



INVESTOR DAYS 2021

5 and 6 October 2021

Insurance | Financial Planning | Retirement | Investments | Wealth

AGENDA

09h30 – 09h50

Welcome and overview of Strategy & Outlook

Paul Hanratty

09h50 – 10h10

Competitive position and strategy Sanlam Life & Savings

Jurie Strydom

10h10 – 10h30

Competitive position and strategy Sanlam Emerging Markets

Heinie Werth

10h30 – 10h50

Competitive position and strategy Sanlam Investment Group

Carl Roothman

10h50 – 11h10

Competitive position and strategy Santam

Lize Lambrechts

11h10 – 11h30

Digital initiatives

Natalie Jabangwe

11h30 – 11h50

Navigating future pandemics

Lotz Mahlangeni



OUR STRATEGY



Key messages



Purpose driven organization



Clear strategy with disciplined execution



Strong results for the first six months of 2021



Outlook clouded by COVID-19 uncertainty

Our purpose drives everything we do



Empowering generations to be financially confident, secure and prosperous

Empowering our clients

- › Gross mortality claims of R22 billion paid since the start of 2020, Santam contingent business interruption claims of R1.7 billion paid by end August 2021
- › Protecting and growing client assets of over R1 trillion

Creating value for our shareholders

- › Return on Group Equity Value target of risk free + 4% (outperformed cumulatively since listing in 1998)
- › Target real dividend growth of 2% to 4% per annum over a three-year rolling period (dividend CAGR of 13% since listing in 1998)

Using our financial strength for the benefit of broader society

- › Sanlam administered more than 25 000 vaccinations at our two sites in Johannesburg and Cape Town
- › Climate and SME Funds addressing key societal challenges – climate change and job creation

Strategy at a glance



Our vision

To become the most admired financial services group in Africa

Our strategy



Becoming an African champion



Building a fortress position in South Africa



Accelerating growth outside of South Africa



Strengthening our position where we operate outside of Africa

Enabled by

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



How we are embedding our strategy in our business

Integration – expand product offering and improve cross-sell

Digitalisation – improve client and intermediary experience and efficiency

Empowerment – contribute to inclusive economic participation and support Fortress SA strategy

Culture survey – readying our people and culture to operate in a different way ensures we remain a future-fit organisation

Partnerships – exploit growth opportunities and gain access to underpenetrated market segments across the continent and where we operate outside Africa

Disciplined execution of strategy



Becoming an African champion, strengthening our position where we operate outside of Africa

⦿ Building a Fortress position in South Africa

- › Absa Financial Services transaction enhances investment offering, scale, margin and distribution - further entrenches SIH's position as one of the largest black owned asset managers
- › Launch healthcare offering in partnership with Afrocentric

⦿ Reallocate capital from the UK to Africa and selected emerging markets

- › Sold Nucleus Financial Group plc, agreements to sell Sanlam Life and Pensions and UK Wealth business – total consideration of £254 million
- › Transactions completed at aggregate amount in excess of their Group Equity Value

⦿ Building a Pan-African Champion

- › Growing cross-sell of life insurance into general insurance client base
- › Increase ownership of Saham Assurance Maroc to 84,5% (subject to regulatory approval)
- › MTN InsurTech JV to promote financial inclusion across the continent, exit smaller sub-scale African operations

Strong financial results for the first six months of 2021



Demonstrating the strength of diversity by product, market segment and geography

**R130,2
billion**

Group Equity
Value

**R4,5 billion
+16%**

Net result
from financial
services

**R176,4
billion
+12%**

New business
volumes

**R1,3 billion
+94%**

Net value of
new life
business

**R37,8
billion
+13%**

Net fund
inflows

+6,2%

Adjusted
RoGEV

Outlook



Clouded by COVID-19 related uncertainty

- ④ Recovery in economic growth and increased savings supporting new business and persistency
- ④ Roll out of vaccinations remains a crucial factor
- ④ Increased COVID-19 related mortality impact anticipated to dampen profits at SLS and SEM in second half of 2021
- ④ Continuously review pricing and underwriting policies to deal with COVID-19 impact longer-term
- ④ Awaiting Supreme Court of Appeal of South Africa ruling on Santam contingent business interruption matter
- ④ Continue to build on strong market position in SA and across the continent



SANLAM LIFE & SAVINGS



Key messages



Evolving our competitive advantage to unlock future growth



Growth drivers: Advice, product and distribution integration



Wealth Bonus and Cross-sell



Digital CX Convergence

Evolving competitive advantage



- ④ 3 individual clusters constructed around product, segment and intermediary channel alignment, which delivers great accountability and execution – we continue to preserve and build on this
- ④ But moved from 3 autonomous clusters to a more integrated approach to the SA market, driven by key trends
- ④ Digital demands more consistent and seamless CX across cluster boundaries - new digital platforms (e.g. Indie, Wealth Bonus, Sanlam Credit Solutions) scale across all segments
- ④ Umbrella fund and retirement fund retailisation trends demand similar integration and client-centric approach
- ④ Our partners (incl. MTN, Capitec) follow a similar approach
- ④ ***Our enhanced competitive advantage is around offering a wider and integrated proposition to clients across segments, including via strategic partners, resulting in cross-sell unconstrained by historical channel and product silos, leveraging superior operational scale to provide market-leading value to clients***

Evolving competitive advantage



- ⦿ High quality intermediated advice channels through different tied and broker models, blending digitisation with specialist support, provide the key competitive advantage for more complex products and needs - key defence against non-traditional competitors more focused on embedded products
- ⦿ Independence from a bank also allows us to compete as a preferred provider for these products and needs through bank channels
- ⦿ Superior service and integrated retention approach relative to competitors
- ⦿ Glacier provides differentiated proposition combining open architecture LISP, guaranteed and hybrid solutions – integrated since 2018
- ⦿ Positioned as leading risk underwriting with addition of BrightRock making strong inroads into affluent segment
- ⦿ Digital direct platforms like Indie and MiWayLife are scaling further during the pandemic, optimally combining different channel methodologies – two-thirds of Indie leads closed via call centre

Evolving competitive advantage



- ⌚ Now leader in this growing segment due to organic expansion and our Capitec JV - MTN creates further opportunities
- ⌚ Multiple channels provide diverse access to market and resilience
- ⌚ Growing footprint and improving intermediary productivity through digitisation of acquisition process further – now 70% of tied agency sales on new I-Manage platform
- ⌚ Scale drives operational efficiencies that creates structural competitive advantage through improved unit costs
- ⌚ More integrated sales and retention efforts leading to improved persistency and further unit cost advantage
- ⌚ Expanding solution set beyond funeral (e.g. non-underwritten life, savings, credit, simple short-term insurance) primarily through digital marketing

Evolving competitive advantage



- ④ Sanlam Umbrella fund offers competitive digital member experience - well-poised for growth from declining trend in stand-alone funds, with higher scale in turn driving higher margins – while leading to better client outcomes and higher contribution rates
- ④ Integrated approach across corporate and retail - fund communication, counselling and retail advice – drives improved retentions on exits and growing flows into Sanlam defaults, particularly life annuities
- ④ Leverage our partnerships and empowerment credentials (UB/ARC) to attract higher share of business
- ④ AF Group Risk deal drives further scale, becoming leading group risk underwriter
- ④ Investment propositions and annuities under-pinned by guarantees and smoothing are peer-competitive and catering to client needs in volatile environment

Drivers of current performance



④ Strong product, distribution and partnership positioning, with scale advantage

- > Glacier's integrated guaranteed product and LISP operations result in market-leading hybrid solutions - well positioned to benefit from life annuity flows
- > Investment in digital and direct models bearing fruit - strong YoY growth - Indie (+50%), MiWayLife (+24%), Capitec (+47%)
- > Seeing benefits of ARC partnership in corporate new business success, umbrella is well positioned in terms of digitisation
- > Scale allows growth through broad set of channels

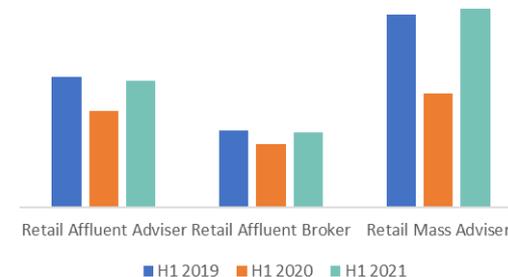
④ Distribution channel structure and support

- > Retail Affluent distribution (Sanlam Connect) leveraged its more integrated structures to achieve recovery in both adviser and broker productivity
- > Retail Mass efforts to retain worksite-based advisers through 2020 lockdown set basis for sales recovery, with strong focus on productivity
- > Digital adoption step-up achieved during the pandemic key to productivity

④ Investment in data analytics to improve client insights

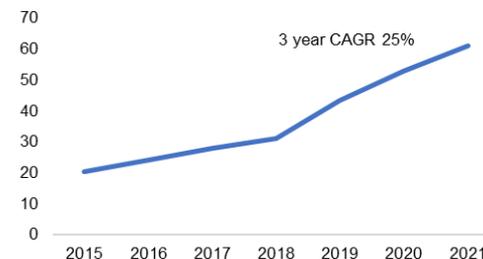
- > Retail retention teams instituted during 2020 lockdown have continued to improve persistency

SLS distribution channel productivity *



* Six months YTD, policies per month

Sanlam Umbrella AUA* (R bn)



* Assets under administration

Initiatives to drive future performance



- ⦿ **Advice offering and intermediated distribution expansion**
 - › Expand adviser footprint further
 - › Gain supporting brokers to enlarge the platform

- ⦿ **Broadening of the product set and client value proposition and leveraging partnerships**
 - › New smoothed bonus proposition for retail market gaining traction
 - › Expansion of Wealth Bonus (launched March 2021) integration as groupwide platform to reward multiple product holdings and good persistency
 - › Evolving partnership with Afrocentric, including flagship open schemes Bonitas and Fedhealth - launch of more integrated propositions and innovations (including virtual health consultations and new digital engagement platform) in Q4 2021

- ⦿ **COVID response focuses on pricing, product and underwriting changes**
 - › Immediate priority is fair and actuarially sound repricing of group business in Retail Mass and Sanlam Corporate
 - › Underwriting and product changes are focused on incorporating the impact of vaccination into underwriting requirements and benefits - to ensure a sustainable risk pool

Initiatives to drive future performance



🕒 Digital channels scaling rapidly

- Further investments as platforms for digital cross-selling - Indie, MiWayLife, MiWay Blink, Sanlam Credit Solutions

🕒 Significant growth opportunity in 2 and 3+ products per customer

- More than 1,1 million clients have only one Sanlam product

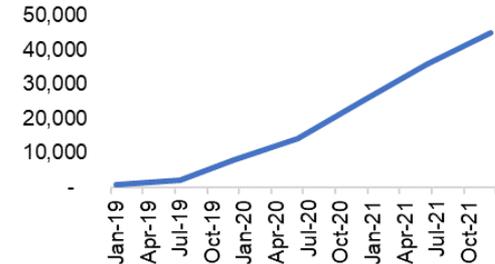
🕒 Use scale advantage and technology to drive cost efficiency

- Target cost growth below inflation (higher savings on a unit cost basis)

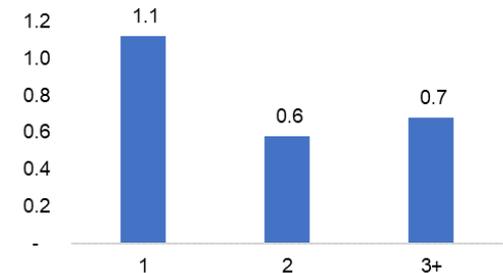
🕒 Advice-based approach to credit gaining ground – Sanlam Credit Solutions

- Scaling to more than 150k users (adding 20k per month), targeting at least 900k - platform has already started to demonstrate good cross-sell potential
- ~100 000 YTD expressions of interest in more than 20 other Sanlam products on the platform
- 20 000 expressions of interest in personal loans, 5 000 applications, 1 000 loans granted (20% conversion rate on applications)

Sanlam Indie in-force clients



SLS products per client (million clients)



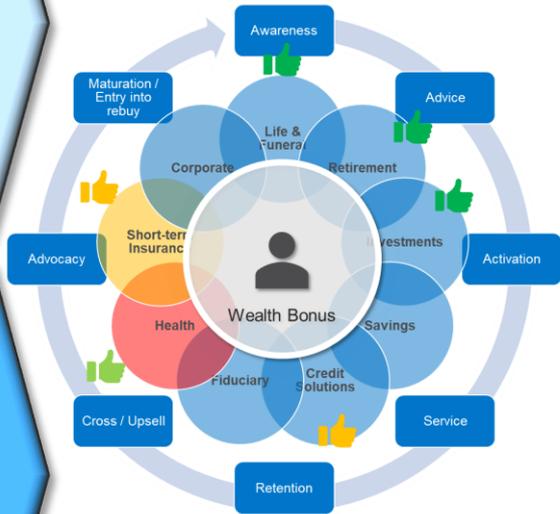
Wealth Bonus, Integration and Cross-sell

COMPELLING & INTEGRATED REWARDS OFFERING ACROSS GROUP

- Aligns in-product cash-backs and rewards ACROSS Sanlam into single reward platform
- Material long term Wealth creation potential (R400m paid to clients to date)
- Basic level of lifestyle benefits to all
- 18-month roadmap to expand to Santam/MiWay, Personal Loans, Health, Savings and Investments

KEY ENABLER TO DRIVE CROSS SELL

- Key KPIs
 - Grow from 350k to 1.3m clients on the platform by 2023
 - Gather data, track client activity and generate leads
 - Support objective to increase number of products per client
- Strong appeal for intermediaries to position Sanlam for additional needs
- Great 'feature benefit' to drive digital sales



WHAT DIFFERENTIATES WEALTH BONUS?

- **Embedded** - no barriers to entry
- **No cross-subsidization**- rewards funded by underlying drivers of value, so all clients can access headline rewards, not tier based
- **Simplicity** - clients do not have to jump through hoops to get the benefit
- **Aligned with our purpose** - long term wealth creation and protection; recognising perseverance and patience, demonstrating the power of delayed gratification

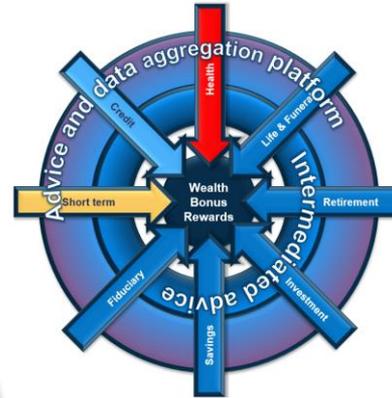
Digital CX convergence



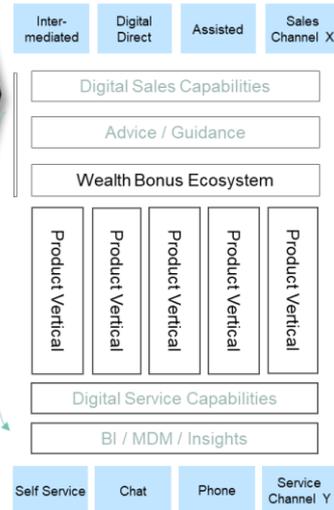
What it means for clients

Digital transformation will deliver a proposition that meets the needs of current and future clients:

- Offer clients a **holistic value proposition** across products, **engaging** them on the questions they have through **advice, guidance and rewards**
- In addition, present **client journeys in 'product verticals'**/needs areas that **brings them clarity, builds confidence** and enable them to address their need seamlessly
- Allowing clients to **engage with us in the channel of their choice** when gathering information, purchasing and servicing a product
- **Seamless engagement** on **Sanlam digital platforms** based on level of authentication (Web and App)
- **Remove repetition** of requirements from clients by creating **standard journeys across different product lines**/internal business units (e.g. FICA, on-boarding or claims journeys)
- **Enabling clients** to have more **control over their finances** - enabling self service



Digital North Star



What it means for Sanlam

- Improved competitiveness will **drive sales growth**
- Improved client satisfaction will **improve retention**
- **Reduce cost to service** due to increased level of self-service
- **Enable** future **digital business models**
- **Improves intermediary efficiency and productivity**



SANLAM EMERGING MARKETS



Key messages



Optimising our portfolio and strengthening our position in key markets



Progressing on key initiatives – float rebalance, partnerships, cross-sell, economic and social impact



Satisfactory results: volumes, profits, SPA GI underwriting result, VNB and Adjusted RoGEV

SEM's ambition is to be a TOP 3 insurance company in all our chosen markets and segments in support of the Group's objectives of becoming a true pan-African Champion and strengthening our position in India

123

Markets and Customers

- Leadership by being top 3 in market share and position
- Increase and grow access to our products and services as measured by customer coverage
- Customer satisfaction
- Client complaints management and monitoring



Economic and Societal impact

- Develop and impact local economies as measured by our investable assets (SPA only)
- Local empowerment and partnerships by having 20-30% local shareholding



Our People

- Employee centricity
- Executive retention
- People development



Key Financial Metrics

- GEV and RoGEV
- Net result from financial services
- New business volumes
- Net VNB and VNB margin (after NCI)
- Net underwriting (U/W) margin (SPA GI %)
- Float return margin (SPA GI %)
- Dividend pay-out ratio (%)



Key pillars of SEM's multi-faceted strategy



SEM | 20 strategic initiatives defined across regions, sub-clusters and group



Pan-Africa



GI

Initiative

 **Optimise motor** - grow market share and restore profitability

 **Manage health** - deliver U/W target and cross-selling

 **Embed assistance** - grow market share and maintain profitability

 **Grow commercial and corporate** - improve CVP and grow SME's

 **Grow captive and reinsurance**

 **Develop and scale affinity partnerships** - access new clients

 **Optimise capital and float management** - optimise and rebalance GI float



Life

Initiative

 **Scale group risk** - profitably scale Group Risk

 **Build a high-performance agency** - build and optimise our tied agency distribution

 **Enable additional growth** - new partnerships and distribution channels

 **High-Performance Culture** - collaboration, communication training and leadership development

 **Drive towards operational excellence** - build a platform to enable sustainable growth and build scale

 **Implement best practice in Bancassurance** - products, service and engagement

 **Maintain Individual Life product focus** - client-centric profitable products, supporting distribution models

Pan-Africa, India & Other



SEM Group Office

Initiative

Focus

 **M&As (scale up)**

GI: North, West and East Africa,
Life: East and West Africa
All: bolt-on to achieve scale

 **Portfolio management**

Business potential and ongoing delivery or exit

 **Explore new markets**

Market scale and potential (longer term)

 **Strengthen in India**

India

 **Future strategy Malaysia**

Malaysia

 **Future strategy Lebanon**

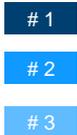
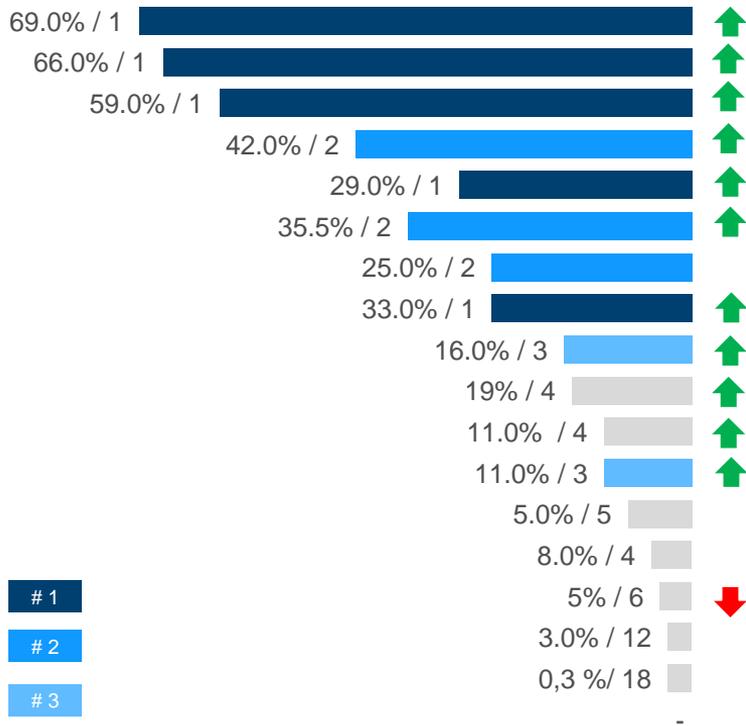
Lebanon

SEM Market Share



Market share target: Top 3 in in selected markets and segments

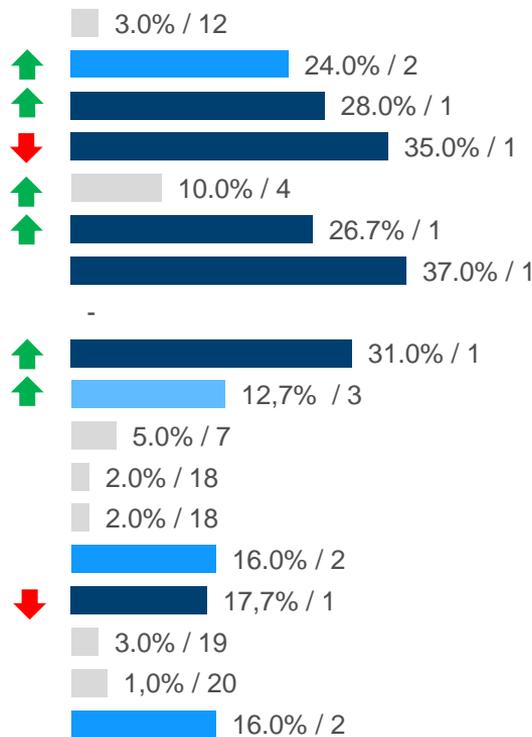
Life insurance Market share / Position



Country

- Tanzania
- Botswana
- Rwanda
- Malawi
- Zambia
- Mali
- Namibia
- Mozambique
- Cote D'ivoire
- Uganda
- Lebanon
- Nigeria
- Kenya
- Zimbabwe
- Morocco
- Malaysia
- India
- Angola

General insurance Market share / Position



* Based on latest available data. Trend indicators compares 2019 vs 2018, SOURCE : Global Data

SEM Business overview



Notable outcomes in meeting our strategic ambition

- ✓ Satisfactory results: volumes, profits, VNB and Adjusted RoGEV
- ✓ Portfolio on track to achieve 2021 hurdle
- ✓ Improved float return in Morocco (mostly unrealised)
- ✓ Roll out of Sanlam brand in Angola and CIMA territories
- ✓ SPA GI system renewal selection process
- ✓ Increase in Saham Maroc shareholding creates strategic flexibility (subject to regulatory approvals)
- ✓ MTN JV creates new opportunities
- ✓ All key strategic initiatives are getting attention



Key risks / pain points to meeting strategic ambition

- Severe second wave COVID-19 impact in India impacting all businesses (lag reporting)
- Ongoing uncertainty around Covid- 19 waves and measures
- Increased claims experience in Bots, Nam, Mal, Ind & Tanz
- Need to scale and grow Nigeria, Ghana and Kenya
- Strengthening ZAR impacted results negatively
- Exiting non core businesses and M&A slow
- Creating sustainable control environments
- Continue to vest “Sanlam” culture in ex-Saham territories
- Lebanon - ongoing country uncertainty

SPA GI | How are we progressing against our strategic ambition?



Notable outcomes in meeting strategic ambition

- ✓ GWP/ NEP growth plan driven by multiple initiatives
- ✓ U/W margin driven by attritional loss ratio improvement but still exposed to volatility
- ✓ Divesting from properties in Morocco
- ✓ New segment target organization in place in key subs and Small/Medium countries in CIMA. Southern and East Region to come.



Key risks / pain points to meeting strategic ambition

- Vesting of sustained process and control environments
- COVID-19 impact on Assistance travel business model
- Slow pace in full integration of mobile payment / collection: further leverage regulatory engagement
- Sanlam best practices / resources mutualization vs minority interest
- Large claims impact and reserving in Continental Re, Cote d'Ivoire, Southern and CIMA

SPA Life | How are we progressing against our strategic ambition?



Notable outcomes in meeting strategic ambition

- ✓ VNB result encouraging in very difficult environment
- ✓ Very good progress in training area – agency toolkits and training, group risk and bancassurance toolkits and training on Ops/IT side launched this year
- ✓ Leadership Council development program on organizational culture completed
- ✓ Good pipeline for alternative channel – only created Nov '20
- ✓ Agent's digital pilots in Kenya/Botswana/Nigeria being run and notes compared



Key risks / pain points to meeting strategic ambition

- Profit under pressure due to excess mortality – uncertainty of how pandemic will play out with low levels of vaccination that will persist
- Impact of “fear to meet in person” impacting on predominant face-to-face sales model
- Unrealistic expectations of alternative distribution / digital



India | How are we progressing against our strategic ambition?



Notable outcomes in meeting strategic ambition

- ✓ STFC strengthening presence and expanding reach (urban and rural)
- ✓ SCUF - Expansion in North and West India
- ✓ Distribution diversification – SLIC and SGI retail focused (face to face/tech assisted)
- ✓ STFC and SCUF managed to raise significant funding – both have solid liquidity positions
- ✓ Digital remains critical focus area



Key risks / pain points to meeting strategic ambition

- Impact of COVID-19 second wave delayed economic recovery
- Price competition in motor causes profits to diminish
- No third-party premium increases last 2 years
- External business environment volatility (i.e. low vehicle sales)
- Weak monsoon

Key focus areas for the balance of the year



Implement our business strategies and plans



Deliver on our budgets and KPI's



Ongoing focus on governance, risk and compliance management



Vesting the brand internally and externally



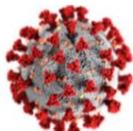
Culture focus on being part of the Sanlam Group



APPENDIX COVID IMPACT



Covid-19 experience



- Impact lagging South Africa and less severe
- Different impact in terms of severity and timing across portfolio
- Limited impact in West and North Africa
- Significant negative mortality experience in Botswana, Namibia, Tanzania, Malawi and Zambia
- Impact largely seen on Group Risk business
- Some delay in claims reporting observed with experience reflecting impact of Covid-19 waves that peaked during 1Q21
- Various countries entering next wave
- Have not seen a material negative impact on lapses

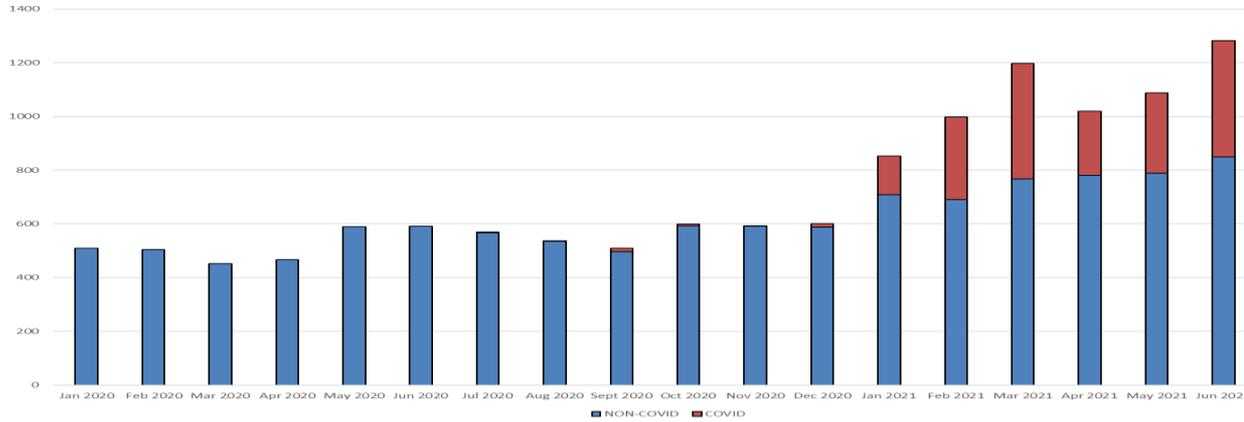
Covid-19 repricing approach

- Consultation with Sanlam Corporate
- Clear need for country-specific approach considering factors like past and expected experience, size of book, age distribution, industry sector exposure, solvency/liquidity
- Detailed guidelines developed by central team to proactively reflect risk priced for
- Significant quotes signed off by central team
- Responsibility for business decisions with local CEO/management/board
- Price adjustments communicated in close consultation with clients and other stakeholders – initial feedback positive

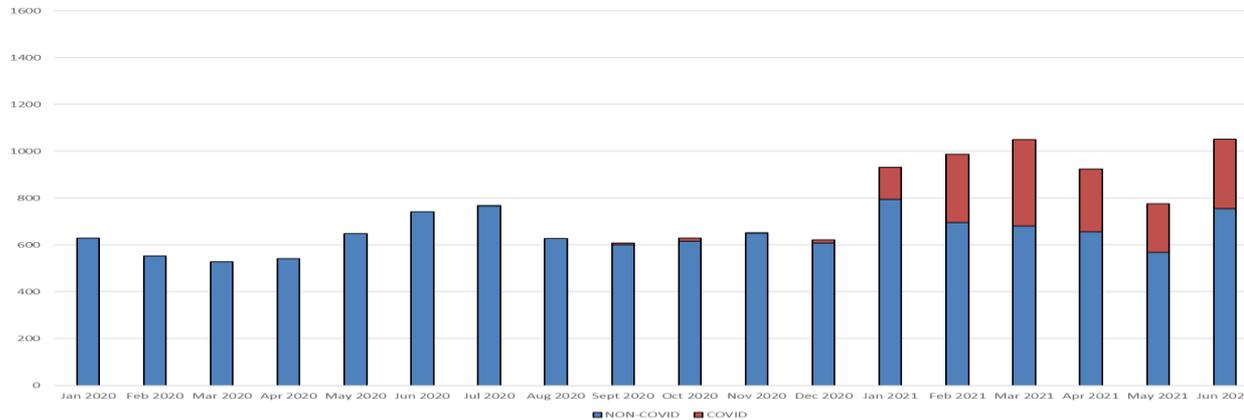
SEM | Mortality – Botswana



Botswana Life monthly number of Corporate Business deaths by date of death



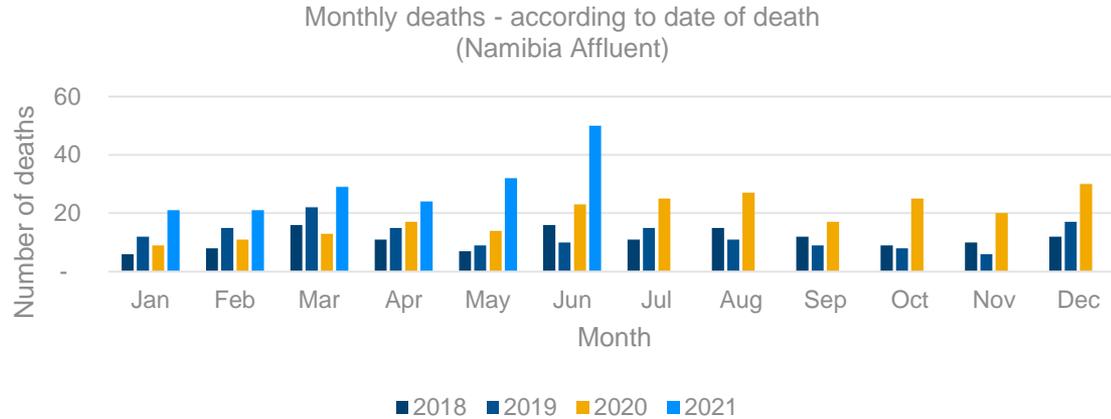
Botswana Life monthly number of Individual Life deaths by date of death



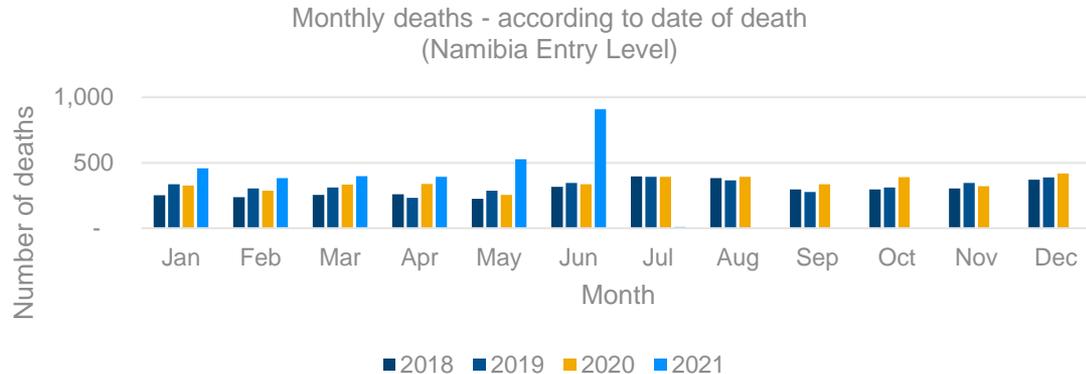
- Reporting delay on corporate deaths
- Group Life claims:
 - June: ~R37m
 - “normal month”: ~R18m
- Annuities offer some buffer - R12m at June – offsetting some of negative experience
- Public data suggest current wave continues to increase with one of worst outbreaks per capita globally



SEM | IL mortality – Namibia



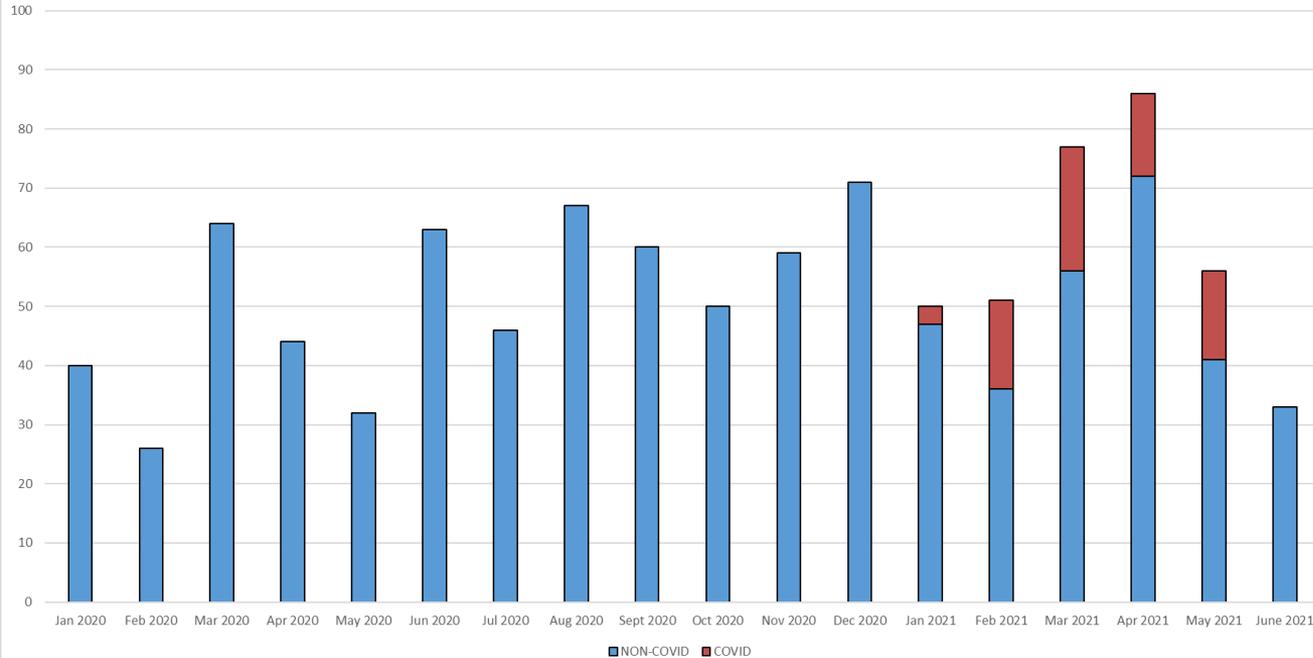
- Negative experience in Group Life (-R36m), Affluent (-R16m) and Entry Level (-R8m)
- Some offset by reserves (R11m) and other experience (R19m)
- Public data suggest last wave peaked end of June



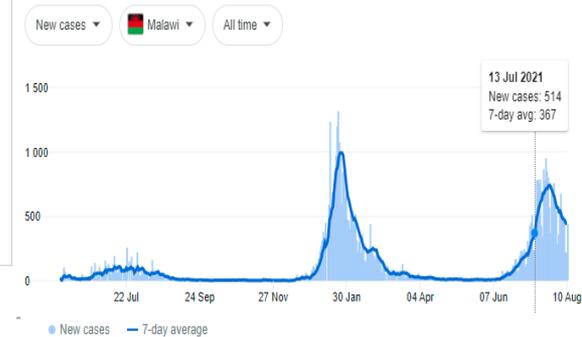
SEM | Group mortality – Malawi



Malawi Life monthly number of Corporate Business deaths by notification date



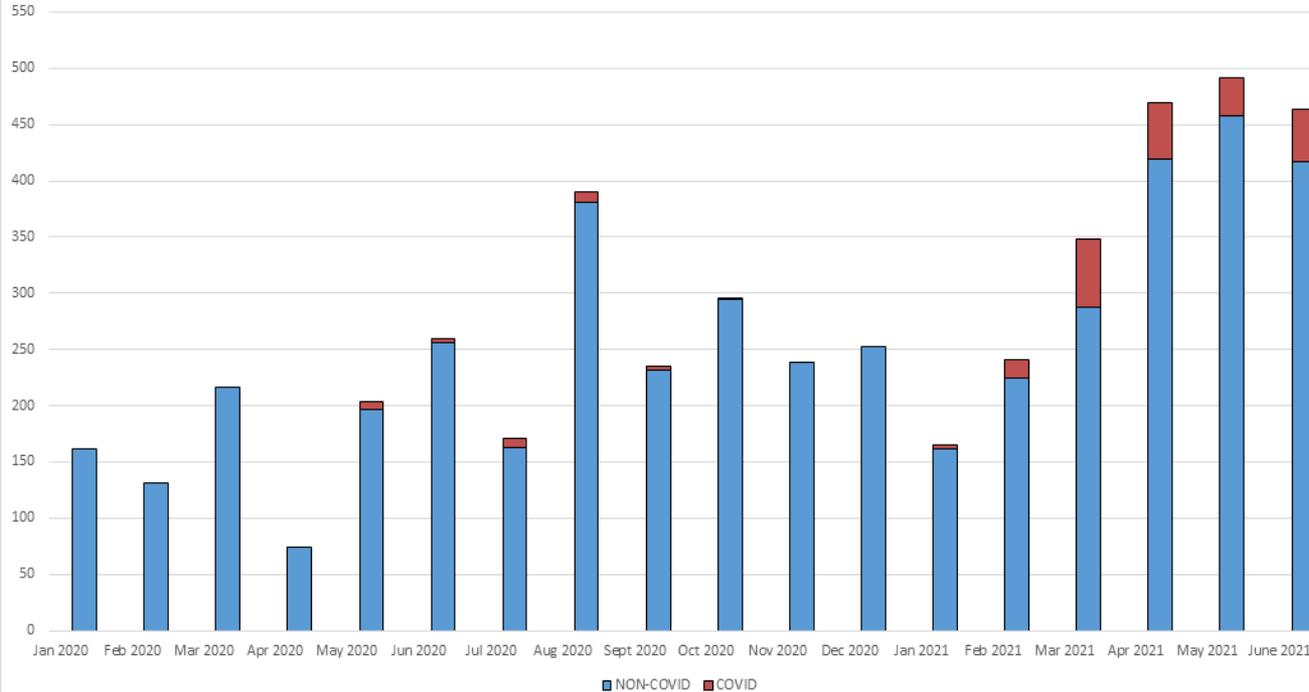
- Analysis shows date of deaths for claims paid in 2021 are clustered around Jan / Feb 2021
- Hence seeing 2-3 month claims reporting delay (our IBNR is sufficient at 30 Jun 2021)
- Limitations in COVID vs non-COVID death classification
- Public data suggests last wave peaked end of July



SEM | Group mortality – Tanzania



Tanzania Life monthly number of Corporate Business deaths by date of payment

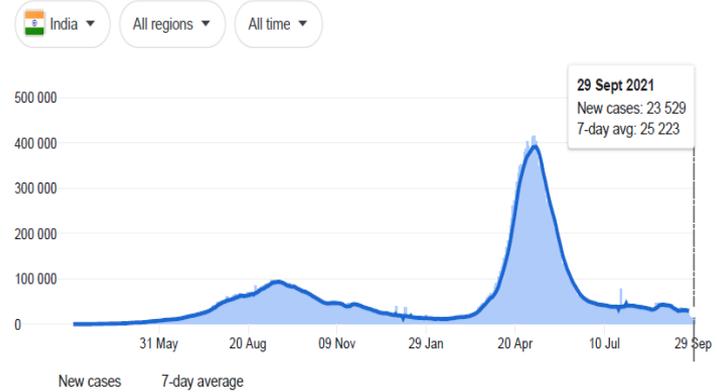
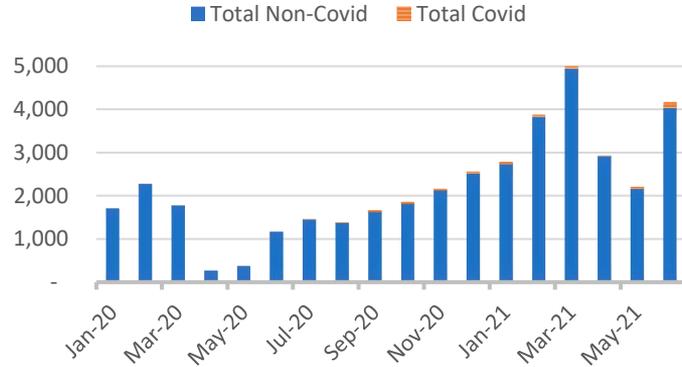


- Similar to Malawi, seeing claims reporting delays, notably on credit life
- Analysis by date of death is necessary for further insight - engagement with and assistance to business ongoing

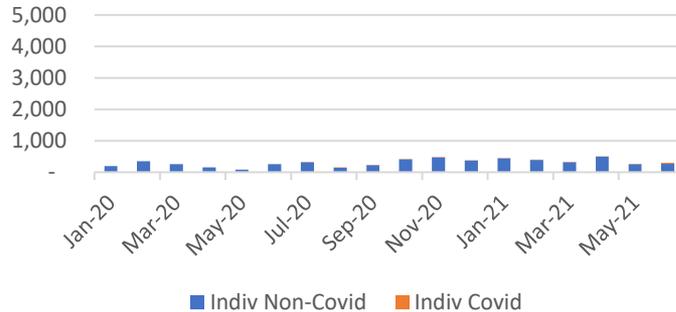
SEM | Mortality – India



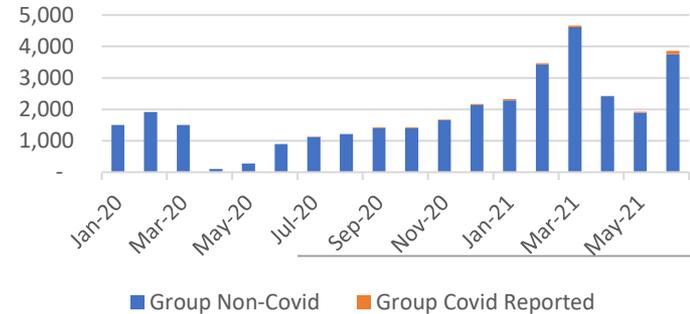
TOTAL CLAIMS



Individual claims



Group claims





SANLAM INVESTMENT GROUP





Key messages

- ③ Key enabler of Sanlam's purpose through superior solutions and strong investment performance
- ③ Leading product capabilities
- ③ Competitive market positioning
- ③ Transforming the industry in South Africa: One of the largest black-owned asset managers

Key enabler of Sanlam's purpose

>R1 trillion of assets across its four businesses

Sanlam Investments

SanFin

Sanlam Private Wealth

Sanlam UK

“Empowering generations to be financially confident, secure and prosperous”

Client confidence in meeting savings and investment goals through:

Tailor-made solutions



Strong investment returns

Shareholder value creation through:

Growth in operating earnings



Optimising the Sanlam balance sheet

Social impact through ESG and impact investing

Leading product capabilities

Across a diverse range of asset classes

Leading solutions provider for retail and institutional client base

Active asset management

- ⌚ Equity
- ⌚ Multi-asset
- ⌚ Fixed Interest

Local and international

Passive asset management

- ⌚ Market leading capability through Satrix
- ⌚ 30% market share in a growing local and offshore passive and ETF market

R150 billion AUM

Alternatives

- ⌚ Private Equity
- ⌚ Property
- ⌚ Private debt markets
- ⌚ Infrastructure

R30 billion invested in SA/Africa

→ **ESG, Sustainability and Impact Investing** ←

Competitive market positioning

Importance & potential

One of the largest
BLACK-OWNED asset
managers

Empowerment credentials to attract institutional flows and increase our market share

R100bn

AUM UPLIFT
WITH ABSA
TRANSACTION

Margin and accelerated
flows, access to large distribution network,
growth into wider product and capability set

Focus

Repositioning
in the UK

Impact

Embedded ESG
and impact focus

**Sanlam balance
sheet**

Major competitive advantage

Core engine to generate medium-
and long-term investment returns
for **SANLAM GROUP**
and its clients

Market access through
cost effective solutions

**Disrupting
the market**

**Respected
brand**

Talent

management and awards



Transforming the industry

“ Sanlam Investments one of **the largest black-owned asset managers.** ”

“ Driving financial inclusion through **cost effective solutions** in Satrix and EasyEquities. ”

“ Driving social and economic change through **ESG and impact investing** across Africa. ”



Structural changes

Repositioning in the UK

- ① In line with Sanlam's strategic focus on emerging markets
- ① Enhanced focus on investment offering
- ① Exit businesses focused on UK local market
 - ① Nucleus concluded in August 2021
 - ① Sanlam Life and Pensions, and Wealth Management subject to suspensive conditions
 - ① Releasing significant capital for re-allocation

SIH and Absa Financial Services transaction

- ① Enhanced investment offering to a larger client base
- ① Enhanced scale, margin and distribution
- ① Benefit from being part of one of the largest black-owned asset managers in South Africa



COMPETITIVE LANDSCAPE AND **KEY OBSERVATIONS**

COMPETITORS

- Main Intermediated Competitors
 - Old Mutual Insure
 - Hollard
 - Guardrisk
- Main Direct Competitors
 - OUTsurance
- Multi channel competitors
 - Discovery Insure
 - Momentum
- Digital players
 - Naked

MARKET ACTIVITY

- Increased investment in **Digital transformation** initiatives/InsurTech
- Increase in **usage-based car insurance**
- Deployment of **AI and other technologies** to improve ease of doing business and customer experience
- Shift towards addressing ESG factors, in **particular climate change**

MEDIUM TO LONG TERM TARGETS

CREATING SHAREHOLDER VALUE

- Deliver shareholder value with Return on Capital (ROC) of 24%
- Conventional Insurance targets:
 - GWP growth of CPI plus GDP plus 1-2%
 - Net underwriting margin above the midpoint of target range of 4% to 8%
- Grow and extend our leadership in South Africa by increasing our policy count by 13% to 1.2 million policies in 2022. Target total policies of 2 million by 2025.
- Grow our non-SA gross written premium from 17% in 2020 to more than 20% of total conventional GWP by 2025

GROWTH INITIATIVES

OUR MEDIUM-TERM PLANS TO GROW AND CREATE VALUE

South African Market

- **Invest in partnerships**
 - Leverage and play a meaningful role in the Sanlam/MTN InsurTech Venture
 - Good progress with other partnership discussions
 - Specialist business to partner with government on PPP initiatives in the Agri space

GROWTH INITIATIVES

OUR MEDIUM-TERM PLANS TO GROW AND CREATE VALUE

South African Market

- **MiWay**
 - Continue to enhance MiWay Blink, Business Insurance and Broker product offerings and distribution channels
 - Cost efficiencies from digital transformation initiatives
 - Value-Added products (VAPs) innovations - for example MiGuard, medical accident, GAP, emergency alert, motor warranty
 - MiWay Blink telematics project to be rolled out to all MiWay clients

GROWTH INITIATIVES

OUR MEDIUM-TERM PLANS TO GROW AND CREATE VALUE

South African Market

- **Commercial and Personal business (C&P)**
 - Continue to be best intermediary enabler by investing in digital offering including self service
 - Cross-selling initiatives with Sanlam Retail Mass (POC in progress) and Sanlam Private Wealth
 - Expand the Santam Tied Agency footprint with Sanlam Retail Affluent
 - Product innovation by launching a Value-Added Product solution
 - Structural acquisition opportunities
 - Santam Direct growth focus

GROWTH INITIATIVES

OUR MEDIUM-TERM PLANS TO GROW AND CREATE VALUE

African and International markets

- **Santam Specialist Business**
 - Grow Pan-African specialist business with Sanlam Pan Africa (SPA)
 - Increased focus on African global clients – one client approach
 - Alignment of risk appetite and underwriting philosophy
 - Focus on Agri, Marine, Engineering, Property and Liability solutions
 - New online initiatives – Mirabilis, SHA and TIC
 - New products – growth in Cyber and Renewables

GROWTH INITIATIVES

OUR MEDIUM-TERM PLANS TO GROW AND CREATE VALUE

African and International markets

- **Santam Re**
 - Territorial focus areas - Eastern Europe; Middle East; Africa generally – including South Africa
 - To diversify and grow the Santam Re book of business to reduce volatility – different classes
 - Process and Underwriting Approach
 - Increasing the number of contracts
 - Maintaining strict disciplines over line sizes
 - Expanding the client base
 - Continued growth using New Re AA- paper



DIGITAL INITIATIVES





Sanlam's Digital Transformation Vision is focused around two main outcomes:

1

Enhancing the Digital Business Model

- Digital customer acquisition as our biggest measure
- To have efficient distribution channels above any insurer through digital enablement
- Leading insurer in reaching new members by partnering through digital ecosystems



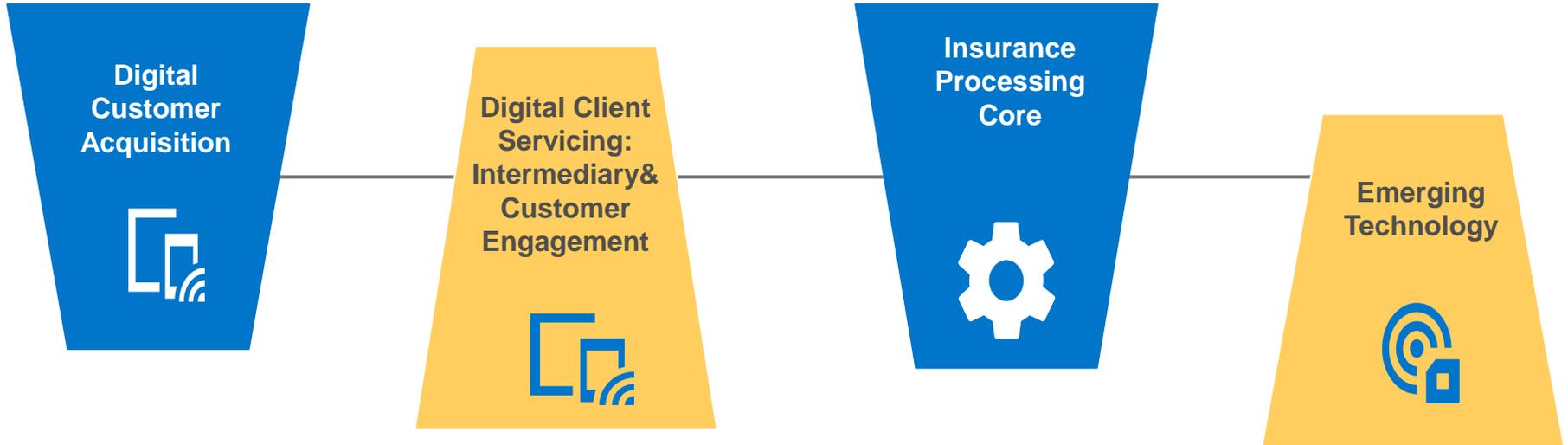
2

Transforming Digitally

- 100% of client communication and processing to be digital
- To leapfrog in customer experience, analytics and business process redesign efficiencies
- To have digitally transformed platforms and infrastructure that results in lowest unit cost of administration



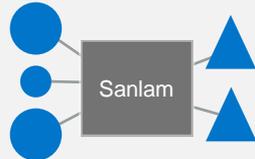
Digital Focus Areas Fundamental to Sanlam's Success



Digital opportunity | Ecosystem approach



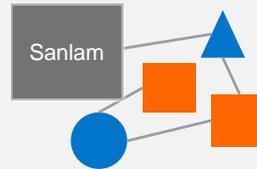
i-System



Ecosystem consisting of suppliers, customers, partners — that are all focused on improving OUR current customer proposition and experience through OUR intermediaries and brokers, using hybrid models

Partnerships

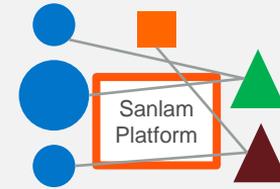
Industry Platform Ecosystem



Sanlam enables industry ecosystems that promote interchange between diverse industry players into our environment and enables us to acquire customers digitally, by offering our products and services, through wide array of digital distribution channels / partnerships and to all consumers not limited to our current customers

Adheres to standards, regulation & open to industry value chain

Business Platform Ecosystem



The diverse ecosystems can eventually allow us to create a platform of businesses so that the Ecosystems interchange between internal and external partners and consumers, enable a new monetized model, directly or indirectly through data exchange and cross-sell starting in our GROUP.

Sanlam Marketplaces



SANLAM GROUP DIGITAL PATHWAYS

DIGITAL| Priorities supported through our digital transformation roll-out plan

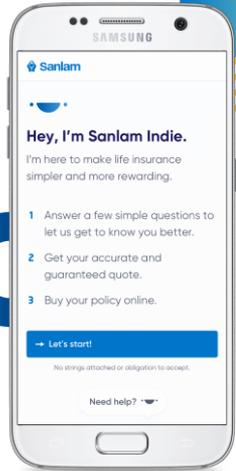
Digital Acquisition	Customer Experience	Digital Servicing	Risk management	Retention	Cost efficiency and agility
<ul style="list-style-type: none"> Building audiences using ecosystems that extend beyond our traditional offerings Partnering with major platform businesses to extend our offerings there Using rewards to generate interest and engagement Improving our digital marketing capabilities 	<ul style="list-style-type: none"> 360 view of client needs using internal and market data Targeted campaigns Self-directed digital exploration on a digital 'advice' platform to aid closing portfolio gaps Rewards linked to individual products and overall holdings Digital distribution models 	<ul style="list-style-type: none"> Expanding self-service and digital service options Enabling omni-channel experiences Reducing client effort through improved journeys, robotics, and BI 	<ul style="list-style-type: none"> Improved underwriting using internal and sourced data Rewarding good risk behaviours 	<ul style="list-style-type: none"> Improving long term value to clients of holding our products Digital retention journeys 	<ul style="list-style-type: none"> Architecting for agility Automation through robotics Simplifying and modernising legacy platforms
Ecosystems: Credit Solutions ⇒ Holly, Home Hub				Ecosystems	
Reward: out of product and portfolio WealthBonus, and Reality Access			Reality and AMP	In-product WealthBonus and Reality Access	
D365: digital marketing and campaigning		D365: service		D365: Engagement	D365: suite
Digital partners and own businesses: Capitec, Indie, MTN, etc.		MDC automation	Digital underwriting		Kwaito: agile ways of working
Intermediary Digital Engagement Project			Claims renewal		Robotics and AI
					Legacy simplification, IAP and mainframe modernisation

BI: data sourcing, advanced analytics, master data management, and AI

Employee digital empowerment: Data and Digital Academy, My Workspace, O365

Sanlam Indie

Internal ecosystem, potential future value within our Group

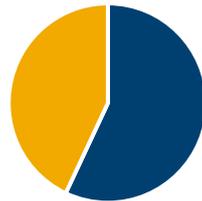


Context

- ① **D2C offering underwriting life products and funeral cover**
- ① **End to end business model responsible for digital marketing, onboarding, technical infrastructure and after sales service**
- ① Applications fulfilled completely **online** or through **call center**
- ① Cover is active **within 10 mins** and **policy doc is sent through mail**

Age Demographic

New business Volumes

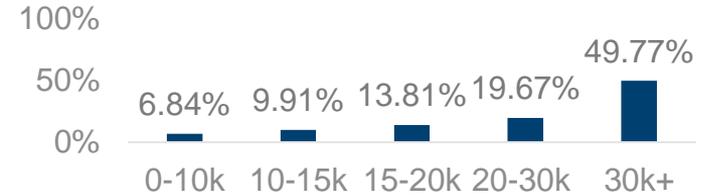


~60% of risk premiums come from customers under 40 years of age

■ 0-40 ■ 40+

Customer split by Income

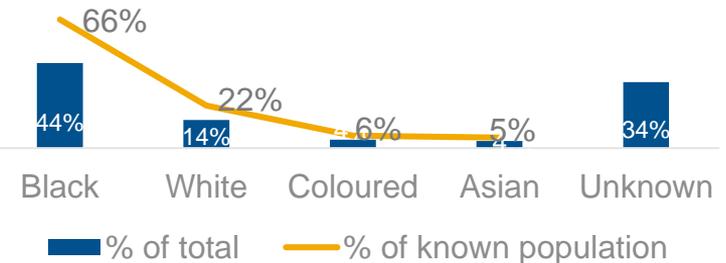
Digital customer split, p.Month



■ Income...

~50% of digital sales are from clients earning over R30k per month

Customer split by Race



Sanlam and Capitec

An industry ecosystem play through collaboration



get our **funeral plan**
cover up to 21 dependants

Drivers of Success

- ⦿ Product **simplicity** and most **competitive premiums** in the market
- ⦿ **Ease of application** –
 - › Applications fulfilled completely on **Mobile App** or with assistance in branch
 - › Cover is active **within 10 mins**
 - › **Paperless process**
- ⦿ **Efficient, seamless servicing** with the customer in control -
 - › Flexible benefits and premium collections based on customer preference
 - › Quick claims payout, with most claims paid within 4 hours

Vision

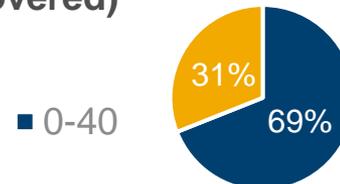
Financial inclusion of the under-served through collaboration

- ⦿ Capitec - access and ownership of the customer
- ⦿ Sanlam - insurance and operational expertise

Performance

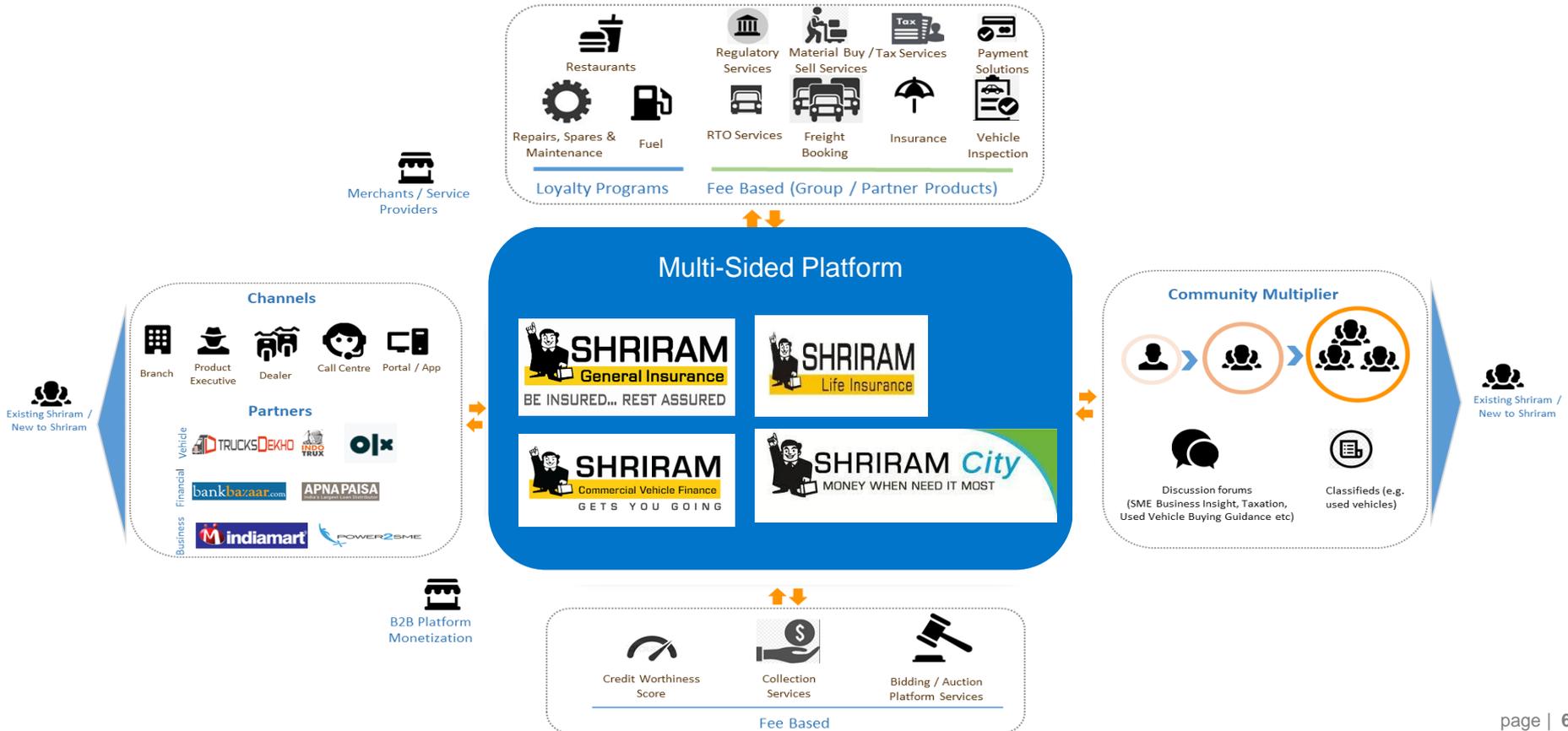
- ⦿ 3.4 million policies sold since launch in 2018, of which, more than half a million sales through the Capitec Mobile App
- ⦿ 1.4 million active policies and 6.4 million lives covered as of August 2021
- ⦿ R2.6 billion of claims paid to date

Active book by age (all lives covered)



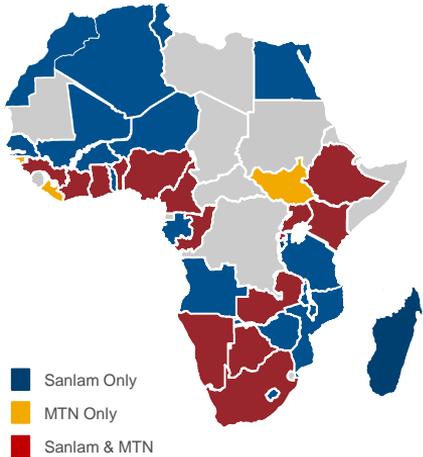
Sanlam and Shriram

A platform business, digital Marketplace in India



Sanlam and MTN

Building the largest and most valuable platforms across Africa



Africa's 1st Micro and Mass Insurance Provider

Context

MTN and Sanlam to provide full range of insurance services to MTN customers across Africa (SA included)

Building the largest and most valuable platforms



Licenses and regulatory capital in 33 countries in SSA



Access to customer base in 19 countries

Extensive insurance expertise



Extensive Fintech & Telco expertise

Existing footprint and partnerships across SSA



Go to market (Marketing & Distribution)

2021 Progress



Micro & Life Insurance

- 4 markets are live, micro hospital & life insurance
- 2 additional markets planned for 2021 including Nigeria

SA – General & Life Insurance

- Device insurance in South Africa is live
- Life insurance with Sanlam
- Life cell in progress with Guardrisk (Contract Protector)
- Microinsurance with “Ayo” in planning stage

SANTAM

Priorities supported through our digital transformation roll-out plan

Santam Digital and BPO conceptualizes, designs and delivers multi-channel solutions supporting Sales, Administration and Claims through the full policy life cycle across all of Santam's stakeholders. As the digital thought-leaders in Santam, the offering includes optimization of business processes in support of profitable growth and maximizing of operational efficiencies, as well as supporting innovative future-fit enhancements across all areas.



Santam Broker Portal

Launched in 2014, complete re-write in 2019.

Over 3,000 brokerages and ±4,500 users a day. Over 60% of claims are registered via broker portal.

(Mostly used by C&P Business)



Santam Client App

Launched in 2015
Average 300 users per day

New app with improved user experience and new features like VAS and claims registration launched in Nov 2020



Santam Client Portal

Launched in 2017
Average 500 users per day

New portal with improved user experience and new features launched in Nov 2020



Survey Systems

Survey app used by Santam surveyors, with ±700 surveys requested per month with ±R200m worth of property surveyed

Commercial lines app for tied agents and brokers to assist with compliance, advice and risk assessments in progress to integrate to PolicyCenter CL policy offerings



Santam Intranet

Links to all tools employees use and key communication channel to all employees.

iAssist and SEB are chat interfaces delivered on Intranet for employees to search relevant information e.g. policies and procedures, UW guidelines. Over 800 chat enquiries per month and just under 1,800 users registered



Santam Website

Re-launched in late 2014 with an average of 115,000 users per month. Investor relations section added 2019.

Generating leads for Santam Direct and the core of the Digital Marketing ecosystem



Agri Mobile App

Designed specifically for the MPCl Agri Business and Mobile Assessment for Santam Commercial Business whereby more than 80% of Agri claims were assessed during the previous season



Sales Portal

New digital asset was rolled out to Direct Contact Centre agents in Q3 2020, streamlining the sales process for personal vehicles, including scripting to guide agents. The functionality was extended with the Property line of business in Q2 2021

Longer term capabilities to be made available on broker portal, supporting brokers with sales, i.e. quote and buy for new and existing business



Employee App

New digital asset rolled out to employees in 2021, covering transactional HR capabilities, but also additional features to enhance employee value proposition and targeted employee communication capability.



WhatsApp & Chat

There are 2 WhatsApp instances.

1. Self-Service menu options available to request personal policy schedule, confirmation of cover or territorial letter.

Live chat with and agent and Agent Desk capability available to provide support to clients

2. WhatsApp functionality also used in claims registration and tracking process to communication and upload pictures and documentation.

Facebook messenger chat bot soon to follow

MiWay Blink

An external ecosystem, potential future value within and out of our group



No paperwork, no long phone calls - just smart tech, cashbacks and great service.



Context

- ① Purely digital end to end insurance platform through a web/app interchange
- ① Offering car insurance



Market Positioning

- ① Enables MiWay to compete in the growing InsurTech market
- ① Offers telematics and customer AI enabled intelligence

Milestones:

- ① Launched on 23rd of March 2021 with fully-fledged digital campaign and radio adverts
- ① Feedback has been positive, with consumers amazed with the simplicity, speed and ease of getting a quote
- ① Strong quote-to-conversion rate of 17% considering that digital does not require any “hard selling”

Measuring digital business success

4 key areas to measure digital success



Areas to measure		KPIs to be measured	
	Customer Usage	<i>Customers</i>	<ul style="list-style-type: none">• % of product/service that are digital
	Sales and Marketing	<i>Business model Sales</i>	<ul style="list-style-type: none">• % of revenue from insurance as a service model• % of revenue through digital only channels (advice/intermediary/brokers/self-service)
	Operations	<i>Operations Exploration Claims</i>	<ul style="list-style-type: none">• % of client advice or assets underwritten/processed digitally• % exploration initiatives' using analytics platform• % of claims that are self-processed
	Workplace	<i>Workplace</i>	<ul style="list-style-type: none">• % of departments using new digitalized workplace model



NAVIGATING FUTURE PANDEMICS



Key messages



 Pandemics have been part of human existence – COVID-19 predicted to evolve to be an endemic disease

 Sanlam COVID-19 infection and mortality experience pattern has tracked general and insured population

 Value of strong balance sheet before and during the pandemic – preserve value and security

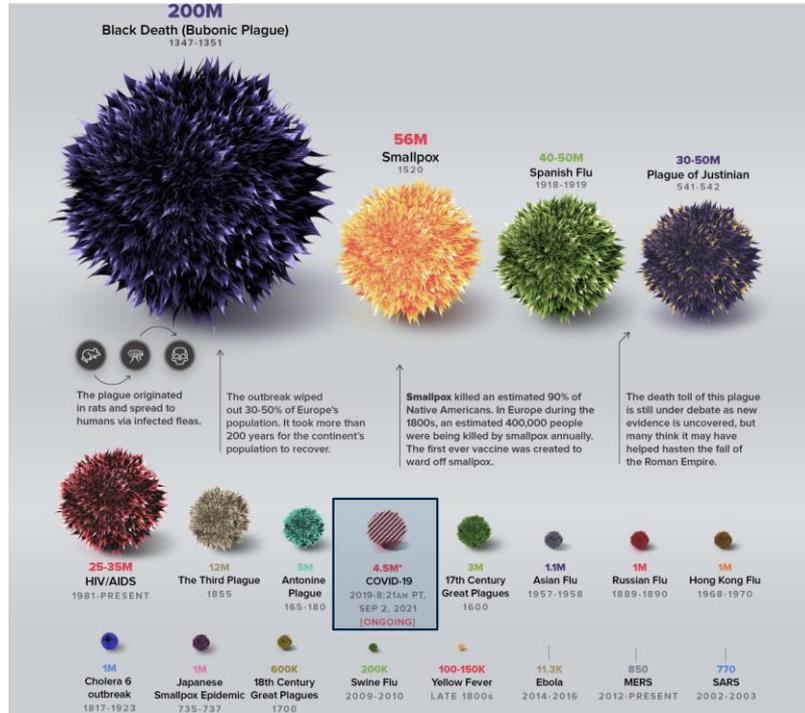
 Sanlam has taken active repricing and underwriting actions to mitigate and manage future risk exposures

 Strong investment case for insurers with demonstrably strong reserving and capital positions and that have taken appropriate and prudent risk management actions for the post COVID-19 world

History of pandemics, epidemics and outbreaks



Infectious diseases have been a constant feature of human history



[DEATH TOLL AS A PERCENT OF THE POPULATION]

Pandemic	% of Population	Death toll	Population Est.	Year of Est.
Black Death	51.0%	200M	0.39B	1300
Plague of Justinian	19.1%	40M	0.21B	500
Smallpox	12.1%	56M	0.46B	1500
Antonine Plague	2.6%	5M	0.20B	200
Spanish Flu	2.5%	45M	1.82B	1919
The Third Plague	1.0%	12M	1.26B	1850
HIV/AIDS	0.7%	30M	4.46B	1981
COVID-19	0.05%	4.5M	7.90B	02/09/2021

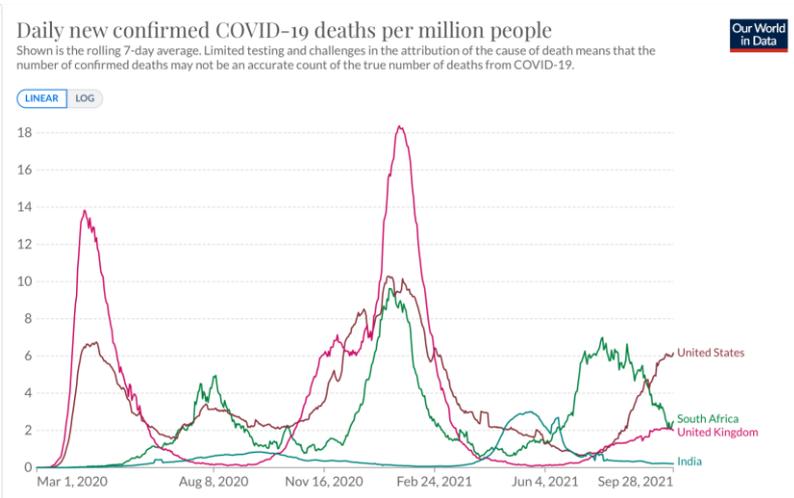
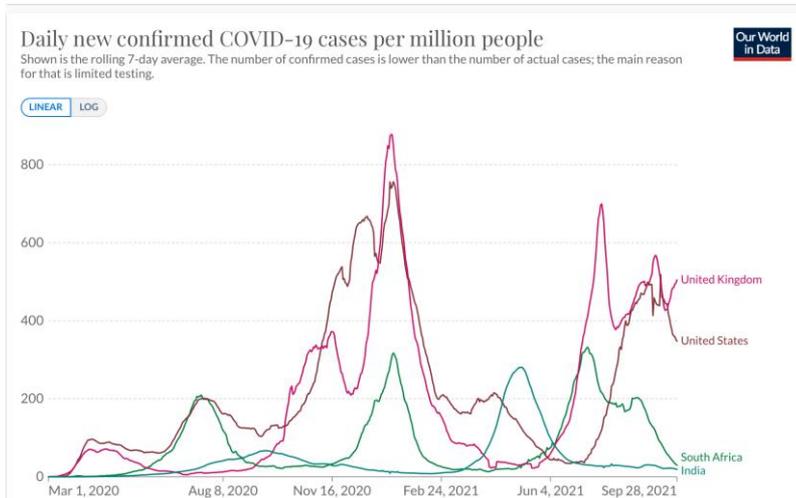
Source: Visual Capitalist; Multiple Sources; <https://www.visualcapitalist.com/history-of-pandemics-deadliest/>

COVID-19 pandemic developments globally



Infection and mortality waves

UK and US experience shows the impact of vaccination levels on mortality – recent UK and US mortality curves are much lower than corresponding infection curves (cf. South Africa and India where vaccination levels are still low)



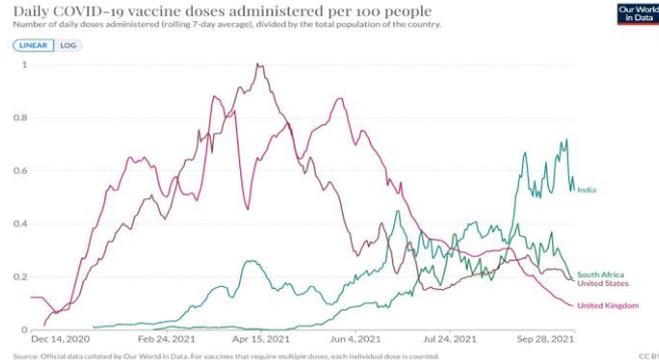
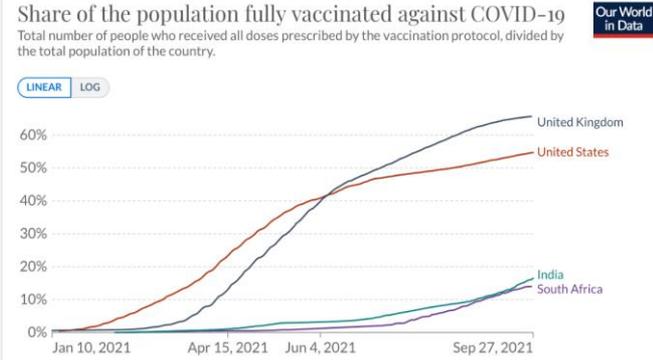
COVID-19 developments locally



South Africa – future infection and mortality waves

Level and severity of future infection and mortality waves largely depend on

- Vaccination levels: vaccine sufficiency; vaccine hesitancy
- Vaccine efficacy: waning immunity, emergence of new variants



Source: Official data collated by Our World in Data. For vaccines that require multiple doses, each individual dose is counted.

CC BY

COVID-19 developments locally



South Africa – excess deaths

History of excess deaths – South Africa wave 1, 2 and 3

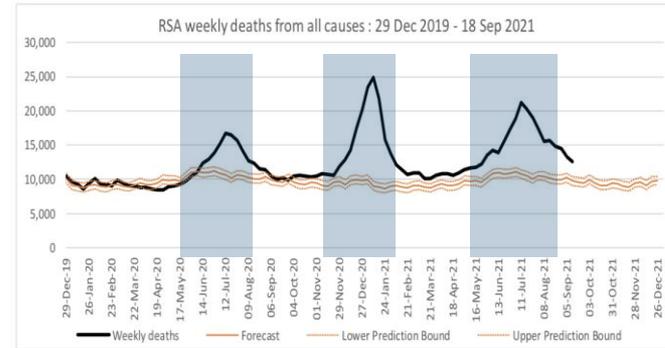
- Two winter waves: July/Aug 2020; July/Aug 2021
- One summer wave: Jan/Feb 2021

Wave 3 excess deaths are still above the prediction bounds overall:

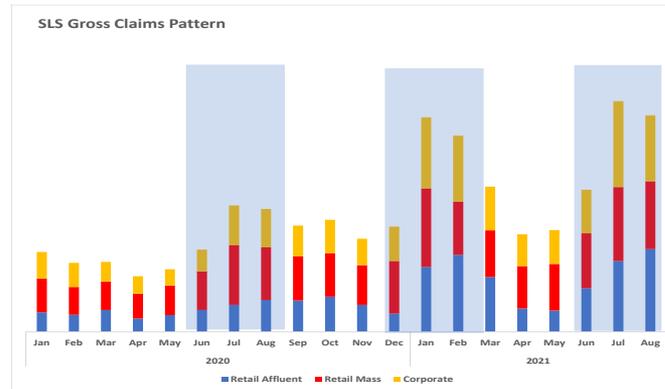
- Back within prediction bounds for < 60-year-olds
- Still above prediction bounds for 60+ year-olds

SLS excess claims experience has broadly tracked the national population mortality experience and has been buffered by strong balance sheet

- Pre-COVID pandemic reserves and other discretionary margin reserves. This strong reserving and capital position prior and during the crisis has enabled Sanlam to absorb the effects of the 3 waves to date without the need to set up new provisions and no adverse impact on capita strength.
- Current focus on repricing and risk mitigation actions for COVID and pricing and reserving for future pandemics.



Source: <https://www.samrc.ac.za/reports/report-weekly-deaths-south-africa>



Lessons learnt



A reminder that: pandemics exists; human world is extremely interconnected; humans are extremely adaptable and resilient

④ Interconnected impacts require integrated response

- › Interconnected impacts: health crisis, financial market impacts; economic impacts; loss of lives and loss of livelihoods
- › Value and effectiveness of holistic, multi-disciplinary and integrated responses

④ Scope for fast accumulation and aggregation of risks and need for fast decision-making

- › Fast-paced and high-intensity of aggregation of risks
- › Value of rapid absorption of emerging new (and incomplete) information and fast decision-making and proactive risk management

④ Requirement for balancing act: efficiency, resilience and sustainability

- › *“Efficiency comes through optimal adaptation to an existing environment while resilience requires the capacity to adapt to disruptive changes in the environment”* William A. Galston
- › Operational resilience (protecting staff and service to clients); financial resilience and effective management of emerging and unpredictable risk exposures (insurance risk, market risks); strategic resilience (value of robust and stress-tested strategies)
- › Sustainability in response actions: secure future insurance risk protection; prudent risk management in sound actuarial pricing and mitigation of risks

Navigating future pandemics



Actuarially sound repricing; prudent reserving for future pandemics

⌚ Repricing and risk mitigation actions

- › Need for increase in risk rates to reflect allowances for near-term COVID experience and future pandemics
- › Reviewing and revising of pricing across all clusters and risk products
 - Group risk business: Repricing and revised underwriting criteria for renewals and new business
 - Individual risk business: Risk-based and refined repricing and strict underwriting criteria (vaccination status and co-morbidities); maintain sound reinsurance strategies

⌚ Outlook and modelling for future pandemics on risk experience (mortality; morbidity)

- › Long COVID; delayed critical illness screening; COVID-pandemic mental health; future COVID waves
- › Increase in pandemic loadings in reinsurance arrangements
- › Maintain prudent reserving basis and restore reserves with increased allowance for risk of future pandemics in actuarial bases
- › Capital and risk profile position
 - Maintain and enhance strong capital and solvency position and sustained dividend-paying ability;
 - Robust stress and scenario testing;
 - ORSA and risk appetite discipline

thank you 