment contracts without DPF are classified as investment contracts.
- Non-participating annuities that expose the group to significant insurance risk are classified as life insurance risk business. Term certain annuities are investment contracts because the group is not exposed to significant insurance risk.
- Other non-participating business that provides death/disability and funeral cover, endowment contracts and reinsurance contracts held, are examples of solutions that are classified as life insurance risk business. Guaranteed plans and fixed return products are examples of investment contracts.

	Market risk				Credit risk	Liquidity risk	Underwriting risk	
Life businesses exposed to risk via:	Equity	Interest rate	Currency	Property			Persistency	Insurance and other risks
Policyholder solutions								
Linked and market-related	√ (1)	√ (1)	√ (1)	√ (1)	√ (1)	√ (3)	√	√
Smoothed-bonus business								
Stable bonus	√ (2)	√ (2)	√ (2)	√ (2)	√ (2)	√ (3)	√	√
Participating annuities	√ (2)	√ (2)	√ (2)	√ (2)	√ (2)	√ (3)	√	√
Non-participating annuities	X	√ (5)	X (4)	X (4)	√	√ (5)	√	X
Other non-participating liabilities								
Guarantee plans	X	√ (5)	X (4)	X	√	√ (6)	√	√
Other	√	√	X (4)	√	√	(5)	√	√
Capital portfolio	√ (7)	√	√	√	√	√	√	X

(1) Market-linked policies only expose the life insurance businesses to this risk if these policies provide guaranteed minimum benefits at death or maturity.
(2) The life insurance businesses are exposed to this risk, only if the assets backing these policies have underperformed to the extent that there are negative bonus stabilisation reserves that will not be recovered by declaring lower bonuses in the subsequent years.
(3) Although liquidity risk is present, it is not a significant risk for the savings businesses due to an appropriate amount of liquid assets held in respect of expected outflows.
(4) An immaterial amount of assets is exposed to this risk.
(5) Liabilities are matched, as far as possible, with interest-bearing assets to ensure that the duration of assets and liabilities are closely aligned. This may also include derivatives which could give rise to liquidity risk.
(6) Liabilities are matched with assets that have similar maturity profiles.
(7) Sanlam Life's portfolio backing required capital consists of assets managed according to a hedged equity programme.
√ Risk applicable to item.
X Risk not applicable to item or not material.

Capital and risk management report continued

The management of these risks is as follows:

1. Market risk

Linked and market-related business

Linked and market-related business relates to contracts where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. Policyholders carry the full market risk in respect of pure linked business. However, market-related policies providing guaranteed minimum benefits at death or maturity, expose the life insurance businesses to market risk. The risk relating to guaranteed minimum benefits is managed by appropriate investment policies, determined by the asset liability committee (ALCO), and by adjusting the level of guarantees for new policies to prevailing market conditions. These investment policies are then reflected in the investment guidelines for the policyholder portfolios. The group's long-term policy liabilities include a specific provision for investment guarantees. The current provision for investment guarantees in insurance contracts has been calculated on a market-consistent basis in accordance with professional practice notes issued by the Actuarial Society of South Africa.

Smoothed-bonus business

These policies provide for the payment of an after-tax and after-cost investment return to the policyholder, in the form of bonuses. The use of bonuses is a mechanism to smooth returns to policyholders in order to reduce the effects of volatile investment performance, and bonus rates are determined in line with the product design, policyholder reasonable expectations, affordability and the approved bonus philosophy. Any returns not yet distributed are retained in a policyholder bonus stabilisation reserve, for future distribution to policyholders. In the event of adverse investment performance, this reserve may become negative. Negative bonus stabilisation reserves are allowed for in the valuation of these liabilities to the extent that the shortfall is expected to be recovered by declaring lower bonuses in the subsequent three years. The funding level of portfolios is bolstered through loans from the capital portfolio and cancellation of non-vested bonuses in instances where negative stabilisation reserves will not be eliminated by these management actions. At 31 December 2023, all material stable bonus business portfolios had a funding level in excess of the minimum reporting level of 92,5%.

Market risk is borne by policyholders to the extent that the after-tax and after-cost investment returns are declared as bonuses. The capital portfolio is, however, exposed to some market risk as an underperformance in investment markets may result in an underfunded position that would require financial support from the capital portfolio. The group manages this risk through an appropriate investment policy. ALCO oversees the investment policy for the various smoothed-bonus portfolios. The aim is to find the optimum balance between high investment returns (to be able to declare competitive bonus rates) and stable investment returns given the need to meet guaranteed benefits and to support the granting of stable bonus rates. The requirements for the investment management of each portfolio are set out in investment guidelines, which cover, *inter alia*, the following:

- Limitations on exposure to volatile assets;
- Benchmarks for the performance measurement of each asset class and limits on deviations from these benchmarks;
- Credit risk limits;
- Limits on asset concentration – with regard to investments in group-listed entities, the exposure of policyholders' portfolios to these investments is based on portfolio investment considerations and restricted with reference to a specific counter's weight in the benchmark portfolio;
- Limits on exposure to some particular types of assets, such as unlisted equities, derivative instruments, property and hedge funds; and
- Regulatory constraints.

Feedback on the investment policy and its implementation and the performance of the smoothed-bonus portfolios are provided quarterly to the Sanlam Limited board and the Sanlam customer interest committee.

Non-participating annuities

Non-participating annuity business relates to contracts where income is paid to an annuitant for life or for a fixed term, in return for a lump sum consideration paid on origination of the policy. The income may be fixed or increased at a fixed rate or in line with inflation. The group guarantees this income and is therefore subject to interest rate risk. Liabilities are matched as far as possible with assets, mostly interest-bearing, as well as derivatives to ensure that the change in value of assets and liabilities is closely matched for a change in interest rates. The impact of changes in interest rates is tested continuously, and for a 1% parallel movement in interest rates the impact on profit is not expected to be material.

Guarantee plans

These single premium policies provide for guaranteed maturity amounts. These policies are therefore exposed to interest rate risk, if the assets backing these liabilities do not provide a comparable yield to the guaranteed value. Interest rate risk is managed by matching the liabilities with assets that have similar investment return profiles as the liabilities.

Other non-participating business

The group is exposed to market risk to the extent of the investment of the underlying assets in interest-bearing, equity and property investments. The risk is managed through investments in appropriate asset classes. A number of the products comprising this business are matched using interest-bearing instruments, similar to non-participating annuities.

Policyholder solutions' exposure to currency risk

The majority of currency exposure within the policyholder portfolios results from offshore assets held in respect of linked and smoothed-bonus business. Offshore exposure within these portfolios is desirable from a diversification perspective.

Capital

Comprehensive measures and limits are in place to control the exposure of the group's capital to market and credit risks. Continuous monitoring takes place to ensure that appropriate assets are held in support of the capital and investment return targets. Limits are applied in respect of the exposure to asset classes and individual counters.

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Capital and risk management report continued

1. Market risk continued

The capital portfolio has limited exposure to investment properties and accordingly the related property risk. Refer to page 341 of the integrated report for an analysis of the group's sensitivity to market risk. The exposure of the group's capital portfolio to currency risk is analysed in the table below:

Market risk – currency risk

Capital portfolio

R million	Euro	United States dollar	British pound	Botswana pula	Indian rupee	Moroccan dirham	Egyptian pound	Malaysian ringgit	Other currencies	Total
31 December 2023										
Equities and similar securities	86	491	25	—	—	—	—	—	53	655
Equity-accounted investments[1]	—	5 232	—	3 191	15 647	11 297	3 269	447	793	39 876
Interest-bearing instruments	—	3 650	11	—	—	—	—	—	—	3 661
Government interest-bearing investments	—	369	—	—	—	—	—	—	—	369
Corporate interest-bearing investments	—	3 281	11	—	—	—	—	—	—	3 292
Investment funds	—	644	119	—	—	—	—	—	131	894
Deposits and similar securities	51	636	18	—	60	—	—	—	1	766
Reinsurance contract assets	37	2 147	—	—	—	68	—	—	—	2 252
Structured transactions	—	(7)	—	—	—	—	—	—	—	(7)
Trading account assets	—	315	—	—	—	—	—	—	595	910
Non-current assets classified as held for sale[2]	—	—	—	—	—	—	—	18 054	—	18 054
Net working capital	1	257	228	—	—	—	—	—	15	501
Trade and other receivables	—	104	294	—	—	—	—	—	8	406
Cash and cash equivalents	1	293	851	—	—	—	—	—	9	1 154
Trade and other payables	—	(140)	(917)	—	—	—	—	—	(2)	(1 059)
Trading account liabilities	—	(401)	—	—	—	—	—	—	(592)	(993)
Structured transaction liabilities	—	(1)	—	—	—	—	—	—	—	(1)
Non-current liabilities classified as held for sale[2]	—	—	—	—	—	—	—	(16 616)	—	(16 616)
Insurance contract liabilities	(350)	(3 136)	—	—	(122)	(8)	—	—	(191)	(3 807)
Foreign currency exposure	(175)	9 827	401	3 191	15 585	11 357	3 269	1 885	805	46 145
Exchange rates (rand):										
Closing rate	20,20	18,29	23,31	1,37	0,22	1,86	0,60	4,01		
Average rate	19,93	18,44	22,91	1,38	0,22	1,82	0,60	4,05		
31 December 2022										
Equities and similar securities	48	166	18	—	—	—	—	202	5	439
Equity-accounted investments	—	—	—	—	14 328	—	—	437	—	14 765
Interest-bearing instruments	—	3 248	—	—	—	—	—	2 827	—	6 075
Government interest-bearing investments	—	471	—	—	—	—	—	1 530	—	2 001
Corporate interest-bearing investments	—	2 777	—	—	—	—	—	1 297	—	4 074
Investment funds	—	317	90	—	—	—	—	—	123	530
Deposits and similar securities	7	928	—	—	—	—	—	(965)	—	(30)
Reinsurance contract assets	1	1 812	—	—	—	58	—	—	—	1 871
Structured transactions	—	4	—	—	—	—	—	—	—	4
Net working capital	(104)	1 716	2 626	—	—	—	—	1 682	14	5 934
Trade and other receivables	(26)	972	613	—	—	—	—	57	6	1 622
Cash and cash equivalents	—	319	2 951	—	—	—	—	1 094	9	4 373
Trade and other payables	(78)	425	(938)	—	—	—	—	531	(1)	(61)
Structured transaction liabilities	(37)	—	—	—	—	—	—	—	—	(37)
Insurance contract liabilities	(209)	(2 771)	—	—	(149)	(22)	—	(86)	(117)	(3 354)
Foreign currency exposure	(294)	5 420	2 734	—	14 179	36	—	4 097	25	26 197
Exchange rates (rand):										
Closing rate	18,16	17,02	20,47	1,33	0,21	1,62	—	3,85		
Average rate	17,18	16,31	20,16	1,32	0,21	1,61	—	3,72		

(1) Current year exposures include the equity-accounted entities from SanlamAllianz and Shriram.
(2) This relates to MCIS in Malaysia that is classified as held for sale.

Capital and risk management report continued

2. Credit risk – policyholder solutions and capital

Life businesses exposed to risk via:	Credit risk
Policyholder solutions	√
Capital portfolio	√

√ Risk applicable to item.

Sanlam recognises that a sound credit risk policy is essential to minimise the effect on the group as a result of loss owing to a major corporate failure and the possible systemic risk such a failure could lead to. The Sanlam corporate credit risk policy has been established for this purpose. Credit risk occurs owing to trading, investment, structured transactions and lending activities. These activities in the group are conducted mostly by either Sanlam Specialised Finance (SanFin) or the Sanlam Investments (SI) sub-cluster of Sanlam Investments Group (SIG) in terms of the investment guidelines granted to them by the life operations. The Sanlam Limited risk and compliance committee have delegated responsibility for credit risk management to the SIG central credit committee. Botswana Insurance Fund Management (BIFM), Sanlam Investments Namibia, Sanlam Investments East Africa (SIEAL) as well as the asset management team in SanlamAllianz perform investment activities. SanFin supports the local asset management teams as and when necessary. The SanlamAllianz investment committee oversees these activities as well as the investment activities and the governance thereof as well as the investment activities of the SanlamAllianz insurers who perform their own investment activities.

The governance structures ensure that an appropriate credit culture and environment are maintained, such that no transactions are concluded outside areas of competence, or without following normal procedures. This credit culture is the product of a formal credit risk strategy and credit risk policy.

The credit risk strategy stipulates the parameters for approval of credit applications, such as: economic sector; risk concentration; maximum exposure per obligor, group and industry; geographical location; product type; currency; maturity; anticipated profitability or excess spread; economic capital limits; and cyclical aspects of the economy.

The credit risk framework highlights the processes and procedures to be followed in order to maintain sound credit granting standards, to monitor and manage credit risk, to properly evaluate new business opportunities and to identify and administer problematic credits. Credit analysis is a structured process of investigation and assessment, involving identifying the obligor, determining whether a group of connected obligors should be consolidated as a group exposure and analysing the financial information of the obligor. A credit rating, being a ranking of creditworthiness, is allocated to the obligor. In addition to external ratings, internal rating assessments are conducted, whereby the latest financial and related information is analysed in a specified and standardised manner, and to ensure a consistent and systematic evaluation process. External ratings (eg Moody's Investor Services, Standard & Poor's and Global Credit Ratings) are considered when available.

As far as possible, considering materiality and available risk indicators, facilities are reviewed on an annual basis by the appropriate approval authority. Where possible, Sanlam's interest is protected by obtaining acceptable security. Covenants are also stipulated in the loan agreements, specifying actions that are agreed to. Compliance with these loan covenants is monitored on an ongoing basis for signs of deterioration in credit quality. A credit administration and reporting department is in place to implement risk control measures and maintain ongoing review of the credit reports and conditions, and to ensure overall compliance with the credit risk policy.

In addition to the above measures, some portfolios are managed in terms of the investment guidelines of the life insurance operations, which place limits in terms of the lowest credit quality that may be included in a portfolio, the average credit quality of instruments in a portfolio as well as limits on concentration risk.

The group is also exposed to credit risk in respect of its working capital assets. The following are some of the main credit risk management actions:

- Unacceptable concentrations of credit risk to groups of counterparties, business sectors and product types are avoided by dealing with a variety of major banks and spreading debtors and loans among a number of major industries, clients and geographic areas;
- Long-term insurance business debtors are secured by the underlying value of the unpaid policy benefits in terms of the policy contract;
- General insurance premiums outstanding for more than 60 days are not accounted for in premiums, and an appropriate level of provision is maintained; and
- Exposure to external financial institutions concerning deposits and similar transactions is monitored against approved limits.

The group has considered the impact of changes in its own credit risk on the valuation of its liabilities. Credit risk changes will only have an impact in extreme situations and are not material for the 2023 and 2022 financial years. Given the strong financial position and rating of the group, the credit rating of its liabilities remained unchanged.

Capital and risk management report continued

2. Credit risk – policyholder solutions and capital continued

The tables below provide an analysis of the ratings attached to the group's life businesses' exposure, including the exposure managed by SanFin, to instruments subject to credit risk using international rating scales.

Credit risk concentration by credit rating

Insurance and investment contract balances	AAA %	AA %	A %	BBB %	BB %	B %	Not rated[1] %	Other %	Total %	Carrying value R million
31 December 2023										
Insurance contract assets	—	—	—	—	—	—	100	—	100	9 070
Reinsurance contracts assets	—	—	1	—	—	—	85	14	100	5 169
Government interest-bearing investments	—	—	—	—	94	6	—	—	100	51 781
Corporate interest-bearing investments	—	—	2	3	75	15	4	1	100	77 547
Mortgages, policy and other loans	—	—	—	5	44	37	11	3	100	30 552
Structured transactions	—	5	—	16	60	3	12	4	100	22 198
Deposits and similar securities	—	(6)	5	2	99	—	—	—	100	19 776
Net working capital	—	—	—	—	14	—	86	—	100	6 596
Structured transactions liabilities	—	(8)	(2)	(18)	(68)	(3)	(1)	—	(100)	(6 045)
Total	—	(2)	2	1	35	3	57	4	100	216 644
31 December 2022										
Insurance contract assets	—	—	—	—	—	—	99	1	100	8 162
Reinsurance contracts assets	—	2	2	—	—	—	85	11	100	4 833
Government interest-bearing investments	—	—	8	—	89	3	—	—	100	43 582
Corporate interest-bearing investments	—	—	6	7	62	17	8	—	100	63 701
Mortgages, policy and other loans	—	—	1	3	48	38	12	(2)	100	32 131
Structured transactions	—	—	11	3	84	—	2	—	100	13 891
Deposits and similar securities	—	10	6	5	69	10	—	—	100	19 004
Net working capital	—	2	3	—	16	4	75	—	100	5 661
Structured transactions liabilities	—	(2)	(7)	—	(91)	—	—	—	(100)	(4 601)
Total	—	2	4	2	29	6	54	3	100	186 364

Capital portfolio	AAA %	AA %	A %	BBB %	BB %	B %	Not rated[1] %	Other %	Total %	Carrying value R million
31 December 2023										
Insurance contract assets	—	—	—	—	—	—	—	100	100	408
Reinsurance contracts assets	—	—	—	—	—	—	—	100	100	9 361
Government interest-bearing investments	2	—	—	—	96	2	—	—	100	10 843
Corporate interest-bearing investments	—	3	4	—	70	3	20	—	100	19 624
Mortgages, policy and other loans	—	—	—	2	77	15	5	1	100	2 623
Structured transactions	—	(2)	(1)	(4)	111	(4)	—	—	100	905
Deposits and similar securities	—	(4)	3	1	93	—	7	—	100	9 571
Advances to customers	—	—	—	—	—	—	100	—	100	4 065
Net working capital	—	2	3	—	40	1	44	10	100	39 411
Structured transactions liabilities	—	(1)	—	(3)	(14)	—	(82)	—	(100)	(215)
Trading account liabilities		(1)	—	—	(86)	—	(10)	(3)	(100)	(19 133)
Total	—	—	1	(1)	55	2	13	30	100	77 463
31 December 2022										
Insurance contract assets	—	—	—	—	—	—	—	100	100	696
Reinsurance contracts assets	—	—	—	—	—	—	—	100	100	13 347
Government interest-bearing investments	2	1	10	—	85	2	—	—	100	7 444
Corporate interest-bearing investments	—	2	7	3	79	8	1	—	100	20 963
Mortgages, policy and other loans	—	—	(1)	(2)	(24)	(15)	61	81	100	1 632
Structured transactions	—	—	9	1	89	—	1	—	100	1 025
Deposits and similar securities	—	10	(20)	2	90	10	8	—	100	10 009
Net working capital	—	—	—	—	33	1	66	—	100	37 409
Structured transactions liabilities	—	(5)	(8)	(12)	(66)	(2)	(7)	—	(100)	(229)
Trading account liabilities	—	—	—	—	—	—	(100)	—	(100)	(17 371)
Total	—	1	(3)	(2)	48	2	(3)	57	100	74 925

[1] In line with the group's credit risk policy, exposures relating to non-rated insurance and investment contract balances are managed within certain parameters.

Capital and risk management report continued

2. Credit risk – policyholder solutions and capital continued

More than 50% of the counterparties to structured transactions are institutions with at least a BB rating. The group's short-term positions are included in the above table under the counterparties' long-term rating where Sanlam has both a long-term and short-term exposure to the entities.

Maximum exposure to credit risk

The life businesses' maximum exposure to credit risk is equivalent to the amounts recognised in the statement of financial position as there are no financial guarantees provided to parties outside the group. Please refer to note 32 on page 222, which discloses the possible obligations of the group. There are also no loan commitments provided that are irrevocable over the life of the facility or revocable only in adverse circumstances.

Reinsurance credit risk

Sanlam makes use of reinsurance to:
- Access underwriting expertise;
- Access product opportunities;
- Enable it to underwrite risks greater than its own risk appetite; and
- Protect its mortality/risk book against catastrophes.

The use of reinsurance exposes the group to credit risk. The counterparty risks of reinsurers are managed under the group's credit risk framework. The group's reinsurance arrangements include proportionate, excess and catastrophe coverage. All risk exposures in excess of specified monetary limits are reinsured. Catastrophe insurance is in place for man-made disasters. As far as possible, credit risk in respect of reinsurance is managed by placing the group's reinsurance only with subsidiaries of companies that have international ratings of no less than A+ from S&P.

3. Liquidity risk

Life insurance businesses exposed to risk via:	Liquidity risk	Note
Policyholder solutions		3.1
Linked and market-related	√	3.2
Other non-participating liabilities	√	3.2
Smoothed-bonus business		
Participating annuities	√	3.2
Stable bonus	√	3.3
Non-participating annuities	√	3.4
Other non-participating liabilities: guarantee plans	√	3.5
Capital portfolio	√	3.6

√ Risk applicable to item.

3.1 The following table summarises the overall maturity profile of the policyholder business:

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
Insurance contract balances	5 776	10 218	11 200	122 016	149 210
Insurance contract assets	205	(370)	(6 942)	(1 963)	(9 070)
Reinsurance contract assets	(1 064)	(584)	(2 332)	(1 189)	(5 169)
Insurance contracts liabilities	3 562	10 532	20 474	126 084	160 652
Reinsurance contracts liabilities	3 073	640	—	(916)	2 797
Investment contracts liabilities	18 226	50 548	107 309	312 418	488 501
Total insurance and investment contract balances	24 002	60 766	118 509	434 434	637 711
Other policyholder balances					
Contract costs for investment management services	—	—	—	400	400
Investment assets	59 264	86 630	55 401	440 639	641 934
Properties	—	—	—	5 824	5 824
Equities and similar securities	—	—	—	78 591	78 591
Government interest-bearing investments	3 750	8 691	39 339	—	51 780
Corporate interest-bearing investments	17 682	49 759	9 560	545	77 546
Mortgages, policy and other loans	7 142	18 224	5 176	11	30 553
Structured transactions	18 044	2 974	1 180	—	22 198
Investment funds(1)	—	—	—	355 664	355 664
Deposits and similar securities(2)	12 646	6 982	146	4	19 778
Non-current assets held for sale	2 207	—	—	—	2 207
Structured transactions liabilities	(5 730)	(53)	(262)	—	(6 045)
Deferred tax liability	(2 388)	—	—	—	(2 388)
Net working capital(3)	1 603	—	—	—	1 603
Total policyholder balances	54 956	86 577	55 139	441 039	637 711

Capital and risk management report continued

3. Liquidity risk continued

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2022					
Insurance contract balances	6 093	15 424	18 085	119 025	158 627
Insurance contract assets	80	(253)	(6 156)	(1 833)	(8 162)
Reinsurance contract assets	(1 674)	(17)	(49)	(3 591)	(5 331)
Insurance contracts liabilities	6 075	15 076	24 290	125 108	170 549
Reinsurance contracts liabilities	1 612	618	—	(659)	1 571
Investment contract balances	16 169	46 629	100 512	278 350	441 660
Total insurance and investment contract balances	22 262	62 053	118 597	397 375	600 287
Other policyholder balances					
Contract costs for investment management services	—	—	—	637	637
Investment assets	46 440	75 761	65 837	417 672	605 710
Properties	—	—	—	9 371	9 371
Equities and similar securities	—	—	—	78 476	78 476
Government interest-bearing investments	2 321	6 771	42 762	—	51 854
Corporate interest-bearing investments	19 763	40 656	10 681	684	71 784
Mortgages, policy and other loans	6 695	15 767	8 479	21	30 962
Structured transactions	8 618	1 680	3 611	—	13 909
Investment funds[1]	—	—	—	329 120	329 120
Deposits and similar securities[2]	9 043	10 887	304	—	20 234
Intangible assets	—	—	—	97	97
Non-current assets held for sale	841	—	—	—	841
Lease liabilities	(16)	(55)	—	—	(71)
Structured transactions liabilities	(1 672)	(197)	(2 732)	—	(4 601)
Deferred tax liability	(1 080)	—	—	—	(1 080)
Net working capital[3]	(1 246)	—	—	—	(1 246)
Total other policyholder balances	43 267	75 509	63 105	418 406	600 287

(1) The effects of consolidating investment funds are not taken into account in the above analysis with the risk managed on a net basis and controlled funds are reflected as investment funds.
(2) Deposits and similar securities due within one year include current account balances which are available on demand.
(3) Net working capital includes trade and other receivables and trade and other payables, taxation and cash and cash equivalents.

3.2 Policyholder portfolios supporting linked and market-related business, participating annuities and other non-participating life business are invested in appropriate assets, taking expected cash outflows into account. Please refer to the liquidity section on page 51 describing the liquidity risk management framework.

3.3 These policyholder solutions do not expose the group to significant liquidity risks. Expected cash flows are considered in determining the investment guidelines and asset spread of the portfolios. Limits are also placed on the exposure to illiquid investments.

3.4 Liabilities are matched, as far as possible, with interest-bearing assets, to ensure that the duration of assets and liabilities are closely aligned. This may also include derivatives.

3.5 Liquidity risk is managed by matching the liabilities with assets that have similar maturity profiles as the liabilities.

3.6 The life businesses' capital is not subject to excessive levels of liquidity risk but assets could be realised in a short time frame if need be. The publicly issued unsecured bonds issued by Sanlam Life are managed on a corporate level (refer to page 63 for more information).

4. Underwriting risk

	Underwriting risk	
Life businesses exposed to risk via:	Persistency	Insurance and other risks
Policyholder solutions		
Linked and market-related	√	√
Smoothed-bonus business		
Stable bonus	√	√
Participating annuities	√	√
Non-participating annuities	X	√
Other non-participating liabilities		
Guarantee plans	√	√
Other	√	√
Capital portfolio	X	X

√ Risk applicable to item.
X Risk not applicable to item.

Underwriting risk arises primarily from the writing of non-participating annuity and other non-participating life business, as these products expose the group to risk if actual experience relating to expenses, persistency, mortality, longevity, disability and medical (morbidity) differs from that which is assumed. The group is, however, also exposed to underwriting risk in respect of other policyholder solutions.

Persistency risk

Analytical models are used by the group to identify high-risk clients. Client relationship management programmes are aimed at managing client expectations and relationships to reduce lapse, surrender and paid- up rates. The design of insurance products excludes material lapse, surrender and paid-up value guarantees, subject to regulatory constraints, to limit financial loss at surrender. Persistency experience is monitored to ensure that negative experience is timeously identified and corrective action taken while Wealth Bonus, where applicable, is used to reward good persistency. The group's reserving policy is based on actual experience, adjusted for expected future changes in experience, to ensure that adequate provision is made for lapses, surrenders and paid-up policies.

Insurance and other risks

Insurance risk

The group manages insurance risk through:
- its product development process and underwriting policy to prevent anti-selection and ensure appropriate premium rates (loadings) for sub-standard risks;
- adequate reinsurance arrangements to limit exposure per individual and manage concentration of risks;
- claims handling policy; and
- adequate pricing and reserving including pandemic reserves.

Quarterly actuarial valuations and the group's regular profit reporting process assist in the timely identification of experience variances. The following policies and practices are used by the group as part of its underwriting strategy to mitigate insurance risk:
- All long-term insurance product additions and alterations are required to pass through the approval framework that forms part of the life insurance business's governance process. The relevant Head of Actuarial Function approves the policy conditions and premium rates of new and revised products;
- A risk-based approach is followed towards testing for HIV/Aids, smoking and other underwriting factors, to balance the cost of testing with managing underwriting risk.
- Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life;
- Appropriate income replacement levels apply to disability insurance;
- The experience of reinsurers is used where necessary for the rating of sub-standard risks;
- The risk premiums for group risk business and some of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary. Most of the individual new business is sold with a guarantee that risk premiums would not be increased for the first five to 15 years;
- Risk profits are determined on a regular basis; and
- Regular investigations into mortality and morbidity experience are conducted to ensure that corrective action, for example re-rating of premiums, is taken where necessary.

Capital and risk management report continued

4. Underwriting risk continued

Expense risk
Expenses are managed through the group's budgeting process and continuous monitoring of actual versus budgeted unit expenses is conducted and reported on.

Concentration risk
The group writes a diverse mix of business, and continually monitors this risk and the opportunities for mitigating actions through reinsurance. The group's life businesses are focused on different market segments, resulting in a mix of individual and institutional clients, as well as entry-level, middle-income market and high net worth clients.

The tables below provide an analysis of the exposure to the value of benefits insured in respect of non-participating life business for the major life insurance companies as well as the annuity payable per policy in respect of non-participating annuities for the group's operations.

Non-participating annuity payable per annum per life insured

	Number of lives	
R'000	2023	2022
0 — 20	170 513	188 368
20 — 40	31 006	33 623
40 — 60	11 645	13 781
60 — 80	6 452	7 685
80 — 100	4 229	5 174
>100	14 230	16 145
	238 075	264 776

Value of benefits insured: non-participating life business (excluding funeral policies)

Benefits insured per individual life	Number of lives		Before reinsurance		After reinsurance	
R'000	2023[2]	2022	2023[2] %	2022 %	2023[2] %	2022 %
0 - 500[1]	5 172 313	11 106 494	15	15	20	24
500 - 1 000	208 013	281 038	8	8	13	13
1 000 - 5 000	393 088	535 044	44	44	48	45
5 000 - 8 000	32 324	54 281	13	13	9	9
>8 000	23 432	38 492	20	20	10	9
	5 829 170	12 015 349	100	100	100	100

(1) Including funeral policies, the number of lives in the 0 – 500 band increases by 4,1 million (2022: 3,5 million). Benefits insured before reinsurance increased to 26% (2022: 26%) and after reinsurance increased to 39% (2022: 37%).
(2) The number of lives and benefits disclosed for the current year, exclude the SanlamAllianz joint venture entities that are equity accounted as well as the Namibian and Malaysia entities which are held-for-sale. As such, the current year's disclosure is not comparable to that of last year.

The tables above indicate that the group's exposure is spread over a large number of lives insured, thereby mitigating concentration risk.

Retail credit

Retail credit business relates mainly to loan business provided by Sanlam Personal Loans (SPL) and to the retail credit businesses in SanlamAllianz and Shriram Finance Limited.

Sanlam Personal Loans

The balance of loans advanced by SPL to clients at 31 December 2023 is shown below:

R million	2023	2022
Gross balance	5 163	5 197
Provisions	(1 098)	(1 012)
Net balance	4 065	4 185

The main risk emanating from the retail credit operations is credit risk. As SPL is now a wholly owned subsidiary, the group is exposed to credit risk on the full value of the loans and advances, which is disclosed in note 14 on page 173.

Credit risk consists of credit standing and default risk. It is the company's policy to subject its potential clients to credit rating procedures. In addition, balances of advances are monitored on an ongoing basis. Collection strategies are in place to mitigate credit risk and all accounts that are in arrears are given due priority. The company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the instrument.

The company provided for all individual advances based on stages of default that are determined by a combination of arrears, default, cure and distressed restructure criteria. In determining the recoverability of loans and advances, the company considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Shriram Finance Limited

The exposure to retail credit is mostly made up of an indirect holding via Shriram Capital Private Limited (the investment entity formed through the restructure of the Shriram businesses) and a direct holding in Shriram Finance Limited. The carrying value of these investments on the statement of financial position is R13 224 million (2022: R12 779 million), of which approximately 81% (2022: 76%) is attributed to credit business and most of the remainder to general insurance business.

The main risk emanating from the retail credit operations is credit risk. These investments have been equity-accounted to reflect the percentage interest in the net asset value of the respective investments. Sanlam group's exposure to credit risk in these investments is limited to the value of the investment in these businesses and any funding guarantees provided.

The credit risk management process entails the monitoring of key drivers in each of the significant retail credit businesses, including an analysis of trends. Risk parameters have been set for each of these key drivers and performance against these targets is monitored and reported to the appropriate retail credit committee on a quarterly basis.

The primary role of the retail credit forum is to:
- Review the exposure to the portfolio of associate investments into retail credit and banking businesses, as well as identify, measure and review key risk drivers;
- Propose appropriate risk appetite measures and monitor the exposure against these measures as well as advise on appropriate actions to take with regards to breaches of the risk appetite; and
- Assess the performance of the retail credit portfolio.

Sanlam group benefits from the diversification provided by the geographic spread of its operations (throughout Africa, India and Malaysia), types of credit provided (secured and unsecured lending) and the range of market segments targeted. This inherently reduces the overall level of credit risk exposure.

Capital and risk management report continued

SanFin

SanFin, which comprises Financing Solutions and Market Solutions, was formed to strengthen the financial risk management of the Sanlam balance sheet in collaboration with Sanlam balance sheet management and Sanlam group risk management. The aim is to centralise the management of shareholder credit risk, liquidity risk and interest rate risk.

Market risk

SanFin uses Value at Risk (VaR) to calculate market risk capital for the business. The methodology follows a full revaluation historical simulation approach, whereby the input market variables (eg interest rates, equities, bond prices, etc.) for various exposures are stressed. VaR measures the maximum loss over a given horizon with a specified level of confidence. VaR is computed as follows:

- At a 99,5% confidence level (to be consistent with Sanlam's risk appetite relating to SanFin's business);
- Over a 10-day holding period (which takes account of market liquidity risk in the VaR calculation through setting the liquidity period at 10 days);
- Multiplied by a factor of three (to allow for uncertainty in estimating VaR at high confidence levels); and
- VaR is calculated on a diversified basis for SanFin as a whole and takes the diversification of portfolios into account.

VaR is used as the basis for market risk capital computations. Limits are established for the amount of market risk capital that may be consumed. These limits are supplemented with limits on exposures and stresses metrics at different levels within SanFin, eg business level and within businesses.

Credit risk

For credit risk capital, SanFin utilises the concept of unexpected losses. Based on historical default data, expected losses are computed on a portfolio of credits. Economic principles dictate that a provision should be created for expected losses. An unexpected loss, on the other hand, is the maximum amount over and above the expected loss that SanFin could incur over the particular time horizon with a certain level of confidence. In SanFin's economic capital model, an unexpected loss over a one-year time horizon at a 99,5% confidence level is used as the estimate of credit risk capital. This is consistent with the 99,5% VaR used for market risk capital.

Furthermore, SanFin utilises various additional credit stress testing to supplement the credit capital (and economic capital). This includes the credit earnings at risk measure.

- The first order credit spread sensitivity is calculated;
- The historical spread movement of various credit exposures classifications are determined at the 90th percentile; and
- The stress is calculated as the product of the credit spread sensitivity and the historic spread movements for various classifications.

As of 31 December 2023, the value of the earnings at risk stress is R959 million.

Maximum exposure to credit risk

SanFin's maximum exposure to credit risk is equivalent to the amounts recognised in the statement of financial position, as there are no financial guarantees provided to parties outside the group that is expected to result in an outflow of resources, nor are there any loan commitments provided that are irrevocable over the life of the facility or revocable only in adverse circumstances. Please refer to note 32 on page 222, which discloses the possible obligations of the group.

Credit risk exposures are reported on a netted basis, therefore after taking collateral and netting agreements into account. Appropriate haircuts to collateral and add-ons to exposures are implemented in line with a credit exposure quantification policy. Credit risk exposures are mitigated through several measures, including physical collateral (eg mortgage bonds) considered on a case-by-case basis, the use of netting agreements, or guarantees issued by third parties.

Concentration risk

Management determines concentrations by counterparty, with reference to the proportion of total credit risk capital held in respect of that counterparty compared to the overall credit risk capital of the entire portfolio. The 10 largest contributors to credit risk capital make up 34% (2022: 35%) of total credit risk capital, but only 11,2% (2022: 13,5%) of the total exposure. SanFin is therefore not exposed to significant concentration risk.

Liquidity risk

Within SanFin, the maximum available facilities of R6,75 billion (2022: R6,75 billion) exceed the amount utilised of R5,1 billion (2022: R4,5 billion), indicating available unutilised funding sources.

Utilised committed facilities granted by SanFin to various counterparties were R3,72 billion (2022: R543 million). A significant portion of trading account assets and liabilities is due within one year.

The hedging of interest-rate risk of the annuity profiles (long-term liabilities) within SanFin is achieved mainly using bond derivatives (forwards and futures) and to a lesser extent using short dated credit assets. This is done to match the interest rate sensitivity of the liabilities as closely as possible. The manner in which this ALM book is managed introduces additional risks. For example, this introduces roll-over risk at futures close out and/or forward maturity dates (this is termed the derivatives roll over risk stress), additional cash requirements emanating from collateral and margin calls during periods of market stress events (this is termed the derivative collateral risk stress), as well as decreasing cash amounts raised from bond carry roll-overs as bond values fall. To manage these additional liquidity risks in the group, a liquidity risk management policy has been developed and has been approved by the Sanlam governance structures. The policy is based on the principles of Basel III (including, where required, the need for high quality liquid assets to be held to cover liquidity requirements during periods of market and liquidity stress events), with specific attention given to the management of roll-over risk. The liquidity risk appetite policy has recently undergone a review of the two types of liquidity stresses mentioned above, with key refinements and enhancements to the respective risk measures. However, it should be noted that different to banks, a life company's balance sheet has an inherent ability to absorb illiquidity due to the nature, term and structure of its liabilities. This ability to absorb illiquidity is used to mitigate the liquidity risks within SanFin.

The Sanlam group, through wholly owned subsidiaries, issues redeemable preference shares from time to time, the proceeds of which are utilised to invest in similar assets (redeemable preference shares) in order to earn a margin acceptable to the group.

Term finance liabilities in respect of the margin business are matched, as closely as possible, by assets with an appropriate maturity profile. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities. The maturity profile of term finance liabilities in respect of the margin business and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
Central Credit Manager (CCM) term finance liabilities	–	(708)	–	–	(708)
Term finance liabilities held in respect of CCM margin business	–	(708)	–	–	(708)
Assets held in respect of CCM term finance	(40)	479	70	199	708
Equities and similar securities	–	–	–	199	199
Corporate interest-bearing investments	–	479	70	–	549
Mortgages, policy and other loans	–	–	–	–	–
Working capital assets and liabilities	(40)	–	–	–	(40)
Net term finance liquidity position[1]	(40)	(229)	70	199	–

Capital and risk management report continued

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2022					
CCM term finance liabilities	–	(683)	(80)	–	(763)
Term finance liabilities held in respect of CCM margin business	–	(683)	(80)	–	(763)
Assets held in respect of CCM term finance	(50)	473	126	214	763
Equities and similar securities	–	–	–	214	214
Corporate interest-bearing investments	–	472	126	–	598
Mortgages, policy and other loans	–	1	–	–	1
Working capital assets and liabilities	(50)	–	–	–	(50)
Net term finance liquidity position(1)	(50)	(210)	46	214	–

(1) Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required.

General insurance: Santam

Objective and framework

As an insurance group, Santam Limited and its subsidiaries are exposed to various insurance and financial risks. These risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for each business unit as it strives to enhance stakeholder value.

Santam has adopted an enterprise risk management (ERM) approach and framework that enables management to effectively deal with uncertainty and thus enhance the capacity to build value by efficiently and effectively deploying resources in pursuit of achieving the group's objectives. The ERM process adopted is considered appropriate to the nature, scale and complexity of the group and company's business and risks. The Santam approach is aligned with the principles of the King Report on Corporate Governance™ for South Africa, 2016 (King IV), ISO 31000, Solvency Assessment and Management (SAM) requirements as well as the requirements of Sanlam.

Santam's ERM framework and process are designed to assist the board in ensuring that management continually monitors risk and reports back to the risk committee on the status of these risks. ISO 31000 was adopted to ensure that a structured and practical approach to risk management is implemented throughout the business. Santam's ERM process is well-defined and businesses are responsible and accountable for integrating ERM in the operations. ERM adds value by being aligned to the business strategy and objectives.

Capital appetite

Santam's objective is to maintain sufficient capital (including foreign capital), which comprises shareholders' equity and subordinated debt capital, to meet its strategic business plan and objectives. This represents sufficient surpluses for both regulatory and economic capital. To assist in managing its capital position, Santam has set an internal coverage ratio band for its economic capital requirement of 145% - 165%, while at all times achieving specific threshold levels for its regulatory capital requirement. Santam remains committed to efficient capital management.

The internal economic capital model is the preferred measure of capital sufficiency used to support, inform and improve decision-making across the group. It is used to determine the group's optimum capital structure, its investment strategy, its reinsurance programme and to determine the pricing and target returns for each portfolio. The economic capital analysis compares available capital with the economic capital assessment.

Santam's economic capital requirement at 31 December 2023 based on the internal economic capital model amounted to R8,8 billion (2022: R8,6 billion) or an economic capital coverage ratio of 155% (2022: 156%).

Risk assessment process

A key component of the ERM framework is the risk assessment process. Santam's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to Santam's strategic objectives. Risks are identified from a top-down (strategic) and bottom-up (operational) perspective to create and maintain an integrated view of material risk exposures. The top-down approach is undertaken at an executive and senior management level and considers strategic risks affecting Santam in the medium to long term. In parallel, the bottom-up approach is undertaken by Enterprise Risk Management (ERM) at a business unit or specialist unit level to assess all categories of risks from their perspectives with specific focus on underwriting, reinsurance and financial risks.

The risk identification process is used to build an aggregated view of all significant risks faced by the organisation. This, together with the risk categories and knowledge base is translated into the Santam risk universe. The risk universe is a summary of the most common risk themes across all categories of risk within Santam and assists management in understanding and effectively managing the relevant risks.

Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur.

Santam analyses quantifiable risks by using an internally developed economic capital model. The model covers the following risk categories:
- Insurance risk (consisting of underwriting and reinsurance risk);
- Credit risk;
- Market risk; and
- Operational risk.

A number of risks faced by Santam are not modelled in the internal model, namely: strategic, liquidity, conduct, reputational, political, regulatory, compliance, sovereign downgrade, legal, outsourcing and cyber risks. These risks are analysed individually by management and appropriate measures are implemented to monitor and mitigate these risks.

Once the relevant risks are better understood, the risk appetite framework governs how the risks should be managed within the group. Santam has formulated a risk appetite policy which aims to quantify the amount of capital the business is willing to put at risk in the pursuit of value creation. It is within this risk appetite framework that Santam has selected its asset allocation and reinsurance programme which are among the most important determinants of risk and hence, capital requirements within the organisation. The internal model allows for the measurement of Santam's expected performance relative to the risk appetite assessment criteria agreed to by Santam's board. The risk appetite process also includes the assessment of non-financial measures in determining the overall capital requirements. These assessments are presented to the risk committee as well as the board on a quarterly basis for consideration.

Insurance risk

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. More specifically, Santam defines insurance risk to include:
- Underwriting risk; and
- Reinsurance risk.

Santam's risk management function has developed a group-wide governance and risk management framework in terms of the board-approved underwriting and reinsurance policies, required by the regulator's Prudential Standards.

This framework is implemented at business unit level through underwriting practice policies (approved by the business units' boards) that set out the specific requirements and parameters within which insurance risks are managed. Through Santam risk management's ongoing monitoring and review processes, business units are held accountable to the framework.

A key benefit of the framework from a risk management perspective is that it facilitates enhanced oversight and collaboration between business units and significantly improves the understanding and management of risk concentrations that arise from time to time and that extend over several business unit portfolios in most instances.

Underwriting risk

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions (liabilities for remaining cover) turn out to be insufficient to compensate for expected future claims, that the claims provisions (liabilities for incurred claims) raised for both reported and unreported claims are inadequate, as well as the risk resulting from the volatility of expense payments.

Santam manages underwriting risk through its underwriting strategy and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified and reasonably priced. Claims costs are actively managed to ensure that the impact of factors such as the volatility of the rand is adequately addressed.

Capital and risk management report continued

In general, Santam issues personal, commercial, niche and cell/policyholder insurance policies, as well as reinsurance contracts in respect of most of the classes of business listed below:

Accident and health – Provides cover for death, disability and certain health events. This excludes the benefits to the provider of health services, and is linked directly to the expenditure in respect of health services.

Alternative risk transfer (ART) – The use of techniques, other than traditional insurance, that include at least an element of insurance risk, to provide entities with risk coverage or protection. This includes cover for mining rehabilitation, life business and third-party cell insurance.

Aviation – Covers property (both moveable and immovable) risks associated with aircraft (ie in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks associated with this class of business.

Bonds and guarantees – A contract whereby the insurer assumes an obligation to discharge the debts or other obligations of another person in the event of the failure of that person to do so. This business is in run-off.

Crop – Provides indemnity for crops while still on the field against hail, drought and excessive rainfall. Cover ceases as soon as harvesting has taken place.

Engineering – Provides cover for risks relating to:
- the possession, use or ownership of machinery or equipment, other than a motor vehicle, in the carrying on of a business;
- the erection of buildings or other structures or the undertaking of other works; and
- the installation of machinery or equipment.

Liability – Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Marine – Covers property (both moveable and immovable) risks associated with watercraft (ie in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks (both on land and on water bodies) associated with this class of business.

Motor – Covers risks relating to the possession, use or ownership of a motor vehicle. This cover can include risks relating to vehicle accident, theft or damage to third-party property or legal liability arising from the possession, use or ownership of the insured vehicle.

Property – Covers risks relating to the use, ownership, loss of or damage to movable or immovable property other than a risk covered more specifically under another insurance contract. Policies including an extension for contingency business interruption cover, for both physical and non-physical damage, are included in the property class.

Transportation – Covers risks relating to the possession, use or ownership of a vessel, aircraft or other craft or for the conveyance of persons or goods by air, space, land or water. It also covers risks relating to the storage, treatment or handling of goods that are conveyed.

Travel – Covers risks associated with local and international travel, for both business and leisure purposes.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that either premium or claims provisions turn out to be insufficient to pay insurance claims as well as the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the underwriting risk.

In order to quantify the underwriting risk faced by Santam, a stochastic simulation of Santam's claims is performed at a line of business level within Santam's internal economic capital model. Assumptions for each line of business are determined based on more than 20 years' worth of historical data. The expected claims liabilities are modelled for specific lines of business, which are then split into the appropriate sub-classes. For each sub-class of business, three types of losses are modelled, namely attritional losses, individual large losses and catastrophe losses. Each of the sub-classes is modelled based on its own assumptions whose methodology and calibration are thoroughly documented in the internal model documentation.

The attritional losses are modelled as a percentage of the premium. The large losses are modelled by fitting separate distributions to the claims frequency and the claim severity.

Santam also models various catastrophes and the losses from each catastrophe are allocated to multiple classes of business. The following catastrophes are modelled:
- Earthquake;
- Storm (small);
- Storm (large);
- Hail (excluding crop damage);
- Marine (cargo);
- Aviation (hull/liability);
- Conflagration (property);
- Conflagration (liability);
- Utility failure;
- Latent liability; and
- Economic downturn.

The net claims ratio for Santam, excluding the share of SanlamAllianz businesses which is important in monitoring insurance risk, has developed as follows over the past seven years:

Loss history	2023	2022	2021[3]	2020[3]	2019[3]	2018[3]	2017[3]
Claims paid and provided %[1,2]	66,2	65,0	62,0	68,2	62,1	60,3	65,8

[1] Expressed as a percentage of net earned premiums.
[2] The net claims ratio for Conventional Insurance is disclosed, as it is the key ratio for this business segment. The key drivers for the performance of the ART business segment are income from clients and investment results.
[3] Ratios quoted for 2021 and earlier were not restated in terms of IFRS 17.

Pricing for Santam's products is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain Santam's principal cost, Santam also makes allowance in the pricing procedures for acquisition expenses, attributable and non-attributable expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital.

Underwriting limits (per risk and, where relevant, per event) are set for business units, underwriting managers and intermediaries to ensure that Santam's risk appetite is appropriately delegated. Underwriting performance is monitored continuously and the pricing policy is revised accordingly. Risk factors considered as part of the review are unique to each class of business (listed above) and constantly evolve as the risk environment changes. Santam has the right to reprice and change the conditions for accepting risks on renewal and/or, in most cases 30 days.

Expenses are monitored by each business unit based on an approved budget and business plan.

The underwriting strategy aims to ensure that the risks underwritten are well diversified in terms of type and amount of risk, size, economic sector and geography. Santam has a sufficiently diversified portfolio based on insurance classes. Santam is currently focusing on obtaining international geographical diversification through the business written by Santam Re and the Santam Specialist business.

Underwriting risk is further mitigated by ensuring that reserve and reinsurance risk are adequately managed.

Claims development tables

The presentation of the claims development tables for Santam is based on the actual date of the event that caused the claim (incident year basis). The claims development tables represent the development of actual claims paid for continuing operations.

Capital and risk management report continued

Payment development

Estimates of claims (gross of reinsurance and undiscounted)

R million	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015
		Claims paid in respect of (ie incident year)								
Reporting year										
At end of accident year		18 186	16 544	14 357	11 138	11 680	10 804	12 114	10 414	12 335
– one year later			22 914	20 381	15 577	15 083	13 902	15 785	13 470	16 259
– two years later				22 474	16 966	15 514	15 693	16 344	13 837	17 225
– three years later					17 374	15 695	15 886	16 490	14 072	17 760
– four years later						15 818	15 978	16 641	14 531	18 078
– five years later							16 005	16 742	14 593	18 608
– six years later								16 742	14 593	18 608
– seven years later									14 593	18 608
– eight years later										18 608
Cumulative payments to date		(12 063)	(20 290)	(20 568)	(16 393)	(15 287)	(15 572)	(16 195)	(13 798)	(17 927)
Gross cumulative claims liabilities – 2015 to 2023	14 621	6 123	2 624	1 906	981	531	433	547	795	681
IBNR - best estimate	3 329									
Effect of discounting	(976)									
Risk adjustment for non-financial risk[1]	718									
Creditors and debtors included in liabilities for incurred claims[2]	1 828									
Gross liabilities for incurred claims	19 520									

Estimates of claims (net of reinsurance and undiscounted)

R million	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015
		Claims paid in respect of (ie incident year)								
Reporting year										
At end of accident year		13 106	12 908	12 017	10 375	10 429	9 716	9 935	9 208	10 399
– one year later			16 441	14 723	13 571	12 928	11 924	12 276	11 257	12 905
– two years later				15 065	14 163	13 220	12 244	12 517	11 461	13 422
– three years later					14 273	13 347	12 378	12 584	11 578	13 721
– four years later						13 438	12 432	12 697	11 903	13 880
– five years later							12 452	12 769	11 950	13 988
– six years later								12 769	11 950	13 988
– seven years later									11 950	13 988
– eight years later										13 988
Cumulative payments to date		(9 419)	(15 766)	(14 636)	(14 007)	(13 128)	(12 258)	(12 554)	(11 896)	(13 546)
Gross cumulative claims liabilities – 2015 to 2023	6 272	3 687	675	429	266	310	194	215	54	442
IBNR - best estimate	2 670									
Effect of discounting	(507)									
Risk adjustment for non-financial risk[1]	618									
Creditors and debtors included in liabilities for incurred claims[2]	1 647									
Gross liabilities for incurred claims	10 700									

[1] Includes attributable expenses and risk adjustment
[2] Included unrealised forex, insurance related premiums receivables, commission and claims payables

Reserving

Reserve risk relates to the risk that the claim provisions held for both reported and unreported claims, as well as their associated expenses may prove insufficient.

Santam currently calculates its technical reserves on two different methodologies, namely the percentile approach and the cost of capital approach. The percentile approach is used to evaluate the adequacy of technical reserves for financial reporting purposes, while the cost of capital approach is used as one of the inputs for regulatory reporting purposes.

Percentile approach

Under this methodology, reserves are held to be at least sufficient at the 75th percentile of the ultimate loss distribution.

The first step in the process is to calculate a best-estimate reserve. Being a best estimate, there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than this calculated value.

The next step is to determine a risk adjustment. The risk adjustment is calculated such that there is now at least a 75% to 95% probability that the reserves will be sufficient to cover future claims. The resulting amount of the calculated risk adjustment corresponds to the confidence level of 79% at 31 December 2023 (31 December 2022: 80%).

Cost of capital approach

The cost of capital approach to reserving is aimed at determining a market value for the liabilities on the statement of financial position. This is accomplished by calculating the cost of transferring the liabilities, including their associated expenses, to an independent third party.

The cost of transferring the liabilities off the statement of financial position involves calculating a best-estimate of the expected future cost of claims, including all related run-off expenses, as well as a margin for the cost of capital that the independent third party would need to hold to back the future claims payments.

Santam is not significantly exposed to seasonality due to the broad range of insurance contracts that Santam writes. Motor and property contains an element of seasonality eg hail storms in the summer, however, there may not be a direct correlation between that seasonality and Santam's financial results. There is an element of seasonality attached to crop, however, Santam's exposure is limited.

Reinsurance risk

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to Santam's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. Santam obtains third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or capital. Santam has an extensive reinsurance programme that has developed over many years to suit the risk management needs of the business.

The internal model is used to evaluate the type and quantum of reinsurance to purchase within Santam's risk appetite framework. The reinsurance programme is placed into both the local and international reinsurance markets. Reinsurance arrangements in place include proportional, excess-of-loss per risk and catastrophe and stop loss arrangements.

Capital and risk management report continued

The core components of the reinsurance programme comprised:

- Individual excess-of-loss cover for property, liability, engineering, aviation and marine risks, which provides protection to limit losses between the range of R5 million to R100 million (2022: R17 million to R85 million) per risk, excluding reinstatement premiums and inclusive of Santam Re's participations, following a claim or claims against the covers. Santam protects its property per risk loss exposure down to a maximum amount of R100 million on any one risk;
- Santam buys catastrophe cover exceeding the 1 in 200-year earthquake catastrophe loss using an external validated earthquake loss prediction model. This model typically results in cover of up to 1,20% of the total exposure of the significant geographical areas, amounting to protection of R12 billion per event, with an attachment point of R400 million. For 2022, Santam purchased catastrophe cover up to R10,5 billion with a R150 million retention. This presents 1,06% of the total exposure of the significant geographical areas;
- The ultimate cost of a loss that would exhaust the total Santam catastrophe programme of R12 billion in 2023, amounted to the retention of R505 million (consisting of R400 million retention on inner layer with a cover of R350 million of which 30% was unplaced giving additional retention of R105 million) plus additional premiums of R645,5 million to reinstate the cover to provide for a second catastrophe loss.
- South African insurers, because of contingent business interruption losses in 2020 and the KZN flood in 2022, transferred significant losses to international reinsurers under their catastrophe programmes. The correction in pricing and the levels at which catastrophe protection attached was significant and Santam's own covers were affected. The attachment point for 2023 is now R505 million, plus the cost of reinstatement premiums. This meaningful increase remains within the range of an acceptable figure as regards Santam's shareholders' funds, as well as a percentage of retained net premium income.
- Santam's agriculture portfolio is protected through a 56% proportional and a non-proportional reinsurance arrangement with non-proportional cover set at levels offering protection from extreme aggregate loss events.

Santam has arrangements to support growth in territories outside South Africa in situations where this is dependent on Santam's S&P international rating scale rating. In 2019, Santam entered into an agreement with New Reinsurance Company Limited Switzerland (New Re), which is a wholly owned Munich Re company. In terms of the agreement, selected Santam business units are able to write inwards international reinsurance business on New Re's AA- credit rating licence. The five-year agreement between Santam and New Re became effective 1 January 2020.

The Santam board approves the reinsurance renewal process on an annual basis. The major portion of the reinsurance programme is placed with external reinsurers that have an international credit rating of no less than A- (2022: A-) from S&P or AM Best, unless specific approval is obtained from the board to use reinsurers with ratings lower than the agreed benchmark.

Insurance-related credit risk

Credit risk reflects the financial impact of the default of one or more of Santam's counterparties.

Key areas where Santam is exposed to credit default risk are:

- Reinsurer defaults on presentation of a large claim;
- Reinsurer defaults on its share of Santam's insurance liabilities; and
- Default on amounts due from insurance contract intermediaries and premium collection agencies.

Santam continuously monitors its exposure to its counterparties for financial statement, as well as regulatory reporting purposes. It has therefore established a number of criteria in its risk appetite statement to monitor concentration risk and provide feedback to management and the risk committee on at least a quarterly basis.

The credit quality of Santam's counterparties are determined using rating agencies' assessments of the probability of default over a one-year time horizon. The underlying default probabilities are based on the credit migration models developed by S&P, Moody's, Fitch and Global Credit Ratings, which incorporate up to 90 years' worth of credit default information. For default risk Santam uses a model which is largely based on Basel II regulations. The probability of default assigned is based on the highest credit rating assigned by the various rating agencies.

The credit risk analysis is used by management to determine the level of risk capital that should be held for the following types of exposures:

- Outstanding premiums due from intermediaries and reinsurance receivables due from reinsurers;
- Reinsurance claims provisions; and
- Exposure to potential reinsurance recoveries based on the losses generated by the internal model.

For concentration risk, Santam uses the regulatory solvency framework methodology. The calculation is performed in four steps:

- Determine the exposure by counterparty;
- Calculate the excess exposure above a specified threshold level;
- Apply a charge to this excess exposure; and
- Aggregate the individual charges to obtain an overall capital requirement for concentration risk.

Credit risk capital is held for exposure to risk-based assets such as bonds and bank deposits.

Santam seeks to avoid concentration of credit risk to groups of counterparties, to business sectors, product types and geographical segments. The financial instruments, except for Santam's exposure to the four large South African banks, do not represent a concentration of credit risk. In terms of Santam's internal risk appetite framework, no more than 15% of total portfolio assets are generally invested in any one of the four major South African banks. Accounts receivable is spread over a number of major companies and intermediary parties, clients and geographic areas. Santam assesses concentration risk for debt securities, money market instruments and cash collectively. Santam does not have concentrations in these instruments to any one company exceeding 15% of total debt securities, money market instruments or cash.

Santam uses a large panel of high-quality reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their financial strength as part of the renewal process. Santam's largest reinsurance counterparty is Munich Re (2022: Munich Re). The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed.

Capital and risk management report continued

Market risk

Market risk arises from the level or volatility of the market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as interest rates, equity prices and exchange rates. The following financial and insurance assets, disclosed based on similar characteristics, are affected by market risk:

- Equity and similar securities;
- Interest-bearing investments;
- Investment funds;
- Reinsurance contract assets;
- Other loans and receivables;
- Cash and cash equivalents;
- Deposits and similar securities;
- Structured transactions;
- Non-current assets held for sale; and
- Insurance contract assets.

Santam uses a number of sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the internal economic capital model to inform Santam's decision-making and planning process and also for identification and management of risks within the business units.

Each of the major components of market risk faced by Santam is described in more detail below.

Price risk

Santam is subject to price risk due to the impact that volatility in the market has on the value of its equity portfolios, resulting in either a positive or negative effect on its net asset value.

Santam has a well-defined investment strategy, including return objectives, asset allocation, portfolio construction and asset manager selection. The strategy has been translated into various specialist mandates which in turn have been outsourced mostly to Sanlam Investments Group (SIG). The total level of equity investments, both listed and unlisted, is closely monitored by the investment committee, audit committee and the board. The internal economic capital model is used to model the asset mix and absolute level of equity exposure on at least a quarterly basis and to compare the results to Santam's risk appetite. The analysis is presented to the risk committee for consideration in terms of required actions.

Santam takes a long-term view when agreeing investment mandates with the relevant portfolio managers and looks to build value over a sustained period of time rather than utilising high levels of purchases and sales in order to generate short-term gains from its equity holdings.

Equity price risk arises from the negative effect that a fall in the market value of equities can have on Santam's net asset value. Santam's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modelling methods. Santam sets appropriate risk limits to ensure that no significant concentrations in individual companies arise. Santam's largest investment in any one company comprises 4,5% (2022: 4,3%) of the total quoted equities and 0,2% (2022: 0,2%) of the total assets.

Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities due to a change in the level of interest rates.

The market value of bonds and other fixed interest-bearing financial instruments are dependent on the level of interest rates. This includes movements in fixed income prices reflecting changes in expectations of credit losses, changes in investor risk aversion, or price changes caused by market liquidity. The income received from floating rate interest-bearing financial instruments is also affected by changes in interest rates.

The impact of a change in the interest rate on the asset mix as well as the economic capital requirements is determined using the internal economic capital model. The result of this analysis is presented to the risk committee on at least a quarterly basis for consideration and approval of required actions.

The assets backing the subordinated debt are managed within a mandate to ensure that adequate cover is provided for the related liabilities ie the market value of the subordinated debt and the market value of the assets backing the debt react the same way to changes in interest rates.

Exposure to interest rate risk is monitored through several methods that include scenario testing and stress testing using measures such as duration. The bond returns are modelled based on the historic performance of the individual bonds held in the portfolio, and adjusted to reflect the current interest rates and inflation environment. The risk-free rate used for modelling is 9% as at 31 December 2022 (2022: 9%).

General insurance claims liabilities are discounted and are therefore impacted by changes in market interest rates. Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

Currency risk

Foreign currency risk is the risk that Santam will be negatively impacted by changes in the level or volatility of currency exchange rates relative to the South African rand.

In accordance with Santam's international diversification strategy, Santam is entering into various transactions where there is an underlying foreign currency risk such as the investments in the Sanlam target shares. Santam is also expanding its reinsurance offerings to predominantly other countries in Africa as well as South-East Asia and India. Furthermore, Santam has established an international investment portfolio to ensure adequate asset liability matching in terms of the claims process and capital requirements.

Santam has a well-defined foreign currency management policy which is used to ensure adequate overall asset liability matching. Santam enters into currency hedges only when approved by the investment committee.

Santam has two sources of currency risk:

- Operational currency risk: underwriting liabilities in currencies other than the currency of the primary environment in which the business units operate (non-functional currencies); and
- Structured currency risk: investing in Sanlam target shares.

These risks affect both the value of Santam's assets as well as the cost of claims, particularly for imported motor parts, directly and indirectly. The fair value of the investments in the Sanlam target shares are impacted by changes in the foreign exchange rates of the underlying operations. Santam is also pursuing international diversification in underwriting operations through the business written by Santam Re and the specialist underwriting managers.

In order to mitigate the foreign currency mismatch risk, Santam monitors the level of foreign currency assets relative to foreign currency liabilities and foreign currency capital requirements.

In terms of Santam's risk management strategy, foreign currency risks can be assessed on a case-by-case basis to determine whether specific hedging requirements exist.

Derivatives risk

Santam uses derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates and equity prices. Santam does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on the use of derivatives is approved by the investment committee and the board.

Over-the-counter derivative contracts and exchange traded futures are entered into only with approved counterparties, in accordance with Santam policies, effectively reducing the risk of credit loss. Santam applies strict requirements to the administration and valuation process it uses, and has a control framework that is consistent with market and industry practice for the activity that it has undertaken.

Liquidity risk

Liquidity risk is the risk that Santam will encounter difficulty in raising funds to meet the commitments associated with its financial obligations as a result of assets not being available in a form that can immediately be converted into cash.

Santam manages the liquidity requirements by matching the duration of the assets invested to the corresponding liabilities. The net insurance liabilities are covered by cash and liquid interest-bearing instruments while the subordinated debt obligation is covered by matching cash and interest-bearing instruments.

The cash mandates include market risk limitations (average duration and maximum duration per instrument) to ensure adequate availability of liquid funds to meet Santam's payment obligations.

Santam's shareholders funds are invested in a combination of interest-bearing instruments, preference shares, listed equities and unlisted investments. The listed equity portfolio is a well-diversified portfolio with highly liquid shares.

Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent in Santam's operations and are typical of any large enterprise. Major sources of operational risk can include operational process reliability, information security, outsourcing of operations, dependence on key suppliers, implementation of strategic and operational change, integration of acquisitions, fraud, human error such as not placing the necessary facultative reinsurance, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and social and environmental impact.

Capital and risk management report continued

Santam manages operational risk by a comprehensive system of internal controls. From a risk governance perspective, the three lines of defence approach is used to identify the various levels of controls, oversight and assurance, including consideration of role-player independence. Risk management processes for oversight include using a range of techniques and tools to identify, monitor and mitigate its operational risk in accordance with Santam's risk appetite. These tools include risk and control self-assessments and questionnaires, key risk indicators (eg fraud and service indicators), scenario analyses and loss reporting. In addition, Santam has developed a number of contingency plans including incident management and business continuity plans. Quantitative analysis of operational risk exposures material to Santam are used to inform decisions on controls and the overall amount of capital held for potential risk exposures. A compulsory annual internal control declaration is completed by senior and executive management and results reported to the risk and audit committees. The outcome of the declaration is reviewed to ensure material control breakdowns have been noted and appropriately addressed. The declaration process supports the board in their assessment of the system of internal controls.

Group office

The group office is responsible for areas of financial risk management that are not allocated to individual businesses.

Liquidity risk

Sanlam group term finance liabilities in respect of margin business are matched, as closely as possible, by assets with an appropriate maturity profile. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities. The group has significant liquid resources and substantial unutilised banking facilities to cover any mismatch position.

The maturity profile of Sanlam group term finance liabilities in respect of the margin business and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
Non-Central Credit Manager (CCM) term finance liabilities	(4 400)	(250)	—	—	(4 650)
Term finance liabilities held in respect of non-CCM margin business	(4 400)	(250)	—	—	(4 650)
Assets held in respect of non-CCM term finance	287	3 622	—	741	4 650
Equities and similar securities	—	—	—	741	741
Corporate interest-bearing investments	—	3 622	—	—	3 622
Working capital assets and liabilities	287	—	—	—	287
Net term finance liquidity position[1]	(4 113)	3 372	—	741	—

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2022					
Non-CCM term finance liabilities	(1 450)	(3 200)	—	—	(4 650)
Term finance liabilities held in respect of non-CCM margin business	(1 450)	(3 200)	—	—	(4 650)
Assets held in respect of non-CCM term finance	633	3 333	—	684	4 650
Equities and similar securities	—	—	—	684	684
Corporate interest-bearing investments	—	3 333	—	—	3 333
Working capital assets and liabilities	633	—	—	—	633
Net term finance liquidity position[1]	(817)	133	—	684	—

[1] Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required. Certain strategic assets are partially funded by preference share liabilities.

The unsecured subordinated bonds issued by Sanlam Life, which are matched by assets with appropriate maturity profiles, are also managed by the group office. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities as closely as possible.

The maturity profile of term finance liabilities in respect of the unsecured subordinated bonds and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
Term finance liabilities					
Interest-bearing liabilities[1]	(36)	(2 967)	(1 028)	—	(4 031)
Assets held in respect of term finance	1 399	2 142	442	48	4 031
Government interest-bearing investments	149	221	197	—	567
Corporate interest-bearing investments	659	1 515	245	—	2 419
Mortgages, policy and other loans	13	35	—	—	48
Structured transactions	3	129	—	—	132
Investment funds	—	—	—	48	48
Cash, deposits and similar securities	567	242	—	—	809
Working capital assets and liabilities	8	—	—	—	8
Net term finance liquidity position[2]	1 363	(825)	(586)	48	—

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2022					
Term finance liabilities					
Interest-bearing liabilities	—	(981)	(1 000)	—	(1 981)
Assets held in respect of term finance	681	980	265	55	1 981
Government interest-bearing investments	27	70	—	—	97
Corporate interest-bearing investments	430	595	265	—	1 290
Mortgages, policy and other loans	1	63	—	—	64
Structured transactions	3	18	—	—	21
Investment funds	—	—	—	55	55
Cash, deposits and similar securities	201	234	—	—	435
Working capital assets and liabilities	19	—	—	—	19
Net term finance liquidity position[2]	681	(1)	(735)	55	—

[1] An additional R2 billion unsecured debt was issued during 2023.
[2] Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required.

Sensitivity analysis – market risk

Refer to page 347 for an analysis of the group's exposure to market risk as measured by GEV.

Basis of presentation

Basis of presentation

Introduction

The consolidated financial statements are prepared on the historical-cost basis, unless otherwise indicated, in accordance with IFRS, SAICA Financial Reporting Guides as issued by the accounting practices committee, Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act in South Africa. The financial statements are presented in South African rand rounded to the nearest million, unless otherwise stated.

The following new or revised IFRSs and interpretations have been applied in the 2023 financial period:

- Effective 1 January 2023:
  - IFRS 17 Insurance Contracts
  - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
  - Definition of Accounting Estimate (Amendments to IAS 8)
  - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to Income Taxes)
  - International Tax Reform (Amendments to IAS 12)

The following new or revised IFRSs and interpretations, effective in future years and not early adopted, may have a material impact on future results:

- Effective 1 January 2024:
  - Classification of liabilities as current or non-current (Amendments to IAS 1)
  - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
  - Non-current Liabilities with Covenants (Amendments to IAS 1)
  - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The group does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact. For additional information on IFRS 17 impact, refer to notes 7 – 10, 39 as well as the accounting policy included in policy liabilities.

Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the group statement of financial position and statement of comprehensive income, as well as contingent liabilities.

Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to note 28 of the consolidated financial statements for further information on significant changes since the previous reporting period in terms of critical estimates and judgements and note 32 of the consolidated financial statements for information on contingencies.

Insurance contracts

The disclosure of claims experience in claims development tables is based on the period when the earliest material claims arose for which there is still uncertainty about the amount and timing of the claims payments.

Deposits and similar securities, Short-term investments and cash and cash equivalents

Deposits and similar securities, Short-term investments and cash and cash equivalents include bank account balances, call, term and negotiable deposits, promissory notes and money market collective investment schemes. A distinction is made between:

- Deposits and similar securities included in the asset mix of policyholders' and shareholders' fund investment portfolios, which are disclosed as investments in the statement of financial position;
- Short-term investments that are disclosed as working capital assets, refer to note 16; and
- Cash and cash equivalents that are disclosed as working capital assets, refer to note 17, apart from bank overdrafts, which are disclosed as working capital liabilities, refer to note 15.

Financial instruments

Owing to the nature of the group's business, financial instruments have a significant impact on the group's financial position and performance. Audited information in respect of the major categories of financial instruments and the risks associated therewith are provided in the following sections:

- Capital and risk management report on pages 14 to 63
- Note 12: Investments
- Note 13: Trading account assets and liabilities
- Note 15: Trade receivables and payables
- Note 21: Investment contract liabilities
- Note 22: Term finance
- Note 29: Critical accounting estimates and judgements
- Note 37: Fair value

Accounting policies

The Sanlam group has identified the accounting policies that are most significant to its business operations and the understanding of its results. These include policies relating to insurance liabilities, contract cost of investment management services, the ascertainment of fair values of financial assets, financial liabilities and derivative financial instruments, and the determination of impairment losses. In each case, the determination of these is fundamental to the financial results and position, and requires management to make complex judgements based on information and financial data that may change in future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce materially different results. These policies (as set out in the relevant notes to the financial statements) are in accordance with and comply with IFRS and have been applied consistently for all periods presented unless otherwise noted.

Basis of consolidation

Subsidiaries and consolidated funds are entities that are controlled by Sanlam Limited or any of its subsidiaries. The group has control over an entity where it has the right to or is exposed to variable returns and has the power, directly or indirectly, to affect those returns. Specifically, the group controls an entity if and only if the group has:

- Power or existing rights over the entity or investee that give it the ability to direct relevant activities;
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights, the group consider all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group re-assesses on a continuous basis whether or not it controls an investee.

The purchase method of accounting is applied to account for acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of consideration transferred, equity instruments issued and liabilities assumed at the date of exchange. Costs directly attributable to an acquisition are expensed in the statement of comprehensive income. Identifiable assets and liabilities acquired and contingent liabilities assumed are recognised at fair value at acquisition date. The excess of the cost of an acquisition, the amount of non-controlling interest in the subsidiary or business measured in terms of IFRS 3 and when a business is acquired in stages, the acquisition date fair value of the group previously held equity interest in the subsidiary or business over the fair value of the net identifiable assets of the subsidiary or business at the date of acquisition represents goodwill and is accounted for in terms of the accounting policy note for goodwill.

If the cost of an acquisition is less than the fair value of the net identifiable assets and contingent liabilities, the difference is recognised in the statement of comprehensive income.

The results of subsidiaries and consolidated funds are included from the effective dates when the group obtains control to the effective dates when the group ceases to have control, using accounting policies uniform to the group. Inter-group transactions, balances and unrealised profits on inter-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates the impairment of the asset transferred.

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as negative reserves against non-controlling shareholders' interest.

A financial liability is recognised, and classified as at fair value through profit or loss, for the fair value of external investors' interest in consolidated funds where the issued units of the fund are classified as financial liabilities in terms of IFRS. Changes in the fair value of the external investors' liability are recognised in the statement of comprehensive income. In all other instances, the interests of external investors in consolidated funds are not financial liabilities and are recognised as non-controlling shareholders' interest.

Basis of presentation continued

The group offers cell captive facilities to clients. A cell captive is a contractual arrangement entered into by the group with a cell owner, whereby the risks and rewards associated with certain insurance activities accrue to the cell shareholder. Cell captives allow clients to purchase non-convertible preference shares in the registered insurance company that undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment and accounting services. The terms and conditions are governed by the shareholders' agreement. There are currently two distinct types of cell captive arrangements:

- First party cell captive arrangements are arrangements where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these first party cell captive arrangements are a single contract there is no significant risk transfer and such cell captive facilities are accounted for as investment contracts.
- Third-party cell captives allow clients to purchase non-convertible preference shares in the registered insurance company which undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment, and accounting services. The shareholders' agreement, however, determines that the cell shareholders remain responsible for the solvency of the cell captive arrangements. In substance, the insurance company therefore reinsures this business to the cell shareholder. The cell shareholder's interest represents the cell shareholder's funds, in respect of the insurance business conducted in the cell structures, held by the insurer, and is included under third-party cell insurance contract liabilities. The liabilities due to cell shareholders have been assessed to be highly interrelated with the in-substance reinsurance component of the reinsurance contacts and is treated similarly to non-distinct investment components which are not accounted for separately.

The group also offers insurance contracts that provide both insurance cover and the payment of a specified amount (performance bonus or premium refund paid at agreed upon interval, after deducting related expenses). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The criteria encompass risk management strategies, risk performance conditions or policy claim experience. These contracts are deemed to be insurance contracts under IFRS 17 as the group has concluded that there is a transfer of significant risk.

Business combinations under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3 – Business Combinations. The group's accounting policy is to apply pooling of interest accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a 'common control' reserve. From the perspective of the seller, the difference between the consideration received and the carrying value of the business disposed of will result in a gain or loss recognised in the statement of comprehensive income. From a combined group perspective (acquirer and seller), the 'common control' reserve and the gain or loss recognised in the statement of comprehensive income will eliminate.

Foreign currencies

Transactions and balances

Foreign currency transactions are translated to functional currency, ie the currency of the primary economic environment in which each of the group's entities operate, at the exchange rates on transaction date. Monetary assets and liabilities are translated to functional currency at the exchange rates ruling at the financial period-end.
Non-monetary assets and liabilities carried at fair value are translated to functional currency at the exchange rates ruling at valuation date. Non-monetary assets and liabilities carried at historic cost are translated to functional currency at the exchange rates ruling at the date of initial recognition. Exchange differences arising on the settlement of transactions or the translation of monetary assets and liabilities (excluding investment assets and liabilities) are recognised in the statement of comprehensive income as revenue. Exchange differences on non-monetary assets and liabilities and monetary assets and liabilities classified as investment assets and liabilities, such as equities and foreign interest-bearing investments, are included in investment surpluses.

Foreign operations

Statement of comprehensive income items of foreign operations (including foreign subsidiaries, associates and joint ventures) with a functional currency different from the presentation currency, are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific items, in which instances the exchange rate on transaction date is used. The closing rate is used for the translation of assets and liabilities, including goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign entities. At acquisition, equity is translated at the rate ruling on the date of acquisition. Post-acquisition equity is translated at the rates prevailing when the change in equity occurred. Exchange differences arising on the translation of foreign operations are transferred to a foreign currency translation reserve until the disposal of the net investment when it is released to the statement of comprehensive income.

Basis of presentation continued

Policy liabilities

The valuation bases and methodology used to measure the policy liabilities of all material lines of insurance and investment business for the group are set out below, and comply with the requirements of IFRS. An explanation of the recognition of insurance amounts in profit or loss is covered on pages 79 to 81.

Where the valuation of policy liabilities is based on the valuation of supporting assets, the assets are valued on the bases as set out in the accounting policy for investments, with the exception of investments in treasury shares, associated companies, joint ventures, which are also valued at fair value.

Classification

The group applies IFRS 17 – Insurance Contracts to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues. Investment contracts without DPF (with or without investment management services) fall within the scope of IFRS 9 – Financial Instruments.

All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Some insurance contracts include investment components. An investment component that is not distinct and therefore in scope of IFRS 17, is the amount that an insurance contract requires the group to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. All references to investment components in these accounting policies apply to investment components in scope of IFRS 17 that are not distinct, unless specifically stated otherwise. Investment components are included in the measurement of insurance liabilities. However, repayments of investment components are not presented in profit or loss (refer to explanation of recognised insurance amounts in profit or loss for further details). The measurement of investment components identified for different types of insurance contracts is covered in the sub-sections below. Refer to separation of components for the criteria relating to distinct investment components that need to be separated and accounted for under a different standard.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements:

1. Life insurance – Risk business (insurance contracts without direct participation features)
   - Premium allocation approach (PAA) and general measurement model (GMM)
2. Life insurance – Savings business (insurance contracts with direct participation features)
   - Variable fee approach (VFA)
3. General insurance (insurance contracts without direct participation features)
   - PAA and GMM.

Life insurance – Risk and General insurance business

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts (refer to contracts measured under the PAA for further details). Insurance contracts measured under the GMM and PAA are referred to as insurance contracts without direct participation features.

The group applies the VFA to *insurance contracts with direct participation features* (refer to the next sub-section for further details).

For some insurance contracts without direct participation features, the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured under the GMM. Refer to note 29.2.2.3 on page 210 for further details on the types of contracts in the group providing investment return services.

The following are examples of the main types of products included in life insurance – Risk business:

- Life insurance risk business providing death/disability and funeral cover (for a specified term/whole life) is measured under the GMM, unless eligible for the PAA;
- Life insurance risk business where insurance coverage is provided to members of Corporate schemes, with the premiums payable by the employers (policyholders) reviewable at least annually, is measured under the PAA;
- Non-participating life annuities (excluding term certain annuities in scope of IFRS 9) are measured under the GMM. For non-participating life annuities with a guarantee period, payments made during the guaranteed period are considered to be investment components;
- Universal life insurance contracts which give rise to investment and insurance risk are measured under the GMM if assessed not to be eligible for the VFA, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges;
- Other risk insurance contracts providing investment-return services (for example endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges; and
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

The material classes of general insurance business (including reinsurance contracts held) are measured using the PAA. This includes contracts with a coverage period longer than one year that are assessed to be eligible for measurement under the PAA (refer to note 29.2.1 on page 205 for further details).

Life insurance – Savings business

The group issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. Insurance contracts are substantially investment-related if the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the group:

- expects to pay amounts to the policyholder equal to a substantial share of the fair value returns on the underlying items; and
- a substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the group receives for the contract is a variable fee. Initial measurement (excluding PAA) provides further details on the measurement of the variable fee. The group uses judgement in determining the eligibility of contracts for the VFA (refer to note 29.2.1 for further details).

Reinsurance contracts issued or held cannot be insurance contracts with direct participation features for the purposes of IFRS 17.

Investment contracts with DPF

Investment contracts with DPF are in scope of IFRS 17 as the group also issues insurance contracts. An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

These contracts do not include a transfer of significant insurance risk and will be measured under the VFA if it meets the eligibility requirements. The investment contracts with DPF not eligible for the VFA (and therefore measured under GMM) are immaterial for the group.

Basis of presentation continued

The following are examples of the main types of products measured under the VFA and included in life insurance – Savings business:

- Universal life insurance contracts;
- Pure market-linked savings contracts (without DPF) with minimum investment guarantees and/or rider benefits such as premium waivers on death creating significant insurance risk;
- Participating life annuities;
- Investment contracts with DPF such as smoothed bonus business related to retirement annuities and market-linked savings contracts; and
- Conventional with-profits business in SEM.

Investment components related to insurance contracts measured under the VFA are determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges.

In the sections to follow, separate sub-headings are included to describe specific differences in accounting policies related to reinsurance contracts held and insurance contracts measured under the VFA.

Separation of components

Distinct components are separated from the insurance contract and accounted for under a different IFRS standard. The examples of distinct components in the group are covered below:

- Distinct investment components are accounted for under IFRS 9 (unless it is an investment contract with DPF in scope of IFRS 17 as covered in the previous section), such as some non-participating risk and savings business issued in Sanlam Developing Markets where the investment components are not highly interrelated with the insurance components because the value of the investment components can be measured without considering the value of the insurance components, and the policyholders can surrender the investment components without lapsing the insurance cover; and
- Distinct goods or services other than insurance contract services are accounted for under IFRS 15 – Revenue from contracts with customers. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the group.

Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required. Note 29.2.1.1 on page 206 provides further details.

Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

The portfolios are further divided into groups of insurance contracts issued based on recognition date (refer to recognition) and expected profitability, based on whether:

a) contracts are onerous at initial recognition;
b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
c) contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held recognised) more than one year apart in the same group (also referred to as cohorts of insurance contracts).

These groups represent the level of aggregation at which insurance contracts are measured. Such groups are not subsequently reconsidered.

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition. Refer to Note 29.2.1.1 for further details.

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts above are replaced with references to contracts on which there is a net gain at initial recognition.

Measurement of insurance contracts

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

The measurement of a group of insurance contracts (including the contractual service margin) with cash flows in more than one currency, will be denominated in a single currency based on the dominant currency in which expected cash flows are generated.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

Recognition

The group recognises insurance and reinsurance contracts issued from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due. Investment contracts with DPF are recognised when the group becomes party to the contract.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance).

A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Contract boundaries

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums, or has a substantive obligation to provide the policyholder with insurance contract services.

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  a) the group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
  b) the group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary.

Basis of presentation continued

Initial measurement (excluding PAA)

On initial recognition, the group measures a group of insurance contracts as the total of the:

- fulfilment cash flows; and
- contractual service margin (CSM).

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts. Refer to contracts measured under the PAA for further details.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary, with discount rates being applied to the future cash flows to adjust for the time value of money and financial risks related to those cash flows. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort. Note 29.2.2.2 on page 207 provides further details on the determination of the probability-weighted estimates of future cash flows and discount rates.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and forms part of the fulfilment cash flows for a group of insurance contracts. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Note 29.2.2.2 on page 207 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees (also referred to as the time value of financial options and guarantees (TVOG)) and is mostly relevant to insurance contracts measured under the VFA in SLS. This valuation approach is consistent with actuarial guidance note APN (advisory practice note) 110, which Sanlam believes is compliant with IFRS 17.

Insurance contracts accounted for under the VFA

The fulfilment cash flows measured under the VFA are determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. The variable fee comprises the amount of the group's share in the fair value of the underlying items less the fulfilment cash flows that do not vary based on the underlying items. The variable fee represents the expected shareholder entitlements based on the present value of future estimates of fees charged less insurance claims and expenses incurred, less the risk adjustment for non-financial risk and the effect of financial guarantees (TVOG).

Reinsurance contracts held

Fulfilment cash flows of reinsurance contracts held include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The risk adjustment for non-financial risk reflects that some of this uncertainty will be ceded to the reinsurer.

For reinsurance contracts held, the group has not treated any expense cash flows as acquisition cash flows.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The group applies discount rates, that include the effect of inflation, to nominal cash flows (ie those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are discounted using rates that reflect that variability.

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts issued, such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the group expects to recognise as it provides insurance contract services.

- If a group of insurance contracts issued is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows or other cash flows incurred before the recognition date. This results in no income or expenses arising on initial recognition.
- If a group of insurance contracts issued is onerous at initial recognition, the CSM is negative. The group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage. Refer to subsequent measurement (excluding PAA) for further details.

Note 9 on pages 98 to 108 provides more information on the losses recognised at initial recognition for onerous groups of insurance contracts issued in the 2023 reporting period.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 reporting period for insurance contracts measured under GMM or VFA.

For groups of contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3 – Business Combinations, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. No contracts were acquired in a transfer of insurance contracts or in a business combination in the 2023 interim reporting period.

Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. A loss recovery component adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The loss recovery component is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

The group uses judgement in determining the loss recovery component, including for subsequent measurement covered in the next section. Refer to note 29.2.2.3 for further details.

Basis of presentation continued

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
  a. the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and
  b. the remaining CSM of the group at that date.
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate to current (or past) or future service:

- changes that relate to current (or past service) are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which adjust the loss component on a group of insurance contracts issued, or any changes which adjust the loss recovery component on a group of reinsurance contracts held (refer to the Loss component section below for further details).

Insurance contracts accounted for under the GMM

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in fulfilment cash flows related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
2. changes in the liability for incurred claims related to past service; and
3. experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

1. changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM;
2. changes in the risk adjustment for non-financial risk that relate to future service;
3. differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before it becomes payable; and
4. experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates). Refer to the 'Contractual service margin' section below for further details.

The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service. Refer to note 29.2.2.3 for further details.

For insurance contracts issued providing investment-return services, where the group applies discretion in the timing and amount of the cash flows to be paid to the policyholders, changes in discretionary cash flows relate to future service and adjust the CSM. The group specifies at the inception of the contract the basis on which it expects to determine its commitment under the contract. Changes in assumed future bonus rates will be treated as changes in discretionary cash flows if this determination of non-vested bonuses is not based on a formulaic approach specified at the inception of the contracts. Policyholders earning investment returns on account balances, and any changes in the formulaic approach for the smoothing of investment returns specified at the inception of the contract, are changes related to financial risks and do not adjust the CSM.

Insurance contracts accounted for under the VFA

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
2. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
   a) changes in the liability for incurred claims related to past service; and
   b) experience adjustments arising from premiums received including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

- changes in the group's share of the fair value of the underlying items, including any variances in the group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks; and
- changes in the fulfilment cash flows that do not vary with returns on the underlying items:
  a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
  b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
  c) changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments to the CSM are measured based on the current discount rates. The group does not apply the risk mitigation option[1] and therefore changes in TVOG will adjust the CSM.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

1. the effect of new contracts recognised in the period (refer to the Contractual service margin sub-section in initial measurement (excluding PAA) for further details);
2. for contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
3. changes in the fulfilment cash flows that relate to future service (as described in the Fulfilment cash flows section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flows in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the Loss component section below for further details;
4. the effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period; and
5. the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the Coverage units section below for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous (refer to initial measurement (excluding PAA) on page 72 for further details);
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

[1] The group does not use derivatives or other investment assets to actively hedge the financial risks related to the changes in TVOG

Basis of presentation continued

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received). The coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Note 29.2.2.3 provides further details on the coverage units identified for the material lines of business measured under GMM and VFA, including the relative weighting of the benefits provided.

Loss component

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period.

Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. For insurance contracts measured under the VFA, the adjustments to the loss component are measured based on current discount rates.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

Reinsurance contracts held

For a group of reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

The group uses judgement in determining the loss recovery component (refer to note 29.2.2.3 for further details).

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future.

The material lines of insurance business measured under the PAA in SLS and SEM have recognised insurance acquisition cash flows as expenses in profit or loss when incurred. Santam has capitalised the insurance acquisition cash flows by including it as a reduction in the liability for remaining coverage and amortising the cash flows over the coverage period of the contracts.

For a group of insurance contracts issued on initial recognition, the group measures the liability for remaining coverage as the amount of premiums received if any, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:
- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:
- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- minus the amount recognised as insurance revenue for the services provided in the period; and
- minus any investment component paid or transferred to the liability for incurred claims.

The group does not adjust the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

For general insurance business in SEM and Santam, cash flows related to incurred claims have been adjusted for the effect of the time value of money where the claims settlement period is expected to be one year or less. For insurance contracts measured under the PAA, the liability for incurred claims is adjusted for the time value of money where the claims settlement period is more than one year,

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 reporting period for insurance contracts issued measured under the PAA.

A risk adjustment for non-financial risk is determined for the liability for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows. Note 29.2.2.2 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

If there are facts and circumstances that indicate that a group of insurance contracts issued is onerous, a loss will be recognised in profit or loss equal to the difference between the fulfilment cash flows related to the future coverage of the group under the GMM and the liability for remaining coverage under the PAA, with the liability for remaining coverage being increased to be equal to the fulfilment cash flows under the GMM. If the liability for incurred claims does not allow for the time value of money and the effect of financial risk, then the fulfilment cash flows should also exclude such an adjustment. Subsequent to an initial loss being recognised, the loss component will be recalculated at the end of each reporting period based on the difference between the fulfilment cash flows measured under the GMM and the liability for remaining coverage under the PAA, with the change in loss component over the period being recognised as an increase or reversal of losses in profit or loss.

For groups of insurance contracts measured under the PAA, no onerous groups of insurance contracts have been recognised in the 2023 reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:
- the asset for remaining coverage (also referred to as the remaining coverage component); and
- the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:
- minus the ceding premiums paid in the period; and
- plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, a loss recovery component will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the loss recovery component based on the corresponding changes in the loss component for the underlying insurance contracts.

Basis of presentation continued

Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (ie expired, discharged, or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification is treated as changes in estimates of fulfilment cash flows, unless the criteria[(2)] for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

If an insurance contract not accounted for under the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for under the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

a) for transfers to a third party, the premium charged by the third party; or
b) for a contract modification, the premium that the group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the group received the premium determined in b) above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts.

If an insurance contract measured under the PAA is derecognised from a group of insurance contracts, the group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Where these contracts provide for minimum investment return guarantees, provision is made for the fair value of the embedded derivative.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges. All profits or losses accrue to the shareholders when incurred.

Guaranteed plans and fixed return products

Guaranteed maturity values and expected future expenses are discounted at market-related interest rates. All profits or losses accrue to the shareholders when incurred.

Working capital

To the extent that the management of working capital gives rise to profits, no credit is taken for this in determining the policy liabilities.

[(2)] Refer to the conditions listed in paragraph 72 of IFRS 17.

Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements. The insurance service result is equal to the sum of:

- Insurance revenue;
- Insurance service expenses; and
- Income or expenses from reinsurance contracts.

The result from insurance is equal to the sum of the:

- Insurance service result;
- Insurance (and reinsurance) finance income or expenses; and
- Investment returns on assets held in respect of insurance contracts.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For insurance contracts issued not measured under the PAA, the total consideration for a group of contracts covers the following amounts:

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components);
- amounts of the CSM recognised in profit or loss for the services provided in the period;
- release of the risk adjustment for risk expired[(3)] (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders (refer to note 29.2.2.2 for further details);
- experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows; and
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA (refer to amortisation of insurance acquisition cash flows for further details).

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:

- expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- experience adjustments arising from incurred claims and administration expenses;
- changes in liability for incurred claims related to past service;
- actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage);
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA; and
- changes that relate to future service:
  a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
  b) increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

[(3)] Changes in the risk adjustment for non-financial risk excluding changes included in insurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense for further details) and changes related to future service which adjust the CSM.

Basis of presentation continued

Income or expenses from reinsurance contracts

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services. The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- amounts of the CSM recognised in profit or loss for the services received in the period;
- changes in the risk adjustment for non-financial risk, excluding:
  a) changes that related to future service (adjusting the CSM); and
  b) amounts included in reinsurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense below for reinsurance contracts held).
- for contracts accounted for under the GMM
  a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) experience adjustments related to ceded premiums for past and current service.
- for contracts accounted for under the PAA:
  a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held.
- changes in the incurred claims for past service recoverable from the reinsurance contracts held;
- changes in the non-performance risk of reinsurer counterparties; and
- changes that relate to future service:
  a) income on loss recovery component recognised in the period; and
  b) changes in estimates that adjust the loss recovery component.

Insurance (and reinsurance) finance income and expense

The group recognises all insurance finance income or expenses for the reporting period in profit or loss. The group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:

- the unwind of interest on fulfilment cash flows, based on current discount rates;
- the accretion of interest on the CSM, based on locked-in discount rates;
- the effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in TVOG); and
- the impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):

- the unwind of interest on the liability for incurred claims, based on current discount rates; and
- the impact on the liability for incurred claims of the effect of changes in economic assumptions.

For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

The amounts recognised in insurance finance income or expenses are determined on a 'gross basis' before any allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Note 6 provides more information on the amounts recognised in insurance finance income or expenses and the investment returns on the assets held in respect of insurance contracts.

Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period in a systematic way based on the passage of time. For insurance contracts not measured under the PAA and issued in the South African businesses, the insurance acquisition cash flows are amortised in line with the coverage units used to determine the recognition of the CSM in insurance revenue. Other systematic methods are adopted for insurance contracts not measured under the PAA and issued in SEM, and for insurance contracts measured under the PAA where relevant, such as amortisation on a straight-line basis based on the expected coverage period of the insurance contracts.

Group statement of financial position

as at

R million	Note	31 December 2023	Restated[1] 31 December 2022	Restated[1] 1 January 2022
ASSETS				
Goodwill[1]	1	6 906	5 001	16 096
Equipment	2	1 535	1 090	1 730
Right-of-use assets	3.1	1 189	1 036	1 481
Owner-occupied properties	4	1 015	686	2 582
Intangible assets[1]	5	3 331	945	4 355
Contract costs for investment management services[1]	6	2 822	3 150	3 208
Insurance contract assets[1]	7	9 478	8 858	11 585
Reinsurance contract assets[1]	7	14 530	18 680	23 194
Deferred tax[1]	11.1	1 619	1 630	3 319
Investments[1]	12	827 309	773 272	819 252
Investment properties	12.1	7 913	10 436	17 980
Investment in associates and joint ventures[1]	12.2	44 473	21 198	23 229
Equities and similar securities[1]	12.3.1	159 385	185 686	193 559
Interest-bearing investments[1]	12.3.2	249 372	244 635	274 249
Structured transactions[1]	12.3.2	26 114	18 091	12 629
Investment funds	12.3.2	301 949	264 490	278 145
Deposits and similar securities[1]	12.3.2	38 103	28 736	19 461
Trading account assets[1]	13.1	13 554	14 124	15 985
Advances to customers	14	4 065	—	—
Non-current assets reclassified as held for sale[1]	36	47 213	111 635	81 386
Working capital assets[1]		55 886	58 047	66 254
Trade and other receivables[1]	15.1	20 014	15 232	17 387
Taxation		954	574	1 218
Short-term investments[1]	16	9 089	5 375	6 755
Cash and cash equivalents[1]	17	25 829	36 866	40 894
Total assets[1]		990 452	998 154	1 050 427
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	18	13 033	12 784	12 784
Treasury shares		(6 658)	(2 888)	(1 671)
Other reserves[1]	19	11 007	6 237	7 611
Retained earnings[1]		71 148	68 444	63 423
Shareholders' fund[1]		88 530	84 577	82 147
Non-controlling interest[1]	20	8 375	14 381	14 387
Total equity[1]		96 905	98 958	96 534
Insurance contract liabilities[1]	7	193 374	205 389	248 886
Reinsurance contract liabilities[1]	7	5 686	4 171	7 570
Investment contract liabilities[1]	21	488 501	441 660	444 753
Term finance	22	14 936	14 654	15 116
Margin business	22.1	5 358	5 413	5 330
Other interest-bearing liabilities	22.1	9 578	9 241	9 786
Lease liabilities	3.2	1 519	1 371	1 789
Structured transactions liabilities[1]	12.3.2	12 287	11 561	9 314
External investors in consolidated funds		76 468	89 214	85 506
Deferred tax[1]	11.1	8 768	6 601	11 860
Trading account liabilities[1]	13.2	19 567	17 794	19 857
Non-current liabilities reclassified as held for sale[1]	36	39 403	76 169	78 700
Collateral guarantee contracts[1]		112	129	155
Working capital liabilities[1]		32 926	30 483	30 387
Trade and other payables[1]	15.2	30 800	28 288	27 203
Provisions	23	188	232	628
Taxation		1 938	1 963	2 556
Total equity and liabilities[1]		990 452	998 154	1 050 427

[1] The prior years have been restated for the initial application of IFRS 17, the reclassification of cash and cash equivalents, the reclassification of trade and other receivables and trade and other payables and the reclassification of accrued investment income and payables. Refer to notes 39.1, 39.2, 39.3 and 39.4 for additional information.

Group statement of comprehensive income

for the year ended 31 December

R million	Note	2023	Restated and re-presented[1][2] 2022
Result from insurance operations		10 369	8 603
Result from insurance contracts	10	11 580	10 142
Insurance service result		9 760	9 483
Insurance revenue		87 840	80 441
Insurance service expenses		(70 684)	(69 944)
Income or expense from reinsurance contracts		(7 396)	(1 014)
Insurance investment result		1 820	659
Insurance finance income or expense		(14 303)	(6 737)
Reinsurance finance income or expense		187	707
Investment income on assets held in respect of insurance contracts		9 528	7 685
Investment surpluses/(deficit) on assets held in respect of insurance contracts		6 408	(996)
Other expenses relating to insurance operations	25	(1 211)	(1 539)
Result from other operations		8 797	5 348
Revenue	24	18 960	13 218
Investment income		24 629	23 986
Investment surpluses/(deficit)		58 855	(14 532)
Finance cost-margin business		(412)	(305)
Change in fair value of external investors' liabilities		(8 678)	(3 272)
Change in fair value of investment contract liabilities		(66 262)	231
Sales remuneration		(1 063)	(1 373)
Administration costs	25	(17 232)	(12 605)
Impairments	25.3	(79)	(22)
Net impairment gains on financial and contract assets		20	54
Other impairments		(99)	(76)
Amortisation of intangibles	25.2	(257)	(152)
Net operating result		18 830	13 777
Equity-accounted earnings	12.2.1	2 958	2 468
Finance cost-other	26	(1 106)	(821)
Profit before tax from continuing operations		20 682	15 424
Taxation	11.2	(7 079)	(3 464)
Shareholders' fund	11.2	(4 396)	(3 184)
Policyholders' fund	11.2	(2 683)	(280)
Profit for the year from continuing operations		13 603	11 960
Profit for the year from discontinued operations	36	3 394	1 898
Profit for the year		16 997	13 858
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		2 304	(1 967)
Other comprehensive income of equity accounted investments		(2 342)	(163)
Movement in cash flow hedge		11	(35)
Other comprehensive income: not to be recycled through profit or loss in subsequent periods			
Employee benefits remeasurement loss	30	(124)	(21)
Comprehensive income for the year		16 846	11 672
Allocation of comprehensive income:			
Profit for the year from continuing operations		13 603	11 960
Shareholders' fund		11 595	11 227
Non-controlling interest		2 008	733
Profit for the year from discontinued operations		3 394	1 898
Shareholders' fund		2 883	1 030
Non-controlling interest		511	868
Comprehensive income for the year		16 846	11 672
Shareholders' fund		14 098	10 737
Non-controlling interest		2 748	935
Earnings attributable to shareholders of the company (cents):			
Profit for the year:			
Basic earnings per share	27	702,6	598,2
Diluted earnings per share	27	693,0	589,9
Earnings attributable to shareholders (cents) of continuing operations:			
Profit for the year from continuing operations:			
Basic earnings per share from continuing operations		562,7	546,6
Diluted earnings per share from continuing operations		525,8	494,7

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[2] Prior year re-presented due to discontinued operations. Refer to note 36 for additional information.

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Group statement of changes in equity

for the year ended 31 December

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve[4]	Foreign currency translation reserve	Retained earnings	Subtotal: equity holders	Consolidation reserve[6]	Total: equity holders	Non-controlling interest	Total equity
Balance at 1 January 2022 (as previously reported)	22	12 762	(1 671)	10 034	2 593	52 188	75 928	(6 549)	69 379	13 517	82 896
Adjustment on initial application of IFRS 17 net of tax	—	—	—	—	—	11 235	11 235	1 533	12 768	870	13 638
Balance at 1 January 2022 (restated)[1]	22	12 762	(1 671)	10 034	2 593	63 423	87 163	(5 016)	82 147	14 387	96 534
Comprehensive income (restated)[1]	—	—	—	(22)	(1 294)	12 053	10 737	—	10 737	935	11 672
Profit for the year[1]	—	—	—	—	—	12 257	12 257	—	12 257	1 601	13 858
Other comprehensive income[1]	—	—	—	(22)	(1 294)	(204)	(1 520)	—	(1 520)	(666)	(2 186)
Other comprehensive income: to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve	—	—	—	—	(1 296)	(20)	(1 316)	—	(1 316)	(651)	(1 967)
Other comprehensive income of equity accounted investments	—	—	—	—	2	(165)	(163)	—	(163)	—	(163)
Movement in cash flow hedge	—	—	—	(22)	—	—	(22)	—	(22)	(13)	(35)
Other comprehensive income: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement loss	—	—	—	—	—	(19)	(19)	—	(19)	(2)	(21)
Net (acquisition)/disposal of treasury shares[1][3]	—	—	(1 217)	—	—	185	(1 032)	—	(1 032)	(91)	(1 123)
Share-based payments	—	—	—	—	—	485	485	—	485	46	531
Transfer (from)/to non-distributable reserve	—	—	—	(17)	—	17	—	—	—	—	—
Transfer to/(from) contingency reserve	—	—	—	6	—	(6)	—	—	—	—	—
Transfer (from)/to consolidation reserve	—	—	—	—	—	(841)	(841)	841	—	—	—
Dividends paid[2]	—	—	—	—	—	(6 959)	(6 959)	—	(6 959)	(1 493)	(8 452)
Acquisitions, disposals and other movements in interests[7]	—	—	—	(29)	(855)	87	(797)	(4)	(801)	597	(204)
Balance at 31 December 2022 (restated)[1]	22	12 762	(2 888)	9 972	444	68 444	88 756	(4 179)	84 577	14 381	98 958
Comprehensive income	—	—	—	7	2 101	11 990	14 098	—	14 098	2 748	16 846
Profit for the year	—	—	—	—	—	14 478	14 478	—	14 478	2 519	16 997
Other comprehensive income[3]	—	—	—	7	2 101	(2 488)	(380)	—	(380)	229	(151)
Other comprehensive income: to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve[4]	—	—	—	—	2 071	—	2 071	—	2 071	233	2 304
Other comprehensive income of equity accounted investments	—	—	—	—	30	(2 372)	(2 342)	—	(2 342)	—	(2 342)
Movement in cash flow hedge	—	—	—	7	—	—	7	—	7	4	11
Other comprehensive income: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement loss	—	—	—	—	—	(116)	(116)	—	(116)	(8)	(124)
Shares cancelled[5]	—	(186)	1 869	—	—	(1 683)	—	—	—	—	—
Shares issued	—	435	—	—	—	—	435	—	435	31	466
Net (acquisition)/disposal of treasury shares[3]	—	—	(804)	—	—	(381)	(1 185)	—	(1 185)	(84)	(1 269)
Share-based payments	—	—	—	—	—	421	421	—	421	47	468
Transfer from/(to) non-distributable reserve	—	—	—	104	—	(104)	—	—	—	—	—
Transfer (from)/to consolidation reserve	—	—	(4 811)	—	—	1 609	(3 202)	3 202	—	—	—
Dividends paid[2]	—	—	—	—	—	(7 420)	(7 420)	—	(7 420)	(2 183)	(9 603)
Acquisitions, disposals and other movements in interests[7]	—	—	(24)	(669)	(3)	(1 728)	(2 424)	28	(2 396)	(6 565)	(8 961)
Balance at 31 December 2023	22	13 011	(6 658)	9 414	2 542	71 148	89 479	(949)	88 530	8 375	96 905

[1] The prior years have been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[2] A dividend of 400 cents per share (2023: 360 cents per share) was declared in 2024 in respect of the 2023 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R8,7 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.
[3] Comprises movement in initial cost of shares held by subsidiaries (excluding policyholder funds), the share incentive trust and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV). Net acquisition of treasury shares comprises of an acquisition of R12 million (2022: R577 million) and disposal of R1 281 million in 2023 (2022: R1 699 million).
[4] Movement in foreign currency translation reserve include foreign currency translation reserve recycle from profit on disposal of LIA. Refer to note 36.2 for additional information.
[5] In June 2023, 31 million treasury shares were cancelled, pursuant to the General Authorities. Following the transactions, the issued share capital of the company now comprises 2 202,9 million ordinary shares of 1 cent each.
[6] Refer to note 19 for additional information.
[7] Disposals in the current year relate to Sanlam Pan Africa R12 092 million. The remaining non-controlling interest of Brightrock was acquired in 2023 R256 million. In 2022 additional shares of Sanlam Investment Holdings (SIH) were issued to Absa (R603 million).

Group statement of cash flow

for the year ended 31 December

R million	Note	2023	Restated[1] 2022
Cash flow from operating activities		(17 704)	8 268
Cash generated from/(utilised in) operations	34.1	(32 848)	(6 345)
Interest and preference share dividends received		20 962	17 322
Interest paid		(1 855)	(1 018)
Dividends received		10 514	11 758
Dividends paid		(9 604)	(8 449)
Taxation paid		(4 873)	(5 000)
Cash flow from investment activities		(2 435)	(1 153)
Payments made for the acquisition of equipment		(752)	(574)
Proceeds in respect of the sale of equipment		48	71
Payments made for the acquisition of owner-occupied properties		(130)	(225)
Proceeds in respect of the disposal of owner-occupied properties		22	227
Acquisition of subsidiaries and associated companies	34.2	(2 437)	(303)
Disposal of subsidiaries and associated companies	34.3	1 059	149
Payments made for the acquisition of other intangible assets		(347)	(656)
Proceeds in respect the disposal of other intangible assets		102	158
Cash flow from financing activities		(1 538)	(1 302)
Shares issued		458	–
Acquisition of treasury shares		(1 281)	(1 699)
Disposal of treasury shares		12	577
(Acquisition)/disposal of non-controlling interest		(720)	50
Term finance raised		3 386	1 378
Term finance repaid		(3 050)	(1 271)
Lease liabilities repaid		(343)	(337)
Net increase in cash and cash equivalents		(21 677)	5 813
Effect of exchange rate movements on cash balances		700	95
Cash and cash equivalents at the beginning of the year		49 231	43 323
Cash and cash equivalents at the end of the year	34.4	28 254	49 231

[1] The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.

Notes to the group financial statements

for the year ended 31 December

1 Goodwill

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. The gain or loss on the disposal of a subsidiary or business includes the carrying amount of goodwill attributable to the entity or business sold.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the minority interest acquired is accounted for directly in equity. Goodwill is also not affected when an interest in an existing subsidiary is decreased without a loss of control. The difference between the proceeds received and the share of the net assets disposed of, is accounted for directly in equity.

For impairment purposes, the carrying amount of goodwill is allocated to cash-generating units at the lowest level of operational activity (business) to which it relates. The carrying amount of goodwill is reviewed bi-annually for impairment and written down where the recoverable amount is less than the carrying amount. Where a number of related businesses acquired in the same business combination are allocated to different group business divisions, the related goodwill is allocated to those cash-generating units that expect to benefit from the synergies of the business combination.

The recoverable amount of goodwill for purposes of impairment testing has been determined based on fair value less cost to sell for entities that are cash-generating units.

Goodwill in respect of associated companies and joint ventures is included in the carrying value of investments in associated companies and joint ventures. Refer to note 12.2 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

1 Goodwill continued

R million	Note	2023	Restated[1] 2022
Balance at the beginning of the year (as previously reported)			16 431
Gross carrying amount			23 511
Accumulated impairment			(7 080)
IFRS 17 transitional adjustments: Accumulated impairment			(335)
Balance at the beginning of the year[1]		5 001	16 096
Gross carrying amount		5 548	23 511
Accumulated impairment[1]		(547)	(7 415)
Acquired through business combinations[2]		2 092	887
Impairments		—	(6)
Reclassified to non-current assets held for sale[1]	36	(196)	(11 699)
Disposals		(22)	(1)
Foreign currency translation differences		80	(276)
Other		(49)	—
Balance at the end of the year		6 906	5 001
Gross carrying amount		7 428	5 548
Accumulated impairment		(522)	(547)
Allocation of goodwill			
Life insurance		617	813
MCIS Insurance		—	196
Brightrock Holdings[7]		441	441
Other life businesses		176	176
Other Sanlam businesses		6 289	4 188
Goodwill held on group level[3]		1 198	1 198
Santam[4]		955	922
Sanlam Investment Management[2][5]		1 170	1 221
International: Investment Management[5]		430	428
Afrocentric[6]		1 144	—
Sanlam UK[5]		342	328
Sanlam Personal Loans[8]		863	—
Other non-life businesses		187	91
Total goodwill		6 906	5 001

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[2] Goodwill acquired through business combinations relates mainly to the acquisitions of Afrocentric R1 144 million and Sanlam Personal Loans R863 million. The previous year relates to mainly the acquisitions of Absa Multi Manager R358 million, Absa Asset Management R276 million, Absa Fund Managers R156 million and Absa Alternative Asset Management R31 million.
[3] The recoverable amount used for goodwill impairment testing is based on the fair value less cost to sell of R1 894 million. The valuation was done based on an average risk discount rate of 17,1% and an average perpetuity growth rate of 5%. Cash flows are forecasted for 10 years, which is aligned with industry norms, whereafter a perpetuity factor is applied. Refer to page 346 for non-covered business sensitivities.
[4] The recoverable amount used for goodwill impairment testing is based on fair value less cost of disposal, which is driven by the listed price of Santam.
[5] The recoverable amount of R2 230 million's valuation was done based on average risk discount rates of 15,5% for South African entities, 12,2% for International and 14,8% for the United Kingdom respectively and an average perpetuity growth rate of 5%. Cash flows are forecasted for 10 years, which is aligned with industry norms, whereafter a perpetuity factor is applied. Refer to page 346 for non-covered business sensitivities.
[6] The recoverable amount of R2 220 million's valuation was done based on an risk discount rate of 19,6% and an average perpetuity growth rate of 5%. Cash flows are forecasted for 10 years, which is aligned with industry norms, whereafter a perpetuity factor is applied. Refer to page 346 for non-covered business sensitivities.
[7] The recoverable amount is determined as the embedded value, together with a multiple of value of new business (VNB multiple) of 6,3. The economic assumptions applied are listed on page 89.

	2023	2022
Point used on the relevant yield curve	7,3 year	8,1 year
Gross investment return:		
Fixed-interest securities	10,8%	11,2%
Cash	9,8%	10,2%
Inflation rate	8,8%	9,2%
Risk discount rate	14,3%	14,7%
Sensitivities on base value of (R million)	1 341	705
Risk discount rate increase by 1%	1 176	625
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	1 350	716

[8] The recoverable amount of R2 066 million's valuation was done based on an risk discount rate of 22,1% and an average perpetuity growth rate of 5%. Cash flows are forecasted for 10 years, which is aligned with industry norms, whereafter a perpetuity factor is applied. Refer to page 346 for non-covered business sensitivities.

2 Equipment

Equipment is reflected at depreciated cost prices less provisions for impairment in value, where appropriate. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets:

- Computer equipment: one to five years
- Furniture and equipment: five to 20 years
- Vehicles: three to five years

If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate.

Cost prices include costs directly attributable to the acquisition of equipment, as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the group and the expenditure can be measured reliably. All other expenditure is recognised in the statement of comprehensive income when incurred. Equipment is derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

R million	Note	2023	2022
Computer equipment		856	591
Cost		2 848	2 232
Accumulated depreciation and impairment		(1 992)	(1 641)
Furniture, equipment, vehicles and other		679	499
Cost		1 753	1 475
Accumulated depreciation and impairment		(1 074)	(976)
Equipment		1 535	1 090
Reconciliation of carrying amount			
Balance at the beginning of the year		1 090	1 730
Additions and expenditure capitalised		752	574
Acquired through business combinations		363	6
Disposals of subsidiaries		—	(8)
Other disposals		(47)	(71)
Transfer from/(to) owner-occupied properties		15	(14)
Depreciation		(512)	(494)
Reclassified to non-current assets held for sale	36	(86)	(573)
Impairments		(31)	(39)
Foreign currency translation differences		(9)	(22)
Net other movements		—	1
Balance at the end of the year		1 535	1 090

Notes to the group financial statements continued

for the year ended 31 December

3 Leases

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see note 12.1 and 12.4.

The group has mainly leases for office buildings and some IT equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. This would be the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the group:
- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.1 Right-of-use assets

R million	Note	Properties	Computer equipment, furniture, equipment, vehicles and other	Total
Balance at 1 January 2022		1 453	28	1 481
Additions		175	29	204
Acquired through business combinations		24	—	24
Disposal of subsidiaries		(8)	—	(8)
Terminating of lease agreements		(42)	—	(42)
Effect of modification of lease terms		(58)	(7)	(65)
Variable lease payment adjustment		1	—	1
Depreciation		(389)	(16)	(405)
Reclassified to non-current assets held for sale	36	(130)	(17)	(147)
Foreign currency translation differences		(7)	—	(7)
Balance at 1 January 2023		1 019	17	1 036
Additions		599	16	615
Acquired through business combinations		115	—	115
Disposal of subsidiaries		(4)	—	(4)
Terminating of lease agreements		(137)	—	(137)
Effect of modification of lease terms		40	—	40
Variable lease payment adjustment		(6)	—	(6)
Depreciation		(386)	(18)	(404)
Reclassified to non-current assets held for sale	36	(64)	(3)	(67)
Impairment		—	(7)	(7)
Foreign currency translation differences		8	—	8
Balance at 31 December 2023		1 184	5	1 189

Notes to the group financial statements continued

for the year ended 31 December

3 Leases continued

3.2 Lease liabilities

R million	Note	2023	2022
Balance at the beginning of the year		1 371	1 789
Additions		533	189
Acquired through business combinations		155	30
Disposal of subsidiaries		–	(7)
Termination of lease agreements		(162)	(52)
Effect of modification of lease terms		45	12
Variable lease payment adjustment		(20)	(33)
Interest accrued		118	119
Foreign exchange differences		12	(17)
Lease payments expense[1]		(461)	(456)
Reclassified to liabilities held for sale	36	(72)	(159)
Other movements		–	(44)
Balance at the end of the year		1 519	1 371

[1] Lease payments expenses are made up of capital and interest repayments of respectively R343 million (2022: R337 million) and R118 million (2022: R119 million).

R million	2023	2022
Maturity analysis – carrying value		
Due within one year	378	341
Due from one to five years	814	812
Due from five to 10 years	327	218
	1 519	1 371
Maturity analysis – undiscounted		
Due within one year	456	436
Due from one to five years	1 085	952
Due from five to 10 years	353	259
	1 894	1 647
The group is exposed to the following potential cash flows (undiscounted) which are not included in the lease liability:	110	419
Extension options	99	415
Leases not yet commenced to which the lessee is committed	11	4

3.3 Additional profit or loss and cash flow information

Refer to the expenses (note 25) and the finance cost (note 26) notes for information about depreciation and interest expense respectively. Total cash outflow in respect of leases in the year was R777 million (2022: R711 million) which includes other operating lease expenses.

4 Owner-occupied properties

Owner-occupied property is property held for use in the supply of services or for administration purposes. These properties are valued at carrying amount less depreciation and provisions for impairment in value, where appropriate. The carrying amount is based on the cost of properties classified as owner-occupied on date of acquisition and the fair value at date of reclassification in instances where properties are reclassified from investment properties to owner-occupied properties. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful life of the property. The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate. If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. Owner-occupied property is assessed bi-annually for indicators of impairment. When owner-occupied properties become investment properties, they are reclassified to investment properties at the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification is recognised directly in other comprehensive income as a revaluation surplus. Owner-occupied property is derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

R million	Note	2023	2022
Balance at the beginning of the year		686	2 582
Additions and expenditure capitalised		130	225
Disposals		(22)	(227)
Transfer (to)/from equipment		(15)	14
Reclassified to non-current assets held for sale	36	(42)	(1 892)
Acquired through business combinations		310	5
Foreign currency translation differences		(1)	8
Other movements		(9)	(1)
Depreciation		(22)	(28)
Balance at the end of the year		1 015	686

5 Intangibles assets

Intangible assets mainly comprise of internally developed software, acquired computer software and key business relationships. Acquired intangible assets are recognised at cost on acquisition date. Subsequent to initial recognition, these assets are reflected at their amortised cost prices less provisions for impairment in value, where appropriate. Amortisation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives:

Acquired computer software	three to 10 years
Internally developed software	less than 15 years

The residual values, estimated useful lives of the assets and depreciation methods are reviewed at each statement of financial position date and adjusted, as appropriate. Other intangible assets are assessed for indicators of impairment on a bi-annual basis and written down for impairment where this is considered necessary. Other intangible assets with indefinite useful lives are tested annually for impairment, irrespective of whether there is any indication of impairment.

Costs associated with software development for internal use are capitalised if the completion of the software development is technically feasible, the group has the intent and ability to complete the development and use the asset, and the costs can be reliably measured and will generate future economic benefits.

No value is attributed to internally developed brands or similar rights. Costs incurred on these items are charged to the statement of comprehensive income in the period in which they are incurred.

Notes to the group financial statements continued

for the year ended 31 December

5 Intangibles assets continued

R million	Note	Acquired computer software	Internally developed software	Key business relationships[1]	Other[2]	Total
Balance at 1 January 2022 (as previously reported)		493	16	190	47	746
Gross carrying amount		764	107	406	733	2 010
Accumulated amortisation and impairment		(271)	(91)	(216)	(686)	(1 264)
IFRS 17 Transitional adjustments		—	—	3 609	—	3 609
Gross carrying amount		—	—	6 650	—	6 650
Accumulated amortisation and impairment		—	—	(3 041)	—	(3 041)
Balance at 1 January 2022 – restated[1]		493	16	3 799	47	4 355
Gross carrying amount		764	107	7 056	733	8 660
Accumulated amortisation and impairment		(271)	(91)	(3 257)	(686)	(4 305)
Additions during the year		103	90	—	214	407
Acquired through business combinations		3	—	42	28	73
Expenditure capitalised		147	—	6	96	249
Disposal of subsidiaries		—	—	—	(6)	(6)
Disposals		(8)	—	(2)	(148)	(158)
Amortisation		(110)	(1)	(366)	(19)	(496)
Reclassified to non-current assets held for sale	36	(438)	(1)	(2 758)	(77)	(3 274)
Foreign currency translation differences		(20)	3	(194)	17	(194)
Other movements		—	(9)	(2)	—	(11)
Balance at 1 January 2023		170	98	525	152	945
Gross carrying amount		215	200	1 054	315	1 784
Accumulated amortisation and impairment		(45)	(102)	(529)	(163)	(839)
Additions during the year		54	81	110	142	387
Acquired through business combinations		56	919	976	446	2 397
Expenditure capitalised		—	—	—	81	81
Disposals		—	—	(20)	(82)	(102)
Amortisation		(21)	(70)	(117)	(129)	(337)
Impairments		—	(5)	—	(21)	(26)
Reclassified to non-current assets held for sale	36	—	(98)	—	—	(98)
Foreign currency translation differences		7	3	10	72	92
Other movements		—	—	—	(8)	(8)
Balance at 31 December 2023		266	928	1 484	653	3 331
Gross carrying amount		455	1 579	2 434	1 070	5 538
Accumulated amortisation and impairment		(189)	(651)	(950)	(417)	(2 207)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[2] The other asset class is the sum of patents and licences, brands, trademarks and trade names as well as indefinite useful life intangibles assets.

R million	Expected useful life (years)	2023	2022
Allocation of key business relationships			
Sanlam Corporate	5 – 10	907	109
Sanlam Investments Group	8 – 15	361	341
SA Retail Affluent	10	125	21
Santam	3 – 6	91	50
Sanlam Emerging Markets	10	—	4
Total key business relationships		1 484	525

6 Contract costs for investment management services

Incremental costs of obtaining investment contracts with investment management services are capitalised to contract costs for investment management services if they are separately identifiable, can be measured reliably and it is probable that they will be recovered.

Contract costs for investment management services are amortised to the statement of comprehensive income over the expected term of the contracts as the related services are rendered and revenue recognised, which varies from year to year dependent on the outstanding term of the contracts in force. The contract costs for investment management services is tested for impairment bi-annually to ensure that it will be recovered from future revenue generated by the applicable remaining investment contracts less costs that relate directly to the provision of these services. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

R million	Note	2023	Restated[1] 2022
Balance at the beginning of the year (as previously reported)			3 225
IFRS 17 transitional adjustments			(17)
Balance at the beginning of the year[1]		3 150	3 208
Acquisition costs capitalised		568	500
Expensed for the year		(504)	(489)
Reclassified to non-current assets held for sale	36	(349)	(29)
Disposal		(41)	(26)
Foreign currency translation differences		(2)	(14)
Balance at the end of the year		2 822	3 150

[1] The prior year has been restated for the application of IFRS 17. A portion of contract cost from investment management services previously deferred acquisition costs now form part of the measurement of insurance contract assets/liabilities. Refer to note 39.1 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

7 Insurance and reinsurance contracts

Summary of net carrying amount

R million	Note	2023 Total	2023 Life insurance – Risk business	2023 Life insurance – Savings business	2023 General insurance	2022 Restated[4][5] Total	2022 Restated[4][5] Life insurance – Risk business	2022 Restated[4][5] Life insurance – Savings business	2022 Restated[4][5] General insurance
Net insurance contract carrying amount		183 896	86 400	65 182	32 314	196 531	80 700	81 687	34 144
Insurance contract liabilities[4]	8.1	193 374	95 470	65 182	32 722	205 389	88 862	81 687	34 840
Insurance contract assets	8.1	(9 478)	(9 070)	—	(408)	(8 858)	(8 162)	—	(696)
Net reinsurance contract carrying amount		(8 844)	(2 372)	—	(6 472)	(14 509)	(3 760)	—	(10 749)
Reinsurance contract liabilities	9.1	5 686	2 797	—	2 889	4 171	1 571	—	2 600
Reinsurance contract assets	9.1	(14 530)	(5 169)	—	(9 361)	(18 680)	(5 331)	—	(13 349)
Net carrying amount		175 052	84 028	65 182	25 842	182 022	76 940	81 687	23 395

Summary of result from insurance contracts

R million	2023 Total	2023 Life insurance – Risk business[1]	2023 Life insurance – Savings business[2]	2023 General insurance[3]	2022 Total	2022 Life insurance – Risk business[1]	2022 Life insurance – Savings business[2]	2022 General insurance[3]
Insurance service result	11 292	6 698	1 749	2 845	10 377	7 252	550	2 575
Insurance revenue	112 282	52 264	2 989	57 029	110 526	50 728	1 268	58 530
Insurance service expenses	(90 425)	(42 683)	(1 240)	(46 502)	(95 212)	(42 369)	(718)	(52 125)
Income or expense from reinsurance contracts	(10 565)	(2 883)	—	(7 682)	(4 937)	(1 107)	—	(3 830)
Insurance investment result	4 022	4 296	(575)	301	1 666	1 412	(47)	301
Result from insurance contracts (including profit from discontinued operations)	15 314	10 994	1 174	3 146	12 043	8 664	503	2 876
Profit from discontinued operations	3 734				1 901			
Result from insurance contracts	11 580				10 142			

[1] Refer to note 10.1 for additional information.
[2] Refer to note 10.2 for additional information.
[3] Refer to note 10.3 for additional information.
[4] Refer to note 39.1 annotation 17 for additional information on the decrease of R767 million.
[5] Refer to note 39.7 and 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount

8.1 Analysis of net insurance contract carrying amount

Analysis per line of business and valuation method

			Liability for remaining coverage				Incurred claims[1]			Analysis of liability for remaining coverage		
R million	Note	Total	Subtotal[1]	Best estimate of future cash flows	Risk adjustment	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component
2023												
Life insurance – Risk business	8.2	86 400	70 891	37 500	8 666	25 410	15 509	14 978	531	70 891	70 353	538
Premium allocation approach[1]		10 782	(685)	–	–	–	11 467	11 037	430	(685)	(685)	–
General model		75 618	71 576	37 500	8 666	25 410	4 042	3 941	101	71 576	71 038	538
Life insurance – Savings business	8.3	65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
General insurance	8.4	32 312	12 800	632	1	41	19 512	17 901	1 611	12 800	12 800	–
Premium allocation approach[1]		31 638	12 126	–	–	–	19 512	17 901	1 611	12 126	12 126	–
General model		674	674	632	1	41	–	–	–	674	674	–
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Premium allocation approach[1]		42 420	11 441	–	–	–	30 979	28 938	2 041	11 441	11 441	–
General model		76 292	72 250	38 132	8 667	25 451	4 042	3 941	101	72 250	71 712	538
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Insurance contract liability balances		193 374	158 970	114 104	6 631	26 116	34 404	32 295	2 109	158 970	158 412	558
Insurance contract asset balances		(9 478)	(11 086)	(16 369)	2 345	3 616	1 608	1 571	37	(11 086)	(11 066)	(20)
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
2022 Restated[2][3]												
Life insurance – Risk business	8.2	80 702	63 734	31 893	7 402	25 242	16 968	16 182	786	63 734	63 550	184
Premium allocation approach[1]		10 587	(803)	–	–	–	11 390	10 759	631	(803)	(809)	6
General model		70 115	64 537	31 893	7 402	25 242	5 578	5 423	155	64 537	64 359	178
Life insurance – Savings business	8.3	81 686	81 154	75 963	481	4 710	532	515	17	81 154	81 039	115
Variable fee approach		81 686	81 154	75 963[2]	481	4 710	532	515	17	81 154	81 039	115
General insurance	8.4	34 143	12 554	679	1	22	21 589	19 386	2 203	12 554	12 554	–
Premium allocation approach[1]		33 441	11 852	–	–	–	21 589	19 386	2 203	11 852	11 852	–
General model		702	702	679	1	22	–	–	–	702	702	–
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299
Premium allocation approach[1]		44 028	11 049	–	–	–	32 979	30 145	2 834	11 049	11 043	6
General model		70 817	65 239	32 572	7 403	25 264	5 578	5 423	155	65 239	65 061	178
Variable fee approach		81 686	81 154	75 963	481	4 710	532	515	17	81 154	81 039	115
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299
Insurance contract liability balances		205 389	168 027	125 351	5 506	25 102	37 362	34 372	2 990	168 027	167 584	443
Insurance contract asset balances		(8 858)	(10 585)	(16 816)	2 378	4 872	1 727	1 711	16	(10 585)	(10 441)	(144)
Net insurance contract carrying amount		196 531	157 442	108 535	7 884	29 974	39 089	36 083	3 006	157 442	157 143	299

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.
[2] Refer to note 39.7 for additional information. The best estimate of future cash flows increased by R3,4 billion.
[3] Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business

8.2.1 Premium allocation approach

Reconciliation per valuation component

	2023						2022 Restated[(1)(2)]					
	Liability for remaining coverage			Incurred claims			Liability for remaining coverage			Incurred claims		
R million	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	(3 386)	(14 580)	4	11 190	11 186	4	(3 611)	(15 461)	(5)	11 855	11 770	85
Recognised in insurance revenue	(15 804)	(15 804)	—	—	—	—	(16 749)	(16 749)	—	—	—	—
Recognised in insurance service expenses	11 809	1 211	4	10 594	10 616	(22)	12 928	1 276	(5)	11 657	11 580	77
Claims incurred during the year (excluding investment component)	10 444	—	—	10 444	10 450	(6)	10 746	—	—	10 746	10 728[(1)]	18
Change in liability for past service	150	—	—	150	166	(16)	911	—	—	911	852	59
Increase and reversal of losses on onerous contracts	4	—	4	—	—	—	(5)	—	(5)	—	—	—
Insurance acquisition cash flows paid or amortised	1 211	1 211	—	—	—	—	1 276	1 276	—	—	—	—
Insurance finance income or expenses	609	13	—	596	570	26	210	12	—	198	190	8
Cash flow	4 814	14 892	—	(10 078)	(10 078)	—	4 180	14 414	—	(10 234)	(10 234)	—
Premiums received during the year	16 125	16 125	—	—	—	—	15 690	15 690	—	—	—	—
Incurred claims – investment components	—	(22)	—	22	22	—	—	—	—	—	—	—
Claims paid during the year	(10 100)	—	—	(10 100)	(10 100)	—	(10 234)	—	—	(10 234)	(10 234)	—
Insurance acquisition cash flows paid	(1 211)	(1 211)	—	—	—	—	(1 276)	(1 276)	—	—	—	—
Net movement for the year	1 428	312	4	1 112	1 108	4	569	(1 047)	(5)	1 621	1 536	85
Recognised in other comprehensive income – foreign currency translation differences	(4)	(20)	—	16	8	8	84	63	—	21	14	7
Reclassified as non-current liabilities held for sale	(1 229)	(168)	(10)	(1 051)	(838)	(213)	(2 824)	(1 413)	—	(1 411)	(1 411)	—
Balance at the beginning of the year	10 587	(809)	6	11 390	10 759	631	12 758	1 588	11	11 159	10 620	539
Balance at the end of the year	10 782	(685)	—	11 467	11 037	430	10 587	(809)	6	11 390	10 759	631

(1) Refer to note 39.7 for additional information on the R1,3 billion increase in the best estimate of future cash flows for claims incurred during the year.
(2) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

8.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year[3]	–	(7 173)	2 079	5 094	–	5 094	–	–	–	–
Recognised in statement of comprehensive income	(5 609)	(2 235)	(915)	(2 459)	(898)	(1 561)	(5 609)	(29 013)	555	22 849
Recognised in insurance revenue[1]	(33 459)	(27 060)	(1 474)	(4 925)	(1 953)	(2 972)	(33 459)	(33 332)	(127)	–
Expected incurred claims excluding investment components	(25 878)	(25 878)	–	–	–	–	(25 878)	(25 805)	(73)	–
Expected administration and other expenses	(2 126)	(2 126)	–	–	–	–	(2 126)	(2 077)	(49)	–
Release of risk adjustment for risk expired	(1 474)	–	(1 474)	–	–	–	(1 474)	(1 469)	(5)	–
Recognition of contractual service margin for services provided	(4 925)	–	–	(4 925)	(1 953)	(2 972)	(4 925)	(4 925)	–	–
Premium experience adjustments related to current service and other amounts	973	973	–	–	–	–	973	973	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(29)	(29)	–	–	–	–	(29)	(29)	–	–
Recognised in insurance service expenses[1]	23 276	23 230	46	–	–	–	23 276	(85)	612	22 749
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	22 649	22 649	–	–	–	–	22 649	(85)	–	22 734
Expected incurred claims excluding investment components	25 793	25 793	–	–	–	–	25 793	(85)	–	25 878
Experience adjustment	(3 144)	(3 144)	–	–	–	–	(3 144)	–	–	(3 144)
Change in liability for past service[2]	15	74	(59)	–	–	–	15	–	–	15
Initial loss on onerous contracts recognised during the year[3]	219	137	82	–	–	–	219	–	219	–
Increase and reversal of losses on onerous contracts[3]	393	370	23	–	–	–	393	–	393	–
Insurance finance income or expenses	4 574	1 595	513	2 466	1 055	1 411	4 574	4 404	70	100
Impact of unwinding discount rates and financial assumption changes	4 574	1 595	513	2 466	1 055	1 411	4 574	4 404	70	100
Changes in estimates recognised in contractual service margin[3]	–	(127)	656	(529)	(323)	(206)	–	–	–	–
Cash flow	17 199	17 199	–	–	–	–	17 199	41 270	–	(24 071)
Premiums received during the year	48 320	48 320	–	–	–	–	48 320	48 320	–	–
Incurred claims – investment components[5]	–	–	–	–	–	–	–	(1 536)	–	1 536
Claims paid during the year	(25 607)	(25 607)	–	–	–	–	(25 607)	–	–	(25 607)
Insurance acquisition cash flows paid	(5 514)	(5 514)	–	–	–	–	(5 514)	(5 514)	–	–
Change in policy loans	–	–	–	–	–	–	–	–	–	–
Net movement for the year	11 590	7 664	1 820	2 106	(1 221)	3 327	11 590	12 257	555	(1 222)
Recognised in other comprehensive income – foreign currency translation differences	–	2	–	(2)	29	(31)	–	15	(17)	2
Reclassified as non-current liabilities held for sale	(6 087)	(3 541)	(610)	(1 936)	(464)	(1 472)	(6 087)	(5 593)	(178)	(316)
Balance at the beginning of the year	70 115	37 316	7 557	25 242	11 937	13 305	70 115	64 359	178	5 578
Balance at the end of the period	75 618	41 441	8 767	25 410	10 281	15 129	75 618	71 038	538	4 042

[1] Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
[2] Relates to past service. Line items without a superscript relates to current service.
[3] Relates to future service. Line items without a superscript relates to current service.
[4] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[5] The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

8.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022 Restated[6]										
Non-onerous contracts recognised during the year[3]	–	(4 971)	1 300	3 671	–	3 671	–	–	–	–
Recognised in statement of comprehensive income	(3 738)	(485)	(817)	(2 436)	(1 357)	(1 079)	(3 738)	(25 968)	226	22 004
Recognised in insurance revenue[1]	(31 118)	(25 519)	(1 185)	(4 414)	(2 347)	(2 067)	(31 118)	(31 070)	(48)	–
Expected incurred claims excluding investment components	(24 191)	(24 191)	–	–	–	–	(24 191)	(24 173)	(18)	–
Expected administration and other expenses	(2 069)	(2 069)	–	–	–	–	(2 069)	(2 045)	(24)	–
Release of risk adjustment for risk expired	(1 185)	–	(1 185)	–	–	–	(1 185)	(1 179)	(6)	–
Recognition of contractual service margin for services provided	(4 414)	–	–	(4 414)	(2 347)	(2 067)	(4 414)	(4 414)	–	–
Premium experience adjustments related to current service and other amounts	747	747	–	–	–	–	747	747	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(6)	(6)	–	–	–	–	(6)	(6)	–	–
Recognised in insurance service expenses[1]	22 152	22 083	69	–	–	–	22 152	–	199	21 953
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	21 591	21 591	–	–	–	–	21 591	–	–	21 591
Expected incurred claims excluding investment components	24 191	24 191	–	–	–	–	24 191	–	–	24 191
Experience adjustment	(2 600)	(2 600)	–	–	–	–	(2 600)	–	–	(2 600)
Change in liability for past service[2]	362	332	30	–	–	–	362	–	–	362
Initial loss on onerous contracts recognised during the year[3]	258	197	61	–	–	–	258	–	258	–
Increase and reversal of losses on onerous contracts[3]	(59)	(37)	(22)	–	–	–	(59)	–	(59)	–
Insurance finance income or expenses	5 228	2 951	299	1 978	990	988	5 228	5 102	75	51
Impact of unwinding discount rates and financial assumption changes	5 228	2 951	299	1 978	990	988	5 228	5 102	75	51
Changes in estimates recognised in contractual service margin[3]	–	(1 246)	(34)	1 280	14	1 266	–	–	–	–
Cash flow	11 324	11 324	–	–	–	–	11 324	33 862	–	(22 538)
Premiums received during the year	39 911	39 911	–	–	–	–	39 911	39 911	–	–
Incurred claims – investment components[5]	–	–	–	–	–	–	–	(844)	–	844
Claims paid during the year	(23 382)	(23 382)	–	–	–	–	(23 382)	–	–	(23 382)
Insurance acquisition cash flows paid	(5 205)	(5 205)	–	–	–	–	(5 205)	(5 205)	–	–
Net movement for the year	7 586	4 622	449	2 515	(1 343)	3 858	7 586	7 894	226	(534)
Recognised in other comprehensive income – foreign currency translation differences	9	4	2	3	4	(1)	9	4	(4)	9
Reclassified as non-current liabilities held for sale	(22 516)	(18 784)	(256)	(3 476)	(1 723)	(1 753)	(22 516)	(21 317)	(374)	(825)
Balance at the beginning of the year	85 036	51 474	7 362	26 200	14 999	11 201	85 036	77 778	330	6 928
Balance at the end of the year	70 115	37 316	7 557	25 242	11 937	13 305	70 115	64 359	178	5 578

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).
(6) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.3 Reconciliation of net carrying amount: Life insurance – Savings business

Variable fee approach

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year[3]	–	(332)	29	303	–	303	–	–	–	–
Recognised in statement of comprehensive income	6 294	7 525	(128)	(1 103)	(662)	(441)	6 294	5 807	13	474
Recognised in insurance revenue[1]	(2 930)	(1 699)	(128)	(1 103)	(662)	(441)	(2 930)	(2 930)	–	–
Expected incurred claims excluding investment components	(299)	(299)	–	–	–	–	(299)	(299)	–	–
Expected administration and other expenses	(859)	(859)	–	–	–	–	(859)	(859)	–	–
Release of risk adjustment for risk expired	(128)	–	(128)	–	–	–	(128)	(128)	–	–
Recognition of contractual service margin for services provided	(1 103)	–	–	(1 103)	(662)	(441)	(1 103)	(1 103)	–	–
Premium experience adjustments related to current service and other amounts	(428)	(428)	–	–	–	–	(428)	(428)	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(113)	(113)	–	–	–	–	(113)	(113)	–	–
Recognised in insurance service expenses[1]	475	475	–	–	–	–	475	–	13	462
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	323	323	–	–	–	–	323	–	–	323
Expected incurred claims excluding investment components	299	299	–	–	–	–	299	–	–	299
Experience adjustment	24	24	–	–	–	–	24	–	–	24
Change in liability for past service[2]	139	139	–	–	–	–	139	–	–	139
Initial loss on onerous contracts recognised during the year[3]	7	7	–	–	–	–	7	–	7	–
Increase and reversal of losses on onerous contracts[3]	6	6	–	–	–	–	6	–	6	–
Insurance finance income or expenses	8 749	8 749	–	–	–	–	8 749	8 737	–	12
Fair value returns on underlying items and finance amounts related to incurred claims	8 749	8 749	–	–	–	–	8 749	8 737	–	12
Changes in estimates recognised in contractual service margin[3]	–	(1 015)	119	896	716	180	–	–	–	–
Cash flow	(8 007)	(8 007)	–	–	–	–	(8 007)	(7 613)	–	(394)
Premiums received during the year	11 146	11 146	–	–	–	–	11 146	11 146	–	–
Incurred claims – investment components[5]	–	–	–	–	–	–	–	(18 096)	–	18 096
Claims paid during the year	(18 490)	(18 490)	–	–	–	–	(18 490)	–	–	(18 490)
Insurance acquisition cash flows paid	(663)	(663)	–	–	–	–	(663)	(663)	–	–
Net movement for the year	(1 713)	(1 829)	20	96	54	42	(1 713)	(1 806)	13	80
Recognised in other comprehensive income – foreign currency translation differences	518	496	7	15	24	(9)	518	521	–	(3)
Reclassified as non-current liabilities held for sale	(15 307)	(14 555)	(212)	(540)	(328)	(212)	(15 307)	(15 561)	(128)	382
Balance at the beginning of the year	81 686	76 478	498	4 710	3 459	1 251	81 686	81 039	115	532
Balance at the end of the year	65 184	60 590	313	4 281	3 209	1 072	65 184	64 193	–	991

[1] Line items do not align to statement of comprehensive income, due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
[2] Relates to past service. Line items without a superscript relates to current service.
[3] Relates to future service. Line items without a superscript relates to current service.
[4] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[5] The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.3 Reconciliation of net carrying amount: Life insurance – Savings business continued

Variable fee approach

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022 Restated[6][7][8]										
Non-onerous contracts recognised during the year[3]	—	(425)	43	382	—	382	—	—	—	—
Recognised in statement of comprehensive income	931	1 764	(36)	(797)	(619)	(178)	931	639	115	177
Recognised in insurance revenue[1]	(1 241)	(409)	(35)	(797)	(619)	(178)	(1 241)	(1 241)	—	—
Expected incurred claims excluding investment components	(203)	(203)	—	—	—	—	(203)	(203)	—	—
Expected administration and other expenses	(300)	(300)	—	—	—	—	(300)	(300)	—	—
Release of risk adjustment for risk expired	(35)	—	(35)	—	—	—	(35)	(35)	—	—
Recognition of contractual service margin for services provided	(797)	—	—	(797)	(619)	(178)	(797)	(797)	—	—
Premium experience adjustments related to current service and other amounts	102	102	—	—	—	—	102	102	—	—
Amounts related to income tax that are specifically chargeable to the policyholder	(8)	(8)	—	—	—	—	(8)	(8)	—	—
Recognised in insurance service expenses[1]	279	280	(1)	—	—	—	279	—	115	164
Claims incurred during the year (excluding investment component) and other incurred insurance service expenses	207	207	—	—	—	—	207	—	—	207
Expected incurred claims excluding investment components	203	203	—	—	—	—	203	—	—	203
Experience adjustment	4	4	—	—	—	—	4	—	—	4
Change in liability for past service[2]	(43)	(42)	(1)	—	—	—	(43)	—	—	(43)
Initial loss on onerous contracts recognised during the year[3]	6	6	—	—	—	—	6	—	6	—
Increase and reversal of losses on onerous contracts[3]	109	109	—	—	—	—	109	—	109	—
Insurance finance income or expenses	1 893	1 893	—	—	—	—	1 893	1 880	—	13
Fair value returns on underlying items and finance amounts related to incurred claims	1 893	1 893	—	—	—	—	1 893	1 880	—	13
Changes in estimates recognised in contractual service margin[3]	—	221	(62)	(159)	(517)	358	—	—	—	—
Cash flow	(3 392)	(3 392)	—	—	—	—	(3 392)	(2 476)	—	(916)
Premiums received during the year[6]	14 327	14 327	—	—	—	—	14 327	14 327	—	—
Incurred claims – investment components[5]	—	—	—	—	—	—	—	(16 211)	—	16 211
Claims paid during the year[7]	(17 127)	(17 127)	—	—	—	—	(17 127)	—	—	(17 127)
Insurance acquisition cash flows paid	(592)	(592)	—	—	—	—	(592)	(592)	—	—
Net movement for the year	(2 461)	(1 832)	(55)	(574)	(1 136)	562	(2 461)	(1 837)	115	(739)
Recognised in other comprehensive income – foreign currency translation differences	726	680	7	39	18	21	726	729	—	(3)
Reclassified as non-current liabilities held for sale	(10 736)	(10 264)	13	(485)	—	(485)	(10 736)	(10 685)	—	(51)
Balance at the beginning of the year	94 157	87 894	533	5 730	4 577	1 153	94 157	92 832	—	1 325
Balance at the end of the year	81 686	76 478	498	4 710	3 459	1 251	81 686	81 039	115	532

(1) Line items do not align to statement of comprehensive income, due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).
(6) Refer to note 39.7 for additional information on R1,9 billion increase on premiums received during the year.
(7) Refer to note 39.7 for additional information on R3,1 billion increase on claims paid during the year.
(8) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.4 Reconciliation of net carrying amount: General Insurance

8.4.1 Premium allocation approach

Reconciliation per valuation component

	2023					2022 Restated[1][2][3][4]				
	Liability for remaining coverage		Incurred claims			Liability for remaining coverage		Incurred claims		
R million	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	*Subtotal*	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	(8 945)	(51 247)	42 302	42 894	(592)	(5 280)	(53 084)	47 804	47 284	520
Recognised in insurance revenue	(57 038)	(57 038)	—	—	—	(58 473)	(58 473)[1][2]	—	—	—
Recognised in insurance service expenses	46 502	5 251	41 251	41 938	(687)	52 125	5 084	47 041	46 592	449
Claims incurred during the year (excluding investment component)	41 024	—	41 024	40 110	914	47 265	—	47 265	45 894	1 371
Change in liability for past service	227	—	227	1 828	(1 601)	(224)	—	(224)	698	(922)
Insurance acquisition cash flows paid or amortised	5 251	5 251	—	—	—	5 084	5 084[2]	—	—	—
Insurance finance income or expenses	1 591	540	1 051	956	95	1 068	305	763	692	71
Cash flow	10 425	51 521	(41 096)	(41 096)	—	11 981	57 367	(45 386)	(45 386)	—
Premiums received during the year	56 772	56 772	—	—	—	62 875	62 875[3]	—	—	—
Incurred claims – investment components	—	(505)	505	505	—	—	(669)	669	669	—
Claims paid during the year	(41 601)	—	(41 601)	(41 601)	—	(46 055)	—	(46 055)	(46 055)	—
Insurance acquisition cash flows	(4 746)	(4 746)	—	—	—	(4 839)	(4 839)[2]	—	—	—
Net movement for the year	1 480	274	1 206	1 798	(592)	6 701	4 283	2 418	1 898	520
Recognised in other comprehensive income – foreign currency translation differences	(122)	—	(122)	(122)	—	154	17	137	119	18
Reclassified as non-current liabilities held for sale	(3 161)	—	(3 161)	(3 161)	—	(16 016)	1 370	(17 386)	(15 324)	(2 062)
Balance at the beginning of the year	33 441	11 852	21 589	19 386	2 203	42 602	6 182	36 420	32 693	3 727
Balance at the end of the year	31 638	12 126	19 512	17 901	1 611	33 441	11 852	21 589	19 386	2 203

(1) Refer to note 39.7 for additional information on the liability for remaining cover recognised in insurance revenue decreased by R2,4 billion.
(2) Refer to note 39.5 for additional information.
(3) Refer to note 39.7 for additional information on the liability for remaining coverage recognised in premium received during the year decreased by R2,7 billion.
(4) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.4 Reconciliation of net carrying amount: General Insurance continued

8.4.2 General model continued

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other(2)	Total	Liability for remaining coverage excluding loss component	Incurred claims
2023								
Recognised in statement of comprehensive income	88	69	—	19	19	88	88	—
Recognised in insurance revenue(1)	9	14	—	(5)	(5)	9	9	—
Recognition of contractual service margin for services provided	(5)	—	—	(5)	(5)	(5)	(5)	—
Premium experience adjustments related to current service and other amounts	14	14	—	—	—	14	14	—
Insurance finance income or expenses	79	55	—	24	24	79	79	—
Impact of unwinding discount rates and financial assumption changes	79	55	—	24	24	79	79	—
Cash flow	(116)	(116)	—	—	—	(116)	(116)	—
Incurred claims – investment components	—	—	—	—	—	—	(116)	116
Claims paid during the year	(116)	(116)	—	—	—	(116)	—	(116)
Net movement for the year	(28)	(47)	—	19	19	(28)	(28)	—
Balance at the beginning of the year	702	679	1	22	22	702	702	—
Balance at the end of the year	674	632	1	41	41	674	674	—

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other(2)	Total	Liability for remaining coverage excluding loss component	Incurred claims
2022 Restated(3)								
Recognised in statement of comprehensive income	(57)	(72)	—	15	15	(57)	(57)	—
Recognised in insurance revenue(1)	(57)	(72)	—	15	15	(57)	(57)	—
Recognition of contractual service margin for services provided	15	—	—	15	15	15	15	—
Premium experience adjustments related to current service and other amounts	(72)	(72)	—	—	—	(72)	(72)	—
Cash flow	(30)	(30)	—	—	—	(30)	(30)	—
Insurance acquisition cash flows paid	(30)	(30)	—	—	—	(30)	(30)	—
Net movement for the year	(87)	(102)	—	15	15	(87)	(87)	—
Balance at the beginning of the year	789	781	1	7	7	789	789	—
Balance at the end of the year	702	679	1	22	22	702	702	—

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(3) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.5 Carrying value of new insurance contracts issued during the year

R million	2023 Total	2023 Groups of contracts that are expected to be profitable at initial recognition	2023 Groups of contracts that are onerous at initial recognition	2022 Total	2022 Groups of contracts that are expected to be profitable at initial recognition	2022 Groups of contracts that are onerous at initial recognition
Estimate of the present value of future cash inflows	(51 569)	(49 799)	(1 770)	(38 843)	(35 854)	(2 989)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	38 373	36 942	1 431	28 154	25 460	2 694
Insurance acquisition cash flows	5 835	5 352	483	5 496	4 998	498
Risk adjustment for non-financial risk	2 190	2 108	82	1 404	1 343	61
Contractual service margin	5 397	5 397	—	4 053	4 053	—
Net carrying amount of insurance contracts issued during the year	226	—	226	264	—	264
Analysis per line of business						
Life insurance – Risk business	219	—	219	258	—	258
Estimate of the present value of future cash inflows	(50 211)	(48 511)	(1 700)	(37 539)	(34 661)	(2 878)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	37 621	36 241	1 380	27 501	24 892	2 609
Insurance acquisition cash flows	5 554	5 097	457	5 264	4 798	466
Risk adjustment for non-financial risk	2 161	2 079	82	1 361	1 300	61
Contractual service margin	5 094	5 094	—	3 671	3 671	—
Life insurance – Savings business	7	—	7	6	—	6
Estimate of the present value of future cash inflows	(1 358)	(1 288)	(70)	(1 304)	(1 193)	(111)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	752	701	51	653	568	85
Insurance acquisition cash flows	281	255	26	232	200	32
Risk adjustment for non-financial risk	29	29	—	43	43	—
Contractual service margin	303	303	—	382	382	—
Net carrying amount of insurance contracts issued during the year	226	—	226	264	—	264

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Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.6 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	25 410	22 902	20 780	18 936	17 744	16 707	15 796	15 009	14 326	13 810	13 396
Accretion of interest on liabilities under the general model	2 017	1 844	1 708	2 048	1 955	1 871	1 810	1 754	1 787	1 777	23 752
Recognised in statement of comprehensive income	(4 525)	(3 966)	(3 552)	(3 240)	(2 992)	(2 782)	(2 597)	(2 437)	(2 303)	(2 191)	(37 148)
Balance at the end of the year	22 902	20 780	18 936	17 744	16 707	15 796	15 009	14 326	13 810	13 396	—

2022 Restated[1]

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	25 242	22 938	21 030	19 286	17 665	16 568	15 561	14 636	13 789	13 014	12 375
Accretion of interest on liabilities under the general model	1 895	1 870	1 728	1 608	1 916	1 815	1 720	1 635	1 558	1 557	24 571
Recognised in statement of comprehensive income	(4 199)	(3 778)	(3 472)	(3 229)	(3 013)	(2 822)	(2 645)	(2 482)	(2 333)	(2 196)	(36 946)
Balance at the end of the year	22 938	21 030	19 286	17 665	16 568	15 561	14 636	13 789	13 014	12 375	—

Life insurance – Savings business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	4 281	4 104	3 941	3 782	3 591	3 421	3 272	3 148	3 081	3 015	2 958
Allocation of investment return to contracts under the variable fee approach	540	526	501	435	421	409	349	339	328	320	8 870
Recognised in statement of comprehensive income	(717)	(689)	(660)	(626)	(591)	(558)	(473)	(406)	(394)	(377)	(11 828)
Balance at the end of the year	4 104	3 941	3 782	3 591	3 421	3 272	3 148	3 081	3 015	2 958	—

2022 Restated[1]

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	4 710	4 627	4 518	4 389	4 242	4 042	3 838	3 647	3 472	3 312	3 169
Allocation of investment return to contracts under the variable fee approach	722	632	592	552	468	429	408	391	372	352	13 345
Recognised in statement of comprehensive income	(805)	(741)	(721)	(699)	(668)	(633)	(599)	(566)	(532)	(495)	(16 514)
Balance at the end of the year	4 627	4 518	4 389	4 242	4 042	3 838	3 647	3 472	3 312	3 169	—

General insurance

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	41	37	33	29	23	16	6
Accretion of interest on liabilities under the general model	3	3	4	3	3	2	2
Recognised in statement of comprehensive income	(7)	(7)	(8)	(9)	(10)	(12)	(8)
Balance at the end of the year	37	33	29	23	16	6	—

2022 Restated[1]

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	22	21	19	17	15	12	7
Accretion of interest on liabilities under the general model	2	1	2	2	2	1	1
Recognised in statement of comprehensive income	(3)	(3)	(4)	(4)	(5)	(6)	(8)
Balance at the end of the year	21	19	17	15	12	7	—

[1] Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

8 Insurance contract carrying amount continued

8.7 Composition of the investment assets backing the net carrying amount

R million	2023	2022
Underlying items for contracts with direct participating features		
Owner-occupied properties	—	38
Properties	2 495	3 603
Financial investments	60 369	75 560
Equities and similar securities	14 493	17 215
Deposits and similar securities	2 518	2 868
Structured transactions	1 351	727
Interest-bearing investments	20 092	32 712
Government interest-bearing investments	10 391	14 188
Corporate interest-bearing investments	6 453	13 907
Other interest-bearing investments	3 248	4 617
Investment funds	21 915	22 038
Net working capital	12 664	(11 319)
Cash and cash equivalents	1 643	202
	77 171	68 084

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount

9.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

		Remaining coverage component					Incurred claims component		
R million	Note	Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment
2023									
Life insurance – Risk business	9.2	(2 373)	1 550	10 084	(1 942)	(7 189)	(3 923)	(3 801)	(122)
Premium allocation approach[1]		(2 070)	597	—	—	—	(2 667)	(2 577)	(90)
General model		(303)	953	10 084	(1 942)	(7 189)	(1 256)	(1 224)	(32)
General insurance	9.3	(6 471)	2 334	1 511	(1)	(41)	(8 805)	(8 090)	(715)
Premium allocation approach[1]		(7 951)	865	—	—	—	(8 816)	(8 101)	(715)
General model		1 480	1 469	1 511	(1)	(41)	11	11	—
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)
Premium allocation approach[1]		(10 021)	1 462	—	—	—	(11 483)	(10 678)	(805)
General model		1 177	2 422	11 595	(1 943)	(7 230)	(1 245)	(1 213)	(32)
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)
Reinsurance contract liabilities		5 686	6 254	10 942	(1 117)	(5 469)	(568)	(568)	—
Reinsurance contract assets		(14 530)	(2 370)	653	(826)	(1 761)	(12 160)	(11 323)	(837)
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)
2022 Restated[2][3][4]									
Life insurance – Risk business	9.2	(3 760)	607	5 571	(1 115)	(4 262)	(4 367)	(4 199)	(168)
Premium allocation approach[1]		(1 816)	413	—	—	—	(2 229)	(2 118)	(111)
General model		(1 944)	194	5 571[2]	(1 115)	(4 262)[3]	(2 138)	(2 081)	(57)
General insurance	9.3	(10 749)	4 222	1 541	(1)	(22)	(14 971)	(13 903)	(1 068)
Premium allocation approach[1]		(12 267)	2 704	—	—	—	(14 971)	(13 903)	(1 068)
General model		1 518	1 518	1 541	(1)	(22)	—	—	—
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)
Premium allocation approach[1]		(14 083)	3 117	—	—	—	(17 200)	(16 021)	(1 179)
General model		(426)	1 712	7 112	(1 116)	(4 284)	(2 138)	(2 081)	(57)
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)
Reinsurance contract liabilities		4 171	4 719	6 933	(551)	(3 315)	(548)	(550)	2
Reinsurance contract assets		(18 680)	110	179	(565)	(969)	(18 790)	(17 552)	(1 238)
Net reinsurance contract carrying amount		(14 509)	4 829	7 112	(1 116)	(4 284)	(19 338)	(18 102)	(1 236)

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.
[2] Refer to note 39.7 additional information on the increase of R3,7 billion on best estimate cash flows on general model.
[3] Refer to note 39.7 for additional information on the increase of R3 billion on contractual service margin.
[4] Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business

9.2.1 Premium allocation approach

Reconciliation per valuation component

	2023					2022 Restated[2]				
			Incurred claims component					Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	558	1 813	(1 255)	(1 259)	4	(304)	1 496	(1 800)	(1 764)	(36)
Income or expense from reinsurance contracts[1]	729	1 774	(1 045)	(1 056)	11	(286)	1 478	(1 764)	(1 729)	(35)
Reinsurance expenses for the portion of ceded premiums recovered during the period	1 766	1 766	–	–	–	1 477	1 477	–	–	–
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(1 145)	–	(1 145)	(1 143)	(2)	(806)	–	(806)	(816)	10
Changes in incurred claims related to past service	144	–	144	131	13	(924)	–	(924)	(879)	(45)
Other income or expenses from reinsurance contracts	(36)	8	(44)	(44)	–	(33)	1	(34)	(34)	–
Reinsurance finance income or expense	(171)	39	(210)	(203)	(7)	(18)	18	(36)	(35)	(1)
Cash flow	(709)	(1 300)	591	591	–	(1 443)	(2 093)	650	650	–
Premiums paid	(1 178)	(1 178)	–	–	–	(1 954)	(1 954)	–	–	–
Recoveries received under reinsurance contracts held	431	–	431	431	–	511	–	511	511	–
Incurred claims recoverable – investment components	–	(160)	160	160	–	–	(139)	139	139	–
Administration and other expenses	38	38	–	–	–	–	–	–	–	–
Net movement for the year	(151)	513	(664)	(668)	4	(1 747)	(597)	(1 150)	(1 114)	(36)
Recognised in other comprehensive income – foreign currency translation differences	5	(5)	10	11	(1)	(30)	(17)	(13)	(12)	(1)
Reclassified as non-current liabilities held for sale	(108)	(324)	216	198	18	1 433	1 211	222	222	–
Balance at the beginning of the year	(1 816)	413	(2 229)	(2 118)	(111)	(1 472)	(184)	(1 288)	(1 214)	(74)
Balance at the end of the year	(2 070)	597	(2 667)	(2 577)	(90)	(1 816)	413	(2 229)	(2 118)	(111)

[1] Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation and for further details.
[2] Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

9.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
2023										
Contracts recognised during the year for future coverage	–	3 018	(831)	(2 187)	–	(2 187)	–	–	–	–
Recognised in statement of comprehensive income	2 420	1 129	313	978	1	977	2 420	8 635	(45)	(6 170)
Income or expense from reinsurance contracts[4]	2 154	280	518	1 356	4	1 352	2 154	8 464	(39)	(6 271)
Recognition of contractual service margin for services received	1 385	–	–	1 385	4	1 381	1 385	1 385	–	–
Release of risk adjustment for risk expired	493	–	493	–	–	–	493	493	–	–
Premium experience adjustments related to current service and other amounts	273	273	–	–	–	–	273	273	–	–
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	–	–	–	–	–	–	–	6 303	–	(6 303)
Claims experience adjustments related to current service	12	12	–	–	–	–	12	–	–	12
Changes in incurred claims related to past service[1]	20	(5)	25	–	–	–	20	–	–	20
Loss recovery component recognised during the year for future coverage[2]	(7)	–	–	(7)	–	(7)	(7)	–	(7)	–
Changes in estimates which adjust the loss recovery component[2]	(22)	–	–	(22)	–	(22)	(22)	–	(22)	–
Allocation of loss recovery component[2]	–	–	–	–	–	–	–	10	(10)	–
Reinsurance finance income or expenses	266	849	(205)	(378)	(3)	(375)	266	171	(6)	101
Impact of unwinding discount rates and financial assumption changes	266	849	(205)	(378)	(3)	(375)	266	171	(6)	101
Changes in estimates recognised in contractual service margin[2]	–	2 009	(338)	(1 671)	79	(1 750)	–	–	–	–
Cash flow	(1 023)	(1 023)	–	–	–	–	(1 023)	(7 772)	–	6 749
Premiums paid	(7 256)	(7 256)	–	–	–	–	(7 256)	(7 256)	–	–
Recoveries received under reinsurance contracts held	6 248	6 248	–	–	–	–	6 248	–	–	6 248
Administration and other expenses	(15)	(15)	–	–	–	–	(15)	(15)	–	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	–	(501)	–	501
Net movement for the year	1 397	5 133	(856)	(2 880)	80	(2 960)	1 397	863	(45)	579
Recognised in other comprehensive income – foreign currency translation differences	(3)	(5)	(1)	3	–	3	(3)	–	(1)	(2)
Reclassified as non-current liabilities held for sale	247	242	55	(50)	(33)	(17)	247	(66)	8	305
Balance at the beginning of the year	(1 944)	3 490	(1 172)	(4 262)	(107)	(4 155)	(1 944)	235	(41)	(2 138)
Balance at the end of the year	(303)	8 860	(1 974)	(7 189)	(60)	(7 129)	(303)	1 032	(79)	(1 256)

[1] Relates to past service. Line items without a superscript relates to current service.
[2] Relates to future service. Line items without a superscript relates to current service.
[3] Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.
[4] Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

9.2.2 General model continued

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
2022 Restated[5][6]										
Contracts recognised during the year for future coverage	—	1 287	(266)	(1 021)	—	(1 021)	—	—	—	—
Recognised in statement of comprehensive income	1 237	922	185	130	(10)	140	1 237	7 198	(50)	(5 911)
Income or expense from reinsurance contracts[4]	1 393	771	217	405	23	382	1 393	7 224	(39)	(5 792)
Recognition of contractual service margin for services received	461	—	—	461	54	407	461	461	—	—
Release of risk adjustment for risk expired	227	—	227	—	—	—	227	227	—	—
Premium experience adjustments related to current service and other amounts	988	991	(3)	—	—	—	988	988	—	—
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	—	—	—	—	—	—	—	5 565	—	(5 565)
Claims experience adjustments related to current service	(189)	(189)	—	—	—	—	(189)	—	—	(189)
Changes in incurred claims related to past service[1]	(38)	(31)	(7)	—	—	—	(38)	—	—	(38)
Loss recovery component recognised during the year for future coverage[2]	(49)	—	—	(49)	(7)	(42)	(49)	—	(49)	—
Changes in estimates which adjust the loss recovery component[2]	(7)	—	—	(7)	(24)	17	(7)	—	(7)	—
Allocation of loss recovery component[2]	—	—	—	—	—	—	—	(17)	17	—
Reinsurance finance income or expenses	(156)	151	(32)	(275)	(33)	(242)	(156)	(26)	(11)	(119)
Impact of adjusting the contractual service margin at locked-in interest rates	(156)	151	(32)	(275)	(33)	(242)	(156)	(26)	(11)	(119)
Changes in estimates recognised in contractual service margin[2]	—	847	(311)	(536)	92	(628)	—	—	—	—
Cash flow	(769)	(769)	—	—	—	—	(769)	(6 681)	—	5 912
Premiums paid	(6 089)	(6 089)	—	—	—	—	(6 089)	(6 089)	—	—
Recoveries received under reinsurance contracts held	5 325	5 325	—	—	—	—	5 325	—	—	5 325
Administration and other expenses	(5)	(5)	—	—	—	—	(5)	(5)	—	—
Incurred claims recoverable – investment components	—	—	—	—	—	—	—	(587)	—	587
Net movement for the year	468	2 287	(392)	(1 427)	82	(1 509)	468	517	(50)	1
Recognised in other comprehensive income – foreign currency translation differences	(3)	(1)	(1)	(1)	(1)	—	(3)	(1)	2	(4)
Reclassified as non-current liabilities held for sale	94	31	7	56	7	49	94	33	30	31
Balance at the beginning of the year	(2 503)	1 173[5]	(786)	(2 890)[5]	(195)	(2 695)	(2 503)	(314)	(23)	(2 166)
Balance at the end of the year	(1 944)	3 490	(1 172)	(4 262)	(107)	(4 155)	(1 944)	235	(41)	(2 138)

[1] Relates to past service. Line items without a superscript relates to current service.
[2] Relates to future service. Line items without a superscript relates to current service.
[3] Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.
[4] Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.
[5] Refer to note 39.6 for additional information on the increase of R2,1 billion on the opening balance best estimate cash flow and R1,8 billion increase on contractual service margin. This would have resulted in a change in the opening balance for the year relating to contractual service margin in note 9.5.
[6] Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.3 Reconciliation of net carrying amount: General Insurance

9.3.1 Premium allocation approach

Reconciliation per valuation component

	2023					2022 Restated(2)(3)(4)(5)				
			Incurred claims component					Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	7 357	13 512	(6 155)	(6 508)	353	3 382	14 197	(10 815)	(10 392)	(423)
Income or expense from reinsurance contracts(1)	7 693	13 098	(5 405)	(5 812)	407	3 805	14 113(2)	(10 308)	(9 927)(2)	(381)
Reinsurance expenses for the portion of ceded premiums recovered during the period	13 098	13 098	—	—	—	14 113	14 113	—	—	—
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(2 923)	—	(2 923)	(3 020)	97	(6 938)	—	(6 938)	(6 238)	(700)
Changes in incurred claims related to past service	(2 758)	—	(2 758)	(3 068)	310	(3 370)	—	(3 370)	(3 689)	319
Other income or expenses from reinsurance contracts	276	—	276	276	—	—	—	—	—	—
Reinsurance finance income or expense	(336)	414	(750)	(696)	(54)	(423)	84	(507)	(465)	(42)
Cash flow	(5 463)	(15 351)	9 888	9 888	—	(5 954)	(11 780)	5 826	5 826	—
Premiums paid	(14 426)	(14 426)	—	—	—	(11 075)	(11 075)(3)	—	—	—
Recoveries received under reinsurance contracts held	8 963	—	8 963	8 963	—	5 121	—	5 121(3)	5 121	—
Incurred claims recoverable – investment components	—	(925)	925	925	—	—	(705)	705	705	—
Net movement for the year	1 894	(1 839)	3 733	3 380	353	(2 572)	2 417	(4 989)	(4 566)	(423)
Recognised in other comprehensive income – foreign currency translation differences	49	—	49	49	—	109	(37)	146	132	14
Acquired through business combinations	—	—	—	—	—	(1)	—	(1)	—	(1)
Reclassified as non-current liabilities held for sale	2 373	—	2 373	2 373	—	2 191	453	1 738	1 995(4)	(257)
Balance at the beginning of the year	(12 267)	2 704	(14 971)	(13 903)	(1 068)	(11 994)	(129)	(11 865)	(11 464)(4)	(401)
Balance at the end of the year	(7 951)	865	(8 816)	(8 101)	(715)	(12 267)	2 704	(14 971)	(13 903)	(1 068)

(1) Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.
(2) Refer to note 39.6 for additional information on the increase of R2,5 billion on remaining coverage component relating to income or expense from reinsurance contracts and the R2,4 billion decrease on best estimate of future cash flows of the incurred claims component.
(3) Refer to note 39.6 for additional information on the R2,8 billion increase on premiums paid and the R2,6 billion increase on recoveries received under contracts held.
(4) Refer to note 39.6 for additional information on the R2,6 billion decrease on reclassification on non-current liabilities held for sale and R2,3 billion decrease in the opening balance for the year.
(5) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.3 Reconciliation of net carrying amount: General Insurance continued

9.3.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other(3)	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2023								
Recognised in statement of comprehensive income	49	69	–	(20)	(20)	49	49	–
Reinsurance finance income or expenses	49	69	–	(20)	(20)	49	49	–
Impact of unwinding discount rates and financial assumption changes	49	69	–	(20)	(20)	49	49	–
Changes in estimates recognised in contractual service margin(2)	–	–	(1)	1	1	–	–	–
Cash flow	(88)	(88)	–	–	–	(88)	(99)	11
Premiums paid	(88)	(88)	–	–	–	(88)	(88)	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	(11)	11
Net movement for the year	(39)	(19)	(1)	(19)	(19)	(39)	(50)	11
Balance at the beginning of the year	1 519	1 541	–	(22)	(22)	1 519	1 519	–
Balance at the end of the year	1 480	1 522	(1)	(41)	(41)	1 480	1 469	11

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Other(3)	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
2022 Restated(5)								
Recognised in statement of comprehensive income	(96)	(81)	–	(15)	(15)	(96)	(20)	(76)
Income or expense from reinsurance contracts	25	25	–	–	–	25	101	(76)
Premium experience adjustments related to current service and other amounts	101	101	–	–	–	101	101	–
Changes in incurred claims related to past service(1)	(76)	(76)	–	–	–	(76)	–	(76)
Reinsurance finance income or expenses	(121)	(106)	–	(15)	(15)	(121)	(121)	–
Impact of unwinding discount rates and financial assumption changes	(121)	(106)	–	(15)	(15)	(121)	(121)	–
Cash flow	9	9	–	–	–	9	(67)	76
Premiums paid	9	9	–	–	–	9	9	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	(76)	76
Net movement for the year	(87)	(72)	–	(15)	(15)	(87)	(87)	–
Balance at the beginning of the year	1 605	1 613	(1)	(7)	(7)	1 605	1 605	–
Balance at the end of the year	1 518	1 541	(1)	(22)	(22)	1 518	1 518	–

(1) Relates to past service. Line items without a superscript relates to current service.
(2) Relates to future service. Line items without a superscript relates to current service.
(3) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(4) Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, ie net expenses recognised in the period from releasing the CSM/risk adjustment for the services received/risk expired, experience adjustments related to premiums paid and the expected claims recoveries released from the remaining coverage component. The other amounts represent the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.
(5) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.4 Carrying value of new reinsurance contracts held during the year

R million	2023 Total	2023 Groups of contracts with net gain at initial recognition	2023 Groups of contracts with net cost at initial recognition	2022 Total	2022 Groups of contracts with net gain at initial recognition	2022 Groups of contracts with net cost at initial recognition
Analysis per line of business						
Life insurance – Risk business	–	–	–	–	–	–
Estimate of the present value of future cash inflows	(6 986)	(6 847)	(139)	(4 630)	(4 255)	(375)
Estimate of the present value of future cash outflows	10 004	9 907	97	5 917	5 561	356
Risk adjustment for non-financial risk	(831)	(826)	(5)	(266)	(254)	(12)
Contractual service margin	(2 187)	(2 234)	47	(1 021)	(1 052)	31
Net carrying amount of insurance contracts issued during the year	–	–	–	–	–	–

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Notes to the group financial statements continued

for the year ended 31 December

9 Reinsurance contract carrying amount continued

9.5 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	(7 189)	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(2 307)	(1 901)	(1 561)	(1 271)	(1 026)
Accretion of interest	(436)	(360)	(302)	(249)	(211)	(177)	(147)	(122)	(99)	(81)	14
Recognised in statement of comprehensive income	1 753	1 373	1 116	929	782	664	553	462	389	326	1 012
Balance at the end of the year	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(2 307)	(1 901)	(1 561)	(1 271)	(1 026)	—

2022 Restated[(1)(2)]

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
Balance at the beginning of the year	(4 262)[(1)]	(3 810)	(3 439)	(3 130)	(2 863)	(2 620)	(2 399)	(2 199)	(2 022)	(1 864)	(1 721)
Accretion of interest	(255)	(230)	(213)	(198)	(182)	(170)	(159)	(151)	(142)	(132)	(110)
Recognised in statement of comprehensive income	707	601	522	465	425	391	359	328	300	275	1 831
Balance at the end of the year	(3 810)	(3 439)	(3 130)	(2 863)	(2 620)	(2 399)	(2 199)	(2 022)	(1 864)	(1 721)	—

General insurance

2023

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	(41)	(37)	(33)	(29)	(23)	(16)	(6)
Accretion of interest	(3)	(3)	(4)	(3)	(3)	(2)	(2)
Recognised in statement of comprehensive income	7	7	8	9	10	12	8
Balance at the end of the year	(37)	(33)	(29)	(23)	(16)	(6)	—

2022 Restated[(2)]

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years	6 – 7 years
Balance at the beginning of the year	(22)	(21)	(19)	(17)	(15)	(12)	(7)
Accretion of interest	(2)	(1)	(2)	(2)	(2)	(1)	(1)
Recognised in statement of comprehensive income	3	3	4	4	5	6	8
Balance at the end of the year	(21)	(19)	(17)	(15)	(12)	(7)	—

(1) Refer to note 39.6 and note 9.2.2 for additional information.
(2) Refer to note 39.8 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts

10.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business

10.1.1 Premium allocation approach

Reconciliation per valuation component

	2023						2022					
		Liability for remaining coverage/remaining coverage component		Incurred claims/incurred claims component				Liability for remaining coverage/remaining coverage component		Incurred claims/incurred claims component		
R million	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Insurance revenue[1]	15 804	15 804	–	–	–	–	16 749	16 749	–	–	–	–
Movement in net liability recognised as insurance revenue[2]	15 804	15 804	–	–	–	–	16 749	16 749	–	–	–	–
Insurance service expenses	(13 726)	(1 211)	(4)	(12 511)	(12 533)	22	(15 048)	(1 276)	5	(13 777)	(13 700)	(77)
Movement in net amount recognised as insurance service expenses[2]	(11 809)	(1 211)	(4)	(10 594)	(10 616)	22	(12 928)	(1 276)	5	(11 657)	(11 580)	(77)
Administration and other expenses[3]	(1 917)	–	–	(1 917)	(1 917)	–	(2 120)	–	–	(2 120)	(2 120)	–
Income or expense from reinsurance contracts[4]	(729)	(1 774)	–	1 045	1 056	(11)	286	(1 478)	–	1 764	1 729	35
Insurance service result	1 349	12 819	(4)	(11 466)	(11 477)	11	1 987	13 995	5	(12 013)	(11 971)	(42)
Insurance investment result	1 226						401					
Insurance finance income or expense	(609)	(13)	–	(596)	(570)	(26)	(210)	(12)	–	(198)	(190)	(8)
Reinsurance finance income or expense[4]	171	(39)	–	210	203	7	18	(18)	–	36	35	1
Investment return on assets	1 664						593					
Result from insurance contracts	2 575						2 388					

[1] Relates to expected premium receipts allocated to each coverage period.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.1.
[3] Administration and other expenses relate to attributable insurance service expenses.
[4] Only applicable to reinsurance contracts held.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

10.1.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[5]	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Loss component/ loss recovery component	Incurred claims/ incurred claims component
2023										
Insurance revenue	36 460	30 066	1 469	4 925	1 953	2 972	36 460	36 587	(127)	–
Movement in net liability recognised as insurance revenue[2]	33 459	27 060	1 474	4 925	1 953	2 972	33 459	33 459	–	–
Allocation of premium relating to insurance acquisition cash flows	3 128	3 128	–	–	–	–	3 128	3 128	–	–
Allocations to loss component[3]	(127)	(122)	(5)	–	–	–	(127)	–	(127)	–
Insurance service expenses	(28 957)	(28 916)	(41)	–	–	–	(28 957)	(2 736)	(485)	(25 736)
Movement in net amount recognised as insurance service expenses[2]	(23 276)	(23 230)	(46)	–	–	–	(23 276)	85	(612)	(22 749)
Amortisation of insurance acquisition cash flows	(3 128)	(3 128)	–	–	–	–	(3 128)	(3 128)	–	–
Allocations to loss component	127	122	5	–	–	–	127	–	127	–
Administration and other expenses[1]	(2 680)	(2 680)	–	–	–	–	(2 680)	307	–	(2 987)
Expected expenses	(2 126)	(2 126)	–	–	–	–	(2 126)	–	–	(2 126)
Experience adjustment	(554)	(554)	–	–	–	–	(554)	307	–	(861)
Income or expense from reinsurance contracts[4]	(2 154)	(280)	(518)	(1 356)	(4)	(1 352)	(2 154)	(8 464)	39	6 271
Insurance service result	5 349	870	910	3 569	1 949	1 620	5 349	25 387	(573)	(19 465)
Insurance investment result	3 070						3 070			
Insurance finance income or expense	(4 574)	(1 595)	(513)	(2 466)	(1 055)	(1 411)	(4 574)	(4 404)	(70)	(100)
Accretion of interest on liabilities under the general model at current rates	(6 609)	(3 399)	(744)	(2 466)	(1 055)	(1 411)	(6 609)	(6 434)	(64)	(111)
Recognition of assumption changes in contractual service margin at locked-in interest rates	101	52	49	–	–	–	101	100	1	–
Economic assumption changes[6]	1 934	1 752	182	–	–	–	1 934	1 930	(7)	11
Reinsurance finance income or expense[4]	(266)	(849)	205	378	3	375	(266)	(171)	6	(101)
Investment return on assets	7 910						7 910			
Result from insurance contracts	8 419						8 419			

[1] Administration and other expenses relate to attributable in insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.
[3] Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.
[4] Only applicable to reinsurance contracts held.
[5] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[6] The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.1 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

10.1.2 General model continued

Analysis per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal: Contractual service margin	Fair value transition approach	Other[5]	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Loss component/ loss recovery component	Incurred claims/ incurred claims component
2022										
Insurance revenue	33 979	28 386	1 179	4 414	2 347	2 067	33 979	34 027	(48)	–
Movement in net liability recognised as insurance revenue[2]	31 118	25 519	1 185	4 414	2 347	2 067	31 118	31 118	–	–
Allocation of premium relating to insurance acquisition cash flows	2 909	2 909	–	–	–	–	2 909	2 909	–	–
Allocations to loss component[3]	(48)	(42)	(6)	–	–	–	(48)	–	(48)	–
Insurance service expenses	(27 321)	(27 213)	(108)	–	–	–	(27 321)	(2 909)	(151)	(24 261)
Movement in net amount recognised as insurance service expenses[2]	(22 152)	(22 083)	(69)	–	–	–	(22 152)	–	(199)	(21 953)
Amortisation of insurance acquisition cash flows	(2 909)	(2 909)	–	–	–	–	(2 909)	(2 909)	–	–
Allocations to loss component	48	42	6	–	–	–	48	–	48	–
Administration and other expenses[1]	(2 308)	(2 263)	(45)	–	–	–	(2 308)	–	–	(2 308)
Expected expenses	(2 070)	(2 070)	–	–	–	–	(2 070)	–	–	(2 070)
Experience adjustment	(238)	(193)	(45)	–	–	–	(238)	–	–	(238)
Income or expense from reinsurance contracts[4]	(1 393)	(771)	(217)	(405)	(23)	(382)	(1 393)	(7 224)	39	5 792
Insurance service result	5 265	402	854	4 009	2 324	1 685	5 265	23 894	(160)	(18 469)
Insurance investment result	1 011						1 011			
Insurance finance income or expense	(5 228)	(2 951)	(299)	(1 978)	(990)	(988)	(5 228)	(5 102)	(75)	(51)
Accretion of interest on liabilities under the general model at current rates	(4 933)	(2 556)	(399)	(1 978)	(990)	(988)	(4 933)	(4 854)	(28)	(51)
Recognition of assumption changes in contractual service margin at locked-in interest rates	(106)	(117)	11	–	–	–	(106)	(59)	(47)	–
Economic assumption changes[6]	(189)	(278)	89	–	–	–	(189)	(189)	–	–
Reinsurance finance income or expense[4]	156	(151)	32	275	33	242	156	26	11	119
Investment return on assets	6 083						6 083			
Result from insurance contracts	6 276						6 276			

[1] Administration and other expenses relate to attributable in insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.
[3] Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.
[4] Only applicable to reinsurance contracts held.
[5] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[6] The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.2 Analysis of contribution to result from insurance contracts: Life insurance – Savings business

Variable fee approach

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment	Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2023										
Insurance revenue	2 989	1 758	128	1 103	662	441	2 989	2 989	—	—
Movement in net liability recognised as insurance revenue[2]	2 930	1 699	128	1 103	662	441	2 930	2 930	—	—
Allocation of premium relating to insurance acquisition cash flows	59	59	—	—	—	—	59	59	—	—
Insurance service expenses	(1 240)	(1 240)	—	—	—	—	(1 240)	(59)	(13)	(1 168)
Movement in net amount recognised as insurance service expenses[2]	(475)	(475)	—	—	—	—	(475)	—	(13)	(462)
Amortisation of insurance acquisition cash flows	(59)	(59)	—	—	—	—	(59)	(59)	—	—
Administration and other expenses[1]	(706)	(706)	—	—	—	—	(706)	—	—	(706)
Expected expenses	(859)	(859)	—	—	—	—	(859)	—	—	(859)
Experience adjustment	153	153	—	—	—	—	153	—	—	153
Insurance service result	1 749	518	128	1 103	662	441	1 749	2 930	(13)	(1 168)
Insurance investment result	(575)						(575)			
Insurance finance income or expense	(8 749)	(8 949)	80	120	—	120	(8 749)	(8 737)	—	(12)
Allocation of investment return to contracts under the variable fee approach	(8 749)	(8 749)	—	—	—	—	(8 749)	(8 737)	—	(12)
Economic assumption changes	—	(200)	80	120	—	120	—	—	—	—
Investment return on assets	8 174						8 174			
Result from insurance contracts	1 174						1 174			

[1] Administration and other expenses relate to attributable in insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.
[3] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.2 Analysis of contribution to result from insurance contracts: Life insurance – Savings business continued

Variable fee approach continued

Analysis per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2022										
Insurance revenue	1 268	436	35	797	619	178	1 268	1 268	–	–
Movement in net liability recognised as insurance revenue[2]	1 241	409	35	797	619	178	1 241	1 241	–	–
Allocation of premium relating to insurance acquisition cash flows	27	27	–	–	–	–	27	27	–	–
Insurance service expenses	(718)	(719)	1	–	–	–	(718)	(27)	(115)	(576)
Movement in net amount recognised as insurance service expenses[2]	(279)	(280)	1	–	–	–	(279)	–	(115)	(164)
Amortisation of insurance acquisition cash flows	(27)	(27)	–	–	–	–	(27)	(27)	–	–
Administration and other expenses[1]	(412)	(412)	–	–	–	–	(412)	–	–	(412)
Expected expenses	(300)	(300)	–	–	–	–	(300)	–	–	(300)
Experience adjustment	(112)	(112)	–	–	–	–	(112)	–	–	(112)
Insurance service result	550	(283)	36	797	619	178	550	1 241	(115)	(576)
Insurance investment result	(47)						(47)			
Insurance finance income or expense	(1 893)	(1 888)	(21)	16	–	16	(1 893)	(1 880)	–	(13)
Allocation of investment return to contracts under the variable fee approach	(1 893)	(1 893)	–	–	–	–	(1 893)	(1 880)	–	(13)
Accretion of interest on liabilities under the general model	–	–	–	–	–	–	–	–	–	–
Economic assumption changes	–	5	(21)	16	–	16	–	–	–	–
Investment return on assets	1 846						1 846			
Result from insurance contracts	503						503			

(1) Administration and other expenses relate to attributable in insurance service expenses.
(2) Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.
(3) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

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Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.3 Analysis of contribution to result from insurance contracts: General insurance

10.3.1 Premium allocation approach

Reconciliation per valuation component

	2023					2022				
		Liability for remaining coverage/remaining coverage component	Incurred claims/incurred claims component				Liability for remaining coverage/remaining coverage component	Incurred claims/incurred claims component		
R million	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Insurance revenue[1]	57 038	57 038	—	—	—	58 473	58 473	—	—	—
Movement in net liability recognised as insurance revenue[2]	57 038	57 038	—	—	—	58 473	58 473	—	—	—
Insurance service expenses	(46 502)	(5 251)	(41 251)	(41 938)	687	(52 125)	(5 084)	(47 041)	(46 592)	(449)
Movement in net amount recognised as insurance service expenses[2]	(46 502)	(5 251)	(41 251)	(41 938)	687	(52 125)	(5 084)	(47 041)	(46 592)	(449)
Income or expense from reinsurance contracts[3]	(7 693)	(13 098)	5 405	5 812	(407)	(3 805)	(14 113)	10 308	9 927	381
Insurance service result	2 843	38 689	(35 846)	(36 126)	280	2 543	39 276	(36 733)	(36 665)	(68)
Insurance investment result	429					180				
Insurance finance income or expense	(1 591)	(540)	(1 051)	(956)	(95)	(1 068)	(305)	(763)	(692)	(71)
Reinsurance finance income or expense[3]	336	(414)	750	696	54	423	(84)	507	465	42
Investment return on assets	1 684					825				
Result from insurance contracts	3 272					2 723				

[1] Relates to expected premium receipts allocated to each coverage period.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.1.
[3] Only applicable to reinsurance contracts held.

Notes to the group financial statements continued

for the year ended 31 December

10 Result from insurance contracts continued

10.3 Analysis of contribution to result from insurance contracts: General insurance continued

10.3.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Subtotal: Contractual service margin	Other[3]	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Incurred claims/ incurred claims component
2023							
Insurance revenue	(9)	(14)	5	5	(9)	(9)	—
Movement in net liability recognised as insurance revenue[1]	(9)	(14)	5	5	(9)	(9)	—
Income or expense from reinsurance contracts[2]	11	11	—	—	11	—	11
Insurance service result	2	(3)	5	5	2	(9)	11
Insurance investment result	(128)				(128)		—
Insurance finance income or expense	(79)	(55)	(24)	(24)	(79)	(79)	—
Accretion of interest on liabilities under the general model	(79)	(55)	(24)	(24)	(79)	(79)	—
Reinsurance finance income or expense[2]	(49)	(69)	20	20	(49)	(49)	—
Result from insurance contracts	(126)				(126)		

R million	Total	Best estimate of future cash flows	Subtotal: Contractual service margin	Other[3]	Total	Liability for remaining coverage/ remaining coverage component excluding loss component/ loss recovery component	Incurred claims/ incurred claims component
2022							
Insurance revenue	57	72	(15)	(15)	57	57	—
Movement in net liability recognised as insurance revenue[1]	57	72	(15)	(15)	57	57	—
Income or expense from reinsurance contracts[2]	(25)	(25)	—	—	(25)	(101)	76
Insurance service result	32	47	(15)	(15)	32	(44)	76
Insurance investment result	121				121		
Reinsurance finance income or expense[2]	121	106	15	15	121	121	—
Result from insurance contracts	153				153		

[1] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.2.

[2] Only applicable to reinsurance contracts held.

[3] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Notes to the group financial statements continued

for the year ended 31 December

11 Taxation

11.1 Deferred tax

Deferred tax

Deferred tax is provided for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the liability method, except for:

- Temporary differences relating to investments in subsidiaries, associated companies and joint ventures where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that at transaction date do not affect either accounting or taxable profit or loss.

The amount of deferred tax provided is based on the expected realisation or settlement of the deferred tax assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax balances are reflected at current values and have not been discounted.

In terms of IFRS 16, a lessee is required to recognise a right-of-use asset and a lease liability. Lease payments are tax deductible on a cash basis in many jurisdictions. The tax basis of the lease liability and the right-of-use asset will therefore be zero. Resulting in taxable temporary difference in terms of the right-of-use asset and a deductible temporary difference in terms of the lease liability.

R million	Note	Income tax	Capital gains tax
Reconciliation of the deferred tax balances:			
Balance at 1 January 2022 (as previously reported)		(537)	(3 620)
IFRS 17 transitional adjustments		(4 384)	–
Balance at 1 January 2022 (restated)[1]		(4 921)	(3 620)
Temporary differences (charged)/credited to the statement of comprehensive income		(315)	1 847
Accruals and provisions		304	407
Tax (losses) and credits		(302)	2
Net unrealised investment surpluses on shareholders' fund		(340)	184
Net unrealised investment surpluses on policyholders' fund		39	1 211
Leases		(9)	–
Intangible assets		(153)	–
Share-based payments		34	–
Other temporary differences		112	43
Acquisition of subsidiaries		(37)	–
Change in tax rate		(6)	–
Foreign currency translation differences		70	(156)
Reclassified as non-current liabilities/(assets) held for sale	36	2 419	(252)
Disposal of subsidiaries		13	(13)
Balance at 31 December 2022 (restated)[1]		(2 777)	(2 194)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39 for additional information.

R million	Note	Income tax	Capital gains tax
Temporary differences charged to the statement of comprehensive income		(1 463)	(1 293)
Accruals and provisions		(41)	(12)
Tax credits		108	3
Net unrealised investment surpluses on shareholders' fund		(146)	(281)
Net unrealised investment surpluses on policyholders' fund		(79)	(1 019)
Leases		(41)	–
IFRS 17 phasing-in amount		(1 030)	–
Tax basis zerorisation of negative policy liabilities		(175)	–
Other temporary differences		(59)	16
Acquired through business combinations		(225)	–
Foreign currency translation differences		82	10
Reclassified as non-current liabilities/(assets) held for sale	36	244	(8)
Change in tax rate		5	–
IFRS 17 phasing-in release		476	–
Disposal of subsidiaries		17	(23)
Balance at 31 December 2023		(3 641)	(3 508)

R million	Income tax	Capital gains tax
Analysis of deferred tax balances at 31 December 2023	(3 641)	(3 508)
Accruals and provisions	809	(39)
Tax losses and credits	1 053	200
Net unrealised investment surpluses on shareholders' fund	28	(1 407)
Net unrealised investment surpluses on policyholders' fund	6	(2 262)
IFRS 17 phasing-in amount	(4 333)	–
Tax basis zerorisation of negative policy liabilities	(728)	–
Intangible assets	(312)	–
Leases	15	–
Share-based payments	153	(2)
Other temporary differences	(332)	2
Analysis of deferred tax balances at 31 December 2022 (restated)[1]	(2 777)	(2 194)
Accruals and provisions	495	(38)
Tax losses and credits	1 123	190
Net unrealised investment surpluses on shareholders' fund	(24)	(1 126)
Net unrealised investment surpluses on policyholders' fund	(2)	(1 243)
IFRS 17 phasing-in amount	(3 836)	–
Tax basis zerorisation of negative policy liabilities	(552)	–
Intangible assets	(41)	–
Leases	46	–
Share-based payments	111	5
Other temporary differences	(97)	18

R million	2023	Restated[1] 2022
Total deferred tax asset recognised	1 619	1 630
Total deferred tax liability recognised	(8 768)	(6 601)
Total net deferred tax	(7 149)	(4 971)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39 for additional information. The current legislation results in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interest of respectively R947 million and R77 million, with a corresponding decrease in tax payable in respect of the 2023 financial year.

Notes to the group financial statements continued

for the year ended 31 December

11 Taxation continued

11.2 Income tax

Normal tax

Current income tax is provided in respect of taxable income at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Analysis of income tax per category	Normal income tax		Deferred tax		Total	
R million	2023	Restated[1] 2022	2023	Restated[1] 2022	2023	Restated[1] 2022
RSA – current year	3 572	3 456	1 409	660	4 981	4 116
RSA – prior year	11	16	(7)	4	4	20
Dividends tax – policyholders	89	81	—	—	89	81
Foreign	1 150	1 472	61	(350)	1 211	1 122
Capital gains tax	211	366	1 298	(1 847)	1 509	(1 481)
Change in tax rate	—	—	(5)	6	(5)	6
Tax expense (including profit from discontinued operations)	5 033	5 391	2 756	(1 527)	7 789	3 864
IFRS 17 phasing-in amount	476	—	(476)	—	—	—
Tax expense after release	5 509	5 391	2 280	(1 527)	7 789	3 864
Shareholders' fund					5 072	3 584
Policyholders' fund					2 717	280
Tax expense (including profit from discontinued operations)					7 789	3 864
Profit from discontinued operations					710	400
Taxation (continuing operations)					7 079	3 464

%	2023	Restated[1] 2022
Standard rate of taxation	27,0	28,0
Adjusted for:		
Non-taxable income[2]	3,0	(12,0)
Disallowable expenses[3]	4,0	2,0
Utilisation of assessed losses	—	(1,0)
Investment surpluses	(9,0)	4,0
Foreign tax rate differential	(1,0)	(1,0)
Policyholders	10,0	1,0
Other fund transfers	1,0	2,0
Other	(1,0)	(1,0)
Effective tax rate	34,0	22,0

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39 for additional information.
[2] Non-taxable income relates primarily to equity-accounted earnings and dividend income.
[3] Disallowable expenses includes impairments.

12 Investments

12.1 Properties

Investment properties comprise of properties held to earn rental income and/or for capital appreciation. Investment properties are carried at fair value, which includes the related cumulative straight-line rental adjustment (refer to the accounting policy for investment income). Valuations are carried out periodically by valuators who possess appropriate qualifications and extensive experience in property valuations. Changes in the fair value of investment properties are recognised in the statement of comprehensive income as investment surpluses.

When investment properties become owner-occupied, they are reclassified to owner-occupied properties at a deemed cost equal to the fair value of the investment properties at the date of reclassification. When owner-occupied properties become investment properties, they are reclassified to investment properties at a deemed cost equal to the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised in other comprehensive income as a revaluation surplus.

Investment properties are derecognised when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

		South African portfolio				International portfolio	
R million	Note	Office buildings	Retail buildings	Industrial buildings	Undeveloped land	Office buildings	Total investment properties
Reconciliation of carrying amount of properties							
Balance at 1 January 2022		3 767	4 245	618	420	8 930	17 980
Additions		53	39	—	—	223	315
Disposals		—	—	—	—	(323)	(323)
Reclassified to disposal groups classified as held for sale	36	(186)	(135)	—	—	(8 240)	(8 561)
Other movements		—	—	—	—	9	9
Acquired through business combinations		—	—	—	—	50	50
Foreign currency translation differences		—	—	—	—	(216)	(216)
Investment surpluses		722	491	(26)	26	(31)	1 182
Balance at 31 December 2022		4 356	4 640	592	446	402	10 436
Additions		35	14	5	—	116	170
Disposals		—	(5)	(146)	(110)	(37)	(298)
Reclassified to disposal groups classified as held for sale	36	—	(1 347)	—	—	(413)	(1 760)
Other movements		(1 203)	289	(11)	—	925	—
Acquired through business combinations		5	—	—	8	—	13
Foreign currency translation differences		—	—	—	—	(77)	(77)
Investment surpluses		(519)	(137)	25	—	60	(571)
Balance at 31 December 2023		2 674	3 454	465	344	976	7 913

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.1 Properties continued

R million	2023	2022
Reconciliation of straight-line rental adjustment		
Straight-line rental adjustment – balance at the beginning of the year	280	260
Movement for the year included in the statement of comprehensive income	30	20
Straight-line rental adjustment – balance at the end of the year	310	280
Contractual future minimum lease payments receivable under non-cancellable operating leases:		
Due within one year	772	698
Due from one to five years	1 344	1 214
Due from five to 10 years	584	634
Future minimum lease payments	2 700	2 546

The value drivers underpinning the valuation of properties have not significantly changed since 31 December 2022.

At the reporting date, the key assumptions and unobservable inputs used by the group in determining fair value were in the following ranges for the group's portfolio of properties:

Unobservable inputs across sectors	2023	2022
South African portfolio		
Discounted cash flow method		
Vacancy rate	18,00%	19,95%
Expected expense growth (average over five years, range cover different types of expenses)	5,10% – 9,60%	5,10% – 9,10%
Office buildings		
Discount rate	12,75% – 13,54%	11,60% – 15,50%
Exit capitalisation rate	8,94% – 11,09%	8,50% – 11,00%
Retail buildings		
Discount rate	12,21% – 15,00%	11,60% – 14,80%
Exit capitalisation rate	8,00% – 10,77%	7,93% – 11,00%
Industrial buildings		
Discount rate	13,38% – 14,30%	13,75% – 15,50%
Exit capitalisation rate	9,91% – 10,42%	8,75% – 10,50%
International portfolio		
Discounted cash flow method		
Vacancy rate	13,12% and 21,00%	13,15% and 21,00%
Office buildings		
Discount rate	11,50% – 12,25%	11,00% – 12,00%
Exit capitalisation rate	9,75% – 10,00%	9,75% – 10,00%

12.2 Investment in associates and joint ventures

Associated companies

An associated company is an entity, not being a subsidiary, in which the Sanlam group has a long-term investment and over which it has the ability to exercise significant influence, being the ability to participate in the financial and operating policies of the entity without being able to jointly control or control those policies by virtue of a majority vote.

Investments in associated companies are recognised on the date significant influence is obtained and derecognised on the date significant influence is lost. Investments in associated companies, other than those investments, or portions thereof, held by investment-linked life insurance funds, are initially recognised at cost. The results of these associated companies after initial recognition are accounted for using the equity method of accounting, whereby the group's share of associated companies' post-acquisition profit or loss is recognised in the group statement of comprehensive income as equity-accounted earnings, and the group's share of associated companies' other comprehensive income is presented in group other comprehensive income (other than those related to dividends), with a corresponding adjustment to the carrying value of investments in associated companies. Net losses are only recognised to the extent of the net investment in an associated company, unless the group has incurred obligations or made payments on behalf of the associated company. Equity-accounted earnings are based on accounting policies uniform to those of the group. The carrying amount is reviewed bi-annually for indicators of impairment and written down where this is considered necessary. The carrying value of the investment in an associated company includes goodwill. Investments in associated companies, or portions thereof, held by investment-linked life insurance funds are treated as investments at fair value through profit or loss and are not equity-accounted.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The results of joint ventures, other than those held by investment-linked life insurance funds, are accounted for using the equity method of accounting, whereby the group's share of the joint ventures' profit or loss is recognised in the group statement of comprehensive income as equity-accounted earnings, and the group's share of joint ventures' other comprehensive income is presented in the group other comprehensive income, with a corresponding adjustment to the carrying value of investments in joint ventures. Net losses are only recognised to the extent of the net investment in a joint venture, unless the group has incurred obligations or made payments on behalf of the joint venture. Equity-accounted earnings are based on accounting policies uniform to those of the group. The carrying value of the investment in a joint venture is reviewed bi-annually for indicators of impairment and written down where this is considered necessary. The carrying value of the investment in a joint venture includes goodwill.

Investments in joint ventures, or portions thereof, held by investment-linked life insurance funds are treated as investments at fair value through profit or loss and are not equity-accounted.

For impairment purposes, each investment is tested for impairment individually and goodwill is not tested separately from the investment in associated companies and joint ventures, nor is any impairment allocated to any underlying assets. Impairment losses in respect of associated companies and joint ventures is based on the greater of value in use or fair value less cost to sell and is recognised in the statement of comprehensive income, with reversal of future periods allowed. Reversal of impairments are limited to the original cost.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.2 Investment in associates and joint ventures continued

R million	Note	2023	Restated[1] 2022
Investments in associated companies	12.2.3	21 058	23 379
Shriram Capital Private Limited		10 793	10 719
Shriram Finance Limited		2 451	2 060
Shriram General Insurance		1 728	1 473
Shriram Life Insurance		675	559
Letshego[2]	36	–	1 898
Capricorn Investment Holdings	36	1 292	1 162
Pacific & Orient		447	437
Afrocentric Investment[4]		–	1 185
aYo Holdings[2]	36	–	750
Capital Legacy Solutions		58	–
ARC Financial Services Investments (ARC FSI)		1 283	953
Other associated companies	36	2 331	2 183
Investments in joint ventures	12.2.4	24 707	1 877
SanlamAllianz Africa[5]		23 781	–
Sanlam Personal Loans[6]		–	754
Speqtel Investment Holdings (Pty) Ltd[3]		517	471
Other joint ventures		409	652
Total investments in associates and joint ventures (including assets held for sale)		45 765	25 256
Reclassified as non-current assets held for sale		(1 292)	(4 058)
Total investments in associates and joint ventures		44 473	21 198

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.
[2] The investments in Letshego and aYo Holdings form part of the SanlamAllianz JV which took effect on 1 October 2023 for accounting purposes.
[3] The investment is carried at fair value as it is held by an investment linked insurance fund.
[4] During the year, Sanlam Life acquired an additional 31,3% shareholding in Afrocentric. Sanlam Life now owns a 59,8% interest in Afrocentric and is treated as a subsidiary.
[5] With effect from 1 October 2023, Sanlam and Allianz formed a joint venture, namely SanlamAllianz with Sanlam holding 59% interest.
[6] In December 2023, Sanlam Life acquired the remaining 30% shareholding in Sanlam Personal Loans, making it a wholly owned subsidiary.

12.2.1 Equity-accounted earnings

R million	2023	Restated[1] 2022
Investments in associated companies		
Shriram Capital Private Limited	1 613	1 630
Shriram Finance Limited	308	208
Shriram General Insurance	308	15
Shriram Life Insurance	100	52
Letshego	83	214
Capricorn Investment Holdings	177	116
Pacific & Orient	(13)	(1)
Afrocentric Investment	43	124
aYo Holdings	(243)	(31)
ARC Financial Services Investments	247	133
Other associated companies	281	390
Investments in joint ventures		
SanlamAllianz Africa	343	–
Sanlam Personal Loans	74	170
Other joint ventures	85	146
Equity-accounted earnings (including profits from discontinued operation)	3 406	3 166
Profits from discontinued operations	448	698
Equity-accounted earnings (continuing operations)	2 958	2 468

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

12.2.2 Impairments of equity accounted investments

Impairments of equity accounted investments in 2023 is R33 million (2022: R31 million).

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.3 Investments in associated companies

Details of material associated companies:

R million	Shriram Capital Private Limited[(1)(3)] 2023	2022	Shriram Finance Limited[(1)(3)] 2023	2022
Carrying value of interest – equity method	10 793	10 719	2 451	2 060
Fair value of interest	17 528	11 528	3 001	2 126
Effective interest in issued share capital – shareholders' fund[(2)]	41%	26%	2%	3%
Summarised financial information:				
Revenue	18 453	14 054	69 564	41 108
Post-tax profit from continuing operations	5 900	4 762	16 574	7 944
Other comprehensive loss	(48)	(1 016)	(1 387)	(480)
Total comprehensive income	5 852	3 746	15 187	7 464
Assets and liabilities				
Non-current assets	76 183	79 273	465 931	277 214
Current assets	2 252	3 506	28 894	41 637
Non-current liabilities	(45 154)	(35 355)	(286 095)	(197 450)
Current liabilities	(1 502)	(3 037)	(105 525)	(63 969)
Net asset value	31 779	44 387	103 205	57 432
Non-controlling interest	8 221	15 872	679	—
Shareholders' fund	23 558	28 515	102 526	57 432
Calculated carrying value	9 588	10 509	2 062	1 603
Goodwill recognised in the carrying value of associate	1 205	210	389	457
Carrying value	10 793	10 719	2 451	2 060
Dividends received	1 593	161	90	18

(1) Shriram Capital Private Limited has business operations (credit, life and general insurance) mainly in India. Earnings for 2023 have been accounted for the period 1 October 2022 to 30 September 2023. The group also holds a 2,01% direct interest in Shriram Finance Limited (subsidiary company of Shriram Capital Private Limited), resulting in an effective holding of 10,21%. The group considers having significant influence to participate in the financial and operating policy decisions of Shriram Finance Limited due to having a representative on the board. Shriram Finance Limited operates mainly in India and is a credit provider.
(2) The effective interest of 40,7% relates to the holding in Shriram Capital Private Limited through Sanlam Emerging Markets Mauritius Limited.
(3) During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity, Shriram Finance Limited. The new structure is reflected in the 2023 results.

R million	Shriram General Insurance[(1)] 2023	2022	Shriram Life Insurance[(2)] 2023	2022
Carrying value of interest – equity method	1 728	1 473	675	559
Fair value of interest	3 355	2 586	2 111	1 162
Effective interest in issued share capital – shareholders' fund	23%	23%	23%	23%
Summarised financial information:				
Revenue	4 624	4 093	3 732	5 147
Post-tax profit/(loss) from continuing operations	918	642	65	(11)
Other comprehensive income/(loss)	386	(613)	24	64
Total comprehensive income	1 304	29	89	53
Assets and liabilities				
Non-current assets	26 987	25 035	23 720	17 483
Current assets	1 216	931	763	630
Non-current liabilities	(21 762)	(19 391)	(21 285)	(15 870)
Current liabilities	(1 462)	(1 214)	(1 134)	(639)
Net asset value	4 979	5 361	2 064	1 604
Non-controlling interest	22	19	—	—
Shareholders' fund	4 957	5 342	2 064	1 604
Calculated carrying value	1 136	1 224	475	369
Recognition of hedge on acquisition	(34)	(34)	(10)	(10)
Goodwill recognised in the carrying value of associate	626	283	210	200
Carrying value	1 728	1 473	675	559
Dividends received	674	38	55	—

(1) The group holds a 23% interest in Shriram general insurance, a general insurance business in India.
(2) The group holds a 23% interest in Shriram Life insurance, a life insurance business in India.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.3 Investments in associated companies continued

Details of material associated companies continued:

R million	Pacific & Orient[1] 2023	Pacific & Orient[1] 2022	Capricorn Investment Holdings[2] 2023	Capricorn Investment Holdings[2] 2022
Carrying value of interest – equity method	447	437	1 292	1 162
Fair value of interest	447	437	1 292	1 173
Effective interest in issued share capital – shareholders' fund	49%	49%	24%	23%
Summarised financial information:				
Revenue	1 009	1 054	104	86
Post-tax (loss)/profit from continuing operations	(27)	(3)	734	540
Post-tax loss from discontinued operations	—	—	—	(20)
Other comprehensive (loss)/income	—	(18)	10	—
Total comprehensive income	(27)	(21)	744	520
Assets and liabilities				
Non-current assets	2 930	2 838	4 669	4 256
Current assets	317	347	1 208	1 179
Non-current liabilities	(2 315)	(2 268)	(430)	(430)
Current liabilities	(20)	(24)	(1)	(1)
Net asset value	912	893	5 446	5 004
Shareholders' fund	912	893	5 446	5 004
Calculated carrying value	447	437	1 292	1 162
Carrying value	447	437	1 292	1 162
Dividends received	—	4	52	37

[1] The group holds a 49% interest in Pacific & Orient Insurance Co. Berhad, a niche general insurance business in Malaysia.
[2] The group holds a 23% interest in Capricorn Investment Holdings, an investment company in Namibia.

R million	ARC Financial Services Investments[1] 2023	ARC Financial Services Investments[1] 2022	Letshego[3][4] 2022	aYo Holdings 2022
Carrying value of interest – equity method	1 283	953	1 898	750
Fair value of interest	1 175	953	2 013	783
Effective interest in issued share capital – shareholders' fund	25%	25%	28%	50%
Summarised financial information:				
Revenue	1 170	518	2 790	—
Post-tax profit/(loss) from continuing operations	887	532	683	(31)
Total comprehensive income	887	532	683	(31)
Assets and liabilities				
Non-current assets	7 526	5 915	18 920	87
Current assets	436	136	3 600	221
Non-current liabilities	(2 508)	(2 018)	(12 725)	(5)
Current liabilities	(321)	(220)	(2 422)	(108)
Net asset value	5 133	3 813	7 373	195
Non-controlling interest	—	—	618	—
Shareholders' fund	5 133	3 813	6 755	195
Calculated carrying value	1 283	953	1 890	98
Goodwill recognised in the carrying value of associate	—	—	8	652
Carrying value	1 283	953	1 898	750
Dividends received	—	—	123	—

[1] The group acquired a 25% interest in ARC FSI. ARC FSI, is an investment company focusing on opportunities in the South African and African financial services and diversified investments (non-financial) industries.
[2] The group holds a 28% interest in Letshego, a listed retail credit business in Botswana.
[3] The group's holding in Letshego was sold to the joint venture SanlamAllianz Africa on 4 September 2023 and took effect on 1 October 2023 for accounting purposes.
[4] The group acquired a 50% interest in aYo Holdings, on 31 October 2022, a holding company incorporated in Mauritius. aYo Holdings is an insurance holding company focusing on opportunities on the African continent.
[5] The group's holding in aYo Holdings was sold to the joint venture SanlamAllianz Africa on 4 September 2023 and took effect on 01 October 2023 for accounting purposes.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.3 Investments in associated companies continued

Details of material associated companies continued:

R million	Afrocentric Investment[1] 2022
Carrying value of interest – equity method	1 185
Fair value of interest	893
Effective interest in issued share capital – shareholders' fund	29%
Summarised financial information:	
Revenue	9 341
Post-tax profit from continuing operations	432
Total comprehensive income	432
Assets and liabilities	
Non-current assets	4 097
Current assets	1 666
Non-current liabilities	(1 080)
Current liabilities	(1 250)
Net asset value	3 433
Non-controlling interest	49
Shareholders' fund	3 384
Calculated carrying value	971
Goodwill recognised in the carrying value of associate	214
Carrying value	1 185
Dividends received	85

[1] The group did a share swap to acquire an additional holding in Afrocentric Investment Corporation Limited, a health administration and health risk management company. Afrocentric Investment Corporation Limited is now a subsidiary.

Details of immaterial associated companies:

R million	2023	2022
Post-tax profit/(loss) from continuing operations	18	(8)
Post-tax profit from discontinued operations	263	398
Total comprehensive income	**281**	**390**

Details of material joint ventures

R million	SanlamAllianz[1] Africa 2023	Sanlam Personal Loans[2] 2022
Carrying value of interest – equity method	23 781	754
Fair value of interest	25 022	1 371
Effective interest in issued share capital: Class A[1]	59%	70%
Summarised financial information:		
Non-current assets	138 490	3 450
Net reinsurance contract assets	6 417	—
Current assets	19 000	980
Net insurance contract liabilities	(89 807)	—
Investment contract liabilities	(5 762)	—
Other non-current liabilities	(4 636)	(1 686)
Current liabilities	(16 130)	(1 644)
Net asset value attributable to class B shares	—	(22)
Total equity	**47 572**	**1 078**
Calculated carrying value	24 018	1 078
Revenue	9 469	—
Net operating result	1 748	629
Profit before tax	1 410	349
Taxation	(451)	(150)
Post-tax profit from continuing operations	959	199
Other comprehensive income	(949)	—
Total comprehensive income	**10**	**199**
Dividends received	—	175

[1] The group holds a 59% interest in SanlamAllianz Africa, a jointly controlled entity. The jointly controlled entity is an insurance entity focusing on opportunities on the African continent.
[2] The group held 70% interest in Sanlam Personal Loans, a jointly controlled entity in the personal loans business in South Africa up until 30 November 2023. Sanlam Personal Loans became a fully owned subsidiary of the group on 1 December 2023.

Details of individually immaterial joint ventures:

R million	2023	2022
Post-tax profit from continuing operations	129	146
Total comprehensive income	**129**	**146**

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.3 Other investments

Other investments comprise:

- Equities and similar securities;
- Interest-bearing investments;
- Structured transactions (including non-trading derivatives);
- Investment funds; and
- Deposits and similar securities.

These investments are either classified as subsequently measured at fair value through profit or loss (measured at fair value) or at amortised cost (measured at amortised cost), as described in the financial instruments accounting policy note. Loans of investment scrip are not treated as sales and purchases.

Structured transactions

Structured transaction assets include derivatives (ie foreign exchange contracts, interest rate futures, forward rate agreements, interest rate and equity options, currency swaps, credit default and interest rate swaps), structured notes (including equity linked notes) and collateralised securities (excluding fair value). Structured transaction liabilities consist of only derivatives.

Fair values are obtained from quoted market prices. In the absence of quoted market prices the group uses valuation techniques that incorporate factors that market participants would consider in setting the price and are consistent with accepted economic methodologies for pricing derivatives such as discounted cash flow models and option pricing models, as appropriate. The group calibrates its valuation techniques against market transactions or any available observable market data. Day one gains or losses on structured transactions measured using these valuation techniques are recognised in the statement of comprehensive income to the extent that they arise from a technique that incorporates only variables based on observable market data. The difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the deferred difference is recognised as a gain or loss only to the extent that it arises from a change in a factor that market participants would take into account in pricing the asset/liability.

The group does not separate embedded derivatives related to investment contract liabilities recognised at fair value. Derivatives are used for trading purposes by SanFin and for non-trading purposes by other group businesses. The fair values related to trading derivatives are included in trade and other receivables and the fair values of non-trading derivatives are included in the structured transactions. Non-trading transactions are those which are held for accounting and economic hedging purposes as part of the group's risk management strategy against assets, liabilities, positions or cash flows measured at fair value, as well as structures incorporated in the product design of policyholder products.

Structured transaction liabilities are classified as at mandatorily measured at fair value through profit or loss.

Deposits and similar securities

Deposits and similar securities consist of negotiable certificates of deposit and other short-term highly liquid investments with maturity profiles of more than 90 days. Refer to note 37 for additional information on measurement.

12.3.1 Equities and similar securities

R million	2023	Restated[1] 2022
Equities and similar securities comprise:		
Listed on the JSE – at market value[2]	54 516	56 312
Unlisted – at fair value	2 792	1 511
Offshore equity investments	25 009	24 876
Listed – at market value	25 009	24 691
Unlisted – at fair value	–	185
Equities held by consolidated investment funds	77 068	102 987
Total equities and similar securities	159 385	185 686

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.
[2] The carrying amount of own shares recognised as equities and similar securities is R10 312 million (2022: R8 967 million).
[3] Equities and similar securities of R5 478 million (2022: R9 920 million) were reclassified to non-current assets held for sale in the current year. Refer to note 36 for additional information.

Equities are mandatorily measured at fair through profit or loss.

Spread of equities listed on the JSE by sector (%)	2023	Restated[1] 2022
Consumer services	11,7	9,3
Consumer goods	7,5	5,3
Financials	24,1	34,2
Basic materials	21,5	22,7
General industrials	4,4	3,1
Telecommunications	4,4	5,2
Healthcare	5,5	2,2
Information technology	11,5	11,9
Property	2,4	1,6
Other	7,0	4,5
	100,0	100,0

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.3.2 Investments other than equities and similar securities, equity-accounted investments and properties

R million	Designated as at fair value through profit or loss[1]	Mandatorily measured at fair value through profit or loss	Total fair value	Amortised cost gross	Amortised cost net[2]	Total
31 December 2023						
Deposits and similar securities	38 082	—	38 082	21	21	38 103
Structured transactions	1 917	24 197	26 114	—	—	26 114
Interest-bearing investments	243 691	—	243 691	5 681	5 681	249 372
Government interest-bearing investments	97 101	—	97 101	21	21	97 122
Corporate interest-bearing investments	114 860	—	114 860	4 169	4 169	119 029
Other interest-bearing investments	31 730	—	31 730	1 491	1 491	33 221
Investment funds	—	301 949	301 949	—	—	301 949
	283 690	326 146	609 836	5 702	5 702	615 538
Structured transaction liabilities	—	12 287	12 287	—	—	12 287
31 December 2022 – (restated)[3][4][5]						
Deposits and similar securities[4]	28 717	—	28 717	19	19	28 736
Structured transactions[5]	2 111	15 980	18 091	—	—	18 091
Interest-bearing investments[5]	239 230	—	239 230	5 405	5 405	244 635
Government interest-bearing investments[5]	91 439	—	91 439	—	—	91 439
Corporate interest-bearing investments[5]	116 382	—	116 382	3 965	3 965	120 347
Other interest-bearing investments[3]	31 409	—	31 409	1 440	1 440	32 849
Investment funds	—	264 490	264 490	—	—	264 490
	270 058	280 470	550 528	5 424	5 424	555 952
Structured transaction liabilities[5]	—	11 561	11 561	—	—	11 561

(1) The group has designated certain investment assets as fair value through profit or loss to reduce or limit accounting mismatches. The change during the period and cumulatively in fair value through profit and loss that is attributable to change in the credit risk of the financial asset is determined as the change triggered by factors other than changes in benchmark interest rate. The impact of changes in credit risk for 2023 and 2022 was not material. For financial assets designated at fair value through profit or loss, the maximum exposure to credit risk is equivalent to the carrying amount of the financial asset.

(2) The estimated fair value of investments valued at amortised cost amounts to R5 702 million (2022: R5 424 million). These are classified as level 2 instruments and the valuation is based on discounted cash flows.

(3) The prior year has been restated for the application of IFRS 17, refer to note 39.2 for additional information. Other interest-bearing investments classified at amortised cost decreased with R692 million from R2 132 million to R1 440 million.

(4) The prior year has been restated for the reclassification of cash and cash equivalents and accrued investment income, refer to note 39.2 and 39.4 for additional information. Deposits and similar securities classified designated at fair value through profit or loss decreased with R16 037 million due to reclassification of cash and cash equivalents and increased with R493 million due to the reclassification of accrued investment income. This resulted in the restatement from R44 261 million, previously reported, to R28 717 million. Deposits and similar securities classified at amortised cost decreased with R2 648 million from R2 667 million to R19 million due to reclassification of cash and cash equivalents.

(5) The prior year has been restated for the reclassification of accrued investment income and payable. Refer to note 39.4 for additional information. Structured transactions classified designated at fair value through profit or loss increased with R120 million from R1 991 million to R2 111 million. Structured transactions classified mandatorily at fair value through profit or loss decreased with R20 million from R 16 000 million to R 15 980 million. Government interest-bearing investments classified designated at fair value through profit or loss increased with R1 804 million from R89 635 million to R91 439 million. Corporate interest-bearing investments classified designated at fair value through profit or loss increased with R1 093 million from R115 289 million to R116 382 million. Other interest-bearing investments classified designated at fair value through profit or loss increased with R254 million from R31 155 million to R31 409 million. Structured transactions liabilities classified mandatorily at fair value through profit or loss increased with R589 million from R10 972 million to R11 561 million.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.3.2 Investments other than equities and similar securities, equity-accounted investments and properties continued

Maturity analysis

R million	On demand	<1 year	1 – 5 years	>5 years	Total
31 December 2023					
Interest-bearing investments	10	54 837	107 024	87 501	249 372
Government interest-bearing investments	—	16 866	14 312	65 944	97 122
Corporate interest-bearing investments	—	29 567	75 054	14 408	119 029
Other interest-bearing investments	10	8 404	17 658	7 149	33 221
Structured transactions	—	17 217	3 101	5 796	26 114
Investment funds	301 949	—	—	—	301 949
Deposits and similar securities[1]	—	20 231	17 677	195	38 103
	301 959	92 285	127 802	93 492	615 538
Structured transaction liabilities – present value	—	3 978	3 547	4 762	12 287
Structured transaction liabilities – undiscounted	—	8 054	1 739	2 884	12 677
31 December 2022 – (restated)[2][3]					
Interest-bearing investments[2][3][4]	18 291	51 327	97 143	77 874	244 635
Government interest-bearing investments[4]	10 342	12 053	14 289	54 755	91 439
Corporate interest-bearing investments[4]	7 935	32 125	65 422	14 865	120 347
Other interest-bearing investments[2][4]	14	7 149	17 432	8 254	32 849
Structured transactions[4]	512	11 025	2 305	4 249	18 091
Investment funds[4]	264 490	—	—	—	264 490
Deposits and similar securities[1][3][4]	—	13 971	14 384	381	28 736
	283 293	76 323	113 832	82 504	555 952
Structured transaction liabilities – present value[4]	—	3 116	1 859	6 586	11 561
Structured transaction liabilities – undiscounted	—	4 428	1 856	3 391	9 675

[1] Current accounts are included in the less than one year maturity.
[2] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.
[3] The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.
[4] The prior year has been restated for accrued investment income and payable. Refer to note 39.4 for additional information.

Investment income

Investment income includes interest, net rental income and dividend income received. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the net income earned from interest margin business.

Rental income is recognised on an accrual basis, apart from operating leases that contain fixed escalation clauses, where it is recognised on a straight-line basis over the lease term. The difference between rental income on a straight-line and accrual basis is recognised as part of the carrying amount of properties in the statement of financial position.

Dividend income is recognised once the last day for registration has passed. Capitalisation shares received in terms of a capitalisation issue from reserves, other than share premium or a reduction in share capital, are treated as dividend income.

Sanlam group, through wholly owned subsidiaries, issues redeemable preference shares from time to time. The proceeds from these shares utilised to invest in similar assets (redeemable preference shares) in order to earn a margin acceptable to the group.

Investment surpluses

Investment surpluses consist of net realised gains and losses on the sale of investments and net unrealised fair value gains and losses on the valuation of investments at fair value, excluding investments relating to capital market activities. Net realised gains and losses relate to gains and losses recognised on the disposal of the investments. Net unrealised fair value gains and losses relate to fair value adjustments arising on the valuation of investments which are still held by the group. Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the statement of comprehensive income as investment surpluses. Investment surpluses are recognised in profit or loss in the statement of comprehensive income on the date of sale or upon valuation to fair value.

R million	2023	Restated[1] 2022
Investment income		
Equities and similar securities	12 574	13 716
Interest-bearing, preference shares and similar securities	25 057	22 160
Properties	678	841
Rental income – excluding contingent rental	794	973
Contingent rental income	64	85
Rental-related expenses	(180)	(217)
Income from margin business[2]	(11)	64
Total investment income (including profit from discontinued operations)	38 298	36 781
Profit from discontinued operations	4 141	5 110
Investment income on assets held in respect of insurance contracts (continuing operations)	9 528	7 685
Investment income (continuing operations)	24 629	23 986
Interest income on financial assets measured at amortised cost	50	50

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.
[2] Refer to note 26 for finance cost incurred in respect of margin business.

Notes to the group financial statements continued

for the year ended 31 December

12 Investments continued

12.4 Investment return

R million	2023	Restated[1] 2022
Investment surpluses/(deficits)		
Financial assets	67 641	(21 305)
Financial assets designated as at fair value through profit or loss	4 833	(6 981)
Financial assets mandatorily measured at fair value through profit or loss	62 798	(14 326)
Financial assets measured at amortised cost	10	2
Financial liabilities	(42)	40
Financial liabilities designated as at fair value through profit or loss	(10)	3
Financial liabilities mandatorily measured at fair value through profit or loss	(6)	—
Financial liabilities measured at amortised cost	(26)	37
Investment properties	(571)	1 182
Profit on disposal of subsidiaries, associated companies and operations	494	2 013
Total investment surpluses/(deficits) (including profit from discontinued operations)	67 522	(18 070)
Profit from discontinued operations	2 259	(2 542)
Investment surpluses/(deficits) on assets held in respect of insurance contracts (continuing operations)	6 408	(996)
Investment surpluses/(deficits) (continuing operations)	58 855	(14 532)
Investment return includes:		
Foreign exchange gains	189	385
Financial assets measured at amortised cost		
Gains on derecognition of financial assets measured at amortised cost	11	8
Losses on derecognition of financial assets measured at amortised cost	—	(6)

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

Profit on disposal of subsidiaries, associated companies and operations

R million	2023	2022
Sanlam Life and Savings	866	85
SA Retail Affluent	956	—
SA Corporate	(90)	85
Sanlam Investment Group	15	1 924
Santam	118	—
Sanlam Emerging Markets	(505)	4
Profit on disposal of subsidiaries, associated companies and operations	494	2 013

12.5 Use of valuation techniques to determine fair value

Refer to note 37 for additional disclosures.

12.6 External investors in consolidated funds

These are designated at fair value through profit and loss. Refer to note 37 for the fair value levels.

13 Trading account assets and liabilities

13.1 Trading account assets

Trading account assets include equities and similar securities, interest-bearing instruments and derivative financial instruments relating to the trading transactions undertaken by the group for market making, to service customer needs, for proprietary purposes, as well as any related economic hedging transactions. These transactions are marked-to-market (fair values) after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income as revenue. The fair values related to such contracts and commitments are determined on the same basis as described for non-trading instruments in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32 – Financial Instruments: Disclosure and presentation.

R million	2023	2022
Classification of trading account assets:		
Mandatorily measured at fair value through profit or loss	13 554	14 124

	Non-derivative trading account assets		Derivative trading account assets		Total trading account assets	
R million	2023	2022	2023	2022	2023	2022
Maturity analysis of trading account – fair value						
On demand	424	402	6	1	430	403
Due within one year	1 731	2 126	34	(404)	1 765	1 722
Due from one to five years	133	2 827	710	940	843	3 767
Due after five years	10 496	8 210	20	22	10 516	8 232
Total	12 784	13 565	770	559	13 554	14 124
Maturity analysis of trading account – undiscounted						
On demand	322	264	2	2	324	266
Due within one year	3 138	2 804	104	98	3 242	2 902
Due from one to five years	5 221	6 163	698	903	5 919	7 066
Due after five years	36 315	27 063	(1)	(5)	36 314	27 058
Total	44 996	36 294	803	998	45 799	37 292

Notes to the group financial statements continued

for the year ended 31 December

13 Trading account assets and liabilities continued

13.2 Trading account liabilities

Trading account liabilities consists of borrowings in terms of the commercial paper programme to fund the activities in the group, repurchase agreements which fund the long bond positions and which are also used as a source of funding using borrowed bond scrip, CSA collateral and margin received from clients or counterparties, short bond and equity positions and interest rate and equity derivative liabilities. These transactions are marked-to-market (fair values) after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income as revenue. The fair values related to such contracts and commitments are determined on the same basis as described for non-trading instruments in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32 – Financial Instruments: Disclosure and presentation.

R million	2023	2022
Classification of trading account liabilities:		
Mandatorily measured at fair value through profit or loss	1 947	1 963
Designated at fair value through profit or loss	16 500	14 670
Other payables at amortised cost	1 120	1 161
Total trading account liabilities	19 567	17 794

Included in trading account liabilities are repurchase agreement positions of R10 347 million (2022: R8 019 million) which is secured by interest-bearing investments with a carrying value of R11 107 million (2022: R8 098 million). It relates to the sale of interest-bearing investments with an agreement to repurchase these investments at a fixed price at a later date. Where financial instruments are sold subject to a commitment to repurchase them, the financial instrument is not derecognised and remains in the statement of financial position. The proceeds received are recognised as a liability (trading account payable) carried at fair value.

	Non-derivative trading account liabilities		Derivative trading account liabilities		Total trading account liabilities	
R million	2023	2022	2023	2022	2023	2022
Maturity analysis of trading account – fair value						
Due within one year	18 293	15 778	9	2	18 302	15 780
Due from one to five years	1 145	1 986	6	14	1 151	2 000
Due after five years	101	—	13	14	114	14
Total	19 539	17 764	28	30	19 567	17 794
Maturity analysis of trading account – undiscounted						
Due within one year	18 416	15 689	13	16	18 429	15 705
Due from one to five years	1 145	2 008	21	20	1 166	2 028
Due after five years	101	—	(2)	(6)	99	(6)
Total	19 662	17 697	32	30	19 694	17 727

14 Advances to customers

Advances to customers relate to the newly acquired subsidiary Sanlam Personal Loans. Refer to note 35.2.

Advances to customers are measured initially at fair value plus incremental direct transaction costs. Subsequently, these are carried at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of advances to customers and of allocating interest income over the relevant period. The amortised cost of advances to customers is the amount at which it is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any impairment loss allowance. The gross carrying amount of advances to customers is the amortised cost of it before adjusting for any impairment loss allowance.

Advances to customers are assessed on an individual basis for indicators of impairment. Advances to customers are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the advance, the estimated future cash flows have been impacted, as well as observable changes in national or local economic conditions that correlate with default on advances.

	2023		
R million	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost
Advances to customers	4 048	17	4 065

Maturity analysis of advances to customers

R million	2023
Due within one year	970
Due from one to five years	2 986
Due after five years	109
Total advances to customers	4 065

The estimated fair value of advances to customers at amortised cost approximate the carrying value. This valuation is based on a discounted cash flows and is classified as level 3.

The change during the period and cumulatively in fair value through profit or loss that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark interest rates. The impact of the changes in credit risk for 2023 are not material.

The amount of expected credit loss (ECL) that is the difference between the cash flows that are due from customers in accordance with the contract and the cash flows that are expected to be received, discounted at the advances' original effective interest rates. Changes in the carrying amount of the portfolio provision account are charged to the statement of comprehensive income.

Extensive data has been collated and a number of scenario based models have been developed for the credit risk analysis and assessment, as well as the measurement of ECL.

The total impairment provisions consist of the expected credit loss model and post-model overlays. The ECL model is calibrated to provide through-the-cycle losses. The post-model overlay includes forward looking information that incorporates specific macroeconomic variables to adjust the losses accordingly.

Notes to the group financial statements continued

for the year ended 31 December

14 Advances to customers continued

The group uses a three stage model in determining the ECL allowance on its advances to customers which is based on changes in credit risk quality since initial recognition.

12-month ECL: No significant increase in credit risk since initial recognition. Includes advances to customers not credit impaired at initial recognition. 12-month ECL allowance is recognised. Indicators include less than one full instalment in arrears, technical cures and restructures. The effective interest is calculated on the gross carrying amount (ie before taking into account any ECL allowances).

Lifetime ECL (not credit-impaired): A significant increase in credit risk has been identified. However, advances to customers are determined not to be credit impaired. ECL is measured based on a lifetime basis. Indicators include but not limited to; one or two full instalments in arrears, fully cured restructures but excluding technical cures. The effective interest is calculated on the gross carrying amount (ie before taking into account any ECL allowances).

Lifetime ECL (credit-impaired): Represents advances to customers that are credit-impaired. ECL measured based on a lifetime basis. Indicators include but not limited to; three or more instalments in arrears, the customer is in financial distress and technical cures identified. The effective interest is calculated on the net carrying amount (ie after taking into account any ECL allowances).

A cure occurs when an account does not meet the default definition for a specified number of months. Thus, a cure is defined as the movement of exposures from a non-performing loan status to a performing loan status. A technical cure relates to a non-restructure performing account that defaulted and cured to a performing loan status, but is still classified as a non-performing loan or a technical cure relates to a restructured account that was forced into default at point of restructure. Non-restructure accounts should remain in a performing status for 12 consecutive months before it is removed from the non-performing loan status and restructure accounts should be in up-to-date status for 12 consecutive months measured against the new contract.

Modification gains/losses arise where the original term and/or interest rate of customer accounts have changed. Modification gains/losses are calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, and is recognised within the statement of comprehensive income.

The cash flow model is built solely on restructured accounts to ensure that the total expected credit loss and modification gains/losses are incorporated in the total provision number. The cash flow model calculates the difference between the cash flows that are due from customers in accordance with the restructured contract and the cash flows that the entity expects to receive discounted to restructure date at the original effective interest rate.

Restructured accounts are accounts (including customers under debt review) where there is a formal contractual arrangement between the customer and the company, where both parties have agreed to alter the terms of the original loan agreement. The contractual terms are changed in such a way to accept less than the original contractual amounts due, resulting in cash flow relief for the customer. The contract terms are generally adjusted when the customer can no longer afford the payments under the original agreement terms.

Suspended interest is the difference between the original interest amount due from a customer and the interest amount due on the amortised cost for credit-impaired advances to customers. Suspended interest on credit-impaired advances to customers is derecognised from provisions for impairment and recognised within the gross carrying amount of advances to customers.

Significant increase in credit risk

Significant increase in credit risk involves the company assessing whether the credit risk on advances to customers have increased significantly since initial recognition, the company compares the risk of a default occurring on the advances to customers at the reporting date with the risk of a default occurring on the advances to customers at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's customers operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant strategic advisors and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

The company assumes that the credit risk on advances to customers have not increased significantly since initial recognition, if the advances to customers are determined to have low credit risk at the reporting date. Advances to customers are determined to have low credit risk if:

- the loan and advances have a low risk of default,
- the customer has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the customer to fulfil its contractual cash flow obligations.

Definition of default

An account is considered in default/non-performing when one of the following events occur:

- Three or more instalments in arrears (three or more full instalments in arrears), or resulting in a technical cure.
- Classification (An account will be classified once it meets the write-off criteria. From a system perspective, classification is a trigger for write-off).
- Distressed restructures are classified as non-performing at the point of restructure. Should the account be in an up-to-date state for 12 consecutive months measured against the new contract, they are moved from non-performing loan (NPL) to a performing loan.

Credit impaired financial assets

Credit impairment of advances to customers occur when there are one or more events that have a detrimental impact on the estimated future cash flows of advances to customers. Evidence that advances to customers are credit-impaired includes observable data about the following events:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or past due event;
- for economic or contractual reasons relating to the customers' financial difficulty, having granted to the customer a concession(s) that the company and group would not otherwise consider;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganisation; or
- the deterioration of an active market for advances to customers, because of market conditions.

Write-off policy

After exhausting all the practical avenues available to the company and in line with the internal collections department policy, based on the specific information and facts relating to each specific customer the relevant debts are written off as bad and charged to the statement of other comprehensive income, when future recoveries are considered immaterial. Accounts that are written off as bad are considered for hand over to an external debt collector when the relevant criteria are met.

Notes to the group financial statements continued

for the year ended 31 December

15 Trade receivables and payables

15.1 Trade and other receivables

Trade and other receivables are measured in accordance with the classification categories below. Investment income due is classified in accordance with the classification of the asset that the investment income due stems from to the extent that it forms part of the carrying value of the instrument. Contract receivables are recognised when performance obligations are complete, but the compensation has not yet been received. Contract receivables are unconditional rights to consideration. A right to consideration is unconditional if only the passage of time is required before payment becomes due. Contract receivables are presented separately from contract assets and cannot be netted off against contract liabilities.

R million	2023					
	Fair value	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost	Non-financial instrument	Total
Accounts receivable	12	15 866	(334)	15 532	1 090	16 634
Premiums receivable[1]	—	1 622	(320)	1 302	—	1 302
Investment income due	—	618	—	618	—	618
Contract receivables	—	1 460	—	1 460	—	1 460
Total trade and other receivables	**12**	**19 566**	**(654)**	**18 912**	**1 090**	**20 014**

R million	Restated[2] – 2022					
	Fair value	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost	Non-financial instrument	Total
Accounts receivable[2]	40	12 217	(334)	11 883	279	12 202
Premiums receivable[1][2]	—	580	(320)	260	—	260
Investment income due[2]	—	1 491	—	1 491	—	1 491
Contract receivables	—	1 258	—	1 258	—	1 258
Contract assets	—	21	—	21	—	21
Total trade and other receivables[4]	40	15 567	(654)	14 913	279	15 232

R million	2023	Restated[2] 2022
Classification of trade and other receivables:		
Mandatorily measured at fair value through profit or loss	12	40
Amortised cost[2]	18 912	14 913
Non-financial instrument[3]	1 090	279
Total trade and other receivables	**20 014**	15 232

Trade and other receivables, are receivable within one year. The estimated fair value of receivables at amortised cost approximate the carrying value. This valuation is based on a discounted cash flows and is classified as level 3.

[1] Premiums receivable relate to financial instruments measured within the scope of IFRS 9.
[2] The prior years have been restated for the initial application of IFRS 17 and accrued investment income. Refer to note 39.1 and note 39.4 for additional information.
[3] Non-financial instruments refer to prepaid expenses.
[4] Trade and other receivables of R564 million (2022: R3 711 million) were reclassified to non-current assets held for sale in the previous year. Refer to note 36 for additional information.

Reconciliation of contract receivables

R million	2023	Restated 2022
Balance at the beginning of the year	**1 258**	1 019
Revenue recognised in the current reporting period	16 186	4 344
Consideration received	(16 142)	(4 098)
Reclassified as non-current assets held for sale	—	(46)
Acquired through business combination	535	—
Disposal of subsidiaries	(5)	—
Foreign currency translation reserve	2	28
Other movements	(374)	11
Balance at the end of the year	**1 460**	1 258

Refer to note 24 for the disaggregation of revenue recognised in accordance with IFRS 15.

Notes to the group financial statements continued

for the year ended 31 December

15 Trade receivables and payables continued

15.1 Trade and other receivables continued

Reconciliation of expected credit losses

R million	2023	Restated 2022
Accounts receivable		
Balance at the beginning of year	334	685
Net remeasurement of loss allowance	2	54
Foreign currency translation differences	–	(397)
Reclassified to non-current assets held for sale	(2)	(8)
Balance at the end of the year	334	334
Premiums receivable		
Balance at the beginning of year	320	2 261
Net remeasurement of loss allowance	256	(50)
Foreign currency translation differences	–	(84)
IFRS 17 transitional adjustment	–	19
Reclassified to non-current assets held for sale	(256)	(1 826)
Balance at the end of the year	320	320
Investment income due		
Balance at the beginning of year	–	18
Reclassified to non-current assets held for sale	–	(18)
Balance at the end of the year	–	–

Trade and other receivables:

Movement in expected credit loss allowance is mainly due to an increase in net remeasurement of loss allowance of accounts receivable of R258 million.

Santam:

The general approach is applied to provide for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create three categories, namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year-end. The loss rates are adjusted to reflect current and forward looking information on macroeconomic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be "not performing" and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

Other receivables:

Expected credit losses have been provided for as follows:
Premiums receivable: 100% of premiums receivable which has been outstanding for longer than 30 days.

Commission receivable (including accounts receivable):
- 50% of commission receivable in respect of active agents;
- 50% of commission receivable in respect of active sales representatives;
- 100% of commission receivable in respect of inactive sales representatives; and
- Broker commission receivable is based on the debtors for which the amount due is higher than net present value of unearned commission:
  - Target of 83% is set as standard provision for brokers whose outstanding balance is higher than net present value of unearned commission
  - 100% of the outstanding amount for terminated brokers with high risk assessment as determined by broker support.

15.2 Trade and other payables

Trade and other payables are measured in accordance with the classification categories below. Accrued investment payable is classified in accordance with the classification of the liability that the investment payable stems from to the extent that it forms part of the carrying value of the instrument.

R million	2023	Restated[(1)] 2022
Accounts payable	30 261	27 581
Accrued interest payable[(1)]	402	690
Bank overdrafts	137	16
Contract liabilities	–	1
Total trade and other payables[(4)]	30 800	28 288
Classification of trade and other payables:		
Designated at fair value through profit or loss[(2)]	202	100
Other payables at amortised cost[(1)]	28 418	26 716
Non-financial instruments[(3)]	2 180	1 472
Total trade and other payables	30 800	28 288

Trade and other payables, are payable within one year. The estimated fair value of other payables at amortised cost approximates the carrying value. The valuation is based on discounted cash flows and is classified as level 3.

(1) The prior years have been restated for the initial application of IFRS 17 and accrued interest payable. Refer to note 39.1 and note 39.4 for additional information.
(2) For trade and other payables designated at fair value through profit or loss, the amount contractually payable at maturity is equivalent to the carrying amount of the financial liability.
(3) Non-financial instruments include leave pay accrual and income received in advance.
(4) Trade and other payables of R652 million (2022: R5 140 million) were reclassified to non-current liabilities held for sale in the previous year. Refer to note 36 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

16 Short-term investments

Short-term investments which main purpose is to meet the liquidity requirements of the group in the ordinary course of business, comprise highly liquid investments with original maturities of three months or more, such as interest-bearing investments, structured transactions and deposits, and similar securities.

Short-term investments is considered to be financial assets which on initial recognition are classified as designated at fair value through profit or loss to reduce or limit accounting mismatches. Financial instruments classified at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (ie on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value recognised in the statement of comprehensive income as investment surpluses.

Refer to note 37 for further information in respect of the determination of fair value and fair value hierarchy.

Short-term investments are classified as follows:

R million	2023	Restated(1) 2022
Short-term investments(2)	9 089	5 375

(1) The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.
(2) Short-term investments are classified as level 2 instruments and the valuation is based on discounted cash flows.

17 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, call deposits and negotiable certificates of deposit with maturity profiles of less 90 days and is classified at amortised cost.

Cash and cash equivalents are classified as follows:

	2023			Restated(1) 2022		
R million	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost
Cash and cash equivalents	25 837	(8)	25 829	36 867	(1)	36 866

Reconciliation of expected credit losses

	2023	Restated(1) 2022
R million	Lifetime ECL (not credit impaired)	Lifetime ECL (not credit impaired)
Balance at the beginning of the year	1	19
Net remeasurement of loss allowance	(1)	1
Reclassified as non-current assets held for sale	—	(16)
Foreign currency translation differences	8	(3)
Balance at the end of the year	8	1

(1) The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.

18 Share capital and premium

Share capital is classified as equity where the group has no obligation to deliver cash or other assets to shareholders.

Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

Shares held in Sanlam Limited by policyholder portfolios and subsidiary companies (treasury shares) are recognised as a deduction from equity on consolidation. The cost of treasury shares acquired is deducted from equity on date of acquisition. The consideration received on the disposal of treasury shares, net of incremental costs attributable to the disposal and tax, is also recognised directly in equity.

		2023	2022
Authorised share capital			
4 000 million ordinary shares of 1 cent each	R million	40,0	40,0
Issued share capital: ordinary shares			
Total shares in issue at the beginning of the year	million	2 226,9	2 226,9
Shares issued during the year	million	7,3	—
Shares cancelled during the year	million	(31,3)	—
Total shares in issue at the end of the year	million	2 202,9	2 226,9
Shares held by subsidiaries	million	(142,3)	(184,1)
Balance at the end of the year	million	2 060,6	2 042,8
% of ordinary shares held by subsidiaries		6,5%	8,3%
Nominal value and share premium			
Nominal value of 1 cent per share	R million	22,0	22,3
Share premium	R million	13 011,2	12 761,3
Total nominal value and share premium	R million	13 033,2	12 783,6

Special resolutions by subsidiary companies since the date of the previous directors' report relate to approval of directors' remuneration, general authority to purchase shares, general authority to provide financial assistance in terms of section 44 of the Companies Act, and general authority to provide assistance to inter-related companies in terms of section 45 of the Companies Act.

Notes to the group financial statements continued

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18 Share capital and premium continued

Thousands	Shares 2023	Shares 2022
Executive share incentive scheme[1]		
Total number of shares at the beginning of the year	33 817	31 668
Unrestricted shares at the beginning of the year	(766)	(613)
Restricted shares at the beginning of the year	33 051	31 055
Additional shares issued pertaining to prior year tranches	—	362
New restricted shares granted in terms of restricted share and deferred share plan schemes	8 261	8 536
Unconditional shares released, available for release, or taken up	(5 750)	(4 621)
Options and shares forfeited/transferred to new scheme	(2 548)	(2 281)
Restricted shares at the end of the year	33 014	33 051
Unrestricted shares at the end of the year[2]	363	766
Total equity participation by employees[3]	33 377	33 817

[1] Refer to the remuneration report for further details of the schemes.
[2] 219 146 shares became unrestricted during 2023 (2022: 709 672) in respect of the Restricted Share Plan.
[3] Refer to the remuneration report on pages 280 to 299 where the directors' interests in contracts and interests of directors and officers in share capital and changes in directors are disclosed (which have been audited).

Thousands	Shares 2023	Shares 2022
Total equity participation by employees as a percentage of total issued ordinary shares	1,5%	1,5%
Approved maximum level of equity participation by employees (number of shares)	160 000	160 000

Details regarding the restricted shares outstanding on 31 December 2023 and the financial years during which they become unconditional, are as follows:

Thousands	Number of shares
Unrestricted during year ending (subject to performance targets)	
31 December 2024	6 620
31 December 2025	11 904
31 December 2026	7 604
31 December 2027	4 615
31 December 2028	2 273
Total unrestricted shares	33 016

A total of 8,2 million (2022: 8,8 million) restricted shares were granted to staff and executive directors during 2023. The fair value of the grants on grant date, calculated in terms of IFRS 2, amounted to R415 million (2022: R488 million) and is expensed in the statement of comprehensive income over the vesting period of up to five years. The fair value is based on the Sanlam share price on grant date, adjusted for dividends not accruing to participants during the vesting period.

19 Other reserves

Non-distributable reserve

The non-distributable reserve consists of the pre-acquisition reserve arising from the demutualisation of Sanlam Life Insurance Limited in 1998. The regulatory non-distributable reserves comprises mainly of the group's Botswana as well as Kenya, Malaysia and Saham operations which, in 2023, have been released as a result of the SanlamAllianz transaction.

Foreign currency translation reserve

The exchange differences arising on the translation of foreign operations to the presentation currency are transferred to the foreign currency translation reserve. On disposal of the net investment, the cumulative exchange differences relating to the operations disposed of are released to the statement of comprehensive income.

Consolidation reserve

Deferred tax assets recognised in respect of assessed tax losses in policyholder funds increases the group's net assets without a corresponding increase in policy liabilities. These create mismatches with a corresponding impact on the shareholders' fund. A separate reserve is created for these valuation differences owing to the fact that they represent accounting differences and not economic gains or losses for the shareholders' fund.

The group elected not to derecognise the investment in Sanlam Limited shares held by policyholder portfolios and consolidated IFRS 10 vehicles as part of IFRS 17 transition and consequential amendment to IAS 32. This has been applied retrospectively.

In respect of the deferred tax, the reserve represents net assessed losses to the extent that assets are considered recognisable, and will be realised as the assessed tax losses are utilised.

R million	2023	Restated[1] 2022
Non-distributable reserves	9 414	9 972
Pre-acquisition reserves upon demutualisation of Sanlam Life Insurance Limited	9 414	9 414
Regulatory reserves	—	558
Foreign currency translation reserve	2 542	444
Consolidation reserve	(949)	(4 179)
Policyholder fund investments in consolidated subsidiaries	243	(66)
Tax benefit in respect of the individual policyholders' tax fund (IPF) tax losses	570	706
Policyholder fund investment in Sanlam Limited shares	(1 762)	(4 819)
Total reserves other than retained earnings	11 007	6 237

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

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20 Non-controlling interest

R million	2023	Restated[(1)] 2022
Santam	4 124	4 423
Sanlam Emerging Markets	1 880	8 147
Botswana Insurance Holdings	—	2 105
MCIS Insurance	742	635
Sanlam Namibia Holdings	900	780
Sanlam Pan-Africa	—	4 294
Saham Assurance Maroc	—	3 506
Other Sanlam Pan-Africa	—	788
Other Sanlam Emerging Markets	238	333
Brightrock Holdings	—	270
Sanlam Investment Holdings Capital	380	445
Absa Financial Services Limited	618	615
Afrocentric	1 060	—
Other	235	376
Non-controlling shareholders' interest	8 297	14 276
Non-controlling policyholders' interest	78	105
Total non-controlling interest	8 375	14 381

(1) The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

20.1 Financial information for subsidiaries with significant non-controlling interest

Analysis of the group's holding in material subsidiaries	Santam Limited[(1)]		Sanlam Investment Holdings Capital[(2)]		Afrocentric[(3)]	MCIS Insurance[(4)]		Botswana Insurance Holdings Limited[(5)(7)]	Saham Assurance Maroc[(6)(7)]
%	2023	2022	2023	2022	2023	2023	2022	2022	2022
Shareholders' fund	62,58	62,26	75,00	75,00	59,8	51,00	51,00	58,93	61,72
Policyholders' fund	0,14	0,13	—	—	—	—	—	—	—
Non-controlling Interest	37,28	37,61	25,00	25,00	40,2	49,00	49,00	41,07	38,28
Total	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00

(1) The financial information of Santam Limited, incorporated and operating mainly in South Africa, which has a material non-controlling interest has summarised below. This information provided is based on amounts before inter-company eliminations.
(2) The financial information of Sanlam Investment Holdings Capital (SIHC), incorporated and operating mainly in South Africa which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.
(3) The financial information of Afrocentric Investment Corporation Limited, incorporated and operating mainly in South Africa, which has a material non-controlling has been summarised below. This information provided is based on amounts before inter-company eliminations.
(4) The financial information of MCIS Insurance, incorporated and operating mainly in Malaysia, which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.
(5) The financial information of Botswana Insurance Holdings Limited, incorporated and operating mainly in Botswana.
(6) The financial information of Saham Assurance Maroc, incorporated and operating mainly in Morocco.
(7) The group's holding in Botswana Insurance Holdings Limited and Saham Assurance Maroc was sold to the joint venture SanlamAllianz Africa on 4 September 2023. Consequently comparative information has not been presented.

Notes to the group financial statements continued

for the year ended 31 December

20 Non-controlling interest continued

20.1.1 Financial information of Santam Limited

Summarised statement of profit or loss for the year ending 31 December

R million	2023	2022
Result from insurance operations	771	2 073
Revenue	464	387
Expenses	(1 219)	(729)
Share of profit of associates and joint ventures	786	54
Other income	4 823	2 112
Finance cost	(438)	(323)
Gross amortisation of intangible assets	(77)	(105)
Profit before tax	5 110	3 469
Income tax	(1 727)	(1 392)
Profit for the year	3 383	2 077
Total comprehensive income	3 455	2 020
Attributable to non-controlling interests	1 288	760
Dividends paid to non-controlling interests	(1 387)	(958)

Summarised statement of financial position at 31 December

R million	2023	2022
Assets		
Investments	46 320	38 132
Assets of disposal group held for sale	—	1 768
Other non-current assets	2 265	1 852
Other current assets	10 987	14 898
Cash and cash equivalents	4 819	5 397
Trade and other receivables	3 531	3 461
Liabilities		
Insurance and reinsurance contract liabilities	(41 231)	(41 222)
Investment contract liabilities	(6 286)	(5 214)
Other non-current liabilities	(3 877)	(4 111)
Deferred tax	(1 103)	(100)
Other current liabilities	(1 189)	(473)
Trade and other payables	(2 830)	(2 855)
Total equity	11 406	11 533
Attributable to:		
Equity holders of the parent	7 154	7 195
Non-controlling interest	4 252	4 338

Summarised statement of cash flow for the year ending 31 December

R million	2023	2022
Operating	650	3 553
Investing	2 146	1
Financing	(3 335)	(2 688)
Net increase in cash and cash equivalents	(539)	866

20.1.2 Financial information of Sanlam Investment Holdings Capital

Summarised statement of profit or loss for the year ending 31 December

R million	2023	2022
Revenue	3 280	2 531
Expenses	(2 664)	(1 959)
Share of profit of associates and joint ventures	94	137
Finance cost	(22)	(3)
Profit before tax	688	706
Income tax	(188)	(129)
Profit for the year	500	577
Total comprehensive income	508	581
Attributable to non-controlling interests	127	185
Dividends paid to non-controlling interests	163	108

Summarised statement of financial position at 31 December

R million	2023	2022
Assets		
Investments	1 019	884
Other non-current assets	1 883	1 782
Other current assets	124	404
Cash and cash equivalents	1 179	741
Trade and other receivables	1 163	981
Liabilities		
Other non-current liabilities	(491)	(302)
Deferred tax	(18)	(5)
Other current liabilities	(246)	(203)
Trade and other payables	(1 562)	(1 317)
Total equity	3 051	2 965
Attributable to:		
Equity holders of the parent	2 036	2 092
Non-controlling interest	1 015	873

Summarised statement of cash flow for the year ending 31 December

R million	2023	2022
Operating	405	226
Investing	(1)	(129)
Financing	34	(4)
Net increase in cash and cash equivalents	438	93

Notes to the group financial statements continued

for the year ended 31 December

20 Non-controlling interest continued

20.1.3 Financial information of Afrocentric

Summarised statement of profit or loss for the year ending 31 December

R million	2023
Revenue	3 947
Expenses	(3 691)
Share of profit of associates and joint ventures	(11)
Finance cost	(12)
Profit before tax	233
Income tax	(74)
Profit for the year	159
Total comprehensive income	158
Attributable to non-controlling interests	63
Dividends paid to non-controlling interests	(15)

Summarised statement of financial position at 31 December

R million	2023
Assets	
Investments	77
Other non-current assets	3 857
Other current assets	43
Cash and cash equivalents	190
Trade and other receivables	1 303
Liabilities	
Other non-current liabilities	(856)
Deferred tax	(218)
Other current liabilities	(10)
Trade and other payables	(789)
Total equity	3 597
Attributable to:	
Equity holders of the parent	2 158
Non-controlling interest	1 439

Summarised statement of cash flow for the year ending 31 December

R million	2023
Operating	406
Investing	(173)
Financing	(47)
Net increase in cash and cash equivalents	186

20.1.4 Financial information of MCIS Insurance

Summarised statement of profit or loss for the year ending 31 December

R million	2023	2022
Result from insurance operations	234	276
Expenses	(52)	(58)
Other income	97	46
Finance cost	(46)	(21)
Gross amortisation of intangible assets	(2)	(1)
Profit before tax	231	242
Income tax	(143)	(55)
Profit for the year	88	187
Total comprehensive income	142	200
Attributable to non-controlling interests	70	98
Dividends paid to non-controlling interests	(18)	(10)

Summarised statement of financial position at 31 December

R million	2023	2022
Assets		
Investments	16 255	15 341
Other non-current assets	443	390
Cash and cash equivalents	1 155	1 274
Trade and other receivables	201	196
Liabilities		
Insurance and reinsurance contract liabilities	(15 273)	(14 594)
Other non-current liabilities	(858)	(838)
Deferred tax	(219)	(124)
Other current liabilities	(144)	(158)
Trade and other payables	(122)	(154)
Total equity	1 438	1 333
Attributable to:		
Equity holders of the parent	733	680
Non-controlling interest	705	653

Summarised statement of cash flow for the year ending 31 December

R million	2023	2022
Operating	(110)	(122)
Investing	(34)	46
Financing	(26)	(1)
Net decrease in cash and cash equivalents	(170)	(77)

Notes to the group financial statements continued

for the year ended 31 December

21 Investment contracts

21.1 Analysis of movement in investment contract liabilities

All investment contracts liabilities fall within the scope of IFRS 9 and are designated as at fair value through profit or loss as their fair value is dependent on the fair value of the underlying assets that are carried at fair value through profit or loss.

Premium income from investment policy contracts are recognised as an increase in investment contract liabilities. Claims incurred are recognised as a decrease in investment contract liabilities.

R million	2023	Restated[1] 2022
Investment contracts		
Income	136 762	62 616
Premium income (note 21.2)	69 316	62 847
Change in fair value of investment contract liabilities	67 446	(231)
Outflow	(76 427)	(64 963)
Policy benefits (note 21.3)	(51 834)	(48 764)
Retirement fund terminations	(17 540)	(9 508)
Fees and other payments to shareholders' fund	(7 053)	(6 691)
Movement in policy loans	13	(3)
Other movements	(1)	(150)
Net movement for the year	60 347	(2 500)
Non-current liabilities held for sale	(13 506)	(409)
Foreign currency translation differences	–	(184)
Balance at the beginning of the year[1]	441 660	444 753
Balance at the beginning of the year (as previously reported)		454 538
IFRS 17 transitional adjustments		(9 785)
Balance at the end of the year	488 501	441 660

21.2 Analysis of investment contract premiums received

R million	2023	Restated[1] 2022
Individual business	43 189	43 160
Recurring	12 959	12 654
Single	28 351	28 319
Continuations	1 879	2 187
Employee benefits business	26 127	19 687
Recurring	7 940	7 180
Single	18 187	12 507
Total investment contract premium income	69 316	62 847

(1) The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

21.3 Analysis of investment contract policy benefits

R million	2023	Restated[1] 2022
Individual business	(44 069)	(42 345)
Maturity benefits	(20 962)	(21 444)
Surrenders	(6 362)	(5 111)
Life and term annuities	(15 519)	(12 296)
Death and disability benefits	(1 226)	(3 257)
Cash bonuses	–	(237)
Employee benefits business	(7 765)	(6 419)
Withdrawal benefits	(4 447)	(3 296)
Pensions	(24)	(19)
Lump-sum retirement benefits	(1 407)	(1 007)
Death and disability benefits	(1 887)	(2 097)
Total investment contract policy benefits	(51 834)	(48 764)

21.4 Maturity analysis

R million	2023	Restated[1] 2022
Open ended[2]	312 495	278 349
Due within one year	18 228	16 170
Due from one to five years	50 468	46 629
Due after five years	107 310	100 512
Total investment contract liabilities	488 501	441 660

(1) The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.
(2) Open ended is defined as policies where the policyholder is entitled to the benefit at any future point (benefits are contractually available on demand).

Notes to the group financial statements continued

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22 Term finance

Term financial liabilities include:
- Liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost; and
- Other term finance liabilities measured at stock exchange prices or amortised cost as applicable

Preference shares issued by the group that are redeemable or subject to fixed dividend payment terms are classified as term finance liabilities. Dividends paid in respect of term finance are recognised in the statement of comprehensive income as finance cost.

22.1 Term finance comprises:

R million	2023	2022
Interest-bearing liabilities held in respect of margin business	5 358	5 413
Other interest-bearing liabilities	9 578	9 241
	14 936	14 654
Interest-bearing liabilities held in respect of margin business		
Redeemable cumulative non-voting preference shares issued by subsidiary companies, with dividend terms that range between 5,5% and 5,9% (2022: 5,5% and 5,9%) or linked to prime interest rates. The preference shares have different redemption dates up to 2027.	5 358	5 413
Other interest-bearing liabilities		
Unsecured subordinated bonds of R2 billion have been issued in three tranches (SLI5, SLI6 and SLI7) during 2021. SLI5 and SLI6 unsecured subordinated bonds carries interest at a floating rate (three-month JIBAR plus 155 and 174 basis points respectively) and mature on 16 August 2026 and 16 August 2028 respectively. SLI7 carries interest at a fixed rate of 8,42% p.a. and matures on 16 August 2028. During 2023 an additional R2 billion in unsecured subordinated bonds have been issued (SLI8 and SLI9). SLI8 (R972 million) carries a floating rate (three-month JIBAR plus 134 basis points) and matures on 5 April 2029. SLI9 (R1 028 million) carried a floating rate (three-month JIBAR plus 150 basis points) with a 5 October 2030 maturity date. Sanlam Limited irrevocably and unconditionally guarantees to the noteholders the due and punctual performance of all obligations arising under the programme[(1)].	3 991	1 981
During April 2016, the company issued unsecured subordinated callable fixed rate notes to the value of R500 million. The annual effective rate for the fixed rate notes amounted to 11,77%. The fixed rate notes of R500 million were redeemed on the optional redemption date of 12 April 2023. During June 2017, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion in anticipation of the redemption of the R1 billion subordinated debt issued in 2007 and redeemed in September 2017. The effective interest rate for the floating rate notes represented the three-month JIBAR plus 210 basis points. The notes have all been redeemed on the optional redemption date of 27 June 2022[(1)]. During November 2020, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 198 basis points. The notes have an optional redemption date of 30 November 2025 with a final maturity date of 30 November 2030[(1)]. During May 2022, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032[(1)]. During April 2023, Santam issued additional five-year unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes is equivalent to the three-month JIBAR plus a spread of 150 basis points. The notes have a final maturity date of 6 April 2028[(1)].	3 053	2 539

R million	2023	2022
Preference shares issued by the group to the value of R2,4 billion for funding of a BEE transaction in 2019. The preference shares have an annual interest rate of 7,99% (2022: 7,14%) and were redeemed on 30 June 2023. The remaining R1,2 billion relates to the collar loan with annual interest rate of 8,33%. The loan is to be redeemed at maturity on 8 March 2024.	1 196	3 617
Unsecured subordinated callable notes to the value of 200 million Malaysian Ringgit (ZAR equivalent of R764 million) were issued during December 2021 at a fixed interest rate of 5,30% with a tenure of 10 years, plus an option to call five years prior to maturity. The issuer of the unsecured subordinated callable notes is currently classified as held for sale and liability is included in non-current liabilities held for sale.	–	767
A credit facility agreement was entered in March 2019. The full capital repayment is due at the end of the five-year term (March 2024) and was extended in the current financial period by one year to March 2025. The credit facility equals a total of R900 million consisting of revolving credit facility of R600 million and general banking facility of R300 million. R642 million, inclusive of accrued interest, has been utilised by the group of which amounts have been applied to funding the working capital and general corporate requirements of the group. The rate of interest on the loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and JIBAR[(1)].	642	–
Other	696	337
	9 578	9 241

[(1)] The South African Revenue Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight Index Average (ZARONIA). The transition from JIBAR to ZARONIA in South Africa is expected in 2025. It is not expected to have a material impact on the group.

22.2 Reconciliation of term finance (including interest accrued)

R million	Note	2023	2022
Balance at the beginning of the year		15 344	15 622
Cash movements		(691)	(718)
New issuances		3 386	1 378
Acquired through business combinations		665	–
Capital repayment		(3 050)	(1 271)
Interest paid		(1 692)	(825)
Non-cash movements		685	440
Net fair value movements		14	(23)
Other movement		37	337
Interest expense		1 404	1 009
Reclassified as non-current liabilities held for sale	36	(799)	(880)
Foreign currency translation differences		29	(3)
Balance at the end of the year (including interest accruals)		15 338	15 344
Balance comprises			
Term finance		14 936	14 654
Accrued interest (included in trade and other payables)		402	690

22.3 Maturity analysis of term finance

	2023	2022
Maturity analysis of term finance — fair value		
Due within one year	5 941	5 627
Due from one to five years	7 967	7 260
Due after than five years	1 028	1 767
Total term finance liabilities	14 936	14 654
Maturity analysis of term finance — undiscounted		
Due within one year	8 328	5 969
Due from one to five years	11 550	8 340
Due after than five years	1 114	1 853
Total term finance liabilities	20 992	16 162

Notes to the group financial statements continued

for the year ended 31 December

22 Term finance continued

22.4 Classification of term finance

R million	Note	2023	2022
At fair value through profit or loss	22.4.1	7 444	4 570
Other financial liabilities	22.4.2	7 492	10 084
Total term finance liabilities		14 936	14 654

22.4.1 Term finance classified as at fair value through profit or loss

Total designated as at fair value through profit or loss[1]	7 444	4 570
Amount contractually payable at maturity	7 929	4 837

22.4.2 Term finance classified as other financial liabilities

Total term finance liabilities measured at amortised cost	7 492	10 084

[1] The unsecured subordinated debt is designated at fair value through profit and loss, as it is managed on fair value basis.

23 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the amounts that are expected to be paid to settle the obligations. Provisions are charged to the statement of comprehensive income in the line item to which it relates.

Details of the different classes of provisions are as follows:

R million	Note	Possible claims	Other	Total
Balance at 1 January 2022		19	609	628
Charged to the statement of comprehensive income		8	436	444
Additional provisions		9	494	503
Unused amounts reversed		(1)	(58)	(59)
Acquired through business combinations		–	27	27
Utilised during the year		–	(263)	(263)
Other movements		–	2	2
Reclassified as non-current liabilities held for sale	36	(11)	(594)	(605)
Foreign currency translation reserve		–	(1)	(1)
Balance at 1 January 2023		16	216	232
Charged to the statement of comprehensive income		–	(67)	(67)
Additional provisions		–	218	218
Unused amounts reversed		–	(285)	(285)
Acquired through business combinations		–	97	97
Utilised during the year		–	(20)	(20)
Transfer to/from trade and other payables		–	(15)	(15)
Reclassified as non-current liabilities held for sale	36	–	(35)	(35)
Foreign currency translation reserve		–	(4)	(4)
Balance at 31 December 2023		16	172	188
Analysis of provisions				
Current		–	94	94
Non-current		16	78	94
Total provisions at 31 December 2023		16	172	188

Possible claims

The group provides for possible claims that may arise as a result of past events, transactions or investments. Due to the nature of the provision, the timing of the expected cash outflows is uncertain.

Estimates are reviewed annually and adjusted as appropriate for new circumstances.

Additional information in respect of these claims cannot be provided, due to the potential prejudice that such disclosure may confer on the group.

Other

Includes sundry provisions for probable outflows of resources from the group arising from past events. The timing of settlement cannot reasonably be determined.

24 Revenue

Revenue included in result from other operations is considered to be revenue for IFRS purposes and includes both IFRS 15 revenue and revenue scoped out of IFRS 15. The different sources of revenue are listed below.

Major IFRS 15 revenue sources:

- Income from investment management activities, such as fund management fees, collective investment and linked-product administration fees, commissions, performance fees and other fees;
- Income from capital market activities, such as advisory fees and structuring fees on financing provided; and
- Income from other financial services, such as independent financial advice and trust services.

Major revenue sources not within the scope of IFRS 15:

- Income from investments held for capital market activities, such as realised and unrealised gains or losses on trading accounts, unsecured corporate bonds and money market assets and liabilities.

Revenue within the scope of IFRS 15 is either recognised at a point in time or over time. Revenue is recognised over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If none of the above criteria is met, revenue is recognised at a point in time.

IFRS 15 Revenue disaggregation

Revenue from contracts with customers is disaggregated by geographic location and type of revenue. It is also split per the group's key reporting segments. We believe it best depicts how the nature, amount, timing and uncertainty of the group's revenue and cash flows are affected by economic factors.

Recognition of different sources of revenue:

Fees for asset management or administration services in respect of investment contracts are recognised as services are rendered. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered. Related performance fees are also recognised over time, however, represent variable consideration and therefore recognition is constrained until there is a 'high degree of confidence' that revenue will not be reversed in a subsequent reporting period; this is typically on crystallisation of the fee. Clients' assets are managed on an ongoing basis and if there is an outperformance of a specific benchmark over a certain period, a fee is recouped from the client's account.

Capitation fees are recognised as services rendered over the contract duration. The fees are paid by customers on a monthly basis and is aligned with the satisfying performance obligations over time.

Commissions from investment management or administration services in respect of investment contracts are recognised as services are rendered. For IFRS 15 purposes, these commissions are recognised either at a point in time or over time.

Retail relates to revenue from the sale of goods and is recognised at a point in time when control of goods have been transferred.

Investment contract liabilities are charged for policy administration and other services. This fee income is recognised as revenue over time as the related services are rendered.

Notes to the group financial statements continued

for the year ended 31 December

24 Revenue continued

Consulting fees are earned for advice and other services provided to clients of the group's financial advisory businesses. For IFRS 15 purposes, these fees are accounted for either over time as the related services are rendered or at a point in time, depending on when the performance obligations are satisfied. The fees are received on the basis of retainer contracts and services are provided on an ongoing (or continuous) basis. The customer therefore simultaneously receives and consumes the benefits provided by the company's performance as the company performs.

Trust and estate fees are recognised at a point in time when the administration of estates are completed.

Fund administration fees are recognised as follows:

- At a point in time: acceptance fees are recognised when new capital is received, termination fees are recognised when trusts or funds are terminated and income fees are recognised when the income of a trust is received.
- Over time: trust and fund management fees are recognised on a monthly basis calculated as a percentage of assets under management. Tax preparation, reporting fees and reference fees from related parties are recognised over time.

Analysis of revenue

According to primary geography

R million	South Africa	Africa (excluding South Africa)	Other International	Total
31 December 2023				
IFRS 15 Revenue	14 517	139	1 530	16 186
Administration fees	7 647	130	—	7 777
Asset management and performance fees	3 813	—	1 425	5 238
Capitation fees	972	—	—	972
Commissions	591	—	86	677
Retail	357	—	—	357
Consulting fees	389	—	17	406
Trust and estate fees	119	—	—	119
Other[(2)]	629	9	2	640
Revenue not within the scope of IFRS 15				2 774
Revenue				18 960
31 December 2022 – (Restated and re-presented)[(1)]				
IFRS 15 Revenue	9 939	31	1 941	11 911
Administration fees[(1)]	5 703	31	275	6 009
Asset management and performance fees	2 934	—	1 356	4 290
Commissions	528	—	285	813
Consulting fees	331	—	15	346
Trust and estate fees	196	—	—	196
Other[(2)]	247	—	10	257
Revenue not within the scope of IFRS 15[(1)]				1 307
Revenue[(1)(3)]				13 218

According to timing of revenue recognition

R million	At a point in time	Over time	Total
31 December 2023			
IFRS 15 Revenue	1 691	14 495	16 186
Administration fees	333	7 444	7 777
Asset management and performance fees	99	5 139	5 238
Capitation fees	—	972	972
Commissions	556	121	677
Retail	357	—	357
Consulting fees	49	357	406
Trust and estate fees	80	39	119
Other[(2)]	217	423	640
Revenue not within the scope of IFRS 15			2 774
Revenue			18 960
31 December 2022 – (Restated and re-presented)[(1)]			
IFRS 15 Revenue	1 283	10 628	11 911
Administration fees[(1)]	320	5 689	6 009
Asset management and performance fees	16	4 274	4 290
Commissions	655	158	813
Consulting fees	42	304	346
Trust and estate fees	116	80	196
Other[(2)]	134	123	257
Revenue not within the scope of IFRS 15[(1)]			1 307
Revenue[(1)(3)]			13 218

(1) The prior year has been restated for the application of IFRS 17 and re-presented due to discontinued operations. Refer to note 39.1 and 36 respectively for additional information. In prior years, disclosure of financial services income was provided that disaggregated revenue recognised between IFRS 15 — Revenue and Revenue not within the scope of IFRS 15. The data enhancements seen as a result of the IFRS 17 transition have provided more insight allowing management to more accurately allocate revenue between these categories. In addition, as a result of the products assessments in terms of IFRS 17 performed at transition, certain products were reclassified from insurance to investment contracts and vice versa resulting in a change in revenue which is either in the scope of IFRS 15 (for contracts classified as investment contracts) our out of scope for insurance contracts accounted for in terms of IFRS 17. These changes had the impact of changing the disclosure in the note but did not impact the financial services income disclosed on the statement of comprehensive income.

(2) Other IFRS 15 revenue relates to rebates, scrip lending fees received and licence fees.

(3) Sanlam Life and Savings primarily have revenue in South Africa, R14 145 million (2022: R6 255 million), as well as a small portion stemming from Other International and Africa (excluding South Africa), respectively, R1 million (2022: R3 million) and R144 million (2022: R31 million). Revenue in Sanlam Emerging Markets stem from Africa (excluding South Africa) R0 million (2022: R0 million). Sanlam Investment Group revenue from South Africa R4 985 million (2022: R4 658 million) and Other International R1 879 million (2022: R2 147 million). Group Office and Santam revenue stem from South Africa.

Notes to the group financial statements continued

for the year ended 31 December

25 Expenses

25.1 Expenses

Sales remuneration consists of commission payable to sales staff on long-term and short-term investment business and expenses directly related thereto, bonuses payable to sales staff and the group's contribution to their retirement and medical aid funds.

The portion of sales remuneration that is directly attributable and incremental to the acquisition of long-term recurring premium investment policy contracts is capitalised to the contract costs for investment management services asset and recognised over the period in which the related services are rendered and revenue recognised (refer to policy statement for contract costs for investment management services asset).

Sales remuneration recognised in the statement of comprehensive income includes the amortisation of contract cost for investment management service as well as sales remuneration incurred that is not directly attributable to the acquisition of long-term investment policy contracts.

Administration costs include, inter alia, indirect taxes such as VAT, property and administration expenses relating to owner-occupied property, property and investment expenses related to the management of the policyholders' investments, product development and training costs. It also includes expected credit losses of financial assets at amortised cost.

The group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. These expenses are included under **leases** and recognised in the statement of comprehensive income.

The following **staff long-term incentive schemes** have been implemented in the group and have unvested conditions at the reporting date:

In terms of these plans, Sanlam undertakes to deliver a fixed number of shares to selected employees on pre-determined dates in the future, on condition that the employee is still in the employment of Sanlam on those dates. Vesting can occur in three tranches over a period starting three years from the grant date and meet specified individual performance hurdles. Group and/or cluster hurdles are also applicable for some of the plans. Refer to the online remuneration report for information on these plans. The fair value of equity instruments granted is measured on grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest (as applicable), as well as an assumption on the actual percentage of shares that will be delivered. The fair value of the equity instruments granted on the date of grant is recognised in the statement of comprehensive income on a straight-line basis over the vesting period, adjusted to reflect actual levels of vesting.

R million	2023	Restated 2022
Auditors' remuneration	288	279
Depreciation		
Owned assets	534	522
Computer equipment	333	291
Furniture, equipment, vehicles and other	179	203
Owner-occupied properties	22	28
Leased assets	403	405
Computer equipment, furniture, equipment, vehicles and other	385	389
Properties	18	16
Leases	312	236
Short-term leases	288	189
Leases of low value assets	5	5
Variable lease payments	19	42
Consultancy fees	3 031	3 027
Technical, administrative and secretarial fees	589	680
Employee benefits	17 192	16 306
Salaries and other short-term benefits	15 880	14 886
Pension costs – defined contribution plans	705	827
Pension costs – defined benefit plans	4	2
Share-based payments	404	425
Other long-term incentive schemes	199	166
Technology	2 741	2 272
Office expenses	1 299	1 169
Asset management and distribution fees paid	1 568	1 283
Marketing expenses	1 159	1 066
Other	4 163	1 870
Total expenses (including profit from discontinued operations)	33 279	29 115
Profit from discontinued operations (including administration costs, attributable insurance service expenses and other expenses relating to insurance operations)	5 037	5 640
Attributable insurance service expenses (continuing operations)	9 799	9 331
Other expenses relating to insurance operations (continuing operations)	1 211	1 539
Administration costs (continuing operations)	17 232	12 605
Number of employees (excluding advisors) (unaudited)	22 320	20 223

Notes to the group financial statements continued

for the year ended 31 December

25 Expenses continued

25.1 Expenses continued

Auditors' remuneration

	Sanlam Limited auditors		Other group auditors			Total
R million	PWC[1]	KPMG	E&Y	PWC	Other	
2023						
Audit fees: statutory audit	132	85	–	–	7	224
IFRS 17 transition and comparative audit fees	29	9	–	–	–	38
Non-audit services	14	12	–	–	–	26
Non-audit services performed by professional services firms	12	6	–	–	–	18
Tax compliance services performed by professional services firms	2	1	–	–	–	3
Agreed upon procedures performed by professional services firms required as statutory auditors	–	5	–	–	–	5
	175	106	–	–	7	288
Non-audit services as a percentage of statutory audit fees	9%	13%	0%	0%	0%	12%
2022						
Audit fees: statutory audit	–	79	93	39	16	227
IFRS 17 transition and comparative audit fees	–	15	11	–	–	26
Non-audit services	–	4	16	6	–	26
Non-audit services performed by professional services firms	–	1	15	5	–	21
Tax compliance services performed by professional services firms	–	1	1	1	–	3
Agreed upon procedures performed by professional services firms required as statutory auditors	–	2	–	–	–	2
	–	98	120	45	16	279
Non-audit services as a percentage of statutory audit fees	0%	4%	15%	15%	0%	11%

[1] Effective 1 January 2023, PWC became joint auditors of Sanlam Limited.

25.2 Amortisation of intangibles

R million	Note	2023	Restated 2022
Other intangible assets	5	337	496
Profit from discontinued operations		80	344
Amortisation of intangibles (continuing operations)		257	152

25.3 Impairments

R million	Note	2023	Restated 2022
Net impairment losses on financial and contract assets		240	(11)
Investments other than equities and similar securities, equity-accounted investments and properties	12.3.2	1	(16)
Advances to customers	14	(18)	–
Cash and cash equivalents		(1)	1
Trade and other receivables		258	4
Other impairments		98	76
Investment in equity-accounted investments	12.2.2	33	31
Goodwill	1	–	6
Other intangible assets	5	26	–
Equipment	2	31	39
Other		8	–
Total Impairments (including profit from discontinued operations)		338	65
Profit from discontinued operations		259	43
Impairments (continuing operations)		79	22

26 Finance cost

R million	Note	2023	2022
Finance costs are recognised as an expense in the statement of comprehensive income on an accrual basis.			
Interest paid and term finance cost in respect of margin business		412	305
Finance cost – margin business		412	305
Interest-bearing liabilities designated as at fair value through profit or loss		719	465
Interest-bearing liabilities held at amortised cost		317	304
Lease liabilities at amortised cost		118	128
Finance cost – other (including profit from discontinued operations)		1 154	897
Profit from discontinued operations		48	76
Finance cost – other (continuing operations)		1 106	821

Notes to the group financial statements continued

for the year ended 31 December

27 Earnings per share

For **basic earnings per share** the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries (including Sanlam Share Account Nominee Pty Ltd (SSA)) as well as consolidated investment funds. Previously, it was included in policyholder funds information. Refer to note 39.1 for more information. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For **diluted earnings per share** the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries (including SSA), consolidated investment vehicles (including the B-BBEE special purpose vehicles (SPV)). The shares held by the B-BBEE SPV is seen as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increases. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Cents	2023	Restated[1] 2022
Basic earnings per share:		
Headline earnings	702,1	472,8
Profit attributable to shareholders' fund	702,6	598,2
Diluted earnings per share:		
Headline earnings	692,4	466,2
Profit attributable to shareholders' fund	693,0	589,9
Basic earnings per share from continuing operations:		
Headline earnings	533,1	422,3
Profit attributable to shareholders' fund	562,7	547,9
Diluted earnings per share from continuing operations:		
Headline earnings	525,8	416,5
Profit attributable to shareholders' fund	555,0	540,3
Basic earnings per share from discontinued operations:		
Headline earnings	169,0	50,4
Profit attributable to shareholders' fund	139,0	50,3
Diluted earnings per share from discontinued operations:		
Headline earnings	166,7	49,7
Profit attributable to shareholders' fund	138,0	49,6

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

R million	2023 Continuing operation	2023 Dis-continued operation	2023 Total	Restated[1] 2022 Continuing operation	Restated[1] 2022 Dis-continued operation	Restated[1] 2022 Total
Analysis of earnings:						
Profit attributable to shareholders' fund	11 595	2 883	14 478	11 227	1 030	12 257
Less: Net (profit)/loss on disposal of subsidiaries and associated companies	(934)	597	(337)	(2 017)	3	(2 014)
(Profit)/loss on disposal of subsidiaries and associated companies	(882)	388	(494)	(2 017)	3	(2 014)
Tax on profit on disposal of subsidiaries and associated companies	21	62	83	–	–	–
Non-controlling interest	(73)	147	74	–	–	–
Less: Equity-accounted non-headline earnings	–	–	–	(628)	–	(628)
Plus: Impairments	324	–	324	72	–	72
Gross impairments	350	–	350	100	–	100
Tax on impairment	(2)	–	(2)	(17)	–	(17)
Non-controlling interest	(24)	–	(24)	(11)	–	(11)
Headline earnings	10 985	3 480	14 465	8 654	1 033	9 687

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39.1 for additional information.

Million	2023	2022
Number of shares:		
Number of ordinary shares in issue at the beginning of the period	2 226,9	2 226,9
Shares cancelled	(18,2)	–
Shares issued	4,8	–
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds	(153,0)	(177,8)
Adjusted weighted average number of shares for basic earnings per share	2 060,5	2 049,1
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	28,8	28,8
Adjusted weighted average number of shares for diluted earnings per share	2 089,3	2 077,9

Notes to the group financial statements continued

for the year ended 31 December

28 Collateral

28.1 Collateral provided

R million	2023	Restated[1] 2022
The following assets have been pledged as collateral for the group's structured transactions (of which majority relates to over-the-counter derivatives), liabilities or contingent liabilities:		
Investments	169	1 061
Interest-bearing investments	169	662
Deposits and similar securities	–	399
Trading account assets	474	525
Working capital assets – cash and cash equivalents	130	72

The transferee does not have the right to sell or repledge the assets.

[1] The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.

28.2 Collateral received

R million	2023	2022
28.2.1 Lending activities		
The group is authorised to conduct lending activities as a lender in respect of local listed equity securities and listed government interest bearing investments to appropriately accredited institutions. In general, the lender retains the full economic risks and rewards of securities lent. Scrip lending agreements are governed by the Global Master Securities Lending Agreement (GMSLA). The main risk in scrip lending activities is the risk of default by the borrower of securities, ie the borrower fails to return the borrowed securities. Borrower default risk is mitigated by either requiring borrowers to post adequate levels of high-quality collateral and/or by the use of indemnity guarantees. The following collateral has been received in respect of securities lending activities conducted by the group.		
Fair value of collateral accepted as security for these activities:	9 194	7 686
Carrying value of scrip on loan:	8 167	6 865
Collateral of between 100% (2022: 100%) and 120% (2022: 120%) of the value of the loaned securities is held at 31 December 2023.		
28.2.2 Credit facilities		
Fair value of collateral accepted as security for credit facilities provided to clients:	7 041	5 566
Sanlam has the legal right to liquidate the collaterised securities if the loan reaches a level of 70% of the value of these securities.		
28.2.3 Margin business: Preference share investments		
Fair value of other collateral received relates to preference share investments of the margin business which the group is permitted to sell only in the case of default.		
Carrying value of the related preference share investments	5 806	4 875
Collateral (mainly equity securities) of between 175% (2022: 130%) and 205% (2022: 176%) of the value of the preference share investments is held at 31 December 2023.	2 787	2 717
28.2.4 Shares pledged as security for loans granted		
This relates to shares pledged as security for loans granted. The borrower has to maintain a certain minimum loan cover ratio and has to post cash margin or additional shares if the ratio drops below the agreed minimum. Sanlam is allowed to place some of these shares as collateral for other securities. There are however also collateral placed in terms of loans granted that is not allowed to be sold or repledged.		
Fair value of collateral held that the group is not permitted to sell or repledge (including cash margins).	1 623	1 690
These are collateral placed in terms of loans granted that is not allowed to be sold or repledged.		

29 Critical accounting estimates and judgements

Estimates and assumptions are an integral part of financial reporting and, as such, have an impact on the amounts reported for the group's assets and liabilities. Management applies judgement in determining probability-weighted estimates of future experience. These judgements are based on historical experience and reasonable expectations of future events and changes in experience. Estimates and assumptions are regularly updated to reflect actual experience. It is reasonably possible that actual outcomes in future financial years may differ to the current assumptions and judgements, possibly significantly, which could require a material adjustment to the carrying amounts of the affected assets and liabilities.

The critical estimates and judgements made in applying the group's accounting policies are summarised below. Given the correlation between assumptions, it is not possible to demonstrate the effect of changes in key assumptions while other assumptions remain unchanged. Further, in some instances the sensitivities are non-linear. Interdependencies between certain assumptions cannot be quantified and are accordingly not included in the sensitivity analyses; the primary example being the relationship between economic conditions and lapse, surrender and paid-up risk.

An important indicator of the accuracy of assumptions used by a life insurance company is the experience variances reflected in the embedded value earnings during a period. The experience variances reported by the group to date have been reasonable compared to the embedded value of covered business, confirming the accuracy of assumptions used by the group. Refer to the embedded value of covered business on pages 315 to 319 for additional information.

29.1 Impairment of goodwill and key business relationships (previously known as investment value of business acquired)

The recoverable amount of goodwill, key business relationships (previously known as investment value of business acquired) (non-insurance related) and other intangible assets for impairment testing purposes have been determined based on the fair value less cost to dispose method for both life and non-life businesses.

29.2 Insurance and reinsurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in basis of presentation.

29.2.1 Classification

Assessing significance of insurance risk and discretionary amounts for investment contracts with discretionary participation features (DPF)

The group applies judgement to assess whether contracts are in scope of IFRS 17 in some product lines, such as whether additional payments on death related to minimum investment guarantees or vesting bonuses are significant on a present value basis. Where these additional payments have been assessed not to be significant on a present value basis and there are no (DPF) these investment contracts are in scope of IFRS 9.

The group issues investment contracts with DPF where judgement is applied in assessing whether the discretionary amounts are a significant proportion of the total contractual benefits.

VFA eligibility

The group applies the VFA to life insurance savings business for insurance contracts with DPF that are substantially investment-related. The group applies judgement to assess on the initial recognition of the contracts, whether:

(a) a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and
(b) a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

The assumed threshold for "substantial share" and "substantial proportion" is in excess of 50%. The group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk. The group has performed quantitative assessments on an individual contract level for the material lines of universal life insurance business where the relative significance of the insurance and investment components can vary based on the benefit selections made by each policyholder.

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.1.1 Aggregation

The assessment of criteria (a) considers the "pass-through" nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder's share.

The assessment of criteria (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore considers whether on average the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

Premium allocation approach (PAA) eligibility

The group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the General Measurement Model (GMM).

Where the coverage period is greater than one year, the group will use judgement to assess the appropriateness of the PAA measurement model as follows:
- Project the fulfilment cash flows of the group of insurance contracts and take into account the time value of money where the time between providing each part of the services and the related premium is more than a year.
- Determine the projected liability or asset for remaining coverage under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, ie half-yearly or annually).
- Determine the liability or asset for remaining coverage under the GMM (including the contractual service margin (CSM)) at initial recognition as well as subsequent measurement. The group will use judgement as described in section 28.2.2 below to determine the fulfilment cash flows and CSM at each projection point.
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined (the difference).
- The difference is compared to the pre-determined materiality threshold (relative measure) at each point in time.
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the base scenario).
- The group will perform scenario testing using the above process to ensure differences remain immaterial. Scenario testing will be performed at least annually, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, falls within an absolute measure of materiality for each future year.

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. This could result in contracts allocated to a portfolio being measured under the VFA, and other contracts allocated to the same portfolio being measured under GMM. This is relevant to universal life insurance business in the Sanlam Life and Savings (SLS) cluster where these contracts are managed together and subject to similar risk, although the weighting between insurance/investment-related risks could differ between contracts. Contracts within a portfolio are subject to "similar risks" if the risks are non-offsetting and respond similarly to changes in key assumptions. This should not result in, for example, term life insurance contracts (exposing the group to mortality risk) and annuity contracts (exposing the group to longevity risk) being allocated to the same portfolio.

Furthermore, businesses are not required to allocate different benefit types within the same product line to different portfolios if the insurance contracts are managed together, for example, if as part of pricing the profit margins are set, or assets are allocated, at the broad product level. This avoids arbitrary allocation of insurance contracts to different portfolios where they are managed together and priced within the same broad product line.

The portfolios are further divided into groups of insurance contracts issued based on the expected profitability at inception date, based on whether:
- contracts are onerous at initial recognition;
- contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

The group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes where it can be justified as a systematic and rationale basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Judgement has been applied to conclude that the proportion of insurance contracts issued that have no significant possibility of becoming onerous is immaterial to the group, and this profitability group is therefore not relevant for the 2023 reporting period. The group does not issue insurance contracts with sufficiently high profit margins to absorb the impact of any single scenario with no significant possibility of the insurance contracts becoming onerous.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods (ie the group will add more contracts to an annual cohort after the end of an interim reporting period, where relevant), except for non-participating life annuities where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

For insurance contracts issued measured under the PAA, no contracts have been allocated to onerous groups of contracts at initial recognition in 2023. The group may have to apply judgement to assess whether facts and circumstances have indicated that a group of contracts has become onerous subsequent to initial recognition. This assessment will follow normal business practice of typically using three to five years of experience to form expectations of profitability. Expectations will be updated half-yearly to understand if a group of insurance contracts, which was previously assumed not to be onerous, subsequently becomes onerous due to changes in experience relative to the pricing basis. In 2023, the group has not identified any groups of insurance contracts issued measured under the PAA that have become onerous subsequent to initial recognition.

29.2.2 Measurement

29.2.2.1 Recognition and derecognition

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the group.

Some universal life insurance contracts were converted to other life insurance risk and savings business in SLS during 2022 and 2023. The group has applied judgement to treat these conversions as a modification of the insurance contracts as a result of substantially different contract boundaries on the modified terms, with the relevant insurance contracts being derecognised from universal life insurance business and recognised as new contracts in the other life insurance business.

29.2.2.2 Fulfilment cash flows

Fulfilment cash flows include the following components:
- probability-weighted estimates of future cash flows;
- adjustment to reflect the time value of money and financial risk relating to future cash flows, to the extent that the financial risk is not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows is determined through the following approach:
- identifying all sets of cash flows directly related to the fulfilment of a particular group of contracts;
- defining all reasonable scenarios applicable to a particular set of cash flows, including the cash flow profile applicable to each scenario;
- attaching a probability to each scenario;
- discounting the cash flow profile related to each scenario at the applicable discount rates; and
- calculating an aggregated weighted average present value of the sets of cash flows based on the probabilities attached to each scenario.

Stochastic modelling techniques are used to determine the present value of future cash flows that are highly interrelated and vary based on changes in market variables. This is relevant in estimating the cost of minimum investment return guarantees which is mainly relevant to some insurance contracts with direct participating features in SLS. Stochastic modelling involves projecting future cash flow profiles using a large number of possible scenarios for market variables such as equity returns and interest rates.

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.2 Measurement continued

29.2.2.2 *Fulfilment cash flows* continued

Estimates of future cash flows

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort. This information includes internal and external historical information about claims and other experience, adjusted to allow for expected future changes in experience. Estimates of future cash flows therefore reflect the group's current view of prevailing conditions. Market variables are consistent with current observable market prices. Changes in legislation that affect estimates of future cash flows are only allowed for once substantively enacted.

Contract boundaries

The determination of the contract boundary of an insurance contract is not an area of significant judgement for the group.

For reinsurance contracts held, the group's agreements with reinsurers include terms for the cancellation of new underlying business with notice periods typically ranging between three and six months. The group has applied judgement to assess that estimates of future cash flows arising from new underlying contracts expected to be issued after the reporting date but within the notice period for the cancellation of this business, are either immaterial for the group or relate to future reinsurance contracts, and are therefore not included in the measurement of the reinsurance contracts held.

Expenses

The following expense cash flows are included within the boundary of a contract:

- Acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes underwriting expenses, upfront commissions payable to intermediaries, and commissions payable in respect of policy changes;
- Administration and other expense cash flows incurred in fulfilling the obligations under the insurance contracts, such as investment management expenses where relevant (see below for further details), claims handling costs, costs related to premium billing and maintenance commissions that are expected to be paid to intermediaries.

Both direct costs and an allocation of fixed and variable overheads are included. Attributable costs are determined using functional cost analysis techniques. The group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable. The other expenses relating to insurance operations, ie expenses not directly attributable to the fulfilment of insurance contracts such as some product development and training costs, are recognised in profit or loss as incurred and are not included in the measurement of insurance and reinsurance liabilities.

Unit expense assumptions are based on April 2023 actual figures plus estimates for the last two months of the reporting period (adjusted for significant differences from actual). For Sanlam Emerging Markets in particular, businesses still building scale and expected to grow significantly will set unit costs based on approved budgets and business plans over the relevant time horizon (typically three to five years). Unit expense assumptions are escalated at estimated expense inflation rates per annum, with a higher rate assumed for legacy business. The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during 2022. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts.

An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

The investment management expenses for insurance contracts with underlying items (measured under the VFA) are typically chargeable to the policyholders under the terms of the contract and therefore these expenses related to underlying items are included in the fulfilment cash flows.

The group applies judgement to assess whether expected investment management expenses for insurance contracts without underlying items (measured under the GMM) should be included in the fulfilment cash flows and therefore, whether investment activity performed by the businesses enhances benefits from insurance coverage for policyholders. The group has determined that these expenses are included in fulfilment cash flows in most scenarios because a different level of benefits would likely be offered if policyholders' premiums are assumed to earn lower/higher investment returns as part of pricing (assuming these expenses are explicitly priced for in the premiums).

Decrements

Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience for the 4,5 years up to 30 June 2023. The mortality rates between policyholder groups allow for various rating factors, such as gender and smoker status. Mortality and disability rates are adjusted to allow for: the expected deterioration in mortality rates as a result of HIV/Aids; the expected improvements in mortality rates in the case of annuity business; and the expected impact of future pandemic events where relevant.

Mortality and disability cover are material in South Africa, Namibia, and Botswana with actuarial guidance tables available in these countries. For other countries, assumptions are solely based on past experience and expectations for changes in future experience.

An increase in mortality rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the group's recent experience for the 4,5 years ending 30 September 2023.

An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

Inflation assumptions

The group applies judgement to determine whether changes in inflation assumptions are related to financial risk or non-financial risk. Inflation assumptions that are based on market observable rates are related to financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions being presented in insurance finance income or expenses. Inflation assumptions that are based on the group's expectation of inflation (for example, based on analysts or insurance bodies' views of country inflation) are treated as assumptions that are related to non-financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions adjusting the CSM. In general, changes in inflation assumptions in the group are related to financial risk. Changes in inflation assumptions related to non-financial risk are an exception to this general rule.

Term-dependent inflation assumptions are applied to premiums and claims cash flows (where increases in cash flows are contractually linked to consumer price index (CPI)) by deriving an inflation curve based on the difference between long-term nominal and real yields. For some of the group's African operations, where long-term fixed interest markets are underdeveloped, inflation assumptions are based on an assessment of the longer-term inflation outlook while maximising the use of relevant available market observable prices.

Expense inflation assumptions maximise the use of relevant available market observable prices while also reflecting the group's long-term perspective of expected increases in expenses for budgeting and business planning purposes.

The following base expense inflation rates are applied in the group's main South African businesses:

%	2023	2022
South Africa — Sanlam Life	9,6	9,5
South Africa — Sanlam Developing Markets	7,8	7,7

Expense inflation of 13,00% (2022: 13,5%) is assumed for retail business in South Africa that are administered on old platforms.

The ultimate liability arising from claims under general insurance business

The estimation of the ultimate liability arising from claims under general insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability for incurred claims that the group will ultimately incur. Historic claims triangulations that cross-tabulate claims incurred by their date of loss and date of payment are used to determine the expected cost of future claims. A payment pattern based on the historic claims paid triangulation is used to determine the speed at which the claims provisions are run off in the future. Discount rate are applied to the future estimates of claims payments to allow for the time value of money included in these cash flows. Refer to notes 8.2.1 and 9.2.1 for further details on the incurred claims per valuation method.

The risk environment can change suddenly and unexpectedly owing to a wide range of events or influences. The group is constantly refining its general insurance risk monitoring and management tools to enable the group to assess risks appropriately, despite the greatly increased pace of change. The growing complexity and dynamism of the environment in which the group operates means that there are, however, natural limits. There will never be absolute certainty in respect of identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential.

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.2 Measurement continued

29.2.2.3 Contractual service margin

Bonus rate assumptions

Separate asset portfolios are maintained in support of insurance liabilities for each of the major product lines of life insurance — savings business, each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of relevant savings business in relation to the funding level of each portfolio and the expected future investment return on the assets of the particular investment portfolio.

Discount rates

The group applies a bottom-up approach to determine discount rates applied to future cash flows for insurance contracts.

Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations. Long-term inflation expectations are used to construct yield curves for markets where observable market data is not available.

The group applies judgement to determine the point estimate illiquidity premium added to the risk-free yield curve to reflect the liquidity characteristics of the insurance contracts. An illiquidity premium is estimated for each portfolio of insurance contracts where relevant. Insurance contracts such as non-participating life annuities and income protection incurred claims that cannot be surrendered or lapsed, are illiquid.

The table below sets out the risk-free yield curves used in the group's major geographies:

	1 year		5 years		10 years		15 years	
%	2023	2022	2023	2022	2023	2022	2023	2022
South Africa	8,77	7,20	11,42	9,69	16,44	11,98	17,92	12,82
Namibia	9,18	7,20	9,86	9,69	12,14	11,98	13,99	12,82
Botswana	5,54	3,25	9,03	6,91	9,94	9,11	9,17	8,94
Côte d'Ivoire	7,44	5,75	7,44	5,75	7,44	5,75	7,44	5,75
Nigeria	11,97	6,27	15,28	11,39	15,86	12,87	17,85	14,80
Kenya	16,75	10,24	18,07	12,85	15,38	14,89	15,74	15,35
Malaysia	3,30	2,93	3,65	4,09	3,74	4,30	4,05	4,79

The following illiquidity premiums (presented as a range between a lower and upper bound) are applied in the group's major geographies where relevant:

%	2023
South Africa	0 – 0,5
Namibia	0 – 0,5
Botswana	n/a
Côte d'Ivoire	n/a
Nigeria	n/a
Kenya	n/a
Malaysia	n/a
Morocco	0 – 0,1

Estimates of future cash flows that do vary with investment returns on underlying items are discounted using risk-free or real-world discount rates. Risk-free discount rates are consistent with the rates applied to the cash flows not varying with investment returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. Where a deterministic valuation approach is used, the risk premium is estimated as a flat rate, which represents the average historic risk premiums over an extended time horizon. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

The future investment returns on underlying items are consistent with the discount rates applied to the cash flows that vary with these investment returns on underlying items. The allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees is determined separately from the future investment returns and discount rates for measurement and presentation purposes. For some of the group's African operations, where long-term fixed interest markets are underdeveloped, investment return and discount rate assumptions are based on an assessment of longer-term economic conditions. The investment returns and discount rate assumptions for Namibian businesses are based on the market yields of South African fixed interest securities on the valuation date.

Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non-financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. IFRS 17 does not require entities to use a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. However, an entity that uses a technique other than the confidence level technique for determining the risk adjustment, is required to disclose the technique used and the confidence level corresponding to the results of that technique. The material lines of business in SLS and Santam adopt a confidence level technique, as well as the material lines of general insurance (GI) business in Sanlam Emerging Markets (SEM). The life insurance businesses in SEM use a margins approach targeting a specified confidence level. The confidence level is determined based on each cluster's level of risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.2 Measurement continued

29.2.2.3 Contractual service margin continued

The confidence level technique is determined with reference to a particular target confidence level. A distribution of fulfilment cash flows is required, from which the risk adjustment is determined based on the standard deviation around the mean for the target confidence level. The standard deviation is estimated assuming the same risk distribution used for solvency purposes. For life insurance businesses the standard deviation is therefore derived based on the solvency capital requirements and assuming that the fulfilment cash flows can be approximated by a normal distribution, with the risk adjustment representing the value at risk in excess of the target confidence level over one year. For GI businesses the standard deviation is derived from past claims development experience. For the life insurance businesses in SLS, the risk adjustment has been calibrated and calculated based on a target confidence level at the 80th percentile. For Santam and the material SEM GI businesses, the target confidence levels are between the 75th and 85th percentile. The GI businesses use a statistical model to determine the volatility in best estimate claims liabilities, with the risk adjustments being determined based on the expected volatility in the outstanding claims across all expected future periods.

The margins approach requires the calibration of margins based on historic decrement/expense experience and fitting a statistical distribution to the data. Margins are initially calibrated on an independent basis for each risk type based on a specified confidence level. The margins are modelled as percentage changes to the probability weighted best estimate assumptions applied over the relevant duration for each policy. The direction of each margin is tested independently and the direction that increases the best estimate liability (BEL) is adopted. The increase in the BEL resulting from these margins represents the risk adjustment component of the fulfilment cash flows. The confidence levels corresponding to the results of the margins approach vary between the 80th and 90th percentile across the different SEM territories.

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes.

For businesses using the confidence level technique:

- the allocation of the risk adjustment to portfolios and groups of contracts will be estimated using an appropriate measure; and
- the risk adjustment for reinsurance contracts held will be determined by applying the technique to both gross and net of reinsurance, and deriving the amount of risk transferred to the reinsurer as the difference between the two results.

The risk adjustment calculations will be performed separately for reinsurance contracts held using the margins approach.

A risk adjustment is determined for incurred claims using the techniques explained in this section where there is uncertainty in the amount and the timing of the underlying cash flows. For insurance contracts measured under the PAA, a risk adjustment is only determined for incurred claims (where relevant).

Coverage units

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits is typically determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The following definitions of coverage units are used for the material lines of business[1]:

		Relative weighting of the benefits provided[2]			
	Measurement model	Insurance coverage	Investment related services	Investment return services	Examples of coverage unit definitions
Risk insurance business	GMM	(A)			Guaranteed sum assured (for example term/whole life insurance business, funeral insurance business)
Non-participating life annuities	GMM	(A)		(a)	Annuity benefit payments[3], or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	(A)		(a)	Maximum of the guaranteed benefits plus any vested bonuses
Other life insurance business providing investment-return services	GMM	(A)		(a)	Total of the guaranteed sum assured plus any vested bonuses
Proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for quota share reinsurance, the proportion of the guaranteed sum assured ceded)
Non-proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for excess of loss reinsurance, the excess of the guaranteed sum assured over and above the specified limit)
Universal life insurance business	VFA	(a)	(A)		Maximum of the underlying items and the guaranteed sum assured (including any vested bonuses)
Other life insurance savings business[4]	VFA	(a)	(A)		Total of the underlying items plus any insurance benefits (for example rider benefits/waivers)

[1] Coverage units are defined for each group of contracts and could vary based on the specific features/characteristics of the underlying contracts.

[2] The insurance contract services with a majority relative weighting of total benefits provided (ie greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (ie less than 50%) are denoted by (a), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows.
For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore a lower weighting of benefits are provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.
The reinsurance contracts held by the group do not provide investment-return services.
For insurance contracts meeting the eligibility criteria for measurement under the VFA, there will, by definition, be a higher weighting of benefits provided by investment-related services, relative to the benefits provided by insurance coverage (refer to note 6 for further details on the judgements applied in assessing VFA eligibility).

[3] Investment-return services are provided on:
— immediate life annuities during guaranteed periods where payments are made on death or survival; and
— deferred life annuities (relevant to SEM only) during the accumulation phase where payments are made on death or surrender/transfer.

[4] Including smoothed bonus business and participating life annuities.

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Notes to the group financial statements continued

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29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

Premium experience adjustments

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

The group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

Loss recovery component (LRC) for reinsurance contracts held

A loss recovery component is deducted from the CSM at initial recognition of a group of reinsurance contracts held when underlying onerous insurance contracts are recognised, with the resulting income recognised in profit or loss offsetting the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- the loss recognised on the underlying insurance contracts (or loss component(s) of the underlying insurance contracts); and
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held (also referred to as the "LRC ratio").

The group applies judgement in determining the LRC ratio. The LRC ratio is determined as the present value of the future expected claims recovery cash flows of the group of reinsurance contracts held divided by the present value of the future expected claims cash flows of the underlying insurance contracts.

Subsequent to the initial recognition of a group of reinsurance contracts held, the loss recovery component is adjusted for changes in estimates that relate to future service based on the corresponding adjustment to the loss component(s) of the underlying group(s) of insurance contracts and the reinsured portion of these underlying insurance contracts. The group applies judgement to assess that any unfavourable changes in the fulfilment cash flows of underlying insurance contracts that are not reinsured do not adjust the LRC, unless the impact is immaterial.

If a group of reinsurance contracts held is linked to multiple groups of underlying insurance contracts (which could include onerous and non-onerous groups of contracts), the LRC ratio is estimated based on the overall claims recoveries for the group of reinsurance contracts held and the overall claims incurred for the underlying insurance groups, applied to the sum of the loss components of the underlying insurance groups (where relevant). This determination of the LRC therefore estimates the portion of the losses on the underlying insurance contracts being recovered in the LRC for reinsurance contracts held, by excluding the following impacts where relevant:

- the portion of the underlying insurance contracts that are not covered by the group of reinsurance contracts held; and
- the portion of the underlying insurance contracts that are not onerous.

29.2.3 Sensitivity analysis to underwriting risk variables

The sensitivity analysis related to underwriting risk variables only includes information on the impact of changes in assumptions for the year ending 2023 for the life insurance risk (PAA and GMM) and savings (VFA) business. Even though sensitivity models were not rerun for the prior reporting period for this business, the group would not expect new insights to be provided from comparative results, and therefore the impacts at 31 December 2023 should be viewed as a proxy of both years.

In addition, for the sensitivity analysis related to interest rates, portfolios of investment assets held in respect of insurance contracts were not rebalanced as at 31 December 2022 to allow for the introduction of IFRS 17 and therefore this sensitivity information for the prior reporting period would not be reasonable/sensible.

29.2.3.1 Life insurance – Risk and Savings business

The following tables present information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

29.2.3.2 Life insurance – Risk business (Premium allocation approach)

The LIC component of life insurance liabilities measured under PAA, is sensitive to possible changes in the following underwriting risk variables:

	31 December 2023			
R million	LIC as reported	Impact on liability	Impact on profit before income tax	Impact on equity
Insurance contract liabilities (net)	11 467			
Reinsurance contract assets (net)	(2 667)			
Net insurance contract liabilities	8 800			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		145	(145)	(106)
Reinsurance contract assets (net)		(2)	2	1
Net insurance contract liabilities		143	(143)	(105)

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.3 Sensitivity analysis to underwriting risk variables continued

29.2.3.3 Life insurance – Risk business (General model)

The fulfilment cash flows (FCFs) and contractual service margin (CSM) components of life insurance liabilities measured under General Model, is sensitive to possible changes in the following underwriting risk variables:

	Liability for remaining coverage		Incurred claims									
R million	Best estimate of future cash flows	Risk adjustment	Best estimate of future cash flows	Risk adjustment	Total FCFs	CSM	Total	Impact on FCFs	Impact on CSM	Total impact on liability	Impact on profit before income tax	Impact on equity
31 December 2023												
Insurance contract liabilities (net)	37 500	8 666	3 941	101	50 208	25 410	75 618					
Reinsurance contract assets (net)	10 084	(1 942)	(1 224)	(32)	6 886	(7 189)	(303)					
Net insurance contract liabilities	47 584	6 724	2 717	69	57 094	18 221	75 315					
Mortality/morbidity rate – 5% decrease												
Insurance contract liabilities (net)								(4 230)	3 572	(658)	658	480
Reinsurance contract assets (net)								656	(432)	224	(224)	(164)
Net insurance contract liabilities								(3 574)	3 140	(434)	434	316
Lapse/surrender rates – 10% decrease												
Insurance contract liabilities (net)								(1 882)	1 503	(379)	379	277
Reinsurance contract assets (net)								462	(261)	201	(201)	(147)
Net insurance contract liabilities								(1 420)	1 242	(178)	178	130
Expenses – 10% decrease												
Insurance contract liabilities (net)								(1 225)	1 013	(212)	212	155
Reinsurance contract assets (net)								—	20	20	(20)	(15)
Net insurance contract liabilities								(1 225)	1 033	(192)	192	140

29.2.3.4 Life insurance – Savings (Variable Fee Approach)

The fulfilment cash flows (FCFs) and contractual service margin (CSM) components of insurance liabilities measured under the Variable Fee Approach, is sensitive to possible changes in the following underwriting risk variables:

	Liability for remaining coverage		Incurred claims									
R million	Best estimate of future cash flows	Risk adjustment	Best estimate of future cash flows	Risk adjustment	Total FCFs	CSM	Total	Impact on FCFs	Impact on CSM	Total impact on liability	Impact on profit before income tax	Impact on equity
31 December 2023												
Insurance contract liabilities (net)	59 603	309	987	4	60 903	4 281	65 184					
Mortality/morbidity rate – 5% decrease								(12)	9	(3)	3	2
Lapse/surrender rates – 10% decrease								(113)	102	(11)	11	8
Expenses – 10% decrease								(133)	113	(20)	20	15

Notes to the group financial statements continued

for the year ended 31 December

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.3 Sensitivity analysis to underwriting risk variables continued

29.2.3.5 General insurance – Premium allocation approach

The LIC component of general insurance liabilities measured under PAA, is sensitive to possible changes in the following underwriting risk variables:

	31 December 2023			
R million	LIC as reported	Impact on liability	Impact on profit before income tax	Impact on equity
Insurance contract liabilities (net)	19 512			
Reinsurance contract assets (net)	(8 816)			
Net insurance contract liabilities	10 696			
Ultimate claims cost – 5% increase				
Insurance contract liabilities (net)		865	(865)	(631)
Reinsurance contract assets (net)		(350)	350	256
Net insurance contract liabilities		515	(515)	(375)

29.3 Policy liabilities for investment contracts with investment management services

The valuation of these contracts is linked to the fair value of the supporting assets and deviations from future investment return assumptions will therefore not have a material impact. The recoverability of the contract costs for investment management services is not significantly impacted by changes in lapse experience; if future lapse experience was to differ by 10% (2022: 10%) from management's estimates, no impairment of the contract costs for investment management services would be required.

Refer to contract cost for investment management services in note 6.

29.4 Valuation of unlisted investments

The valuation of unlisted investments is based on generally accepted and applied investment techniques, but is subject to judgement in respect of the adjustments made by the group to allow for perceived risks. The appropriateness of the valuations is continuously tested through the group's approval framework, in terms of which the valuation of unlisted investments is reviewed and recommended for approval by the audit committee and board by the Sanlam Non-listed Asset Controlling Body at each reporting period.

Refer to note 37 for additional information.

29.5 Consolidation of investment funds

The group invests in a number of investment funds and has varying holdings. In terms of IFRS 10, the group considers itself to have control of a fund when it both owns the asset manager of the fund and holds greater than 20% thereof.

29.6 Deferred tax assets

During 2016, changes to the South African insurance tax legislation gave rise to a change in the probability and timing of utilisations of historic losses in certain tax funds. As a result, management determined that it is now probable that these losses will be utilised and therefore that a deferred tax asset should be raised. In determining the extent to which these losses should be recognised, management forecast future profits, including the impact of new business, where applicable, as well as other business decisions that may affect future profits. Changes in these assumptions, as well as decisions made by the group in future may affect the extent to which these losses are utilised. Changes in the Taxation Laws Amendment Act 20 of 2021 announced the 80% limitation on the use of assessed losses effective for tax years ending on or after 31 March 2023 (applicable to the Sanlam group from 1 January 2023). Tax losses carried forward may only be applied against 80% of taxable income. This amendment impacted the level of the deferred tax asset held.

Refer to deferred tax in note 11.1.

30 Retirement benefits for employees

Retirement benefits for employees are provided by a number of defined benefit and defined contribution pension and provident funds. The assets of these funds, including those relating to any actuarial surpluses, are held separately from those of the group. The retirement plans are funded by payments from employees and the relevant group companies, taking into account the recommendations of the retirement fund valuator.

Defined-benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in net profit. When a fund is in a net surplus position, the value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined-contribution plans

Group contributions to the defined contribution funds are charged against the statement of comprehensive income in the year incurred.

The Sanlam group provides for the retirement and medical benefits of full-time employees and for certain part-time employees by means of defined benefit and defined contribution pension and provident funds.

At 31 December 2023, 100% of employees were covered by defined contribution funds and none by defined benefit funds (2022: 100%).

30.1 Defined-contribution pension funds

There are separate defined contribution funds for advisers, full-time and part-time office staff. The Sanlam group contributed R705 million to these funds during 2023 (2022: R827 million).

30.2 Defined-benefit pension funds

The Sanlam group has three defined-benefit pension funds. These funds relate to:
- Sanlam Investments Holdings UK Limited; and
- Sanlam Developing Markets defined benefit fund SA.

Boards of Trustees oversee the affairs of the other defined benefit funds as required by the relevant legislation. The responsibilities of the Trustees are defined in these regulations. Adequate allowance for future salary increases for active members and allowance for pension increases in line with the funds' pension increase policies are required to ensure that the funds are always financially sound.

Both the Sanlam Investments Holdings UK Limited as well as Sanlam Developing Markets SA funds were in materially sound positions at 31 December 2023.

Notes to the group financial statements continued

for the year ended 31 December

30 Retirement benefits for employees continued

30.2 Defined-benefit pension funds continued

Principal actuarial assumptions:		Sanlam Investments Holdings UK Limited	Sanlam Developing Markets SA
2023			
Valuation date		31 December 2023	31 December 2023
Pre-retirement discount rate	% pa	4,5%	12,4%
Post-retirement discount rate	% pa	4,5%	7,1%
Future pension increases	% pa	2,9%	5,0%
Actual experience:			
Actual return on assets	% pa	1,6%	7,4%
2022			
Valuation date		31 December 2022	31 December 2022
Pre-retirement discount rate	% pa	4,8%	11,8%
Post-retirement discount rate	% pa	4,8%	6,5%
Future pension increases	% pa	3,1%	5,0%
Actual experience:			
Actual return on assets	% pa	1,7%	0,0%

Based on reasonable actuarial assumptions about future experience, the employers' contribution, as a fairly constant percentage of the remuneration of the members of the funds, should be sufficient to meet the promised benefits of the funds. The expected return on defined benefit fund assets is calculated based on the long-term asset mix of these funds. The fund assets are analysed into different classes such as equities, bonds and cash, and a separate expected return is calculated for each class. Current market information and research of future trends are used as the basis for calculating these expected returns.

R million	2023	2022	2021	2020	2019
Net liability recognised in statement of financial position:					
Actuarial value of fund assets	1 073	913	1 442	1 371	1 144
Present value of fund obligations	(904)	(808)	(1 271)	(1 330)	(1 071)
Net present value of funded obligations	169	105	171	41	73
Effect of limiting defined benefit asset to amount available to employer (asset ceiling)	(169)	(105)	(171)	(41)	(73)
Net asset recognised in statement of financial position	—	—	—	—	—
Experience adjustments on:					
Fund obligations	(4,2%)	(4,2%)	0,9%	2,2%	1,0%
Fund assets	0,4%	0,4%	(8,5%)	1,8%	1,3%

R million	Fund assets	Fund liabilities	Asset ceiling	Net asset/ (liability)
2023				
Balance at the beginning of the year	913	(808)	(105)	—
Contributions – employer	31	—	—	31
Benefit payments	(28)	38	—	10
Interest income/(expense)	54	(49)	(6)	(1)
Actuarial (losses) and gains: change in financial assumptions	(11)	17	—	6
Returns from plan assets (excluding amounts included in interest)	5	—	—	5
Foreign exchange gains and (losses)	116	(102)	—	14
Effect of limiting defined benefit asset to amount available to employer	—	—	(58)	(58)
Other	(7)	—	—	(7)
Balance at the end of the year	1 073	(904)	(169)	—
2022				
Balance at the beginning of the year	1 442	(1 271)	(171)	—
Contributions – employer	26	—	—	26
Benefit payments	(35)	44	—	9
Interest income/(expense)	32	(29)	(3)	—
Actuarial (losses) and gains: change in financial assumptions	(13)	378	—	365
Returns from plan assets (excluding amounts included in interest)	(454)	—	—	(454)
Foreign exchange (losses) and gains	(79)	70	—	(9)
Effect of limiting defined benefit asset to amount available to employer	—	—	69	69
Other	(6)	—	—	(6)
Balance at the end of the year	913	(808)	(105)	—

Notes to the group financial statements continued

for the year ended 31 December

30 Retirement benefits for employees continued

30.2 Defined-benefit pension funds continued

	2023 R million	2022 R million	2023 %	2022 %
Fund assets comprise:				
Equities and similar securities	315	243	29%	27%
Interest-bearing investments	669	557	61%	60%
Deposits and similar securities	8	31	2%	4%
Insurance policy	81	82	8%	9%
	1 073	913	100%	100%

The above value of fund assets includes an investment of Rnil (2022: Rnil) in Sanlam shares.

R million	2023	2022
Net expense recognised in the statement of comprehensive income (included in administration costs):		
Interest	1	–
Other	7	6
Total included in staff costs	8	6
The following discounted benefits are expected payments to be made in future years out of the defined benefit plan:		
Due within one year	(99)	(17)
Due from one to five years	(306)	(33)
Due after five years	(499)	(758)
Total expected payments	(904)	(808)

30.3 Medical aid funds

The actuarially determined present value of medical aid obligations for disabled members and certain pensioners is fully provided for at year-end and is considered to be immaterial. The group has no further unprovided post-retirement medical aid obligations for current or retired employees.

31 Borrowing powers

In terms of the memorandum of incorporation of Sanlam Limited, the directors may at their discretion raise or borrow money for the purpose of the business of the company without limitation.

Material borrowings of the Sanlam group are disclosed in note 22.

32 Commitments and contingencies

Possible obligations of the group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group and present obligations of the group where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognised in the group statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group, are not recognised in the group statement of financial position and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

32.1 Leasing commitments

R million	2023	2022
Future lease commitments:		
Lease rentals due within one year	63	45
Lease rentals due from one to five years	103	114
Lease rentals due after five years	16	58
Total lease commitments	182	217

Amounts reflected in lease commitments relate to short-term leases, low value assets leases and well as variable lease payments.

32.2 Guarantees provided in favour of SanFin and others

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:
- the amount determined in accordance with the ECL model under IFRS 9 – Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 – Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Currently, Sanlam has not issued or entered into financial guarantee contracts. There are however performance guarantee contracts in place. Performance guarantee contracts are not considered to be financial guarantee contracts and is accounted for in accordance with IFRS 9 – Financial Instruments as financial liabilities. It is initially recognised in the Statement of Financial Position at fair value when it becomes party to the contractual provisions. Subsequent to initial recognition, it is accounted for at the higher of: (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles in IFRS 15 – Revenue from Contracts with Customers. Listed below are performance guarantees currently in place:
- Sanlam has guaranteed obligations that may arise under SanFin's unlisted commercial paper programme, as well as SanFin's obligations arising from transactions with approved, specified counterparties through direct guarantees. The total limit for the unlisted commercial paper programme is R20 billion, but both these and the direct guarantees are subject to an overall R6,75 billion guarantee utilisation limit in terms of the group governance processes. At 31 December 2023 the utilisation of guarantees by SanFin amounted to R5,05 billion (2022: R5,60 billion).
- Sanlam has provided security to third parties in respect of the preference share business subject to and within the overall approved limit of 35% of debt to adjusted equity, currently R35 billion (2022: R31 billion) with R15 billion utilised (2022: R15 billion) as at 31 December 2023.
- Security to third parties in respect of the preference share business subject to and within the overall approved limit of R13 billion (2022: R13 billion) with R13 billion utilised (2022: R12 billion) as at 31 December 2023.
- Sanlam has also issued letters of support, in the ordinary course of business, for the activities of certain subsidiaries in the group.
- In March 2018, Sanlam approved a guarantee facility in respect of the distribution agreement between Sanlam Life and Savings and Capitec. The facility is subject to an internal limit of R500 million. As at 31 December 2023, the utilisation of the performance guarantees amounted to R500 million (2022: R500 million).
- Sanlam Limited irrevocably and unconditionally guarantees to the noteholders of the recent approved Sanlam Life Insurance Limited's R4 billion unsecured unsubordinated notes under its R6 billion programme, the due and punctual performance of all obligations arising under the programme. Refer to note 22 for additional information.
- During 2020 Sanlam Emerging Markets Proprietary Limited (SEM) entered into a performance guarantee agreement with Stanbic Bank Kenya Limited (Stanbic Kenya) for a revolving credit facility to be provided to Sanlam Kenya PLC (Sanlam Kenya), to an aggregate limit of approximately KES4 billion (approximately R414 million) (SEM Guarantee). Sanlam Limited is providing an irrevocable guarantee to Stanbic Kenya for the due performance by SEM of its obligations to Sanlam Kenya in terms of the SEM Guarantee. The Stanbic credit facility was renegotiated to capitalise interest and extend maturity to December 2024 with an option to extend maturity to December 2025. A process is underway to transfer the economic interest of the original facility's guarantee (KES3 billion) to the SanlamAllianz JVCo; and the increase in the facility of KES1 billion to be backed by SEM.
- During December 2020, Sanlam Pan Africa (Maroc) issued a five-year guarantee of up to R466 million to the Bank of Africa in respect of Colina business operations which expires 31 December 2025. The initially fully drawn down loan now reflects a repayment made in 2023 of XOF4,3 billion.
- Undertaking to the trustees of Merchant Investors Staff Pension Scheme Trustees Limited to guarantee up to 18 million (circa R468 million) for the due performance of its guaranteed obligations by Sanlam's wholly owned subsidiary, Sanlam Investments Holdings UK Limited.

Financial claims are lodged against the group from time to time. Provisions are recognised for claims based on best estimates of the expected outcome of the claims (refer to note 23). Given the high degree of uncertainty involved in determining the expected outcome, it is reasonably possible that outcomes in future financial years will be different to the current estimates.

There are no material commitments or contingencies that have not been provided for or fully disclosed, unless additional disclosures may potentially prejudice the legal arguments of the group.

Notes to the group financial statements continued

for the year ended 31 December

32 Commitments and contingencies continued

32.3 Litigation, disputes and investigations

On 25 August 2022 the Competition Commission (Commission) raided the offices of several life insurers including Sanlam Life Insurance Limited (Sanlam) and Brightrock Life Limited (Brightrock). The Commission expressed concern that the conduct among insurers may contravene the Competition Act. Sanlam has not been engaged by the Commission since the raids at our offices and that of Brightrock. Such engagement would facilitate clarity and understanding of the complaint at hand. Sanlam does not believe it has engaged in activities that would place it in breach of the Competition Act. The insurance market is highly competitive with significant differentiation in terms of products, market share, pricing and benefits, distribution channels as well as new entrants.

The group, in common with the insurance industry in general, is subject to litigation, mediation and arbitration, and regulatory, governmental and other sectoral inquiries and investigations in the normal course of its business. The outcome of these can be uncertain, but based on current information, the directors do not believe that any current mediation, arbitration, regulatory, governmental or sectoral inquiries and investigations and pending or threatened litigation or dispute will have a material adverse effect on the groups financial position.

32.4 Other

There are no material commitments or contingencies that have not been provided for or fully disclosed, unless additional disclosures may potentially prejudice the legal arguments of the group.

33 Related parties

33.1 Major shareholders

Sanlam Limited is the ultimate holding company in the group.

By virtue of its relationship with Sanlam Limited, Ubuntu-Botho Investments is considered to be a related party to the group. Apart from Ubuntu-Botho Investments (UBI) role as the group's broad-based black economic empowerment (B-BBEE) partner and jointly pursuing investments in complimentary financial services businesses, the group does not enter into transactions with UBI in the normal course of business. During 2017, the group provided preference share funding of R500 million (carrying value at 31 December 2023: R740 million and 31 December 2022: R688 million) to an Special Purpose Vehicle (SPV) co-owned by UBI and the Sanlam UbuntuBotho Community Development Trust on arms' length terms. Refer to note 28 for additional information. The preference shares are redeemable after 10 years, carry a dividend rate of 72,5% of the prime lending rate and are secured by Sanlam shares at a minimum of 1,25 times cover ratio. The preference shares will participate in 10% of the net asset value of the SPV at the time of redemption.

During 2019, Sanlam Limited issued 111 349 000 shares at a price of R70 per share to a new B-BBEE SPV. The shares were issued at a price of R70 per share, representing a discount of some 10% to the three-day volume weighted average price (VWAP) at the time. Sanlam provided vendor funding to the amount of R3,7 billion to the B-BBEE entity. Sanlam's empowerment partner, UBI and Sanlam Ubuntu-Botho Community Development Trust participate in 20% of the B-BBEE SPV and five other targeted beneficiary groups sharing the remaining 80%. A one-off expense of R1,686 billion was recognised in terms of IFRS 2 Share-based Payment in respect of the B-BBEE share issuance.

Effective 30 June 2023, URD Investments (wholly owned subsidiary of Sanlam Life) purchased A preference shares in the B-BBEE entity at R2 421 million.

African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FS), has purchased 25% of the shares in Sanlam Investment Holdings Capital (Pty) Ltd (an investment company that holds the third party asset management business of Sanlam Investment Holdings (SIH)). ARC is a wholly owned subsidiary of UBI which is, a material shareholder in Sanlam and accordingly deemed a related party.

Sanlam Life is a 25% non-controlling shareholder of ARC Financial Services Investments Proprietary Limited with African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FS) retaining the majority a 75% shareholding. ARC FS is owned 50,1% by African Rainbow Capital Pty Ltd (ARC) and 49,9% by the ARC Fund.

During December 2022, the group released a combined circular detailing the acquisition of Afrocentric Investment Corporation Limited (Afrocentric). The conditions precedent to the acquisition have now been fulfilled. The Partial Offer to the Afrocentric shareholders and subsequently an asset for share transaction in which Sanlam has exchanged its 28,7% stake in ACT Healthcare Assets Proprietary Limited (previously accounted for as an associate) for a 28,7% stake in Afrocentric, have been implemented. Sanlam group currently holds 59,8% of Afrocentric. Refer to note 35.1 for additional information.

No other Sanlam shareholders have a significant influence and thus no other shareholder is a related party. The shares are widely held by public and non-public shareholders.

33.2 Transactions with post-employment benefit plans

Contributions to the post-employment benefit plans were R705 million in 2023 (2022: R853 million). There are no amounts outstanding at year-end.

The trustees of the Sanlam Office Personnel Fund insured the pension fund obligations through a policy with Sanlam Life Insurance Limited during 2017.

33.3 Transactions with directors

Remuneration is paid to directors in the form of fees to non-executive directors and remuneration to executive directors of the company. All directors of Sanlam Limited have notified that they did not have a material interest in any contract of significance with the company or any of its subsidiaries, which could have given rise to a conflict of interest during the year. Details relating to directors' emoluments and their shareholdings and share participation in the company are disclosed as part of the remuneration report.

33.4 Transactions with entities in the group

During the year, the company and its subsidiaries, in the ordinary course of business, entered into various transactions with other group companies, associated companies, joint ventures and other stakeholders.

As from December 2023, Sanlam Personal Loans (SPL) is a wholly owned subsidiary of Sanlam group which has resulted in the loan provided to SPL being eliminated upon consolidation.

Sanlam authorised funding of up to R2 billion to Sanlam Private Wealth (SPW) to facilitate funding for equity-backed loans provided to SPW clients. Utilisation at 31 December 2023 amounted to R1 472 million (2022: R1 334 million).

33.5 Policy administration

Certain companies in the group carry out a third-party policy and other administration activities for other related parties in the group. These transactions are entered into in the normal course of business. Policies held by key management personnel are not viewed as material.

33.6 Key management personnel compensation

R million	2023	2022
Compensation paid to the group's key management personnel is as follows:		
Short-term employee benefits	772	782
Share-based payments[1]	166	133
Termination benefits	4	36
Other long-term benefits and incentive schemes	41	33
Total key management personnel compensation	**983**	**984**

[1] Consists of redemption of shares in respect of share-based payment schemes.

Notes to the group financial statements continued

for the year ended 31 December

34 Notes to the cash flow statement

34.1 Cash utilised in operations

R million	2023	Restated[1] 2022
Profit before tax per statement of comprehensive income	24 786	17 722
Profit before tax from continuing operations	20 682	15 424
Profit before tax from discontinued operations	4 104	2 298
Net movement in life insurance contracts net liabilities and investment contract liabilities	74 339	16 107
Investment contract liabilities	60 333	3 994
Life insurance contract liabilities	14 006	12 113
Non-cash flow items	(76 846)	(12 536)
Insurance service result: revenue	(112 281)	(110 526)
Insurance service result: service expenses	67 982	64 969
Insurance service result: income or expense from reinsurance contracts	10 565	4 937
Insurance investment result: insurance finance income or expense	15 509	8 432
Insurance investment result: reinsurance finance income or expense	(190)	(722)
Depreciation	937	927
Bad debts written off	166	127
Share-based payments	468	531
Profit on disposal of subsidiaries and associates	(494)	(2 014)
Fair value adjustments and change in external investors' liability	(56 807)	23 381
Net monetary loss (hyperinflation)	29	27
Net impairment losses on financial assets and other impairments	339	65
Amortisation of intangibles	337	496
Equity-accounted earnings	(3 406)	(3 166)
Items excluded from cash utilised in operations	(35 963)	(34 470)
Interest and preference share dividends received	(37 529)	(35 672)
Interest accrued	(24 904)	(21 957)
Dividends accrued	(12 625)	(13 715)
Finance costs	1 566	1 202
Net disposals/(acquisition) of investments	21 174	(29 870)
Net disposals/(acquisition) of trading account assets/liabilities	2 342	(202)
(Decrease)/increase in advances to customers	37	—
Increase in net working capital assets and liabilities	(42 717)	36 904
Net general insurance liabilities	10 309	11 951
Net reinsurance assets	(7 283)	(7 666)
Other net working capital assets/liabilities	(45 743)	32 619
Cash utilised in operations	(32 848)	(6 345)

[1] The prior year has been restated for the initial application of IFRS 17, the reclassification of accrued investment income and payables, trade receivables and payables and the cash and cash equivalents. Refer to notes 39.1, 39.2, 39.3 and 39.4 for additional information.

34.2 Acquisition of subsidiaries and associated companies

R million	2023	Restated[1] 2022
During the year, various interests in subsidiaries were acquired within the group.		
Investments in associated companies[2]	(24 944)	(845)
The fair value of assets acquired via business combinations is as follows:		
Goodwill	(2 092)	(887)
Equipment	(363)	(6)
Right-of-use assets	(115)	(24)
Owner-occupied properties	(310)	—
Other intangible assets	(2 397)	(73)
Reinsurance contract assets	—	(642)
Advances to customers	(4 085)	—
Investments	(168)	(74)
Deferred tax assets	(233)	(16)
Trade and other receivables	(1 199)	(245)
Taxation	(21)	(10)
Cash and cash equivalents	(432)	(675)
Insurance contract liabilities	—	765
Lease liabilities	155	30
Term finance	665	—
Loan payable	3 258	—
Deferred tax liabilities	458	53
Trade and other payables	999	416
Provisions	97	27
Taxation	72	—
Non-controlling interest	996	—
Total purchase consideration	(29 659)	(2 206)
Less: Previously held interest at fair value	26 304	81
Less: Deferred purchase consideration	51	256
Less: Share capital and preference shares issued	435	891
Cash element consideration	(2 869)	(978)
Less: Cash and cash equivalents acquired	432	675
Cash component of acquisition of subsidiaries and associated companies[3]	(2 437)	(303)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[2] The acquisitions during the year relate to a 26% holding in Capital Legacy for a cash consideration of R904 million.
[3] The acquisitions during the current year mainly relate to SanlamAllianz joint venture, Afrocentric Investment Corporation Ltd, Capital Legacy Solutions (Pty) Ltd, the remaining shareholding of Sanlam Personal Loans (previously accounted for as a joint venture) as well as Alexander Forbes Client administration. The SanlamAllianz joint venture, did not result in a cash element of consideration.

Notes to the group financial statements continued

for the year ended 31 December

34 Notes to the cash flow statement continued

34.3 Disposal of subsidiaries and associated companies

R million	2023	Restated[1] 2022
During the year, various interests in subsidiaries were disposed within the group.		
Investments in associated companies[2]	2 022	41
The fair value of assets disposed of were as follows:		
Contact cost for investment management services	22	—
Equipment	—	8
Right-of-use assets	4	8
Intangible assets	—	6
Deferred tax assets	6	—
Non-current assets held for sale	120 003	80 692
Trade and other receivables	23	67
Cash and cash equivalents	29	—
Lease liabilities	(6)	(7)
Non-current liabilities held for sale	(84 235)	(78 869)
Trade and other payables	(3)	(54)
Foreign currency translation reserve release	(1 309)	—
Non-controlling interest	(9 066)	(4)
Profit on disposal of subsidiaries and associates	494	2 014
Total disposal price	27 984	3 902
Less: Cash and cash equivalents disposed of	(29)	(3 298)
Less: Consideration receivable	(14)	(414)
Less: Deemed disposal	(26 882)	(41)
Cash component of disposal of subsidiaries and associated companies	1 059	149

(1) The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
(2) The disposals mainly relate to investments in associated companies and joint ventures, Funeral services group (FSG) in Botswana, ACT Healthcare Assets and Sanlam Personal loans, as well as investment in subsidiaries Sanlam Pan Africa (previously treated as held-for-sale) and Sanlam Trust of which are considered to be deemed disposals.

34.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

R million	Notes	2023	Restated[1] 2022
Bank and other cash balances		13 636	18 181
Deposits and similar securities – maturity <90 days		12 193	18 685
Total cash and cash equivalents – as per the statement of financial position	17	25 829	36 866
Bank overdrafts (included in Trade and other payables)	15.2	(137)	(16)
Plus: Cash and cash equivalents included in non-current assets held for sale		2 562	12 381
Total cash and cash equivalents – as per statement of cash flow		28 254	49 231

(1) The prior year has been restated for cash and cash equivalent restatement. Refer to note 39.2 for more information.

Included in cash and cash equivalents are restricted cash balances of R5 664 million (2022: R9 626 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with JSE in respect of exchange traded derivatives.

34.5 Non-cash transactions

Interest and dividend income in respect of investment funds to the amount of R4 198 million (2022: R3 098 million) and R2 111 million (2022: R1 958 million) were reinvested. Both of these transactions represent non-cash transactions and also affected the net acquisition of investments in note 34.1 above.

Notes to the group financial statements continued

for the year ended 31 December

35 Business combinations

35.1 Afrocentric (Afrocentric Investment Corp Ltd)

Effective 29 May 2023, the Sanlam group acquired 59,8% in Afrocentric, gaining control for the first time. The acquisition accounting is based on provisional estimates, which might result in adjustments to goodwill, intangibles, assets as well as deferred tax during the next five months.

The goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	2023
Assets	
Pre-existing goodwill	1 558
Equipment	678
Right-of-use asset	115
Intangible assets	2 225
Deferred tax	85
Investments	160
Working capital assets	
Trade and other receivables	1 191
Cash and cash equivalents	313
Taxation	19
Total identifiable assets	6 344
Liabilities	
Term finance	665
Lease liability	155
Deferred tax liability	429
Working capital liabilities	
Trade and other payables	893
Provisions	95
Taxation	60
Total identifiable liabilities	2 297
Equity	4 047
Less: Pre-existing goodwill	(1 558)
Non-controlling interest	996
Total equity and liabilities	3 485
Total identifiable net assets	1 493
Goodwill arising on acquisition	1 144
Net purchase consideration	2 637
Less: Cash consideration	(1 115)
Less: Share capital issued by Sanlam Limited	(435)
Less: Previously held interest at fair value	(1 087)
Net consideration	—

The revenue and other comprehensive income of Afrocentric since acquisition date included in the consolidated statement of comprehensive income as at 31 December 2023 is R3,9 billion and R158 million, respectively. The revenue and other comprehensive income of the combined entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R6,7 billion and R290 million respectively.

Trade receivables had a fair value of R1 191 million at acquisition date and consists of other receivables R688 million, inventory R441 million and pre-payments R61 million. The gross amount is R1 191 million and it is expected that R1 191 million will be collected. The fair value approximates the gross amount due to its short-term nature.

35.2 Sanlam Personal Loans (SPL)

Effective 1 December 2023, the Sanlam group acquired the remaining interest (30%) in Sanlam Personal Loans (Pty) Ltd, gaining control for the first time.

The goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	2023
Assets	
Deferred tax	147
Advances to customers	4 084
Working capital assets	
Trade and other receivables	2
Cash and cash equivalents	65
Total identifiable assets	4 298
Liabilities	
Loans payable	3 251
Working capital liabilities	
Trade and other payables	103
Taxation	3
Total identifiable liabilities	3 357
Total identifiable net assets	941
Goodwill arising on acquisition	863
Net purchase consideration	1 804
Less: Cash consideration	(647)
Less: Previously held interest at fair value	(1 157)
Net consideration	—

The revenue of Sanlam Personal Loans since acquisition date included in the consolidated statement of comprehensive income as at 31 December 2023 is R22 million. The revenue and total other comprehensive income of the combined entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R221 million.

Notes to the group financial statements continued

for the year ended 31 December

35 Business combinations continued

35.3 Absa Investments

In October 2021, Sanlam and Absa announced that an agreement was reached to combine investment management businesses in a transaction which will result in an asset management company with assets under management, administration and advice greater than R1 trillion. Absa Financial Services Limited (AFS) exchanged its investment business, Absa Investments, for a stake of up to 17,5% in Sanlam Investment Holdings Proprietary Limited (SIH) for an acquisition value of approximately R890 million. Absa Investments comprises Absa Asset Management, Absa Alternative Asset Management, Absa Fund Managers (excluding the Absa Prudential Money Market Fund) and Absa Multi Management.

Goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	Restated[1] 2022
Assets	
Goodwill	7
Intangible assets	82
Investments	74
Deferred tax	8
Working capital assets	
Trade and other receivables	209
Cash and cash equivalents	262
Taxation	1
Total identifiable assets	643
Liabilities	
Deferred tax liability	23
Working capital liabilities	
Trade and other payables	257
Provisions	27
Total identifiable liabilities	307
Total identifiable net assets	336
Goodwill arising on acquisition	761
Net purchase consideration	1 097
Less: Deferred consideration	(206)
Less: Share capital issued by SIH	(604)
Less: Preference shares issued by SIH	(287)
Net consideration	–

[1] The acquisition accounting of ABSA investments has been finalised. The only changes relate to other intangible assets that increased with R82 million with a corresponding increase in deferred tax liability of R22 million, resulting in a decrease of R60 million in goodwill. Goodwill previously reported was R821 million after the finalisation of the acquisition accounting it is R761 million.

The revenue and other comprehensive income of Absa Asset Management (Pty) Ltd, Absa Alternative Asset Management (Pty) Ltd, Absa Multi Managers and Absa Fund Managers RF (Pty) Ltd since acquisition date included in the consolidated statement of comprehensive income as at 31 December 2022 is R43 million and R13 million respectively. The revenue and total other comprehensive income of the combined entities for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R2 672 million and R518 million respectively.

Trade receivables had a fair value of R209 million at acquisition date, it comprised of loans and advances to banks R138 million, accounts receivables R39 million and loans and advances R32 million. The gross amount is R188 million and it is expected that the full contractual amount will be collected.

35.4 Other business combinations

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	2023
Assets	
Equipment	1
Intangible assets	106
Deferred tax	1
Working capital assets	
Trade and other receivables	8
Cash and cash equivalents	49
Total identifiable assets	165
Liabilities	
Loan payable	7
Deferred tax liability	29
Working capital liabilities	
Trade and other payables	3
Provisions	2
Taxation	8
Total identifiable liabilities	49
Total identifiable net assets	116
Goodwill arising on acquisition	73
Net purchase consideration	189
Less: Deferred consideration	(29)
Less: Cash consideration	(160)
Net consideration	–

Notes to the group financial statements continued

for the year ended 31 December

36 Disposal groups, discontinued operations and assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use, a sale is considered highly probable and it is available for sale in its present condition. These assets are measured at the lower of carrying value and their fair value less costs to sell, unless they are specifically excluded from the measurement provisions of IFRS 5: Non-current Assets Held For Sale and Discontinued Operations, in which case measured at the lower of their carrying value in accordance with the applicable IFRS. Immediately before initial classification as held for sale, the assets to be reclassified are measured in accordance with applicable IFRS.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the group statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the group statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the group statement of comprehensive income.

Below is a summary of non-current assets and disposal groups held for sale:

R million	Segment	Valuation methodology	Fair value hierarchy	Note	Non-current assets held for sale	Non-current liabilities held for sale	Net
31 December 2023							
Assets					2 210		2 210
Investment properties	Sanlam Life and Savings	Fair value	Level 3		2 207		2 207
Owner-occupied properties	Sanlam Emerging Markets	Carrying value			3		3
Disposal groups					18 246	(16 617)	1 629
MCIS	Sanlam Emerging Markets	Carrying value		36.2.2	18 246	(16 617)	1 629
Discontinued operation					26 757	(22 786)	3 971
Sanlam Pan-Africa	Sanlam Emerging Markets	Carrying value		36.3	26 757	(22 786)	3 971
Total					47 213	(39 403)	7 810
31 December 2022 – Restated[1]							
Assets					865		865
Investment properties	Sanlam Life and Savings	Fair value	Level 3		860		860
Owner-occupied properties	Sanlam Emerging Markets	Carrying value			5		5
Disposal groups					340	(330)	10
LIA	Sanlam Emerging Markets	Carrying value		36.2.1	340	(330)	10
Discontinued operation					110 430	(75 838)	34 592
Sanlam Pan-Africa[1]	Sanlam Emerging Markets	Carrying value		36.3	110 430	(75 838)	34 592
Total					111 635	(76 168)	35 467

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39 for additional information.

36.1 Investment properties

During 2023, the Sanlam property committee approved the commencement of the sale of 11 South African properties. This allows the Sanlam Properties team to market the assets for sale to potential buyers for all 11 properties. Once serious buyers have been identified, the sale and purchase agreements are initiated. The purchase prices are approved by PropCo, in line with the latest internal valuations that were performed and approved in the previous month. The sales are expected to be finalised during 2024- 2025, as the average sale period is 12 – 18 months.

36.2 Disposal groups

36.2.1 LIA (Sanlam Emerging Markets)

In August 2022, Sanlam Emerging Markets entered into a share purchase agreement to sell all the shares it holds in LIA Assurex s.a.l. and its subsidiary, Total Care Lebanon (TCL) to Marius Saradar Holding. The transaction was concluded in January 2023, resulting in a profit on sale of R1 355 million on a group level included in the profit from discontinued operation. The profit on sale includes R1 308 million foreign currency translating reserve recycle.

Notes to the group financial statements continued

for the year ended 31 December

36 Disposal groups, discontinued operations and assets classified as held for sale continued

36.2 Disposal groups continued

36.2.2 MCIS (Sanlam Emerging Markets)

No firm offer has been received. However, there is an active programme to locate a buyer. Pending Regulatory approvals, which are expected to take up to six to nine months, the sale is considered highly probable within the next 12 months.

The following assets and liabilities were reclassified as held for sale as at 31 December 2023.

R million	2023
Assets of disposal group classified as held for sale:	
Goodwill	196
Equipment	143
Right-of-use assets	56
Owner-occupied properties	39
Intangible assets	98
Reinsurance contract assets	103
Investments	16 255
Investment properties	1
Equities and similar securities	1 892
Interest-bearing investments	12 980
Investment funds	1 382
Working capital assets	1 356
Trade and other receivables	201
Cash and cash equivalents	1 155
Assets of disposal group held for sale	18 246
Liabilities of disposal group classified as held for sale:	
Insurance contract liabilities	15 273
Term finance	799
Lease liabilities	60
Deferred tax	219
Working capital liabilities	266
Trade and other payables	122
Provisions	35
Taxation	109
Liabilities of disposal group held for sale	16 617

36.3 Discontinued operations

36.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets)

Sanlam Pan-Africa (SPA) has been reclassified as a discontinued operation held for sale from 30 June 2022 following entering into a definitive agreement in respect of a long-term strategic joint venture arrangement regarding Sanlam's operations on the African continent, outside of South Africa with Allianz. Sanlam and Allianz will contribute their respective African operations into a newly incorporated joint venture company, creating a leading Pan-African financial services group with an extensive footprint across the African continent.

SPA is considered to be a separate major geographical area of operations based on its contribution to the Sanlam Emerging Markets. The SPA operations and cash flows can be clearly distinguished operationally and for financial reporting purposes, from the rest of the group. The classification as a discontinued operation is considered to be met.

The transaction was finalised on 4 September 2023, the new incorporated joint venture is equity-accounted as at 31 December 2023 by Sanlam. Take-on date for the first phase was 1 October 2023.

The second phase of the transaction involves the inclusion of Sanlam's operations in Namibia in the long-term strategic joint venture arrangement. As at 31 December 2023 Sanlam's operations in Namibia have been classified as a discontinued operation.

An impairment test was conducted prior to the reclassification as a disposal group. The expected proceeds are in line with the fair value less costs to sell. Fair value less cost to sell was higher than the carrying value and thus no impairment was recognised.

Financial performance relating to the discontinued operations for the year is set out below:

R million	December 2023	Restated[1] December 2022
Result from insurance operations		
Result from insurance contracts	3 716	1 888
Insurance service result	1 532	894
Insurance revenue	24 442	30 085
Insurance service expenses	(19 741)	(25 268)
Income or expense from reinsurance contracts	(3 169)	(3 923)
Insurance investment result	2 202	1 007
Insurance finance income or expense	(1 299)	(1 661)
Reinsurance finance income or expense	5	11
Investment income on assets held in respect of insurance contracts	2 083	3 632
Investment surpluses/(deficits) on assets held in respect of insurance contracts	1 413	(975)
Other expenses relating to insurance operations	(18)	(13)
Result from other operations	357	203
Revenue	1 372	1 912
Investment income	2 058	1 478
Investment surpluses/(deficits)	846	(1 567)
Change in fair value of investment contract liabilities	(1 676)	(278)
Change in fair value of external investors' liabilities	(1 046)	(234)
Sales remuneration	(123)	(114)
Administration costs	(1 074)	(994)
Impairments	(260)	(43)
Net impairment losses on financial and contract assets	(259)	(43)
Other impairments	(1)	–
Amortisation of intangibles	(80)	(344)
Net operating result	3 733	1 704
Equity-accounted earnings	448	698
Finance cost – other	(48)	(77)
Net monetary gain	(29)	(27)
Profit before tax	4 104	2 298
Taxation		
Shareholders' fund	(676)	(400)
Policyholders' fund	(34)	–
Profit for the year	3 394	1 898

[1] The prior years have been restated for the initial application of IFRS 17. Refer to note 39 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

36 Disposal groups, discontinued operations and assets classified as held for sale continued

36.3 Discontinued operations continued

36.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets) continued

Assets and liabilities of discontinued operations:

The following assets and liabilities were reclassified as held for sale as at 31 December 2022.

R million	December 2023	Restated[1] December 2022
Assets of discontinued operation classified as held for sale:		
Goodwill	—	11 699
Equipment	30	573
Right-of-use assets	11	147
Owner-occupied properties	—	1 887
Intangible assets	—	3 274
Contract costs for investment management services	349	20
Insurance contract assets	—	1 789
Reinsurance contract assets	116	6 795
Deferred tax	2	964
Investments	24 438	66 342
Properties	412	8 240
Investment in associates and joint ventures	1 292	4 058
Equities and similar securities	3 586	9 918
Interest-bearing investments	10 347	29 559
Structured transactions	30	—
Investment funds	8 159	13 456
Deposits and similar securities	612	1 111
Working capital assets	1 811	16 940
Trade and other receivables	363	3 496
Taxation	41	777
Cash and cash equivalents	1 407	12 667
Assets of discontinued operation held for sale	26 757	110 430
Liabilities of discontinued operation classified as held for sale:		
Insurance contract liabilities	7 121	58 742
Reinsurance contract liabilities	—	2 031
Investment contract liabilities	13 506	410
Term finance	—	880
Other interest-bearing liabilities	—	880
Lease liabilities	12	159
External investors in consolidated funds	1 597	3 754
Deferred tax	19	3 131
Net defined benefit liability	—	12
Working capital liabilities	531	6 720
Trade and other payables	530	4 980
Provisions	—	601
Taxation	1	1 139
Liabilities of discontinued operation held for sale	22 786	75 839

[1] The prior years have been restated for the initial application of IFRS 17 and the reclassification of cash and cash equivalents. Refer to note 39.1 and 39.2 for additional information.

Cash flow information from discontinued operations

R million	December 2023	December 2022
Cash flow from operating activities	14	1 945
Cash flow from investment activities	(11 154)	(263)
Cash flow from financing activities	(2)	34
Net increase in cash and cash equivalents generated by discontinued operations	(11 142)	1 716

Classification of financial instruments of discontinued operations

	Fair value through profit or loss					
R million	Manda-torily	Desig-nated	Total fair value	Amor-tised cost gross	Amor-tised cost net	Total
Instruments	11 745	10 891	22 636	98	98	22 734
Equities and similar securities	3 586	—	3 586	—	—	3 586
Interest-bearing investments	—	10 249	10 249	98	98	10 347
Structured transactions	—	30	30	—	—	30
Investment funds	8 159	—	8 159	—	—	8 159
Deposits and similar securities	—	612	612	—	—	612
Working capital assets	—	—	—	1 770	1 770	1 770
Trade and other receivables	—	—	—	363	363	363
Cash and cash equivalents	—	—	—	1 407	1 407	1 407
Total financial assets	11 745	10 891	22 636	1 868	1 868	24 504
External investors in consolidated funds	—	1 597	1 597		—	1 597
Trade and other payables	—	—	—		530	530
Investment contract liabilities	—	13 506	13 506		—	13 506
Total financial liabilities	—	15 103	15 103		530	15 633

Notes to the group financial statements continued

for the year ended 31 December

36 Disposal groups, discontinued operations and assets classified as held for sale continued

36.3 Discontinued operations continued

36.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets) continued

Fair value information on discontinued operation

Recurring fair value measurements (financial instruments)

R million	Level 1	Level 2	Total
31 December 2023			
Financial instruments			
Equities and similar securities	3 586	—	3 586
Interest-bearing investments	8 864	1 385	10 249
Structured transactions	—	30	30
Investment funds	8 159	—	8 159
Deposits and similar securities	—	612	612
Total assets at fair value	20 609	2 027	22 636
Financial instruments			
Investment contracts liabilities	—	13 506	13 506
External investors in consolidated funds	1 597	—	1 597
Total liabilities at fair value	1 597	13 506	15 103

37 Fair value disclosures

Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding investment properties, associates and joint ventures), receivables, deposits and similar securities, short-term investments, cash and cash equivalents, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables.

Recognition and derecognition

Financial instruments are recognised when the group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Collateral placed at counterparties as part of the group's capital market activities are not derecognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counterparties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. However, the counterparty has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:
- Amortised cost,
- Fair value through profit or loss (either mandatory or designated), or
- Fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. In addition, the group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the group financial statements continued

for the year ended 31 December

37 Fair value disclosures continued

Financial liabilities

On initial recognition, the group classifies its financial liabilities into one of the following categories:

- Amortised cost, or
- Fair value through profit or loss (either mandatory or designated)

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition, the group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either because:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis; or
- a group of financial liabilities; or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel.

Initial measurement

A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Costs directly attributable to the acquisition of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment surpluses.

Subsequent measurement

Financial instruments classified as at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (ie on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value recognised in the statement of comprehensive income as investment surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss or derecognition is also measured in profit or loss.

Impairment

The group recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost (including contract assets/contract receivables/lease receivables)

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12-month expected credit losses if:

- the credit risk on a financial instrument has not increased significantly since initial recognition; or
- financial instruments are determined to have a low credit risk at the reporting date.

The group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12-month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition. Financial instruments that are determined to have a low credit risk at the reporting date are assumed to have no significant increase in credit risk.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

Any 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses measured as the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Presentation of loss allowances in the statement of financial position

Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities include:

- term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on policy liabilities; and
- external investors in consolidated funds measured at the attributable net asset value of the respective funds.

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover assets and liabilities measured at fair value.

Included in **level 1** category are assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in **level 2** category are assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as **level 3**.

Notes to the group financial statements continued

for the year ended 31 December

37 Fair value disclosures continued

Determination of fair value and fair value hierarchy continued

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements 31 December 2023				
Non-financial instruments				
Investment properties	—	—	7 913	7 913
Financial instruments	528 820	253 830	9 764	792 414
Equities and similar securities	155 100	1 247	3 038	159 385
Interest-bearing investments	83 679	158 704	1 308	243 691
Investment in joint ventures	—	—	517	517
Structured transactions	10	26 104	—	26 114
Investment funds[1]	280 222	16 874	4 853	301 949
Trading account assets	9 809	3 697	48	13 554
Trade and other receivables	—	12	—	12
Deposits and similar securities	—	38 103	—	38 103
Short-term investments	—	9 089	—	9 089
Total assets at fair value	528 820	253 830	17 677	800 327
Financial instruments	74 837	528 212	300	603 349
External investors in consolidated funds	73 172	3 003	293	76 468
Investment contract liabilities	—	488 501	—	488 501
Term finance	—	7 444	—	7 444
Structured transactions liabilities	25	12 255	7	12 287
Trading account liabilities	1 640	16 807	—	18 447
Trade and other payables	—	202	—	202
Total liabilities at fair value	74 837	528 212	300	603 349
Recurring fair value measurements 31 December 2022 (restated)[2]				
Non-financial instruments				
Investment properties	—	—	10 436	10 436
Financial instruments	519 722	232 213	4 308	756 243
Equities and similar securities[2]	184 006	758	922	185 686
Interest-bearing investments[5]	76 614	162 073	543	239 230
Investment in joint ventures	—	—	471	471
Structured transactions[5]	540	17 551	—	18 091
Investment funds[1]	247 043	15 185	2 262	264 490
Trading account assets[3]	11 519	2 495	110	14 124
Trade and other receivables	—	40	—	40
Deposits and similar securities[5]	—	28 736	—	28 736
Short-term investments[4]	—	5 375	—	5 375
Total assets at fair value	519 722	232 213	14 744	766 679
Financial instruments	88 232	473 060	401	561 693
External investors in consolidated funds	86 493	2 320	401	89 214
Investment contract liabilities[2]	—	439 616	—	439 616
Term finance	—	4 570	—	4 570
Structured transactions liabilities	65	11 496	—	11 561
Trading account liabilities[3]	1 674	14 959	—	16 633
Trade and other payables	—	99	—	99
Total liabilities at fair value	88 232	473 060	401	561 693

[1] Collective investment schemes that are quoted in an active market of transactions between investors and collective investment schemes based on a quoted/published price.
[2] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.
[3] The prior year has been restated for the reclassification of trade and other receivables and trade and other payables. Refer to note 39.3 for additional information.
[4] The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.
[5] The prior year has been restated for the reclassification of accrued investment income and payable. Refer to note 39.6 for additional information.

Reconciliation of movements in level 3 assets and liabilities measured at fair value

R million	Investment properties	Trade and other receivables	Investment in joint ventures	Equities and similar securities	Interest bearing investments	Investment funds	Trading account assets	Total assets
2023								
Assets								
Balance at 1 January 2023	10 436	110	471	922	543	2 262	–	14 744
Net (losses)/gains in statement of comprehensive income[1]	(571)	–	46	1 585	36	2 063	51	3 210
Acquired through business combinations	13	–	–	–	–	–	–	13
Acquisitions	170	–	–	652	776	528	85	2 211
Disposals	(298)	(67)	–	–	(47)	–	(92)	(504)
Foreign exchange movements	(77)	(22)	–	8	–	–	4	(87)
Reclassified to non-current assets held for sale	(1 760)	–	–	(129)	–	–	–	(1 889)
Settlements	–	(21)	–	–	–	–	–	(21)
Balance at 31 December 2023	7 913	–	517	3 038	1 308	4 853	48	17 677
2022								
Balance at 1 January 2022	17 980	186	444	2 337	550	708	–	22 205
Net gains/(losses) in statement of comprehensive income[1]	1 182	(24)	27	(18)	20	(402)	–	785
Acquired through business combinations	50	–	–	–	–	–	–	50
Acquisitions	315	11	–	1 018	(27)	2 123	–	3 440
Disposals	(323)	(53)	–	(2 009)	–	(47)	–	(2 432)
Foreign exchange movements	(216)	(10)	–	(207)	–	–	–	(433)
Reclassified to non-current assets held for sale	(8 561)	–	–	(199)	–	(19)	–	(8 779)
Transfers out of level 3	–	–	–	–	–	(101)	–	(101)
Other movements	9	–	–	–	–	–	–	9
Balance at 31 December 2022	10 436	110	471	922	543	2 262	–	14 744

[1] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

Notes to the group financial statements continued

for the year ended 31 December

37 Fair value disclosures continued

Reconciliation of movements in level 3 assets and liabilities measured at fair value continued

R million	Structured transactions liabilities	External investors in consolidated funds	Total liabilities
2023			
Liabilities			
Balance at 1 January 2023	—	401	401
Net loss/(gain) in statement of comprehensive income[(1)]	7	(139)	(132)
Foreign exchange movements	—	31	31
Balance at 31 December 2023	7	293	300
2022			
Liabilities			
Balance at 1 January 2022	—	360	360
Net loss in statement of comprehensive income[(1)]	—	16	16
Foreign exchange movements	—	25	25
Balance at 31 December 2022	—	401	401

[(1)] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

R million	2023	2022
Gains/(losses) (realised and unrealised) included in statement of comprehensive income[(1)]		
Total gains/(losses) included in statement of comprehensive income for the year	3 078	(1 108)
Total unrealised gains included in statement of comprehensive income for the year for assets held at the end of the reporting year	3 946	1 202

[(1)] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

Transfers between levels

R million	Interest bearing investments[(1)]	Investment funds	Total assets
Assets			
2023			
Transfer from level 1 to level 2	(83)	—	(83)
Transfer from level 2 to level 1	—	244	244
2022			
Transfer from level 1 to level 2	(111)	—	(111)

[(1)] Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instruments that have become actively traded in the market have been transferred from level 2 to level 1.

Valuation techniques used in determining the fair value of assets and liabilities

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant Unobservable input
Investment properties	3	Recently contracted prices, discounted cash flow model (DCF) and earnings multiple.	Bond and interbank swap interest rate curve, capitalisation rate, cost of capital, consumer price index and cash flow forecasts (including vacancy rates).	Capitalisation rate, discount rate and cash flow forecasts (including vacancy rates).
Equities and similar securities	2 and 3	Discounted cash flow model (DCF) and earnings multiple.	Cost of capital and consumer price index.	Cost of capital, adjusted earnings multiple, budgets and forecasts.
Interest-bearing investments	2 and 3	DCF, quoted put/surrender price by issuer.	Bond and interbank swap interest rate curve, cost of capital and consumer price index.	Discount rate, earnings multiple and cost of capital
Structured transactions assets and liabilities	2 and 3	Option pricing models and DCF.	Bond and interbank swap interest rate curve, forward equity and currency rates and volatility risk adjustments.	Earnings multiple
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held, earnings multiple and DCF.	Bond and interbank swap interest rate curve, cost of capital, consumer price index and bond interest rate curve.	Earnings multiple
Trading account assets and liabilities	2 and 3	DCF, Earnings multiple, quoted put/surrender price by issuer and option pricing models.	Bond and interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread and liquidity spread.	Earnings multiple
Trade and other receivables/ payables	2 and 3	DCF, Earnings multiple, quoted put/surrender price by issuer and option pricing models.	Bond and interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread and liquidity spread.	n/a
Deposits and similar securities, short-term investments and cash and cash equivalents	2	Mark-to-market and yield curve.	Bond and interbank swap interest rate curve.	n/a
Investment in joint ventures	3	Earnings multiple	Earnings multiple, country risk and size of the business and marketability.	Adjusted earnings multiple and sustainable EBITDA.
Term finance	2	DCF	Bond and forward rate, credit ratings of issuer, liquidity spread and agreement interest curves.	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset multiplied by the number of units held.	Unit prices	Based on underlying assets.

Notes to the group financial statements continued

for the year ended 31 December

37 Fair value disclosures continued

Sensitivity of level 3 assets and liabilities measured at fair value to changes in key assumptions

Assets

R million	Total	Carrying amount: Discount rate	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate	Carrying amount: capitalisation rate	Effect of a 1% increase in capitalisation rate	Effect of a 1% decrease in capitalisation rate	Carrying amount: earnings multiple	Effect of a 1% increase in earnings multiple	Effect of a 1% decrease in earnings multiple
Investment properties										
2023										
Office buildings	2 674	2 655	(93)	99	2 655	(127)	157	19	2	(2)
Retail buildings	3 454	3 454	(118)	123	3 454	(278)	354	—	—	—
Industrial buildings	465	465	(21)	23	465	(36)	44	—	—	—
Undeveloped land	344	18	(1)	1	18	(1)	1	326	33	(33)
Other fixed properties	976	976	(24)	26	976	(22)	23	—	—	—
Total investment property	7 913	7 568	(257)	272	7 568	(464)	579	345	35	(35)
2022										
Office buildings	4 356	4 337	(162)	173	4 337	(234)	291	19	2	(2)
Retail buildings	4 640	4 640	(72)	125	4 640	(284)	522	—	—	—
Industrial buildings	592	592	(21)	22	592	(42)	55	—	—	—
Undeveloped land	446	9	(1)	1	9	(1)	1	437	44	(44)
Other fixed properties	402	402	(11)	12	402	(22)	26	—	—	—
Total investment property	10 436	9 980	(267)	333	9 980	(583)	895	456	46	(46)

Assets

R million	Carrying amount	Effect of a 10% increase in price multiple	Effect of a 10% decrease in price multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
2023						
Equities and similar securities	3 038	304	(304)			
Interest-bearing investments	822	82	(82)	486	(29)	29
Investment funds	4 853	485	(485)			
Investment in joint ventures	517	52	(52)			
Trading account assets	28	3	(3)	20	(1)	1
Total other investments	9 258	926	(926)	506	(30)	30
2022						
Equities and similar securities	922	92	(92)			
Interest-bearing investments				543	(28)	28
Investment funds	2 262	226	(226)			
Investment in joint ventures	471	47	(47)			
Trade and other receivables				110	(1)	1
Total other investments	3 655	365	(365)	653	(29)	29

R million	Carrying amount[1]	Effect of a 10% increase in price multiple	Effect of a 10% decrease in price multiple
2023			
Structured transactions liabilities	7	1	(1)
External investors in consolidated funds	293	29	(29)
Total liabilities	300	30	(30)
2022			
External investors in consolidated funds	401	40	(40)
Total liabilities	401	40	(40)

[1] Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

Notes to the group financial statements continued

for the year ended 31 December

38 Assets subject to offsetting, enforceable master netting arrangements and similar agreements

R million	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments set-off in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Related amounts not set off in the statement of financial position: Other financial instruments[1]	Related amounts not set off in the statement of financial position: Cash collateral received[2]	Net amount	Amounts not set off in the statement of financial position[3]	Total amounts recognised in the statement of financial position
31 December 2023								
Assets								
Cash and cash equivalents	1 768	(1 574)	194	(1 457)	(311)	(1 574)	27 403	25 829
Trading account assets	1 155	(885)	270	(1 133)	(7)	(870)	14 424	13 554
Structured transactions assets	11 068	(6 201)	4 867	—	—	4 867	21 247	26 114
Liabilities								
Trading account liabilities	10 280	(10 201)	79	(9 948)	(318)	(10 187)	29 754	19 567
Structured transactions liabilities[4]	2 821	(1 033)	1 788	—	—	1 788	10 499	12 287
31 December 2022								
Assets – (restated)[5]								
Cash and cash equivalents[5]	1 565	(1 216)	349	(998)	(385)	(1 034)	37 900	36 866
Trading account assets	1 068	(1 030)	38	(1 022)	(22)	(1 006)	15 130	14 124
Structured transactions assets	10 165	(6 171)	3 994	—	—	3 994	14 097	18 091
Liabilities								
Trading account liabilities	7 858	(7 800)	58	(7 426)	(407)	(7 775)	25 569	17 794
Structured transactions liabilities[4]	2 090	(1 128)	962	—	—	962	10 599	11 561

[1] The figures for other financial instruments column are made up of ISDA netting, CSA (Credit Support Agreement) collateral, repo's and scrip received. These amounts have been limited to the net amount recognised on the statement of financial position.

[2] Amount used is the lower of collateral received or the value of the financial assets (normally the latter due to overcollateralisation). ISDA netting refers to the netting of derivative exposures to arrive at the net amount owed to and by each counterparty as envisaged in the ISDA agreements with these counterparties. Credit Support Agreements (CSA) have been signed with derivative counterparties to place collateral to offset the net exposures in footnote 1. Scrip lending agreements are governed by GMSLA agreements in terms of which the collateral provided and the scrip received can be netted. Security/collateral received refers to equity collateral that has been pledged to SanFin to cover events of default.

[3] Excludes enforceable netting arrangements.

[4] Structured transactions liabilities include derivative liabilities.

[5] The prior year has been restated for the reclassification of cash and cash equivalents. Refer to note 39.2 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements

39.1 Adoption of IFRS 17

The group adopted IFRS 17 Insurance Contracts for the first time on 1 January 2023. IFRS 17 supersedes IFRS 4 Insurance Contracts. In line with the transitional requirements, the group applied IFRS 17 retrospectively as if it had always been applied unless it was "impracticable" to do so, in which case the modified retrospective approach or fair value approach were applied, provided certain criterial have been met.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The group adopted IFRS 17 retrospectively as if it had always applied, unless it was impracticable to do so based on the requirements in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. Where it was impracticable to apply IFRS 17 retrospectively (also referred to as the full retrospective approach (FRA)), the group applied the fair value approach (FVA). The modified retrospective approach (MRA) has not been applied to any groups of insurance contracts in the group.

All references to insurance contracts in these transition disclosures apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these disclosures apply to insurance contracts excluding reinsurance contracts held.

The transition approach was determined at a group of insurance contracts level. The distribution of transition approaches across the group is summarised below:

- The FRA has been applied to groups of insurance contracts measured under the PAA as full retrospective application was practicable given that this measurement model is mainly applied to insurance contracts with a coverage period of one year or less;
- For insurance contracts measured under the GMM or VFA, the FRA has not been applied to any contracts recognised before 1 January 2016. The retrospective calculation start date varies depending on the availability of historic data, assumptions and models.
- The FVA has been applied to the remaining groups of insurance contracts.

Full retrospective approach

Under the full retrospective approach, the group has recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The CSM at initial recognition for a group of insurance contracts was based on initial assumptions when the contracts were recognised, and rolled forward to the transition date as if IFRS 17 had always applied.

The group has derecognised any existing balances that would not exist had IFRS 17 always applied, and recognised any resulting net difference in equity.

Impracticability assessments

The group determined that it would be impracticable to adopt the FRA for groups of insurance contracts at the date of transition where any of the following conditions existed:

- the approach could not be applied retrospectively after every reasonable effort was made by the group to demonstrate that it would not be possible to collect the required information or create information where the group did not collect the relevant data in prior periods (for example, due to system migrations, data retention policies, or new/changes in information needed in terms of IFRS 17 as described below). The difficulties in sourcing, creating or replicating the following information has resulted in an inability to apply IFRS 17 retrospectively:
  a) policy administration data, model point data and valuation models needed to aggregate the contracts into the groups required by IFRS 17, and replicate the estimates of future cash flows for insurance contracts in scope of IFRS 17;
  b) information needed from systems to determine the expense cash flows directly attributable to the fulfilment of insurance contracts in scope of IFRS 17, allocating these cash flows between acquisition, and administration and other expenses, and allocating these cash flows to groups of contracts as required by IFRS 17;
  c) information about actual historical cash flows at a group of contracts level needed to determine the experience adjustments related to future service that adjust the CSM;
  d) information needed to determine discount rates on an IFRS 17 basis for measurement purposes;
  e) information needed to determine the CSM recognition amounts in past periods based on the allocation of the identified coverage units between past and future periods;
  f) past experience data needed to calibrate and calculate the risk adjustment for non-financial risk based on the margins approach in SEM; and
  g) changes in assumptions applied in past periods.
- hindsight was needed to determine the estimates at prior periods, ie it was not possible to the measure the fulfilment cash flows and CSM based on management's estimates at that point in time, with only the information that would have been available at that point in time. The main estimates that would have resulted in the use of hindsight are summarised below:
  a) assessing whether insurance contracts meet the eligibility criteria for classification as insurance contracts with direct participation features or investment contracts with DPF at the contract inception date;
  b) assessing the groupings of insurance contracts based on profitability as required by the aggregation requirements of IFRS 17; and
  c) estimates/information needed to calibrate and calculate the risk adjustment for non-financial risk during periods where solvency information on the latest regulatory framework was not available for businesses in SLS.

Judgement applied in applying the full retrospective approach

For groups of insurance contracts with contract boundaries longer than a year at the transition date, for which the group has assessed to be eligible for measurement under the PAA, the group has used judgement to conclude that groups of contracts recognised within the same portfolio with similar features and characteristics before the transition date would also have been eligible for measurement under the PAA.

Fair value approach

The FVA has been applied if the fully retrospective approach is impracticable. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of a group of insurance contracts and the IFRS 17 fulfilment cash flows at the transition date. The fair value is determined in accordance with IFRS 13: Fair Value Measurement.

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The transaction price is therefore based on a general market participant's view of the fair value of the relevant group of insurance contracts.

The income approach is used in determining the fair value of a group of insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

The estimates of future cash flows within the contract boundary are included in the fair value estimation. Cash flows related to future renewals and new business contracts are therefore outside the boundaries of the insurance contracts measured under the FVA. However, expense cash flows not directly attributable to the fulfilment of the insurance contracts (and therefore not included in the IFRS 17 fulfilment cash flows) are allowed for in the fair value estimation. No other material adjustments are made to the future estimates of cash flows when compared to the estimates included in the IFRS 17 fulfilment cash flows.

There will be an initial capital outlay for the buyer of a group of insurance contracts on the transaction date. The capital outlay is the sum of:

- the transaction price agreed between the buyer and the seller on the transaction date; and
- the total required capital that the buyer of the insurance contracts expects to set up on the transaction date. In determining the transaction price, the required capital is treated as an outflow for the buyer on transaction date, with the subsequent investment returns on and releases of the required capital included as inflows, with the net effect of allowing for the cost of recognising the total required capital at the transaction date.

The transaction price is determined such that the buyer earns the required rate of return (hurdle rate) on the initial capital outlay. The buyer earns the hurdle rate on the transaction if the transaction price is determined such that the future returns on the initial capital outlay, discounted to the transaction date at the hurdle rate, is equal to the initial capital outlay.

Judgement applied in applying the fair value approach

The group used significant judgement to reflect a market participant's view in determining the following:

- Estimates of future cash flows were determined on a prospective basis at the transition date as described above, with no allowance for acquisition cash flows that occurred before the transition date;
- Locked-in discount rates related to a group of insurance contracts measured under the FVA are based on the discount rates applicable at the transition date, determined as described in note 29.2.2.3 on page 210; and
- groups of contracts include contracts that were initially recognised more than one year apart. The group has used reasonable and supportable information to assess at the transition date that (refer to note 29.2 for further details):
  a) Insurance contracts issued are allocated to groups of contracts in a non-onerous position, with a significant possibility of becoming onerous in subsequent periods; and
  b) Reinsurance contracts held are allocated to groups of contracts in a net cost position, with a significant possibility of a net gain arising in subsequent periods.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements continued

39.1 Adoption of IFRS 17 continued

Furthermore, the group applied significant judgement in assessing and estimating the following key inputs used in determining the fair value of a group of insurance contracts:

- The hurdle rates were based on the group's view of the returns that a general market participant could reasonably expect to achieve on the insurance business being transferred. Hurdle rates within each cluster were consistent with the group's hurdle-rate setting framework used for purposes of corporate transactions or internal budgeted returns on group equity value, and is based on a Weighted Average Cost of Capital approach, with possible adjustments to align to market participants' views where relevant. A consistent hurdle rate was used for the South African life insurance businesses, and a different hurdle rate was used for each SEM territory. Each hurdle rate was determined as the sum of the following components:
  a) a risk-free interest rate based on a representative point on the yield curve, consistent with the economic assumptions used in the calculation of embedded value for covered business; plus
  b) a risk premium reflecting the return in excess of risk-free rates required by the buyer as part of the hypothetical transaction. The average risk premium included in the hurdle rates fell within a range of 12% to 13%.[1]

For the material lines of insurance business in South Africa applying the FVA at the transition date, the aggregate CSM was expected to increase (reduce) by between 6% to 7% for a 1% increase (reduction) in the hurdle rate.

- The total required capital was based on the group's view of the capital basis expected to apply within each territory, with any relevant market information available at the transition date being applied where possible.
  a) For South African life insurance businesses, the total required capital was determined based on the local solvency capital requirements, with the solvency capital ratio based on publicly available South African industry cover ratios effective as at the transition date. The solvency capital ratio fell within the upper end of the solvency target ranges for the South African life insurance operations of the group.
  b) For businesses in Africa (excluding South Africa), the total required capital was based on the assets held in respect of IFRS 4 liabilities plus additional required capital allocated to the insurance contracts for embedded value calculations, subject to a minimum amount of nominal required capital if prescribed by the local regulatory authority in the relevant territory.
- The effect of any diversification in the required capital was determined such that the transaction price was not expected to be biased towards either the buyer or the seller. The allowance for diversification was consistent with the group's view of what an average market participant would be willing to price into the transaction.

For the South African life insurance businesses, the required capital for each portfolio of insurance contracts was assumed to be aligned with the prudential solvency requirements before any allowance for the effect of diversification of capital between products. The allowance for correlations between risks in the required capital was aligned with the correlation factors as prescribed in the local solvency standards. In determining the total required capital for an average market participant, a haircut (ranging between 5% to 10%) was applied to the stand-alone solvency capital requirement and risk margin to adjust for the effect of diversification of required capital between products. This allowance for diversification assumed that only a proportion of the expected synergies in respect of the full diversification benefit would be priced into the transaction.

- The future investment returns on the total required capital assumed that:
  a) the future investment returns on the assets backing insurance liabilities were aligned with the valuation discount rates; and
  b) the future investment returns on the assets backing additional required capital allocated to the insurance contracts were either based on the risk-free yield curve at the transition date (South African businesses) or the returns on required capital used in the calculation of embedded values for covered business (businesses in Africa (excluding South Africa)).

The average risk premium has been determined at the group level by weighting the risk premiums used for each relevant territory according to the CSM determined applying the FVA at the transition date.

The introduction of IFRS 17 on 1 January 2023 resulted in the following impacts:

Reclassifications

The classification of insurance contracts is aligned with the requirements of IFRS 4, except that IFRS 17 requires the following:

1. when assessing the significance of insurance risk, the overall loss to the group as a result of an insured event should be determined on a present value basis; and
2. investment contracts with discretionary participation features (DPF) are in scope of IFRS 17 provided the group also issues insurance contracts, even though these contracts do not include a transfer of significant insurance risk.

This clarification of the assessment of insurance risk and the classification of investment contracts with DPF, has resulted in some reclassification of investment contracts in scope of IFRS 9 on transition to IFRS 17. The reclassification of insurance and investment contracts on transition to IFRS 17 has not had a significant impact on the net policyholder liabilities.

Value of business acquired

Derecognition of Value of business acquired (VOBA) related to life insurance contracts, which is no longer allowed under IFRS 17. This resulted in a decrease in retained earnings. VOBA relating to contracts not in the scope of IFRS 17 now forms part of other intangible assets.

Treasury shares

The group has elected to account for treasury shares for insurance contracts with direct participation features, which consist of its investment in Sanlam Limited shares held by policyholder portfolios as if these were financial assets measured at fair value through profit or loss.

Impact of changes in tax legislation in South Africa

Life insurance

Changes to section 29A of the South African Income Tax Act have been enacted to cater for the implementation of IFRS 17. The phasing-in period for dealing with the income tax impact of the transition amount is six years. This phasing-in period is in line with the transition phasing-in period when the new solvency regime was introduced in South Africa in 2018.

The main impact on Sanlam of the proposed tax amendments is accelerated tax payments for South African life insurance businesses on the net reduction in liabilities with a corresponding increase in deferred tax liabilities at transition. However, this acceleration in tax payments will be provided for in current reserves with no impact on earnings.

General insurance

National Treasury promulgated the 2022 Taxation Laws Amendment Act in January 2023, which contained the changes to section 28 of the Income Tax Act (the Act) to cater for the implementation of IFRS 17. The main objective of these changes was to ensure that section 28 is aligned to the terminology and principles of IFRS 17, as well as to mitigate unintended tax implications as a result of the transition from IFRS 4 to IFRS 17. A phase-in period of three years applies to non-life insurers in respect of the transition amount (phasing-in amount).

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2023 Taxation Laws Amendment Act was promulgated on 22 December 2023, effective for the group's 2023 financial year. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 disclosure requirements continued to evolve during the year.

Based on the current provisions of the Act, the phasing-in amount is calculated with reference to the difference between the total insurance liabilities determined under IFRS 4 to only a portion of the insurance liabilities determined under IFRS 17. This results in an overstatement of the phasing-in amount. A deferred tax liability has been raised for the phasing-in amount which will be phased in over 3 years and constitutes a timing difference. The Act also allows short-term insurers in the first year of assessment commencing on or after 1 January 2023, to deduct premium debtors and creditors taken into account in determining insurance liabilities under IFRS 17. However, debtors and creditors forming part of IFRS 17 insurance liabilities are not limited to only premium debtors and creditors. These amounts can also include additional debtors and creditors balances such as commissions payable to brokers. That results in an increase of the deduction and an unintended permanent difference. The deferred tax asset raised on the assessed loss has been reduced for this unintended permanent difference.

Further amendments to the legislation are therefore required to ensure certainty in interpretation and to remove unintended phase-in amounts due to the disclosure and reclassification of certain items in terms of IFRS 17. The required amendments to the phase-in approach are expected to only have an impact on the timing of tax payable from a cash flow perspective.

The group, together with the rest of the industry, have made further submissions to clarify and refine the wording of section 28 in this regard.

The current legislation results in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests of respectively R947 million and R77 million, with a corresponding decrease in tax payable in respect of the 2023 financial year. The impact in respect of policyholders/cell owners' interests are for the account of clients and do not affect after tax profit attributable to equity holders of the group.

Contract boundaries

There was no significant impact on the initial recognition date of contract boundaries of insurance contracts issued and reinsurance contracts held for the material lines of insurance business within the group.

Liability for remaining coverage on reinsurance held

No significant impact on the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for contracts measured under the Premium Allocation Approach (PAA).

For additional information on accounting policies, refer to basis of presentation.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements continued

39.1 Adoption of IFRS 17 continued

Statements of financial position

R million	Annotation	31 December 2022 As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents[1]	Trade and other receivables and trade and other payables[2]	Accrued investment income and payables[3]	31 December 2022 Restated Audited	31 December 2021 As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents[1]	Trade and other receivables and trade and other payables[2]	Accrued investment income and payables[3]	1 January 2022 Restated Audited
ASSETS													
Goodwill	1	5 001	–	–	–	–	5 001	16 431	(335)	–	–	–	16 096
Equipment		1 090	–	–	–	–	1 090	1 730	–	–	–	–	1 730
Right-of-use assets		1 036	–	–	–	–	1 036	1 481	–	–	–	–	1 481
Owner-occupied properties		686	–	–	–	–	686	2 582	–	–	–	–	2 582
Intangible assets		1 488	(543)	–	–	–	945	5 464	(1 109)	–	–	–	4 355
Value of business acquired	2	876	(543)	–	–	–	333	4 718	(1 109)	–	–	–	3 609
Other intangible assets		612	–	–	–	–	612	746	–	–	–	–	746
Contract cost on investment management services	3	2 984	166	–	–	–	3 150	3 225	(17)	–	–	–	3 208
Long-term reinsurance assets	4	2 469	(2 469)	–	–	–	–	2 188	(2 188)	–	–	–	–
Insurance contract assets	5	–	8 858	–	–	–	8 858	–	11 585	–	–	–	11 585
Reinsurance contract assets	6	–	18 680	–	–	–	18 680	–	23 194	–	–	–	23 194
Deferred tax	7	1 600	30	–	–	–	1 630	3 154	165	–	–	–	3 319
Investments		787 100	1 112	(18 684)	–	3 744	773 272	834 287	1 575	(19 948)	–	3 338	819 252
Investment properties		10 436	–	–	–	–	10 436	17 980	–	–	–	–	17 980
Investments in associates and joint ventures	8	20 721	477	–	–	–	21 198	22 755	474	–	–	–	23 229
Equities and similar securities	9	184 358	1 328	–	–	–	185 686	191 958	1 601	–	–	–	193 559
Interest-bearing investments	10	242 176	(692)	–	–	3 151	244 635	271 840	(500)	–	–	2 909	274 249
Structured transactions		17 991	–	–	–	100	18 091	12 434	–	–	–	195	12 629
Investment funds		264 490	–	–	–	–	264 490	278 145	–	–	–	–	278 145
Deposits and similar securities		46 928	(1)	(18 684)		493	28 736	39 175	–	(19 948)	–	234	19 461
Trading account assets		–	–	–	14 124	–	14 124	–	–	–	15 985	–	15 985
Non-current assets held for sale	11	119 073	(7 438)	–	–	–	111 635	81 386	–	–	–	–	81 386
General insurance technical assets	12	14 672	(14 672)	–	–	–	–	19 525	(19 525)				–
Working capital assets		69 387	(12 156)	18 684	(14 124)	(3 744)	58 047	84 725	(19 096)	19 948	(15 985)	(3 338)	66 254
Trade and other receivables	13	45 256	(12 156)	–	(14 124)	(3 744)	15 232	55 806	(19 096)	–	(15 985)	(3 338)	17 387
Taxation		574	–	–	–	–	574	1 218	–	–	–	–	1 218
Short-term investments		–	–	5 375	–	–	5 375	–	–	6 755	–	–	6 755
Cash and cash equivalents		23 557	–	13 309	–	–	36 866	27 701	–	13 193	–	–	40 894
Total assets		1 006 586	(8 432)	–	–	–	998 154	1 056 178	(5 751)	–	–	–	1 050 427

(1) Refer to note 39.2 for additional information on the restatement of cash and cash equivalents.
(2) Refer to note 39.3 for additional information on the restatement of trade and other receivables and trade and other payables.
(3) Refer to note 39.4 for additional information on the restatement of accrued investment income and payable.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements continued

39.1 Adoption of IFRS 17 continued

Statements of financial position continued

R million	Annotation	31 December 2022 As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents[1]	Trade and other receivables and trade and other payables[2]	Accrued investment income and payables[3]	31 December 2022 Restated Audited	31 December 2021 As previously reported Audited	Adoption of IFRS 17	Cash and cash equivalents[1]	Trade and other receivables and trade and other payables[2]	Accrued investment income and payables[3]	1 January 2022 Restated Audited
EQUITY AND LIABILITIES													
Capital and reserves													
Share capital and premium		12 784	–	–	–	–	12 784	12 784	–	–	–	–	12 784
Treasury shares		(2 888)	–	–	–	–	(2 888)	(1 671)	–	–	–	–	(1 671)
Other reserves	14	5 159	1 078	–	–	–	6 237	6 078	1 533	–	–	–	7 611
Retained earnings	15	56 478	11 966	–	–	–	68 444	52 188	11 235	–	–	–	63 423
Shareholders' fund		71 533	13 044	–	–	–	84 577	69 379	12 768	–	–	–	82 147
Non-controlling interest	16	13 409	972	–	–	–	14 381	13 517	870	–	–	–	14 387
Total equity		84 942	14 016	–	–	–	98 958	82 896	13 638	–	–	–	96 534
Insurance contract liabilities	17	150 642	54 747	–	–	–	205 389	186 658	62 228	–	–	–	248 886
Reinsurance contract liabilities	18	–	4 171	–	–	–	4 171	–	7 570	–	–	–	7 570
Investment contract liabilities	19	456 738	(15 078)	–	–	–	441 660	454 538	(9 785)	–	–	–	444 753
Term finance		14 654	–	–	–	–	14 654	15 116	–	–	–	–	15 116
Margin business		5 413	–	–	–	–	5 413	5 330	–	–	–	–	5 330
Other interest-bearing liabilities		9 241	–	–	–	–	9 241	9 786	–	–	–	–	9 786
Lease liabilities		1 371	–	–	–	–	1 371	1 789	–	–	–	–	1 789
Structured transactions liabilities		10 972	–	–	–	589	11 561	8 898	–	–	–	416	9 314
External investors in consolidated funds		89 214	–	–	–	–	89 214	85 506	–	–	–	–	85 506
Deferred tax	20	2 185	4 416	–	–	–	6 601	7 311	4 549	–	–	–	11 860
Non-current liabilities held for sale	21	83 420	(7 251)	–	–	–	76 169	78 700	–	–	–	–	78 700
Trading account liabilities		–	–	–	17 794	–	17 794	–	–	–	19 857	–	19 857
General insurance technical provisions	22	40 383	(40 383)	–	–	–	–	57 559	(57 559)	–	–	–	–
Collateral guarantee contracts	23	–	129	–	–	–	129	–	155	–	–	–	155
Cell owners' liabilities (third party)	24	7 123	(7 123)	–	–	–	–	4 900	(4 900)	–	–	–	–
Working capital liabilities		64 942	(16 076)	–	(17 794)	(589)	30 483	72 307	(21 647)	–	(19 857)	(416)	30 387
Trade and other payables	25	62 866	(16 195)	–	(17 794)	(589)	28 288	69 123	(21 647)	–	(19 857)	(416)	27 203
Provisions		232	–	–	–	–	232	628	–	–	–	–	628
Taxation		1 844	119	–	–	–	1 963	2 556	–	–	–	–	2 556
Total equity and liabilities		1 006 586	(8 432)	–	–	–	998 154	1 056 178	(5 751)	–	–	–	1 050 427

(1) Refer to note 39.2 for additional information on the restatement of cash and cash equivalents.
(2) Refer to note 39.3 for additional information on the restatement of trade and other receivables and trade and other payables.
(3) Refer to note 39.4 for additional information on the restatement of accrued investment income and payable.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements continued

39.1 Adoption of IFRS 17 continued

Annotations with respect to IFRS 17

1 With the adoption of IFRS 17, the liabilities from insurance contracts decreased resulting in a higher carrying amount that triggered an impairment on a cash-generating unit level.
2 Derecognition of VOBA relating to insurance contracts issued.
3 A portion of contract cost from investment management services previously deferred acquisition costs now form part of the measurement of insurance contract assets/liabilities.
4 Reclassification of long-term reinsurance contract assets to reinsurance contract assets and/or liabilities.
5 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets.
6 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of reinsurance contracts held that are assets.
7 Deferred tax impact as a result of change in the carrying amount of liabilities on initial application of IFRS 17.
8 Represents the IFRS 17 impact on insurance contracts issued by the group's equity accounted associates.
9 The group has elected not to eliminate the investment in Sanlam Limited shares held by policyholder portfolios (where the group promises to generate investment returns under the insurance contracts based on the underlying assets) and related investment funds consolidated as part of IFRS 10, previously held as treasury shares (in the consolidation reserve), now accounted for as financial assets through profit and loss. This has resulted in an increase in equities and similar securities.
10 Policy loans, considered part of the insurance contract under IFRS 17, have been reclassified to insurance contract liabilities.
11 Effect of IFRS 17 adoption on held for sale assets.
12 General Insurance technical assets are now measured under IFRS 17 and now form part either insurance contract assets or liabilities.
13 Amounts due from reinsurers now form part of reinsurance contract assets or liabilities. Similarly, there were also other reallocations made from trade and other receivables. In Santam, before the adoption of IFRS 17, loans to policyholders were appropriately classified as IFRS 9 Loans and receivables under trade and other receivables (ie separately from the insurance contract). These loans however do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components. These policy loans were incorrectly classified as IFRS 9 part of trade and other receivables and have subsequently been reclassified to the insurance contract liability for remaining cover, within the general insurance premium allocation approach disclosure group.
14 The group has elected to account for treasury shares consisting of Sanlam Limited shares held by policyholder portfolios as if it were a financial asset measured at fair value through profit or loss therefore other reserves increased.
15 With the adoption of IFRS 17, the impact on retained earnings amounted to R11,2 billion that mostly relates to the release of asset mismatch reserves, pandemic reserves and other discretionary reserves, combined with zerorisation of negative liabilities no longer permitted in IFRS 17.
16 Non-controlling interest increased due to the impact of IFRS 17 on not wholly owned subsidiaries.
17 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities. In Santam, before the adoption of IFRS 17, loans to policyholders were appropriately classified as IFRS 9 Loans and receivables under trade and other receivables (ie separately from the insurance contract). These loans however do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components. These policy loans were incorrectly classified as IFRS 9 part of trade and other receivables and have subsequently been reclassified to the insurance contract liability for remaining cover, within the general insurance premium allocation approach disclosure group.
18 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of reinsurance contracts held that are liabilities.
19 Reclassification between insurance contracts and investment contracts within the scope of IFRS 9 as detailed on page 254. Previously the policy benefits payable under investment contract liabilities have been presented in trade and other payables. These were reclassified to the investment contract liabilities. Comparative information was restated and it impacts 31 December 2022 and 1 January 2022.
20 Deferred tax impact as a result of change in the carrying amount of assets on initial application of IFRS 17.
21 Effect of IFRS 17 adoption on held-for-sale liabilities.
22 General insurance technical liabilities now measured under IFRS 17 and form part of insurance contract liabilities and/or assets.
23 Collateral guarantee contracts previously included in general insurance technical liabilities.
24 Cell owners' liabilities (third party) forms part of investment contract liabilities and insurance contact liabilities.
25 Amounts due to reinsurers and claims incurred but not reported now forms part of reinsurance contract liabilities and insurance contract liabilities, respectively. Similarly, there were also reallocations made from trade and other payables. Previously the policy benefits payable under investment contract liabilities have been presented in trade and other payables. These were reclassified to the investment contract liabilities. Comparative information was restated and it impacts 31 December 2022 and 1 January 2022.

39.2 Cash and cash equivalents

Management restated the statement of financial position to appropriately present financial instruments meeting the definition of cash and cash equivalents as cash and cash equivalents (within working capital), which is required by IAS 1 Presentation of Financial Statements. Cash and cash equivalents are defined in IAS 7 statement of cash flows as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits and similar securities with maturities less than 90 days to the amount of R18 685 million (1 January 2022: R19 948 million) have been reclassified from Investments to cash and cash equivalents.

In addition, short-term investments of R5 373 million (1 January 2022: R6 755 million) previously included under "cash and cash equivalents" are now presented separately as short-term investments (within working capital).

Refer to note 39.1 for the impact on the statement of financial position.

Statements of cash flows

As a result of the correction of short-term investments, the statement of cash flows was corrected to decrease cash and cash equivalents for 1 January 2022 by R6 755 million (31 December 2022: R5 375 million).

The "Cash and cash equivalents at the beginning of the year" and the "Cash and cash equivalents at the end of the year" were restated. In addition, the movement in the short-term investments of R1 454 million has now been included in operating activities in the statement of cash flows as it was removed from cash and cash equivalents.

R million	At 31 December 2022 As previously reported Audited	Reclassi-fications	At 31 December 2022 Restated
Cash flow from operating activities	6 814	1 454	8 268
Cash utilised in operations	(7 799)	1 454	(6 345)
Interest and preference share dividends received	17 322	—	17 322
Interest paid	(1 018)	—	(1 018)
Dividends received	11 758	—	11 758
Dividends paid	(8 449)	—	(8 449)
Taxation paid	(5 000)	—	(5 000)
Cash flow from investment activities	(1 153)	—	(1 153)
Payments made for the acquisition of equipment	(574)	—	(574)
Proceeds in respect of the sale of equipment	71	—	71
Payments made for the acquisition of owner-occupied properties	(225)	—	(225)
Proceeds in respect of the disposal of owner-occupied properties	227	—	227
Acquisition of subsidiaries and associated companies	(303)	—	(303)
Disposal of subsidiaries and associated companies	149	—	149
Payments made for the acquisition of intangible assets	(656)	—	(656)
Proceeds in respect of the sale of intangible assets	158	—	158
Cash flow from financing activities[1]	(1 128)	(174)	(1 302)
Shares issued	—	—	—
Acquisition of treasury shares[1]	(1 703)	2 280	577
Disposal of treasury shares[1]	755	(2 454)	(1 699)
Proceeds on disposal of non-controlling interest	50	—	50
Term finance raised	1 378	—	1 378
Term finance repaid	(1 271)	—	(1 271)
Lease liabilities repaid	(337)	—	(337)
Net increase in cash and cash equivalents	4 533	1 280	5 813
Net foreign exchange difference	162	(67)	95
Cash and cash equivalents at the beginning of the year	50 078	(6 755)	43 323
Cash and cash equivalents at the end of the year[1]	54 773	(5 542)	49 231

[1] Refer to note 39.1 for treasury shares treatment under IFRS 17.

Notes to the group financial statements continued

for the year ended 31 December

39 Adoption of new standards and restatements continued

39.3 Reclassification of trade and other receivables and trade and other payables

The trading account assets and trading account liabilities have been split out from trade and other receivables and trade and other payables respectively. The restatement had no impact on the statement of comprehensive income or statement of changes in equity. Notes to the group statement of cash flows was changed to include the line item net (acquisition)/disposals of trading account assets/liabilities. Amounts would previously have been included in net trade receivables/payables.

Refer to note 39.1 for the impact on the statement of financial position.

39.4 Accrued investment income and payables

Accrued investment income as well as accrued investment payable have been moved out of trade and other receivables as well as trade and other payables respectively and appropriately included as part of the carrying amount of the underlying investments/liabilities at fair value through profit or loss.

This change had no impact on the group statement of comprehensive income or group statement of changes in equity. Notes to the group statement of cash flows was changed to include amounts in net (acquisition)/disposal of investments rather than items excluded from cash utilised in operations.

Refer to note 39.1 for the impact on the statement of financial position.

39.5 Insurance revenue

In compliance with IFRS 17, Santam should present their inwards reinsurance revenue net of ceding commission. Due to a mapping error in preparing the financial statements, the ceding commission was not netted off against inward reinsurance revenue for the six months to June 2023 in the 30 June 2023 interim financial statements, as required. This resulted in the overstatement of insurance revenue and amortisation of insurance acquisition costs by R225 million. The ceding commission netted off against inward reinsurance revenue for the 31 December 2022 comparative year in the 30 June 2023 interim financial statement note was similarly understated by R1 171 million, therefore overstating insurance revenue by R1 171 million, with amortisation of insurance acquisition costs overstated by the same amount. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.

39.6 Investment contracts

For Santam, comparative information was restated to correctly classify certain contracts within the alternative risk transfer business from policyholders interest to investment contracts. The investment contract balance as at 31 December 2021 was restated from R1 970 million to R3 798 million, and the balance as at 31 December 2022 was restated from R2 061 million to R5 214 million.

This was corrected in the June 2023 financial statements, but the restatement was disclosed as part of the IFRS 17 implementation instead of separately. The restatement disclosure has now been included as part of the 2023 financial statements.

39.7 Reclassification errors within disclosure notes 8 and 9

In the preparation of the IFRS 17 year-end note disclosures, additional note disclosures compared to the interim 2023 disclosures were provided which impacted the 31 December 2022 IFRS 17 notes previously reported as part of the 2023 interim results announcement.

This resulted in various material reclassification differences between the line items of the notes presented for the 31 December 2022 comparative year in the 30 June 2023 interim financial statements. The reclassifications had no impact on the previously presented statement of financial position. Refer to notes 8 and 9 for the specific items. The June 2023 statement of comprehensive income will be restated in the 2024 interim results.

39.8 Individual immaterial reclassifications

Other immaterial reclassifications between different line items in the insurance and reinsurance contracts reconciliations respectively were made to the previously reported December 2022 and June 2023 reconciliations.

40 Segmental information

The group segments are grouped according to the similarity of the solution offerings and market segmentations of the various businesses in line with how the business is reported to management and the board internally.
The operating segments reported for IFRS 8 — Operating Segments purposes include the following:

- Sanlam Life and Savings
  - SA Retail Affluent (providing life insurance and investment solutions to the middle and upper level of the market).
  - SA Retail Mass (providing life insurance and investment solutions to the entry level market); and
  - Sanlam Corporate (providing employee benefits services, group risk and investment services to retirement funds and corporates);
- Sanlam Emerging Markets (incorporating all Sanlam's businesses outside of South Africa, except for Sanlam UK and the smaller businesses in Australia);
- Sanlam Investment Group (incorporating investment and wealth management businesses); and
- Santam (being Sanlam's general insurance provider in South Africa).

Segment results per the shareholders' fund income statement after tax and non-controlling interest ("segment results") is used to measure performance as management believes this information is the most relevant in evaluating the results from the respective segments as it represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance.

The IFRS numbers are a base upon which Sanlam specific shareholders' fund adjustments are made to derive the net result from financial services and the underlying cash net result from financial services as disclosed. These shareholders' fund adjustments do not impact attributable earnings or total IFRS profit after tax.

For total assets and liabilities, the shareholder's fund also incorporates the IFRS numbers as a base and further makes certain adjustments, as described below to arrive at the shareholder's fund net asset value.
The policyholders and outside shareholders' interest are treated as non-controlling interest for group companies consolidated.

IFRS adjustments represent the difference between shareholder fund reporting and IFRS. This includes but limited to:

- deferred tax recognised in respect of assessed losses in policyholder funds under IFRS which creates an artificial mismatch which impacts the group's shareholder fund and earnings;
- Asset mismatch reserve - is created in the group statement of financial position for investment variances emanating from insurance and investment contracts measured under IFRS 17 and IFRS 9 respectively. These reserves are not allowed under IFRS.
- Discontinued operations – for shareholder fund reporting, discontinued operations in terms of IFRS 5 Non-current assets held for sale are not re-presented as is the case for IFRS. These are accounted for as if the operations are not yet discontinued and derecognised when the disposal becomes effective.

Policyholder activities – to get to the full IFRS amounts, policyholder activities are added as these are excluded for shareholders' fund reporting.

Group office is responsible for areas of financial risk management and is not an operating segment.

Notes to the group financial statements continued

for the year ended 31 December

40 Segmental information continued

		Sanlam Life[1]		Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other		Consolidation entries and IFRS adjustments		Policyholder activities		Total	
R million	Note	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022
Investment in associates and joint ventures		1 424	2 028	41 581	20 727	653	510	1 524	3 536	–	–	(1 226)	(6 146)	517	543	44 473	21 198
Total assets		60 346	41 900	48 522	86 792	35 909	33 042	58 672	57 561	5 849	11 432	(6 543)	(5 057)	787 697	772 484	990 452	998 154
Total liabilities		24 255	13 068	4 163	33 973	28 033	24 621	48 217	46 153	3 374	3 579	(3 605)	1 247	789 110	776 555	893 547	899 196

		Sanlam Life and Savings						Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other		Policyholder activities, consolidation entries and IFRS adjustments		Total	
		SA Retail Affluent		SA Retail Mass		Sanlam Corporate													
R million	Note	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022	2023	Restated[2] 2022
Insurance revenue		16 938	15 257	12 685	11 294	9 500	8 707	26 112	32 126	158	12	46 883	43 082	–	–	(24 436)	(30 037)	87 840	80 441
Revenue		6 747	6 883	–	54	5 175	1 258	1 256	1 811	6 816	6 125	722	460	678	585	(2 434)	(3 958)	18 960	13 218
Investment income		1 082	594	314	217	173	215	1 854	1 335	255	154	–	87	296	703	20 655	20 681	24 629	23 986
Investment surpluses		1 429	(401)	37	8	(8)	103	(679)	(1 383)	180	1 314	664	(126)	(1 317)	930	58 549	(14 977)	58 855	(14 532)
Finance cost - margin business		–	–	–	–	–	–	(101)	(77)	(57)	(36)	–	–	(254)	(193)	–	1	(412)	(305)
Impairments		17	(31)	(16)	(23)	(31)	–	(273)	(13)	(37)	(4)	–	(23)	949	(1 104)	(688)	1 176	(79)	(22)
Amortisation of intangibles		(54)	(30)	–	(4)	(126)	(15)	(35)	(364)	(90)	(61)	(33)	(22)	–	–	81	344	(257)	(152)
Equity-accounted earnings		18	173	–	–	32	124	2 803	2 538	166	145	172	52	(83)	(19)	(150)	(545)	2 958	2 468
Finance cost - other		(305)	(147)	(4)	(5)	(25)	(14)	(95)	(100)	(31)	(20)	(437)	(322)	(211)	(258)	2	45	(1 106)	(821)
Taxation		(1 903)	(1 502)	(907)	(715)	(426)	(194)	(1 069)	(410)	(547)	(326)	(662)	(649)	–	201	(1 565)	131	(7 079)	(3 464)
Profit for the year from continuing operations		6 065	4 613	2 003	1 275	1 060	813	5 095	3 145	1 881	2 724	2 478	1 752	(1 556)	(484)	(3 423)	(1 878)	13 603	11 960
Profit for the year from discontinued operations		–	–	–	–	–	–	–	3	–	–	–	–	–	–	3 394	1 895	3 394	1 898

[1] Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.
[2] The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.

Notes to the group financial statements continued

for the year ended 31 December

40 Segmental information continued

Geographical analysis of shareholder and policyholder non-current assets

R million	Policyholder	Shareholder	IFRS adjustment	Total
31 December 2023				
South Africa	632 650	134 449	58 964	826 063
Africa (excluding South Africa)	20 696	4 513	2 682	27 891
Other International	62 054	18 747	(189)	80 612
Non-current assets[(1)]	715 400	157 709	61 457	934 566
31 December 2022 – (restated)[(2)]				
South Africa	578 706	159 396	43 481	781 583
Africa (excluding South Africa)	62 240	9 468	5 669	77 377
Other International	64 284	16 988	(125)	81 147
Non-current assets[(1)]	705 230	185 852	49 025	940 107

(1) Non-current assets include goodwill, property and equipment, right-of-use assets, owner-occupied properties, intangible assets, deferred acquisition costs, insurance contract assets, reinsurance contract assets, deferred tax asset, investments, trading account assets, advances to customers and non-current assets held for sale.
(2) The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.

Geographical analysis of shareholder and policyholder revenue

R million	Policyholder	Shareholder	IFRS adjustment	Total
31 December 2023				
South Africa	76	17 470	(3 029)	14 517
Africa (excluding South Africa)	—	1 283	(1 144)	139
Other International	(3)	1 676	(143)	1 530
IFRS 15 Revenue	73	20 429	(4 316)	16 186
Revenue not in scope of IFRS 15			2 774	2 774
Revenue	73	20 429	(1 542)	18 960
31 December 2022 – (restated)[(1)]				
South Africa	3	12 525	(2 589)	9 939
Africa (excluding South Africa)	—	1 832	(1 801)	31
Other International	(5)	1 941	5	1 941
IFRS 15 Revenue	(2)	16 298	(4 385)	11 911
Revenue not in scope of IFRS 15			1 307	1 307
Revenue	(2)	16 298	(3 078)	13 218

(1) The prior year has been restated for the application of IFRS 17. Refer to note 39.1 for additional information.

41 Unconsolidated structured entities

The group does not consolidate the structured entities where it either does not have the power to control the investment decisions or is exposed to significant variable returns from the structured entities.

42 Subsequent events

In February 2024, the group announced its intention to acquire up to 100% of Assupol Holdings (Assupol), subject to regulatory and Assupol shareholder approval, for a consideration of R6,5 billion. Assupol will form part of Sanlam's retail mass cluster and, together with Sanlam Sky, Safrican and the Capitec JV (until October 2024), will consolidate Sanlam's strong market position in the retail mass market segment in South Africa in complement to our strong positions in the retail affluent and corporate life insurance markets.

In the same month, the group also announced completion of the mandatory takeover offer for Sanlam Maroc shares, increasing SanlamAllianz's shareholding in Sanlam Maroc from 61,73% to 85,59%. The total consideration of R2,4 billion was ultimately funded by Sanlam and Allianz, in line with their respective shareholdings in SanlamAllianz.

The BEE SPV term expires 8 March 2024 and the board has affirmed that we continue with supporting the orderly unwind of that scheme.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam limited group at 31 December 2023 as reflected in these financial statements.

Company financial results

Sanlam Limited statement of financial position

as at 31 December 2023

R million	Note	2023	2022
ASSETS			
Investment in subsidiaries	2	28 658	27 572
Working capital assets		680	851
Loans to group companies	2	473	753
Trade and other receivables		205	96
Cash and cash equivalents		2	2
Total assets		29 338	28 423
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	3	13 033	12 783
Non-distributable reserves		9 342	9 342
Retained earnings		3 189	2 519
Total equity		25 564	24 644
Working capital liabilities		3 774	3 779
Loans from group companies	2	2 997	2 809
Accounts payable		771	766
Taxation payable		6	204
Total equity and liabilities		29 338	28 423

Sanlam Limited statement of comprehensive income

for the year ended 31 December 2023

R million	Note	2023	2022
Net income		9 499	8 235
Dividend income – included in revenue	4	10 128	7 192
Interest income		18	9
Investment surpluses and other income	5	(647)	1 015
Expenses			
Administration costs	6	(33)	(24)
(Impairment)/reversals of impairment	2	913	(2 274)
Profit before tax		10 379	5 918
Taxation	12	(5)	(203)
Profit for the year		10 374	5 715

Sanlam Limited cash flow statement

for the year ended 31 December 2023

R million	Note	2023	2022
Cash flow from operating activities		1 916	(242)
Cash generated from/(utilised) in operations	11	(10)	(6)
Dividends received		10 128	7 192
Dividends paid		(8 017)	(7 438)
Interest received		18	9
Taxation paid		(203)	1
Cash flow from investment activities		(515)	897
Proceeds from sale less cost of acquisition of Associate	5	773	—
Acquisition of associated companies	5	(1 115)	—
Acquisition of subsidiaries		(173)	—
Proceeds from the sale of shares	5	—	897
Cash flow from financing activities			
Share buy-back	3	(1 869)	—
(Decrease)/increase in cash and cash equivalents		(468)	655
Cash and cash equivalents – beginning of the year		(2 056)	(2 711)
Cash and cash equivalents – end of the year		(2 524)	(2 056)

Sanlam Limited statement of changes in equity

for the year ended 31 December 2023

R million	Note	Share capital	Share premium	Non-distributable reserve[1]	Retained income	Total
Balance at 1 January 2022		22	12 761	9 342	4 242	26 367
Profit for the year		—	—	—	5 715	5 715
Dividends declared	7	—	—	—	(7 438)	(7 438)
Balance at 31 December 2022		22	12 761	9 342	2 519	24 644
Profit for the year		—	—	—	10 374	10 374
Dividends declared	7	—	—	—	(8 017)	(8 017)
Shares issued[2]		—	435	—	—	435
Shares cancelled	3	—	(185)	—	(1 684)	(1 869)
Balance at 31 December 2023		22	13 011	9 342	3 192	25 567

(1) Pre-acquisition reserves arising from the demutualisation of Sanlam Life Insurance Limited in 1998.
(2) The share issue was made in exchange for the interest in Afrocentric, therefore, this share issue was not for cash, and thus, not included on the cash flow statement.

Sanlam Limited notes to the financial statements

for the year ended 31 December 2023

1 Accounting policies

The accounting policies of the Sanlam Limited group as set out on pages 64 to 81 are also applicable to Sanlam Limited except for investments in subsidiaries which are reflected at cost or at a lower value if there is an impairment in value.

The following new or revised IFRS and interpretations have been applied in the 2023 financial period:
Effective 1 January 2023:
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
- International Tax Reform (Amendments to IAS 12)

Sanlam Limited does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact.

2 Investment in subsidiaries and loans with group companies

R million	2023	2022
Investment in subsidiaries – shares at cost less impairments	28 658	27 572
Loans with group companies	(2 524)	(2 056)
Loans to group companies	473	753
Loans from group companies	(2 997)	(2 809)
Net interest in group companies	26 134	25 516
Net (impairment)/reversal of impairment of investments in group companies		
Genbel Securities Limited	222	(946)
Sanlam Invest (Pty) Limited	673	(673)
Sanlam PrefCo (Pty) Limited	18	19
Sanlam Investment Holdings UK	–	(674)
Total net (impairment)/reversals of impairment of Investment in group companies	913	(2 274)
Fair value of net investment in group companies	183 377	163 346

Impairments/reversals of impairments in investments in subsidiaries

Sanlam Limited evaluates its investments in subsidiaries annually for any indicators of impairment or impairment reversal which are performed in accordance with IAS 36.

Genbel Securities Limited

Due to an increase in the underlying fair values in the unlisted subsidiaries driven by investment returns and economic assumption changes, there was an impairment reversal of R222 million. The recoverable amount for impairment testing purposes has been determined based on the value in use of the business. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R7 068 million and the related discount rates (if applicable) is made up as follows:
- NAV of Genbel securities: R1 956 million.
- Value in use of SIIP of R1 561 million has been determined based on a discount rate of 13,6%.
- Value in use of SPW of R3 551 million has been determined based on a discount rate of 18,6%.

Sanlam Invest (Pty) Limited

Sanlam Invest (Pty) Ltd forms part of the group office reporting segment. In 2023, due to the increased performance of financial markets locally there was an impairment reversal of R673 million on the value in Sanlam Invest (Pty) Ltd. The recoverable amount for impairment testing purposes has been determined based on the value in use of the businesses. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R4 092 million and the related discount rates (if applicable) is made up as follows:
- NAV of Sanlam Investments: R83 million.
- NAV of Sanpref: R2 012 million.
- Capitalisation of loan of R1 997 million.

Sanlam PrefCo (Pty) Limited

Due to an increase in profits for the year, there was a reversal of impairments to the value of R18 million. The recoverable amount for impairment testing purposes has been determined based on the value in use of the business. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R2 471 million and the related discount rates (if applicable) is made up as follows:
- NAV of Sanlam Prefco: R2 471 million.

Loans: group companies

On initial recognition, loans to and from group companies are classified as measured at:
- Amortised cost,
- Fair value through profit or loss (either mandatory or designated).

These loans to group companies are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unless otherwise stated, all loans are carried at amortised cost.

The ECL on loans to group companies is immaterial.

The loans to/from group companies are unsecured and repayable on demand. No interest is charged but these arrangements are subject to revision from time to time. Details regarding the principal subsidiaries of Sanlam Limited are set out on page 277.

The fair value of the loans are disclosed in note 14 on page 277. The carrying value of these loans approximates the FV.

Investment in group companies

Investment in group companies are carried at cost less accumulated impairment. The fair value disclosed are classified level 3 instruments in terms of IFRS 13. Investment management subsidiaries are valued on a discounted cash flow (DCF) basis, subsidiaries that conduct life insurance business are valued at embedded value plus a multiple of new life insurance business and other subsidiaries and loans are valued at DCF. For a description of the valuation methodology used and sensitivities of main assumptions, refer to note 37 on page 241.

All cash receipts and payments of Sanlam Limited are processed out of centrally controlled funds by way of the company's subsidiaries who account for the receipts and payments in the loans to/from group companies. The statement of cash flows has been prepared based upon the actual cash flows during the period including cash and cash equivalents balance held indirectly by the company.

R million	2023	2022
Loans to group companies		
Sanlam Life Insurance Limited	473	753
	473	753
Loans from group companies		
Sanlam Invest (Pty) Limited	11	11
Sanlam PrefCo (Pty) Limited	2 310	2 310
Sanlam Investment Management Holdings (Pty) Limited	364	175
Genbel Securities Limited	264	265
Loans from other		
Sanlam Foundation	48	48
	2 997	2 809

Sanlam Limited notes to the financial statements continued

for the year ended 31 December 2023

3 Share capital and premium

Details of share capital and premium are reflected in note 18 on page 181 of the Sanlam Limited group financial statements.

Shares repurchased

Sanlam shareholders granted general authorities to the group at its annual general meetings to repurchase Sanlam shares in the market. 13,2 million ordinary shares were repurchased in the market by May 2023.

Shares cancelled

In June 2023, 31 million treasury shares were cancelled, pursuant to General Authorities.

Shares issued

In May 2023 Sanlam Limited issued 7,3 million shares as part of the settlement to Afrocentric Investment Corporation Limited ("Afrocentric") shareholders in exchange for acquiring an effective stake of 31,3% in Afrocentric.

4 Revenue

R million	2023	2022
Dividend income – included in revenue	10 128	7 192

Sanlam Limited is the holding company which earns its income through dividend income received that is deemed to be revenue for IFRS purposes.

5 Investment surpluses

R million	2023	2022
Investment surpluses/(deficit)	(777)	897
Other income	130	118
	(647)	1 015

Other income

Other income is made up only of the release of unclaimed dividends. Sanlam Limited's MOI makes provision for the board to declare unclaimed dividends forfeited after an unclaimed period of five years. At the end of each financial year an assessment will be made of the appropriate level of the provision to be carried for unclaimed dividends, 50% of the value of all dividends outstanding for more than five years as at the end of a financial year will no longer be claimed, which may allow for some release of the existing provision. The appropriate level of the provision kept for this purpose will be reviewed annually based on the actual claims experience. The board will be formally notified each year of the level of unclaimed dividends and the proposed amount to be released from the provision.

Investment surpluses

In the current year, this related to the loss on disposal of the investment in Afrocentric in which Sanlam had acquired a 43,9% interest through a partial offer to the shareholders resulting in an investment in associate. Sanlam Life then exchanged its 28,7% stake in ACT Healthcare Assets Pty Ltd (AHA) for a 28,7% stake in Afrocentric through a fresh issue of shares by Afrocentric which diluted the 43,9% stake held by Sanlam to 31,3%. The internal cross holdings in Afrocentric create operational and financial reporting challenges. It was therefore proposed that Sanlam dispose of its entire holding of shares in Afrocentric to Sanlam Life by way of an intra-group transaction, following which the Sanlam group's entire holding in Afrocentric will be consolidated and held by Sanlam Life. The sale and transfer of Sanlam's shares to Sanlam Life was implemented through an Intra-group Agreement in which Sanlam will sell its Afrocentric shares to Sanlam Life at a price of R3 per share, which represents the closing price at which Afrocentric shares were trading at on the JSE Limited (JSE) on the business day immediately preceding the effective date (13 December 2023). In terms of the Intra-group Agreement, Sanlam Life will be obliged to make payment of the consideration to Sanlam in cash on the effective date. Since Sanlam owes amounts to Sanlam Life under an existing loan agreement, the parties will agree (Payment Settlement) that Sanlam Life's obligation to make payment of the consideration to Sanlam will be set off against Sanlam's obligation to make payment of a portion of the loan, in an amount equal to the consideration of the sale and transfer shares, to Sanlam Life.

In the prior year, Sanlam Share Account Nominee (Pty) Limited (SSA), serves as a nominee company for the holders of shares in Sanlam Limited, which holders have acquired such Sanlam Limited shares, among others, pursuant to the demutualisation of Sanlam Life Insurance Limited in 1998. During 2021, SSA became the beneficial holder of 16 981 148 Sanlam Limited shares (Forfeited Sanlam Shares), which shares were forfeited by the holders thereof who have become unknown and untraceable in accordance with the terms and conditions governing the holding of shares in Sanlam Limited through SSA (SSA Terms and Conditions) for no consideration. Under the SSA Terms and Conditions, SSA have sold the 16 981 148 shares during November and December 2022. The shares were sold for R897 million. The proceeds on these shares were declared by SSA to Sanlam Limited.

6 Administration costs include

R million	2023	2022
Directors' remuneration		
Detail of the directors' remuneration are reflected in the remuneration report.		
Audit fees: statutory audit	13	9

7 Dividends

Details of the dividends declared are disclosed on page 84 of the Sanlam Limited group financial statements.

8 Borrowing powers

In terms of the articles of association of Sanlam Limited, the directors may at their discretion raise or borrow money for the purpose of the business of the company without limitation.

9 Commitments and contingencies

Details of commitments and contingencies are reflected in note 32.2 on page 223 of the Sanlam Limited group financial statements. The maximum utilisation under all of the guarantees granted in favour of Sanlam Capital Markets is R6,8 billion (2022: R6,8 billion).

10 Related parties

Details of related parties are reflected in note 33 on page 224 of the Sanlam Ltd group financial statements.

11 Notes to the cash flow statement

R million	2023	2022
Cash utilised in operations		
Profit before tax	10 379	5 918
Non-cash flow items		
Impairment on investments in subsidiaries	–	2 293
Reversal of impairment on investments in subsidiaries	(913)	(19)
Items disclosed separately		
Dividends received	(10 128)	(7 192)
Investment surpluses	777	(897)
Interest income	(18)	(9)
Increase/(decrease) in net working capital liabilities	(107)	(100)
(Increase)/decrease in trade receivables	(109)	(96)
Increase/(decrease) in trade payables	2	(4)
Cash generated from operations	(10)	(6)

Sanlam Limited notes to the financial statements continued

for the year ended 31 December 2023

12 Taxation

Tax rate reconciliation

%	2023	2022
Standard rate of taxation	27,00	28,00
Adjusted for:		
Non-taxable income	(27,03)	(35,50)
Non-deductible expenses	0,07	11,00
Other difference	0,00	0,00
Effective tax rate	0,04	3,50

Non-taxable income includes dividends received and reversal of impairment in subsidiaries. Non-deductible expenses includes impairments in subsidiaries.

13 Capital and risk management

The main financial instrument risk that Sanlam Limited is exposed to, is credit risk in respect of its loans to group companies. Loss allowances are recognised on these loans in terms of IFRS 9, by establishing whether the borrowing group company has sufficient accessible liquid assets in order to repay the loan if demanded at the reporting date. If the borrowing group company is not able to repay the loan if demanded at the reporting date, then Sanlam Limited considers the expected manner of recovery to measure expected credit losses. The credit quality of the loans receivable has been assessed as acceptable within the parameters used to measure and monitor credit risk. The circumstances as at the statement of financial position date is not expected to change in the foreseeable future.

R million	2023	2022
Sanlam Limited's maximum exposure to credit risk is calculated as follows:		
Carrying value of loans granted	473	753

Further details of risk management are disclosed in the capital and risk management report on page 14.

14 Principal Subsidiaries

	%	Issued ordinary capital	Fair value of interest in subsidiaries			
			Shares		Loans	
R million	Interest	2023	2023	2022	2023	2022
Long-term insurance						
Sanlam Life Insurance Limited	100	5 000	165 329	146 249	473	753
Investment and capital markets						
Genbel Securities Limited	100	2 415	7 068	6 930	(264)	(265)
Investment management and consulting						
Sanlam Investment Holdings Capital Holdings Limited	75	4 515	3 386	3 357	—	—
Sanlam Investment Holdings (UK) Limited	100	366	2 082	2 037	—	—
Sanlam Investment Management Holdings (Pty) Limited	100	2 428	2 386	2 462	(364)	(175)
Investment companies						
Sanlam Spec (Pty) Limited[(2)]	100	—[(1)]	—[(1)]	—[(1)]	—	—
Sanlam Investments (Pty) Limited	100	2 497	4 092	1 824	(11)	(11)
Sanlam Share Incentive Trust	100	—[(1)]	—[(1)]	—[(1)]	(197)	—
Sanpref (Pty) Limited	100	—[(1)]	—[(1)]	—[(1)]	—	—
Sanlam PrefCo (Proprietary) Limited	100	—[(1)]	2 471	2 453	(2 310)	(2 310)
Other						
Sanlam Foundation		n/a	n/a	n/a	(48)	(48)
Total		17 221	186 814	165 312	(2 721)	(2 056)

(1) Issued share capital is less than R1 million.
(2) Sanlam Limited provided a letter of guarantee to Sanlam Spec Proprietary Limited.
(3) The principle place of all the entities listed above is South Africa, except for Sanlam Investment Holdings (UK) Limited which is in the United Kingdom.

Remuneration information

Remuneration information

Implementation report

Remuneration details for executive directors and exco members

Executive remuneration summary

Remuneration earned by executive directors and exco members were as follows:

Remuneration for the year ended 31 December 2023

The disclosure approach (and specifically as it pertains to LTIs) is aligned with King IV™ recommendations. Separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year (refer to pages 288 to 293).

2023

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus		Attributable value of LTIs vested[1]	Total remuneration
					Cash	Deferred		
Paul Hanratty	12	6 130	—	6 130	—	—	—	6 130
Abigail Mukhuba	12	5 757	350	6 107	5 250	2 250	12 096	25 703
Heinie Werth	12	7 173	350	7 523	7 000	3 000	5 921	23 444
Subtotal: executive directors		**19 060**	**700**	**19 760**	**12 250**	**5 250**	**18 017**	**55 277**
Anton Gildenhuys	12	6 240	350	6 590	5 600	2 400	10 011	24 601
Theo Mabaso	12	4 867	350	5 217	4 200	1 800	1 084	12 301
Bongani Madikiza	12	4 581	972	5 553	4 200	1 800	2 055	13 608
Lotz Mahlangeni	12	5 697	340	6 037	4 900	2 100	5 057	18 094
Kanyisa Mkhize	12	4 764	336	5 100	4 550	1 950	2 232	13 832
Carl Roothman	12	4 498	987	5 485	6 125	2 625	1 948	16 183
Karl Socikwa	12	4 700	350	5 050	3 850	1 650	2 131	12 681
Sana-Ullah Bray	12	3 876	374	4 250	2 800	1 200	1 326	9 576
Riaan van Dyk	11	4 693	349	5 042	4 200	1 800	—	11 042
Executive committee		**62 976**	**5 108**	**68 084**	**52 675**	**22 575**	**43 861**	**187 195**

[1] Fair value of LTIs (excluding equity-settled OPPs) vested during the year – refer to pages 294 and 295.

Implementation report continued

Remuneration details for executive directors and exco members continued

Remuneration for the year ended 31 December 2022

The disclosure approach (and specifically as it pertains to LTIs) is aligned with King IV™ recommendations. Separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year.

2022

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus Cash	Annual bonus Deferred	Attributable value of LTIs vested[1]	Other	Total remuneration
Paul Hanratty	12	6 130	—	6 130	—	—	—	—	6 130
Abigail Mukhuba	12	5 386	343	5 729	4 200	1 800	—	—	11 729
Jeanett Modise[4]	12	4 014	351	4 365	—	—	1 200	1 012	6 577
Heinie Werth	12	6 305	350	6 655	4 900	2 100	3 344	—	16 999
Subtotal: executive directors		21 835	1 044	22 879	9 100	3 900	4 544	1 012	41 435
Anton Gildenhuys	12	5 890	350	6 240	4 200	1 800	7 835	—	20 075
Lizé Lambrechts[2]	6	2 908	175	3 083	2 000	—	7 197	884	13 164
Theo Mabaso	12	4 589	349	4 938	2 975	1 275	—	—	9 188
Bongani Madikiza	12	4 146	879	5 025	3 500	1 500	—	—	10 025
Tavaziva Madzinga[3]	9	5 362	263	5 625	5 250	2 250	—	—	13 125
Lotz Mahlangeni	12	5 310	407	5 717	4 550	1 950	3 872	—	16 089
Sydney Mbhele[4]	12	4 320	350	4 670	—	—	—	738	5 408
Kanyisa Mkhize	12	4 143	430	4 573	3 220	1 380	—	—	9 173
Wikus Olivier	12	4 675	350	5 025	2 625	1 125	2 121	—	10 896
Carl Roothman	12	4 260	935	5 195	3 500	1 500	—	—	10 195
Karl Socikwa	12	4 430	350	4 780	2 625	1 125	1 604	—	10 134
Jurie Strydom[4]	6	3 125	175	3 300	1 398	—	6 566	482	11 746
Executive committee		74 993	6 057	81 050	44 943	17 805	33 739	3 116	180 653

(1) Fair value of LTIs (excluding equity-settled OPPs) vested during the year – refer to pages 294 and 295.
(2) Retired 30 June 2022. Leave payment of R883 665 on retirement.
(3) Appointed on 1 April 2022 as deputy CEO at Santam and CEO of Santam effective 1 July 2022. Remuneration pro-rated for the time employed.
(4) Statutory accrued leave payments due on termination of employment disclosed under "Other".

Implementation report continued

Remuneration details for executive directors and exco members continued

Total guaranteed package

The TGP (in rand) of the executive directors and exco are reflected in the table below.

Individual	TGP as at 31 Dec 23	TGP as at 31 Dec 22	TGP as at 1 Jan 21	% increase in TGP 2023	% increase in TGP 2022
Paul Hanratty	6 130 000	6 130 000	6 130 000	—	—
Abigail Mukhuba	6 210 000	5 800 000	5 515 400	7,07	5,16
Heinie Werth	8 600 000	6 740 000	6 400 000	27,60	5,31
Anton Gildenhuys	6 680 000	6 320 000	6 000 000	5,70	5,33
Theo Mabaso	5 290 000	5 000 000	—	5,80	n/a
Bongani Madikiza	5 670 000	5 200 000	4 500 000	9,04	15,56
Lotz Mahlangeni	6 120 000	5 790 000	5 500 000	5,70	5,27
Kanyisa Mkhize	5 240 000	4 680 000	4 250 000	11,97	10,12
Carl Roothman	5 560 000	5 260 000	—	5,70	n/a
Karl Socikwa	5 120 000	4 840 000	4 600 000	5,79	5,22
Sana-Ullah Bray	4 250 000	—	—	n/a	n/a
Riaan van Dyk	5 500 000	—	—	n/a	n/a

Short-term incentives

CEO and Group Finance Director (FD) performance outcomes

The CEO and FD performance measures for 2023 and achievement against it are set out below (group achievement). Exco (except the Chief Risk Officer and Chief Actuary) all have exposure to the group achievement in addition to business or functional area achievement to ensure direct alignment.

The business-level performance measures applicable to the business chief executives are based on the specific strategic objectives of each business, which are aligned to the achievement of the group performance measures.

The individual/strategic performance measures for exco are based on the contracted output of exco members (as agreed with the group CEO) for the 2023 financial year and are summarised on page 16 of the standalone remuneration report.

Group operational performance (weighted out of 50)

Metric	Weighting	Measure (for 100%)	Actual	Achievement for each component without weighting (0% – 200%)	Outcome
Adjusted RoGEV (per share)	15%	11,60%	19,5%	200%	30%
Operating profit (NRFS)	15%	R10,800bn	R12,376bn	200%	30%
VNB	10%	R2,400bn	R2,852bn	200%	20%
Net client cash flow (NCCF)	5%	R70m	R36bn	0%	0%
Company valuation (price to GEV)	5%	1	1,03	154,8%	7,7%
					87,7%

Strategic metrics (weighted out of 50)

Metric	Weighting	Achievement	Outcome
Developing the Sanlam platform to support growth and value creation	50%	out-performance	out-performance
Strengthening the partnership with UB/ARC			
Capital allocation (to enhance RoGEV)			
Deepening customer relations in South Africa			
Modernise the business through strategic initiatives			
Transformation, human capital and culture			
Sustainability across the group			
Optimisation (business), compliance, risk management			
Total CEO out of a maximum of 200%			185%

Committee discretion

A pure formulaic calculation of the CEO scorecard render an outcome of 167%. In light of out-performance by the CEO both in absolute and relative terms (compared to industry peers) in a challenging macroeconomic environment, the committee exercised discretion and approved a performance outcome of 185% for the CEO.

FD performance outcomes

The FD has 50% weighting to the group achievement (see above) and 50% to strategic objectives aligned to the group business strategy. The FD achieved an overall outcome of 142,1% out of a maximum of 200%.

Group office bonus outcomes

Sanlam's performance measures applied in 2023 to group office employees' short-term incentives are summarised below. This also applied to exco in relation to the weighting to group measures (see table detailing STI weightings for exco and performance targets on page 13 of the standalone remuneration report). The group office bonus outcomes are aligned to underlying business outcomes and the group achievement as disclosed above.

The group office performance bonus measures can be summarised as:
- weighted average outcome of business clusters' achievements;
- transformation outcomes; and
- efficiency and business optimisation outcomes.

The actual achievement of Sanlam's group office performance bonus measures for 2023 are:

Bonus measures for primary bonus pool	Weighting	Achievement (0% – 200%)	Outcome
Weighted average outcome of business clusters' achievements	85%	126%	107,1%
(Note: Business achievements ranged from 100% to 146% out of a maximum of 200%)			
Group office efficiencies and business optimisation	5%	181,8%	9,1%
Transformation	10%	89,4%	8,9%
Total	100%		125,1%

Note:
An additional 10% of the primary pool value is disbursed to out-performers with "exceed expectations" ratings to drive pay for performance.

Implementation report continued

Remuneration details for executive directors and exco members continued

Payments

The table below shows the annual bonus payments (in rand) to each of the executive directors and exco in respect of the performance achieved in 2023 as well as the deferral into Sanlam restricted shares for three years.

Final individual payments are based on the outcome relative to the set performance criteria but may be adjusted by the committee within a discretionary margin to take account of any relevant facts or circumstances that may have impacted performance during the measurement period. These bonuses are payable and deferred into restricted shares in March 2024 as set out below:

Individual	% of TGP achieved(1) 2023	Total annual bonus R	Cash 2023 R	Bonus deferral (restricted shares) R	% of TGP achieved(1) 2023	Total annual bonus R	Cash 2022	Bonus deferral (restricted shares)
Abigail Mukhuba	121	7 500 000	5 250 000	2 250 000	103%	6 000 000	4 200 000	1 800 000
Anton Gildenhuys	120	8 000 000	5 600 000	2 400 000	95%	6 000 000	4 200 000	1 800 000
Heinie Werth	119	10 000 000	7 000 000	3 000 000	132%	7 000 000	4 900 000	2 100 000
Bongani Madikiza	106	6 000 000	4 200 000	1 800 000	95%	5 000 000	3 500 000	1 500 000
Lotz Mahlangeni	114	7 000 000	4 900 000	2 100 000	112%	6 500 000	4 550 000	1 950 000
Kanyisa Mkhize	124	6 500 000	4 550 000	1 950 000	98%	4 600 000	3 220 000	1 380 000
Carl Roothman	157	8 750 000	6 125 000	2 625 000	95%	5 000 000	3 500 000	1 500 000
Karl Socikwa	107	5 500 000	3 850 000	1 650 000	77%	3 750 000	2 625 000	1 125 000
Theo Mabaso	113	6 000 000	4 200 000	1 800 000	85%	4 250 000	2 975 000	1 275 000
Sana-Ullah Bray	94	4 000 000	2 800 000	1 200 000	—	—	—	—
Riaan van Dyk	109	6 000 000	4 200 000	1 800 000	—	—	—	—

Long-term incentives (LTIs)

Company financial performance conditions

PDSP vesting percentage: June 2023

Award year	2020**	2019	2018	2017
Tranches measured	1st tranche	1st tranche	2nd tranche	3rd tranche*
PDSP A shares	94,7%	72,1%	100%	100%
PDSP B shares	87,4%	41,0%	100%	100%

* Due to the 2020 financial year being excluded for measurement, these tranches of the awards were extended to be measured over an additional financial year.

**The 2020 award had a 30% weighting to strategic recovery metrics. See page 16 of the standalone remuneration report. The metrics were measured over 2021 and 2022 and in relation to the PDSP A shares were achieved at 100% and at 93,3% for the PDSP B shares. These measurement outcomes were equally applied to the CEO's performance restricted A and B shares per his remuneration agreement and subsequently 10,056 performance restricted shares were forfeited in 2023 because of the 93,3% outcome for strategic recovery for the performance restricted shares.

The Sanlam Investment Group ("SIG") business RoGEV hurdle is applicable to the vesting of PDSP B's awarded up to 2019 to SIG participants in addition to the group RoGEV hurdle. From 2020 onwards only the group RoGEV hurdle applies to PDSP B awards to SIG participants. The SIG RoGEV hurdle for PDSP B awards made in 2017, 2018 and 2019 was not met and the relevant shares were forfeited. The same PDSP A outcomes for 2017, 2018 and 2019 as disclosed above applied to SIG participants.

From 2020 onwards, for awards to SIG participants the vesting conditions and outcomes (for PDSP A and PDSP B) are the same as the rest of the group participants as there is no longer an additional SIG RoGEV hurdle.

Implementation report continued

Remuneration details for executive directors and exco members continued

Outcome of group CEO five-year remuneration structure: financial year 2023

The 2023 outcomes of the group CEO five-year remuneration structure are detailed below. The performance and OPP shares are finally measured after a five-year measurement period.

Category	Total number of shares (over five years)	Eligible for measurement (12 months) January – December 2023	Shares which met performance condition*	Forfeited shares**	Measurement detail
Restricted shares (in lieu of TGP)	328 590	65 718	65 718		Based on performance per CEO scorecard as evaluated by the board.
Bonus shares	1 671 910	334 382	309 304	25 078	CEO 2023 performance achievement (185% out of 200%). Measured annually based on group CEO performance contract. Measurement of achievement ranges between 0% – 200%. 100% vesting at target and 200% vesting at stretch. Shares which met the performance condition (measured) to be held until the end of the holding period.
Total shares which met performance condition/ forfeited shares		**400 100**	**375 022**	**25 078**	

* Shares which met the performance condition are only released after the holding period which extends until 30 June 2026 unless the board determines otherwise.

** Cumulative forfeited bonus shares from financial year 2021 (98 956), financial year 2022 (133 967) and financial year 2023 (25 078), totalling 258 001.

DSP

For DSP vesting exco business and individual scorecard achievement are evaluated. Due to their roles and line of sight, these scorecards are based on metrics which support the Sanlam business strategy. Refer to pages 13 and 15 of the standalone remuneration report.

The applicable exco scorecard achievements were evaluated over the DSP performance period/s ending in 2023 and the outcomes and vesting were as follows:

Measurement of exco members' DSP vesting in June 2023

Name	Policy on-target % bonus of TGP	> 100% achievement warrants achieving DSP target for vesting	Achievement (average) over five years expressed over on-target %
Abigail Mukhuba	85	Vesting 100%	130%
Heinie Werth	85	Vesting 100%	135%
Anton Gildenhuys	75	Vesting 100%	133%
Bongani Madikiza	75	Vesting 100%	119%
Lotz Mahlangeni	75	Vesting 100%	150%
Kanyisa Mkhize	75	Vesting 100%	136%
Karl Socikwa	75	Vesting 100%	111%

Theo Mabaso, Carl Roothman and Sana-Ullah Bray's DSP vesting outcomes were not attributable to their roles as exco members, but due to their prior roles in the Sanlam group.

Sanlam Annual Financial Statements 2023

Implementation report continued

Remuneration details for executive directors and exco members continued

	Balance 31 Dec 22	Awarded in 2023	Shares vested	Shares forfeited	Balance 31 Dec 23	Vesting in				
						2024	2025	2026	2027	2028
Paul Hanratty										
RSP[1]	4 901 044	—	—	(144 023)[1]	4 757 021	—	—	4 757 021	—	—
Heinie Werth	451 653	193 403	(99 111)	(3 146)	542 799	99 459	151 454	162 292	82 469	47 125
DSP	83 953	—	(28 838)	—	55 115	28 875	18 155	8 085	—	—
PDSP	247 453	157 083	(45 379)	(3 146)	356 011	42 177	75 779	108 461	82 469	47 125
Category A[2]	191 114	157 083	(24 338)	(2 033)	321 826	24 264	64 532	103 436	82 469	47 125
Category B[2]	56 339	—	(21 041)	(1 113)	34 185	17 913	11 247	5 025	—	—
RSP and bonus shares	120 247	36 320	(24 894)	—	131 673	28 407	57 520	45 746	—	
Anton Gildenhuys	636 349	99 702	(167 582)	(2 054)	566 415	185 545	181 685	135 627	42 987	20 571
DSP	82 382	—	(29 227)	—	53 155	27 095	18 854	7 206	—	—
PDSP – category A[2]	144 661	68 571	(23 217)	(2 054)	187 961	23 347	46 726	54 330	42 987	20 571
RSP and bonus shares	409 306	31 131	(115 138)	—	325 299	135 103	116 105	74 091	—	—
Abigail Mukhuba	431 840	106 535	(175 939)	(666)	361 770	81 967	120 554	102 771	33 857	22 621
DSP	106 789	—	(42 715)	—	64 074	32 037	32 037	—	—	—
PDSP	155 698	75 404	(12 149)	(666)	218 287	44 093	50 455	67 261	33 857	22 621
Category A[2]	105 962	75 404	(12 149)	(666)	168 551	24 199	35 534	52 340	33 857	22 621
Category B[2]	49 736	—	—	—	49 736	19 894	14 921	14 921	—	—
RSP and bonus shares	169 353	31 131	(121 075)	—	79 409	5 837	38 062	35 510	—	—
Bongani Madikiza	219 687	77 932	(34 851)	—	262 768	54 064	86 749	79 222	27 136	15 597
DSP	87 129	—	(34 851)	—	52 278	26 139	26 139	—	—	—
PDSP – category A[2]	92 567	51 989	—	—	144 556	21 641	31 616	48 566	27 136	15 597
RSP and bonus shares	39 991	25 943	—	—	65 934	6 284	28 994	30 656	—	—
Lotz Mahlangeni	320 599	88 592	(78 440)	—	330 751	85 280	121 203	83 429	24 379	16 460
DSP	106 491	—	(42 597)	—	63 894	31 947	31 947	—	—	—
PDSP – category A[2]	92 524	54 867	—	—	147 391	26 452	30 396	49 704	24 379	16 460
RSP and bonus shares	121 584	33 725	(35 843)	—	119 466	26 881	58 860	33 725	—	—
Kanyisa Mkhize	184 536	77 091	(32 916)	—	228 711	45 125	74 425	68 857	24 337	15 967
DSP	82 288	—	(32 916)	—	49 372	24 686	24 686	—	—	—
PDSP – category A[2]	79 000	53 224	—	—	132 224	20 439	26 491	44 990	24 337	15 967
RSP and bonus shares	23 248	23 867	—	—	47 115	—	23 248	23 867	—	—

Implementation report continued

Remuneration details for executive directors and exco members continued

	Balance 31 Dec 22	Awarded in 2023	Shares vested	Shares forfeited	Balance 31 Dec 23	Vesting in 2024	2025	2026	2027	2028
Karl Socikwa	224 439	58 853	(31 437)	(1 241)	250 614	48 956	85 196	74 550	30 093	11 819
DSP	62 321	—	(17 209)	—	45 112	20 944	17 752	6 416	—	—
PDSP – category A(2)	113 724	39 396	(10 285)	(1 241)	141 594	17 785	37 933	43 964	30 093	11 819
RSP and bonus shares	48 394	19 457	(3 943)	—	63 908	10 227	29 511	24 170	—	—
Carl Roothman	359 582	76 781	(28 721)	(15 404)	392 238	208 790	55 313	79 324	33 560	15 251
DSP	37 612	—	(12 457)	—	25 155	13 011	8 159	3 985	—	—
PDSP	160 446	50 838	(16 264)	(15 404)	179 616	34 255	47 154	49 396	33 560	15 251
Category A(2)	93 795	50 838	(10 333)	(1 070)	133 230	10 918	32 199	41 302	33 560	15 251
Category B(2)	32 766	—	(4 268)	(7 135)	21 363	10 918	7 788	2 657	—	—
Category C(2)	33 885	—	(1 663)	(7 199)	25 023	12 419	7 167	5 437	—	—
RSP and bonus shares	161 524	25 943	—	—	187 467	161 524	—	25 943	—	—
Theo Mabaso	150 864	76 988	(18 383)	(652)	208 817	25 822	49 660	77 352	39 502	16 481
DSP	53 946	—	(16 706)	—	37 240	18 331	12 912	5 997	—	—
PDSP – Category A(2)	96 918	54 937	(1 677)	(652)	149 526	7 491	36 748	49 304	39 502	16 481
RSP and bonus shares	—	22 051	—	—	22 051	—	—	22 051	—	—
Sana-Ullah Bray(3)	75 581	68 071	(19 298)	(357)	123 997	22 149	18 339	40 653	23 732	19 124
DSP	35 764	—	(11 570)	—	24 194	12 372	7 957	3 865	—	—
PDSP – Category A(2)	24 076	63 747	(3 785)	(357)	83 681	2 693	8 025	30 107	23 732	19 124
RSP and bonus shares	15 741	4 324	(3 943)	—	16 122	7 084	2 357	6 681	—	—
Riaan van Dyk(3)	—	117 130	—	—	117 130	—	—	46 852	35 139	35 139
DSP	—	—	—	—	—	—	—	—	—	—
PDSP – Category A(2)	—	117 130	—	—	117 130	—	—	46 852	35 139	35 139
RSP and bonus shares	—	—	—	—	—	—	—	—	—	—

(1) Refer to the group CEO remuneration arrangement. Forfeited shares consist of 133 967 bonus shares and 10 056 performance restricted B shares.
(2) The performance conditions of the PDSP shares are set out in the remuneration report.
(3) Appointed to exco in 2023.

Implementation report continued

Remuneration details for executive directors and exco members continued

Value

R'000	2023 Value of shares awarded[1]	2023 Value of shares vesting[2]	2023 Value of shares forfeited[2]	2022 Value of shares awarded[1]	2022 Value of shares vesting[2]	2022 Value of shares forfeited[2]
Paul Hanratty	—	—	7 930	—	—	5 426
RSP CEO arrangement)[3]	—	—	7 930	—	—	5 426
Abigail Mukhuba	6 078	12 096	46	3 901	—	—
DSP	—	2 937	—	—	—	—
PDSP	4 364	835	46	2 054	—	—
RSP[3]	1 714	8 324	—	1 847	—	—
Heinie Werth	12 799	5 921	188	8 661	3 344	96
DSP	—	1 723	—	—	1 468	—
PDSP	10 799	2 711	188	6 460	927	96
RSP[3]	2 000	1 487	—	2 201	949	—
Subtotal: executive directors	**18 877**	**18 017**	**8 164**	**12 562**	**3 344**	**5 522**
Anton Gildenhuys	5 683	10 011	123	5 862	7 835	—
DSP	—	1 746	—	—	1 247	—
PDSP	3 969	1 387	123	4 097	784	—
RSP[3]	1 714	6 878	—	1 765	5 804	—
Bongani Madikiza	4 437	2 055	—	3 440	—	—
DSP	—	2 055	—	—	—	—
PDSP	3 009	—	—	2 109	—	—
RSP[3]	1 428	—	—	1 331	—	—
Lotz Mahlangeni	5 033	5 057	—	3 200	3 872	—
DSP	—	2 746	—	—	—	—
PDSP	3 176	—	—	1 447	—	—
RSP[3]	1 857	2 311	—	1 753	3 872	—

R'000	2023 Value of shares awarded[1]	2023 Value of shares vesting[2]	2023 Value of shares forfeited[2]	2022 Value of shares awarded[1]	2022 Value of shares vesting[2]	2022 Value of shares forfeited[2]
Kanyisa Mkhize	4 395	2 232	—	2 805	—	—
DSP	—	2 232	—	—	—	—
PDSP	3 081	—	—	1 530	—	—
RSP[3]	1 314	—	—	1 275	—	—
Karl Socikwa	3 351	2 131	—	4 700	1 604	—
DSP	—	1 167	—	—	1 212	—
PDSP	2 280	697	—	3 340	392	—
RSP[3]	1 071	267	—	1 360	—	—
Carl Roothman	4 371	1 948	1 044	3 346	1 121	930
DSP	—	845	—	—	648	—
PDSP	2 943	1 103	1 044	3 346	473	930
RSP[3]	1 428	—	—	—	—	—
Theo Mabaso	4 394	1 084	38	4 207	624	—
DSP	—	985	—	—	624	—
PDSP	3 180	99	38	4 207	—	—
RSP[3]	1 214	—	—	—	—	—
Sana-Ullah Bray[3]	3 928	1 326	25	—	—	—
DSP	—	795	—	—	—	—
PDSP	3 690	260	25	—	—	—
RSP[3]	238	271	—	—	—	—
Riaan van Dyk[3]	6 779	—	—	—	—	—
DSP	—	—	—	—	—	—
PDSP	6 779	—	—	—	—	—
RSP[3]	—	—	—	—	—	—
Executive committee	61 248	43 861	9 394	40 122	18 400	6 452

(1) Based on fair value of shares on grant date, assuming 100% vesting. Actual vesting percentage will be determined on final measurement date.
(2) Based on market value of shares on vesting and forfeiture dates respectively.
(3) Restricted shares are awarded per the policy on RSPs (prior to 2022) or as bonus deferral shares for bonuses earned and deferred (since 2022).

Implementation report continued

Remuneration details for executive directors and exco members continued

OPPs

For 2023 there were two business OPPs, namely for the CEOs of Sanlam Life and Savings (SLS) and for Sanlam Pan Africa (now SanlamAllianz). The design of the OPPs is in accordance with the Sanlam remuneration policy. The SLS OPP will be measured after conclusion of the 2025 financial year. The OPP extended to Heinie Werth were measured for financial years 2021, 2022 and 2023 and pro-rated. This measurement was necessary as Mr Werth was appointed as the CEO of SanlamAllianz and the OPP structure and performance measures were no longer relevant. Vesting is postponed until the originally agreed vesting date of 31 March 2026 with a holding period until 31 December 2026 and delivery after the closed period.

The design of the OPPs and the relevant performance conditions for vesting are detailed below. As explained in the remuneration policy, OPP targets are considerably more stretching than the performance conditions for PDSPs. Historic vesting percentage over the past three years amounted to around 20% to 50%.

SLS

Business/chief executive participants	Measurement period and description	OPP performance conditions					Potential – maximum number of shares that can be delivered
		Financial Measure	Description	Minimum (0% vesting below this)	Maximum (100% vesting)	Weighting	
Sanlam Life and Savings (SLS) Kanyisa Mkhize Bongani Madikiza Anton Gildenhuys	1 January 2021 – 31 December 2025 **(Final measurement** March 2026 after conclusion of 2025 financial year-end)	SLS Operating EV experience from all sources 2021 – 2025	Total operating variances from improving persistency, as well as operating assumption changes, reducing maintenance unit expenses in real terms and improving other sources of profit such as mortality and morbidity	< R7,5 billion	R15 billion	25%	**Kanyisa Mkhize** (100% TGP per year) 363 186 shares **Bongani Madikiza** (100% TGP per year) 384 550 shares **Anton Gildenhuys** (100% TGP per year) 512 733 shares
		SLS profit growth 2021 – 2025	Average annual rate of growth between NRFS for 2020 and the NRFS for the 2025 financial year	CPI + 1 %	>CPI + 9%	25%	
		SLS RoGEV 2021 – 2025	Average return implied by dividends and change in GEV from 1 January 2021 to 31 December 2025, adjusted for normalised investment returns and interest rates (if required)	RFR+4% For 2021 From 2022 CPI + 6%	RFR+8% For 2021 From 2022 CPI + 10%	25%	
		SLS GEV Added	Change in GEV 1 January 2021 – 31 December 2025 plus dividends paid over the period in reference to years 2021 to 2025	R40 billion	R60 billion	25%	
		Modifier based on strategic outcomes measured against: • reshaping the Sanlam group through M&A and strategic partnerships; • creating value from Mergers and Acquisitions (M&A) *inter alia*, transformation of the workforce; • modernisation of the business through data and digital transformation; • fortress South Africa: strengthen the competitive position in South Africa through partnerships and by driving deeper customers relationships through use of a wider product set, improved customer proposition; • transformation of the employee base; and • culture and ESG. A maximum adjustment of an added 25% or decreased 25% may be made at the committee's discretion (after testing of the financial metrics) to reflect these factors.					

SanlamAllianz (previously Sanlam Pan-Africa)

The details regarding the achievement percentage of OPP targets, weighting, pro-rating, number of measured OPP shares as well as the post-holding conditions applicable to Heinie Werth's OPP are set out below.

Business/chief executive participants	Measurement period and description	OPP performance conditions					
		Financial measure	Description	Range of target	Weighting	Achievement (0-100%)	OPP achievement %
Sanlam Emerging Markets (SEM), now SanlamAllianz CEO Heinie Werth	1 January 2021 – 31 December 2023 **(Final measurement)** Measurement is over 2021, 2022 and 2023 with pro-rating (60%) to the total OPP shares **Maximum shares** 1 093 830 (200% of TGP per year for five years)	**Stock rating P/GE**	Improved group rating from H2 2020 over the three years to a better average in 2023	< 1 – 1,15	15%	20%	3%
		SEM profit growth 2021 – 2025	Average annual rate of growth between NRFS for 2020 and the NRFS for the 2025 financial year in constant currency	10% – 17,5%	20%	56,8%	11,3%
		SEM dividend growth 2021 – 2025	Average annual rate of growth of dividend paid to the group by SEM between 2020 and the 2025 financial year in constant currency	10% – 20%	20%	0%	0%
		Adjusted RoGEV	Average return implied by dividends and change in GEV, adjusted for normalised investment returns and interest rates (if required)	12,6% – 16,6%	20%	100%	20%
		SEM GEV added	GEV added plus dividends paid over the period	R15bn – R30bn	25%	12,3%	3,1%
		Modifier based on strategic outcomes measured against: • reshaping the Sanlam Pan-African business through strategic partnerships; • development of digital channels to reach the consumers on the African continent; • sustainable management, skills and culture; and • derive maximum value from the Indian operations. A maximum adjustment of an added 25% or decreased 25% may be made at the committee's discretion (after testing of the financial metrics) to reflect these factors.					
Achievement percentage after applying the modifier		• 50% achievement percentage x 1 093 830 OPP shares x pro-rated for the time period of the OPP (three out of five years) = 328 149 measured OPP shares • The achievement percentage is made up of the financial measures outcome of 37,4% plus 12,6% as modifier which reflects the achievement against strategic measures listed above.					
Post-holding condition		Mr Werth is required to hold the measured shares in restricted Sanlam shares for 12 months longer than the original OPP period until December 2026, whereafter the shares may be released (closed period permitting). This ensures absolute **shareholder alignment.** Malus and clawback conditions and employment conditions per Sanlam's policy apply to these shares.					

Notes:
Sliding scale applies to determine vesting percentage between minimum and maximum hurdles.
Targets may be adjusted by the committee for material reorganisation, acquisitions, or disposals during the measuring period.
GEV added metric was pro-rated to 60% (3/5) for the range disclosed.

Implementation report continued

Remuneration details for executive directors and exco members continued

Minimum shareholding requirement

The table below reflects the actual qualifying Sanlam shares held by executive directors and exco members relative to the minimum shareholding requirement (MSR).

Number of shares as of 31 December 2023

Individual	Minimum shareholding requirement	Actual qualifying shareholding	Date at which minimum shareholding must be reached
Paul Hanratty [(1)]	n/a	n/a	n/a
Abigail Mukhuba	151 982	175 939	In full compliance
Anton Gildenhuys	163 496	434 209	In full compliance
Theo Mabaso	64 737	–	31 December 2027
Bongani Madikiza	92 511	–	30 September 2026
Lotz Mahlangeni	74 895	56 396	30 September 2026
Kanyisa Mkhize	85 495	–	30 September 2026
Carl Roothman	90 722	–	31 December 2027
Karl Socikwa	62 657	–	30 September 2026
Sana-Ullah Bray	52 010	15 355	31 December 2028
Riaan van Dyk	89 743	–	31 December 2028
Heinie Werth	210 489	386 154	In full compliance

[(1)] Refer to the five-year CEO remuneration arrangement on page 286.

Sanlam share scheme allocation

As approved by shareholders the scheme has an allocation of 110 million shares with a limit on annual usage of 11 million shares and the limit for any individual of 5 million shares.

The following table illustrates the usage since the original approval, the details for 2022 and for 2023 and the capacity (balance of shares available) on 31 December 2023:

		Number of shares
Scheme allocation originally approved*		110 000 000
Less net movement in 2019		(5 142 610)
Less net movement in 2020		(10 354 078)
Less net movement in 2021		(8 272 501)
Balance of scheme allocation carried forward at 31 December 2021		86 230 811
Allocation under DSP and PDSP in 2022	(8 625 896)	
Allocation under RSP in 2022	(362 433)	(8 988 329)
Shares forfeited in 2022		4 691 703
Balance of scheme allocation carried forward at 31 December 2022		81 934 185
Allocation under DSP and PDSP in 2023	(7 377 092)	
Allocation under RSP in 2023	(652 584)	(8 029 676)
Shares forfeited in 2023		2 477 151
Balance of scheme allocation carried forward at 31 December 2023		76 381 660

* Scheme allocation approved at the AGM held on 5 June 2019 and applies with effect from 1 January 2019.

Implementation report continued

Remuneration details for non-executive directors

The policy for non-executive directors' fees is summarised under the remuneration policy part of this report.

Disclosure of individual directors' emoluments, as required in terms of the JSE Listings Requirements, is detailed below.

Non-executive directors' emoluments for the year ended 31 December 2023[1]

				Fees from group			
R'000	Directors' fees	Attendance fees	Committee fees	Director fees	Attendance fees	Committee fees	Total
AS Birrell[2]	1 048	461	1 662	747	646	456	5 120
AD Botha[2]	419	184	484	—	—	—	1 087
NAS Kruger	419	184	1 337	—	—	—	1 940
E Masilela (Chair)	4 014	—	—	—	—	—	4 014
M Mokoka	419	184	1 333	105	—	150	2 191
JP Möller	419	184	1 498	—	21	682	2 804
PT Motsepe (Deputy Chair)	637	187	619	—	—	—	1 443
KT Nondumo	419	184	1 811	515	19	373	3 321
SA Nkosi	419	184	405	—	—	—	1 008
J van Zyl	419	184	675	160	—	70	1 508
SA Zinn	419	184	651	—	—	—	1 254
E Essoka[3]	1 048	461	527	—	—	—	2 036
N Manyonga	419	184	398	—	—	44	1 045
W van Biljon	419	184	1 022	—	—	140	1 765
T Skweyiya	419	184	827	—	—	—	1 430
Total non-executive directors	11 356	3 133	13 249	1 426	887	1 915	31 966

(1) Excluding VAT.
(2) Nationality: British/South African.
(3) Nationality: Cameroonian.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 602 943.

Non-executive directors' emoluments for the year ended 31 December 2022[1]

				Fees from group			
R'000	Directors' fees	Attendance fees	Committee fees	Director fees	Attendance fees	Committee fees	Total
AS Birrell[2]	993	437	1 345	78	596	613	4 062
AD Botha[2]	397	175	260	—	—	—	832
NAS Kruger	397	175	904	—	—	—	1 476
E Masilela (Chair)	3 604	—	—	—	—	—	3 604
M Mokoka	397	175	1 108	105	—	150	1 935
JP Möller	397	175	1 297	302	—	295	2 466
PT Motsepe (Deputy Chair)	604	177	397	—	—	—	1 178
KT Nondumo	397	175	1 494	—	—	955	3 021
SA Nkosi	397	175	212	—	—	—	784
J van Zyl	397	175	397	—	—	—	969
SA Zinn	397	175	472	—	—	—	1 044
E Essoka[3]	993	437	377	—	—	—	1 807
N Manyonga	397	175	75	—	—	—	647
W van Biljon	397	175	828	—	—	—	1 400
T Skweyiya	102	36	—	—	—	—	138
Total non-executive directors	10 266	2 837	9 166	485	596	2 013	25 363

(1) Excluding VAT.
(2) Nationality: British/South African.
(3) Nationality: Cameroonian.

Travel and subsistence paid in respect of attendance of board and committee meetings amounted to R498 667.

Interest of directors in share capital

Sanlam Limited board information

Total interest of directors in share capital on 31 December 2023

Directors	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	UB shares
Executive directors					
PB Hanratty[(1)]	4 757 021	–	–	–	–
AM Mukhuba	175 939	–	–	–	–
HC Werth	558 545	578 438	–	–	–
Total executive directors	**5 491 505**	**578 438**	**–**	**–**	**–**
Non-executive directors					
J van Zyl	–	–	–	–	168 287
PT Motsepe (Deputy Chair)	–	–	–	–	Refer note*
AD Botha[(2)]	–	–	–	–	–
AS Birrell[(2)]	65 487	–	–	–	–
E Essoka[(3)]	–	–	–	–	–
NAS Kruger	–	–	–	–	–
E Masilela (Chair)	–	–	–	–	–
MG Mokoka	–	–	–	–	–
JP Möller	600 000	–	200 000	–	–
KT Nondumo	–	–	–	–	–
N Manyonga	–	–	–	–	–
SA Nkosi	–	–	–	–	–
T Skweyiya	–	–	–	–	–
W van Biljon	1 169	–	–	–	–
SA Zinn	–	–	–	–	–
Total non-executive directors	**666 656**	**–**	**200 000**	**–**	**168 287**
Total all directors	**6 158 161**	**578 438**	**200 000**	**–**	**168 287**

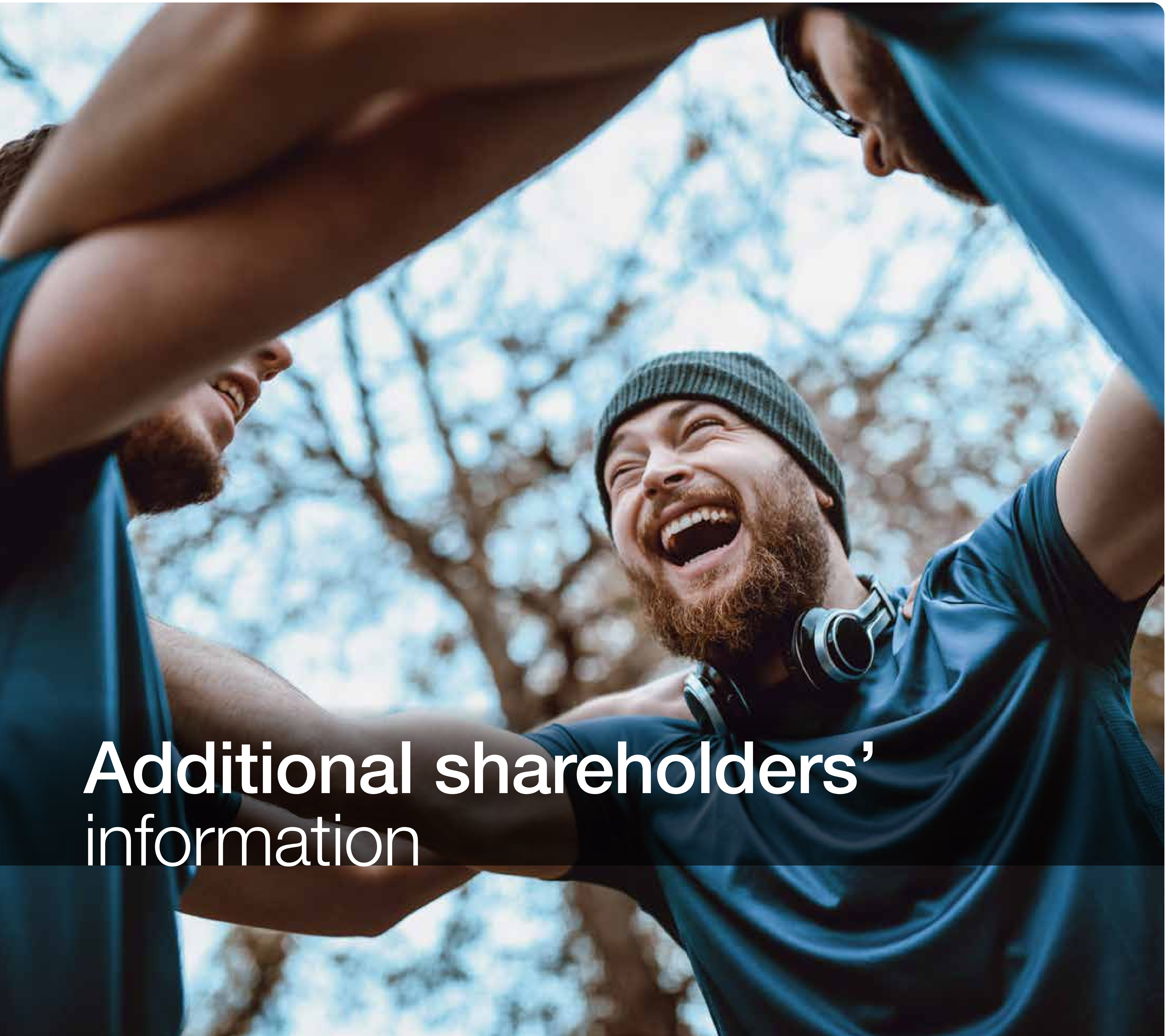
(1) Nationality: Irish.
(2) Nationality: British/South African.
(3) Nationality: Cameroonian.
* Ubuntu-Botho Investments (Proprietary) Ltd ("UBI") is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments (Proprietary) Limited ("Sizanani"), holds a beneficial interest approximately 61% of the issued shares (which issued shares includes both the "A" ordinary shares) in UBI. Approximately 10% of Sizanani's beneficial interest in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Motsepe and his family. This results in Dr Motsepe having an indirect interest in the securities of Sanlam amounting to approximately 61% of the UBI shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam, by virtue of Dr Motsepe being a trustee (but not a beneficiary) of Sanlam's Ubuntu-Botho Community Development Trust. Dr van Zyl holds a beneficial interest of 168 287 shares in the share capital of UBI (10 000 000 UBI shares in issue).

Total interest of directors in share capital on 31 December 2022

Directors	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	UB shares
Executive directors					
PB Hanratty[(1)]	4 901 044	–	–	–	–
AM Mukhuba	169 353	–	–	–	–
HC Werth	458 942	578 438			
Total executive directors	**5 529 339**	**578 438**	**–**	**–**	**–**
Non-executive directors					
J van Zyl	–	1 000 000	–	–	164 231
PT Motsepe (Deputy Chair)	–	–	–	–	Refer note*
AD Botha[(2)]	–	–	–	–	–
AS Birrell[(2)]	65 487	–	–	–	–
E Essoka[(3)]	–	–	–	–	–
NAS Kruger	–	–	–	–	–
N Manyonga	–	–	–	–	–
E Masilela (Chair)	–	–	–	–	–
MG Mokoka	–	–	–	–	–
JP Möller	600 000	–	200 000	–	–
KT Nondumo	–	–	–	–	–
SA Nkosi	–	–	–	–	–
T Skweyiya	–	–	–	–	–
W van Biljon	1 169	–	–	–	–
SA Zinn	–	–	–	–	–
Total non-executive directors	**666 656**	**1 000 000**	**200 000**	**–**	**164 231**
Total directors	**6 195 995**	**1 578 438**	**200 000**	**–**	**164 231**

(1) Nationality: Irish.
(2) Nationality: British/South African.
(3) Nationality: Cameroonian.
* Ubuntu-Botho Investments (Proprietary) Ltd ("UBI") is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments (Proprietary) Limited ("Sizanani"), holds a beneficial interest approximately 59% of the issued shares (which issued shares includes both the "A" ordinary shares) in UBI. Approximately 5% of Sizanani's beneficial interest in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Patrice Motsepe and his family. This results in Dr Patrice Motsepe having an indirect interest in the securities of Sanlam amounting to approximately 59% of the UBI shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam, by virtue of Dr Motsepe being a trustee (but not a beneficiary) of Sanlam's Ubuntu-Botho Community Development Trust. Dr J van Zyl holds a beneficial interest of 164 231 shares in the share capital of UBI (10 000 000 UBI shares in issue).

Additional shareholders' information



Additional shareholders' information

Contents

Independent auditor's report

To the directors of Sanlam Limited

Introduction

We have audited the shareholders' fund information report of Sanlam Limited (the Company) and its subsidiaries (together the Group) as set out on pages 308 to 371 which comprise the:

- Basis of accounting – shareholders' fund information
- Group equity value
- Analysis of group equity value by line of business
- Change in group equity value
- Return on group equity value
- Analysis of group equity value earnings
- Analysis of shareholders' fund at net asset value
- Shareholders' fund income statement
- Net result from financial services
- Notes to the shareholders' fund information

In our opinion, the shareholders' fund information report of the Group for the year ended 31 December 2023 is prepared, in all material respects, in accordance with the basis of accounting described in the "Basis of accounting – shareholders' fund information" section.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the shareholders' fund information report section of our report.

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the "Basis of accounting – shareholders' fund information" section, which describes the basis of accounting. The shareholders' fund information report is prepared to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and is additional information to the consolidated annual financial statements (previously reported as segmental information). As a result, the shareholders' fund information report may not be suitable for another purpose. We agree to the publication of our report provided it is clearly understood by the recipients of the report that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sanlam Limited Annual Financial Statements 2023" and the document titled "Sanlam Integrated Report 2023. The other information does not include the shareholders' fund information report, the consolidated and separate financial statements and our auditors' reports thereon.

Our opinion on the shareholders' fund information report does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the shareholders' fund information report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the shareholders' fund information report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the shareholders' fund information report

The directors are responsible for the preparation of the shareholders' fund information report in accordance with the basis of accounting described in the "Basis of accounting – shareholders' fund information" section, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of shareholders' information report that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the shareholders' fund information report

Our objectives are to obtain reasonable assurance about whether the shareholders' fund information report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the shareholders' fund information report. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the shareholders' information report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the shareholders' fund information report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated shareholders' fund information report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG Inc

KPMG Inc.
Director: Pierre Fourie
Registered Auditor
KPMG Crescent
85 Empire Road
Parktown

6 March 2024

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Alsue du Preez
Registered Auditor
5 Silo Square
V&A Waterfront
Cape Town

6 March 2024

Basis of accounting – shareholders' fund information

The purpose of this section is to provide additional information to users of the group financial results in a format that corresponds to that used by management in evaluating the performance of the group and is additional information to the Sanlam financial statements prepared in terms of IFRS.

It includes analysis of the group shareholders' fund consolidated financial position and results in a similar format to that used by the group for internal management purposes. The group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS financial statements also do not distinguish between the shareholders' operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam group's financial performance. Information is presented in this section to provide additional shareholders' fund information to users of Sanlam's financial information.

The group also discloses group equity value (GEV) information in accordance with the requirements of Actuarial Practice Note (APN 107). The group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value and return on GEV (RoGEV) is used by the group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the group. This is considered to provide meaningful basis of reporting the underlying value of the group's operations and the related performance drivers. This basis explicitly allows for the impact of uncertainty in future investment returns and is consistent with the group's operational management structure.

The shareholders' fund information also includes the embedded value of covered business (EV), change in EV and value of new business.

Basis of accounting – shareholders' fund information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the financial statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' fund information to be suitable for the intended users of this financial information. The shareholders' fund information is prepared on a going concern basis.

The application of the basis of accounting of the shareholders' fund information is also consistent with that applied in the 2022 annual report apart from the following:

- Impacts relating to IFRS 17 that became effective 1 January 2023
- The Sanlam Emerging Markets (SEM) cluster includes the following and will be presented as such:
  - The effective date for the SanlamAllianz JV was 1 October 2023, thereby contributing only for one quarter in the reporting period ended 31 December 2023 to the group. As a result the structure of the Sanlam Emerging Markets (SEM) cluster significantly changed, also impacting the comparability of the cluster's 2022 performance.
  - For the period to 30 September 2023, SEM consisted of Sanlam Pan-Africa (SPA) including Namibia and Asia (India and Malaysia). All of the assets of Sanlam Pan-Africa (SPA), except the Namibian assets, were contributed to the SanlamAllianz JV. From 1 October 2023 the SEM cluster consists of the SanlamAllianz JV, Namibia as a standalone business and Asia as illustrated below:

2022 Full year	2023 Jan Feb Mar Apr May Jun Jul Aug Sep	Oct Nov Dec
Sanlam Pan Africa (SPA), including Namibia	Sanlam Pan-Africa (SPA), including Namibia	SanlamAllianz JV
India	India	Namibia
Malaysia	Malaysia	Asia (India and Malaysia)

  - The SanlamAllianz JV transaction involved multiple African geographies with multiple regulatory requirements. The integration of the businesses, including financial reporting, could only commence after the effective date and is progressing well. As a consequence Sanlam can only disclose summarised information until the processes are fully aligned over the next 12 months to allow reporting at the detailed level that is customary for Sanlam's disclosure. We anticipate that the detailed disclosures will be available when results for the financial year ending 31 December 2024 will be reported. This will also allow for a longer period to establish meaningful trends.
  - In the financial commentary provided on page 103, all references to Pan-Africa refers to the Sanlam Emerging Markets operations in Africa outside of South Africa (SanlamAllianz) and including Namibia. Commentary relating to 2023 and 2022 refers to the full year, unless otherwise indicated. As a result, the Pan-Africa results reported in 2023 reflect nine months of the former Sanlam Pan-Africa businesses (excluding Namibia), Namibia as a stand-alone for the full year (as this business is not yet part of the JV), and Sanlam's effective share of SanlamAllianz for the last three months of 2023.

The shareholders' fund information includes the following:

- Group equity value (refer page 320)
- Change in group equity value (refer page 323)
- Return on group equity value (refer page 325)
- Analysis of group equity value earnings (refer page 326)
- Financial statements consisting of:
  - Net asset value (refer page 332)
  - Income statement (refer page 334)
  - Related notes, including embedded value of covered business-related disclosures.

IFRS 17 impact on shareholders' fund information

IFRS 17 Insurance Contracts became effective 1 January 2023. Sanlam has restated the 2022 financial statement comparatives on this new standard to enable comparison to 2023. The detail of the change is included in note 39 of the annual financial statements.

The fundamentals of Sanlam's business, including our strategy, are not changed by its implementation. Sanlam's key financial performance focus remains on value creation, as measured by RoGEV, and on dividend growth. Free cash flow generation for dividend purposes is not impacted. Sanlam's overall financial strength and solvency position are not impacted.

To this end, the following key metrics as defined and used by Sanlam in internal and external communication remain:

- Net result from financial services (NRFFS) represents IFRS earnings adjusted for specific shareholders' fund adjustments.
- Cash NRFFS represents NRFFS as adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and the reversal of some changes in insurance contract assets (ie, negative liabilities).
- Cash earnings generated represents cash NRFFS adjusted for project costs not capitalised or funded from discretionary capital. This earnings measure forms the base for dividend declarations.

In line with past practice, the group will continue to prepare shareholders' fund information in addition to the IFRS information, including the shareholders' fund income statement, which represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance.

Transition and specific shareholders' fund reserves

The transition to IFRS 17 resulted in a reduction in policyholder liabilities with a corresponding increase in net asset value. The increase in net asset value attributable to covered business was classified as specific shareholders' fund reserves within retained earnings to manage short-term volatility, as before. As a result, these specific shareholders' fund reserves are written down for group equity value (elimination of specific shareholders' fund reserves) purposes and replaced with value of in force. The recognition and measurement of shareholders' fund reserves are included in the basis of preparation.

Basis of accounting – shareholders' fund information continued

Shareholders' fund adjustments in the income statement

Sanlam's dividend policy is supported by sustainable operating performance. Consequently, net result from financial services is adjusted for short-term market volatility (eg, as a result of investment variances), accounting mismatches because of adjusting the CSM at locked-in rates, and other amounts as specified in the sections below. These adjustments are reversed in the shareholders' fund income statement outside of operational earnings to have a zero impact in the IFRS income statement. Additional disclosures are provided in note 1 on the specific shareholders' fund income statement adjustments.

Group equity value

GEV is the aggregate of the following components:

- The embedded value of covered business, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business.
- The fair value of other group operations based on longer-term assumptions, which includes the investment management, capital markets, general insurance and the non-covered wealth management operations of the group; and
- The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders.

GEV is calculated by adjusting the shareholders' fund at net asset value with the following:

- Adjustments in respect of covered business:
  - Elimination of goodwill and other intangible assets in respect of investment contracts measured under IFRS 9 *Financial Instruments*, as these assets are replaced by the value of the in-force book.
  - Elimination of some insurance contract assets recognised in terms of IFRS 17 *Insurance Contracts*, as these assets are included in the calculation of the value of the in-force book.
  - Elimination of the asset mismatch reserve and other specific shareholders' fund reserves held as part of the capital allocated to contracts measured under IFRS 17 and IFRS 9, as these reserves are included in the calculation of the value of the in-force book.
  - Adding the value of the in-force book.
- Adjustments in respect of other operations:
  - Adding the fair value adjustment for other operations, comprising of the difference between the fair value of these operations and the corresponding net asset value included in the shareholders' fund at net asset value.
  - Adjustments to net worth, including allowance for the present value of holding company expenses.

Although being a measure of value, GEV is not equivalent to the economic value of the group as the embedded value of covered business does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

The GEV is inherently based on estimates and assumptions set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the consolidated annual financial statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported GEV. Accordingly, sensitivity analysis are provided for changes from the base estimates and assumptions (refer to note 5 for covered operations and note 6 for non-covered operations).

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and as such have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition, in applying the valuation techniques judgement is utilised in setting assumptions of future events and experience, and where applicable, risk adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. Actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the group's approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the audit, actuarial and finance committee and board by the Sanlam Non-Listed Asset Controlling Body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

Adjustments to net worth

Present value of corporate expenses

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the embedded value of covered business and the fair value of other group operations do not allow for an allocation of corporate expenses.

Share incentive schemes granted on subsidiaries' own shares

Where group subsidiaries grant share incentives to staff on the entities' own shares, the fair value of the outstanding incentives at period end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other group operations as appropriate.

Share incentive schemes granted on Sanlam shares

Long-term incentives granted by the group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at period end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other group operations.

Change in group equity value

The change in group equity value consists of the embedded value earnings from covered business, earnings from other group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

Return on group equity value

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period, weighted for changes in issued share capital during the year.

Shareholders' fund at net asset value, income statement and related information

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in the Sanlam financial statements, apart from the ones discussed below.

Basis of consolidation

The shareholders' funds of group companies are consolidated in the analysis of the Sanlam group shareholders' fund at net asset value. The policyholders' and outside shareholders' interests in these companies are treated as non-controlling shareholders' interest on consolidation.

The analysis of the shareholders' fund at net asset value is consistent with the group's operational management structure.

Basis of accounting – shareholders' fund information continued

Consolidation reserve

A consolidation reserve is created as part of shareholders' equity in the group statement of financial position for the IFRS accounting mismatches outlined below that are regarded as non-economical in management's view. The consolidation reserve is not recognised in the shareholders' fund at net asset value. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised attributable earnings. This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

- In terms of IFRS, deferred tax assets are recognised in respect of assessed tax losses in policyholder funds, which increases the group's equity value, whereas the policy liabilities are not increased correspondingly. This leads to an artificial mismatch, with a consequential impact on the group's shareholders' fund and earnings.
- The consolidation of the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV Group) to which 111 349 000 shares were issued in March 2019, was treated similarly and was also recognised in the consolidation reserve and fund transfers, respectively up to 30 June 2023. When the B-BBEE SPV Group subscribed for the Sanlam shares, an entity in the Sanlam group subscribed for B-preference shares equal to 50% of the debt incurred by the B-BBEE SPV group, and the remaining 50% was funded through external debt, consisting of A-preference shares and a Collar loan. Effective from 30 June 2023, Sanlam acquired the A-preference shares as announced on 14 August 2023 (the "A-preference share Acquisition"). Repayment of the Collar loan was secured with 26,2 million Sanlam shares with the remaining 85,1 million shares backing obligations under the A-preference shares and B-preference shares. For IFRS purposes on 31 December 2023:
  - the B-BBEE SPV group is consolidated,
  - the Sanlam shares held by the B-BBEE SPV group is treated as treasury shares
  - the A and B-preference shares issued by the SPV are eliminated, and
  - the Collar loan is shown on the balance sheet as a liability.

Up to 30 June 2023, the B-BBEE SPV group was not consolidated in the shareholders' fund as it was 50% funded by external parties and therefore no value was recognised for shareholders reporting. Following the A-preference share Acquisition announced in August 2023, entities in the Sanlam group now owns both the A-preference shares and the B-preferences shares that are secured by the 85,1 million Sanlam shares. Effective 30 June 2023, the B-BBEE SPV group is consolidated for shareholders' fund information purposes as a result of the A-preference share acquisition and the possible repurchase of the Sanlam shares to the extent that Sanlam shareholders approve such a repurchase within the next 12 months. The net impact of the consolidation of the B-BBEE SPV group and treatment of the Sanlam shares held within the B-BBEE SPV group resulted in a R4,8 billion increase in treasury shares, with a zero impact on GEV earnings.

Specific shareholders fund reserves

Asset mismatch reserve

An asset mismatch reserve is created in the group statement of financial position for investment variances emanating from insurance and investment contracts measured under IFRS 17 and IFRS 9 respectively. Although the group follows a policy of matching insurance and investment contract cash flows on a duration-matched basis, complete matching is not possible for all lines of business given unique product features and/or the availability of matching assets. This results in mismatch profits or losses being recognised in earnings as changes in the measurement of insurance and investment contract liabilities and the underlying matching assets will not fully offset. In addition, investments in corporate credit instruments measured at fair value also result in earnings volatility due to movements in market spreads and credit default provisions. The difference between the assumed and actual investment return earned on asset classes is another source of mismatch profits and losses. Changes in the cost of investment guarantees is another source of earnings volatility, with these variances being mainly driven by economic impacts such as changes in equity market levels, interest rates and equity volatility. Excess claims related to the payment of investment guarantees and/or any capital injections due to shortfalls arising from inadequate funding levels, will be recognised as losses in earnings. Changes in the estimates of the future cost of investment guarantees are absorbed by the CSM and deferred over the lifetime of the insurance contracts, impacting the:

- amount of the CSM recognised in net result from financial services in the current reporting period; and
- the amounts of the CSM expected to be recognised in net result from financial services in future reporting periods.

The asset mismatch reserve is utilised to absorb the earnings volatility described above, supporting the group's strategic objective of increasing dividends to shareholders by between 2% and 4% in real terms over a three-year rolling basis.

The asset mismatch reserve is recognised in the shareholders' fund at net asset value. Movements in the asset mismatch reserve are recognised in a separate line item in the shareholders' fund's income statement, outside of net operational earnings.

The asset mismatch reserve is increased or reduced for insurance contracts by allowing for the following:

- economic mismatch profits or losses due to duration mismatching of the assets backing the fulfilment cash flows and CSM;
- investment variances arising from actual investment returns on the assets backing the liabilities being different from those expected, including the risk-free rate component of corporate credit exposures;
- movements in credit spreads and default provisions relating to corporate credit exposures;
- mismatch profits or losses due to changes in the cost of investment guarantees for insurance contracts measured under the variable fee approach (VFA); and
- net investment return earned on the assets backing the asset mismatch reserve.

For insurance contracts measured under the VFA, the investment variances described above are only adjusted for in the asset mismatch reserve if they arise from holding assets not related to the underlying items.

The asset mismatch reserve is increased or reduced for investment contracts in SLS by allowing for economic mismatch profits or losses and investment variances (as described above) specifically related to the assets backing the contract cash flows for vesting bonuses and tax credits.

The asset mismatch reserve is recycled (released) to net result from financial services based on the reserve balance at the end of the previous month/quarter and a rate of release of approximately 10% per annum, which considers:

- the expected volatility of the items that will be transferred to the asset mismatch reserve driven by the underlying asset mix and the general economic environment that the relevant business operates in;
- the prevailing interest rate environment and the underlying asset mix, and therefore the expected growth in the asset mismatch reserve from the investment returns on the backing assets (before allowing for the release in the asset mismatch reserve);
- the mix and duration of the insurance business (for example, general insurance business relative to life insurance business); and
- the projected solvency cover level compared to target ranges based on a specified release pattern.

Other shareholder fund reserves

Other shareholders' fund reserves were created on transition to IFRS 17 for specific future events such as pandemics and digital transformation (future fit) projects related to insurance business, as well as the recognition of shareholders' fund reserves backed by some insurance contract assets (ie, negative insurance liabilities). These shareholders' fund reserves are held in addition to the insurance liabilities.

Similar to the asset mismatch reserve above, other shareholders' fund reserves are recognised in the shareholders' fund at net asset value. Movements in these reserves are recognised in a separate line item in the shareholders' fund income statement, outside of net operational earnings with a corresponding adjustment to net result from financial services.

The future release pattern of the reserves for future project expenses is consistent with the related expenses incurred over time. These reserves will also absorb excess claims in a future pandemic. The purpose of these reserves is therefore to manage volatility in cash earnings available for dividend distribution.

Reserves in respect of future fit projects originated on transition to IFRS 17 where specific policyholder reserves were released to equity, and investment return on the assets backing this reserve will also be used to fund these project expenses. This reserve is used to absorb costs directly expensed in the income statement and expenses capitalised to manage the impact on dividend volatility. The utilisation of this reserve is presented in the shareholders' fund income statement by reducing the related expenses included in net result from financial services, with a corresponding adjustment in net movement in other shareholders' fund reserves (outside of operational earnings), resulting in a decrease in the reserve. Future fit expenses capitalised are also funded from this reserve to manage the impact on dividend distribution.

Sanlam re-established a pandemic reserve in 2022, presented as a reduction in net result from financial services with a corresponding increase in the net movement in other shareholders' fund reserves (outside of operational earnings), with a zero impact on attributable earnings. The utilisation of this reserve is presented in the shareholders' fund income statement on a similar basis, resulting in a decrease in the reserve. Investment returns on the assets backing the pandemic reserves will be released to net result from financial services over time.

The other shareholders' fund reserves are increased or reduced by the changes in the backing insurance contract assets. The economic impacts on these insurance contract assets are adjusted for in net result from financial services, including the unwind/accretion of interest on the negative insurance liabilities and the impact of economic assumption changes. Other non-cash changes in these insurance contract assets are adjusted for in cash net result from financial services.

Basis of accounting – shareholders' fund information continued

Accounting mismatch

For insurance contracts measured under the General Measurement Model (GMM) in terms of IFRS 17, changes in estimates of the fulfilment cash flows related to future service (for example, changes due to non-financial assumption changes) are reflected in the CSM. However, these changes are measured at the locked-in interest rates that applied at the initial recognition date of each group of insurance contracts, which results in a mismatch between the movements in the fulfilment cash flows (at current interest rates) and the adjustments to the CSM (at locked-in interest rates). These accounting mismatches are removed from net result from financial services with a corresponding adjustment to other shareholders' fund reserves outside of operational earnings.

Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the group's shareholder fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests.

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam group, they are not recognised in the Sanlam group statement of financial position in terms of IFRS and are also excluded from the shareholders' fund at net asset value and fair value. Fund flows relating to segregated funds are however included in the notes to the shareholders' fund information to reflect all fund flows relating to the group's assets under management.

Net result from financial services

Net result from financial services is a measure of operating performance of the Sanlam group that is better aligned to cash earnings that drives dividend distribution. Investment return on assets held in the capital portfolio are excluded from net result from financial services. The specific shareholders' fund adjustments described above are included in net result from financial services to reflect earnings that are closely aligned to cash earnings for dividend distribution:

- Asset mismatch reserve movements; and
- Other shareholders' fund reserve movements related to:
  - Pandemic events;
  - Future fit project expenses;
  - Insurance contract asset economic impacts, and
  - Accounting mismatch impacts related to locked in interest rates in terms of IFRS 17 as described above.

Further adjustments will be made to net result from financial services to remove remaining components of non-cash related earnings. These adjustments will not be presented in the shareholders' fund income statement, instead being disclosed in a note which shows the reconciliation between net result from financial services and cash earnings (see note 1 on page 336 for further details).

Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the group's investments in associates and joint ventures between operating and non-operating entities:

- At 31 December 2023, operating associates and joint ventures include investments in strategic operational businesses, namely SanlamAllianz, Shriram Finance Limited (including the group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments and Pacific & Orient. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- Non-operating associates and joint ventures include investments held as part of the group's balanced investment portfolio. The Santam group's equity-accounted investments are the main non-operating associates and joint ventures. The group's share of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

In accordance with the JSE Listings Requirement the group annual financial statements set out, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS.

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the B-BBEE SPV up to 30 June 2023 creates artificial accounting mismatches with a consequential impact on the group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the shares held by the B-BBEE SPV. However, the group calculates normalised diluted earnings per share (a non-IFRS measure) to eliminate fund transfers relating to the B-BBEE SPV. This is in the group's opinion a better representation of the earnings attributable to the group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period.

Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the group's assets under management. These fund flows have been prepared in terms of the following bases:

Funds received from clients

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance linked-products as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Funds received in respect of non-annuity assets under administration are excluded from funds received from clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the group's effective share of funds received from clients by strategic operational associates and joint ventures.

New business

In the case of long-term insurance business, the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year according to the group's embedded value assumptions and have not subsequently been refunded, is regarded as new business.

All segregated fund inflows (excluding those related to assets under administration), inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the group's share of new business written by strategic operational associates and joint ventures.

Payments to clients

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance linked-products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

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

Basis of Accounting and presentation – embedded value of covered business

The group's embedded value of covered business information is prepared in accordance with APN 107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

The embedded value results of the group's covered business are included in the shareholders' information as it forms an integral part of GEV and the information used by management in evaluating the performance of the group. The embedded value of covered business does not include the contribution to GEV relating to other group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2022 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam group financial statements. This business includes individual stable bonus, linked and market-related business, group stable bonus business, annuity business and other non-participating business written by Sanlam Retail Affluent, Sanlam Retail Mass, Sanlam Corporate, Sanlam Emerging Markets.

Acquisitions, disposals and other movements

The embedded value of covered business results are prepared taking cognisance of changes in the group's effective shareholding in covered business operations.

Basis of accounting – shareholders' fund information continued

Methodology

Embedded value of covered business

The embedded value of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The embedded value of covered business comprises the following components:

- Adjusted net worth (ANW); and
- The net value of in-force business.

Adjusted net worth

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities, asset mismatch reserves or other shareholders' fund reserves (refer to page 320).

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

For South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that own funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, eg, between 150% and 200% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, eg, 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

The capital allocated to covered business is funded from a balanced investment portfolio, comprising investments in equities, hedged equities, fixed interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ring-fenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; and
- Transfers to or from the balanced investment portfolio. Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the group's capital management framework.

Net value of in-force business

The net value of in-force business (PVIF) consists of the present value of future shareholder profits from in-force covered business (PVFP), after allowance for the cost of required capital supporting the covered business.

Present value of future shareholder profits from in-force covered business

The policy liabilities are valued based on IFRS 17 for life insurance contracts and IFRS 9 for investment contracts. The adjusted net worth incorporates certain adjustments from the shareholders' fund at net asset value as outlined above. The policy liabilities include profit margins, which can be expected to emerge as profits in future. For insurance contracts measured under the GMM and VFA, these profit margins mainly comprise of the CSM and the risk adjustment for non-financial risk. The assets backing the asset mismatch reserves can be expected to emerge as profits in the future, excluding the portion of the assets earmarked to absorb variances in the cost of investment guarantees. This investment guarantee surplus included in the asset mismatch reserves will absorb the variances in the estimates of the future cost of investment guarantees as described on page 312, where relevant. If the estimates of the future cost of investment guarantees are higher than expected, therefore reducing the CSM and PVIF, the PVIF on the asset mismatch reserves will be increased to offset this variance by reducing the investment guarantee surplus (and vice versa if the estimates of the future cost of investment guarantees are lower than expected). The investment returns on the assets backing the pandemic reserves can also be expected to emerge as profit. The other shareholders' reserves backed by some insurance contract assets is another source of expected profits expected to emerge in future as these negative liabilities unwind over the lifetime of the contracts. For investment contracts measured under IFRS 9, future fund-based charges less expenses will emerge as profit margins. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits, after taxation, is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

Cost of required capital

A charge is deducted from the embedded value of covered business for the cost of required capital supporting the group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

Value of new business

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements;
- Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception;
- Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business;
- The expected value of future premium increases resulting from premium indexation on the new recurring premium business written during the financial year under review is included in the value of new business;
- Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates;
- For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value;
- Annuities purchased by retirement fund members using in-fund options are treated as new business;
- Renewable recurring premiums under group insurance contracts are treated as in-force business; and
- Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 7 on page 348, excluding white label new business.

Risk discount rates and allowance for risk

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- Explicit allowances within the projected shareholder cash flows;
- The level of required capital and the impact on cost of required capital; and
- The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation.

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees on insurance contracts, where relevant. These reserves are determined on a consistent basis in accordance with actuarial guidance from the Actuarial Society (APN 110). No further deduction from the embedded value of covered business is therefore required.

Share incentive schemes

The embedded value of covered business assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

Basis of accounting – shareholders' fund information continued

Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor's own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience respectively, where appropriate.

Foreign currencies

Changes in the embedded value of covered business, as well as the present value of new business premiums, of foreign operations are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the embedded value of covered business, in which instances the exchange rate on transaction date is used. The closing rate is used for the conversion of the embedded value of covered business at the end of the financial year.

Assumptions

Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported embedded value of covered business. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long-term gap relative to fixed-interest securities, however term dependent inflation assumptions are used where market observable data is available.

Future rates of bonuses for stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam's practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the group's covered business.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience, adjusted for expected future trends where appropriate. Future mortality rates also include an allowance for the impact of future pandemics.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design.

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2022. Expense assumptions include those expenses deemed to be not directly attributable to the fulfilment of insurance contracts under IFRS 17.

Investment management fees

Future investment expenses are based on the current scale of fees payable by the group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investment Group, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investment Group businesses at fair value.

Taxation

Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

Earnings from covered business

The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

Value of new business

The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

Net earnings from existing covered business

Expected return on value of covered business

The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

Operating experience variances

The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

Operating assumption changes

Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

Expected investment return on adjusted net worth

The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

The total embedded value earnings from covered business include two further main items:

Economic assumption changes

The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return and inflation assumptions, on the embedded value of covered business.

Investment variances

Investment variances – value of in-force

The impact on the value of in-force business caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

Investment variances – investment return on adjusted net worth

Investment return variances caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

Group equity value

at 31 December

R million	Notes	Group equity value		Value of in-force/fair value adjustment		*Adjusted net asset value*		Elimination of specific shareholders' fund reserves		Elimination of goodwill		Shareholders' fund at net asset value	
		Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	*Audited 2023*	*Restated Audited 2022*	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Sanlam Life and Savings		57 692	54 415	47 664	46 289	*10 028*	*8 126*	(12 732)	(10 936)	(1 067)	(1 033)	23 827	20 095
Covered business[1]	8.1.4	49 852	49 386	45 140	43 296	*4 712*	*6 090*	(12 732)	(10 936)	(1 067)	(1 033)	18 511	18 059
SA Retail Mass		11 601	11 682	10 143	10 253	*1 458*	*1 429*	(5 378)	(4 097)	(76)	(165)	6 912	5 691
SA Retail Affluent		32 335	31 863	30 169	29 078	*2 166*	*2 785*	(7 354)	(6 839)	(764)	(628)	10 284	10 252
Sanlam Corporate		5 916	5 841	4 828	3 965	*1 088*	*1 876*	–	–	(227)	(240)	1 315	2 116
Non-covered business		7 840	5 029	2 524	2 993	*5 316*	*2 036*	–	–	–	–	5 316	2 036
SA Retail Affluent		5 562	4 163	2 703	3 242	*2 859*	*921*	–	–	–	–	2 859	921
Glacier		3 136	2 647	2 577	2 294	*559*	*353*	–	–	–	–	559	353
Sanlam Personal Loans		2 066	1 219	(124)	527	*2 190*	*692*	–	–	–	–	2 190	692
Other operations		360	297	250	421	*110*	*(124)*	–	–	–	–	110	(124)
Sanlam Corporate: Afrocentric and other		2 278	866	(179)	(249)	*2 457*	*1 115*	–	–	–	–	2 457	1 115
Sanlam Emerging Markets		47 157	42 302	11 823	7 141	*35 334*	*35 161*	(1 171)	(799)	(1 319)	(2 893)	37 824	38 853
Covered business	8.2.5	10 151	9 025	4 239	4 039	*5 912*	*4 986*	(1 171)	(799)	(1 319)	(2 893)	8 402	8 678
SanlamAllianz		4 710	4 626	1 389	1 468	*3 321*	*3 158*	(435)	–	(791)	(2 321)	4 547	5 479
Namibia		2 785	2 151	1 675	1 655	*1 110*	*496*	(736)	(799)	–	–	1 846	1 295
Asia: India		1 552	1 203	747	534	*805*	*669*	–	–	(332)	(308)	1 137	977
Asia: Malaysia		1 104	1 045	428	382	*676*	*663*	–	–	(196)	(264)	872	927
Non-covered business		37 006	33 277	7 584	3 102	*29 422*	*30 175*	–	–	–	–	29 422	30 175
SanlamAllianz		16 901	18 702	(96)	1 088	*16 997*	*17 614*	–	–	–	–	16 997	17 614
Namibia		1 524	1 472	(82)	21	*1 606*	*1 451*	–	–	–	–	1 606	1 451
Asia		20 055	14 500	7 762	1 993	*12 293*	*12 507*	–	–	–	–	12 293	12 507
SEM other operations		(1 474)	(1 397)	–	–	*(1 474)*	*(1 397)*	–	–	–	–	(1 474)	(1 397)
Sanlam Investment Group		13 466	13 752	7 897	7 506	*5 569*	*6 246*	–	–	–	–	5 569	6 246
Covered business	8.3.4	1 314	1 747	(782)	(957)	*2 096*	*2 704*	–	–	–	–	2 096	2 704
Non-covered business		12 152	12 005	8 679	8 463	*3 473*	*3 542*	–	–	–	–	3 473	3 542
Sanlam investments[2]		3 293	3 137	1 165	1 010	*2 128*	*2 127*	–	–	–	–	2 128	2 127
Wealth management		3 424	3 138	3 202	2 909	*222*	*229*	–	–	–	–	222	229
International		3 640	4 201	2 704	3 205	*936*	*996*	–	–	–	–	936	996
Sanlam Specialised Finance		1 795	1 529	1 608	1 339	*187*	*190*	–	–	–	–	187	190
Santam		19 433	17 391	13 200	10 472	*6 233*	*6 919*	–	–	–	–	6 233	6 919
Dividend pool		8 242	7 315	–	–	*8 242*	*7 315*	–	–	–	–	8 242	7 315
Discretionary capital		2 710	5 274	–	–	*2 710*	*5 274*	–	–	–	–	2 710	5 274
Other capital		3 875	2 855	–	–	*3 875*	*2 855*	–	–	(1 197)	(1 197)	5 072	4 052
Present value of holding company expenses	15	(2 671)	(2 528)	(2 671)	(2 528)	*–*	*–*	–	–	–	–	–	–
Group equity value		149 904	140 776	77 913	68 880	*71 991*	*71 896*	(13 903)	(11 735)	(3 583)	(5 123)	89 477	88 754
Covered business	3	61 317	60 158	48 597	46 378	*12 720*	*13 780*	(13 903)	(11 735)	(2 386)	(3 926)	29 009	29 441
Non-covered business	6.1	76 431	67 702	31 987	25 030	*44 444*	*42 672*	–	–	–	–	44 444	42 672
Group operations		137 748	127 860	80 584	71 408	*57 164*	*56 452*	(13 903)	(11 735)	(2 386)	(3 926)	73 453	72 113
Discretionary, other capital and PV of holding company expenses		12 156	12 916	(2 671)	(2 528)	*14 827*	*15 444*	–	–	(1 197)	(1 197)	16 024	16 641
Group equity value		149 904	140 776	77 913	68 880	*71 991*	*71 896*	(13 903)	(11 735)	(3 583)	(5 123)	89 477	88 754
Value per share	14	70,86	63,80									42,29	40,22

[1] Excludes subordinated debt funding of Sanlam Life.
[2] Includes Sanlam 66% share of the third party asset management business of R3 684 million (31 December 2022: R3 466 million).

Analysis of group equity value by line of business

at 31 December

	Total		Life business		General insurance	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
South Africa	97 282	92 503	51 166	51 133	19 433	17 391
Africa – excluding South Africa	26 130	27 254	7 495	6 776	17 161	18 088
Other International	26 492	21 019	2 656	2 249	3 662	2 914
Total	149 904	140 776	61 317	60 158	40 256	38 393

	Investment management		Credit and structuring		Administration and health	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
South Africa	7 266	6 777	3 359	2 177	5 586	3 810
Africa – excluding South Africa	726	916	1 826	2 314	106	157
Other International	3 781	4 270	16 393	11 586	—	—
Total	11 773	11 963	21 578	16 077	5 692	3 967

	Discretionary capital and other	
R million	Audited 2023	Restated Audited 2022
South Africa	10 472	11 215
Africa – excluding South Africa	(1 184)	(997)
Total	9 288	10 218

Change in group equity value

at 31 December 2023

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	54 415	8 216	1 595	(6 534)	57 692
Covered business	49 386	7 133	(650)	(6 017)	49 852
SA Retail Mass	11 682	1 572	(82)	(1 571)	11 601
SA Retail Affluent	31 863	3 666	358	(3 552)	32 335
Sanlam Corporate	5 841	1 895	(926)	(894)	5 916
Non-covered business	5 029	1 083	2 245	(517)	7 840
SA Retail Affluent	4 163	1 184	695	(480)	5 562
Glacier	2 647	670	80	(261)	3 136
Sanlam Personal Loans	1 219	386	647	(186)	2 066
Other operations	297	128	(32)	(33)	360
Sanlam Corporate: Afrocentric and other	866	(101)	1 550	(37)	2 278
Sanlam Emerging Markets	42 302	6 699	(120)	(1 724)	47 157
Covered business	9 025	1 118	853	(845)	10 151
SanlamAllianz	4 626	172	325	(413)	4 710
Namibia	2 151	381	553	(300)	2 785
Asia: India	1 203	443	2	(96)	1 552
Asia: Malaysia	1 045	122	(27)	(36)	1 104
Non-covered business	33 277	5 581	(973)	(879)	37 006
SanlamAllianz	18 702	(1 029)	(973)	201	16 901
Namibia	1 472	134	—	(82)	1 524
Asia	14 500	6 576	—	(1 021)	20 055
SEM other operations	(1 397)	(100)	—	23	(1 474)
Sanlam Investment Group	13 752	2 098	(832)	(1 552)	13 466
Covered business	1 747	810	(808)	(435)	1 314
Non-covered business	12 005	1 288	(24)	(1 117)	12 152
Sanlam investments	3 137	448	32	(324)	3 293
Wealth management	3 138	535	—	(249)	3 424
International	4 201	(266)	(56)	(239)	3 640
Sanlam Specialised Finance	1 529	571	—	(305)	1 795
Santam	17 391	4 158	—	(2 116)	19 433
Discretionary capital	5 274	(384)	(2 180)	—	2 710
Other capital	10 170	1 469	8 365	(7 887)	12 117
Present value of holding company expenses	(2 528)	(143)	—	—	(2 671)
Elimination of intergroup dividends	—	—	(11 926)	11 926	—
Group equity value	140 776	22 113	(5 098)	(7 887)	149 904
Covered business	60 158	9 061	(605)	(7 297)	61 317
Non-covered business	67 702	12 110	1 248	(4 629)	76 431
Group operations	127 860	21 171	643	(11 926)	137 748
Discretionary and other capital	12 916	942	6 185	(7 887)	12 156
Elimination of intergroup dividends	—	—	(11 926)	11 926	—
Group equity value	140 776	22 113	(5 098)	(7 887)	149 904

Change in group equity value

at 31 December 2022

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	54 159	5 932	(115)	(5 561)	54 415
Covered business	48 937	5 676	(44)	(5 183)	49 386
SA Retail Mass	11 761	1 080	138	(1 297)	11 682
SA Retail Affluent	31 849	3 453	(184)	(3 255)	31 863
Sanlam Corporate	5 327	1 143	2	(631)	5 841
Non-covered business	5 222	256	(71)	(378)	5 029
SA Retail Affluent	4 319	274	(71)	(359)	4 163
Glacier	2 736	120	(30)	(179)	2 647
Sanlam Personal Loans	1 248	126	—	(155)	1 219
Other operations	335	28	(41)	(25)	297
Sanlam Corporate	903	(18)	—	(19)	866
Sanlam Emerging Markets	40 354	1 431	2 272	(1 755)	42 302
Covered business	9 026	1 016	(248)	(769)	9 025
SanlamAllianz	4 839	377	(247)	(343)	4 626
Namibia	2 084	460	(83)	(310)	2 151
Asia: India	1 092	110	68	(67)	1 203
Asia: Malaysia	1 011	69	14	(49)	1 045
Non-covered business	31 328	415	2 520	(986)	33 277
SanlamAllianz	19 348	(2 195)	1 894	(345)	18 702
Namibia	1 297	184	409	(418)	1 472
Asia	12 017	2 503	217	(237)	14 500
SEM other operations	(1 334)	(77)	—	14	(1 397)
Sanlam Investment Group	19 583	(1 067)	(3 611)	(1 153)	13 752
Covered business	2 614	256	(916)	(207)	1 747
Non-covered business	16 969	(1 323)	(2 695)	(946)	12 005
Sanlam investments	3 209	369	4	(445)	3 137
Wealth management	3 273	70	—	(205)	3 138
International	8 917	(1 848)	(2 699)	(169)	4 201
Sanlam Specialised Finance	1 570	86	—	(127)	1 529
Santam	18 241	542	—	(1 392)	17 391
Discretionary capital	2 936	237	2 101	—	5 274
Other capital	9 605	(844)	8 783	(7 374)	10 170
Present value of holding company expenses	(2 488)	(40)	—	—	(2 528)
Elimination of intergroup dividends	—	—	(9 861)	9 861	—
Group equity value	142 390	6 191	(431)	(7 374)	140 776
Covered business	60 577	6 948	(1 208)	(6 159)	60 158
Non-covered business	71 760	(110)	(246)	(3 702)	67 702
Group operations	132 337	6 838	(1 454)	(9 861)	127 860
Discretionary and other capital	10 053	(647)	10 884	(7 374)	12 916
Elimination of intergroup dividends	—	—	(9 861)	9 861	—
Group equity value	142 390	6 191	(431)	(7 374)	140 776

Return on group equity value

for the year ended 31 December

%	Audited 2023	Audited 2022
Sanlam Life and Savings	14,8	11,0
Covered business	14,4	11,6
SA Retail Mass	13,5	9,2
SA Retail Affluent	11,5	10,8
Sanlam Corporate	32,4	21,5
Non-covered business	18,1	4,9
SA Retail Affluent	28,0	6,3
Glacier	25,8	4,4
Sanlam Personal Loans	31,7	10,1
Other operations	30,7	8,9
Sanlam Corporate: Afrocentric and other	(5,7)	(2,0)
Sanlam Emerging Markets	15,8	3,5
Covered business	12,4	11,3
SanlamAllianz	3,7	7,8
Namibia	17,7	22,1
Asia: India	36,8	10,1
Asia: Malaysia	11,7	6,8
Non-covered business	16,8	1,3
SanlamAllianz	(5,5)	(11,2)
Namibia	9,1	14,2
Asia	45,4	20,8
SEM other operations	7,2	5,8
Sanlam Investment Group	15,3	(6,0)
Covered business	46,4	12,2
Non-covered business	10,7	(8,4)
Sanlam investments	14,2	11,5
Wealth management	17,0	2,1
International	(6,4)	(24,0)
Sanlam Specialised Finance	37,3	5,5
Santam	23,9	3,0
Discretionary capital and other	7,9	(5,6)
Group equity value[1]	15,7	4,3
Covered business	15,1	11,6
Non-covered business	17,6	(0,2)
Group operations	16,4	5,2
Discretionary and other capital	7,9	(5,6)
Group equity value	15,7	4,3
RoGEV per share	16,7	4,2
Sanlam group hurdle rate	15,5	14,3
South African risk-free rate (nine-year bond yield)	11,5	10,3
Plus margin	4,0	4,0

[1] Refer to the financial and strategic review on page 103 for adjusted RoGEV information.

Analysis of group equity value earnings

at 31 December

Covered business[1]

R million	Total Audited 2023	Total Audited 2022	Gross value of in-force Audited 2023	Gross value of in-force Audited 2022	Cost of capital Audited 2023	Cost of capital Audited 2022	Adjusted net asset value Audited 2023	Adjusted net asset value Audited 2022
Operational earnings	10 025	9 548	2 445	3 283	207	(276)	7 373	6 541
Value of new life insurance business[2]	2 853	2 388	5 081	5 718	(255)	(267)	(1 973)	(3 063)
Unwinding of discount rate	6 864	6 129	6 772	5 935	92	194	—	—
Expected profit	—	—	(8 254)	(8 268)	—	—	8 254	8 268
Operating experience variances	1 272	1 504	(261)	(496)	5	(91)	1 528	2 091
Risk experience	1 480	1 695	186	246	14	(43)	1 280	1 492
Persistency	(810)	(596)	(541)	(251)	(7)	(23)	(262)	(322)
Maintenance expenses	(208)	(13)	3	—	—	(2)	(211)	(11)
Working capital management	508	432	—	—	—	—	508	432
Credit spreads	443	347	—	—	—	—	443	347
Other	(141)	(361)	91	(491)	(2)	(23)	(230)	153
Operating assumption changes	(964)	(473)	(893)	394	365	(112)	(436)	(755)
Risk experience	124	(178)	93	(319)	(1)	(7)	32	148
Persistency	(837)	133	(677)	1 255	(8)	(80)	(152)	(1 042)
Maintenance expenses	(421)	(210)	(369)	(171)	(1)	4	(51)	(43)
Modelling changes and other	170	(218)	60	(371)	375	(29)	(265)	182
Net investment return	1 030	476	—	—	—	—	1 030	476
Expected return on adjusted net asset value	1 106	1 007	—	—	—	—	1 106	1 007
Investment variances on adjusted net asset value	(76)	(531)	—	—	—	—	(76)	(531)
Valuation and economic basis	435	(3 588)	539	(3 389)	(28)	173	(76)	(372)
Investment variances on in-force business	339	(1 910)	547	(1 485)	(135)	69	(73)	(494)
Economic assumption changes	128	(1 615)	64	(1 820)	67	83	(3)	122
Investment yields	128	(1 631)	64	(1 837)	67	84	(3)	122
Long-term asset mix assumptions and other	—	16	—	17	—	(1)	—	—
Foreign currency translation differences	(32)	(63)	(72)	(84)	40	21	—	—
IFRS 17 and related tax changes	(1 452)	551	(1 212)	545	(240)	16	—	(10)
Profit/(loss) on acquisition/disposal of subsidiaries and associated companies	(958)	(31)	(1 275)	—	(174)	—	491	(31)
Net project expenses	(19)	(8)	—	—	—	—	(19)	(8)
GEV earnings: covered business	9 061	6 948	497	439	(235)	(87)	8 799	6 596
Acquired value of in-force	2 259	268	1 994	175	(37)	(39)	302	132
Disposal of businesses	—	(798)	—	(23)	—	9	—	(784)
Transfers from/(to) other group operations	(2 000)	(127)	—	—	—	—	(2 000)	(127)
Transfers from covered business	(8 161)	(6 710)	—	—	—	—	(8 161)	(6 710)
Embedded value of covered business at the beginning of the year	60 158	60 577	50 018	49 427	(3 640)	(3 523)	13 780	14 673
Embedded value of covered business at the end of the year	61 317	60 158	52 509	50 018	(3 912)	(3 640)	12 720	13 780

[1] Refer to note 8 for an analysis per cluster.
[2] Refer to note 2 for additional information.

Covered business per cluster

at 31 December

R million	Total Audited 2023	Total Audited 2022	Gross value of in-force Audited 2023	Gross value of in-force Audited 2022	Cost of capital Audited 2023	Cost of capital Audited 2022	Adjusted net asset value Audited 2023	Adjusted net asset value Audited 2022
Sanlam Life and Savings	49 852	49 386	46 810	45 135	(1 670)	(1 839)	4 712	6 090
Sanlam Emerging Markets	10 151	9 025	5 646	4 881	(1 407)	(842)	5 912	4 986
Sanlam Investment Group	1 314	1 747	53	2	(835)	(959)	2 096	2 704
Sanlam group	61 317	60 158	52 509	50 018	(3 912)	(3 640)	12 720	13 780

Analysis of group equity value earnings continued

for the year ended 31 December

Non-covered business

R million	Total Audited 2023	Total Audited 2022	Sanlam Life and Savings Audited 2023	Sanlam Life and Savings Audited 2022	Sanlam Emerging Markets Audited 2023	Sanlam Emerging Markets Audited 2022	Sanlam Investment Group Audited 2023	Sanlam Investment Group Audited 2022	Santam Audited 2023	Santam Audited 2022
Earnings from operations valued at listed share prices	4 158	542	–	–	–	–	–	–	4 158	542
Earnings from operations valued at net asset value	131	16	–	45	(46)	(151)	177	122	–	–
Earnings from operations valued based on discounted cash flows	7 821	(668)	1 083	211	5 627	566	1 111	(1 445)	–	–
Unwinding of discount rate	7 577	7 071	1 006	980	4 752	4 090	1 819	2 001	–	–
Operating experience and investment variances[1]	712	(1 912)	(92)	(439)	1 453	2 230	(649)	(3 703)	–	–
General insurance	707	514	–	–	707	514	–	–	–	–
Investment management	(713)	(3 655)	–	–	(64)	48	(649)	(3 703)	–	–
Credit and banking	797	1 591	(13)	(59)	810	1 650	–	–	–	–
Administration, health and other	(79)	(362)	(79)	(380)	–	18	–	–	–	–
Operating assumption changes[2]	2 504	(396)	85	(71)	2 303	(784)	116	459	–	–
General insurance	369	(826)	–	–	369	(826)	–	–	–	–
Investment management	222	471	–	–	106	12	116	459	–	–
Credit and banking	1 756	50	(72)	10	1 828	40	–	–	–	–
Administration, health and other	157	(91)	157	(81)	–	(10)	–	–	–	–
Economic assumption changes	(2 684)	(4 757)	(27)	(342)	(2 151)	(3 933)	(506)	(482)	–	–
Change in tax basis	(38)	(122)	–	83	(38)	(295)	–	90	–	–
Impact of corporate activity	(1 985)	–	111	–	(2 096)	–	–	–	–	–
Foreign currency translation differences	1 735	(552)	–	–	1 404	(742)	331	190	–	–
GEV earnings: non-covered operations	12 110	(110)	1 083	256	5 581	415	1 288	(1 323)	4 158	542

R million	*Total Audited 2023*	*Total Audited 2022*	*Sanlam Life and Savings Audited 2023*	*Sanlam Life and Savings Audited 2022*	*Sanlam Emerging Markets Audited 2023*	*Sanlam Emerging Markets Audited 2022*	*Sanlam Investment Group Audited 2023*	*Sanlam Investment Group Audited 2022*
(1) Operating experience and investment variances	*712*	*(1 912)*	*(92)*	*(439)*	*1 453*	*2 230*	*(649)*	*(3 703)*
General insurance business	*707*	*514*	–	–	*707*	*514*	–	–
Risk experience	*101*	*(181)*	–	–	*101*	*(181)*	–	–
Premium income	*994*	*1 189*	–	–	*994*	*1 189*	–	–
Investment return	*99*	*(20)*	–	–	*99*	*(20)*	–	–
Maintenance expenses	*326*	*(206)*	–	–	*326*	*(206)*	–	–
Other	*(813)*	*(268)*	–	–	*(813)*	*(268)*	–	–
Investment management	*(713)*	*(3 655)*	–	–	*(64)*	*48*	*(649)*	*(3 703)*
Credit business	*784*	*1 591*	*(26)*	*(59)*	*810*	*1 650*	–	–
Administration, health and other	*(66)*	*(362)*	*(66)*	*(380)*	–	*18*	–	–
(2) Operating assumption changes	*2 504*	*(396)*	*85*	*(71)*	*2 303*	*(784)*	*116*	*459*
General insurance business	*369*	*(826)*	–	–	*369*	*(826)*	–	–
Risk experience	*1 886*	*(142)*	–	–	*1 886*	*(142)*	–	–
Premium income	*(1 247)*	*(65)*	–	–	*(1 247)*	*(65)*	–	–
Maintenance expenses	*(715)*	*(463)*	–	–	*(715)*	*(463)*	–	–
Modelling and other assumption changes	*445*	*(156)*	–	–	*445*	*(156)*	–	–
Investment management	*222*	*471*	–	–	*106*	*12*	*116*	*459*
Credit business	*1 756*	*50*	*(72)*	*10*	*1 828*	*40*	–	–
Income	*2 404*	*298*	*(161)*	*32*	*2 565*	*266*	–	–
Bad debts	*(713)*	*(497)*	*(50)*	*23*	*(663)*	*(520)*	–	–
Other	*65*	*249*	*139*	*(45)*	*(74)*	*294*	–	–
Administration, health and other	*157*	*(91)*	*157*	*(81)*	–	*(10)*	–	–

Analysis of group equity value earnings continued

for the year ended 31 December

Discretionary and other capital

R million	Total Audited 2023	Audited 2022
Investment return and other	510	594
B-BBEE SPV impairment reversal/(charge)	948	(1 105)
Corporate expenses	(611)	(339)
Net group office expenses	(468)	(299)
Change in present value of holding company expenses	(143)	(40)
Share-based payment transactions	95	203
GEV earnings: discretionary and other capital	**942**	**(647)**

Reconciliation of group equity value earnings

R million	Audited 2023	Restated Audited 2022
Earnings (excluding fund transfers)	13 413	8 937
Normalised attributable earnings per shareholders' fund income statement	16 557	11 887
Earnings recognised directly in equity		
Foreign currency translation differences	2 071	(1 964)
Net cost of treasury shares delivered	(326)	(282)
Share-based payments	421	485
Change in ownership of subsidiaries	(2 388)	–
Other comprehensive income and other	(2 922)	(1 189)
Fair value adjustments	7 651	(2 922)
Change in fair value adjustments: non-life	6 957	(3 274)
Earnings from covered business: value of in-force	694	352
Adjustments to net worth	1 049	176
Present value of holding company expenses	(143)	(40)
Movement in book value of treasury shares: non-life subsidiaries	(137)	(89)
Change in goodwill/value of business acquired less value of in-force acquired	1 329	305
Group equity value earnings	**22 113**	**6 191**

Analysis of shareholders' fund at net asset value

at 31 December

R million	Note	Sanlam Life[1] Audited 2023	Sanlam Life[1] Restated Audited 2022	Sanlam Emerging Markets[2] Audited 2023	Sanlam Emerging Markets[2] Restated Audited 2022	Sanlam Investment Group Audited 2023	Sanlam Investment Group Restated Audited 2022	Santam Audited 2023	Santam Restated Audited 2022	Group office Audited 2023	Group office Restated Audited 2022	Consolidation entries[3] Audited 2023	Consolidation entries[3] Restated Audited 2022	Shareholders' fund at net asset value Audited 2023	Shareholders' fund at net asset value Restated Audited 2022
Assets															
Goodwill		2 797	718	14	11 204	1 942	1 976	955	1 004	—	—	1 197	1 197	6 905	16 099
Equipment		841	492	36	601	100	82	573	373	—	—	—	—	1 550	1 548
Right-of-use assets		487	277	16	171	60	161	637	505	—	—	—	—	1 200	1 114
Owner-occupied properties		817	453	—	1 887	156	139	1	17	—	—	—	—	974	2 496
Intangible assets		2 757	345	6	3 278	447	416	120	82	—	—	—	—	3 330	4 121
Contract costs for investment management services		2 422	2 454	4	58	—	21	—	—	—	—	—	—	2 426	2 533
Insurance contract assets		—	—	—	1 789	—	—	408	696	—	—	—	—	408	2 485
Reinsurance contract assets		—	—	—	5 623	—	—	9 361	13 472	—	—	—	—	9 361	19 095
Deferred tax		548	588	15	937	283	259	162	139	—	—	(55)	(37)	953	1 886
Investments		30 205	27 383	42 938	47 928	4 325	4 825	32 344	29 011	4 030	9 676	(4 513)	(8 987)	109 329	109 836
Investment properties		898	19	8	5 836	—	—	—	—	—	—	—	—	906	5 855
Associated companies	10.1	1 424	1 184	17 242	20 727	450	364	1 524	3 536	—	—	(866)	(3 382)	19 774	22 429
Joint ventures	10.2	—	844	23 782	—	203	146	—	—	—	—	—	—	23 985	990
Equities and similar securities		1 544	1 468	143	6 987	82	102	2 857	2 519	—	—	792	1 971	5 418	13 047
Interest-bearing investments		12 235	6 572	1 558	8 698	565	588	20 816	17 817	4 030	7 093	(4 558)	(5 113)	34 646	35 655
Structured transactions		647	285	4	5	27	4	296	238	—	—	—	—	974	532
Investment funds		8 217	7 920	37	5 642	2 732	3 310	2 786	3 316	—	—	119	120	13 891	20 308
Deposits and similar securities		5 240	9 091	164	33	266	311	4 065	1 585	—	2 583	—	(2 583)	9 735	11 020
Trading account assets		229	139	211	—	16 167	13 085	—	—	—	—	(2 863)	1 161	13 744	14 385
Advances to customers		4 065	—	—	—	—	—	—	—	—	—	—	—	4 065	—
Non-current assets reclassified as held for sale		—	—	1 893	938	—	—	—	—	—	—	—	—	1 893	938
Working capital assets		15 178	9 051	2 832	12 367	12 429	12 078	10 425	11 406	1 819	1 756	(309)	1 609	42 374	48 278
Trade and other receivables		8 320	3 358	1 421	4 072	8 292	7 801	6 051	6 088	1 607	1 580	(969)	(1 504)	24 722	21 395
Taxation		53	13	412	804	19	5	474	96	39	—	—	409	997	1 327
Cash and cash equivalents		6 805	5 680	999	7 502	4 118	4 272	3 900	5 222	173	176	660	2 704	16 655	25 556
Total assets		60 346	41 900	47 965	86 792	35 909	33 042	54 986	56 705	5 849	11 432	(6 543)	(5 057)	198 512	224 814
Equity and liabilities															
Shareholders' fund		37 994	28 605	40 179	40 171	6 742	7 282	6 233	6 919	2 475	7 853	(4 146)	(2 076)	89 477	88 754
Non-controlling interest		1 081	227	3 623	12 648	1 134	1 139	4 222	4 489	—	—	(1 764)	(4 228)	8 296	14 275
Total equity		39 075	28 832	43 802	52 819	7 876	8 421	10 455	11 408	2 475	7 853	(5 910)	(6 304)	97 773	103 029
Insurance contract liabilities		—	—	—	17 746	—	—	32 722	34 972	—	—	—	—	32 722	52 718
Reinsurance contract liabilities		—	—	—	1 636	—	—	2 889	2 725	—	—	—	—	2 889	4 361
Term finance		8 220	2 031	1 300	2 947	995	1 050	3 053	2 539	3 350	3 350	(3 178)	—	13 740	11 917
Lease liabilities		604	344	18	188	85	249	824	677	—	—	—	—	1 531	1 458
Structured transactions liabilities		205	187	—	—	1	7	7	35	—	—	—	—	213	229
Deferred tax		5 056	5 330	53	3 230	55	12	1 088	78	—	—	—	5	6 252	8 655
Trading account liabilities		—	—	118	105	18 392	15 603	690	739	—	—	(66)	924	19 134	17 371
Non-current liabilities reclassified as held for sale		13	—	259	266	—	—	—	—	—	—	—	—	272	266
Collateral guarantee contracts		—	—	—	—	—	—	113	129	—	—	—	—	113	129
Working capital liabilities		7 173	5 176	2 415	7 855	8 505	7 700	3 145	3 403	24	229	2 611	318	23 873	24 681
Trade and other payables		6 140	4 114	2 353	6 373	7 788	7 149	2 937	3 018	21	17	2 554	(109)	21 793	20 562
Provisions		40	39	—	601	1	1	126	138	3	3	18	18	188	800
Taxation		993	1 023	62	881	716	550	82	247	—	209	39	409	1 892	3 319
Total equity and liabilities		60 346	41 900	47 965	86 792	35 909	33 042	54 986	56 705	5 849	11 432	(6 543)	(5 057)	198 512	224 814
Analysis of shareholders' fund															
Covered business		18 511	18 045	8 402	8 678	2 096	2 704	—	—	—	—	—	—	29 009	29 427
Other operations		5 316	2 153	29 422	30 319	3 473	3 542	6 233	6 919	—	—	—	—	44 444	42 933
Discretionary and other capital		14 167	8 407	2 355	1 174	1 173	1 036	—	—	2 475	7 853	(4 146)	(2 076)	16 024	16 394
Shareholders' fund at net asset value		37 994	28 605	40 179	40 171	6 742	7 282	6 233	6 919	2 475	7 853	(4 146)	(2 076)	89 477	88 754
Consolidation reserve		564	700	87	62	—	—	—	—	—	—	(1 598)	(4 939)	(947)	(4 177)
Shareholders' fund per group statement of financial position on page 82		38 558	29 305	40 266	40 233	6 742	7 282	6 233	6 919	2 475	7 853	(5 744)	(7 015)	88 530	84 577

[1] Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.
[2] Includes discretionary capital held by Sanlam Emerging Markets.
[3] Elimination of intercompany balances, other investments and term finance between companies within the group.

Shareholders' fund income statement

for the year ended 31 December

R million	Sanlam Life and Savings						Sanlam Investment Group		Sanlam Emerging Markets						Santam		Group office and other		Total	
	SA Retail Affluent		SA Retail Mass		Sanlam Corporate				SanlamAllianz		Namibia		Asia							
	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Result from life insurance operations	3 783	2 998	2 201	2 068	1 169	669	509	261	830	587	373	336	233	241	–	–	–	–	9 098	7 160
Insurance revenue	16 821	15 185	12 693	11 265	9 510	8 704	158	60	5 709	7 652	1 675	1 647	1 671	1 814	–	–	–	–	48 237	46 327
Insurance service expenses	(12 959)	(12 547)	(10 293)	(9 054)	(8 143)	(8 840)	(418)	(305)	(5 005)	(7 193)	(1 323)	(1 593)	(1 528)	(1 418)	–	–	–	–	(39 669)	(40 950)
Income or expense from reinsurance contracts	(463)	141	(28)	7	(226)	649	–	–	(357)	(167)	(49)	(28)	16	(60)	–	–	–	–	(1 107)	542
Insurance investment result	547	368	12	(49)	437	228	769	515	487	295	84	323	74	(95)	–	–	–	–	2 410	1 585
Other expenses relating to insurance operations	(163)	(149)	(183)	(101)	(409)	(72)	–	(9)	(4)	–	(14)	(13)	–	–	–	–	–	–	(773)	(344)
Result from general insurance operations	–	–	–	–	–	–	–	–	1 054	857	–	–	–	–	2 170	2 241	–	–	3 224	3 098
Insurance revenue	–	–	–	–	–	–	–	–	17 032	20 888	–	–	–	–	46 882	43 082	–	–	63 914	63 970
Insurance service expenses	–	–	–	–	–	–	–	–	(13 413)	(16 553)	–	–	–	–	(37 299)	(38 614)	–	–	(50 712)	(55 167)
Income or expense from reinsurance contracts	–	–	–	–	–	–	–	–	(2 764)	(3 772)	–	–	–	–	(7 587)	(2 345)	–	–	(10 351)	(6 117)
Insurance investment result	–	–	–	–	–	–	–	–	199	294	–	–	–	–	434	303	–	–	633	597
Other expenses relating to insurance operations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(260)	(185)	–	–	(260)	(185)
Result from other operations	1 713	2 163	(68)	(107)	371	243	1 910	1 599	629	406	317	356	2 979	1 982	241	153	(684)	(610)	7 408	6 185
Revenue	6 164	5 599	206	199	5 272	1 393	6 242	5 593	644	794	438	563	–	–	–	–	229	132	19 195	14 273
Net other income[(1)]	104	236	–	–	78	195	198	181	1 157	679	230	164	3 033	2 044	241	153	(42)	(186)	4 999	3 466
Sales remuneration	(911)	(1 069)	(137)	(171)	(4)	(1)	(11)	(114)	(45)	–	(78)	(114)	–	–	–	–	–	–	(1 186)	(1 469)
Administration costs	(3 644)	(2 603)	(137)	(135)	(4 975)	(1 344)	(4 519)	(4 061)	(1 127)	(1 067)	(273)	(257)	(54)	(62)	–	–	(871)	(556)	(15 600)	(10 085)
Result from financial services before tax	5 496	5 161	2 133	1 961	1 540	912	2 419	1 860	2 513	1 850	690	692	3 212	2 223	2 411	2 394	(684)	(610)	19 730	16 443
Tax on result from financial services	(1 485)	(1 352)	(580)	(548)	(417)	(252)	(576)	(431)	(903)	(506)	(58)	(60)	(886)	(511)	(600)	(666)	193	168	(5 312)	(4 158)
Non-controlling interest	16	15	–	–	(91)	–	(261)	(190)	(671)	(715)	(137)	(161)	(160)	(198)	(758)	(706)	23	143	(2 039)	(1 812)
Net result from financial services	4 027	3 824	1 553	1 413	1 032	660	1 582	1 239	939	629	495	471	2 166	1 514	1 053	1 022	(468)	(299)	12 379	10 473
Net investment income	238	248	76	64	80	79	110	111	59	39	45	40	31	40	130	142	367	436	1 136	1 199
Net investment surpluses	198	549	35	10	65	24	130	(98)	116	(233)	21	10	162	(245)	257	(71)	–	2	984	(52)
Project expenses	(27)	(14)	(4)	–	(6)	(1)	(59)	(61)	(163)	(254)	–	–	(7)	(3)	(4)	(46)	(340)	(164)	(610)	(543)
Net operational earnings	4 436	4 607	1 660	1 487	1 171	762	1 763	1 191	951	181	561	521	2 352	1 306	1 436	1 047	(441)	(25)	13 889	11 077
Shareholder fund adjustments	685	24	489	49	–	–	–	–	414	–	288	–	(100)	–	–	–	–	–	1 776	73
Net amortisation of value of business acquired and other intangibles	(4)	(2)	–	–	(10)	(11)	(64)	(55)	2	(143)	–	–	(3)	(1)	(33)	(30)	–	–	(112)	(242)
Equity participation costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	–	–	–	(1)
Impairments	–	(31)	(15)	(18)	(19)	–	(23)	(6)	(268)	–	–	–	–	–	–	(18)	948	(1 105)	623	(1 178)
Net equity-accounted earnings	–	–	–	–	(7)	(20)	–	–	2	4	–	–	–	631	50	42	–	–	45	657
Net profit on disposal of subsidiaries and associated companies	956	1	–	–	(111)	85	15	1 411	(589)	4	(8)	–	–	–	73	–	–	–	336	1 501
Normalised attributable earnings	6 073	4 599	2 134	1 518	1 024	816	1 691	2 541	512	46	841	521	2 249	1 936	1 526	1 040	507	(1 130)	16 557	11 887
Fund transfers	16	14	(131)	(240)	(26)	(5)	(1)	(5)	(51)	(42)	–	1	(2)	–	(10)	(12)	(1 874)	659	(2 079)	370
Attributable earnings per group statement of comprehensive income	6 089	4 613	2 003	1 278	998	811	1 690	2 536	461	4	841	522	2 247	1 936	1 516	1 028	(1 367)	(471)	14 478	12 257
Diluted earnings per share																				
Weighted average number of shares for normalised earnings per share (million)																			2 158,1	2 210,4
Net result from financial services (cents)	186,6	173,0	72,0	63,9	47,8	29,9	73,3	56,1	43,5	28,5	22,9	21,3	100,4	68,5	48,8	46,2	(21,7)	(13,5)	573,6	473,9

[(1)] Net other income includes equity-accounted earnings from investments in associates and joint ventures reflected in note 11.

Net result from financial services

for the year ended 31 December

Geographic analysis per line of business[(1)]

R million	Life business Audited 2023	Life business Restated Audited 2022	General insurance Audited 2023	General insurance Restated Audited 2022	Investment management Audited 2023	Investment management Restated Audited 2022	Credit and structuring Audited 2023	Credit and structuring Restated Audited 2022	Administration and health Audited 2023	Administration and health Restated Audited 2022	Corporate expenses and other Audited 2023	Corporate expenses and other Restated Audited 2022	Total Audited 2023	Total Restated Audited 2022
South Africa	6 539	5 596	964	911	674	585	343	404	404	338	(468)	(299)	8 456	7 535
Africa – excluding South Africa	713	438	835	624	86	72	232	217	—	—	(403)	(200)	1 463	1 151
Other International	132	160	380	262	234	213	1 573	1 039	—	—	141	113	2 460	1 787
Asia	132	160	380	262	—	—	1 573	1 039	—	—	141	113	2 226	1 574
Developed Markets	—	—	—	—	234	213	—	—	—	—	—	—	234	213
Total	7 384	6 194	2 179	1 797	994	870	2 148	1 660	404	338	(730)	(386)	12 379	10 473
Net results from financial services before SHF adjustments	8 629	6 029	2 229	1 797	994	870	2 148	1 660	404	338	(730)	(386)	13 674	10 308
SHF adjustments	(1 245)	165	(50)	—	—	—	—	—	—	—	—	—	(1 295)	165
Impact of adjusting the CSM at locked-in interest rates	(178)	8	—	—	—	—	—	—	—	—	—	—	(178)	8
Insurance contracts economic impact	(597)	(87)	—	—	—	—	—	—	—	—	—	—	(597)	(87)
Asset mismatch reserve movements	(276)	376	(50)	—	—	—	—	—	—	—	—	—	(326)	376
Other adjustments	(194)	(132)	—	—	—	—	—	—	—	—	—	—	(194)	(132)
Total	7 384	6 194	2 179	1 797	994	870	2 148	1 660	404	338	(730)	(386)	12 379	10 473

(1) Refer to note 8 for an analysis per cluster.

Notes to the shareholders' fund information

for the year ended 31 December

1 Cash earnings

R million	Audited 2023	Audited 2022
Net result from financial services before shareholders' fund adjustments	13 674	10 308
Shareholders' fund adjustments	(1 295)	165
Net result from financial services	12 379	10 473
Add/(Less):		
Amortisation of capitalised IT projects	142	53
IFRS 17 specific and other non-cash adjustments	(123)	(53)
Cash net result from financial services	12 398	10 473
Add/(Less):		
Project expenses not included in net results from financial services	(339)	(377)
Project expenses per shareholders' fund income statement	(610)	(543)
Funded from discretionary capital	271	166
Cash generated	12 059	10 096
Add/(Less):		
Project expenses capitalised	(117)	(203)
Release from specific shareholders' fund reserves	90	179
Cash earnings available for dividend distribution	12 032	10 072
Retained by clusters	(3 343)	(2 234)
Cash for dividend declaration	8 689	7 838

Notes to the shareholders' fund information continued

for the year ended 31 December

2 Value of new covered business

R million	Note	Total		Sanlam Life and Savings						Sanlam Emerging Markets					
				SA Retail Affluent		SA Retail Mass		Corporate		SanlamAllianz		Namibia		Asia	
		Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Value of new covered business (at point of sale)															
Gross value of new covered business		3 429	3 046	1 276	995	819	798	183	135	427	465	340	343	384	310
Cost of capital		(278)	(317)	(43)	(71)	(37)	(43)	(41)	(46)	(67)	(83)	(17)	(24)	(73)	(50)
Value of new covered business		3 151	2 729	1 233	924	782	755	142	89	360	382	323	319	311	260
Value of new business attributable to															
Shareholders' fund	4	2 853	2 388	1 229	923	782	755	142	89	256	231	197	205	247	185
Non-controlling interest		298	341	4	1	—	—	—	—	104	151	126	114	64	75
Value of new covered business		3 151	2 729	1 233	924	782	755	142	89	360	382	323	319	311	260
Analysis of new business profitability															
Before non-controlling interest															
Present value of new business premiums		104 845	93 726	56 360	50 041	13 733	12 764	16 352	11 971	9 006	10 469	3 502	3 475	5 892	5 006
New business margin (%)		3,01	2,91	2,19	1,85	5,69	5,92	0,87	0,74	4,00	3,64	9,22	9,18	5,28	5.19
After non-controlling interest															
Present value of new business premiums		100 241	87 814	56 270	49 538	13 733	12 764	16 352	11 971	6 857	7 419	2 506	2 509	4 523	3 613
New business margin (%)		2,85	2,72	2,18	1,86	5,69	5,92	0,87	0,74	3,73	3,11	7,86	8,15	5,46	5,12
Capitalisation factor – recurring premiums		3,6	3,7	6,1	5,7	3,1	3,2	6,4	6,4	2,0	2,3	5,1	5,3	3,2	3,4

Notes to the shareholders' fund information continued

for the year ended 31 December

2 Value of new covered business continued

Geographical analysis

R million	Value of new covered business Audited 2023	Audited 2022	Present value of new business premiums Audited 2023	Audited 2022	New business margin Audited 2023	Audited 2022
Before non-controlling interest						
South Africa	2 157	1 768	86 445	74 776	2,50%	2,36%
SA Retail Mass	782	755	13 733	12 764	5,69%	5,92%
SA Retail Affluent	1 233	924	56 360	50 041	2,19%	1,85%
Sanlam Corporate	142	89	16 352	11 971	0,87%	0,74%
Africa – excluding South Africa	683	701	12 508	13 944	5,46%	5,03%
Asia	311	260	5 892	5 006	5,28%	5,19%
Total	3 151	2 729	104 845	93 726	3,01%	2,91%
After non-controlling interest						
South Africa	2 153	1 767	86 355	74 273	2,49%	2,38%
SA Retail Mass	782	755	13 733	12 764	5,69%	5,92%
SA Retail Affluent	1 229	923	56 270	49 538	2,18%	1,86%
Sanlam Corporate	142	89	16 352	11 971	0,87%	0,74%
Africa – excluding South Africa	453	436	9 363	9 928	4,84%	4,39%
Asia	247	185	4 523	3 613	5,46%	5,12%
Total	2 853	2 388	100 241	87 814	2,85%	2,72%

3 Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business Audited 2023	Audited 2022	Cost of capital Audited 2023	Audited 2022	Net value of in-force business Audited 2023	Audited 2022	Change from base value % Audited 2023	Audited 2022
Value of in-force covered business sensitivity analysis								
Base value	52 509	50 018	(3 912)	(3 640)	48 597	46 378		
Risk discount rate increase by 1%	50 274	47 510	(4 270)	(4 078)	46 004	43 432	(5)	(6)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	53 379	51 215	(3 915)	(3 735)	49 464	47 480	2	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	50 713	48 522	(3 879)	(3 599)	46 834	44 923	(4)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	52 995	50 568	(3 730)	(3 266)	49 265	47 302	1	2
Rand exchange rate depreciates by 10%	52 859	50 333	(4 006)	(3 716)	48 853	46 617	1	1
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	55 009	52 122	(3 931)	(3 648)	51 078	48 474	5	5
Discontinuance rates decrease by 10%	54 301	51 685	(4 021)	(3 739)	50 280	47 946	3	3
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	55 111	52 693	(3 931)	(3 640)	51 180	49 053	5	6
Mortality and morbidity decrease by 5% for annuity business	52 268	49 773	(3 906)	(3 652)	48 352	46 121	(1)	(1)
Gross value of in-force business profile								
Year 1 – 5	61%	59%						
Year 1	18%	17%						
Year 2	14%	14%						
Year 3	12%	11%						
Year 4	9%	9%						
Year 5	8%	8%						
Year 6 – 10	22%	23%						
Year 11 – 20	14%	15%						
Year 20+	3%	3%						

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4 Value of new covered business sensitivity analysis

R million	Gross value of new business Audited 2023	Gross value of new business Audited 2022	Cost of capital Audited 2023	Cost of capital Audited 2022	Net value of new business Audited 2023	Net value of new business Audited 2022	Change from base value % Audited 2023	Change from base value % Audited 2022
Value of new covered business sensitivity analysis								
Base value	3 108	2 655	(255)	(267)	2 853	2 388		
Risk discount rate increase by 1%	2 843	2 382	(274)	(300)	2 569	2 082	(10)	(13)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	3 262	2 770	(256)	(270)	3 006	2 500	5	5
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	3 351	2 900	(253)	(273)	3 098	2 627	9	10
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	3 428	2 942	(252)	(273)	3 176	2 669	11	12
Discontinuance rates decrease by 10%	3 408	2 984	(259)	(281)	3 149	2 703	10	13
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	3 401	2 952	(248)	(271)	3 153	2 681	11	12
Mortality and morbidity decrease by 5% for annuity business	2 966	2 626	(219)	(273)	2 747	2 353	(4)	(1)

5 Economic assumptions – covered business

5.1 Gross investment return, risk discount rate and inflation

%	Audited 2023	Audited 2022
Sanlam Life(1)		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	11,6%	11,5%
Equities	15,1%	15,0%
Offshore investments	14,1%	14,0%
Hedged equity	10,6%	10,5%
Property	12,6%	12,5%
Cash	10,6%	10,5%
Inflation rate(1)	9,6%	9,5%
Risk discount rate	14,1%	14,0%
Sanlam Developing Markets(2)		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	9,8%	9,7%
Equities and offshore investments	13,3%	13,2%
Hedged equities	8,8%	8,7%
Property	10,8%	10,7%
Cash	8,8%	8,7%
Inflation rate	7,8%	7,7%
Risk discount rate	12,3%	12,2%
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	6,7%	8,2%
Equities and offshore investments	10,2%	11,7%
Hedged equities	n/a	n/a
Property	7,7%	9,2%
Cash	5,7%	7,2%
Inflation rate	3,7%	5,2%
Risk discount rate	10,2%	11,7%
Morocco		
Fixed-interest securities	3,9%	4,1%
Equities and offshore investments	7,4%	7,6%
Hedged equities	n/a	n/a
Property	4,9%	5,1%
Cash	2,9%	3,1%
Inflation rate	0,9%	1,1%
Risk discount rate	7,9%	8,1%
Allianz Life Egypt		
Fixed-interest securities	26,5%	18,6%
Equities and offshore investments	30,0%	22,1%
Hedged equities	n/a	n/a
Property	27,5%	19,6%
Cash	25,5%	17,6%
Inflation rate	23,5%	15,6%
Risk discount rate	30,0%	22,1%

(1) Expense inflation of CPI curve+1,5% (capped at 10%) plus an additional 13% is assumed for retail business administered on old platforms (December 2022: flat rate of 13,5%). Sanlam Life updated its expense inflation assumptions to allow for the active conversion of closed book policies to new generation products. The expense inflation assumption was updated from a fixed rate (relative to the nine-year risk free nominal point) to a CPI-related curve.
(2) Excludes the Sanlam Life products written on Sanlam Developing Markets' licences.

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums (including an allowance for credit risk where relevant) due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (2022: 25bps and 70bps) for non-participating annuities, between 0bps and 70bps (2022: 0bps and 70bps) for individual risk business, between 25bps and 75bps (2022: 25bps to 75bps) for inflation-linked annuities and capped at 120bps (2022: 120bps), reflecting both illiquidity premiums and credit risk premium for guarantee plans.

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5 Economic assumptions – covered business continued

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

	R million		Fixed-interest securities %		Equities %		Hedged equities %		Property %		Cash %		Total %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Required capital														
South Africa[1]	6 825	8 812	—	—	4	3	87	90	—	—	9	7	100	100
Namibia	1 109	496	14	7	25	35	—	—	—	—	61	58	100	100
Africa – excluding South Africa and Namibia	1 821	2 223	73	70	2	4	—	—	10	9	15	17	100	100
Shriram Life Insurance (India)	616	459	100	100	—	—	—	—	—	—	—	—	100	100
MCIS (Malaysia)	798	632	68	67	17	18	—	—	—	—	15	15	100	100
Total required capital	11 169	12 622												
Free surplus	1 551	1 158												
Adjusted net asset value	12 720	13 780												

[1] At 31 December 2023 asset mix backing the Sanlam Life required capital is 98% hedged (31 December 2022: 96%).

5.3 Assumed long-term expected return on required capital

	Gross %		Net %	
	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life	10,6	10,5	8,9	8,8
Sanlam Developing Markets	9,7	9,6	7,5	7,5
Sanlam Namibia	12,6	12,5	11,3	11,3
Sanlam Namibia Holdings	10,5	10,5	9,2	9,2
Shriram Life Insurance (India)	7,6	7,7	6,5	6,6
MCIS (Malaysia)	4,4	4,8	4,1	4,5

Notes to the shareholders' fund information continued

for the year ended 31 December

6 Value of non-covered operations sensitivity analysis

6.1 Valuation methodology

R million	Total Audited 2023	Total Audited 2022
Listed share price – Santam	19 433	17 391
Discounted cash flows	55 743	49 041
Sanlam Life and Savings	7 840	4 984
Glacier	3 136	2 647
Sanlam Personal Loans	2 066	1 219
Sanlam Corporate	2 278	821
Other operations	360	297
Sanlam Emerging Markets	36 387	32 622
SanlamAllianz	16 910	18 428
Namibia	1 320	1 195
Asia: India	17 858	12 699
Asia: Malaysia	299	300
Sanlam Investment Group	11 516	11 435
Sanlam Investments	3 211	3 064
Wealth Management	3 424	3 138
International	3 476	4 094
Sanlam Specialised Finance	1 405	1 139
Net asset value	1 255	1 270
Sanlam Investment Group	636	570
Sanlam Investments	82	73
International	164	107
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	619	655
Sanlam Life and Savings	—	45
Total	76 431	67 702

6.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value Audited 2023	Base value Audited 2022	Risk discount rate +1% Audited 2023	Risk discount rate +1% Audited 2022	Perpetuity growth rate +1% Audited 2023	Perpetuity growth rate +1% Audited 2022
Sanlam Life and Savings	7 840	4 984	7 252	4 555	8 049	5 132
Glacier	3 136	2 647	2 890	2 425	3 238	2 740
Sanlam Personal Loans	2 066	1 219	1 983	1 143	2 095	1 243
Sanlam Corporate	2 278	821	2 095	760	2 348	845
Other operations	360	297	284	227	368	304
Sanlam Emerging Markets	36 387	32 622	32 279	28 611	39 981	35 815
SanlamAllianz	16 910	18 428	15 523	16 615	18 227	19 611
Namibia	1 320	1 195	1 207	1 094	1 377	1 249
Asia: India	17 858	12 699	15 302	10 654	20 058	14 635
Asia: Malaysia	299	300	247	248	319	320
Sanlam Investment Group	11 516	11 435	10 578	10 208	11 964	11 666
Sanlam Investments[1]	3 211	3 064	2 995	2 827	3 298	3 165
Wealth Management	3 424	3 138	3 120	2 876	3 570	3 249
International	3 476	4 094	3 158	3 446	3 652	4 081
Sanlam Specialised Finance	1 405	1 139	1 305	1 059	1 444	1 171
	55 743	49 041	50 109	43 374	59 994	52 613
Weighted average assumption			16,1%	16,0%	2,7%	2 – 7%

R million	Equities and properties -10% Audited 2023	Equities and properties -10% Audited 2022	Risk discount rate -1% Audited 2023	Risk discount rate -1% Audited 2022	Rand exchange rate depreciation +10% Audited 2023	Rand exchange rate depreciation +10% Audited 2022
Sanlam Life and Savings	7 552	4 725	8 460	5 421	7 840	4 984
Glacier	2 848	2 388	3 424	2 905	3 136	2 647
Sanlam Personal Loans	2 066	1 219	2 161	1 305	2 066	1 219
Sanlam Corporate	2 278	821	2 488	891	2 278	821
Other operations	360	297	387	320	360	297
Sanlam Emerging Markets	36 387	32 622	42 326	38 177	39 874	35 765
SanlamAllianz	16 910	18 428	19 166	20 880	18 581	20 290
Namibia	1 320	1 195	1 455	1 317	1 320	1 195
Asia: India	17 858	12 699	21 345	15 619	19 644	13 969
Asia: Malaysia	299	300	360	361	329	311
Sanlam Investment Group	10 234	9 739	12 638	12 355	11 902	11 510
Sanlam Investments[1]	2 829	2 690	3 463	3 344	3 242	3 094
Wealth Management	3 200	2 779	3 787	3 443	3 438	3 066
International	2 905	3 212	3 868	4 335	3 817	4 211
Sanlam Specialised Finance	1 300	1 058	1 520	1 233	1 405	1 139
	54 173	47 086	63 424	55 953	59 616	52 259

[1] Includes third party asset management business based on the following main assumptions:
- Weighted average discount rate: 19,3% (December 2022: 18,7%)
- Weighted average perpetuity growth rate: 5% (December 2022: 5,0%)

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Notes to the shareholders' fund information continued

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7 Business volumes

7.1 Analysis of new business volumes and total funds received

	Life business[1]		General insurance		Investment business[2]		Total	
R million	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Sanlam Life and Savings	63 982	53 640	–	–	61 514	56 300	125 496	109 940
SA Retail Affluent	45 571	40 269	–	–	49 459	43 912	95 030	84 181
Recurring	2 119	2 080	–	–	15	13	2 134	2 093
Single	43 452	38 189	–	–	49 444	43 899	92 896	82 088
SA Retail Mass	4 417	3 983	–	–	–	–	4 417	3 983
Sanlam Corporate	13 994	9 388	–	–	12 055	12 388	26 049	21 776
Recurring	434	480	–	–	452	165	886	645
Single	13 560	8 908	–	–	11 603	12 223	25 163	21 131
Sanlam Emerging Markets	10 876	11 172	17 446	17 174	20 118	15 762	48 440	44 108
SanlamAllianz	6 384	7 127	15 345	15 420	16 904	11 124	38 633	33 671
Namibia	2 098	2 131	–	–	3 214	4 638	5 312	6 769
Recurring	342	310	–	–	–	–	342	310
Single	1 756	1 821	–	–	3 214	4 638	4 970	6 459
Asia: India	1 473	1 031	1 857	1 465	–	–	3 330	2 496
Recurring	954	667	1 857	1 465	–	–	2 811	2 132
Single	519	364	–	–	–	–	519	364
Asia: Malaysia	921	883	244	289	–	–	1 165	1 172
Recurring	623	607	244	289	–	–	867	896
Single	298	276	–	–	–	–	298	276
Sanlam Investment Group	–	–	–	–	192 947	153 077	192 947	153 077
Investment Management SA	–	–	–	–	164 919	125 846	164 919	125 846
Wealth Management	–	–	–	–	11 115	9 558	11 115	9 558
International	–	–	–	–	16 913	17 673	16 913	17 673
Santam	–	–	29 707	28 076	–	–	29 707	28 076
Total new business	74 858	64 812	47 153	45 250	274 579	225 139	396 590	335 201
Recurring premiums on existing funds:								
Sanlam Life and Savings	36 897	35 047	–	–	4 706	4 242	41 603	39 289
SA Retail Mass	10 432	9 080	–	–	–	–	10 432	9 080
SA Retail Affluent	16 376	16 140	–	–	138	145	16 514	16 285
Sanlam Corporate	10 089	9 827	–	–	4 568	4 097	14 657	13 924
Sanlam Emerging Markets	9 509	9 036	–	–	–	–	9 509	9 036
SanlamAllianz	4 849	4 991	–	–	–	–	4 849	4 991
Namibia	1 534	1 351	–	–	–	–	1 534	1 351
Asia: India	1 406	1 161	–	–	–	–	1 406	1 161
Asia: Malaysia	1 720	1 533	–	–	–	–	1 720	1 533
Total funds received	121 264	108 895	47 153	45 250	279 285	229 381	447 702	383 526

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

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7 Business volumes continued

7.2 Analysis of payments to clients

R million	Life business(1) Audited 2023	Life business(1) Audited 2022	General insurance Audited 2023	General insurance Audited 2022	Investment business(2) Audited 2023	Investment business(2) Audited 2022	Total Audited 2023	Total Audited 2022
Sanlam Life and Savings	88 567	73 354	—	—	62 136	48 401	150 703	121 755
SA Retail Mass	8 322	7 492	—	—	—	—	8 322	7 492
Surrenders	513	516	—	—	—	—	513	516
Other	7 809	6 976	—	—	—	—	7 809	6 976
SA Retail Affluent	58 338	50 595	—	—	49 908	38 491	108 246	89 086
Surrenders	13 265	8 939	—	—	—	—	13 265	8 939
Other	45 073	41 656	—	—	49 908	38 491	94 981	80 147
Sanlam Corporate	21 907	15 267	—	—	12 228	9 910	34 135	25 177
Surrenders	3 756	3 305	—	—	2 312	1 724	6 068	5 029
Other	18 151	11 962	—	—	9 916	8 186	28 067	20 148
Sanlam Emerging Markets	14 019	13 926	10 667	10 832	22 537	16 568	47 223	41 326
SanlamAllianz	7 168	7 743	9 309	9 616	16 869	9 484	33 346	26 843
Namibia	3 271	3 131	—	—	5 668	7 084	8 939	10 215
Surrenders	187	171	—	—	—	—	187	171
Other	3 084	2 960	—	—	5 668	7 084	8 752	10 044
Asia: India	832	697	1 187	1 030	—	—	2 019	1 727
Surrenders	159	134	—	—	—	—	159	134
Other	673	563	1 187	1 030	—	—	1 860	1 593
Asia: Malaysia	2 748	2 355	171	186	—	—	2 919	2 541
Surrenders	914	601	—	—	—	—	914	601
Other	1 834	1 754	171	186	—	—	2 005	1 940
Sanlam Investment Group	—	—	—	—	194 362	142 436	194 362	142 436
Investment Management SA	—	—	—	—	161 004	111 993	161 004	111 993
Wealth Management	—	—	—	—	9 371	7 226	9 371	7 226
International	—	—	—	—	23 987	23 217	23 987	23 217
Santam	—	—	19 742	18 034	—	—	19 742	18 034
Total payments to clients	102 586	87 280	30 409	28 866	279 035	207 405	412 030	323 551

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

7.3 Analysis of net inflow/(outflow) of funds

R million	Life business(1) 2023	Life business(1) 2022	General insurance Audited 2023	General insurance Audited 2022	Investment business(2) Audited 2023	Investment business(2) Audited 2022	Total Audited 2023	Total Audited 2022
Sanlam Life and Savings	12 312	15 333	—	—	4 084	12 141	16 396	27 474
SA Retail Mass	6 527	5 571	—	—	—	—	6 527	5 571
SA Retail Affluent	3 609	5 814	—	—	(311)	5 566	3 298	11 380
Sanlam Corporate	2 176	3 948	—	—	4 395	6 575	6 571	10 523
Sanlam Emerging Markets	6 366	6 282	6 779	6 342	(2 419)	(806)	10 726	11 818
SanlamAllianz	4 065	4 374	6 036	5 804	35	1 640	10 136	11 818
Namibia	361	352	—	—	(2 454)	(2 446)	(2 093)	(2 094)
Asia: India	2 047	1 495	670	434	—	—	2 717	1 929
Asia: Malaysia	(107)	61	73	104	—	—	(34)	165
Sanlam Investment Group	—	—	—	—	(1 415)	10 641	(1 415)	10 641
Investment Management SA	—	—	—	—	3 915	13 853	3 915	13 853
Wealth Management	—	—	—	—	1 744	2 332	1 744	2 332
International	—	—	—	—	(7 074)	(5 544)	(7 074)	(5 544)
Santam	—	—	9 965	10 042	—	—	9 965	10 042
Total net fund inflows	18 678	21 615	16 744	16 384	250	21 976	35 672	59 975

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8 Cluster information

8.1 Sanlam Life and Savings

8.1.1 Analysis of earnings

R million	Life business Audited 2023	Life business Restated Audited 2022	Credit and structuring Audited 2023	Credit and structuring Restated Audited 2022	Administration and health Audited 2023	Administration and health Restated Audited 2022	Total Audited 2023	Total Restated Audited 2022
Net result from financial services[1]	6 104	5 389	104	170	404	338	6 612	5 897
SA Retail Affluent	3 657	3 433	104	170	266	221	4 027	3 824
Recurring premium business	2 712	2 697	–	–	9	18	2 721	2 715
Glacier	823	618	–	–	231	171	1 054	789
Other	122	118	104	170	26	32	252	320
SA Retail Mass	1 553	1 413	–	–	–	–	1 553	1 413
Sanlam Corporate	894	543	–	–	138	117	1 032	660
Net investment return	452	323	–	–	240	651	692	974
Net profit on disposal of subsidiaries and associates companies and joint ventures	354	86	491	–	–	–	845	86
Net other earnings	782	210	–	–	300	(234)	1 082	(24)
Normalised attributable earnings	7 692	6 008	595	170	944	755	9 231	6 933

[1] For life business, this includes non-cash items (eg amortisation of project expenses, impacts related to insurance contract assets) and will therefore not reconcile to embedded value adjusted net asset earnings which only includes cash earnings.

8.1.2 Assets under management

R million	SA Retail Mass Audited 2023	SA Retail Mass Restated Audited 2022	SA Retail Affluent – Recurring premium business Audited 2023	SA Retail Affluent – Recurring premium business Restated Audited 2022	SA Retail Affluent – Glacier Audited 2023	SA Retail Affluent – Glacier Restated Audited 2022	Sanlam Corporate Audited 2023	Sanlam Corporate Restated Audited 2022	Total Audited 2023	Total Restated Audited 2022
Life business	4 963	4 413	169 811	162 641	297 518	259 790	160 529	138 465	632 821	565 309
Investment operations	–	–	1 756	1 697	376 200	201 485	–	–	377 956	203 182
Total assets under management	4 963	4 413	171 567	164 338	673 718	461 275	160 529	138 465	1 010 777	768 491

8.1.3 Credit business

R million	Gross size of loan book Audited 2023	Gross size of loan book Audited 2022	Interest margin Audited 2023	Interest margin Audited 2022	Bad debt ratio Audited 2023	Bad debt ratio Audited 2022	Administration cost as % of net interest Audited 2023	Administration cost as % of net interest Audited 2022
Sanlam Personal Loans	5 163	5 198	15,4%	15,3%	6,4%	3,6%	42,2%	39,1%

8.1.4 Analysis of change in GEV – covered business

R million	Total Audited 2023	Total Audited 2022	Gross value of in-force Audited 2023	Gross value of in-force Audited 2022	Cost of capital Audited 2023	Cost of capital Audited 2022	Adjusted net asset value Audited 2023	Adjusted net asset value Audited 2022
Operational earnings	8 273	8 237	1 934	2 827	233	(198)	6 106	5 608
Value of new life insurance business	2 153	1 767	4 061	4 673	(136)	(158)	(1 772)	(2 748)
Unwinding of discount rate	6 022	5 385	5 996	5 330	26	55	–	–
Expected profit	–	–	(7 212)	(7 325)	–	–	7 212	7 325
Operating experience variances	729	1 212	(330)	(495)	7	(39)	1 052	1 746
Risk experience	1 406	1 551	163	251	(2)	(41)	1 245	1 341
Persistency	(796)	(557)	(579)	(257)	15	17	(232)	(317)
Maintenance expenses	(153)	44	–	–	–	–	(153)	44
Working capital management	387	396	–	–	–	–	387	396
Credit spread	–	97	–	–	–	–	–	97
Other	(115)	(319)	86	(489)	(6)	(15)	(195)	185
Operating assumption changes	(631)	(127)	(581)	644	336	(56)	(386)	(715)
Risk experience	192	(153)	151	(305)	1	(7)	40	159
Persistency	(704)	211	(587)	1 316	–	(77)	(117)	(1 028)
Maintenance expenses	(325)	(80)	(288)	(59)	–	–	(37)	(21)
Modelling changes and other	206	(105)	143	(308)	335	28	(272)	175
Net investment return	452	323	–	–	–	–	452	323
Expected return on adjusted net asset value	528	441	–	–	–	–	528	441
Investment variances on adjusted net asset value	(76)	(118)	–	–	–	–	(76)	(118)
Valuation and economic basis	72	(3 456)	174	(3 105)	(13)	74	(89)	(425)
Investment variances on in-force business	(4)	(1 897)	122	(1 422)	(26)	54	(100)	(529)
Economic assumption changes	76	(1 559)	52	(1 683)	13	20	11	104
Investment yields	76	(1 562)	52	(1 687)	13	21	11	104
Long-term asset mix assumptions and other	–	3	–	4	–	(1)	–	–
IFRS 17 and related tax changes	(1 292)	572	(1 278)	556	(14)	16	–	–
Profit on disposal of subsidiaries and associated companies	(372)	–	(372)	–	–	–	–	–
GEV earnings: covered business	7 133	5 676	458	278	206	(108)	6 469	5 506
Acquired value of in-force	1 482	268	1 217	175	(37)	(39)	302	132
Disposal of business	–	(7)	–	(15)	–	8	–	–
Transfers from/(to) other group operations	(1 392)	–	–	–	–	–	(1 392)	–
Transfers from covered business	(6 757)	(5 488)	–	–	–	–	(6 757)	(5 488)
Embedded value of covered business at the beginning of the period	49 386	48 937	45 135	44 697	(1 839)	(1 700)	6 090	5 940
Embedded value of covered business at the end of the period	49 852	49 386	46 810	45 135	(1 670)	(1 839)	4 712	6 090

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Notes to the shareholders' fund information continued

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8 Cluster information continued

8.2 Sanlam Emerging Markets

8.2.1 Analysis of net result from financial services

	Life business		General insurance		Investment management		Credit and structuring		Corporate and other		Total	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Namibia	300	331	–	–	21	19	174	121	–	–	495	471
Asia	132	160	320	202	–	–	1 573	1 039	141	113	2 166	1 514
SanlamAllianz[1]											939	629
Net result from financial services	432	491	320	202	21	19	1 747	1 160	141	113	3 600	2 614

8.2.2 Analysis of net investment return

	Life business		General insurance		Investment management		Credit and banking		Corporate and other		Total	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Namibia	62	51	–	–	–	–	2	(5)	2	4	66	50
Asia	98	23	109	(163)	–	–	19	(51)	(33)	(14)	193	(205)
SanlamAllianz											175	(194)
Net investment return	160	74	109	(163)	–	–	21	(56)	(31)	(10)	434	(349)

8.2.3 Assets under management – Associates, joint ventures and subsidiaries

	Namibia		Asia	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Life business	5 679	5 639	15 347	13 946
Investment operations	29 685	28 213	–	–
Total assets under management	35 364	33 852	15 347	13 946

8.2.4 Credit and structuring

	Size of loan books (Sanlam share)		Net interest margin		Bad debt ratio		Administration cost as % of net interest margin	
R million	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022	Audited 2023	Restated Audited 2022
Shriram Transport Finance Company[2]	–	28 873	–	7,3%	–	2,4%	–	23,6%
Shriram City Union Finance[2]	–	6 984	–	12,0%	–	2,4%	–	45,0%
Shriram Finance Limited[2]	47 491	–	8,9%	–	2,8%	–	30,0%	–
Capricorn Investment Holdings	11 181	10 099	6,4%	6,1%	0,7%	0,7%	89,8%	89,4%

[1] Refer to basis of accounting on page 308.
[2] During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity called Shriram Finance Limited and reported as such with effect this reporting period.

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued

8.2.5 Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Adjusted net asset value	
	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022	December 2023	December 2022
Operational earnings	1 257	1 162	512	458	(89)	(7)	834	711
Value of new life insurance business	700	621	1 020	1 045	(119)	(109)	(201)	(315)
Unwinding of discount rate	845	732	776	602	69	130	–	–
Expected profit	–	–	(1 042)	(938)	–	–	1 042	938
Operating experience variances	107	84	69	(1)	(5)	(43)	43	128
Risk experience	74	144	23	(5)	16	(2)	35	151
Persistency	(14)	(39)	38	6	(22)	(40)	(30)	(5)
Maintenance expenses	(55)	(57)	3	–	–	(2)	(58)	(55)
Working capital management	121	36	–	–	–	–	121	36
Credit spread	10	32	–	–	–	–	10	32
Other	(29)	(32)	5	(2)	1	1	(35)	(31)
Operating assumption changes	(395)	(275)	(311)	(250)	(34)	15	(50)	(40)
Risk experience	(68)	(25)	(58)	(14)	(2)	–	(8)	(11)
Persistency	(133)	(78)	(90)	(61)	(8)	(3)	(35)	(14)
Maintenance expenses	(96)	(130)	(81)	(112)	(1)	4	(14)	(22)
Modelling changes and other	(98)	(42)	(82)	(63)	(23)	14	7	7
Net investment return	378	11	–	–	–	–	378	11
Expected return on adjusted net asset value	339	372	–	–	–	–	339	372
Investment variances on adjusted net asset value	39	(361)	–	–	–	–	39	(361)
Valuation and economic basis	248	(127)	313	(263)	(76)	68	11	68
Investment variances on in-force business	291	23	375	(42)	(109)	15	25	50
Economic assumption changes	(11)	(87)	10	(137)	(7)	32	(14)	18
Investment yields	(11)	(100)	10	(150)	(7)	32	(14)	18
Long-term asset mix assumptions and other	–	13	–	13	–	–	–	–
Foreign currency translation differences	(32)	(63)	(72)	(84)	40	21	–	–
Change in tax basis	(160)	(21)	66	(11)	(226)	–	–	(10)
Net loss on disposal of subsidiaries	(586)	(1)	(903)	–	(174)	–	491	(1)
Net project expenses	(19)	(8)	–	–	–	–	(19)	(8)
GEV earnings: covered business	1 118	1 016	(12)	184	(565)	61	1 695	771
Acquired value of in-force	777	–	777	–	–	–	–	–
Disposal of businesses	–	(17)	–	(8)	–	1	–	(10)
Transfer from/(to) non-covered group business	–	(127)	–	–	–	–	–	(127)
Transfers from covered business	(769)	(873)	–	–	–	–	(769)	(873)
Embedded value of covered business at the beginning of the period	9 025	9 026	4 881	4 705	(842)	(904)	4 986	5 225
Embedded value of covered business at the end of the period	10 151	9 025	5 646	4 881	(1 407)	(842)	5 912	4 986

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster Information continued

8.3 Sanlam Investment Group

8.3.1 Analysis of earnings

R million	Sanlam investments Audited 2023	Sanlam investments Audited 2022	Wealth management Audited 2023	Wealth management Audited 2022	International Audited 2023	International Audited 2022	SanFin Audited 2023	SanFin Audited 2022	Corporate services Audited 2023	Corporate services Audited 2022	Consolidation Audited 2023	Consolidation Audited 2022	Total Audited 2023	Total Audited 2022
Result from life insurance contracts	—	—	—	—	—	—	509	624	—	—	—	—	509	624
Result from other operations	890	664	378	290	293	235	354	(40)	(51)	(51)	—	—	1 864	1 098
Revenue[1]	3 281	2 385	1 401	1 197	899	1 297	653	562	—	—	(39)	(140)	6 195	5 301
Net other income	124	172	—	—	74	9	—	—	—	—	—	—	198	181
Sales remuneration	—	—	—	—	(11)	(114)	—	—	—	—	—	—	(11)	(114)
Administration costs[1]	(2 515)	(1 893)	(1 023)	(907)	(669)	(957)	(299)	(602)	(51)	(51)	39	140	(4 518)	(4 270)
Gross result from financial services before performance fees	890	664	378	290	293	235	863	584	(51)	(51)	—	—	2 373	1 722
Performance fees	42	128	4	12	(1)	—	2	(2)	—	—	—	—	47	138
Gross result from financial services	932	792	382	302	292	235	865	582	(51)	(51)	—	—	2 420	1 860
Tax on result from financial services	(239)	(196)	(101)	(92)	(58)	(20)	(191)	(141)	12	18	—	—	(577)	(431)
Non-controlling interest	(261)	(188)	—	—	—	(2)	—	—	—	—	—	—	(261)	(190)
Net result from financial services	432	408	281	210	234	213	674	441	(39)	(33)	—	—	1 582	1 239
Life business	—	—	—	—	—	—	435	207	—	—	—	—	435	207
Investment management	432	408	281	210	234	213	—	—	(39)	(33)	—	—	908	798
Credit and structuring	—	—	—	—	—	—	239	234	—	—	—	—	239	234
Net investment return	1	9	(5)	3	75	(161)	200	142	(31)	20	—	—	240	13
Life business	—	—	—	—	—	—	200	142	—	—	—	—	200	142
Investment management	1	9	(5)	3	75	(161)	—	—	(31)	20	—	—	40	(129)
Project expenses	(56)	(39)	—	—	—	(18)	—	—	(3)	(4)	—	—	(59)	(61)
Net operational earnings	377	378	276	213	309	34	874	583	(73)	(17)	—	—	1 763	1 191
Amortisation of intangible assets	(10)	—	(17)	(19)	(12)	(11)	—	—	(25)	(25)	—	—	(64)	(55)
Profit on disposal of subsidiaries and associates	1	—	—	—	14	1 411	—	—	—	—	—	—	15	1 411
Impairments and other	(23)	—	—	—	—	(6)	—	—	—	—	—	—	(23)	(6)
Normalised attributable earnings	345	378	259	194	311	1 428	874	583	(98)	(42)	—	—	1 691	2 541

[1] Revenue and administration costs on page 334 include performance fees and the related administration costs.

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued

8.3.2 Asset under management

	Assets under management		Fee income		Administration cost	
	Audited 2023 R million	Audited 2022 R million	Audited 2023 %	Audited 2022 %	Audited 2023 %	Audited 2022 %
Sanlam Investments[1]	962 767	763 481[2]	0,36	0,31	0,25	0,21
Wealth Management	127 129	109 830	1,18	1,09	0,86	0,83
International[3]	159 481	160 006	0,51	0,49	0,33	0,39
Intra-cluster eliminations	(33 793)	(30 887)				
Asset management operations	**1 215 584**	**1 002 430**				
Covered business SanFin	70 452	60 809				
Assets under management	**1 286 036**	**1 063 239**				

[1] Includes Sanlam assets of R207 billion (R187 billion).
[2] Excludes Absa investment management business acquired on 1 December 2022 of R131 billion on 31 December 2022.
[3] Includes Sanlam assets of R77 billion (2022: R70 billion).

8.3.3 Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
December Audited 2023						
Sanlam Investments	253 556	365 817	145 962	31 843	165 589	962 767
Wealth Management	—	58 906	64 074	—	4 149	127 129
International	—	—	159 481	—	—	159 481
Intra-cluster consolidation						(33 793)
Assets under management – asset management operations	**253 556**	**424 723**	**369 517**	**31 843**	**169 738**	**1 215 584**
December Audited 2022						
Sanlam Investments	141 031	327 355	159 461	27 712	107 922	763 481
Wealth Management	—	55 512	50 578	—	3 740	109 830
International	—	—	160 006	—	—	160 006
Intra-cluster consolidation						(30 887)
Assets under management – asset management operations	**141 031**	**382 867**	**370 045**	**27 712**	**111 662**	**1 002 430**

8.3.4 Analysis of change in GEV – covered business

	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
R million	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022	Audited 2023	Audited 2022
Operational earnings	**495**	**149**	**(1)**	**(2)**	**63**	**(71)**	**433**	**222**
Unwinding of discount rate	(3)	12	—	3	(3)	9	—	—
Expected profit	—	—	—	(5)	—	—	—	5
Operating experience variances	436	208	—	—	3	(9)	433	217
Operating assumption changes	62	(71)	(1)	—	63	(71)	—	—
Net investment return	**200**	**142**	**—**	**—**	**—**	**—**	**200**	**142**
Expected return on adjusted net asset value	239	194	—	—	—	—	239	194
Investment variances on adjusted net asset value	(39)	(52)	—	—	—	—	(39)	(52)
Valuation and economic basis	**115**	**(5)**	**52**	**(21)**	**61**	**31**	**2**	**(15)**
Investment variances on in-force business	52	(36)	50	(21)	—	—	2	(15)
Economic assumption changes	63	31	2	—	61	31	—	—
Net loss on disposal of subsidiaries	**—**	**(30)**	**—**	**—**	**—**	**—**	**—**	**(30)**
GEV earnings: covered business	**810**	**256**	**51**	**(23)**	**124**	**(40)**	**635**	**319**
Disposal value in force	—	(774)	—	—	—	—	—	(774)
Transfers from/(to) other covered business Group operations	(608)	—	—	—	—	—	(608)	—
Transfers from covered business	(635)	(349)	—	—	—	—	(635)	(349)
Embedded value of covered business at the beginning of the period	**1 747**	**2 614**	**2**	**25**	**(959)**	**(919)**	**2 704**	**3 508**
Embedded value of covered business at the end of the period	**1 314**	**1 747**	**53**	**2**	**(835)**	**(959)**	**2 096**	**2 704**

Notes to the shareholders' fund information continued

for the year ended 31 December

8 Cluster information continued

8.4 Santam

8.4.1 Insurance activities

R million	Gross written premium Audited 2023	Gross written premium Audited 2022	Underwriting result Audited 2023	Underwriting result Restated Audited 2022
Motor	15 738	15 124	145	553
Property	14 076	13 194	(459)	(291)
Engineering	2 024	1 759	355	521
Liability	1 967	1 743	517	362
Transportation	1 371	1 174	90	38
Accident and health	572	719	120	90
Guarantee	27	50	(7)	23
Other	1 593	1 655	289	275
Total: conventional insurance	**37 368**	**35 418**	**1 050**	**1 571**

Ratios[1]	Audited 2023	Restated Audited 2022
Administration cost ratio	16,5%	16,0%
Claims ratio	66,2%	65,0%
Underwriting margin	3,5%	5,1%
Investment return on insurance funds margin	2,6%	1,2%

R million	Audited 2023	Restated Audited 2022
Conventional insurance		
Insurance revenue	36 895	34 974
Gross written premium	37 368	35 418
Less: unearned premium and experience adjustments	(473)	(444)
Net earned premiums	29 335	27 727
Net claims incurred	(19 420)	(18 030)
Net commission	(4 049)	(3 860)
Management expenses	(4 816)	(4 266)
Underwriting result: conventional insurance	1 050	1 571
Investment return on insurance funds	759	341
Net insurance result	1 809	1 912
Net other income	361	329
Alternative risk[2]	443	330
Other	(82)	(1)
Strategic participations	207	154
Saham	82	28
SEM target shares	125	126
Gross result from financial services	2 377	2 395
Tax and non-controlling interest	(1 324)	(1 373)
Net result from financial services	1 053	1 022

[1] Ratios are calculated as a percentage of net earned premiums for the conventional business.
[2] Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

8.5 Group office analysis of earnings

R million	Corporate expenses and other Audited 2023	Corporate expenses and other Audited 2022	Consolidation[1] Audited 2023	Consolidation[1] Audited 2022	Total Audited 2023	Total Audited 2022
Result from other operations	(642)	(424)	(42)	(186)	(684)	(610)
Revenue	229	132	–	–	229	132
Net other income	–	–	(42)	(186)	(42)	(186)
Administration costs	(871)	(556)	–	–	(871)	(556)
Results from financial services	(642)	(424)	(42)	(186)	(684)	(610)
Tax on result from financial services	174	125	19	43	193	168
Non-controlling interest	–	–	23	143	23	143
Net result from financial services	(468)	(299)	–	–	(468)	(299)
Net investment income	367	436	–	–	367	436
Net investment surpluses	–	2	–	–	–	2
Project expenses	(340)	(164)	–	–	(340)	(164)
Net operational earnings	(441)	(25)	–	–	(441)	(25)
Impairment reversal/(charge)[2]	948	(1 105)	–	–	948	(1 105)
Normalised attributable earnings	507	(1 130)	–	–	507	(1 130)

[1] Includes the consolidation entries relating to SEM target shares and Saham Finances included within the Santam results.
[2] An impairment reversal of R948 million in respect of the broad-based black economic empowerment Special Purpose Vehicle (B-BBEE SPV) has been recognised in 2023 (2022: R1 105 million impairment charge). The impairment reversal in 2023 is mainly due to the increase in the Sanlam share price from 31 December 2022 up to 30 June 2023 applied in the recoverability assessment.

Notes to the shareholders' fund information continued

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9 Net movement in specific shareholders fund reserves (including life and general insurance)

R million	2023	Audited 2022
Balance at the beginning of the period	11 735	10 831
Gross	16 357	15 043
Tax	(4 622)	(4 212)
Included in net results from financial services:	1 295	(165)
Shareholder fund reserves profit/(loss) adjustments recognised during the period	1 984	601
Shareholder fund reserves profit/(loss) released during the period	(689)	(766)
Recognised in net investment return	481	238
Recognised directly in statement of changes in equity	1 033	1 048
Cash flow movements not in the income statement	34	(217)
Balance at the end of the period	14 578	11 735
Gross	20 204	16 357
Tax	(5 308)	(4 622)
Non-controlling interest	(318)	—

10 Investments

10.1 Investment in associated companies

R million	Audited 2023	Restated Audited 2022
Shriram Capital	10 793	10 496
Shriram Finance Limited	2 451	2 060
Shriram General Insurance – direct investment	1 728	1 208
Shriram Life Insurance – direct investment	675	564
Capricorn Investment Holdings	1 292	1 162
Pacific & Orient	447	437
Capital Legacy Solutions(1)	58	—
Letshego(2)	—	1 898
aYo Holdings(2)	—	750
Afrocentric(3)	—	1 185
Other associated companies	2 330	2 669
Total investment in associated companies	19 774	22 429

(1) During the year Sanlam Life exchanged its 100% holding in Sanlam Trust for a 26% direct holding in Capital Legacy Solutions.
(2) The investments in Letshego and aYo Holdings form part of the SanlamAllianz JV which took effect on 1 October 2023 for accounting purposes.
(3) During the year Sanlam Life acquired an additional 31,3% shareholding in Afrocentric. Sanlam Life now owns a 59% interest in Afrocentric and is treated as a subsidiary.

Details of the investments in the material associated companies are reflected in note 12.2 on page 156 of the Sanlam annual financial statements.

10.2 Investment in joint ventures

R million	Audited 2023	Restated Audited 2022
SanlamAllianz(1)	23 782	—
Sanlam Personal Loans(2)	—	754
Other joint ventures	203	236
Total investment in joint ventures	23 985	990

(1) With effect from 1 October 2023 Sanlam and Allianz formed a joint venture, namely SanlamAllianz with Sanlam holding 59%.
(2) During the year Sanlam Life acquired the remaining 30% shareholding in Sanlam Personal Loans, making it a wholly owned subsidiary.

Details of the investments in the material joint ventures are reflected in note 12.2 on page 156 of the Sanlam annual financial statements online.

11 Equity-accounted earnings included in result from financial services before tax

R million	Audited 2023	Restated Audited 2022
Equity-accounted earnings included in result from financial services before tax:		
Sanlam Life and Savings	180	432
SA Retail Affluent	105	240
Sanlam Corporate	75	192
Sanlam Emerging Markets	4 322	2 969
SanlamAllianz	1 061	700
Namibia	233	196
Asia	3 028	2 073
Sanlam Investment Group	174	181
Santam	165	154
Total	4 841	3 736

12 Investment income

R million	Audited 2023	Restated Audited 2022
Equities and similar securities	1 529	1 407
Interest-bearing, preference shares and similar securities	97	272
Properties	30	30
Rental income	38	41
Rental-related expenses	(8)	(11)
Total investment income	1 656	1 709
Interest expense netted off against investment income	1 131	771

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13 Normalised diluted earnings per share

	Audited 2023	Restated Audited 2022
Normalised diluted earnings per share:	Cents	Cents
Net result from financial services	573,6	473,8
Net operational earnings	643,6	501,1
Profit attributable to shareholders' fund	767.2	537,8
	R million	R million
Analysis of operational earnings (refer shareholders' fund income statement on page 334):		
Net result from financial services	12 379	10 473
Net operational earnings	13 889	11 077
Normalised profit attributable to shareholders' fund	16 557	11 887
Reconciliation of operational earnings:		
Headline earnings per note 27 on page 202 of the Sanlam financial statements	14 467	9 687
Add/(Less):	(578)	1 390
Fund transfers	2 079	(370)
B–BBEE SPV impairment	(948)	1 105
Shareholders' fund adjustments	(1 776)	(73)
Net equity-accounted earnings	(45)	(28)
Net amortisation of value of business acquired and other intangibles	112	242
Cost included in profit on disposal of subsidiaries[1]	—	513
Equity participation costs	—	1
Net operational earnings	13 889	11 077
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 27 on page 202 of the Sanlam financial statements)	2 089,3	2 077,9
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	68,8	132,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 158,1	2 210,4

[1] For shareholder fund purposes only, wind-down and transaction-related costs are set off against the proceeds on disposal.

14 Value per share

	Audited 2023	Restated Audited 2022
	R million	R million
Net asset value per share is calculated on the group shareholders' fund at net asset value	89 477	88 754
Equity value per share is calculated based on the group equity value	149 904	140 776
Number of shares for value per share	Million	Million
Number of ordinary shares in issue	2 202,9	2 226,9
Shares held by subsidiaries in shareholders' fund	(116,1)	(49,1)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	28,8	28,8
Adjusted number of shares for value per share	2 115,6	2 206,6

15 Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 7,8 (31 December 2022: 7,7) to the after tax recurring corporate expenses.

16 Share transactions

16.1 Shares repurchased and issued

Sanlam shareholders granted general authorities to the group at the last annual general meetings to repurchase Sanlam shares in the market.

A cumulative 33,2 million ordinary shares were repurchased in the market by May 2023, including the repurchases made during 2022.

16.2 Shares cancelled

In June 2023, 31 million treasury shares were cancelled, pursuant to General Authorities.

16.3 Shares issued

In May 2023, Sanlam Limited issued 7,3 million shares as part of the settlement to Afrocentric shareholders in exchange for acquiring a stake of 31,3% in Afrocentric.

Following the cancellation the issued share capital of the company now comprises 2 202,9 million ordinary shares of 1 cent each.

Notes to the shareholders' fund information continued

for the year ended 31 December

17 Reconciliations

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

R million	Audited 2023						Restated Audited 2022					
	IFRS total (1)(A)	Total shareholders fund (2)(B)	Shareholders' activities (C)	Shareholders' fund adjustments (D)	Policyholder activities (3)(E)	IFRS adjustments (4)(F)	IFRS total (1)(A)	Total shareholders fund (2)(B)	Shareholders' activities (C)	Shareholders' fund adjustments (D)	Policyholder activities (3)(E)	IFRS adjustments (4)(F)
Result from insurance operations	10 369	12 322	14 080	(1 758)	–	(1 953)	8 603	10 258	10 190	68	–	(1 655)
Result from insurance contracts	11 580	13 355	15 113	(1 758)	–	(1 775)	10 142	10 787	10 719	68	–	(645)
Insurance service result	9 760	10 312	10 300	12	–	(552)	9 483	8 605	8 709	(104)	–	878
Insurance revenue	87 840	112 151	112 139	12	–	(24 311)	80 441	110 297	110 401	(104)	–	(29 856)
Insurance service expenses	(70 684)	(90 381)	(90 381)	–	–	19 697	(69 944)	(96 117)	(96 117)	–	–	26 173
Income or expense from reinsurance contracts	(7 396)	(11 458)	(11 458)	–	–	4 062	(1 014)	(5 575)	(5 575)	–	–	4 561
Insurance investment result	1 820	3 043	4 813	(1 770)	–	(1 223)	659	2 182	2 010	172	–	(1 523)
Other expenses relating to insurance operations	(1 211)	(1 033)	(1 033)	–	–	(178)	(1 539)	(529)	(529)	–	–	(1 010)
Result from other operations	8 797	11 021	11 502	(481)	1 558	(3 782)	5 348	7 493	7 732	(239)	(491)	(1 654)
Revenue	18 960	19 195	19 195	–	74	(309)	13 218	14 273	14 273	–	(3)	(1 052)
Investment income	24 629	1 656	2 113	(457)	16 813	6 160	23 986	1 709	1 804	(95)	14 551	7 726
Investment surpluses	58 855	1 957	1 981	(24)	55 859	1 039	(14 532)	(401)	(257)	(144)	(12 602)	(1 529)
Finance cost – margin business	(412)	–	–	–	–	(412)	(305)	–	–	–	–	(305)
Change in fair value of investment contract liabilities	(66 262)	–	–	–	(67 450)	1 188	231	–	–	–	(47)	278
Change in fair value of external investors' liabilities	(8 678)	–	–	–	(3 246)	(5 432)	(3 272)	–	–	–	(1 811)	(1 461)
Net other income	–	4 999	4 999	–	–	(4 999)	–	3 466	3 466	–	–	(3 466)
Sales remuneration	(1 063)	(1 186)	(1 186)	–	–	123	(1 373)	(1 469)	(1 469)	–	–	96
Administration costs	(17 232)	(15 600)	(15 600)	–	(492)	(1 140)	(12 605)	(10 085)	(10 085)	–	(579)	(1 941)
Shareholders' fund adjustments	–	1 776	–	1 776	–	(1 776)	–	73	(1)	74	–	(73)
Impairments	(79)	623	623	–	–	(702)	(22)	(1 178)	(1 178)	–	–	1 156
Net impairment losses on financial and contract assets	20	–	–	–	–	20	54	–	–	–	–	54
Other impairments	(99)	623	623	–	–	(722)	(76)	(1 178)	(1 178)	–	–	1 102
Project expenses	–	(610)	(610)	–	–	610	–	(543)	(543)	–	–	543
Net profit on disposal of subsidiaries and associated companies	–	336	336	–	–	(336)	–	1 501	1 501	–	–	(1 501)
Amortisation of intangibles	(257)	(112)	(112)	–	–	(145)	(152)	(242)	(242)	–	–	90
Net operating result	18 830	25 356	25 819	(463)	1 558	(8 084)	13 777	17 362	17 459	(97)	(491)	(3 094)
Equity-accounted earnings	2 958	45	45	–	–	2 913	2 468	657	657	–	–	1 811
Finance cost – other	(1 106)	–	–	–	–	(1 106)	(821)	–	–	–	–	(821)
Profit before tax	20 682	25 401	25 864	(463)	1 558	(6 277)	15 424	18 019	18 116	(97)	(491)	(2 104)
Taxation	(7 079)	(6 186)	(6 649)	463	(1 558)	665	(3 464)	(4 361)	(4 458)	97	491	406
Shareholders' fund	(4 396)	(6 186)	(6 649)	463	–	1 790	(3 184)	(4 361)	(4 458)	97	–	1 177
Policyholders' fund	(2 683)	–	–	–	(1 558)	(1 125)	(280)	–	–	–	491	(771)
Profit from the year from discontinued operations	3 394	–	–	–	–	3 394	1 898	–	–	–	–	1 898
Profit for the period	16 997	19 215	19 215	–	–	(2 218)	13 858	13 658	13 658	–	–	200
Attributable to:												
Shareholders' fund	14 478	16 557	–	–	–	(2 079)	12 257	11 887	–	–	–	370
Profit from continuing operations	11 595	16 557	–	–	–	(4 962)	11 227	11 887	–	–	–	(660)
Profit from discontinued operations	2 883	–	–	–	–	2 883	1 030	–	–	–	–	1 030
Non-controlling interest	2 519	2 658	–	–	–	(139)	1 601	1 771	–	–	–	(170)
	16 997	19 215	–	–	–	(2 218)	13 858	13 658	–	–	–	200

(1) IFRS total (A) = (B)+(E)+(F)
(2) Total shareholders' fund (B) = (C)+(D)
(3) Policyholder activities relate to the inclusion of policyholders' after-tax investment return in respect of investment contracts, and the allocation thereof to policy liabilities, in the group statement of comprehensive income.
(4) 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.

Sanlam Annual Financial Statements 2023

Notes to the shareholders' fund information continued

for the year ended 31 December

17 Reconciliations continued

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

	Audited 2023				Restated Audited 2022			
R million	Total	Shareholder activities	Policyholder activities[1]	Consolidation reserve	Total	Shareholder activities	Policyholder activities[1]	Consolidation reserve
Assets								
Goodwill	6 905	6 905	—	—	5 001	16 099	(11 098)	—
Equipment	1 535	1 550	(15)	—	1 090	1 548	(458)	—
Right-of-use assets	1 189	1 200	(11)	—	1 036	1 114	(78)	—
Owner-occupied properties	1 015	974	41	—	686	2 496	(1 810)	—
Intangible assets	3 330	3 330	—	—	946	4 121	(3 175)	—
Contract costs for investment management services	2 822	2 426	396	—	3 150	2 533	617	—
Insurance contract assets	9 478	408	9 070	—	8 858	2 485	6 373	—
Reinsurance contract assets	14 529	9 361	5 168	—	18 680	19 095	(415)	—
Deferred tax	1 619	953	102	564	1 630	1 886	(956)	700
Investments	827 309	109 329	719 491	(1 511)	773 272	109 836	668 313	(4 877)
Investment properties	7 913	906	7 007	—	10 436	5 855	4 581	—
Associated companies	19 766	19 774	(8)	—	19 321	22 429	(3 108)	—
Joint ventures	24 708	23 985	723	—	1 877	990	887	—
Equities and similar securities	159 384	5 418	153 966	—	185 686	13 047	172 639	—
Interest-bearing investments	249 372	34 646	216 237	(1 511)	244 635	35 655	213 857	(4 877)
Structured transactions	26 114	974	25 140	—	18 091	532	17 559	—
Investment funds	301 949	13 891	288 058	—	264 490	20 308	244 182	—
Deposits and similar securities	38 103	9 735	28 368	—	28 736	11 020	17 716	—
Trading account assets	13 554	13 744	(190)	—	14 124	14 385	(261)	—
Advances to customers	4 065	4 065	—	—	—	—	—	—
Non-current assets reclassified as held for sale	47 213	1 893	45 320	—	111 635	938	110 697	—
Working capital assets	55 889	42 374	13 515	—	58 046	48 278	9 768	—
Trade and other receivables	20 017	24 722	(4 705)	—	15 327	21 395	(6 068)	—
Taxation	954	997	(43)	—	574	1 327	(753)	—
Cash and cash equivalents	34 918	16 655	18 263	—	42 145	25 556	16 589	—
Total assets	990 452	198 512	792 887	(947)	998 154	224 814	777 517	(4 177)
Equity and liabilities								
Shareholders' fund	88 530	89 477	—	(947)	84 577	88 754	—	(4 177)
Non-controlling interest	8 375	8 296	79	—	14 381	14 275	106	—
Insurance contract liabilities	193 374	32 722	160 652	—	205 389	52 718	152 671	—
Reinsurance contract liabilities	5 686	2 889	2 797	—	4 171	4 361	(190)	—
Investment contract liabilities	488 501	—	488 501	—	441 661	—	441 661	—
Term finance	14 936	13 740	1 196	—	14 654	11 917	2 737	—
Lease liabilities	1 519	1 531	(12)	—	1 371	1 458	(87)	—
Structured transactions liabilities	12 287	213	12 074	—	11 561	229	11 332	—
External investors in consolidated funds	76 468	—	76 468	—	89 214	—	89 214	—
Deferred tax	8 768	6 252	2 516	—	6 601	8 655	(2 054)	—
Trading account liabilities	19 567	19 134	433	—	17 794	17 371	423	—
Non-current liabilities reclassified as held for sale	39 403	272	39 131	—	76 168	266	75 902	—
Collateral guarantee contracts	113	113	—	—	129	129	—	—
Working capital liabilities	32 925	23 873	9 052	—	30 483	24 681	5 802	—
Trade and other payables	30 799	21 793	9 006	—	28 876	20 562	7 726	—
Provisions	188	188	—	—	232	800	(568)	—
Taxation	1 938	1 892	46	—	1 963	3 319	(1 356)	—
Total equity and liabilities	990 452	198 512	792 887	(947)	998 154	224 814	777 517	(4 177)

[1] Includes the impact of IFRS adjustments.

Glossary: Sanlam Annual Financial Statements

ACT (healthcare assets)	Afrocentric Investment Corporation Limited
AC	Accounting Consolidation
AFS	Absa Financial Services Limited
ALCO	Asset liability committee
ALM	Asset liability management
AM Best	Alfred M. Best
ANW	Adjusted net worth
APN	Advisory practice note
ARC	African Rainbow Capital Pty Ltd
ARC FS	African Rainbow Capital Financial Services Holding (Pty) Ltd
ARC FSI	ARC Financial Services Investments
ART	Alternative risk transfer
BAF	Business Approval Framework
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BEL	Best estimate liability
BIFM	Botswana Insurance Fund Management
CBI	Contingent Business Interruption
CDSs	Credit default swaps
CIO	Group Chief Information Officer
COE	Committees of excellence
CPI	Consumer Price Index
CSA	Credit Support Agreements
CSM	Contractual service margin
DCF	Discounted cash flow model
D&A	Deduction and Aggregation
DPF	Discretionary participation features
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECL	Expected credit loss
ERM	Enterprise Risk Management
EV	Embedded value
FCTR	Foreign Currency Translation Reserve
FCFs	Fulfilment cash flows
FRA	Full retrospective approach
FSG	Funeral services group
FVA	Fair value approach
GEV	Group equity value
GI	General Insurance
GMM	General measurement model
GMSLA	Global Master Securities Lending Agreement
GOI	Governance over Insurers
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPF	Individual policyholders' tax fund
ISDA	International Swaps and Derivatives Association
IT	Technology, cyber and information security
JIBAR	Johannesburg Interbank Average rate
JSE	Johannesburg Stock Exchange
JVCo	Joint venture company
LGD	Loss given default
LIA	Lebanon Insurance Africa
LRC	Loss recovery component
LIC	Liability for incurred claims
MCIS	Malaysian Cooperative Insurance Society
MRA	Modified retrospective approach
New Re	New Reinsurance Company Limited Switzerland
NRFFS	Net result from financial services
ORSA	Sanlam Group Own Risk and Solvency Assessment
OF	Own Funds
OPP	Out performance plan
PAA	Premium allocation approach

Glossary: Sanlam Annual Financial Statements continued

PA	Prudential Authority
Plc	Public limited company
Pty	Proprietary Limited
PVNBP	Present value of new business premiums
PVIF	Net value of in-force business
PVFP	Present value of future shareholder profits from in-force covered business
Re	Reinsurance Company
RoGEV	Return on group equity value
S&P	Standard & Poor's
SA	South Africa
SAM	Solvency Assessment and Management
SanFin	Sanlam Specialised Finance
SAN JV	Sanlam Emerging Markets Proprietary Limited and Santam Joint Venture
SAZ	SanlamAllianz
SAZ JV	SanlamAllianz Joint Venture
SCR	Solvency Capital Requirement
SEM	Sanlam Emerging Markets
SEM GI	Sanlam Emerging Markets General Insurance
SFT	Sanlam Fintech
SFL	Shriram Finance Limited
SGT	Sanlam Group Technology
SIEA	Sanlam Investments East Africa
SIG	Sanlam Investments Group
SIM	Sanlam Investment Management
SIHC	Sanlam Investment Holdings Capital
SIH	Sanlam Investment Holding
SNT	Santam
SLS	Sanlam Life and Savings
SPA	Sanlam Pan-Africa
SPL	Sanlam Personal Loans
SPM	Sanlam Portfolio Management
SPV	Special purpose vehicle
SPW	Sanlam Private Wealth
SSA	Sanlam Share Account Nominee (Pty) Ltd
SSS	Sanlam Structured Solutions
TCF	Treating Clients Fairly
TCL	Total Care Lebanon
UBI	Ubuntu-Botho Investments
UK	United Kingdom
UMA	Underwriting Management Agencies
VaR	Value at risk
VAT	Value added tax
VFA	Variable fee approach
VNB	Value of new business
VOBA	Value of business acquired
WACC	Weighted average cost of capital
ZAR	South African Rand

Administration

Registered name: Sanlam Limited

Registration number:	1959/001562/06
Tax reference number:	9536/346/84/5
JSE share code (primary listing):	SLM
NSX share code:	SLA
A2X share code:	SLM
ISIN:	ZAE000070660 incorporated in South Africa
Internet address:	http://www.sanlam.com

Directors:

Elias Masilela
(Chair)

Dr Patrice Motsepe
(Deputy Chair)

Paul Hanratty
(Group Chief Executive)

Abigail Mukhuba
(Group Finance Director)

Andrew Birrell,
Anton Botha,
Ebenezer Essoka,
Nicolaas Kruger,
Ndivhuwo Manyonga,
Mathukana Mokoka,
Kobus Möller,
Sipho Nkosi,
Karabo Nondumo,
Thembisa Skweyiya,
Willem van Biljon,
Dr Johan van Zyl,
Heinie Werth,
Dr Shirley Zinn

Executive Head: Investor Relations
Grant Davids

Company Secretary:
Adela Fortune

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Equity Sponsor to Sanlam
The Standard Bank of South Africa Limited

Debt Sponsor to Sanlam Life Insurance Limited
Rand Merchant Bank, a division of FirstRand Bank Limited

Transfer secretaries:
Registered number: 2004/003647/07

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