



**Summarised
Results
2018**

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Earnings

- ⌚ Net result from financial services increased by 4%
- ⌚ Dividend per share of 312 cents, up 8%

Business volumes

- ⌚ Net value of new covered business up 8% to R2 billion (up 14% on consistent economic basis)
- ⌚ Net new covered business margin of 2,8% on consistent economic basis (2,94% in 2017)
- ⌚ New business volumes increased by 1% to R223 billion
- ⌚ Net fund inflows of R42 billion compared to R37 billion in 2017

Group Equity Value

- ⌚ Group Equity Value per share of R63,41
- ⌚ Return on Group Equity Value per share of 11,6%
- ⌚ Adjusted Return on Group Equity Value per share of 19,4%; exceeding target of 13,0%

Capital management

- ⌚ R7,9 billion of capital raised and released; R13,5 billion deployed in strategic investments
- ⌚ Acquisition of remaining 53% stake in Saham Finances finalised
- ⌚ Package of BBBEE transactions approved by shareholders; planned implementation 1H2019
- ⌚ Sanlam Group SAM cover ratio of 215% (2017: 218%); Sanlam Life Insurance Limited SAM cover ratio for covered business of 221% (2017: 233%)

INTRODUCTION

Dear shareholder

I am pleased to present you with our 2018 results through this synopsis of our 2018 Sanlam annual reporting. Sanlam performed in line with Board expectations and continued creating value despite economic and social challenges in most of the countries in which we operate. Our solid strategy was again a significant contributor to deliver a satisfactory performance.

Apart from the key features of our results, this publication also includes an executive review of our performance in 2018 and our commentary on these results released on the Johannesburg and Namibian stock exchanges on 7 March 2019.

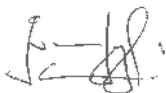
Documents accompanying the notice of Sanlam's annual general meeting are included separately as part of this summarised edition of our annual results.

As we have previously communicated to our shareholders, the changing financial reporting requirements and corporate governance demands over the past number of years have resulted in extremely voluminous annual reports. The continued printing of such comprehensive reports, along with the production and mailing cost, has a negative impact on our carbon footprint and our efforts to promote sustainability.

We therefore welcomed the statutory intervention that allows us to substitute comprehensive and voluminous printed integrated reports with cost-effective, responsible and transparent communication of our performance.

Accordingly, and apart from these summarised results, you can access the full details of our 2018 performance in our comprehensive annual report and sustainability portal online on our website www.sanlam.com.

I am sure you will agree with me that our performance in 2018 confirms the Sanlam Group's commitment to growing a sustainable business able to deliver on its promises. I thank you for your continued support.



Johan van Zyl
Chairman

SALIENT RESULTS

for the year ended 31 December 2018

		2018	2017	△
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	423,6	417,2	2%
Normalised headline earnings per share ⁽¹⁾	cents	431,5	480,0	-10%
Diluted headline earnings per share	cents	441,1	481,3	-8%
Net result from financial services	R million	8 890	8 549	4%
Normalised headline earnings ⁽¹⁾	R million	9 056	9 835	-8%
Headline earnings	R million	9 162	9 757	-6%
Dividend per share	cents	312	290	8%
Business volumes				
New business volumes	R million	223 029	221 172	1%
Net fund inflows	R million	41 539	37 143	12%
Net new covered business				
Value of new covered business	R million	1 985	1 841	8%
Covered business PVNBP ⁽²⁾	R million	74 378	62 604	19%
New covered business margin ⁽³⁾	%	2,67	2,94	
Group Equity Value				
Group Equity Value	R million	134 052	121 763	10%
Group Equity Value per share	cents	6 341	5 940	7%
Return on Group Equity Value per share ⁽⁴⁾	%	11,6	14,8	
SOLVENCY				
Sanlam Group SCR cover ratio	%	215	218	
Sanlam Life Insurance SCR cover ratio – covered business	%	221	233	

Notes

- ⁽¹⁾ Normalised headline earnings = headline earnings, excluding fund transfers.
- ⁽²⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.
- ⁽³⁾ New covered business margin = value of new covered business as a percentage of PVNBP.
- ⁽⁴⁾ Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

EXECUTIVE REVIEW

We made major progress in executing on our strategic pillars during 2018, as elaborated on in the Group Chief Executive's report in the Integrated Report. Our federal model and diversified profile are major contributors, enabling a dual focus on growing our existing operations while also concluding new corporate transactions to drive enhanced future growth. This diligent focus on strategic execution enabled us to achieve solid growth in 2018 and double-digit average growth rates in most key performance indicators over the last 10 years. Highlights for the year include two major transformative transactions that position us well for sustainable future growth: the acquisition of the remaining stake in Saham Finances in October 2018 and the approval of a package of Broad-based Black Economic Empowerment (BBBEE) transactions by shareholders in December 2018. Growth of 14% in the value of new covered business (VNB) on a consistent economic basis and more than R2 billion in positive experience variance is testimony to Sanlam's resilience in difficult times.

We entered 2018 with renewed optimism in South Africa. The election of Mr Cyril Ramaphosa as president of the African National Congress and South Africa boded well for an improved operating environment. Corporate and individual investor confidence soared, but it was unfortunately short lived. It was soon realised that it will take longer than expected to transform the positive changes into enhanced economic growth. Investor confidence faded as a result, compounded by international developments including a steady rise in the US Federal Reserve policy interest rate, the uncertainties surrounding Brexit and an escalating trade war between the US and China. Operating conditions in South Africa remained challenging as a result, with pedestrian economic growth, negative returns on the local equity market and currency volatility. The negative return of 9% for the JSE/FTSE All Share index compared to a positive return of 21% in 2017 had a pronounced impact on RoGEV and earnings growth in 2018.

Economic growth in a number of the other key emerging markets where we operate were also constrained. In addition, equity markets across most of these markets recorded declines, placing severe pressure on our ability to grow earnings and create value for our clients. The currencies of oil-producing countries, Nigeria and Angola in particular, remained weak.

Despite these challenges, the Group delivered robust overall growth in key performance indicators, supported by our diversification across geographies, market segments and lines of business.

EXECUTIVE REVIEW (continued)

The key highlights and challenges for the year are:

Highlights	Challenges
Adjusted RoGEV of 19,4% per share exceeded the target of 13%	Weak investment markets impacted on Sanlam Investment Group (SIG) and Sanlam Personal Finance (SPF) profitability
Exceptional underwriting performance by Santam	New business volumes at SIG and Glacier under pressure from low investor confidence
Strong growth in VNB, with a sterling performance by Sanlam Sky and Sanlam Corporate	Adverse group risk claims experience continued in 2018
Continuation of track record of positive experience variances from covered business - exceeding R2 billion for the first time. Positive variances from all clusters and from various sources	Underperformance in East Africa and at Letshego
Saham Finances acquisition concluded and consolidated from 1 October 2018.	Saham Finances 2018 results impacted by adverse claims experience and lower investment markets
Package of BBBEE transactions approved and successful book build of R5,5 billion in March 2018, increasing issued share capital by 3%	

COMMENTS ON THE RESULTS

Basis of presentation and accounting policies

The Sanlam Group IFRS financial statements for the year ended 31 December 2018 are presented based on and in compliance with International Financial Reporting Standards (IFRS). The basis of presentation and accounting policies for the IFRS financial statements are in all material respects consistent with those applied in the 2017 Integrated Report and Annual Financial Statements, apart from the adoption of IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. Read more about the impact of the adoption of these new accounting standards in the Integrated Report. The basis of presentation and accounting policies for the Shareholders' Information are also in all material respects consistent with those applied in the 2017 Integrated Report, apart from the following:

- The SIG cluster was restructured with effect from 1 January 2018. Following the creation of the Central Credit Manager (CCM) within Sanlam Capital Markets (SCM), it was decided to further enhance focus on the management of Sanlam assets within the SIG cluster, while at the same time creating a third party asset manager that can more effectively compete with leading independent asset managers. The Sanlam Asset Management division and the part of Sanlam Structured Solutions responsible for the Sanlam assets were accordingly combined with SCM to form the new Sanlam Specialised Finance sub cluster. Comparative Shareholders' Information has been restated accordingly, apart from Group Equity Value (GEV) that has not been restated for Sanlam Asset Management. The valuation of Sanlam Asset Management as a separate business was only finalised during 2018. Comparative GEV valuations are not available with the business accordingly transferred to Sanfin with effect from 1 January 2018 for GEV purposes. As it is an intra cluster transfer, it does not have an impact on GEV or RoGEV for the overall SIG cluster. As part of the restructuring, operational responsibility for the Group's term finance margin business was also transferred from the Group Office to Sanlam Specialised Finance. Comparative information was not restated for this change in operational responsibility based on materiality.
- Non-annuity assets and business flows at Sanlam Private Wealth have been reclassified from Assets under Management to Assets under Administration in line with industry practice. Business flows relating to these assets are commensurately excluded from new business volumes and net fund flows. Comparative 2017 information for SIG and the Group has been restated as follows:
 - o New business volumes decreased by R9 016 million
 - o Net fund flows increased by R2 568 million
 - o Reclassification of assets amounting to R98 446 million from assets under management to assets under administration.

COMMENTS ON THE RESULTS (continued)

- Savings business written through the Sanlam Sky distribution channels are recognised within the SPF Savings business with effect from 2018. Comparative information has not been restated. The 2018 SPF Savings results include new business volumes of R118 million and VNB of negative R15 million relating to business formerly recognised in Sanlam Sky.

All growth percentages reflected in this review are relative to the 12 months ended 31 December 2017, unless otherwise indicated.

The 3% new shares issued through an accelerated book build in the first quarter (refer Capital management section) had a 2,3% dilutive effect on earnings per share metrics due to an increase in the weighted average number of shares in issue during the year. In addition, the acquisition of the remaining stake in Saham Finances, for which the capital was raised, was completed and started contributing to earnings from 1 October 2018.

Corporate activity during 2017 and 2018 impacts on the comparability of the Group's results. The following were the largest transactions:

- SPF acquired a 53% stake in BrightRock with effect from 1 September 2017. Shares acquired subsequent to the initial acquisition has increased Sanlam's stake to 55,1% at 31 December 2018.
- SPF started Indie as a new greenfields business in 2017, with initial losses recognised in earnings in both 2018 and 2017.
- SEM sold its stake in the Enterprise Group in Ghana with an effective date of 1 July 2017.
- Absa Consultants and Actuaries (renamed ACA Employee Benefits (ACA)) was acquired effective 1 April 2018.
- Saham Finances is consolidated with effect from 1 October 2018; before this date, the Group's investment in Saham Finances was recognised as an equity-accounted investment. The table below provides a summary of Sanlam's participation in Saham Finances' earnings, new business volumes, VNB and net fund flows based on the changes in shareholding:

Period	Sanlam Group	SEM	Santam
1/1/2017 - 30/4/2017	30%	22,5%	7,5%
1/5/2017 - 31/12/2017	46,6%	39,63%	6,97%
1/1/2018 - 30/9/2018	46,6%	39,63%	6,97%
1/10/2018 - 31/12/2018	100%	90%	10%

The impact of corporate activity is highlighted in the remainder of this report where relevant.

The structural information included in this report has been presented to illustrate the impact of changes in the group structure and is the responsibility of the Group's board of directors ("Board"). It is presented for illustrative purposes only and because its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows.

Sanlam's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the structural information in terms of section 8 of the JSE Listings Requirements. The limited assurance report is available for inspection at Sanlam Limited's registered address.

Earnings

Normalised attributable earnings increased by 5% in 2018, the aggregate of an 8% decline in normalised headline earnings and a substantial increase in profit recognised on the (deemed and actual) disposal of subsidiaries and associates.

Shareholders' fund income statement for the year ended 31 December 2018

R million	2018	2017	△
Net result from financial services	8 890	8 549	4%
Sanlam Personal Finance	4 033	4 235	-5%
Sanlam Emerging Markets	2 038	1 793	14%
Sanlam Investment Group	1 152	1 227	-6%
Santam	1 196	851	41%
Sanlam Corporate	580	558	4%
Group office and other	(109)	(115)	5%
Net investment return	707	1 663	-57%
Net investment income	644	846	-24%
Net investment surpluses	63	817	-92%
Project costs and amortisation	(536)	(375)	-43%
Equity participation costs	(5)	(2)	> -100%
Normalised headline earnings	9 056	9 835	-8%
Profit on disposal of subsidiaries and associates	2 773	1 335	> 100%
Impairments	(305)	(303)	-
Net equity-accounted non-headline earnings	(3)	134	> -100%
Normalised attributable earnings	11 521	11 001	5%

Net result from financial services

Net result from financial services (net operating profit) of R9 billion increased by 4% on 2017, with substantial growth in Santam's contribution.

Corporate activity supported the results, as well as a benign claims environment at Santam in 2018 compared to large catastrophe events during June and October 2017 in the comparable period. Normalising for these, net result from financial services were marginally up on 2017.

SPF net result from financial services declined by 5% (also down 5% on a gross basis). Excluding corporate activity and new growth initiatives, SPF's contribution were in line with 2017 due to the major impact that the weak equity market performance had on fund-based fee income at Glacier, the Closed Book and Savings business units.

COMMENTS ON THE RESULTS (continued)

SPF net result from financial services for the year ended 31 December 2018

R million	2018	2017	△
Sanlam Sky and African Rainbow Life Insurance	1 268	1 228	3%
Recurring premium sub cluster	2 780	2 568	8%
Glacier	1 190	1 753	-32%
Life investments	651	1 260	-48%
LISP	539	493	9%
Strategic business development	374	351	7%
Sanlam Personal Loans	422	375	13%
Other	(48)	(24)	-100%
Gross result from financial services	5 612	5 900	-5%
Tax on gross result from financial services	(1 636)	(1 679)	3%
Non-controlling interest	57	14	> 100%
Net result from financial services	4 033	4 235	-5%

Sanlam Sky and African Rainbow Life Insurance's gross profit contribution increased by 3%, the combination of 5% growth at Sanlam Sky and initial expenses of R25 million incurred in 2018 to create the new African Rainbow Life Insurance business (planned launch date in the first half of 2019). Strong new business growth at Sanlam Sky (refer Business volumes section) contributed to higher new business strain being recognised in 2018 in terms of the Group's prudent accounting policies, which recognise upfront acquisition costs incurred in respect of insurance contracts in earnings as opposed to capitalising and spreading it over the duration of the policies. Excluding the additional new business strain, Sanlam Sky's gross result from financial services increased by 10%, reflecting the increase in the size of the in-force book. Mortality experience improved in 2018, but was more than offset by a slight weakening in persistency experience and negative investment and other variances.

The *Recurring premium sub cluster's* gross result from financial services grew by 8%. Excluding BrightRock, gross result from financial services was 15% higher than 2017. BrightRock is experiencing very strong growth as a relatively young company, with new business strain exceeding profit releases from the in-force book. It therefore still contributes operating losses to the SPF earnings. Strong growth in risk profits (excluding BrightRock) was partially offset by 3% and 4% respective declines in the profit contributions of the Savings and Closed Book businesses. Risk profits benefited from the increased size of the in-force book, improved claims experience and flat new business strain following no growth in new business volumes from the traditional risk business channels (excluding BrightRock). Earnings from the Savings and Closed Book businesses were negatively affected by the weak investment market performance that depressed growth in assets under management, and declining units in the Closed Book.

Glacier's Life investments profit was severely impacted by the weak equity market performance as well as negative modelling and assumption changes. The Life investments portfolio includes products where Glacier participates in the absolute investment return earned on the underlying asset base. These products experienced marginal negative investment returns in 2018 compared to double digit positive returns in 2017, contributing to a R317 million decline in fee income. Weak investment returns and net outflows of guaranteed business also placed pressure on fee income from the other lines of savings business. The Linked Investment Savings Plan (LISP) business's profit increased by 9%. The weakening in the rand exchange rate and good demand for international products protected the overall assets under management of the LISP business from the weak South African equity market performance. Cost saving initiatives also had a positive effect.

Strategic business development (SBD) profits increased by 7%. Growth in the size of the Sanlam Personal Loans book supported 12% growth in the business's profit contribution. Bad debt provisioning increased in line with the requirements of IFRS 9, which was adopted with effect from 2018.

SEM grew its net result from financial services by 14%; up 21% excluding the increase in new business strain recognised in terms of the Group's prudent accounting policies. Excluding corporate activity, earnings were marginally up on 2017 (up 8% excluding increased new business strain). Gross of tax and non-controlling interest, result from financial services also increased by 14%. Changes in the rand exchange rate did not have a significant impact on the translated SEM earnings, apart from India as indicated below.

SEM net result from financial services for the year ended 31 December 2018

R million	2018	2017	△
Namibia	412	535	-23%
Botswana	916	872	5%
Rest of Africa	1 166	790	48%
Saham Finances (including Lebanon)	1 055	545	94%
Enterprise Group Ghana	-	30	-100%
Other	111	215	-48%
Pan-Africa portfolio	2 494	2 197	14%
Other emerging markets	1 241	1 192	4%
India	1 169	1 134	3%
Malaysia	72	58	24%
Corporate - South Africa	38	(78)	>100%
Gross result from financial services	3 773	3 311	14%
Tax on gross result from financial services	(1 109)	(936)	-18%
Non-controlling interest	(626)	(582)	-8%
Net result from financial services	2 038	1 793	14%

COMMENTS ON THE RESULTS (continued)

Gross result from financial services from the Pan-Africa portfolio increased by 14%:

- *Namibia's* gross result from financial services declined by 23%. Corporate activity resulted in Bank Windhoek changing from a subsidiary to an associated company of Capricorn Investment Holdings (CIH) in 2017. As a subsidiary, Bank Windhoek's gross earnings were included in the Capricorn Investment Holdings (CIH) gross result from financial services, with the Bank Windhoek non-controlling interest being recognised as a separate component in net result from financial services. As an associate, only CIH's effective stake in Bank Windhoek's earnings is recognised in gross result from financial services. Excluding this change in accounting treatment, as well as the additional new business strain in the life insurance business (refer below), gross result from financial services increased by 9%.

Life insurance gross result from financial services declined by 22%, primarily due to a significant increase in new business strain emanating from the strong growth in entry-level market new business volumes. Excluding this, operating earnings increased by 24%. Group life claims experience improved in the second half of the year, with overall risk profit increasing on 2017. Fund withdrawals by the Government Institutions Pension Fund of R2 billion at the end of 2017 and a further R1 billion in 2018, combined with a weak equity market performance, depressed fee income and gross result from financial services of the asset management business, with the latter declining by 10%. Santam Namibia struggled to grow its premium base under challenging operating conditions, with gross written premiums declining by 5% and gross result from financial services declining by 17%. Earnings from credit business declined by 22% (up 7% excluding the impact of the change in accounting treatment of Bank Windhoek), with the relatively low growth reflecting the weak general operating environment in Namibia and liquidity constraints within the banking sector.

- The *Botswana* operations achieved mixed results with an overall increase of 5% in gross result from financial services. Life insurance profit increased by 14%. Annuities underperformed due to low new business volumes, but this was more than offset by good growth in the funeral, group credit life and term assurance lines. Letshego's gross earnings were in line with 2017, the combined effect of limited growth in the size of the loan book, additional bad debt provisions recognised in terms of IFRS 9 and some one-off expenses. A new business plan has been developed under the auspices of a new chief executive to address the underperformance. The decline in the Botswana equity market placed pressure on the asset base and fee income of the investment management business, which did well to increase its gross earnings by 1% despite the challenging conditions. Earnings contributions from the other Botswana businesses were broadly in line with the prior year.

- The *Rest of Africa* gross result from financial services increased by 48%:
 - The Saham Finances contribution almost doubled, supported by corporate activity in 2018 and 2017. The table below provides an analysis of the Saham Finances earnings on a 100% basis for 2018 and 2017, which eliminates the distortion caused by changes in shareholding at a Sanlam level during the two years. The average exchange rates used for translation purposes were R/MAD 1,417 and R/MAD 1,388 for 2018 and 2017 respectively.

Saham Finances net result from financial services for the year ended 31 December 2018

R million	2018	2017	△
Gross written premiums	16 569	15 975	4%
Net earned premiums	13 843	12 723	9%
Net claims incurred	(9 448)	(8 537)	-11%
Net commission	(1 454)	(1 289)	-13%
Management expenses	(2 645)	(2 572)	-3%
Underwriting result	296	325	-9%
Investment return on insurance funds	951	1 734	-45%
Non-insurance earnings	52	116	-55%
Gross result from financial services	1 299	2 175	-40%
Taxation and non-controlling interest	(609)	(1 078)	44%
Net result from financial services	690	1 097	-37%

Key features for 2018:

- Gross written premiums increased by 4% (8% in local currency). Refer Business volumes section below for more information.
- Gross underwriting profit decreased by 9%, with life insurance earnings decreasing to a loss of R448 million (2017: loss of R419 million) due to investments in growth, and general insurance earnings being in line with 2017.
- The general insurance combined ratio amounted to 95,9% (2017: 94,4%). The following items impacted on the general insurance results:
 - One-off incentives of R28 million were paid to staff as part of the post-acquisition integration process.
 - General insurance claims experience weakened at Saham Maroc during the year, impacted by an increase in motor claims frequency and one-off fire claims in the fourth quarter of 2018, which is traditionally a strong quarter for the Moroccan business.
 - Angola's loss declined from R40 million in 2017 to R29 million in 2018. An improvement in claims experience was partially offset by a higher cost base. Exchange rate weakness contributed to higher expense inflation.

COMMENTS ON THE RESULTS (continued)

- o Lebanon also experienced a better claims environment, with a combined ratio of 88,2% in 2018 (2017: 91,2%). Underwriting profit increased by 107% as a result despite the pressure on premium growth (refer Business volumes section below).
- o The other regions recorded lower earnings from direct insurance, primarily due to pressure in Cote d'Ivoire.
- o Reinsurance profit increased by 11% from R232 million in 2017 to R257 million in 2018.
- Investment return earned on insurance funds declined by 45%. The underlying portfolios included legacy equity exposures, which benefited from positive investment market returns in 2017, while most markets declined in 2018. The difference in relative market performance contributed R725 million to the decline. The strategic asset allocation of these portfolios will be reassessed as part of the planned capital management activities following the acquisition and Saham Finances becoming a wholly-owned subsidiary.

Relative investment market returns and a number of one-off items impacted on the Saham Finances earnings for 2018. The table below provides an analysis of the Saham Finances attributable and normalised earnings in context of the purchase consideration:

Analysis of Saham Finances earnings

R million	2018	2017
Net result from financial services	690	1 097
Net investment return	172	110
Net finance cost	(160)	(76)
Attributable earnings	702	1 131
Foreign currency translation differences	(124)	151
Comprehensive income	578	1 282
Operational adjustments	68	-
Prior year tax adjustment	49	-
Post-acquisition incentives	28	-
Profit on disposal of subsidiary	(80)	-
Reduction in funding cost post acquisition	71	-
Investment market volatility	387	(271)
Marked-to-market adjustments - return on insurance funds	86	(371)
Marked-to-market adjustments - net investment return	123	215
Angola currency depreciation	178	(115)
Normalised comprehensive income	1 033	1 011
Purchase price at hedged rate - 100% holding	25 914	
Transaction Price/Earnings ratio	25	26

A number of synergies have been identified during the acquisition phases. Good progress has already been made, with net synergies of US\$1 million after tax and minorities realised in 2018, after allowing for integration costs.

- o The other Rest of Africa operations had a disappointing year. Nigeria, Uganda and Zimbabwe achieved strong growth, with their combined gross earnings increasing by 66%. This was, however, more than offset by underperformance in other large regions and the impact of the Ghana disposal in 2017. Ghana contributed R30 million to the 2017 gross earnings.
- The Zambian health business experienced one-off losses of R32 million, which includes bad debt provisions in respect of amounts owing by the former outsourced partner. The health business was transferred to Saham Finances in the latter part of 2018, who has a strong track record of managing this line of business profitably in Africa. A turnaround in prospects is already evident. The Zambian life business also had a difficult year, with low new business production and one-off costs relating to a cost reduction initiative contributing to a break-even position. Corrective actions have been implemented, including the pending appointment of a new chief executive as well as increased distribution support from a SEM cluster level.
- Gross result from financial services of the Malawian life business exceeded the 2018 budget, but still declined by 23% from a high base in 2017. Profitability of the general insurance business was under pressure from high claims and expense experience.
- The Tanzanian life business had a good year and grew its earnings contribution by 15%. This was, however, not sufficient to compensate for underperformance in the general insurance business. Regulatory changes in the general insurance industry in Tanzania included a change to a 'no premium no cover' regime. This had a one-off impact on both current year production and terminations within the in-force book. Combined with weaker claims experience, it reduced the 2018 general insurance earnings by R36 million compared to 2017.
- The Kenya operations recorded a 17% decrease to R25 million. The life insurance business gained traction and achieved strong growth. The asset management business exceeded expectations for the year and more than doubled its contribution, partly assisted by the acquisition of a controlling stake in the former PineBridge investment management business during 2017. These good performances were, however, more than countered by one-off restructuring and administration costs of some R20 million. A new group chief executive with in depth insurance experience has been appointed, augmenting the appointment of the new life insurance chief executive in 2017. This substantially strengthens the management team and prospects of the business. Cluster level distribution support will also be provided in 2019 to accelerate new business production.

COMMENTS ON THE RESULTS (continued)

Other emerging markets delivered 4% growth in gross result from financial services.

- The *Indian* businesses had a solid year, increasing their gross result from financial services by 3% in rand terms (10% in local currency). Shriram Transport Finance delivered growth of 14% in local currency, supported by good growth in its loan book. The Shriram City Union Finance loan book also grew by double digits, but a decline in net interest margin limited its operating earnings growth to 9% in local currency. Liquidity constraints in the Indian market increased funding costs for the business. Shriram General Insurance earnings grew by 13% in local currency, attributable to an improvement in underwriting margin. Expansion costs incurred by the life insurance business were recognised as project expenses in the initial two years of the initiative to take cognisance of the fact that the growing in-force book will take some time to reflect in higher earnings. Recognition of these costs within project expenses was discontinued on 30 June 2018 and reallocated to gross result from financial services with effect from 1 July 2018, limiting growth in life insurance operating earnings to 2% in local currency.
- The *Malaysian* operations achieved satisfactory growth in 2018. Life insurance profit increased by 23% (17% in local currency), benefiting from positive investment variances and lower administration costs. A more diversified book of business contributed to an improvement in the general insurance claims experience, with operating earnings from this line of business increasing by 12% (6% in local currency).

The 18% increase in tax on financial services income includes prior year tax adjustments of R127 million in Botswana, Kenya and Saham Finances (R82 million after non-controlling interests).

SIG overall net result from financial services declined by 6%:

SIG gross result from financial services for the year ended 31 December 2018

R million	2018	2017	△
Sanlam Investments (3 rd party business)	377	396	-5%
Wealth Management	170	203	-16%
International	515	401	28%
Corporate services	(16)	(5)	>-100%
Investment management	1 046	995	5%
Sanlam Specialised Finance	496	582	-15%
Sanlam Asset Management	204	196	4%
Central Credit Manager and other	292	386	-24%
Gross result from financial services	1 542	1 577	-2%
Tax on gross result from financial services	(326)	(336)	3%
Non-controlling interest	(64)	(14)	>-100%
Net result from financial services	1 152	1 227	-6%

The third-party *Sanlam Investments* gross result from financial services declined by 5% on 2017, attributable to a R47 million decrease in performance fees from R58 million in 2017 to R11 million in 2018. This is due to a slight underperformance of some 0,3% in the larger portfolios, attributable to the severe devaluation of properties in the first quarter of 2018 and underperformance in the emerging markets fund. Excluding performance fees, gross operating earnings increased by 8%, a particularly satisfactory result given no growth in the average level of the South African equity market in 2018. Satrix achieved meaningful earnings growth, with the positive impact of net fund inflows more than offsetting fee pressures in a highly competitive market. The third party component of Sanlam Structured Solutions also had a good year, benefiting from a number of new structuring transactions. The other business units experienced a decline in earnings in line with generally no growth in assets under management, but with administration costs increasing in line with inflation.

Wealth Management gross result from financial services decreased by 16% (3% down excluding Summit Trust that was disposed of during 2017 and one-off performance fees earned from a specific client arrangement in 2017). The 3% decline is substantially due to administration costs incurred in respect of operational system upgrades.

The *International* business' gross results were positively impacted by Nucleus being consolidated after its listing (compared to equity-accounting as an associate up to 30 June 2018), strong growth in assets under administration at the Ireland-based platform business due to third party inflows and increased international allocation in the South African portfolios, and property development profits earned by Artisan. Excluding the change in accounting treatment of Nucleus, gross results were up 12%.

Sanlam Specialised Finance did well to grow the profit contribution of the Sanlam Asset Manager and the related division of Sanlam Structured Solutions by 4% against the backdrop of weak equity markets. The Structured Solutions business earned higher structuring fee income and recognised its share in the margin earned on the Sanlam Life bond that matured in August 2018. The proceeds from the Sanlam Life bonds are invested in a portfolio of matching assets, with Structured Solutions sharing in the net margin earned over the period until maturity. The remainder of the operations were negatively impacted by losses of some R40 million relating to equity-backed empowerment transactions following a decline in the underlying share prices and some R70 million in respect of the non-recognition of income on the Mayfair collateralised loan. A prudent approach is followed in respect of the exposure during the winding up of Mayfair Holdings and Mayfair Speculators.

COMMENTS ON THE RESULTS (continued)

Following a year of major catastrophe events in 2017, **Santam** experienced a relatively benign claims environment in 2018. Combined with acceptable growth in net earned premiums, it contributed to a 37% increase in gross result from financial services (41% after tax and non-controlling interest). The conventional insurance book achieved an underwriting margin of 9% in 2018 (6% in 2017), well in excess of its 4% to 8% target range. Profit from the motor and property books, the largest lines of business, increased by 144%. This was driven by an absence of large catastrophe events and fewer large commercial fires. The aggregate profit contribution from other insurance classes declined by 32%. Engineering and accident and health did well due to limited claims activity. Liability business experienced a number of large claims, including the listeriosis outbreak early in 2018, while the Guarantee business experienced losses in the difficult economic environment.

The management expense ratio increased compared to 2017, mainly due to increased variable incentive costs in 2018, increased direct acquisition costs to support growth initiatives at MiWay, as well as additional underwriting risk management costs incurred to improve the loss ratio across all lines. A provision was also raised to account for the liquidity concerns at a third-party collection agency that went into voluntary curatorship. The 16% increase in gross result from financial services from the SEM investments reflect the benefit of the Saham Finances corporate activity. Excluding Saham Finances, gross earnings from the SEM investments were in line with 2017 due to the weaker general insurance performance in the SEM Rest of Africa portfolio and solid results from SGI in India (refer SEM section above).

Sanlam Corporate's net result from financial services increased by 4% (3% on a gross basis), with the muted growth caused by ongoing high group risk claims experience. This conceals an overall good operational performance. SEB earnings declined by 3% due to a R66 million (39%) decline in risk profits. Mortality and disability claims experience weakened significantly in the second half of the year, which is likely to require further rerating of premiums in 2019. The administration units turned profitable in 2018, a major achievement after many years of operating losses. The healthcare businesses reported satisfactory double digit growth in gross earnings, while ACA made a first time contribution of R54 million, well in excess of the business plan. The new corporate solutions team established in 2018 contributed to an increase in cluster costs from R7 million in 2017 to R32 million in 2018.

Normalised headline earnings

Normalised headline earnings of R9,1 billion are 8% down on 2017. This is the combined effect of the 4% increase in net result from financial services, a 57% decline in net investment return earned on the capital portfolio, a 53% (R139 million) increase in amortisation of intangible assets as well as an increase in net project expenses from R114 million in 2017 to R136 million in 2018.

Net investment return was negatively impacted by:

- A decline in equity and fixed interest markets across most regions where the Group operates;
- Impairment of corporate credit exposures in Kenya of some R86 million; and
- Investment return lost on capital redeployed for strategic acquisitions in 2017 and 2018.

The amortisation of the value of business acquired intangible asset recognised upon the consolidation of Saham Finances contributed R117 million to the R139 million increase in the amortisation charge.

Net project expenses include R56 million one-off expenses incurred by SIG on new data capabilities and platforms (including big data and advanced analytics) (2017: R8 million), R22 million due diligence and related expenses in respect of the Saham Finances acquisition (2017: R8 million), Shriram Life Insurance expansion cost of R8 million up to 30 June 2018 (2017: R26 million) and R44 million of SEM cluster level project-related expenses (2017: R42 million).

Normalised attributable earnings

Normalised attributable earnings increased by 5% from R11 billion in 2017 to R11,5 billion in 2018. The biggest contributors to profit on disposal of subsidiaries and associates of R2,8 billion is the change in accounting treatment of Saham Finances (R1,8 billion) and Nucleus (R0,7 billion) from associated companies to subsidiaries. In terms of IFRS, when an associated company becomes a subsidiary, the former investment in the associated company must be derecognised as a deemed disposal at fair value, with the subsidiary being fully recognised as an acquisition at fair value. In essence, the profit on disposal of the associate is reflected in higher intangible assets being recognised on acquisition date of the subsidiary. The 2017 comparative profit on disposal of subsidiaries and associates comprised substantially of R1,2 billion realised on the disposal of the Enterprise Group in Ghana. Impairment charges largely relate to the impairment of the investments in Letshego (R105 million) and CIH (R96 million). Letshego's operational performance did not improve in 2018, requiring a further impairment of the investment. The CIH impairment follows the decline in the Bank Windhoek performance and share price due to pressure in the Namibian banking sector.

Business volumes

New business volumes increased by 1% amidst pressure on investor confidence in South Africa and a high comparative base in Botswana. Life insurance new business volumes increased by 21%, investment business inflows declined by 8% and general insurance earned premiums increased by 19%, with the latter in particular benefiting from corporate activity. Net fund flows increased by 12%, with all clusters apart from SIG achieving sterling growth.

COMMENTS ON THE RESULTS (continued)

Business volumes for the year ended 31 December 2018

R million	New business			Net inflows		
	2018	2017	Δ	2018	2017	Δ
Sanlam Personal Finance	60 971	58 615	4%	10 294	8 454	22%
Sanlam Emerging Markets	26 224	21 903	20%	8 607	2 140	302%
Sanlam Investment Group	99 696	114 391	-13%	7 214	18 678	-61%
Santam	22 812	21 435	6%	8 986	7 265	24%
Sanlam Corporate	13 326	4 828	176%	6 438	606	962%
Total	223 029	221 172	1%	41 539	37 143	12%
Life insurance business	53 815	44 615	21%	16 814	10 235	64%
Investment business	136 529	149 000	-8%	11 779	17 491	-33%
General insurance	32 685	27 557	19%	12 946	9 417	37%
Total	223 029	221 172	1%	41 539	37 143	12%

SPF's new business sales increased by 4%, an overall satisfactory result under challenging conditions.

SPF new business volumes for the year ended 31 December 2018

R million	2018	2017	Δ
Sanlam Sky	2 494	1 455	71%
Recurring premium sub cluster and Strategic business development	3 412	2 838	20%
BrightRock	410	64	>100%
Other	3 002	2 774	8%
Glacier	55 065	54 322	1%
Life investments	10 082	10 219	-1%
LISP	44 983	44 103	2%
New business volumes	60 971	58 615	4%

Sanlam Sky's new business increased by an exceptional 71% (83% excluding the savings business transferred to the SPF Savings business). The annual R566 million Capitec credit life new business recognised in the first half of the year was augmented by strong demand for the new Capitec funeral product, which generated new business of R433 million. The traditional individual life intermediary channel continued on its growth path, growing new business sales by 13%. Safrican's performance improved in the second half of the year, achieving 9% growth for the full year.

New business volumes in the *Recurring premium* sub cluster and *Strategic Business Development* increased by 20%. Risk business sales increased by 51%. Strong organic growth at BrightRock was augmented by the structural impact of the acquisition concluded during the course of 2017. Excluding BrightRock, new risk business sales were up 3%, with MiWayLife providing the growth. Savings and personal loans credit life sales increased by 10%, with strong demand for retirement annuities partially offset by lower traditional endowment sales.

Glacier new business grew marginally by 1%. Primary sales onto the LISP platform improved by 5%, an acceptable result given the pressure on investor confidence in the mass affluent market. Secondary sales into *Glacier* funds declined by 4% – wrap inflows were down 7% as conversions of platform assets slowed, but with good demand for global stock feeder funds and the artificial intelligence fund providing some relief. Life investments sales experienced an overall decline of 1% with a significant change in mix of business from endowments to guaranteed plans and life annuities.

The BrightRock contribution and good sales of single premium LISP business supported an overall 22% rise in SPF's net fund inflows.

SEM new business volumes increased by 20%.

SEM new business volumes for the year ended 31 December 2018

R million	2018	2017	Δ
Namibia	6 802	5 593	22%
Botswana	5 833	7 137	-18%
Rest of Africa	10 655	6 360	68%
Saham Finances (including Lebanon)	7 569	3 385	124%
Enterprise Group Ghana	-	130	-100%
Other	3 086	2 845	8%
Pan-Africa portfolio	23 290	19 090	22%
Other emerging markets	2 934	2 813	4%
India	2 329	2 224	5%
Malaysia	605	589	3%
New business volumes	26 224	21 903	20%

Namibia did exceptionally well to increase new business volumes by 22% despite weak economic conditions. Both life and investment new business grew strongly. Within the life insurance segment, the mix of business changed to the more profitable entry-level market.

The main detractor from new business growth in the *Botswana* business was the investment line of business, which declined by 24%. This line of business is historically more volatile in nature. Life insurance new business volumes declined by 3%, with lower funeral and annuity sales offsetting good growth in group life business.

The 68% new business growth in the *Rest of Africa* portfolio is largely due to corporate activity relating to Saham Finances.

- The Saham Finances growth of 124% was supported by corporate activity. On a 100% basis, gross written premiums increased by 4% (8% in local currency) (life insurance up 8%, general insurance up 3% and reinsurance up 1%) and net earned premiums by 9%.
 - o Morocco achieved 10% growth in gross written premiums, an acceptable performance in a competitive market. Renewals of contracts with national banks supported 11% growth in Saham Assistance gross written premiums.

COMMENTS ON THE RESULTS (continued)

- o Saham Angola gross written premiums decreased by 31%, entirely attributable to a weaker Kwanza exchange rate. In local currency, the business continued to deliver good growth. All lines of business achieved double digit growth rates.
- o The Lebanese insurance market contracted by 3% in 2018, reflective of the weak economic environment. The Saham Finances business did well to limit its decline to only 1,5%, half of the industry average. The motor class had a particularly difficult year as a slowdown in retail credit extension depressed vehicle sales.
- o The CIMA region experienced competitive pressures in the motor market and lower demand for fire insurance from exploration companies. This contributed to growth of only 4% in general insurance gross written premiums from the other Saham Finances regions. Life and health insurance provided some support, with overall growth of 7% across all lines of business.
- o Reinsurance premiums were broadly in line with 2017.
- The remainder of the Rest of Africa portfolio (excluding the Ghana disposal) increased by 8%. Kenya, Malawi and Rwanda underperformed, with strong growth in the other regions. The areas of underperformance are receiving attention, through a combination of management changes and cluster level distribution support.

The *Indian* insurance businesses continued to perform well, achieving double digit growth in both life and general insurance. Within the life insurance business, group single premiums from the credit businesses' client bases did particularly well.

The *Malaysian* businesses are finding some traction after a period of underperformance, increasing their overall new business contribution by 3%. New business production is not yet meeting expectations, but the mix of business improved at both businesses.

Net fund flows increased threefold, with most regions contributing to the strong growth.

Low investor confidence had a pronounced effect on **SIG's** new business volumes, which declined by 13%. The international businesses attracted strong new inflows (up 57%), but this was more than offset by declines in South Africa across all business units. Institutional new inflows remained weak for the full year, while retail inflows also slowed down significantly after a more positive start to the year. A number of strategic initiatives aimed at gaining market share are being implemented, including closer cooperation with Glacier and the package of BBBEE transactions approved by shareholders in December 2018. Improved investor confidence will, however, remain a key determinant of future growth. Lower new business volumes, coupled with an R8,5 billion withdrawal of a low margin index tracking fund managed for an institutional client on an outsourced basis, contributed to a 61% reduction in net fund flows from R18,7 billion in 2017 to R7,2 billion in 2018.

Gross written premiums at **Santam** increased by 11% (9,5% excluding the impact of the Santam Structured Insurance acquisition in 2017); 6% on a net earned basis. Conventional insurance gross written premiums increased by a satisfactory 7%, while alternative risk transfer premiums grew by 40% (26% excluding corporate activity). Intermediated personal and commercial lines of business, MiWay and Namibia experienced pressure on growth amidst difficult economic conditions. The property class grew by 12% on the back of strong growth in the corporate property market due to reinsurance capacity constraints. The motor class grew by 6%, with an 8% higher contribution from MiWay. Within the specialist classes, accident and health grew by 11% on the back of strong demand for travel insurance. Crop insurance premiums declined by 12% following lower take-up. The liability and transportation classes recorded growth of 2% and 1% respectively amidst a focus on profitability. Growth of 3% in engineering reflects the impact of fewer large construction contracts within an industry under pressure.

Sanlam Corporate had an exceptional year, more than doubling life insurance new business volumes. Single premiums grew by 109%, while recurring premiums increased by a particularly satisfactory 56%; supported by good inflows of guaranteed business premiums. Life licence business has been reclassified from SIG to Sanlam Corporate in 2018, which supported overall new business growth of 176%. The new business performance also reflects in a substantial improvement in net fund inflows.

Overall Group net fund inflows of R41,5 billion in 2018 is a particularly satisfactory performance given the challenging market conditions and large institutional withdrawal at SIG.

Value of new covered business

The discount rate used to determine VNB is directly linked to long-term interest rates. The 50bps and 60bps increase in the South African nine- and five-year benchmark rates respectively during 2018 resulted in a commensurate rise in the risk discount rate, with a 6% negative effect on overall VNB growth. VNB margins were also some 13 basis points lower due to the higher discount rate. The strong growth in Sanlam Sky and SEB new business volumes were the main contributors to particularly satisfactory growth of 14% in net VNB on a consistent economic basis (CEB) (8% based on the actual economic basis at the end of 2018). Overall net VNB margins declined from 2,94% in 2017 to 2,8% in 2018 (on a CEB), largely due to the underperformance in East Africa and a relatively larger contribution from the lower margin SEB business.

COMMENTS ON THE RESULTS (continued)

Value of new covered business for the year ended 31 December 2018

R million	2018	2017	△	CEB
Net value of new covered business	1 985	1 841	8%	14%
Sanlam Personal Finance	1 504	1 407	7%	14%
Sanlam Emerging Markets	338	347	-3%	-1%
Sanlam Investment Group	-	-	-	-
Sanlam Corporate	143	87	64%	71%
Gross of non-controlling interest	2 187	2 008	9%	14%
Net present value of new business premiums	74 378	62 604	19%	20%
Sanlam Personal Finance	48 790	43 940	11%	12%
Sanlam Emerging Markets	8 366	7 146	17%	17%
Sanlam Investment Group	3 334	3 259	2%	2%
Sanlam Corporate	13 888	8 259	68%	70%
Gross of non-controlling interest	78 085	65 377	19%	20%
Net new covered business margin	2,67%	2,94%		2,80%
Sanlam Personal Finance	3,08%	3,20%		3,26%
Sanlam Emerging Markets	4,04%	4,86%		4,11%
Sanlam Investment Group	-	-		-
Sanlam Corporate	1,03%	1,05%		1,06%
Gross of non-controlling interest	2,80%	3,07%		2,92%

SPF achieved overall growth of 7% (14% on a comparable basis). The strong growth in new business volumes at *Sanlam Sky* had a major positive effect on VNB, which increased by 16% (25% on a comparable basis). Capitec contributed R80 million. The Sanlam Sky VNB margin declined slightly from 8,88% in 2017 to 8,30% in 2018 due to a change in mix of business to lower margin group business. The *Recurring premium sub cluster and Strategic Business Development* achieved growth of 13% (23% on a CEB, and 20% on an CEB and excluding BrightRock). MiWayLife made a welcome first contribution of R11 million, augmented by good growth at BrightRock, a change in mix to more profitable lines of business, positive modelling changes and lower acquisition costs. VNB margins improved commensurately. *Glacier* experienced an 8% decline in VNB (6% on a comparable basis) due to the change in mix from higher margin endowment business to guaranteed and annuity business.

Net VNB at **SEM** declined by 3% (up 6% on a CEB and excluding Ghana and Saham Finances). Namibia did exceptional well pursuant to the strong growth in entry-level market sales, growing its net VNB by more than 20%. Most other businesses contributed satisfactory growth, apart from Botswana, Kenya, Uganda and Malawi that underperformed in line with their weak new business production and declining file sizes. Nigeria's contribution was broadly in line with 2017 despite strong new business growth, due to a one-off regulatory increase in capital requirements that resulted in a higher cost of capital charge. Saham Finances contributed R38 million compared to R20 million in 2017.

The good growth in **Sanlam Corporate** recurring and single premium business, combined with modelling improvements,

supported a 64% (71% on a comparable basis) increase in the cluster's VNB contribution.

Capital management

The Group started the year with discretionary capital of R2 billion, after allowing for the ACA acquisition. A number of capital management actions during 2018 affected the balance of available discretionary capital, including the \$1 billion (R13 billion) Saham Finances transaction. Discretionary capital at the end of 2018 was negative due to the approved BBEE share issuance not being concluded before year-end as we are still awaiting regulatory approvals.

Sanlam shareholders' approved a BBEE equity raising at the extraordinary general meeting held on 12 December 2018, with the cash raised from this issuance earmarked to repay the internal (R1,7 billion) and external (R2 billion) debt incurred as partial funding for the Saham Finances acquisition and to restore the discretionary capital portfolio to an appropriate level. All regulatory approvals have been received, apart from Mauritius. [Once these approvals are granted, we will proceed with the issuance, subject to the Sanlam share price being within the R74 – R86 range approved by shareholders.]

Discretionary capital amounted to a negative R3,7 billion at 31 December 2018, equal to the combined internal and external debt. At the lower end of the share issuance range (R74) cash proceeds of R4,6 billion will be raised, which will restore the discretionary capital portfolio to some R1 billion.

Discretionary capital at 31 December 2018

R million	2018
Discretionary capital at 31 December 2017	2 000
Excess dividend cover	693
Capital released from Sanlam Life	1 813
Allocated capital	1 500
Excess investment return	313
Capital raised through accelerated book build	5 455
Investment return and other	(104)
Corporate activity	(13 535)
South Africa	(267)
Catalyst Fund Managers SA	(168)
Sanlam Private Wealth	(96)
Other	(3)
Other emerging markets	(12 913)
Saham Finances	(12 983)
Sanlam Investments East Africa	101
Sanlam General Insurance Uganda	(19)
Other	(12)
Developed markets	(355)
Catalyst Fund Managers Foreign	(250)
Phoenix InfraWorks	(102)
Other	(3)
Discretionary capital at 31 December 2018*	(3 678)

* Before planned BBEE issuance referred to above.

COMMENTS ON THE RESULTS (continued)

Movements in discretionary capital during 2018 included the following:

- The excess cash operating earnings cover in respect of the dividend paid in 2018.
- Capital of R1,8 billion released from the covered business operations in Sanlam Life. As communicated in the Group's 2017 annual results announcement, capital allocated to the covered business operations on the Sanlam Life balance sheet was reduced by R1,5 billion in the first half of 2018. Investment return earned on the Sanlam Life capital base in 2018 (R313 million) was also available for release.
- Capital of R5,5 billion was raised through an accelerated book build at the end of March 2018 as partial funding for the acquisition of the remaining stake in Saham Finances.
- Corporate activity during 2018 included:
 - The acquisition of the remaining 53% stake in Saham Finances for R12,9 billion at the hedged rate of R13,24 (after allowing for Santam's contribution to increase its effective stake in Saham Finances from 7% to 10%). The actual exchange rate on payment date was R14,77, with the forex hedges providing protection of some R1,5 billion on close-out.
 - SIG acquired 69% and 100% stakes in Catalyst Fund Managers' South African and foreign operations respectively for a total consideration of R418 million. The acquisition significantly enhances SIG's property management offering in line with the strategic investment in alternative asset management capabilities. In line with this strategy, SIG also invested R102 million for a 30% stake in Phoenix InfraWorks, a specialist infrastructure investment business.
 - Sanlam Private Wealth acquired a wealth management book for R96 million.
 - SEM sold a stake in the Kenyan-based Sanlam Investments East Africa asset management business to its local partner, realising R101 million. This disposal compliments SEM's Pan-Africa partnership model.
- Investment return, taxation on the forex hedges and other small movements utilised R104 million.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at the end of December 2018. The Sanlam Group SCR cover ratio of 215% remained largely in line with the 218% cover at 31 December 2017. As indicated in previous results announcements, a Solvency Capital Requirement (SCR) target cover range of between 170% and 210% has been set for Sanlam Life Insurance Limited's (Sanlam Life) covered business. The R8 billion of IFRS-based required capital allocated to these operations at the end of December 2018 translated into a SCR cover of 221%. The SCR cover ratio for the Sanlam Life entity as a whole at 264% exceeded the covered business ratio at the end of December 2018 due to the

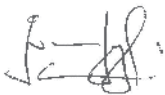
inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations (i.e. not included in the R8 billion allocated capital referred to above).

Dividend

Applying the Group's dividend policy, the Board decided to increase the normal dividend per share by 7,6% to 312 cents. This is well within our target range of 2% to 4% real growth given the 2018 average inflation rate of 4,6%. It will maintain a cash operating earnings cover of approximately 1 times.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend does not carry any STC credits and will in full be subject to the 20% withholding tax, where applicable, which will result in a net final dividend, to the shareholders who are not exempt from paying dividend tax, of 249,6 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2 070 079 299 excluding treasury shares of 161 909 748 at 31 December 2018. The company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final cash dividend of 312 cents for the year ended 31 December 2018 is payable on Monday, 15 April 2019 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 12 April 2019. The last date to trade to qualify for this dividend will be Tuesday, 9 April 2019, and Sanlam shares will trade ex-dividend from Wednesday, 10 April 2019. Share certificates may not be dematerialised or rematerialised between Wednesday, 10 April 2019 and Friday, 12 April 2019, both days included.



Johan van Zyl
Chairman



Ian Kirk
Group Chief Executive

FINANCIAL INFORMATION

Basis of Presentation

Introduction

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

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2017, apart from changes in the economic assumptions.

The basis of presentation and accounting policies for the IFRS financial statements and Shareholders' information are in all material respects consistent with those applied in the 2017 annual report.

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

The following new or revised IFRS and interpretations became effective in the current financial year and have therefore been applied:

- IFRS 9 *Financial Instruments* (effective 1 January 2018)
- IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2018)

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

- IFRS 16 *Leases* (effective 1 January 2019)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective 1 January 2019)
- IFRS 17 *Insurance Contracts* (effective 1 January 2022)

IFRS 16 *Leases* was issued by the IASB in January 2016 and replaces IAS 17 *Leases* for reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position. Under the new standard, an asset (the right to use the leased item) and the liability to pay rentals are recognised. The

only exceptions are short-term and low-value leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The accounting for lessors will not significantly changed.

As lessor: This new standard is not expected to have a significant impact on how the group (as lessor) accounts for leases due to the carry forward of the lessor accounting model from IAS 17. However, the group anticipates an impact as a result of the enhanced disclosures for lessors required by IFRS 16 namely:

- components of lease income; and
- risk management with respect to exposure to residual asset risk.

As lessee: The standard will affect primarily the accounting of the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of R2 765 million. However, the group has not yet determined to what extent these commitments will result in recognition of an asset and a liability for future payments and how this affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value assets and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

As lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Group plans to apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach the leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for any leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

IFRIC 23 *Uncertainty over Income Tax Treatments* was issued in June 2017. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. Initial work performed, indicates that there will be limited impact on the financial statements as a result of this standard interpretation.

FINANCIAL INFORMATION (continued)

IFRS 17 *Insurance Contracts* was issued in May 2017. The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Initial work performed on the impact of IFRS 17 indicates that there will be a significant impact on the underlying valuation models, systems and processes. The Group is in the process of assessing the requirements of the standard against current data, processes and valuation models and is expected to finalise this assessment during 2019.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

External audit

This summarised report is extracted from audited information, but is not in itself audited. The Annual Financial Statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Annual Financial Statements and the auditor's report thereon are available for inspection at the company's registered office. The Shareholders' Information was audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Shareholders' Information and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying Annual Financial Statements and Shareholders' Information.

STATEMENT OF FINANCIAL POSITION

at 31 December 2018

R million	2018	2017
ASSETS		
Equipment	1 587	876
Owner-occupied properties	2 010	963
Goodwill	19 985	4 158
Value of business acquired	9 985	1 930
Other intangible assets	1 082	517
Deferred acquisition costs	3 446	3 659
Long-term reinsurance assets	1 971	1 063
Investments	690 744	656 020
Properties	21 349	11 505
Equity-accounted investments	18 361	26 476
Equities and similar securities	184 787	201 095
Interest-bearing investments	211 770	185 363
Structured transactions	21 341	15 381
Investment funds	190 005	177 235
Cash, deposits and similar securities	43 131	38 965
Deferred tax	2 249	2 083
Assets of disposal groups classified as held for sale	139	321
General insurance technical assets	9 540	6 400
Working capital assets	72 863	55 593
Trade and other receivables	44 712	33 633
Cash, deposits and similar securities	28 151	21 960
Total assets	815 601	733 583
EQUITY AND LIABILITIES		
Shareholders' fund	69 506	57 420
Non-controlling interest	12 111	6 017
Total equity	81 617	63 437
Long-term policy liabilities	543 785	524 441
Term finance	7 413	6 426
Margin business	3 654	1 918
Other interest-bearing liabilities	3 759	4 508
Structured transactions liabilities	15 629	4 187
External investors in consolidated funds	66 146	62 329
Cell owners' interest	3 305	3 217
Deferred tax	5 460	2 435
General insurance technical provisions	37 950	18 668
Working capital liabilities	54 296	48 443
Trade and other payables	50 761	46 507
Provisions	450	333
Taxation	3 085	1 603
Total equity and liabilities	815 601	733 583

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

R million	2018	2017
Net income	77 721	113 976
Financial services income	73 619	63 930
Reinsurance premiums paid	(11 262)	(9 546)
Reinsurance commission received	2 166	1 685
Investment income	31 208	30 288
Investment surpluses	(16 447)	33 423
Finance cost – margin business	(164)	(134)
Change in fair value of external investors liability	(1 399)	(5 670)
Net insurance and investment contract benefits and claims	(29 524)	(72 576)
Long-term insurance contract benefits	(18 566)	(26 863)
Long-term investment contract benefits	2 999	(32 588)
General insurance claims	(20 662)	(21 036)
Reinsurance claims received	6 705	7 911
Expenses	(31 701)	(26 279)
Sales remuneration	(10 139)	(8 832)
Administration costs	(21 562)	(17 447)
Impairments	(449)	(395)
Amortisation of intangibles	(659)	(350)
Net operating result	15 388	14 376
Equity-accounted earnings	2 424	2 646
Finance cost – other	(846)	(690)
Profit before tax	16 966	16 332
Taxation	(4 164)	(4 342)
Shareholders' fund	(3 510)	(3 087)
Policyholders' fund	(654)	(1 255)
Profit for the year	12 802	11 990
Other comprehensive income		
Movement in foreign currency translation reserve	2 002	(1 217)
Other comprehensive income of equity accounted investments	126	21
Movement in cash flow hedge	166	(602)
Employee benefits re-measurement loss	4	(12)
Comprehensive income for the year	15 100	10 180
Allocation of comprehensive income:		
Profit for the year	12 802	11 990
Shareholders' fund	11 627	10 923
Non-controlling interest	1 175	1 067
Comprehensive income for the year	15 100	10 180
Shareholders' fund	13 698	9 272
Non-controlling interest	1 402	908
Earnings attributable to shareholders of the company (cents):		
Basic earnings per share	565,4	544,4
Diluted earnings per share	559,7	538,8

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

R million	2018	2017
Shareholders' fund:		
Balance at beginning of the year	57 420	53 390
IFRS Transitional adjustments ⁽⁴⁾	(429)	-
Comprehensive income	13 698	9 272
Profit for the year	11 627	10 923
Other comprehensive income ⁽³⁾	2 071	(1 651)
Shares issued	5 635	-
Net (acquisition)/disposal of treasury shares ⁽²⁾	(1 022)	(119)
Share-based payments	358	340
Dividends paid ⁽¹⁾	(6 053)	(5 400)
Acquisitions, disposals and other movements in interests	(101)	(63)
Balance at end of the year	69 506	57 420
Non-controlling interest:		
Balance at beginning of the year	6 017	5 696
IFRS Transitional adjustments ⁽⁴⁾	(12)	-
Comprehensive income	1 402	908
Profit for the year	1 175	1 067
Other comprehensive income ⁽³⁾	227	(159)
Net (acquisition)/disposal of treasury shares ⁽²⁾	(29)	(19)
Share-based payments	26	36
Dividends paid ⁽¹⁾	(867)	(796)
Acquisitions, disposals and other movements in interests	5 574	192
Balance at end of the year	12 111	6 017
Shareholders' fund	57 420	53 390
Non-controlling interest	6 017	5 696
Total equity at beginning of the year	63 437	59 086
Shareholders' fund	69 506	57 420
Non-controlling interest	12 111	6 017
Total equity at end of the year	81 617	63 437

⁽¹⁾ A dividend of 312 cents per share (2017: 290 cents per share) was declared in 2019 in respect of the 2018 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R6,5 billion, 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.

⁽²⁾ Comprises movement in cost of shares held by subsidiaries, the share incentive trust and other consolidated funds.

⁽³⁾ Other comprehensive income include a realisation of cash flow hedging adjustment of R1 500 million in respect of the acquisition of interests in Saham Finances.

⁽⁴⁾ During the current year IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers were adopted. Refer to note 8.1 for more information.

CASH FLOW STATEMENT

for the year ended 31 December 2018

R million	2018	Restated ⁽¹⁾ 2017
Cash flow from operating activities	10 760	6 356
Cash generated from/(utilised in) operations	(7 286)	(12 101)
Interest and preference share dividends received	18 199	18 343
Interest paid	(1 136)	(868)
Dividends received	12 307	11 343
Dividends paid	(6 844)	(6 118)
Taxation paid	(4 480)	(4 243)
Cash flow from investment activities	(6 764)	(3 221)
Acquisition of subsidiaries and associated companies	(7 254)	(4 917)
Disposal of subsidiaries and associated companies	490	1 696
Cash flow from financing activities	4 052	(215)
Shares issued	5 635	-
Movement in treasury shares	(1 051)	(138)
Disposal/(acquisition) of non-controlling interest	90	(113)
Term finance raised	2 455	1 388
Term finance repaid	(3 077)	(1 352)
Net increase in cash and cash equivalents	8 048	2 920
Net foreign exchange difference	(124)	(122)
Cash and cash equivalents at beginning of the year	55 419	52 621
Cash and cash equivalents at the end of the year	63 343	55 419

⁽¹⁾ Comparative information has been restated. Refer to note 8.2 for additional information.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1. Earnings per share

Cents	2018	2017
Basic earnings per share:		
Headline earnings	445,6	486,3
Profit attributable to shareholders' fund	565,4	544,4
Diluted earnings per share:		
Headline earnings	441,1	481,3
Profit attributable to shareholders' fund	559,7	538,8
R million	2018	2017
Analysis of earnings:		
Profit attributable to shareholders' fund	11 627	10 923
Less: Net profit on disposal of operations	(2 773)	(1 335)
Less: Equity-accounted non-headline earnings	(17)	(134)
Plus: Impairments	325	303
Headline earnings	9 162	9 757
Million	2018	2017
Number of shares:		
Weighted number of ordinary shares in issue	2 215,6	2 166,5
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	(159,3)	(160,0)
Adjusted weighted average number of shares for basic earnings per share	2 056,3	2 006,5
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	21,0	20,8
Adjusted weighted average number of shares for diluted earnings per share	2 077,3	2 027,3

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

2. Segmental information

R million	2018	2017
Segment financial services income (per shareholders' fund information)	66 529	58 700
Sanlam Personal Finance	19 136	17 823
Sanlam Emerging Markets	11 526	7 978
Sanlam Investment Group	6 396	5 581
Santam	23 693	22 327
Sanlam Corporate	5 622	4 825
Group Office and other	156	166
IFRS adjustments	7 090	5 230
Total financial services income	73 619	63 930
Segment result (per shareholders' fund information after tax and non-controlling interest)	11 521	11 001
Sanlam Personal Finance	4 218	4 680
Sanlam Emerging Markets	3 561	3 057
Sanlam Investment Group	1 693	1 401
Santam	1 609	1 122
Sanlam Corporate	637	845
Group Office and other	(197)	(104)
Reverse Non-controlling interest included in segment result	1 175	1067
Fund transfers	106	(78)
Total profit for the year	12 802	11 990
Segment IFRS 15 revenue from contracts with customers ⁽¹⁾		
		2018
Sanlam Personal Finance		3 874
Sanlam Emerging Markets		704
Sanlam Investment Group		6 060
Santam		234
Sanlam Corporate		1 747
Total IFRS 15 revenue		12 619

⁽¹⁾ Comparative information not required in terms of IFRS 15.

Disaggregation of revenue

According to primary geography

	South Africa	Rest of Africa	Other International	Total
IFRS 15 Revenue	9 148	738	2 733	12 619
Administration fees	5 093	438	498	6 029
Asset management and performance fees	2 832	228	1 744	4 804
Commissions	372	57	479	908
Consulting fees	367	12	1	380
Actuarial and risk management fees	198	-	-	198
Other ⁽¹⁾	286	3	11	300
Revenue not within the scope of IFRS 15	51 710	8 217	1 073	61 000
Financial services income	60 858	8 955	3 806	73 619

According to timing of revenue recognition

	At a point in time	Over time ⁽²⁾	Not in the scope of IFRS 15	Total
IFRS 15 Revenue	1 020	11 599	-	12 619
Administration fees	12	6 017	-	6 029
Asset management and performance fees	6	4 798	-	4 804
Commissions	725	183	-	908
Consulting fees	116	264	-	380
Actuarial and risk management fees	-	198	-	198
Other ⁽¹⁾	161	139	-	300
Revenue not within the scope of IFRS 15	-	-	61 000	61 000
Financial services income	1 020	11 599	61 000	73 619

⁽¹⁾ Other IFRS 15 revenue includes trust and estate fee income of R156 million. The remaining amount relates to rebates and scrip lending fees received.

⁽²⁾ Performance fees subject to constraint on recognition of variable consideration.

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2018 (continued)

3. Share repurchases

The Sanlam shareholders granted general authorities to the Group at the 2018 and 2017 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in terms of these general authorities.

4. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosure in the 2018 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

5. Subsequent events

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 2018 as reflected in these financial statements.

6. Fair value disclosures

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 disclosure 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 (i.e. as prices) or indirectly (i.e. 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**.

Determination of fair value and fair value hierarchy (continued)

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2018				
Properties	-	-	21 349	21 349
Investment in joint ventures	-	-	539	539
Equities and similar securities	179 365	4 918	504	184 787
Interest-bearing investments	30 137	174 617	69	204 823
Structured transactions	8 013	13 328	-	21 341
Investment funds	182 926	6 347	732	190 005
Trade and other receivables	10 855	5 653	-	16 508
Cash deposits and similar securities: Investments	-	43 131	-	43 131
Cash deposits and similar securities: Working capital asset	-	2 359	-	2 359
Total assets at fair value	411 296	250 353	23 193	684 842
Investment contract liabilities	-	353 672	1 665	355 337
Term finance	-	3 085	-	3 085
Structured transactions liabilities	-	15 629	-	15 629
Trade and other payables	5 595	11 088	-	16 683
External investors in consolidated funds	61 573	3 960	613	66 146
Total liabilities at fair value	67 168	387 434	2 278	456 880
Recurring fair value measurements				
31 December 2017				
Properties	-	-	11 505	11 505
Equities and similar securities	198 226	2 436	433	201 095
Interest-bearing investments	42 154	141 825	30	184 009
Structured transactions	7 130	8 251	-	15 381
Investment funds	173 802	3 103	330	177 235
Trading account assets	11 090	5 233	-	16 323
Cash deposits and similar securities: Investments	24 353	14 572	-	38 925
Investment in joint ventures	-	-	359	359
Total assets at fair value	456 755	175 420	12 657	644 832
Investment contract liabilities	-	343 368	2 205	345 573
Term finance	-	4 300	-	4 300
Structured transactions liabilities	-	4 187	-	4 187
Trading account liabilities	11 547	11 447	-	22 994
External investors in consolidated funds	61 802	-	527	62 329
Total liabilities at fair value	73 349	363 302	2 732	439 383

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

6. Fair value disclosures (continued)

Reconciliation of movements in level 3 assets and liabilities measured at fair value

Assets

R million	Properties	Equities and similar securities
31 December 2018		
Balance at 1 January 2018	11 505	433
Net gains in statement of comprehensive income	309	20
Acquired through business combinations	7 446	-
Acquisitions	2 165	131
Disposals	(171)	(100)
Reclassified as disposal groups classified as held for sale	(128)	-
Foreign exchange movements	224	20
Transfer from owner-occupied properties	(1)	-
Balance at 31 December 2018	21 349	504
31 December 2017		
Balance at 1 January 2017	10 664	420
Net gains/(loss) in statement of comprehensive income	499	1
Acquisitions	544	21
Disposals	(501)	(2)
Reclassified as disposal groups classified as held for sale	551	-
Settlements	-	-
Foreign exchange movements	(239)	(7)
Transfer from owner-occupied properties	(13)	-
Balance at 31 December 2017	11 505	433

	Interest-bearing investments	Investment funds	Investment in joint ventures	Total Assets
	30	330	359	12 657
	3	33	180	545
	36	368	-	7 446
	-	-	-	2 700
	-	-	-	(271)
	-	-	-	(128)
	-	1	-	245
	-	-	-	(1)
	69	732	539	23 193
	392	467	423	12 366
	-	(19)	(64)	417
	-	-	-	565
	-	(118)	-	(621)
	-	-	-	551
	(362)	-	-	(362)
	-	-	-	(246)
	-	-	-	(13)
	30	330	359	12 657

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

6. Fair value disclosures (continued)

Reconciliation of movements in level 3 assets and liabilities measured at fair value (continued)

Liabilities

R million	Invest- ment contract liabilities	Term finance	External investors in consoli- dated funds	Total liabilities
31 December 2018				
Balance at 1 January 2018	2 205	-	527	2 732
Net loss in statement of comprehensive income	25	-	1	26
Acquisitions	65	-	-	65
Disposals	(797)	-	-	(797)
Foreign exchange movements	167	-	85	252
Balance at 31 December 2018	1 665	-	613	2 278
31 December 2017				
Balance at 1 January 2017	2 312	201	604	3 117
Net loss/(gains) in statement of comprehensive income	72	-	(38)	34
Acquisitions	36	-	-	36
Disposals	(189)	-	-	(189)
Foreign exchange movements	(26)	(37)	(39)	(102)
Settlements	-	(164)	-	(164)
Balance at 31 December 2017	2 205	-	527	2 732
R million			2018	2017
Gains and losses (realised and unrealised) included in profit and loss				
Total gains or losses included in profit or loss for the period			519	383
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period			89	258

Transfers between levels

Assets

R million	Equities and similar securities	Interest-bearing investments ⁽¹⁾	Structured transactions	Investment funds	Cash, deposits and similar securities	Total assets
2018						
Transfer from level 1 to level 2	-	142	-	-	-	142
Transfer from level 2 to level 1	-	-	-	-	-	-
2017						
Transfer from level 1 to level 2	-	169	-	-	-	169
Transfer from level 2 to level 1	-	107	-	-	-	107

Liabilities	External investors ⁽²⁾	Term finance	Total liabilities
2018			
Transfer from level 2 to level 1	-	-	-
2017			
Transfer from level 1 to level 2		328	328

⁽¹⁾ Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instrument that have become actively traded in the market have been transferred from level 2 to level 1.

⁽²⁾ External investors in consolidated funds transfers relate to investment funds that listed during the year ended December 2017. As a result, those funds are now classified as level 1.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

6. Fair value disclosures (continued)

Valuation techniques used in determining the fair value of assets and liabilities

Instrument	Applicable to level	Valuation basis
Properties	3	Recently contracted prices, discounted cash flow model (DCF), Earnings multiple
Equities and similar securities	2 and 3	DCF, Earnings multiple
Interest-bearing investments	2 and 3	DCF, Quoted put/surrender price by issuer
Trade and other receivables/payables	2	DCF, Earnings multiple, Quoted put/surrender price by issuer, Option pricing models
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 DCF
Term finance	2	DCF
Structured transactions assets and liabilities	2	Option pricing models DCF
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held
Cash, deposits and similar securities	2	Mark-to-market Yield curve
Investment in joint ventures	3	DCF

Main assumptions	Significant Unobservable input
Bond and interbank swap interest rate curve, Capitalisation rate, Cost of Capital, Consumer price index, Cash flow forecasts (including vacancy rates).	Capitalisation rate Discount rate Cash flow forecasts (including vacancy rates)
Cost of Capital, Consumer price index.	Cost of Capital Adjusted earnings multiple Budgets Forecasts
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index.	Discount rate
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread, Liquidity spread.	n/a
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Bond interest rate curve.	Earnings multiple
Bond and forward rate Credit ratings of issuer Liquidity spread Agreement interest curves.	n/a
Bond and interbank swap interest rate curve, Forward equity and currency rates, Volatility risk adjustments.	n/a
Bond and interbank swap interest rate curve, Cost of capital, Consumer price index Unit prices.	Based on underlying assets
Bond and interbank swap interest rate curve.	n/a
Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index.	Cost of Capital

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

6. Fair value disclosures (continued)

Sensitivity of level 3 assets and liabilities measured at fair value to changes in key assumptions

Assets

R million	Carrying amount	Effect of a 10% increase in risk adjustments
Properties⁽¹⁾		
2018		
Cash flow risk adjustments	21 349	(2 135)
Base rate	-	-
Capitalisation rate	-	-

R million

Earnings multiple

2017

Cash flow risk adjustments	11 505	(1 151)
Base rate	-	-
Capitalisation rate	-	-

R million	Carrying amount ⁽²⁾	Effect of a 10% increase in multiple
Other Investments		
2018		
Equities and similar securities	504	(50)
Interest-bearing investments	-	-
Investment funds	732	(73)
Investment in joint ventures	-	-
Total	1 236	(123)
2017		
Equities and similar securities	433	43
Interest-bearing investments	-	-
Investment funds	330	33
Investment in joint ventures	-	-
Total	763	76

Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/capitalisation rate	Effect of a 1% decrease in base/capitalisation rate
2 135	-		
	9 864	(240)	258
	9 864	297	364
		Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
	11 477	1 002	(969)
1 151	-	-	-
	8 091	(264)	284
	8 091	(357)	437
Effect of a 10% decrease in multiple	Carrying amount ⁽³⁾	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
50	-	-	-
-	69	(1)	2
73	-	-	-
-	539	(44)	50
123	608	(45)	52
(43)	-	-	-
-	30	(1)	1
(33)	-	-	-
-	359	(32)	36
(76)	389	(33)	37

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

6. Fair value disclosures (continued)

Liabilities

R million	Carrying amount	Effect of a 10% increase in value	Effect of a 10% decrease in value
2018			
Investment contract liabilities	1 665	167	(167)
Term finance	-	-	-
External investors in consolidated funds	613	61	(61)
Total liabilities	2 278	228	(228)
2017			
Investment contract liabilities	2 205	221	(221)
Term finance	-	-	-
External investors in consolidated funds	527	53	(53)
Total liabilities	2 732	274	(274)

⁽¹⁾ Investment Properties comprise a majority of Sanlam Life properties valued using capitalisation and discount rates, with sensitivities based on these two unobservable inputs. It also comprises of Saham Finances properties valued using a multiple of earnings.

⁽²⁾ Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

⁽³⁾ Represents mainly instruments valued on a discounted cash flow basis, with sensitivities based on changes in the discount rate.

7. Business combinations

Material acquisitions of the Group consolidated in the 2018 financial year

Saham Finances Group

Effective 1 October 2018, the Sanlam Group acquired the remaining interest (53,37%) in Saham Finances, gaining control for the first time. The acquisition supports the Group's vision to be a leading Pan-African financial services group. Sanlam Emerging Markets and Santam Limited hold an effective interest of 90% and 10% respectively. The Saham Finances Group provides financial services (predominately general insurance) across various countries in Africa.

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	NAV acquired	Recognise intangibles	Recognise deferred tax/Cash flow hedge	Total
Assets				
Equipment	702	-	-	702
Owner-occupied properties	971	-	-	971
Value of business acquired	73	7 400	-	7 473
Other intangible assets	460	213	-	673
Deferred acquisition costs	170	-	-	170
Long-term reinsurance assets	832	-	-	832
Investments	29 296	-	-	29 296
Deferred tax	566	-	-	566
General insurance technical assets	2 662	-	-	2 662
Working capital assets				
Trade and other receivables	13 881	-	-	13 881
Cash, deposits and similar securities	8 959	-	-	8 959
Total identifiable assets	58 572	7 613	-	66 185
Liabilities				
Long-term policy liabilities	(15 037)	-	-	(15 037)
Term finance	(1 683)	-	-	(1 683)
General insurance technical provisions	(17 486)	-	-	(17 486)
Deferred tax liability	(1 690)	-	(2 290)	(3 980)
Trade and other payables	(9 059)	-	-	(9 059)
Provisions	(361)	-	-	(361)
Taxation	(919)	-	-	(919)
Total identifiable liabilities	(46 235)	-	(2 290)	(48 525)
Equity				
Non-controlling interest	(4 278)	(1 795)	550	(5 523)
Total Equity and Liabilities	(50 513)	(1 795)	(1 740)	(54 048)
Total identifiable net assets	8 059	5 818	(1 740)	12 137
Goodwill arising on acquisition	4 822	10 359	240	15 421
Net purchase consideration	12 881	16 177	(1 500)	27 558
Purchase consideration				29 058
Cash flow hedge				(1 500)
Less: Previously held interest at fair value				(13 550)
Net consideration				14 008
Cash element of consideration				15 508
Cash flow hedge				(1 500)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2018 (continued)

8. Restatements

8.1 IFRS Transitional adjustments

Statement of financial position

At 1 January 2018

	Previously reported	Adjustments	Restated
R million	Audited	IFRS 9	Audited
ASSETS			
Investments	656 020	(434)	655 586
Properties	11 505	-	11 505
Investment in associates and joint ventures	26 476	(428)	26 048
Equities and similar securities	201 095	-	201 095
Interest-bearing investments	185 363	(6)	185 357
Structured transactions	15 381	-	15 381
Investment funds	177 235	-	177 235
Cash, deposits and similar securities	38 965	-	38 965
Working capital assets	55 593	(7)	55 586
Trade and other receivables	33 633	(7)	33 626
Cash, deposits and similar securities	21 960	-	21 960
Other assets	21 970	-	21 970
Total assets	733 583	(441)	733 142
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	22	-	22
Treasury shares	(3 811)	-	(3 811)
Other reserves	9 084	-	9 084
Retained earnings	52 125	(429)	51 696
Shareholders' fund	57 420	(429)	56 991
Non-controlling interests	6 017	(12)	6 005
Total equity	63 437	(441)	62 996
Total liabilities	670 146	-	670 146
Total equity and liabilities	733 583	(441)	733 142

IFRS 9 - Financial Instruments

The principles with regard to the classification and measurement of financial assets and liabilities, measuring impairment allowances for financial assets, and hedge accounting have been amended due to the implementation of the new accounting standard, IFRS 9 *Financial Instruments*, applicable to all accounting periods beginning on or after 1 January 2018. Sanlam has implemented the standard, other than the hedging provisions which have not yet been adopted, on a modified retrospective basis and therefore comparatives are not restated and the impact of the adoption is recognised in equity on 1 January 2018.

The key changes introduced by IFRS 9 are as follows:

1. Classification and measurement – financial assets are required to be measured and classified based on the cash flow characteristics of the instrument and the business model under which the asset is managed. The classification and measurement of financial liabilities is largely unchanged, with the exception of the amendment requiring that the own credit risk component of fair value movements on liabilities designated at fair value through profit or loss now be presented in other comprehensive income.
2. Impairment – IFRS 9 introduces an expected credit loss model. This entails the recognition of an allowance for expected credit loss looking one year into the future or over the lifetime of the financial asset if the credit risk relating to the financial asset has increased significantly. The impairment model is therefore “forward looking”, replacing the incurred loss model as previously required by IAS 39.

The adoption of IFRS 9 has resulted in a reduction in total equity of R441 million on 1 January 2018. The impact is primarily a result of the recognition of expected credit losses in associated entities as well as isolated incidents of changes in the classification and measurement of certain financial instruments.

The majority of financial assets were measured at fair value through profit and loss under IAS 39, and continue to be so under IFRS 9, either because they are mandatorily measured as such, or through designation.

The changes in classification and measurement are as follows:

- Certain financial assets, predominantly interest-bearing investments, previously measured at amortised cost under IAS 39, have been reclassified to fair value through profit or loss under IFRS 9. The remeasurement impact on opening retained earnings is an increase of R6 million.
- The change in fair value that is attributable to changes in the credit risk of financial liabilities designated at fair value through profit or loss is presented in other comprehensive income under IFRS 9. In the current period, this portion of the movement in such instruments was immaterial.

Impairment of financial assets

Based on the impairment methodology described above, the Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in additional impairment allowances in a number of equity-accounted associates.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2018 (continued)

8. Restatements (continued)

8.1 IFRS Transitional adjustments (continued)

The total impact on the balance of associates and opening retained earnings at 1 January 2018 is negative R428 million. The impact of applying the expected credit losses model in subsidiary entities resulted in a decrease in net asset value of R19 million.

IFRS 15 – Revenue from Contracts with Customers

This standard relates to the measurement, classification and disclosure of revenue from contracts with customers of the Sanlam Group.

The key factors in the application of IFRS 15 are as follows:

- A five-step model is applied to determine when to recognise revenue from contracts with customers, and at what amount.
- Revenue is recognised when (or as) Sanlam satisfies a performance obligation and transfers control of goods or services to a customer at the amount to which the company expects to be entitled and that is allocated to that specific performance obligation.
- Depending on whether certain criteria are met, revenue is recognised either over time or at a point in time, as or when control of the goods or services is transferred to the customer.
- More extensive and detailed disclosures are required in terms of IFRS 15.

The Group has assessed the impact of the adoption of IFRS 15 on opening retained earnings and concluded that there is no quantitative impact for Sanlam.

8.2 Restatement of Group cash flow statement

Management reassessed the presentation of the Group's cash flow statement in respect of cash flows relating to the acquisition and disposal of investments that are backing its core operations. These were previously classified as investing cash flows and created a disconnect between operating and investing cash flows, as these investments are funded by cash flows associated with the origination of insurance and investment contracts, which are treated as operating cash flows. Management concluded that presenting acquisitions and disposals of investments as part of operating cash flows more accurately reflects to the users of the financial statements, the link between the ability to generate cash from investment and insurance contracts and the utilisation of those cash flows on various investments.

	2017		
	As previously reported	Adjustments	Restated
Cash flows from operating activities	23 402	(17 046)	6 356
Cash flows from investing activities	(20 267)	17 046	(3 221)
Net acquisition of investments	(17 046)	17 046	-
Acquisition of subsidiaries and associates	(4 917)	-	(4 917)
Disposal of subsidiaries and associated companies	1 696	-	1 696

The above restatements did not have any impact on the Group's statement of financial position, statement of comprehensive income and statement of changes in equity.

NOTICE OF ANNUAL GENERAL MEETING

Sanlam Limited

(Incorporated in the Republic of South Africa)

(Registration No 1959/001562/06) JSE share code: SLM/NSX

Share code: SLA ISIN: ZAE000070660 (“the Company” or “Sanlam”)

Notice is hereby given to shareholders recorded in the Company’s securities register on Friday, 15 March 2019 that the 21st annual general meeting (“AGM”) of the shareholders of Sanlam will be held on Wednesday, 5 June 2019 at 14:00* in the CR Louw Auditorium, Sanlam Head Office, 2 Strand Road, Bellville, Cape Town (“the Meeting”) to (i) deal with such business as may lawfully be dealt with at the Meeting and (ii) consider and, if deemed fit, pass, with or without modification, the Ordinary and Special Resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (“the Companies Act”), as read with the JSE Limited Listings Requirements (“JSE Listings Requirements”) and other stock exchanges on which the Company’s ordinary shares are listed. The Meeting is to be participated in and voted at by shareholders recorded in the Company’s securities register as at the voting record date of Friday, 24 May 2019.

Kindly note that Meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend or participate in the Meeting.

Voters are allowed access to the venue to vote by no later than 14:00 on Wednesday, 5 June 2019. Forms of identification include valid identity documents, driver’s licences and passports.

Ordinary Resolutions

To consider and, if approved, to pass, with or without modification, the following eleven Ordinary Resolutions:

Percentage support required for Ordinary Resolution No 1 to 11

For these Ordinary Resolutions to be adopted, the support of more than 50% (fifty per cent) of the total number of votes per Ordinary Resolution, which the shareholders present or are represented by proxy at this Meeting are entitled to cast, is required, apart from Resolution No 10, where the support of at least 75% (seventy-five per cent) of the total number of votes is required.

1. Ordinary Resolution No 1 – Presenting the Sanlam Annual Reporting

To present, consider and accept the Sanlam annual reporting (incorporating the Integrated Report, Corporate Governance Report, Remuneration Report and Annual Financial Statements) for the year ended 31 December 2018, that has been distributed to shareholders as required, including the consolidated audited financial statements for the Company and its subsidiaries, as well as the Auditors’, Audit committee’s and Directors’ reports. The 2018 Sanlam annual reporting is available online at www.sanlam.com.

* The Meeting will start promptly at 14:00. Due to the electronic voting system, no late registrations will be allowed on the day.

Reason and effect

The reason for and effect of Ordinary Resolution No 1 is to give Sanlam shareholders the opportunity to formally consider and accept the Sanlam annual reporting, including the consolidated audited financial statements of the Company as required by section 30(3)(d) of the Companies Act.

2. Ordinary Resolution No 2 – Reappointment of auditors

To reappoint Ernst & Young Inc., as nominated by the Company's Audit committee, as independent auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Mr C du Toit is the individual and designated auditor who will undertake the Company's audit for the financial year ending 31 December 2019.

Reason and effect

The reason for Ordinary Resolution No 2 is that the Companies Act requires the appointment or reappointment of the Company's auditors each year at the AGM of the Company.

Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the Audit committee has considered and satisfied itself that:

- Ernst & Young Inc., the independent auditors, are accredited as such on the JSE List of Auditors and Accounting Specialists; and
- The aforementioned individual and designated auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors.

3. Ordinary Resolution No 3 – Appointment of director

To elect the following director (Ordinary Resolution No 3.1) appointed to the Board of directors of Sanlam ("the Board") as an additional director in terms of clause 26.7 of the Company's Memorandum of Incorporation, being eligible and offering herself for election.

Reason and effect

The reason for and effect of Ordinary Resolution No 3.1 is to elect the director appointed to the Board of Sanlam as additional director in terms of the Company's Memorandum of Incorporation.

3.1 Ordinary Resolution No 3.1 – Election of S Zinn as a director

To elect S Zinn, who is elected as an additional director in terms of the Company's Memorandum of Incorporation, being eligible and offering herself for election.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Name: Shirley Zinn (57)

Appointed: 2018

Qualifications: BA (University of the Western Cape); Postgraduate Higher Diploma in Education (University of the Western Cape); BEd Honours (Unisa); MEd (University of the Western Cape); EdM (Harvard) and Doctorate in Education (Harvard)

Sanlam and Sanlam Life committee memberships:

Member of the Non-executive Directors, the Independent Non-executive Directors and the Human Resources and Remuneration committees

Major external positions, directorships or associations:

Director of the boards of Tuesday Consulting, Empowerment Capital, Knowledge Resources, Business Engage, Community Chest and the Boston Consulting Group SA

Fields of expertise: Financial markets, human resources, empowerment and general business management.

The Board recommends the election of this director.

4. Ordinary Resolution No 4 – Re-election of directors

To individually re-elect the following non-executive directors (Ordinary Resolutions No 4.1 to 4.3) of the Company, who retire by rotation in terms of clause 26.2 of the Company's Memorandum of Incorporation, all being eligible and offering themselves for re-election.

Directors mentioned in Ordinary Resolution No 4.4 and 4.5 below have voluntarily stood for re-election owing to their long tenure. This is in the interest of best practice and good corporate governance.

- AD Botha
- SA Nkosi

Reason and effect

The reason for and effect of Ordinary Resolutions No 4.1 to 4.3 are to re-elect the directors who retire by rotation in terms of the Company's Memorandum of Incorporation.

- PT Motsepe
- KT Nondumo
- CG Swanepoel

4.1 Ordinary Resolution No 4.1 – Re-election of PT Motsepe as a director

To re-elect PT Motsepe, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for re-election.

Name: Patrice Motsepe (57)

Appointed: Non-executive director since 2004

Qualifications: BA (Law) (University of Swaziland), LLB (Wits University), Doctor of Commerce (honoris causa) (Wits University), Doctor of Commerce (honoris causa) (Stellenbosch University), doctor of Management and

Commerce (honoris causa) (Fort Hare), Doctor of Laws (honoris causa) (University of Eswatini)

Sanlam and Sanlam Life committee membership:

Non-executive director and member of the Nominations and the Human Resources and Remuneration committees.

Major external positions, directorships or associations:

Founder and executive chair of African Rainbow Minerals, founder and chair of Ubuntu-Botho Investments, African Rainbow Capital, African Rainbow Energy and Power and chair of Harmony Gold

Fields of expertise: Governance, legal, compliance, empowerment as well as general and international business

The Board recommends the re-election of this director.

4.2 Ordinary Resolution No 4.2 – Re-election of KT Nondumo as a director

To re-elect KT Nondumo, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering herself for re-election.

Name: Karabo Nondumo (40)

Appointed: Independent non-executive director since 2015

Qualifications: BAcc (University of Natal), HDipAcc (Wits University), CA(SA)

Sanlam and Sanlam Life committee membership:

Independent non-executive director and member of the Audit, Actuarial and Finance, the Risk and Compliance, the Human Resources and Remuneration, the Customer Interest, the Independent Non-executive Directors and the Nominations committees.

Major external positions, directorships or associations:

Independent non-executive director of Harmony Gold, Richards Bay Coal Terminal and MTN South Sudan

Fields of expertise: Accounting, risk and compliance, governance, international business, empowerment as well as human resources and remuneration.

The Board recommends the re-election of this director.

4.3 Ordinary Resolution No 4.3 – Re-election of CG Swanepoel as a director

To re-elect CG Swanepoel, who retires by rotation in terms of the Company's Memorandum of Incorporation, being eligible and offering himself for re-election.

Name: Chris Swanepoel (68)

Appointment: Independent non-executive director since 2011

Qualifications: BSc (Hons), Fellow of the Actuarial Society of South Africa (FASSA)

Sanlam and Sanlam Life committee membership:

Independent non-executive director of Sanlam Limited and Sanlam Life Insurance Limited, chair of the Sanlam Risk and Compliance, the Sanlam Customer Interest, the Non-executive Directors and the Independent Non-executive Directors committees

NOTICE OF ANNUAL GENERAL MEETING (continued)

Major Sanlam-related positions, directorships or associations: Sanlam Personal Finance (Divisional Board)
Fields of expertise: Actuarial, accounting, risk management, financial markets and investments

The Board recommends the re-election of this director.

4.4 Ordinary Resolution No 4.4 - Re-election of AD Botha as a director

To re-elect AD Botha, who retires voluntarily owing to his long tenure on the Board (longer than nine years), being eligible and offering himself for re-election.

Name: Anton Botha (65)

Appointment: Independent non-executive director since 2006

Qualifications: BProc (University of Pretoria), BCom Marketing (University of Pretoria), BCom (Hons) Investment Management (University of Johannesburg), Executive Development Programme (Stanford)

Sanlam and Sanlam Life committee membership: Independent non-executive director, chair of the Human Resources and Remuneration committee and member of the Audit, Actuarial and Finance, the Risk and Compliance, the Non-executive Directors and the independent Non-executive Directors committees

Sanlam Group directorships: Sanlam Capital Markets, Sanlam Investment Holdings, Genbel Securities.

Major external positions, directorships or associations: University of Pretoria, Imalivest, African Rainbow Minerals

Fields of expertise: Accounting, financial markets and investments, general and international business, legal, human resources and marketing.

The Board recommends the re-election of this director.

4.5 Ordinary Resolution No 4.5 - Re-election of SA Nkosi as a director

To re-elect SA Nkosi, who retires owing to his long tenure on the Board (longer than nine years), being eligible and offering himself for re-election.

Name: Siphon Nkosi (65)

Appointment: Independent non-executive director since 2006

Qualifications: BCom (University of Zululand), BCom (Hons) (Econ) (Unisa), MBA (University of Massachusetts, Boston), Diploma in Marketing Management (Unisa) and Advanced Management Programme (University of Oxford)

Sanlam and Sanlam Life committee membership: Independent non-executive director, lead independent director, chair of the Independent Non-executive Directors, the Social, Ethics and Sustainability Committee and the Nominations committee and a member of the Human Resources and Remuneration committee

Major external positions, directorships or associations: Chair of Talent10 Holdings and a member of the risk committee of the Wits University Council

Fields of expertise: Financial markets, sustainability, empowerment, governance, marketing as well as the general business.

The Board recommends the re-election of this director.

5. Ordinary Resolution No 5 – Re-election of executive director

To re-elect the following executive director (Ordinary Resolution No 5.1 below) appointed to the Board, being eligible and offering himself for re-election.

Reason and effect

It had been agreed by the Board that in the interest of good governance, executive directors would also rotate on a voluntary basis as per a predetermined schedule of rotation. The reason for and effect of Ordinary Resolution No 5.1 is to re-elect an executive director appointed to the Board.

5.1 Ordinary Resolution No 5.1 – Re-election of IM Kirk as an executive director

Name: Ian Kirk (61)

Appointment: Executive director since 2015

Qualifications: HDip BDP and FCA (Ireland), CA(SA)

Sanlam and Sanlam Life committee membership: Group Chief Executive and executive director of Sanlam and Sanlam Life

Major Sanlam-related positions, directorships or associations: Director of Santam, Shriram Capital, Afrocentric and Sanlam Life, other subsidiary boards in the Sanlam Group and chair of the Association of Savings and Investment South Africa (ASISA)

Fields of expertise: General insurance, life insurance, financial markets and investment and general and international business

6. Ordinary Resolution No 6 – Election of the members of the Sanlam Audit, Actuarial and Finance committee (“Audit committee”)

To individually elect the following independent non-executive directors (Ordinary Resolutions No 6.1 to 6.4) of the Company as the members of the Sanlam Audit committee until the conclusion of the next AGM of the Company.

Reason and effect

The reason for and effect of Ordinary Resolutions No 6.1 to 6.4 are that the members of the Audit committee of the Company, being a statutory committee, are required in terms of section 94(2) of the Companies Act to be appointed by the shareholders.

6.1 Ordinary Resolution No 6.1 – Appointment of AD Botha as a member of the Audit committee

Name: Anton Botha (65)

Appointment: Independent non-executive director since 2006

Qualifications: BProc (University of Pretoria), BCom Marketing (University of Pretoria), BCom (Hons) Investment Management (University of Johannesburg), Executive Development Programme (Stanford)

Sanlam and Sanlam Life committee memberships:

Independent non-executive director, chair of the Human Resources and Remuneration committee and member of the Audit, Actuarial and Finance, the Risk and Compliance, the Non-executive Directors and the Independent Non-executive Directors committees

Sanlam Group directorships: Sanlam Capital Markets, Sanlam Investment Holdings, Genbel Securities.

Major external positions, directorships or associations: University of Pretoria, Imalivest, African Rainbow Minerals

Fields of expertise: Accounting, financial markets and investments, general and international business, legal, human resources and marketing.

6.2 Ordinary Resolution No 6.2 – Appointment of PB Hanratty as a member of the Audit committee

Name: Paul Hanratty (57)

Appointment: Independent non-executive director since 2017.

Qualifications: BBusSc (Hons) (University of Cape Town), Fellow of Institute of Actuaries (FIA), Advanced Management Programme (Harvard)

Sanlam and Sanlam Life committee memberships:

Non-executive director, chair of the Audit, Actuarial and Finance committee and member of the Social, Ethics and Sustainability, the Customer Interest, the Risk and Compliance, the Non-executive Directors and independent Non-executive Directors committees

Major external positions, directorships or associations:

MTN (JSE) NED – African Telecoms, non-executive chair of Intelligent Debt Management

Fields of expertise: General management, financial, actuarial, international markets and investments

6.3 Ordinary Resolution No 6.3 – Appointment of M Mokoka as a member of the Audit committee

Name: Mathukana Mokoka (45)

Appointment: Independent non-executive director since 2018

Qualifications: Chartered Accountant (CA)SA (University of Limpopo)

Sanlam and Sanlam Life committee memberships:

Member of the Audit, Actuarial and Finance, the Non-executive Directors, the Risk and Compliance and the Independent Non-executive Directors committees

Major external positions, directorships or associations:
Palabora Mining, Rolfes Holdings; member of African Women Chartered Accountants (AWCA) and the Institute of Directors in Southern Africa (IoDSA)

Fields of expertise: Accounting, finance, risk and compliance

6.4 Ordinary Resolution No 6.4 – Appointment of KT Nondumo as a member of the Audit committee

Name: Karabo Nondumo (40)

Appointed: Independent non-executive director since 2015

Qualifications: BAcc (University of Natal), HDipAcc (Wits University), CA(SA)

Sanlam and Sanlam Life committee membership:

Independent non-executive director and member of the Audit, Actuarial and Finance, the Risk and Compliance, the Human Resources and Remuneration, the Customer Interest, the Independent Non-executive Directors and the Nominations committees.

Major external positions, directorships or associations:

Independent non-executive director of Harmony Gold, Richards Bay Coal Terminal and MTN South Sudan

Fields of expertise: Accounting, risk and compliance, governance, international business, empowerment as well as human resources and remuneration.

The Board recommends the election of these members to serve on the Audit Committee.

7. Ordinary Resolution No 7 – Advisory vote on the Company’s Remuneration policy and the Remuneration Implementation report

Shareholders are requested to cast a separate non-binding advisory vote on the Company’s Remuneration policy and its implementation, set out on pages 8 to 18 of the Sanlam Remuneration Report (available online at www.sanlam.com).

7.1 Ordinary Resolution No. 7.1 – Non-binding advisory vote on the Company’s Remuneration policy

Resolved that shareholders approve by way of a non-binding advisory vote, the Company’s Remuneration policy, as set out on pages 8 to 18.

7.2 Ordinary Resolution No 7.2 – Non-binding advisory vote on the Company’s Remuneration Implementation report

Resolved that shareholders approve by way of a non-binding advisory vote, the Company’s Remuneration Implementation report, as set out on pages 20 to 31.

Reason and effect

The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™), Principle 14, Recommended Practice 37 as well as paragraph 3.84(k) of the JSE Listings Requirements provides that the Remuneration policy and the Remuneration Implementation report be tabled every year for separate non-binding advisory votes by shareholders at the AGM.

Ordinary Resolution No 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Human Resources and Remuneration committee and the Board will take the outcome of the vote and any comments raised by securities holders into consideration when considering the Company's Remuneration policy. If 25% or more of the voting rights exercised at the AGM are cast against these resolutions, the Board will invite dissenting shareholders to engage with the Remuneration committee on their concerns in line with the provisions of the JSE Listings Requirements.

8. Ordinary Resolution No 8 – To note the total amount of non-executive directors and executive directors' remuneration for the financial year ended 31 December 2018

To note the total amount of directors' remuneration set out in the Sanlam Remuneration Report (available online at www.sanlam.com), including specifically non-executive directors' remuneration (see pages 30 to 31) and executive directors' remuneration (pages 20 to 29) for the financial year ended 31 December 2018.

Reason and effect

The reason for and effect of Ordinary Resolution No 8 is to note the remuneration of directors for the financial year ended 31 December 2018.

9. Ordinary Resolution No 9 – To place unissued ordinary shares under the control of the directors

To place all the unissued ordinary shares of the Company, as well as Sanlam shares held as treasury shares by subsidiaries of the Company ("treasury shares"), under the control of the directors of the Company, who are hereby authorised, subject to the provisions of the Companies Act and the JSE Listings Requirements, to allot and issue these unissued shares and/or dispose of these treasury shares in their discretion on such terms and conditions as and when they deem it fit to do so, until the next AGM, provided that:

- the aggregate number of ordinary shares to be allotted and issued and treasury shares disposed of in terms of this resolution and Ordinary Resolution No 10 is limited to 5% of the number of ordinary shares in issue at the date of the notice of this Meeting; and
- any issue of ordinary shares as an issue for cash as defined in the JSE Listings Requirements is in accordance with the restrictions contained in Ordinary Resolution No 10.

The authority is in addition to the authority given by way of Special Resolution No 1 adopted at the general meeting of shareholders of the Company held on 12 December 2018.

Reason and effect

The reason for Ordinary Resolution No 9 is that the Board requires authority from shareholders in terms of the Company's Memorandum of Incorporation to issue shares in the Company and/or dispose of treasury shares held by subsidiaries of the Company. This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue shares or dispose of treasury shares as may be required, inter alia, in terms of capital-raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 5% of the number of shares in issue as at the date of the notice of this Meeting on the terms more fully set out in Ordinary Resolution No 10.

The general authority granted under this Ordinary Resolution No 9 as well as Ordinary Resolution No 10 is in addition to the specific authority as approved by the Company's general meeting of shareholders held on 12 December 2018 in respect of the issue of shares to SU BEE Investment SPV (RF) Proprietary Limited.

10. Ordinary Resolution No 10 – *General authority to issue shares for cash*

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares of one (1) cent each (or options to subscribe for, or securities that are convertible into such ordinary shares) and dispose of Sanlam shares held as treasury shares by subsidiaries of the Company ("treasury shares") as an "issue for cash" as defined in the JSE Listings Requirements as and when suitable situations arise and on such terms and conditions as they deem fit, provided that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution and Ordinary Resolution No 9, together with any treasury shares disposed of in terms of Ordinary Resolution No 9, is limited to 5% of the number of ordinary shares in issue at the date of the Notice of this Meeting.

To avoid doubt, it is recorded that a pro rata rights offer to shareholders is not an issue for cash as defined in the JSE Listings Requirements and so this resolution and the restrictions contained herein do not apply to any such pro rata rights offered to shareholders.

It is recorded that the JSE Listings Requirements currently contain the following requirements:

- that this general authority shall be valid until the Company's next AGM or for 15 months from the date of adoption of this resolution, whichever occurs first;
- that the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;

NOTICE OF ANNUAL GENERAL MEETING (continued)

- that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution, together with any treasury shares disposed of in terms of this Ordinary Resolution No 10, is limited to 5% of the number of ordinary shares in issue at the date of the notice of this AGM, such number being 2 115,6 million ordinary shares in the Company's issued share capital, excluding treasury shares;
- that any equity securities issued under the authority during the period contemplated in the first bullet must be deducted from the number in the preceding bullet;
- that, in the event of subdivision or consolidation of issued equity securities during the period contemplated in the first bullet, the existing authority must be adjusted accordingly to represent the same allocation ratio;
- that the equity securities be issued or treasury shares disposed of to persons qualifying as public shareholders as defined in the JSE Listings Requirements, and not to related parties as defined in the JSE Listings Requirements;
- that, in determining the price at which an issue of shares or disposal of treasury shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares in question, as determined over the 30 business days prior to the date that the price of the issue or disposal is agreed between the issuer and the party subscribing for or acquiring the securities; and
- that, after the Company has issued equity securities or disposed of treasury shares in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue in accordance with the JSE Listings Requirements.

Reason and effect

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares and dispose of treasury shares as an issue for cash as defined in the JSE Listings Requirements.

The general authority granted under this Ordinary Resolution No 10 as well as Ordinary Resolution No 9 is in addition to the specific authority as approved by the Company's general meeting of shareholders held on 12 December 2018 in respect of the issue of shares to SU BEE Investment SPV (RF) Proprietary Limited.

Percentage voting

In order for this Ordinary Resolution No 10 to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this Meeting are required, in terms of the JSE Listings Requirements.

11. Ordinary Resolution No 11 – To authorise any director of the Company and, where applicable, the secretary of the Company (“Company Secretary”), to implement the aforesaid Ordinary and the undermentioned Special Resolutions

To authorise any director of the Company and, where applicable, the Company Secretary, to do all such things, sign all such documentation and take all such actions as may be necessary to implement the aforesaid Ordinary and undermentioned Special Resolutions.

Reason and effect

The reason for and effect of Ordinary Resolution No 11 is to grant the authorisation to any director of the Company and, where applicable, the Company Secretary, to implement the Ordinary and Special Resolutions.

Special Resolutions

To consider and, if approved, to pass, with or without modification, the following three Special Resolutions:

Percentage support required for Special Resolutions No 1 to 5

For these Special Resolutions to be adopted, the support per Special Resolution of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at this Meeting are entitled to cast, is required.

A. Special Resolution No 1 – Approval of the non-executive directors’ remuneration for their services as directors

Resolved that:

“In terms of section 66(9) of the Companies Act, payment of the remuneration for their services as non-executive directors of Sanlam is approved for the period 1 July 2019 until 30 June 2020 as set out in the following table. These increases represent an average increase of 6% on the fees applicable in respect of the 12 months to 30 June 2019 for South African-based directors other than those increases recommended as a result of an independent survey of the Sanlam Board Fees and may be adjusted by any amount of value-added tax (VAT) to the extent applicable.”

Non-executive directors' fees for 2019/2020

Directors /Committees

Chair
Deputy chair¹
Lead independent director
Non-executive directors
Non-resident non-executive directors
Audit, Actuarial and Finance committee chair
Audit, Actuarial and Finance committee member
Risk and Compliance committee chair
Risk and Compliance committee member
Human Resources and Remuneration committee chair
Human Resources and Remuneration committee member
Customer Interest committee chair
Customer Interest committee member
Social, Ethics and Sustainability committee chair
Social Ethics and Sustainability committee member
Nominations Committee chair
Nominations Committee member
Special ad hoc committees

All fees exclude VAT

⁽¹⁾ *Based on market benchmarks, the position justified a retainer and per-meeting attendance fee of R687 177 and R40 093 respectively. At the Deputy Chair's request, Sanlam will apply the difference between the market benchmark and the non-executive director fees outlined above to a suitable philanthropic cause.*

Reason and effect

The reason for and effect of Special Resolution No 1 is to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period 1 July 2019 to 30 June 2020. Executive directors of the Company do not receive any fees for their services as directors of the Company.

B. Special Resolution No 2 – General authority to provide financial assistance in terms of section 44 of the Companies Act

Resolved that:

“As a general approval the Board of the Company may at any time and from time to time during the two years from the passing hereof authorise the Company in terms of and subject to the provisions of section 44 of the Companies Act, to provide financial assistance by way of a guarantee or the provision of security to any party, other than a director or prescribed officer

	Annual fee 2018/19	Attendance fee per meeting 2018/19	Annual fee 2019/20	Attendance fee per meeting 2019/20
R2 957 063		None	R3 134 487	None
R526 411		R30 714	R557 996	R32 557
R648 280		R37 824	R687 177	R40 093
R345 999		R30 281	R366 759	R32 098
R761 197		R66 618	R806 869	R70 615
R423 061		None	R448 445	None
R211 531		None	R224 223	None
R423 061		None	R448 445	None
R211 531		None	R224 223	None
R322 617		None	R341 974	None
R161 309		None	R170 988	None
R238 853		None	R253 184	None
R119 426		None	R126 592	None
R238 853		None	R253 184	None
R119 426		None	R126 592	None
R213 738		None	R226 562	None
R119 426		None	R126 592	None
None		R21 738	None	R23 042

of the Company or its subsidiary companies, for the purpose of, or in connection with, the subscription or purchase of any securities issued or to be issued by a subsidiary of the Company on such terms and conditions as the Board may determine.”

The general approval is in addition to the specific approval for the provision of financial assistance as contemplated in section 44 of the Companies Act by way of Special Resolutions No 2 and 3 adopted at the general meeting of shareholders of the Company held on 12 December 2018.

Reason and effect

The Company is from time to time, as an essential part of conducting the business of the Sanlam Group, required to provide financial assurances to parties by way of a guarantee or the provision of security in respect of securities issued or to be issued by a subsidiary of the Company.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution to provide financial assistance to any party as contemplated in section 44(2) of the Companies Act. The Company therefore seeks general approval for the Board of the Company to authorise the provision by the Company of financial assistance by way of a guarantee or the provision of security in respect of securities issued or to be issued by a subsidiary of the Company at any time and from time to time during the period of two years commencing on the date of the Special Resolution.

The general approval granted under this Special Resolution is in addition to the specific approvals under section 44 of the Companies Act as approved by the Company's shareholders at the meeting of shareholders of the Company held on 12 December 2018 and the Company remains authorised to implement the relevant transactions in accordance with the approvals obtained on 12 December 2018 to the extent not implemented at the date of this Meeting.

C. Special Resolution No 3 – *General authority to provide financial assistance in terms of section 45 of the Companies Act*

Resolved that:

“As a general approval the Board of the Company may at any time and from time to time during the two years from the passing hereof authorise the Company in terms of and subject to the provisions of section 45 of the Companies Act, to provide any type of direct or indirect financial assistance as defined in section 45 of the Companies Act, to subsidiaries of the Company, on such terms and conditions and for such amounts as the Board may determine. The general approval is in addition to the specific approval for the provision of financial assistance as contemplated in section 45 of the Companies Act granted by way of Special Resolutions No 2 and 3 adopted at the general meeting of shareholders of the Company on 12 December 2018.”

Reason and effect

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 subsidiary companies of the Company 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 Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to any related or inter-related companies and the Company seeks general approval for the Board of the Company to authorise the provision by the Company of all types of financial assistance to any such related or inter-related company as contemplated in section 45(2) of the Companies Act at any time and from time to time during the period of two years commencing on the date of the Special Resolution.

The general approval granted under this Special Resolution is in addition to the provision of financial assistance pursuant to the specific approvals under section 45 of the Companies Act as approved by the Company's shareholders at the meeting of shareholders of the Company held on 12 December 2018 and the Company remains authorised to implement the relevant transactions in accordance with the approvals granted at that meeting to the extent not implemented at the date of this Meeting.

D. Special Resolution No 4 – Authority to the Company or a subsidiary of the Company to acquire the Company's securities

Resolved that:

"Pursuant to the Memorandum of Incorporation of the Company, the shareholders of the Company hereby approve by way of a general approval, whether by way of a single transaction or a series of transactions:

- (a) the purchase of any of its securities by the Company or any subsidiary of the Company; and
- (b) the purchase by and/or transfer to the Company of any of its securities purchased by any of its subsidiaries pursuant to (a) above,

upon such terms and conditions and in such amounts as the Board of the Company or its subsidiaries may from time to time decide, but subject to the provisions of the Companies Act, the JSE Listings Requirements and any other stock exchange upon which the securities of the Company may be quoted or listed from time to time, and subject to such other conditions as may be imposed by other relevant authority, provided that, in relation to purchases that are subject to the JSE Listings Requirements:

- the authority shall only be valid up to and including the date of the Company's next AGM or for 15 (fifteen) months from the date of this Special Resolution, whichever period is shorter;

NOTICE OF ANNUAL GENERAL MEETING (continued)

- ordinary shares to be purchased pursuant to (a) above may only be purchased through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty;
- the general authority to purchase securities in the Company pursuant to (a) above be limited in any one (1) financial year to a maximum of 5% (five per cent) of the Company's issued share capital of that class at the time the authority is granted;
- purchases pursuant to (a) above may not be made at a price more than 10% (ten per cent) above the weighted average traded price of the securities for the five (5) business days immediately preceding the date of the purchases;
- at any point in time, the Company may only appoint one (1) agent to effect any purchase on the Company's behalf or on behalf of any of its subsidiaries;
- the Board of the Company has resolved (i) to authorise a purchase of securities in the Company, (ii) that the Company and each relevant subsidiary have passed the solvency and liquidity test as contemplated in the Companies Act, and (iii) that, since the solvency and liquidity test was performed, no material change has occurred in the financial position of the Company or any relevant subsidiary;
- the Company and its subsidiaries may not purchase securities during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and not influenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- an announcement complying with paragraph 11.27 of the JSE Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively purchased 3% (three per cent) of the initial number of ordinary shares in issue as at the time the general authority was given and (ii) thereafter, for each 3% (three per cent) in aggregate of the initial number of ordinary shares in issue as at the time the general authority was given, acquired by the Company and/or its subsidiaries; and

- details of equity securities purchased during the period under review will be disclosed in the Annual Financial Statements in accordance with paragraph 8.63(o) of the JSE Listings Requirements.”

Reason and effect

The reason and effect of Special Resolution No 3 is to grant a general authority to enable the Company, or any subsidiary of the Company, to acquire securities that have been issued by the Company including the subsequent purchase by or transfer to the Company of such securities held by any subsidiary.

E. Special Resolution No 5: To amend the trust deed of the Sanlam Limited Share Incentive Trust

Resolved that:

“The amendments set out below to –

- i. the trust deed of the Sanlam Limited Share Incentive Trust established and approved by shareholders of the Company in 1998 and as amended (the “Initial Incentive Plan”); and
- ii. as a consequence of such amendments, each of –
 - a) the Deferred Share Plan;
 - b) the Performance Deferred Share Plan; and
 - c) the Restricted Share Plan, established and approved by shareholders of the Company in 2008 (the “2008 Incentive Plans”),

be and are hereby approved with effect from 1 January 2019 in accordance with the Memorandum of Incorporation of the Company and the JSE Listings Requirements:

- 1.1 the amendment of clause 1.2.39 by deleting it in its entirety and replacing it with the following:

1.2.39 “scheme allocation” means so many ordinary shares as, together with shares offered by the Company and/or any subsidiary of the Company in terms of any long-term incentive plans of the Group (“Group allocation”) does not exceed 110 000 000 (one hundred and ten million) ordinary shares in aggregate, provided that:

1.2.39.1 in determining the number of ordinary shares utilised for purposes of this 1.2.39 at any given time, the following shall be excluded:

1.2.39.1.1 shares offered to and accepted by a beneficiary prior to 1 January 2019, but delivered after this date;

NOTICE OF ANNUAL GENERAL MEETING (continued)

- 1.2.39.1.2 any share not delivered to a beneficiary as a result of the lapse or forfeiture thereof;
 - 1.2.39.2 a maximum group allocation of 11 000 000 (eleven million) shares may be offered during any financial year;
 - 1.2.39.3 any increase in the scheme allocation referred to in this 1.2.39 would require prior approval of shareholders on the basis prescribed in the listing requirements of the JSE;
 - 1.2.39.4 in the event of a major adjustment or reorganisation of the Company or its share capital as envisaged in clause 25 and if an adjustment is made to the shares already offered to a beneficiary in terms of clause 25, a similar adjustment should also be made to the scheme allocation and the monetary limits referred to in this 1.2.39 as the auditors or an appropriate investment bank, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances;
- 1.2 the deletion of clause 16.1 in its entirety and its replacement with the following:

“16.1 in respect of awards granted to one employee in terms of all group allocations, such awards shall not exceed 5 000 000 (five million) ordinary shares in the aggregate, subject to, for the purpose of determining the utilisation of this limit, the application thereto of the adjustments contained in 1.2.39.1 and 1.2.39.4 shall apply”.

Reason and effect

- Pursuant to the amendments to Schedule 14 of the JSE Listings Requirements in 2008, the shareholders of Sanlam approved in 2009 a cumulative scheme allocation of 160 million ordinary shares based on 7,5% of the issued share capital at the time to be utilised for long-term incentive purposes with effect from 1 January 2009, provided that the maximum allocation during any financial year cannot exceed 16 million ordinary shares. In formulating the proposal at the time, the approved scheme allocation limit was intended to provide capacity for the Initial Incentive Plan and the 2008 Incentive Plans for a period of 10 years.

- However, prudent application of the general policy of awarding Sanlam shares under these approved long-term incentive plans had the result that less than 50% of the approved capacity has been utilised over the last 10 years since 2009.
- Even though there is sufficient capacity left in terms of the scheme allocation approved in 2009, the original number of shares approved for utilisation under the scheme allocation exceeds current best practice. After engagement with institutional investors and proxy voting advisers and given the fact that the original intended 10 years have expired, the Sanlam Board has decided to reduce the total scheme allocation to 110 000 000 (110 million shares) (from 160 million), which is in line with international best practice of 5% (five per cent) of a company's issued share capital. Consequently, they propose to limit the annual usage to 11 000 000 (11 million shares) (from the existing 16 million) and the limit for any individual to 5 000 000 (5 million shares) (from the previous 6,5 million).
- If the resolution is adopted by shareholders, the scheme allocation limit remaining under the 2009 approved resolution will lapse and be replaced with the new limits, otherwise the existing limits will remain in place until the scheme allocation has been utilised in full.

Directors' statement

The Board shall authorise and implement a purchase of the Company's securities only if prevailing circumstances warrant this.

Having considered the effect of the maximum purchases, the Board reasonably concluded in relation to purchases that are subject to the JSE Listings Requirements that:

- after an acquisition, the Company will continue to comply with the JSE Listings Requirements concerning shareholder spread requirements;
- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of notice of the AGM of the Company;
- the assets of the Company and its subsidiaries will be in excess of the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company;

NOTICE OF ANNUAL GENERAL MEETING (continued)

- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the Company; and
- the Company and its subsidiaries will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM of the Company.

Disclosures in terms of paragraph 11.26(b) of the JSE Listings Requirements

The following disclosures are required in terms of paragraph 11.26(b) of the JSE Listings Requirements in relation to purchases that are subject to the JSE Listings Requirements, which appear in the Sanlam annual reporting and are provided online at www.sanlam.com for purposes of Special Resolution No 3:

- major shareholders (page 240 of the Integrated Report); share capital of the Company (page 96 of the Annual Financial Statements); and
- material changes (page 3 of the Annual Financial Statements).

Directors' responsibility statement

The Board, whose names appear on pages 21 to 25 of the Corporate Governance Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this Special Resolution No 3, and certify that:

- to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading;
- they have made all reasonable enquiries in this regard; and
- Special Resolution No 3 contains all the required information.

The Resilience report

The Resilience report is set out more fully in the supplementary reports, which are available on the Company's website (www.sanlam.com). This is tabled in terms of Regulation 43(5)(c) of the Companies Act.

General notes

1. The record date for the distribution of the notice of the Meeting was set as at the close of business on Friday, 15 March 2019.
2. The record date to participate in, attend and vote at the Meeting was set as at the close of business on Friday, 24 May 2019. Therefore, the last day to trade in the Company's shares on the JSE in order to be recorded in the share register on the record date is Tuesday, 21 May 2019.
3. A shareholder entitled to participate in, attend, speak and vote at the Meeting may appoint a proxy to participate in, attend, speak and vote in his or her stead.
4. The votes of shares held by the Sanlam Share Incentive Trust and subsidiaries of the Company will not be taken into account at the Meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.
5. Sanlam shareholders who hold share certificates for their Sanlam ordinary shares or have dematerialised their Sanlam ordinary shares and have them registered in their own name (which includes Sanlam ordinary shares held through the arrangement with Sanlam Share Account Nominee (Pty) Ltd or Sanlam Fundshare Nominee (Pty) Ltd), but who are unable to attend the Meeting and wish to be represented there, should complete and return the enclosed proxy form, in accordance with the instructions contained therein, to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107). For administrative purposes, the proxy form is requested to be received by no later than 14:00 on Tuesday, 4 June 2019. It may alternatively be handed to the Chair of the Meeting prior to the commencement of the Meeting on Wednesday, 5 June 2019.
6. Sanlam ordinary shareholders who hold their dematerialised Sanlam ordinary shares through a Central Securities Depository Participant ("CSDP"), bank or broker nominee (Sanlam dematerialised shareholders) must provide their CSDP, bank or broker nominee with their voting instructions, in accordance with the agreement between them and their CSDP, bank or broker nominee. Should Sanlam dematerialised shareholders wish to cast their votes at the Meeting in person, they must contact their CSDP, bank or broker nominee to issue them with the appropriate letter of representation. Sanlam does not accept the responsibility for any failure on the part of the CSDP, bank or broker nominee with regard hereto.

NOTICE OF ANNUAL GENERAL MEETING (continued)

7. A person representing a corporation/company is not deemed to be a proxy as such a corporation/ company can only attend a Meeting through a person, duly authorised by way of a resolution to act as representative. A notarially certified copy of such power of attorney or other documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached to the form of proxy. Such a person enjoys the same rights at the AGM as the shareholding corporation/company.
8. A shareholder whose shares are held through the arrangement with Sanlam Share Account Nominee (Pty) Limited or Sanlam Fundshare Nominee (Pty) Limited is entitled to act and vote at the AGM.
9. On a show of hands, every shareholder present in person or every proxy or duly authorised representative representing shareholders shall have only one vote, irrespective of the number of shareholders or shares he or she represents or holds.
10. On a poll, every shareholder present in person or represented by proxy or duly authorised representative shall have one vote for every Sanlam share held by that shareholder.
11. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the Meeting. If a poll is so demanded, the resolution put to the vote shall be decided on a poll.
12. The Company's Memorandum of Incorporation provides for an electronic voting process, for which purposes electronic handset devices will be used.

13. Regarding electronic participation, shareholders are advised that they, or their proxies, will be able to participate in the Meeting by way of electronic communication but will not be able to vote during the Meeting. These shareholders, should they wish to have their votes counted at the Meeting, must act in accordance with the general instructions contained in this notice. Telephone lines will be made available for this purpose. Shareholders who wish to participate by way of electronic communication must register their request in writing with the Group Company Secretary (sana-ullah.bray@sanlam.co.za) by no later than 12:00 on Friday, 31 May 2019. The cost of the shareholder's phone call will be for his or her own account. The shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies the Company against any claim arising in any way from the use or possession of the telecommunication lines. We kindly request shareholders to dial in from 13:50 on the day of the Meeting. All shareholders who would like to call into the Meeting should dial +27 21 916 3770 PIN 5500#.

By order of the Board



Sana-Ullah Bray

Group Company Secretary

Bellville

March 2019

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual general meeting	5 June 2019

Reports

Interim report for 30 June 2019	September 2019
Announcement of the results for the year ended 31 December 2018	6 March 2019
Annual report for the year ended 31 December 2018	29 March 2019

Dividends

Dividend for 2018 declared	7 March 2019
Last date to trade for 2018 dividend	9 April 2019
Shares will trade ex-dividend from	10 April 2019
Record date for 2018 dividend	12 April 2019
Payment of dividend for 2018	15 April 2019
Declaration of dividend for 2019	March 2020
Payment of dividend for 2019	April 2020

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee (Pty) Limited and Sanlam Fundshares Nominee (Pty) Limited), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday, 10 April 2019 and Friday, 12 April 2019, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

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

Group Company Secretary

Sana-Ullah Bray

Registered Office

2 Strand Road, Bellville 7530
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Telephone +27 (0) 21 947 9111
Fax +27 (0) 21 947 3670

Postal address

PO Box 1, Sanlamhof 7532

JSE Sponsor

The Standard Bank Group of South Africa Limited

Internet address

<http://www.sanlam.co.za>

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registered number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa
PO Box 61051, Marshalltown
2107, South Africa
Tel +27 (0) 11 370 5000
Fax +27 (0) 11 688 5200
sanlamholders@computershare.co.za

Directors

J van Zyl (Chair)
PT Motsepe (Deputy Chair)
SA Nkosi (Lead Independent Director)
IM Kirk (Group Chief Executive)
HC Werth (Financial Director)
PB Hanratty, AD Botha, RV Simelane, KT Nondumo, CG Swanepoel,
M Mokoka, TI Mvusi, S Zinn

